3 Stocks Trading at 52-Week Lows: Is Now the Time to Buy?

Description

The market is full of highs and lows, and savvy investors know when to jump on a good deal. Could these three companies with 52-week lows be a good bet?

1. Danier Leather

Danier Leather (TSX: DL) just hit a new 52-week low of $9.30 on June 19. Back in Q2 2014 its revenue took a slight tumble, falling to $62 million from $66.1 million in Q2 2013. Net income also dropped over the quarter to $6.8 million this year compared to $8.4 million in Q2 2013. In its Q3 2014 report, revenue continued fall, hitting $31 million compared to $37 million in Q3 2013. This was coupled with a net loss of $4.2 million, or $1.12 per share, a dramatic increase from a net loss of $883,000, or $0.23 per share.

The company attributed losses in both quarters to the record-breaking brutal winter this year, which pushed same-store sales down 19%. I figured a jacket manufacturer would have done much better over the winter. However, this is only part of the story, as the largest factor behind the stock's overall decline began last March when the federal government raised the tariff on leather jackets imported from China from 8% to 13%. The company estimated that this would increase the cost of goods by $1.2 million per year, which would result in an increase of $10-$20 per jacket for consumers.

2. Armtec Infrastructure

Facing the realities of crippling debt, infrastructure and construction company **Armtec Infrastructure** (TSX: ARF) hit a new 52-week low of $0.72 on June 20. What was once a mighty stock back in 2009 when it was trading at $23.63 has all but imploded. If not for a pair of lifelines from **Brookfield Asset Management**, it would have collapsed to the point of technically being a black hole.

The death blow for the company was when it announced that it would be cancelling its dividend. The reaction from investors was extreme, with the stock going from $14.96 on May 30, 2011 to $3.53 on June 6, 2011. The gamble to balance its debt commitments with its investor base failed.

Now even after a corporate restructure, the company has still been unable to recover in terms of mounting a sales comeback to pay off its debt. As a further blow to the company, last week Standard & Poor's announced that it had changed the long-term credit rating on Armtec's subsidiary Armtec Holdings to CCC+ from B- with a negative rating.

3. Avalon Rare Metals

Rare earth miner **Avalon Rare Metals** (TSX: AVL)(NYSEMKT: AVL) hit a new 52-week low of $0.46 on June 20, a far cry from its 52-week high of $1.09. The company mines such elements such as zirconium, lithium, tantalum, calcium, tin, and indium throughout Canada. Its bread and butter is the europium, terbium, dysprosium, and neodymium it produces from its Nechalacho Rare Earth Elements Deposit located not far from Yellowknife, NWT.

The few analysts that monitor this company are quite optimistic about it and have placed an average target price of $2.50 on the stock with a "buy" rating, because you don't have to understand what all these funny-sounding elements do to benefit from them.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AVL (Avalon Advanced Materials Inc.)

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