



Investors: This TSX Retail Stock May Beat 7-11 in the U.S.

Description

The Toronto Stock Exchange is home to many top companies in a variety of industries. From financials to energy to the emerging marijuana sector, Canada's biggest stock exchange boasts many top players. One sector where the TSX is conspicuously lacking, however, is retail. Whereas TSX banks and energy stocks are major global players, most Canadian retailers keep their sights on the home front — and before you tell me about **Lululemon**, I'd remind you that it's [no longer listed on the TSX](#).

Basically, if you're investing in TSX retail stocks, you're mostly betting on the Canadian economy. While companies like **Dollarama** and **Hudson's Bay** enjoy great prominence within Canada, they haven't much international presence to speak of, which limits their growth options.

In the midst of all this, one TSX retail stock stands out. It's a company that's already taken over the convenience store market in Canada and is now number two in the States. While 7-11 is on the decline in both the U.S. and Canada, this company is ramping up its presence in both markets and growing like wildfire.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is a retail company best known for its Circle K stores. In recent years, the company has been taking over convenience store chains from coast to coast, replacing them with its signature Circle K-branded gas stations. Not only is the company huge in Canada, it's also number two in U.S. convenience stores — and unlike the current number one, 7-11, it's actually growing in that market.

An incredible growth story

Over the years, Alimentation Couche-Tard has seen incredible growth, growing its earnings from \$1.2 billion to \$1.9 billion in four short years. The company's most recent quarter [was unimpressive](#), with net income down about 25%, although earnings were up for the entire year.

Pushing further and further into the U.S.

By far the most interesting thing about Alimentation Couche-Tard is its push into the United States. The U.S. is a huge market, with gives the company a lot of room to grow there; however, the fact that it's already number two in its industry means that that the pace of growth may not be as rapid as in years past.

In Q4, Alimentation's U.S. merchandise and service revenues rose 2.8%, which isn't exactly incredible growth but does show that the company is still growing its U.S. presence. The interesting thing to look for is whether the company will be able to return to double-digit growth in the pivotal U.S. market.

Foolish takeaway

ATD.B has been one of the best TSX success stories over the past five years, rising 168% while the index barely budged. For investors, the big question is whether the company can keep it up. As the number two convenience store chain in the U.S., Circle K probably won't see the same U.S. growth rates that it saw in past years, but Alimentation is also making a big push in Europe, so I wouldn't be surprised to see this stock continue to outperform.

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