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Restaurant Brands International Inc. (QSR) Q4 2025 Earnings Call Transcript

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Q4: 2026-02-12 Earnings Summary

Insights

EPS of $0.96 beats by $0.01 | Revenue of $2.47B (7.40% Y/Y) beats by $54.07M

Restaurant Brands International Inc. (QSR) Q4 2025 Earnings Call February 12, 2026 8:30 AM EST

Company Participants

Kendall Peck - Head of Investor Relations
Joshua Kobza - Chief Executive Officer
Sami Siddiqui - Chief Financial Officer
J. Doyle - Executive Chairman

Conference Call Participants

Danilo Gargiulo - Bernstein Institutional Services LLC, Research Division
Brian Bittner - Oppenheimer & Co. Inc., Research Division
David Palmer - Evercore ISI Institutional Equities, Research Division
Dennis Geiger - UBS Investment Bank, Research Division
John Ivankoe - JPMorgan Chase & Co, Research Division
Brian Mullan - Piper Sandler & Co., Research Division
Andrew Charles - TD Cowen, Research Division
Hyun Jin Cho - Goldman Sachs Group, Inc., Research Division
Brian Harbour - Morgan Stanley, Research Division

Presentation

Operator

Good morning, and welcome to the Restaurant Brands International Fourth Quarter 2025 Earnings Conference Call. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Kendall Peck, RBI's Head of Investor Relations. Please go ahead.

Kendall Peck
Head of Investor Relations

Thank you, operator. Good morning, everyone, and welcome to Restaurant Brands International's earnings call for the year and quarter ended December 31, 2025. Joining me on the call today are Restaurant Brands International's Executive Chairman, Patrick Doyle; CEO, Josh Kobza; and CFO, Sami Siddiqui. Following remarks from Josh, Sami and Patrick, we will open the call to questions.

Today's discussion may include forward-looking statements, which are subject to risks detailed in the press release issued this morning and in our SEC filings. We will also reference non-GAAP financial measures, reconciliations of which can be found in the press release and trending schedules available on our website.

Please note that franchisee profitability referenced on this call is based on unaudited self-reported franchisee data. As a reminder, organic adjusted operating income growth excludes results from the Restaurant Holdings segment.

In addition, on February 14, 2025, we acquired substantially all the remaining equity interest in Burger King China from our joint venture partners. Burger King China was classified as held for sale and reported as discontinued operations in our financial statements for 2025.

That said, BK China KPIs continue to be included in our International segment KPIs. A breakdown of BK China's KPIs and its impact on our 2024 financial statements can be found in the trending schedules available on our website. For calendar planning purposes, our preliminary Q1 earnings call is scheduled for the morning of May 6, 2026.

And now I'll turn the call over to Josh.

Joshua Kobza
Chief Executive Officer

Thanks, Kendall. Good morning, everyone, and thank you for joining us today. As I begin my fourth year as CEO, I want to start with a brief reflection on what worked well in 2025. When we stay focused on the basics and make the right long-term investments, results tend to follow, and this year was another example of that.

Our brands delivered solid results, reinforcing the strength of our portfolio and the impact of our continued focus on delivering quality, service and convenience to guests. This year, we also took decisive action to position us well for the next phase of growth.

In China, we temporarily took control of our Burger King business, built a strong local leadership team, elevated marketing, optimized the restaurant portfolio and strengthened operations, driving three consecutive quarters of positive same-store sales. Importantly, we attracted an engaged local partner, CPE, and established a strong foundation for long-term growth.

At Popeyes, we took important steps to refocus the leadership team. and begin returning the brand to the level of performance we know is capable of delivering. And at Burger King in the U.S., we continue to invest in operations, marketing and modern image, while also beginning our refranchising efforts 2 years ahead of schedule.

Over the past few weeks, Tom and I spent time in the field together, road tripping from D.C. to Philadelphia, visiting restaurants, sitting in on Royal roundtables and checking in on remodeled sizzles. These restaurants are a great example of getting all of the basics right. Operations are dialed in, teams are energized and managers are focused and engaged.

As a result, these stores are delivering annualized average restaurant sales of nearly $3 million, a clear tangible illustration of what strong execution looks like in practice. That same focus on the fundamentals was evident across the business in 2025. For the full year, we delivered comparable sales growth of 2.4%, net restaurant growth of 2.9% and system-wide sales growth of 5.3%.

We translated those top line results into organic adjusted operating income growth of 8.3% and nominal adjusted EPS growth of over 10%. It's now our third consecutive year of delivering roughly 8% organic adjusted operating income growth, a level of consistency that remains differentiated within the industry.

I'm proud of how our teams and our franchisees showed up. Our three largest businesses, Tim Hortons, International and Burger King, all outperformed their respective categories this year. Tim Hortons Canada and International have now each delivered 19 consecutive quarters of positive comparable sales. And Burger King U.S. made visible progress executing our Reclaim the Flame.

While 2025 represented a low point for our consolidated net restaurant growth, we believe we've turned the corner and are excited to reaccelerate growth in 2026. Stepping back, this year reinforced the resilience of our model and the progress we've made strengthening our brands. We delivered solid top line growth and on algorithm adjusted operating income growth amid a tougher consumer backdrop, strengthen the quality and durability of our earnings and exited the year ready to build on that momentum in 2026.

Lastly, I'd like to provide a quick reminder of our upcoming Investor Day on February 26. This year marks the midpoint of our long-term growth algorithm, and our Investor Day will serve as a check-in on our progress and an opportunity to address some of the biggest questions we get about the business.

Tom will provide an update on Reclaim the Flame and I'll spend time discussing our path to 5% plus net restaurant growth. Sami will walk through our plans to return to a 99% franchise business model and discuss capital allocation. And you'll hear from Patrick and our brand presidents with additional time for Q&A.

As a result, today's call will largely focus on our quarter and year-end results, and we'll address most of our forward-looking plans at Investor Day. We look forward to seeing you there.

With that, let's turn to our segment highlights, starting with Tim Hortons, which represents roughly 42% of our operating profit. 2025 was another year that underscored the strength and durability of Tim Hortons. We started the year amid macro uncertainty and weaker consumer sentiment in Canada, yet Tim's delivered solid performance by staying focused on executing against the basics and delivering great experiences for our guests. That consistency carried through the fourth quarter, with comparable sales in Canada growing 2.8%, outperforming the broader Canadian QSR industry by nearly 2 points.

Brand health continues to be a key advantage with Tim's leading in affordability, trust and relevance with guests. That connection to the communities we serve was evident during our Holiday Smile Cookie campaign, which raised approximately CAD 13 million across Canada and the U.S. for local charities and our Tim's Foundation camps.

During the quarter, we kept a disciplined balance between innovation and core offerings. Breakfast food sales grew 3.5%, supported by innovation like our 100% Canadian freshly cracked scrambled eggs alongside strength in our core, such as our Farmers Wrap. Baked goods grew 2%, driven by seasonal offerings like the Biscoff Boston Cream Donut and croissant.

In the PM daypart, main foods grew modestly, supported by our holiday meal offering. PM remains an important long-term opportunity for the brand, and we continue to refine the menu, value platforms and execution to drive growth. Q4 beverage sales grew 3.2% year-over-year, with strong guest response to seasonal offerings like our Biscoff and brown sugar beverages.

Cold beverages remained a standout, growing 8.6% despite colder-than-usual temperatures in December and reaching nearly 27% of total beverage sales in Q4, the highest fourth quarter mix on record. This growth was largely driven by our iced espresso-based beverages platform, including iced chai lattes protein lattes.

We also began rolling out our new espresso machines to support improved quality and consistency for this growing category. Tim's ongoing industry outperformance wouldn't be possible without Axel and his team's constant focus on delivering a great guest experience. Speed of service improved across dayparts in 2025 and guest satisfaction reached record levels, including in the PM.

Digital engagement also continued to build with digital ordering and payments reaching all-time highs in Q4 and kiosks expanding to over 800 restaurants. We're excited to give guests even more reasons to engage with Tims and accelerate loyalty adoption through the launch of our partnership with Canadian Tire later this year.

On development, Tim Hortons returned to net restaurant growth in Canada for the first time since 2021. As expected, growth this year was measured and targeted focused on suburban developments, capacity-constrained markets and urban densification. This represents a positive step forward for the system. And with a strong pipeline, we're confident in our ability to accelerate development again in 2026. Meanwhile, in the U.S., Tims delivered its highest level of new restaurant openings in the past decade, reflecting continued progress in both existing and new markets like Florida and Virginia.

Lastly, I'd like to touch on franchisee profitability in 2025. In Canada, Tim Hortons delivered solid top line sales performance, which helped offset headwinds from tariffs and increased operating commodity costs, including coffee. While cost pressures impacted P&Ls, average 4-wall EBITDA proved resilient at approximately CAD 295,000. This underscores the strength of the Tim Hortons business and the durability of its franchisee economics.

Overall, the fourth quarter capped another year of steady performance for Tim Hortons, supported by strong brand fundamentals, delicious menu innovation and consistent execution. That foundation positions the business well as we move into 2026.

Turning now to International, which drives about 27% of our operating profit. 2025 was a standout year for this business. Across a diverse set of markets, our teams and franchisees executed a balanced operational and marketing playbook that led to another year of double-digit system-wide sales growth.

While International is often viewed as a unit growth story, it's worth highlighting that this segment has also delivered strong comps and double-digit system-wide sales growth for years with a mid-single-digit average royalty rate that flows efficiently to AOI.

For the full year, comparable sales grew 4.9%, including 6.1% in the fourth quarter, and net restaurant growth was 4.9%, driving system-wide sales growth of nearly 11%. Performance was strong across several of our largest markets, reflecting the quality of our brands and the effectiveness of our local strategies.

In France, Burger King delivered another strong quarter, led by the Duo Mystere box, where guests receive a surprise duo for EUR 5 and our Stranger Things activation. In Australia, the launch of Jack'd Up sodas, which is Hungry Jack's Take on dirty sodas, helped drive record beverage incidents. And in Brazil, our King em Dobro platform continued to resonate by delivering compelling core value.

Q4 was also an important quarter for Burger King China with comparable sales growing 9.2%, driven by improvements in restaurant fundamentals, growth in delivery and refreshed marketing. Most importantly, during the quarter, we announced a joint venture with CPE, an experienced Chinese investment firm with a proven track record of scaling consumer brands in China, under which CPE would take majority ownership of the business. The transaction closed on January 30, and CPG injected $350 million of primary capital to fund growth.

Together, we share an ambition to roughly double Burger King China's restaurant footprint to at least 2,500 units by 2030. I couldn't be more excited to welcome CPE to the RBI family, and I'm looking forward to sharing more about their vision for Burger King in China at our upcoming Investor Day.

We also made progress at Popeyes China, opening 55 net new restaurants in 2025, as we continue to build brand awareness. With a clear path to accelerate development in 2026, we remain focused on scaling this business thoughtfully and look forward to eventually getting it into the hands of a long-term local operator.

Reflecting on 2025, International stands out as one of our strongest growth engines and a clear competitive advantage. We've now built five $1 billion businesses in Burger King, Spain, Germany, Australia, Brazil and the U.K., along with a $2 billion business in Burger King France.

We're also seeing consistent success in markets just outside our top 10 that we don't always highlight like Burger King Japan, where we've beaten the industry for 11 straight quarters, delivering 22% same-store sales in 2025 on top of 19% same-store sales in 2024 and adding 84 net new restaurants this year, or Popeyes Turkey, which more than doubled its store count in the last 4 years, ending 2025 with nearly 500 restaurants.

In addition, we're scaling newer markets like Popeyes in the U.K. or Tim Hortons in Mexico, where we crossed $200 million and $100 million in system-wide sales, respectively, as brand awareness and market adoption continue to build.

While these markets are diverse, they're winning by executing the same fundamentals, locally relevant marketing, disciplined development and consistent operations, all managed by strong local operators. These fundamentals give me confidence that International is well positioned to deliver durable growth in 2026 and beyond.

Turning now to Burger King, which represents roughly 18% of our operating profit. U.S. comparable sales grew 1.6% for the full year, including 2.6% in the fourth quarter. We have now outperformed the burger QSR industry in 9 out of the last 12 quarters, demonstrating how Reclaim the Flame is strengthening the brand and its relative value proposition for guests.

Marketing and menu innovation played an important role during the quarter. In December, we launched the SpongeBob SquarePants menu, featuring the Krabby Whopper with an iconic square yellow bun alongside cheesy bacon tots, bacon tots, a strawberry short cake pie and a frozen pineapple float. The activation drove strong guest engagement and brought families back into our restaurants, with kids meals reaching their highest incidence level in the last 10 years. This is an exciting proof point as we think about the potential of our family business.

Importantly, we were able to retain traffic after the promotion ended with new SpongeBob guests coming back to Burger King in January. This innovation was supported by our consistent value platform, $5 Duos and $7 Trios, which remained on the menu all year. Duos and Trios continue to perform well by offering guests choice, price certainty and consistency. In a year when there was significant noise across the industry around value, this dependable platform allowed us to focus our marketing behind Whopper-led innovation and family partnerships that attracted new guests to the brand.

Looking ahead, we'll continue executing this balanced strategy. But that sales momentum only translates into sustained traffic when it's supported by solid operations. Throughout the year, the team remained focused on improving execution. Tom and his team are completing their fourth annual Royal roundtables, bringing together every restaurant manager in the country to sharpen operational focus across the system.

We see the impact of consistent operations. Speed and service quality reflected clearly in the performance of our A operators, who outperformed the system average profitability by nearly $50,000 in 2025. In addition to improving operations, we remain dedicated to modernizing the asset base, and ended 2025 at 58% modern image, up from 51% in 2024.

While we previously discussed reaching 85% modern image in 2028, the current cost environment is influencing the pace of remodel activity. And as a result, it will take a bit longer to reach that level. This doesn't change our strategy or the role of remodels and Reclaim the Flame. Remodels continue to deliver compelling uplifts in the teams that of control, reinforcing our confidence in the program, and we will continue to make steady progress alongside our franchisees.

We also continue to modernize Carrols, completing roughly 60 remodels in 2025, including 54 sizzles. Comparable sales grew by 2.4% in Q4, slightly behind the rest of the system as Carrols restaurants were more heavily impacted by weather, given their geographic concentration in the Northeast.

Finally, franchisee profitability was about $185,000 in 2025, down from about $205,000 in 2024. This was driven primarily by beef costs, which Sami will discuss shortly. While 2025 was a step back, we're well ahead of where we were just a few years ago. Fundamentals continue to strengthen, and we're confident profitability will expand as beef costs normalize. Overall, I'm encouraged by the progress Tom and team made in 2025.

Burger King executed compelling marketing, offered consistent value, improved operations and continued to make progress on modern image, helping the brand once again outperform the burger QSR industry and reinforcing my confidence in the brand's trajectory as macro pressures ease. I'm excited for you to hear from Tom directly on February 26 about how we plan to further elevate the brand moving forward.

Now turning to Popeyes, where net restaurant growth of 1.6% was more than offset by comparable sales down 3.2% for the year, resulting in system-wide sales growth of negative 0.7%. As a result of softer sales this year, franchise profitability declined to roughly $235,000, which remains a healthy level, but one we are focused on improving.

Our performance this year reinforces a clear reality. While the chicken category remains competitive, Popeyes' biggest opportunity is improving restaurant level execution and reengaging with our core guests. We know Popeyes is capable of much more, and we're taking decisive action to put the brand back on the right path, while supporting our franchisees to deliver stronger results at the restaurant level.

In November, we announced that Peter Perdue, former COO of Burger King in the U.S. would step into the role of President of Popeyes U.S. and Canada. Peter has a clear mandate to raise operational consistency, and he's moving quickly, resetting his leadership team and engaging with our franchisees.

At its core, the chicken business is a service business, and winning requires consistent speed, accuracy and reliability in every restaurant every day. To support that, we're expanding field engagement and providing targeted support to our lowest performing restaurants. We've increased our field operations team by approximately 75%, launching in-restaurant coaching visits and are hosting our first-ever restaurant general manager experience rallies across the U.S. this spring.

Alongside operations, we're also sharpening our core product focus, prioritizing offerings that define Popeyes and resonate with both new and legacy guests, including our incredible hand battered and fried bone-in chicken tenders and sandwich. I'm excited for Peter to share more detail at our upcoming Investor Day.

In the meantime, I want to reiterate my confidence in the underlying strength of the Popeyes brand. We have a great group of engaged franchisees, a relatively modern asset base, solid unit economics and some of the best chicken in the industry. With disciplined execution and sustained focus, I'm very confident Popeyes will return to the level of performance it's capable of delivering.

Finally, Firehouse Subs had a solid year with comparable sales up 1.1%, including 2.1% in the fourth quarter and net restaurant growth of 7.7%, driving 8.6% system-wide sales growth. As a result of this growth, franchisee profitability grew to over $100,000.

Importantly, Mike and the team opened 104 net new restaurants across the U.S. and Canada and accelerated net restaurant growth from approximately 6% in 2024 to 8% in 2025, led by Canada. In fact, Firehouse was one of the fastest-growing QSRs in Canada in 2025. I'm excited about the growing momentum of this brand, and I'm looking forward to even more success in 2026.

With that, I'll hand it over to Sami.

Sami Siddiqui
Chief Financial Officer

Thanks, Josh, and good morning, everyone. 2025 was a year of execution-driven performance, which translated into solid top line results 8% organic AOI growth and double-digit adjusted EPS growth, with performance improving as we went through the year. We also took important steps to simplify the business and strengthen our foundation for future growth, announcing a new partner for Burger King China, beginning refranchisings at Burger King U.S. ahead of schedule and maintaining disciplined investment behind the initiatives that matter most for long-term value creation.

As we exit 2025, the fundamentals of our business are stronger, our portfolio is more focused, and we have improved visibility into earnings and cash flow growth, all of which give me confidence in our ability to build on this momentum in 2026. Today, I'll focus on our full year 2025 financial results, and I'll touch on a few modeling related items for 2026. As Josh mentioned, the bulk of our forward-looking commentary will be reserved for our Investor Day on February 26.

Now on to our results, beginning with our financials. For the full year, we delivered comparable sales growth of 2.4%, net restaurant growth of 2.9% and system-wide sales growth of 5.3%. We translated that to organic AOI growth of 8.3% and nominal adjusted EPS growth of 10.7%. Compared to our long-term algorithm, comparable sales came in modestly below target, though we continue to outperform the industry. Meanwhile, net restaurant growth of 2.9% was roughly in line with our full year guidance.

Importantly, we believe 2025 represents a low point for NRG. And from here, we expect to ramp back towards 5% unit growth by the end of our algorithm period. In 2026, we expect to see modestly positive NRG from Burger King China following our portfolio cleanup and the transition of the business to our new local partner, CPE. For reference, returning Burger King China to neutral NRG would imply a positive impact of 70 basis points on our consolidated 2025 unit growth. We look forward to providing more color on our future development outlook during our Investor Day.

We continue to translate system wide sales growth into even stronger earnings growth, delivering our third consecutive year of roughly 8% organic AOI growth. There were some specific puts and takes in 2025 that I'll walk you through now, all of which we've discussed on our prior calls.

First, we lapped over the roughly $60 million BK Fuel the Flame ad fund contribution. In 2025, those expenses moved over to the P&Ls of our franchisees and our company restaurants, which was a tailwind to our organic AOI growth.

Second, moving the other direction. We did not recognize revenue from Burger King China in 2025 as we recorded results from the business in discontinued operations. As a result, the International segment saw a $37 million revenue headwind in 2025. Of course, we expect these results to phase back into our P&L prospectively, which I'll touch on shortly.

Third, segment G&A stepped down by $38 million year-over-year in 2025. This reduction was primarily driven by lower stock-based compensation and headcount efficiencies identified during the first half of the year, in addition to continued cost discipline.

We believe our business is at a healthy level of G&A, which will grow modestly with inflation over time. And last, net bad debt expense totaled $21 million, modestly lower than $24 million in 2024. Together, these factors enabled us to translate 5.3% system-wide sales growth to organic AOI growth of 8.3%.

Now turning to EPS. For the full year, adjusted EPS grew 10.7% to $3.69 per share. EPS growth was driven by our AOI growth as well as a $43 million year-over-year decrease in adjusted net interest expense, reflecting the benefits of our 2024 refinancing activities and our cross-currency swaps. Our adjusted effective tax rate was 18.6%, in line with our guidance and our expectations for 2026.

Now turning to cash flow and capital allocation. We generated nearly $1.6 billion of free cash flow this year, including the impact of $365 million of CapEx and cash inducements and a $138 million cash benefit from our swaps and hedges. We also returned $1.1 billion of capital to shareholders this year through our dividend. For 2026, we are increasing our dividend target by roughly 5% to $2.60 per share, marking the 14th consecutive year of dividend growth.

We ended the year with total liquidity of approximately $2.4 billion, including $1.2 billion of cash and a net leverage ratio of 4.2x, successfully meeting our low 4x net leverage target for 2025. In line with our priority to return to a more simplified business model, we plan to refranchise 50 to 100 Burger King restaurants in 2025, and I'm pleased to say we slightly exceeded that guidance.

Now before shifting to 2026 financial guidance, I'd like to touch on 2 additional modeling items, Burger King China and beef costs. As a reminder, throughout 2025, Burger King China was classified as held for sale, and its results were reported under discontinued operations and excluded from our International segment P&L.

Following the close of our joint venture transaction with CPE, royalties from Burger King China are once again being recognized in our International segment P&L. For reference, in 2024, we recognized $32 million in royalty revenues from Burger King China at a full royalty rate. In 2026, the royalty rate will begin a couple of points below our standard 5% rate for traditional Burger King international locations and will ramp to 5% over time.

Next, I'd like to discuss beef costs. Burger King U.S. saw approximately 7% commodity inflation in 2025, largely due to beef, which increased over 20% for the full year. This drove the year-over-year decrease in average 4-wall profitability, which would have been roughly flat year-over-year if beef prices stayed around where they were in 2024.

As previously discussed, we believe these pressures are cyclical as the increase is largely tied to U.S. herd rebuilding coupled with tariff impacts and upstream labor shortages. Importantly, the key to reaccelerating franchisee profitability growth will come from driving strong top line results, and we continue to work closely with our franchisees to drive improvements in areas that are under our control.

Now finally, I'd like to discuss our 2026 financial guidance. Most importantly, in 2026, we're committed to delivering a fourth consecutive year of on-algorithm 8% AOI growth. This is supported by a strong top line and continued flow-through to earnings.

A couple of points to note. First, we expect segment G&A, excluding restaurant holdings, of about $600 million to $620 million, representing modest inflation relative to $594 million in 2025. Second, we expect net adjusted interest expense to stay approximately flat year-over-year in the $500 million to $520 million range based on a mid-3% SOFR rate, which flows through to approximately 15% of our debt.

Third, we expect 2026 CapEx and cash inducements, including capital expenditures tenant inducements and incentives to be around $400 million compared to $365 million in 2025. This increase is primarily driven by higher CapEx associated with Tim Hortons development and renovations as well as acceleration in Carrols remodels.

Fourth, we expect Tim Hortons supply chain margins to be roughly in line with 2025 levels. From a seasonal perspective, we expect Q1 margin to be the softest of the year more or less in line with Q4 of 2025. And last, there are a couple of things to keep in mind for Restaurant Holdings, which, as a reminder, is not included in our AOI algorithm guidance.

BK Carrols Restaurant level margins will continue to be impacted by commodity inflation, primarily related to elevated beef costs. For 2025, BK Carrols full year restaurant level margin was 11.1%, and we expect similar full year margins in 2026. For 2026, we expect total RH AOI of roughly $10 million to $20 million with favorability in beef costs bringing us towards the higher end of that range.

The expected year-over-year decline in RH AOI reflects the impact of Carrols Restaurant refranchising and incremental investments in our international start-up businesses, Popeyes China and Firehouse Brazil that we expect to continue until we transition ownership to new local partners.

To wrap up, stepping back 2025 demonstrated the strength and resilience of our business model and the benefits of the strategic investments we've been making over the past several years. We spent much of the year talking about how our business was at peak complexity. And I'm pleased to say that we are entering 2026 with a simpler, more focused portfolio and improved visibility into future earnings. That positions us well as we move into the next phase of growth and work to deliver another year of 8% organic AOI growth in 2026.

With that, I'll turn it over to Patrick.

J. Doyle
Executive Chairman

Thanks, Sami. 2025 was my third full year at RBI. And I'd like to take step back and talk about what this year taught us about the health of our business and the progress we've made strengthening it. 2025 was a demanding year for restaurant operators. The consumer was under pressure, costs were elevated and macro and geopolitical uncertainty weighed on confidence across many of our markets. Taken together, it was the kind of environment served as a pretty good test of the fundamentals of our restaurant business.

And in that context, our performance demonstrated that the underlying fundamentals of our portfolio are not only resilient, but improving with our brands continuing to strengthen their competitive positions despite a challenging backdrop. Of course, the most important metric we look at is franchisee profitability. While profitability was pressured in parts of the system in 2025, a closer look tells an important story about the strength of our portfolio.

At Tim Hortons, despite elevated coffee costs and tariff-related headwinds that weighed on consumer confidence in the first half of the year, average 4-wall EBITDA held at around CAD 295,000. While we're always striving to drive growth in franchisee profitability, we believe this is a healthy outcome given the context and reflects the consistency of Tim Hortons business, strength of its restaurant owners, and benefits from its continued outperformance versus the broader QSR industry over the course of the year.

And while we don't report franchisee profitability at International, given its scale and structure, it's fair to say that with mid-single-digit comparable sales growth and net restaurant growth of 7%, excluding BK China, our International franchisees are doing quite well overall and continue to see attractive economics.

At Burger King, we faced a meaningful headwind this year from over 20% inflation in beef our largest commodity, which caused franchisee profitability to step back year-over-year. But what's important to me is what didn't happen. Even in an environment with a lot of value noise, we didn't need to rely on deep discounting to drive top line results. The core business continued to improve and the systems showed far more resilience than it would have 4 years ago before Tom and the team launched Reclaim the Flame.

The investments we and our franchisees have made in operations, marketing and modern image have fundamentally strengthened the system, and that showed up clearly this year. There's absolutely still work to do. But relative to much of the burger QSR category, I think it's fair to say that our franchisees are feeling pretty good about where they stand and our ability to grow from here.

We've also been disciplined about growth in capital. In a year like this, the wrong response is to push development or investment faster than the economic support. Instead, we've prioritized protecting franchisee balance sheets, pacing remodels thoughtfully and placing restaurants in the hands of operators who can execute at a high level. Simplifying the business and moving toward a more purely franchised model are part of that same mindset.

At Popeyes, we also saw a step back in unit economics year-over-year, and this is a different situation. We've been very upfront that sales are not where they should be, and you saw us make leadership changes in 2025 and earlier this year as a result. I'm confident that the steps we're taking particularly the renewed focus on operations, consistency and brand standards will translate into better performance over time. Average profitability of roughly $235,000 is not where the system can or should be, but Popeyes has a strong franchisee base and there is real engagement and momentum around the changes Peter and the team are leading.

And lastly, at Firehouse, we saw average profitability grow to about $100,000, reflecting the steady progress Mike and the team are making despite some lingering category headwinds. Given Firehouse's lower-cost in-line build model, that level of profitability supports attractive paybacks on new openings and positions the brand well to continue accelerating unit growth.

I mentioned earlier that a year like this can serve as a real test of a restaurant business. And when I look at how we performed, I think our overall grade is pretty strong. We outperformed the industry across our 3 largest businesses, including by 2 points at Tims Canada and 3 points at Burger King U.S.

Tim Hortons Canada and International each extended their multiyear streaks of positive quarterly comparable sales. And our teams delivered over 8% organic adjusted operating income growth and double-digit EPS growth for shareholders. That marks the third year in a row of roughly 8% organic adjusted operating income growth. That is the type of consistency we want to continue to deliver moving forward.

This combination of industry outperformance, margin discipline and earnings growth doesn't happen by accident. It reflects improving fundamentals, strong execution and real partnership across the system. I'm proud of what our teams and franchisees delivered this year, and I feel good about the progress we've made strengthening this business for the long term.

With that, I'll turn it over to the operator for questions.

Question-and-Answer Session

Operator

[Operator Instructions] And our first question will come from Danilo Gargiulo from Alliance Bernstein.

Danilo Gargiulo

Bernstein Institutional Services LLC, Research Division

Well, it is very encouraging to see solid sales momentum in U.S. and Canada in the quarter despite the tough backdrop you are describing. I'm wondering if you can maybe talk about how you're thinking about the comparable sales evolution and trajectory in 2026, and which anchor point may provide outsized gains for Tim Hortons and Burger King. And specifically to Tim Hortons, you seem to have achieved great results with the beverages with the PM Food growing a little bit more modestly. So what's the next evolution to drive greater PM expansion?

Joshua Kobza

Chief Executive Officer

Gargiulo, thanks for the question. I think in terms of the same-store sales, I agree it was a very good year, and I think a positive Q4. And I think that sets us up well as we step into 2026. I think importantly, because the reason that we were achieving those same-store sales is we're delivering on the fundamentals across all of the businesses. So I think that's a great setup. And I think our expectation is for a similar consumer environment in 2026 to 2025, and we'll keep focusing on building on those basics.

The one thing I would call out so far in 2026, that sure anybody in Toronto or New York is aware of is that it's been a bit of a tough weather environment so far in 2026. So I think that's important to flag. That should normalize as we get out of the next couple of months, and we look forward to building back another great year.

In terms of the Tim same-store sales, I think you characterized well. I think we made a ton of progress across cold beverages. It was a big highlight throughout the year. And as I mentioned in the prepared remarks, even in Q4, which is not traditionally the strongest time of the year for cold beverages, we had our highest incidence ever, which tells you we're really building a better portfolio of offerings, and we're building new habits with our guests.

So that's something we're very mindful of. And I think you'll see us bring even more exciting innovation. I think you'll see that cold bev mix keep ticking higher as we move through the year.

In terms of PM Foods, I do think we've made good progress there. We've expanded the portfolio and introduced some really great offerings, and we're going to build on that in 2026. We've got a whole calendar planned out of initiatives that build upon what we did in 2025, but I think bring some exciting additional innovations that will help us to build that habit with PM Food.

I think we've always viewed our efforts to move into the PM as a long-term initiative, something that will take a lot of years. That's a big new front to open up for a concept that historically was really focused in the morning in that kind of 6:00 a.m. to 10:00 a.m. time windows. So that kind of shift, it will take a number of years to build those habits to build those product portfolios.

I think we're well on the way to doing that, and we're making good progress, not just on the product portfolio, but also on operations and making sure that we're delivering the same great experience through lunch in the afternoon that we deliver in that morning daypart. Axel and the team have been really focused on that. I think that as much as the product innovations are going to be critical to making Tims a destination for folks in the PM. I think we're going to make some more progress on that in 2026 and also in the years beyond.

Operator

The next question comes from Brian Bittner from Oppenheimer.

Brian Bittner

Oppenheimer & Co. Inc., Research Division

Congratulations on a strong 2025. The important International segment really seems to be hitting on all cylinders recently, over 6% comps in the fourth quarter in the face of much stiffer comparisons. Burger King and Popeyes seem to be the standouts in International. And I know the segment covers a lot of geographies, and you touched on a few in your prepared remarks. But generally speaking, can you just unpack for us how much of this momentum internationally is being driven by a healthier backdrop that you're operating in versus perhaps share gains that you're taking, or what you're doing from a bottom-up perspective at Burger King and Popeyes?

Joshua Kobza

Chief Executive Officer

Thanks, Brian. I think it's a bit of all of the above. I'll walk through a few pieces. I think the backdrop has been decent in a lot of our markets, especially the European and Asia Pacific markets. And I think our brands benefit from a few different structural tailwinds in those markets broadly.

We've talked about it a lot, but just there's a -- I think there's a lot of structural growth in those markets, as you have more folks moving into the workforce, you have more folks getting into the middle class. You have more formalization of the restaurant segment in a lot of those markets, especially in places -- I think of places like India where we're very early in what I think will be a long road of growth for decades to come. So I think you've got a really supportive structural market.

And within that, our brands are also well positioned. We've got modern assets. We're new in those markets. The brands are more aspirational. We are highly digitally enabled. And we have really great operations that are led by wonderful local partners in each of those markets. So I think the brands are just well positioned broadly across the International segment, and that's a big part of how you consistently drive same-store sales. And as you mentioned, I think same-store sales that have exceeded many of our competitors in a lot of those markets.

If you look across the regions, I would tell you, EMEA, in particular, has shown consistent strength across a lot of our biggest markets. So that's been a consistent tailwind for us. And then in Asia Pacific, things have really gotten a lot better over the last year or so. Obviously, we've talked a lot about China, where we went from negative same-store sales to meaningful positive same-store sales.

So that was a very intentional set of steps we took that moved a big market there. But I also mentioned markets like Japan that aren't historically huge growth markets for folks. We're doing double-digit comps on top of double-digit comps and growing the restaurant base there. So we've got a lot of markets in Asia Pacific that are really performing well over the last year or so. I think our team has been doing a really nice job out there. And some of that's allowed us to outperform the competition.

J. Doyle
Executive Chairman

This is Patrick, I would add just one other thing to kind of highlight. In calendar year '23, our system sales for Popeyes outside of the U.S. were $927 million. Last year, they were $1.7 billion. We did $0.5 billion in the fourth quarter. So we're already at a run rate of $2 billion. It is a stunningly great business outside of the U.S. and really excited about what we're going to be able to get done with Popeyes brand.

Joshua Kobza
Chief Executive Officer

And I'll just add just a couple more things on some of these international markets that are doing well. I think if you go see our business in a place like France, it's really fantastic. We have wonderful locations, beautiful new assets, highly digital. The product quality is great. Alex Simon and the team are truly passionate about the product quality. And i think that's why we've driven tremendous growth there.

And I can go to the other side of the world and go to Japan. And I'll tell you, if you're in Tokyo, I think you'll have one of the best whoppers you're going to eat anywhere in the world. And so these markets are really doing a great job with the fundamentals, and that translates to a great business model as well, which is driving growth. So lots of good reasons that the International business is doing well.

Operator

The next question comes from David Palmer from Evercore ISI.

David Palmer
Evercore ISI Institutional Equities, Research Division

I wanted just to follow up on Brian's question about sort of walking around the world here. And I think a lot of us really know the U.S. market in terms of the fast food consumer and the fast food market trends here in the U.S. know them less well in Canada, less well in Europe. It feels like Europe in general, and I'm really focusing on this developed market side of things in this question. It feels like Europe is remarkably strong when it comes to fast food, particularly when you contrast it with some of the CPG commentary that we get in the consumer staples world with regards to the European consumer.

And then you -- it looks like you're gaining share in a lot of these markets. So maybe just kind of sort of summarize, contrast, what you're seeing in the U.S. It feels like Canada is maybe a little weaker, maybe more like the U.S. And just how you think about the setups for key markets and help us get comfortable with that the strength can continue in markets like Europe?

Joshua Kobza
Chief Executive Officer

Dave, thanks for the question. So if you -- I'll maybe comment on both the EMEA markets and particularly Western Europe and a little bit on Canada as well. So if you look across the big Western European markets, so places like France, Spain, Germany, Great Britain, every one of those markets was positive, low to mid-single digits. So we had a lot of consistency of positive performance across those markets. And I think that's what you see in the results.

We also within EMEA, I mentioned this about Popeyes having a fantastic year in Turkey. Burger King in Turkey also was a standout performer. So a lot of unit growth and tremendous same-store sales growth. So we had a really good year across the board in Turkey. So I think it's that consistency across all of the biggest markets within EMEA they almost across the board had a positive year and quarter that's driving the results that you see.

And then if you go to Canada, I think with around 3% same-store sales in the quarter, that's a pretty good result, I think, for a pretty developed business in a mature market. And I think importantly, within those results, we saw positive sales growth across all dayparts and all categories of the menu. So it was pretty broad-based. And I think that illustrates a pretty healthy business across the board.

Operator

Next question comes from Dennis Geiger at UBS.

Dennis Geiger

UBS Investment Bank, Research Division

I wanted to ask a little bit more about BK U.S. given the continued industry outperformance in the quarter and your execution against plans despite the difficult environment. Anything more at a high level to talk about as it relates to opportunities for growth and share gains in '26? And perhaps any thoughts you can share kind of on franchisee sentiment right now? And if that's got any implications for your confidence in the Carrols Restaurant refranchising trajectory that you're thinking about?

Joshua Kobza

Chief Executive Officer

Dennis, I would tell you, I'm really proud of the work that Tom, Niko, Joel, the whole BK U.S. team are doing. It's been 3 or 4 years of working on the fundamentals, improving operations. We've come so far improving the franchisee base, remodeling restaurants. They've been doing all the basics. And I think for us, it was really interesting to watch what we did with SpongeBob in the fourth quarter.

And I think that Joel and the marketing team did such a nice job on all of the elements of that, the IP, the products that they developed, the packaging, and then we executed it well at the restaurant. And I think really, it was great work but it delivered great results because of all the underlying work that we've done in the business. And it really told us that I think we're ready to take this business to the next level and really elevate the brand based on the work that we've done in the fundamentals.

And I mentioned it in the prepared remarks, but we saw both a lot of new folks coming into the restaurants, and then we saw them come back, and that tells me they had a good experience and they really enjoyed what they saw. They were surprised by the Burger King that they found the changes that we've made. And I think that's what we're so excited about as we go into '26 is we think we've got the fundamentals to a place where we can now get really on our front foot and go bring a lot of new folks back in the restaurant, people who love whoppers, bring families back.

I think it really opens up the doors for us. And I think our franchisees feel that. They've seen that improved -- they've seen those improved fundamentals. They've seen us doing a nice job on the marketing side. I think they're pretty excited about the direction that we're planning to go in the coming year.

Sami, do you want to touch on the refranchisee?

Sami Siddiqui
Chief Financial Officer

Yes, I can take that. And actually, similar to what Josh was touching on, I think you see that excitement in sort of the calendar and innovation. You see that translate into excitement around refranchising. When we first spoke about the Carrols transaction, we had talked about refranchising really beginning in earnest in years 3 through 7.

We started actually refranchising much ahead of schedule in year 1. We said we would do about 50 to 100 refranchise restaurants in the first year, and we exceeded that. We actually did over -- a little bit over 100. So I think that reflects a lot of the interest and excitement from local owner operators and investing in the Burger King brand.

To step back, and we've talked about this a lot on previous calls is the most critical thing is that we get the restaurants into the right hands, the hands of local owner operators who are going to be aligned to driving great guest experiences. And we're seeing that in all of our conversations, and we look forward to actually accelerating that number here in 2026.

J. Doyle
Executive Chairman

I'll actually add one thing, which is the partnership with the franchisees is working because they know that we are focused on their success. We've been doing that now for a number of years. And they're seeing that what we have said we're going to do, we've done. And the remodels are generating a good lift in sales for them, as we've been talking about for a couple of years. but we still have a lot more to do, which will continue to drive sales as we get more done.

The service improvements that they're driving in their restaurants are giving guests a better experience which means we're seeing things like Josh talked about, we do SpongeBob. And not only does that increase sales, but we see increased retention of those customers who've tried us because of it, because they had a good experience driven by our operators, driven by our franchisees and in our Carrols restaurants.

You see our improved marketing working and the focus that we're putting in there. So I can look at the glass half full, which is the things we've been doing are what have been driving the results that we're seeing in BK. And I can look at the glass half empty, which is we've still got so much more to do, and we know exactly what we need to do and what we're going to be doing over the course of the next couple of years.

And that's what gives me confidence that we're going to continue to generate good growth and hopefully outperform the category. And all of that being done with just consistent value that our customers can count on. We don't have to play around with a bunch of price points. We know what works, and we're doing that consistently, and their ability to count on that is a real value for our guests.

Operator

The next question comes from John Ivankoe from JPMorgan.

John Ivankoe
JPMorgan Chase & Co, Research Division

The question is on Popeyes U.S. And if I were to go back in history, you launched an incredible sandwich line in August of '19, I had to use the Internet to check that. In 2019, fried chicken is a great category. I mean there are so many different people that want to be in the category and quite frankly, have been successful in the category. And yet your results have really slowed down in the past 6 quarters, including some fairly low numbers in the fourth quarter of '25.

So I really want to go a couple of places. So what do we kind of learn from the experience in the last couple of years, for example, what could you have done differently? In other words, what will you do differently to allow success? And then really, I guess, maybe the bigger part of the question is large franchisee declared bankruptcy in the Popeyes system.

And looking at the comps, looking at that franchisee, are we kind of at the point at this point where we should stop thinking about new unit expansion and perhaps should even consider contraction until we get the franchise system and just the brand and the operating platform in the right place to where it can materially grow again? Because I'm sure me, like many others had unit growth expectations for that brand, '26, '27, '28 for the Popeyes U.S. business. And hopefully, you absorbed that question.

Joshua Kobza
Chief Executive Officer

Thanks, John. I'll try to get through as much of that as I can and feel free to add...

John Ivankoe
JPMorgan Chase & Co, Research Division

It's a big topic to address regardless. So thanks for that.

Joshua Kobza
Chief Executive Officer

For sure. So just to start off, I agree with you. I think the chicken category is amazing. It's a great category to be in, and I think we have a wonderful brand, both for the U.S. and around the world. That said, as you pointed out, we've had weaker performance than we'd like over the last few quarters, and that's why you saw us make a change in leadership. And I think Peter is exactly the right person for what we need to do. And I'm super confident in both what he's already starting to do and where he wants to take the brand.

I think if I would break down the learnings into 2 simple buckets that shape what we're going to be focused on, one is making more progress on the consistency of operations. The leading players in the chicken category, on average, have very good operations, and we need to make more progress on that front. Peter's background is in operations, and that is exactly where -- what -- where he knows how to make progress. So I'm very confident of what we're going to do there.

And then I think on the marketing and product side, we spent more time in categories that were a bit more noncore over the last year, 1.5 years. And I think we're going to bring that focus back to the core. We're going to bring it back to the things that made Popeyes great, our hand battered and fried bone-in chicken, our tenders and our sandwich.

So we're going to narrow the focus a little bit that I think is going to help us to bring back our core customers and to execute at a much higher level. So you'll hear more from Peter directly here at our Investor Day on Feb 26, and I encourage you to kind of hear from directly because I think it's very compelling. But I'd give you that outline of overall where he'll generally be focused.

In terms of your question on the franchisee situation, obviously, we did have a filing from one of the large franchisees. I would tell you that the rest of that franchisee system across the U.S. is actually in a quite healthy place. Leverage levels are in a healthy place, even though EBITDA has stepped back a little bit. So I don't think that's at all representative of the rest of the system. And as a result of that, while NRG has stepped back already, I think we'll continue to see growth in the Popeyes U.S. business over the next couple of years.

Just one last stepping back comment. I think -- and John, you kind of pointed out at the beginning, in terms of stepping back and looking at the history. We acquired this business about 9 years ago. It has been a tremendous run. It's had a little bit of some ups and downs along the way, but it's really been great, both in the U.S. and around the world.

If you actually go back to when we got involved in the business in 2016, what created that opportunity was a bit of a wobble in the business at that time. And that created an opportunity to acquire a brand in one of the most attractive, if not the most attractive segments in the entire world. And after that point in time, we managed to produce an incredible 9 years of growth. I think we've tripled or quadrupled that business. And I hope we'll do that again now under Peter's leadership.

Operator

The next question comes from Brian Mullan from Piper Sandler.

Brian Mullan
Piper Sandler & Co., Research Division

Just a question on Tims in Canada. I wanted to ask about speed of service. I believe that's been a tailwind for some time now. I'm just wondering if you still see opportunity to continue to improve from here? And then separately, can you just talk about the loyalty program, your efforts -- talk about your efforts to continue to grow membership in that program, which we know it's important and correlates with higher visitation and spend.

Joshua Kobza
Chief Executive Officer

Brian, I'll take both parts of that question. So on speed of service, we've mentioned, I think repeatedly over the last few quarters or years, we have made good progress there. I think Axel and Naira and the team are doing a very nice job. We are awfully fast in the morning. The cars just fly through that drive through sometimes every 20 seconds, which is remarkable. So it's pretty impressive that we continue to make progress there. And we'll continue to seek to do so.

There are a couple of things that we're doing there that help. One of the big ones is actually the remodels. So I think we mentioned we've been ramping up the pace of remodels. And one of the big things that we do in those remodels is we rework the back of house in a way that accommodates some of the new things that have come in the restaurants, think about cold beverages, and allow us to enhance the speed of service in the morning.

The other prong I would say there that's really important is our speed of service in the PM. And that's where historically we haven't been as fast as the AM side of the business. And I think that will be a place where we can make maybe even more progress than we can in the AM over the next couple of years.

In terms of the loyalty program, we have made a lot of progress. We've got that up to about 1/3 of the business. And we'll continue to push adoption through everything from some of the events that we put out there, the things like Roll Up The Rim where we drive more digital engagement. But there's a new direction we're going with that as well, which I mentioned in my prepared remarks, which is partnerships. And we announced recently that we're going to do a loyalty partnership with Canadian Tire. We think it's a really obvious and very logical partnership for the brand.

Two of the most iconic retailers in Canada coming together to tie together their loyalty programs. We think that brings even another compelling reason for Tim Hortons guests to become part of our loyalty program. And we'll see how that goes. We're quite excited for it, but the -- it opens a lot of doors to further places we could take that loyalty program to cause even more a higher percentage of our guests who want to engage directly through our digital channels with us in the future.

J. Doyle
Executive Chairman

And Brian, I'll just -- I'll add a couple of stats here on the loyalty program just because it really incredible stats. What we're seeing is about 33% of sales came from loyalty members in 2025, which is incredibly strong 7 million active members, and our active members are spending more than 50% sort of post-joining versus pre-joining and they visit more often than nonmembers. So a lot of good things to highlight in the program, and Josh brought up strategic partnerships that we think will further drive that business. And we also think that member-only offers through the app and the loyalty program are also going to help drive more penetration. So we're really pleased about the future of the loyalty program, and I think it's just the beginning.

Operator

The next question comes from Andrew Charles at TD Cowen.

Andrew Charles
TD Cowen, Research Division

Okay. Great. You talked about your confidence in achieving 8% AOI growth in 2026. And I know you're saving the forward-looking commentary for the Investor Day. But the release reiterated a 3% plus system same-store sales as part of the longterm algo. So I'm wondering about your confidence this level can be achieved in '26, and what you described as a similar consumer backdrop domestically as '25, maybe said differently. Is your belief in 8% AOI growth in '26 contingent on reaching 3% same-store sales?

Sami Siddiqui
Chief Financial Officer

Andrew, I'll take that question. And Josh, feel free to chime in here. I think, look, first off, we are very pleased to have delivered 3 consecutive years of roughly 8% AOI growth and are excited, I think, to work again towards that target in 2026. Typically, kind of as we think about budgeting for the year and our targets for the year, we do target around that 3% same-store sales level, which is kind of consistent with our algorithm.

I think as we think about sort of that 3% comp and the unit growth kind of building towards system-wide sales, obviously, the unit growth was a little bit lighter in 2025, though, I think that still sets up a strong backdrop for system-wide sales, rough math, if you're assuming around a 3% comp and just the math of it of 3% or kind of around that unit growth from 2.9% unit growth from 2025, that equates to a top line of around 6% system-wide sales. And then I think there's a couple of other puts and takes that kind of bridge to that 8% AOI growth.

I think we've done a really good job on the G&A side. We've done a fantastic job in terms of kind of adding discipline and really setting a new baseline for the business at $594 million of G&A in 2025. We expect that to grow slower than the top line. So you'll see operating leverage through the P&L from that. And then you'll also see the Burger King China royalties come into the P&L in '26 at a couple of points lower than our standard rate, but still kind of coming back into the P&L. When you take all of that together, I think that gives us confidence around the 8% organic AOI growth for a fourth consecutive year.

Operator

The next question comes from Christine Cho at Goldman Sachs.

Hyun Jin Cho
Goldman Sachs Group, Inc., Research Division

I really appreciated the color on beef prices as well as the impact on franchisee profitability at Burger King. And you've mentioned that you expect improvement as beef costs normalize. But beyond that, are there any organic cost efficiencies or margin opportunities you've identified across the P&L that could help strengthen the 4-wall economics as we look into 2026?

Sami Siddiqui
Chief Financial Officer

Christine, I can take that question. I think, look, the beauty of being a multi-branded organization and having the scale and the size and scale we have all over the world is we're able to share best practices between all of our sort of partners around the world and ultimately drive franchisee profitability. And there's a variety of things that we're working on when you think about from procurement and our global procurement scale to thinking about digital contracts to thinking about just thinking about operational efficiencies. We like to share those best practices across our brands. And ultimately, that's kind of what helps drive franchisee profitability, whether it's at Burger King U.S. or Tims in Canada.

I would say, particularly on the beef prices. Obviously, we've seen beef prices be at record highs over the last year or so. And any of those levels have sustained, this is very regular and kind of normal in the market. And I think it has -- if you look at the beef market over many decades, the herd rebuilding cycles are a very common sort of pattern in this industry.

We anticipate there will be relief at some point, though, I think likely, if there is relief on that side of things, it's likely closer to the second half of the year on beef in particular. So -- but look, I think stepping back, as you think about franchisee profitability, it was down year-on-year for the Burger King system, though I think we see when you normalize for those beef prices, actually roughly flat to even slightly positive year-on-year when you kind of incorporate the step to back fund contribution as well.

Joshua Kobza
Chief Executive Officer

The one other thing I would add, Sami, is the best possible way for us to grow the franchise profitability of Burger King is through growing sales in a profitable manner. I think that is what's front and center with Tom and the franchisees is how do we do a great job growing the ARS of this business in a profitable way. And I think the stuff that we're focused on, things like making the whopper as amazing as it can be and bringing families back into the restaurant with awesome IP partnerships. Those are great and that they bring more guests in the restaurant, they drive more sales, and it's very -- it's profitable traffic for the franchisees. So I think the sales -- we're always looking at cost opportunities, but I think the sales part is just as or more important.

Operator

Our final question today comes from Brian Harbour at Morgan Stanley.

Brian Harbour
Morgan Stanley, Research Division

I'm curious where new unit paybacks are? I guess I'll focus my question on North America for sort of the unit growth brands. Do you think those are where they should be? How do you think it compares to some peer concepts? Or what else do you think you need to drive those besides obviously driving AUVs like you just mentioned?

Sami Siddiqui
Chief Financial Officer

Yes. Brian, I can take that one and Josh can jump in as appropriate. I think as we think about, obviously, new unit paybacks are very tied to the franchisee profitability metrics that we disclose. And when we think about new unit paybacks, I think it's also important to think about who's developing. And so really critical to -- across all of our brands is that we are developing with strong operators, A operators. And if you actually look at A operator profitability, we typically are disclosing averages, but the A operator profitability is typically much higher than that.

So when you're -- when we're looking at new unit paybacks and the investment case for building units, particularly in the home market, you see actually pretty compelling paybacks across the A operators. I'd say some of the most compelling, if you kind of tick through the brands, certainly continue to be at Tim Hortons in Canada at around $300,000 in 4-wall profitability and often us with the corporate contribution towards real estate.

When you think about the paybacks, the franchisees typically are looking at investing in FF&E equipment packages and with us sitting on the head lease that typically creates very strong paybacks on the order of like 3 years in Canada. When you kind of come to the U.S., and I'll tick through actually what was nice to see as the fastest-growing U.S. brand being Firehouse, when you think about the Firehouse paybacks, that's a totally different development model. It's an in-line development model. It's very scalable. And the increases in profitability, combined with some of the great work that Mike and the team are doing, that's also leading to around 3-ish year paybacks on new -- 3- to 3.5-year paybacks on new Firehouse units.

And so the 2 faster growing in our home markets are very strong paybacks. At Burger King, as we've talked about extensively now, we have a little bit of work to do on the profitability side. Josh said it best when the best thing we can do is drive sales and drive top line to improve those ROIs. But we do still have a lot of our franchisees who are developing those A operators are seeing compelling returns with their higher average profitability. And I would say the same thing on Popeyes as well. Our A average -- our A operator profitability at Popeyes is still close to $300,000 of 4-walls. So when you think about paybacks, they are still quite strong.

Operator

I will now hand the call back to Josh for any closing comments.

Joshua Kobza

Chief Executive Officer

Great. Well, thank you, everyone, for joining us today. And importantly, thank you very much to our teams all around the world and our franchisees for a great year in 2025. We look forward to seeing many of you on the call here in Miami in 2 weeks, and wish you all a great day. Thank you very much.

Operator

This concludes today's call. Thank you very much for your attendance. You may now disconnect your lines.

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