



Evertz Technologies Limited Is Leading the Industry in Profits

Description

A company with great profit numbers often makes a good investment, and **Evertz Technologies Limited** ([TSX:ET](#)) is currently reporting industry-leading profit numbers.

Evertz, headquartered in Burlington, Ontario, is a global manufacturer of broadcast equipment and technologies for television, on-demand, and webTV services. Its technology helps with content creation and delivery.

What makes this company look good?

Evertz currently has a profit margin of 18.15% — an industry leader. As a comparison, peers **Avigilon Corp.** (TSX:AVO) has a profit margin of only 3.56% and **Baylin Technologies Inc.** ([TSX:BYL](#)) has a profit margin of -7.63%. The stock has a good return-on-equity number of 20.22%, so the company is good at taking investor dollars and turning them into profit. And while competitors have struggled, this company is still doing well with its customers.

The company reported record quarterly revenue of \$109 million, an increase of 25% year over year when it announced results on September 12. This exceeded the consensus forecast of \$104 million. Even though expenses were higher than anticipated for Evertz, it still managed adjusted earnings per share of \$0.28, just above expectations of \$0.27 (although fully diluted earnings per share of \$0.17 were lower than the same quarter last year). Earnings growth has averaged 2.68% annually over the last three years, which is better than the industry average of 0.30%.

The company has a good debt-to-net-equity ratio of 0.29, so the company has a lot more assets than liabilities, which bodes well for the future.

The stock is trading closer to its 52-week high of \$18.73 than its low of \$15.72. Analysts expect the stock to trade in the \$19 range over the next 12 months, so there is room for only a little growth if they are right. For income investors, this stock offers a decent dividend yield of 3.87%. The quarterly dividend is \$0.18 per share for an annual payout of \$0.72 per share. This dividend has been steady since the end of 2014. The company has paid out occasional special cash dividends, the last one being \$1.10 per share in 2016, which was on top of the annual total dividend of \$0.72.

Bottom line

Things look rosy for Evertz right now, especially when taking into account that many of its peers are struggling. Profits look good, debt levels are low, and it pays a good dividend. If you are looking for a technology stock to add to your Foolish portfolio, Evertz deserves a second look.

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