3 Stocks Hitting New 52-Week Lows

Description

As a value investor, I'm always on the hunt for bargains. And there's almost no better place to find good deals than on the new 52-week lows list. These are stocks that, for one reason or another, are being completely thrown out by investors.

Just like your local thrift store, most items aren't worth the trouble. But every now and then, you can come across some quality merchandise on the cheap.

Let's dig in.

Trampled telecom

BCE (TSX:BCE)(NYSE:BCE) kicks off our list of losers, hitting a 52-week low of $51.81 this past Thursday. So far in 2018, the stock is down about 13%.

So, what's the problem? Well, let's start with the obvious. BCE operates in the mature telecom space, where growth has been tough to come by. In Q2, adjusted earnings fell 2% to $777 million as revenue inched up just 1.7% to $5.8 billion.

Moreover, the company's free cash flow declined a substantial 9% to $994 million.

But there's good reason to remain optimistic. Despite the weak Q2 financials, BCE managed to boost its postpaid wireless net additions 38% to 122,092 — its second-best quarter since 2000. This drove wireless revenue growth of 5%.

So, when you combine that strong wireless performance with a rather juicy dividend yield of 5.8%, BCE shares seem to be sitting on a pretty strong floor.

Booking losses

Up next is **Indigo Books & Music** (TSX:IDG), which hit a 52-week low of $13.88 on Thursday. Year-to-date, shares of the specialty retailer are off a depressing 25%.

Given the hyper-growth of e-commerce these days, brick-and-mortar retail isn't exactly the best business to be in. In Q1, Indigo lost $15.4 million as revenue remained pretty flat at $205.4 million.

Driving the loss was a jump in operating expenses — from $100.9 million a year ago period to $108.8 million in 2018.

For patient investors, though, there could be light at the end of the tunnel.

Management is investing aggressively in renovations, its digital platform, new store concepts, and even a rollout into the U.S. Only time will tell whether those bets will pay off, but with the stock trading at a paltry price-to-sales of 0.4, the risk/reward trade-off is attractive.

Plummeting pie

Our final decliner this week is **Pizza Pizza Royalty** (TSX:PZA), which hit a 52-week low of $92.28 about a week ago. Over the past year, shares of the fast-food chain have plummeted a whopping 42%.

Provincial minimum wage increases forced management to raise prices, and as a result, customer traffic has been negatively impacted. In Q2, systems sales decreased 2.6% to $131.1 million.

More important, same-store sales growth (SSSG) — a key metric in the retail space — decreased 3.3% year-over-year. And if that wasn't bearish enough, Pizza 73 — the company's brand in Western Canada — has now posted negative SSSG for 10 consecutive quarters.

But here's something to be bullish about: the stock currently yields a mouth-watering 8.9%. Usually, only risky MLPs or stagnant REITs offer yields that high. Thus, in order to be able to receive it from an innovative and still-respected brand like Pizza Pizza seems like a solid opportunity.

Fool on.

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2. TSX:BCE (BCE Inc.)
3. TSX:IDG (Indigo Books & Music)
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Date
2025/08/26
Date Created
2018/09/22
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