Buy This TSX Superstar Stock to Come Out of the Market Crash Rich

Description

Whenever there is a broad pullback in global markets, it provides an opportunity to buy low. It is important to remain rational and take advantage of buying opportunities that arise. The S&P 500 index typically trades at a 16 times price-to-earnings (P/E) multiple and has recently been trading at a 22 times P/E multiple. On that front, a pullback could have been expected, as earnings were not catching up to maintain historic P/E multiples. This pullback bodes well for investors looking to purchase a quality company such as **Park Lawn** (TSX:PLC), which has a proven track record of growth!

Death care is definitely not a dying business

There is nothing surer than death and taxes, and Park Lawn's business model is aimed at taking advantage of that. Park Lawn is the largest publicly traded Canadian-owned funeral, cremation, and cemetery provider, with operations in Canada and the United States. If you are looking for cremation services in Toronto, you will most likely be dealing with Park Lawn, as it owns approximately 50% of the market share.

Park Lawn's growth is also supported by global factors such as an increasing annual number of deaths. The death rate is projected to grow in Canada from approximately 200,000 individuals in 2020 to approximately 450,000 in 2050. Similarly, the death rate is forecasted to grow in the United States from 2,500,000 in 2020 to 4,000,000 in 2050.

Park Lawn also benefits from the increase in population who are aged +65. An increase in seniority can be distantly correlated to an increase in revenue for Park Lawn. In Canada, the projected increase in elderly population is from approximately 6,000,000 in 2020 to 11,000,000 by 2050. The U.S.'s seniority age group is expected to grow from approximately 60,000,000 seniors in 2020 to approximately 80,000,000 seniors by 2050.

Macro growth metrics support sustainable growth of its business. Sustainable growth will benefit investors who are looking to buy and hold for an extensive amount of time.

Good luck finding better growth

With a five-year compound annual revenue growth rate of 74.2%, it is clear that Park Lawn has consistently outpaced the TSX. To put this into perspective, Park Lawn has generated 343% in share appreciation since inception (2013-2020). However, TSX Composite Index has posted a return of only 72%. Park Lawn has increased approximately three times more than the general index. Park Lawn has also been focused on increasing its EBITDA margins, which it has grown from 17.5% in 2016 to 22.9% in 2019. Talk about a stellar operating performance!

With the current market dip, and fear of the looming market recession, this provides a rare opportunity to buy into a company that I believe will continue to grow faster than the TSX for the foreseeable future. It also provides a monthly dividend, which yields approximately 1.75%.

Latest news

Park Lawn's share price has been under pressure recently, as the company's CEO announced he will be leaving in late February. This sent the stock down 10% over three days. After the 10% dip, the stock continued to be hammered by the general sell off with concerns that the chance of a recession is higher than initially anticipated.

With the CEO leaving and the global markets in turmoil, it has never been a better time to buy the dip.

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