



Buy the Greatest Growth Stock of the 21st Century

Description

ATS Automation Tooling Systems Inc (TSX:ATA) is an [industry-leading automation solutions provider](#) to many of the world's most successful companies.

ATS addresses the sophisticated manufacturing automation systems and service needs of multinational customers in markets such as life sciences, chemicals, consumer products, electronics, food, beverage, transportation, energy, and oil and gas.

Incorporated in 1978, ATS employs approximately 4,400 people at 23 manufacturing facilities and has over 50 offices in North America, Europe, Southeast Asia and China.

The company has a price to earnings ratio of 23.33, a price to book ratio of 2.24 and market capitalization of 1.83 billion. Debt is very sparingly used at ATS, as evidenced by a debt-to-equity ratio of just 0.49.

The company has excellent performance metrics, with an operating margin of 9.99% and a return on equity of 9.92%.

Management is focused on the pursuit and measurement of value drivers and key performance indicators.

In order to drive growth, management is focused on growing organically through the implementation of growth tools and growing the company's recurring revenue.

To expand the company's reach, management is focused on the development of new markets and business platforms, expanding service offerings, investing in innovation and product development, and disciplined acquisitions that strengthen ATS.

The company pursues these initiatives with a focus on [strategic capital allocation](#) in order to drive the creation of long-term sustainable shareholder value.

The ATS Business Model (ABM) is a business management system that ATS has developed with the

goal of enabling the company to pursue strategies and drive continuous improvement.

The ABM has been rolled out across ATS divisions globally, supported with extensive training in the use of key problem-solving tools, and applied through various projects to drive continuous improvement.

The company's revenues grew 20% year over year and revenues generated from construction contracts and services increased 16% and 20%.

By market, revenues generated in life sciences increased 42% due to higher order backlog, revenues in the transportation market increased 16% and revenues in the consumer products and energy markets both decreased 12%.

The company's order bookings are generally variable and sensitive to changes in the major economies the company serves including the U.S., Canada, Europe and Asia.

The company has noted that funnel activity in life sciences remains strong. In transportation, the company has noted that electric vehicle opportunities have been delayed due to ongoing refinements to customer technologies or continued assessments of end market conditions.

The company's services strategy is expected to add incremental revenues over time as the attach rate of service contracts on new equipment increases and as the penetration of the installed base improves.

The company is working to grow service revenues as a percentage of overall revenues over time, which is expected to provide some balance to the capital expenditure cycle.

The company is pursuing several initiatives with the goal of expanding earnings from operations over the long term, including growing the company's higher margin after-sales service business, improving global supply chain management, increasing the use of standardized platforms and technologies, and the ongoing development and adoption of the ABM.

Overall, ATS Automation Tooling Systems should benefit from the booming global automation market.

CATEGORY

1. Investing

POST TAG

1. value investing

TICKERS GLOBAL

1. TSX:ATS (Ats)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred

4. Sharewise
5. Yahoo CA

Category

1. Investing

Tags

1. value investing

Date

2025/09/29

Date Created

2019/12/19

Author

nikhilwaterloo

default watermark

default watermark