1 TSX Stock With a Huge Dividend and Reopening Upside

Description

There aren't always absurdly-cheap stocks out there on the TSX Index trading for rock-bottom multiples. Many value hunters are quick to scoop them up, driving prices higher when given the opportunity. When there's a moment of market inefficiency, though, typically caused by a panic situation, there may be too many dirt-cheap stocks outnumbering the appetite of the value hunters out there. Indeed, value made a big return amid the stock market correction of 2022. Although it may have bottomed on Wednesday, with the best deals being scooped up, I still think there are many magnificent catch-up value plays for investors looking for a way to finish the year with a bang.

What should you buy when the market has a temper tantrum? Look to the stocks that have little changed about the long-term narrative or growth story. Have exogenous events negatively impacted a firm's ability to generate revenues over the next three or five years? What about operating margins? And the potential for disruptors to challenge these metrics?

If none of these stand to be affected negatively, you may very well have a bargain on your hands. It is important to pay attention to potential competitors because they can hurt a firm's growth and margins in a potentially drastic way, leading to a valuation reset at some point down the road. Indeed, one must also insist on a margin of safety during times like these. With markets in a correction, many names may have a perceived margin of safety. So, investors can insist on an even wider margin of safety. In this piece, we'll have a look at one of the best stocks that I deem incredibly cheap as markets attempt to stage a comeback from what's been a brutal correction thus far.

Consider shares of **Restaurant Brands International** (TSX:QSR)(NYSE:QSR).

Restaurant Brands International

Restaurant Brands has been under pressure for quite some time now. Currently off 30% from its highs in mid-2019, I view QSR stock as one of the most intriguing reopening plays out there today. The owner of Burger King, Tim Hortons, and Popeye's Louisiana Kitchen now boasts a sizeable dividend yield just shy of 4%. That's the highest it's been in a long time. With COVID likely to proceed into an endemic at some point over the next year or two, I think the name's reopening upside is underrated.

Why?

QSR took a big hit from dining room closures, and Tim Hortons was hard to adapt, given many of its locations were not outfitted with drive-thrus. Indeed, QSR was not built with a pandemic in mind. As dining rooms reopen and Canadians flock back to Tim Hortons for their daily double-doubles, I'd look for the name to stage a massive turnaround. At 21.4 times earnings, shares seem modestly valued. Still, given the potential reopening earnings growth that could be in the cards, I'd view the name as more of a forever holding to consider buying today before the quarterly results have a chance to spark to the upside. Simply put, QSR holds legendary brands, yet its stock has mostly faded into the background, making it one of the most mispriced stocks to the downside in my books.

The firm is doing well, as Tim Hortons contemplates price hikes in response to inflation. Where better to be than a legendary brand if you seek shelter from inflation? With digital growth picking up traction (up 65% YoY), QSR stock is a must-own for the core of any Canadian portfolio aimed at long-term appreciation.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. jguest
2. joefrenette

Category

1. Dividend Stocks
2. Investing

Date
2025/08/21
Date Created

2022/03/11
Author
joefrenette