




Wendy's
THE WENDY'S COMPANY

Third-Quarter 2016 Conference Call

November 9, 2016

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Wendy's
THE WENDY'S COMPANY

Peter Koumas

Group Manager – Investor Relations



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Today's Agenda

CEO Overview	Todd Penegor
Financial Update	Gunther Plosch
Key Initiatives Update	Todd Penegor
Q&A	

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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 9, 2016 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 EBITDA, adjusted EBITDA margin, adjusted earnings per share, adjusted tax rate and free cash flow). 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, and are included in our news release issued on November 9, 2016 and posted on www.aboutwendys.com.

As used in this presentation, the terms adjusted EBITDA and adjusted earnings per share refer to adjusted EBITDA from continuing operations and adjusted earnings per share from continuing operations, respectively.

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Todd Penegor

President and Chief Executive Officer



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NA SYSTEM SRS INCREASE 1.4%, 4.5% ON A TWO-YEAR BASIS; 15th CONSECUTIVE QUARTER OF POSITIVE SRS

IMPROVEMENT OF 600 BPS IN ADJ. EBITDA MARGIN TO 27.5%*

IMAGE ACTIVATION MOMENTUM ACCELERATING

COMPANY INCREASES 2016 ADJ. EPS AND ADJ. EBITDA GUIDANCE*

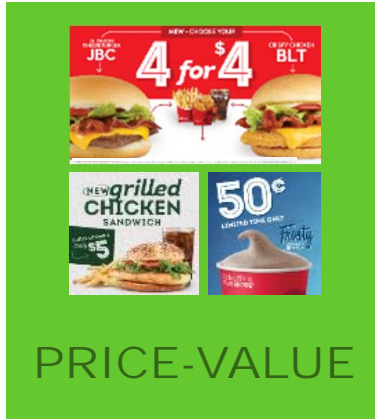
COMPANY INTENDS TO ENTER INTO \$150 MILLION ASR TRANSACTION; INCREASES DIVIDEND BY ~8%

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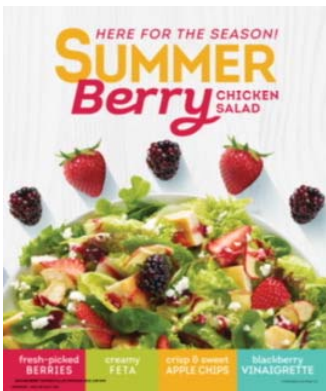
* See reconciliation of non-GAAP financial measures in the Appendix.

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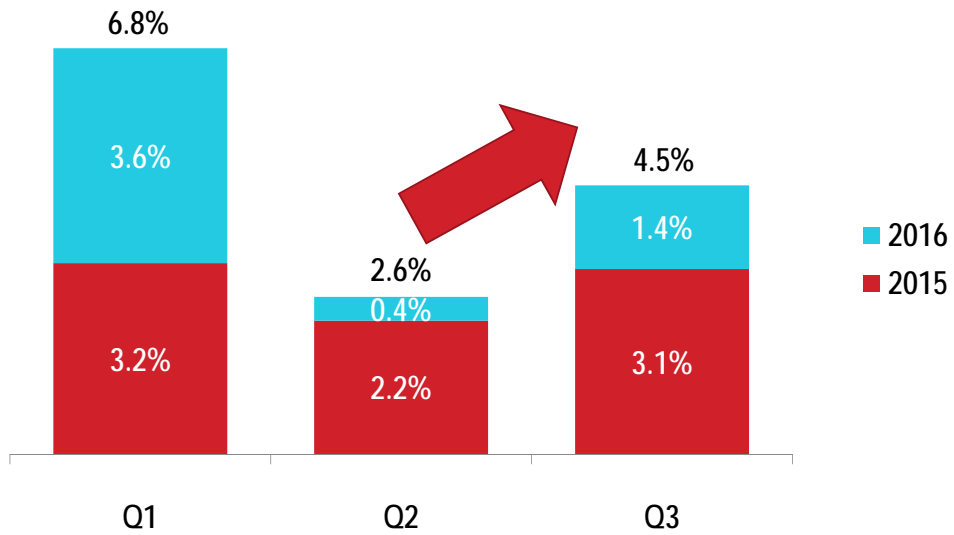
Balance Across the Menu



Strong Q3 Promotional Calendar

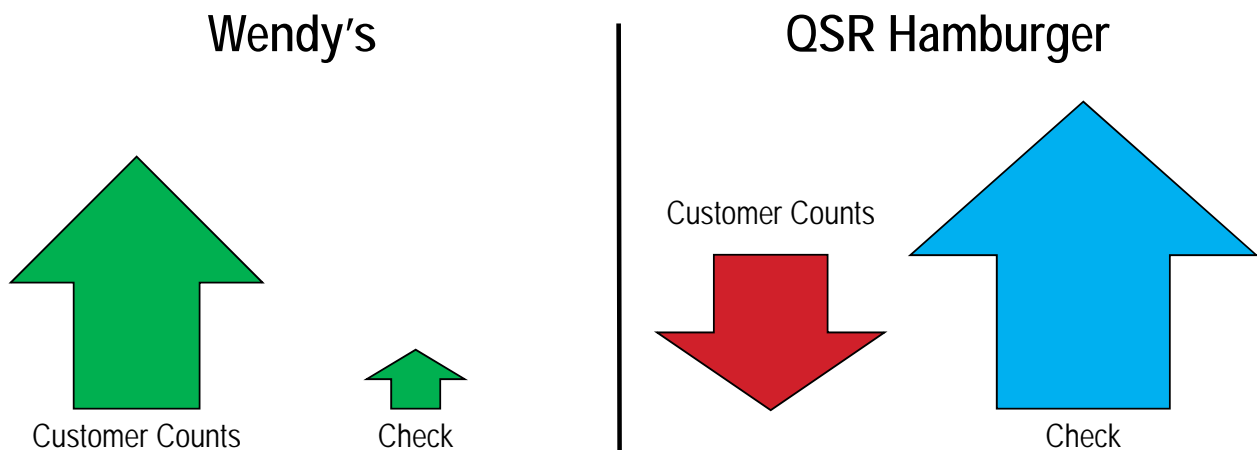


Strong N.A. System SRS Acceleration



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Customer Counts Driving Growth



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Customers Are Noticing the Stronger Wendy's



High Quality Food



Worth What You Pay

Source: Wendy's Brand Health Tracking, Q3 2016 vs.Q3 2015

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Gunther Plosch

Chief Financial Officer



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Third Quarter Financial Highlights

\$ Mills (except per share amounts)
(Unaudited)

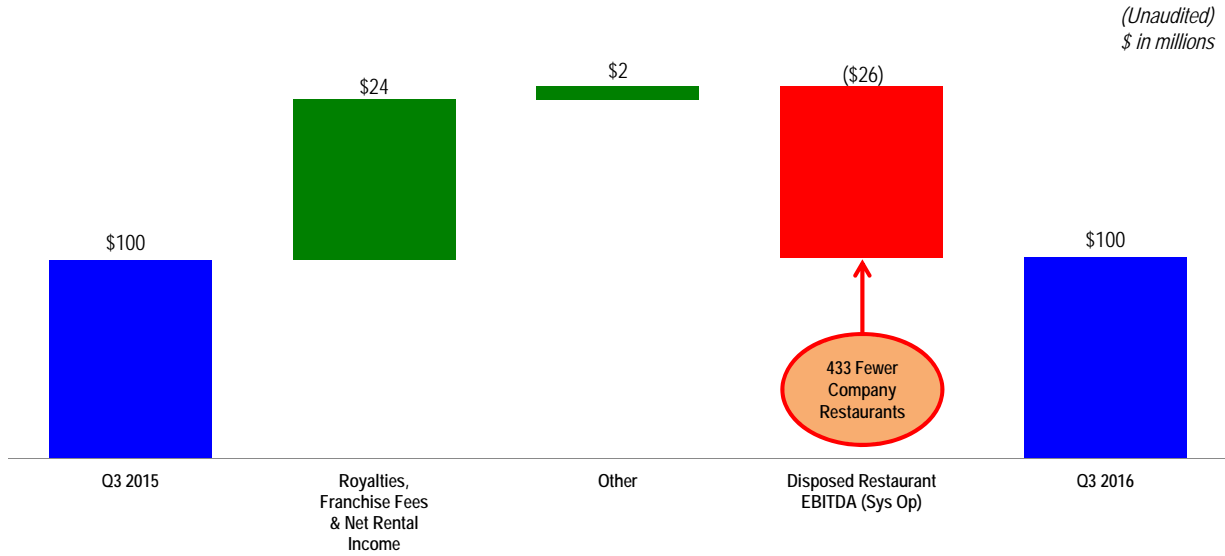
	2016*	2015*	B/(W)
N.A. System SRS	1.4%	3.1%	2-Year 4.5%
N.A. Co. Rest. Margin	18.4%	18.8%	(40) bps
G&A	\$58.9	\$63.7	7.5%
Adjusted EBITDA**	\$100.2	\$99.7	0.5%
Adjusted EBITDA Margin**	27.5%	21.5%	+600 bps
Adjusted EPS**	\$0.11	\$0.09	22.2%

* Due to the May 2015 sale of its bakery business, the Company has presented its bakery results as discontinued operations in its financial statements.

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

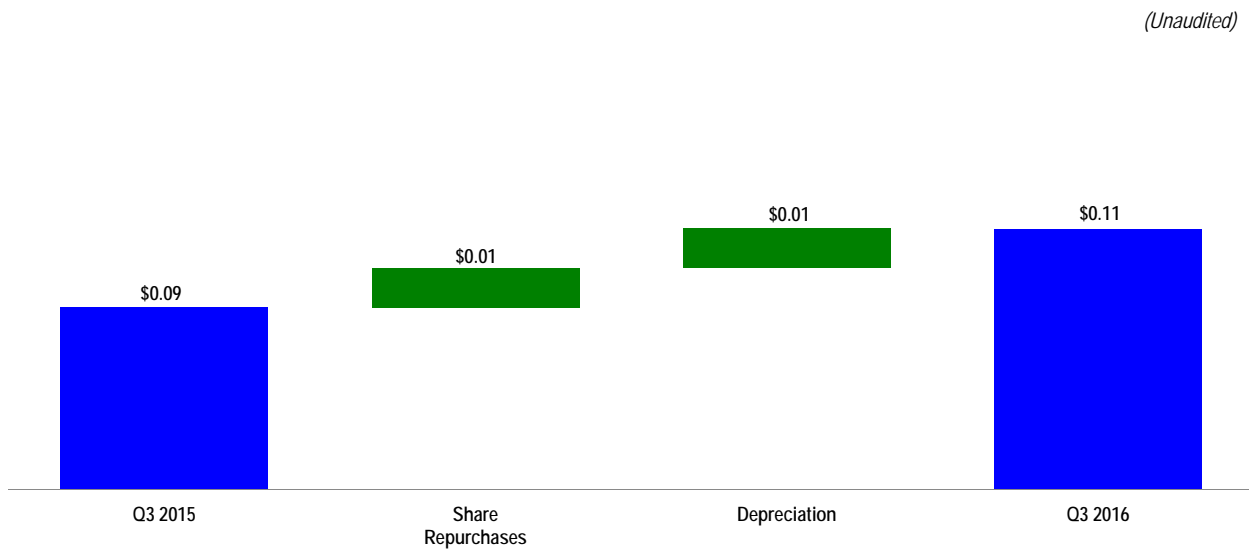
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Q3 2016 vs. Q3 2015: Adjusted EBITDA



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Q3 2016 vs. Q3 2015: Adjusted EPS



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Returning Cash to Shareholders

- Repurchased ~18M shares for ~\$185 million YTD
- Announced intent to enter into an Accelerated Share Repurchase Transaction for \$150 million
- Announced ~8-percent increase in quarterly dividend rate, from 6 cents per share to 6.5 cents per share
 - 5th consecutive year of increasing the dividend

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2016 Outlook*

COMPANY NOW EXPECTS ADJ. EPS OF \$0.40 TO \$0.41 AND ADJ. EBITDA AT HIGH END OF PREVIOUSLY ISSUED RANGE

- **Revising**
 - NA System SRS of ~1.5%
 - Cash flows from operations of ~\$180 to \$200 million
 - Capital expenditures of ~\$145 million
 - Free cash flow (cash flows from operations minus CAPEX) of ~\$35 to \$55 million
- **Reaffirming**
 - Commodity costs to decrease ~5 to 6%
 - Company-operated restaurant margin of ~19.0%
 - G&A expense of ~\$245 to \$250 million
 - Adjusted tax rate of ~32 to 34%

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

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Todd Penegor

President and Chief Executive Officer



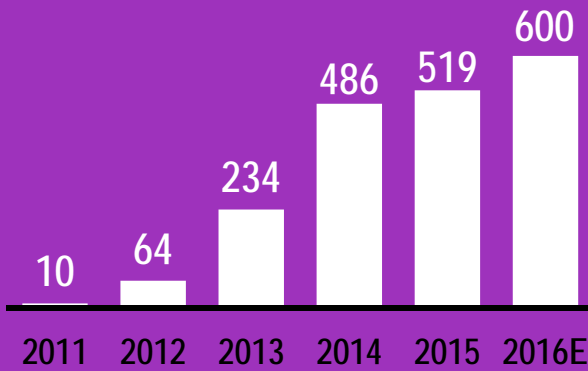
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System Optimization Update	
System Optimization III	<ul style="list-style-type: none"> • On track to complete by the end of 2016 • 156 restaurants sold in Q3, 211 sold YTD • Expect ~315 restaurants to be sold in 2016 • Expect total pre-tax proceeds of ~\$435M
Ongoing System Optimization	<ul style="list-style-type: none"> • Facilitated 18 franchisee-to-franchisee transfers via "Buy and Flip" in Q3 • 144 "Buy and Flips" YTD • Expect ~200 restaurants to be transferred via "Buy and Flip" in 2016

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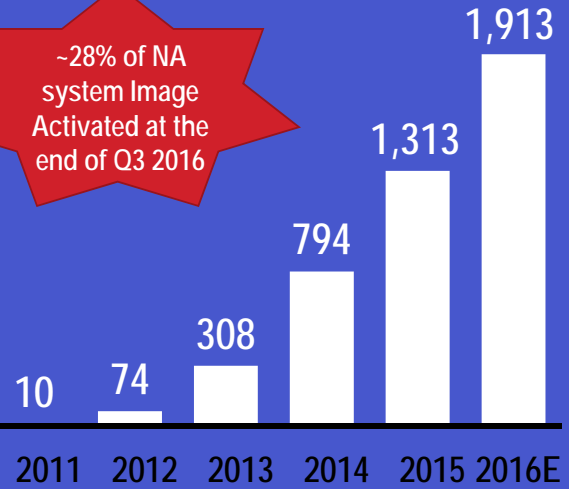
Image Activation Momentum Accelerates

Total System Annual Reimages & New Builds*



* Counts include Franchise Reimages open or under construction

Total System Cumulative Reimages & New Builds*



2020 North America System Goals Are On Track!

\$2M

AUVs

20%

Restaurant Margins

≥1.3x

Sales to Investment Ratio

1,000

New Restaurants (~500 Net)

60%+

Total Reimagined Restaurants

2020 Company Goal:

38-40% Adjusted EBITDA Margin



Peter Koumas

Group Manager –
Investor Relations



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2016 Investor Relations Calendar: Key Dates


November 15	Morgan Stanley Consumer & Retail Conference (New York)
December 9	Bernstein NDR (New York)
February 16	Preliminary Q4 Earnings Release & 2017 Investor Day (Dublin)

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Q&A

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Appendix

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Reconciliation of Non-GAAP Financial Measures

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

This presentation also includes forward-looking guidance for certain non-GAAP financial measures including adjusted EBITDA, adjusted earnings per share and adjusted tax rate. The Company excludes certain expenses and benefits from adjusted EBITDA, adjusted earnings per share and adjusted tax rate, such as impairment of long-lived assets, reorganization and realignment costs and system optimization gains, net. Due to the uncertainty and variability of the nature and amount of certain future expenses and benefits related to our system optimization initiative, the Company is unable without unreasonable effort to provide projections of net income, earnings per share or reported tax rate or a reconciliation of projected adjusted EBITDA, adjusted earnings per share or adjusted tax rate to projected net income, earnings per share or reported tax rate.

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Reconciliation of Net Income to Adjusted EBITDA from Continuing Operations

In Thousands (Unaudited)	Three Months Ended		Nine Months Ended	
	2016	2015	2016	2015
Net income	\$ 48,890	\$ 7,584	\$ 100,733	\$ 75,286
Net loss (income) from discontinued operations	—	739	—	(23,988)
Income from continuing operations	48,890	8,323	100,733	51,298
Provision for income taxes	28,965	19,892	50,385	42,408
Income from continuing operations before income taxes	77,855	28,215	151,118	93,706
Other income, net	(498)	(214)	(1,036)	(725)
Loss on early extinguishment of debt	—	—	—	7,295
Interest expense	28,731	27,938	85,483	57,882
Operating profit	106,088	55,939	235,565	158,158
Plus (less):				
Depreciation and amortization	29,362	36,420	92,456	111,300
System optimization (gains) losses, net	(37,756)	98	(48,106)	(14,751)
Reorganization and realignment costs	2,129	5,754	7,866	16,646
Impairment of long-lived assets	361	1,513	12,991	13,468
Adjusted EBITDA from continuing operations	<u>\$ 100,184</u>	<u>\$ 99,724</u>	<u>\$ 300,772</u>	<u>\$ 284,821</u>
Adjusted EBITDA margin	27.5%	21.5%	26.7%	20.3%

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Reconciliation of Income and Diluted Earnings Per Share from Continuing Operations to Adjusted Income and Adjusted Earnings Per Share from Continuing Operations

In Thousands except per share amounts (Unaudited)	Three Months Ended		Nine Months Ended	
	2016	2015	2016	2015
Income from continuing operations	\$ 48,890	\$ 8,323	\$ 100,733	\$ 51,298
Plus (less):				
Depreciation of assets that will be replaced as part of the Image Activation initiative	(285)	2,474	2,930	6,578
System optimization (gains) losses, net	(37,756)	98	(48,106)	(14,751)
Reorganization and realignment costs	2,129	5,754	7,866	16,646
Impairment of long-lived assets	361	1,513	12,991	13,468
Loss on early extinguishment of debt	—	—	—	7,295
Total adjustments	(35,551)	9,839	(24,319)	29,236
Income tax impact on adjustments ¹	16,083	7,482	9,243	(3,821)
Total adjustments, net of income taxes	(19,468)	17,321	(15,076)	25,415
Adjusted income from continuing operations	\$ 29,422	\$ 25,644	\$ 85,657	\$ 76,713
Diluted earnings per share from continuing operations	\$.18	\$.03	\$.37	\$.15
Total adjustments per share, net of income taxes	(.07)	.06	(.05)	.07
Adjusted earnings per share from continuing operations	\$.11	\$.09	\$.32	\$.22

¹ The provision for income taxes on "System optimization (gains) losses, net" was \$16,935 and \$11,242 for the three months ended October 2, 2016 and September 27, 2015, respectively, and \$18,425 and \$13,158 for the nine months ended October 2, 2016 and September 27, 2015, respectively. The provision for income taxes on "System optimization (gains) losses, net" includes the impact of non-deductible goodwill disposed of in connection with our system optimization initiative, changes to valuation allowances on state net operating loss carryforwards, changes to state deferred taxes and adjustments related to prior year tax matters. The net benefit from income taxes on all other adjustments was calculated using an effective tax rate of 38.6% for all periods presented.

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