



Earnings Call

Fiscal 2024: First Quarter Results
September 21, 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 First Quarter Financial Highlights



\$2.7 Billion
TOTAL SALES

11.6%
TOTAL SALES GROWTH

\$1.78
ADJUSTED DILUTED NET EPS
FROM CONTINUING
OPERATIONS¹

¹ 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

Back-To-Basics

Culinary Innovation & Execution



Attentive Service



Engaging Atmosphere



Integrated Marketing

9

Iconic Brands



Building Unique Cultures



General Manager/Managing Partner Conferences

OLIVE GARDEN'S
GENERAL MANAGERS
CONFERENCE  2023

 **KEEPIN' IT
BALANCED**

The
CHEDDAR'S
WAY
*MP Conference
2023*

 
SRG **2023**

Building Iconic Brands



Elevates Brand Equity | Simple to Execute | Not at a Deep Discount

Ruth's Chris Integration Update



- // Preserve team member experience and unique culture
- // Maintain and strengthen the guest experience
- // Successfully migrate Ruth's Chris onto Darden's platform

Nourish & Delight EVERYONE WE SERVE



113 Million+ Meals
Donated Since 2003



10 Additional Trucks Added for
Feeding America's Food Banks

Thank You To Our Team Members



Fiscal 2024 First Quarter Financial Highlights



\$2.7 Billion
TOTAL SALES

\$1.78

ADJUSTED DILUTED NET EPS
FROM CONTINUING
OPERATIONS¹

5.0%

SAME-RESTAURANT SALES
GROWTH²

410 BPS

INDUSTRY SAME-RESTAURANT
SALES OUTPERFORMANCE³

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

² Will not include Ruth's Chris Steak House until they have been owned and operated by Darden for a 16-month period

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



Fiscal 2024 First Quarter Financial Highlights



\$388 Million
ADJUSTED EBITDA¹

\$159 Million
DIVIDENDS PAID

\$143 Million
SHARE REPURCHASES

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

Margin Analysis vs. Prior Year

	As Reported	As Adjusted ¹		
	Q1 2024 (\$ millions)	Q1 2024 (\$ millions)	Q1 2024 % of Sales	vs Q1 2023 (bps) Favorable/(Unfavorable)
Sales	\$2,730.6	\$2,730.6		
Food and Beverage	\$851.0	\$851.0	31.2 %	130
Restaurant Labor	\$875.3	\$875.3	32.1 %	40
Restaurant Expenses	\$446.6	\$446.6	16.4 %	10
Marketing Expenses	\$38.6	\$38.6	1.4 %	(20)
Restaurant-Level EBITDA	\$519.1	\$519.1	19.0 %	170
General and Administrative Expenses	\$153.3	\$128.5	4.7 %	(110)
Depreciation and Amortization	\$109.8	\$109.8	4.0 %	(10)
Impairment and Disposal of Assets, Net	\$3.1	\$3.1	0.1 %	(30)
Operating Income	\$252.9	\$277.7	10.2 %	20
Interest Expense	\$29.7	\$29.7	1.1 %	(30)
Earnings Before Income Tax	\$223.2	\$248.0	9.1 %	(10)
Income Tax Expense	\$28.4	\$31.0	1.1 %	10
Note: Effective Tax Rate	12.7%	12.5%		
Earnings From Continuing Operations	\$194.8	\$217.0	7.9 %	0

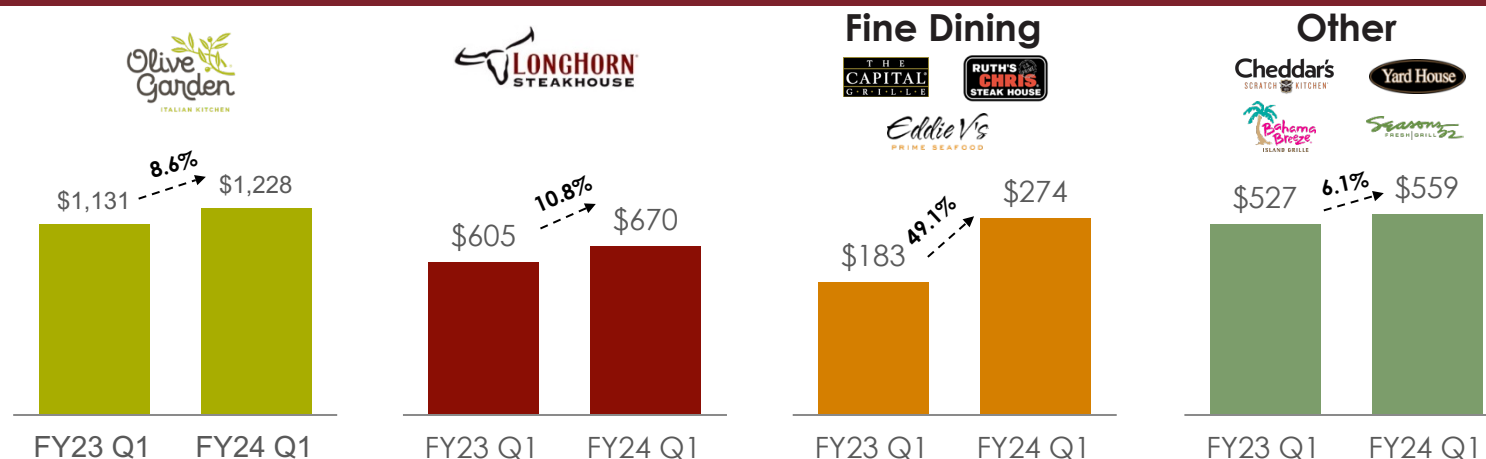
Note: Continuing operations, values may not foot due to rounding.

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

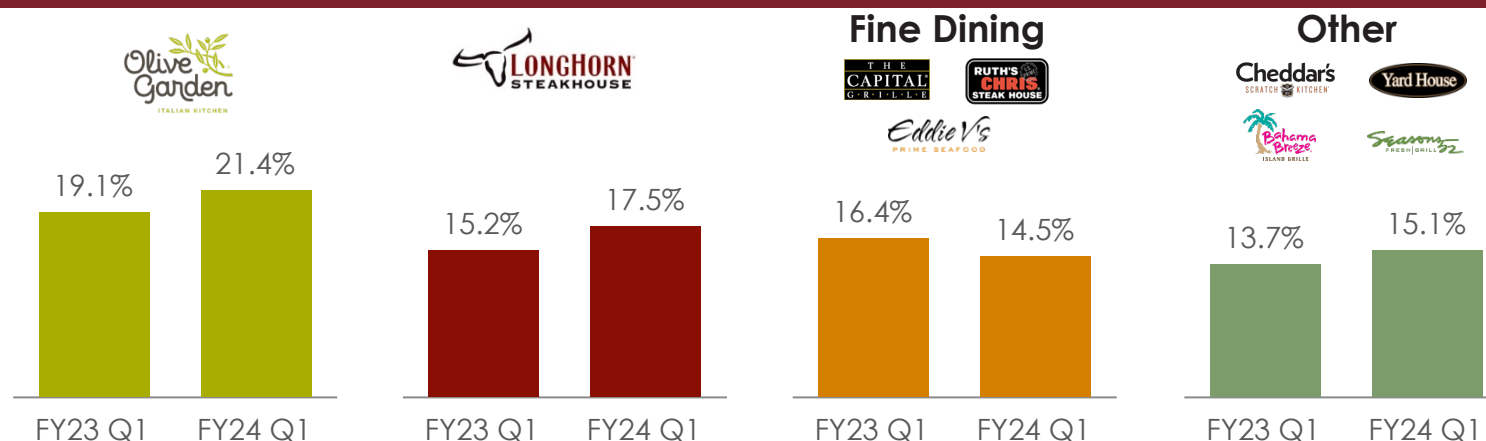


First Quarter Segment Performance¹

Segment Sales (\$ millions)



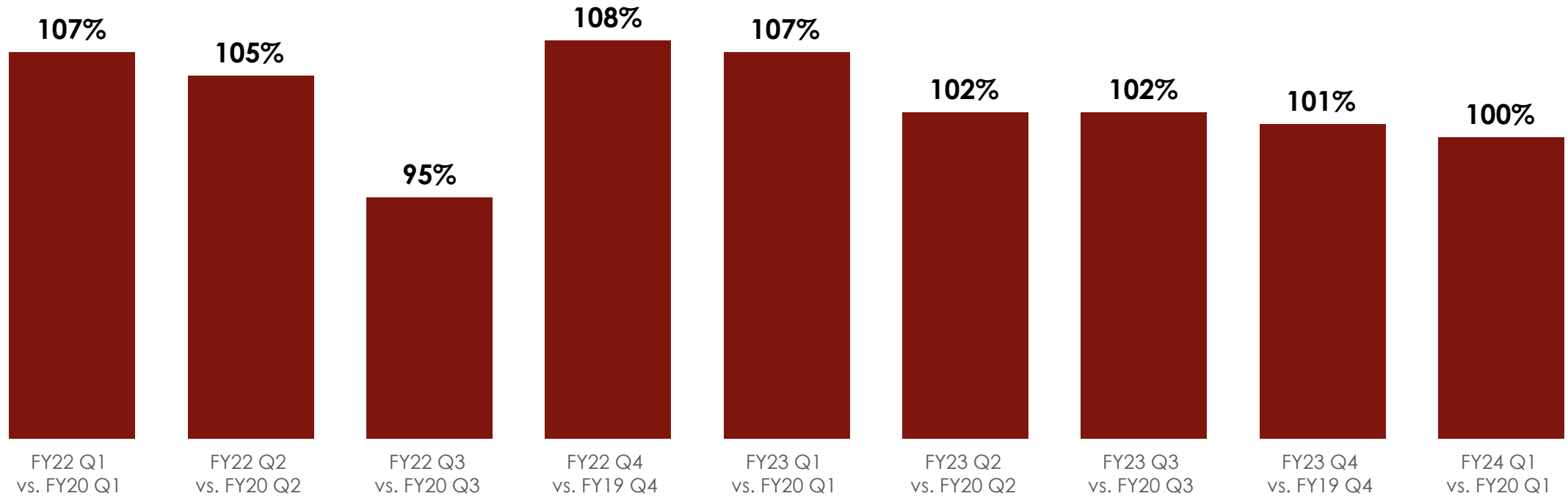
Segment Profit Margin²



¹ 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.

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

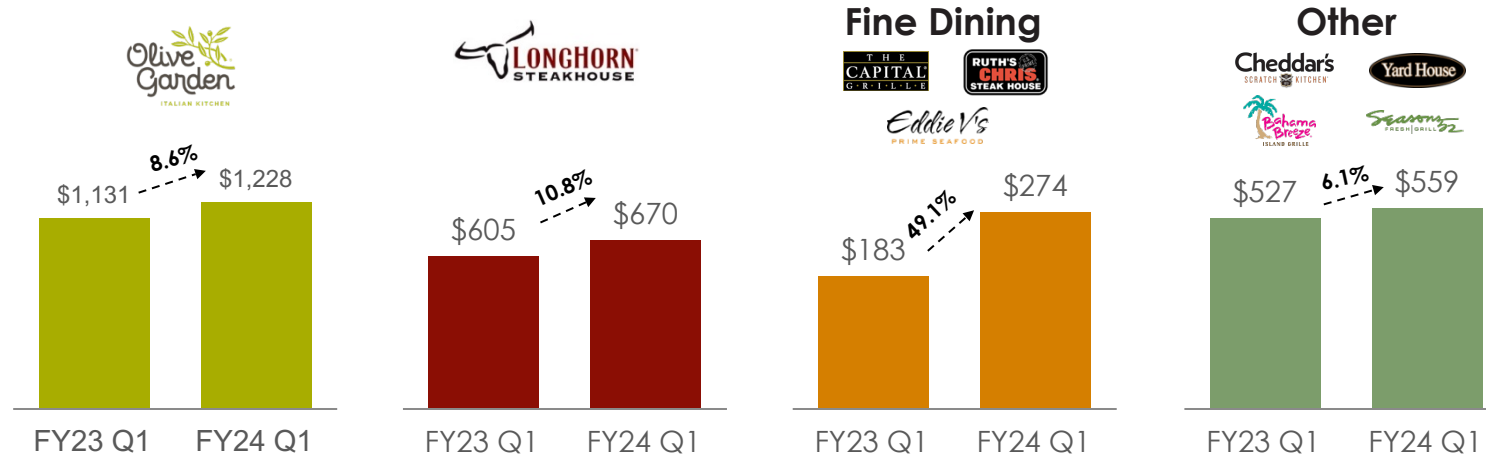
Fine Dining Traffic¹ Retention vs. Pre-COVID



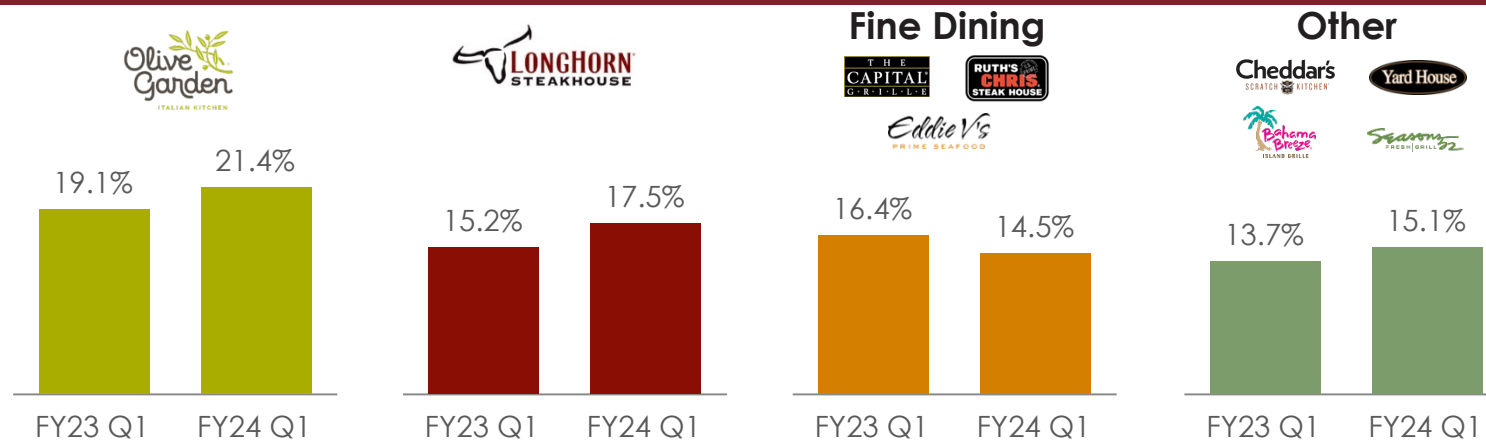
¹ Traffic represents average number of entrees sold per operating week at Capital Grille and Eddie V's.

First Quarter Segment Performance¹

Segment Sales (\$ millions)



Segment Profit Margin²



¹ 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.

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

Ruth's Chris Synergies and Other Cost Savings



Approximate Annual Run Rate (\$ millions)		
	Previous	Current
Synergies and Other Cost Savings	\$20	\$35
Guest and Team Member Investments	—	(10)
Net Synergies	\$20	\$25

<i>Net Synergies in Fiscal 2024</i>	\$5-\$10	~\$12
--	-----------------	--------------

Question & Answer Session

Additional Information

Reiterating Fiscal 2024 Annual Outlook

SALES	DEVELOPMENT	MARGIN
Total Sales \$11.5B to \$11.6B Same-Restaurant Sales Growth 2.5% to 3.5%	Restaurant Openings Approximately 50 Capital Spending \$550 to \$600 million	Total Inflation: 3% to 4% Commodities: ~2.5% Effective Tax Rate 12% to 12.5%

Adjusted Earnings per Diluted Share
\$8.55 to \$8.85¹
(~121.5 million Weighted Average Diluted Shares Outstanding)

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

Commodities Outlook – Second & Third Quarter

September - February FY2024			
	Spend by category	Coverage	Outlook
Beef	22%	50%	Low double digit inflation
Produce	12%	85%	Mid single digit inflation
Dairy / Oil ¹	11%	40%	Low single digit deflation
Seafood	9%	75%	Mid single digit deflation
Chicken	9%	65%	Low single digit deflation
Wheat ²	7%	65%	Low single digit inflation
Non-Perishable / Other	30%	45%	Low single digit deflation
Weighted average coverage	100%	55%	

Note: Excludes Ruth's Chris

¹ Includes cheese, cream, butter, and shortening.

² Includes breadsticks and pasta.

Reported to Adjusted Earnings Reconciliations

\$ in millions, except EPS	Q1 2024			
	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Diluted Net Earnings Per
Reported Earnings from Continuing Operations	\$ 223.2	\$ 28.4	\$ 194.8	\$ 1.60
Adjustments:				
Ruth's Chris transaction and integration related costs	\$ 24.8	\$ 2.6	\$ 22.2	\$ 0.18
Adjusted Earnings from Continuing Operations	\$ 248.0	\$ 31.0	\$ 217.0	\$ 1.78
Interest			29.7	
Adjusted Income Tax			31.0	
Adjusted Operating Income			\$ 277.7	
Depreciation and Amortization			109.8	
Adjusted EBITDA			\$ 387.5	

Reported to Adjusted Earnings Outlook Reconciliation

	2024			
Reported diluted net earnings per share from continuing operations	\$	8.18	to	\$ 8.48
Ruth's Chris transaction and integration related expenses	\$	0.45		\$ 0.45
Income tax expense	\$	(0.08)		\$ (0.08)
Adjusted diluted net earnings per share from continuing operations	\$	8.55		\$ 8.85