



1 Obscure Stock Will Make Your Portfolio Recession Proof

Description

Are you after a stock that offers peaceful easy feeling and would deliver [killer earnings](#) in the next 25 to 30 years? There is no pun intended here, especially if you're planning for the sunset years.

Park Lawn Corporation ([TSX:PLC](#)) is the only cemetery and funeral service company listed on the TSX.

The company is more skewed toward the cemetery business rather than the funeral side. But it has an absolute monopoly of an industry that Park Lawn describes as stagnant industry resistant to change. Hence, this death care stock is undeniably an attractive investment for the long haul.

Carrying on industry dominance

Park Lawn is under no pressure from competition whatsoever. Although the after-life industry is dull, it is very stable. The company relies on the aging demographics for organic growth. There is no business model as bizarre as this one, but somebody has to do it.

Over the past decades, the industry was static. The government instituted stringent regulations and zoning approvals. New entrants pass through the eye of the needle to secure permits.

Meanwhile, Park Lawn is practically all by its lonesome in meeting the growing demand for cremation and memorialization services. Cemeteries are the industry's prized assets. Park Lawn has more than 140 acres of land that translates to cemetery inventory for 40 years.

Last year was a busy year. The company established alliances and partnerships to cement its foothold. Several acquisitions were completed as part of the company's expansion program and strategic positioning.

Income generation

For the first three quarters of 2018 (ended September 30), Park Lawn's top line increased by 80.64%

to \$110.5 million compared to the same period in 2017. Net earnings leaped 120.66% to \$4.78 million. As this piece is being written, the company would be reporting the year-end 2018 financial results.

Assessing business profitability is easy. The estimated average cost of a cemetery plot is \$10,000 and a gross profit of \$4,000. Crypts are sold at \$16,000 each with a corresponding gross profit of \$5,600.

The addition of 3,200 crypts at the Westminster facility is expected to yield a 20% rate of return or \$17 million gross profit. On the one hand, the gross profit margin from cremation services is estimated at 65%, while the funeral services would be at 90%.

Investing in tranquility

PLC's current price of \$24.58 is 7.1% lower from the price a year ago. The highest it has gone was \$27.80 sometime in late August 2018. However, a number of analysts see the stock to ascend by 20% to 34% this year. Throw in a [dividend yield](#) of 1.86% for now.

The key point here is that this company need to impress investors or be compared with another. Park Lawn will forever be focused on ensuring that the product and service offerings are fully optimized, which will be supported by organic expansion and strategic acquisitions. Never mind if the business is lifeless; you're investing in a safe haven.

CATEGORY

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