
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): April 23, 2014

BRINKER INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of
Incorporation)

1-10275
(Commission
File Number)

75-1914582
(IRS Employment
Identification No.)

6820 LBJ Freeway
Dallas, Texas 75240
(Address of principal executive offices)

Registrant's telephone number, including area code 972-980-9917

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)).
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Section 2 – Financial Information.

Item 2.02. Results of Operations and Financial Conditions.

The information contained in this Current Report on Form 8-K, including the Exhibit attached hereto, is being furnished and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Furthermore, the information contained in this Current Report on Form 8-K shall not be deemed to be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended.

On April 23, 2014, the Registrant issued a Press Release announcing its third quarter fiscal 2014 results. A copy of this Press Release is attached hereto as Exhibit 99.1.

Section 9 – Financial Statements and Exhibits.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press Release dated April 23, 2014.

SIGNATURE

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

BRINKER INTERNATIONAL, INC.

Dated: April 23, 2014

By: /s/ Wyman T. Roberts

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



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**BRINKER INTERNATIONAL REPORTS INCREASES IN THIRD QUARTER FISCAL 2014 EPS
AND COMPARABLE RESTAURANT SALES**

DALLAS (April 23, 2014) – Brinker International, Inc. (NYSE: EAT) today announced results for the fiscal third quarter ended March 26, 2014.

Highlights include the following:

- Earnings per diluted share, excluding special items, increased 16.7 percent to \$0.84 compared to \$0.72 for the third quarter of fiscal 2013 (see non-GAAP reconciliation below)
- On a GAAP basis, earnings per diluted share increased 15.5 percent to \$0.82 compared to \$0.71 for the third quarter of fiscal 2013
- Company sales increased 2.0 percent to \$739.2 million and restaurant operating margin¹ improved approximately 80 basis points to 18.7 percent compared to 17.9 percent for the third quarter of fiscal 2013
- Brinker International comparable restaurant sales at company-owned restaurants increased 0.7 percent
- Chili's domestic comparable restaurant sales² includes a 0.7 percent increase for company-owned restaurants and a 0.1 percent increase for franchise operated restaurants
- Chili's international franchise comparable restaurant sales increased 0.6 percent, representing the 17th consecutive quarterly increase
- Maggiano's comparable restaurant sales increased 0.2 percent, representing the 17th consecutive quarterly increase
- For the first nine months of fiscal 2014, cash flows provided by operating activities were \$277.1 million and capital expenditures totaled \$114.0 million
- The company repurchased approximately 1.9 million shares of its common stock for \$98.7 million in the third quarter and a total of approximately 4.1 million shares for \$191.8 million year-to-date
- The company paid a dividend of 24 cents per share in the third quarter, an increase of 20 percent over the prior year third quarter

"Brinker delivered another solid quarter of results," said Wyman Roberts, Chief Executive Officer and President. "The effectiveness of our strategies enabled us to deliver double digit EPS growth, positive comp sales, and improved operating margins."

¹ Restaurant operating margin is defined as Company sales less Cost of sales, Restaurant labor and Restaurant expenses as a percent of Company sales.

² Chili's domestic comparable restaurant sales is defined as comparable restaurant sales generated from company-owned and franchise operated Chili's restaurants in the United States.

**Table 1: Monthly and Q3 comparable restaurant sales
Q3 14 and Q3 13, company-owned, reported brands and franchise; percentage**

| | Jan | Feb | March | Q3 14 | Q3 13 |
|---|-------|-------|-------|-------|-------|
| Brinker International | 0.1 | 1.3 | 0.7 | 0.7 | (0.9) |
| Chili's Company-Owned¹ | | | | | |
| Comparable Restaurant Sales | 0.0 | 1.5 | 0.9 | 0.7 | (1.1) |
| Pricing Impact | 1.1 | 1.2 | 1.2 | 1.1 | 1.5 |
| Mix-Shift | 0.0 | 1.5 | 1.1 | 0.8 | 0.6 |
| Traffic | (1.1) | (1.2) | (1.4) | (1.2) | (3.2) |
| Maggiano's | | | | | |
| Comparable Restaurant Sales | 0.8 | 0.3 | (0.8) | 0.2 | 0.4 |
| Pricing Impact | 1.6 | 1.3 | 1.5 | 1.5 | 1.6 |
| Mix-Shift | 0.4 | 0.1 | (2.2) | (0.4) | (0.2) |
| Traffic | (1.2) | (1.1) | (0.1) | (0.9) | (1.0) |
| Franchise² | | | | 0.2 | 1.3 |
| U.S. Comparable Restaurant Sales | | | | 0.1 | (0.3) |
| International Comparable Restaurant Sales | | | | 0.6 | 5.1 |
| Domestic³ | | | | 0.5 | (0.8) |
| System-wide⁴ | | | | 0.5 | (0.2) |

1 Chili's company-owned comparable restaurant sales do not include sales generated by the 11 restaurants acquired in Canada in June 2013. Acquired or newly opened restaurants are not included in this calculation until 18 months of operations are completed.

2 Revenues generated by franchisees are not included in revenues on the consolidated statements of comprehensive income; however, we generate royalty revenue and advertising fees based on franchisee revenues, where applicable. We believe including franchisee comparable restaurant sales provides investors information regarding brand performance that is relevant to current operations and may impact future restaurant development.

3 Domestic comparable restaurant sales percentages are derived from sales generated by company-owned and franchise operated Chili's restaurants in the United States.

4 System-wide comparable restaurant sales are derived from sales generated by company-owned Chili's and Maggiano's restaurants in addition to the sales generated at franchise operated restaurants.

Quarterly Operating Performance

CHILI'S third quarter company sales increased to \$645.8 million from \$632.6 million in the prior year primarily due to the acquisition of 11 restaurants in Canada, as well as increases in domestic restaurant capacity and comparable restaurant sales. As compared to the prior year, Chili's operating margin improved. Cost of sales, as a percent of company sales, was favorably impacted by the introduction of new menu items, improved waste control, efficiency gains related to new kitchen equipment and menu pricing. Commodity pricing was flat with higher meat and seafood costs offset by other items. Restaurant labor, as a percent of company sales, was positively impacted by favorable health insurance expenses coupled with leverage related to higher revenue, partially offset by higher restaurant manager salaries and bonuses. Restaurant expenses, as a percent of company sales, were negatively impacted by higher advertising and utilities expense.

MAGGIANO'S third quarter company sales of \$93.4 million increased 1.4 percent primarily driven by increases in restaurant capacity and menu pricing. As compared to the prior year, Maggiano's restaurant operating margin improved slightly. Cost of sales, as a percent of company sales, was positively impacted by favorable commodity pricing and increased menu pricing, partially offset by unfavorable mix changes. Restaurant labor, as a percent of company sales, was positively impacted by lower performance based compensation. Restaurant expenses, as a percent of company sales, were negatively impacted by higher advertising and facilities costs.

FRANCHISE AND OTHER revenues totaled \$19.2 million for the third quarter, an increase of 6.1 percent compared to \$18.1 million in the prior year driven primarily by other revenues. International comparable restaurant sales increased 0.6 percent and U.S. franchise comparable restaurant sales increased 0.1 percent. Brinker franchisees generated approximately \$414 million in sales¹ for the third quarter of fiscal 2014.

¹ Royalty revenues are recognized based on the sales generated and reported to the company by franchisees.

Other

Depreciation and amortization expense increased \$1.0 million for the quarter primarily due to investments in the Chili's reimage program, kitchen equipment, as well as the acquisition of 11 restaurants in Canada, partially offset by an increase in fully depreciated assets.

On a GAAP basis, the effective income tax rate increased to 30.4 percent in the current quarter from 28.7 percent in the prior year. Excluding the impact of special items, the effective income tax rate increased to 30.6 percent in the current quarter compared to 28.9 percent in the prior year. The increase in the effective tax rates was primarily due to increased earnings and lower tax credits as the impact of tax benefits related to special items was equivalent for each quarter.

Non-GAAP Reconciliation

Brinker believes excluding special items from its financial results provides investors with a clearer perspective of the company's ongoing operating performance and a more relevant comparison to prior period results. Special items in the third quarter of fiscal 2014 consist primarily of charges associated with closed restaurants.

Table 2: Reconciliation of net income excluding special items Q3 14 and Q3 13; \$ millions and \$ per diluted share after-tax

| | Q3 14 | EPS Q3 14 | Q3 13 | EPS Q3 13 |
|--|-------|-----------|-------|-----------|
| Net Income | 56.3 | 0.82 | 52.0 | 0.71 |
| Other (Gains) and Charges, net of taxes ¹ | 1.3 | 0.02 | 0.9 | 0.01 |
| Net Income excluding Special Items | 57.6 | 0.84 | 52.9 | 0.72 |

¹ Pre-tax Other gains and charges were \$2.1 million and \$1.6 million in the third quarter of fiscal 2014 and 2013, respectively.

Guidance Policy

Brinker provides annual guidance as it relates to comparable restaurant sales, earnings per diluted share, and other key line items in the comprehensive income statement and will only provide updates if there is a material change versus the original guidance. Consistent with prior practice, management will not discuss intra-period sales or other key operating results not yet reported as the limited data may not accurately reflect the final results of the period or quarter referenced.

Webcast Information

Investors and interested parties are invited to listen to today's conference call, as management will provide further details of the quarter. The call will broadcast live on the Brinker website (www.brinker.com) at 9 a.m. CDT today (April 23). 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 the Brinker website until the end of the day May 21, 2014.

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 the Brinker website under the Financial Information section of the Investor tab.

Forward Calendar

- SEC Form 10-Q for third quarter fiscal 2014 filing on or before May 5, 2014; and
- Fourth quarter earnings release, before market opens, Aug. 7, 2014.

About Brinker

Brinker International, Inc. is one of the world's leading casual dining restaurant companies. Founded in 1975 and based in Dallas, Texas, as of March 26, 2014, Brinker owned, operated, or franchised 1,608 restaurants under the names Chili's® Grill & Bar (1,563 restaurants) and Maggiano's Little Italy® (45 restaurants).

Forward-Looking Statements

The statements contained in this release that are not historical facts are forward-looking statements. These forward-looking statements involve risks and uncertainties and, consequently, could be affected by general business and economic conditions, financial and credit market conditions, credit availability, reduced disposable income, the impact of competition, the impact of mergers, acquisitions, divestitures and other strategic transactions, franchisee success, the seasonality of the company's business, adverse weather conditions, future commodity prices, product availability, fuel and utility costs and availability, terrorist acts, consumer perception of food safety, changes in consumer taste, health epidemics or pandemics, changes in demographic trends, availability of employees, unfavorable publicity, the company's ability to meet its business strategy plan, acts of God, governmental regulations and inflation.

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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 26, 2014 | March 27, 2013 | March 26, 2014 | March 27, 2013 |
| Revenues: | | | | |
| Company sales | \$ 739,200 | \$ 724,693 | \$ 2,088,087 | \$ 2,057,490 |
| Franchise and other revenues (a) | 19,208 | 18,066 | 58,640 | 58,540 |
| Total revenues | 758,408 | 742,759 | 2,146,727 | 2,116,030 |
| Operating costs and expenses: | | | | |
| Company restaurants (excluding depreciation and amortization) | | | | |
| Cost of sales | 195,439 | 198,316 | 561,276 | 567,602 |
| Restaurant labor | 233,890 | 231,822 | 672,525 | 667,865 |
| Restaurant expenses | 171,574 | 164,537 | 508,405 | 489,781 |
| Company restaurant expenses | 600,903 | 594,675 | 1,742,206 | 1,725,248 |
| Depreciation and amortization | 34,218 | 33,222 | 100,912 | 98,830 |
| General and administrative | 34,009 | 33,986 | 98,792 | 102,289 |
| Other gains and charges (c) | 2,088 | 1,550 | 4,315 | 2,227 |
| Total operating costs and expenses | 671,218 | 663,433 | 1,946,225 | 1,928,594 |
| Operating income | 87,190 | 79,326 | 200,502 | 187,436 |
| Interest expense | 7,068 | 7,085 | 21,128 | 21,040 |
| Other, net | (693) | (573) | (1,736) | (2,096) |
| Income before provision for income taxes | 80,815 | 72,814 | 181,110 | 168,492 |
| Provision for income taxes | 24,552 | 20,863 | 55,891 | 51,500 |
| Net income | \$ 56,263 | \$ 51,951 | \$ 125,219 | \$ 116,992 |
| Basic net income per share | | | | |
| | \$ 0.85 | \$ 0.73 | \$ 1.88 | \$ 1.61 |
| Diluted net income per share | | | | |
| | \$ 0.82 | \$ 0.71 | \$ 1.83 | \$ 1.56 |
| Basic weighted average shares outstanding | | | | |
| | 66,479 | 71,067 | 66,661 | 72,511 |
| Diluted weighted average shares outstanding | | | | |
| | 68,342 | 73,341 | 68,591 | 74,873 |
| Other comprehensive income (loss), net of tax: | | | | |
| Foreign currency translation adjustment (b) | \$ (1,108) | \$ — | \$ (1,862) | \$ — |
| Other comprehensive loss | (1,108) | — | (1,862) | — |
| Comprehensive income | \$ 55,155 | \$ 51,951 | \$ 123,357 | \$ 116,992 |

(a) Franchise and other revenues primarily includes royalties, development fees and franchise fees, banquet service charge income, and gift card activity (breakage and discounts).

(b) The company's Canadian operation uses the Canadian dollar as its functional currency. The foreign currency translation adjustment included in the company's comprehensive income represents the unrealized impact of translating the financial statements of the Canadian entity to U.S. dollars. This amount is not included in net income and would only be realized upon disposition of the business.

(c) Other gains and charges include:

| | Thirteen Week Periods Ended | | Thirty-Nine Week Periods Ended | |
|----------------------------------|-----------------------------|-----------------|--------------------------------|-----------------|
| | March 26, 2014 | March 27, 2013 | March 26, 2014 | March 27, 2013 |
| Restaurant impairment charges | \$ — | \$ — | \$ 1,285 | \$ 661 |
| Restaurant closure charges | 1,224 | 305 | 2,330 | 2,887 |
| Severance and other benefits | 717 | 1,269 | 1,110 | 1,269 |
| Gains on the sale of assets, net | — | (81) | (579) | (2,430) |
| Other | 147 | 57 | 169 | (160) |
| | <u>\$ 2,088</u> | <u>\$ 1,550</u> | <u>\$ 4,315</u> | <u>\$ 2,227</u> |

BRINKER INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

| | <u>March 26, 2014</u> | <u>June 26, 2013</u> |
|---|-----------------------|----------------------|
| ASSETS | | |
| Current assets | \$ 195,156 | \$ 198,591 |
| Net property and equipment (a) | 1,037,409 | 1,035,815 |
| Total other assets | 217,513 | 218,197 |
| Total assets | <u>\$ 1,450,078</u> | <u>\$ 1,452,603</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current installments of long-term debt | \$ 27,810 | \$ 27,596 |
| Current liabilities | 388,484 | 362,615 |
| Long-term debt, less current installments | 817,259 | 780,121 |
| Other liabilities | 128,419 | 132,914 |
| Total shareholders' equity | 88,106 | 149,357 |
| Total liabilities and shareholders' equity | <u>\$ 1,450,078</u> | <u>\$ 1,452,603</u> |

(a) At March 26, 2014, the company owned the land and buildings for 190 of the 880 company-owned restaurants. The net book values of the land and buildings associated with these restaurants totaled \$142.9 million and \$118.2 million, respectively.

BRINKER INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

| | Thirty-Nine Week Periods Ended | |
|--|--------------------------------|------------------|
| | March 26, 2014 | March 27, 2013 |
| Cash Flows From Operating Activities: | | |
| Net income | \$ 125,219 | \$ 116,992 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 100,912 | 98,830 |
| Stock-based compensation | 12,990 | 12,909 |
| Restructure charges and other impairments | 3,836 | 3,792 |
| Net loss on disposal of assets | 3,208 | 1,115 |
| Changes in assets and liabilities | 30,935 | (11,002) |
| Net cash provided by operating activities | <u>277,100</u> | <u>222,636</u> |
| Cash Flows from Investing Activities: | | |
| Payments for property and equipment | (113,980) | (98,690) |
| Proceeds from sale of assets | 833 | 6,535 |
| Net cash used in investing activities | <u>(113,147)</u> | <u>(92,155)</u> |
| Cash Flows from Financing Activities: | | |
| Purchases of treasury stock | (191,811) | (191,799) |
| Borrowings on revolving credit facility | 98,000 | 110,000 |
| Payments on revolving credit facility | (40,000) | — |
| Payments of dividends | (47,556) | (42,161) |
| Excess tax benefits from stock-based compensation | 17,972 | 7,811 |
| Payments on long-term debt | (19,890) | (19,785) |
| Proceeds from issuances of treasury stock | 24,574 | 32,042 |
| Net cash used in financing activities | <u>(158,711)</u> | <u>(103,892)</u> |
| Net change in cash and cash equivalents | 5,242 | 26,589 |
| Cash and cash equivalents at beginning of period | 59,367 | 59,103 |
| Cash and cash equivalents at end of period | <u>\$ 64,609</u> | <u>\$ 85,692</u> |

**BRINKER INTERNATIONAL, INC.
RESTAURANT SUMMARY**

| | Third Quarter Openings Fiscal 2014 | Total Restaurants March 26, 2014 | Projected Openings Fiscal 2014 |
|-----------------------------------|--|-------------------------------------|--------------------------------|
| Company-Owned Restaurants: | | | |
| Chili's Domestic | 2 | 823 | 6-8 |
| Chili's International | — | 12 | 2-4 |
| Maggiano's | — | 45 | 1-2 |
| | 2 | 880 | 9-14 |
| Franchise Restaurants: | | | |
| Chili's Domestic | — | 441 | 3 |
| Chili's International | 10 | 287 | 31-33 |
| | 10 | 728 | 34-36 |
| Total Restaurants: | | | |
| Chili's Domestic | 2 | 1,264 | 9-11 |
| Chili's International | 10 | 299 | 33-37 |
| Maggiano's | — | 45 | 1-2 |
| | 12 | 1,608 | 43-50 |

FOR ADDITIONAL INFORMATION, CONTACT:

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