



A Top Growth Stock You Can Buy Right Now

Description

One way of earning market-beating returns is by investing in companies that show signs of above-average growth. Such companies often display a few characteristics, such as belonging to a growing industry, a strong market position, and a solid business model capable of driving growth.

The tech industry is one of the best places to find such stocks. After all, useful technological innovations never run out of style. Let's look at one company within the tech industry that seems to possess strong growth prospects: **CGI Group Inc** ([TSX:GIB.A](#)).

An essential industry

Having the proper tech support can give a firm the edge over its competitors. As such, tech-related duties such as information technology have become an integral part of most companies' operations. However, most firms do not specialize in IT, and many choose to outsource these essential duties to professional IT consulting firms. The IT sector possesses strong growth potential, and CGI Inc – a Montreal-based IT consulting firm – has been growing its share of the market.

CGI offers a full range of IT services, and most of the company's revenues come from pre-existing contracts. Thus, CGI's earnings are not significantly affected by current market conditions. CGI provides services to clients in various industries. These include oil & gas, utilities, healthcare, insurance, and many others. CGI has operations across much of North America, as well as in Europe and Asia. This much client and geographical diversification can allow the company to weather market downturn better than most.

CGI's model for growth

One of CGI's growth engine, as explicitly stated by the company itself, has been mergers and acquisitions. CGI follows a set of rigorous criteria when deciding which companies to acquire, some of which include a profitable growth history, and the size of the target company's clients (medium to large). Over the past two years alone, CGI has made over nine acquisitions in Canada, the U.S., and

Europe.

CGI also focuses on extending existing contracts with customers while attracting new clients. The company's bookings – a figure that represents the dollar amount of contracts wins extensions and renewals – saw a 19.6% increase in 2018 from the previous fiscal year. CGI's bookings have been higher than the company's revenues for more than 10 years, which means that as bookings turn to revenue, the company continues to score new contract renewals and extensions.

CGI's business plan has proved successful lately. Over the past five years, CGI's [share price increased](#) by about 148% (at the time of writing). This amounts to an annual growth of 29%, well above the market average. If CGI can sustain its business model, the company will continue to reward investors by way of significant capital appreciation.

The bottom line

CGI's recent returns have been impressive. Given the company's track record, as well as its ability to grow earnings via acquisitions and contract wins, extensions and renewals, CGI may have much more room to increase earnings. Growth investors should seriously consider buying shares of this market-beating tech stock.

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