



An Attractive \$1.50 Stock I'd Buy Right Now

Description

If you had a look at the long-term chart of **Tricon Well Services** ([TSX:TCW](#)), you'd probably think I was nuts to recommend the stock at a buck and a half after shares have lost more than 95% of their value from peak levels. Although the falling knife of a stock looks like a great way to lose your shirt (and your pants) because of the [bankruptcy fears](#) that have been thrown around over the last few years, I'd encourage investors to think like a deep-value investor, like Prem Watsa.

Tricon is a wreck, no doubt, but while most other investors have already sold the stock and deleted it from their watch lists forever, I think there's treasure amid the wreckage. If you've got the discipline, I think the opportunity is well worth your attention.

At the time of writing, the stock trades at 0.5 P/B and P/S, with a 4.8 P/CF. Looking into the balance sheet, you'll notice that the debt has become less of a problem since the stock's catastrophic implosion, yet there hasn't been a meaningful relief rally yet.

What gives?

Long-term debt has fallen from \$759 million as of the end of 2014 to \$46 million as of the end of 2018. While there's no question the company looked like a bankruptcy waiting to happen, the company not only looks like a survivor, but it actually may be one of the biggest rebound stories of our time.

For those unfamiliar with Tricon, it's an oilfield services corporation that specializes in pressure pumping. The company nearly went under after oil crashed in 2014, and while many investors suffered big losses, the company isn't in as bad condition as the past year stock chart would suggest.

Management has done a terrific job of selling assets to lower debt. They've also positioned themselves for a nice rebound with the acquisition of Canyon Technical Services in 2017. With Albertan premier Jason Kenney ready to cut corporate taxes and scrap the carbon tax entirely, the troubled oil patch may soon breathe a collective sigh of relief, and as one of the most battered energy names out there, Tricon has a tonne of room to run from here.

It's not just the upside that has me bullish on Tricon through. The deep value to be had in shares leads

me to believe that further sustained downside is unlikely. The company owns some top-tier assets, and if it were to go bankrupt, I find it hard to believe that the sum of proceeds sold from a liquidation would be worth \$1.25 per share. So, I see around 20% in potential downside in a worst-case scenario (bankruptcy, which is now highly unlikely) and [multi-bagger upside](#) in a best-case scenario.

That's a heck of a risk/reward trade-off, if you ask me. Buy the stock now, and I have a feeling you'll want to thank me in three to five years.

Stay hungry. Stay Foolish.

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Date

2025/08/15

Date Created

2019/04/25

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