

Alimentation Couche-Tard Inc. Can Fuel Your Portfolio for Years to Come

Description

There are fewer companies on the market that have truly impressed me as much as **Alimentation Couche-Tard Inc.** (TSX:ATD.B) has over the past few years. In case you are unfamiliar with the company, Alimentation Couche-Tard is the company behind the Mac's, Circle K, Kangaroo Express, Ingo, and Topaz brands.

Alimentation Couche-Tard operates a network of over 14,000 convenience store and gas stations across Canada, the U.S., and Europe. So what makes this company so special? Let's take a quick look.

How's Alimentation Couche-Tard doing?

The stock is currently trading at \$59.78, inching upwards to the 52-week high of \$64.19. Year-to-date, the stock is down slightly by 1.67%, which can be attributed to the ongoing weak price of oil as well as the decreasing value of the loonie.

Looking out over a longer period of time shows a completely different picture, however. Over the past two years the stock has increased in price by over 104%, and in that same time the company has nearly doubled the quarterly dividend to \$0.0775 per share, which gives Alimentation Couche-Tard a yield of 0.52%.

While the company's dividend is nothing to brag about, potential investors should be mindful of the fact that Alimentation Couche-Tard has raised the dividend consecutively for eight years and will likely to continue this trend given the company's results. This latest increase represents a 14.8% hike.

In the most recent quarter, Alimentation Couche-Tard posted revenues of US\$7.39 billion, an increase by US\$100 million. Net earnings came in at US\$206 million, or \$0.36 per share, representing an impressive 28% increase over the same quarter last year. EBITDA increased as well in the same period from \$319 million to \$462 million, an increase of 45%.

Strong prospects for growth

One of the most impressive aspects of Alimentation Couche-Tard is the explosive growth the company has undergone. The company started off as a single shop in 1980 and has since grown to become the behemoth it is today.

Just in the past year alone, Alimentation Couche-Tard acquired 315 gas stations in Denmark, a further 444 in Ireland, and 23 in Estonia. In all, the company has made 61 acquisition deals over the past 15 years. CEO Brian Hannasch recently noted that with respect to further acquisitions, "we do not intend to slow down any time soon."

As the company continues to grow, a renewed focus on rebranding around a number of core brands is underway. The company is on track to rebrand nearly 15,000 convenience stores as Circle K locations, which will create a more consistent and uniform brand for customers. As of the last quarter nearly 400

locations have been rebranded across the U.S.

In my opinion, Alimentation Couche-Tard remains a great investment opportunity for those investors looking to diversify with a company in the consumer staples sector that has a large international footprint, a growing base of locations and revenue, and an established history of increasing dividends.

CATEGORY

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Author

dafxentiou

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