



Just Released: The 5 Best Stocks to Buy in June 2022 [PREMIUM PICKS]

Description

By ~~Nate Parmenter~~ from *Motley Fool Stock Advisor Canada*

~~Telus International~~ ([TSX:TIXT](#))

When our Chief Investment Advisor Iain Butler asked if I'd be willing to put forth a Best Buy Now idea that I purchased in the past month and would buy more of today, I said, "Sure!"

There wasn't a second thought about signing up for a little bit of extra work. It's not often one can spill 300 words of digital ink with next to no effort, but that's the investing environment we find ourselves in. Bargains are aplenty, even among high-quality businesses.

This brings us to **Telus International** ([TSX:TIXT](#)), a high-quality business with consistent cash flow that is growing and investing for future growth.

The numbers side of Telus International is easy to understand. It trades for 16.3 times EBITDA and 18 times operating cash flow. In the last 12 months, EBITDA grew by 20.1%, and operating cash flow grew by 39.6%. With currency movement taken into account, the full-year outlook is for revenue growth of about 17% and EBITDA growth of about 20%.

Like I said, it's easy to understand why the numbers for Telus international are attractive. It's not often that a rapidly growing business has an EBITDA multiple below its growth rate.

What Telus International does is a little bit tougher to get one's arms around. Largely because it does so many things. In a period where investors are on edge and avoiding uncertainty, I think this is part of the reason we're getting a discount.

The way I think about Telus International is this: you might have a great idea for a product or a service, but to turn it into a business with a first-class user interface and consistent customer experience you might need some help. Telus International are experts at doing all the basic blocking and tackling that many businesses—particularly online ones—struggle with and need help executing. That might mean a helpdesk solution, online customer service support, or just consulting on the best customer service solution. Telus International offers all that and more, and customers keep coming back—excluding **Telus** ([TSX:T](#)), the average tenure of the top 10 customers is eight years.

The long-term focus for Telus International is getting the annotated data to build the next generation of solutions using artificial intelligence. Over the last two years, management has been investing aggressively in companies that have large libraries of annotated data and images to power these solutions. These products are early in their development, but I can see how having ownership of this data becomes an important differentiator in building high-quality AI solutions for customers.

In Telus International, we get consistent cash flow growing at a healthy clip with a still solid near-term outlook. In the long term, we get a business that customers keep coming back to that's hard at work building AI-based customer service and business process solutions to automate more of the basic blocking and tackling that businesses are always looking for help with. At its present price, I'd be happy to buy more.

Nate owns shares of Telus and Telus International. The Motley Fool recommends Telus and Telus International.

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Date

2025/08/13

Date Created

2022/06/07

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