

Buy Alimentation Couche-Tard Inc. and Fuel Your Portfolio

Description

If you haven't heard of **Alimentation Couche-Tard Inc.** (TSX:ATD.B) before, you may want to get acquainted with the company. In fact, you may have been to one or more of the company's locations recently and not even realized it.

Couche-Tard is one of the world's largest convenience store and gas station operators with nearly 12,000 locations scattered across North America, Europe, Asia, and Africa. The company operates a myriad of well-known brands, including Mac's, Circle K and Kangaroo Express.

Let's take a look at how the company is doing and why you should invest in Couche-Tard.

How is Couche-Tard doing?

Couche-Tard currently trades at \$55.81, up by nearly 3% in the past month and down just over 8% when looking at the year-to-date change. Looking over a longer term, the company shows very impressive growth of 83% over just the past two years, solidifying the company as a long-term growth option for investors.

In the most recent quarter, Couche-Tard posted net earnings of US\$274 million, representing a handsome 10% increase over the same quarter last year when the company posted US\$248.1 million. Much of this increase can be attributed to the integration of recent acquisitions of the company, including The Pantry Inc. store network, over the past year. Strong growth from convenience and fuel operations also played a role in the growth.

Total revenue for the company from all sources came in at US\$9.331 billion, a 2.5% or US\$223.3 million increase over the same quarter last year. On a per-share basis, the company posted diluted net earnings of US\$0.48 per share, an increase of US\$0.04, or 9.1%, over the same quarter last year.

EBITDA for the company increased by 15.2% for the quarter over the same quarter last year, coming in at US\$627.5 million.

Couche-Tard pays out a quarterly dividend of \$0.07 per share, giving the stock a yield of just 0.48%. The company has increased the dividend twice in the past year, and further increases this year are likely to increase the yield. While the current dividend level is hardly a reason to invest in Couche-Tard alone, the growth figures over the past few years show that the company is primarily a growth stock.

Growth by acquisition

One of the impressive aspects of Couche-Tard has been the explosive growth by which the company has been subject to over the past few years. One of the largest acquisitions the company has made so far was the purchase of The Pantry Inc. in a \$1.5 billion deal that added nearly 1,500 new locations across 13 states to the company's portfolio.

Couche-Tard made headlines recently by entering into a bidding war with convenience store competitor Seven & I Holdings Co. of Japan for CST Brands Inc. Other potential bidders include a group of private equity firms headed by **The Blackstone Group** and **Apollo Global Management**.

San Antonio-based CST has over 2,000 stores across the U.S and Canada. Some of the brands the company has include Dépanneur du Coin, Nice N Easy Grocery Shoppes, and the Flash Foods Network.

Alimentation Couche-Tarde remains, in my opinion, a great opportunity for those investors seeking a company with long-term growth potential in the consumer staples sector. The ever-expanding footprint of the company and aggressive expansion agenda will continue to drive revenue and growth to the company for years to come.

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