



## Should You Buy These 2 Tech Stocks Heading Into Results Reports This Week?

### Description

Earnings season continues strong this week, with two of Canada's [tech stocks](#) reporting on May 1.

Let's take a look at what we can expect and at whether we should buy these tech stocks ahead of their earnings reports.

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

With a long history of shareholder value creation, CGI has commanded respect from investors and the industry for many years now. It is not a tech stock that needs an introduction, because it is very well known among investors.

Heading into its [quarterly results](#) next week, we should keep in mind that organic revenue growth has returned, and while it was only 3% in the latest quarter, it is off a revenue base of \$11.5 billion in 2018, so it is significant.

We should be interested to see where this quarter's organic growth stacks up, and it's good to know that all signs point to it being strong, as all key indicators, such as backlog and the book-to-bill ratio, point to accelerated growth continuing into the future.

The company's balance sheet and cash flow generation remain stellar, and with the next wave of acquisitions aimed at helping the company double in size in the next five to seven years, CGI Group stock is likely to rise much higher.

### Open Text ([TSX:OTEX](#))([NASDAQ:OTEX](#))

Open Text is not necessarily the name we think about when we think about Canadian tech stocks. But this \$14 billion company has certainly been doing its share to get noticed, with continued value creation through strong growth through acquisitions, high returns, strong cash flow generation, and the return to organic growth.

Trading at 18 times this year's expected earnings, the stock remains undervalued compared to its tech peers and ripe for a multiple re-rating given its continued solid results.

The story with Open Text is largely about growth through acquisition.

In the last quarter, Open Text closed two cloud-based acquisitions: Liaison Technologies in an all-cash \$310 million transaction, and Catalyst Repository Systems in an all-cash \$98 million transaction. Both these acquisitions provide Open Text with pathways to further penetrate its cloud business.

In the second quarter, Open Text reported a 13% increase in operating cash flow to \$189 million and brought trailing 12-month operating cash flow to \$754 million (up 94% versus the prior year). Free cash flow in the quarter increased 28% to \$180 million.

While the third quarter is typically seasonally weaker for Open Text, any weakness would be a good opportunity to add the stock for its long-term upside potential.

## Final thoughts

Canadian investors should have exposure to these high-quality tech stocks, as they continue to build their expertise and reach and reward shareholders along the way.

### 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)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Investing

## 2. Tech Stocks

**Date**

2025/07/21

**Date Created**

2019/04/28

**Author**

karenjennifer

default watermark

default watermark