



3 Sold-Off Stocks Due for a Bounce Back

Description

No one can tell if the stock market's behaviour this month will be the same as in May, when spikes and dips were alternating. The TSX rallied on June 2, 2022, only to pull back on the following trading day to extend its year-to-date loss to 2.04%. Meanwhile, three underperforming stocks should bounce back strong from their recent [selloff](#).

Valuable business

Ballard Power Systems ([TSX:BLDP](#))([NASDAQ:BLDP](#)), a three-time TSX30 winner (2019 to 2021), is in unfamiliar territory. At \$9.20 per share, the top growth stock is down 42.1% year to date. Its 52-week high is \$24.48. Market analysts covering the stock see an upside potential between 28.8% (low) and 169.67% (average) in 12 months.

The \$2.74 billion company manufactures zero-emission proton-exchange membrane (PEM) fuel cells that enables the electrification of mobility. The PEM fuel cells are used in buses, commercial trucks, trains, marine vessels, and even for stationary power.

In Q1 2022, revenue grew 19% versus Q1 2021, although net income widened 127% year over year to US\$40.4 million. Nonetheless, management remains optimistic about the business outlook. Randy MacEwen, Ballard's president and CEO, said, "The converging macro drivers of energy security and climate crisis have irreversibly shifted global views on the need to accelerate our energy transition."

Ballard's ongoing concern is to continue building a valuable business that will help to decarbonize medium- and heavy-duty motive applications. The cash reserves of US\$1.1 billion as of March 31, 2022, should help Ballard invest ahead of the curve to gain significant market share.

Resilient business model

Market analysts are bullish on **Premium Brands Holding** ([TSX:PBH](#)) and forecast a price appreciation of 41.16%. The overall return in one year should be higher, because the consumer staple stock pays a

respectable 2.88% dividend. This \$4.33 billion company is a leading producer and distributor of branded specialty food products.

At \$97.15 per share, current investors are down 22.67% year to date. Unfortunately, the stock's performance doesn't reflect the business performance. In Q1 2022, revenue rose to a record \$1.25 billion, which represents a 23.9% bump from Q1 2021. Net earnings and free cash flow increased 13.13% (to \$22.4 million) and 32.91% (to \$269.8) year over year.

George Paleologou, Premium Brands's president and CEO, said, "Despite the current unusually volatile environment, we continue to generate record top and bottom-line results." He believes that the resiliency and strength of the decentralized, entrepreneurial-focused business model is a competitive advantage.

Unwavering industry demand

Martinrea International's ([TSX:MRE](#)) current share price of \$9.45 (-17.38% year to date) is a good entry point. Based on the 12-month average price target (\$13.47) of market analysts, the return potential is 42.5%. This \$1 billion company is a diversified and global automotive supplier. It designs, develops, and manufactures highly engineered, value-added Lightweight Structures and Propulsion Systems.

While total sales in Q1 2022 increased 15.8% versus Q1 2021, net income declined 34.9% year over year to \$25.2 million. Martinrea's president and CEO Pat D'Eramo expects an improvement of results in the back half of 2022 if supply chain conditions improve and inflationary costs normalize or recover through commercial negotiations. This auto parts stock pays a 2.12% dividend.

Add to your watchlist

Ballard Power, Premium Brands, and Martinrea trades at discounted prices but deserve to be on investors' watchlists. The chances of a rebound are higher than a pullback.

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TICKERS GLOBAL

1. NASDAQ:BLDP (Ballard Power Systems Inc.)
2. TSX:BLDP (Ballard Power Systems Inc.)
3. TSX:MRE (Martinrea International Inc.)
4. TSX:PBH (Premium Brands Holdings Corporation)

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