



## Why Restaurant Brands International Inc. Hit a New All-Time High

### Description

**Restaurant Brands International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)) hit a new all-time high this week thanks to the fantastic growth strategy put forth by 3G Capital, the Brazilian management team behind the company, and business partner with billionaire Warren Buffett.

The stock has soared nearly 35% this year and is considered one of the best growth stocks trading on the TSX. Although the stock has run up quite a bit, I still believe the company is a terrific buy, even at all-time highs, especially considering that the management team knows the ins and outs of the business. They are the best people in the world to expand Tim Hortons internationally. They did the same thing with Burger King, so they have the experience and the know-how to make the Tim's expansion a success.

### Management team knows how to drive earnings growth

Restaurant Brands International is aggressively expanding into the Philippines, which is a hot bed for cafe and bake shops like Tim Hortons. You can bet that the management team will test out certain locations to find out if they're successful, and if there isn't enough business in a certain area, then you can count on 3G Capital to not waste time and money, and shut down those locations to open them somewhere else.

3G Capital is big into same-store sales growth and operation efficiency. 3G is also a huge cost cutter and looks for every potential place to cut costs. If there's a segment of the business that is inefficient or isn't going to drive long-term profitability, then you can count on the managers to eliminate the segment and use the money more effectively in another area that will deliver long-term shareholder value.

### What about the debt?

There's no question that Restaurant Brands International has quite a bit of debt on its hands. The company is in full-growth mode and is firing on all cylinders, but due to the predictability of earnings and the rate at which the business is expanding, I believe debt is not a problem for this company.

Sure, there's still over \$7 billion worth of debt, and that's enough to keep any investor up at night. But

here's why it shouldn't bother you in this particular case: the management team is shooting for the sweet spot, where it can grow earnings rapidly, reward shareholders with dividends, and pay back its debt.

Paying back the debt is not the number one priority right now; growth is. The company could simply suspend the dividend and cut back on growth spending to pay back the debt faster, but that wouldn't be the best strategy for delivering long-term value to shareholders of the business.

The debt is scheduled to be paid back over the next few years, and the amount of free cash flow will continue to grow rapidly, making the huge mountain of debt less of a big hill to climb.

Restaurant Brands International is a true Warren Buffett stock, and if you're a growth investor, then this stock is simply a must-buy, as it's one of the best TSX stocks out there. It's not a mystery that the company is run by true industry experts that have a very impressive track record. I expect this track record to continue and the earnings growth to continue to accelerate over the next few years.

## CATEGORY

1. Investing

## TICKERS GLOBAL

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