



## Why Alimentation Couche-Tard (TSX:ATD.B) Is the Growth Stock Your TFSA Needs

### Description

If you're looking for a simple solution to growing your portfolio, you won't have to look any further than **Alimentation Couche-Tard** (TSX:ATD.B).

This stock has been touted by many Fool writers lately, and it's clear to see why. Simply looking at its historical performance over the last decade will show you how this stock went from steady at around \$5 per share to pretty much exploding to where it is at the time of writing at \$83.62 per share.

But can it keep this up? Let's dig in.

### Strength in numbers

Part of the appeal of Alimentation is its diversification, which is what makes it such a strong and reliable stock. It may only be in retail and energy, but these are two industries that can support one while the other is lower — especially with lower gas prices. This diversification has created a strong balance sheet, shrinking the company's [debt levels](#) over the last year from \$12.75 billion to \$10.2 billion. After this payoff, the company is still left with \$927 million in cash and short-term investments.

Its recent quarter was also impressive, with investors earning \$1.08 per share for the quarter and \$4.32 on an annualized basis.

### Business basics

While the company may be focused on convenience stores and gas stations, they are scattered across North America in every single province and U.S. state for [10,000 stores](#) in total. It's also expanded into Europe as of late, with 3,000 stores at this time. This has allowed the company to grow like crazy in a short period and has led to the question of whether the company will now start acquiring smaller players.

With such an investment in gas stations, and gas prices on the rise, this company should definitely benefit — especially as the weather gets warmer.

## Investor appeal

If you're looking for an excellent long-term option, there is another reason besides the company's strength: its dividend. The company might only offer \$0.63, but that equals \$0.50 per year, which really isn't bad and definitely adds up over the long run.

Right now, the stock appears slightly overvalued with a P/B ratio of four times, but with a P/E ratio of 18.9 times, that appears at industry average; analysts expect average growth to continue, which means the stock should continue to grow at a relatively steady pace. With so much cash already in its pockets, shareholders can pretty much guarantee that cash will end up in their pockets eventually.

## Bottom line

If you had invested \$10,000 in this stock in May of 2009, you would have gained 1,775% making \$187,393 in one decade.

Of course, as an investor, you can't always guarantee this will happen. After all, Alimentation had remained pretty steady around that mark for years. But those days are gone, and this company continues to grow fairly consistently.

In the next while, as the company continues to grow its business, analysts believe the company will reward investors with a stronger dividend. In the meantime, \$0.50 per year isn't nothing, and investors can be happy with some steady and stable growth throughout the next decade.

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