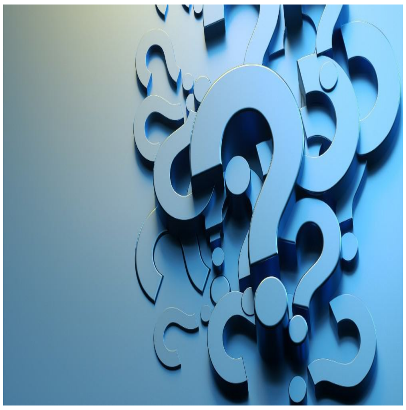

Is goeasy Stock a Good Long-Term Bet?

Description

goeasy (TSX:GSY) is an Ontario-based fintech company that offers leasing and lending services to the high-credit-risk Canadian population that is usually rejected by traditional banks and requires creative lending solutions. The company has helped its investors grow their money manifold and delivered an impressive return of almost 800% over the past five years and a 173% over the past year. The stock has survived the 2009 crisis and the 2020 pandemic pretty well and is a proven performer.

goeasy has an interesting business model

goeasy has been offering credit to high-credit risk individuals at a higher interest rate for the last 30 years. The availability of a wide variety of credit and household leases has enabled people to shop more and thereby bring more revenues for the merchant.

Also, e-commerce has acted as a tailwind for the company's business by making lending services more convenient. goeasy enjoys a leadership position in Canada's alternative lending segment, as it provides its service both through online and offline means using its omnichannel platforms.

The traditional banking system has a stringent credit score generation policy and may not be in sync with the requirements of many new-age customers. Therefore, those customers often seek alternative credit sources. goeasy has been capitalizing on the situation really well. It acquires these customers by providing them easy credit and by leveraging their bank transactions to create flexible credit scores.

Hunger for growth

goeasy is an excellent growth stock because of its ability to execute strategies and deliver market-beating returns to shareholders. In its recent quarterly report, the company outlined the importance of working efficiently towards creating strategies that can ensure a long-term, growth-oriented, sustainable future.

Creative new offerings often bring popularity, so goeasy has been focusing on building new products and services like loan-protection plans and can also potentially expand into further options like credit cards, cash-secured credit, and other starter loans capable of ensuring more business.

Also, the company has been trying effectively to enhance its existing distribution channels by adding more merchants, branches, third-party lenders, and POS terminals, and with that, it is steadily enhancing its reach by making itself more accessible to potential customers. goeasy has expressed that it intends to expand internationally as well, although there are no concrete plans on the table.

Finally, goeasy's rigorous attempt to improve customer's credit scores has also been beneficial, due to which the company can increase its range of prime customers to whom it can upsell.

The Foolish takeaway

goeasy's gigantic growth has been possible because of its consistent solid financial performance, accretive acquisitions, and the ever-growing total accessible market. The company has served over a million Canadians over the years and has consistently grown its revenues and adjusted EBITDA at a CAGR of 12.8% and 24.9%, respectively, in the last two decades. Additionally, it has also rewarded its investors with high returns both in the form of dividends and capital appreciation with its dividends growing at a seven-year CAGR of 34%.

goeasy stock still has a lot more growth potential and is a solid bet for investors seeking outsized returns. Moreover, the company's present competitive market positioning, great business momentum, and favourable industry outlook also make it much safer than most other stocks available in the market offering comparable returns.

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Date
2025/08/22
Date Created
2021/08/26
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