2 Non-Tech TSX Growth Stocks That Possess More Upside

Description

Both **goeasy** (TSX:GSY) and **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) have just reported their second-quarter (Q2) earnings results. goeasy stock popped more than 5% yesterday and is up about 46% from its 52-week low. Similarly, BAM stock popped 1% and is 23% higher from its 52-week low. The non-tech **TSX** growth stocks still have long growth runways. Moreover, they still trade at good valuations.

This TSX growth stock is still a solid buy

A high inflationary environment seems to have assisted with a greater volume of credit applications at goeasy, the leading non-prime Canadian consumer lender. The company experienced record loan originations of $628 million, up 66% versus Q2 2021. This growth was driven by a record volume of credit applications that were up 51% over the prior year. Consequently, the company experienced record organic growth in the loan portfolio of $216 million, up 191% year over year (YOY).

At the end of Q2, goeasy's gross consumer loan receivable portfolio was $2.37 billion, up 32% from a year ago. Importantly, during the quarter, the consumer lender also continued to experience stable credit and payment performance. The press release reported a "net charge off rate [of] 9.3%, in line with the company's target range of between 8.5% and 10.5% on an annualized basis."

Ultimately, for the first half of the year (H1), goeasy reported the following:

- Record revenues of $484 million, up 30%
- Operating income of $165 million, an increase of 38%
- Record adjusted net income of $92.6 million, up 15%
- Record adjusted diluted earnings per share of $5.55, up 12%

Management forecasts 2022 revenue to be about $1.02 billion, an operating margin of +35%, and an impressive return on equity (ROE) of +22%. Through 2024, it expects a revenue-growth rate of about 14%, incremental improvements in the operating margin and high ROE of +22%.

The dividend stock is fairly valued versus its long-term normal valuation. Analysts are optimistic about goeasy stock, having a consensus price target suggesting 42% 12-month upside potential from $138.46 per share. People will still continue to borrow from goeasy. So, its long growth trajectory remains intact.

BAM: A low-risk, large-cap growth stock

Since the end of Q1, BAM experienced record inflows of US$56 billion, of which US$41 billion was raised in Q2. The global alternative asset manager now has a record of US$111 billion of cash and capital available for investment after generating close to US $1.5 billion of net income and US$1.2 billion of operating cash flow.

Fee-bearing capital increased by US$67 billion over the past 12 months to US$392 billion. Fee-related earnings were US$2.0 billion for the last 12 months, representing a 21% increase YOY. Furthermore, the company has about US$36 billion of committed capital for deployment that would add roughly US$360 million of fees annually.

Since Q1, BAM sold US$21 billion of assets — close to half were real estate operations — realizing US$5 billion of gains. The value investor also deployed US$20 billion into new investments for future growth, indicating that compelling investment opportunities are still available.

Analysts believe BAM has another 28% upside over the next 12 months. Longer term, the company still has tonnes of growth potential.

A friendly reminder that the stock will spin off a 25% interest in its asset management business, a strong cash flow generator, by the end of the year.

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