



INVEST/STAY CONNECTED

INITIAL REPORT SEPTEMBER 21, 2024

LAST UPDATED AUGUST 7, 2025

\$20.89 / Recommendation: BUY, target \$32.00

DINE BRANDS GLOBAL, INC.

Dine Brands Global, Inc. (DIN) – Upgrade to Buy

Dine Brands Global, Inc. (DIN) is the franchisor of Applebee's, International House of Pancakes (IHOP), and Fuzzy's Taco Shop. As of December 31, the company had 3,555 franchised restaurants, including 70 company-operated locations, comprised of 1,614 Applebee's locations, 1,825 IHOPs, and 116 Fuzzy's Taco Shops.

In our September report, we wrote: "We are attracted to Dine due to the strong value of the shares." However, we noted that success in the current restaurant environment requires a strong focus on value strategies, something Dine lacked at the time. We believed a strategic pivot by management could quickly change the outlook. On the 2nd quarter conference call Dine management indicated early success in value strategies at Applebee's and IHOP.

In 2024, value-oriented strategies emerged as a key driver of restaurant success. A standout example is Chili's "3 for Me" promotion—offering a burger, side, and drink for \$10.99. This initiative fueled substantial sales growth and helped parent company Brinker International's stock nearly triple over the past year. In its latest earnings release, Brinker reported a 28.2% increase in comparable sales, including a 31.6% rise for Chili's alone.

In Q2, Dine management reported that their new value strategies were working. Applebee's reported a 4.9% increase in comparable sales, marking the first positive traffic growth since Q1 2023. Management also reported operational improvements at IHOP and raised the financial outlook for 2025.

A particularly noteworthy development is the company's move toward dual-branded Applebee's/IHOP locations. Early sales data from these new formats show 2–3 X higher revenue compared to the prior single-brand locations. Although we are not currently modeling any financial upside from this initiative, the company could have 100 dual-branded units by the end of 2026, and the conversion pipeline is already oversubscribed. We note that in 2nd quarter buybacks and dividend totaled \$6.0 and \$8.0 million respectively.

We are upgrading Dine Brands from Hold to Buy, with a \$32 price target, based on a close to 10% dividend yield and Early signs of success from the new value-focused strategies.

Company Stats & Estimates \$	
Shares Outstanding	14.94
Equity Market Cap	312
Enterprise Value	1,305
2025 EBITDA	209
EV EBITDA multiple	6.26
2024 EPS	2.64
2025 EPS	3.92
2024 Cash Flow Yield	24%
Projected Dividend Coverage %	246%
2025 Current Cash Flow Yield	23.59%
2025 EV / EBITDA	6
2027 PE	3.76
Dividend Yield	9.77%

[DIN INVESTOR RELATIONS](#)



Stock Chart DIN

BROXTON CAPITAL ADVISORS DIN as of 6/30/2025

Friday, August 8, 2025

share price \$20.89

PROJECTIONS IN MM fiscal yr

2025 2026 2027

Income Statement

Revenue 894 907 934

Franchisee Expense 333 340 349

Total Cost of Revenues 524 517 521

Corporate Expenses 81 84 84

SG&A 87 87 87

Interest 82 84 84

Corporate Total 312 311 308

Net Income 39 58 78

Net Income / Share GAAP 2.64 3.92 5.55

PE Multiple 7.91 5.33 3.76

EBITDA 209 234 256

Cash Flow 74 99 112

EV EBITDA multiple 6.26 5.58 5.09

Per Share dividend 2 2 2

Projected Gross Dividend 29.95 30.09 28.56

Projected Dividend Coverage % 246% 329% 392%

Cash Flow Yield 23.6% 31.8% 35.9%

Valuations

Available Dist. Earnings Yield 23.6% 31.8% 35.9%

Projected Dividend Yield 9.8% 9.8% 9.8%

PE ratio 7.9 5.3 3.8

Enterprise Value 1,305 1,305 1,305

Equity Market Cap 312 312 312

Capital Structure

Shares outstanding 14.94

Long-Term debt 1,187

Liquidity as of 6/30/24

Cash 194

Borrowing Availability est. 200+

Total Assets 1,789

Total Liabilities 2,002

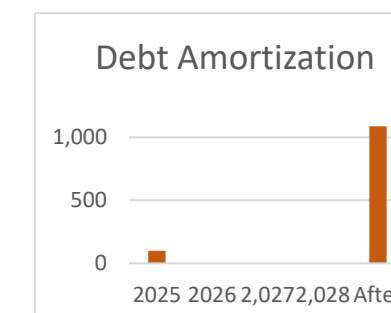
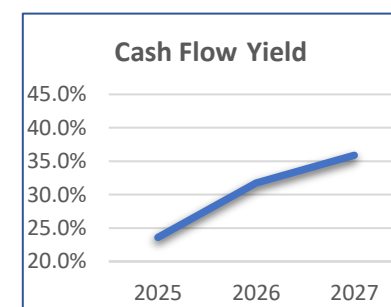
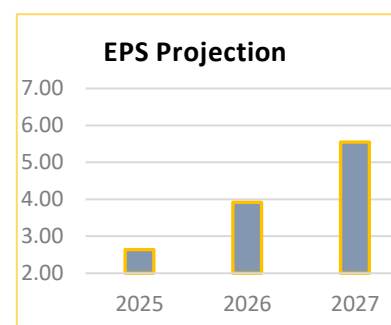
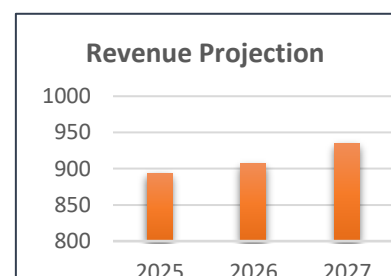
Ratio 89%

Book Value

Book Value NA

NOTES:

Recent refinance: "Our new \$600 million senior secured notes has a fixed rate coupon of 6.72% per year and an anticipated repayment date of June of 2030. In addition, we also extended the maturity of our \$325 million variable funding notes to June of 2030 as well."



Disclosures

Previous reports are available upon request. Smart Yield Fund targets a mix of different security classes that contain the risk of loss. Investors should carefully consider the Fund's investment objectives and risk factors before investing. Investing involves risk, including possible loss of principal. Investors should consider the loss of principle and targeted returns are not guaranteed. Individual investors in Smart Yield are generally required to be accredited investors. Smart Yield is a fund operated through individual accounts creating the composite. Smart Yield Fund is a new product with an inception date of September 30, 2020, and as such does not have historical data. Asset Mix Projections on page 2 and 6, Smart Yield Portfolio Metrics on page 5 are estimated or targets of the fund. Asset class mix and targets may change based on the direction of the managers. Portfolio allocation projected annual return and beta assumption for each asset class on pages 7-10 are estimated. Beta for the fund and each asset class is estimated versus the S&P 500. The average beta for the entire fund is projected to be .32. Beta is a measure of the fund's volatility in relation to S&P 500 Index. This index has a beta of 1.0. The fund targets a total gross return before fees and expenses of 9.24%. The fund projects a blended return based on income securities and capital gains. Smart Yield attempts to continuously improve the value of investment portfolios by investing in corporate bonds, convertible bonds, other types of bonds (investment grade and sub-investment grade, [which may also have limited liquidity]), dividend paying equities, non-dividend paying equities, ETFs, including leveraged ETFs, and other securities. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. 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