



## 2 Reasons Couche-Tard Stock Could Soar This Year

### Description

Growth investors: want to invest in a company with incredible long-term upside at dirt-cheap prices today? Here's the good news. There's a company by the name of **Alimentation Couche-Tard** (TSX:ATD.B) that I think fits this description perfectly.

I'm going to discuss two reasons I think this is a stock that has the potential to soar this year.

### Any deal would be a good deal right now

Couche-Tard is in the business of making high-quality, long-term acquisitions at decent prices today. Certainly, this isn't a company built to sit on its hands and do nothing.

With the French **Carrefour** deal falling through, it seems nobody is happy with Couche-Tard right now. Trigger-happy, acquisition-loving investors seemed to be a bit spooked by the size and price of the deal. However, there's a group of investors that are upset that the deal fell through. After all, Couche-Tard hasn't made a large acquisition in some time. That's the company's bread and butter.

There's also a [growing concern](#) about the amount of exposure Couche-Tard has to gasoline consumption via its fuel stations. Indeed, fellow Fool contributor Joey Frenette seems to think a deal could alleviate a lot of these concerns.

He wrote: "Couche-Tard shouldn't be seen as just a fuel retailer. It's in the business of convenience. The company sells time to people. And if it can acquire a grocer, I'd pound the table on the stock for the long-term, as the firm can easily turn low-margin grocery items into high-margin ones by moving them efficiently across their channels of convenience stores. That's the true power of the convenience premium."

I definitely agree with this assessment. I see some sort of acquisition similar to that of the Carrefour deal as a positive and would look for something like this to materialize this year.

## Any cannabis exposure is good exposure these days

Couche-Tard is in the business of providing a streamlined and welcoming retail experience. Perhaps it is no surprise, then, that this company has dipped into the cannabis retail business.

According to the company's most recent quarterly statements, Couche-Tard has invested substantially in **Fire & Flower** ([TSX:FAF](#)), a cannabis retailer based out of Alberta. Inclusive of warrants, Couche-Tard owns approximately 15% of this company. That's no small piece of the pie. Couche-Tard appears to be looking to take this sector by storm, focusing on the downstream retail component of the cannabis supply chain.

This approach makes total sense in terms of the core competencies Couche-Tard can bring to the table. I think there's a tremendous runway for growth in the cannabis sector and that Couche-Tard is thinking about the retail landscape in much more of an all-encompassing manner.

This move is very bullish both in the near term and long term for this company. Right now, I think Couche-Tard has so many drivers underpinning its growth thesis that its valuation appears absurd.

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