



**Wendy's**  
THE WENDY'S COMPANY

**Second Quarter 2013  
Conference Call**  
**July 23, 2013**

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**Wendy's**  
THE WENDY'S COMPANY

**JOHN BARKER**  
**Chief Communications  
Officer**



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## Today's Agenda

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CEO Overview

Emil Brolick

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Financial Update

Steve Hare

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Q&A

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## Forward-Looking Statements and Non-GAAP Financial Measures

This presentation, and certain information that management may discuss in connection with this presentation, contains certain statements that are not historical facts, including information concerning possible or assumed future results of our operations. Those statements constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (The "Reform Act"). For all forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Reform Act.

Many important factors could affect our future results and could cause those results to differ materially from those expressed in or implied by our forward-looking statements. Such factors, all of which are difficult or impossible to predict accurately, and many of which are beyond our control, include but are not limited to those identified under the caption "Forward-Looking Statements" in our news release issued on July 23, 2013 and in the "Special Note Regarding Forward-Looking Statements and Projections" and "Risk Factors" sections of our most recent Form 10-K / Form 10-Qs.

In addition, this presentation and certain information management may discuss in connection with this presentation reference non-GAAP financial measures, such as adjusted earnings before interest, taxes, depreciation and amortization, or adjusted EBITDA, and adjusted earnings per share. Adjusted EBITDA and adjusted earnings per share exclude certain expenses, net of certain benefits. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures are provided in the Appendix to this presentation, and are included in our news release issued on July 23, 2013 and posted on [www.aboutwendys.com](http://www.aboutwendys.com).

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# EMIL BROLICK

President & CEO



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## 2012 INITIATIVES CONTRIBUTING TO SOLID 2013

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### STRONG Q2 EARNINGS ... ADJUSTED EBITDA & EPS

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### BRAND TRANSFORMATION PROGRESS CONTINUES

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### SYSTEM OPTIMIZATION TO IMPROVE EARNINGS QUALITY

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### 2013 OUTLOOK TRENDING TOWARD HIGH END OF RANGE

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## Preliminary Q2 2013 Highlights

	<u>2013</u>	vs.	<u>2012</u>	
Adjusted EBITDA*	\$102.1 mil		\$89.1 mil	+15%
Adjusted EPS*	\$0.08		\$0.05	+60%
Co.-Op. Rest. Margin	16.7%		14.1%	+260bps
Co.-Op. SSS	0.4%		3.2%	3.6% 2-year

\*See reconciliation of Adjusted EBITDA and Adjusted EPS in the appendix.

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## PRETZEL BACON CHEESEBURGER



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Pretzel Love Songs Event with Nick Lachey

## PRETZEL BACON CHEESEBURGER PR / SOCIAL MEDIA HIGHLIGHTS

- More than One Billion Consumer Impressions
- Over 60 Million views of promotional videos
- National broadcast segments:
  - CNN 'New Day' and TODAY with Kathie Lee & Hoda
- Partnered with celebrity Nick Lachey to host a Pretzel Love Songs media event to kick off the #PretzelLoveSongs digital campaign in NYC

### COVERAGE:



CNN anchor Kate Bolduan



TODAY with Kathie Lee and Hoda



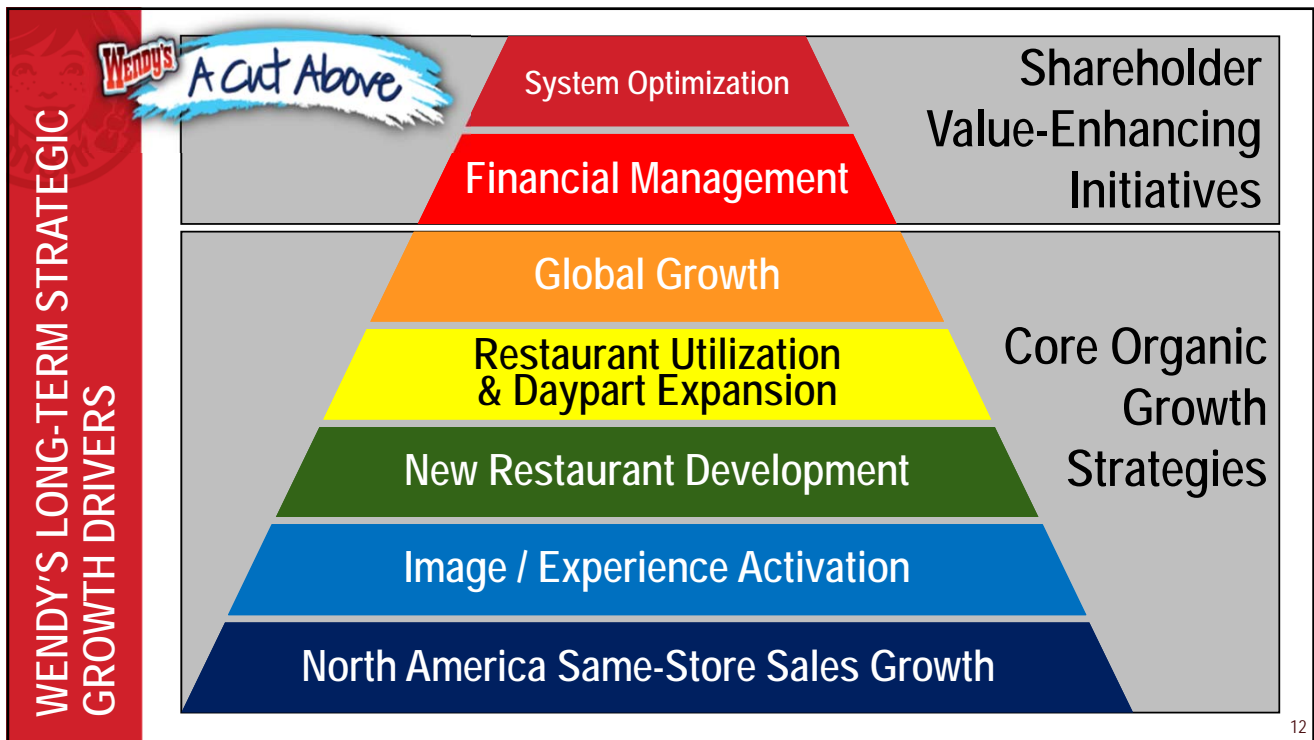
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# Next Phase of Brand Transformation...

## System Optimization



BRAND TRANSFORMATION



WENDY'S LONG-TERM STRATEGIC GROWTH DRIVERS

Wendy's A Cut Above

## Optimize Restaurant Portfolio

- Sell approx. 425 restaurants by mid-2014
- Lower company ownership from 22% to 15%
- Concentrate company ownership
- Generate a higher restaurant operating margin with more focused portfolio

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## PROSPECTIVE BUYERS

### 425 RESTAURANTS

- New and existing franchisees
- Strong operators with proven success
- Strong financially and well-capitalized
- Growth mindset – commitment to Image Activation and new restaurant development
- Demonstrated commitment to customer service

## Recent Progress

### NPC

- Kansas City
- 24 Wendy's restaurants purchased from the company and agreement to acquire 13 restaurants from a franchisee
- Largest Pizza Hut franchisee

### Legacy Restaurant Group

- Operated by current franchisee in Topeka, Kansas
- 26 Wendy's restaurants

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## Optimize Financial Performance

### SYSTEM OPTIMIZATION

Lower

Higher

Maintain

Sales

Adj. EPS growth

Adj. EBITDA growth

G&A

Margin

Cap ex

Royalty income

Depreciation

Rent income

Cash flow

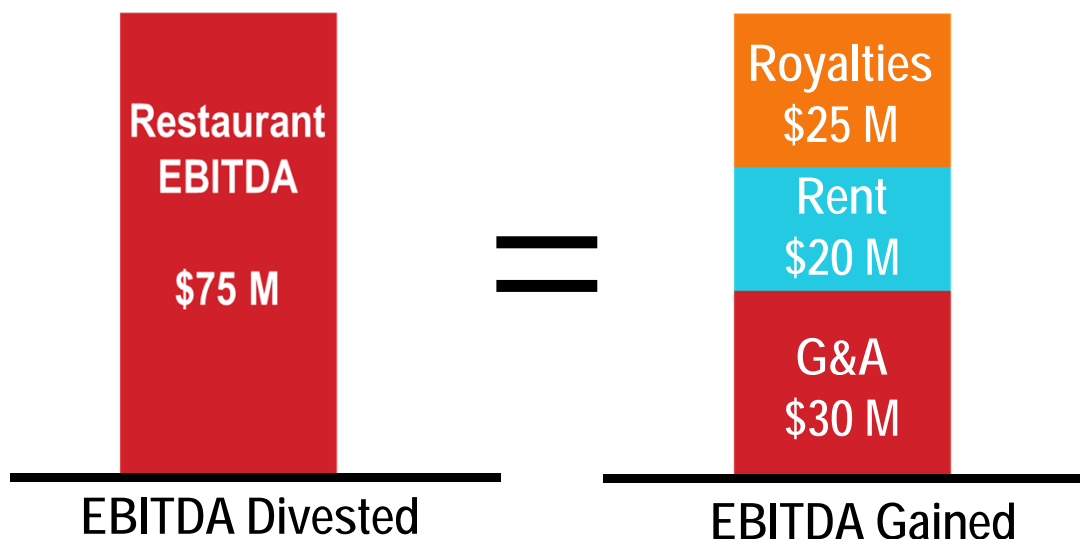
## ENHANCE QUALITY OF EARNINGS

\* Estimates based on Company's current outlook.

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## Economics of System Optimization\*



\* Estimates based on Company's current outlook.

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## Optimize Shareholder Returns

### Organic Growth

- Continue to invest in core business

### Shareholder Value

- Opportunity for regular dividend growth and share repurchases

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# STEVE HARE

Chief Financial Officer



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## Preliminary Q2 2013 Highlights

**April**



**NEW FLATBREAD GRILLED CHICKEN**

**June**



SUMMER STARTS WITH **BERRIES**  
BERRY ALMOND CHICKEN SALAD

Q2 2013 North America Same-Store Sales

	1-Year	2-Year
Company-Operated	0.4%	3.6%
Franchise	0.3%	3.5%

**May**



GOOD THINGS MADE SWEETER  
**FROSTY WAFFLE CONES**  
CHOCOLATE NEW VANILLA

N.A. Company Restaurant Margin +260 bps

Q2 2013	16.7%
Q2 2012	14.1%

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# Preliminary Q2 2013 Financial Summary

(\$ in millions except per share amounts)  
(Unaudited)

	Q2 2013	Q2 2012	% Change
Sales	\$571.2	\$ 566.1	0.9%
Franchise revenues	79.3	79.8	-0.5%
Total revenues	<u>\$650.5</u>	<u>\$ 645.9</u>	0.7%
Adjusted EBITDA*	\$102.1	\$ 89.1	14.6%
Adjusted EPS*	\$ 0.08	\$ 0.05	60.0%

\*See reconciliation of Adjusted EBITDA and Adjusted EPS in the appendix.

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# Adjusted Income and Special Items

(In Thousands Except Per Share Amounts)  
(Unaudited)

	Second Quarter			
	2013		2012	
	Per share		Per share <sup>(a)</sup>	
Adjusted income and adjusted earnings per share*	\$ 31,779	\$ 0.08	\$ 19,221	\$ 0.05
(Less) plus:				
Loss on early extinguishment of debt	(13,137)	(0.03)	(15,621)	(0.04)
Depreciation of assets that will be replaced as part of the Image Activation initiative	(2,654)	(0.01)	-	-
Facilities action charges, net	(3,986)	(0.01)	(6,164)	(0.01)
Impairment of long-lived assets	-	-	(2,018)	(0.01)
Costs associated with closed restaurants in other operating expense, net	-	-	(911)	(0.00)
Total adjustments	<u>(19,777)</u>	<u>(0.05)</u>	<u>(24,714)</u>	<u>(0.06)</u>
Net income (loss)	12,002	0.03	(5,493)	(0.01)
Net loss attributable to noncontrolling interests	222	0.00	-	-
Net income (loss) and earnings per share attributable to The Wendy's Company	<u>\$ 12,224</u>	<u>\$ 0.03</u>	<u>\$ (5,493)</u>	<u>\$ (0.01)</u>

\*See reconciliation of Adjusted Income and Adjusted EPS in the appendix.

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## Selected Balance Sheet Highlights

(\$ in millions) (unaudited)	<u>June 30, 2013</u>
Cash	\$ 489
Senior Debt	\$ 1,429
Capital Leases and Other Debt	42
Total Debt	<u>\$ 1,471</u>
TTM Adjusted EBITDA*	\$ 360
Total Debt / TTM Adjusted EBITDA*	4.1x
Net Debt / TTM Adjusted EBITDA*	2.7x

\*See reconciliation of Adjusted EBITDA in the appendix.

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## 2013 Outlook: Trending Toward High End of Range

**Adjusted EBITDA:**  
\$350 to \$360 million, 5% to 8% increase vs. 2012

**Adjusted EPS:**  
\$0.20 to \$0.22, 18% to 29% increase vs. 2012

Estimates based on Company's current outlook.

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## 2013 Outlook

- SSS of 2.0 to 3.0%
- Restaurant margin of 14.2 to 14.5 percent
- 25 Company IA openings & 100 Company IA reimages
- Franchise Reimages:
  - \$10 million in IA franchisee incentive program expense
  - 150 applications
  - 100 restaurants in active process, expect most to be open or under construction by end of 2013

Estimates based on Company's current outlook.

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## SYSTEM OPTIMIZATION

### 25% Dividend Increase

New quarterly rate \$0.05  
 Payable: Sept. 17, 2013  
 Record Date: Sept. 3, 2013

### \$100 million Share Repurchase Authorization

Intend to begin purchasing shares in Q3  
 Current authorization expires Dec. 29, 2013

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# LONG-TERM OUTLOOK:

**Raising**

**Reaffirm**

**Adjusted EPS  
growth rate to mid-teens**

**Adjusted EBITDA  
growth rate in high-single  
to low-double-digit range**

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# JOHN BARKER

**Chief Communications  
Officer**



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## Investor Relations Calendar

### 2013 Events

Aug. 7: 10-Q filing

Aug. 15: Sell-side reception in New York

Sept. 24: Image Activation tour in Philadelphia (host: CL King)

Oct. 2: Image Activation tour in New York (host: JP Morgan)

Nov. 7: 3Q earnings release

Nov. 12: Image Activation tour in Dublin (host: Stephens)

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# Q&A

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# Appendix

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## Reconciliation of Adjusted EBITDA to Net Income (Loss) Attributable to The Wendy's Company

**Reconciliation of Adjusted EBITDA to Net Income (Loss)  
Attributable to The Wendy's Company  
(In Thousands)  
(Unaudited)**

	<u>Three Months</u>		<u>Six Months</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Adjusted EBITDA	\$102,086	\$ 89,073	\$ 179,385	\$ 152,954
Less:				
Depreciation and amortization	(38,719)	(35,947)	(90,516)	(68,258)
Impairment of long-lived assets	-	(3,270)	-	(7,781)
Facilities action charges, net	(6,377)	(9,988)	(9,415)	(16,131)
Costs associated with closed restaurants in other operating expense, net	-	(1,477)	-	(1,477)
Operating profit	<u>56,990</u>	<u>38,391</u>	<u>79,454</u>	<u>59,307</u>
Interest expense	(18,964)	(28,002)	(39,928)	(56,237)
Loss on early extinguishment of debt	(21,019)	(25,195)	(21,019)	(25,195)
Investment income and other income (expense), net	48	640	(2,223)	29,571
Income (loss) before income taxes and noncontrolling interests	<u>17,055</u>	<u>(14,166)</u>	<u>16,284</u>	<u>7,446</u>
(Provision for) benefit from income taxes	(5,053)	8,673	(2,149)	1,795
Net income (loss)	<u>12,002</u>	<u>(5,493)</u>	<u>14,135</u>	<u>9,241</u>
Net loss (income) attributable to noncontrolling interests	222	-	222	(2,384)
Net income (loss) attributable to The Wendy's Company	<u>\$ 12,224</u>	<u>\$ (5,493)</u>	<u>\$ 14,357</u>	<u>\$ 6,857</u>

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## Reconciliation of Adjusted Income (Loss) and Adjusted Earnings Per Share to Net Income and Earnings Per Share Attributable to The Wendy's Company

### Reconciliation of Adjusted Income and Adjusted Earnings Per Share to Net Income (Loss) and Earnings Per Share Attributable to The Wendy's Company (In Thousands Except Per Share Amounts) (Unaudited)

	Three Months				Six Months			
	2013		2012		2013		2012	
	Per share		Per share <sup>(a)</sup>		Per share		Per share	
Adjusted income and adjusted earnings per share	\$ 31,779	\$ 0.08	\$ 19,221	\$ 0.05	\$ 44,878	\$ 0.11	\$ 22,568	\$ 0.06
(Less) plus:								
Loss on early extinguishment of debt	(13,137)	(0.03)	(15,621)	(0.04)	(13,137)	(0.03)	(15,621)	(0.04)
Depreciation of assets that will be replaced as part of the Image Activation initiative	(2,654)	(0.01)	-	-	(11,721)	(0.03)	-	-
Facilities action charges, net	(3,986)	(0.01)	(6,164)	(0.01)	(5,885)	(0.01)	(9,972)	(0.03)
Gain on sale of investment, net	-	-	-	-	-	-	17,978	0.05
Impairment of long-lived assets	-	-	(2,018)	(0.01)	-	-	(4,801)	(0.02)
Costs associated with closed restaurants in other operating expense, net	-	-	(911)	(0.00)	-	-	(911)	(0.00)
Total adjustments	<u>(19,777)</u>	<u>(0.05)</u>	<u>(24,714)</u>	<u>(0.06)</u>	<u>(30,743)</u>	<u>(0.07)</u>	<u>(13,327)</u>	<u>(0.04)</u>
Net income (loss)	12,002	0.03	(5,493)	(0.01)	14,135	0.04	9,241	0.02
Net loss (income) attributable to noncontrolling interests	222	0.00	-	-	222	0.00	(2,384)	(0.00)
Net income (loss) and earnings per share attributable to The Wendy's Company	<u>\$ 12,224</u>	<u>\$ 0.03</u>	<u>\$ (5,493)</u>	<u>\$ (0.01)</u>	<u>\$ 14,357</u>	<u>\$ 0.04</u>	<u>\$ 6,857</u>	<u>\$ 0.02</u>
Reported number of shares used to calculate diluted income (loss) per share		397,884		389,978		396,789		392,001
Plus: Dilutive effect of stock options and restricted shares		-		1,748		-		-
Adjusted number of shares used to calculate adjusted earnings per share		<u>397,884</u>		<u>391,726</u>		<u>396,789</u>		<u>392,001</u>

<sup>(a)</sup> Adjusted earnings per share amounts, for the second quarter of 2012, include the dilutive effect of stock options and restricted shares, which were excluded from the reported number of shares used to calculate basic and diluted loss per share, as the impact would have been anti-dilutive. Included above is a reconciliation of the number of shares used to calculate adjusted earnings per share amounts.