2 Reasons to Consider Restaurant Brands International Inc.

Description

If 2014 was the year to merge and 2015 was the year to integrate, 2016 is turning out to be the year of growth for **Restaurant Brands international Inc.** (TSX:QSR)(NYSE:QSR).

Restaurant Brands (RBI) was formed back in 2014 when two iconic brands came together: Burger King and Tim Hortons. RBI represents one of the largest quick-service-restaurant companies in the world. The company has a massive footprint spanning over 19,000 restaurants in over 100 countries.

Here are two reasons to consider adding RBI to your portfolio if you haven't already.

RBI's brands continue to do very well irrespective of the economy

One of the most interesting points about both the Burger King and Tim Hortons brands is that they are both largely immune to fluctuations in the economy–more so than, say, a more traditional-style restaurant that has higher price points and higher labour costs.

By comparison, both Tim Hortons and Burger King are set up for quick service with relatively inexpensive offerings.

In terms of performance, in the most recent quarter comparable sales across both brands grew by 2.7% at Tim Hortons and 0.6% at Burger King, while increasing net restaurant growth by 3.8% year over year.

System-wide sales saw growth of 4.8% at Tim Hortons and 5.9% at Burger King. Much of this growth can be attributed to a number of highly successful launches at both Tim Hortons and Burger King. Adjusted EBITDA increased by 16.2% year over year to $479 million. In terms of earnings, adjusted diluted earnings per share increased year over year by 38.3%, coming in at $0.41.

RBI is expanding Tim Hortons globally

Most Canadians don’t even realize that their favourite coffee and baked-goods shop has developed quite an international footprint over the past few years, and that footprint is about to get bigger.

Tim Hortons made a series of announcements over the past few weeks that showcase how the RBI is pushing the Tim Hortons brand into new key markets.

In July Tim Hortons announced a partnership with an investor to establish a master franchise joint venture company in the Philippines. The economy in Southeast Asia is growing rapidly, and the emergence of a quick-service brand like Tim Hortons could prove to be successful.

The Philippines, according to RBI chief executive Daniel Schwartz, has “a population that has an affinity for coffee and baked goods.” If that statement proves to be true, then Tim Hortons could find that market to be wildly successful.

Schwartz hasn’t been coy about his desire to see the Tim Hortons brand become more of a global brand. In terms of modifications to accommodate the needs of local markets, RBI executives hinted at some potentially new products for the Philippines to appeal to the local market.

This week RBI also announced that new Tim Hortons locations are set to pop up in England, Scotland, and Wales. As with the previous announcement, there were no details provided to the exact number of locations that will be opening, only that the company expects to be a market leader.

In my opinion, Restaurant Brands International represents a great opportunity for those investors seeking long-term growth. The company’s aggressive expansion, largely positive results, and growing dividend should keep investors happy.

CATEGORY

1. Investing

TICKERS GLOBAL

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

Category

1. Investing

Date
2025/07/30
Date Created
2016/08/31
Author
dafxentiou