# Waste Connections, Inc. (WCN)

*Updated October 22nd, 2025 by Nikolaos Sismanis*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $174 | **5 Year Annual Expected Total Return:** | 10.0% | **Market Cap:** | $44.7 B |
| **Fair Value Price:** | $147 | **5 Year Growth Estimate:** | 13.0% | **Ex-Dividend Date:** | 11/05/2025 |
| **% Fair Value:** | 118% | **5 Year Valuation Multiple Estimate:** | -3.3% | **Dividend Payment Date:** | 11/20/2025 |
| **Dividend Yield:** | 0.8% | **5 Year Price Target** | $270 | **Years Of Dividend Growth:** | 17 |
| **Dividend Risk Score:** | A | **Sector:** | Industrials | **Rating:** | Hold |

## Overview & Current Events

Waste Connections is the third largest solid waste services company in North America. It provides non-hazardous waste collection, transfer and disposal services, including by rail, along with resource recovery mainly through recycling and renewable fuels generation in 44 U.S. states and six provinces in Canada. It also provides non-hazardous oil and natural gas exploration and production, waste treatment, recovery and disposal services in several basins across North America. Finally, it offers intermodal services for the movement of cargo and solid waste containers in the Pacific Northwest. Waste Connection generated $8.9 billion in revenue last year, and is headquartered in Ontario, Canada.

On October 21st, 2025, Waste Connections raised its dividend by 11.1% to a quarterly rate of $0.35.

On the same day, Waste Connections released its Q3 results for the period ending September 30th, 2025. The company continued to execute strongly, with solid waste margin expansion driven by disciplined pricing, cost management, and improved operating efficiency.

Core pricing growth of 6.3% supported overall resilience despite volume pressures and softer recycling performance. Acquisitions added approximately $76.6 million in revenue during the quarter, contributing to total revenue of $2.46 billion, up 5.1% year-over-year. Through operational improvements and scale benefits, the company achieved an adjusted EBITDA margin of 33.8%, representing a 10-basis-point increase from last year. Adjusted net income was $372.0 million, up 6.3% year-over-year, while adjusted EPS came in at $1.44.

Year to date, Waste Connections has completed/announced acquisitions representing about $300 million in annualized revenue. Management reaffirmed its full-year 2025 outlook, maintaining expectations for revenues of approximately $9.45 billion and an adjusted EBITDA margin of about 33.0%. Based on this outlook and its ongoing performance trajectory, we still expect that Waste Connections will post adjusted earnings-per-share of about $5.24 in FY2025. Note that all past figures are on a GAAP basis.

## Growth on a Per-Share Basis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EPS | ($0.52) | $1.07 | $2.10 | $2.07 | $2.15 | $0.78 | $2.37 | $3.25 | $2.96 | $2.39 | ***$5.24*** | ***$9.65*** |
| DPS | $0.36 | $0.41 | $0.50 | $0.58 | $0.67 | $0.76 | $0.85 | $0.98 | $1.05 | $1.17 | ***$1.40*** | ***$2.36*** |
| Shares[1] | 185.2 | 230.3 | 263.7 | 263.7 | 263.8 | 263.2 | 261.2 | 257.4 | 257.6 | 258.0 | ***257.1*** | ***265.0*** |

Waste Connections has managed to grow its earnings-per-share rapidly in recent years. Growth has averaged in the double-digits, which also holds true for its dividend, now spanning 17 years of consecutive increases. The company's growth is being fueled by continuous expansion of market penetration and customer growth, as well as by upselling additional waste management services to existing clients. Strong pricing power is another excellent growth driver.

Moreover, the company pursues growth through acquisitions, targeting markets ripe for expansion or consolidation. For instance, last April Waste Connections bought the previously publicly-traded Secure Energy Services. With this Waste Connections got access to a portfolio of 30 energy waste treatment and disposal facilities in Western Canada to further

[1] Share count is in millions.

*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*

expand its foot print. In fact, 2024 was a record year of private company acquisitions which added about $750 million in annualized revenue.

We believe that the company's tried-and-true strategy will continue to yield strong growth in financials over time. Thus, we project annualized growth of 13% in Waste Connections' earnings-per-share and 11% in dividend-per-share through 2030.

## Valuation Analysis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Now | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Avg. P/E** | --- | --- | 26.9 | 33.7 | 38.5 | --- | 47.4 | 40.0 | 46.1 | --- | ***32.2*** | ***28.0*** |
| **Avg. Yld.** | --- | --- | 0.9% | 0.8% | 0.8% | 0.8% | 0.8% | 0.8% | 0.8% | 0.7% | ***0.8%*** | ***0.9%*** |

Waste Connections' P/E has historically hovered at hefty levels. This is due a few factors. First, as a waste management company, it benefits from key qualities that ensure its long-term prosperity. It operates in an oligopolistic industry that has seen consistent consolidation. Along with its cash flows being driven by long-term contracts, including periodic rate hikes, investors have been willing to pay a premium for its quite predictable growth prospects. Also, its GAAP earnings tend to include high amortization of intangibles, further inflating the stock's P/E on paper. Moving forward, we do see the potential of a modest valuation compression from here as the company matures, but still expect a premium price tag. The yield is quite thin, though the dividend has ample room to grow.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Payout** | --- | 38% | 24% | 28% | 31% | 97% | 36% | 30% | 35% | 49% | ***27%*** | ***24%*** |

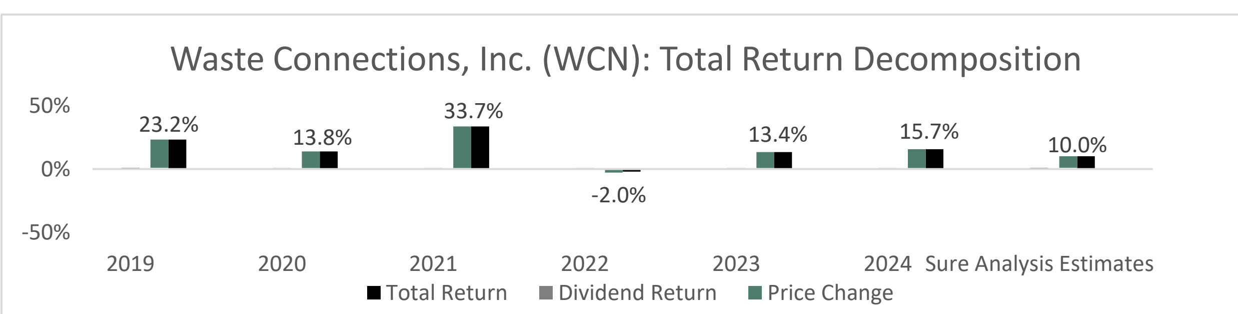
Waste Connections features several qualities. As is the case with its two larger peers, Waste Management and Republic Services, the company thrives in an oligopolistic market, having significant pricing power and facing minimal immediate competitive pressures. Further, the company aims to secure additional exclusive arrangements, leveraging franchise agreements, municipal contracts, and governmental certificates to establish barriers to entry. Along with the inherently recession-proof nature of the waste management industry, Waste Connections enjoys highly predictable cash flows.

For this reason, we believe the company's dividend is rather safe, and that there is overall little volatility involved in the company's investment case. One noteworthy risk revolves around the company's $8.84 billion net debt position. Still, it is backed by hard assets, while interest payments remain well-covered.

## Final Thoughts & Recommendation

Waste Connections displays a strong track record of growth, which has translated into market-beating returns over an extended number of years. Its proven growth strategy, along with the several qualities attached to its business model, are likely to keep yielding strong growth. We project annualized returns of 10.0% through 2030, as solid earnings growth and any further returns from the dividend could be offset by a strong valuation headwind. The stock earns a hold rating.

## Total Return Breakdown by Year

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## Income Statement Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 2,117 | 3,376 | 4,630 | 4,923 | 5,389 | 5,446 | 6,151 | 7,212 | 8,022 | 8,920 |
| Gross Profit | 940 | 1,418 | 1,926 | 2,057 | 2,190 | 2,169 | 2,497 | 2,876 | 3,277 | 3,728 |
| Gross Margin | 44.4% | 42.0% | 41.6% | 41.8% | 40.6% | 39.8% | 40.6% | 39.9% | 40.9% | 41.8% |
| SG&A Exp. | 237 | 474 | 510 | 524 | 546 | 538 | 612 | 696 | 799 | 883 |
| D&A Exp. | 269 | 464 | 632 | 680 | 744 | 752 | 813 | 919 | 1,003 | 1,164 |
| Operating Profit | 433 | 480 | 784 | 852 | 900 | 879 | 1,072 | 1,260 | 1,475 | 1,681 |
| Operating Margin | 20.4% | 14.2% | 16.9% | 17.3% | 16.7% | 16.1% | 17.4% | 17.5% | 18.4% | 18.8% |
| Net Profit | (96) | 247 | 577 | 547 | 567 | 205 | 618 | 836 | 763 | 618 |
| Net Margin | -4.5% | 7.3% | 12.5% | 11.1% | 10.5% | 3.8% | 10.0% | 11.6% | 9.5% | 6.9% |
| Free Cash Flow | 338 | 451 | 708 | 865 | 874 | 744 | 954 | 1,110 | 1,193 | 1,173 |
| Income Tax | (32) | 114 | (69) | 160 | 139 | 50 | 152 | 213 | 221 | 146 |

## Balance Sheet Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 5,122 | 11,104 | 12,015 | 12,627 | 13,738 | 13,992 | 14,700 | 17,135 | 17,916 | 19,820 |
| Cash & Equivalents | 11 | 154 | 434 | 319 | 327 | 617 | 147 | 79 | 78 | 62 |
| Accounts Receivable | 255 | 485 | 554 | 610 | 663 | 630 | 710 | 834 | 857 | 935 |
| Inventories | --- | --- | --- | --- | --- | 37 | 44 | 55 | 62 | 71 |
| Goodwill & Int. Ass. | 1,934 | 5,457 | 5,769 | 6,160 | 6,674 | 6,882 | 7,538 | 8,576 | 9,008 | 9,942 |
| Total Liabilities | 3,130 | 5,449 | 5,741 | 6,167 | 6,799 | 7,129 | 7,706 | 10,021 | 10,218 | 11,960 |
| Accounts Payable | 115 | 251 | 331 | 360 | 437 | 291 | 393 | 639 | 642 | 637 |
| Long-Term Debt | 2,149 | 3,618 | 3,911 | 4,155 | 4,354 | 4,717 | 5,047 | 6,897 | 6,751 | 8,081 |
| Shareholder's Equity | 1,985 | 5,648 | 6,269 | 6,455 | 6,934 | 6,859 | 6,989 | 7,109 | 7,693 | 7,860 |
| LTD/E Ratio | 1.08 | 0.64 | 0.62 | 0.64 | 0.63 | 0.69 | 0.72 | 0.97 | 0.88 | 1.03 |

## Profitability & Per Share Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | -1.8% | 3.0% | 5.0% | 4.4% | 4.3% | 1.5% | 4.3% | 5.3% | 4.4% | 3.3% |
| Return on Equity | -4.5% | 6.4% | 9.7% | 8.6% | 8.5% | 3.0% | 8.9% | 11.8% | 10.3% | 7.9% |
| ROIC | -2.3% | 3.7% | 5.9% | 5.3% | 5.2% | 1.8% | 5.2% | 6.4% | 5.4% | 4.1% |
| Shares Out. | 185.2 | 230.3 | 263.7 | 263.7 | 263.8 | 263.2 | 261.2 | 257.4 | 257.6 | 259 |
| Revenue/Share | 11.43 | 14.61 | 17.52 | 18.62 | 20.37 | 20.65 | 23.50 | 27.95 | 31.07 | 34.48 |
| FCF/Share | 1.83 | 1.95 | 2.68 | 3.27 | 3.31 | 2.82 | 3.64 | 4.30 | 4.62 | 4.54 |

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.*