



It's Finally Time to Buy Kinaxis (TSX:KXS)

Description

It seemed like **Kinaxis** ([TSX:KXS](#)) was well on its way to hitting those all-time highs of 2018, edging in on that \$100-per-share mark, as the company climbed from its year-to-date low of \$65 per share and continuing on that upward trend.

But after reaching about \$85 per share in the last month, the stock has come back down a bit after hitting overbought territory in the last two weeks. The stopped slumped below \$80 per share and is now back on its climb up. Making now the perfect opportunity for investors to buy before this stock takes off.

Let's take a look at why it belongs next on your buy list.

Earnings

The supply chain management software company recently beat expectations during its last earnings report. The company reported 24.2% [year-on-year revenue growth](#) for the first quarter of 2019 and managed to have 87% growth in subscription term licences, much to the surprise of analysts.

It had many believing management would re-evaluate its full-year total revenue guidance, but it has yet to do so. This comes from the belief that there is future volatility in terms of revenue from licences from quarter to quarter. But it's not that growth won't be there. Management still expects growth of 21-25% from 2018 to 2019.

Growth

That growth doesn't just belong to the company's earnings but also to the company as a whole. The company has been investing in sales, marketing, support functions, and a series of acquisitions to propel its business further. This has created a temporary margin shrinkage as these costs come up.

In the meantime, the company is also growing its partnership base, with [major companies](#) like Volvo

and **Toyota** adopting the company's artificial intelligence software. Further multinational clients should be found, as the Canadian company continues to edge out the intense competition within the supply chain management space.

Future

This company is all about the future. We are a cloud-based, internet-driven, data-oriented world. We need companies like Kinaxis more and more to navigate and protect a complex global marketplace. Based on its growth in earnings, acquisitions, and partnerships, investors today should feel confident that long-term investment in this stock will pay off.

However, the stock doesn't come without short-term risks. It needs these partnerships and acquisitions, as the company has a few clients making up most of its revenue. In fact, 45% of its quarterly revenue come from its 10 largest clients, with one customer contributing about 14% of corporate sales. So, investors should be on the lookout for even further expansion if they decide to invest in this stock.

Foolish takeaway

Kinaxis hasn't been around long, but it is quickly cementing itself as a force to be reckoned with. Investors could see this stock get back to that \$100-per-share mark in the next 12 months or even higher if another major partnership comes along.

The recent dip after hitting overbought territory provides investors with an opportunity to buy this stock before it takes off yet again. Looking at its overall trend, this stock has been heading in the upward direction since its initial public offering (IPO); if it does slow down, it won't be for long.

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