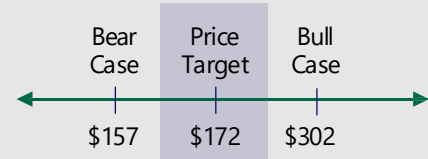




RESEARCH REPORT

APRIL 2026

Stock Rating	BUY
Price Target	\$223
Current Price	\$172



Ticker	WING
Market Cap (MM)	\$4,500
Valuation EV / Sales	7.8x
Valuation EV / FCF	45.3x

52 Week Performance



WINGSTOP INC.

Wingin' It To The QSR Top 10

Wingstop (NASDAQ: WING) is the QSR industry's new rising star best known for its singular franchise product: chicken wings. With ~98% of its 3,000 global restaurant units being franchised, Wingstop's business model is simple: collect royalties and ad fees on >\$5 billion in system-wide sales (SWS) while offloading the high-capex burden of buildouts, labor, and food cost volatility to its franchisees. The stock has slumped ~33% since Jan. 2026, ultimately coming down 63% from Q3FY24 highs after reporting their first same-store sales (SSS) decline in 22 years. Simply put, the stock is being punished for mean reversion SSS growth despite posting industry-leading +16-20% numbers since FY22.

However, we believe Wingstop is now equipped with the infrastructure and tailwinds necessary to re-start its flywheel to becoming a top 10 global Quick Service Restaurant.

Thesis #1: "Smart Kitchen" Brings AI into Optimizing the Kitchen; We Believe SSS Growth Will Return to 2-4% and Lead the QSR Industry.

Wingstop began the rollout of their AI-backed "Smart Kitchen" (SK) programs to cut ticket times and improve ratings; trial runs have shown a positive impact on SSS, giving Wingstop an easy lead amidst industry-wide decline in comps. Even though valuation metrics remain elevated, they've halved since FY24 highs. We believe a return to positive SSS growth will leave room for multiples expansion.

Thesis #2: Unlev. Cash-on-Cash Returns will Lead to Global Expansion at Higher Comps, Ultimately hitting \$3M Global AUV Goal and 10,000 Unit Count.

Wingstop offers an unparalleled ~70% Unlevered Cash-on-Cash return to franchisees, which makes a strong incentive to hit their \$3M AUV growth and 10,000 global unit count when compounded with SK program.

Andrew Grignano

Lucas Flood

Liam Fineberg

All Charts & Graphs
Created by Team Unless
Otherwise Cited.



Global, Asset-light Business Model @ >16% Forward Unit CAGR

Wingstop’s asset-light business model allows them to leverage >3,000 franchise units’ balance sheets while taking 11.5% off the top. We think this is a major advantage in generating stable cash flows at high restaurant-level profitability.

Wingstop’s business model is the standard QSR franchise model: sell fast-food at a large number of global franchise units. The company ended FY25 with 3,056 locations, 2,505 being domestic (85%) and the other portion split across a variety of geographic regions from Canada, Singapore, and the UAE.

Because only 57 (~2%) of their locations are company-owned, their balance sheet only accounts for a small fraction of their true sales figures, where only 18.3% of FY25 revenue came from company-owned store sales. Wingstop can thus leverage the balance sheets of >3,000 franchises, keeping their asset base and CapEx light while taking a 6% royalty on FY25’s \$5.3B in SWS + a 5.5% ad fee.

Their business-model is thus both volume and high margin. By targeting smaller, B-tier real estate plots for their units and offloading the heavy lifting of operating costs to franchisees, the company keeps costs low and system-level profitability high. FY25 Adj. EBITDA margins came in at ~35%.

EXHIBIT I — QSR INDUSTRY GROWTH COMPS

Restaurant	FY2021	FY2022	FY2023	FY2024	FY2025	CAGR
Wingstop	1,731	1,959	2,214	2,563	3,056	12.0%
Δ%	-	13%	13%	16%	19%	
Popeyes (PLK)	3,705	4,091	4,571	4,979	5,413	7.9%
Δ%	-	10%	12%	9%	9%	
KFC (Line)	26900	27500	29900	31981	33,897	4.7%
Δ%	-	2%	9%	7%	6%	
Wendy's	6,949	7,095	7,240	7,240	7,397	1.3%
Δ%	-	2%	2%	0%	2%	
Chipotle	2,966	3,187	3,437	3,726	4,042	6.4%
Δ%	-	7%	8%	8%	8%	
Sweetgreen	150	180	221	246	281	13.4%
Δ%	-	20%	23%	11%	14%	
Domino's	18,848	19,880	20,591	21,366	22,142	3.3%
Δ%	-	5%	4%	4%	4%	
Shake Shack	377	436	518	574	659	11.8%
Δ%	-	16%	19%	11%	15%	
Median		9%	10%	9%	9%	

EXHIBIT II — OUR PROJECTIONS FOR UNIT GROWTH THROUGH FY2030

Restaurant	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Wingstop	1,731	1,959	2,214	2,563	3,056	3530	4077	4663	5225	5726
Δ%	-	13%	13%	16%	19%	16%	14%	12%	9.6%	7.1%

We believe the SK protocol and aggressive unit CAGR numbers will compound franchisee incentives to hit 10,000 global unit count and \$3M AUV goal.

In their Q4FY25 earnings call, management reiterated their goal of hitting 10,000 restaurant units to become a top 10 global franchise, with each unit posting at least \$3M in AUV compared to FY25’s \$2.0M AUV. This tracks well with RBI’s Popeyes’ (\$1.698M AUV in FY25) and YUM! Brands’ KFC’s (\$1M), however the entire QSR industry is still shadowed by the privately-owned Chik-Fil-A’s estimated >\$7M AUV. An 8.47% forward CAGR in AUV is needed to hit this \$3M target, which we believe to be entirely doable as the SK program cuts ticket times and optimizes restaurant-level performance, compounded by global expansion to hyperscale growth regions like India.

Moreover, Wingstop hosts the lowest buildout cost (~\$553,000 USD) of any fast-food franchise, which we believe, combined with >70% unleveraged cash-on-cash returns for franchisees, creates a strong incentive for unit growth.

EXHIBIT III — WINGSTOP GROWTH TARGETS

Restaurant Count	FY2021	FY2022	FY2023	FY2024	FY2025	FY2030E
Wingstop	1,731	1,959	2,214	2,563	3,056	10,000
Δ%	-	13%	13%	16%	19%	26.8% CAGR Needed

AUV Growth	FY21	FY22	FY23 AUV	FY24 AUV	FY25 AUV	FY2030
Wingstop	\$1,600,000	\$1,600,000	\$1,800,000	\$2,100,000	\$2,000,000	\$ 3,000,000
		0%	13%	17%	-5%	8.47% CAGR

Between FY21 and FY25, global units grew at an aggressive 12.0% CAGR, second only to SweetGreen’s 13.4% CAGR (however, SweetGreen stock is now down 91% since IPO). To reach their 10,000 unit target by 2030, an unprecedented 26.8% CAGR is needed in global unit growth, compared to the 19% posted in FY25 and 16% the year prior. We believe this is unfeasible compared to their AUM target, hence why it should be a longer-term goal.

However, we agree leverage remains a concern at 12x Debt-to-FCF and 176% Debt-to-Assets.

Wingstop announced a \$300M share buyback program in March 2026, after closing out a prior \$700M buyback in FY25. As such, they have overleveraged to fund at 12x debt-to-FCF. Regardless, we believe the consistent stream of royalty cash flow hedges possible liquidity risks.



Background: We Think Wingstop is Being Unfairly Punished for Mean Reverting SSS Growth

EXHIBIT IV — QSR INDUSTRY SSS COMPS (RED IS OUR ESTIMATE)

Segment	FY21	FY22	FY23	FY24	FY25	FY26F
Wingstop	21.4%	3.4%	18.3%	19.9%	-3.3%	4.0%
McDonalds	12.3%	12.6%	3.4%	0.4%	NM	2.5%
Popeyes	-0.4%	1.4%	4.8%	0.4%	-3.3%	3.0%
KFC	11.0%	4.0%	7.0%	-2.0%	3.0%	3.0%
Wendys	10.0%	4.9%	4.3%	1.5%	-4.7%	-2.0%
Chipotle	19.3%	8.0%	7.9%	7.4%	-1.7%	1.0%
SweetGreen	25.0%	13.0%	36.4%	30.4%	-7.9%	-3.0%
Dominoes	3.5%	-0.8%	1.6%	3.2%	3.0%	3.0%
Shake Shack	24.2%	7.4%	3.6%	4.4%	2.1%	4.0%
Mean: Chicken Only	10.7%	2.9%	10.0%	6.1%	-1.2%	3.3%
Mean: Excl. WING	13.1%	6.3%	8.6%	5.7%	-1.4%	1.4%

Wingstop posted a -3.3% decline in SSS growth in FY25; the stock has slumped 33% since January '26 and is down ~63% since Q3FY24 highs.

Wingstop is currently being punished for reverting to industry-median SSS growth. Comparing to fellow fast-food empires, we see Wingstop's -3.3% comps decline as modest compared to SweetGreen (-7.9%) or comparable chicken company Popeyes (also declined -3.3%). This is despite aggressive, industry-leading SSS growth figures in the last five years.

SK protocol pilots prove return to "single-digit" SSS growth is possible, forecasted at 4% for FY26.

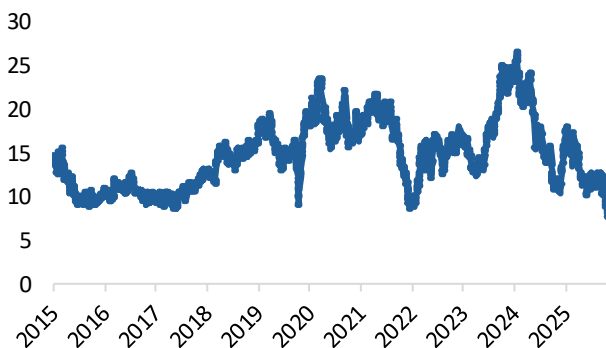
In their Q3FY25 earnings call, management outlined how units in the U.S. Southwest region posted "mid single digit" SSS growth versus systemwide -3.3% decline. Concurrently, they discussed how they piloted the AI-driven Smart Kitchen program at these locations. We therefore believe that the systemwide rollout of the SK protocol management, which was largely completed in Q4FY25 according to management will help recover SSS growth to +4% in FY26, leading the industry based on our forecast of their peers.

Valuation has collapsed as EV / Sales hits rock-bottom 7.1x, making an immense value opportunity (see Exhibit X-XVIII).

We believe Wingstop is fundamentally undervalued as it has been oversold since Q3FY24. Despite industry-leading forward comps, the company's elevated historical valuation metrics combined with a temporary decline in SSS growth perhaps warranted a correction. Management initially diagnosed the decline as cyclical in their Q2FY25 earnings call, but tone shifted to describe it as a broader symptom of a "weakening consumer environment" by Q3. However, the Q4 calls out Smart Kitchens as a sign of life for SSS growth, which we believe will be compounded by international expansion.

EXHIBIT V — REGARDLESS, EV SALES ARE REACHING LOWEST-EVER LEVELS...

Wingstop, Inc. (WING) EV / Sales



Source: YCharts



AUV/sqft Proves the Asset-Light Framework Works; We Think AUV is Headed into a Recovery Thanks to Intl. Growth and Smart Kitchens.

EXHIBIT VI — QSR INDUSTRY BY AUV & AUV PER SQUARE FOOT OF AVG. RESTAURANT UNIT

Segment	Sqft Avg.	FY23 AUV	FY24 AUV	FY25 AUV	Per Sqft		
					FY23	FY24	FY25
Wingstop	1,700	\$ 1,800,000	\$ 2,100,000	\$ 2,000,000	\$ 1,059	\$ 1,235	\$ 1,176
%Δ Growth (e)		-			-	17%	-5%
(Street Est.) McDonalds	4,000	\$ 4,001,000	\$ 4,002,000	\$ 4,306,667	\$ 1,000	\$ 1,001	\$ 1,077
(Street Est.) Chik-Fil-A (Private)	5250	\$ 7,450,000	\$ 7,500,000	\$ 7,450,000	\$ 1,419	\$ 1,429	\$ 1,419
%Δ Growth (e)		-			-	1%	-1%
e Popeyes	2,550	\$ 1,734,237	\$ 1,739,773	\$ 1,698,155	\$ 680	\$ 682	\$ 666
%Δ Growth (e)		-			-	0%	-2%
e KFC	2,200	\$ 1,126,522	\$ 1,077,265	\$ 1,074,844	\$ 512	\$ 490	\$ 489
%Δ Growth (e)		-			-	-4%	0%
Wendys	3,000	\$ 2,260,000	\$ 2,280,000	\$ 2,240,000	\$ 753	\$ 760	\$ 747
Chipotle	2,500	\$ 3,000,000	\$ 3,200,000	\$ 3,100,000	\$ 1,200	\$ 1,280	\$ 1,240
SweetGreen	2,400	\$ 2,900,000	\$ 2,900,000	\$ 2,700,000	\$ 1,208	\$ 1,208	\$ 1,125
e Dominoes	1,500	\$ 887,563	\$ 895,076	\$ 908,987	\$ 592	\$ 597	\$ 606
Shake Shack	3,250	NA	\$ 4,000,000	\$ 4,000,000	NM	\$ 1,231	\$ 1,231
Median: Chicken	2,375	\$ 1,767,118	\$ 1,919,886	\$ 1,849,078	\$ 869	\$ 959	\$ 921
Median: Excl. WING	2,550	\$ 2,580,000	\$ 2,900,000	\$ 2,700,000	\$ 877	\$ 721	\$ 706

Wingstop’s AUV/sqft is in the top percentiles of the QSR industry; we believe this is why the “B-tier, strip mall real estate” strategy works with an average restaurant size of 1,700sqft.

Many “nouveau-QSR” chains like Chipotle and SweetGreen are 100% company owned with massive (>2,400 sqft) units. We believe this framework is inferior to Wingstop’s “offload the heavy lifting onto franchises” mentality because, from a tactical standpoint: greater CapEx from a greater number of bigger company-owned units restricts FCF needed for buybacks/reinvestments; this poses a challenge for the high-growth rival SweetGreen in particular, who we think could have used buybacks to prop up share prices amidst a decline in SSS.

Also, from a financial standpoint, Wingstop’s smaller unit sizes and cheaper real estate make new franchises more accessible for developers while maximizing AUV/sqft at \$1,176. This stands well above the QSR industry median \$706, and even against the elevated chicken restaurant universe median of \$921. Chik-Fil-A still dominates, however.

We believe Wingstop is being unfairly punished for mean reverting to the comparable chicken restaurant universe AUV/sqft growth.

AUV/sqft also declined slightly (-5%, about in lockstep with SSS growth) between FY24 and FY25. However, the +17% growth posted in FY24 was far above the comparable chicken restaurant universe rivals. Similar to our thesis on SSS growth, we believe Wingstop has simply mean reverted their AUV/sqft growth to be more in line with the flat to declining growth of their chicken-focused peers. However, we think the \$3M AUV target posted by management, compounded by the recovery in SSS growth led by the Smart Kitchen program and international expansion will recover these comps and support EV / Sales expansion.

Also, gross AUV numbers remain nearly double KFC and almost 20% higher than Popeyes. Chik-Fil-A again blows the competition out of the water, but we only want to use this as an anchor for the possibility of AUV growth rather than a competitive comparable... Wingstop’s \$3M target does not sound unreasonable looking at Chik-Fil-A.



Despite Elevated Costs per Square Foot, We Think Management is Headed in the Right Direction with Digital Penetration...

EXHIBIT VII — QSR INDUSTRY OPERATING COST COMPS

Segment	Sqft Avg.	Per Sqft						
		FY23	FY24	FY25	FY23	FY24	FY25	
Wingstop	1,700	\$ 1,440,000	\$ 1,830,000	\$ 1,690,000	\$ 847	\$ 1,076	\$ 994	
McDonalds	4,000	\$ 3,760,000	\$ 3,702,222	\$ 3,670,000	\$ 940	\$ 926	\$ 918	
Chik-Fil-A (Private)	NM	-- Not Reported --			-- Not Reported --			
Popeyes	2,550	\$ 1,950,000	\$ 1,310,000	\$ 1,670,000	\$ 765	\$ 514	\$ 655	
KFC	2,200	NM (Pre UK-Ireland Restructure)		\$ 1,502,137	\$ 1,843,254	NM	\$ 683	\$ 838
Wendys	3,000	\$ 1,910,000	\$ 1,990,000	\$ 1,820,000	\$ 637	\$ 663	\$ 607	
Chipotle	2,500	\$ 2,120,000	\$ 2,290,000	2,471,500	\$ 848	\$ 916	\$ 989	
SweetGreen	2,400	\$ 2,180,000	\$ 2,210,000	\$ 2,050,000	\$ 908	\$ 921	\$ 854	
Dominos	1,500	\$ 840,000	\$ 880,000	\$ 960,000	\$ 560	\$ 587	\$ 640	
Shake Shack	3,250	\$ 2,890,000	\$ 2,890,000	\$ 2,890,000	\$ 889	\$ 889	\$ 889	
Median: Chicken	2,200	\$ 1,695,000	\$ 1,502,137	\$ 1,690,000	\$ 806	\$ 683	\$ 838	
Median: Excl. WING	2,500	\$ 2,035,000	\$ 1,990,000	\$ 1,843,254	\$ 848	\$ 889	\$ 846	

Wingstop’s \$994 operating costs per square foot are the highest in the entire QSR industry; however, we think this metric is slightly misguided.

Wingstop tops out the costs per square foot metrics for the QSR industry at \$1.69M in average operating costs in their 1,700 square foot average locations (\$994/sqft). Chipotle is second, which we believe is owed to their poor “100% company-owned” franchise framework that drives higher CapEx and maintenance costs.

Regardless of their costs on a square footage basis, Wingstop’s actual gross operating costs for each restaurant unit (\$1.69M) are below the QSR industry median \$1.83M. Hence, we think costs per square foot are simply overstated since the square footage denominator is so low. For instance, even though the average KFC runs at a \$1.83M average operating cost, their greater average unit size spreads out the higher cost across more square feet.

We think the fully-digital is the right way to capitalize off of lower gross operating costs.

70% of Wingstop’s FY25 sales came from digital channels, a landmark figure in the QSR industry where the digital mix is usually only 40-50%. In their FY25 earnings call, management highlighted a focus to “digitize every transaction.” We think this will help lower maintenance CapEx, freeing up cash flows while also pulling down per-sqft operating costs to a more competitive level; less traffic = less maintenance, customer staff needed.

Back to AUV: “Club Wingstop” will scale foot traffic and AUV, knowing the average consumer only visits once per month.

“Club Wingstop” is the company’s membership/customer loyalty program expected to be rolled out universally by H2FY26. Pilot data shows a 50% enrollment rate between active guests and a 30% sign-up rate for new guests. Management, in their FY25 earnings call, says that the average Wingstop customer only visits once per month, but expect Club Wingstop rewards to double that. Hence, we think Club Wingstop leaves headroom for AUV to scale massively because of higher foot traffic.



Unlevered Cash-on-Cash Returns make Wingstop is the Best Franchise Opportunity on the Market with Monumental Restaurant-Level Profitability.

Wingstop smashed their 70% Unlevered Cash-on-Cash Return target in FY25; our model returns a blowout 79% cash-on-cash return for the average Wingstop franchisees.

Our comprehensive model takes the restaurant-level margin for every company in the QSR universe and multiplies it by AUV to find 4-Wall EBITDA (restaurant-level profitability, only includes costs "within the four walls" of a restaurant: labor, COGS, rent, utilities). Thus, we can divide 4-Wall EBITDA by the initial investment (reported average build out cost from Franchise Disclosure Documents) of each franchise to find Unlevered Cash-on-Cash returns.

EXHIBIT VIII — WINGSTOP RESTAURANT-LEVEL PROFITABILITY

Wingstop	
Revenue (\$mm)	\$127.50
COGS	\$46.90
Labour	\$29.60
Rent	\$22.80
Other Store-level	-
Restaurant-Level Operating Profit	\$28.20
Restaurant Operating Margin	22.1%

EXHIBIT IX — QSR INDUSTRY UNLEVERED CASH-ON-CASH RETURN

Segment	FY25 AUV	FY25 4-Wall EBITDA	Avg. Build-Out Cost Excl. RE	Unlev. Cash-on-Cash Return
Wingstop	\$ 2,000,000	\$ 442,353	\$ 553,350	79.9%
McDonalds	\$ 4,306,667	\$ 632,000.0	\$ 1,813,898	34.8%
Popeyes	\$ 1,698,155	\$ 222,708.90	\$ 1,566,011	14.2%
KFC	\$ 1,074,844	\$ 130,161	\$ 2,812,188	4.6%
Wendys	\$ 2,240,000	\$ 304,598.93	\$ 3,303,750	9.2%
Chipotle	\$ 3,100,000	\$ 786,645.54	Not Franchised	NA
SweetGreen	\$ 2,700,000	\$ 411,258.28	Not Franchised	NA
Dominoes	\$ 908,987	\$ 157,231.57	\$ 419,475	37.5%
Shake Shack	\$ 4,000,000	\$ 904,255.32	\$ 2,300,000	39.3%

Wingstop is the most profitable QSR franchise on the market for new franchisees; low build out costs enable massive access to huge returns for prospecting owners.

A \$553,000 USD average build-out costs are the second-lowest in the QSR industry behind only Dominoes at ~\$908k. However, we think this is partially offset by Dominoes industry-low AUV. Regardless, a new Wingstop can be put up for about a third of the spend for a comparable chicken restaurant like Popeyes.

Combined with superior returns for franchisees, Wingstop is the most accessible and most profitable franchise option on the market; we believe there is a clear incentive to hyperscale Wingstop' unit growth if opening new locations is so profitability.

We believe this franchise superior makes Wingstop's unit growth targets achievable, since incentives to open new locations are so great.

The unparalleled incentive to open a Wingstop (minimal investment spend, + massive ROI) thus make the 10,000 global restaurant unit target and 26.8% CAGR not too unreasonable.

Industry-leading unit-level returns are corroborated by 30% ROIC posted in FY25.

On a system-wide level, Wingstop's ROIC came in at 30% in FY25, far above the QSR industry median 18%. We believe this demonstrates not only that value creation for shareholders is high for every dollar invested, but also proves that further reinvestment in terms of new unit additions + international expansion to hit the 10,000 unit target is the right move.



Smart Kitchen Rollout Will Recover SSS Growth; H1Y26 is a Major De-Risking Period

The SK protocol returned pilot regions to positive SSS growth, and enables higher digital penetration by increasing visibility on delivery apps.

As mentioned previously, pilot regions in the U.S. Southwest for the Smart Kitchen program posted positive SSS growth while the entire system decline -1.9%, hence why we are forecasting a recovery as the program as it completes its rollout in Q1FY26. Aside from SSS growth, the SK protocol bring the following benefits:

- **Cut average ticket times by >40%**; management has set a 10 minute target for ticket times, down significantly from >20 minutes in the past.
 - 60% of global restaurants are at this 10 minute target as of Q4FY25.
- **Wingstop began appearing in “fastest near you” sections of delivery apps**; this is effectively the most prestigious plot in digital real estate, and faster ticket times mean Wingstop is being pushed to the front of the digital pipelines. We think this will help them achieve their “digitize every transaction” goal.

H1FY26 will be a major de-risking period as we can measure the impact of SK on SSS and SWS; this is when we see if the “pay off” is real.

Longer ticket times are a downside, but PwC’s research shows this isn’t as important as investors think.

While 10 minute ticket times are still an improve, many criticize Wingstop’s ticket times for still being longer than competitors like McDonalds, Chik-Fil-A, and Popeyes with <10 minute times. However, we believe this flaw is –perhaps too harshly criticized for the following reasons:

- Longer ticket times are a product of Wingstop cooking each order fresh. With everything cooked by order and with no warming trays (as made popular by McDonalds etc...), prep times will naturally be longer.
- A survey by PwC measures that 59% of consumers prioritize taste and location of QSR products as the most important factors to satisfaction; “timing” didn’t even make the list
- Chik-Fil-A tops satisfaction rankings according to industry publications (QSR Magazine), but has similarly high ticket times because everything is cooked to order. Therefore, we argue that Wingstop can map to “quality” in the same way that McDonalds maps to the “convenience” factor.

High-SSS Growth International Units will Push AUV & Unit Growth Targets (India)

FY25 expansions to Italy, Netherlands, France and GCC countries was the right move to return to aggressive (>15%) SSS growth.

In their Q4FY25 earnings call, management mentioned how international markets, specifically in Europe and the Middle East, offer double-digit SSS opportunities. Moreover, these locations typically have greater AUV’s than U.S. locations. We believe the aggressive international expansion management is targeting is therefore the right move to continue to recover SSS growth comps; this is possibly magnified by the fact that Wingstop can capitalize on high-growth international units while the rest of the QSR continues to struggle.

Reinstatement of COO role and poaching Raj Kapoor from 7/11 makes expansion to India the most important international segment.

In January 2026, Wingstop picked up former 7/11 veteran executive Raj Kapoor, who previously scaled the brand from 25,000 to >50,000 global units. While this did book a \$3M SG&A expense for restructuring around this role, we believe this is necessary to execute their expansion to the high SSS growth, high AUV Indian market. A deal finalized in Q3FY25 put 1,000 restaurants in the pipeline for the Indian market, which is nearly a third of their current total global unit count. Thus, we international expansion is the means by which Wingstop can return to >15% SSS growth, hit their \$3M AUV target + 10,000 unit target.



DCF Valuation: We Believe Wingstop is Oversold and Undervalued because of SSS Growth

EXHIBIT X — WINGSTOP TOPLINE WATERFALL

	2026F	2027F	2028F	2029F	2030F
Company Owned (F)	64	71	78	85	92
Franchise Count (F)	3,466	4,006	4,585	5,140	5,634
Total Restaurant Count (F)	3,530	4,077	4,663	5,225	5,726
AUV (F, \$mm)	\$ 2.08	\$ 2.16	\$ 2.25	\$ 2.34	\$ 2.43
Franchised SWS (F, \$mm)	\$ 7,209	\$ 8,666	\$ 10,315	\$ 12,026	\$ 13,709
Company-Owned Sales (F, \$mm)	\$ 133.12	\$ 153.59	\$ 175.48	\$ 198.88	\$ 223.86

Our DCF model backs out restaurant-level profitability to system-wide topline growth; with a 7.9% WACC and 3.5% TGR, Wingstop shares are trading at a 29.8% discount to fair value.

We begin our DCF by forecasting taking Wingstop’s book sales (from their company-owned units) and SWS from franchise units. Our model is driven by the following assumptions:

- Assuming unit growth comps from Exhibit II, which begin in FY26 at management’s forecasted +16% figure before normalizing to the 12% CAGR by FY27 before finishing at 7.1% in 2030.
- Assuming a company-owned unit add rate of +7/year based on historical net adds.
- Assuming AUV grows at a particularly modest 4%/year, despite posting double digits in FY21-24.

We then take Franchised SWS to be AUV multiplied by Franchise Unit Count (gross sales by franchisees) and Company-Owned Sales to be AUV multiplied by the number of Company-Owned Units (posted company-owned sales revenue).

We can then find Wingstop’s posted overall revenues by taking their 6% royalty fee from franchise SWS and 5.5% ad fund fee. The sum of company-owned sales + royalties + ad funds makes up Wingstop’s posted gross revenue forecast. We can then back out to EBIT by doing the following:

- Subtracting an assumed 22.1% operating margin (77.9% cost of sales from Exhibit VIII).
- Subtracting the 5.5% ad fund revenues as advertising expenses.
- Using FY26 guidance, apply a 15% historical growth rate to SG&A expenses and subtract that.
- Lastly, we subtract D&A as a straight-line forecast of 3.2% of gross revenues based on historical comps.

EXHIBIT XI — WINGSTOP TOPLINE WATERFALL, BACKING OUT TO EBIT

	2026F	2027F	2028F	2029F	2030F
Company Owned (F)	64	71	78	85	92
Franchise Count (F)	3,466	4,006	4,585	5,140	5,634
Total Restaurant Count (F)	3,530	4,077	4,663	5,225	5,726
AUV (F, \$mm)	\$ 2.08	\$ 2.16	\$ 2.25	\$ 2.34	\$ 2.43
Franchised SWS (F, \$mm)	\$ 7,209	\$ 8,666	\$ 10,315	\$ 12,026	\$ 13,709
Company-Owned Sales (F, \$mm)	\$ 133.12	\$ 153.59	\$ 175.48	\$ 198.88	\$ 223.86

5.5% Ad Fund Revenue	\$ 397	\$ 477	\$ 567	\$ 661	\$ 754
6% Royalty Revenue	\$ 433	\$ 520	\$ 619	\$ 722	\$ 823
Company-Owned Sales	\$ 133	\$ 154	\$ 175	\$ 199	\$ 224
SUM: Wingstop Posted Revenue	\$ 962.19	\$ 1,150.15	\$ 1,361.70	\$ 1,581.88	\$ 1,800.43
(-) Cost of Sales @ 77.9%	\$ 104	\$ 120	\$ 137	\$ 155	\$ 174
(-) Advertising Expense	\$ 397	\$ 477	\$ 567	\$ 661	\$ 754
(-) SG&A	\$ 153	\$ 175	\$ 198	\$ 218	\$ 240
(-) D&A	\$ 30	\$ 37	\$ 44	\$ 51	\$ 58
EBIT	\$ 279.48	\$ 341.73	\$ 415.96	\$ 496.94	\$ 574.66



DCF Valuation: We Believe Wingstop is Oversold and Undervalued because of SSS Growth

EXHIBIT XII — WINGSTOP CAPEX FORECAST

CapEx Run Rate (F, \$mm)	2026F	2027F	2028F	2029F	2030F
Average Build-Out Cost	\$ 0.553	\$ 0.553	\$ 0.553	\$ 0.553	\$ 0.553
Add Rate: +7 Company Units/yr	7	7	7	7	7
CapEx from New Adds	\$ 3.87	\$ 3.87	\$ 3.87	\$ 3.87	\$ 3.87
Company-Owned Sales	\$ 133.12	\$ 153.59	\$ 175.48	\$ 198.88	\$ 223.86
CapEx from Maintenance (5% of Above)	\$ 6.66	\$ 7.68	\$ 8.77	\$ 9.94	\$ 11.19
CapEx from Technology	\$ 40	\$ 35	\$ 30	\$ 25	\$ 20
Total CapEx	\$ 50.53	\$ 46.55	\$ 42.64	\$ 38.81	\$ 35.06

Our CapEx forecasts takes total CapEx as a sum of three moving parts in a “run rate” through FY2030:

1. CapEx from New Unit Adds = +7 unit adds per year multiplied by 553k average build-out cost.
2. CapEx from Maintenance on restaurant units as an estimated 5% of Company Owned Sales.
3. Most importantly, CapEx from Technology spend on “Club Wingstop” and digital pipeline development; most of this cost was frontloaded in FY23-24, so we forecasted it as slowly coming off its FY24 peak of ~\$45M.

Our full DCF model below then forecasts taxes and changes in working capital at a straight-line historical figures (26.5% Effective Tax Rate and 0.3% of sales respectively). WACC calculations and sensitivity analysis is attached in our Appendix.

EXHIBIT XIII

DCF SUMMARY TABLE FULL MODEL BELOW

Implied Share Price	\$223.22
Today's Share Price	\$172.00
Base Case Upside	29.8%
Bull Case	75.8%
Bear Case	(8.3%)

DCF	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	\$ 283	\$ 358	\$ 460	\$ 626	\$ 696	\$ 962	\$ 1,150	\$ 1,362	\$ 1,582	\$ 1,800
% growth	-	26.6%	28.7%	36.0%	11.2%	38.2%	19.5%	18.4%	14.8%	13.0%
EBIT	\$ 78	\$ 104	\$ 126	\$ 186	\$ 217	243	298	364	437	506
% margin	27.7%	29.2%	27.4%	29.7%	31.2%	25.3%	25.9%	26.8%	27.6%	28.1%
Taxes	\$ 22	\$ 25	\$ 32	\$ 49	\$ 58	65	79	97	116	134
% of EBIT	27.6%	23.6%	25.6%	26.1%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%
NOPAT						\$ 178.85	\$ 219.24	\$ 267.71	\$ 320.92	\$ 371.84
D&A	\$ 8	\$ 11	\$ 13	\$ 19	\$ 25	\$ 30	\$ 37	\$ 44	\$ 51	\$ 58
% of sales	2.8%	3.0%	2.9%	3.1%	3.6%	3.2%	3.2%	3.2%	3.2%	3.2%
CapEx	28	24	41	52	47	51	47	43	39	35
% of sales	9.9%	6.7%	8.9%	8.3%	6.8%	5.3%	4.0%	3.1%	2.5%	1.9%
Change in NWC	(12)	8	22	8	(15)	3	4	5	5	6
% of sales	(4.3%)	2.1%	4.8%	1.3%	(2.2%)	0.3%	0.3%	0.3%	0.3%	0.3%
Unlevered FCF						\$ 155	\$ 206	\$ 264	\$ 327	\$ 388
Present Value of FCF						\$ 144	\$ 176	\$ 210	\$ 241	\$ 265
Terminal Value										\$ 8,990
Present Value of Terminal Value										6,127
Enterprise Value										7,162
+ Cash										\$239
- Debt										\$1,267
Equity Value										6,134
Shares										27
Share Price										\$ 223.22



CCA Valuation: Comps Remain Elevated, But The Stock is Undervalued @ 7.1x EV / Sales

EXHIBIT XIV — QSR INDUSTRY EV / SALES COMPS

Symbol	Name	Fwd EV / Sales	FY25 EV / Sales
CMG	Chipotle Mexican Grill, Inc.	3.6x	4.4x
DPZ	Domino's Pizza, Inc.	3.2x	3.8x
MCD	McDonald's Corp.	9.5x	10.1x
QSR	Restaurant Brands International, Inc.	4.2x	4.2x
SG	Sweetgreen, Inc.	1.2x	1.6x
SHAK	Shake Shack, Inc.	2.5x	2.7x
WEN	The Wendy's Co.	2.3x	2.5x
WING	Wingstop, Inc.	7.1x	10.9x
YUM	Yum! Brands, Inc.	6.2x	6.6x

Forward EV / Sales comps remain elevated at 7.1x; we've valued Wingstop @ 7.8x FY26 revenues, resulting in a 40% implied discount.

Highest	9.5x	10.9x
Median	3.6x	4.2x
75th Percentile	6.2x	6.6x
25th Percentile	2.5x	2.7x
Mean	4.4x	5.2x

Wingstop's forward EV/Sales are the second-highest of the QSR universe, behind only McDonalds; as mentioned earlier, 7.1x comps are still less than half of summer 24 highs, which we see as proof of the potential for multiples expansion. Thus, we believe the EV / Sales range can at least return to the high 7x range, with long-term potential around 15-20x (historical comps from Exhibit V). Beyond the Smart Kitchen rollout, we think aggressive international expansion can justify this type of expansion simply because of how the higher AUV international units will compound extreme expansion.

EXHIBIT XIV — VALUATION BY EV / SALES

Wingstop 2026F Revenues	\$	962.19
Chosen Comp		7.8x
Implied EV	\$	7,548.07
+ Cash		\$239
- Debt		\$1,267
Equity Value	\$	6,519.78
Shares Outstanding		27
Implied Share Price	\$	241.47
Implied Discount		40%

EXHIBIT XV — SENSITIVITY ANALYSIS

		Sensitivity Analysis							
		EV / Sales							
		\$ 241.47	4.0x	5.0x	6.0x	7.0x	7.8x	8.8x	9.8x
2026F Rev.	\$ 887.19	\$ 93	\$ 126	\$ 159	\$ 192	\$ 218	\$ 251	\$ 284	\$ 311
	\$ 912.19	\$ 97	\$ 131	\$ 165	\$ 198	\$ 225	\$ 259	\$ 293	\$ 320
	\$ 937.19	\$ 101	\$ 135	\$ 170	\$ 205	\$ 233	\$ 267	\$ 302	\$ 329
	\$ 962.19	\$ 104	\$ 140	\$ 176	\$ 211	\$ 240	\$ 276	\$ 311	\$ 338
	\$ 987.19	\$ 108	\$ 145	\$ 181	\$ 218	\$ 247	\$ 284	\$ 320	\$ 347
	\$1,012.19	\$ 112	\$ 149	\$ 187	\$ 224	\$ 254	\$ 292	\$ 329	\$ 356
	\$1,037.19	\$ 116	\$ 154	\$ 192	\$ 231	\$ 262	\$ 300	\$ 338	\$ 375
	\$1,062.19	\$ 119	\$ 159	\$ 198	\$ 237	\$ 269	\$ 308	\$ 347	\$ 384

Implied Discount	
Bull Case	55%
Bear Case	-24%
Base Case	39%



CCA Valuation: EV / FCF is also Elevated, but still Paints an Undervaluation.

EXHIBIT XVI — QSR INDUSTRY EV / FCF COMPS

Symbol	Name	EV to Free Cash Flow (Annual)
CMG	Chipotle Mexican Grill, Inc.	36.1x
DPZ	Domino's Pizza, Inc.	27.7x
MCD	McDonald's Corp.	37.8x
QSR	Restaurant Brands International, Inc.	29.4x
SG	Sweetgreen, Inc.	NM
SHAK	Shake Shack, Inc.	67.9x
WEN	The Wendy's Co.	22.1x
WING	Wingstop, Inc.	72.0x
YUM	Yum! Brands, Inc.	33.0x

We valued Wingstop at 45.3x FY25 FCF for a 27% implied discount at a \$218 implied share price; We think SK rollout will continue to drive FCF, especially as CapEx spend lightens.

Highest	72.0x
Median	34.6x
75th Percentile	45.3x
25th Percentile	29.0x
Mean	40.8x

We think EV / FCF is actually a better metric for valuing Wingstop, because EV / Sales can penalize an asset-light franchisor like Wingstop or McDonalds because they have a small posted revenue base (because the actual entity owns so few units). Comparatively, it can make Chiptole trade at an illusion of a discount because their posted revenue base is much larger since the actual entity owns 100% of their locations. EV / FCF then accounts for the actual returns/value created by the business, not just for the relative size of their topline. We believe Wingstop's superior cash-on-cash returns justify a 75th percentile EV / FCF ratio valuation at 45.3x. Looking forward, the SK protocol should improve efficiency, reducing maintenance CapEx while tech spend concurrently decreases.

EXHIBIT XVII — VALUATION BY EV / FCF

Wingstop 2025 Unlevered FCF	\$	152.47
Chosen Comp		45.3x
Implied EV	\$	6,912.43
+ Cash		\$239
- Debt		\$1,267
Equity Value	\$	5,884.14
Shares Outstanding		27
Implied Share Price	\$	217.93
Implied Discount		27%

EXHIBIT XVIII — SENSITIVITY ANALYSIS

		Sensitivity Analysis							
		EV / FCF							
		\$ 217.93	30.3x	35.3x	40.3x	45.3x	50.3x	55.3x	60.3x
2026F FCF	\$ 147.61	\$ 128	\$ 155	\$ 182	\$ 210	\$ 237	\$ 264	\$ 292	
	\$ 150.11	\$ 130	\$ 158	\$ 186	\$ 214	\$ 242	\$ 269	\$ 297	
	\$ 152.61	\$ 133	\$ 161	\$ 190	\$ 218	\$ 246	\$ 274	\$ 303	
	\$ 155.11	\$ 136	\$ 165	\$ 193	\$ 222	\$ 251	\$ 280	\$ 308	
	\$ 157.61	\$ 139	\$ 168	\$ 197	\$ 226	\$ 256	\$ 285	\$ 314	
	\$ 160.11	\$ 142	\$ 171	\$ 201	\$ 231	\$ 260	\$ 290	\$ 319	
	\$ 162.61	\$ 144	\$ 175	\$ 205	\$ 235	\$ 265	\$ 295	\$ 325	
	\$ 165.11	\$ 147	\$ 178	\$ 208	\$ 239	\$ 270	\$ 300	\$ 331	

Implied Discount	
Bull Case	46%
Bear Case	-4%
Base Case	29%



Exec Summary: High-CAGR Business in a Legacy Industry on the path to Comps Recovery and Being a Top 10 Global QSR Franchise

Wingstop is being unfairly punished for mean reverting SSS growth in a legacy industry; three converging catalysts in FY26 create asymmetric upside at a 30% discount to fair value.

Our bull case rests on three near-term catalysts converging in H1FY26:

1. Completed Smart Kitchen rollout (which returned pilot regions to mid-single-digit SSS growth during a systemwide decline) as AUV hits \$3M management target.
2. National launch of Club Wingstop's loyalty program (with pilot data showing 50% enrollment and a 7% frequency lift).
3. Aggressive international expansion anchored at higher AUVs and double-digit SSS growth. Namely done by adding 1,000 units committed to India under newly hired COO Raj Kapoor. Overall goal is 10,000 global units, which we think is achievable since franchise incentives (cash-on-cash returns) are so attractive.

We find Wingstop attractive precisely because it is being punished for mean reversion. The stock is down ~63% from Q3FY24 highs after posting its first SSS decline in 22 years (-3.3%), yet the decline is modest relative to peers like SweetGreen (-7.9%) and matches Popeyes (-3.3%). Our DCF model returns a 29.8% discount to fair value. Similarly, our CCA have EV/Sales at 7.8x for a \$241 (40% discount), and EV/FCF at 45.3x implies \$218 (27% discount). The bear case at \$176 implies only 8.3% downside, creating an asymmetric upside.

Overall, the Quick Service Restaurant industry is a mature, fragmented market dominated by legacy franchisors like McDonald's, YUM!, and RBI, with growth increasingly driven by digital penetration, unit expansion into international white space, and menu innovation rather than organic same-store gains. The industry is currently under pressure from a weakening consumer environment—particularly among lower-income demographics—with the median QSR chain posting flat to negative SSS growth in FY25. Key success factors in this environment are threefold: an asset-light franchise model that insulates the company from restaurant-level costs, a digital-first infrastructure that minimizes costs, and aggressive international expansion into underpenetrated markets with higher AUVs and comps potential.

We would both lend to and invest in Wingstop because of stable royalty cash flows and overall healthy debt coverage.

Financially, Wingstop's profile is paradoxical but ultimately favorable. The company carries elevated leverage at 12x Debt-to-FCF and 176% Debt-to-Assets (a direct consequence of \$1B+ in securitized debt used to fund share buybacks) yet its royalty-driven revenue stream operates at near-100% margins, generating consistent free cash flow regardless of restaurant-level cost inflation. FY25 Adj. EBITDA margins came in at ~35%, and ROIC posted 30%, far above the QSR industry median of 18%. Liquidity risk is hedged by the stability of franchise royalty cash flows; the business model effectively converts franchisee balance sheet risk into parent-level cash generation. Profitability is not in question—the concern is whether the fixed cost base (and growing SG&A) will put pressure on margins if SSS growth doesn't recover.

Kill criteria: further SSS decline and macro pressure on consumer spending are key risks.

The primary risk that would invalidate our thesis is a prolonged deterioration in consumer spending among Wingstop's lower-income core demographic; this is a macro variable with no hedge. If SSS growth remains negative through H2FY26 despite the SK rollout and Club Wingstop launch, the bull case collapses: the current fixed cost base would squeeze margins, elevated leverage would become a binding constraint, and the premium multiple would compress further. However, we view this as a black swan given the SSS recovery potential the Smart Kitchen protocol has shown, and knowing that international unit adds can prop up topline.

*Andrew Brignano
Lucas Flood
Liam Fineberg*



References (APA 7) | Company Filings, Earnings Calls, Macro Data

- Wingstop Restaurants Inc. (2026, February 18). *Wingstop Inc. reports fourth quarter and fiscal year 2025 financial results* [Press release]. <https://ir.wingstop.com/wingstop-inc-reports-fourth-quarter-and-fiscal-year-2025-financial-results/>
- Wingstop Restaurants Inc. (2026, February 18). *Q4 2025 earnings call transcript*. Retrieved from <https://ir.wingstop.com>
 - Wingstop Restaurants Inc. (2023). *Wingstop Inc. annual report on Form 10-K for the fiscal year ended December 31, 2022*. U.S. Securities and Exchange Commission. <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001636222&type=10-K>
 - Wingstop Restaurants Inc. (2025). *Franchise disclosure document 2025*. Retrieved via VettedBiz and FranchiseChatter.
 - U.S. Department of Agriculture, Agricultural Marketing Service. (2025). *Weekly national carlot meat report: Poultry*. https://www.ams.usda.gov/mnreports/nw_ls795.txt
 - U.S. Department of Agriculture, Economic Research Service. (2025). *Food price outlook, 2025*. <https://www.ers.usda.gov/data-products/food-price-outlook/>
 - Bank of America. (2025). *Restaurant industry report 2025*. Bank of America Global Commercial Banking.
 - KPMG. (2025). *Consumer pulse survey: Summer 2025*. KPMG LLP. <https://kpmg.com/us/en/articles/2025/consumer-pulse-survey.html>
 - BlackBox Intelligence. (2025). *Restaurant performance index: August–October 2025*. BlackBox Intelligence. <https://blackboxintelligence.com>
 - Expert Market. (2025). *2025 food and beverage report*. Expert Market. <https://www.expertmarket.com/food-beverage-report>
 - QSR Magazine. (2026, February). *Wingstop posts record unit growth despite first same-store sales decline in 21 years*. <https://www.qsrmagazine.com>
 - QSR Magazine. (2026, February 19). *Dave's Hot Chicken reflects on historic 2025*. <https://www.qsrmagazine.com/news/daves-hot-chicken-reflects-on-historic-2025/>
 - MacroTrends Financial Data. (2026). *Global Poultry Prices (1990-2026)*. Macrotrends.net. <https://www.macrotrends.net/3843/global-poultry-prices>
 - YCharts. (n.d.). *Wingstop, Inc. (WING) financial data*. Retrieved April 7, 2026, from <https://ycharts.com/companies/WING>