August 19, 2026

InvestingIQ

Equity Research

Recommendation:
Overweight

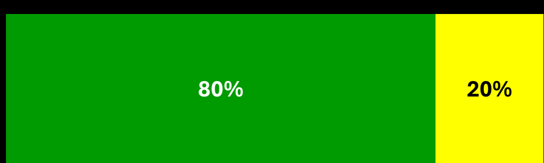


Figure 1: Street Sentiment Analysis

52-Wk Range:	$110.44-342.10
Current Price:	$114.55
Price Target:	$182.61
P/E (Forward):	26.55x
EPS (TTM):	$4.19
Market Cap (BN):	3.121B
Beta (5-Yr Daily):	1.27
Yield:	1.14%

Wingstop Inc. ($WING)

Company Overview

Wingstop Inc. (NASDAQ: $WING) is the largest fast-casual, chicken-wing-focused restaurant chain in the world, operating a flavor-led menu of cooked-to-order bone-in/boneless wings, tenders, and chicken sandwiches across 12 signature sauces and rubs. Founded in 1994 in Garland, Texas, taken private by Roark Capital in 2010, and public again since its 2015 Nasdaq IPO, the company now spans more than 3,250 systemwide locations globally. It's growing its international footprint with locations in Australia, the Middle East, Europe, and beyond. It's defined by its franchise model of over 98% of locations under franchise, with the main business collecting fees and ad-fund contributions. Systemwide sales reached around $5.3B in 2025, with management targeting 15-16% unit growth, investment into loyalty rewards (Club Wingstop), and operational technology.

Industry Overview

Wingstop competes within the US fast-food chicken restaurant industry, sized at around $64B and sitting within the larger $450B US QSR industry. The global fried chicken category is worth around $100B and growing at ~7% CAGR. Chicken has been the fastest-growing protein category in US foodservice, barring a recent pullback due to overall softness in QSR traffic among lower-income, cost-conscious consumers.

The competition has become more crowded and differentiated. Chick-fil-A remains the premium leader by systemwide sales and AUV, while Raising Cane's has been the fastest, growing challenger. Legacy players like KFC and Popeyes have lost share, posting negative comps. Even non-fried chicken-specific giants like McDonald's and Taco Bell have begun adding more chicken nugget/tender items, which have blurred some competitive lines and adding competitive pressure from high resource players. Wingstop differentiates through its flavor variety and classic bone-in wing focus, in which it competes primarily with Buffalo Wild Wings.

Structural growth drivers for the category include continued consumer preference for chicken over red meat, expanding digital/delivery infrastructure, higher customizability, and international white-space as US chicken concepts expand abroad.

1 Year Stock Chart Commentary

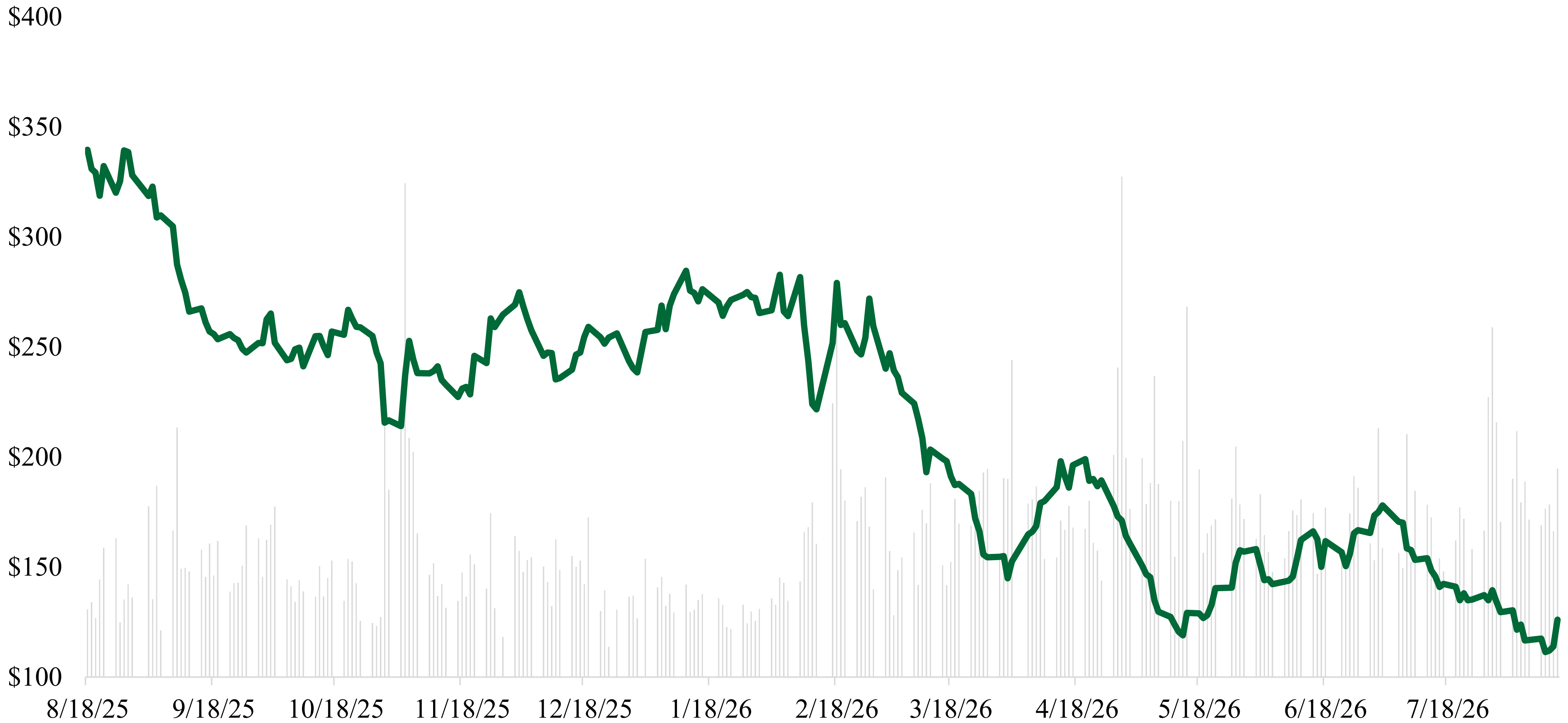


Figure 2: 1 Yr Stock Chart

The one-year chart tells the valuation-compression and demand-deceleration story. $WING started the period in the $330-340 range and spent the next several months consolidating in a wide range of $215-285 through the year-end. Even with this drop into early 2026, the stock was still holding a premium valuation. Around February, with the Q4 earnings and guidance reset, the stock has gone into an uninterrupted downtrend. This was followed by a Q1 2026 comps miss, which caused the stock to gap down further. The brief rallies suggest that the market is trying to price in the loyalty success and optimism on Smart Kitchen. This was combined with oversold bounce dynamics.

Financial Performance

Revenue & Profits

- Wingstop's top-line growth is highly unit-growth driven at this time. Total revenue rose $185.6MM and systemwide sales grew 5.3% to 1.41B. Domestic SSS declined 7.5%, the steepest in its public history. Despite that, net income grew 16.9% to $31.3MM and adjusted EBITDA rose 12.5% to $66.6MM. Royalty and franchise-fee revenue tracks store count and system sales rather than comp trends. Management frames the weakness as macro, not brand-specific. Digital guest visit frequency fell about 9% in most domestic locations, especially across lower-income and financially stressed areas. Higher-income areas saw growth, conveying the K-shaped environment driving much of the economy in the past year. Broader inflation has pressured low-to-mid income consumers to cut discretionary spending, disproportionately affecting Wingstop's comp growth. FY2026 guidance now points to domestic SSS to decline 4-6%, while global unit growth guidance is held steady at 15-16%.

Margins & Costs

- Margins are trending opposite of SSS. Company-owned COGS improved 190 basis points on company owned restaurant sales, driven by lower bone in wing costs. On overall guidance, operating and gross margins for the broader business are set to expand significantly. SG&A declined by nearly $3MM in Q2, with full year guidance cut by ~$10MM to $140-143MM. Around 98% of the system is franchised, generating strong operating margins off an asset-light structure with low capital expenditure burdens. Most of the revenue is high-margin by nature, including the royalty and ad-fund. Most commodity and labor costs would land on franchises first, which is why inflation and volatility has affected comp growth more than margins.

Capital Structure

- Debt is currently made up of 3 tranches taken out in 2020, 2022, and 2024. Around $1.21B in outstanding, interest-bearing debt exists. This has left an unadjusted debt-to-EBITDA ratio of around 5.93. This would traditionally be alarming, but Wingstop's franchise model takes the pressure of most costs off of them. Their revenue streams are very predictable and stable. They also use Whole-Business Securitization facility rather than traditional loans. They bundle future franchise royalty streams and use them as collateral to issue low-interest, long-term bonds. This debt also allows them to fund massive buybacks and dividends

Sources: Wingstop Investor Relations and Financial Reporting

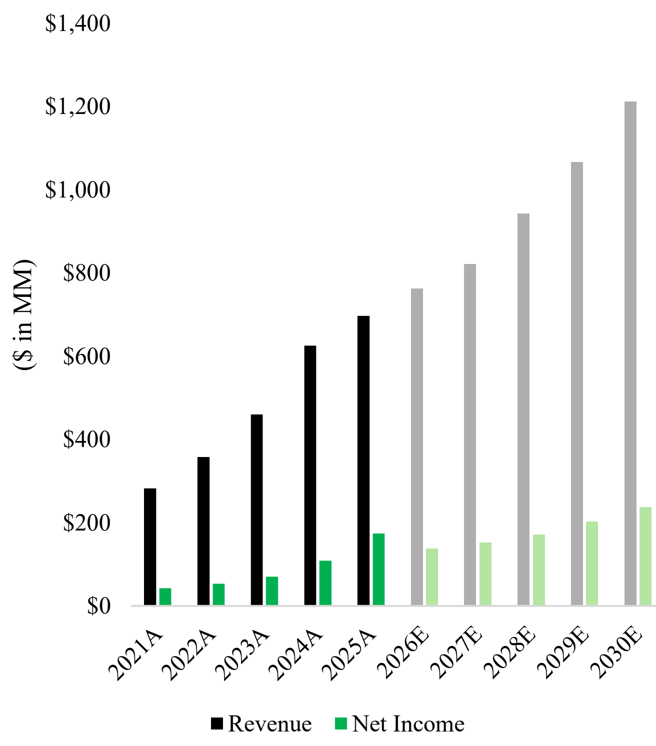


Figure 3: Revenue Forecast

Company WACC	
Risk Free Rate	4.698%
Beta	1.27
Market Risk Premium	4.17%
Cost of Equity	**10.0087%**
Interest Expense	35,784
Total Debt	1,209,094
Tax Rate	26.53%
Cost of Debt	**2.1745%**
Total Equity	3,084,000
Total Debt	1,209,094
Capital Structure	**4,293,094**
Weight of Equity	71.84%
Weight of Debt	28.16%
WACC	**7.80%**

Figure 4: WACC Calculation

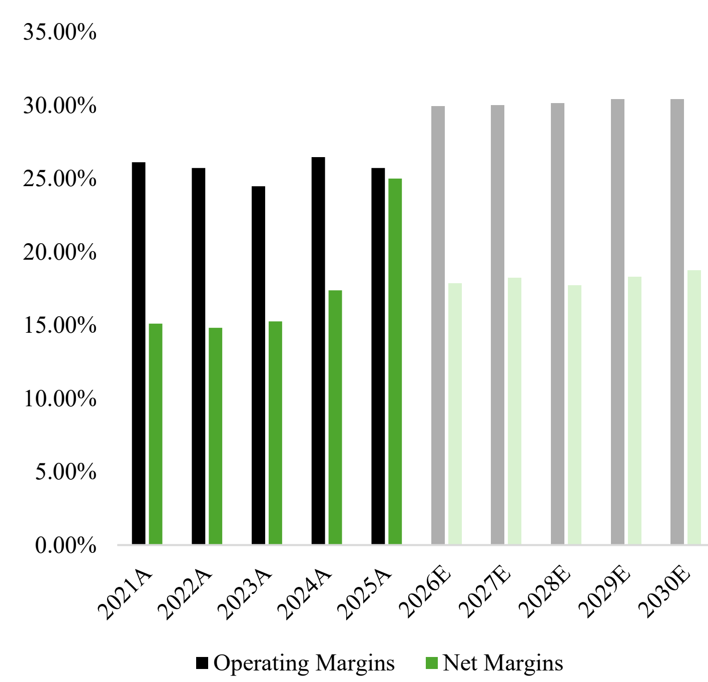


Figure 5: Operating vs Net Margins

Investment Thesis

Franchise Royalty Model Converts Growth Capital Risk onto Franchisees, Supporting Long-Term Growth Strategy:

- Wingstop is 98% franchises, and the corporate entity collects 6% royalty plus 5.5% for the ad fund on systemwide-sales. Franchisees fund most of the buildout per unit themselves. The scale produces a structural gap is company vs systemwide sales, but that growth is also why the 15-16% annual unit growth is realistic without massive capex. The financial structure is built to convert unit growth into high-margin, high cash conversion income. This supports the company's long-term growth target of 10,000 stores. They report over 70% cash-on-cash returns and a roughly 2 year payback period for franchisees. The narrow menu keeps supply chain and labor dynamics simple and easy to maintain.

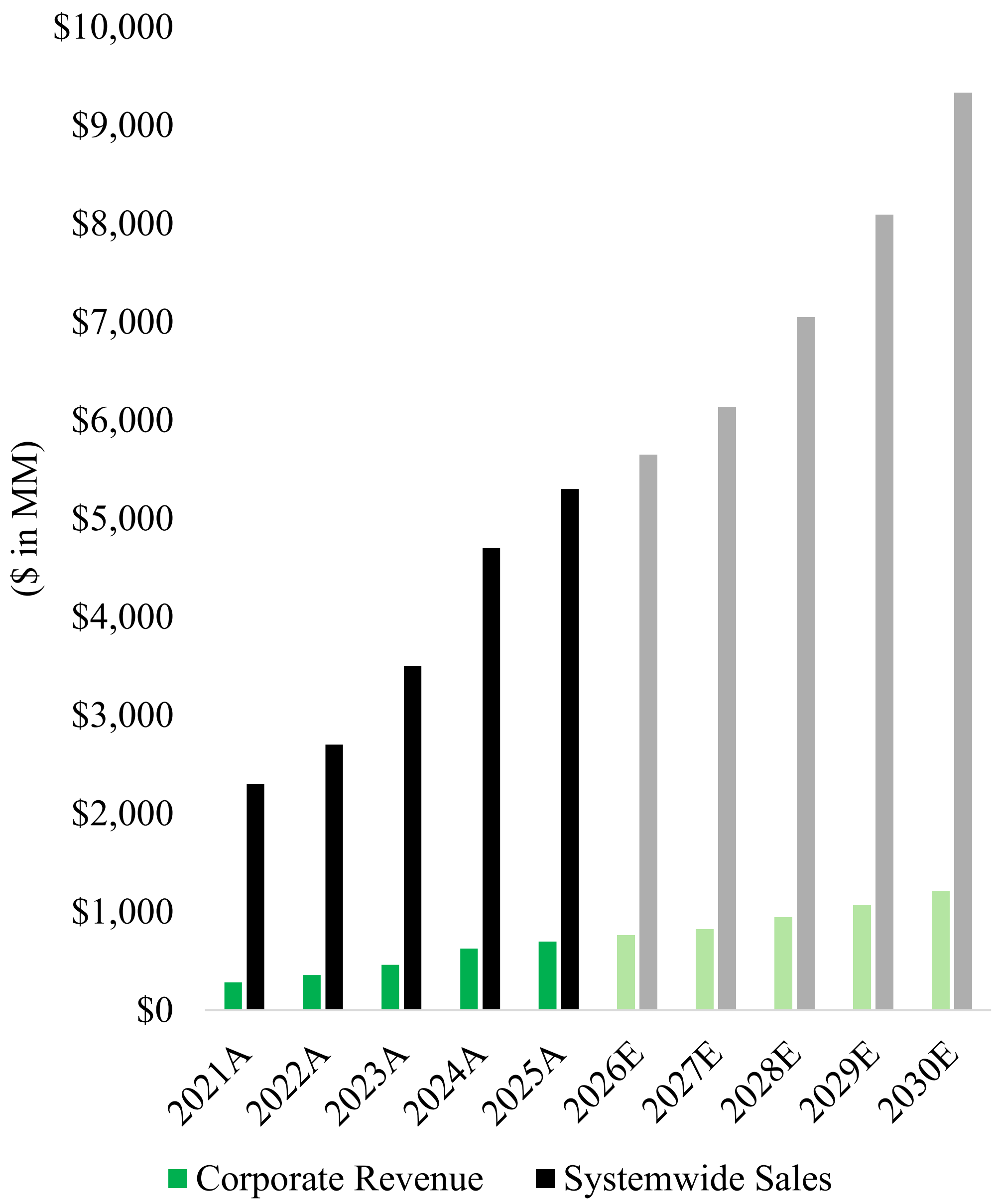


Figure 6: Corporate and Systemwide Revenue

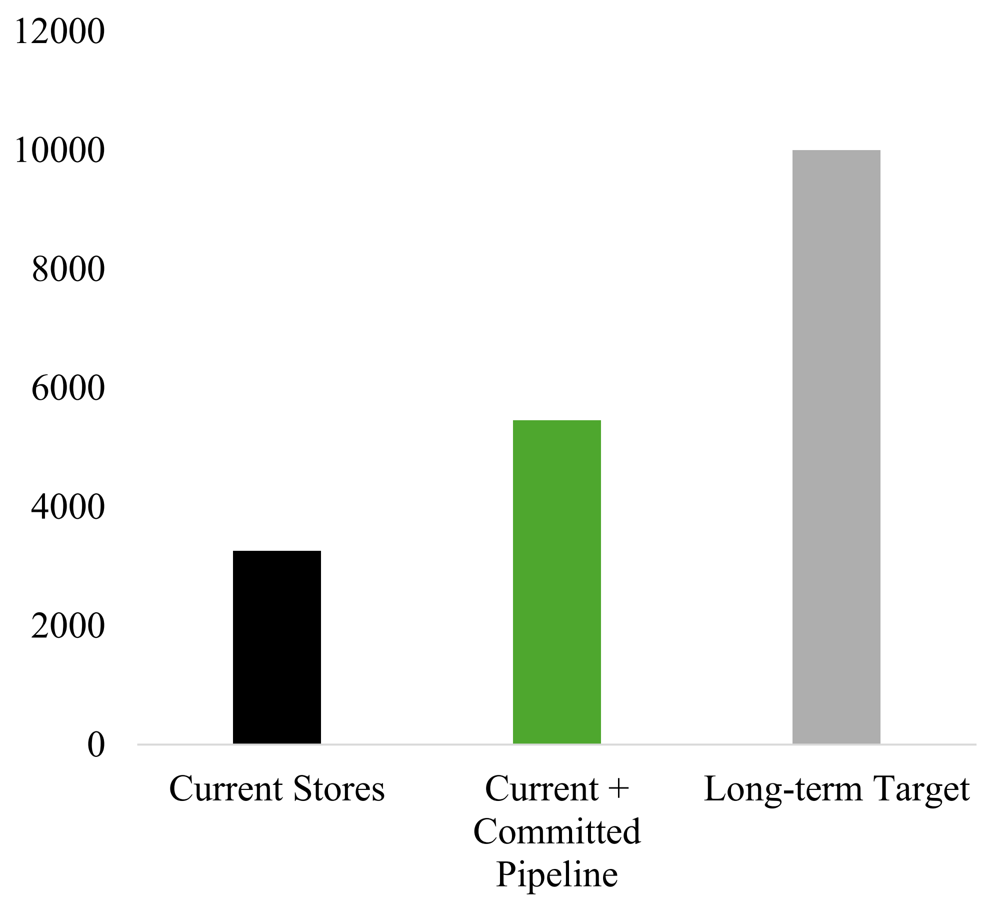


Figure 7: Current vs Current+Committed vs. Long-term Stores

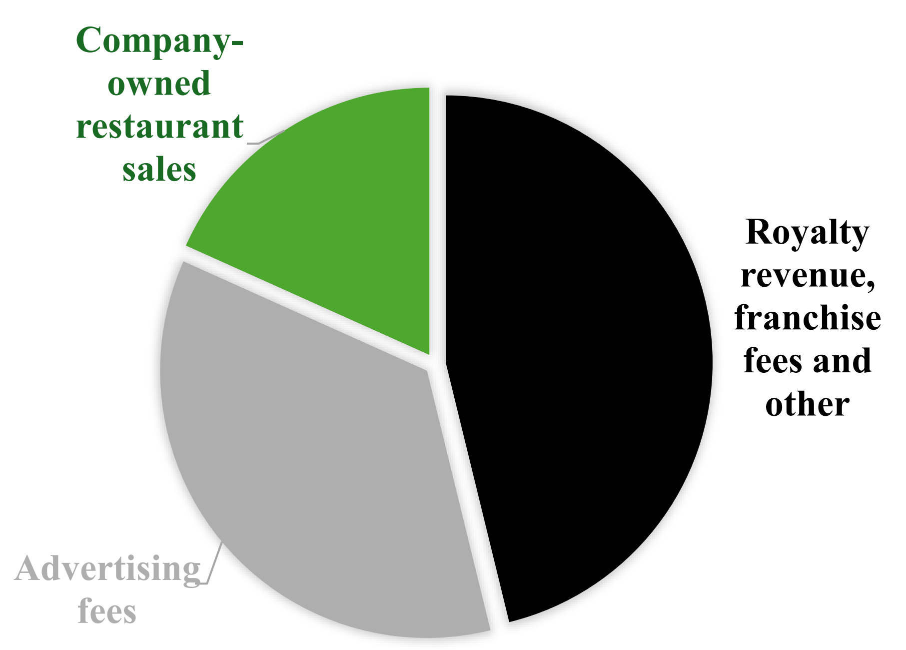


Figure 8: Revenue Segment Breakdown

Investment Thesis

Digital Infrastructure is a Durable Competitive Advantage:

- Wingstop is built around takeout/delivery instead of dine-in traffic. This lowers real estate footprint and build costs relative to other full-service competitors. Digital sales represent over 72% of systemwide sales, amongst the higher in QSR. That demand is now funneling through Club Wingstop (the loyalty program), which was launched in June. It far surpassed management expectations of success. It accumulates ordering data, which serves as an asset to the company and lowers customer acquisition costs while supporting increased personalization. As demand scales, so does the ad-fund, which contributes to brand marketing that other single-market competitors can't match.

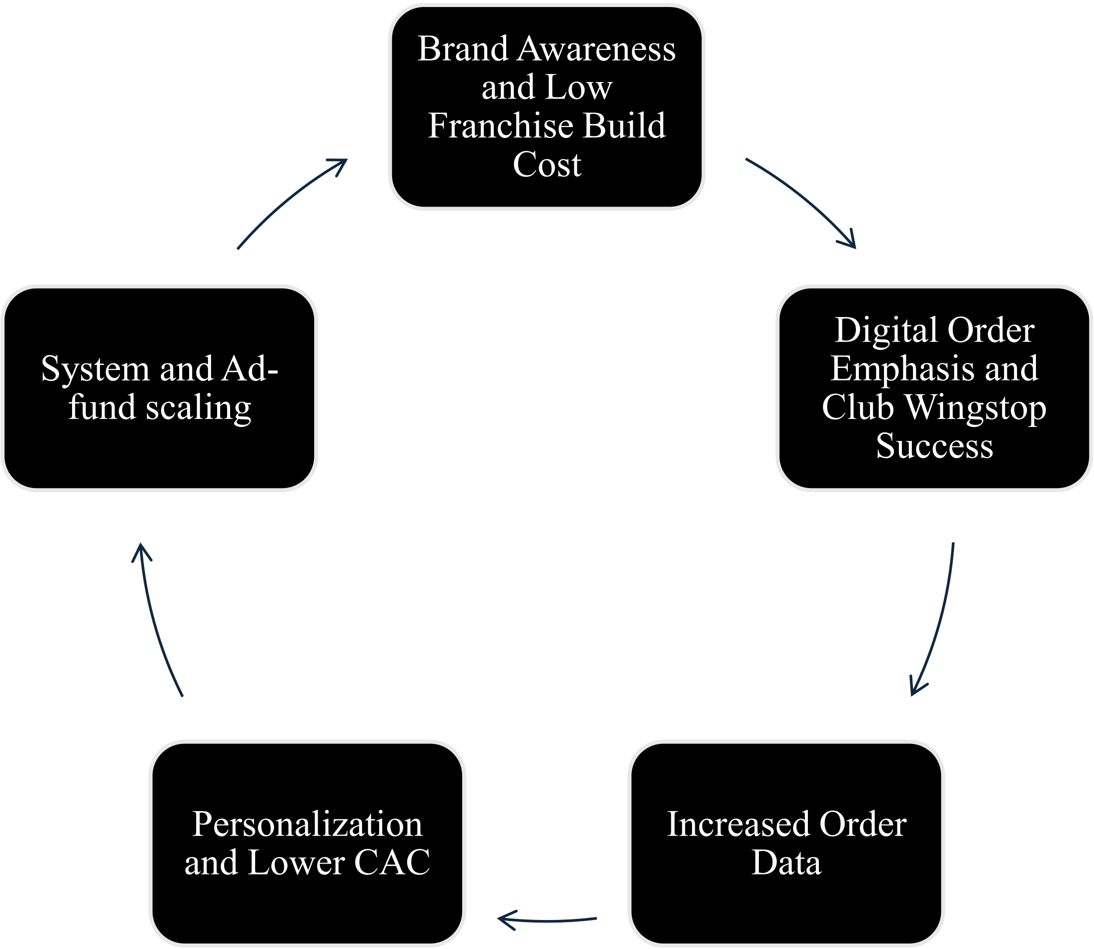


Figure 9: Growth Flywheel

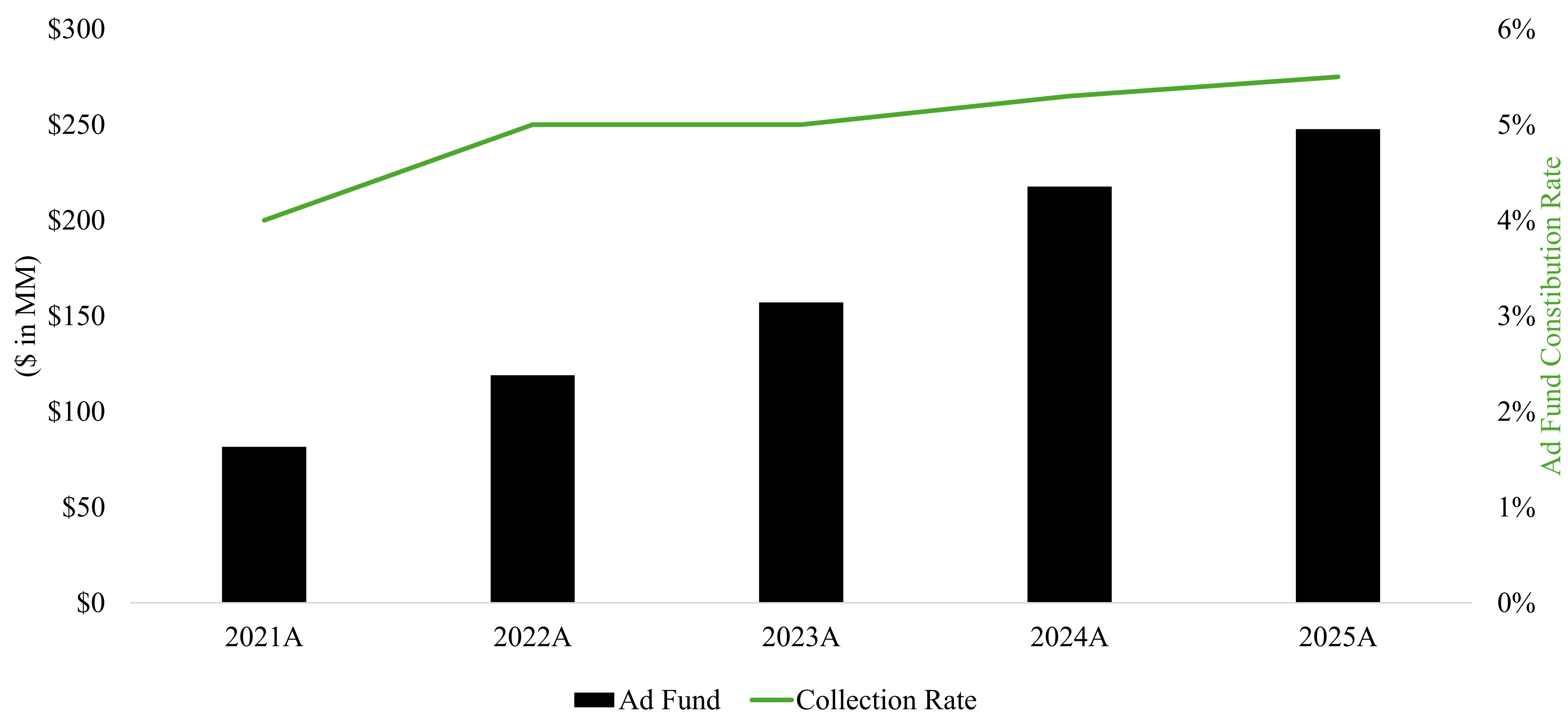


Figure 10: Ad Fund Revenue vs Contribution Rate

Porter's 5 Analysis

Threat of Rivalry:

- Rivalry is high but narrower in scope than a general QSR company. Wingstop competes directly with other chicken-focused concepts like Buffalo Wild Wings, Raising Cane's, Popeyes, and more. It's a category-specialist menu, but this is beneficial as it side-steps inefficiencies that burden generalist QSR chains. Scale reinforces this position, as they've reached 3,255 restaurants systemwide with more than 98% franchised. An asset-light model with easy scalability and limited menu focus is a recipe for success with minimal complexity. Management's long-term goal of 10,000 is much ahead of any single-category peer.

Threat of New Entrants:

- Risk from new entrants is moderate to low. Opening local shops is easy, but building a national brand at Wingstop's scale is much more difficult. The risk is also mitigated by Wingstop's franchise model, making it more appealing for a business owner to franchise a recognizable brand rather than starting their own initiative. National disruptors outside of the established ones are rare in this case.

Supplier Power:

- Risk from suppliers is moderate. Bone-in-wings are a byproduct of the broader poultry production, so supply is less elastic and pricing swings harder than an input sourced across many regions. They are essentially a commodity. The company sources chicken from Tyson Foods, Pilgrim's Pride, and other regional sources. Only a few powerhouse suppliers means that Wingstop has less power in this case. These costs flow straight through to margins, as evidenced by Wingstop's recent margin performance. While positive, it would have just as strong of an impact as if costs moved in the opposite direction. Any stress on suppliers (such as spreading infections, severe weather, equipment failure, etc.) would cause widespread pressure on Wingstop.

Buyer Power:

- Buyer power is high. The loyalty makes up for some dulling of the risk, but overall, Wingstop's product is a purely discretionary expense for consumers. As evidenced by recent SSS declines, current inflation is affecting buying habits. AUV and the overall success of the business has taken a hit as a result.

Threat of Substitutes:

- Substitute risk is moderate to high. Wings and tenders aren't a staple for most people. Burgers, pizza, and other choices provide zero switching costs, and delivery apps make the substitution easier than ever. The counter to this is digital penetration and repeat-visit infrastructure. Digital orders make up 72% of systemwide sales, backed by a loyalty program and growing customer base. Exposure to substitution risk is real, as with other food chains, but this fact helps to dull it.

Risks and Mitigants

Macro-driven Pressure on SSS

- Domestic SSS fell over 7% in Q2, with management attributing the pressure to lower-income softness, where digital order frequency dropped 9%. Full-year guidance also came in weak, Broader macro pressures in terms of inflation, commodity volatility, etc. all contribute to a more cautious consumer. This contributes to the cyclical risk we'd expect to see in the broader QSR industry.
    - **Mitigant:** The royalty structure means corporate earnings don't require SSS to grow. Q2 EBITDA still rose over 12% despite the comp softness because of systemwide growth. The same story exists in margin expansion. The brand also has a long history of domestic comp growth, with sub-$5 menu options and Club Wingstop personalization as touch points for price-sensitive customers

Commodity Cost Volatility in Bone-in Wings

- Bone-in wings make up around 65% of Wingstop's food costs, and pricing has historically been extreme. Wing costs spiked from $1 to $3.22/lb in 2021-2022, hitting levels even higher in recent cycles. Since franchisees absorb most of this, it can put direct pressure on margins.
    - **Mitigant:** While Wingstop would feel pressure on company-operated stores, these costs would be primarily dealt with by franchise-owners. Additionally, Wingstop has a diversified menu within its category, offering alternatives to reduce reliance on the bone-in cut specifically. This is part of why the company generates such high margins.

Unit Growth Deceleration/Execution Risk Could Weaken the Hedge Against Weak Comp Growth

- The thesis depends on double-digit unit growth continuing to outpace any SSS softness. That growth could slow due to domestic saturation as the store base approaches management's 4,000-unit US target. Tighter financing conditions for franchisees, or execution risk internationally, where growth increasingly runs through master-franchise partners Wingstop doesn't directly operate. If unit growth decelerates, corporate earnings become more directly exposed to underlying comp trends rather than insulated from them.
    - **Mitigant:** International areas remain largely untapped, giving a long-term runway for growth independent of US saturation. The franchise model also caps Wingstop's capital exposure if a specific market underperforms. Domestically, much forward visibility exists as 2,200+ pre-committed but unopened units exist. Near-term growth is not dependent on new commitments materializing from scratch.

Financials & DCF

DCF	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
NOPAT	68,406	83,164	121,681	131,728	165,298	178,667	205,910	235,248	363,742
(-) CapEx	23,900	40,800	51,900	47,400	51,833	55,873	61,285	69,302	75,115
(+) D&A	10,899	13,239	19,490	25,068	32,767	27,826	32,579	38,073	44,369
(-) Changes in NWC	(4,669)	(2,088)	776	(6,267)	5,461	(1,162)	280	(1,275)	(1,504)
Unlevered Free Cash Flow	**60,074**	**57,691**	**88,495**	**115,663**	**140,771**	**151,782**	**176,924**	**205,294**	**334,501**
Discount Factor					*1*	*2*	*3*	*4*	*5*
Discount					*92.76%*	*86.05%*	*79.82%*	*74.04%*	*68.68%*
Net Present Value of UFCF					**130,582**	**130,606**	**141,222**	**152,008**	**229,751**
EBITDA	102,832	125,833	185,106	204,359	257,748	271,004	312,836	358,261	408,111

Exit Multiple Method		
WACC	7.80%	
EBITDA Multiple	20.4x	
Bear	18.4x	2.0x
Base	20.4x	
Bull	22.4x	2.0x
Terminal Value	**8,317,309**	
PV of TV	5,712,721	
PV of UFCF	784,170	
Enterprise Value	6,496,891	
(-) Debt	1,209,094	
(+) Cash	196,572	
Equity Value	5,484,369	
Shares Outstanding	28,062	
Implied Share Price	**$195.44**	
Current Share Price	$114.55	
Implied Upside (Downside)	**70.61%**	

	16.4x	18.4x	20.4x	22.4x	24.4x
8.80%	$147.48	$166.55	$185.63	$204.71	$223.79
8.30%	$151.53	$171.05	$190.58	$210.10	$229.62
7.80%	$155.70	$175.68	**$195.66**	$215.64	$235.62
7.30%	$159.98	$180.43	$200.88	$221.33	$241.78
6.80%	$164.38	$185.32	$206.25	$227.18	$248.12

Perpetuity Growth	
WACC	7.80%
Growth Rate	2.00%
Terminal Value	**5,880,290**
PV of TV	4,038,861
PV of UFCF	784,170
Enterprise Value	4,823,031
(-) Debt	1,209,094
(+) Cash	196,572
Equity Value	3,810,509
Shares Outstanding	28,062
Implied Share Price	**$135.79**
Current Share Price	$114.55
Implied Upside (Downside)	**18.54%**

	1.50%	1.75%	2.00%	2.25%	2.50%
8.80%	$100.57	$104.71	$109.14	$113.92	$119.07
8.30%	$111.29	$116.15	$121.40	$127.08	$133.26
7.80%	$123.78	$129.57	**$135.86**	$142.71	$150.22
7.30%	$138.52	$145.51	$153.15	$161.55	$170.82
6.80%	$156.15	$164.71	$174.16	$184.65	$196.35

Figure 12: Price Sensitivities

Figure 11: DCF Model

DCF

Implied Share Price	$195.44
Implied Upside (Downside)	70.61%

P/E

Implied Share Price	$175.16
Implied Upside (Downside)	52.91%

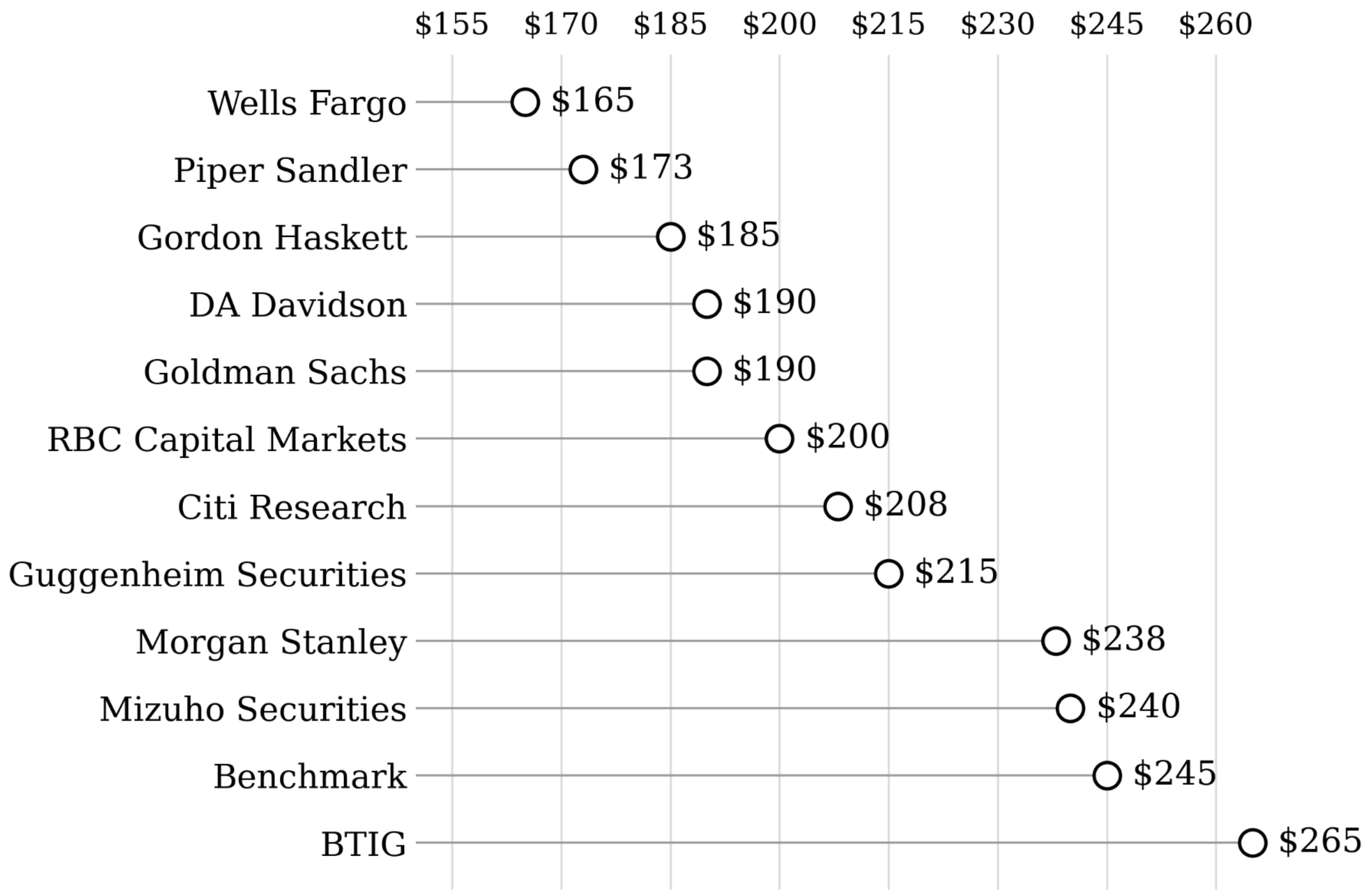
EV/EBITDA

Implied Share Price	$151.59
Implied Upside (Downside)	32.34%

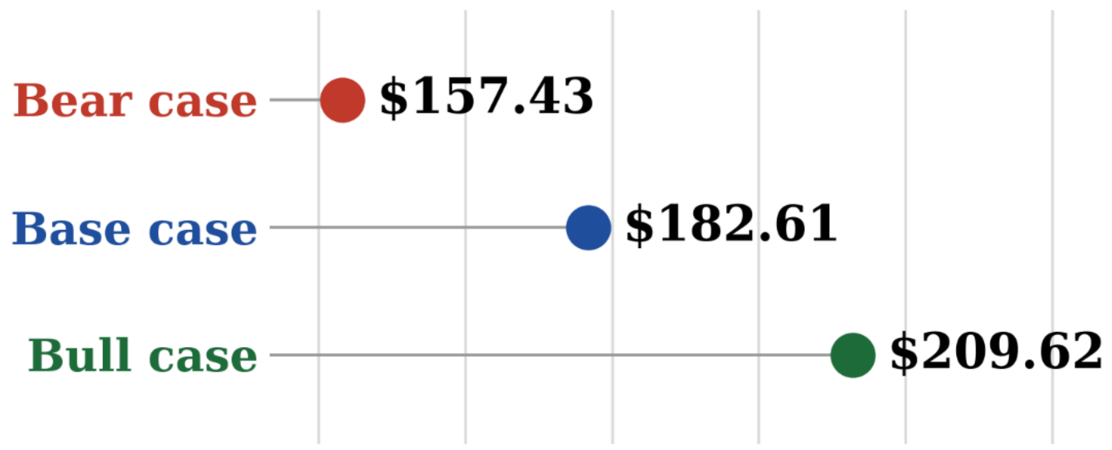
Weighted Price Target

DCF	$195.44	60%
P/E	$175.16	20%
EV/EBITDA	$151.59	20%
Price Target	**$182.61**	
Implied Upside (Downside)	59.42%	

Street price targets (most recent rating per firm)



InvestingIQ valuation cases



Assumptions & Modeling Notes

- Revenue is built from three disaggregated streams, each modeling independently for the base case. Bear and Bull cases assume 100bp of difference in each direction. The royalty line is the core driver, projected with systemwide sales at Wingstop's 6% royalty rate, using a unit build (70/30 domestic/international growth split), AUV assumptions ($2MM with modest step-up to $2.2MM by 2030. $1.28 international – held flat and calculated manually as this is not disclosed), and SSS growth that troughs at -5% (between full-year guidance of -4-6%) and recovers later to a modest 2% between 2028-2030. New units ramp up at 70% of mature AUV in year one (roughly aligns with target rate and estimates).
- Advertising fees run off the same domestic unit AUV build with 70% ramp up. The ad fund contribution steps up from 5.5% to 5.75% to assume a continuation of Wingstop's increases in recent years. Company-owned restaurant sales are the smallest, most stable piece. I forecast +3 units/year, modeled at a flat $2.4MM AUV (company sourced) with its own SSS path.
- Margin assumptions have COGS compressing from 13.8% of revenue to 12.1% by 2030. Company guidance already suggests a drop to 13% by the end of this year, so a drop to 12.1% by 2030 is a relatively modest assumption compared to past performance. SG&A drops similarly as operating leverage scales from franchised model. Fixed corporate overhead should spread over growing royalty base over time.
- I also built a full debt waterfall that covers Wingstop's three tranches of senior secured notes. I've modeled 2027 and 2029 due tranches as refinanced at 6% coupon rather than paid down. This is because cash would go negative if the repayment occurred, and Wingstop has refinanced debt in the past. This keeps the principal flat. This differs from work I've done in the past, where I assumed a paydown according to the schedule.
- Balance sheet line-items are mostly modeled as % of revenue, with some scaled down for sanity. CapEx, PP&E, and retained earnings are fully build out. Fully modeling CapEx with unit growth was not possible as unit costs are financed by franchise owners.
- I manually calculated Wingstop's Beta using 5 years worth of market data, resulting in a levered beta of 1.27. I decided not to run a relevered beta calculation as my modeling doesn't produce a meaningfully different capital structure. In the end, cost of equity came out to 10% and cost of debt to 2.17%. WACC was 7.80%.

A Note on Investing IQ vs. The Street

- My blended price target ($182.61 — 60% DCF, 20% P/E comps, 20% EV/EBITDA comps) implies roughly 60% upside from the current $114.55, which is a middle-to-lower ground stance given Wall Street PTs. The stock has been correcting on real SSS softness. I defend this on the structural royalty economics: even as domestic comps decline, the franchise model keeps converting new units to fee income, and I've modeled that traffic pressure as a multi-year trough rather than a permanent reset, easing as digital and loyalty initiatives mature. The risk to this view is straightforward. If the SSS decline proves more structural than cyclical, unit growth alone won't be enough to close the gap to my target.

Comps Analysis (Part 1)

Company Name	TEV/Total Revenues LTM - Latest	TEV/EBITDA LTM - Latest	P/E Ratio	PEG Ratio	Dividend Yield
CAVA Group, Inc. (NYSE:CAVA)	5.6x	43.1x	118.42x	4.0x	-
Dutch Bros Inc. (NYSE:BROS)	4.4x	30.9x	71.01x	1.6x	-
The Wendy's Company (NasdaqGS:WEN)	2.3x	10.5x	13.11x	-	3.77%
Dine Brands Global, Inc. (NYSE:DIN)	2.3x	11.6x	58.90x	-	2.13%
Brinker International, Inc. (NYSE:EAT)	2.0x	10.5x	22.62x	0.8x	-
Jack in the Box Inc. (NasdaqGS:JACK)	2.0x	13.7x	9.05x	-	-
The Cheesecake Factory Incorporated (NasdaqGS:CAKE)	1.9x	23.3x	30.52x	1.4x	2%
Papa John's International, Inc. (NasdaqGS:PZZA)	0.9x	9.6x	30.54x	3.7x	7.72%
Darden Restaurants, Inc. (NYSE:DRI)	2.5x	14.4x	21.78x	2.1x	2.92%
Domino's Pizza, Inc. (NasdaqGS:DPZ)	3.3x	15.7x	19.88x	1.5x	2.44%
Texas Roadhouse, Inc. (NasdaqGS:TXRH)	2.3x	20.6x	34.27x	1.7x	1.72%
Bloomin' Brands, Inc. (NasdaqGS:BLMN)	0.7x	5.7x	35.97x	-	1.35%
Shake Shack Inc. (NYSE:SHAK)	2.3x	20.3x	76.71x	2.5x	-
Wingstop Inc. (NasdaqGS:WING)	6.0x	19.2x	26.55x	1.3x	1.14%
Mean	**2.8x**	**17.8x**	**40.7x**	**2.1x**	**2.80%**
Median	2.3x	15.0x	30.5x	1.7x	2.13%
Max	6.0x	43.1x	118.4x	4.0x	7.72%
Min	0.7x	5.7x	9.1x	0.8x	1.14%
Amongst Main Comps					
Mean	**3.2x**	**20.4x**	**35.1x**	**2.3x**	**3.36%**
Median	2.3x	19.2x	30.5x	1.7x	2.44%
Max	6.0x	43.1x	118.4x	4.0x	7.72%
Min	0.9x	9.6x	9.1x	1.3x	1.14%

Comparable P/E Valuation

	Bear	Base	Bull	
P/E Multiple	33.1x	35.1x	37.1x	2.0x
2026E EPS	$4.93	$4.98	$5.04	
Implied Share Price	**$163.38**	**$175.16**	**$187.19**	
Current Share Price	$114.55	$114.55	$114.55	
Implied Upside (Downside)	**42.63%**	**52.91%**	**63.41%**	

Comparable EV/EBITDA Valuation

	Bear	Base	Bull	
EV/EBITDA Multiple	18.4x	20.4x	22.4x	2.0x
2026E EBITDA	255,391	257,748	260,105	
Enterprise Value	4,694,087	5,252,904	5,821,150	
(-) Debt	1,209,094	1,209,094	1,209,094	
(+) Cash	196,572	196,572	196,572	
Equity Value	3,681,565	4,240,382	4,808,628	
Shares Outstanding	27,972	27,972	27,972	
Implied Share Price	**$131.61**	**$151.59**	**$171.91**	
Current Share Price	$114.55	$114.55	$114.55	
Implied Upside (Downside)	**14.90%**	**32.34%**	**50.07%**	

Figure 13: Comps Table

Comps Analysis (Part 2)

Comps multiples are as of August 13th.

Wingstop is trading as a discount compared to its peers on both P/E and PEG, by mean and median. On P/E, Wingstop sits at 26.55x against a main-comp median of 30.5x and mean of 35.1x, sitting well below growth names like CAVA and Dutch Bros, but also mature operators like Domino’s. PEG is even more telling at 1.3x. Wingstop is the cheapest of the entire main comp set on a growth-adjusted basis. The market isn’t pricing in Wingstop’s unit growth the way it is for comparable names.

The 1.14% dividend yield reinforces the same points. You normally don’t see that with high-growth names. Wingstop is one of the few names in this set that offer both a growth profile and a capital return.

Applying that gap through relative valuation confirms the direction. Against 2026E EPS for P/E and 2026E EBITDA for EV/EBITDA, valuations come out to $177.15 and $151.59 respectively. That represents 59.03% and 36.13% upsides. Both land well-above the current market price and support the DCF.

Analyst Certification and Important Disclosures

I am responsible for the preparation of this report and certify that all views expressed herein accurately reflect my personal views about subject company ($WING) and all its securities. I further certify that no part of this report will be related to any compensation, directly or indirectly. InvestingIQ is an independent investment publication in which this report has been prepared for information purposes only and does not constitute an offer or solicitation to buy/sell any security.

As of the date of publication:

- InvestingIQ does not make a market in the securities of Wingstop Inc.
- InvestingIQ has not received compensation for investment banking services from Wingstop Inc. within the past 12 months.
- InvestingIQ does not expect to receive or intend to seek compensation for investment banking services from Wingstop Inc. within the next 3 months.
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