



2 Value Stocks Near 52-Week Lows Worth Buying

Description

A stock usually hits 52-week lows for a good reason, like weakening growth prospects or troubles brewing within the company. But more often than not, the market overreacts to negative news and sends a stock tumbling. That's when you need to go bottom fishing and look for beaten-down stocks that hold promise. Two such stocks that look attractive now are **AutoCanada Inc.** ([TSX:ACQ](#)) and **Potash Corp./Saskatchewan Inc.** (TSX:POT)(NYSE:POT).

AutoCanada: a winner in the making

AutoCanada has had tremendous growth in recent times, with revenue in 2014 surging 57% backed by 9% growth in same-store sales. Its net income climbed nearly 40% last year. Much of the growth can be attributed to the premium auto brands that the company added to its dealership portfolio over the past couple of years, including Audi, Chevrolet, Cadillac, and BMW.

Bank of Nova Scotia's just-released report, *On the Road to Record Global Car Sales in 2015*, projects record car sales in Canada this year, and near-15-year high unit-sales volumes in the U.S. As the largest automotive dealership company in Canada, AutoCanada is poised to benefit from the ongoing strength in auto markets.

Trading at under 14 times trailing earnings and just about 10.7 times forward earnings, AutoCanada represents a great entry point for long-term investors right now.

Potash Corp.: a solid opportunity

I believe a company that deals in an essential product is a potential long-term winner. Case in point: fertilizer manufacturer, Potash Corp.

As providers of essential nutrients to soil that boost crop productivity, fertilizers could play an essential role in addressing the world's challenge of growing enough food to feed a rapidly rising population. Potash Corp. is the global leader in fertilizers, dealing in all three essential nutrients—potash, nitrogen, and phosphate.

Potash Corp. has been in the headlines lately after it unsuccessfully bid for German potash producer K+S in June. Potash Corp. continues to pursue K+S and the deal has fair chances of going through if Potash raises its bid. If successful, Potash Corp.'s global market share could cross 30%.

Otherwise, Potash Corp. has already laid down the foundation for a strong future as it nears completion of its multi-billion dollar expansion program. With capital expenditures projected to decline, the company will have more free cash flow to invest in growth via acquisitions and return to shareholders in coming years.

Thanks to dividend growth of more than 11 times since 2007 and the recent slide in stock price, Potash Corp. today yields a solid 5.6%. At today's price, Potash Corp. is an opportunity for both value and dividend investors.

CATEGORY

1. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. TSX:ACQ (AutoCanada Inc.)

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