



## This Cheap Growth Stock Still Has a Tremendous Growth Runway

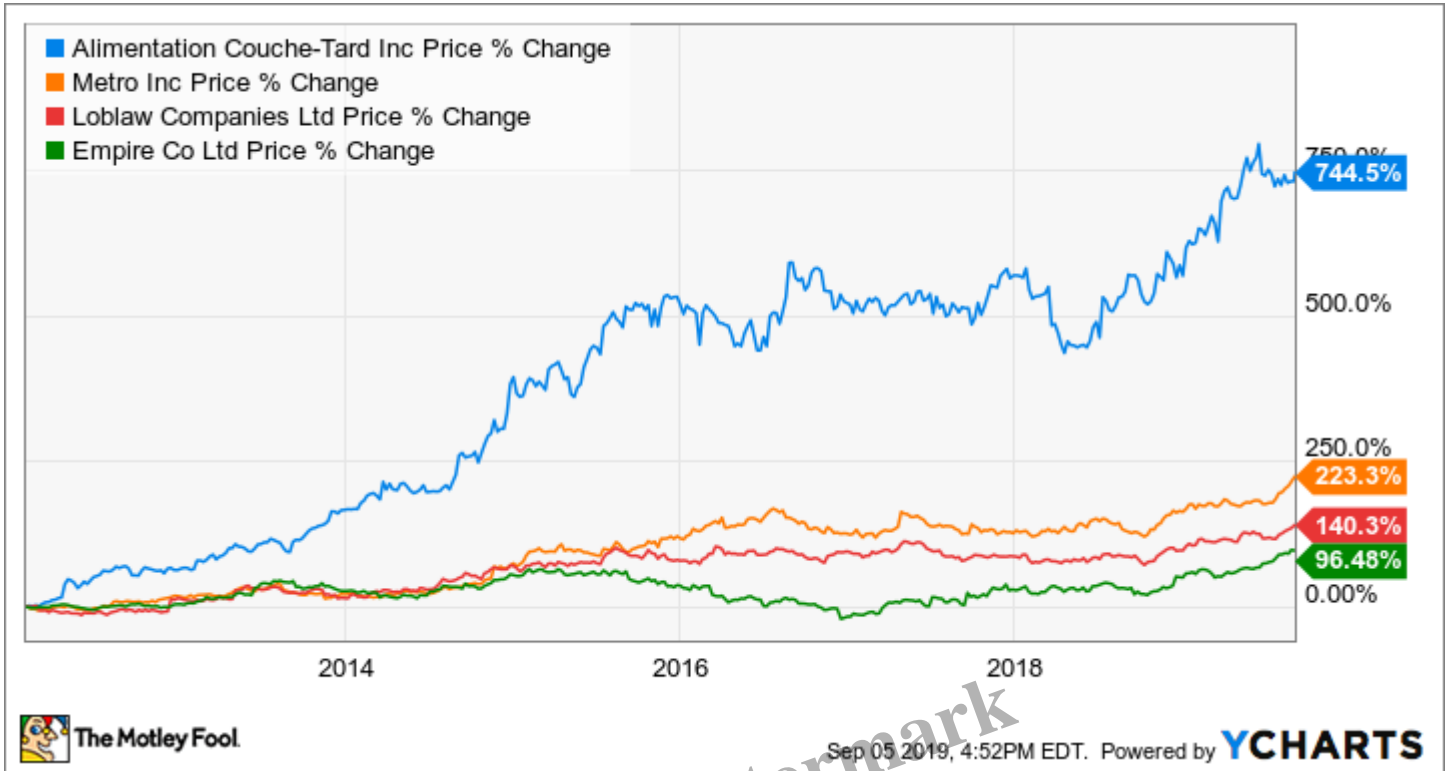
### Description

**Alimentation Couche-Tard** (TSX:ATD.A)(TSX:ATD.B) has been an incredible growth stock. In the last five-, 10-, and 15-year periods, it delivered annualized total returns of 21%, 30%, and 21%, respectively.

Couche-Tard's dividend growth has just been as incredible! It started paying a dividend in 2006. In the past 12 years, its dividend growth averaged 29% per year. And its five- and 10-year dividend-growth rates were 29% and 24%, respectively.

Needless to say, the growth stock has greatly outperformed the market. More importantly, it has also beaten its grocery store peers in total returns and dividend growth in most periods.

For example, here's the 10-year price action of Couche-Tard, **Metro**, **Loblaw**, and **Empire**.



Data by YCharts.

A testament that Couche-Tard is [an excellent growth stock](#) is that it's about to experience a two-for-one stock split, which only occurs for stocks that have been going up meaningfully over time. There are strong reasons to believe Couche-Tard stock will continue to outperform because it has key competitive advantages.

## The Couche-Tard advantage

Many of its convenience stores have road transportation fuel dispensing that encourages repeat visits. When it gets customers to come in, it encourages other spending as well. Essentially, Couche-Tard sells time and convenience. This is evident by the fact that about 65% of its products are consumed within one hour of purchase.

Couche-Tard has spent the last few decades expanding across Canada, the U.S., and the Scandinavian and Baltics markets in Europe. It also has some licensed stores internationally. Moreover, it still finds plenty of global opportunities, such as in the U.S. and Asia, which will drive [extraordinary growth](#).

The company employs a decentralized model that drives accountability and innovation. It's also in Couche-Tard's DNA to improve its operations, generate lots of cash flow, and to pay down its debt before making strategically fitting acquisitions.

## Recent results and development

Couche-Tard reported its fiscal first-quarter results on September 4. The adjusted earnings per share increased by 11.5% against the comparable period in the prior year.

The company is trying out several new initiatives: “This quarter, we launched our Easy Pay loyalty program nationally in the U.S., expanded our digital upsell platform to over 5,700 locations, started piloting home delivery in Texas, and progressed with our popular food-to-go initiatives in Europe. We leveraged national promotions and targeted local campaigns to increase the Circle K brand exposure, and we are working hard to learn more about our customers and making their lives a little easier every day.”

## The stock is a good value

It's ridiculous how cheap Couche-Tard stock is. Some large U.S. consumer staple companies are growing earnings by 5-6% per year and trading at sky-high price-to-earnings multiples of 25 or higher. Then there's Couche-Tard trading at about 18.7 times earnings with a growth rate of more than 10% per year.

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kayng

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