



STEPHENS NON-DEAL ROADSHOW PREP PACKET

Denny's Corporation (DENN) – Virtual / United States

August 26, 2020

Denny's Corporation (DENN) – Virtual Non-Deal Roadshow

Questions/Topics of Discussion

Comp Recovery: Dine-In, Takeout, Delivery, etc.

- How do you think Denny's is doing vs. the rest of the family dining category and why are you doing better / worse?
- Pre-COVID, off-premise was 12% of sales and then at the peak of the crisis, off-premise hit 30% of prior year total sales levels. How much are you retaining once dining rooms reopen?
- What are the financial implications for you or your franchisees in offering free delivery to rewards members for the remainder of 2020?
- At the end of July, 63% of your company-owned and franchised units were open for dine-in, many of those once closed being in CA. What are the comps for those units vs. the comps for the portion of your system that is doing indoor dining?
- How is Denny's using outdoor dining today (fixed patios and/or temporary outdoor seating)?
- Are capacity restrictions a meaningful constraint on your recovery or is the bigger factor around consumer demand?
- Isolating the units that have been able to keep dining rooms open, have you seen a gradual and steady improvement in sales as customers get more comfortable coming back out to eat?
- From a daypart perspective or a days-of-the-week perspective, are there any meaningful positive/negative outliers in terms of performance?
- How is Denny's approaching advertising and marketing during this period?

Operating Status of Restaurants

- Around 1 in 3 restaurants was closed for indoor dining at the end of July. Can you break down where those units are located and when you expect they will reopen for dine-in?
- How many of your units are operating for 24 hours and what is the comp delta between those and those that have a normal 24/7 schedule?

Franchisee Health

- What is the unit-level breakeven comp level for franchisees today?
- Do you think franchisees will need any additional support from Denny's corporate in the months ahead?
- At the end of July 55 restaurants were still temporarily closed (3% of the system) and there have only been 31 permanent closures to-date. How do you think about the potential for a spike in closures as the pandemic impacts drag on and as PPP funds get used?
- What creative things are franchisees doing to manage their costs down during this time?

Balance Sheet & Corporate Costs

- With the comp trends you are seeing and the equity raise you completed recently, do you believe you will be in compliance with the amended credit agreement signed on 05/13/2020 that waived certain financial covenants around leverage and liquidity?
- Denny's has laid off 50 of its 250-person corporate staff. What is the right long-term support staff level and are these layoffs going to noticeably impact the ability of Denny's to remain competitive and respond to the constantly changing market conditions?

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Stephens DENN Report:

[Govt. Restrictions Put Brakes on An Encouraging Recovery; Staying EW For Now](#)

Stephens DENN Model:

[Click here to view the model](#)

Stephens Inc. working model and published research report attached.
For current disclosures on this company, please access the attached research report.

OTHER DISCLOSURES

Note: The purpose of this document is to suggest questions investors might like to ask company management and to help investors develop their own questions. This document is not intended to express any opinion or investment recommendation.

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