A Mid-Cap Canadian Stock Near 52-Week Lows That's Overdue for a Bounce

Description

Sure, we've gone without a 5-10% correction in quite some time. It's hard to remember what it feels like to be on the receiving end of a correction. When a 0.5% down day draws in so many dip buyers, it's hard if you're sitting on a cash pile, waiting for the perfect drawdown to put it to work. Like it or not, waiting for the next correction, crash, or meltdown is timing the market.

And timing the market typically leads investors to sub-par returns, given that investors tend to be fearful when they should be greedy and vice versa! Not to mention the fact that it's harder to put money to work when the markets are in freefall!

Despite the incredible run in the stock market, many corrections have silently rolled through various names. Sector by sector, stocks have declined Call it a rolling correction or a rotation, if you will. But such volatility going on in the background is actionable by investors who pick their own.

In this article, we'll have a look at a wonderful long-term play that has recently drastically out of favour. The name is down considerably from its all-time highs over a wide range of company-specific issues, making it a perfect option for investors seeking a discount on the 52-week low list.

Consider **Badger Infrastructure Solutions** (TSX:BDGI), one of the best **TSX** exclusives that appear to be on sale after falling by 25% off 52-week highs.

EBITDA margin troubles and flat revenues drag on shares

Badger is one of my favourite mid-cap Canadian stocks to buy and hold for decades.

The company is in the business of providing mobile hydrovac excavation services to a wide range of clientele, many of which are in the energy industry. In essence, the company digs up buried assets in a process called daylighting. The company was formally named Badger Daylighting, which I thought was a much better name!

The demand for the firm's services tends to rise when the economy is robust and infrastructure spending picks up. With many clients in the oil and gas field, Badger tends to fluctuate quite wildly.

In recent quarters, Badger's operating performance has been disappointing.

EBITDA margins were quite dreadful during the latest quarter, missing the mark by a country mile. Revenues were also quite flat despite a more favourable year-over-year comparison—disappointment across the board.

Companies can't beat on earnings all of the time, and when they sag after a major miss, investors with longer-term horizons are provided with a nice opportunity to pounce in as others sell.

Undoubtedly, Badger is stuck in a ditch. Whether it digs itself out remains to be seen. After a slew of downgrades to "hold" from various analysts, I think the band-aid has been ripped off, and the mid-cap Canadian stock is well-equipped to surpass the now lowered bar ahead of it.

Deep value at 52-week lows

The mid-cap stock trades at 2.2 times sales and 4.1 times book value — not at all a high price to pay for a firm that could have profound winds to its back over the next several years. I think Badger's management team can improve upon its margins over the coming quarters. If it can, the stock could stand to really take off.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BDGI (Badger Infrastructure Solutions Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. arosenberg
2. joefrenette

Category

1. Investing

Date
2025/09/29
Date Created
2021/09/03
Author
joefrenette