Glossary

Adjusted debt
Funded debt plus capitalized value of operating lease payments, which is calculated as six times net annual operating lease payments.

Adjusted debt to capital
Adjusted debt divided by the sum of adjusted debt and shareholders’ equity.

Book value per share
Shareholders’ equity less preferred shares divided by Class A Non-Voting shares and Class B common shares outstanding.

Capital expenditure
Payments made for the acquisition of property and equipment.

Company-wide capital expenditures
Total investment in property and equipment, which includes investment financed by the Company, third party operating leases, landlords and franchise affiliates.

EBIT
Earnings before capital gain (loss) and other items, and minority interest, interest expense and income taxes.

EBITDA
EBIT plus depreciation and amortization.

EBITDA margin
EBITDA divided by revenue.

EBITDAR
EBITDA plus annual rental expense.

Expanded stores
Stores that undergo construction resulting in a square footage increase during the year.

Funded debt
All interest bearing debt, which includes bank loans, bankers’ acceptances and long-term debt and long-term lease obligations.

Funds from operations
Operating earnings plus depreciation.

Hedge
A financial instrument used to manage foreign exchange or interest rate risk by making a transaction which offsets the existing position.

Interest coverage
Operating income divided by interest expense.

Letters of credit
Financial instruments issued by a financial institution to guarantee the Company’s payments to a third party.

Net debt to total capital
Funded debt less cash and cash equivalents divided by funded debt less cash and cash equivalents plus shareholders’ equity.

On balance sheet investment
The Company’s investment in property and equipment that is recorded on the balance sheet.

Operating earnings
Net earnings before capital gain (loss) and other items, net of tax.

Operating margin
EBIT divided by sales.

Private label
A brand of products that is marketed, distributed and owned by the Company.

Renovated stores
Stores that undergo construction, resulting in no increase in square footage.

Return on equity
Operating earnings divided by average shareholders’ equity.

Same-store sales
Sales from stores in the same location in both reporting periods.

Total capital
Funded debt plus shareholders’ equity.

VIE (Variable Interest Entity)
An entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support, or where the equity holders lack the overall characteristics of a controlling financial interest.

Weighted average number of shares
Number of Class A Non-Voting shares plus Class B common shares outstanding adjusted to take into account the time the shares are outstanding in the reporting period.