



This Beaten-Down Stock Now Has 200% Upside

Description

Something that was considered a crazy idea only a few years ago is now going mainstream... and investors could make a lot of money in the process.

In 2011, analysts on the fringe of the energy industry predicted that natural gas would become a major transportation fuel. Most dismissed the concept out of hand.

Today, this idea no longer sounds so absurd. It's picking up momentum as you read this. Investors who appreciate the size of this opportunity could make triple-digit gains over the next two to three years.

Let me explain ...

North America is approaching a boom in natural-gas-fueled transportation.

Imagine you're the head of a major trucking company. Today, there's a \$1.00 per litre price differential between diesel fuel and natural gas. Multiply that discount across the hundreds of thousands of litres your fleet consumes every year and you start to see why the switch to natural gas is irresistible.

Companies are now converting their fleets en masse. **United Parcel Service**, for example, has started deploying its new fleet of 1,100 heavy-haul liquefied natural gas trucks. The company has saved millions of dollars per year in fuel costs.

Dozens of blue-chip companies — including **Waste Management**, **Walmart**, **Coca Cola**, and others — are also making the switch. According to a recent report by Navigant Research, the number of natural gas fuelled medium- and heavy-duty vehicles worldwide could grow to 7.1 million by 2035, nearly double the number of vehicles on the road today.

Rail could be the next stop for natural gas. Last year, **Canadian National Railway** began retrofitting locomotives that run on a combination of liquefied natural gas and diesel. Around the same time, Warren Buffett made headlines when he announced the **Berkshire Hathaway** subsidiary BNSF Railway could cut its fuel costs 88% by switching to natural gas.

This megatrend is still developing, and it could create a household name out of a little-known energy stock called **Westport Innovations** (TSX: WPT)([NASDAQ: WPRT](#)). The company has a monopoly building natural gas engines for trucks and cars and has partnerships with just about every large engine manufacturer in the world.

This is where things get really exciting, though: Westport is a relatively small company with only \$1.2 billion in market capitalization. While that might sound big, it's just a tiny fraction of the size of global engine maker **Cummins**. Because the firm is so small, it still flies under the radar at most of the big Wall Street brokerage houses.

Thanks to the boom in natural gas vehicles, Westport is expected to grow revenue at a 30% annual clip over the next five years. Those revenue estimates will likely be revised higher given that entirely new industries like mining, energy, and consumer automotives are considering a switch to natural gas. Once the company reaches a critical size, it will begin to attract the attention of the mainstream investment community.

I'm not the only one bullish on Westport. SEC filings have revealed that a number of smart money hedge fund managers — including Jim Simons, Peter Muller, and Philip Hemple — have started to quietly accumulate a position in the company. I'd say that can only mean one thing — they see a massive rally ahead.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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