1 Double-Digit EPS-Growth Stock That I’m Aggressively Buying for My TFSA

Description

Your TFSA should be reserved for best-in-breed investments, preferably capital-light businesses that have the means to grow their earnings at an above-average rate over the long haul. Given the disruptions and uncertainties that arise, it’s a pretty tough task to identify such best-in-breed companies that have the ability to keep raising the earnings bar every single year.

Projecting a company’s distant future earnings stream is nearly impossible to forecast these days. All it takes is one disruptive technological trend to change, and that’s a wrap for the original investment thesis as we’ve seen in the case of many former Steady Eddies that imploded due to a sudden shifting of the tides. (Yes, I’m looking at you, **Corus Entertainment**.)

Fortunately, there are easy-to-understand businesses whose earnings are easier to gauge over the longer term. And it’s these businesses that you’ll want to own for decades in your TFSA. One such business is **Alimentation Couche-Tard** (TSX:ATD.B), a convenience store operator with a proven global growth-by-acquisition model and an impeccable track record of creating exceptional value for its long-term shareholders.

After years of consolidation, Couche-Tard stock is finally picking up momentum. The stock is easily one of the hottest TSX performers over the past year, and although the M&A growth sensation is a fairly large company with its $45.6 billion market cap, the company still has the potential to grow as it did when it was a fraction of the size it is today.

A world of growth opportunities

The global convenience store industry remains highly fragmented, so the growth ceiling is still ridiculously high, with global potential takeover targets that number in the thousands.

Although Couche-Tard could seriously lever up and scoop up everything as fast as it can, management has made the wise decision to deliver long-term value for shareholders with an ROE-maximizing model responsibly.

The company stays in decent financial health and only considers making an acquisition if there's an opportunity to get a chain of c-stores at a discount to its intrinsic value. Add management's expertise at driving synergies into the equation, and you've got the perfect formula for a double-digit earnings grower that's a force to be reckoned with.

Couche-Tard founder Alain Bouchard shed light on his desire to expand in higher ROE markets in Southeast Asia. Should any acquisition activities arise from the untapped market, I suspect Couche-Tard stock could continue soaring. Over the next year, as debt continues to be paid off, I wouldn't at all be surprised to hear of a significant acquisition in markets like the Philippines or Vietnam, where c-stores are seen as oases.

Foolish takeaway

Couche-Tard is growing ridiculously fast. And with the potential to accelerate earnings further through an entry into higher-ROE markets, I see the earnings-growth story continuing for at least the next decade as management continues to fire on all cylinders both on same-store sales and inorganic growth.

At the time of writing, Couche-Tard is soaring to new all-time highs on the daily. But despite this, the stock remains super cheap at just 17.5 times trailing earnings. For a proven double-digit EPS grower, this valuation makes no sense, so I'm backing up the truck on the name before it really starts to take off.

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