



1 Dirt-Cheap Canadian Value Stock to Buy Right Now

Description

Shortlisting [undervalued stocks](#) that can provide both meaningful growth as well as stable returns over the long term isn't that easy. Indeed, looking for a top value stock providing the best of both worlds is becoming increasingly difficult. Valuations have soared, and the market has remained red hot.

However, there happen to be a few deep-value opportunities in Canada investors should consider. One top value stock I've been pounding the table on of late is **Alimentation Couche-Tard** (TSX:ATD.B). Let's dive into why investors would be remiss to ignore Couche-Tard stock right now.

A value stock with incredible business model

Couche-Tard is the second-largest convenience store operator in North America. The company has over 10,000 stores here at home, along with 2,700 and 400 locations in Europe and Honk Kong, respectively.

From a performance standpoint, Couche-Tard has stood out as a winner. The company's return on equity sits at around 22% at the time of writing. Additionally, the company has managed to increase its earnings per share at a 25% compounded growth rate over the past 10 years. That's just downright incredible.

Couche-Tard has done this via incredible procurement strategies (including utilizing scale) to reduce fuel costs and boost margins. By enticing more consumers into its convenience stores, Couche-Tard has been able to dominate the convenience market, both in terms of revenue growth and margins for some time.

Additionally, Couche-Tard is laser-focused on growing via continued acquisitions. While Couche-Tard's management team hasn't been successful in finding the big deal it's been looking for of late, there's plenty of room for domestic and international consolidation. Accordingly, investors seeking an opportunity to get into a long-term consolidation play may want to consider Couche-Tard stock right now.

The company is focusing on bolstering its organic growth and strengthening its bottom line. Couche-Tard is also working on digital marketing to expand its customer base while its loyalty programs are gradually gaining traction.

Bottom line

Couche-Tard has performed quite well over the past six months. Shares of this stock are up approximately 20% over this period. Accordingly, those who heeded my calls to buy this stock near the \$40 level have been rewarded.

That said, I think this stock remains a steal sub-\$50. In my view, Couche-Tard's [valuation of 15 times earnings](#) is absurdly low. This is a company with meaningful growth potential trading at a discount to its peers with a business model that's proven. In my view, all the boxes are ticked with this one.

Those with investment time horizons that are sufficiently long ought to consider this stock a long-term holding. I'm considering adding on any dips moving forward.

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