



First Quarter 2021 Conference Call

May 12, 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 May 12, 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.





Agenda

Business Update

Q1 Financial Results

2021 Outlook

IR Calendar

Q&A





Todd Penegor

President & Chief Executive Officer



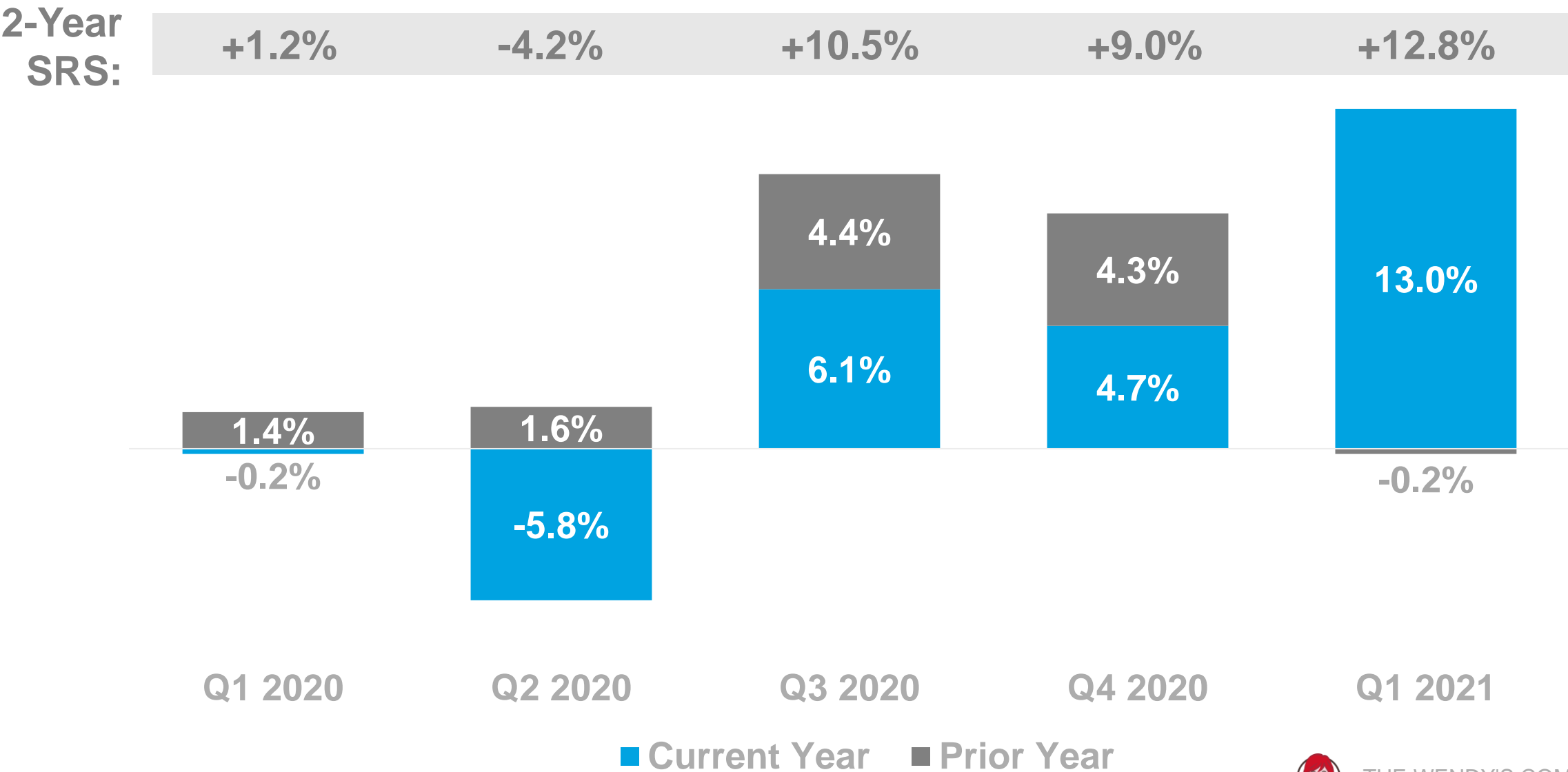
CEO Business Update

- Double Digit Global 2-year SRS
- Continued Digital Acceleration
- Strong Breakfast Sales
- Significant Company Restaurant Margin Expansion
- Global Development Targets Remain on Track
- Increasing 2021 Outlook on all Key Financial Metrics
- Committed to Long Term Growth Initiatives



Global Same-Restaurant Sales Continue to Accelerate in Q1

US SRS: 13.5% (1 and 2 Year) | International SRS: 7.9% 1 Year; 6.3% 2 Year)



U.S. Sales Boosted by Strong Products & Programs

Turning Up the Heat



Reimagining a Classic



Bringing Back a Fan Favorite



BREAKFAST

2 for \$4

CLASSIC SAUSAGE,
EGG & CHEESE



CLASSIC BACON,
EGG & CHEESE

HONEY BUTTER
CHICKEN BISCUIT

SINGLE ITEM AT REGULAR PRICE. PRICE AND PARTICIPATION MAY VARY.
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FOR A LIMITED TIME

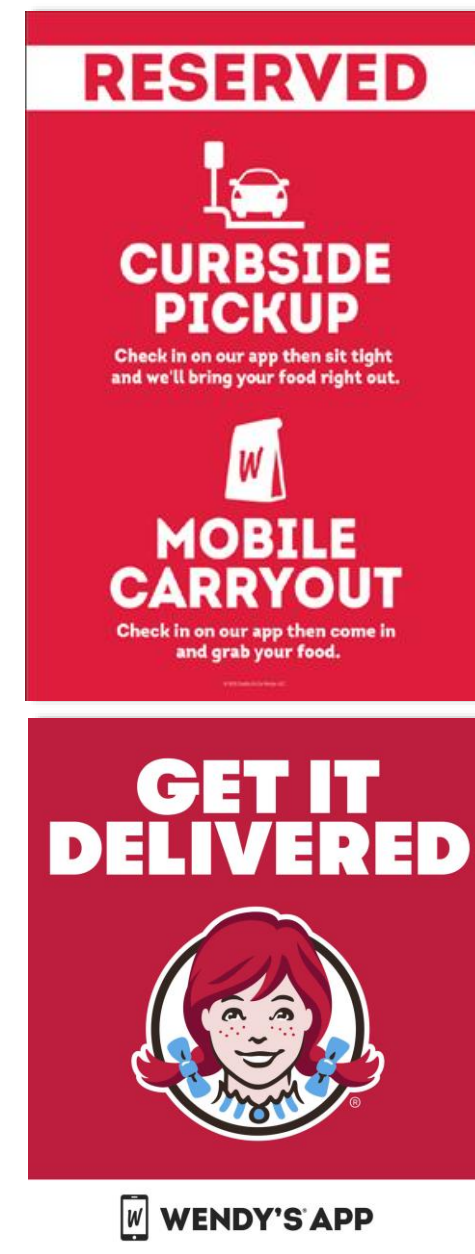
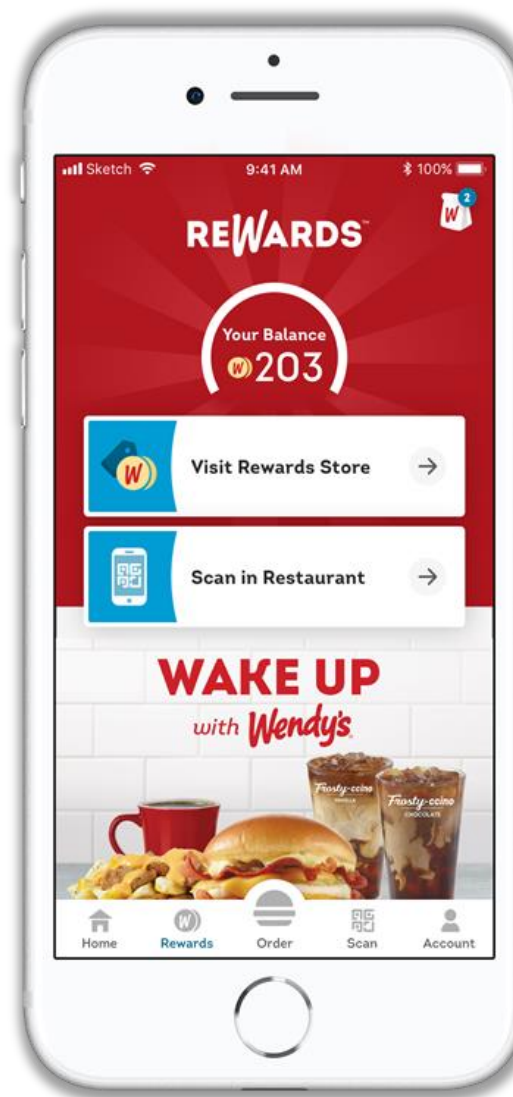
Breakfast Remains Strong and On Track Towards 10% Goal

- Breakfast sales accelerated vs. Q4 and remained ahead of expectations in Q1
- Awareness, frequency, and trial trending upwards aided by strong promotions and March Madness partnership
- Fully committed to advertising plan and investments
- Remain on track to grow breakfast sales by 30% in 2021 and reach 10% of sales by the end of 2022



Digital Accelerates Significantly in Q1

- International digital mix accelerated to more than 10%
- U.S. digital mix exited Q1 at ~8% due to strong promotions
- U.S. rewards members grew to ~13M at quarter end
- Continue to expect U.S. digital to reach 10% sales mix by end of 2021





Momentum is Building on Global Unit Growth

- Interest is high in new incentive program
- Global franchise recruiting pipeline significantly building
- New development agreements signed in Central Asia and Quebec, Canada
- On track to reach ~7,000 restaurants by year end 2021



Remain Fully Committed to Long Term Growth Initiatives

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





NEW GOALS



FOOD

Responsibly source our top 10 priority food categories by 2030.



PEOPLE

Increase the representation of underrepresented populations among Company leadership and management, as well as the diversity of Wendy's franchisees.



FOOTPRINT

Benchmark, track and reduce our Scope 1, Scope 2 and Scope 3 greenhouse gas emissions and set a science-based target by the end of 2023.

Sustainably source 100% of our customer-facing packaging by 2026.



Gunther Plosch

Chief Financial Officer

First Quarter Financial Results

\$ Mils (except per share amounts)

	2021	2020	B/(W)
Global Systemwide Sales Growth	12.5%	1.0%	1150 bps
Global System SRS	13.0%	(0.2%)	2-Yr 12.8%
Company Restaurant Margin	17.0%	10.1%	690 bps
G&A	\$52.6	\$51.6	(1.9)%
Adjusted EBITDA ¹	\$121.0	\$89.3	35.4%
Adjusted EPS ¹	\$0.20	\$0.09	122.2%
Free Cash Flow ^{1,2}	\$97.5	\$4.3	nm

¹ See reconciliation of non-GAAP financial measures in the Appendix.

² Excluding the approximately \$24.7M payment related to the settlement of the Financial Institutions Case in Q1 2020.



Increased 2021 Outlook

Metric	Previous Outlook	Updated Outlook
Global Systemwide Sales Growth	6% to 8%*	8% to 10%*
Adjusted EBITDA	~\$445M to \$455M	~\$455M to \$465M
Adjusted EPS	~\$0.67 to \$0.69	~\$0.72 to \$0.74
Capital Expenditures	~\$80M to \$90M	Reaffirmed
Free Cash Flow	~\$230M to \$240	~\$250M to \$260M

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



Capital Allocation Policy Remains Unchanged

- Continue to Invest in the Business for Growth
- Sustain an Attractive Dividend; Payout Ratio > 50%
 - **Increased Q2 Dividend by 11% to 10 cents per share**
- Flexibility to Utilize Excess Cash to Repurchase Shares and/or Reduce Debt
 - **Increased Share Repurchase Authorization by \$50 million to \$150 million**





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Investor Relations Calendar (All Virtual)

- May 19: Conference Call with MKM Partners
- May 26: NDR with Morgan Stanley (West Coast)
- June 8: Stifel Conference
- June 16: Evercore Conference
- June 23: Virtual HQ Visit with Longbow Research
- Aug 11: Q2 Earnings Release & Conference Call



Q&A

Appendix

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	
		2021	2020
Net income		\$ 41,366	\$ 14,441
Provision for income taxes		13,099	6,842
Income before income taxes		54,465	21,283
Other income, net		(129)	(1,076)
Interest expense, net		28,786	28,525
Operating profit		83,122	48,732
Plus (less):			
Advertising funds revenue		(89,440)	(78,601)
Advertising funds expense (a)		90,704	79,988
Depreciation and amortization		31,542	31,046
System optimization gains, net		(516)	(323)
Reorganization and realignment costs		4,934	3,910
Impairment of long-lived assets		635	4,587
Adjusted EBITDA		<u>\$ 120,981</u>	<u>\$ 89,339</u>
Revenues		\$ 460,203	\$ 404,960
Less:			
Advertising funds revenue		(89,440)	(78,601)
Adjusted revenues		<u>\$ 370,763</u>	<u>\$ 326,359</u>

(a) For the three months ended April 4, 2021, excludes advertising funds expense of \$3,534 related to the Company funding of incremental advertising during 2021.



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

	Three Months Ended	
	2021	2020
Net income	\$ 41,366	\$ 14,441
Plus (less):		
Advertising funds revenue	(89,440)	(78,601)
Advertising funds expense (a)	90,704	79,988
System optimization gains, net	(516)	(323)
Reorganization and realignment costs	4,934	3,910
Impairment of long-lived assets	635	4,587
Total adjustments	6,317	9,561
Income tax impact on adjustments (b)	(1,909)	(3,430)
Total adjustments, net of income taxes	4,408	6,131
Adjusted income	\$ 45,774	\$ 20,572
Diluted earnings per share	\$.18	\$.06
Total adjustments per share, net of income taxes	.02	.03
Adjusted earnings per share	\$.20	\$.09

(a) For the three months ended April 4, 2021, excludes advertising funds expense of \$3,534 related to the Company funding of incremental advertising during 2021.

(b) The benefit from income taxes on "System optimization gains, net" was \$476 and \$1,246 for the three months ended April 4, 2021 and March 29, 2020, respectively. The benefit from income taxes on all other adjustments (excluding the advertising funds adjustments) was calculated using an effective tax rate of 25.74% and 25.70% for the three months ended April 4, 2021 and March 29, 2020, 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)
 Free cash flow

(a) Represents the net change in the restricted operating assets and liabilities of our advertising funds, which is included in "Changes in operating assets and liabilities and other, net," and the excess of advertising funds expense over advertising funds revenue, which is included in "Net income."

In Thousands (Unaudited)

Three Months Ended	
2021	2020
\$ 85,830	\$ (19,369)
(10,364)	(12,629)
22,046	11,605
<u>\$ 97,512</u>	<u>\$ (20,393)</u>





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