



Cobalt 27 Capital Corp. (TSXV:KBLT) Is a Potentially Explosive Electric Car Stock

Description

At \$8.12 a share at the time of writing, **Cobalt 27 Capital Corp.** (TSXV:KBLT) is currently overvalued by almost eight times its future cash flow value. However, shares fell by 5.58% over the last 24 hours, plus a low P/E marks an opportunity for investors looking beyond future cash flow as an indicator of value.

A pure-play cobalt stock that offers long-term growth investors exposure to the [electric vehicle and battery markets](#), Cobalt 27 is a moderate to strong buy. Let's look at some of its fundamentals and weigh them up against broader market implications.

The pure-play cobalt miner you didn't know you needed

Its multiples show that Cobalt 27 is in fact good value for money right now. If we look at its P/E of 6.8 times earnings, we can see that this cobalt miner beats both the mining industry average and the TSX.

While its PEG is somewhat opaque, we can see that Cobalt 27's P/B indicates that it is currently trading at its book price. Though it is currently receiving an estimated forecast of -103.9% expected annual growth in earnings, this is liable to change as global markets shift and tech surges. Factor in the stock's [meteoric surge](#) in the past year, and you could have some indication of how much upside a pure-play cobalt stock might accumulate.

Growth investors should decide whether to look elsewhere or to make their own calculations based on the market rather than rely on other analysts' estimates. After all, it's better to be roughly right than precisely wrong.

Though Cobalt 27 does not currently pay a dividend, investors looking to buy and hold for a long-term breakthrough should note that this company holds zero debt and has a low level of unsold assets. This reduces risk and should be taken into consideration by potential commodities investors when making comparisons with competing cobalt stocks on the TSX.

An undervalued commodities superstar in the making

If you want to profit from the booming global tech market, but don't want to play individual product or service stocks, buying up cobalt shares is a great way to do it. You'll find that many precious mineral and metal commodities tend to have healthy balance sheets and good growth forecasts, and cobalt isn't any different with its lack of debt and strong positioning for an EV market bull rush.

Looking at Cobalt 27, we can see that the stock price follows the commodity's volatility quite closely. Look at that five-year beta of 1.65, and then compare it to the Canadian commodities market at 2.14 for the same period. While that may seem fairly high, bear in mind that Cobalt 27's share price is almost identical to what it was this time last year after it spiked on news of a managerial shake-up and roster of new acquisitions.

The bottom line

Demand for electric vehicles is going to rocket in years to come. If you're looking for a counter investment to your rich oil stocks, consider cobalt as an alternative source of capital gains. As Cobalt 27's share price dips, commodities investors might be wise to take advantage of the value opportunity this presents. Look again at that low P/E and correlation to book price, and you'll see a commodity stock that belongs firmly in any Canadian investor's precious minerals portfolio.

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