3 Reasons Warren Buffett and Bill Ackman Own Restaurant Brands International Inc.'s Stock

Description

When either of the legendary investors Warren Buffett or Bill Ackman buy stock in a company, investors take notice. Both gentlemen are extremely successful in choosing winning investments.

Taking that into consideration, then **Restaurant Brands International Inc.** (TSX:QSR)(NYSE:QSR) should garner a great deal of attention, considering both men have invested in the company. What do Buffett and Ackman see in the company, and why should you care? Here are three reasons why Restaurant Brands International is a stock worth considering.

1. **Market growth potential**

Restaurant Brands International is a recently formed company that is the result of Burger King's purchase of Tim Hortons.

Burger King was not shy about why it was interested in purchasing Tim Hortons—global expansion potential. Tim Hortons was amenable to the deal because the company's growth had stalled in its primary market, Canada.

Tim Hortons has little experience expanding internationally, but Burger King is an expert. In order to climb the next apex, international expansion is a necessity for Tim Hortons, and the combined company, Restaurant Brands International, has both the expansion potential and the experience necessary to successfully integrate into new markets. It's a match made in heaven. This is probably one of the many reasons Buffett and Ackman are investors.

2. **The fast food market**

The ticker QSR stands for Quick Service Restaurants, aka fast food. While the outlook for the food industry as a whole can be mixed, fast food is one sector that is very promising under a myriad of economic conditions.

The nice thing about fast food restaurants is that they can be nearly duplicated in different markets, which means easy global expansion. In terms of global expansion, the emerging markets are key, as an increase in wealth in emerging economies drives demand for new services, of which, fast food is one.

When it comes to the developed markets, one of the major concerns you hear is about economic slowdowns. Fast food is generally quick and cheap, which means that it is not impacted as much by economic slowdowns as regular brick and mortar restaurants are. Companies that can perform well during an economic slowdown are a rarity—another positive for Restaurant Brands International.

Another supportive factor to consider is that Tim Hortons main product is coffee, which is much more affordable than other primary coffee companies like **Starbucks Corporation**. Many people (myself included) can't start the day without our cup of coffee, and Tim Hortons makes a good cup of coffee for a great price.

3. **The potential for growth through acquisitions**

Brazilian investment firm 3G Capital Partners LP excels at acquiring companies and is the largest owner of Restaurant Brands International. 3G is always on the hunt to buy more companies, and there is a very good chance that if another company with synergistic characteristics to Restaurant Brands International is found, then it will likely be bought and folded into the company.

This opens up yet another potential avenue for growth. Analysts see the potential for 3G to purchase a company that would give it access to the property necessary for the global expansion of Tim Hortons, creating more value for the company as a whole, as 3G pursues its goal of expanding Tim Hortons into international markets.

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