



## Ballard Power Is Surging Again

### Description

The year 2014 has so far been a very good one for shareholders of **Ballard Power** (TSX:BLD)([Nasdaq:BLDP](#)). The shares have more than quadrupled since the beginning of the new year, including a gain of more than 30% today. What has been the key to the company's surge?

Ballard specializes in fuel cell technology, which can be used for motive power (mainly for powering buses and material handling equipment) and stationary power (i.e., backup and distributed power generation).

Recent results have shown great demand for Ballard's technology. Revenue in 2013 jumped 40% over 2012, with gross margin increasing by 10 percentage points. More recently, **Plug Power** ([Nasdaq:PLUG](#)) announced a deal with **Walmart** ([NYSE:WMT](#)) to provide over 1,700 "GenDrive" fuel cell units to six locations. Ballard supplies its technology for use in Plug's fuel cells, so not surprisingly, the two companies' shares have been surging together. Plug shares are up 30% today and 400% in 2014.

Ballard expects continued high demand for its products – the company's guidance calls for revenue growth of 30% in 2014. But profitability will still be hard to come by. Ballard is also forecasting adjusted EBITDA of \$0. Of note, Plug Power is not yet profitable either.

At the current share price (although this number changes very quickly), Ballard trades for over 10 times revenue, a very high number for a company that is not yet profitable. Clearly there is a genuine belief that Ballard's technology is truly revolutionary, and this is reflected in the stock price.

### Foolish bottom line

[As mentioned in a previous article](#), Ballard is a very speculative stock. And since that article was written, the shares have only gotten more expensive.

Investors who have good technical knowledge, and an understanding of Ballard's technology, certainly could continue to make money on Ballard's shares. But it seems that the price jump is being fueled (no

pun intended) by optimism from everyone, including those who have no special insights.

The past has shown that making these types of bets is extremely risky. Anyone who prefers safety over adventure should avoid this name.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NASDAQ:BLDP (Ballard Power Systems Inc.)
2. NASDAQ:PLUG (Plug Power Inc.)
3. NYSE:WMT (Wal-Mart Stores Inc.)

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