



3 Cheap Canadian Stocks Warren Buffett has Bought

Description

Warren Buffett isn't known for investing in Canadian stocks. The vast majority of the stocks in his portfolio are American, and that isn't changing any time soon. However, he has dabbled in Canadian stocks in the past. He even bought a major Canadian gold company once, in a move that stunned the markets. On that note, let's explore three Canadian stocks that Warren Buffett has bought in the past.

Suncor Energy

Suncor Energy Inc. ([TSX:SU](#))([NYSE:SU](#)) is a [Canadian oil company](#) whose shares Warren Buffett has bought on several occasions. He has been in and out of the stock many times. His most recent holding period began in 2018. That year, he acquired SU stock somewhere in the \$40 to \$45 range, held it all the way down to \$15, and bought more at that level. He later exited the stock in 2021. The portion of his position that he staked in 2018 lost money, but he made money on his 2020 buys.

Is Suncor Energy stock a good buy? If oil prices remain relatively high, then yes, it is. Suncor is best known for its oil sands production operations, but it also has significant downstream assets, including four large refineries and a retail business that is home to roughly 1,500 Petro-Canada gas stations.

In its most recent quarter, Suncor achieved \$16.14 billion in revenue, up 75%, and \$4 billion in net income, up 360%. It was stunning growth. If oil prices remain high, then Suncor can keep putting out these big numbers, and paying investors dividends. Upon releasing Q2 2022 results, Suncor hiked its dividend to a new high of \$0.47 per share.

Restaurant Brands

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#)) is a Canadian fast food company that resulted from the merger of Tim Horton's and Burger King. It now owns Popeye's Louisiana Kitchen and Firehouse Subs, too.

In its most recent quarter, QSR's revenue grew by 14% compared to the same quarter a year before.

The higher sales boosted both gross profits and operating income. Earnings per share were above consensus estimates at \$0.77, beating analyst projections of \$0.73. However, its net income went down. The decline in net income was partially due to an increase in labour costs, and partially attributable to the fact that the company shut down all of its Russian franchises.

QSR delivered 33% growth in 2021, when its restaurants recovered from the economic impact of COVID-19. Overall, the last two years brought in strong results by QSR, which passes on its growing profits to shareholders in the form of a dividend. It's current dividend is \$2.14 per share, paid out on a quarterly basis.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) is the most "out of character" [Warren Buffett stock](#) on this list. Buffett stunned the markets when he bought this one, because he's not known for his love of gold stocks. Buffett has gone on the record as saying that gold has "no utility." By that he means that it has no socially useful purpose. Although gold is heavily used in jewelry and to a lesser extent in electronics, it's not the most practical commodity in the world. So, many people were stunned when Buffett bought Barrick, Canada's biggest gold company.

Part of the reason why Buffett may have bought Barrick is the fact that he has two investment managers working for him. Ted Weschler and Todd Combs manage part of Buffett's money, and one of them could have inspired Buffett to buy Barrick shares, or perhaps executed the trade himself. At any rate, Buffett didn't hold Barrick for long, selling it within a year of buying it. Still it's one Canadian stock that can claim the fame of having been owned by Warren Buffett.

Despite inflationary headwinds and the Eastern European crisis, Barrick reported impressive profit growth in Q2 2022. In the three months ended June 30, 2022, the company reported US\$488 million in income, which is 18.73% higher versus Q2 2021. In the second quarter, Barrick also reported a 0.19% increase in gold production and higher average realized gold price. It's also worth noting that Barrick pays out a modest yet rock steady dividend of 2.57%.

CATEGORY

1. Energy Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:QSR (Restaurant Brands International Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:ABX (Barrick Mining)
5. TSX:QSR (Restaurant Brands International Inc.)
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