A Top TSX Stock to Buy in Middle of May 2021

Description

Selling your **TSX** stocks in May 2021 and going away is now starting to sound like a pretty smart move, with the broader stock markets falling under considerable pressure this week over renewed inflation jitters.

As we inch closer into the summer season, though, more jabs will be put in arms and we'll be closer to the great reopening, which could pave the way for an economic expansion that some folks have dubbed as Roaring 20s.

Moreover, I'd argue that Tuesday's broadening out of the pullback ought to be viewed as an opportunity to pick up unfairly ditched quality merchandise before the market's next leg up. Many beaten-down companies are fresh off profound quarterly beats and they're worth picking up right here.

Great earnings, meagre reaction

The latest round of blowout earnings has failed to move the needle on many stocks. You're essentially getting a chance to at the peek of the hands of various companies without having to pay up for doing so. The hands of many firms are looking remarkably strong post-earnings. Some firms are holding pocket aces, rendering them more than deserving of much higher prices post-earnings.

Could Mr. Market may be making a blunder with his pricing of certain stocks? Possibly. In any case, I'd look to be a buyer in mid-May while others sell over inflation woes. In this piece, let's have a look at one of my favourite plays to pick up post-earnings.

Restaurant Brands International: Buy in mid-May 2021 and go away

Restaurant Brands International (TSX:QSR)(NYSE:QSR) is a fast-food behemoth that is the most undervalued option in the quick-serve restaurant scene today.

The firm behind Tim Hortons, Burger King, and Popeyes recently came off some pretty good results that inspired a positive post-earnings bounce in the stock. The post-earnings gains have since been surrendered, as the broader markets retreated, though, and for no good reason.

For the latest quarter, Popeyes was an incredible performer, as Burger King remained steady in spite of continued pandemic headwinds and lockdowns. Tim Hortons continued to drag, as many remote workers have been skipping their morning coffee runs amid restrictions.

Looking ahead, Restaurant Brands has far more to gain than many of its takeout-friendlier peers once dining rooms reopen.

Moreover, management has been investing heavily in modernizing its Burger King locations, which should drive comps higher over the next few years. Add menu innovations at Popeyes and ambitious international expansion plans into the equation and it becomes more apparent that QSR is beaten down for no good reason here, given the favourable environment that's up ahead.

What about valuation?

At the time of writing, shares of Restaurant Brands International are trading at 6.4 times sales and 8.9 times book value, both of which are lower than the restaurant industry's average multiples of 8.1 times and 10 times, respectively. QSR sports a juicy 3.1% dividend yield, which is likely to grow at an above-average annualized rate as the firm continues pursuing growth initiatives internationally.

Restaurant Brands stock looks dirt cheap and incredibly timely ahead of what could be a historic economic expansion. I think the name represents one of the best reopening plays that's still being heavily discounted by Mr. Market.

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