



Why This Fascinating IPO Just Got Even More Exciting

Description

The news that **SNC-Lavalin** (TSX:SNC) will be [pulling out of lump-sum construction contracting](#) may have just given a soon-to-IPO company a potential boost — though the market may not have realized it yet. SNC-Lavalin has announced that it will be focusing on engineering and shifting away from construction and oil operations, which will be sectioned off into their own business line. The stock is down 9.5% on the news.

This Canadian IPO could make early investors rich

The IPO in question is GFL Environmental. With its “green for life” philosophy, you’ve probably seen its lime green trucks around your neighbourhood going about the business of collecting trash and assisting in construction projects such as excavation, demolition, and foundation laying. With SNC-Lavalin withdrawing from the turnkey construction space, a slice of market share is potentially up for grabs right at a time when the waste industry is booming.

GFL Environmental is also active in soil remediation and provides a HAZMAT emergency response service — two niche sectors which help to diversify the company’s business operations and reduce risk to future shareholders. Given its impressive presence in the waste management sector, [its stock is sure to be popular once it debuts on the TSX](#). It’s sure to make headlines, that’s for sure: a US\$1.5 billion IPO would be the biggest in the country since 2014.

Another company whose market share may just have increased passively thanks to SNC-Lavalin’s restructuring of future construction operations is **Badger Daylighting**. However, because of Badger Daylighting’s use of the innovative custom-built Badger Hydrovac trucks (Badgers) — the only company with access to them — the news may not have much of an impact on its share price. Indeed, the stock is down by almost a percentage point at the time of writing.

Whether the restructuring of SNC-Lavalin’s construction operations — or even its eventual cessation — really has an effect on other Canadian construction stocks is open to interpretation, but its withdrawal would theoretically leave a clearer playing field for other Canadian operators in this space. The bottom line is that every other construction operator automatically gets a wider moat whenever a

competitor — even an indirect one — gives up its market share.

We touched on the booming waste industry a moment ago: **Waste Connections** has tripled since 2011, for instance, which would have made an investor who's held its stock since then seriously wealthy, depending on their position. GFL Environmental looks like it could easily do the same — or better — given its standing as the fourth-largest operator in this space. Look to its 135,000 business customers for a sense of its sheer size, with four million households served in Canada and 23 U.S. states.

The bottom line

While no share price has been identified just yet, nor the number of shares up for grabs, investors should keep a keen eye out GFL Environmental, as it's likely to be making headlines in the near future. Could its stock make a TSX investor rich? The signs are pointing to a big "Yes," with Waste Connections being a sound example of how high the price tag could climb.

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