## SECURITIES AND EXCHANGE COMMISSION

# FORM 8-K

Current report filing

Filing Date: **2011-01-27** | Period of Report: **2011-01-27** | SEC Accession No. 0000030697-11-000008

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# **FILER**

### WENDY'S/ARBY'S GROUP, INC.

CIK:30697| IRS No.: 380471180 | State of Incorp.:DE | Fiscal Year End: 0103

Type: 8-K | Act: 34 | File No.: 001-02207 | Film No.: 11550892

SIC: 5810 Eating & drinking places

Mailing Address 1155 PERIMETER CENTER WEST SUITE 1200 ATLANTA GA 30338 Business Address 1155 PERIMETER CENTER WEST SUITE 1200 ATLANTA GA 30338 (678) 514-4100

### UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, DC 20549

# FORM 8-K

### CURRENT REPORT

Pursuant To Section 13 or 15 (d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 27, 2011

# WENDY'S/ARBY'S GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	1-2207	38-0471180
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
1155 Perimeter Center Atlanta, Georgia	West	30338
(Address of principal execut	ive offices)	(Zip Code)
Registrant's tel	ephone number, including area code:	(678) 514-4100
(Former Name or Former Add	lress, if Changed Since Last Report):	N/A
the following provisions:  [] Written communications pursuant to Rule 425 und  [] Soliciting material pursuant to Rule 14a-12 under to	the Exchange Act (17 CFR 240.14a-12)	
[] Pre-commencement communications pursuant to F	Rule 14d-2(b) under the Exchange Act (17	CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to F	Rule 13e-4(c) under the Exchange Act (17	CFR 240.13e-4(c))

### Item 7.01. Regulation FD Disclosure.

On January 27, 2011, Wendy's/Arby's Group, Inc. (the "Company") hosted an institutional investor meeting ("Investor Day") beginning at 8:30 a.m. at The Lighthouse at Chelsea Piers in New York City, at which management provided investors with an overview of the Company's Wendy's and International businesses. The Investor Day slide presentations are attached hereto as Exhibits 99.1-8 and incorporated herein by reference. These materials may also be used at one or more subsequent conferences with analysts and investors.

The information contained in the attached presentation materials is summary information that is intended to be considered in the context of the Company's SEC filings and other public announcements. The Company undertakes no duty or obligation to publicly update or revise this information, although it may do so from time to time.

The information in this Current Report on Form 8-K, including the exhibits furnished pursuant to Item 9.01, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities under that Section. Furthermore, the information in this Current Report on Form 8-K, including the exhibits furnished pursuant to Item 9.01, shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act of 1933.

### Item 9.01. Financial Statements and Exhibits.

### (d) Exhibits

<ul> <li>99.1 Corporate Overview – Slide presentation by Roland C. Smith, President and Chief Executive Officer, Wendy's/Arby's Group, Inc.</li> <li>99.2 Financial Overview – Slide presentation by Stephen E. Hare, Senior Vice President and Chief Financial Officer, Wendy's/Arby Group, Inc.</li> </ul>	
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Group Inc	<u>y's</u>
Gloup, mc.	
99.3 <u>Wendy's Overview- Slide presentation by J. David Karam, President, Wendy's International, Inc.</u>	
99.4 <u>Wendy's Operations – Slide presentation by Stephen D. Farrar, Chief Operating Officer, Wendy's International, Inc.</u>	
99.5 <u>Wendy's Marketing – Slide presentation by Kenneth C. Calwell, Chief Marketing Officer, Wendy's International, Inc.</u>	
99.6 Wendy's Breakfast Update – Slide presentation by J. David Karam, President, Wendy's International, Inc. and Stephen D.	
Farrar, Chief Operating Officer, Wendy's International, Inc.	
99.7 <u>Wendy's Franchisee Health and Development – Slide presentation by J. David Karam, President, Wendy's International, Inc.</u>	
99.8 <u>International Overview – Slide presentation by Darrell van Ligten, Senior Vice President – Strategic Development, Wendy's/</u>	
Arby's Group, Inc.	

### **SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

## WENDY'S/ARBY'S GROUP, INC.

By: <u>/s/ STEPHEN E. HARE</u>

Stephen E. Hare Senior Vice President and Chief Financial Officer

Dated: January 27, 2011

### EXHIBIT INDEX

Exhibit No.	Description
99.1	Corporate Overview – Slide presentation by Roland C. Smith, President and Chief Executive Officer, Wendy's/Arby's Group,
	<u>Inc.</u>
99.2	<u>Financial Overview – Slide presentation by Stephen E. Hare, Senior Vice President and Chief Financial Officer, Wendy's/Arby's</u>
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	Arby's Group, Inc.
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SERVING FRESH IDEAS DAILY.

# **Investor Day**

The Lighthouse at Chelsea Piers January 27, 2011





SERVING FRESH IDEAS DAILY.

# Welcome

John Barker *Chief Communications Officer* 



# Forward-Looking Statements and Non-GAAP Financial Measures

This presentation, and certain information that management may discuss in connection with this presentation, may contain statements that are not historical facts, including, importantly, 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 our 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 press release issued on January 26, 2011 and in the "Special Note Regarding Forward-Looking Statements and Projections" and "Risk Factors" sections of our most recent Form 10-K and subsequent Form 10-Qs.

In addition, this presentation and certain information management may discuss in connection with this presentation reference non-GAAP financial measures, such as earnings before interest, taxes, depreciation and amortization, or EBITDA, and adjusted EBITDA. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measure are in the Appendix to this presentation, and are included in our press release issued on January 26, 2011 and posted on the Investor Relations section of our website.



# **Agenda**

Corporate Overview	Roland Smith
Financial Overview	Steve Hare
Wendy's Overview	David Karam
Wendy's Operations	Steve Farrar
Wendy's Marketing	Ken Calwell
Wendy's Breakfast Update	David Karam & Steve Farrar
Wendy's Franchisee Health & Development	David Karam
nternational Overview	Darrell van Ligten
Chairman's Remarks	Nelson Peltz

Q&A and Closing Remarks





SERVING FRESH IDEAS DAILY.

# **Corporate Overview**

Roland Smith

President and Chief Executive Officer





# Maximize Value For Stockholders





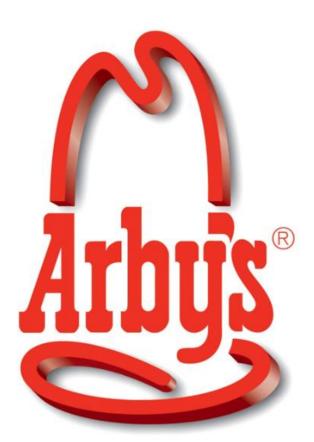
# **Growth Initiatives**

- Introducing exciting, new products
- Expanding dayparts especially breakfast
- Modernizing our facilities
- Pursuing global expansion
- Using balance sheet and free cash flow to grow business
- Continuing dividends and share repurchases

WENDY'S ARBY'S

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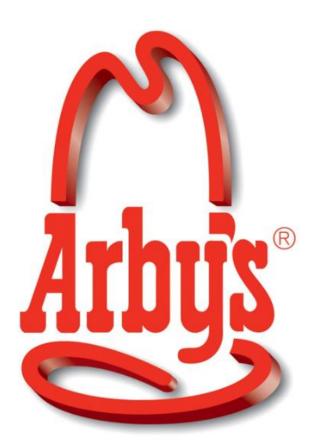












# **Growing Wendy's**



More than 6,500 restaurants

Key driver of shareholder return

Highest-quality food in QSR



ZAGAT

1/



- Re-engineered our brand positioning
- Rebuilt our product development processes
- Improved restaurant-level operations
- Reduced overhead costs
- Significantly improved store-level profitability
- Positioned brand for long-term financial success



# Wendy's Formula for Growing EBITDA...

# Drive more sales over our fixed cost base

WENDY'S ARBY'S GROUP







# Wenny's Has Generated...

# 320 basis point improvement in restaurant-level margins over the past 2 years

WENDY'S ARBY'S GROUP





# The Real Choice In Fast Food













- Currently in Pittsburgh, Kansas City, Phoenix, Shreveport and Louisville
- Expect 1,000 company and franchise restaurants serving breakfast by end of 2011





# NATIONAL NATIONAL 8,000 store opportunity

WENDY'S ARBY'S GROUP

# Newest International Franchise Development Agreement

- 50 stores in Argentina
- Desarollo y Gestion (D&G)
  - –Companies in retail and food sectors
  - -Significant experience in Argentina

WENDY'S ARBY'S GROUP

# Pursuing Major Opportunities in Japan, Brazil & China







WENDY'S ARBY'S GROUP

# WENDY'S/ARBY'S INTERNATIONAL

WENDY'S ARBY'S GROUP

#### **North America - Store Growth**



# Financial Outlook

WENDY'S ARBY'S GROUP

#### **Financial Outlook - 2011**

- Transition year
  - –Explore sale of Arby's
  - -Reduce corporate G&A to support single brand
  - -Invest in Wendy's growth

WENDY'S ARBY'S GROUP

#### **Financial Outlook - Longer Term**

# Average annual EBITDA growth of 10-15%, beginning in 2012

WENDY'S ARBY'S GROUP



SERVING FRESH IDEAS DAILY.

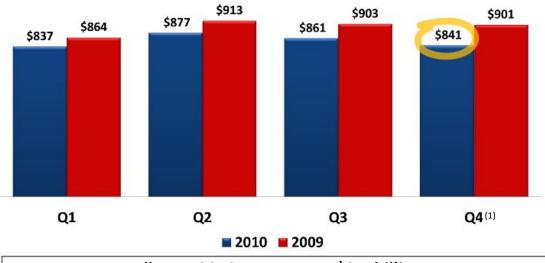
#### **Financial Overview**

Steve Hare Chief Financial Officer



#### **Quarterly Revenues 2010 vs. 2009**

In Millions



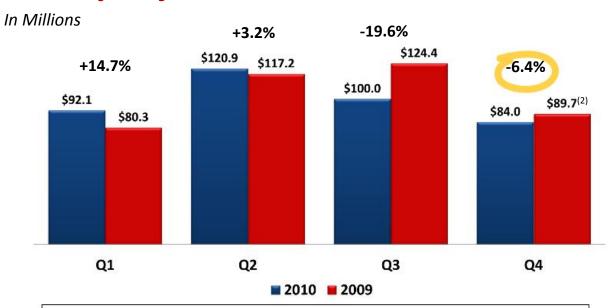
Full-Year 2010 Revenues = \$3.4 billion

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(1) Q4 2009 includes an extra fiscal week

WENDY'S ARBY'S GROUP

#### Quarterly Adjusted EBITDA<sup>(1)</sup> 2010 vs. 2009

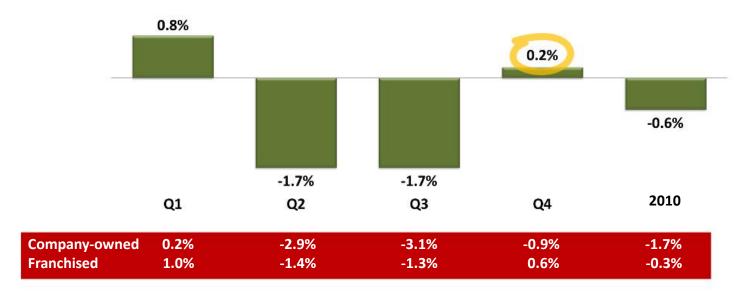


Full-Year 2010 Adjusted EBITDA = \$396.9 million, -3.6% vs. 2009

(1) See Appendix
(2) Normalized for 53rd week (\$13.6 million)

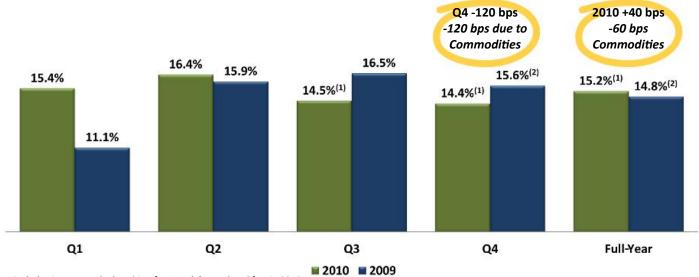


## Wendy's Systemwide Same-Store Sales





#### Wendy's Company-Owned Restaurant Margin

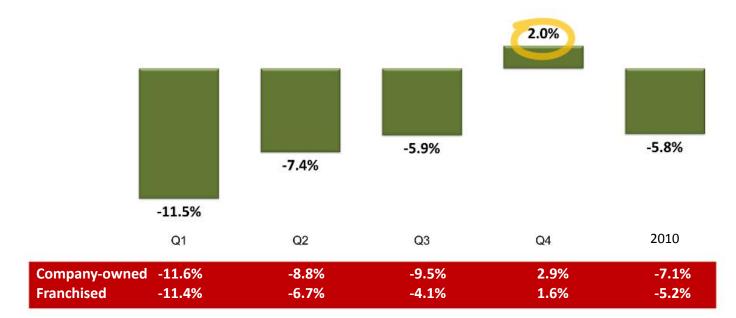


(1)Excludes incremental advertising for Wendy's new breakfast in 2010.

(2)Excludes impact of 53rd week in 2009

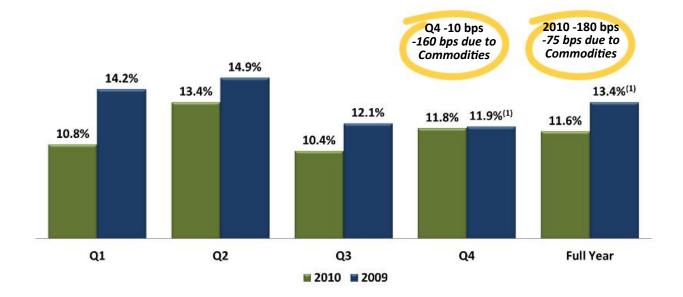
WENDY'S ARBY'S GROUP

#### **Arby's Systemwide Same-Store Sales**





#### **Arby's Company-Owned Restaurant Margin**



(1) Excludes non-recurring items and the impact of the extra week in 2009.



#### **Returning Value to Shareholders**

Returned \$195 million in 2010

#### **Dividend Increase**

- Regular quarterly dividend increased 33%
- Paid \$27.6MM in dividends during 2010

# **Share Repurchase Program**

- Purchased 52MM shares, or 11% of shares outstanding, for \$245MM since 2009
- \$250MM authorized for future purchases

WENDY'S ARBY'S GROUP

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### **Capital Structure**

In Millions	Y/E 2010	Y/E 2009
Cash & Cash Equivalents	\$513	\$592
Total Debt	\$1,572	\$1,523
Net Debt	\$1,059	\$931
Net Debt / Adjusted EBITDA*	2.7x	2.2x

WENDY'S ARBY'S GROUP

9 \*See Appendix.

#### **2011 Outlook Assumptions**

- Pro forma Company EBITDA of \$345-\$355 million (Assumes sale of Arby's and G&A reductions at beginning of fiscal 2011)
- Wendy's same-store sales growth +1% to +3%
- Wendy's company-operated restaurant margin\* improvement of 30 to 60 basis points

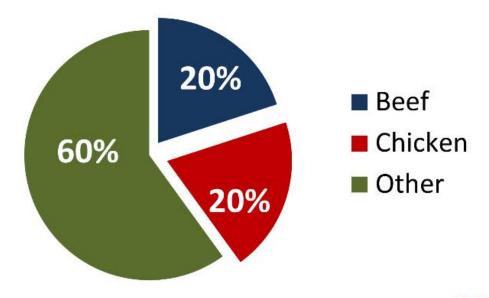
WENDY'S ARBY'S GROUP

10

\*Includes breakfast expense in 2010 and 2011.

#### **2011 Commodities Increasing Approximately 2-3%**

Wendy's Commodities as a % of Total Food and Paper Costs



# **2011 Development and Capital Expenditure Plan**



#### **New Unit Development**

Company-operated	
North America	20
Franchised	
North America	45
International	50
<b>Company Remodels</b>	100

#### **Capital Expenditures**

In Millions

New Units	\$ 31
Remodels	27
Maintenance	36
Technology projects	12
Other projects	39
Total	\$ 145



#### **Benefits of Potential Sale of Arby's**

- Reduce corporate G&A to support a single brand
- Eliminate approximately \$200 million of capital lease obligations related to Arby's
- Reduce future capital expenditures for Arby's
- Proceeds from sale of Arby's would be available for re-investment

Sale would be accretive to earnings and free cash

WENDY'S ARBY'S GROUP

#### **Long-Term EBITDA Growth Target of 10-15%**

#### Beginning in 2012

- Consistent same-store sales growth
- Company-operated restaurant margin improvement
- Daypart expansion
- New units North America and International
- Franchisee royalty growth





(In Millions)	Fourth Qua	Fourth Quarter		Twelve Months	
(Unaudited)	Preliminary 2010	Actual 2009	Preliminary 2010	Actual 2009	
EBITDA	\$ 85.8	\$ 82.6	\$ 384.0	\$ 384.4	
Depreciation and amortization	(44.7)	(46.9)	(182.2)	(190.3)	
Impairment of long-lived assets	(28.1)	(51.0)	(69.4)	(82.1)	
Operating profit (loss)	13.0	(15.3)	132.4	112.0	
Interest expense	(32.7)	(37.0)	(137.2)	(126.7)	
Loss on early extinguishment of debt	· ,		(26.2)	· · ·	
Investment income (expense), net	-	0.8	5.2	(3.0)	
Other than temporary losses on investments	_	-	_	(3.9)	
Other income, net	0.9	1.3	3.8	1.5	
Loss before income taxes	(18.8)	(50.2)	(22.0)	(20.1)	
Benefit from income taxes	8.0	35.5	17.7	23.6	
Net (loss) income from continuing operations	\$ (10.8)	\$ (14.7)	\$ (4.3)	\$ 3.5	
(In Millions)	Fourth Quar	ter	Twelve Mont	ns	
(University A)	Preliminary 2010	Actual 2009	Preliminary 2010	Actual 2009	
(Unaudited) EBITDA	\$ 85.8	\$ 82.6	\$ 384.0	\$ 384.4	
Plus:	\$ 85.8	\$ 82.0			
Integration costs in general and administrative (G&A)	1.2	5.4	5.5	16.6	
SSG purchasing co-op expenses in G&A	0.3	-	5.2	-	
Incremental advertising for Wendy's new breakfast	1.7		7.2		
Reversal of pension withdrawal expense in cost of sales	(5.0)		(5.0)		
Wendy's purchasing co-op start-up costs in G&A	-	15.5	-	15.5	
Facilities relocation and corporate restructuring	-	2.1	-	11.0	
Pension withdrawal expense in cost of sales	-	5.0	-	5.0	
Benefit from vacation policy standardization in G&A	-	(3.4)	-	(3.4)	
Benefit from vacation policy standardization in cost of sales		(3.9)		(3.9)	
Adjusted EBITDA	84.0	103.3	396.9	425.2	
Less:					
EBITDA effect of additional week in 2009	N.A.	(13.6)	N.A.	(13.6)	
Normalized 52 weeks adjusted EDITDA	\$ 84.0	\$ 89.7	\$ 396.9	\$ 411.6	



#### **Appendix - Adjusted Restaurant Margin**

#### (Unaudited)

Wendy's	Fourth Quarter		Twelve Months	
	Preliminary 2010	Actual 2009	Preliminary 2010	Actual 2009
Company-operated restaurant margin	14.0%	15.9%	14.8%	14.9%
Incremental advertising for Wendy's new breakfast	0.4		0.4	
Additional week in the 2009 fourth quarter		(0.3)		(0.1)_
Adjusted Company-operated restaurant margin	14.4%	15.6%	15.2%	14.8%

Arby's	Fourth Quarter		Twelve Months	
	Preliminary 2010	Actual 2009	Preliminary 2010	Actual 2009
Company-operated restaurant margin	11.8%	14.2%	11.6%	13.9%
Benefit from vacation policy standardization		(1.6)	50*5	(0.4)
Additional week in the 2009 fourth quarter		(0.7)		(0.1)
Adjusted Company-operated restaurant margin	11.8%	11.9%	11.6%	13.4%

WENDY'S ARBY'S GROUP



# Wendy's Overview

David Karam *President* 



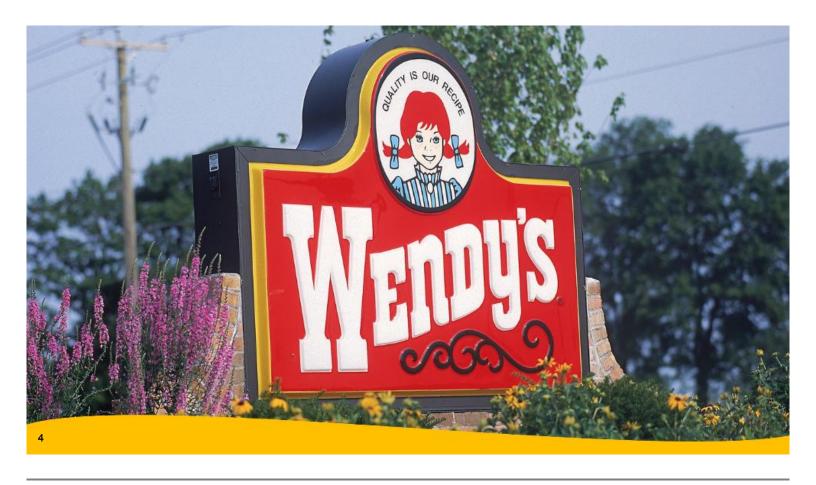


#### **Strengthening our Foundation**

Exceptional Customer Experience... Every Day, Every Rest<mark>aurant</mark>

- —Improved operations
- —Expanded margins
- —Exceptional product pipeline
- —Relevant marketing
- —Increased ad awareness
- —Effective performance measures











## **Performance vs. Competition**

**Contributing Factors - 2003 to 2008** 

- Product quality
- Value transactions
- Advertising





# **Core Products**





## **Value Products**





**Every Day Value Menu** 

— Variety

Consistency

SignatureProducts





## **Inconsistent Advertising 2003-2008**







### **Quarterly SSS Trends - Hamburger Chain**

#### % Change

_	2008				2009				2010		
Wenugs	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
McDonald's	-0.2	1.1	0.2	3.7	1.0	-0.4	-0.1	-3.0	0.8	-1.7	-1.7
BURGER KING	2.9	3.4	4.7	5.0	4.7	3.5	2.5	0.1	1.5	3.7	5.3
	5.4	5.5	3.0	1.9	1.6	-4.5	-4.6	-3.3	-6.1	-1.5	-4.2
Jack	3.9	3.8	0.5	2.1	-5.1	-6.1	-5.2	-8.7	-6.1	-7.4	-5.0
SONIC	-0.1	-0.4	-0.8	1.7	0.4	-1.0	-6.0	-11.1	-8.6	-9.4	-4.0
Wendy's Outperformed Wendy's Underper										erformed	
16 Source: Company Reports											



#### **Strengthening Our Foundation**

- Understand our core customers
- Instill management philosophy across entire system
- Develop critical performance metrics and align field and corporate management to them





# BRAND VISION

CRITICAL SUCCESS FACTORS

KEY PERFORMANCE MEASURES

HEIGHTENED EXECUTION



authentic believable aspirational defendable



# BRAND VISION



The Real Choice In Fast Food





menu development value

innovation restaurant profitability

# CRITICAL SUCCESS FACTORS

communications

food safety

operations

franchisee support

facilities

employee engagement



#### validates strategies

#### signals success or failure

identifies best practices

# KEY PERFORMANCE MEASURES

fosters innovation



#### systematic and sustaining

key to building customer loyalty

"execution is a strategy"

HEIGHTENED EXECUTION













people initiatives





MENU

32

Sea Salt

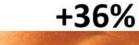




## **Large Hamburger Unit Gains**

Dave's Hot n' Juicy Cheeseburgers

Test Market Averages +27% (vs base)





4 Week Base



1st Media Flight



2nd Media Flight



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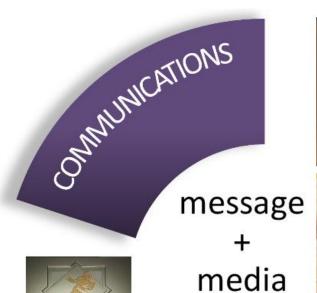












creative

HEISMAN













## Wendy's Operations

Steve Farrar Chief Operating Officer





#### **Continuous Improvement**

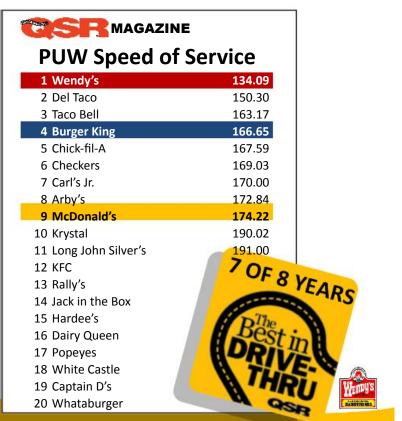
## **Operations Update**

- Sales and traffic growth
- Customer experience initiatives
- Hiring, training and people development programs









"In June, a focus group for QSR Magazine reminded all that speed and accuracy remain the top drive-through consumer demands."

QSR Magazine Jan 23, 2011



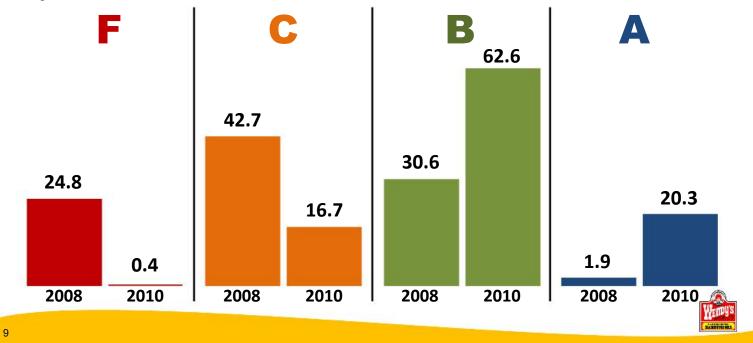


# Internal Evaluation Process



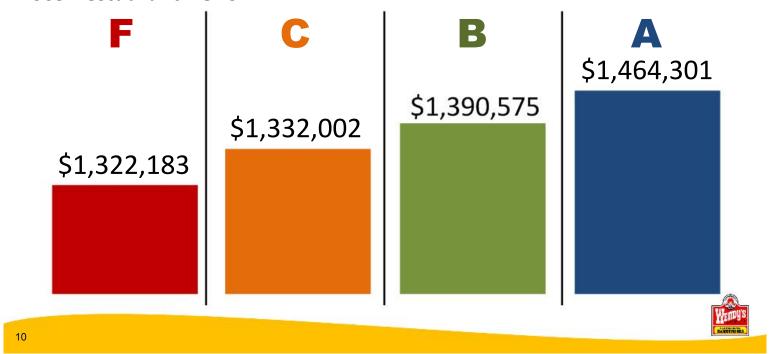
### **Internal Score Improvement**

% of North American Restaurants



#### **Higher Internal Scores Result in Higher Sales Averages**





better customer

experience.

# **External Evaluation Process**

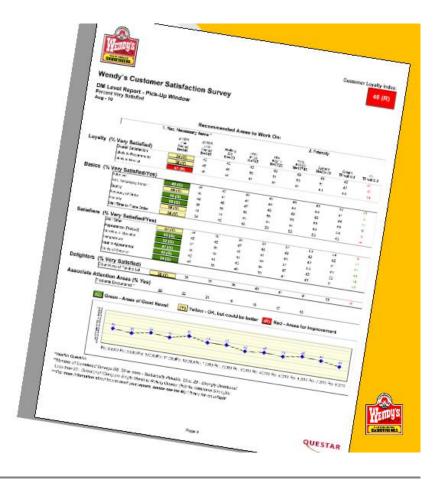


# The Voice of the Customer





# Individual Restaurant Reports



# Gaining share through heightened customer experience



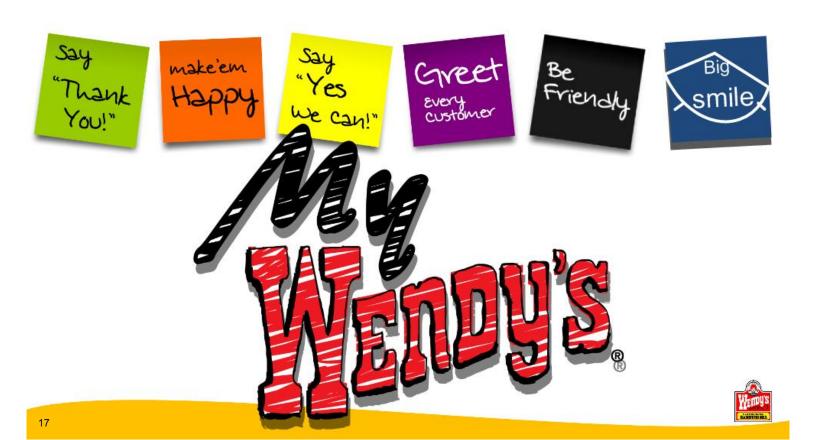
Signature Operational Initiative

Speed

Order Accuracy

**Friendliness** 





















## **Engaged employees are good for business!**





QUALITY OF WORK ENVIRONMENT





Improved Customer Satisfaction



**Higher Sales & Profits** 

\$\$\$

**Operational Excellence** 

- Strengthened store margins
- Elevated evaluation scores
- Continuous improvement leading to sales and profits
- Tools to increase performance gap with competition









# Wendy's Marketing

Ken Calwell Chief Marketing Officer









## Communication

# **Platform for Sustained Growth**



# Think about your favorite brands...





# Clearly identify the opportunity space that Wendy's can own.



# **Being Real**

- Real taste
- Real food
- Real ingredients
- Real service
- Real experience



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# **Expect superior freshness and taste**

Made to order

Less processed

High integrity ingredients

### **Expect superior value and store cleanliness**





# The Real Choice In Fast Food



## **Fast Food Lovers**

#### Wendy's consumer target

- 60 million
- Visit fast food restaurants 4-5 times weekly
- Diverse slightly more male
- Fast food significant in their lives
- Very familiar with fast food chains











- Reorganized R&D and Marketing
- Teams Focused on Core Menu
- New Talent & Leadership





# Vilorant new product pipeline that will drive results



# Disciplined new product testing process





- 100 New Product Ideas
- 25 Tested In Market
- 1,500 Restaurants









### Communication

# **Platform for Sustained Growth**



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# Differentiate through higher quality



# **Breakthrough Promotional Products**













- 11 different greens,chopped fresh daily
- Freshly made Pico de Gallo
- Premium Hass avocados
- All natural dressings,with no preservatives



#### **Salad Growth Strategy**



Premium Salad Line Q3 2010



Half-size Salads Q4 2010



Seasonal Salads 2011



#### **Salad Growth Strategy**



Premium Salad Line Q3 2010



Half-size Salads Q4 2010



Seasonal Salads 2011



# **Salad Sales More Than Doubled!**



**Before Q3 launch** 



After Q3 launch



#### Salads - #1 Market Share Leader!















#### **Wendy's Premium Salads**











- Top-quality,
  100% Russet potatoes
- Natural cut
- Better-tasting cooking oil
- Natural sea salt











Communication

#### **Platform for Sustained Growth**





#### 45% of visits

- Mostly male, 18-24 & 30-40
- Refuel quickly & inexpensively
- Shop price points, looking for a value menu
- Hardest hit by the economy

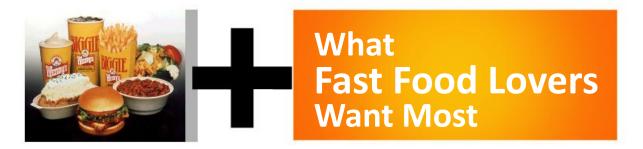


#### Wendy's Original Super Value Menu





#### Wendy's New Approach To Value



Everyday value items

Meaningful variety
Keep value menu simple







## Unit Sales up 30% Overall Transactions up 3% in November







# Fast Food Lovers Need New Product News

















- 40% thicker patty
- Quality toppings
- Crinkle-cut pickle
- Red onion
- Toasted and buttered bun







### Dave's HOT'N JUICY CHEESEBURGERS

#### **Large Hamburger Unit Gains**

Dave's Hot n' Juicy Cheeseburgers

Test Market Averages (vs base) +27%





4 Week Base



1st Media Flight



2nd Media Flight











#### **Chicken Growth Strategy**



Enhanced Filet Q3 2010



Asiago Ranch Feb 2011



2011









#### **Platform for Sustained Growth**













# The Real Choice In Fast Food









Q3 2010

Q4 2010

Q4 2010







- Well-defined consumer target
- Rejuvenated new product
   pipeline
   New value proposition
- Targeted marketing campaign
- Leadership team and franchise partners generating strong results





# The Real Choice In Fast Food





#### Wendy's Breakfast Update

David Karam *President* 





### **Breakfast Program**Near-term Success and Long-term Sustainability



Our strategy

Market test status

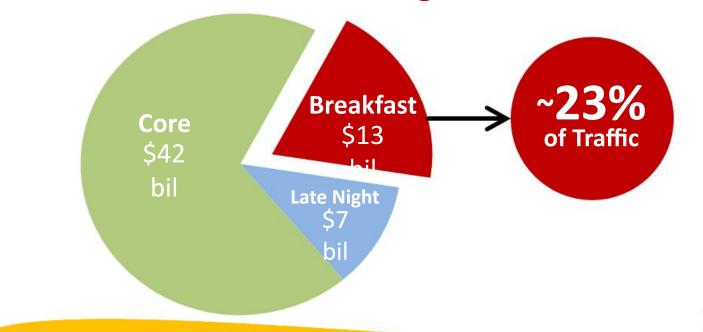
Future plans





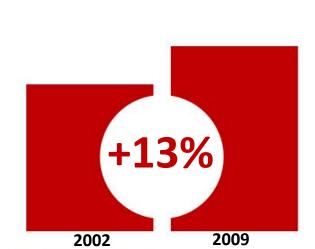
#### **Breakfast Opportunity**

#### **QSR Annual Sales - Hamburger**



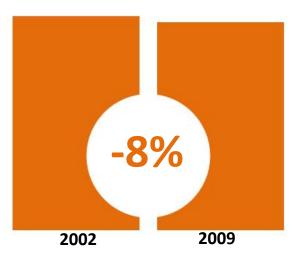
#### **Breakfast Opportunity**

#### **QSR Traffic - Breakfast vs. Dinner**



**Breakfast** 

#### Dinner





#### **Breakfast - Our Opportunity**

- —Wendy's is only major QSR Hamburger chain not serving breakfast
- —AUVs \$1.4 million without breakfast
- National implementation of breakfast can add \$140,000-150,000 to AUVs



#### **Our Strategy**





### BRAND VISION

CRITICAL SUCCESS FACTORS

KEY PERFORMANCE MEASURES

HEIGHTENED EXECUTION



# Most extensive research in Wendy's history







## The Real Choice in Breakfast "made fresh for you"





#### **Breakfast Approach**

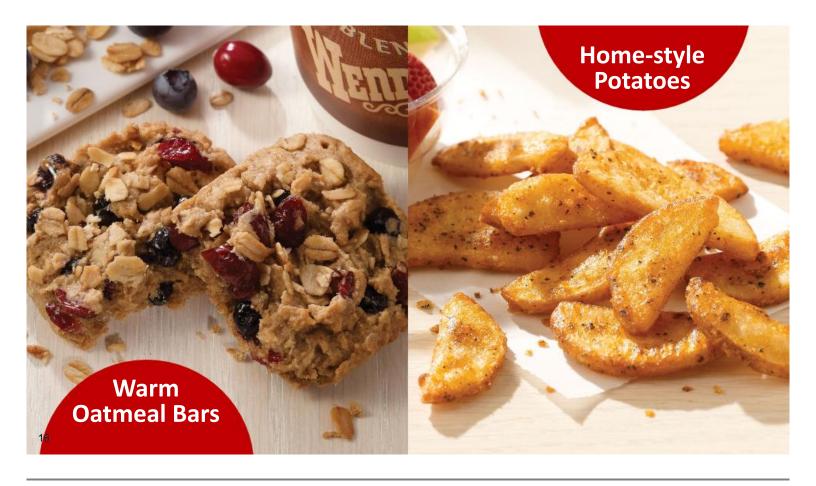
- Phase 1 developing and testing menu
- Phase 2 improving profitability and operations
- Phase 3 expanding to additional markets













**Market Test** 

Pittsburgh
Kansas City
Phoenix
Shreveport



# Comprehensive Marketing Approach







#### TV, Radio, Online, Print & Billboards



#### 2010 Market Test Results

#### **Consumer Validation**

- Overall exceptional ratings from first-time visitors
- Products rated significantly higher than competition
- High repurchase intent indicated



#### 2010 Market Test Results

#### **Financial Results**

— Sale and transactions up 30-40%

 Identified key demographic and geographic factors that drive breakfast sales





## FRESH MADE BREAKFAST





#### Wendy's Breakfast Update

Steve Farrar Chief Operating Officer





#### **Breakfast Approach**

- Phase 1 developing and testing menu
- Phase 2 improving profitability and operations
- Phase 3 expanding to additional markets



# Phase 2 Improving Profitability and Operations

- Refining financial model to heighten breakfast margins
- Codifying operational procedures for efficiency
- Developing a go-to-market strategy



# Phase 2 Improving Profitability and Operations





# Phase 2 Improving Profitability and Operations

- Coffee and other new products
- Menuboard merchandising improvements for combos and beverages



## Phase 2 Consumer Experience

- Consumer satisfaction at breakfast highest of all dayparts
- Improvements in service times
- Food quality and cleanliness: competitive in breakfast stores





#### **Breakfast Approach**

- Phase 1 developing and testing menu
- Phase 2 improving profitability and operations
- —Phase 3 expanding to additional markets



#### **2011 Breakfast Expansion Timeline**

2010	Q1 <b>2011</b>	Q2 <b>2011</b>	Q3 <b>2011</b>	Q4 <b>2011</b>	YE 2011
NEW MENU LAUNCH	LOUISVILLE & SAN ANTONIO		ADDITIONAL MARKETS		1,000 STORES
			CONVERT 300 OL	D MENU STORES	

Wempys

### BRAND VISION

CRITICAL SUCCESS FACTORS

KEY PERFORMANCE MEASURES

HEIGHTENED EXECUTION





## FRESH MADE BREAKFAST





### Franchisee Health & Development

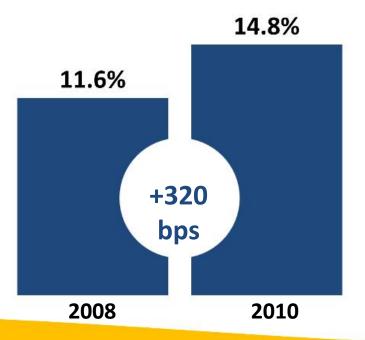
David Karam *President* 







#### **Improved Restaurant Margins**





#### **Achieving Margin Improvement** through Managing Expenses

- Monthly store level business reviews
- National contracting for repair and maintenance
- Better utility management
- Improved reporting tools to control food waste
- More efficient labor usage



## more effective benchmarking identifies best practices fosters innovation

#### KEY PERFORMANCE MEASURES

identifies strong performers





#### **Pricing Model - Example**

#### Projected Impact of Price Increase per Store - U.S. Company Stores



#### **Sales and Gross Profit Projection - Example**

	Annual Impact without Pricing Model	Annual Impact with Pricing Model
SALES		
78% stores benefit from price increase	\$ 8,900,000	\$ 8,900,000
22% stores hurt by price increase	(5,100,000)	-
Total Sales	\$ 3,800,000	\$ 8,900,000
Total % impact on sales	0.2%	0.6%
OPERATING PROFIT		
78% stores benefit from price increase	\$ 6,700,000	\$ 6,700,000
22% stores hurt by price increase	(3,600,000)	
<b>Total Operating Profit</b>	\$ 3,100,000	\$ 6,700,000



q





#### **Generating Significant Savings**







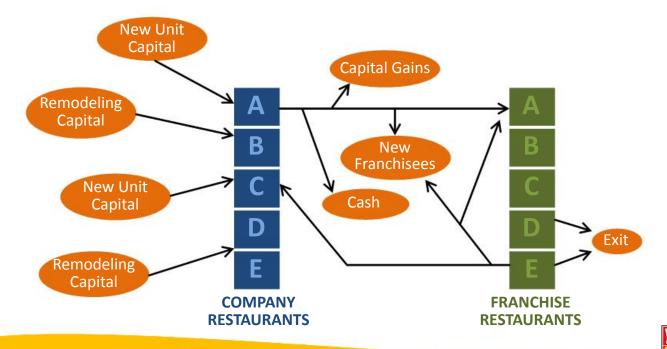
#### **Development Opportunity**

North American Restaurant Count - FY 2009

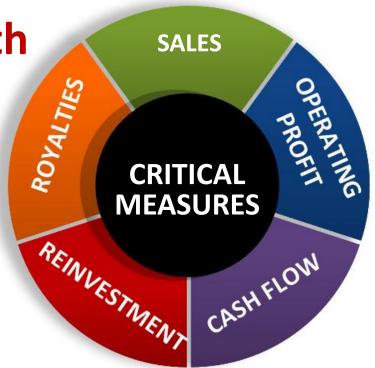




#### **Managing Our Restaurant Portfolio**

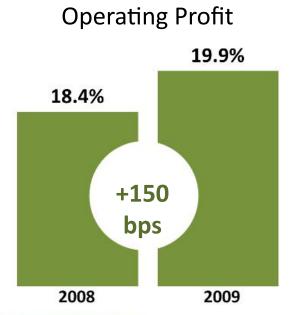




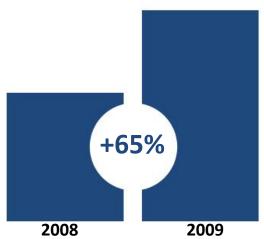




#### **U.S. Franchise Operating Profit and Cash Flow**

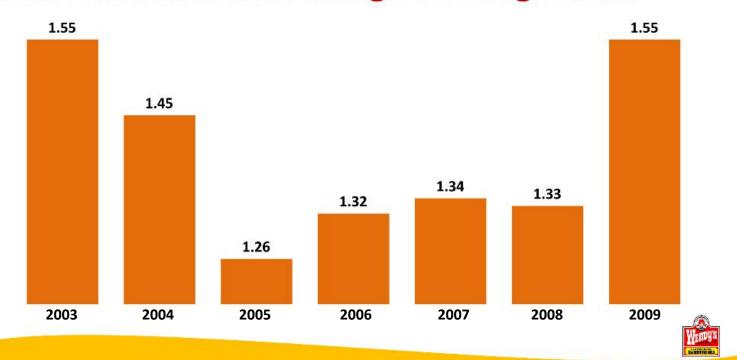


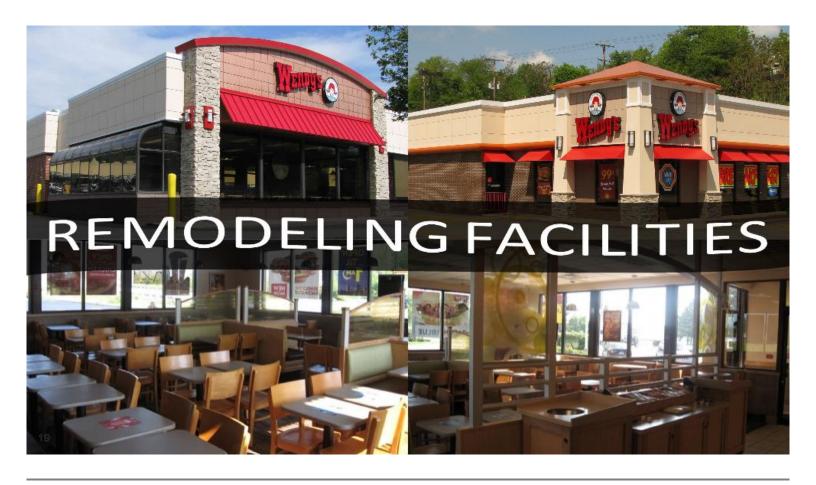






#### **U.S. Franchise Fixed Charge Coverage Ratio**





### Facility Remodels

**Next Generation** 





#### **Key Growth Drivers**

— Grow same-store sales



#### **Key Growth Drivers**

— Grow same-store sales

— Expand dayparts



#### **Key Growth Drivers**

- Grow same-store sales
- Expand dayparts
- New stores, remodels and portfolio management



- Grow same-store sales
- Expand dayparts
- New stores, remodels and portfolio management
- —International expansion





#### **International Overview**

Darrell van Ligten
President - International

#### **Agenda**

**Brief History** 

**Development Progress** 

**Growth Strategies** 



#### **Restaurants Outside of United States**

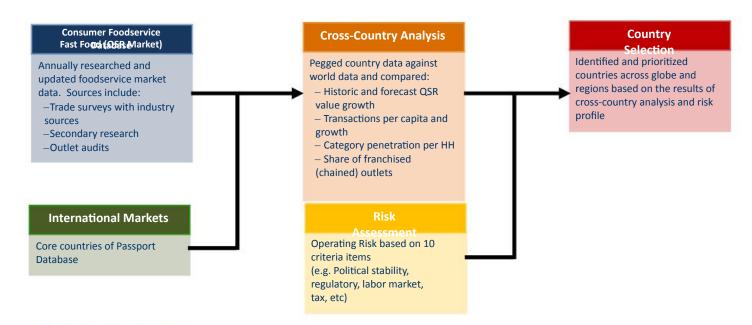




# 8,000 Unit Potential



#### **Methodology For New Markets**



WENDY'S/ARBY'S INTERNATIONAL

Sources: Euromonitor International and The Economist Intelligence Unit

### WENDY'S/ARBY'S INTERNATIONAL



#### Why We're Bullish

- Global marketplace accepts Western QSRs
- Support infrastructure already established
- Development-focused
- Growth strategies
- Financial resources
- Commitment to global expansion

WENDY'S/ARBY'S INTERNATIONAL

#### **Restaurant AUVs**

#### \$4.2 Million



### WENDY'S/ARBY'S INTERNATIONAL

WENDY'S /ARBY'S INTERNATIONAL

# Growth Is Our Primary Focus



# Ignite Growth in Existing Markets







# Recruit sophisticated, well-capitalized franchisees

WENDY'S/ARBY'S INTERNATIONAL

#### We Expect Future Franchisees to Have...

- Previous restaurant experience
- Real estate access
- Existing infrastructure
- Adequate capital







# Invest in High Opportunity Markets



#### **High Opportunity Market Characteristics**

- Geopolitical Stability
- —Sound Economic Trends
- —Strong Population Growth
- Rising Standard of Living
- Underpenetrated QSR Sector



## 30% of our 8,000 unit potential

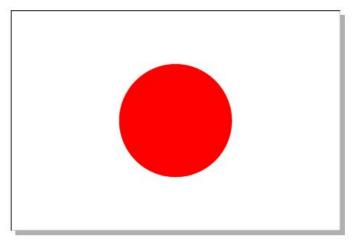




China

**Brazil** 

WENDY'S/ARBY'S INTERNATIONAL



# 9% of our 8,000 unit potential

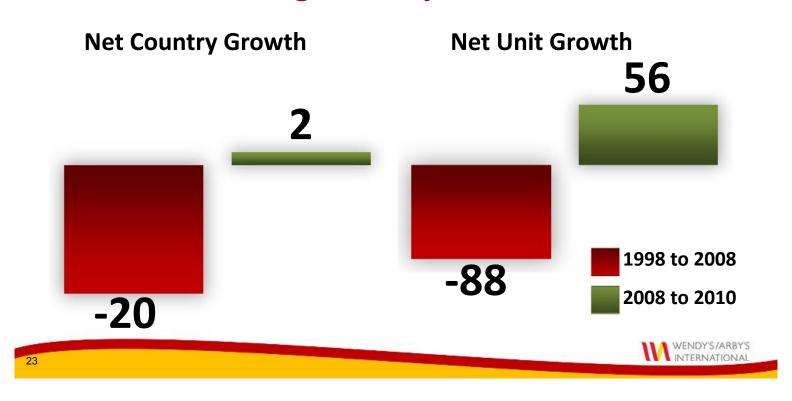
**Japan** 



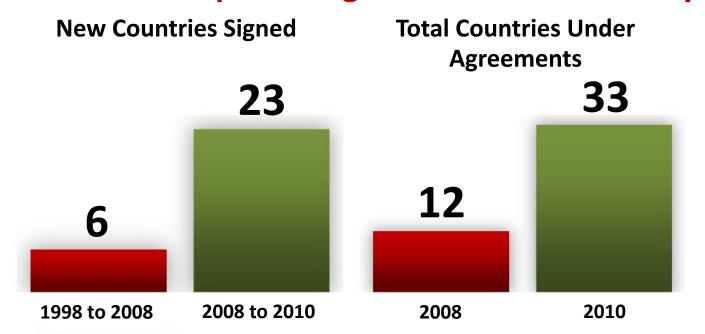
# WENDY'S/ARBY'S INTERNATIONAL

WENDY'S/ARBY'S INTERNATIONAL

#### **Reversed Declining Country & Unit Count Trends**



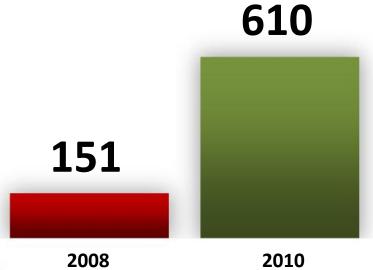
#### **Grown Development Agreements Substantially**



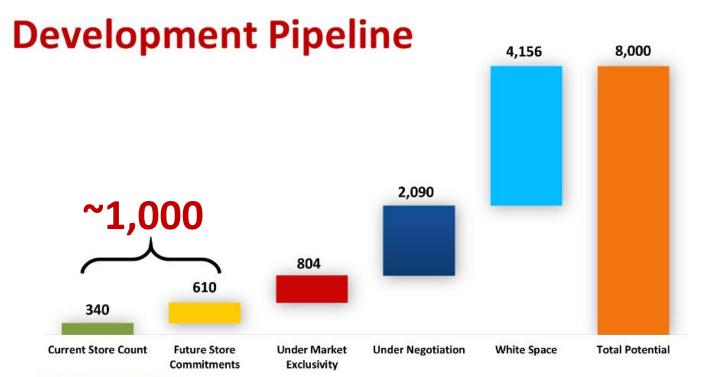
WENDY'S/ARBY'S INTERNATIONAL

#### **Increased Store Commitments Significantly**





WENDY'S/ARBY'S INTERNATIONAL



WENDY'S/ARBY'S INTERNATIONAL

### **International Designs**

- More modern
- More innovative
- More avant-garde



# Relevant & Contemporary Store Designs

WENDY'S/ARBY'S INTERNATIONAL

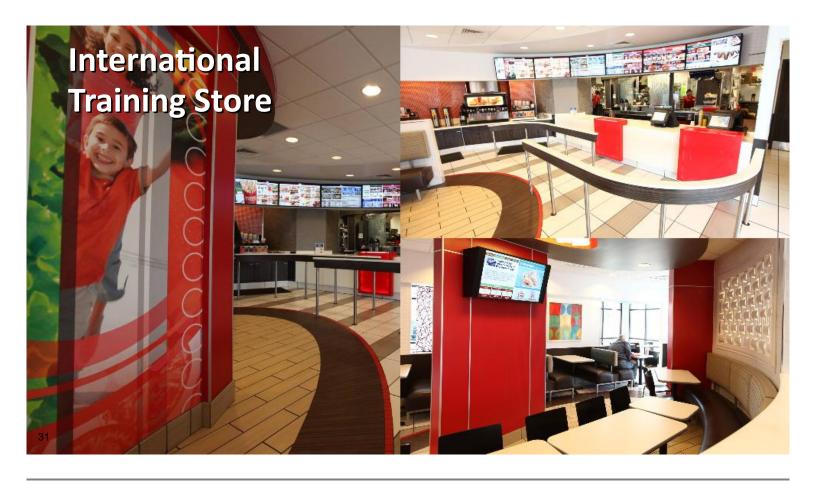
## Design Feedback

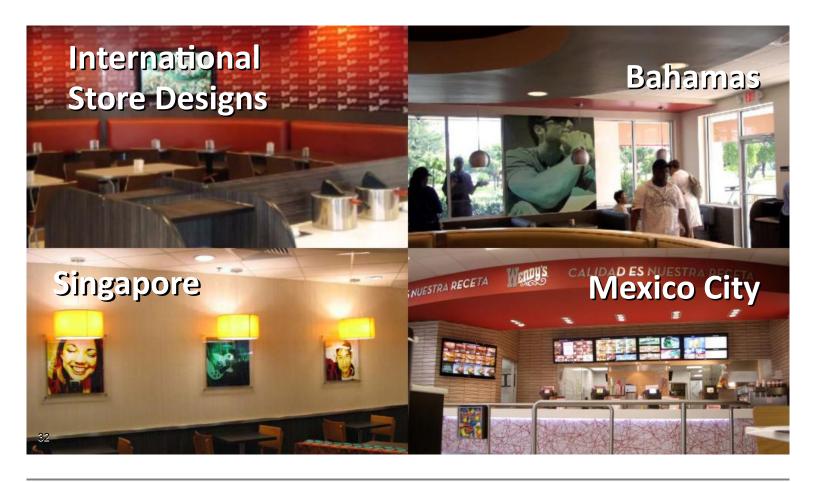
- Color palettes
- Furniture & fixtures
- Store layouts



# WENDY'S/ARBY'S INTERNATIONAL

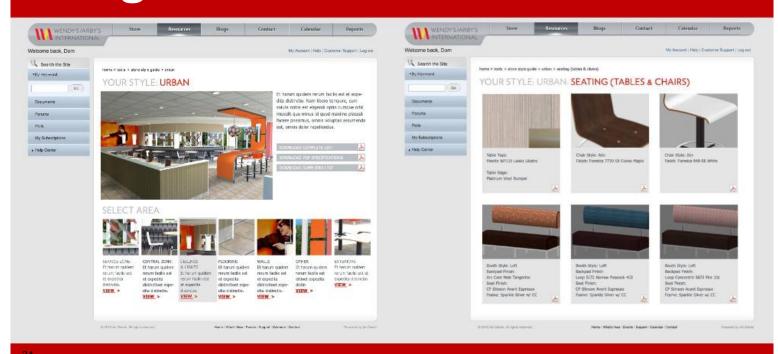
WENDY'S /ARBY'S INTERNATIONAL







### **Design Portal**



# Retail Design is a Continuous Process



## Future Design Concepts







# WENDY'S/ARBY'S INTERNATIONAL

WENDY'S /ARBY'S INTERNATIONAL



## The Real Choice In Fast Food



### We All Eat Differently

Breakfast, lunch and dinner

1 large meal with constant snacking

White meat chicken vs Dark meat chicken

3 item combos vs 4 item combos





## The Real Choice In Fast Food







## The Real Choice In Fast Food























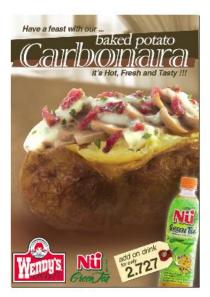




























# Operational Excellence Builds Brand Loyalty

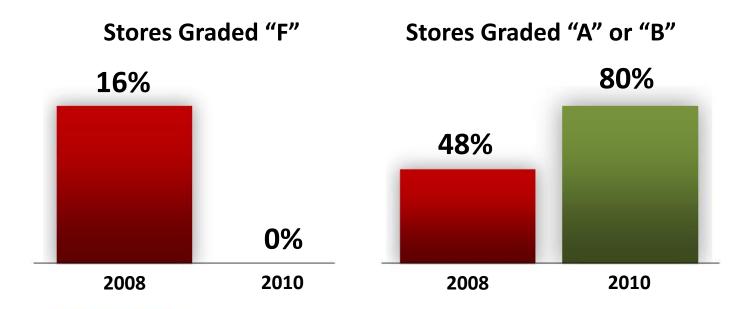
WENDY'S/ARBY'S INTERNATIONAL

## **Consistent Operations**

- Same internal evaluation process
- Same quality assurance standards
- Same performance analysis



### **International Restaurant Audit Scores**



## Superior Operations Grows Long-term Sales & Profits

WENDY'S / ARBY'S INTERNATIONAL

## "A journey of a thousand miles, starts with a single step."

- Lao Tzu



## **International Accomplishments**

- Accelerated development
- Transformed retail designs
- Redefined menu strategy
- Recommitted to operational excellence



## Continue Making Sizeable Investments



# Significant Earnings Growth & Long-term Value

WENDY'S/ARBY'S INTERNATIONAL



### **Nelson Peltz**

— Chairman





SERVING FRESH IDEAS DAILY.

