



## Is Alimentation Couche-Tard Undervalued, Even at All-Time Highs?

### Description

**Alimentation Couche-Tard** ([TSX:ATD](#)) took a beating during the pandemic. The retail stock suffered from a lack in sales from its retail arm and from far fewer people using its gas bars. Yet even during the pandemic, Alimentation stock managed to expand.

With shares now at all-time highs, is Alimentation stock still a deal?

### Growth at cheap rates

Alimentation stock wasn't able to sustain share growth until June 2021, when the company was still within the pandemic. Yet even during this time, the company managed to use the [opportunity](#) of cheap prices to expand its business.

Alimentation stock expanded into several new areas of the world, stretching throughout North America, Europe, and Asia. It managed to create partnerships with cannabis companies as well, creating deals for a steal. And during this time, the company continued to buy back shares.

In fact, most recently, Alimentation stock announced it plans to buy back a further 5,477,451 shares at \$54.77 per share. This helped the stock rally to where it is now at just shy of \$60 per share as of writing.

So, what's next?

### In recovery

Despite the pandemic still waging on, Alimentation stock remains in a strong position. Most countries relieved a lot of the pressure felt by companies like this retail stock. People are getting back to work, travelling, and visiting each other once more. This is all good news for a company that relies on travel to keep its [business](#) going.

And the company has certainly kept going. During its latest quarter, Alimentation stock announced net earnings of US\$746.4 million — a 25% increase year over year. This was helped along by an increase in transportation, organic growth, acquisitions, and the impact of its share-repurchase program.

Gross profit grew 15.2% year over year, with adjusted EBITDA up 18% compared to the same time last year. This happened despite the higher-than-usual inflation rates and supply-chain disruptions. The company remains strong, as demonstrated by the share-repurchase program from having plenty of cash on hand.

## What's next?

This all sounds great, but it's also why shares have trended towards all-time highs in the past few weeks. That being said, the company remains a solid buy. In fact, it's even considered valuable! Alimentation stock currently trades at 17.7 times earnings and 3.66 times book value. It has a consensus target price of \$61, giving it a touch of a potential upside.

Meanwhile, analysts remain confident that this stock is a solid long-term buy. While shares may stabilize in the near term, long-term Alimentation stock has a solid growth path as evidenced by past performance. Management remains confident of a growth rate between 8% and 10% annually.

## Bottom line

Alimentation stock trades at valuable prices, despite being at all-time highs. The company has more opportunities on the way and seems well situated, despite near-term challenges such as inflation and supply-chain demands. It offers a nice 0.78% dividend yield and future growth opportunities from its buyback program.

Shares are up 80% in the last five years and 8% year to date. All in all, Alimentation stock still looks like a buy today.

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1. Investing

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