



BRINKER INTERNATIONAL, INC.
Consolidated Statements of Income (Unaudited)

(In millions excepts per share amounts)	Q1 F19						Q2 F19					
	ASC 606 ^(a)						ASC 606 ^(a)					
	Reported	%	Special Items ^(b)	Discrete Tax Item ^(c)	Adjusted	%	Reported	%	Special Items ^(b)	Discrete Tax Item ^(c)	Adjusted	%
Revenues												
Company sales	\$ 728.3	96.6 %			\$ 728.3	96.6 %	\$ 761.5	96.3 %			\$ 761.5	96.3 %
Franchise and Other Revenues ⁽¹⁾	25.5	3.4 %			25.5	3.4 %	29.2	3.7 %			29.2	3.7 %
Total revenues	753.8	100.0 %			753.8	100.0 %	790.7	100.0 %			790.7	100.0 %
Operating costs and expenses												
Company restaurants (excluding depreciation and amortization)												
Cost of sales ⁽²⁾	191.9	26.4 %			191.9	26.4 %	200.9	26.4 %			200.9	26.4 %
Restaurant labor ⁽²⁾	256.3	35.2 %			256.3	35.2 %	260.8	34.2 %			260.8	34.2 %
Restaurant expenses ⁽²⁾	199.0	27.3 %			199.0	27.3 %	205.7	27.0 %			205.7	27.0 %
Company restaurant expenses	647.2	88.9 %			647.2	88.9 %	667.4	87.6 %			667.4	87.6 %
Depreciation and amortization ⁽³⁾	37.0	4.9 %	\$ (0.6)		36.4	4.8 %	36.1	4.6 %	\$ (1.0)		35.1	4.4 %
General and administrative ⁽³⁾	33.8	4.5 %			33.8	4.5 %	35.4	4.5 %			35.4	4.5 %
Other gains and charges ⁽³⁾	(11.1)	(1.5)%	11.1		—	— %	2.2	0.3 %	2.2		—	— %
Total operating costs and expenses	706.9	93.8 %	10.5		717.4	95.2 %	741.1	93.7 %	(3.2)		737.9	93.3 %
Operating income	46.9	6.2 %	(10.5)		36.4	4.8 %	49.6	6.3 %	3.2		52.8	6.7 %
Interest expense	15.6	2.0 %			15.6	2.0 %	15.4	2.0 %			15.4	2.0 %
Other, net	(0.8)	(0.1)%			(0.8)	(0.1)%	(0.8)	(0.1)%			(0.8)	(0.1)%
Income before provision for income taxes	32.1	4.3 %	(10.5)		21.6	2.9 %	35.0	4.4 %	3.2		38.2	4.8 %
Provision for income taxes	5.7	17.9 %	(2.6)	\$ (0.7)	2.4	11.0 %	3.0	8.6 %	0.8	\$ 0.1	3.9	10.2 %
Net income	\$ 26.4	3.5 %	\$ (7.9)	\$ 0.7	\$ 19.2	2.5 %	\$ 32.0	4.0 %	\$ 2.4	\$ (0.1)	\$ 34.3	4.3 %
Basic earnings per share	\$ 0.65		\$ (0.19)	\$ 0.02	\$ 0.48		\$ 0.84		\$ 0.06	\$ —	\$ 0.90	
Diluted earnings per share	\$ 0.64		\$ (0.19)	\$ 0.02	\$ 0.47		\$ 0.83		\$ 0.06	\$ —	\$ 0.89	
Basic weighted average shares	40.4		40.4	40.4	40.4		38.1		38.1	38.1	38.1	
Diluted weighted average shares	41.1		41.1	41.1	41.1		38.8		38.8	38.8	38.8	



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(In millions excepts per share amounts)	YTD F19					
	ASC 606 ^(a)					
	Reported	%	Special Items ^(b)	Discrete Tax Item ^(c)	Adjusted	%
Revenues						
Company sales	\$ 1,489.8	96.5 %			\$ 1,489.8	96.5 %
Franchise and Other Revenues ⁽¹⁾	54.7	3.5 %			54.7	3.5 %
Total revenues	1,544.5	100.0 %			1,544.5	100.0 %
Operating costs and expenses						
Company restaurants (excluding depreciation and amortization)						
Cost of sales ⁽²⁾	392.8	26.4 %			392.8	26.4 %
Restaurant labor ⁽²⁾	517.1	34.7 %			517.1	34.7 %
Restaurant expenses ⁽²⁾	404.7	27.1 %			404.7	27.1 %
Company restaurant expenses	1,314.6	88.2 %			1,314.6	88.2 %
Depreciation and amortization ⁽³⁾	73.1	4.7 %	\$ (1.6)		71.5	4.6 %
General and administrative ⁽³⁾	69.2	4.5 %			69.2	4.5 %
Other gains and charges ⁽³⁾	(8.9)	(0.6)%	8.9		—	— %
Total operating costs and expenses	1,448.0	93.8 %	7.3		1,455.3	94.2 %
Operating income	96.5	6.2 %	(7.3)		89.2	5.8 %
Interest expense	31.0	2.0 %			31.0	2.0 %
Other, net	(1.6)	(0.1)%			(1.6)	(0.1)%
Income before provision for income taxes	67.1	4.3 %	(7.3)		59.8	3.9 %
Provision for income taxes	8.7	13.0 %	(1.8)	\$ (0.6)	6.3	10.5 %
Net income	\$ 58.4	3.8 %	\$ (5.5)	\$ 0.6	\$ 53.5	3.5 %
Basic earnings per share	\$ 1.49		\$ (0.14)	\$ 0.02	\$ 1.37	
Diluted earnings per share	\$ 1.46		\$ (0.14)	\$ 0.02	\$ 1.34	
Basic weighted average shares	39.2		39.2	39.2	39.2	
Diluted weighted average shares	39.9		39.9	39.9	39.9	



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Footnotes:

- (a) Effective fiscal 2019, Brinker adopted Accounting Standard Update *2014-09, Revenue from Contracts with Customers (Topic 606)*. Please refer to the Form 10-Q for further details on adoption.
- (b) Non-GAAP information excluding the impact of Special Items is provided to allow the reader to gain insight into the Company's ongoing operations. Special Items in the first and second quarters of fiscal 2019 consists of a net gain of \$11.1 million and a net charge of \$2.2 million, respectively, totaling a net gain of \$8.9 million in the year to date period in Other gains and charges, offset partially by incremental depreciation expense associated with a change in estimated useful life of certain restaurant-level long-lived assets of \$0.6 million, \$1.0 million, and \$1.6 million for the first quarter, second quarter and year to date period, respectively. Please refer to the Form 10-Q for further details.
- (c) Discrete tax item resulting from the tax impact of excess tax shortfalls in the first quarter of fiscal 2019 and excess tax windfalls in the second quarter of fiscal 2019 associated with stock-based compensation.
- (1) Franchise and other revenues includes royalties, advertising fees (effective first quarter of fiscal 2019), Maggiano's banquet service charge income, gift card breakage, service fees and and discount costs from third-party gift card sales, digital entertainment revenue, delivery fee income, franchise fees, development fees, and retail royalty revenues.
- (2) As a percentage of Company sales.
- (3) As a percentage of Total revenues.