



Why the Ballard Power (BLDP) Stock Price Has Risen 39% in February

Description

After a strong January (+40.4%), and a strong 2019 (+183%), **Ballard Power Systems Inc.** ([TSX:BLDP](#))([NASDAQ:BLDP](#)) stock price is still soaring. Thus far in February, the stock has risen 39%, and with momentum and, more importantly, [fundamentals of the fuel cell industry taking off, investors can feel good about Ballard Power stock.](#)

Let's review the major reasons why Ballard stock price continues to rally.

Fuel cell energy stocks are rising — and Ballard Power stock is the Canadian stock to own for exposure

Fuel cell-powered vehicles are increasingly being recognized for their superior qualities, driving fuel cell energy stock prices higher. Governments and auto manufacturers are investing significant amounts of money in this technology and are increasingly involved in this revolution; the momentum is clearly building.

There are an increasing number of fuel cell-powered buses on the road, and fuel cell cars are increasingly being embraced by auto manufacturers. This is because fuel cells continue to offer a real and attractive solution to environmental concerns and therefore remain a leading option in the race toward electrification of vehicles.

Most people are familiar with the battery-powered electric vehicle. The problem with these vehicles is that they struggle with issues such as limited driving range, cost, and recharging time.

These issues have caused many major auto companies to doubt that battery-powered electric vehicles are a viable alternative to current vehicles.

As such, an increasing number of the big auto manufacturers are embracing fuel cell technology; investing big sums of money in making fuel cell-powered cars to the point when the rise of the fuel cell car appears to be a very likely scenario.

The Toyota Mirai, Honda Clarity, Hyundai Nexo, and Mercedes GLC F-Cell are some of the most popular fuel cell electric cars today.

Fuel cell engines generate their electricity from hydrogen, the most abundant element in the universe. This light, colourless, odourless, tasteless and non-toxic gas is a clean alternative to the battery powered cars, as their top-notch performance stands ahead of electric battery-powered motors.

Along with the fuel cell's long range, fast fill-ups, zero emissions, and overall cleaner drive, we can easily see why fuel cells are being so heavily invested in and so rapidly growing in popularity.

Fuel cell-powered vehicles have also been gaining in popularity recently, as costs have come down big in the last decade. We continue to read news about this — and about the increasing wave of fuel cell investment and interest, which are all driving the exceptional performance of Ballard stock.

Results may put a damper on things

In early March, Ballard will be reporting its fourth-quarter 2019 results. In the past, most investors paid little attention to the company's results, but this time, things might be different.

With Ballard stock being one of the best performers on the TSX and expectations being built up, the stock trades at a price to sales multiple of 35 times.

We've seen this before, and valuation concerns might get the better of the stock as investors start to fear the viability of a company that's losing money.

While I will most likely be holding on to this stock for its upside potential in what is fast becoming an industry of the future, let's be clear that this is a [highly volatile growth stock](#).

Foolish bottom line

Ballard stock price has been one of the best performers on the **TSX** recently, and for good reason; the fuel cell industry is seeing strong fundamentals and Ballard stock has momentum on its side. A word of caution is warranted, however. Ballard is a company that doesn't generate earnings.

And even as sales start accelerating, growth is an expensive business. We can see this fact in the consensus 2019 EPS estimate calling for a loss of \$0.16.

Investors will focus on sales and backlog in the earnings report, as well as on the company's expectations for the coming years, so stay tuned.

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Author

karenjennifer

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