Boston Pizza Royalties Income Fund (BPZZF)

Updated June 3rd, 2026, by Ian Bezek

Key Metrics

Current Price:	$17.47	**5 Year Annual Expected Total Return:**	2.9%	**Market Cap:**	$419 M
Fair Value Price:	$12.32	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	06/22/26[1]
% Fair Value:	142%	**5 Year Valuation Multiple Estimate:**	-6.7%	**Dividend Payment Date:**	06/29/26[1]
Dividend Yield:	6.2%	**5 Year Price Target**	$14.28	**Years Of Dividend Growth:**	6[2]
Dividend Risk Score:	F	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Boston Pizza Royalties Income Fund is a Canadian entity which collects and distributes a dividend stream based on royalties earned from Boston Pizza restaurant locations. Shares are dual-listed in Canada under the ticker "BPF.UN" and the U.S. with the over-the-counter ticker "BPZZF". The company's base reporting currency is Canadian dollars, but this report will use U.S. dollar figures except when otherwise noted.

Boston Pizza operates approximately 372 casual dining restaurants in Canada, making it a leader in its market segment within Canada. Prior to the pandemic, Boston Pizza grew from 366 stores in 2014 to a peak of 396 in 2018. But store growth has been negative on an annual basis every year since then. The company's same restaurant sales fell four years in a row in the late 2010s, indicating that the concept might already be saturated in the market. After a huge drop in sales in 2020, there was a robust recovery up through 2023, with more modest growth since then.

Boston Pizza reported its Q1 results on May 13th, 2026. Franchise sales increased 3.1% for the quarter, which maintained the company's recent string of stronger sales reports. Distributable cash earnings per share of 35 cents increased one penny from the 34 cents reported in the same quarter of last year. In 2025, Boston Pizza reported a favorable non-cash item related to the fair value of the fund's investment in BP Canada LP, in other words the value of its royalty stream. We are excluding that from our view of the firm's economics; our EPS estimate is based on the company's distributable cash flow, which offers a solid representation of the earnings of its underlying restaurants and its ability to pay its dividend. Boston Pizza's Q1 sales were surprisingly strong despite economic headwinds in Canada. That's especially true as rival Pizza Pizza (PZRIF) reported a significant sales decline and cut its dividend earlier this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.39	$0.91	-$0.09	$0.67	$0.13	$1.36	$0.96	$1.00	$1.05	$1.07	***$1.12***	***$1.30***
DPS	$0.95	$0.99	$0.94	$1.05	$0.36	$0.67	$0.82	$0.95	$0.96	$1.02	***$1.08***	***$1.25***
Shares	20	24	25	25	25	25	25	25	25	25	***25***	***25***

Boston Pizza had up-and-down results prior to the pandemic, with highly variable earnings including a loss in 2018. The company initially bounced back from COVID-19 with above average results. Since 2022, Boston Pizza has seen modest growth. Average revenue per restaurant has now passed pre-pandemic levels but has failed to keep up with inflation. We model 3% growth in earnings going forward, as the firm's limited pricing power and lack of unit growth are structural challenges.

The company maintained its dividend during the 2008 financial crisis. However, it cut its dividend in both 2011 and 2020. Boston Pizza now has a six-year dividend growth streak, with increases in its payments, as measured in Canadian Dollars, annually since 2021. On April 3rd, 2026, the company increased its dividend from $0.120 CAD to $0.124 CAD per share. This works out to $1.49 CAD per share in annual dividends, which is approximately $1.08 per share for U.S. Dollar-based investors. We believe future dividend growth will come in at about 3% per year.

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[1] Estimated date.

[2] The dividend has increased five years in a row as measured in the firm's Canadian Dollar reporting currency.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	12.1	18.1	--	13.2	24.5	7.9	10.5	11.2	11.7	14.0	***15.6***	***11.0***
Avg. Yld.	6.3%	5.9%	7.3%	8.4%	16.5%	5.1%	6.5%	8.3%	8.7%	6.8%	***6.2%***	***8.8%***

Boston Pizza has averaged a roughly 14x P/E ratio over the past decade and is slightly above that now. We believe an 11x P/E ratio is more appropriate given the firm's lack of store growth and weakening macroeconomic outlook for Canada. Shares are trading above fair value today. The current 6.2% dividend yield is significantly below the long-term average.

Safety, Quality, Competitive Advantage, & Recession Resiliency

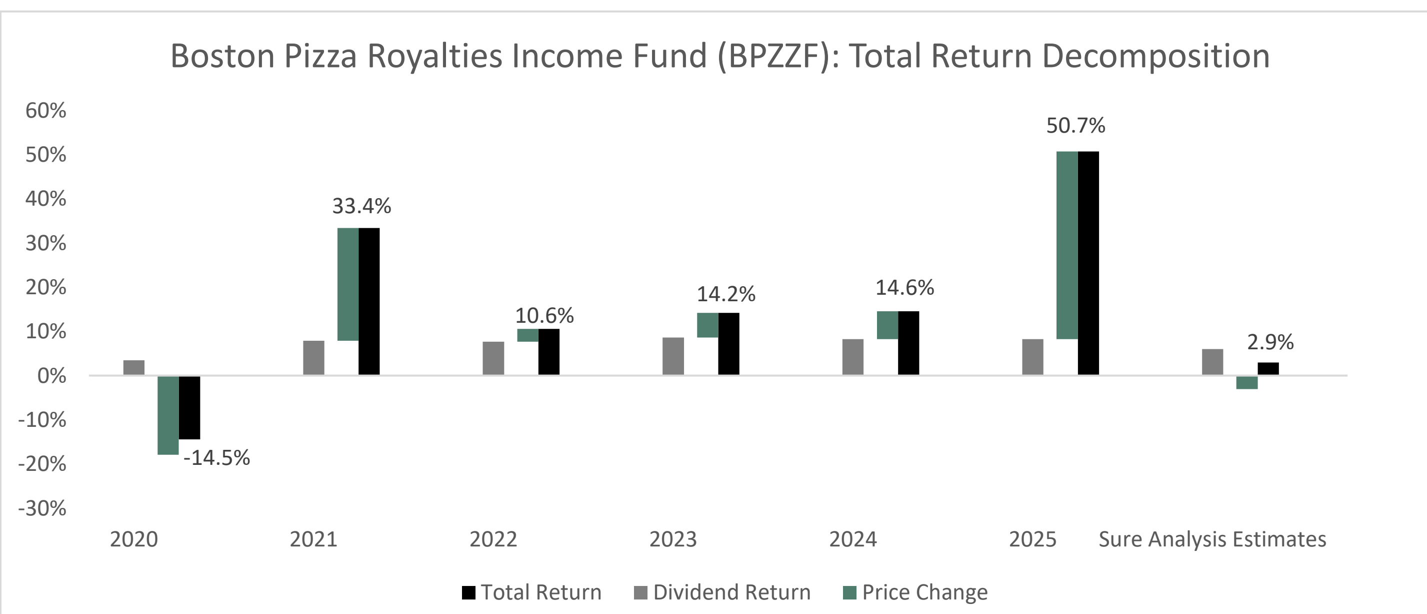
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	68%	109%	--	157%	277%	49%	85%	95%	91%	95%	***96%***	***96%***

Boston Pizza offers customers affordable fast food, meaning that it should be more resilient than many other restaurant and consumer discretionary options during an economic downturn. That said, the firm's profits dropped during previous periods of Canadian economic weakness, and we do not believe it would be completely immune to a recession now either. Competition in the pizza space appears to be impacting the company, as witnessed by the decrease in the store count in recent years. The current dividend payment should be manageable based on today's level of cash flow generation but would be at risk in any sort of economic downturn.

Final Thoughts & Recommendation

Boston Pizza Royalties Income Fund has bounced back from the pandemic and the company is operating on a relatively strong footing today. However, we see a variety of potential headwinds including tariffs, a potential recession, slower immigration to Canada, and high gas prices as being issues which may limit the company's growth prospects. That said, the company does deserve credit for its recent string of stronger operational results, especially in light of weakness at some of the firm's peers. Regardless, the projected total annualized return of 2.8% is not too attractive, especially considering the firm's "F" dividend risk score. Shares earn a hold rating today.

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	33	34	35	34	24	28	35	36	36	37
SG&A Exp.	1	1	1	1	1	1	1	1	1	-
Operating Income	32	34	34	33	23	27	34	35	35	47
Operating Margin	97.3%	97.3%	97.2%	97.3%	95.6%	96.3%	96.9%	97.0%	96.5%	127%
Net Profit	29	21	7	17	7	30	24	22	23	30
Net Margin	86.1%	60.4%	19.0%	49.6%	29.3%	106.4%	67.3%	60.1%	64.4%	81.1%
Free Cash Flow	28	28	28	27	17	24	26	28	28	23
Income Tax	8	7	5	7	5	5	7	8	9	11

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	330	346	296	303	306	323	305	311	295	328
Cash & Equivalents	3	3	2	1	6	4	4	3	3	3
Accounts Receivable	2	2	2	2	4	2	2	3	2	-
Goodwill & Int.	196	217	206	217	223	223	209	214	198	207
Total Liabilities	134	111	96	101	105	106	98	101	99	116
Accounts Payable	0	0	0	0	0	0	0	0	0	-
Long-Term Debt	64	69	65	68	72	69	70	72	68	103
Shareholder's Equity	195	235	200	203	201	216	207	210	195	212
LTD/E Ratio	0.33	0.29	0.32	0.33	0.36	0.32	0.34	0.34	0.35	0.49

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	9.1%	6.2%	2.1%	5.7%	2.3%	9.5%	7.5%	7.1%	7.7%	9.7%
Return on Equity	15.0%	9.7%	3.1%	8.4%	3.5%	14.3%	11.1%	10.5%	11.5%	14.9%
ROIC	11.3%	7.4%	2.4%	6.3%	2.6%	10.7%	8.4%	7.8%	8.5%	10.1%
Shares Out.	20	24	25	25	25	25	25	25	25	21
Revenue/Share	1.63	1.41	1.42	1.37	0.98	1.13	1.41	1.48	1.47	1.75
FCF/Share	1.37	1.17	1.11	1.07	0.69	0.98	1.07	1.14	1.13	1.06

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