RRSP Investors: Here’s a Top TSX Growth Stock That Also Pays You a Dividend

Description

An RRSP, or Registered Retirement Savings Plan, is an account that allows you to grow savings while providing you with tax benefits. Canadians can hold multiple qualified investments in the RRSP, including stocks, bonds, and mutual funds.

The RRSP is a government-sponsored retirement account, and any contributions to it are tax deductible. You can contribute up to 18% of your earned income towards the RRSP. So, if you earned $100,000 in 2021, you could allocate $18,000 towards the RRSP, which means your taxable income will be $82,000.

You can withdraw your savings from the RRSP when you turn 71. So, it makes sense to identify stocks such as **goeasy** (TSX:GSY) that have the potential to generate market-beating gains over the long term.

An overview of goeasy

goeasy provides loans and financial services to consumers in Canada. It has two business segments:

easyfinancial: It provides unsecured and real estate secured installment loans, loan protection plans, as well as credit monitoring services, among others.

easyhome: It provides leases, furniture, appliances, electronics, and computers. As of December 2020, the company operated 266 easyfinancial locations and 161 easyhome stores.

The bull case for goeasy

goeasy is a top Canadian growth stock and has increased sales from $506.19 million in 2018 to $652.9 million in 2020. Analysts expect sales to rise by 25.9% to $822 million in 2021 and by 19.8% to $985 million in 2022. Comparatively, its adjusted earnings per share are forecast to increase from $7.57 in 2020 to $12.03 in 2022.

In Q3 of 2021, goeasy's loan originations stood at $436 million — an increase of 36% year over year. It also experienced record growth of $101 million in consumer loans. Its point-of-sale, auto lending, and digital platforms drove new customer growth, which also highlighted the strength of its multi-product and omnichannel strategy.

As it's an asset-light company, an increase in revenue allowed goeasy to improve its operating margin to 39.1% in Q3 of 2021 compared to 35.2% in the year-ago period. Its adjusted net income and earnings per share rose by 48% and 35%, respectively, to $47 million and $2.70.

goeasy's credit performance is also improving at a steady rate. Its net charge-offs stood at 8.3% in Q3 of 2021, compared to 13.2% in the same period in 2019. Its loan-loss provision rate also declined from 9.64% to 7.83% in this period, reflecting structural improvements in its portfolio.

Dividends and valuation

goeasy pays investors annual dividends of $2.64 per share, indicating a forward yield of 1.7%. Its dividends have risen at an annual rate of 34% in the last seven years, making it an attractive dividend-paying growth stock.

GSY stock is currently trading at a forward price-to-2022 sales multiple of 2.5 and a price-to-earnings multiple of 12.8, which is really cheap, given its forecast to increase net income by 36% in 2021 and 17% in 2022.

Analysts tracking GSY stock have a 12-month average price target of $231, which is 50% above its current trading price. In the last 10 years, goeasy stock has returned 2,680% to investors.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:GSY (goeasy Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. araghunath
2. kduncombe

Category

1. Investing
2. Tech Stocks

Date
2025/07/22
Date Created
2022/02/03
Author
araghunath