



This 1 Stock Could Have Huge Upside

Description

Eventually, everyone dies.

Yes, I know this is not the most enticing opening sentence, but perhaps the fact that **Park Lawn's** ([TSX:PLC](#)) stock has increased 272% since its IPO will make up for that.

Now that I have your attention, allow me to dive into the nature of Park Lawn's business. The company specializes in the [disposition and memorialization of remains](#) in Canada and the United States.

It is one of the leaders in this industry and generates most of its revenues from its business in the United States.

What makes Park Lawn such a good investment is two-fold. First, the company is engaged in an acquisition growth strategy. Second, the company's latest round of financing was a bought deal for \$190 million.

Business acquisitions

In FY 2018, the company made multiple acquisitions in Canada and the United States amounting to \$275 million.

This includes Signature Funeral and Cemetery Investments, LLC, CMS Mid-Atlantic Inc. and Citadel Management LLC in the United States. In Canada, the company made acquisitions in BC and Ontario which helped to expand its presence.

So far in 2019, the company acquired Horan & McConaty Funeral Services, Inc. and The Baue Funeral Home Co. for a cash consideration of USD\$101.5 million.

You may be wondering: *what does this mean for investors?*

As an investor, this is good news, as a company engaged in an [acquisition-centric growth strategy](#) is

looking to quickly expand its business. This could lead to significant revenue growths and ultimately, a growth in net incomes.

Bought deal financing

In 2018 the company raised \$190 million through a bought deal financing arrangement.

In finance, two of the main financing arrangements are bought deal and best efforts. Bought deal financing involves the underwriter purchasing the entire offering of shares and the onus is on it to sell.

With a best-efforts arrangement, the underwriter finds sellers to purchase shares but it is not obligated to sell all of the shares.

Essentially, this means that the financial institution that worked with Park Lawn is confident in the company and its ability to stick around. If this wasn't the case, it wouldn't jeopardize its reputation and money.

Bottom line

Park Lawn is a solid company with lots of upside potential. The company's stock increased 272% since its IPO and there is clear indication that it will continue to increase.

Park Lawn's competitive advantage is two-fold. First, the company is engaged in an acquisition-centric growth strategy, which means that investors should expect rapid growth from the company in the near future.

Second, the company recently completed a \$190 million bought deal financing. Since financial institutions wouldn't jeopardize its risk and money for a lackluster company, the fact it assumed all the risk indicates that Park Lawn is a solid company.

Given North America's aging population, there will be increasing demand for Park Lawn's services. Its acquisition strategy means that it's likely that clients will find themselves in one of Park Lawn's many businesses.

Simply put, this is a solid company amid a growing industry.

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