

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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): March 30, 2020**

Del Taco Restaurants, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36197
(Commission
File Number)

46-3340980
(IRS Employer
Identification No.)

**25521 Commercentre Drive
Lake Forest, CA 92630**
(Address of Principal executive offices, including Zip Code)

(949) 462-9300
(Registrant's telephone number, including area code)

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))
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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, \$0.001 par value per share	TACO	NASDAQ Capital Market
Warrants, each exercisable for one share of common stock	TACOW	NASDAQ Capital Market

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 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

As previously disclosed, Del Taco Restaurants, Inc. (the “Company,” “we,” or “our”) on September 19, 2019, amended its 2015 Senior Credit Facility by entering into the Fourth Amendment to the Senior Credit Facility (the “Senior Credit Facility”). The Senior Credit Facility includes a revolving credit agreement under which we can borrow up to \$250.0 million. The material terms of the Senior Credit Facility are described under “Note 7 - Debt, Obligations Under Finance Leases and Deemed Landlord Financing Liabilities” of the Notes to Consolidated Financial Statements for Del Taco Restaurants, Inc. which is included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed with the Securities and Exchange Commission on March 13, 2020, and which description is incorporated herein by reference.

As of December 31, 2019, the Company had a total of \$87.7 million of availability for additional borrowings under the Senior Credit Facility as the Company had \$145.0 million of outstanding borrowings and \$17.3 million of letters of credit outstanding which each reduce availability under the Senior Credit Facility.

On March 16, 2020 as a precautionary measure, we provided notice to the lenders under the Senior Credit Facility of our desire to borrow \$25.0 million available under the Senior Credit Facility, which amounts were deposited with us on March 16, 2020. Additionally, on March 30, 2020 as a precautionary measure, we provided an additional notice to the lenders under the Senior Credit Facility of our desire to borrow \$25.0 million available under the Senior Credit Facility, which amounts were deposited with us on April 1, 2020 such that a total of \$217.3 million is currently outstanding (including \$17.3 million of outstanding letters of credit). With the draw downs and existing cash, the Company currently has over \$56.0 million of cash on hand. As of the date of this Current Report on Form 8-K, we remain in compliance with all financial covenants set forth in the Senior Credit Facility.

The aforementioned borrowings under the Senior Credit Facility were a precautionary measure to bolster its cash position and enhance its financial flexibility given uncertain market and economic conditions as a result of the COVID-19 pandemic. The proceeds from these borrowings are being held on our balance sheet and may in the future be used for general corporate purposes, including, without limitation, working capital, capital expenditures in the ordinary course of business, or other lawful corporate purposes, all in accordance with and subject to the terms and conditions of the Senior Credit Facility.

Item 8.01 Other Events

On April 2, 2020, the Company issued a press release providing a business update related to the COVID-19 pandemic. A copy of the press release is attached as Exhibit 8.01 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
Exhibit 8.01	Press Release issued on April 2, 2020 providing a business update related to COVID-19

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DEL TACO RESTAURANTS, INC.

By: /s/ Steven L. Brake
Name: Steven L. Brake
Title: Executive Vice President and Chief Financial Officer

Date: April 2, 2020



For Immediate Release

Del Taco Restaurants, Inc. Provides Business Update Related to COVID-19 Increases Cash Reserves and Withdraws Fiscal Year 2020 Guidance

Lake Forest, CA. April 2, 2020 - Del Taco Restaurants, Inc. (“Del Taco” or the “Company”), (NASDAQ: TACO), the second largest Mexican-American quick service restaurant chain by units in the United States, today provided a business update related to the impact of COVID-19.

John D. Cappasola, Jr., President and Chief Executive Officer of Del Taco, commented, “The health and safety of our employees, franchisees and guests is a critical focus as we serve communities across the country through limited contact or contactless channels such as drive-thru, takeout and delivery. In doing so, we are truly grateful for our employees and franchisees who are doing an exceptional job providing great food and service during this time of uncertainty.”

Cappasola added, “In order to enhance our financial flexibility, we elected to draw down \$50.0 million on our revolving credit facility as a precautionary measure. We have also deferred planned non-essential capital expenditures and have adjusted our operating expenses in view of the current economic uncertainties. We believe that our actions have us well positioned for both the near term and when this crisis is firmly behind us.”

Business Update

Del Taco continues to closely monitor the COVID-19 pandemic with the health and safety of its employees, franchisees and guests in mind, while focusing on business continuity. The Company successfully transitioned its Restaurant Support Center into a virtual office on March 16, 2020 and is not currently experiencing any meaningful disruptions to its supply chain. Of Del Taco’s 597 system-wide restaurants, there are currently four temporary closures, including one company-operated restaurant.

Due to the COVID-19 pandemic, the Company has closed substantially all system-wide dining rooms and continues to operate through limited contact or contactless channels such as drive-thru, takeout and delivery. Historically, prior to the introduction of delivery, drive-thru and takeout represented more than 85% of Del Taco’s company-operated restaurant sales. On the recent fiscal fourth quarter 2019 earnings call the Company reported that delivery had grown to approximately 3% of company-operated restaurant sales following the late 2019 launch of its third delivery service provider. Last week, Del Taco entered into an agreement with its fourth delivery service provider, Uber Eats, which is expected to go live during the fiscal second quarter 2020.

Increased Cash Reserves

The Company has increased its cash position by drawing down \$50.0 million under its revolving credit facility. With the draw down and existing cash, the Company currently has over \$56.0 million in cash on hand. The increased borrowing was taken as a precautionary measure to bolster Del Taco’s cash position and enhance its financial flexibility as a result of the COVID-19 pandemic.

2020 Outlook

Due to the current unprecedented global market and economic conditions in the United States and around the world, the Company is withdrawing financial guidance for the fiscal year ending December 29, 2020. The Company plans to provide an update on the business during its fiscal first quarter 2020 earnings call, which has not yet been scheduled.

About Del Taco Restaurants, Inc.

Del Taco (NASDAQ: TACO) offers a unique variety of both Mexican and American favorites such as burritos and fries, prepared fresh in every restaurant's working kitchen with the value and convenience of a drive-thru. Del Taco's menu items taste better because they are made with quality ingredients like fresh grilled chicken and carne asada steak, hand-sliced avocado, hand-grated cheddar cheese, slow-cooked beans made from scratch, and creamy Queso Blanco. The brand's campaign further communicates Del Taco's commitment to providing guests with the best quality and value for their money through cooking, chopping, shredding and grilling menu items from scratch. Founded in 1964, today Del Taco serves more than three million guests each week at its approximately 600 restaurants across 15 states. For more information, visit www.deltaco.com.

Forward-Looking Statements

In addition to historical information, this release may contain a number of "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, information concerning Del Taco's possible or assumed future results of operations, business strategies, competitive position, industry environment, potential growth opportunities and the effects of regulation. These statements are based on Del Taco's management's current expectations and beliefs, as well as a number of assumptions concerning future events. When used in this press release, the words "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "target," "may," "will," "should," "future," "propose," "preliminary," "guidance," "on track" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. Such forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside Del Taco's management's control that could cause actual results to differ materially from the results discussed in the forward-looking statements. These risks include, without limitation, consumer demand, our inability to successfully open company-operated or franchised restaurants or establish new markets, competition in our markets, our inability to grow and manage growth profitably, adverse changes in food and supply costs, our inability to access additional capital, changes in applicable laws or regulations (including minimum wage regulations), food safety and foodborne illness concerns, the impact of the COVID-19 pandemic, our inability to manage existing and to obtain additional franchisees, our inability to successfully execute our portfolio optimization strategy, our inability to attract and retain qualified personnel, our inability to profitably expand into new markets, changes in, or the discontinuation of, the Company's repurchase program, and the possibility that we may be adversely affected by other economic, business, and/or competitive factors. Additional risks and uncertainties are identified and discussed in Del Taco's reports filed with the SEC, including under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2019, and available at the SEC's website at www.sec.gov and the Company's website at www.deltaco.com.

Forward-looking statements included in this release speak only as of the date of this release. Del Taco undertakes no obligation to update its forward-looking statements to reflect events or circumstances after the date of this release or otherwise.

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