



Warren Buffett's 2 TSX Stocks Plummet: Buy or Sell?

Description

For the first time in decades, Warren Buffett is cowering in fear. **Berkshire Hathaway**, the conglomerate of the billionaire investor, is posting the largest quarterly losses by a U.S. firm. Before the coronavirus outbreak, Buffett was confident that his empire's equity portfolio would outperform in a down market.

Buffett's followers were anticipating Berkshire to dip from its [\\$128 billion cash hoard](#) to buy more and invest. The reverse, however, is happening. His airline stocks had to go first. Buffett's running losses are in the vicinity of US\$70 billion.

Beloved TSX stocks

Berkshire Hathaway has just two holdings on the **Toronto Stock Exchange (TSX)**: **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) and **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)). The share prices of both have been plummeting of late due to the one-two punch hitting the market.

Buffett has never seen a destructive combo of COVID-19 and plunging oil prices in his lifetime. The extent of damage is so massive that many businesses will be on the verge of bankruptcy when a deep recession strikes. The value investor might be thinking of selling his beloved **TSX** stocks next.

Buffett is perhaps waiting for Suncor Energy's Annual General Meeting (AGM) set for May 6, 2020. Berkshire has about 15 million shares in Canada's leading integrated energy company. At the current price of \$22.04 per share, the investment is worth \$331 million.

Oil sands king

Suncor's year-to-date loss is 47.55%, while the dividend yield is an astronomical 8.35%. Some income investors worry about a dividend trap. This \$33.65 billion company might ultimately announce the slashing of dividends. Oil prices have not rebounded dramatically despite the ending of the price war.

Thus far, Suncor looks stable enough to sustain dividend payments. The funds' flow of \$10.8 billion gives the company a strong liquidity position. The net debt-to-funds flow ratio is reasonably low at 1.5. Suncor's unused and available credit facility as of year-end 2019 was \$4.7 billion.

Suncor could be more attractive in case oil prices recover in the mid-term. Both S&P Global Ratings and Moody's Investors Service are maintaining their [investment-grade ratings](#) of Suncor, a favourable endorsement.

Appetizing investment

RBI, the owner and franchisor of such global brand names as Burger King, Tim Hortons, and Popeyes is under extreme pressure as well due to COVID-19. The stay-at-home and social distancing directives are weighing heavily on the quick-service restaurant industry.

The share price remains depressed with a year-to-date loss of 21.41%. The volume of trading in the last four trading sessions is averaging 1.3 million. RBI rallied 6.42% to \$64.26 on April 22, 2020. Meanwhile, income investors can feast on the 4.43% dividend yield.

RBI is paying cash advances totalling \$70 million to franchisees in North America. The company drew \$1 billion from its revolving credit line to bump up its cash on hand to \$2.5 billion. There's also an offer of rent deferrals to support franchise operators.

The recent assurance of RBI CEO Jose Cil that the company is well-positioned to weather the crisis should allay the fears of Buffett and fellow investors in this quick-service restaurant stock.

Hold, not sell

Unlike other stocks, Suncor and RBI are holding ground. If Warren Buffett would sell again, his two TSX stocks won't be included in the selling block.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. 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.)

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