





Wendy's
THE WENDY'S COMPANY

**First Quarter 2014
Conference Call
May 8, 2014**

© 2013 Oldemark LLC



Wendy's
THE WENDY'S COMPANY

DAVID POPLAR
**Vice President
Investor Relations**

© 2013 Oldemark LLC

Today's Agenda

CEO Overview

Emil Brolick

Financial Update

Todd Penegor

Q&A

3

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 May 8, 2014 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 May 8, 2014 and posted on www.aboutwendys.com.

4



EMIL BROLICK

President & CEO



© 2013 Oldemark LLC

5



**BRAND MOMENTUM
CONTINUES IN FIRST QUARTER**

**SOLID COMPANY-OPERATED
SRS OF 1.3%**

**STRONG ADJUSTED EBITDA
AND ADJUSTED EPS GROWTH**

**IA TRANSFORMING BRAND;
PACE ACCELERATING**

**COMPLETED SALE OF 418
COMPANY RESTAURANTS**

GROWTH...THE IMPERATIVE



KEYS TO SUSTAINED GROWTH



RECIPE TO WIN

A Cut Above

PEOPLE

5-Star Talent

PRICE

New QSR Quality / QSR Price

PRODUCT Playing a Different Game

PROMOTION

Tactically Brilliant

PLACE

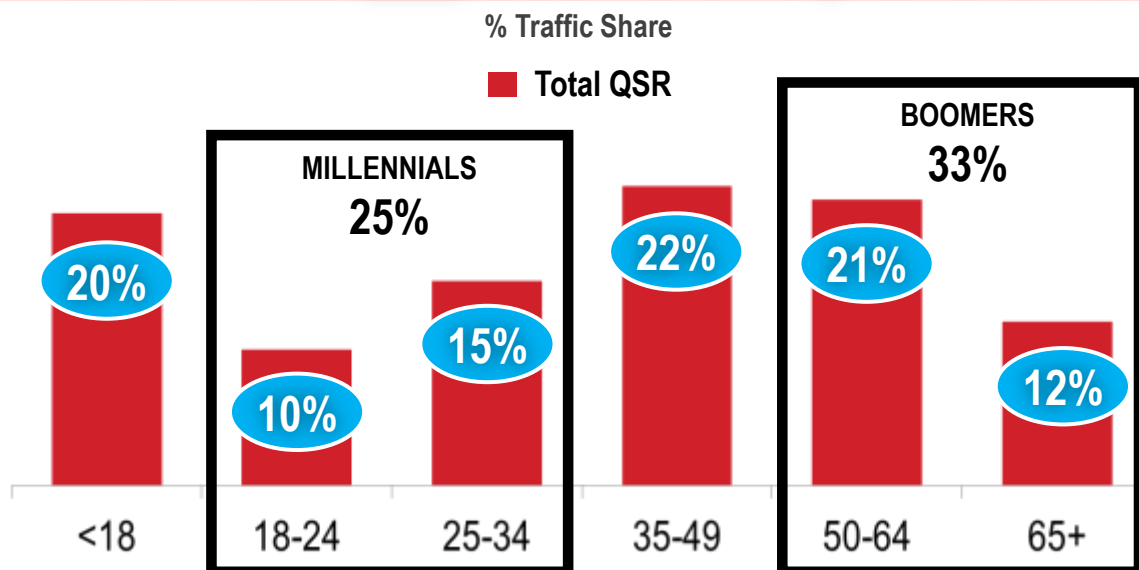
Brand Transformation

PERFORMANCE

Keeping Brand Promise

9

Millennials and Boomers Key to Growth



Period ending February 2014 / Source: The NPD Group / CREST®

10

Messaging: "Engage Me; Don't Sell Me"



11

Menu Vision: Limited Time Offerings + Core

Ciabatta Bacon Cheeseburger



LTO

Asian Cashew Chicken Salad



CORE

BBQ Ranch Chicken Salad



CORE

Asiago Ranch Chicken Club



CORE

12

Technology: Engage Millennial Consumers When, Where & How *THEY* Want To Be Engaged



13

HOW WE GROW

BRAND RELEVANCE + ECONOMIC RELEVANCE = GROWTH



14

RESTAURANT OPTIMIZATION: GROWTH DRIVER SOLD 418 RESTAURANTS

GOALS

Net New Restaurant Growth

Assuring Brand Relevance

Efficiency and Effectiveness

Restaurant Ownership Optimization

- Franchisee ↔ Franchisee
- Company ↔ Franchisee

15

The **TOTAL** Experience Matters

WELCOME TO
REAL

WELCOME TO
FRESH

WELCOME TO
WENDY'S





16


STRATEGIC REASONS TO BELIEVE

- **Strong Latent Brand Equity**
- **Unique Brand Position...A Cut Above**
- **Image Activation Contemporizing Brand Image**
- **Economic Model Improving: Restaurant and The Wendy's Company**
- **Exceptional Franchisee Base and Commitment**

17



TODD PENEGOR
Chief Financial Officer



© 2013 Oldemark LLC

18

Q1 2014 Highlights

(Unaudited)

| Q1 2014 NORTH AMERICA Same-Restaurant Sales | |
|---|------|
| Company | 1.3% |
| Franchise | 0.6% |

| N.A. COMPANY-OPERATED RESTAURANT MARGIN + 30 bps | |
|--|-------|
| Q1 2014 | 13.1% |
| Q1 2013 | 12.8% |

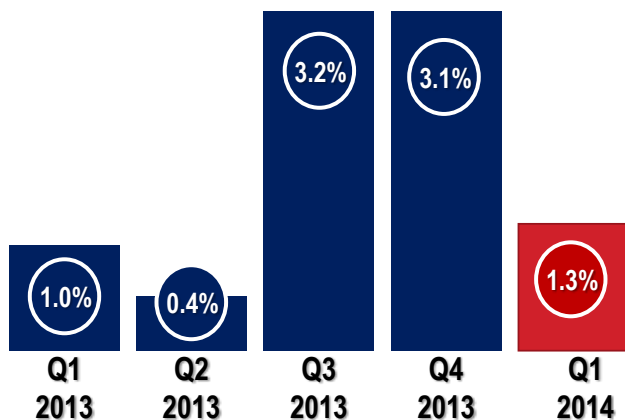
| EARNINGS GROWTH | |
|------------------|-------|
| *Adjusted EBITDA | +13% |
| *Adjusted EPS | +133% |

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

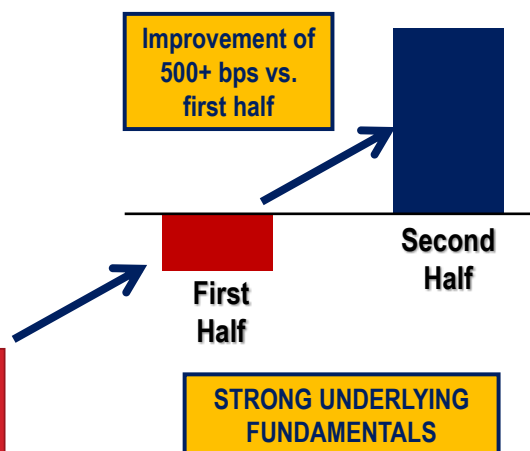
19

Fundamentals of Business Continue to Improve

Five Sequential Quarters of Company SRS Growth



Q1 2014 Company SRS



20

Q1 2014 Highlights

(Unaudited)
\$ in millions

| | <u>Q1</u> <u>2014</u> | <u>Q1</u> <u>2013</u> | <u>%</u> <u>Change</u> |
|---------------------------|--------------------------|--------------------------|---------------------------|
| SALES | \$432.6 | \$530.7 | -18.5% |
| FRANCHISE REVENUES | 90.6 | 73.0 | 24.1% |
| TOTAL REVENUES | <u>\$523.2</u> | \$603.7 | -13.3% |
| ADJUSTED EBITDA* | \$87.3 | \$77.3 | 13% |

*See reconciliation of Adjusted EBITDA in the appendix.

21

Q1 2014 Highlights

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

| | <u>Q1</u> <u>2014</u> | <u>Q1</u> <u>2013</u> | <u>\$</u> <u>Change</u> |
|--------------------------|--------------------------|--------------------------|----------------------------|
| G&A | \$70.4 | \$65.3 | \$5.1 |
| OPERATING PROFIT* | 89.0 | 22.5 | 66.5 |
| ADJUSTED EPS* | 0.07 | 0.03 | 0.04 |
| REPORTED EPS | 0.12 | 0.01 | 0.11 |

* First-quarter 2014 operating profit includes a \$12.1 million gain on the sale of assets and a \$44.0 million net gain from the Company's system optimization initiative. Significant items affecting first-quarter 2013 operating profit include a \$3.0 million facilities action charge. See reconciliation of Adjusted EPS in the appendix.

22

Cash Flow Highlights

(Unaudited)
\$ in millions

| | <u>Q1 2014</u> |
|----------------------------------|------------------------------|
| CASH FLOW FROM OPERATIONS | \$14.7 |
| CAPITAL EXPENDITURES | 53.1 |
| BEGINNING CASH BALANCE | \$580.2 |
| CHANGE IN CASH | <u>(195.5)</u> |
| ENDING CASH BALANCE | <u><u>\$384.7</u></u> |

23

Selected Balance Sheet Highlights

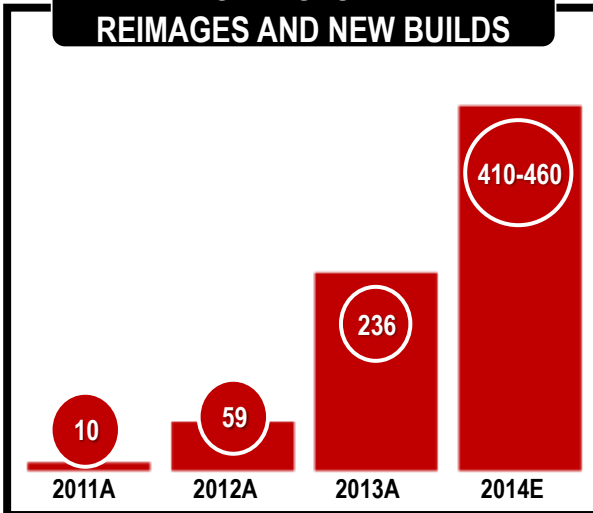
(Unaudited)
\$ in millions

| | <u>March 30, 2014</u> |
|---------------------------------------|-----------------------|
| CASH | \$385 |
| TOTAL DEBT | \$1,462 |
| TTM Adjusted EBITDA | \$377 |
| Total Debt/TTM Adjusted EBITDA | 3.9 |
| Net Debt/TTM Adjusted EBITDA | 2.9 |

24

Image Activation Franchise Adoption Accelerating

TOTAL SYSTEM REIMAGES AND NEW BUILDS



FRANCHISEES: KEY DRIVERS

- Solid Financial Returns
- Financial Incentives
- Joint Market and Capital Planning
- Turn-Key Franchise Development Program
- Construction Coaching Support

ULTRA-MODERN DESIGN WITH UPGRADES

25

Economic Model And Brand Relevance To Accelerate Growth

COMPANY AND FRANCHISEES

ECONOMIC MODEL



GROWTH DRIVERS

- \$2 million AUV Target
 - Hi-Lo Strategy: Build Check vs. Price
- Image Activation Acceleration
 - Brand Relevance
- Build Loyalty
 - People Activation / Customer Service
- Leverage Technology
 - Mobile Pay, Mobile Order, CRM
- Margin Activation
 - Fuel for Reinvestment

26

Reaffirming 2014 Adjusted EBITDA and EPS Outlook

Adjusted EBITDA of \$390 to \$400 million / Adjusted EPS of \$0.34 to \$0.36

Reaffirming:

- Company-operated Same-Restaurant Sales growth of 2.5 to 3.5 percent
- Reduction in interest expense of approximately \$15 million
- Capital expenditures of \$280 to \$290 million

Revising:

- Company-operated restaurant margin outlook of 16.3 to 16.8 percent
 - Higher-than-expected beef costs, primarily in 2Q and 3Q

Estimates based on Company's current outlook.

27

On Target For \$30 Million In G&A Savings from System Optimization

HIGHER EQUITY COMPENSATION EXPENSE TO PARTIALLY OFFSET SAVINGS

\$ in millions

2014 ESTIMATE vs. 2012 ACTUAL

| | |
|---------------------------|--------------|
| 2012 Actual | \$288 |
| 2014 Estimate | <u>\$275</u> |
| Estimated Savings | \$ 13 |
| Stock Comp. Increase | <u>\$ 17</u> |
| Savings Excl. Stock Comp. | <u>\$ 30</u> |

2014 ESTIMATE vs. 2013 ACTUAL

| | |
|---------------------------|--------------|
| 2013 Actual | \$294 |
| 2014 Estimate | <u>\$275</u> |
| Estimated Savings | \$ 19 |
| Stock Comp. Increase | <u>\$ 11</u> |
| Savings Excl. Stock Comp. | <u>\$ 30</u> |

28

Reaffirming Long-Term Outlook

**SAME-RESTAURANT
SALES**

3%+

**ADJUSTED
EBITDA**

**Growth Rate in
the High-Single to
Low-Double Digit Range**

**ADJUSTED
EPS**

**Growth Rate
in Mid-Teens**

Estimates based on Company's current outlook.

29

CASH PRIORITIES **Building Shareholder Value**

Invest in our Business

Image Activation: Increasing Scrape & Rebuilds

Dividend Growth


Generally in line with EPS growth (subject to Board approval)

Share Repurchases

Offset dilutive impact of equity awards

**Ended Q1
with \$385M
of Cash**

30



DAVID POPLAR

Vice President
Investor Relations

© 2013 Oldemark LLC

31

2014 Investor Relations Calendar

MAY 13

Image Activation Tour – Dublin, Ohio

Sponsored by Sanford Bernstein

MAY 21-22

Texas Road Show – Dallas and Houston

Sponsored by Stifel, Nicolaus & Company

JUNE 3-4

West Coast Road Show – San Fran. and L.A.

Sponsored by Key



33



34

Reconciliation of Adjusted EBITDA to Net Income

Reconciliation of Adjusted EBITDA to Net Income (In Thousands) (Unaudited)

| | Three Months | |
|---|--------------|-----------|
| | 2014 | 2013 |
| Adjusted EBITDA | \$ 87,334 | \$ 77,299 |
| (Less) plus: | | |
| Depreciation and amortization | (42,021) | (51,797) |
| Facilities action (income) charges, net | 44,033 | (3,038) |
| Impairment of long-lived assets | (332) | - |
| Operating profit | 89,014 | 22,464 |
| Interest expense | (12,994) | (20,964) |
| Other income (expense), net | 523 | (2,271) |
| Income (loss) before income taxes | 76,543 | (771) |
| (Provision for) benefit from income taxes | (30,240) | 2,904 |
| Net income | \$ 46,303 | \$ 2,133 |

35

Reconciliation of Adjusted Income and Adjusted Earnings Per Share to Net Income and Earnings Per Share

Reconciliation of Adjusted Income and Adjusted Earnings Per Share to Net Income and Earnings Per Share (In Thousands Except Per Share Amounts) (Unaudited)

| | Three Months | | | |
|---|--------------|---------|-----------|---------|
| | 2014 | | 2013 | |
| | Per share | | Per share | |
| Adjusted income and adjusted earnings per share | \$ 26,249 | \$ 0.07 | \$ 13,101 | \$ 0.03 |
| Plus (less): | | | | |
| Facilities action (income) charges, net | 26,156 | 0.07 | (1,900) | (0.00) |
| Depreciation of assets that will be replaced as part of the Image Activation initiative | (5,897) | (0.02) | (9,068) | (0.02) |
| Impairment of long-lived assets | (205) | (0.00) | - | - |
| Total adjustments | 20,054 | 0.05 | (10,968) | (0.02) |
| Net income | \$ 46,303 | \$ 0.12 | \$ 2,133 | \$ 0.01 |

36