



CGI Stock Climbs on Further European Expansion

Description

CGI Group ([TSX:GIB.A](#))([NYSE:GIB](#)) saw shares begin climbing on Friday morning, as the company announced a deal that would see the software company expand in Europe.

What happened?

CGI stock announced on Friday it would be buying **Umanis**, a French digital services company for \$436 million. The deal allows CGI to continue its expansion in Europe, [broadening](#) specifically across western and southern Europe.

The agreement gives CGI stock a 70.6% stake to start with for about \$24 per share. After the block purchase, CGI France aims to launch a tender offer to buy the remaining Umanis shares, also at \$24.

So what?

The purchase represents a premium of about 46% on Umanis shares as of writing. The French company specializes in data, digital, and business solutions. It currently makes annual revenue of about €246 million — a solid addition for CGI stock.

The company has long been known as an acquisition all-star, and this recent purchase is no exception. CGI stock can now claim global growth, which is in line with the company's "Build and Buy" strategy, according to Chief Executive Officer and President George Schindler. It's now one of the largest independent IT and business consulting services firms in the world. This addition [strengthens](#) that even further.

Now what?

This is merely an agreement, but it's one both sides of the deal are on board with. Therefore, the deal now has to meet approval before the ink can be fully dry. And this new addition will be welcome news,

as CGI stock continues to beat earnings estimates quarter after quarter. An additional €246 million will certainly help hold those records.

Shares of CGI stock were up slightly on Friday morning, though because of the tech pullback investors can still get a deal. Shares are down about 10% from 52-week highs. It trades at 18.53 times earnings, with a target price of \$127 representing a potential upside of 22% as of writing.

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