
**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): **February 20, 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)

DineEquity, Inc.
(Former name or former address, if changed since last report)

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 February 20, 2018, the Corporation issued a press release announcing its fourth quarter and fiscal 2017 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 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

On February 14, 2018, the Board of Directors of the Dine Brands Global, Inc., a Delaware corporation (the “Corporation”), approved an amendment to its Restated Certificate of Incorporation to change its name from DineEquity, Inc. to Dine Brands Global, Inc. effective February 20, 2018.

The above description of the amendment to the Restated Certificate of Incorporation does not purport to be complete and is qualified in its entirety by reference to the full text of the Certificate of Amendment, a copy of which is attached hereto as Exhibit 3.1 and is incorporated into this Item 5.03 by reference.

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 February 20, 2018, the Corporation issued a press release announcing that the Board of Directors of the Corporation declared a first quarter 2018 cash dividend of \$0.63 per share of common stock, payable on April 6, 2018, to the Corporation’s stockholders of record as of March 19, 2018. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

**Exhibit
Number**

Description

3.1

[Certificate of Amendment of the Restated Certificate of Incorporation of DineEquity, Inc.](#)

99.1

[Press Release issued by the Corporation on February 20, 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.

DINE BRANDS GLOBAL, INC.

Date: February 20, 2018

By: /s/ Gregory H. Kalvin

Gregory H. Kalvin
Interim Chief Financial Officer and Senior
Vice President, Corporate Controller

CERTIFICATE OF AMENDMENT OF RESTATED CERTIFICATE OF INCORPORATION
OF
DINEEQUITY, INC.

The corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:

FIRST: That at a meeting of the Board of Directors of DineEquity, Inc., resolutions were duly adopted setting forth a proposed amendment of the Restated Certificate of Incorporation of said corporation, declaring same amendment to be advisable. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Restated Certificate of Incorporation of the Corporation be amended by changing Article FIRST so that, as amended, said Article shall be and read as follows:

The name of the Corporation is Dine Brands Global, Inc. (hereinafter the "Corporation").

SECOND: Said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

THIRD: Said amendment shall become effective at 12:00 a.m. on Tuesday, February 20, 2018.

IN WITNESS WHEREOF, said Corporation has caused this certificate to be signed on February 14, 2018.

DINEEQUITY, INC.

By: /s/ Stephen P. Joyce

Stephen P. Joyce
Chief Executive Officer



News Release

Investor Contact

Ken Diptee
Executive Director, Investor Relations
Dine Brands Global, Inc.
818-637-3632

Media Contact

Thien Ho
Executive Director, Communications
Dine Brands Global, Inc.
818-549-4238

DineEquity, Inc. Reports Fourth Quarter and Fiscal 2017 Results

Company Declares First Quarter 2018 Dividend

Company Announces Name Change to Dine Brands Global, Inc.

GLENDALE, Calif., February 20, 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 fourth quarter and fiscal 2017. Additionally, the Company's Board of Directors declared a cash dividend of \$0.63 per share of common stock for the first quarter of 2018. The dividend will be payable on April 6, 2018 to the Company's stockholders of record at the close of business on March 19, 2018. The Company also announced that it will change its name to Dine Brands Global, Inc., effective February 20, 2018, as part of its ongoing transformation strategy.

"We continue to make excellent progress against our plan to stabilize and grow performance at both brands. We are working on several exciting initiatives to expand our revenue channels, continually enhance the guest experience, improve operations and grow our global presence while investing in the long-term health of our two strong brands," said Stephen P. Joyce, Chief Executive Officer of Dine Brands Global, Inc.

Mr. Joyce continued, "Our new company name reflects a shift in strategy and a values-based performance culture with greater autonomy and accountability at the brand level. We are focused on returning to a growth company and delivering strong returns to our shareholders. We believe the change in our quarterly dividend to a more appropriate dividend yield will result in a favorable capital allocation framework and provide us the opportunity for meaningful share repurchases, investments in our brands as well as opportunities to scale our business. I am very confident that the steps we are taking will drive sustainable results as we continue to build on the encouraging positive same-restaurant sales and traffic performance of both brands in January."

Fourth Quarter of Fiscal 2017 Financial Highlights

- GAAP net income available to common stockholders was \$83.0 million, or earnings per diluted share of \$4.67 for the fourth quarter of 2017. This compares to net income available to common stockholders of \$21.1 million, or earnings per diluted share of \$1.18, for the fourth quarter of fiscal 2016. The increase in net income was primarily due to a tax benefit of \$66.6 million mainly as the result of the revaluation of our deferred tax assets and liabilities due to a future reduction in our corporate tax rate following the enactment of the Tax Cuts and Jobs Act tax legislation in December 2017. This item was partially offset by a decline in gross profit. The decrease in gross profit was due to an increase in franchisor contributions to the Applebee's national advertising fund, higher bad debt expense, a reduction in revenue recognized due to the non-collectability of Applebee's franchisee royalties and the impact of restaurant closures.
- Adjusted net income available to common stockholders was \$13.1 million, or adjusted earnings per diluted share of \$0.74, for the fourth quarter of fiscal 2017. This compares to adjusted net income available to common stockholders of \$24.5 million, or adjusted earnings per diluted share of \$1.37, for the fourth quarter of fiscal 2016. The decrease in adjusted net income was mainly due to a decline in gross profit, as explained in the previous paragraph. The impact of lower adjusted net income on adjusted earnings per diluted share was partially offset by fewer weighted average diluted shares outstanding. (See "Non-GAAP Financial Measures" below.)
- General and administrative expenses were approximately \$40.0 million for the fourth quarter of fiscal 2017. This compares to \$37.0 million for the fourth quarter of fiscal 2016. The increase was mainly due to higher personnel costs.

Fiscal 2017 Financial Highlights

- GAAP net loss available to common stockholders was \$324.0 million, or net loss per diluted share of \$18.28 for fiscal 2017. This compares to net income available to common stockholders of \$96.6 million, or earnings per diluted share of \$5.33, for fiscal 2016. The net loss was primarily due to non-cash impairment charges in fiscal 2017 totaling \$531.6 million related to the write-downs in the third quarter of Applebee's goodwill and other intangible assets as well as lower gross profit. These items were partially offset by a tax benefit of \$94.8 million primarily as the result of the fourth-quarter revaluation of our deferred tax assets and liabilities due to a future reduction in our corporate tax rate.
- Adjusted net income available to common stockholders was \$73.7 million, or adjusted earnings per diluted share of \$4.15, for fiscal 2017. This compares to adjusted net income available to common stockholders of \$108.9 million, or adjusted earnings per diluted share of \$6.01, for fiscal 2016. The decrease in adjusted net income was mainly due to lower gross profit and an increase in general and administrative expenses. The decline in gross profit was due to higher bad debt expense, an increase in franchisor contributions to the Applebee's national advertising fund, a reduction in revenue recognized due to the non-collectability of Applebee's franchisee royalties, the impact of restaurant closures and a 5.3% decline in Applebee's domestic system-wide comparable same-restaurant sales. (See "Non-GAAP Financial Measures" below.)

- General and administrative expenses were \$165.7 million for fiscal 2017 compared to \$148.9 million for fiscal 2016. The increase was primarily due to approximately \$9 million of non-recurring cash severance and equity compensation charges incurred in the first quarter of 2017 and higher costs for professional services associated with investments in Applebee's stabilization initiatives.
- Cash flows from operating activities were \$65.7 million for fiscal 2017 compared to \$118.1 million for fiscal 2016. The decline was primarily due to a decrease in gross profit from franchise operations and an increase in general and administrative expenses. Adjusted free cash flow was \$63.0 million for fiscal 2017, compared to \$122.5 million for fiscal 2016. (See "Non-GAAP Financial Measures" below.)

Same-Restaurant Sales Performance

Fourth Quarter of Fiscal 2017

- Applebee's domestic system-wide comparable same-restaurant sales increased 1.3% for the fourth quarter of 2017.
- IHOP's domestic system-wide comparable same-restaurant sales modestly declined 0.4% for the fourth quarter of 2017.

Fiscal 2017

- Applebee's domestic system-wide comparable same-restaurant sales declined 5.3% for fiscal 2017.
- IHOP's domestic system-wide comparable same-restaurant sales declined 1.9% for fiscal 2017.

Financial Performance Guidance for Fiscal 2018

The following financial performance guidance for fiscal 2018 is based on management's expectations as of February 20, 2018. The projections are as of this date and the Company assumes no obligation to update or supplement these estimates.

- Applebee's domestic system-wide comparable same-restaurant sales performance is expected to range between flat and positive 3.0%.
- IHOP's domestic system-wide comparable same-restaurant sales performance is expected to range between flat and positive 3.0%.

- Applebee's franchisees are expected to develop between 10 and 15 new restaurants globally, the majority of which are expected to be international openings. As part of our ongoing system-wide analysis to optimize the health of the franchisee system, we anticipate the closure of approximately 60 to 80 restaurants. The expected closures will be based on several criteria, including meeting our brand and image standards as well as operational results.
- IHOP franchisees and its area licensee are expected 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.
- Franchise segment profit is expected to be between approximately \$289 million and \$307 million. Included in this amount is a one-time \$30 million franchise expense that will be contributed to the Applebee's national advertising fund, continuing the 2017 contribution of \$9.5 million. We expect the \$30 million to be expensed ratably over the first and second quarters of 2018.
- Rental and Financing segments are expected to generate approximately \$37 million in combined profit.
- General and administrative expenses are expected to range between \$147 million and \$156 million, including non-cash stock-based compensation expense and depreciation of approximately \$21 million.
- Interest expense is expected to be approximately \$61 million. Approximately \$3 million is projected to be non-cash interest expense.
- Weighted average diluted shares outstanding are expected to be approximately 18 million shares.
- The income tax rate is expected to be approximately 26%.
- Cash flows provided by operating activities are expected to range between \$100 million and \$120 million.
- Capital expenditures are projected to be approximately \$16 million.
- GAAP earnings per diluted share is expected to range from \$4.31 to \$4.61.
- Adjusted earnings per diluted share (See "Non-GAAP Financial Measures" below) is expected to range from \$4.95 to \$5.25.
- Adjusted free cash flow (See "Non-GAAP Financial Measures" below) is expected to range between \$94 million and \$114 million.

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 | 10 |
| Approximate capital expenditures | (16) |
| Adjusted free cash flow (Non-GAAP) | \$94 - 114 |

Investor and Analyst Day on February 21, 2018

The Company will discuss certain long-term financial projections, business strategy and corporate rebranding during its investor and analyst day on February 21, 2018 in New York City. The business presentations, followed by Q&A, are scheduled to begin at approximately at 8:00 a.m. Eastern Time and conclude at approximately 12:00 p.m. Eastern Time. A live webcast, including presentation material, will be available on the Company's website at www.dinebrands.com and may be accessed by visiting Events and Presentations under the site's Investors section.

Fourth Quarter and Fiscal 2017 Results Conference Call Today

The Company will host a conference call today at 5:00 a.m. Pacific Time/8:00 a.m. Eastern Time to discuss its fourth quarter and fiscal 2017 financial results. To participate on the call, please dial (888) 771-4371 and reference passcode 46299784. International callers, please dial (847) 585-4405 and reference passcode 46299784. A live webcast of the call will be available at www.dinebrands.com and may be accessed by visiting Events and Presentations on 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 on February 20, 2018 through 8:59 p.m. Pacific Time on February 27, 2018 by dialing (888) 843-7419 and referencing passcode 46299784#. International callers, please dial (630) 652-3042 and reference passcode 46299784#. 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 more than 3,700 restaurants combined in 18 countries and over 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 (Loss)
(In thousands, except per share amounts)
(Unaudited)

| | Three Months Ended | | Twelve Months Ended | |
|--|--------------------|------------------|---------------------|------------------|
| | December 31, | | December 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | |
| Franchise and restaurant revenues | \$ 116,118 | \$ 121,711 | \$ 475,030 | \$ 501,745 |
| Rental revenues | 30,585 | 30,291 | 121,437 | 123,037 |
| Financing revenues | 2,072 | 2,172 | 8,352 | 9,191 |
| Total revenues | 148,775 | 154,174 | 604,819 | 633,973 |
| Cost of revenues: | | | | |
| Franchise and restaurant expenses | 48,507 | 40,731 | 171,983 | 162,860 |
| Rental expenses | 22,927 | 22,508 | 90,592 | 91,540 |
| Financing expenses | 149 | — | 598 | 155 |
| Total cost of revenues | 71,583 | 63,239 | 263,173 | 254,555 |
| Gross profit | 77,192 | 90,935 | 341,646 | 379,418 |
| Impairment of goodwill and intangible assets | — | — | 531,634 | — |
| General and administrative expenses | 39,978 | 36,998 | 165,679 | 148,935 |
| Interest expense | 15,483 | 15,372 | 61,979 | 61,479 |
| Amortization of intangible assets | 2,502 | 2,501 | 10,009 | 9,981 |
| Closure and impairment charges | 162 | 1,160 | 3,968 | 5,092 |
| Loss (gain) on disposition of assets | 138 | 130 | (6,249) | 809 |
| Income (loss) before income tax benefit (provision) | 18,929 | 34,774 | (425,374) | 153,122 |
| Income tax benefit (provision) | 66,607 | (13,427) | 94,835 | (55,130) |
| Net income (loss) | \$ 85,536 | \$ 21,347 | \$ (330,539) | \$ 97,992 |
| Net income (loss) available to common stockholders: | | | | |
| Net income (loss) | \$ 85,536 | \$ 21,347 | \$ (330,539) | \$ 97,992 |
| Less: net (income) loss allocated to unvested participating restricted stock | (2,563) | (288) | 6,519 | (1,387) |
| Net income (loss) available to common stockholders | \$ 82,973 | \$ 21,059 | \$ (324,020) | \$ 96,605 |
| Net income (loss) available to common stockholders per share: | | | | |
| Basic | \$ 4.68 | \$ 1.18 | \$ (18.28) | \$ 5.36 |
| Diluted | \$ 4.67 | \$ 1.18 | \$ (18.28) | \$ 5.33 |
| Weighted average shares outstanding: | | | | |
| Basic | 17,745 | 17,826 | 17,725 | 18,030 |
| Diluted | 17,764 | 17,916 | 17,740 | 18,125 |
| Dividends declared per common share | \$ 0.97 | \$ 0.97 | \$ 3.88 | \$ 3.73 |
| Dividends paid per common share | \$ 0.97 | \$ 0.92 | \$ 3.88 | \$ 3.68 |

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

| | December 31, | |
|--|---------------------|---------------------|
| | 2017 | 2016 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 117,010 | \$ 140,535 |
| Receivables, net | 150,174 | 141,389 |
| Restricted cash | 31,436 | 30,256 |
| Prepaid gift card costs | 40,725 | 47,115 |
| Prepaid income taxes | 43,654 | 2,483 |
| Other current assets | 12,615 | 4,370 |
| Total current assets | 395,614 | 366,148 |
| Long-term receivables, net | 131,212 | 141,152 |
| Property and equipment, net | 199,585 | 205,055 |
| Goodwill | 339,236 | 697,470 |
| Other intangible assets, net | 582,787 | 763,431 |
| Deferred rent receivable | 82,971 | 86,981 |
| Other non-current assets, net | 18,835 | 18,346 |
| Total assets | \$ 1,750,240 | \$ 2,278,583 |
| Liabilities and Stockholders' (Deficit) Equity | | |
| Current liabilities: | | |
| Current maturities of long-term debt | \$ 12,965 | \$ — |
| Accounts payable | 55,028 | 50,503 |
| Gift card liability | 164,441 | 170,812 |
| Dividends payable | 17,748 | 17,465 |
| Current maturities of capital lease and financing obligations | 14,193 | 13,144 |
| Accrued employee compensation and benefits | 13,547 | 14,609 |
| Other accrued expenses | 17,780 | 19,779 |
| Total current liabilities | 295,702 | 286,312 |
| Long-term debt, net, less current maturities | 1,269,849 | 1,282,691 |
| Capital lease obligations, less current maturities | 61,895 | 74,665 |
| Financing obligations, less current maturities | 39,200 | 39,499 |
| Deferred income taxes, net | 138,177 | 253,898 |
| Deferred rent payable | 69,112 | 69,572 |
| Other non-current liabilities | 23,003 | 19,174 |
| Total liabilities | 1,896,938 | 2,025,811 |
| Commitments and contingencies | | |
| Stockholders' (deficit) equity: | | |
| Common stock, \$0.01 par value; shares: 40,000,000 authorized; 2017 - 25,022,312 issued, 17,993,124 outstanding; 2016 - 25,134,223 issued, 17,969,636 outstanding | 250 | 251 |
| Additional paid-in-capital | 276,408 | 292,809 |
| (Accumulated deficit) retained earnings | (1,098) | 382,082 |
| Accumulated other comprehensive loss | (105) | (107) |
| Treasury stock, at cost; shares: 2017 - 7,029,188; 2016 - 7,164,587 | (422,153) | (422,263) |
| Total stockholders' (deficit) equity | (146,698) | 252,772 |
| Total liabilities and stockholders' (deficit) equity | \$ 1,750,240 | \$ 2,278,583 |

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

| | Twelve Months Ended December 31, | |
|--|-------------------------------------|-------------------|
| | 2017 | 2016 |
| Cash flows from operating activities: | | |
| Net (loss) income | \$ (330,539) | \$ 97,992 |
| Adjustments to reconcile net (loss) income to cash flows provided by operating activities: | | |
| Impairment of goodwill and intangible assets | 531,634 | — |
| Depreciation and amortization | 30,648 | 30,606 |
| Non-cash interest expense | 3,364 | 3,218 |
| Closure and other impairment charges | 3,834 | 2,621 |
| Deferred income taxes | (145,402) | (14,434) |
| Non-cash stock-based compensation expense | 10,783 | 10,926 |
| Tax benefit from stock-based compensation | — | 1,132 |
| Excess tax benefit from stock-based compensation | — | (1,019) |
| (Gain) loss on disposition of assets | (6,249) | 809 |
| Other | (4,796) | (1,302) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | (8,908) | 3,178 |
| Current income tax receivables and payables | (8,491) | (909) |
| Gift card receivables and payables | (3,322) | (4,288) |
| Prepaid expenses and other current assets | (8,247) | (156) |
| Accounts payable | 7,208 | 89 |
| Accrued employee compensation and benefits | (1,126) | (10,476) |
| Accrued interest payable | 717 | 51 |
| Other current liabilities | (5,375) | 72 |
| Cash flows provided by operating activities | <u>65,733</u> | <u>118,110</u> |
| Cash flows from investing activities: | | |
| Principal receipts from notes, equipment contracts and other long-term receivables | 20,486 | 18,689 |
| Proceeds from sale of property and equipment | 1,100 | — |
| Additions to property and equipment | (13,370) | (5,637) |
| Other | (541) | (503) |
| Cash flows provided by investing activities | <u>7,675</u> | <u>12,549</u> |
| Cash flows from financing activities: | | |
| Repayment of long-term debt | (3,250) | — |
| Dividends paid on common stock | (69,790) | (67,429) |
| Repurchase of DineEquity common stock | (10,003) | (55,343) |
| Principal payments on capital lease and financing obligations | (12,949) | (13,978) |
| Proceeds from stock options exercised | 2,635 | 1,409 |
| Tax payments for restricted stock upon vesting | (2,396) | (2,859) |
| Excess tax benefit from share-based compensation | — | 1,019 |
| Cash flows used in financing activities | <u>(95,753)</u> | <u>(137,181)</u> |
| Net change in cash, cash equivalents and restricted cash | <u>(22,345)</u> | <u>(6,522)</u> |
| Cash, cash equivalents and restricted cash at beginning of year | 185,491 | 192,013 |
| Cash, cash equivalents and restricted cash at end of year | <u>\$ 163,146</u> | <u>\$ 185,491</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: Impairment of goodwill and intangible assets; executive separation costs; Kansas City Support Center consolidation costs; amortization of intangible assets; closure and other impairment charges; non-cash interest expense; gain or loss on disposition of assets; the combined tax effect of the preceding adjustments, and income tax adjustments considered unrelated to the respective current period operations, as well as related per share data:

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|------------------|-------------------------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net income (loss) available to common stockholders, as reported | \$ 82,973 | \$ 21,059 | \$ (324,020) | \$ 96,605 |
| Impairment of goodwill and intangible assets | — | — | 531,634 | — |
| Executive separation costs | — | — | 8,782 | — |
| Kansas City Support Center consolidation costs ⁽¹⁾ | — | 835 | — | 6,173 |
| Amortization of intangible assets | 2,502 | 2,501 | 10,009 | 9,981 |
| Closure and other impairment charges | 162 | 762 | 3,968 | 2,223 |
| Non-cash interest expense | 855 | 818 | 3,364 | 3,218 |
| Loss (gain) on disposition of assets | 138 | 130 | (6,249) | 809 |
| Net income tax provision for above adjustments | (1,390) | (1,867) | (73,444) | (8,289) |
| Income tax adjustments ⁽²⁾ | (74,330) | 316 | (72,111) | (1,686) |
| Net income allocated to unvested participating restricted stock | 2,158 | (47) | (8,283) | (177) |
| Net income available to common stockholders, as adjusted | \$ 13,068 | \$ 24,507 | \$ 73,650 | \$ 108,857 |
| Diluted net income available to common stockholders per share: | | | | |
| Net income (loss) available to common stockholders, as reported | \$ 4.67 | \$ 1.18 | \$ (18.28) | \$ 5.33 |
| Impairment of goodwill and intangible assets | — | — | 26.25 | — |
| Executive separation costs | — | — | 0.31 | — |
| Kansas City Support Center consolidation costs ⁽¹⁾ | — | 0.03 | — | 0.21 |
| Amortization of intangible assets | 0.09 | 0.09 | 0.35 | 0.34 |
| Closure and other impairment charges | 0.01 | 0.03 | 0.14 | 0.08 |
| Non-cash interest expense | 0.03 | 0.03 | 0.12 | 0.11 |
| Loss (gain) on disposition of assets | 0.00 | 0.00 | (0.22) | 0.03 |
| Income tax adjustments ⁽²⁾ | (4.19) | 0.02 | (4.07) | (0.09) |
| Net loss (income) allocated to unvested participating restricted stock | 0.12 | (0.00) | (0.46) | (0.01) |
| Rounding | 0.01 | (0.01) | 0.01 | 0.01 |
| Diluted net income available to common stockholders per share, as adjusted | \$ 0.74 | \$ 1.37 | \$ 4.15 | \$ 6.01 |
| Numerator for basic EPS-income available to common stockholders, as adjusted | \$ 13,068 | \$ 24,507 | \$ 73,650 | \$ 108,857 |
| Effect of unvested participating restricted stock using the two-class method | (1) | 1 | — | 2 |
| Numerator for diluted EPS-income available to common stockholders after assumed conversions, as adjusted | \$ 13,067 | \$ 24,508 | \$ 73,650 | \$ 108,859 |
| Denominator for basic EPS-weighted-average shares | 17,745 | 17,826 | 17,725 | 18,030 |
| Effect of dilutive securities: | | | | |
| Stock options | 19 | 90 | 15 | 95 |
| Denominator for diluted EPS-weighted-average shares and assumed conversions | 17,764 | 17,916 | 17,740 | 18,125 |

(1) Includes \$398 and \$2,869 of lease termination costs for the three and twelve months ended December 31, 2016, respectively, reported in "closure and other impairment charges" in the Consolidated Statements of Comprehensive (Loss) Income

- (2) Adjustments to deferred tax balances: 2017 - primarily related to revaluation of deferred taxes at a federal tax rate of 21% in accordance with the Tax Cuts and Jobs Act; 2016 - primarily due to change in state tax rates because of Support Center consolidation

Dine Brands Global, Inc. and Subsidiaries
Non-GAAP Financial Measures
(In thousands)
(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 contract receivables, 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.

| | Twelve Months Ended | |
|--|----------------------------|-----------------|
| | December 31, | |
| | 2017 | 2016 |
| Cash flows provided by operating activities | \$ 65,733 | \$ 118,110 |
| Net receipts from notes and equipment contract receivables | 10,614 | 10,036 |
| Additions to property and equipment | (13,370) | (5,637) |
| Adjusted free cash flow | 62,977 | 122,509 |
| Dividends paid on common stock | (69,790) | (67,429) |
| Repurchase of DineEquity common stock | (10,003) | (55,343) |
| | <u>\$ (16,816)</u> | <u>\$ (263)</u> |

Dine Brands Global, Inc. and Subsidiaries
Restaurant Data (unaudited)

The following table sets forth, for the three and twelve months ended December 31, 2017 and 2016, 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. Sales at restaurants that are owned by franchisees and area licensees are not attributable to the Company and, as such, the percentage changes in sales presented below are based on non-GAAP sales data. 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 | | Twelve Months Ended | |
|---|---------------------------|--------------|----------------------------|--------------|
| | December 31, | | December 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| (unaudited) | | | | |
| Applebee’s Restaurant Data | | | | |
| Effective Restaurants(a) | | | | |
| Franchise | 1,936 | 2,020 | 1,970 | 2,027 |
| Company | — | — | — | — |
| Total | 1,936 | 2,020 | 1,970 | 2,027 |
| System-wide(b) | | | | |
| Sales percentage change(c) | (1.1)% | (13.5)% | (6.8)% | (6.8)% |
| Domestic same-restaurant sales percentage change(d) | 1.3 % | (7.2)% | (5.3)% | (5.0)% |
| Franchise(b) | | | | |
| Sales percentage change(c) | (1.1)% | (13.5)% | (6.8)% | (6.2)% |
| Domestic same-restaurant sales percentage change(d) | 1.3 % | (7.2)% | (5.3)% | (5.0)% |
| Average weekly domestic unit sales (in thousands) | \$ 44.2 | \$ 42.8 | \$ 43.6 | \$ 45.3 |

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|--------------|-------------------------------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| (unaudited) | | | | |
| IHOP Restaurant Data | | | | |
| Effective Restaurants(a) | | | | |
| Franchise | 1,598 | 1,530 | 1,576 | 1,517 |
| Area license | 164 | 167 | 164 | 166 |
| Company | — | 10 | 5 | 10 |
| Total | <u>1,762</u> | <u>1,707</u> | <u>1,745</u> | <u>1,693</u> |
| System-wide(b) | | | | |
| Sales percentage change(c) | 3.1 % | (6.7)% | 0.7 % | (0.3)% |
| Domestic same-restaurant sales percentage change(d) | (0.4)% | (2.1)% | (1.9)% | (0.1)% |
| Franchise(b) | | | | |
| Sales percentage change(c) | 3.1 % | (7.1)% | 1.2 % | (0.3)% |
| Domestic same-restaurant sales percentage change(d, e) | (0.4)% | (2.1)% | (1.9)% | (0.1)% |
| Average weekly unit sales (in thousands) | \$ 36.3 | \$ 36.8 | \$ 36.3 | \$ 37.3 |
| Area License (b) | | | | |
| Sales percentage change(c) | 9.0 % | (1.0)% | (0.7)% | 0.6 % |

- (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 the Company as well as those owned by franchisees and area licensees.
- (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 twelve months ended December 31, 2017 and 2016 were as follows:

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---------------------------------------|------------------------------------|-------------------|-------------------------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| (In millions) | | | | |
| Reported sales (unaudited) | | | | |
| Applebee’s franchise restaurant sales | \$ 1,024.8 | \$ 1,036.4 | \$ 4,117.1 | \$ 4,418.6 |
| IHOP franchise restaurant sales | 754.3 | 731.4 | 2,974.6 | 2,939.9 |
| IHOP area license restaurant sales | 72.0 | 66.0 | 280.6 | 282.5 |
| Total | <u>\$ 1,851.1</u> | <u>\$ 1,833.8</u> | <u>\$ 7,372.3</u> | <u>\$ 7,641.0</u> |

- (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 December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|--------------|-------------------------------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| Applebee's Restaurant Development Activity | | | | |
| Total Applebee's franchise restaurants, beginning of period | 1,945 | 2,027 | 2,016 | 2,033 |
| Franchise restaurants opened: | | | | |
| Domestic | 3 | 6 | 10 | 19 |
| International | 3 | 3 | 9 | 10 |
| Total franchise restaurants opened | 6 | 9 | 19 | 29 |
| Franchise restaurants closed: | | | | |
| Domestic | (12) | (19) | (86) | (39) |
| International | (3) | (1) | (13) | (7) |
| Total franchise restaurants closed | (15) | (20) | (99) | (46) |
| Net franchise restaurant reduction | (9) | (11) | (80) | (17) |
| Total Applebee's franchise restaurants, end of period | 1,936 | 2,016 | 1,936 | 2,016 |
| IHOP Restaurant Development Activity | | | | |
| Summary - beginning of period: | | | | |
| Franchise | 1,596 | 1,532 | 1,556 | 1,507 |
| Area license | 165 | 167 | 167 | 165 |
| Company(a) | — | 10 | 10 | 11 |
| Total IHOP restaurants, beginning of period | 1,761 | 1,709 | 1,733 | 1,683 |
| Franchise/area license restaurants opened: | | | | |
| Domestic franchise | 17 | 17 | 48 | 43 |
| Domestic area license | — | — | 1 | 3 |
| International franchise | 10 | 9 | 28 | 20 |
| Total franchise/area license restaurants opened | 27 | 26 | 77 | 66 |
| Franchise/area license restaurants closed: | | | | |
| Domestic franchise | — | (2) | (11) | (12) |
| Domestic area license | (1) | — | (3) | (1) |
| International franchise | (1) | — | (8) | (3) |
| International area license | — | — | (1) | — |
| Total franchise/area license restaurants closed | (2) | (2) | (23) | (16) |
| Net franchise/area license restaurant development | 25 | 24 | 54 | 50 |
| Refranchised from Company restaurants | — | — | 9 | 1 |
| Net franchise/area license restaurant additions | 25 | 24 | 63 | 51 |
| Summary - end of period | | | | |
| Franchise | 1,622 | 1,556 | 1,622 | 1,556 |
| Area license | 164 | 167 | 164 | 167 |
| Company(a) | — | 10 | — | 10 |
| Total IHOP restaurants, end of period | 1,786 | 1,733 | 1,786 | 1,733 |

a) During the twelve months ending December 31, 2017, nine company-operated restaurants were refranchised and one was permanently closed.