



## Why Restaurant Brands International Inc. Is up Over 4%

### Description

**Restaurant Brands International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)), the parent company of Tim Hortons, Burger King, and Popeyes, announced its fiscal 2017 fourth-quarter and full-year earnings results this morning, and its stock has responded by rising over 4% at the open of trading. Let's break down the quarterly results, the annual results, and the fundamentals of its stock to determine if we should be long-term buyers today.

### Breaking down the financial results

Here's a quick breakdown of six of the most notable statistics from RBI's three-month period ended on December 31, 2017, compared with the same period in 2016:

Metric	Q4 2017	Q4 2016	Change
Sales	US\$606.2 million	US\$569.2 million	6.5%
Franchise and Property revenues	US\$628.0 million	US\$542.2 million	15.8%
Total revenues	US\$1,234.2 million	US\$1,111.4 million	11.0%
Adjusted EBITDA	US\$606.3 million	US\$512.4 million	18.3%
Adjusted net income	US\$313.5 million	US\$208.3 million	50.5%
Adjusted diluted earnings per share (EPS)	US\$0.66	US\$0.44	50%

And here's a quick breakdown of 10 of the most notable statistics from RBI's 12-month period ended on December 31, 2017, compared with the same period in 2016:

Metric	Fiscal 2017	Fiscal 2016	Change
Sales	US\$2,390.3 million	US\$2,204.7 million	8.4%

Franchise and Property revenues	US\$2,185.8 million	US\$1,941.1 million	12.6%
Total revenues	US\$4,576.1 million	US\$4,145.8 million	10.4%
Adjusted EBITDA	US\$2,145.8 million	US\$1,888.2 million	13.6%
Adjusted net income	US\$1,001.4 million	US\$744.2 million	34.6%
Adjusted diluted EPS	US\$2.10	US\$1.58	32.9%
Net cash provided by operating activities	US\$1,382.0 million	US\$1,269.0 million	8.9%
Burger King restaurant count	16,767	15,738	6.5%
Tim Hortons restaurant count	4,748	4,613	2.9%
Popeyes restaurant count	2,892	2,725	6.1%

## A massive dividend hike

In the press release, RBI also announced a 114.3% increase to its quarterly dividend to US\$0.45 per share, and the first payment at this increased rate is payable on April 2 to shareholders of record at the close of business on March 15.

## What should you do with the stock now?

The fourth quarter was a great success for RBI, and it capped off an outstanding year for the company, so I think the market has responded correctly by sending its stock higher. I also think the stock represents a very attractive long-term investment opportunity today for two fundamental reasons.

First, it's undervalued based [on its growth](#). RBI's stock currently trades at 28.1 times fiscal 2017's adjusted EPS of US\$2.10, which may seem a bit rich, but it trades at just 22 times the consensus analyst EPS estimate of US\$2.68 for fiscal 2018, which I think is inexpensive given its current +30% earnings-growth rate and its estimated 23.25% long-term earnings-growth rate.

Second, it has [a great dividend](#). RBI is now targeting a total of US\$1.80 in dividends per share in 2018, which gives it stock a juicy 3.05% yield. The dividend hike it just announced also marks the 12th consecutive quarter in which the company has raised its dividend, which puts it on pace for 2018 to mark the fourth straight year in which it has raised its annual dividend payment, making it both a high-yield and dividend-growth play today.

With all of the information provided above in mind, I think Foolish investors seeking exposure to the restaurant industry should strongly consider beginning to scale in to long-term positions in Restaurant Brands International today.

## 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

2025/08/25

## Date Created

2018/02/12

## Author

jsolitro

default watermark

default watermark