March 17, 2024

NYSE: **EAT**

TheStreet Quant Ratings

BRINKER INTL INC

BUY						HOLD			SELL								
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-	F	HOLD	RATING SINCE 08/16/2018

Annual Dividend Rate	Annual Dividend Yield	Beta	Market Capitalization	52-Week Range	Price as of 3/14/2024
NA	**NA**	**2.46**	**$2.1 Billion**	**$28.23-$49.85**	**$47.52**

Sector: **Accommodation and Food Services** | Industry Group: **Restaurants and Other Eating Places**

EAT BUSINESS DESCRIPTION

Brinker International, Inc., together with its subsidiaries, engages in the ownership, development, operation, and franchising of casual dining restaurants in the United States and internationally. It operates and franchises Chili's Grill & Bar and Maggiano's Little Italy restaurant brands.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	12.21	34.92	-14.55

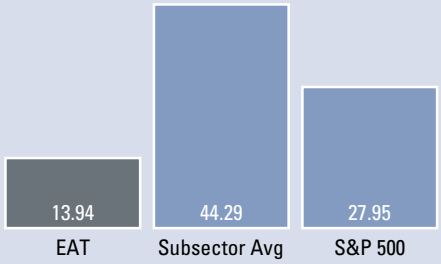
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	5.40	6.76	13.23
Net Income	50.89	106.97	229.76
EPS	51.61	107.92	224.28

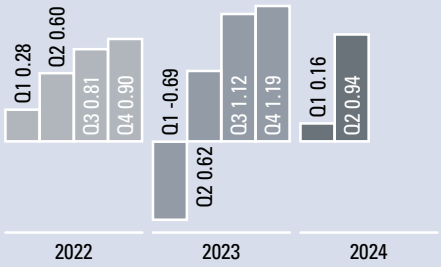
RETURN ON EQUITY (%)

	EAT	Subsector Avg	S&P 500
Q2 2024	NA	27.14	17.66
Q2 2023	NA	22.33	19.00
Q2 2022	NA	17.75	18.28

P/E COMPARISON

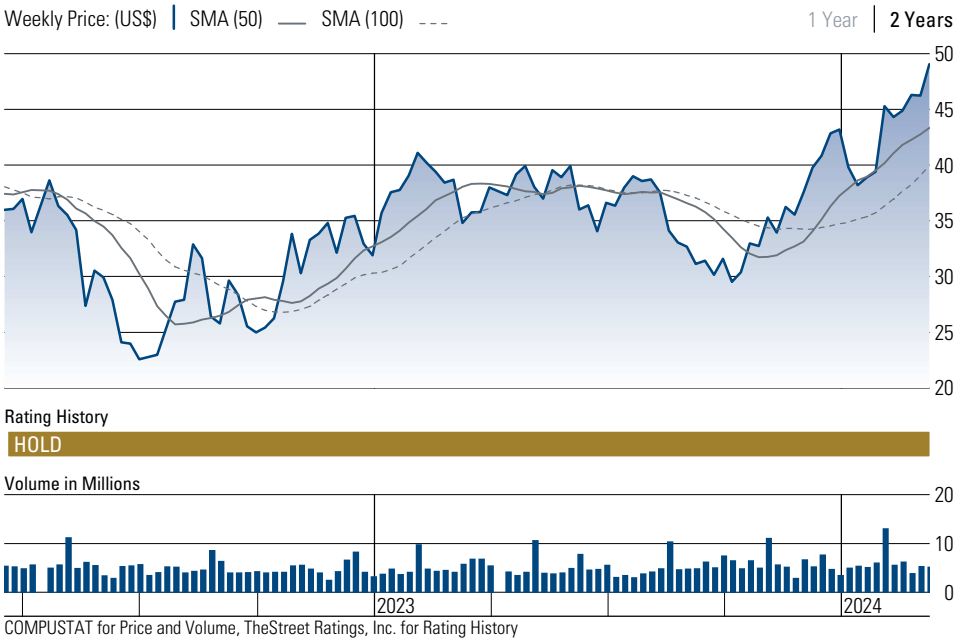


EPS ANALYSIS[1] ($)



NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate BRINKER INTL INC (EAT) a HOLD. The primary factors that have impacted our rating are mixed - some indicating strength, some showing weaknesses, with little evidence to justify the expectation of either a positive or negative performance for this stock relative to most other stocks. The company's strengths can be seen in multiple areas, such as its revenue growth, good cash flow from operations and solid stock price performance. However, as a counter to these strengths, we find that the company's profit margins have been poor overall.

HIGHLIGHTS

EAT's revenue growth has slightly outpaced the subsector average of 0.9%. Since the same quarter one year prior, revenues slightly increased by 5.4%. Growth in the company's revenue appears to have helped boost the earnings per share.

The strong earnings growth this company has enjoyed -- up -- has apparently played a role in driving up its share price by a solid 34.92%. In addition, the rise in the general market has likely contributed to this stock's strong performance during this past year.Regarding the stock's future course, our hold rating indicates that we do not recommend additional investment in this stock despite its gains in the past year.

BRINKER INTL INC reported significant earnings per share improvement in the most recent quarter compared to the same quarter a year ago. This company has reported somewhat volatile earnings recently. But, we feel it is poised for EPS growth in the coming year. During the past fiscal year, BRINKER INTL INC reported lower earnings of $2.24 versus $2.59 in the prior year. This year, the market expects an improvement in earnings ($3.65 versus $2.24).

The gross profit margin for BRINKER INTL INC is currently extremely low, coming in at 13.98%. Regardless of EAT's low profit margin, it has managed to increase from the same period last year. Despite the mixed results of the gross profit margin, EAT's net profit margin of 3.91% is significantly lower than the subsector average.

TheStreet Quant Ratings

BRINKER INTL INC

Sector: Accommodation and Food Services | Restaurants and Other Eating Places

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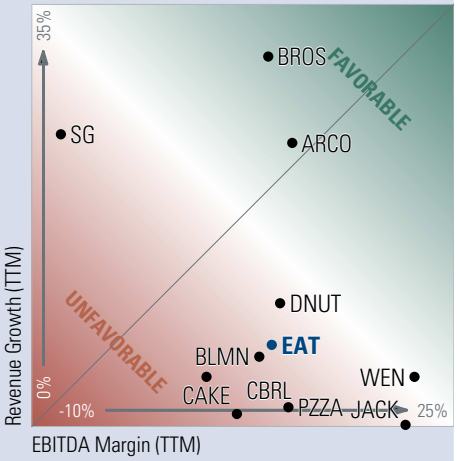
NA	**NA**	**2.46**	**$2.1 Billion**	**$28.23-$49.85**	**$47.52**

PEER GROUP ANALYSIS

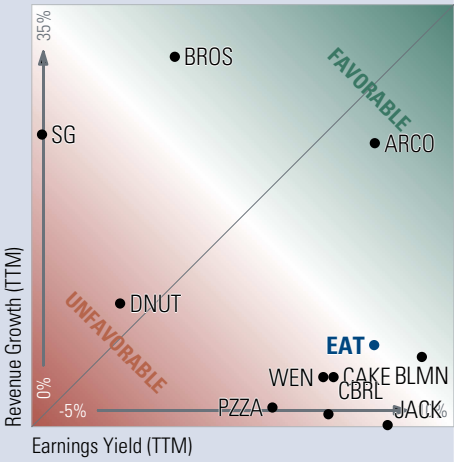
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between $1.5 Billion and $3.7 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between 0.1% and 30.7%. Companies with NA or NM values do not appear.

SUBSECTOR ANALYSIS

BRINKER INTL INC falls within the Accommodation and Food Services sector and the Restaurants and Other Eating Places industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Full-Service Restaurants .

TheStreet Quant Ratings is currently tracking 82 companies in the Accommodation and Food Services sector that total around $908 billion in market capitalization as well as $296 billion in annual sales.

The Food Services and Drinking Places subsector accounts for 61.8% of those revenues.

Industries in the Food Services and Drinking Places subsector prepare meals, snacks, and beverages to customer order for immediate on-premises and off-premises consumption. There is a wide range of establishments in these industries. Some provide food and drink only, while others provide various combinations of seating space, waiter/waitress services, and incidental amenities, such as limited entertainment. The industries in the subsector are grouped based on the type and level of services provided. The industry groups are Special Food Services, such as food service contractors, caterers, and mobile food services; Drinking Places (Alcoholic Beverages); and Restaurants and Other Eating Places. Food and beverage services at hotels and motels, amusement parks, theaters, casinos, country clubs, similar recreational facilities, and civic and social organizations are included in this subsector only if these services are provided by a separate establishment primarily engaged in providing food and beverage services.

PEER GROUP: Food Services and Drinking Places

Ticker	Company Name	Recent Price ($)	Market Cap ($M)	Price/ Earnings	Net Sales TTM ($M)	Net Income TTM ($M)
EAT	**BRINKER INTL INC**	**47.52**	**2,102**	**13.94**	**4,245.30**	**154.20**
WEN	WENDY'S CO	18.25	3,750	18.62	2,181.58	204.44
BLMN	BLOOMIN' BRANDS INC	28.51	2,482	11.27	4,671.47	247.39
BROS	DUTCH BROS INC	33.78	2,383	1,126.00	965.78	1.72
PZZA	PAPA JOHNS INTERNATIONAL INC	69.05	2,263	28.07	2,135.71	82.10
SG	SWEETGREEN INC	21.60	2,161	NM	584.04	-113.38
DNUT	KRISPY KREME INC	11.86	2,001	NM	1,686.10	-37.93
CAKE	CHEESECAKE FACTORY INC	35.96	1,838	17.46	3,439.50	101.35
ARCO	ARCOS DORADOS HOLDINGS INC	11.80	1,541	13.88	4,175.05	179.99
CBRL	CRACKER BARREL OLD CTRY STOR	67.56	1,500	18.02	3,428.66	83.42
JACK	JACK IN THE BOX INC	74.36	1,453	13.07	1,652.71	116.26

The peer group comparison is based on Major Food Services and Drinking Places companies of comparable size.

TheStreet Quant Ratings

Sector: Accommodation and Food Services | Restaurants and Other Eating Places

Annual Dividend Rate	Annual Dividend Yield	Beta	Market Capitalization	52-Week Range	Price as of 3/14/2024
NA	NA	2.46	$2.1 Billion	$28.23-$49.85	$47.52

COMPANY DESCRIPTION

Brinker International, Inc., together with its subsidiaries, engages in the ownership, development, operation, and franchising of casual dining restaurants in the United States and internationally. It operates and franchises Chili's Grill & Bar and Maggiano's Little Italy restaurant brands. The company also operates virtual brands, It's Just Wings. Brinker International, Inc. was founded in 1975 and is headquartered in Dallas, Texas.

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STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of EAT shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE	
Growth	5.0 out of 5 stars	★★★★★
Measures the growth of both the company's income statement and cash flow. On this factor, EAT has a growth score better than 90% of the stocks we rate.		weak / strong
Total Return	4.0 out of 5 stars	★★★★☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 70% of the companies we cover.		weak / strong
Efficiency	4.0 out of 5 stars	★★★★☆
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 70% of the companies we review.		weak / strong
Price volatility	3.5 out of 5 stars	★★★½☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 60% of the stocks we monitor.		weak / strong
Solvency	1.5 out of 5 stars	★½☆☆☆
Measures the solvency of the company based on several ratios. The company is more solvent than 20% of the companies we analyze.		weak / strong
Income	0.5 out of 5 stars	½☆☆☆☆
Measures dividend yield and payouts to shareholders. This company pays no dividends.		weak / strong

THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e.how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

TheStreet Quant Ratings

BRINKER INTL INC

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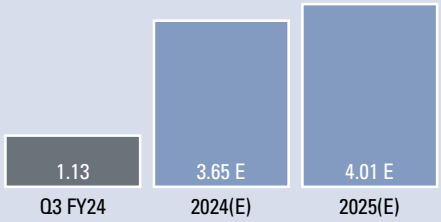
Consensus EPS Estimates[2] ($)
IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q2 FY24	Q2 FY23
Net Sales ($mil)	1,074.10	1,019.00
EBITDA ($mil)	106.70	87.50
EBIT ($mil)	65.40	45.70
Net Income ($mil)	42.10	27.90

BALANCE SHEET

	Q2 FY24	Q2 FY23
Cash & Equiv. ($mil)	22.70	14.70
Total Assets ($mil)	2,510.70	2,519.60
Total Debt ($mil)	2,092.30	2,284.00
Equity ($mil)	-109.50	-267.50

PROFITABILITY

	Q2 FY24	Q2 FY23
Gross Profit Margin	13.98%	12.42%
EBITDA Margin	9.93%	8.58%
Operating Margin	6.09%	4.48%
Sales Turnover	1.69	1.58
Return on Assets	6.14%	2.95%
Return on Equity	NA	NA

DEBT

	Q2 FY24	Q2 FY23
Current Ratio	0.36	0.41
Debt/Capital	1.06	1.13
Interest Expense	16.70	13.90
Interest Coverage	3.92	3.29

SHARE DATA

	Q2 FY24	Q2 FY23
Shares outstanding (mil)	44	44
Div / share	0.00	0.00
EPS	0.94	0.62
Book value / share	-2.48	-6.08
Institutional Own %	NA	NA
Avg Daily Volume	1,203,280	1,206,023

2 Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

FINANCIAL ANALYSIS

BRINKER INTL INC's gross profit margin for the second quarter of its fiscal year 2024 has increased when compared to the same period a year ago. The company managed to grow both sales and net income at a faster pace than the average competitor in its subsector this quarter as compared to the same quarter a year ago. BRINKER INTL INC has very weak liquidity. Currently, the Quick Ratio is 0.17 which clearly shows a lack of ability to cover short-term cash needs. The company's liquidity has decreased from the same period last year.

At the same time, stockholders' equity ("net worth") has greatly increased by 59.06% from the same quarter last year. The key liquidity measurements indicate that the company is in a position in which financial difficulties could develop in the near future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

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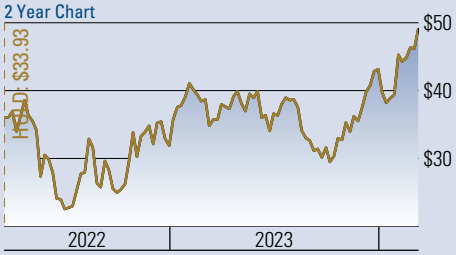
RATINGS HISTORY

Our rating for BRINKER INTL INC has not changed since 8/16/2018. As of 3/14/2024, the stock was trading at a price of $47.52 which is 4.7% below its 52-week high of $49.85 and 68.3% above its 52-week low of $28.23.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
3/14/22	$33.93	No Change	Hold	Hold

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/14/2024)

31.74% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

30.61% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

37.64% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

HOLD. BRINKER INTL INC's P/E ratio indicates a significant discount compared to an average of 44.29 for the Food Services and Drinking Places subsector and a significant discount compared to the S&P 500 average of 27.95. Normally, for additional comaprison, we would look at the price-to-book ratio; however, this company's price-to-book ratio is negative making the value useless for comparisons. The price-to-sales ratio is well below both the S&P 500 average and the subsector average, indicating a discount. After reviewing these and other key valuation criteria, BRINKER INTL INC proves to trade at a discount to investment alternatives.

Price/Earnings — 1 | 2 | 3 | 4 | **5** (premium … discount)

EAT 13.94 — **Peers 44.29**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- EAT is trading at a significant discount to its peers.

Price/CashFlow — 1 | 2 | 3 | 4 | **5** (premium … discount)

EAT 6.25 — **Peers 24.08**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- EAT is trading at a significant discount to its peers.

Price/Projected Earnings — 1 | 2 | 3 | 4 | **5** (premium … discount)

EAT 11.85 — **Peers 28.31**

- Discount. A lower price-to-projected earnings ratio than its peers can signify a less expensive stock or lower future growth expectations.
- EAT is trading at a significant discount to its peers.

Price to Earnings/Growth — 1 | 2 | 3 | 4 | **5** (premium … discount)

EAT 0.23 — **Peers 3.38**

- Discount. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- EAT trades at a significant discount to its peers.

Price/Book — 1 | 2 | 3 | 4 | 5 (premium … discount)

EAT NM — **Peers 13.92**

- Neutral. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- EAT's P/B is negative making this valuation measure meaningless.

Earnings Growth — 1 | 2 | 3 | 4 | **5** (lower … higher)

EAT 107.92 — **Peers 40.00**

- Higher. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- EAT is expected to have an earnings growth rate that significantly exceeds its peers.

Price/Sales — 1 | 2 | 3 | 4 | **5** (premium … discount)

EAT 0.49 — **Peers 5.79**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- EAT is trading at a significant discount to its subsector on this measurement.

Sales Growth — **1** | 2 | 3 | 4 | 5 (lower … higher)

EAT 6.76 — **Peers 10.97**

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- EAT significantly trails its peers on the basis of sales growth.

NAICS is the North American Industry Classification System which provides the Sector, Subsector, and Industry Group structure used in this report. As many companies are diversified, the companies may also operate in other industry segments than the one listed.