



2 Canada-Based Stocks Warren Buffet Owns

Description

Warren Buffet is widely regarded as the greatest contemporary investor. He has, after all, delivered market-beating returns for several decades while leading his famous company, **Berkshire Hathaway**. Mr. Buffet's investing precepts, centred on a value investing approach, have attracted an almost cult-like following over the years.

However, the investing guru is notoriously hesitant to invest in companies based outside the U.S. Fortunately, he has made a few exceptions, and two of his international stock picks happen to be headquartered in Canada: **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) and **Restaurants Brands International Inc** ([TSX:QSR](#))([NYSE:QSR](#)). Here's why both of these companies are buys.

A leader in the Canadian energy sector

Suncor Energy is one of the largest integrated energy companies in Canada. The firm is currently facing an uphill battle, as are many of its peers. The government of Alberta [decided](#) to impose mandatory production cuts aimed at increasing crude prices. Many Canadian oil companies are also suffering from a lack of pipeline exit capacity.

Despite these headwinds, however, Suncor looks well positioned amid one of the most profitable energy markets in the world.

The company's latest earnings — Q1 2019 — revealed a year-over-year increase in its net income of 86%, an excellent result given that crude prices were lower compared to the corresponding period of the previous fiscal year.

This increase in its bottom line was due in part to an oil production increase of 11% year over year.

Suncor is an excellent option for investors looking for steady income by way of dividends. The firm currently offers a juicy yield of 4.03%, with a payout ratio at just over 60%, which is good by industry's standards.

Over the past five years, the company has improved its quarterly dividend payout by about 82%. While detractors may point to a relatively high oil price breakeven level (currently at USD \$45) and rising

costs, Suncor provides enough benefits to warrant serious consideration.

One of the largest fast food chains in the world

Restaurant Brands International was originally formed in 2014, when the U.S.-based fast food chain **Burger King** joined forces with the Canadian restaurant chain **Tim Hortons**. Since then, the firm has added yet another major name under its umbrella, namely **Popeyes Louisiana Kitchen**.

The merger of three popular multinational restaurant chains under one umbrella gave QSR an immediate edge. Since 2014, the firm's annual revenues have increased by more than 340%, while its net income has soared by more than 500%.

Though restaurant and fast food chains often struggle to build a strong competitive advantage — in part due to the industry's practically non-existing barriers to entry and switching costs — they can still do so by way of brand name recognition and customer loyalty.

Those factors give QSR a particularly appealing upside, as all three major brands under its name benefit from a strong brand name and customer loyalty, at least to some extent. It's also plausible to believe that there are more major acquisitions in the future of the corporation.

Further, QSR recently started ramping up its technological upgrade, including mobile ordering and delivery options among other new developments. While none of this is new to the fast-food world, QSR had fallen behind in this category, and according to its CEO, Daniel Schwartz, the firm needed to catch up with its peers.

Daniel Schwartz pointed to strong results with similar programs abroad to raise optimism about the company's tech upgrades.

The bottom line

There's a reason that both of these companies made it to the portfolio of one of the world's most famous investors. Both possess strong market shares within their respective industries and present clear upsides. While there will always be ups and downs, Suncor Energy and Restaurants Brands International are excellent investment options to consider.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Energy Stocks
2. Investing

Date

2025/08/17

Date Created

2019/06/24

Author

pbakiny

default watermark

default watermark