



## Why 20% of Westport Innovations' "Investors" Are Wrong

### Description

According to the most recent data, 20.30% of **Westport Innovations'** (TSX: WPT) ([NASDAQ: WPRT](#)) shares have been sold short by investors betting the stock has farther to fall. Investors have actually been increasing their short bet against the company as shares sold short rose from 12.21 million in February to 12.7 million this past March. I think investors shorting Westport Innovations are on the wrong side of this trade and could end up losing big. Here's why.

#### Heavy duty growth

Westport's joint venture with **Cummins** ([NYSE: CMI](#)) is expected to ship around 10,000 units of its ISX12 G heavy duty natural gas engine this year. It's targeting the nearly 170,000 annual engine regional and long haul market. So, for an engine that was just released last year, it already should have quite an impressive market share. Overall, the Cummins joint venture is profitable and growing. Next year it will be out with its ISB6.7 G natural gas engine, which is a new mid-range engine targeting school buses, medium-duty trucks and vocational vehicles. This joint venture is just starting to hit its stride, which is a good reason not to short the stock.

Beyond that Westport has even heavier duty growth as it launches its off-road engine with **Caterpillar** ([NYSE: CAT](#)) targeting mining trucks. It's also launching a natural gas locomotive engine and eventually plans to add engines targeting energy exploration and marine. The next two off-road engines should be launched by 2017, with Caterpillar [running a test with a major Canadian oil sands miner](#) on the mining truck engine in 2016.

Overall, there's an [enormous opportunity](#) for Westport Innovations by taking natural gas off-road. Combining mining, exploration and production, rail, and marine there are over 100,000 heavy-duty engines that could be replaced with those running on cheaper, cleaner natural gas.

#### Back on the road

Then of course there's its smaller opportunities with bi-fuel and CNG vehicles. Westport Innovations is now **Ford's** ([NYSE: F](#)) largest partner under the Qualified Vehicle Modifier program. Among the Ford trucks available for a natural gas upgrade is the uber-popular F-150, which just launched this year and is set become one of the most fuel-efficient trucks on the marketplace thanks to a massive aluminum

overhaul. The combination of aluminum and natural gas could make the F-150 even more popular, especially for eco-conscious buyers.

As a Qualified Vehicle Modifier, Westport can install its WING power system on the F-150/F-250/F-350 in addition to chassis cab and service body trucks. That said, the real driver here is the addition of the F-150 to the lineup this year, which is especially important to the energy industry as it buys a lot of those smaller trucks for its employees. This move could yield a lot of business to Westport's vehicle modification business.

### **Foolish bottom line**

There are just too many positive catalysts to Westport's future for anyone to consider selling its stock short. While it has hit a few bumps in the road over the years, there are plenty of potential roads it can take to fuel future profits. That's why I think investors who shorted the company's stock are in trouble. While that bet might work in the short-term, there's just too much upside potential here that could really burn shorts of Westport Innovations.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NASDAQ:WPRT (Westport Fuel Systems Inc.)
2. NYSE:CAT (Caterpillar)
3. NYSE:CMI (Cummins Inc.)
4. NYSE:F (Ford Motor Company)

### **Category**

1. Investing

### **Date**

2025/08/18

### **Date Created**

2014/04/14

### **Author**

mdilallo

default watermark