



## Time's Running Out to Buy This Top TSX Growth Stock at a Discount

### Description

Sometimes, the market gets it wrong. Companies are bid down on some piece of news or uncertainty unfairly. These market misplacing opportunities are rare, but they exist. Such is the case right now for **Alimentation Couche-Tard** (TSX:ATD.B), in my view.

Couche-Tard's underperformance over the past couple years is noticeable. Shares of Couche-Tard have essentially traded sideways over this time. Prior to the pandemic, this is a stock that had trouble finding momentum. Investors have seemed to become complacent with this stock. Indeed, some view this growth-by-acquisition play as one that has lost its mojo in terms of finding deals.

However, I'm of the belief that nothing could be further from the truth. Here's why I'm bullish on this stock right now.

### Patience should be rewarded, but it isn't right now

Making deals for the sake of making deals is a losing proposition. However, being patient and waiting for the right deal to come to you — that's a winning strategy.

Couche-Tard's management team is one of the most disciplined in its sector. The company's consolidation of the convenience store and gas station sector in recent years is defined by a thorough and prudent M&A strategy. Couche-Tard's team is very careful to avoid overpaying for deals and has walked away from a few deals it viewed as overpriced recently.

The market has been unhappy with a lack of deal flow of late. However, I would much rather own a growth-by-acquisition company that is focused on long-term, bottom-line growth over one looking only at its top line. Indeed, I think investors need to be as patient with Couche-Tard, as the company has been with finding deals. In this market, that's not easy to do — hence the underperformance.

### When the company does make a bid, it's slapped by the market

On the flip side of the coin, investors don't seem to like the bids Couche-Tard's management team is making right now.

Indeed, the other M&A-related headwind for Couche-Tard has been its recent [failed bid](#) for French retailer **Carrefour**. This deal was one that would have redefined the company's focus toward retail. Investors aren't bullish on retail right now, or the price Couche-Tard was willing to pay for the acquisition.

The thing is, Couche-Tard isn't some small company — it's one of the largest retailers in Europe. Such a premium would have been required to shake it loose, and the company knew that political risk was in the mix as well with a deal of this size.

I think Couche-Tard needed to be aggressive with a larger deal for two reasons. One, Couche-Tard isn't small itself, and buying one or two gas stations at a time isn't going to generate the growth investors are looking for. And two: the company's strategic move to diversify its operations away from legacy gas stations that may be in secular decline is a smart move.

## Bottom line

Since the beginning of March, shares of Couche-Tard are up nearly 10%. I think the market is already catching on that this company is way too cheap right now.

I also think investors need to see the big picture with this stock and think long term. For such investors, buying now is the right strategy. I don't see this stock staying this cheap for much longer.

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