3 Restaurant Stocks to Buy as Sales Climb

Description

Even though the fear of the coronavirus is almost fully gone, its remnants can still be seen in the economy and the stock market. Airlines, for example, are still years away from their pre-pandemic levels of business/passenger numbers.

Restaurants, however, have been bouncing back for some time now, and in March 2022, they surpassed the pre-pandemic sales numbers of March 2020.

Largest restaurant company in Canada

As one of the largest restaurant companies in the world, **Restaurants Brands International** (TSX:QSR)(NYSE:QSR) is one of the first investments that come to mind when Canadian investors are looking to invest in restaurant-related businesses.

The powerful combination of Tim Hortons, Burger King, and Popeyes makes it a promising company whose stock hasn't been living up to its potential for some time now.

The stock started falling in 2019, well before the pandemic broke, and both Tim Hortons and Burger King were underperforming. But now, when the restaurants and coffee shops are seeing the return of their patrons closer to the pre-pandemic numbers, the sales might climb for RBI, too.

If it reflects in the stock as well, you can capitalize on the bullish phase the current aura of recovery would trigger. And by now, the heavily discounted price would tilt the numbers in your favour.

A specialty food manufacturing company

When the restaurant business in Canada starts to boom, so will the businesses associated with it, which include specialty food manufacturers like **Premium Brands Holding** (TSX:PBH). The company has numerous specialty food and distribution brands to its name. It has an enormous customer base (22,000) in Canada as well as the U.S.

These brands can be classified into different categories, including specialty meats. PBH's core strength is the range and diversity of its business model. It's a healthy dividend payer that has gone through two major growth phases in the last two years.

Currently, it's in a steady state of decline but may revert course, as its financials start improving with better sales numbers. So, buying at the current 28% discount might be the smart thing to do.

Canada's oldest full-service restaurant company

Recipe Unlimited (TSX:RECP) has been around since 1883 and claims to be the country's oldest full-service restaurant company. It boasts an impressive portfolio of 24 restaurant brands under its purview, including Swiss Chalet. Due to the nature of its business which relied upon the footfall more than certain other restaurant companies, the company suffered a lot during the pandemic.

And it was reflected in the stock's performance as well. The stock is still trading at a 21% discount from its pre-pandemic peak, and the discount will become even more extensive if we remove the baseline further back. However, a strong decline might also result in a great recovery when the stock gets back on track, as the company sees some organic recovery.

Foolish takeaway

Many of the changes and new protocols that became part of the restaurant business might become permanent. Many dine-in-focused restaurants, which suffered the most during the pandemic, might start looking into delivery businesses, and ghost kitchens might create more competition in the market. We have yet to see how it will impact the different restaurant stocks.

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2. Investing

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1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:PBH (Premium Brands Holdings Corporation)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:RECP (Recipe Unlimited)

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