



2019's Biggest Risers: A Dividend-Growth Stock That's up 28%

Description

2019 has been a [great year](#) for the TSX index, which has risen 18.5% year to date. After last year's correction, the markets swiftly re-bounded and continued their march upward after a brief interruption in the summer.

Even just by buying a TSX composite ETF in January, you'd have done great this year. However, there have been many stocks that have delivered far more impressive returns. In this article, I'll take a look at one retail stock that outperformed the TSX by a significant margin this year, capping a decade of strong gains.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is Canada's biggest convenience store company. Best known for its Circle K chain, it's the dominant gas station convenience store operator in Canada. It's also a leader in convenience store fuel sales in the U.S., where it has a 6.7% market share.

Over the years, ATD.B has delivered solid returns to shareholders, owing to its aggressive expansion and strong fuel sales. In Canada, the company spent much of the past decade re-branding Irving stations and turning them into Circle K stores. In the U.S. and Europe, the company has also been making huge strides. From its humble origins in Quebec, Circle K has come a long way, and it may have further yet to climb.

A dramatic rise powered by phenomenal growth

Owing to strong growth in the underlying business, ATD.B shares have risen dramatically in the past decade. Over the past five years, they're up 73%, which is a solid enough return. Over 10 years, ATD.B has been a 10-bagger, rising 1,129%.

These might look like incredible gains, but they're quite justified by growth in the underlying business.

Over the past several years, Alimentation has been aggressively expanding and opening new stores. As a result, its earnings growth has been quite impressive. In its most recent quarter, ATD.B's net income grew at 24.4% year over year. Over the past three years, net income grew from \$1.2 billion to \$1.8 billion. This is solid growth, and if it can continue, then ATD.B may keep rewarding shareholders handsomely.

A solid dividend grower

Alimentation Couche-Tard stock pays a dividend, and while the yield is quite low at 0.5%, the payout has been increasing dramatically over the years. Over the past five years, the stock's dividend has [increased by 29% a year on average](#). That's one of the highest dividend-growth rates among any stock on the TSX. So, while ATD.B has a paltry yield now, the yield on cost could go much higher if present trends persist.

Foolish takeaway

Over the past five years, Alimentation Couche-Tard has handily beat the market, thanks to aggressive expansion and solid earnings growth. As the company's most recent quarter shows, that growth story is nowhere near over. With plenty of room to grow in the U.S. and Europe, Alimentation still has new markets to capture. This will definitely be one stock to watch in 2020.

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