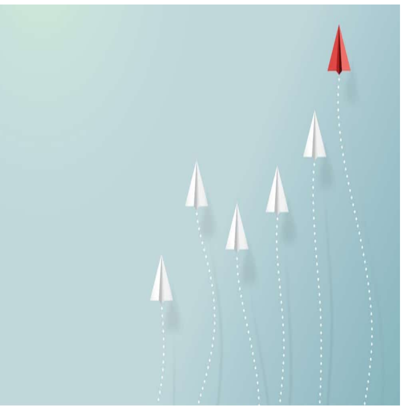

This Fast Food Stock Is Primed for Growth

Description

When market slowdowns occur, there are some segments of the market that fare better than others. Dollar stores and smaller retailers are great examples of this, but not the only ones. Fast-food stocks such as **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) in particular should be considered.

Why fast food can fast track your portfolio

Restaurant Brands is the name behind Tim Hortons, Burger King, and Popeyes Louisiana Kitchen. Each of those brands has a loyal following, has different levels of international exposure, and appeal to different tastes. But what makes Restaurant Brands a great fast-food stock pick in the middle of a pandemic?

Businesses are adjusting to the new reality of COVID-19. This means more online ordering, closed dining rooms, revamped (simpler) menu options, and rethinking expansion plans that are less reliant on disrupted global supply chains. Incredibly, Restaurant Brands has already made significant inroads on all those fronts.

By way of example, there's the phenomenal sales growth we've seen in recent quarters from Popeyes. Tim Hortons expansion efforts to new international markets and the ongoing turnaround efforts in Canada also continue to garner new growth opportunities. And finally, Burger King's increasing online ordering and delivery options couldn't have been better timed.

Once the pandemic ends and in-room dining options begin, Restaurant Brands will be in a far better position than many of its fast-food stock peers, having already undergone a colossal shift.

Fast-food stocks are good. But why now?

When the market crashed earlier this year, Restaurant Brands went along for the ride. The same could be said for the long road to recovery that the market has been on since then. In fact, RestaurantBrands is closely following the overall market, despite offering a significant upside.

In terms of results, in the most recent quarter, Restaurant Brands reported total revenue of US$1,225 million. This was lower than the US$1,266 million reported in the same period last year and a direct result of the ongoing pandemic. Earnings for the quarter came in at US$224 million, or $0.48 per diluted share.

During the quarter, both Tim Hortons and Burger King saw system-wide sales drop by 9.9% and 3%, respectively. Popeyes, on the other hand, saw system-wide sales jump 32.3% over the same period last year, as popular menu items fueled strong sales toward the end of the quarter. With a staggered re-opening of the economy underway, those results should improve in the next quarter.

As impressive as Restaurant Brands sounds, there's yet one more reason to consider the fast-food stock. The company offers an appetizing quarterly dividend that currently offers a 3.71% yield and an established history of annual or better upticks.

In other words, prospective investors can enjoy some income-generating potential while waiting for further growth to kick in.

CATEGORY

1. Dividend Stocks
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