



Fourth Quarter 2020 Conference Call

March 3, 2021



Greg Lemenchick

Senior Director – Investor Relations & Corporate FP&A

Forward-Looking Statements and Non-GAAP Financial Measures

This presentation, and certain information that management may discuss in connection with this presentation, contains certain statements that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). For all such 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 include, but are not limited to, those identified under the caption “Forward-Looking Statements” in our release issued on March 3, 2021 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 revenue, adjusted EBITDA, adjusted earnings per share, free cash flow and systemwide sales). 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.

Please note that 2020 includes the impact of a 53rd operating week. Please refer to the Appendix to this presentation for an overview and the impacts.





Agenda

Business Update

2020 Financial Results

2021 Outlook

IR Calendar

Q&A





Todd Penegor

President & Chief Executive Officer



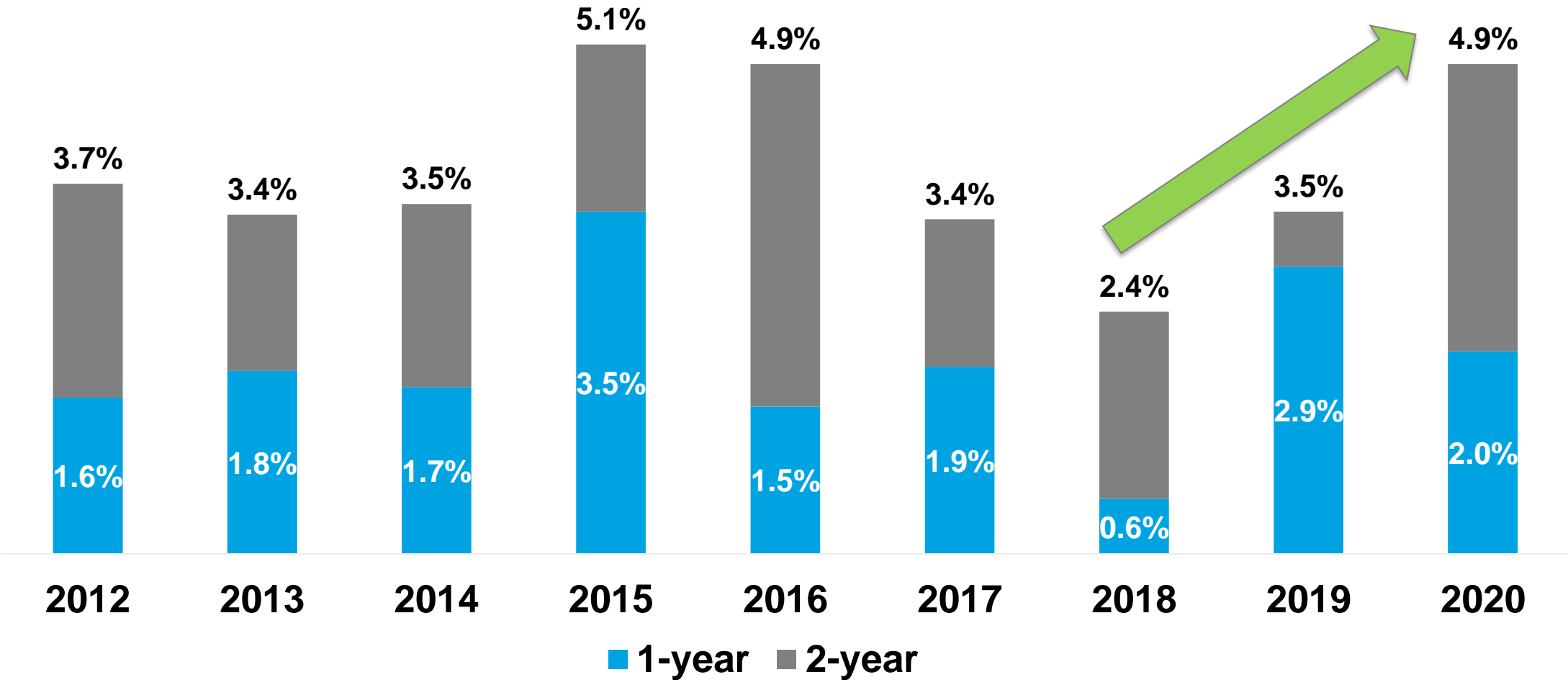
CEO Business Update

- 10 Consecutive Years of U.S. SRS Growth
- #2 QSR Hamburger Chain in U.S.*
- Highly Successful Breakfast Launch
- Digital Acceleration
- Restaurant Margin Acceleration
- Opened ~150 Restaurants in '20
- Committed to Long Term Growth Initiatives

* In the 12 months ended December 2020, Wendy's is #2 in traffic share among U.S. QSR burger chains, according to The NPD Group CREST® data.



10 Years of US Same-Restaurant Sales Growth



Q1 U.S. SRS Outlook: ~10%





Gunther Plosch

Chief Financial Officer

Fourth Quarter Financial Results

\$ Mils (except per share amounts)

	2020 ¹	2019	B/(W)
Global System SRS	4.7%	4.3%	2-Yr 9.0%
Adjusted Revenues ²	\$382.1	\$341.7	11.8%
Company Restaurant Margin	17.6%	14.3%	330 bps
G&A	\$59.3	\$54.0	(10.0)%
Adjusted EBITDA ²	\$114.5	\$83.4	37.3%
Adjusted EPS ²	\$0.17	\$0.08	112.5%

¹ Please note that the Company benefitted from a 53rd week in 2020. Please see the appendix for an overview and the impacts.

² See reconciliation of non-GAAP financial measures in the Appendix.



Full Year Financial Highlights¹

- Global System SRS: 1.2%
- Adjusted EBITDA: ~\$420M²
- Adjusted EPS: \$0.57²
- Free Cash Flow Excluding FI Case: ~\$182M^{2,3}
- Net Unit Growth
- Image Activation: 64% complete



¹ Please note that the Company benefitted from a 53rd week in 2020. Please see the appendix for an overview and the impacts.

² See reconciliation of non-GAAP financial measures in the Appendix

³ Excludes the \$18.3M tax effected payment related to the settlement of the Financial Institutions Case in Q1 2020.



Todd Penegor

President & Chief Executive Officer

Growth Pillars Built on Solid Foundation

Investing in Accelerated Global Growth

**Build Our
Breakfast
Daypart**

**Digital
Acceleration**

**Expand Our
Footprint**

**Fast Food
Done Right**

**Operational
Excellence**

**Good Done
Right**

Restaurant Economic Model



We GOT BREAK FAST



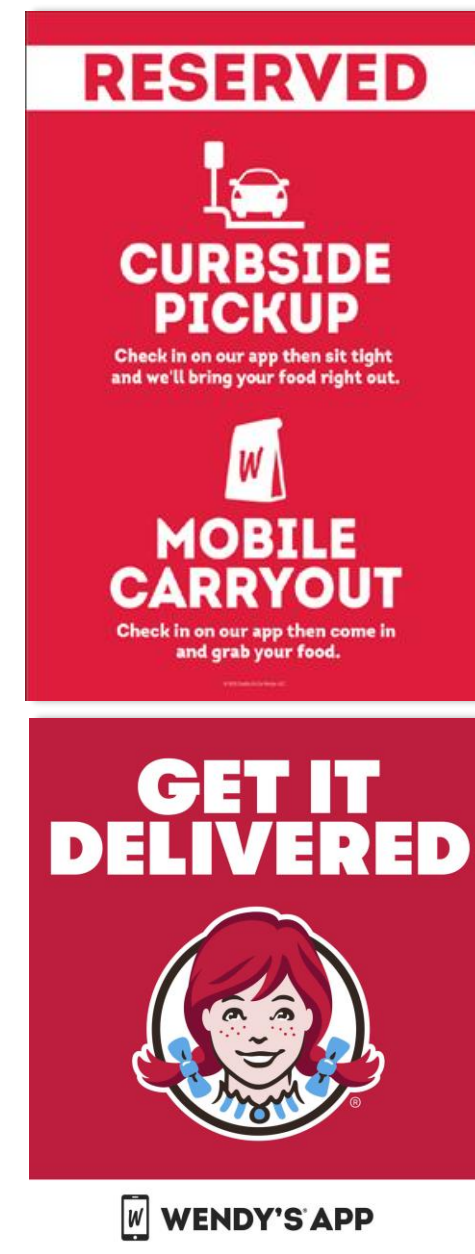
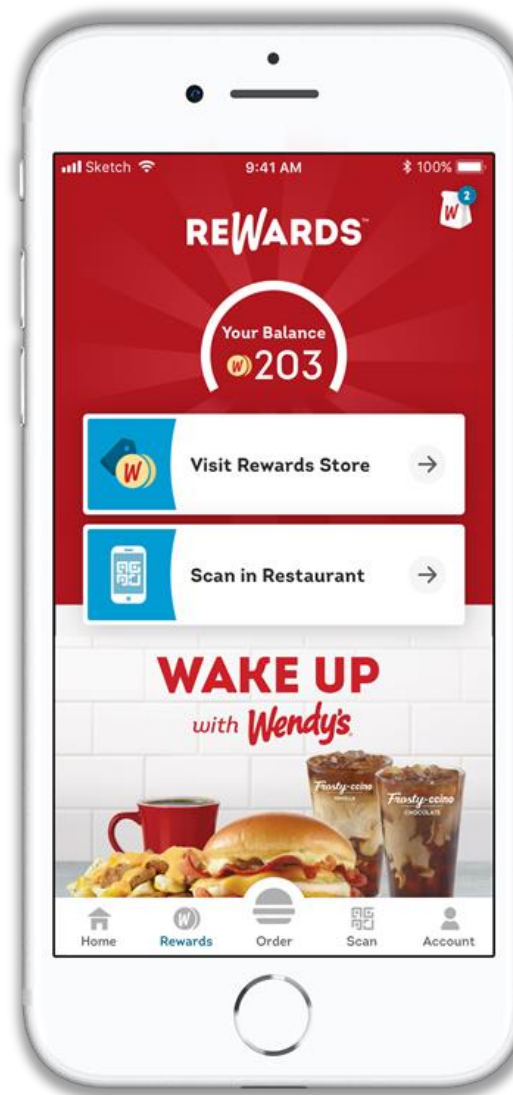
Expect Breakfast to Accelerate in '21 and Beyond

- Highly successful launch in 2020
 - Breakfast remains strong at ~7% of total sales
 - Breakfast remains highly profitable for the system
- Breakfast to meaningfully accelerate in 2021
 - ~30% growth in breakfast sales in '21
 - Increased marketing spend year-over-year
 - Expecting breakfast to be 10%+ of sales by the end of 2022



Digital Poised for Meaningful Acceleration

- More than doubled digital sales in 2020
- Successful Loyalty launch grew active app users to ~3M by year-end
- Expect digital to reach 10% sales mix by end of 2021
- Continue to build 1:1 relationships with our customers



Expanding our Global Footprint is a Top Priority



- 2020 exceeded expectations with positive net unit growth
- Development team driving growth across the Globe
- Wendy's remains a leader in innovative restaurant designs
- Strong pipeline to drive 2%+ net unit global growth in '21 and 3%+ in '22
- Expecting ~8,000 Global restaurants by end of 2025



International Returning to Double Digit Unit Growth in 2021



- Strong sales recovery throughout 2020
- ~10% Digital sales in 2020
- 10%+ net new unit growth expected in 2021
- UK launch remains on track for 2021





◆ WE WILL BECOME ◆
THE WORLD'S
MOST
thriving
beloved
RESTAURANT
◆ **BRAND** ◆



Gunther Plosch

Chief Financial Officer

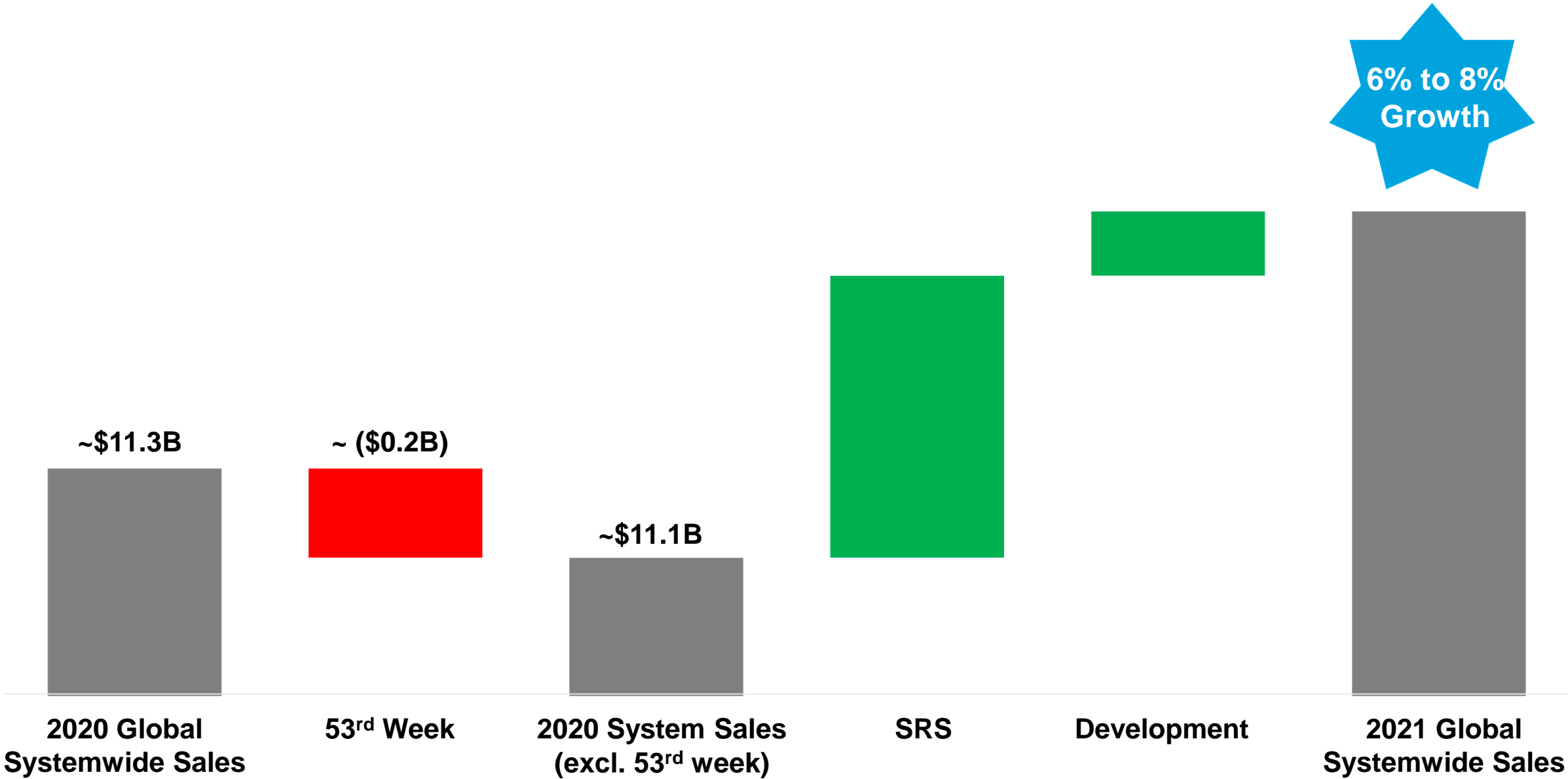
2021 Outlook

Metric	Outlook
Global Systemwide Sales Growth	6% to 8%*
Adjusted EBITDA	~\$445M to \$455M
Adjusted EPS	~\$0.67 to \$0.69
Capital Expenditures	~\$80M to \$90M
Free Cash Flow	~\$230M to \$240M

* Please note that this excludes the impact from a 53rd week in 2020.

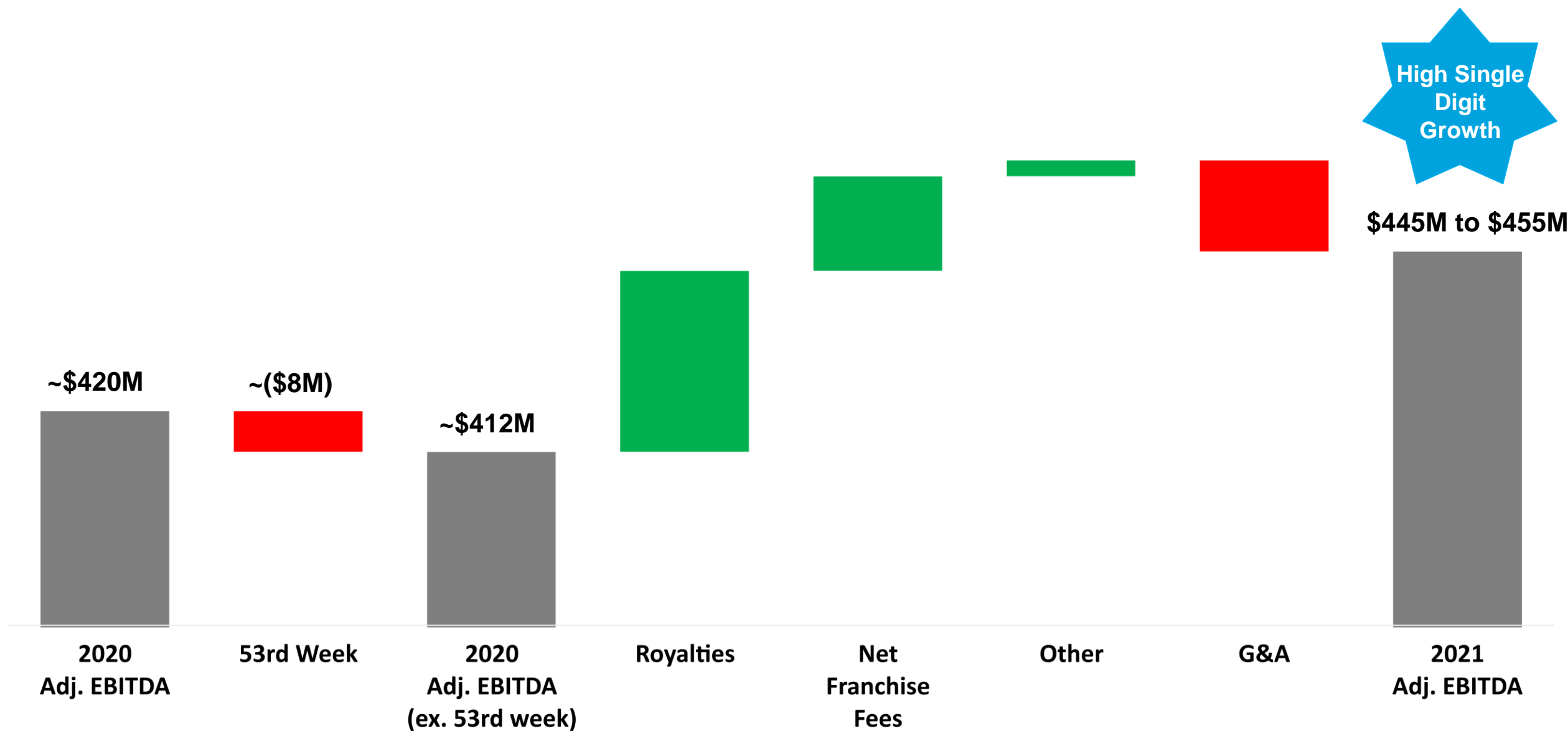


2021 Outlook: Systemwide Sales Growth



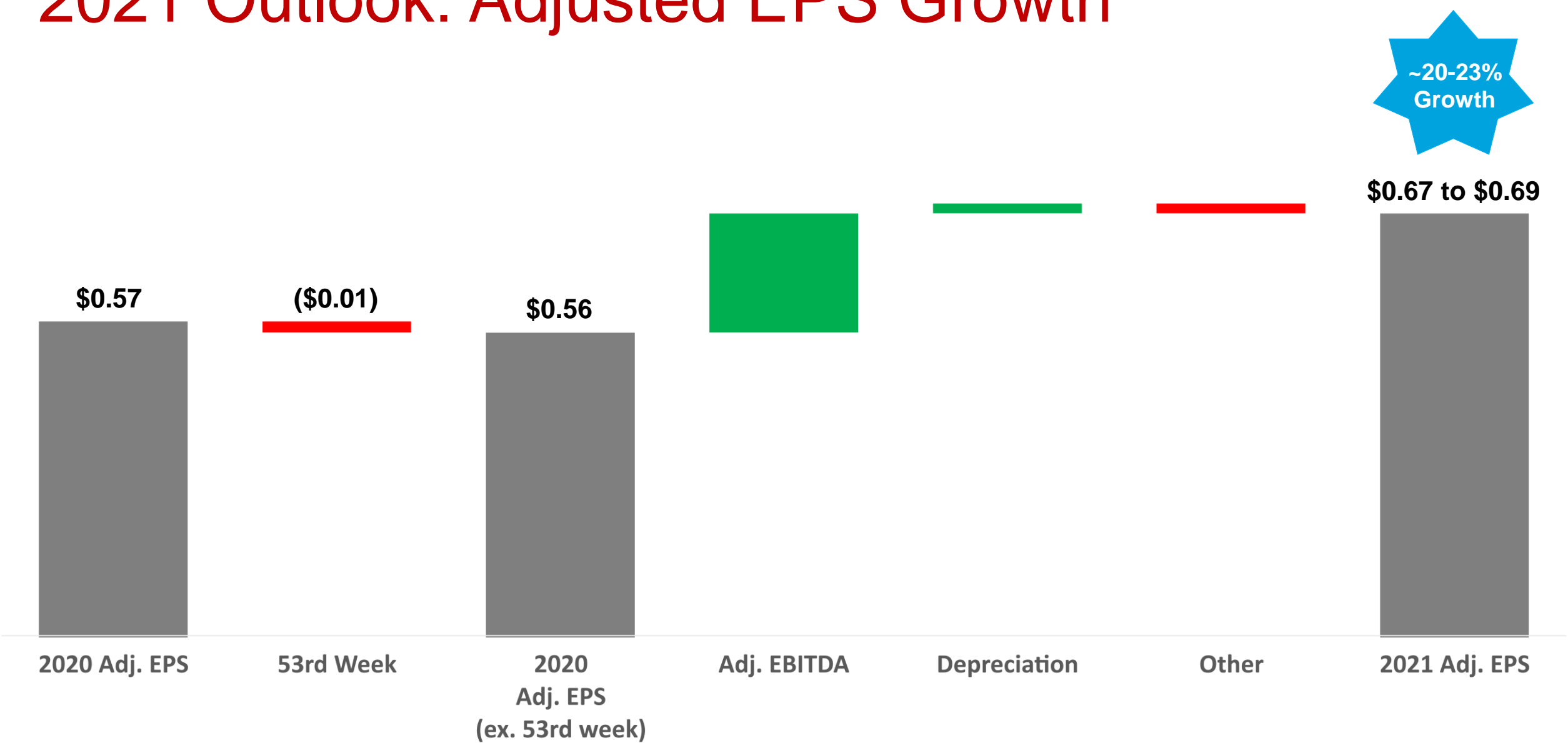
Note: All 2021 growth rates exclude the impact of the 53rd week in 2020.

2021 Outlook: Adjusted EBITDA Growth



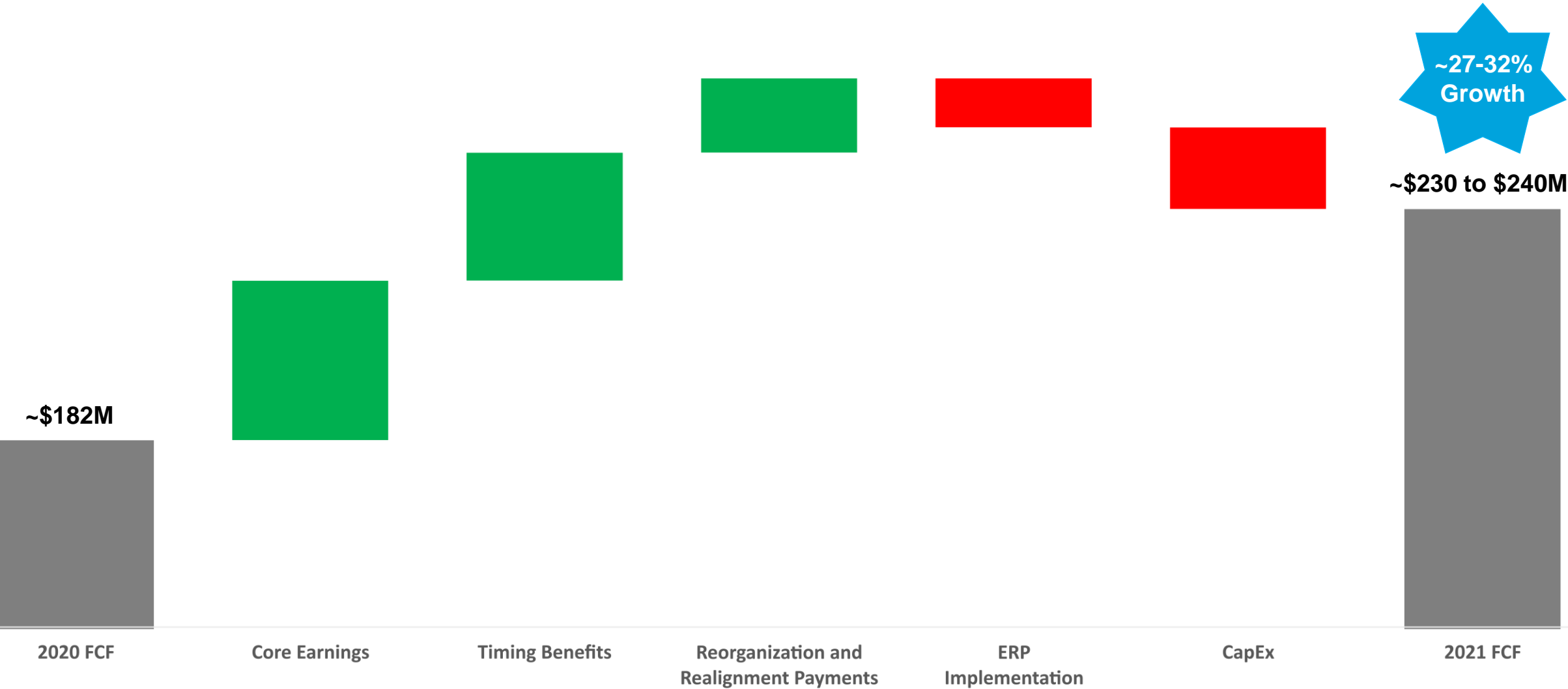
Note: All 2021 growth rates exclude the impact of the 53rd week in 2020.

2021 Outlook: Adjusted EPS Growth



Note: All 2021 growth rates exclude the impact of the 53rd week in 2020.

2021 Outlook: Free Cash Flow Growth



Note: 2020 FCF excludes the \$18.3M tax effected payment related to the settlement of the Financial Institutions Case.

Capital Allocation Policy Remains Unchanged

1

Continue to Invest in the
Business for Growth

2

Sustain an Attractive Dividend;
Payout Ratio > 50%

3

Flexibility to Utilize Excess
Cash to Repurchase Shares
and/or Reduce Debt





Greg Lemenchick

Senior Director – Investor Relations & Corporate FP&A

Investor Relations Calendar (All Virtual)

- March 10: UBS Conference
- March 11: J.P. Morgan Conference
- March 16: NDR with Piper Sandler (NYC)
- March 18: Conference Call with Gordon Haskett
- March 24: Virtual HQ Visit with Alliance Bernstein
- May 12: First Quarter Earnings Release & Conference Call



Q&A

Appendix

53rd Operating Week Impacts

The fourth quarter and full-year results include the favorable impact of a 53rd operating week, which affects all fourth-quarter and full year comparisons to 2019. The 53rd week resulted in the following impacts in 2020:

- ~7% and ~2% increase to Global systemwide sales in the fourth quarter and full-year, respectively
- ~\$8 million increase to franchise royalties
- ~\$14 million in incremental Company-operated restaurant sales; ~\$2.5 million increase to Company-operated restaurant margin
- ~\$2.5 million increase to general and administrative expense
- ~\$8 million in incremental operating profit
- ~\$2.5 million increase to depreciation and amortization
- ~\$2 million increase to interest expense

Same-Restaurant Sales Impact

For fiscal 2020, same-restaurant sales excludes the impact of a 53rd operating week. Same-restaurant sales compares the 52 weeks from December 30, 2019 through December 27, 2020 to the 52 weeks from December 31, 2018 through December 29, 2019. For fiscal 2021, same-restaurant sales will compare the 52 weeks from January 4, 2021 through January 2, 2022 to the 52 weeks from January 6, 2020 through January 3, 2021.



Reconciliation of Non-GAAP Financial Measures

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



Reconciliations of Net Income to Adjusted EBITDA and Revenues to Adjusted Revenues

	Three Months Ended		Twelve Months Ended	
	2020	2019	2020	2019
Net income	\$ 38,734	\$ 26,533	\$ 117,832	\$ 136,940
Provision for income taxes	8,903	6,014	34,963	34,541
Income before income taxes	47,637	32,547	152,795	171,481
Other income, net	(107)	(1,605)	(1,449)	(7,771)
Investment (income) loss, net	(4)	(24,599)	225	(25,598)
Loss on early extinguishment of debt	—	1,346	—	8,496
Interest expense, net	31,041	29,028	117,737	115,971
Operating profit	78,567	36,717	269,308	262,579
Plus (less):				
Advertising funds revenue	(92,196)	(85,530)	(333,664)	(339,453)
Advertising funds expense (a)	85,745	81,085	330,760	338,116
Depreciation and amortization	34,049	33,718	132,775	131,693
System optimization gains, net	(815)	(121)	(3,148)	(1,283)
Reorganization and realignment costs	5,834	12,194	16,030	16,965
Impairment of long-lived assets	3,310	5,315	8,037	6,999
Legal reserve for Financial Institutions case	—	—	—	(2,829)
Adjusted EBITDA	\$ 114,494	\$ 83,378	\$ 420,098	\$ 412,787
Revenues	\$ 474,317	\$ 427,191	\$ 1,733,825	\$ 1,709,002
Less:				
Advertising funds revenue	(92,196)	(85,530)	(333,664)	(339,453)
Adjusted revenues	\$ 382,121	\$ 341,661	\$ 1,400,161	\$ 1,369,549

(a) For the three and twelve months ended January 3, 2021, excludes advertising funds expense of \$6,262 and \$14,600, respectively, related to the Company funding of incremental advertising during 2020.



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

	Three Months Ended		Twelve Months Ended	
	2020	2019	2020	2019
Net income	\$ 38,734	\$ 26,533	\$ 117,832	\$ 136,940
Plus (less):				
Advertising funds revenue	(92,196)	(85,530)	(333,664)	(339,453)
Advertising funds expense (a)	85,745	81,085	330,760	338,116
System optimization gains, net	(815)	(121)	(3,148)	(1,283)
Reorganization and realignment costs	5,834	12,194	16,030	16,965
Impairment of long-lived assets	3,310	5,315	8,037	6,999
Loss on early extinguishment of debt	—	1,346	—	8,496
Gain on other investments in equity securities	—	(24,366)	—	(24,366)
Legal reserve for Financial Institutions case	—	—	—	(2,829)
Total adjustments	1,878	(10,077)	18,015	2,645
Income tax impact on adjustments (b)	(2,161)	1,769	(6,727)	(852)
Total adjustments, net of income taxes	(283)	(8,308)	11,288	1,793
Adjusted income	\$ 38,451	\$ 18,225	\$ 129,120	\$ 138,733
Diluted earnings per share	\$.17	\$.11	\$.52	\$.58
Total adjustments per share, net of income taxes	.00	(.03)	.05	.01
Adjusted earnings per share	\$.17	\$.08	\$.57	\$.59

(a) For the three and twelve months ended January 3, 2021, excludes advertising funds expense of \$6,262 and \$14,600, respectively, related to the Company funding of incremental advertising during 2020.

(b) The provision for (benefit from) income taxes on "System optimization gains, net" was \$213 and \$374 for the three months ended January 3, 2021 and December 29, 2019, respectively, and \$(515) and \$482 for the twelve months ended January 3, 2021 and December 29, 2019, respectively. The provision for (benefit from) income taxes on all other adjustments (excluding the advertising funds adjustments) was calculated using an effective tax rate of 25.96% and 25.31% for the three months ended January 3, 2021 and December 29, 2019, respectively, and 25.81% and 25.33% for the twelve months ended January 3, 2021 and December 29, 2019, respectively.



Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

Net cash provided by operating activities

Less:

Capital expenditures

Advertising funds impact (a)

Tax effect of gain on other investments in equity securities

Free cash flow

In Thousands (Unaudited)

Twelve Months Ended	
2020	2019
\$ 284,361	\$ 288,933
(68,969)	(74,453)
(51,956)	1,383
—	5,117
<u>\$ 163,436</u>	<u>\$ 220,980</u>

(a) Advertising funds impact for 2020 and 2019 includes the net change in the restricted operating assets and liabilities of the funds of \$49,052 and \$(2,720), respectively, and the advertising funds surplus included in Net income of \$2,904 and \$1,337, respectively. Advertising funds impact for 2020 excludes the Company's incremental funding of advertising of \$14,600.





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