If You Invested $1,000 in goeasy (TSX:GSY) Stock in 2011, Here’s How Much You’d Have Today

Description

Investing in stocks can be highly rewarding, especially if you stay put for years. For instance, Canadian companies such as **Shopify** and **Cargojet** have generated a significant amount of wealth for investors who remained invested for a very long period, thanks to the power of compounding. **goeasy** (TSX:GSY) is another **TSX** stock that has compounded investors’ wealth and delivered multi-fold returns over the last decade.

For those who don’t know, goeasy stock rose from $9.00 a share at the beginning of 2011 to a record price of $163.27 as of July 5, 2021. The staggering growth in goeasy stock reflects a massive return of over 1,714%. So, if you would have invested $1,000 and bought 111 goeasy shares at the start of 2011, your investment would have ballooned to $17,123.

Investors should note that goeasy stock is not immune to volatility and economic cycles. However, its solid fundamentals and multiple growth catalysts continue to provide a strong base for future growth. For instance, the COVID-19 pandemic dragged goeasy stock below $23 in March 2020. However, it rebounded strongly to touch a record high of $164.61 in July 2021.

Why has goeasy stock increased by 1,714%?

goeasy’s massive growth reflects its back-to-back stellar financial performances. The company’s revenues and profits have consistently grown at a double-digit rate over the past two decades. Furthermore, goeasy regularly paid dividends for 17 consecutive years and increased those dividends at a compound annual growth rate (CAGR) of 34% in the last seven years.

During the most recent quarter, goeasy's operating income jumped 45%, while its operating margin expanded significantly to 37.6% from 26.4%. Thanks to the higher loan originations, improved operating leverage, and lower credit losses, the company delivered an adjusted net income of $36.7 million, up 67% year over year. Furthermore, its adjusted return on equity jumped to 29.5% from 25.8%.

Is there more room for goeasy to grow?

With the stellar appreciation in value, investors might be wondering whether goeasy stock would continue to grow in the coming decade? I believe goeasy stock has further upside potential, and the uptrend is likely to continue for the years to come.

I expect goeasy stock to deliver outsized returns in the coming years, reflecting an improving credit market, growth in loans, and solid payment volumes. Besides, a large non-prime lending market provides a solid underpinning for long-term growth.

goeasy is poised to deliver double-digit revenue growth in the coming years. I believe the increase in consumer demand and a steady improvement in the economy could drive its loan portfolio. Meanwhile, the acquisition of LendCare, product and channel expansion, higher loan ticket size, and omnichannel offerings augur well for future growth.

Apart from high revenues, robust payment volumes increased penetration of secured loans, and cost efficiencies could cushion its earnings and drive higher dividend payments.

Overall, goeasy is a solid long-term bet with significant upside potential. With its strong competitive positioning, ability to grow earnings rapidly, and strategic acquisitions, goeasy remains well-positioned to deliver sky-high returns over the next decade.

Further, the company could continue to enhance its shareholders' value by growing its dividend at a very high pace.

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Date
2025/07/03
Date Created
2021/07/06
Author
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