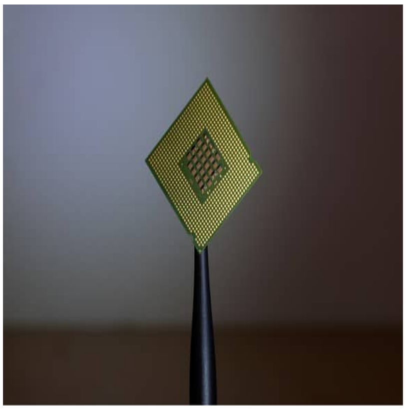

# Act Now: These 2 Top Tech Stocks Are Still on Sale

## Description

Technology is the future.

Set yourself up with these two top tech stocks to position yourself.



## CGI Group (TSX:GIB.A)(NYSE:GIB)

CGI is one of the top Canadian tech stocks that offers investors both growth and stability.

CGI stock is down 5% since July, as this stock bucks the downward trend and stands tall as others fall — a testament to the company's strength and bright future.

While there is no dividend to speak of, and the stock has had times of volatility in the past, the fact is that what we have here is a company with a global network that has diversified its revenue among different geographies and business segments.

Strong cash flow and earnings growth continue to accelerate as the company is firing on all cylinders.

In its latest quarter, the company reported a 16% increase in adjusted EPS, with EBIT margins of 14.8% compared to 14.4% in the same quarter last year, and a far cry from margins of below 9% years ago after their transformative Logica acquisition

This is important, as it speaks to the synergies that can be achieved with acquisitions and to the company's know-how and expertise in doing so.

With $11.3 billion in revenue, CGI is Canada's largest Information Technology (IT) services firm.

It appears that management may be close to making another transformational acquisition that will take the company to the next level, similar to the Logica acquisition back in 2009.

In the meantime, management is shifting its free cash flow usage to share buybacks as opposed to debt reduction, which will be a positive for shareholder value.

CGI will continue to shift its business toward higher-margin business, driving cash flow and earnings growth.

## Open Text (TSX:OTEX)(NYSE:OTEX)

Another company that is soaring as it beats expectations is Open Text, although its latest quarter was mixed, and the stock is down 17% since highs of this summer.

This stock has been undervalued for a while now, and with the stock being hit so hard in the last few months, investors have an opportunity to get in now.

The stock trades at just over 13 times 2018 EPS, yet the company has a strong history of free cash flow generation and is generating a mid- to high-teens return on invested capital.

With estimates being increased and the potential for further increases coming from greater-than-expected synergies and economies of scale from Open Text's Documentation acquisition, plus any upside from the company's uses of its ample free cash flow, such as returning cash to shareholders, debt repayment, and/or future acquisitions, we can see that the stock is in a sweet spot.



So, Open Text stock had been soaring this year until things got hit hard, leaving investors with this opportunity to get in before it starts trekking higher again.

This company is clearly undervalued amid its strengthening position in the software industry and strengthening financials.

**CATEGORY**

1. Investing
2. Tech Stocks

**TICKERS GLOBAL**

1. NASDAQ:OTEX (Open Text Corporation)
2. NYSE:GIB (CGI Group Inc.)
3. TSX:GIB.A (CGI)
4. TSX:OTEX (Open Text Corporation)

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**Date**
2025/09/18
**Date Created**
2018/11/18
**Author**
karenjennifer