



3 Reasons to Buy Westport Innovations Inc. Today

Description

Let me tell you a story about innovation, incredible growth, and man-eating alligators. Along the way, you'll find the best technology stock I know — and it's so cheap it's ridiculous.

Natural gas engines are sweeping through trucking fleets the world over, saving companies billions of dollars and helping the environment in the process. **Westport Innovations Inc.** (TSX: WPT)([NASDAQ: WPRT](#)) started this sea change years ago and remains almost unchallenged at the top of this emerging industry.

But the stock gets no respect. In the past six months, Westport shares have lost a stunning 25% of their value, which is even more remarkable when you consider the broader stock market rally. Let me show you three things Mr. Market has forgotten when it comes to this story.

1. Mr. Market forgot about economics

Analysts are now calling America “the Saudi Arabia of natural gas.” According to the Potential Gas Committee, the United States has roughly 2,170 trillion cubic feet of dry gas reserves. At current consumption rates, the nation is sitting on a nearly 90-year supply. That means investors can count on low prices for as far as the eye can see.

At current rates, natural gas is 50% cheaper than diesel as a transit fuel. Unless trucking companies like losing money, they will eventually make the switch. It's just a matter of time until every heavy-duty truck in the country runs on natural gas.

2. Mr. Market forgot about growth

Westport is expected to grow revenues by more than 50% annually for at least the next three years based on the conversion of large trucking fleets. However, that forecast could be too conservative if natural gas engines make their way into new markets.

Westport has signed partnerships with seven of the top 10 automakers, including **General Motors Company**, **Toyota Motor Corp.**, and **Ford Motor Company**. As of today, only 110,000 vehicles (out

of the 234 million) in the United States run on natural gas. If Westport can capture just 1% of this market, the stock could triple from here.

3. Mr. Market forgot about moats

The company has built a moat around its business that is a mile wide and filled with mutant alligators. Westport and its partners have filed over 700 patent applications for natural gas engine-related inventions. That means it's almost impossible for a competitor to enter the market without infringing on at least one of Westport's patents.

There's much more to the Westport thesis. Today, a number of new industries — including railroads, mining companies, and cell phone tower operators — are investigating the switch to natural gas. The biggest market for Westport's products may yet be untapped: China and Europe. The bottom line: This growth story is just getting started.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:WPRT (Westport Fuel Systems Inc.)
2. NYSE:F (Ford Motor Company)
3. NYSE:GM (General Motors Company)
4. NYSE:TM (Toyota Motor Corporation)

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