Warren Buffett May Have Made a Mistake by Selling This Stock

Description

Warren Buffett is one of the greatest investors of our time. But not even the man we know as the Oracle of Omaha is immune from making mistakes.

Even the greats have their fair share of fumbles. While many have turned their back on the man following his decision to not back up the truck on the February-March market crash, which turned out to be one of the greatest near-term buying opportunities of all time, I think Warren Buffett's decision to err on the side of caution amid this crisis is a wise move, especially when you consider **Berkshire Hathaway's** exposure to the risks brought forth by the coronavirus crisis.

Warren Buffett: I thought he should have bought more (and not sold) QSR shares

It remains to be seen whether Warren Buffett has made a mistake by being too cautious for what's been a tumultuous year. However, I think his decision to ditch his shares of **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) will come back to haunt him. The fast-food juggernaut may feel a considerable amount of force from this crisis, but I think the name is in a spot to bounce back quickly, through and after this pandemic.

Restaurant Brands has a pretty compelling long-term growth story. The company owns some pretty stellar fast-food brands in Tim Hortons, Burger King, and Popeyes Louisiana Kitchen, the latter of which possesses long-term growth potential that I believe many are severely discounting.

Don't discount the power of a robust restaurant brand

The thesis I've heard ad nauseam is that Tim Hortons and Burger King are the heavyweights that need to do the heavy lifting to get Restaurant Brands stock moving in the right direction. While Popeyes's revenues account for an underwhelmingly small portion of the Restaurant Brands pie now, I think it's a mistake to discount the firm's long-term growth, given the brand's power and a world of untapped growth potential.

Popeyes's new chicken sandwich was not only a success for Restaurant Brands, but it was a remarkable success for the entire fast-food industry. Popeyes posted enviable comps in its latest quarter, driven by its legendary chicken sandwich, the likes of which has been copied by select competitors in the space.

Unfortunately, the profound strength at Popeyes isn't enough to offset the weakness in the other, more sluggish restaurant brands. The woes at Tim Hortons continue to be the topic of discussion for Canadians, who, I believe, may be discounting the brand's long-term turnaround potential.

Management is slowly turning the ship around

I can't say I'm a fan of management and their approach to growing the Tim Hortons brand. But to think the iconic Canadian banner is beyond saving, I think, is quite the stretch. Not only do I think Tim Hortons can be great again through the eyes of Canadian consumers, but I also think a turnaround could be brewing well before this pandemic concludes.

In a recent piece, I drew attention to Restaurant Brands's modernization efforts, which would allow the firm to catch up on the mobile and drive-thru front, thus allowing the firm to bounce back, despite continued pandemic pressures. I think such efforts are being overlooked by investors and would encourage investors to load up on shares while they're cheap, rather than parting on the side of Warren Buffett by ditching shares at what I think is the worst possible time.

QSR stock: Warren Buffett sold. You shouldn't

The turnaround at Restaurant Brands is just beginning, and management isn't just sitting around, waiting for the pandemic to end. That has me a raging bull on the stock, and I'll continue to accumulate shares on weakness, even with Warren Buffett on the sidelines.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BRK.B (Berkshire Hathaway Inc.)
2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

Date
2025/08/22
Date Created
2020/11/03
Author
joefrenette