



# Earnings Call

## Fiscal 2024: Second Quarter Results

### December 15, 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: 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, the inability to successfully integrate Ruth's Chris Steak House operations into our business, 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 2024 Second Quarter Financial Highlights



\$2.7 Billion  
TOTAL SALES

9.7%  
TOTAL SALES GROWTH

\$1.84  
ADJUSTED DILUTED NET EPS  
FROM CONTINUING  
OPERATIONS<sup>1</sup>

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





## 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

Culinary Innovation & Execution

## Back-To-Basics

Attentive Service

Engaging Atmosphere

Integrated Marketing

9

Iconic Brands



# Brilliant with the Basics





Ranked #1 by consumers ...

Overall

Brand Fit & Loyalty

Value

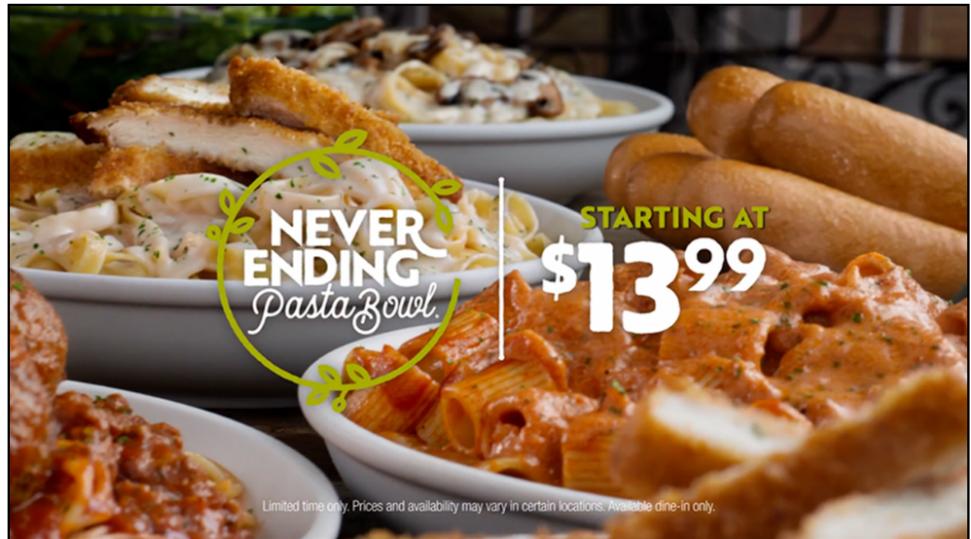
Food

Service

Atmosphere

Source: Technomic, Consumer Brand Metrics, 12 months ending Sept 2023.





\$5 Billion  
Total Sales

on a trailing 52-week basis

- // Elevates Brand Equity
- // Simple to Execute
- // Not at a Deep Discount



# Thanksgiving Day Sales Records





- // Top **Overall** rating within Technomic industry tracking tool
- // Team moved into Darden's support center
- // 21 restaurants transitioned to Darden Direct Distribution
- // People Management systems live by end of calendar year
- // Proprietary POS rollout by end of fiscal year



# Next Course SCHOLARSHIP



**Eros L.**  
Son of Fernando L.  
(Olive Garden — Burbank, CA)



**Olivia J.**  
Daughter of Ryan J.  
(LongHorn Steakhouse — Peoria, IL)



**Zemmen Y.**  
Son of Erishan B.  
(Olive Garden — Burnsville, MN)

# Thank You To Our Team Members



# Fiscal 2024 Second Quarter Financial Highlights



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

<sup>2</sup> Will not include Ruth's Chris Steak House until they have been owned and operated by Darden for a 16-month period (Q2 Fiscal 2025)

<sup>3</sup> Industry refers to Black Box Intelligence's Casual Dining benchmark, excluding Darden, specifically Olive Garden, LongHorn Steakhouse and Cheddar's Scratch Kitchen



# Fiscal 2024 Second Quarter Financial Highlights



\$403 Million  
ADJUSTED EBITDA<sup>1</sup>

\$158 Million  
DIVIDENDS PAID

\$181 Million  
SHARE REPURCHASES

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



# Margin Analysis vs. Prior Year

	<b>As Reported</b>	<b>As Adjusted<sup>1</sup></b>	
	Q2 2024 (\$ millions)	Q2 2024 (\$ millions)	Q2 2024 % of Sales      vs Q2 2023 (bps) Favorable/(Unfavorable)
<b>Sales</b>			
Food and Beverage	\$845.8	\$845.8	31.0 %      190
Restaurant Labor	\$880.9	\$880.9	32.3 %      20
Restaurant Expenses	\$450.4	\$450.4	16.5 %      30
Marketing Expenses	\$36.9	\$36.9	1.4 %      (10)
<b>Restaurant-Level EBITDA</b>	<b>\$513.3</b>	<b>\$513.3</b>	<b>18.8 %</b> <b>230</b>
General and Administrative Expenses	\$114.8	\$109.2	4.0 %      (40)
Depreciation and Amortization	\$112.5	\$112.5	4.1 %      (20)
Impairment and Disposal of Assets, Net	\$7.5	\$1.6	0.1 %      (40)
<b>Operating Income</b>	<b>\$278.5</b>	<b>\$290.0</b>	<b>10.6 %</b> <b>130</b>
Interest Expense	\$37.1	\$35.8	1.3 %      (50)
<b>Earnings Before Income Tax</b>	<b>\$241.4</b>	<b>\$254.2</b>	<b>9.3 %</b> <b>70</b>
Income Tax Expense	\$29.1	\$32.3	1.2 %      (10)
Note: Effective Tax Rate	12.1%	12.7%	
<b>Earnings From Continuing Operations</b>	<b>\$212.3</b>	<b>\$221.9</b>	<b>8.1 %</b> <b>60</b>

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

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

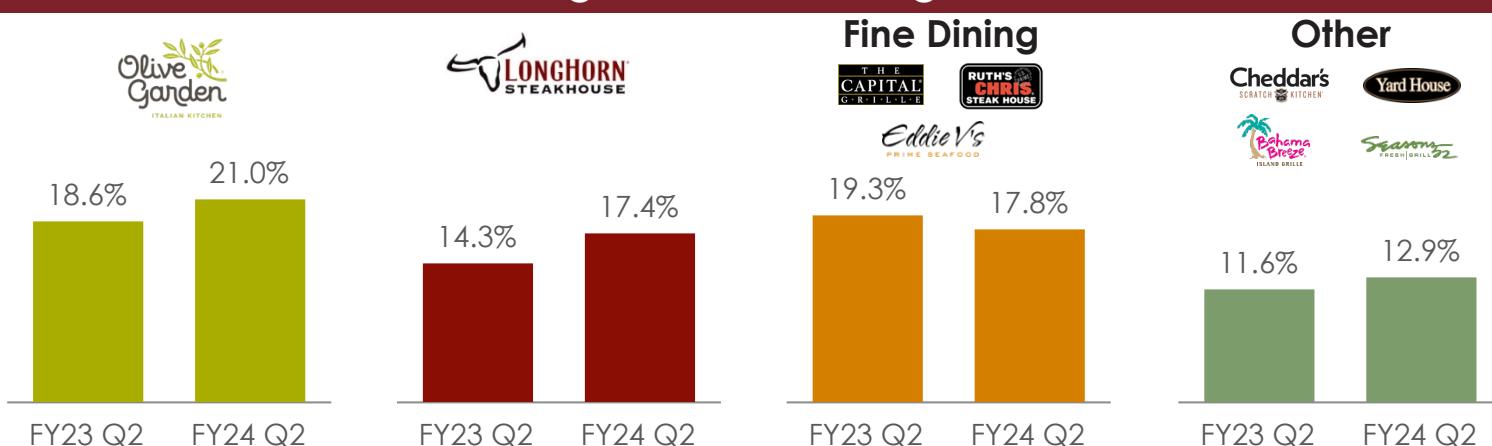


# Second Quarter Segment Performance<sup>1</sup>

Segment Sales (\$ millions)



Segment Profit Margin<sup>2</sup>



<sup>1</sup> From the date of acquisition forward, sales and profits from Ruth's Chris company-owned restaurants are included within the Fine Dining segment. Royalties from Ruth's Chris franchise and managed locations reside in the Other Business segment.

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

# Updating Fiscal 2024 Annual Outlook

SALES
<b>Total Sales</b> Approximately \$11.5B
<b>Same-Restaurant Sales Growth<sup>1</sup></b> 2.5% to 3.0%

DEVELOPMENT
<b>Restaurant Openings</b> 50 to 55
<b>Capital Spending</b> Approximately \$600MM

MARGIN
<b>Total Inflation: 3.0% to 3.5%</b> Commodities: ~2.0%
<b>Effective Tax Rate</b> 12.0% to 12.5%

Adjusted Diluted Earnings per Share  
\$8.75 to \$8.90<sup>2</sup>

(~121.0MM Weighted Average Diluted Shares Outstanding)

<sup>1</sup> Will not include Ruth's Chris Steak House until they have been owned and operated by Darden for a 16-month period (Q2 Fiscal 2025)

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





# Question & Answer Session



# Additional Information

# Back Half Commodities Outlook

	December - May FY2024		
	Spend by category	Coverage	Outlook
Beef	23%	55%	High single digit inflation
Produce	12%	85%	Mid single digit inflation
Dairy / Oil <sup>1</sup>	11%	60%	Flat
Seafood	9%	90%	Mid single digit deflation
Chicken	8%	90%	Low single digit inflation
Wheat <sup>2</sup>	7%	65%	Flat
Non-Perishable / Other	30%	50%	Flat
Weighted average coverage	100%	65%	

Note: Excludes Ruth's Chris

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

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



# Reported to Adjusted Earnings Reconciliations

\$ in millions, except EPS	Q2 2024					Diluted Net Earnings Per Share
	Earnings Before Income Tax	Income Tax Expense	Net Earnings			
	Income Tax					
<b>Reported Earnings from Continuing Operations</b>	\$ 241.4	\$ 29.1	\$ 212.3	\$ 1.76		
Ruth's Chris transaction and integration related costs:	\$ 12.8	\$ 3.2	\$ 9.6	\$ 0.08		
General & Administrative Expenses	5.6	1.4	4.2	0.03		
Impairment <sup>1</sup>	5.9	1.5	4.4	0.04		
Interest <sup>2</sup>	1.3	0.3	1.0	0.01		
<b>Adjusted Earnings from Continuing Operations</b>	\$ 254.2	\$ 32.3	\$ 221.9	\$ 1.84		
Adjusted Interest			35.8			
Adjusted Income Tax			32.3			
<b>Adjusted Operating Income</b>			\$ 290.0			

<sup>1</sup> Write-off of acquired Ruth's Chris assets not able to be utilized.

<sup>2</sup> Write-off of issuance costs associated with Term Loan used to fund Ruth's Chris acquisition, which was paid off with proceeds from bond offering in Q2 FY24.

# Reported to Adjusted Earnings Reconciliations

Q2 2024

\$ in millions	Reported	Adjustment	Adjusted
<b>Net Earnings From Continuing Operations</b>	<b>\$ 212.3</b>	<b>\$ 9.6</b>	<b>\$ 221.9</b>
Interest, Net <sup>1</sup>	37.1	(1.3)	35.8
Income Tax Expense	29.1	3.2	32.3
Depreciation and Amortization	112.5	—	112.5
<b>EBITDA</b>	<b>\$ 391.0</b>	<b>\$ 11.5</b>	<b>\$ 402.5</b>

<sup>1</sup> Write-off of issuance costs associated with Term Loan used to fund Ruth's Chris acquisition, which was paid off with proceeds from bond offering in Q2 FY24.



# Reported to Adjusted Earnings Outlook Reconciliation

2024					
<b>Reported diluted net earnings per share from continuing operations</b>	\$	<b>8.38</b>	to	\$	<b>8.53</b>
Ruth's Chris transaction and integration related costs	\$	0.45		\$	0.45
Income tax expense	\$	(0.08)		\$	(0.08)
<b>Adjusted diluted net earnings per share from continuing operations</b>	\$	<b>8.75</b>		\$	<b>8.90</b>

