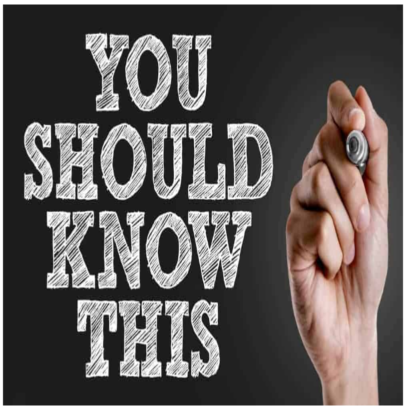

4 Reasons to Buy and Hold Restaurant Brands International (TSX:QSR)

Description

Restaurant Brands International (TSXQSR)(NYSE:QSR) is the name behind three iconic fast-food brands. For those who are unaware, those brands are Burger King, Popeyes Louisiana Kitchen, and Tim Hortons. That factor alone doesn't make Restaurant brands a good buy, but some of these reasons might entice investors to buy and hold Restaurant Brands.

Reason #1: Fast food

When considering fast-food stocks, most investors tend to grossly underestimate the future potential. In the case of Restaurant Brands, the company has a well-diversified portfolio of restaurants that cater to different tastes and markets. To put it another way, there is little to any chance of one of the brands cannibalizing the revenue from another.

Additionally, there's something to be said about fast-food investments in general. Unlike more traditional casual dining establishments, or higher-end restaurants, fast food restaurants don't really have a slow period.

During times of economic hardship, diners from other (more expansive) restaurants will gravitate towards less expensive options. Incredibly, the inverse is also true. During times of growth, diners will be more likely to splurge on something extra from the drive-through. A perfect example of this was during the past year of the pandemic. With dining rooms closed, sales took an initial dip, but that was eventually offset by a surge in online ordering.

In other words, Restaurant Brands can generate a stable, if not defensive revenue stream. This factor alone is a great reason to buy and hold Restaurant Brands.

Reason #2: Great growth prospects

Restaurant Brands was initially formed with the merger of Burger King and Tim Hortons. In the years since that marriage was formed, Popeyes was added into the mix. What many investors may now forget is how company management was able to integrate Popeyes and adopt some of the successful elements from one brand to another.

An example of this would be the less-than-stellar attempts by Tim Hortons to expand internationally prior to adopting Burger King's successful master franchise model.

Now that Popeyes is fully integrated and expanding, there's little reason to doubt that Restaurant Brands won't be tempted to look at acquiring a fourth brand to add to its portfolio.

Reason #3: Earn some income from your investment

You can buy and hold Restaurant Brands as a growth stock, but let's not forget about the company's dividend.

Specifically, Restaurant Brands offers investors a handsome quarterly dividend that works out to a yield of 3.17%. While that's not the best yield on the market, it will provide investors with a stable and growing income for years.

Reason #3: Future expansion

One of the things that I absolutely love about Restaurant Brands is the company's aggressive stance towards expansion. A key example of this is Tim Hortons' expansion efforts before becoming part of Restaurant Brands.

Under the current management, Tim Hortons has successfully branched out to the U.K., Mexico, Spain, the Philippines, and China. This represents a significant improvement over the pre-RBI approach of opening one-off locations that fail to catch on.

While the growth continues at Tim Hortons, the company is embarking on a similar growth strategy to Popeyes.

Final thoughts

No investment is without risk. That said, Restaurant Brands does come across as a great option for those investors looking for long-term growth. Throw in the company's growing quarterly dividend and you have reason to buy and hold Restaurant Brands for decades.

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