1 of the Best Canadian Value Stocks to Buy in November

Description

Canadian value stocks haven't been glorious places to be this year. But there's a strong case for picking some of them up this November, as they continue dragging their feet. Undoubtedly, rolling corrections across a wide range of high-multiple names and value plays have been a recurring theme this year. The market averages may not reflect the full extent of the action going on behind the scenes, but many stock pickers know that have had to endure quite a bit of choppiness this year — far more than market index moves may have suggested.

In any case, such volatility and sector- or theme-based (think reopening versus lockdown plays) rotations serve as a great opportunity for self-guided investors to take the role of a true contrarian. In this piece, we'll have a look at **Alimentation Couche-Tard** (TSX:ATD.B), a growth stock that, for some reason or another, investors love to doubt. It's a reopening play, a value stock, and a promising growth play all rolled into one.

Alimentation Couche-Tard: When growth and value collide

Alimentation Couche-Tard is a strange Canadian value stock. It's actually capable of some pretty compelling earnings growth versus most other names with similar multiples.

With management's original plans to double net income in five years, the firm is the epitome of predictable, highly profitable growth.

Still, investors don't seem to respect the company nearly as much as they used to when the company commanded a price-to-earnings multiple north of 20 times. Today, Couche stock trades at 15.7 times trailing earnings, despite its resilience through COVID. What's behind the discount in a market that's more comfortable with rewarding growth stocks with historically high multiples?

Undoubtedly, there's a secular headwind that's on the minds of many investors. The rise of electric vehicles will hurt fuel sales over time. But for Couche-Tard, the drastic shift will allow the firm to beefup its higher-margin merchandising business. The company is exploring options to remain morerelevant than ever in an era of plug-and-charge.

In Norway, a market where EVs are embraced, the company has done quite well in adapting. While there's no telling if the firm can replicate success in North America, I'd argue that the firm actually has tech on its side. It's not just Couche's ability to adapt but the many technologies it could leverage to reinvent itself.

As investors question Couche's long-term growth profile, contrarians should look to punch their ticket, because I think Couche-Tard is worth a much higher premium than it historically trades at. In time, I think investors will recognize that the shift into the tech age isn't just a risk but an opportunity.

Couche-Tard: The convenience retail tech company?

This sounds immensely absurd, but I think investors should pay more merit to the company's abilities to innovate. At the end of the day, Couche-Tard isn't just your run-of-the-mill convenience store and gas station combo. It's a company with the ultimate goal of selling time to its customers. Regardless of what type of vehicles people drive, Couche-Tard will find a way to provide its convenience services in one form or another.

Indeed, next-gen tech can help Couche-Tard profoundly improve upon the convenience factor. Cashierless convenience stores, better products, and customer experiences are all possible via technology. For now, investors seem more focused on the near-term problems. Labour issues caused by COVID, the EV boom, and a lack of M&A are all contributing factors behind the convenience store giant's latest decline. Patience, though, I believe, will be rewarded, as management proves to investors that it's up to speed.

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