



Uncovering Intriguing Opportunities in Landfills

Visiting a waste landfill or recycling facility may not be the most pleasant part of his job, but as a T. Rowe Price investment professional following the waste management industry, Vivek Rajeswaran finds it a good use of his time.

“They smell terrible,” he says, “but it’s pretty impressive to see the process, and it’s helpful to put a visual to the data you have been analyzing. It’s one thing to talk about whether sales and profit margins will grow, but it’s another to see all the materials and equipment that go into operating these facilities and the wear and tear that the trucks go through every day. Visiting these sites gives you a better understanding of the process and what’s happening beyond the numbers.”

Going Beyond the Numbers Reveals the Full Story

At T. Rowe Price, our investment approach is to go beyond the numbers when evaluating what companies may offer the best future potential. By getting out into the field, we gain insights and a deeper understanding of where a company or industry stands and where it could go in the future.

Vivek spends more than a quarter of his time visiting companies and their facilities; talking with midlevel managers as well as top management; observing a company’s key operations first-hand; attending trade shows to gain insights from competitors, customers, and suppliers; and meeting private



Talking with
Vivek Rajeswaran

Investment Professional, Industrial Services Industry, T. Rowe Price

companies to assess possible disruption to incumbents in an industry.

“I could not do this job nearly as effectively if I had to do it just from the office,” he says. “The point is to get a differentiated view than the market. Many analysts sit at their desk, look at corporate filings, and maybe meet the CEO and CFO at a conference. You can’t get insights on a company’s potential threats or even their opportunities from reading a report. We spend a lot of time doing rigorous field research, and that is where a lot of value is added.”

Field Research Yields Deeper Insight

Waste Connections is a large solid waste treatment and recycling company based in Ontario, Canada. The company operates in markets with little competition. It efficiently integrates waste collection, disposal, and recycling operations. It is also known for maintaining high safety standards.

T. Rowe Price has been a longtime investor in the company, but on one of his many trips to visit with management Vivek explored how the company was

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executing on its expansion into the energy waste business. What he found made him skeptical.

“I visited a bunch of remote energy landfills and learned that the barriers to entry in that business were lower than expected. A lot of new energy landfill capacity came on line at a time when demand fell off due to the collapse in oil prices. So we trimmed our position at that point to avoid a meaningful drop in that business’s profits. After that scenario played out, we began reinvesting in the company two years later. By that time, energy waste had become a smaller part

of its business and the traditional waste business was undergoing consolidation. Waste Connections took advantage by buying one of its largest competitors. The company did a terrific job on that deal and has been a good investment for our clients.”

Vivek says his process is intended to “create a mosaic—marrying what you learn from private companies, being out in the field, and meeting with midlevel managers with your own analysis and knowledge of economic frameworks to form a view on the stock.”

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