Why Now Is the Time to Get Very Bullish on Restaurant Brands Stock

Description

Finding great growth stocks at a reasonable price is difficult to do today. Indeed, valuations have taken off in recent months. Accordingly, by looking at **Restaurant Brands** (TSX:QSR)(NYSE:QSR) stock, one might get excited.

This is a company with a great long-term track record of growth. Additionally, this is a company that's trading right around its pre-earnings levels, which it blew out of the water. Those who believe the quick-service restaurant space is due for a rebound post-pandemic ought to take a look at Restaurant Brands stock. This is one of the biggest and best global players in this domain.

However, there are more reasons why I'm getting excited about Restaurant Brands stock right now. Let's dive into two key catalysts I see for this stock.

Tim Hortons China SPAC deal

One of the key reasons I've continued to pound the table on Restaurant Brands relative to other fast-food plays is the company's relatively untapped growth potential in Asia. Specifically, the Chinese market has been key to growth for investors in Restaurant Brands stock. This thesis remains stronger than ever.

Indeed, the recent news that Tim Hortons China is closing in on a deal to merge with Silver Crest Acquisition Corporation is huge. This deal could put the valuation of the combined entity at $1.8 billion. However, the official announcement is yet to come.

Putting such a significant valuation on Tim Hortons's small but growing presence in China underscores the value this segment has for investors. By spinning off some exposure via this special purpose acquisition company (SPAC), Restaurant Brands will receive significant liquidity to grow its operations globally. I think this move makes sense for long-term shareholders.

Tim Hortons China is a joint venture between **Cartesian Capital Group** and an RBI subsidiary. It operates the Chinese locations of the iconic coffee shop chain Tim Hortons. In a statement issued in

March this year, the company said the funding round led by **Sequoia Capital China** and **Tencent Holdings** was complete.

Silver Crest Acquisition Ltd. has raised US$345 million through its initial public offering in January. The company says it is targeting consumer technology and high-growth consumer sectors. However, the deal is yet to be finalized. If it goes through successfully, then it would highly benefit Restaurant Brands.

High growth potential likely to boost Restaurant Brands stock

Restaurants Brands is a high-growth stock that has shown impressive organic growth in the past. This is a company that has exemplified a unique ability to leverage its core banners to a degree that's hard to replicate. Indeed, having a portfolio of world-class banners like Tim Hortons, Burger King, and Popeyes Louisiana Kitchen gives this company a leg up on its competition.

I think the company's long-term growth upside isn't fairly baked into the company's valuation today. Currently, Restaurant Brands stock trades at a meagre price-to-earnings ratio of around 28 times. Compared to the near-term earnings boost, I expect this stock to see over the next year, this stock is cheap — that is, compared to sector peers and the overall market in general.

Given the uptick expected in the quarters and years to come, I think Restaurant Brands is one of the highest-quality pandemic reopening plays on the market today. This is a stock with proven upside. Indeed, I'd challenge investors to find a better stock in this sector right now.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. chrismacdonald
2. kduncombe

Category

1. Investing

Date
2025/08/23
Date Created
2021/08/28
Author
chrismacdonald