



Couche-Tard Stock: A Value Stock Worth Owning

Description

One of the top Canadian [value](#) stocks I've had my eye on for a long time is **Alimentation Couche-Tard** ([TSX:ATD](#)). Indeed, Couche-Tard stock is one that's been a relatively strong performer over the past year.

Investors looking for value have sought out companies like Couche-Tard for various reasons. This is a company that, despite a nice run in 2021, still trades at around [16 times earnings](#). The company's strong business model, supported by more than 15,000 convenience store and gas station locations globally, makes for an intriguing investment thesis.

Let's dive into why Couche-Tard stock is one worth owning as we head into 2022.

Dividend boost, despite a drop in profits

Couche-Tard stock isn't one most investors own for the dividend. Indeed, this stock yields only 0.8% at the time of writing — a relatively small “token” of a dividend, by all accounts.

However, the company has made strides to increase this dividend of late. The company recently announced a dividend hike of around 26%. This came as net earnings dropped last quarter on higher revenues.

With the near-term margin picture remaining somewhat dim, investors certainly have a lot to ponder with this company. On the one hand, Couche-Tard's management team clearly believes in the ability of this company to get back to earnings growth. This past quarter, adjusted profit came in at \$0.65 vs. \$0.68 a year earlier — a drop any company can recover from. In this case, it appears the recent dividend hike signals the company's belief that these recent profitability issues are short term in nature.

Acquisitions, partnerships, and other positives worth looking at

Couche-Tard is a mover and shaker in the world of gas stations and convenience stores. Indeed, M&A

activity is what's driven most of this company's growth in recent years.

The company has begun to pick up the pace in this regard. Recently, Couche-Tard announced a series of acquisitions, bringing 36 additional locations into its fold. Additionally, a partnership with **Fire & Flower**, a cannabis retailer, has been inked. These deals renew interest in this stock among many value-conscious growth investors.

Couche-Tard is among the best TSX stocks in terms of value, but it also balance sheet strength. Share buybacks and acquisitions have boosted shareholder value in recent years. The company's announced move to increase share-buyback guidance to US\$5.1 billion is a big deal. Additionally, as oil prices climb, revenues and margins should increase as well, boosting shareholder value.

Bottom line on Couche-Tard stock

After having raised its dividends for the last 11 years, Alimentation is a Canadian Dividend Aristocrat that boasts of considerable liquidity. Over the last five years, this company's quarterly dividend has grown to \$0.11 per share from \$0.045. This implies a CAGR of roughly 20%.

All in all, Couche-Tard seems to be a great pick, both from a value and income perspective. This is a top stock to consider right now.

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