
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **August 1, 2018**

Dine Brands Global, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

001-15283
(Commission File No.)

95-3038279
(I.R.S. Employer
Identification No.)

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

91203-2306
(Zip Code)

(818) 240-6055
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On August 1, 2018, Dine Brands Global, Inc., a Delaware corporation (the “Corporation”), issued a press release announcing its second quarter 2018 financial results. A copy of the press release is attached hereto as Exhibit 99.1, and is incorporated herein by reference.

The information contained in this Item 2.02, including the related information set forth in the press release attached hereto as Exhibit 99.1 and incorporated by reference herein, is being “furnished” and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise. The information in this Item 2.02 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Exchange Act, except as otherwise expressly stated in any such filing.

Item 7.01 Regulation FD.

The press release referenced in Item 2.02 of this Current Report on Form 8-K also includes information concerning the Corporation’s 2018 financial outlook. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information contained in this Item 7.01, including the related information set forth in the press release attached hereto as Exhibit 99.1 and incorporated by reference herein, is being “furnished” and shall not be deemed “filed” for the purposes of Section 18 of the Exchange Act or otherwise. The information in this Item 7.01 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Exchange Act, except as otherwise expressly stated in any such filing.

Item 8.01 Other Events.

On August 1, 2018, the Corporation issued a press release announcing its intention to refinance its long-term debt. A copy of the press release is attached hereto as Exhibit 99.2, and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release Regarding Second Quarter 2018 Financial Results issued by the Corporation on August 1, 2018.
99.2	Press Release Regarding the Corporation’s intention to refinance its long-term debt issued by the Corporation on August 1, 2018.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 1, 2018

DINE BRANDS GLOBAL, INC.

By: /s/ Thomas H. Song
Thomas H. Song
Chief Financial Officer



News Release

Investor Contact

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Dine Brands Global, Inc. Reports Second Quarter 2018 Results

Applebee's Achieves Highest Quarterly Comparable Sales Increase in Ten Years

IHOP Continues Positive Quarterly Comparable Sales Momentum

GLENDALE, Calif., August 1, 2018 – Dine Brands Global, Inc. (NYSE: DIN), the parent company of Applebee's Neighborhood Grill & Bar® and IHOP® restaurants, today announced financial results for the second quarter of fiscal 2018.

"Applebee's and IHOP's domestic same-restaurant sales increased 5.7% and 0.7%, respectively. Positive sales momentum for both brands continued into the second quarter. I am pleased to report that for the third consecutive quarter, both Applebee's and IHOP outperformed their respective categories based on sales and traffic. The execution of our strategic growth plans over the past year are producing meaningful results. Applebee's achieved its highest quarterly domestic sales increase in over a decade. Additionally, IHOP successfully launched its all new Ultimate Steakburgers platform, further establishing the brand as a destination beyond breakfast. We also recently announced that IHOP will be introduced in South America for the first time through an agreement with a new franchisee to open 25 restaurants in Peru over the next ten years," said Steve Joyce, Chief Executive Officer of Dine Brands Global, Inc.

Mr. Joyce added, "We've made great progress stabilizing the performance of our brands and we are excited about the results to date. We are also working on a number of key initiatives that we believe will create significant long-term value for our shareholders, including the refinancing of our debt this year."

Second Quarter of Fiscal 2018 Financial Highlights

- GAAP net income available to common stockholders was \$12.3 million, or earnings per diluted share of \$0.69 for the second quarter of 2018. This compares to net income available to common stockholders of \$21.8 million, or earnings per diluted share of \$1.23, for the second quarter of fiscal 2017. The decrease in net income was primarily due to lower segment profit as the result of \$16.5 million in franchisor contributions to the Applebee's national advertising fund, partially offset by a decline in bad debt expense, IHOP restaurant development over the past twelve months and improvement in Applebee's and IHOP's domestic same-restaurant sales.

- Adjusted net income available to common stockholders was \$18.3 million, or adjusted earnings per diluted share of \$1.03, for the second quarter of fiscal 2018. This compares to adjusted net income available to common stockholders of \$23.8 million, or adjusted earnings per diluted share of \$1.34, for the second quarter of fiscal 2017. The decrease in adjusted net income was mainly due to lower segment profit as the result of \$16.5 million in franchisor contributions to the Applebee's national advertising fund, partially offset by a decline in bad debt expense, IHOP restaurant development over the past twelve months and improvement in Applebee's and IHOP's domestic same-restaurant sales. (See "Non-GAAP Financial Measures" below.)
- General and administrative expenses were \$38.8 million for the second quarter of fiscal 2018 compared to \$37.4 million for the second quarter of fiscal 2017. The increase was primarily due to higher personnel-related costs, partially offset by a decline in professional services expenses.

First Six Months of Fiscal 2018 Financial Highlights

- GAAP net income available to common stockholders was \$28.8 million, or earnings per diluted share of \$1.61 for the first six months of fiscal 2018. This compares to net income available to common stockholders of \$37.1 million, or earnings per diluted share of \$2.09, for the first six months of fiscal 2017. The decrease in net income was primarily due to lower segment profit as the result of \$30.0 million in franchisor contributions to the Applebee's national advertising fund, partially offset by a decline in bad debt expense, IHOP restaurant development over the past twelve months and improvement in Applebee's and IHOP's domestic same-restaurant sales. The impact of lower segment profit was partially offset by lower income tax expense and a decline in general and administrative expenses.
- Adjusted net income available to common stockholders was \$38.0 million, or adjusted earnings per diluted share of \$2.13, for the first six months of fiscal 2018. This compares to adjusted net income available to common stockholders of \$46.6 million, or adjusted earnings per diluted share of \$2.63, for the first six months of fiscal 2017. The decrease in adjusted net income was mainly due to lower segment profit, as explained in the paragraph above. The impact of lower segment profit was partially offset by lower income taxes and a decline in general and administrative expenses. (See "Non-GAAP Financial Measures" below.)
- General and administrative expenses were \$80.7 million for the first six months of fiscal 2018 compared to \$87.7 million for the same period of fiscal 2017. The decline was primarily due to approximately \$8.8 million in executive separation costs incurred during the first six months of 2017 that did not recur in the comparable period of fiscal 2018.
- Cash flows from operating activities were approximately \$25.8 million for the first six months of fiscal 2018 compared to approximately \$20.9 million for the first six months of fiscal 2017. Adjusted free cash flow was \$28.1 million for the first six months of fiscal 2018. This compares to \$19.2 million for the first six months of fiscal 2017. (See "Non-GAAP Financial Measures" below.)

Same-Restaurant Sales Performance

Second Quarter of Fiscal 2018

- Applebee's domestic system-wide comparable same-restaurant sales increased 5.7% for the second quarter of 2018.
- IHOP's domestic system-wide comparable same-restaurant sales increased 0.7% for the second quarter of 2018.

First Six Months of Fiscal 2018

- Applebee's domestic system-wide comparable same-restaurant sales increased 4.5% for the first six months of 2018.
- IHOP's domestic system-wide comparable same-restaurant sales increased 0.9% for the first six months of 2018.

GAAP Effective Tax Rate

Our effective tax rates for the three and six months ended June 30, 2018 were impacted by two events. The Tax Cuts and Jobs Act (the "Tax Act") enacted in December 2017 lowered the federal statutory corporate tax rate from 35% to 21%, beginning in 2018. However, during the three months ended June 30, 2018, we increased our tax provision by \$5.7 million related to adjustments resulting from IRS audits for tax years 2011 through 2013. This adjustment increased our effective tax rates for the three and six months ended June 30, 2018, offsetting the lower federal statutory corporate tax rate resulting from the Tax Act. Completion of the IRS audits for tax years 2011 through 2013 will allow us to accelerate the collection of certain tax benefits recognized in prior years. As a result, we expect to receive a cash refund of approximately \$12 million within the next 12 months. The expected refund is currently included in Prepaid Income Taxes in the Consolidated Balance Sheets.

Financial Performance Guidance for Fiscal 2018

Dine Brands reiterates its financial performance guidance for fiscal 2018 contained in the press release issued on February 20, 2018 and the Form 8-K filed on the same day, except for the revisions noted below.

- **Revised** expectations for Applebee's domestic system-wide comparable same-restaurant sales performance to range between positive 3.5% and positive 4.5%. This compares to previous expectations of between flat and positive 3.0%.
- **Revised** expectations for IHOP's domestic system-wide comparable same-restaurant sales performance to range between positive 0.5% and positive 2.0%. This compares to previous expectations of between flat and positive 3.0%.
- **Revised** expectations for the closure of approximately 80 to 90 domestic Applebee's restaurants and approximately 10 international Applebee's restaurants. This compares to previous expectations for the closure of approximately 60 to 80 restaurants for domestic and international combined. The expected closures will be based on several criteria, including meeting our brand and image standards as well as operational results.

- **Revised** expectations for adjusted free cash flow (See “Non-GAAP Financial Measures” below) to range between \$99 million and \$119 million. This compares to previous expectations for adjusted free cash flow to range between \$94 million and \$114 million.
- Reiterates expectations for Applebee’s franchisees to develop between 10 and 15 new restaurants globally, the majority of which are expected to be international openings.
- Reiterates expectations for IHOP franchisees and its area licensee to develop between 85 and 100 restaurants globally, the majority of which are expected to be domestic openings. We expect the closure of approximately 30 to 40 restaurants, or on a full-year net development basis, a range of 45 to 70 incremental restaurants.
- Reiterates expectations for Franchise segment profit to be between approximately \$289 million and \$307 million. Included in this amount is a one-time \$30 million franchise expense that was contributed to the Applebee’s national advertising fund in the first half of 2018. This is in addition to the 2017 contribution of \$9.5 million.
- Reiterates expectations for Rental and Financing segments to generate approximately \$37 million in combined profit.
- Reiterates expectations for general and administrative expenses to range between \$147 million and \$156 million, including non-cash stock-based compensation expense and depreciation of approximately \$21 million.
- Reiterates expectations for interest expense to be approximately \$61 million. Approximately \$3 million is projected to be non-cash interest expense.
- Reiterates expectations for weighted average diluted shares outstanding to be approximately 18 million shares.
- Reiterates expectations for the income tax rate to be approximately 26%.
- Reiterates expectations for cash flows provided by operating activities to range between \$100 million and \$120 million.
- Reiterates expectations for capital expenditures to be approximately \$16 million.
- Reiterates expectations for GAAP earnings per diluted share to range between \$4.31 and \$4.61.
- Reiterates expectations for adjusted earnings per diluted share (See “Non-GAAP Financial Measures” below) to range from \$4.95 to \$5.25.

2018 Adjusted earnings per diluted share (Non-GAAP) Guidance Table

GAAP earnings per diluted share	\$4.31-\$4.61
Amortization of intangible assets	0.57
Closure and impairment charges	0.10
Non-cash interest expense	0.20
Income tax provision for above adjustments at 26%	(0.23)
Adjusted earnings per diluted share (Non-GAAP)	\$4.95-\$5.25

2018 Adjusted Free Cash Flow (Non-GAAP) Guidance Table

	(In millions)
Cash flows from operations	\$100 – 120
Approximate net receipts from notes and equipment contracts receivable	15
Approximate capital expenditures	(16)
Adjusted free cash flow (Non-GAAP)	\$99 - 119

Second Quarter Fiscal 2018 Results Conference Call Today

The Company will host a conference call to discuss its results on the same day at 6:00 a.m. Pacific Time/ 9:00 a.m. Eastern Time. To participate on the call, please dial (888) 771-4371 and reference passcode 47253774. International callers, please dial (847) 585-4405 and reference passcode 47253774. A live webcast of the call will be available on www.dinebrands.com and may be accessed by visiting Events and Presentations under the site's Investors section. Participants should allow approximately ten minutes prior to the call's start time to visit the site and download any streaming media software needed to listen to the webcast. A telephonic replay of the call may be accessed from 7:30 a.m. Pacific Time/10:30 a.m. Eastern Time on August 1, 2018 through 8:59 p.m. Pacific Time/11:59 p.m. Eastern Time on August 8, 2018 by dialing (888) 843-7419 and referencing passcode 47253774#. International callers, please dial (630) 652-3042 and reference passcode 47253774#. An online archive of the webcast will also be available on Events and Presentations under the Investors section of the Company's website.

About Dine Brands Global, Inc.

Based in Glendale, California, Dine Brands Global, Inc. (NYSE: DIN), through its subsidiaries, franchises restaurants under both the Applebee's Neighborhood Grill & Bar and IHOP brands. With approximately 3,700 restaurants combined in 18 countries and approximately 380 franchisees, Dine Brands is one of the largest full-service restaurant companies in the world. For more information on Dine Brands, visit the Company's website located at www.dinebrands.com.

Forward-Looking Statements

Statements contained in this press release 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. 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. 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. These factors include, but are not limited to: 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 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; and other factors discussed from time to time in the Company’s Annual and Quarterly Reports on Forms 10-K and 10-Q and in the Company’s other filings with the Securities and Exchange Commission. The forward-looking statements contained in this release are made as of the date hereof and the Company does not intend to, nor does it assume any obligation to, update or supplement any forward-looking statements after the date hereof to reflect actual results or future events or circumstances.

Non-GAAP Financial Measures

This press release includes references to the Company’s non-GAAP financial measure “adjusted net income available to common stockholders,” “adjusted earnings per diluted share (Adjusted EPS)” and “Adjusted free cash flow.” Adjusted EPS is computed for a given period by deducting from net income or loss available to common stockholders for such period the effect of any closure and impairment charges, any gain or loss related to debt extinguishment, any intangible asset amortization, any non-cash interest expense, any gain or loss related to the disposition of assets, and other items deemed not reflective of current operations. This is presented on an aggregate basis and a per share (diluted) basis. “Adjusted free cash flow” for a given period is defined as cash provided by operating activities, plus receipts from notes and equipment contracts receivable, less capital expenditures. Management may use certain of these non-GAAP financial measures along with the corresponding U.S. GAAP measures to evaluate the performance of the business and to make certain business decisions. Management uses adjusted free cash flow in its periodic assessments of, among other things, the amount of cash dividends per share of common stock and repurchases of common stock and we believe it is important for investors to have the same measure used by management for that purpose. Adjusted free cash flow does not represent residual cash flow available for discretionary purposes. Additionally, adjusted EPS is one of the metrics used in determining payouts under the Company’s annual cash incentive plan. Management believes that these non-GAAP financial measures provide additional meaningful information that should be considered when assessing the business and the Company’s performance compared to prior periods and the marketplace. Adjusted EPS and adjusted free cash flow are supplemental non-GAAP financial measures and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with U.S. GAAP.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues:		(as adjusted)		(as adjusted)
Franchise revenues	\$ 151,941	\$ 153,064	\$ 307,254	\$ 307,789
Rental revenues	30,324	30,124	61,165	60,589
Financing revenues	2,206	2,088	4,215	4,219
Company restaurant sales	—	3,378	—	7,518
Total revenues	184,471	188,654	372,634	380,115
Cost of revenues:				
Franchise expenses	82,944	69,522	164,816	139,689
Rental expenses	22,788	22,681	45,429	45,347
Financing expenses	149	—	299	—
Company restaurant expenses	—	3,447	—	7,790
Total cost of revenues	105,881	95,650	210,544	192,826
Gross profit	78,590	93,004	162,090	187,289
General and administrative expenses	38,759	37,366	80,670	87,671
Interest expense	15,481	15,780	30,680	31,143
Closure and impairment (credits) charges	(2,702)	2,701	(98)	2,918
Amortization of intangible assets	2,506	2,500	5,008	5,000
Gain on disposition of assets	(50)	(6,243)	(1,477)	(6,352)
Income before income tax provision	24,596	40,900	47,307	66,909
Income tax provision	(11,883)	(18,793)	(17,521)	(29,207)
Net income	\$ 12,713	\$ 22,107	\$ 29,786	\$ 37,702
Net income available to common stockholders:				
Net income	\$ 12,713	\$ 22,107	\$ 29,786	\$ 37,702
Less: Net income allocated to unvested participating restricted stock	(428)	(356)	(1,000)	(635)
Net income available to common stockholders	\$ 12,285	\$ 21,751	\$ 28,786	\$ 37,067
Net income available to common stockholders per share:				
Basic	\$ 0.70	\$ 1.23	\$ 1.63	\$ 2.09
Diluted	\$ 0.69	\$ 1.23	\$ 1.61	\$ 2.09
Weighted average shares outstanding:				
Basic	17,544	17,719	17,623	17,707
Diluted	17,803	17,725	17,827	17,721
Dividends declared per common share	\$0.63	\$0.97	\$1.26	\$1.94
Dividends paid per common share	\$0.63	\$0.97	\$1.60	\$1.94

Dine Brands Global, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share and per share amounts)

	June 30, 2018 (Unaudited)	December 31, 2017 (as adjusted)
Assets		
Current assets:		
Cash and cash equivalents	\$ 95,718	\$ 117,010
Receivables, net	103,015	140,188
Restricted cash	39,430	31,436
Prepaid gift card costs	29,464	40,725
Prepaid income taxes	42,107	45,981
Other current assets	6,764	12,615
Total current assets	316,498	387,955
Long-term receivables, net	118,173	126,570
Property and equipment, net	197,220	199,585
Other intangible assets, net	579,369	582,787
Goodwill	339,236	339,236
Deferred rent receivable	80,358	82,971
Non-current restricted cash	14,700	14,700
Other non-current assets, net	4,752	4,135
Total assets	<u>\$ 1,650,306</u>	<u>\$ 1,737,939</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Current maturities of long-term debt	\$ 32,965	\$ 12,965
Accounts payable	47,694	55,028
Gift card liability	108,695	164,441
Dividends payable	11,430	17,748
Current maturities of capital lease and financing obligations	12,752	14,193
Accrued employee compensation and benefits	12,136	13,547
Deferred franchise revenue, short-term	10,765	11,001
Other accrued expenses	14,484	16,001
Total current liabilities	250,921	304,924
Long-term debt, less current maturities	1,265,093	1,269,849
Capital lease obligations, less current maturities	57,624	61,895
Financing obligations, less current maturities	38,820	39,200
Deferred income taxes, net	112,073	119,996
Deferred rent payable	60,853	69,112
Deferred franchise revenue, long-term	67,246	70,432
Other non-current liabilities	20,927	18,071
Total liabilities	1,873,557	1,953,479
Commitments and contingencies		
Stockholders' deficit:		
Common stock, \$0.01 par value; shares: 40,000,000 authorized; June 30, 2018 - 25,005,404 issued, 17,802,953 outstanding; December 31, 2017 - 25,022,312 issued, 17,993,124 outstanding	250	250
Additional paid-in-capital	254,912	276,408
Accumulated deficit	(40,154)	(69,940)
Accumulated other comprehensive loss	(61)	(105)
Treasury stock, at cost; shares: June 30, 2018 - 7,202,451; December 31, 2017 - 7,029,188	(438,198)	(422,153)
Total stockholders' deficit	(223,251)	(215,540)
Total liabilities and stockholders' deficit	<u>\$ 1,650,306</u>	<u>\$ 1,737,939</u>

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2018	2017 (as adjusted)
Cash flows from operating activities:		
Net income	\$ 29,786	\$ 37,702
Adjustments to reconcile net income to cash flows provided by operating activities:		
Depreciation and amortization	15,842	15,422
Non-cash interest expense	1,744	1,663
Deferred income taxes	(3,606)	(7,633)
Non-cash stock-based compensation expense	5,641	7,567
Gain on disposition of assets	(1,477)	(6,352)
Closure and impairment charges	(114)	2,910
Other	(8,438)	(4,863)
Changes in operating assets and liabilities:		
Accounts receivable, net	(10,924)	(694)
Current income tax receivables and payables	2,776	(482)
Gift card receivables and payables	(10,334)	(14,121)
Other current assets	5,851	(2,215)
Accounts payable	3,816	(8,153)
Accrued employee compensation and benefits	(1,411)	(4,743)
Other current liabilities	(3,360)	4,886
Cash flows provided by operating activities	<u>25,792</u>	<u>20,894</u>
Cash flows from investing activities:		
Additions to property and equipment	(7,339)	(6,945)
Proceeds from sale of property and equipment	655	1,100
Principal receipts from notes, equipment contracts and other long-term receivables	14,923	9,946
Additions to long-term receivables	(3,030)	—
Other	(246)	(292)
Cash flows provided by investing activities	<u>4,963</u>	<u>3,809</u>
Cash flows from financing activities:		
Borrowings under Variable Funding Notes	20,000	—
Repayment of long-term debt	(6,500)	—
Dividends paid on common stock	(28,757)	(34,879)
Repurchase of common stock	(20,003)	(10,003)
Principal payments on capital lease and financing obligations	(8,013)	(7,170)
Tax payments for restricted stock upon vesting	(1,400)	(2,320)
Proceeds from stock options exercised	620	2,635
Cash flows used in financing activities	<u>(44,053)</u>	<u>(51,737)</u>
Net change in cash, cash equivalents and restricted cash	(13,298)	(27,034)
Cash, cash equivalents and restricted cash at beginning of period	163,146	185,491
Cash, cash equivalents and restricted cash at end of period	<u>\$ 149,848</u>	<u>\$ 158,457</u>

Dine Brands Global, Inc. and Subsidiaries
Non-GAAP Financial Measures
(In thousands, except per share amounts)
(Unaudited)

Reconciliation of net income available to common stockholders to net income available to common stockholders, as adjusted for the following items: closure and impairment charges; executive separation costs; amortization of intangible assets; non-cash interest expense; gain or loss on disposition of assets; the combined tax effect of the preceding adjustments; and other tax-related adjustments, as well as related per share data:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017 (as adjusted)	2018	2017 (as adjusted)
Net income available to common stockholders, as reported	\$ 12,285	\$ 21,751	\$ 28,786	\$ 37,067
Closure and impairment (credit) charges	(2,702)	2,701	(98)	2,918
Executive separation costs	—	—	—	8,782
Amortization of intangible assets	2,506	2,500	5,008	5,000
Non-cash interest expense	880	836	1,744	1,663
Gain on disposition of assets	(50)	(6,243)	(1,477)	(6,352)
Income tax provision	(165)	78	(1,346)	(4,564)
Income tax adjustments ⁽¹⁾	5,744	2,219	5,744	2,219
Net income allocated to unvested participating restricted stock	(216)	(35)	(324)	(156)
Net income available to common stockholders, as adjusted	<u>\$ 18,282</u>	<u>\$ 23,807</u>	<u>\$ 38,037</u>	<u>\$ 46,577</u>
Diluted net income available to common stockholders per share:				
Net income available to common stockholders, as reported	\$ 0.69	\$ 1.23	\$ 1.61	\$ 2.09
Closure and impairment (credit) charges	(0.11)	0.09	(0.00)	0.10
Executive separation costs	—	—	—	0.31
Amortization of intangible assets	0.10	0.09	0.21	0.17
Non-cash interest expense	0.04	0.03	0.07	0.06
Gain on disposition of assets	(0.00)	(0.22)	(0.06)	(0.22)
Income tax adjustments ⁽¹⁾	0.32	0.13	0.32	0.13
Net income allocated to unvested participating restricted stock	(0.01)	(0.00)	(0.01)	(0.01)
Rounding	—	(0.01)	(0.01)	—
Diluted net income available to common stockholders per share, as adjusted	<u>\$ 1.03</u>	<u>\$ 1.34</u>	<u>\$ 2.13</u>	<u>\$ 2.63</u>
Numerator for basic EPS-income available to common stockholders, as adjusted	\$ 18,282	\$ 23,807	\$ 38,037	\$ 46,577
Effect of unvested participating restricted stock using the two-class method	4	—	4	1
Numerator for diluted EPS-income available to common stockholders after assumed conversions, as adjusted	<u>\$ 18,286</u>	<u>\$ 23,807</u>	<u>\$ 38,041</u>	<u>\$ 46,578</u>
Denominator for basic EPS-weighted-average shares	17,544	17,719	17,623	17,707
Dilutive effect of stock options	259	6	204	14
Denominator for diluted EPS-weighted-average shares and assumed conversions	<u>17,803</u>	<u>17,725</u>	<u>17,827</u>	<u>17,721</u>

⁽¹⁾ 2018: Charges related to adjustments resulting from IRS audits for tax years 2011 through 2013; 2017: unrecognized tax benefits related to domestic manufacturing deduction taken in years prior to 2017.

Dine Brands Global, Inc. and Subsidiaries
Non-GAAP Financial Measures
(Unaudited)

Reconciliation of the Company's cash provided by operating activities to "adjusted free cash flow" (cash provided by operating activities, plus receipts from notes and equipment contracts receivable, less additions to property and equipment). Management uses this liquidity measure in its periodic assessments of, among other things, the amount of cash dividends per share of common stock and repurchases of common stock and we believe it is important for investors to have the same measure used by management for that purpose. Adjusted free cash flow does not represent residual cash flow available for discretionary purposes.

	Six Months Ended	
	June 30,	
	2018	2017
	(In millions)	
Cash flows provided by operating activities	\$ 25.8	\$ 20.9
Receipts from notes and equipment contracts receivable	9.6	5.2
Additions to property and equipment	(7.3)	(6.9)
Adjusted free cash flow	28.1	19.2
Dividends paid on common stock	(28.8)	(34.9)
Repurchase of Dine Brands common stock	(20.0)	(10.0)
	<u>\$ (20.7)</u>	<u>\$ (25.7)</u>

Dine Brands Global, Inc. and Subsidiaries
Restaurant Data

The following table sets forth, for the three and six months ended June 30, 2018 and 2017, the number of “Effective Restaurants” in the Applebee’s and IHOP systems and information regarding the percentage change in sales at those restaurants compared to the same periods in the prior year and, as such, the percentage change in sales at Effective Restaurants is based on non-GAAP sales data. Sales at restaurants that are owned by franchisees and area licensees are not attributable to the Company. However, we believe that presentation of this information is useful in analyzing our revenues because franchisees and area licensees pay us royalties and advertising fees that are generally based on a percentage of their sales, and, where applicable, rental payments under leases that partially may be based on a percentage of their sales. Management also uses this information to make decisions about future plans for the development of additional restaurants as well as evaluation of current operations.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
(Unaudited)				
Applebee’s Restaurant Data				
Effective Restaurants(a)				
Franchise	1,900	1,984	1,912	1,995
System-wide(b)				
Sales percentage change(c)	3.2 %	(7.5)%	2.0 %	(8.1)%
Domestic same-restaurant sales percentage change(d)	5.7 %	(6.2)%	4.5 %	(7.0)%
Franchise(b)				
Domestic sales percentage change(c)	3.2 %	(7.5)%	2.0 %	(8.1)%
Domestic same-restaurant sales percentage change(d)	5.7 %	(6.2)%	4.5 %	(7.0)%
Average weekly domestic unit sales (in thousands)	\$ 47.6	\$ 44.2	\$ 47.6	\$ 44.7
IHOP Restaurant Data				
Effective Restaurants(a)				
Franchise	1,627	1,565	1,623	1,559
Area license	163	166	163	166
Company	—	9	—	9
Total	1,790	1,740	1,786	1,734
System-wide(b)				
Sales percentage change(c)	3.1 %	0.2 %	3.5 %	0.2 %
Domestic same-restaurant sales percentage change(d)	0.7 %	(2.6)%	0.9 %	(2.1)%
Franchise(b)				
Sales percentage change(c)	3.7 %	0.5 %	4.3 %	0.6 %
Domestic same-restaurant sales percentage change(d)	0.7 %	(2.6)%	0.9 %	(2.1)%
Average weekly domestic unit sales (in thousands)	\$ 36.2	\$ 36.3	\$ 36.7	\$ 36.6
Area License (b)				
Sales percentage change(c)	1.8 %	(1.4)%	0.8 %	(2.6)%

Dine Brands Global, Inc. and Subsidiaries
Restaurant Data

- (a) “Effective Restaurants” are the weighted average number of restaurants open in a given fiscal period, adjusted to account for restaurants open for only a portion of the period. Information is presented for all Effective Restaurants in the Applebee’s and IHOP systems, which includes restaurants owned by franchisees and area licensees as well as those owned by the Company.
- (b) “System-wide” sales are retail sales at Applebee’s restaurants operated by franchisees and IHOP restaurants operated by franchisees and area licensees, as reported to the Company, in addition to retail sales at company-operated restaurants. Sales at restaurants that are owned by franchisees and area licensees are not attributable to the Company. An increase in franchisees’ reported sales will result in a corresponding increase in our royalty revenue, while a decrease in franchisees’ reported sales will result in a corresponding decrease in our royalty revenue. Unaudited reported sales for Applebee’s domestic franchise restaurants, IHOP franchise restaurants and IHOP area license restaurants for the three and six months ended June 30, 2018 and 2017 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(In millions)			
<u>Reported sales (unaudited)</u>				
Applebee’s domestic franchise restaurant sales	\$ 1,082.9	\$ 1,049.6	\$ 2,178.5	\$ 2,135.8
IHOP franchise restaurant sales	766.6	\$ 739.2	1,547.2	\$ 1,483.4
IHOP area license restaurant sales	70.4	\$ 69.2	142.8	\$ 141.7
Total	\$ 1,919.9	\$ 1,858.0	\$ 3,868.5	\$ 3,760.9

- (c) “Sales percentage change” reflects, for each category of restaurants, the percentage change in sales in any given fiscal period compared to the prior fiscal period for all restaurants in that category.
- (d) “Domestic same-restaurant sales percentage change” reflects the percentage change in sales, in any given fiscal period, compared to the same weeks in the prior year for domestic restaurants that have been operated throughout both fiscal periods that are being compared and have been open for at least 18 months. Because of new unit openings and restaurant closures, the domestic restaurants open throughout both fiscal periods being compared may be different from period to period. Same-restaurant sales percentage change does not include data on IHOP area license restaurants located in Florida.

Dine Brands Global, Inc. and Subsidiaries
Restaurant Data

(unaudited)

The following table summarizes our restaurant development activity:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Applebee's Restaurant Development Activity				
Beginning of period:	1,912	1,998	1,936	2,016
Franchise restaurants opened:				
Domestic	1	4	1	5
International	1	4	3	4
Total franchise restaurants opened	2	8	4	9
Franchise restaurants closed:				
Domestic	(30)	(33)	(52)	(52)
International	(1)	(5)	(5)	(5)
Total franchise restaurants closed	(31)	(38)	(57)	(57)
Net franchise restaurant reduction	(29)	(30)	(53)	(48)
Total Applebee's restaurants, end of period	1,883	1,968	1,883	1,968
Domestic	1,731	1,811	1,731	1,811
International	152	157	152	157
IHOP Restaurant Development Activity				
Summary - beginning of period:				
Franchise	1,627	1,564	1,622	1,556
Area license	164	167	164	167
Company	—	10	—	10
Total IHOP restaurants, beginning of period	1,791	1,741	1,786	1,733
Franchise/area license restaurants opened:				
Domestic franchise	9	9	22	20
Domestic area license	2	—	2	—
International franchise	5	8	8	12
Total franchise/area license restaurants opened	16	17	32	32
Franchise/area license restaurants closed:				
Domestic franchise	(1)	(2)	(6)	(9)
Domestic area license	(1)	(1)	(1)	(1)
International franchise	—	(2)	(6)	(2)
Total franchise/area license restaurants closed	(2)	(5)	(13)	(12)
Net franchise/area license restaurant development	14	12	19	20
Refranchised from Company restaurants	—	9	1	9
Franchise restaurants reacquired by the Company	—	—	(1)	—
Net franchise/area license restaurant additions	14	21	19	29
Summary - end of period				
Franchise	1,640	1,586	1,640	1,586
Area license	165	166	165	166
Company	—	—	—	—
Total IHOP restaurants, end of period	1,805	1,752	1,805	1,752
Domestic	1,688	1,646	1,688	1,646
International	117	106	117	106



News Release

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Dine Brands Global, Inc. Announces Intention to Refinance its Existing Long-Term Debt Through a Securitization

GLENDALE, Calif., August 1, 2018 – Dine Brands Global, Inc. (NYSE: DIN), the parent company of Applebee's Neighborhood Grill & Bar® and IHOP® restaurants, today announced its intention to refinance its Series 2014-1, Class A-2 Fixed Rate Senior Secured Notes and replace its existing Series 2014-1, Class A-1 Variable Funding Senior Notes (the "Existing Notes").

As of June 30, 2018, the balances of the Class A-2 Fixed Rate Senior Secured Notes and Class A-1 Variable Funding Senior Notes were approximately \$1.29 billion and \$20 million, respectively. Dine Brands intends to replace the Existing Notes with a new securitized financing facility, expected to be comprised of \$1.35 billion of senior term notes and \$225 million of variable funding notes (the "New Notes"). The net proceeds of the new facility would be used for repayment of the Existing Notes, transaction costs associated with the refinancing and general corporate purposes.

There can be no assurance regarding the timing of a refinancing transaction, the interest rate at which the Existing Notes would be refinanced, or that a refinancing transaction will be completed.

The New Notes are being sold to qualified institutional buyers in the United States in accordance with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and to persons outside the United States in accordance with Regulation S under the Securities Act. The New Notes have not been, and will not be, registered under the Securities Act or any state or other jurisdictions securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state or other jurisdiction's securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy the New Notes or any other security, nor shall there be any offer, solicitation or sale of the New Notes or any other security in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful.

About Dine Brands Global, Inc.

Based in Glendale, California, Dine Brands Global, Inc. (NYSE: DIN), through its subsidiaries, franchises restaurants under both the Applebee's Neighborhood Grill & Bar and IHOP brands. With approximately 3,700 restaurants combined in 18 countries and approximately 380 franchisees, Dine Brands is one of the largest full-service restaurant companies in the world. For more information on Dine Brands, visit the Company's website located at www.dinebrands.com.

Forward-Looking Statements

Statements contained in this press release 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. 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. 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. These factors include, but are not limited to: 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 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; and other factors discussed from time to time in the Company's Annual and Quarterly Reports on Forms 10-K and 10-Q and in the Company's other filings with the Securities and Exchange Commission. The forward-looking statements contained in this release are made as of the date hereof and the Company does not intend to, nor does it assume any obligation to, update or supplement any forward-looking statements after the date hereof to reflect actual results or future events or circumstances.