



2 Highly Volatile Clean Energy Stocks for Big Upside Potential

Description

Powering future vehicles with [clean energy](#) sources is certainly a growth industry with tremendous potential. But it is also one that is in the [early stages of growth](#), and we know what this means.

It means big investment, big uncertainty, big setbacks, and sometimes big losses, as companies ride the volatile waves of their efforts to turn their innovative ideas into real, sustainable businesses.

It is no easy feat, and we have real-life examples that highlight this fact.

Ballard Power ([TSX:BLDP](#))([NASDAQ:BLDP](#)), a company that is working hard to bring its zero-emission fuel cell technology to the mass market, has recently hit a speed bump with its third-quarter results.

After a strong 2017, with 42% revenue growth, increasing gross margins, and a positive EBITDA, 2018 has been disappointing, with declining revenue hitting the company as well as the suspension of a supply contract with its Synergy joint venture in China.

But with the march toward de-carbonization, the company is still moving forward.

Project JIVE, which stands for Joint Initiative for Hydrogen Vehicles Across Europe, was launched in 2017, and its goal is to “advance the commercialization of hydrogen fuel cell buses through large scale deployment of vehicle and infrastructure.”

The de-carbonization process of public transport is clearly a key initiative.

Ballard has the potential to be a key beneficiary.

Ballard still has no debt, but with the cash burn it has seen this quarter, its cash balance has been reduced to just over \$20 million from the almost \$60 million last quarter, which is cause for concern.

Liquidity concerns should be alleviated with the cash injection from Weichai Power and Broad-Ocean, but this deal hasn't closed yet, and while it is expected to close before year-end, until it is a done deal,

anything is possible, so there is still risk here.

In the interest of full disclosure, I have personally gone for the ride with Ballard stock. But recognizing the risky nature of this stock, I only put a small percentage of my portfolio in it, and I sold a part of my holdings when the stock was up big and kept the remaining shares.

This is my way to participate in the stock while also controlling the risk.

Tesla ([NASDAQ:TSLA](#)) is another clean energy stock that is working on bringing its electric vehicle to the mass market.

Tesla stock has spent the last year mired in volatility and as the subject of a lot of noise and scandal with its founder Elon Musk making headlines numerous times.

In the most recent quarter, Tesla reported EPS of \$1.75, which was much better than expected, as higher gross margins on its Model 3 helped earnings and as automotive revenue doubled to more than \$5.8 billion.

Bottom line

Adding these stocks as a small part of a diversified portfolio can add big upside, and as long as it is a small percentage of your total portfolio, it may be worth the risk.

CATEGORY

1. Energy Stocks
2. Investing

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Author

karenjennifer

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