Better Growth Stock: Kinaxis Inc. or Jamieson Wellness Inc.?

Description

Indexes in the United States and Canada were pummeled again on March 1. Markets continued to react negatively to comments from U.S. Federal Reserve chairman Jerome Powell and the promise of more interest rate hikes. President Trump also rattled markets after announcing that the U.S. would unveil tariffs on steel and aluminum imports next week. Whether or not this will exclude key allies like Canada is yet to be determined as of March 1.

Investors are understandably rattled, as this aging bull market is starting to wobble. However, there are still opportunities available for investors looking for long-term options. Today we will compare two top growth stocks on the TSX.

Kinaxis Inc. (TSX:KXS)

Kinaxis is an Ottawa-based software company that offers supply chain solutions to its client base. Shares of Kinaxis have climbed 9.7% in 2018. However, the stock dropped 3% on March 1 on the same day it announced its 2017 fourth-quarter and full-year results.

Kinaxis leadership trumpeted its latest contract win in the form of **Toyota Motor Corp.**, the second-largest automobile manufacturer in the world. In the fourth quarter, Kinaxis saw revenue and subscription revenue rise 14% and 19%, respectively. Profit soared 221% year over year to $5.5 million, or $0.21 per diluted share.

For the full year, Kinaxis reported that revenue increased 15% to $133.3 million. Profit rose 90% to $20.4 million, or $0.77 per diluted share, and adjusted EBITDA jumped 40% to $40.1 million — 30% of total revenue. Cash from operating activities also rose 8% to $33.6 million. CEO John Sicard announced that Kinaxis would look to expand its global operations in Europe and Asia in response to its positive results.

Jamieson Wellness Inc. (TSX:JWEL)

Jamieson is a manufacturer, distributor, and marketer of sports nutrition products and supplements. Jamieson stock has dropped 6.4% in 2018 thus far but rose 1.46% on March 1. The company released its 2017 fourth-quarter and full-year results on February 22.

In the fourth quarter, revenue rose 28.3% to $84.3 million, and adjusted net income surged 91.1% year over year to $9.7 million. Adjusted EBITDA increase 28% to $18.8 million. The increase in revenue was buoyed by the acquisition of Body Plus and a jump in domestic volumes for Jamieson products.

For the full year, Jamieson saw revenue rise 21.1% to $300.6 million and reported a 152.8% increase in adjusted net income to $27.6 million. Adjusted EBITDA also climbed 31.4% to $61.5 million. For 2018 Jamieson leadership has projected revenue in a range of $325-335 million and adjusted EBITDA in a range of $67-69 million. Jamieson also announced a quarterly dividend of $0.08 per share, representing a 1.5% dividend yield.

Which is the better buy?

Both companies appear poised to post solid growth going forward. Kinaxis has been an explosive growth stock since debuting in 2014, rising over 550% since its initial public offering. Its forays into Europe and Asia have yielded early success, and investors may want to stack if shares tumble in a shaky market. For investors on the lookout for a little bit more income in their portfolios, Jamieson is also rock solid and well positioned to benefit from aging demographics.

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