2 Top TSX Consumer Stocks to Buy in November 2022

Description

Stock markets worldwide follow an industry taxonomy wherein general fields of business are classified into 11 primary sectors. On the **TSX**, financial and energy are the heavyweight sectors. However, if you're looking for resilient and stable investments in November, two top consumer stocks are screaming buys.

Consumer stocks have two categories, namely consumer staples and consumer discretionary. The common denominator is that constituents in either category provide essential or everyday products, from groceries and food to beverages.

Alimentation Couche-Tard (TSX:ATD) and **Restaurant Brands International** (TSX:QSR) aren't wilting under intense macroeconomic pressures. Besides being consumer favourites, the companies are profitable this year. Also, because of their remarkable business performance in 2022, both stocks are outperforming the broader market.

Consumer staples

Couche-Tard continues to impress investors, notwithstanding the impact of high inflation on consumer spending and behaviour. The $63 billion convenience store giant operates in Canada, the United States, Europe, and other regions. In Q1 fiscal 2023 (three months ended July 17, 2022), total revenues rose 37.4% to US$18.7 billion versus Q1 fiscal 2022.

Net earnings for the quarter increased 14.1% year over year to US$872.4 million. Apart from the healthy same-store sales of convenience items in the U.S. market, management said fuel margins were robust across all platforms.

Couche-Tard's CFO, Claude Tessier, notes that adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) has reached more than US$5.4 billion in the last four quarters.

According to its President and CEO, Brian Hannasch, the primary focus amidst high inflation and high prices is to deliver strong, consistent value to customers while maintaining cost discipline in operations.

He adds the rollout of innovative, easy-to-use, smart checkout technology in the next three years (10,000 units in 7,000 stores) should enhance the customer experience further.

If you invest today, this recession-resistant stock trades at $61.65 per share (+17.05% year to date) and pays a modest 0.71% dividend. Market analysts have a high price target of $93.45 (+51.6%) in 12 months.

Consumer discretionary

Restaurant Brands International, or RBI, reported strong earnings in Q3 2022 despite a challenging economic environment. The $36.8 billion quick-service restaurant company operates Tim Hortons, Burger King, Popeyes Louisiana Kitchen, and Firehouse Subs.

Its CEO, José Cil, said, “We’re all fully aware of the continued macroeconomic pressures impacting our industry and our franchisees. These include ongoing commodity and wage inflation and rising interest rates.”

In the three months ended September 30, 2022, total revenues and net income increased 15.5% and 61.1% year over year to US$1.7 billion and US$530 million, respectively. Cil adds that the strong results reflect the strength of RBI’s diversified, global business model and strong free cash flow generation.

Undoubtedly, Tim Hortons remains a top destination, as evidenced by its strong sales momentum. Cil notes that all RBI’s iconic brands offer great value for money and are well-loved by customer. At $81.85 per share, current investors enjoy a 9.93% year-to-date gain in addition to the 3.59% dividend.

Mass appeal

The businesses of the convenience store operator and quick-service restaurant franchisor endure because of their mass appeal. Based on Brand Finance Canada’s 100 2022 Ranking of top popular brands, Couche-Tard’s Circle K and RBI’s Tim Hortons rank 6th and 15th, respectively.

CATEGORY

1. Dividend Stocks
2. Investing

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

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