DARDEN
RESTAURANTS

Earnings Call

Fiscal 2018: Q2 Results

December 19, 2017

Disclaimer/Non-GAAP Information

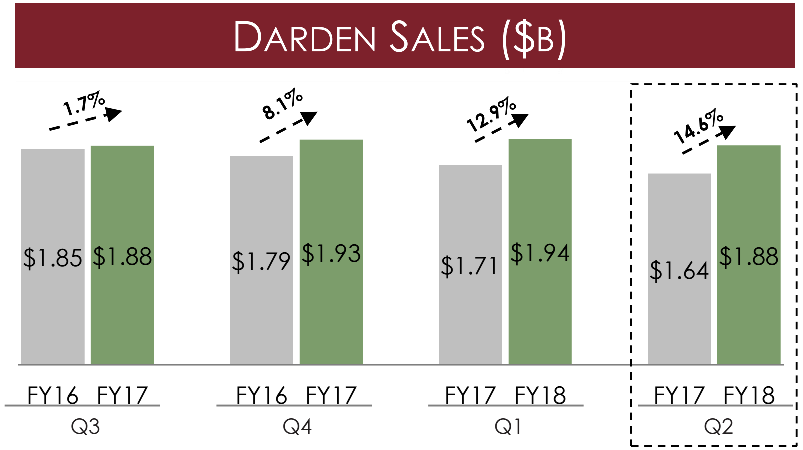
IMPORTANT NOTICE

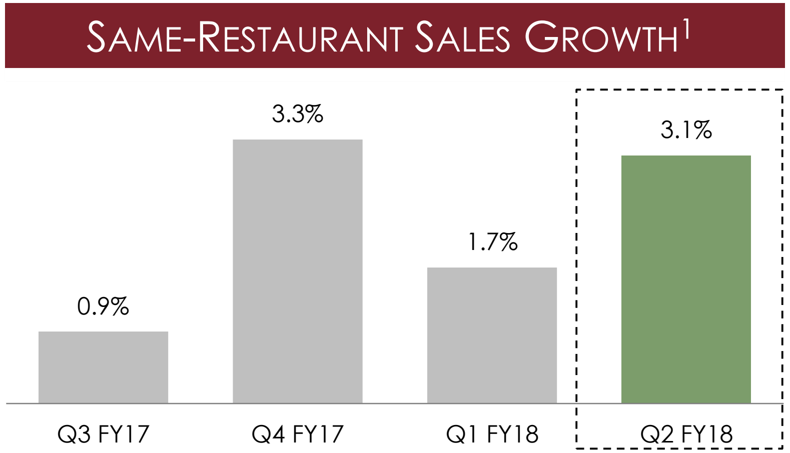
The following slides are part of a presentation by Darden Restaurants, Inc. (the "Company") and are intended to be viewed as part of that presentation (the "Presentation"). No representation is made that the Presentation is complete.

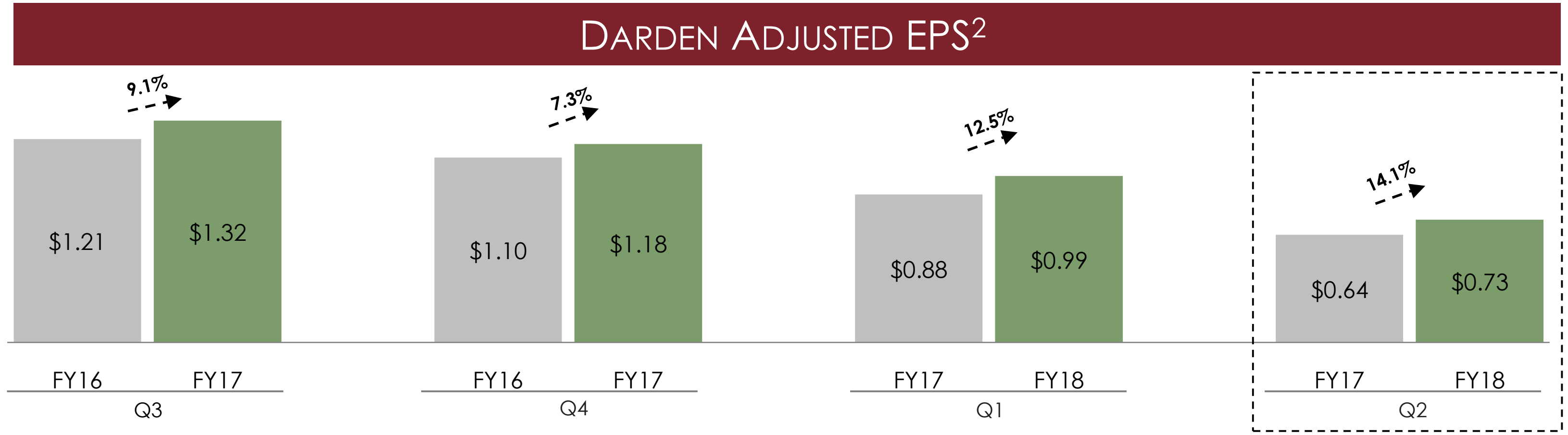
Forward-looking statements in this communication regarding our expected earnings performance and all other statements that are not historical facts, including without limitation statements concerning our future economic performance and expenses, are made under the Safe Harbor provisions of the Private 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.

Fiscal Second Quarter Highlights







[1] Fiscal 2017 & 2018 same-restaurant sales exclude Cheddar's Scratch Kitchen
[2] 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.

Fiscal Second Quarter Highlights

Olive Garden	LongHorn Steakhouse
3.0% Same-Restaurant Sales Growth	3.8% Same-Restaurant Sales Growth
+400 BPS Same-Restaurant Sales Industry Outperformance[1]	+480 BPS Same-Restaurant Sales Industry Outperformance[1]

[1] Industry excluding Darden brands.

Thank you to our 175,000 Team Members!







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Financial Discussion

Fiscal Second Quarter Highlights

DARDEN RESTAURANTS

14.6% Total Sales Growth	**3.1%** Same-Restaurant Sales Growth[1]	**$0.73** Adjusted Diluted EPS from Continuing Operations[2]
14.1% Adjusted Diluted EPS Growth vs Last Year[2]	**$78 Million** Dividends Paid	**$89 Million** Share Repurchases

[1] Excludes Cheddar's Scratch Kitchen

[2] EPS values adjusted for special items. A reconciliation of reported to adjusted numbers can be found in the additional information section of this presentation.

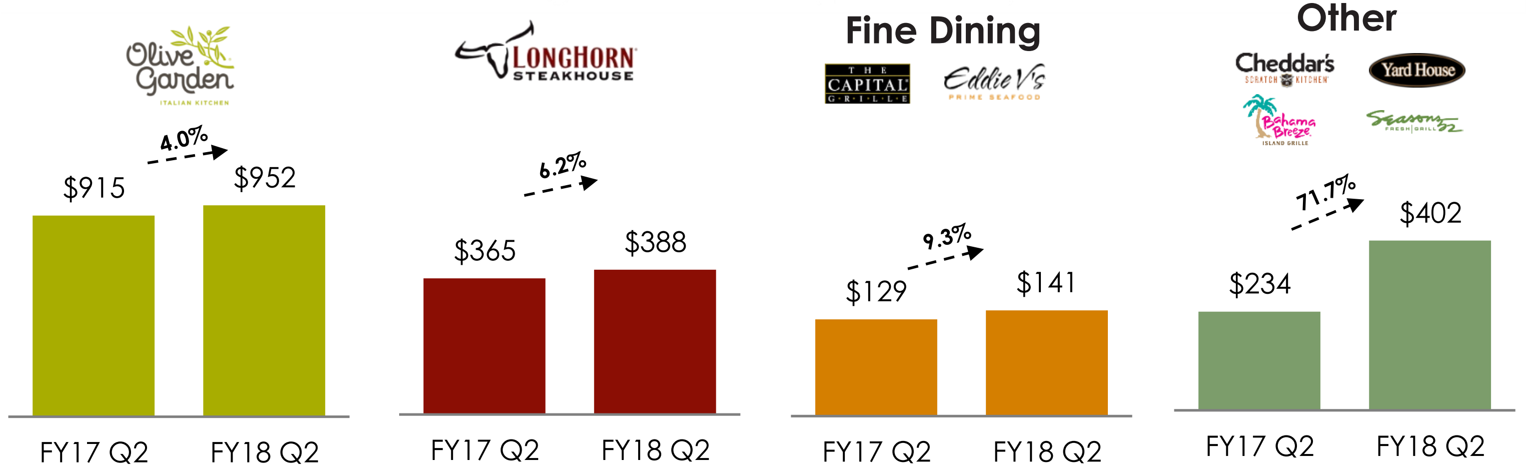
Margin Analysis

	As Reported	As Adjusted		
	Q2 2018 ($ millions)	Q2 2018 ($ millions)	Q2 2018 % of Sales	vs. Q2 2017 (bps) Favorable/(Unfavorable)
Sales	**$1,881.5**	**$1,881.5**		
Food & Beverage	$542.9	$542.9	28.9%	20
Restaurant Labor	$622.4	$622.4	33.1%	(30)
Restaurant Expenses	$351.5	$351.5	18.7%	(10)
Marketing	$58.1	$58.1	3.1%	40
Restaurant-Level EBITDA	**$306.6**	**$306.6**	**16.3%**	**20**
G&A	$98.9	$94.7	5.0%	(20)
Depreciation & Amortization	$78.8	$78.8	4.2%	(10)
Impairments and Disposal of Assets, Net	-	-	0.0%	Flat
EBIT	**$128.9**	**$133.1**	**7.1%**	**Flat**
Interest Expense	$15.5	$15.5	0.8%	(20)
EBT	**$113.4**	**$117.6**	**6.3%**	**(20)**
Income Tax Expense *Note: Effective Tax Rate*	$24.8 *21.9%*	$26.2	1.4% *22.3%*	30
EAT	**$88.6**	**$91.4**	**4.9%**	**10**

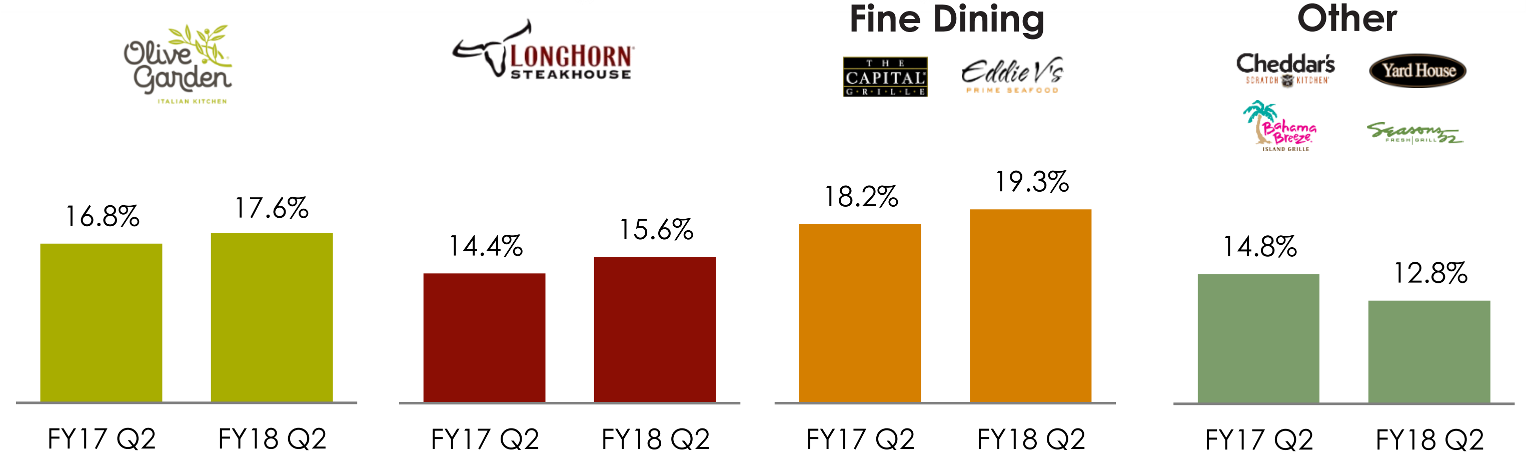
Note: Continuing operations, values may not foot due to rounding. A reconciliation of reported to adjusted numbers can be found in the additional information section of this presentation.

Fiscal Second Quarter Segment Performance

Segment Sales ($ millions)



Segment Profit Margin[1]



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

Fiscal 2018 Outlook Update

	Current (12/19/17)	Prior (9/26/17)
Same-restaurant sales growth[1]	Approx. 2%	1.0% to 2.0%
New restaurant openings	Approx. 40	35 to 40
Total sales growth	Approx. 13%	11.5% to 13.0%
Effective Tax Rate	Approx. 25%	Approx. 26%
Adjusted earnings per diluted share[2]	\$4.45 to \$4.53	\$4.38 to \$4.50
Diluted average common shares outstanding for the year	Approx. 126M	Approx. 127M

[1] Same-restaurant sales exclude Cheddar's Scratch Kitchen
[2] EPS values adjusted for special items. A reconciliation of reported to adjusted numbers can be found in the additional information section of this presentation.

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Additional Information

Commodities Outlook – Back Half Fiscal 2018

	Annual Spend by Category	Coverage	Dec-May FY2018 Outlook
Beef	19%	55%	Low Single Digit Deflation
Produce	13%	80%	Low Single Digit Inflation
Dairy / Oil[1]	10%	20%	Mid Single Digit Inflation
Seafood	10%	85%	Flat
Wheat[2]	7%	100%	Flat
Chicken	6%	70%	Flat
Non-Perishable / Other	35%	55%	Low Single Digit Inflation
Weighted Average Coverage	*100%*	*60%*	

[1] Includes cheese, cream, butter, and shortening.
[2] Includes breadsticks and pasta.

Reported to Adjusted Earnings Reconciliations

	Fiscal 2017				Fiscal 2018							
	Q4 2017				Q1 2018				Q2 2018			
$ in millions, except EPS	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
Reported Earnings from Continuing Operations	**$158.7**	**$33.3**	**$125.4**	**$0.99**	**$159.5**	**$38.2**	**$121.3**	**$0.95**	**$113.4**	**$24.8**	**$88.6**	**$0.71**
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	$6.4	$2.2	$4.2	$0.04	$4.2	$1.4	$2.8	$0.02
Adjusted Earnings from Continuing Operations	**$194.1**	**$45.3**	**$148.8**	**$1.18**	**$165.9**	**$40.4**	**$125.5**	**$0.99**	**$117.6**	**$26.2**	**$91.4**	**$0.73**

	Fiscal 2016							
	Q3 2016				Q4 2016			
$ in millions, except EPS	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
Reported Earnings from Continuing Operations	**$138.1**	**$29.9**	**$108.2**	**$0.84**	**$175.4**	**$35.0**	**$140.4**	**$1.10**
Adjustments:								
Debt retirement costs	$71.3	$27.3	$44.0	$0.34	-	-	-	-
Real estate plan implementation	$6.2	$1.3	$4.9	$0.03	$2.0	$1.8	$0.2	-
Strategic action plan and other costs	-	-	-	-	-	-	-	-
Adjusted Earnings from Continuing Operations	**$215.6**	**$58.5**	**$157.1**	**$1.21**	**$177.4**	**$36.8**	**$140.6**	**$1.10**

Reconciliation of Fiscal 2018 Annual Reported to Adjusted Earnings Outlook

Fiscal 2018 Outlook	Current (12/19/17)			Prior (9/26/17)		
Reported diluted net earnings per share from continuing operations	**$4.37**	**to**	**$4.47**	**$4.30**	**to**	**$4.44**
Cheddar's integration expenses	0.13		0.10	0.13		0.10
Income tax expense from integration expenses	(0.05)		(0.04)	(0.05)		(0.04)
Adjusted diluted net earnings per share from continuing operations	**$4.45**	**to**	**$4.53**	**$4.38**	**to**	**$4.50**

Reported to Adjusted EBIT Margin and Earnings Reconciliations

(in millions)	Quarter Ended 11/26/2017		Quarter Ended 11/27/2016	Change (bps)
Sales - as reported	$ 1,881.5		$ 1,642.5	
Earnings from continuing operations - as reported	$ 88.6		$ 79.7	
Interest, net - as reported	15.5		9.5	
Income taxes - as reported	24.8		27.3	
EBIT from continuing operations	$ 128.9		$ 116.5	
EBIT Margin from continuing operations	6.9%		7.1%	(20)
EBIT Impacts	4.2	(1)	-	
Adjusted EBIT from continuing operations	133.1		116.5	
Adjusted EBIT Margin from continuing operations	7.1%		7.1%	-
Earnings from continuing operations - as reported	$ 88.6		$ 79.7	
EBIT Impacts	4.2	(1)	-	
Income tax impacts of adjustments	(1.4)		-	
Adjusted earnings from continuing operations	91.4		79.7	
Adjusted earnings Margin from continuing operations	4.9%		4.9%	-

(1) Represents costs associated with Cheddar's acquisition