



1 Incredible TSX Tech Stock to Buy Today

Description

Tech stocks have underperformed of late. A significant reason for this has been the anticipation of higher rates, driven by higher inflation.

Accordingly, investors have been increasingly rotating out of growth into value stocks of late.

That said, some growth stocks are approaching very attractive valuations at these levels. One such company I think is deserving of attention is **CGI** ([TSX:GIB.A](#))([NYSE:GIB](#)). This stock has been on a nice run of late but remains below 2019 highs.

Those [bullish on growth](#) may want to give this stock a look at these levels.

CGI a growth-heavy gem

As far as Canadian growth stocks go, CGI's recent performance is stellar.

The company recently recorded its highest quarterly bookings in the past five years. Moreover, this company's trailing 12-month bookings has hit historic highs. However, its management team suggests that the momentum is structural, as CGI's customers stimulate digital transformation initiatives. Indeed, this is an indication that the Montreal-based company's organic growth will potentially turn positive in the next few quarters.

Paul Treiber, an analyst at RBC Dominion Securities, has raised his target price for CGI stock after noticing that this digital transformation is supplementing this company's M&A model.

In the latest quarter, CGI recorded adjusted earnings per share of \$1.35. Indeed, this represents a 7% year-over-year increase, surpassing the consensus estimate by a penny. Moreover, CGI's revenue fell by 2% to \$3.08 billion, narrowly exceeding analyst estimates.

It appears that CGI will continue to power through an unstable demand environment, as its clientele switch their primary considerations between immediate- and long-term information technology projects.

That said, analysts remain optimistic that CGI is well positioned to generate a tonne of free cash flow, despite the volatility in CGI's target market. Indeed, CGI looks poised to continue to generate great returns on its capital over the long term.

CGI's growth shows no signs of stopping

Over the years, CGI has grown into one of the leading technology companies in Canada. In the last five years, its stock price has increased more than 85%. And it appears that this growth will not be subsiding anytime soon.

One of CGI's objectives is to consolidate the IT services space. Hence, the company is making more and more acquisitions, accelerating its growth rate.

Currently, the company generates yearly revenue of more than \$12 billion. Moreover, it has a market capitalization of roughly \$27 billion and trades around the \$109 mark. The digital transformation is taking place all around the world, and this company has been reaping the benefits. Indeed, it has never been this profitable. Thus, its goal to double its size in the next few years appears to be more achievable than ever.

CGI stock has a tonne of potential to grow in the long term. Hence, I believe that investors who are seeking growth in the technology space should consider buying shares of this company today.

CATEGORY

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2. Tech Stocks

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2. TSX:GIB.A (CGI)

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Author

chrismacdonald

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