Beyond the Hype: Here's the Real Reason Restaurant Brands (TSX:QSR) Stock Is a Buy

Description

I'll be honest: I don't know whether or not Tim Hortons still sells its version of a poutine. I tried it when the company started selling it last summer, though. If you found yourself making the same culinary decision as I did back when the Timmies poutine debuted, you'll know that innovations in the Tim Hortons menu can be a little hit or miss.

However, this isn't the only reason why I'm giving the mash-up of **Beyond Meat** (NASDAQ:BYND) and **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) some side-eye right now.

Sure, Beyond Meat has rocketed since its appearance on the NASDAQ, which is great if you got invested early on and got out when it peaked. Indeed, there may still be room for upside in this stock if you time it right. As a direct investment, it's certainly intriguing. Indirect investment by snapping up Canadian retailers of its goods may offer some watered-down exposure, as can the **iShares S&P/TSX Capped Consumer Staples Index ETF**.

However, let's look beyond Beyond Meat and its volatile share price to see what else is cooking behind the scenes at Restaurant Brands. Because while Beyond Meat is undeniably an interesting stock, having soared and plummeted as precipitously as any other risky investment, its impact on Restaurant Brands is unlikely to be hugely significant in the long run now that the honeymoon is over.

Can Restaurant Brands hit $100 by the end of the year?

It's certainly possible. Restaurant Brands is a solid choice for investors looking for a recession-ready consumer staples stock with growth and innovation behind it. Adding meat-free options to its menus is a clever play in a market facing a growing percentage of vegan and vegetarian consumers and could see the stock hit the $100 mark if sales continue to grow.

Pushing Tim Hortons into new territory over in China sure won't hurt, either. With thousands of the budget coffee and snack outlets set to roll out across one of Canada's two largest international trading partners, the possibility for massive growth could silence the naysayers once and for all. Indeed, even the most cynical passive-income investor may find themselves adding Restaurant Brands to their long-term portfolios before too long.

Factored into a revenue stream that includes such giants as Burger King and Popeyes, both of which are beating Tim Hortons in terms of year-on-year growth, and the China expansion is perhaps the most solid reason to buy shares in Restaurant Brands right now. You might want to buy shares fairly soon to lock in its tasty forward dividend yield of 2.96% before it shrinks like an overcooked patty, however.

The bottom line

The short-term boost to Restaurant Brands's share price on the news of its deal with Beyond Meat has pushed the former stock back into the spotlight of late. It's worth looking beyond the hype, though, and remembering not only that Restaurant Brands was already a strong investment, but also that its performance won't be limited to that of the NASDAQ newcomer in the long run.

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