



Watch This Top TSX Stock in October!

Description

Imagine stepping on a bus in the dead of winter. You're cold, the bus is crowded, a baby is screaming and all you want to do is get home.

You pull out your earbuds to listen to some music, as you already know the roaring of the bus' engine will only perpetuate the headache you are having.

As you reach into your pocket to take out your earbuds, you realize that the bus is moving and you can hardly hear it. A quick look around the bus indicates that you are riding on a [hydrogen-fuel cell bus made](#) with a **Ballard** ([TSX:BLDP](#)) fuel cell.

Halfway home you doze off for your first time on public transit; when you come to your senses, you are two blocks away from your house.

For those of you riding on hydrogen-fuel cell buses, this is a regular occurrence. As an investor, you should take note of Ballard due to its advanced technology and its high asset to liability ratio.

Advanced technology

I know what most of you are thinking: *what the heck is a fuel cell?*

In layman's terms, a fuel cell consists of some sort of fuel (usually hydrogen) and an oxidizing agent (usually oxygen) and through reactions, it produces electricity.

If you've ever had to start a campfire, you know that in order to get it going, you need to light the tinder, lay it down and gently blow on it. By blowing on the tinder you are essentially oxidizing it.

A fuel cell operates in a similar manner except that a fuel is used in place of wood and a chemical reaction occurs instead of the usual lit wood plus air equals fire.

Ballard's competitive advantage is the fact that it specializes in hydrogen fuel cells. Given that this

technology is cutting edge, it has not been widely adapted yet; however, I'm optimistic about the company, as all buses ran on diesel before switching to the natural gas that we know today.

If you're looking to make a bet on a forward-thinking company with a 50-year history, look no further than Ballard.

High asset to liability ratio

Given the high-tech nature of Ballard, I was pleasantly surprised that it has a high asset to liability ratio. In fiscal 2018, its assets were \$346 million compared to \$64 million of liabilities.

This equates to an asset to liability ratio of 5.41:1. This is impressive as high-tech companies usually have very high research and development costs, but given Ballard's focus, it appears that the company wants to specialize in fuel cells.

This is beneficial for investors, as the company has a clear goal with the means to invest additional resources into the company, further growing the business.

Bottom line

Ballard is a unique company that specializes in the heavy-duty fuel-cell market. Given its specialization, it doesn't have too much competition. And with its focus on advanced technology, investors will be generously awarded in the future [as fuel-cells become more readily available](#) and thus, more utilized.

As an assurance, the company has a high asset to liability ratio, which means that future growth prospects for Ballard can be huge.

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