



EARNINGS CALL

FISCAL 2021: THIRD QUARTER RESULTS
MARCH 25, 2021

Disclaimer/Non-GAAP Information

IMPORTANT NOTICE

The following slides are part of a presentation by Darden Restaurants, Inc. (the "Company") and are intended to be viewed as part of that presentation (the "Presentation"). No representation is made that the Presentation is complete.

Forward-looking statements in this communication regarding our expected earnings performance and all other statements that are not historical facts, including without limitation statements concerning our future economic performance, are made under the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Any forward-looking statements speak only as of the date on which such statements are first made, and we undertake no obligation to update such statements to reflect events or circumstances arising after such date. We wish to caution investors not to place undue reliance on any such forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties that could cause actual results to materially differ from those anticipated in the statements. The most significant of these uncertainties are described in Darden's Form 10-K, Form 10-Q and Form 8-K reports. These risks and uncertainties include the impacts of the novel coronavirus (COVID-19) pandemic on our business and the response of governments and of our Company to the outbreak, health concerns including food-related pandemics or outbreaks of flu or other viruses, technology failures including failure to maintain a secure cyber network, food safety and food-borne illness concerns, the inability to hire, train, reward and retain restaurant team members, a failure to develop and recruit effective leaders, risks relating to public policy changes and federal, state and local regulation of our business, litigation, unfavorable publicity, an inability or failure to manage the accelerated impact of social media, long-term and non-cancelable property leases, labor and insurance costs, failure to execute a business continuity plan following a disaster, intense competition, changing consumer preferences, failure to drive profitable sales growth, a lack of availability of suitable locations for new restaurants, higher-than-anticipated costs to open, close, relocate or remodel restaurants, a failure to execute innovative marketing tactics, a failure to address cost pressures, shortages or interruptions in the delivery of food and other products and services, adverse weather conditions and natural disasters, volatility in the market value of derivatives, volatility leading to the inability to hedge equity compensation market exposure, economic factors specific to the restaurant industry and general macroeconomic factors including interest rates, disruptions in the financial markets, risks of doing business with franchisees, licensees and vendors in foreign markets, failure to protect our intellectual property, impairment in the carrying value of our goodwill or other intangible assets, failure of our internal controls over financial reporting and other factors and uncertainties discussed from time to time in reports filed by Darden with the Securities and Exchange Commission.

The information in this communication includes financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"), such as adjusted diluted net earnings per share from continuing operations and EBITDA. The Company's management uses these non-GAAP measures in its analysis of the Company's performance. The Company believes that the presentation of certain non-GAAP measures provides useful supplemental information that is essential to a proper understanding of the operating results of the Company's businesses. These non-GAAP disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Reconciliations of these non-GAAP measures to the most comparable GAAP measures are included under "Additional Information" in this presentation.



A FULL-SERVICE RESTAURANT COMPANY WITH ...

1 MISSION

Be financially successful through great people consistently delivering outstanding food, drinks and service in an inviting atmosphere making every guest loyal.

4 COMPETITIVE ADVANTAGES

Significant
Scale



Extensive
Data & Insights



Rigorous
Strategic Planning



Results-
Oriented Culture

1 DRIVING PHILOSOPHY

BACK-TO-BASICS

Culinary
Innovation
& Execution



Attentive
Service



Engaging
Atmosphere



Integrated
Marketing

8 ICONIC BRANDS



Investing in Our People

Hourly Earnings Commitment



- **\$10/hour:** March 29
- **\$11/hour:** January 2022
- **\$12/hour:** January 2023

Previous Investment Highlights



- Paid Sick Leave
- COVID-19 Emergency Pay
- Benefits Premiums
- Paid Time Off for COVID-19 Vaccine

TOTAL INVESTMENT OF \$200 MILLION+ SINCE MARCH 2020

Ongoing Priorities

Health & Safety

Simplified Operations

Technology Deployments

Business Model Transformation

Health & Safety

Our Commitment to Each Other

WELCOME BACK!

The health and safety of our guests and team members has always been our first priority. While our dining rooms were closed, we took great care to continue serving you with our To Go offerings. As we welcome you back into our dining rooms, we remain committed to this promise. But we need your help.



WHAT YOU CAN EXPECT FROM US



Healthy Team Members
daily temperature checks



Clean Restaurants
tables disinfected after each visit



Social Distancing
reconfigured layouts



Protective Equipment
masks on every team member



Frequent Handwashing
hand sanitizers in every lobby

WHAT WE ASK OF YOU



Plan Ahead
with reservations or web-ahead seating



Do Not Congregate
in the lobby or bar



Give Fellow Guests Their Space
at least six feet



Wear a Mask
when not at your table



Utilize Mobile Pay
and table-top tablets where available

Together, we can keep each other healthy.

We value the trust you place in our restaurants every day, and we are committed to providing you with updates on how we are protecting our guests and team members. For more information, please visit Darden.com/our-company/our-commitment-to-you

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Olive Garden
ITALIAN KITCHEN

LONGHORN
STEAKHOUSE

Cheddar's
SCRATCH KITCHEN

Yard House

DARDEN
RESTAURANTS

THE CAPITAL
GRILL & BAR

Seasons 52
STEAK GRILL & WINE BAR

Bahama Breeze
ISLAND GRILLS

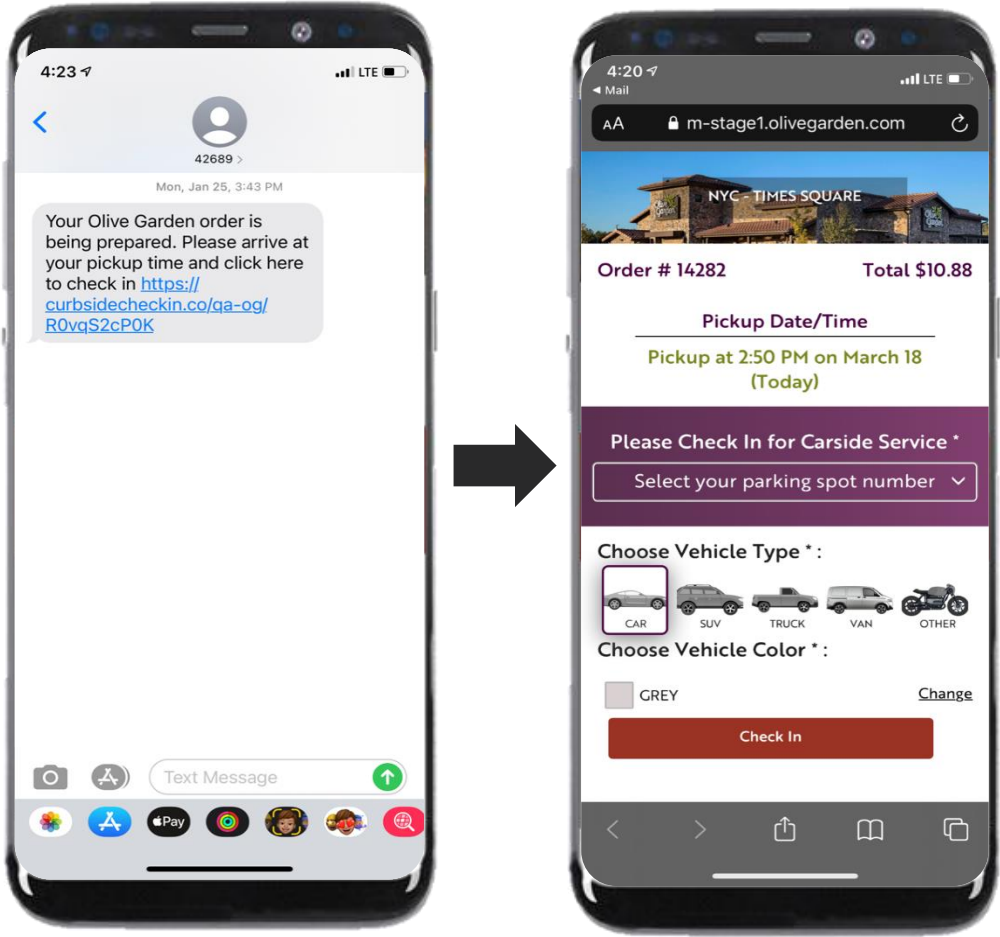
Eddie V's
PRIME SEAFOOD

Simplified Operations

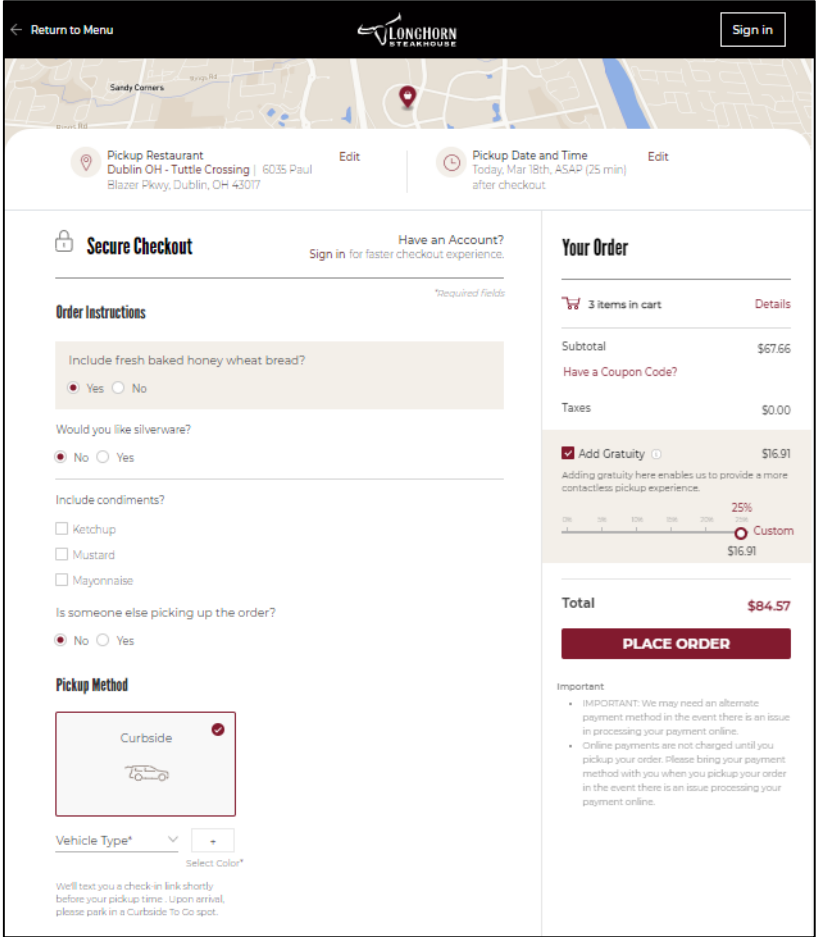


Technology Deployment

Curbside I'm Here



Web Site Enhancements



Business Model Transformations

Adjust Cost Structure

Re-Imagine Our Offerings

Investments in New Restaurants

Optimize Support Structure

Thank You to Our Team Members



Fiscal 2021 Third Quarter Financial Highlights



\$1.7 BILLION
TOTAL SALES

(26.1)%
TOTAL SALES GROWTH

(26.7)%
SAME-RESTAURANT SALES GROWTH

\$236 MILLION
EBITDA¹

\$0.98
DILUTED NET EPS FROM
CONTINUING OPERATIONS

¹ A reconciliation of Non-GAAP measures can be found in the Additional Information section of this presentation.



Margin Analysis

Fiscal Q3 2021						
	(\$ millions)	% of Sales	vs. Q3 2020 (bps)	Favorable/(Unfavorable)		
Sales	\$1,733.0					
Food and Beverage	\$499.4	28.8%	(80)			
Restaurant Labor	\$559.4	32.3%	(20)			
Restaurant Expenses	\$336.8	19.4%	(250)			
Marketing Expenses	\$19.2	1.1%	200			
Restaurant-Level EBITDA	\$318.2	18.4%	(150)			
General and Administrative Expenses	\$78.9	4.6%	(30)			
Depreciation and Amortization	\$88.2	5.1%	(140)			
Impairments and Disposal of Assets, Net	\$3.1	0.2%	(20)			
Operating Income	\$148.0	8.5%	(340)			
Interest Expense	\$15.2	0.9%	(30)			
Other (Income) Expense, Net	\$0.5	0.0%	0			
EBT	\$132.3	7.6%	(370)			
Income Tax Expense	\$3.1	0.2%	120			
Note: Effective Tax Rate	2.3%					
EAT	\$129.2	7.5%	(240)			

Excl. Team Member Bonus			
\$542.9	31.3%	80	

Excl. Legal Recovery and Mark to Market			
\$86.1	5.0%	(70)	

Note: Continuing operations, values may not foot due to rounding.

Mark to Market Reduced Operating Income Margin by 50 bps, Mostly Offset in Tax

Fiscal Q3 2021

	Reported		Mark to Market Impact	
	(\$ millions)	% of Sales	(\$ millions)	(bps)
Sales	\$1,733.0		Favorable / (Unfavorable)	
G&A	\$78.9	4.6%	(\$8.8)	(50)
Operating Income	\$148.0	8.5%	(\$8.8)	(50)
Income Tax Expense	\$3.1	0.2%	\$7.2	40
<i>Note: Effective Tax Rate</i>	2.3%		500 bps	
EAT	\$129.2	7.5%	(\$1.6)	(10)

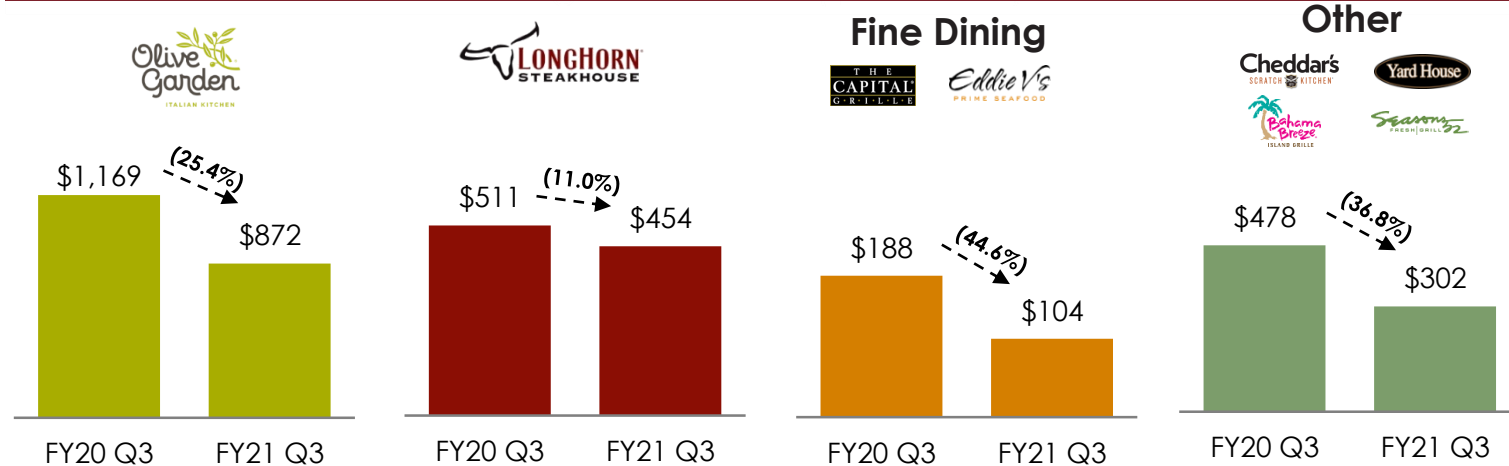
Note: Continuing operations, values may not foot due to rounding.

Third Quarter Normalized Effective Tax Rate of 12.1%

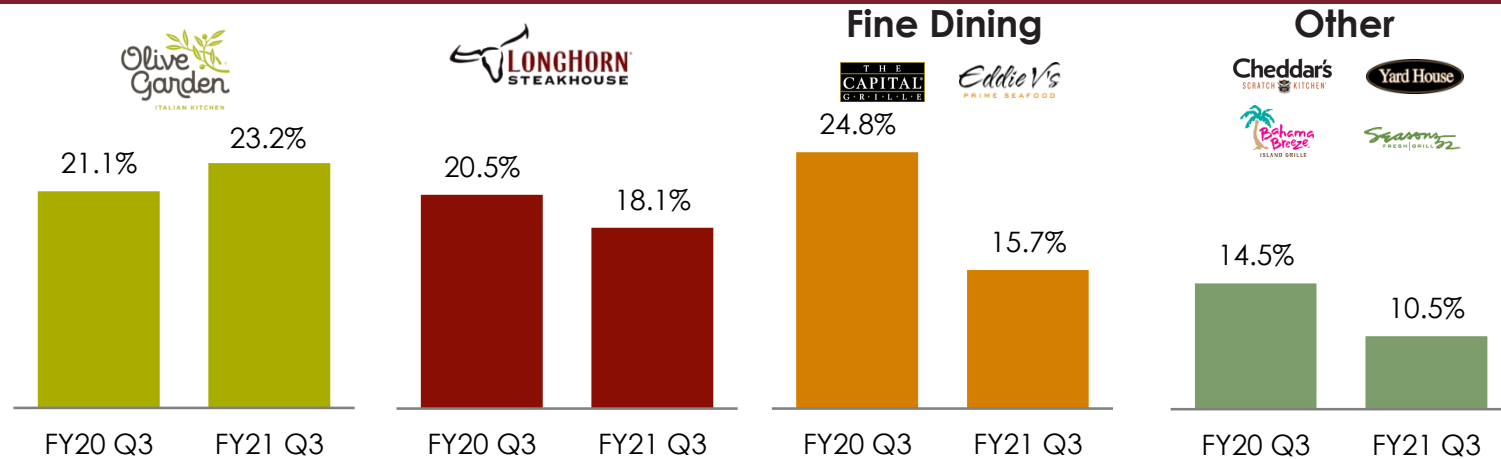
	EBT	Taxes	Tax Rate
Reported	\$132.3	\$3.1	2.3%
Mark to Market	\$8.8	\$7.2	
Stock Option Exercises		\$6.8	
Normalized	\$141.1	\$17.1	12.1%

Third Quarter Segment Performance

Segment Sales (\$ millions)



Segment Profit Margin¹



¹ Segment profit margin calculated as (sales less costs of food & beverage, restaurant labor, restaurant expenses and marketing expenses) / sales.

Strong Cash Flow

Fiscal 2021 Free Cash Flow

\$ in millions

	YTD	Q1	Q2	Q3
Net cash provided by operating activities of continuing operations	\$746.0	\$206.7	\$221.9	\$317.4
Less: Purchases of land, buildings and equipment	(177.3)	(42.2)	(66.0)	(69.1)
Less: Purchases of capitalized software and other assets	(10.6)	(3.7)	(2.9)	(4.0)
Free Cash Flow	\$558.1	\$160.8	\$153.0	\$244.3

Free Cash Flow = Net cash provided by operating activities less the purchases of land, buildings, equipment, capitalized software and other assets.



Business Update

Same-Restaurant Sales Compared to Fiscal 2019*

<u>Weeks Ended</u>	<u>2/28/2021</u>	<u>3/7/2021</u>	<u>3/14/2021</u>	<u>3/21/2021</u>
Darden	(15.9)%	(13.9)%	(11.1)%	5.4%
Olive Garden	(17.4)%	(15.3)%	(11.6)%	5.7%
LongHorn Steakhouse	(3.4)%	0.3%	3.8%	23.2%

* Comparison to fiscal 2019 due to impact of pandemic on fiscal 2020 sales.

% of Restaurants with at Least Limited Dining Room Capacity

<u>Weeks Ended</u>	<u>2/28/2021</u>	<u>3/7/2021</u>	<u>3/14/2021</u>	<u>3/21/2021</u>
Darden	94%	94%	95%	99%

To Go Sales as a Percentage of Total Sales

<u>Weeks Ended</u>	<u>2/28/2021</u>	<u>3/7/2021</u>	<u>3/14/2021</u>	<u>3/21/2021</u>
Olive Garden	37%	35%	35%	33%
LongHorn Steakhouse	21%	21%	21%	21%

Fiscal 2021 Fourth Quarter Outlook

Total Sales

Approximately \$2.1 billion

EBITDA

\$345 - \$360 million

Diluted share count

~132 million

Diluted Net Earnings Per Share

\$1.60 to \$1.70

Fiscal 2021 Annual CapEx

\$285 - \$295 million

Fiscal 2021 Annual Net New Restaurants

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Preliminary Fiscal 2022 Outlook

New Restaurants	~35
Capital Expenditures	\$350 to \$400 million
New Restaurants	\$150 - \$175 million
Maintenance/Refresh/Tech/Other	\$200 - \$225 million
Effective Tax Rate	12% to 13%



Additional Information

Commodities Outlook – Fourth Quarter Fiscal 2021

	Annual spend by category	Coverage	Mar-May FY2021
			Outlook
Beef	18%	85%	Low single digit inflation
Produce	14%	100%	Low single digit inflation
Dairy / Oil ¹	10%	75%	High single digit inflation
Seafood	9%	95%	Low single digit inflation
Chicken	7%	100%	Low single digit inflation
Wheat ²	7%	95%	Low single digit inflation
Non-Perishable / Other	35%	80%	Low single digit inflation
<i>Weighted average coverage</i>	<i>100%</i>	<i>85%</i>	

¹ Includes cheese, cream, butter, and shortening.

² Includes breadsticks and pasta.

EBITDA, Restaurant Labor, and G&A Reconciliations

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Reconciliation	
\$ in millions	Q3 2021
Reported Earnings from Continuing Operations	\$129.2
Interest, Net	15.2
Income Tax Expense	3.1
Depreciation and Amortization	88.2
EBITDA	\$235.7

Restaurant Labor Reconciliation		
	Q3 2021	
	\$ millions	% of Sales
Reported Restaurant Labor	\$559.4	32.3%
Team Member Bonus	16.5	1.0%
Adjusted Restaurant Labor	\$542.9	31.3%

G&A Reconciliation		
	Q3 2021	
	\$ millions	% of Sales
Reported G&A	\$78.9	4.6%
Legal Recovery	(16.0)	-0.9%
Mark to Market	8.8	0.5%
Adjusted G&A	\$86.1	5.0%

EBITDA Outlook to Net Earnings Reconciliation

Fiscal 2021 Fourth Quarter EBITDA Outlook Reconciliation

\$ in millions			
Net Earnings	\$211	to	\$223
Interest, Net	16		16
Income Tax Expense	28		31
Depreciation and Amortization	90		90
EBITDA	\$345	to	\$360