



## Restaurant Brands International Inc.'s Adjusted Q1 EPS Rises 38.5%; Is Now the Time to Buy?

### Description

**Restaurant Brands International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)), one of the largest owners and operators of quick-serve restaurants in the world and the company behind Burger King and Tim Hortons, announced first-quarter earnings results on the morning of April 27, and its stock has responded by rising over 1%. Let's break down the results to determine if we should consider buying in to this rally, or if we should wait for it to subside.

### The weaker-than-expected results

Here's a summary of RBI's first-quarter earnings results compared to what analysts had expected and its pro forma results in the same period a year ago. All figures are in U.S. dollars.

Metric	Reported	Expected	Year-Ago
Adjusted Earnings Per Share	\$0.18	\$0.20	\$0.13
Total Revenue	\$932.0 million	\$949.65 million	\$931.6 million

Source: *The Canadian Press*

RBI's adjusted earnings per share increased 38.5% and its total revenue increased 0.04% compared to the first quarter of fiscal 2014. The company's very strong earnings per share growth can be attributed to its adjusted net income increasing 35.5% to \$83.6 million, and this was helped by total costs of sales decreasing 1.2%. Its slight revenue growth was driven by total revenues increasing 3.6% to \$249.6 million at Burger King, but this growth was almost entirely offset by total revenues decreasing 1.2% to \$682.4 million at Tim Hortons, and the company cited currency headwinds as the reason for this weakness.

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

1. Comparable-store sales increased 5.3% at Tim Hortons
2. Comparable-store sales increased 4.6% at Burger King
3. RBI's adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) increased 6.7% to \$354.6 million
4. Tim Hortons adjusted EBITDA increased 6.6% to \$183.9 million
5. Burger King's adjusted EBITDA increased 6.9% to \$170.7 million
6. Opened 53 net new Tim Hortons restaurants during the quarter, bringing its total count to 4,724
7. Opened 15 net new Burger King Restaurants during the quarter, bringing its total count to 14,387
8. Ended the quarter with \$1.02 billion in cash and cash equivalents, a decrease of 43.3% from the beginning of the quarter

RBI also announced that its board of directors declared a dividend of \$0.10 per share for the second quarter of fiscal 2015, and it will be paid out on July 3 to shareholders of record at the close of business on May 29.

### **Should you buy shares of Restaurant Brands today?**

Restaurant Brands International is one of the world's largest quick-serve restaurant companies, and currency headwinds led it to a weaker-than-expected first-quarter performance, but the market has shrugged off the weak results and sent its stock over 1% higher.

Even though the first quarter was far from impressive, I do think RBI represents an attractive long-term investment opportunity today. I think this because the company has the potential to generate significant cost synergies from the combination of its two brands, which I think could lead to double-digit earnings per share growth over the next several years. Also, there is still ample room for its brands to expand in North America before it ever has to worry about the negative impact of market densification.

With all of the information provided above in mind, I think Foolish investors should take a closer look at Restaurant Brands International and strongly consider beginning to scale in to long-term positions today.

### **CATEGORY**

1. Investing
2. Stocks for Beginners

### **TICKERS GLOBAL**

1. NYSE:QSR (Restaurant Brands International Inc.)
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