



ATS Automation: This Stock Is a Screaming Buy After Earnings!

Description

ATS Automation (TSX:ATA) is a Cambridge-based company that provides automation solutions to a worldwide client base. All the way back in 2017, I'd [discussed](#) why investors should be eager to get in on companies that were set to thrive due to growth in this space. The Insight Partners, a global market research firm, recently projected that the global industrial automation market would expand at a CAGR of 7.6% over the forecast period stretching from 2021 through to 2028.

Today, I want to discuss why I'm looking to snatch up ATS Automation stock after its recent earnings release. First, let's look at how its shares have fared so far this year.

How has ATS Automation performed so far this year?

Shares of ATS Automation have plunged 30% in 2022 as of close on May 19. The stock is still up 13% in the year-over-year period. It should come as little surprise that this top stock has succumbed to broader volatility on the Canadian market. The **S&P/TSX Composite Index** has shed roughly 2,000 points since hitting a 52-week high in the early spring. North American and global markets have also been hit hard by volatility.

Recent history tells us that this is a great opportunity to snatch up quality stocks at a discount. Investors [should be eager](#) to snag ATS Automation considering its long-term potential.

Should investors be happy with its recent earnings release?

This company released its fourth-quarter and full-year 2022 earnings on May 19. Revenues were reported at \$603 million in Q4 2022 — up 50% from the previous year. Meanwhile, adjusted basic earnings per share nearly doubled in the year-over-year period to \$0.64. Its Order Backlog increased 24% to \$1.43 billion.

For the full year, ATS Automation delivered revenue growth of 52% to \$2.18 billion. The company received a solid boost from recent acquisitions. Moreover, it reported organic revenue growth of 10%.

The Life Sciences segment came out as its strongest spot for growth. Revenue from construction contracts also jumped 37% to \$97.5 million.

ATS Automation posted adjusted basic earnings per share of \$2.17, which more than doubled from \$1.07 in the prior year. Meanwhile, adjusted EBITDA climbed 71% year over year to \$343 million. It achieved this growth on the back of an improved cost structure as well as the continued shedding of pandemic inefficiencies. The company's Order Bookings came in at \$2.45 billion compared to \$1.62 billion for the full year in 2021.

In its outlook, the company projected that its "life sciences funnel" would continue to be a key source of growth in the quarters ahead. Moreover, its transportation segment is poised to thrive if it can take advantage of the growth of the electric vehicle market.

Here's why I'm buying ATS Automation stock today

Shares of ATS Automation currently possess a price-to-earnings ratio of 30, which puts the stock in favourable value territory compared to its industry peers. It spent the first half of May in technically oversold levels. I'm looking to snatch up this exciting stock, as it is well positioned for [strong earnings growth](#) going forward.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATS (Ats)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aocallaghan
2. kduncombe

Category

1. Investing

Date

2025/08/17

Date Created

2022/05/20

Author

aocallaghan

default watermark

default watermark