



Why You Should Ride the Wave in Telus International (TSX:TIXT) Stock

Description

Telus International ([TSX:TIXT](#))([NYSE:TIXT](#)) is a Vancouver-based company that provides customer experience and digital business services in North America and around the world. Like **Open Text**, this company has delivered growth through a very aggressive acquisition strategy. Today, I want to discuss why I'm looking to snatch up this [technology stock](#) in late August. Let's jump in.

How has this stock fared so far in 2022?

Shares of Telus International have dropped 7% in 2022 as of close on August 26. The stock is down 10% in the year-over-year period.

This tech stock was hit hard by the bout of volatility that struck the **S&P/TSX Composite Index** in the middle of April 2022 and stretched to the beginning of the summer. It fell to a 52-week low of \$26.75 per share in late April. Fortunately, it has built momentum during the summer season. Shares of this tech stock have increased 9.4% month over month as of close on August 26.

Should investors be encouraged by Telus International's recent earnings?

Telus International unveiled its second-quarter (Q2) fiscal 2022 earnings on August 5. President and Chief Executive Officer Jeff Puritt boasted that the company continued "executing at a high level throughout the second quarter of 2022."

The company reported revenue of \$624 million — up \$91 million, or 17%, from the previous year. Its revenue growth was powered by improved existing and new client business. However, it was negatively impacted by foreign currency fluctuations. Telus International reported adjusted net income growth of 29% to \$81 million. It delivered strong earnings growth on the back of recent acquisitions.

Canadian investors looking for a more complete picture of a company's ability to deliver profit may

want to mark down its EBITDA. EBITDA stands for earnings before interest, taxes, depreciation, and amortization. In Q2 2022, Telus International achieved adjusted EBITDA of \$150 million. That was up 15% from the second quarter of fiscal 2021. Meanwhile, cash from operating activities fell to \$89 million compared to \$96 million in the previous year.

In the year-to-date period, Telus International posted revenue growth of 18% to \$1.22 billion in the first six months of 2022. The company has thrived in large part due to improved business activity for its content moderation and artificial intelligence (AI) data services. Meanwhile, adjusted net income jumped 23% in the year-to-date period to \$150 million. Adjusted EBITDA increased 12% year over year to \$292 million. Better yet, cash provided by operating activities surged 61% to \$213 million.

Telus International: Should you buy the stock today?

Telus International's management provided outlook for the rest of its fiscal 2022 year. It expects revenue growth between 16% and 18%, which would put revenue in the range of \$2.55 billion and \$2.60 billion. The company also projects an adjusted EBITDA margin of roughly 24%.

Shares of this tech stock currently possess a [price-to-earnings ratio of 54](#). That puts Telus in solid value territory relative to its industry peers. The company is geared up for strong earnings growth going forward. I'd look to snatch up this promising stock for the long haul in the late summer of 2022.

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