



3 Top TSX Tech Stocks That Pay Dividends

Description

Dividend-paying tech stocks are a rare breed. There is an inherent logic in letting the company re-invest that money into other growth initiatives. However, some investors want a regular stream of income and these three **TSX** tech stocks deliver just that.

Open Text

Open Text Corporation ([TSX:OTEX](#))([NASDAQ:OTEX](#)) provides a number of software products and services primarily to business and enterprise customers. The company is a very big acquirer of smaller tech companies, and it has made a name for itself by [prudently acquiring](#) complimentary companies and integrating them into its umbrella and suite of services.

Open Text pays a quarterly dividend of US\$0.1746. Unfortunately, the company did not raise the dividend in April, as it traditionally has. However, this is not entirely surprising given the current economic environment. As a matter of fact, the company should be commended for not cutting the dividend in the face of such an uncertain market.

Open Text has a long growth runway and has shown a commitment to consistently growing the dividend. Before 2020, Open Text had traditionally increased its dividend annually by at least 10%. If past behaviour is indicative of future behaviour, this should indicate that dividend investors can expect robust dividend growth in the years ahead.

Absolute Software

Absolute Software Corporation (TSX:ABT) develops cybersecurity solutions for enterprises and public sector organizations. The company has over 12,000 customers and over 135 patents. The company was founded in 1993, as “LoJack for Laptops” and is based in Vancouver, British Columbia.

Absolute pays a quarterly dividend of \$0.08. It does not have a long history of regular dividend increases, like Open Text. However, the starting yield is still relatively strong at over 2%. This is

significant, especially for a small-cap company like Absolute. While the amount itself may not seem significant, it indicates confidence in the company's future earnings.

Absolute is still a very small company by market capitalization and therefore it still has a significant growth [runway](#). The cybersecurity sub-sector is a fast-growing area of the technology space as companies begin to recognize the costs that result from cyber-attacks and security lapses.

However, for dividend-growth investors who rely on consistently growing dividends, Open Text or Enghouse are likely better choices.

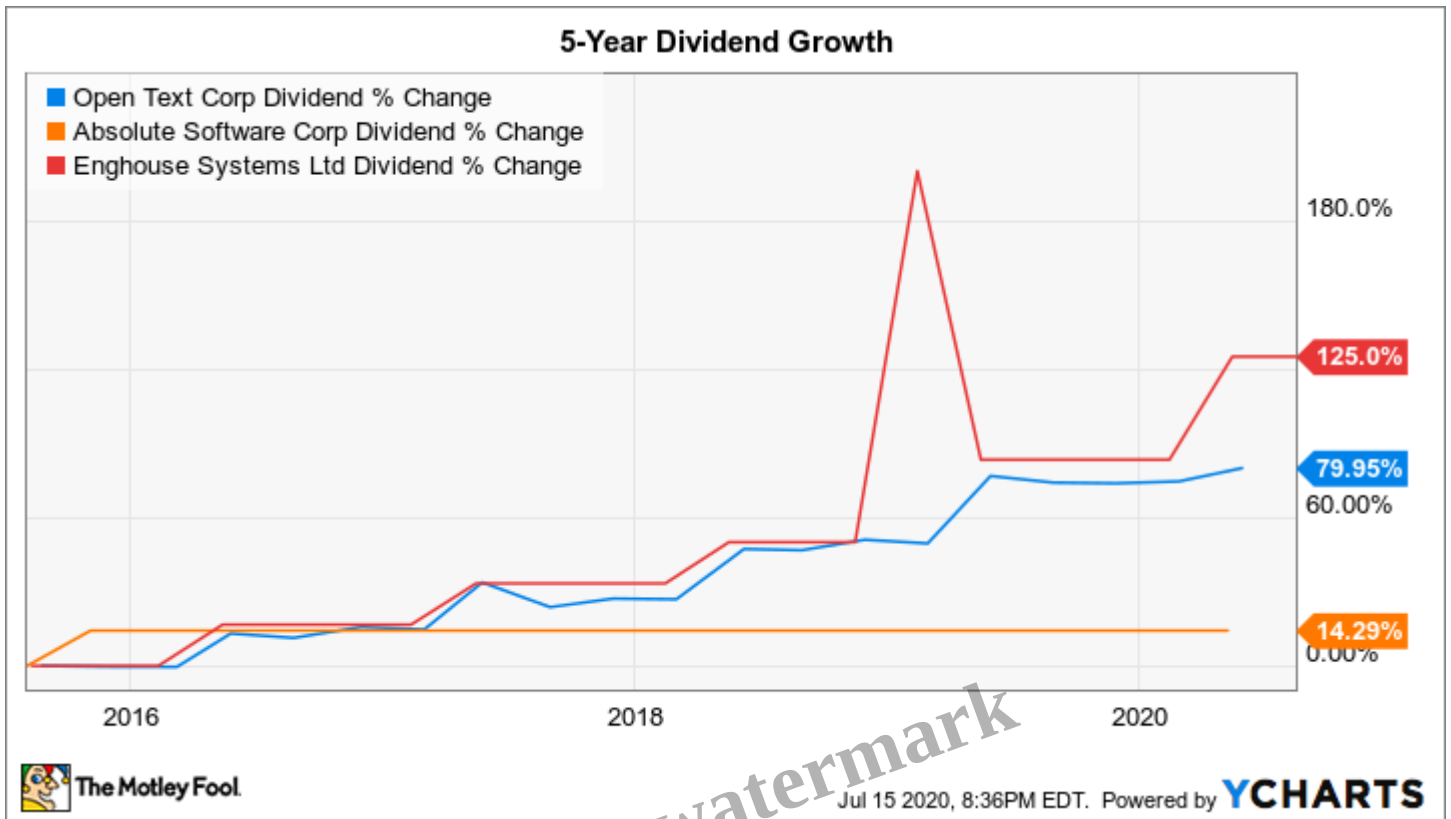
Enghouse Systems

Enghouse Systems Limited ([TSX:ENGH](#)) is an enterprise software solutions provider. The company's primary area of focus is on developing customer interaction software and business operations software. Two of its largest client segments are telecommunications companies and public transportation agencies. Enghouse was founded in 1984 and is based in Markham, Ontario.

Enghouse reported 2019 revenue of \$385 million and net income of \$71 million. This makes for an impressive profit margin of 18.4% in 2019. Enghouse recently paid a quarterly dividend of \$0.135. This makes the annual dividend on pace to be \$0.54 per share. The company has just over 55 million shares outstanding, equating to an annual dividend expense of approximately \$30 million. Based on these figures, Enghouse's payout ratio is approximately 42%.

Enghouse has paid a quarterly dividend since 2007. The company also has a strong history of raising dividends, just like Open Text. Therefore, investors looking to generate some extra dividend income while also remaining exposed to a fast-growing mid-cap tech company should consider Enghouse.

Takeaway



[OTEX Dividend](#) data by [YCharts](#)

Tech stocks and dividends are certainly not mutually exclusive. These three top TSX tech stocks are perfect examples!

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2. TSX:ABST (Absolute Software)
3. TSX:ENGH (Enghouse Systems Ltd.)

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