



Forget Shopify Stock (TSX:SHOP): Here's 1 Stock to Hold for the Next Decade

Description

Shopify Inc. ([TSX:SHOP](#))([NYSE:SHOP](#)) stock is 2020's star performer. With a 160% year-to-date return and a 955% three-year return, there is no doubting that. But that is history. We as investors must always be forward looking. How much room does Shopify stock have left to run? Is there a better growth stock that has been overlooked and is therefore more attractively valued?

Today, I'm recommending that we forget about Shopify to focus on **Ballard Power Systems Inc.** ([TSX:BLDP](#))([NASDAQ:BLDP](#)) stock. The next decade will be the decade of fuel cells and Ballard Power is in a position to benefit immensely from this.

Ballard Power stock falls as earnings disappoint, but wait ...

Ballard Power reported its third quarter earnings this morning. At first glance, these results are disappointing. Revenue increased a mere 4% versus last year and revenue and earnings came in at a bigger than expected loss. Ballard is in the fuel cell business. It is, in fact, a leading global provider of innovative clean energy and fuel cell solutions.

[While this is an exciting industry with massive growth potential](#), it's also an industry that is in the early stages. I'm talking the stages where it's all work and investment, with seemingly little reward. This is evident in Ballard's third quarter results released last night. Much progress is being made as interest in and deployment of fuel cells rapidly increases. [Yet losses are the norm](#) for Ballard.

Shopify, on the other hand, has really seen massive revenue growth over the last few years. And while this growth is not over, we can see how its growth trajectory is well under way with a more limited upside profile from this point.

Shopify stock soars to new heights and lofty valuations

As I have highlighted, Shopify stock is on a tear, as the company has a few years of strong growth behind it. As a result, the stock is pricing in a lot. Along with this, Shopify stock's valuations have gotten

quite lofty. Currently trading at a price to sales ratio of 45 times and a price to book of 18 times, Shopify stock is certainly factoring in much of the good news.

So expectations are high and these high expectations are baked into Shopify stock. Ownership of Shopify stock is also high, with many leading institutional investors owning sizable amounts. This leads us to question how much incremental demand exists.

In the case of Ballard Power stock, skepticism remains. Despite its phenomenal rise in the last two years, most investors have stood back. This is understandable, as the fuel cell industry is an emerging one. And this carries a lot of risk. The reward potential is massive though. Compared to Shopify stock, Ballard stock is less expensive.

It trades at a price to sales multiple of 35 times and a price to book of 13 times. It is not cheap by any stretch of the imagination, but these valuation metrics are based off depressed sales numbers that are nowhere close to reflecting its true potential.

Big sales growth is coming for Ballard although it has thus far been disappointing. For example, third quarter revenue rose a mere 4%. This is a disappointing number but it is not at all reflective of what we should expect going forward. Ballard's sales pipeline, which increased 64% year to date, is evidence of this. In the next couple of years, Ballard's record high sales pipeline will translate to booming sales.

Ballard's sales growth rate is expected to accelerate to 20% to 30%. The growth curve will be steep in 2023 to 2030. In my view, this inflection point will come as a surprise to many who have not been paying attention to this company.

Motley Fool: the bottom line

Ballard Power stock has required patience from investors. While it is a top performer on the **TSX** in the last two years, results have been less impressive. While we wait for the fuel cell industry to ramp up, we can take comfort in the knowledge that even Shopify stock investors had to be patient.

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Date

2025/09/01

Date Created

2020/11/06

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