

Wendy's Co
Form 10-Q
November 07, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended September 29, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission file number: 1-2207

THE WENDY'S COMPANY

(Exact name of registrants as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

38-0471180

(I.R.S. Employer Identification No.)

One Dave Thomas Blvd., Dublin, Ohio
(Address of principal executive offices)

43017
(Zip Code)

(614) 764-3100

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

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There were 391,675,340 shares of The Wendy's Company common stock outstanding as of November 1, 2013.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

THE WENDY'S COMPANY AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In Thousands)

	September 29, 2013 (Unaudited)	December 30, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$513,431	\$453,361
Accounts and notes receivable	62,620	61,164
Inventories	9,127	13,805
Prepaid expenses and other current assets	118,680	24,231
Deferred income tax benefit	86,173	91,489
Advertising funds restricted assets	68,768	65,777
Total current assets	858,799	709,827
Properties	1,156,320	1,250,338
Goodwill	868,057	876,201
Other intangible assets	1,300,035	1,301,537
Investments	106,636	113,283
Deferred costs and other assets	34,108	52,013
Total assets	\$4,323,955	\$4,303,199
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$38,260	\$12,911
Accounts payable	89,743	70,826
Accrued expenses and other current liabilities	156,075	137,348
Advertising funds restricted liabilities	68,768	65,777
Total current liabilities	352,846	286,862
Long-term debt	1,433,662	1,444,651
Deferred income taxes	454,524	438,217
Other liabilities	161,614	147,614
Commitments and contingencies		
Equity:		
The Wendy's Company stockholders' equity:		
Common stock, \$0.10 par value; 1,500,000 shares authorized; 470,424 shares issued	47,042	47,042
Additional paid-in capital	2,788,479	2,782,765
Accumulated deficit	(505,657)	(467,007)
Common stock held in treasury, at cost; 78,853 and 78,051 shares	(404,484)	(382,926)
Accumulated other comprehensive (loss) income	(1,658)	5,981
Total stockholders' equity	1,923,722	1,985,855
Noncontrolling interests	(2,413)	—
Total equity	1,921,309	1,985,855
Total liabilities and equity	\$4,323,955	\$4,303,199

See accompanying notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands Except Per Share Amounts)

	Three Months Ended		Nine Months Ended	
	September 29, 2013 (Unaudited)	September 30, 2012	September 29, 2013	September 30, 2012
Revenues:				
Sales	\$558,029	\$558,335	\$1,659,900	\$1,644,380
Franchise revenues	82,750	77,973	235,105	230,983
	640,779	636,308	1,895,005	1,875,363
Costs and expenses:				
Cost of sales	469,177	478,425	1,403,303	1,416,972
General and administrative	76,518	72,175	216,623	217,824
Depreciation and amortization	44,325	41,878	134,841	110,136
Impairment of long-lived assets	5,327	—	5,327	7,781
Facilities action charges, net	22,275	11,430	31,690	27,561
Other operating (income) expense, net	(3,653)) 1,217	(3,043)) 4,599
	613,969	605,125	1,788,741	1,784,873
Operating profit	26,810	31,183	106,264	90,490
Interest expense	(15,620)) (21,566)) (55,548)) (77,803)
Loss on early extinguishment of debt	—	(49,881)) (21,019)	