



Why Waste Connections Stock Soared 32% in 2021

Description

Waste Connections ([TSX:WCN](#))([NYSE:WCN](#)) stock continued to soar for the sixth straight year in 2021. The stock inched up by 32.1% last year to \$172.40 per share to outperform the broader market. By comparison, the **TSX Composite Index** ended the year with 21.7% advances.

In this article, I'll highlight some key reasons why the shares of Waste Connections traded on a bullish note last year and what makes its stock worth adding to your portfolio.

Waste Connections stock

Waste Connections is one of the biggest solid waste services firms in North America, with its headquarters in Woodbridge, Ontario. The company primarily focuses on providing waste collection, disposal, and recycling services and currently has a market cap of \$43.5 billion.

The waste services company's financials have seen steady growth in the last few years with growing awareness about the positive environmental impacts of proper waste disposal and recycling. However, shelter-in-place orders during the COVID-19 phase affected its solid waste commercial collection, transfer, and disposal activities, hurting its financial growth rate.

Waste Connections still managed to report a minor 1% YoY (year-over-year) increase in its total revenue to US\$5.4 billion in 2020. However, the company's adjusted net profit fell by 3.3% YoY to about US\$696 million, as its margin also shrunk. WCN reported an adjusted net profit margin of 12.8% in 2020, lower than 13.4% in the previous year.

Moving into 2021, easing pandemic-related restrictions helped the company post strong YoY growth in its top as well as the bottom line. In its latest reported quarter ended in September 2021, its total revenue [rose](#) by about 15% YoY to US\$1.6 billion. Its strengthening resource recovery values and acquisition activity also drove its adjusted earnings up by 23.6% YoY to US\$0.89 per share. Similarly, these factors helped the company post a strong 14.6% adjusted net profit margin for the quarter — higher than 13.6% in the third quarter of 2020.

Overall, its sooner than expected financial recovery could be responsible for boosting investors' confidence and driving WCN stock higher in 2021.

Is WCN stock worth buying in 2022?

One key factor that makes WCN stock very reliable is its well-diversified revenue streams within the waste services industry. In 2020, the company's 30% total revenue came from its commercial segment, while its residential and landfill segments accounted for nearly 28% and 21% of the revenue, respectively.

If you're looking to invest in a high-growth stock that could [multiply your money in a very short period of time](#) (even if it involves some downside risks), then probably WCN stock isn't for you. But if you prefer to invest your hard-earned money in a reliable company instead that could consistently deliver impressive returns on your investments, you should definitely consider buying Waste Connections stock.

Interestingly, this Canadian stock has delivered positive returns in nine out of the last 10 years with the help of consistent growth in its earnings. I expect its earnings-growth rate to improve further in the coming years, as the demand for waste management services rises amid growing environmental concerns.

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