



## 1 Dirt-Cheap TSX Stock Poised for a Parabolic Move

### Description

The search for value is on. Indeed, investors are searching high and low for the best [undervalued picks](#) on the market today. Such a search is a difficult one, given where valuations are right now relative to historical levels.

That said, there are a few gems out there. In Canada, one of my [top undervalued picks](#) remains **Alimentation Couche-Tard** (TSX:ATD.B). I think that once value comes into focus again, this is a stock that could go on a very nice ride. Parabolic? Maybe. But once Couche-Tard's valuation catches up to its underlying fundamentals, this is a stock that can fly.

Here's more on why this could be one of the best value picks in Canada right now.

### Analyst consensus getting stronger

Analysts matter. For investors looking to see what the experts think about given stocks, analyst ratings and price targets are a great gauge of how well a company is performing. For Couche-Tard, the analysts appear to be getting even more bullish on this value/growth play.

Indeed, Desjardins Securities analyst Chris Li has raised his financial expectations for Alimentation Couche-Tard. This comes prior to the release of fourth-quarter financial results. He believes the company will witness continuous growth with its improvement initiatives, and strong underlying fundamentals.

Li has increased his revenue projection for Couche-Tard for both 2021 and 2022. He increased the earning per shares prediction from US\$2.13 and US\$1.95 to US\$2.35 and US\$2.00, respectively. Couche-Tard shares have a current average price target of \$52.36 on the Street. This implies an upside of around 8% from here.

Personally, I think Couche-Tard is a stock with much more upside than the analysts are giving it. This is a company with growth potential that's currently being undervalued by the markets. That said, I think Couche-Tard's performance is resulting in more target price increases coming in. It's just a matter of

time.

## Bottom line

Following a failed bid for French retailer **Carrefour**, and relatively poor performance these past quarters, investors and analysts now seem to be focused on the future. For long-term growth plays like Couche-Tard, this is a good thing.

I anticipate that Couche-Tard will continue to outperform. The company's share price remains more than 10% below its 2021 high and approximately 20% below pre-pandemic levels. That's cheap. Factor in a valuation multiple of only 15-times earnings, with a strong growth outlook, and investors have a very undervalued stock to consider.

As we move forward into a post-pandemic world, Couche-Tard is going to be a key beneficiary. This is a stock with tremendous upside that's being valued as if the future will be worse than it has been historically. I just don't see that happening.

### CATEGORY

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### TICKERS GLOBAL

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

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