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DineEquity, Inc
Form 10-Q
August 03, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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 June 30, 2016

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

DineEquity, 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)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

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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 July 29, 2016
Common Stock, \$0.01 par value	18,212,611

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Cautionary Statement Regarding Forward-Looking Statements

Statements contained in this report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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,” “should,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “intend,” “plan” and other similar expressions. You should consider our forward-looking statements in light of the risks discussed under the heading “Risk Factors” in our most recent Annual Report on Form 10-K, 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 the Company assumes no obligation to update or supplement any forward-looking statements.

Fiscal Quarter End

The Company’s fiscal quarters end on the Sunday closest to the last day of each calendar quarter. For convenience, unless otherwise specified herein, 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 2016 began on January 4, 2016 and ended on April 3, 2016; the second fiscal quarter of 2016 ended on July 3, 2016. The first fiscal quarter of 2015 began on December 29, 2014 and ended on March 29, 2015; the second fiscal quarter of 2015 ended on June 28, 2015.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

DineEquity, Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

Assets	June 30, 2016 (Unaudited)	December 31, 2015
Current assets:		
Cash and cash equivalents	\$ 118,293	\$ 144,785
Receivables, net	101,081	139,206
Restricted cash	42,831	32,528
Prepaid gift card costs	36,455	46,792
Prepaid income taxes	—	5,186
Other current assets	5,637	4,212
Total current assets	304,297	372,709
Long-term receivables, net	150,922	160,695
Property and equipment, net	209,323	219,580
Goodwill	697,470	697,470
Other intangible assets, net	768,096	772,949
Deferred rent receivable	88,802	90,030
Other non-current assets, net	18,358	18,417
Total assets	\$2,237,268	\$ 2,331,850
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$46,625	\$ 55,019
Gift card liability	114,302	167,657
Accrued employee compensation and benefits	14,136	25,085
Dividends payable	16,792	17,082
Current maturities of capital lease and financing obligations	14,559	14,320
Income taxes payable	5,278	—
Accrued advertising	5,948	8,758
Accrued interest payable	4,310	4,257
Other accrued expenses	13,725	6,251
Total current liabilities	235,675	298,429
Long-term debt, net	1,281,064	1,279,473
Capital lease obligations, less current maturities	77,116	84,781
Financing obligations, less current maturities	42,325	42,395
Deferred income taxes, net	254,758	269,469
Deferred rent payable	71,929	69,397
Other non-current liabilities	18,235	20,683
Total liabilities	1,981,102	2,064,627
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value, shares: 40,000,000 authorized; June 30, 2016 - 25,153,608 issued, 18,218,872 outstanding; December 31, 2015 - 25,186,048 issued, 18,535,027 outstanding	252	252
Additional paid-in-capital	288,279	286,952

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Retained earnings	370,546	351,923
Accumulated other comprehensive loss	(106)	(107)
Treasury stock, at cost; shares: June 30, 2016 - 6,934,736; December 31, 2015 - 6,651,021	(402,805)	(371,797)
Total stockholders' equity	256,166	267,223
Total liabilities and stockholders' equity	\$2,237,268	\$2,331,850

See the accompanying Notes to Consolidated Financial Statements.

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DineEquity, Inc. and Subsidiaries
 Consolidated Statements of Comprehensive Income
 (In thousands, except per share amounts)
 (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues:				
Franchise and restaurant revenues	\$ 126,989	\$ 137,768	\$ 256,775	\$ 279,586
Rental revenues	30,830	31,132	62,239	62,534