Pizza Pizza Royalty Corp. (PZRIF)

Updated November 21st, 2025 by Ian Bezek

Key Metrics

Current Price:	$10.41	**5 Year Annual Expected Total Return:**	5.0%	**Market Cap:**	$342 M
Fair Value Price:	$9.38	**5 Year Growth Estimate:**	1.0%	**Ex-Dividend Date:**	11/28/25[1]
% Fair Value:	111%	**5 Year Valuation Multiple Estimate:**	-2.1%	**Dividend Payment Date:**	12/12/25[1]
Dividend Yield:	6.3%	**5 Year Price Target**	$9.86	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Consumer Discretionary	**Rating:**	Sell

Overview & Current Events

Pizza Pizza Royalty Corp. is a Canadian entity which collects and distributes a dividend stream based on royalties earned from the Pizza Pizza and Pizza 73 restaurant chains. Shares are dual-listed in Canada under the ticker "PZA" and the U.S. with the over-the-counter ticker "PZRIF". The company's base reporting currency is Canadian Dollars, but this report will use U.S. Dollar figures except when otherwise noted.

Pizza Pizza Royalty Corp. receives income from 794 combined total restaurant locations across Canada under its two brands. More than 150 of these are non-traditional locations sited in public places such as universities and hospitals. Pizza Pizza has outsized exposure to the province of Alberta thanks to its ownership of Pizza 73 which is centered in that province. Not surprisingly, Pizza Pizza's results have struggled over the past decade as low energy prices hammered Alberta's economy and thus same store sales for Pizza 73. Pizza Pizza's overall results picked up marginally coming out of the pandemic, but the company fell back into negative growth territory in 2024.

Pizza Pizza reported its Q3 2025 results on November 4th, 2025. Same store sales grew 0.1% in Q3 versus the prior year. This was a significant deceleration from the company's Q2 results. The company blamed weak consumer spending and heightened competition for the decline in traffic at both of its brands this quarter, though revenues were flat thanks to price increases which made up for lower sales volumes. EPS of 17 cents were unchanged from the same period of the prior year. Pizza Pizza added a net total of 20 new stores to its royalty pool for calendar-year 2025, and that's been just enough to push the company to positive earnings growth year-over-year despite the lack of momentum at the company's restaurants.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.60	$0.65	$0.68	$0.63	$0.65	$0.59	$0.58	$0.63	$0.72	$0.65	***$0.67***	***$0.70***
DPS	$0.59	$0.63	$0.68	$0.63	$0.66	$0.53	$0.54	$0.59	$0.67	$0.65	***$0.66***	***$0.69***
Shares	31	31	31	32	32	32	32	32	32	33	***33***	***34***

Pizza Pizza has not been able to generate much growth over the past decade. It appears that the pizza and fast casual market is already saturated in Canada. Both Pizza Pizza and other publicly-traded Canadian restaurant chains have struggled to expand for years now. Pizza Pizza, specifically, has grown its earnings per share and its dividend by just 1% annualized over the past decade. 2024's results were weak, and it's quite possible that Pizza Pizza will fall into outright earnings declines, especially if Canada's macroeconomic situation worsens. That said, for the time being, we are modeling 1% EPS and dividend per share growth going forward, which would be in-line with past results.

The company pays out virtually all of its earnings to shareholders as dividends, as is common for Canadian royalty funds, meaning that it is unlikely that Pizza Pizza would repurchase shares in the future. The company currently pays a dividend of 0.0775 cents CAD per share per month. It last raised its dividend in 2023, and the dividend has been steady in CAD terms since then, though the payout can change slightly in U.S. dollar terms as the exchange rate fluctuates.

[1] Estimated date.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	13.3	16.2	14.5	8.0	8.8	12.2	16.2	15.8	15.5	14.6	***15.5***	***14.0***
Avg. Yld.	5.7%	5.1%	4.5%	5.6%	8.3%	9.8%	5.7%	5.5%	5.9%	6.2%	***6.3%***	***7.0%***

Pizza Pizza Royalty Corp. has had a consistent valuation ratio for most of the past decade. Shares dipped into the single digit P/E range in 2018-19, but have otherwise been quite stable in the low teens. The current 15.5x P/E ratio is slightly above the historical median and we expect shares to settle at 14x over the long-term. The dividend yield has moved back up to 6.3% and we expect it to keep rising to 7.0% over time.

Safety, Quality, Competitive Advantage, & Recession Resiliency

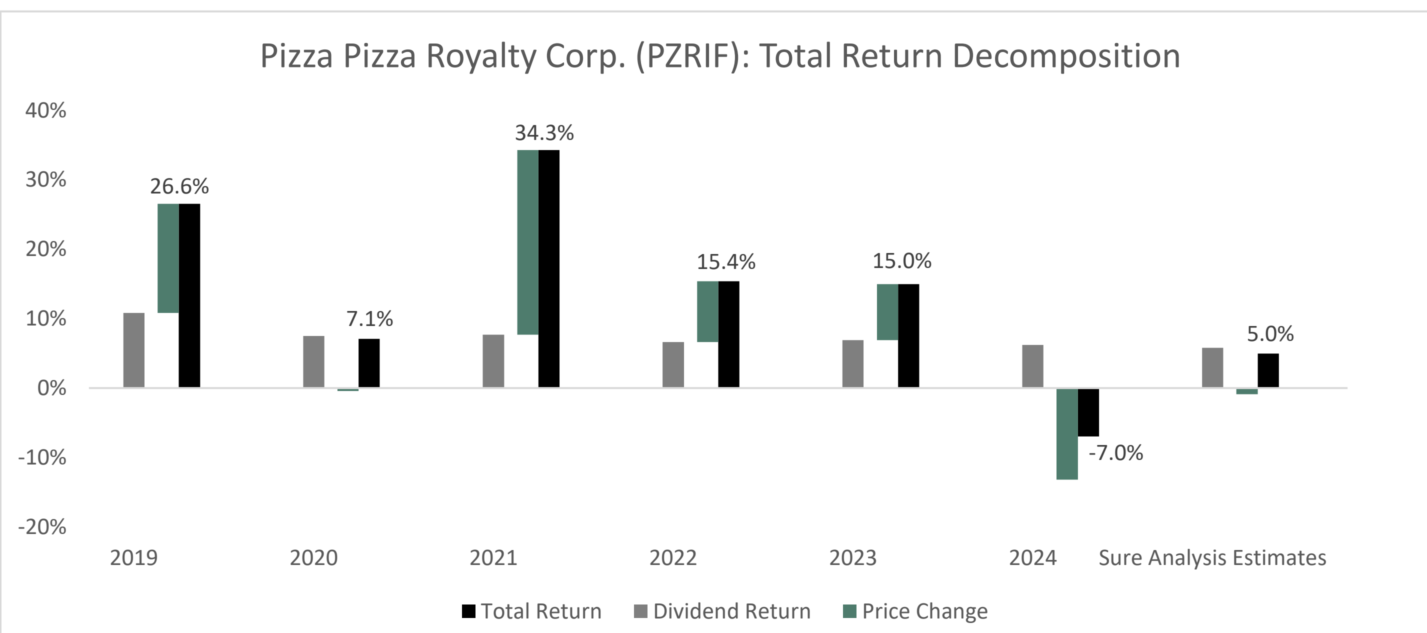
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	98%	97%	100%	100%	102%	90%	93%	94%	93%	100%	***99%***	***99%***

Pizza Pizza pays out nearly all its cash flow to shareholders as dividends, leading to a payout ratio which has been consistently right around the 100% mark. We expect that Pizza Pizza would increase its dividends if earnings increase, maintaining its current payout ratio. Similarly, if earnings fall, we expect that the dividend would also be cut almost immediately. This has happened previously, such as during the pandemic when the firm trimmed its dividend as restaurant sales dipped. Pizza sales should be fairly resilient in a recession. However, Pizza Pizza's lack of growth historically combined with a saturated market for fast casual food creates significant risk to the firm's longer-term business model.

Final Thoughts & Recommendation

Unless Pizza Pizza can find a way to grow its store count considerably, there is not much in the way of upside here for the earnings or share price. The primary component of the returns going forward will be from the firm's dividend yield, which is currently at 6.3%. The stock has dipped since our last update but remains moderately overvalued. We see annualized longer-term returns of 5.0% going forward. Pizza Pizza Royalty Corp. merits a sell rating today due to its low dividend safety and lack of dividend growth track record.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	27	27	27	27	27	24	25	28	30	29
SG&A Exp.	0	1	0	0	0	0	0	0	0	1
Op. Profit	27	26	27	27	27	23	25	28	29	29
Op. Margin	98.2%	98.1%	98.2%	98.4%	98.6%	98.0%	98.2%	98.3%	98.4%	98.2%
Net Profit	20	20	21	21	21	18	19	21	23	23
Net Margin	72.5%	75.7%	75.9%	75.9%	76.0%	77.0%	74.9%	75.6%	77.0%	77.8%
Free Cash Flow	21	21	22	21	21	19	20	22	23	22
Income Tax	5	5	5	5	5	4	5	5	6	5

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	247	256	278	261	275	284	285	271	279	260
Cash & Equivalents	2	2	2	1	0	2	2	1	2	1
Accounts Receivable	0	0	0	0	0	0	0	0	0	0
Goodwill & Int.	241	249	271	256	269	277	277	261	268	254
Total Liabilities	50	51	55	52	55	57	57	56	57	53
Accounts Payable	0	0	0	0	0	0	0	0	0	0
Long-Term Debt (B)	34	35	37	35	36	37	37	35	35	33
Shareholder's Equity	197	204	222	209	220	226	228	215	222	208
LTD/E Ratio	0.17	0.17	0.17	0.16	0.16	0.16	0.16	0.16	0.16	0.16

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	7.4%	8.0%	7.8%	7.7%	7.7%	6.5%	6.7%	7.6%	8.3%	8.4%
Return on Equity	9.1%	10.1%	9.8%	9.6%	9.6%	8.2%	8.4%	9.6%	10.5%	10.5%
ROIC	7.8%	8.6%	8.4%	8.2%	8.2%	7.0%	7.2%	8.2%	9.0%	9.1%
Shares Out.	31	31	31	32	32	32	32	32	32	33
Revenue/Share	0.89	0.86	0.88	0.86	0.85	0.74	0.79	0.87	0.92	0.88
FCF/Share	0.69	0.67	0.69	0.67	0.67	0.58	0.61	0.69	0.72	0.68

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.