

# Financial Outlook



Investor Update

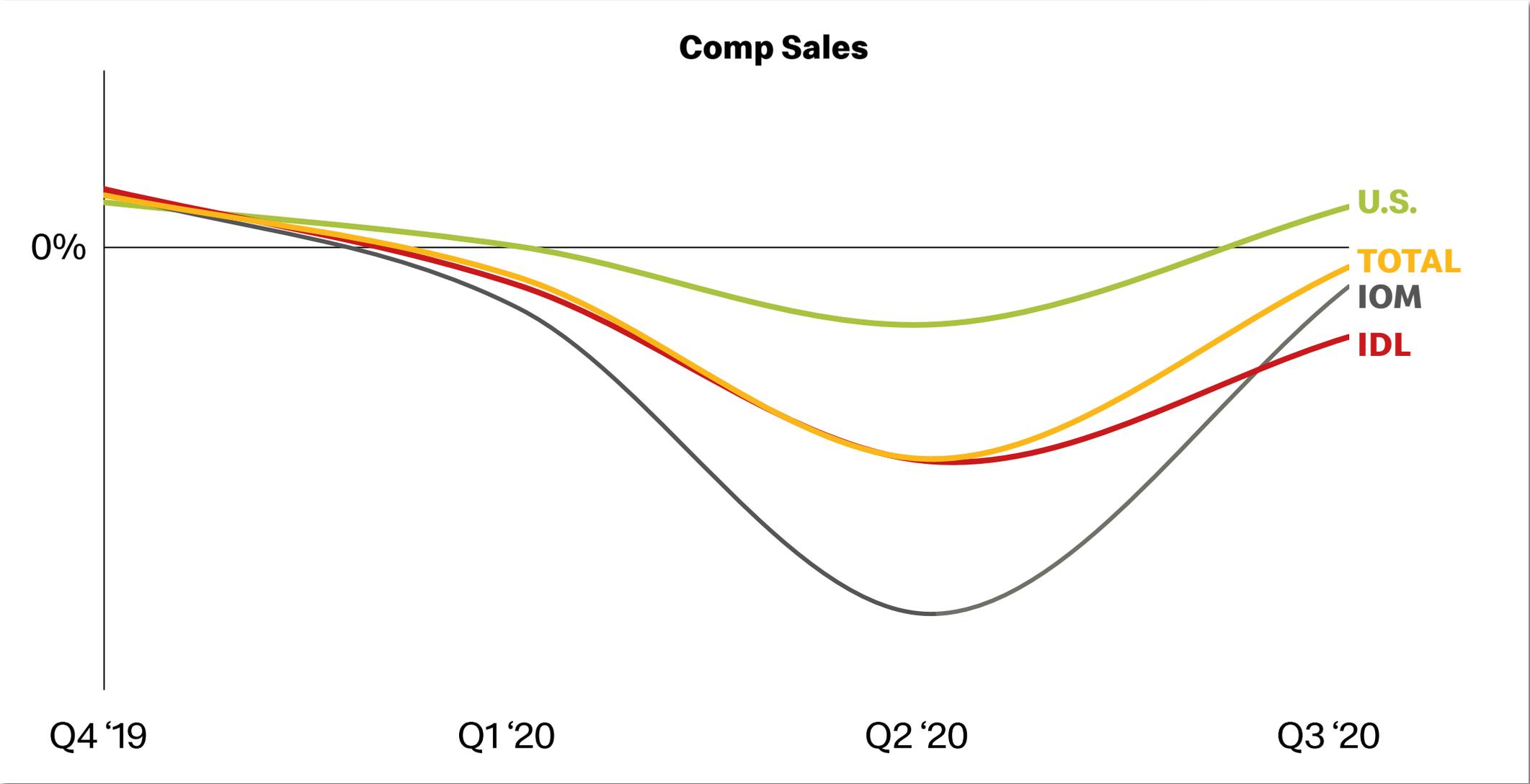
November 9, 2020



# Progress over the last 5 years

	<u>2014</u>	<u>2019</u>
Systemwide Sales	<b>\$88 B</b>	<b>\$100 B</b>
Operating Income	<b>\$8 B</b>	<b>\$9 B</b>
Operating Margin	<b>29%</b>	<b>43%</b>
Free Cash Flow	<b>\$4.1 B</b>	<b>\$5.7 B</b>
Free Cash Flow Conversion	<b>87%</b>	<b>95%</b>

# An encouraging pace of recovery



**2021 vs. 2019  
& 2022**

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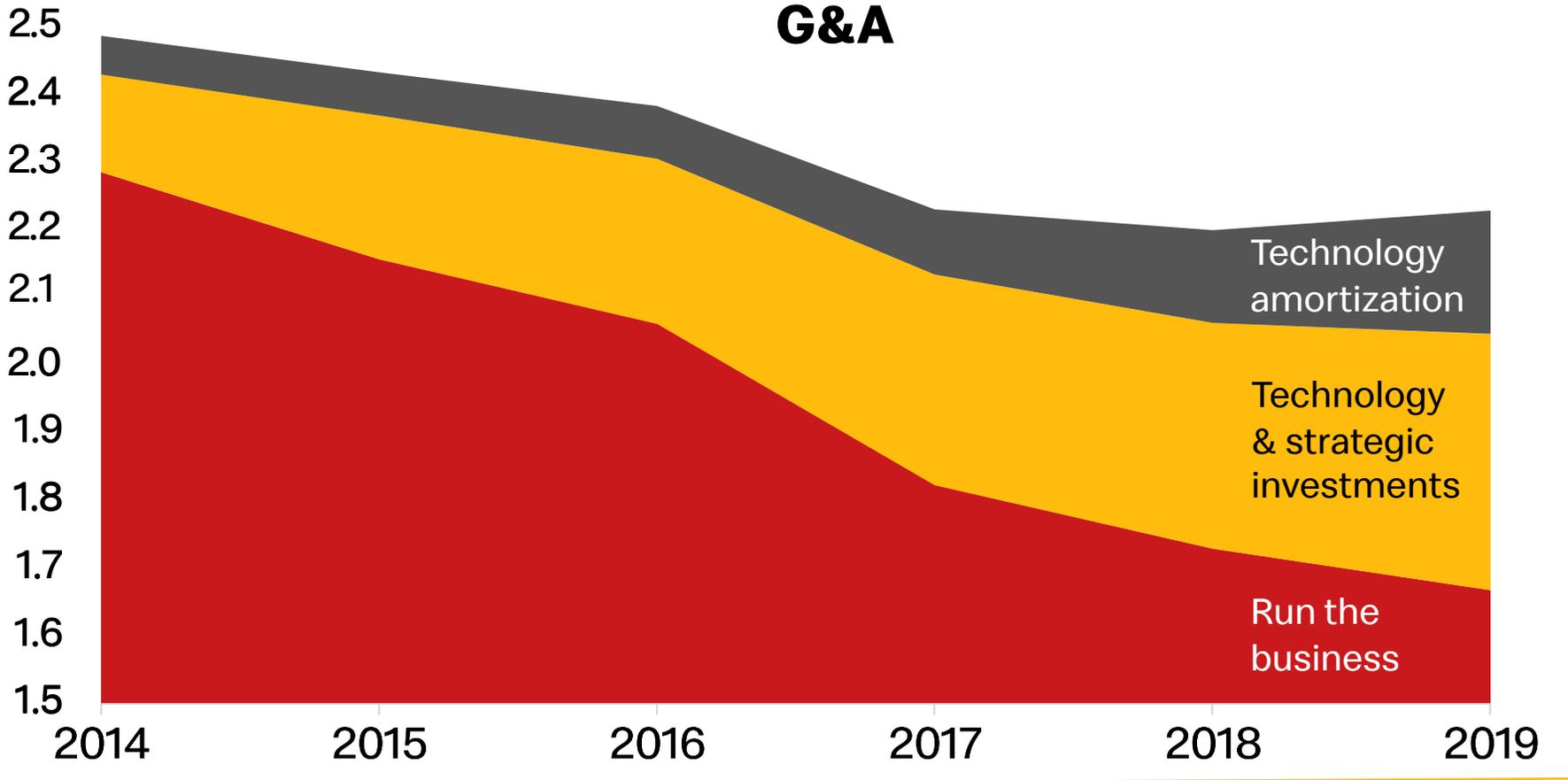
**Systemwide Sales**

**Mid-Single Digits**

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# We've reduced "run the business" G&A to enable increased technology spend

(\$B)

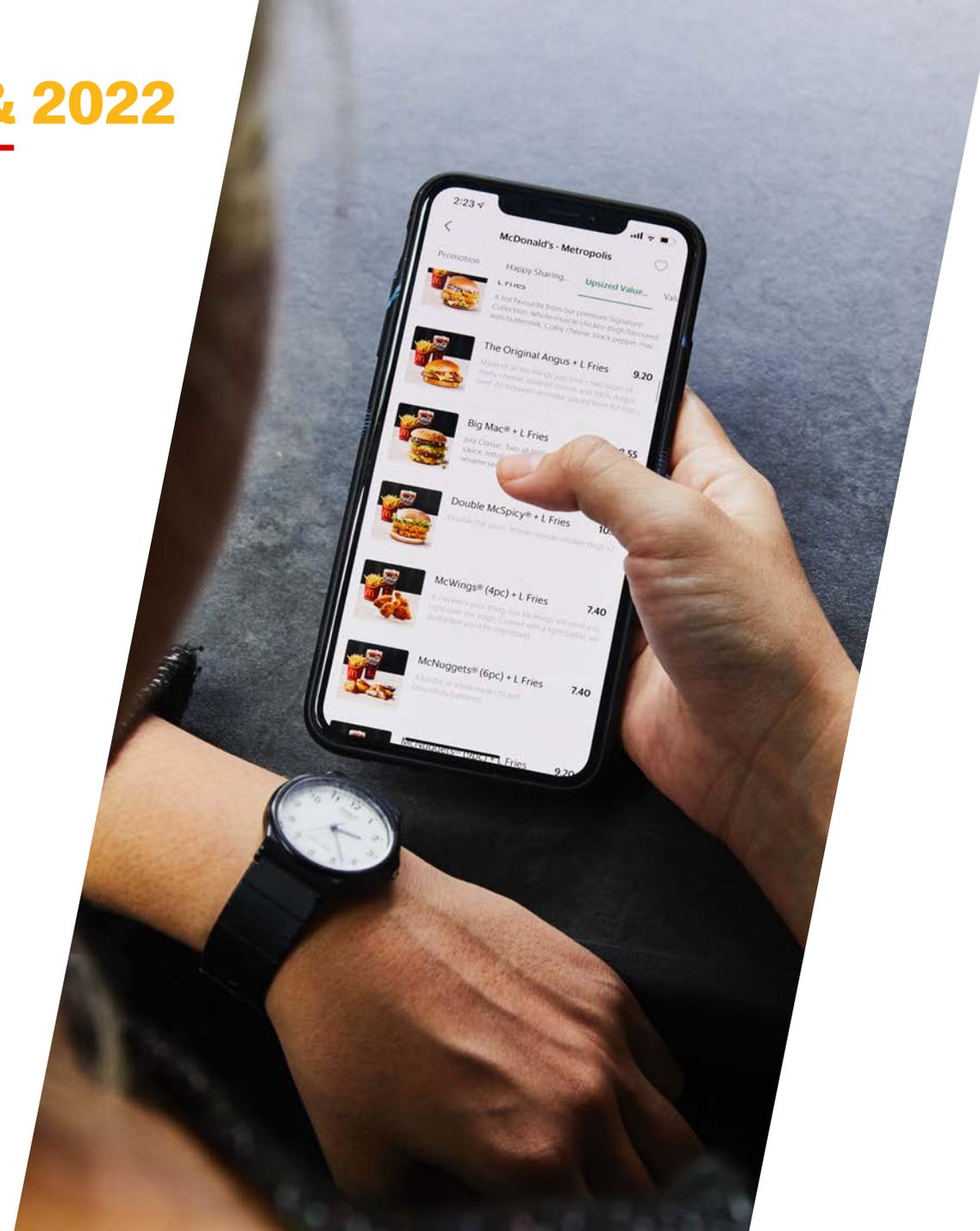


TOTAL G&A \$2.5      \$2.4      \$2.4      \$2.2      \$2.2      \$2.2

% OF SYSTEMWIDE SALES 2.8%      2.9%      2.8%      2.5%      2.3%      2.2%

2021 & 2022

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**G&A**

**2.3% of  
Systemwide Sales**

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# Operating Margin



2014



2019

# Investments in the P&L

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## EOTF Depreciation Costs

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## Delivery Cost Structure

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## COVID-19 Related Costs

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**2021 & 2022**

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**Operating  
Margin %  
Low-to-Mid 40s**

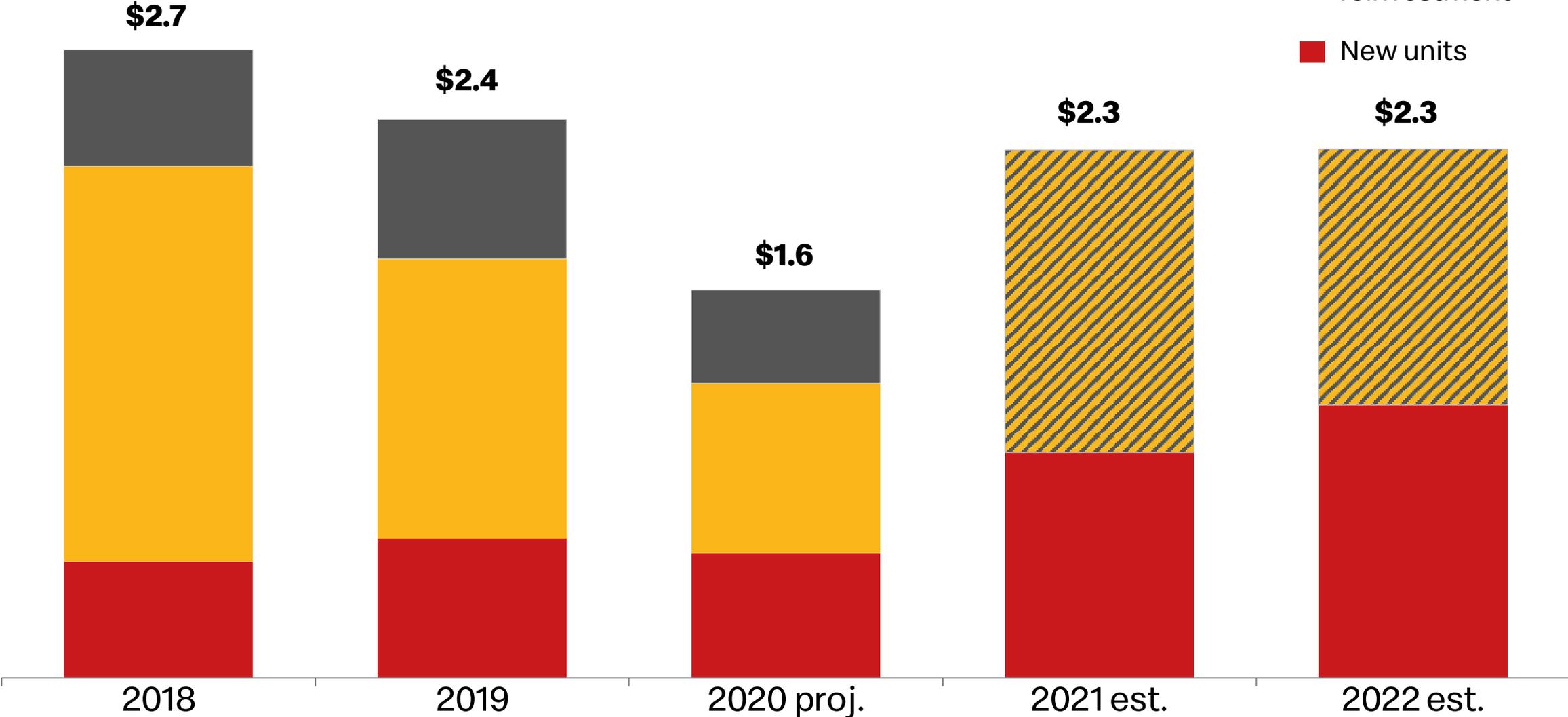
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# As US reinvestment spend declines, opportunity to grow new units

(\$B)

Capital Expenditures

- IOM reinvestment
- U.S. reinvestment
- New units



**2021**



**1,300**

**New Restaurants**



**500**

**New Restaurants in U.S. & IOM**



**800**

**New Restaurants in IDL**



**2022**



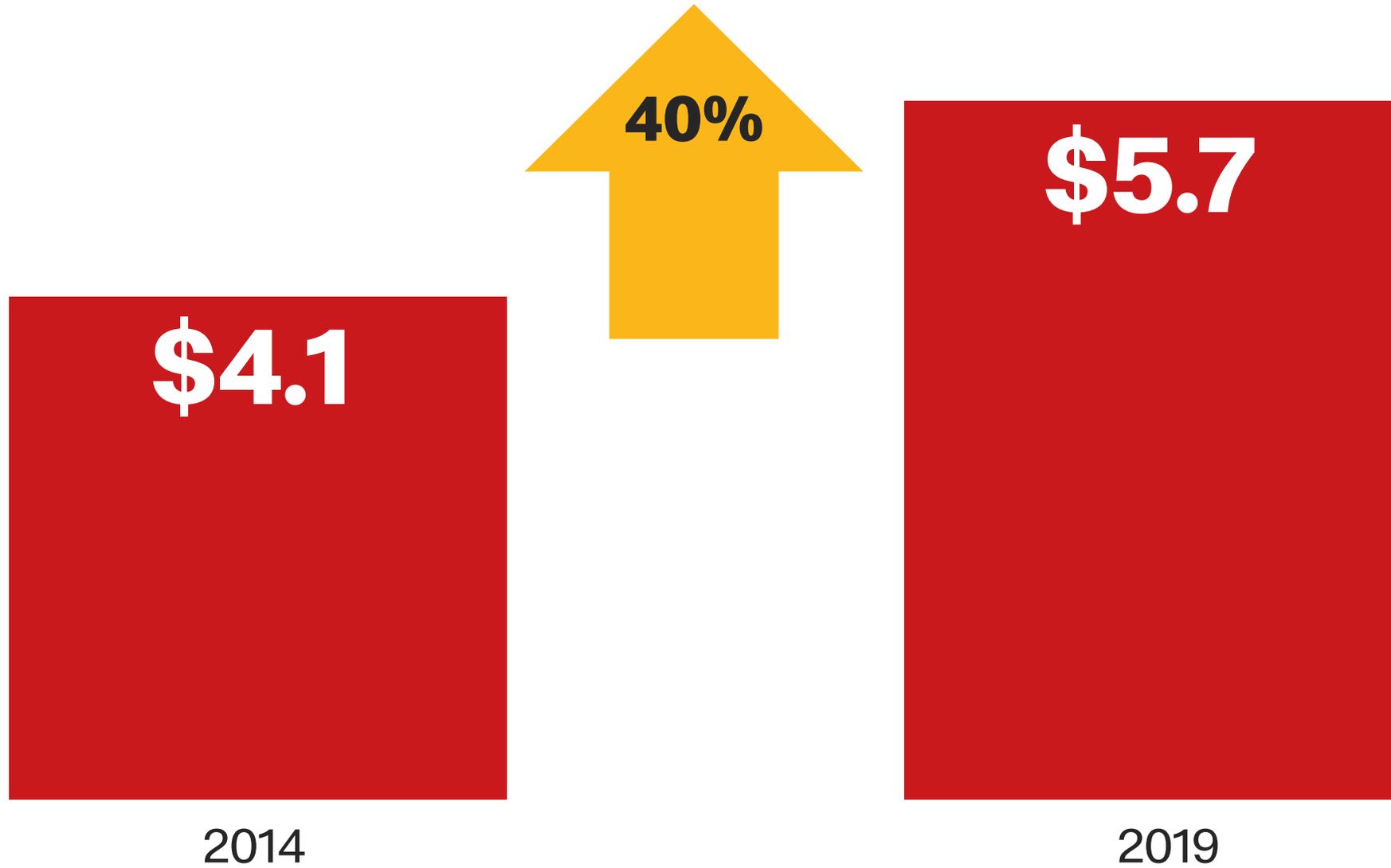
## **New Restaurants**

**1.5% – 2% Systemwide  
Sales Growth**



# Free Cash Flow

(\$B)



2021 & 2022

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**Free Cash Flow  
Conversion**

**> 90%**

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# Capital Allocation Priorities

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**1.**

**Invest in the Business**

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**2.**

**Pay the Dividend**

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**3.**

**Pay Down Debt  
Near Term**

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# FORWARD-LOOKING STATEMENTS

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This presentation contains certain forward-looking statements which reflect management's expectations regarding future events and operating performance and speak only as of the date hereof. These forward-looking statements involve a number of risks and uncertainties. Factors that could cause actual results to differ materially from our expectations are detailed in the Company's filings with the Securities and Exchange Commission, such as its annual and quarterly reports and current reports on Form 8-K. The Company undertakes no obligation to update such forward-looking statements, except as may otherwise be required by law. Reconciliations of any non-GAAP financial measures mentioned during today's event along with their corresponding GAAP measures can be found on our website.

# Supplemental Information Regarding System Sales

<b>Years Ended December 31,</b>		
<i>Dollars in millions</i>	2019	2014
Company-operated sales	9,420.8	18,169.3
<u>Franchised sales</u>	90,756.9	69,617.3
<b>Systemwide Sales*</b>	100,177.7	87,786.6

\*Systemwide sales include sales at all restaurants, whether operated by the Company or by franchisees. While franchised sales are not recorded as revenues by the Company, management believes the information is important in understanding the Company's financial performance, because these sales are the basis on which the Company calculates and records franchised revenues and are indicative of the financial health of the franchisee base. The Company's revenues consist solely of sales by Company-operated restaurants and fees from franchised restaurants operated by conventional franchisees, developmental licensees and affiliates

# Supplemental Information Regarding Free Cash Flow and Free Cash Flow Conversion Rate

Years Ended December 31, <i>Dollars in millions</i>	2019	2014
Cash Provided by Operations	8,122.1	6,730.3
<u>Less: Capital expenditures</u>	2,393.7	2,583.4
<b>Free cash flow*</b>	<b>5,728.4</b>	<b>4,146.9</b>
<u>Divided by: Net income</u>	6,025.4	4,757.8
<b>Free cash flow conversion rate*</b>	<b>95.1%</b>	<b>87.2%</b>

\*Free cash flow, defined as cash provided by operations less capital expenditures, and free cash flow conversion rate, defined as free cash flow divided by net income, are measures reviewed by management in order to evaluate the Company's ability to convert net profits into cash resources, after reinvesting in the core business, that can be used to pursue opportunities to enhance shareholder value.