



## Earnings Upgrades and Dividend Hike Boost Outlook for This Top TSX Stock

### Description

One of the companies that was affected in a big way due to the pandemic last year was **MTY Food Group** ([TSX:MTY](#)). Indeed, sales of [food court purveyors](#) dipped dramatically. Many malls were closed or had restrictions that made profitability an impossibility last year. Top TSX stocks like MTY took a hard hit.

Indeed, MTY is a company that's seen its stock price plummet during the pandemic. However, with the reopening thesis broadly in view for many investors, this is a stock that's more than recovered from pre-pandemic levels.

The question is, can this momentum be maintained? Here's my take on why MTY stock could just be getting started.

### Bullish sentiment on this top TSX stock

It turns out I'm not the only one bullish on MTY right now. Several analysts have pointed to reasons to be bullish about MTY's outlook from here.

Indeed, the company's recent earnings report sheds some light on why the market is growing more bullish with this name. These results were so good, the company made an announcement that it's looking at reinstating its dividend.

Indeed, as a company investors looked to in the past for [dividend income](#), this is a good move. Any time a company cuts or eliminates its dividend, as in the case of MTY, the company's valuation can take a big hit. It appears the market is pricing in some meaningful dividend income moving forward.

Of course, all this is made possible by the resurgence in activity among the company's food court banners. The fact that MTY is diversified with more than 80 restaurant banners in its portfolio is meaningful. The company's recent quarterly profit of US\$23 million stands in stark contrast to a loss of US\$99 million during the same time last year.

Expectations are that MTY's dividend could be \$0.185 per share on a quarterly basis. Accordingly, this is a stock more dividend investors are considering at these levels right now.

## Bottom line

Buying a stock on one metric alone isn't generally a good idea. Just because MTY is going to reinstate its dividend doesn't make this stock a great pick right away. Indeed, investors need to be sure cash flow growth and profitability can be sustained.

However, the pandemic reopening thesis sure makes a strong case for such performance over the medium term. Governments are hearing their people, who are getting fatigued with the COVID rhetoric that has dominated the news for more than a year. We're all looking to get out there and spend some money at one of MTY's establishments. I think that's going to be hard for regulators to stop at this point.

That said, who knows what the future holds? But for those optimists out there, MTY stock is one that could have a longer runway than many think right now. This is a top TSX stock on my watch list today.

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### Date

2025/09/26

### Date Created

2021/07/24

### Author

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