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Dine Brands Global, Inc. (DIN) Q3 2026 Earnings Call Transcript

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Q3: 2026-11-04 Earnings Summary

Insights

EPS of $0.82 misses by $0.18 | Revenue of $248.90M (15.14% Y/Y) beats by $9.19M

Dine Brands Global, Inc. (DIN) Q3 2026 Earnings Call November 4, 2026 11:00 AM EST

Company Participants

Matthew Lee - Senior Vice President of Finance & Investor Relations
John Peyton - CEO, Applebee's President & Director
Vance Chang - Chief Financial Officer

Conference Call Participants

Nerses Setyan - Mizuho Securities USA LLC, Research Division
Dennis Geiger - UBS Investment Bank, Research Division
Todd Brooks - StoneX Financial, Inc., Research Division
Brian Vaccaro - Raymond James & Associates, Inc., Research Division

Presentation

Operator

Good day, and thank you for standing by, and welcome to the Dine Brands Third Quarter 2026 Earnings Conference Call. [Operator Instructions] As a reminder, today's program is being recorded. And now I'd like to introduce your host for today's program, Matt Lee, Senior Vice President, Finance and Investor Relations. Please go ahead, sir.

Matthew Lee
Senior Vice President of Finance & Investor Relations

Good morning, and welcome to Dine Brands Global's Third Quarter Fiscal 2026 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, Chief Commercial Officer and President of IHOP, will also be available along with John and Vance to address questions 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 that is available on Dine Brands' Investor Relations website. With that, it is my pleasure to turn the call over to Dine Brands' CEO, John Peyton.

John Peyton
CEO, Applebee’s President & Director

Good morning, everyone, and thanks for joining us. Today, I'll begin with an overview of Dine's Q3 performance and share updates on the brand initiatives across Applebee's, Fuzzy's and IHOP that are driving our results. And after that, I'll turn it over to Vance, who'll walk through our financial results in more detail.

Dine delivered Q3 results in line with our expectations, while continuing to make deliberate investments in the brands and the business. For the quarter, Applebee's reported a 0.9% increase in domestic comp sales, driven by a strong July, during which the brand outperformed Black Box on both traffic and sales.

IHOP posted domestic comp sales of positive 0.8% and delivered its seventh consecutive quarter of traffic outperformance and the fourth consecutive quarter of sales outperformance versus Black Box. And our adjusted EBITDA was $49 million compared to $49 million in the same quarter last year.

With those results as the backdrop, let me share some insights on what's driving them, starting first with the consumer. Over the last 3 years, consumer behavior has been remarkably consistent. In the context of persistent inflation on food away from home and higher gas prices, consumer sentiment has remained low, and guests are driven by a strong value proposition where they know the full price of the meal. Notably though, consumers are less likely to cut back on occasion dining, and that is a benefit to us, and we expect this dynamic to continue into 2027.

Looking at guest behavior at our brands specifically, average check levels have held steady, reflecting mild check management and value incidents also remained relatively consistent at 25% of transactions for Applebee's and 22% of transactions at IHOP, which is roughly in the middle to high end of our historical range. This is another indication that value is a big decision driver.

Overall, casual dining has shown resilience this year, and ultimately, our performance comes down to our consistency in messaging and conviction in our strategy. So if you recall, in Q3 of last year, we made a deliberate set of changes.

First, we introduced everyday value platforms at IHOP and amplified 2 for $25 at Applebee's. We dialed up menu innovation at both brands. We sharpened our operational focus within the restaurants, and we rolled out a new marketing strategy to better integrate our brands into the cultural conversation. One of our greatest competitive advantages is that we own 2 of the most iconic American brands. We've managed through different economic cycles, and we've demonstrated our ability to evolve with our guest needs without sacrificing the core of what makes each brand so special. And as we look ahead, we're prioritizing investments that improve both comp sales and the overall footprint of our brand, which includes refreshing restaurant appearance through our remodel programs and expanding our dual brand concept, both to drive more value out of each location and accelerating that work through our company-owned portfolio as well.

Of course, these investments require upfront capital, yet they yield significant long-term upside. Over the past 2 years, we've been able to aggressively lean into the strategy for 2 reasons: first, our asset-light model generates strong, consistent free cash flow, which gives us the flexibility to invest in our brands without compromising our financial discipline; and second, we continue to see real commitment from our franchisees who are investing in our brands and the strategy alongside of us. With the progress we're making on these strategic initiatives, we're well positioned to deliver long-term sustainable value for our franchisees and shareholders.

And so with that, I'll share some updates across our portfolio, beginning with Applebee's. Comp sales at Applebee's returned to growth in Q3, up 0.9%, with traffic also improving versus the prior quarter. The quarter started strong with the return of our iconic Dollarita and the introduction of the Bacon Cheeseburger Wanton Taco on the 2 for $25 platform. Leveraging the strength of our value platform and our bar and beverage program, these promotions delivered positive sales and traffic during the period and outperform Black Box. In fact, the Bacon Cheeseburger Wonton Tacos became our strongest new appetizer launch since the pandemic, outperforming our previous best Loaded Potato Waves that we launched just last quarter.

Now I want to take a moment to put a finer point on this. Since reinvigorating our menu innovation engine about a year ago, each new menu item has built on the popularity of the last. And looking ahead, we expect to have more new food items launching over the next 12 months than we have had in the last few years.

Regarding off-premise, we extended our streak of positive comp sales to a seventh consecutive quarter with comp sales growing 1.8%, supported by delivery growth. This is particularly notable given that only 1 of our 3 campaigns this quarter was available off-premise, which tells us that demand is broadening beyond specific promotions. Applebee's also saw strengthening social media performance this quarter with third-party data from UBS showing that interactions more than tripled year-over-year, ranking among the top-performing restaurant brands.

On remodels, we've completed 107 Applebee's Looking Good remodels year-to-date, already exceeding our target of 100 for the year as part of a broader refresh cycle that will bring us to roughly half the portfolio remodeled by the end of 2027. On average, these restaurants continue to see at least a mid-single-digit lift to sales, driven by increased traffic following a reimage.

From an operations standpoint, our focus on driving excellence through simplicity and accountability continue to produce measurable results. Order accuracy has improved, manager visibility in the dining room increased, Google ratings are up, all contributing to improving guest satisfaction.

And last, I want to mention that we recently hosted our Applebee's global franchisee conference bringing together franchisees from across the system to align on priorities for the year ahead.

Our conversations reinforced our strong sense of partnership, and our franchisees were engaged on the initiatives driving the brand forward menu innovation to remodels.

Now moving on to IHOP. In Q3, comp sales at IHOP grew 0.8%. The brand also outperformed Black Box on both sales and traffic for the fourth consecutive quarter with traffic outperformance now extending to 7 consecutive quarters. Clearly, this isn't a 1-quarter story and it coincides with the launch of the everyday value menu last year. It's a steady performance and that consistency is exactly the validation we're looking for in our strategy.

The growth in comp sales was supported by a healthy growth in check, driven by strong in-store activations, including server incentives and in-restaurant point-of-purchase materials that drew attention to higher-priced items.

The everyday value menu is a foundational element of IHOP's Barbell Strategy providing accessible value while creating space for premium innovation-led offerings as well. This quarter, the premium end was fueled by products like the Dubai chocolate pancakes and our signature breakFEASTS. Together, these offerings leverage cultural trends and menu innovation to drive incremental engagement and trade-up opportunities.

Off-premise recorded 5.6% comp growth with 10% growth at our first-party online to-go channels. We're also seeing early strength in catering, a newer part of our business, where sales grew 44% compared to a year ago. That growth reflects new technology and packaging built specifically to handle larger catering orders, and we believe there's still meaningful upside in this channel.

Our social and earned media efforts also showed meaningful growth with third-party data from ListenFirst, indicating engagement across all channels climbed 54% quarter-over-quarter.

And finally, operationally, we continue to make good progress. Table turn times improved and reached a new all-time low post COVID, and average Google ratings also increased year-over-year, reflecting improved and consistent in-restaurant experience.

Turning to Fuzzy's. Traffic improved sequentially every quarter this year, driven by technology enhancements, menu simplification and a better in-restaurant experience. Off-premise remains a meaningful and consistent contributor to the brand's quarter-over-quarter progress. We are encouraged by Fuzzy's performance and are focused on sustaining this momentum through the end of the year.

On development, our dual brand platform is 1 of our strongest long-term growth levers. Dual-brand sales continued to perform well, averaging roughly 1.5 to 2x the sales of the original stand-alone restaurant. As of today, we have 60 domestic dual-brand restaurants open, including 9 company-owned, with 14 more under construction. We remain on track to reach 80 domestic dual brands by year-end.

As the platform has scaled, we've also refined how we operate. We've invested in additional training to help IHOP franchisees run the bar program more effectively, and we've adjusted Applebee's kitchen operations and equipment to handle the volume of IHOP's scratch-made breakfast daypart.

With each new opening, we learn more. And together with our franchisees, we are getting better at running these restaurants, and that matters just as much to long-term returns as the pace of our openings.

Before turning the call over to Vance, I'll note that Q4 trends have been mixed across the brand so far. Applebee's started the quarter somewhat soft, while IHOP is continuing its momentum, supported by the return of Stuff French Toast in mid-September. We're tracking toward the lower end of our full year guidance.

All in all, we're pleased with the progress we're seeing across the business this quarter, and we remain confident in the strategy we've laid out, building long-term value through consistent execution today and disciplined investment in our future growth.

And with that, I will turn it over to Vance.

Vance Chang
Chief Financial Officer

Thanks, John. On the top line, total revenues increased 15.1% to $248.9 million in Q3 versus $216.2 million in the prior year, and is driven by $36.9 million increase in company-owned restaurant revenues from restaurants acquired and opened since the third quarter of 2025. So if we take out advertising revenues, franchise revenues in Q3 decreased by 1.5% due to a reduction in the number of franchise restaurants, lower franchise termination fees due to fewer closures and lower proprietary product sales due to the removal of gluten-friendly product offerings.

Rental segment revenues for the third quarter of 2026 decreased to $25.5 million versus $27.3 million in the prior year period, primarily driven by restaurant closures as well as our decision to work with our franchisees to exit subleases as they expire in favor of stimulating future development.

G&A expenses were $51.6 million in Q3 of 2026, up from $50.2 million in the same period of last year from higher professional services fees and higher employee-related costs associated with our investment in company-owned and dual-brand restaurant initiatives.

Adjusted EBITDA for Q3 of 2026 was flat at $49 million from $49 million in Q3 of 2025.

Adjusted diluted EPS for the third quarter of 2026 was $0.82 compared to adjusted diluted EPS of $0.73 for the third quarter of 2025.

Now turning to the statement of cash flows. We had adjusted free cash flow of $12.8 million for the first 9 months of 2026 compared to $68.2 million for the same period of last year. This decrease was primarily driven by a decrease in cash provided by operating activities, which includes the impact of remodel and development incentives and the increase in CapEx related to company-owned restaurant remodels and dual-brand conversions.

CapEx through Q3 of 2026 was $31 million compared to $21.3 million for the same period of 2025.

We finished the third quarter with total unrestricted cash of $91.1 million compared to unrestricted cash of $97.5 million at the end of the second quarter.

On buybacks and dividends, we returned $9 million of capital to shareholders in Q3, including $7 million of shares repurchases and $2 million of dividends. Year-to-date, we repurchased $35.9 million of shares, which was approximately 8% of our shares outstanding at the beginning of the year. We continue to believe our shares are undervalued and remain committed to share repurchases.

Our $500 million Series 2023 notes become callable at par in December. We will continue to monitor the market for opportunities to refinance these notes when beneficial to us.

Next, let me discuss Applebee's performance. Q3 domestic same-restaurant sales increased 0.9% year-over-year. Domestic average weekly franchise sales per restaurant were $53,700, including approximately $12,400 from off-premise or 23% of total sales, of which 11.2% is from to-go and 11.9% is from delivery. Off-premise saw a positive 1.8% lift in comp sales in 2026 compared to the same period of last year.

IHOP's Q3 domestic same-restaurant sales increased 0.8%. Domestic average weekly franchise sales per restaurant were $38,500, including $8,100 from off-premise or 21% of total sales, of which 7.6% is from to-go and 13.4% is from delivery.

Off-premise saw a positive 5.6% lift in comp sales in 2026 compared to the same period of last year.

Now turning to commodities. Applebee's commodity costs in Q3 increased by 5.4%, and IHOP commodity costs increased by 1.3% versus the same period last year. Our co-op supply chain partner, CSCS, continues to expect commodity costs in 2026 at mid-single digits for Applebee's and low single digits for IHOP. The primary driver for both brands commodity costs is higher beef prices, including the lapping of favorable beef contracts at Applebee's last year.

To date, in 2026, we implemented projects resulting in over $22 million of annualized savings across both systems, and we continue to partner with CSCS to leverage our scale.

Lastly, our company-owned portfolio remains a focus in strengthening the health of the brands and supporting long-term value creation for the business. As a reminder, we opportunistically took over restaurants with good opportunity for turnaround and value creation as we accelerate our dual-brand and remodeling initiatives. As of Q3, we own 136 restaurants, including 7 dual-branded restaurants, which represents approximately 4% of our system. We believe we have an appropriate balance between the number of company-owned restaurants versus franchise restaurants, and there's no reason to add to our company-owned portfolio at this point.

Our goal is to ultimately refranchise the restaurants as operations improve, and we have already started to engage with various franchisees who are interested in acquiring some of our restaurants. It's important to remember that because we have taken back these portfolios over time, each restaurant and portfolio is at a different stage in its multiyear investment plan, which is why the portfolios are currently performing differently. While we have seen an impact from increased lost operating days due to more dual-brand conversions and remodels, we're encouraged by the portfolios that have had the longest time to benefit from our ownership.

Based on what we have seen in those cohorts, we expect our more recent portfolios to follow a similar path of improvement as they move through the same investment life cycle.

Before turning the call back over to John for Q&A, I'd like to add that we are maintaining the low end of our full year financial guidance at this time.

With that, I will hand it back over to John.

John Peyton
CEO, Applebee's President & Director

Thanks, Vance. And to wrap up before Q&A, as you may have seen earlier this week, we filed an 8-K confirming receipt of an unsolicited offer for the company. The Board, with the assistance of its outside advisers, carefully evaluated the offer and determined that the proposal was inadequate and substantially undervalued the company and the Board has since rejected that offer.

Last week, the company also put in place a stockholder rights plan that protects all our sets -- that protects all our stockholders from opportunistic share accumulations.

Any further disclosures regarding this matter will be made by the Board, who act in the best interest of all of our stockholders. As such, we won't be answering any questions on this topic on today's earnings call. And as a management team, we are focused on delivering against our strategic priorities for the benefit of all of Dine Brands stockholders and operating business as usual. And so now I will turn the call over to Jonathan to open up for Q&A.

Question-and-Answer Session

Operator

[Operator Instructions] Our first question for today comes from the line of Nick Setyan from Mizuho.

Nerses Setyan
Mizuho Securities USA LLC, Research Division

Just on the dual brands that you do own, I think you did the 7 that's under your control. Would you mind telling us like what the economics are in terms of sales, 4-wall margin and the cost now in terms of the conversion?

John Peyton
CEO, Applebee's President & Director

Nick, Vance can address that question.

Vance Chang
Chief Financial Officer

With our own dual brands, they're all fairly new, but we are seeing slightly higher top line lift than the franchise units just because the starting point is a little bit lower for these restaurants. And also the cost to convert for these restaurants are slightly higher. We're pricing somewhere in the $1 million to $1.5 million range, including some of the deferred maintenance costs that we have to put up to convert these restaurants. But all in all, pleased with the progress, and we're going to continue to refine and improve the operations.

Nerses Setyan
Mizuho Securities USA LLC, Research Division

Got it. And then just in terms of the quarterly cadence of the Applebee's comp, I think you said it kind of started off strong and then maybe slowed down a little bit. October has started off slow. Are -- just so we're all on the same page, are you implying negative same-store sales growth at Applebee's in Q4?

Vance Chang
Chief Financial Officer

Nick, actually, this is Vance again. What we're seeing is a similar sort of sales volume in Q4 versus Q3. And so that's how we're getting to the lower end of our full year financial guidance for both of our brands.

Operator

And our next question comes from Dennis Geiger from UBS.

Dennis Geiger
UBS Investment Bank, Research Division

Encouraging to see some of that progress on the Applebee's traffic and sales driver plans. Wondering following up on Nick's question, just on that quarter-to-date period, if that's something that's a bit more transitory in your view on the Applebee's side. Anything that's kind of driven some of that incremental pressure? I know you guys wouldn't be the only ones to see. Is there anything more there? And sort of how you're thinking about the underlying trend from here if that is a bit more transitory? That's point one.

John Peyton
CEO, Applebee's President & Director

Dennis, it's John. I think for the quarter, we can point to a couple of specific issues or items that drive it. In July, as we mentioned, we overperformed Black Box riding Dollarita and the Cheeseburger Taco. We were dark for 2 weeks on television in August, which is -- often correlates to a slowdown in traffic for us. And then in September, the market response to our promotion then was not as strong as it was for the Taco Cheeseburger. That said, as we moved into the fourth quarter, we saw September similar to October and since then getting stronger.

Dennis Geiger
UBS Investment Bank, Research Division

Got it. Very helpful. And then just another 1 on the dual branded. I appreciate the color and encouraging to see those early results. Can you talk a bit more about the demand beyond the 80 that you're on track for by the end of the year? Anything more on sort of what the demand pipeline might look like? Maybe it's a little early to share that, but as we look beyond '26 on that front as far as with the franchisees go?

John Peyton
CEO, Applebee's President & Director

Yes. It's still, John. So like we said, we've got 60 open and we'll have 80 open or under construction by the end of the year. We haven't given guidance yet, to your point, which we'll do that next year. However, I can tell you that as we look to the pipeline for 2027, it is strong and the strongest it's been in the 6 years that I've been here.

Operator

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

Todd Brooks
StoneX Financial, Inc., Research Division

One, Vance, I was just wondering if -- kind of a bookkeeping question here, but what the average check ran at both brands into the Q3?

Vance Chang
Chief Financial Officer

For Applebee's $39, for IHOP $36.

Todd Brooks
StoneX Financial, Inc., Research Division

I mean from a composition of same-store sales, what the average check contribution was, sorry?

Vance Chang
Chief Financial Officer

Yes. So both brands had sort of [indiscernible]. We saw a slightly negative mix in the traffic for both brands and [indiscernible] check for both of them.

Todd Brooks
StoneX Financial, Inc., Research Division

Sorry to ask you to repeat that, Vance, but you broke up during the answer.

John Peyton
CEO, Applebee's President & Director

Yes. Vance, It's John. It was hard to hear you.

Vance Chang
Chief Financial Officer

Okay. So both brands had 3% to 4% menu pricing increase for the quarter. And we saw a negative -- slightly negative P mix for both of our brands and negative traffic for both our brands. And I just gave you the average check, $39 for Applebee's and $36 for IHOP.

Todd Brooks
StoneX Financial, Inc., Research Division

Okay. Perfect. And then -- yes, I heard you better that time. John, not to harp on the start to the quarter for Applebee's, but I know we talked in the past about the NFL partnership and maybe more of a focus in this year's messaging around value given the consumers' obvious desire for it. Do you feel like you've used the platform to really highlight that value message or maybe any thoughts on at least early on here in the quarter, why it may not be resonating with the customer at Applebee's?

John Peyton
CEO, Applebee's President & Director

So this is year 3 of our NFL partnership, and we leaned into it less this year than in the past because the return on the investment wasn't as significant as we thought it would be. So we've been focusing with the NFL primarily on our off-prem channel around our wings offers, and we've seen good success there. But when it comes to the broader message on television, unlike the investments we made in Dan Campbell over the last 2 years, we've been focused on the 2 for $25 and the new food news in place of a stronger, more thorough NFL message.

Operator

[Operator Instructions] And our next question comes from the line of Brian Vaccaro from Raymond James.

Brian Vaccaro
Raymond James & Associates, Inc., Research Division

I just had a question on the guidance. I believe you reiterated the low end of your EBITDA guide, which I think is $220 million. If that's right, I think it embeds around $66 million for the fourth quarter, which is up pretty nicely versus the fourth quarter of last year. Can you just help us understand some of the moving pieces that would drive that year-on-year increase? And maybe within that, just remind us, what do you expect for G&A for the year?

John Peyton
CEO, Applebee's President & Director

Thanks, Brian. Vance, can you take that, please?

Vance Chang
Chief Financial Officer

Brian, so we're already maintaining guidance range for 2 reasons. One, overall, we have a very steady sort of base franchise business, and we're expecting similar sales volume in Q4 as Q3, right, based on early trends. And the second thing is company restaurants. We believe company restaurants will continue to improve especially since we expect for construction-related closure days in Q4 due to just normal seasonality, weather patterns, et cetera. So we're not going to have as many closure days and that's going to improve company restaurant performance and support [indiscernible].

John Peyton
CEO, Applebee's President & Director

Vance, it's John. We're losing the end of your word. Vance, it's John. We lost the last minute or so of your answer.

Vance Chang
Chief Financial Officer

Okay. So Brian, so let me know. So we're maintaining guidance for 2 reasons. One, we have a steady base franchise business that we're expecting similar sales volume in Q4 as Q3 based on what we're seeing right now. Two is company restaurants. We believe company restaurants will continue to improve in Q4 especially because we're expecting fewer construction-related closure days in Q4 due to just normal seasonality. And that's going to improve company restaurant performance and support EBITDA -- EBITDA performance for the company.

And Brian, the short-term EBITDA pressure is going to moderate over time as we start to leverage the investment that we've made in our system. So [indiscernible] for next year.

Brian Vaccaro
Raymond James & Associates, Inc., Research Division

Okay. And Vance, following up on that, the company segment, I think it has been reporting a couple of million dollar loss in the last few quarters. Would you expect that to turn to a profit on the EBIT line for the fourth quarter within your guidance? Or will there still be a slight loss there?

Vance Chang
Chief Financial Officer

It will still be a loss, but the 1 thing that I mentioned in my prepared remarks is that depending on the timing of when we took over the portfolio, right, the performance will be mixed. And so the later -- the newer portfolios would need a little bit more time because we just took them, but the older portfolios are performing according to plan. And we're seeing that tracking in a similar pattern and so it's a basis of the physical infrastructure improvements we've made, the training, the staffing changes we've made.

So we're pretty optimistic about that. And Brian, last thing I would just remind you is that the goal isn't to hold on to these restaurants permanently, and we are looking to refranchise them and we have inbound interest from franchisees already, and we're going to continue those conversations. They don't need to be fully turned around before they get refranchised.

Brian Vaccaro
Raymond James & Associates, Inc., Research Division

Okay. That's great. And then I guess, just if I have time for a quick follow-up, John. I appreciate the comments you made at the beginning on the broader consumer. I'm curious if you're seeing any changes in behavior across income cohorts? Any firming potentially in the lower-income consumer? Or just any other behavior shifts you're seeing within your customer base?

John Peyton
CEO, Applebee's President & Director

Yes. Thanks, Todd (sic) [Brian.] I would say what we're seeing this past quarter is just very consistent with what we've seen past several quarters. which I would summarize as we're seeing a growth in our higher income consumer, and we're seeing that our more value-oriented price-sensitive guest is more likely to add a QSR visit or stay at home. So that's very remarkably consistent. But I will tell you, I want to emphasize 2 points that are encouraging -- or looks like encouraging data. One is we often talk about the percentage of sales in each brand that represents our value -- 2 for $25 or everyday value. At Applebee's this past quarter, it was 25%, at IHOP it was 22%.

And that's right in the middle of their typical ranges and slightly lower than what we've seen in the last couple of quarters, which is an indication that guests who are coming out to full service dining and want to celebrate an occasion are not quite selecting from our value menu to the extent they were the last couple of quarters.

The other thing that's the beginning of an interesting statistic is the trade up on 2 for $25. So as you know, we have the entry level of $25 and then you can spend a few more dollars for Tier 2 and a few more dollars for Tier 3. In Q1, 61% of guests traded up on 2 for $25, and that number last quarter was 68.5%, so up 7-plus points, again, an indication that guests are willing to spend a few more dollars to trade up in the restaurant.

Operator

[Operator Instructions] Our next question is a follow-up from the line of Todd Brooks from Benchmark StoneX.

Todd Brooks
StoneX Financial, Inc., Research Division

Just a quick follow-up question on Brian's questioning. If you look at the older portfolios that have been acquired, Vance, have those reached positive restaurant level EBITDA yet? And I don't know if this is for Vance or for John, but given maybe the improvement in those more mature portfolios within that 3-year time frame that you had kind of spelled out, when would you expect potentially for these to trade back into the market with another buyer?

John Peyton
CEO, Applebee's President & Director

Yes. Thanks, Todd. Vance can address both those questions.

Vance Chang
Chief Financial Officer

Todd, I apologize. Could you repeat your question one more time, it was coming through really choppy for me.

Todd Brooks
StoneX Financial, Inc., Research Division

Sure, the oldest portfolio cohort on the acquired company stores, has that group of restaurants reached EBITDA profitability at the restaurant level? And given how those stores are kind of maturing, aging and improving, what would you say the likelihood of getting a refranchising transaction done within that kind of loose 3-year target window that you guys have originally communicated on?

Vance Chang
Chief Financial Officer

Got it. Yes. The oldest cohort is profitable and -- but we expect more upside for them. Now I would say the -- we talked about the 3-year turnaround time line for each of the cohorts. And -- but each deal, right, as we refranchise, as we get into the negotiation with the franchisees, each deal is bespoke, and franchisees are interested in the restaurants for different reasons, such as unlocking a certain territory for them or opening dual brands. And they're not necessarily all driven by operational or financial metrics only. And so in the meantime, we're focused on the fundamentals, which includes the physical infrastructure as well as training, staffing, moving guest experience overall. And we're making year-over-year progress. But don't think of it as financial improvement is the only reason why they would be refranchised, if that makes sense.

Operator

Thank you. This does conclude the question-and-answer session of today's program. I'd like to hand the program back to John Peyton, Dine Brands' CEO, for any further remarks.

John Peyton
CEO, Applebee's President & Director

Jonathan, thank you. Thank you all for your questions. We appreciate it, and we'll talk to some of you later today. Take care.

Operator

Thank you, ladies and gentlemen, for your participation in today's conference. This does conclude the program. You may now disconnect. Good day.

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