



EARNINGS CALL

FISCAL 2021: FIRST QUARTER RESULTS
September 24, 2020

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, EBITDA and adjusted 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.

First Quarter Priorities

Health & Safety of Team Members and Guests

Back-to-Basics Operating Philosophy

Technology Investments

Business Model Transformation

Health & Safety of Team Members and Guests

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](https://www.darden.com/our-company/our-commitment-to-you)

Installing Booth Partitions

4

Olive Garden

LONGHORN STEAKHOUSE

Cheddar's
BRUNCH KITCHEN

Yard House

DARDEN
RESTAURANTS

THE CAPITAL
GRILL & BAR

Seasons 52
STEAKHOUSE & WINE BAR

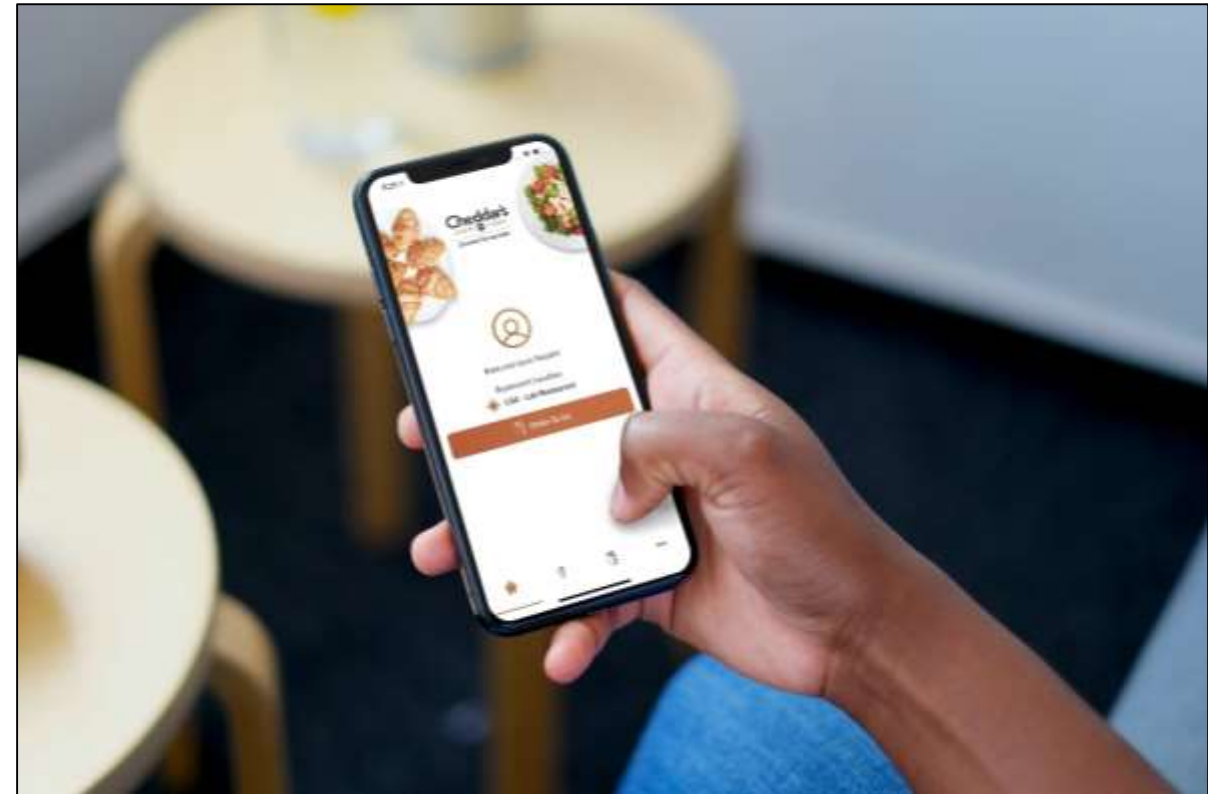
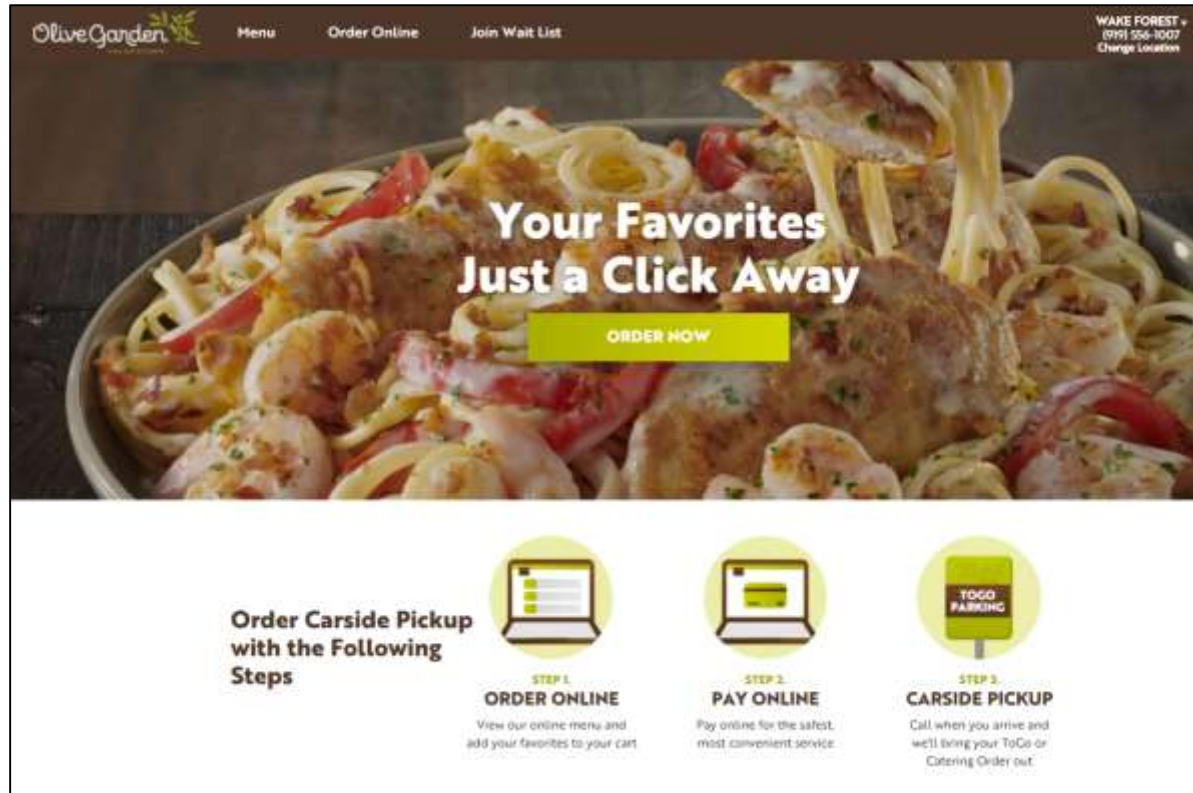
Isleham Breeze
ISLAND BRIDGE

Eddie V's
PRIME SEAFOOD

Back-to-Basics Operating Philosophy



Investing in Technology



Transforming Our Business Model

Adjust Cost Structure

Strong Cash Flows | Invest in the Business

Re-imagine Our Offerings

Simplified Menus | Food & Labor Efficiencies

Reduce Marketing Spend

Fewer Promotions and Incentives

Optimize Support Structure

G&A Efficiencies

First Quarter Operating Segment Highlights



(27.7)%
TOTAL SALES GROWTH

(28.2)%
SAME-RESTAURANT SALES
GROWTH

4
NET NEW RESTAURANTS
VS. LY

(220) BPS
SAME-RESTAURANT SALES
VS. INDUSTRY
BENCHMARK¹

¹ Industry excluding Olive Garden and LongHorn Steakhouse.

First Quarter Operating Segment Highlights



(16.3)%
TOTAL SALES GROWTH

(18.1)%
SAME-RESTAURANT SALES
GROWTH

10
NET NEW RESTAURANTS
VS. LY

790 BPS
SAME-RESTAURANT SALES
INDUSTRY
OUTPERFORMANCE¹

¹ Industry excluding Olive Garden and LongHorn Steakhouse.

First Quarter Operating Segment Highlights

Fine Dining



(38.9)%
TOTAL SALES GROWTH

(39.1)%
SAME-RESTAURANT SALES
GROWTH

Other Business



(38.9)%
TOTAL SALES GROWTH

(39.0)%
SAME-RESTAURANT SALES
GROWTH

Our Greatest Competitive Advantage



Fiscal 2021 First Quarter Highlights



\$1.5 BILLION
TOTAL SALES

(28.4)%
TOTAL SALES GROWTH¹

(29.0)%
SAME-RESTAURANT SALES GROWTH

\$185 MILLION
ADJUSTED EBITDA¹

+\$0.56
ADJUSTED DILUTED NET EPS FROM
CONTINUING OPERATIONS¹

¹ Values adjusted for special items. A reconciliation of reported to adjusted numbers can be found in the Additional Information section of this presentation.

Margin Analysis

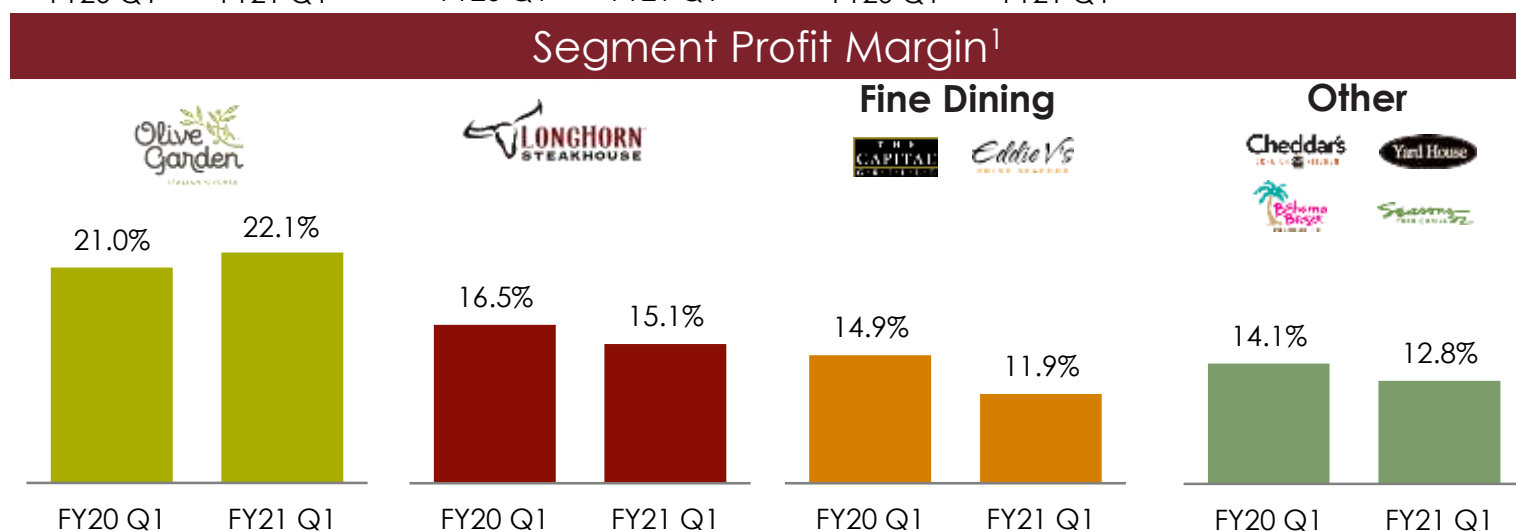
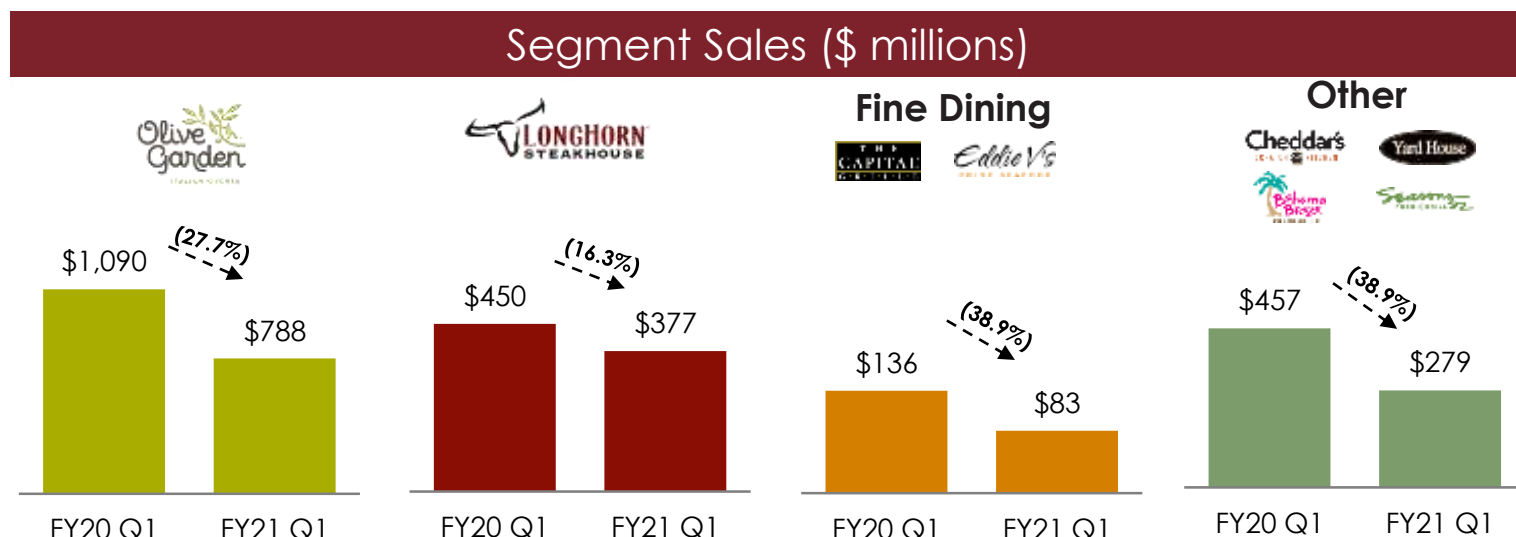
	As Reported	As Adjusted		
	Q1 2021 (\$ millions)	Q1 2021 (\$ millions)	Q1 2021 % of Sales	vs. Q1 2020 (bps) Favorable/(Unfavorable)
Sales	\$1,527.4	\$1,527.4		
Food and Beverage	\$434.5	\$434.5	28.4%	(20)
Restaurant Labor	\$500.7	\$500.7	32.8%	20
Restaurant Expenses	\$290.9	\$290.9	19.0%	(160)
Marketing Expenses	\$28.8	\$28.8	1.9%	130
Restaurant-Level EBITDA	\$272.5	\$272.5	17.8%	(20)
General and Administrative Expenses	\$128.3	\$87.8	5.7%	(120)
Depreciation and Amortization	\$87.6	\$87.6	5.7%	(170)
Operating Income	\$56.6	\$97.1	6.4%	(310)
Interest Expense	\$16.6	\$16.6	1.1%	(60)
Other (Income) Expense, Net	\$7.5	\$0.2	0.0%	0
EBT	\$32.5	\$80.3	5.3%	(370)
Income Tax Expense (Benefit)	(\$4.8)	\$7.2	0.5%	40
Note: Effective Tax Rate	-14.8%	9.0%		
EAT	\$37.3	\$73.1	4.8%	(330)

Note: Continuing operations, values may not foot due to rounding.
A reconciliation of reported to adjusted numbers can be found in the Additional Information section of this presentation

Early Retirement Incentive Program and Corporate Restructuring

- 11% net workforce reduction in restaurant support center and other operational leadership
- Recognized \$48 million of expense in Q1
 - \$10 million non-cash
 - Remainder will be cash outflows through fiscal 2022 Q2
- Annualized savings of \$25 to \$30 million
 - Approximately 3/4 of savings will be recognized in fiscal 2021

First Quarter Segment Performance



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

Same-Restaurant Sales Details

	Total Q1 SRS	Restaurants with at least limited Dining Room Capacity			
		Q1			Q2
		Average Weekly Sales	SRS	% of Rest	% of Rest
Darden	(29.0)%	\$69,046	(21.9)%	68%	91%
Olive Garden	(28.2)%	\$75,585	(21.1)%	63%	89%
LongHorn	(18.1)%	\$60,247	(11.3)%	72%	96%
Fine Dining	(39.1)%	\$89,706	(27.7)%	57%	90%
Other Business	(39.0)%	\$63,890	(33.9)%	76%	88%

Categorization of partial dining room capacity reflects status at start of each quarter

Liquidity and Capital Allocation

- Repaid \$270 million term loan in August
- Ended the quarter with \$655 million in cash and \$1.4 billion in liquidity, including untapped credit facility
- Credit metrics well within debt covenants
- Reinstated a quarterly cash dividend; \$0.30 payable on November 2

Fiscal 2021 Second Quarter Outlook

Q2 2021

Total sales

EBITDA* (\$MM's)

Diluted Share Count (MM)

EPS \$

Outlook

Approx. 82% of LY

\$200 - \$215

~131

\$0.65 - \$0.75

*A reconciliation of EBITDA Outlook to Net Earnings can be found in the Additional Information section of the presentation.



 **DARDEN**
RESTAURANTS

Additional Information

Commodities Outlook – Second Quarter Fiscal 2021

	Annual spend by category	Coverage	Sep-Nov FY2021 Outlook
Beef	17%	85%	Low single digit inflation
Produce	14%	90%	Low single digit inflation
Dairy / Oil ¹	10%	50%	Low single digit deflation
Seafood	9%	95%	Low single digit deflation
Chicken	7%	100%	Flat
Wheat ²	7%	100%	Flat
Non-Perishable / Other	36%	60%	Low single digit inflation
<i>Weighted average coverage</i>	<i>100%</i>	<i>80%</i>	

¹ Includes cheese, cream, butter, and shortening.

² Includes breadsticks and pasta.

Reported to Adjusted Earnings and EBITDA Reconciliations

\$ in millions, except EPS	Q1 2021				Q1 2020			
	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Diluted Net Earnings Per Share	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Diluted Net Earnings Per Share
Reported Earnings from Continuing Operations	\$32.5	(\$4.8)	\$37.3	\$0.28	\$190.4	\$18.6	\$171.8	\$1.38
Adjustments:								
Corporate restructuring ¹	47.8	12.0	35.8	0.28	—	—	—	—
Adjusted Earnings from Continuing Operations	\$80.3	\$7.2	\$73.1	\$0.56	\$190.4	\$18.6	\$171.8	\$1.38
Interest			16.6				11.1	
Adjusted Income Tax Expense			7.2				18.6	
Depreciation and Amortization			87.6				86.2	
Adjusted EBITDA			\$184.5				\$287.7	

¹Includes cash expenses of approximately \$38 million, primarily related to severance and benefits, which will be paid over the next eighteen months, and non-cash expenses of approximately \$10 million related to acceleration of equity-settled awards and expense associated with the postretirement benefit plan.

Reported to Adjusted Earnings Reconciliations

\$ in millions	Q1 2021	Margin %
Sales - as reported	\$1,527.4	
Earnings from continuing operations - as reported	\$37.3	
Interest, net - as reported	16.6	
Other Expense - as reported	7.5	
Income tax expense (benefit) - as reported	(4.8)	
Operating income from continuing operations	\$56.6	
Operating income adjustments	40.5	(1)
Adjusted operating income from continuing operations	97.1	6.4 %

Earnings from continuing operations - as reported	\$37.3	
Income tax expense (benefit) - as reported	(4.8)	
Earnings from continuing operations before taxes	\$32.5	
Operating income adjustments	40.5	(1)
Other expense adjustments	7.3	(2)
Adjusted earnings from continuing operations before taxes	\$80.3	5.3 %

Earnings from continuing operations - as reported	\$37.3	
Operating income adjustments	40.5	(1)
Other expense adjustments	7.3	(2)
Income tax impacts of adjustments	(12.0)	
Adjusted earnings from continuing operations	\$73.1	4.8 %

(1) Includes corporate restructuring expenses primarily related to severance and benefits.

(2) Includes corporate restructuring expenses primarily related to the postretirement benefit plan.

EBITDA Outlook to Net Earnings Reconciliation

Fiscal 2021 Second Quarter EBITDA Outlook Reconciliation

\$ in millions			
Net Earnings	\$86	to	\$98
Interest, net	15		15
Income tax expense	10		13
Depreciation and amortization	89		89
EBITDA	\$200	to	\$215