



Warren Buffett: 2 Canadian Stocks the Oracle of Omaha Sold in 2020

Description

Warren Buffett is one of the most revered investors of modern times — and for good reason. The Oracle of Omaha has consistently beaten the **S&P 500 Index** for close to six decades and his words of wisdom has allowed investors to create massive wealth in the long-term.

All of Warren Buffett's investment moves are closely watched to gauge the way he thinks about where the markets are heading. Here we look at two Canadian stocks Buffett sold in 2020 and if investors need to do follow suit.

A fast-food giant

At the end of Q1, **Berkshire Hathaway** owned 8.4 million shares of **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)), one of Canada's largest quick-service restaurants. These holdings were worth around \$337 million and Berkshire liquidated its stake in the company in Q2.

The restaurant industry was one of the worst-hit amid the pandemic as several countries imposed lockdowns and other restrictions. Shares of QSR fell from \$89 in February to a multi-year low of \$36.5 in March. However, the stock has made a stellar comeback to currently trade at \$78.6.

In the third quarter, QSR reported revenue of \$1.34 billion and adjusted earnings per share of \$0.68. This was higher than consensus revenue estimates of \$1.3 billion and earnings forecasts of \$0.63.

Sales were down 8% year over year, which was attributed to the ongoing pandemic-related restrictions. The company confirmed it has opened 96% of locations, up from just 50% when the COVID-19 was at its peak.

QSR continues to benefit from drive-thru and delivery which were up by double digits year over year. Popeye's continues to remain a key revenue driver as sales were up 21% year over year for this restaurant chain. However, Tim Hortons saw its comps fall by 12.5% in Q3, which means Popeye's shoulders a huge burden of carrying the weight of QSR's brand.

Tim Hortons is viewed as a coffee chain; with people largely working from home, the demand for the product has declined significantly. Transit activity is still down 50% in Q3, and this might fall lower as COVID-19 cases rise.

Barrick Gold

While Warren Buffett surprised investors by investing in **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) in Q2, Berkshire reduced its stake in the gold miner by 42% in Q3.

Barrick Gold is one of the largest Canadian companies and has lost 25% in market value since September. However gold prices [should move higher](#) in the coming months given low interest rates, a weak U.S. dollar, and global uncertainties amid COVID-19.

In Q3, Barrick Gold generated \$1.3 billion in free cash flow and [strengthened its balance sheet](#) by reducing its net debt by 71% to US\$417 million. It also raised its dividends by 12.5%, the third time it has done so in 2020.

Barrick Gold is on track to deliver all-in sustaining costs of less than US\$1,000 per gold equivalent ounce this year. It means the company can improve its bottom line at a stellar pace if gold prices gain momentum in 2021, also giving Barrick Gold an opportunity to increase dividend payments and lower debt.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:ABX (Barrick Mining)
4. TSX:QSR (Restaurant Brands International Inc.)

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