



EARNINGS CALL
FISCAL 2019: Q3 RESULTS
March 21, 2019

Disclaimer/Non-GAAP Information

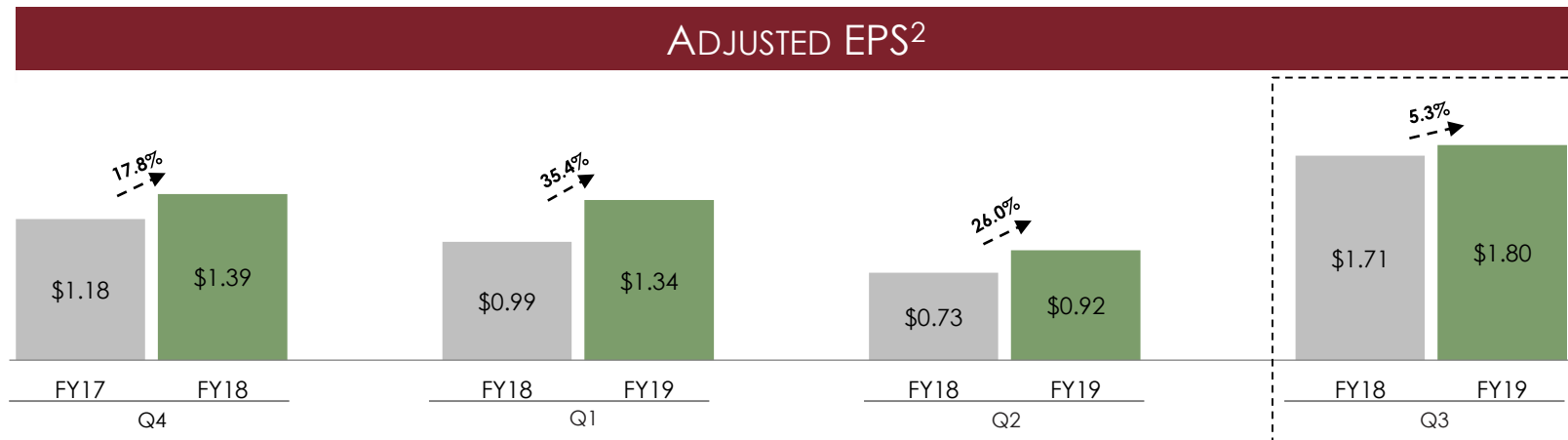
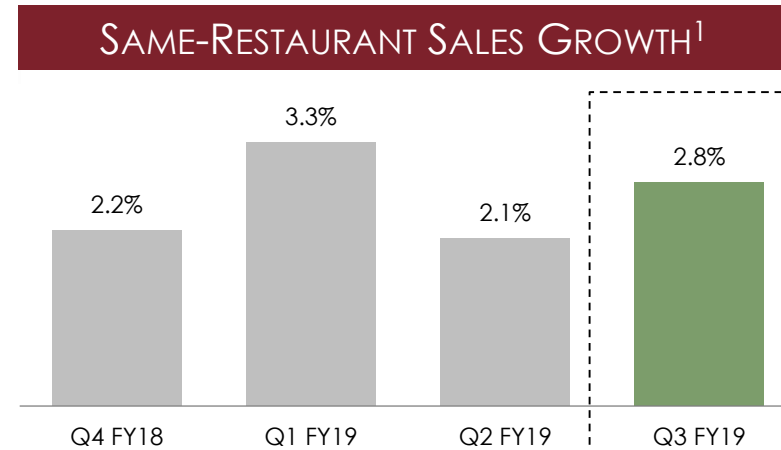
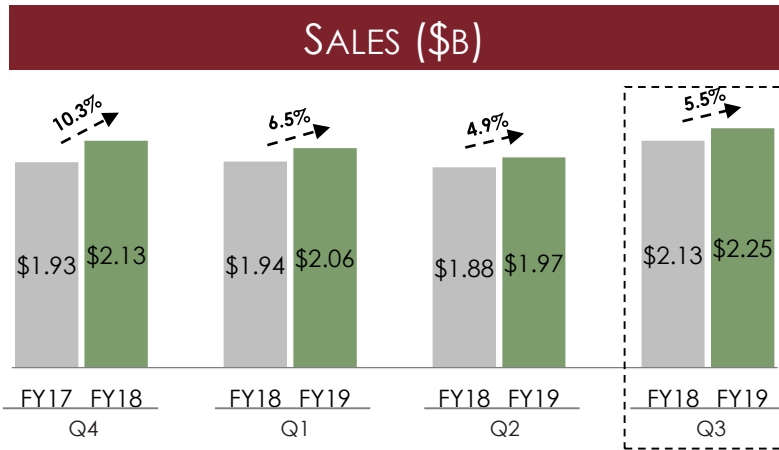
IMPORTANT NOTICE

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.

Darden Fiscal Third Quarter Highlights



¹ Excludes Cheddar's Scratch Kitchen in FY18 Q4.

² EPS values, except FY19 Q1, Q2 & Q3, are adjusted for special items. A reconciliation of reported to adjusted numbers can be found in the Additional Information section of this presentation.



Third Quarter Results



5.3%
TOTAL SALES GROWTH

4.3%
SAME-RESTAURANT SALES GROWTH

6.7%
TOTAL SALES GROWTH

3.8%
SAME-RESTAURANT SALES GROWTH

1.0%
TOTAL SALES GROWTH

7
NET NEW RESTAURANTS vs. LY

~350 BPS
SAME-RESTAURANT SALES INDUSTRY OUTPERFORMANCE¹

13
NET NEW RESTAURANTS vs. LY

~300 BPS
SAME-RESTAURANT SALES INDUSTRY OUTPERFORMANCE¹

-2.7%
SAME-RESTAURANT SALES

¹ Industry excluding Darden brands.



Thank you to our 180,000 Team Members!





 **DARDEN**
RESTAURANTS

Financial Discussion

Fiscal Third Quarter Highlights



5.5%

TOTAL SALES GROWTH

2.8%

SAME-RESTAURANT SALES
GROWTH

\$1.80

DILUTED NET EPS FROM
CONTINUING OPERATIONS

5.3%

ADJUSTED DILUTED NET EPS
GROWTH VS LAST YEAR¹

\$92 MILLION

DIVIDENDS PAID

\$74 MILLION

SHARE REPURCHASES

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



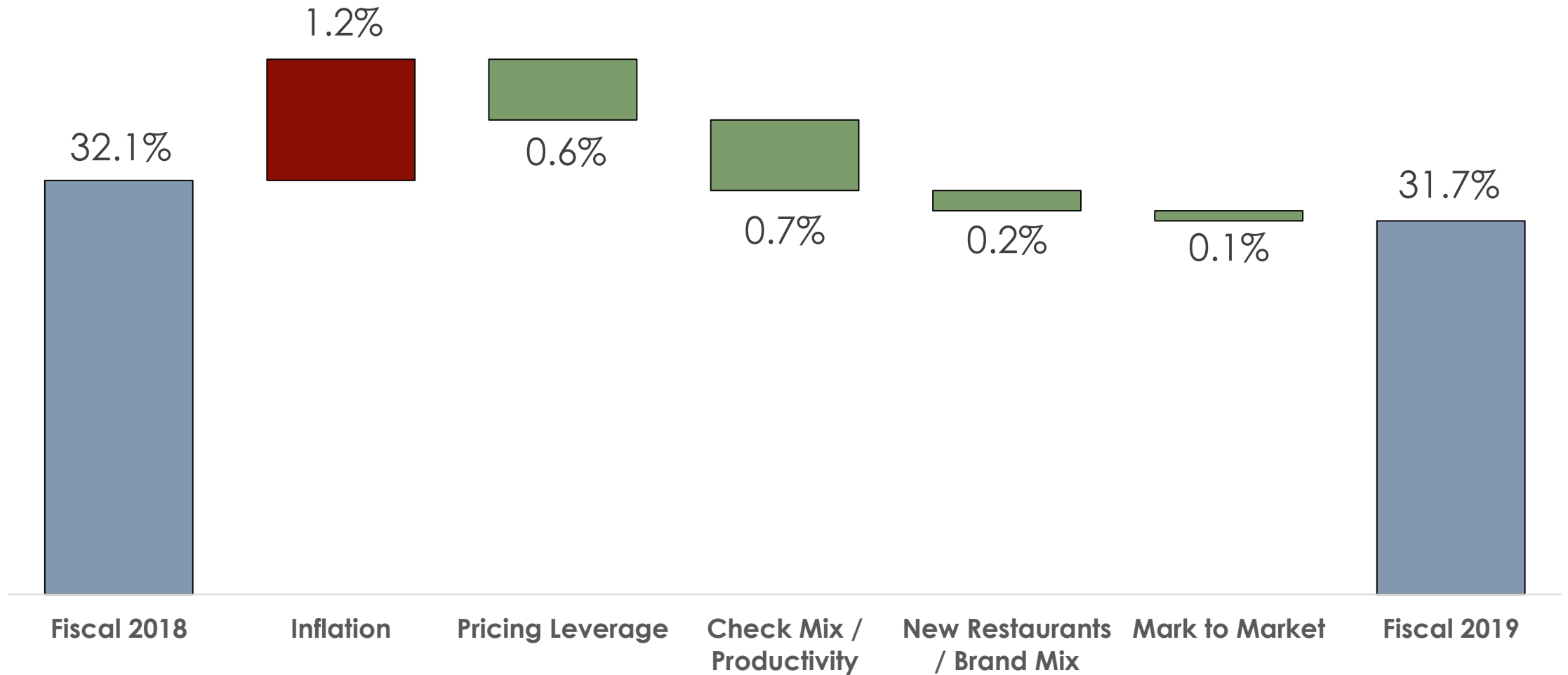
Margin Analysis

	Fiscal Q3 2019		
	(\$ millions)	% of Sales	vs. PY* (bps) Favorable/(Unfavorable)
Sales	\$2,246.5		
Food and Beverage	\$638.0	28.4%	(10)
Restaurant Labor	\$711.4	31.7%	40
Restaurant Expenses	\$379.5	16.9%	10
Marketing Expenses	\$62.4	2.8%	0
Restaurant-Level EBITDA	\$455.2	20.3%	40
General and Administrative Expenses	\$102.8	4.6%	30
Depreciation and Amortization	\$85.3	3.8%	(10)
Impairments and Disposal of Assets, Net	\$1.6	0.1%	(10)
EBIT	\$265.5	11.8%	50
Interest Expense	\$12.4	0.6%	10
EBT	\$253.1	11.3%	60
Income Taxes	\$28.0	1.2%	(70)
Note: Effective Tax Rate	11.1%		
EAT	\$225.1	10.0%	(10)

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

* Compared to FY18 Q3 adjusted performance. A reconciliation of reported to adjusted numbers can be found in the Additional Information section of this presentation.

Third Quarter Restaurant Labor % of Sales



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



Margin Analysis

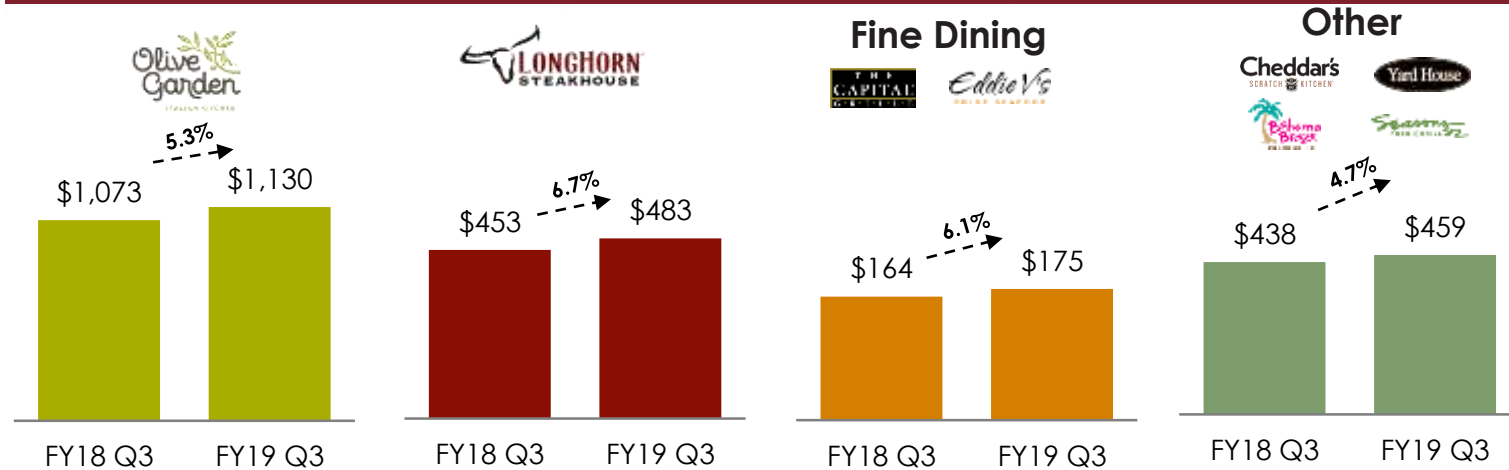
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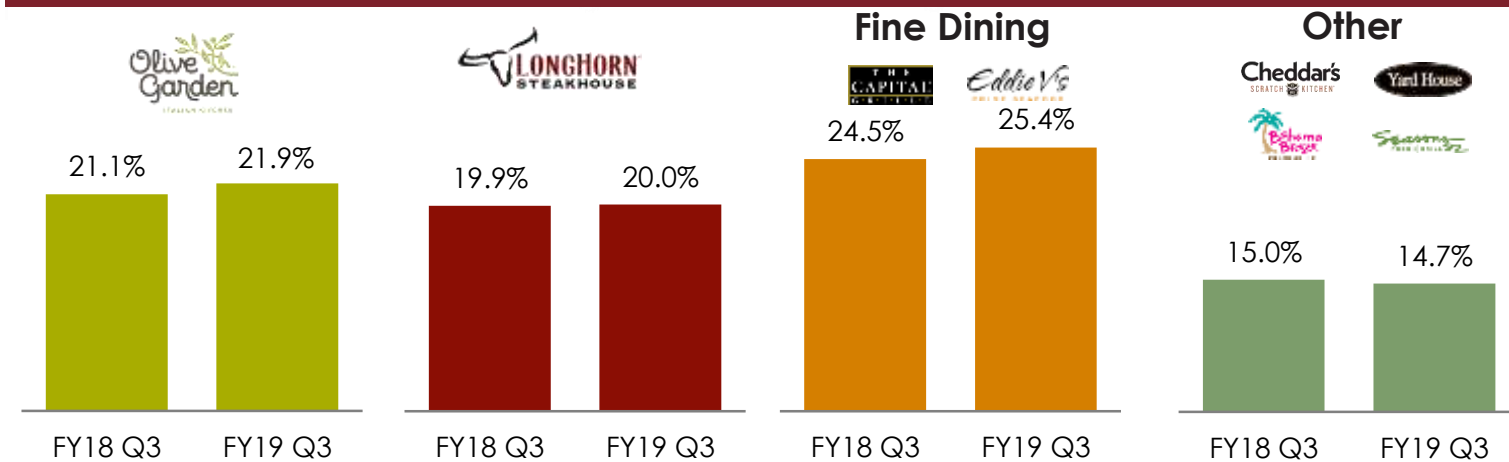
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Fiscal Third Quarter Segment Performance

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.

Increased Fiscal 2019 Financial Outlook

	Current (03/21/19)	Prior (12/18/18)
Total sales growth	Approx. 5.5%	5.0% to 5.5%
Same-restaurant sales growth	2.5% to 2.7%	Approx. 2.5%
New restaurant openings	45 to 50	45 to 50
Effective tax rate	Approx. 10%	10% to 11%
Diluted net earnings per share	\$5.76 to \$5.80	\$5.60 to \$5.70
Capital expenditures	\$425M to \$475M	\$425M to \$475M
Diluted avg. common shares outstanding	125M to 126M	Approx. 126M

Preliminary Fiscal 2020 Outlook

New Restaurants	~ 50
Capital Expenditures	\$450M to \$500M
New Restaurants	\$240M to \$265M
Remodels/Maintenance/Tech/Other	\$210M to \$235M
 <u>EPS* impact:</u>	
53 rd week	~ \$0.15
Lease Accounting	~ (\$0.05)

* Diluted net earnings per share from continuing operations

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RESTAURANTS

Additional Information

Fourth Quarter Commodities Outlook

	March - May FY2019		
	Annual Spend by Category	Coverage	Outlook
Beef	18%	85%	Low Single Digit Inflation
Produce	14%	75%	Low Single Digit Inflation
Dairy / Oil ¹	11%	65%	Low Single Digit Inflation
Seafood	10%	95%	Flat
Chicken	7%	95%	Flat
Wheat ²	6%	95%	Low Single Digit Inflation
Non-Perishable / Other	34%	55%	Low Single Digit Inflation
<i>Weighted Average Coverage</i>	<i>100%</i>	<i>75%</i>	

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 2017			
	Q4 2017			
	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Diluted Net Earnings Per Share
\$ in millions, except EPS				
Reported Earnings from Continuing Operations	\$158.7	\$33.3	\$125.4	\$0.99
Adjustments:				
Pension settlement charge	\$19.9	\$7.6	\$12.3	\$0.10
Cheddar's acquisition and integration expenses	\$15.5	\$4.4	\$11.1	\$0.09
Adjusted Earnings from Continuing Operations	\$194.1	\$45.3	\$148.8	\$1.18

Reported to Adjusted Earnings Reconciliation

	2018			
	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Diluted Net Earnings Per Share
\$ in millions, except EPS				
Reported Earnings from Continuing Operations	\$605.7	\$1.9	\$603.8	\$4.79
Adjustments:				
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	\$727.3	\$121.1	\$606.2	\$4.81

Reported to Adjusted EBIT Margin and Earnings Reconciliations

(in millions)	Quarter Ended		Change (bps)
	2/24/2019	2/25/2018	
Sales - as reported	\$ 2,246.5	\$ 2,128.4	
Earnings from continuing operations - as reported	\$ 225.1	\$ 218.5	
Interest, net - as reported	12.4	117.4	
Income tax expense - as reported	28.0	(102.5)	
EBIT from continuing operations	\$ 265.5	\$ 233.4	
EBIT Margin from continuing operations	11.8%	11.0%	80
EBIT Impacts		6.7	(1)
Adjusted EBIT from continuing operations	265.5	240.1	
Adjusted EBIT margin from continuing operations	11.8%	11.3%	50
Earnings from continuing operations - as reported	\$ 225.1	\$ 218.5	
EBIT adjustments	-	6.7	(1)
Interest expense adjustments	-	102.2	(2)
Income tax impacts of adjustments	-	(35.0)	
Net benefit of deferred tax revaluation	-	(77.3)	
Adjusted earnings from continuing operations	225.1	215.1	
Adjusted earnings margin from continuing operations	10.0%	10.1%	(10)

(1) Represents costs associated with Cheddar's integration
(2) Represents costs associated with debt retirement