



## RRSP Investors: Buy Leon's Furniture (TSX:LNF) Today

### Description

Imagine sitting on your recently purchased **Leon's** ([TSX:LNF](#)) couch as you peruse your RRSP watchlist. Most of the stocks on the list are suffering a loss, but then you come across Leon's stock, which has a compounded annual growth rate of 3.99% in the past 10 years.

You click on the stock for more information and discover that in addition to the yearly gains, [Leon's has a dividend yield of 3.68%](#). You proceed to reach for your calculator and determine that a \$10,000 investment 10 years ago would result in \$4,782 of capital gains and \$3,680 in passive income for a *total return of \$8,462!*

You then call your stock broker to request they purchase more Leon's stock. The call turns into a lengthy discussion, and your stock broker agrees with your decision because they believe that Leon's is a solid company based on its use of technology and increasing net income.

### Use of technology

Leon's has a very user-friendly website.

In just a few clicks, it is possible to browse for what you want, add it to your cart, and proceed to the checkout. This ease of use has allowed Leon's to capitalize on the growing trend of e-commerce.

Further to this, Leon's newest store in Coquitlam, British Columbia, features interactive consoles, which allows clients to customize furniture and see a life-size version on a screen in front of them. This has allowed Leon's to operate in a retail space one-fifth of its normal requirements, which ultimately saves on rent.

The company also embraces augmented reality, which allows its customers to place virtual furniture in their houses to determine if they like it before committing to buy.

Finally, Leon's is introducing point-of-sale tablets in its stores, which means that sales representatives can come to customers to check out instead of having them wait in line.

All of this means a more efficient operation, which drives the bottom line.

## Increasing net income

[Net income has increased](#) from \$75 million in FY 2014 to \$111 million in FY 2018 for a compounded annual growth rate of 8.16%.

Leon's accumulated net income is \$444 million for the past five years.

What makes this figure impressive is the fact that it operates in a highly competitive market having competed with companies such as **Sears** and **Hudson's Bay** at one point. As Leon's continues to grow, Sears recently declared bankruptcy in Canada, and Hudson's Bay is struggling to keep its head above water.

If this isn't a testament to Leon's ability to grow its bottom line, then I don't know what is.

## Bottom line

What makes Leon's such a unique stock is its return on investment coupled with a dividend yield of 3.68%. It is very rare for investors to receive a decent passive income and capital gains, but Leon's is one of these stocks.

The company has kept with the times by embracing technology throughout its operations with a user-friendly website, interactive consoles, using augmented reality and having sales representatives with point-of-sale tablets.

The company's net income has increased from \$75 million to \$111 million in the past five years. It has demonstrated that it is able to compete with heavyweights in the industry and come out on top.

Leon's is definitely a worthwhile stock for your RRSP.

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