



## Opening Video





## Peter Koumas

Director – Investor Relations

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Time	Topic	Speaker
8:35 a.m.	CEO Overview	Todd Penegor
9:05 a.m.	2016 Results, 2017 Guidance, 38-40% Adj. EBITDA Margin, 2020 Free Cash Flow, Capital Allocation	Gunther Plosch
9:40 a.m.	Break	
9:50 a.m.	Marketing: The Wendy's Definition of Winning	Kurt Kane
10:20 a.m.	Expanding Brand Access & Increasing Brand Relevance	Abigail Pringle
10:55 a.m.	International: Vision for 2020	Bob Wright
11:30 a.m.	Lunch	
12:10 p.m.	Restaurant Margin	Bob Wright
12:35 p.m.	Technology: A Deliciously Different Customer Experience	David Trimm
12:55 p.m.	CEO Wrap-Up	Todd Penegor
1:05 p.m.	Q&A	
2:00 p.m.	Departure	

## 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 February 16, 2017 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 (*i.e.*, adjusted EBITDA, adjusted EBITDA margin, adjusted earnings per share, adjusted tax rate and free cash flow). These non-GAAP financial measures exclude certain expenses and 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 February 16, 2017 and posted on [www.aboutwendys.com](http://www.aboutwendys.com).

As used in this presentation, the terms adjusted EBITDA and adjusted earnings per share refer to adjusted EBITDA from continuing operations and adjusted earnings per share from continuing operations, respectively.



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## 2017 Investor Relations Calendar: Q1 (Tentative)

- Tuesday, February 21: JPMorgan NDR (Boston)
- Wednesday, February 22: JPMorgan NDR (New York)
- Wednesday, March 15: Nomura/Instinet NDR (Chicago)
- Thursday, March 16: Barclays NDR (Kansas City / Minneapolis)
- Thursday, April 6 – Friday, April 7: Evercore NDR (Dallas / Austin / Houston)
- Wednesday, May 10 – First Quarter Earnings



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## Todd Penegor

President & Chief Executive Officer

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WENDY'S CREATES JOY & OPPORTUNITY THROUGH FOOD, FAMILY & COMMUNITY



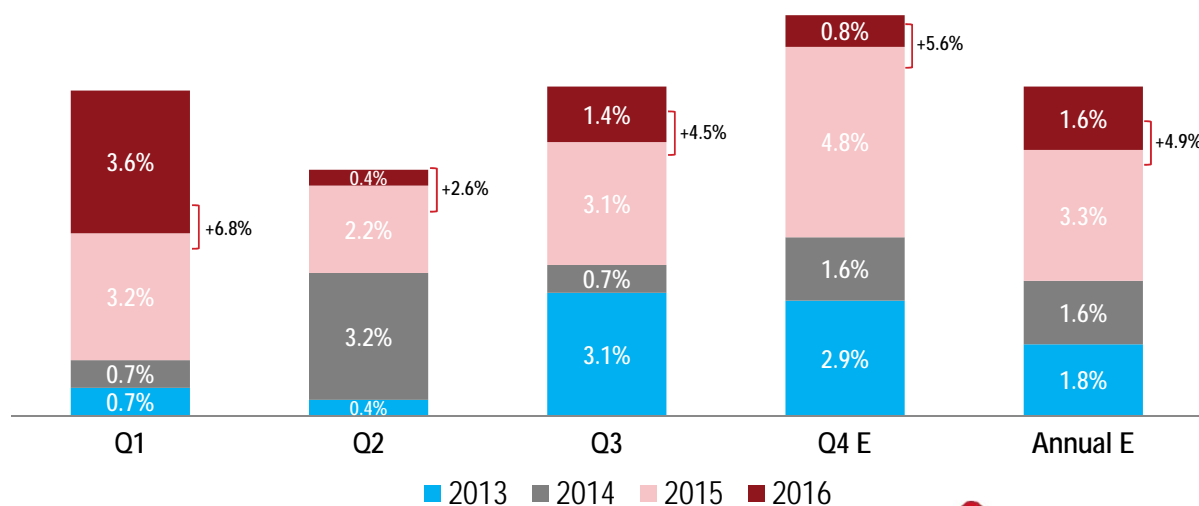
QUALITY IS OUR RECIPE • TREAT PEOPLE WITH RESPECT • DO THE RIGHT THING • PROFIT MEANS GROWTH • GIVE SOMETHING BACK



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## 16 Consecutive Quarters of N.A. SRS Growth



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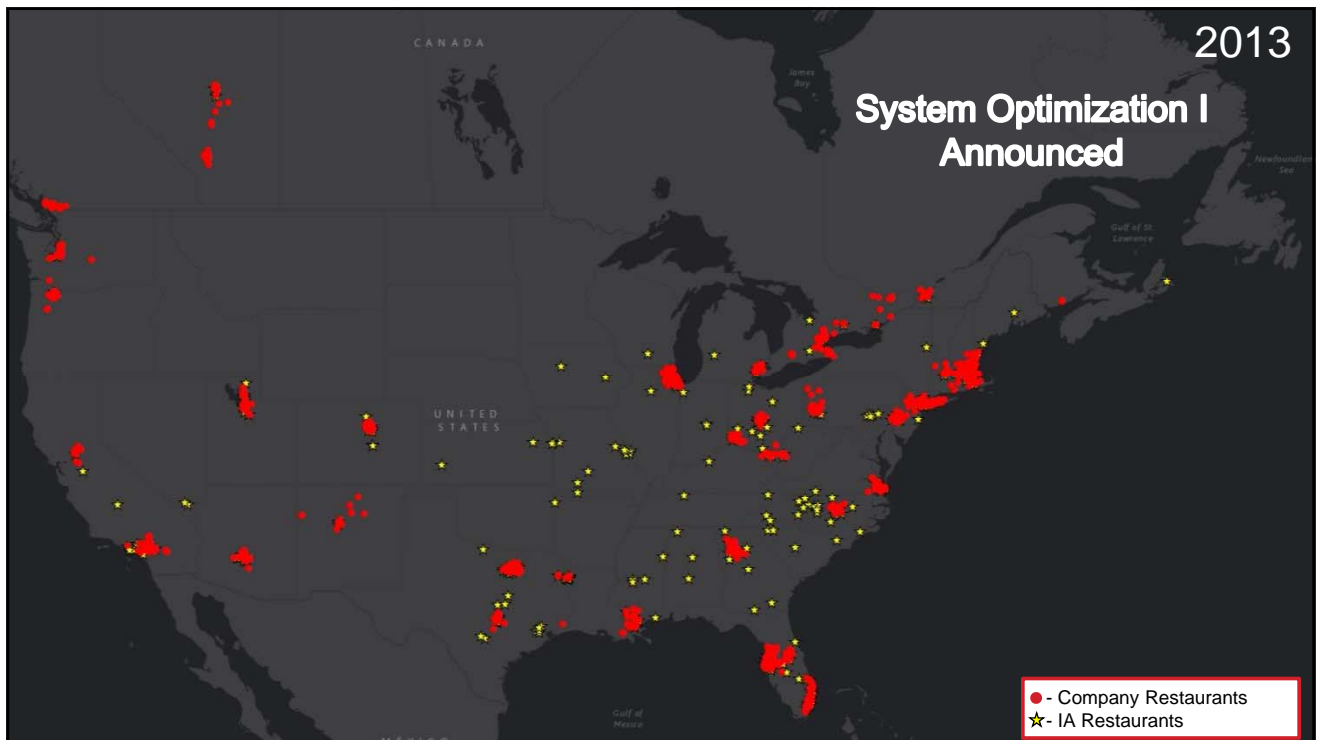
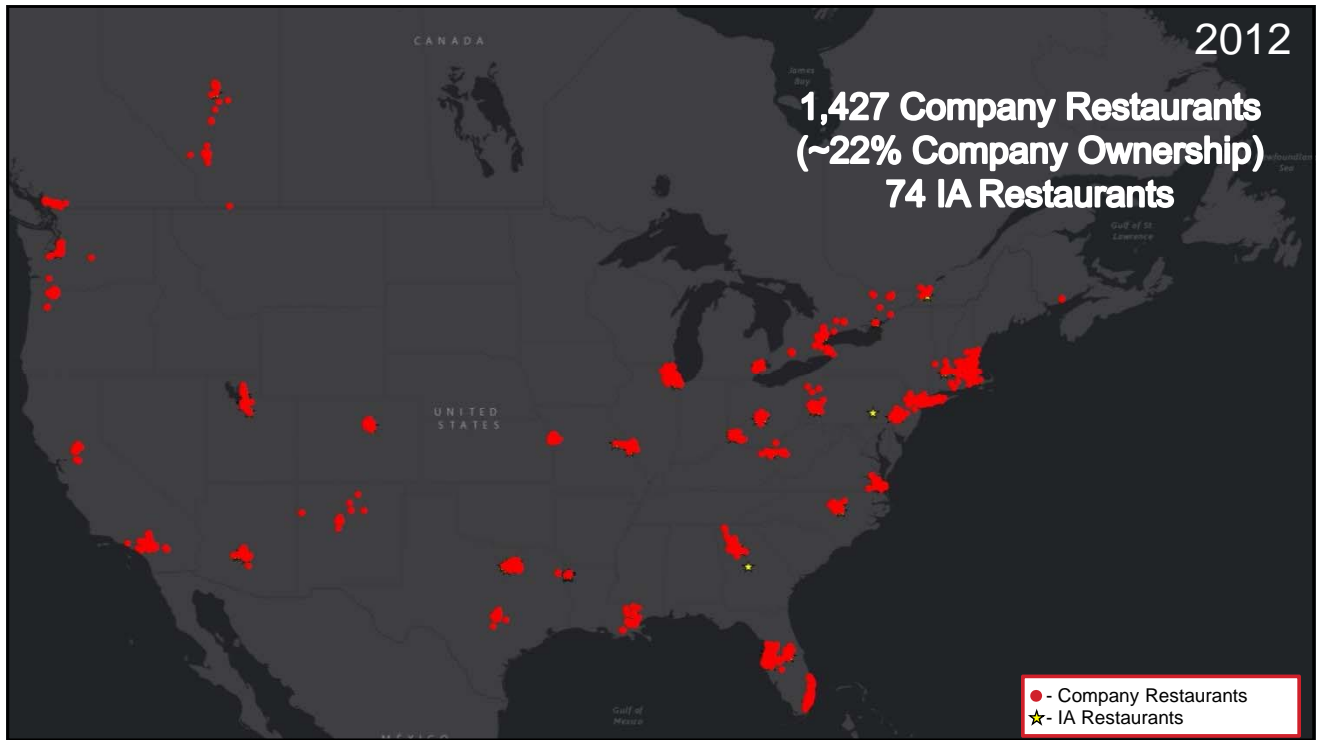
## 2016 Highlights

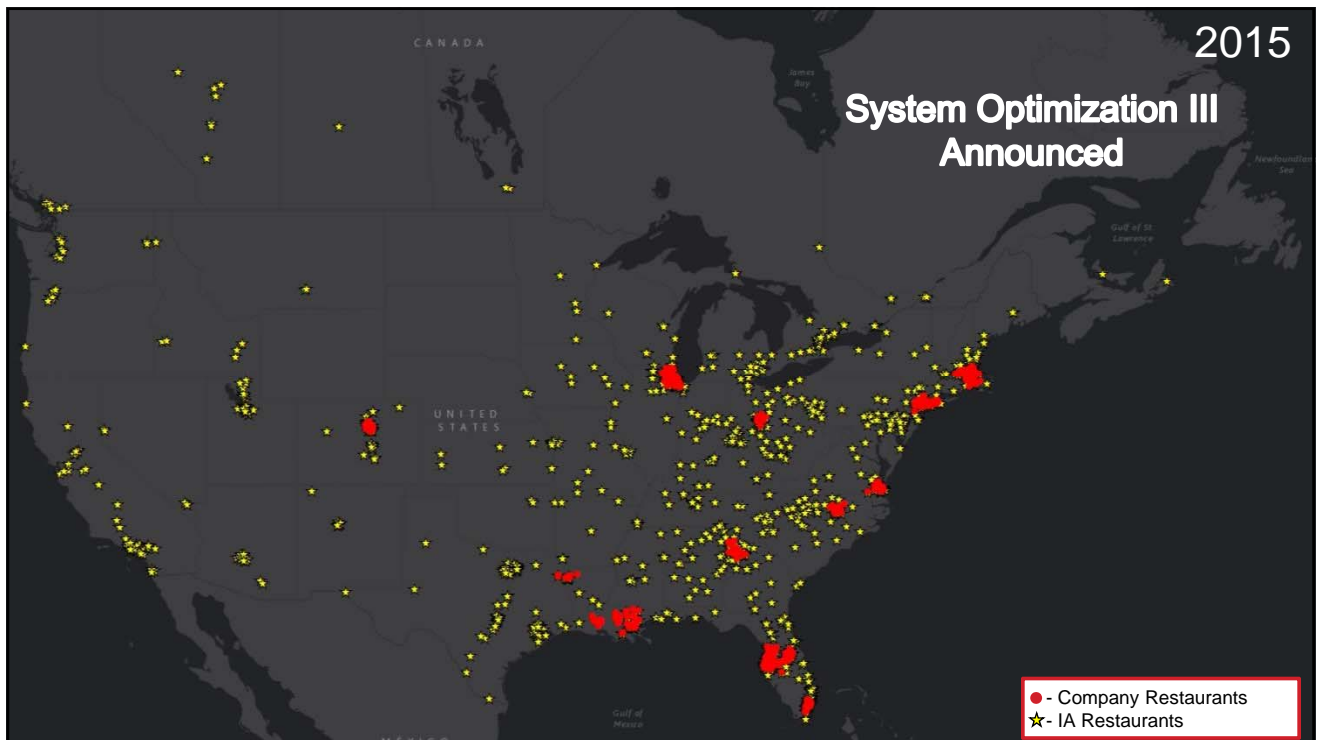
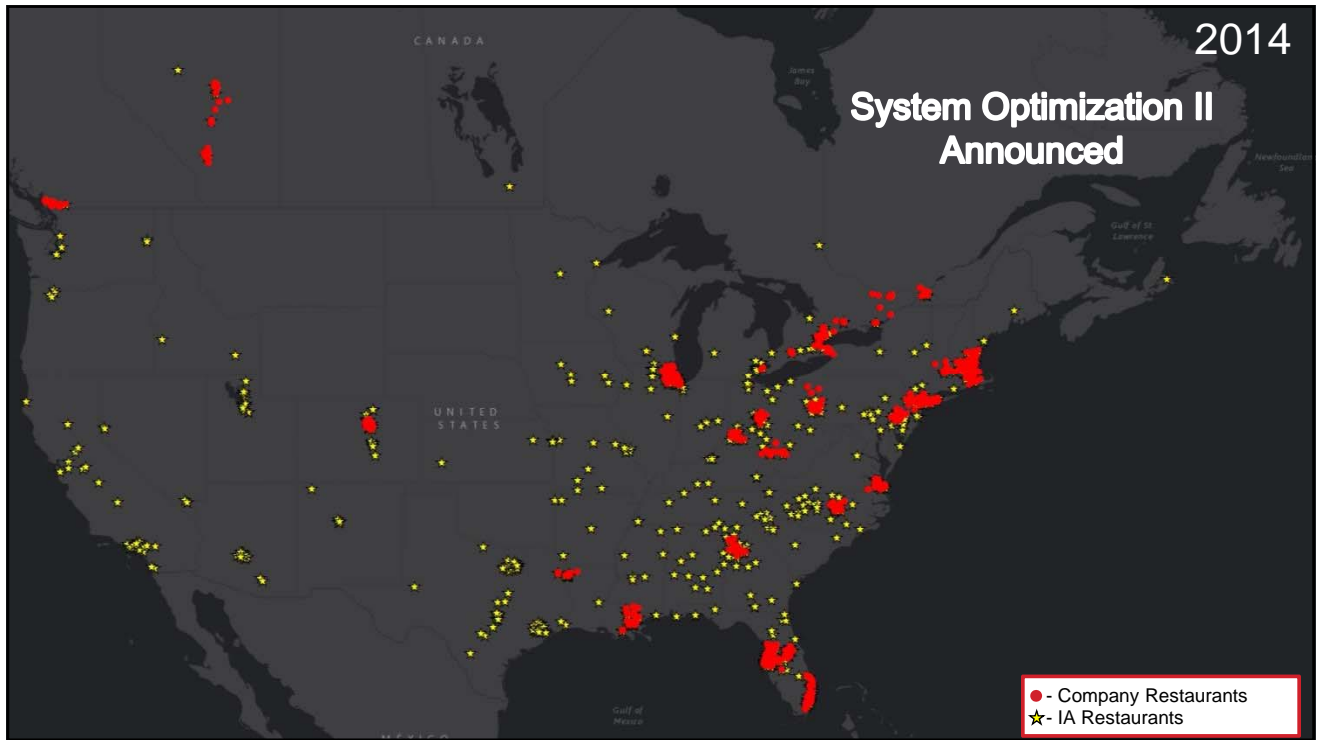
- Completed the Third Phase of System Optimization; 537 Restaurants Sold, \$435M of Pretax Proceeds
- 149 Global New Restaurant Openings; 58 Global Net New Restaurant Openings
  - Highest Global Total and Net New Restaurant Openings since 2005
- Improvement of 630 bps in Adj. EBITDA Margin to 27.3%\*
- Free Cash Flow Turned Positive; YOY Growth of ~\$70M
- Total Shareholder Return of ~30%

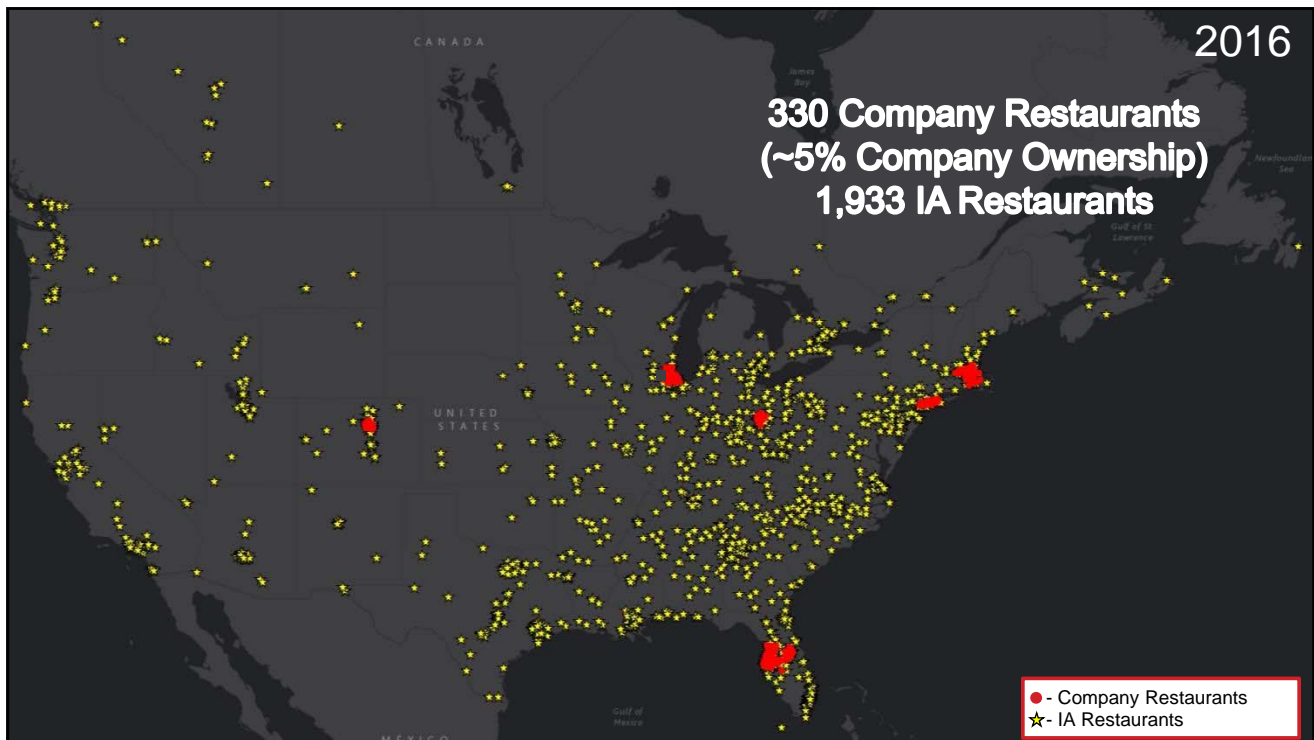
\* See reconciliation of non-GAAP financial measures in the Appendix.



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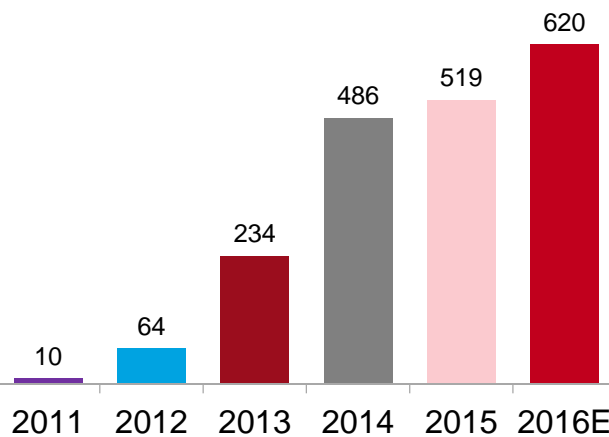




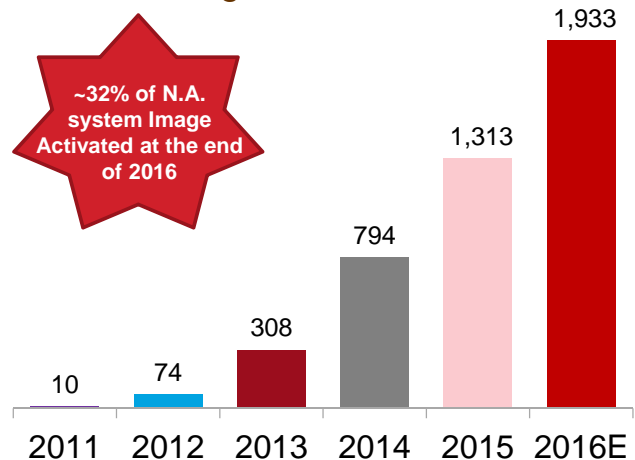


## N.A. Image Activation Momentum Continues

Total System Annual  
Reimages & New Builds\*



Total System Cumulative  
Reimages & New Builds\*

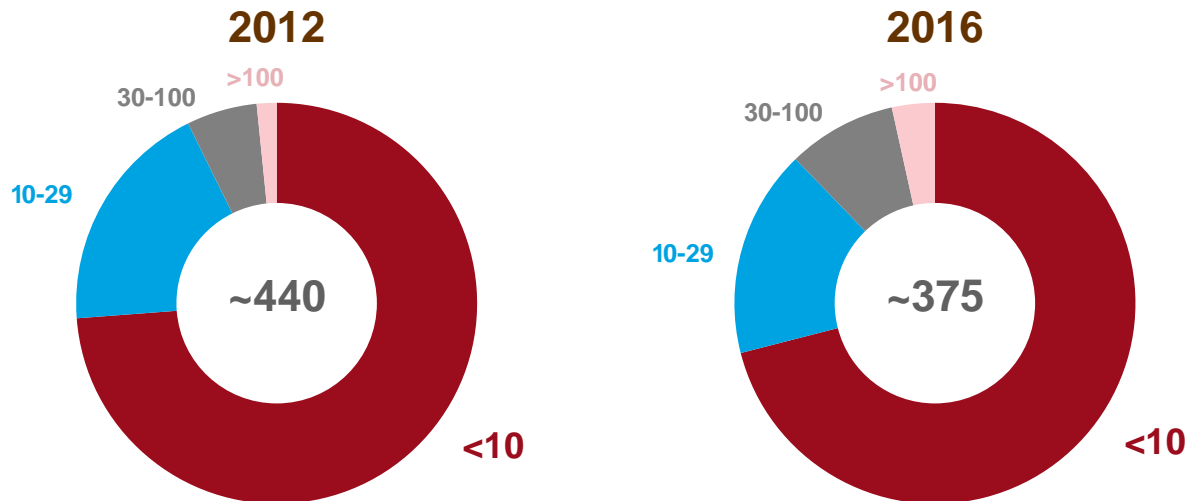


\* Counts include Franchise Reimages open or under construction



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## N.A. Franchisee Composition Progression

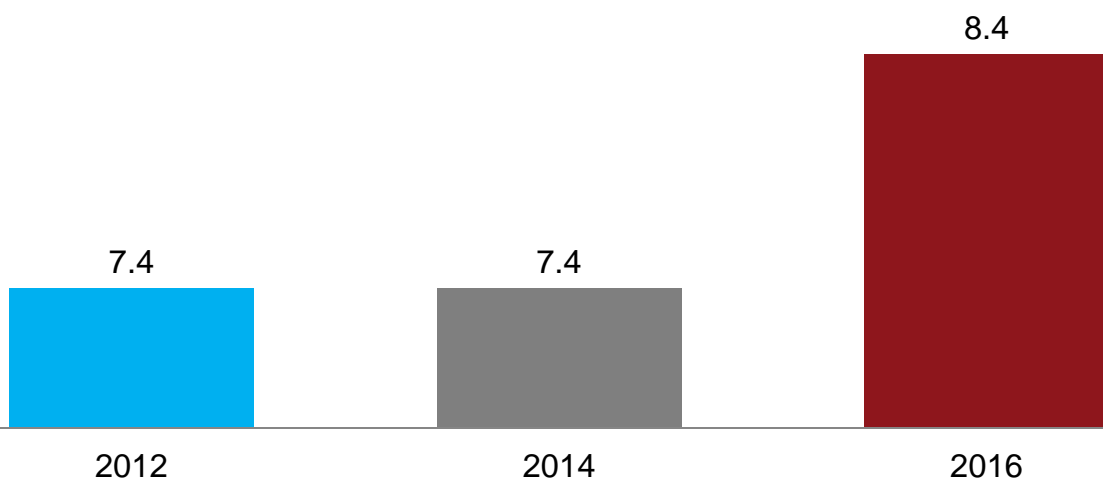


**Average N.A. Franchisee Ownership**  
2012: 11 Restaurants / 2016: 15 Restaurants



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## Franchisee Attitude and Optimism Supports Growth



Post Franchise Update Meeting

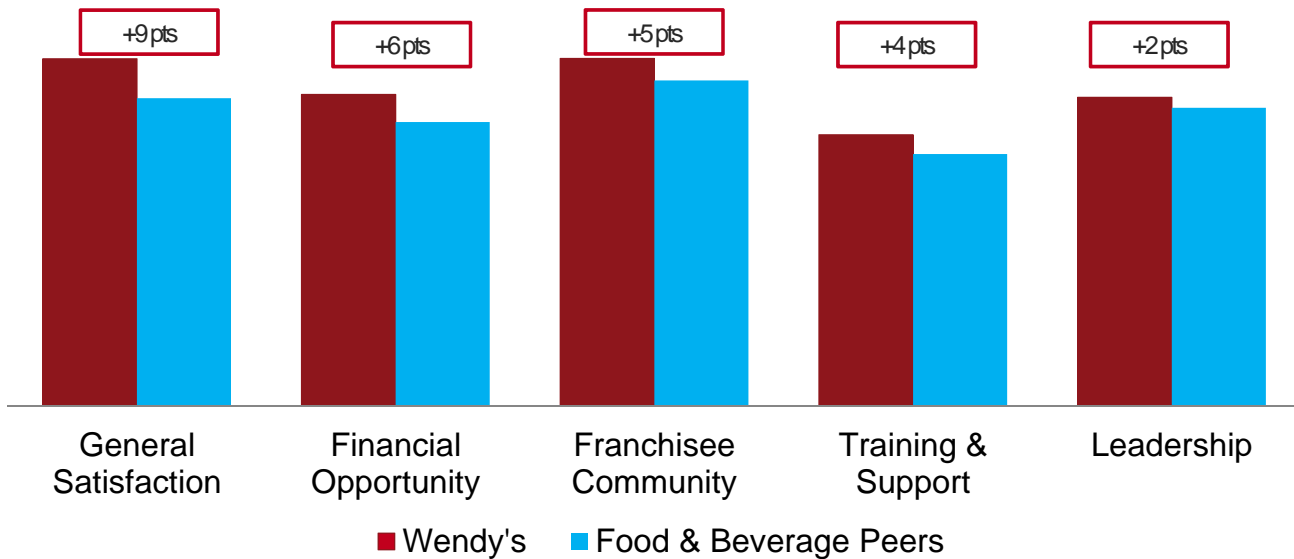
"On a scale of 1 to 10, please rate your overall attitude and optimism regarding the Wendy's Business"



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## Franchisee Attitude and Optimism Supports Growth

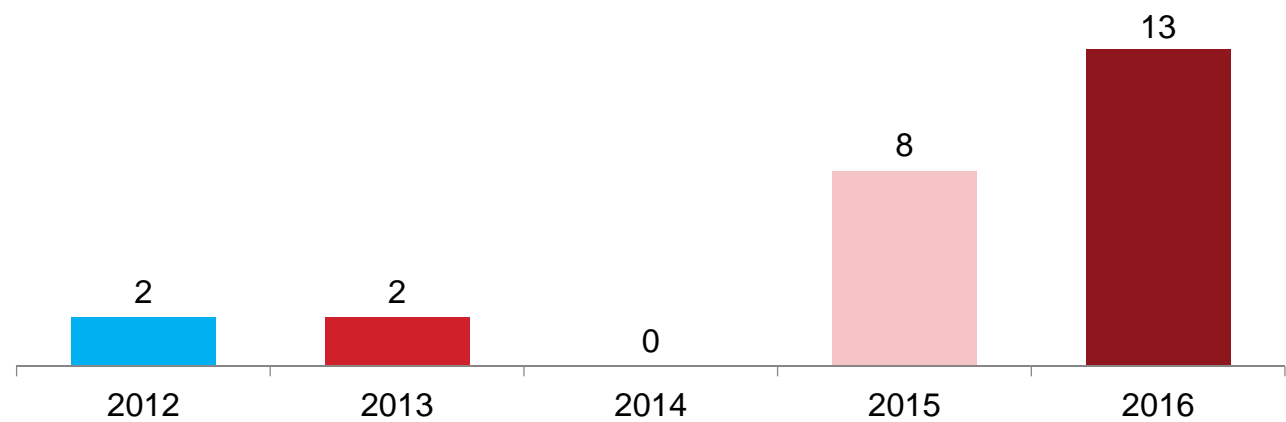


Source: Wendy's 2016 Franchise Business Review Survey



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## Brand Health Metrics Showing Major Momentum



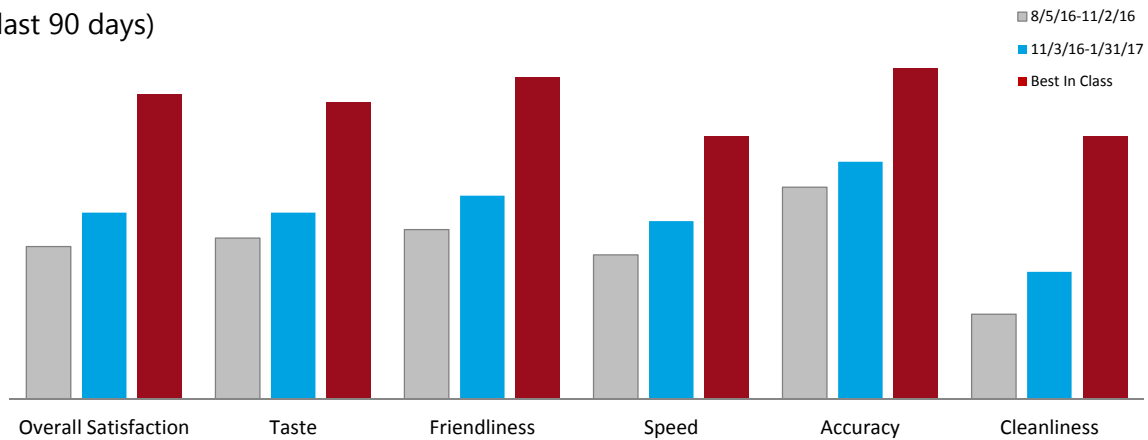
Source: Wendy's Consumer Tracking; Number of Brand Health Metrics Showing YOY Improvement



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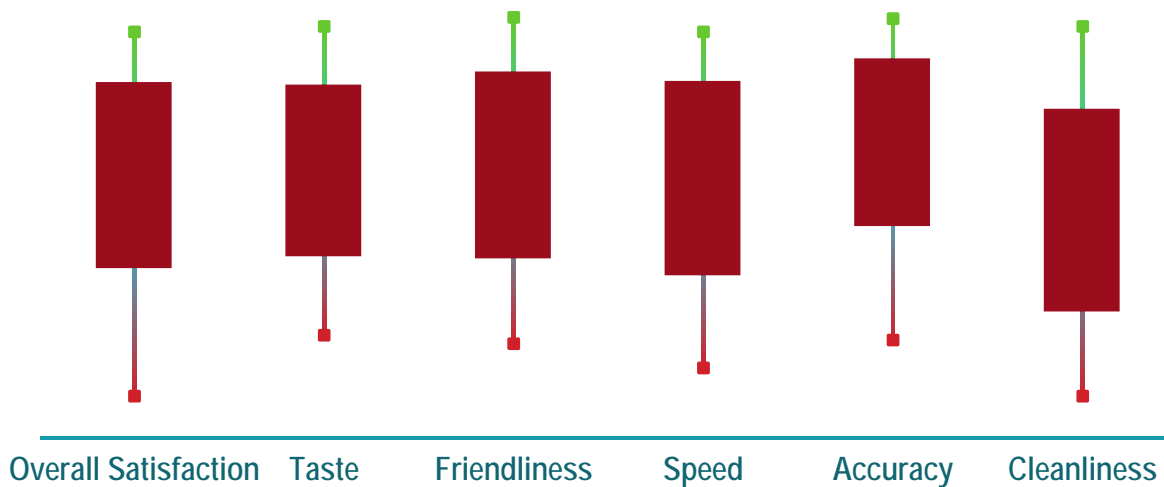
## Customer Satisfaction is Rapidly Improving

North America  
(last 90 days)



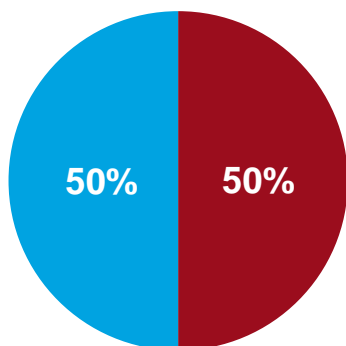
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## Consistency is a Key Focus Area

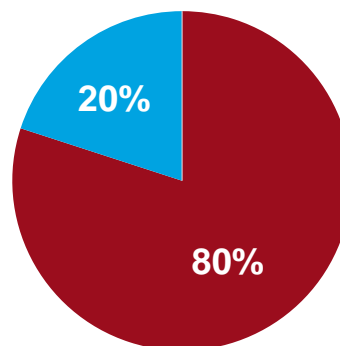


## Higher Quality of Earnings – Sustained, Predictable Growth

2012 (A)  
~22% Co. Ownership



2017 (E)  
~5% Co. Ownership



Royalties,  
Net Rent &  
Net Fran.  
Fees

Company  
Restaurants

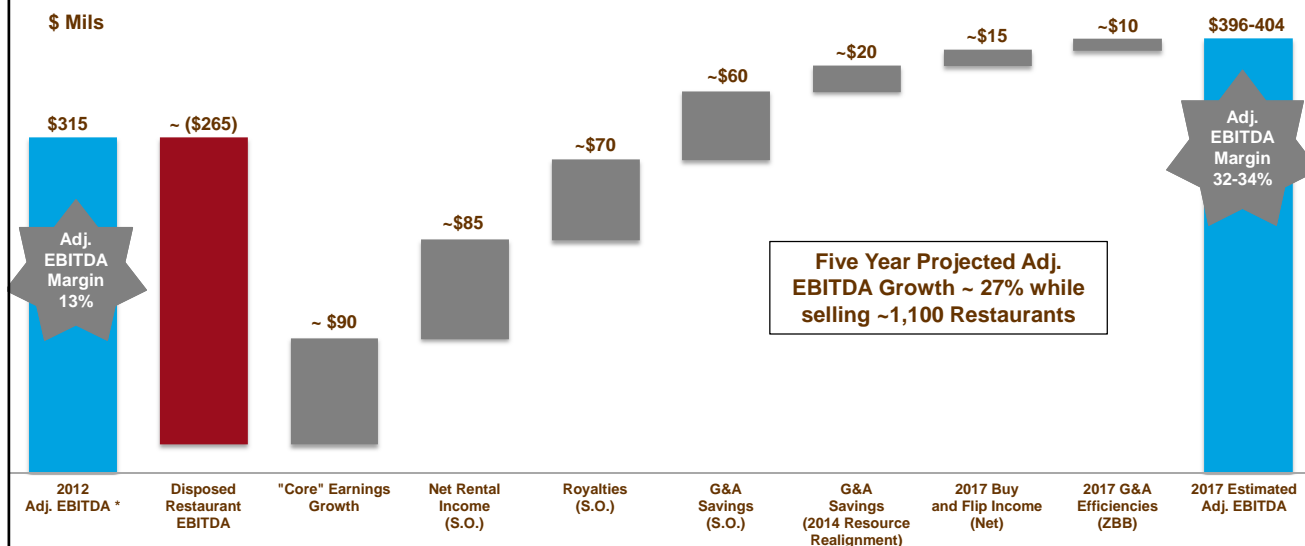
Expect ~78% of our ~670 owned real estate properties to generate rental income



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## Quality of Earnings Evolution Staying the Course

\$ Mils



\* Adjusted to Reflect Bakery Results as Discontinued Operations



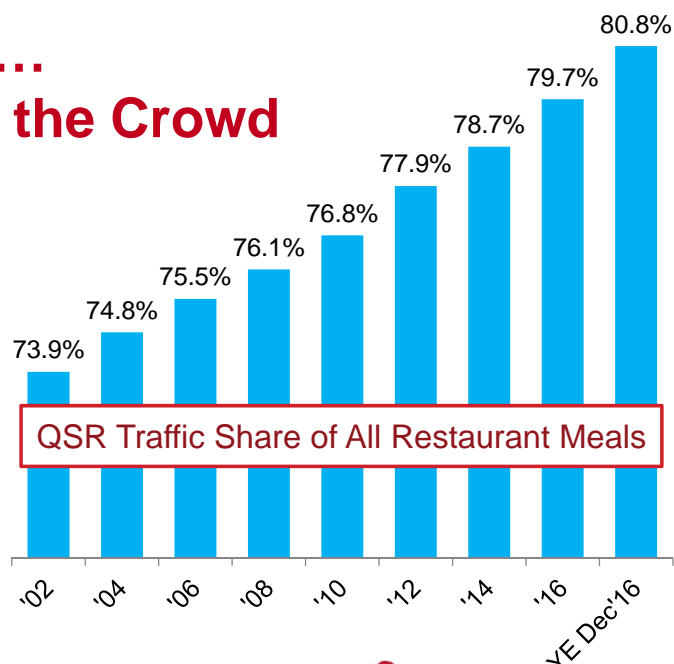
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## QSR is the Place to Be... Wendy's Stands Out in the Crowd

**1** Convenience

**2** Value

**3** Quality



Source: The NPD Group / CREST® Y/E February  THE WENDY'S COMPANY | 25

## Wendy's 2020 Goals

Global Restaurant Sales  
~\$12 billion

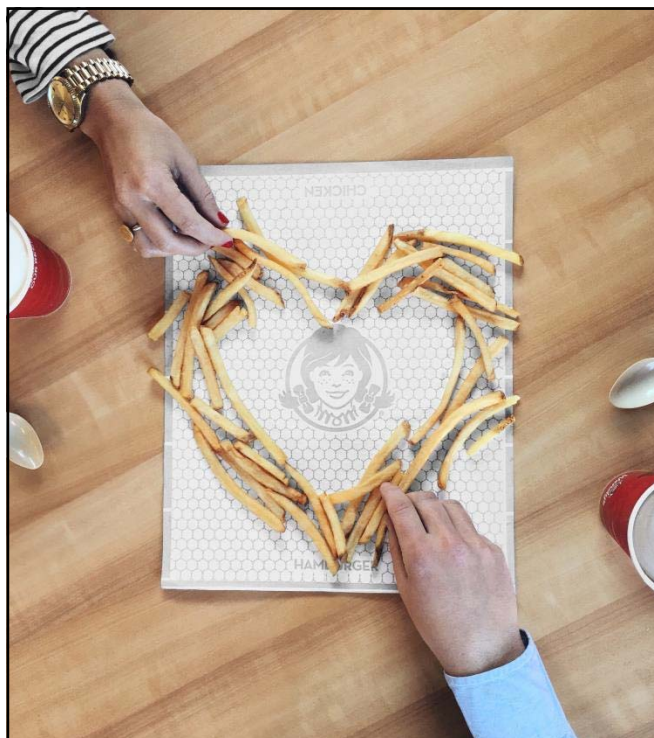
Global Restaurant Count  
~7,500

Global Image Activation  
70%+

Adj. EBITDA Margin  
38-40%

Free Cash Flow  
~\$275 million

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## Wendy's 2020 Goals

**Global Restaurant Sales\***  
~\$12 billion

New Comprehensive Target Encompassing  
North America and International

North America: ~\$11 billion  
International: ~\$1 billion

~\$10 billion of Global Restaurant Sales in 2016

Key Drivers:  
SRS Growth  
Image Activation  
Net New Restaurant Openings

\* Constant Currency, excludes Venezuela



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## Wendy's 2020 Goals

**Global Restaurant Count**  
~7,500

Net New Restaurant Openings in North America  
and International are imperative to our growth  
algorithm

Ended 2016 with 6,537 Global Restaurants

Key Drivers:  
Improving Sales to Investment Ratio  
Optimizing Incentives  
Enhancing Restaurant Level Margins  
Restaurant Designs to Support All Trade Areas



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## Wendy's 2020 Goals

Global Image Activation  
70%+

Key Brand Priority in North America and International

~32% Image Activated at the end of 2016

Compelling Economics and Consumer Response Driving Franchisee Adoption

Opportunity to Drive People Activation to Enhance Customer Experience



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## Wendy's 2020 Goals

Adj. EBITDA Margin\*  
38-40%

>25pp improvement since 2012

Driven by System Optimization and Converting Restaurant EBITDA into Rents and Royalties;  
Continued Tight G&A Management

All components of P&L must contribute:

N.A. SRS & Net Unit Growth

International Growth

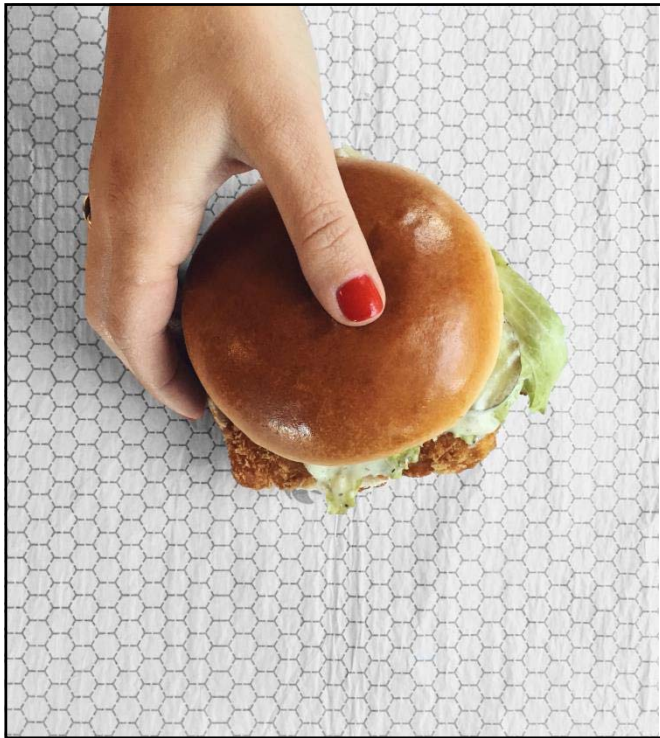
Company Restaurant Margin Growth

Accelerated G&A Savings

\* Adj. EBITDA divided by total revenue; does not include potential effects of changes in accounting standards



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## Wendy's 2020 Goals

**Free Cash Flow\***  
~\$275 million

Driven by System Optimization and Converting Restaurant EBITDA into Rents and Royalties;  
Continued Tight G&A Management

Capital Expenditure Reductions

Brand Transformation provides resiliency and better predictability

Allows continued focus on returning significant amounts of cash to shareholders while still Investing for Growth

\* Cash from Operations Less CAPEX; does not include potential effects of changes in accounting standards



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WENDY'S CREATES JOY & OPPORTUNITY THROUGH FOOD, FAMILY & COMMUNITY



QUALITY IS OUR RECIPE • TREAT PEOPLE WITH RESPECT • DO THE RIGHT THING • PROFIT MEANS GROWTH • GIVE SOMETHING BACK



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WENDY'S CREATES JOY & OPPORTUNITY THROUGH FOOD, FAMILY & COMMUNITY

THE WENDY'S WAY

# Delight every customer.

WENDY'S KIND OF PEOPLE

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WENDY'S CREATES JOY & OPPORTUNITY THROUGH FOOD, FAMILY & COMMUNITY

THE WENDY'S WAY

RESTAURANTS

FOOD


# Delight every customer.

SERVICE

VALUE

WENDY'S KIND OF PEOPLE

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WENDY'S CREATES JOY & OPPORTUNITY THROUGH FOOD, FAMILY & COMMUNITY



FRESH  
HONEST INGREDIENTS  
CRAVEABLE TASTE  
MADE RIGHT

FOOD I  
LOVE

QUALITY IS OUR RECIPE • TREAT PEOPLE WITH RESPECT • DO THE RIGHT THING • PROFIT MEANS GROWTH • GIVE SOMETHING BACK



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WENDY'S CREATES JOY & OPPORTUNITY THROUGH FOOD, FAMILY & COMMUNITY



COMPETITIVE PRICE  
WENDY'S QUALITY  
GREAT EXPERIENCE

WORTH  
WHAT I PAY

QUALITY IS OUR RECIPE • TREAT PEOPLE WITH RESPECT • DO THE RIGHT THING • PROFIT MEANS GROWTH • GIVE SOMETHING BACK



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WENDY'S CREATES JOY & OPPORTUNITY THROUGH FOOD, FAMILY & COMMUNITY

FRIENDLY  
ACCURATE  
FAST

**AN EXPERIENCE THAT  
BRINGS ME BACK**

QUALITY IS OUR RECIPE • TREAT PEOPLE WITH RESPECT • DO THE RIGHT THING • PROFIT MEANS GROWTH • GIVE SOMETHING BACK

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WENDY'S CREATES JOY & OPPORTUNITY THROUGH FOOD, FAMILY & COMMUNITY

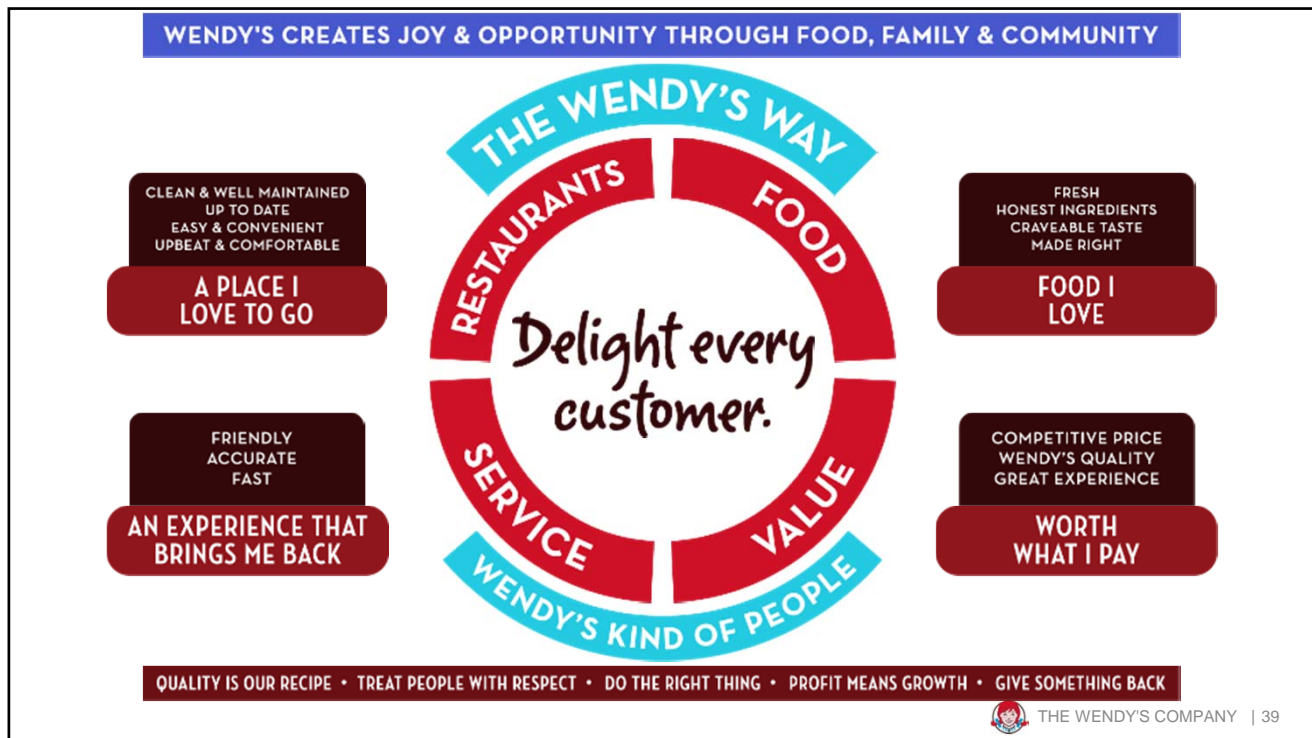
CLEAN & WELL MAINTAINED  
UP TO DATE  
EASY & CONVENIENT  
UPBEAT & COMFORTABLE

**A PLACE I  
LOVE TO GO**

QUALITY IS OUR RECIPE • TREAT PEOPLE WITH RESPECT • DO THE RIGHT THING • PROFIT MEANS GROWTH • GIVE SOMETHING BACK

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## Leadership Team Now In Place

<p><b>Todd Penegor</b> President &amp; CEO</p>	<p><b>Gunther Plosch</b> Chief Financial Officer</p>	<p><b>Liliana Esposito</b> Chief Communications Officer</p>	<p><b>Scott Weisberg</b> Chief People Officer</p>	<p><b>Bob Wright</b> EVP, Chief Operations Officer &amp; International</p>
<p><b>Kurt Kane</b> Chief Concept &amp; Marketing Officer</p>	<p><b>Abigail Pringle</b> Chief Development Officer</p>	<p><b>David Trimm</b> Chief Information Officer</p>	<p><b>E.J. Wunsch</b> Chief Legal Officer &amp; Secretary</p>	

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“


**It all comes back to the basics:**

**SERVE** customers the  
best tasting **FOOD** at a  
good **VALUE** in a clean,  
comfortable **RESTAURANT**  
and they'll keep coming back.”



**Gunther Plosch**

Chief Financial Officer



# Agenda


## 2016 Preliminary Results

2017 Guidance

38-40% Adj. EBITDA Margin

2020 Free Cash Flow

Capital Allocation

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## 2016 4Q Preliminary Results

\$ Mils (except per share amounts)  
(Unaudited)

	2016E (13 weeks)	2015* (14 weeks)	B/(W)
N.A. System SRS	0.8%	4.8%	2-Year 5.6%
N.A. Co. Rest. Margin	18.8%	19.2%	(40) bps
G&A	\$61.2	\$72.4	15.5%
Adjusted EBITDA**	\$91.1	\$107.6	(15.3%)
Adjusted EBITDA Margin**	29.4%	23.2%	+620 bps
Adjusted EPS**	\$0.08	\$0.12	(33.3%)

\* Due to the May 2015 sale of its bakery business, the Company has presented its bakery results as discontinued operations in its financial statements.

\*\* See reconciliation of non-GAAP financial measures in the Appendix.

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## 2016 Full Year Preliminary Results

\$ Mils (except per share amounts)  
(Unaudited)

	2016E (52 weeks)	2015* (53 weeks)	B/(W)
N.A. System SRS	1.6%	3.3%	2-Year 4.9%
N.A. Co. Rest. Margin	19.1%	17.7%	+140 bps
G&A	\$245.9	\$256.6	4.2%
Adjusted EBITDA**	\$391.9	\$392.4	(0.1%)
Adjusted EBITDA Margin**	27.3%	21.0%	+630 bps
Adjusted EPS**	\$0.40	\$0.33	21.2%
Free Cash Flow	\$31.4	(\$39.1)	+\$70.5

\* Due to the May 2015 sale of its bakery business, the Company has presented its bakery results as discontinued operations in its financial statements.

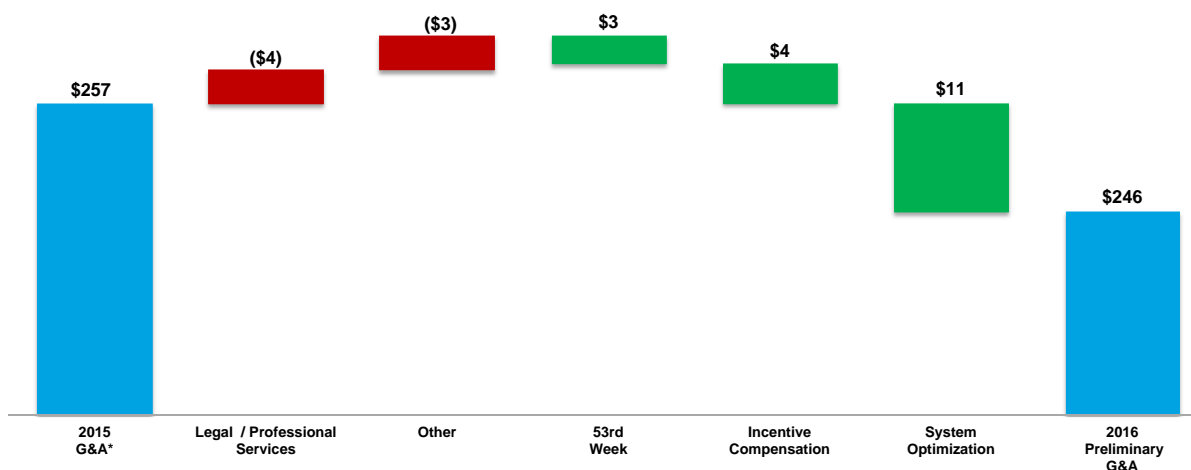
\*\* See reconciliation of non-GAAP financial measures in the Appendix.



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## Delivering G&A Commitments

\$ Mils  
(Unaudited)



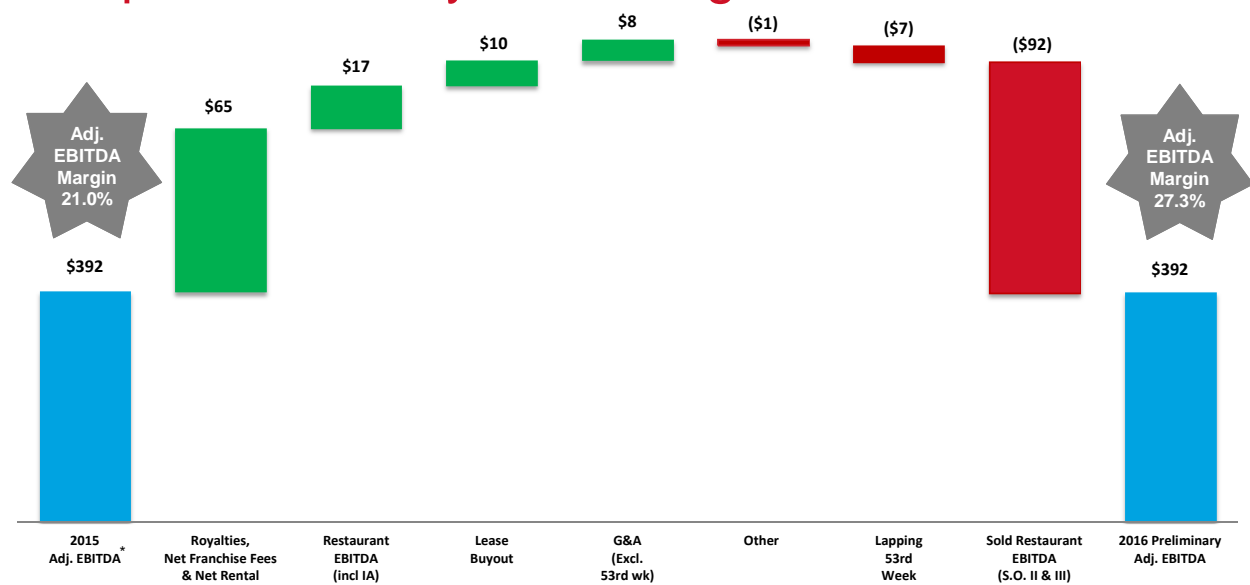
\* Adjusted to Reflect Bakery Results as Discontinued Operations



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## Improved Quality of Earnings

\$ Mills  
(Unaudited)



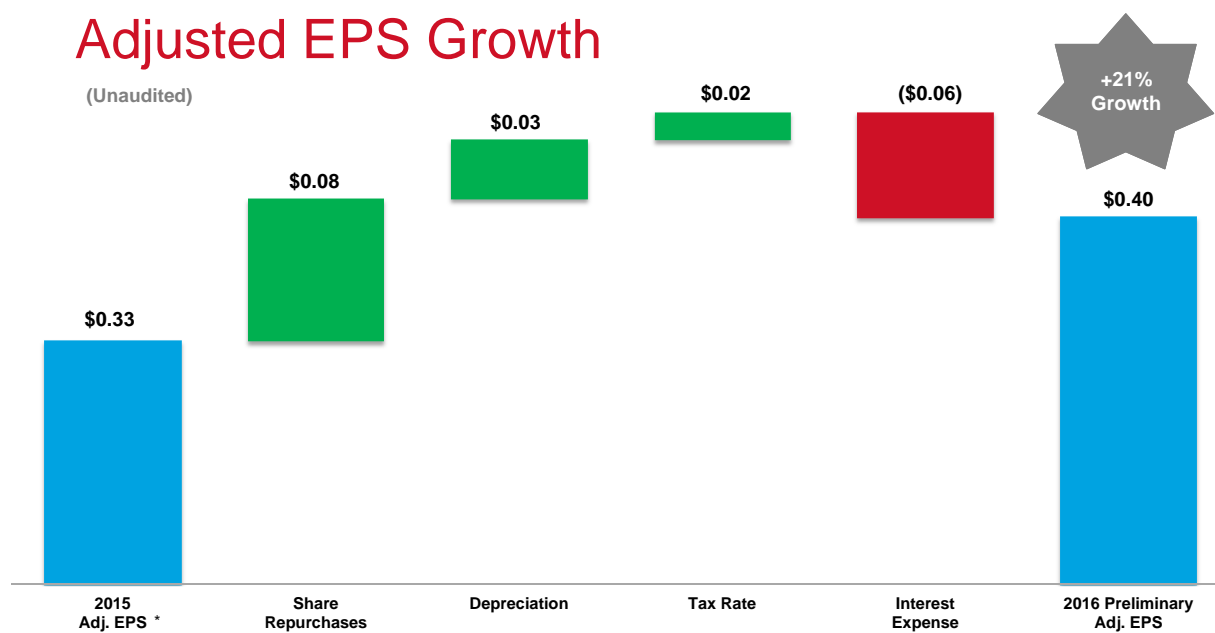
\* Adjusted to Reflect Bakery Results as Discontinued Operations



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## Adjusted EPS Growth

(Unaudited)



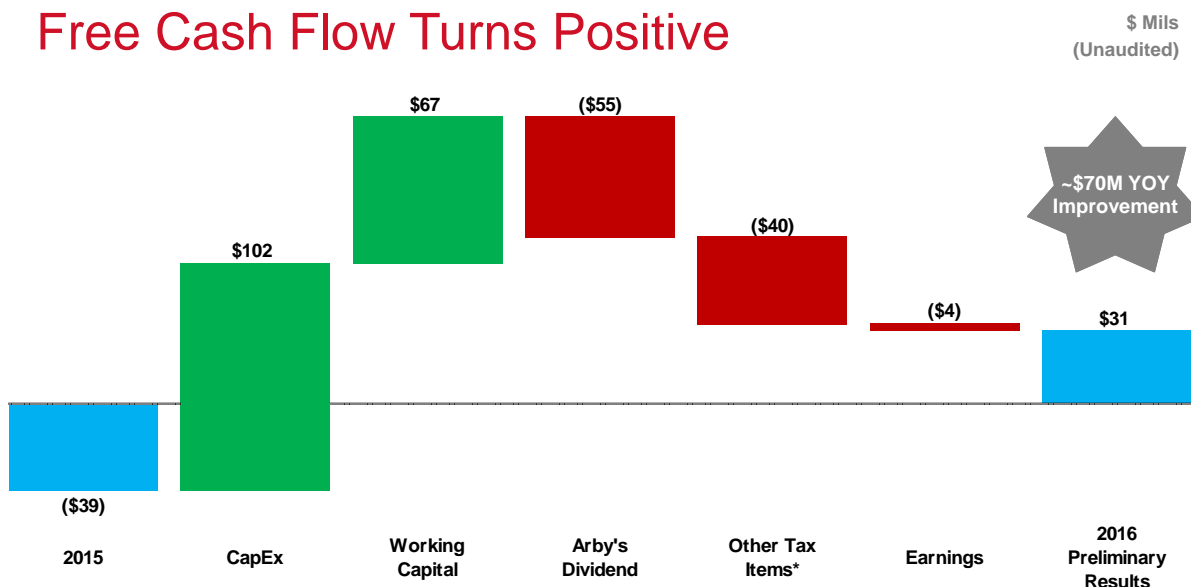
\* Adjusted to Reflect Bakery Results as Discontinued Operations



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## Free Cash Flow Turns Positive



\* Mainly due to deferred income taxes, excess tax benefits from share-based compensation, and taxes related to the Arby's dividend



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## Agenda

2016 Preliminary Results

**2017 Guidance**

38-40% Adj. EBITDA Margin

2020 Free Cash Flow

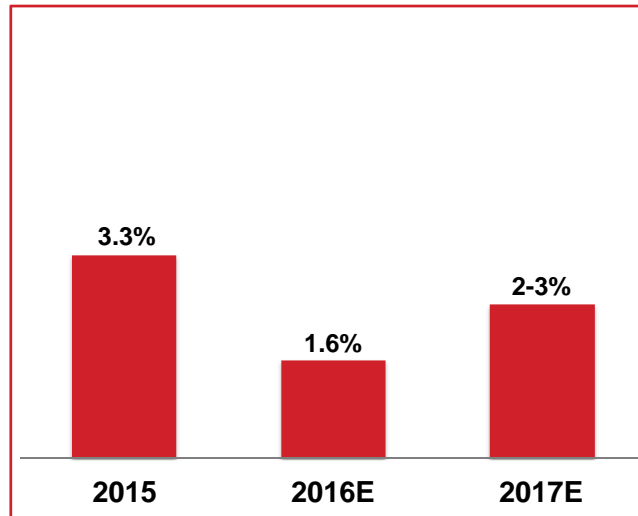
Capital Allocation



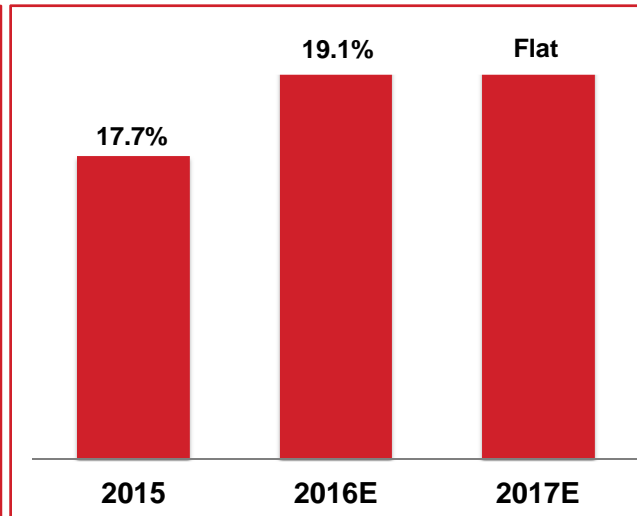
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## 2017 Guidance

N.A. System SRS Growth



N.A. Company Restaurant Margins

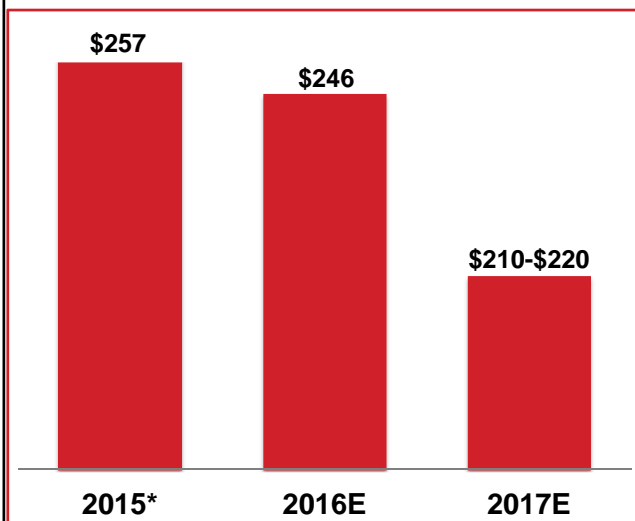


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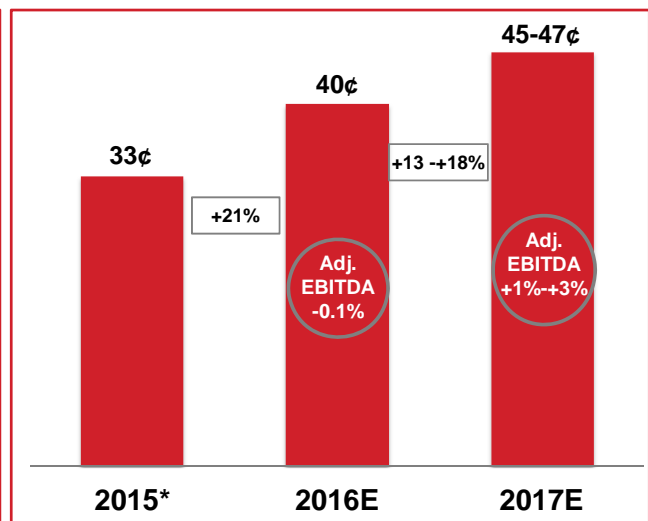
## 2017 Guidance

\$ Mils (except per share amounts)

G&A



Adjusted EPS



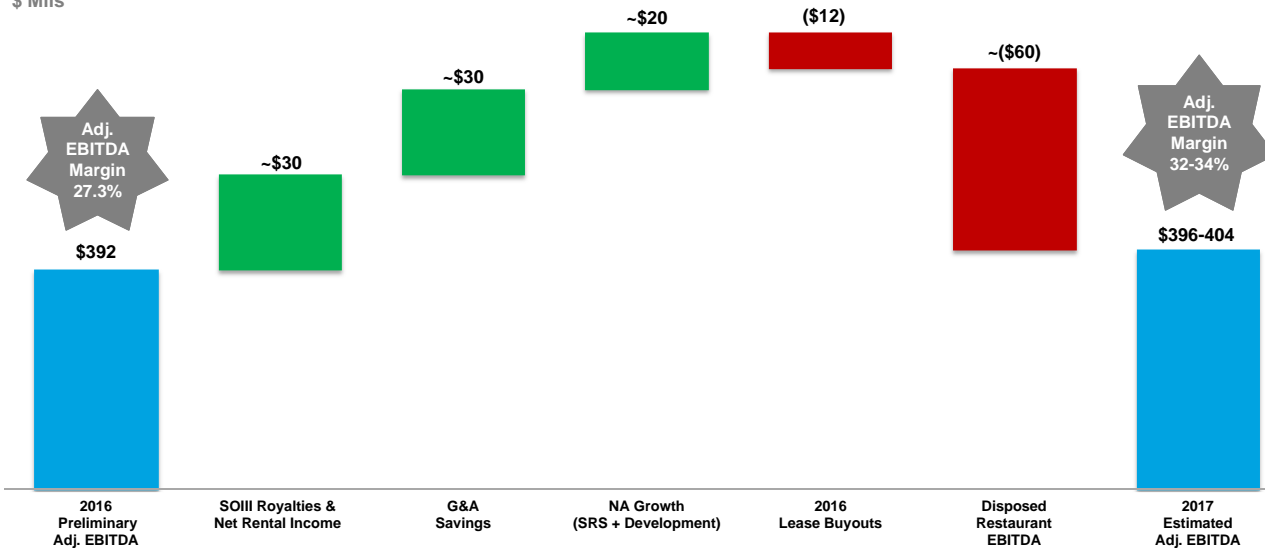
\* Adjusted to Reflect Bakery Results as Discontinued Operations



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## 2017 Adj. EBITDA Guidance

\$ Mils



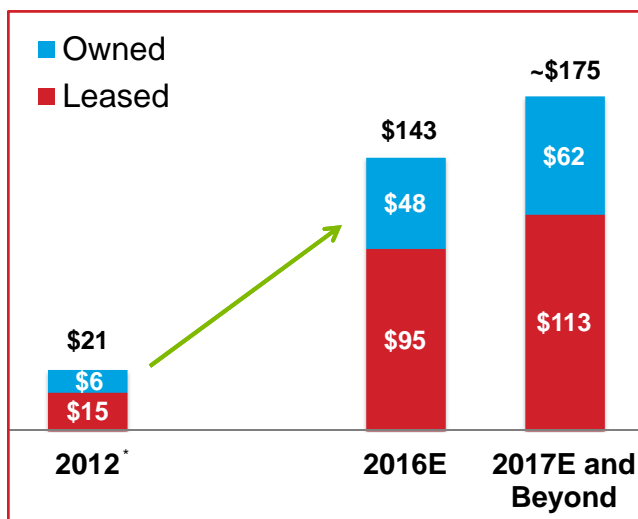
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## Rental income streams become predictable post SOIII

\$ Mils

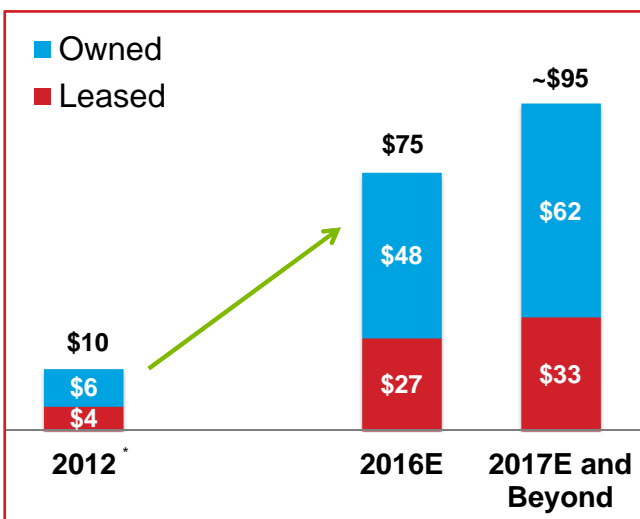
### Rental Income

■ Owned  
■ Leased



### Net Rental Income

■ Owned  
■ Leased



\* Adjusted to Reflect Bakery Results as Discontinued Operations

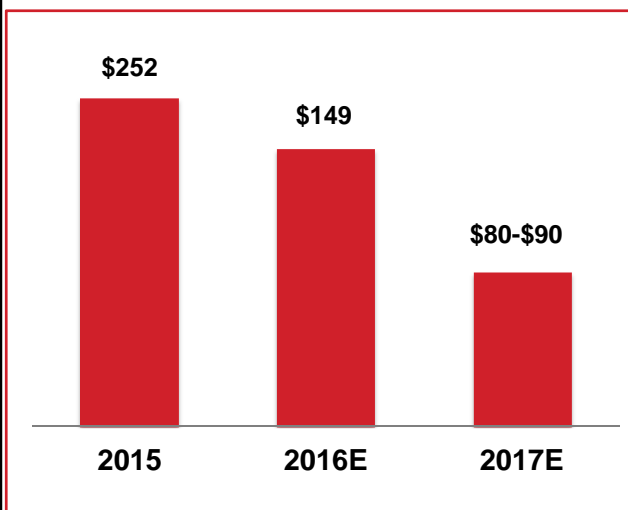


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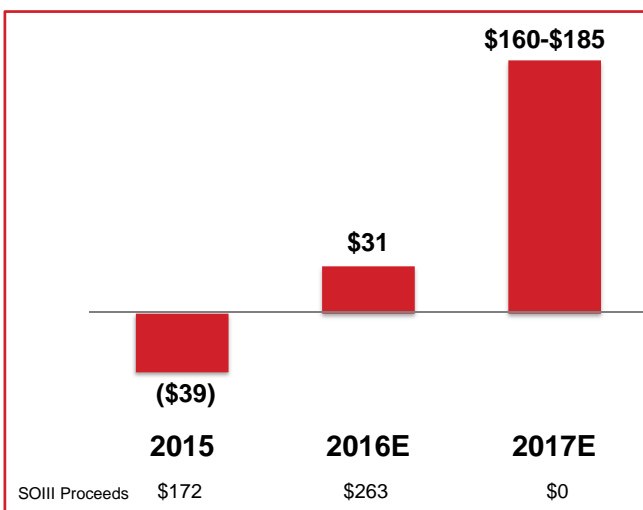
## 2017 Guidance

\$ Mils

### Capital Expenditures



### Free Cash Flow\*



\* Cash From Operations Less CAPEX



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## 2017 Guidance

Flat Commodity Market Basket  
(Chicken quality investment of ~35bps)

Labor Inflation of ~4%

Depreciation of ~\$120 million (incl. Accel. Dep of ~\$2 million)

Interest Expense of ~\$115 million

Adjusted Tax Rate of 32-34%



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# Agenda

2016 Preliminary Results

2017 Guidance

**38-40% Adj. EBITDA Margin**

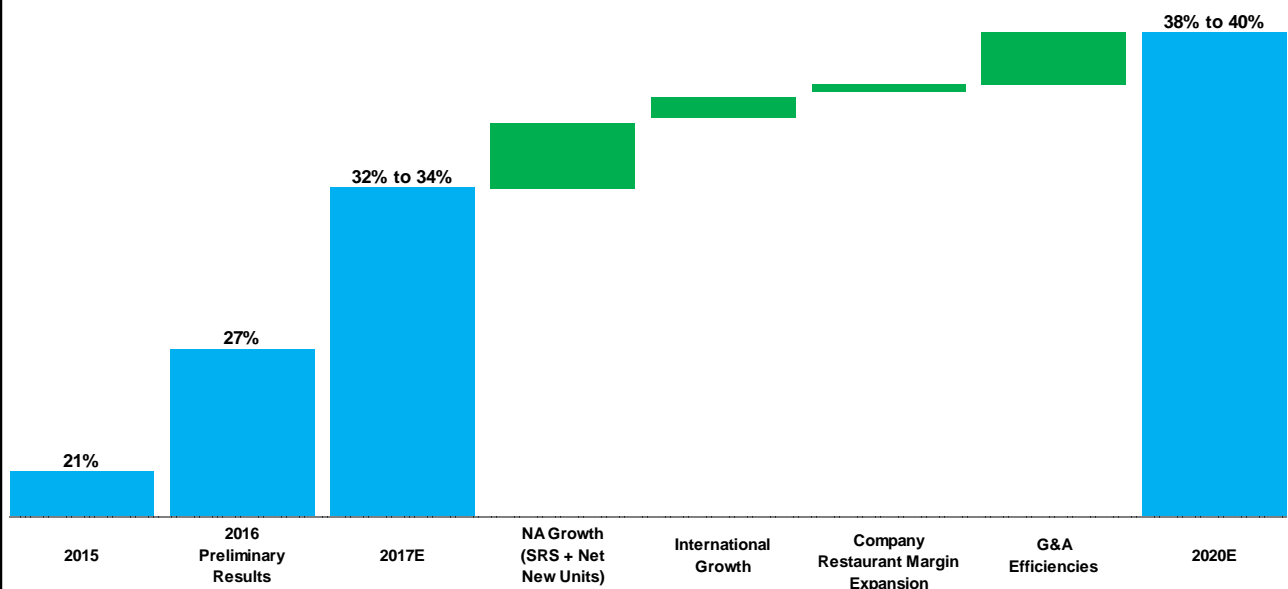
2020 Free Cash Flow

Capital Allocation



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## Multiple Growth Levers Drive to 38-40% Adj. EBITDA Margin



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## North America Growth

2-3% N.A. System SRS; Focus on Strengthening Quality Advantage, Continuing to Drive Value and Improving Consistency of Customer Experience

Net New Restaurant Development in North America

## International Growth

New 2020 Goals Drive International System Sales to \$1 billion and EBITDA to ~\$20 million in 2020

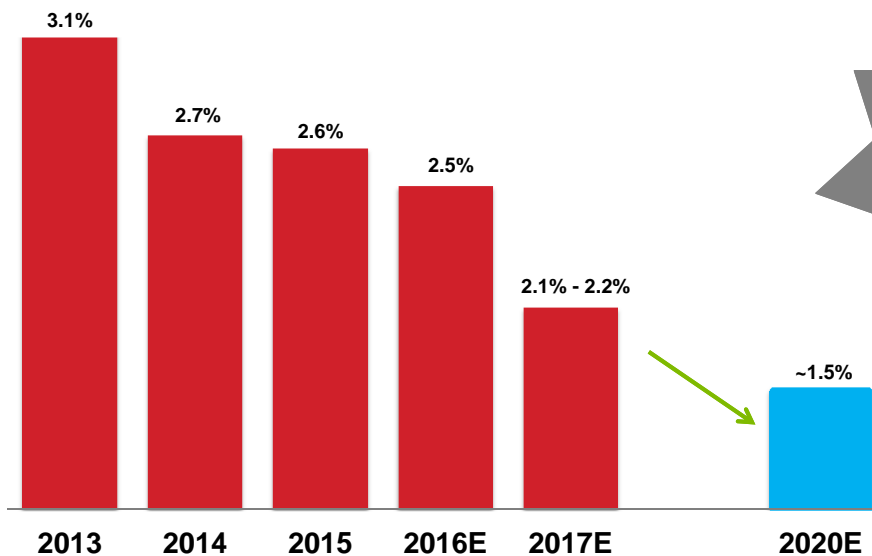
## Company Restaurant Margin Expansion

Drive Additional Profits on Path to 20%; Grow Customer Counts / Mitigate Labor Pressures / Leverage Technology



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## G&A as a % of Global Restaurant Sales



>\$100M of Cumulative G&A Reduction Since 2013



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# Agenda

2016 Preliminary Results

2017 Guidance

38-40% Adj. EBITDA Margin

**2020 Free Cash Flow**

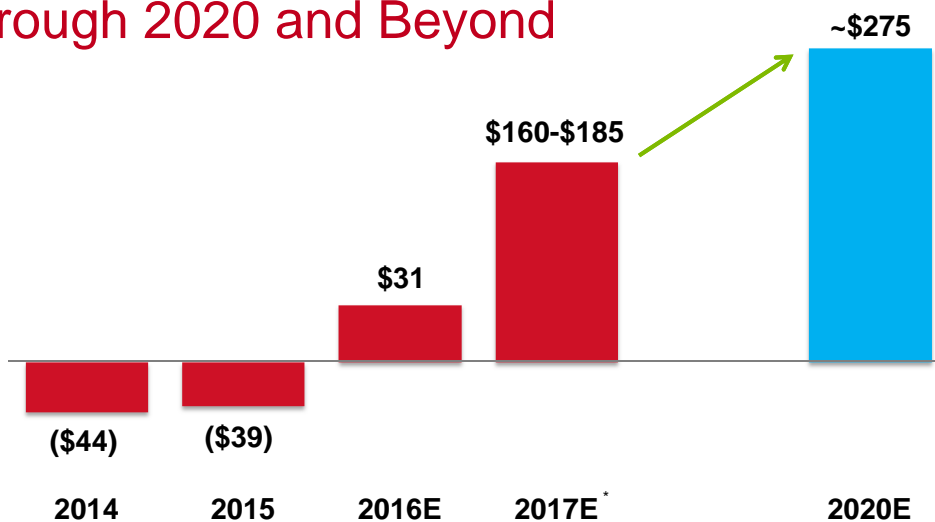
Capital Allocation



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## Free Cash Flow Growth through 2020 and Beyond

\$ Mils

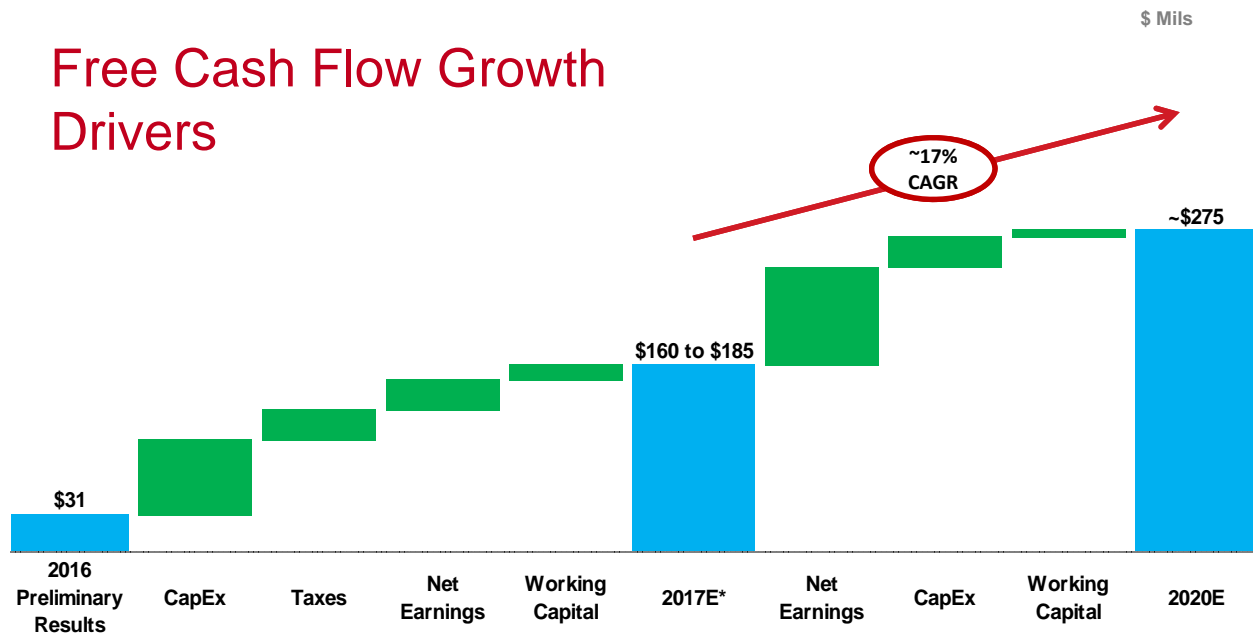


\*Does not include any charges related to G&A Initiative



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## Free Cash Flow Growth Drivers

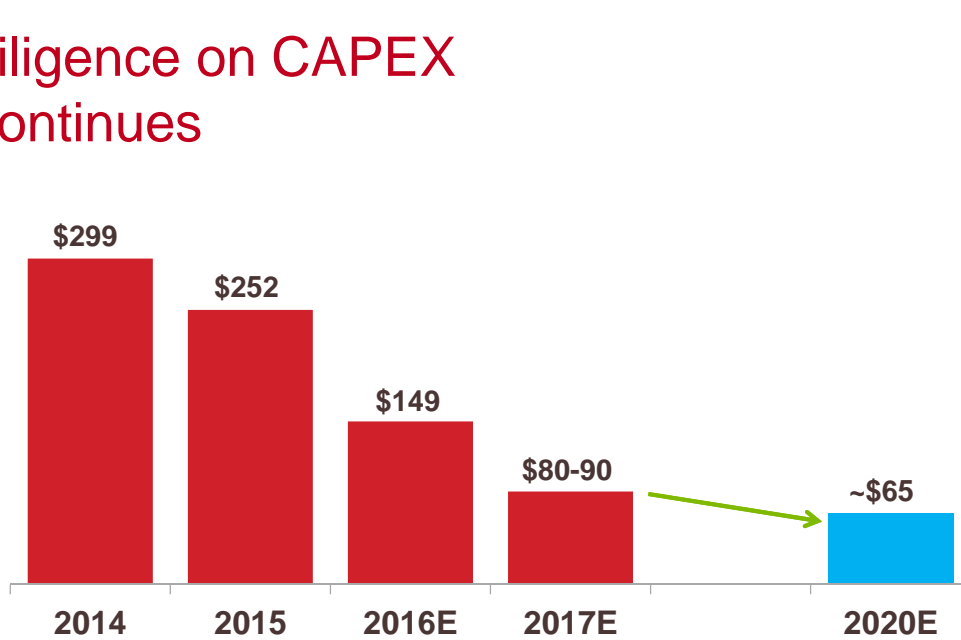


\*Does not include any charges related to G&A Initiative



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## Diligence on CAPEX Continues



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# Agenda

2016 Preliminary Results

2017 Guidance

38-40% Adj. EBITDA Margin

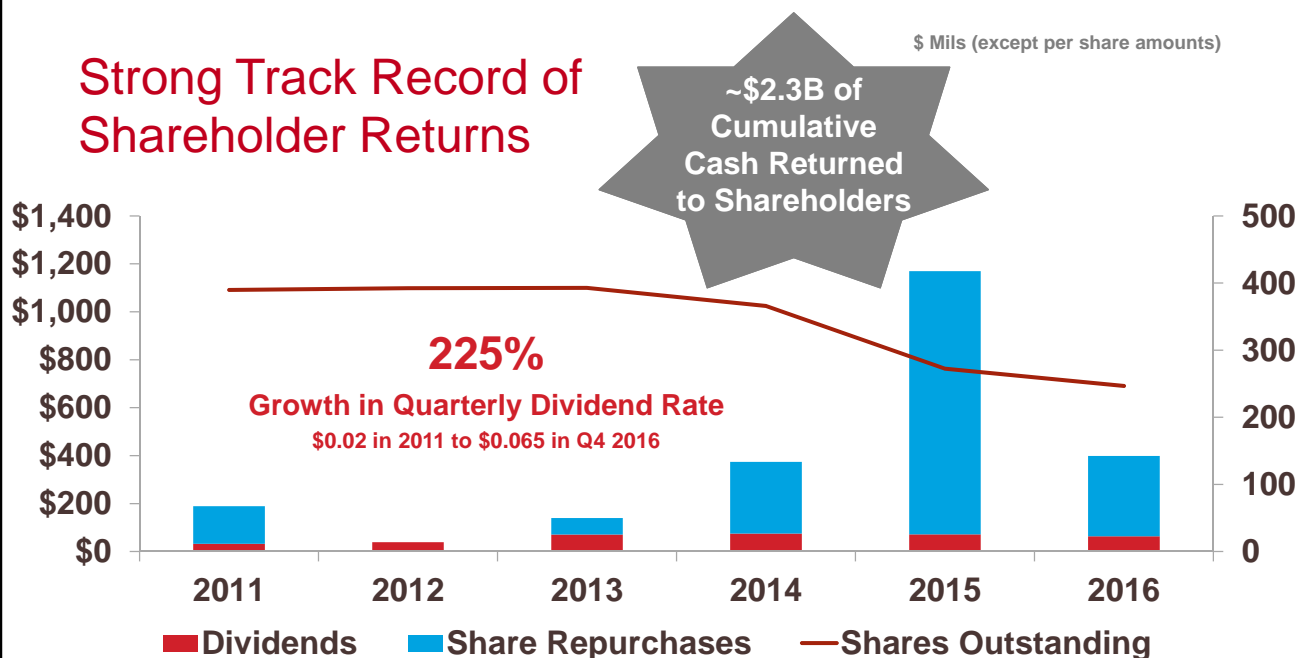
2020 Free Cash Flow

**Capital Allocation**



THE WENDY'S COMPANY | 65

## Strong Track Record of Shareholder Returns

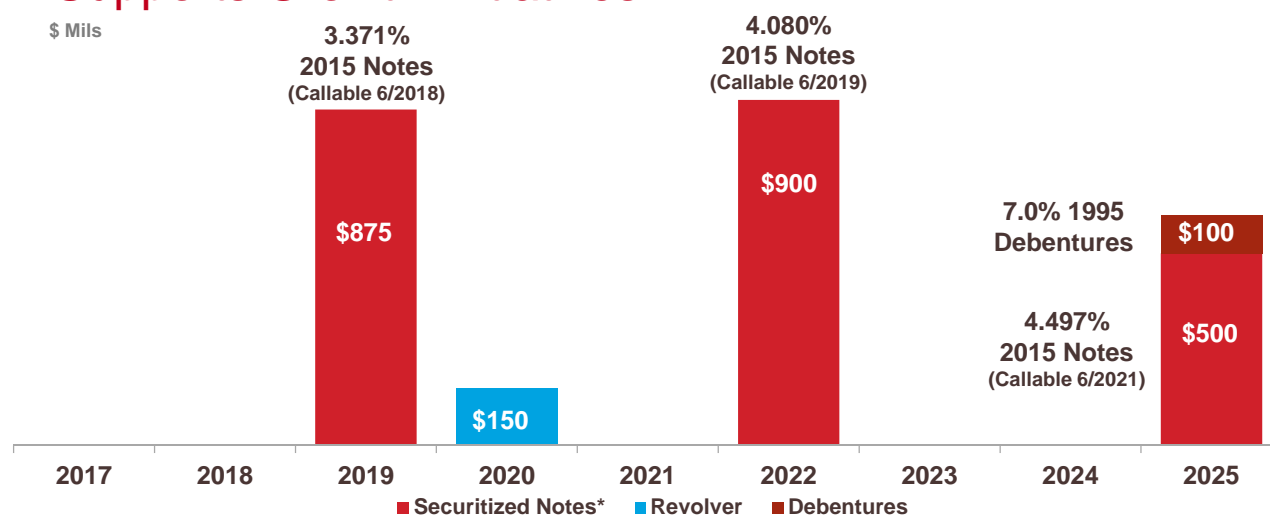


THE WENDY'S COMPANY | 66

## Flexible Capital Structure Supports Growth Initiatives

1/1/2017 Leverage Ratio (excl. Cap leases): 5.4x  
Target Leverage Ratio: 5-6x

\$ Mils



\*Notional amounts shown as of issuance date; 1% amort is paid per annum  
FY16 Estimated Net Debt: \$2.1B (excl. Cap Leases) / FY16 Estimated Adj. EBITDA: \$391.9M



THE WENDY'S COMPANY | 67

1

Invest in the Business

2

Sustain an Attractive Dividend;  
Payout Ratio > 50%

3

Utilize Excess Cash to  
Repurchase Shares

4

Balance Sheet Aligned Behind  
Strategy

5

Improvement in ROIC Over Time



## Arby's Equity Stake

- ~18.5% Equity Stake
- Received ~\$100 million in dividends since 2012
- Estimated Fair Market Value as of 1/1/17: ~\$320 million
  - Increased from ~\$294 million at the end of Q3
  - Valuation Methodology: Apply multiple (discount to public peer group) to TTM EBITDA
- Potential source of incremental cash if a liquidation event were to occur
  - Any liquidation event would be fully taxable



THE WENDY'S COMPANY | 69

## Dividend Increase and New Share Repurchase Authorization

- Announced ~8 percent increase in quarterly dividend rate, in addition to ~8 percent increase in Q4 2016
  - From 6.5 cents per share to 7 cents per share
- Board has authorized a new \$150 million Share Repurchase Authorization
  - Expires 3/4/2018
  - Plan to purchase shares through the open market




THE WENDY'S COMPANY | 70

## In Summary...

- Solid 2016: Held Adjusted EBITDA flat YOY, despite selling 310 Company-operated Restaurants; 2-year N.A. System SRS acceleration continued through year end
- Improved '17 Guidance
  - N.A. System SRS guidance accelerating versus '16 results
  - Raised Adjusted EBITDA expectations versus prior guidance
    - “Flattish” to 1-3% growth
  - G+A efficiencies driving guidance lower
    - ~\$230 million to ~\$210 to \$220 million
  - Free Cash Flow Guidance anticipates ~\$140 million YOY increase
- Very good visibility to our 2020 Financial Goals
  - G+A reductions accelerating further to achieve ~1.5% of Global Restaurant Sales by 2020
  - Free Cash Flow grows to ~\$275 million (with CAPEX of ~\$65 million) by 2020
- Fully committed to return all excess cash to Shareholders




THE WENDY'S COMPANY | 71



# BREAK

PRESENTATIONS WILL RESUME  
APPROXIMATELY 9:50 A.M. ET


 THE WENDY'S COMPANY | 72

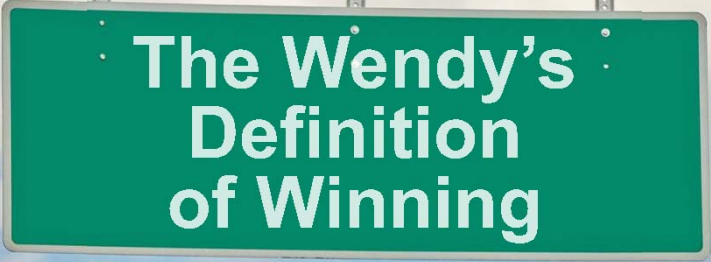




**Kurt Kane**

Chief Concept and Marketing Officer

© Quality Is Our Recipe, LLC



**The Wendy's  
Definition  
of Winning**

**To consistently grow restaurant profitability through increased sales and customer counts.**

THE WENDY'S COMPANY | 74



**Why Are We Consistently Driving Sales Growth?**

**Consumers tell us our food, value, and advertising are more relevant today than many other QSR players.**



**Marketing Sizzle Reel**



# Strengthening our Quality Advantage



Source: Wendy's Brand Health Tracking, Y/E December

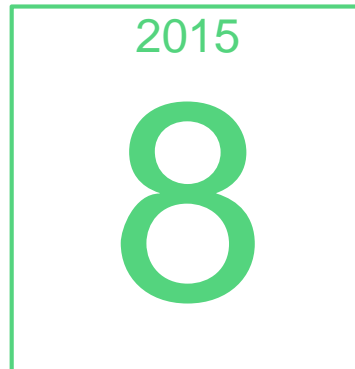
# Turned the Corner on Value



Source: Wendy's Brand Health Tracking, Y/E December

# We Have Fully Regained Consumer Momentum

# of Brand Health Metrics Showing Improvement



THE WENDY'S COMPANY | 79



- 1** Go more often
- 2** High quality food
- 3** Freshly prepares when ordered
- 4** Favorite menu item
- 5** Great value for the money
- 6** Worth what you pay
- 7** Friendly, courteous employees
- 8** Fills orders accurately
- 9** Completely satisfied
- 10** Food you feel good about eating
- 11** Use real ingredients – not processed
- 12** Are honest and trustworthy
- 13** Are growing more popular

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## Our Job Is To Create Even More Fans



### Fans

Visit Wendy's for >30% of  
QSR Occasions

### Spectators

Visit Wendy's for <30% of  
QSR Occasions

THE WENDY'S COMPANY | 81

## Our Fuel for Continued Growth

Reinforce Undisputed Leadership in  
Hamburger Quality

Raise Consumer Expectations for How Good  
Chicken Can Be

Drive Unique Visits Through Proprietary Salads  
and Beverages

Continue Helping Customers With Multi-Faceted  
Approach to Price/Value

Communicate in a Relentlessly Modern Way

82

Living Our Strategy in Everything We Do

**DELICIOUSLY**  
*Different*

Hamburgers Continue to be a Massive Opportunity

3 out of 4  
Americans eat a  
hamburger  
every week



Source: Datassential, 'On The Menu', March 2016



## Two Key Reasons Our Hamburgers Win



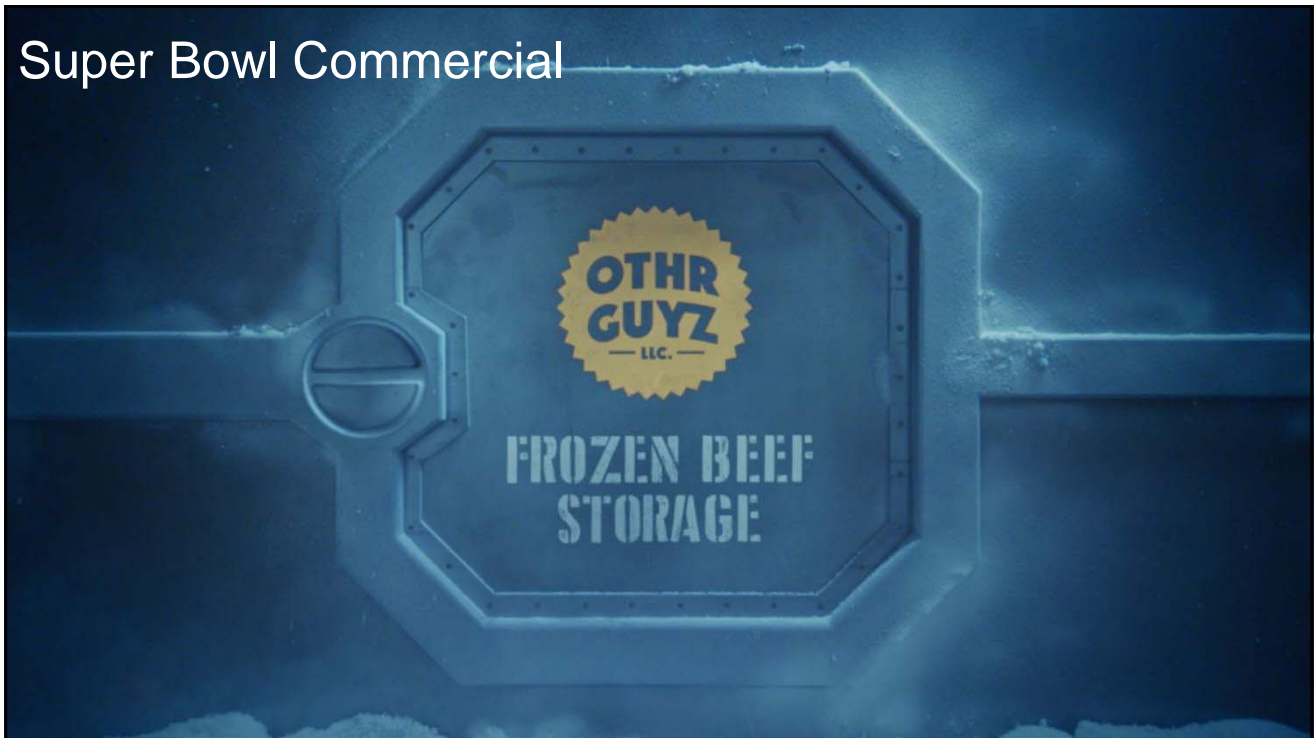
Fresh/Never Frozen Beef



Craveable Taste

***DON'T SETTLE  
FOR FROZEN BEEF.***

## Super Bowl Commercial



### The 10 Commercials I Liked Most In The Super Bowl



**Avi Dan,** CONTRIBUTOR

*I'm interested in thought leadership for the new marketing* [FULL BIO](#) ✓

Opinions expressed by Forbes Contributors are their own.

**Forbes**

**“In a sea of entertainment, humor, and special effects and starts this stands out as artful hard sell.”**



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# FRESH NEVER FROZEN BEEF

**Where's the Beef? Not in a Freezer.**

The secret to Wendy's® hamburgers really isn't a secret. We simply refuse to use frozen beef. Only fresh beef, every hamburger, every time, no freezing, no way, no how. So every bite is tasty and juicy, no matter what you order.

**Because it's made Dave's Way.™**



**Dave's DOUBLE™**



DAVE'S SINGLE™    DAVE'S DOUBLE    DAVE'S TRIPLE™    BACONATOR®    SON OF BACONATOR®    JR. BACON CHEESEBURGER    DOUBLE STACK™

## LTOs Must Build “Craveable” Perception









Other brands talk about wanting more tender chicken...someday.

Wendy's has already taken action by limiting bird size to 20% smaller than many other QSR brands.



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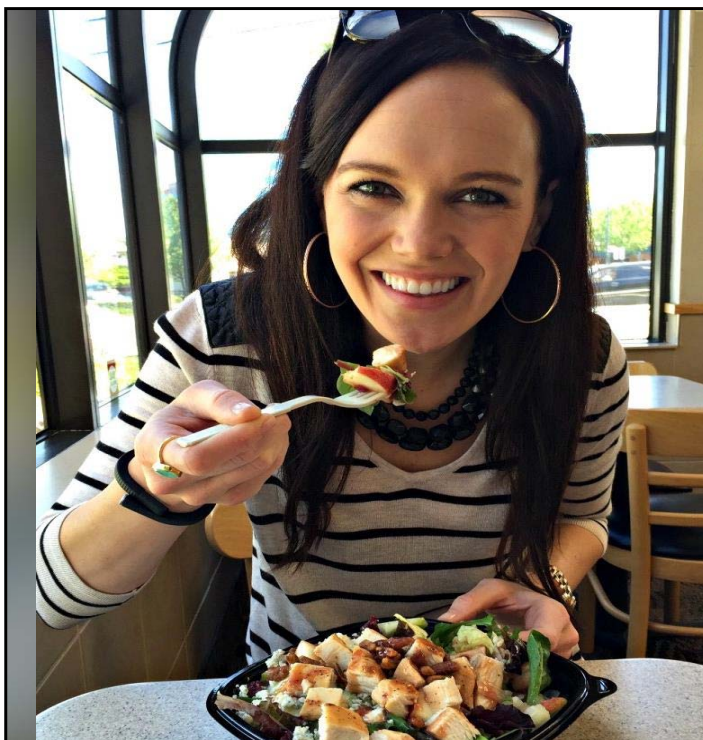


Wendy's Salads Are:

Fresh Made  
Unique  
Great Value



THE WENDY'S COMPANY | 97



Trying Is Believing

91%

Repurchase  
Intent

Source: 2015 Product Testing Data, Top 2 Box Ratings Among Millennial Female Respondents

## Driving Incidence With Unique Beverages



99

## Our Value Programs Win In Two Ways

They get a lot of people to show up

Create profitable checks



100

## New People Are Showing Up



Young Adult  
(13-34)

Lower Income  
(<\$50K)

Smaller Household Size  
(Single)

Over Indexes with  
AA and Hispanic

## News Has Proven Effective With 4 for \$4



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## Excitement Drove Instant Impact



8foot sleeves  
@minzoodles



Follow

suddenly life is worth living i'm out of bed i'm leaving my house today is a new day



Wendy's @Wendys

Frosty is 50¢! Tweet a pic of one w/ #50centFrostyMLB for a free @MLBTV subscription. [mlb.com/50centfrosty](http://mlb.com/50centfrosty)

THE WENDY'S COMPANY | 103

## Daypart Value Creates New Occasions



THE WENDY'S COMPANY | 104

## Premium Value Has High Appeal



## Relentlessly Modern Communications

AP

U.S. News

### Wendy's wins Twitter beef, gets toasted by internet

2017 is off to quite a start.



ADWEEK



**BuzzFeed**

TRENDING  
1,919,515 VIEWS

### Wendy's And Burger King Got Into A Fight On Twitter

The world is changed.



AdAge

See Wendy's First Super Bowl Ad, Taking Freshness Pitch to a New Level

BUSINESS  
INSIDER

The idea for Wendy's Super Bowl ad stemmed from a spat the brand had with someone on Twitter



Wendy's Chilling Debut Super Bowl Ad

Forbes

**ADWEEK** Who's the Jolly Green New Guy  
The new version of the mascot is incredibly lifelike

**Putting a Troll on Ice**  
Wendy's delivers a stone cold slam to an angry tweeter

THE PRESS TELEVISION TECHNOLOGY ADVERTISING & BRANDING ADFREAK VIDEO SUBSCRIBE

**ADFREAK** THE BEST AND WORST OF ADVERTISING, BRAND

**Wendy's Put a Troll on Ice With 2017's Best Tweet So Far**  
Don't question the freshness  
By David Griner

January 3, 2017, 9:35 AM EST



THE WENDY'S COMPANY | 107



“ I couldn't remember the last time a brand was actually featured in our All Hands meeting. Cheers, Wendy's.  
- Adam Bain, COO, Twitter



“ Today we are are making this new immersive ad format available...we have seen some pretty creative submissions, like Wendy's masterpiece the 'deconstructed cheeseburger.'  
- Chris Cox, Chief Product Officer, Facebook

“ Wendy's LIVE broadcast was a standout example of using the authentic and social nature of live content to engage with people and build their brand.  
- Chris Jones, Head of Creative Technology, Facebook



“ The results are fantastic and you guys have truly been a pioneer in measurement.  
- Snapchat, October 2016



THE WENDY'S COMPANY | 108

## Our Fuel for Continued Growth

Reinforce Undisputed Leadership in  
Hamburger Quality

Raise Consumer Expectations for How Good  
Chicken Can Be

Drive Unique Visits Through Proprietary Salads  
and Beverages

Continue Helping Customers With Multi-Faceted  
Approach to Price/Value

Communicate in a Relentlessly Modern Way



**Abigail Pringle**

Chief Development Officer



## North America Development: Expanding Brand Access & Increasing Brand Relevance

- 1** Accelerating Image Activation to Delight Even More Customers
- 2** Expanding Brand Access with North America New Restaurants
- 3** Strengthening Franchise System and Fueling Investment with System Optimization



## IMAGE ACTIVATION ACCELERATING

Delighting More Customers  
Through Reimaging

- 2016: 521 reimages
- Franchisees ahead of schedule
- 4+ year track record of delivering on goals
- 95% of sales lift is customer count growth
- Healthy 2017 pipeline of 650+ projects



## IMAGE ACTIVATION ACCELERATING

Growing a Healthier Brand  
with New Restaurants

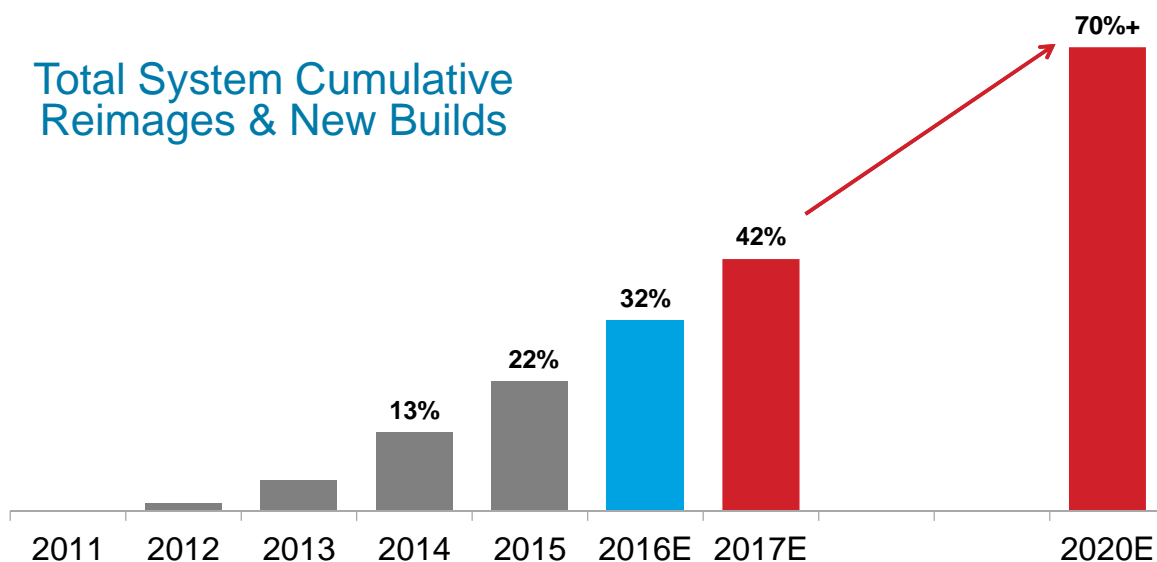
- 2016: 99 new restaurants
- 22 net new openings
- New restaurant sales ~\$1.8M
- Closed restaurant sales ~\$1.1M
- Healthy 2017 Pipeline of 170+ projects



THE WENDY'S COMPANY | 114

## N.A. Image Activation Momentum Continues

Total System Cumulative  
Reimages & New Builds



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### Elevating Customer Experience: Reimaging Existing Restaurants

#### Compelling Economics

- \$300K+ investment
- 7-10% sales lift
- 10-15% return on investment

#### Incentives & Flexibility Fuel Acceleration

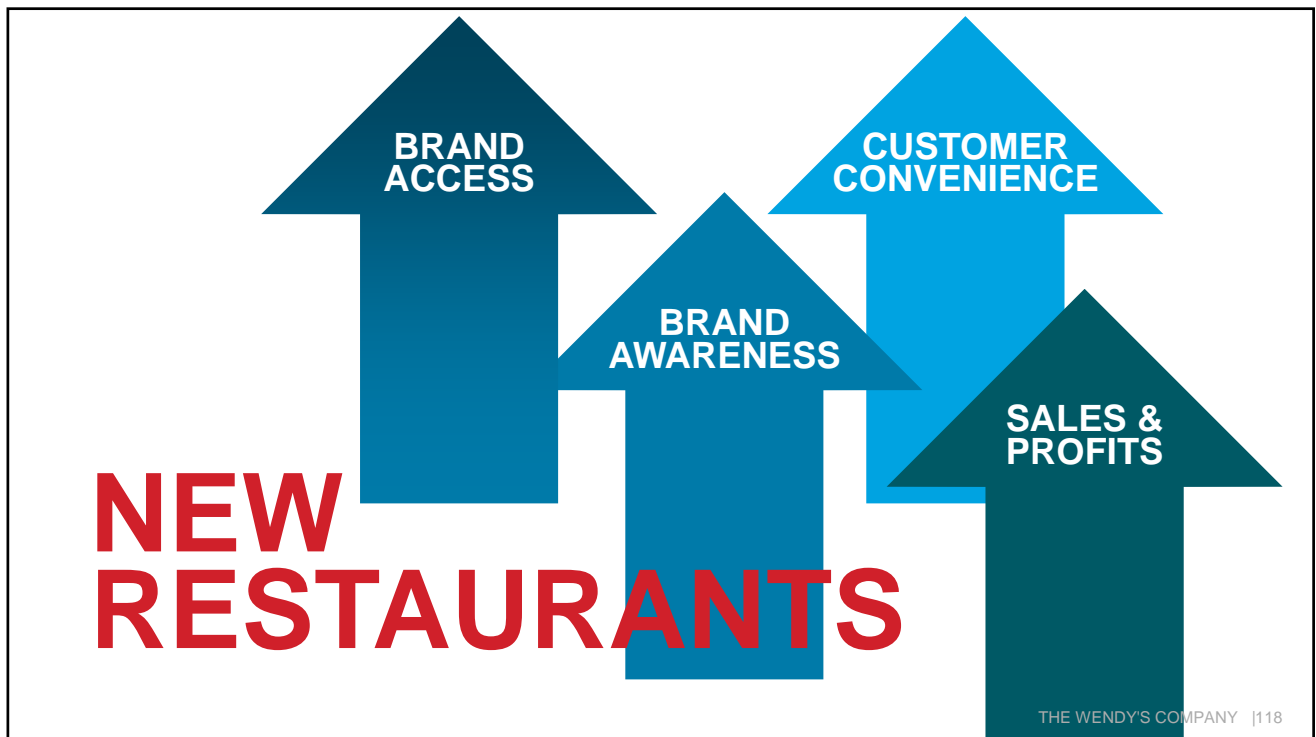
- 1% royalty abatement for 12 months
- Upgrades available to tailor to trade area

#### Customer Focused Experience

- Enhanced brand visibility & dining experience
- Focus on food, people and service







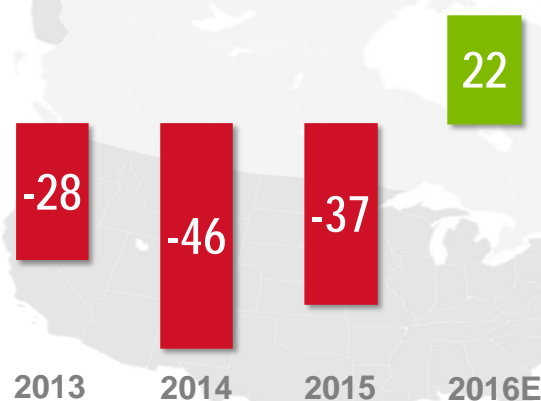
## 2016 STARTED NEW TREND: Expanding Footprint with +Net New Growth

40% increase in new restaurants v. 2015,  
99 openings in 2016

90% increase in franchise driven  
investments v. 2015

60% of new restaurants driven by organic  
growth, 40% by system optimization

25% fewer closures v. 2015



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## The Power of the Wendy's Brand

**QSR is the place to be** ...convenience, value  
and Wendy's Quality

Wendy's has a unique brand story...  
**communities want us** in their neighborhoods

Regained and growing **consumer  
momentum**...increasing **brand relevance**

Relentless **focus on economics** and highly  
engaged **franchise system wants to win**



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## Wendy's Has Plenty of Headroom to Grow

Major QSR U.S. Penetration Today

Current  
High Potential  
Markets



1:26K



1:49K



1:54K



1:56K



1:75K

U.S. Population: 319 M



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## Wendy's Knows Where and How to Grow

Mapped and Prioritized Markets

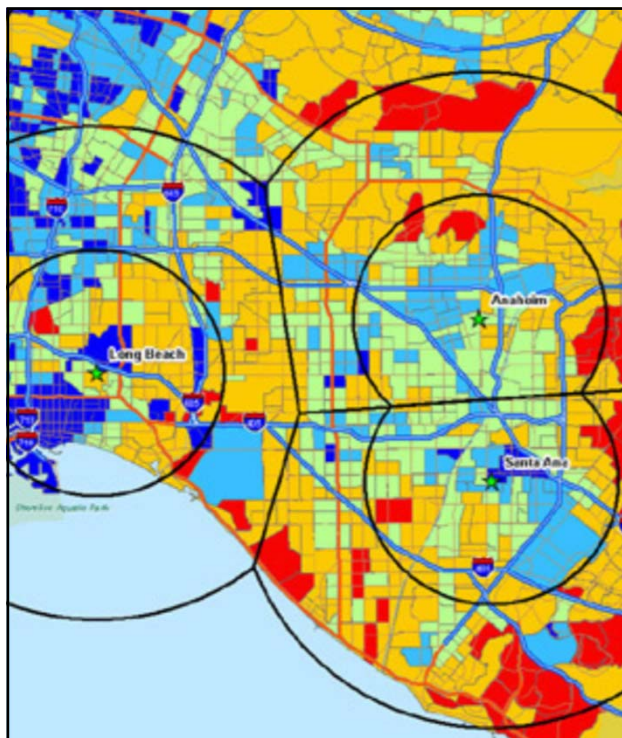
>50% Growth Opportunity in Top 20 Markets

Identified ~4,000 Untapped Trade Areas (All Markets)

Strategic Data Driven Analysis

Local Insights, Partnerships and Experience

Multiple Growth Platforms Creates Agility & Flexibility



## Market Mapping and Trade Area Discipline Drive Results

### Evaluate Crucial Trade Area Dynamics:

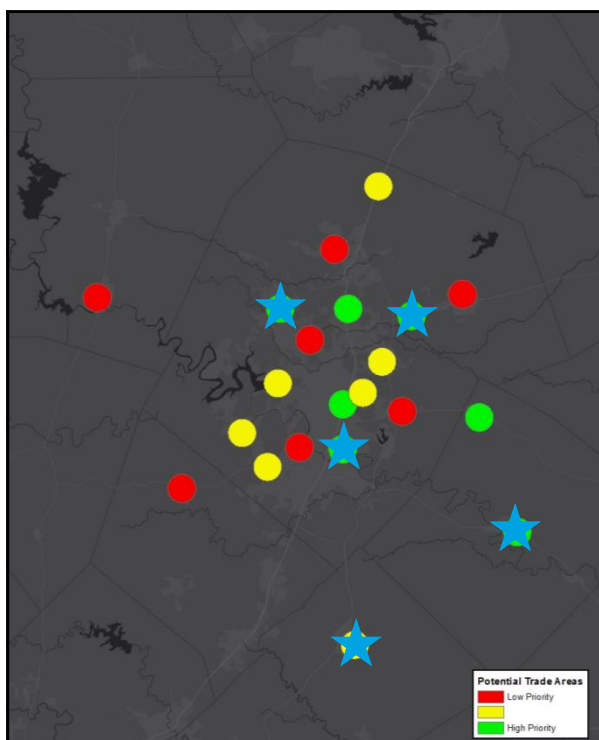
- Demographics
- Population growth
- Traffic generators and patterns
- Competitor performance
- Share of stomach
- Other development drivers

### Evaluate Site Specific Features:

- Economics
- Site Quality
- Visibility and Accessibility



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## Top 20 U.S. Market Discipline Drives Results

### High Potential Growth Market

- 1 Wendy's / 67,000 People
- Potential: 20 Untapped Trade Areas
- 2020 Target: 10 to 15 New Wendy's

### Delivering On Our Strategy

- 2 open to date ★
- 2-3 to open in 2017 ★
- More planned to open in 2018+ ● ●

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## Smart Designs

Reduced Investment by ~\$300K

### Improved Economics & Operations

- Reduced energy use by ~20%
- Technology integration (e.g., kiosk)
- Smaller footprint and site
- Optimized capacity and throughput
- Reduced build time, drive sales sooner

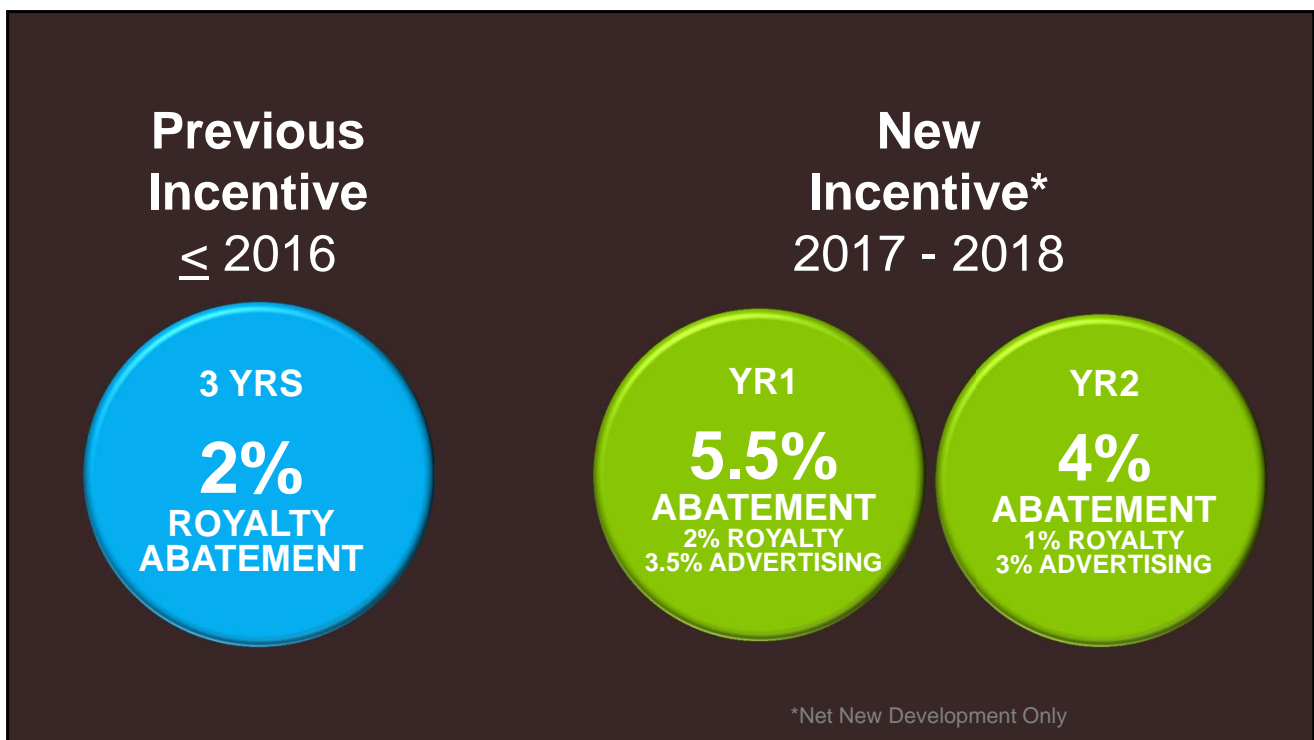
### Expanded Real Estate Opportunities

50%+ of 2017 Pipeline



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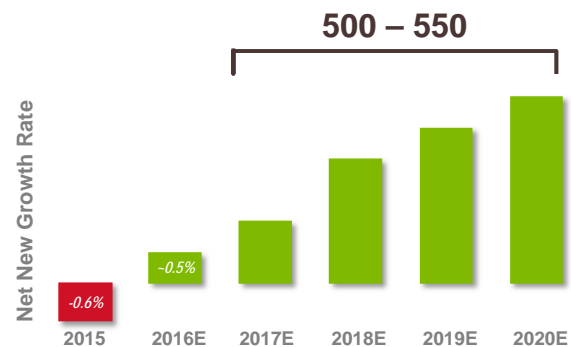






## WENDY'S IS GROWING

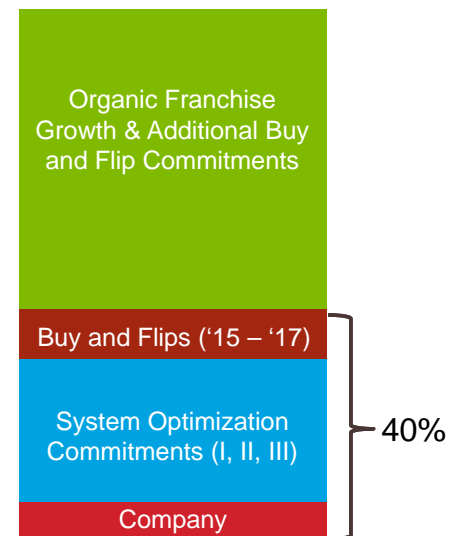
- 2017 Growth Rate ~1%
- Rate of 2–3% for 2018 to 2020



THE WENDY'S COMPANY | 129

## Wendy's Recipe to Win: New Restaurant Growth

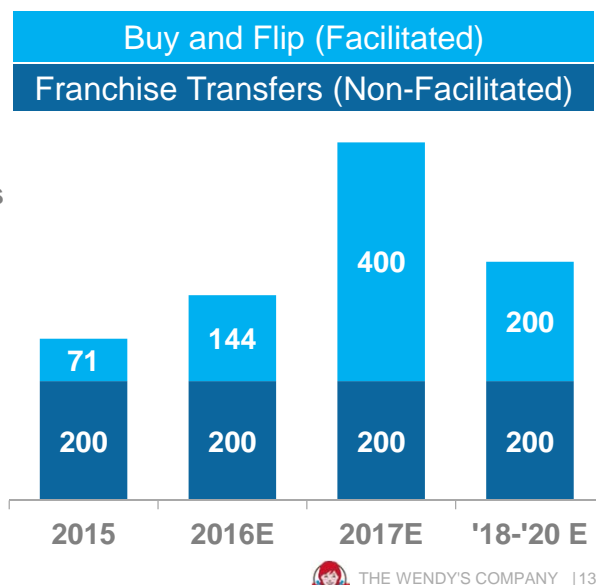
- **Compelling Economics** with target of  $\geq 1.3:1$  Sales to Investment Ratio
- **We Know Where to Grow:** Trade Area Mapping & Multi Urbanicity Strategy
- **Multiple Growth Platforms** and Innovative Designs Create **Agility and Flexibility**
- **Development Commitments:** Refranchising and Buy and Flip and **Highly Engaged Franchisees**
- **Real Estate Procurement** Program & Canadian **Build to Suit** power a healthy pipeline
- Redesigned New Restaurant **Incentives and Franchise Development** Support



THE WENDY'S COMPANY | 130

## Transforming Our Franchise System

- **Buy and Flip:** Company facilitated franchisee-to-franchisee transaction
  - We **match pre-approved buyer** with selling franchisee
  - Buyer receives new **20 year agreements**
  - **Grow & transform market**
  - Recruit new **high potential franchisees** and grow **existing franchise leaders**
  - **TAF Income** ~\$40K/Restaurant
- **Franchise Transfer:** Subject to Company approval and Company has ROFR
  - **Administrative fee**, existing agreements



## Our Franchise Family In Their Own Words (Video)

13 Franchise Organizations  
 Collectively own ~1,000 restaurants  
 Individually own from 4 to 200+ Wendy's  
 New Franchisees & Seasoned Operators  
 ~40% Image Activated





## Wendy's is Committed to Growth

- 1 **Accelerating Image Activation,**  
Achieve 42% in 2017, 70%+ by 2020
- 2 **Open 1000 New Restaurants,**  
Thinking Differently with Compelling Economics, New Platforms, Incentives
- 3 **Expand Brand Footprint & Access,**  
add 500 to 550 Net New, 2017 to 2020
- 4 **Transform Franchise System:**  
~400 Buy and Flips in 2017 & 200 Transfers



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## Bob Wright

EVP, Chief Operations Officer and International

© Quality Is Our Recipe, LLC



## Wendy's International: A Growth Engine

Foundation For Growth Is Strong

---

Significant Success In 2016

---

Strategic Balance Focused on Growth

---

Accelerating Growth Through 2020 & Beyond



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## 2016 Performance Recap

- **Systemwide Sales\*** ~\$420 million
- **AUV\*** ~\$1.1 million
- **Gross New Opens** 50
  - Net New Opens 36
  - Number of Countries with Opens 13
  - Market Closures 0
- **% Image Activated** ~40%

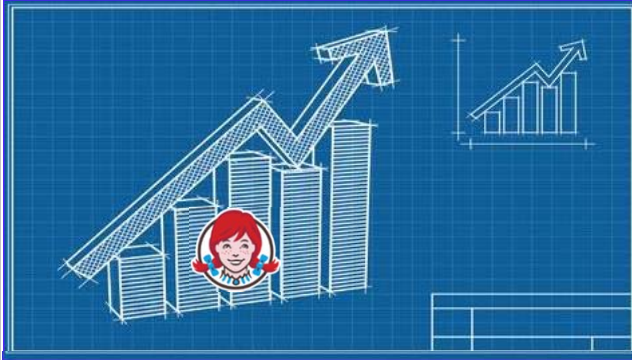
\*Excludes Venezuela



# Growth Focused Blueprint

## Existing Markets

*Execute Plan For Accelerated Growth*



## Market Development

*High Opportunity "Narrow and Deep"*



Customer Driven  
Brand Proposition

Superior Economic  
Model

Franchise Partnership

## ~75% Of New Restaurants Coming From 7 Existing Markets





# Narrow and Deep New Market Entry

DISCOVERY

CONCEPT

DESIGN &  
COMM.PLAN &  
BUILDOPEN &  
EVALUATE

18 - 24 MONTHS

- ✓ QSR Category
- ✓ Consumers
- ✓ Real Estate
- ✓ Economic inputs
- ✓ Suppliers/Service providers
- ✓ Regulatory

- ✓ Metrics & benchmarks
- ✓ Table stakes
- ✓ Cons. model hypotheses
- ✓ Economic model hypotheses
- ✓ Concept prototyping
- ✓ Brand assessment research

- ✓ Consumer model
  - *Place*
  - *Product*
  - *Price*
  - *Promotion*
  - *People*
  - *Performance*

- ✓ Site selection
- ✓ Site specific plan
- ✓ Permitting
- ✓ Bid
- ✓ Build

- ✓ Launch
- ✓ Measure
- ✓ Track
- ✓ Consumer insights
- ✓ Refine



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## Latin America & Caribbean (LAC) Region

BAHAMAS



PANAMA



BRAZIL



19 countries  
260 restaurants



■ ESTABLISHED  
■ UNDER DEVELOPMENT AGREEMENT

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## Argentina & Chile: Rapid Growth

- Increased footprint in 2016 from 5 to 13
  - 5 new opens in Chile
  - 3 new opens in Argentina
- Plan for 7 new restaurants in 2017
- Strong AUVs, +\$2M in Argentina



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## Brazil: Strong Opening

- JV Structure: Wendy's has 20% Share
- First 2 restaurants opened in July
- On track for +\$2.5M AUV
- 5 new restaurants planned in 2017




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**JAPAN**



**INDIA**

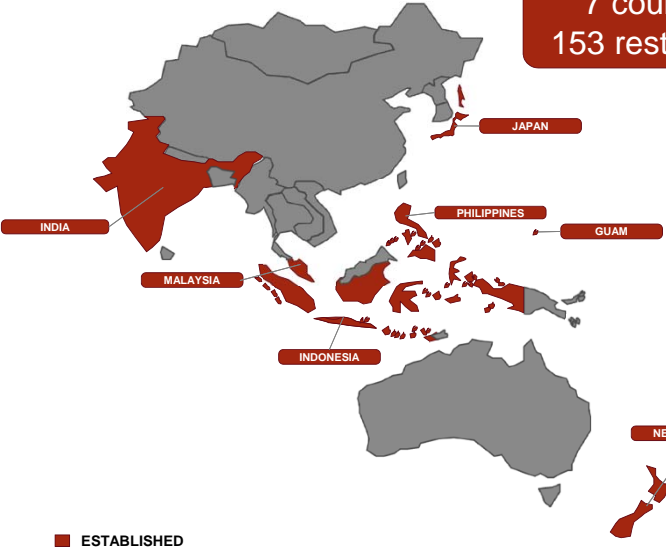


**INDONESIA**



## Asia Pacific (AP) Region

7 countries  
153 restaurants



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## Japan: Conversion

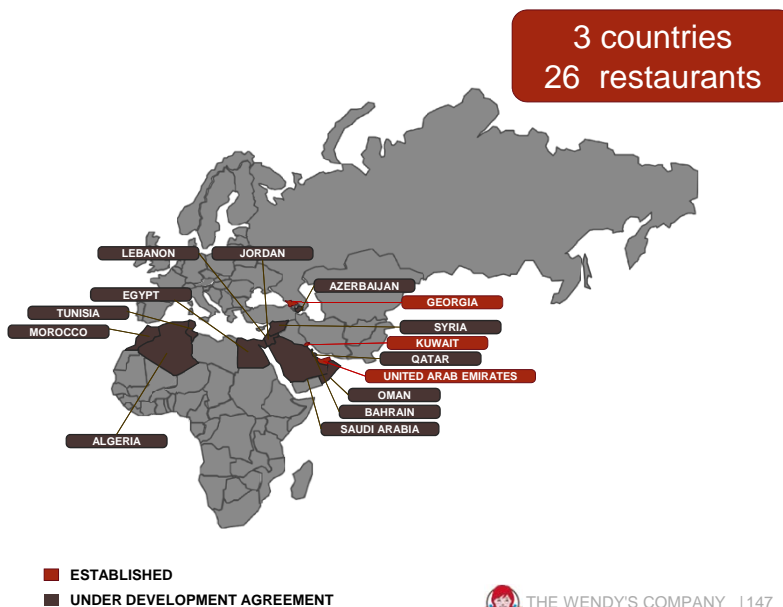
### *Hybrid Format*

- Wendy's Franchisee purchase of First Kitchen
  - Opened door to growth through conversions
- ~30% average sales lift on first conversions
- ~\$1.3M AUV on first conversions
- 15 planned conversions in 2017
- Sub-franchising growth opportunity




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## Europe, Middle East, Africa (EMEA) Region



## Middle East: New Expansion

- UAE: First flagship restaurant planned for 2017
- Kuwait: Opened first restaurant in Q4 2016
- Saudi Arabia: Rights granted, Q4 2017 Market Launch
- Qatar: New sub-franchise planned for 2017





## Balanced International Business Strategy



Customer Driven  
Brand Proposition

Superior Economic  
Model



Franchise  
Partnership



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Customer Driven  
Brand Proposition

# Customer Driven

# Systems Focused



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## QSR PLUS+ Vision

*Become the preferred QSR brand by creating a category disrupting experience that leverages Wendy's brand strengths of food quality and superior experience*



## QSR PLUS+

CASUAL BURGER



**MADERO**  
Burger & Grill

HAMBURGUERIA  
**NACIONAL**



**LANCHONETE DA CIDADE**  
SANDUICHES • CHOPP



**HAMBURGUINHO**

ChicoHamburger



**CASUAL DINING BURGER MINUS**

QSR PLUS+

QSR



**Bob's**

**GIRAFFAS**  
BRAZILIAN STEAKS & BURGERS



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## QSR Plus+ Experiences Deliver



**MENU**  
*Unexpected  
Food Offering*

**DESIRED  
RESPONSE**

*"This isn't your  
typical fast food.  
I never expected  
to get food like  
this at a QSR."*



**SERVICE**  
*Go Beyond!  
Hospitality*

**DESIRED  
RESPONSE**

*"I was made to  
feel special, like  
they really cared  
about me."*



**ENVIRONMENT**  
*Contemporary  
Comfort*

**DESIRED  
RESPONSE**

*"I felt welcome,  
relaxed and at  
home at Wendy's."*



**NAVIGATION**  
*Differentiated  
Customer Journey*

**DESIRED  
RESPONSE**

*"From the minute  
I entered the  
restaurant, I knew  
I wasn't in a  
typical QSR."*



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**Quality Burgers Since 1969**



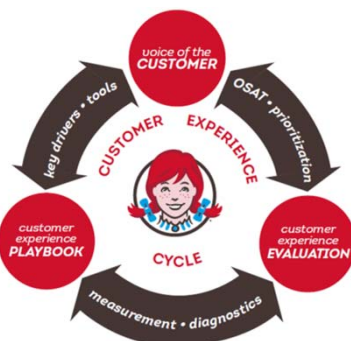
## Differentiated Customer Journey



155

155

## Operating Systems Breed Consistency



GO  
BEYOND!



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156

# Food Quality & Value Drive Marketing

# MKTS

PROGRAMS

Following the  
U.S. Calendar (LTO)

8



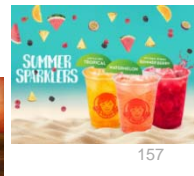
Regional Marketing  
Program

10+



Local Marketing  
Program

15+



157

Superior Economic  
Model



## Restaurant Unit Level Economics

## Franchisee Business Economics



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## Focus Is Always Unit Level Economics

Range of:

- AUV
- Food, Paper, Labor Costs
- Rent/Occupancy Costs
- Investments



## Multiple Asset Types To Drive Success



FREESTANDING



DRIVE THRU ONLY



FOOD COURT



INLINE



MALL INLINE



FUTURE





Franchise  
Partnership

## Engaged Ownership

## Growth Oriented



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## Foundation Of Great Partners



Franchise  
Partnership

- **Proven track record** of operating a multi-unit restaurant, retail, or other hospitality business in the market of interest
- Financial capacity to **achieve expansion plan**
- **Shared vision** for market development between franchise leadership, applicable investors, and Wendy's
- **Existing business infrastructure** that can be leveraged to support Wendy's
- Exceptional **access to key real estate**



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## Accelerating Development Plan

2020E

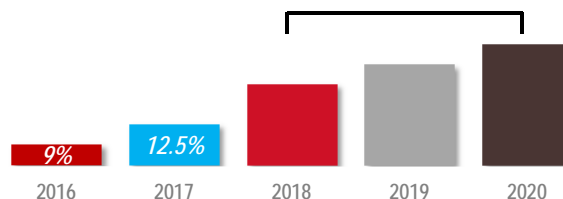


~850

### INTERNATIONAL IS GROWING :

- '16 Net New Growth Rate 9%
- '17 Net New Growth Rate 12.5%
- Net 400+ openings by 2020

~20% Growth Per Year



THE WENDY'S COMPANY | 163

## Wendy's International 2020 Goals

Restaurant Sales\*

~\$1 Billion

Restaurant Count

~850

Image Activation

70%+

EBITDA

~\$20 Million

\*Excludes Venezuela

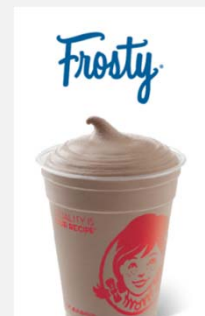


**Kurt Kane**

Chief Concept and Marketing Officer

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## Today's Deliciously Different Lunch





## LUNCH BREAK

**PRESENTATIONS WILL RESUME  
APPROXIMATELY 12:10 P.M. ET**



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**Bob Wright**

EVP, Chief Operations Officer and International





## Restaurant Margins as an Engine for Growth

- Multi-year history of margin expansion
- Recent favorability of commodities
- External pressures of cost and availability of labor
- Wendy's systems & initiatives in place to manage pressure



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**1**

Performance Over Time

**2**

Situation Assessment

**3**

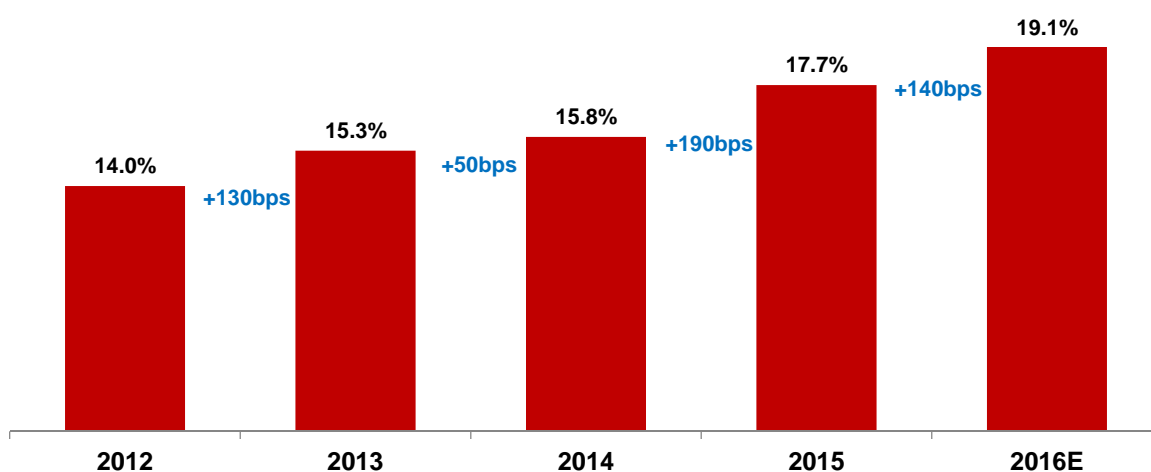
Margin Enhancement Strategies & Outlook

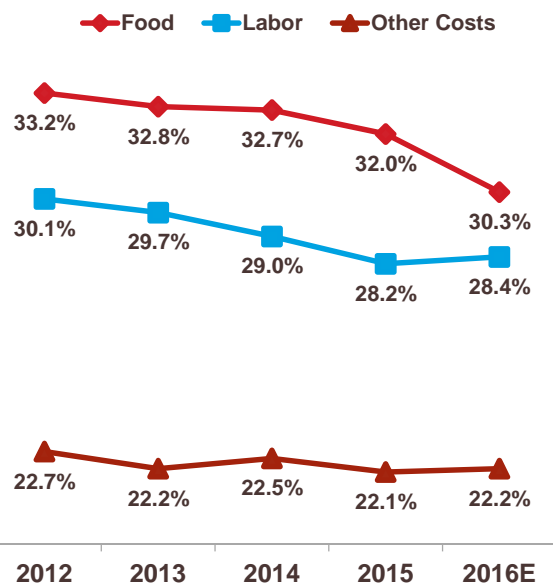


- 1** Performance Over Time
- 2** Situation Assessment
- 3** Margin Enhancement Strategies & Outlook



## Significant N.A. Company Restaurant Margin Growth





#### Food Cost % +290 bps favorable vs 2012

- Well-positioned to leverage favorable market conditions for key commodities
- Strong collaboration with purchasing Co-Op (QSCC)
- Investment in quality and value without over-burdening cost structure

#### Labor +170 bps favorable vs 2012

- 5% wage inflation, overall labor costs increased by 20 bps vs 2015 with evolving employment landscape translating to staffing challenges
- Sales growth and rollout of new optimized labor model helped mitigate labor pressure
- Extraction of 31 hours over last 2 years through task labor efficiency and right sizing service staff

#### Other operating cost +50 bps favorable vs 2012

- Improvement in spite of inflation



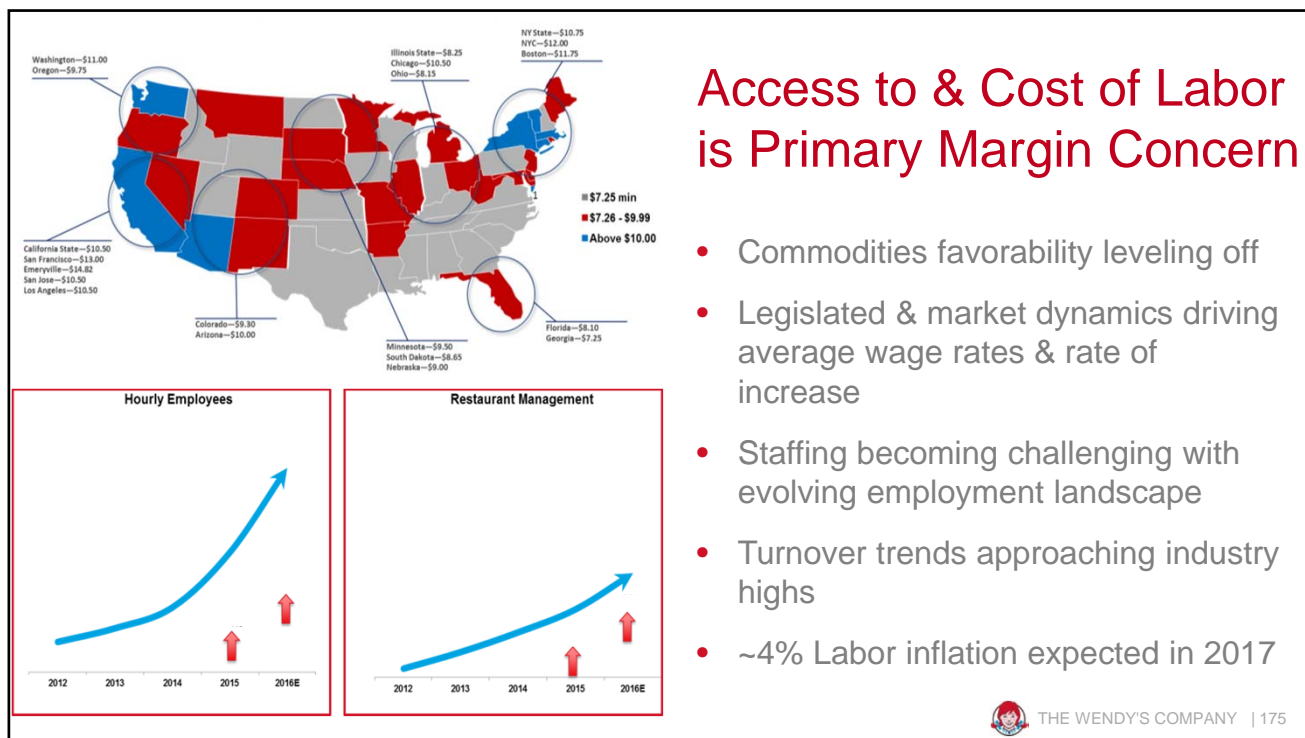
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**1** Performance Over Time

**2** Situation Assessment

**3** Margin Enhancement Strategies & Outlook





- 1** Performance Over Time
- 2** Situation Assessment
- 3** Margin Enhancement Strategies & Outlook







## Margin Enhancement Strategies

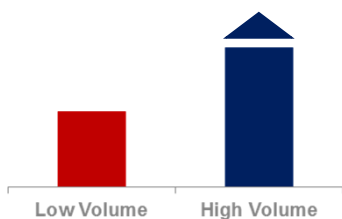
- 1 Investing in the *Customer* to drive traffic & increase loyalty
- 2 Mitigation of labor risk and elevation of *Employee* experience
- 3 *Design to Value* mitigates commodity risk
- 4 Leveraging *Technology* as enabler for efficiency and improved experience



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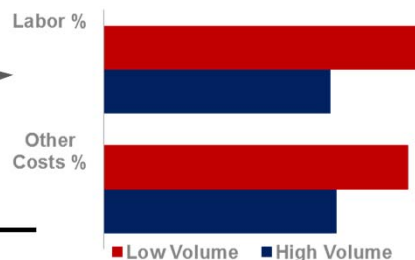
## The Power of Sales Leverage

### 1. Increased Traffic



### 2. Resulting in lower cost burden

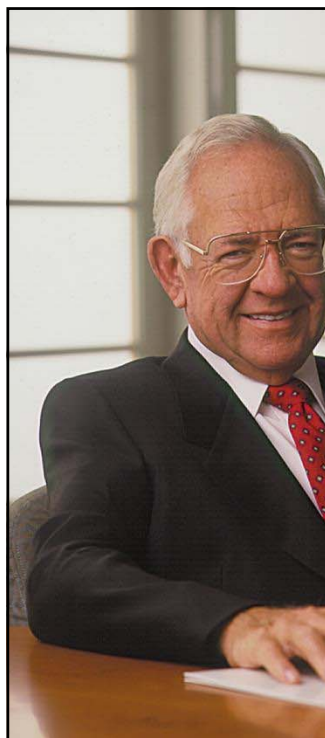
- Management and Fixed costs spread over larger sales base
- Crew becomes more efficient, product flow more consistent



### 3. Improved Restaurant Profitability



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“The best way to make money in this business is to make your labor costs and your rent a smaller percent of your sales. That means getting your sales up.”

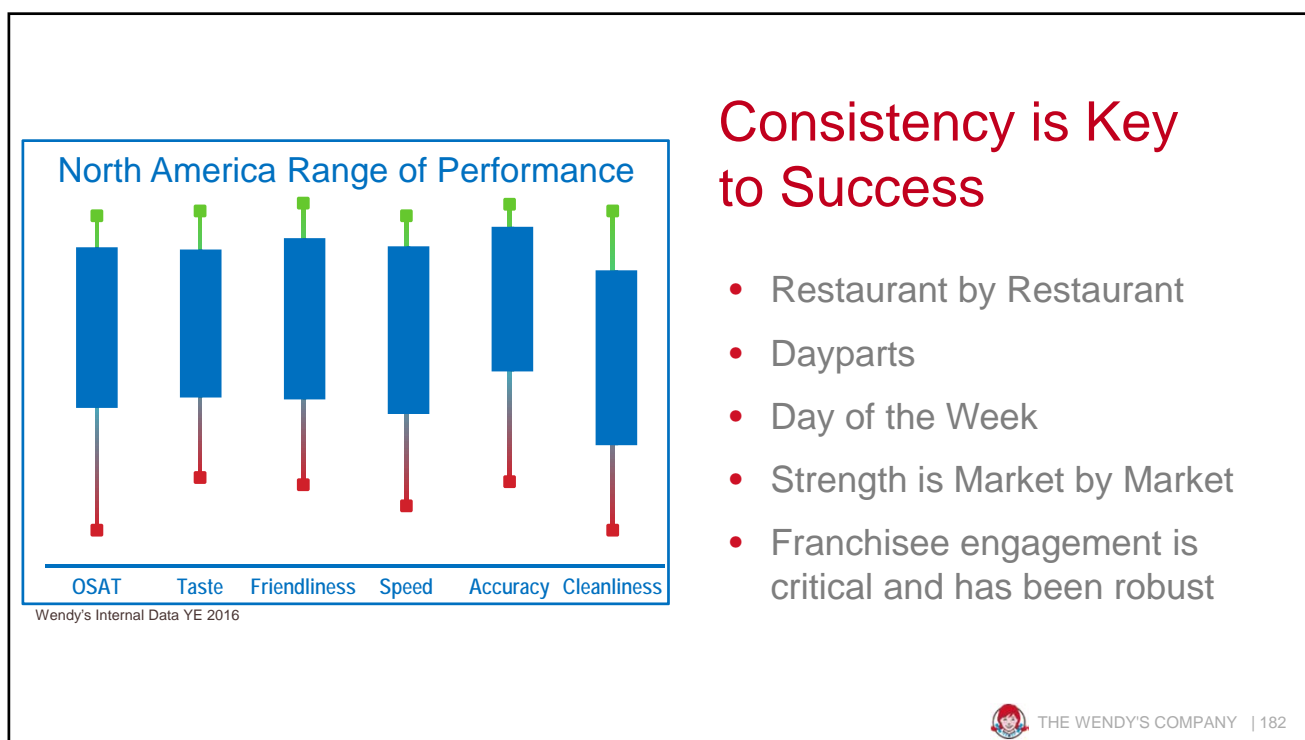
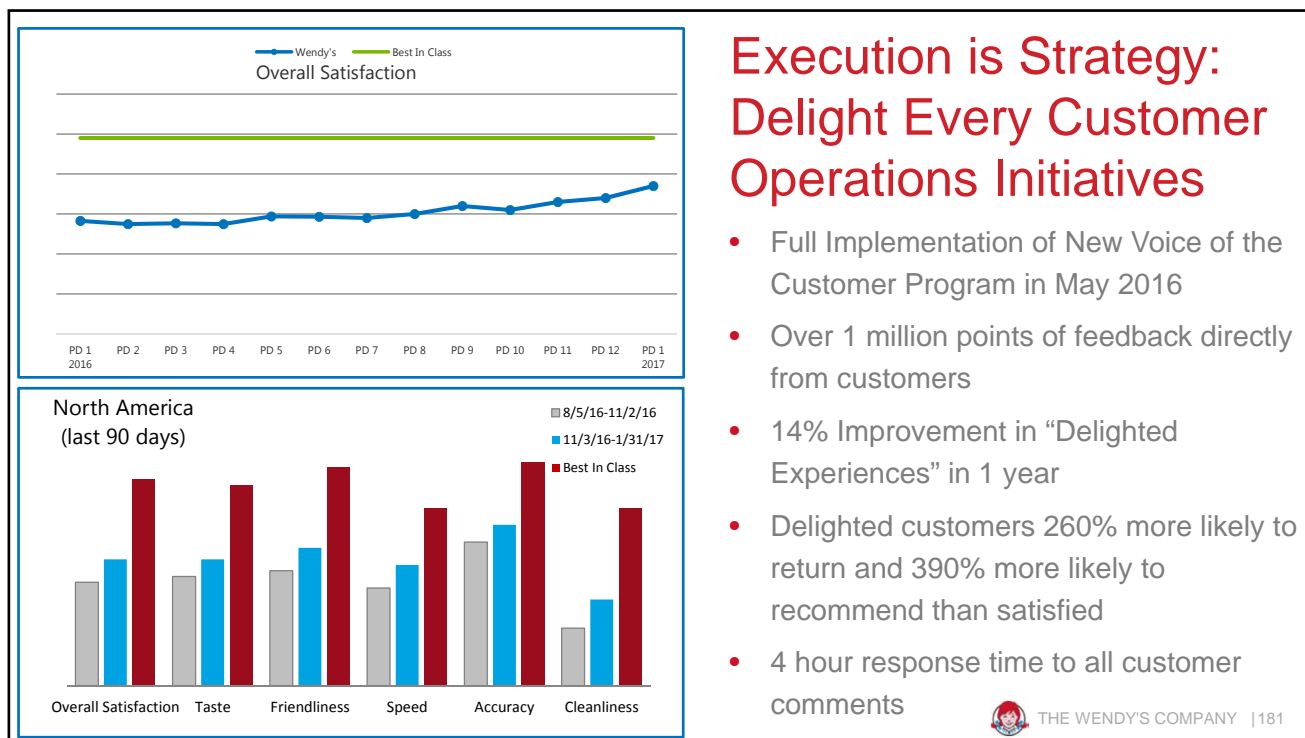


### Sales Growth: Invest in what Customers Demand to Drive Traffic & Increase Loyalty

- Compelling Quality and Value
- Differentiated Restaurant Facilities
- Improved Experiences that Drive Loyalty



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# Customer Experience Cycle Drives Improvement

## Voice of the Customer

- 100% restaurant participation
- Best in Class internal Customer Care Center

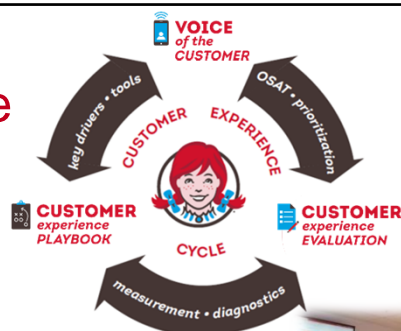
## Customer Experience Evaluation

- 5 Audits/Restaurant/Year
- Directly links to customer feedback

## Customer Experience Playbook

- 100% franchisees and restaurants trained
- Used as coaching at restaurant level

## Escalation process for failing restaurants



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## Mitigation of Labor Risk and Elevation of Employee Experience

- Continued focus on labor optimization and effective deployment to build sales
- Management staffing model to optimize leadership & efficiency



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## Labor Guide Optimization Key Offset to Inflation

- **31 Hours per week reduced over 2 years**
  - ~\$20,000 per restaurant/year
- **Future Focus**
  - CSO Kiosks
  - Automation
    - Management Administrative Tasks
    - Repetitive Production & Non-Production Tasks



## Management Staffing Model Optimizes Leadership & Efficiency

- Simplify operational focus, leading to better operations and enhanced customer experience
- Enhanced restaurant economic model
- Appealing career path to attract, retain and reward top talent



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## Mitigate Commodity Risk via DTV Approach

Design to Value (DTV) that builds value into things that customers value the most, while extracting costs from the things they value the least.

### Focus Items

1. Commoditized Ingredients
2. Paper and Packaging
3. Supplier Complexity
4. Inventory Management
5. Process Improvement

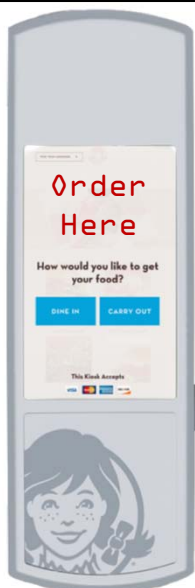
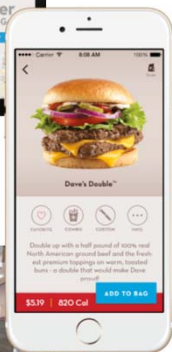
### Guiding principle

*Does an item or attribute meaningfully and positively impact...*

1. The consumer experience?
2. Operators or ability to deliver the consumer experience, food safety, or otherwise impact internal metrics?
3. Operator margins?
4. Fuel for growth in other areas?



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## Customer Facing Technology as Enabler for Improved Experience & Efficiency

- Technology enables energy efficiencies
- Technology enables automation opportunities for least desirable tasks
- Customer facing technology to improve experience & margins
- Meets needs of QSR consumer with speed, convenience and affordability

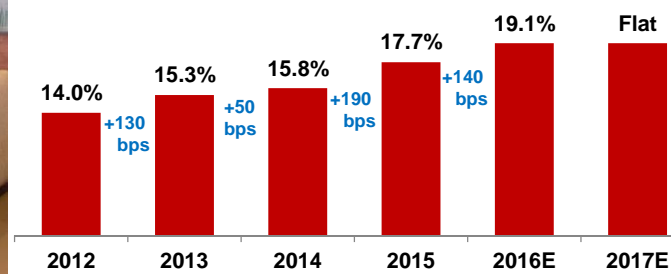


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## 2017 Co. Restaurant Margins Anticipated to be Flat

- 1** Commodities flat
- 2** Continued pressure in labor
- 3** Design to Value principles improve margins and enable reinvestment



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**David Trimm**

Chief Information Officer




## Our Digital Story

Why and What

Where We Are


Where We're Going

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Our overall goal for technology...

Allow customers to have a deliciously different experience

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## We Believe The Digital Experience Should...

- 1 Drive Brand Relevance
- 2 Build Customer Loyalty
- 3 Deliver Operational Efficiencies



## Where our digital story comes to life...

Founded in June 2015  
Next to OSU campus  
Products Are: Web; Apps; Kiosks

“A Tech Source of Competitive Advantage”



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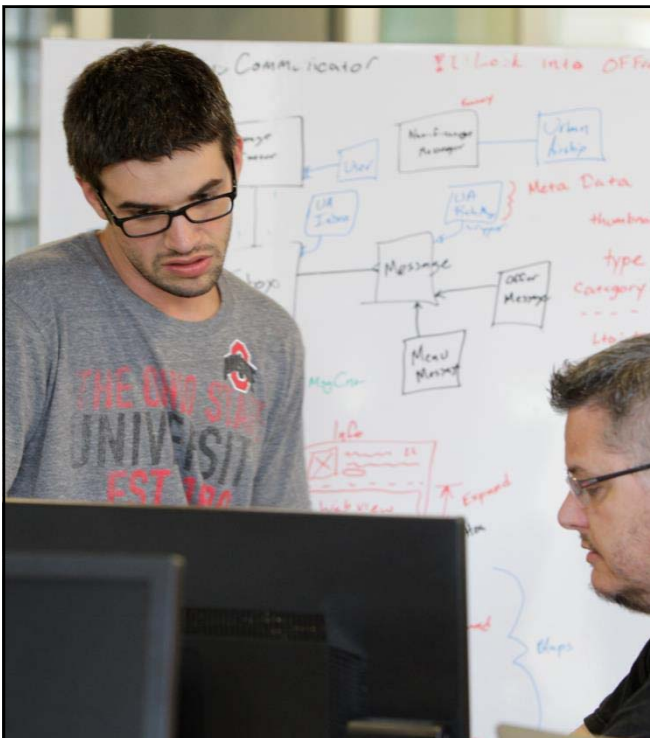


## Agile

Rapid Development  
Highly Customer Centric  
Change As We Learn



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## Collaborative

Room For Teams To Form  
Bring Customers In  
Re-Configurable Workspace  
Wendy's Kitchen Setup  
Cross-Functional Work Expected!



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**Different**

It's Wendy's...  
...with a startup feel



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**Our Digital Story Is A Perfect Fit To Our Brand**



**Customization : Made Fresh**



## It's in our DNA...

Fresh, Customized, Made to Order

- 1** Order via any digital channel – take your time and explore
- 2** Order triggered when you arrive at the restaurant
- 3** Our food is always prepared fresh specifically for you – customization is “built in”



## 2016 Foundational Work

Single POS System

90° Labs and Unified Ordering

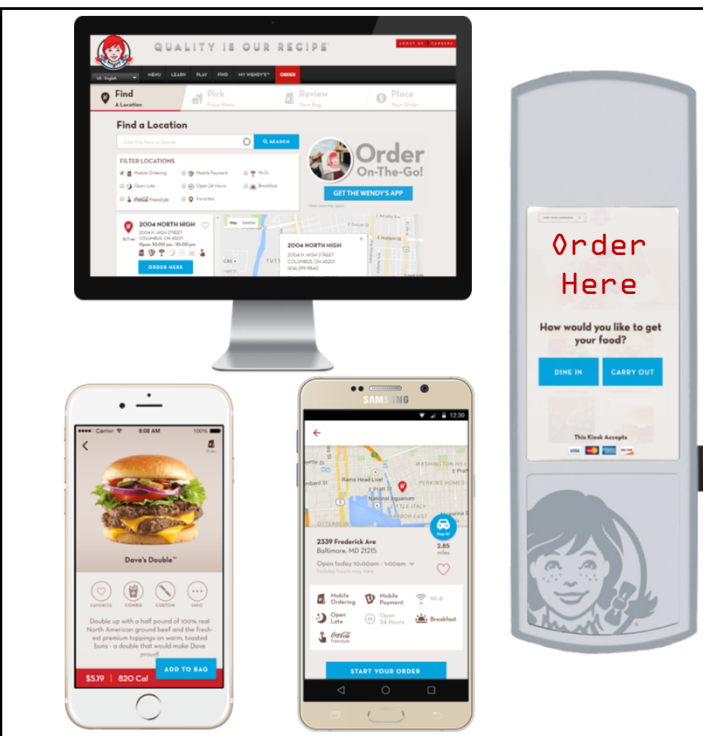
Operationalizing our solution...

Operating model, products and tech truly Delight Every Customer.



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## Unified Ordering

“The Beating Heart of Digital”

- Consistent experience across channels
- Efficient to maintain
- Agile for new developments
- Single application...
- ...but appropriate to each platform

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## Where We Are

“Capitalizing On The Investment”

- Kiosks Available to Franchisees
- ...and Ramping Up
- Kiosks now in Canada too
- 400+ locations on mobile ordering
- Payments solution in deployment
- Back stage: Analytics



“NEVER STOP LEARNING.  
TRY TO LEARN  
SOMETHING NEW, AND  
GET A LITTLE BETTER  
EVERY DAY.”

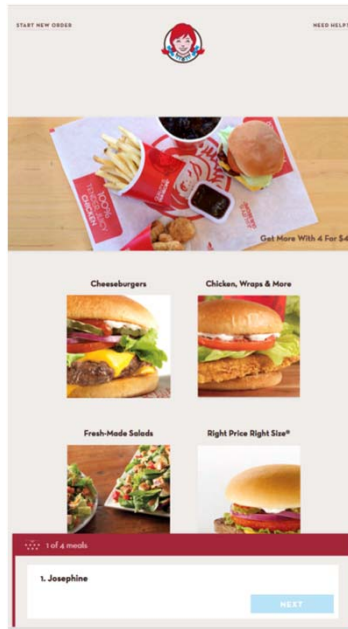


## Kiosks

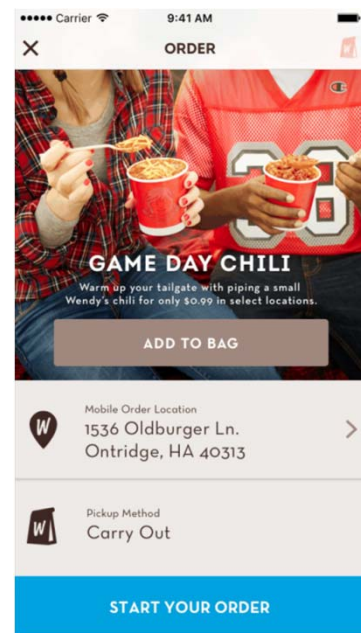
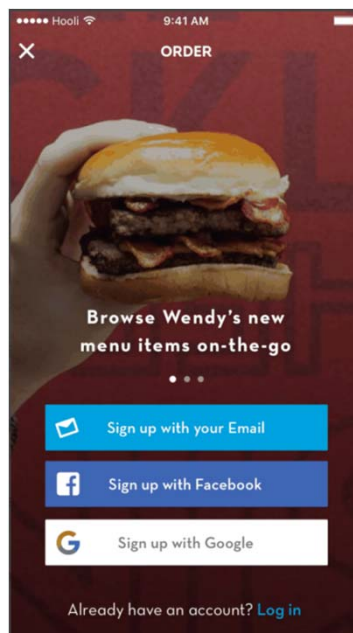
“Customers Love Them and So Do We”

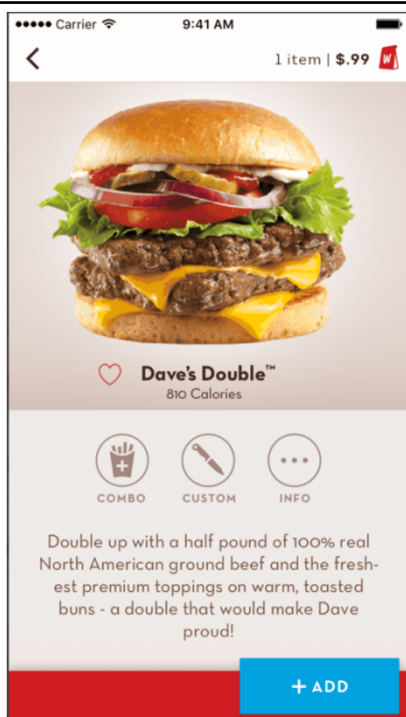
Preferred by Many Customers  
Unlocking Kitchen Capacity  
3 Kiosks Cost ~\$12k to \$15k  
Payback <2 Years  
Gateway to Mobile

## Kiosks Give Us The Opportunity To Innovate...



## Mobile: Bold, Clean Imagery; Optimized Journey





## Where We're Going in 2017

Kiosks: >1,000 Restaurants  
 Mobile Ordering: >Half Restaurants  
 Focused Development Roadmap  
 Payments  
 Analytics

**"Bold Goals – Moving Fast"**



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## Making IT Happen in 2017

Clear Vision and Ability to Execute  
 (technically and operationally)

Foundation Laid ... Now to Capitalize  
 Digital Speed plus Food Quality & Freshness...  
 ...Only Wendy's Can Deliver Both

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## Todd Penegor

President & Chief Executive Officer

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## Gunther Plosch: Finance

- 2016 Results: N.A. System SRS solid despite tough compares and macro headwinds, Adj. EBITDA held steady in final year of SO, Free Cash Flow turned positive
- 2017 Outlook: First full year at 5% company ownership, anticipate Adj. EBITDA, Adj. EPS, and Free Cash Flow acceleration with N.A. System SRS of 2-3%
- Path to 38-40% Adj. EBITDA Margin in 2020 is driven by growth and productivity gains; Accelerated G&A savings will be key
- Free Cash Flow continues to accelerate through 2020, culminating at ~\$275 million
- Returning cash to shareholders continues to be a priority: additional 8% dividend increase and new \$150 million share repurchase authorization approved by Board of Directors



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## Kurt Kane: Marketing

- We have regained consumer momentum; 13 key brand health metrics showed improvement in 2016 vs. 0 in 2014
- Our job is to convert “Spectators” to “Fans”; communicating how we are “Deliciously Different” from other QSR players is how we will do this
- We are playing offense on our fresh beef message and it’s working well
- Chicken and Salads will grow through focus on taste and trial efforts
- Our approach to value is multi-faceted and a new source of strength; 4 for \$4, \$0.50 Frosty, \$5 Grilled Chicken; testing afternoon daypart value



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## Abigail Pringle: Development

- Accelerating Image Activation and new builds to delight even more customers sooner, 70%+ by 2020
  - Compelling economics
  - Joint capital planning / partnership with our franchise community
  - Flexible design solutions
  - Meaningful incentives & support
- Committed to expand footprint by 500-550 net new restaurants in North America from 2017 to 2020
  - +1% net new in 2017
  - Accelerating to 2-3% between '18 and '20
- Strengthening franchise system and fueling growth with continued Buy and Flip transactions
  - ~400 B&F's in '17
  - ~200 B&F's annually between '18 and '20



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## Bob Wright: International

- Highest net openings in 20 years, no market exits and record unit count of 439 restaurants
- Relentless focus on superior customer experience, attractive economic model and development of robust Franchise Partnerships
- Narrow & Deep Strategy continues to be successful and will build foundation for future growth
- 2020 Goal to achieve International Systems Sales of \$1 billion and Restaurant Count of approximately 850



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## Bob Wright: Restaurant Margin

- Strong Restaurant margin growth during last 5 years (from 14% in '12 to 19% in '16)
- Labor Cost is a known headwind – systems in place to manage
  - Profitable Customer Count Growth and Sales Leverage
  - Continue to Leverage Technology
  - Further Labor Guide optimization
  - Elevating Employee Experience
- Focused Commodity Cost Management
  - Strong Partnership with our Purchasing Co-Op (QSCC)
  - Design to Value Initiatives



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## David Trimm: Technology

- Digital experience builds customer loyalty and delivers operational efficiency
- 100% aligned with our core strengths: fresh food, made-to-order, customization
- Foundation and execution capability in place -- now capitalizing on it
  - Moving to single POS System
  - 90 Degree Labs delivered Unified App
  - Solutions operationalized
- Where We're Going
  - More than 1,000 N.A. restaurants with Kiosks installed and more than half of N.A. restaurants with Mobile Ordering by the end of 2017
  - Innovative Technology Solutions complimenting our Restaurant Operating System
  - Payments solution gives access to payment innovation
  - Use data and analytics to connect better to our Customers



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## 2017 and Beyond It's All About Growth

### The Foundation has been Built

- Leverage "The Wendy's Way" to Delight Every Customer.
- Bring "Deliciously Different" to Life in all we do
- Drive Profitable Customer Count Growth
- Expand Brand Access Globally
- Relentlessly Focus on Restaurant Level Economics
- Utilize Technology to Enhance the Customer Experience
- Diligently Manage our G&A Cost Structure



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## Wendy's 2020 Goals

Global Restaurant Sales  
~\$12 billion

Global Restaurant Count  
~7,500

Global Image Activation  
70%+

Adj. EBITDA Margin  
38-40%

Free Cash Flow  
~\$275 million



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# Q&A

E-mail questions to: [peter.koumas@wendys.com](mailto:peter.koumas@wendys.com)

# Appendix

## Reconciliation of Non-GAAP Financial Measures

In addition to the GAAP financial measures included in this presentation, the Company has included certain non-GAAP financial measures (i.e., adjusted EBITDA, adjusted EBITDA margin, adjusted earnings per share, adjusted tax rate and free cash flow). These non-GAAP financial measures exclude certain expenses and benefits as detailed in the accompanying reconciliation tables.

This presentation also includes forward-looking guidance for certain non-GAAP financial measures including adjusted EBITDA, adjusted earnings per share and adjusted tax rate. The Company excludes certain expenses and benefits from adjusted EBITDA, adjusted earnings per share and adjusted tax rate, such as impairment of long-lived assets, reorganization and realignment costs and system optimization gains, net. Due to the uncertainty and variability of the nature and amount of those expenses and benefits, the Company is unable without unreasonable effort to provide projections of net income, earnings per share or reported tax rate or a reconciliation of projected adjusted EBITDA, adjusted earnings per share or adjusted tax rate to projected net income, earnings per share or reported tax rate.



In Thousands

# The Wendy's Company and Subsidiaries Consolidated Statements of Operations

	Three Months Ended		Twelve Months Ended	
	2016	2015 (a)	2016	2015 (a)
	(Unaudited)			
Revenues:				
Sales	\$ 173,547	\$ 337,170	\$ 920,758	\$ 1,438,802
Franchise royalty revenue and fees	95,659	100,771	371,545	344,523
Franchise rental income	40,695	26,424	143,115	85,972
	<u>309,901</u>	<u>464,365</u>	<u>1,435,418</u>	<u>1,870,297</u>
Costs and expenses:				
Cost of sales	140,865	272,316	744,701	1,184,073
Franchise rental expense	18,076	14,043	67,760	47,779
General and administrative	61,161	72,401	245,869	256,553
Depreciation and amortization	30,248	33,751	122,704	145,051
System optimization gains, net	(23,825)	(59,258)	(71,931)	(74,009)
Reorganization and realignment costs	2,217	5,264	10,083	21,910
Impairment of long-lived assets	3,250	11,533	16,241	25,001
Other operating income, net	(1,306)	(1,997)	(14,789)	(10,531)
	<u>230,686</u>	<u>348,053</u>	<u>1,120,638</u>	<u>1,595,827</u>
Operating profit	79,215	116,312	314,780	274,470
Interest expense	(29,319)	(28,185)	(114,802)	(86,067)
Loss on early extinguishment of debt	—	—	—	(7,295)
Investment income, net	375	52,035	723	52,214
Other income, net	301	260	989	806
Income from continuing operations before income taxes	50,572	140,422	201,690	234,128
Provision for income taxes	(21,681)	(51,741)	(72,066)	(94,149)
Income from continuing operations	28,891	88,681	129,624	139,979
Discontinued operations:				
Income from discontinued operations, net of income taxes	—	1,323	—	10,494
(Loss) gain on disposal of discontinued operations, net of income taxes	—	(4,148)	—	10,689
Net (loss) income from discontinued operations	—	(2,825)	—	21,183
Net income	<u>\$ 28,891</u>	<u>\$ 85,856</u>	<u>\$ 129,624</u>	<u>\$ 161,142</u>
Basic income (loss) per share:				
Continuing operations	\$ .11	\$ .32	\$ .49	\$ .43
Discontinued operations	—	(.01)	—	.07
Net income	\$ .11	\$ .31	\$ .49	\$ .50
Diluted income (loss) per share:				
Continuing operations	\$ .11	\$ .32	\$ .49	\$ .43
Discontinued operations	—	(.01)	—	.06
Net income	\$ .11	\$ .31	\$ .49	\$ .49
Number of shares used to calculate basic income (loss) per share	251,730	273,292	262,209	323,018
Number of shares used to calculate diluted income (loss) per share	257,026	278,024	266,712	328,725
(a) 2015 consolidated statements of operations reflect reclassifications to conform to the current year presentation.				
Balance Sheet Data:			January 1, 2017	January 3, 2016
Cash and cash equivalents			(Unaudited)	(Audited)
Total assets			\$ 198,240	\$ 327,216
Long-term debt, including current portion			3,939,314	4,108,720
Total stockholders' equity			2,512,282	2,426,113
			527,736	752,914

In Thousands (Unaudited)

# Reconciliation of Net Income to Adjusted EBITDA from Continuing Operations

	Three Months Ended		Twelve Months Ended	
	2016	2015	2016	2015
Net income	\$ 28,891	\$ 85,856	\$ 129,624	\$ 161,142
Net loss (income) from discontinued operations	—	2,825	—	(21,163)
Income from continuing operations	28,891	88,681	129,624	139,979
Provision for income taxes	21,681	51,741	72,066	94,149
Income from continuing operations before income taxes	50,572	140,422	201,690	234,128
Other income, net	(301)	(260)	(989)	(806)
Investment income, net	(375)	(52,035)	(723)	(52,214)
Loss on early extinguishment of debt	—	—	—	7,295
Interest expense	29,319	28,185	114,802	86,067
Operating profit	79,215	116,312	314,780	274,470
Plus (less):				
Depreciation and amortization	30,248	33,751	122,704	145,051
System optimization gains, net	(23,825)	(59,258)	(71,931)	(74,009)
Reorganization and realignment costs	2,217	5,264	10,083	21,910
Impairment of long-lived assets	3,250	11,533	16,241	25,001
Adjusted EBITDA from continuing operations	<u>\$ 91,105</u>	<u>\$ 107,602</u>	<u>\$ 391,877</u>	<u>\$ 392,423</u>
Adjusted EBITDA margin	29.4%	23.2%	27.3%	21.0%



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In Thousands except per-share amounts  
(Unaudited)

## Reconciliation of Income and Diluted Earnings Per Share from Continuing Operations to Adjusted Income and Adjusted Earnings Per Share from Continuing Operations

	Three Months Ended	
	2016	2015
Income from continuing operations	\$ 28,891	\$ 88,681
Plus (less):		
Depreciation of assets that will be replaced as part of the Image Activation initiative	(332)	2,029
System optimization gains, net	(23,825)	(59,258)
Reorganization and realignment costs	2,217	5,264
Impairment of long-lived assets	3,250	11,533
Other than temporary loss on investment	—	3,150
Dividend from Arby's	—	(54,911)
Total adjustments	(18,690)	(92,193)
Income tax impact on adjustments <sup>1</sup>	10,236	36,620
Total adjustments, net of income taxes	(8,454)	(55,573)
Adjusted income from continuing operations	\$ 20,437	\$ 33,108
Diluted earnings per share from continuing operations	\$ .11	\$ .32
Total adjustments per share, net of income taxes	(.03)	(.20)
Adjusted earnings per share from continuing operations	\$ .08	\$ .12
	Twelve Months Ended	
	2016	2015
Income from continuing operations	\$ 129,624	\$ 139,979
Plus (less):		
Depreciation of assets that will be replaced as part of the Image Activation initiative	2,598	8,607
System optimization gains, net	(71,931)	(74,009)
Reorganization and realignment costs	10,083	21,910
Impairment of long-lived assets	16,241	25,001
Loss on early extinguishment of debt	—	7,295
Other than temporary loss on investment	—	3,150
Dividend from Arby's	—	(54,911)
Total adjustments	(43,009)	(62,857)
Income tax impact on adjustments <sup>1</sup>	19,479	32,799
Total adjustments, net of income taxes	(23,530)	(30,158)
Adjusted income from continuing operations	\$ 106,094	\$ 109,821
Diluted earnings per share from continuing operations	\$ .49	\$ .43
Total adjustments per share, net of income taxes	(.09)	(.10)
Adjusted earnings per share from continuing operations	\$ .40	\$ .33

<sup>1</sup> The provision for income taxes on "System optimization gains, net" was \$12,218 and \$28,664 for the three months ended January 1, 2017 and January 3, 2016, respectively, and \$30,643 and \$41,822 for the twelve months ended January 1, 2017 and January 3, 2016, respectively. The provision for income taxes on "System optimization gains, net" includes the impact of non-deductible goodwill disposed of in connection with our system optimization initiative, changes to state deferred taxes, changes to valuation allowances on state net operating loss carryforwards and adjustments related to prior year tax matters. The provision for income taxes on the dividend from Arby's was calculated using an effective tax rate of 29.72%. The benefit from income taxes on all other adjustments was calculated using an effective tax rate of 38.6% for the year ended January 1, 2017 and 38.42% for the year ended January 3, 2016.



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