Should You Invest in Restaurant Brands International?

Description

Restaurant Brands International Inc. (TSX:QSR)(NYSE:QSR) has received more than its fair share of negative coverage of late from labour issues and disgruntled franchisees to a long-stemming issues in relation to company practices.

But how does this impact Restaurant Brands as an investment?

Let’s look at the company and determine if it is a good investment.

Who is Restaurant Brands?

For those that are unaware, Restaurant Brands is the name behind the Burger King, Tim Hortons, and Popeyes Louisiana Kitchen food brands. The company’s impressive portfolio of stores spans over 100 countries and multiple continents, making it one of the most well-known and respected chains on the planet that smaller peers turn to as a best-practice adopter.

One of the things that continues to impress me with respect to Restaurant Brands is how the company takes a winning formula from one area of the business and applies it to another; financial companies have expanded into new foreign markets using the same winning formula.

By way of example, Burger King has an impressive international footprint that lends itself to its tried-and-tested master franchise agreement model. Tim Hortons, however, had struggled in recent years with garnering a significant international presence, at least until management adopted Burger King’s model, leading to Tim Hortons opening in the U.K., the Philippines, and Mexico over the course of the past year.

Negative news weighs down the price of Restaurant Brands stock

Recently, there has been stir of negativity concerning Restaurant Brands, which even made its way to the stock price, which is now 9% lower year to date.

Much of that dispute stems from an ongoing disagreement between the company and the Great White

North Franchisee Association, which has formulated a growing list of complaints with Restaurant Brands over the past few months on everything from the impact of the minimum wage increase to supply price hikes.

Prolonged disputes over splitting up renovation costs on existing stores is also at play, and as a result, growth initiatives tasked with improving same-store growth have come to a grinding halt. The dispute even reached as far as the federal government on claims by franchisees that Restaurant Brands was in breach of the 2014 acquisition, which the government is looking into.

While this recent bout of bad news has no doubt weighed down the stock price and caused some investors to jump ship, overall, Restaurant Brands remains an incredible investment option for any portfolio now more than ever.

By way of example, the quarterly dividend that Restaurant Brands provides to investors is now offering a very impressive 3.34% yield, which is far beyond what other companies operating in the name sector can offer.

Another key point to consider is that the fact that Restaurant Brands has steadily improved its cash position with each passing quarter. That is a trend that is likely to continue, leading to even greater opportunities for growth and income in the future.

If anything, the recent spat with franchisees provides an opportunity for potential investors to get on board with Restaurant Brands at a discounted price.

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Date
2025/08/25
Date Created
2018/04/21
Author

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