



## Why Westport Innovations Is Poised to Bounce Back

### Description

*While Fools should generally take the opinion of Wall Street with a grain of salt, it's not a bad idea to take a look at particularly stock-shaking analyst upgrades and downgrades — just in case their reasoning behind the call makes sense.*

**What:** Shares of **Westport Innovations Inc.** (TSX:WPT)([Nasdaq:WPRT](#)) climbed 2% this morning after FBR Capital initiated coverage on the alternative fuel technologist with an “outperform” rating.

**So what:** Along with the bullish call, analyst Aditya Satghare planted a price target of \$20 on the stock, representing about 19% worth of upside to yesterday's close. While momentum traders might be turned off by Westport's sharp pullback over the past six months, Satghare thinks that the stock is too cheap to pass up given his view of a profitable business model transformation over the next three to five years.

**Now what:** According to FBR, Westport's risk/reward tradeoff is rather attractive at this point. “Investor sentiment on WPRT remains low, primarily due to concerns surrounding the company's path to profitability,” noted Satghare. “We, however, believe that increasing R&D efficiency, management's focus on cost control, and new partnerships for the HPDI 2.0 product and high-horsepower applications should increase investor comfort in Westport's ability to profitably participate in the increasing use of natural gas in the on-road trucking, high-horsepower, and light-duty segments.”

When you couple that positive outlook with Westport's still-beaten down price — off about 50% from its 52-week highs — it's easy to agree with FBR's bull stance.

### CATEGORY

1. Investing

### TICKERS GLOBAL

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

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1. Investing

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