



First Quarter 2023 Conference Call

May 10, 2023



Kelsey Freed

Director – Investor Relations

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 10, 2023 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

Good Done Right Progress

Franchise Health Update

Q1 Financial Results

2023 & Long-Term Outlook

IR Calendar

Q&A





Todd Penegor

President & Chief Executive Officer

CEO Business Update

- 6th consecutive quarter of double-digit Global SRS growth on a 2-year basis
- Global digital sales mix accelerated to over 12% in Q1
- Over 250 bps year-over-year expansion in Company-operated restaurant margin
- 39 global restaurant openings in Q1
- Fully committed to driving restaurant economic model and delivering meaningful global growth





Strong SRS Momentum Continued Throughout Q1

Q1 Global SRS

8.0% 1 Year, 10.4% 2 Year

Q1 International SRS

13.9% 1 Year, 28.0% 2 Year

Q1 US SRS

7.2% 1 Year, 8.3% 2 Year

*Held QSR Burger Dollar & Traffic Share**

*Source: The Circana LP/CREST®, 3 months ending March 2023 versus year ago



Plans in Place to Continue Driving SRS Momentum in Q2 and Beyond



- Promoting products across a variety of price points and occasions
- Executing breakfast promotion and innovation playbook
- Driving our late-night business with dedicated media and operational excellence
- Continue to expect mid-single-digits global SRS growth in 2023



Global Digital Business Reached New Heights in Q1

- Global digital sales mix grew to over 12%
- International digital sales mix of nearly 19% driven by strength across all regions
- U.S. digital sales mix achieved over 11% and accelerated each month of Q1
- Strong progress on 1:1 marketing capabilities, enabling even more personalized user experiences
- Accelerating Voice AI testing alongside Google





Global Net Unit Growth On Track to Achieve 2023 and Long-Term Outlook

- 39 global restaurant openings in Q1; on pace to achieve full year development goal
- ~45% of 2023 pipeline open or under construction through Q1
- Continue to garner new and existing franchisee interest in development programs
- Remain on track to achieve annual net unit growth of 2% to 3% in 2023-2024 and 3% to 4% in 2025





GOALS



Responsibly source our top 10 priority food categories in the U.S. and Canada.

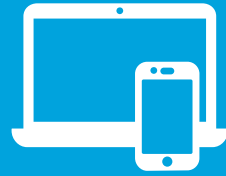


Increase the representation of underrepresented populations among our Company's leadership and management, as well as the diversity of our franchisees.



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

Sustainably source 100% of our customer-facing packaging in the U.S. and Canada by 2026.



**DIGITAL
ACCELERATION**

**SRS
MOMENTUM**



**FOOTPRINT
EXPANSION**



Delivering Accelerated
GLOBAL GROWTH

**Restaurant
Economic Model**

**Good
Done Right**





Gunther Plosch

Chief Financial Officer

US and Canadian Franchisee Sales & Profit Above 2019

2022 US Franchise Economics

3-year Sales Growth:
US: ~18%
Canada: ~24%

3-year EBITDA \$ Growth:
US: ~2%
Canada: ~11%

Restaurant Economic Model



First Quarter Financial Results

\$ Mils (except per share amounts)

	2022	2023	B/(W)
Global Systemwide Sales Growth	4.2%	10.0%	2-Yr 14.2%
Global System SRS	2.4%	8.0%	2-Yr 10.4%
US Company Restaurant Margin	12.0%	14.7%	270 bps
G&A	\$62.3	\$62.3	Flat
Adjusted EBITDA ¹	\$106.9	\$125.6	17.5%
Adjusted EPS ¹	\$0.17	\$0.21	23.5%
Year to Date Free Cash Flow ¹	\$44.4	\$63.7	43.5%

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



Reaffirming 2023 & Long-Term Outlook Following a Strong First Quarter

2023 Outlook

Global Systemwide Sales Growth: 6% to 8%

Adjusted EBITDA: \$530M to \$540M

Adjusted EPS: \$0.95 to \$1.00

Capital Expenditures: \$75M to \$85M

Free Cash Flow: \$265M to \$275M

2024 to 2025 Outlook

**Global Systemwide Sales Growth:
Mid-Single Digits**

**Free Cash Flow Growth:
High-Single to Low-Double Digits**



Capital Allocation Policy Remains Unchanged

1

**Continue to Invest in the
Business for Growth**

2

Sustain an Attractive Dividend

Quarterly dividend rate held at \$0.25 per share

Expect \$1 per share dividend for FY 2023¹

3

Utilize Excess Cash to Repurchase Shares and/or Reduce Debt

\$500M Share Repurchase Authorization Through Feb 2027

¹Assumes the Company pays regular quarterly cash dividends for the remainder of 2023 at the same rate as declared in Q2 (25 cents per share). Future dividend payments, if any, will be made at the discretion of our Board of Directors.





Kelsey Freed

Director – Investor Relations

Investor Relations Calendar

- May 23: NDR with Guggenheim (Boston)
- May 24: NDR with JPMorgan (New York)
- June 13: Oppenheimer Conference (Virtual)
- June 14: Evercore Conference (Virtual)
- June 20: Virtual HQ Visit with RBC
- June 21: Conference Call with BTIG
- August 9: Q2 2023 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.



The Wendy's Company and Subsidiaries
Reconciliations of Net Income to Adjusted EBITDA and Revenues to Adjusted Revenues
Three Month Periods Ended April 3, 2022 and April 2, 2023
(In Thousands)
(Unaudited)

In Thousands
(Unaudited)

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

	Three Months Ended	
	2022	2023
Net income	\$ 37,402	\$ 39,821
Provision for income taxes	13,432	15,460
Income before income taxes	50,834	55,281
Other income, net	(207)	(7,336)
Investment loss (income), net	(2,111)	3,562
Loss on early extinguishment of debt	—	1,266
Interest expense, net	26,365	31,705
Operating profit	74,881	84,478
Plus (less):		
Advertising funds revenue	(92,521)	(101,374)
Advertising funds expense (a)	93,764	100,268
Depreciation and amortization (exclusive of amortization of cloud computing arrangements shown separately below)	33,231	33,472
Amortization of cloud computing arrangements	—	1,582
System optimization gains, net	(3,534)	(5)
Reorganization and realignment costs	464	6,808
Impairment of long-lived assets	616	376
Adjusted EBITDA	\$ 106,901	\$ 125,605
Revenues	\$ 488,643	\$ 528,807
Less:		
Advertising funds revenue	(92,521)	(101,374)
Adjusted revenues	\$ 396,122	\$ 427,433

(a) Excludes advertising funds expense of \$3,394 and \$548 for the three months ended April 3, 2022 and April 2, 2023, respectively, related to the Company's funding of incremental advertising. In addition, excludes other international-related advertising deficit of \$642 and \$845 for the three months ended April 3, 2022 and April 2, 2023, respectively.



The Wendy's Company and Subsidiaries
Reconciliation of Net Income and Diluted Earnings Per Share to
Adjusted Income and Adjusted Earnings Per Share
Three Month Periods Ended April 3, 2022 and April 2, 2023
(In Thousands Except Per Share Amounts)
(Unaudited)

	Three Months Ended	
	2022	2023
Net income	\$ 37,402	\$ 39,821
Plus (less):		
Advertising funds revenue	(92,521)	(101,374)
Advertising funds expense (a)	93,764	100,268
System optimization gains, net	(3,534)	(5)
Reorganization and realignment costs	464	6,808
Impairment of long-lived assets	616	376
Loss on early extinguishment of debt	—	1,266
Total adjustments	(1,211)	7,339
Income tax impact on adjustments (b)	622	(1,931)
Total adjustments, net of income taxes	(589)	5,408
Adjusted income	\$ 36,813	\$ 45,229
Diluted earnings per share	\$.17	\$.19
Total adjustments per share, net of income taxes	.00	.02
Adjusted earnings per share	\$.17	\$.21

(a) Excludes advertising funds expense of \$3,394 and \$548 for the three months ended April 3, 2022 and April 2, 2023, respectively, related to the Company's funding of incremental advertising. In addition, excludes other international-related advertising deficit of \$642 and \$845 for the three months ended April 3, 2022 and April 2, 2023, respectively.

(b) The benefit from income taxes on "Reorganization and realignment costs" was \$1,515 for the three months ended April 2, 2023. In addition, for the three months ended April 3, 2022 and April 2, 2023, the provision for income taxes on "System optimization gains, net" was \$891 and \$1, respectively, and the provision for (benefit from) income taxes related to the advertising funds was \$3 and \$(4), respectively. The benefit from income taxes on all other adjustments was calculated using an effective tax rate of 25.22% and 25.14% for the three months ended April 3, 2022 and April 2, 2023, respectively.

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



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

In Thousands (Unaudited)

The Wendy's Company and Subsidiaries
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow
Three Month Periods Ended April 3, 2022 and April 2, 2023
(In Thousands)
(Unaudited)

	Three Months Ended	
	2022	2023
Net cash provided by operating activities	\$ 20,982	\$ 52,975
Plus (less):		
Capital expenditures	(12,496)	(12,240)
Advertising funds impact (a)	35,888	22,962
Free cash flow	<u>\$ 44,374</u>	<u>\$ 63,697</u>

(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."





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THE WENDY'S COMPANY