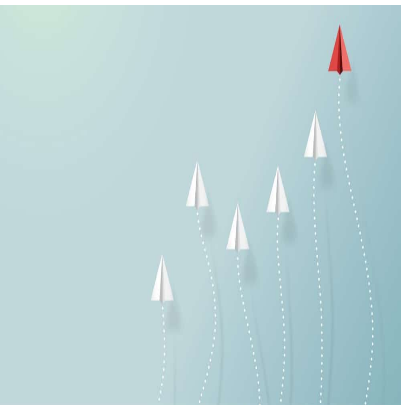

1 Growth Stock That Could Soar in 2020

Description

There's not a lot of traveling taking place during the COVID-19 pandemic. That's put airline stocks into some difficult situations, as they simply look to survive this challenging period where people are scaling back their travel significantly. However, that doesn't mean that everyone is just staying indoors and going nowhere at all (even if that's what health officials might prefer).

Canadians are still planning to travel this year

A recent Ipsos poll surveyed Canadians and found that while 74% of respondents did indicate that the pandemic has impacted vacation plans, that just means they aren't going far. Of those polled, 68% said they would make day trips and 53% would visit family during the summer.

That's great news for this convenience store giant

One company that looks to be in a good position to benefit from that is **Alimentation Couche-Tard** (TSX:ATD.B). The convenience store operator could see strong traffic come through its retail locations, whether travelers are stopping for gas or need to buy snacks for their road trips.

The trends in Canada are also likely to be prevalent in other parts of the world where air travel remains limited amid the pandemic. For a global operator of convenience stores, Couche-Tard could continue to see strong demand this year if that's the case. The summer is normally the peak travel season of the year, especially for families, as kids are out of school.

It's difficult to gauge whether there will be a large drop off in the number of drivers on the roads this year and going inside Couche-Tard's stores this year, but, at the very least, there's reason for some optimism.

The company's coming off a tough quarter

Couche-Tard released its year-end results last month, and sales for the fourth quarter were down more than 26% from the prior-year period. The company blamed COVID-19 for the poor sales number, citing a lack of demand for fuel. However, it’s important to note that was also for the period ending April 26 — when many people in North America were limited in where they could go during the pandemic and some cities were locked down.

Since then, cities have begun opening back up, and that could make the company’s first-quarter results a fair bit stronger than those that it reported Q4.

Still a great buy

Despite the struggling quarter, shares of Couche-Tard are still up more than 10% in 2020. The stock is still trading at a very reasonable 16 times revenue — which is a bit lower than the 19 times earnings investors were paying for the stock a year ago. It’s a cheap buy, and there is potential for the company to surprise investors with some strong results later this year if the roads prove to be busy this year with people going on road trips close to home.

And if you’re a long-term investor, Couche-Tard remains a solid buy. As the economy gets back to normal, so too will business and the company’s sales will get back to growing. Couche-Tard currently pays investors a modest dividend that yields 0.6% per year. In the past five years, the stock is up over 50%.

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