



Wendy's

THE WENDY'S COMPANY

First-Quarter 2015 Conference Call

May 6, 2015



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DAVID POPLAR

**Vice President
Investor Relations**



Today's Agenda



CEO Overview

Emil Brolick

Financial Update

Todd Penegor

Q&A

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 6, 2015 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), adjusted EBITDA margin and adjusted earnings per share. Adjusted EBITDA, adjusted EBITDA margin 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 6, 2015 and posted on www.aboutwendys.com.



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EMIL BROLICK

President & CEO



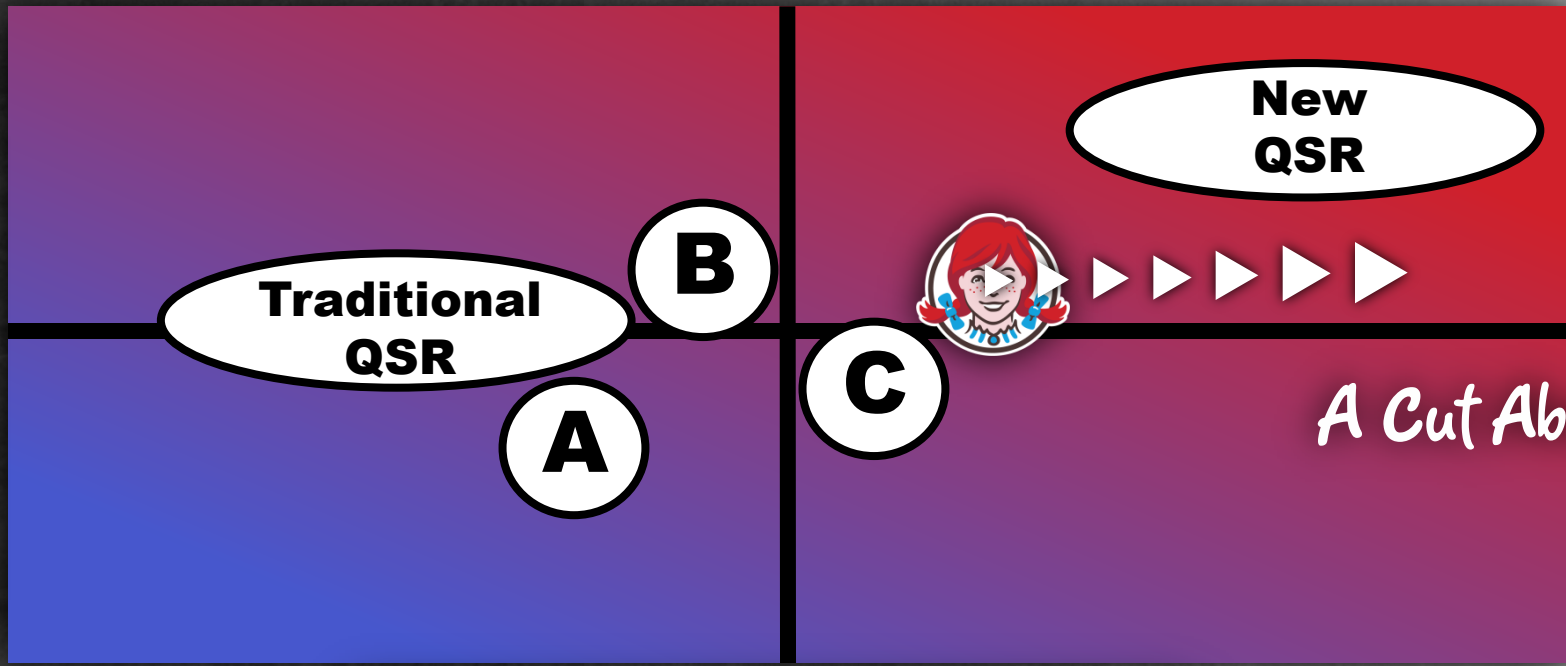
HOW WE GROW

BRAND RELEVANCE + ECONOMIC RELEVANCE = GROWTH



Wendy's: New QSR Quality, QSR Price

HIGH
PRICE
LOW



FUNCTIONAL

EXPERIENCE

EMOTIONAL

A Cut Above

Recipe to Win



PEOPLE

5-Star Talent

PRICE

New QSR Quality / QSR Price

PRODUCT

Playing a Different Game

PROMOTION

Tactically Brilliant / Strategically Directed

PLACE

Total Brand Experience

PERFORMANCE

Keeping Brand Promise



**NORTH AMERICA SYSTEMWIDE SRS
INCREASE OF 3.2 PERCENT**

**NORTH AMERICA COMPANY-OPERATED
RESTAURANT MARGIN INCREASES 160 BPS**

**ADJ. EBITDA & ADJ. EPS GROWTH IN LINE
WITH EXPECTATIONS**

**IMPROVEMENT OF 360 BPS IN ADJUSTED
EBITDA MARGIN***

**RECAP ON SCHEDULE; COMPANY TO
PROVIDE UPDATED GUIDANCE ON JUNE 3**

2015 Balanced Across Core, LTO & Price/Value



Core



Price/Value



LTO

Menu Vision: Limited Time Offerings + Core

CORE



LTO



CORE



Jalapeno Fresco Chicken & Ghost Pepper Fries



Brand Access: Image Activation



Brand Access: New Restaurant Growth

Image Activation New Build AUV ~\$300K Higher than Previous Design

\$1.6M



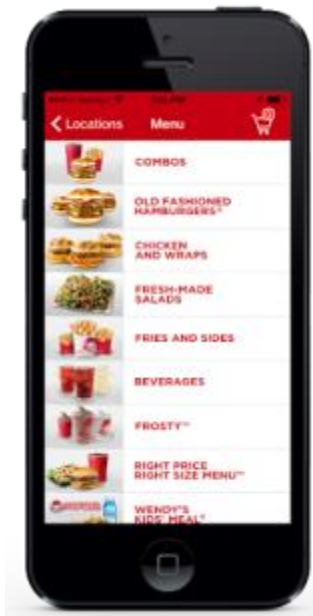
2010

\$1.9M



2014

Brand Access: Consumer-Facing Technology



Mobile Order



Mobile Pay



Customer Self Order Kiosk

Financial Management Strategies On Track

DEBT REFINANCING

- On schedule for June 1 completion
- Targeting leverage ratio of 5-6x net debt to 2014 Adj. EBITDA

SHARE REPURCHASE

- Intend to return refinancing net proceeds to shareholders via share repurchase program

System Optimization Phase III Update

U.S. Company Restaurants to Sell

~ **540**

Ongoing Transition to Own

~ **5% of System**

Process to identify markets to be sold has been completed;
Engaged The Cypress Group to assist with divestitures

Process on track with dispositions commencing in Q3 2015;
Expect ~280 to be sold in 2015 with the remaining ~260 in 2016

Sale of Bakery Operations

Expect Transaction to Close in Q2 of 2015

Allows for Greater Sourcing Flexibility

Focus on Core Restaurant Operations

Eliminate Future Bakery Capital Expenditures

Reasons to Believe

Continue to Execute Against our Strategic Growth Priorities

Growth Pyramid

“A Cut Above” Brand Positioning

Recipe to Win

**Improving the
Company & Franchisees
Economic Models**

**Enhancing Our Quality of Earnings &
Adjusted EBITDA Margins**

**Strengthening the
Franchise System through
Concentrated Ownership**

**Adjusting our Capital Structure &
Accelerating Long-Term Adj. EPS Growth**

**Transforming the System by Facilitating
Growth through Image Activation
& New Restaurant Development**

**Creating Flexibility
for Sustainable, Predictable
Long-Term Income & Growth**



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TODD PENEGOR

Chief Financial Officer



First Quarter Financial Highlights

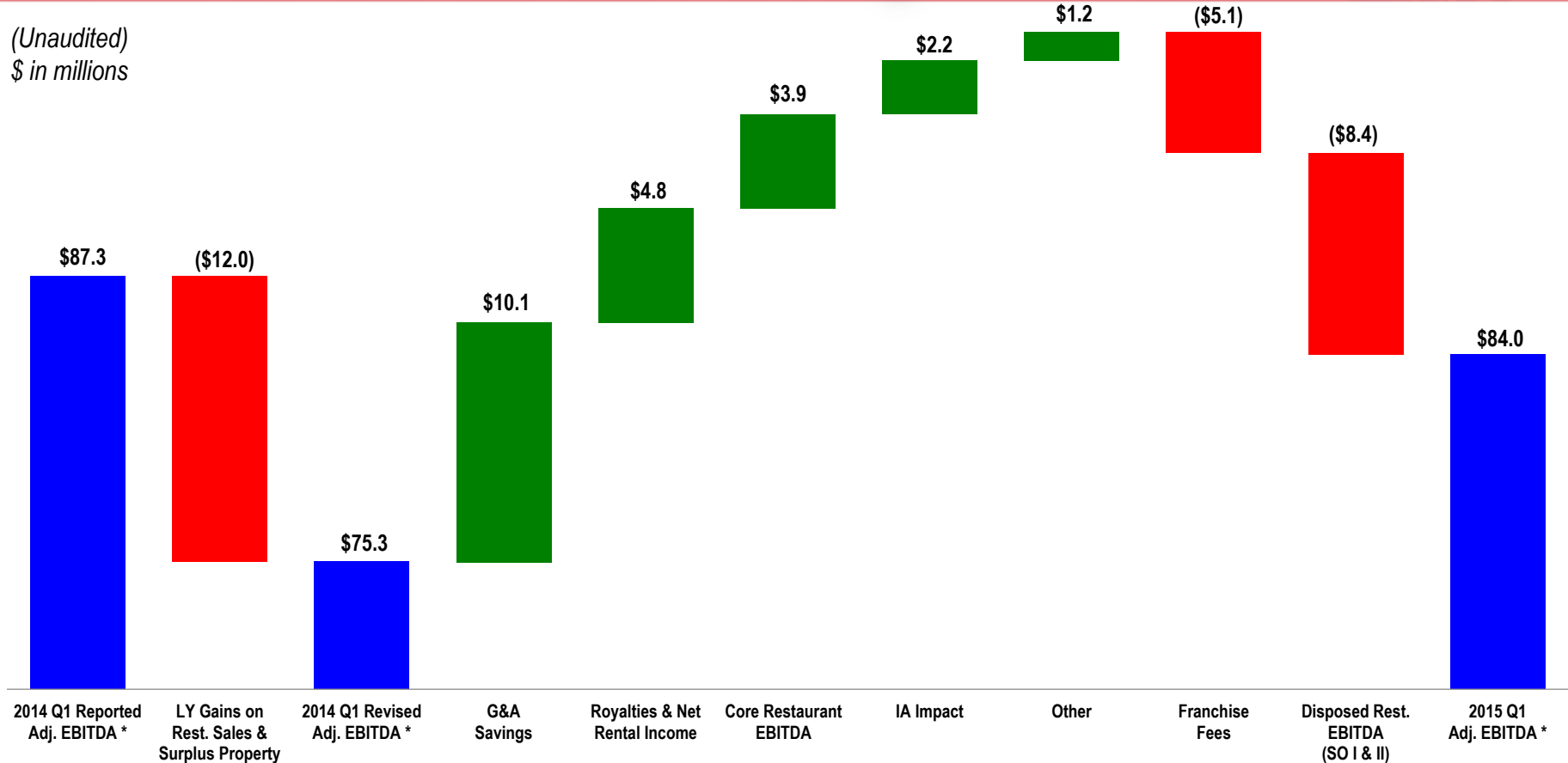
\$Mils	2015	2014**	B/(W)
N.A. Systemwide SRS	3.2%	0.7%	2-Year 3.9%
N.A. Company SRS	2.6%	1.3%	2-Year 3.9%
N.A. Co. Rest. Margin	14.7%	13.1%	+160 bps
G&A	\$60.3	\$70.4	\$10.1
Adjusted EBITDA*	\$84.0	\$75.3	11.6%
Adjusted EBITDA Margin*	18.0%	14.4%	+360 bps
Adjusted EPS*	\$0.06	\$0.05	20.0%

*See Reconciliation of Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EPS in the Appendix.

** The Company has provided reclassified quarterly 2014 statements of operations on its website to conform to its current-year presentation.

Q1 2015 vs. Q1 2014: Adjusted EBITDA

(Unaudited)
\$ in millions

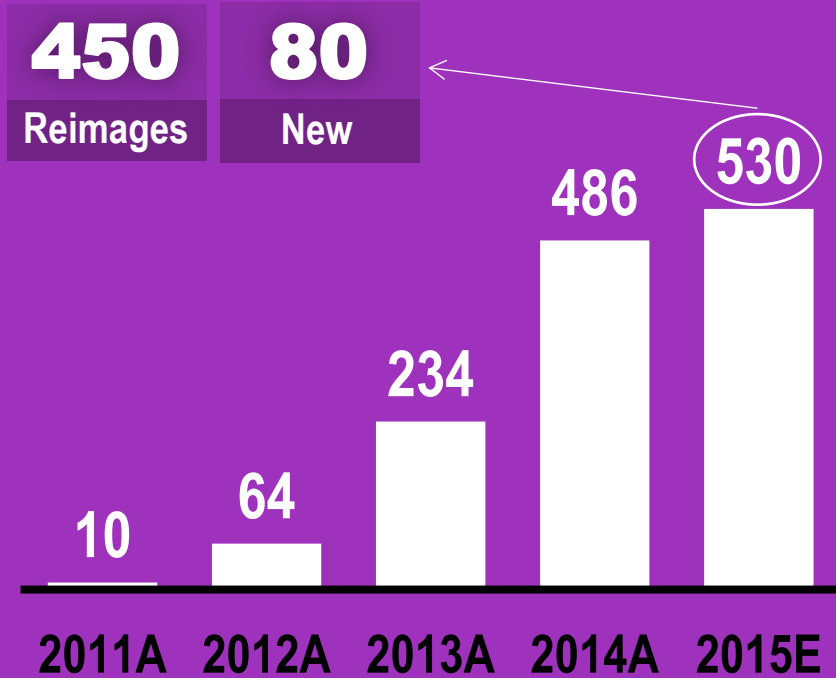


* See reconciliation in appendix.

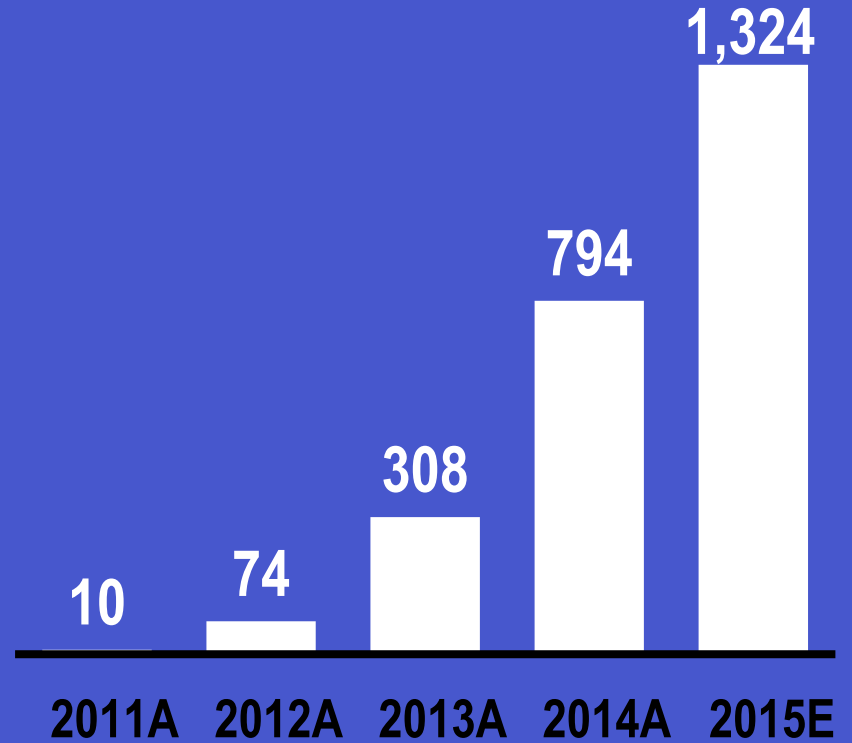
Image Activation Accelerating



Total System Annual Reimages & New Builds



Total System Cumulative Reimages & New Builds



Facilitating Franchisee Commitments for Reimages and New Builds

Market & Joint Capital Planning

Multi-Year Investment Plan

Construction Support

Turnkey Services

Multi-Year Incentives

Canadian Build-to-Suit program

60% Image Activation Requirement by 2020



System Optimization Update

Canada System Optimization

System Optimization II

- Plan to sell all 131 restaurants
- Expect to sell remaining restaurants by the end of Q2
- Expect to be EBITDA-dilutive in near term, but EBITDA-accretive longer-term with build-to-suit restaurant development

U.S. System Optimization

System Optimization III

- Plan to sell an additional ~540 restaurants: ~280 in 2015 and ~260 in 2016
- Strong initial interest

Company Reaffirms 2015 Adj. EBITDA & Adj. EPS Outlook

To provide updated guidance June 3 after completion of debt refinancing

Adjusted EBITDA of \$390 to \$400 million

Adjusted EPS of \$0.33 to \$0.35

- Reaffirming G&A expense of approximately \$250 million
- Revising:
 - Company-operated SRS growth of 2.5 to 3.0 percent
 - Capital Expenditures of \$250 to \$260 million, including approximately \$165 million for Company-operated Image Activation restaurants
 - Company-operated restaurant margin outlook of 16.5 to 17.0 percent
 - Reported effective tax rate of 41 to 42%

Debt Refinancing on Schedule to Close June 1

Recapitalization to Target Five to Six Times Net Debt to 2014 Adjusted EBITDA

Intend to use the Net Proceeds to Return Cash to Shareholders Via a Share Repurchase Program

Company to Update Guidance on June 3 to Reflect Expected Completion of Refinancing, Anticipated Share Repurchase Program, and Planned Sale of Bakery

Transformation of Company Economic Model

More Predictable and Sustainable Earnings Growth

Generates Higher Adj. EBITDA Margins

Enhances Quality of Earnings

Less Capital Intensive

Leveraging Our Balance Sheet

Supports Long-Term Income and Growth Commitment

System Optimization Provides a Stronger Platform to Return Cash to Shareholders



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**Vice President
Investor Relations**

2015 Investor Relations Calendar: Key Dates



June 1	Annual Meeting
June 3	Company to Issue Updated Outlook
June 22	Stifel Conference (Baltusrol, NJ)
June 23	New York Road Show
August 5	2Q Earnings Release
September 10	CL King (NYC) Conference
November 4	3Q Earnings Release



Q&A



Appendix

Reconciliation of Adjusted EBITDA to Net Income

	Three Months	
	2015	2014 ¹
Adjusted EBITDA	\$ 84,027	\$ 75,283
Plus (less):		
Reversal of pension withdrawal liability in cost of sales	12,486	-
Depreciation and amortization	(36,880)	(42,021)
System optimization losses (gains), net	(813)	72,992
Reorganization and realignment costs	(4,613)	(14,711)
Impairment of long-lived assets	(1,937)	(2,529)
Operating profit	<u>52,270</u>	<u>89,014</u>
Interest expense	(12,757)	(12,994)
Other income, net	239	523
Income before income taxes	<u>39,752</u>	<u>76,543</u>
Provision for income taxes	(12,245)	(30,240)
Net income	<u>\$ 27,507</u>	<u>\$ 46,303</u>
Adjusted EBITDA margin	18.0%	14.4%
Previously reported Adjusted EBITDA ¹		\$ 87,334
Change ¹		(12,051)

¹ 2014 Adjusted EBITDA updated to exclude net gain on disposal of assets to conform to the current year presentation.

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

	Three Months			
	2015		2014 ¹	
	Per share		Per share	
Adjusted income and adjusted earnings per share	\$ 23,912	\$ 0.06	\$ 18,814	\$ 0.05
Plus (less):				
Reversal of pension withdrawal liability in cost of sales	7,816	0.02	-	-
Depreciation of assets that will be replaced as part of the Image Activation initiative	109	0.00	(5,897)	(0.02)
Reorganization and realignment costs	(2,846)	(0.01)	(8,738)	(0.02)
Impairment of long-lived assets	(1,195)	(0.00)	(1,510)	(0.00)
System optimization losses (gains), net	(289)	(0.00)	43,634	0.11
Total adjustments	3,595	0.01	27,489	0.07
Net income	\$ 27,507	\$ 0.07	\$ 46,303	\$ 0.12
Previously reported adjusted income and adjusted earnings per share ¹			\$ 26,249	\$ 0.07
Change ¹			(7,435)	(0.02)

¹ 2014 Adjusted income and adjusted earnings per share updated to exclude net gain on disposal of assets to conform to the current year presentation.

Notice Regarding Debt Recapitalization

The information in this presentation regarding a debt recapitalization does not constitute an offer to sell or the solicitation of an offer to buy any notes or other securities that could be issued in such transaction.

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