



## Turn Your Trash Into Cash With This Top Stock

### Description

We live in a world of consumption. The more products we buy, the more waste we produce. If you are wondering how to [profit from the situation](#), the answer is simple — invest in companies that are relied upon to manage our waste. Case in point: **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)).

Waste Connections is one of the largest waste services companies. It provides waste collection, transfer, disposal, and recycling services on both sides of the border. As of end of fiscal 2018, the company operated approximately 280 waste collection facilities, including landfills, recycling depots, liquid waste injection wells, and waste treatment and oil recover facilities.

There is no better waste management investment on the TSX Index.

### Double-digit growth

One of the most attractive aspects of the company is its [rapid growth rate](#). Over the past five years, its stock price has shot up 227%! This is an average rate of 45% annually. The company's outperformance is not surprising.

Since 2014, it has more than doubled revenue and net income. As of end of 2018, operating cash flow jumped from \$550 million to \$1.51 billion and free cash flow (FCF) rose from \$303 million to \$865 million. Management expects achieve \$950 million in FCF by the end of 2019.

Although growth is expected to slow, there is plenty to be excited about. Analysts expect organic earnings per-share growth of approximately 12% on average through 2020. Likewise, revenue is expected to grow at a high single-digit pace. There is also reason to believe that estimates are on the low side. Why? Waste Connections has beat estimates every quarter for the past three years.

Why did I specify organic growth earlier? The sector is highly fragmented, and the company is not averse to making acquisitions. The company generates a significant amount of cash flow and is well positioned to be a leading consolidator. In the first few months of 2019, Waste Connections has already signed or closed on several acquisitions that will add \$100 million to the company's top line.

## Steady income

Waste Connections is a Canadian Dividend Aristocrat with a nine-year dividend-growth streak. At first glance, the yield (below 1%) may turn investors away. Unfortunately, you risk losing out on a viable income play. For starters, the company's yield is low because its share price has skyrocketed. This isn't a bad thing!

Secondly, the company is growing its dividend by double digits. Over the past one-, three-, and five-year time frames, it has averaged 16% dividend growth. This is one of the highest and most consistent dividend-growth rates on the TSX. At this rate, investors can double their income in less than five years. Not many stocks provide this level of income growth.

## Foolish takeaway

Waste Connections is uniquely positioned to take advantage of consumerism. Given its size and presence in both the U.S. and Canada, it is an industry leader, which provides it with a significant moat. It is a competitive advantage that is not easy to duplicate.

This industry leader is well liked by the market. There are 12 analysts that rate the company a *buy* and a lone outlier ranks it a *hold*. Management has an excellent track record of achieving targets, and it is on pace to once again meet or exceed the company outlook in 2019. There is no better play in the industry.

### CATEGORY

1. Dividend Stocks
2. Investing

### POST TAG

1. Editor's Choice

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