



## A Battered Bargain to Bag Right Now

### Description

As a deep-value investor, I'm always on the hunt for stocks that not only have rebound potential but stocks that are so battered, so bruised, that they're trading at steep discounts to the intrinsic value of the underlying business.

Warren Buffett would agree that the concept of intrinsic value is more of a range than a precise point. I like this way of thinking, and although it can be tough to gauge the intrinsic value range of any given security, I think the job is a whole lot easier when you're dealing with a name that's so undervalued and out of favour that the outright sale of underlying assets themselves would provide an amount per share that's not too far off from a stock's current market value.

Consider **Trican Well Services** ([TSX:TCW](#)), a stock that's hovering near 52-week lows at \$1.12 at the time of writing. The driller had a tremendous fall from grace, losing over 96% of its value since its 2006 prime. While prior bankruptcy fears rattled investors, driving out what could be the last of the sellers, I believe the situation has been blown completely out of proportion, and that most former investors have shunned the name in spite of recent progress at the firm that's been going on behind the scenes.

I don't blame discouraged investors for a second, though. It's tough to look into the financials and not cringe with the negative signs that are littered left, right, and centre. The 2014 collapse in oil prices kicked Trican while it was already down, and while the thought of bankruptcy may be concerning, I think the worst-case scenario isn't as dire as today's share price would suggest.

In a [prior piece](#), I'd noted that management had not only done a great job of selling assets to cut away at debt levels, but the firm actually owned top-tier assets that may have sold for an amount around \$1.25 — a full \$0.13 more than the price of admission at the time of writing. To me, that's a tangible margin of safety that ought to have deep-value investors licking their chops.

Should oil prices start heading much higher, drilling will go up, as debt continues downtrending. That's a recipe for a stunning rebound in a bullish scenario. In the meantime, Trican is likely to trade at around a buck and change, but if you've got the time to wait, the risk/reward, I believe, is [tough to match](#).

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joefrenette

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