2 Stocks I'd Stay Far Away From Today

Description

We've seen some great deals appear on the markets lately amid a lot of selling that's been taking place. However, some stocks remain unappealing buys today, even if they were to continue falling. Below are two stocks that I couldn't be convinced to buy anytime soon.

MedMen Enterprises (CNSX:MMEN) looked like a very appealing buy even a year ago. The stock was trading at more than $9 a share back in October and was looking like it could be a real big player in the cannabis industry south of the border. Its **Apple**-like stores have been able to draw in many customers, and it has proven to be a very popular brand.

Since then, however, we've seen a lot of changes both in the industry and in MedMen as well. We've seen some big multi-state operators proving to be formidable opponents for MedMen, including the biggest, **Curaleaf Holdings**. The battle for market share has proven to be intense in the industry, and it shows no signs of slowing down.

Although MedMen has been able to generate more than $100 million in sales over the trailing 12 months, its losses have continued to mount, and the company has been burning through lots of cash along the way. The problem could become worse, as MedMen recently announced it would be offering home delivery in California, which could become another costly venture.

The stock may appear cheap, trading at around four times its sales, but the reality is that the stock is a very risky one that could continue to fall even further. With many key people leaving the organization in the past year and all sorts of problems facing the company, it may even be one of the worst cannabis stocks to buy today.

Restaurant Brands International (TSX:QSR)(NYSE:QSR) is another stock I'd avoid, but not for the same reasons as MedMen. Restaurant Brands is a quality stock, but it's just not one that I'd consider buying — not anytime soon. It pays a dividend, has some great restaurant chains in its portfolio, and posts a profit. It looks like a great stock from afar, but there are multiple reasons I wouldn't invest in it.

First and foremost, it's a very expensive stock to own. At more than 40 times earnings and around 14 times its book value, investors that buy the stock today are paying a significant premium for it. That would be okay if the company were achieving incredible growth, but that hasn't been the case. Same-store sales growth numbers haven't been strong at all, especially at Tim Hortons.

Restaurant Brands also has a lot of debt on its books, and that could continue to get worse, especially as it continues to expand its brands across the globe. For investors, it could be a concern, because if the company needs to raise additional cash, it might have to start coming out of new share issues and that would dilute existing shareholders.

The stock could be a good buy under the right circumstances, but it would have to be a lot cheaper, and its debt would have to come down significantly. Otherwise, there's simply too much risk here for Restaurant Brands to be an appealing buy.

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