These Overlooked TSX Stocks Could Turbocharge Your Portfolio

Description

The global supply chain is still recovering from the pandemic. This recovery could be an opportunity for investors. Here are the top logistics [tech companies](#) that could see heightened demand in the near term and could supercharge your portfolio in 2023.

Kinaxis

Kinaxis ([TSX:KXS](#)) has underperformed the [overall market](#) for the better part of the year. The stock is down by about 15.7% years to date compared to the TSX, which is down by about 8%. However, the stock is up over the past two months, signaling a potential change in fortunes and sentiments after the deep pullback.

[fool_sock_chart ticker=TSX:KXS]

Despite the underperformance, Kinaxis is one of the strongest stocks in the TSX Index with tremendous potential. The company's long-term prospects and growth metrics remain intact amid the growing demand for supply chain solutions.

The Software-as-a-Service (SaaS) company offers some of the biggest and best solutions for addressing the supply chain woes that continue to face the world. The company boasts of a solid recurring revenue base as more companies continue settling on its supply chain management solutions.

In the most recent quarter, Kinaxis delivered a 21% year-over-year increase in SaaS revenue, with recurring revenue increasing by 21%. Total revenue was up 35%. The tremendous growth amid the poor economic environment affirms how the company's solutions continue to resonate well with clients. Additionally, Kinaxis boasts of an incredible balance sheet that should allow it to navigate the challenging economic environment.

While Kinaxis is trading with a price-to-earnings multiple of 67, it is still trading below its fair value. Likewise, it remains well positioned to rebound quickly on the economic environment improving, having returned over 90% to shareholders over the past five years.

Descartes

Descartes Systems Group (TSX:DSG) is one of the high-growth stocks that has come under pressure on the broader stock market. While the stock is down by nearly 17% year to date, it has gained nearly 20% over the past two months, affirming renewed investor interest in the company.

The rebound does not come as a surprise, as the Waterloo-based company provides cloud-based logistics and supply chain management solutions. With Canada emerging as one of the biggest players in the supply chain management software sector, Descartes is one of the companies well positioned to benefit in pursuit of market share in the $18.7 billion marketplace.

Given the complex global trade environment, Descartes has seen a growth in demand for its services and offerings. As supply chains and logistics become more complex and challenging, Descartes continues to attract big business.

The company delivering better-than-expected, second-quarter results underscores the underlying growth amid solid fundamentals. Revenue in the quarter was up 18% year over year to $123 million amid the harsh economic conditions hurt by elevated inflation levels. Net income grew 21% from the year-ago quarter to $31.5 million.

While Descartes is trading at a price-to-earnings multiple of 65, it is a fair price for a robust growth stock. The 17% year-to-date pullback presents an opportunity to buy the stock at a discount by the rate at which it grows.

CATEGORY

1. Investing

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2. TSX:KXS (Kinaxis Inc.)

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