



EARNINGS CALL

FISCAL 2020: Q4 RESULTS
June 25, 2020

Disclaimer/Non-GAAP information

IMPORTANT NOTICE

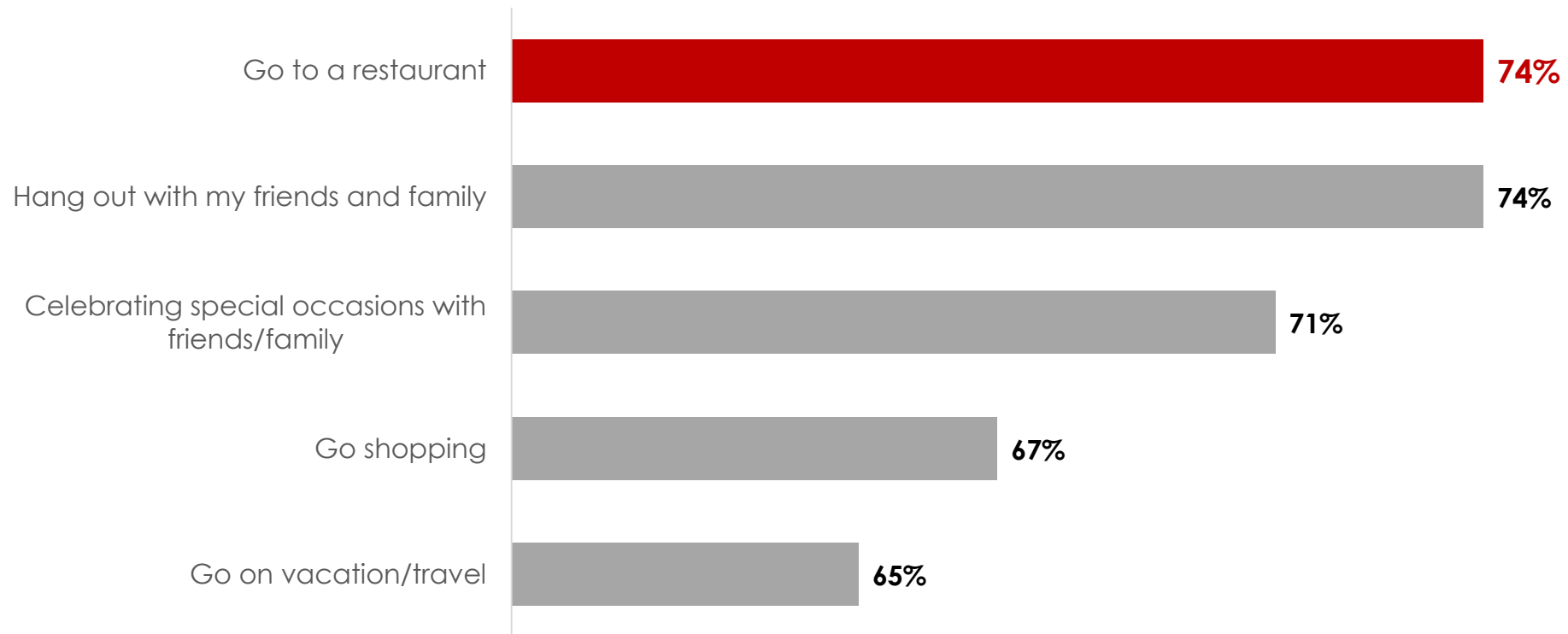
The following slides are part of a presentation by Darden Restaurants, Inc. (the "Company") and are intended to be viewed as part of that presentation (the "Presentation"). No representation is made that the Presentation is complete.

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, 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, the inability to cancel long-term, non-cancelable leases, labor and insurance costs, failure to execute a business continuity plan following a disaster, health concerns including food-related pandemics or virus outbreaks, 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, economic factors specific to the restaurant industry and general macroeconomic factors including unemployment, energy prices and interest rates, disruptions in the financial and credit markets, risks of doing business with franchisees and licensees, risks of doing business with business partners and vendors in foreign markets, failure to protect our intellectual property, impairment in the carrying value of our goodwill or other intangible assets, changes in tax laws or treaties, 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. 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.

Consumers can't wait to go back to their favorite restaurant

When the economy opens back up again, how much are you looking forward to doing each of the following activities?¹



¹Kantar Monitor Covid-19, Vol. 2, April 2020, top two box ratings

Managing through the crisis by:

- Prioritizing guest and team member safety
- Investing in our team members
- Providing frequent and transparent communication
- Leveraging our digital platform
- Being brilliant with the basics

Prioritizing guest and team member 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](https://www.darden.com/our-company/our-commitment-to-you)



Investing in our team members

- Permanent paid sick leave
- Emergency pay
- Payments to help cover additional transportation and child care costs
- Furlough pay
- Benefits paid on behalf of furloughed employees
- Restaurant manager bonus at target

Frequent and transparent communication



[Our Company](#) [Our Brands](#) [Leadership](#) [Darden Impact](#) [Diversity Initiatives](#) [Career Center](#) [EEO Policy](#)

Taking Action on COVID-19

We value the trust you place in our restaurants every day, and we are committed to providing you ongoing updates on how we're protecting our guests and team members.

[Read the latest updates from our CEO, Gene Lee.](#)

Safely Reopening Our Restaurants

Our Commitment to Each Other

The health and safety of our guests and team members has always been our first priority. We have a dedicated team of experts who are in close contact with state and local officials, and are monitoring the latest information from the Centers for Disease Control & Prevention (CDC), to inform our decisions. While our dining rooms were closed, we truly 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**
mask on every team member

**Frequent Handwashing**
hand sanitizers in every lobby

WHAT WE ASK OF YOU

**Plan Ahead**
with reservations or individual 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 tabletop tablets where available

Together, we can keep each other healthy.

Protecting Your Dining Experience

As government officials gradually require businesses and allow our dining rooms to open, we will follow best practices and adhere to the following operational limits to help protect our team members and guests:

Enforce Team Member Wellness

All team members are being screened to ensure they are symptom-free before returning to work, and we are conducting daily temperature checks at every restaurant before team members are allowed to begin their shift. We are also ensuring team members take advantage of our [Paid Sick Leave](#) policy if they do not feel well.

Maintain Clean Restaurants

Now re-servicing guests back into our dining rooms, we are thoroughly cleaning and sanitizing the entire building using proven protocols and processes known to protect against coronavirus strains like COVID-19. In addition to our already strict restaurant cleaning protocols, which exceed CDC guidelines, we will continue to regularly disinfect all guest and team member touchpoints using our CDC-approved disinfectant. This includes, but is not limited to, disinfecting guest tables after each use, as well as table top tablets, chair protectors, menus, pens, notecards, glass handles and other common surfaces.

Practice Social Distancing

We are reconfiguring our dining rooms to create more space between tables. We are also taking steps to ensure there is no congregating in our lobby and bar areas.

Wear Protective Equipment

Following the CDC's updated guidance regarding face coverings, we are requiring all team members to wear masks. Our restaurants team members will continue to wear gloves, and all team members will continue to practice frequent and effective handwashing.

© 2020 Darden Concept, Inc. All Rights Reserved
Local Markets | Privacy Notice



Updates from Our Leadership

Updated as of May 12, 2020 – 1 p.m. EDT
An Update On Our Business

A message to all team members from Gene Lee, President & CEO of Darden Restaurants:

Over the past few years, we have worked to strengthen our four competitive advantages of significant scale, extensive data and insights, rigorous strategic planning and a results-oriented culture. We have leveraged these advantages to consistently outperform our competitors. And, during the last several weeks, we have continued to lean on them to help us navigate this unpredictable environment. During this time, it has become obvious that the cornerstone of our organization is our culture.

It was our culture that helped us regain our footing when our dining rooms were closed across the country and we needed to transition to a To Go only business. It was our culture that bonded us together as we worked to stabilize our business and reimaged what it meant to deliver exceptional guest experiences. It was our culture that made everyone more flexible, resilient and innovative as we discovered new ways to support each other and get through this, together.

And it is our strong culture that continues to guide us — as we welcome team members back into the restaurants — guests back into our dining rooms, and our support team back to the Restaurant Support Center.

This past weekend we provided our guests with the chance to celebrate Mother's Day with the brands they know, love and miss. We saw an ardently high demand, which exceeded even our expectations. I am immensely grateful for our restaurant teams' tireless efforts to fulfill the orders we received. We know that we did not consistently deliver the level of service our guests expect from us, and we are working hard to reach out to them and earn their trust back.

This week more of our dining rooms will open and we will continue to welcome guests back into our restaurants. I am pleased that we are able to return some hourly team members from furlough to support these phased openings. Early signs show that our loyal guests are grateful for the opportunity to dine-in with us, and they appreciate the added safety measures we have implemented. At the same time, our To Go business remains strong across all markets. I am grateful for everyone's hard work and dedication to upholding the commitments we have made to keep our guests and each other healthy.

Throughout all we have been through, our support center teams continued to play a critical role in our success. While stay-at-home orders were in effect, this team provided the same level of support while working remotely. Now that these orders have been lifted, we are prepared to safely and responsibly bring team members back into the RSC.

While we are seeing positive signs, and I remain optimistic about our business, we cannot lose sight of the fact that we continue to operate at a significant financial loss. This will continue to be the case as long as our dining rooms are operating at a limited capacity. Our resiliency will continue to be tested for weeks, months and beyond. However, coming back together — whether in our restaurants or at the support center — will only strengthen our resolve and our culture. And though the moment and circumstances in which we work will continue to evolve, the passion and goals of the people who make our culture a competitive advantage will never change.

Thank you for bringing our culture to life every day — and for making our restaurants and our support center a special place to work.

Olive Garden
ITALIAN GARDEN OF FLAVOR

LONGHORN
STEAKHOUSE

Cheddar's
BRATISLAVA KITCHEN

Yard House

DARDEN
RESTAURANTS

THE CAPITAL
GRILL & BAR

Seasons 52
STEAKHOUSE & WINE BAR

Isleham
BREEZE
ISLAND BRIDGE

Eddie V's
PRIME SEAFOOD

Leveraging our digital platform

- Olive Garden online ordering:
 - Grew more than 300% vs last year, 58% of To Go Sales
- LongHorn Steakhouse online ordering:
 - Grew more than 400% vs last year, 49% of To Go Sales
- Leveraged online waitlist and mobile payment

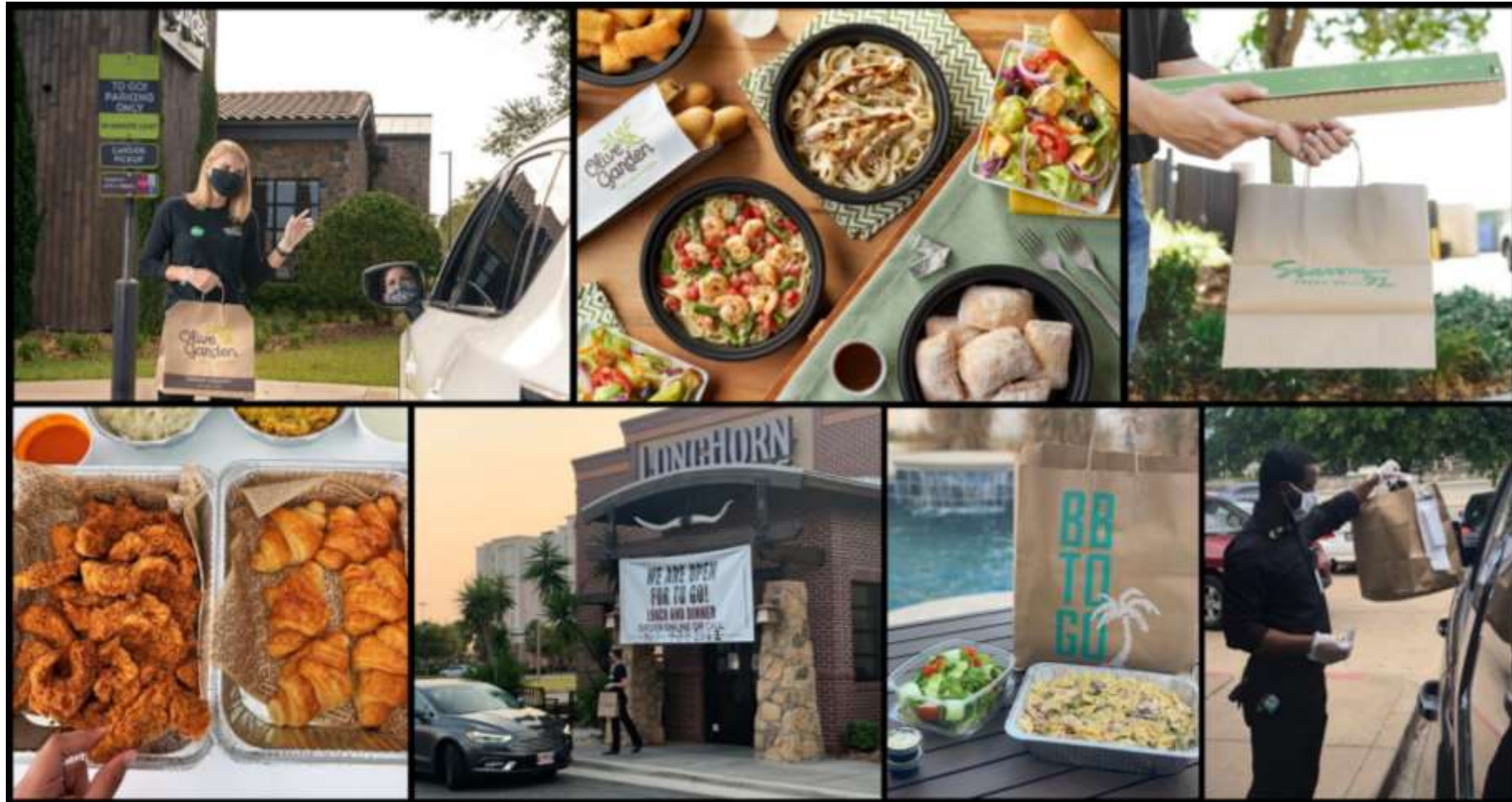


Accelerated deployment of online ordering for:

- The Capital Grille
- Eddie V's
- Seasons 52
- Cheddar's Scratch Kitchen



Being brilliant with the basics





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



Our greatest competitive advantage



Fiscal 2020 fourth quarter highlights



\$1.3 BILLION
TOTAL SALES¹

(43.0)%
TOTAL SALES GROWTH¹

(47.7)%
SAME-RESTAURANT SALES GROWTH

(\$1.24)
ADJUSTED DILUTED NET EPS²
FROM CONTINUING OPERATIONS

¹Includes impact of 53rd week.

²Values 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		
	Q4 2020 (\$ millions)	Q4 2020 (\$ millions)	Q4 2020 % of Sales	Q4 2019 % of Sales
Sales	\$1,270.1	\$1,270.1		
Food and beverage	\$396.5	\$396.5	31.2%	28.2%
Restaurant labor	\$532.7	\$532.7	41.9%	32.2%
Restaurant expenses	\$330.4	\$330.4	26.0%	17.0%
Marketing expenses	\$31.4	\$31.4	2.5%	3.1%
Restaurant-level EBITDA	(\$20.9)	(\$20.9)	(1.6)%	19.5%
General and administrative expenses	\$86.8	\$86.8	6.8%	4.6%
Depreciation and amortization	\$94.4	\$94.4	7.4%	3.9%
Impairments and disposal of assets, net	\$390.0	\$0.0	-	-
Operating income	(\$592.1)	(\$202.1)	(15.9)%	11.0%
Interest, net	\$19.9	\$19.9	1.6%	0.5%
Other (income) expense, net	(\$1.7)	\$0.0	-	-
Earnings before income tax	(\$610.3)	(\$221.9)	(17.5)%	10.4%
Income tax expense (benefit)	(\$130.6)	(\$67.3)	(5.3)%	0.6%
Note: Effective tax rate	NM	NM		
Earnings from continuing operations	(\$479.7)	(\$154.6)	(12.2)%	9.9%

Note: Continuing operations, values may not foot due to rounding. Q4 2020 includes impact of 53rd week.

Strong balance sheet

Generating positive operating cash flow at June sales levels

Cash and cash equivalents over \$750 million

Credit facility availability \$750 million

Total access to liquidity over \$1.5 billion

Adjusted debt to capital 61% (Debt covenant <75%)

Note: Financial information as of 5/31/2020.

Weekly same-restaurant sales

	<u>WE 6/7</u>	<u>WE 6/14</u>	<u>WE 6/21*</u>	<u>QTD 6/21</u>
Darden	(38.7)%	(31.8)%	(29.6)%	(33.2)%
Olive Garden	(35.6)%	(30.9)%	(27.6)%	(31.3)%
LongHorn Steakhouse	(29.9)%	(22.0)%	(21.7)%	(24.3)%
Fine Dining	(56.2)%	(48.2)%	(42.3)%	(48.1)%
Other Business	(50.2)%	(38.6)%	(38.6)%	(42.3)%

*WE 6/21 includes Father's Day in both years

Weekly sales for restaurants with at least limited capacity dining rooms open

Olive Garden

Total Sales per restaurant
To Go Sales as % of total
Same-Restaurant Sales %
of Restaurants**

WE 6/7

\$72,739
41%
(26.2)%
598

WE 6/14

\$75,512
38%
(24.0)%
680

WE 6/21*

\$80,779
40%
(21.4)%
729

LongHorn Steakhouse

Total Sales per restaurant
To Go Sales as % of total
Same-Restaurant Sales %
of Restaurants**

\$54,434
26%
(17.9)%
369

\$60,460
24%
(10.8)%
394

\$70,226
28%
(13.8)%
426

*WE 6/21 includes Father's Day in both years

**Restaurants with dining rooms at least partially open for the full week

Fiscal 2021 outlook

Q1 2021

Total sales

EBITDA* (\$MM's)

Diluted Share Count (MM)

EPS \$

Outlook

Approx. 70% of LY

At least \$75

~131

>= \$0.00

Annual 2021

CapEx (\$MM's)

Net New Restaurant Openings

Outlook

\$250 - \$300

35 to 40

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

17





 **DARDEN**
RESTAURANTS

Additional information

Commodities outlook – Q1 fiscal 2021

	Annual spend by category	Coverage	Jun-Aug FY2021 Outlook
Beef	18%	85%	Mid single digit inflation
Produce	13%	90%	Low single digit inflation
Dairy / Oil ¹	10%	40%	Low single digit deflation
Seafood	10%	95%	Low single digit deflation
Chicken	7%	100%	Low single digit inflation
Wheat ²	6%	90%	Low single digit inflation
Non-Perishable / Other	36%	60%	Low single digit inflation
<i>Weighted average coverage</i>	<i>100%</i>	<i>75%</i>	

¹ Includes cheese, cream, butter, and shortening.

² Includes breadsticks and pasta.

Reported to adjusted earnings reconciliations

	Fiscal 2020				Fiscal 2020			
	Q4 2020				Annual			
\$ in millions, except EPS	Earnings (Loss) Before Income Tax	Income Tax Expense (Benefit)	Net Earnings (Loss)	Diluted Net Earnings (Loss) Per Share	Earnings (Loss) Before Income Tax	Income Tax Expense (Benefit)	Net Earnings (Loss)	Diluted Net Earnings (Loss) Per Share
Reported Earnings (Loss) from Continuing Operations	(\$610.3)	(\$130.6)	(\$479.7)	(\$3.85)	(\$161.0)	(\$111.8)	(\$49.2)	(\$0.40)
Adjustments:								
Goodwill impairment ¹	169.2	9.2	160.0	1.29	169.2	9.2	160.0	1.30
Trademark impairment ¹	145.0	36.2	108.8	0.87	145.0	36.2	108.8	0.89
Restaurant-level impairments ²	47.0	11.7	35.3	0.28	47.0	11.7	35.3	0.29
Other asset impairments ³	28.8	7.2	21.6	0.17	28.8	7.2	21.6	0.18
Pension settlement charge (adjustment) ⁴	(1.6)	(0.4)	(1.2)	(0.01)	145.5	35.8	109.7	0.89
International entity liquidation	-	(0.6)	0.6	0.01	6.2	3.5	2.7	0.02
Adjusted Earnings (Loss) from Continuing Operations	(\$221.9)	(\$67.3)	(\$154.6)	(\$1.24)	\$380.7	(\$8.2)	\$388.9	\$3.17
Impact of diluted shares ⁵	-	-	-	-	-	-	-	(\$0.04)
Adjusted Diluted Earnings (Loss) from Continuing Operations	(\$221.9)	(\$67.3)	(\$154.6)	(\$1.24)	\$380.7	(\$8.2)	\$388.9	\$3.13

¹Non-cash goodwill and trademark impairments are related to the economic impact of COVID-19 on Darden's overall market capitalization and the impact on Cheddar's Scratch Kitchen cash flows, coupled with the relative recency of the addition of Cheddar's to our portfolio.

²Fiscal 2020 non-cash asset impairments are related to the economic impact of COVID-19 on 11 underperforming restaurants we permanently closed during the fourth quarter and 9 other restaurants whose projected cash flows were not sufficient to cover their respective carrying values. Fiscal 2019 non-cash asset impairment charges relate to 4 underperforming restaurants whose projected cash flows were not sufficient to cover their respective carrying values. These were relatively newer locations we intended to continue to operate and focus on improving their results of operations.

³Non-cash other asset impairments are related to the economic impact of COVID-19, approximately \$15 million of which is related to inventory obsolescence and \$14 million related to receivables we deemed uncollectible.

⁴In April 2018, our Benefit Plans Committee approved the termination of our primary non-contributory defined benefit pension plan. In fiscal 2020 the benefit obligation to plan participants was settled, resulting in a pension settlement charge.

⁵Due to the net loss from continuing operations for fiscal 2020, the effect of dilutive securities was excluded from the calculation of reported diluted loss per share. The adjusted diluted earnings per share calculation includes 1.4 million dilutive shares.

20



Reported to adjusted earnings reconciliations

	Fiscal 2019			
	Q4 2019			
\$ in millions, except EPS	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Diluted Net Earnings Per Share
Reported Earnings from Continuing Operations	\$217.9	\$9.2	\$208.7	\$1.67
Adjustments:				
Asset impairments ¹	\$14.6	\$3.6	\$11.0	\$0.09
Adjusted Earnings from Continuing Operations	\$232.5	\$12.8	\$219.7	\$1.76

(1) Fiscal 2019 fourth quarter non-cash asset impairment charges relate to four underperforming restaurants whose projected cash flows are not sufficient to cover their respective carrying values. These are relatively newer locations we intend to continue to operate and focus on improving their results of operations.

Reconciliation of adjusted earnings from continuing operations

(in millions)	Quarter Ended	
	5/31/2020	5/26/2019
Sales - as reported	\$ 1,270.1	\$ 2,229.1
Earnings from continuing operations - as reported	\$ (479.7)	\$ 208.7
Adjustments	388.4 (1)	14.6 (2)
Income tax impacts of adjustments	(63.3)	(3.6)
Adjusted earnings from continuing operations	\$ (154.6)	\$ 219.7
Adjusted earnings margin from continuing operations	(12.2)%	9.9%

(1) Primarily related to non-cash impairment charges related to Cheddar's Scratch Kitchen goodwill and trademark balances, in addition to restaurant-level and other assets.

(2) Non-cash asset impairment charges relate to four underperforming restaurants whose projected cash flows are not sufficient to cover their respective carrying values. These are relatively newer locations we intend to continue to operate and focus on improving their results of operations.

EBITDA Outlook to net earnings reconciliation

Fiscal 2021 First Quarter EBITDA Outlook Reconciliation

\$ in millions

Net Earnings	\$0
Income tax expense (benefit)	(25)
Interest, net	15
Depreciation and amortization	85
EBITDA	\$75