

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 31, 2020



BRINKER INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

DE

(State or Other Jurisdiction of Incorporation)

1-10275

(Commission File Number)

75-1914582

(I.R.S. Employer Identification No.)

3000 Olympus Blvd

Dallas TX

(Address of principal executive offices)

75019

(Zip Code)

(972) 980-9917

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
Common Stock, \$0.10 par value	EAT	NYSE

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

SECTION 1- REGISTRANT'S BUSINESS AND OPERATIONS

Item 1.01. Entry Into a Material Definitive Agreement.

Brinker International, Inc. (the "Company") and its wholly-owned subsidiaries, Brinker Restaurant Corporation, Brinker Texas, Inc., Brinker Florida, Inc., and Brinker International Payroll Company, L.P., each as a guarantor, entered into a Fifth Amendment to Credit Agreement (the "Fifth Amendment") dated as of March 31, 2020 (the "Effective Date"), which amends its Credit Agreement dated as of March 12, 2015 (as heretofore amended, the "Existing Credit Agreement"; the Existing Credit Agreement as amended by the Fifth Amendment, the "Amended Credit Agreement") with a group of banks for which Bank of America, N.A. is acting as administrative agent (the "Administrative Agent"). Capitalized terms not defined in this description shall have the meanings given them in the Existing Credit Agreement.

The Credit Agreement dated as of March 12, 2015 was more specifically described in Item 1.01 of the Company's Current Report on Form 8-K, filed March 12, 2015, and the Existing Credit Agreement was more specifically described in Note 9 of the Company's Quarterly Report on Form 10-Q, filed January 29, 2020, both of which descriptions are incorporated by reference.

Commencing with the Fifth Amendment until the date of delivery of the financials for the fiscal quarter ending September 23, 2020, the aggregate principal amount of borrowings outstanding under the Amended Credit Agreement shall be limited to a maximum of \$800,000,000 and the interest rate shall be increased to LIBOR plus 1.95% (and the LIBOR floor was permanently increased to 0.75% from zero). During this period, the Company will also have supplemental reporting obligations to its banks and will be prohibited from making dividends, stock repurchases and investments. Following this interim period (subject to certain conditions) the Company shall be subject to a \$50,000,000 aggregate limitation on dividends, stock repurchases and investments.

The Fifth Amendment also temporarily suspends and resets the financial covenants. The fixed charge coverage ratio is decreased to 1.00:1.00 for the fiscal quarter ending September 23, 2020, and to 1.25:1.00 for the fiscal quarter ending December 23, 2020. The leverage ratio covenant is suspended until the fiscal quarter ending September 23, 2020, at which point the covenant level is increased from 4.25:1.00 to 4.75:1.00.

The Fifth Amendment expands the collateral securing the loans under the Existing Credit Agreement, including, without limitation, intellectual property, but excluding any real estate or capital stock of or debt issued by any restricted subsidiary (as such term is defined in the Company's notes). The Company is also required to provide additional subsidiary guarantees.

The foregoing is only a summary and it is qualified in its entirety by the specific terms of the Fifth Amendment. Several of the banks party to the Amended Credit Agreement provide various other banking services to the Company.

SECTION 7 - REGULATION FD

Item 7.01. Regulation FD Disclosure

On April 2, 2020, the Company issued a press release providing a business update in response to the COVID-19 pandemic. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information in this Item 7.01, including the exhibit attached hereto, is furnished solely pursuant to Item 7.01 of Form 8-K. Consequently, such information is not deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section. Further, the information in this Item 7.01, including the exhibit, shall not be deemed to be incorporated by reference into the filings of the registrant under the Securities Act of 1933.

SECTION 9 – FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

[99.1](#) Press Release dated April 2, 2020.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BRINKER INTERNATIONAL, INC.,
a Delaware corporation

Dated: April 2, 2020

By: /s/ WYMAN T. ROBERTS

Wyman T. Roberts,
President and Chief Executive Officer
and President of Chili's Grill & Bar
(Principal Executive Officer)

BRINKER INTERNATIONAL, INC. PROVIDES BUSINESS UPDATE IN RESPONSE TO COVID-19

DALLAS, April 2, 2020 - Brinker International, Inc. (NYSE: EAT) and its brands, Chili's® Grill & Bar and Maggiano's Little Italy®, have adapted their business model to take-out and delivery to deliver a safe and quality experience for team members and guests during the coronavirus (COVID-19) pandemic. Brinker's strategic decision to enhance its off-premise business over the last few years including online ordering, mobile app, curbside service and third-party delivery, has enabled its brands to conveniently serve a significant increase in off-premise guests during this pandemic.

COMPARABLE RESTAURANT SALES

The table below presents the percentage change in company-owned comparable restaurant sales for the third quarter before the COVID-19 impact and for the entire third quarter:

	Comparable Restaurant Sales ⁽¹⁾	
	Q3: 20 vs 19 thru 3/8	Q3: 20 vs 19 QTR end
Company-owned	2.9 %	(5.9) %
Chili's	3.3 %	(5.3) %
Maggiano's	0.6 %	(9.9) %

- (1) Comparable Restaurant Sales include all restaurants that have been in operation for more than 18 months, except restaurants acquired by the company from franchisees are not included until they have been company-owned for more than 12 months. Amounts are calculated based on comparable current period versus same period a year ago.

OPERATIONAL PERSPECTIVE

As Chili's and Maggiano's operate in an off-premise only model, below are some initial results related to company owned restaurants:

- Off-premise sales have more than doubled year-over-year and are capturing 30-35 percent of prior year Company sales
- In the most recent week for which industry data is reported, Chili's comparable restaurant sales gapped the industry by more than 10 percent
- Delivery is now approaching 20 percent of total sales. Online ordering at Chili's accounted for 69 percent of all off-premise orders
- Virtually all restaurants remain open for to go and delivery, with closures totaling less than 10

"I'm proud of our restaurant operators and support teams who quickly adapted our business to a safe and efficient off-premise only model. Our focus remains delivering quality food to our guests and maintaining a safe work environment for our team members," said Wyman Roberts, chief executive officer of Brinker International. "Our hearts go out to those impacted by the pandemic, including our team members. In response, we've provided them support through an emergency relief fund."

The company and its board of directors have also taken the following proactive measures to provide enhanced financial flexibility during the COVID-19 pandemic:

- Amended the revolving credit facility to obtain financial flexibility and liquidity. Initial borrowing capacity under the new amendment is \$800 million
- Significantly reduced capital expenditures, including suspending the Chili's re-image program and delaying construction of new restaurants
- Reduced salaries, led by the executive team including a 50% reduction for Chief Executive Officer

- Reduced marketing spend, general and administrative spend and other restaurant expenses to support the off-premise only business model
- Suspended the quarterly cash dividend and all share repurchase activity

Given these current sales levels and reductions in expenses, Brinker anticipates a cash burn level of less than \$10 million per week. Total cash on the balance sheet on March 31, 2020 was \$137 million and total liquidity was \$237 million. We believe we have ample liquidity with our current capital position and will continue to evaluate all financing alternatives, including funds available under the CARES Act, as we navigate through this evolving situation.

The company is withdrawing its financial guidance for fiscal 2020 as a result of conditions arising from COVID-19.

ABOUT BRINKER

Brinker International, Inc. is one of the world's leading casual dining restaurant companies. Based in Dallas, Texas, as of March 25, 2020, Brinker owned, operated, or franchised 1,676 restaurants under the names Chili's® Grill & Bar (1,623 restaurants) and Maggiano's Little Italy® (53 restaurants).

FORWARD-LOOKING STATEMENTS

The statements contained in this release that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The forward-looking statements in this release, including future financial targets, are based on information available to us as of the date any such statements are made and we assume no obligation to update these forward-looking statements except as required by law. Forward-looking statements are based on our current plans and expectations and involve risks and uncertainties which could cause actual results to differ materially from our historical results or from those projected in forward-looking statements. These risks and uncertainties are, in many instances, beyond our control. Such risks and uncertainties include, among other things, the impact of competition, changes in consumer preferences, consumer perception of food safety, reduced disposable income, unfavorable publicity, increased minimum wages, governmental regulations, the impact of mergers, acquisitions, divestitures and other strategic transactions, the Company's ability to meet its business strategy plan, third party delivery risks, loss of key management personnel, failure to hire and retain high-quality restaurant management, the impact of social media, failure to protect the security of data of our guests and team members, product availability, regional business and economic conditions, litigation, franchisee success, downgrades in our credit ratings, inflation, changes in the retail industry, technology failures, failure to protect our intellectual property, outsourcing, impairment of goodwill or assets, failure to maintain effective internal control over financial reporting, actions of activist shareholders, adverse weather conditions, terrorist acts, health epidemics or pandemics, and tax reform, as well as the risks described under the caption "Risk Factors" in our Annual Report on Form 10-K and future filings with the Securities and Exchange Commission.

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