ALERT: My Favourite Warren Buffett Stock Just Became a Must-Buy

Description

My favourite Warren Buffett stock, **Restaurant Brands International** (TSX:QSR)(NYSE:QSR), crashed hard amid the coronavirus pandemic.

Nobody is eating at restaurants these days, but the stock fell as though nobody would *ever* eat at Burger King, Popeyes, or Tim Hortons again. The stock lost well over half of its value on the coronavirus, and based on the chart alone, you'd think that the long-term investment thesis had crumbled like a paper bag, which was hardly the case.

Sure, some pundits think that the restaurant (and travel) industries will never be the same again. They think the coronavirus will spark long-lasting changes, even once we've made a return to the regular routine. While I do think hand-shaking could become a relic of the past, I'm not at all convinced that people are going to stop dining in at their favourite fast-food restaurants.

Look past the near-term haze of uncertainty to the long-term growth story

The coronavirus is a nightmare. And it's going to cause comps of restaurant stocks to fall off a cliff for the coming quarters, as people continue practicing social distancing and self-isolation to avoid contracting the insidious COVID-19. While the pressures will weigh on the top line over the intermediate term, I expect store traffic will bounce back once we return to normalcy (whether it be in late 2020 or early 2021).

I'd imagine that everybody is sick of staying at home and just itching to enjoy a whopper among friends at the local Burger King. When it becomes safe to venture into restaurants again, I'd imagine even the most rattled of consumers will feel comfort in knowing that restaurant operators will go the extra mile to clean up and ensure its patrons are safe.

What about Restaurant Brands's financial health?

Over the medium term, Restaurant Brands will suffer from a tonne of lost sales as dine-ins are restricted within certain geographies. The company has $13.36 billion in total debt weighing down its balance sheet as of Q4 2019.

Although not ideal for these tough times, the company has $1.53 billion in cash on hand and has fully drawn down its $1 billion revolving credit facility.

The company doesn't have the best balance sheet in the world, but I see it as having more than enough liquidity to pull through what's going to be another few quarters of pain. The company has been supporting its franchisees through these unprecedented times, and I suspect that all Restaurant Brands chains will rise out of the coronavirus pandemic.

Foolish takeaway

Despite the challenging circumstances, I think the risk/reward tradeoff on QSR is the most attractive it's ever been, with a long-term growth story that still looks very much intact.

Shares currently trade at 11.5 times EV/EBITDA and 5.2 times book. If you're of the belief that the world will kick the coronavirus this year, now could prove to be the perfect time to back up the truck on Restaurant Brands shares while they sport a 4.7% yield.

Stay hungry. Stay Foolish.

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