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. Cott Corp

Purveyor of private-label soft drinks **Cott Corp** (TSX: BCB) hit a new 52-week low on June 27, falling to $7.33. 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 attempting to expand into more health-conscious products, it has not been enough to stem the losses in its core brand. It is almost impossible today to remember that the stock was trading at around $46 back in the 1990s, and at $1 in 2009.

The most recent drop was triggered by the release of the company's Q1 report showing that revenue fell to $475 million from $505 million. This loss in revenue was followed by a net loss of $2.5 million, compared to a gain of $400,000 in Q1 2013. Analysts have adjusted their price targets for Cott to $9.44 and maintain a "sector perform" rating.

2. Pulse Seismic

Seismic data provider **Pulse Seismic** (TSX: PSD) triggered the Richter scale when it hit a new 52-week low of $3.06 on June 26. The company specializes in the acquisition, marketing, and licensing of 2-D and 3-D seismic data primarily to the western Canadian energy sector. The stock has been on a downward trend since peaking at $4.96 back in December 2013, and despite a small upswing in April, the stock has returned to rock bottom.

Pulse Seismic released its first-quarter results on May 1 and posted total revenue of $5.5 million, down substantially from $26 million the year prior. Net income also took a negative turn, posting a loss of $1.8 million, or $0.03 per share, compared to a gain of $2.5 million, or $0.04 per share, in Q1 2013. The losses and lack of revenue have been attributed to lower library sales during the quarter and the fact that Pulse did not have any participation surveys in progress. Free cash flow also fell during the quarter by a staggering 66%, leaving the company with $3.6 million. The average price target on the stock is $3.25, and the few analysts that follow the stock have placed a “hold” rating on it.

3. Le Chateau

Once again making our list is **Le Chateau** (TSX: CTU.A), with its stock hitting a new 52-week low of $1.75 on June 25. This is the stock’s *fourth* 52-week low in the past five weeks, spurred by continued net losses. In 2013, the company posted a total net loss of $16 million compared to a net loss of $837 million in 2012, with revenue remaining flat at $274.8 million both years.

When Le Chateau’s Q1 report came out things had not improved, with a net loss of $13 million compared to a net loss of $8.2 million in Q1 2013. Revenue fell to $53.3 million in the quarter from $56.9 million during the same period last year. Le Chateau assigned blame for its Q1 performance to poor weather and increased promotional activity in its stores. In response, the company has shed some square footage, now at 1,245,000 sq/ft, compared to 1,280,000 sq/ft at the end of Q1 2013.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:PRMW (Primo Water)
2. TSX:PSD (Pulse Seismic Inc.)

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Date
2025/08/24
Date Created
2014/06/30
Author
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