



Amazon.com, Inc. Acquires Stake in Plug Power Inc. and Sends Fuel Cell Shares Soaring

Description

Plug Power Inc.'s ([NASDAQ:PLUG](#)) deal with **Amazon.com, Inc.** ([NASDAQ:AMZN](#)), which was announced yesterday, is a very big positive for the fuel cell industry; it demonstrates the progress that has been made, and it is continuing evidence that fuel cells as a form of clean energy are a long-term, viable industry.

More about the deal

The agreement means that Amazon will use Plug Power's fuel cells and hydrogen technology, its GenKey technology, in its fulfillment network. It will be used in Amazon's industrial equipment, such as forklifts, and is expected to result in greater efficiencies for Amazon.

The deal gives Amazon the opportunity to own up to 20% of Plug Power and to share in the future success of the company/industry.

Amazon will be granted warrants to buy Plug Power shares, and these warrants will vest based on Amazon's deployment schedule. So, as Amazon increases its orders and revenue contribution to Plug Power, its warrants will vest. Warrants have been split into two tranches with the first tranche representing the first \$200 million of revenue and the second representing an additional \$200 million of revenue for Plug Power.

What does this mean for Ballard Power?

Ballard Power Systems Inc. (TSX:BLD)([NASDAQ:BLDP](#)) is still rallying today off of this news, as it has increased investors' confidence in the viability and longevity of the fuel cell market. The news puts Ballard back on investors' radars and increases the company's attractiveness as an investment. If Plug Power can get the business and investment from a powerhouse like Amazon, it gives new credibility to companies like Ballard Power.

While Plug Power provides slightly different fuel cells than Ballard, it is nevertheless a vote of confidence for the industry as a whole. The industry is large and still in its infancy, so there is plenty of

upside to be had.

Ballard's balance sheet is in good shape with a debt-to-capitalization ratio of a mere 6.08% and cash on hand as of the end of the third quarter of 2016 of \$68 million.

In the first half of 2016, revenue increased 98% to \$22 million as the company saw strong increases in demand for its HD power module and for its fuel cell stacks. The gross margin was 25%, and losses continued to decline.

Ballard's shares are up almost 9% at the time of writing after rising 2% Wednesday.

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1. NASDAQ:AMZN (Amazon.com Inc.)
2. NASDAQ:BLDP (Ballard Power Systems Inc.)
3. NASDAQ:PLUG (Plug Power Inc.)

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