



EARNINGS CALL

FISCAL 2019: Q4 & ANNUAL RESULTS
June 20, 2019

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 and expenses, 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 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 or monitor and proactively respond to employee dissatisfaction, a failure to develop and recruit effective leaders, litigation, unfavorable publicity, an inability or failure to manage the accelerated impact of social media, risks relating to public policy changes and federal, state and local regulation of our business, long-term and non-cancelable property 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, 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 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. 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.

Fiscal 2019 Highlights



\$8.5 BILLION
TOTAL SALES

5.3%
TOTAL SALES GROWTH

2.5%
SAME-RESTAURANT SALES
GROWTH

\$5.82
ADJUSTED DILUTED NET EPS¹

21%
ADJUSTED DILUTED NET EPS
GROWTH
VS LAST YEAR¹

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

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Fourth Quarter Results



3.7%
TOTAL SALES GROWTH

2.4%
SAME-RESTAURANT SALES
GROWTH

10
NET NEW RESTAURANTS
VS. LY

~270 BPS
SAME-RESTAURANT SALES
INDUSTRY
OUTPERFORMANCE¹

¹ Industry excluding Darden brands.

Fourth Quarter Results



5.7%
TOTAL SALES GROWTH

3.3%
SAME-RESTAURANT SALES
GROWTH

10
NET NEW RESTAURANTS
VS. LY

~360 BPS
SAME-RESTAURANT SALES
INDUSTRY
OUTPERFORMANCE¹

¹ Industry excluding Darden brands.

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Fourth Quarter Results



0.6%

TOTAL SALES GROWTH

-3.2%

SAME-RESTAURANT SALES

¹ Industry excluding Darden brands.

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Thank you to our 185,000 Team Members!





 **DARDEN.**
RESTAURANTS

Financial Discussion

Fourth Quarter Highlights



4.5%

TOTAL SALES GROWTH

1.6%

SAME-RESTAURANT SALES
GROWTH

\$1.76

ADJUSTED DILUTED NET EPS FROM
CONTINUING OPERATIONS¹

26.6%

ADJUSTED DILUTED NET EPS
GROWTH VS LAST YEAR¹

\$92 MILLION

DIVIDENDS PAID

\$42 MILLION

SHARE REPURCHASES

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

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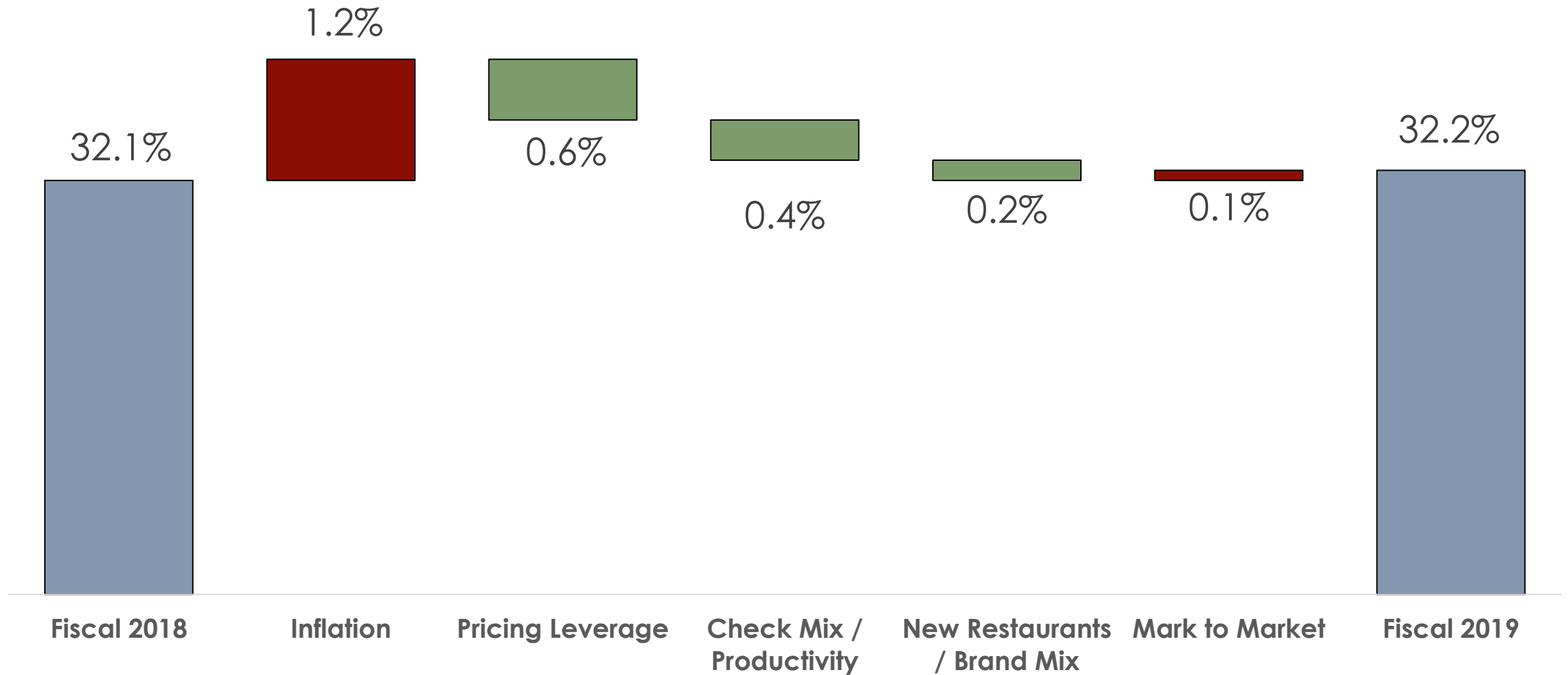


Margin Analysis

	As Reported	As Adjusted		
	Q4 2019 (\$ millions)	Q4 2019 (\$ millions)	Q4 2019 % of Sales	vs. Q4 2018 (bps) Favorable/(Unfavorable)
Sales	\$2,229.1	\$2,229.1		
Food and Beverage	\$627.9	\$627.9	28.2%	0
Restaurant Labor	\$718.0	\$718.0	32.2%	(10)
Restaurant Expenses	\$379.4	\$379.4	17.0%	0
Marketing Expenses	\$68.4	\$68.4	3.1%	10
Restaurant-Level EBITDA	\$435.4	\$435.40	19.5%	0
General and Administrative Expenses	\$103.1	\$103.1	4.6%	10
Depreciation and Amortization	\$87.9	\$87.9	3.9%	(20)
Impairments and Disposal of Assets, Net	\$14.6	\$0.0	0.0%	20
EBIT	\$229.8	\$244.4	11.0%	10
Interest Expense	\$11.9	\$11.9	0.5%	10
EBT	\$217.9	\$232.5	10.4%	20
Income Taxes	\$9.2	\$12.8	0.6%	150
Note: Effective Tax Rate	4.2%	5.5%		
EAT	\$208.7	\$219.7	9.9%	170

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.

Fourth Quarter Restaurant Labor % of Sales



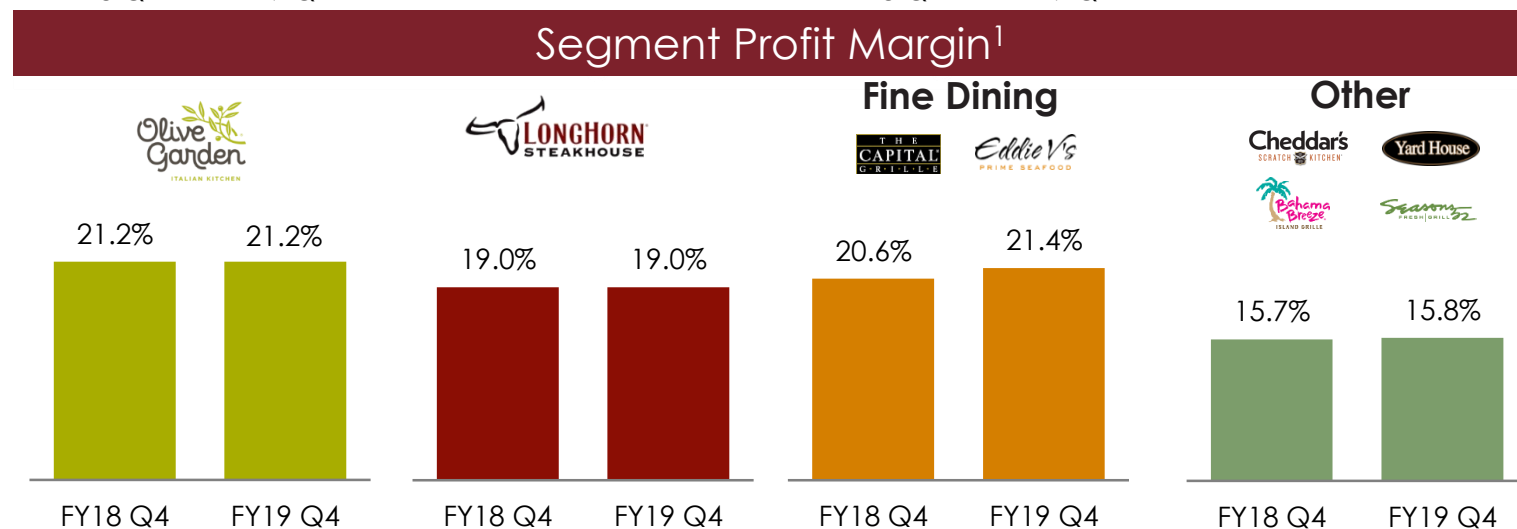
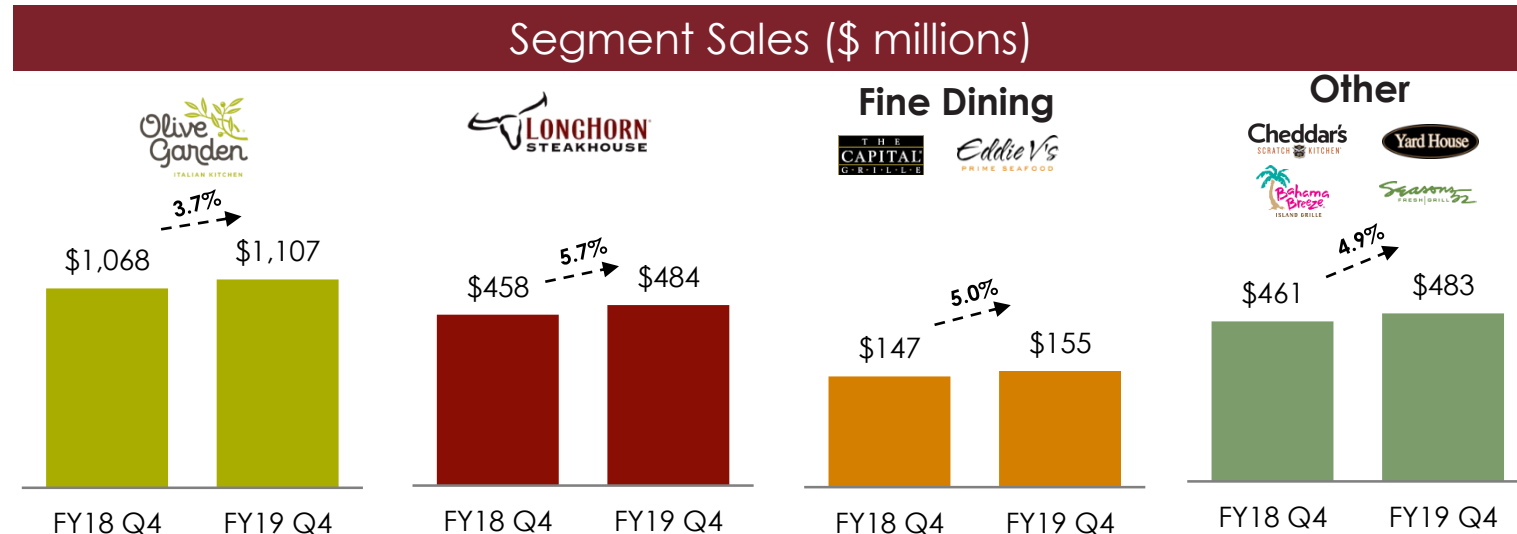
Green is a favorable variance to prior year, red is unfavorable
Values may not foot due to rounding

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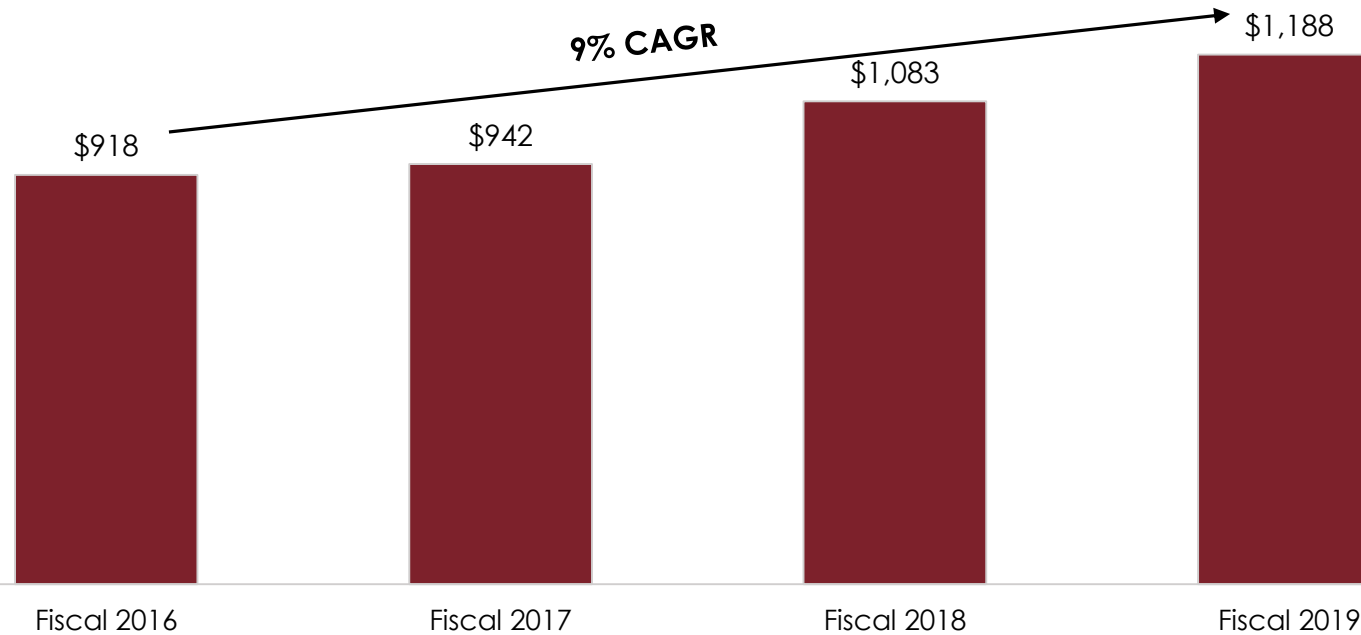
Fourth Quarter Segment Performance



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

Strong Model Generates Substantial Cash Flows

Adjusted EBITDA¹ from Continuing Operations



CapEx	\$228	\$293	\$396	\$452
Adjusted EBITDA / CapEx	4.0x	3.2x	2.7x	2.6x
Dividends Paid	\$268	\$279	\$314	\$371
Repurchases of Common Stock	\$185	\$230	\$235	\$208

¹ Excludes impairments and disposal of assets. A reconciliation of GAAP to non-GAAP numbers can be found in the additional information section of this presentation.
\$ in millions

Long-Term Value Creation Framework

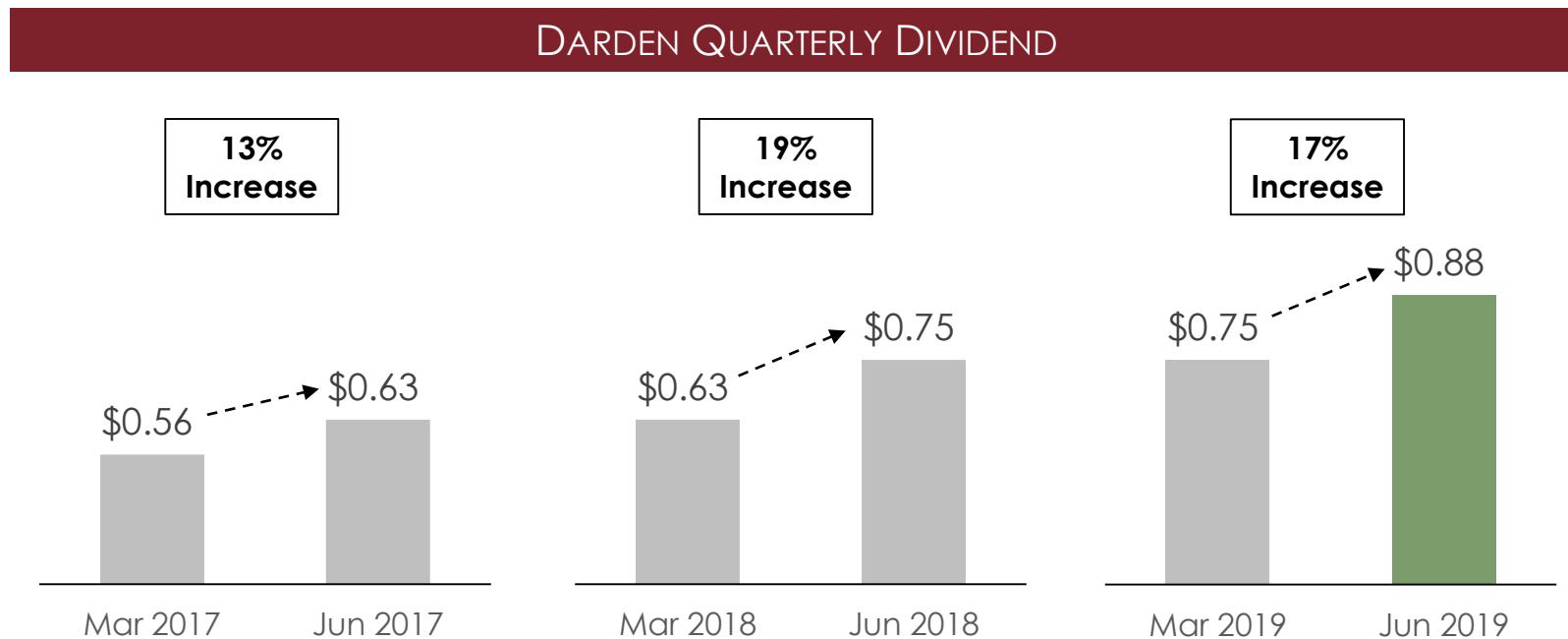
	Annual Target, Over Time	
Business Performance (EAT Growth)	Same-Restaurant Sales	1% - 3%
	New Restaurant Sales Growth	2% - 3%
	EBIT Margin Expansion	10 - 30bps
Return of Cash	Dividend Payout Ratio	50% - 60%
	Share Repurchase (\$millions)	\$150 - \$250
Total Shareholder Return (EPS Growth + Dividend Yield)		10% - 15%

Fiscal 2020 Annual Outlook

SALES	MARGIN
Total Sales Growth¹ 5.3% to 6.3%	Total Inflation: ~2.5% Commodities: 1% to 2% Labor: 3.5% to 4.5%
Same-Restaurant Sales Growth 1% to 2%	Effective Tax Rate 10% to 11%
Restaurant Openings ~50 Gross, ~44 Net	Lease Accounting EPS Impact -\$0.05
Capital Spending \$450 to \$500 million	
Earnings per Diluted Share¹ \$6.30 to \$6.45 (~124 million Weighted Average Diluted Shares Outstanding)	

¹ Fiscal 2020 is a 53-week year and the outlook includes approximately 2.0% total sales growth for the extra week, which contributes approximately \$0.15 earnings per diluted share.

Increasing quarterly dividend 17%



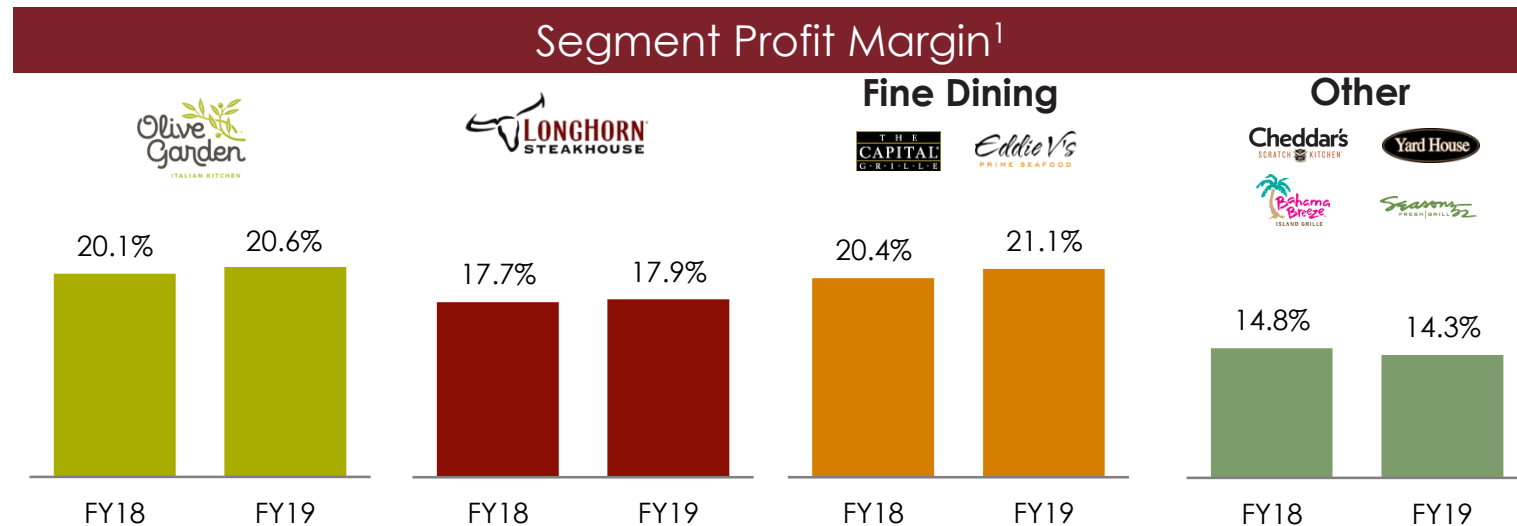
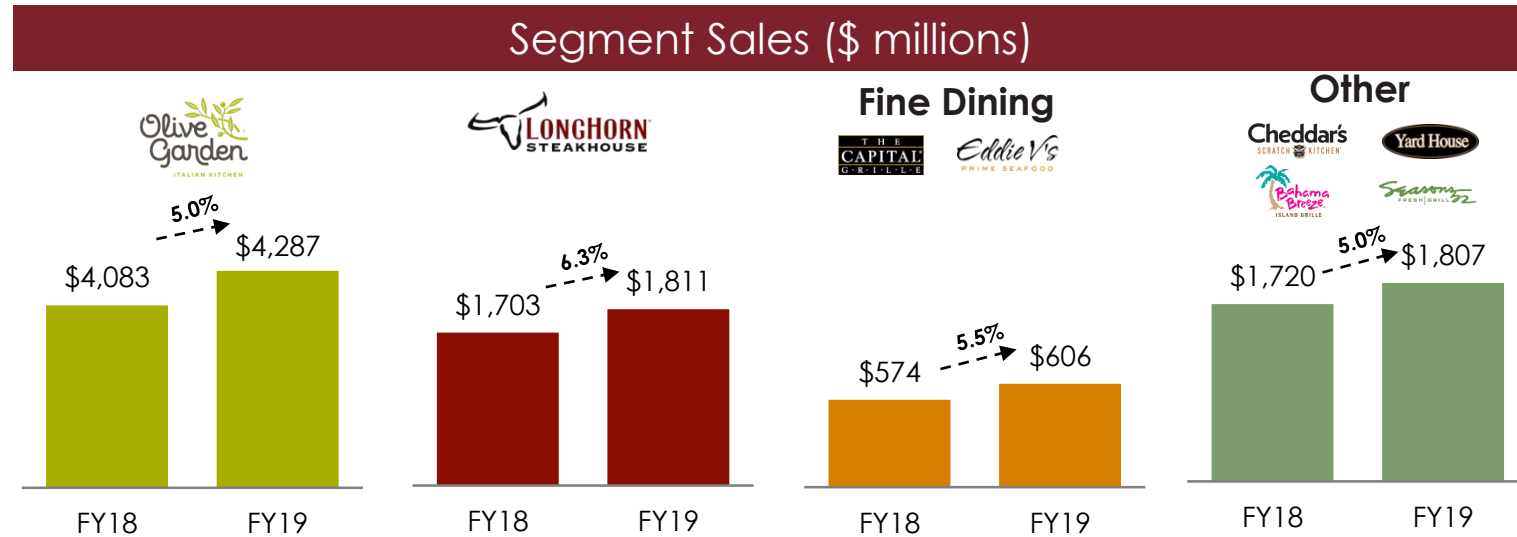
Note: Month dividend declared.



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RESTAURANTS

Additional Information

Annual Segment Performance



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

Commodities Outlook – First Half Fiscal 2020

	Annual Spend by Category	Coverage	June - November FY2020
			Outlook
Beef	19%	80%	Low Single Digit Inflation
Produce	13%	70%	Low Single Digit Inflation
Dairy / Oil ¹	10%	25%	Flat
Seafood	10%	85%	Low Single Digit Inflation
Chicken	7%	95%	Flat
Wheat ²	6%	95%	Low Single Digit Inflation
Non-Perishable / Other	35%	45%	Low Single Digit Inflation
<i>Weighted Average Coverage</i>	100%	65%	

¹ Includes cheese, cream, butter, and shortening.

² Includes breadsticks and pasta.

Reported to Adjusted Earnings Reconciliations

	Fiscal 2018															
	Q1 2018				Q2 2018				Q3 2018				Q4 2018			
	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	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
\$ in millions, except EPS																
Reported Earnings from Continuing Operations	\$159.5	\$38.2	\$121.3	\$0.95	\$113.4	\$24.8	\$88.6	\$0.71	\$116.0	(\$102.5)	\$218.5	\$1.74	\$216.8	\$41.4	\$175.4	\$1.40
Adjustments:																
Debt retirement costs	-	-	-	-	-	-	-	-	\$102.2	\$33.6	\$68.6	\$0.54	-	-	-	-
Net benefit of deferred tax revaluation	-	-	-	-	-	-	-	-	-	\$77.3	(\$77.3)	(\$0.61)	-	\$2.0	(\$2.0)	(\$0.02)
Cheddar's integration expenses	\$6.4	\$2.2	\$4.2	\$0.04	\$4.2	\$1.4	\$2.8	\$0.02	\$6.7	\$1.4	\$5.3	\$0.04	\$2.1	\$1.3	\$0.8	\$0.01
Adjusted Earnings from Continuing Operations	\$165.9	\$40.4	\$125.5	\$0.99	\$117.6	\$26.2	\$91.4	\$0.73	\$224.9	\$9.8	\$215.1	\$1.71	\$218.9	\$44.7	\$174.2	\$1.39

	Fiscal 2019			
	Q4 2019			
	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Diluted Net Earnings Per Share
\$ in millions, except EPS				
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.

Reported to Adjusted Earnings Reconciliation

	Fiscal 2019				Fiscal 2018			
	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
\$ in millions, except EPS								
Reported Earnings from Continuing Operations	\$782.3	\$63.7	\$718.6	\$5.73	\$605.7	\$1.9	\$603.8	\$4.79
% Change vs Prior Year				19.6 %				
Adjustments:								
Asset Impairments ¹	\$14.6	\$3.6	\$11.0	\$0.09	—	—	—	—
Debt retirement costs	—	—	—	—	\$102.2	\$33.6	\$68.6	\$0.54
Net benefit of deferred tax revaluation	—	—	—	—	—	\$79.3	(\$79.3)	(\$0.62)
Cheddar's integration expenses	—	—	—	—	\$19.4	\$6.3	\$13.1	\$0.10
Adjusted Earnings from Continuing Operations	\$796.9	\$67.3	\$729.6	\$5.82	\$727.3	\$121.1	\$606.2	\$4.81
% Change vs Prior Year				21.0%				

(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.

Reported to Adjusted EBIT Margin and Earnings Reconciliations

(in millions)	Quarter Ended		Change (bps)
	5/26/2019	5/27/2018	
Sales - as reported	\$ 2,229.1	\$ 2,134.1	
Earnings from continuing operations - as reported	\$ 208.7	\$ 175.4	
Interest, net - as reported	11.9	13.2	
Income tax expense - as reported	9.2	41.4	
EBIT from continuing operations	\$ 229.8	\$ 230.0	
EBIT Margin from continuing operations	10.3%	10.8%	(50)
EBIT Impacts	14.6 (1)	2.1 (2)	
Adjusted EBIT from continuing operations	244.4	232.1	
Adjusted EBIT margin from continuing operations	11.0%	10.9%	10
Earnings from continuing operations - as reported	\$ 208.7	\$ 175.4	
EBIT adjustments	14.6 (1)	2.1 (2)	
Income tax impacts of adjustments	(3.6)	(1.3)	
Net benefit of deferred tax revaluation	-	(2.0)	
Adjusted earnings from continuing operations	219.7	174.2	
Adjusted earnings margin from continuing operations	9.9%	8.2%	170

(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.

(2) Represents costs associated with Cheddar's integration.

Reported to Adjusted Earnings Reconciliations

	Fiscal Year Ended			
Adjusted EBITDA (\$ in Millions)	5/26/2019	5/27/2018	5/28/2017	5/29/2016
Earnings from continuing operations	\$ 718.6	\$ 603.8	\$ 482.5	\$ 359.7
Interest, net	50.2	161.1	40.2	172.5
Income tax (benefit) expense	63.7	1.9	154.8	90.0
Depreciation and amortization	336.7	313.1	272.9	290.2
Impairments and disposal of assets, net	19.0	3.4	(8.4)	5.8
Adjusted EBITDA	1,188.2	1,083.3	942.0	918.2
Capital expenditures	\$ 452.0	\$ 396.0	\$ 293.0	\$ 228.3
Adjusted EBITDA / CapEx ratio	2.6	2.7	3.2	4.0