



A \$1,000 Investment in This Top Growth Stock Would Now Be Worth \$4,764

Description

Over the last decade, the TSX has gained around 54%, while many individual stocks have delivered stunning returns and will continue to outperform the broader market. One stock with an impressive history of [unlocking value](#) for shareholders is **Parkland Fuel (TSX:PKI)**. Had you invested \$1,000 in Parkland a decade ago, that investment would now be worth \$4,764, and there are signs of further strong gains to come.

Solid growth

The company, through a series of accretive and opportunistic acquisitions over the last decade, has become one of the largest independent fuel and petroleum product distributors in North America. In 2017, it acquired Chevron Canada's downstream assets, including the all-important Burnaby refinery. This was a transformative deal saw Parkland become a refiner rather than remain as a fuel distributor.

The purchase of Burnaby significantly boosted Parkland's earnings and continues to be an important growth driver for the company, giving it greater control over its supply chain. Burnaby has capacity to refine 55,000 barrels of crude daily, with 85% of its output consumed by Parkland's business and providing 15% of Parkland's total fuel needs. The refinery is also responsible for 25% of the demand for refined fuels and other petroleum products in British Columbia.

Parkland has a portfolio of 2,562 retail services stations and 337 commercial locations across Canada, the U.S., Central America, and the Caribbean. The company recently announced that it had entered an agreement to buy Kellerstrass Oil Company, a commercial fuel business in Salt Lake City, further expanding its U.S. operations.

Parkland's U.S. operations will continue to be an important growth driver because of stronger economic growth, which correlates to greater demand for fuels in the world's largest economy and consumer of petroleum products. It is also expecting an uptick in earnings in the Caribbean when tourist season in the region reaches full swing, which will further bolster earnings.

Parkland keeps reporting some impressive results, including recently lifting its 2019 EBITDA guidance

by 6% to \$1.24 billion. Earnings will keep growing at a solid clip, because of Parkland's focus on unlocking further efficiencies combined with a focus on controlling costs and making further accretive acquisitions. In its third quarter 2019 report, Parkland stated that it expects annual synergies on acquisitions to reach \$180 million by the end of 2020, further boosting the company's profitability and earnings.

The strength of Parkland's operations, the breadth of its distribution network, and the inelastic demand for fuels endows it with a wide economic moat, which protects its earnings while making it relatively immune to economic downturns. As a result, Parkland is stock that is significantly less volatile than many other growth stocks and the broader market with a beta of 0.47.

That — along with its regularly growing dividend, which Parkland has hiked for the last seven years straight to yield 2.5% — makes it an ideal stock to build long-term wealth. This is even more so when it is considered that Parkland offers a dividend-reinvestment plan, where shareholders can use their dividends to purchase additional stock without incurring brokerage fees and at a 5% discount to market. That allows them to unleash the power of compounding, which can significantly boost returns and accelerate the pace at which wealth is created, allowing them to achieve their financial goals sooner.

Foolish takeaway

Parkland is an ideal dividend-growth stock for those investors seeking to [create wealth](#). It has a regularly growing dividend, solid defensive characteristics, wide economic moat, and significant growth potential, which will protect and boost earnings, while ensuring that there are further dividend hikes.

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