



## This Automation-Focused Growth Stock Is Still Cheap

### Description

Investors may be celebrating the recent surge on the TSX, but it also means that discounts are few and far between for January buyers. Concerns over economic headwinds will also be a source of trepidation for investors. However, today I want to focus on a growth stock that needs to be on your radar.

In late November, I'd discussed why **ATS Automation** (TSX:ATA) was my [top stock to own in 2019](#). ATS Automation would succumb to the global stock market sell-off that hit its worst patch in late December, but the story has been good in January. Shares of ATS Automation have climbed 16% in 2019 as of close on January 21.

ATS Automation is set to release its third-quarter results for fiscal 2019 in early February. In the second quarter, the company saw Order Bookings hit \$355 million, a 38% increase from the prior year. For the first two months of fiscal 2019, Order Bookings were up 36% over the prior year to \$713 million.

ATS Automation designs and builds customized automated manufacturing and testing systems for its customers as well as pre- and post-automation services. The market for factory automation is expected to continue to post solid growth in North America and Europe from 2019 to 2020. Most of the company's clients stem from these two continents.

The company missed sales targets in Q2 fiscal 2019, which was attributed to the timing of revenue recognition on larger programs in the Order Backlog. ATS Automation has experienced seasonality with Order Bookings in the past due to summer plant shutdowns.

Shares of ATS Automation set off oversold signals in the months of October, November, and December. Of course, the stock did not hit its 52-week low until late December, so the most patient investors have yet to be rewarded. In late September, I'd warned investors that ATS Automation looked overbought and suggested that shareholders [take profits](#). I also recommended eager buyers to wait on the sidelines.

That is not my position today, however. The optimum time to "buy the dip" at ATS Automation may have passed, but the stock is still an attractive target for investors looking for long-term growth. On the

business side, ATS Automation is heading into its busy season to start the year, which should propel superior earnings in the third and fourth quarters of fiscal 2019.

ATS is well positioned to benefit from the surge in automation that will occur over the coming years and decades. The company offers a broad array of services that have attracted diverse clientele and managed to strengthen its toolkit in late October. At the end of the second quarter, ATS Automation completed its acquisition of Konstruktion, Maschinen- & Werkzeugbau GmbH & Co. KG, and KMW GmbH, or KMW. In its earnings, the company boasted that this will provide ATS with “an internal source for complementary conveyORIZED micro-assembly and test capabilities.”

ATS stock is an attractive buy-and-hold candidate for investors on the hunt for exposure to the fast-growing automation market. Shares have climbed out of screaming buy territory, but the stock still comes at a nice price today.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. TSX:ATS (Ats)

## **PARTNER-FEEDS**

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

## **Category**

1. Investing

## **Date**

2025/09/28

## **Date Created**

2019/01/22

## **Author**

aocallaghan

default watermark

default watermark