



## Westport Innovations vs. Ballard Power: Which Should You Buy?

### Description

**Westport Innovations** (TSX: WPT)([NASDAQ: WPRT](#)) and **Ballard Power** (TSX: BLD)([NASDAQ: BLDP](#)) are both stocks that should make investors very excited. After all, these two companies each offer innovative technology in fast-growing industries.

Unfortunately, these two companies have other things in common. For one, they are unprofitable. Secondly, despite declining share prices, they are still pricey.

So are either of them suitable for your portfolio?

### Westport Innovations

Westport is in the business of natural-gas-powered engines, a technology that has a very promising future. With such cheap natural gas in North America, numerous industries are adopting this technology, such as trucking and public transportation. If passenger vehicles ever adopt natural gas engines en masse, then the sky is the limit for Westport.

Unfortunately, Westport is still unprofitable, losing \$185 million last year alone. Management does expect to break even this year on an adjusted EBITDA basis, but clearly the company needs to grow a lot more before it makes money.

Despite dropping by over 50% since March 2012, the shares are still quite expensive. Last year, the stock made just under \$3 per share in revenue, not a big number for a stock that trades at \$18. Investors may be better off leaving this one alone.

### Ballard Power

Ballard Power is in the business of hydrogen fuel cell technology, another industry with very promising growth prospects. During the early weeks of 2014, investors really started getting excited, sending the shares as high as \$9.32, five times higher than the price on January 1. However, since then, the stock has gotten beaten up, currently trading at just over \$4 per share.

Like Westport, Ballard is still unprofitable. In 2013, the company made just over \$0.60 per share in revenue, posting a net loss of \$0.20 per share. Again, the company hopes to improve its profitability numbers, but there's still a long road ahead before its stock price is justified.

### **Moderation is key**

When looking at the numbers, it seems like these stocks are overpriced. But similar arguments have been made about unprofitable companies in the past, only to see them grow quickly, become profitable, and reward their most faithful shareholders.

Likewise, either of these companies could be absolute home runs, you just don't want to bet your retirement on it. So if you're looking for a fun investment opportunity, and just want to commit a small amount of money, these stocks might be for you. After all, there's nothing wrong with an occasional trip to a casino, as long as you don't get carried away.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NASDAQ:BLDP (Ballard Power Systems Inc.)
2. NASDAQ:WPRT (Westport Fuel Systems Inc.)

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1. Investing

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### **Author**

bensinclair

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