



This Convenience Store Stock Is Stacked for Growth

Description

Some of the best investment options on the market are those that we interact with on a daily basis and take for granted. This includes investments such as telecoms and utilities as well as grocers and energy infrastructure companies. Another lesser-known stock that fits into this category is **Alimentation Couche-Tard** (TSX:ATD.B).

For those unfamiliar with Couche-Tard, the company operates a global network of over 15,000 convenience stores and gas stations. In short, this convenience store stock is anything but conventional and should be on the radar of investors everywhere.

Why invest a convenience store stock?

Convenience stores aren't destinations. They are stops that we make en route to our destination. This might be grabbing some milk and eggs on the way home, or buying a snack while filling up the car. In any event, convenience stores are a key, albeit relatively dismissed part of our daily routines. This is even more important in the strange new world brought on by the COVID-19 pandemic.

In the case of Couche Tard, the \$50 billion market behemoth is anything but dismissive. For the most part, gas stations are regional operations, with only a handful of global players on the market that have a global network. This leaves much of the market ripe for taking by a larger convenience store stock such as Couche-Tard. In fact, Couche-Tard's incredible growth in the past few years has come down to the company's ability to identify and complete a series of well-timed acquisitions.

Following an acquisition, Couche-Tard integrates the location into its growing global footprint, which provides cost synergies to the company. Couche-Tard has also taken steps in recent years to re-brand many of its sites under just a few global, recognizable brands. Perhaps best of all, Couche-Tard identifies products from each sale that could be of benefit to the entire operation. This continual-improvement approach benefit has worked well for the company and investors.

In case that potential isn't evident, consider the performance over the past decade. Since 2010, Couche-Tard's stock has soared over 1,200%, handily making it one of the best-performing stocks on

the market. Not bad for a convenience store stock, right?

Let's talk results

Couche-Tard reported results for the fourth fiscal of 2020 earlier this summer. In that quarter, the company reported net earnings of \$576.3 million, or \$0.52 per diluted share. By way of comparison, in the same period last year, Couche-Tard reported \$293.1 million, or \$0.26 per diluted share. Despite declining traffic across much of Couche-Tard's network in the quarter, declining crude prices and higher average basket sales pushed results further.

As impressive as these results are, they could still be so much better. Couche Tard continues to look for additional acquisition options. In the past year alone, the company made two separate multi-billion-dollar offers for chains in Australia and the United States. Separately, Couche-Tard has expressed interest in expanding its presence in Asia.

In other words, Couche-Tard is a convenience store stock, which makes a great [defensive investment](#) addition to any portfolio.

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