



Canadian Retirees: Top TSX Defensive Stock to Buy Amid Market Crash

Description

What would you look for in a defensive stock? Stable earnings, consistent dividends, and less volatility compared to broader markets. If a stock holds these merits, then some of us might not bother if it produces average returns. However, the stock I'm covering offers all of the above.

Top **TSX** stock **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)) offers earnings and dividend stability, along with above-average growth potential. This defensive stock has more than doubled in the last five years, notably beating the broader markets.

Waste Connections

Waste Connections is a \$28 billion Canadian company that provides integrated solid waste related services. It is the third-biggest waste management company in North America and generates 85% of sales from the US.

Considering the bleak picture for the future driven by the pandemic and its economic repercussions, Waste Connections is an attractive investment proposition. Even in a recession, the company's topline will remain secure.

The company has opted for inorganic growth in order to grow its top line in the last few years. It has been buying smaller, regional waste management companies to expand footprint and revenue.

In 2019, the company reported total revenues of \$5.4 billion compared to \$4.9 billion in 2018, indicating an increase of more than 10% YoY.

Its earnings grew by 8% year over year. Waste Connections has been consistent with its earnings and cash flows for the last several years. It also has a healthy balance sheet with a solid cash position to tackle the tough times.

Stable and visible earnings growth

The management aims for an adjusted free cash flow of around \$1 billion in 2020, which represents a 10% increase compared to 2019. Management's guidance may get revised downward given the lost business during the lockdowns, particularly with its commercial segment. However, the impact could be limited, and the residential segment might compensate to some extent.

Waste Connections has increased its dividends for the last nine consecutive years. That became possible mainly due to its stable earnings growth and visibility. It currently offers a yield of approximately 1%, way below equities at large.

However, its consistent payouts and a room for dividend growth makes are [worth considering for income-seeking investors](#).

Valuation

The recent correction has made Waste Connections stock look relatively better in terms of valuation. It is trading at a price-to-earnings ratio of 35 times based on its next 12-month estimated earnings. However, its five-year historical average valuation multiple comes around similar levels.

This indicates that the stock is at a fair valuation in terms of historical trends. But when compared to broader markets and its earnings growth, the stock looks to be trading at a premium.

Waste Connections stock is currently trading close to its 15-month low levels. The stock is more suitable for retirees as they would be looking for safety and stable growth.

Also, Waste connections stock has stayed relatively firm compared to the weakness **TSX Composite** exhibited since last month.

Investors might continue to take shelter in defensive stocks such as Waste Connections, mainly due to its recession-proof business and stable earnings.

Its significant market share and noteworthy scale, along with solid fundamentals, make it [an attractive investment proposition for long-term investors](#).

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. NYSE:WCN (Waste Connections)
2. TSX:WCN (Waste Connections)

PARTNER-FEEDS

1. Business Insider

2. Msn
3. Newscred
4. Sharewise

Category

1. Investing
2. Top TSX Stocks

Date

2025/08/23

Date Created

2020/03/30

Author

vinitkularni20

default watermark

default watermark