

Dunkin' Donuts Annual Report/1972



Financial Highlights



Fiscal Year Ended Last Saturday in October	1972	1971*	Increase (Decrease)
Total Sales			
Dunkin' Donuts	\$120,260,000	\$ 99,593,000	\$ 20,667,000
Howdy Beefburgers	6,433,000	6,719,000	(286,000)
Total Sales	\$126,693,000	\$106,312,000	\$ 20,381,000
Average Sales Per Unit in Operation at End of Period			
Dunkin' Donuts	\$ 185,200	\$ 175,900	\$ 9,300
Howdy Beefburgers	\$ 285,100	\$ 276,800	\$ 8,300
Number of Units in Operation at End of Period			
Dunkin' Donuts	698	651	47
Howdy Beefburgers	22	25	(3)
Total Units	720	676	44
Gross Income	\$ 23,461,000	\$ 19,200,000	\$ 4,261,000
Income Before Income Taxes	\$ 2,042,000	\$ 1,866,000	\$ 176,000
Net Income	\$ 1,069,000	\$ 949,000	\$ 120,000
Earnings Per Share**	\$.55	\$.50	\$.05
Stockholders' Equity	\$ 12,253,000	\$ 9,055,000	\$ 3,198,000
Average Shares Outstanding**	1,943,000	1,893,000	50,000
Shares Outstanding at End of Fiscal Year	2,091,738	1,886,938	204,800
Total Number of Stockholders	2,375	2,409	(34)

* Restated to give effect to the revised method of accounting for interest related to certain notes receivable and notes payable. See Note 6 to the financial statements included in this annual report.

** Based on average shares outstanding plus shares issuable for options and deemed to be common stock equivalents during the respective fiscal periods.

Consolidated Balance Sheet

Dunkin' Donuts Incorporated and Subsidiaries

Assets	October 28, 1972	October 30, 1971
Current assets:		
Cash	\$ 1,774,000	\$ 1,484,000
Accounts receivable, principally from franchise owners — less allowance for doubtful accounts of \$55,000	2,170,000	1,977,000
Refundable federal income taxes	—	398,000
Notes receivable — portion due within one year (Note 6)	677,000	802,000
Equipment, food and supplies inventories (Notes 1 and 2)	1,215,000	576,000
Prepaid rent and other expenses	583,000	510,000
Construction costs reimbursable under financing arrangements (Note 5)	2,811,000	5,132,000
Total current assets	9,230,000	10,879,000
Investments in 50% owned companies, at equity in underlying net assets (Note 1)	247,000	195,000
Property, plant and equipment, at cost (Notes 1, 3 and 5):		
Land	5,471,000	5,201,000
Buildings	21,466,000	17,144,000
Leaseholds and leasehold improvements	3,175,000	2,649,000
Restaurant and other equipment	1,880,000	1,452,000
	31,992,000	26,446,000
Less — Accumulated depreciation	3,554,000	2,464,000
	28,438,000	23,982,000
Notes receivable, principally from franchise owners — portion due after one year (Note 6)	520,000	1,119,000
Deferred development costs (Notes 1 and 4)	636,000	429,000
Other assets	342,000	322,000
	1,498,000	1,870,000
	\$39,413,000	\$36,926,000

Liabilities and Stockholders' Equity	October 28; 1972	October 30, 1971
Current liabilities:		
Notes payable to banks and others — unsecured	\$ 532,000	\$ 4,496,000
Current portion of long-term debt (Notes 5 and 6)	2,846,000	1,842,000
Accounts payable	3,275,000	2,220,000
Accrued expenses	183,000	500,000
Federal income taxes (Note 1)	540,000	422,000
Total current liabilities	7,376,000	9,480,000
Long-term debt (Notes 5 and 6)	17,985,000	17,061,000
Deferred credits:		
Federal and state income taxes (Notes 1 and 6)	791,000	461,000
Income on notes receivable (Note 1)	333,000	306,000
Security deposits by lessees	675,000	563,000
	1,799,000	1,330,000
Stockholders' equity (Notes 5, 6, and 7):		
Common stock, par value \$1:		
Authorized — 4,000,000 shares		
Issued — 2,091,738 shares in 1972 and 1,886,938 shares in 1971	2,092,000	1,887,000
Capital in excess of par value of common stock	2,310,000	386,000
Retained earnings	7,851,000	6,782,000
Total stockholders' equity	12,253,000	9,055,000
Commitments and contingent liabilities (Notes 8 and 9)		
	\$39,413,000	\$36,926,000

Consolidated Statement of Income

Dunkin' Donuts Incorporated and Subsidiaries

	Year Ended	
	October 28, 1972	October 30, 1971
Gross income:		
Rental income	\$ 9,123,000	\$ 7,535,000
Equipment sales and related services to new units (Note 1)	2,868,000	3,261,000
Sales by company-operated units	4,756,000	2,880,000
Commissions	5,714,000	4,709,000
Gain on sale of property, plant and equipment at existing locations (Note 1)	400,000	233,000
Interest and other income (Note 6)	600,000	582,000
	23,461,000	19,200,000
Costs and expenses:		
Cost of sales (Note 2)	3,026,000	2,673,000
Operating expenses	3,142,000	1,982,000
Selling, general and administrative expenses	6,861,000	5,832,000
Rental of real property (Note 8)	4,989,000	4,165,000
Depreciation (Note 1)	1,280,000	1,039,000
Interest (Notes 5 and 6)	2,121,000	1,643,000
	21,419,000	17,334,000
Income before income taxes	2,042,000	1,866,000
Provision for income taxes (including \$330,000 in 1972 and \$242,000 in 1971 deferred) (Notes 1 and 6)		
Federal	831,000	752,000
State	142,000	165,000
	973,000	917,000
Net income	\$ 1,069,000	\$ 949,000
Net income per share (Note 6)	\$.55	\$.50

Net income per share is computed on the basis of average shares outstanding plus shares issuable for options and deemed to be common stock equivalents. Average shares and common stock equivalents outstanding were 1,943,000 in 1972 and 1,893,000 in 1971. (Note 7)

Consolidated Ten Year Financial Summary 1963-1972

Consolidated Ten Year Financial Summary 1963-1972

Fiscal Year Ended
Last Saturday in October

	1972	1971	1970 (53 weeks)	1969	1968	1967	1966	1965	1964 (53 weeks)	1963
Total Sales										
Dunkin' Donuts	\$120,260,000	\$ 99,593,000	\$80,360,000	\$58,567,000	\$44,142,000	\$31,292,000	\$22,918,000	\$17,016,000	\$13,473,000	\$ 9,935,000
Howdy Beefburgers	6,433,000	6,719,000	7,008,000	6,004,000	5,530,000	4,742,000	3,832,000	2,718,000	1,853,000	644,000
Total Sales	\$126,693,000	\$106,312,000	\$87,368,000	\$64,571,000	\$49,672,000	\$36,034,000	\$26,750,000	\$19,734,000	\$15,326,000	\$10,579,000
Average Sales Per Unit in Operation at End of Period										
Dunkin' Donuts	\$ 185,200	\$ 175,900	\$ 169,600(a)	\$ 163,000	\$ 149,000	\$ 140,200	\$ 129,500	\$ 123,300	\$ 117,100 (a)	\$ 111,200
Howdy Beefburgers	\$ 285,100	\$ 276,800	\$ 264,700(a)	\$ 238,300	\$ 209,500	\$ 186,100	\$ 170,500	\$ 164,800	\$ 165,700 (a)	\$ 180,500
Number of Units in Operation at End of Period										
Dunkin' Donuts	698	651	543	426	334	267	195	155	127	102
Howdy Beefburgers	22	25	26	26	27	26	25	20	14	7
Total Units	720	676	569	452	361	293	220	175	141	109
Gross Income*	\$ 23,461,000	\$ 19,200,000	\$17,594,000	\$14,273,000	\$10,859,000	\$ 9,269,000	\$ 7,230,000	\$ 5,380,000	\$ 4,119,000	\$ 3,088,000
Income Before Income Taxes*	\$ 2,042,000	\$ 1,866,000	\$ 3,474,000	\$ 2,980,000	\$ 2,033,000	\$ 1,226,000	\$ 903,000	\$ 644,000	\$ 487,000	\$ 222,000
Net Income*	\$ 1,069,000	\$ 949,000	\$ 1,720,000	\$ 1,359,000	\$ 957,000	\$ 689,000	\$ 469,000	\$ 399,000	\$ 192,000	\$ 133,000
Earnings Per Share*	\$.55	\$.50	\$.91	\$.72	\$.52	\$.41	\$.28	\$.23	\$.12	\$.08
Stockholders' Equity*	\$ 12,253,000	\$ 9,055,000	\$ 8,045,000	\$ 6,306,000	\$ 4,815,000	\$ 2,615,000	\$ 1,926,000	\$ 1,348,000	\$ 1,003,000	\$ 866,000
Average Shares Outstanding**	1,943,000	1,893,000	1,881,000	1,875,000	1,828,000	1,683,000	1,662,000	1,688,000	1,676,000	1,656,000
Shares Outstanding At End of Fiscal Year	2,091,738	1,886,938	1,871,418	1,864,446	1,835,412	1,636,668	1,636,668	1,636,668	1,636,668	1,636,668
Total Number of Stockholders	2,375	2,409	2,463	2,203	2,332	—	—	—	—	—

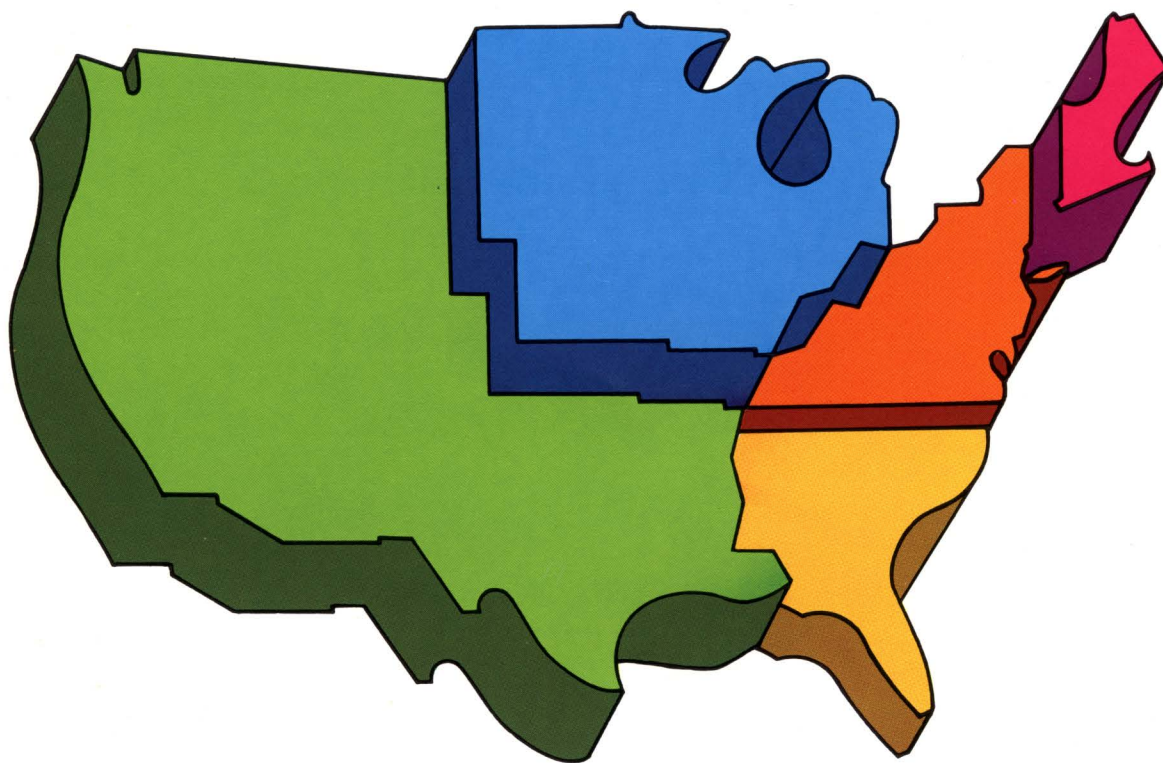
*All years subsequent to 1965 have been restated to give effect to the revised method of accounting for interest related to certain notes receivable and notes payable. See Note 6 to the financial statements included in this annual report.

**Based on average shares outstanding plus shares issuable for options and deemed to be common stock equivalents during the respective fiscal periods adjusted for the 17 for 1 stock distribution in 1967 and the 2 for 1 stock split in 1969.

(a)Based on 52 weeks.

National Locations

As of October 28, 1972



Company Operating Zones	DUNKIN' DONUTS				HOWDY BEEFBURGERS Total Units Open
	Total Shops Open	Shops Under Construction	Sites Secured Construction Not Started	Satellites	
NORTHEAST	193*		5	2	22
MID-ATLANTIC	186	3	4		
SOUTHEAST	60	2	1		
MID-WEST	151	8	10	1	
WESTERN	108**	1	2	3	
TOTAL	698	14	22***	6	22

*Includes 5 Shops in Canada.

**Includes 4 Shops in Hawaii.

***Eighteen of these were being held subject to receipt of zoning approval or the clearance of other contingencies.