



3 Best Artificial Intelligence Stocks to Buy in December 2022

Description

The [technology sector](#) finished strong last month, gaining 4.55% on the last trading day. Artificial intelligence (AI) stocks **Kinaxis** ([TSX:KXS](#)), **Descartes Systems Group** ([TSX:DSG](#)), and **Docebo** ([TSX:DCBO](#)) powered the sector for the day. If you plan to take positions in AI stocks in December 2022, they are your best options.

Leader in global transformation

Kinaxis is the top name in supply chain management and operates on the cloud. The supply chain planning solution of this \$4.24 billion Software-as-a-Service (SaaS) company combines human intelligence with AI technology. Through its software, clients worldwide gain supply chain agility and resiliency.

Market analysts maintain a bullish sentiment on Kinaxis because of its exceptional business performance after three quarters in 2022. They forecast a 37.9% climb from \$152.20 (-14.17% year to date) to \$210.28 in 12 months.

Total revenue and SaaS revenue for the period grew 39% and 21% year over year to US\$89.5 million and US\$54 million. The quarter's highlight was the US\$1.63 million profit, representing a 714% jump from the third quarter (Q3) of 2021.

Annual recurring revenue (ARR) also rose 25% to US\$259 million from a year ago. The long-term contracts of Kinaxis provide visibility into future contracted revenue. Moreover, due to strong incremental bookings and renewals, the company's backlog is now more than a half-billion dollars.

John Sicard, the president and chief executive officer (CEO) of Kinaxis, said, "Momentum in our business continues to prove consistent." He added that Kinaxis is the unique concurrent leader in the global transformation to best-of-breed, fully digitized supply chain management solutions.

Stable business

Descartes is a \$7.92 billion cloud-based company that helps customers navigate the complexities of global supply chains and logistics. It provides on-demand SaaS solutions that focus on improving logistics-intensive businesses' productivity, performance, and security.

The business has been stable thus far this year, despite the novel challenges in global supply chains. In the first half of 2022, revenue and net income increased 17.7% and 10.6% year over year to US\$239.4 million and US\$46 million, respectively.

Edward J. Ryan, Descartes's CEO, said management sees a complex and changing international trade environment. However, it should drive more customers to use the company's global trade intelligence solutions, one of its strongest offerings.

Descartes's overall return of 63.76% in 3.01 years represents a 17.83% compound annual growth rate (CAGR). The tech stock currently trades at \$93.39 per share (-10.73% year to date), but it should top \$100 soon.

Growing customer base

Docebo's current share price of \$43.12 (-49.19% year to date) is a good entry point. Despite the underperformance, market analysts covering this AI stock recommend a buy rating. Their average 12-month price target is \$69.99, with a return potential of 62.31% in one year.

The \$1.42 billion SaaS company provides AI-powered learning suites to help organizations improve operational productivity and be more competitive. In the nine months that ended September 30, 2022, total revenue grew 39.7% to US\$103.95 million versus the same period in 2021. Net income reached US\$5.42 million compared to the US\$12.17 million net loss from a year ago.

Expect Docebo to further increase its customer base across geographies and industries. The 23.1% growth in Q3 2022 to 3,245 customers in Q3 2022 versus Q3 2021 is a very encouraging sign.

Strong comeback

[Growth investors](#) anticipate a comeback by tech stocks in 2023. However, expect AI stocks to outperform the pack.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:DCBO (Docebo Inc.)
2. TSX:DSG (The Descartes Systems Group Inc)

3. TSX:KXS (Kinaxis Inc.)

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