



2 Turnaround Stocks to Buy for Huge Growth Potential

Description

Stocks that are in turnaround mode can present some of the most exciting opportunities for investors. The problem is, a lot of the time these turnarounds don't work out, so investors really have to do their homework to determine if a company can pull off its turnaround and once again thrive.

Since investors know it's so hard to do, and the risk is quite a bit higher for these stocks, the shares usually get priced accordingly, which is what makes them such great opportunities.

There are a few main things to look for when determining the likelihood of a stock executing its plans, which include high-quality management, a long-term outlook, and a sound financial position.

Two stocks that fit that bill and look to be well on their way to recovery and earning huge rewards for their shareholders are **Bausch Health Companies** ([TSX:BHC](#))([NYSE:BHC](#)) and **Boardwalk Real Estate Investment Trust** ([TSX:BEI.UN](#)).

Bausch Health

Bausch Health, formally Valeant Pharmaceuticals, had a highly documented fall from grace at the end of 2015 and into 2016.

Bausch has finally left its past in the rear-view and is shifting to the offensive. The second quarter of this year was its sixth consecutive quarter of organic growth.

The organic growth is good to see, especially because all its past problems had to do with its many acquisitions.

Bausch is doing it right this time, increasing its R&D spending, which is resulting in the introduction of a number of new products, helping the company to boost sales and improve its organic growth.

The other main issue it had was its high debt load, which it has also learned from.

Bausch has now decreased its net debt down to \$24.5 billion at the end of the second quarter, roughly \$1.1 billion less than at the same time last year.

It's a long road back for Bausch, but it's making progress each quarter, and as its debt continues to decrease and it brings more new products to market, the growth potential of Bausch could be enormous.

Boardwalk REIT

Boardwalk has had a tough go the last few years, as the Albertan economy has had a hard time. Especially compared to the rest of Canada, you can see why Boardwalk, which had most of its portfolio exposed to Alberta, underperformed pretty much every other major REIT.

The company is in good hands for its turnaround though, as its management are some of the best in the industry and are long-term operators, plus Boardwalk has begun to acquire assets outside Alberta, specifically in Ontario and Quebec.

The significant debt load also became an issue, when compounded with the tough economy in Alberta. Boardwalk has been working extremely hard to pay that debt down, while simultaneously funding the dividend.

It currently pays out unitholders \$1.00 a year, which is roughly a 2.3% yield at today's prices.

It has begun to post solid growth numbers again, as it integrates its new properties and the Alberta market slowly recovers.

Boardwalk's turnaround is well under way with a much better portfolio makeup and new outlook on its strategy for the future. While it may not offer huge, +100% returns like Bausch could, the yield [dividend-growth](#) investors will get could be just as satisfying.

Bottom line

Turnaround stocks offer some of the best opportunities, but they are not without their fair share of risk.

Luckily, the issues and risks the company faces are usually widely known and analyzed, so you can make an informed decision on whether or not you think the risk to reward is sufficient for your portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
2. TSX:BEI.UN (Boardwalk Real Estate Investment Trust)
3. TSX:BHC (Bausch Health Companies Inc.)

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