



Patios Are Opening! Which Stocks Should You Buy?

Description

The restrictions imposed by governments due to the [COVID-19 pandemic](#) have lasted much longer than many people thought they would. For over a year, consumers have had to stay at home and have been unable to enjoy pleasures like dining at their favourite establishments. However, governments are beginning to lessen restrictions.

On June 1, Alberta entered stage one of its summer opening plan, which allows consumers to dine at restaurant patios. Recently, [the Ontario government announced](#) that it would be entering step one in its COVID-19 reopening plan. With this in place, Ontario residents will also be able to enjoy patio dining this summer. With all of that in consideration, it seems like stocks that are poised to benefit from these developments would be wise to enter. In this article, I will discuss three top patio stocks.

One of the largest food stocks in Canada

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#)) is the parent company of popular restaurants like Tim Hortons, Burger King, and Popeyes. Altogether, its subsidiaries pulled in nearly US\$5 billion in revenue last year. Considering these businesses struggled to attract regular amount of customers due to the pandemic, that number should speak to the size of Restaurant Brands. With COVID restrictions lessening, consumers will be able to visit these establishments much more frequently.

Restaurant Brands has performed well this year, gaining more than 14% dividends excluded. Since hitting its lowest point during last year's market crash, Restaurant Brands stock has gained more than 112%. However, it still trades about 13% lower than where it was pre-pandemic. This means investors can still get in at a discount. The stock's 3.11% dividend yield may serve as a bonus incentive for curious investors.

Looking for a quick bite?

Another company with a large presence in the food industry is **MTY Food Group** ([TSX:MTY](#)). It

operates about 80 brands in the quick-service and casual dining industry. Some of MTY's brands include the popular ManchuWok, Extreme Pita, Mucho Burrito, Baton Rouge, Thai Express, and The Works. In addition to being very diversified in terms of cuisine type, MTY's business is very geographically diversified. 52% of its locations are in the U.S., 44% are in Canada, and 4% are found internationally.

Like Restaurant Brands, MTY stock has performed well this year, gaining more than 13%. For those keeping track, that's more than double the annual return of **Shopify** for this year. As of this writing, MTY stock has reached similar levels to its pre-COVID valuation. As consumers begin to visit these restaurants again, MTY stock could see a massive spike upward.

If you're looking for a more refined taste...

Finally, investors should consider looking at **Recipe Unlimited** ([TSX:RECP](#)). This company operates a portfolio of brands which includes The Keg, East Side Mario's, Milestones, Montana's, and Swiss Chalet, among many others. Expectedly, Recipe Unlimited reported that 86% of restaurant operating weeks were affected by government-mandated restrictions in Q1. As a result, the company saw a continued decline in its revenue. However, with patio dining soon to be allowed, investors can expect a move upwards.

For the year, this stock has performed the best out of the three stocks mentioned in this article. Recipe Unlimited stock has gained more than 37% since the start of 2021. Since hitting its lowest point during last year's market crash, the stock has gained over 177%! This is definitely a stock to watch out for, as it isn't a name often discussed in financial circles.

CATEGORY

1. Investing

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TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:MTY (MTY Food Group)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:RECP (Recipe Unlimited)

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