



2 TSX Tech Stocks That Pay Killer Dividends!

Description

TSX tech stocks continue to outperform the broader market in 2020. While everyone likes the hot growth from technology stocks, an elite few also pay [very attractive dividends](#).

Why own dividend-paying tech stocks?

These stocks are attractive for a few reasons. First, dividend-paying tech companies must be disciplined in how they allocate capital. As they pay a distribution to shareholders, they simply can't afford to waste money on poorly-thought investments or acquisitions.

Second, it generally demonstrates that the business model is stable and solid. You can only pay a dividend if you have a strong sight-line for cash flows.

Third, these tech stocks have a holistic plan to reward shareholders. While killer-revenue growth is awesome, at some point investors need earnings tangible accretion on their capital investment. The only way to keep the market happy over the long term is to steadily keep growing earnings and cash flows.

This technology stock is thriving during the coronavirus crisis

That said, the first dividend-paying technology stock is **Calian** ([TSX:CGY](#)). Although the stock is up 30% year-to-date, Calian still yields an attractive 2.5%.

Calian has a diversified business that provides solutions for public and private enterprises in the defence, education, healthcare, communications, and government sectors. Last week, Calian enjoyed its seventh consecutive quarter of record revenue growth.

Year-over-year, adjusted EBITDA and net profit increased 55% and 36%, respectively. Its largest business segments, Advanced Technologies, Health, and InfoTech saw organic revenues increase 67%, 16%, and 7%, respectively. The company year-to-date has posted over \$160 million of new

contracts to its backlog.

[Calian's diverse business](#) is proving to be incredibly resilient, even in the COVID-19 crisis. Calian has no debt and has \$33 million of cash. It provides essential services that are vital in crisis environments (i.e., emergency management solutions, health services, cyber security), so 2020 could actually be a strong year.

Management affirmed its 2020 guidance, despite some dilution from a recent share offering. This diversified tech stock is well equipped to excel in the COVID-19 environment. Not only should Calian thrive now, but it has a strong foundation to expand as the world normalizes.

This stock has got a solid growth platform

Sylogist (TSXV:SYZ) is a slightly less “growthy” tech stock. Even still, it’s up 13% year to date and is beating the TSX by a nice margin. Sylogist is a provider of cloud-based Enterprise Resource Planning (ERP) solutions for public organizations, non-profits, NGOs, and school divisions.

This tech stock has consistently been pumping out a nice, growing ~4% dividend. In fact, since 2015, Sylogist has grown its dividend by almost 60%. It just increased the dividend again by 10% in its second quarter!

Additionally, 80% of revenues are derived from subscriptions and maintenance, so the company has a very consistent, stable revenue stream. The year 2019 was a bit of a flat year for the company due to restructuring and other one-time costs. Yet, in 2020, it is beginning to gain traction with some new products, services, and even a small acquisition.

In Q2, Sylogist saw gross profit margins rise 2 percentage points to 75%. Adjusted EBITDA margins increased to 60%, and adjusted EBITDA increased 34% to a record \$5.6 million.

Like Calian, it is cash-rich (\$44 million) and debt-free. This tech stock operates very efficiently and has very little fixed costs, so it produces a significant amount of free cash flow. The company’s long-time CEO will be leaving this year.

As a result, Sylogist has undertaken a strategic review process. I believe this could potentially open up a new aggressive growth strategy or possibly lead to a take-over offer. Either way, the stock is probably going to do very well over the long term.

Get rewarded now and over your lifetime

These are two very solid, cash-rich tech stocks that pay safe, consistent dividends and have potential for a life-time of capital gains. Their consistent, long-term potential makes them great picks for your TFSA or RRSP account!

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:CGY (Calian Group Ltd.)
2. TSX:SYZ (Sylogist Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Tech Stocks

Date

2025/06/30

Date Created

2020/05/19

Author

robbybrown

default watermark

default watermark