



An Incredible Growth Opportunity Is Looming!

Description

Can you recall the last time you went into a convenience store and thought, “This would be a great investment option!” More than likely, you haven’t had that *exact* thought just yet, but some of the best investments on the market are often those that we interact with on a daily basis and take for granted.

Alimentation Couche-Tard (TSX:ATD.B) is a prime example of that, and the Quebec-based company should be top of mind for growth-seeking investors everywhere.

What Couche-Tard offers

For those who are unaware, Couche-Tard is one of the largest gas station and convenience store operators on the planet. The company boasts a network of 9,800 convenience stores in North America and a further 2,700 locations in Europe.

Via licensing agreements, Couche-Tard also has 2,250 additional stores in 16 other countries. Incredibly, the company only entered the U.S. market in 2001 and branched out to Europe for the first time in 2012.

In terms of results, Couche-Tard announced results for the second fiscal of 2020 this week. During the quarter, Couche-Tard reported earnings of US\$578.6 million, or US\$0.51 per diluted share, surpassing the US\$473.1 million, or US\$0.42 per diluted share reported in the same period last year.

Unprecedented growth opportunity

The company’s incredible growth story stems from a very aggressive approach to expansion. By leveraging its increasing clout in the market, it was able to rapidly acquire smaller competitors in regional markets that were not previously served.

Couche-Tard would then stitch those regional acquisitions together under a single brand and realize synergies.

In some cases, those synergies were huge. Following the massive multi-billion acquisition of CST Brands in 2017, Couche-Tard realized approximately \$200 million in synergies, mainly from merchandise, fuel and supply cost improvements.

Now Couche-Tard has set its sights on something even bigger: Australia-based Caltex Australia Ltd. The latest US\$7.7 billion offer for Australia's largest retail and convenience chain would set the company up on a solid footing in Australia and New Zealand, including the company's 2,000 store retail network along with a fuel refinery and a wholesale fuel division.

Apart from the obvious gains of entering a mature market that is not unlike North America or Europe, this deal could be seen as a potential springboard into a more lucrative market: Asia. Couche-Tard has expressed an interest in expanding into Asia for some time; this is the second offer for Caltex that Couche-Tard has made this year.

The prior offer was deemed too low by Caltex, but this latest bid reflects a solid 16% gain over the closing price earlier this week.

What should you do?

Couche-Tard is an excellent long-term investment that should be on the radar of any [growth-seeking investor](#). Couche-Tard also has an excellent track record in acquiring increasingly larger companies and integrating them into its massive network.

While Couche-Tard also offers a dividend, the quarterly distribution carries an anemic yield of just 0.58%, which resembles more of a rounding error than something that investors would rally for. Those investors seeking an income-seeking investment would be best to [look elsewhere](#).

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