

RESTAURANT BRANDS INTERNATIONAL  
(NYSE: QSR \$63.60)



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# INVESTMENT THESIS

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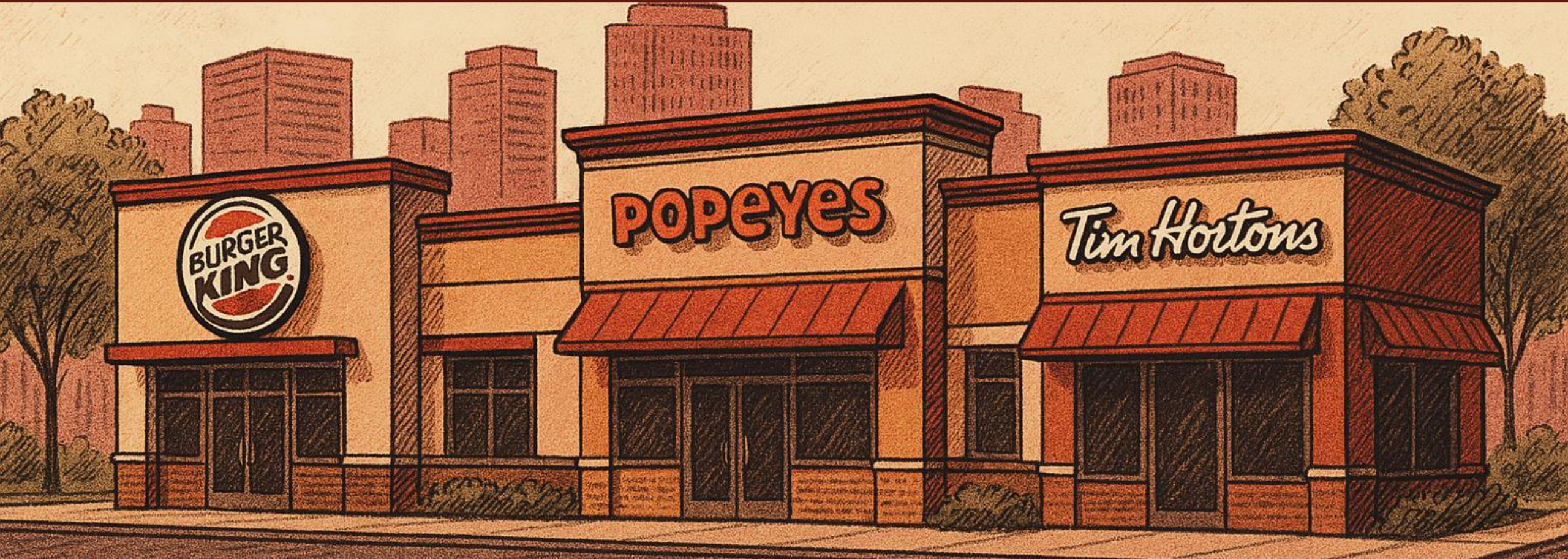
High EPS Growth Visibility

2

Discounted Valuation

3

Brand Revitalization



# INVESTMENT RECOMMENDATION

- BUY PRICE TARGET: \$87 for 2027
- Substantial Annualized Growth Rates (7.9% for revenue, 10.7% for EBITDA)
- Margin Expansion (net income margin increasing from 24.6% in 2023 to 30.8% in 2027e)
- Attractive Valuation (forward projected PE decreasing)
- Price appreciation (13.85%) + dividend yield (3.9%) = ~17.75% annualized return



# THE REVENUE OF FAST-FOOD CHAINS IN AMERICA

## INDUSTRY OVERVIEW

- Global Market Size (2024) ~ \$900B
- Expected CAGR of 5-6% through 2029
- Growth Drivers:
  - *Franchising Scalability*
  - *Disposable Income for Consumers*
  - *Menu innovation and digitalization*
  - *Digital ordering and delivery apps*
  - *Competitive pricings*



**U.S. Fast-Food Restaurants Ranked by TOTAL U.S. SALES**

- Burger-Type Restaurant
- Chicken Restaurant
- Sandwich Restaurant
- Pizza Restaurant
- Tex-Mex or Asian Restaurant
- Snack Restaurant



**U.S. Fast-Food Restaurants by TOTAL NUMBER OF FRANCHISE/LICENSE and COMPANY UNITS**

	Sales (2017 Total U.S. Sales)	Number of U.S. Franchises
1 MCDONALD'S	\$37,480,670,000	14,036
2 STARBUCKS	\$13,167,610,000	13,930
3 SUBWAY	\$10,800,000,000	25,908
4 BURGER KING	\$10,028,320,000	7,226
5 TACO BELL	\$9,790,150,000	6,446
6 WENDY'S	\$9,288,090,000	5,769
7 DUNKIN' DONUTS	\$9,192,000,000	12,538
8 CHICK-FIL-A	\$9,000,000,000	2,225
9 DOMINO'S	\$5,900,000,000	5,587
10 PIZZA HUT	\$5,510,840,000	7,522
11 PANERA BREAD	\$5,503,640,000	2,043
12 CHIPOTLE	\$4,476,410,000	2,371
13 KFC	\$4,417,050,000	4,019
14 SONIC DRIVE-IN	\$4,408,160,000	3,593
15 DAIRY QUEEN	\$3,640,000,000	4,455
16 ARBY'S	\$3,634,000,000	3,415
17 LITTLE CAESARS	\$3,530,580,000	4,332
18 JACK IN THE BOX	\$3,469,170,000	2,251
19 POPEYES	\$3,213,060,000	2,231
20 PAPA JOHN'S	\$3,209,300,000	3,314
21 PANDA EXPRESS	\$3,114,800,000	2,011
22 WHATABURGER	\$2,278,620,000	821
23 HARDEE'S	\$2,168,000,000	1,864
24 JIMMY JOHN'S	\$2,139,620,000	2,755
25 ZAXBY'S	\$2,091,500,000	890
26 CARL'S JR.	\$1,487,000,000	1,156
27 FIVE GUYS	\$1,436,520,000	1,321
28 CULVER'S	\$1,400,000,000	643
29 BOJANGLES	\$1,278,000,000	764
30 WINGSTOP	\$1,087,430,000	1,027

**RANKING OF FAST-FOOD RESTAURANTS**

The average American SPENDS \$1,200 on fast food annually.

If you include all takeout, the average household SPENDS \$3,008 ANNUALLY.

America collectively spends about \$50 BILLION on fast food annually.

Out of adults, 23% eat three or more fast-food meals PER WEEK.

About 34%

SOURCES: <https://www.azmagazine.com>

# BUSINESS OVERVIEW

- RBI owns and operates well-known brands such as Tim Hortons, Burger King, and Popeyes, with a strong international footprint in 100+ countries
- Primarily operates through a franchise model, enabling rapid expansion while keeping operational costs lower. 98% of locations are franchised.
- Focuses on strategic acquisitions and expanding its brand portfolio, including international market penetration, menu innovation, and digital initiatives.
- System-Wide Sales CAGR of 8%, New Store Openings CAGR of 6%
- 17.9% YoY increase in income from operations for 2024, organic adjusted operating income grew by 9%

## Overview of Each Franchisor Segment

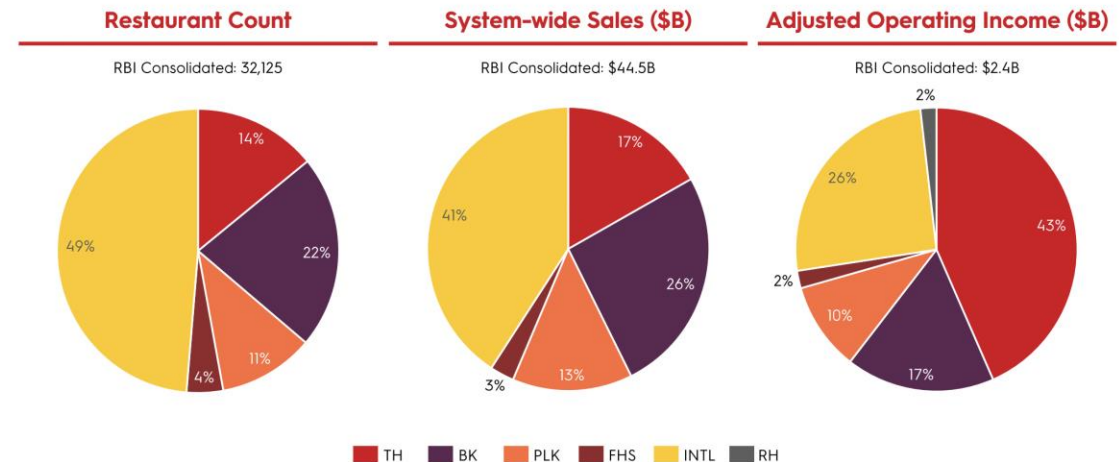


	<i>Tim Hortons</i>	<b>BURGER KING</b>	<b>POPEYES</b>	<b>FIREHOUSE SUBS</b>	International
<b>Restaurants<sup>1</sup></b>	4,539	7,082	3,520	1,345	15,639
<b>System-Wide Sales (SWS)<sup>1</sup></b>	\$7.5B	\$11.5B	\$6.1B	\$1.2B	\$18.2B
<b>Revenue<sup>2</sup></b>	\$4.0B	\$1.5B	\$0.8B	\$0.2B	\$0.9B
<b>Adjusted Operating Income (AOI)</b>	\$1,043M	\$410M	\$243M	\$48M	\$614M
<b>Markets</b>	Canada & U.S.	U.S. & Canada	U.S. & Canada	U.S. & Canada	~125 Markets

Source: RBI Internal data. Notes: (1) Restaurant count and markets as of December 31, 2024. SWS, Revenue and AOI for the year-end December 31, 2024. (2) Revenue includes intersegment royalties, rent, and advertising and other services revenue related to the RH segment that are eliminated upon consolidation.

7

## RBI's Operating Segments



# HIGH EPS VISIBILITY

Structural drivers support a clear multiyear path of 8%-12% EPS growth

## International Expansions

- 8%+ Net New Restaurant Growth Targeted Annually
- Popeyes, Tim Hortons, and Firehouse Subs Scaling rapidly in underpenetrated markets

## Franchise Operating Leverage

- 98% Franchised: Incremental System Sales Growth Drives High Margin Income (~40% Flow Through)
- Global Scale and Digital Platforms Expand Margins Across Brands

## Predictable Capital Returns

- \$2.48/Share Dividend (~4% Yield) With History of Consistent Annual Increases
- Frequent and Meaningful Share Buy Backs
- High FCF Conversion (~75%-80%)

# COMPELLING VALUATION

RBI Trades at a deep discount to peers despite possessing similar or better KPI metrics

A PE multiple re-rating is likely as execution continues

	RBI	Yum!	McDonalds
Unit Growth	5%+	5%	4-5%
Same-Store Sales Growth	3%+	~3%	~3%
System-Wide Sales Growth	8%+	7%	~7%
Profit Growth	8%+	8%+	~7%
NTM P/E (BEst)	18x	24x	25x

Discount to Peers 31%

# BRAND REVITALIZATION & US BURGER KING TURN AROUND

Accelerated Investment, remodels, and franchising are a boon to Burger King Performance

## Carrols Acquisition

- Gives RBI Control of 1,000 BK locations
  - Accelerates Rate of Remodels

## Reclaim The Flame Plan Delivering Early Signs of Success

- Franchisee Profitability Growth Ahead of Schedule (2024 Achieved Same Store Sales Growth)

## Tech Modernization

- Digital Architecture Expansion & Loyalty Programs
  - Higher Average Cheques From Delivery and Online Orders

# RISKS AND MITIGANTS

## □ **Franchise Model Dependence**

With 98% of its restaurants operated by independent franchisees, underperformance or financial stress can hurt their earnings, therefore affect their value. To mitigate this, RBI provides support (the BK revitalization plan) and enforces high operational standards for franchisees.

## □ **Macroeconomic & FX Exposure**

Inflation, currency fluctuations, and economic downturns affects RBI as a global consumer business. The growing cost of food, labor, and energy directly affects their margin; furthermore, a strong dollar value weighs down their reported revenue. Geographic diversification and the generally resilient demand for value-focused fast food help buffer these effects.

## □ **Competitive Industry Dynamics**

RBI competes in a highly competitive fast-food industry that requires aggressive promotions or offerings to compete. This potentially affects their sale's growth. To mitigate this, they perform menu innovation and increased marketing/digital engagement to defend customer traffic and loyalty. For instance, Popeyes' popular chicken sandwich and Burger King's stepped-up advertising.

## □ **Execution of Growth Initiatives**

The success of RBI's growth plans are not guaranteed. Therefore, delays or execution missteps could slow the expected earnings trajectory. However, early results have been encouraging (seen by strong international sales momentum) and management's clear strategy plus substantial investment in brand rejuvenation reduce the likelihood of shortfalls.

# INVESTMENT RECOMMENDATION

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High EPS Growth Visibility

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Discounted Valuation

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Brand Revitalization

- BUY PRICE TARGET: \$87 for 2027
- 31.8% Expected Total Return
- Substantial Annualized Growth Rates (7.9% for revenue, 10.7% for EBITDA)
- Margin Expansion (net income margin increasing from 24.6% in 2023 to 30.8% in 2027e)
- Attractive Valuation (forward projected PE decreasing)
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THANK YOU

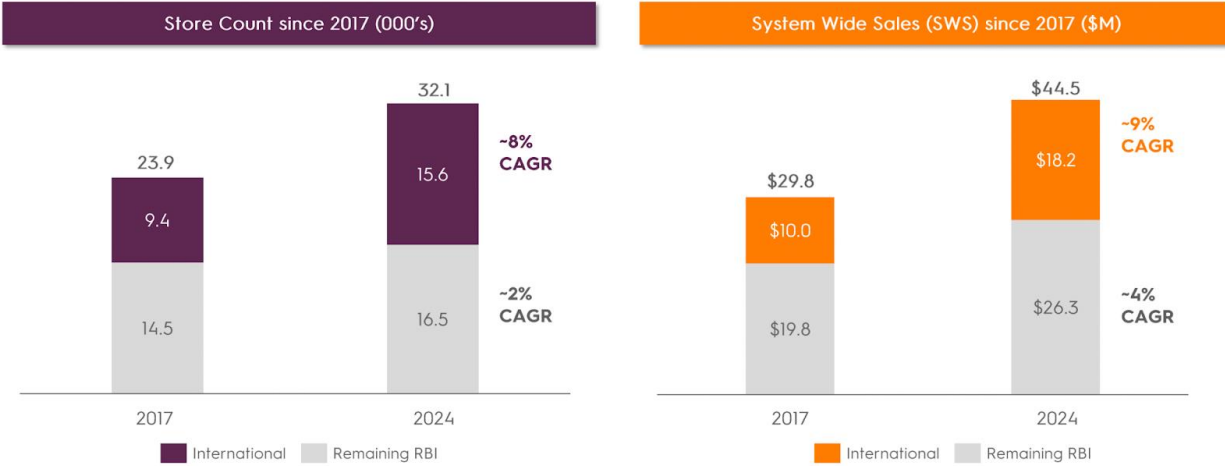


# APPENDIX 1

## International Markets Key Growth Driver



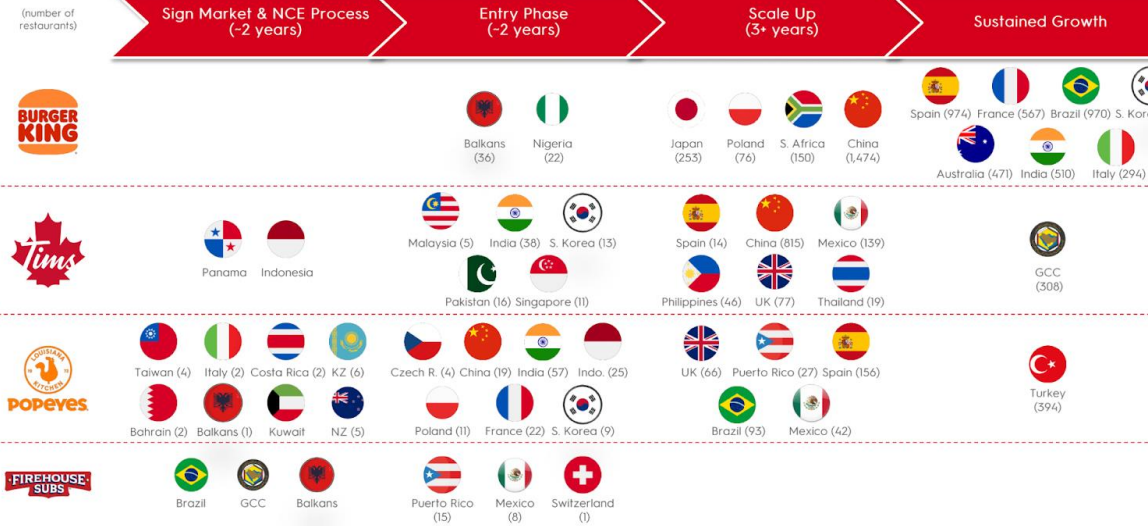
System-wide sales and store count growth in international markets has been a strong and steady contributor to overall RBI growth



Source: RBI Internal data | Note: 2017 SWS figures reflect full-year combined results for BK (2017). Results for all periods exclude BK Russia. Remaining RBI refers to TH, BK, PLK, and FHS US & Canada.

## International: Strong Pipeline for Growth

Each brand in different stages of development across various markets



Source: RBI Internal data. Note: Includes examples of markets in various phases of their development lifecycle; number of restaurants as of December 31, 2024. GCC (Gulf Cooperation Council) countries: UAE, Saudi Arabia, Oman, Bahrain, Qatar and Kuwait. Balkans includes Albania, Bosnia, Kosovo, and Montenegro.

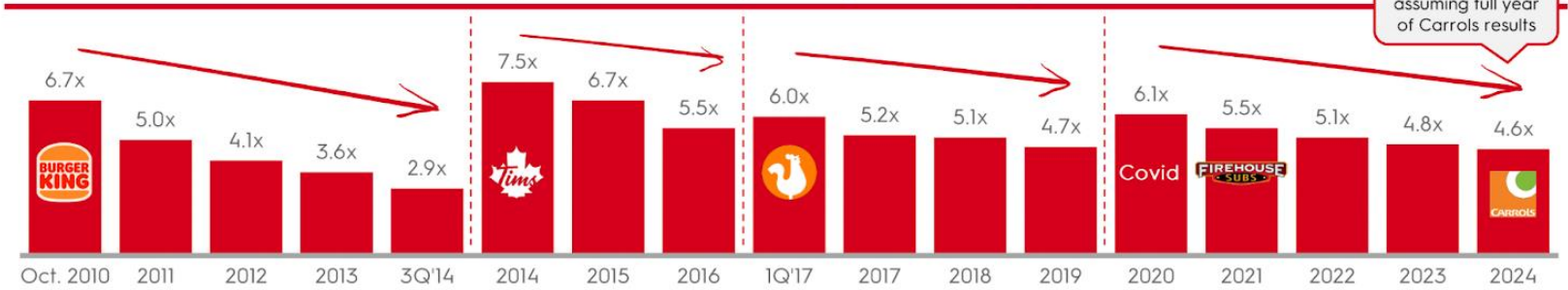
# APPENDIX 2

## Strong Capital Structure and Financial Flexibility

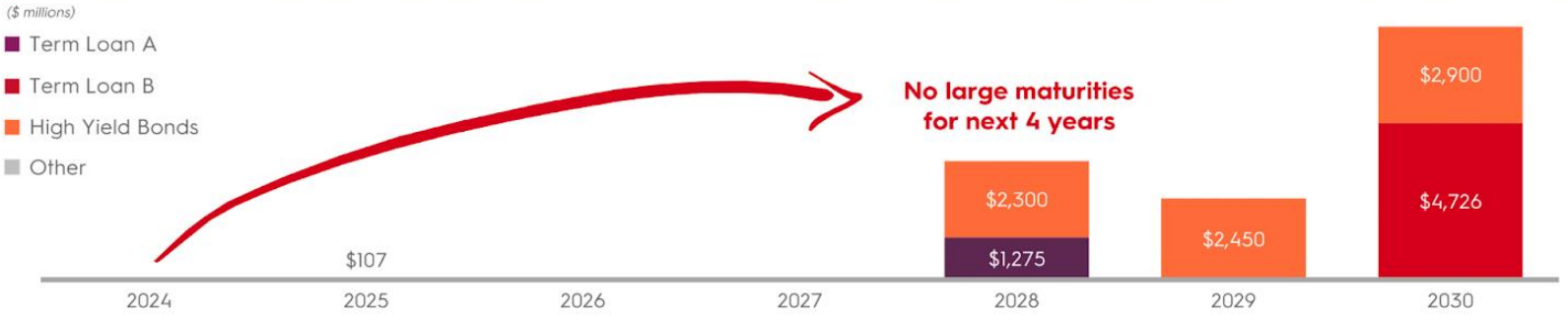


### Continue to Prioritize Deleveraging in 2025

(Net Debt + Preferred) / LTM Adj. EBITDA Leverage



### Well-Positioned Debt Maturity Profile with >\$2.5B of Liquidity<sup>1</sup>



Source: RBI internal data. Note: (1) As of December 31, 2024. Net Leverage is a non-GAAP financial measure. See supplemental information presentation for reconciliations.

## Long-Term Growth Algorithm



**Delivering Algorithm + Effective Capital Allocation =  
At Least Low Double-Digit Total Shareholder Returns**

Source: RBI internal data. Note: Long-term guidance as of February 15, 2024. Represents expected average annual results from 2024 to 2028. Quarterly and annual results may vary. (1) Unit Growth expectations may be reassessed following a resolution of the ongoing situation with the Burger King China master franchisee.

# APPENDIX 4



# APPENDIX 5

Profile	Issue Info	Ratios	Revenue & EPS	ESG
Fiscal Year End	12/2024			
Last Quarter End	12/2024 Q4			
Current/T12M	(USD)			
Issue Data		☒	Per Share Data	
Last Px	USD/63.84			Cash Flow Analysis
P/E	20.8		☒	P/CF
Dvd Ind Yld	3.9%			Curr P/FCF
P/B	6.66			CF/NI
P/S	2.4			Dvd P/O
Curr EV/T12M EBITDA	19.2			Cash Gen/Cash Reqd
Mkt Cap	28,836.0M			Csh Dvd Cov
Curr EV	43,428.0M			CF0/Sales
Growth Potential		☒	Profitability	
Dil EPS Frm Cont Op 1...	-23.5%			☒
Cap 1Y Gr	8.2%			Structure
BPS 1Y Gr	4.5%			Curr Ratio
R&D To Sl	0.0%			Quick Ratio
Retntn Rt	22.5%			Debt/Assets
Rev - 1 Yr Gr	19.7%			Debt/Com Eq
Empl 1Y Gr	317.8%			A/R Trnovr
Ast 1Y Gr	5.3%			Inv Turnover
				GM
				EBIT/Tot Int Exp

# APPENDIX 6

Comp Source **Analyst Curated (BI)** Index **BI NA QS Restaurants Val** Curr **USD**

vs Comps | Group Dynamics | vs Self

### Analysis of QSR CN Multiples - Premium to Comps

3M 6M 1Y 2Y 5Y

Metric	Current vs 2Y Average Historical Premium					2Y Historical Premium Range			Implied @ Hist Avg	
	Current	Hist Avg	Diff	# SD	3M Trend	Low	Range	High	Multiple	Price (USD)
<b>Current Price</b>							● Current ◆ Hist Avg			<b>63.79</b>
1) BF P/E	-19%	-1%	-18%	-2.3		-21%		14%	20.6x	78.21
2) BF EV/EBITDA	-5%	11%	-16%	-2.3		-7%		24%	16.3x	75.30
3) BF EV/EBIT	-10%	7%	-17%	-2.3		-12%		20%	19.0x	76.80
4) BF EV/Rev	3%	27%	-23%	-2.2		1%		44%	5.8x	85.92
5) LF P/BV	37%	45%	-8%	-1.0		30%		59%	7.1x	67.76

[View All Comps Below](#)

### Summary of Current Multiples

Name	2Y Corr	Mkt Cap (USD)	BF P/E	BF EV/EBITDA	BF EV/EBIT	BF EV/Rev	LF P/BV
11) Restaurant Brands Internationa		28.92B	16.9x	13.9x	16.0x	4.7x	6.7x
Current Premium to Comps Mean			-19%	-5%	-10%	3%	37%
Mean (Including QSR CN)		57.14B	20.8x	14.7x	17.8x	4.6x	4.9x
12) Yum! Brands Inc	0.45	41.93B	24.7x	18.3x	19.5x	6.6x	--
13) McDonald's Corp	0.41	220.41B	24.6x	17.4x	20.3x	10.2x	--
14) Jack in the Box Inc	0.38	693.51M	6.6x	8.1x	10.5x	2.5x	--
15) Wendy's Co/The	0.36	3.20B	15.6x	11.0x	15.5x	3.0x	12.5x
16) Domino's Pizza Inc	0.31	15.73B	25.5x	19.6x	21.6x	4.1x	--
17) Yum China Holdings Inc	0.28	17.63B	17.9x	8.9x	12.2x	1.5x	3.1x
18) Starbucks Corp	0.27	128.57B	34.9x	20.1x	26.6x	3.9x	--

Grey values are excluded from group stats. [Analyze List](#)

# APPENDIX 6

