



Revealed: This Growth Stock Is up 223% Since I 1st Recommended it

Description

A little over three-and-a-half years ago, I penned an article recommending [three future dividend-growth studs](#), the kinds of companies that had loads of potential ahead of them.

Included in those recommendations was a little-known (at the time, anyway) financial services stock that had recently changed its name, **goeasy** ([TSX:GSY](#)).

The company was just beginning its transformation from retailer that specialized in financing furniture and electronics to becoming an alternative financier that has crushed the payday loan in Canada. goeasy's patented, unsecured loan aimed at folks with poor credit was in its infancy back then; these days, the company has more than \$1 billion worth of assets lent out.

Shares traded at less than \$19 each back then, with the dividend at a paltry \$0.12 per share on a quarterly basis. These days, the share price has ballooned all the way up to nearly \$57 — a gain of approximately 200% on the capital appreciation alone. Add in reinvested dividends, and goeasy investors are looking at a total return of 223.87% since I first wrote about the stock.

Oh, and investors who'd bought back then would also be sitting on a 6.6% yield on cost, thanks to aggressive dividend increases over the last few years.

Put that all together, and goeasy has been an excellent investment. But don't fret, investors who missed out. This stock still has ample growth opportunity ahead of it.

An almost limitless market

One of the beautiful things about financial services is there are dozens of niche products a company can offer, most of which don't really interest regular banks. Those companies would much rather stick to their bread and butter sectors of traditional mortgage loans, banking services, and credit cards.

goeasy has only begun its expansion efforts. Its traditional loan, financing products sold at its easyhome stores, is a mature product. It has to compete with credit offerings from other furniture

retailers. The company also offers secured loans to homeowners, and a secured savings loan for folks looking to rebuild damaged credit.

But the vast majority of its business today comes from its unsecured loan product for non-prime Canadian borrowers. This product, which lends up to \$10,000 to cash-strapped borrowers, has delivered massive growth, with no end in sight. The market keeps on getting larger and larger each year.

And despite what you might think with a loan at a 46% interest rate — no, that's not a typo — customers actually like the product. You just don't have any alternative with damaged credit.

According to a recent investor presentation, goeasy has approximately 400,000 unique customers today. As the company continues to roll out new retail locations and effectively use its web presence to drive new applicants, each of its markets should continue to grow. Introducing new products would just be the icing on the cake.

A reasonable valuation

You'd think after such an aggressive run, the company's growth would begin to stall. It's just not happening.

In its most recent quarter, the company reported a 20% year-over-year increase in revenue and a 66% increase in net income. That translates into a 54% increase in net income per share, increasing from \$0.82 to \$1.26 per share.

Despite this growth, goeasy shares only trade for 11.3 times trailing earnings.

Analysts continue to be bullish, too. They predict the company will earn \$5.38 per share in 2019, increasing that to \$6.89 per share in 2020. That's right; a company projected to grow earnings by more than 20% is trading at just over eight times forward earnings expectations. What an incredible valuation.

The bottom line

There's no guarantee goeasy shares will increase another 223% over the next three years, of course. But there are still many things to like about the company today, including its still impressive growth rates, the vastness of its market, and its cheap valuation.

I suspect your future self will be very happy if you pick up this stock today.

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