



Momentum Is Building for Ballard Power Systems Inc.

Description

With all of the false starts that **Ballard Power Systems Inc.** (TSX:BLD)([NASDAQ:BLDP](#)) has had over the years, I understand how investors can be pretty skeptical about the possibility of it actually making money off of its revolutionary fuel cell technology. There are two reasons, however, why I believe investors can be optimistic about the future of this company and this stock.

Firstly, there are real, concrete things that have happened and are expected to happen that point to success in the coming years, some of which will be discussed later on in this article. Secondly, if investors remember that this stock is prone to big time volatility, and if they therefore remain disciplined about when they get into the stock, in my view, a lot of money can be made.

For example, the stock shot up to over \$6 in early 2014, and investors were rushing to get into a stock that had increased over 900% in just over a year while still struggling to turn a profit. But in hindsight we know that this was the time to take profits and stay on the sidelines. Fast forward to today, and we see that investors are very skeptical again. I believe this is exactly the time to look seriously at the company.

Here are just three of the reasons why Ballard is on the cusp of very strong performance.

Increased fuel cell performance and lower costs

Over the last 10 years, fuel cell performance has improved dramatically in tandem with costs coming down. For example, buses in London that are powered by Ballard's fuel cell engines have exceeded expectations thus far, and one of the buses on the fleet recently achieved 20,000 hours in operation, which is considered a significant milestone.

And as an illustration of the cost improvements, the newest generation of fuel cell engines for buses currently cost over 30% less than the previous generation and 60% less than the fuel cell engines of six years ago.

Demand is building

As of the end of 2015, the order book for 2016 was \$58 million. Much of that is for fuel cell engines, but some of it is also for Ballard's other segments, such as its Technology Solutions segment. This is already greater than last year's revenue of \$56.6 million and, according to management, is double last year's order book.

Furthermore, this number has upside because of the fact that it only includes the first quarter for the Material Handling segment and that Ballard's sales pipeline is the strongest it's ever been in the company's history.

Balance sheet is strong

Lastly, the balance sheet is strong with \$40 million in cash and little debt, thereby giving the company the financial ability and flexibility to finally take its business to the next level; that is, profitability.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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