

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

PRANDIUM INC

CIK: **813856** | IRS No.: **330197361** | State of Incorpor.: **DE** | Fiscal Year End: **1227**
Type: **8-K** | Act: **34** | File No.: **033-14051** | Film No.: **1697422**
SIC: **5812** Eating places

Mailing Address
18831 VON KARMAN AVE
STE 400
IRVINE CA 92612

Business Address
18831 VON KARMAN AVE
IRVINE CA 92612
9497577900

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: July 31, 2001
(Date of earliest event reported)

Prandium, Inc.

(Exact name of Registrant as specified in its charter)

<TABLE>			
<S>		<C>	<C>
Delaware		33-14051	33-0197361
-----		-----	-----
(State of Incorporation)		(Commission File No.)	(IRS Employer Identification No.)
</TABLE>			

18831 Von Karman Avenue, Irvine, California 92612

(Address of principal executive offices, including zip code)

(949) 757-7900

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Item 5. Other Events

On August 2, 2001, the Registrant announced that it has elected not to pay the interest due August 1, 2001 on the Registrant's 9 3/4% Senior Notes due 2002 and 10 7/8% Senior Subordinated Discount Notes due 2004 (collectively, the "Prandium Notes"). Under the terms of the Prandium Notes, the Registrant's failure to pay interest within 30 days of the payment date will constitute a second Event of Default. As previously disclosed, there currently exists an Event of Default for the failure to make earlier interest payments on the Prandium Notes.

The Registrant also announced that FRI-MRD Corporation ("FRI"), a wholly-owned subsidiary of the Registrant, has elected not to pay the interest due July 31, 2001 on FRI's 15% Senior Discount Notes due January 24, 2002 and FRI's 14% Senior Secured Discount Notes due January 24, 2002 (collectively, the "FRI Notes"). Under the terms of the FRI Notes, FRI's failure to pay interest within 10 business days of the payment date will constitute a second Event of Default. As previously disclosed, there currently exists an Event of Default for the failure to make earlier interest payments on the FRI Notes.

The Registrant is currently negotiating with its creditors to reach

agreement on an acceptable capital restructuring of the Registrant and its subsidiaries. There can be no assurances that the Registrant will be able to successfully reach an agreement with its creditors or successfully resolve its capital structure. Under such circumstances, the Registrant's ability to continue to operate in the ordinary course may be materially adversely affected.

A copy of the press release with respect to the foregoing, among other things, is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(c) Exhibits

Exhibit	Description
99.1	Press Release issued by Prandium, Inc. on August 2, 2001.

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 hereunder duly authorized.

Dated: August 3, 2001

PRANDIUM, INC.

By: /s/ Robert T. Trebing, Jr.
Name: Robert T. Trebing, Jr.
Title: Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description
99.1	Press Release issued by Prandium, Inc. on August 2, 2001.

TO BUSINESS EDITOR:

Prandium, Inc. Reports Second Quarter Results

IRVINE, Calif., Aug. 2 /PRNewswire/ -- Prandium, Inc. (OTC Bulletin Board: PDIM) announced today the results for its second quarter ended July 1, 2001. Prandium's total sales in the second quarter of 2001 were \$74.5 million, compared to \$137.9 million in the second quarter of 2000. Sales were lower than second quarter 2000 due, in large part, to both Prandium's sale of the 95 unit El Torito Restaurant Division in June 2000 and the fact that Prandium operates 12 fewer restaurants in its other divisions in 2001. In the second quarter of 2001, Prandium lost 8 cents per share, or \$13.6 million, compared to a loss of 4 cents per share, or \$6.8 million, for the same quarter in 2000.

Prandium has elected not to pay the semi-annual interest payments due (i) July 31st on the 15% Senior Discount Notes maturing January 24, 2002 and 14% Senior Secured Discount Notes maturing January 24, 2002 of its subsidiary, FRI-MRD Corporation, and (ii) August 1st on its 9.75% Senior Notes maturing February 1, 2002 and 10.875% Senior Subordinated Discount Notes maturing February 1, 2004. Earlier this year, Prandium and FRI-MRD Corporation elected not to pay similar interest payments, due on or about February 1, 2001, resulting in the occurrence of "Events of Default" under these debt instruments. The occurrence of the "Events of Default" entitled the holders of the debt to certain rights, including the right to accelerate the debt. The Company is continuing to negotiate with certain creditors to determine an acceptable capital restructuring of Prandium and its subsidiaries. While there can be no assurances that the Company will be able to successfully negotiate with its creditors or successfully resolve its capital structure, completion of this process continues to be one of the Company's highest priorities in 2001.

Prandium(TM) operates a portfolio of full-service and fast-casual restaurants including Koo Koo Roo(R), Hamburger Hamlet(R), and Chi-Chi's(R) in the United States. Prandium, Inc. is headquartered in Irvine, California. To contact the company call (949) 757-7900, or the toll free investor information line at (888) 288-PRAN, or link to www.prandium.com. Address email to invest@prandium.com

This press release contains certain forward-looking statements and comments within the safe harbor provisions established under The Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results of Prandium, Inc., its subsidiaries, divisions and concepts to be materially different than those expressed or implied in such statements. These factors include, but are not limited to: the continuing development of successful marketing strategies for each of the Company's concepts; the effect of national and regional economic conditions; the ability of Prandium to satisfy its debt obligations; the Company's ability to successfully restructure its capital; the availability of adequate working capital; competitive products and pricing; changes in legislation; demographic changes; the ability to attract and retain qualified personnel; changes in business strategy or development plans; business disruptions; changes in consumer preferences, tastes and eating habits; and increases in food, labor and utility costs. These risk factors and others are discussed from time to time in the periodic reports and filings of Prandium, Inc. with the Securities and Exchange Commission, including but not limited to its Form 10-Ks and Form 10-Qs.

Prandium, Chi-Chi's, Koo Koo Roo and Hamburger Hamlet are registered trademarks or service marks of their respective holders.

PRANDIUM, INC. REPORTS 2001 SECOND QUARTER RESULTS

Prandium KEY FINANCIAL DATA SUMMARY
(\$ in millions, except per share amounts)

<TABLE>
<CAPTION>

	For Qtr. 2 Ended July 1, 2001	For Qtr. 2 Ended June 25, 2000	Qtr. 2 2001 vs. 2000 % change
<S>	<C>	<C>	<C>
Sales			
Total Prandium	\$ 74.5	\$ 137.9 (note 1)	-45.9%
Chi-Chi's Division	52.6	55.9	-5.9% (note 2)
Koo Koo Roo Division	20.6	22.1	-6.7% (note 3)
Other restaurants (note 4)	1.3	1.8	-27.2%
Percentage increase (decrease) in same store sales			
Chi-Chi's Division	(3.5%)	0.3%	-3.8% points
Koo Koo Roo Division	(6.0%)	(3.8%)	-2.2% points
Restaurants open			
Total Prandium	194	301 (note 1)	-35.5%
Chi-Chi's Division	139	143	-2.8%
Koo Koo Roo Division	52	57	-8.8%
Other restaurants (note 4)	3	6	-50.0%
Restaurant level cashflow			
Total Prandium	\$ 5.8	\$ 17.1 (note 1)	-66.3%
Chi-Chi's Division	3.7	3.9	-3.8%
Koo Koo Roo Division	2.0	2.7	-28.1%
Other restaurants (note 4)	0.1	0.1	-35.3%
EBITDA (note 5)			
Total Prandium	(\$0.1)	\$ 9.4 (note 1)	-100.8%
Chi-Chi's Division	0.5	0.6	-8.8%
Koo Koo Roo Division	0.5	1.2	-61.7%
Other restaurants (note 4)	(1.0)	(0.1)	-1,946.3%
Total company			
Operating income (loss)	(\$6.5)	\$ 1.9	-441.8%
Net loss	(13.6)	(6.8)	-99.8%
Net loss per share - basic and diluted	(0.08)	(0.04)	-75.0%

</TABLE>

Notes for preceding financial table:

Note 1: The quarter ended June 25, 2000 includes results of the 95 restaurants operated by the former El Torito division. The El Torito division was sold on June 28, 2000.

Note 2: Chi-Chi's at July 1, 2001 operated 4 fewer restaurants than at June 25, 2000.

Note 3: Koo Koo Roo at July 1, 2001 operated 5 fewer restaurants than at June 25, 2000.

Note 4: Other restaurants include Charley Brown's, Carrows, and Mesquite Beach locations.

Note 5: EBITDA is defined by the company as: earnings (loss) before opening costs, gain (loss) on disposition of properties, provisions for divestitures and write-down of long-lived assets, restructuring costs, interest, taxes, depreciation and amortization.

PRANDIUM, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(\$ in thousands)

<TABLE>

<CAPTION>

	July 1, 2001 (Unaudited)	December 31, 2000
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 32,128	\$ 53,505
Restricted cash	14,598	2,500

Receivables	2,207	2,075
Inventories	2,163	2,386
Other current assets	2,963	2,574
	-----	-----
Total current assets	54,059	63,040
Property and equipment, net	119,650	124,922
Costs in excess of net assets of business acquired, net	16,592	16,814
Other assets	11,813	15,736
	-----	-----
	\$ 202,114	\$ 220,512
	=====	=====

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Current portion of long-term debt, including capitalized lease obligations	\$ 235,065	\$ 2,060
Accounts payable	6,940	8,150
Current portion of self-insurance reserves	3,199	2,812
Other accrued liabilities	69,573	58,760
Income taxes payable	3,340	3,523
	-----	-----
Total current liabilities	318,117	75,305

Self-insurance reserves	4,911	5,298
Other long-term liabilities	2,863	3,590
Long-term debt, including capitalized lease obligations, less current portion	1,640	235,696

Commitments and contingencies

Stockholders' deficit:

Common stock - authorized 300,000,000 shares, par value \$.01 per share, 180,380,513 shares issued and outstanding on July 1, 2001 and on December 31, 2000	1,804	1,804
Additional paid-in capital	222,353	222,353
Accumulated deficit	(349,574)	(323,534)
	-----	-----
Total stockholders' deficit	(125,417)	(99,377)
	-----	-----
	\$ 202,114	\$ 220,512
	=====	=====

</TABLE>

PRANDIUM, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in thousands, except per share amounts)
(Unaudited)

<TABLE>

<CAPTION>

	For the Quarters Ended	
	July 1, 2001	June 25, 2000
<S>	<C>	<C>
Sales	\$ 74,528	\$ 137,855
	-----	-----
Product costs	19,846	36,274
Payroll and related costs	26,509	48,832
Occupancy and other operating expenses	22,402	35,637
Depreciation and amortization	3,900	6,950
General and administrative expenses	5,842	7,693
Opening costs	57	15
Loss on disposition of properties, net	369	566
Restructuring costs	2,057	--
	-----	-----

Total costs and expenses	80,982	135,967
Operating income (loss)	(6,454)	1,888
Interest expense, net	7,066	8,583
Loss before income tax provision	(13,520)	(6,695)
Income tax provision	107	127
Net loss	\$ (13,627)	\$ (6,822)
Net loss per share - basic and diluted	\$ (0.08)	\$ (0.04)
Weighted average shares outstanding - basic and diluted	180,380,513	180,380,513

</TABLE>

PRANDIUM, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in thousands, except per share amounts)
(Unaudited)

<TABLE>
<CAPTION>

	For the Quarters Ended	
	July 1, 2001	June 25, 2000
<S>	<C>	<C>
Sales	\$ 150,510	\$ 270,969
Product costs	40,307	70,354
Payroll and related costs	54,116	96,016
Occupancy and other operating expenses	44,790	70,696
Depreciation and amortization	8,077	14,050
General and administrative expenses	11,715	15,476
Opening costs	107	86
Loss on disposition of properties, net	771	454
Provision for divestitures	189	--
Restructuring costs	2,553	--
Total costs and expenses	162,625	267,132
Operating income (loss)	(12,115)	3,837
Interest expense, net	13,712	17,149
Loss before income tax provision	(25,827)	(13,312)
Income tax provision	213	254
Net loss	\$ (26,040)	\$ (13,566)
Net loss per share - basic and diluted	\$ (0.14)	\$ (0.08)
Weighted average shares outstanding - basic and diluted	180,380,513	180,380,513

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