



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

### Description

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 markets.

#### Cott Corp (TSX: BCB)

This purveyor of private-label soft drinks hit a new 52-week low on May 7, falling to \$7.46. The company produces such brands as Cott, RC Cola, Vess, Red Rain Energy, and eXact sports drinks, among others in North America and the U.K.

Cott has been struggling for years as consumers are moving away from sugary soft drinks and becoming more health conscious. Despite expanding into energy drinks, water, and juices, it has not been enough to stem the losses in its core brand. To give some perspective the stock was trading around \$46 back in the mid 90s, and at \$1 in 2009.

The most recent drop was triggered by the release of the company's Q1 report showing that revenues fell to \$475 million from \$505 million. This loss in revenues was followed with a net loss of \$2.5 million, compared to a gain of \$400,000 in Q1 2013.

As consumer demand for soft drinks across the industry continues, Cott is being pushed out by its bigger competitors who have responded to the drop in demand with lower prices. Companies like Cott relied on its lower prices to draw consumers to its products; now that the big boys are matching prices people are no longer settling for RC Cola. Analysts have adjusted their price targets for Cott to \$9.00 and maintain a "sector perform" rating.

#### TAG Oil Ltd. (TSX: TAO)

This Vancouver oil and gas company that operates exclusively in New Zealand fell to a new 52-week low of \$2.52 on May 7. The company is in a growth spurt; it is looking to spend \$60 million between now and next March to expand its operations in the Taranaki Basin and the East Coast Basin. Once the expansions are underway the company is expecting to extract 2,000 boe/day, with 80% being oil

and 20% gas. These numbers will be necessary as the company embarks on its most active exploration campaign in its history.

This is an interesting time for investors contemplating TAG Oil, as the stock is sitting near a four-year low, and the potential upside if the exploratory drilling finds above expected reserves is strong. That is, if TAG Oil's competitors don't already know the locations of certain reserves. Last month a production manager with TAG Oil was found guilty of stealing oil discovery information before beginning his job at a competing company.

### **Buhler Industries (TSX: BUI)**

This Winnipeg-based agricultural manufacturer and distributor fell to a new 52-week low of \$5.78 on May 9. The stock has been in a steady decline since the end of March as the maker of Versatile and Farm King products is facing a two-pronged erosion of its stock.

Buhler recently posted its Q1 results, which saw revenues fall from \$75.9 million in Q1 2013 to \$68.9 million. Net profit managed to remain in the black, coming in a \$4.7 million (\$0.19 per share) up from \$3.3million (\$0.13) in last year's quarter. Net profits were helped by a lower Canadian dollar, which managed to offset higher R&D costs. When we look at the 2013 year-end results, we see revenues of \$343 million down from \$361 million in 2012. Net profits for the year were \$19.9 million (\$0.80 per share) up from \$16.4 million (\$0.65 per share).

Normally, numbers such as these wouldn't be enough to tank a company's stock, but Buhler is facing some negative PR. Back in 2007, Russian agricultural equipment maker Rostselmach bought Buhler Industries by obtaining 80% of the common shares. Now the company is facing mounting complaints from the Ukrainian Canadian Congress and from local citizens over its display of the Russian flag.

This is a major issues in the city as there is a fairly substantial Ukrainian population in Winnipeg, and many see the flag as a symbol of terrorism. There are also calls for many of the directors of Buhler's parent company to have their assets frozen. Many of the directors are members of the Russian ruling party, with one director being a co-founder. Another director declared at a rally in Russia that, "We should not stop at Crimea." With potential customers in the prairies becoming aware of the actions of Buhler's parent company, it could drive many of them away from buying from the company.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. TSX:BUI (Buhler Industries Inc.)
2. TSX:PRMW (Primo Water)

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