



ALERT: Here's My Top Stock to Buy and Hold Through the 2020s

Description

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#)) is a low-risk earnings grower that can allow investors to have their cake (substantial capital gains over time) and eat it too (a [handsome, growing dividend](#)).

Low-risk growth at its finest!

Few other firms are built on as stable a growth foundation as Restaurant Brands.

Sure, it helps that the firm operates in the defensive fast-food industry, making the stock relatively immune from exaggerated moves come the next recession-driven market meltdown, but, more importantly, Restaurant Brands has one of the best capital-light growth profiles out there.

The company not only has a high growth ceiling, with a world of expansion opportunities for its desirable brands in Tim Hortons, Burger King, and Popeyes Louisiana Kitchen, but it also has the unique ability to sustain double-digit growth numbers without funneling too much of its capital on lower-ROE expenditures. The joint-venture partnerships and franchisee model mitigate some of the risks involved with expanding into uncharted territories, allowing Restaurant Brands to reward its shareholders with big dividend raises while simultaneously keeping a foot on the growth pedal.

That's the real power of reputable brands.

Although difficult to quantify the value of (the actual value may be a lot more than the goodwill generated after a brand acquisition), the power of brands under the QSR umbrella allows the firm to call the shots when partnering up.

Tim Hortons could be a significant driver of gains in the 2020s

Tim Hortons hasn't been living up to its full potential over the years. From failed new product launches to a widely publicized dispute with franchisees, the iconic Canadian chain continues to drag its feet on

the comps front.

With Tim's president Alex Macedo slated to leave his position in March, the brand may finally get the big management shake-up that investors are hoping for.

Legendary activist investor Bill Ackman has been inactive with his significant position in Restaurant Brands. Still, the 2020s could be the year that he starts getting more active in an attempt to unlock the hidden value behind one of the most cherished coffee plays on the planet.

Pushing companies to live up to their full potential is what Ackman does best. And given the magnitude of upside to be had with Tim's brand alone, I see Tim Hortons as a major source of upside for the 2020s, as the company looks to right its prior wrongs and further spread its wings across promising new markets like China. Frankly, I'd be stunned if Ackman doesn't start getting more involved, as Tim's looks for answers to its slate of issues.

Popeyes gives Restaurant Brands a front-row seat to the booming chicken market

Restaurant Brands derives a small portion of its overall revenues to Popeyes. To some investors, the effect of Popeyes is pretty negligible in any given earnings report (the incredible success of Popeyes's chicken sandwich didn't move the needle), as Burger King or Tim Hortons do most of the heavy lifting and thus dictate the ultimate trajectory of QSR stock.

What investors can't ignore, however, is the growth potential behind a brand that's extraordinarily encouraging given the chain's tiny footprint.

There's a world of growth to be had at the international level for Popeyes. And with the appetite for chicken on the continued rise (look no further than the Popeyes's chicken sandwich shortage of 2019), the international demand for more Popeye's restaurants has the potential to rocket faster than Restaurant Brands can keep up with.

Moving into new markets with a new chain comes with its set of risks, given the uncertainties that come with differing local consumer tastes. Given Popeyes's substantial brand equity at the international level and favourable chicken consumption trends, though, I'd say the degree of risk is far lower for Popeyes than almost any other chain out there.

In the latter part of the 2020s, look to Popeyes to start dictating the trajectory of QSR stock, as management looks to bring growth into overdrive.

Foolish takeaway

With a potential turnaround at Tim's brewing, and the rise of Popeyes, the 2020s could be [a booming decade](#) for Restaurant Brands. I'd lock in the 3.2% yield today while the stock remains depressed and get ready for what could be a rewarding decade.

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Author

joefrenette

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