



Why Celestica (TSX:CLS) Jumped 20% on the TSX Today!

Description

Celestica ([TSX:CLS](#))([NYSE:CLS](#)) stock jumped 20% in early morning trading on Wednesday on the **TSX** today. Shares climbed after the supply chain solutions manager acquired Singapore-based PCI Limited for \$306 million.

What happened?

The acquisition will add the design, engineering, and manufacturing solutions provider with five facilities across Asia. The purchase is expected to reap \$325 million in annual revenue for 2021 alone and helps Celestica stock in its future [growth](#) strategy to move towards engineering systems.

Not only that, but Celestica stock has also remained focused on enterprise-level clients. PCI adds a further 20 blue-chip customers to its portfolio and creates multiple synergies in the process. Furthermore, Celestica management updated its outlook for 2022; EPS growth of 10% is now expected to be 20% or more.

So what?

The purchase clearly makes room for a lot of growth for Celestica stock on the TSX today. The company already had significant cash flow and funds available to make such a large investment. It now gets access to a wide portfolio in emerging markets, expecting to now reach annual revenue of \$2.8 billion in 2022 from its advanced technology solutions segment, and \$6.3 billion or more for its full-year revenue outlook.

The sale is expected to close for the fourth quarter of 2021, so the company reiterated its third-quarter guidance. Meanwhile, as of writing, Celestica stock is remains of significant value for Motley Fool investors. Right now, you can pick it up for a valuable 13.73 P/E ratio — and that's even after the recent share growth — and an EV/EBITDA of 4.6!

Now what?

But growth is coming on strong, so these [levels](#) may not last very long. We're still waiting for economic analysts to weigh in on the decision. But it looks like Celestica stock made a great purchase. It has managed its debt well in the past and is primed to make such a strong acquisition that furthers its bottom line.

Meanwhile, Celestica stock was already targeted to see an increase of a further 5% share growth for the next year. However, that's likely to be updated based on the recent news. Given the industry of supply chains, Celestica stock looks to now be an excellent purchase for long-term investors on the TSX today, even as shares climb past 52-week highs.

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2. Tech Stocks

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