



Investors: This Top TSX Stock Is a Screaming Buy Today!

Description

While the equity markets have rallied significantly from March lows, value investors can still find quality stocks at a bargain. One top Canadian stock on the TSX that has created massive investor wealth is **goeasy** ([TSX:GSY](#)).

goeasy stock is currently trading at \$56, which is 30% below its record high. The stock slumped to a multi-year low of \$21.08 during the recent bear market but rebounded over 150% in the next four months.

goeasy is a Canadian-based company that provides non-prime leasing and lending services through its easyhome and easyfinancial businesses. It has a wide portfolio of financial products that include unsecured and secured installment loans among others.

The company has served over a million Canadian customers and originated \$4.2 billion in loans. It has managed to grow revenue from \$65.9 million in 2001 to \$609 million in 2019, a compound annual growth rate of 13.1%.

Even during the ongoing pandemic, goeasy is forecast to increase sales by 4.1% to \$635 million in 2020, while earnings might rise 2.1% to \$5.28 a share.

A look at its business segments

goeasy's easyfinancial is its [financial services arm](#), which provides installment loans to customers who have limited access to traditional banking products. The easyfinancial offering consists of unsecured and real estate secured installment loans ranging from \$5,000 to \$45,000 with interest rates starting at 19.99%.

In the last four quarters, easyfinancial sales were \$497.4 million with an operating profit of \$199.3 million and gross consumer loans at \$1.17 billion.

easyhome is Canada's largest lease-to-own company. It offers household furniture, appliances, and

electronics to consumers under weekly or monthly leasing agreements. goeasy targets customers who are looking for alternatives to traditional retailers and who do not have sufficient resources to buy merchandise or who do not want to make a long-term obligation with these purchases.

In the last four quarters, easyhome sales were \$139.3 million with an operating profit of \$24.7 million and lease assets at \$47.7 million.

What makes goeasy a solid long-term bet

goeasy estimates Canada's non-prime consumer lending market at \$231 billion. Its high-growth lending operation is complemented by a mature leasing business, and the company remains optimistic about new revenue sources from a large non-prime consumer market.

goeasy has managed to increase earnings and revenue for 75 consecutive quarters. Its earnings have grown at an annual rate of 23.8% since 2001 while total shareholder returns are close to 4,500% in the last two decades.

It has a robust risk-management framework with a healthy net debt-to-capital ratio of 72%. The company said it will use available cash and borrowing capacity to fund growth through to the fourth quarter of 2021.

goeasy stock is trading at a market cap of \$800 million, which means its forward price-to-sales multiple is 1.25. The company's price to earnings is just above 10, and we can see that the stock is trading [at an absolute bargain](#). Further, the stock also pays a dividend of 3.2%, making it attractive to income investors as well.

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