



Should You Buy, Sell, or Hold Restaurant Brands International Inc. Today?

Description

Restaurant Brands International Inc. ([TSX:QSR](#))([NYSE:QSR](#)), one of the world's largest quick-serve restaurant companies and the owner of Burger King and Tim Horton's, announced fourth-quarter earnings this morning, and its stock has responded by rising over 2%. Let's take a closer look at the quarterly results to determine if we should consider establishing long-term positions today, or if we should wait for a better entry point in the trading sessions ahead instead.

The fourth-quarter results are in

Here's a summary of RBI's fourth-quarter earnings compared to its results in the same period a year ago.

Metric	Q4 2014	Q4 2013
Earnings Per Share	(\$2.52)	\$0.19
Revenue	\$416.3 million	\$265.2 million

Source: Restaurant Brands International

RBI reported a net loss of \$514.2 million, or \$2.52 per share, in the fourth quarter of fiscal 2014 compared to a net gain of \$66.8 million, or \$0.19 per share, in the year-ago period, and this large decline can be attributed to merger-related expenses following Burger King Worldwide's \$11 billion purchase of Tim Horton's in 2014. Also, the company's revenues increased an impressive 57% year-over-year, and this strong growth was helped by system-wide sales increasing 7.4% at Tim Horton's and 7.7% at Burger King on a constant currency basis.

Here's a quick breakdown of six other notable statistics and updates from the report compared to the year-ago period:

1. Comparable-store sales increased 4.1% at Tim Horton's.
2. Comparable-store sales increased 3.0% at Burger King.
3. Adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) increased

23.1% to \$224.2 million.

4. Tim Horton's adjusted EBITDA increased 10.2% to \$208.6 million on a constant currency basis.
5. Burger King's adjusted EBITDA increased 8.8% to \$189.1 million on a constant currency basis.
6. RBI paid out a quarterly dividend of \$0.30 per common share to Burger King shareholders for a total cost of approximately \$106 million.

RBI opened 493 net new restaurants in the fourth quarter, including 412 net new Burger King restaurants and 81 net new Tim Horton's. The company now operates a total of 19,043 restaurants in approximately 100 countries, and of these, 14,372 are Burger King restaurants and 4,671 are Tim Horton's restaurants.

Is RBI a long-term buy today?

Restaurant Brands International is one of the largest quick serve restaurant companies in the world, and increased traffic at both of its iconic brands led it to a very strong fourth-quarter performance, and its stock has reacted accordingly by rising over 2%.

I think RBI's stock represents an intriguing long-term investment opportunity today, even after the post-earnings rally, because I think the company has the potential to generate significant cost synergies over the next several years and because it will benefit from a lower tax rate by being based in Ontario, both of which will help boost earnings per share growth going forward. I think this will ultimately lead to a much higher stock price.

With all of this information in mind, I think Restaurant Brands International represents one of the best long-term investment opportunities in the restaurant industry today. Foolish investors should take a closer look and consider initiating positions.

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1. Editor's Choice

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