



Are These 2 Beaten-Up Stocks Poised to Double?

Description

Like many other value investors, I spend a little time each day checking out the 52-week low lists. My reasoning is simple — if I can find a company that has gotten unfairly beaten up, I stand to make nice returns when that company returns to former glory.

It's a strategy practiced by many of Wall Street's most successful investors. During the 1960s and 70s, billionaire investor Warren Buffett was the king of finding undervalued stocks. He would spend hours after dinner and on weekends poring over books, newspapers, and annual reports in the upstairs office of his Omaha home. His impressive results during those decades gave him the capital needed to eventually turn **Berkshire Hathaway** into a global powerhouse.

Value investors will tell you that while there are ways to mitigate the risk of buying into a dud, there will always be a few stocks in a value portfolio that fail to recover. This is why investors should spread out their risk over many different companies and into all sectors of the market. It's just too risky to concentrate all your eggs in one basket.

With that in mind, here are two stocks currently trading at close to 52-week lows that have the potential for terrific returns if they can return to former glory.

Bombardier

They say bad news always comes in threes. After last week, **Bombardier** ([TSX: BBD.B](#)) investors know that expression is all too true.

The maker of planes and trains started off the week by losing an expected order from **Air Canada** when the airline decided to retrofit 25 existing planes rather than buy new ones. Then it faced news that the largest customer for its new CSeries line of business jets didn't actually plan on using the 40 aircraft it ordered. And on Friday, the Russian government announced it had serious reservations about going ahead with the \$3.4 billion joint venture it had previously negotiated with the company. By the end of the week, shares were almost touching 52-week lows last seen in February.

This could be a good time for patient investors to go long on the stock. Bombardier is currently sitting

on more than \$4 billion in cash, ensuring it has enough to stay well capitalized until it starts delivering CSeries jets in the latter half of 2015. Its rail business continues to see a strong backlog of orders, and is nicely profitable. The company also has three years' worth of CSeries jets already reserved by airlines. There's enough business already in the pipeline to keep both divisions busy for years.

Bombardier's future success comes down to one factor — will it start delivering CSeries jets by the back half of 2015, like it said it would? If it does, earnings from jet orders should send shares much higher.

Kinross Gold

Much like Bombardier, the Russians are playing a big role in keeping **Kinross Gold's** ([TSX: K](#))([NYSE: KGC](#)) share price down.

Approximately a third of the company's production comes from projects it has in Russia. Investors are spooked because of the political tension in the area, which has caused the company's shares to sink to levels not seen since 2004.

It's not all bad news for the embattled miner, though. Analysts are generally bullish on the name, having a median price target more than 60% above its current price. The company is also forecast to earn \$0.22 per share in 2014, a nice change from the last two years where it lost money on massive writedowns.

Kinross also has a decent amount of cash, and is currently trading at a slight discount to book value. It has plenty of liquidity to handle the current situation. Once the geopolitical situation in Russia returns to normal, much of this discount that is surrounding the stock will go away. If the price of gold also rises substantially over the same time, shares of Kinross could end up significantly higher.

The market is filled with all sorts of interesting value names, including Kinross and Bombardier. Investors can book some nice returns if they're patient and buy solid companies during lean times.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:BBD.B (Bombardier)
3. TSX:K (Kinross Gold Corporation)

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