



## Hungry for a Restaurant Stock? These 2 Might Fulfill Your Craving

### Description

Are you craving diversity in your portfolio? Here are two restaurant-based stocks that might whet your appetite: **Restaurant Brands International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)) and **Imvescor Restaurant Group Inc.** (TSX:IRG).

#### Restaurant Brands by the numbers

Restaurant Brands is the parent company of Popeyes, Burger King, and Tim Hortons. It owns and operates over 20,000 restaurant locations around the world.

The company reported adjusted second-quarter earnings of \$0.64 per share on August 2 — an increase of 20.09% compared to the second quarter of 2016. This beat analysts' expectations of \$0.58 per share. The company has healthy net profit of 21.99% — in line with or better than many of its competitors. Its return on equity is a solid 19.01%, so the company is good at turning investor dollars into profit.

Over the last three years, the stock has experienced an average annual revenue growth of 53.50%, which is better than the industry average of 49.42%. Restaurant Brands has a trailing P/E ratio of 85.14, so you'll be paying a lot for its earnings. The stock currently trades around \$10 below its 52-week high of \$84.19. Analysts expect it to trade near that number over the next 12 months, so there is room for growth if the analysts have called this right.

Restaurant Brands has a debt-to-net-equity ratio of 3.45, which is high. The company currently has far more debt than total equity right now. If you are a dividend fan, the company pays an indicated annual dividend of US\$0.80 per share, giving it a low dividend yield of 1.32%.

#### Imvescor by the numbers

Imvescor is a franchise and licensing company. It owns four restaurant brands in eastern Canada, including the Baton Rouge brand. The company also has a manufacturing segment that manufactures ingredients and prepared foods for its restaurants.

The company reported third-quarter earnings on September 6. Net earnings increased 23% compared to the third quarter of 2016 to \$0.06 per share. Imvescor has a net profit of 22.88%, similar to that of Restaurant Brands. Return on equity is only 12.63%, below the 15-20% analysts usually look for.

Over the last three years, the stock has only averaged revenue growth of 5.51% annually, much lower than the industry average. Imvescor has a trailing P/E ratio of 20.78, so its earnings are cheaper than those of Restaurant Brands. The stock currently trades a little closer to its 52-week high of \$4.15 than its low of \$3.03. Analysts expect it to trade around the \$4.20 over the next 12 months. This stock is certainly cheaper to buy than the bigger Restaurant Brands.

Imvescor has a debt-to-net-equity ratio of 0.60 — far better than Restaurant brands. This company has more net equity than liabilities. Finally, Imvescor also offers an annual dividend of \$0.09 per share for a higher yield of 2.32%.

### Bottom line

Both restaurant stocks have largely positive numbers. Restaurant Brands's P/E ratio and debt numbers could look better, but everything else is solid. The company has a good profit number. Imvescor's revenue growth and return on equity could be better, but it also makes a nice profit, and investors don't have to pay as much for the company's earnings. If you want to add a restaurant stock to your Foolish portfolio, either company deserves your consideration.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Dividend Stocks
2. Investing

### Date

2025/08/16

### Date Created

2017/09/11

### Author

sportelance

default watermark