



1 Incredible Value Stock to Buy Right Now

Description

Those seeking a top-notch [value](#) stock right now may have their work cut out for them. Even in sectors traditionally thought of as “value” sectors, it’s hard to find companies with valuations that make much sense anymore. Investors simply have to dig harder to find value today.

However, one such company I think has tremendous value and is flying under the radar right now is **Park Lawn** ([TSX:PLC](#)). Let’s take a look at why this cemetery business may be a great buy right now.

Positive outlook for this value stock

The cemetery business is certainly a unique one to consider. In this sector, Park Lawn is one of the two major players with significant market share. However, it’s estimated that independent players account for 89% of the total market.

Park Lawn has been growing via acquisitions in recent years to become a leader in the cemetery business in North America. Approximately 90% of the company’s revenue comes from the U.S., which remains the core market investors are focused on. Indeed, among the reasons many long-term investors like this stock is the relative recession-proof nature of this business. This fact, combined with the potential for continued consolidation in this sector, provides a very strong outlook for this value stock.

Currently, Park Lawn trades at 39 times earnings. From a net debt/EBITDA perspective, Park Lawn currently trades at 1.2 times. Given the growth potential of this company as a result of its continued consolidation trajectory, these metrics are certainly attractive.

Strong financials

One of the reasons Park Lawn has such an attractive outlook is the company’s financials. Park Lawn brought in 20% more revenue this past quarter than in the same period a year ago. Operating expenses also increased; however, net earnings surged 48% year over year, suggesting the

company's roll-up strategy is working.

Park Lawn's balance sheet also improved this past quarter. The company raised nearly \$150 million in an equity offering, restructuring its debt facilities. Park Lawn ended the quarter with \$53 million in cash and debt of around \$101 million.

These numbers suggest Park Lawn has not only the ability but the green light from investors to continue along with the company's growth strategy. Park Lawn is not levered to an alarming degree. Rather, this is a company with the potential to continue to consolidate this space and provide investors with steady returns over time.

Bottom line

I think Park Lawn has the ability to increase its leverage over time and continue growing via acquisitions. Indeed, this company could be one of the best consolidation plays many haven't heard of.

For those seeking growth at a reasonable price, Park Lawn provides this in spades. This is a top Canadian value stock that I'm watching closely right now.

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