



## Retirees: Buy This 1 Stock to Retire at 55!

### Description

It has been said that humans can go up to a month without food but only a few days without water. Water is such a valuable commodity, as only 2.5% of the world's water reserves are freshwater, despite water covering 70% of the world's surface.

This company operates a water resource management company that owns, operates and manages water, wastewater and recycled water utilities in Phoenix, Arizona. The company's flagship service is Total Water Management, which it touts as an efficient way of managing water resources.

Total Water Management begins by delivering treated water to residential and commercial properties in Phoenix, whereby it's used by consumers for showering, drinking, watering lawns, flushing toilets and more.

The water is then recycled back into the company's distribution plant, where it's treated and sent through separate pipes to be used for outdoor purposes.

The company that I am referring to is **Global Water** ([TSX:GWR](#))([NASDAQ:GWRS](#)), and it is a worthwhile investment due to its acquisitions and increasing operating income. In fact, it may be a [better stock than this one](#).

### Acquisition growth strategy

Global Water is a pure-play water resource management company, which means that the company focuses its resources on only one line of business. This is a double-edged sword for the company, as its success is tied to the industry. Luckily for Global Water investors, the demand for solutions to preserve water is a growing industry.

In fiscal 2018, the company announced the acquisition of Red Rock Utilities, an operator of water and wastewater utilities. This acquisition will strengthen Global Water's presence in Pinal County while introducing it to Pima County near Tucson, Arizona.

According to the CEO Ron Fleming, the acquisition "...represents the third and fourth utilities we've acquired in the last 18 months in our declared strategy of again pursuing utility consolidation."

Investors should be thrilled with this news, as a company that's focused on acquisitions can deliver superior returns to its investors. One [example of this](#) is **Constellation Software**.

## Increasing operating income

One metric that indicates that the company is growing is its increasing operating income. Operating income is derived from its main line of business without one-time charges.

It's often a stronger indicator of the performance of a company than is net income, as one-time charges can skew net income data. For example, if a company sold a subsidiary for \$100 million that year, it would be reported in net income but not operating income. Thus, the company could appear to have performed much better than in the previous fiscal year.

Global Water's operating income increased from \$4 million in fiscal 2014 to \$9 million in fiscal 2018, more than doubling in a period of five years.

## Bottom line

Global Water is not sexy by any means, but investors can expect to achieve significant returns by investing in the company.

In 2018, the company acquired Red Rock Utilities, expanding the territory it serves and boosted its revenues. This acquisition comes after an 18-month acquisition frenzy whereby Global Water acquired two utility companies prior to Red Rock.

This is coupled with an increasing operating income, indicating that the company does a good job in growing its bottom line. Investors would be silly to pass up an opportunity to invest in Global Water.

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**Date**

2025/07/19

**Date Created**

2019/10/19

**Author**

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