



Today's Top Buy: Alimentation Couche-Tard

Description

Of all the companies on the TSX right now, **Alimentation Couche-Tard** (TSX:ATD.B) checks all the boxes I'm looking for. This is an excellent pick for long-term investors on a number of metrics. Value investors will like the company's dirt-cheap valuation today. Growth investors will be enamoured by the company's growth-by-acquisition business model. Additionally, income investors will like the direction the company's dividend is headed.

Value investors: This valuation might not last forever

Any company with a valuation multiple of 15 times earnings ought to be investigated further. This valuation multiple seems to be [too cheap to ignore](#). Indeed, this might be a stock that is cheap for a reason.

As I'll discuss more in the next section, I think Couche-Tard is being penalized by investors right now. The company's growth strategy hasn't materialized as many investors would have liked to see. Accordingly, Couche-Tard's valuation multiple has not expanded in the same way the broader market has in recent years.

That said, I think there's a lot of room for Couche-Tard to see growth in the future. If such growth materializes, I think margin expansion is likely. Today, investors are able to pick up shares of a world-class company in its sector at dirt-cheap prices.

Growth investors: Acquisition growth strategies attractive right now

Couche-Tard is yet another growth-by-acquisition play. This company is a leading global player in the gas station and convenience store business. This growth has been a direct result of its growth-by-acquisition strategy.

Acquisition growth strategies have come into focus recently for many investors. This is because there has perhaps never been a time that has been so favourable to such companies in the past. Acquisition financing costs are near all-time lows. Additionally, the global pandemic has depressed asset prices in select sectors (such as that of Couche-Tard).

In Couche-Tard's case, the company remains in the penalty box for its growth strategy right now. A failed acquisition offer for French retailer Carrefour has poured cold water on this stock for many investors bullish on Couche-Tard's long-term growth potential.

Income investors: Ignore the yield. Focus on growth

Couche-Tard's dividend yield currently sits at below 1%. Additionally, the company has cut its dividend in the past. In some ways, this looks like a company investors should ignore for its income potential.

However, Couche-Tard has raised its dividend twice in the past two years since cutting its dividend at the end of 2019. I'm optimistic future dividend hikes could be on the horizon. That is, if the company is able to get back to its previous growth trajectory in the coming quarters.

I see such a scenario as more likely than not. Accordingly, I think this is one of the best stocks to own today for investors of all types.

CATEGORY

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2. dividend stock
3. Editor's Choice
4. growth
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1. TSX:ATD (Alimentation Couche-Tard Inc.)

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