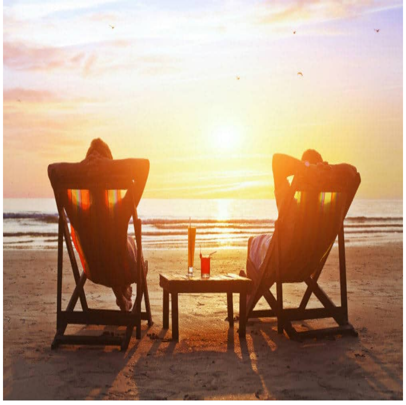

2 Warren Buffett TSX Stocks to Buy Before Summer

Description

The legendary investor Warren Buffett has attracted criticism over the course of the COVID-19 pandemic. Buffett bailed on his controversial airline bet in early May. Investors have historically looked to Buffett for guidance during turbulent periods, but he has been uncharacteristically quiet so far. But he has not lost his sense of optimism.

Warren Buffett: The eternal optimist

Warren Buffett is renowned for his incredible success employing value investing over his long career. However, he has also been heralded for his optimism. Where other investors were eager to bet against the success of the United States and global economy, Buffett moved in the opposite direction.

This outlook appeared to punish Buffett early in the COVID-19 crisis. Moreover, sectors like energy and hospitality have been ravaged in recent months. However, there are signs that these industries may be emerging from the worst of this pullback. Today, I want to look at two Warren Buffett-approved stocks that are on track to rebound in the summer.

Energy is rebounding

The price of WTI Crude and Western Canadian Select (WCS) plunged into negative territory in April. Oil and gas demand bottomed out due to the COVID-19 pandemic. Fortunately, prices have staged a promising comeback in May.

Suncor Energy (TSX:SU)(NYSE:SU), a TSX stock Buffett has loaded up on recently, should be a beneficiary of this trend. Shares of Suncor have dropped 42% in 2020 as of close on May 28. The company released its first-quarter 2020 results on May 5.

Earnings took a big hit due to headwinds in the sector in the first quarter. Funds from operations came in at $1 billion, or $0.66 per share, compared to $2.58 billion, or $1.64 per share, in the prior year. It posted a net loss of $3.52 billion, or $2.31 per share, over net earnings of $1.47 billion, or $0.93 per share, in Q1 2019. Meanwhile, Suncor management remains confident in the face of this crisis. It boosted its liquidity by $2.5 billion in the quarter to combat short-term complications.

Shares of Suncor last possessed a favourable price-to-book value of 0.9. The company reduced its quarterly dividend to $0.21 per share. This now represents a 3.5% yield.

Why you can trust fast-food stocks in this pandemic

Restaurants across Canada and the United States have been forced to resort to take-out and delivery-only in many regions. Meanwhile, this has devastated an industry that already relies on thin profit margins. Fortunately, this Warren Buffett-approved stock is well equipped to survive the pandemic.

Restaurant Brands International (TSX:QSR)(NYSE:QSR) owns, operates, and franchises major fast-food brands in North America. The three brands are Tim Hortons, Burger King, and Popeyes Louisiana Chicken. Shares of RBI have dropped 8.9% in 2020 as of close on May 28.

Investors got a look at its first-quarter 2020 results on May 1. Meanwhile, RBI announced the rapid advancement of its digital platforms in response to the pandemic. CEO Jose Cil pointed out that RBI was well positioned to weather the crisis as it is "fortunate to have drive-thru, take-out, mobile order and payment, curbside and delivery options…" Amazingly, Popeyes delivered system-wide sales growth of 32% in Q1 2020, led by the success of the Chicken Sandwich.

Shares of RBI last had a price-to-earnings ratio of 23, which is in favourable value territory relative to industry peers. In Q1, the board of directors declared a quarterly dividend of $0.52 per share, representing a 3.9% yield.

CATEGORY

1. Dividend Stocks
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2. NYSE:SU (Suncor Energy Inc.)
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aocallaghan