



## Why Restaurant Brands International Inc. (TSX:QSR) Stock Could Breach \$100 This Year

### Description

While most Canadians will know **Restaurant Brands International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)) as the parent company of beloved coffee chain Tim Hortons, I am going to reiterate a difficult fact for some to consider.

Restaurant Brands is the parent company of Burger King.

I would like Canadian investors to engage in an exercise with me whereby we remove Tim Hortons and Popeyes Louisiana Kitchen (Restaurant Brands's other core subsidiary) completely from the equation and solely focus on a "whopper" of a company (see what I did there?).

Burger King is the crown jewel of Restaurant Brands and is the primary driver of the company's stock price. This past quarter, Burger King saw some pretty impressive growth in its segment (given the sheer size of the Burger King franchise business), posting a same-store sales increase of 3.8%, beating analyst expectations.

System-wide sales growth were reported in the double digits for Burger King, increasing 11.3% year over year, nearly doubling last year's growth rate (and more than five times Tim Hortons's growth rate of 2.1%). Burger King's restaurant growth also impressed, with the number of Burger King restaurants increasing 6.9% to 16,859 (approximately 3.5 times the size of Tim Hortons's 4,774 locations).

Fundamentals aside, the large moat Burger King is able to provide investors is where I really get interested in this company. I would encourage investors to take a look at the stock chart of **McDonald's Corporation** ([NYSE:MCD](#)) during the most recent recession, which hit the U.S. and global economy hard. The reality is easy to see — in selling what economists refer to as an "inferior good" (i.e., goods that see sales tick up when the economy does poorly), Burger King has the ability to continue to grow, despite (or perhaps because) of a poor economy.

I'm certainly not saying a recession is around the corner; however, in terms of defensive vs. cyclical names, Burger King or McDonald's is about as defensive as you can get — a nice hedge against a

potential down market, with upside in strong markets as well.

The recent hoopla that has surrounded the dispute between the Great White North Franchisee Association (representing various disgruntled Tim Hortons franchisees) and Restaurant Brands is reminiscent of no more than a union dispute or a labour strike. While fellow Fool contributor Will Ashworth contends that investors ought to [boycott](#) Restaurant Brands stock due to such a dispute, it raises the question: Why invest in any company with a labour dispute?

I found Mr. Ashworth's [recent comments](#) on **WestJet Airlines Ltd.** (TSX:WJA), which has been under threat of a strike for some time, quite interesting: "Should WestJet pilots go on strike May 19 or thereabouts, I'd be shocked if its stock price wasn't hit with a short-term correction on the news. I'd put some cash aside to see how this strike plays out. Once that's resolved, I'd be buying with both hands."

Well, it is clear the dispute between Restaurant Brands and its franchisees are far from over, but from where I'm sitting, I don't really see any reason why a short-term labour dispute matters in the long term for companies like Restaurant Brands or WestJet. After all, if you would consider investing in an airline with union/labour-related issues, then why not consider one of the largest quick-service restaurants in the world?

Stay Foolish, my friends.

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