



Revealed: 5 Stocks Trading Under \$5 With Massive Upside Potential

Description

It used to be that stocks under \$1 per share were eschewed by the investment world, wallowing in the abyss of penny-stock land. Now, thanks to inflation the number of such stocks has expanded. Any company trading under \$5 per share is now avoided, generally assumed to be on a one-way ticket to bankruptcy.

Like with many rules of thumb, there's certainly an element of truth to the avoiding-stocks-under-\$5-per-share mantra. Overall, these kinds of companies are more volatile than their more expensive peers, at least on a percentage basis. A lower share price lets more people get in and out, which can lead to some big moves when important news emerges.

But at the same time, there are many diamonds hiding in the sub-\$5 rough. Hidden among risky names are some terrific value stocks—companies that are avoided by bigger investors simply because they don't have high-enough share prices.

Here are five such companies that look relatively interesting today.

Athabasca Oil

Unlike many of its energy-sector peers, **Athabasca Oil Corp.** ([TSX:ATH](#)) is in pretty good shape financially.

The company has a net cash position with nearly \$1 billion in available liquidity ready to be put to work drilling in some of the best areas in Alberta, including the Motney and Duvernay fields. The company also has plans to expand its Hangingstone thermal oil development in the future, ramping up production from 12,000 barrels per day today to 80,000 barrels per day in the future.

Athabasca has massive reserves and significant tax pools as well, meaning the company could be an attractive acquisition for a more mature oil company.

Bombardier

Yes, I know. **Bombardier, Inc.** ([TSX:BBD.B](#)) has had a bunch of major problems lately, most of which stem from the debacle that is the CSeries program.

But the company is nicely turning things around. It got a much-needed cash injection recently from the Quebec government and the province's pension plan. CSeries orders have been brisk, and it looks like the company is only weeks away from deliveries to the first customers. The Transportation division continues to deliver solid results. And perhaps most importantly, the company's persistent cash burn seems to be subsiding.

Six months ago, many pundits were talking about Bombardier like bankruptcy was inevitable. Things have improved greatly since then.

Gran Tierra

Like Athabasca, **Gran Tierra Energy Inc.** ([TSX:GTE](#))(NYSE:GTE) is in the enviable position of not only surviving this downturn in the energy market, but emerging with a net cash position. It also recently raised US\$100 million in convertible debt to finance future growth.

The company is forecasting production growth of approximately 20% compared with 2015 as it brings new Colombian oil fields online. It has massive reserves that were recently bolstered by an acquisition, and its low-cost production means investors will be nicely rewarded as the price of crude continues to go higher.

B2gold

B2gold Corp. ([TSX:BTO](#)) has a huge amount of operating leverage. If the price of gold heads higher, shares of B2gold should react like a tightly coiled spring.

The company is in the middle of a big expansion project that should increase production by approximately 50% by 2018. The company has relatively low all-in sustaining costs of below US\$900 per ounce of production. It even posted a positive free cash flow for 2015—a rarity for the sector.

Since costs stay the same no matter what the underlying price of gold does, look for B2gold to do very well if gold continues to rally. But even if the yellow metal doesn't cooperate, the stock should have reasonable downside protection.

Halloway Lodging

Halloway Lodging Corporation (TSX:HLC) is one of Canada's largest hotel owners, boasting a portfolio of nearly 4,200 rooms across eight provinces and territories.

Halloway is a cheap stock. It trades at approximately seven times projected 2016 adjusted funds from operations, as well as trading approximately 10% under book value. The only concern is the debt—Halloway owes some \$215 million in total debt compared to approximately \$100 million in equity.

Still, it's quite common for hotel operators to carry a lot of debt, since the assets are easy to finance. And investors are paid pretty handsomely to wait with shares yielding more than 3%.

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1. Energy Stocks
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1. Editor's Choice

TICKERS GLOBAL

1. NYSEMKT:GTE (Gran Tierra Energy Inc.)
2. TSX:BBD.B (Bombardier)
3. TSX:BTO (B2Gold Corp.)
4. TSX:GTE (Gran Tierra Energy Inc.)

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Author

nelsonpsmith

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