



2 Earnings Reports That Could Move Westport Innovations Inc. Shares Next Week

Description

If **Westport Innovations** (TSX: WPT) ([NASDAQ: WPRT](#)) investors are hoping to see their stock recover from here on, they may want to wait until next week. And it isn't the company's earnings release that I have in mind when I say that.

While Westport will not release its first-quarter numbers until the end of next week, two companies that have a key role to play in Westport's fortunes — **Cummins** ([NYSE: CMI](#)) and **PACCAR** ([NASDAQ: PCAR](#)) — will kick off the week with their earnings. Those two reports could provide valuable insight into Westport's future, and hence, even influence the way its share prices move. So pay attention.

Vital information hidden in there

It wouldn't be an exaggeration to say that whatever presence Westport has established for itself in North America can be attributed to its 50/50 joint venture with the nation's leading engine maker, Cummins. Engine shipments under the venture, better known as CWI, jumped a whopping 52% to 10,314 units in 2013.

CWI is also currently the largest source of profits for Westport Innovations. For perspective, Westport incurred a loss of U.S. \$184.5 million in 2013, but it earned \$9.4 million from the CWI venture. Naturally, no Westport investor can afford to miss Cummins' first-quarter earnings report, scheduled for release next Tuesday.

In fact, 2014 [is a critical year](#) for CWI, since it will help establish whether its ambitious 12-liter engine, the ISX 12G launched last year has found favor with customers. Preliminary reports look great – unit shipments under CWI nearly tripled during the fourth quarter thanks largely to the ISX 12G engines.

So keep an eye on any updates that Cummins provides on the ISX 12G, as well as the overall natural-gas engine market in its upcoming earnings call. That should be vital information in the hands of Westport investors.

Will the natural gas market pick up?

Another company that will also report its first-quarter earnings next Tuesday is one of North America's leading truck makers, PACCAR. It is not only Cummins' largest customer, but also a front runner in adopting Cummins-Westport engines into its trucks. PACCAR was among the first truck companies to unveil two of its next-generation truck models under Kenworth and Peterbilt brands, fitted with the ISX12G engines, in 2012.

As a company that dominates the natural gas-powered heavy-duty truck market in the U.S. with 40% share, PACCAR's product lineup and outlook for natural gas is a key indicator of what the future holds for Westport Innovations. During its last earnings call, PACCAR mentioned how the cost of owning a natural-gas truck is declining as the adoption of natural gas as an alternative fuel gathers steam. That's excellent news for Westport Innovations. So keep a close eye on PACCAR's numbers and outlook next week.

Foolish bottom line

Westport Innovations [projects the share](#) of natural gas fuel in the North American heavy-duty truck market to climb to 3% to 5% this year, compared to near nothing in 2011 and just about 1% in 2013. That projection may excite you, but whether it holds water will be better known when Cummins and PACCAR report numbers and give their viewpoints on the fuel market next week. Stay tuned for more updates.

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