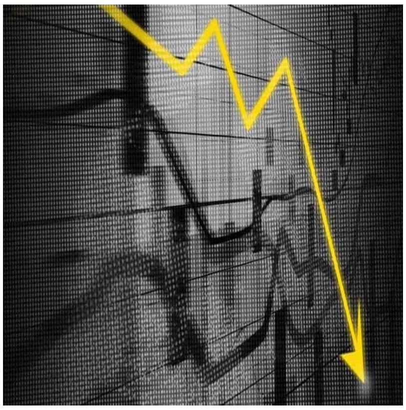

2 Popular Stocks Hitting New 52-Week Lows

Description

Aurora Cannabis (TSX:ACB)(NYSE:ACB) and **Canada Goose Holdings** (TSX:GOOS)(NYSE:GOOS) are two popular Canadian stocks. The two stocks have recently hit new 52-week lows. Buying a stock that's hit a 52-week low and that rebounds after is a profitable strategy. But there is a risk that the stock might go down further. It's therefore important to look at a company's outlook to determine its upside potential. Let's look at Aurora and Canada Goose to see if they are good buys after their fall in price.

Canada Goose Holdings

Canada Goose hit a new 52-week low on January 31, when it traded for $39.08. The share price has risen a bit and is now trading over $40.

The manufacturer of luxury parkas has been hit hard by the coronavirus, but the brand should return to its growth trajectory when the shock is over.

Canada Goose would have renewed its annual growth targets of more than 20% of revenues and more than 25% of profits, without the coronavirus outbreak. The luxury parka maker now expects revenue growth of between 13% and 15%, which is expected to be between $945 million and $955 million.

Since Chinese consumers account for about 40% of its business, the fall in Chinese tourism in America and Europe has hit the results in addition to the disappearance of direct sales in China.

Fortunately, the U.S. market continues to grow with the expansion of the product line.

The brand has not lost its cachet, as evidenced by the 100% increase in revenues in Asia in the third quarter.

In the long term, Canada Goose's growth drivers remain intact, including the opening of its own stores, direct online sales to consumers, the launch of new collections and expansion in China. Therefore, the fall in price appears like an opportunity to buy Canada Goose on the dip.

Aurora Cannabis

Aurora Cannabis hit a new 52-week low on February 13, when it dropped to $1.90. The share price has risen by a few cents since then and is now trading a little over $2.

Aurora's financial results were dragged down in the second quarter by lower cannabis production and the costs associated with preparing to launch edibles and vaping cannabis.

Its net revenue reached $56 million, up from $54.2 million a year earlier, but down from about $75 million in the quarter ended September 30.

Aurora posted a heavy loss of $1.3 billion, or $1.18 per share, compared to a loss of $239.6 million, or $0.25 per share, a year earlier. The pot producer made a profit of $10.3 million in the first quarter.

Recent weeks have been difficult for Aurora. Earlier this month, the company announced that it had $1 billion in write-downs and that it was laying off 500 employees as part of a restructuring of its spending plans. The company also said that its CEO Terry Booth will retire and that it is looking for a successor.

Aurora expects derivatives to contribute 20% to Q3/20 revenues, and investors expect to see increased revenues from Cannabis 2.0 products in the next quarter. However, management has indicated that revenues will likely remain stable from Q2 to Q3, so investors may have to wait until Q4 to see a substantial increase in Cannabis 2.0 revenues. Given the industry headwinds, I would stay away from Aurora for now.

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2025/08/25
Date Created
2020/02/24
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