



Want Dividends AND Growth? Buy This Stock!

Description

Do you want market-beating growth AND dividend income in one package?

If so, you'd normally have to look hard before finding an appropriate stock.

Generally, the stocks that pay the most generous dividends are slow growers like banks and utilities. Sure, you can find some diamonds in these sectors, but they're the exception rather than the rule. In general, high dividends are the hallmark of mature industries, so it makes sense that the best dividend plays aren't usually explosive growers.

However, there is one TSX dividend stock that has bucked the trend in recent years — a retail stock whose dividend yield is low at current prices but has the potential for considerable growth. If you'd invested \$10,000 in this stock five years ago, your position would be worth over \$20,000 today. The incredible part is that it may still have further yet to grow.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is Canada's largest convenience store company. With a huge presence in both the U.S. and Canada, it's a major player in its industry.

Over the past decade, the company has been growing by leaps and bounds. Taking over Irving stores in Canada and [making huge strides in the States](#), it routinely grows earnings by 20% or more year over year.

In the U.S., Alimentation's Circle K subsidiary is the market leader in convenience store fuel sales, with 6.7% of the market. If we're talking about total gas station fuel sales, that shrinks to 2.1%, which is still a fairly strong figure.

Historical returns

Over the years, ATD.B has handily beaten the TSX, owing to its strong revenue and earnings growth.

Year to date, the stock is up 28%. Over five years, it's up 113%. Over 10 years, it's up a whopping 1,847%.

These are market-beating returns by any standard.

What's more, [they could continue](#). In Alimentation's most recent quarter, its earnings were up 24.4% year over year. That's an extremely strong figure for a retail company, and Alimentation managed to pull it off, despite a decline in fuel sales. If this company can keep up its extraordinary growth, then it may continue rewarding investors handsomely for the foreseeable future.

A modest but growing dividend

One final factor worth mentioning about ATD.B is its dividend. Paying out \$0.25 per year, it yields 0.58% at current prices. That may not seem like much, but it's worth remembering that this stock has grown its dividend by an average of 27% a year over the last five years.

It's actually possible that that dividend growth could continue. ATD.B's average dividend-growth rate is not much higher than its Q2 earnings growth, so the company could potentially keep raising the payout. Additionally, the stock's payout ratio is only 10.1% at current prices, so there's room to increase the dividend, even without a dramatic increase in earnings. All in all, this makes Alimentation Couche-Tard one of the best dividend-growth stocks around.

CATEGORY

1. Dividend Stocks
2. Investing

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/09/19

Date Created

2019/12/05

Author

andrewbutton

default watermark