Market Crash: 3 Stocks That Will Come Out Stronger in 2020

Description

It's obvious that 2020 isn't shaping up to be a stellar year for the global economy. The pandemic is accelerating, while the economy grinds to a halt. Governments across the world have unleashed trillions of dollars in stimulus, but the stock market still indicates a deep and dark recession ahead.

I believe a lot of companies won't survive 2020. However, some will survive and come out stronger than before. If you're a long-term investor, here are the three robust companies you need on your 2020 watch list.

Constellation Software

Constellation Software (TSX:CSU) is a firm I expect will outperform the rest of the market in 2020. Constellation's cash flows are somewhat immune to the ongoing shutdown. Two-thirds of the firm's clients are public sector contractors and government agencies, which means the cash will keep flowing in, despite the shutdown of non-essential businesses.

Meanwhile, the market crash should allow the Constellation team to snap up some software firms at attractive valuations. The acquisition-driven growth strategy thrives in an economic downturn.

Constellation's stock hasn't budged much this month, despite the chaos around it. It's down just 18% from its all-time high in February and still trades at over 30 times free cash flow per share. It's an expensive stock, but the price is justified when you consider its strong balance sheet, growth potential, and track record.

If the market crash continues next week, and Constellation's price drops further, add it to your "forever" basket.

Dollarama

Officially deemed an "essential business" during the ongoing shutdown in Quebec and Ontario, **Dollarama** has held up pretty well during the ongoing market crash. The stock is actually *up 22% over the course of this year.*

Dollarama's recession-proof business model and the fact that the supply chain in China seems to be coming back online bodes well for long-term shareholders. Discount retailers with low prices tend to perform exceptionally well during economic downturns. I'm confident Dollarama will emerge stronger than before in 2020.

The company controls 18% of the market for discount retail in Canada. By the end of 2020, it could have a larger chunk of this lucrative sector. Meanwhile, the stock trades at a reasonable 24 times earnings.

Restaurant Brands

Restaurant Brands International (TSX:QSR)(NYSE:QSR) has already bounced back 37% from its lowest price this month. It's not the resurgence I'm surprised about; it's the correction that baffles me.

Tim Hortons, Popeyes, and Burger King could face a demand issue in the short term, as people avoid going outside, but the business is robust enough to weather the storm. Backed by Warren Buffett , 3G Capital, and Pershing Square Capital Partners, the company is in excellent shape to thrive, despite the downturn.

In fact, the current market downturn could allow the company to make a major acquisition and add to its portfolio of robust restaurant brands. That means QSR could bounce back stronger by the end of 2020.

At the moment, the stock is trading at a mere 11 times earnings and offers an attractive 4.66% dividend yield. It's an excellent opportunity for long-term investors.

Foolish takeaway

The recent market crash has finally made some stocks attractive. Dive in.

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Date
2025/08/24
Date Created
2020/03/29
Author
vraisinghani