



## 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. Just Energy Group

First up is **Just Energy Group** (TSX: JE)(NYSE: JE), which sells natural gas and electricity to 4.5 million residential and commercial customers under long-term contracts. The stock fell off a cliff on May 13, 2014, two days before its quarterly report was released, when it went from trading at \$8.70 to \$6.54 on May 15, 2014. For the second time in as many months, the stock hit a new 52-week low of \$5.39 on July 15, 2014. Just Energy fell well below analysts' expectations in its latest quarterly report; it also announced a lower-than-expected year-end guidance.

On paper, the company looks quite appealing, with an annual dividend payout of \$0.50 and a yield of 8.7%. That's until you realize that when it hit its last 52-week low on May 29, the annual dividend was \$0.84 with a 13% yield — and *that* was after another reduction in April. Back in May, analysts were calling for a dividend reduction in the 20% to 50% range. Coupled with another cut in its dividend was the announcement that Just Energy would sell off some non-core assets to deal with its nearly \$1 billion debt.

The latest average price target for the company is \$6.25, with some analysts going as low as \$5.00. Just Energy also carries an "F" rating from the Better Business Bureau with 577 closed complaints in the past three years, mainly dealing with dishonest sales practices.

#### 2. Norbord

Wood panel manufacturer **Norbord** (TSX: NBD) hit a new 52-week low of \$23.86 on July 18. The company has taken a hit in sales following a brutal winter that shortened the already narrow construction season in Canada.

Along with the decrease in home construction was the crumbling price of MSF boards, which, using the North Central benchmark, fell to an average of \$219.00 per 1,000/sqft in Q2 2014, down from \$245.00

per 1,000/sqft in Q1 2014 and \$417.00 per 1,000/sqft in Q2 2013. Sales in Q2 2014 came in at \$303 million, down from \$365 million in Q2 2013, with net earnings falling to \$7 million, or \$0.13 per share, from \$67 million, or \$1.51 per share. However, this did beat market expectations of \$0.01 per share.

An intriguing upside of this company is its dividend, which pays out \$2.40 annually with a whopping yield of 9.9%. The average price target for Norbord is \$30.71, but the most recent price target adjustments have been hovering around \$26.00.

### 3. TAG Oil

The second alumnus of the May class of 52-week lows is Vancouver oil and gas company **TAG Oil** (TSX: TAO). The company operates exclusively in New Zealand and fell to its newest 52-week low of \$2.47 on July 18. 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 the 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. Back in April, a production manager with TAG Oil was found guilty of stealing oil discovery information before beginning his job at a competing company.

TAG Oil is coming off of a record-breaking year that saw revenue rise to \$61.5 million, a 20% increase from 2013. Operating netbacks also rose sharply by 24% to \$63.71 per BOE, compared to \$51.40 per BOE in 2013. In terms of net income, TAG Oil saw an increase of 190% over the year to \$14.7 million. These record numbers were fueled by record production, with gross daily production rising 15% to 681,615 BOE in fiscal 2014. These numbers have pushed the average price target for TAG Oil to \$4.70.

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