



This Non-Cannabis Stock Could Get a Big Boost From Marijuana Legalization

Description

As investors continue to buy up cannabis stocks in a frenzy, it gets difficult to find a good deal in an industry where stocks have reached extremely high valuations for their level of sales and profitability (which, in many cases, doesn't even exist). One way for investors to cash in on stocks that haven't taken off from the green rush is to look at stocks in other industries that could stand to benefit indirectly from the boom.

One stock that fits that bill is **Alimentation Couche Tard Inc.** (TSX:ATD.B), which recently released its quarterly results. The company had a strong performance in its Q2, which showed strong sales and profit growth on the back of the recently acquired CST Brands Inc, which wasn't included in the company's prior year's totals.

We saw [similar results in Q1](#) when the company's results were propped up by its acquisitions.

Struggling store sales could get a boost from pot

The company's same-store sales showed a lack of growth in Q2, and without acquisitions, it might be difficult for Couche Tard to grow its top line. Unless, of course, the company starts selling cannabis. Cannabis stocks have been red hot with **Canopy Growth Corp.** ([TSX:WEED](#)) and **Aurora Cannabis Inc.** ([TSX:ACB](#)) both showing significant growth this year, and there could be even more of that to come.

Pot stocks might have even [more potential than tech stocks](#), which normally are synonymous with high growth. Although some provinces are planning to sell pot through government stores only, there will be opportunities in other provinces to sell through private stores, and this is where Couche Tard can take advantage.

The popularity of cannabis will be a sure-fire way for the company to grow its same-store sales in provinces where it can legally sell marijuana. Couche Tard already sells beer and cigarettes at its locations, and the addition of marijuana to that mix would benefit convenience store and cannabis companies as well.

However, a lot ultimately depends on how strict the provinces will be in allowing cannabis and under what conditions sales will be allowed.

Unfortunately for Couche Tard, the vast majority of its sales are in the U.S., and with pot still illegal in most states, the company won't likely be able to benefit from cannabis sales south of the border anytime soon.

Why Couche Tard is a good buy today

In the last 12 months, Couche Tard has seen its stock grow less than 4%, and the company has failed to see any sustained increase in price over that time. With strong financials and the potential to see its sales boosted by cannabis, Couche Tard could be a great buy before its price takes off.

Cannabis stocks have already seen significant gains this year, and investors might be concerned that all the upside left in those stocks could be long gone. However, looking at stocks that could benefit from the emerging industry is one way for investors to still find good growth opportunities.

The great thing about investing in a company like Couche Tard is that it while it can benefit from growth in the cannabis industry, it is a safer and more stable investment than a pot stock.

CATEGORY

1. Investing

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2. TSX:WEED (Canopy Growth)

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