



Dine Brands Global, Inc.

Investor Presentation

March 2020

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This presentation includes references to the Company’s non-GAAP financial measures “Adjusted EBITDA” 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 EBITDA is computed for a given period by deducting from net income or loss for such period the effect of any closure and impairment charges, any interest charges, any income tax provision or benefit, any non-cash stock-based compensation, any depreciation and amortization, any gain or loss related to the disposition of assets and other items deemed not reflective of current operations. “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.

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Company Overview



Business Overview



Founded
1958



Founded
1980

3,628

Total Restaurants

**\$7.5
BILLION**

in system-wide sales
as of 2019

#1

in U.S. Family and
Casual dining⁽¹⁾

98%

Franchised
Model⁽²⁾

Expanding
international
presence

Key Markets:
Canada, Latin America, Mexico
and the Middle East

\$910 \$274
MILLION MILLION

2019 2019
Revenue Adj. EBITDA⁽³⁾

Industry-leading
margins and
significant cash
generation

Diversified sources of
cash flow, including
stable rental and
financing operating
segments

Note: Units and system-wide sales represent global figures.

1. June 17, 2019 issue of *Nation's Restaurant News*; IHOP #1 ranking is by 2018 system-wide sales in family dining. Applebee's #1 ranking is by 2018 unit count for casual dining.
2. Dine completed the purchase of 69 Applebee's restaurants on December 12, 2018. The Company intends to own and operate these restaurants for the foreseeable future; however, Dine will assess and monitor opportunities to re-franchise these restaurants under favorable circumstances.
3. See Appendix for Adjusted EBITDA reconciliation.

Dine Brands Highlights

#1 U.S. Family & Casual Dining Brands⁽¹⁾ with Significant Scale

Favorable Guest Dynamics with Nearly 50% of Guests Age 34 and Younger

Strong Franchisee Base

Stable EBITDA Growth Drives Delevering

Consistent IHOP Unit Growth Driving System-Wide Sales Growth

Predictable, Recurring Franchise Royalty Stream

Asset-Light, Highly-Franchised Business Model Drives Robust Margins and Cash Flow

Stable and Resilient Adjusted EBITDA Growth

Our Two Iconic Brands at a Glance



- Founded in 1958
 - #1 among Family Dining restaurants in the U.S.⁽¹⁾
 - IHOP system has 1,841 locations globally
-
- 2019 system-wide sales: \$3.5 billion
 - 2019 franchise revenue: \$205 million⁽³⁾
 - 2019 average unit volume: \$1.9 million⁽⁴⁾
 - Two-year stacked U.S. same-restaurant sales: 2.6%⁽⁵⁾
-




- Founded in 1980
 - #1 among Casual Dining restaurants in the U.S.⁽¹⁾
 - Applebee's system has 1,787 locations globally
-
- 2019 system-wide sales: \$4.1 billion⁽²⁾
 - 2019 franchise revenue: \$164 million⁽³⁾
 - 2019 average unit volume: \$2.5 million⁽⁴⁾
 - Two-year stacked U.S. same-restaurant sales: 4.3%⁽⁵⁾
-


■ Notable Achievements in 2019




Successfully completed a \$1.3 billion securitization refinancing of our existing long-term debt




IHOP posted its 8th consecutive quarter of positive same-restaurant sales growth, lapping over its strongest quarterly same-restaurant sales increase in 3 years




IHOP marked at least 14 years of positive net unit development with an average of over 40 net new units annually




Applebee's franchisees completed three transactions in 2019, bringing new and deeply experienced operators into the domestic system



Some of the newest Applebee's franchisees ranked among the top in our system for 2019 based on same-restaurant sales



Applebee's 69 company-owned restaurants are ranked 6th in performance in our system for 2019 based on same-restaurant sales



Virtually all Applebee's domestic franchisees agreed to extend the increase in the ad fund contribution rate from 3.5% to 4.25% through 2020

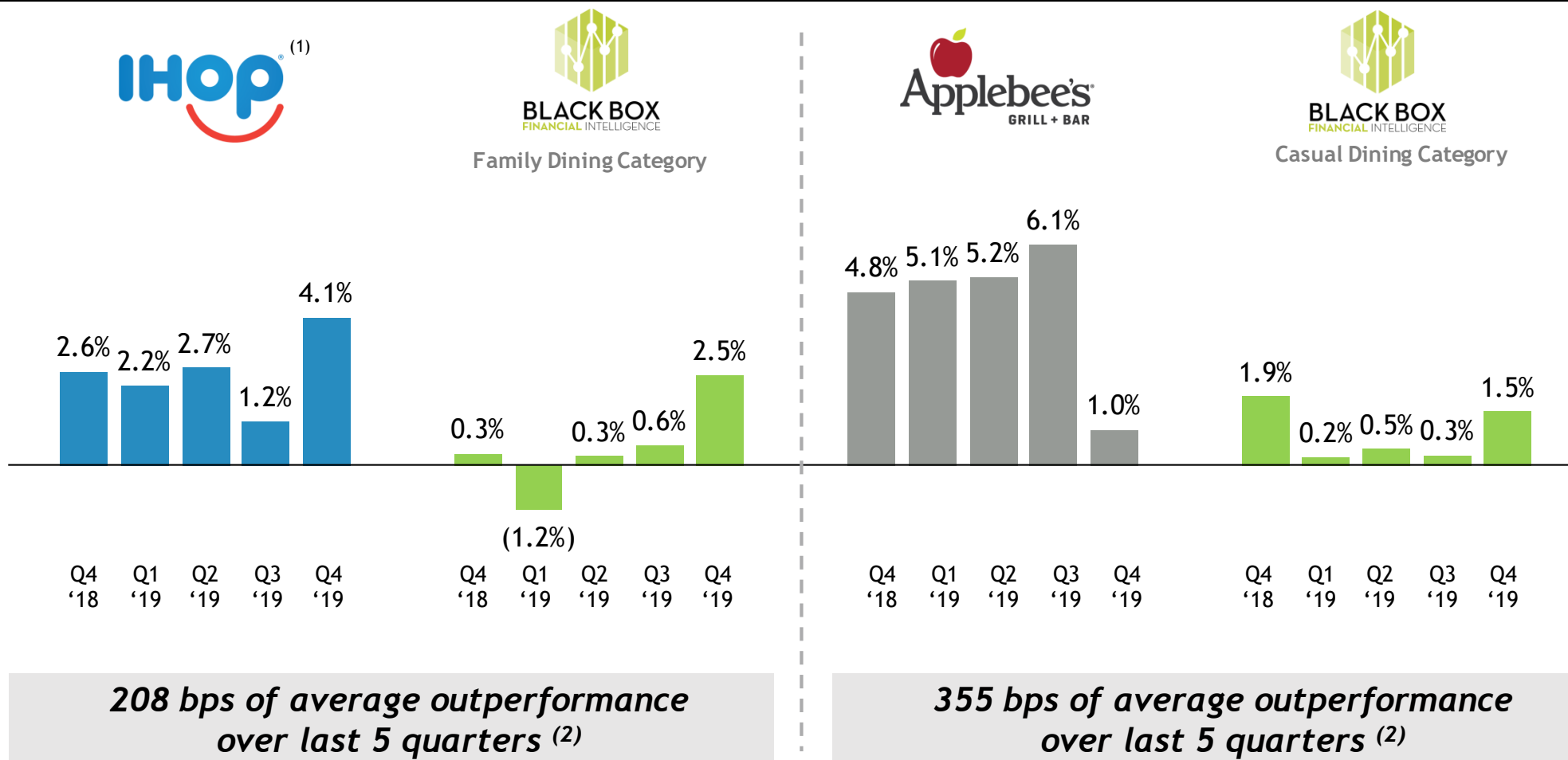


IHOP and Applebee's Update



Same-Restaurant Sales Momentum

Quarterly Two-Year Stacked Same-Restaurant Sales



Note: Black Box indices reflect Casual Dining for Applebee's and Family Dining for IHOP.

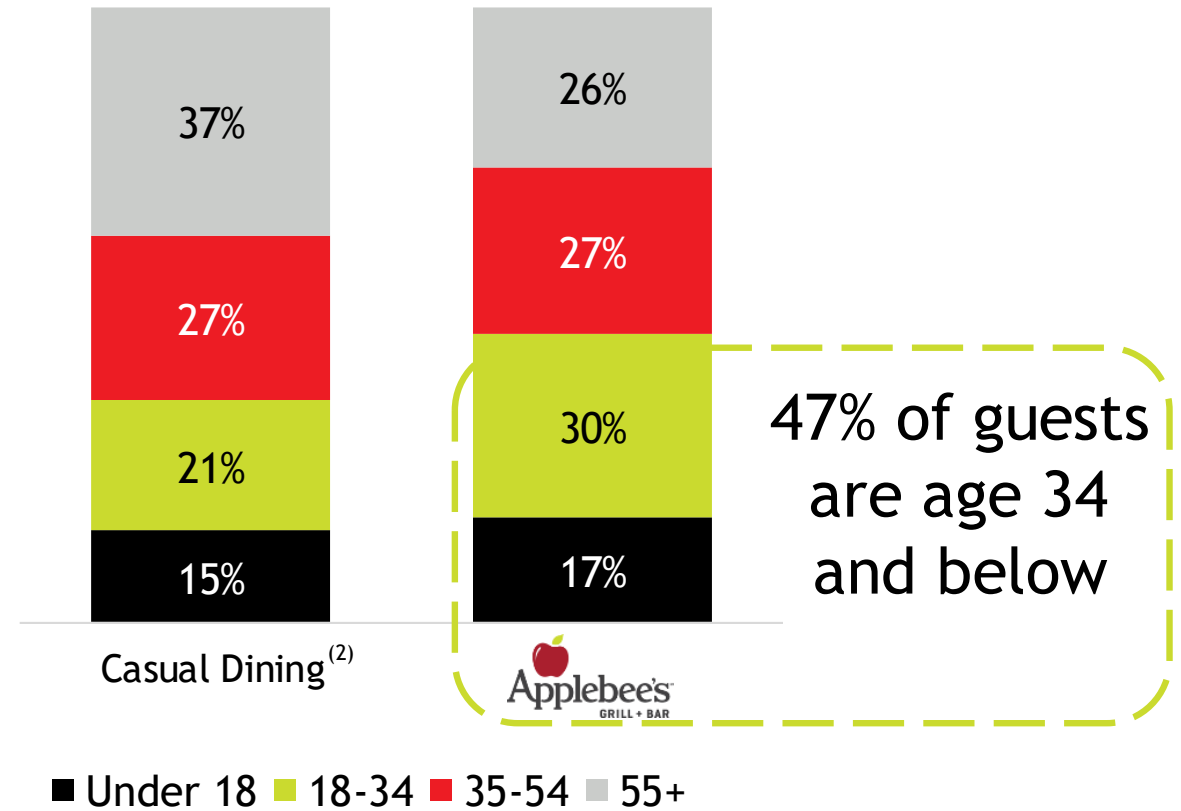
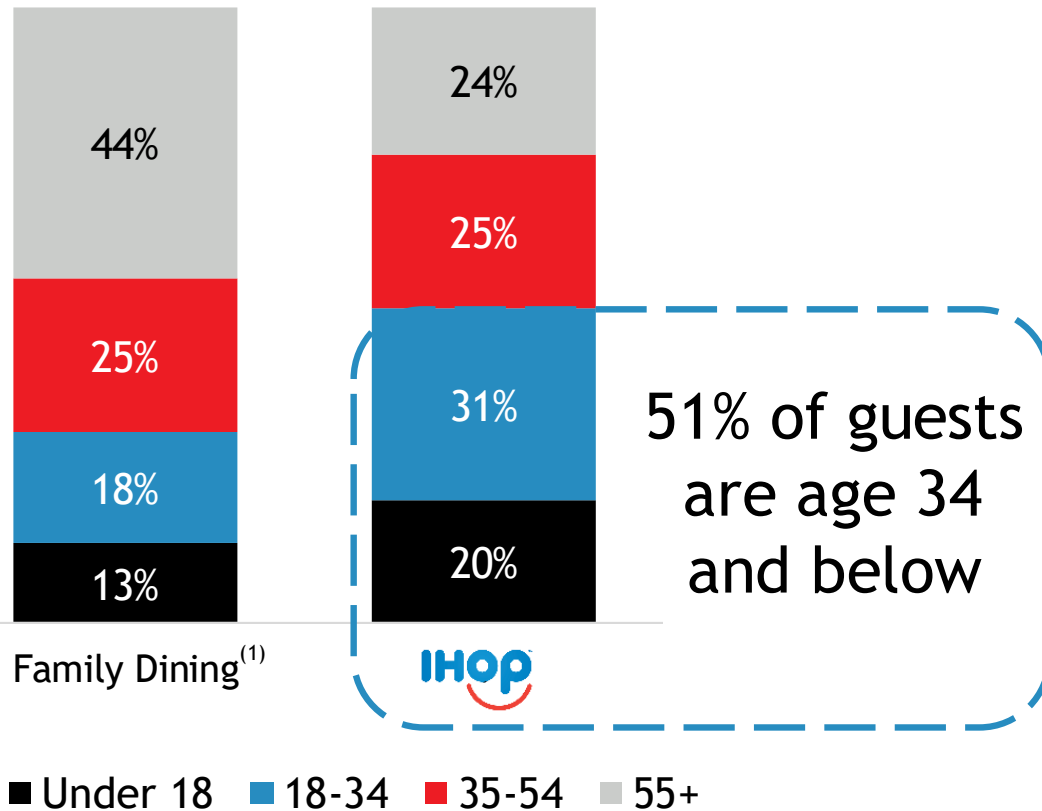
1. IHOP same-restaurant sales data includes area license restaurants beginning in Q1 2019.

2. Outperformance based on two-year stacked same-restaurant sales for each of the past 5 quarters.

Favorable Guest Dynamics

IHOP Guest Age Demographics

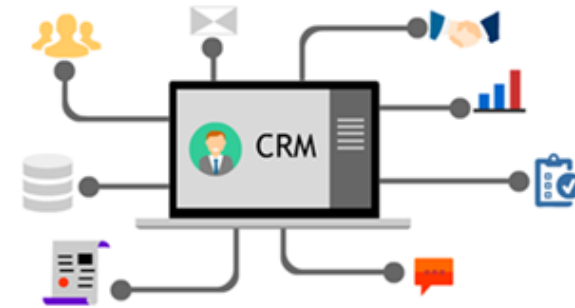
Applebee's Guest Age Demographics



■ Leveraging Technology for Our Brands

- Invested significantly to enable brand initiatives
 - Server tablets to allow table-side ordering
 - Enhanced website and mobile app functionality
 - Carside arrival notification
 - Enabling guests to pay in-restaurant on their own device
 - Modernizing our restaurant POS system

Data



Improving How We Connect, Distribute, Analyze, and Leverage Our Data Both Internally and Externally

IHOP Overview



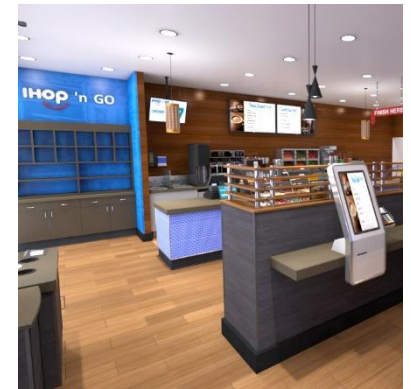
IHOP's Consistent Restaurant Development

- Continued domestic development with plans to grow units ~2% to ~4% annually
 - Over the last decade through 2019, IHOP's franchisees developed an average of ~60 gross restaurants and ~40 net new restaurants annually
- Plans to implement new development analytics software and tools to identify additional whitespace opportunities
- Revisit franchisee MSDAs to accelerate development
- Significant growth opportunities in urban and rural areas
 - New small prototype being explored (under 3,000 sq. ft.)
- Strong focus on non-traditional unit development
 - Entered into franchise development agreement with TravelCenters of America to open 94 IHOP restaurants over the next five years, with ~15 planned to open in 2020
- Launched Flip'd by IHOP as a new fast casual concept with validation currently underway

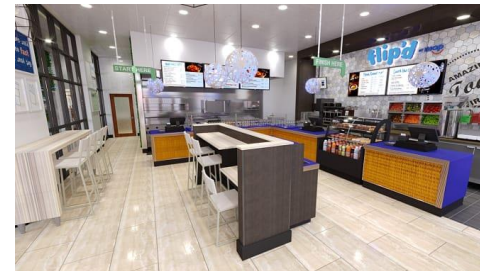
Traditional



Urban



Flip'd by IHOP

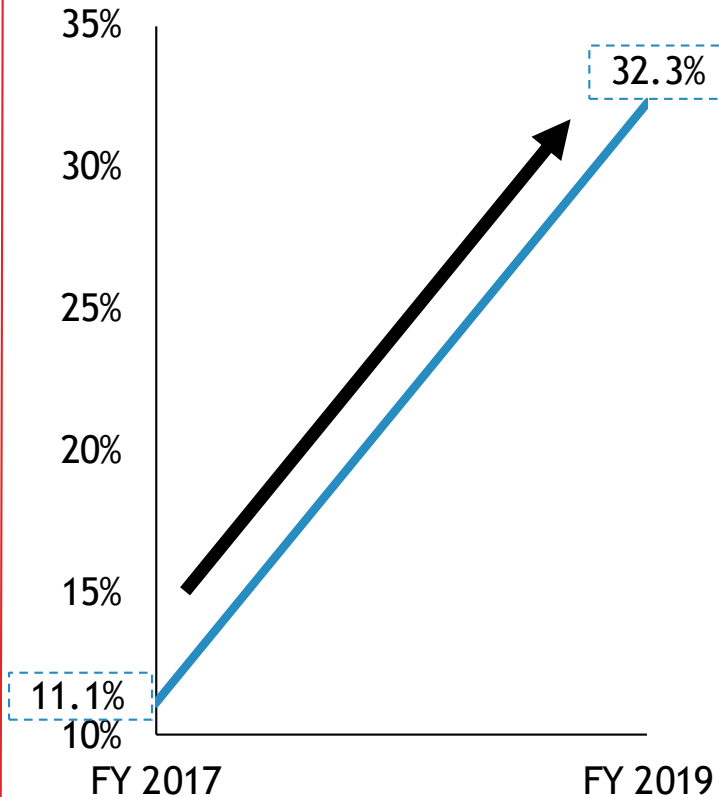


TravelCenters



Growing IHOP's Off-Premise Business

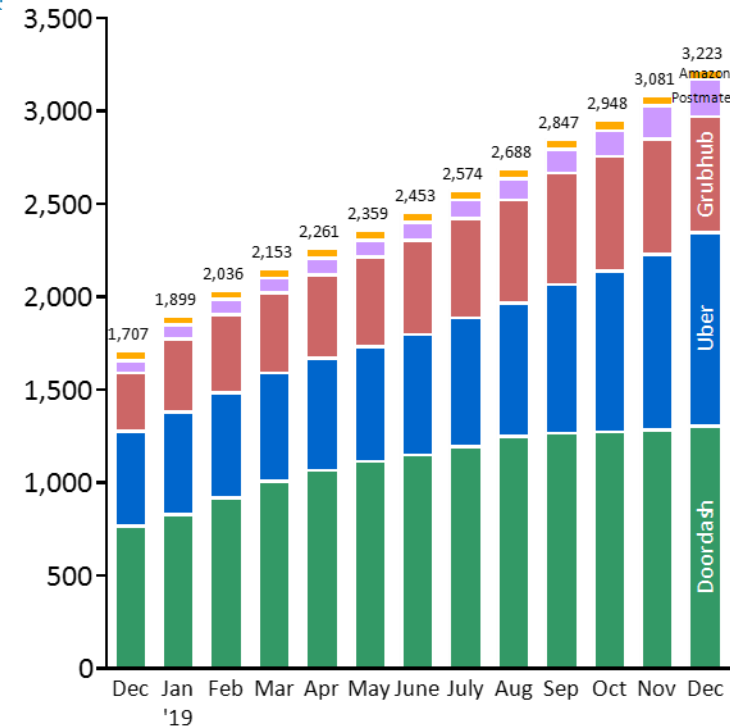
Off-Premise Comp Sales Since 2017



Delivery Coverage

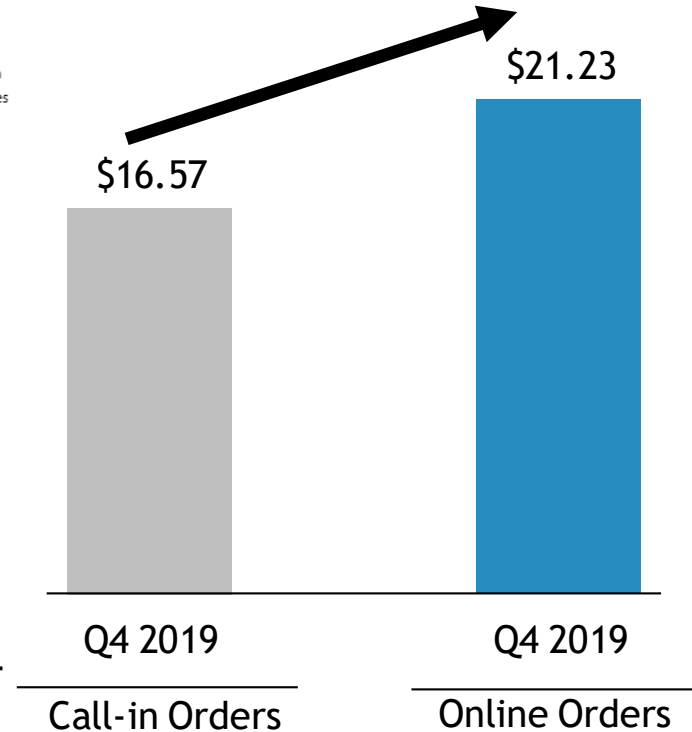
1,587 Restaurants with 1+ DSP

Delivery agreements



OFF-PREMISE AVERAGE CHECK

Online Average Check
28% Higher



■ Building on IHOP's Positive Performance

We began this journey on a foundation of 4 strategic initiatives;
as we transition to a growth story, we continue to invest in all 4 initiatives

Running great restaurants

- **Achieved all-time high OSAT scores in 2019**
- **Tech and Ops investments to alleviate labor pressure**

Driving traffic

- **Cultural relevance**
- **Long-term menu strategy and evolving dining habits**
- **Develop the PM day part**
- **Loyalty / CRM**

Being where the Guest is

- **Off-premise growth – in ALL channels**
- **Expand our portfolio of smaller footprint restaurants**

Reinventing the Guest experience

- **1:1 Relationship across the Guest journey, life cycle and all channels**
- **Thoughtfully evolve – and remodel – the in-restaurant experience**



Applebee's Overview

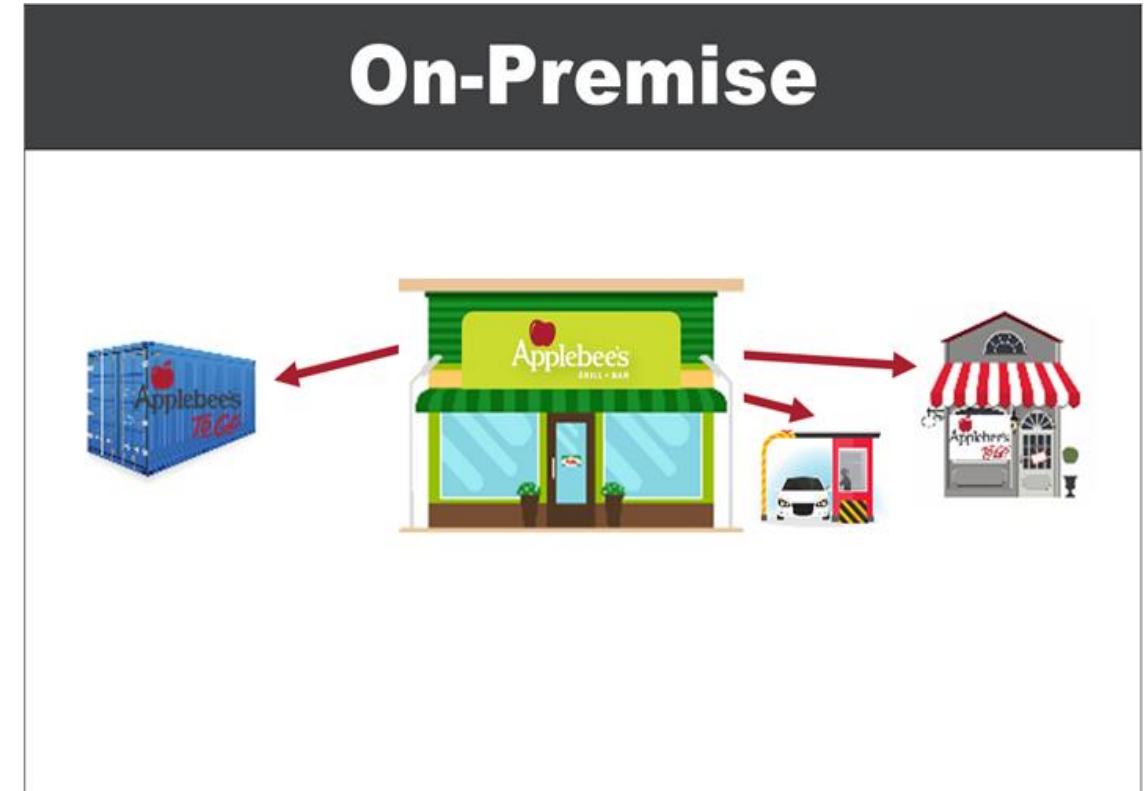


■ Applebee's Performance Update

- Marked improvement in the health of our Applebee's franchisees, with virtually no bad debt by the end of 2019
- 4-wall EBITDA margins in the low double-digits after royalties and advertising fees are paid
- Franchisee leverage ratios have returned to the levels of 2015 / 2016
- 2019 marked the completion of strategic closures, which began in 2017
- Applebee's franchisees completed 9 transactions over the last two years, representing approximately 170 restaurants
- PWC restaurant profitability achieved approximately 200 basis points of cost reduction in restaurant P&Ls since 2018

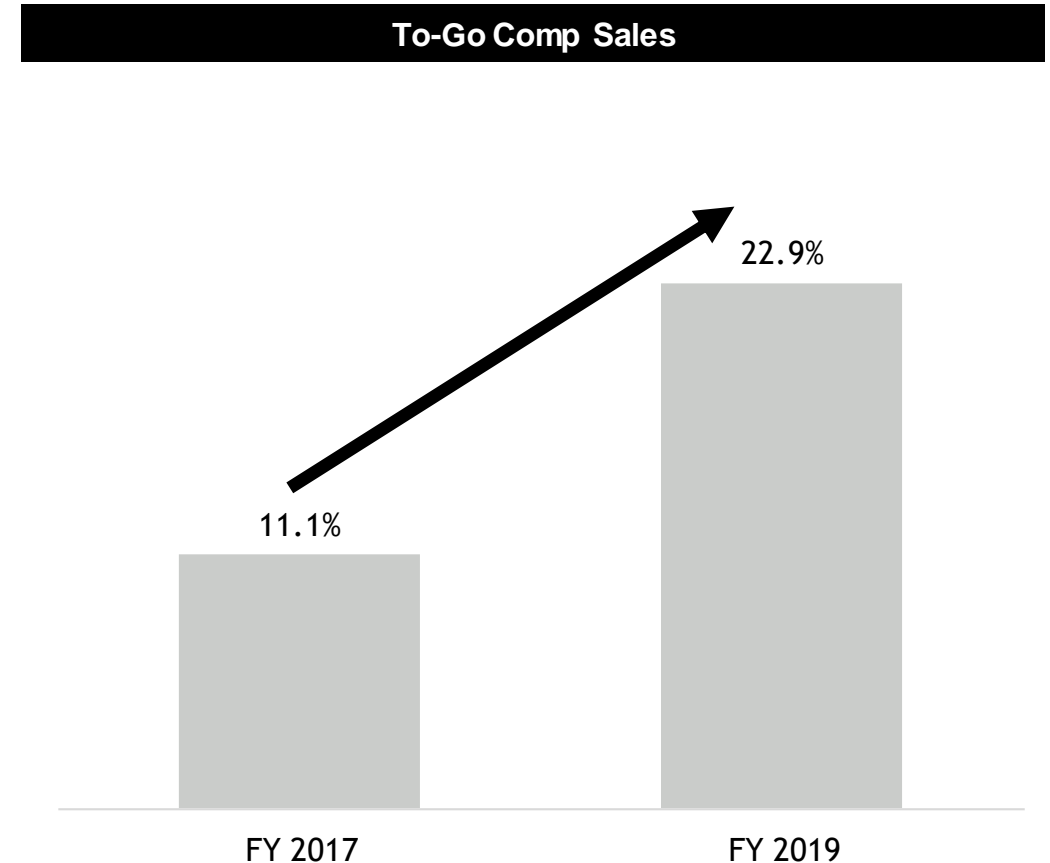
■ Off-Premise and On-Premise Convergence

Off-Premise	
	
<ul style="list-style-type: none">• Marketplace Customer• Prioritizes Selection• “I’m hungry...”	<ul style="list-style-type: none">• Applebee’s Customer• Direct Channel• “I want Applebee’s”



■ Off-Premise Relevance

- Sustainable off-premise growth driven by traffic
- Growth engine, highly incremental
- Ongoing optimization (technology, packaging, service)
- Best-positioned brand in CDR
- Actively implementing delivery



■ Applebee's Growth Strategy

1. Restaurant Excellence
2. Technology Investment
3. World-Class Marketing
4. Off-Premise Relevance
5. Culinary Innovation and Value
6. Expect to Return to Net Unit Growth Over the Next Year

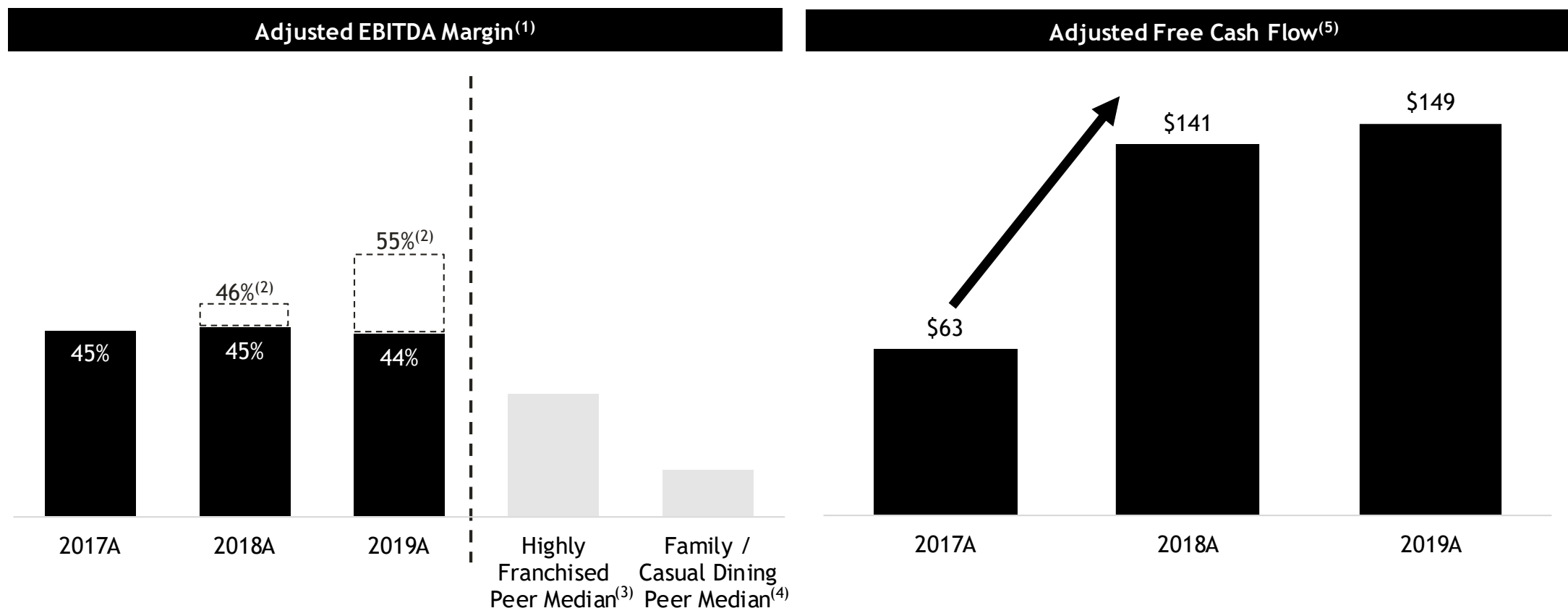


Historical Financial Performance



Improved Margin Performance and Cash Flow Generation

98% franchised, asset-lite business model generates significant profit on new revenue, industry-leading margins and substantial adjusted free cash flow



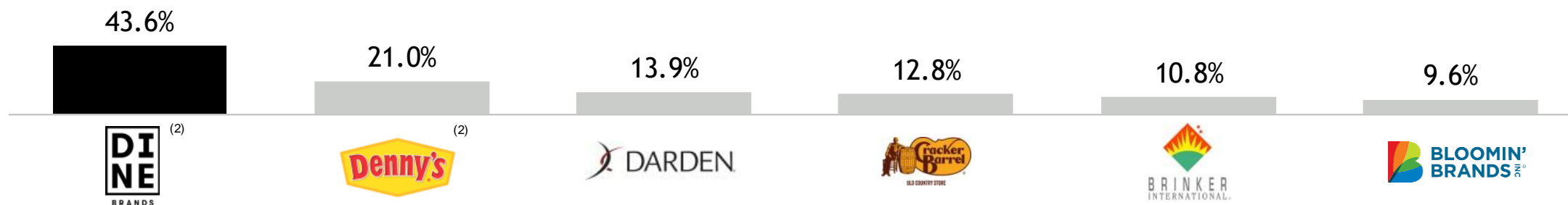
1. Dine Adjusted EBITDA margin excludes advertising revenues. See Appendix for Adjusted EBITDA reconciliation.
2. Dotted lines reflect Dine Adjusted EBITDA margins excluding advertising revenues and company-operated restaurants revenues.
3. Highly Franchised peers include Denny's, Domino's, Dunkin', Restaurant Brands International, Wendy's, Jack in the Box and Papa John's. Margin calculated excluding advertising revenue for Denny's, Domino's, Dunkin' and Wendy's.

4. Family / Casual Dining peers include Darden, Cracker Barrel, Brinker, Texas Roadhouse, Bloomin', Cheesecake Factory, BJ's, and Red Robin. Margin calculated excluding advertising revenue for Red Robin.
5. See appendix for reconciliation of the Company's cash provided by operating activities to adjusted free cash flow.

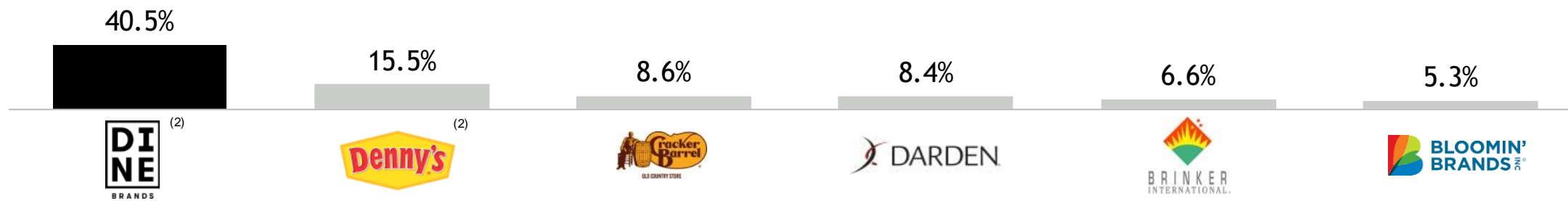
Asset-Light Business Model Generates Robust Margin Profile

- Highly franchised business model generates impressive Adjusted EBITDA margins with minimal direct exposure to fluctuations in commodity and labor costs
- 93% Adjusted EBITDA to free cash flow conversion⁽¹⁾ due to minimal capital expenditure requirements

LTM EBITDA Margin Benchmarking



LTM (EBITDA - Capex) Margin Benchmarking



Source: Company filings.

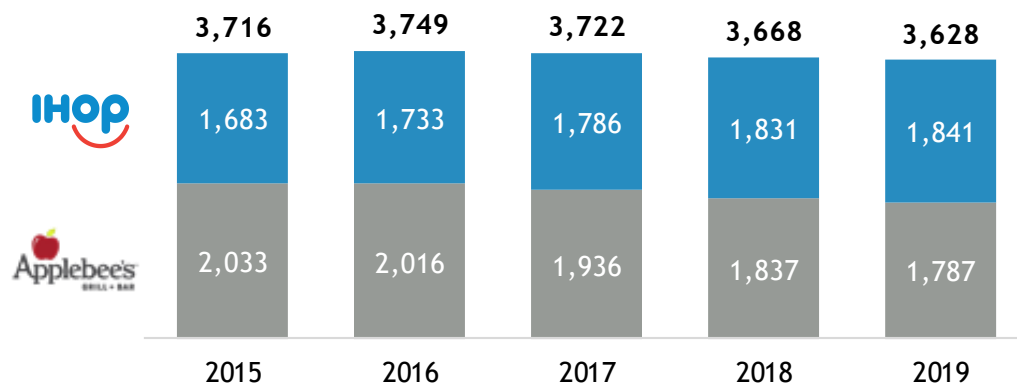
Note: LTM reflects latest reported four trailing quarters for each peer and LTM Q4 2019 figures for Dine.

1. Conversion defined as (Adj. EBITDA - Capex) / Adj. EBITDA. See Appendix for EBITDA reconciliation.

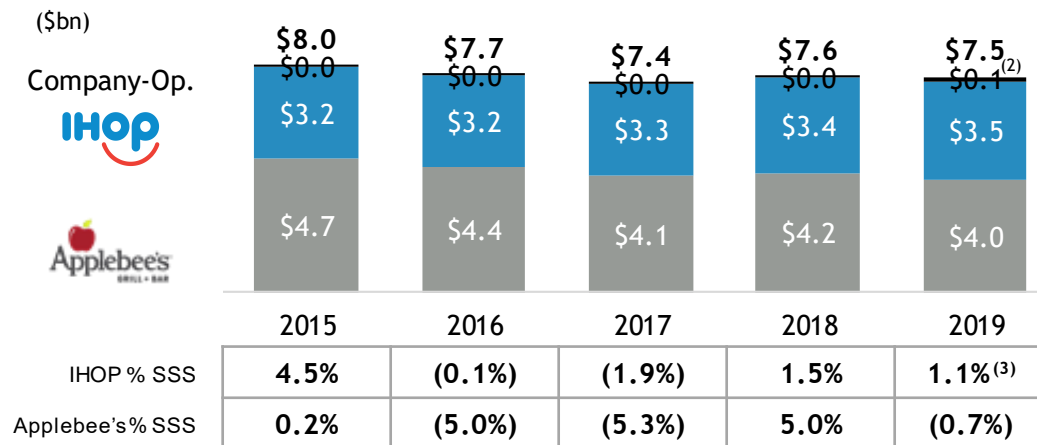
2. EBITDA margin calculated excluding advertising revenues from total revenue. See Appendix for Dine Adjusted EBITDA reconciliation.

Historical Financial Performance

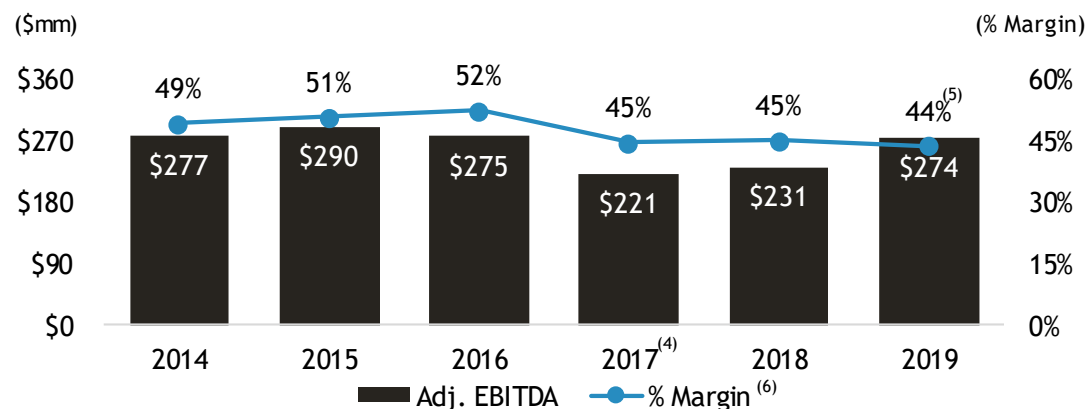
System-Wide Units



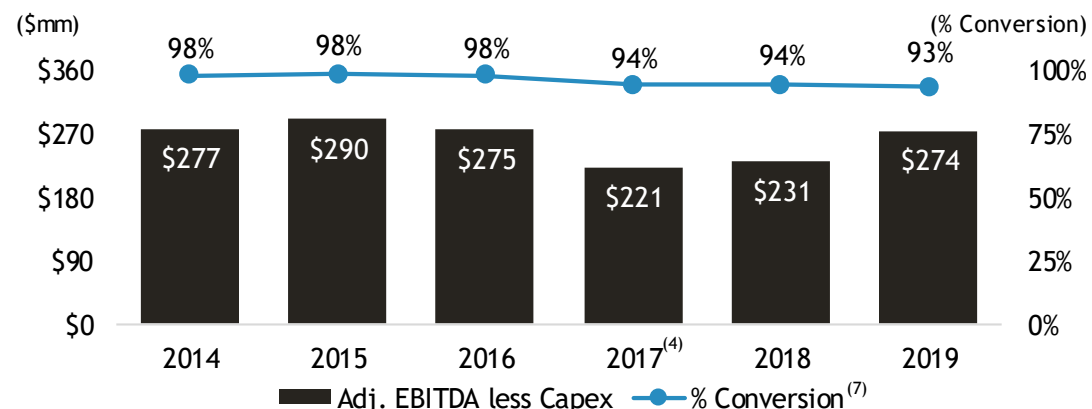
System-Wide Sales⁽¹⁾



Adj. EBITDA⁽⁴⁾



Adj. EBITDA - Capex⁽⁴⁾



- Figures may not sum due to rounding.
- Includes Applebee's company-operated sales of \$131.2 million.
- IHOP same-restaurant sales includes area license restaurants beginning in Q1 2019.
- As adjusted to give effect to ASC 606 using the full retrospective transition method. See Appendix for EBITDA reconciliation.

- Dine EBITDA margin excluding advertising revenues and company-operated revenues is 55% in 2019, compared to 46% in 2018.
- Dine EBITDA margin excludes advertising revenues. See Appendix for EBITDA reconciliation.
- Conversion defined as (Adj. EBITDA - Capex) / Adj. EBITDA.



Dine Brands Global, Inc.

March 2020



Appendix



■ Adjusted Free Cash Flow Reconciliation

(\$ in millions)

Cash Flows Provided by Operating Activities
 Receipts from Notes and Equipments Contracts Receivable
 Additions to Property and Equipment
Adjusted Free Cash Flow

Twelve Month Period Ended December 31,		
2017	2018	2019
\$65.7	\$140.3	\$155.2
10.6	14.9	13.0
(13.3)	(14.3)	(19.4)
\$63.0	\$140.9	\$148.8

Adjusted EBITDA Reconciliation

(\$ in millions)	Twelve Month Period Ended December 31,					
	2014	2015	2016	2017 ⁽¹⁾	2018	2019
Reconciliations:				(as adjusted)		
Net Income (Loss)	\$36.5	\$104.9	\$98.0	(\$342.8)	\$80.4	\$104.3
Income Tax Provision (Benefit)	15.1	63.7	55.1	(85.6)	30.3	\$34.1
Interest Charges	111.8	77.2	73.7	72.3	71.5	\$71.8
Depreciation and Amortization	34.7	32.8	30.6	30.6	32.2	\$42.5
EBITDA	\$198.2	\$278.7	\$257.4	(\$325.4)	\$214.3	\$252.7
Adjustments:						
Non-cash Stock-based Compensation Expense	9.3	8.9	10.9	10.8	10.5	\$10.8
Impairment of Goodwill and Intangible Assets and Closure Charges ⁽²⁾	3.7	2.6	2.6	535.6	2.1	\$1.5
(Gain) / Loss on Extinguishment of Debt	64.9	--	--	--	--	\$8.3
(Gain) / Loss on Disposition of Assets	0.3	(0.9)	--	(6.2)	(0.6)	(\$0.3)
Cash Executive Separation Costs	--	--	--	5.9	--	--
Debt Refinancing Costs	--	--	--	--	2.5	--
Business Acquisition Costs	--	--	--	--	1.1	--
Other ⁽³⁾	0.6	0.7	4.3	0.7	0.6	\$0.6
Adjusted EBITDA	\$277.0	\$289.9	\$275.2	\$221.3	\$230.6	\$273.5
Total Revenues	\$655.0	\$681.1	\$787.6	\$731.7	\$780.9	\$910.2
(-) Advertising Revenues	(90.3)	(108.1)	(260.1)	(234.2)	(268.3)	(283.0)
Total Revenues, excl. Advertising Revenues	\$564.7	\$573.0	\$527.5	\$497.5	\$512.6	\$627.2
Adjusted EBITDA Margins, excl. Advertising Revenues	49.1%	50.6%	52.2%	44.5%	45.0%	43.6%

1. As adjusted to give effect to ASC 606 using the full retrospective transition.

2. Includes impairment of goodwill and tradename of \$531.6 million in fiscal 2017. Other impairment and closure charges primarily related to the closure of restaurants and restaurant support center.

3. Other includes (a) federal, state, local and foreign taxes based on income, profits or capital, including franchise, excise or similar taxes, unless otherwise disclosed in the income tax provision above, (b) facility, office, store, restaurant or business unit closures or consolidations unless otherwise disclosed in other line items above, (c) foreign currency translation gain/(loss), (d) franchise conference expenses, (e) Board of Director services and (f) systems establishment costs.