



Why Ballard Power Systems Surged Today

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of fuel cell technologist **Ballard Power Systems** (TSX:BLD) soared 11% today after its quarterly results and outlook [topped Bay Street expectations](#).

So what: The stock has skyrocketed over the past year on optimism over growing fuel-cell adoption, and today's Q4 results — adjusted EBITDA swung to \$0.2 million vs. a year-ago loss of \$3.2 million as revenue climbed 5% — coupled with upbeat guidance only reinforce that momentum. In fact, gross margin expanded 600 basis points sequentially to a solid 34%, suggesting that Ballard's cost structure and competitive position is improving in the process.

Now what: Management now sees full-year revenue growth of about 30% on breakeven adjusted EBITDA. "The Company expects the positive growth trends in 2012 and 2013 to continue in 2014 with a similar trajectory, as Ballard continues to pursue its growth strategy for fuel cell product sales, engineering services and IP licensing," said Ballard.

Of course, when you couple Ballard's still-speculative business model with the stock's red-hot stock price — now up a whopping about 400% from its 52-week lows — average investors would do well to stay on the sidelines.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:BLDP (Ballard Power Systems Inc.)

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