2 of the Best Canadian Stocks to Buy in 2021

Description

In a few days we'll start a new year. If you're looking for stocks that have good chances to perform well in 2021, I have two suggestions for you. **Enghouse Systems** (TSX: ENGH) and g**oeasy Ltd** (TSX:GSY) are two of the best Canadian stocks to buy in 2021. Let's look at both stocks in more detail to see why they could outperform the market in 2021.

Enghouse Systems

Enghouse Systems develops enterprise software solutions for some of the country's most stable industries, particularly finance, government, utility and telecommunications companies.

The company has two main segments, the interactive management group and the asset management group. Enghouse is a global business with operations extending to the U.K., Japan, Croatia and many other countries.

Enghouse is one of the best Canadian stocks to buy as it has a unique combination of growth through stock prices and growth in dividends. And when you can find a tech company that is growing its dividend at a fast rate, you should take a look.

Enghouse has grown its revenue by 13.2% per year for the past five years. Profit has increased by 26.6% over the same period.

The company has a growth strategy that is heavily dependent on acquisitions. It targets other tech companies with revenues in excess of $5 million. That revenue preferably comes from recurring revenue streams such as monthly subscriptions.

With the recent surge in popularity of the company's products, analysts expect Enghouse to report sales growth of 34% and profit growth of 32.6% from the previous year.

Enghouse has the longest dividend growth streak of any Canadian tech company at 13 years. Its has a five-year dividend growth rate of 17.19%. The dividend yield is currently 0.8%.

Given that the company has a payout ratio of only 27%, there is still a ton of room for the share price and dividend to rise.

Goeasy

goeasy provides leasing and prime lending services through its easyhome and easyfinancial divisions. The company has issued $4.5 billion in loans since its inception and continually strives to increase the credit rating of Canadian borrowers, with 60% of customers increasing their credit rating within 12 months of borrowing.

The company provides loans for a wide variety of products, including furniture, electronics and home appliances. goeasy has become an attractive alternative for Canadians due to the strict lending restrictions imposed on Canada's major financial institutions.

Since 2001, the company has achieved a 13.1% compound annual growth rate on revenue. From 2015 to 2019, the company has doubled its revenue, confirming that alternative lenders have made great strides.

The company's profits are even more impressive, as net profit since 2001 has grown at a rate of 30.1% per year. Growing net income at a compound annual rate of 30% over nearly two decades demonstrates the strength of this business.

Along with some impressive levels of stock growth, the company is also increasing its dividend at one of the fastest rates in the country. The company has an annual dividend growth rate of 29.5% over five years and has increased its dividends for five consecutive years. The dividend yield is currently 1.75%. With a payout ratio of only 27%, goeasy can keep increasing its dividend.

Overall, if you are looking for a growth stock in the financial industry, goeasy appears to be one of the best Canadian stocks to buy in this sector. Despite a global pandemic, the stock has provided excellent returns for investors.

CATEGORY

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2. TSX:GSY (goeasy Ltd.)

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