



3 “Dirty-Work” Stocks With Filthy-Rich, Long-Term Upside

Description

There are dirty jobs out there, and somebody’s got to do them!

While businesses operating within such “gross” industries may be unappealing to investors, their growth outlook and fundamentals couldn’t be more attractive, especially to Buffettarian investors (those who follow Buffett’s principles closely), who are all about “unsexy” plays that ultimately lead to very “sexy” long-term profits.

Without further ado, here are three “dirty-work” stocks that investors may wish to scoop up today:

Waste Connections Inc. ([TSX:WCN](#))([NYSE:WCN](#))

Trash collection is arguably the most unsexy business you could think of, but its services are vital, and it’s been shown through decades that it’s a relatively low-risk way to profit profoundly over the long haul.

With such a name in your portfolio, you need not fear a recession. Cash flows will be minimally impacted, as the company continues to provide essential services to the communities it serves.

The stock currently trades at a 23.5 forward P/E, a 3.3 P/B, a 4.4 P/S, and a 17.1 P/CF. There’s no question that it’s a premium price tag, but given the defensive growth nature of the business, I think the premium is worth paying for, especially if shares get hit by a market-wide pullback.

It’s a smart-beta stock with low volatility and considerable long-term upside momentum that can offer long-term investors a handsome reward relative to the risks taken on.

Badger Daylighting Inc. (TSX:BAD)

Here’s another firm that offers “dirty work” services to its clients.

For those unfamiliar with the company, Badger engages in non-destructive excavation using its fleet of hydrovac-equipped trucks. In layman terms, the company digs holes to either expose buried

infrastructure to the light of day or to provide a means to layout infrastructure that's on a to-be-installed basis.

The company was under fire after short seller Marc Cohodes attacked the company with accounting allegations that have since been shown to be baseless.

At these levels, Badger looks like a smart way for investors to play an increase in infrastructure spending that comes with a strengthening U.S. and Canadian economies.

K-Bro Linen Inc. ([TSX:KBL](#))

Lastly, K-Bro Linen is probably a name you've never heard before. The company provides laundry and linen services for hotels, hospitality services, hospitals, seniors residences and healthcare providers across Canada.

The company has massive amounts of dirty laundry that it cleans for a wide range of clients. As you'd imagine, all those soiled sheets need to be brought to an industrial-grade laundry machine to be cleaned. For many of K-Bro's clients, it makes more economic sense to ship dirty laundry to a "massive laundromat" than to clean it all with internal operations.

Once K-Bro wins the business of a client, a consistent stream of business is received. The company offers a necessary albeit "unsexy" service, and given recent insider buying activities, investors may want to initiate a position of their own while the stock remains depressed.

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2. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
3. TSX:KBL (K-Bro Linen Inc.)
4. TSX:WCN (Waste Connections)

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