



## This Stock Looks Like Garbage, But it's Actually Amazing

### Description

Canadian investors may rightly be on edge right now. There's a lot going on in the world from the Russia/Ukraine conflict to rising interest rates and surging inflation.

That said, there are also companies out there that are relatively immune to many of these concerns. One such company I've got on my radar right now is **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)).

Let's dive into why investors may want to consider Waste Connections in this time of uncertainty right now.

### Positive outlook among analysts

Waste Connections is one of the biggest providers of garbage collection, disposal, recycling services in the U.S. and Canada. This company also provides various landfilling services.

Waste Connections's business model is one that many long-term investors like due to the company's consolidation strategy over time. Focusing on smaller cities and towns, Waste Connections has been able to earn [higher returns](#) than its peers in recent years.

This has resulted in a surging stock price and a relatively impressive valuation. Trading at [57 times earnings](#), this is a company that's certainly not cheap. However, analysts remain bullish on this stock, given the company's environmental focus and strong fundamentals. Additionally, a positive work culture and a focus on well-being and safety make this company worth checking out. Waste Connections is a stock that many experts believe has a durable competitive advantage — a big plus for long-term investors.

### Increased profit for Q4

Waste Connections recently posted impressive fourth-quarter financial results. The company brought in substantially higher profits on a year-over-year basis. In fact, the company's adjusted earnings for

the quarter stood at \$0.83 per share as compared to \$0.68 per share a year ago. This translates to an impressive 22.1% year-over-year rise.

Interestingly, the company managed to surpass its consensus EPS estimates four times over the past four quarters. Waste Connections registered revenue of \$1.62 billion for the fourth quarter. This represents 16.2% year-over-year growth — something growth investors like to see.

Of this increase, approximately \$80 million was attributable to recent acquisitions. As the company continues to consolidate this fragmented industry, much more growth is likely on the horizon.

## Final word

As a long-term growth by acquisition play, Waste Connections is worth considering. As a defensive stock, relatively immune to macro forces, there's also a lot to like. In short, this stock is an expensive one for a reason and a core holding of many investors. Those taking the long view of the market may want to make an allocation toward defensive growth via WCN stock.

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