



Cash In on Trash With Waste Connections Inc.

Description

Waste Connections Inc. ([TSX:WCN](#))([NYSE:WCN](#)) has been soaring into the atmosphere over the last few years. The company is an integrated solid-waste services company that provides collection, transfer, disposal, and recycling services in the U.S. and Canada. Waste Connections is a terrific way to play a strengthening U.S. economy because with higher consumer spending comes more trash, and where there's more trash, there's more cash for Waste Connections.

You may be familiar with the Canadian company called Progressive Waste Solutions. This company is now a part of Waste Connections after a merger last year. The stock is a fantastic way to play the strengthening U.S. economy, and despite the company's 40% rally over the last year, I still believe there's plenty of upside for investors who are looking to get their hands dirty.

Sure, solid-waste collection stocks aren't likely ones you're going to be talking about with family at the dinner table, even if the stock is soaring like a stock from the high-flying tech industry. Waste collection is a boring business that is kind of gross, but it's a simple business with a nice moat around it, and that's why Bill Gates owns a huge stake in another trash collector, **Waste Management**. He's a smart man, and he knows there will always need to be waste-collection services, and there's unlikely to be any large changes to the company's business model over the next few decades.

The trash will always need to be collected, and the recyclables will always need to be recycled. Even during times of recession, the services offered by Waste Connections are necessary. So, Waste Connections is a terrific way to play defence, but it's also a great way to play a strengthening economy. It truly is the best of both worlds because you can limit your downside without sacrificing the upside.

Going forward, the U.S. economy will strengthen under President Trump, and consumer spending may surge. When this happens, there will be more trash generated, and this means increased cash flow for Waste Connections. Nearly 83% of the company's revenue comes from the U.S., so I believe this stock is a huge opportunity for Canadian investors to increase their U.S. exposure without playing the currency exchange game.

The stock currently has a 25.6 forward price-to-earnings multiple and a 2.7 price-to-book multiple. The

stock definitely isn't a value play right now, but I believe the tailwinds from the company's U.S. exposure make the stock worthwhile at current valuations.

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Author

joefrenette

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