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Inside Couche-Tard's electric (vehicle) dreams

Hans-Olav Høidahl in conversation with Fraser Fox, Investment Manager
February 2026

Key takeaways

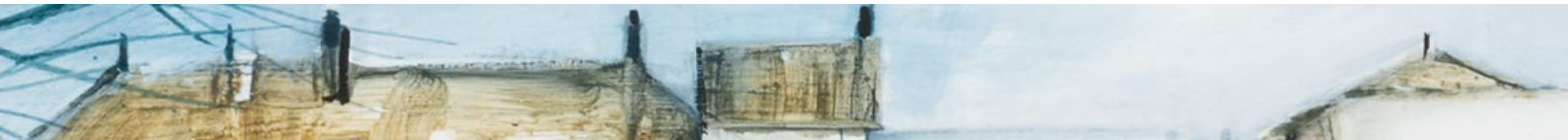
- Couche-Tard has a plan to win the forecourt – from the “last drop of fuel” to superfast charging stations
- How Oslo's plumbers provided a crucial edge in the EV revolution
- EV adoption is slowing in the US, but the long-term megatrend will continue

‘Learning’ might be the word that crops up most frequently in conversation with Couche-Tard's Hans-Olav Høidahl. The Norwegian repeatedly stresses the importance of learning from others to the success of Alimentation Couche-Tard, the Quebec-based operator of convenience stores and fuel forecourts, and owner of the Circle K brand.

It's something of which he has been conscious since 2012, when Couche-Tard acquired his then employer Statoil Fuel & Retail, at the time Scandinavia's leading fuel retailer. Reflecting on that period, he recalls being struck by the collaborative approach of his new company.



Hans-Olav Høidahl, Executive Vice-President,
Operations Europe & Global e-mobility
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“They didn’t send over lots of North Americans to run the Statoil business. They set high standards but they trusted us. Monsieur Bouchard [Alain Bouchard, Couche-Tard’s co-founder and chairman] always emphasised the importance of humility and of both sides learning from each other and sharing experiences. The Couche-Tard way wasn’t necessarily assumed to be the right way.”

When I ask about Statoil’s biggest lesson from the acquisition, Høidahl doesn’t hesitate. “They gave us speed,” he says. “With hindsight, Statoil was too slow. We had lots of smart people thinking a lot about strategy and risk, and how not to make mistakes. Couche-Tard taught us to act faster.”

Merchandising was another area where the European business benefited, he says. “We sent people over to study their approach and to think about what we could implement back home.” The flow of ideas wasn’t one-way, however: “We had a better food offering, which showed up in a significantly higher percentage of food-related in-store sales.”

The Norway laboratory

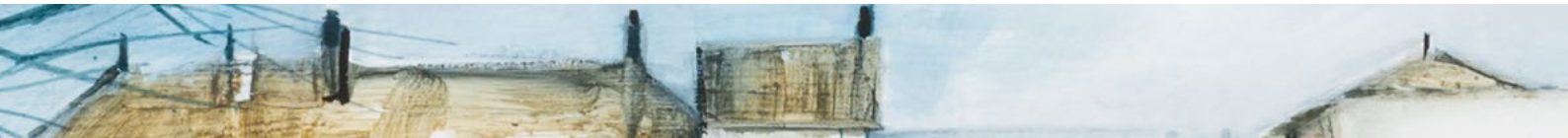
The purchase of Statoil Fuel & Retail would provide Couche-Tard with another valuable opportunity to learn, albeit one that few could have foreseen at the time. Thanks to generous government subsidies and tax incentives, Norway was on the cusp of an electric vehicle (EV) revolution.

In 2012, EVs accounted for a mere 3% of Norwegian car sales. Just over a decade later, that figure had jumped to 90%. As the only global mobility and convenience retailer with an on-the-ground presence in the country, Couche-Tard had a ringside view of this remarkable transformation.

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2025 opening of Circle K’s largest EV charging hub in Järna, Sweden, with 26 ultra-fast chargers
© Couche-Tard





To help it understand the consumption and charging habits of EV drivers, Couche-Tard launched the 'Norway EV Lab' in 2018. Trialling new concepts and technology, the team working in the Lab was able to build and test a comprehensive EV strategy, stealing a march on global competitors.

"It was really important that we developed our own model, rather than buy in something off the shelf," recalls Høidahl. "It meant more upfront costs at the beginning, but in terms of long-term implementation and scalability it's been the right thing to do."

Developing a proprietary model also meant the business could adapt its strategy to what it learnt along the way. "In the beginning, we perhaps focused heavily on highway stores and the travelling customer," he says. "But we soon discovered that many of our best performing EV locations were actually in the city environs of Oslo. Plumbers, electricians, taxi drivers; people driving around the city who needed a charger during the day and wanted to combine that with somewhere that offered a good lunch and good facilities.

"We also started to see more charging happening in transit. Originally, we expected around 15% of charging to happen in public areas and the rest to happen at home. Long-term, industry projections suggest that figure could reach at least 25%. It might be higher if you take into account the average charge speed."

More EV customers on the forecourt are obviously good news for Couche-Tard but I'm also interested to know how the economics of EV charging stack up for a company that has always been highly focused on generating strong financial returns.

"That's not something you can shy away from," says Høidahl. "But what we've seen is that EV customers are more likely to come in-store and that, when they do, they spend more. The margins on charging are also good and we have a healthy return on investment on our chargers at present."

European expansion

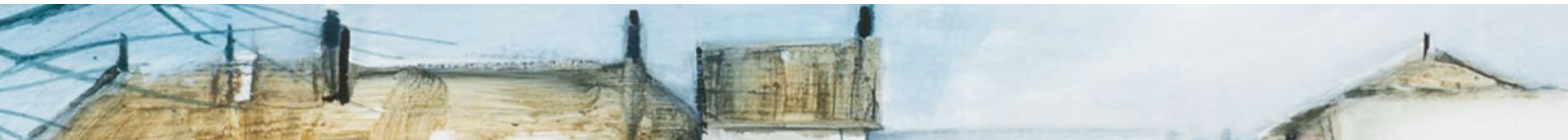
Couche-Tard is now implementing its EV strategy in other markets. "We've taken it into Denmark and Sweden, where we've just opened a new flagship service station in Järna, southwest of Stockholm," Høidahl says. "It's Circle K's largest charging location globally, with 26 ultra-fast charging points on a 30,000 square metre site."

The next step is to take the model into Germany and the Benelux countries (Belgium, the Netherlands and Luxembourg), where Couche-Tard operates more than 2,000 service stations.

Do different market dynamics mean having to adjust your approach by country? "What might be different is the pricing model, whether that's because of the regulatory structure of the market or relationships with electricity providers," he replies.

"Ultimately, however, customer needs are the same everywhere. They want the location to be safe, they want to know where the chargers are, that they're available and there are good payment solutions. They want good facilities, a varied food and beverage offer, clean restrooms and free Wi-Fi."

"This ability to marry charging and convenience is perhaps Couche-Tard's key competitive advantage"



This ability to marry charging and convenience is perhaps Couche-Tard's key competitive advantage. "All of the elements we can offer as a convenience retailer and forecourt operator, many of our competitors, the electricity utilities and the quick-service restaurants for example, can't," says Høidahl. "I think this puts us in a position to win in this market."

What next for the US?

Discussion of the European rollout leads us to Couche-Tard's strategy in the US, where EV adoption lags northern European levels by a considerable distance. I ask Høidahl how the company will approach investment in a market where adoption is low and policy support uneven.

"If I think about the situation in the US from a long-term perspective, then I think the underlying megatrend towards electrification will continue," he says. "There are also cheaper models coming to the market, which will enable more people to own an EV. But I do expect adoption to slow for a while and our approach will have to reflect that."

He emphasises the need for vigilance. "We need to ask if we want to invest in an EV charger that gets utilised a few times a day or to wait for a couple of years until the utilisation rate is much higher. We need to be very careful not to make imprudent investments." Music to an equity investor's ears!

The number one question I've been asked in my seven years as stock champion for Couche-Tard relates to EVs and the mobility transition. In many ways that's understandable but it also risks obscuring the fact that traditional fuel retailing is still a huge driver of the company's earnings.

Food and beverage options in a Circle K service station
© Couche-Tard



“I can promise you we’ll never lose sight of the importance of fuel,” says Høidahl. “We’re very proud of our offering. We continue to improve our forecourts and there are still lots of opportunities in this space. We want to sell the last drop of fuel in the market but we also want to be part of the EV solution.”

This feels like a fitting note on which to end our conversation: a restatement of Couche-Tard’s commitment to its long-established fuel proposition as well as to the burgeoning EV market. Both will offer opportunities for many years to come and few companies are better placed to capture them. ■

This interview took place in January 2025 and featured in the Research Journal.

The views and opinions expressed in this article are those of the interviewee and do not necessarily reflect the position of Walter Scott.

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