TSX Superstar: 1 of the Better Growth Stocks to Buy in May 2021

Description

The stock market may be melting up, but that doesn't mean there are no buying opportunities to be had this May 2021. You don't need to look far for opportunities in today's choppy markets, where rate-watching, rotations, and reverse rotations have become the norm.

Many of the greatest TSX growth stocks are hiding in plain sight. And in this piece, we'll have a look at one of the most misunderstood companies in the country in **Alimentation Couche-Tard** (TSX:ATD.B), whose shares are close to the cheapest they've been in recent memory. I think the company is TSX superstar that deserves a second look after its brutal first-quarter correction.

So, without further ado, let's have a closer look at the name and the opportunity at hand.

TSX superstar: A growth and value stock rolled into one

Couche-Tard is a growth stock that's priced like a value stock right now. The company hopes to double its net income in five years, and to do this, it'll probably have to get more active on the M&A front. With more than enough cash and credit on the balance sheet, Couche-Tard can make a huge splash; perhaps it can make the largest acquisition in its history.

Undoubtedly, Couche-Tard hasn't been nearly as active as it used to be back in its glory days. As the company grew in size, so too did the size of its acquisitions. CST Brands was a big deal for Couche, and the company needed more time to digest the firm and unlock synergies. With the COVID-19 pandemic suppressing fuel sales, Couche is in a great spot to come bouncing back in a return to normalcy.

On the acquisition front, Couche wants a second chance at acquiring French grocer Carrefour. As a Couche-Tard shareholder, I would love to see such a deal happen, as fresh food will probably play a huge role in the convenience retailers of the future. Couche-Tard should buy a grocery supply chain, and if it can get a good price, I think the stock could really pop like a coiled spring after years of choppy consolidation.

At 13.7 times earnings, Couche is severely undervalued and is a great Canadian growth stock without the premium growth multiple.

A bet on the future of retail

Couche-Tard is a rare breed, indeed. It's not only a name at the crossroads between growth and value, but it's a rare consumer staple capable of sustaining double-digit numbers over the long haul. Couche-Tard is a defensive growth stock that's more likely to trade in its own world rather than being influenced by irrational moves made in the broader stock market, like most other stocks with higher betas.

As the firm looks to adapt to the new age of convenience retail (look to **Amazon's** Fresh Go stores or Couche-Tard's Retail Innovation Lab for a glimpse into the future), while dipping its toe into the cannabis retail waters, I think a growth multiple and a steep re-valuation to the upside will be warranted for those misunderstood shares of Couche-Tard.

In the meantime, it seems like shareholders are dreading Couche-Tard's intent to get into the grocery scene. For those willing to give the proven managers running the show the benefit of the doubt, I think there are colossal long-term returns to be had. At the end of the day, the quarterly results will dictate the trajectory of the stock. And there's no denying the growth to be had from the TSX superstar, as it looks to take over the world of convenience retail.

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