The 1 Stock You Need for Long-Term Growth

Description

Finding an investment that provides ample long-term growth can be both satisfying and profitable. And while the market provides us with no shortage of options to choose from, some investments have notably brighter growth prospects over the long term than others.

One such investment worthy of consideration is **Alimentation Couche-Tard Inc.** (TSX:ATD.B).

While you may not recognize the Couche-Tard name, most of us have gone into one or more of the nearly 16,000 convenience stores and gas stations the company has scattered around the world.

While Couche-Tard owns a variety of convenience store names, over the few years the company has been rebranding itself primarily under its Circle K brand globally, with some locations in Canada and the U.S. maintaining the Couche-Tard, Mac's, and Kangaroo Express brands.

What makes Couche-Tard a great growth stock?

While impressive, Couche-Tard's network of locations is not reason enough to qualify the stock as a great long-term growth pick. Instead, let's take a deeper look at how the company got to nearly 16,000 locations.

When you think about the traditional convenience store/gas station combo, it may not initially seem like a lucrative business with growth prospects. Most stores are independently owned or are part of a small cluster of locations that typically span a region.

This setup allows Couche-Tard to rapidly expand its global footprint by targeting these smaller groups of stations for acquisition and then rebranding them under the Circle K brand. Additionally, once the locations are integrated into Couche-Tard's network, cost synergies and savings come into effect.

Since 2015, Couche-Tard has completed eight major acquisitions similar to this, resulting in over 2,500 new locations added to its network.

Looking towards the remainder of the year, Couche-Tard has noted that it plans to continue both integrating and rebranding those new locations under the Circle K banner, which brings with it the potential for cost synergies and savings in future quarters. The integration of the CST brands stores to Circle K is not expected to be completed until 2020.

Couche-Tard acquired CST's 1,900 locations in a deal that completed one year ago.

While the markets in North America get rebranded under a single name, Couche-Tard continues to provide new options for its customers. Last year the company announced its “Made To Go” food service concept, which placed fresh food and baked goods in stores.

What about results?

Couche-Tard is set to announce results for the fourth quarter for fiscal 2018 next month, but until then, we can take a look at the results from the third quarter.

During the third quarter, Couche-Tard reported net earnings of $463.9 million, representing an impressive jump of 61.6% over the same quarter in the previous year. On a per-share basis, Couche-Tard earned $0.82 per diluted share in the most recent quarter, up 64%, or $0.32 per share, over the same quarter last year.

Much of that impressive boost in earnings can be linked back to changes in U.S. tax law, and excluding those changes, the company would have earned $0.54 per share, representing just under 2% growth over the prior year.

Couche-Tard also provides investors with a quarterly dividend, but the 0.62% yield hardly classifies the stock as a good income investment. Income-seeking investors would be better suited with any number of other investments that can provide a secure and growing source of income.

Couche-Tard continues to be a great growth-focused stock for investors looking to diversify their portfolios.

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