

Restaurant Brands International Inc.'s Adjusted Q2 EPS Soars 24.4%: Time to Buy?

Description

Restaurant Brands International Inc. ([TSX:QSR](#))([NYSE:QSR](#)), the owner of Tim Hortons, Burger King, and Popeyes, announced its second-quarter earnings results this morning, and its stock has responded by making a slight move to the downside in early trading. Let's take a closer look at the quarterly report to determine if we should consider investing today or wait for a better entry point in the trading sessions ahead.

A great quarterly performance

Here's a quick breakdown of eight of the most notable statistics from RBI's three-month period ended on June 30, 2017, compared with the same period in 2016:

Metric	Q2 2017	Q2 2016	Change
Total revenues	US\$1,132.7 million	US\$1,040.2 million	8.9%
Adjusted EBITDA	US\$531.1 million	US\$479.1 million	10.9%
Adjusted net income	US\$241.7 million	US\$192.4 million	25.6%
Adjusted diluted earnings per share (EPS)	US\$0.51	US\$0.41	24.4%
Net cash provided by operating activities	US\$481.0 million	US\$505.3 million	(4.8%)
Burger King restaurant count	16,000	15,100	6%
Tim Hortons restaurant count	4,655	4,464	4.3%
Popeyes restaurant count	2,768	2,628	5.3%

Should you buy RBI today?

It was a fantastic quarter overall for RBI, and it capped off an outstanding first half of the year for the company, in which its revenues increased 8.9% year over year to US\$2.13 billion, its adjusted net income increased 23.3% year over year to US\$412.3 million, and its adjusted EPS increased 21.1% year over year to US\$0.86. However, the second-quarter results came in mixed compared with analysts' expectations, which called for adjusted EPS of US\$0.45 on revenue of US\$1.14 billion, so I think that is what's holding the stock back today.

With all of this being said, I think the RBI's double-digit percentage earnings-growth rate makes it one

of the best investment opportunities in the restaurant industry today. Analysts currently expect the company to achieve adjusted EPS growth of 15.8% to US\$1.83 in 2017, which is on pace for following its 21.1% year-over-year growth in the first half of the year, and they expect the growth to accelerate in 2018, with current estimates calling for 38.3% growth to US\$2.53.

RBI is also a very attractive investment because of the major expansion potential of its brands, especially Tim Hortons and Popeyes. In fact, the company announced today that it entered an agreement with a joint venture partner to expand its Tim Hortons brand into Spain, which has one of the largest café markets in Europe. I think the company will continue to grow the presence of its brands in the United States, Canada, and around the world, which will help drive growth for decades.

With all of the information provided above in mind, I think Foolish investors seeking exposure to the restaurant industry should strongly consider initiating positions in RBI today.

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