

# Earnings Call

## Fiscal 2023: Fourth Quarter Results

June 22, 2023

# 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 a complete description of the Company's performance, financial condition or outlook.

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 ability to successfully integrate Ruth's Chris Steak House operations into our business, the impacts of the novel coronavirus (COVID-19) pandemic on our business and the global economy, a failure to address cost pressures and a failure to effectively deliver cost management activities, economic factors and their impacts on the restaurant industry and general macroeconomic factors including unemployment, energy prices and interest rates, the inability to hire, train, reward and retain restaurant team members, a failure to develop and recruit effective leaders, labor and insurance costs, health concerns including food-related pandemics or outbreaks of flu or other viruses, food safety and food-borne illness concerns, 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 and guest relationship tactics, 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.



# Fiscal 2023 Financial Highlights



**\$10.5** Billion  
TOTAL SALES

**\$8.00**  
DILUTED NET EPS FROM  
CONTINUING OPERATIONS

**57**  
NEW RESTAURANTS

**8.9%**  
TOTAL SALES GROWTH

**\$1.6** Billion  
EBITDA<sup>1</sup>

**\$1.1** Billion  
CASH RETURN<sup>2</sup>

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

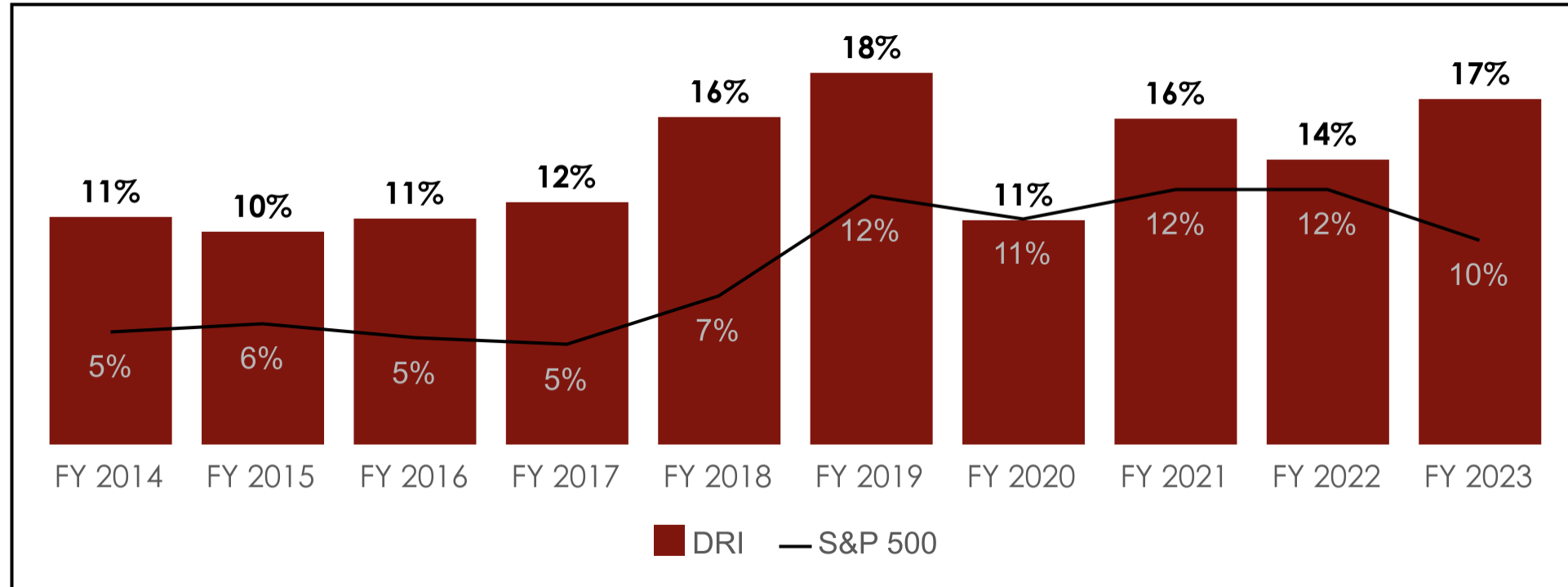
<sup>2</sup> Includes dividends paid and repurchases of common stock.



# Consistently Delivering Strong Returns, Outpacing S&P 500

Fiscal 2023 Total Shareholder Return was 32.6%

Ten Year Rolling Total Shareholder Return (TSR)



Note: Results shown as of the end of Darden's fiscal year.





# Brilliant With The Basics



# LONGHORN STEAKHOUSE

# STEAK MASTER

SERIES • 2023





# Never Ending Pasta Bowl



Elevates Brand Equity | Simple to Execute | Not at a Deep Discount

# Best Practices Awards Winners



Employer of  
Choice Award

Casual Dining

WINNER

★ 2022 ★



Best Practices  
Casual & Family Dining

WINNER

★ 2022 ★



Employer of  
Choice Award

Fine Dining

WINNER

★ 2022 ★



Best Practices  
Fine Dining & Upscale Casual

WINNER

★ 2022 ★



Employer of  
Choice Award

Upscale Casual

WINNER

★ 2022 ★



Source: Black Box Intelligence, Business Wire.







## 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

### 9 Iconic Brands



# Portfolio of Differentiated and Iconic Brands

	Total Sales <sup>1</sup>	Average Annual Restaurant Sales <sup>2</sup>	Restaurants <sup>3</sup>
	\$4.9 B	\$5.5 M	905
	\$2.6 B	\$4.7 M	562
	\$813 M	\$9.5 M	86
	\$740 M	\$4.2 M	180
	\$571 M	\$9.3 M	62
	\$300 M	\$6.8 M	44
	\$260 M	\$9.0 M	29
	\$261 M	\$6.2 M	42

<sup>1</sup> Twelve months ending May 28, 2023.

<sup>2</sup> Average annual sales are calculated as sales divided by total restaurant operating weeks multiplied by 52 weeks.

<sup>3</sup> Company owned/operated restaurants at the end of fiscal 2023.

# Strategic Portfolio Fit

## CRITERIA

// Full-service dining

// Healthy brand with strong guest appeal

// Can grow faster than long-term framework

// Meaningful size



Fine dining restaurant with nominal guest overlap

Strong business model and unit economics  
Technomic consumer brand ratings at high levels<sup>1</sup>

Additional runway for new restaurant growth

Over \$500 million annual revenue and \$76 million Transaction Adjusted EBITDA<sup>2</sup>

<sup>1</sup> Technomic, Consumer Brand Metrics 12 months ending December 2022. Overall Rating - Dinner Only, Unit Appearance and Ambiance - Dinner Only.

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



# Fiscal 2023 Fourth Quarter Financial Highlights



**\$2.8** Billion  
TOTAL SALES

**6.4%**  
TOTAL SALES GROWTH

**4.0%**  
SAME-RESTAURANT SALES  
GROWTH

**\$472** Million  
EBITDA<sup>1</sup>

**\$2.58**  
DILUTED NET EPS FROM  
CONTINUING OPERATIONS

**\$183** Million  
CASH RETURN<sup>2</sup>

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

<sup>2</sup> Includes dividends paid and repurchases of common stock.



# Margin Analysis vs. Prior Year

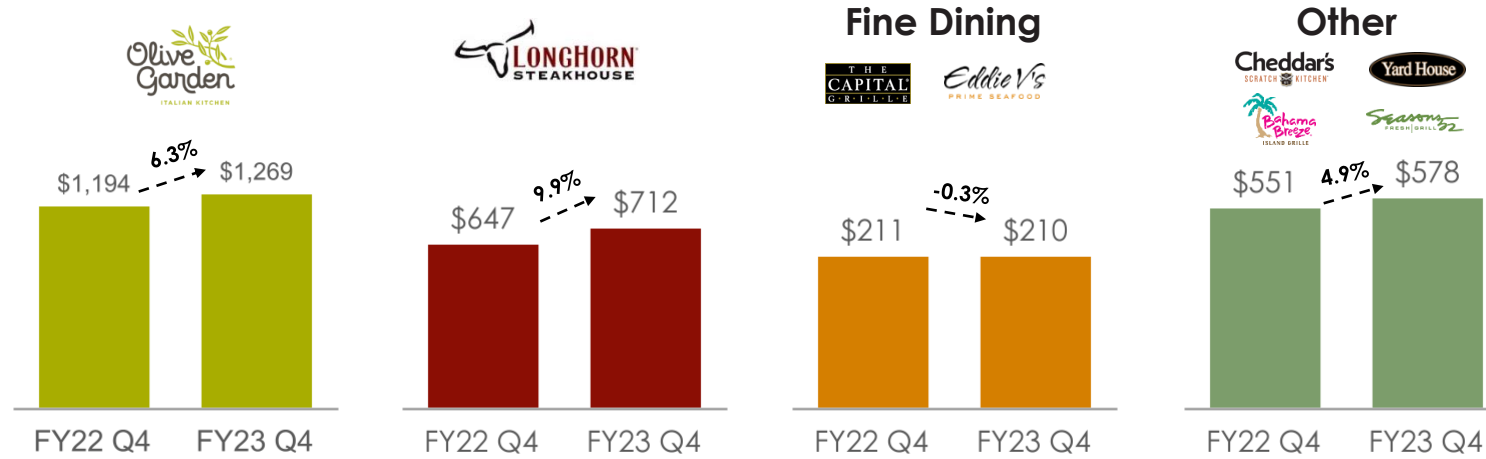
Fiscal Q4 2023			
	(\$ millions)	% of Sales	vs Prior Year Favorable/(Unfavorable)
<b>Sales</b>	<b>\$2,769.0</b>		
Food and Beverage	\$855.3	30.9 %	30
Restaurant Labor	\$869.8	31.4 %	40
Restaurant Expenses	\$441.4	15.9 %	30
Marketing Expenses	\$28.7	1.0 %	(30)
<b>Restaurant-Level EBITDA</b>	<b>\$573.8</b>	<b>20.7 %</b>	<b>80</b>
General and Administrative Expenses	\$100.4	3.6 %	(40)
Depreciation and Amortization	\$97.1	3.5 %	10
Impairment and Disposal of Assets, Net	\$1.8	0.1 %	10
<b>Operating Income</b>	<b>\$374.5</b>	<b>13.5 %</b>	<b>50</b>
Interest Expense	\$22.1	0.8 %	(10)
<b>Earnings Before Income Tax</b>	<b>\$352.4</b>	<b>12.7 %</b>	<b>50</b>
Income Tax Expense	\$36.8	1.3 %	10
Note: Effective Tax Rate	10.4%		
<b>Earnings From Continuing Operations</b>	<b>\$315.6</b>	<b>11.4 %</b>	<b>60</b>

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

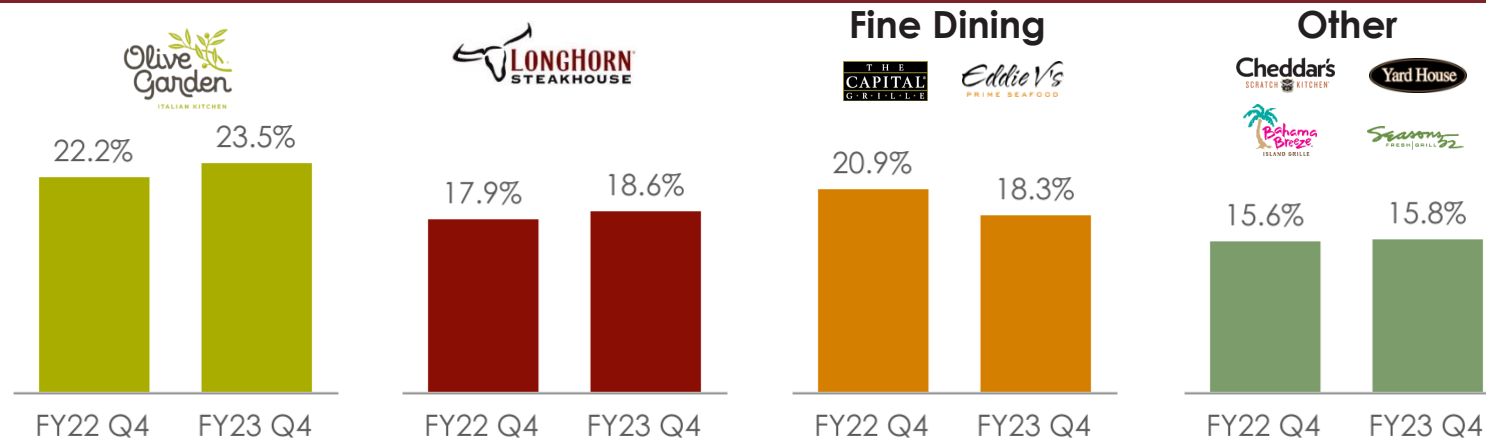
# Fourth Quarter Segment Performance

Fiscal 2023 vs. Prior Year

## Segment Sales (\$ millions)



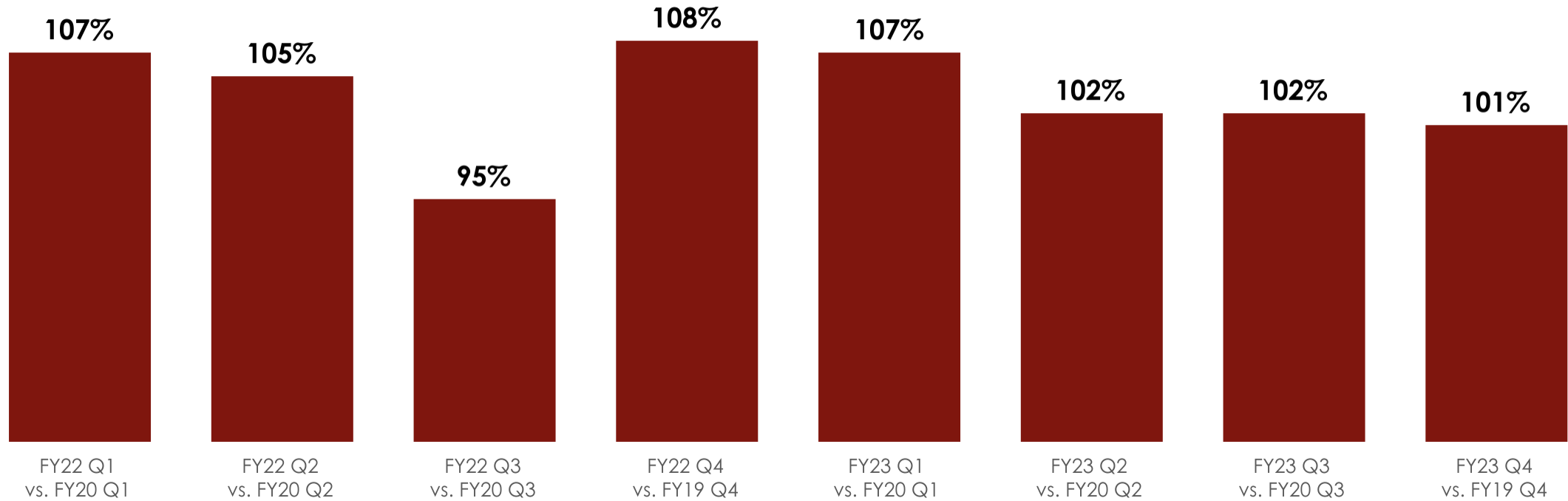
## Segment Profit Margin<sup>1</sup>



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



# Fine Dining Traffic<sup>1</sup> Retention vs. Pre-COVID



<sup>1</sup> Traffic represents average number of entrees sold per operating week.

# Fiscal 2023 Financial Highlights



6.8%

SAME-RESTAURANT SALES  
GROWTH

\$1.6 Billion  
EBITDA<sup>1</sup>

\$1.1 Billion  
CASH RETURN<sup>2</sup>

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

<sup>2</sup> Includes dividends paid and repurchases of common stock.



# Margin Analysis vs. Pre-COVID

	Fiscal 2023		vs Pre-COVID Adjusted <sup>1</sup>
	(\$ millions)	% of Sales	Favorable/(Unfavorable)
<b>Sales</b>	<b>\$10,487.8</b>		
Food and Beverage	\$3,355.9	32.0 %	(380)
Restaurant Labor	\$3,346.3	31.9 %	80
Restaurant Expenses	\$1,702.2	16.2 %	120
Marketing Expenses	\$118.3	1.1 %	200
<b>Restaurant-Level EBITDA</b>	<b>\$1,965.1</b>	<b>18.7 %</b>	<b>20</b>
General and Administrative Expenses	\$386.1	3.7 %	80
Depreciation and Amortization	\$387.8	3.7 %	30
Impairment and Disposal of Assets, Net <sup>2</sup>	\$(10.6)	(0.1) %	10
<b>Operating Income</b>	<b>\$1,201.8</b>	<b>11.5 %</b>	<b>140</b>
Interest Expense	\$81.3	0.8 %	(20)
<b>Earnings Before Income Tax</b>	<b>\$1,120.5</b>	<b>10.7 %</b>	<b>120</b>
Income Tax Expense <sup>2</sup>	\$137.0	1.3 %	(50)
Note: Effective Tax Rate	12.2%		
<b>Earnings From Continuing Operations</b>	<b>\$983.5</b>	<b>9.4 %</b>	<b>70</b>

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

<sup>1</sup> Pre-Covid comparison refers to the 12-month adjusted period ending February 2020 due to impact of pandemic on fiscal 2021 and 2022.

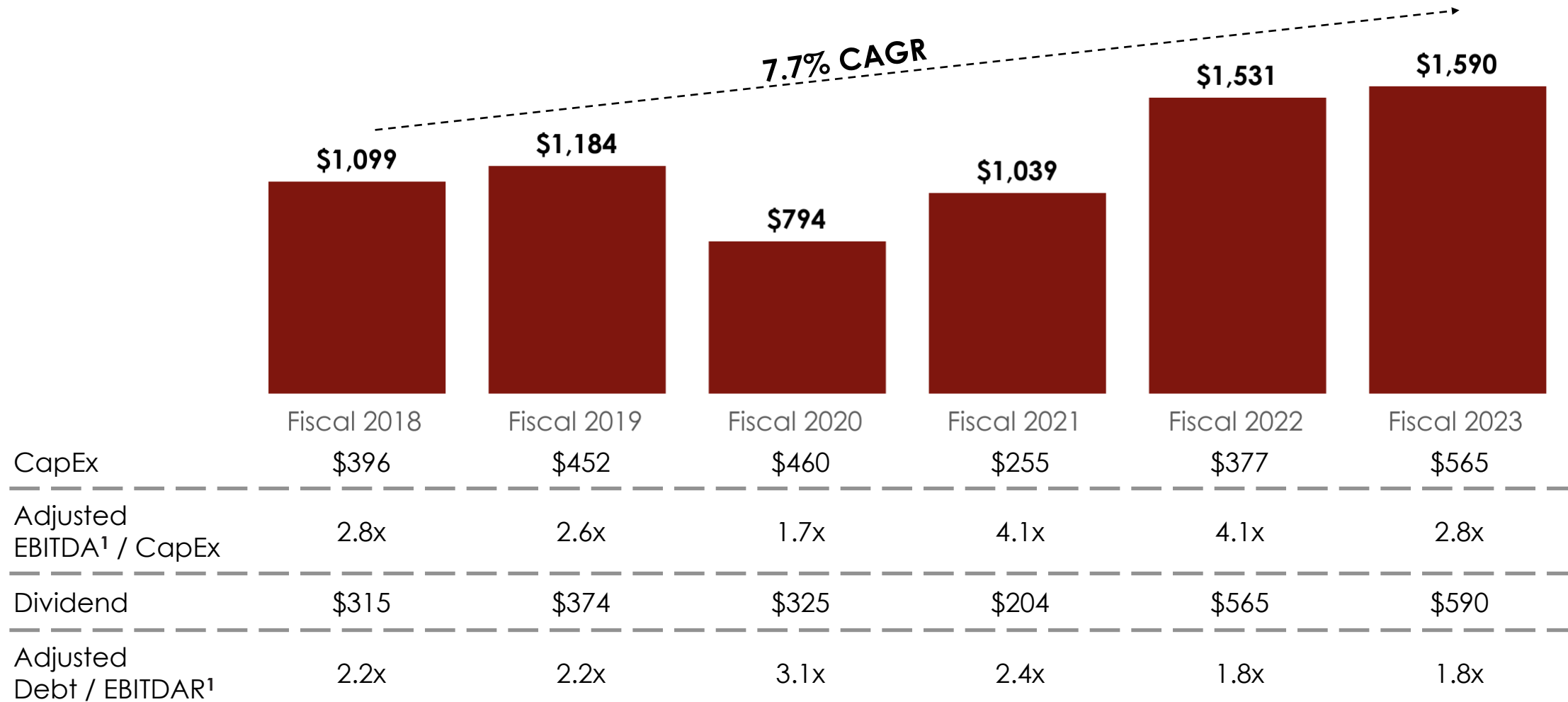
<sup>2</sup> A reconciliation of Non-GAAP measures can be found in the Additional Information section of this presentation.





# Strong Model Generates Durable Cash Flows

Adjusted EBITDA<sup>1</sup> from Continuing Operations (\$ in millions)



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



# Achieved Long-Term Framework TSR Over Past Five Years

## Updating Share Repurchase Target

	Previous Framework (Over Time)	FY18 - FY23 Annualized Return <sup>1</sup>	New LT Framework (Over Time)
New Restaurant Growth	2% - 3%	2.1%	2% - 3%
Same-Restaurant Sales	1% - 3%	3.3%	1% - 3%
EBIT Margin Expansion	10-30 bps	35bps	10-30 bps
<b>Business Performance (EAT Growth)</b>	<b>7% - 10%</b>	<b>10.2%</b>	<b>7% - 10%</b>
Dividend Payout Ratio	50% - 60%	57%	50% - 60%
Share Repurchases (\$MM)	\$150 - \$250	\$317	\$300 - \$500
<b>Return of Cash</b>	<b>3% - 5%</b>	<b>4.0%</b>	<b>3% - 5%</b>
<b>Total Shareholder Return</b> (EPS Growth + Dividend Yield)	<b>10% - 15%</b>	<b>14.2%</b>	<b>10% - 15%</b>

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



# Darden completes Ruth's Chris acquisition



**// Expected run-rate synergies of ~\$20 million by end of FY2025**

- Savings of 4% to 5% of sales in prior acquisitions

**// Expected to be accretive to Darden's diluted net earnings per share, excluding acquisition and integration-related expenses**

- 10 to 12 cents in fiscal 2024
- 20 to 25 cents in fiscal 2025

**// Anticipate total acquisition and integration-related expenses of approximately \$55 million, pre-tax**

**// Strengthens Long-Term Value Creation Framework**



# Fiscal 2024 Annual Outlook

SALES	DEVELOPMENT	MARGIN
<b>Total Sales</b> \$11.5B to \$11.6B  <b>Same-Restaurant Sales Growth</b> 2.5% to 3.5%	<b>Restaurant Openings</b> Approximately 50  <b>Capital Spending</b> \$550 to \$600 million	<b>Total Inflation: 3% to 4%</b> Commodities: ~2.5%  <b>Effective Tax Rate</b> 12% to 12.5%

Adjusted Earnings per Diluted Share  
\$8.55 to \$8.85<sup>1</sup>  
(~121.5 million Weighted Average Diluted Shares Outstanding)

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





# Nourish & Delight

EVERYONE WE SERVE

## Our Team Members



## Our Guests



## Our Communities





# Thank You To Our Team Members



# Question & Answer Session

# Additional Information

# Commodities Outlook – First Half

June - November FY2024			
	Spend by category	Coverage	Outlook
Beef	22%	70%	Low double digit inflation
Produce	12%	80%	High single digit inflation
Dairy / Oil <sup>1</sup>	11%	55%	Low single digit deflation
Seafood	10%	80%	High single digit deflation
Chicken	10%	80%	Low double digit deflation
Wheat <sup>2</sup>	7%	80%	Low single digit inflation
Non-Perishable / Other	29%	50%	Low single digit inflation
<i>Weighted average coverage</i>	100%	65%	

Note: Excludes Ruth's Chris

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

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



# Non-GAAP Reconciliations

## Q4 Fiscal 2023 EBITDA Reconciliation<sup>1</sup>

\$ in millions

<b>Earnings from Continuing Operations</b>	<b>\$315.6</b>
Interest, Net	22.1
Income Tax Expense	36.8
Depreciation and Amortization	97.1
<b>EBITDA</b>	<b>\$471.6</b>

## Reconciliation of Fiscal 2024 Reported to Adjusted Earnings Outlook<sup>2</sup>

	2024			
<b>Reported diluted net earnings per share from continuing operations</b>	<b>\$</b>	<b>8.21</b>	<b>to</b>	<b>\$</b> <b>8.51</b>
Ruth's Chris transaction and integration related expenses	\$	0.45		\$ 0.45
Income tax expense	\$	(0.11)		\$ (0.11)
<b>Adjusted diluted net earnings per share from continuing operations</b>	<b>\$</b>	<b>8.55</b>		<b>\$</b> <b>8.85</b>

<sup>1</sup> See slide 12 for non-GAAP figure presented.

<sup>2</sup> See slide 21 for non-GAAP figure presented.

# Non-GAAP Reconciliations

## Ruth's Hospitality Group Adjusted EBITDA and EBITDAR Reconciliation<sup>1</sup>

\$ in millions	52 Weeks Ended December 25, 2022
<b>GAAP Net Income</b>	<b>\$38.6</b>
Interest, Net	\$1.5
Income Tax Expense	\$7.0
Depreciation and Amortization	\$22.1
<b>EBITDA</b>	<b>\$69.2</b>
Loss on legal settlement	\$6.0
Loss on lease modifications	\$0.1
Loss on impairment and restaurant closure costs	\$0.6
<b>Transaction Adjusted EBITDA</b>	<b>\$75.9</b>
Minimum Rent	\$25.7
<b>Transaction Adjusted EBITDAR</b>	<b>\$101.6</b>

<sup>1</sup> See slide 11 for non-GAAP figure presented.

# Non-GAAP Reconciliations

## Adjusted EBITDA Reconciliation<sup>1</sup>

\$ in millions	5/27/2018	5/26/2019	5/31/2020	5/30/2021	5/29/2022	5/28/2023
<b>Sales</b>	<b>\$8,080.1</b>	<b>\$8,510.4</b>	<b>\$7,806.9</b>	<b>\$7,196.1</b>	<b>\$9,630.0</b>	<b>\$10,487.8</b>
<b>Net Earnings from Continuing Operations</b>	<b>\$603.8</b>	<b>\$718.6</b>	<b>\$(49.2)</b>	<b>\$632.4</b>	<b>\$954.7</b>	<b>\$983.5</b>
Interest, Net	161.1	50.2	57.3	63.5	68.7	81.3
Income Tax Expense (Benefit)	1.9	63.7	(111.8)	(55.9)	138.8	137.0
Depreciation and Amortization	313.1	336.7	355.9	350.9	368.4	387.8
<b>EBITDA</b>	<b>\$1,079.9</b>	<b>\$1,169.2</b>	<b>\$252.2</b>	<b>\$990.9</b>	<b>\$1,530.6</b>	<b>\$1,589.6</b>
<b>Adjustments:</b>						
Cheddar's acquisition & integration costs <sup>2</sup>	19.4	—	—	—	—	—
Pension settlement charge (adjustment) <sup>3</sup>	—	—	145.5	—	—	—
Goodwill Impairment <sup>4</sup>	—	—	169.2	—	—	—
Trademark impairment <sup>4</sup>	—	—	145.0	—	—	—
Other asset impairment <sup>5</sup>	—	—	28.8	—	—	—
International entity liquidation	—	—	6.2	—	—	—
Restaurant impairments <sup>6</sup>	—	14.6	47.0	—	—	—
Corporate restructuring <sup>7</sup>	—	—	—	47.8	—	—
<b>Adjusted EBITDA</b>	<b>\$1,099.3</b>	<b>\$1,183.8</b>	<b>\$793.9</b>	<b>\$1,038.7</b>	<b>\$1,530.6</b>	<b>\$1,589.6</b>
<b>Adjusted EBITDA Margin</b>	<b>13.6%</b>	<b>13.9%</b>	<b>10.2%</b>	<b>14.4%</b>	<b>15.9%</b>	<b>15.2%</b>
Minimum Rent	\$342.7	\$359.5	\$392.6	\$385.7	\$409.8	\$424.3
<b>Adjusted EBITDA excluding minimum rent (EBITDAR)</b>	<b>\$1,442.0</b>	<b>\$1,543.3</b>	<b>\$1,186.5</b>	<b>\$1,424.4</b>	<b>\$1,940.4</b>	<b>\$2,013.9</b>
<b>Adjusted Total Debt</b>	<b>\$3,229.8</b>	<b>\$3,331.7</b>	<b>\$3,716.0</b>	<b>\$3,374.6</b>	<b>\$3,499.1</b>	<b>\$3,566.9</b>
<b>Adjusted Debt/EBITDAR Ratio</b>	<b>2.2</b>	<b>2.2</b>	<b>3.1</b>	<b>2.4</b>	<b>1.8</b>	<b>1.8</b>

See footnotes on following page



# Non-GAAP Reconciliations

<sup>1</sup> See slide 18 for non-GAAP figure presented.

<sup>2</sup> Includes immaterial amounts incurred but not adjusted.

<sup>3</sup> In April 2018, our Benefits Plans Committee approved the termination of our primary non-contributory defined benefit pension plan. In fiscal 2020, the benefit obligations to plan participants was settled, resulting in a pension settlement charge.

<sup>4</sup> Non-cash goodwill and trademark impairments were 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.

<sup>5</sup> Non-cash other asset impairments were 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.

<sup>6</sup> Fiscal 2019 non-cash asset impairment charges related to four 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. Fiscal 2020 non-cash impairments were 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.

<sup>7</sup> Includes cash expenses of approximately \$38 million, primarily related to severance and benefits, paid over an eighteen month period, and non-cash expenses of approximately \$10 million related to acceleration of equity-settled awards and expense associated with the postretirement benefit plan.



# Non-GAAP Reconciliations

## Adjusted Total Debt Reconciliation<sup>1</sup>

\$ in millions	5/27/2018	5/26/2019	5/31/2020	5/30/2021	5/29/2022	5/28/2023
Short-term debt	—	—	\$270.0	—	—	—
Capital lease obligation	\$80.5	\$84.0	—	—	—	—
Long-term debt, excluding unamortized discount and issuance costs	\$939.1	\$939.1	\$939.1	\$939.1	\$939.1	\$939.1
<b>Total Debt</b>	<b>\$1,019.6</b>	<b>\$1,023.1</b>	<b>\$1,209.1</b>	<b>\$939.1</b>	<b>\$939.1</b>	<b>\$939.1</b>
Lease-debt equivalent (6x minimum rent)	\$2,056.2	\$2,157.0	\$2,355.4	\$2,314.2	\$2,459.0	\$2,545.8
Guarantees <sup>2</sup>	\$154.0	\$151.6	\$151.5	\$121.5	\$101.0	\$82.0
<b>Adjusted Total Debt</b>	<b>\$3,229.8</b>	<b>\$3,331.7</b>	<b>\$3,716.0</b>	<b>\$3,374.8</b>	<b>\$3,499.1</b>	<b>\$3,566.9</b>

<sup>1</sup> See slide 18 for non-GAAP figure presented.

<sup>2</sup> Consists solely of guarantees associated with leased properties that have been assigned to third parties and are primarily related to the disposition of Red Lobster.



# Non-GAAP Reconciliations

## Pro-forma Adjusted Total Debt to EBITDAR Reconciliation after Ruth's acquisition

\$ in millions

Short-term debt	—
Term Loan (executed May 31, 2023)	\$600.0
Capital lease obligation	—
Long-term debt, excluding unamortized discount and issuance costs (as of May 28, 2023)	\$939.1
<b>Total Debt</b>	<b>\$1,539.1</b>
Lease-debt equivalent (6x minimum rent) (as of May 28, 2023)	\$2,545.8
Guarantees <sup>1</sup> (as of May 28, 2023)	\$82.0
<b>Adjusted Total Debt (as of May 31, 2023)</b>	<b>\$4,166.9</b>
Darden Adjusted EBITDAR (as of May 28, 2023) <sup>2</sup>	\$2,013.9
Ruth's EBITDAR (as of December 25, 2022) <sup>3</sup>	\$101.6
<b>Total Adjusted EBITDAR</b>	<b>\$2,115.5</b>
<b>Adjusted Debt to EBITDAR Ratio</b>	<b>2.0</b>

<sup>1</sup> Consists solely of guarantees associated with leased properties that have been assigned to third parties and are primarily related to the disposition of Red Lobster.

<sup>2</sup> See slide 29 for further details around Non-GAAP figures.

<sup>3</sup> See slide 28 for further details around Non-GAAP figures.

# Non-GAAP Reconciliations

## Reported to Adjusted Earnings Reconciliations<sup>1</sup>

\$ in millions	Q4 2019			Q1 2020			Q2 2020			Q3 2020			Total		
<b>Sales</b>	\$2,229.1			\$2,133.9			\$2,056.4			\$2,346.5			\$8,765.9		
	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings
<b>Reported Earnings from Continuing Operations</b>	\$ 217.9	\$ 9.2	\$ 208.7	\$ 190.4	\$ 18.6	\$ 171.8	\$ (6.2)	\$ (31.6)	\$ 25.4	\$ 265.1	\$ 31.8	\$ 233.3	\$ 667.2	\$ 28.0	\$ 639.2
<b>Adjustments:</b>															
Asset impairments <sup>2</sup>	\$ 14.6	\$ 3.6	\$ 11.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14.6	\$ 3.6	\$ 11.0
Pension settlement charge <sup>3</sup>	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 147.1	\$ 36.2	\$ 110.9	\$ —	\$ —	\$ —	\$ 147.1	\$ 36.2	\$ 110.9
International structure simplification <sup>3</sup>	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6.2	\$ 4.1	\$ 2.1	\$ —	\$ —	\$ —	\$ 6.2	\$ 4.1	\$ 2.1
<b>Adjusted Earnings from Continuing Operations</b>	\$ 232.5	\$ 12.8	\$ 219.7	\$ 190.4	\$ 18.6	\$ 171.8	\$ 147.1	\$ 8.7	\$ 138.4	\$ 265.1	\$ 31.8	\$ 233.3	\$ 835.1	\$ 71.9	\$ 763.2
<b>Sales Margin</b>													9.5 %	0.8 %	8.7 %

<sup>1</sup> See slide 17 for non-GAAP figures presented.

<sup>2</sup> 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. Included in Impairments and disposal of assets, net.

<sup>3</sup> As disclosed in our fiscal 2019 Form 10-K, in April 2018, our Benefit Plans Committee approved the termination of our primary non-contributory defined benefit pension plan. In November of fiscal 2020 the benefit obligation to plan participants was settled, resulting in a pension settlement charge. Included in Other (income) expense, net in fiscal 2020.



# Non-GAAP Reconciliations

## Reported to Adjusted Earnings Reconciliations<sup>1</sup>

Fiscal 2018						
\$ in millions, except EPS	Earnings Before Interest and Income Tax (EBIT)	Interest, net	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Diluted EPS
<b>Reported Earnings from Continuing Operations</b>	<b>\$ 766.8</b>	<b>\$ 161.1</b>	<b>\$ 605.7</b>	<b>\$ 1.9</b>	<b>\$ 603.8</b>	<b>\$ 4.79</b>
<b>Adjustments:</b>						
Debt retirement costs	\$ —	\$ (102.2)	\$ 102.2	\$ 33.6	\$ 68.6	\$ 0.54
Net benefit of deferred tax revaluation	\$ —	\$ —	\$ —	\$ 79.3	\$ (79.3)	\$ (0.62)
Cheddar's acquisition & integration costs	\$ 19.4	\$ —	\$ 19.4	\$ 6.3	\$ 13.1	\$ 0.10
<b>Adjusted Earnings from Continuing Operations</b>	<b>\$ 786.2</b>	<b>\$ 58.9</b>	<b>\$ 727.3</b>	<b>\$ 121.1</b>	<b>\$ 606.2</b>	<b>\$ 4.81</b>

<sup>1</sup> See slide 19 for non-GAAP figure presented.

