
# Recommendation: Buy with 1-Year Price Target $73 USD

rbi restaurant brands international

UTMCAPITAL

## Consumer & Retail Coverage Group 2022 - 2023

**Lead Investment Analyst:** Arsalan Arshad
**Senior Investment Analysts:** Dylan Schrotter, Nirmit Nirankari, Kabir Dhillon
**Investment Analysts:** Abailoran Almukhametov, Carrie Dang, Kimberly Nguyen, Samuel Jeon, Fred Zhen

NYSE: QSR
TSE: QSR

# Table of Contents


# Company Overview

# Company Overview

## Introduction

| Coffee & Baked Goods | Burgers | Fried Chicken | Sandwiches |
|---|---|---|---|
| Tim Hortons | Burger King | Popeyes | Firehouse Subs |

- $35B in annual system-wide sales, with over 30,000 restaurants in 100 countries
- High Convenience and Low-Cost Value Proposition

2010: 3G Capital Buys Burger King after a large selloff from institutional investors

2014: 3G Capital spun out Burger King and merges with Tim Hortons

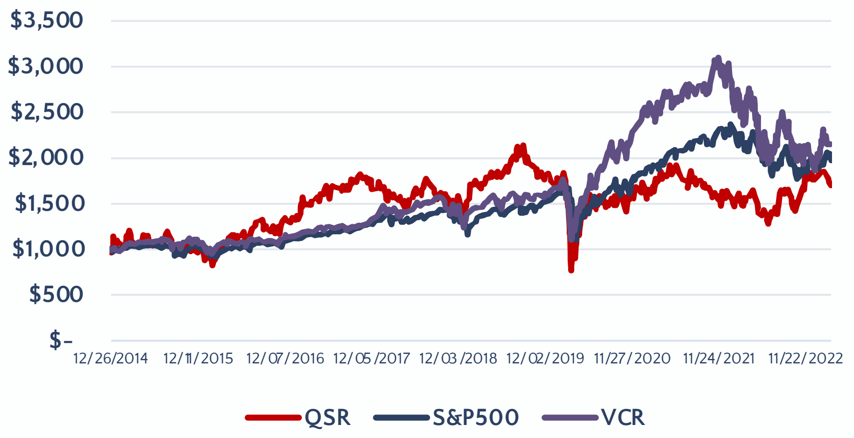
- Favorable Canadian Tax Regime (RBI headquartered in Toronto)

2017: Acquired Popeyes

2021: Acquired Firehouse

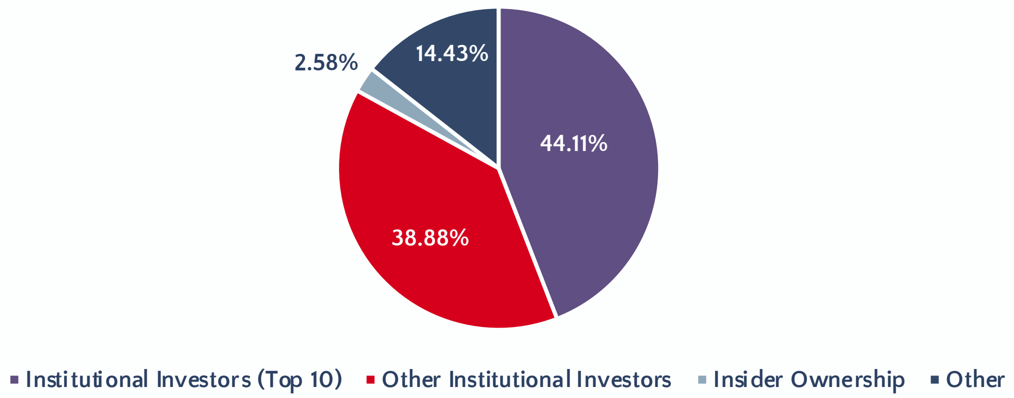
3G Capital holds 93% of partnership exchangeable units accounting for **29%** of the voting power in RBI

## Stock Price




| Restaurant Brands International Inc. | |
|---|---|
| Ticker | QSR |
| Exchange | NYSE & TSX |
| Currency | USD |
| Last Price | $60.53 |
| Market Cap | $27.9B |
| 52W Range | $46.68 – $68.89 |
| Dividend Yield | 3.55% |

## Ownership



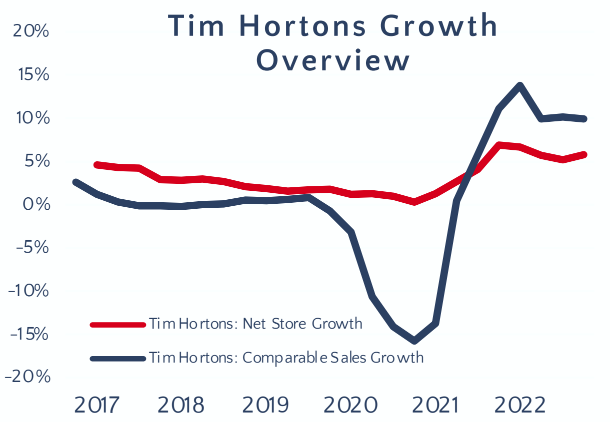

Source: FactSet, Company 10-K

# Segment Overview

## Tim Hortons

| System-Wide Sales (Millions) | Total Stores | International Stores (%) |
|---|---|---|
| 7,164 | 5,600 | 25.16% |

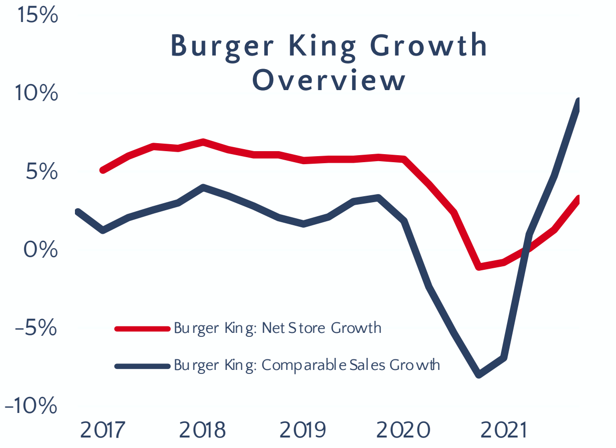
- Founded in 1964 in Hamilton, Ontario, by Maple Leaf's defenseman, Tim Hortons
- Known for their speciality coffee & tea beverages, donuts, and Timbits
- Canadian Dominance: **Ranked the most trusted brand in Canada (2022)**




## Burger King

| System-Wide Sales (Millions) | Total Stores | International Stores (%) |
|---|---|---|
| 25,482 | 19,789 | 61.55% |

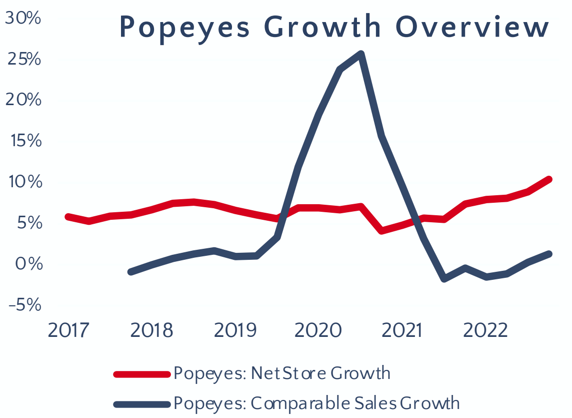
- Founded in 1954 in Miami, BK is the second-largest burger chain in the world behind McDonald's
- Serve Flame-Grilled Hamburgers, Fries and soft-drinks and the **Iconic Whopper Burger**




## Popeyes

| System-Wide Sales (Millions) | Total Stores | International Stores (%) |
|---|---|---|
| 5,951 | 4,091 | 20.70% |

- Founded in 1972, in Louisiana and **acquired in 2017** by RBI
- Fried Chicken Shop known for their Louisiana style fried chicken, seafood, rice and beans and recently introduced viral **Popeyes Chicken Sandwich**

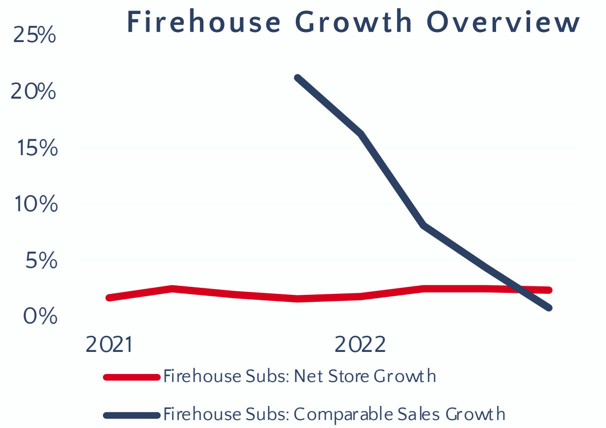



*Source: FactSet, Company 10-K, 10-Q, RBI Website*

## Firehouse Subs

| System-Wide Sales (Millions) | Total Stores | International Stores (%) |
|---|---|---|
| 1,154 | 1,242 | 0.2% |

- Founded In 1994, Jacksonville, Florida, by firefighter brothers with a community-driven purpose of promoting safety
- Sandwich Shop known for their hot subs topped with quality meats, cheeses, and salads
- **#1** in food quality in QSR sandwich category with over **4 million** loyalty members



# A Diverse Business Model

## Internal Supply Chain Revenues (Tim Hortons)

**Grocery Store** (minor)

**Tim Horton Restaurants** (coffee roasting facilities + supply other goods)

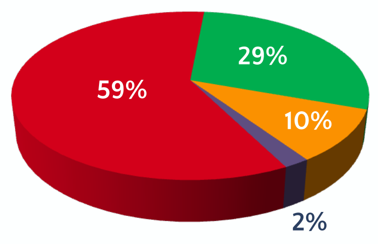
## Revenues from Franchising (High Margin)

**Franchising Fees** (Initial + Renewal)

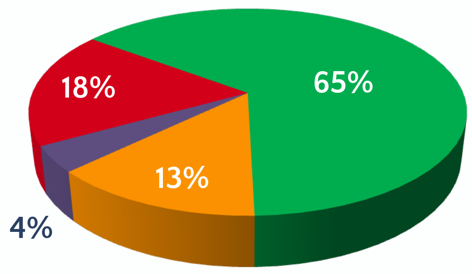
**Royalty Fees** (3 to 6% gross sales)

**Property Rent** (fixed % of gross sales)

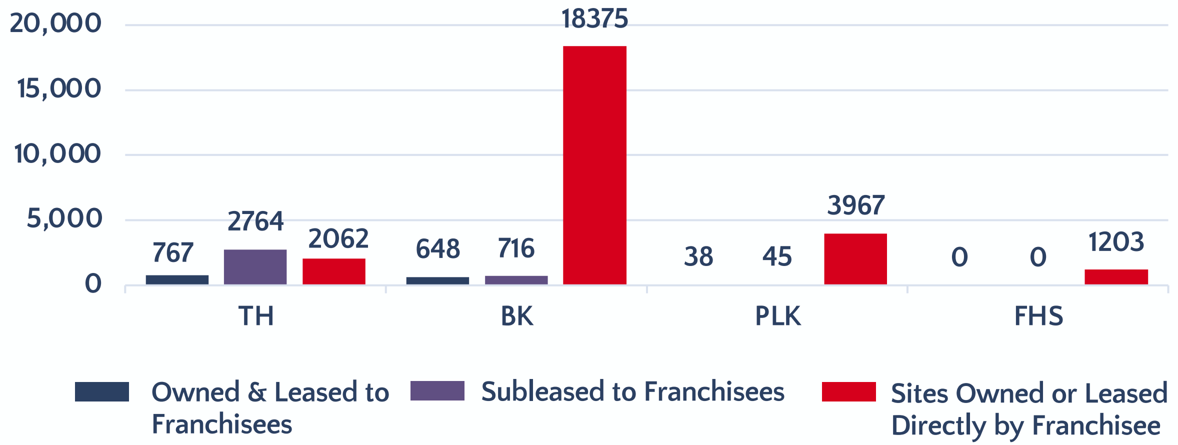
### Revenues By Segment




### Stores By Segment



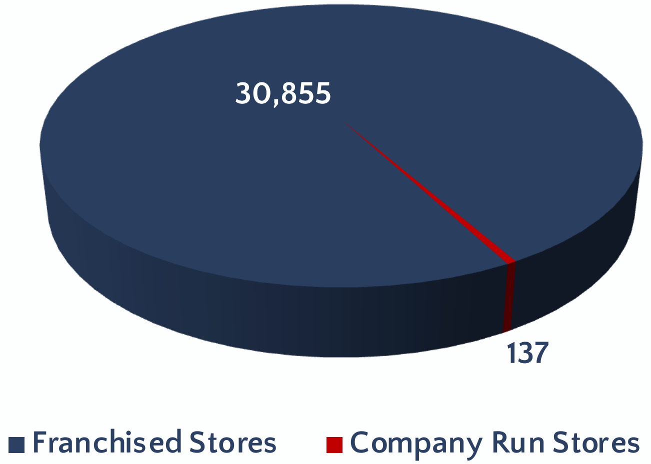

### Franchised Restaurant Breakdown




*Source: FactSet, Company 10-K*

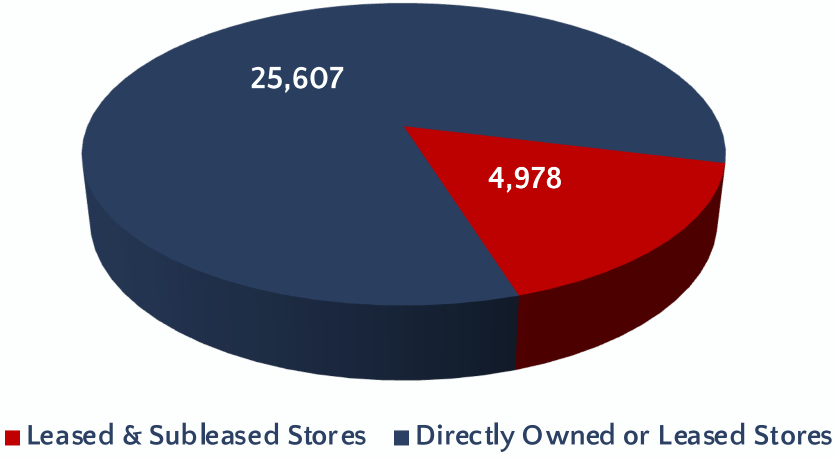
# Operating A Franchised Model

**99%** of locations are franchised




✓Higher Margins
✓Faster Store Growth (Lower CAPEX)
✓Stable Property Revenue Exposure
✓Limits Liability
✓Growing From Within

**16%** of franchised stores provide property revenue




Detailed Franchise Agreements ⟷ Control Measures ⟷ Managing Franchisee Relations

*Source: FactSet, Company 10-K, Team Analysis*

# Creating Value For Franchisees

rbi

## Value-Adding Activities

**Brand Maintenance Programs**

- Advertising Fees (2-5% of Sales)
- Upgrades/ Renovation Matching Incentives
- Tim Hortons – "Winning Together" Initiative – 2018: $546M over 4-years
- Burger King – "Reclaim The Flame" Initiative – 2023: $400M over 2-years

## Comparing Royalty Fees

| | Burger King | McDonald's | Wendy's | Popeyes | KFC | Taco Bell | Tim Hortons | Dunkin' Donuts | Firehouse Subs | Subway |
|---|---|---|---|---|---|---|---|---|---|---|
| Royalty Fees (% of gross sales) | 4.5% | 4% | 4% | 5% | 4-5% | 5.5% | 3.5-5% | 6% Domestic | 6% | 8% |

**'Holding ourselves accountable': Tim Hortons' parent RBI to start releasing earnings per restaurant**

*New RBI chief executive set to take over on March 1*

Denise Paglinawan

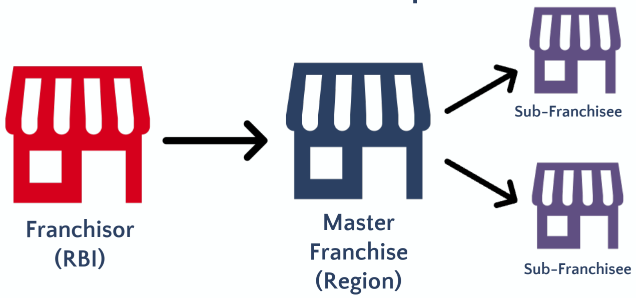
Published Feb 24, 2023 • Last updated Feb 24, 2023 • 3 minute read

*Source: Company 10-K, RBI Website, Competitor 10-K's, News Outlet*

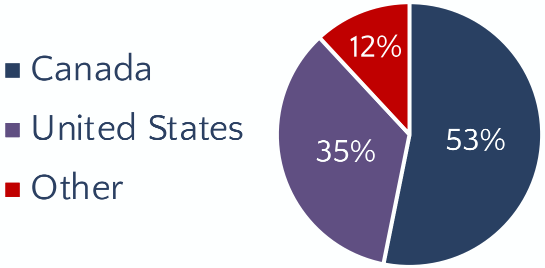
# Master Franchise Development Agreements

1. Key For Fast International Expansion
2. Retention of Company's Focus


**Master Franchise Explained**




## Revenues By Geography




| TFI – BK China | BKB – BK Brasil |
|---|---|
| 2012-2018 | 2005-2023 |
| 63 –> 1000 Restaurants | 850 + Restaurants |

| Tims (TH) China | Havas – BK India |
|---|---|
| 2019-2023 | 2015-2023 |
| 500+ Restaurants | 300+ Restaurants |




*Source: FactSet, Company 10-K*

# Steering the Wheel

## New CEO

José Cil

Joshua Kobza

## Executive Chairman – Patrick J Doyle

0.16% owner of RBI

Dominos CEO

(2010 – 2018)


CNBC

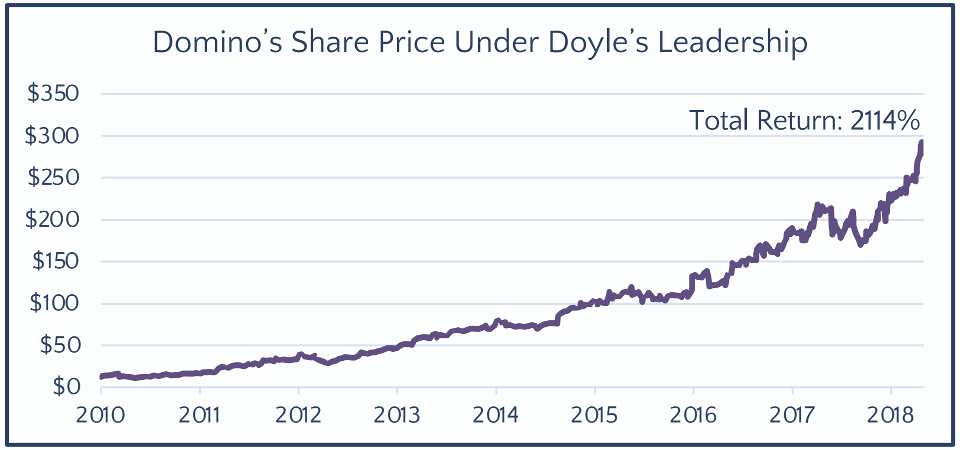
RESTAURANTS

**Burger King owner Restaurant Brands hires former Domino's CEO Patrick Doyle as chair**

PUBLISHED WED, NOV 16 2022•5:00 AM EST | UPDATED WED, NOV 16 2022•5:36 AM EST

KEY POINTS

- Doyle was chief executive of Domino's from 2010 to 2018 and oversaw the pizza chain's transformation into a digital powerhouse.
- Doyle replaces Restaurant Brands' current co-chairs, Daniel Schwartz and Alex Behring, who are co-managing partners of 3G Capital.




## Director – Daniel Schwartz

0.44% Owner of RBI

3G Capital partner responsible for sourcing the BK acquisition in 2010 which turned out to be one of the most profitable investments in the QSR industry

## Keeping the Firehouse Subs Team

Don Fox – CEO

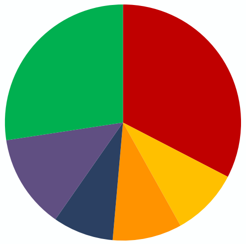
Vincent Burchianti –CFO


# Industry Overview

# QSR Industry: Quick Service, Low Cost

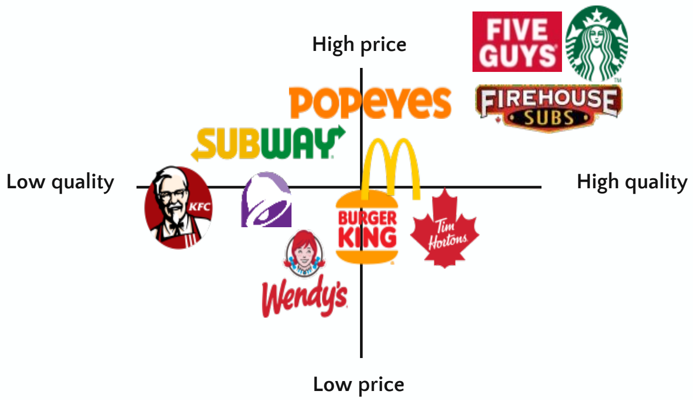
The **quick-service restaurant industry** comprises of establishments that serve meals at a **lower price point** and provide **fast service (AKA fast food)**. Purchases may be consumed on-site, taken out, or delivered.

## Products/Services Segmentation

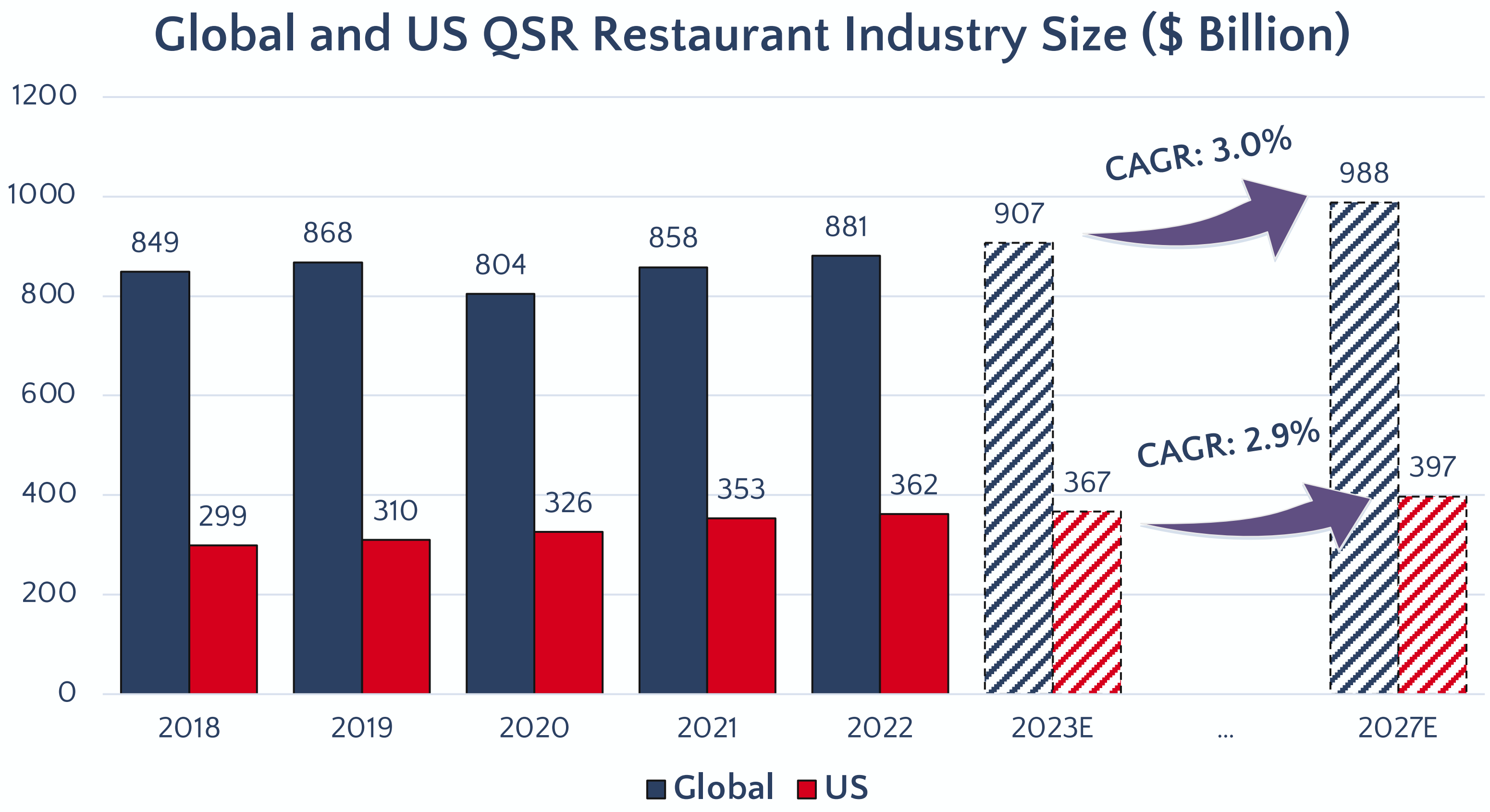


- Burgers -32.6%
- Sandwiches - 9.3%
- Global - 9.5%
- Pizza & Pasta - 8.3%
- Chicken - 12.9%
- Other - 27.4%

## Major Players




## Industry Forecast

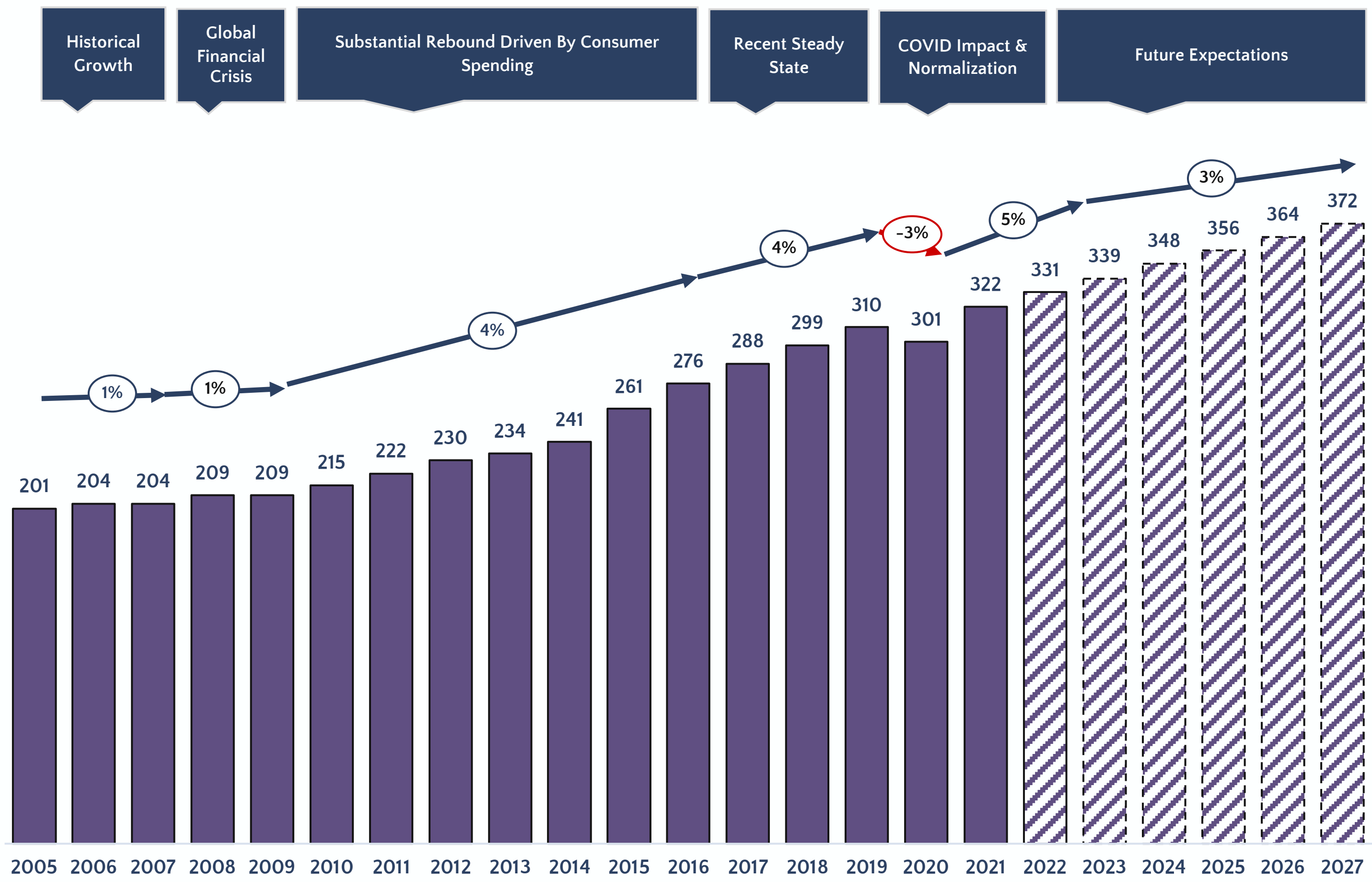



*Source: IBISWorld, Statista*

# Why QSR Industry?

## Industry Is Insulated From Recessions

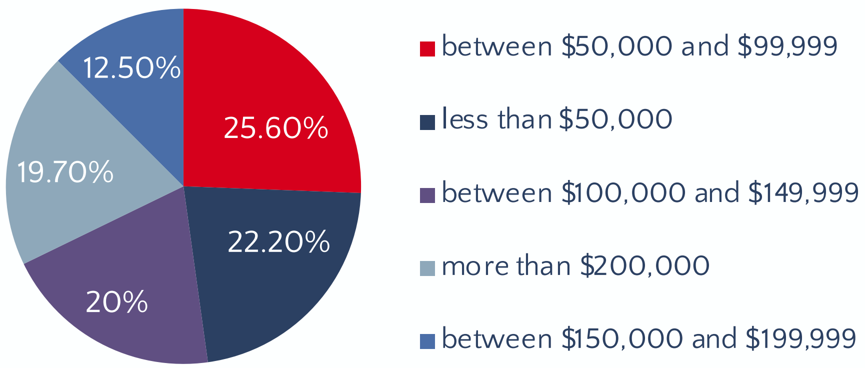
Total Fast Food Restaurant Revenues ($ Billions)



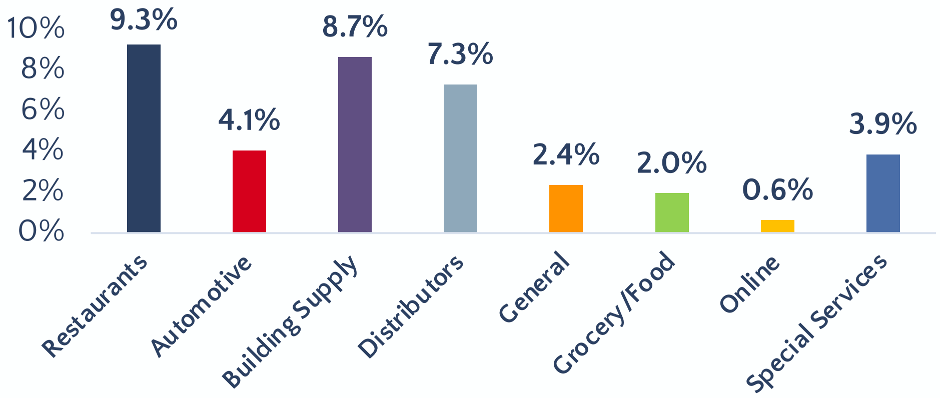

*Source: IBISWorld, Statista, Aswath Damodaran, Stax Research*

## Customer Segments

Segmentation by Household Income




## Industry Net Margins By Sector



# Porter's Five Forces

| Force | Rating | Analysis |
|---|---|---|
| New Entrants | Med | • High start-up costs<br>• The Mature RBI brands dominate with economies of scale, brand loyalty, and acquisitions |
| Buyers (Customers) | Low | • Easy to switch restaurants, however, can't shape fundamental offerings or bargain on prices<br>• Direct customers -> franchisees (limited bargaining power) |
| Suppliers | Low | • Chain restaurants operate in large scales, use their size to negotiate favourable contracts.<br>• RBI internal Tim Hortons supply chain reduces upstream bargaining power risks |
| Substitutes | High | • Main substitutes are other fast-food restaurants as well as grocery stores and dine-in restaurants<br>• Low switching costs |
| Competitive Rivalry | High | • Dominated by large players that sell the same thing<br>• Price-based competition<br>• Limited differentiation (High Marketing Costs) |

**A highly competitive industry with a lot of growth potential fueled by product line expansions and investments in technology**

*Source: IBISWorld, Team Analysis*

# Keeping Up With Industry Developments

## Digitalization

Points based system:

**$1 = 10 Points**

Popeyes Introduces Its First-Ever Loyalty Program, Popeyes Rewards, Alongside New Welcome To The Fam Meal

By G. Ramsay - June 17, 2021

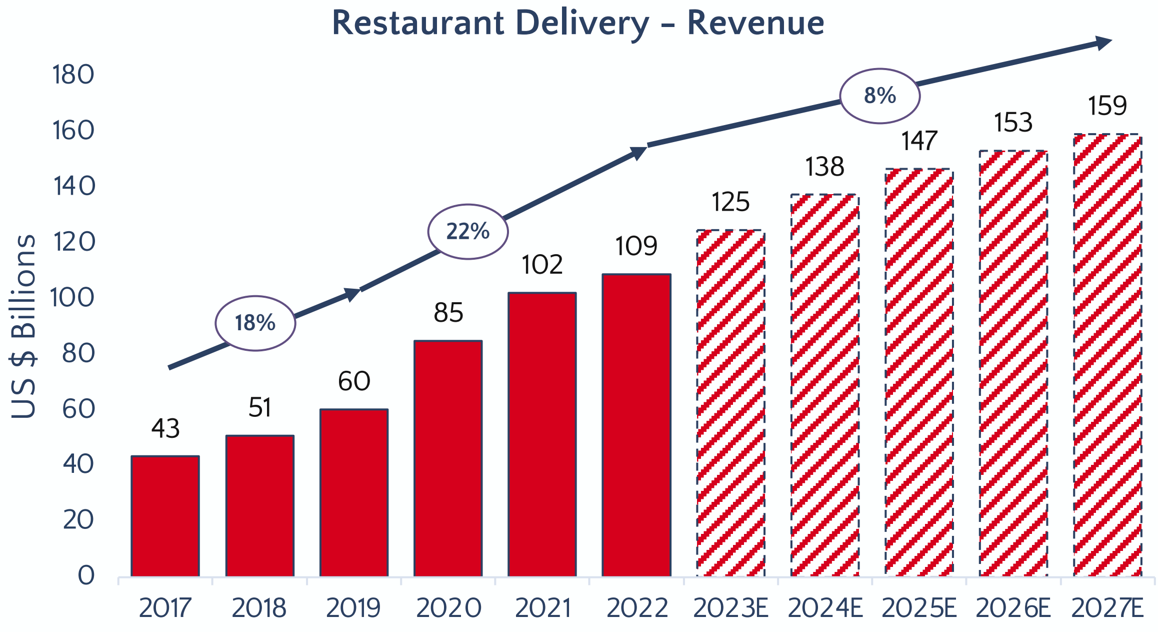
- Happy hour: $1 sides
- Exclusive meal in-app + bonus points

**Burger King launches loyalty program nationwide to invigorate U.S. sales**

PUBLISHED THU, SEP 2 2021·6:00 AM EDT | UPDATED THU, SEP 2 2021·9:59 AM EDT

- Redeem points for food
- 5000 bonus points on first order

## Delivery Services




Source: News Outlets, Statista

# Chasing Trends

rbi

## Celebrity Endorsements

### Justin Bieber Collab

Initial Launch in Nov 2021

- Introduced 3 Timbiebs flavours
- Timbiebs Merchandise
- Facilitated pandemic recovery
- Sales grew 10% in Q4 2021

Relaunched in May 2022

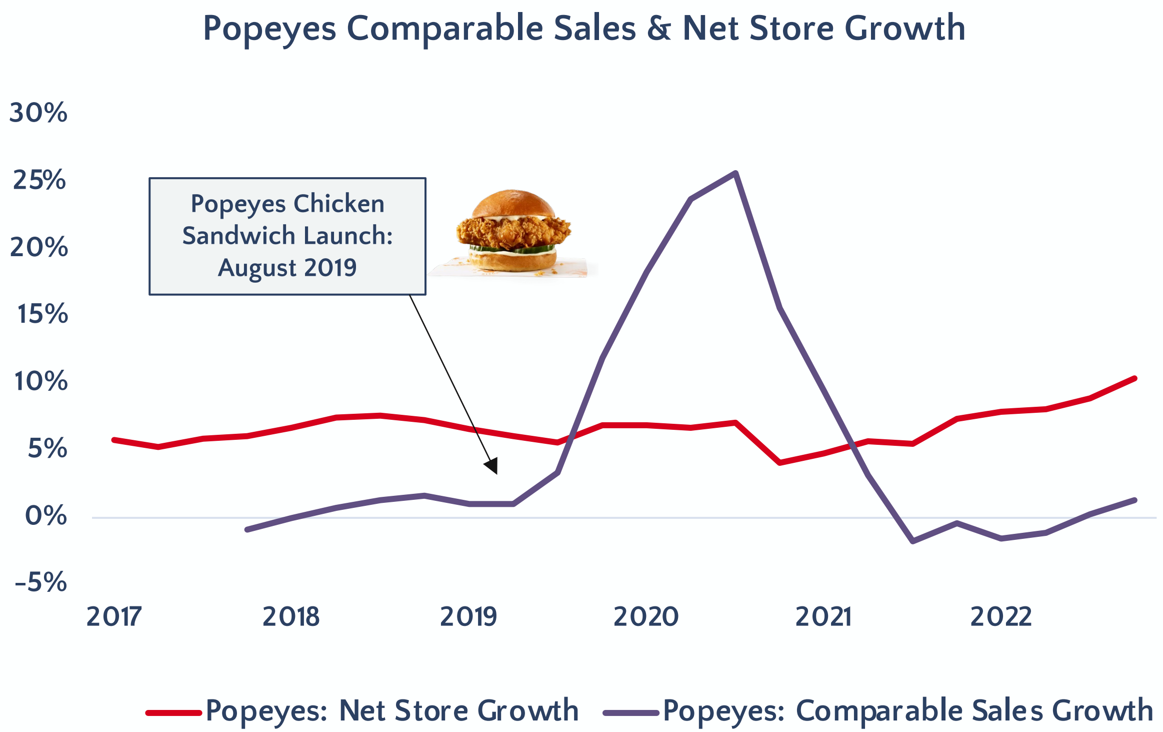
- "It's Worth The Wait" – JB
- Launched Biebs Brew

**Tim Hortons Justin Bieber Collab 2022: Biebs Brew & TimBiebs Returns**

Published: May 16, 2022 - Last updated: June 6, 2022

The new Tim Hortons Justin Bieber collaboration has dropped!


## Chicken Sandwich Wars




- Chicken Sandwich led to **huge spike in comparable sales growth** while other restaurants were seeing declines.
- Chicken sandwiches **sold out** nation-wide
- Created temporary chicken **shortages**.

## Menu Trends



## Community/Charitable Initiatives



FIREHOUSE SUBS PUBLIC SAFETY FOUNDATION

*Source: News Outlets, Statista*


# Investment Thesis: RBI Holds a Superior Business Model

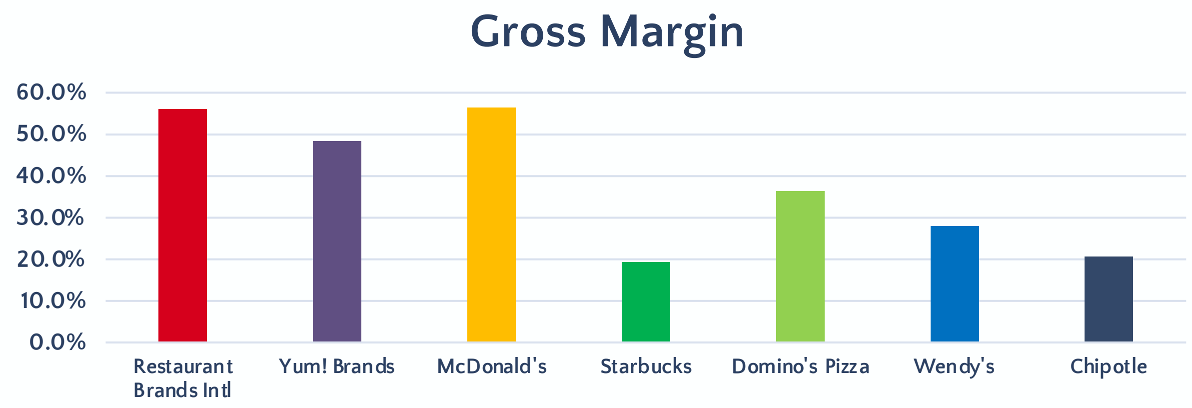
Clear Dominant Business Model in the Industry

RBI's Vertical Integration & Multiple Segments

# Clear Dominant Business Model Stabilizing Cash Flow

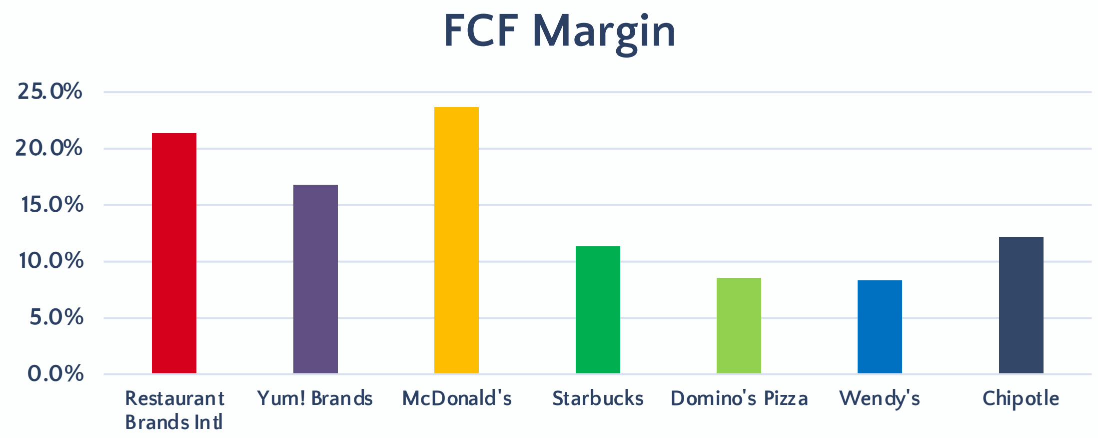
## Property Spectrum

100% Of Property Owned/Leased & Subleased — 0% Ownership of Property or No Lease and Sublease




## Franchise Spectrum

100% Company Owned — 100% Franchised




**Property Revenues & Franchising = Stable Cash Flows + Scale**

*Source: FactSet, Company 10-K, Competitor 10-K's*

# RBI's Clear Advantage: Vertical Integration & Diversification

## Vertical Integration

- Pricing Power
- Quality Control

## Recipe for Success

## Multiple Brands

- Diverse Customer Base
- Scaling Smaller Brands
- Multiple Avenues for Growth


# Investment Thesis: Growth Prospects

International Expansion | Taking Market Share | Growing Comparable Sales

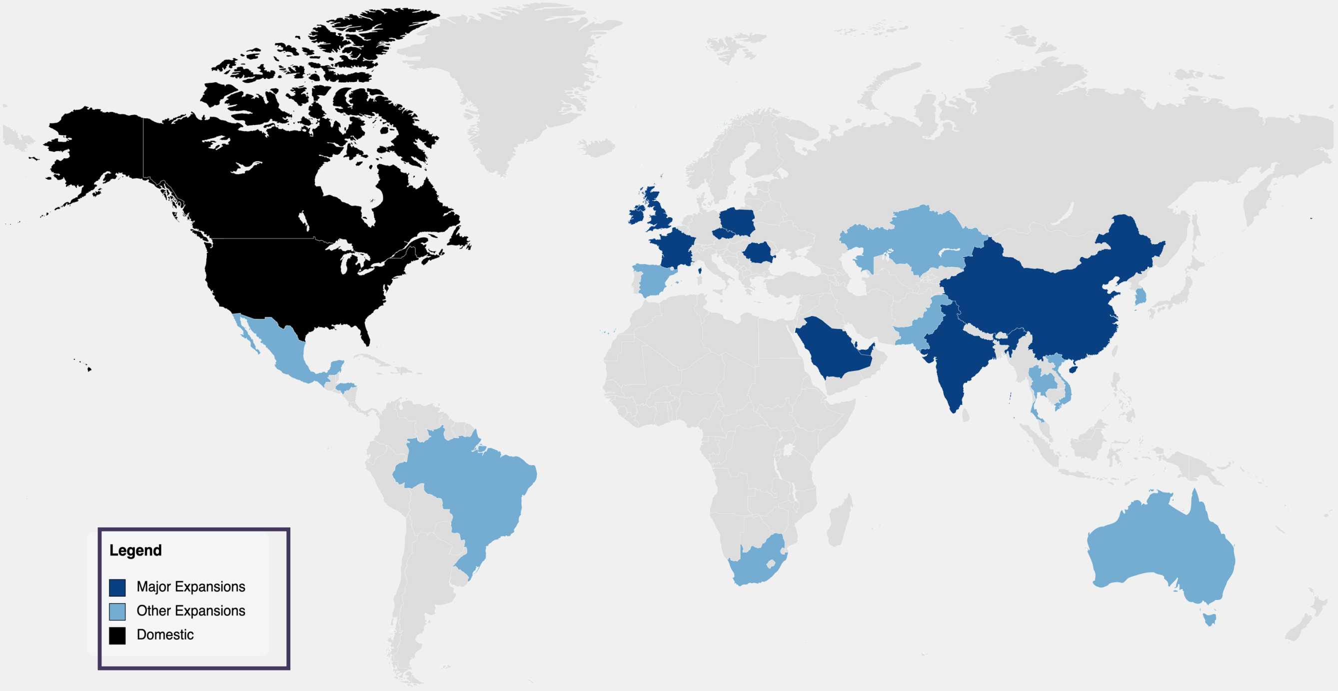
# Growth Catalysts – International Expansion

**Eastern Europe:**
600+ BK & PLK stores in the next 10 years

**UK:**
200+ BK Stores by 2026
60+ TH Stores by 2023

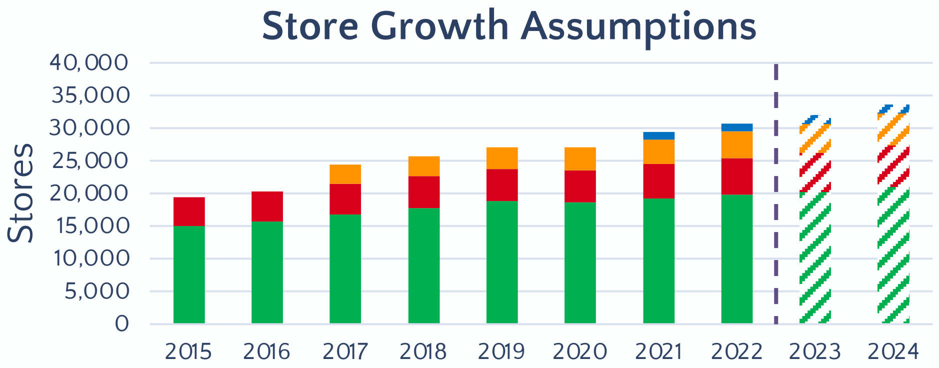
**France:**
300+ PLK by 2030

**Middle East:**
250 TH stores by 2025




**China:**
200+ BK stores in 2023
2700 TH stores by 2026
(500+ stores/year)

**India:**
400+ BK stores in next 5Y
300+ TH stores in next 10Y
250 PLK stores in 4Y




**Room For Error:**
Even in the bull case, valuation is not dependent on meeting all expansion plans.

# Growth Catalysts – Gaining Domestic Market Share

## Popeyes > KFC

### How has RBI's acquisition of PLK turned out?

Paid 21x EV/EBITDA -> EBITDA grew by CAGR of 14.65%
Popeyes Chicken Sandwich Launch
Strong International Growth Plans


Here's Why KFC Isn't As Popular Among Fast Food Fans Today

BY AMY BELL / FEB. 23, 2023 9:38 AM EST

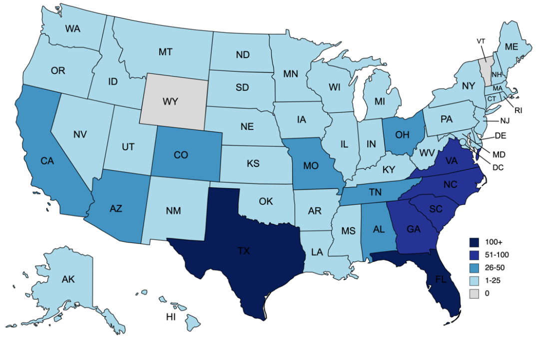
International focus at the expense of domestic quality
Only 14% of KFC stores are domestic

## Firehouse Subs > Subway

### Why did RBI pay ~20x EV/EBITDA for FHS in 2021?

- Ranked #1 in QSR Sandwich Food Quality
- Loyalty Program with over 4 Million members
- Firehouse Subs Public Safety Foundation
- 1200 stores in 19 years (60+ Stores/year)


The rise and fall of Subway, the world's largest fast-food chain
Frank Olito Updated Nov 3, 2020, 10:34 AM


| | Royalties | Ad-Fees |
|---|---|---|
| Subway | 8% | 4.5% |
| Firehouse Subs | 6% | 4% |

| | |
|---|---|
| US | 1142 |
| Canada | 47 |
| Puerto Rico | 14 |

# Growth Catalysts – Growing Comparable Sales


**QSR**

**Burger King Sheds Light on 'Reclaim the Flame' Comeback Plan**

The chain found a new creative partner and launched key menu innovation.

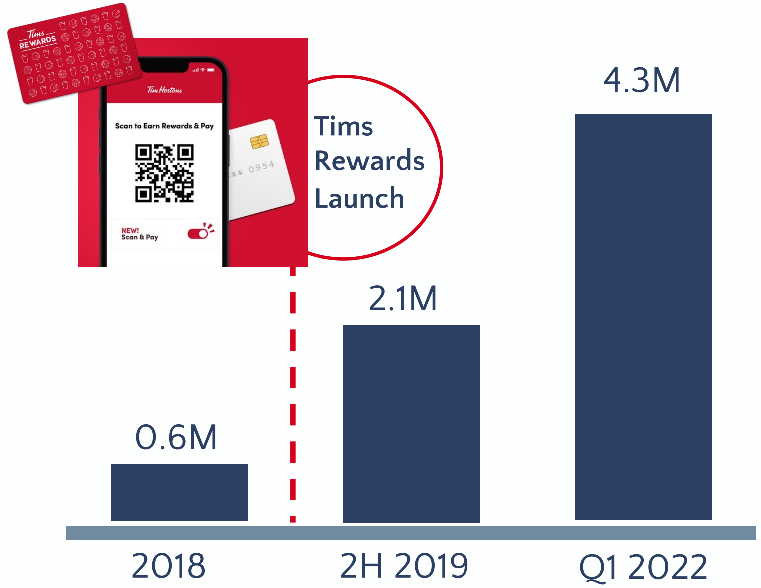
FAST FOOD | MAY 3, 2022 | BEN COLEY

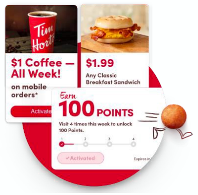
2023: $400 Million over 2Y

U.S. Ad Fund ($120M)
BK App ($30M)

Remodeling 800 Stores
($200M)
Upgrading 3000 Restaurants
($50M)

#1
Canada's
F&B Apps
MAU's




Personalized Offers

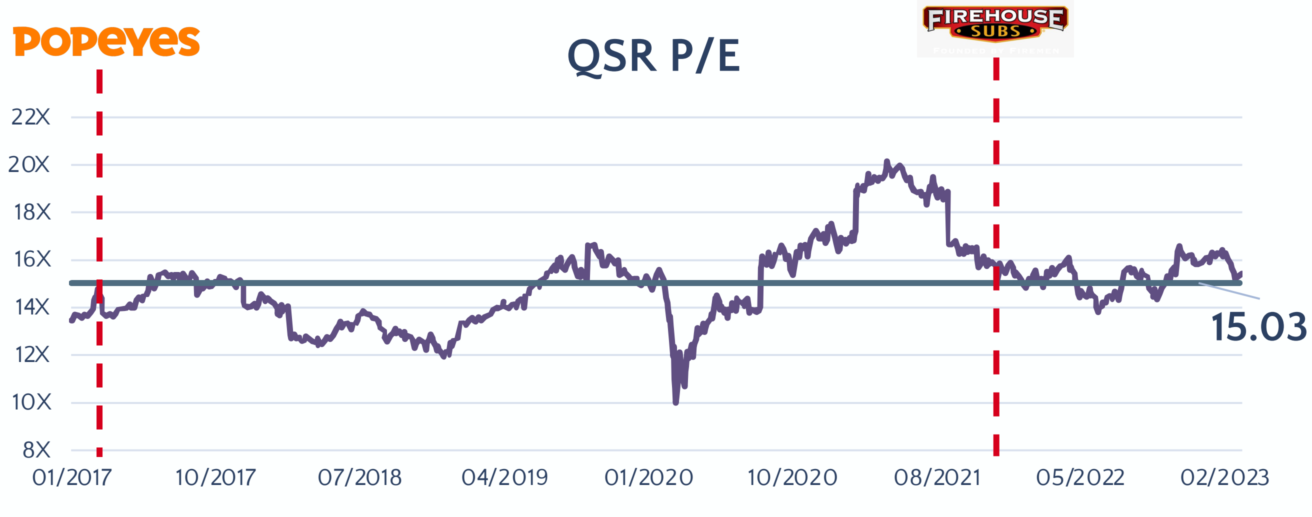
Digital Menu Boards


Competitions


# Investment Thesis: Attractive Value

Relatively Cheap | Historically Cheap | Delivering Value to Shareholders

# Lower End of Historical Multiples


*Source: FactSet, Team Analysis*

## Observations

- Trading below 5Y average EV/EBITDA Multiple
- Trading in line with 5Y P/E Multiple

## Great Company at a Discount

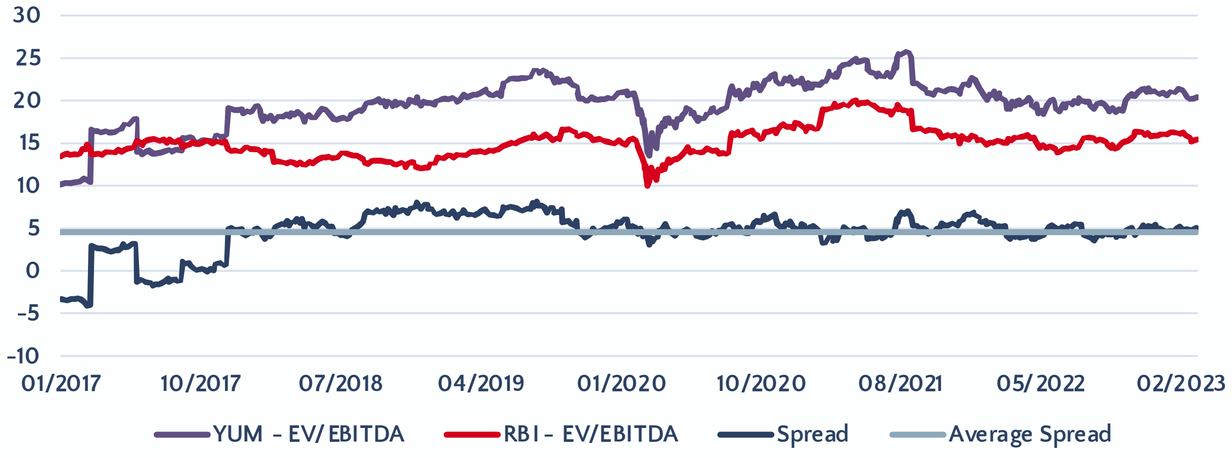
- Anticipate a reversion to mean
- Growth opportunities and new acquisitions not being priced in

## Reasoning Behind Discounted Valuation

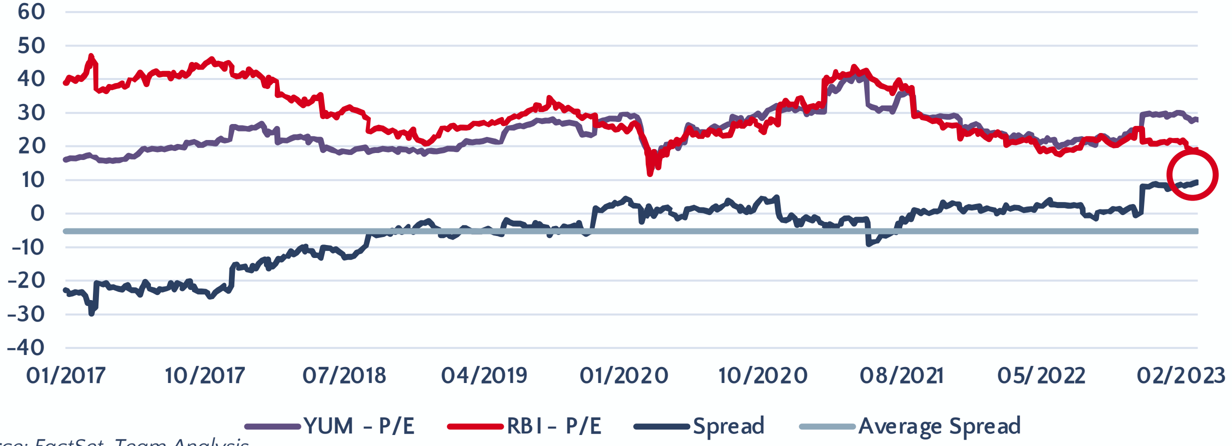
- Unfavorable Macro Environment + Outflows from Equity Markets (QT & Higher Rates)
- **Being overly punished for debt load**

# Relatively Cheap

## EV/EBITDA (RBI vs YUM)

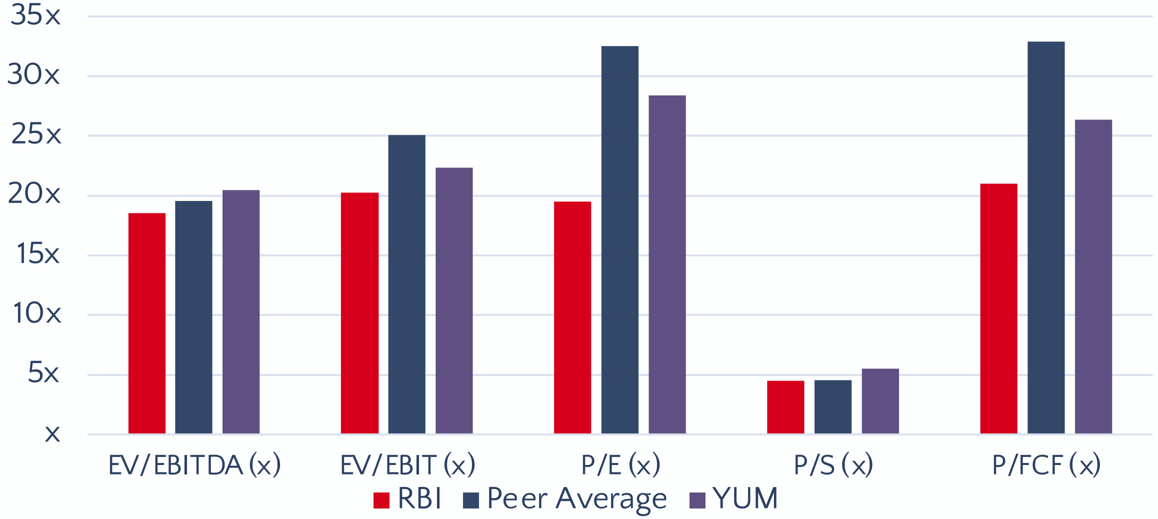



## P/E (RBI vs YUM)




*Source: FactSet, Team Analysis*

## RBI Trading Below Peers




## Observations

- Trading in line with historical EV/EBITDA average multiple with spread of +5x
- Higher end of P/E spread (YUM ~ 30x, RBI ~ 20x)

## Implications

- RBI valuation metrics trading at the lower end of historical range
- P/E spread premiums have widened well above mean indicating RBI's market cap is lagging behind
- Strong evidence suggesting RBI's mispricing, and belief that reversion to mean will lead to RBI share price correction

# RBI's Closest Comparable – YUM Brands

restaurant brands international

Strong Presence in North America

Strong Presence in Asia

## RBI's Advantage

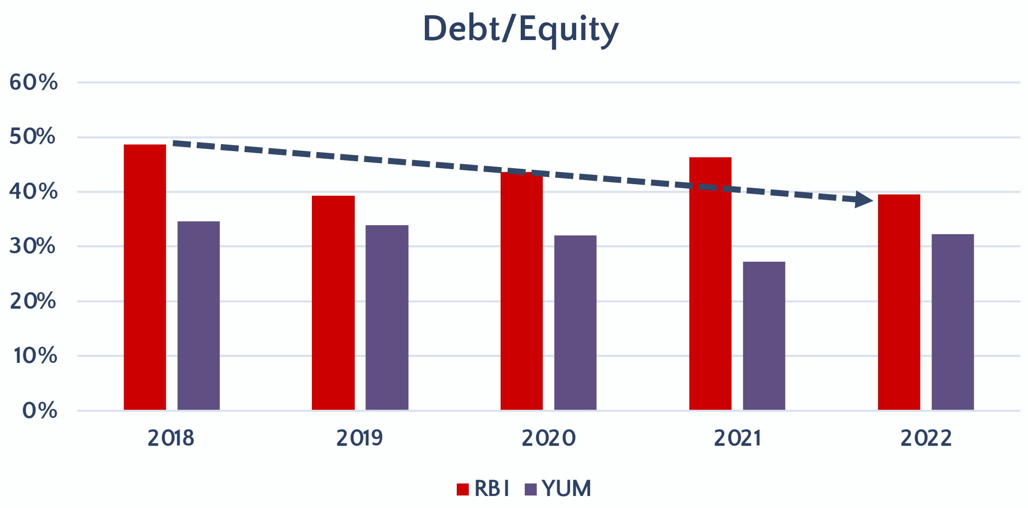
| | RBI | YUM |
|---|---|---|
| System-Wide Stores | 30,722 | 55,361 |
| Company-Owned Stores | 137 | 990 |
| Franchised Stores | 30,585 | 54,371 |
| % of Franchised Stores | 99.55% | 98.21% |
| System-Wide Sales | $40B | $61B |
| Properties Owned & Leased | 1480 | 822 |
| Properties Subleased | 3525 | 250 |

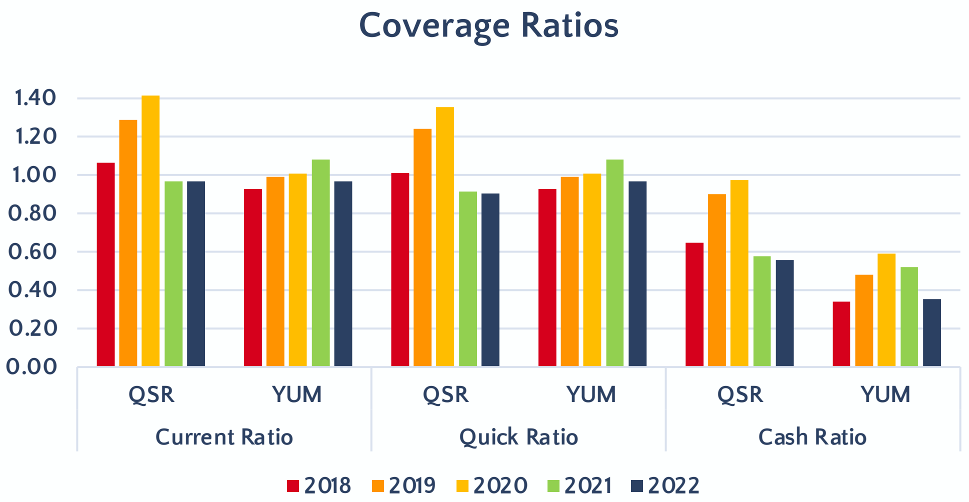
YUM has + $20B in SWS and +25K stores:

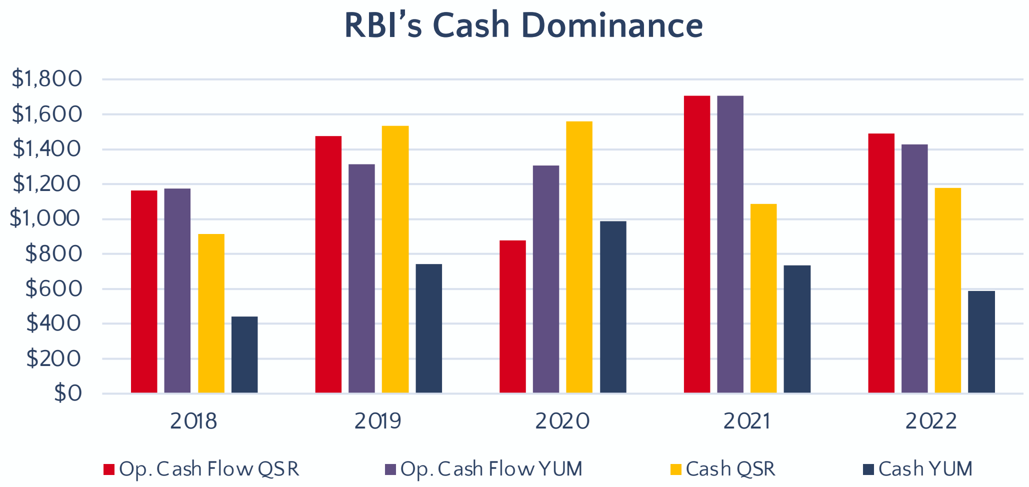
- RBI on average generates more CFO
- RBI's cash reserves are consistently higher

*Source: FactSet, Company 10-K, Competitor 10-K*

# Looking Further



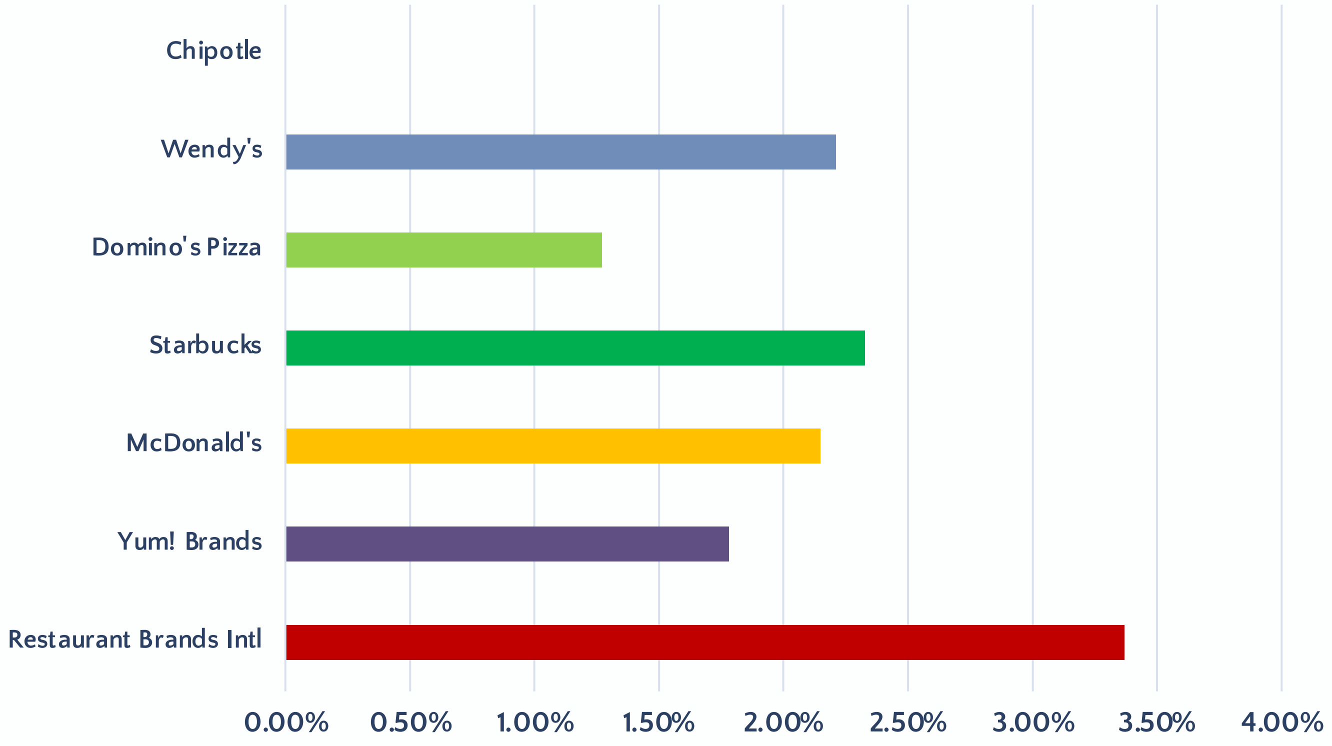




*Source: FactSet*

# Delivering Shareholder Value

## Industry's Highest Dividend Yield




## $1B Share Repurchase Program

| Year | Shares Repurchased | Value |
|---|---|---|
| 2022 | 6,101,364 | $326M |
| 2021 | 9,247,648 | $551M |
| Remaining | | $123M |

*Source: FactSet, Company 10-K*


# Valuation

# Valuation Summary

## Bull Case
25%

- Growth goes better than planned domestic & internationally
- COGs pressure reliefs by end of 2023 & returns to historical % of sales

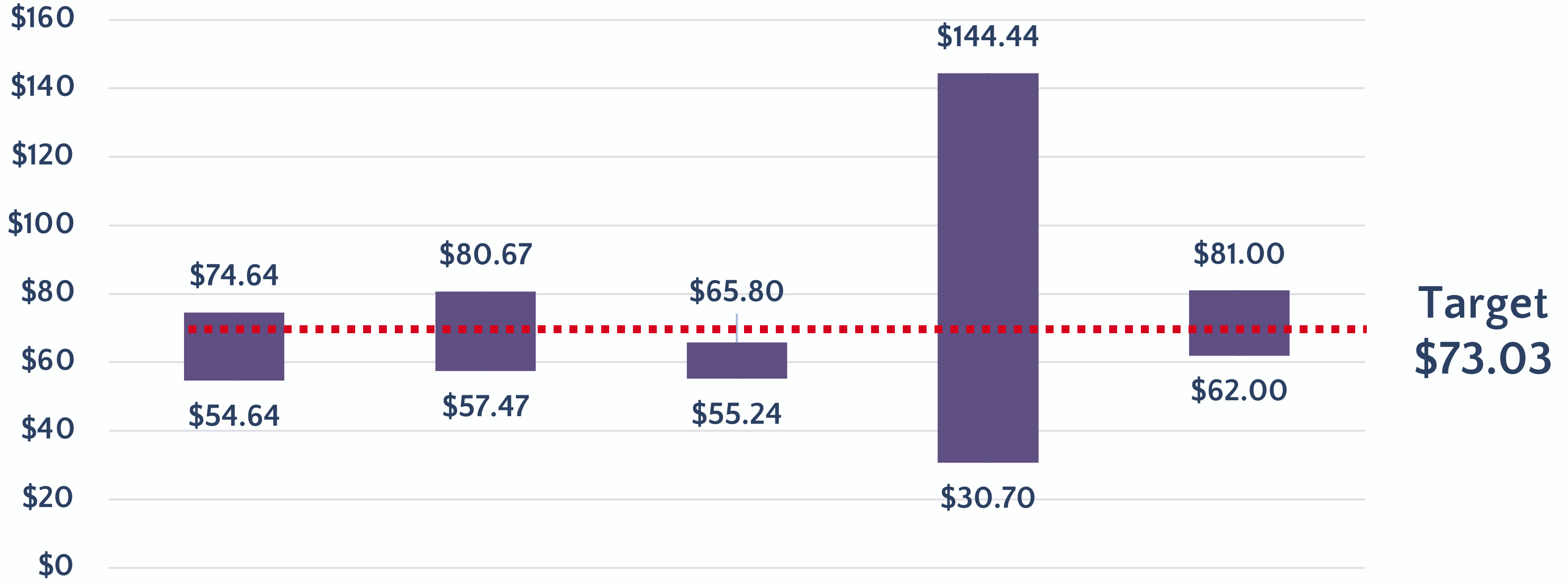
## Base Case
50%

- Growth goes according to plans
- COGs pressure stays to mid 2024 and then returns to historical % of sales

## Bear Case
25%

- Growth plans through Firehouse & Popeyes don't come to life
- Tim Hortons & Burger King MFDA's disappoint
- COGs pressure reliefs by end of 2025 and then returns to historical % of sales

## Target Price of $73.03 implies upside of 16%




| | Intrinsic Value | | | Relative | Market |
|---|---|---|---|---|---|
| Methodology | Consolidated DCF | SOTP DCF | DDM Model | Selected Multiples | Analyst Ratings |
| Weightage | 25% | 35% | 10% | 20% | 10% |
| Implied Share Price | $67.70 | $69.63 | $63.44 | $91.31 | $71.30 |

*Source: Team Analysis*

# Key Assumptions for Discounted Cash Flow Models

## Bloomberg vs Our Forecasts

| Metric | Bloomberg Consensus | Bull Case | Base Case | Bear Case |
|---|---|---|---|---|
| System Wide Sales – 2Y CAGR | 6.84% | 7.22% | 6.45% | 5.28% |
| Store Growth – 2Y CAGR | 4.19% | 5.08% | 4.70% | 4.21% |
| Revenue – 2Y CAGR | 5.84% | 6.18% | 5.07% | 3.00% |
| EBITDA – 2Y CAGR | 9.16% | 6.77% | 3.55% | 0.32% |

## Cost Drivers

### Cost of Sales Assumptions

- We assumed inflation pressures would persist in all three cases with different severity
- Due to this we assumed cost of sales for the next two years will represent a greater % of revenues then historical and will slowly return to historical levels varying in time horizon through the cases

### Other Expenses

- Other expenses such as property expense & G&A expense were based on historical levels

## Revenue Drivers

### Store Growth Assumptions

- With over 19,000 stores, and 61.55% of those internationally, Burger King has already significantly penetrated global market
  - For this reason, we assume moderate store growth for Burger King at 3.6% which is near the historical average
- On the other hand, for Tim Hortons, Burger King, & Firehouse Subs with smaller international penetration, we will assume store growth in our base case that is higher than the historical average
- For the smaller brands such as Popeyes & Firehouse Subs, our store growth assumptions are substantially higher

### Revenue Assumptions

- We calculated revenue through taking the system wide sales figure calculated then multiplying by the % of sales translated to revenue
  - We forecasted the % of sales that is translated to revenues through taking the historical average for each brand

### System Wide Sales Assumptions

- We calculated system wide sales using the product of our forecasted future stores & same store sales growth, for same store sales grow we used a tight range around the base case except for Firehouse Subs

# SOTP Reinforces Multiple Avenues To Grow

## Fundamentals

- RBI has two key segments that act as the fundamental base in Burger King & Tim Hortons
  - These key segments offer proven scalability and consistent revenue for RBI
  - Very large players in domestic market & have strong international portfolio
  - Still have room to grow internationally

## Growth Segments

- RBI also has a growth portfolio in Popeyes & Firehouse Subs
  - Earlier stage then fundamentals so room to grow domestically + internationally
  - RBI can utilize experience scaling Tim Horton's & Burger King

# Consolidated DCF Base Agrees with Analysts Target of $72

**$70.75**
**(12% upside)**

| | |
|---|---|
| 8.12% | WACC |
| 15x/ 3.25% | EBITDA Exit Multiple/ Long Term Growth |
| 4.99% | 5-YR Revenue CAGR |
| 3.44% | 5-YR COGs CAGR |

## Exit Multiple Method Sensitivity

| EBITDA Exit Multiple \ WACC | 7.60% | 7.85% | 8.10% | 8.35% | 8.60% |
|---|---|---|---|---|---|
| 14 | $64.93 | $63.55 | $62.08 | $60.85 | $59.54 |
| 15 | $71.50 | $70.03 | $68.47 | $67.16 | $65.75 |
| 16 | $78.07 | $76.51 | $74.85 | $73.46 | $71.97 |
| 17 | $84.65 | $82.99 | $81.24 | $79.77 | $78.19 |
| 18 | $91.22 | $89.48 | $87.63 | $86.07 | $84.41 |

## Perpetual Growth Method Sensitivity

| Perpetual Growth Rate \ WACC | 7.60% | 7.85% | 8.10% | 8.35% | 8.60% |
|---|---|---|---|---|---|
| 3% | $69.04 | $63.29 | $58.08 | $53.33 | $48.99 |
| 3.25% | $74.12 | $67.82 | $62.14 | $56.99 | $52.30 |
| 3.50% | $79.77 | $72.84 | $66.61 | $61.00 | $55.91 |
| 3.75% | $86.12 | $78.43 | $71.57 | $65.42 | $59.88 |
| 4% | $93.28 | $84.70 | $77.10 | $70.33 | $64.25 |

# Risk & Mitigants

# Risks & Mitigants

## RISKS

Probability (vertical axis) / Impact (horizontal axis)

| | | | | |
|---|---|---|---|---|
| | | | COST | |
| | INFL | | | |
| | | DEBT | | CURR |
| | INVE | COMP | | |
| | | | | |

**Operational Risks**

| | |
|---|---|
| COST | Higher cost of operations due to disruptions in global supply chain |
| DEBT | High leverage due to past M&A activity and growth initiatives |

**Economic Risks**

| | |
|---|---|
| CURR | Operating in foreign currencies while having strong dollar will not help international operations in constant currency terms |
| INFL | Current inflationary and unfavorable macro environment |

**Industry Risks**

| | |
|---|---|
| COMP | Expansion into new international markets with set competitors and established customer base |

**Shareholding Risks**

| | |
|---|---|
| INVE | 3G Capital has the largest voting power amongst investors |

## MITIGANTS

| | |
|---|---|
| COST | RBI's scale and negotiating power can allow them to find optimal suppliers and fix long term contracts |
| DEBT | QSR industry is highly levered, RBI has strong coverage and liquidity to meet current obligations |
| CURR | Geographic Diversification, USD MFDA agreements and the utilization of derivative financial instruments |
| INFL | QSR industry can maintain stable growth during recessionary periods |
| COMP | Joint Venture MFDA agreements to experienced operators in the region and catering offering to region |
| INVE | 3G Capital has immense experience and proven track record in growing RBI's operations, other activist shareholders also on board |

*Source: FactSet, Company 10-K*

# Conclusions

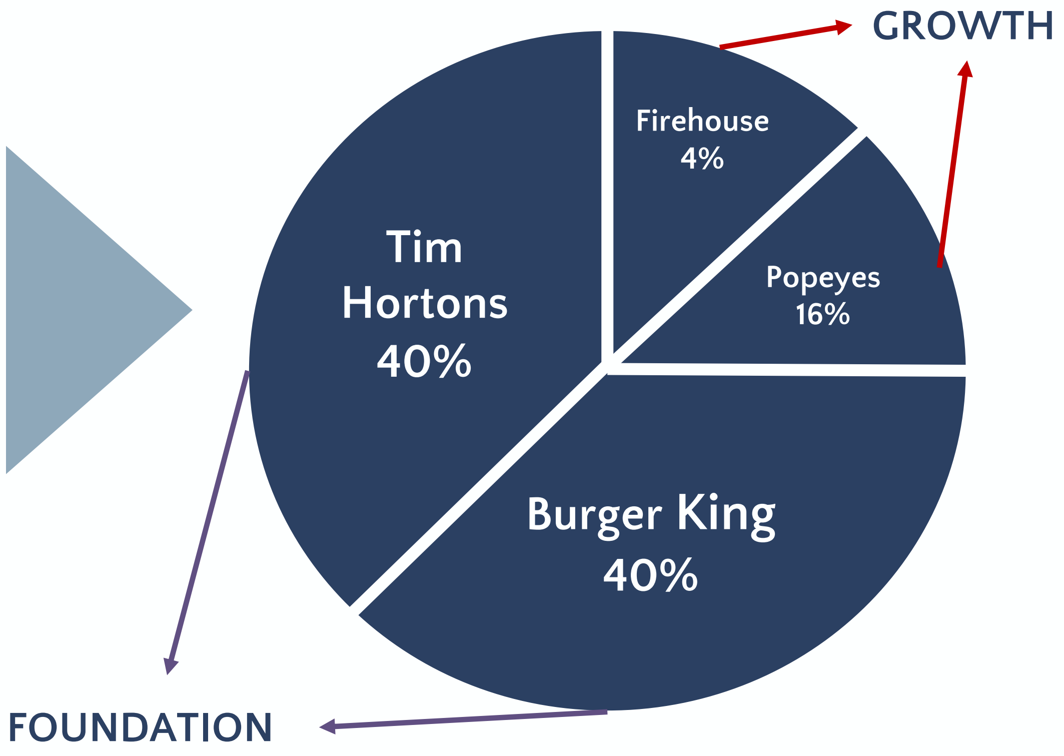
We issue a **BUY** recommendation with a target of **$73.03** Implying a upside of **16%**, shaped by our **three core beliefs** on Restaurant Brands International

**Superior Business Model**

**Promising Growth Prospects**

**Attractive Value**

## PRICE TARGET OF $73.03




restaurant brands international

UTMCAPITAL

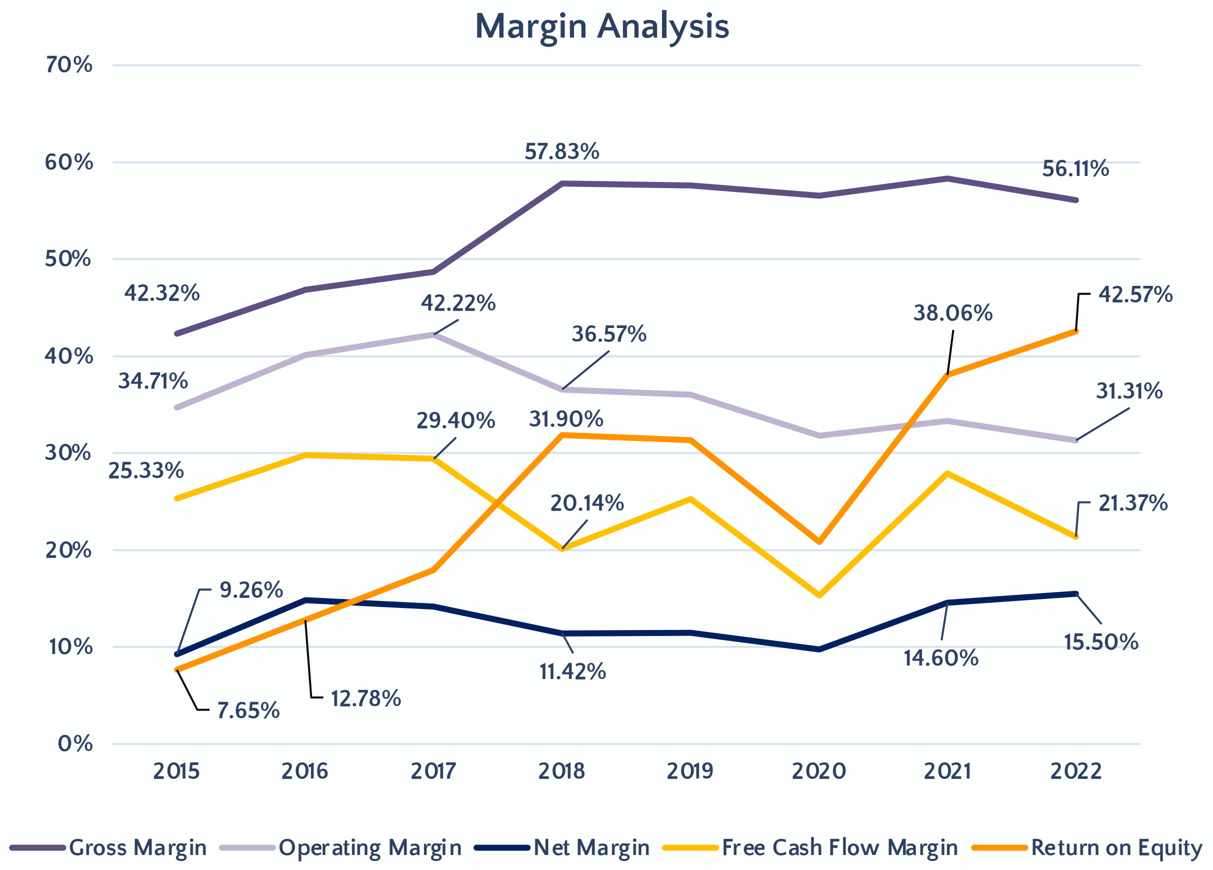
# Consumer & Retail Coverage Group 2022 – 2023

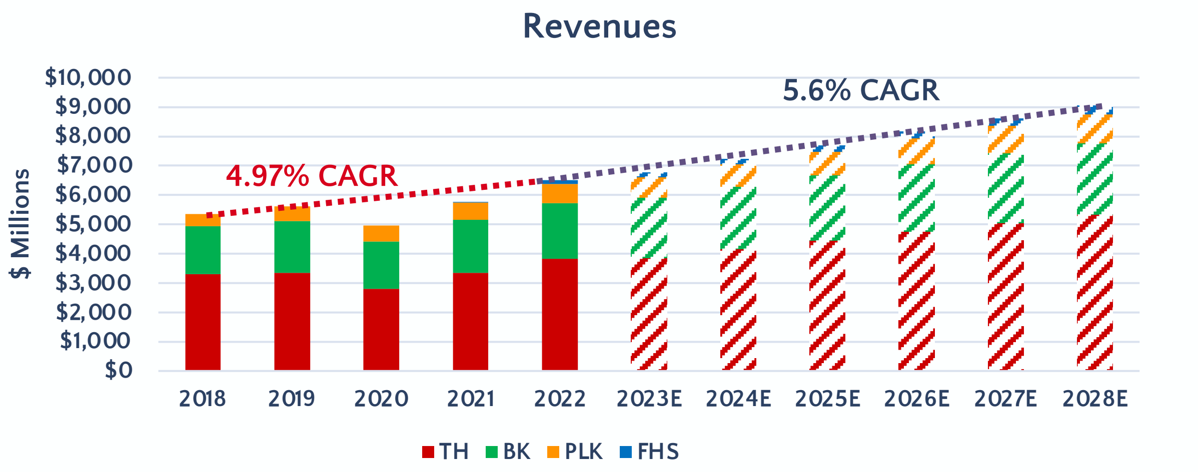
**Lead Investment Analyst:** Arsalan Arshad
**Senior Investment Analysts:** Dylan Schrotter, Nirmit Nirankari, Kabir Dhillon
**Investment Analysts:** Abailoran Almukhametov, Carrie Dang, Kimberly Nguyen, Samuel Jeon, Fred Zhen

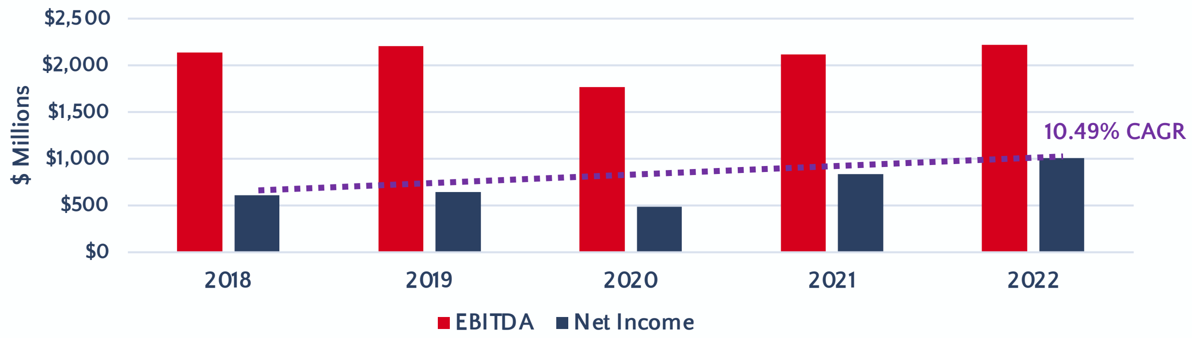
# Appendix (Company)

# RBI’s Financial Summary

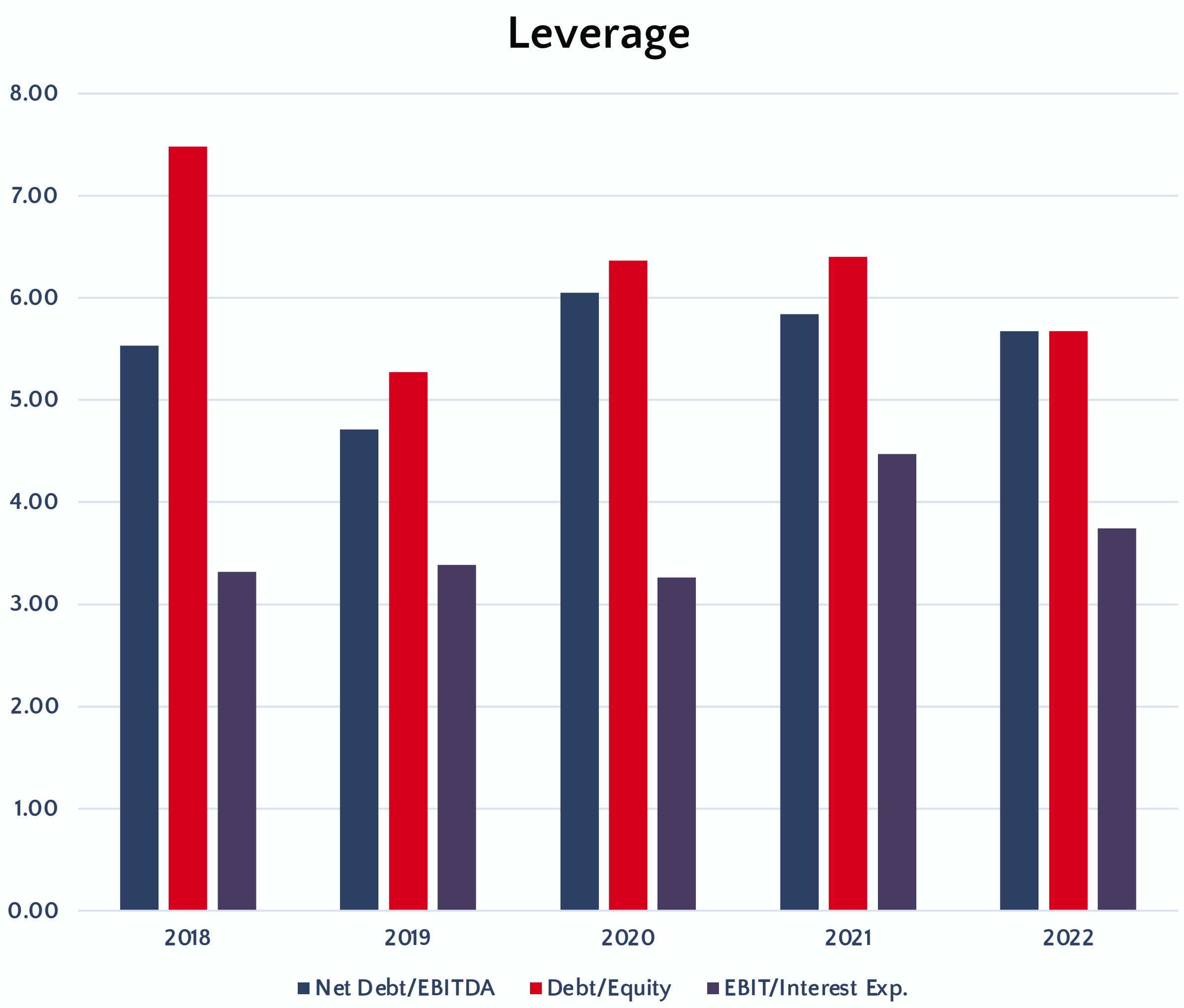
APPENDIX

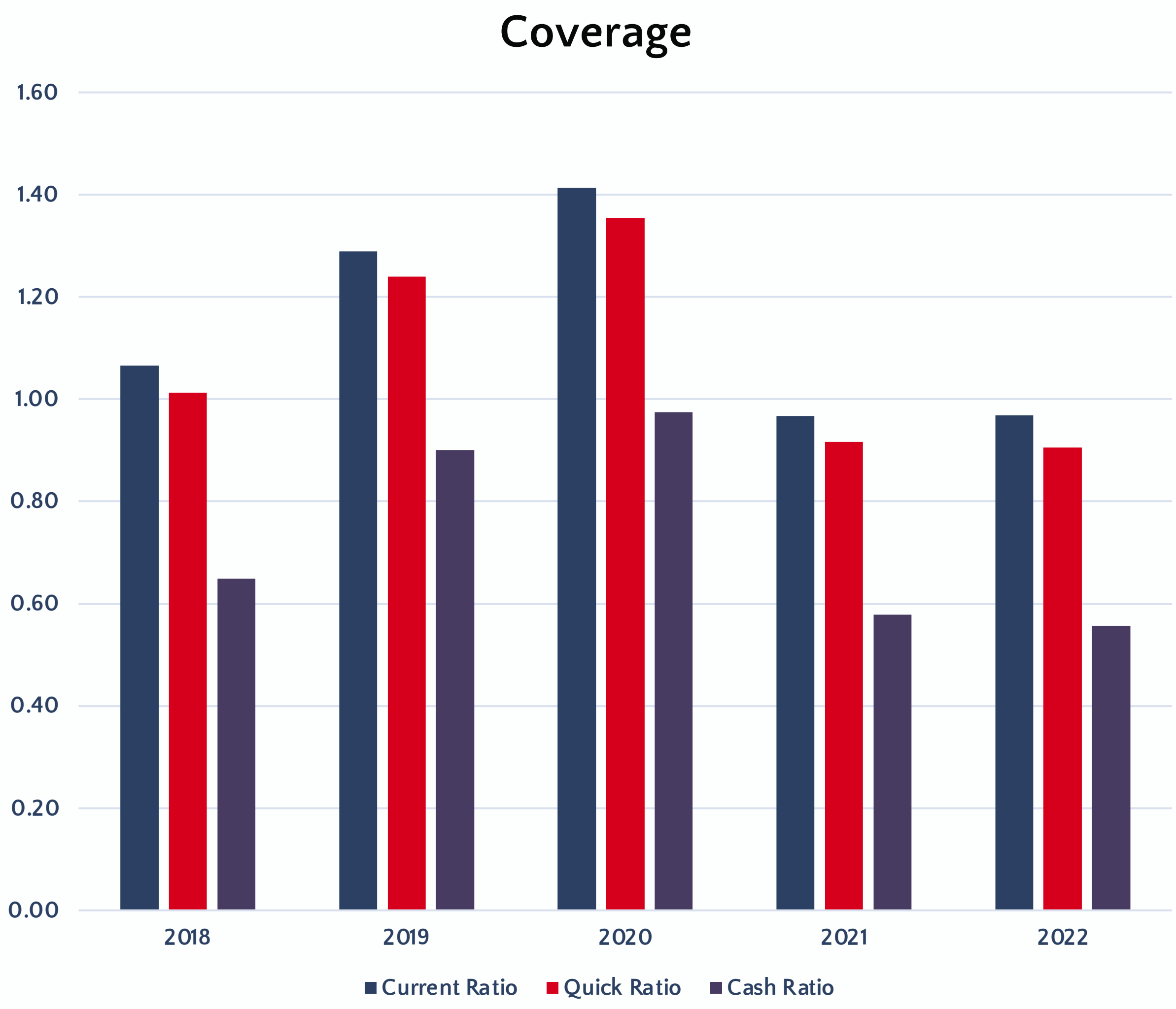


# RBI Leverage & Coverage

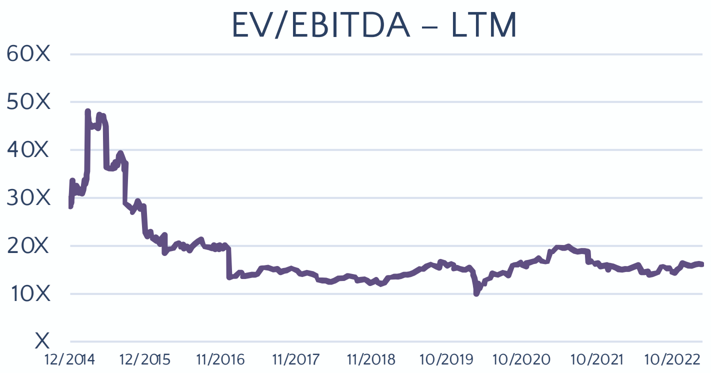


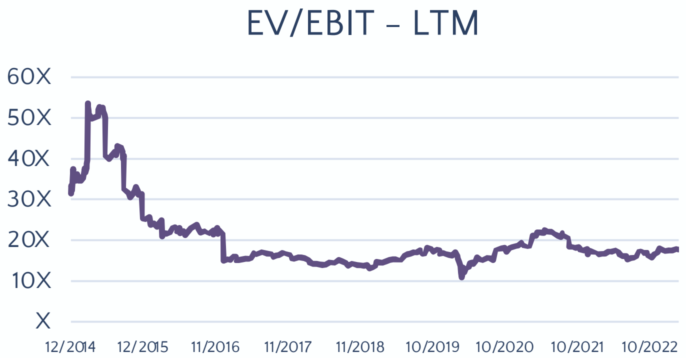



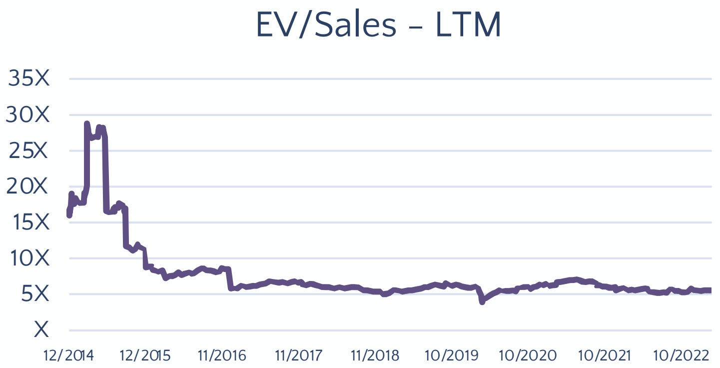

APPENDIX

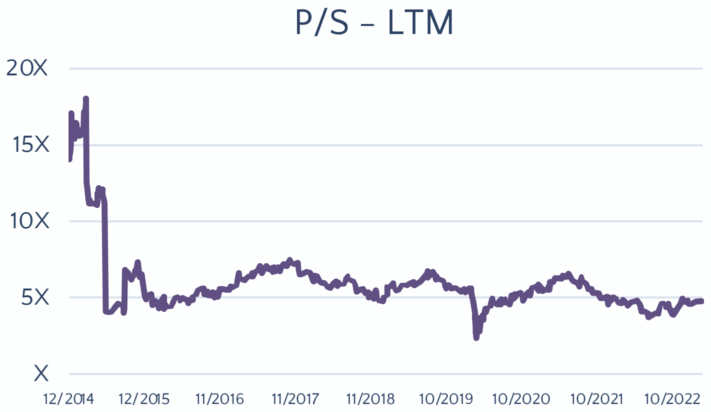
# Historical Multiples

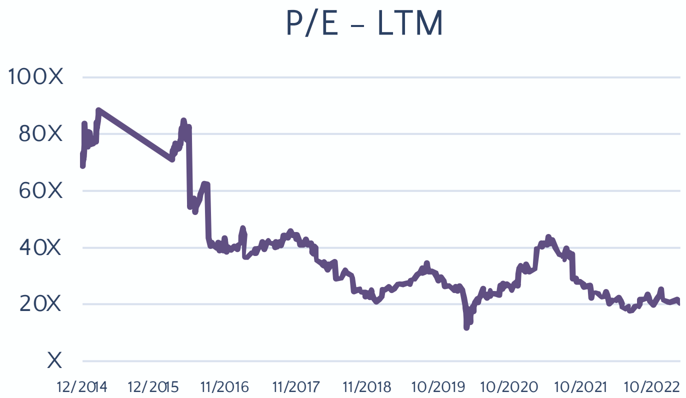
APPENDIX

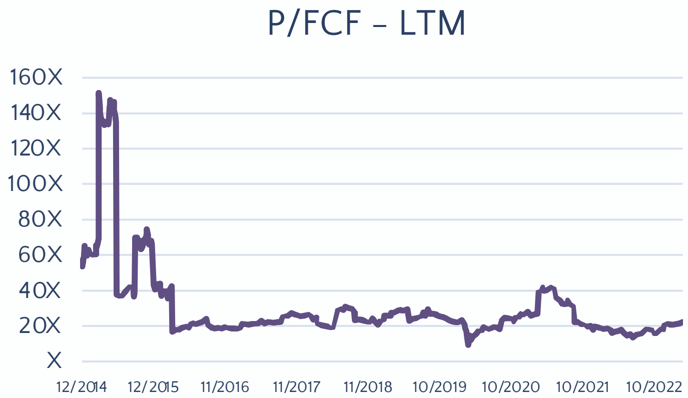


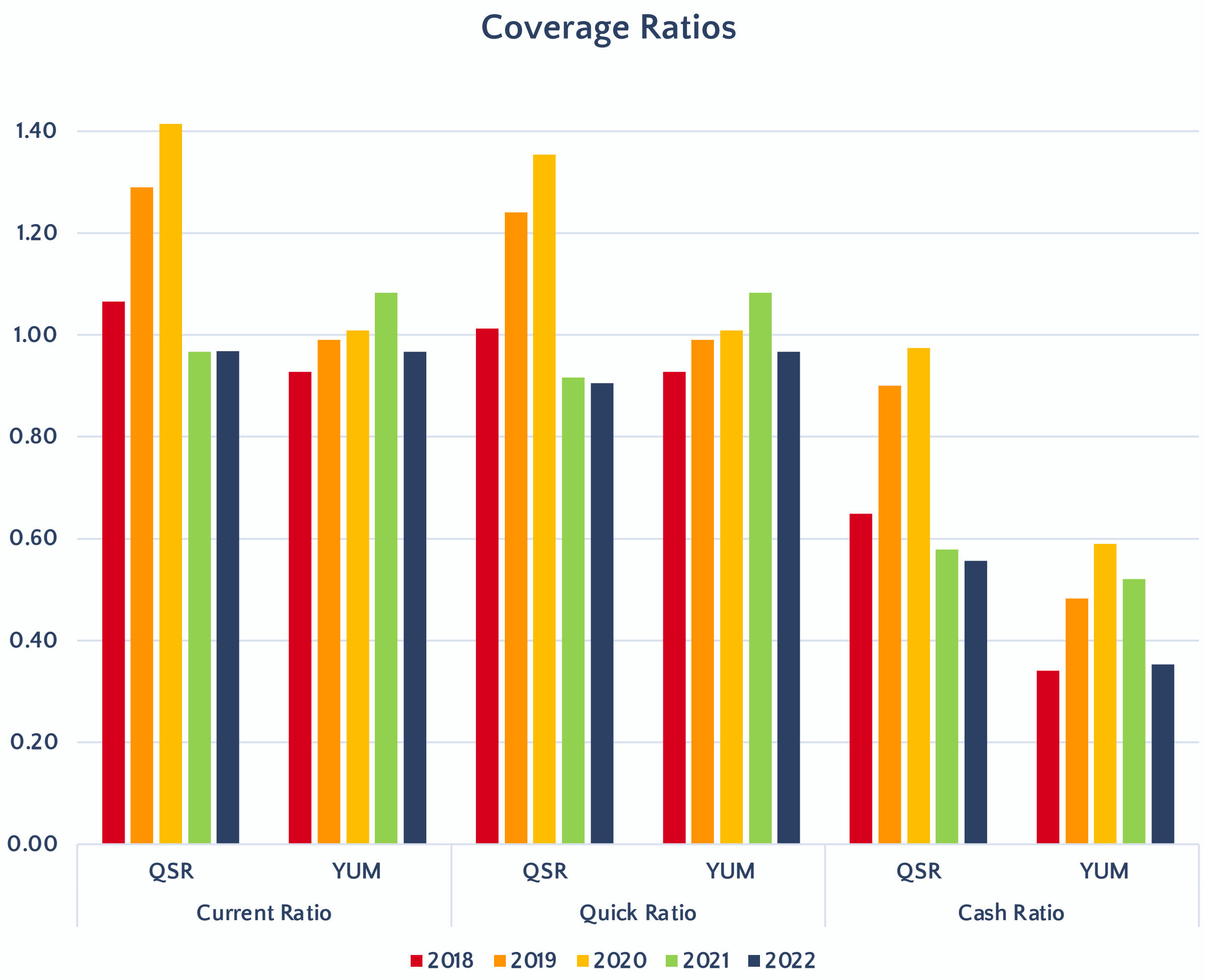



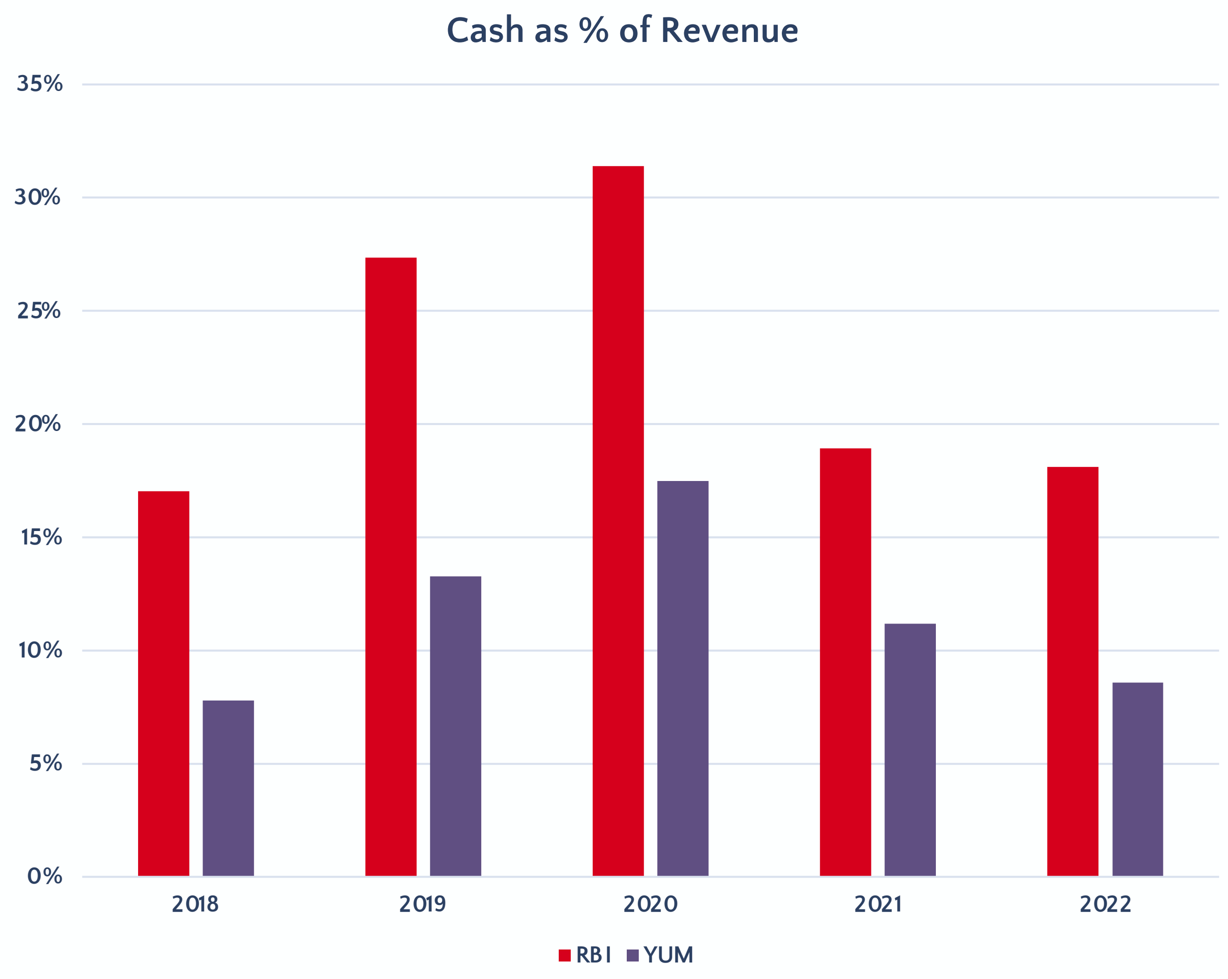
# RBI vs YUM (Leverage & Coverage)

APPENDIX

# Cash & Liquidity Comparison

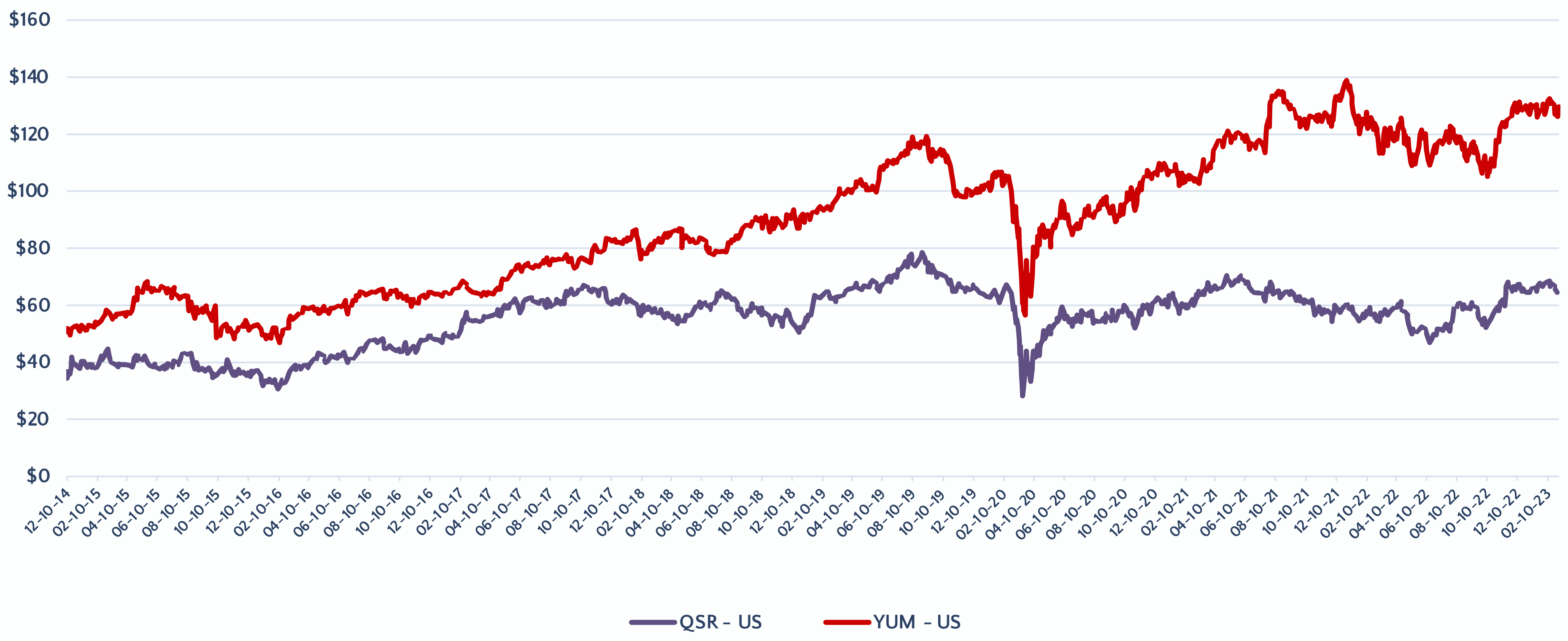
APPENDIX




# Trading in Tandem

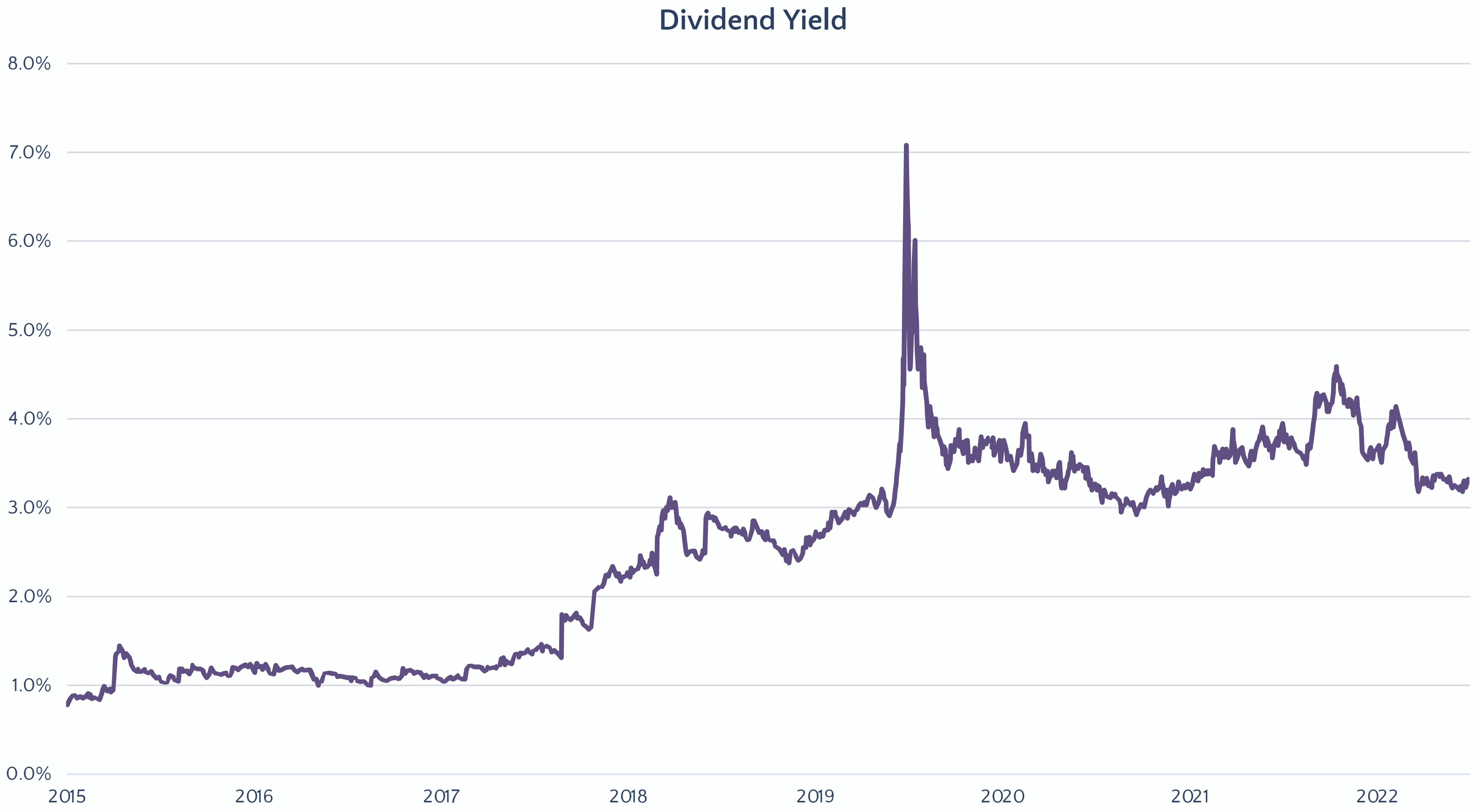
APPENDIX

## Stock Performance



# RBI's Dividend Yield

APPENDIX



# RBI’s Seasonality of Returns

A P P E N D I X

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2023** | 3.5% | -3.6% | -2.0% | | | | | | | | | |
| **2022** | -7.8% | 0.0% | 4.3% | -2.2% | -8.0% | -4.5% | 6.9% | 10.1% | -9.9% | 11.7% | 11.7% | -2.5% |
| **2021** | -5.6% | 3.8% | 8.5% | 5.6% | 1.6% | -7.6% | 5.8% | -5.8% | -4.7% | -7.4% | -1.1% | 8.3% |
| **2020** | -4.3% | -4.1% | -31.6% | 23.2% | 10.7% | 0.1% | 3.5% | -4.2% | 6.2% | -9.6% | 9.5% | 7.3% |
| **2019** | 19.8% | 0.9% | 3.0% | 0.2% | 0.9% | 5.7% | 6.0% | 6.4% | -9.3% | -8.0% | 0.3% | -2.8% |
| **2018** | -1.8% | -3.0% | -2.9% | -4.4% | 8.5% | 2.2% | 4.7% | -9.1% | 3.3% | -7.6% | 6.5% | -10.3% |
| **2017** | 3.0% | 11.5% | 1.9% | 0.8% | 9.8% | 1.4% | -4.7% | 2.4% | 4.7% | 1.1% | -2.9% | -1.9% |
| **2016** | -10.1% | 4.4% | 10.8% | 11.4% | -3.5% | -0.4% | 7.5% | 6.6% | -6.5% | -0.2% | 6.9% | 0.3% |
| **2015** | -0.9% | 14.3% | -13.2% | 6.2% | -5.2% | -1.2% | 13.2% | -11.3% | -6.3% | 11.8% | -8.9% | 2.1% |
| **8 Year Avg** | **-1.0%** | **3.5%** | **-2.4%** | **5.1%** | **1.8%** | **-0.5%** | **5.4%** | **-0.6%** | **-2.8%** | **-1.0%** | **2.8%** | **0.0%** |

# Appendix (Valuation- General)

# Football Field Summary

A
P
P
E
N
D
I
X

| Valuation Method | Weightage | Share Price |
|---|---|---|
| Sum of The Parts | 35% | $69.63 |
| Traditional DCF | 25% | $67.70 |
| Analyst Ratings | 10% | $71.30 |
| Dividend Discount Model | 10% | $63.44 |
| Relative Valuation | 20% | $91.31 |
| **Weighted Average Share Price** | **100%** | **$73.03** |
| Current Share Price | | $63.22 |
| Upside Potential | | 16% |

# Valuation Breakdown

APPENDIX

| Case Based Valuation | | | | | | |
|---|---|---|---|---|---|---|
| **Method** | **Bull Case** | **Base Case** | **Bear Case** | **Bull Weight** | **Base Weight** | **Bear Weight** |
| Sum of The Parts | $81.09 | $70.62 | $57.90 | 25% | 50% | 25% |
| Traditional DCF | $74.64 | $70.75 | $54.64 | 25% | 50% | 25% |
| Multi-Stage DDM | $65.80 | $64.64 | $55.24 | 25% | 50% | 25% |
| Relative Valuation | $144.44 | $95.04 | $30.70 | 25% | 50% | 25% |

| Other Valuation Method | Min | Mean | Median | Max |
|---|---|---|---|---|
| Analyst Ratings | $62.00 | $71.30 | $72.00 | $81.00 |

| Relative Valuation | Min | Median | Mean | Max | Weight |
|---|---|---|---|---|---|
| EV/EBITDA | $45.36 | $83.79 | $89.17 | $144.74 | 35% |
| EV/EBIT | $74.01 | $85.76 | $102.99 | $155.74 | 10% |
| P/E | $79.05 | $98.59 | $105.67 | $153.17 | 35% |
| P/S | $32.30 | $61.29 | $65.20 | $123.04 | 10% |
| P/FCF | $82.80 | $99.34 | $100.29 | $122.94 | 10% |

# Analyst Ratings

APPENDIX

| Analyst Ratings | | |
|---|---|---|
| **Analyst (Broker)** | **Recommendation** | **Target Price** |
| Wells Fargo Securities | Hold | $ 70.00 |
| Wolfe Research | Buy | $ 67.00 |
| BMO Capital Markets | Buy | $ 76.00 |
| Deutsche Bank Research | Buy | $ 72.00 |
| CIBC Capital Markets | Buy | $ 76.00 |
| Stephens Inc | Hold | $ 63.00 |
| Oppenheimer | Buy | $ 81.00 |
| Jefferies | Hold | $ 65.00 |
| Stifel Nicolaus | Hold | $ 65.00 |
| KeyBanc Capital Markets | Buy | $ 76.00 |
| Truist Securities | Buy | $ 73.00 |
| Cowen & Company | Hold | $ 72.00 |
| Loop Capital Markets | Hold | $ 66.00 |
| RBC Capital Markets | Buy | $ 81.00 |
| Evercore ISI | Buy | $ 75.00 |
| Baptista Research | Hold | $ 72.10 |
| Guggenheim Securities | Hold | $ 62.00 |
| Total | 17 | |
| Buy Ratings | 9 | |
| Buy Rating % | 53% | |
| Hold Rating % | 47% | |
| Sell Rating % | 0% | |

# Exit Multiples

A P P E N D I X

| Tim Hortons: | | |
|---|---|---|
| Comparables | Companies | EV/EBITDA (LTM) |
| | STARBUCKS CORPORATION (XNAS:SBUX) | 18.18 |
| | KRISPY KREME, INC. (XNAS:DNUT) | 21.54 |
| Acquisition Multiple | TH Acquired by RBI in 2014 | 16.40 |
| Precedent Transaction Multiple | Dunkin Donuts Acquired by Inspire Brands in 2020 | 24.00 |
| | Average | 20.03 |
| | Median | 19.86 |

| Burger King: | | |
|---|---|---|
| Comparables | Companies | EV/EBITDA (LTM) |
| | MCDONALD'S CORPORATION (XNYS:MCD) | 18.54 |
| | THE WENDY'S COMPANY (XNAS:WEN) | 14.55 |
| | JACK IN THE BOX INC. (XNAS:JACK) | 11.29 |
| | SHAKE SHACK INC. (XNYS:SHAK) | 19.04 |
| Acquisition Multiple | BK Acquired by 3G Capital in 2010 | 9.90 |
| Precedent Transaction Multiple | Wendys Acquired by Triarc Corp in 2008 | 9.10 |
| | Average | 14.96 |
| | Median | 12.92 |

| Popeyes: | | |
|---|---|---|
| Comparables | Companies | EV/EBITDA (LTM) |
| | WINGSTOP INC. (XNAS:WING) | 54.49 |
| | EL POLLO LOCO HOLDINGS, INC (XNAS:LOCO) | 7.25 |
| Acquisition Multiple | PLK Acquired by RBI in 2017 | 21.00 |
| Precedent Transaction Multiple | KFC Acquired by Yum in 1997 | 13.50 |
| | Average | 30.87 |
| | Median | 17.25 |

| Firehouse Subs: | | |
|---|---|---|
| Comparables | Companies | EV/EBITDA (LTM) |
| | POTBELLY CORPORATION (XNAS:PBPB) | 9.45 |
| | MTY Food Group Inc. (XTSE:MTY) | 8.41 |
| Acquisition Multiple | FHS Acquired by RBI in 2021 | 20.00 |
| | Average | 12.62 |
| | Median | 14.21 |

# Summary of Assumptions

## Assumptions Summary

| Switch: | 1 |
|---|---|

| | Bull: | 1 | Base: | 2 | Bear: | 3 |
|---|---|---|---|---|---|---|
| | Store Growth Decline: | | Store Growth Decline: | | Store Growth Decline: | |
| | 2024-2026 | 6% | 2024-2026 | 8% | 2024-2026 | 9% |
| | 2027-2028 | 12% | 2027-2028 | 8% | 2027-2028 | 9% |
| **Tim Hortons:** | Store Growth (%) 2023: | 5.20% | Store Growth (%) 2023 | 5.00% | Store Growth (%) 2023 | 4.80% |
| | Sale Per Store Growth (%) | 0.25% | Sale Per Store Growth (%) | 0.00% | Sale Per Store Growth (%) | -0.25% |
| | Revenue as % of SW Sales | 51.50% | Revenue as % of SW Sales | 51.00% | Revenue as % of SW Sales | 50.50% |
| **Burger King:** | Store Growth (%) 2023: | 3.80% | Store Growth (%) 2023 | 3.60% | Store Growth (%) 2023 | 3.40% |
| | Sale Per Store Growth (%) | 2.00% | Sale Per Store Growth (%) | 1.75% | Sale Per Store Growth (%) | 1.50% |
| | Revenue as % of SW Sales | 7.70% | Revenue as % of SW Sales | 7.75% | Revenue as % of SW Sales | 7.60% |
| **Popeyes:** | Store Growth (%) 2023: | 11.00% | Store Growth (%) 2023 | 10.00% | Store Growth (%) 2023 | 8.00% |
| | Sale Per Store Growth (%) | 3.00% | Sale Per Store Growth (%) | 2.00% | Sale Per Store Growth (%) | 0.50% |
| | Revenue as % of SW Sales | 11.00% | Revenue as % of SW Sales | 10.75% | Revenue as % of SW Sales | 10.50% |
| **Firehouse Subs:** | Store Growth (%) 2023: | 8.50% | Store Growth (%) 2023 | 7.50% | Store Growth (%) 2023 | 6.50% |
| | Sale Per Store Growth (%) | 6.00% | Sale Per Store Growth (%) | 6.00% | Sale Per Store Growth (%) | 4.00% |
| | Revenue as % of SW Sales | 13.00% | Revenue as % of SW Sales | 12.00% | Revenue as % of SW Sales | 11.00% |

APPENDIX

# Assumptions – Bull Case

| Restaurant Brands International Inc.'s BULL Case Assumptions | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actuals | | | | | | Estimates | | | | | |
| Year | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| **Number of Stores:** | | | | | | | | | | | | |
| *Tim Hortons* | 4,748 | 4,846 | 4,932 | 4,949 | 5,291 | 5,600 | 5,891 | 6,179 | 6,463 | 6,742 | 6,998 | 7,233 |
| *Growth Rate* | | *2.06%* | *1.77%* | *0.34%* | *6.91%* | *5.84%* | *5.20%* | *4.89%* | *4.59%* | *4.32%* | *3.80%* | *3.34%* |
| *Burger King* | 16,767 | 17,796 | 18,838 | 18,625 | 19,247 | 19,789 | 20,541 | 21,275 | 21,989 | 22,683 | 23,313 | 23,883 |
| *Growth Rate* | | *6.14%* | *5.86%* | *-1.13%* | *3.34%* | *2.82%* | *3.80%* | *3.57%* | *3.36%* | *3.16%* | *2.78%* | *2.44%* |
| *Popeyes* | 2,892 | 3,102 | 3,316 | 3,451 | 3,705 | 4,091 | 4,541 | 5,011 | 5,498 | 6,000 | 6,482 | 6,941 |
| *Growth Rate* | | *7.26%* | *6.90%* | *4.07%* | *7.36%* | *10.42%* | *11.00%* | *10.34%* | *9.72%* | *9.14%* | *8.04%* | *7.08%* |
| *Firehouse Subs* | - | - | - | - | 1,213 | 1,242 | 1,348 | 1,455 | 1,565 | 1,675 | 1,779 | 1,876 |
| *Growth Rate* | | | | | | *2.39%* | *8.50%* | *7.99%* | *7.51%* | *7.06%* | *6.21%* | *5.47%* |
| **Total** | 24,407 | 25,744 | 27,086 | 27,025 | 29,456 | 30,722 | 32,321 | 33,920 | 35,514 | 37,100 | 38,573 | 39,933 |
| *Growth Rate* | | *5.48%* | *5.21%* | *-0.23%* | *9.00%* | *4.30%* | *5.20%* | *4.95%* | *4.70%* | *4.47%* | *3.97%* | *3.53%* |
| **Sales Per Store (Millions):** | | | | | | | | | | | | |
| *Tim Hortons* | $ 1.41 | $ 1.42 | $ 1.36 | $ 1.11 | $ 1.23 | $ 1.28 | $ 1.28 | $ 1.29 | $ 1.29 | $ 1.29 | $ 1.30 | $ 1.30 |
| | | | | | | | *0.25%* | *0.25%* | *0.25%* | *0.25%* | *0.25%* | *0.25%* |
| *Burger King* | $ 1.20 | $ 1.22 | $ 1.22 | $ 1.08 | $ 1.22 | $ 1.29 | $ 1.31 | $ 1.34 | $ 1.37 | $ 1.39 | $ 1.42 | $ 1.45 |
| | | | | | | | *2.00%* | *2.00%* | *2.00%* | *2.00%* | *2.00%* | *2.00%* |
| *Popeyes* | $ 1.21 | $ 1.20 | $ 1.33 | $ 1.49 | $ 1.49 | $ 1.45 | $ 1.50 | $ 1.54 | $ 1.59 | $ 1.64 | $ 1.69 | $ 1.74 |
| | | | | | | | *3.00%* | *3.00%* | *3.00%* | *3.00%* | *3.00%* | *3.00%* |
| *Firehouse Subs* | $ - | $ - | $ - | $ - | $ 0.90 | $ 0.93 | $ 0.98 | $ 1.04 | $ 1.11 | $ 1.17 | $ 1.24 | $ 1.32 |
| | | | | | | | *6.00%* | *6.00%* | *6.00%* | *6.00%* | *6.00%* | *6.00%* |
| **System Wide Sales** | | | | | | | | | | | | |
| *Tim Hortons* | $ 6,717 | $ 6,869 | $ 6,716 | $ 5,488 | $ 6,526 | $ 7,164 | $ 7,555 | $ 7,944 | $ 8,330 | $ 8,712 | $ 9,066 | $ 9,392 |
| *Burger King* | $ 20,075 | $ 21,624 | $ 22,921 | $ 20,038 | $ 23,450 | $ 25,482 | $ 26,979 | $ 28,502 | $ 30,048 | $ 31,616 | $ 33,144 | $ 34,634 |
| *Popeyes* | $ 3,512 | $ 3,732 | $ 4,397 | $ 5,143 | $ 5,519 | $ 5,951 | $ 6,804 | $ 7,733 | $ 8,739 | $ 9,823 | $ 10,931 | $ 12,056 |
| *Firehouse Subs* | $ - | $ - | $ - | $ - | $ 1,091 | $ 1,154 | $ 1,327 | $ 1,519 | $ 1,731 | $ 1,965 | $ 2,212 | $ 2,473 |
| **Total System Wide Sales** | $ 30,304 | $ 32,225 | $ 34,034 | $ 30,669 | $ 36,586 | $ 39,751 | $ 42,666 | $ 45,698 | $ 48,848 | $ 52,116 | $ 55,353 | $ 58,555 |
| **Segment Revenues** | | | | | | | | | | | | |
| *Tim Hortons* | $ 3,155 | $ 3,292 | $ 3,344 | $ 2,810 | $ 3,342 | $ 3,823 | $ 3,891 | $ 4,091 | $ 4,290 | $ 4,487 | $ 4,669 | $ 4,837 |
| *Implied Growth* | | | | | | | *1.78%* | *5.15%* | *4.86%* | *4.58%* | *4.06%* | *3.60%* |
| *Burger King* | $ 1,219 | $ 1,651 | $ 1,777 | $ 1,602 | $ 1,813 | $ 1,897 | $ 2,077 | $ 2,195 | $ 2,314 | $ 2,434 | $ 2,552 | $ 2,667 |
| *Implied Growth* | | | | | | | *9.51%* | *5.64%* | *5.42%* | *5.22%* | *4.83%* | *4.49%* |
| *Popeyes* | $ 202 | $ 414 | $ 482 | $ 556 | $ 579 | $ 647 | $ 748 | $ 851 | $ 961 | $ 1,081 | $ 1,202 | $ 1,326 |
| *Implied Growth* | | | | | | | *15.67%* | *13.65%* | *13.01%* | *12.41%* | *11.28%* | *10.29%* |
| *Firehouse Subs* | $ - | $ - | $ - | $ - | $ 5 | $ 138 | $ 173 | $ 198 | $ 225 | $ 255 | $ 288 | $ 321 |
| *Implied Growth* | | | | | | | *25.03%* | *14.47%* | *13.96%* | *13.48%* | *12.59%* | *11.80%* |
| **Total Revenues** | $ 4,576 | $ 5,357 | $ 5,603 | $ 4,968 | $ 5,739 | $ 6,505 | $ 6,889 | $ 7,334 | $ 7,790 | $ 8,257 | $ 8,711 | $ 9,151 |

A P P E N D I X

# Assumptions – Base Case

| Restaurant Brands International Inc.'s BASE Case Assumptions | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actuals | | | | | | Estimates | | | | | |
| Year | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| **Number of Stores:** | | | | | | | | | | | | |
| *Tim Hortons* | 4,748 | 4,846 | 4,932 | 4,949 | 5,291 | 5,600 | 5,880 | 6,152 | 6,415 | 6,669 | 6,912 | 7,143 |
| *Growth Rate* | | *2.06%* | *1.77%* | *0.34%* | *6.91%* | *5.84%* | *5.00%* | *4.63%* | *4.28%* | *3.96%* | *3.64%* | *3.35%* |
| *Burger King* | 16,767 | 17,796 | 18,838 | 18,625 | 19,247 | 19,789 | 20,501 | 21,184 | 21,837 | 22,459 | 23,048 | 23,603 |
| *Growth Rate* | | *6.14%* | *5.86%* | *-1.13%* | *3.34%* | *2.82%* | *3.60%* | *3.33%* | *3.08%* | *2.85%* | *2.62%* | *2.41%* |
| *Popeyes* | 2,892 | 3,102 | 3,316 | 3,451 | 3,705 | 4,091 | 4,500 | 4,916 | 5,337 | 5,759 | 6,179 | 6,593 |
| *Growth Rate* | | *7.26%* | *6.90%* | *4.07%* | *7.36%* | *10.42%* | *10.00%* | *9.25%* | *8.56%* | *7.91%* | *7.28%* | *6.70%* |
| *Firehouse Subs* | - | - | - | - | 1,213 | 1,242 | 1,335 | 1,428 | 1,519 | 1,610 | 1,697 | 1,783 |
| *Growth Rate* | | | | | | *2.39%* | *7.50%* | *6.94%* | *6.42%* | *5.94%* | *5.46%* | *5.02%* |
| **Total** | 24,407 | 25,744 | 27,086 | 27,025 | 29,456 | 30,722 | 32,217 | 33,680 | 35,108 | 36,497 | 37,836 | 39,122 |
| *Growth Rate* | | *5.48%* | *5.21%* | *-0.23%* | *9.00%* | *4.30%* | *4.87%* | *4.54%* | *4.24%* | *3.96%* | *3.67%* | *3.40%* |
| **Sales Per Store (Millions):** | | | | | | | | | | | | |
| *Tim Hortons* | $ 1.41 | $ 1.42 | $ 1.36 | $ 1.11 | $ 1.23 | $ 1.28 | $ 1.28 | $ 1.28 | $ 1.28 | $ 1.28 | $ 1.28 | $ 1.28 |
| | | | | | | | *0.00%* | *0.00%* | *0.00%* | *0.00%* | *0.00%* | *0.00%* |
| *Burger King* | $ 1.20 | $ 1.22 | $ 1.22 | $ 1.08 | $ 1.22 | $ 1.29 | $ 1.31 | $ 1.33 | $ 1.36 | $ 1.38 | $ 1.40 | $ 1.43 |
| | | | | | | | *1.75%* | *1.75%* | *1.75%* | *1.75%* | *1.75%* | *1.75%* |
| *Popeyes* | $ 1.21 | $ 1.20 | $ 1.33 | $ 1.49 | $ 1.49 | $ 1.45 | $ 1.48 | $ 1.51 | $ 1.54 | $ 1.57 | $ 1.61 | $ 1.64 |
| | | | | | | | *2.00%* | *2.00%* | *2.00%* | *2.00%* | *2.00%* | *2.00%* |
| *Firehouse Subs* | $ - | $ - | $ - | $ - | $ 0.90 | $ 0.93 | $ 0.98 | $ 1.04 | $ 1.11 | $ 1.17 | $ 1.24 | $ 1.32 |
| | | | | | | | *6.00%* | *6.00%* | *6.00%* | *6.00%* | *6.00%* | *6.00%* |
| **System Wide Sales** | | | | | | | | | | | | |
| *Tim Hortons* | $ 6,717 | $ 6,869 | $ 6,716 | $ 5,488 | $ 6,526 | $ 7,164 | $ 7,522 | $ 7,870 | $ 8,207 | $ 8,532 | $ 8,842 | $ 9,138 |
| *Burger King* | $ 20,075 | $ 21,624 | $ 22,921 | $ 20,038 | $ 23,450 | $ 25,482 | $ 26,861 | $ 28,242 | $ 29,621 | $ 30,998 | $ 32,367 | $ 33,728 |
| *Popeyes* | $ 3,512 | $ 3,732 | $ 4,397 | $ 5,143 | $ 5,519 | $ 5,951 | $ 6,677 | $ 7,441 | $ 8,239 | $ 9,069 | $ 9,923 | $ 10,800 |
| *Firehouse Subs* | $ - | $ - | $ - | $ - | $ 1,091 | $ 1,154 | $ 1,315 | $ 1,491 | $ 1,681 | $ 1,888 | $ 2,111 | $ 2,350 |
| **Total System Wide Sales** | $ 30,304 | $ 32,225 | $ 34,034 | $ 30,669 | $ 36,586 | $ 39,751 | $ 42,376 | $ 45,043 | $ 47,748 | $ 50,486 | $ 53,244 | $ 56,016 |
| **Segment Revenues** | | | | | | | | | | | | |
| *Tim Hortons* | $ 3,155 | $ 3,292 | $ 3,344 | $ 2,810 | $ 3,342 | $ 3,823 | $ 3,836 | $ 4,014 | $ 4,185 | $ 4,351 | $ 4,510 | $ 4,661 |
| *Implied Growth* | | | | | | | *0.35%* | *4.62%* | *4.28%* | *3.96%* | *3.64%* | *3.35%* |
| *Burger King* | $ 1,219 | $ 1,651 | $ 1,777 | $ 1,602 | $ 1,813 | $ 1,897 | $ 2,082 | $ 2,189 | $ 2,296 | $ 2,402 | $ 2,508 | $ 2,614 |
| *Implied Growth* | | | | | | | *9.74%* | *5.14%* | *4.88%* | *4.65%* | *4.42%* | *4.20%* |
| *Popeyes* | $ 202 | $ 414 | $ 482 | $ 556 | $ 579 | $ 647 | $ 718 | $ 800 | $ 886 | $ 975 | $ 1,067 | $ 1,161 |
| *Implied Growth* | | | | | | | *10.94%* | *11.44%* | *10.73%* | *10.07%* | *9.43%* | *8.83%* |
| *Firehouse Subs* | $ - | $ - | $ - | $ - | $ 5 | $ 138 | $ 158 | $ 179 | $ 202 | $ 227 | $ 253 | $ 282 |
| *Implied Growth* | | | | | | | *14.35%* | *13.35%* | *12.80%* | *12.29%* | *11.79%* | *11.33%* |
| **Total Revenues** | $ 4,576 | $ 5,357 | $ 5,603 | $ 4,968 | $ 5,739 | $ 6,505 | $ 6,794 | $ 7,181 | $ 7,569 | $ 7,955 | $ 8,338 | $ 8,717 |

APPENDIX

# Assumptions – Bear Case

APPENDIX

| Restaurant Brands International Inc.'s BEAR Case Assumptions | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actuals | | | | | | Estimates | | | | | |
| Year | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| **Number of Stores:** | | | | | | | | | | | | |
| *Tim Hortons* | 4,748 | 4,846 | 4,932 | 4,949 | 5,291 | 5,600 | 5,869 | 6,125 | 6,369 | 6,599 | 6,816 | 7,020 |
| *Growth Rate* | | *2.06%* | *1.77%* | *0.34%* | *6.91%* | *5.84%* | *4.80%* | *4.37%* | *3.97%* | *3.62%* | *3.29%* | *3.00%* |
| *Burger King* | 16,767 | 17,796 | 18,838 | 18,625 | 19,247 | 19,789 | 20,462 | 21,095 | 21,689 | 22,245 | 22,763 | 23,246 |
| *Growth Rate* | | *6.14%* | *5.86%* | *-1.13%* | *3.34%* | *2.82%* | *3.40%* | *3.09%* | *2.82%* | *2.56%* | *2.33%* | *2.12%* |
| *Popeyes* | 2,892 | 3,102 | 3,316 | 3,451 | 3,705 | 4,091 | 4,418 | 4,740 | 5,054 | 5,359 | 5,653 | 5,935 |
| *Growth Rate* | | *7.26%* | *6.90%* | *4.07%* | *7.36%* | *10.42%* | *8.00%* | *7.28%* | *6.62%* | *6.03%* | *5.49%* | *4.99%* |
| *Firehouse Subs* | - | - | - | - | 1,213 | 1,242 | 1,323 | 1,401 | 1,476 | 1,549 | 1,618 | 1,683 |
| *Growth Rate* | | | | | | *2.39%* | *6.50%* | *5.92%* | *5.38%* | *4.90%* | *4.46%* | *4.06%* |
| **Total** | 24,407 | 25,744 | 27,086 | 27,025 | 29,456 | 30,722 | 32,072 | 33,361 | 34,588 | 35,751 | 36,850 | 37,885 |
| *Growth Rate* | | *5.48%* | *5.21%* | *-0.23%* | *9.00%* | *4.30%* | *4.39%* | *4.02%* | *3.68%* | *3.36%* | *3.07%* | *2.81%* |
| **Sales Per Store (Millions):** | | | | | | | | | | | | |
| *Tim Hortons* | $ 1.41 | $ 1.42 | $ 1.36 | $ 1.11 | $ 1.23 | $ 1.28 | $ 1.28 | $ 1.26 | $ 1.24 | $ 1.22 | $ 1.20 | $ 1.18 |
| | | | | | | | *-0.25%* | *-1.50%* | *-1.50%* | *-1.50%* | *-1.50%* | *-1.50%* |
| *Burger King* | $ 1.20 | $ 1.22 | $ 1.22 | $ 1.08 | $ 1.22 | $ 1.29 | $ 1.31 | $ 1.33 | $ 1.35 | $ 1.37 | $ 1.39 | $ 1.41 |
| | | | | | | | *1.50%* | *1.50%* | *1.50%* | *1.50%* | *1.50%* | *1.50%* |
| *Popeyes* | $ 1.21 | $ 1.20 | $ 1.33 | $ 1.49 | $ 1.49 | $ 1.45 | $ 1.46 | $ 1.47 | $ 1.48 | $ 1.48 | $ 1.49 | $ 1.50 |
| | | | | | | | *0.50%* | *0.50%* | *0.50%* | *0.50%* | *0.50%* | *0.50%* |
| *Firehouse Subs* | $ - | $ - | $ - | $ - | $ 0.90 | $ 0.93 | $ 0.97 | $ 1.00 | $ 1.05 | $ 1.09 | $ 1.13 | $ 1.18 |
| | | | | | | | *4.00%* | *4.00%* | *4.00%* | *4.00%* | *4.00%* | *4.00%* |
| **System Wide Sales** | | | | | | | | | | | | |
| *Tim Hortons* | $ 6,717 | $ 6,869 | $ 6,716 | $ 5,488 | $ 6,526 | $ 7,164 | $ 7,489 | $ 7,699 | $ 7,885 | $ 8,048 | $ 8,188 | $ 8,307 |
| *Burger King* | $ 20,075 | $ 21,624 | $ 22,921 | $ 20,038 | $ 23,450 | $ 25,482 | $ 26,744 | $ 27,985 | $ 29,204 | $ 30,402 | $ 31,577 | $ 32,731 |
| *Popeyes* | $ 3,512 | $ 3,732 | $ 4,397 | $ 5,143 | $ 5,519 | $ 5,951 | $ 6,459 | $ 6,964 | $ 7,463 | $ 7,952 | $ 8,430 | $ 8,895 |
| *Firehouse Subs* | $ - | $ - | $ - | $ - | $ 1,091 | $ 1,154 | $ 1,278 | $ 1,408 | $ 1,543 | $ 1,683 | $ 1,829 | $ 1,979 |
| **Total System Wide Sales** | $ 30,304 | $ 32,225 | $ 34,034 | $ 30,669 | $ 36,586 | $ 39,751 | $ 41,970 | $ 44,056 | $ 46,095 | $ 48,085 | $ 50,024 | $ 51,912 |
| **Segment Revenues** | | | | | | | | | | | | |
| *Tim Hortons* | $ 3,155 | $ 3,292 | $ 3,344 | $ 2,810 | $ 3,342 | $ 3,823 | $ 3,782 | $ 3,888 | $ 3,982 | $ 4,064 | $ 4,135 | $ 4,195 |
| *Implied Growth* | | | | | | | *-1.07%* | *2.80%* | *2.42%* | *2.06%* | *1.74%* | *1.45%* |
| *Burger King* | $ 1,219 | $ 1,651 | $ 1,777 | $ 1,602 | $ 1,813 | $ 1,897 | $ 2,033 | $ 2,127 | $ 2,220 | $ 2,311 | $ 2,400 | $ 2,488 |
| *Implied Growth* | | | | | | | *7.14%* | *4.64%* | *4.36%* | *4.10%* | *3.87%* | *3.65%* |
| *Popeyes* | $ 202 | $ 414 | $ 482 | $ 556 | $ 579 | $ 647 | $ 678 | $ 731 | $ 784 | $ 835 | $ 885 | $ 934 |
| *Implied Growth* | | | | | | | *4.82%* | *7.82%* | *7.16%* | *6.56%* | *6.01%* | *5.52%* |
| *Firehouse Subs* | $ - | $ - | $ - | $ - | $ 5 | $ 138 | $ 141 | $ 155 | $ 170 | $ 185 | $ 201 | $ 218 |
| *Implied Growth* | | | | | | | *1.88%* | *10.15%* | *9.60%* | *9.09%* | *8.64%* | *8.22%* |
| **Total Revenues** | $ 4,576 | $ 5,357 | $ 5,603 | $ 4,968 | $ 5,739 | $ 6,505 | $ 6,633 | $ 6,901 | $ 7,155 | $ 7,395 | $ 7,621 | $ 7,834 |

# Relative Valuation

A
P
P
E
N
D
I
X

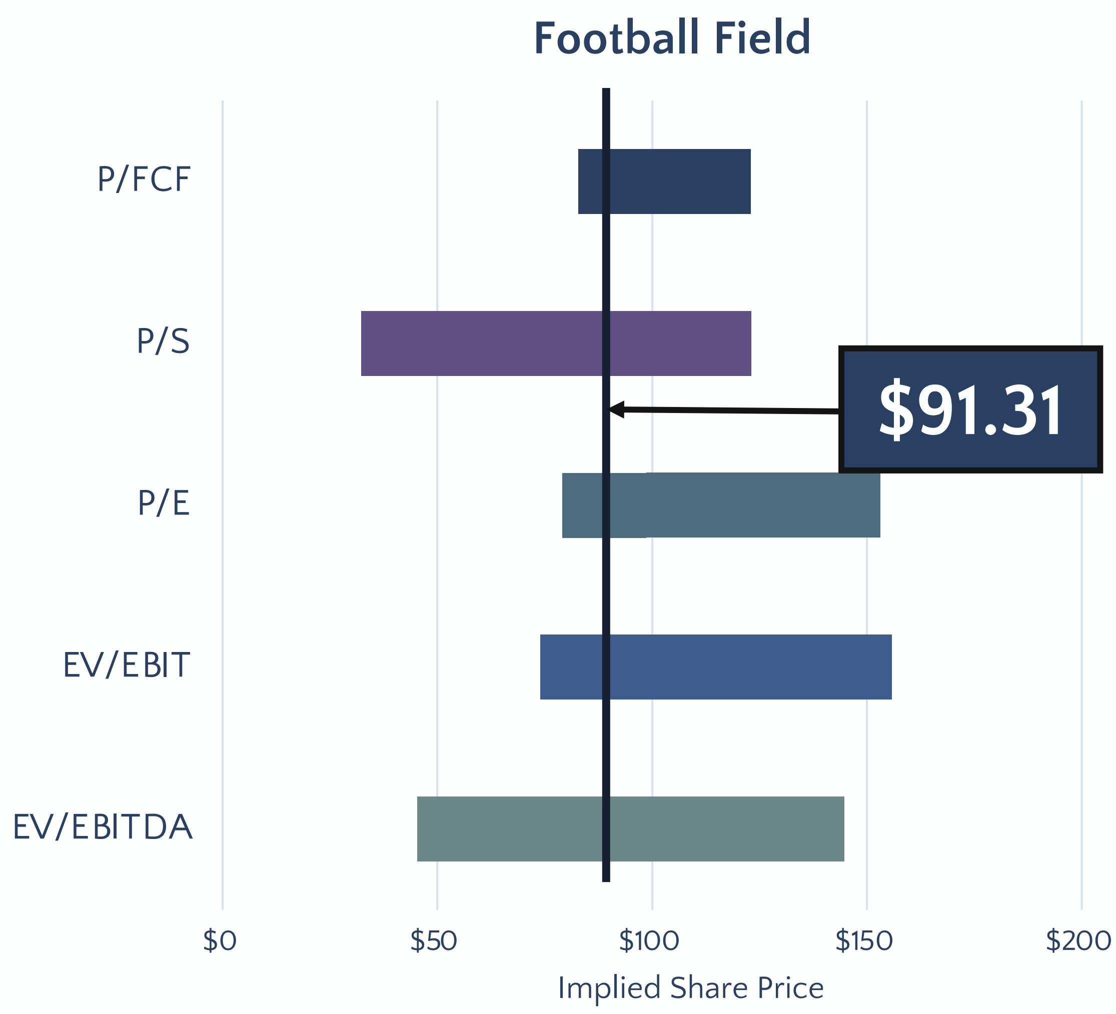
| Restaurant Brands International Inc. Comparable Companies Analysis | LTM Sales | 2023 Sales | 2024 Sales | LTM EBITDA | 2023 EBITDA | 2024 EBITDA | LTM Earnings | 2023 Earnings | 2024 Earnings |
|---|---|---|---|---|---|---|---|---|---|
| | $6,505 | $6,868 | $7,258 | $2,219 | $2,462 | $2,640 | $3.25 | $3.02 | $3.33 |

| RBI Comparable Companies Analysis | | Current | % of | | | Enterprise Value | | | | | | Price | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share | 52-Week. | Equity | Enterprise | LTM | 2023E | 2024E | LTM | 2023E | 2024E | LTM | 2023E | 2024E |
| Company | Ticker | Price | High | Value | Value | Sales | Sales | Sales | EBITDA | EBITDA | EBITDA | Earnings | Earnings | Earnings |
| Restaurant Brands International Inc. | Restaurant Brands International Inc. (XNYS:QSR) | $ 63 | -8% | $ 29,186 | $ 40,775 | 6.27x | 5.94x | 5.62x | 18.38x | 16.56x | 15.44x | 19X | 21X | 19X |
| YUM! BRANDS, INC. | YUM! BRANDS, INC. (XNYS:YUM) | $ 128 | -4% | $ 36,613 | $ 47,822 | 6.99x | 6.57x | 6.12x | 20.31x | 18.67x | 17.08x | 28X | 25X | 22X |
| MCDONALD'S CORPORATION | MCDONALD'S CORPORATION (XNYS:MCD) | $ 274 | -3% | $ 201,765 | $ 234,057 | 10.1x | 9.62x | 9.03x | 18.71x | 17.61x | 16.38x | 33X | 25X | 23X |
| STARBUCKS CORPORATION | STARBUCKS CORPORATION (XNAS:SBUX) | $ 99 | -11% | $ 114,345 | $ 125,638 | 3.82x | 3.5x | 3.13x | 18.33x | 18.8x | 16.28x | 34X | 31X | 26X |
| DOMINO'S PIZZA, INC. | DOMINO'S PIZZA, INC. (XNYS:DPZ) | $ 322 | -24% | $ 11,531 | $ 16,158 | 3.56x | 3.49x | 3.32x | 18.59x | 17.72x | 16.4x | 26X | 23X | 21X |
| THE WENDY'S COMPANY | THE WENDY'S COMPANY (XNAS:WEN) | $ 21 | -11% | $ 4,577 | $ 6,563 | 3.13x | 2.97x | 2.85x | 13.36x | 12.43x | 11.65x | 26X | 22X | 19X |
| CHIPOTLE MEXICAN GRILL, INC. | CHIPOTLE MEXICAN GRILL, INC. (XNYS:CMG) | $ 1,648 | -6% | $ 45,897 | $ 44,986 | 5.21x | 4.59x | 4.08x | 27.04x | 22.01x | 18.57x | 51X | 36X | 30X |

| | LTM Sales | 2023E Sales | 2024E Sales | LTM EBITDA | 2023E EBITDA | 2024E EBITDA | LTM Earnings | 2023E Earnings | 2024E Earnings |
|---|---|---|---|---|---|---|---|---|---|
| Mean | 5.5x | 5.1x | 4.8x | 19.4x | 17.9x | 16.1x | 33.0x | 27.2x | 23.3x |
| Median | 4.5x | 4.0x | 3.7x | 18.6x | 18.2x | 16.4x | 30.5x | 25.2x | 22.4x |
| High | 10.1x | 9.6x | 9.0x | 27.0x | 22.0x | 18.6x | 51.4x | 36.0x | 29.6x |
| Low | 3.1x | 3.0x | 2.8x | 13.4x | 12.4x | 11.6x | 25.7x | 22.3x | 19.4x |
| **Implied Enterprise Value** | | | | | | | | | |
| Mean | 35570 | 35190 | 34507 | 43022 | 43999 | 42400 | 48968 | 41191 | 39847 |
| Median | 29371 | 27786 | 26822 | 41377 | 44781 | 43270 | 46413 | 39388 | 38890 |
| High | 65676 | 66069 | 65574 | 59995 | 54193 | 49037 | 16080 | 16022 | 16011 |
| Low | 20372 | 20402 | 20664 | 29638 | 30594 | 30748 | 15997 | 15980 | 15978 |
| **Implied Equity Value** | | | | | | | | | |
| Mean | 19657 | 19277 | 18594 | 27109 | 28086 | 26487 | 33055 | 25278 | 23934 |
| Median | 13458 | 11873 | 10909 | 25464 | 28868 | 27357 | 30500 | 23475 | 22977 |
| High | 49763 | 50156 | 49661 | 44082 | 38280 | 33124 | 51476 | 33526 | 30307 |
| Low | 4459 | 4489 | 4751 | 13725 | 14681 | 14835 | 25739 | 20752 | 19893 |
| **Implied Share Price** | | | | | | | | | |
| Mean | $64 | $63 | $60 | $88 | $91 | $86 | $107 | $82 | $78 |
| Median | $44 | $39 | $35 | $83 | $94 | $89 | $99 | $76 | $75 |
| High | $162 | $163 | $161 | $143 | $124 | $108 | $167 | $109 | $98 |
| Low | $14 | $15 | $15 | $45 | $48 | $48 | $84 | $67 | $65 |

# Relative Valuation Football Field

APPENDIX



# WACC

APPENDIX

## Restaurant Brands International Inc. WACC

| | |
|---|---|
| Common Equity | |
| Share Price | $ 63.22 |
| Diluted Shares O/S (M) | 462 |
| Total Common Equity | **$29,186** |
| Preferred Equity | |
| Share Price | $0 |
| Shares O/S | 0 |
| Total Preferred Equity | **$0** |
| Debt | |
| Short-Term Debt | $127 |
| Long-Term Debt | $12,839 |
| Total Debt | **$12,966** |
| **Enterprise Value** | **$42,152** |
| Effective Tax Rate | 11.00% |
| **WACC** | **8.12%** |

| | |
|---|---|
| Cost of Common Equity | |
| Risk-Free Interest Rate | 3.95% |
| Market Risk Premium | 5.94% |
| Levered Beta | 1.02 |
| Cost of Common Equity | **9.99%** |
| Cost of Preferred Equity | |
| Preferred Dividend | $0 |
| Preferred Equity | $0 |
| Cost of Preferred Equity | **0%** |
| Cost of Debt | |
| Interest Expense | $533 |
| Total Debt | $12,966 |
| **Cost of Debt** | **4.11%** |
| Debt/Total Capitalization | 31% |
| Common Equity/Total Capitalization | 69% |
| Preferred Equity/Total Capitalization | 0% |

# Working Capital

APPENDIX

## Restaurant Brands International Inc. Working Capital Projections

| | Actuals | | | | | Estimates | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| Sales | $ 5,357 | $ 5,603 | $ 4,968 | $ 5,739 | $ 6,505 | $ 6,594 | $ 6,859 | $ 7,110 | $ 7,348 | $ 7,571 | $ 7,782 |
| Cost of Goods Sold | 1,818 | 1,813 | 1,610 | 1,889 | 2,277 | 2,420 | 2,495 | 2,562 | 2,583 | 2,521 | 2,565 |
| *Current Assets (Non-Cash)* | | | | | | | | | | | |
| Accounts Receivable | $ 452 | $ 527 | $ 536 | $ 547 | $ 614 | $ 626 | $ 652 | $ 675 | $ 698 | $ 719 | $ 739 |
| Inventories | 75 | 84 | 96 | 96 | 133 | 119 | 123 | 126 | 127 | 124 | 126 |
| Prepaid Expenses and Other | 60 | 52 | 72 | 86 | 123 | 106 | 110 | 114 | 118 | 122 | 125 |
| Total Current Assets | $ 587 | $ 663 | $ 704 | $ 729 | $ 870 | $ 852 | $ 885 | $ 916 | $ 944 | $ 966 | $ 991 |
| *Current Liabilities* | | | | | | | | | | | |
| Accounts Payable | $ 513 | $ 644 | $ 464 | $ 614 | $ 758 | $ 735 | $ 758 | $ 778 | $ 785 | $ 766 | $ 779 |
| Other Current Liabilities | 637 | 790 | 835 | 947 | 1,001 | 923 | 960 | 995 | 1,029 | 1,060 | 1,089 |
| Gift Card Liability | 167 | 168 | 191 | 221 | 230 | 198 | 206 | 213 | 220 | 227 | 233 |
| Total Current Liabilities | $ 1,317 | $ 1,602 | $ 1,490 | $ 1,782 | $ 1,989 | $ 1,856 | $ 1,924 | $ 1,987 | $ 2,034 | $ 2,053 | $ 2,102 |
| Net Working Capital | $ (730) | $ (939) | $ (786) | $ (1,053) | $ (1,119) | $ (1,004) | $ (1,039) | $ (1,071) | $ (1,090) | $ (1,087) | $ (1,111) |
| *% of Sales* | 14% | 17% | 16% | 18% | 17% | 15% | 15% | 15% | 15% | 14% | 14% |
| Increase / (Decrease) in NWC | $ 194 | $ (209) | $ 153 | $ (267) | $ (66) | $ 115 | $ (35) | $ (32) | $ (19) | $ 3 | $ (24) |
| *Assumptions* | | | | | | | | | | | |
| A/R (% of Sales) | 8.44% | 9.41% | 10.79% | 9.53% | 9.44% | 9.50% | 9.50% | 9.50% | 9.50% | 9.50% | 9.50% |
| Days Inventory Held | 15.2 | 16.0 | 19.2 | 20.0 | 20.1 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 |
| Prepaids and Other CA (% of Sales) | 1.12% | 0.93% | 1.45% | 1.50% | 1.89% | 1.61% | 1.61% | 1.61% | 1.61% | 1.61% | 1.61% |
| Days Payable Outstanding | 100.4 | 116.3 | 118.1 | 112.5 | 120.2 | 110.9 | 110.9 | 110.9 | 110.9 | 110.9 | 110.9 |
| Other Current Liabilities (% of Sales) | 11.89% | 14.10% | 16.81% | 16.50% | 15.39% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% |
| Gift Card Liability (% of Sales) | 3.12% | 3.00% | 3.84% | 3.85% | 3.54% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |

# Appendix (Valuation- SOTP)

# SOTP Summary

APPENDIX

## BULL

| Restaurant Brands International Inc. Sum of the Parts Valuation | | |
|---|---|---|
| **Segment** | **EV** | **% of Total EV** |
| TH | $ 14,668 | 38% |
| BK | 16,281 | 42% |
| PLK | 5,738 | 15% |
| FHS | 1,714 | 4% |
| QSR EV | $ 38,401 | 100% |
| Less: Debt | (12,966) | |
| Add: Non Controlling Interests | 1,769 | |
| Add: Cash | $1,178 | |
| Equity Value | $ 24,844 | |
| # Shares O/S | 307.97 | |
| Implied Sh. Price | $ 80.67 | |
| Current Sh Price | $ 63.22 | |
| **Upside** | **28%** | |

## BASE

| Restaurant Brands International Inc. Sum of the Parts Valuation | | |
|---|---|---|
| **Segment** | **EV** | **% of Total EV** |
| TH | $ 13,064 | 37% |
| BK | 15,642 | 44% |
| PLK | 4,967 | 14% |
| FHS | 1,503 | 4% |
| QSR EV | $ 35,176 | 100% |
| Less: Debt | (12,966) | |
| Add: Non Controlling Interests | 1,769 | |
| Add: Cash | $1,178 | |
| Equity Value | $ 21,619 | |
| # Shares O/S | 307.97 | |
| Implied Sh. Price | $ 70.20 | |
| Current Sh Price | $ 63.22 | |
| **Upside** | **11%** | |

## BEAR

| Restaurant Brands International Inc. Sum of the Parts Valuation | | |
|---|---|---|
| **Segment** | **EV** | **% of Total EV** |
| TH | $ 11,668 | 37% |
| BK | 14,597 | 47% |
| PLK | 3,849 | 12% |
| FHS | 1,141 | 4% |
| QSR EV | $ 31,255 | 100% |
| Less: Debt | (12,966) | |
| Add: Non Controlling Interests | 1,769 | |
| Add: Cash | $1,178 | |
| Equity Value | $ 17,698 | |
| # Shares O/S | 307.97 | |
| Implied Sh. Price | $ 57.47 | |
| Current Sh Price | $ 63.22 | |
| **Upside** | **-9%** | |

# SOTP Assumptions

APPENDIX

| Assumptions | | | | |
|---|---|---|---|---|
| **Segment** | **TH** | **BK** | **PLK** | **FHS** |
| **Exit Multiple** | 13.00 | 12.00 | 14.00 | 18.00 |
| **Discount Rate** | 8.12% | 8.12% | 8.12% | 8.12% |
| **Perpetual Growth Rate** | 2.00% | 2.00% | 2.50% | 5.00% |

# SOTP Base – Tim Horton's Output

APPENDIX

| DCF Model Tim Hortons | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| SEGMENT DISCOUNT RATE | 8.12% | PERPETUAL GROWTH RATE | | | | 2% | EXIT MULTIPLE (EV/EBITDA) | | | | 13.00 |
| | Historicals | | | | | Projections | | | | | |
| YEAR | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| Net Sales | $ 3,292 | $ 3,344 | $ 2,810 | $ 3,342 | $ 3,823 | $ 3,836 | $ 4,014 | $ 4,185 | $ 4,351 | $ 4,510 | $ 4,661 |
| Less: Cost of Goods Sold | 1,688 | 1,677 | 1,484 | 1,765 | 2,131 | 2,225 | 2,328 | 2,386 | 2,437 | 2,525 | 2,610 |
| Gross Profit | $ 1,604 | $ 1,667 | $ 1,326 | $ 1,577 | $ 1,692 | $ 1,611 | $ 1,686 | $ 1,800 | $ 1,914 | $ 1,984 | $ 2,051 |
| G&A Expense | 382 | 162 | 160 | 200 | 262 | 196 | 205 | 213 | 222 | 230 | 237 |
| *Advertising Expense* | - | 232 | 204 | 278 | 280 | 286 | 299 | 312 | 325 | 336 | 348 |
| Franchise and Property Expense | 279 | 358 | 328 | 337 | 333 | 422 | 442 | 460 | 432 | 448 | 463 |
| Other Expenses (Income) | 5 | (6) | 59 | 4 | 15 | 6 | 6 | 6 | 5 | 5 | 5 |
| (Income) Loss from Equity Method Investments | (6) | (7) | (4) | (13) | (8) | (5) | (7) | (7) | (7) | (8) | (7) |
| EBITDA | $ 944 | $ 928 | $ 578 | $ 771 | $ 810 | $ 707 | $ 742 | $ 816 | $ 938 | $ 973 | $ 1,005 |
| Depreciation & Amortization | 102 | 106 | 119 | 132 | 114 | 134 | 140 | 146 | 152 | 157 | 163 |
| EBIT | $ 842 | $ 822 | $ 459 | $ 639 | $ 696 | $ 573 | $ 602 | $ 670 | $ 786 | $ 816 | $ 842 |
| Income Tax | (145) | (193) | (37) | (52) | 60 | (63) | (66) | (74) | (87) | (90) | (93) |
| NOPLAT | $ 697 | $ 629 | $ 422 | $ 588 | $ 756 | $ 510 | $ 536 | $ 596 | $ 700 | $ 726 | $ 750 |
| **FCFF Adjustment** | | | | | | | | | | | |
| Add: Depreciation & Amortization | $ 102 | $ 106 | $ 119 | $ 132 | $ 114 | $ 134 | $ 140 | $ 146 | $ 152 | $ 157 | $ 163 |
| Less: Capex | 59 | 37 | 92 | 61 | 30 | 77 | 80 | 84 | 44 | 45 | 47 |
| Change in Net Working Capital | (119) | 125 | (87) | 155 | 39 | (55) | 30 | 18 | 21 | 15 | 19 |
| **FCFF** | **$ 739** | **$ 897** | **$ 547** | **$ 936** | **$ 939** | **$ 665** | **$ 785** | **$ 844** | **$ 917** | **$ 944** | **$ 977** |
| Terminal Value (Perpetuity Growth) | | | | | | | | | | | $ 16,290 |
| Total Cash Flows (Perpetuity Growth) | | | | | | $ 665 | $ 785 | $ 844 | $ 917 | $ 944 | $ 17,268 |
| **EV under Perpetuity Growth Approach** | **$14,074** | | | | | | | | | | |
| | | | | | | | | | | | |
| Terminal Value (Exit Multiple) | | | | | | | | | | | $ 13,062 |
| Total Cash Flows (Exit Multiple) | | | | | | $ 665 | $ 785 | $ 844 | $ 917 | $ 944 | $ 14,040 |
| **EV under Exit Multiple Approach** | **$12,054** | | | | | | | | | | |

# SOTP Base – Burger King Output

APPENDIX

| DCF Model Burger King | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| SEGMENT DISCOUNT RATE | 8.12% | PERPETUAL GROWTH RATE | | | | 2% | EXIT MULTIPLE (EV/EBITDA) | | | | 12.00 |
| | Historicals | | | | | Projections | | | | | |
| YEAR | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| Net Sales | $ 1,651 | $ 1,777 | $ 1,602 | $ 1,813 | $ 1,897 | $ 2,082 | $ 2,189 | $ 2,296 | $ 2,402 | $ 2,508 | $ 2,614 |
| Less: Cost of Goods Sold | 67 | 71 | 65 | 66 | 74 | 125 | 131 | 115 | 120 | 100 | 105 |
| Gross Profit | $ 1,584 | $ 1,706 | $ 1,537 | $ 1,747 | $ 1,823 | $ 1,957 | $ 2,057 | $ 2,181 | $ 2,282 | $ 2,408 | $ 2,509 |
| G&A Expense | 577 | 181 | 188 | 200 | 222 | 256 | 236 | 248 | 259 | 271 | 282 |
| *Advertising Expense* | - | 454 | 442 | 450 | 522 | 625 | 657 | 605 | 633 | 661 | 689 |
| Franchise and Property Expense | 131 | 168 | 176 | 142 | 167 | 187 | 197 | 207 | 216 | 226 | 235 |
| Other Expenses | 2 | (3) | 34 | 2 | 7 | 3 | 3 | 3 | 3 | 3 | 3 |
| (Income) Loss from Equity Method Investments | (16) | (4) | 43 | 17 | 51 | 16 | 18 | 23 | 28 | 26 | 27 |
| EBITDA | $ 890 | $ 910 | $ 654 | $ 936 | $ 853 | $ 870 | $ 947 | $ 1,095 | $ 1,142 | $ 1,221 | $ 1,272 |
| Depreciation & Amortization | 48 | 49 | 62 | 62 | 66 | 68 | 72 | 75 | 79 | 82 | 86 |
| EBIT | $ 842 | $ 861 | $ 592 | $ 874 | $ 787 | $ 802 | $ 875 | $ 1,019 | $ 1,063 | $ 1,139 | $ 1,187 |
| Income Tax | (145) | (202) | (48) | (71) | 67 | (88) | (96) | (112) | (117) | (125) | (131) |
| NOPLAT | $ 697 | $ 659 | $ 544 | $ 804 | $ 855 | $ 714 | $ 779 | $ 907 | $ 946 | $ 1,014 | $ 1,056 |
| **FCFF Adjustment** | | | | | | | | | | | |
| Depreciation & Amortization | $ 48 | $ 49 | $ 62 | $ 62 | $ 66 | $ 68 | $ 72 | $ 75 | $ 79 | $ 82 | $ 86 |
| Less: Capex | 25 | 20 | 18 | 34 | 63 | 125 | 109 | 69 | 48 | 35 | 37 |
| Change in Net Working Capital | (60) | (66) | 49 | (84) | (19) | 30 | (16) | (10) | (12) | (8) | (10) |
| FCFF | **$ 710** | **$ 662** | **$ 674** | **$ 815** | **$ 964** | **$ 937** | **$ 944** | **$ 1,041** | **$ 1,061** | **$ 1,123** | **$ 1,168** |
| Terminal Value (Perpetuity Growth) | | | | | | | | | | | **$ 19,476** |
| Total Cash Flows (Perpetuity Growth) | | | | | | $ 937 | $ 944 | $ 1,041 | $ 1,061 | $ 1,123 | $ 20,645 |
| **EV under Perpetuity Growth Approach** | **$16,958** | | | | | | | | | | |
| Terminal Value (Exit Multiple) | | | | | | | | | | | $ 15,270 |
| Total Cash Flows (Exit Multiple) | | | | | | $ 937 | $ 944 | $ 1,041 | $ 1,061 | $ 1,123 | $ 16,438 |
| **EV under Exit Multiple Approach** | **$14,325** | | | | | | | | | | |

# SOTP Base – Popeye's Output

APPENDIX

| DCF Model Popeyes | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| SEGMENT DISCOUNT RATE | 8.12% | PERPETUAL GROWTH RATE | | | | 2.50% | EXIT MULTIPLE (EV/EBITDA) | | | | 14.00 |
| | Historicals | | | | | Projections | | | | | |
| YEAR | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| Net Sales | $ 414 | $ 482 | $ 556 | $ 579 | $ 647 | $ 718 | $ 800 | $ 886 | $ 975 | $ 1,067 | $ 1,161 |
| Less: Cost of Goods Sold | 63 | 65 | 61 | 58 | 72 | 93 | 104 | 106 | 117 | 117 | 128 |
| Gross Profit | $ 351 | $ 417 | $ 495 | $ 521 | $ 575 | $ 624 | $ 696 | $ 779 | $ 858 | $ 949 | $ 1,033 |
| G&A Expense | 202 | 46 | 49 | 56 | 65 | 83 | 92 | 102 | 112 | 123 | 134 |
| *Advertising Expense* | - | 179 | 224 | 235 | 263 | 285 | 317 | 351 | 387 | 423 | 461 |
| Franchise and Property Expense | 12 | 14 | 11 | 9 | 11 | 16 | 48 | 51 | 53 | 55 | 58 |
| Other Expenses | 1 | (1) | 12 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| (Income) Loss from Equity Method Investments | - | - | - | - | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBITDA | $ 137 | $ 179 | $ 199 | $ 220 | $ 233 | $ 240 | $ 237 | $ 274 | $ 304 | $ 347 | $ 380 |
| Depreciation & Amortization | 10 | 11 | 8 | 7 | 8 | 12 | 14 | 15 | 17 | 18 | 20 |
| EBIT | $ 127 | $ 168 | $ 191 | $ 213 | $ 225 | $ 228 | $ 223 | $ 259 | $ 288 | $ 328 | $ 360 |
| Income Tax | (22) | (39) | (15) | (17) | 19 | (25) | (25) | (28) | (32) | (36) | (40) |
| NOPLAT | $ 105 | $ 128 | $ 176 | $ 196 | $ 244 | $ 203 | $ 199 | $ 230 | $ 256 | $ 292 | $ 320 |
| **FCFF Adjustment** | | | | | | | | | | | |
| Depreciation & Amortization | $ 10 | $ 11 | $ 8 | $ 7 | $ 8 | $ 12 | $ 14 | $ 15 | $ 17 | $ 18 | $ 20 |
| Less: Capex | 2 | 5 | 7 | 11 | 6 | 14 | 16 | 18 | 10 | 11 | 12 |
| Change in Net Working Capital | (15) | 18 | (17) | 27 | 7 | (10) | 6 | 4 | 5 | 4 | 5 |
| FCFF | **$ 102** | **$ 162** | **$ 174** | **$ 241** | **$ 264** | **$ 219** | **$ 234** | **$ 267** | **$ 287** | **$ 325** | **$ 356** |
| Terminal Value (Perpetuity Growth) | | | | | | | | | | | **$ 6,502** |
| Total Cash Flows (Perpetuity Growth) | | | | | | $ 219 | $ 234 | $ 267 | $ 287 | $ 325 | $ 6,858 |
| **EV under Perpetuity Growth Approach** | **$5,338** | | | | | | | | | | |
| Terminal Value (Exit Multiple) | | | | | | | | | | | $ 5,317 |
| Total Cash Flows (Exit Multiple) | | | | | | $ 219 | $ 234 | $ 267 | $ 287 | $ 325 | $ 5,674 |
| **EV under Exit Multiple Approach** | **$4,596** | | | | | | | | | | |

# SOTP Base – Firehouse Subs Output

APPENDIX

| DCF Model Firehouse Subs | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| SEGMENT DISCOUNT RATE | 8.12% | PERPETUAL GROWTH RATE | | | | 5% | EXIT MULTIPLE (EV/EBITDA) | | | | 18.00 |
| | Historicals | | | | | Projections | | | | | |
| YEAR | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| Net Sales | $ - | $ - | $ - | $ 5 | $ 138 | $ 158 | $ 179 | $ 202 | $ 227 | $ 253 | $ 282 |
| Less: Cost of Goods Sold | - | - | - | 1 | 35 | 41 | 47 | 50 | 57 | 63 | 70 |
| Gross Profit | $ - | $ - | $ - | $ 4 | $ 103 | $ 117 | $ 132 | $ 151 | $ 170 | $ 190 | $ 211 |
| G&A Expense | - | - | - | 1 | 36 | 37 | 42 | 47 | 53 | 59 | 65 |
| *Advertising Expense* | - | - | - | - | 12 | 14 | 16 | 18 | 20 | 23 | 25 |
| Franchise and Property Expense | - | - | - | 1 | 7 | 8 | 9 | 10 | 11 | 13 | 14 |
| Other Expenses | - | - | - | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Income) Loss from Equity Method Investments | - | - | - | - | - | - | - | - | - | - | - |
| EBITDA | $ - | $ - | $ - | $ 2 | $ 48 | $ 58 | $ 66 | $ 76 | $ 85 | $ 95 | $ 106 |
| Depreciation & Amortization | - | - | - | - | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| EBIT | $ - | $ - | $ - | $ 2 | $ 46 | $ 56 | $ 64 | $ 74 | $ 83 | $ 93 | $ 103 |
| Income Tax | - | - | - | (0) | 4 | (6) | (7) | (8) | (9) | (10) | (11) |
| NOPLAT | $ - | $ - | $ - | $ 2 | $ 49 | $ 50 | $ 57 | $ 66 | $ 74 | $ 83 | $ 92 |
| **FCFF Adjustment** | | | | | | | | | | | |
| Depreciation & Amortization | $ - | $ - | $ - | $ - | $ 2 | $ 2 | $ 2 | $ 2 | $ 2 | $ 3 | $ 3 |
| Less: Capex | - | - | - | - | 1 | 2 | 2 | 4 | 5 | 5 | 8 |
| Change in Net Working Capital | - | - | - | 0 | 1 | (2) | 1 | 1 | 1 | 1 | 1 |
| FCFF | **$ -** | **$ -** | **$ -** | **$ 2** | **$ 54** | **$ 51** | **$ 62** | **$ 73** | **$ 82** | **$ 91** | **$ 104** |
| Terminal Value (Perpetuity Growth) | | | | | | | | | | | **$ 1,792** |
| Total Cash Flows (Perpetuity Growth) | | | | | | $ 51 | $ 62 | $ 73 | $ 82 | $ 91 | $ 1,896 |
| **EV under Perpetuity Growth Approach** | **$1,466** | | | | | | | | | | |
| Terminal Value (Exit Multiple) | | | | | | | | | | | $ 1,912 |
| Total Cash Flows (Exit Multiple) | | | | | | $ 51 | $ 62 | $ 73 | $ 82 | $ 91 | $ 2,016 |
| **EV under Exit Multiple Approach** | **$1,541** | | | | | | | | | | |

# Segmented Income Statement (1/5)

APPENDIX

| Restaurant Brands International Inc. Segmented Income Statement | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Historicals/Actuals | | | | | Projected/Estimates | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 6 |
| YEAR | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| **Revenues** | | | | | | | | | | | |
| *Tim Hortons* | | | | | | | | | | | |
| *Sales* | $ 2,201 | $ 2,204 | $ 1,876 | $ 2,249 | $ 2,631 | | | | | | |
| *Franchising & Property Revenue* | 1,091 | 908 | 745 | 864 | 925 | | | | | | |
| *Advertising Revenues* | - | 232 | 189 | 229 | 267 | | | | | | |
| ***Total Segment Revenue*** | $ 3,292 | $ 3,344 | $ 2,810 | $ 3,342 | $ 3,823 | $ 3,836 | $ 4,014 | $ 4,185 | $ 4,351 | $ 4,510 | $ 4,661 |
| *% of Total Sales* | 61.5% | 59.7% | 56.6% | 58.2% | 58.8% | 56.5% | 55.9% | 55.3% | 54.7% | 54.1% | 53.5% |
| *Growth Rate* | 4.36% | 1.58% | -15.97% | 18.93% | 14.39% | 0.35% | 4.62% | 4.28% | 3.96% | 3.64% | 3.35% |
| *Upside* | | | | | 1 | 1.78% | 5.15% | 4.86% | 4.58% | 4.06% | 3.60% |
| *Base* | | | | | 2 | 0.35% | 4.62% | 4.28% | 3.96% | 3.64% | 3.35% |
| *Downside* | | | | | 3 | -1.07% | 2.80% | 2.42% | 2.06% | 1.74% | 1.45% |
| *Burger King* | | | | | | | | | | | |
| *Sales* | $ 75 | $ 76 | $ 64 | $ 64 | $ 70 | | | | | | |
| *Franchising & Property Revenue* | 1,576 | 1,249 | 1,113 | 1,301 | 1,342 | | | | | | |
| *Advertising Revenues* | - | 452 | 425 | 448 | 485 | | | | | | |
| ***Total Segment Revenue*** | $ 1,651 | $ 1,777 | $ 1,602 | $ 1,813 | $ 1,897 | $ 2,082 | $ 2,189 | $ 2,296 | $ 2,402 | $ 2,508 | $ 2,614 |
| *% of Total Sales* | 30.8% | 31.7% | 32.2% | 31.6% | 29.2% | 30.6% | 30.5% | 30.3% | 30.2% | 30.1% | 30.0% |
| *Growth Rate* | 35.44% | 7.63% | -9.85% | 13.17% | 4.63% | 9.74% | 5.14% | 4.88% | 4.65% | 4.42% | 4.20% |
| *Upside* | | | | | 1 | 9.51% | 5.64% | 5.42% | 5.22% | 4.83% | 4.49% |
| *Base* | | | | | 2 | 9.74% | 5.14% | 4.88% | 4.65% | 4.42% | 4.20% |
| *Downside* | | | | | 3 | 7.14% | 4.64% | 4.36% | 4.10% | 3.87% | 3.65% |
| *Popeyes* | | | | | | | | | | | |
| *Sales* | $ 79 | $ 82 | $ 73 | $ 64 | $ 78 | | | | | | |
| *Franchising & Property Revenue* | 335 | 224 | 263 | 283 | 309 | | | | | | |
| *Advertising Revenues* | - | 176 | 220 | 232 | 260 | | | | | | |
| ***Total Segment Revenue*** | $ 414 | $ 482 | $ 556 | $ 579 | $ 647 | $ 718 | $ 800 | $ 886 | $ 975 | $ 1,067 | $ 1,161 |
| *% of Total Sales* | 7.7% | 8.6% | 11.2% | 10.1% | 9.9% | 10.6% | 11.1% | 11.7% | 12.3% | 12.8% | 13.3% |
| *Growth Rate* | 104.95% | 16.43% | 15.35% | 4.14% | 11.74% | 10.94% | 11.44% | 10.73% | 10.07% | 9.43% | 8.83% |
| *Upside* | | | | | 1 | 15.67% | 13.65% | 13.01% | 12.41% | 11.28% | 10.29% |
| *Base* | | | | | 2 | 10.94% | 11.44% | 10.73% | 10.07% | 9.43% | 8.83% |
| *Downside* | | | | | 3 | 4.82% | 7.82% | 7.16% | 6.56% | 6.01% | 5.52% |
| *Firehouse Subs* | | | | | | | | | | | |
| *Sales* | $ - | $ - | $ - | $ 1 | $ 40 | | | | | | |
| *Franchising & Property Revenue* | - | - | - | 4 | 85 | | | | | | |
| *Advertising Revenues* | - | - | - | - | 13 | | | | | | |
| ***Total Segment Revenue*** | - | - | - | $ 5 | $ 138 | $ 158 | $ 179 | $ 202 | $ 227 | $ 253 | $ 282 |
| *% of Total Sales* | | | | 0.1% | 2.1% | 2.3% | 2.5% | 2.7% | 2.8% | 3.0% | 3.2% |
| *Growth Rate* | | | | | 2660% | 14.35% | 13.35% | 12.80% | 12.29% | 11.79% | 11.33% |
| *Upside* | | | | | 1 | 25.03% | 14.47% | 13.96% | 13.48% | 12.59% | 11.80% |
| *Base* | | | | | 2 | 14.35% | 13.35% | 12.80% | 12.29% | 11.79% | 11.33% |
| *Downside* | | | | | 3 | 1.88% | 10.15% | 9.60% | 9.09% | 8.64% | 8.22% |
| ***Total Revenue*** | $ 5,357 | $ 5,603 | $ 4,968 | $ 5,739 | $ 6,505 | $ 6,794 | $ 7,181 | $ 7,569 | $ 7,955 | $ 8,338 | $ 8,717 |
| ***Actual/Implied Overall Growth Rate*** | 17% | 5% | -11% | 16% | 13% | 4.44% | 5.70% | 5.39% | 5.10% | 4.82% | 4.55% |

# Segmented Income Statement (2/5)

APPENDIX

| Restaurant Brands International Inc. Segmented Income Statement | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Historicals/Actuals | | | | | Projected/Estimates | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 6 |
| YEAR | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| **COGS** | | | | | | | | | | | |
| *Tim Hortons* | $ 1,688 | $ 1,677 | $ 1,484 | $ 1,765 | $ 2,131 | $ 2,225 | $ 2,328 | $ 2,386 | $ 2,437 | $ 2,525 | $ 2,610 |
| *% of Segment Sales* | *51%* | *50%* | *53%* | *53%* | *56%* | *58%* | *58%* | *57%* | *56%* | *56%* | *56%* |
| *% of Total COGS* | *93%* | *92%* | *92%* | *93%* | *94%* | *91%* | *91%* | *92%* | *91%* | *92%* | *92%* |
| *Upside* | | | | | 1 | 57% | 56% | 56% | 55% | 54% | 54% |
| *Base* | | | | | 2 | 58% | 58% | 57% | 56% | 56% | 56% |
| *Downside* | | | | | 3 | 59% | 59% | 59% | 58% | 56% | 56% |
| *Burger King* | $ 67 | $ 71 | $ 65 | $ 66 | $ 74 | $ 125 | $ 131 | $ 115 | $ 120 | $ 100 | $ 105 |
| *% of Segment Sales* | *4%* | *4%* | *4%* | *4%* | *4%* | *6%* | *6%* | *5%* | *5%* | *4%* | *4%* |
| *% of Total COGS* | *4%* | *4%* | *4%* | *3%* | *3%* | *5%* | *5%* | *4%* | *4%* | *4%* | *4%* |
| *Upside* | | | | | 1 | 5% | 4% | 4% | 4% | 3% | 3% |
| *Base* | | | | | 2 | 6% | 6% | 5% | 5% | 4% | 4% |
| *Downside* | | | | | 3 | 6% | 6% | 6% | 6% | 5% | 5% |
| *Popeyes* | $ 63 | $ 65 | $ 61 | $ 58 | $ 72 | $ 93 | $ 104 | $ 106 | $ 117 | $ 117 | $ 128 |
| *% of Segment Sales* | *15%* | *13%* | *11%* | *10%* | *11%* | *13%* | *13%* | *12%* | *12%* | *11%* | *11%* |
| *% of Total COGS* | *3%* | *4%* | *4%* | *3%* | *3%* | *4%* | *4%* | *4%* | *4%* | *4%* | *4%* |
| *Upside* | | | | | 1 | 12% | 12% | 11% | 11% | 11% | 11% |
| *Base* | | | | | 2 | 13% | 13% | 12% | 12% | 11% | 11% |
| *Downside* | | | | | 3 | 13% | 13% | 13% | 13% | 12% | 12% |
| *Firehouse Subs* | - | - | - | $ 1 | $ 35 | $ 41 | $ 47 | $ 50 | $ 57 | $ 63 | $ 70 |
| *% of Segment Sales* | *0%* | *0%* | *0%* | *20%* | *25%* | *26%* | *26%* | *25%* | *25%* | *25%* | *25%* |
| *% of Total COGS* | *0%* | *0%* | *0%* | *0%* | *2%* | *2%* | *2%* | *2%* | *2%* | *2%* | *2%* |
| *Upside* | | | | | 1 | 25% | 25% | 25% | 25% | 25% | 25% |
| *Base* | | | | | 2 | 26% | 26% | 25% | 25% | 25% | 25% |
| *Downside* | | | | | 3 | 27% | 27% | 27% | 27% | 26% | 26% |
| ***Total COGS*** | **$ 1,818** | **$ 1,813** | **$ 1,610** | **$ 1,889** | **$ 2,277** | **$ 2,443** | **$ 2,563** | **$ 2,607** | **$ 2,674** | **$ 2,743** | **$ 2,842** |
| ***% of Sales*** | ***34%*** | ***32%*** | ***32%*** | ***33%*** | ***35%*** | ***35.96%*** | ***35.69%*** | ***34.44%*** | ***33.61%*** | ***32.90%*** | ***32.60%*** |

# Segmented Income Statement (3/5)

APPENDIX

| Restaurant Brands International Inc. Segmented Income Statement | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Historicals/Actuals | | | | | Projected/Estimates | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 6 |
| YEAR | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| **Gross Margin** | | | | | | | | | | | |
| *Tim Hortons* | $ 1,604 | $ 1,667 | $ 1,326 | $ 1,577 | $ 1,692 | $ 1,611 | $ 1,686 | $ 1,800 | $ 1,914 | $ 1,984 | $ 2,051 |
| *% of Segment Sales* | *49%* | *50%* | *47%* | *47%* | *44%* | *42%* | *42%* | *43%* | *44%* | *44%* | *44%* |
| *Burger King* | $ 1,584 | $ 1,706 | $ 1,537 | $ 1,747 | $ 1,823 | $ 1,957 | $ 2,057 | $ 2,181 | $ 2,282 | $ 2,408 | $ 2,509 |
| *% of Segment Sales* | *96%* | *96%* | *96%* | *96%* | *96%* | *94%* | *94%* | *95%* | *95%* | *96%* | *96%* |
| *Popeyes* | $ 351 | $ 417 | $ 495 | $ 521 | $ 575 | $ 624 | $ 696 | $ 779 | $ 858 | $ 949 | $ 1,033 |
| *% of Segment Sales* | *85%* | *87%* | *89%* | *90%* | *89%* | *87%* | *87%* | *88%* | *88%* | *11051%* | *89%* |
| *Firehouse Subs* | - | - | - | $ 4 | $ 103 | $ 117 | $ 132 | $ 151 | $ 170 | $ 190 | $ 211 |
| *% of Segment Sales* | *0%* | *0%* | *0%* | *80%* | *75%* | *74%* | *74%* | *75%* | *75%* | *75%* | *75%* |
| ***Total Gross Margin*** | **$ 3,539** | **$ 3,790** | **$ 3,358** | **$ 3,849** | **$ 4,193** | **$ 4,309** | **$ 4,571** | **$ 4,911** | **$ 5,225** | **$ 5,532** | **$ 5,805** |
| ***% of Total Sales*** | *66%* | *68%* | *68%* | *67%* | *64%* | *63%* | *64%* | *65%* | *66%* | *66%* | *67%* |
| **Franchise & Property Expenses** | | | | | | | | | | | |
| *Tim Hortons* | $ 279 | $ 358 | $ 328 | $ 337 | $ 333 | $ 422 | $ 442 | $ 460 | $ 432 | $ 448 | $ 463 |
| *% of Segment Sales* | *8%* | *11%* | *12%* | *10%* | *9%* | *11%* | *11%* | *11%* | *10%* | *10%* | *10%* |
| *Burger King* | $ 131 | $ 168 | $ 176 | $ 142 | $ 167 | $ 187 | $ 197 | $ 207 | $ 216 | $ 226 | $ 235 |
| *% of Segment Sales* | *8%* | *9%* | *11%* | *8%* | *9%* | *9%* | *9%* | *9%* | *9%* | *9%* | *9%* |
| *Popeyes* | $ 12 | $ 14 | $ 11 | $ 9 | $ 11 | $ 16 | $ 48 | $ 51 | $ 53 | $ 55 | $ 58 |
| *% of Segment Sales* | *3%* | *3%* | *2%* | *2%* | *2%* | *2%* | *2%* | *2%* | *2%* | *2%* | *2%* |
| *Firehouse Subs* | - | - | - | $ 1 | $ 7 | $ 8 | $ 9 | $ 10 | $ 11 | $ 13 | $ 14 |
| *% of Segment Sales* | *0%* | *0%* | *0%* | *20%* | *5%* | *5%* | *5%* | *5%* | *5%* | *5%* | *5%* |
| ***Total Franchise & Property Expenses*** | **$ 422** | **$ 540** | **$ 515** | **$ 489** | **$ 518** | **$ 633** | **$ 696** | **$ 728** | **$ 713** | **$ 742** | **$ 770** |
| **Advertising Expenses** | | | | | | | | | | | |
| *Tim Hortons* | **N/A** | $ 232 | $ 204 | $ 278 | $ 280 | $ 286 | $ 299 | $ 312 | $ 325 | $ 336 | $ 348 |
| *% of Segment Sales* | | *7%* | *7%* | *8%* | *7%* | *7%* | *7%* | *7%* | *7%* | *7%* | *7%* |
| *Burger King* | | $ 454 | $ 442 | $ 450 | $ 522 | $ 625 | $ 657 | $ 605 | $ 633 | $ 661 | $ 689 |
| *% of Segment Sales* | | *26%* | *28%* | *25%* | *28%* | *30%* | *30%* | *26%* | *26%* | *26%* | *26%* |
| *Popeyes* | | $ 179 | $ 224 | $ 235 | $ 263 | $ 285 | $ 317 | $ 351 | $ 387 | $ 423 | $ 461 |
| *% of Segment Sales* | | *37%* | *40%* | *41%* | *41%* | *40%* | *40%* | *40%* | *40%* | *40%* | *40%* |
| *Firehouse Subs* | | - | - | - | $ 12 | $ 14 | $ 16 | $ 18 | $ 20 | $ 23 | $ 25 |
| *% of Segment Sales* | | *0%* | *0%* | *0%* | *9%* | *9%* | *9%* | *9%* | *9%* | *9%* | *9%* |
| ***Total Advertising Expenses*** | **-** | **$ 865** | **$ 870** | **$ 963** | **$ 1,077** | **$ 1,278** | **$ 1,273** | **$ 1,269** | **$ 1,345** | **$ 1,421** | **$ 1,497** |

# Segmented Income Statement (4/5)

APPENDIX

| Restaurant Brands International Inc. Segmented Income Statement | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Historicals/Actuals | | | | | Projected/Estimates | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 6 |
| YEAR | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| **General & Admin Expenses (Incl. Corporate Proportionally Distributed)** | | | | | | | | | | | |
| *Tim Hortons* | $ 314 | $ 84 | $ 93 | $ 109 | $ 127 | $ 119 | $ 124 | $ 130 | $ 135 | $ 140 | $ 145 |
| Add: Corporate G&A Distribution | 68 | 78 | 67 | 91 | 135 | 74 | 77 | 79 | 80 | 82 | 83 |
| ***Total*** | $ 382 | $ 162 | $ 160 | $ 200 | $ 262 | $ 193 | $ 201 | $ 208 | $ 215 | $ 222 | $ 228 |
| *Segment D&A as % of Segment Sales* | 10% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| *Burger King* | $ 577 | $ 146 | $ 146 | $ 162 | $ 177 | $ 185 | $ 195 | $ 204 | $ 214 | $ 223 | $ 233 |
| Add: Corporate G&A Distribution | - | 35 | 42 | 38 | 45 | 70 | 40 | 42 | 43 | 44 | 45 |
| ***Total*** | $ 577 | $ 181 | $ 188 | $ 200 | $ 222 | $ 256 | $ 235 | $ 246 | $ 257 | $ 267 | $ 278 |
| *Segment D&A as % of Segment Sales* | 35% | 8% | 9% | 9% | 9% | 9% | 9% | 9% | 9% | 9% | 9% |
| *Popeyes* | $ 193 | $ 46 | $ 49 | $ 56 | $ 65 | $ 68 | $ 76 | $ 84 | $ 93 | $ 102 | $ 111 |
| Add: Corporate G&A Distribution | 9 | 11 | 13 | 16 | 23 | 14 | 15 | 17 | 18 | 19 | 21 |
| ***Total*** | $ 202 | $ 57 | $ 62 | $ 72 | $ 88 | $ 82 | $ 91 | $ 101 | $ 111 | $ 121 | $ 131 |
| *Segment D&A as % of Segment Sales* | 47% | 10% | 9% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| *Firehouse Subs* | - | - | - | $ 1 | $ 31 | $ 34 | $ 38 | $ 43 | $ 48 | $ 54 | $ 60 |
| Add: Corporate G&A Distribution | - | - | - | - | 5 | 3 | 3 | 4 | 4 | 5 | 5 |
| ***Total*** | $ - | $ - | $ - | $ 1 | $ 36 | $ 37 | $ 41 | $ 47 | $ 52 | $ 58 | $ 65 |
| *Segment D&A as % of Segment Sales* | 0% | 0% | 0% | 20% | 22% | 21% | 21% | 21% | 21% | 21% | 21% |
| ***Total General & Admin Expenses*** | $ 1,084 | $ 276 | $ 288 | $ 328 | $ 400 | $ 406 | $ 433 | $ 461 | $ 490 | $ 518 | $ 548 |
| **EBITDA** | | | | | | | | | | | |
| *Tim Hortons as Reported* | $ 1,119 | $ 1,106 | $ 824 | $ 998 | $ 1,074 | $ 913 | $ 953 | $ 1,036 | $ 1,167 | $ 1,209 | $ 1,251 |
| *Tim Hortons with Corporate G&A* | $ 1,051 | $ 1,028 | $ 757 | $ 907 | $ 939 | $ 838 | $ 876 | $ 957 | $ 1,087 | $ 1,128 | $ 1,168 |
| *% of Segment Sales* | 34% | 33% | 29% | 30% | 28% | 24% | 24% | 25% | 27% | 27% | 27% |
| *Burger King as Reported* | $ 940 | $ 991 | $ 792 | $ 1,038 | $ 972 | $ 1,044 | $ 1,099 | $ 1,263 | $ 1,326 | $ 1,406 | $ 1,465 |
| *Burger King with Corporate G&A* | $ 940 | $ 956 | $ 750 | $ 1,000 | $ 927 | $ 973 | $ 1,059 | $ 1,222 | $ 1,283 | $ 1,361 | $ 1,420 |
| *% of Segment Sales* | 57% | 56% | 49% | 57% | 51% | 50% | 50% | 55% | 55% | 56% | 56% |
| *Popeyes as Reported* | $ 156 | $ 189 | $ 219 | $ 228 | $ 243 | $ 268 | $ 268 | $ 309 | $ 342 | $ 388 | $ 425 |
| *Popeyes with Corporate G&A* | $ 147 | $ 178 | $ 206 | $ 212 | $ 220 | $ 254 | $ 253 | $ 292 | $ 324 | $ 369 | $ 404 |
| *% of Segment Sales* | 38% | 39% | 39% | 39% | 38% | 37% | 34% | 35% | 35% | 36% | 37% |
| *Firehouse Subs as Reported* | - | - | - | $ 2 | $ 55 | $ 63 | $ 71 | $ 82 | $ 92 | $ 103 | $ 115 |
| *Firehouse Subs with Corporate G&A* | | | | $ 2 | $ 50 | $ 60 | $ 68 | $ 78 | $ 88 | $ 99 | $ 110 |
| *% of Segment Sales* | 0% | 0% | 0% | 40% | 40% | 40% | 40% | 41% | 41% | 41% | 41% |
| ***Total EBITDA*** | $ 2,215 | $ 2,286 | $ 1,835 | $ 2,266 | $ 2,344 | $ 2,288 | $ 2,391 | $ 2,690 | $ 2,928 | $ 3,106 | $ 3,256 |
| ***% of Total Sales*** | 41% | 41% | 37% | 39% | 36% | 34% | 33% | 36% | 37% | 37% | 37% |
| **Depreciation & Amortization Expenses** | | | | | | | | | | | |
| *Tim Hortons* | $102 | $106 | $119 | $132 | $114 | $134 | $140 | $146 | $152 | $157 | $163 |
| *% of Segment Sales* | 3% | 3% | 4% | 4% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| *Burger King* | $48 | $49 | $62 | $62 | $66 | $68 | $72 | $75 | $79 | $82 | $86 |
| *% of Segment Sales* | 3% | 3% | 4% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| *Popeyes* | $10 | $11 | $8 | $7 | $8 | $12 | $14 | $15 | $17 | $18 | $20 |
| *% of Segment Sales* | 2% | 2% | 1% | 1% | 1% | 2% | 2% | 2% | 2% | 2% | 2% |
| *Firehouse Subs* | $0 | $0 | $0 | $0 | $2 | $2 | $2 | $2 | $2 | $3 | $3 |
| *% of Segment Sales* | 0% | 0% | 0% | 0% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |
| ***Total Depreciation & Amortization Expenses*** | $ 160 | $ 166 | $ 189 | $ 201 | $ 190 | $ 216 | $ 227 | $ 239 | $ 250 | $ 261 | $ 271 |

# Segmented Income Statement (5/5)

APPENDIX

| Restaurant Brands International Inc. Segmented Income Statement | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Historicals/Actuals | | | | | Projected/Estimates | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 6 |
| YEAR | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| **EBIT** | | | | | | | | | | | |
| *Tim Hortons* | $ 1,017 | $ 1,000 | $ 635 | $ 797 | $ 884 | $ 697 | $ 726 | $ 797 | $ 918 | $ 949 | $ 980 |
| *% of Segment Sales* | 31% | 30% | 23% | 24% | 23% | 18% | 18% | 19% | 21% | 21% | 21% |
| *Burger King* | $ 892 | $ 942 | $ 730 | $ 976 | $ 906 | $ 975 | $ 1,027 | $ 1,188 | $ 1,247 | $ 1,323 | $ 1,379 |
| *% of Segment Sales* | 54% | 53% | 46% | 54% | 48% | 47% | 47% | 52% | 52% | 53% | 53% |
| *Popeyes* | $ 146 | $ 178 | $ 211 | $ 221 | $ 235 | $ 256 | $ 254 | $ 293 | $ 326 | $ 370 | $ 405 |
| *% of Segment Sales* | 35% | 37% | 38% | 38% | 36% | 36% | 32% | 33% | 33% | 35% | 35% |
| *Firehouse Subs* | - | - | - | $ 2 | $ 53 | $ 61 | $ 69 | $ 80 | $ 90 | $ 101 | $ 112 |
| *% of Segment Sales* | 0% | 0% | 0% | 40% | 38% | 39% | 39% | 40% | 40% | 40% | 40% |
| ***Total EBIT*** | **$ 2,055** | **$ 2,120** | **$ 1,576** | **$ 1,996** | **$ 2,078** | **$ 1,989** | **$ 2,076** | **$ 2,359** | **$ 2,580** | **$ 2,742** | **$ 2,876** |
| ***% of Total Sales*** | 38% | 38% | 32% | 35% | 32% | 29% | 29% | 31% | 32% | 33% | 33% |
| **(Income) Loss from Equity Method Investments** | | | | | | | | | | | |
| *Tim Hortons* | $ (6) | $ (7) | $ (4) | $ (13) | $ (8) | $ (5) | $ (7) | $ (7) | $ (7) | $ (8) | $ (7) |
| *Burger King* | $ (16) | $ (4) | $ 43 | $ 17 | $ 51 | $ 16 | $ 18 | $ 23 | $ 28 | $ 26 | $ 27 |
| *Popeyes* | $ - | $ - | $ - | $ - | $ 1 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| *Firehouse Subs* | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| ***Total (Income) Loss from Equity Method Investments*** | **$ (22)** | **$ (11)** | **$ 39** | **$ 4** | **$ 44** | **$ 11** | **$ 11** | **$ 16** | **$ 21** | **$ 18** | **$ 20** |
| **Capital Expenditure** | | | | | | | | | | | |
| *Tim Hortons* | $ 59 | $ 37 | $ 92 | $ 61 | $ 30 | $ 77 | $ 80 | $ 84 | $ 44 | $ 45 | $ 47 |
| *% of Segment Sales* | 2% | 1% | 3% | 2% | 1% | 2% | 2% | 2% | 1% | 1% | 1% |
| *Burger King* | $ 25 | $ 20 | $ 18 | $ 34 | $ 63 | $ 125 | $ 109 | $ 69 | $ 48 | $ 35 | $ 37 |
| *% of Segment Sales* | 2% | 1% | 1% | 2% | 3% | 6% | 5% | 3% | 2% | 1% | 1% |
| *Popeyes* | $ 2 | $ 5 | $ 7 | $ 11 | $ 6 | $ 14 | $ 16 | $ 18 | $ 10 | $ 11 | $ 12 |
| *% of Segment Sales* | 0% | 1% | 1% | 2% | 1% | 2% | 2% | 2% | 1% | 1% | 1% |
| *Firehouse Subs* | - | - | - | - | $ 1 | $2 | $2 | $4 | $5 | $5 | $8 |
| *% of Segment Sales* | | | | | 1% | 1% | 1% | 2% | 2% | 2% | 3% |
| ***Total Capital Expenditure*** | **$86** | **$62** | **$117** | **$106** | **$100** | **$218** | **$207** | **$174** | **$106** | **$96** | **$104** |

# Appendix
# (Valuation- DCF)

# Traditional DCF Summary

APPENDIX

## BULL

| Restaurant Brands International Inc. Enterprise Value | $ 36,544 |
|---|---|
| Less: Debt | $ 12,966 |
| Less: Minority Interest | 1,769 |
| Add: Cash | 1,178 |
| Equity Value | $ 22,987 |
| # Shares O/S | 307.97 |
| **Implied Sh. Price** | **$ 74.64** |
| Current Sh Price | $ 63.22 |
| **Upside** | 18% |

## BASE

| Restaurant Brands International Inc. Enterprise Value | $ 35,344 |
|---|---|
| Less: Debt | $ 12,966 |
| Less: Minority Interest | 1,769 |
| Add: Cash | 1,178 |
| Equity Value | $ 21,787 |
| # Shares O/S | 307.97 |
| **Implied Sh. Price** | **$ 70.75** |
| Current Sh Price | $ 63.22 |
| **Upside** | 12% |

## BEAR

| Restaurant Brands International Inc. Enterprise Value | $ 30,381 |
|---|---|
| Less: Debt | $ 12,966 |
| Less: Minority Interest | 1,769 |
| Add: Cash | 1,178 |
| Equity Value | $ 16,824 |
| # Shares O/S | 307.97 |
| **Implied Sh. Price** | **$ 54.63** |
| Current Sh Price | $ 63.22 |
| **Upside** | -14% |

# Traditional DCF Assumptions

APPENDIX

| Assumptions | |
|---|---|
| Exit Multiple | 15X |
| Discount Rate | 8.12% |
| Perpetual Growth Rate | 3.25% |

# Traditional DCF Model – Bull Case

APPENDIX

| Restaurant Brands International Inc. Discounted Cash Flow Model | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Historicals/Actuals | | | | | Projected/Estimates | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 6 |
| **Year** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023E** | **2024E** | **2025E** | **2026E** | **2027E** | **2028E** |
| **Total Revenue** | $ 5,357 | $ 5,603 | $ 4,968 | $ 5,739 | $ 6,505 | $ 6,917 | $ 7,353 | $ 7,798 | $ 8,252 | $ 8,691 | $ 9,115 |
| **EBITDA** | $ 2,097 | $ 2,192 | $ 1,611 | $ 2,080 | $ 2,088 | $ 2,248 | $ 2,450 | $ 2,603 | $ 2,800 | $ 3,074 | $ 3,225 |
| **Less: Depreciation & Amortization Expense** | $ 180 | $ 185 | $ 189 | $ 201 | $ 190 | $ 247 | $ 262 | $ 278 | $ 294 | $ 310 | $ 325 |
| **EBIT** | $ 1,402 | $ 1,445 | $ 816 | $ 1,387 | $ 1,401 | $ 1,346 | $ 1,491 | $ 1,587 | $ 1,726 | $ 1,942 | $ 2,039 |
| **% Margin** | 26% | 26% | 16% | 24% | 22% | 19% | 20% | 20% | 21% | 22% | 22% |
| **Less: Income Tax Expense (Benefit)** | $ 241 | $ 339 | $ 66 | $ 112 | $ (120) | $ 148 | $ 164 | $ 175 | $ 190 | $ 214 | $ 224 |
| **NOPLAT** | **$ 1,161** | **$ 1,106** | **$ 750** | **$ 1,275** | **$ 1,521** | **$ 1,198** | **$ 1,327** | **$ 1,412** | **$ 1,536** | **$ 1,729** | **$ 1,815** |
| **Free Cash Flow Adjustments:** | | | | | | | | | | | |
| Non-Cash Charges: | | | | | | | | | | | |
| Add: D&A | $ 180 | $ 185 | $ 189 | $ 201 | $ 190 | $ 247 | $ 262 | $ 278 | $ 294 | $ 310 | $ 325 |
| Add: Net Losses | $ - | $ 23 | $ 137 | $ 15 | $ 44 | $ 15 | $ 5 | $ 5 | $ 5 | $ 5 | $ 5 |
| Less: Net Gains | $ (22) | $ (11) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Less: Increases to Non-Cash Working Capital | $ (194) | $ 209 | $ (153) | $ 267 | $ 66 | $ (88) | $ 50 | $ 64 | $ 55 | $ 32 | $ 60 |
| **Total FCFF Adjustments** | $ (36) | $ 406 | $ 173 | $ 483 | $ 300 | $ 173 | $ 317 | $ 347 | $ 354 | $ 347 | $ 390 |
| **Operating Cash Flow** | $ 1,125 | $ 1,512 | $ 923 | $ 1,758 | $ 1,821 | $ 952 | $ 1,179 | $ 1,265 | $ 1,353 | $ 1,471 | $ 1,569 |
| **Less: Capex** | $ (86) | $ (62) | $ (117) | $ (106) | $ (100) | $ (219) | $ (211) | $ (179) | $ (109) | $ (100) | $ (109) |
| **Unlevered Free Cash Flow (FCFF)** | $ 1,039 | $ 1,450 | $ 806 | $ 1,652 | $ 1,721 | $ 1,152 | $ 1,433 | $ 1,581 | $ 1,781 | $ 1,975 | $ 2,095 |
| *Free Cash Flow Margin* | ***19%*** | ***26%*** | ***16%*** | ***29%*** | ***26%*** | ***17%*** | ***19%*** | ***20%*** | ***22%*** | ***23%*** | ***23%*** |

# Traditional DCF Model – Base Case

APPENDIX

| Restaurant Brands International Inc. Discounted Cash Flow Model | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Historicals/Actuals | | | | | Projected/Estimates | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 6 |
| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| **Total Revenue** | $ 5,357 | $ 5,603 | $ 4,968 | $ 5,739 | $ 6,505 | $ 6,787 | $ 7,166 | $ 7,546 | $ 7,923 | $ 8,297 | $ 8,667 |
| **EBITDA** | $ 2,097 | $ 2,192 | $ 1,611 | $ 2,080 | $ 2,088 | $ 2,165 | $ 2,304 | $ 2,519 | $ 2,710 | $ 2,941 | $ 3,142 |
| **Less: Depreciation & Amortization Expense** | $ 180 | $ 185 | $ 189 | $ 201 | $ 190 | $ 242 | $ 255 | $ 269 | $ 282 | $ 296 | $ 309 |
| **EBIT** | $ 1,402 | $ 1,445 | $ 816 | $ 1,387 | $ 1,401 | $ 1,279 | $ 1,370 | $ 1,536 | $ 1,678 | $ 1,860 | $ 2,013 |
| **% Margin** | 26% | 26% | 16% | 24% | 22% | 19% | 19% | 20% | 21% | 22% | 23% |
| **Less: Income Tax Expense (Benefit)** | $ 241 | $ 339 | $ 66 | $ 112 | $ (120) | $ 141 | $ 151 | $ 169 | $ 185 | $ 205 | $ 221 |
| **NOPLAT** | **$ 1,161** | **$ 1,106** | **$ 750** | **$ 1,275** | **$ 1,521** | **$ 1,139** | **$ 1,219** | **$ 1,367** | **$ 1,493** | **$ 1,655** | **$ 1,792** |
| **Free Cash Flow Adjustments:** | | | | | | | | | | | |
| Non-Cash Charges: | | | | | | | | | | | |
| Add: D&A | $ 180 | $ 185 | $ 189 | $ 201 | $ 190 | $ 242 | $ 255 | $ 269 | $ 282 | $ 296 | $ 309 |
| Add: Net Losses | $ - | $ 23 | $ 137 | $ 15 | $ 44 | $ 15 | $ 5 | $ 5 | $ 5 | $ 5 | $ 5 |
| Less: Net Gains | $ (22) | $ (11) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Less: Increases to Non-Cash Working Capital | $ (194) | $ 209 | $ (153) | $ 267 | $ 66 | $ (98) | $ 53 | $ 33 | $ 39 | $ 28 | $ 35 |
| **Total FCFF Adjustments** | $ (36) | $ 406 | $ 173 | $ 483 | $ 300 | $ 159 | $ 313 | $ 307 | $ 327 | $ 329 | $ 349 |
| **Operating Cash Flow** | $ 1,125 | $ 1,512 | $ 923 | $ 1,758 | $ 1,821 | $ 899 | $ 1,105 | $ 1,196 | $ 1,297 | $ 1,405 | $ 1,513 |
| **Less: Capex** | $ (86) | $ (62) | $ (117) | $ (106) | $ (100) | $ (219) | $ (211) | $ (179) | $ (109) | $ (100) | $ (109) |
| **Unlevered Free Cash Flow (FCFF)** | $ 1,039 | $ 1,450 | $ 806 | $ 1,652 | $ 1,721 | $ 1,079 | $ 1,322 | $ 1,495 | $ 1,710 | $ 1,884 | $ 2,032 |
| *Free Cash Flow Margin* | ***19%*** | ***26%*** | ***16%*** | ***29%*** | ***26%*** | ***16%*** | ***18%*** | ***20%*** | ***22%*** | ***23%*** | ***23%*** |

# Traditional DCF Model – Bear Case

APPENDIX

| Restaurant Brands International Inc. Discounted Cash Flow Model | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Historicals/Actuals | | | | | Projected/Estimates | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 6 |
| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| **Total Revenue** | $ 5,357 | $ 5,603 | $ 4,968 | $ 5,739 | $ 6,505 | $ 6,594 | $ 6,859 | $ 7,110 | $ 7,348 | $ 7,571 | $ 7,782 |
| **EBITDA** | $ 2,097 | $ 2,192 | $ 1,611 | $ 2,080 | $ 2,088 | $ 2,057 | $ 2,163 | $ 2,266 | $ 2,408 | $ 2,622 | $ 2,721 |
| **Less: Depreciation & Amortization Expense** | $ 180 | $ 185 | $ 189 | $ 201 | $ 190 | $ 235 | $ 244 | $ 253 | $ 262 | $ 270 | $ 277 |
| **EBIT** | $ 1,402 | $ 1,445 | $ 816 | $ 1,387 | $ 1,401 | $ 1,196 | $ 1,268 | $ 1,339 | $ 1,450 | $ 1,635 | $ 1,707 |
| **% Margin** | 26% | 26% | 16% | 24% | 22% | 18% | 18% | 19% | 20% | 22% | 22% |
| **Less: Income Tax Expense (Benefit)** | $ 241 | $ 339 | $ 66 | $ 112 | $ (120) | $ 132 | $ 139 | $ 147 | $ 159 | $ 180 | $ 188 |
| **NOPLAT** | **$ 1,161** | **$ 1,106** | **$ 750** | **$ 1,275** | **$ 1,521** | **$ 1,065** | **$ 1,128** | **$ 1,192** | **$ 1,290** | **$ 1,455** | **$ 1,519** |
| **Free Cash Flow Adjustments:** | | | | | | | | | | | |
| Non-Cash Charges: | | | | | | | | | | | |
| Add: D&A | $ 180 | $ 185 | $ 189 | $ 201 | $ 190 | $ 235 | $ 244 | $ 253 | $ 262 | $ 270 | $ 277 |
| Add: Net Losses | $ - | $ 23 | $ 137 | $ 15 | $ 44 | $ 15 | $ 5 | $ 5 | $ 5 | $ 5 | $ 5 |
| Less: Net Gains | $ (22) | $ (11) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Less: Increases to Non-Cash Working Capital | $ (194) | $ 209 | $ (153) | $ 267 | $ 66 | $ (115) | $ 35 | $ 32 | $ 19 | $ (3) | $ 24 |
| **Total FCFF Adjustments** | $ (36) | $ 406 | $ 173 | $ 483 | $ 300 | $ 135 | $ 284 | $ 290 | $ 286 | $ 272 | $ 306 |
| **Operating Cash Flow** | $ 1,125 | $ 1,512 | $ 923 | $ 1,758 | $ 1,821 | $ 827 | $ 1,017 | $ 1,065 | $ 1,125 | $ 1,218 | $ 1,293 |
| **Less: Capex** | $ (86) | $ (62) | $ (117) | $ (106) | $ (100) | $ (219) | $ (211) | $ (179) | $ (109) | $ (100) | $ (109) |
| **Unlevered Free Cash Flow (FCFF)** | $ 1,039 | $ 1,450 | $ 806 | $ 1,652 | $ 1,721 | $ 981 | $ 1,202 | $ 1,303 | $ 1,467 | $ 1,627 | $ 1,716 |
| *Free Cash Flow Margin* | ***19%*** | ***26%*** | ***16%*** | ***29%*** | ***26%*** | ***15%*** | ***18%*** | ***18%*** | ***20%*** | ***21%*** | ***22%*** |

# Traditional DCF Output – Bull Case

APPENDIX

| Year | | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|
| Unlevered Free Cash Flow | | $ 1,152 | $ 1,433 | $ 1,581 | $ 1,781 | $ 1,975 | $ 2,095 |
| EV under Perpetuity Growth Approach | | | | | | | |
| Perpetual Growth Rate | 3.25% | | | | | | |
| Terminal Value (Perpetuity Growth) | | - | - | - | - | - | $ 44,435 |
| Total Cash Flows (Perpetuity Growth) | | $ 1,152 | $ 1,433 | $ 1,581 | $ 1,781 | $ 1,975 | $ 46,530 |
| WACC | 8.12% | | | | | | |
| EV under Perpetuity Growth Approach | $35,311 | | | | | | |
| Implied Sh. Price | $70.64 | | | | | | |

| Year | | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|
| Unlevered Free Cash Flow | | $ 1,152 | $ 1,433 | $ 1,581 | $ 1,781 | $ 1,975 | $ 2,095 |
| EV under Exit Multiple Approach | | | | | | | |
| Exit Multiple (EV/EBITDA) | 15X | | | | | | |
| Terminal Value (Perpetuity Growth) | | - | - | - | - | - | $ 48,375 |
| Total Cash Flows (Perpetuity Growth) | | $ 1,152 | $ 1,433 | $ 1,581 | $ 1,781 | $ 1,975 | $ 50,471 |
| WACC | 8.12% | | | | | | |
| EV under Exit Multiple Approach | $37,777 | | | | | | |
| Implied Sh. Price | $78.65 | | | | | | |

# Traditional DCF Output – Base Case

A P P E N D I X

| Year | | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|
| Unlevered Free Cash Flow | | $ 1,079 | $ 1,322 | $ 1,495 | $ 1,710 | $ 1,884 | $ 2,032 |
| EV under Perpetuity Growth Approach | | | | | | | |
| Perpetual Growth Rate | 3.25% | | | | | | |
| Terminal Value (Perpetuity Growth) | | - | - | - | - | - | $ 43,079 |
| Total Cash Flows (Perpetuity Growth) | | $ 1,079 | $ 1,322 | $ 1,495 | $ 1,710 | $ 1,884 | $ 45,111 |
| WACC | 8.12% | | | | | | |
| EV under Perpetuity Growth Approach | $34,078 | | | | | | |
| Implied Sh. Price | $66.63 | | | | | | |

| Year | | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|
| Unlevered Free Cash Flow | | $ 1,079 | $ 1,322 | $ 1,495 | $ 1,710 | $ 1,884 | $ 2,032 |
| EV under Exit Multiple Approach | | | | | | | |
| Exit Multiple (EV/EBITDA) | 15X | | | | | | |
| Terminal Value (Perpetuity Growth) | | - | - | - | - | - | $ 47,126 |
| Total Cash Flows (Perpetuity Growth) | | $ 1,079 | $ 1,322 | $ 1,495 | $ 1,710 | $ 1,884 | $ 49,158 |
| WACC | 8.12% | | | | | | |
| EV under Exit Multiple Approach | $36,611 | | | | | | |
| Implied Sh. Price | $74.86 | | | | | | |

# Traditional DCF Output – Bear Case

APPENDIX

| Year | | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|
| Unlevered Free Cash Flow | | $ 981 | $ 1,202 | $ 1,303 | $ 1,467 | $ 1,627 | $ 1,716 |
| <u>EV under Perpetuity Growth Approach</u> | | | | | | | |
| Perpetual Growth Rate | 3.25% | | | | | | |
| Terminal Value (Perpetuity Growth) | | - | - | - | - | - | $ 36,392 |
| Total Cash Flows (Perpetuity Growth) | | $ 981 | $ 1,202 | $ 1,303 | $ 1,467 | $ 1,627 | $ 38,108 |
| WACC | 8.12% | | | | | | |
| EV under Perpetuity Growth Approach | $28,996 | | | | | | |
| Implied Sh. Price | $50.13 | | | | | | |

| Year | | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|
| Unlevered Free Cash Flow | | $ 981 | $ 1,202 | $ 1,303 | $ 1,467 | $ 1,627 | $ 1,716 |
| <u>EV under Exit Multiple Approach</u> | | | | | | | |
| Exit Multiple (EV/EBITDA) | 15X | | | | | | |
| Terminal Value (Perpetuity Growth) | | - | - | - | - | - | $ 40,816 |
| Total Cash Flows (Perpetuity Growth) | | $ 981 | $ 1,202 | $ 1,303 | $ 1,467 | $ 1,627 | $ 42,532 |
| WACC | 8.12% | | | | | | |
| EV under Exit Multiple Approach | $31,766 | | | | | | |
| Implied Sh. Price | $59.13 | | | | | | |

# Consolidated Income Statement (1/3)

APPENDIX

| Restaurant Brands International Inc. Consolidated Income Statement | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Historicals/Actuals | | | | | Projected/Estimates | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 6 |
| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| **Net Sales** | $ 5,357 | $ 5,603 | $ 4,968 | $ 5,739 | $ 6,505 | $ 6,787 | $ 7,166 | $ 7,546 | $ 7,923 | $ 8,297 | $ 8,667 |
| *Growth Rate* | 17% | 5% | -11% | 16% | 13% | 4% | 6% | 5% | 5% | 5% | 4% |
| ***Bull*** | | | | | | 6.34% | 6.29% | 6.05% | 5.82% | 5.32% | 4.88% |
| ***Base*** | | | | | | 4.33% | 5.60% | 5.29% | 5.00% | 4.72% | 4.46% |
| ***Bear*** | | | | | | 1.37% | 4.02% | 3.66% | 3.34% | 3.04% | 2.78% |
| **Cost of Goods Sold (Including D&A)** | $ 1,818 | $ 1,813 | $ 1,610 | $ 1,889 | $ 2,277 | $ 2,443 | $ 2,562 | $ 2,606 | $ 2,672 | $ 2,696 | $ 2,747 |
| *% of Sales* | 34% | 32% | 32% | 33% | 35% | 36% | 36% | 35% | 34% | 32% | 32% |
| ***Bull*** | | | | | | 35.40% | 34.60% | 34.54% | 34.00% | 32.58% | 32.57% |
| ***Base*** | | | | | | 36.00% | 35.76% | 34.53% | 33.73% | 32.50% | 31.70% |
| ***Bear*** | | | | | | 36.69% | 36.37% | 36.03% | 35.15% | 33.29% | 32.96% |
| ***Average*** | | | | | | 33% | 33% | 33% | 33% | 33% | 33% |
| *Cost of Goods Sold (Excluding D&A)* | $ 1,658 | $ 1,647 | $ 1,421 | $ 1,688 | $ 2,087 | $ 2,223 | $ 2,331 | $ 2,361 | $ 2,416 | $ 2,428 | $ 2,467 |
| *% of Sales* | 31% | 29% | 29% | 29% | 32% | 32.76% | 32.52% | 31.30% | 30.49% | 29.26% | 28.46% |
| **Gross Profit** | $3,539 | $3,790 | $3,358 | $3,850 | $ 4,228 | $4,344 | $4,604 | $4,940 | $5,251 | $5,601 | $5,920 |
| *% of Sales* | 66% | 68% | 68% | 67% | 65% | 64% | 64% | 65% | 66% | 68% | 68% |

# Consolidated Income Statement (2/3)

APPENDIX

## Restaurant Brands International Inc. Consolidated Income Statement

| | Historicals/Actuals | | | | | Projected/Estimates | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 6 |
| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| **Gross Profit** | **$3,539** | **$3,790** | **$3,358** | **$3,850** | **$ 4,228** | **$4,344** | **$4,604** | **$4,940** | **$5,251** | **$5,601** | **$5,920** |
| *% of Sales* | *66%* | *68%* | *68%* | *67%* | *65%* | *64%* | *64%* | *65%* | *66%* | *68%* | *68%* |
| **Franchise and Property Expense** | **$ 422** | **$ 540** | **$ 515** | **$ 489** | **$ 518** | **$ 602** | **$ 636** | **$ 670** | **$ 703** | **$ 736** | **$ 769** |
| *% of Sales* | *8%* | *10%* | *10%* | *9%* | *8%* | *9%* | *9%* | *9%* | *9%* | *9%* | *9%* |
| **Advertising Expense** | **$ -** | **$ 865** | **$ 870** | **$ 963** | **$ 1,077** | **$ 1,125** | **$ 1,188** | **$ 1,250** | **$ 1,313** | **$ 1,375** | **$ 1,436** |
| *% of Sales* | *0%* | *15%* | *18%* | *17%* | *17%* | *17%* | *17%* | *17%* | *17%* | *17%* | *17%* |
| **General & Admin Expense** | | | | | | | | | | | |
| Segment G&A | $ 1,084 | $ 276 | $ 288 | $ 328 | $ 400 | $ 543 | $ 573 | $ 604 | $ 634 | $ 664 | $ 693 |
| *% of Sales* | *20%* | *5%* | *6%* | *6%* | *6%* | *8%* | *8%* | *8%* | *8%* | *8%* | *8%* |
| Corporate G&A | $ 110 | $ 130 | $ 119 | $ 156 | $ 230 | $ 136 | $ 143 | $ 151 | $ 158 | $ 166 | $ 173 |
| *% of Sales* | *2%* | *2%* | *2%* | *3%* | *4%* | *2%* | *2%* | *2%* | *2%* | *2%* | *2%* |
| **Total General & Admin Expense** | **$ 1,194** | **$ 406** | **$ 407** | **$ 484** | **$ 630** | **$ 679** | **$ 717** | **$ 755** | **$ 792** | **$ 830** | **$ 867** |
| **(Income) Loss from Equity Method Investments** | **$ (22)** | **$ (11)** | **$ 39** | **$ 4** | **$ 44** | **$ 5** | **$ 5** | **$ 5** | **$ 5** | **$ 5** | **$ 5** |
| *% of Sales* | *-0.4%* | *-0.2%* | *0.8%* | *0.1%* | *0.7%* | | | | | | |
| **Other Operating Expenses (Income) Net** | **$ 8** | **$ (10)** | **$ 105** | **$ 7** | **$ 25** | **$ 10** | **$ 10** | **$ 10** | **$ 10** | **$ 10** | **$ 10** |
| *% of Sales* | *0.1%* | *-0.2%* | *2.1%* | *0.1%* | *0.4%* | | | | | | |
| **EBITDA (Operating Income)** | **$2,107** | **$2,185** | **$1,630** | **$2,124** | **$2,149** | **$2,165** | **$2,304** | **$2,519** | **$2,710** | **$2,941** | **$3,142** |
| *% Margin* | *39%* | *39%* | *33%* | *37%* | *33%* | *32%* | *32%* | *33%* | *34%* | *35%* | *36%* |

# Consolidated Income Statement (3/3)

APPENDIX

## Restaurant Brands International Inc. Consolidated Income Statement

| | Historicals/Actuals | | | | | Projected/Estimates | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 6 |
| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E |
| **EBITDA (Operating Income)** | **$2,107** | **$2,185** | **$1,630** | **$2,124** | **$2,149** | **$2,165** | **$2,304** | **$2,519** | **$2,710** | **$2,941** | **$3,142** |
| *% Margin* | *39%* | *39%* | *33%* | *37%* | *33%* | *32%* | *32%* | *33%* | *34%* | *35%* | *36%* |
| **Depreciation & Amortization** | | | | | | | | | | | |
| *Segment D&A* | *$ 160* | *$ 166* | *$ 189* | *$ 201* | *$ 190* | *$ 220* | *$ 232* | *$ 244* | *$ 256* | *$ 268* | *$ 280* |
| *% of Sales* | *3%* | *3%* | *4%* | *4%* | *3%* | *3%* | *3%* | *3%* | *3%* | *3%* | *3%* |
| *Corporate D&A* | *$ 10* | *$ 19* | *$ 19* | *$ 20* | *$ 25* | *$ 22* | *$ 24* | *$ 25* | *$ 26* | *$ 27* | *$ 28* |
| *% of Sales* | *0.2%* | *0.3%* | *0.4%* | *0.3%* | *0.4%* | *0.3%* | *0.3%* | *0.3%* | *0.3%* | *0.3%* | *0.3%* |
| **Total Depreciation & Amortization** | **$ 170** | **$ 185** | **$ 208** | **$ 221** | **$ 215** | **$ 242** | **$ 255** | **$ 269** | **$ 282** | **$ 296** | **$ 309** |
| **EBIT** | **$1,937** | **$2,000** | **$1,422** | **$1,903** | **$1,934** | **$1,923** | **$2,049** | **$2,250** | **$2,428** | **$2,645** | **$2,833** |
| *% Margin* | *36%* | *36%* | *29%* | *33%* | *30%* | *28%* | *29%* | *30%* | *31%* | *32%* | *33%* |
| **Interest Expense** | **$ 535** | **$ 532** | **$ 508** | **$ 505** | **$ 533** | **$ 634** | **$ 669** | **$ 705** | **$ 740** | **$ 775** | **$ 809** |
| *% of Sales* | *10%* | *9%* | *10%* | *9%* | *8%* | *9%* | *9%* | *9%* | *9%* | *9%* | *9%* |
| **(Gain) Loss on Early Extinguishment of Debt** | **$ -** | **$ 23** | **$ 98** | **$ 11** | **$ -** | **$ 10** | **$ 10** | **$ 10** | **$ 10** | **$ 10** | **$ 10** |
| **EBT** | ***$1,402*** | ***$1,445*** | ***$816*** | ***$1,387*** | ***$1,401*** | ***$1,279*** | ***$1,370*** | ***$1,536*** | ***$1,678*** | ***$1,860*** | ***$2,013*** |
| *% Margin* | *26%* | *26%* | *16%* | *24%* | *22%* | *19%* | *19%* | *20%* | *21%* | *22%* | *23%* |
| **Income Tax Expense (Benefit)** | **$ 238** | **$ 341** | **$ 66** | **$ 110** | **$ (117)** | **$ 141** | **$ 151** | **$ 169** | **$ 185** | **$ 205** | **$ 221** |
| ***Effective Tax Rate Benefit (Expense)*** | *-17%* | *-23%* | *-8%* | *-8%* | *9%* | *-11%* | *-11%* | *-11%* | *-11%* | *-11%* | *-11%* |
| **Net Income** | ***$1,164*** | ***$1,104*** | ***$750*** | ***$1,277*** | ***$1,518*** | **$1,139** | **$1,219** | **$1,367** | **$1,493** | **$1,655** | **$1,792** |
| *% Margin* | *22%* | *20%* | *15%* | *22%* | *23%* | *17%* | *17%* | *18%* | *19%* | *20%* | *21%* |

# Line Item Summary

| Lines Represented as % of Sales | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** |
| *Cost of Goods Sold (Including D&A)* | 34% | 32% | 32% | 33% | 35% | 36% | 36% | 35% | 34% | 32% | 33% |
| *Cost of Goods Sold (Excluding D&A)* | 31% | 29% | 29% | 29% | 32% | 33% | 33% | 31% | 30% | 29% | 28% |
| *Segment G&A* | 20% | 5% | 6% | 6% | 6% | 8% | 8% | 8% | 8% | 8% | 8% |
| *Corporate G&A* | 2% | 2% | 2% | 3% | 4% | 2% | 2% | 2% | 2% | 2% | 2% |
| *Advertising Expense* | 0% | 15% | 18% | 17% | 17% | 17% | 17% | 17% | 17% | 17% | 17% |
| *Franchise and Property Expense* | 8% | 10% | 10% | 9% | 8% | 9% | 9% | 9% | 9% | 9% | 9% |
| *(Income) Loss from Equity Method Investments* | 0% | 0% | 1% | 0% | 1% | 0% | 0% | 0% | 0% | 0% | 0% |
| *Other Operating Expenses (Income) Net* | 0% | 0% | 2% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| *Segment D&A* | 3% | 3% | 4% | 4% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| *Corporate D&A* | 0.2% | 0.3% | 0.4% | 0.3% | 0.4% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| *Interest Expense* | 10% | 9% | 10% | 9% | 8% | 9% | 9% | 9% | 9% | 9% | 9% |
| *Effective Tax Rate Benefit (Expense)* | -17% | -23% | -8% | -8% | 9% | -11% | -11% | -11% | -11% | -11% | -11% |

| Margin Analysis | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** |
| *Gross Margin* | 66% | 68% | 68% | 67% | 65% | 64% | 64% | 65% | 66% | 68% | 68% |
| *EBITDA Margin* | 39% | 39% | 33% | 37% | 33% | 32% | 32% | 33% | 34% | 35% | 36% |
| *EBIT Margin* | 36% | 36% | 29% | 33% | 30% | 28% | 29% | 30% | 31% | 32% | 33% |
| *EBT Margin* | 26% | 26% | 16% | 24% | 22% | 19% | 19% | 20% | 21% | 22% | 23% |
| *Net Income (Common SH) Margin* | 10% | 10% | 6% | 17% | 16% | 11% | 11% | 12% | 12% | 13% | 13% |

APPENDIX

# Appendix
# (Valuation- DDM)

# DDM Output – Single Step

APPENDIX

| Single Step DDM (Perpetual Growth) | | | | | |
|---|---|---|---|---|---|
| | | | | | |
| | Actuals | | | | |
| Year | 2018 | 2019 | 2020 | 2021 | 2022 |
| Basic EPS | 2.46 | 2.40 | 1.61 | 2.71 | 3.28 |
| Dividends/Sh | 1.82 | 2.00 | 2.08 | 2.14 | 2.18 |
| Growth Rate | | 10.22% | 3.85% | 3.15% | 1.58% |
| Payout Ratio | 73.78% | 83.36% | 129.04% | 79.07% | 66.36% |
| ROE | 31.90% | 31.36% | 20.87% | 38.06% | 42.57% |
| **Growth Rate** | **6.39%** | | | | |
| *ROE* | *42.57%* | | | | |
| *Retention Ratio* | *15.00%* | | | | |
| **Cost of Equity** | **9.99%** | | | | |
| | | | | | |
| **DDM Share Price** | **$ 64.30** | | | | |

# DDM Output – Multi Step – Bull Case

APPENDIX

| Multi Stage DDM (Perpetual Growth) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actuals | | | | | Projections | | | | | |
| Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| Basic EPS | $ 2.46 | $ 2.40 | $ 1.61 | $ 2.71 | $ 3.28 | $ 2.53 | $ 2.80 | $ 2.98 | $ 3.24 | $ 3.65 | $ 3.83 |
| Dividends/Sh | $ 1.82 | $ 2.00 | $ 2.08 | $ 2.14 | $ 2.18 | **$ 2.15** | **$ 2.38** | **$ 2.53** | **$ 2.76** | **$ 3.10** | **$ 3.26** |
| *Growth Rate* | | *10.22%* | *3.85%* | *3.15%* | *1.58%* | *-1.29%* | *10.79%* | *6.44%* | *8.74%* | *12.55%* | *4.98%* |
| Payout Ratio | 73.78% | 83.36% | 129.04% | 79.07% | 66.36% | 85.00% | 85.00% | 85.00% | 85.00% | 85.00% | 85.00% |
| ROE | 31.90% | 31.36% | 20.87% | 38.06% | 42.57% | 47.93% | 53.10% | 56.52% | 61.46% | 69.17% | 72.61% |
| Growth Rate | **6.39%** | | | | | | | | | | |
| *ROE* | *42.57%* | | | | | | | | | | |
| *Retention Ratio* | *15.00%* | | | | | | | | | | |
| Cost of Equity | **9.99%** | | | | | | | | | | |
| **Terminal Value** | | | | | | $ - | $ - | $ - | $ - | $ - | $ 96.17 |
| **Total Cash Flows** | | | | | | $ 2.15 | $ 2.38 | $ 2.53 | $ 2.76 | $ 3.10 | $ 99.42 |
| DDM Share Price | **$65.80** | | | | | | | | | | |

# DDM Output – Multi Step – Base Case

APPENDIX

| Multi Stage DDM (Perpetual Growth) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actuals | | | | | Projections | | | | | |
| **Year** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** |
| Basic EPS | $ 2.46 | $ 2.40 | $ 1.61 | $ 2.71 | $ 3.28 | $ 2.40 | $ 2.57 | $ 2.88 | $ 3.15 | $ 3.49 | $ 3.78 |
| Dividends/Sh | $ 1.82 | $ 2.00 | $ 2.08 | $ 2.14 | $ 2.18 | **$ 2.04** | **$ 2.19** | **$ 2.45** | **$ 2.68** | **$ 2.97** | **$ 3.21** |
| *Growth Rate* | | *10.22%* | *3.85%* | *3.15%* | *1.58%* | *-6.16%* | *7.05%* | *12.13%* | *9.25%* | *10.87%* | *8.25%* |
| Payout Ratio | 73.78% | 83.36% | 129.04% | 79.07% | 66.36% | 85.00% | 85.00% | 85.00% | 85.00% | 85.00% | 85.00% |
| ROE | 31.90% | 31.36% | 20.87% | 38.06% | 42.57% | 45.56% | 48.78% | 54.69% | 59.75% | 66.24% | 71.71% |
| Growth Rate | **6.39%** | | | | | | | | | | |
| *ROE* | *42.57%* | | | | | | | | | | |
| *Retention Ratio* | *15.00%* | | | | | | | | | | |
| Cost of Equity | **9.99%** | | | | | | | | | | |
| **Terminal Value** | | | | | | $ - | $ - | $ - | $ - | $ - | $ 94.97 |
| **Total Cash Flows** | | | | | | $ 2.04 | $ 2.19 | $ 2.45 | $ 2.68 | $ 2.97 | $ 98.18 |
| DDM Share Price | **$64.64** | | | | | | | | | | |

# DDM Output – Multi Step – Bear Case

APPENDIX

| Multi Stage DDM (Perpetual Growth) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actuals | | | | | Projections | | | | | |
| **Year** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** |
| Basic EPS | $ 2.46 | $ 2.40 | $ 1.61 | $ 2.71 | $ 3.28 | $ 2.25 | $ 2.38 | $ 2.51 | $ 2.72 | $ 3.07 | $ 3.21 |
| Dividends/Sh | $ 1.82 | $ 2.00 | $ 2.08 | $ 2.14 | $ 2.18 | **$ 1.91** | **$ 2.02** | **$ 2.14** | **$ 2.31** | **$ 2.61** | **$ 2.73** |
| *Growth Rate* | | *10.22%* | *3.85%* | *3.15%* | *1.58%* | *-12.25%* | *5.97%* | *5.61%* | *8.28%* | *12.78%* | *4.42%* |
| Payout Ratio | 73.78% | 83.36% | 129.04% | 79.07% | 66.36% | 85.00% | 85.00% | 85.00% | 85.00% | 85.00% | 85.00% |
| ROE | 31.90% | 31.36% | 20.87% | 38.06% | 42.57% | 42.60% | 45.15% | 47.68% | 51.62% | 58.22% | 60.79% |
| Growth Rate | **6.39%** | | | | | | | | | | |
| *ROE* | *42.57%* | | | | | | | | | | |
| *Retention Ratio* | *15.00%* | | | | | | | | | | |
| Cost of Equity | **9.99%** | | | | | | | | | | |
| **Terminal Value** | | | | | | $ - | $ - | $ - | $ - | $ - | $ 80.51 |
| **Total Cash Flows** | | | | | | $ 1.91 | $ 2.02 | $ 2.14 | $ 2.31 | $ 2.61 | $ 83.24 |
| DDM Share Price | **$55.24** | | | | | | | | | | |