



2 Battered TSX Stocks to Pick Up While They're Down

Description

Many **TSX** stocks have quietly fallen out of favour in the background. However, you wouldn't notice by just looking at the TSX Index, which continues to hit new highs on the regular. In this piece, we'll have a look at two beaten-down TSX stocks that I think have become too [cheap](#) to ignore as the Canadian indices look to continue moving higher on the back of a robust economic recovery.

Depressed TSX stocks positioned to soar into year-end

Consider **Restaurant Brands** ([TSX:QSR](#))([NYSE:QSR](#)) and **Goodfood Market** ([TSX:FOOD](#)). Each name appears priced at a significant discount to my estimate of its intrinsic value range. As the noise that's driving down each name fades into year-end, I see great upside potential relative to the risks taken on.

Restaurant Brands

Restaurant Brands is one of the best deals in the quick-serve restaurant industry that I see these days. The TSX stock boasts a 3.3% dividend yield and considerable sales growth potential going into the latter quarters of 2021. Continued economic recovery from COVID-19 and favourable year-over-year comparables has me pounding the table on a name that's gone nowhere for over six months.

While the name may not have the most upside on this list, in terms of risk/reward, I think it's tough to beat the firm behind three of the most cherished fast-food brands on the planet in Tim Hortons, Popeyes, and Burger King. At the end of the day, I think the earnings will dictate the trajectory of the stock. So, if you're willing to hold for the next three years, I'd look to add into the name, which may be poised to raise its dividend by a double-digit percentage rate annually.

As I stated in prior pieces, I think investors are getting the company's latest blowout earnings results for free. The TSX stock is right where it was before it pulled the curtain on its Street-topping second quarter. If that's not a gift, I don't know what is.

Goodfood Market

Goodfood Market ([TSX:FOOD](#)) is another name I've been very bullish on amid its recent 50% peak-to-trough sell-off. The Canadian meal-kit delivery company isn't just a way to play another variant-driven lockdown, but it's also a wonderful business that's headed in the right direction. Over the last few years, the company has been taking share, and its margins have steadily become more attractive.

The company made a brief move into the green late last year. And while the company is close to achieving a sustained move into profitability, I think that reinvestment is key to unlocking the most value for investors over the long run. More meal kit choices, better prices, and grocery add-on items, I believe, are the main factors that will help the firm retain subscribers once the pandemic officially comes to an end.

For now, investors seem doubtful that Goodfood can close the floodgates ahead of the post-pandemic environment. The TSX stock trades at just two times sales, with a that's stock off around 31% from its January 2021 high.

Bottom line

There you have it: two [interesting](#) companies that are stuck in a bear market. As COVID-19 winds down, I think Mr. Market will have to correct each name to the upside, potentially well above their all-time highs.

CATEGORY

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2. TSX:FOOD (Goodfood Market)
3. TSX:QSR (Restaurant Brands International Inc.)

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