



2 Attractive Stocks Trading Close to 52-Week Lows

Description

We'll look at two stocks that are trading at attractive valuations. These stocks are trading close to their 52-week lows and have significant upside potential.

BlackBerry

Shares of **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) are trading at \$9.14. This is 41% below its 52-week high and 3.4% above its 52-week low. BlackBerry investors have had a tumultuous time for the last few years. The stock has lost significant value after falling behind in the smartphone race and losing market share to giants such as **Apple** and Samsung.

BlackBerry exited the smartphone market in late 2016 and has since pivoted to software services. However, the stock has lost considerably since September 2018, despite beating analyst estimates over the last few quarters.

But now it seems like the stock has bottomed out. BlackBerry has gained significant traction in the automotive vehicles space. It is now looking to target the cybersecurity segment to expand the revenue base.

Analysts expect BlackBerry sales to rise 23.5% to \$1.13 billion in fiscal 2020 (ending in February), 11% to \$1.26 billion in 2021, and 9% to \$1.36 billion in 2022. While its earnings might fall by 70.8% in 2020, it is estimated to rise by 171% in 2021. This indicates that the stock has solid upside potential, considering its forward P/E multiple of 36.

BlackBerry's [acquisition of Cylance](#) earlier this year will help the company grow revenue at a robust rate. BlackBerry acquired Cylance for \$1.4 billion. Cylance is a cyber-security company and generated sales of \$51 million in the first quarter of fiscal 2020. BlackBerry estimates Cylance sales to rise between 25% and 30% year over year.

Analysts covering BlackBerry have a 12-month average target price of \$11.4, indicating an upside potential of 24.5% from the current price.

Bank of Montreal

Shares of one of Canada's largest banks, **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) are trading at \$90.09. This is 17.3% below its 52-week high and 4.4% above its 52-week low. The stock has returned -16% in the last 12 months and -10.2% in the last two years, easily underperforming broader indices.

BMO's sales have risen from \$21.08 billion in 2016 to \$21.28 billion in 2017 and \$22 billion in 2018. Analysts expect company sales to rise 4.5% to \$23.08 billion in 2019, 3.5% to \$23.78 billion in 2020, and 4.9% to \$25 billion in 2021.

Its earnings are expected to grow by 5.1% in 2019, 4.3% in 2020 and at an annual rate of 5.2% in the next five years. It also has a high dividend yield of 4.5%. When we compare these metrics to BMO's forward P/E multiple of nine, we can see that the stock is undervalued and is poised to move higher.

Analysts tracking BMO have a 12-month average target price of \$103.54 for the stock. This indicates an upside potential of 14% from BMO's current price.

The verdict

While BlackBerry and BMO are trading at attractive multiples, there are significant risks in case recession fears come true. Tech and banking stocks are hugely impacted in a downturn. Tech stocks trade at higher valuations, while there is a serious risk of higher defaults when unemployment rises in a recession impacting banking investors.

But BMO's strong fundamentals and BlackBerry's successful turnaround make them an attractive pick at the current price.

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1. Bank Stocks
2. Investing
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2. NYSE:BMO (Bank of Montreal)
3. TSX:BB (BlackBerry)
4. TSX:BMO (Bank Of Montreal)

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