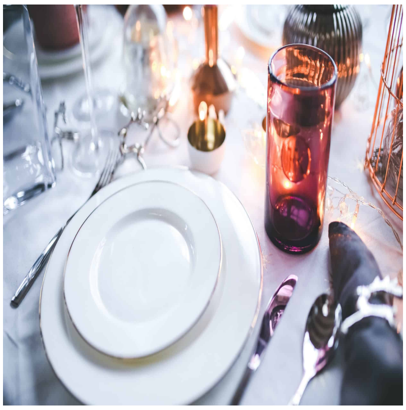

Want International Growth? Consider This Restaurant Stock Now

Description

I've been bullish on **Restaurant Brands International Inc.** (TSX:QSR)(NYSE:QSR) for well over a year, despite the troubles witnessed at Tim Hortons franchises earlier this year, which even managed to work their way into the company's most recent quarterly update.

Fortunately, the stock price has rebounded since its low point this past spring to hover well over $84 at time of writing, but despite the stock flirting with its 52-week high, there is still plenty of potential for the company to grow over the long term, which I can attribute to the following three key points.

Tim Hortons is undergoing a massive expansion

Like many Canadians, I once had a mind-boggling number of Tim Hortons locations within a close distance to my home, and, incredibly, those locations always had lineups at nearly any time of the day. This was the initial allure of Tim Hortons to investors, and the promise of international growth to follow that domestic success never really happened, apart from some token locations popping up across the border in the U.S. as well as in remote areas such as Afghanistan to cater to troops stationed there.

That all changed once Restaurant Brands was formed. One of the first things that management did was draw on the experience and strengths of one arm of the company to benefit the other. In the case of Tim Hortons and its dismal expansion, the company applied the master franchise model that was used in growing Burger King to become the second-largest fast-food chain in the world with over 14,000 locations in 100 countries.

Since that time, Tim Hortons has expanded into the U.K., the Philippines, Mexico, and Spain.

Perhaps the most impressive and aggressive move by the company is the announcement this week that Tim Hortons is set to expand into China, with 1,500 locations targeted to open there over the next decade. China is undergoing massive changes as a rapidly expanding middle class is being inundated with westernized products, food, and culture.

Several prominent fast-food brands such as Burger King have already infiltrated the market in China, and it is the same company that helped Burger King enter the Chinese market over a decade ago that is now going to work on getting Tim Hortons into the same market.

If the growth projections continue as planned, the 1,500 planned locations for China will constitute a quarter of all Tim Hortons locations within a decade, which is a massive opportunity.

Burger King and Popeyes are seeing success with delivery

The incredible growth opportunity at Tim Horton’s isn’t the only thing that is fueling Restaurant Brands’s growth. Both Popeyes and Burger King locations have been experimenting with implementing delivery services in a handful of U.S. markets this year with some results looking promising.

Burger King already offers delivery service in a number of international markets such as China and Spain. Implementing that same model here in North America is likely to be successful considering the well-saturated market that is already well versed in utilizing delivery services.

Popeyes is also participating in the test, with several hundred locations across the U.S. currently offering delivery.

Popeyes has lucrative growth prospects, both in domestic and foreign markets

Popeyes may be the recent addition to Restaurant Brands, but in some ways, the chicken franchise may be the brightest star for the company’s long-term global expansion plans.

The global appeal of chicken is nearly universal, yet unlike burgers and coffee shops, the market is nowhere near as saturated. Similar to Tim Hortons, Popeyes is utilizing the same master franchise agreement to garner international growth for the franchise, to which results are already beginning to show.

In the most recent quarter, Popeyes registered restaurant growth of nearly 7%, outpacing its peers. Furthermore, the company signed a master franchise agreement this past spring that will bring 300 Popeyes locations to Brazil.

In my opinion, Restaurant Brands remains an intriguing long-term investment for those investors looking for long-term growth. Restaurant Brands also offers an impressive 2.92% yield, which makes the company a great income-producing pick as well.

CATEGORY

1. 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. Investing

Date
2025/08/21
Date Created
2018/07/17
Author
dafxentiou