



## This TSX Stock Is Beating the Coronavirus Bear Market

### Description

People aren't stepping out these days. It's too risky. Retail companies have halted production, because no one is entering their stores. Restaurants are seeing dark days, because no one can eat out anymore. Commercial airplanes are lying idle because no one is flying.

However, people are still making calls, everyone needs electricity, and rail cars are still transporting essential commodities across the North American continent. It just makes sense to invest in a business that can't stop operations, because a large part of the country would stop functioning if it did.

**Stella Jones** ([TSX:SJ](#)) is an outdoor company. It is a leading producer and marketer of pressure-treated wood products. The company supplies North America's railroad operators with railway ties and timbers and the continent's electrical utilities and telecommunication companies with utility poles. Stella-Jones also manufactures and distributes residential lumber and accessories to retailers for outdoor applications as well as industrial products for construction and marine applications.

### An essential commodity

In an update on March 25, Stella-Jones confirmed that while certain government authorities have ordered the closure or minimization of all non-essential business operations in regions where it operates, the corporation falls within the exemptions for essential workplaces — businesses that provide priority services and activities and workforces that carry out critical manufacturing.

It, therefore, plans to continue operations at all of its North America treating facilities and supporting distribution networks while being mindful of potential impacts in light of the current context.

“Stella-Jones carries out essential services as a manufacturer of pressure treated wood railway ties necessary for the operation and maintenance of transportation systems and critical infrastructure. As a producer of utility poles, our products remain crucial for the delivery of electrical distribution and transmission by utilities. Our position as a leading lumber supplier requires us to provide products essential to construction services in the residential sector and to ensure continuity of supply of forestry products critical to multiple facets of the economy,” said Eric Vachon, CEO, president, and director.

Stella-Jones is coming off a stellar year in 2019 where it recorded sales of \$2.2 billion, delivering the 19th consecutive year of growth. Net income came in at \$163 million compared to \$137 million in 2018. The company also increased its quarterly dividend by 7.1% to \$0.15 per share.

Utility poles and railway ties together account for over 67% of the company’s revenues. These are figures that will continue to drive the company’s revenues in 2020 as well. Residential products and industrial lumber might see a hit in 2020 on account of decreased activity, but the market has already factored in those numbers, as Stella shares have fallen from \$37 levels in February to less than \$30 today.

In its guidance for 2020, the company expected sales for railway ties and utility poles to go up and sales of industrial products to go down. It also expected residential lumber sales to go up, but that doesn’t seem very likely given what’s unfolding in the world right now.

The company has [always been an aggressive player](#) when it comes to acquisitions, and the current business environment might provide good buys. Stella Jones stock is down 18% since February 19 (when markets peaked) compared to the 25% decline in broader indexes.

## CATEGORY

1. Coronavirus
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. TSX:SJ (Stella-Jones Inc. )

## PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

## Category

1. Coronavirus

2. Investing

## Tags

1. Editor's Choice

## Date

2025/08/13

## Date Created

2020/04/01

## Author

araghunath

default watermark

default watermark