



Why Aren't Investors Buying This Super-Obvious COVID Recovery Play?

Description

With shares of **MTY Food Group**, a mall food court staple, soaring over 200% off its March lows to flirt with pre-pandemic highs, you would think that all the best COVID recovery plays are all but gone following early November's [positive vaccine news](#). That's not the case, though, as Mr. Market, as you may know, is prone to pricing blunders, especially during times of crisis.

When it comes to fast-food kingpin **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)), which saw its rally stall in recent months, as its quick-serve restaurant peers continued surging to new heights, I think there's some [very deep value](#) to be had.

Now, Restaurant Brands had a bit of trouble, even before the pandemic began. The firm behind popular fast-food chains such as Tim Hortons, Popeyes Louisiana Kitchen, and Burger King had difficulty getting its latter chain on the right track. Tim's comparable-store sales (comps) were sinking, and its failure to find a spot with Canadian consumers really weighed on the stock. The pandemic, which shuttered dining rooms, only served to exacerbate the issue severely.

Could Bill Ackman propel QSR out of its funk?

Given the unfathomable brand power behind a name like Tim Hortons, though, I think it'd be foolish (that's a lower-case *f*, folks!) to discount the Canadian icon's turnaround potential. While a supposed "turnaround" has been brewing at Tim's for well over a year now, I think that serious change is coming, with billionaire activist investor Bill Ackman, who remains as bullish as ever on his big stake in Restaurant Brands.

Now, we can only speculate on further Ackman's activism with Restaurant Brands at this juncture. But given the man knows how to unlock the full potential behind businesses failing to live up to expectations, I'd argue that it makes a tonne of sense for Ackman to get a bit more involved. Heck, the man has made big money off of fast-food stocks, with notable contrarian investment in **Chipotle Mexican Grill**, among others. And when it comes to Restaurant Brands, I think the man could be the solution to the woes going on at Tim's.

Whether or not Ackman gets active with his investment, I still think Restaurant Brands reeks of potential and don't think it'll take much to get the needle moving to the upside in a big way. Restaurant Brands is a magnificent company with stellar brands. Its management team, though, doesn't have the best track record.

Never underestimate the power of a good Restaurant Brand

3G Capital, the managers running the show from behind the scenes, have seen a fair number of their holdings sour, most notably with **Kraft Heinz**, which crumbled like a paper bag in the years before 2020, shedding over 77% of its value from peak to trough. 3G's Zero-based budgeting hasn't worked out very well thus far. Fortunately, Restaurant Brands holds fast-food icons that are so powerful that they've been able to buoy the stock, even without the need for stellar management practices.

Just think about how much room QSR stock could soar if Restaurant Brands lived up to its full potential, perhaps with a bit of help from the great Bill Ackman. Today, shares are down over 26% from all-time highs and 14% from pre-pandemic highs.

Given the end of the pandemic is now in sight, management is committed to modernizing its locations on all fronts, the turnaround potential at Tim Hortons, and the possibility of more involvement from Bill Ackman, and it becomes more apparent that Restaurant Brands is a severely undervalued stock that's hiding in plain sight.

Foolish takeaway

I think the stage is set for shares to bounce to \$110 in as little as two years, and think the name is one of the best COVID recovery plays on the entire TSX.

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TICKERS GLOBAL

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