



Invest Like Warren Buffett With This Top TSX Stock

Description

Looking for companies that are too cheap to ignore? Worried about the valuations we're seeing in the market today? Indeed, if you're a fan of the investing style of Warren Buffett, this article is for you.

Warren Buffett is a genius in terms of finding value and making big bets when he believes the market has overreacted on the downside. In this article, I'm going to discuss why this is likely the case with **Alimentation Couche-Tard** (TSX:ATD.B) right now.

Fundamentals look great

Couche-Tard is a company that [looks cheap right now](#). By cheap, I mean really cheap. This stock is trading more than 10% below its 2021 high and nearly 20% below its pre-pandemic levels. It appears that the growth-at-a-reasonable-price thesis isn't necessarily taking this stock to where many think it should be.

This is a stock that trades at only 15 times earnings, yet has one of the best growth profiles of its peer group. The company's 25% return-on-equity numbers, positive margins, solid cash flows, and balance sheet strength put Couche-Tard in an elite group of value companies right now with a growth tilt.

Growth potential not valued as it should be

Indeed, the ability of Couche-Tard to grow over time is one of the key reasons I think this stock is so cheap right now. Currently, growth stocks are being priced at what many believe are nosebleed valuations. Indeed, if Couche-Tard's valuation catches up to its growth potential, a parabolic move could be on the horizon.

The cost of acquisition financing is cheaper than it's been in a very long time, or ever. I'm actually shocked that companies with the growth-by-acquisition business model of Couche-Tard aren't seeing much more impressive capital appreciation right now. The stars are aligning for companies like Couche-Tard to acquire and grow their way out of this pandemic.

Accordingly, I see a lot of potential for this stock to take off at some point. Couche-Tard has been a laggard of late, but I think this could change. Indeed, such a change requires a shift in aggregate sentiment. That said, I think reasonably priced growth will once again be rewarded by the market. Historically, this has proven to be true.

Bottom line

Couche-Tard is perhaps the most reasonably priced growth stock on the TSX today. I would highly encourage investors looking for decently priced growth to take a close look at this stock.

I don't think Couche-Tard will be this cheap forever. Accordingly, I think that buying the dips on this stock for those with a long-term investing lens is the right approach right now.

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