

Why Parkland Fuel Corp. Jumped 4.89% on Friday

Description

Parkland Fuel Corp. ([TSX:PKI](#)), Canada's largest independent marketer of fuel and petroleum products and its second-largest convenience store operator, watched its stock rally 4.89% on Friday following the release of its third-quarter earnings results. The stock still sits more than 18% below its 52-week high of \$32.45 reached back May, so let's break down the quarterly results to determine if this could be the start of a sustained rally higher.

The results that ignited the rally

Here's a quick breakdown of 10 of the most notable financial statistics from Parkland's three-month period ended September 30, 2017, compared with the same period in 2016:

Metric	Q3 2017	Q3 2016	Change
Sales and operating revenue	\$2,600.6 million	\$1,638.1 million	58.8%
Adjusted gross profit	\$266.3 million	\$171.1 million	55.6%
Adjusted EBITDA	\$96.4 million	\$60.3 million	59.9%
Net earnings	\$12.7 million	\$14.7 million	(13.6%)
Earnings per diluted share (EPS)	\$0.10	\$0.15	(33.3%)
Adjusted distributable cash flow (ADCF)	\$65.3 million	\$33.2 million	96.7%
ADCF per share	\$0.50	\$0.35	42.9%
Fuel and petroleum product volume (million litres)	3,556.6	2,658.6	33.8%
Total assets	\$4,825.1 million	\$2,424.0 million	99.1%
Weighted-average number of common shares outstanding (millions)	130.5	95.6	36.5%

What should you do now?

It was a phenomenal quarter overall for Parkland, highlighted by record adjusted EBITDA of \$96.4 million, and these results were driven by its acquisitions of CST Brands's Canadian assets and [Chevron's downstream gasoline](#) retailing business, as well as "strong organic growth" in its base businesses across all segments. That being said, I think the market responded correctly by sending Parkland's stock higher in Friday's trading session, and I think will continue higher from here as

investors continue to pile in to gain exposure to one of North America's fastest-growing companies.

It's highly important to note that Parkland is [a dividend aristocrat](#), which will help attract investors as well. It currently pays a monthly dividend of \$0.09617 per share, equating to \$1.154 per share on an annualized basis, which gives its stock a lavish 4.3% yield. Foolish investors must also note that the company's 4.8% dividend hike in March has it on track for 2017 to mark the fifth consecutive year in which it has raised its annual dividend payment, and I think its very strong growth of ADCF will allow this streak to easily continue into the 2020s.

With all of the information provided above in mind, I think all Foolish investors should strongly consider making Parkland a long-term core holding.

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