



Don't Waste This Opportunity for Long-Term Riches

Description

Investors shopping for income-producing investments look first and foremost at the yield being offered, often dismissing other factors that could make the stock an incredible long-term investment option.

That's exactly the opportunity posed to investors considering **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)).

Let's take a moment to talk a little about what Waste Connections can offer your portfolio.

Meet Waste Connections

As the name implies, Waste Connections provides waste removal and recycling services to both residential and commercial customers, serving a growing network of millions of customers scattered across both the U.S. and Canada. As the old adage goes, "one man's trash is another man's treasure."

Waste can be an [incredibly lucrative business](#), and Waste Connections has used its growing muscle to acquire a number of smaller players over the years and expand its footprint. Just a little over 20 years ago, the company counted on just \$7 million in revenue and with operations in just two states. Today, that network consists of 39 U.S. states and the District of Columbia as well as five provinces here in Canada.

That growing network of customers has resulted in Waste Connections continuously providing strong results to investors with each passing quarter. The most recent earnings report was released last month, and Waste Connections once again continued to impress.

Revenue for the fourth quarter of 2018 came in at US\$1.262 billion, surpassing the US\$1.157 billion reported in the same quarter last year. Operating income for the quarter came in at US\$200 million in the quarter, handily beating the US\$175 million reported in the prior period.

In terms of net earnings, Waste Connections realized US\$132.5 million, or US\$0.50 per share, which came in lower than the US\$315.1 million or US\$1.19 per share reported last year, but the earnings

report from the prior period included a US\$209.4 million tax benefit as a result of changes implemented as a result of the 2017 Tax Cuts and Jobs Act.

On an adjusted basis, net income came in at US\$166.2 million, or US\$0.63 per share, reflecting a handsome 21.2% per share increase over the prior period.

What about the dividend?

Waste Connections offers investors quarterly distribution that currently works out to a yield of 0.76%. While that may sound like a paltry amount more akin to a rounding error, there is a silver lining for investors to take into account, particularly those investors that are looking for [income-producing investments](#) that are defensive in nature.

Specifically, the dividend has been increasing at impressive rates over the past few years. By way of example, in 2016, Waste Connection's dividend witnessed 24% growth. In the following year, the company realized a further 17% growth in 2017 and another 16% hike was reported last year. Considering the most recent quarterly update and year-over-year growth with a low payout level near 25%, investors can expect similar double-digit growth to follow this year.

Don't just take my word on that. Remember that superb growth I mentioned above? Much of that stems from expanding into secondary markets around the continents where there is limited competition, which, as we've seen with other companies that operate in limited-competition markets, is increasingly good for investors.

In terms of performance, year to date, Waste Connections has surged nearly 12%, and those gains extend to well over 20% when viewing the performance of the stock over the trailing 12-month period.

CATEGORY

1. Dividend Stocks
2. Investing

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