



Warren Buffett Selloff: Should You Buy His Former Canadian Darling?

Description

Whether you're into investing or not, you've still likely heard of Warren Buffett. This investor is now the world's third-richest man, and it's all from investing in the right places. The man is brilliant, so when he invests in something, everyone is all ears.

Yet lately, Warren Buffett has remained relatively on the sidelines. There have been a [few sales](#) and a few buys, but nothing substantial. However, investors have been watching more closely during this economic downturn — and that includes Buffett's actions with one Canadian stock.

Restaurant Brands

I'll be honest, Warren Buffett wasn't exactly excited about **Restaurant Brands International** ([TSX:QSR](#)) ([NYSE:QSR](#)), but maybe he should have been a bit more patient. Yet it's clear to see why the investing mogul decided to completely sell the stake in the company.

Restaurants, especially fast-food chains, suffered when it came to the pandemic. People made fast-food chains a part of their daily routine. So, what was a company like Restaurant Brands going to do about it? The company slumped by 4% in revenue year over year during the last two quarters. It was August 2020 when Buffett had enough.

But since that time, investors seem to have forgiven the company. Share prices are almost to pre-crash levels, with a potential upside of 23% to go to reach those levels as of writing. And now, investors are seriously paying attention given that the company's next earnings report is due Oct. 27, 2020.

There are economists that believe the company will beat earnings estimates for the company. The company predicted revenue will drop by 8.3% year over year, so if it does better than that this could see shares rise up. Another part that could cause a short-term rise also comes down to plans and implementation from the company on how to handle the pandemic.

Restaurant Brands has upped its game when it comes to drive thru and the use of digital channels.

This alone can account for such a recovery in share price since March. The company was even able to open up over 4,500 restaurants in the second quarter of this year. While Burger King and Tim Hortons remain on the low level, its Popeyes Louisiana Kitchen still continues to triumph, with the brand causing a 24% sales growth.

Another bonus is that even should there be reversing back into different stages of the pandemic, we are unlikely to see these businesses close like they did during the lockdown. The preparation has been made, so there shouldn't be the sharp decline in sales we saw before.

If you look long term, this company has strong historical growth of 66% in the last five years. It also has a solid 3.71% [dividend](#) yield as of writing. Investors should pick up this stock and hold onto it for years, and not be swayed by Warren Buffett in this instance. Restaurant Brands is due for a comeback, and when it happens, be ready.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)

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