# Why You Should Consider Restaurant Brands International Inc.

## Description

One company that has recently caught my attention is **Restaurant Brands International Inc.** (TSX:QSR)(NYSE:QSR). If you're vaguely familiar with the name but you are unfamiliar with what they do, here's a quick recap.



Restaurant Brands International was set up in one of the most widely anticipated mergers of the past few years of both Tim Hortons and Burger King. The 2014 merger created a massive company that boasts over 19,000 restaurants in more than 100 countries.

If burgers and coffee don't sound very exciting or like a profitable investment for your portfolio, you may want to guess again, and here are just a few reasons why.

### Restaurant Brands is an emerging force

When the two companies merged in 2014, they did so by taking on a considerable amount of debt. As they integrated themselves, the company quickly identified cost-cutting savings and opportunities. While results from initiatives like this can often take years, Restaurant Brands showcased this after just one year.

Specifically, every expense category dropped year over year with an overall decline in expenses by an impressive 17%. This allowed the company to pay back some of that debt from the merger, which in turn also made its way into the earnings side. Year over year, the company shows a 37% increase in net income, and diluted earnings per share are up by 30%.

As the company becomes more efficient and pays down debt, these figures can only get better and help fuel further growth.

### Global expansion for Tim Hortons

While you may not realize it, Tim Hortons has a growing international presence, but that international footprint pales in comparison to Burger King's presence outside North America–something the company has vowed to improve.

Restaurant Brands has made a strong commitment to expand the Tim Hortons brand and recently made several announcements that will push the coffee and bake shop to new markets.

This past summer Tim Hortons set up a master franchise joint venture company in the Philippines, which will begin to open Tim Hortons locations throughout the region. Southeast Asia is one of the fastest-growing areas in the world, and a quick-service brand like Tim Hortons could do fairly well there.

Looking beyond Asia, a similar master franchise join venture company was also set up to bring Tim Hortons locations to England, Scotland, and Wales.

**The economy factor**

One interesting point that applies to both Tim Hortons and Burger King, but not necessarily to many of their direct competitors, is that they are, for the most part, limited by shifts in the economy as a whole.

Traditional restaurants or higher-priced coffee houses have significantly higher labour and operational costs, while both Tim Hortons and Burger King are set up to offer a quick, inexpensive service that consumers will continue to go after.



In my opinion, Restaurant Brands International is a great long option for those investors looking solely at the long term. The company has very strong growth prospects despite an already massive footprint, and the company has become more efficient and profitable with each passing quarter.

**CATEGORY**

1. Investing

**TICKERS GLOBAL**

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