

BRINKER INTERNATIONAL INC
Form 10-Q
May 04, 2015
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 March 25, 2015
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, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting 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"/>	Smaller reporting company	<input type="checkbox"/>
(Do not check if a smaller reporting company)			

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 April 27, 2015
Common Stock, \$0.10 par value	61,134,527 shares

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

BRINKER INTERNATIONAL, INC.

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

(Unaudited)

	March 25, 2015	June 25, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$63,543	\$57,685
Accounts receivable	43,083	47,850
Inventories	24,125	23,643
Prepaid expenses and other	58,431	65,506
Deferred income taxes	864	16,170
Total current assets	190,046	210,854
Property and Equipment, at Cost:		
Land	148,053	149,184
Buildings and leasehold improvements	1,536,292	1,483,894
Furniture and equipment	607,965	593,344
Construction-in-progress	17,065	32,844
	2,309,375	2,259,266
Less accumulated depreciation and amortization	(1,271,950)	(1,202,812)
Net property and equipment	1,037,425	1,056,454
Other Assets:		
Goodwill	132,309	133,434
Deferred income taxes	23,512	30,090
Intangibles, net	17,234	18,841
Other	36,793	40,931
Total other assets	209,848	223,296
Total assets	\$1,437,319	\$1,490,604
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
Current Liabilities:		
Current installments of long-term debt	\$3,115	\$27,884
Accounts payable	89,382	102,931
Accrued liabilities	312,336	328,017
Income taxes payable	1,808	7,278
Total current liabilities	406,641	466,110
Long-term debt, less current installments	933,207	832,302
Other liabilities	129,600	129,098
Commitments and Contingencies (Note 9)		
Shareholders' (Deficit) Equity:		
Common stock—250,000,000 authorized shares; \$0.10 par value; 176,246,649 shares issued and 62,035,497 shares outstanding at March 25, 2015, and 176,246,649 shares issued and 64,558,909 shares outstanding at June 25, 2014	17,625	17,625
Additional paid-in capital	488,338	484,320
Accumulated other comprehensive loss	(8,123)	(940)
Retained earnings	2,391,810	2,306,532
	2,889,650	2,807,537

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Less treasury stock, at cost (114,211,152 shares at March 25, 2015 and 111,687,740 shares at June 25, 2014)	(2,921,779)	(2,744,443)
Total shareholders' (deficit) equity	(32,129)	63,094	
Total liabilities and shareholders' (deficit) equity	\$1,437,319		\$1,490,604	
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		Thirty-Nine Week Periods Ended	
	March 25, 2015	March 26, 2014	March 25, 2015	March 26, 2014
Revenues:				
Company sales	\$761,736	\$739,200	\$2,166,368	\$2,088,087
Franchise and other revenues	22,479	20,093	71,763	61,528
Total revenues	784,215	759,293	2,238,131	2,149,615
Operating costs and expenses:				
Company restaurants (excluding depreciation and amortization)				
Cost of sales	203,960	195,439	582,507	561,276
Restaurant labor	240,105	233,890	695,114	672,525
Restaurant expenses	173,611	172,459	528,047	511,293
Company restaurant expenses	617,676	601,788	1,805,668	1,745,094
Depreciation and amortization	36,599	34,218	108,213	100,912
General and administrative	35,194	34,009	100,488	98,792
Other gains and charges	(8,477)		