



Couche-Tard Stock Could Take off in July 2021

Description

In this piece, we'll have a look at one [dirt-cheap](#) **TSX** stock that could have enough catalysts to propel shares past multi-year ceilings of resistance. As you may know, the longer a stock consolidates, the great it could break out like a coiled spring.

If you seek such a coiled spring that may be already in the process of [bouncing](#), check out **Alimentation Couche-Tard** (TSX:ATD:A)(TSX:ATD.B).

Fresh off a quarterly beat, the global convenience retailer finds itself flirting with all-time highs at \$46 and change. With a more favourable macro backdrop and impressive results now in the books, I think the stage looks set for a big breakout as soon as July 2021.

Alimentation Couche-Tard: Don't sleep on the night owl!

Couche-Tard is a convenience store consolidator that I've pounded the table on in recent months. The company is fresh off a quarterly beat with a stock that's flirting with all-time highs not seen since mid-2020.

While only time will tell if the recent touchdown with nearly \$47 is the start of a breakout, it'll be tough for Mr. Market to keep shares down as fuel sales continue recovering and merchandising efforts continue to bear fruit. Moreover, the company is long overdue to pull the trigger on a massive acquisition, or at least a series of smaller scoop-ups.

As you may know, the Couche-Tard of old had the urge to merge, and it always used to make headlines on the M&A front. Of late, though, the company hasn't been able to put its growing cash pile to work on a sizeable deal. The much-followed pursuits of c-store giant Caltex Australia and French grocer Carrefour fell through abruptly.

Since Couche-Tard has primarily grown by acquisition over the past decade and beyond, the inactivity on the M&A front has been more than enough reason for shareholders to throw in the towel on the stock.

What's the deal with the *lack* of deals?

When Couche-Tard makes a deal, it wants to unlock value for shareholders. The incredible managers are more than willing to put in the due diligence to ensure potential synergies heavily outweigh integration risks. And if the synergies aren't sizeable relative to such risks? No deal will be made.

Couche-Tard isn't afraid to walk away, even after putting in the homework if the price doesn't make sense. For that reason, I believe Couche-Tard is worthy of a massive premium for its exceptional stewardship who knows value-creative M&A like few others. The act of deal-making in itself doesn't create value.

The global c-store (and now grocer) scene is still very much fragmented.

That leaves Couche-Tard with a world of opportunities. In due time, Couche-Tard will strike a deal when the timing and price are in alignment. And once it does, those dormant shares of Alimentation Couche-Tard could really start to take off.

For now, organic growth initiatives are likely to move the needle higher on the stock, and as it tests \$47-48, I'd look to bet on a breakout.

Stay Foolish, my friends.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus

2. Investing

Date

2025/07/27

Date Created

2021/07/05

Author

joefrenette

default watermark

default watermark