



## TFSA Picks: 1 Restaurant Value Stock With a Valuable Brand

### Description

The Keg is a premier operator and franchisor of [casual dining steakhouse restaurants](#) in Canada and in select markets in the United States. **The Keg Royalties Income Fund** ([TSX:KEG.UN](#)) earns a royalty on the sales of the restaurants. Over the company's 48-year history, The Keg has established a strong brand name and excellent reputation in the casual dining industry. The Keg menu features steak and prime rib and includes appetizers, seafood, salads, desserts, beer, wine, cocktails, and highballs.

### Unique restaurant features

Each Keg restaurant offers a full bar that attracts a [broader range of clientele](#) and creates a more dynamic atmosphere than is generally available in a restaurant offering dining only. In the bar area, a more casual dining experience is also available to guests. As of December 31, 2020, there were 106 Keg restaurants in operation, of which 96 are in Canada and 10 are in the United States.

The income fund owns and operates 41 Keg restaurants in Canada and all of the 10 Keg restaurants in the United States. It should be noted that 75 of the 106 Keg restaurants are temporarily closed due to the provincially mandated closure of non-essential services. The Keg has approximately 10,400 full- and part-time employees, of which approximately 5,600 are employed by Keg franchisees. Approximately 2,900 of The Keg's part-time employees are currently furloughed and awaiting the reopening of the restaurants so that these employees can return to work.

### Friendly and knowledgeable service

The Keg is uniquely positioned towards the higher end of the casual dining restaurant segment, focusing on customers looking for high-quality steak and prime rib at a reasonable price. Great steaks, a casual atmosphere, and friendly, very knowledgeable service have become signatures of The Keg since the first Keg restaurant opened in 1971.

The restaurant's menu has evolved during the last 45 years but continues to attract guests with the

basics that built the success of The Keg. The menu also offers chicken, seafood, and a wide variety of traditional and contemporary appetizers, salads, and desserts. Keg restaurants also offer a full bar selection, including draught and bottled beer, cocktails and highballs, an extensive wine list, and an assortment of specialty coffees and liqueurs.

## Relaxing guest experience

Further enhancing each guest's dining experience is an integrated, yet separate bar designed to provide a relaxing environment for guests to enjoy a sociable eating and drinking experience. Apart from serving as the entry point for many guests, the bar also serves as an important vehicle for drawing youthful patrons seeking The Keg experience but without the dining budget of typical guests. This group represents a key source of future growth, as the company's members become more affluent with age.

Further, the interior design of Keg restaurants features fresh colours with contemporary art. Popular music throughout each Keg restaurant contributes to an informal, casual environment. The Keg has earned the loyalty of its guests by avoiding themes, gimmicks, and fads. Management believes a focused approach to being a great steakhouse has brought dependability and integrity to the Keg brand. This should serve long-term shareholders well.

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