



2 Reasons Kinaxis Inc. (TSX:KXS) Stock Could Rise Even Higher This Year

Description

Kinaxis Inc. ([TSX:KXS](#)) stock fell 1.79% on June 19. Shares have climbed 12.2% in 2018 so far. I picked [Kinaxis as my top stock](#) for June after its encouraging first-quarter earnings release.

Revenue in the first quarter rose 10% year-over-year to \$36.8 million with subscription services revenue climbing 24% to \$26 million. Gross profit also jumped 16% to \$26.7 million, representing 72% of total revenue. The earnings release has propelled the stock to rise 7.3% over the past month.

Today I want to go over two reasons Kinaxis is still a great buy today and looking long-term it is one of the premier growth stocks available.

Trade tensions are threatening supply chains

This week U.S. President Donald Trump threatened a further \$200 billion worth of tariffs on China, escalating the rhetoric in the continued trade spat between the economic powerhouses. The new wave of threats comes after Canada-U.S. relations hit an all-time low following the G7 summit in Quebec. This new round of tariffs rattled North American indexes as [concerns are growing](#) over the impact on global supply chains.

Toyota Motor Corp. recently selected Kinaxis to manage its automotive demand and supply chain processes. It also partnered with Volvo Cars. The disruption of global supply chains will present new challenges that have the potential to curb global growth. Kinaxis has developed a trusted software solution that may actually thrive in this environment.

Toyota is the largest vehicle assembler in Canada and plans to invest \$1.4 billion in assembly plants in Cambridge and Woodstock, Ontario. Leadership at Toyota said it was “implausible” that its vehicles would harm national security interests considering its \$23 billion investment south of the border. Canadian leaders have echoed this critique, but it has thus far fallen on deaf ears. This will mean that companies may be forced to improvise if and when auto tariffs are announced.

Fears in North America abound over the possibility that auto tariffs could disrupt the heavily integrated supply chains of U.S., Canadian, and Mexican automakers. Software solutions offered by Kinaxis may

see greater demand as companies look to quickly account for these changes.

Kinaxis announces a new partnership

On June 13 it was announced that Ipsen, a global pharmaceutical company, had chosen Kinaxis to manage its global supply chain. This is another in a line of promising partnerships after the aforementioned agreements with Toyota and Volvo. Ipsen aims to deploy RapidResponse, Kinaxis' supply chain management software, in order to better manage its global inventory and "gain complete visibility and control over the company's product supply and demand."

Is Kinaxis a buy today?

Kinaxis stock has been relatively flat year-over-year due to a sharp decline suffered in the summer of 2017. The company lost a large Asia-based customer, but was able to recoup this loss with its recent partnerships. Kinaxis is a top shelf tech stock on the TSX and has surged over 500% since its initial public offering in 2014. The stock comes at an attractive value today and should be targeted by investors in the second half of 2018.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:KXS (Kinaxis Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/10/02

Date Created

2018/06/20

Author

aocallaghan

default watermark