



Fatten Up Your TFSA With Canada's Next Dividend-Growth King

Description

Dividend-growth investing is a terrific way for investors to get the best of both worlds: a bountiful dividend and meaningful growth. While most investors would categorize a particular stock as either a growth or value investment, dividend-growth stocks are a rare breed that one could throw into either basket.

High-quality dividend-growth stocks cater to a wider audience of investors, and for those with a long enough time horizon, such dividend growers can reward investors with capital gains over the medium term while evolving into an income payer that could support an investor in retirement.

If you've got a decade or more to invest, I'd suggest having a look at the dividend-growth king: **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)).

With a 2.73% dividend yield, Restaurant Brands may not seem like the best dividend option out there, but when you have a look under the hood at the company's growth profile, only then does it become apparent that Restaurant Brands is a new kind of Dividend Aristocrat in the making.

The company is ridiculously profitable and it's growing its bottom line at an applaud-worthy rate.

What's the secret sauce?

Restaurant Brands is in charge of bringing sought-after fast-food brands like Burger King, Popeyes, and Tim Hortons to international audiences, and running the show are the ruthless cost cutters at 3G Capital, who investors know will stop at nothing to fatten up its bottom line.

3G Capital is all about keeping operations lean, and with three iconic brands under its name, the company can command astounding growth numbers without having to put up a tonne of capital to do so. The franchisee model has been paying significant dividends for shareholders, and as management continues to drive same-store sales alongside its continued international expansion, I think it's going to be very hard for the company to see its year-over-year sales numbers fall into the red, even in a recession.

You see, Restaurant Brands's chains sell inferior goods, and when times get tough, the value proposition at such chains entices consumers to substitute their higher-cost substitutes (fancy dine-in restaurants) for some fast-casual choices. As such, Restaurant Brands is positioned to snowball, regardless of how the economy will end up.

With the utility-like nature of the fast-food industry, the cash flows are going to keep on coming at Restaurant Brands, and a considerable chunk of the cash is going straight back into the pockets of shareholders in the form of a whopper-sized dividend increase.

And should an M&A opportunity come along, Warren Buffett would probably be happy to provide the company with ample financing. Seeing as Tim Hortons and Popeyes have a world of growth ahead of them, I'd say the odds of another big acquisition are unlikely, and that most of the cash will be supporting dividend hikes like that [special +100% hike](#) offered just over a year ago.

Foolish takeaway on Restaurant Brands

Today, Restaurant Brands stock trades at 17.6 times next year's expected earnings, which is absurdly low when you consider how much more double-digit growth potential there is behind the capital-light cash cow that continues to grow like it's nobody's business. With Restaurant Brands, you're getting recession-proof growth on the international stage, but, more importantly, you're getting a stable, utility-like dividend that I see hiked by a considerable amount every single year.

With that in mind, Restaurant Brands is a terrific way to fatten up your TFSA nest egg through the durable competitive advantages granted by its iconic fast-food brands.

Stay hungry. Stay Foolish.

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