



Why Westport Innovations Shares Soared

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of alternative fuel technologist **Westport Innovations Inc.** (TSX: WPT)([Nasdaq: WPRT](#)) soared 20% today after its quarterly results and outlook topped Bay Street expectations.

So what: The stock has plunged over the past year on worries over its growth prospects, but today's Q1 results — EPS of \$0.38 versus a year-ago loss of \$0.57 on a revenue spike of 39% — coupled with upbeat guidance are quickly easing some of those concerns. In fact, Westport's adjusted EBITDA loss for the quarter was only \$1.6 million, [versus a loss of about \\$9 million](#) in each of the past eight quarters, suggesting that its path to profitability looks pretty smooth from here.

Now what: Management now sees full-year revenue of between \$175 million and \$185 million, representing as much as 13% growth over 2013. "We are on track to achieve positive Adjusted EBITDA from operations by the end of 2014 by continuing to increase sales, shipping committed products, and applying cost and margin discipline," said CEO David Demers. "At the same time, we are confident that our investment projects will deliver shareholder value as these products come to market."

More important, with Westport shares still off about 55% from their 52-week highs and its balance sheet still in rock-solid shape, the downside looks limited enough to bet on those prospects.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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