Could You Get Rich From Investing in Kinaxis (TSX:KXS)?

Description

After a stressful 2018 in the markets, we're all looking to catch a break. But wouldn't it be nice if you didn't just get back to where you were before this volatile market but actually came out ahead? Like, well ahead?

There might be an opportunity to do just that with tech company **Kinaxis** (TSX:KXS). The Ottawa-based software solutions company may not have inspired many during its last quarter results in November, but it's a new year with new possibilities. And Kinaxis has a few reasons to give investors hope come its latest quarter results February 27.

History might repeat itself

And that could be a good thing. We're not talking recent history, but more like the company's share history. That past is one any investor would hope to repeat, and I'll quickly show you why by looking at what you could have made in the past few years:

- Initial public offering in 2014: 440%
- January 2015: 280%
- January 2016: 45%
- And if you'd bought between January 2017 and sold in August 2018: 67%

Kinaxis had a hit summer just like the rest of the market, with its shares reaching an all-time high of around $100 per share. Analysts are saying that wasn't a fluke. We could see numbers like that again and soon.

Let's make a deal

Summer highs feel like forever ago, especially for a company like Kinaxis. The company has since plunged 30% from its $100 highs to around $70 at the time of writing this article. The cause is mainly the volatile market, because, really, investors shouldn't have reacted the way they did when Kinaxis released its last-quarter results in November.

The company was below projected earnings at $0.13 earnings per share, missing **Thomson Reuters's** estimate of $0.27 by a mile. The miss was due to a few deals that slipped through the company's fingers, but that's all about to change.

This year looks to be an exciting one for Kinaxis, as the company is already in the process of firming up several deals. That includes the most recent between Kinaxis and Ernst & Young LLP. The pair are forming an alliance to modernize supply chain capabilities for common clients. Kinaxis is already investing in artificial intelligence to enhance its process. So, both of these investments promise not only an improvement for existing clients but are also attractive for potential clients and investors as well.

The deal gave shares a $2 bump after the announcement, and analysts are responding with some number boosts as well. While the stock is trading at around $70 per share, it's still undervalued. Fair value is closer to $80 per share, but it's the next year that could see some huge growth.

Future outlook

That $100 share price we saw in the summer could come sooner than you think. Analysts are projecting a stock price between $80 and $105 in the next 12 months, and almost every analyst out there is telling investors to "buy."

So, while the stock may not be at its 52-week low of around $60 a share, it's still a great deal. And that price may skyrocket when the next earnings report is released at the end of February.

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