



This Stock Is on Sale Today With Massive Upside Tomorrow

Description

Every now and then, we come across a stock that, for one reason or another, is trading at levels that show a disconnect with reality and a mispricing of risk, which leads to big opportunity.

At this moment, this is what we are seeing with **Ballard Power Systems Inc.** ([TSX:BLDP](#))([NASDAQ:BLDP](#)), a global leader in the increasingly in-demand fuel cell business.

In this market, this is a rare thing, as investors have been increasingly willing to pay up for stocks in general, and especially [marijuana stocks](#) such as **Canopy Growth Corp.** ([TSX:WEED](#)) and **Aurora Cannabis Inc.** ([TSX:ACB](#)), both of which are reporting booming business.

And while Canopy and Aurora are pricing in very optimistic outlooks and trading at elevated levels of 124.3 times sales and 262 times sales, respectively, Ballard's stock is doing just the opposite, trading at 6.2 times sales.

Investors do not seem to recognize the potential growth of this company, which is huge.

Ballard's shares have tumbled a whopping 34% since highs of November 2017, and while they still have almost doubled since the beginning of 2017, recent performance is bad.

But is this justified?

I think it is not. In fact, I think that in Ballard we have a [highly undervalued stock](#) that is experiencing a confluence of events and momentum that could be setting this stock up to be one of the next big things.

In essence, Ballard Power is one of the global leaders in fuel cell technology at a time when there is a global push towards cleaner energy. And as fuel cell subsidies are being offered by governments around the world, this movement, which is aligned with efforts to clean up this beautiful planet of ours, appears to be a lasting one.

But the economic proposition is proving to be far greater than subsidies, as fuel cells have been embraced by countries around the world from China to California and multinational corporations such

as **Toyota Motor Corp.** and **Microsoft**.

Ballard's year of strong revenue increases are evidence of the strong interest that the company is experiencing.

In 2016, revenue increased 51% to \$85 million. And in the first nine months of 2017, revenue increased 48% (54% in the third quarter).

Along with this strong revenue performance, the company has also been working costs down and benefiting from scale and volume, and as such, the gross margin was 36% in the latest quarter versus 27% in 2016 and 18% in 2015.

And so far in 2017, the company reported backlog of \$237 million, with a 12-month backlog of \$82 million. This compares to revenue of \$81 million in the first nine months of 2017.

Lastly, with cash on hand of \$60 million, the company has stated that its business plan is fully funded. A merger and/or acquisition is also on the table.

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1. Energy Stocks
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2. TSX:ACB (Aurora Cannabis)
3. TSX:BLDP (Ballard Power Systems Inc.)
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