

DUNKIN' BRANDS REPORTS FOURTH QUARTER & FISCAL YEAR 2014 RESULTS

CANTON, Mass., Feb. 5, 2015 /PRNewswire/ --

Fourth quarter highlights include:

- Dunkin' Donuts U.S. comparable store sales growth of 1.4%
- Added 260 net new restaurants worldwide including 141 net new Dunkin' Donuts in the U.S.
- Revenue increased 5.5%
- Adjusted operating income increased 8.4%; adjusted operating income margin of 50.1%
- Diluted adjusted EPS increased 7.0% to \$0.46

Fiscal year 2014 highlights include:

- Dunkin' Donuts U.S. comparable store sales growth of 1.6%
- Added 704 net new restaurants worldwide including 405 net new Dunkin' Donuts in the U.S.
- Positive Baskin-Robbins U.S. net store growth
- Continued challenges facing the Company's Joint Venture in Japan
- Revenue increased 4.9%
- Adjusted operating income increased 7.5%; adjusted operating income margin of 48.9%
- Diluted adjusted EPS increased 13.7% to \$1.74

Company news:

- Board of Directors declares \$0.265 first quarter dividend representing a 15% increase over the Company's fourth quarter 2014 dividend
- Board of Directors authorized new \$700 million share repurchase program

Dunkin' Brands Group, Inc. (Nasdaq: DNKN), the parent company of Dunkin' Donuts (DD) and Baskin-Robbins (BR), today reported results for the fourth quarter ended December 27, 2014.



"Highlights from our performance in 2014 included: strong domestic restaurant level unit economics; robust U.S. restaurant development for both brands, including the opening of our first traditional Dunkin' Donuts restaurants in California; growing transactions in the Dunkin' Donuts U.S. business in the face of macroeconomic and competitive headwinds; the launch of both the DD Perks loyalty program, which now has more than 2.5 million members, and Baskin-Robbins online cake ordering; and progress with the retooling of our international businesses as demonstrated by the signing of significant international development agreements in Sweden, Austria, and China," said Nigel Travis, Chairman & CEO, Dunkin' Brands Group, Inc. "Our nearly 100-percent franchised business model delivered another year of double-digit adjusted earnings per share growth, and most notably, more than 50 percent free cash flow growth. While our earnings growth expectations for 2015 are below our longer-term targets, we are committed to returning to double-digit growth in subsequent years."

"We are very pleased with our recently completed debt refinancing which increases our financial flexibility and provides us with the stability of fixed rate interest over the next several years," said Paul Carbone, Chief Financial Officer, Dunkin' Brands Group, Inc. "As a demonstration of our commitment to returning capital to our shareholders, our Board of Directors authorized a new share repurchase program of up to an aggregate of \$700 million and increased our quarterly dividend by 15 percent over the prior quarter."

FISCAL YEAR 2014 KEY FINANCIAL HIGHLIGHTS

(\$ in millions, except per share data)		Fiscal year ended	
Amounts and percentages may not recalculate due to rounding		December 27,	2014
Franchisee reported sales	\$	9,751.3	
Systemwide sales growth	5.1	%	5.8
Comparable store sales growth (decline):			
DD U.S. comparable store sales growth		1.6	%
BR U.S. comparable store sales growth		4.7	%
DD International comparable store sales decline		(2.0)	%

BR International comparable store sales growth (decline)		(1.2)	%
Development data:			
Consolidated global net POD development		704	790
DD global PODs at period end	11,310		10,858
BR global PODs at period end	7,552		7,300
Consolidated global PODs at period end		18,862	18,158
Financial data:			
Revenues	\$	748.7	713.8
Operating income	338.9	304.7	
Operating income margin	45.3	%	42.7
Adjusted operating income	1	\$	366.0
Adjusted operating income margin	1	48.9	%
Net income	\$	176.4	146.9
Adjusted net income	1	186.1	165.8
Earnings per share:			
Common-basic	1.67	1.38	
Common-diluted	1.65	1.36	
Diluted adjusted earnings per share	1	1.74	1.53
Weighted average number of common shares - diluted (in millions)			106.7

1 Adjusted operating income, adjusted operating income margin, and adjusted net income are non-GAAP measures.

FOURTH QUARTER 2014 KEY FINANCIAL HIGHLIGHTS

(\$ in millions, except per share data)		Three months ended		
Amounts and percentages may not recalculate due to rounding			December 27,	2014
Franchisee reported sales	\$	2,463.1		
Systemwide sales growth	4.5	%		6.5
Comparable store sales growth (decline):				
DD U.S. comparable store sales growth	1.4	%		
BR U.S. comparable store sales growth	9.3	%		
DD International comparable store sales growth (decline)		0.3		%
BR International comparable store sales growth (decline)		(2.2)		%
Development data:				
Consolidated global net POD development		260		309
DD global PODs at period end	11,310		10,858	
BR global PODs at period end	7,552		7,300	
Consolidated global PODs at period end		18,862		18,158
Financial data:				
Revenues	\$	193.2		183.2
Operating income	89.7	82.2		
Operating income margin	46.4	%		44.9
Adjusted operating income	1	\$	96.7	
Adjusted operating income margin	1	50.1	%	
Net income	\$	52.5		42.1
Adjusted net income	1	48.2		46.3
Earnings per share:				
Common-basic	0.50	0.39		
Common-diluted	0.50	0.39		
Diluted adjusted earnings per share	1	0.46		0.43
Weighted average number of common shares - diluted (in millions)			105.7	

1 Adjusted operating income, adjusted operating income margin, and adjusted net income are non-GAAP measures.

Global systemwide sales growth in the fourth quarter was primarily attributable to global store development and Dunkin' Donuts U.S. comparable store sales growth (which includes stores open 54 weeks or more).

Dunkin' Donuts U.S. comparable store sales growth in the fourth quarter was driven by increased average ticket and higher traffic resulting from our focus on operational excellence and product and marketing innovation. Ticket and traffic growth were balanced in the fourth quarter. Product and marketing innovations resulted in strong beverage growth, led by Iced Coffee, the launch of Dark Roast Coffee, Hot and Iced Espresso, and record seasonal results from Frozen Beverages and Iced Tea; continued breakfast sandwich momentum across core and limited time offer sandwiches including the national return of Spicy Smoked Sausage and the Breakfast Burrito and Chicken Biscuit in select markets; and donut category growth driven by the launch of the Croissant Donut. The K-Cup and packaged coffee categories had a significant negative impact on fourth quarter comparable store sales. There are now more than 2.5 million members in the DD Perks Rewards program, which will be discussed in greater detail on the Company's earnings call.

Baskin-Robbins U.S. comparable store sales growth was driven by sales of Cups & Cones, Beverages, Desserts and Take-Home as a result of news on flavors, increased sales of cakes, driven by online cake ordering, and take-home ice cream quarts.

In the fourth quarter, Dunkin' Brands franchisees and licensees opened 260 net new restaurants around the globe. This includes 141 net new Dunkin' Donuts U.S. locations, 75 net new Baskin-Robbins International locations, 46 net new Dunkin' Donuts International locations, and two net closures for Baskin-Robbins U.S. Additionally, Dunkin' Donuts U.S. franchisees remodeled 172 restaurants during the quarter.

Revenues for the fourth quarter increased 5.5 percent compared to the prior year period due primarily to increased royalty income as a result of systemwide sales growth, as well as increased sales of ice cream products.

Operating income and adjusted operating income for the fourth quarter increased \$7.5 million, or 9.1 percent, and \$7.5 million, or 8.4 percent, respectively, from the prior year period primarily as a result of increases in royalty income and margin on sales of ice cream products.

Net income for the fourth quarter increased by \$10.4 million, or 24.8 percent, compared to the prior year period primarily as a result of the \$7.5 million increase in operating income and a \$3.1 million decrease in interest expense. Income tax expense for the fourth quarter remained consistent with the prior year period despite the increase in income before income taxes, as the effective tax rate for the fourth quarter of 2014 was favorably impacted by tax benefits resulting from a restructuring of our Canadian subsidiaries.

Adjusted net income for the fourth quarter increased by \$1.9 million, or 4.1 percent, compared to the fourth quarter of 2013 primarily as a result of the \$7.5 million increase in adjusted operating income and a \$3.1 million decrease in interest expense, offset by an \$8.3 million increase in income tax expense.

Diluted adjusted earnings per share increased by 7.0 percent to \$0.46 for the fourth quarter of 2014 compared to the prior year period as a result of the increase in adjusted net income and a decrease in shares outstanding. The decrease in shares outstanding from the prior year period is due primarily to the repurchase of shares, offset by the exercise of stock options.

FOURTH QUARTER 2014 SEGMENT RESULTS

Amounts and percentages may not recalculate due to rounding		Three months ended	
Dunkin' Donuts U.S.	December 27,	2014	
(\$ in thousands except as otherwise noted)			
Comparable store sales growth	1.4	%	
Systemwide sales growth	6.6	%	
Franchisee reported sales (in millions)		\$	1,885.5
Revenues:			
Royalty income	\$	102,181	
Franchise fees	10,254		11,534
Rental income	23,036		22,112
Sales at company-owned restaurants		5,887	
Other revenues	2,719		2,790
Total revenues	\$	144,077	
Segment profit	1	\$	106,536
Points of distribution		8,082	
Gross openings	179		187
Net openings	141		149

1 Prior year amounts reflect change in segment profit measure. Please refer to "Segment Profit" for more information.

Dunkin' Donuts U.S. fourth quarter revenues of \$144.1 million represented an increase of 3.9 percent year-over-year. The increase was primarily a result of increased royalty income, offset by a decrease in franchise fees due primarily to the timing of franchise renewals.

Dunkin' Donuts U.S. segment profit in the fourth quarter increased \$4.1 million over the prior year period to \$106.5 million, which was driven primarily by revenue growth, offset by the impact of reserves, including the reversal of reserves in the prior year period.

Amounts and percentages may not recalculate due to rounding				Three months ended
Dunkin' Donuts International		December 27,	2014	
(\$ in thousands except as otherwise noted)				
Comparable store sales growth (decline)		0.3		%
Systemwide sales growth	2.5		%	
Franchisee reported sales (in millions)		\$		183.6
Revenues:				
Royalty income	\$	4,144		
Franchise fees	2,553			1,714
Rental income	8			37
Other revenues	(16)			(42)
Total revenues	\$	6,689		
Segment profit	1	\$	4,346	
Points of distribution				
Gross openings	140			105
Net openings	46			44
1 Prior year amounts reflect change in segment profit measure. Please refer to "Segment Profit Comparability"				

Dunkin' Donuts International fourth quarter systemwide sales increased 2.5 percent from the prior year period, driven by sales growth in the Middle East and Europe, offset by a decline in South Korea. On a constant currency basis, systemwide sales increased by approximately 6 percent.

Dunkin' Donuts International fourth quarter revenues of \$6.7 million represented an increase of 19.7% year-over-year. The increase in revenue was primarily a result of an increase in franchise fees due to openings in existing and new international markets and additional franchise renewals, offset by income recognized in connection with the termination of development agreements in Asia in the prior year period. Also contributing to the increase in revenues was an increase in royalty income.

Segment profit for Dunkin' Donuts International of \$4.3 million in the fourth quarter remained consistent with the prior year period, as revenue growth was offset by increases in general and administrative expenses and a decrease in income from our South Korea joint venture.

Amounts and percentages may not recalculate due to rounding				Three months ended
Baskin-Robbins U.S.		December 27,	2014	
(\$ in thousands except as otherwise noted)				
Comparable store sales growth		9.3		%
Systemwide sales growth	12.7		%	
Franchisee reported sales (in millions)		\$		103.1
Revenues:				
Royalty income	\$	5,090		
Franchise fees	178			383
Rental income	815			866
Sales of ice cream products	801			
Other revenues	1,585			1,552
Total revenues	\$	8,469		
Segment profit	1	\$	4,485	
Points of distribution				
Gross openings	26			19
Net closings	(2)			(4)
1 Prior year amounts reflect change in segment profit measure. Please refer to "Segment Profit Comparability"				

Baskin-Robbins U.S. fourth quarter revenue increased 3.9 percent from the prior year period to \$8.5 million due primarily to increased royalty income, offset by a decrease in franchise fees driven primarily by timing of franchise renewals.

Segment profit for Baskin-Robbins U.S. decreased \$0.5 million in the fourth quarter, or 9.3 percent, year-over-year primarily as a result of increases in general and administrative expenses, including investments in advertising and other brand-building activities and an increase in personnel costs, offset by the increase in revenues.

Amounts and percentages may not recalculate due to rounding		Three months ended	
Baskin-Robbins International		December 27,	2014
(\$ in thousands except as otherwise noted)			
Comparable store sales growth (decline)		(2.2)	%
Systemwide sales growth (decline)		(8.4)	%
Franchisee reported sales (in millions)		\$	290.9
Revenues:			
Royalty income	\$	1,714	
Franchise fees	477		675
Rental income	133		123
Sales of ice cream products		27,409	
Other revenues	178		75
Total revenues	\$	29,911	
Segment profit	1	\$	9,084
Points of distribution			
Gross openings	153	5,068	178
Net openings	75		120

1 Prior year amounts reflect change in segment profit measure. Please refer to "Segment Profit Comparability"

Baskin-Robbins International systemwide sales decreased 8.4 percent in the fourth quarter compared to the prior year period driven by a sales decline in Japan, primarily as a result of unfavorable exchange rates, as well as a sales decline in the Middle East. On a constant currency basis, systemwide sales decreased by approximately 3 percent.

Baskin-Robbins International fourth quarter revenues increased 9.8 percent year-over-year to \$29.9 million due primarily to increases in sales of ice cream products in the Middle East and Asia, offset by a decline in franchise fees.

Fourth quarter segment profit increased 3.8 percent year-over-year to \$9.1 million, resulting from an increase in net margin on ice cream driven by the increase in sales, as well as an increase in income from our South Korea joint venture, offset by a \$0.5 million decrease in income from our Japan joint venture and increases in advertising and personnel costs.

COMPANY UPDATES

- The Company announced on January 26, 2015 that it completed a refinancing of its senior secured credit facility with the placement by its subsidiary of a \$2.6 billion securitized debt facility. The securitized debt facility includes \$2.5 billion Class A-2 Senior Secured Notes ("Notes"), which consist of two tranches with anticipated repayment dates of four years (\$750 million) and seven years (\$1.75 billion), respectively. The Notes will bear interest at a rate of 3.262 percent per annum for the four year tranche and 3.980 percent per annum for the seven year tranche, resulting in a weighted-average effective interest rate of 3.765 percent per annum, payable quarterly. As a result, the Company expects its 2015 annual interest expense to be approximately \$96.5 million.
- The Company announced on January 26, 2015 that the Board of Directors authorized a new program to repurchase up to an aggregate of \$700 million of its outstanding common stock over the next two years.
- The Company today announced that the Board of Directors declared a first quarter cash dividend of \$0.265 per share, payable on March 18, 2015 to shareholders of record as of the close of business on March 9, 2015. This represents a 15 percent increase over the Company's fourth quarter 2014 dividend.

FISCAL YEAR 2015 TARGETS

As described below, the Company is reiterating certain targets regarding its 2015 expectations.

- The Company expects Dunkin' Donuts U.S. comparable store sales growth of 1 to 3 percent and Baskin-Robbins U.S. comparable store sales growth of 1 to 3 percent.
- The Company expects that Dunkin' Donuts U.S. will add between 410 and 440 net new restaurants, for greater than 5 percent net unit growth, and expects Baskin-Robbins U.S. will add between 5 and 10 net new restaurants.
- Internationally, the Company is targeting opening 200 to 300 net new restaurants across the two brands. It expects net income of equity method investments to be approximately \$13 million.
- Globally, the Company expects to open between 615 and 750 net new units.
- The Company expects revenue growth of between 5 and 7 percent and adjusted operating income growth of between 6 and 8 percent.
- The Company expects adjusted earnings per share of \$1.83 to \$1.87.

Conference Call

As previously announced, Dunkin' Brands will be holding a conference call today at 8:00 am ET hosted by Nigel Travis, Chairman & Chief Executive Officer, and Paul Carbone, Chief Financial Officer. The dial-in number is (866) 393-1607 or (914) 495-8556, conference number 63732202. Dunkin' Brands will broadcast the conference call live over the Internet at <http://investor.dunkinbrands.com>. A replay of the conference call will be available on the Company's website at <http://investor.dunkinbrands.com>.

The Company's consolidated statements of operations, condensed consolidated balance sheets, condensed consolidated statements of cash flows and other additional information have been provided with this press release. This information should be reviewed in conjunction with this press release.

Forward-Looking Statements

Certain statements contained herein are not based on historical fact and are "forward-looking statements" within the meaning of the applicable securities laws and regulations. Generally, these statements can be identified by the use of words such as "anticipate," "believe," "could," "estimate," "expect," "feel," "forecast," "intend," "may," "plan," "potential," "project," "should," "would," and similar expressions intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risk and uncertainties include, but are not limited to: the ongoing level of profitability of franchisees and licensees; our franchisees' and licensees' ability to sustain same store sales growth; changes in working relationships with our franchisees and licensees and the actions of our franchisees and licensees; our master franchisees' relationships with sub-franchisees; the strength of our brand in the markets in which we compete; changes in competition within the quick-service restaurant segment of the food industry; changes in consumer behavior resulting from changes in technologies or alternative methods of delivery; economic and political conditions in the countries where we operate; our substantial indebtedness; our ability to protect our intellectual property rights; consumer preferences, spending patterns and demographic trends; the impact of seasonal changes, including weather effects, on our business; the success of our growth strategy and international development; changes in commodity and food prices, particularly coffee, dairy products and sugar, and other operating costs; shortages of coffee; failure of our network and information technology systems; interruptions or shortages in the supply of products to our franchisees and licensees; the impact of food borne-illness or food safety issues or adverse public or media opinions regarding the health effects of consuming our products; our ability to collect royalty payments from our franchisees and licensees; the ability of our franchisees and licensees to open new restaurants and keep existing restaurants in operation; our ability to retain key personnel; any inability to protect consumer credit card data and catastrophic events.

Forward-looking statements reflect management's analysis as of the date of this press release. Important factors that could cause actual results to differ materially from our expectations are more fully described in our other filings with the Securities and Exchange Commission, including under the section headed "Risk Factors" in our most recent annual report on Form 10-K. Except as required by applicable law, we do not undertake to publicly update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Measures and Statistical Data

In addition to the GAAP financial measures set forth in this press release, the Company has included certain non-GAAP measurements, adjusted operating income, adjusted operating income margin, adjusted net income, and diluted adjusted earnings per share, which present operating results on a basis adjusted for certain items. Additionally, the Company has included growth in free cash flow, which is a non-GAAP measurement reflecting net cash provided by operating and investing activities, excluding the impact of changes in cash held for advertising funds and gift card/certificate programs. The Company uses all of these non-GAAP measures as key performance measures for the purpose of evaluating performance internally and our ability to generate cash. We also believe these non-GAAP measures provide our investors with useful information regarding our historical operating and cash flow results. These non-GAAP measures are not intended to replace the presentation of our financial results in accordance with GAAP. Use of the terms adjusted operating income, adjusted operating income margin, adjusted net income, diluted adjusted earnings per share, and free cash flow may differ from similar measures reported by other companies. Adjusted operating income, adjusted net income, and free cash flow are reconciled from the respective measures determined under GAAP in the attached tables "Dunkin' Brands Group, Inc. Non-GAAP Reconciliations."

Additionally, the Company has included metrics such as systemwide sales growth and comparable store sales growth, which are commonly used statistical measures in the quick service restaurant industry and are important to understanding the Company's performance.

The Company uses "systemwide sales growth" to refer to the percentage change in sales at both franchisee- and company-owned restaurants from the comparable period of the prior year. Changes in systemwide sales are driven by changes in comparable store sales and changes in the number of restaurants.

The Company uses "DD U.S. comparable store sales growth," "BR U.S. comparable store sales growth," "DD International comparable store sales growth," and "BR International comparable store sales growth," which are calculated by including only sales from franchisee- and company-owned restaurants that have been open at least 54 weeks and that have reported sales in the current and comparable prior year week.

Segment Profit Comparability

Beginning in fiscal year 2014, the key measure used by the Company to assess the performance of and allocate resources to each reportable segment, referred to as segment profit, was revised to better align the segments with our consolidated performance measures and incentive targets. As a result, segment profit now reflects operating income adjusted for amortization of intangible assets, long-lived asset impairments, and other non-recurring, infrequent, or unusual charges, and does not reflect the allocation of any corporate charges. Prior to fiscal year 2014, segment profit was measured based on earnings before interest, taxes, depreciation, amortization, impairment charges, loss on debt extinguishment and refinancing transactions, other gains and losses, and unallocated corporate charges. The segment profit amounts included herein for the three months ended December 28, 2013 have been restated to reflect this change to the measurement of segment profit to enable comparability with the three months ended December 27, 2014.

About Dunkin' Brands Group, Inc.

With more than 18,800 points of distribution in nearly 60 countries worldwide, Dunkin' Brands Group, Inc. (Nasdaq: DNKN) is one of the world's leading franchisors of quick service restaurants (QSR) serving hot and cold coffee and baked goods, as well as hard-serve ice cream. At the end of fiscal 2014, Dunkin' Brands' nearly 100 percent franchised business model included more than 11,300 Dunkin' Donuts restaurants and more than 7,500 Baskin-Robbins restaurants. Dunkin' Brands Group, Inc. is headquartered in Canton, Mass.

DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three months ended December 27,	2014		Fiscal year ended December 28,	2013
Revenues:					
Franchise fees and royalty income			\$	126,591	
Rental income	24,013				23,158
Sales of ice cream products		28,248			
Sales at company-owned restaurants			5,887		
Other revenues	8,474				7,915
Total revenues	193,213				183,177
Operating costs and expenses:					
Occupancy expenses—franchised restaurants				13,565	
Cost of ice cream products		19,623			
Company-owned restaurant expenses			5,915		
General and administrative expenses, net				55,128	
Depreciation	4,976				5,462
Amortization of other intangible assets				6,638	
Long-lived asset impairment charges			205		
Total operating costs and expenses			106,050		
Net income of equity method investments:					
Net income, excluding impairment			2,332		
Impairment charge	—				—
Net income of equity method investments			2,332		
Other operating income (expense), net				229	
Operating income	89,724				82,237
Other income (expense):					
Interest income	73				94
Interest expense	(16,654)				(19,000)
Loss on debt extinguishment and refinancing transactions				—	
Other losses, net	(896)				(608)
Total other expense	(17,477)				
Income before income taxes		72,247			
Provision for income taxes		19,907			
Net income including noncontrolling interests				52,340	
Net loss attributable to noncontrolling interests				(173)	
Net income attributable to Dunkin' Brands			\$		52,513
Earnings per share—basic		\$		0.50	
Earnings per share—diluted		0.50			

DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	December 27,	2014		December 28,	2013
Assets					
Current assets:					
Cash and cash equivalents		\$		208,080	

Accounts, notes, and other receivables, net		105,060	
Other current assets	129,478		
Total current assets	442,618		
Property and equipment, net		182,061	
Equity method investments		164,493	
Goodwill and other intangible assets, net		2,317,167	
Other assets	71,044		75,625
Total assets	\$	3,177,383	
Liabilities, Redeemable Noncontrolling Interests, and Stockholders' Equity			
Current liabilities:			
Current portion of long-term debt		\$	3,852
Accounts payable	13,814		12,441
Other current liabilities		337,853	
Total current liabilities		355,519	
Long-term debt, net	1,807,081		
Deferred income taxes, net		540,339	
Other long-term liabilities		99,494	
Total long-term liabilities		2,446,914	
Redeemable noncontrolling interests		6,991	
Total stockholders' equity		367,959	
Total liabilities, redeemable noncontrolling interests, and stockholders' equity			

DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Fiscal year ended December 27,	2014	December 28,	2013
Net cash provided by operating activities		\$		199,323
Cash flows from investing activities:				
Additions to property and equipment		(23,638)		
Proceeds from sale of joint venture		—		
Proceeds from sale of real estate and company-owned restaurants			14,361	
Other, net	(4,827)			(3,876)
Net cash used in investing activities		(14,104)		
Cash flows from financing activities:				
Repayment of long-term debt, net		(15,000)		
Payment of deferred financing and other debt-related costs			(9,213)	
Dividends paid on common stock		(96,775)		
Repurchases of common stock		(130,171)		
Exercise of stock options		5,120		
Other, net	12,682			17,148
Net cash used in financing activities		(233,357)		
Effect of exchange rates on cash and cash equivalents			(715)	
Increase (decrease) in cash and cash equivalents			(48,853)	
Cash and cash equivalents, beginning of period			256,933	
Cash and cash equivalents, end of period		\$		208,080

DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES
Non-GAAP Reconciliations
(In thousands, except per share data)
(Unaudited)

	Three months ended December 27,	2014	Fiscal year ended December 28,	2013
Operating income		\$	89,724	
Operating income margin		46.4	%	
Adjustments:				
Amortization of other intangible assets		\$		6,638
Long-lived asset impairment charges		205		

Third-party product volume guarantee	—		
Peterborough plant closure (a)	—		
Transaction costs (b)	154		
Adjusted operating income	\$	96,721	
Adjusted operating income margin	50.1		%
Net income attributable to Dunkin' Brands	\$	52,513	
Adjustments:			
Amortization of other intangible assets	6,638		
Long-lived asset impairment charges	205		
Third-party product volume guarantee	—		
Peterborough plant closure (a)	—		
Transaction costs (b)	154		
Loss on debt extinguishment and refinancing transactions	—		
Tax impact of adjustments (c)	(2,799)		
Income tax audit settlements (d)	—		
Tax impact of legal entity conversion (e)		(8,541)	
State tax apportionment (f)	—		
Adjusted net income	\$	48,170	
Adjusted net income	\$	48,170	
Weighted average number of common shares - diluted		105,687,479	
Diluted adjusted earnings per share	\$		0.46

- (a) For the fiscal year ended December 28, 2013, the adjustment represents transition-related general and administrative expenses.
- (b) Represents costs incurred in connection with obtaining a new securitized financing facility, which was completed during the fiscal year ended December 28, 2013.
- (c) Tax impact of adjustments calculated at a 40% effective tax rate.
- (d) Represents income tax benefits resulting from the resolution of historical tax positions settled during the period.
- (e) Represents the net tax impact of converting Dunkin' Brands Canada Ltd. to Dunkin' Brands Canada ULC.
- (f) Represents tax expense recognized due to an increase in our overall state tax rate for a shift in the apportionment of income.

DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES

Non-GAAP Reconciliations (continued)

(In thousands)

(Unaudited)

Fiscal year ended			
December 27, 2014	December 28, 2013		
Net cash provided by operating activities	\$	199,323	
Less: Increase in cash held for advertising funds and gift card/certificate programs			(8,780)
Less: Net cash used in investing activities	(14,104)		
Free cash flow, excluding cash held for advertising funds and gift card/certificate programs			

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