Sitting on Cash? These 2 TSX Stocks Are Great Buys Today But Won't Be Forever

Description

Canadian investors planning to create a winning long-term portfolio should act now and add some of the best TSX stocks at prices well below their highs.

While the recent slump in prices of most TSX stocks offers plenty of investment opportunities, I'll stick to companies with a history of delivering solid profitable growth. So, if you are sitting on some extra, I have shortlisted two stocks that are great buys at current levels. Let's take a closer look.

goeasy

goeasy (TSX:GSY) has a strong history of delivering profitable growth. For instance, this lending and leasing services provider's top line has increased at an average annualized rate of approximately 16% in the last decade. What stands out is its stellar earnings growth, which grew at a CAGR (compound annual growth rate) of about 34% during the same period.

Despite the macro weakness, the momentum in goeasy's business has sustained in 2022, which shows the resiliency of its business. Notably, its revenues jumped by about 30% in the first half of this year. Further, earnings recorded a growth of 15%. This solid growth is backed by higher loan originations, an increase in loans, and stable credit performance.

Looking ahead, goeasy will benefit from higher loan originations driven by a large non-prime lending market, a wide product range, and omnichannel distribution channels. Further, its stable credit and payment performance and operating efficiencies will cushion its earnings. goeasy's management is confident the company will deliver double-digit revenue growth in the medium term. Further, the company expects to expand its margins by about 100 basis points during the same period.

It has paid a dividend for 18 years. Meanwhile, its dividend has had a CAGR of 34.5% in the last eight years. Given its growing earnings base, goeasy is poised to return substantial cash to its shareholders through higher dividend payments. Overall, goeasy is solid long-term stock for growth and income investors. Further, goeasy stock is down about 49% from the 52-week high, providing a good buying opportunity.

Aritzia

Aritzia (TSX:ATZ) stock has recovered some of its lost ground. However, the shares of this clothing and accessories brand are still down approximately 20% from the highs, providing a good entry for long-term investors.

Like goeasy, Aritzia has a solid history of delivering above-average profit growth. For instance, Aritzia's revenues have a CAGR of 19% since 2018. Furthermore, its adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) increased at a CAGR of 22% during the same period. Strong revenues and adjusted EBITDA cushioned its earnings, which grew at a CAGR of 24%.

Aritzia benefits from the sustained demand for its products. Further, its strategy to drive brand awareness through boutique expansion augurs well for revenue and earnings growth. The company is expanding its boutiques in the U.S., which will accelerate its top-line growth in the coming years and cushion earnings.

Moreover, Aritzia's investments in its e-commerce platform, expansion into the men's segment and other categories, product innovation, favourable price and sales mix will support its growth.

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