



Restaurant Brands International Inc. Makes a Genius Acquisition in Popeyes Louisiana Kitchen Inc.

Description

Restaurant Brands International Inc. ([TSX:QSR](#))([NYSE:QSR](#)) soared 7.05% on Tuesday following news that the company will be acquiring fried chicken fast-food chain **Popeyes Louisiana Kitchen Inc.** (NASDAQ:PLKI) for US\$1.7 billion in cash. I believe the deal opens a lot of doors for Restaurant Brands, as there is a ton of room to run in the fried chicken market, and you can count on a lot of synergies that will be unlocked in the long run.

I'm bullish when it comes to Restaurant Brands because of the huge amount of growth potential and the incredible management team in 3G Capital. Many pundits have recommended avoiding the stock because it's expensive or because there's a lot of debt on the balance sheet. But at the rate the company is going, debt will not be a problem.

Each quarter shows the impressive store count growth and same-store sales for Burger King as well as Tim Hortons. With Popeyes added to the portfolio of brands, earnings growth will only accelerate from here.

Should you buy after the Popeyes acquisition?

The addition of Popeyes will give Restaurant Brands a strong brand that complements Tim Hortons and Burger King. The fried chicken market is a huge area for growth and accounts for approximately 10% of the fast-food industry, according to a study done by IBISWorld.

Popeyes has 2,600 restaurants across 26 nations, so there is plenty of room to implement 3G Capital's international expansion strategy which has been a huge success for both its Burger King and Tim Hortons expansions. 3G Capital will expand at a rapid across new areas around the globe while boosting same-store sales with new promotions and innovative menu options.

Over the long term, Popeyes is going to drive earnings through the roof, and this will result in very generous dividend hikes going forward. I think the Popeyes deal is a genius move by 3G Capital.

Sure, the price is expensive now, but I believe the management team in 3G Capital is worth every

penny. They are incredible deal makers, relentless synergy drivers, and international growth experts. They will deliver gigantic value for shareholders in the long run, so the stock is a great buy, even at these levels.

After the Popeyes acquisition, don't think the management team will forget about its ambitious Tim Hortons expansion plans. Tim Hortons isn't even close to reaching its full potential yet. The management team will continue to fire on all cylinders with this great brand, as it makes its move across the Asian market, which looks to be very promising.

In a [piece](#) published last month, I said Restaurant Brands was a terrific buy, even though the stock was at all-time highs, while many analysts recommended sitting on the sidelines. The stock has since soared 17.8%, but I still think it's a great buy, especially after the Popeyes acquisition. I would recommend scooping up shares on any signs of weakness going forward. This name will make you very rich over the long term.

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