



Looking for Rebound Plays? 3 TSX Stocks That Dropped 50% Recently

Description

Although markets are trading close to record levels, some TSX stocks have been weak since last month. Here are three darling stocks of Canadian investors that have plunged more than 50% in the last few weeks. Let's take a look at whether it makes sense to bet on these beaten-down names at current levels.

Ballard Power Systems

Fuel cell maker **Ballard Power Systems** ([TSX:BLDP](#))([NASDAQ:BLDP](#)) stock fell from its record levels of \$54 to \$28 in the last six weeks. Several factors drove the steep fall.

The company raised new equity capital last month by selling almost 15 million common shares. Fresh equity issuances dilute existing shareholder ownership. Thus, investors' disdain was evident. Also, its weaker Q4 numbers also added to investors' woes. Ballard Power reported a 32% fall in Q4 [revenues](#), which widened the losses.

Fuel cell stocks were on a roll early this year, driven by exuberance for alternative fuels and electric vehicles. Fuel cells, which convert hydrogen into electricity, are a cleaner method to generate energy against oil and gas combustion. Though hydrogen fuel has immense growth prospects, the industry is still in the nascent stage. Companies like Ballard Power have seen volatile top-line growth and are rarely profitable.

BLDP stock is still sitting on handsome gains of 170% for the last 12 months. However, it looks notably overvalued even after a recent fall. That's mainly because investor enthusiasm drove the stock for months. Given its current valuation, I think the stock will likely face more downward pressure in the short to medium term.

B2Gold

One of the top gold miner stocks, **B2Gold** ([TSX:BTG](#))([NYSE:BTG](#)) has also been notably weak

recently. It has halved in the last six months and dug a deep hole in investors' pockets.

As the yellow metal lost its sheen in the last few months, gold miner stocks tumbled to their record lows. It was a double whammy for B2Gold, as political risks also rose in one of its key mining areas. It operates several mining assets in Mali, Namibia, and the Philippines. BTO shares traded lower recently, as the Mali government did not renew the company's exploration permit of one of its key assets.

B2Gold is a [fundamentally strong](#) company with no debt and solid profitability trend. Its net income last year more than doubled amid higher production and rallying gold prices. I think the stock looks extremely undervalued compared to its historical average as well as the industry average.

Aurora Cannabis

Once investors' favourite top pot stock **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) is down 55% since mid-February. Cannabis stocks zoomed early this year amid the Biden administration's support to the industry and the subsequent U.S. legalization prospects. However, Aurora Cannabis is one of the biggest wealth destroyers in the pot space, losing more than 93% of its market cap in the last two years.

Aurora Cannabis reported revenue growth of 23% year over year in Q4 2020. The top-line number was pleasing, as both its recreational and medical segments reported growth. However, the company's losses widened in the quarter, and the management also failed to deliver positive EBITDA as promised earlier.

Apart from concerning revenue growth, Aurora Cannabis's high cash burn rate could also bother investors. The stock remains a risky bet for conservative investors. Further downside in ACB stock can't be ruled out completely based on its current valuation.

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2. NASDAQ:BLDP (Ballard Power Systems Inc.)
3. NYSEMKT:BTG (B2Gold Corp.)
4. TSX:ACB (Aurora Cannabis)
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