



## Why These 3 Explosive Stocks Are Flirting With 52-Week Highs

### Description

When stocks are hitting [52-week highs](#), we should revisit them in order to determine if our investment thesis remains intact and if the shares have become [overvalued](#) and consequently ripe for a pullback.

In this article I would like to discuss three stocks that are trading around 52-week highs and what I think investors should do about it.

### Badger Daylighting Ltd. ([TSX:BAD](#))

Badger stock has given investors a one-year return of 78%, a year-to-date return of 27%, and is now trading just shy of 52-week highs.

I believe that Badger Daylighting is still undervalued, so the stock still makes a great buy.

This provider of non-destruction excavating services deploys its Badger Hydrovac technology in its work with clients from a wide range of infrastructure industries, such as oil and gas, utilities, and other large infrastructure facilities in North America.

In 2018, revenue increased 25%, adjusted EBITDA increased 29%, and cash flow from operations increased by 31%, beating expectations by a significant margin and increasing its dividend by 6%.

Badger has enjoyed a more than 15% 10-year compound annual revenue growth rate, EBITDA margins of between 25% and 30%, and continues to benefit from a solid balance sheet, thus giving it the flexibility to continue to grow organically and via acquisitions.

Trading at 18 times this year's expected earnings with an expected 22% increase in EPS, this stock is still a steal.

### Northland Power Inc. ([TSX:NPI](#))

Northland stock has rallied because it is a strong renewables energy provider with a dividend yield of

4.98%.

The stock hit a 52-week high of \$26.19 on March 11, but has now fallen to \$24.11 after the company announced a secondary offering of shares owned by Mr. Jim Temerty, Chairman of the Board.

The stock proceeded to freefall 9% on this announcement, in what I believe will prove to be a good buying opportunity, as this sale is not a sign of a loss of confidence in the company but rather an estate planning decision. Mr. Temerty will still own 14.7% of shares outstanding after the transaction.

This independent power producer is dedicated to developing, building, owning and operating facilities in Canada and internationally.

Management remains heavily invested in the company, and with 98% of revenues coming from long term power contracts, there is good stability in results.

## Shopify Inc. ([TSX:SHOP](#))([NYSE:SHOP](#))

Still trading around 52-week highs, Shopify is a higher risk proposition for investors.

Shopify stock has rallied because its leading cloud-based commerce platform designed for small and medium-sized businesses has filled a need that was screaming to be filled, with new and old business owners struggling to get a handle of the new online world of business.

As for Shopify stock, I actually see too much downside risk due to lofty valuations, which make the stock very vulnerable if the market takes a downturn, which it is looking increasingly likely.

On a more company-specific level, earnings estimates for Shopify have been falling, and this, coupled with its lofty valuations, makes it a bad place for investors to be.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
3. TSX:NPI (Northland Power Inc.)
4. TSX:SHOP (Shopify Inc.)

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**Author**

karenjennifer

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