



This Canadian Dividend Stock Increased its Yield From 2% to 47% in the Last 18 Years

Description

Quality [dividend stocks](#) allow investors to benefit from a passive-income stream as well as long-term gains. Typically, companies that pay shareholders dividends generate consistent profits and increase cash flows over time, which, in turn, supports further dividend increases.

I have identified one such Canadian dividend stock trading [on the TSX](#), **goeasy** ([TSX:GSY](#)), that has consistently increased payouts at an accelerated pace in the last two decades.

Let's see how goeasy stock has created massive wealth for shareholders in this period.

Is goeasy stock a good investment?

goeasy operates in the financial lending space, which is quite cyclical. It provides non-prime leasing and lending services via brands such as easyhome, easyfinancial, and LendCare. Its portfolio of products and services includes personal loans, home equity loans, auto loans, and lease-to-own merchandise.

goeasy's omnichannel model allows customers to transact easily across 400 locations in Canada. The company also offers point-of-sale financing across verticals such as retail, automotive, home improvement, and healthcare.

goeasy has served more than 1.2 million Canadians originating \$8.8 billion in loans to date. Further, 33% of its easyfinancial customers are eligible for prime credit, and 60% have increased credit scores within 12 months of borrowing.

goeasy has been among the top-performing stocks on the TSX in the last 20 years, easily outpacing the broader index in this period. The company ended 2021 with \$827 million in sales, indicating revenue growth of almost 16% annually in the last 10 years.

Despite its outsized gains, goeasy stock is trading 48% below all-time highs, increasing its dividend

yield to a tasty 3.3%.

Why goeasy is a top TSX dividend stock?

goeasy began paying investors a dividend back in May 2004. Its quarterly dividend stood at \$0.01 per share in May 2004 and rose to \$0.06 per share in the next 12 months, indicating a forward yield of less than 2%.

So, if you invested \$10,000 in goeasy stock back in May 2004, you could purchase 1,298 shares of the company. These shares would earn \$156 in dividends in the next 12 months.

In the last 18 years, goeasy has increased its dividends at an annual rate of 23.7%, as it now pays shareholders \$0.91 per share in quarterly dividends. So, if you still own 1,298 shares of GSY stock, your annual dividends will now amount to \$4,724, increasing your effective yield to 47.24%.

So, long-term investors can earn close to \$5,000 a year in annual dividends, and these payouts might continue to increase in the future as well.

Is GSY stock a buy or a sell?

Valued at a [market cap](#) of \$1.84 billion, goeasy is still a small-cap stock with massive potential. The company is forecast to increase sales by 23.5% to \$1.02 billion in 2022 and by 18% to \$1.21 billion in 2023. Despite red-hot inflation, rising interest rates should allow goeasy to increase adjusted earnings from \$10.43 per share in 2021 to \$14.52 per share in 2023.

GSY stock is priced at less than two times forward sales and 10 times forward earnings, which is quite reasonable for a growth stock. Given consensus price target estimates, goeasy stock is trading at a discount of 42% right now.

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