

DARDEN RESTAURANTS INC

Form 10-Q

April 01, 2013

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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 24, 2013

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 59-3305930  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

1000 Darden Center Drive 32837  
Orlando, Florida (Zip Code)  
(Address of principal executive offices)

407-245-4000  
(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 15, 2013: 129,812,201 (excluding 1,390,178 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 2013, 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 24, 2013	February 26, 2012	February 24, 2013	February 26, 2012
Sales	\$2,258.2	\$ 2,159.7	\$6,253.0	\$ 5,933.2
Costs and expenses:				
Cost of sales:				
Food and beverage	695.1	661.7	1,921.5	1,828.5
Restaurant labor	709.0	657.2	1,971.5	1,864.6
Restaurant expenses	348.2	308.4	977.8	901.2
Total cost of sales, excluding restaurant depreciation and amortization of \$95.8, \$83.2, \$277.2 and \$242.2, respectively	\$1,752.3	\$ 1,627.3	\$4,870.8	\$ 4,594.3
Selling, general and administrative	199.8	198.0	634.1	568.3
Depreciation and amortization	101.0	88.9	292.8	258.8
Interest, net	31.9	27.7	92.7	74.5
Total costs and expenses	\$2,085.0	\$ 1,941.9	\$5,890.4	\$ 5,495.9
Earnings before income taxes	173.2	217.8	362.6	437.3
Income taxes	(38.7 )	(53.7 )	(83.3 )	(112.3 )
Earnings from continuing operations	\$134.5	\$ 164.1	\$279.3	\$ 325.0
Losses from discontinued operations, net of tax benefit of \$0.2, \$0.0, \$0.4 and \$0.4, respectively	(0.1 )	—	(0.5 )	(0.7 )
Net earnings	\$134.4	\$ 164.1	\$278.8	\$ 324.3
Basic net earnings per share:				
Earnings from continuing operations	\$1.04	\$ 1.28	\$2.17	\$ 2.49
Losses from discontinued operations	—	—	—	(0.01 )
Net earnings	\$1.04	\$ 1.28	\$2.17	\$ 2.48
Diluted net earnings per share:				
Earnings from continuing operations	\$1.02	\$ 1.25	\$2.13	\$ 2.43
Losses from discontinued operations	—	—	(0.01 )	(0.01 )
Net earnings	\$1.02	\$ 1.25	\$2.12	\$ 2.42
Average number of common shares outstanding:				
Basic	129.3	128.0	128.7	130.7
Diluted	131.5	130.9	131.4	133.8
Dividends declared per common share	\$0.50	\$		