



1 Under-the-Radar Growth Stock to Buy in July

Description

The 2020 March market pullback provided fantastic opportunities for Canadians to scoop up promising growth stocks at a big discount. This bear market has not been as sharp, but investors should still be on the hunt for under-the-radar equities. **ATS Automation** (TSX:ATA) is a Cambridge-based company that provides automation solutions to a worldwide client base. Today, I want to discuss why this [growth stock](#) is worth snatching up before we move into the month of August.

Investors should be eager to snatch up automation-focused equities

ATS Automation has managed to attract an impressive stable of clients that have sought out its expertise in sectors like life sciences, food & beverage, transportation, consumer products, and energy. Market researcher Fortune Business Insights released a report on the state of this market back in June.

Fortune estimated that the global industrial automation market was worth US\$191 billion in 2021. The company projects that this market will grow to US\$205 billion in 2022 and US\$395 billion in 2030. That would represent a compound annual growth rate (CAGR) of 9.8% over the course of the forecast period.

How has this growth stock performed so far in 2022?

Shares of this growth stock have dropped 22% in 2022 as of close on July 27. The stock is still up 5.3% in the year-over-year period. ATS Automation plunged to a 52-week low of \$26.15 in the month of May. It has bounced back in June and July, but it is still trading on the lower end of its 52-week range.

Should investors be excited about its recent earnings?

The company is set to release its first-quarter fiscal 2023 results on August 10. In the fourth quarter of

fiscal 2022, ATS Automation delivered revenue growth of 50% to \$603 million. Meanwhile, net income increased 67% year over year to \$39.9 million. It posted adjusted earnings per share of \$0.64 — up from \$0.34 in the fourth quarter of fiscal 2021.

In the fourth quarter, ATS Automation also reported Order Bookings of \$638 million — up 37% from the prior year. This was a strong cap off to FY2022.

For the full year, the company reported total revenue growth of 52% to \$2.18 billion. Moreover, it posted net income of \$121 million — up 89% from fiscal 2021. Better yet, adjusted basic earnings per share (EPS) more than doubled to \$2.17. It achieved Orders Bookings of \$2.45 billion compared to \$1.62 billion in the previous year.

Canadian investors should be very encouraged after the strong year posted by ATS Automation. It is on track to achieve impressive earnings growth going forward.

ATS Automation: Is this growth stock a buy today?

This growth stock last possessed a price-to-earnings ratio of 29. That puts this growth stock in attractive value territory compared to its industry peers. ATS Automation has the potential to richly reward investors who jump on its price in this turbulent market.

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