



## The Incredible Investment That Is Alimentation Couche-Tard Inc. (TSX:ATD.B)

### Description

Are you invested in **Alimentation Couche-Tard** (TSX:ATD.B)? If you're on the fence on investing or have previously dismissed the company in lieu of another opportunity, now might be the time to reconsider your investment in what is a [superb growth-focused investment](#).

For those who are unaware, Couche-Tard is one of the largest gas station and convenience store operators in the world, with a sprawling network of just shy of 13,000 locations across both North America and Europe. In the U.S., the company has 7,800 locations across 48 states. In Canada, Couche-Tard has 2,200 locations spread out across four regions that blanket all provinces.

Despite that incredible footprint, much of Couche-Tard's growth has come over the course of the past decade thanks to a series of masterstroke acquisitions. In fact, much of the convenience/gas station market in North America is operated by smaller regional players, which make ideal targets for larger companies such as Couche-Tard looking to expand into new markets.

That incredible appetite for expansion has led Couche-Tard to complete several key deals in the past two years. In 2017 alone, the two most recently completed deals for Holiday Stores and CST Brands have added nearly 2,000 locations to Couche-Tard's network.

### No acquisitions this year doesn't mean no growth

Critics are often quick to point out that Couche-Tard's insatiable appetite for growth has stalled over the past year as the company has failed to announce any new acquisitions. While acquisitions continue to be the primary avenue of growth for Couche-Tard, here are some other points that those critics often discount.

With each new acquisition, Couche-Tard brings on a new brand (or brands), a potentially new market, with new products and suppliers for those products. Suffice to say that some time allotment post-acquisition is needed to realize the necessary cost synergies and provide a consistent branding for the company, which is exactly what the company has been working on.

Couche-Tard's global brand, Circle K, is as of the most recent quarter rolled out to nearly 6,000 of its

locations worldwide. Synergies from the CST deal announced last year have already hit \$200 million.

The rebranding effort applies to products as well as stores, and as Couche-Tard continues to integrate its recent acquisitions, the company will take the most promising, profitable and efficient products and roll them out to a larger audience. Prime examples of these include menu and private label items from the Holiday Stores that are planned to be distributed to a wider network.

Another area of growth with potential is in Asia. Couche-Tard has minimal exposure to Asia at the moment, but the nature of the gas station /convenience store business in that market is more akin to a destination rather than an interim stop on the way to somewhere else. As such, Couche-Tard has mentioned the possibility of providing more comfortable and expanded seating capacity, better menu options, and other amenities to get customers into its locations in that market.

### **How is Couche-Tarde performing?**

In terms of results, Couche-Tard surpassed expectations in the most recent quarter, posting net earnings of US\$473.1 million, or US\$0.84 per diluted share, representing a notable increase over the US\$432.5 million, or US\$0.76 per share reported in the same period last year.

Fuel was a big winner in the most recent quarter, registering a 24.5% improvement in revenue, which was primarily attributed to higher fuel prices. Those better-than-expected results have helped push and keep Couche-Tard up near 52-week highs despite the pullback in recent weeks across the marketplace.

Couche-Tard currently trades at below \$68 with a P/E of 21.13 and is in my opinion, a [great long-term holding](#) for any portfolio.

### **CATEGORY**

1. Investing

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### **Category**

1. Investing

### **Date**

2025/08/21

### **Date Created**

2018/12/10

### **Author**

dafxentiou

default watermark