Foolish Unveil: This Future TSX Dividend King Could Rocket Higher in 2023

Description

In a bear market, it's all about who loses less money. Indeed, some beginner investors may wonder why they even both staying invested in a climate like this, with higher rates and a recession in the mix. Some folks, including Cathie Wood, believe that we are already in the midst of a recession. I find it hard to disagree, especially given the action in markets and the comments heard from executives out there.

Undoubtedly, it's not easy to hold onto your favourite stocks as bearish commentary mounts, adding to your stresses. Regardless, I think that when investors are so panicky and nervous, it's a good time to put on your contrarian hat, even if it means being wrong for the next year or two.

You've got to be willing to lose money in the near term if you want to bag some of the best bargains this market has to offer! Indeed, there are plenty of intriguing TSX stocks out there that are in the gutter right now, with bleak hopes and negative momentum. Though it seems difficult to imagine a scenario that sees stocks roaring higher, the time will eventually come. And those who bail are probably going to miss out on the fastest (and most furious) gains!

In this piece, we'll have a look at one TSX stock that could evolve to become a leader once the bear market ends and investors are ready to grab the next bull market by the horns!

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

Restaurant Brands International

Restaurant Brands International is a fast-food kingpin that could be tough to stop once the recession rolls around. In prior pieces, I've praised the firm for its efforts to improve comparable store sales at its legendary Burger King brand. As management looks to invest (rather than cutting costs), we may finally see QSR catch up to its peers in the restaurant space. There's no better time to do it than in a recession, as fast-food firms look to steal market share away from pricier alternatives.

Amid inflation, we've seen consumers flock over the quick-serve restaurants that offer a lot per dollar.

Once a recession hits, we could see this trend intensify, and it’s brands like Burger King that could see sales take off.

Indeed, a recession and inflation are detrimental to most firms — but not Restaurant Brands, which may benefit from rising foot traffic. At writing, the dividend remains handsome at 3.82%. In a 2023 recessionary or stagflationary environment, expect this payout to grow at a much faster pace. I’d argue a 10-15% hike is in the cards, perhaps more depending on how QSR’s modernization bets translate over coming quarters.

QSR is getting its groove back. And at 2.7 times price to sales, shares are among the cheapest in the industry.

The bottom line

It’s hard to be bullish in this type of climate. Higher rates seem unavoidable. Still, fast-food firms, especially cheap ones like QSR, may actually rise as winners in 2023. I’d be willing to bet that QSR stock will be much higher in 16 months from now, given the trajectory and medium-term roadmap.

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