

EARNINGS CALL

FISCAL 2021: SECOND QUARTER RESULTS
DECEMBER 18, 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 and 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.



Ongoing Priorities

Health & Safety of Team Members and Guests

Back-to-Basics Operating Philosophy

Technology Deployments

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://darden.com/our-company/our-commitment-to-you)

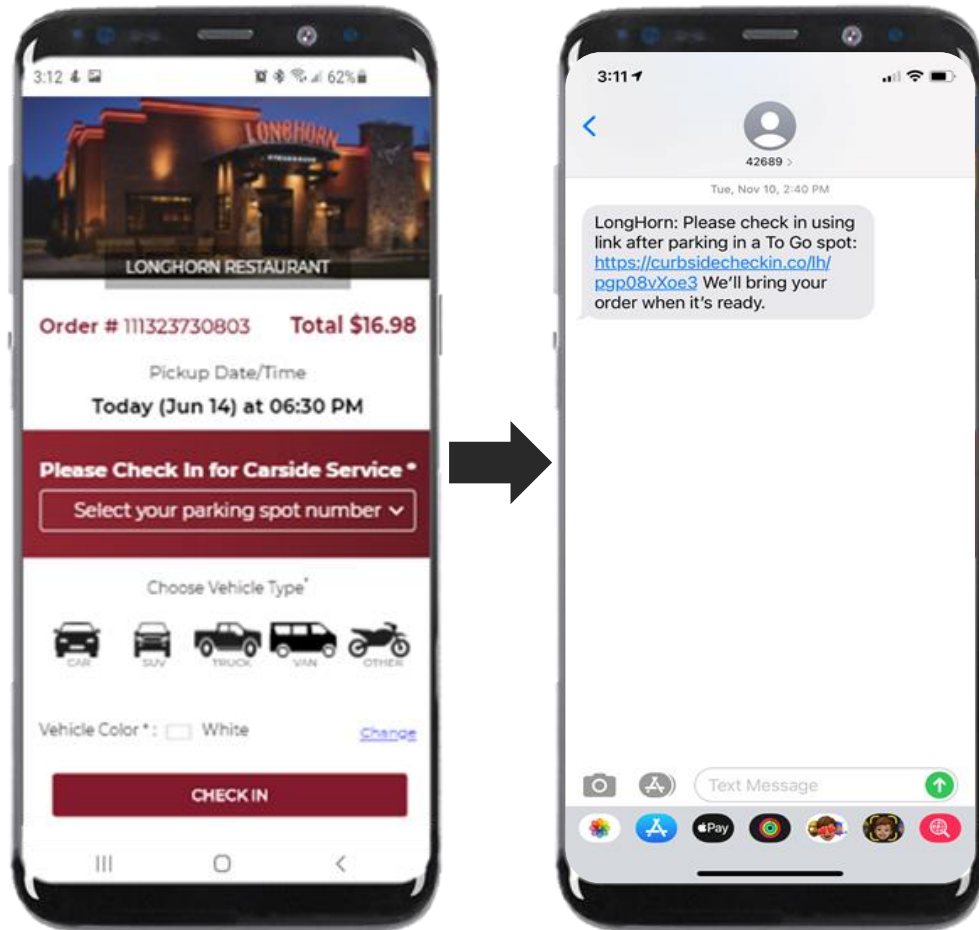


Back-to-Basics Operating Philosophy

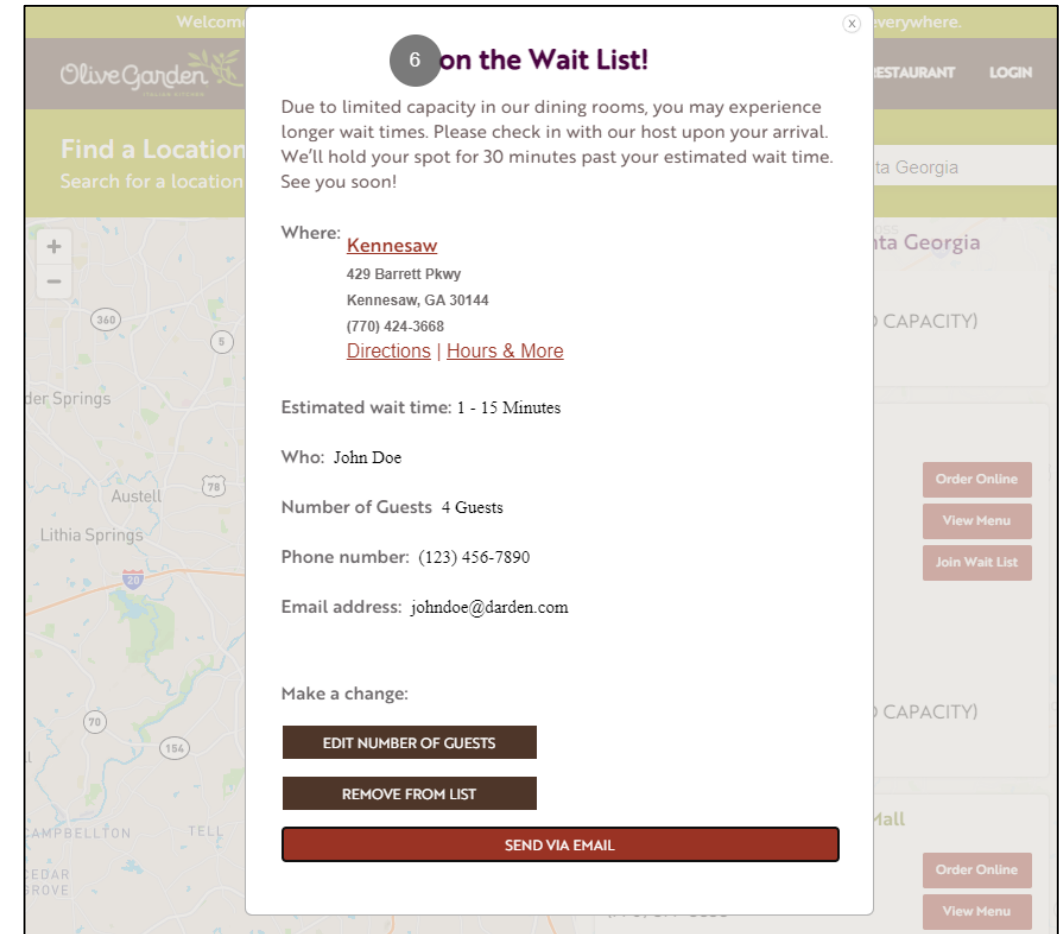


Investing in Technology

Curbside I'm Here



Wait List Visibility



Transforming Our Business Model

Adjust Cost Structure

Re-Imagine Our Offerings

Investments

Optimize Support Structure

Second Quarter Operating Segment Highlights



(19.0)%
TOTAL SALES GROWTH

(19.9)%
SAME-RESTAURANT SALES
GROWTH

Second Quarter Operating Segment Highlights



(8.9)%
TOTAL SALES GROWTH

(11.1)%
SAME-RESTAURANT SALES
GROWTH

Fiscal 2021 Second Quarter Highlights



\$1.7 BILLION
TOTAL SALES

(19.4)%
TOTAL SALES GROWTH¹

(20.6)%
SAME-RESTAURANT SALES GROWTH

\$206 MILLION
EBITDA

\$0.74
DILUTED NET EPS FROM
CONTINUING OPERATIONS

Margin Analysis

	Fiscal Q2 2021		
	(\$ millions)	% of Sales	vs. Q2 2020 (bps)* Favorable/(Unfavorable)
Sales	\$1,656.5		
Food and Beverage	\$475.1	28.7%	(30)
Restaurant Labor	\$535.5	32.3%	140
Restaurant Expenses	\$330.5	20.0%	(170)
Marketing Expenses	\$18.8	1.1%	210
Restaurant-Level EBITDA	\$296.6	17.9%	140
General and Administrative Expenses	\$89.9	5.4%	(100)
Depreciation and Amortization	\$86.0	5.2%	(90)
Operating Income	\$120.7	7.3%	(50)
Interest Expense	\$14.6	0.9%	(30)
Other (Income) Expense, Net	\$0.4	0.0%	0
EBT	\$105.7	6.4%	(80)
Income Tax Expense (Benefit)	\$8.8	0.5%	(10)
Note: Effective Tax Rate	8.3%		
EAT	\$96.9	5.8%	(90)

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

*Compared to fiscal Q2 2020 adjusted performance. A reconciliation of reported to adjusted numbers can be found in the Additional Information section of this presentation

Mark to Market Reduced Operating Income Margin by 50 bps, Mostly Offset in Tax

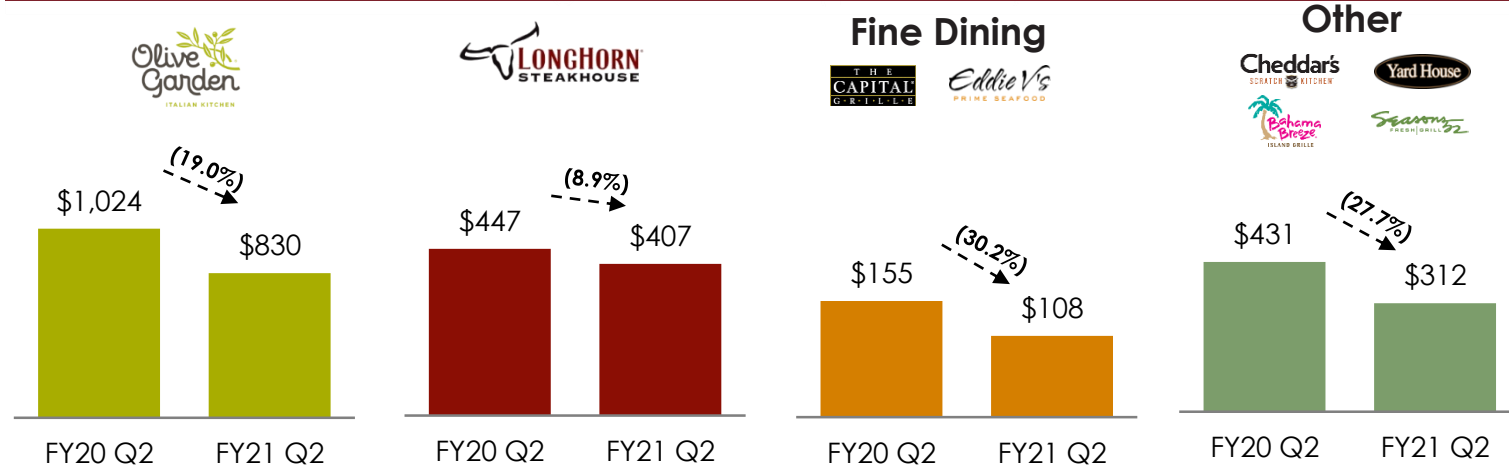
Fiscal Q2 2021

	Reported		Mark-to-Market Impact	
	(\$ millions)	% of Sales	(\$ millions)	(bps)
Sales	\$1,656.5		Favorable / (Unfavorable)	
G&A	\$89.9	5.4%	(\$8.1)	(50)
Operating Income	\$120.7	7.3%	(\$8.1)	(50)
Income Tax Expense	\$8.8	0.5%	\$6.4	40
<i>Note: Effective Tax Rate</i>	8.3%		510 bps	
EAT	\$96.9	5.8%	(\$1.7)	(10)

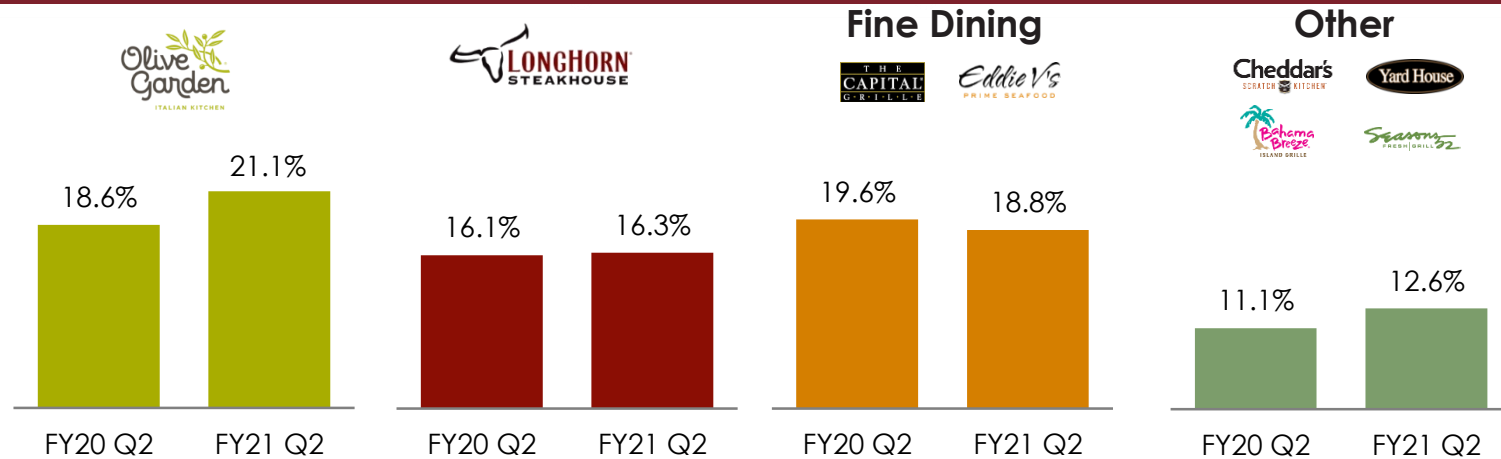
Note: Continuing operations, values may not foot due to rounding.

Second Quarter Segment Performance

Segment Sales (\$ millions)



Segment Profit Margin¹



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

Liquidity and Capital Allocation

Well-positioned balance sheet

Over \$1.5 billion in liquidity

Credit metrics well within debt covenants

Same-Restaurant Sales Impacted by Dining Room Closures

Comparable Calendar* Same-Restaurant Sales %

<u>Weeks Ended</u>	<u>11/8/20</u>	<u>11/15/20</u>	<u>11/22/20</u>	<u>11/29/20</u>	<u>12/6/20</u>	<u>12/13/20</u>
Darden	(23.4)%	(23.3)%	(29.1)%	(34.0)%	(33.4)%	(36.9)%
Olive Garden	(21.9)%	(22.5)%	(27.3)%	(34.9)%	(31.1)%	(32.6)%
LongHorn Steakhouse	(12.0)%	(12.1)%	(18.5)%	(22.9)%	(19.5)%	(23.3)%

% of Restaurants With at Least Limited Dining Room Capacity

<u>Weeks Ended</u>	<u>11/8/20</u>	<u>11/15/20</u>	<u>11/22/20</u>	<u>11/29/20</u>	<u>12/6/20</u>	<u>12/13/20</u>
Darden	92.0%	91.7%	80.9%	79.7%	79.7%	75.4%

Sales for restaurants open with at least limited dining room capacity for the entire week, including To Go sales:

<u>Weeks Ended</u>	<u>11/8/20</u>	<u>11/15/20</u>	<u>11/22/20</u>	<u>11/29/20</u>	<u>12/6/20</u>	<u>12/13/20</u>
<u>Olive Garden</u>						
Total Sales per Restaurant	\$75,492	\$77,098	\$71,495	\$59,282	\$75,851	\$80,740
To Go Sales as % of Total	34.4%	34.8%	36.4%	34.0%	36.6%	36.8%
Comparable Calendar* Same-Restaurant Sales %	(19.1)%	(19.7)%	(19.8)%	(25.6)%	(21.8)%	(23.3)%
# of Restaurants	792	789	668	652	648	612

LongHorn Steakhouse

Total Sales per Restaurant	\$62,447	\$63,179	\$58,541	\$46,544	\$60,195	\$63,448
To Go Sales as % of Total	21.8%	22.1%	23.6%	21.5%	23.6%	23.5%
Comparable Calendar* Same-Restaurant Sales %	(10.5)%	(10.6)%	(15.3)%	(18.2)%	(14.7)%	(17.4)%
# of Restaurants	498	498	470	468	467	436

* Comparable calendar reflects same-restaurant growth for the weeks ended November 8, 2020 through December 13, 2020 compared to weeks ended November 10, 2019 through December 15, 2019



Fiscal 2021 Third Quarter Outlook

Q3 2021

Total sales

EBITDA

Diluted share count

EPS \$

Outlook

65% - 70% of LY

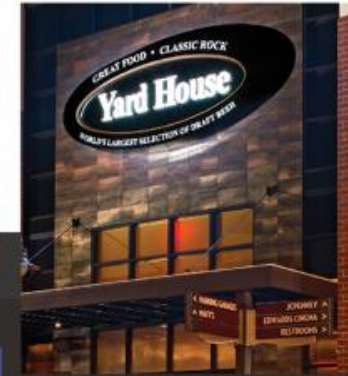
\$170 - \$210 million

~132 million

\$0.50 - \$0.75

Our Greatest Competitive Advantage





Additional Information

Commodities Outlook – Third Quarter Fiscal 2021

	Annual spend by category	Coverage	Dec-Feb FY2021
			Outlook
Beef	17%	70%	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%	Low single digit inflation
Non-Perishable / Other	36%	80%	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

Q2 2020				
\$ in millions, except EPS	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Diluted Net Earnings Per Share
Reported Earnings from Continuing Operations	(\$6.2)	(\$31.6)	\$25.4	\$0.21
% of Sales	(0.3%)	(1.5%)	(1.2%)	
Adjustments:¹				
Pension settlement charge ²	147.1	36.2	110.9	0.90
Internal structure simplification	6.2	4.1	2.1	0.01
Adjusted Earnings from Continuing Operations	\$147.1	\$8.7	\$138.4	\$1.12
% of Sales	7.2%	0.4%	6.7%	

¹All adjustments are recorded within 'Other income (expense) net' on our consolidated statements of earnings. After adjusting for these items in Q2 2020, 'Other income (expense) net' was \$0 for the period.

²In November of fiscal 2020, we settled our benefit obligation to participants in our primary noncontributory defined benefit pension plan as part of our termination of that plan, resulting in a settlement charge.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Reconciliation	
\$ in millions	Q2 2021
Reported Earnings from Continuing Operations	\$96.9
Interest	14.6
Income Tax Expense	8.8
Depreciation and Amortization	86.0
EBITDA	\$206.3

Free Cash Flow and Adjusted Debt & Total Capital Reconciliations

Fiscal 2021 Free Cash Flow			
\$ in millions			
	YTD	Q1	Q2
Net cash provided by operating activities of continuing operations	\$428.6	\$206.7	\$221.9
Less: Purchases of land, buildings and equipment	(108.2)	(42.2)	(66.0)
Less: Purchases of capitalized software and other assets	(6.6)	(3.7)	(2.9)
Free Cash Flow	\$313.8	\$160.8	\$153.0

Reconciliation of Debt and Total Capital to Adjusted Debt and Adjusted Total Capital

(in millions, except ratios)	November 29, 2020
Long-term debt, excluding unamortized discount and issuance costs	\$939.1
Total debt	\$939.1
Stockholders' equity	2,455.1
Total capital	\$3,394.2
CALCULATION OF ADJUSTED CAPITAL	
Total debt	\$939.1
Lease-debt equivalent	2,333.8
Guarantees	126.4
Adjusted debt	\$3,399.3
Stockholders' equity	2,455.1
Adjusted total capital	\$5,854.4
CAPITAL STRUCTURE RATIOS	
Debt to total capital ratio	28 %
Adjusted debt to adjusted total capital ratio	58 %

EBITDA Outlook to Net Earnings Reconciliation

Fiscal 2021 Third Quarter EBITDA Outlook Reconciliation

\$ in millions			
Net Earnings	\$66	to	\$99
Interest, net	15		15
Income tax expense	1		8
Depreciation and amortization	88		88
EBITDA	\$170	to	\$210