



Buy the Dip Before This Top TSX Stock Goes Parabolic!

Description

Are you looking for parabolic growth? Are you also looking for a company without a ridiculously high valuation multiple? Well, **Alimentation Couche-Tard** (TSX:ATD.B) is probably the stock for you.

I think Couche-Tard has the potential to see a parabolic rebound in its stock price. Indeed, investors ought to consider the move this stock had from its 2010-2015 period (roughly a 10-bagger). I think Couche-Tard has the potential to repeat this performance in the future. Accordingly, this stock currently tops my list of growth-at-a-reasonable-price companies.

Valuation contraction doesn't make sense

In today's stock market, most of the discussion right now is about the incredible valuation expansion many companies have seen of late. Indeed, stock prices are being driven more by multiple expansion than earnings growth.

In the case of Couche-Tard, the opposite happens to be true. This is a company with a multiple that has actually slowly gotten cheaper over time. Over the past six years, this is a stock that has traded roughly flat, despite earnings growth. I think the fact that this stock has treaded water for so long has discouraged many growth investors from this stock. That said, should Couche-Tard break out, I think a parabolic move could repeat, similar to the aforementioned one we saw in the 2010-2015 time frame.

It appears the market is pricing in less in the way of growth over the long term. This provides those who are bullish on Couche-Tard with a very nice buying opportunity here. In my view, this is one of the cheapest growth stocks on the TSX today. I think once investors see the growth that is already built into this company's business model materialize, we could see a parabolic move with this stock.

A fundamental investor's dream stock

From a fundamentals perspective, Couche-Tard is one of my favourite stocks. This is a company with excellent operating metrics. Yes, the company often pays premiums for the companies it acquires.

That said, Couche-Tard has an impressive track record of not only improving the acquired company's return on equity (ROE), but the company as a whole has seen a ROE boost from a number of acquisitions. Right now, Couche-Tard has an impressive ROE of 25%. Additionally, the company's operating margin of 8% and profit margin of 6% are some of the best in this sector.

This is truly a growth at a reasonable price place, and I haven't seen a [price this cheap](#) for Couche-Tard since the pandemic-driven market lows last March. I think this is a stock every growth investor looking for value ought to consider today.

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