



## Your Tim Hortons' Breakfast Sandwich Is Changing!

### Description

**Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) has a holiday message for Canadians: We're changing your breakfast sandwich. For those who are unaware, Restaurant Brands is the name behind the iconic Tim Hortons breakfast sandwich.

### What's changing and why it matters

The change sounds subtle, but to many, it isn't. Tim Hortons is swapping out the omelette-style egg patty in its sandwiches, replacing it with freshly cracked eggs. The breakfast sandwich is one of the most popular items on the menu and the change has already drawn criticism and praise.

What's more important than the way the egg is prepared is *why* the change is being done.

This subtle change is indicative of the kind of tinkering to menus that is common throughout the industry. By way of example, Popeye's is another Restaurant Brands banner. That brand underwent several years of tweaking before its famed chicken sandwich was released. A similar long-winded process was adopted this time around as well.

It's all part of an effort by the company to restore the image (and sales) of the Tim Hortons side of the operation, which has lagged its sibling brands over the past few quarters. By way of example, in the most recent quarter, system-wide sales growth for the Tim Hortons brand dipped 13.7% over the same period in 2019.

Part of that decline can be attributed to the ongoing COVID-19 pandemic. Still, system-wide sales dropped far less at Burger King in the quarter (7.9% drop over 2019). Popeye's on the other hand managed to see an incredible 21.5% system-wide sales growth in the same period. (again, recall my tinkering point above).

Overall, the company reported system-wide sales of US\$8,335 million in the most recent quarter, earning US\$320 million.

## What does this mean for investors in 2021?

Restaurant Brands CEO Jose Cil embarked on a trek across Canada last year, speaking with franchise owners about what needs to change at Tim Hortons. Changes to jump-start growth and boost profitability will take time to trickle down.

In short, there's going to be [more tinkering](#) at Tim Hortons. Over the past few years, Tim Hortons has been a dizzying array of limited-time items that arguably had no place on the menu. Adding freshly cracked eggs to the Tim Hortons breakfast sandwich is the first of many improvements we may see in 2021.

To put it another way, Tim Hortons is currently the weakest link in the Restaurant Brands family, and restoring it will take some time. Fortunately, the company is making the right moves to get that change underway.

## Should you buy? (The stock, not just the Tim Hortons Breakfast sandwich)

Restaurant Brands is a well-oiled machine. The company is well diversified across its three main brands, and it will continue to aggressively expand to new markets. The company also refuses to rest on its laurels, but instead fix underlying issues across its brands.

If that isn't reason enough, Restaurant Brands offers a tasty quarterly dividend which currently works out to a 3.39% yield. This makes the stock one of the [better-returning investments](#) on the market.

In my opinion, a small position in Restaurant Brands would be beneficial to almost every portfolio.

### CATEGORY

1. Dividend Stocks
2. Investing

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