2 Top TSX Growth Stocks That Also Pay You a Dividend

Description

There are several strategies investors can deploy while gaining exposure to the equity market. You can either hold blue-chip stocks that pay dividends, invest in companies part of a particular sector, or buy shares of entities that are growing at a fast pace.

However, there are a few companies that pay investors a dividend while expanding revenue and profit margins rapidly. So, you can benefit from a steady stream of dividend income as well as long-term capital gains.

Here, we'll look at two growth stocks trading on the TSX that also pay investors attractive dividends.

goeasy

A Canadian company valued at a market cap of $2.17 billion, **goeasy** (TSX:GSY) offers non-prime leasing and lending services through brands including easyhome, easyfinancial, and LendCare. These services include personal loans, home equity loans, auto loans, and lease-to-own merchandise.

goeasy has served over one million Canadians, originating $7.7 billion in total loans. Around 33% of easyfinancial customers graduate to prime credit, while 60% increase credit scores within 12 months of borrowing.

goeasy has more than doubled its sales from $401.7 million in 2017 to $826.7 million in 2021. Comparatively, its net income has surged by close to 600% from $36 million to $245 million in this period.

goeasy has an asset-light operating model, allowing the company to increase its operating margin to 34% in 2021 from 21.9% in 2017. In the last five years, it has expanded earnings per share at an annual rate of 31.6%. This robust increase in the bottom line has meant higher dividend payouts for investors. It pays investors a dividend per share of $3.64, indicating a forward yield of 2.7%.

Analysts expect GSY to increase sales by 19.3% to $986 million in 2022 and by 14% to $1.12 billion in

2023. Comparatively, adjusted earnings are forecast to rise by 15% this year and 22.5% in the next year.

GSY stock is valued at a market cap-to-forward-sales multiple of less than three and a price-to-earnings ratio of 11.2, which is very reasonable, given its growth rates. Considering consensus price target estimates, GSY stock is trading at a discount of 70% right now.

Restaurant Brands International

One of the largest companies in Canada, **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) is valued at $32 billion by market cap. It is known for fast-food brands such as Tim Hortons, Burger King, and Popeyes.

In the last year, RBI's Tim Hortons subsidiary has staged a remarkable turnaround and remains a key driver of revenue and EBITDA. RBI improved its brand presence by focusing on loyalty, digital marketing, coffee improvements, and food innovation.

Last year, Tim's China partnered with Metro China, which has 20 million members, providing the former access to high-volume retail outlets. With close to 350 outlets operational in China, Tim's China is on track to expand its presence aggressively in the near term.

RBI aims to reinvest cash flows and acquire entities that will be accretive to revenue and profits. Last year, it announced the acquisition of Firehouse Subs for $1 billion. The sandwich chain has 1,200 locations with estimated system-wide sales of $1.1 billion in 2021.

QSR stock pays investors a dividend of $2.71 per share, indicating a forward yield of 3.8%. Analysts expect the company to increase sales by 47% to $7.31 billion in 2022 and by 7.8% to $7.9 billion in 2023. Comparatively, its adjusted earnings are forecast to increase from $2.03 in 2021 to $4.04 in 2023.

So, QSR stock is valued at a forward price-to-sales multiple of 4.4 and a price-to-earnings multiple of 20, which is cheap, given its forecast to increase bottom line at an annual rate of 28% in the next five years.

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