

Why You Should Add Alimentation Couche-Tard Inc. to Your Portfolio

Description

Even if you haven't heard of **Alimentation Couche-Tard Inc.** (TSX:ATD.B) before, you've probably bought something or filled up at one of its locations. Couche-Tard is one of the world's largest operators of convenience stores and gas stations, with over 13,000 locations, 6,000 of which are located across all 10 provinces and in 41 states.

Couche-Tard's brand line includes well-known convenience outlets such as Mac's, Daisy Mart, Becker's, On the run, and Circle K.

While the brands under its banner and the sheer number of markets served are impressive, there are more compelling reasons why this is *the* company that should be part of your long-term portfolio.

Growth in numbers

When it comes down to the numbers, Couche-Tard is nothing short of remarkable. It has outperformed the market for 2015, and as the price of gas slowly creeps back up, the expectation is that profits from Couche-Tard's gas stations will rise as well.

With respect to those growing numbers, take a moment and look at the growth of this stock over time — the numbers are quite impressive.

- 1-month change: 12%
- 6-month change: 15%
- 1-year change: 75%
- 5-year change: 750%

In terms of how this translates to the bottom line, Couche-Tard has now recorded *six consecutive years of record earnings*. By way of example, during the last quarter, it reported a gross profit of \$1.53 billion —an increase of over 5% compared to prior results.

Still need convincing? Couche-Tard is not done expanding yet.

Further expansion

There are no signs of that the explosive growth will be slowing. Company founder Alain Bouchard stated last year that the number of retail locations can be doubled by 2023. This seems like a daunting task for any company, but all signs show that Couche-Tard is moving towards that goal.

Earlier this year Couche-Tard completed the purchase of North Carolina-based The Pantry, Inc. for \$860 million in cash, adding another 1,500 locations to its existing North American footprint.

These new locations are currently branded under yet another brand line, Kangaroo Express, but will soon be re-branded under the Circle K banner.

Room to grow further

With the stock up 750% over the past five years and currently sitting near its 52-week high, it continues to remain a good option. Investment analysts seem to agree, as the price target has been raised to \$56 or in some cases, even higher to \$60.

With respect to dividends, the most recent quarterly dividend distribution amounted to \$0.04 per share, and the next quarterly update is slated for July 14.

As it stands now, in my opinion, there are fewer long-term options this attractive for your portfolio.

CATEGORY

1. Investing

Category

1. Investing

Date

2025/08/02

Date Created

2015/06/23

Author

dafxentiou

default watermark

default watermark