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

Description

Equities are looking rich.

After a six-year bull run, it's not easy to find cheap stocks. Yields are near all-time lows. Valuations are well above their historical norms.

That's why you might want to try combing through the market's discount bin — the 52-week low list. Of course, not every stock in this group is a deal. Most of the time, you get what you pay for.

But if you don't mind shopping through the bargain rack, sometimes you can find an outright steal. Here are three fallen angels that could be worth buying.

1. Canadian Oil Sands Ltd

Canadian Oil Sands Ltd (TSX:COS) shareholders are getting a tough lesson in leverage. Squeezing bitumen out of the Alberta tar sands is costly. Because of this, operators run on thin profit margins.

When oil prices rise, their thin margins (along with share prices) can skyrocket. But when energy prices drop, this leverage works the other way. This is why Canadian Oil Sands shares are off more than 70% since July.

That said, the stock could be ripe for the picking. Today, the company is trading at just 75% of its book value and most of the bad news has already been priced in. If energy prices find a bottom here, this stock could be the best performing name in the Alberta oil patch.

2. Westport Innovations Inc.

Analysts are now calling the United States "the Saudi Arabia of natural gas." According to the Potential Gas Committee, America is sitting on about 2,170 *trillion* cubic feet of dry gas reserves. At current consumption rates, this represents a nearly 90-year supply.

This is a big opportunity for natural gas engine makers. Today the commodity is 30% cheaper than diesel as a transit fuel, even after the recent fall in oil prices. It's just a matter of time until every heavy-duty truck on the continent runs on natural gas.

Westport Innovations Inc (TSX:WPT)(NASDAQ:WPRT) is the leader in this movement. Unfortunately, the company's expansion has been slower than anticipated, which is why the stock is on the 52-week low list. However, Westport is expected to grow revenues by more than 50% annually over the next three years.

That could mean big upside for shareholders if this company can deliver.

3. Cameco Corporation

These are tough times to be a uranium miner. Following Japan's Fukushima disaster in 2011, many countries scaled down or scrapped their atomic power programs. The sudden drop in demand has hit producers like **Cameco Corporation** (TSX:CCO)(NYSE:CCJ) hard.

Here's the thing: the industry is losing money on almost every pound of uranium it hauls out of the ground. Small miners are going out of business. Large producers are scaling back operations. Eventually, prices must rise to meet the cost of production — that's more than 100% over today's levels.

If commodity prices start to rally, then Cameco could be the best way to play it. As the largest uranium miner in the world, the company has the size and scale to wait out the industry's current doldrums. But because of the leverage inherent in its business, the company's profits could soar if uranium prices start to move higher.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:WPRT (Westport Fuel Systems Inc.)
2. NYSE:CCJ (Cameco Corporation)
3. TSX:CCO (Cameco Corporation)

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