



## Why I'd Buy Waste Connections (TSX:WCN) Stock After its Q3 Earnings

### Description

**Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)) released its September quarter earnings report on Wednesday evening. While the company's revenue continued to beat analysts' estimates for the fourth consecutive quarter, its adjusted earnings stood higher than Street's expectations for the sixth quarter in a row. In this article, I'll discuss whether or not Waste Connections stock is worth adding to your portfolio for the long term after these results. But first, let's dive deeper into the latest trends in its financials.

### Waste Connections's Q3 earnings

In the third quarter, Waste Connections's total revenue [stood](#) at US\$1.6 billion — up 15% from a year ago and also higher than its revenue of US\$1.5 billion in the previous quarter. With the help of improved solid waste prices and rising volume, the company also reported a strong 11.3% YoY (year-over-year) organic growth in the last quarter. This organic growth helped Waste Connections drive its adjusted EBITDA higher by about 17% for the quarter to US\$506 million. In Q3, its adjusted EBITDA margin also expanded to 31.7% compared to 31.1% a year ago and 31.6% in the previous quarter.

The waste management company's adjusted earnings rose by 23.6% YoY in Q3 2021 to US\$0.89 per share. Its latest quarterly earnings figure was about 5% better compared to analysts' estimates.

### Increased dividend and 2021 outlook

In the second and third quarters of 2020, Waste Connections faced several pandemic-driven operational challenges. These challenges affected its revenue growth trend last year, as it rose by only 1% in 2020. Nonetheless, its revenue-growth rate seems to be back on track much faster than expected this year. In the first three quarters of 2021 combined, the company's total revenue has gone up by 11.8% YoY to slightly more than US\$4.5 billion.

This strong growth has encouraged Waste Connections's management to increase its 2021 financial outlook. Now, it expects 2021 revenue to be around \$6.110 billion compared to its earlier guidance of

\$5.975 billion. Similarly, the company raised its adjusted EBITDA guidance for 2021 to \$1.910 billion from its earlier guidance of \$1.875 billion.

Moreover, Waste Connections announced a 12.2% increase in its quarterly dividend on the day of its Q3 earnings event to US\$0.23 per share from US\$0.205 per share earlier. Previously, the company raised its dividend per share in Q4 2020 to about US\$0.21 from US\$0.19, despite facing global pandemic-related challenges.

## Why I'd buy WCN stock now

If you don't know it already, Waste Connections's shares have consistently delivered double-digit positive returns for the last six years (including 2021). In October so far, WCN stock hasn't seen much appreciation. Nonetheless, the stock is continuing to outperform the broader market on a year-to-date basis, as it has risen by 24.3% compared to about a 20% rise in the **TSX Composite** benchmark.

While many investors may not find its dividend yield very attractive, its consistent earnings and dividend growth, along with a great track record of delivering handsome returns to investors, make WCN stock [worth investing](#) in for the long term.

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