



3 High-Growth Companies With a Bright Future

Description

Predicting the future is a very difficult thing to do, but unfortunately some forecasting is required when investing. With the world changing so quickly, some companies will emerge from nowhere, while others will be left in the dust.

With that in mind, below we take a look at three companies with potentially breakthrough technologies. We also try to determine if they're worth your investment dollars.

1. Sierra Wireless

Sierra Wireless ([TSX: SW](#))([Nasdaq: SWIR](#)) provides technology for Machine-to-Machine (M2M) communications. In fact, Sierra is the leader in the M2M Embedded Module market, with a 34% market share. And this is a great market to lead. According to ABI, the total number of connected devices will reach 12 billion by 2020, up from 1.4 billion in 2012.

So does that make Sierra a good investment? Well, not necessarily; the stock is very expensive. In the most recent quarter, the company made adjusted EBITDA of \$4 million, yet the company is valued at about \$600 million by the market. So even though Sierra is growing tremendously, its shares remain very speculative.

2. Westport

Westport Innovations ([TSX: WPT](#))([Nasdaq: WPRT](#)) provides technology for natural gas-powered engines, which certainly has a very promising future. With natural gas being so cheap in North America, numerous industries are making the switch, such as trucking and public transportation.

Unfortunately, Westport is even more expensive than Sierra. Last year it made just \$3 per share in revenue, yet the stock trades at nearly \$20. Making matters worse, Westport is still unprofitable; last year, the company lost \$185 million. Management expects to break even on an EBITDA basis this year, but this company is still a long way from justifying its current stock price.

3. Ballard Power

Ballard Power (TSX: BLD)([Nasdaq: BLDP](#)) sells technology for hydrogen fuel cells, which like natural gas engines is a high-growth industry.

Early in 2014, investors really started to get excited about Ballard, sending the stock as high as \$9.32 per share, up five-fold from the price at the beginning of the year. But this company, again like Westport, is unprofitable, losing \$0.20 per share last year off of \$0.60 per share in revenue. Since March, the stock has come back down to earth, currently trading close to \$4.70. But this is still a very expensive stock.

In fact, there is an interesting pattern between these three companies. If you discovered them at the right time, before everyone else got excited, you could have made a lot of money. But now that these companies are on everyone's radar, the shares are very expensive. So at this point you're better off staying on the sidelines.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:BLDP (Ballard Power Systems Inc.)
2. NASDAQ:SWIR (Sierra Wireless)
3. NASDAQ:WPRT (Westport Fuel Systems Inc.)
4. TSX:SW (Sierra Wireless)

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