Restaurant Brands International Inc.: A Year in Review

Description

With the year winding down to a close, it's always a good time to review your portfolio and make sure that you are diversified with the right stocks. One stock that is an unlikely candidate for your portfolio is **Restaurant Brands International Inc.** (TSX:QSR)(NYSE:QSR).

Here's a look at how the stock fared in 2015.

January-March 2015: a combined company, modest growth, and cuts

The company started off the year by announcing 350 job cuts from Tim Hortons's headquarters in Oakville, Ontario, eventually offering buyouts to head office staff. The announcement came right on the heels of the merger between Tim Hortons and Burger King, which formed Restaurant Brands International.

Restaurant Brands International reported year-end 2014 results in February, which showed modest growth in both Tim Hortons and Burger King locations by 3.1% and 2.1%, respectively. System-wide, sales grew by over 6.5% for both brands. The company also declared a dividend of $0.09 per share.

April-June: debt reduction and first-quarter results

In the second quarter the combined company reported fiscal Q1 2015 results that continued to show growth for both brands. Specifically, Tim Hortons and Burger King sales increased by 5.3% and 4.6%, respectively. System-wide, sales were up by 8.1% at Tim Hortons and 9.6% at Burger King. The company also raised the dividend slightly to $0.10 per share.

In May, the company announced plans to refinance and reduce debt. The company received $1.25 billion to refinance existing loans and, along with cash on hand, paid down $1.55 billion in debt.

July-September: growth, second-quarter results and the repurchase program

The company continued to show improved results, reporting sales increases by 5.5% and 6.7% for Tim Hortons and Burger King during the second fiscal quarter of 2015. System-wide, sales grew across both brands by over 8%. The company posted an increase to the dividend yet again, this time raising it to $0.12 per share.

In September the company announced plans to repurchase up to 150,000 common shares in connection with an employee-stock-purchase plan. The plan allows eligible employees to contribute up to 10% of compensation to purchase shares.

October-December: yet more growth and expansion of brands

The company entered the final quarter of the year by announcing an expansion of the Tim Hortons brand into the Cincinnati area. Under the plan the company announced an exclusive area representative that will be charged with managing and sourcing franchisees to open locations in the area. The expectation is that 150 locations will be opened over the next 10 years.

Third-quarter (fiscal) results came in towards the end of October. The company continued to post growth across both brands. Sales increases of 5.3% and 6.2% were seen in both Tim Hortons and Burger King, respectively. System-wide sales continued to grow by over 8% for both brands.

Net debt for the company further decreased to $8 billion, and the company had a cash balance at the end of the quarter of $1 billion. A dividend of $0.13 per share was also announced and will be paid January 5, 2016.

If there is one phrase that could sum up the year for Restaurant Brands International, it would be “steady growth.” The stock is currently trading upwards of $51 and is on track to end the year with a year-to-date increase of 13.3%

CATEGORY

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