



Ballard Power Systems Inc. Shares Rise Almost 5% on Higher-Than-Average Volume

Description

Shares of **Ballard Power Systems Inc.** ([TSX:BLDP](#))([NASDAQ:BLDP](#)) were bid up last week by buyers seeking to get a piece of this increasingly interesting company which continues to beat expectations and present many promising opportunities.

While my focus is always on fundamentals, it bears noticing that the shares have breached their 50-day moving average — a bullish technical sign — and that the stock was strong last week on higher-than-average volume, which is also a good sign. In fact, as of September 7, the stock had risen in the six of seven trading days on higher-than-average volume.

This shows that the stock is getting an increasing number of buyers that are recognizing the opportunity.

So, what is the opportunity, and is it too late to get in?

Essentially, the company has recently been making solid strategic and financial progress. And the company's better-than-expected second-quarter results, which were reported in early August, clearly demonstrate why we can expect this to continue.

While the company is still reporting net losses, these losses are improving significantly. Earnings per share for the quarter were $-\$0.01$ compared to $-\$0.04$ in the same period last year — an 81% year-over-year improvement. This was driven by a 50% increase in revenue to \$26.5 million and six-basis-point improvement in the gross margin to 35%.

Importantly, the company's balance sheet remains in good shape, ensuring that it has the flexibility and ability to respond to market conditions. Ballard still has no debt on its balance sheet and, as of the end of the second quarter of 2017, it still had \$68 million in cash.

Management has mentioned the very real possibility of putting this strong balance sheet to use in the form of M&A in the 2017-2018 time frame, and this could be a game changer.

The fuel cell market continues to build momentum, as clean air becomes an increasingly important goal for countries across the world. From China to Europe to California, governments are showing more and more interest and activity in fuel cell vehicles.

From buses to trains to cars, the fuel cell is quickly gaining traction around the world, and Ballard is increasingly well positioned to be a beneficiary of this.

So, all of this is clearly positive. Now, we have to ask ourselves if the stock, with a year-to-date return of 83%, has risen too high, too fast. Well, maybe, but with all the momentum in the company's financial, strategic, and operational performance, and the possibility of an acquisition in the near future, there are plenty of real reasons why the stock is still attractive.

Ballard will be hosting its Investor Day on September 14, and I expect that management will further demonstrate the company's progress and promise.

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