



Buy Alert: The #1 Travel TSX Stock You Should Buy Today

Description

Much ado has been made over the stress the travel and tourism sector has seen and likely will continue to see as a result of the COVID-19 pandemic. This investor scrutiny is certainly warranted. I remain very bearish on the 12- to 24- month outlook for the sector in general. Airlines in particular will continue to struggle until the day these critically important businesses can prove their supply and demand fundamentals are back on track.

Over the next year or two, I would therefore encourage investors seeking a sneaky way to play an early rebound on travel to look at companies like **Alimentation Couche-Tard** (TSX:ATD.B). My thesis is simple: if travellers aren't flying, we can certainly expect a heck of a lot more road trips on the horizon.

Couche-Tard

Alimentation Couche-Tard is a Québec-based global conglomerate of convenience store and gas station chains. The company has thousands of locations spanning most continents (almost Australia, will get to that). Couche-Tard has found [a wonderful niche](#) in acquiring, updating, and operating these businesses and efficient and streamlined way.

The sector is a fragmented one. However, Couche-Tard has done an incredible job of creating synergies with its acquisitions. The company has become one of the largest and well respected players in this business globally.

Couche-Tard's attention to the customer experience has allowed the company to have among the best sales per square foot and other key operating metrics in the industry. Furthermore, the company's business model is uniquely positioned to take advantage of an upcoming resurgence in customer travel demand via automobile.

Business model based on travel resurgence via road trips

Airlines will continue to sputter in the coming months. Also, travellers will postpone their jet setting lifestyles or dream vacations in favour of a weekend getaway. Gas stations and convenience stores become obvious beneficiaries of such a rebound in demand.

Couche-Tard's growth based acquisition model appears to be grounded for the time being. This is a good thing for investors who may be concerned about balance sheet integrity today. Couche-Tard's management team has continued to look for and assess deals.

However, they made the recent decision to forgo a transaction with Caltex Australia. This acquisition would have brought billions more in debt to the company's balance sheet. Therefore, it appears a slower and steady approach has become the goal for the company's management team.

Bottom line

As far as high-quality options to play a Covid-19 rebound go, Alimentation Couche-Tard remains one of my top picks. I believe this company is likely to see a shorter, sharper recovery.

I expect Couche-Tard to blow away expectations in the coming quarter. Further, I believe the stock market to appreciate the likelihood of this much sooner. Couche-Tard has not traded at the those attractive valuations during the previous bull market, which makes this stock a buying opportunity in the near term.

I'm going to be monitoring the stock over the coming weeks and will consider taking a position should we see any significant stock price declines from these levels.

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