Press Release

As of August 7, 2020 Close

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Drive thru and digital channels drive 30-point recovery in comparable sales across brands from end of March to June

Reopened over 4,500 restaurants in the quarter, now 93% open globally

Strong and flexible financial position with $2.5 billion of available liquidity at quarter end

Building pipeline for return to strong net restaurant growth in 2021

TORONTO, Aug. 6, 2020 /CNW/ - Restaurant Brands International Inc. (TSX: QSR) (NYSE: QSR) (TSX: QSP) today reported financial results for the second quarter ended June 30, 2020.

Jose Cil, Chief Executive Officer of Restaurant Brands International Inc. ("RBI") commented, "The COVID-19 pandemic has introduced a host of unprecedented challenges, but our proactive and coordinated response across the globe has helped drive a significant recovery in performance since March. I am so proud of our restaurant owners, our restaurant team members, and our entire team at RBI for their incredible work and dedication in confronting this crisis. By the end of the quarter, we were back to 90% of our prior year system-wide sales with 93% of our restaurants open worldwide, which speaks to the strength and resilience of our three amazing brands and business model."

Cil continued, "During this crisis, the strength of our drive thru, digital and delivery channels has been a particularly important differentiator as guests have looked to us for a combination of safety, convenience, quality and great value that few can match. It was encouraging to see our investments in digital channels drive meaningful incremental sales in the quarter and we're excited that in our home markets, digital sales across brands grew over 120% year-over-year and more than 30% quarter-over-quarter."

"We are a growth company at our core and we are continuing to make progress behind important initiatives to invest in our product quality, service, brand marketing and digital platforms. We are also working closely with our restaurant owners around the world to build strong pipelines and restart our global development engine. We have a very healthy balance sheet and three exceptional brands with well-capitalized systems. This combination positions us very well to navigate through this crisis and continue on our path to deliver industry-leading system-wide sales growth and build the most loved restaurants brands in the world," added Cil.

"And, while we have been laser-focused on the recovery of our business this past quarter, we made sure that important long-term priorities didn't get lost. We launched our *Restaurant Brands for Good* framework and identified major projects under the pillars of food, planet and people that we believe are foundational to building globally loved restaurant brands," concluded Cil.

Consolidated Operational Highlights	**Three Months Ended June 30,**	
	2020	**2019**
	(Unaudited)	
System-wide Sales Growth		
TH	(33.4)%	1.6 %
BK	(25.2)%	9.8 %
PLK	24.0 %	8.8 %
Consolidated	(20.9)%	7.9 %
System-wide Sales (in US$ millions)		
TH	$ 1,108	$ 1,716
BK	$ 4,127	$ 5,717
PLK	$ 1,247	$ 1,012
Consolidated	$ 6,482	$ 8,445

Net Restaurant Growth		
TH	1.3 %	1.6 %
BK	4.2 %	5.8 %
PLK	6.7 %	6.1 %
Consolidated	3.9 %	5.0 %
System Restaurant Count at Period End		
TH	4,934	4,872
BK	18,756	18,008
PLK	3,369	3,156
Consolidated	27,059	26,036
Comparable Sales		
TH	(29.3)%	0.5 %
BK	(13.4)%	3.6 %
PLK	24.8 %	3.0 %

Note: System-wide sales growth and comparable sales are calculated on a constant currency basis and include sales at franchise restaurants and company-owned restaurants. System-wide

sales are driven by sales at franchise restaurants, as approximately 100% of current restaurants are franchised. We do not record franchise sales as revenues; however, our franchise revenues include royalties based on a percentage of franchise sales. Additionally, if a restaurant is closed for a significant portion of a month, the restaurant is excluded from the monthly comparable sales calculation

Consolidated Financial Highlights

	Three Months Ended June 30,	
(in US$ millions, except per share data)	**2020**	**2019**
	(Unaudited)	
Total Revenues	$ 1,048	$ 1,400
Net Income Attributable to Common Shareholders and Noncontrolling Interests	$ 163	$ 257
Diluted Earnings per Share	$ 0.35	$ 0.55
TH Adjusted EBITDA(1)	$ 147	$ 287
BK Adjusted EBITDA(1)	$ 160	$ 252
PLK Adjusted EBITDA(1)	$ 51	$ 41
Adjusted EBITDA(2)	$ 358	$ 580
Adjusted Net Income(2)	$ 154	$ 331

Adjusted Diluted Earnings per Share(2)	$ 0.33	$ 0.71

	As of June 30,	
	2020	**2019**
	(Unaudited)	
LTM Free Cash Flow(2)	$ 1,110	$ 1,275
Net Debt	$ 11,320	$ 11,218
Net Leverage(2)	5.6x	5.0x

(1) TH Adjusted EBITDA, BK Adjusted EBITDA and PLK Adjusted EBITDA are our measures of segment profitability.

(2) Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted Earnings per Share, LTM Free Cash Flow, and Net Leverage are non-GAAP financial measures. Please refer to "Non-GAAP Financial Measures" for further detail.

The year-over-year change in Total Revenues on a GAAP basis was primarily driven by a decline in system-wide sales at Tim Hortons and Burger King and a decrease in supply chain sales, partially offset by an increase in system-wide sales at Popeyes. FX movements also contributed to the year-over-year decrease in Total Revenues on a GAAP basis.

The decrease in Net Income Attributable to Common Shareholders and Noncontrolling Interests for the second quarter was primarily driven by a decrease in Tim Hortons and Burger King segment income, partially offset by an increase in Popeyes segment income, a decrease in interest expense and a decrease in income tax expense.

The year-over year change in Adjusted EBITDA on a GAAP and on an organic basis was primarily driven by the decrease in Tim Hortons and Burger King Adjusted EBITDA, partially offset by an increase in Popeyes Adjusted EBITDA.

Our results this quarter continued to be significantly impacted by the COVID-19 global pandemic, but we saw a substantial improvement in business performance over the course of the quarter relative to the performance we saw during the onset of the crisis globally in March.

In North America and Asia Pacific substantially all of our restaurants were open as of the end of July. In Europe, Middle East and Africa approximately 90% of our restaurants were open as of the end of July, while in Latin America approximately 80% of our restaurants were open as of the end of July.

Many of our restaurants are operating with limited service modes serving food through channels such as drive-thru, delivery, and take-out. We have started re-opening our dining rooms in numerous countries and regions in line with guidance from local authorities.

While we do not know the future impact COVID-19 will have on our business, or when our business will return to normal operations, we expect to see a continued impact from COVID-19 on our full quarter results in the third quarter.

TH Segment Results

	Three Months Ended June 30,	
(in US$ millions)	**2020**	**2019**
	(Unaudited)	
System-wide Sales Growth	(33.4)%	1.6 %
System-wide Sales	$ 1,108	$ 1,716
Comparable Sales	(29.3)%	0.5 %
Net Restaurant Growth	1.3 %	1.6 %
System Restaurant Count at Period End	4,934	4,872
Sales	$ 374	$ 551
Franchise and Property Revenues	$ 193	$ 291

Total Revenues	$ 567	$ 842
Cost of Sales	$ 307	$ 420
Franchise and Property Expenses	$ 83	$ 90
Segment SG&A	$ 61	$ 77
Segment Depreciation and Amortization	$ 28	$ 26
Adjusted EBITDA(1)(3)	$ 147	$ 287

(3) TH Adjusted EBITDA includes $2 million and $5 million of cash distributions received from equity method investments for the three months ended June 30, 2020 and 2019, respectively.

For the second quarter of 2020, the decrease in system-wide sales growth was primarily driven by comparable sales of (29.3)%, including Canada comparable sales of (29.9)%, as well as the temporary closure of certain restaurants related to the COVID-19 pandemic, partially offset by net restaurant growth of 1.3%.

The year-over-year change in Total Revenues on a GAAP and on an organic basis was primarily driven by the decrease in system-wide sales. This decrease was also driven by FX movements on a GAAP basis.

The year-over-year change in Adjusted EBITDA on a GAAP and on an organic basis was primarily driven by the decrease in system-wide sales. This decrease was also driven by FX movements on a GAAP basis.

Our results at Tim Hortons in Canada improved over the course of the quarter relative to results during the onset of the global pandemic in March. During the last two weeks of March, comparable sales decreased on average by a percentage in the mid-forties. As of the end of July, comparable sales performance had improved to the negative-mid teens on a percentage basis.

BK Segment Results

Three Months Ended June 30,

(in US$ millions)	**2020**	**2019**
	(Unaudited)	
System-wide Sales Growth	(25.2)%	9.8 %
System-wide Sales	$ 4,127	$ 5,717
Comparable Sales	(13.4)%	3.6 %
Net Restaurant Growth	4.2 %	5.8 %
System Restaurant Count at Period End	18,756	18,008
Sales	$ 15	$ 19
Franchise and Property Revenues	$ 332	$ 428
Total Revenues	$ 347	$ 447
Cost of Sales	$ 16	$ 17
Franchise and Property Expenses	$ 48	$ 42
Segment SG&A	$ 135	$ 149
Segment Depreciation and Amortization	$ 12	$ 12

Adjusted EBITDA(1)(4)	$ 160	$ 252

(4) BK Adjusted EBITDA includes $1.0 million of cash distributions received from equity method investments for the three months ended June 30, 2019. No significant amounts were received for the three months ended June 30, 2020.

For the second quarter of 2020, the decrease in system-wide sales growth was driven by a decrease in comparable sales of (13.4)%, including a decrease in US comparable sales of (9.9)%, as well as the temporary closure of certain restaurants related to the COVID-19 pandemic, partially offset by net restaurant growth of 4.2%.

The year-over-year change in Total Revenues on a GAAP and on an organic basis was primarily driven by the decrease in system-wide sales, which was concentrated in the month of April. On a GAAP basis, FX movements resulted in a further decrease.

The year-over-year change in Adjusted EBITDA on a GAAP and on an organic basis was primarily driven by the decrease in system-wide sales. This decrease was also driven by FX movements on a GAAP basis.

Our results at Burger King in the US improved over the course of the quarter relative to results during the onset of the global pandemic in March. During the last two weeks of March, comparable sales decreased on average by a percentage in the low-thirties. As of the end of July, comparable sales performance had improved to flat on a year-over-year basis.

PLK Segment Results

	Three Months Ended June 30,	
(in US$ millions)	**2020**	**2019**
	(Unaudited)	
System-wide Sales Growth	24.0 %	8.8 %
System-wide Sales	$ 1,247	$ 1,012
Comparable Sales	24.8 %	3.0 %

Net Restaurant Growth	6.7 %	6.1 %
System Restaurant Count at Period End	3,369	3,156
Sales	$ 17	$ 19
Franchise and Property Revenues	$ 117	$ 92
Total Revenues	$ 134	$ 111
Cost of Sales	$ 16	$ 16
Franchise and Property Expenses	$ 3	$ 3
Segment SG&A	$ 65	$ 54
Segment Depreciation and Amortization	$ 2	$ 3
Adjusted EBITDA(1)	$ 51	$ 41

For the second quarter of 2020, system-wide sales growth was driven by comparable sales growth of 24.8%, including US comparable sales growth of 28.5%, as well as net restaurant growth of 6.7%, partially offset by the temporary closure of certain restaurants related to the COVID-19 pandemic.

The year-over-year change in Total Revenues on a GAAP and on an organic basis was primarily driven by system-wide sales growth.

The year-over-year change in Adjusted EBITDA on a GAAP and on an organic basis was primarily driven by system-wide sales growth.

Our results at Popeyes in the US improved over the course of the quarter relative to results during the onset of the global pandemic in March. During the last two weeks of March, comparable sales were approximately flat on a year-over-year basis. As of the end of July, comparable sales performance had improved to the positive high-twenties on a percentage basis.

Cash and Liquidity

As of June 30, 2020, total debt was $12.9 billion, net debt (total debt less cash and cash equivalents of $1.5 billion) was $11.3 billion, and net leverage was 5.6x. Our cash balance at quarter end reflects our decision to pay down the full amount we had drawn on our $1 billion revolving credit facility, which we had drawn out of an abundance of caution during the onset of the global crisis in mid-March. Our cash balance also reflects $500 million of First Lien Notes, which we issued at the beginning of April 2020.

The RBI Board of Directors has declared a dividend of $0.52 per common share and partnership exchangeable unit of Restaurant Brands International Limited Partnership for the third quarter of 2020. The dividend will be payable on October 2, 2020 to shareholders and unitholders of record at the close of business on September 18, 2020.