



Value Investors: 1 Recession-Proof Business to Own

Description

GFL Environmental ([TSX:GFL](#))([NYSE:GFL](#)) operates as a [diversified environmental services](#) company in Canada and the United States. The company offers non-hazardous solid waste management, infrastructure and soil remediation, and liquid waste management services.

The company's solid waste management business line includes the collection, and disposal of non-hazardous solid waste for municipal, residential, and commercial and industrial customers. The company's infrastructure and soil remediation business line provides remediation of contaminated soils and GFL's liquid waste management business collects, and disposes of a range of industrial and commercial liquid wastes.

Durable economic moat

In each of the company's markets, GFL's [strong competitive position](#) is supported by the significant capital investment that would be required to replicate the company's valuable network infrastructure and asset base. GFL's business is well diversified across business lines, geography and service type, allowing it to maintain strong revenue growth across macroeconomic cycles. GFL generates 52% of revenue from United States (U.S.) operations and 48% of revenue from the company's Canadian operations.

GFL leverages the company's platform to pursue new business opportunities and generate network efficiencies by extending GFL's geographic footprint and increasing regional density across business lines. The company is led by a team of highly experienced and entrepreneurial executives who have instilled a results-oriented, entrepreneurial culture that emphasizes operational excellence and sustainability.

High return-on-capital

The company has adopted a decentralized operating structure and gives operational oversight to the company's regional business leaders. This model is advantageous given the regional and fragmented

nature of the markets in which GFL operates in and the relationship-based approach to the company's acquisition strategy.

Furthermore, GFL's operating structure provides employees with a greater sense of ownership, which drives the efficiency and profitability of the company's business and provides GFL with insight into the sustainable solutions and services that matter most to customers, enhancing the company's return on capital and results in revenue growth.

Strong revenue growth

GFL is focused on generating strong, stable organic growth and generating free cash flow by serving customers' demand for all of the environmental solutions that it offers and by attracting new customers.

GFL's continued success will depend on the company's ability to further enhance and leverage this diversification, a key component of which is the company's ability to offer customers a comprehensive service offering across all business lines. GFL should be able to expand the company's service offerings into new geographic markets and extend the company's geographic footprint to increase regional density.

Predictable and recurring earnings

The revenue generated from the company's solid and liquid waste management operations is predictable and recurring in nature as a result of the stability of waste generation. GFL has historically demonstrated a strong track record of winning renewals or extensions of existing contracts with municipal customers and winning repeat business with major infrastructure, soil remediation and liquid waste customers.

Since inception, the company's management team has built a platform that positions it well for continued growth, margin expansion and strong free cash flow generation. GFL is focused on creating long term value for all stakeholders by executing on a robust growth strategy.

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Author

nikhilwaterloo

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