

BRINKER INTERNATIONAL INC
Form 10-Q
February 02, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended December 27, 2017
Commission File Number 1-10275

BRINKER INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	75-1914582
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6820 LBJ FREEWAY, DALLAS, TEXAS 75240
(Address of principal executive offices) (Zip Code)
(972) 980-9917
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has 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, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at January 29, 2018
Common Stock, \$0.10 par value	46,347,140 shares

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

RINKER INTERNATIONAL, INC.

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

(Unaudited)

	December 27, 2017	June 28, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 14,733	\$9,064
Accounts receivable, net	90,777	44,658
Inventories	24,830	24,997
Restaurant supplies	46,829	46,380
Prepaid expenses	17,108	19,226
Income taxes receivable	197	—
Total current assets	194,474	144,325
Property and Equipment, at Cost:		
Land	149,110	149,098
Buildings and leasehold improvements	1,665,451	1,655,227
Furniture and equipment	713,504	713,228
Construction-in-progress	10,047	21,767
	2,538,112	2,539,320
Less accumulated depreciation and amortization	(1,580,028)	(1,538,706)
Net property and equipment	958,084	1,000,614
Other Assets:		
Goodwill	164,148	163,953
Deferred income taxes, net	26,508	37,029
Intangibles, net	25,138	27,512
Other	32,193	30,200
Total other assets	247,987	258,694
Total assets	\$ 1,400,545	\$ 1,403,633
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities:		
Current installments of long-term debt	\$ 8,265	\$9,649
Accounts payable	92,163	104,231
Gift card liability	166,819	126,482
Accrued payroll	62,839	70,281
Other accrued liabilities	121,790	111,515
Income taxes payable	—	14,203
Total current liabilities	451,876	436,361
Long-term debt, less current installments	1,365,255	1,319,829
Other liabilities	136,274	141,124
Commitments and Contingencies (Note 11)		
Shareholders' Deficit:		
Common stock—250,000,000 authorized shares; \$0.10 par value; 176,246,649 shares issued and 46,339,290 shares outstanding at December 27, 2017 and 176,246,649 shares issued and 48,440,721 shares outstanding at June 28, 2017	17,625	17,625
Additional paid-in capital	505,053	502,074

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Accumulated other comprehensive loss	(5,202) (11,921)
Retained earnings	2,625,638	2,627,073	
	3,143,114	3,134,851	
Less treasury stock, at cost (129,907,359 shares at December 27, 2017 and 127,805,928 shares at June 28, 2017)	(3,695,974) (3,628,532)
Total shareholders' deficit	(552,860) (493,681)
Total liabilities and shareholders' deficit	\$ 1,400,545	\$ 1,403,633	
See accompanying notes to consolidated financial statements.			

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BRINKER INTERNATIONAL, INC.

Consolidated Statements of Comprehensive Income

(In thousands, except per share amounts)

(Unaudited)

	Thirteen Week Periods Ended		Twenty-Six Week Periods Ended	
	December 27, 2017	December 28, 2016	December 27, 2017	December 28, 2016
Revenues:				
Company sales	\$742,688	\$ 748,709	\$1,459,630	\$ 1,486,119
Franchise and other revenues	23,712	22,334	46,160	43,416
Total revenues	766,400	771,043	1,505,790	1,529,535
Operating costs and expenses:				
Company restaurants (excluding depreciation and amortization)				
Cost of sales	192,883	193,537	380,480	385,839
Restaurant labor	250,416	248,692	501,491	499,262
Restaurant expenses	188,649	193,131	376,778	