This Stock Is the Most Underrated IPO of the Decade

Description

Kinaxis (TSX:KXS) completed its initial public offering all the way back in June 2014. At launch, Kinaxis issues five million common shares and an aggregate of roughly 2.7 million shares at a price of $13.00 per share. The stock enjoyed a steady run-up into the summer of 2018, returning more than seven times its initial share value.

The road has been a little bumpy since September 2018. However, the share price primarily fell victim to a broader sell off. Kinaxis remains a highly attractive target for long-term growth investors. It may not have the highest return of the IPOs this decade, but I believe it is the most underrated.

The growing artificial intelligence sector is highly sought after by savvy investors, and Kinaxis offers nice exposure. Its supply chain management and operations planning software has received rave reviews and has been adopted by top global companies.

In early 2018, **Toyota** chose Kinaxis to manage its automotive demand and supply. Toyota was the second-best selling automobile manufacturer in 2018.

How is Kinaxis using AI? The company has revealed that it's working on AI to detect trends in operational data that can lead to a self-healing supply chain. This leap in tech represents a massive boost in efficiency for companies that utilize the software.

It also aims to apply AI in supply chain predictive capabilities and demand sensing, a revolutionary forecasting method.

AI is not the only reason to keep your eyes on Kinaxis. Trends in the domestic and global market will drive companies into the arms of the software that Kinaxis offers. The supply chains analytics market is positioned for huge growth into the middle of the next decade. Trade tensions are also complicating global supply chains, so new software will be invaluable in this difficult environment.

So how is Kinaxis looking for investors after the midway point in 2019? Shares had climbed 22% forthe year as of close on July 9. The stock was trading in the middle of its 52-week range at the time ofthis writing.

In the first quarter, Kinaxis reported 24% growth in revenue from the prior year. Adjusted EBITDA increased 29% to $16 million. SaaS revenue rose 17% to $27.3 million, and the company expects strong growth in this area in the coming quarters. Kinaxis reaffirmed its full-year revenue guidance.

However, the company did adjust its SaaS guidance down to a range between 20% and 22% growth, while projecting an adjusted EBITDA margin between 25% and 27% of revenue.

Kinaxis is well positioned to continue its steady growth into the next decade and beyond. Canada has emerged as a surprising leader in supply chain software behind the company's leadership. At the time of writing, Kinaxis stock had an RSI of 47, putting shares in neutral territory. While it's not the value pick it was in late 2018, Kinaxis is still a fantastic target for investors looking for long-term growth today.

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Date
2025/08/23
Date Created
2019/07/13
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