

BUY					HOLD			SELL						BUY	RATING SINCE	03/14/2013	
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E		E-	F	TARGET PRICE
Annual Dividend Rate \$0.24		Annual Dividend Yield 1.96%			Beta 0.79			Market Capitalization \$3.1 Billion			52-Week Range \$8.89-\$12.30			Price as of 11/17/2016 \$12.20			

Sector: **Consumer Goods & Svcs** | Sub-Industry: **Restaurants** | Source: **S&P**

WEN BUSINESS DESCRIPTION

The Wendy's Company, through its subsidiaries, operates as a quick-service restaurant company in the hamburger sandwich segment worldwide. It is involved in operating, developing, and franchising a system of quick-service restaurants.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	20.43	28.15	10.88

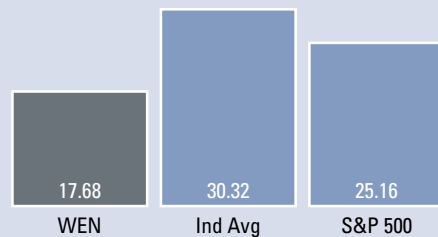
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	-21.66	-16.03	-14.29
Net Income	544.64	89.27	68.78
EPS	500.00	228.57	84.42

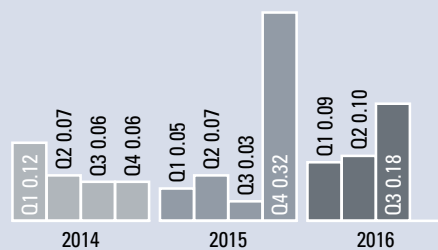
RETURN ON EQUITY (%)

	WEN	Ind Avg	S&P 500
Q3 2016	27.91	14.53	11.79
Q3 2015	10.52	30.27	12.91
Q3 2014	7.33	63.69	14.28

P/E COMPARISON



EPS ANALYSIS' (\$)

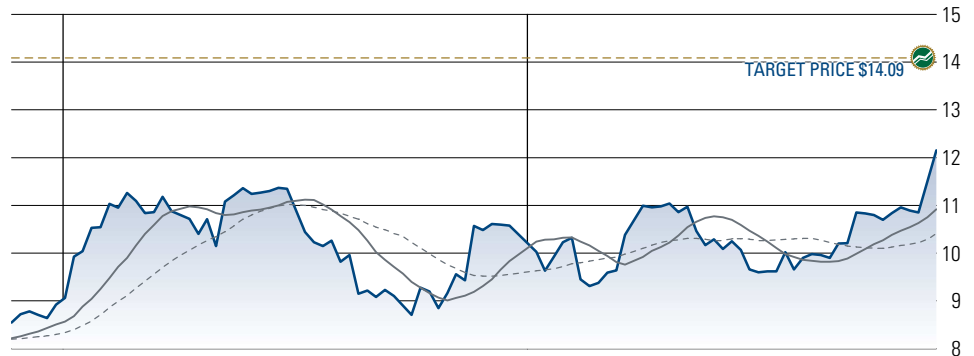


NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.

Weekly Price: (US\$) | SMA (50) — SMA (100) ---

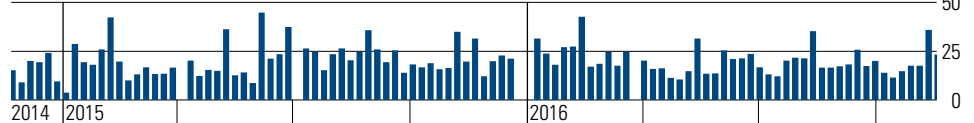
1 Year | 2 Years



Rating History



Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate WENDY'S CO (WEN) a BUY. This is driven by a number of strengths, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company's strengths can be seen in multiple areas, such as its solid stock price performance, compelling growth in net income, notable return on equity, reasonable valuation levels and expanding profit margins. We feel its strengths outweigh the fact that the company shows weak operating cash flow.

HIGHLIGHTS

Powered by its strong earnings growth of 500.00% and other important driving factors, this stock has surged by 28.15% over the past year, outperforming the rise in the S&P 500 Index during the same period. Turning to the future, naturally, any stock can fall in a major bear market. However, in almost any other environment, the stock should continue to move higher despite the fact that it has already enjoyed nice gains in the past year.

The net income growth from the same quarter one year ago has significantly exceeded that of the S&P 500 and the Hotels, Restaurants & Leisure industry. The net income increased by 544.6% when compared to the same quarter one year prior, rising from \$7.58 million to \$48.89 million.

The company's current return on equity greatly increased when compared to its ROE from the same quarter one year prior. This is a signal of significant strength within the corporation. Compared to other companies in the Hotels, Restaurants & Leisure industry and the overall market, WENDY'S CO's return on equity significantly exceeds that of both the industry average and the S&P 500.

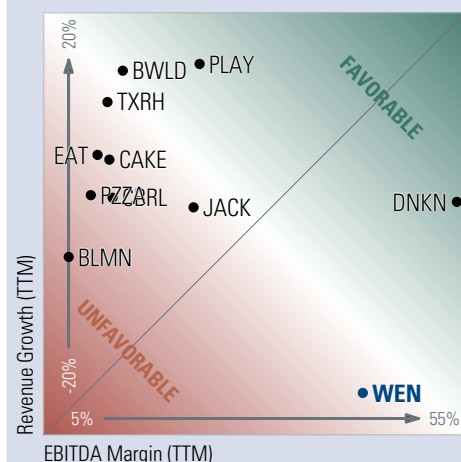
48.75% is the gross profit margin for WENDY'S CO which we consider to be strong. It has increased significantly from the same period last year. Regardless of the strong results of the gross profit margin, the net profit margin of 13.43% trails the industry average.

Sector: Consumer Goods & Svcs | Restaurants | Source: S&P

Annual Dividend Rate \$0.24	Annual Dividend Yield 1.96%	Beta 0.79	Market Capitalization \$3.1 Billion	52-Week Range \$8.89-\$12.30	Price as of 11/17/2016 \$12.20
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PEER GROUP ANALYSIS

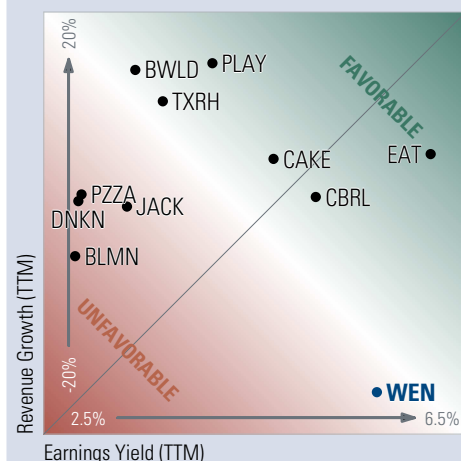
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$1.9 Billion and \$4.6 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -16% and 15.1%. Companies with NA or NM values do not appear.

INDUSTRY ANALYSIS

The hotels, restaurant, and leisure industry consists of hotels, restaurants, casinos, cruise lines, resorts, and theme parks. Demand is driven by a fairly consistent group of factors throughout the whole of the industry: personal income levels, total employment, and consumer confidence. In recent years, catastrophic weather, fear of terrorism, and health epidemics directly impacted the industry in a material way. The industry is capital, marketing, personnel, energy, maintenance, and technology intensive. Major players include Intercontinental Hotels Group (IHG), Marriott International Inc. (MAR), Las Vegas Sands (LVS), MGM Resorts International (MGM), McDonald's (MCD), and Yum! Brands (YUM).

The foodservice industry employs more than 12 million people, making it America's second largest employer after the U.S. government. Not only is the industry huge, it's growing, as factors - such as a rise in two-income households - have been leading to increasing levels of dining out. In recent years, restaurant sales have risen roughly 5% annually according to National Restaurant Association estimates. However, despite its growth rate, the industry should be seen as mature. Companies within the industry generally earn thin margins and face stiff competition. As a result, M&A activity is frequent as competitors look to spread fixed costs across more locations.

Both tourism and business travel remain keys to the industry, and as a result, U.S. GDP growth, consumer confidence, and corporate earnings remain vital to the industry's success. The expansion in capital spending has been in response to projected demand. However, overdevelopment in certain areas is a concern. Looking forward, any prolonged low occupancy rates could threaten hotels that are heavily leveraged. As for metrics, occupancy, average daily room rate, and revenue per available room should be considered when analyzing the industry or a player within the industry.

Casinos generate roughly \$68 billion in revenues annually, and typically, 50% of a casino hotel's revenues come from gaming, 20% from hotel rooms, 15% from food and beverages, and 15% from retail stores, shows, and other entertainment offerings. Expansion and consolidation have been recent trends of note. In 2005 alone, MGM Resorts International purchased Mandalay Resort Group for close to \$8 billion and Harrah's bought Caesars for over \$9 billion. Recent years have also seen a good amount of new casino construction in the \$700 million range as competitors jockey to attract visitors by providing more elaborate offerings. Looking ahead, further capacity expansion may threaten margins. Meanwhile, most of the industry's top-line growth has come from Native American casinos, which at present generate roughly \$16 billion in revenues annually.

PEER GROUP: Hotels, Restaurants & Leisure

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
WEN	WENDY'S CO	12.20	3,136	17.68	1,589.88	186.59
DNKN	DUNKIN' BRANDS GROUP INC	49.91	4,578	35.40	816.98	130.52
CBRL	CRACKER BARREL OLD CTRY STO	154.99	3,724	19.69	2,912.35	189.30
JACK	JACK IN THE BOX INC	102.54	3,351	30.43	1,554.98	115.23
PZZA	PAPA JOHNS INTERNATIONAL INC	86.92	3,206	34.91	1,690.82	94.89
TXRH	TEXAS ROADHOUSE INC	45.46	3,206	27.55	1,960.36	117.86
BWLD	BUFFALO WILD WINGS INC	164.50	2,994	29.64	1,982.83	104.40
CAKE	CHEESECAKE FACTORY INC	57.74	2,739	21.39	2,199.41	134.31
EAT	BRINKER INTL INC	54.01	2,682	16.22	3,253.42	190.77
BLMN	BLOOMIN' BRANDS INC	18.95	1,997	35.75	4,297.46	63.73
PLAY	DAVE & BUSTER'S ENTMT INC	45.33	1,907	24.37	933.29	80.18

The peer group comparison is based on Major Restaurants companies of comparable size.

Sector: Consumer Goods & Svcs | Restaurants | Source: S&P

Annual Dividend Rate \$0.24	Annual Dividend Yield 1.96%	Beta 0.79	Market Capitalization \$3.1 Billion	52-Week Range \$8.89-\$12.30	Price as of 11/17/2016 \$12.20
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COMPANY DESCRIPTION

The Wendy's Company, through its subsidiaries, operates as a quick-service restaurant company in the hamburger sandwich segment worldwide. It is involved in operating, developing, and franchising a system of quick-service restaurants. The company's restaurants offer a range of chicken breast sandwiches, chicken nuggets, chili, French fries, baked potatoes, salads, soft drinks, Frosty desserts, and kids' meals. As of August 10, 2016, its restaurant system included approximately 6,500 franchise and company-operated restaurants. The Wendy's Company was formerly known as Wendy's/Arby's Group, Inc. and changed its name to The Wendy's Company in July 2011. The company was founded in 1969 and is headquartered in Dublin, Ohio.

WENDY'S CO

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STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of WEN shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	3.0 out of 5 stars	★	★	★	☆	☆
Measures the growth of both the company's income statement and cash flow. On this factor, WEN has a growth score better than 50% of the stocks we rate.		weak				strong
Total Return	4.5 out of 5 stars	★	★	★	★	★
Measures the historical price movement of the stock. The stock performance of this company has beaten 80% of the companies we cover.		weak				strong
Efficiency	3.5 out of 5 stars	★	★	★	☆	☆
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 60% of the companies we review.		weak				strong
Price volatility	4.0 out of 5 stars	★	★	★	★	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 70% of the stocks we monitor.		weak				strong
Solvency	2.5 out of 5 stars	★	★	☆	☆	☆
Measures the solvency of the company based on several ratios. The company is more solvent than 40% of the companies we analyze.		weak				strong
Income	3.5 out of 5 stars	★	★	★	☆	☆
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 60% of the companies we track.		weak				strong

THE STREET RATINGS RESEARCH METHODOLOGY

TheStreet Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

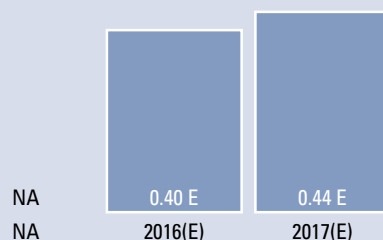
Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial



FINANCIAL ANALYSIS

WENDY'S CO's gross profit margin for the third quarter of its fiscal year 2016 has significantly increased when compared to the same period a year ago. Even though sales decreased, the net income has increased, representing an increase to the bottom line. WENDY'S CO has strong liquidity. Currently, the Quick Ratio is 1.73 which shows the ability to cover short-term cash needs. The company's liquidity has increased from the same period last year.

During the same period, stockholders' equity ("net worth") has remained virtually unchanged only decreasing by 3.81% from the same quarter last year. The key liquidity measurements indicate that the company is unlikely to face financial difficulties in the near future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

INCOME STATEMENT

	Q3 FY16	Q3 FY15
Net Sales (\$mil)	364.01	464.63
EBITDA (\$mil)	155.92	107.81
EBIT (\$mil)	126.56	71.39
Net Income (\$mil)	48.89	7.58

BALANCE SHEET

	Q3 FY16	Q3 FY15
Cash & Equiv. (\$mil)	349.56	175.70
Total Assets (\$mil)	4,114.42	4,080.78
Total Debt (\$mil)	2,515.82	2,403.13
Equity (\$mil)	678.58	705.46

PROFITABILITY

	Q3 FY16	Q3 FY15
Gross Profit Margin	48.75%	37.26%
EBITDA Margin	42.83%	23.20%
Operating Margin	34.77%	15.37%
Sales Turnover	0.39	0.46
Return on Assets	4.53%	2.41%
Return on Equity	27.91%	10.52%

DEBT

	Q3 FY16	Q3 FY15
Current Ratio	2.31	1.95
Debt/Capital	0.79	0.77
Interest Expense	28.73	27.94
Interest Coverage	4.41	2.56

SHARE DATA

	Q3 FY16	Q3 FY15
Shares outstanding (mil)	259	273
Div / share	0.06	0.06
EPS	0.18	0.03
Book value / share	2.62	2.58
Institutional Own %	NA	NA
Avg Daily Volume	3,739,728	4,025,876

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

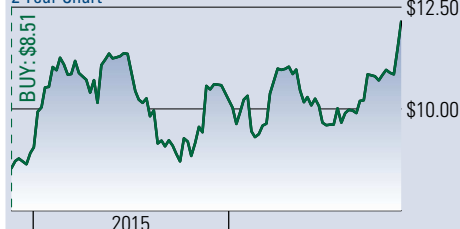
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RATINGS HISTORY

Our rating for WENDY'S CO has not changed since 3/14/2013. As of 11/17/2016, the stock was trading at a price of \$12.20 which is .8% below its 52-week high of \$12.30 and 37.2% above its 52-week low of \$8.89.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
11/17/14	\$8.51	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THE STREET RATINGS

(as of 11/17/2016)

39.45% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

32.00% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

28.55% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

BUY. The current P/E ratio indicates a significant discount compared to an average of 30.32 for the Hotels, Restaurants & Leisure industry and a discount compared to the S&P 500 average of 25.16. To use another comparison, its price-to-book ratio of 4.65 indicates a significant premium versus the S&P 500 average of 2.79 and a significant discount versus the industry average of 7.40. The price-to-sales ratio is similar to the S&P 500 average, but it is significantly below the industry average, indicating a discount. Upon assessment of these and other key valuation criteria, WENDY'S CO proves to trade at a discount to investment alternatives within the industry.

Price/Earnings	1	2	3	4	5
				premium	discount

WEN 17.68 Peers **30.32**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- WEN is trading at a significant discount to its peers.

Price/Projected Earnings	1	2	3	4	5
			premium		discount

WEN 28.05 Peers **30.95**

- Average. An average price-to-projected earnings ratio can signify an industry neutral stock price and average future growth expectations.
- WEN is trading at a valuation on par with its peers.

Price/Book	1	2	3	4	5
			premium		discount

WEN 4.65 Peers **7.40**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- WEN is trading at a significant discount to its peers.

Price/Sales	1	2	3	4	5
			premium		discount

WEN 1.99 Peers **2.87**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- WEN is trading at a significant discount to its industry on this measurement.

Price/CashFlow	1	2	3	4	5
			premium		discount

WEN 14.33 Peers **15.08**

- Average. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- WEN is trading at a valuation on par to its peers.

Price to Earnings/Growth	1	2	3	4	5
			premium		discount

WEN NM Peers **1.37**

- Neutral. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- WEN's negative PEG ratio makes this valuation measure meaningless.

Earnings Growth	1	2	3	4	5
		lower			higher

WEN 228.57 Peers **69.89**

- Higher. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- WEN is expected to have an earnings growth rate that significantly exceeds its peers.

Sales Growth	1	2	3	4	5
	lower				higher

WEN -16.03 Peers **5.67**

- Lower. A sales growth rate that trails the industry implies that a company is losing market share.
- WEN significantly trails its peers on the basis of sales growth

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