3 Restaurant Stocks to Watch in the Holiday Season

Description

Shoppers tend to kick their consumption into overdrive in the holiday season, but this is not just the case in retail. Restaurants also see heightened activity during the holidays before a drop-off in the colder months of January and February, when consumers are also looking to save.

In a previous article, I'd discussed whether or not restaurant stocks were a risky bet, as the economy looked to be slowing in August. Let's take a look at three stocks to keep an eye on as we head into December.

Restaurant Brands

Restaurant Brands International Inc. (TSX:QSR)(NYSE:QSR) stock has increased 31.4% in 2017 as of close on November 20 and 34% year over year. The Ontario-based multinational has performed extremely well in spite of its ongoing internal conflict with Tim Hortons franchisees. The Great White North Franchisee Association (GWNFA) has now added more than half of all Canadian Tim Hortons franchisees to its ranks.

RBI released its third-quarter results on October 26. Net income attributable to shareholders was $91.4 million compared to $86.3 million in Q3 2016. The Burger King subsidiary was once again the most successful of its three main brands. Tim Hortons experienced system-wide sales growth of 3% and comparable sales growth of 0.3%. Leadership continues to express confidence that efforts to improve efficiency at Tim Hortons franchises are producing positive results.

The stock offers a dividend of $0.27 per share with a 1.2% dividend yield. Fast-food franchises typically experience a holiday rush, so RBI could see its three brands get a boost into the new year.

Cara Operations

Shares of **Cara Operations Ltd.** (TSX:CARA) have decreased 0.32% in 2017 as of close on November 20. The company operates a number of casual dining chains, including Kelsey's, Montana's, Milestones, and others. Cara Operations released its third-quarter results on November 3.

The company posted system-wide sales growth of 36.9% to $684.7 million. System sales have jumped 43.1% year to date. Cara leadership has committed to major renovations in over 45 of its corporate and franchised restaurants in an attempt to rejuvenate a number of its brands. For example Kelsey's, a 30-year-old casual dining chain, opted for a re-brand several years ago to appeal to the millennial generation. In a September article, I'd discussed why millennial consumer trends were bad news for casual dining chains.

Cara Operations stock also offers a dividend of $0.10 per share with a 1.6% dividend yield. Though the company will likely see a bump this holiday season, I do not like the stock going forward.

Keg Royalties

Keg Royalties Income Fund (TSX:KEG.UN) is an open-ended trust that owns the trademarks for the Keg Steakhouse + Bar restaurant chain. The stock has fallen 5.2% in 2017 as of close on November 20. The Keg is a popular spot during the holiday season, as its brand is geared towards attracting patrons who are attending celebrations.

The company released its third-quarter results on November 2. Gross sales jumped 1.6% to $147.7 million and year-to-date gross sales increased 4.2% to $18.2 million.

The stock is an attractive income play for its dividend of $0.09 per share, representing a 5.7% dividend yield.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:KEG.UN (Keg Royalties Income Fund)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:RECP (Recipe Unlimited)

PARTNER-FEEDS

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

Category

1. Investing

Date
2025/09/30
Date Created
2017/11/27
Author

aocallaghan