2 Fantastic Canadian Stocks to Buy in 2021

Description

The COVID-19 pandemic has posed significant challenges to the financial position of many enterprises in various industries. Interestingly, bankruptcies and proposal proceedings under the Bankruptcy and Insolvency Act (BIA) in Canada declined in 2020. A partial explanation for the decline is the host of federal government programs supporting businesses and keeping them afloat.

In the stock market, **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) and **ARC Resources** (TSX:ARX) suffered a great deal last year. Investors turned away from the stocks for fear of severe business reversals, if not insolvency. Fortunately, both companies are past the ordeal and are now two fantastic stocks you can buy in Q2 2021.

Resilient franchisor

RBI was given up for dead by Warren Buffett's **Berkshire Hathaway** in Q1 2020. There was reason to doubt the capability of the quick-service restaurant business to endure shutdowns. But lo and behold, the $25.15 billion company that franchises Burger King, Tim Hortons, and Popeyes Louisiana Kitchen proved resilient.

The trailing one-year price return of 16.52% and year-to-date gain of 6.16% indicate that investors' confidence in RBI is back. Likewise, the return to growth in Q1 2021 should attract more investors. At $81.95 per share, the restaurant stock pays a 3.18% dividend.

José E. Cil, CEO of RBI, said, "Our first-quarter results signal our return to growth with system-wide sales surpassing Q1 2019." Note too that RBI's net restaurant growth nearly matched its best-ever Q1 performance in 2018. For the quarter ended March 31, 2021, total revenues and adjusted net income increased by 2.9% and 13.2% versus Q1 2020.

Expect RBI to capitalize or seize opportunities to grow its three iconic brands worldwide. Apart from expansion in existing markets, the company will enter new markets. Management hopes its focus on RBI's pipeline will translate to solid net restaurant growth this year.

Transformational phase

ARC Resources is among the top-performing energy stocks thus far in 2021 with its 50.84% year-to-date gain. As of May 14, 2021, the dividend stock trades at $8.98 per share and yields a decent 2.70%. Moreover, market analysts forecast the price to climb 67% to $15 in the next 12 months.

Management points to record production and substantial free funds flow generation for the excellent Q1 2021 (quarter ended March 31, 2021) results. The $6.5 billion oil & gas company recognized a net income of $178 million and generated $273.9 million in funds from operations.

ARC Resources's merger deal with Seven Generations Energy is complete. The business combination gives birth to Canada's largest condensate producer and third-largest natural gas producer. According to management, ACR is on the cusp of a transformational phase, as it focuses on integrating two companies successfully.

Besides boosting its position in the energy industry, the merger would deliver significant cost savings of $110 million annually by 2022. Furthermore, ARC should be more resilient, profitable, and efficient because of the expected synergies.

Business growth is imminent

Restaurant Brands International and ARC Resources should be investors' radars and shopping lists in Q2 2021. The quick-service restaurant chain will expand and penetrate new markets while the revitalized oil & gas company enters a transformational phase. Furthermore, the business growth of both aligns perfectly well with Canada's economic recovery. Investors should benefit the most from the positive developments.

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1. Dividend Stocks
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1. Editor's Choice

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3. TSX:QSR (Restaurant Brands International Inc.)

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