



Why Ballard Power Systems Inc. Soared 10.45% on Thursday

Description

Ballard Power Systems Inc. ([TSX:BLDP](#))([NASDAQ:BLDP](#)), one of the world's leading providers of innovative clean energy fuel cell solutions, released its third-quarter earnings results before the market opened on Thursday, and its stock responded by soaring 10.45% in the day's trading session. The stock has now risen over 239% year to date, so let's break down the quarterly results to determine if it could head even higher from here.

The results that ignited the rally

Here's a quick breakdown of 10 of the most notable financial statistics from Ballard's three-month period ended September 30, 2017, compared with the same period in 2016:

Metric	Q3 2017	Q3 2016	Change
Heavy-Duty Motive revenues	US\$17.76 million	US\$7.47 million	137.8%
Portable Power revenues	US\$865,000	US\$3.06 million	(71.7%)
Material Handling revenues	US\$2.04 million	US\$3.34 million	(39.0%)
Backup Power revenues	US\$566,000	US\$812,000	(30.3%)
Technology Solutions revenues	US\$10.63 million	US\$5.96 million	78.4%
Total revenues	US\$31.85 million	US\$20.64 million	54.4%
Gross margin	US\$10.19 million	US\$6.43 million	58.4%
Adjusted EBITDA	US\$881,000	(US\$1.52 million)	>100%
Net loss	(US\$1.03 million)	(US\$4.41 million)	76.7%
Net loss per share	(US\$0.01)	(US\$0.03)	66.7%

Is the rally warranted and can it continue?

It was a phenomenal quarter overall for Ballard, and it has been on a tear so far in 2017, as its revenue has risen 48.4% to US\$81.03 million, its gross profit has risen 95.5% to US\$29.01 million, and its net loss has narrowed to just US\$5.16 million (\$0.03 per share) in the first nine months of 2017 compared

with a loss of US\$21.06 million (\$0.13 per share) in the year-ago period. With these results in mind, I think the market responded correctly by sending Ballard's stock soaring on Thursday.

Ballard's stock has risen more than 18% [since September 14](#), more than 102% [since June 1](#), and more than 239% year to date. I think it could continue higher from here, because the company's growth is accelerating due to increased demand for its fuel cells and because it's very close to achieving profitability. However, Foolish investors must remember that the stock has already posted a huge rally in 2017, so I think it would be very wise to slowly scale in to long-term positions over the next couple of weeks.

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