



## 3 Stocks Trading at 52-Week Lows — Is This the Bottom?

### Description

Another week of 2014 is in the books, and for these three companies trading at 52-week lows, it was a week to forget.

#### Glentel Inc (TSX: GLN)

Canada's largest independent multi-carrier phone retailer had its stock fall to a new 52-week low of \$11.76 on April 16. This company has been in operation for over 50 years and has 1,420 locations in four countries. In Canada it operates under the brands Wirelesswave, T-booth Wireless, Wireless Etc, Target Mobile, and MacStation, and offers products and plans from Rogers, Fido, Bell, Virgin mobile, Chat-r and Sasktel.

The company hit a record in 2013 with \$1.3 billion in sales compared to \$784 million in 2012. What may be irking investors is the sudden drop in net income in 2013, earning only \$4.6 million compared to \$27 million in 2012.

2013 had been a year of expansion for Glentel, opening 124 Target Mobile kiosks in Canada, in the U.S. it assumed control of 154 BJ's Wholesale Club kiosk locations from Verizon. The company also paid out \$23.1 million of the \$83.3 million price tag to finish a deal it announced in November 2012 to purchase Automotive Technologies Inc. (aka Wirelesszone). This will add another 409 franchised and 19 corporate stores to Glentel's U.S. portfolio. When these factors are considered, 2013 EBITA came in at \$62 million, compared to \$54 million in 2012.

#### Empire Company (TSX: [EMP.A](#))

The parent company of Sobeys and 41% owner of Crombie REIT fell to a new 52-week low of \$65.01 on April 17. This has been a year of transformation for Empire with the acquisition of Safeway and the closing of Empire Theaters. The stock has shown the jitters of investors with a 52-week range of \$83.29 to \$65.01. Back in March, Empire fell short of expectations when it released its Q3 results showing \$77.3 million in net earnings compared with \$75.8 million in Q3 of 2012.

An issue which has the potential to hurt sales at Sobeys is a new law that has been enacted in Alberta.

This law prohibits retailers from offering loyalty programs on pharmacy drugs, programs such as Air Miles, which is offered by Safeway. Sobeys announced that it would pursue legal action against this ruling. This type of law is not new to Sobeys — it is currently engaged in a similar legal battle in the Supreme Court of BC.

Before the new law, analysts had a consensus of a “buy” rating and several research firms have cut the price target from \$87.00 to \$80.00, allowing plenty of room for growth. This potential for growth is backed up by a \$0.26 quarterly dividend, which will be paid out on April.

### **Yamana Gold** ([TSX: YRI](#))([NYSE: AUJ](#))

This gold stock turned to lead on April 17 when it hit a new 52-week low of \$8.74. The stock has taken a hit since it was announced that along with partner **Agnico-Eagle Mines** ([TSX: AEM](#))([NYSE: AEM](#)), it is seeking to purchase **Osisko Mining Corporation** ([TSX: OSK](#)) for \$3.9 billion. If the deal is completed, the two companies will divvy up the assets of Osisko and take over the already developed Malartic gold mine in Quebec.

The deal is not set in stone yet as **Goldcorp** also has a raised bid of \$3.6 billion in place, and the provincial government could decide to make any takeover by a non-Quebecois company more difficult. Yamana’s stock currently carries a price target of \$11.59 and has been downgraded from “strong buy” to “buy.”

### **Foolish bottom line**

The market is full of highs and lows and savvy investors know when to jump on a good deal. For these companies a week like this could turn into an opportunity for investors, if they can ride out the waves of the market and governments.

### **CATEGORY**

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