Today’s Webcast Presentation

Surviving and Thriving In 2020!!

Presented by

FEI San Antonio Chapter

March 24, 2021

will begin shortly ...
CPE Credits

Today’s webinar is worth 1 Continuing Professional Education (CPE) credit.

To be eligible for CPE credit, you must:

• Have a total viewing time of at least 50 minutes
• Respond to at least 3 attendance checks throughout the webinar.

These will appear on your screen, like the below, along with an audio cue.
SURVIVING AND THRIVING IN 2020!!
AGENDA

LEADERSHIP IN CRISIS

EXECUTION GOALS DURING PANDEMIC

IMPACT ON BRAND RESILIENCE

INITIATIVES TO DRIVE GROWTH

LEVERAGING 2020 FOR THE FUTURE

QUESTIONS
WHATABURGER — WHO WE ARE!

70 YEARS OF EXCELLENCE
AND WE’RE JUST GETTING STARTED
WHATABURGER — WHO WE ARE!
Mission
Show passionate gratitude every day for our Whataburger Family Members and Guests.

Vision
Be known for great food and extraordinary hospitality in every community we serve by going the extra mile to win our Customers’ hearts every time.
LEADERSHIP IN CRISIS: REINFORCED OUR STRATEGIC GROWTH PILLARS

- AUV Growth
- Corporate New Unit/Conversion Growth
- Franchise New Unit Growth
- CPG/Supply Chain Optimization for Growth
EXECUTION GOALS DURING PANDEMIC - EXECUTING CHANGE IN UNPRECEDENTED EVENT

- Utilized a three-phased strategic and systematic approach based on our proven experience
- Pivoted from crisis management into crisis leadership
- Maintained positive momentum with operational excellence
- Turned headwinds into tailwinds to help us thrive and emerge stronger as a Brand

CRISIS LEADERSHIP
- Protect our Family Members
- Protect and Serve our Guests
- Business Continuity

BUSINESS RECOVERY
- Operational Excellence
- Remain a Trusted Brand
- Adjust Our Business For The Long Term
- Modified traditional marketing to focus on digital channels

BRAND ACCELERATION

Turning Headwinds into Tailwinds
- >30M Unemployed
- Restaurant Bankruptcies
- Dining Rooms Closed

Hiring Campaign
- New Growth Avenues
- Growth in Online Ordering
- New Revenue Ports
  - Curbside
  - Delivery
  - Reopen Dining Rooms
EXECUTION GOALS - MANAGING THROUGH A PANDEMIC

CRISIS LEADERSHIP
Responding to rapidly changing environment

- Ensure food product flow; adapting to evolving weekly sales curve
  - Aggressively managing supplier partner and supplier order/delivery cycles to support sales
  - Mitigate inventory write-offs/donation
- Protect customers and Family Members
  - Rapid sourcing of non-food product in challenged supply environment (e.g., masks, gloves, sanitizer, thermometers, etc.)
  - Relied heavily on internal warehouse and fulfillment to execute quickly
  - Quality Assurance Team developed new virtual audit process to remotely assess food safety

BUSINESS RECOVERY TO BRAND ACCELERATION
Moving the business forward

- Focus efforts and activities around essential sales opportunities (e.g., delivery, curbside, drive thru, reopening dining rooms, CPG, etc.)
  - Support launch of spicy chicken in Q4
- Protect supply chain
  - Identify/mitigate potential supply chain disruptions
- Manage the business (while protecting the Brand)
  - Pursue cost optimization approaches with suppliers (e.g., case cost reduction, less expensive packaging on French Fries, etc.)
- Leverage CPG/E-Commerce business to connect with customers
  - Maintain the personal connection in time of social distance and increased app use
Due to the cancellation of live sporting events and limited new programming, we adjusted our media mix for new consumption patterns, which resulted in moving broadcast TV into more digital and social media.

**Big Flavor**

We immediately let our customers know we are still open for business, and they can get their made-to-order Whataburger in the drive thru and now curbside. On-Line Ordering!

**Hometown**

Our Hometown approach combined with Operations delivering exceptional service in the drive-thru and curbside has won over our customers! Our campaign reminded our customers that Whataburger is there for them.

We told them that even though we cannot be close, we can still be neighborly. Operations Delivered!

**Founding Values**

Our Founding Values were experienced by not only our customers, but our Team Members also felt a sense of Pride when delivering to our customer in this time of need.

Respectful, Welcoming, Considerate

A Sense of Family
IMPACT ON BRAND RESILIENCE - CREATIVE PIVOT TO CURBSIDE

Digital OOH Board

Order Online
PICK IT UP Curbside 8AM - 8PM

OUR DRIVE THRU IS OPEN

Large Order Deliveries

BBQ Bacon Burger TV End Tag

Offer Email

Digital Banner

“Neighborly” TV Spot

Social Post
We must focus our initial customer communications on our strongest brand points of difference as it relates to our products. This will take time and should be done in conjunction with our menu.

**Big Flavor**

- Big Portions, Fresh Ingredients, Original Recipes
- Made to Order / Customization
- Homemade Goodness

Our Hometown approach must be earned every day thru FBD and CCR. It takes time to build meaningful relationships, memories and affinity with our customers. We will not be able to shout about Hometown until it is earned.

**Hometown**

- Where Memories Are Made
- Local/Grassroots
- Whataburger Serves

Our Founding Values are something we humbly do each and every day to win the hearts of our customers. They are experienced by our customers, and over time, will build a strong affinity with our customers.

**Founding Values**

- Respectful, Welcoming, Considerate
- A Sense of Family
Again, we pivoted from crisis leadership into business recovery and are executing initiatives to drive strategic growth.

**CRISIS LEADERSHIP**

- Activated Command Center
  - Enhanced Restaurant Communications
  - Risk Alignment With CDC Protocols
- Franchisee Partnership
- Deferred Non-Essential Capital Expenditures And Cosmetic Work
- G&A Efficiencies

**BUSINESS RECOVERY**

- Reopen Dining Rooms
- Online Ordering Margin Optimization
- Reopen Corporate Office

**BRAND ACCELERATION**

- Hot Schedules (Labor Scheduling)
- Enhanced Market Growth
- New Revenue Ports: Delivery

**STRATEGY COUNCIL OVERSIGHT**
COVID-19 KEY ACTIONS: PROVEN RESILIENCE IN CHALLENGING TIMES

GUESTS & FAMILY MEMBERS

✓ We maintained operations through our drive-thru, take-out, and added curbside and delivery.
✓ We did not lay-off any restaurant employees and recognized our general managers & managers by paying all quarterly bonuses, maintained semi-annual restaurant raised. Plus, we paid Hero bonuses to long-tenured team members and team leaders.
✓ Invested in PPE to protect our guests and family members. We revised our operating procedures to promote social distancing, closed dining rooms, provided gloves and facemasks to all family members, increased cleaning frequency, visible hand sanitizer, safety captains, virtual FSQA audits, improved contactless services and implemented family member health and wellness procedures.
✓ Elevated restaurant operations leadership by establishing key boundaries and focus on restaurant performance standards.
✓ Rolled out Hot Schedules labor scheduling to enhance family member experience. (Achieved highest FMSAT 80% in company history)

FRANCHISEES

✓ We partnered with franchisees to share best practices through regular command center calls and ongoing support.
✓ Maintained fortified supply chain with no disruptions

FINANCIAL

✓ Pursued cost reductions from suppliers (e.g. less expensive packaging on French Fries, etc.)
✓ Leveraged CPG/E-Commerce business to connect with customers to maintain the personal connection in time of social distance and increased app use.
✓ Increased digital (online ordering & rewards)
✓ Improved returns on new prototypes including the development of a drive thru only concept
INITIATIVES TO DRIVE GROWTH — PEOPLE, PEOPLE, PEOPLE

We are building a campaign that promotes...

- REVAMPED EMPLOYMENT BRAND ALIGNED TO 2021 BUSINESS GOALS AND OBJECTIVES
- REVAMPED RECRUITMENT MATERIALS THAT PROMOTE THE LIFESTYLE OF WORKING AT
- NEW CAREERS WEBSITE THAT MATCHES THE CALIBER OF OUR BRAND
- HIGHLY-CONNECTED LOCAL MARKET OUTREACH STRATEGY AND EXECUTION PLAN
- ADVERTISING STRATEGY TO PROMOTE OUR EMPLOYER BRAND AND TARGET PASSIVE CANDIDATES

Working at Whataburger as a lifestyle – not just a list of benefits.
IN 2020 20 NEW UNITS OPENED IN THE MIDDLE OF THE PANDEMIC

March 30: #1161 Castroville
April 8: #1159 Anna
April 27: #1157 San Antonio
May 13: #1160 Deer Park
Whataburger Market Data - APT

SSS %

APT
WB

P01 P02 P03 P04 P05 P06 P07 P08 P09 P10 P11 P12 P01 P01 P01
W1 W2 W3 W4 W5 W6 W7 W8 W9 W10 W11 W12 W3 W5

AND CONTINUE TO OUTPERFORM OUR PEERS WITHIN THE MARKETS WE SERVE
LEVERAGING 2020 - COVID-19 TURNING THE CORNER: HEADWINDS/TAILWINDS

**2021 PLANS**

**ELEVATING THE FAMILY MEMBER EXPERIENCE**
- Post-pandemic recovery timeline
- Anticipated increase in casual and full-service dining
  - Federal Minimum Wage Increase
  - Labor laws: Leave/Health benefits
  - Labor laws: Unions
  - Current oil production
  - Commodity & Input Cost Pressures
  - Staffing Pressures

**OPTIMIZING THE GUEST EXPERIENCE**
- Turning the corner on COVID-19
- Pent-up demand (Sporting, Destination Locations)
  - Increased Household Savings Rate
  - Recapturing Food Away from Home
  - Breakfast & Late-night Dayparts
  - Technology and restaurant efficiency
  - Increasing oil price
  - Increasing border crossings
  - Stimulus checks
  - WhataGames
  - Real Estate opportunities

**ACCELERATING THE BRAND**

**MAXIMIZING ENTERPRISE VALUE**

**TAILWINDS**

**OPPORTUNITIES**

**HEADWINDS**
## LEVERAGING 2020 - GROWTH ENGINE: ACCELERATING OUR STRATEGY

### Strategic Execution of our Growth Mindset

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<th>BUILDING THE PEOPLE PIPELINE</th>
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<td>Elevate our GMs (Owner Mentality)</td>
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<td>Performance Standards (Unit, Leadership, Facility)</td>
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<td>New Ops Compensation Program aligned to performance</td>
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<td>Employment Brand Campaign</td>
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<td>Optimize Revenue Ports</td>
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<td>Accelerate Digital Capabilities</td>
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<td>Roll out new &amp; enhanced menu items</td>
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<th>TO ENABLE ACCELERATED GROWTH</th>
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<td>Accelerated corp. &amp; franchise new unit/market growth</td>
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<td>Enable new supply chain partnerships</td>
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Serving & Engaging Our Guests
WHENEVER & HOWEVER THEY DESIRE

DINE-IN
CARRYOUT
DRIVE-THRU
CURBSIDE
DELIVERY
LEVERAGING 2020 FOR THE FUTURE — STRATEGIC GROWTH PILLARS

“AUV Growth
Corporate New Unit/Conversion Growth
Franchise New Unit Growth
CPG/Supply Chain Optimization for Growth

“STAYING TRUE TO THE STRATEGY!!”
LEVERAGING 2020 FOR THE FUTURE — BRAND POSITIONING

Big Flavor
Big Portions, Fresh Ingredients, Original Recipes
Made to Order / Customization
Homemade Goodness

Hometown
Where Memories Are Made
Local/Grassroots
Whataburger Serves

Founding Values
Respectful, Welcoming, Considerate
A Sense of Family
QUESTIONS??
FOR YOUR PARTICIPATION DURING THIS WEBCAST!

Your CPE certificate will be emailed within 24 hours should you meet the criteria.

For any additional questions regarding CPE, please email Conf@financialexecutives.org