3 Brand-New Stocks in the Bargain Bin

Description

Hey there, Fools. I'm back again to call your attention to three stocks that fell sharply last week. Why? Because some of the greatest stock market gains are made by buying solid companies

- during times of extreme negativity;
- when they're being completely ignored; or
- when they're being oversold to bargain-basement levels.

No matter how many "breakthrough" trading systems you come across, buying low and selling high is still the most fundamental way to build wealth in the market.

So, without further ado, let's get to last week's big decliners.

Accessible opportunity

Leading things off is **Savaria** (TSX:SIS), whose shares plunged about 18% on Thursday. Year to date, the accessibility solutions specialist — stair lifts, wheelchair lifts, and elevators — is now down 23% versus a gain of 11% for the **S&P/TSX Capped Health Care Index**.

Savaria's Q3 results were good — but not good enough for Bay Street. Operating income increased 5.6% as revenue increased 26.5% to $72.1 million. Moreover, adjusted operating margin decreased 350 basis points to 13.4%, suggesting that the company's competitive position might be slipping.

Still, management remains on track to hit its sales goal of $285 million for 2018 and $400 million for 2019. With a dividend yield of 2.2%, Savaria's risk/reward trade-off looks intriguing.

Silver lining

Next up, we have **Pan American Silver** (TSX:PAAS)(NASDAQ:PAAS), which sank 10% on Wednesday. Shares of the silver miner are down 25% over the past six months, while the **S&P/TSX Capped Materials Index** is off 15% during the same time frame.

Bay Street isn't thrilled about Pan American's move to buy fellow silver miner **Tahoe Resources** for $1.01 billion in cash and stock. The price represents a hefty 35% premium to Tahoe's stock price over the past 20 days and entails some risk — mainly, the fact that production at Tahoe's key Escobar mine remains suspended.

That said, the deal would double Pan American's silver reserve base to 576 million ounces — nicely above many of its rivals. So, now might be an opportune time to pounce.

Box office bomb

Rounding out our list this week is **Cineplex** (TSX:CGX), whose shares plummeted a whopping 21% on Wednesday. The entertainment company is now down 25% year to date versus a loss of 12% for the **S&P/TSX Capped Consumer Discretionary Index**.

Triggering the big drop was a highly disappointing quarter. Q3 earnings sank 40% to $10.2 million as revenue increased just 3.3% to $386.7 million. Cineplex cited lower advertising revenue and screen-related technical issues for the decreased profits.

On the bright side, management seems sure that Q3 was a one-time anomaly and thinks Q4 "will be back to normal."

Only time will tell if Q3 was a short-term blip, but when you couple management's confidence with a dividend yield of 6.1%, it might be worth making a *prudently* sized bet.

The bottom line

There you have it, Fools: three stocks hitting 52-week lows for you to check out.

They aren't formal recommendations, of course. Instead, think of them as a starting point for further research. Trying to catch a falling knife can be hazardous to your wealth, so extra caution is required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:PAAS (Pan American Silver)
2. TSX:CGX (Cineplex Inc.)
3. TSX:PAAS (Pan American Silver Corp.)
4. TSX:SIS (Savaria Corporation)

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bpacampara