

# 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