Company: Restaurant Brands International	Ticker: (NYSE) QSR Price (03/23/23): $62.52	Industry: Restaurant Sub Industry: Quick Service Restaurants	
Target Price: $80.37 Stop Loss: $50.02 52 Week High/Low: $46.68 – $62.74	TTM P/E: 19.17x EPS (TTM): 3.25	Beta (5Y): 0.99 Credit Rating: BB (S&P) Rating Outlook: Stable	Market Cap: 28.233B Avg. Vol. (12 M): 1,298,196 Div. Yield: 3.52%

Company Background:

Restaurant Brands International (RBI) was established in 2014 through the merger of the prominent coffee brand in Canada, Tim Hortons, with Burger King, facilitated by G3 Capital. The primary objective of this merger was to leverage Burger King's global reach to expand Tim Hortons' national presence while taking advantage of tax benefits. As of 2023, RBI is a holding company that encompasses four distinguished quick-service restaurant brands, namely Burger King, Tim Hortons, Popeyes, and Firehouse Subs. These brands cater to consumers who seek quick and affordable meals. RBI's revenue primarily stems from its franchise model, which provides a reliable source of recurring revenue and higher margins compared to an operator model.

Industry Outlook:

The restaurant industry is poised to face several obstacles in the near future, although quick service brands may fare better as consumers prioritize cheaper options. Nevertheless, a decline in revenues is projected for the fiscal years 2023 and 2024. In the first half of 2022, inflation adversely affected restaurants and eroded profit margins. As the Federal Reserve takes steps to mitigate inflation, it is anticipated that profit margins will recover to pre-pandemic levels in the coming years. The restaurant industry is undergoing a digital transformation, with more than 30% of total revenues expected to originate from digital ordering channels by 2025. Quick service restaurant brands, which are less fragmented than full-service counterparts, stand to benefit from economies of scale, which translates to enhanced efficiency, larger advertising budgets, and lower input costs.

Investment Thesis:

Restaurant Brands International is not perfect, but we believe that the company has reached a turning point that presents an attractive investment opportunity. The new management team is highly committed to re-emphasizing the company's core strengths and supporting its brands and franchisees. In our view, the broader trends within the restaurant subindustry are also favorable, and we expect that these trends will drive growth for RBI in the years ahead. We anticipate that the short-term profitability concerns will ease over time boosting top line growth for franchisees and revenue for RBI.

Investment Risks:

There are four primary investment risks associated with Restaurant Brands International (RBI): franchise risk, liquidity and solvency risk, sociocultural risk, and intense competition Franchise risk arises from RBI's dependence on its franchise model. Should RBI fail to attract new franchisees or if existing franchisees become insolvent, the company will fail. Liquidity and solvency risk relate to RBI's ability to meet its short-term and long-term obligations. Failure to do so could result in operational difficulties for the company. Sociocultural risk stems from the possibility that changing consumer preferences and attitudes towards fast food may diminish demand for RBI's products. Finally, intense competition poses a risk to RBI, as the company must continuously innovate at a pace that keeps up with its peers.

3-5 takeaway's from last quarter investor call transcript:

- Strong financial results for the full year and fourth quarter. Initiatives for Burger King and a strong quarter for Popeyes led system-wide sales to grow nearly 12% YoY
- Digital sales grew over 30% YoY fueling demand led by industry trends for digitization and mobile ordering for quick service restaurants
- Restaurant growth accelerated to 1,266 net units, with Popeyes delivering the strongest development since joining RBI
- Joshua Kobza appointed as the company's CEO which is effective March 1st, 2023

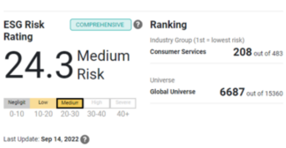
Relative Valuation:

Comps	P/E	EV/EBIT
MCD	25.51	24.79
YUM	29.17	21.66
CMG	49.51	36.27
DPZ	25.78	20.91
SBUX	32.77	27.41
JACK	17.04	17.25
Average	29.963333	24.715
QSR	$98.08	$113.79
Shares Out.	307.947	307.947
Earnings	1008	
EBIT		1898
EV		46909.07
Equity Value		35042.07

Discounted Cash Flow Valuation:

Valuation Method	Fair Value	Weight	Contribution
DCF:			
Bear w/ Acquisitions & Debt Repayment	$ 36.61	20%	$ 7.32
Bull w/ Acquisitions & Debt Repayment	$ 110.65	20%	$ 22.13
Base w/ Acquisitions & Debt Repayment	$ 74.32	40%	$ 29.73
Comps:			
P/E	$ 98.08	10%	$ 9.81
EV/EBIT	$ 113.79	10%	$ 11.38
Blended Fair Value			**$ 80.37**
Share Price (EOD 3/23/2023)			$ 62.52
Margin of Safety			**22.21%**

ESG:



Industry Comparison

Company	ESG Risk Rating		Industry Rank
Yum China Holdings, Inc.	19.5	Low	146 out of 483
Yum! Brands, Inc.	20.3	Medium	160 out of 483
Restaurant Brands International, Inc.	24.3	Medium	208 out of 483
Darden Restaurants, Inc.	28	Medium	289 out of 483
Haidilao International Holding Ltd.	30.5	High	356 out of 483

RBI has made a strong commitment to sustainability and food safety, and their recent acquisition of Firehouse Subs has bolstered their ESG efforts. The company has taken steps to reduce its carbon footprint and source sustainable, high-quality ingredients for their customers. RBI has also demonstrated a commitment to social responsibility through the Firehouse Subs Public Safety Foundation, which provides funding and support to first responders and public safety organizations in the United States. The company also supports local charities and community events through its Community Fundraising program.

Total Return %:

	Company:	Industry:	S&P 500 (SPX):
YTD	-3.40%	2.45%	3.84%
3 Years	42.03%	67.07%	60.41%
5 Years	8.44%	77.31%	49.37%