

DUNKIN' BRANDS GROUP, INC.
Form 10-Q
May 08, 2013
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FORM 10-Q

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended March 30, 2013

OR

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

For the transition period from _____ to _____
Commission file number 001-35258

DUNKIN' BRANDS GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)
130 Royall Street
Canton, Massachusetts 02021
(Address of principal executive offices) (zip code)
(781) 737-3000
(Registrants' telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report.)

20-4145825
(I.R.S. Employer Identification No.)

Indicate by check mark whether the registrant has (1) 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 (§232.405 of this chapter) 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

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 May 1, 2013, 106,599,892 shares of common stock of the registrant were outstanding.

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DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES

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Part I. Financial Information

Item 1. Financial Statements

DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands, except share data)

(Unaudited)

	March 30, 2013	December 29, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 179,186	252,618
Accounts receivable, net of allowance for doubtful accounts of \$2,520 and \$2,483 as of March 30, 2013 and December 29, 2012, respectively	38,530	32,407
Notes and other receivables, net of allowance for doubtful accounts of \$900 and \$1,204 as of March 30, 2013 and December 29, 2012, respectively	10,412	20,649
Assets held for sale	2,376	2,400
Deferred income taxes, net	47,419	47,263
Restricted assets of advertising funds	33,134	31,849
Prepaid income taxes	9,869	10,825
Prepaid expenses and other current assets	22,803	21,769
Total current assets	343,729	419,780
Property and equipment, net of accumulated depreciation of \$104,161 and \$109,747 as of March 30, 2013 and December 29, 2012, respectively	179,001	181,172
Equity method investments	161,273	174,823
Goodwill	891,887	891,900
Other intangible assets, net	1,472,930	1,479,784
Restricted cash	356	367
Other assets	66,697	69,687
Total assets	\$ 3,115,873	3,217,513
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$—	26,680
Capital lease obligations	369	371
Accounts payable	13,911	16,256
Liabilities of advertising funds	47,516	45,594
Deferred income	24,427	24,683
Other current liabilities	164,633	239,931
Total current liabilities	250,856	353,515
Long-term debt, net	1,832,467	1,823,278
Capital lease obligations	7,158	7,251
Unfavorable operating leases acquired	18,502	19,061
Deferred income	15,911	15,720
Deferred income taxes, net	564,370	569,126
Other long-term liabilities	80,502	79,587
Total long-term liabilities	2,518,910	2,514,023
Commitments and contingencies (note 12)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 25,000,000 shares authorized; no shares issued and outstanding at March 30, 2013 and December 29, 2012, respectively	—	—

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Common stock, \$0.001 par value; 475,000,000 shares authorized; 106,341,069 and 106,146,984 shares issued and outstanding at March 30, 2013 and December 29, 2012, respectively	106	106
Additional paid-in capital	1,233,998	1,251,498
Accumulated deficit	(890,319) (914,094)
Accumulated other comprehensive income (loss)	(865) 9,141
Total stockholders' equity of Dunkin' Brands	342,920	346,651
Noncontrolling interests	3,187	3,324
Total stockholders' equity	346,107	349,975
Total liabilities and stockholders' equity	\$3,115,873	3,217,513

See accompanying notes to unaudited consolidated financial statements.

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DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(In thousands, except per share data)

(Unaudited)

	Three months ended	
	March 30, 2013	March 31, 2012
Revenues:		
Franchise fees and royalty income	\$103,765	96,044
Rental income	22,432	22,939
Sales of ice cream products	23,580	22,723
Sales at company-owned restaurants	5,771	4,827
Other revenues	6,310	5,839
Total revenues	161,858	152,372
Operating costs and expenses:		
Occupancy expenses—franchised restaurants	12,776	12,920
Cost of ice cream products	15,986	16,818
Company-owned restaurant expenses	5,655	4,816
General and administrative expenses, net	54,391	53,024
Depreciation	5,848	6,189
Amortization of other intangible assets	6,582	6,865
Impairment charges	248	9
Total operating costs and expenses	101,486	100,641
Net income of equity method investments	3,087	3,464
Operating income	63,459	55,195
Other income (expense):		