Millennials: 1 Must-Own Growth Stock for Your Portfolio

Description

Last year, I discussed stocks to watch as central banks pursued a rate-tightening path in North America. The U.S. Federal Reserve and the Bank of Canada have both eased up on this policy path in late 2018 and early 2019, and this has contributed to a stock market boom. However, consumers in Canada are still burdened by high debt and are struggling with interest rates that have climbed over the past three years.

A recent survey from MNP revealed that 48% of respondents said that they would not be able to pay their bills if they came up just $200 short in any given month. This is up from 46% who reported the same issue in the prior quarter. These are dangerous indicators and explain why the Bank of Canada has grown increasingly cautious when it comes to hiking interest rates.

This environment has driven many consumers to alternative lenders. **goeasy** (TSX:GSY) has been a huge beneficiary of this trend and has posted massive earnings growth over the past few years. The stock was one of my top targets to start this year. Shares of goeasy have climbed 43.1% in 2019 as of close on May 8. The stock is up 31% from the prior year.

The company offers merchandise leasing of household furnishings, appliances, and home electronic products to consumers under weekly or monthly leasing agreements. goeasy also offers unsecured installment loans. Many consumers are deep in debt and acquiring approval from top lenders has proven difficult. goeasy offers a flexible alternative.

goeasy released its first-quarter results for fiscal 2019 on May 7. Its loan portfolio soared 46% from the prior year to $879 million and revenue rose 22% to $140 million. goeasy's easyfinancial segment saw total application volume increase 11% in the quarter. 63% of net loan advances issued in the quarter were to new customers compared to 58% in Q1 2018. Operating income at easyfinancial jumped 40% to $41.4 million.

Overall, it was the 36th consecutive quarter of same-store sales growth for goeasy. Total assets rose 46% year over year to $1.1 billion. This was primarily driven by the fantastic growth in its consumer loan portfolio. goeasy estimated that it had roughly $265 million in funding capacity at the quarter's end, which should carry it into the third quarter of 2020, as it aims to achieve growth targets for its consumer loan portfolio.

The company approved a quarterly dividend of $0.31 per share in the first quarter. This represents a 2.4% yield. This is quite a nice boon for investors considering goeasy's stellar growth trajectory over the past three years.

goeasy is a great target for millennials, as it is poised to benefit from trends that are likely to exacerbate rather than dissipate into the next decade. The stock boasts a forward P/E of 10.2 as of close on May 8, which makes it a solid addition relative to industry competitors. Shares did boast an RSI of 70 as of this writing, which pushes the stock into technically overbought territory. Value investors may want to wait for a better entry point, especially as turbulence appears to be returning to the stock market.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:GSY (goeasy Ltd.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date
2025/08/16
Date Created
2019/05/09
Author
aocallaghan