



Why CGI Group Shares Jumped

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of Canadian IT services specialist **CGI Group** (TSX: GIB.A, NYSE: GIB) popped 10% today after its quarterly results easily topped Bay Street expectations.

So what: CGI has rallied nicely in 2013 on positive signs regarding its recent Logica acquisition, and today's second-quarter results — adjusted EPS of \$0.63, versus the consensus of \$0.58, on revenue that more than doubled — only reinforce that optimism. While much of the talk so far has focused on the deal's cost-saving qualities, today's results suggest that Logica's reach in markets like Sweden, Finland, Spain, and Brazil is starting to drive some solid *top-line* synergies.

Now what: CGI's backlog of signed orders stood at \$18.7 billion at the end of June, up \$5.1 billion from the year-ago period and up \$728 million sequentially. "As we approach the first anniversary of our Logica merger, I am very pleased with the continued strengthening of our business performance and the ongoing progress we are making with respect to implementing our integration plan," [said](#) CEO Michael Roach in a statement. More important, with the stock still trading at a price-to-sales discount to much larger rivals **Accenture** and **IBM**, there might be some room left to buy into that progress.

Canada has yielded its fair share of great companies. But unsuspecting Canadian investors could get ambushed by a glaring weakness in their portfolios. One basic investing principle holds the key to a rock-solid portfolio ... and it starts with our neighbors to the south, America.

That's why The Motley Fool has put together a Special FREE Report, "[3 U.S. Stocks Every Canadian Should Own](#)." The funny thing is, these stocks might as well be Canadian ... because you use them every day. Just [click here now](#) to receive a copy at no charge!

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Fool contributor Brian Pacampara does not own shares in any companies mentioned at this time. The Motley Fool does not own shares of any companies mentioned at this time.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:GIB (CGI Group Inc.)
2. TSX:GIB.A (CGI)

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