

The Best Tech Stock to Buy in 2019

Description

As 2019 progresses, those companies that are [consistent, reliable performers](#) will be rewarded more than ever as the market is different than the market of 2018.

It's different partly because investor psychology is different; we aren't in the same place as we were in back in 2018.

Investors are more skeptical, more reluctant to take on risks, and more worried about the economy.

So I think more than has been the case in recent history, investors will reward those companies that have these traits, those stocks that will ease their worry.

Stocks such as **CGI Group Inc.** ([TSX:GIB.A](#))([NYSE:GIB](#)) — steady, reliable CGI Group, one of the top Canadian [tech stocks](#) offers investors that stability and consistency, as well as growth.

CGI stock is up 27% in the last year and has withstood recent market weakness pretty impressively, as it's trading at one-year highs.

This tech stock has bucked the downward trend and stands tall as others have fallen – 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 global company with a global network that has diversified its revenue amongst various 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 the transformative Logica acquisition.

Looking at the last five years, CGI has grown its free cash flow at a compound annual growth rate (CAGR) of 5%, which is a lot if we consider that free cash flow in 2014 was close to \$1 billion and 2018 free cash flow was \$1.2 billion.

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.

Additionally, in 2019 and beyond, CGI will continue to shift its business toward higher margin business, further driving cash flow and earnings growth.

As one of Canada's leading tech companies, CGI is a force to be reckoned within its industry and a top

stock investment idea with investors.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

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