

Alimentation Couche-Tard

TSX:ATD-B



Business Model

Alimentation Couche-Tard Inc., or simply **Couche-Tard**, is a Canadian multinational operator of convenience stores. The company has 15,000 stores across Canada, the United States, Mexico, Ireland, Norway, Sweden, Denmark, Estonia, Latvia, Lithuania, Poland, Russia, Japan, China, and Indonesia. The company operates its corporate stores mainly under the Couche-Tard, Circle K and On the Run brands, but also under the affiliated brands 7-jours, Dairy Mart, Daisy Mart and Winks.

Divisions:



Couche-Tard



Recent Acquisitions / Plans

- 35 Porters Stores under ARS Fresno LLC are being acquired by end of Sept. 2021
- Entered binding agreement with ESSO, Wilsons, GO! Deal that is planned to be closed by 2022
- Couche-Tard is using a M&A strategy to enter the Gas Station industry

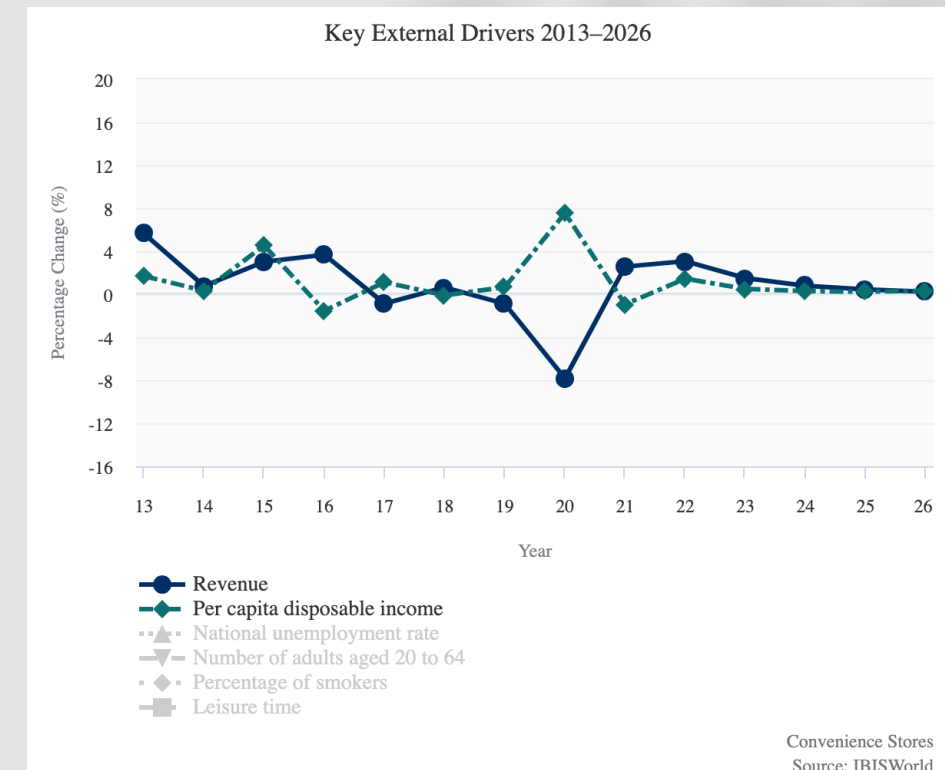
Key Financials

- Current Stock Price: \$51.21
- Market Cap: \$54.89B
- Trailing PE: ~16.45
- PB: 3.668
- Dividend Yield: 6.28%
- EV: \$61.52B
- Operating Cash Flow: \$4.09B
- Profit Margin: 4.61% as of Apr 30, 2021
- Beta: 0.92



Behaviors of the Industry

- Industry is heavily reliant on disposable income
- Majority of smokers purchase tobacco products from convenience stores
- Less leisure time = more likely to opt for time saving options



Catalysts



Percentage of smokers is decreasing

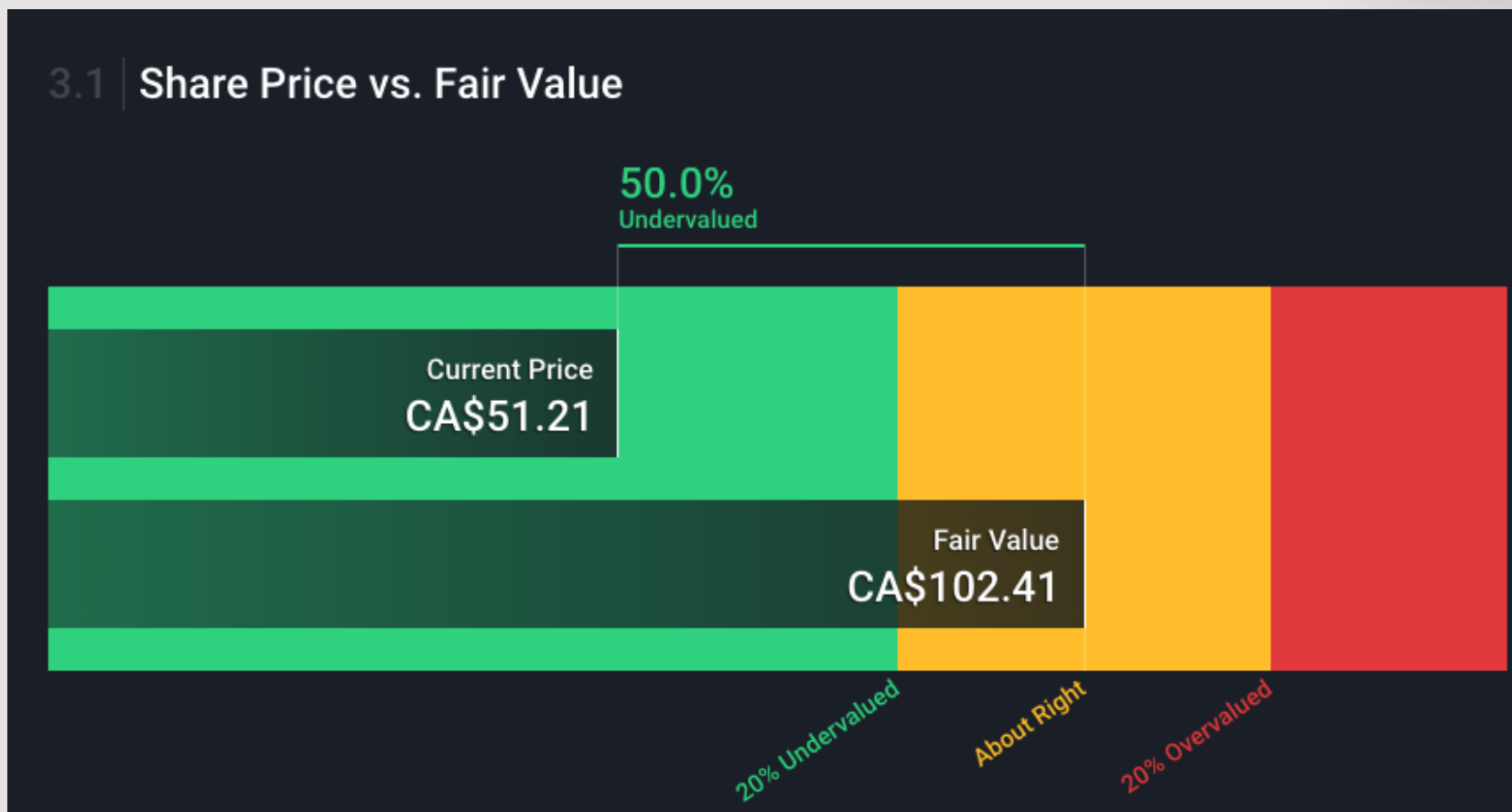


Recent acquisitions of gas stations and continuation into M&A



Stock is bound to go up as revenue has been severely limited by pandemic

Valuation



Recommendations

- Good long-term stock, due to low volatility, this stock will have less opportunities in the future to buy low
- Defensive M&A practices ensure stability within the stock and is aggressively finding new acquisitions as of recently
- Can be tricky based on what the Government wants to oppose on tobacco products as taxes will be applied to tobacco products
- Good alternative is Parkland Corp (TSX:PKI)