



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

**Third Quarter 2013  
Conference Call  
November 7, 2013**

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

**JOHN BARKER**

**Chief Communications  
Officer**



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2

# Today's Agenda

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**CEO Overview**

**Emil Brolick**

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**Financial Update**

**Todd Penegor**

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**Q&A**

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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 November 7, 2013 and in the "Special Note Regarding Forward-Looking Statements and Projections" and "Risk Factors" sections of our most recent Form 10-K / Form 10-Qs.

In addition, this presentation and certain information management may discuss in connection with this presentation reference non-GAAP financial measures, such as adjusted earnings before interest, taxes, depreciation and amortization, or adjusted EBITDA, and adjusted earnings per share. Adjusted EBITDA and adjusted earnings per share exclude certain expenses, net of certain benefits. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures are provided in the Appendix to this presentation, and are included in our news release issued on November 7, 2013 and posted on [www.aboutwendys.com](http://www.aboutwendys.com).

4



  
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# EMIL BROLICK

**President & CEO**



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**STRONG QUARTER OF SALES  
AND EARNINGS GROWTH**

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**BRAND TRANSFORMATION  
MOMENTUM CONTINUES**

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**IMAGE ACTIVATION  
PROGRESSING**

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**SYSTEM OPTIMIZATION  
PROCEEDING AS PLANNED**

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**CONFIDENT IN 4Q; RAISING  
2013 EARNINGS OUTLOOK**

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## Q3 2013 Highlights

	<b><u>2013</u></b>	vs.	<b><u>2012</u></b>	
<b>Adjusted EBITDA*</b>	\$98.7 mil		\$84.5 mil	<b>+17%</b>
<b>Adjusted EPS*</b>	\$0.08		\$0.02	<b>+\$0.06</b>
<b>N.A. Rest. Margin</b>	15.6%		13.9%	<b>+170bps</b>
<b>Co.-Op. SSS</b>	3.2%		2.7%	<b>5.9%</b> 2-year

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

7

## BRAND VISION

HIGH

PRICE

LOW



8

## THE RECIPE TO WIN

**PRODUCT** Play a different game

**PRICE** New QSR Quality at QSR Price

**PROMOTION** Strategically driven, tactically brilliant

**PEOPLE** 5-Star Performers

**PERFORMANCE** Keeping the brand promise

**PLACE** The complete brand experience

9

### Regaining Heritage of Product Innovation



**PRODUCT**

10

**PRODUCT**



**BACON** LIMITED TIME ONLY  
*Portabella*  
**MELT ON BRIOCHE**

Enjoy  
*Coca-Cola*

\*Coca-Cola® is a registered trademark of The Coca-Cola Company. © 2013 Oldemark LLC.

11

**PRICE**

### Executing the High-Low Strategy

**PREMIUM**



**PRICE / VALUE**



MONTEREY RANCH  
CRISPY CHICKEN  
99¢

**RIGHT PRICE  
RIGHT SIZE  
MENU**

12

**PROMOTION**

**PRETZEL & PUB CHICKEN BACON CHEESEBURGER**

YOUR COMMENTS MADE EPIC  
#PretzelLoveStories

**PRETZEL & PUB CHICKEN**

SOFT PRETZEL BUN • LIGHTLY BREADED CHICKEN  
NATURAL PEPPER CHEESE

**YOU SAY IT. WE SING IT.**  
#PretzelLoveSongs

**BACON CHEESEBURGER**

Matt Collett  
@mattcollett  
@Wendys is the best restaurant twitter account out there. I love you.  
#NewCustomer

Christen Sakamoto  
@sakamotochris  
I never thought I'd follow a fast food restaurant, but whoa @Wendys is pretty hilarious. Well done Wendy's, well done.  
#nowiwantaburger

13

**PEOPLE**

**Ultimate source of differentiation**

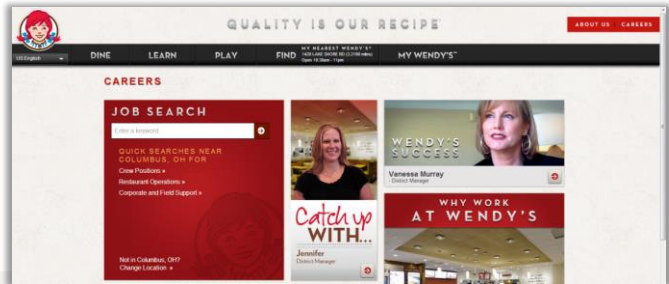
14

PEOPLE



LinkedIn

The Wendy's Company Catch up with some talented employees as they share their Wendy's story <http://lnkd.in/b4QKdM2>



wendys.com

Like (10) · Comment (2) · Pin to top · 18 days ago

Tammie Morgan, Donia Martinez +8

Kristin Kern Very nice. This is a good thing. Without good people, we have nothing. 18 days ago

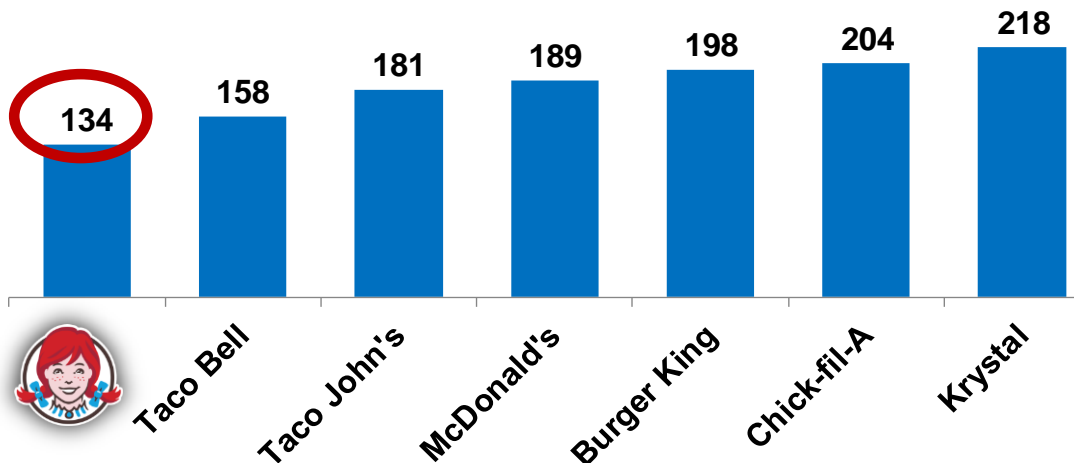
MacKenzie Coley When I started at Wendy's 2 years ago as crew. In 6 months I became a Shift Supervisor and then 6 months again I became a Restaurant Manager. I got a great career at Wendy's and I got a long time to make it grow. I like reading success stories and... more 18 days ago

Ultimate source of differentiation

PERFORMANCE

Fastest Drive-Thru in QSR

Average Drive-Thru Time in Seconds



Source: QSR Magazine's 2013 Drive-Thru Performance Study





# SYSTEM OPTIMIZATION

Selling 425 Restaurants to Franchisees

GROWTH

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OPERATIONAL EFFECTIVENESS

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EFFICIENCY

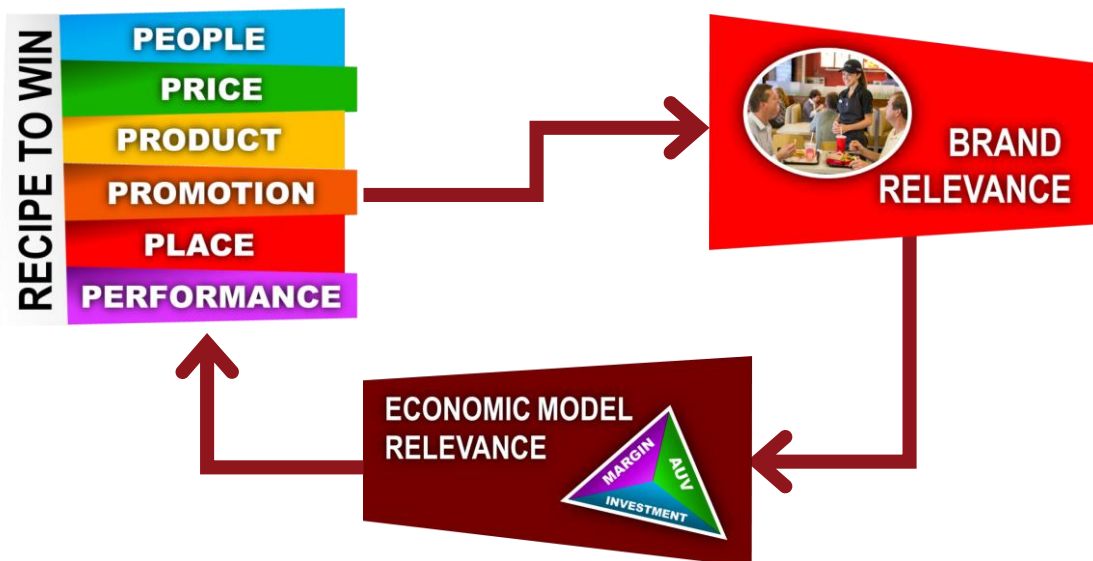
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SHAREHOLDER VALUE

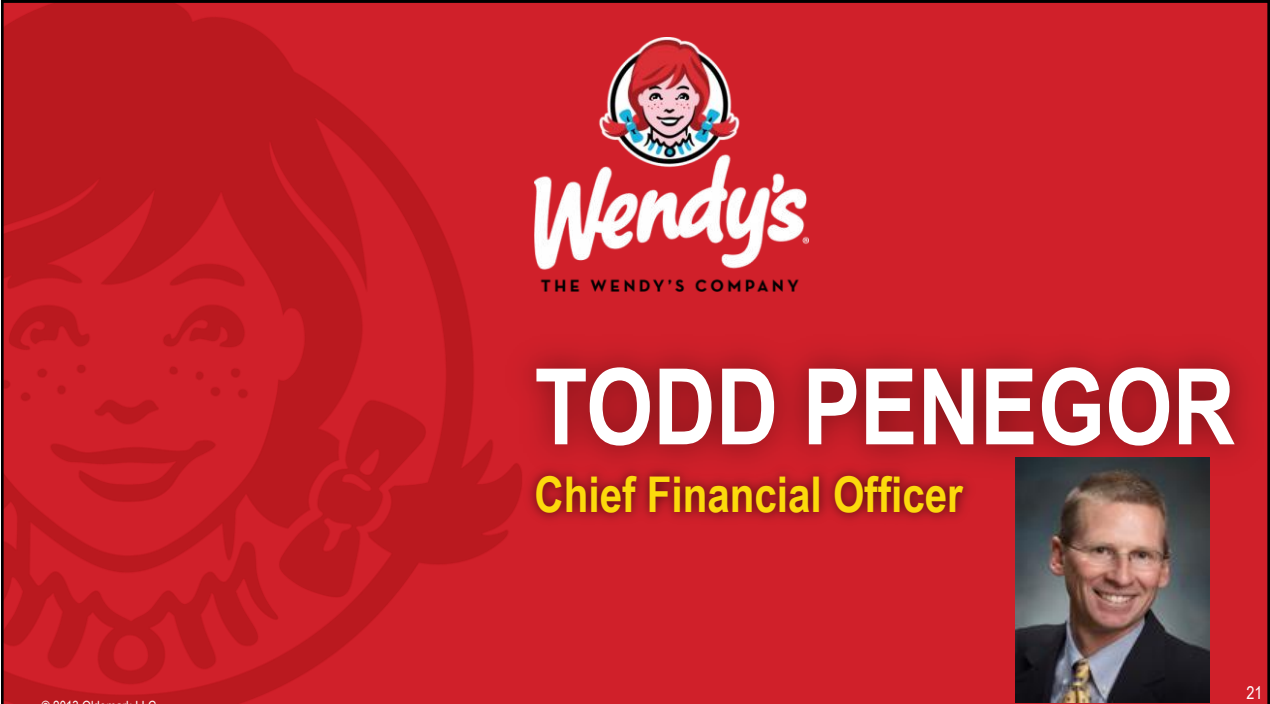
# SYSTEM OPTIMIZATION PROGRESS

- Completed sale of 118 restaurants through Nov. 7, 2013
- New and existing franchisees
  - Strong operators with proven success
  - Strong financially and well-capitalized
  - Growth mindset – commitment to Image Activation and new restaurant development
  - Demonstrated commitment to customer service

## Brand Relevance Drives Economic Model Relevance




20



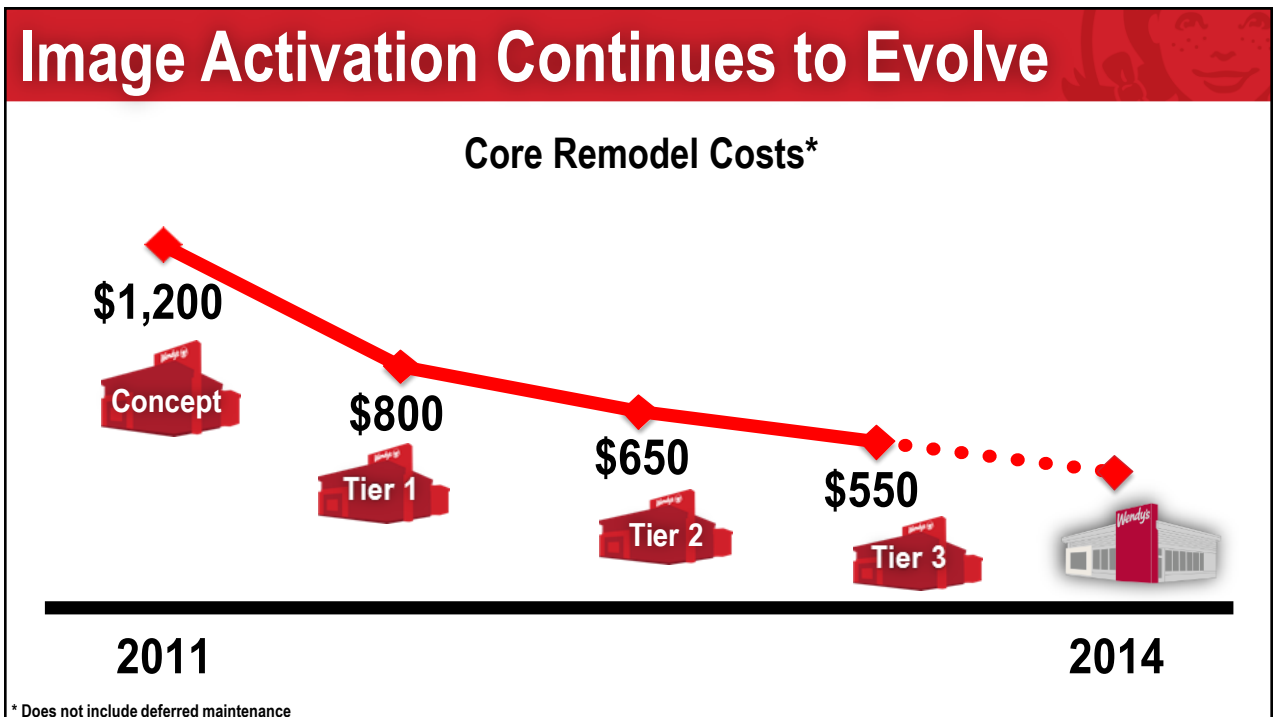
**Wendy's**  
THE WENDY'S COMPANY

# TODD PENEGOR

Chief Financial Officer

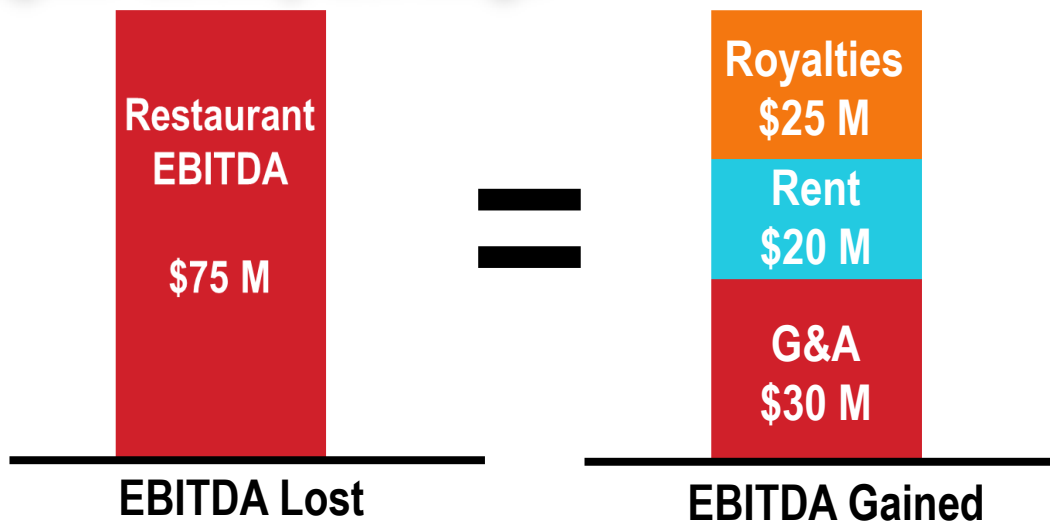


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**Expect System Optimization to Produce Higher Quality Earnings**



\* Estimates based on Company's current outlook.

## Q3 2013 Highlights



### Q3 2013 North America Same-Store Sales

	1-Year	2-Year
Company-Operated	3.2%	5.9%
Franchise	3.1%	6.0%

### N.A. Company Restaurant Margin +170 bps

Q3 2013	15.6%
Q3 2012	13.9%

25

## Q3 2013 Financial Summary

(\$ in millions)  
(Unaudited)

	Q3 2013	Q3 2012	% Change
Sales	\$ 558.0	\$ 558.3	-0.1%
Franchise revenues	82.8	78.0	6.2%
Total revenues	\$ 640.8	\$ 636.3	0.7%
Adjusted EBITDA*	\$ 98.7	\$ 84.5	16.8%

\*See reconciliation of Adjusted EBITDA in the appendix.

26

## Q3 2013 Financial Summary

(Unaudited)

	<u>Q3 2013</u>	<u>Q3 2012</u>	<u>\$ Change</u>
Adjusted EPS*	\$ 0.08	\$ 0.02	\$ 0.06
Reported EPS	\$ (0.00)	\$ (0.07)	\$ 0.07

\*See reconciliation of Adjusted EPS in the appendix.

27

## Solid Four Quarters Earnings

		<u>2012 Q4</u>	<u>Q1</u>	<u>2013 Q2</u>	<u>Q3</u>
<u>Adjusted EBITDA</u>	Actual	\$95.9	\$77.3	\$102.1	\$98.7*
	Prior Year	\$80.9	\$63.9	\$89.1	\$84.5
	<b>% Change</b>	<b>+19%</b>	<b>+21%</b>	<b>+15%</b>	<b>+17%</b>
<u>Adjusted EPS</u>	Actual	\$0.09	\$0.03	\$0.08	\$0.08*
	Prior Year	\$0.04	\$0.01	\$0.05	\$0.02
	<b>% Change</b>	<b>+125%</b>	<b>+200%</b>	<b>+60%</b>	<b>+300%</b>

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

28

## YTD 2013 Cash Flow Highlights

(\$ in millions)

	<u>YTD 2013</u>	<u>YTD 2012</u>
Cash flow from operations	\$ 252.7	\$ 124.6
Capital expenditures	130.8	126.3
Beginning cash balance	\$ 453.4	\$ 475.2
Change in cash	<u>60.1</u>	<u>(21.6)</u>
Ending cash balance	<u><u>\$ 513.4</u></u>	<u><u>\$ 453.6</u></u>

29

## Selected Balance Sheet Highlights

(\$ in millions)

	<u>Sept. 29, 2013</u>
Cash	\$ 513
Senior Debt	\$ 1,429
Capital Leases and Other Debt	43
Total Debt	<u><u>\$ 1,472</u></u>
TTM Adjusted EBITDA	\$ 374
Total Debt / TTM Adjusted EBITDA	3.9x
Net Debt / TTM Adjusted EBITDA	2.6x

30

## Raising 2013 Outlook

**Adjusted EBITDA:**  
Approximately \$365 million

**Adjusted EPS:**  
Approximately \$0.25

Estimates based on Company's current outlook.

31

## 2013 Outlook

- Adjusted EBITDA of approximately \$365 million
- Adjusted EPS of approximately \$0.25
- SSS of approximately 2.0 percent
- Restaurant margin of 15.0 percent
- 25 Company IA openings & 100 Company IA reimages
- Expect to make incremental fourth-quarter investments to drive growth
  - As a result, project fourth-quarter Adjusted EBITDA to decline approximately 10 percent.

Estimates based on Company's current outlook.

32





**HIGH-QUALITY Q3 DRIVEN BY  
SSS GROWTH**

**SOLID MOMENTUM; RAISING  
2013 EARNINGS OUTLOOK**

**SYSTEM OPTIMIZATION  
DRIVING IMPROVED EARNINGS  
QUALITY**

**CONFIDENT IN LONG-TERM  
OUTLOOK**

The slide features a red background with a large, faint red silhouette of Wendy's mascot character on the left. In the center, the Wendy's logo is displayed, consisting of a circular portrait of Wendy's face with red hair and blue bows, above the word "Wendy's" in a white, cursive font, and "THE WENDY'S COMPANY" in a smaller, white, sans-serif font below it.

**JOHN BARKER**

**Chief Communications  
Officer**





# MEG NOLLEN

Senior Vice President  
Strategy and Investor  
Relations



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35

## Investor Relations Calendar

### 2013 Events

Nov. 13: Image Activation tour in Dublin (host: Stephens)

### 2014 Events

Jan. 13: ICR Conference – Preliminary 2013 Earnings and  
2014 Guidance



# Q&A

37



# Appendix

38

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

(In Thousands) (Unaudited)	Three Months		Nine Months	
	2013	2012	2013	2012
	2013	2012	2013	2012
Adjusted EBITDA from continuing operations	\$ 98,737	\$ 84,491	\$ 278,122	\$ 237,445
Less:				
Depreciation and amortization	(44,325)	(41,878)	(134,841)	(110,136)
Impairment of long-lived assets	(5,327)	-	(5,327)	(7,781)
Facilities action charges, net	(22,275)	(11,430)	(31,690)	(27,561)
Costs associated with closed restaurants in other operating (income) expense, net	-	-	-	(1,477)
Operating profit	26,810	31,183	106,264	90,490
Interest expense	(15,620)	(21,566)	(55,548)	(77,803)
Loss on early extinguishment of debt	-	(49,881)	(21,019)	(75,076)
Investment income and other income (expense), net	2,273	900	50	30,471
Income (loss) from continuing operations before income taxes and noncontrolling interests	13,463	(39,364)	29,747	(31,918)
(Provision for) benefit from income taxes	(15,625)	12,672	(17,774)	14,467
(Loss) income from continuing operations	(2,162)	(26,692)	11,973	(17,451)
Discontinued operations:				
Income from discontinued operations, net of income taxes	-	784	-	784
Loss on disposal of discontinued operations, net of income taxes	-	(254)	-	(254)
Net income from discontinued operations	-	530	-	530
Net (loss) income	(2,162)	(26,162)	11,973	(16,921)
Net loss (income) attributable to noncontrolling interests	223	-	445	(2,384)
Net (loss) income attributable to The Wendy's Company	<u>\$ (1,939)</u>	<u>\$ (26,162)</u>	<u>\$ 12,418</u>	<u>\$ (19,305)</u>

39

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

(In Thousands Except Per Share Amounts) (Unaudited)	Three Months				Nine Months			
	2013		2012		2013		2012	
	Per share <sup>(a)</sup>	Per share <sup>(a)</sup>	Per share <sup>(a)</sup>	Per share <sup>(a)</sup>	Per share	Per share	Per share <sup>(a)</sup>	Per share <sup>(a)</sup>
Adjusted income and adjusted earnings per share from continuing operations	\$ 30,254	\$ 0.08	\$ 9,119	\$ 0.02	\$ 75,132	\$ 0.19	\$ 31,687	\$ 0.08
(Less) plus:								
Facilities action charges, net	(24,990)	(0.06)	(7,066)	(0.02)	(30,875)	(0.08)	(17,038)	(0.04)
Depreciation of assets that will be replaced as part of the Image Activation initiative	(3,591)	(0.01)	-	-	(15,312)	(0.04)	-	-
Loss on early extinguishment of debt	-	-	(30,926)	(0.08)	(13,137)	(0.03)	(46,547)	(0.12)
Impairment of long-lived assets	(3,332)	(0.01)	-	-	(3,332)	(0.01)	(4,801)	(0.02)
(Loss) gain on sale of investment, net	(503)	(0.00)	-	-	(503)	(0.00)	17,978	0.05
Benefits of prior years' tax matters	-	-	2,181	0.01	-	-	2,181	0.01
Costs associated with closed restaurants in other operating (income) expense, net	-	-	-	-	-	-	(911)	(0.00)
Total adjustments	(32,416)	(0.08)	(35,811)	(0.09)	(63,159)	(0.16)	(49,138)	(0.12)
(Loss) income from continuing operations	(2,162)	(0.00)	(26,692)	(0.07)	11,973	0.03	(17,451)	(0.04)
Net income from discontinued operations	-	-	530	0.00	-	-	530	0.00
Net (loss) income	(2,162)	(0.00)	(26,162)	(0.07)	11,973	0.03	(16,921)	(0.04)
Net loss (income) attributable to noncontrolling interests	223	0.00	-	-	445	0.00	(2,384)	(0.01)
Net (loss) income and earnings per share attributable to The Wendy's Company	<u>\$ (1,939)</u>	<u>\$ (0.00)</u>	<u>\$ (26,162)</u>	<u>\$ (0.07)</u>	<u>\$ 12,418</u>	<u>\$ 0.03</u>	<u>\$ (19,305)</u>	<u>\$ (0.05)</u>
Reported number of shares used to calculate diluted (loss) income per share		392,579		390,406		398,101		390,028
Plus: Dilutive effect of stock options and restricted shares		8,145		1,514		-		1,946
Adjusted number of shares used to calculate adjusted earnings per share		<u>400,724</u>		<u>391,920</u>		<u>398,101</u>		<u>391,974</u>

<sup>(a)</sup> Adjusted earnings per share amounts for the three months ended September 29, 2013 and the three and nine months ended September 30, 2012, include the dilutive effect of stock options and restricted shares, which were excluded from the reported number of shares used to calculate basic and diluted loss per share, as the impact would have been anti-dilutive. Included above is a reconciliation of the number of shares used to calculate adjusted earnings per share amounts.

40