

DENNYS CORP
Form 10-Q
May 04, 2015

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended April 1, 2015

Commission File Number 0-18051

DENNY'S CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

13-3487402
(I.R.S. Employer
Identification No.)

203 East Main Street
Spartanburg, South Carolina 29319-0001
(Address of principal executive offices)
(Zip Code)

(864) 597-8000
(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 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Edgar Filing: DENNYS CORP - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of April 30, 2015, 84,363,692 shares of the registrant's common stock, par value \$.01 per share, were outstanding.

TABLE OF CONTENTS

	Page
<u>Part I - FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets (Unaudited)</u>	<u>3</u>
<u>Condensed Consolidated Statements of Income</u>	
<u>Quarter Ended April 1, 2015 and March 26, 2014 (Unaudited)</u>	<u>4</u>
<u>Condensed Consolidated Statements of Comprehensive Income (Unaudited)</u>	<u>5</u>
<u>Condensed Consolidated Statement of Shareholders' Equity (Unaudited)</u>	<u>6</u>
<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>	<u>7</u>
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>8</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>16</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>24</u>
<u>Item 4. Controls and Procedures</u>	<u>25</u>
 <u>PART II - OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>25</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>26</u>
<u>Item 6. Exhibits</u>	<u>27</u>
<u>Signatures</u>	<u>28</u>

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Denny's Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)

	April 1, 2015	December 31, 2014
	(In thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,718	\$ 3,074
Receivables	14,140	18,059
Inventories	2,680	2,952
Current deferred tax asset	24,108	24,310
Prepaid and other current assets	6,855	7,676
Total current assets	49,501	56,071
Property, net of accumulated depreciation of \$254,753 and \$255,089, respectively	108,412	109,777
Goodwill	31,451	31,451
Intangible assets, net	45,992	46,278
Deferred financing costs, net	2,451	1,614
Noncurrent deferred tax asset	17,620	19,252
Other noncurrent assets	25,637	25,415
Total assets	\$ 281,064	\$ 289,858
Liabilities		
Current liabilities:		
Current maturities of long-term debt	\$—	\$ 4,125
Current maturities of capital lease obligations	3,271	3,609
Accounts payable	16,307	13,250
Other current liabilities	49,564	59,432
Total current liabilities	69,142	80,416
Long-term liabilities:		
Long-term debt, less current maturities	135,500	135,875
Capital lease obligations, less current maturities	14,689	15,204
Liability for insurance claims, less current portion	17,793	18,005
Other noncurrent liabilities and deferred credits	40,037	38,775
Total long-term liabilities	208,019	207,859
Total liabilities	277,161	288,275
Commitments and contingencies		
Shareholders' equity		
Common stock \$0.01 par value; shares authorized - 135,000; April 1, 2015: 106,274 shares issued and 84,714 shares outstanding; December 31, 2014: 105,818 shares issued and 84,707 shares outstanding	\$ 1,063	\$ 1,058
Paid-in capital	572,109	571,674

Edgar Filing: DENNYS CORP - Form 10-Q

Deficit	(429,688) (438,221)
Accumulated other comprehensive loss, net of tax	(26,152) (24,602)
Shareholders' equity before treasury stock	117,332	109,909	
Treasury stock, at cost, 21,561 and 21,111 shares, respectively	(113,429) (108,326)
Total shareholders' equity	3,903	1,583	
Total liabilities and shareholders' equity	\$281,064	\$289,858	
See accompanying notes			

3

Denny's Corporation and Subsidiaries
Condensed Consolidated Statements of Income
(Unaudited)

	Quarter Ended	
	April 1, 2015	March 26, 2014
	(In thousands, except per share amounts)	
Revenue:		
Company restaurant sales	\$85,982	\$79,304
Franchise and license revenue	34,189	32,616
Total operating revenue	120,171	111,920
Costs of company restaurant sales:		
Product costs	21,444	20,583
Payroll and benefits	33,204	33,099
Occupancy	4,895	5,128
Other operating expenses	11,765	11,365
Total costs of company restaurant sales	71,308	70,175
Costs of franchise and license revenue	10,978	10,697
General and administrative expenses	16,936	14,116
Depreciation and amortization	5,024	5,238
Operating (gains), losses and other charges, net	608	422
Total operating costs and expenses, net	104,854	100,648
Operating income	15,317	11,272
Interest expense, net	2,087	2,322
Other nonoperating expense (income), net	29	(100)
Net income before income taxes	13,201	9,050
Provision for income taxes	4,668	2,619
Net income	\$8,533	\$6,431
Basic net income per share	\$0.10	\$0.07
Diluted net income per share	\$0.10	\$0.07
Basic weighted average shares outstanding	84,875	88,803