

DARDEN RESTAURANTS INC

Form 10-Q

March 31, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 23, 2014

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
1-13666

Commission File Number

DARDEN RESTAURANTS, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of
incorporation or organization)

59-3305930

(I.R.S. Employer
Identification No.)

1000 Darden Center Drive

Orlando, Florida

(Address of principal executive offices)

407-245-4000

32837

(Zip Code)

(Registrant's telephone number, including area code)

Not applicable (Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of common stock outstanding as of March 14, 2014: 131,929,773 (excluding 1,286,019 shares held in our treasury).

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Cautionary Statement Regarding Forward-Looking Statements

Statements set forth in or incorporated into this report regarding the expected net increase in the number of our restaurants, U.S. same-restaurant sales, total sales growth, diluted net earnings per share growth, and capital expenditures in fiscal 2014, and all other statements that are not historical facts, including without limitation statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of Darden Restaurants, Inc. and its subsidiaries that are preceded by, followed by or that include words such as “may,” “will,” “expect,” “intend,” “anticipate,” “continue,” “estimate,” “project,” “believe,” “plan” or similar expressions, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This statement is included for purposes of complying with the safe harbor provisions of that Act. Any forward-looking statements speak only as of the date on which such statements are made, and we undertake no obligation to update such statements for any reason to reflect events or circumstances arising after such date. By their nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by such forward-looking statements. For further information regarding such forward-looking statements, risks and uncertainties, please see “Forward-Looking Statements” under Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this report.

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

DARDEN RESTAURANTS, INC.

CONSOLIDATED STATEMENTS OF EARNINGS

(In millions, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	February 23, 2014	February 24, 2013	February 23, 2014	February 24, 2013
Sales	\$2,233.1	\$ 2,258.2	\$6,441.5	\$ 6,253.0
Costs and expenses:				
Cost of sales:				
Food and beverage	697.2	695.1	1,999.0	1,921.5
Restaurant labor	702.9	709.0	2,069.8	1,971.5
Restaurant expenses	360.8	348.2	1,063.5	977.8
Total cost of sales, excluding restaurant depreciation and amortization of \$103.0, \$95.8, \$305.6 and \$277.2, respectively	\$ 1,760.9	\$ 1,752.3	\$5,132.3	\$ 4,870.8
Selling, general and administrative	209.3	199.8	660.5	634.1
Depreciation and amortization	108.5	101.0	321.9	292.8
Interest, net	33.1	31.9	98.7	92.7
Total costs and expenses	\$2,111.8	\$ 2,085.0	\$6,213.4	\$ 5,890.4
Earnings before income taxes	121.3	173.2	228.1	362.6
Income taxes	11.8	38.7	28.5	83.3
Earnings from continuing operations	\$109.5	\$ 134.5	\$199.6	\$ 279.3
Earnings (losses) from discontinued operations, net of tax expense (benefit) of \$0.1, \$(0.2), \$0.0 and \$(0.4), respectively	0.2	(0.1)	0.1	(0.5)
Net earnings	\$109.7	\$ 134.4	\$199.7	\$ 278.8
Basic net earnings per share:				
Earnings from continuing operations	\$0.83	\$ 1.04	\$1.53	\$ 2.17
Earnings (losses) from discontinued operations	0.01	—	—	—
Net earnings	\$0.84	\$ 1.04	\$1.53	\$ 2.17
Diluted net earnings per share:				
Earnings from continuing operations	\$0.82	\$ 1.02	\$1.50	\$ 2.13
Earnings (losses) from discontinued operations	—	—	—	(0.01)
Net earnings	\$0.82	\$ 1.02	\$1.50	\$ 2.12
Average number of common shares outstanding:				
Basic	131.3	129.3	130.7	128.7
Diluted	133.4	131.5	132.9	131.4
Dividends declared per common share	\$0.55	\$0.50	\$	