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Dine Brands Global, Inc. (DIN) Q2 2025 Earnings Conference Call Transcript

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Q2: 2025-08-06 Earnings Summary

Insights



EPS of \$1.17 **misses by \$0.28** | Revenue of \$230.78M (11.89% Y/Y) **beats by \$7.37M**

Dine Brands Global, Inc. ([DIN](#)) Q2 2025 Earnings Call August 6, 2025 9:00 AM ET

Company Participants

John W. Peyton - CEO, Applebee's President & Director

Lawrence Y. Kim - President of IHOP

Matt Lee - Corporate Participant

Vance Yuwen Chang - Chief Financial Officer

Conference Call Participants

Brian Hugh Mullan - Piper Sandler & Co., Research Division

Pratik Mahendra Patel - Barclays Bank PLC, Research Division

Todd Morrison Brooks - The Benchmark Company, LLC, Research Division

Operator

Good day, and thank you for standing by. Welcome to the Dine Brands Second Quarter 2025 Earnings Conference Call. [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your host today, Matt Lee, Senior Vice President, Finance and Investor Relations. You may begin.

Matt Lee

Good morning, and welcome to Dine Brands Global's Second Quarter Conference Call. This morning's call will include prepared remarks from John Peyton, CEO and President of Applebee's; and Vance Chang, CFO. Following those prepared remarks, Lawrence Kim, President of IHOP, will also be available, along with John and Vance to address questions from the investment community during the Q&A portion of the call.

Please remember our safe harbor regarding forward-looking information. During the call, management will discuss information that is forward-looking and involves known and unknown risks, uncertainties and other factors, which may cause the actual results to be different than those expressed or implied. Please evaluate the forward-looking information in the context of these factors, which are detailed in today's press release and 10-Q filing. The forward-looking statements are as of today, and we assume no obligation to update or supplement these statements.

We will refer to certain non-GAAP financial measures, which are described in our press release and available on Dine Brands' Investor Relations website. For calendar planning purposes, we are tentatively scheduled to release our Q3 2025 earnings before the market opens on November 5, 2025, and to host a conference call that morning to discuss the results.

With that, it is my pleasure to turn the call over to Dine Brands' CEO, John Peyton.

John W. Peyton

Good morning, everyone. Thanks for joining us today. And today, I will share Dine's Q2 results and discuss trends in consumer behavior. I'll provide updates on our brand's key priorities, and then Vance will discuss our financial results and our updated full year outlook.

Dine carried momentum from March into the second quarter, delivering improved sales and traffic across our brands. We achieved this progress by remaining committed to our 3 main priorities: enhancing our menu and value platforms, communicating our brand's value more effectively through improved marketing and elevating the guest experience.

This focused approach, along with strategic investments helped us showcase what makes our brand special, a welcoming atmosphere for friends and family, dependable value and craveable food that brings people together.

I'll begin by sharing thoughts on consumer behavior. Overall, we continue to operate in a competitive environment. Consumers are still feeling macroeconomic pressure, and as a result, guests continue to manage their check by ordering fewer beverages and appetizers as well as trading down to lower-priced items on our menus. Across Applebee's and IHOP, the value mix decreased versus Q1. At Applebee's, the value mix was approximately 30% in Q2 and at IHOP, the mix was about 19%.

With that, I'll walk through our key financial results. Applebee's reported a 4.9% increase in comp sales, and IHOP posted comp sales of negative 2.3%. Applebee's outperformed Black Box in both sales and traffic. Traffic was the primary driver of comp sales and was positive for the first time since Q1 2023. And notably, IHOP achieved its second consecutive quarter of traffic outperformance relative to Black Box.

Our adjusted EBITDA was \$56 million compared to \$67 million in the same quarter last year. Adjusted free cash flow was \$49 million compared to \$53 million in 2024. And last, we recently completed and are pleased with the outcoming of our refinancing, which you'll hear more about from Vance.

So now I'll share some updates across our portfolio, starting with Applebee's. In Q2, Applebee's achieved positive comp sales for the first time in 2 years, supported by a significant increase in traffic. This allowed Applebee's to outperform Black Box in both sales and

traffic for the full quarter, which is a clear indicator of our improved performance within the segment. We noticed this positive shift starting in March, which continued throughout Q2 and even into Q3.

So now I'll talk about menu innovation. We're introducing a new entree each quarter that is meant to appeal to our core Applebee's fans and also capture the next generation of loyal guests. To support this effort, we'll introduce a new menu item via the "2 for" section of our menu, which is a pillar of our everyday value platform. In Q1, we introduced our Bourbon Street Cajun Pasta. In Q2, we introduced New Skillets & Steak. And a few weeks ago, we debuted our Chicken Parmesan Fettuccine, all within our "2 for" menu. Pairing this new menu innovation with our 2 for \$25 value platform is a key contributor to our traffic and sales growth.

Off-premise is also a key driver of sales improvement over the past year, and we've made a focused effort to evolve our strategy to meet our guests where they are, including promoting national campaigns on this channel and introducing exclusive off-premise campaigns. Year-to-date, off-premise has posted positive sales and traffic every month with Q2 seeing a positive 7.6% lift in sales.

On the marketing front, we've strengthened our in-house team and significantly expanded our social media capabilities, enabling us to amplify our brand presence and make social media a central element of our marketing. In just the past 3 months, our engagement numbers are multiplying. On TikTok, video views have increased over 500%, user reach has grown 760% and likes have climbed nearly 1,000%. Across X and Meta, we're seeing 215% increase in engagement. These figures show the benefits of our more agile in-house-led approach to social storytelling and the impact of meeting culture in real time where it lives.

And last, to touch on our efforts to modernize the brand and elevate the guest experience, the Lookin' Good remodel program continues to progress. Nine of our top 10 franchisees representing 75% of the Applebee's system have already elected to accelerate remodels of their restaurants this year, and we expect to complete well over 100 remodels by year-end.

We were pleased with Applebee's Q2 performance, positive comp sales, positive traffic and growing momentum across operations and marketing. All of this reinforces our confidence that we have the right strategy in place. We're not satisfied because we know we have more potential, and our team and our franchisees are energized and ready to press ahead to become even more relevant and more competitive.

Now, moving on to IHOP. The House Faves menu continues to impress, driving incremental traffic and dollar margin for franchisees during the quarter. This year, IHOP beat Black Box traffic metrics every month, and we also saw a sequential improvement in comp sales in Q2 versus Q1. Check trends also improved as the quarter progressed, supported by a new strategy that amplifies awareness of our premium priced items in our restaurants.

After a successful in-market test, which produced increases in both traffic and sales in all test markets, we're excited to expand the House Faves' value platform from 5 to 7 days nationwide later this year. The development of this everyday value platform has been a multistep process. The first step was attracting guests and driving traffic, which we've done for the past 3 quarters since it launched. And now in Phase 2, we're working on increasing check averages by leveraging a barbell strategy and highlighting other higher-priced items and promotions such as our Pancake of the Moment.

On the marketing front, similar to Applebee's, IHOP also recently brought its social creative and content teams in-house to drive in-the-moment conversations and engagement with a wider audience, particularly Gen Z consumers. Quarter-over-quarter, IHOP achieved over 400% more engagement and increased followers 30% across TikTok and Meta, creating more conversations with new fans.

IHOP is exploring new ways to connect with guests beyond social media. In Q2, IHOP partnered with Amazon Prime and NASCAR to create a custom spot with Dale Earnhardt Jr., promoting our IHOP 'N GO off-premise channel. It's a strong example of how we're tapping into different platforms and cultural moments to stay on top of mind with guests.

The IHOP field team has significantly enhanced restaurant operations by encouraging a strong focus on foundational basics. By increasing adoption of server tablets and reducing the number of product windows, we've improved order accuracy by 5 percentage points, and we've improved table turns by 4 minutes year-to-date.

Building on this progress, we continue to improve restaurant profitability by focusing on menu innovation, labor, training and technology. IHOP continues to see steady improvement in traffic and comp sales, supported by the success of House Faves. And strategic moves like expanding value offerings, bringing creative in-house and launching new partnerships are keeping the brand relevant and well positioned for continued progress in the second half of the year.

And now to talk about Fuzzy's. In June, Fuzzy's launched its first fast casual plus location in Sugar Land, Texas. This new format combines the convenience of fast casual dining with the hospitality of a full-service restaurant. We've previously discussed our goal to

leverage Fuzzy's full bar offerings, and this new service model encourages guests to order a second drink or a second taco. This is part of Fuzzy's plan to reposition the restaurant in a way that will drive more sales growth. Based on this potential, as of today, Fuzzy's has added 5 new franchisees and opened 3 new restaurants.

Turning to our international business. We continue to have positive engagement with both new and existing international franchisees around development, expanding our already robust dual brand pipeline. The unit growth in the international market is helping offset some macroeconomic headwinds that impact sales, and we remain on track to nearly double our total international dual brand restaurants by the end of the year.

During the quarter, we opened our first dual-brand non-traditional travel center location in Mexico, and we also opened our first non-traditional airport IHOP in Felipe Angeles International Airport in Mexico City. We remain bullish about the white space opportunity in Latin America and are excited to introduce new concepts and formats in these key markets. And last, we recently signed a development agreement with a franchisee in Saskatchewan, Canada to open 3 dual-brand stores over the next few years.

Now a brief update on our company-owned portfolio. We added 12 Applebee's to our company portfolio in May and now operate 59 Applebee's, 10 IHOPs and 1 Fuzzy's for a total of 70 company-operated restaurants, representing approximately 2% of our total restaurant count. We have plans in place to convert over 10 of these restaurants into dual brands and are excited about the opportunity to further prove that concept.

Our strategy here, while maintaining our asset-light model, is to reinvest in our system to improve the health of the brands and help advance our long-term goals. We're doing this by accelerating our remodeling efforts, improving operations and investing in local marketing, all of which will drive higher sales and profitability at the 4-wall level. Our owned portfolio showed solid progress in Q2 with comp sales improving over Q1 and now performing near the system average.

So, overall, we're pleased to see the steady improvement across our portfolio, resulting from our deliberate steps to enhance performance and support long-term growth through strategic ownership and innovation.

And finally, to discuss our development plans in more detail. Our development efforts continue to gain momentum with dual brand growth and new restaurant formats playing a key role in our success. On July 8, our second domestic dual brand opened in Uvalde, Texas and is owned by the same franchisee who built the first domestic dual-brand restaurant in Seguin. Like Seguin, the Uvalde restaurant is performing at a higher sales level than when it was a stand-alone single branded restaurant. While it's early, sales out of the gate are approximately 2x to 3x higher than the pre-dual brand restaurant.

Our first 2 domestic dual-brand restaurants now represent a compelling case study. For example, inspired by our 20 international dual brands, a seasoned IHOP franchisee acquired an Applebee's portfolio in 2024 with the intent of converting 8 locations to dual brands by the end of 2026.

Working together, we applied learnings from both domestic and international openings to build expertise in how best to integrate Applebee's and IHOP under one roof. With the second restaurant in Uvalde, the franchisee was able to significantly reduce construction costs as well as the construction and training timelines and was able to open the restaurant in 4 weeks.

Franchisee interest for dual brands remains strong, and our pipeline continues to grow. The initial results from domestic dual brand restaurants and the demand from franchisees speak to the uniquely complementary dayparts of the 2 brands. There's a lot of demand for building dual brands, and our pipeline is oversubscribed for 2026. We look forward to working with more franchisees to further enhance our expertise and execute this strategic priority. We remain on course to open at least a dozen dual brands by year-end.

And so with that, I'll turn the call over to Vance, who will speak to the updated guidance and walk you through our financial performance for the quarter in more detail.

Vance Yuwen Chang

Thanks, John. On the top line, consolidated total revenues increased 11.9% to \$230.8 million in Q2 versus \$206.3 million in the prior year. It's primarily driven by an increase in company restaurant sales mainly due to the acquisition of Applebee's and IHOP restaurants prior to the second quarter of 2025 and is offset by a decrease in franchise revenues and a decrease in rental income.

Our total franchise revenues decreased 1% to \$174.7 million compared to \$176.5 million for the same quarter of 2024. Excluding advertising revenues, franchise revenues decreased 0.8%. Rental segment revenues for the second quarter of 2025 decreased compared to the same quarter of 2024, primarily due to lease terminations.

G&A expenses were \$50.8 million in Q2 of 2025, up from \$46.9 million in the same period of last year due to an increase in compensation-related expenses and an increase in professional services fees, both due in part to the G&A expenses related to company restaurant operations as well as dual brand and remodeling initiatives.

Adjusted EBITDA for Q2 of 2025 decreased to \$56.2 million from \$67 million in Q2 of 2024. Adjusted diluted EPS for the second quarter of 2025 was \$1.17 compared to adjusted diluted EPS of \$1.71 for the second quarter of 2024.

Now turning to the statement of cash flows. We had adjusted free cash flow of \$48.7 million for the first 6 months of 2025 compared to \$52.9 million for the same period of last year, driven by a decrease in principal receipt from notes and equipment contracts receivable and an increase in capital expenditures and is partially offset by an increase in cash flows provided by operating activities.

Cash provided by operations at the end of the second quarter of 2025 was \$53.1 million compared to cash provided from operations of \$52.2 million for the same period of 2024. The decrease was primarily due to the postponement of income tax payments due to wildfire relief, offset by the decrease in segment profit and higher G&A expenses.

CapEx through Q2 of 2025 was \$9.3 million compared to \$6.8 million for the same period of 2024. And we finished the second quarter with total unrestricted cash of \$194.2 million compared with unrestricted cash of \$186.5 million at the end of the first quarter.

As John mentioned, we were pleased with our refinancing transaction and the overall outcome. 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.

Regarding capital allocation, organic investments will continue to be a focus along with balance sheet management and returning capital to shareholders. Key initiatives include remodeling the Applebee's system where we're providing an early adopter incentive for franchisees and remodeling and converting company-owned restaurants to dual brand restaurants, all of which will have an impact on our P&L.

On buybacks and dividends, we repurchased \$6 million in shares and paid \$8 million in dividends in Q2 of 2025. We continue to remain committed to returning capital to shareholders now that our refinance is complete; while also ensuring we invest in our business and maintain a healthy balance sheet.

Next, let me discuss Applebee's performance. Q2 same-restaurant sales were positive 4.9%. Average weekly sales in 2025 were \$58,000, including approximately \$12,800 from off-premise or 22% of total sales, of which 11.5% is from to-go and 10.5% is from delivery. As a reminder, off-premise saw a positive 7.6% lift in sales in Q2.

IHOP's Q2 same-restaurant sales were negative 2.3%, which is an improvement from Q1. Average weekly sales were \$37,800 that includes \$7,600 from off-premise or 20% of total sales, of which 8% is from to-go and 12% is from delivery.

Let's turn to commodities. Applebee's commodity costs in Q2 decreased by 0.8% and IHOP commodity costs increased by 8% versus the prior year. Our supply chain co-op CSCS, continues to expect pricing in 2025 at Applebee's to be flat to slightly down. At IHOP, we continue to expect commodity costs to increase by mid-single digits for the full year, driven by elevated egg pricing and coffee. While egg prices are up from a year ago, we have seen prices continuously soften since their peak in March and are constantly working with our suppliers to ensure the availability of supply in this challenging environment.

As we mentioned on our prior call, the tariff situation remains very fluid. As a result, our forecast for commodity costs incorporate the effects from existing tariffs to-date, but do not reflect the potential impact of future tariff changes or trade policy. CSCS continues to work across both systems to identify additional cost savings opportunities and support restaurant profitability initiatives through both operational improvements and input costs.

To date, in 2025, we have implemented projects resulting in over \$35 million of annualized cost savings across both systems, and we continue to partner with CSCS to leverage our scale and make progress on our cross-functional restaurant profitability initiatives.

Before turning the call back over to John for Q&A, I'd like to provide an update on our guidance for the year. As you heard from John, we're seeing positive results from our key priorities, and we remain confident that we are deploying the right strategy to drive traffic, sales and unit growth.

Because of these early positive results, we do see an opportunity to further invest in the business and to accelerate our dual brand opportunity as well as strengthen our company-owned portfolio, which will improve the health of the brand and drive growth over the longer term through comp sales and unit growth.

As such, we're updating our full year guidance as follows: starting with the top line. For both brands, based on our recent trends and the continued evolution of our value platforms, we now expect Applebee's domestic system-wide comp sales to be between positive 1% and positive 3% compared to the previous range of negative 2% to positive 1%. At IHOP, we now expect domestic system-wide comp sales to be between negative 1% and positive 1% compared to the previous range of negative 1% to positive 2%.

Due to purposeful and accelerated investments in company operations, remodeling incentives and dual brands, we're updating our G&A, our EBITDA and our CapEx guidance. We're raising our G&A guidance to \$205 million to \$210 million compared to our prior range of \$200 million to \$205 million. This includes noncash stock-based compensation expense and depreciation of approximately \$35 million.

On EBITDA, we're reducing our range to \$220 million to \$230 million compared to our prior range of \$235 million to \$245 million. Lastly, we're increasing our CapEx spend to be in the range of \$30 million to \$40 million compared to the prior range of \$20 million to \$30 million. On development, we're maintaining our guidance for both brands, which for Applebee's is between 20 to 35 net fewer domestic restaurants; and for IHOP, it's between 10 net fewer domestic restaurants to 10 net domestic openings.

With that, I'll hand it back over to John.

John W. Peyton

Thanks, Vance. Before we open up the line for questions, a quick summary of what we discussed today. Both brands are enjoying improvements in sales and traffic. Both brands have new value campaigns, new advertising messaging and are racing to improve their social media engagement. And in partnership with our franchisees, both brands are improving operations and growing guest satisfaction. Our strategic priorities are simple and clear, and they're working. As always, we appreciate your time and continued interest in Dine Brands. And with that, I'll turn it over to the operator to open the line for questions.

Question-and-Answer Session

Operator

[Operator Instructions] Our first question comes from the line of Jeffrey Bernstein with Barclays.

Pratik Mahendra Patel

This is Pratik on for Jeff. It was really encouraging to see such strong performance at Applebee's during the quarter. John, last call, you mentioned that you're leaning heavier into the 2 for \$25 platform. And lately, we've seen 3 iterations with Sizzlin' Steak, All You Can Eat and now Chicken Parm Fettuccine. Just wanted to ask how you sustain good operations with such frequent changes. It just adds too much complexity or is there something there that the operators just can sustain?

And you also mentioned that it was around a 30% value mix in the second quarter, which actually declined. Where do you feel the optimal level is? And can you share any learnings in terms of guest feedback, value scores and intent to return?

John W. Peyton

It's John. Excellent combination of 4 questions in 1, well done. And so -- and you're absolutely right that we had strong performance in both traffic and sales at Applebee's during the first 2 quarters that we saw continue into July, driven exactly by 2 for \$25. And so, our strategy is to lean into 2 for \$25 as our consistent and primary marketing message for the year. And our strategy in partnership with our franchisees and their enthusiastic support is to introduce a new entree each quarter, as you saw that we did.

In terms of complexity, this is what our franchisees do best. They have, in conjunction with us, great processes and great training in order to introduce these new items. We test them in our corporate kitchen. We test them with our franchisees before they roll out broadly. And so, all of the operations shakedown and whatever challenges there might be are worked out before we roll. So, no issues there.

In terms of the value mix, we fell slightly to 30%. And in the last about 1.5 years, we've been running at about 1/3 of our menu being the value mix, which is higher than historical. So, I'm not sure exactly what optimal is, but I do know that running at about 1/3 is higher than typical, and we're seeing it begin to slowly tick down just in the last quarter or so.

And in terms of guest feedback, I think the traffic speaks for itself. Each of those entrees, the pasta, the Sizzlin' Steak and now the Chicken Parm have been hits that are driving traffic, and we're getting great feedback not only from that signal, but as well as just the research we do when we intercept with guests.

Operator

Our next question comes from the line of Brian Mullan with Piper Sandler.

Brian Hugh Mullan

Wanted to ask about IHOP and the House Faves platform. With what you've seen thus far, are you happy with how this has impacted the franchisee profitability at the store level? And I imagine the answer is yes because you're expanding it to 7 days a week now. So, if you could just give a little more color behind that decision and why extending it to the weekend is the right one for IHOP.

John W. Peyton

Brian, Lawrence will take that question.

Lawrence Y. Kim

Yes, as you just mentioned and as John mentioned earlier, we are expanding later this year from 5 days, which we started, I would say, late last year in October. And then we've continued the House Faves Monday through Friday program. And so, based on the tests

that we did in Q2, which tested the 7-day everyday value, we did see both positive results in traffic and sales. So, our franchisees are supportive along with the brands and delivering an everyday platform.

Brian Hugh Mullan

Okay. And just a follow-up that I have, I guess, Lawrence, while we have you is just I think one of your focus is reducing operational complexity. With another couple of months in the role, just give us a sense of where you are in that journey? Any early wins? And then, looking forward, anything particularly big or impactful that you are focused on right now?

Lawrence Y. Kim

Yes, absolutely. So, when I joined the organization earlier this year, one of the key focus areas from operations was to reduce complexity. And so, I've been on a ton of restaurant visits around the nation, talking to team members, general managers and franchisees. And there are a few key areas that we identified as an operations team to just get laser-focused on.

Number one is create -- I guess, reduce complexities in the back of house. And so, just in all the analyses that we've done over the past few months, we've identified, number one, speed improvement areas, which we've leveraged our technology platforms like our tablets, which now are in 96%-plus of our restaurants. and that's helped our team members, our servers, just amplify speed and just get the orders accurate.

The second is for our cooks. It is complex. There are quite a few number of items in our menu. But last year and the year prior, we had over 20-some LTOs, and we've reduced that by more than half. And that, of course, has created just ease and more of a greater muscle memory for our cooks. And so that has also improved in just reducing complexity and improved their speed and cook time. And that's why our results in terms of speed and table turns have improved by over 4 minutes this quarter.

Operator

[Operator Instructions] Our next question comes from the line of Todd Brooks with The Benchmark Company.

Todd Morrison Brooks

I want to focus on the path forward with the corporate-owned stores. And just, John, as you're thinking about maybe the duration and the steps that need to be taken to get these stores back to profitability, what sort of window are you looking for us to judge that effort against? How long do you think it will take?

John W. Peyton

Yes, when it comes to the owned stores, as I said, we've got 70 restaurants now, which is about 2% of our portfolio. And we've put in place a strong operating team to manage them, and we're pleased with the progress we're seeing. We've moved from, for example, the bottom tier in terms of sales and profitability to about the mid-tier among all of the franchisees.

And I think in terms of how long you should think about holding them, we think plus or minus 3 years in terms of what it would take to improve operations to the point that we can refranchise the restaurants for an appropriate valuation. And I imagine over the next couple of years, we'll have portfolios entering and leaving at different times and always having somewhere around this 2%, 3% ownership.

Todd Morrison Brooks

Yes. I guess I didn't ask the question well, John. I was asking more within how those sit on the income statement now. When do you see that base of 70 units getting to at least neutral profitability on the Dine income statement.

John W. Peyton

Thanks. Understood. I'll have Vance address that.

Vance Yuwen Chang

Todd, here's how we think about it, right? So, as John mentioned, right, we took these back at little or no cost to Dine in terms of purchase price. And the goal is to remodel, to reinvest to refranchise these over time. And these restaurants, they're in good markets with great potential.

But in the meantime, during this transition period, right, the performance is a little choppy, primarily due to 3 things. And the first portion is liquor sales. During this transition period, we have to reapply for liquor sales for our restaurants, and that takes some time. And in the meantime, before the liquor license is granted, we can't sell liquor, and that's a good portion of our revenue and profit for each restaurant. So that's driving it. And as of Q2, about half of the portfolio has liquor, right? So, you can imagine as we get this liquor back; profitability, comps, everything else will come with it.

The second thing that's causing some of the noise in the meantime is constructions. So, we have to close these restaurants for remodeling and do a brand conversion. And so while we -- while the restaurant is closed, we still have fixed costs, right? But it's all one-time transitory in nature. We're going to get over that path and then profitability will be here.

And then the third thing -- the third portion is investing in staffing and training. The restaurants, again, like I said, have great potential, but they've been understaffed and undertrained. So, we need to improve the fundamentals and making -- we're making great progress, but it does create some noise in the meantime. The disruptions are sort of one-time in nature, transitory in nature, but we fully expect to improve the operations, the guest experiences and profitability of the portfolio quarter-by-quarter.

In terms of the next part of your question, which is when do we expect them to be neutral profitability? I think once we're through this transition period, the performance will improve quarter-by-quarter as we finish construction restaurant by restaurant, as we get liquor license, right?

So -- but the way I think about it in terms of how you build the model, I think the AUV, run rate AUV for these restaurants for this part of the country, we're probably thinking about \$2 million, \$2.5 million range in that sort of average. And then, if we look at system-wide 4-wall margin probably should be in the low to mid-teens in terms of 4-wall margin.

And then you got to factor in, call it, somewhere in the 5% to 6% G&A range. So that gets you to a run rate of EBITDA sort of margin percent for the portfolio going forward. There is a very clear path to getting there, right? A lot of the stuff we just got -- it's just timing. And so, we're fairly excited about the progress we're making, and we're happy to have this great portfolio of restaurants to prove our -- accelerate our initiatives that we care about.

Operator

[Operator Instructions] I'm showing no further questions in the queue. I would now like to turn the call back over to John Peyton, Dine Brands' CEO and President of Applebee's for closing remarks.

John W. Peyton

Thanks, Towanda. I just want to check one more time if there's questions because we do see that we had some people join just in the last minute or 2 that have not asked a question. I just want to check if there's one more round of questions.

Are we all good Towanda?

Operator

I'm showing no further questions in the queue.

John W. Peyton

Okay. Well, thanks, everyone, for joining this morning. Appreciate the questions. And as Vance and I and Lawrence and I tried to articulate today, our franchise business is performing very well. We're pleased with the progress that Applebee's and IHOP have made and the momentum that they both demonstrated this year, and we're making some very purposeful and strategic investments in our owned portfolio in an effort to advance the dual brand program and the renovations of the Applebee's. So good day, everyone. Take care.

Operator

Ladies and gentlemen, that concludes today's conference call. Thank you for your participation. You may now disconnect.

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