1 Top Growth Stock to Buy in Bulk

Description

Due to the selloff in the equity market, top TSX growth stocks have fallen quite a lot. It is worth mentioning that several growth stocks are trading at multiples that are at a multi-year low and compare favourably to their historical averages.

Though this decline has erased investors' wealth, it offers an excellent opportunity to buy stocks of top Canadian stocks at a significantly discounted price. Further, a faster-than-expected recovery in the macro environment could lift these beaten-down stocks significantly.

The substantial decline in most Canadian growth stocks presents multiple investment options for investors. However, I would recommend investing in **goeasy** (TSX:GSY). There are numerous reasons why goeasy can deliver multi-fold returns for its shareholders. Let's look at those factors that indicate that goeasy could comfortably beat the TSX and deliver solid returns.

Solid double-digit growth

goeasy is a leading non-prime lender that benefits from a large subprime lending market and strong demand. Thanks to the strength in its business, goeasy's revenue grew at a CAGR (compound annual growth rate) of about 16% from 2011 to 2021. Meanwhile, leverage from higher sales has driven its adjusted net income at a CAGR of 29%.

What stands out is the momentum in goeasy's business has sustained in 2022, despite the challenges from a weak macro environment.

For instance, goeasy delivered record revenue of $484 million in the first half, reflecting year-over-year growth of 30%. Moreover, its operating income jumped 38% during the same period. Also, its adjusted net income grew by 15%.

This stellar growth comes from higher loan originations, increased lending volumes, solid credit performance, and momentum across its products.

goeasy's management is confident that the momentum in its business will sustain in the coming years and projects double-digit revenue growth. Also, it expects its operating margin to expand by 100 basis points per annum through 2024.

Its wide range of products, omnichannel distribution, growth in loan volumes, increased penetration of secured loans, and solid credit and payment performance will drive its earnings.

goeasy: A solid record of boosting shareholders' wealth

Thanks to its solid sales and earnings growth, goeasy has returned substantial cash to its shareholders through dividend payments and growth.

It has paid a dividend for 18 consecutive years. Moreover, its dividend grew at a CAGR of 34.5% in the last eight years, and it is a Dividend Aristocrat. Given its strong earnings potential, goeasy could continue to enhance its shareholders' value and increase its dividend at a solid pace. Further, investors can earn a dividend yield of over 2.6%.

Bottom line: goeasy is poised to create solid wealth for its investors

goeasy stock has appreciated significantly over the past five years (up about 506%) and created massive wealth for its shareholders. The ongoing strength in its business and leading position in the subprime lending market indicates that it could continue to deliver solid growth, which will drive its stock price higher. Also, thanks to the recent pullback, goeasy stock is trading at a next 12-month price-to-earnings multiple of 10.6, which is much below its historical average, presenting an excellent opportunity for buying.

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