



Couche-Tard Stock: A World of Growth Opportunities!

Description

Alimentation Couche-Tard ([TSX:ATD](#)) is a convenience retailer that hasn't been nearly as acquisitive as it has been in the past. For Couche, the name of the game used to be M&A.

With a [solid](#) management team that knows how to spot and scoop up firms that are rich with synergies, investors used to applaud the firm's moves, whether they be big or small. Indeed, the biggest deal of them all of late was CST Brands. It was costly and took a very long time for the firm to integrate.

M&A + organic growth: Couche-Tard stock earnings trajectory looks robust

Though synergies came to be, they took longer than during the days when the firm acquired smaller convenience stores more frequently. With such a fragmented industry in North America, there are tonnes of opportunities (big and small) for the firm to put its growing cash hoard to work.

Further, Couche is a global player, with operations in Norway and the desire to [make a big splash](#) in the Australasian region, where ROICs (returns on invested capital) seem to be quite rich. Through the lens of M&A, there is a world of opportunity for Couche to put its money to work. Whether it should make a move or wait is another question entirely.

Couche-Tard stock: So many growth pathways to walk down

As I outlined in my prior pieces, the firm has a few pathways it can move down. Today, it's focusing on enhancing its merchandise offering, specifically with the inclusion of fresh food. Same-store sales have been robust. Moving ahead, though, I'd look for inorganic growth to be the next rally driver. The company is overdue for a huge deal, and after two failed attempts (Caltex Australia and Carrefour), I believe the company is on the hunt for something to add to its arsenal.

Another route Couche could take is nibbling on smaller sub-\$500 million opportunities while investing

heavily to equip existing convenience stores with EV charging capabilities. Of all brick-and-mortar retailers, Couche is arguably best equipped to move into the EV age smoothly.

The EV-charging age could replace fuel retail in a few decades. And convenience stores will need to offer more for consumers who are likely to spend more time at the local Couche-Tard or Circle K. If Couche could acquire a grocery chain for the supply chain, I think Couche could take its growth to the next level and secure its future, as EVs become mainstream. Could it use a grocery acquisition? Sure, but arguably, the firm could continue buying convenience stores while keeping an eye open for parallel deals that could bolster the value proposition. Think restaurants and frozen food offerings.

Couche: Lots of deals out there

There are a lot of deals that can be made. Expect the company to evaluate each one and pursue the one that makes the most sense for the long haul.

As the firm remains quiet, I think investors should be rewarding Couche stock, not punishing it. A strong balance sheet is a big plus in a rising-rate environment. As such, I believe investors can find comfort in owning a stock that I view as both a value and growth play.

CATEGORY

1. 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. Smart News
8. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Investing

Date

2025/07/23

Date Created

2022/04/02

Author

joefrenette

default watermark

default watermark