



## Why Patience Is Key With Long-Term Winner Couche-Tard Stock

### Description

North America's leading convenience store chain, **Alimentation Couche-Tard** (TSX:ATD.B), has finally seen some [signs of life](#) of late. The company's recent strong earnings report has brought many investors back to the table on this growth stock. Indeed, an improved economic outlook makes Couche-Tard stock appear to be cheap, relative to its growth potential.

I've been pounding the table for some time on Couche-Tard as a top pick. That said, with this stock finally climbing toward its 52-week high, it appears the market is seeing this stock the same way. Here's why I think more upside could be in store for shareholders in Couche-Tard stock.

### Why Couche-Tard stock could continue to see momentum

Despite rather solid numbers and a defensive business model, Couche-Tard stock has been under pressure for some time. Indeed, the pandemic provided a big blow to the company's quarterly earnings over this past year.

That said, better-than-expected earnings recently announced by Couche-Tard has shifted the discussion toward the future. Couche-Tard stock appears to be on the precipice of providing investors with some impressive growth on the horizon. Accordingly, investors appear to be eager to dive into this play before it runs up further.

From a fundamentals standpoint, even after this recent run-up, Couche-Tard stock is cheap. Indeed, this company still trades at a price-to-earnings multiple of only 15. Given the potential for continued consolidation in the gas station and convenience store business, more in the way of growth could be on the horizon for Couche-Tard from here.

Investors appear to be regaining patience in this slow-and-steady growth stock right now. A lack of deal flow, and a large failed bid for French grocer **Carrefour** somewhat soured the investment thesis for Couche-Tard stock. That said, plenty of M&A opportunity remains. If the company can get back to its core fundamental growth model soon and continue to grow its market share internationally, the sky is the limit in terms of the capital appreciation investors in Couche-Tard stock could see.

## Bottom line

I think the key thing investors in Couche-Tard stock need to be reminded of is that this is a company to be patient with. Couche-Tard has shown its ability to provide growth over very long periods of time. Over the short term, volatility can impact the thesis for growth names such as Couche-Tard.

However, over the longer term, I have faith in the company's management team. Indeed, Couche-Tard has proven itself to be one of the most prudent acquirers in the growth-by-acquisition space. The company's dealing in a highly fragmented industry with tonnes of synergy potential. Should Couche-Tard effectively tap into this market in a bigger way in the years to come, investors stand to benefit.

Couche-Tard stock is one investors should buy and forget about. Ignoring the noise and buying dips is a strategy that has worked well in the past. Indeed, I expect the same will work well in the future.

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1. TSX:ATD (Alimentation Couche-Tard Inc.)

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