

# Brinker International Reports Second Quarter Of Fiscal 2021 Results



---

NEWS PROVIDED BY

**Brinker International, Inc.** →

Jan 27, 2021, 06:45 ET

---

DALLAS, Jan. 27, 2021 /PRNewswire/ -- Brinker International, Inc. (NYSE: EAT) today announced results for the second quarter of fiscal 2021 ended December 23, 2020.

"I'm proud of our operators and their focus on providing our guests the best possible experience," said Wyman Roberts, CEO and President. "We know even more guests are excited to come back as the country emerges from the pandemic. We have continued to invest in our business and are well positioned for growth."

## Fiscal 2021 Highlights - Second Quarter

Financial metrics for the second quarter of fiscal 2021 compared to the second quarter of fiscal 2020 were negatively impacted by the ongoing COVID-19 pandemic. Total revenues declined due to capacity limitations and personal safety preferences, partially offset by increased off-premise sales.

- Net income per diluted share, on a GAAP basis, in the second quarter of fiscal 2021 decreased 64.4% to \$0.26 compared to \$0.73 in the second quarter of fiscal 2020
- Net income per diluted share, excluding special items, in the second quarter of fiscal 2021 decreased 65.3% to \$0.35 compared to \$1.01 in the second quarter of fiscal 2020
- Net cash provided by operating activities in the twenty-six week period ended December 23, 2020 was \$130.0 million, and capital expenditures totaled \$37.1 million resulting in free cash flow of \$92.9 million
- Net repayments of \$66.6 million were made on the revolving credit facility in the twenty-six week period ended December 23, 2020 resulting in total available liquidity of \$657.8 million as of December 23, 2020
- As of January 20, 2021, approximately 82% of Chili's and 69% of Maggiano's restaurants were operating with open dining rooms

For comparable restaurant sales details and non-GAAP reconciliations, please refer to the Non-GAAP Information and Reconciliations section of this release.

#### Financial Metrics

	Second Quarter					
	2021 <sup>(2)</sup>		2020		% Change	
Company sales	\$ 746.2		\$ 847.5		(12.0)	%
Total revenues	\$ 760.7		\$ 869.3		(12.5)	%
Operating income	\$ 22.1		\$ 43.5		(49.2)	%
Operating income as a percentage of Total revenues	2.9	%	5.0	%	(2.1)	%
Restaurant operating margin, non-GAAP <sup>(1)</sup>	\$ 80.2		\$ 107.9		(25.7)	%
Restaurant operating margin as a percentage of Company sales, non-GAAP	10.7	%	12.7	%	(2.0)	%
Net income per diluted share	\$ 0.26		\$ 0.73		(64.4)	%
Net income per diluted share, excluding special items, non-GAAP	\$ 0.35		\$ 1.01		(65.3)	%

Comparable Restaurant Sales - Company Owned	Q2:21 vs 20 <sup>(2)</sup>		Q2:20 vs 19	
	Change	%	Change	%
Brinker	(12.1)	%	1.5	%
Chili's	(6.3)	%	2.0	%
Maggiano's	(47.0)	%	(1.4)	%

(1) Restaurant operating margin is defined as Company sales less Company restaurant expenses which includes Food and beverage costs, Restaurant labor and Restaurant expenses, and excludes Depreciation and amortization, General and administrative and Other (gains) and charges (see non-GAAP reconciliation below)

(2) Company sales and Comparable Restaurant Sales include the results of It's Just Wings®

## Second Quarter of Fiscal 2021 Operating Performance

### Segment Performance

The rise in COVID-19 cases during the second quarter resulted in some dining room closures and capacity restrictions which have negatively impacted our results. Capacity restrictions related to the ongoing COVID-19 pandemic vary by location due to state and local mandates. These capacity restrictions and personal safety preferences have resulted in lower dining room guest traffic and many guests have shifted to our off-premise dining options. This shift has changed our staffing requirements, expenses associated with off-premise and other operational expenses which are noted below.

	Chili's			Maggiano's		
	Second Quarter			Second Quarter		
	2021 <sup>(2)</sup>	2020	Variance	2021 <sup>(2)</sup>	2020	Variance
Company sales	\$ 683.0	\$ 728.4	\$ (45.4)	\$ 63.2	\$ 119.1	\$ (55.9)
Franchise and other revenues	13.4	14.7	(1.3)	1.1	7.1	(6.0)
Total revenues	\$ 696.4	\$ 743.1	\$ (46.7)	\$ 64.3	\$ 126.2	\$ (61.9)
Operating income (loss)	\$ 50.0	\$ 51.6	\$ (1.6)	\$ (0.9)	\$ 21.5	\$ (22.4)
Operating income (loss) as a % of Total revenues	7.2 %	6.9 %	0.3 %	(1.4) %	17.0 %	(18.4) %
Company restaurant expenses <sup>(1)</sup>	\$ 605.8	\$ 640.3	\$ (34.5)	\$ 59.7	\$ 99.2	\$ (39.5)
Company restaurant expenses as a % of Company sales	88.7 %	87.9 %	0.8 %	94.5 %	83.3 %	11.2 %
Restaurant operating margin - non-GAAP	\$ 77.2	\$ 88.1	\$ (10.9)	\$ 3.5	\$ 19.9	\$ (16.4)
Restaurant operating margin as a % of Company sales - non-GAAP	11.3 %	12.1 %	(0.8) %	5.5 %	16.7 %	(11.2) %

(1) Company restaurant expenses includes Food and beverage costs, Restaurant labor and Restaurant expenses, and excludes Depreciation and amortization, General and administrative and Other (gains) and charges

(2) Chili's and Maggiano's Second Quarter 2021 include the results of It's Just Wings

## Chili's

- Chili's Company sales decreased primarily due to lower dining room sales, partially offset by increased off-premise sales including It's Just Wings
- Chili's Company restaurant expenses, as a percentage of Company sales, increased primarily due to higher expenses related to delivery fees and supplies in connection with the growth in off-premise sales, sales deleverage, and unfavorable commodity pricing. These increases were partially offset by lower advertising expenses, lower manager and hourly labor expenses, lower repairs and maintenance expenses, lower supervision expenses, lower credit card fees, favorable menu item mix, and favorable menu pricing

## Maggiano's

- Maggiano's Company sales decreased primarily due to lower dining room sales, partially offset by increased off-premise sales
- Maggiano's Company restaurant expenses, as a percentage of Company sales, increased primarily due to sales deleverage, higher expenses related to delivery fees and supplies in connection with the growth in off-premise sales, unfavorable menu item mix, unfavorable commodity pricing and higher insurance expenses. These increases were partially offset by lower manager and hourly labor expenses, lower repairs and maintenance expenses, lower banquet expenses, lower advertising expenses, lower credit card fees, lower utilities expenses and favorable menu pricing

## *Franchise and other revenues*

- Franchise and other revenues include royalties and advertising fees that are earned based on franchise sales. Our franchisees generated sales of approximately \$187.7 million in the second quarter of fiscal 2021 compared to \$247.4 million in the second quarter of fiscal 2020. This decrease is primarily due to the ongoing impact of the COVID-19 pandemic on our domestic and global franchise restaurants
- Maggiano's Franchise and other revenues decreased primarily due to lower banquet volume driven by the ongoing impact of the COVID-19 pandemic

## *Income Taxes*

- On a GAAP basis, the effective income tax rate was a benefit of 46.3% in the second quarter of fiscal 2021 compared to an expense of 3.8% in the second quarter of fiscal 2020 primarily driven by lower income before income taxes and leverage on the FICA tip tax credit. Excluding the impact of special items (see non-GAAP reconciliation below for details), the effective income tax rate was a benefit of 17.6% in the second quarter of fiscal 2021 compared to an expense of 10.5% in the second quarter of fiscal 2020

## **Webcast Information**

Investors and interested parties are invited to listen to today's conference call, as management will provide further details of the quarter and business updates. The call will broadcast live on Brinker's website today, January 27, 2021 at 9 a.m. CST:

<http://investors.brinker.com/events/event-details/q2-2021-brinker-international-earnings-conference-call>

For those who are unable to listen to the live broadcast, a replay of the call will be available shortly thereafter and will remain on Brinker's website until the end of the day February 10, 2021.

Additional financial information, including statements of income which detail operations excluding special items, franchise and other revenues, and comparable restaurant sales trends by brand, is also available on Brinker's website under the Financial Information section of the Investor tab.

## **Forward Calendar**

- SEC Form 10-Q for the second quarter of fiscal 2021 filing on or before February 1, 2021
- Earnings release call for the third quarter of fiscal 2021 on April 28, 2021

## **Non-GAAP Measures**

Brinker management uses certain non-GAAP measures in analyzing operating performance and believes that the presentation of these measures in this release provides investors with information that is beneficial to gaining an understanding of the Company's financial results. Non-GAAP disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Reconciliations of these non-GAAP measures are included in the tables below.

## **About Brinker**

Brinker International, Inc. is one of the world's leading casual dining restaurant companies. Based in Dallas, Texas, as of December 23, 2020, Brinker owned, operated, or franchised 1,655 restaurants under the names Chili's® Grill & Bar (1,601 restaurants) and Maggiano's Little Italy® (54 restaurants).

## **Forward-Looking Statements**

The statements and tables 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. 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, and are currently, or in the future could be, amplified by the novel strain of the coronavirus ("COVID-19") pandemic. Such risks and

uncertainties include, among other things, uncertainty of the magnitude, duration, geographic reach and impact of the COVID-19 pandemic on local, national and global economies; the current, and uncertain future, impact of the COVID-19 pandemic and governments' responses to it on our industry, business, growth, reputation, projections, prospects, financial condition, operations, cash flows, and liquidity; the adequacy or effectiveness of steps we take to respond to the COVID-19 crisis, including cost reduction or other mitigation programs; 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; 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; 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 (such as COVID-19); and tax reform; as well as the risks and uncertainties described in "Risk Factors" in our Annual Report on Form 10-K and future filings with the Securities and Exchange Commission.