

1 Growth Stock With a Juicy 4% Yield Every Investor Should Own

Description

In a market that has surged to new highs, it is becoming increasingly difficult to find quality stocks that offer considerable upside. One stock that stands out as being under appreciated by the market and possesses solid growth potential is **Parkland Fuel Corp.** ([TSX:PKI](#)).

Now what?

Parkland is one of North America's fastest-growing independent distributors of fuel and petroleum products. The company has established a solid presence across Canada and also has expanded into the northern U.S. with a presence in North Dakota, Montana, Wyoming, and Minnesota.

It continues to expand that presence by making accretive acquisitions that have significantly boosted its operational and financial performance. For the full year 2016, Parkland reported record results, including adjusted EBITDA of \$253 million, which was an impressive 18% higher than a year earlier, while net income surged by a massive 19% to \$0.49 per share.

A key reason for these solid results was Parkland's ability to deliver a record volume of fuel and petroleum products over the course of the year. This can be attributed to its rapid expansion through accretive acquisitions and management's ability to bed down those purchases as quickly and efficiently as possible.

Over the course of 2016, Parkland invested \$89 million in acquisitions that expanded its retail presence in Canada and the U.S. as well as its Canadian propane business.

Parkland is also in the process of completing the \$965 million agreement to purchase the majority of **CST Brands Inc.'s** Canadian assets as part of **Alimentation Couche-Tard Inc.'s** takeover of that company. On completion, this deal will see Parkland become Canada's leading fuel retailer and significantly boost its presence in Quebec and Atlantic Canada.

What is becoming increasingly clear is that Parkland has been very successful in identifying undervalued assets and acquiring them at enterprise-value-to-EBITDA multiples that are well below its own. Because of these deals, Parkland should experience a marked uplift in EBITDA as those assets are integrated into the company and synergies are maximized.

For this reason, the forecast upper end of Parkland's 2017 guidance, which projects a 13% increase in EBITDA, appears achievable, especially if the Canadian and U.S. economies expand as expected.

As earnings grow, Parkland's stock price will appreciate further.

So what?

That record 2016 result allowed Parkland to reward investors with an annual \$0.02-per-share dividend hike. This represents the fifth straight annual dividend increase and now sees the company yielding a

healthy 4%. Parkland's earnings will continue growing, particularly once the purchase of CST's Canadian assets is completed, which should occur during the second quarter 2017.

Solid growth prospects, an impressive history of making accretive acquisitions at favourable prices, and that juicy 4% yield all make Parkland a must-have addition to any investors' portfolio.

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2. Investing

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