# 3 Strong Buys Right Now With Growth Prospects Intact

## Description

At the start of this week, Canada's main stock index took a beating again as the fight to rein in inflation continues. The **TSX** is smarting from a 4.7% week-on-week loss based on fears of a general slowdown in global economic activity. However, not all primary sectors nor individual stocks posted losses.



**Kinaxis** (TSX:KXS), **Bausch Health** (TSX:BHC), and **Cargojet** (TSX:CJT) gained on Monday despite the broad market weakness. It seems these companies can sustain their resiliencies because growth prospects remain intact, and growth investors can take advantage now before the imminent breakouts.

## Epicentre of transformation

Kinaxis posted the most significant increase (6.18%) during the market rout. While the tech stock remains in the red year-to-date (-21.49%), market analysts recommend a buy rating. Their 12-month average price target is $222.72, or a potential 59.9% climb from its current share price of $139.22.

The $3.84 billion Ottawa-based company provides cloud-based subscription software for supply chain operations. Kinaxis caters to clients in various industries worldwide, from consumer products to high-tech electronics to retail, among others. One of management's initiatives is to facilitate customers' planning efficiency amid the constant volatility in global supply chains.

John Sicard, President and CEO of Kinaxis, said, "We remain at the epicentre of a wave of transformation to end-to-end digital supply chains." In the first half of 2022, profits grew 536% year-over-year to US$9.89 million. For the full-year 2022, management projects 21% to 23% growth in Software-as-a-Solution (SaaS) revenue.

## Novel drug

Investors reacted positively to the news that Health Canada approved RYALTRIS, the drug candidate of Bausch Health and Glenmark Specialty S.A. The said drug is for the symptomatic treatment of moderate to severe seasonal allergic rhinitis (SAR) and associated ocular symptoms in adults, adolescents, and children aged six years and older.

RYALTRIS, a fixed-dose combination therapy, provides relief for SAR symptoms, both nasal and ocular, in one easy-to-use nasal spray. Cees Heiman, Bausch’s Senior Vice-President for Europe and Canada, said the $3.63 billion diversified pharmaceutical company would make the novel drug available soon. The healthcare stock advanced 5.13% to $10.05 on Monday following the good news.

Investors have also reacted positively to the announcement of a $4 billion debt swap by the company that will push some of its current debt out to 2028 through 2030. This move will trade higher interest rates for more capital now, allowing Bausch to invest and grow revenue.

## Increasing demand

Cargojet isn’t immune to high inflation, high fuel prices, and macro uncertainties. Still, it could capitalize on increasing demand among air-cargo supply chains. The $1.99 billion company is Canada’s leading provider of time-sensitive premium air cargo services to all major cities across North America.

In the first half of 2022, revenue and net earnings increased 44.5% and 33.6% to $480.2 million and $104.6 million versus the same period in 2021. Adjusted free cash flow (FCF) climbed 22.9% year-over-year to $87.5 million.



Its President and CEO, Dr. Arjay Virmani, said management will continue to balance investing in growth with maintaining a strong balance sheet. CJT rose 3.64% to $115.89 (-29.98% year-to-date) and pays a 1.02% dividend.

## Strong buys

Kinaxis, Bausch Health, and Cargojet are strong buys because their growth prospects are intact. Keep your eye on these three stocks as they could deliver superior gains and be winners in 2022.

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2. TSX:CJT (Cargojet Inc.)
3. TSX:KXS (Kinaxis Inc.)

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