

Dine Brands Global, Inc.  
Form 10-Q  
October 31, 2018  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-15283

Dine Brands Global, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

95-3038279

(I.R.S. Employer Identification No.)

450 North Brand Boulevard, Glendale, California (Address of principal executive offices)

91203-1903 (Zip Code)

(818) 240-6055

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of October 26, 2018
Common Stock, \$0.01 par value	17,712,434

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Dine Brands Global, Inc. and Subsidiaries

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## Cautionary Statement Regarding Forward-Looking Statements

Statements contained in this Quarterly Report on Form 10-Q may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements involve known and unknown risks, uncertainties and other factors, which may cause actual results to be materially different from those expressed or implied in such statements. You can identify these forward-looking statements by words such as “may,” “will,” “would,” “should,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “intend,” “plan,” “goal” and other similar expressions. You should consider our forward-looking statements in light of the risks discussed under the heading “Risk Factors,” as well as our consolidated financial statements, related notes, and the other financial information appearing elsewhere in this report and our other filings with the United States Securities and Exchange Commission. The forward-looking statements contained in this report are made as of the date hereof and Dine Brands Global, Inc. does not intend to, nor does it assume any obligation to, update or supplement any forward-looking statements after the date of this report to reflect actual results or future events or circumstances.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, among other things: general economic conditions; our level of indebtedness; compliance with the terms of our securitized debt; our ability to refinance our current indebtedness or obtain additional financing; our dependence on information technology; potential cyber incidents; the implementation of restaurant development plans; our dependence on our franchisees; the concentration of our Applebee’s franchised restaurants in a limited number of franchisees; the financial health of our franchisees; our franchisees’ and other licensees’ compliance with our quality standards and trademark usage; general risks associated with the restaurant industry; potential harm to our brands’ reputation; possible future impairment charges; the effects of tax reform; trading volatility and fluctuations in the price of our stock; our ability to achieve the financial guidance we provide to investors; successful implementation of our business strategy; the availability of suitable locations for new restaurants; shortages or interruptions in the supply or delivery of products from third parties or availability of utilities; the management and forecasting of appropriate inventory levels; development and implementation of innovative

marketing and use of social media; changing health or dietary preference of consumers; risks associated with doing business in international markets; the results of litigation and other legal proceedings; third-party claims with respect to intellectual property assets; our ability to attract and retain management and other key employees; compliance with federal, state and local governmental regulations; risks associated with our self-insurance; natural disasters or other series incidents; our success with development initiatives outside of our core business; the adequacy of our internal controls over financial reporting and future changes in accounting standards.

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Fiscal Quarter End

The Company's fiscal quarters end on the Sunday closest to the last day of each calendar quarter. For convenience, the fiscal quarters of each year are referred to as ending on March 31, June 30, September 30 and December 31. The first fiscal quarter of 2018 began on January 1, 2018 and ended on April 1, 2018; the second and third fiscal quarters of 2018 ended on July 1, 2018 and September 30, 2018, respectively. The first fiscal quarter of 2017 began on January 2, 2017 and ended on April 2, 2017; the second and third fiscal quarters of 2017 ended on July 2, 2017 and October 1, 2017, respectively.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

## Dine Brands Global, Inc. and Subsidiaries

## Consolidated Balance Sheets

(In thousands, except share and per share amounts)

Assets	September 30, 2018 (Unaudited)	December 31, 2017 (as adjusted)
Current assets:		
Cash and cash equivalents	\$ 102,667	\$ 117,010
Receivables, net	94,296	140,188
Restricted cash	41,866	31,436
Prepaid gift card costs	30,186	40,725
Prepaid income taxes	42,398	45,981
Other current assets	3,361	12,615
Total current assets	314,774	387,955
Long-term receivables, net	120,541	126,570
Other intangible assets, net	576,789	582,787
Goodwill	339,236	339,236
Property and equipment, net	195,693	199,585
Deferred rent receivable	78,937	82,971
Non-current restricted cash	14,700	14,700
Other non-current assets, net	9,012	4,135
Total assets	\$ 1,649,682	\$ 1,737,939
Liabilities and Stockholders' Deficit		
Current liabilities:		
Current maturities of long-term debt	\$ 23,241	\$ 12,965
Accounts payable	34,877	55,028
Gift card liability	99,769	164,441
Dividends payable	11,398	17,748
Current maturities of capital lease and financing obligations	13,477	14,193
Accrued employee compensation and benefits	19,308	13,547
Deferred franchise revenue, short-term	10,641	11,001
Other accrued expenses	19,540	16,001
Total current liabilities	232,251	304,924
Long-term debt, less current maturities	1,273,287	1,269,849
Capital lease obligations, less current maturities	54,605	61,895
Financing obligations, less current maturities	38,653	39,200
Deferred income taxes, net	113,320	119,996
Deferred franchise revenue, long-term	65,920	70,432
Deferred rent payable	64,579	69,112
Other non-current liabilities	20,461	18,071
Total liabilities	1,863,076	1,953,479
Commitments and contingencies		
Stockholders' deficit:		
Common stock, \$0.01 par value; shares: 40,000,000 authorized; September 30, 2018 - 24,990,268 issued, 17,742,654 outstanding; December 31, 2017 - 25,022,312 issued, 17,993,124 outstanding	250	250

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Additional paid-in-capital	246,625	276,408
Accumulated deficit	(16,567 )	(69,940 )
Accumulated other comprehensive loss	(61 )	(105 )
Treasury stock, at cost; shares: September 30, 2018 - 7,247,614; December 31, 2017 - 7,029,188	(443,641 )	(422,153 )
Total stockholders' deficit	(213,394 )	(215,540 )
Total liabilities and stockholders' deficit	\$ 1,649,682	\$ 1,737,939

See the accompanying Notes to Consolidated Financial Statements.

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Dine Brands Global, Inc. and Subsidiaries  
Consolidated Statements of Comprehensive Income (Loss)  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2018	2017	September 30, 2018	2017
Revenues:		(as adjusted)		