

UNITED STATES
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 8, 2020

EL POLLO LOCO HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	001-36556	20-3563182
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3535 Harbor Blvd., Suite 100, Costa Mesa, California	92626
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (714) 599-5000

N/A

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

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	LOCO	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

Item 2.02 Results of Operations and Financial Condition

On April 8, 2020, El Pollo Loco Holdings, Inc. (the “Company” or “El Pollo Loco”) announced in a press release that system-wide comparable restaurant sales for the first quarter ended March 25, 2020 decreased 1.5% compared to the first quarter in 2019. Through February 28, 2020, system-wide and company-operated comparable restaurant sales increased 3.7% and 4.2%, respectively, compared to the same period a year ago, and included positive transaction growth.

The preliminary financial results for the Company’s first quarter ended March 25, 2020 included herein represent the most current information available to management. The Company’s actual results when reported by the Company may differ from these preliminary results as a result of the completion of the Company’s financial closing procedures, final adjustments, and review by the Company’s independent registered public accounting firm.

Item 7.01 Regulation FD Disclosure

The global coronavirus (COVID-19) pandemic has disrupted El Pollo Loco’s restaurant operations. On April 8, 2020, the Company issued a press release to provide an update on the impact of the pandemic on the Company’s business and operations. A copy of the press release is attached hereto as Exhibit 99.1.

Operational Update

In responding to the pandemic, the primary goal of the Company’s actions is to ensure the safety of its employees, franchisees and customers while continuing to provide a valued service to its communities during these unprecedented times.

The vast majority of El Pollo Loco restaurants are operating on a take-away, mobile pick-up and delivery basis only, as well as maintaining drive-thru operations where available, in light of the government-mandated closures to our dining rooms. Off-premise dining has historically accounted for approximately 78% of sales, including about 45% through our drive-thru windows and about 3% via delivery.

Given the uncertainty surrounding the depth and duration of the impact of COVID-19, the Company is withdrawing its guidance for fiscal 2020, issued on March 5, 2020. The Company plans to provide an update on its business and financial results on its First Quarter earnings call.

Below is a summary of other actions we are taking to enhance financial and operating flexibility for the Company and for our franchisees, and to protect our employees and customers:

- As a precautionary measure, the Company has bolstered its existing cash position by fully drawing down its \$150 million revolving credit facility, adding \$34.5 million of cash to its balance sheet.
- The Company has temporarily suspended all but essential capital spending and share repurchase activity, reevaluated essential support center G&A, and fine-tuned its restaurant labor model based on dining room closures and lower sales volumes.
- For our franchisees, we are deferring 50% of their April royalties as well as 100% of their 2020 remodel and new build requirements. We are also establishing a support team to assist franchisees in accessing funds and benefits provided by the CARES Act legislation.
- For our employees, we continue to implement actions to help protect them from the coronavirus while working in our restaurants; we are providing extended sick leave benefits to employees impacted by COVID-19 and we have granted two weeks paid leave for employees who are 65 or older.
- We have quickly shifted our marketing to highlight our free delivery program; our Family Meals as a healthier and affordable option; and our meaningful value platform.
- To date, the Company has not experienced any significant supply chain issues.

The information in this Item 7.01, including the Exhibit 99.1 furnished under Item 9.01, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section. Furthermore, the information in this Item 7.01, including the Exhibit 99.1 furnished

under Item 9.01, shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act of 1933 or the Exchange Act.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
99.1	Press Release Dated April 8, 2020 from El Pollo Loco Holdings, Inc.

SIGNATURES

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.

Date: April 8, 2020 EL POLLO LOCO HOLDINGS, INC.

/s/ Laurance Roberts
Laurance Roberts
Chief Financial Officer



El Pollo Loco Holdings, Inc. Provides Business Update in Light of COVID-19 Pandemic

COSTA MESA, CA – April 8, 2020 – El Pollo Loco Holdings, Inc. (Nasdaq: LOCO) (the “Company”) today provided a business update and announced a series of actions the Company is taking to navigate the COVID-19 global pandemic. The primary goal of the Company’s actions is to ensure the safety of its employees, franchisees and customers while continuing to provide a valued service to its communities during these unprecedented times.

System-wide comparable restaurant sales for the first quarter ended March 25, 2020 decreased 1.5%. Through the end of February, system-wide and company-operated comparable restaurant sales increased 3.7% and 4.2%, respectively, and included positive transaction growth.

The vast majority of El Pollo Loco restaurants are operating on a take-away, mobile pick-up and delivery basis only, as well as maintaining drive-thru operations where available, in light of the government-mandated closures to our dining rooms. Off-premise dining has historically accounted for approximately 78% of sales, including about 45% through our drive thru windows and about 3% via delivery.

“El Pollo Loco remains a people-first company, and as such, the health, safety and wellbeing of our employees, franchisees, customers, and communities remains our top priority,” stated Bernard Acoca, President and Chief Executive Officer of El Pollo Loco. “We are committed to helping our people and partners take care of themselves, their families, and each other during these challenging times. For our franchisees, we are deferring 50% of their April royalties as well as 100% of their 2020 remodel and new build requirements. We are also establishing a support team to assist franchisees in accessing funds and benefits provided by the CARES Act legislation. For our employees, we continue to implement actions to help protect them from the coronavirus while working in our restaurants; we are providing extended sick leave benefits to employees impacted by COVID-19 and we have granted two weeks paid leave for employees who are 65 or older.”

Acoca continued, “Given the magnitude of the impact that the coronavirus has had on the economy to date, we have quickly shifted our marketing to highlight our **free delivery, for however long is necessary** program with Postmates; our Family Meals as a healthier and affordable option; and our meaningful value platform through our \$5 Fire-Grilled Combos. Following these tactical shifts, we remain optimistic that we can grow sales from current levels. Furthermore, we are confident that the actions we are taking position us well for the economic recovery.”

Additional COVID-19 Commentary

- As a precautionary measure the Company has enhanced its existing cash position by fully drawing down its \$150 million revolving credit facility, adding \$34.5 million of cash to its balance sheet.
- The Company has temporarily suspended all but essential capital spending and share repurchase activity, reevaluated essential support center G&A, and fine-tuned its restaurant labor model based on dining room closures and lower sales volumes.
- To date, the Company has not experienced any significant supply chain issues.
- Given the uncertainty surrounding the depth and duration of the impact of COVID-19, the Company is withdrawing its guidance for fiscal 2020, issued on March 5, 2020. The Company plans to provide an update on its business and financial results on its First Quarter earnings call.

About El Pollo Loco

El Pollo Loco (Nasdaq:LOCO) is the nation's leading fire-grilled chicken restaurant chain renowned for its masterfully citrus-marinated, fire-grilled chicken and handcrafted entrees using fresh ingredients inspired by Mexican recipes. With more than 480 company-owned and franchised restaurants in Arizona, California, Nevada, Texas, Utah and Louisiana, El Pollo Loco is expanding its presence in key markets through a combination of company and existing and new franchisee development. Visit us on our website at ElPolloLoco.com.

Forward-Looking Statements

This press release contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this press release are forward-looking statements. Forward-looking statements discuss our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements because they do not relate strictly to historical or current facts. These statements may include words such as "aim," "anticipate," "believe," "estimate," "expect," "forecast," "outlook," "potential," "project," "projection," "plan," "intend," "seek," "may," "could," "would," "will," "should," "can," "can have," "likely," the negatives thereof and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. They appear in a number of places throughout this press release and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, sales levels, liquidity, prospects, growth, strategies and the industry in which we operate and our outlook as the economy recovers and for fiscal 2020. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those that we expected.

Further, the preliminary financial results for the company's first fiscal quarter ended March 25, 2020 included in this press release represent the most current information available to management. The company's actual results when reported by the Company may differ from these preliminary results as a result of the completion of the Company's financial closing procedures, final adjustments, and review by the Company's independent registered public accounting firm.

While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-

looking statements made in this press release in the context of the risks and uncertainties that could cause outcomes to differ materially from our expectations. These factors include, but are not limited to: the impact of the coronavirus on our company, our employees, our customers, our partners, our industry and the economy as a whole, our franchisees ability to maintain operations in their individual restaurants, our ability to open new restaurants in existing and new markets and to expand our franchise system, including difficulty in finding sites and in negotiating acceptable leases; our ability to compete successfully and the intense competition in the restaurant industry; the adverse impact of economic conditions on our (i) operating results and financial condition, (ii) ability to comply with the terms and covenants of our debt agreements, and (iii) ability to pay or refinance our existing debt or to obtain additional financing; vulnerability to changes in consumer preferences and economic conditions; political and social factors, including regarding trade, immigration and customer preferences; vulnerability to conditions in the greater Los Angeles area; vulnerability to natural disasters given the geographic concentration and real estate intensive nature of our business; increases in chicken and other input costs; our ability to recognize and respond to and effectively manage the impact of social media and our ability to expand our digital business, deliver orders and catering; delayed or canceled future restaurant openings; restaurant closures, due to financial performance or otherwise; and other risks set forth in our filings with the Securities and Exchange Commission from time to time, including under Item 1A, Risk Factors in our annual report on Form 10-K for the year ended December 25, 2019, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with the Securities and Exchange Commission. These filings are available online at www.sec.gov, at www.elpollo.com or upon request from El Pollo Loco.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences we anticipate or affect us or our operations in the ways that we expect. The forward-looking statements included in this press release are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

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