



## Fuel Systems Solutions, Inc. - Value

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**Fuel Systems Solutions, Inc.** (FSYS) is riding the alternative energy boom to big profits as the company has crushed estimates 4 consecutive quarters by an average of 147.21%. FSYS is both a value and a growth stock, with a PEG ratio of only 0.62.

### Company Description

Fuel Systems Solutions is a holding company for 2 subsidiaries: BRC S.r.L., based in Italy, and IMPCO Technologies, based in California.

Both design and manufacture alternative fuel solutions which enable internal combustion engines to run on clean burning gaseous fuels such as natural gas and propane.

BRC focuses on light duty and automobile alternative fuel sectors. IMPCO specializes in heavy duty, industrial, power generation and stationary engines sectors.

However, on Jan 6, the company announced that IMPCO would begin manufacturing the alternative fuel solutions for the North American automobile market, which has historically been done in Italy.

### Revenue Jumped 62% for the Third Quarter 2008

On Nov 6, Fuel Systems Solutions reported third quarter results that blew away the Street's estimate by 217.39%. Net income soared to \$11.9 million from a loss of \$359,000 in the year ago period. Adjusted earnings per share were 73 cents per share. Analysts expected just 23 cents.

Revenue climbed 61.8% to \$105.5 million from \$65.2 million a year ago. The company said the quarter was driven by strong performance in the transportation business.

FSYS is well-positioned to ride out the credit crisis as it has liquidity. At the end of September 2008, FSYS had cash and cash equivalents of \$34.3 million and working capital of \$88.1 million.

### 2008 Outlook

The last company update was provided on Nov 6, but at that time Fuel Systems Solutions increased its 2008 revenue guidance to \$385 million. It did not provide an EPS forecast.

### Analysts Are Bullish on 2008

Although the company hasn't updated its guidance since November, covering analysts are bullish about the fourth-quarter 2008 and the full-year 2008.

Fourth-quarter estimates rose 11 cents to 41 cents per share in the last 90 days. 2008 full-year consensus estimates jumped 40% to \$2.10 from \$1.50 in the last 90 days, as 1 out of 5 covering analysts raised in just the last 7 days.

2009 consensus estimates have been more volatile but have moved higher by 32 cents in the last 90 days to \$2.06.

FSYS is scheduled to report 2008 earnings on Apr 21.

### **Value Fundamentals**

Fuel Systems Solutions is a Zacks #1 Rank (strong buy) stock. It is trading at 10.2x forward earnings. The company's price-to-book is 2.57.

FSYS has an outstanding 1-year return on equity (ROE) of 20.76%. Analysts expect strong future earnings growth of 20% over the next 5 years.