Restaurant Brands International (QSR)

Updated May 12th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$78	**5 Year CAGR Estimate:**	10.0%	**Market Cap:**	$36 B
Fair Value Price:	$76	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	6/23/2026
% Fair Value:	103%	**5 Year Valuation Multiple Estimate:**	-0.5%	**Dividend Payment Date:**	7/7/2026
Dividend Yield:	3.3%	**5 Year Price Target**	$112	**Years Of Dividend Growth:**	14
Dividend Risk Score:	F	**Sector:** Consumer Discretionary		**Rating:**	Hold

Overview & Current Events

Restaurant Brands International is one of the world's largest owner-operators of quick service restaurants (hence its stock ticker, QSR). The company was founded in 2014 by the $12.5 billion merger between American fast food restaurant chain Burger King and Canadian coffee shop and restaurant Tim Horton's. Later, Restaurant Brands International expanded its franchise portfolio with the 2017 acquisition of American fast food chain Popeye's Louisiana Kitchen. Restaurant Brands International is headquartered in Oakville, Ontario, Canada and trades on the New York Stock Exchange with a market capitalization of $36 billion.

In early May, Restaurant Brands International reported (5/6/26) results for Q1-2026. Sales grew 6.2% over the prior year's quarter, mostly thanks to strong growth in international markets. Same-store sales grew 3.2%. The store count grew 2.6%. Adjusted earnings-per-share grew 15%, from $0.75 to $0.86, beating the analysts' consensus by $0.03. The company has beaten the analysts' estimates in 16 of the last 21 quarters. It has returned to strong growth mode, as its aggressive advertising strategy has begun to bear fruit. Management reiterated its strong guidance for 2026, expecting 8% growth of operating income. We expect the company to meet or exceed its guidance, given its record of beating estimates, but we have assumed 8% growth for 2026 in order to have a margin of safety.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.45	$2.10	$2.63	$2.72	$2.03	$2.82	$3.14	$3.24	$3.34	$3.69	***$4.00***	***$5.88***
DPS	$0.62	$0.78	$1.80	$2.00	$2.08	$2.12	$2.16	$2.20	$2.32	$2.48	***$2.60***	***$2.96***
Shares[1]	470.0	477.0	473.0	469.0	464.0	462.0	455.0	453.0	455.0	457.0	***459.0***	***465.0***

While same-store sales growth had markedly improved before the pandemic, this metric becoming increasingly volatile could be a concern as it reflects the potential growth rate when the company approaches a saturation point in the number of restaurants. However, the company has ample room to keep opening new stores for several years and thus it recently provided a strong 5-year outlook. Management plans to increase the total store count from the current level of ~33,000 to nearly 40,000 by the end of 2028, with more than 1,000 new restaurants in the UK, India, Mexico and Saudi Arabia. Moreover, thanks to its digital shift amid the pandemic, the company has emerged stronger from this crisis. Management has provided guidance for at least 8% average annual growth of operating income over the next five years. Thanks to the strong growth potential and the operational expertise of 3G Capital (the majority owners of QSR), we expect the company to grow its earnings-per-share by 8% per year over the next five years. This is somewhat higher than the 7.3% average annual growth rate over the last 8 years but in line with the guidance of management.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	28.9	32.9	22.1	24.8	27.2	22.4	18.2	21.5	21.5	18.0	***19.5***	***19.0***
Avg. Yld.	1.5%	1.3%	3.1%	3.0%	3.8%	3.4%	3.8%	3.2%	3.2%	3.7%	***3.3%***	***2.6%***

[1] Share count is in millions.

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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Restaurant Brands International's valuation has been irrationally high (average price-to-earnings ratio of 23.8) for most of its time since the iconic Burger King-Tim Horton's merger. We believe a fair value for Restaurant Brands is a price-to-earnings ratio of around 19. The stock is now trading at a price-to-earnings ratio of 19.5. If the stock trades at our assumed fair valuation level in five years, it will incur a -0.5% annualized drag in its returns. Investors should be aware that the stock almost always trades with a premium valuation thanks to its exciting growth prospects and the popularity of its restaurants.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	25.9%	16.0%	68.4%	73.5%	102%	75.2%	68.8%	67.9%	69.5%	67.2%	***65.0%***	***50.3%***

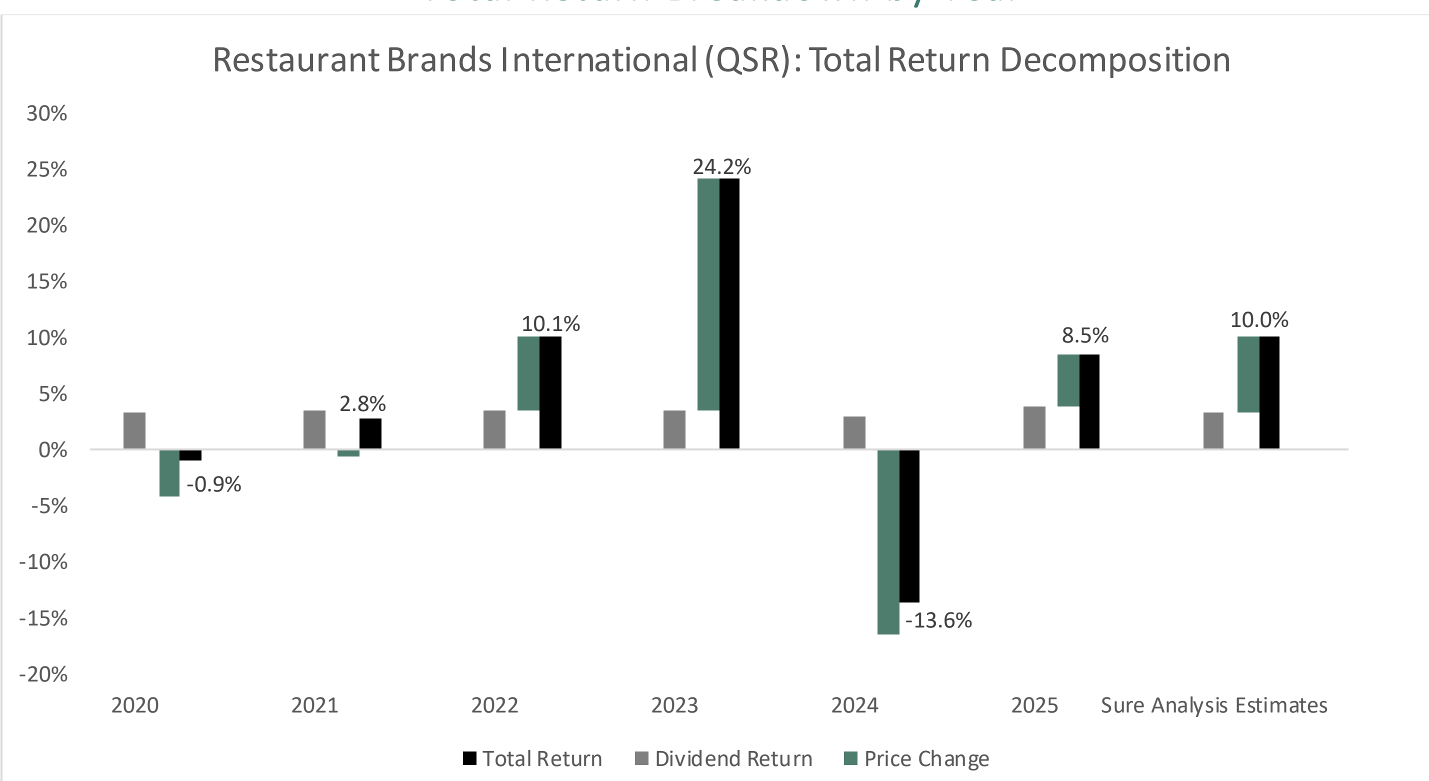
Restaurant Brands International operates in the business of quick service restaurants, where competition has been remarkably heated in recent years. However, it has a meaningful competitive advantage: the strength of its brands.

Restaurant Brands International operates with an appreciable amount of debt, as its net debt of $17.8 billion is about 10 times its annual earnings and its interest expense consumes 20% of its operating income. However, thanks to its reliable growth trajectory, the company is not likely to have any problem servicing its debt.

Final Thoughts & Recommendation

Restaurant Brands International adjusted to the pandemic by focusing on its digital channels and has emerged stronger from this crisis. High cost inflation and increased advertising expenses exerted pressure on the margins of the company in 2024 but the company has returned to solid growth mode in recent quarters. The stock can offer a 10.0% average annual return over the next five years thanks to 8.0% earnings growth and its 3.3% dividend, partly offset by a -0.5% valuation headwind. We find the stock attractive and maintain our hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	4146	4576	5357	5603	4,968	4,501	6,505	7,022	8,406	9,434
Gross Profit	1964	2248	3117	3250	2,830	1,881	2,598	2,802	3,024	3,193
Gross Margin	47.4%	49.1%	58.2%	58.0%	57.0%	41.8%	39.9%	39.9%	36.0%	33.8%
SG&A Exp.	281	393	1214	1208	1,229	383	536	647	733	---
D&A Exp.	172	181	180	185	189	158	190	191	264	301
Operating Profit	1662	1832	1895	2033	1,582	1,482	2,023	2,137	2,350	2,489
Operating Margin	40.1%	40.0%	35.4%	36.3%	31.8%	32.9%	31.1%	30.4%	28.0%	26.4%
Net Profit	616	649	612	643	486	657	1,008	1,190	1,021	1,201
Net Margin	14.8%	14.2%	11.4%	11.5%	9.8%	14.6%	15.5%	16.9%	12.1%	12.7%
Free Cash Flow	1235	1345	1079	1414	804	1,271	1,390	1,203	1,302	1,449
Income Tax	244	-134	238	341	66	86	-117	-265	364	483

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	19125	21224	20141	22360	22,777	18,232	22,746	23,391	24,632	25,615
Cash & Equivalents	1460	1073	913	1533	1,560	853	1,178	1,139	1,334	1,163
Accounts Receivable	404	456	452	527	536	429	614	749	698	794
Inventories	72	78	75	84	96	75	133	166	142	205
Goodwill & Int. Ass.	13903	16845	15949	16214	16,440	13,665	16,679	16,882	16,908	17,496
Total Liabilities	12339	16663	16523	18101	19,056	15,210	18,478	18,661	19,789	20,456
Accounts Payable	370	413	513	644	464	482	758	790	765	866
Long-Term Debt	8504	11879	11914	11860	12,508	10,179	12,966	12,955	13,677	15,479
Shareholder's Equity	1703	2226	1611	2490	2,167	1,754	2,499	2,866	3,110	3,634
D/E Ratio	1.70	5.34	7.40	4.76	5.77	5.80	5.19	4.52	4.40	4.26

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.3%	3.2%	3.0%	3.0%	2.2%	3.6%	4.4%	5.2%	4.3%	4.8%
Return on Equity	40.5%	33.0%	31.9%	31.4%	20.9%	38.1%	42.6%	26.5%	21.3%	24.0%
ROIC	4.1%	4.1%	3.8%	4.1%	3.0%	5.1%	5.9%	6.8%	5.6%	5.8%
Shares Out.	470.0	477.0	473.0	469.0	464.0	462.0	455.0	456.0	454.0	457.0
Revenue/Share	8.82	9.59	11.33	11.95	10.62	9.70	14.30	15.40	18.52	20.64
FCF/Share	2.63	2.82	2.28	3.01	1.72	2.74	3.05	2.64	2.87	3.17

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