



EARNINGS CALL  
FISCAL 2018: Q4 & ANNUAL RESULTS  
June 21, 2018

# Disclaimer/Non-GAAP Information

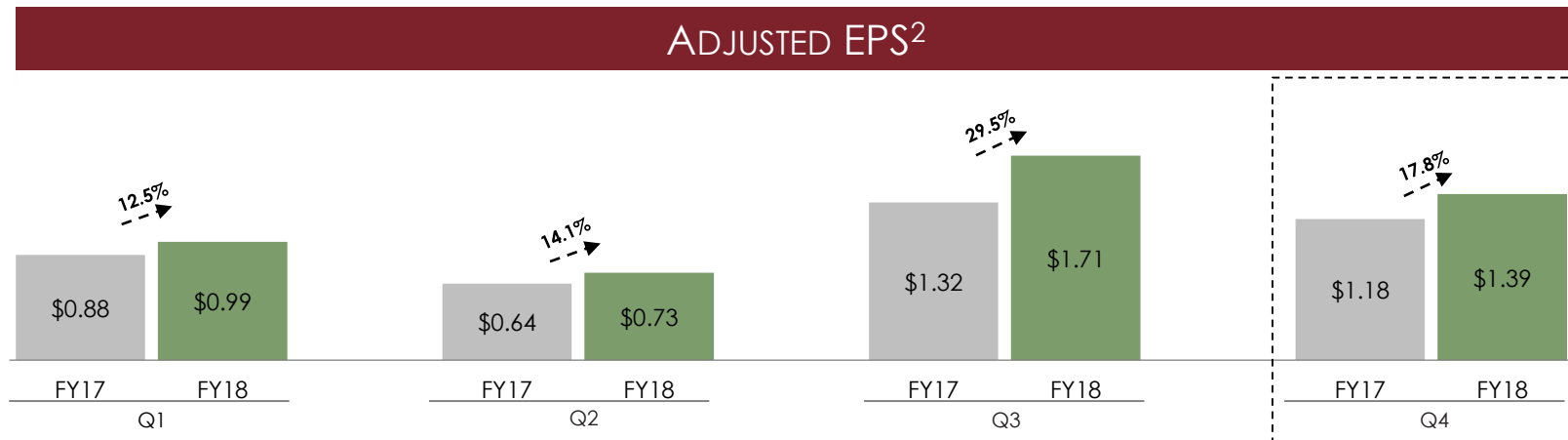
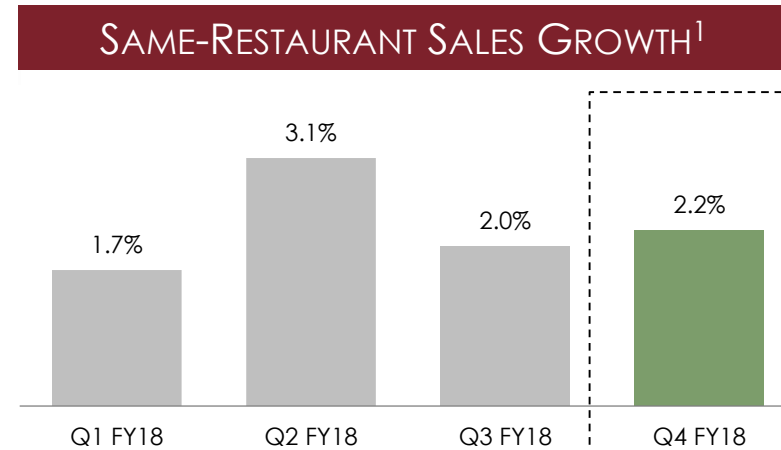
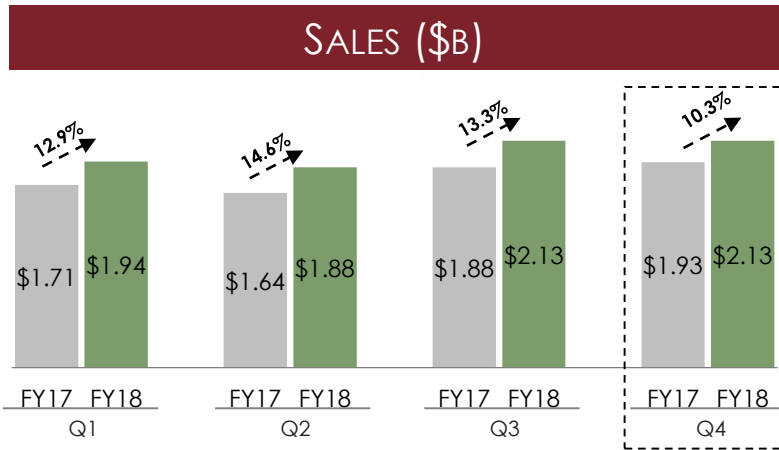
## IMPORTANT NOTICE

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 our ability to successfully integrate Cheddar's Scratch Kitchen operations into our business, technology failures including failure to maintain a secure cyber network, food safety and food-borne illness concerns, litigation, unfavorable publicity, 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, an inability or failure to manage the accelerated impact of social media, a failure to execute innovative marketing tactics, a failure to develop and recruit effective leaders, 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 include under "Additional Information" in this presentation.

# Darden Fiscal Fourth Quarter Highlights



<sup>1</sup> Excludes Cheddar's Scratch Kitchen.

<sup>2</sup> EPS values, except FY17 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.





## Fourth Quarter



## Fiscal 2018 Annual



<sup>1</sup> Industry excluding Darden brands.





## Fourth Quarter



## Fiscal 2018 Annual



<sup>1</sup> Industry excluding Darden brands.



# Fourth Quarter Same-Restaurant Sales



2.6%



3.6%



1.4%



0.6%



0.4%



-4.7%

# Thank you to our 180,000 Team Members!





 **DARDEN**  
RESTAURANTS

## Financial Discussion



# Fiscal Fourth Quarter Highlights



10.3%

TOTAL SALES GROWTH

2.2%

SAME-RESTAURANT SALES  
GROWTH<sup>1</sup>

\$1.39

ADJUSTED DILUTED EPS FROM  
CONTINUING OPERATIONS<sup>2</sup>

17.8%

ADJUSTED DILUTED EPS GROWTH  
VS LAST YEAR<sup>2</sup>

\$79 MILLION

DIVIDENDS PAID

\$27 MILLION

SHARE REPURCHASES

<sup>1</sup> Excludes Cheddar's Scratch Kitchen.

<sup>2</sup> EPS values adjusted for special items. A reconciliation of reported to adjusted numbers can be found in the Additional Information section of this presentation.



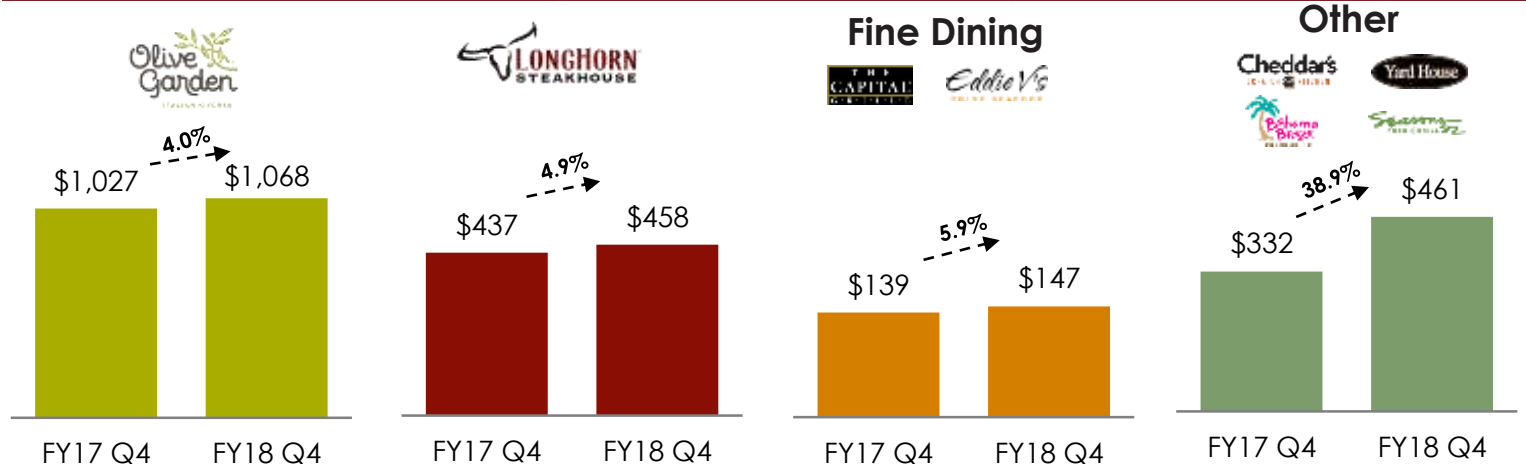
# Margin Analysis

	As Reported		As Adjusted	
	Q4 2018 (\$ millions)	Q4 2018 (\$ millions)	Q4 2018 % of Sales	vs. Q4 2017 (bps) Favorable/(Unfavorable)
<b>Sales</b>	<b>\$2,134.1</b>	<b>\$2,134.1</b>		
Food & Beverage	\$601.7	\$601.7	28.2%	60
Restaurant Labor	\$684.9	\$684.9	32.1%	(90)
Restaurant Expenses	\$361.9	\$361.9	17.0%	40
Marketing Expenses	\$69.3	\$69.3	3.2%	10
<b>Restaurant-Level EBITDA</b>	<b>\$416.3</b>	<b>\$416.3</b>	<b>19.5%</b>	<b>20</b>
General and Administrative Expenses	\$102.8	\$100.7	4.7%	40
Depreciation & Amortization	\$79.0	\$79.0	3.7%	(10)
Impairments and Disposal of Assets, Net	\$4.5	\$4.5	0.2%	(20)
<b>EBIT</b>	<b>\$230.0</b>	<b>\$232.1</b>	<b>10.9%</b>	<b>30</b>
Interest Expense	\$13.2	\$13.2	0.6%	0
<b>EBT</b>	<b>\$216.8</b>	<b>\$218.9</b>	<b>10.3%</b>	<b>30</b>
Income Taxes	\$41.4	\$44.7	2.1%	20
<i>Note: Effective Tax Rate</i>	19.1%	20.4%		
<b>EAT</b>	<b>\$175.4</b>	<b>\$174.2</b>	<b>8.2%</b>	<b>50</b>

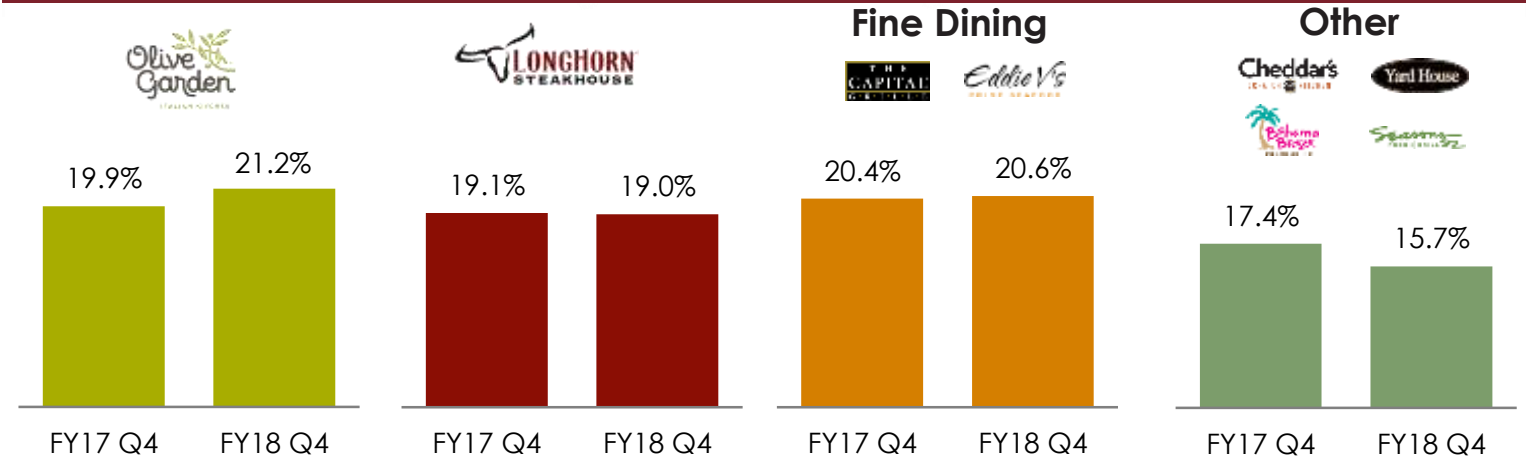
Note: Continuing operations, values may not foot due to rounding. A reconciliation of reported to adjusted numbers can be found in the Additional Information section of this presentation.

# Fiscal Fourth Quarter Segment Performance

## 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.



# Darden Fiscal 2018 Highlights



**\$8.1** BILLION  
TOTAL SALES

**12.7%**  
TOTAL SALES GROWTH

**19.7%**  
ADJUSTED DILUTED EPS GROWTH  
VS LAST YEAR<sup>1</sup>

**\$20** MILLION  
WORKFORCE INVESTMENTS

**\$314** MILLION  
DIVIDENDS PAID

**\$235** MILLION  
SHARE REPURCHASES

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



# Dividend Increase and Share Repurchase Authorization

- Increased quarterly dividend 19% to \$0.75



Note: Month dividend declared.

- New share repurchase authorization up to \$500 million

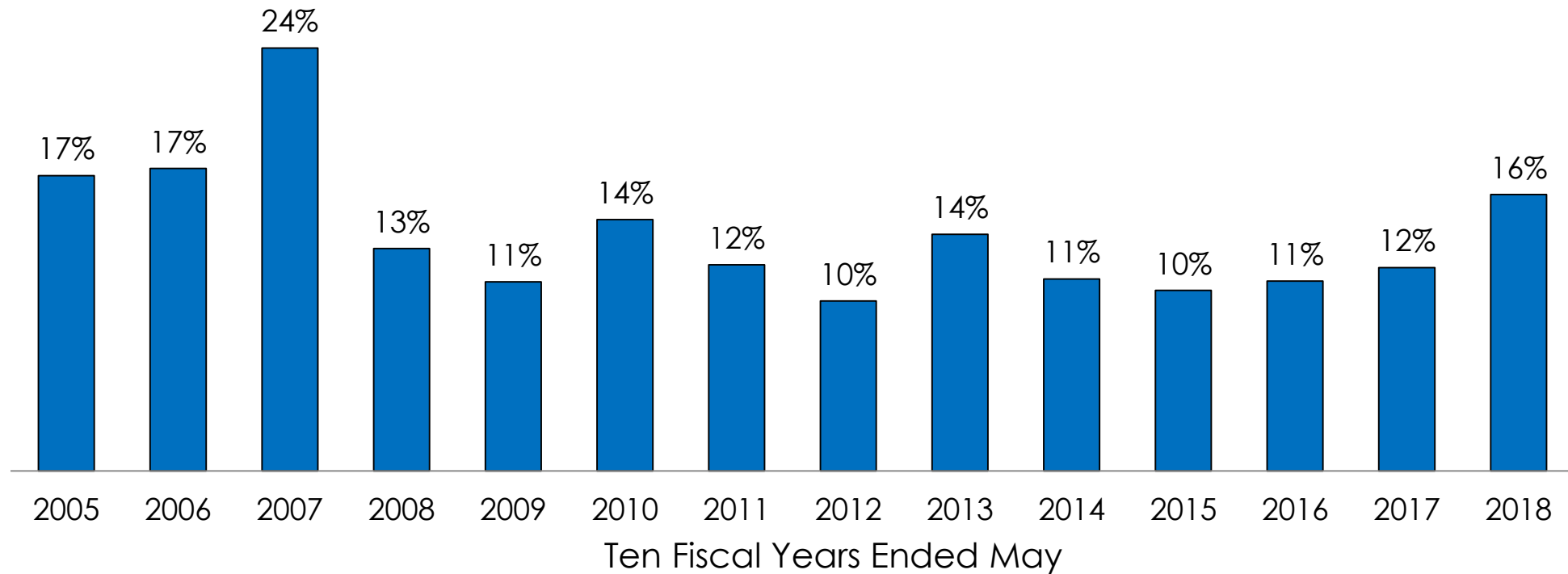
# Our Commitment to Shareholders

## Long-term framework introduced during Fiscal 2016

	Annual Target, Over Time			
<b>Business Performance (EAT Growth)</b>	Same-Restaurant Sales	1% - 3%	➔	7% - 10%
	New Restaurant Sales Growth	2% - 3%		
	EBIT Margin Expansion	10 - 40bps		
<b>Return of Cash</b>	Dividend Payout Ratio	50% - 60%	➔	3% - 5%
	Share Repurchase (\$millions)	\$100 - \$200		
<b>Targeted Total Shareholder Return (EPS Growth + Dividend Yield)</b>		<b>10% - 15%</b>		
<b>Annualized Total Shareholder Return (FY16-FY18)<sup>1</sup></b>		<b>18%</b>		

<sup>1</sup> Total shareholder return for investors that held our stock from the beginning of fiscal 2016 until the end of fiscal 2018, assuming dividends reinvested.

# Ten-Year Rolling Annualized Total Shareholder Return



Note: Rounded to the nearest percentage point.



# Updated Framework Maintains 10% to 15% Return

		Annual Target, Over Time	
<b>Business Performance (EAT Growth)</b>	Same-Restaurant Sales	1% - 3%	7% - 10%
	New Restaurant Sales Growth	2% - 3%	
	EBIT Margin Expansion	10 - 30bps	
<b>Return of Cash</b>	Dividend Payout Ratio	50% - 60%	3% - 5%
	Share Repurchase (\$millions)	\$150 - \$250	
<b>Total Shareholder Return (EPS Growth + Dividend Yield)</b>			<b>10% - 15%</b>



# Fiscal 2019 Annual Outlook

SALES	MARGIN
<b>Total Sales Growth</b> 4% to 5%	<b>Total Inflation:</b> ~2% Commodities: 0% to 1% Labor: 3.5% to 4.5%
<b>Same-Restaurant Sales Growth</b> 1% to 2%	<b>Run Rate Investments</b> ~\$35 million
<b>Restaurant Openings</b> 45 to 50	<b>Incremental Synergies</b> ~\$13 million
<b>Capital Spending</b> \$425 to \$475 million	<b>Effective Tax Rate</b> 11% to 12%
<b>Earnings per Diluted Share</b> \$5.40 to \$5.56 (~125 million Weighted Average Diluted Shares Outstanding)	

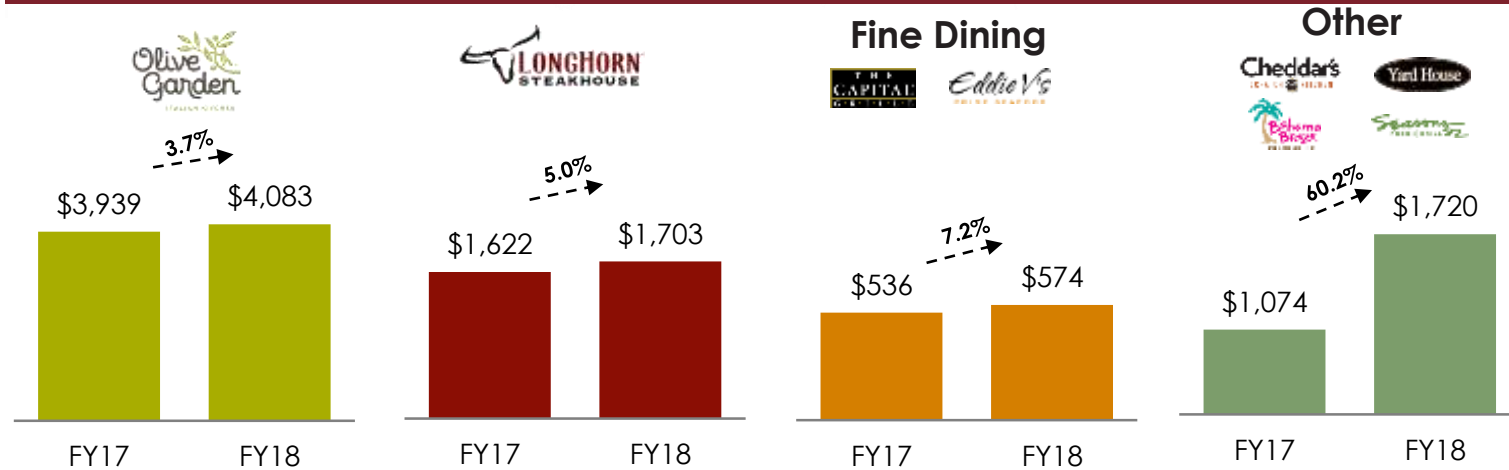


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RESTAURANTS

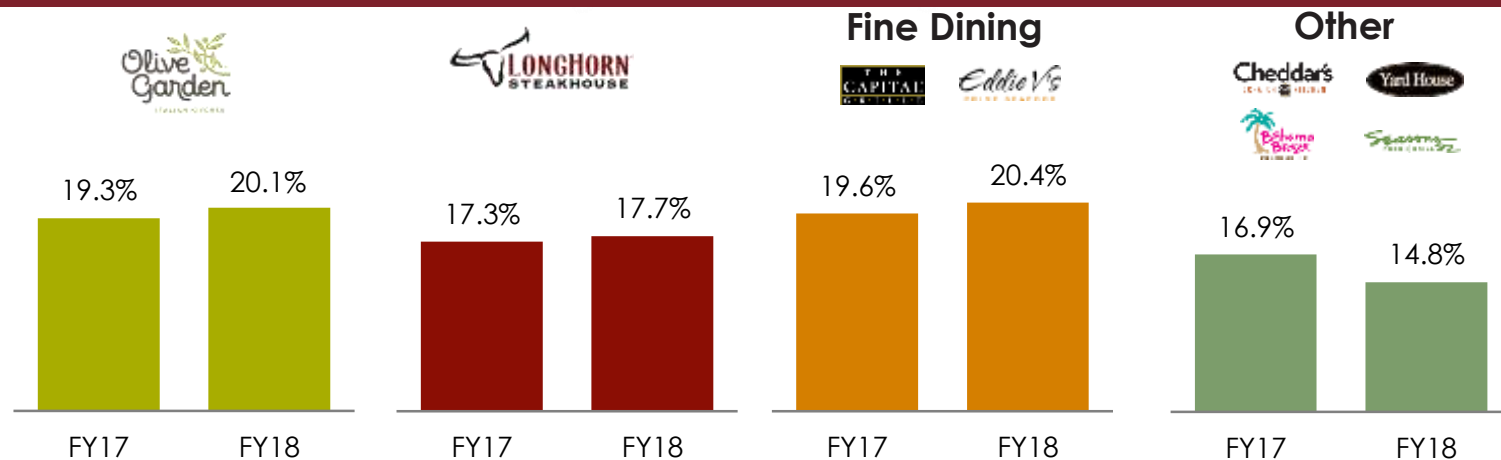
Additional Information

# Annual Segment Performance

## 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.

# Commodities Outlook – First Half Fiscal 2019

	June - November FY2019		
	Annual Spend by Category	Coverage	Outlook
Beef	18%	75%	Low Single Digit Inflation
Produce	13%	70%	Low Single Digit Inflation
Dairy / Oil <sup>1</sup>	10%	55%	Low Single Digit Deflation
Seafood	10%	70%	Low Single Digit Deflation
Wheat <sup>2</sup>	6%	75%	Low Single Digit Inflation
Chicken	7%	95%	Low Single Digit Deflation
Non-Perishable / Other	35%	50%	Low Single Digit Inflation
<i>Weighted Average Coverage</i>	100%	65%	

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

<sup>2</sup> 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																
<b>Reported Earnings from Continuing Operations</b>	\$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
<b>Adjustments:</b>																
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
<b>Adjusted Earnings from Continuing Operations</b>	<b>\$165.9</b>	<b>\$40.4</b>	<b>\$125.5</b>	<b>\$0.99</b>	<b>\$117.6</b>	<b>\$26.2</b>	<b>\$91.4</b>	<b>\$0.73</b>	<b>\$224.9</b>	<b>\$9.8</b>	<b>\$215.1</b>	<b>\$1.71</b>	<b>\$218.9</b>	<b>\$44.7</b>	<b>\$174.2</b>	<b>\$1.39</b>

	Fiscal 2017			
	Q4 2017			
	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Diluted Net Earnings Per Share
\$ in millions, except EPS				
<b>Reported Earnings from Continuing Operations</b>	\$158.7	\$33.3	\$125.4	\$0.99
<b>Adjustments:</b>				
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
<b>Adjusted Earnings from Continuing Operations</b>	<b>\$194.1</b>	<b>\$45.3</b>	<b>\$148.8</b>	<b>\$1.18</b>

# Reported to Adjusted Earnings Reconciliations

	2018				2017			
	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								
<b>Reported Earnings from Continuing Operations</b>	<b>\$605.7</b>	<b>\$1.9</b>	<b>\$603.8</b>	<b>\$4.79</b>	<b>\$637.3</b>	<b>\$154.8</b>	<b>\$482.5</b>	<b>\$3.83</b>
<b>Adjustments:</b>								
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 acquisition and integration expenses	\$19.4	\$6.3	\$13.1	\$0.10	\$16.3	\$4.8	\$11.5	\$0.09
Pension settlement charge	-	-	-	-	\$19.9	\$7.6	\$12.3	\$0.10
<b>Adjusted Earnings from Continuing Operations</b>	<b>\$727.3</b>	<b>\$121.1</b>	<b>\$606.2</b>	<b>\$4.81</b>	<b>\$673.5</b>	<b>\$167.2</b>	<b>\$506.3</b>	<b>\$4.02</b>

# Reported to Adjusted EBIT Margin and Earnings Reconciliations

(in millions)	Quarter Ended		Change (bps)	Year Ended		Change (bps)
	5/27/2018	5/28/2017		5/27/2018	5/28/2017	
Sales - as reported	\$ 2,134.1	\$ 1,934.6		\$ 8,080.1	\$ 7,170.2	
Earnings from continuing operations - as reported	\$ 175.4	\$ 125.4		\$ 603.8	\$ 482.5	
Interest, net - as reported	13.2	11.5		161.1	40.2	
Income tax expense (benefit) - as reported	41.4	33.3		1.9	154.8	
EBIT from continuing operations	\$ 230.0	\$ 170.2		\$ 766.8	\$ 677.5	
EBIT Margin from continuing operations	10.8%	8.8%	200	9.5%	9.4%	10
EBIT Impacts	2.1 (1)	35.4 (3)		19.4 (1)	36.2 (3)	
Adjusted EBIT from continuing operations	232.1	205.6		786.2	713.7	
Adjusted EBIT margin from continuing operations	10.9%	10.6%	30	9.7%	10.0%	(30)
Earnings from continuing operations - as reported	\$ 175.4	\$ 125.4		\$ 603.8	\$ 482.5	
EBIT adjustments	2.1 (1)	35.4 (3)		19.4 (1)	36.2 (3)	
Interest expense adjustments	-	-		102.2 (2)	-	
Income tax impacts of adjustments	(1.3)	(12.0)		(39.9)	(12.4)	
Net benefit of deferred tax revaluation	(2.0)	-		(79.3)	-	
Adjusted earnings from continuing operations	\$ 174.2	\$ 148.8		\$ 606.2	\$ 506.3	
Adjusted earnings margin from continuing operations	8.2%	7.7%	50	7.5%	7.1%	40

(1) Represents costs associated with Cheddar's integration

(2) Represents costs associated with debt retirement

(3) Represents costs associated with pension settlement and Cheddar's acquisition and integration