



New Name, Same Old Value

Description

It doesn't pay to take your eye off the ball; I should know.

I last covered **Recipe Unlimited Corporation** ([TSX:RECP](#)) in March when it was still known as Cara Operations. At the time, I [called](#) its stock oversold and predicted it would hit \$30 by the end of 2018, a target I feel is still very obtainable.

I then forgot about Cara until I saw a July 4 *Financial Post* article about the restaurant operator getting rid of plastic straws by 2019, a year ahead of **Starbucks Corporation**.

It alerted me to the fact Cara was out and Recipe Unlimited was in. In that same article, I discovered that Recipe Unlimited had a new CEO.

"Our goal is to enrich life in Canada...and that extends beyond our restaurants and guests, to our oceans, wildlife and environment," said Recipe Unlimited's Chief Executive Officer Frank Hennessey in a statement. "Straws are just one component of the work we're undertaking to eliminate single use plastics from our supply chain and shift to recyclable or compostable materials wherever possible."

Who is Frank Hennessey?

That's what I'd like to know, along with what happened to Bill Gregson, a CEO I've followed since his days at Forzani Group, now part of **Canadian Tire Corporation, Limited**?

It turns out Gregson, who was CEO for almost five years, was booted upstairs to executive chairman with Hennessey dropping into the CEO role.

Hennessey used to work at Cara spending 11 years at the company in various executive roles, including president of Harvey's. He then left to become CEO of Bento Sushi restaurants before leaving to take the reins of Imvescor Restaurant Group Inc. in September 2014, staying there until **MTY Food Group Inc.** bought it for \$247 million in March.

Needless to say, he has a good track record both inside and outside Recipe Unlimited, making the transition from Gregson an easy one.

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Up until its purchase of [Keg Restaurants](#) earlier this year for \$230 million, the company formerly known as *Cara* flew under the radar of many investors, but since that acquisition, it's been spending a lot more time in the media spotlight given that its largest shareholder, **Fairfax Financial Holdings Ltd.**, [upped](#) its voting control in Recipe Unlimited to 57%.

As a fan of Fairfax CEO Prem Watsa, the company's increased control of the restaurant operator in combination with the Keg acquisition made Recipe Unlimited more attractive stock worth buying whenever it dips, as it did last September.

Up 18% over the past 52 weeks, Recipe Unlimited stock isn't nearly as cheap as it was a year ago. However, with a healthy financial position and growing cash flow, I look for good things to happen from Recipe Unlimited.

"With the company's strong balance sheet and growing cash flows, management will continue to pursue strategic acquisitions and will explore alternatives to return more capital to its shareholders including continuation of its [share buyback program] and increases to the company's dividend rate," the company stated in its Q1 2018 press release in May.

I hate the name, but love the stock.

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