



Restaurant Brands International Inc. Reports First Quarter 2023 Results

Consolidated system-wide sales growth of +15% year-over-year

Global comparable sales of +10%, led by +16% at TH Canada, +12% at BK International and +9% at BK US

Sales momentum translates into strong bottom-line growth for franchisees and the company

Toronto, May 2, 2023 - Restaurant Brands International Inc. ("RBI") (TSX: QSR) (NYSE: QSR) (TSX: QSP) today reported financial results for the first quarter ended March 31, 2023. Josh Kobza, Chief Executive Officer of RBI commented, "Our teams delivered a solid start to the year, with double-digit comparable sales and system-wide sales growth. Top line sales momentum translated into bottom line growth for our franchisees and our company. I am confident in our plans for future growth and would like to thank our teams who are focused on improving operations and delivering a great guest experience every day at our restaurants."

First Quarter 2023 Highlights:

- Consolidated comparable sales increased 10.3% and net restaurants grew 4.2% versus the prior year
- System-wide sales increased 14.7% year-over-year
- Net Income of \$277 million versus \$270 million in prior year
- Adjusted EBITDA of \$588 million increased 15.6% organically versus the prior year
- Diluted EPS was \$0.61 versus \$0.59 in prior year
- Adjusted Diluted EPS of \$0.75 increased 22.1% organically versus the prior year

Consolidated Operational Highlights

Consolidated Operational Highlights	Three Months Ended March 31,	
	2023	2022
	(Unaudited)	
System-wide Sales Growth		
TH	17.9 %	12.9 %
BK	14.3 %	16.2 %
PLK	14.4 %	4.1 %
FHS	7.5 %	N/A
Consolidated (a)	14.7 %	13.5 %
FHS (a)	N/A	7.4 %
System-wide Sales (in US\$ millions)		
TH	\$ 1,731	\$ 1,556
BK	\$ 6,241	\$ 5,647
PLK	\$ 1,568	\$ 1,383
FHS	\$ 292	\$ 272
Consolidated	\$ 9,832	\$ 8,858
Net Restaurant Growth		
TH	5.6 %	6.7 %
BK	2.5 %	2.9 %
PLK	10.8 %	7.9 %
FHS	2.3 %	N/A
Consolidated (a)	4.2 %	4.3 %
FHS (a)	N/A	1.8 %
System Restaurant Count at Period End		
TH	5,620	5,320
BK	18,911	18,446
PLK	4,178	3,771
FHS	1,247	1,219
Consolidated	29,956	28,756
Comparable Sales		
TH	13.8 %	8.4 %
BK	10.8 %	9.9 %
PLK	5.6 %	(3.0)%
FHS	6.1 %	N/A
Consolidated (a)	10.3 %	7.4 %
FHS (a)	N/A	4.2 %

(a) Consolidated system-wide sales growth, consolidated comparable sales and consolidated net restaurant growth do not include the results of Firehouse Subs for 2022. FHS 2022 growth figures are shown for informational purposes only.

Notes: (1) In our 2022 financial reports, our key business metrics included results from our franchised Burger King restaurants in Russia, with supplemental disclosure provided excluding these restaurants. We did not generate any new profits from restaurants in Russia in 2022 and do not expect to generate any new profits in 2023. Consequently, beginning in the first quarter of 2023, our reported key business metrics exclude the results from Russia for all periods presented. (2) 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 royalty revenues and advertising fund contributions are calculated 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

(in US\$ millions, except per share data)

	Three Months Ended March 31,	
	2023	2022
	(Unaudited)	
Total Revenues	\$ 1,590	\$ 1,451
Net Income	\$ 277	\$ 270
Diluted Earnings per Share	\$ 0.61	\$ 0.59
TH Adjusted EBITDA ⁽¹⁾	\$ 251	\$ 231
BK Adjusted EBITDA ⁽¹⁾	\$ 256	\$ 229
PLK Adjusted EBITDA ⁽¹⁾	\$ 66	\$ 56
FHS Adjusted EBITDA ⁽¹⁾	\$ 15	\$ 14
Adjusted EBITDA ⁽²⁾	\$ 588	\$ 530
Adjusted Net Income ⁽²⁾	\$ 340	\$ 295
Adjusted Diluted Earnings per Share ⁽²⁾	\$ 0.75	\$ 0.64
	Three Months Ended March 31,	
	2023	2022
	(Unaudited)	
Net cash provided by operating activities	\$ 95	\$ 234
Net cash (used for) provided by investing activities	\$ —	\$ 1
Net cash (used for) provided by financing activities	\$ (240)	\$ (426)
LTM Free Cash Flow ⁽²⁾	\$ 1,243	\$ 1,593
Net Debt	\$ 12,331	\$ 12,581
Net Income Net Leverage ⁽³⁾	8.3x	10.0x
Adjusted EBITDA Net Leverage ⁽²⁾	5.1x	5.5x

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

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

(3) Net Income Net Leverage is defined as net debt (total debt less cash and cash equivalents) divided by LTM Net Income (compliant with SEC guidance regarding non-GAAP financial measures).

We have four operating segments: Tim Hortons (TH), Burger King (BK), Popeyes Louisiana Kitchen (PLK) and Firehouse Subs (FHS). Our financial results and operational highlights are disclosed based on these segments each quarter.

The year-over-year increases in Total Revenues on an as reported and on an organic basis were primarily driven by increases in system-wide sales in all of our segments. On an as reported basis the increase was partially offset by unfavorable FX movements.

The year-over-year increase in Net Income was primarily driven by increases in segment income in all our segments, a decrease in income tax expense and a favorable change from the impact of equity method investments. These factors were partially offset by unfavorable FX movements, an unfavorable change from other operating expenses (income), net, an increase in share-based compensation and non-cash incentive compensation expense, an increase in FHS Transaction costs, and an increase in interest expense, net.

The year-over-year increase in Adjusted EBITDA on an as reported basis was largely driven by increases in BK, TH and PLK Adjusted EBITDA, partially offset by unfavorable FX movements which primarily impacted TH and BK Adjusted EBITDA.

The year-over-year increase in Adjusted EBITDA on an organic basis was primarily driven by increases in BK, TH and PLK Adjusted EBITDA.

The year-over-year increase in Adjusted Net Income was primarily driven by increases in Adjusted EBITDA in our TH, BK and PLK brands and a decrease in adjusted income tax expense, partially offset by unfavorable FX movements, an increase in adjusted interest expense and an increase in share-based compensation and non-cash incentive compensation expense.

Burger King US Reclaim the Flame

In September 2022, Burger King shared the details of its "Reclaim the Flame" plan to accelerate sales growth and drive franchisee profitability. We will be investing \$400 million over the life of the plan, comprised of \$150 million in advertising and digital investments ("Fuel the Flame") and \$250 million in high-quality remodels and relocations, restaurant technology, kitchen equipment, and building enhancements ("Royal Reset").

During the quarter ended March 31, 2023, we funded approximately \$7 million toward the Fuel the Flame investment and \$7 million toward our Royal Reset investment. As of March 31, 2023, we have funded a total of \$20 million toward the Fuel the Flame investment and \$25 million toward our Royal Reset investment.

Macro Economic Environment

During 2022 and the first quarter of 2023, there were increases in commodity, labor, and energy costs partially due to the macroeconomic impact of both the war in Ukraine and COVID-19. Further significant increases in inflation could affect the global, Canadian and U.S. economies, resulting in foreign exchange volatility and rising interest rates which could have an adverse impact on our business and results of operations if we and our franchisees are not able to adjust prices sufficiently to offset the effect of cost increases without negatively impacting consumer demand.

In addition, the global crisis resulting from the spread of COVID-19 impacted our restaurant operations during the three months ended March 31, 2022. Certain markets, including Canada and China, were significantly impacted as a result of government mandated lockdowns. These lockdowns, which have since been lifted, resulted in restrictions to restaurant operations, such as reduced, if any, dine-in capacity, and/or restrictions on hours of operation in those markets.

TH Segment Results

(in US\$ millions)

	Three Months Ended March 31,	
	2023	2022
	(Unaudited)	
System-wide Sales Growth	17.9 %	12.9 %
System-wide Sales	\$ 1,731	\$ 1,556
Comparable Sales	13.8 %	8.4 %
Net Restaurant Growth	5.6 %	6.7 %
System Restaurant Count at Period End	5,620	5,320
Sales	\$ 618	\$ 566
Franchise and Property Revenues	\$ 220	\$ 206
Advertising Revenues and Other Services	\$ 62	\$ 57
Total Revenues	\$ 900	\$ 829
Cost of Sales	\$ 505	\$ 453
Franchise and Property Expenses	\$ 79	\$ 81
Advertising Expenses and Other Services	\$ 65	\$ 67
Segment G&A	\$ 29	\$ 29
Segment Depreciation and Amortization	\$ 25	\$ 29
Adjusted EBITDA ⁽¹⁾⁽⁴⁾	\$ 251	\$ 231

(4) TH Adjusted EBITDA includes \$3 million of cash distributions received from equity method investments for the three months ended March 31, 2023 and 2022.

For the first quarter of 2023, the increase in system-wide sales was primarily driven by comparable sales of 13.8%, including Canada comparable sales of 15.5%, and net restaurant growth of 5.6%.

The year-over-year increases in Total Revenues on an as reported and on an organic basis were primarily driven by an increase in system-wide sales as well as increases in commodity prices passed on to franchisees and an increase in sales to retailers. The increase in Total Revenues on an as reported basis was partially offset by unfavorable FX movements.

The year-over-year increases in Adjusted EBITDA on an as reported and on an organic basis were primarily driven by the increase in system-wide sales and by advertising expenses exceeding advertising revenues in the current year period to a lesser extent than in the prior year period, partially offset by an increase in cost of sales including the impact of increases in commodity prices. The increase in Adjusted EBITDA on an as reported basis was partially offset by unfavorable FX movements.

BK Segment Results

(in US\$ millions)

	Three Months Ended March 31,	
	2023	2022
	(Unaudited)	
System-wide Sales Growth	14.3 %	16.2 %
System-wide Sales	\$ 6,241	\$ 5,647
Comparable Sales	10.8 %	9.9 %
Net Restaurant Growth	2.5 %	2.9 %
System Restaurant Count at Period End	18,911	18,446
Sales	\$ 19	\$ 16
Franchise and Property Revenues	\$ 344	\$ 318
Advertising Revenues and Other Services	\$ 121	\$ 109
Total Revenues	\$ 484	\$ 443
Cost of Sales	\$ 17	\$ 17
Franchise and Property Expenses	\$ 40	\$ 45
Advertising Expenses and Other Services	\$ 135	\$ 119
Segment G&A	\$ 48	\$ 45
Segment Depreciation and Amortization	\$ 12	\$ 12
Adjusted EBITDA ⁽¹⁾	\$ 256	\$ 229

For the first quarter of 2023, the increase in system-wide sales was driven by comparable sales of 10.8%, including US comparable sales of 8.7% and rest of the world comparable sales of 12.3%, and net restaurant growth of 2.5%.

The year-over-year increases in Total Revenues on an as reported and on an organic basis were primarily driven by the increase in system-wide sales as well as an increase in sales from Company restaurants. The increase in Total Revenues on an as reported basis was partially offset by unfavorable FX movements.

The year-over-year changes in Adjusted EBITDA on an as reported and on an organic basis were primarily driven by the increase in system-wide sales and a decrease in bad debt expenses as compared to the prior year. This was partially offset by advertising expenses exceeding advertising revenues in the current year to a greater extent than the prior year due to the Fuel the Flame investment, and higher Segment G&A largely as a result of hiring across a number of key areas including operations and franchising. The increase in Adjusted EBITDA on an as reported basis was partially offset by unfavorable FX movements.

PLK Segment Results

(in US\$ millions)

	Three Months Ended March 31,	
	2023	2022
	(Unaudited)	
System-wide Sales Growth	14.4 %	4.1 %
System-wide Sales	\$ 1,568	\$ 1,383
Comparable Sales	5.6 %	(3.0)%
Net Restaurant Growth	10.8 %	7.9 %
System Restaurant Count at Period End	4,178	3,771
Sales	\$ 21	\$ 17
Franchise and Property Revenues	\$ 80	\$ 71
Advertising Revenues and Other Services	\$ 66	\$ 60
Total Revenues	\$ 168	\$ 148
Cost of Sales	\$ 19	\$ 16
Franchise and Property Expenses	\$ 2	\$ 2
Advertising Expenses and Other Services	\$ 67	\$ 61
Segment G&A	\$ 15	\$ 15
Segment Depreciation and Amortization	\$ 2	\$ 2
Adjusted EBITDA ⁽¹⁾	\$ 66	\$ 56

For the first quarter of 2023, the increase in system-wide sales was driven by net restaurant growth of 10.8% and comparable sales of 5.6%, including US comparable sales of 3.4%.

The year-over-year increases in Total Revenues on an as reported and on an organic basis were primarily driven by the increase in system-wide sales including an increase in sales from Company restaurants. The increase in Total Revenues on an as reported basis was partially offset by unfavorable FX movements.

The year-over-year increases in Adjusted EBITDA on an as reported and on an organic basis were primarily driven by the increase in system-wide sales, partially offset by an increase in cost of sales. The increase in Adjusted EBITDA on an as reported basis was partially offset by unfavorable FX movements.

FHS Segment Results

(in US\$ millions)

	Three Months Ended March 31,	
	2023	2022
	(Unaudited)	
System-wide Sales Growth (a)	7.5 %	7.4 %
System-wide Sales	\$ 292	\$ 272
Comparable Sales (a)	6.1 %	4.2 %
Net Restaurant Growth (a)	2.3 %	1.8 %
System Restaurant Count at Period End	1,247	1,219
Sales	\$ 10	\$ 10
Franchise and Property Revenues	\$ 23	\$ 20
Advertising Revenues and Other Services	\$ 4	\$ 1
Total Revenues	\$ 37	\$ 31
Cost of Sales	\$ 8	\$ 8
Franchise and Property Expenses	\$ 2	\$ 2
Advertising Expenses and Other Services	\$ 5	\$ —
Segment G&A	\$ 8	\$ 8
Adjusted EBITDA ⁽¹⁾	\$ 15	\$ 14

(a) FHS 2022 growth figures are shown for informational purposes only.

For the first quarter of 2023, the increase in system-wide sales was driven by comparable sales of 6.1%, including US comparable sales of 6.7%, and net restaurant growth of 2.3%.

The year-over-year increases in Total Revenues and Adjusted EBITDA were primarily driven by the increase in system-wide sales. In addition, increases in Advertising Revenues and Other Services and Advertising Expenses and Other Services reflect our ongoing process to align the Advertising fund arrangements to be more consistent with those of our other brands.

Cash and Liquidity

As of March 31, 2023, total debt was \$13.4 billion, net debt (total debt less cash and cash equivalents of \$1.0 billion) was \$12.3 billion, net income net leverage was 8.3x and adjusted EBITDA net leverage was 5.1x.

The RBI Board of Directors has declared a dividend of \$0.55 per common share and partnership exchangeable unit of Restaurant Brands International Limited Partnership for the second quarter of 2023. The dividend will be payable on July 6, 2023 to shareholders and unitholders of record at the close of business on June 22, 2023.

Investor Conference Call

We will host an investor conference call and webcast at 8:30 a.m. Eastern Time on Tuesday, May 2, 2023, to review financial results for the first quarter ended March 31, 2023. The earnings call will be broadcast live via our investor relations website at <http://rbi.com/investors> and a replay will be available for 30 days following the release. The dial-in number is 1 (833)-470-1428 for U.S. callers, 1 (226)-828-7575 for Canadian callers, and 1 (929)-526-1599 for callers from other countries. For all dial-in numbers please use the following access code: 623742.

For further information: Investors: investor@rbi.com; Media: media@rbi.com

About Restaurant Brands International Inc.

Restaurant Brands International Inc. is one of the world's largest quick service restaurant companies with over \$35 billion in annual system-wide sales and approximately 30,000 restaurants in more than 100 countries. RBI owns four of the world's most prominent and iconic quick service restaurant brands – TIM HORTONS®, BURGER KING®, POPEYES®, and FIREHOUSE SUBS®. These independently operated brands have been serving their respective guests, franchisees and communities for decades. Through its *Restaurant Brands for Good* framework, RBI is improving sustainable outcomes related to its food, the planet, and people and communities. To learn more about RBI, please visit the company's website at www.rbi.com.

Forward-Looking Statements

This press release contains certain forward-looking statements and information, which reflect management's current beliefs and expectations regarding future events and operating performance and speak only as of the date hereof. These forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties. These forward-looking statements include statements about our expectations regarding the effects and continued impact of the macroeconomic environment from the war in Ukraine, the COVID-19 pandemic, and related macro-economic pressures, such as inflation, rising interest rates and currency fluctuations, on our results of operations, business, liquidity, prospects and restaurant operations and those of our digital, marketing, remodel and technology enhancement initiatives and expectations regarding further expenditures relating to these initiatives, including our "Reclaim the Flame" plan to accelerate sales growth and drive franchisee profitability at Burger King, our growth opportunities, plans and strategies for each of our brands and ability to drive long-term, sustainable growth, including through global expansion and restaurant openings, and our suspension of operations in and financial results from Russia. The factors that could cause actual results to differ materially from RBI's expectations are detailed in filings of RBI with the Securities and Exchange Commission and applicable Canadian securities regulatory authorities, such as its annual and quarterly reports and current reports on Form 8-K, and include the following: risks related to unforeseen events such as pandemics; risks related to supply chain; risks related to ownership and leasing of properties; risks related to our franchisees financial stability and their ability to access and maintain the liquidity necessary to operate their business; risks related to our fully franchised business model; risks related to RBI's ability to successfully implement its domestic and international growth strategy and risks related to its international operations; risks related to RBI's ability to compete domestically and internationally in an intensely competitive industry; risks related to technology; evolving legislation and regulations in the area of franchise and labor and employment law; risks related to the conflict between Russia and Ukraine, our ability to address environmental and social sustainability issues and changes in applicable tax and other laws and regulations or interpretations thereof. Other than as required under U.S. federal securities laws or Canadian securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, change in expectations or otherwise.