1 Tech Stock Soaring to All-Time Highs, But Should You Buy?

Description

It's a hard decision. You see a tech stock soaring to all-time highs and think perhaps you've missed the boat. However, there is usually a reason behind the soaring prices. Usually. Though in this world of meme stocks and retail traders, it makes it even harder to decipher whether a tech stock is a good buy.

So, today, I'm going to be taking a look at what analysts are saying about **Kinaxis** (TSX:KXS). Kinaxis stock continues to climb back to all-time highs, trading at $216.25 as of writing and up 21% year to date. That comes after falling dramatically during the summer months.

Let's see what's going on with this tech stock.

Earnings boost

It seems the catalyst for this most recent climb comes from a strong earnings report for this tech stock. Kinaxis stock reported that software-as-a-service (SaaS) revenue rose 14% year over year, with adjusted EBITDA hitting a margin of 19%. The tech stock won a record number of new customers, growing its annual recurring revenue by 23% year over year.

This also led to the company announcing updated full-year 2021 guidance. Management now believes it will reach total revenue between US$248 and US$250 million, representing SaaS growth of 17-20% for the year and 23-25% in the midterm.

Management believes this future growth is based on the company *tripling* its new customer wins compared to the same time last year. While supply chain issues remain, Kinaxis stock has proven invaluable to companies navigating this difficult time.

Analysts weigh in

So, here is what Motley Fool investors want to know. Kinaxis stock soars past all-time highs, but is it still a buy? According to all the analysts weighing on the tech stock, it's a resounding "yes."

The consensus price estimate for Kinaxis stock by analysts is now at around $225 after this earnings report. That's a potential upside of 4% as of writing. Yet this is the consensus. There are some analysts believing the tech stock will outperform the industry. Among the nine analysts currently weighing in on the stock, all suggest it as a buy, and four believe it will outperform.

In fact, based on earnings analysts at **TD** Securities, **Royal Bank of Canada**, **BMO** Capital Markets, **CIBC**, and **Scotiabank** all boosted their predicted share prices for the next year.

Foolish takeaway

Kinaxis stock is expensive, there is no two ways about it. The P/E ratio is through the roof, along with its EV/EBITDA. But it's the future growth that analysts and Motley Fool investors should pay attention to. First, there is the need for a company like Kinaxis stock among businesses that need to navigate supply chain issues. Second, this tech stock continues to win record contracts that will see cash flow in for years, perhaps decades.

The dip in Kinaxis stock is over, but if you're a long-term Motley Fool investor, that shouldn't matter. With analysts across the board agreeing that this tech stock is a buy, any time is a good time to pick it up — especially with a potential upside of around 5% for the next year.

However, it's never a bad idea to do more research and perhaps wait for a dip. We're still riding the post-earnings wave. So, for now, it could be a good time to add this tech stock to your watchlist and wait for a quick bounce back. But long term, this supply chain stock is a gold mine for any portfolio.

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Author
alegatewolfe