

3 Ways Alimentation Couche Tard Inc. Is a Great Investment

Description

Alimentation Couche Tard Inc. (TSX:ATD.B) remains one of the most impressive growth stories on the market. The gas station and convenience store operator has over 12,000 locations across Canada, the U.S., Europe, and Asia. Those stores operate under a variety of different brands, including Mac's, Circle K, Kangaroo Express, and the company's namesake Couche Tard.

Here are a few reasons why growth is set to continue for the near future, and why Couche Tard should be part of your portfolio.

Couche Tard's results show massive upside

In terms of results, Couche Tard's most recent quarterly update revealed an impressive US\$9.6 billion in revenue which came in 30% higher than the same quarter last year. Net profit also surged in the quarter by 36.1%, closing at US\$.049 per share.

The latest results continued a trend of beating analyst expectations. The consensus estimate from analysts was for just US\$9.4 billion in revenue and earnings of \$0.46 per share.

Couche Tard continues to acquire other players

The primary source of Couche Tard's growth has been through a series of smart acquisitions that not only expanded Couche Tard's already impressive footprint but also exposed the company to new markets.

Couche Tard recently acquired U.S.-based Holiday Stationstores Inc. that will provide it with exposure to nearly every U.S. state market. This latest acquisition follows a series of impressive deals such as the CST brands acquisition, which expanded the company's footprint by 1,900 locations.

Couche Tard is looking at new markets and opportunities

One of the biggest opportunities for Couche Tard lies in the growing markets of Asia. Couche Tard has some exposure to markets there, but the company hasn't been coy about expanding further into the region, noting that the focus of expansion over the next few years will be in Asia. Convenience stores in Vietnam and the Philippines are forecasting double-digit growth over the next few years.

One emerging trend in Asia is the revamping of the traditional gas station/convenience store operation to include seating for patrons as well as offering air conditioning and WiFi, making the stores more of a destination. This hybrid style of a store is proving successful in the region and could expose Couche Tard to additional sales from customers remaining on the property.

Couche Tard is also looking at the impending legalization of cannabis in Canada as a new opportunity. The company already sells alcohol and tobacco products in Quebec, so the addition of cannabis would be a natural extension.

Legalization is still a year out at the federal level, and provincial governments, including Quebec, are looking at legislation at the provincial level. Quebec has already hired a lobbyist to work on its behalf to further that vision.

If Couche Tard were to advance either of these ideas beyond a concept, it would be a win for investors. The fact that Couche Tard is pursuing both is impressive and promising great things to come from the company.

In my opinion, Couche Tard remains a great investment for any portfolio. The company's aggressive growth and determination to expand into new markets and products will ensure it continues to grow and keep investors happy.

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dafxentiou

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