



## Time to Buy Canada's Best Growth Stock and Lock In a +3% Yield

### Description

Over the last two months, **Parkland Fuel** ([TSX:PKI](#)) has pulled back sharply, despite reporting some solid third-quarter 2018 results. This sees Canada's largest independent provider of fuels and other petroleum products down by 24% over the last three months, creating a handy entry point for investors seeking to bolster growth and income.

### Now what?

Parkland could easily be described as Canada's best growth stock, having significantly outperformed the TSX over the last year, gaining 22% compared to the overall index losing 14%. There are signs that Parkland will continue to make strong gains regardless of the [growing pessimism](#) engulfing financial markets.

Through a combination of acquisitions and organic growth, Parkland's business is growing at a rapid clip. For the third quarter, it reported record adjusted EBITDA of \$200 million, which was more than double the \$96 million reported for the equivalent period in 2017. That leaves Parkland on track to achieve its 2018 guidance, where it has forecast full-year adjusted EBITDA of \$775 million.

This strong earnings growth can be attributed to the acquisition of Chevron's downstream Canadian assets, which was completed in October 2017. That deal alone saw third-quarter adjusted EBITDA for Parkland's supply business grow almost five-fold compared to a year earlier to \$121 million.

It should continue to drive further earnings growth as additional synergies are realized. Parkland has already completed initiatives that have unlocked \$65 million of synergies from the Ultramar and Chevron deals since the start of 2018. It expects further efficiencies to be created from those acquisitions over the remainder of 2018 and into 2019, which are expected to reach \$180 million by the end of 2020.

The company's earnings will also be boosted by its latest deal announced in October 2018; it intends to acquire 75% of SOL Investments Limited for US\$1.2 billion. SOL is the largest independent fuel marketer in the Caribbean, and the transaction is expected to close during the fourth quarter 2018,

adding around \$210 million annually to Parkland's adjusted EBITDA. This acquisition will further diversify Parkland's business and earnings, reducing its dependence on Canada.

Parkland also recently entered an agreement with **Filld**, investing \$15 million into the company to assist with expanding its mobile fuelling business in Canada. As part of that deal, Parkland will be the exclusive supplier of fuels to Filld in Canada and a preferred supplier in the U.S., which will further bolster earnings as Filld grows its business in North America.

The ongoing expansion of Parkland's retail convenience store and gas stations will also support further earnings growth.

## So what?

For the reasons discussed, Parkland's earnings will expand at a solid clip, which will bolster the sustainability of its monthly dividend and give its share price a healthy lift. It isn't difficult to see Parkland continuing to [outperform](#) the broader market for the foreseeable future while rewarding patient investors with that tasty 3.6% dividend yield.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:PKI (Parkland Fuel Corporation)

### PARTNER-FEEDS

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