



## TFSA Investors: 1 Recession-Proof Value Stock to Own

### Description

Through [strategic acquisitions and strong organic growth](#), along with an entrepreneurial and adaptable business model, **Park Lawn** ([TSX:PLC](#)) has become the fastest growing company in North America associated with the disposition and memorialization of human remains. The company sells products and services both at the time of need and on a pre-arranged basis in markets with dense populations as well as traditional markets.

Operating in five Canadian provinces and 15 states in the United States, Park Lawn manages 123 cemeteries, 116 funeral homes and 40 crematoria businesses.

### Experienced management team

Park Lawn's cemetery operations are led by a team of [experienced industry and sales professionals](#) with substantial management experience in the industry. The cemeteries provide cemetery property interment rights, including developed lots, and other cremation memorialization and interment options.

Cemetery merchandise and services consist of memorials, markers and bases, outer burial containers, wreaths, flowers and floral placement, graveside services, merchandise installation, interments and other ancillary merchandise. Cemetery services are offered by the company and can be purchased on an at-need or pre-need basis.

### Attractive pricing structures

Pre-need contracts are fixed price agreements enabling families to establish, in advance, the type of service to be performed, the products to be used and the cost of such products and services. Pre-need contracts permit families to eliminate issues of making death care plans at the time of need and allow input from other family members before the death occurs.

Funeral services include meeting with families, removing and preparing remains, embalming, arranging and directing funeral services, cremations and other ancillary funeral services. Merchandise sales for

the funeral business consist primarily of the use of funeral home facilities for visitation, remembrance and transportation services, burial caskets, and other ancillary funeral and cremation merchandise.

## Robust growth strategy

The company's growth strategy includes organic initiatives, the optimization of product and service offerings, and future acquisitions. Organic initiatives include the build-out of inventory at new or existing cemetery properties, remodeling of existing funeral homes, construction of new stand-alone funeral homes and construction of new funeral homes on cemeteries. These projects unlock new sources of revenue for existing businesses while increasing the useful life of Park Lawn's existing portfolio by allowing certain facility, personnel, and equipment costs to be shared between the funeral service and cemetery locations.

Such combination properties are typically more cost competitive and have higher gross margins than funeral and cemetery operations that are operated separately. Combination locations also create synergies between funeral and cemetery pre-need sales personnel and give families the added convenience of purchasing both funeral and cemetery merchandise and services at one place.

## Intelligent capital allocation

The death care industry continues to be a highly fragmented market in North America, and the company plans to continue Park Lawn's acquisition growth strategy where opportunities are attractive and can be integrated with existing operations or provide an entry to new markets.

In 2018, 2019 and 2020, the company spent approximately \$275 million, \$180 million and \$100 million on acquisitions. These acquisitions were made at attractive prices, relative to value, and should serve long-term shareholders well.

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**Date**

2025/07/21

**Date Created**

2021/04/29

**Author**

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