



Warren Buffett Could Make This Top TSX Stock Great Again!

Description

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#)) continues to be one of my top picks for long-term investors. This is a company in the quick-service restaurant (fast-food) business that is often overlooked by the market. Indeed, I think this is one of the cheapest long-term growth stocks on the TSX for value-conscious investors right now.

Unfortunately, this is a stock that has traded sideways for the past few years. But here's the good news.

I think 2021 could be the year Warren Buffett steps back into Restaurant Brands. As I've said previously, this is a stock [Warren Buffett has been involved with](#) in the past.

Another acquisition needed to bolster the growth thesis

I think Restaurant Brands stock has stagnated of late due to investor fatigue. This is a stock that has grown at an impressive clip in the past, but growth has slowed in recent years. Despite what I view as an amazing acquisition in Popeyes in recent years, investors have nothing new to cheer about or look forward to.

To make matters worse, Tim Hortons, the company's largest banner, is struggling. Pandemic-driven underperformance has hampered sentiment around Restaurant Brands stock. I think this could continue in the absence of an acquisition of a fourth banner.

Here's where Warren Buffett could potentially step in. The Oracle of Omaha has provided financing for previous acquisitions and has made out like a bandit in the past. Any stock that Warren Buffett approves of often gets the nod from value investors everywhere. Indeed, if we see another acquisition backed by Buffett, a meaningful sentiment shift could be on the horizon.

The size of an acquisition that would have an impact on this company's bottom line would be massive, so there would likely be the need for some creative financing. Whether it's Warren Buffett, 3G capital, or other partners, Restaurant Brands has shown the ability to pull these deals off in the past. Indeed, I think any company with a relationship with the Oracle of Omaha ought to make Mr. Buffett their first

phone call.

Restaurant industry in a transformational state right now

The rise of various food delivery platforms has happened to coincide with a pandemic. This has accelerated a shift away from visiting restaurants to in-home dining. For many of Restaurant Brands's franchisees, this could negatively impact sales store sales growth that has already been capped by this pandemic.

I think the world-class brands that are held in Restaurant Brands's portfolio have actually held up pretty well to these pressures. I do think more headwinds could arise. Therefore, I think this stock has been depressed for some time due to these headwinds. However, if Restaurant Brands can transform its business model accordingly (and I think the company has the management team to do so), this stock could return to its former status as a growth gem.

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