

Alimentation Couche-Tard Inc.'s Adjusted Q4 EPS Soars 62.5%: Should You Buy Now?

Description

Alimentation Couche-Tard Inc. (TSX:ATD.B), one of world's largest owners and operators of convenience stores and gas stations, announced its fourth-quarter earnings results this morning, and its stock has responded by rising over 1%.

Let's take a closer look at the quarterly results, one other important announcement made by the company, and the fundamentals of its stock to determine if we should consider investing in it today or if we should wait for a better entry point in the trading sessions ahead.

Breaking down the fourth-quarter performance

Here's a quick breakdown of 10 of the most notable statistics from Couche-Tard's fourth-quarter earnings report compared with its results in the same period a year ago.

Metric	Q4 2016	Q4 2015	Change
Adjusted net earnings	US\$221 million	US\$138 million	60.1%
Adjusted earnings per share	US\$0.39	US\$0.24	62.5%
Road transportation fuel revenues	US\$4.82 billion	US\$5.06 billion	(4.9%)
Merchandise & service revenues	US\$2.34 billion	US\$2.02 billion	15.9%
Other revenues	US\$244.6 million	US\$204.4 million	19.7%
Total revenue	US\$7.4 billion	US\$7.29 billion	1.5%
Gross profit	US\$1.39 billion	US\$1.17 billion	18.8%
Adjusted EBITDA	US\$465.9 million	US\$341.9 million	36.3%
Operating income	US\$294.2 million	US\$182.7 million	61%
Net cash provided by operating activities	US\$1.89 billion	US\$1.71 billion	10.1%

Dividend hike? Yes, please!

Couche-Tard also announced a 14.8% increase to its quarterly dividend to \$0.0775 per share, and the next payment will come August 4 to shareholders of record at the close of business on July 21.

Should you buy or avoid Couche-Tard today?

It was a fantastic quarter overall for Couche-Tard, so I think the market has responded correctly by sending its stock higher. I also think the stock could continue higher from here and that it represents a great investment opportunity for the long term for two primary reasons.

First, it's one of the top growth stocks in its industry. Couche-Tard grew its adjusted net earnings by 16.8% to \$2.09 per share in fiscal 2016, and analysts currently expect it to achieve growth of 12.4% to

\$2.35 per share in fiscal 2017. Analysts also expect it to grow its earnings at an average rate of 11.4% over the long term, which is very impressive for a company of Couche-Tard's size.

Second, it's a dividend-growth play. Couche-Tard now pays an annual dividend of \$0.31 per share, which gives its stock a yield of about 0.5% at today's levels. A 0.5% yield is far from high, but it's very important to note that the company has raised its annual dividend payment for seven consecutive fiscal years, and its recent hikes, including the one it announced today, have it on pace for fiscal 2017 to mark the eighth consecutive year with an increase.

With all of the information provided above in mind, I think Foolish investors should consider beginning to scale in to long-term positions in Alimentation Couche-Tard over the next couple of trading sessions.

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