

Income Investors: This Stock's Dividend Is Growing 15% Per Year

Description

If you are an income investor, you might salivate at the prospect of high dividend yields or stocks that regularly increase dividends. Today, we highlight a stock that meets the second criteria: **Open Text Corp.** ([TSX:OTEX](#))([NASDAQ:OTEX](#)).

Open Text's dividend offering

Open Text doesn't have a long history of dividends. The company only started paying them in 2013. One thing that's always been nice is the dividend is paid in U.S. dollars, giving investors increased income. The stock currently pays a quarterly dividend of US\$0.132 and has a yield of 1.63%. That yield doesn't seem great, but the company has been steadily increasing its dividends ever since it started paying them.

Earlier this year, the payout was U.S.\$0.115 per quarter, and that was an increase from US\$0.10 in 2016's first quarter. The first dividend back in 2013 was only US\$0.075 per share. In the four years since Open Text started paying dividends, it has increased by approximately 15% per year. Those are great numbers to see and should please anyone looking for a side of income in their stock portfolio.

How the stock looks overall

If you are thinking of investing, you should look at more than just dividends. The company has [reported](#) some nice profits this year and had good first-quarter 2018 [results](#) in early November. There have been concerns about the company's debt levels. These are due to the company making a series of acquisitions, including a purchase of Guidance Software that was completed in September. (Guidance Software specializes in forensic security.) Too much debt is always something to be aware of, but Open Text currently has good cash flow, enabling it to meet its debt obligations. The stock's trailing P/E ratio is high in the 72 range, so earnings don't come cheap.

Bottom line

Open Text produces good numbers, has impressive profits and cash flow, and an ever-increasing dividend. Its earnings are expensive, but, overall, I like this company. If you are looking for a dividend-paying stock to add to your Foolish portfolio, Open Text Corp. deserves a second look.

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