This Is 1 Solid Canadian Dividend-Paying Stock You've Never Heard Of

Description

While many people flock to the large-cap stocks, there are a number of smaller names in the Canadian market worth checking out. These companies can offer excellent value and fantastic growth prospects if you are willing to take a chance. If you dig deeper into the S&P/TSX Composite Index, there are quite a few dividend-paying gems delivering solid performance over time.

Operating as a consulting firm since 1982, **Calian Group Ltd.** (TSX:CGY) provides professional services to a number of industries like health care, IT, training, engineering, and manufacturing. Its revenues come from both public and private organizations that operate in both Canada and internationally, so Calian is quite diversified by business and geography.

There are a number of attractive attributes that might entice someone to invest in the company. The balance sheet is excellent, with absolutely no debt and a significant amount of cash on the books. For me, having a pristine balance is one of the most important factors in a company, especially when it complements effective operational performance.

And Calian's operational performance does appear to be in good shape, with the company's financials performing quite well. In Q3 Calian increased its revenues by 9% year-over-year. EBITDA also increased by 9% over the same time period, and basic earnings increased by 6%.

The company has generally performed quite consistently over the past several years, further supporting the possibility of the company being a good investment.

If dividends are your thing, Calian has one. The company pays a good dividend of around 3.5% at the current share price. Its payout ratio is reasonable at around 50% of earnings. With the company's strong earnings and solid cash position, the dividend is not in any danger of being cut at the moment. The only downside is that Calian has not raised the dividend in some time and seems to have no plans to do so going forward.

The real downside to owning this company is its size. This is not a large company with a market capitalization of just over 200 million. If you are not enticed to own smaller companies, then Calian might be a bit tiny for you.

Companies of this size can sometimes be a bit more volatile than their large-cap siblings, so you need to be prepared for the extra price movement that can sometimes accompany small to mid-cap stocks. That said, Calian's performance has been quite steady for a number of years without many major setbacks.

Calian will probably not deliver massive capital gains in a short period. This is not a speculator's stock, but is suitable for people looking for steady dividends and reasonable growth. If the company started to increase that dividend, this company would be even more attractive.

Bottom line

Companies like Calian can provide you with excellent returns over time. For a small cap company, it is not terribly risky due to its geographic and business diversification. And its debt-free balance sheet and respectable operational performance should keep the company in business for some time to come.

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