



ALERT: Warren Buffett's Top TSX Stock

Description

TWC Enterprises ([TSX:TWC](#)) owns, operates, and manages golf clubs in North America. TWC is Canada's [largest owner of golf clubs](#) and operates at 41 locations primarily in Ontario, Quebec and Florida.

The company was formerly known as ClubLink Enterprises Limited and changed its name to TWC Enterprises Limited in 2014. The company is based in King City, Canada, and is a subsidiary of Paros Enterprises Limited. TWC is engaged in golf club operations under the trademark, "ClubLink One Membership More Golf."

The company has a price to book ratio of 0.84 and market capitalization of 365 million. Debt is very sparingly used at TWC, as is evidenced by a debt to equity ratio of just 0.35. The company has average performance metrics with an operating margin of 7.63% and a return on equity of 0.8%.

Golf courses are located in [densely populated metropolitan areas](#) and are frequented by those who live and work in these areas. By operating in these regions, TWC is able to offer golfers a wide variety of unique membership, corporate event and resort opportunities.

The company is also able to obtain the benefit of operating synergies to maximize revenue and achieve economies of scale to reduce costs.

Revenue at all golf club properties is enhanced by cross-marketing, as the demographics of target markets for each are substantially similar.

Revenue is further improved by corporate golf events, business meetings and social events that utilize golf capacity and related facilities at times that aren't in high demand by TWC's members.

Member and hybrid golf club revenue is maximized by the sale of flexible personal and corporate memberships that offer reciprocal playing privileges and daily fee golf club revenue is maximized through unique and innovative marketing programs.

Resort revenue is maximized by the integration of high-quality golf facilities, which are recognized

throughout the leisure industry as the key amenity for successfully attracting corporate groups and leisure guests.

TWC's objective at the corporate level is to identify opportunities to generate incremental returns and cash flow. Historically, the nature of the company's investments have included financial instruments in both public and private organizations. Currently, management is focused on improving the returns of operating business segments.

In 2018, TWC announced that it had entered into a purchase and sale agreement to sell the White Pass rail and port operations to a joint venture for proceeds of \$290 million.

The company also sold Club de Golf Le Fontainebleau to the shareholders of Club de Golf Rosemère for net proceeds of \$8.59 million. TWC retained a management fee arrangement of Fontainebleau and resulted in a decrease of 458 members. These transactions have created substantial intrinsic value for shareholders.

The company has been repurchasing a significant amount of stock on the open market. In 2018, TWC purchased 561,419 common shares for cancellation at an average cost per share of \$12.88.

The company's operating revenue decreased 0.1% year over year and net earnings decreased to \$7.3 million due to the disposition of White Pass rail.

Overall, TWC Enterprises Ltd. is an under-the-radar stock that could provide excellent returns to long-term shareholders.

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