



The Wendy's Company and Subsidiaries
Reconciliations of Net Income to Adjusted EBITDA and Revenues to Adjusted Revenues
Three and Six Month Periods Ended June 30, 2019 and July 1, 2018
(In Thousands)
(Unaudited)

	Three Months Ended		Six Months Ended	
	2019	2018	2019	2018
Net income	\$ 32,386	\$ 29,876	\$ 64,280	\$ 50,035
Provision for (benefit from) income taxes	13,353	12,388	21,343	6,582
Income before income taxes	45,739	42,264	85,623	56,617
Other income, net	(2,247)	(917)	(4,947)	(1,661)
Loss on early extinguishment of debt	7,150	—	7,150	11,475
Interest expense, net	29,931	30,136	59,013	60,314
Operating profit	80,573	71,483	146,839	126,745
Plus (less):				
Advertising funds revenue	(86,612)	(84,570)	(167,093)	(163,470)
Advertising funds expense	88,667	84,570	169,148	163,470
Depreciation and amortization	31,484	33,427	64,669	65,579
System optimization (gains) losses, net	(110)	(92)	(122)	478
Reorganization and realignment costs	3,570	3,124	4,368	5,750
Impairment of long-lived assets	198	1,603	1,684	1,809
Adjusted EBITDA	\$ 117,770	\$ 109,545	\$ 219,493	\$ 200,361
Revenues	\$ 435,348	\$ 411,002	\$ 843,931	\$ 791,566
Less:				
Advertising funds revenue	(86,612)	(84,570)	(167,093)	(163,470)
Adjusted revenues	\$ 348,736	\$ 326,432	\$ 676,838	\$ 628,096
Adjusted EBITDA margin	33.8%	33.6%	32.4%	31.9%



The Wendy's Company and Subsidiaries
Reconciliation of Net Income and Diluted Earnings Per Share to
Adjusted Income and Adjusted Earnings Per Share
Three and Six Month Periods Ended June 30, 2019 and July 1, 2018
(In Thousands Except Per Share Amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	2019	2018	2019	2018
Net income	\$ 32,386	\$ 29,876	\$ 64,280	\$ 50,035
Plus (less):				
Advertising funds revenue	(86,612)	(84,570)	(167,093)	(163,470)
Advertising funds expense	88,667	84,570	169,148	163,470
System optimization (gains) losses, net	(110)	(92)	(122)	478
Reorganization and realignment costs	3,570	3,124	4,368	5,750
Impairment of long-lived assets	198	1,603	1,684	1,809
Loss on early extinguishment of debt	7,150	—	7,150	11,475
Total adjustments	12,863	4,635	15,135	19,512
Income tax impact on adjustments (a)	(2,753)	(1,104)	(3,572)	(4,972)
Tax reform	—	828	—	(2,795)
Total adjustments, net of income taxes	10,110	4,359	11,563	11,745
Adjusted income	\$ 42,496	\$ 34,235	\$ 75,843	\$ 61,780
Diluted earnings per share	\$.14	\$.12	\$.27	\$.20
Total adjustments per share, net of income taxes	.04	.02	.05	.05
Adjusted earnings per share	\$.18	\$.14	\$.32	\$.25

(a) The provision for (benefit from) income taxes on "System optimization (gains) losses, net" was \$29 and \$102 for the three months ended June 30, 2019 and July 1, 2018, respectively, and \$(211) and \$(46) for the six months ended June 30, 2019 and July 1, 2018, respectively. The benefit from income taxes on all other adjustments (excluding the advertising funds adjustments) was calculated using an effective tax rate of 25.48% and 25.52% for the three months ended June 30, 2019 and July 1, 2018, respectively, and 25.46% and 25.88% for the six months ended June 30, 2019 and July 1, 2018, respectively.