

IHP: Quick Take at 2006 Guidance Release.

Current Estimates

EPS Estimates (Before SFAS 123)

FY Date	1Q	2Q	3Q	4Q	EPS	EOY P/E
2004	\$0.50	\$0.21	\$0.38	\$0.52	\$1.61	26.0x
2005	\$0.50	\$0.63	\$0.62	\$0.50 E	\$2.25 E	21.3x
2006	\$0.57 E	\$0.66 E	\$0.67 E	\$0.60 E	\$2.51 E	21.5x

Source: Onboard Consulting Estimates

Highlights

- Before the market opened this morning, IHOP released its initial 2006 Guidance (Figure 1).
- Guidance is roughly in-line with our prior estimates and the only area of much variation is 2006 estimated G&A (ex-option expense) of \$65-\$67m versus our \$63m estimate. Though they have not released fourth quarter 2005 results, we estimate that management's 2006 range is above their long-term 3.0% to 5.0% growth guidance.
- Since there is not a lot of color surrounding these results, we will be waiting until after the conference call (at 11am EST) to make any adjustments to our recommendation, EPS and price target.

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Please read additional disclosures located on page 3

Rating	
New:	Neutral
Old:	None
Price Target	
New:	\$46
Old:	None

Price	\$53.50
Market Cap.	1034.9m
52wk Range	\$37.97-\$53.80
Div. Yld.	1.9%

2006E	
ROA	5.8%
ROE	13.9%
ROIC	8.0%
BV Per Share	\$18.22
Debt to Cap	29.9%

Inside this report:

Discussion	2
Disclosures	3

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Information for Decision Makers

Discussion

Figure 1. Company's 2006 guidance

\$ in millions, except EPS

		2006 Guidance	Our Prior Estimate
EPS (ex-options)		\$2.35-\$2.45	\$2.51
SSS		2.0%-4.0%	2.3%
Cash from Ops		\$55.0-\$60.0	\$68.6
Cash Outlays (1)		\$24.0	\$24.1
Capital Expenditures		\$12.0-\$14.0	\$10.3
G&A (ex-options)		\$65.0-\$67.0	\$63.1
New Stores	Total	64-69	67
	Franchised	55-60	58
	FL Licensee	5	6
	Company	4	3

(1) Company defines as cash from principal repayment of the long-term debt, other long-term debt principal and capital lease obligations. Our definition is Cash from Financing less planned dividends, stock buyback and stock options.

Source: The company and Onboard Consulting Estimates



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Company	1.31.06	Initiation Price	12-month Target Price
IHOP Corporation (IHOP)	\$53.50	\$47.35	\$46

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Distribution of Rankings

Ranking	Definition
BUY	Stocks ranked "Buy" are those stocks Onboard recommend actively buying. These are stocks that are demonstrating their vision while meeting expectation and should appreciate at least 15% over the next 12 to 18 months.
Neutral	Stocks ranked "Neutral" are those stocks Onboard would continue to hold in a portfolio. These are stocks that are making progress strategically and operationally but are not expected to demonstrate significant appreciation in the next 12 to 18 months.
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Distribution of Rankings Breakdown

	Buy	Neutral	Sell
Companies Ranked	0 %	100%	0%

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Company Ranking Time Definition



Initiation 12-26-2005	"Hold" 12-26-2005			
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