ModernGraham Valuation

Company Name:

Darden Restaurants, Inc.



3.69 Fail

DRI Company Ticker

Date of Analysis 9/25/2015

7. Moderate Price to Assets

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$9,039,651,996 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.05 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
Dividend Record	Dividend Payments for 10 years prior Increase of 33% in EPS in past 10 years using 3 year averages at	Pass
5. Earnings Growth	beginning and end	62.90% Pass
6. Moderate PEmg Ratio	PEmg < 20	19.81 Pass

PB Ratio < 2.5 OR PB*PEmg < 50

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1.	Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.05 Fail
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	23.19 Fail
3.	Earnings Stability	Positive EPS for 5 years prior	Pass
4.	Dividend Record	Currently Pays Dividend	Pass
5.	Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.56
MG Growth Estimate	1.77%
MG Value	\$42.85
MG Value based on 3% Growth	\$51.63
MG Value based on 0% Growth	\$30.27
Market Implied Growth Rate	5.65%

MG Opinion

Current Price \$70.53 % of Intrinsic Value 164.59%

Opinion Overvalued

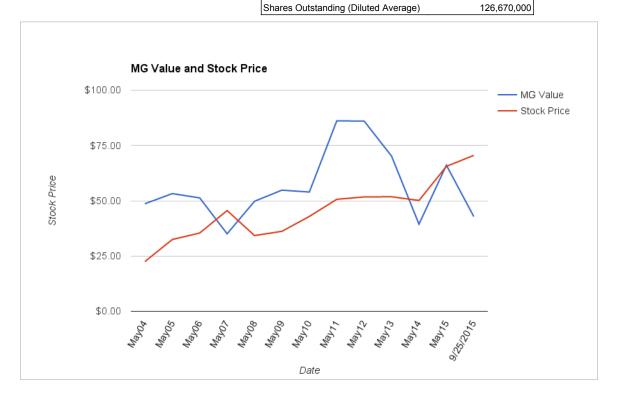
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$18.93
Graham Number	\$36.24
PEmg	19.81
Current Ratio	1.05
PB Ratio	3.69
Dividend Yield	3.12%
Number of Consecutive Years of Dividend Growth	0

Useful Links: ModernGraham tagged articles

Morningstar MSN Money Google Finance Yahoo Finance Seeking Alpha GuruFocus **SEC Filings**

EPS History		EPSmg History	1
Next Fiscal Year Estimate	\$3.05	Next Fiscal Year Estimate	\$3.56
May15	\$5.47	May15	\$3.72
May14	\$2.15	May14	\$2.91
May13	\$3.13	May13	\$3.23
May12	\$3.57	May12	\$3.19
May11	\$3.39	May11	\$2.85
May10	\$2.84	May10	\$2.49
May09	\$2.65	May09	\$2.24
May08	\$2.55	May08	\$1.97
May07	\$1.35	May07	\$1.65
May06	\$2.16	May06	\$1.73
May05	\$1.78	May05	\$1.46
May04	\$1.36	May04	\$1.26
May03	\$1.31	May03	\$1.16
May02	\$1.30	May02	\$1.01
May01	\$1.06	May01	\$0.76
May00	\$0.89	May00	\$0.53
May99	\$0.66	Balance Sheet Information	Aug15
May98	\$0.45	Total Current Assets	\$1,204,600,000
May97	-\$0.39	Total Current Liabilities	\$1,142,600,000
May96	\$0.31	Long-Term Debt	\$1,437,600,000
		Total Assets	\$6,026,500,000
		Intangible Assets	\$1,447,000,000
		Total Liabilities	\$3,602,400,000
		Shares Outstanding (Diluted Average)	126 670 000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company 5 Speculative and Overvalued Companies to Avoid – October 2014

17 Companies in the Spotlight This Week - 9/27/2014

Darden Restaurants Inc. Annual Valuation – 2014 \$DRI

Other ModernGraham posts about related companies Chipotle Mexican Grill Inc. Analysis – August 2015 Update \$CMG

Chipolte Mexican Grill Inc. Quarterly Valuation - May 2015 \$CMG

Yum! Brands Inc. Annual Valuation - 2015 \$YUM

Starbucks Corporation Annual Valuation – 2015 \$SBUX

Chipotle Mexican Grill Inc. Quarterly Valuation – February 2015 \$CMG

McDonald's Corporation Annual Valuation – 2014 \$MCD

Chipotle Mexican Grill Inc. Quarterly Valuation - October 2014 \$CMG

Darden Restaurants Inc. Annual Valuation – 2014 \$DRI

Yum! Brands Inc. Annual Valuation – 2015 \$YUM

Starbucks Corporation Annual Valuation – 2015 \$SBUX