

DENNYS CORP  
Form 10-Q  
October 27, 2014

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 September 24, 2014

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)

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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

As of October 23, 2014, 84,727,048 shares of the registrant's common stock, par value \$.01 per share, were outstanding.

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

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

	September 24, 2014	December 25, 2013
	(In thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$1,450	\$2,943
Receivables	14,759	17,321
Inventories	2,743	2,881
Current deferred tax asset	22,021	23,264
Prepaid and other current assets	6,329	7,417
Total current assets	47,302	53,826
Property, net of accumulated depreciation of \$253,252 and \$255,966, respectively	109,268	105,620
Goodwill	31,451	31,451
Intangible assets, net	46,683	47,925
Deferred financing costs, net	1,734	2,097
Noncurrent deferred tax asset	21,604	28,290
Other noncurrent assets	26,237	26,568
Total assets	\$284,279	\$295,777
Liabilities		
Current liabilities:		
Current maturities of long-term debt	\$3,750	\$3,000
Current maturities of capital lease obligations	3,802	4,150
Accounts payable	16,408	14,237
Other current liabilities	50,220	52,698
Total current liabilities	74,180	74,085
Long-term liabilities:		
Long-term debt, less current maturities	148,750	150,000
Capital lease obligations, less current maturities	15,422	15,923
Liability for insurance claims, less current portion	17,748	18,249
Other noncurrent liabilities and deferred credits	25,752	29,089
Total long-term liabilities	207,672	213,261
Total liabilities	281,852	287,346
Commitments and contingencies		
Shareholders' equity		
Common stock \$0.01 par value; shares authorized - 135,000; September 24, 2014: 105,498 shares issued and 84,845 shares outstanding; December 25, 2013: 105,014 shares issued and 89,232 shares outstanding	\$1,055	\$1,050
Paid-in capital	570,705	567,505

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Deficit	(447,899	) (470,946	)
Accumulated other comprehensive loss, net of tax	(17,138	) (16,842	)
Shareholders' equity before treasury stock	106,723	80,767	
Treasury stock, at cost, 20,653 and 15,782 shares, respectively	(104,296	) (72,336	)
Total shareholders' equity	2,427	8,431	
Total liabilities and shareholders' equity	\$284,279	\$295,777	
See accompanying notes			

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

	Quarter Ended		Three Quarters Ended	
	September 24, 2014	September 25, 2013	September 24, 2014	September 25, 2013
	(In thousands, except per share amounts)			
Revenue:				
Company restaurant sales	\$82,827	\$83,371	\$243,269	\$247,242
Franchise and license revenue	34,205	33,904	100,297	101,094
Total operating revenue	117,032	117,275	343,566	348,336
Costs of company restaurant sales:				
Product costs	21,364	21,722	63,274	64,270
Payroll and benefits	32,507	33,746	97,584	98,512
Occupancy	5,418	5,598	15,445	16,339
Other operating expenses	12,514	12,022	35,322	34,538
Total costs of company restaurant sales	71,803	73,088	211,625	213,659
Costs of franchise and license revenue	11,309	11,599	32,639	34,586
General and administrative expenses	13,439	13,704	41,623	42,948
Depreciation and amortization	5,185	5,198	15,704	15,774
Operating (gains), losses and other charges, net				