



Rare Gems: 1 Pair of Outperforming Dividend-Paying Tech Stocks

Description

Many investors earned a significant windfall during the heydays of the [technology sector](#) in 2019 and 2020. Unfortunately, the tech space is in a slump in 2022 due to recession fears and inflationary pressures. Tech giants like **Shopify**, **Lightspeed Commerce**, and **Nuvei** have lost favor with investors and are deep in the red.

Smaller players **Evertz Technologies** ([TSX:ET](#)) and **Softchoice Corporation** ([TSX:SFTC](#)) are not only outperforming the sector leaders and broader market but are also rare gems. Both companies are interesting options for income investors because they are dividend-payers.

Thriving business

Evertz Technologies provides complete end-to-end broadcast solutions globally. One of its subsidiaries, Evertz Microsystems Limited, is a leading manufacturer of broadcast equipment and solutions. It delivers content to television sets, on-demand services, WebTV, IPTV, and mobile devices.

The \$1.1 billion technology company operates on a global scale and covers all aspects of broadcast production, including content creation, content distribution, and content delivery. Moreover, Evertz's cutting-edge solutions, whether hardware or software, are unmatched in the industry.

Today, major broadcast facilities on every continent avail of its products and solutions. Telecommunications, satellite, cable TV, and IPTV providers, among others, form the customer base of Evertz. The financial results in fiscal 2022 reflect a thriving business.

In the 12 months ended April 30, 2022, revenue and earnings from operations increased 29% and 75% versus fiscal 2021, respectively. The year's highlight was the 73.2% year-over-year increase in net earnings to \$72.7 million. Notably, the business segments in North America (U.S. and Canada) and the international region reported significant sales increases.

In April 2022, Evertz launched the Scorpion smart media processing platform. The next-generation contribution network connects major stadiums in the U.S. to live sports. In the same month, the

company announced the availability of its award-winning solution on **Microsoft** Azure Marketplace.

The Dream Catcher Bravo Studio is a flexible and cost-effective all-in-one production studio for multi-camera live events.

At \$14.55 per share, Evertz is up 13.5% year-to-date. If you invest today, the dividend yield is a lucrative 4.9%.

Solid organic growth

Softchoice flies under the radar but is a better choice than the tech leaders. At \$23.96 per share, the year-to-date gain is 13.1%. The dividend yield is a decent 1.6%. This \$1.4 billion software-focused IT solutions provider from Toronto equips organizations and helps them to realize the full potential of the cloud.

The major services include cloud and data center, collaboration and digital workplace, IT asset management, network, and security. Softchoice desires to lead business transformation through information technology. Among its prominent technology partners are **Amazon Web Services, Cisco, Google, IBM** and **Microsoft**.

In Q1 fiscal 2022, gross sales and net income from operations increased 7.3% and 151.9%, respectively. Adjusted net income grew 79.1% year-over-year to US\$4.6 million. Vince De Palma, Softchoice's President and CEO noted, "We experienced a solid first quarter of organic growth including double digit growth in our Software & Cloud solutions."

Management uses its free cash flow to fund growth investments and pay dividends. It appears that Softchoice is still scratching the surface. According to management, the addressable target market is US\$300 billion.

In the limelight

While the tech sector is still in a slump at the start of August 2022, some smaller cap stocks deserve more attention. Evertz and Softchoice are upstaging TSX's tech giants.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

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2. TSX:SFTC (Softchoice Corporation)

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