



Westport's results, not so bad after all

Description

Even though financial results were below expectations, this isn't a company that investors own because of current earnings, or lack thereof. Westport is owned because of the future its innovative technology offers.

One financial metric however that investors should be keeping tabs on is the company's cash position. At the end of the quarter this stood at \$174 million, down from \$216 million at the end of the last quarter. If we treat this cash-burn of \$42 million as typical, Westport is going to run out of cash in 4 quarters or so. Not good, as this could lead to the threat of an equity issue and create an overhang for the stock.

Business update

With a cash-crunch staring him in the face, CEO David Demers remained positive.

"We are expecting a step change in growth over the course of this year and remain confident the market for natural gas as a fuel in trucking is here and now—not five or ten years down the road."

Demers went on to indicate that the most interesting news in the quarter was the extent of interest in using liquid natural gas (LNG) in the rail industry. The company is working alongside **Caterpillar** ([NYSE:CAT](#)) to try and develop locomotives and mining applications that utilize Westport products.

Full-year revenue guidance was maintained in the \$180-\$200 million range.

Foolish Takeaway

Although it's burning cash, Westport appears well-positioned from a technological standpoint. However, it needs to begin monetizing the first mover advantage it has. The longer it takes for a reliable market to develop, the more time competitors have to catch-up.

Westport is a leader in an unproven industry. Many of today's best companies started out the same way and have gone on to make their shareholders billions (and billions, and billions) of dollars richer. 3

such companies are profiled in our special **FREE** report “**3 U.S. Stocks Every Canadian Should Own**”. Simply [click here](#) and we'll send you this report – absolutely **FREE!**

[Follow us on Twitter](#) and [Facebook](#) for the latest in Foolish investing.

Fool contributor Iain Butler does not own shares in any of the companies mentioned in this report at this time. The Motley Fool owns shares in Westport Innovations.

****Editor's Note: An earlier version of this post contained erroneous information about Westport's earnings release date/time. We apologize for any confusion this may have caused.*

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:WPRT (Westport Fuel Systems Inc.)

Category

1. Investing

Date

2025/07/06

Date Created

2013/05/06

Author

tmfohcanada

default watermark

default watermark