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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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

Date of report (Date of earliest event reported): **November 9, 2017**

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**DineEquity, Inc.**

(Exact Name of Registrant as Specified in Charter)

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**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)

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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.

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**Item 2.02 Results of Operations and Financial Condition.**

On November 9, 2017, DineEquity, Inc., a Delaware corporation (the “Corporation”), issued a press release announcing its third quarter 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 7.01 Regulation FD Disclosure.**

The press release referenced in Item 2.02 of this Current Report on Form 8-K also includes information concerning the Corporation’s 2017 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 9.01. Financial Statements and Exhibits.**

- (d) Exhibits.

**Exhibit****Number****Description**

99.1

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[Press Release Regarding Third Quarter 2017 Financial Results issued by the Corporation on November 9, 2017.](#)

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**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: November 9, 2017

**DINEEQUITY, INC.**

By: /s/ Gregory H. Kalvin  
Greggory H. Kalvin  
Interim Chief Financial Officer and Senior Vice President,  
Corporate Controller

**Investor Contact**

Ken Diptee  
Executive Director, Investor Relations  
DineEquity, Inc.  
818-637-3632

**Media Contact**

Craig Hoffman  
Director, Corporate Communications  
DineEquity, Inc.  
818-637-3603

### DineEquity, Inc. Reports Third Quarter Fiscal 2017 Results

**GLENDALE, Calif., November 9, 2017** -- DineEquity, Inc. (NYSE: DIN), the parent company of Applebee's Neighborhood Grill & Bar® and IHOP® restaurants, today announced financial results for the third quarter of fiscal 2017.

"I am excited about the road ahead for DineEquity and our two category-leading brands. We have a strong management team, committed franchisees and talented team members working cohesively to achieve our collective goals of strong performance and sustainable growth," said Stephen P. Joyce, Chief Executive Officer of DineEquity, Inc. "We are committed to driving shareholder value and ensuring the success of our franchisees. I look forward to working with my management team to execute against our strategic priorities during this challenging period. We are focused on developing a robust performance-based culture, driving sustainable positive sales at both brands and returning DineEquity to a growth company. Having just completed our global franchise conferences for Applebee's and IHOP, it is clear our franchise groups are confident about our plan to drive the business forward. The initial progress we have made and the positive same-restaurant sales performance of both brands in October are encouraging. I am very optimistic about realizing the company's full potential."

#### Third Quarter of Fiscal 2017 Financial Highlights

- GAAP net loss available to common stockholders was \$443.2 million, or net loss per diluted share of \$24.98 for the third quarter of 2017. This compares to net income available to common stockholders of \$23.9 million, or earnings per diluted share of \$1.33, for the third quarter of fiscal 2016. The net loss was primarily due to non-cash impairment charges totaling \$531.6 million related to the write-downs of Applebee's goodwill and other intangible assets, partially offset by a deferred tax benefit of \$65.1 million attributable to the other intangible assets charge.
- Adjusted net income available to common stockholders was \$16.1 million, or adjusted earnings per diluted share of \$0.91, for the third quarter of fiscal 2017. This compares to adjusted net income available to common stockholders of \$26.4 million, or adjusted earnings per diluted share of \$1.46, for the third quarter of fiscal 2016. The decrease in adjusted net income was mainly due to a decline in gross profit. The decrease in gross profit was due to a 7.7% decline in Applebee's domestic system-wide comparable same-restaurant sales, an increase in bad debt expense, restaurant closures and a reduction in revenue recognized due to the collectability of Applebee's franchisee royalties. (See "Non-GAAP Financial Measures" below.)
- General and administrative expenses were approximately \$38.0 million for the third quarter of fiscal 2017. This compares to \$36.0 million for the third quarter of fiscal 2016. The modest increase was mainly due to higher personnel-related expenses.

## First Nine Months of Fiscal 2017 Financial Highlights

- GAAP net loss available to common stockholders was \$409.2 million, or net loss per diluted share of \$23.09 for the first nine months of fiscal 2017. This compares to net income available to common stockholders of \$75.5 million, or earnings per diluted share of \$4.15, for the first nine months of fiscal 2016. The net loss was primarily due to non-cash impairment charges in the third quarter of fiscal 2017 totaling \$531.6 million related to the write-downs of Applebee's goodwill and other intangible assets as well as lower gross profit, partially offset by a deferred tax benefit of \$65.1 million attributable to the other intangible assets charge.
- Adjusted net income available to common stockholders was \$60.7 million, or adjusted earnings per diluted share of \$3.42, for the first nine months of fiscal 2017. This compares to adjusted net income available to common stockholders of \$84.3 million, or adjusted earnings per diluted share of \$4.63, for the first nine months of fiscal 2016. The decrease in adjusted net income was mainly due to lower gross profit and an increase in general and administrative expenses. The decrease in gross profit was due to a 7.3% decline in Applebee's domestic system-wide comparable same-restaurant sales, an increase in bad debt expense as well as restaurant closures and a reduction in revenue recognized due to the collectability of Applebee's franchisee royalties. (See "Non-GAAP Financial Measures" below.)
- General and administrative expenses were \$125.7 million for the first nine months of fiscal 2017 compared to \$111.9 million for the first nine months of 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 related to the separation of our previous chief executive officer and higher costs for professional services associated with investments in Applebee's stabilization initiatives.
- Cash flows from operating activities were \$31.0 million for the first nine months of fiscal 2017 compared to \$62.1 million for the first nine months of 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 \$29.4 million for the first nine months of fiscal 2017, compared to \$66.2 million for the first nine months of fiscal 2016. (See "Non-GAAP Financial Measures" below.)

## Same-Restaurant Sales Performance

### Third Quarter of Fiscal 2017

- IHOP's domestic system-wide comparable same-restaurant sales declined 3.2% for the third quarter of 2017.
- Applebee's domestic system-wide comparable same-restaurant sales declined 7.7% for the third quarter of 2017.

### First Nine Months of Fiscal 2017

- IHOP's domestic system-wide comparable same-restaurant sales declined 2.5% for the first nine months of fiscal 2017.
- Applebee's domestic system-wide comparable same-restaurant sales declined 7.3% for the first nine months of fiscal 2017.

## Financial Performance Guidance for Fiscal 2017

The following projections for fiscal 2017 are based on management's expectations as of November 9, 2017. DineEquity reiterates its financial performance guidance for fiscal 2017 contained in the press release issued on August 10, 2017 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 negative 5.5% and negative 6.5%. This compares to previous expectations of between negative 6.0% and negative 8.0%.
- Reiterates expectations for IHOP's domestic system-wide comparable same-restaurant sales performance to range between negative 1.0% and negative 3.0%.
- Reiterates expectations for Applebee's franchisees to develop between 20 and 30 new restaurants globally, the majority of which are expected to be international openings.
- Reiterates expectations for Applebee's closures to range between approximately 105 and 135 restaurants.
- Reiterates expectations for IHOP franchisees and its area licensee to develop between 80 and 95 restaurants globally, the majority of which are expected to be domestic openings.
- **Revised** expectations for IHOP closures to range between 25 and 30 restaurants. This compares to previous expectations of between 20 and 25 restaurants.
- **Revised** expectations for Franchise segment profit to be between \$297 million and \$303 million. This compares to previous expectations of between \$302 million and \$314 million. This downward revision is primarily due to additional expected reserves related to the collectability of Applebee's royalties.
- Reiterates expectations for the Rental and Financing segments to generate approximately \$38 million in combined profit.
- Reiterates expectations for general and administrative expenses to range between \$166 million and \$172 million, including non-cash stock-based compensation expense and depreciation of approximately \$22 million.
- Reiterates expectations for interest expense to be approximately \$62 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 expectation for the income tax rate to be approximately 40%.
- **Revised** expectations for cash flows provided by operating activities to range between \$64 million and \$74 million. This compares to previous expectations of between \$80 million and \$90 million. The decline is primarily due to the timing of fourth quarter 2017 marketing spend and projections for lower Franchise segment profit as discussed above.
- Reiterates expectations for capital expenditures to be approximately \$14 million.

- **Revised** expectations for adjusted free cash flow (See “Non-GAAP Financial Measures” below) to range between \$60 million and \$70 million. This compares to previous expectations of between \$76 million and \$86 million.

### 2017 Adjusted Free Cash Flow (Non-GAAP) Guidance Table

|  | (In millions)    |
|--|------------------|
| Cash flows from operations   | \$64 – 74        |
| Approximate net receipts from notes and equipment contracts receivable | 10               |
| Approximate capital expenditures                                       | (14)             |
| <b>Adjusted free cash flow (Non-GAAP)</b>                              | <b>\$60 - 70</b> |

### Investor Conference Call Today

DineEquity will host a conference call to discuss its results on the same day at 8:00 a.m. Pacific Time. To participate on the call, please dial (888) 771-4371 and reference passcode 45813583. International callers, please dial (847) 585-4405 and reference passcode 45813583. A live webcast of the call will be available at [www.dineequity.com](http://www.dineequity.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 10:30 a.m. Pacific Time on November 9, 2017 through 11:59 p.m. Pacific Time on November 16, 2017 by dialing (888) 843-7419 and referencing passcode 45813583#. International callers, please dial (630) 652-3042 and reference passcode 45813583#. An online archive of the webcast will also be available on Events and Presentations under the Investors section of DineEquity’s website.

### About DineEquity, Inc.

Based in Glendale, California, DineEquity, 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 19 countries and approximately 400 franchisees, DineEquity is one of the largest full-service restaurant companies in the world. For more information on DineEquity, visit the Company’s website located at [www.dineequity.com](http://www.dineequity.com).

### Forward-Looking Statements

Statements contained in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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. 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: the effect of general economic conditions; the Company’s indebtedness; risk of future impairment charges; trading volatility and the price of the Company’s common stock; the Company’s results in any given period differing from guidance provided to the public; the highly competitive nature of the restaurant business; the Company’s business strategy failing to achieve anticipated results; risks associated with the restaurant industry; risks associated with locations of current and future restaurants; rising costs for food commodities and utilities; shortages or interruptions in the supply or delivery of food; ineffective marketing and guest relationship initiatives and use of social media; changing health or dietary preferences; our engagement in business in foreign markets; harm to our brands’ reputation; litigation; fourth-party claims with respect to intellectual property assets; environmental liability; liability relating to employees; failure to comply with applicable laws and regulations; failure to effectively implement restaurant development plans; our dependence upon our franchisees; concentration of Applebee’s franchised restaurants in a limited

number of franchisees; credit risk from IHOP franchisees operating under our previous business model; termination or non-renewal of franchise agreements; franchisees breaching their franchise agreements; insolvency proceedings involving franchisees; changes in the number and quality of franchisees; inability of franchisees to fund capital expenditures; heavy dependence on information technology; the occurrence of cyber incidents or a deficiency in our cybersecurity; failure to execute on a business continuity plan; inability to attract and retain talented employees; risks associated with retail brand initiatives; failure of our internal controls; 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 assumes no obligation to update or supplement any forward-looking statements.

### **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.



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

|  | Three Months Ended  |                  | Nine Months Ended   |                  |
|--|---------------------|------------------|---------------------|------------------|
|  | September 30,       |                  | September 30,       |                  |
|  | 2017                | 2016             | 2017                | 2016             |
| <b>Revenues:</b>   |                     |                  |                     |                  |
| Franchise and restaurant revenues  | \$ 112,347          | \$ 123,259       | \$ 358,912          | \$ 380,034       |
| Rental revenues  | 30,263              | 30,507           | 90,852              | 92,746           |
| Financing revenues   | 2,061               | 2,251            | 6,280               | 7,019            |
| Total revenues   | <u>144,671</u>      | <u>156,017</u>   | <u>456,044</u>      | <u>479,799</u>   |
| <b>Cost of revenues:</b>   |                     |                  |                     |                  |
| Franchise and restaurant expenses  | 41,800              | 41,553           | 123,476             | 122,129          |
| Rental expenses  | 22,318              | 22,771           | 67,665              | 69,032           |
| Financing expenses   | 449                 | 9                | 449                 | 155              |
| Total cost of revenues   | <u>64,567</u>       | <u>64,333</u>    | <u>191,590</u>      | <u>191,316</u>   |
| <b>Gross profit</b>  | 80,104              | 91,684           | 264,454             | 288,483          |
| General and administrative expenses  | 38,030              | 36,002           | 125,701             | 111,937          |
| Impairment and closure charges   | 532,522             | 206              | 535,440             | 3,932            |
| Interest expense   | 15,353              | 15,358           | 46,496              | 46,107           |
| Amortization of intangible assets  | 2,507               | 2,500            | 7,507               | 7,480            |
| (Gain) loss on disposition of assets   | (35)                | 113              | (6,387)             | 679              |
| (Loss) income before income tax benefit (provision)                          | (508,273)           | 37,505           | (444,303)           | 118,348          |
| Income tax benefit (provision)   | 56,555              | (13,232)         | 28,228              | (41,703)         |
| <b>Net (loss) income</b>   | <u>\$ (451,718)</u> | <u>\$ 24,273</u> | <u>\$ (416,075)</u> | <u>\$ 76,645</u> |
| <b>Net (loss) income available to common stockholders:</b>                   |                     |                  |                     |                  |
| Net (loss) income  | \$ (451,718)        | \$ 24,273        | \$ (416,075)        | \$ 76,645        |
| Less: Net loss (income) allocated to unvested participating restricted stock | 8,496               | (338)            | 6,921               | (1,103)          |
| Net (loss) income available to common stockholders                           | <u>\$ (443,222)</u> | <u>\$ 23,935</u> | <u>\$ (409,154)</u> | <u>\$ 75,542</u> |
| <b>Net (loss) income available to common stockholders per share:</b>         |                     |                  |                     |                  |
| Basic  | <u>\$ (24.98)</u>   | <u>\$ 1.33</u>   | <u>\$ (23.09)</u>   | <u>\$ 4.17</u>   |
| Diluted  | <u>\$ (24.98)</u>   | <u>\$ 1.33</u>   | <u>\$ (23.09)</u>   | <u>\$ 4.15</u>   |
| <b>Weighted average shares outstanding:</b>                                  |                     |                  |                     |                  |
| Basic  | <u>17,742</u>       | <u>17,950</u>    | <u>17,718</u>       | <u>18,099</u>    |
| Diluted  | <u>17,742</u>       | <u>18,041</u>    | <u>17,718</u>       | <u>18,201</u>    |
| <b>Dividends declared per common share</b>                                   | <u>\$ 0.97</u>      | <u>\$ 0.92</u>   | <u>\$ 2.91</u>      | <u>\$ 2.76</u>   |
| <b>Dividends paid per common share</b>                                       | <u>\$ 0.97</u>      | <u>\$ 0.92</u>   | <u>\$ 2.91</u>      | <u>\$ 2.76</u>   |

**DineEquity, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
(In thousands, except share and per share amounts)

|  | September 30, 2017<br>(Unaudited) | December 31, 2016   |
|--|-----------------------------------|---------------------|
| <b>Assets</b>  |                                   |                     |
| Current assets:  |                                   |                     |
| Cash and cash equivalents  | \$ 104,212                        | \$ 140,535          |
| Receivables, net   | 96,657                            | 141,389             |
| Restricted cash  | 31,338                            | 30,256              |
| Prepaid gift card costs  | 36,667                            | 47,115              |
| Prepaid income taxes   | 8,749                             | 2,483               |
| Other current assets   | 5,703                             | 4,370               |
| Total current assets   | 283,326                           | 366,148             |
| Long-term receivables, net   | 131,033                           | 141,152             |
| Property and equipment, net  | 199,857                           | 205,055             |
| Goodwill   | 339,236                           | 697,470             |
| Other intangible assets, net   | 585,160                           | 763,431             |
| Deferred rent receivable   | 84,071                            | 86,981              |
| Non-current restricted cash  | 14,700                            | 14,700              |
| Other non-current assets, net  | 3,825                             | 3,646               |
| Total assets   | <u>\$ 1,641,208</u>               | <u>\$ 2,278,583</u> |
| <b>Liabilities and Stockholders' (Deficit) Equity</b>  |                                   |                     |
| Current liabilities:   |                                   |                     |
| Accounts payable   | \$ 26,452                         | \$ 50,503           |
| Gift card liability  | 104,317                           | 170,812             |
| Dividends payable  | 17,755                            | 17,465              |
| Accrued employee compensation and benefits   | 13,527                            | 14,609              |
| Current maturities of long-term debt, capital lease and financing obligations  | 16,202                            | 13,144              |
| Accrued advertising  | 8,359                             | 6,369               |
| Other accrued expenses   | 16,775                            | 13,410              |
| Total current liabilities  | 203,387                           | 286,312             |
| Long-term debt, less current maturities  | 1,281,950                         | 1,282,691           |
| Capital lease obligations, less current maturities   | 64,923                            | 74,665              |
| Financing obligations, less current maturities   | 39,292                            | 39,499              |
| Deferred income taxes, net   | 178,848                           | 253,898             |
| Deferred rent payable  | 65,449                            | 69,572              |
| Other non-current liabilities  | 24,036                            | 19,174              |
| Total liabilities  | 1,857,885                         | 2,025,811           |
| Commitments and contingencies  |                                   |                     |
| Stockholders' (deficit) equity:  |                                   |                     |
| Common stock, \$0.01 par value, shares: 40,000,000 authorized; September 30, 2017 - 25,033,220 issued, 17,996,223 outstanding; December 31, 2016 - 25,134,223 issued, 17,969,636 outstanding | 250                               | 251                 |
| Additional paid-in-capital   | 292,255                           | 292,809             |
| (Accumulated deficit) retained earnings  | (86,634)                          | 382,082             |
| Accumulated other comprehensive loss   | (105)                             | (107)               |
| Treasury stock, at cost; shares: September 30, 2017 - 7,036,997; December 31, 2016 - 7,164,587   | (422,443)                         | (422,263)           |
| Total stockholders' (deficit) equity   | (216,677)                         | 252,772             |
| Total liabilities and stockholders' (deficit) equity   | <u>\$ 1,641,208</u>               | <u>\$ 2,278,583</u> |

**DineEquity, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(In thousands)  
(Unaudited)

|  | Nine Months Ended<br>September 30, |                   |
|--|------------------------------------|-------------------|
|  | 2017                               | 2016              |
| <b>Cash flows from operating activities:</b>   |                                    |                   |
| Net (loss) income  | \$ (416,075)                       | \$ 76,645         |
| Adjustments to reconcile net (loss) income to cash flows provided by operating activities: |                                    |                   |
| Impairment and closure charges   | 535,306                            | 1,461             |
| Depreciation and amortization  | 23,053                             | 22,924            |
| Non-cash interest expense  | 2,509                              | 2,400             |
| Deferred income taxes  | (77,345)                           | (14,852)          |
| Non-cash stock-based compensation expense  | 8,826                              | 8,215             |
| Tax benefit from stock-based compensation  | —                                  | 1,153             |
| Excess tax benefit from stock-based compensation   | —                                  | (966)             |
| (Gain) loss on disposition of assets   | (6,422)                            | 679               |
| Other  | (2,791)                            | 456               |
| Changes in operating assets and liabilities:   |                                    |                   |
| Accounts receivable, net   | (1,569)                            | 4,312             |
| Current income tax receivables and payables  | (1,699)                            | (1,138)           |
| Gift card receivables and payables   | (26,387)                           | (30,355)          |
| Other current assets   | (1,336)                            | (824)             |
| Accounts payable   | (7,530)                            | (1,397)           |
| Accrued employee compensation and benefits   | (1,146)                            | (9,293)           |
| Other current liabilities  | 3,606                              | 2,638             |
| Cash flows provided by operating activities  | <u>31,000</u>                      | <u>62,058</u>     |
| <b>Cash flows from investing activities:</b>   |                                    |                   |
| Additions to property and equipment  | (9,608)                            | (3,543)           |
| Proceeds from sale of property and equipment   | 1,100                              | —                 |
| Principal receipts from notes, equipment contracts and other long-term receivables         | 15,283                             | 13,969            |
| Other  | (356)                              | (393)             |
| Cash flows provided by investing activities  | <u>6,419</u>                       | <u>10,033</u>     |
| <b>Cash flows from financing activities:</b>   |                                    |                   |
| Dividends paid on common stock   | (52,326)                           | (50,790)          |
| Repurchase of common stock   | (10,003)                           | (45,010)          |
| Principal payments on capital lease and financing obligations                              | (10,621)                           | (10,391)          |
| Tax payments for restricted stock upon vesting   | (2,345)                            | (2,680)           |
| Proceeds from stock options exercised  | 2,635                              | 1,282             |
| Excess tax benefit from stock-based compensation   | —                                  | 966               |
| Cash flows used in financing activities  | <u>(72,660)</u>                    | <u>(106,623)</u>  |
| Net change in cash and cash equivalents  | (35,241)                           | (34,532)          |
| Cash, cash equivalents and restricted cash at beginning of period                          | 185,491                            | 192,013           |
| Cash, cash equivalents and restricted cash at end of period                                | <u>\$ 150,250</u>                  | <u>\$ 157,481</u> |

**NON-GAAP FINANCIAL MEASURES**  
**(In thousands, except per share amounts)**  
**(Unaudited)**

Reconciliation of net loss or income available to common stockholders to net income available to common stockholders, as adjusted for the following items: impairment and closure charges; executive separation costs; Kansas City Support Center consolidation 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 income tax adjustments unrelated to current period operations, as well as related per share data:

|  | Three Months Ended<br>September 30, |                  | Nine Months Ended<br>September 30, |                  |
|--|-------------------------------------|------------------|------------------------------------|------------------|
|  | 2017                                | 2016             | 2017                               | 2016             |
| Net (loss) income available to common stockholders, as reported  | \$ (443,222)                        | \$ 23,935        | \$ (409,154)                       | \$ 75,542        |
| Impairment and closure charges   | 532,522                             | 206              | 535,440                            | 1,461            |
| Executive separation costs   | —                                   | —                | 8,782                              | —                |
| Kansas City Support Center consolidation costs (1)   | —                                   | 306              | —                                  | 5,338            |
| Amortization of intangible assets  | 2,507                               | 2,500            | 7,507                              | 7,480            |
| Non-cash interest expense  | 846                                 | 809              | 2,509                              | 2,400            |
| (Gain) loss on disposition of assets   | (35)                                | 113              | (6,387)                            | 679              |
| Income tax provision   | (67,490)                            | (1,456)          | (72,054)                           | (6,422)          |
| Income tax adjustments (2)   | —                                   | —                | 2,219                              | (2,002)          |
| Net income allocated to unvested participating restricted stock  | (9,014)                             | (34)             | (8,210)                            | (130)            |
| Net income available to common stockholders, as adjusted   | <u>\$ 16,114</u>                    | <u>\$ 26,379</u> | <u>\$ 60,652</u>                   | <u>\$ 84,346</u> |
| Diluted net income available to common stockholders per share:   |                                     |                  |                                    |                  |
| Net (loss) income available to common stockholders, as reported  | \$ (24.98)                          | \$ 1.33          | \$ (23.09)                         | \$ 4.15          |
| Impairment and closure charges   | 26.28                               | 0.01             | 26.40                              | 0.05             |
| Executive separation costs   | —                                   | —                | 0.31                               | —                |
| Kansas City Support Center consolidation costs (1)   | —                                   | 0.01             | —                                  | 0.18             |
| Amortization of intangible assets  | 0.09                                | 0.09             | 0.26                               | 0.26             |
| Non-cash interest expense  | 0.03                                | 0.03             | 0.09                               | 0.08             |
| (Gain) loss on disposition of assets   | (0.00)                              | 0.00             | (0.22)                             | 0.02             |
| Income tax adjustments (2)   | 0.00                                | 0.00             | 0.13                               | (0.11)           |
| Net income allocated to unvested participating restricted stock  | (0.51)                              | (0.00)           | (0.46)                             | (0.00)           |
| Rounding   | —                                   | (0.01)           | —                                  | —                |
| Diluted net income available to common stockholders per share, as adjusted                               | <u>\$ 0.91</u>                      | <u>\$ 1.46</u>   | <u>\$ 3.42</u>                     | <u>\$ 4.63</u>   |
| Numerator for basic EPS-income available to common stockholders, as adjusted                             | \$ 16,114                           | \$ 26,379        | \$ 60,652                          | \$ 84,346        |
| Effect of unvested participating restricted stock using the two-class method                             | —                                   | 1                | (5)                                | 3                |
| Numerator for diluted EPS-income available to common stockholders after assumed conversions, as adjusted | <u>\$ 16,114</u>                    | <u>\$ 26,380</u> | <u>\$ 60,647</u>                   | <u>\$ 84,349</u> |
| Denominator for basic EPS-weighted-average shares  | 17,742                              | 17,950           | 17,718                             | 18,099           |
| Dilutive effect of stock options   | 1                                   | 91               | 11                                 | 102              |
| Denominator for diluted EPS-weighted-average shares and assumed conversions                              | <u>17,743</u>                       | <u>18,041</u>    | <u>17,729</u>                      | <u>18,201</u>    |

(1) Includes \$2,471 of lease termination costs for the nine months ended September 30, 2016 reported in "closure and impairment charges" in the Consolidated Statements of Comprehensive Income.

(2) 2017: unrecognized tax benefits related to domestic manufacturing deductions taken in years prior to 2017; 2016: Adjustments to deferred tax balances primarily due to reduction of effective state tax rate because of Support Center consolidation.

**DineEquity, 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.

|  | <b>Nine Months Ended</b> |                  |
|--|--------------------------|------------------|
|  | <b>September 30,</b>     |                  |
|  | <b>2017</b>              | <b>2016</b>      |
|  | <b>(In millions)</b>     |                  |
| Cash flows provided by operating activities            | \$ 31.0                  | \$ 62.1          |
| Receipts from notes and equipment contracts receivable | 8.0                      | 7.6              |
| Additions to property and equipment                    | (9.6)                    | (3.5)            |
| <b>Adjusted free cash flow</b>                         | 29.4                     | 66.2             |
| Dividends paid on common stock                         | (52.3)                   | (50.8)           |
| Repurchase of DineEquity common stock                  | (10.0)                   | (45.0)           |
|  | <u>\$ (32.9)</u>         | <u>\$ (29.6)</u> |

**Restaurant Data**

The following table sets forth, for the three and nine months ended September 30, 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 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<br>September 30, |         | Nine Months Ended<br>September 30, |         |
|---|-------------------------------------|---------|------------------------------------|---------|
|   | 2017                                | 2016    | 2017                               | 2016    |
| (Unaudited)   |                                     |         |                                    |         |
| <b>Applebee’s Restaurant Data</b>                   |                                     |         |                                    |         |
| <b>Effective Restaurants(a)</b>                     |                                     |         |                                    |         |
| Franchise   | 1,953                               | 2,028   | 1,981                              | 2,029   |
| <b>System-wide(b)</b>                               |                                     |         |                                    |         |
| Sales percentage change(c)                          | (9.7)%                              | (5.1)%  | (8.6)%                             | (4.5)%  |
| Domestic same-restaurant sales percentage change(d) | (7.7)%                              | (5.2)%  | (7.3)%                             | (4.4)%  |
| <b>Franchise(b)</b>                                 |                                     |         |                                    |         |
| Sales percentage change(c)                          | (9.7)%                              | (4.9)%  | (8.6)%                             | (3.7)%  |
| Domestic same-restaurant sales percentage change(d) | (7.7)%                              | (5.2)%  | (7.3)%                             | (4.4)%  |
| Average weekly domestic unit sales (in thousands)   | \$ 40.9                             | \$ 43.5 | \$ 43.5                            | \$ 46.2 |
| <b>IHOP Restaurant Data</b>                         |                                     |         |                                    |         |
| <b>Effective Restaurants(a)</b>                     |                                     |         |                                    |         |
| Franchise   | 1,586                               | 1,521   | 1,568                              | 1,512   |
| Area license  | 162                                 | 167     | 165                                | 165     |
| Company   | —                                   | 10      | 6                                  | 11      |
| Total   | 1,748                               | 1,698   | 1,739                              | 1,688   |
| <b>System-wide(b)</b>                               |                                     |         |                                    |         |
| Sales percentage change(c)                          | (0.7)%                              | 1.3 %   | (0.1)%                             | 2.0 %   |
| Domestic same-restaurant sales percentage change(d) | (3.2)%                              | (0.1)%  | (2.5)%                             | 0.5 %   |
| <b>Franchise(b)</b>                                 |                                     |         |                                    |         |
| Sales percentage change(c)                          | 0.3%                                | 1.4 %   | 0.5 %                              | 2.2 %   |
| Domestic same-restaurant sales percentage change(d) | (3.2)%                              | (0.1)%  | (2.5)%                             | 0.5 %   |
| Average weekly domestic unit sales (in thousands)   | \$ 35.7                             | \$ 37.1 | \$ 36.3                            | \$ 37.5 |
| <b>Area License (b)</b>                             |                                     |         |                                    |         |
| Sales percentage change(c)                          | (5.7)%                              | 2.4 %   | (3.6)%                             | 1.1 %   |

- (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 nine months ended September 30, 2017 and 2016 were as follows:

|  | Three Months Ended<br>September 30, |                   | Nine Months Ended<br>September 30, |                   |
|--|-------------------------------------|-------------------|------------------------------------|-------------------|
|  | 2017                                | 2016              | 2017                               | 2016              |
| (In millions)                                  |                                     |                   |                                    |                   |
| <b>Reported sales (unaudited)</b>              |                                     |                   |                                    |                   |
| Applebee’s domestic franchise restaurant sales | \$ 956.5                            | \$ 1,058.9        | \$ 3,092.3                         | \$ 3,382.1        |
| IHOP franchise restaurant sales                | 736.9                               | \$ 734.3          | 2,220.3                            | \$ 2,208.6        |
| IHOP area license restaurant sales             | 67.0                                | \$ 71.0           | 208.7                              | \$ 216.5          |
| Total  | <u>\$ 1,760.4</u>                   | <u>\$ 1,864.2</u> | <u>\$ 5,521.3</u>                  | <u>\$ 5,807.2</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.

**DineEquity, Inc. and Subsidiaries**  
**Restaurant Data**

(unaudited)

The following table summarizes our restaurant development activity:

|  | Three Months Ended<br>September 30, |              | Nine Months Ended<br>September 30, |              |
|--|-------------------------------------|--------------|------------------------------------|--------------|
|  | 2017                                | 2016         | 2017                               | 2016         |
| <b>Applebee's Restaurant Development Activity</b>        |                                     |              |                                    |              |
| <b>Beginning of period:</b>                              | <b>1,968</b>                        | <b>2,027</b> | <b>2,016</b>                       | <b>2,033</b> |
| Franchise restaurants opened:                            |                                     |              |                                    |              |
| Domestic   | 2                                   | 6            | 7                                  | 13           |
| International  | 2                                   | 3            | 6                                  | 7            |
| Total franchise restaurants opened                       | 4                                   | 9            | 13                                 | 20           |
| Franchise restaurants closed:                            |                                     |              |                                    |              |
| Domestic   | (22)                                | (8)          | (74)                               | (20)         |
| International  | (5)                                 | (1)          | (10)                               | (6)          |
| Total franchise restaurants closed                       | (27)                                | (9)          | (84)                               | (26)         |
| <b>Net franchise restaurant reduction</b>                | <b>(23)</b>                         | <b>—</b>     | <b>(71)</b>                        | <b>(6)</b>   |
| <b>Total Applebee's restaurants, end of period</b>       | <b>1,945</b>                        | <b>2,027</b> | <b>1,945</b>                       | <b>2,027</b> |
| Domestic   | 1,791                               | 1,871        | 1,791                              | 1,871        |
| International  | 154                                 | 156          | 154                                | 156          |
| <b>IHOP Restaurant Development Activity</b>              |                                     |              |                                    |              |
| <b>Summary - beginning of period:</b>                    |                                     |              |                                    |              |
| Franchise  | 1,586                               | 1,519        | 1,556                              | 1,507        |
| Area license   | 166                                 | 166          | 167                                | 165          |
| Company <sup>(a)</sup>                                   | —                                   | 10           | 10                                 | 11           |
| <b>Total IHOP restaurants, beginning of period</b>       | <b>1,752</b>                        | <b>1,695</b> | <b>1,733</b>                       | <b>1,683</b> |
| Franchise/area license restaurants opened:               |                                     |              |                                    |              |
| Domestic franchise                                       | 11                                  | 7            | 31                                 | 26           |
| Domestic area license                                    | 1                                   | 1            | 1                                  | 3            |
| International franchise                                  | 6                                   | 8            | 18                                 | 11           |
| Total franchise/area license restaurants opened          | 18                                  | 17           | 50                                 | 24           |
| Franchise/area license restaurants closed:               |                                     |              |                                    |              |
| Domestic franchise                                       | (2)                                 | (2)          | (11)                               | (10)         |
| Domestic area license                                    | (1)                                 | —            | (2)                                | (1)          |
| International franchise                                  | (5)                                 | —            | (7)                                | (3)          |
| International area license                               | (1)                                 | —            | (1)                                | —            |
| Total franchise/area license restaurants closed          | (9)                                 | (2)          | (21)                               | (14)         |
| <b>Net franchise/area license restaurant development</b> | <b>9</b>                            | <b>15</b>    | <b>29</b>                          | <b>10</b>    |
| Refranchised from Company restaurants                    | —                                   | —            | 9                                  | 1            |
| <b>Net franchise/area license restaurant additions</b>   | <b>9</b>                            | <b>15</b>    | <b>38</b>                          | <b>27</b>    |
| <b>Summary - end of period</b>                           |                                     |              |                                    |              |
| Franchise  | 1,596                               | 1,532        | 1,596                              | 1,532        |
| Area license   | 165                                 | 167          | 165                                | 167          |
| Company <sup>(a)</sup>                                   | —                                   | 10           | —                                  | 10           |
| <b>Total IHOP restaurants, end of period</b>             | <b>1,761</b>                        | <b>1,709</b> | <b>1,761</b>                       | <b>1,709</b> |
| Domestic   | 1,655                               | 1,622        | 1,655                              | 1,622        |
| International  | 106                                 | 87           | 106                                | 87           |

<sup>(a)</sup> During the nine months ending September 30, 2017, nine company-operated restaurants were refranchised and one was permanently closed.