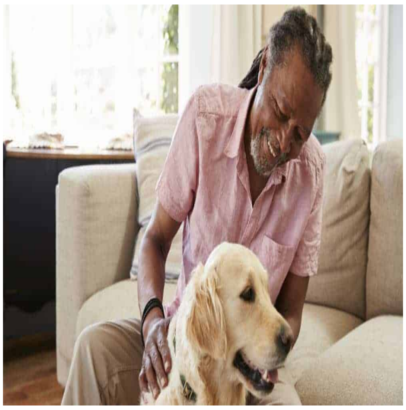

The Best TSX Stocks to Buy as Canadians Grow Older

Description

The COVID-19 pandemic has unearthed flaws in healthcare systems across the developed world. One of the most troubling developments has been the impact the pandemic has had on long-term-care (LTC) facilities. In Canada, roughly 80% of COVID-19 deaths have taken place in LTC facilities. Back in 2018, I'd discussed stocks to buy as Canada's population ages. By 2036, the Government of Canada estimates that seniors will make up roughly 23-25% of the total population. Today, I want to look at the best TSX stocks to buy as this trend accelerates.

This TSX stock offers a big dividend

Sienna Senior Living (TSX:SIA) is a Markham-based company that provides senior housing and LTC services in Canada. Its shares have dropped 23% year over year as of early afternoon trading on March 5. The stock is down 2.2% so far in 2021.

The company released its fourth-quarter and full-year 2020 results on February 18. Revenue fell by 0.2% to $168 million while operating expenses jumped 4.4% to $140 million. Net income dropped $9.8 million from the prior year, posting a net loss of $8.7 million. Meanwhile, adjusted funds from operations (AFFO) fell 37% to $0.196 per share.

Sienna Senior Living has encountered significant turbulence during the pandemic. However, it boasts a solid balance sheet, and rent collection has remained stable. Sienna last paid out a monthly dividend of $0.078 per share, which represents a tasty 6.9% yield.

Why Park Lawn is ready to take off this decade

Park Lawn (TSX:PLC) is an Ontario-based company that provides deathcare products and services in Canada and the United States. Back in April, I'd targeted Park Lawn as my top stock for the rest of 2020. Shares of Park Lawn have climbed 10% in 2021 at the time of this writing. The stock is up 18% from the prior year.

This company is expected to release its final batch of 2020 results later this month. In Q3 2020, the company reported revenue of $83.7 million — up from $66.5 million in the prior year. Park Lawn posted revenues of $242 million in the year-to-date period — up from $175 million for the same period in 2019. Adjusted net earnings in the first three quarters of 2020 have jumped to $24.1 million compared to $17.5 million in the previous year.

Park Lawn boasts promising growth potential. Its rock-solid balance sheet has given it a leg-up on the competition, fuelling its aggressive acquisition strategy. I'm still bullish on this TSX stock for the long haul.

One more TSX stock to add in March

Extendicare (TSX:EXE) is another Markham-based company that provides care and services for seniors across the country. Its shares have climbed 4.4% so far this year. The stock is up 15% from the same time in 2020. Extendicare released its Q4 and 2020 results on February 25.

Revenue rose 10.9% to $30.1 million in Q4 2020, powered by COVID-19 funding and LTC funding enhancements. Extendicare also benefited from growth in the retirement living and other operations segments. Adjusted EBITDA jumped $17.5 million to $41 million. For the full year, revenue rose 7.1% to $76.2 million. Meanwhile, adjusted EBITDA increased $40.8 million to $133 million.

Shares of this TSX stock last had a favourable P/E ratio of 13. Extendicare offers a monthly dividend of $0.06 per share, which represents a stellar 7% yield.

CATEGORY

1. Investing

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2. TSX:PLC (Park Lawn Corporation)
3. TSX:SIA (Sienna Senior Living Inc.)

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