

## Why Now Is the Time to Backup the Truck for This Mid-Cap Growth Stock

### Description

What can only be [described](#) as one of Canada's best growth stocks, **Parkland Fuel Corp. (TSX:PKI)** delivered some outstanding third-quarter 2017 results last week, demonstrating that its business continues to grow at an impressive rate. This latest solid performance highlights why Parkland Fuel should be considered among Canada's top growth stocks and why it deserves a place in every investor's portfolio.

### Now what?

Parkland's third-quarter sales grew at an impressive clip, rising by 59% compared to a year earlier, while quarterly adjusted EBITDA soared by 60% year over year to a record \$96.4 million. This exceptional performance can be attributed to the [purchase](#) of the majority of **CST Brands Inc.'s** Canadian assets, which was completed in late June 2017, adding three billion litres of annual fuel volume to Parkland's sales.

While net earnings for the quarter declined by 14% year over year, cash flow shot up by an incredible 66%. The drop in net earnings was primarily caused by acquisition and integration expenses combined with increased depreciation and amortization costs associated with the CST Brands purchase. That deal should continue to drive higher earnings as further synergies and cost savings are realized.

Importantly, the solid lift this gave to Parkland's earnings caused its dividend-payout ratio fall to a more sustainable 83% compared to 146% for the previous quarter and 99% a year earlier.

Parkland's growth should continue at a solid clip over the remainder of this year and into the next.

During the first week of October 2017, Parkland completed the \$1.6 billion [purchase](#) of **Chevron Corporation's** Canadian downstream business. That deal includes 129 service stations as well as Chevron's British Columbian refinery, and Parkland projects that it should add a further \$40-50 million to its EBITDA.

There is further growth ahead for Parkland because of its focus on driving greater efficiencies across its business as well as improving market conditions in western Canada because of higher oil prices and increased activity in the energy patch.

Parkland has also launched a range of internal initiatives aimed at growing sales. These include launching its new private label food brand, called 59th Street Food Co., and refreshed store design. Its organic growth initiatives helped to boost Company C-Store same-store sales growth for the third quarter by an impressive 4.1%.

### So what?

It is likely that Parkland will report further record results in coming quarters, as the purchase of Chevron's downstream fuel business gives sales and earnings a solid bump. That will allow it to

continue rewarding loyal investors with a regular monthly dividend, which it has hiked for the last five years; it offers an attractive 4% yield. The latest solid growth in earnings means that there are more than likely further dividend hikes ahead. For these reasons, Parkland is a very attractive stock for investors who are seeking a combination of regular income and solid growth. Its poor performance since the start of the year, which sees it down by 4%, makes now the time to buy.

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