



Here's My Top Stock to Buy for 2019

Description

The next few decades will see technologies develop that will challenge the economic, political, and social fabric of our societies. One development to watch is increasing automation, which is projected to [supplant hundreds of millions of jobs](#) around the world. This transition will be shaky, and many will be forced into other modes of work, but with luck, a greater degree of prosperity will result for the global population.

A recent report from the Global Opportunity Analysis and Industry Forecast projected that global factory automation market would reach \$368 billion by 2025. Going by the market size of \$190 billion provided in the report in 2017, this would represent a [compound annual growth rate \(CAGR\) of 8.8%](#) from 2018 to 2025.

ATS Automation Tooling (TSX:ATA) is a Cambridge-based company that provides automation systems. The stock is up 9.7% in 2018 so far, but shares have plunged 21.7% over a three-month span as of close on November 22. A global stock sell-off knocked ATS Automation off from the all-time highs it reached in October, but the most recent retreat presents a fantastic opportunity for investors on the hunt for long-term growth.

ATS Automation released its fiscal 2019 second-quarter results on November 7. Revenues rose 3% year over year to \$283.6 million while year-to-date revenues have climbed 8% to \$583.6 million. EBITDA was reported at \$29 million compared to \$32.8 million in the prior year, while in the first six months EBITDA has increased to \$65.8 million over \$63 million in fiscal 2018.

Second-quarter Order Bookings reached \$355 million, which represented a 38% increase from fiscal 2018 Q2. In the year-to-date period, Order Bookings have climbed 36% to \$713 million. The period end Order Backlog hit a record \$830 million, which was a 28% increase from October 1, 2017. Adjusted basic earnings per share have climbed to \$0.39 in the first six months of fiscal 2019 over \$0.34 in the prior year.

ATS Automation completed the acquisition of Konstruktion, Maschinen- & Werkzeugbau GmbH & Co. KG, and KNW GmbH on October 31. This will enhance ATS Automation's offering in the EV market.

According to the GOA report on global automation growth, the automotive manufacturing sector is expected to be the leading revenue contributor in the coming years.

The company's high Order Backlog was driven by increased Order Bookings in all sectors in the first six months of fiscal 2019. ATS Automation revealed that two of these bookings are large enterprise programs that boast longer performance periods.

As we take a quick glance at ATS Automation's technicals, the stock looks oversold. Shares closed at \$17.07 on November 22. The stock has dropped 20.6% over the past month. Currently the stock possesses an RSI of 27, indicating that it is oversold heading into the final trading week in November.

ATS Automation comes at a fantastic price in late 2018 and continues to make impressive strides in a fast-growing industry. This is one of the premier growth stocks to target on the TSX.

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