
# Stay Focused on Long-Term Growth With This Food Stock

## Description

I absolutely love the opportunity that food stocks have over the market. Even better is the fact that many people don't realize the necessity that food stocks provide, much like utilities or, arguably, our growing reliance on wireless devices.



One advantage that food stocks have is that we typically enjoy buying, preparing, and consuming the food we purchase, and that same enjoyment cannot be extended to paying our hydro bill.

Of the myriad of food investments on the market, the one stock I find myself returning to each time with renewed interest is **Restaurant Brands International Inc.** (TSX:QSR)(NYSE:QSR). This is the name behind Burger King, Tim Horton's and Popeyes Louisiana Kitchen, which, despite an inordinate amount of negativity recently, remains an intriguing offer for long-term investors.

Let's take a look at the company and why it remains an intriguing investment option.

Restaurant Brands currently trades just under $79, which places the stock up shy of 2% year to date. Over the course of a full calendar year, the stock is down nearly 5%. While that provides investors with a discounted entry to what is going to be a growth-oriented stock for the next few years, the company's dividend payout is worthy of mention.

Restaurant Brands pays a quarterly dividend that provides an appetizing 2.86% yield. An interesting point worth mentioning here is that the company has aggressively raised the dividend over the past few years, reflecting the increasing health of the company. Even with the aggressive growth of the dividend, which has more than doubled in the past three years, Restaurant Brands's payout remains at a sustainable level that has yet to surpass more than 42% of income from operations.

In terms of results, Restaurant Brands announced results for the first fiscal quarter of 2018 earlier this past spring, which showcased the company's potential as well as areas that require some attention.

Double-digit system-wide sales growth was realized from both Burger King as well as Popeyes, coming in at 11.3% and 10.09%, respectively. Tim Hortons lagged behind, registering just 2.1% growth in the quarter.

The company brought in US$1,253.8 million in total revenue for the quarter, with net income attributed to common shareholders coming in at US$147.8 million, or US$0.59 per diluted share.

One of the things that really impresses me about Restaurant Brands is how the company has taken three very different brands and is leveraging the strengths and lessons learned from one area and applying it to another. Tim Hortons's international expansion into new markets such as Mexico and the U.K. are examples of how Restaurant Brands used Burger King's master franchise model and applied it to Tim Hortons.

**How does Restaurant Brands continue to grow?**

There's no arguing that Restaurant Brands has seen incredible growth over the past few years. In the past two years, the stock has surged over 45%, and that figure includes the drop and subsequent recovery in price following the troubles at Tim Hortons earlier this year.

Investors can expect Tim Hortons to continue its expansion internationally, while the domestic markets will get a new distribution system and two new warehouses in Calgary and Langley that will create 150 new jobs. The new warehouses will provide better services levels to both B.C. and Alberta locations, which the company hopes to bring on par with levels in Ontario and Quebec. The system and warehouse upgrades are expected to be complete in 2020 at a cost of $100 million.



In my opinion, Restaurant Brands remains an intriguing long-term investment for those investors that are looking for growth. The current growing pains with Tim Hortons, the ongoing (yet cooling) dispute with franchisees, and the revamp that many Tim Hortons locations are beginning to go through will benefit the company in the long run, which is what investors should remain focused on.

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**Date**
2025/08/22
**Date Created**
2018/06/27
**Author**
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