



## 2 Vertically Integrated Canadian Stocks to Buy and Hold for Years

### Description

Often when describing the operations of some of the best Canadian stocks to buy, you might notice that they are vertically integrated.

Having a vertically integrated business means that the company owns certain businesses or operations throughout its supply chain, allowing it to control its own production process more effectively rather than relying on other companies or suppliers.

Having vertically integrated operations offer a tonne of benefits, including better cost controls and an improvement in margins and operations that can be better optimized by the company.

That's why many companies are vertically integrated in some form or another these days. Modern finance allows companies to acquire other businesses, especially when they offer synergistic advantages.

So here are two vertically integrated Canadian stocks that are some of the best investments you can buy today.

### A top Canadian consumer staple stock

One of the best Canadian stocks to buy and hold for the long run, especially in this market environment, is **North West Company** ([TSX:NWC](#)).

The North West Company is a consumer staple stock that does about 80% of its business in Northern Canada or Alaska. North West operates supermarkets in mainly remote communities. This is a great business because it sells food and other essential items in regions where there is little to no competition.

And as you would expect, over the last year and a half, it's been a top performer through the pandemic, especially as shutdowns have led to more non-essential shopping at its stores.

Another reason why North West has been such an excellent stock as of late is its rapidly improving margins. It was only a couple of years ago that North West's operating margins were roughly 5%.

However, in the last couple of years, the company has rapidly improved its operations, and its operating margins are now more than 10%. In just a few short years, the company has more than doubled its operating income, all while only increasing sales by about 10%.

One of the ways North West has done this is by vertically integrating its operations. A few years ago, the Canadian stock decided to buy its own cargo airline. And now it's even brought the maintenance business in-house.

This helps North West to control its costs and inventory much better, a major advantage, especially since it operates in remote communities.

North West is clearly a top Canadian stock with a tonne of long-term potential. Plus, it's highly defensive, making it one of the best Canadian stocks you can buy today.

## A top agriculture stock

In addition to North West, another high-quality Canadian stock that you can buy and hold for years is **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#))

Nutrien is a massive agriculture company with a [market cap](#) of nearly \$50 billion. The company produces potash and nitrogen, two crucial chemical ingredients of fertilizer. In fact, the company is the largest producer of potash in the world and the third-largest producer of nitrogen, giving it an incredible position in an agriculture industry with a tonne of long-term growth potential.

In addition to the fact that consumers are consistently trying to eat healthier, population growth will also be a key driver of the agriculture industry over the coming decades. This is why Nutrien has been such an excellent Canadian stock to buy and hold for years.

However, another reason why Nutrien is such an excellent investment is that the stock is vertically integrated. Most investors think of Nutrien as a massive producer of potash and nitrogen. However, it's also has a massive network of retail stores, giving it a major advantage over its competitors.

Currently, over a quarter of the products sold in its stores are Nutrien's proprietary products. Furthermore, roughly 20% of these sales came from online, demonstrating what an excellent retail business Nutrien has.

The company estimates it has about a fifth of the U.S. agriculture market share. Plus, its retail segment accounts for almost half of Nutrien's total [EBITDA](#), showing how important it is to the company.

So if you're looking for an excellent Canadian stock to buy and hold long-term, Nutrien is one of the top companies to consider.

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2. TSX:NTR (Nutrien)
3. TSX:NWC (The North West Company Inc.)

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