

3 Turnaround Candidates for 2018 You Should Consider Now

Description

Everyone loves a comeback story.

The market is full of them, and it's during this end-of-year frenzy, between turkey dinners with family, that investors look towards next year and determine if some former greats could turn around.

Here are a few options to consider moving into 2018.

There's no better stock that comes to mind when thinking of "epic collapse" than **Valeant Pharmaceuticals Intl Inc.** (TSX:VRX)(NYSE:VRX). The former darling of the market once had a market cap that exceeded some of Canada's big banks before tumbling over 90% two years ago.

There are multiple reasons for that epic collapse, but a big one was that Valeant had a flawed business model that was overly reliant on cheap debt. When the stock finally tanked, Valeant was left with a broken business model, over US\$30 billion in debt, and a stock price that left investors shaking their heads in disbelief.

Why is Valeant a good option now? Valeant's new management team, headed by CEO Joseph Papa has not only begun to clean up the mess left by others, but it's using a proper business model that is not entirely fueled on cheap loans. The company has also aggressively focused on debt reduction, selling non-core assets to pay down the mountain of debt.

Valeant is on track to finish 2017 on an [impressive run](#) with a stock price that is up year to date by 40%.

Cameco Corp. (TSX:CCO)(NYSE:CCJ) is another interesting turnaround target that is beginning to gain steam. Cameco is one of the largest uranium miners in the world, providing fuel for nuclear power plants.

The problem with Cameco is that when the Fukushima reactor in Japan was damaged following an earthquake-induced tsunami in 2011, world demand for uranium effectively dried up. This left Cameco and other uranium miners extracting uranium (for a significant cost) that nobody was buying. As the price continued to drop, and supplies continued to increase, a glut was formed that kept prices low, which was, thankfully, not entirely felt by Cameco due to the nature of long-term uranium purchase agreements.

There are two reasons to be optimistic about Cameco in 2018. First, Cameco and other leading uranium miners have announced a series of significant production cuts recently that will clear the supply glut and hopefully see prices begin to rise. The second reason has to do with demand, which is steadily growing thanks to a flurry of new construction and infrastructure development across the developing nations of Asia.

BlackBerry Ltd. (TSX:BB)(NYSE:BB) is another perennial turnaround candidate, which is arguably in the latter phases of its transformation. The company once had the leading market share of

smartphones around the world, at least until both Android and iOS gobbled up that market share and reduced BlackBerry's usage to little more than a rounding error.

Today, the company has little in common with its former self apart from a strong desire and industry-leading knowledge on security. BlackBerry no longer makes devices itself; rather, it licenses third parties to manufacture and market the devices.

BlackBerry's [real potential](#) in 2018 and beyond lies in another area: automation. The company's IoT asset-tracking solution holds promise, and the brain behind BlackBerry's failed proprietary BB10 platform, QNX, is a key component to the future of autonomous driving; it's already installed in over 60 million vehicles worldwide.

Year to date, BlackBerry has soared nearly 60%, and 2018 looks to be even more promising, as the company has finally returned to profitability.

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Date

2025/08/23

Date Created

2017/12/27

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