



Billionaire Ken Griffin Is Bullish on Westport Innovations Inc.: Should You Buy, Too?

Description

You have probably never heard of him, but any Wall Street insider knows Ken Griffin. Griffin is the founder of the Citadel Investment Group. Since its inception in 1990, the fund has consistently posted double-digit returns for clients. Today, it's one of the largest hedge funds in the world.

Because of his exceptional track record, I always pay close attention to what stocks Griffin is buying. And right now, he's making some interesting bets on the energy sector.

This natural gas stock could triple your money

New drilling technologies have unlocked vast quantities of natural gas, unleashing an energy revolution across the United States.

In just one decade the country has gone from a major importer of natural gas to one of the world's largest suppliers. As a consequence, this supply glut has led to an historic collapse in prices. Over the past six years, natural gas spot rates have fallen by more than 70%.

And that picture is unlikely to change any time soon. Looking at the numbers, the U.S. consumed 27 trillion cubic feet (TCF) of natural gas last year. But according to estimates by the non-profit Potential Gas Committee, the country has an estimated 1,900 TCF of recoverable gas in reserves—representing a nearly 70-year supply.

This is great news for natural gas engine maker **Westport Innovations Inc.** (TSX:WPT)([NASDAQ:WPRT](#)). At current prices, the commodity is 25% cheaper than regular gasoline as a transit fuel. Trucking companies are switching over to natural gas engines in mass to save on fuel costs. To accommodate the boom, we're seeing compressed natural gas, or CNG, fueling stations pop up across the country.

[CNG stations](#) Image placeholder for type unknown

Source: U.S. Department of Energy

For investors, the upside could be huge. Given that the company and its partners have filed over 700 patent applications to date, Westport has this market locked down. It's almost impossible for a rival to enter the business without infringing on at least one of the firm's patents.

Best of all, Westport is still a small company, only a fraction of the size of established engine makers. And over the next three to five years, revenues are projected to grow at a 20% annual clip.

This forecast could be ultra-cautious if natural gas engines make their way into cars. Today less than 0.05% of the more than 250 million vehicles on U.S. roads run on natural gas. If Westport can capture just 1% or 2% of this market, the stock could triple from here.

The smart money is bullish on Westport. Should you buy, too?

Judging by Mr. Griffin's positions, he's bullish on natural gas vehicles. As of March the money maven owned 176,000 call options on the stock, up by more than 50% from the previous quarter. Other hedge fund managers have been building positions in the company, too.

What could these Wall Street insiders possibly see in Westport? I'd say it could mean only one thing: they see an epic rally ahead.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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Date

2025/09/30

Date Created

2015/05/22

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