



Demographics Will Send This Early-Decade IPO to New Heights

Description

Park Lawn ([TSX:PLC](#)) went public on the Toronto Stock Exchange all the way back in 2011. The stock has been a high performer in the 2010s, and it is catching some friendly tailwinds that should carry it to new heights in the next decade. Over a 10-year period, Park Lawn stock has achieved average annual returns of 21%.

The company is a funeral, cremation, and cemetery provider. Park Lawn is the fastest-growing company in this specialized North American industry. It may be morbid, but demographic trends greatly favour Park Lawn's growth trajectory in the years and decades to come.

In the 2017 Canadian census, seniors made up a bigger share of the Canadian population than children. This is the [first time](#) that seniors have outnumbered children in the history of the census. Earlier in 2019, Statistics Canada revealed that in 2018 there were 106 seniors aged 65 and older for every 100 children under the age of 15. This trend is progressing at a slower pace in the United States, mostly due to the higher birth rate. However, by the 2030s U.S. citizens aged 65 and older are expected to outnumber children.

Aging populations in the developed world have the potential to shape growth trends in key sectors. **Jamieson Wellness**, another company that launched its IPO this decade, has stated that its confidence in future growth is based partially on shifting demographics. Park Lawn will see these changes play an even bigger role in its growth in the coming years.

Park Lawn had a strong first quarter 2019, as revenue rose 84.3% year over year to \$50.1 million. Adjusted net earnings increased 83% to \$5.1 million, or \$0.219 per share, which represented a 20.3% jump. The company has set itself apart from its competitors on the back of good management and its ability to be aggressive while peers have been locked in an inflexible position.

The company owes this flexibility to its excellent balance sheet. This has allowed it to pursue an active acquisition strategy that has fuelled growth in recent quarters. In May, Park Lawn announced that acquisition of Horan & McConaty Funeral Services in Colorado and The Baue Funeral Home in Missouri. Both companies boast attractive footprints in sizable markets.

The stock also offers a monthly dividend of \$0.038 per share, which represents a modest 1.6% yield. Still, considering the growth it has provided shareholders, the monthly dividend is a nice boon.

Investors can expect to see Park Lawn's second-quarter 2019 results on August 13. Shares are currently trading at the high end of its 52-week range. The stock had an RSI of 45 at the time of this writing, which puts it in neutral territory after spending much of the month of May in technically overbought territory.

Park Lawn's strong balance sheet put it in a great position to pursue acquisitions into the next decade. The sector it is in will see increased activity due to the aging population in North America, which should make investors take notice. This is a stock to hang on to for the long term.

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Date

2025/08/25

Date Created

2019/07/28

Author

aocallaghan

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