The Best Stock to Buy Today!

Description

When it comes to the oil and gas industry, I tend to shy away from recommending people invest in these companies.

The reason for this is that oil and gas is such a cyclical industry that in one year you could be up 40%, and the next year you could be down by the same amount. As this is especially true for you folks with RRSP, it wouldn't be right for me to recommend such volatile stocks.

That said, **Parkland** (TSX:PKI) is unique in the sense that it operates in the customer-facing division of the oil and gas industry.

The company's main source of revenues are derived from refined fuel and petroleum product sales to motorists, businesses, consumers and wholesalers in the United States and Canada.

Its business model consists of subsidiaries that are company owned-and retail-operated, dealer-owned and dealer-operated or dealer-consigned and dealer-operated.

You should consider investing in Parkland due to its portfolio of brands and increasing operating income.

Portfolio of brands

Chances are, at some point in your life you've set foot in a gas station owned by Parkland.

The company's retail gas portfolio consists of brands such as Pioneer, Ultramar, **Chevron** (Canada) and Esso, to name a few.

Its commercial division consists of Pipeline Commercial, Columbia Fuels and bluewave energy whereby it sells diesel & gasoline, propane, lubricants and diesel exhaust fluid (DEF) to the oilfield, forestry, mining, fishing and transport sectors.

Under the convenience division, it operates convenience stores such as ON the RUN, Snack Express, Corner Store, and 59th Street Food Co.

The company acquired Tropic Oil Company in September 2019. Tropic Oil is headquartered in Miami, Florida and transports, distributes and markets fuels and lubricants in Florida. This acquisition solidifies Parkland's position in the United States and fuels future expansion plans.

Given Parkland's history of acquisitions, investors should expect to see more in the future.

Increasing operating income

Parkland achieved record-setting operating income in fiscal 2018 of $605 million. This is almost triple the operating income in fiscal 2017, which came in at $230 million.

From fiscal 2014 to fiscal 2018, the company's operating income increased significantly from $85 million to $605 million.

Given that operating income is derived from the company's main line of business, an increasing operating income year-over-year suggests that Parkland's business is growing. Investors should be pleased, as a growing business drives demand for shares, thereby increasing share prices.

Summary

When it comes to the oil and gas industry, investors should be careful where they put their money. Luckily for you, Parkland offers investors an opportunity to invest in the industry with the added benefit of diversification.

Given Parkland's portfolio of brands, which include the retail, commercial and convenience division, investors can sleep well knowing that Parkland derives its revenue from multiple sources which means that poor years in the oil and gas industry will not decimate its revenue.

With an operating income that's increased from $85 million in fiscal 2014 to $605 million in fiscal 2018, Parkland is clearly a company that is undergoing tremendous growth.

As a TFSA or RRSP investor, you would be foolish to ignore this stock as a potential investment.

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Date
2025/07/02
Date Created
2019/10/11
Author
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