



Missed Out on Restaurant Brands International Inc.? Here's Your Second Chance

Description

When Burger King bought out Canadian icon Tim Hortons Inc. last year, it seemed like a great opportunity for investors. The deal was led by 3G Capital, a very successful Brazilian private equity firm, and backed by Warren Buffett. The combined company, **Restaurant Brand International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)), is also owned by activist investor Bill Ackman.

Then the shares rocketed skyward. To be more specific, the stock gained more than 40% in less than three months. It surely left many investors feeling left out. Since then, however, the shares have come down a bit. So, if you regret missing out the first time, you have a second chance. We take a closer look below.

A great new company

Before being bought out by Burger King, Tim Hortons was facing limited growth opportunities. The Canadian market was close to saturated, and the United States had been a challenge for many years. Today, the story is very different.

Most notably, Tim's could apply the "Master Limited JV" model, which Burger King pioneered, to accelerate its international expansion. Burger King also has a great partner network, which Tim's could leverage to help reduce costs.

To make things clear, this is not exactly an international franchise; roughly two-thirds of RBI's revenue still comes from Canada. So, there are plenty of opportunities to grow in other countries.

A solid team

If you invest in RBI, you'll have a great team on your side. Just look at what 3G Capital, which owns a majority stake in the company, did with Burger King. Over the course of four years, Burger King's profit margins tripled under 3G's leadership.

Of course Warren Buffett needs no introduction, and he has plenty of confidence in this company. Not only did he help finance the Tim Hortons buyout, he bought an additional stake in shares after the

merger. He now owns 4.2% of the company.

Likewise, Bill Ackman should be a very familiar name. He orchestrated the turnaround at **Canadian Pacific Railway Limited**, and runs one of the world's most successful activist hedge funds. It's unlikely that anyone will get out of line at RBI, but if shareholders get shortchanged in any way, then Mr. Ackman is a great ally to have.

A more reasonable price

In early March, shares of RBI were very expensive, trading for about US\$45. Since then, they have fallen to under US\$39 as of this writing. That's a drop of nearly 15%. The shares now trade at about the same price that Warren Buffett paid. So, if you want a chance to invest alongside the Oracle of Omaha, now is a great chance. If you miss it, it may not come around again.

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1. Investing

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1. Editor's Choice

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