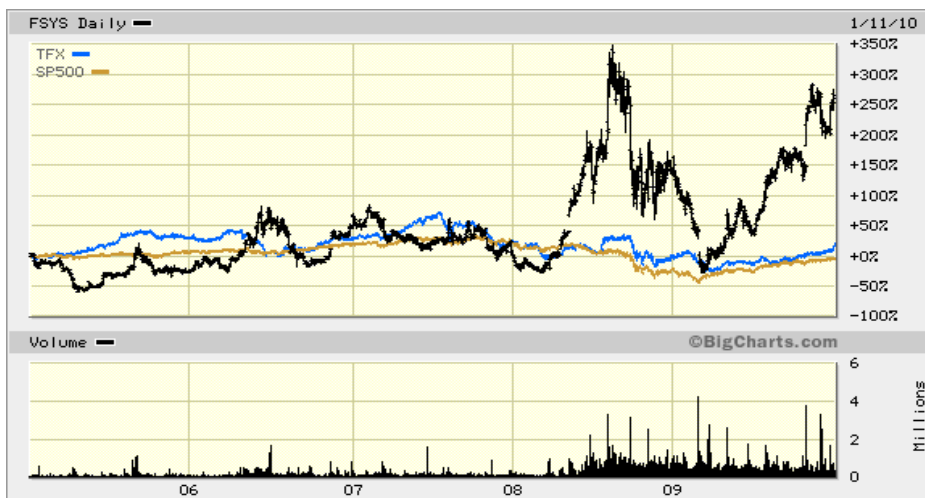


Fuel Systems Solutions, Inc. (FSYS) 1/11/10

FSYS engages in the design and production of various products than move and handle gaseous-fuels from propane and natural gas. Products include pressure regulators, fuel gauges, flow valves and etc. FSYS sales its products to various auto manufacturers, transit companies, shuttle companies, and logistics companies. The company was founded in 1958 and is headquartered in New York, New York.

Current Price	\$49.21
52 Week High	\$52.53
52 Week Low	\$9.83
One Yr Target	\$53.00
Market Cap (in billions)	\$0.86
P/E (Trailing)	26.46
P/E(1 Yr Forward)	18.03
P/E/G	0.76
ROA	8.99%
ROE	15.97%
EPS	\$1.86
Beta	3.10
Annualized Dividend	\$0.00
Dividend Yield	0.00%
Analyst Consensus	1.40
Debt to Equity	0.78



Annual EPS

2005	-\$0.67	
2006	\$0.46	168.16%
2007	\$0.38	-16.66%
2008	\$1.48	290.64%
ttm	\$1.86	25.50%

Annual Revenue (in millions)

2005	\$174.54	
2006	\$220.82	26.52%
2007	\$265.33	20.16%
2008	\$382.70	44.24%

Annual Net Income (in millions)

2005	-\$9.65	
2006	\$6.91	171.61%
2007	\$5.88	-14.91%
2008	\$23.34	296.94%

Free Cash Flows (in millions)

2005	\$10.49	
2006	-\$21.52	-305.15%
2007	\$20.60	195.72%
2008	\$15.51	-24.71%

Required Rate of Return

23.69%

Dividend Growth Model

Present Value of 2015 Price	n/a
Holding Period Return (5 years)	n/a

Expected Annualized Return Model

Present Value of 2015 Price	\$45.64
Holding Period Return (5 years)	-1.25%

Residual Income Model

Intrinsic Stock Price	\$226.89
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Analysis

Positives

PEG < 1 and high ROE and ROA numbers suggest stock price is undervalued

Stock is well liked by analysts

Negatives

High Beta results in stock having a higher Required Rate of Return

Financial Statements

Income Statement is very good, nice growth in Net Income, some concern over margins

Balance Sheet is good, company has little Debt and good Cash but decreasing Retained Earnings

Cash Flows are ok, Capital Expenditures are some concern as are Foreign Exchange effects

Industry Analysis

Industry is expected to see increased demand throughout the year

FSYS has average to better financial ratios compared to its industry

Summary

FSYS is a good company and should see considerable stock price increase in the next several years. The company has good financial ratios and financial statements and valuations that point to the company being somewhat undervalued. Analysts like and expect a lot from the company in coming years and this view is supported by FYSY's management. Demand is expected to increase with continued strength from Europe and growing production and movement of natural gas in North America. The RI valuation model says the current stock price is greatly undervalued but the EAR model predicts it will not meet its Required Rate of Return. Therein lies the risk with FSYS, is that it is still a somewhat speculative company and carries a high Beta which means there is more inherent risk. So while FSYS is risky it should see enough growth that it will be worth it, and thus earns a **buy** rating.