



## For Creating Long-Term Wealth, Is Shopify or goeasy Stock Better?

### Description

The massive pullback in most [top TSX stocks](#) presents a solid opportunity for buying. Thus, to create long-term wealth, Canadian investors should act now and buy a few top-quality stocks at prices that are significantly lower than where they were a year back.

Among the beaten-down TSX stocks, I am most bullish about **Shopify** ([TSX:SHOP](#)) and **goeasy** ([TSX:GSY](#)). Both these companies have histories of delivering multi-fold returns and making their shareholders very rich. For instance, including the massive decline in 2022, Shopify stock is still up about 201% in five years. Meanwhile, goeasy stock has appreciated by approximately 302%.

### One of the best long-term stocks

Both these stocks have the potential to deliver stellar returns in the long term and are expected to benefit from the economic recovery. However, if I have to choose one, I'll stick with goeasy. The reason is that goeasy has a solid track record of consistently delivering profitable growth. This is a big plus point for me as an investor.

Moreover, goeasy is also among the [top Canadian dividend stocks](#) and has enhanced its shareholders' returns by growing its dividend rapidly.

### More reasons to invest in goeasy stock

goeasy has consistently delivered robust sales and earnings growth, despite challenging economic situations. For instance, its growth has remained strong in 2022. Its top line has had a CAGR (compound annual growth rate) of approximately 16% in the past decade. In 2022, its revenue growth accelerated. For the six months this year, goeasy's top line has increased by 30%, despite tough year-over-year comparisons, driven by higher loan originations.

In comparison, Shopify's top-line growth has slowed due to the lack of government stimulus and normalization in e-commerce demand trends.

On the profitability front, goeasy has grown its earnings at a CAGR of about 34% in the last decade. Further, its bottom line registered a 15% growth in the first six months. Leverage from higher sales, stable credit performance, and improving efficiency continue to drive its margins and earnings growth.

## Bottom line

The momentum in goeasy's business will likely sustain in the coming quarters, positioning it well to recover swiftly compared to Shopify as the economy improves. Higher loan originations, its wide product range, a large non-prime lending market, and omnichannel distribution will continue to drive its top line. Also, acquisitions will accelerate its growth rate. Further, leverage from sales, stable credit performance, and strong payment volumes will cushion its earnings.

The company's guidance suggests that goeasy's top line could increase at a double-digit rate through 2024. Moreover, management is confident of growing its operating margin by 100 basis points during the same period.

This Dividend Aristocrat has paid a dividend for over 18 years. Meanwhile, its dividend has increased at a CAGR of over 34% in the last eight years. Further, for 2022, it hiked its quarterly dividend by about 38%.

Given its growing earnings base, goeasy is expected to continue to boost its shareholders' returns through higher dividend payments.

goeasy stock is down about 46% from its 52-week high. It is trading at the next 12-month price-to-earnings multiple of 8.2, which is far below its historical average. Further, it compares favourably to the pre-pandemic level of 11.5.

Its solid profitable growth, robust dividend, and low valuation provide an excellent investment opportunity for long-term investors.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. TSX:GSY (goeasy Ltd.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:SHOP (Shopify Inc.)

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1. kduncombe
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**Author**

snahata

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