

# Earnings Call

Fiscal 2022: Third Quarter Results  
March 24, 2022

# 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.

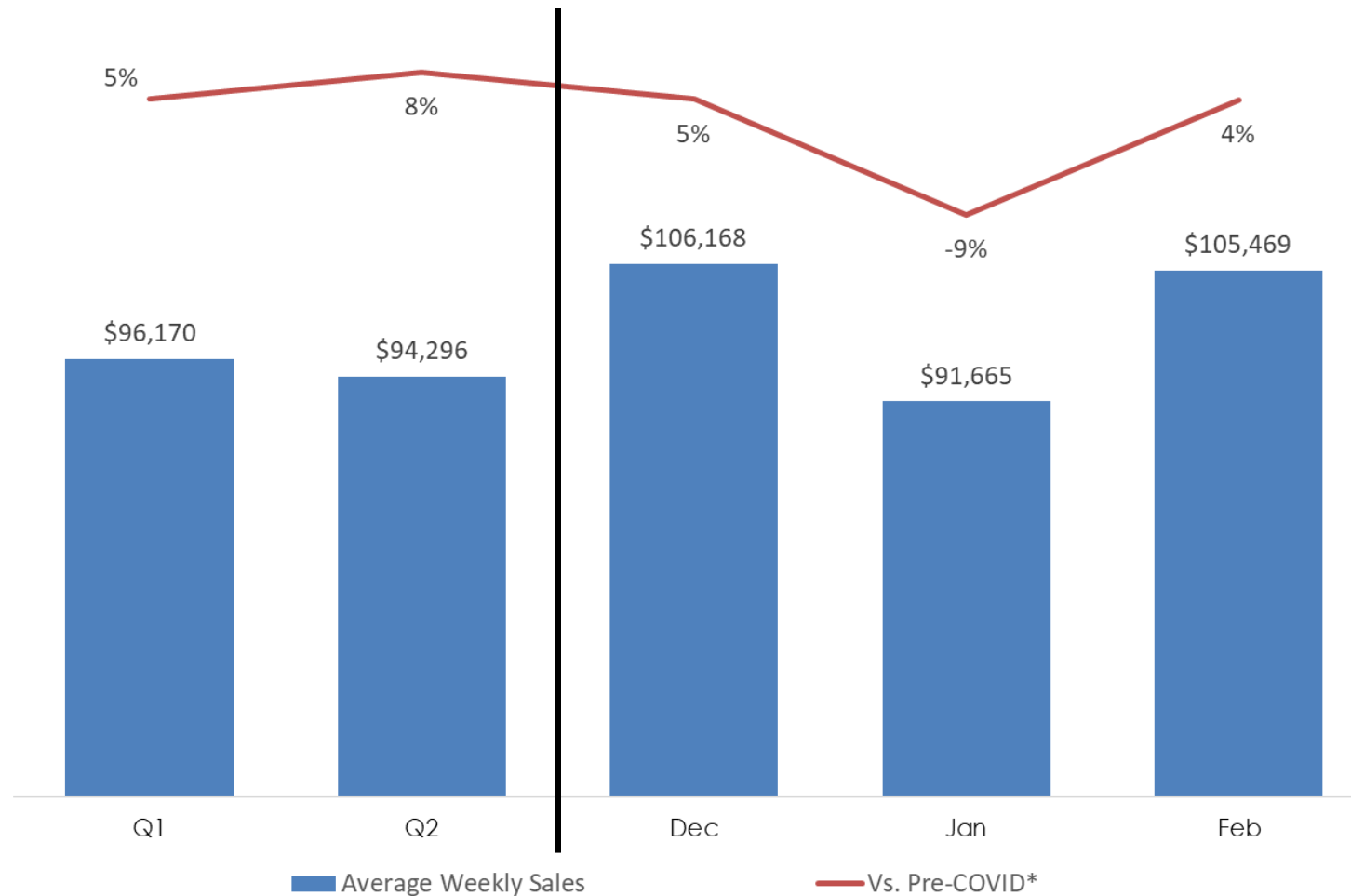
Forward-looking statements in this communication regarding our expected earnings performance and all other statements that are not historical facts, including without limitation statements concerning our future economic performance, are made under the Safe Harbor provisions of the Private Securities 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, 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, labor and insurance costs, technology failures including failure to maintain a secure cyber network, compliance with privacy and data protection laws and risks of failures or breaches of our data protection systems, risks relating to public policy changes and federal, state and local regulation of our business, intense competition, changing consumer preferences, an inability or failure to manage the accelerated impact of social media, a failure to execute innovative marketing tactics, a failure to address cost pressures, economic factors specific to the restaurant industry and general macroeconomic factors including interest rates, climate change, adverse weather conditions and natural disasters, long-term and non-cancelable property leases, failure to execute a business continuity plan following a disaster, shortages or interruptions in the delivery of food and other products and services, 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, risks of doing business with franchisees, licensees and vendors in foreign markets, volatility in the market value of derivatives, volatility leading to the inability to hedge equity compensation market exposure, failure to protect our intellectual property, litigation, unfavorable publicity, disruptions in the financial markets, impairment in the carrying value of our goodwill or other intangible assets, changes in tax laws or unanticipated tax liabilities, 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 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.



# Omicron Negatively Impacted January Sales

## February sales recovered



\*Pre-COVID comparisons shown vs. FY20. Q2 and December adjusted for Thanksgiving shift from wk 27 in FY20 to wk 26 in FY22.



## 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 People



# Product





# To Go Sales Benefit From Digital Platform



## Digital Transactions

63% of Off-Premise Sales | 12% of Total Sales

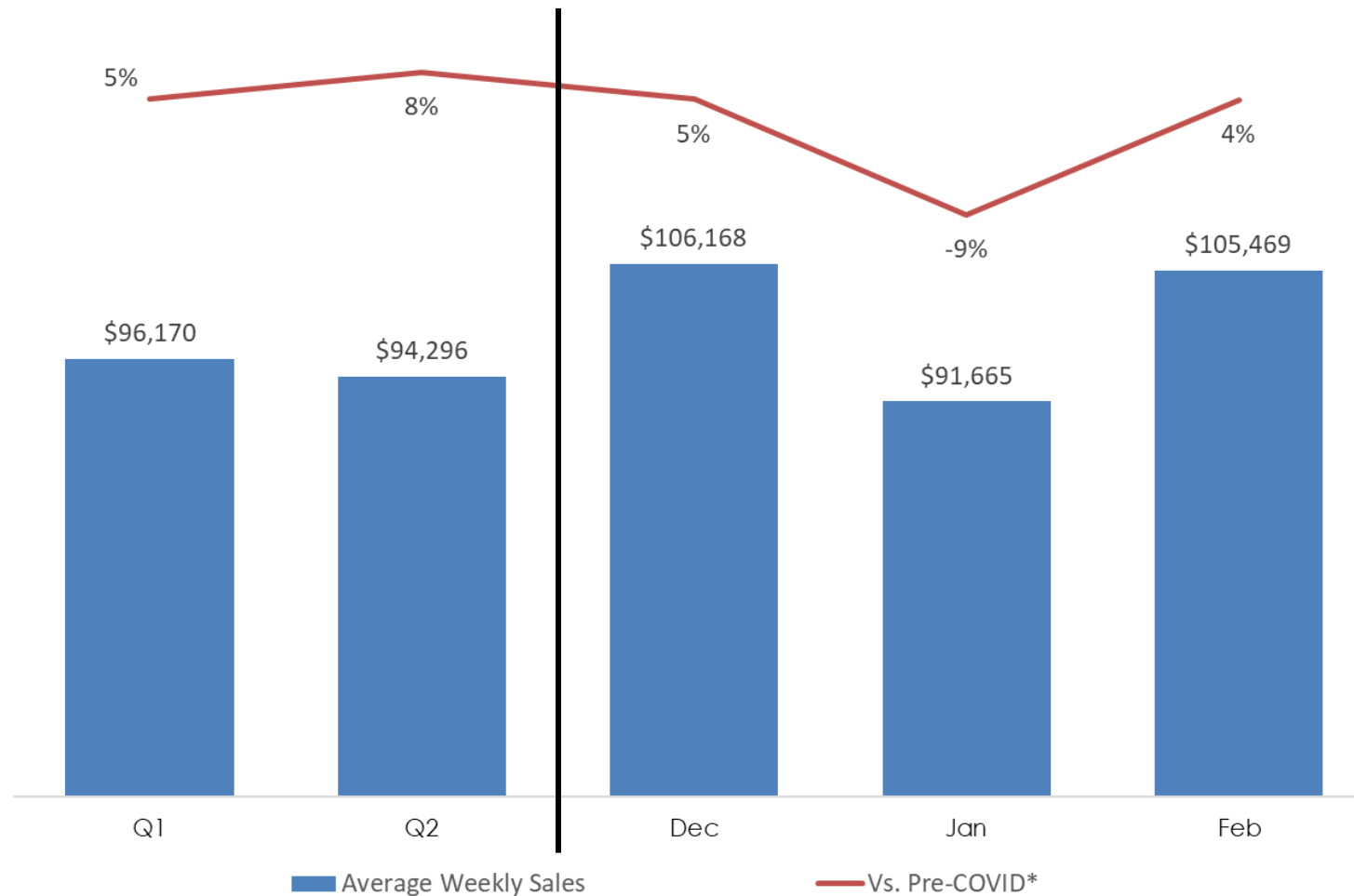
# Thank You To Our Team Members





# Omicron Negatively Impacted January Sales

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# Fiscal 2022 Third Quarter Financial Highlights



**\$2.4**Billion  
TOTAL SALES

**41.3%**  
TOTAL SALES GROWTH

**38.1%**  
SAME-RESTAURANT SALES  
GROWTH

**\$1.93**  
DILUTED NET EPS FROM  
CONTINUING OPERATIONS



# Fiscal 2022 Third Quarter Financial Highlights



**\$141** Million  
DIVIDENDS PAID

**\$382** Million  
SHARE REPURCHASES

**\$395** Million  
EBITDA<sup>1</sup>

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





# Margin Analysis

|  | Fiscal Q3 2022   |               |  |
|--|------------------|---------------|--|
|  | (\$ millions)    | % of Sales    | vs Q3 2020* (bps)<br>Favorable/(Unfavorable) |
| <b>Sales</b>                               | <b>\$2,448.9</b> |               |  |
| Food and Beverage                          | \$752.7          | 30.7 %        | (270)  |
| Restaurant Labor                           | \$798.7          | 32.6 %        | (50)   |
| Restaurant Expenses                        | \$395.7          | 16.2 %        | 80   |
| Marketing Expenses                         | \$27.2           | 1.1 %         | 190  |
| <b>Restaurant-Level EBITDA</b>             | <b>\$474.6</b>   | <b>19.4 %</b> | <b>(50)</b>                                  |
| General and Administrative Expenses        | \$83.1           | 3.4 %         | 90   |
| Depreciation and Amortization              | \$94.3           | 3.9 %         | (10)   |
| Impairment and Disposal of Assets, Net     | \$(3.8)          | (0.2)%        | 20   |
| <b>Operating Income</b>                    | <b>\$301.0</b>   | <b>12.3 %</b> | <b>40</b>                                    |
| Interest Expense                           | \$17.5           | 0.7 %         | (20)   |
| Other (Income) Expense, Net                | \$0.2            | 0.0 %         | 0  |
| <b>Earnings Before Income Tax</b>          | <b>\$283.3</b>   | <b>11.6 %</b> | <b>30</b>                                    |
| Income Tax Expense                         | \$35.4           | 1.4 %         | (10)   |
| Note: Effective Tax Rate                   | 12.5%            |               |  |
| <b>Earnings From Continuing Operations</b> | <b>\$247.9</b>   | <b>10.1 %</b> | <b>20</b>                                    |

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

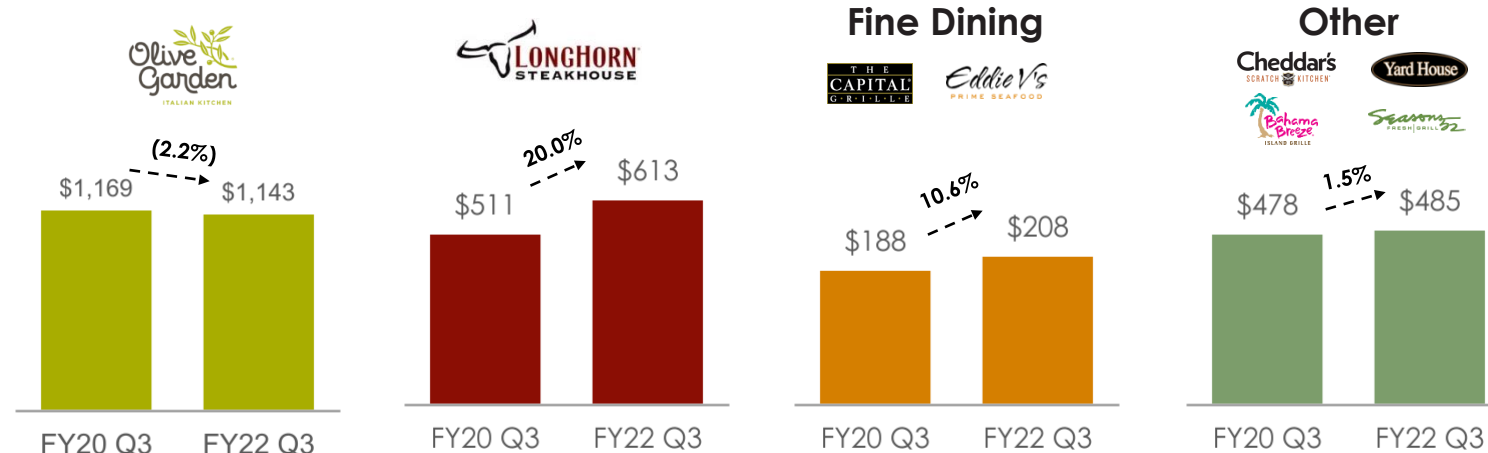
\*Compared to fiscal 2020 adjusted performance due to impact of pandemic on fiscal 2021. A reconciliation of Non-GAAP measures can be found in the Additional Information section of this presentation.



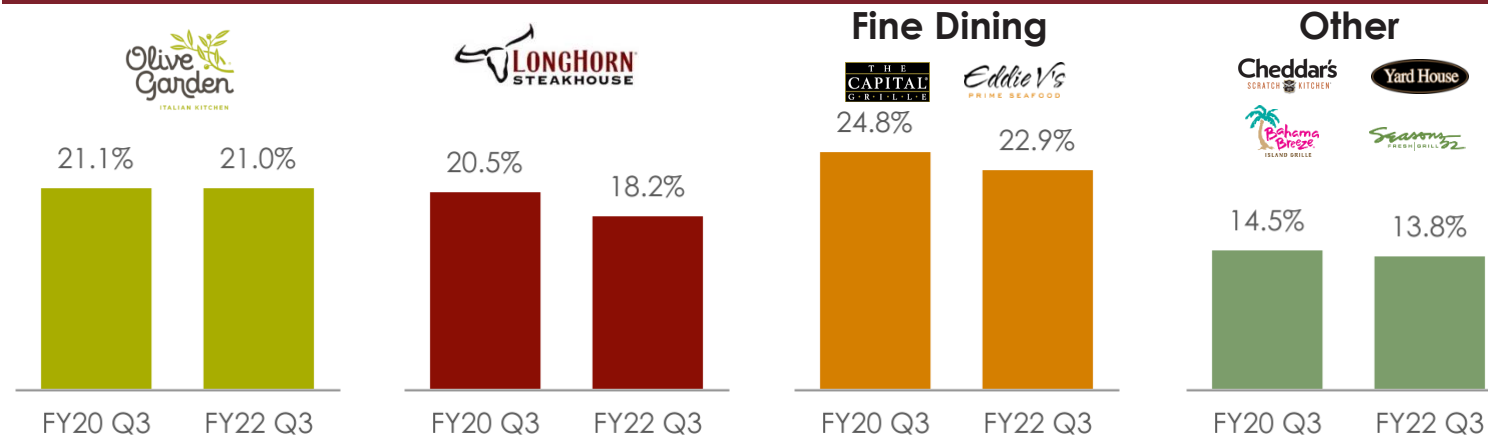
# Third Quarter Segment Performance

Fiscal 2022 vs. Fiscal 2020 to compare to Pre-COVID results<sup>1</sup>

## Segment Sales (\$ millions)



## Segment Profit Margin<sup>2</sup>



<sup>1</sup> Comparison to fiscal 2020 due to impact of pandemic on fiscal 2021.

<sup>2</sup> Segment profit margin calculated as (sales less costs of food & beverage, restaurant labor, restaurant expenses and marketing expenses) / sales.

# Updated Fiscal 2022 Annual Outlook

| SALES   | DEVELOPMENT  | MARGIN   |
|---|--|--|
| <b>Total Sales</b><br>\$9.55B to \$9.62B<br><br><b>Same-Restaurant Sales Growth</b><br>29% to 30%<br><br><b>Total Sales Growth vs. Pre-COVID<sup>1</sup></b><br>9% to 10% | <b>Restaurant Openings</b><br>~35<br><br><b>Capital Spending</b><br>~\$425 million | <b>Total Inflation: ~6%</b><br>Commodities: ~9%<br>Labor: 6% to 6.5%<br><br><b>EBITDA<sup>2</sup></b><br>\$1.53B to \$1.55B<br><br><b>Effective Tax Rate</b><br>~13.5% |

**Earnings per Diluted Share**  
**\$7.30 to \$7.45**  
 (~129 million Weighted Average Diluted Shares Outstanding)

<sup>1</sup> Comparison to twelve months ended Q3 fiscal 2020 due to impact of pandemic on Q4 fiscal 2020 and full year fiscal 2021 sales

<sup>2</sup> A reconciliation of Non-GAAP measures can be found in the Additional Information section of this presentation



# Preliminary Fiscal 2023 Outlook

|                                |                               |
|--------------------------------|-------------------------------|
| <b>New Restaurants</b>         | <b>Approximately 60</b>       |
| <b>Capital Expenditures</b>    | <b>\$500 to \$550 million</b> |
| New Restaurants                | \$300 to \$325 million        |
| Maintenance/Refresh/Tech/Other | \$200 to \$225 million        |
| <b>Effective Tax Rate</b>      | <b>Approximately 14%</b>      |

# Thank You



# Question & Answer Session



# Additional Information

# Commodities Outlook – Fourth Quarter

|                                  | Annual spend<br>by category | Coverage | March - May<br>FY2022             |
|----------------------------------|-----------------------------|----------|-----------------------------------|
|                                  |                             |          | Outlook                           |
| Beef                             | 22%                         | 95%      | Low double digit inflation        |
| Produce                          | 12%                         | 85%      | Mid single digit inflation        |
| Dairy / Oil <sup>1</sup>         | 10%                         | 65%      | High single digit inflation       |
| Seafood                          | 9%                          | 90%      | Low double digit inflation        |
| Chicken                          | 8%                          | 90%      | Low to mid double digit inflation |
| Wheat <sup>2</sup>               | 7%                          | 90%      | Low double digit inflation        |
| Non-Perishable / Other           | 32%                         | 70%      | Mid single digit inflation        |
| <i>Weighted average coverage</i> | 100%                        | 80%      |                                   |

<sup>1</sup> Includes cheese, cream, butter, and shortening.

<sup>2</sup> Includes breadsticks and pasta.

# EBITDA Reconciliations

## Q3 Fiscal 2022 EBITDA Reconciliation

\$ in millions

|                               |              |
|-------------------------------|--------------|
| <b>Net Earnings</b>           | <b>\$248</b> |
| Interest, Net                 | 18           |
| Income Tax Expense            | 35           |
| Depreciation and Amortization | 94           |
| <b>EBITDA</b>                 | <b>\$395</b> |

## Fiscal 2022 EBITDA Outlook Reconciliation

\$ in millions

|                               |                |           |                |
|-------------------------------|----------------|-----------|----------------|
| <b>Sales</b>                  | <b>\$9,550</b> |           | <b>\$9,620</b> |
| <b>Net Earnings</b>           | <b>\$940</b>   | <b>to</b> | <b>\$961</b>   |
| Interest, Net                 | 68,000,000     |           | 68             |
| Income Tax Expense            | 146            |           | 149            |
| Depreciation and Amortization | 372            |           | 372            |
| <b>EBITDA</b>                 | <b>\$1,526</b> | <b>to</b> | <b>\$1,550</b> |
| <b>EBITDA margin</b>          | <b>16.0 %</b>  |           | <b>16.1 %</b>  |



# EBITDA Reconciliations

## Pre-COVID EBITDA Margin

\$ in millions

|                               | Q4 FY19        | Q1 FY20        | Q2 FY20        | Q3 FY20        | Total          |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Sales</b>                  | <b>\$2,229</b> | <b>\$2,134</b> | <b>\$2,056</b> | <b>\$2,347</b> | <b>\$8,766</b> |
| <b>Net Earnings</b>           | <b>208</b>     | <b>171</b>     | <b>25</b>      | <b>232</b>     | <b>636</b>     |
| Interest, Net                 | 12             | 11             | 13             | 13             | 49             |
| Income Tax Expense            | 9              | 19             | (32)           | 32             | 28             |
| Depreciation and Amortization | 88             | 86             | 88             | 88             | 350            |
| <b>EBITDA</b>                 | <b>\$317</b>   | <b>\$287</b>   | <b>\$94</b>    | <b>\$365</b>   | <b>\$1,063</b> |
| <u>Adjustments:</u>           |                |                |                |                |                |
| Pension Settlement            | —              | —              | 147            | —              | 147            |
| International Liquidation     | —              | —              | 6              | —              | 6              |
| Restaurant Impairment         | 15             | —              | —              | —              | 15             |
| <b>Adjusted EBITDA</b>        | <b>\$332</b>   | <b>\$287</b>   | <b>\$247</b>   | <b>\$365</b>   | <b>\$1,231</b> |
| <b>EBITDA margin</b>          | <b>14.0 %</b>  |                |                |                |                |