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Reorg Credit Intelligence – 9/6/2021

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**Payoff of Brinker International's 2023 Unsecured Notes
Will Trigger Springing Liens on Additional Collateral Under New Revolver,
Create Additional Secured Debt Capacity Under 2024 Notes**

Chart

Brinker International

	6/30/21		PF	9/1/21				EBITDA Multiple	
(in $ millions)	Principal	Adj.	Amount	Price [1]	Mkt. Val.	Maturity	Rate	Book	Market
Capitalization									
$1B Old Revolver [2]	$171	($171)	-		-	Terminated	Terminated		
$800mm New Revolver	-	171	171		171	8/18/26	L+150-225		
Finance Leases	121	-	121		121	Varies			
Total Secured Debt	**$293**	-	**$293**		**$293**			**0.80x**	**0.80x**
3.875% Senior Notes due 2023 [3]	300	-	300	103	310	5/15/23	3.875%		
5.000% Senior Notes due 2024 [4]	350	-	350	106	372	10/1/24	5.000%		
Total Debt	**$943**	-	**$943**		**$974**			**2.56x**	**2.65x**
Less: Cash and Equivalents	24	-	24		24				
Net Debt	**$919**	-	**$919**		**$950**			**2.50x**	**2.58x**
LTM EBITDA [5]	$368	-	$368						
Liquidity									
Revolving Commitments	$1,000	($200)	$800						
Less: Borrowings	171	-	171						
Less: Letters of Credit [6]	-	-	-						
Availability	**$829**	**($200)**	**$629**						
Cash and Equivalents	24	-	24						
Total Liquidity	**$853**	**($200)**	**$653**						

Financial Data	
LTM Cash from Operations	$370
LTM Capital Expenditures	$94
LTM Free Cash Flow	$276
LTM Interest Expense	$56
Interest Coverage	6.55x
Secured Net Leverage	0.73x
Total Net Leverage [7]	2.5x

(1) Pricing according to Solve Advisors
(2) On 8/18/21, the company entered into a new $800mm secured revolving credit facility agented by JPMorgan Chase Bank, which replaced the company's old $1B revolving credit facility previously agented by Bank of America.
(3) Redeemable at T+35bps Make-Whole through maturity.
(4) Redeemable at T+50bps Make-Whole until 7/1/24.
(5) Disclosed by management on FY21 earnings call.
(6) Company-reported availability of $828.7mm does not reflect $6.8mm of outstanding standby letters of credit, so we assume those letters of credit were issued separately from the revolver.
(7) On its earnings call for FY ended 6/30/21, the company disclosed "total funded debt leverage" of 2.5x and "lease adjusted leverage" of 3.6x. Lease-adjusted leverage was used for covenant compliance purposes under the old revolver but is not used under the new revolver.

In August 2021, Brink International replaced its $1 billion revolver (the "Old Revolver"), which would have matured Dec. 12, 2022, with a new $800 million revolver maturing Aug. 18, 2026 (the "New Revolver"). Unlike the Old Revolver, the New Revolver requires the company to pledge "Material Real Property" (defined as real property valued at $10 million or more) and certain equity and debt interests of its subsidiaries as collateral to secure the New Revolver once the company's 2023 senior notes are repaid. Read our Americas Covenants experts full analysis of the Brinker International tear sheet here.

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