

Bloomin' Brands, Inc.
Form 10-Q
May 08, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark
One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended April 1, 2018
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-35625

BLOOMIN' BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware

20-8023465

(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

2202 North West Shore Boulevard, Suite 500, Tampa, Florida 33607

(Address of principal executive offices) (Zip Code)

(813) 282-1225

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 x NO o

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 x NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer o Non-accelerated filer o (Do not check if a smaller reporting company)
Smaller reporting company o Emerging growth company o

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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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of May 3, 2018, 92,830,371 shares of common stock of the registrant were outstanding.

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BLOOMIN' BRANDS, INC.

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 For the Quarterly Period Ended April 1, 2018
 (Unaudited)

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BLOOMIN' BRANDS, INC.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA, UNAUDITED)

	APRIL 1, 2018	DECEMBER 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$105,840	\$ 128,263
Current portion of restricted cash and cash equivalents	—	1,280
Inventories	50,182	51,264
Other current assets, net	115,269	179,402
Total current assets	271,291	360,209
Property, fixtures and equipment, net	1,166,960	1,173,414
Goodwill	310,824	310,234
Intangible assets, net	519,147	522,290
Deferred income tax assets, net	58,427	60,486
Other assets, net	127,619	135,261
Total assets	\$2,454,268	\$ 2,561,894
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$172,310	\$ 185,461
Accrued and other current liabilities	233,719	270,840
Unearned revenue	235,731	330,756
Current portion of long-term debt	25,620	26,335
Total current liabilities	667,380	813,392
Deferred rent	162,497	160,047
Deferred income tax liabilities	17,159	16,926
Long-term debt, net	1,116,570	1,091,769
Deferred gain on sale-leaseback transactions, net	185,017	188,086
Other long-term liabilities, net	197,210	210,443
Total liabilities	2,345,833	2,480,663
Commitments and contingencies (Note 13)		
Stockholders' Equity		
Bloomin' Brands Stockholders' Equity		
Preferred stock, \$0.01 par value, 25,000,000 shares authorized; no shares issued and outstanding as of April 1, 2018 and December 31, 2017	—	—
Common stock, \$0.01 par value, 475,000,000 shares authorized; 91,415,604 and 91,912,546 shares issued and outstanding as of April 1, 2018 and December 31, 2017, respectively	914	919
Additional paid-in capital	1,092,147	1,081,813
Accumulated deficit	(898,768)	(913,191)
Accumulated other comprehensive loss	(96,636)	(99,199)
Total Bloomin' Brands stockholders' equity	97,657	70,342
Noncontrolling interests	10,778	10,889
Total stockholders' equity	108,435	81,231

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Total liabilities and stockholders' equity	\$2,454,268	\$ 2,561,894
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The accompanying notes are an integral part of these consolidated financial statements.

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BLOOMIN' BRANDS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA, UNAUDITED)

	THIRTEEN WEEKS ENDED	
	APRIL 1, 2018	MARCH 26, 2017
Revenues		
Restaurant sales	\$1,099,003	\$1,143,831
Franchise and other revenues	17,462	10,880
Total revenues	1,116,465	1,154,711
Costs and expenses		
Cost of sales	352,132	364,748
Labor and other related	311,062	324,398
Other restaurant operating	253,345	251,124
Depreciation and amortization	50,120	46,590
General and administrative	68,696	71,941
Provision for impaired assets and restaurant closings	2,739	19,076
Total costs and expenses	1,038,094	1,077,877
Income from operations	78,371	76,834
Other income (expense), net	1	(51)
Interest expense, net	(10,310)	(9,141)
Income before provision for income taxes	68,062	67,642
Provision for income taxes	1,925	18,004
Net income	66,137	49,638
Less: net income attributable to noncontrolling interests	739	1,013
Net income attributable to Bloomin' Brands	\$65,398	\$48,625
Net income	\$66,137	\$49,638
Other comprehensive income:		
Foreign currency translation adjustment, net of tax	1,349	20,489
Unrealized gain on derivatives, net of tax	888	101
Reclassification of adjustment for loss on derivatives included in Net income, net of tax	308	784
Comprehensive income	68,682	71,012
Less: comprehensive income attributable to noncontrolling interests	721	925
Comprehensive income attributable to Bloomin' Brands	\$67,961	\$70,087
Earnings per share:		
Basic	\$0.71	\$0.47
Diluted	\$0.68	\$0.46
Weighted average common shares outstanding:		
Basic	92,268	103,074
Diluted	95,782	106,413
Cash dividends declared per common share	\$0.09	\$0.08

The accompanying notes are an integral part of these consolidated financial statements.

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BLOOMIN' BRANDS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT PER SHARE DATA, UNAUDITED)

	BLOOMIN' BRANDS, INC.						
	COMMON STOCK SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUM-ULATED DEFICIT	OTHER ACCUMULATED COMPREHENSIVE LOSS	NON-CONTROLLING INTERESTS	TOTAL
Balance, December 31, 2017	91,913	\$ 919	\$ 1,081,813	\$ (913,191)	\$ (99,199)	\$ 10,889	\$ 81,231
Net income	—	—	—	65,398	—	818	66,216
Other comprehensive income (loss), net of tax	—	—	—	—	2,563	(18)	2,545
Cash dividends declared, \$0.09 per common share	—	—	(8,371)	—	—	—	(8,371)
Repurchase and retirement of common stock	(2,116)	(21)	—	(50,975)	—	—	(50,996)
Stock-based compensation	—	—	5,121	—	—	—	5,121
Common stock issued under stock plans (1)	1,619	16	13,663	—	—	—	13,679
Change in the redemption value of redeemable interests	—	—	(79)	—	—	—	(79)
Distributions to noncontrolling interests	—	—	—	—	—	(1,069)	(1,069)
Contributions from noncontrolling interests	—	—	—	—	—	158	158
Balance, April 1, 2018	91,416	\$ 914	\$ 1,092,147	\$ (898,768)	\$ (96,636)	\$ 10,778	\$ 108,435

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BLOOMIN' BRANDS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT PER SHARE DATA, UNAUDITED)

	BLOOMIN' BRANDS, INC.						
	COMMON STOCK SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUM-ULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	NON- CONTROLLING INTERESTS	TOTAL
Balance, December 25, 2016	103,922	\$ 1,039	\$ 1,079,583	\$ (756,070) \$ (111,143) \$ 12,654	\$ 226,063
Net income	—	—	—	48,625	—	1,068	49,693
Other comprehensive income (loss), net of tax	—	—	—	—	21,462	(93) 21,369
Cash dividends declared, \$0.08 per common share	—	—	(8,254) —	—	—	(8,254)