Darden Restaurants Inc. (DRI)

Updated August 24th, 2026 by Felix Martinez

Key Metrics

Current Price:	$222	**5 Year Annual Expected Total Return:**	5.7%	**Market Cap:**	$25.2 B
Fair Value Price:	$192	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	07/10/26
% Fair Value:	116%	**5 Year Valuation Multiple Estimate:**	-2.9%	**Dividend Payment Date:**	08/03/26
Dividend Yield:	2.8%	**5 Year Price Target**	$257	**Years Of Dividend Growth:**	5
Dividend Risk Score:	F	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Darden Restaurants Inc. is a full-service restaurant company whose portfolio of brands includes Olive Garden, LongHorn Steakhouse, Cheddar's Scratch Kitchen, Yard House, Ruth's Chris Steak House, The Capital Grille, Chuy's, Seasons 52, and Eddie V's. As of the fiscal year ended May 31, 2026, the company employs approximately 210,000 team members and owns and operates more than 2,200 restaurants, primarily in the United States. Darden Restaurants Inc. has a $25.2 billion market capitalization and had a 10-year dividend CAGR of 11.4% prior to the COVID-19 pandemic. The company has become very aggressive in increasing its dividend once again.

On June 25th, 2026, Darden Restaurants Inc. reported the fourth quarter results for fiscal year 2026. The company completes its fiscal year at the end of May. The company reported strong fiscal 2026 fourth-quarter and full-year results for the period ended May 31, 2026, which included an extra week of operations. Fourth-quarter total sales rose 13.7% to $3.72 billion, driven by the additional week, a 4.6% blended same-restaurant sales increase, and contributions from 43 net new restaurants. Adjusted diluted earnings per share from continuing operations reached $3.66, up 22.8%, while full-year sales grew 9.4% to $13.21 billion with adjusted diluted EPS of $10.64, an 11.4% increase. All major brands posted positive same-restaurant sales for the quarter, reflecting consistent operational execution that outperformed the broader industry.

The company's board raised the quarterly dividend 8% to $1.62 per share, payable August 3, 2026, and authorized a new $1.5 billion share-repurchase program that replaces the prior authorization. During the fourth quarter alone, Darden repurchased approximately $138 million of its common stock. Management highlighted durable cash-flow generation—evidenced by roughly 9% annualized adjusted EBITDA growth since 2019—as the foundation for funding ongoing capital needs, dividend growth, and restaurant development while returning capital to shareholders.

For fiscal 2027, Darden projects total sales of $13.60–$13.75 billion, same-restaurant sales growth of 2.5–3.5%, 75–80 new restaurant openings, capital spending of approximately $875 million, and diluted EPS from continuing operations of $11.10–$11.35. The outlook also includes expected EBITDA of $2.26–$2.29 billion and an effective tax rate near 13.5%. Leadership expressed confidence that the strength of its brand portfolio, disciplined strategy, and experienced teams position the company for continued profitable growth and long-term shareholder value creation.

Growth on a Per-Share Basis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
EPS	$4.02	$4.81	$5.82	$3.13	$4.31	$7.40	$8.00	$8.88	$9.55	$10.64	***$11.28***	***$15.10***
DPS	$2.24	$2.52	$3.00	$2.64	$1.55	$4.40	$4.84	$5.24	$5.60	$6.00	***$6.48***	***$7.51***
Shares[1]	126.0	126.0	125.0	125.0	131.2	129.0	129.0	122.9	118.4	116.3	***115.0***	***115.0***

Darden Restaurants, Inc. has grown operating margins for the past five years. 2020 operating margin was 5.8%, which increased to 12.1% at the end of 2026. Earnings growth is attributable to revenue growth, outpacing selling, general, and administrative expenses. After FY2026, we forecast 6% earnings-per-share growth annually over the next five years,

[1] Share count is in millions.

which will give the company expected earnings of $15.10 per share for 2032. Net margin has also been at a good level over the past few years, which will help with earnings growth.

Valuation Analysis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Avg. P/E	22.12	18.17	20.0	24.4	33.3	17.0	17.0	16.9	22.4	19.2	***19.6***	***17.00***
Avg. Yld.	2.5%	2.8%	2.7%	3.4%	1.1%	3.5%	3.1%	3.5%	2.6%	2.9%	***2.8%***	***2.9%***

Darden Restaurants Inc. is estimated to grow earnings by 6.0% over the next five years. This is lower than in the past five years of earnings growth of 8.8%. Darden Restaurants Inc. has traded at a historical 10-year average P/E of 21.1x. However, we believe 17x is a reasonable approximation of fair value moving forward. We determine the fair value of Darden Restaurants Inc. to be $192 based on the EPS of $11.28 for FY2027. Thus, the company looks to be overvalued at the current price.

Safety, Quality, Competitive Advantage, & Recession Resiliency

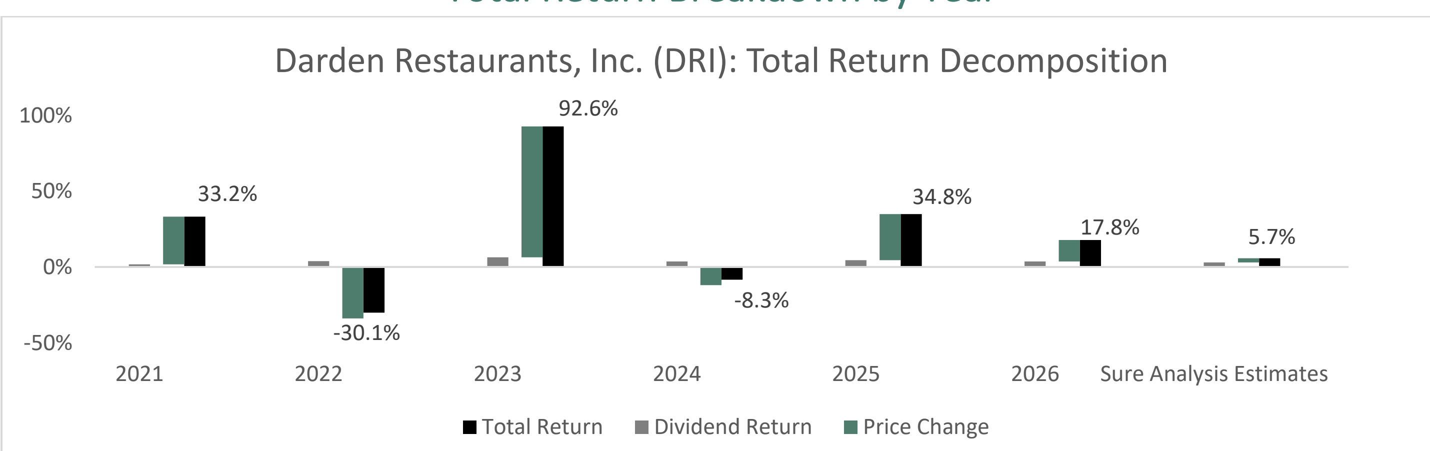
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Payout	56%	52%	52%	84%	36%	59%	61%	59%	59%	56%	***57%***	***50%***

Darden Restaurants Inc. generates stable free cash flow and has demonstrated a record of managing costs while improving sales. Darden has $192 million in cash and cash equivalents, decreasing compared to what was reported for the quarter ending on May 26, 2024. The company's debt/equity ratio of 2.5, which is in the high side. Darden Restaurants Inc. had also managed to maintain profitability and dividends during the financial crisis. In 2009, the dividend yield was 3.1% ($0.80 per share), while earnings-per-share were $2.65, suggesting that although the business is exposed to consumption and economic cycles, Darden Restaurants Inc. was able to weather the financial crisis. However, during the COVID-19 pandemic, the company suspended the dividend as all its locations had to resort to take-out only, but the dividend is now higher than it was pre-COVID-19.

Final Thoughts & Recommendation

Darden Restaurants Inc. is a well-managed company that has introduced successful marketing and value-driven promotional campaigns to customers through a digital transformation strategy relying on data analytics and leveraging its network of more than 2,200 restaurants. We rate the company as a hold given the projected 5.7% annualized total return for the next five years.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	6934	7170	8080	8510	7807	9630	10490	11390	12,080	13,211
Gross Profit	1541	1569	1745	1849	1408	1995	2083	2410	2,643	2,863
Gross Margin	22.2%	21.9%	21.6%	21.7%	18.0%	20.7%	19.9%	21.2%	26.4%	21.7%
SG&A Exp.	623	627	662	661	614	466	504	624	690	695
D&A Exp.	290	273	313	337	356	368	388	460	516	561
Operating Profit	628	669	770	852	438	1160	1191	1327	1,436	1607
Operating Margin	9.1%	9.3%	9.5%	10.0%	5.6%	12.0%	11.4%	11.7%	11.9%	12.2%
Net Profit	375	479	596	713	-52	953	982	1028	1,050	1207
Net Margin	5.4%	6.7%	7.4%	8.4%	-0.7%	9.9%	9.4%	9.0%	8.7%	9.1%
Free Cash Flow	526	580	583	779	227	854	952	984	1,027	1088
Income Tax	90	155	2	64	-112	139	137	145	136	175

Balance Sheet Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Assets	5292	5470	5893	9946	10656	10136	10240	11320	12,590	12,862
Cash & Equivalents	233	147	457	763	1215	421	368	195	240	220
Accounts Receivable	43	40	40	23	68	40	80	42	42	45
Inventories	179	205	207	207	191	271	288	291	312	326
Goodwill & Int.	2152	2135	2135	1843	1844	1917	1844	2631	3,103	3,108
Total Liabilities	3191	3275	3500	7615	7843	7938	8040	9080	10,280	10,655
Accounts Payable	250	277	333	249	305	367	426	400	440	428
Long-Term Debt	937	927	928	1199	930	929	885	1509	2,169	1,674
Shareholder’s Equity	2102	2195	2393	2331	2813	2198	2202	2242	2,311	2,208
D/E Ratio	0.45	0.42	0.39	0.51	0.33	0.42	0.40	0.67	0.94	0.76

Profitability & Per Share Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Return on Assets	9.7%	11.1%	12.6%	-0.7%	6.1%	9.2%	9.6%	9.5%	8.8%	9.5%
Return on Equity	23.6%	27.7%	31.1%	-2.2%	24.5%	38.0%	44.6%	46.3%	46.1%	53.4%
ROIC	17.6%	19.4%	22.1%	-1.5%	17.3%	27.7%	31.6%	29.9%	25.5%	10.4%
Shares Out.	126.0	126.0	125.0	125.0	131.0	129.0	122.9	120.8	118.4	116.3
Revenue/Share	56.91	64.13	67.87	63.63	54.60	74.65	85.34	94.29	102.00	113.59
FCF/Share	4.60	4.62	6.21	1.85	7.02	6.62	7.74	8.14	8.67	9.35

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.