

ModernGraham Valuation



Company Name:

Darden Restaurants,
Inc.

Company Ticker DRI

Date of Analysis

3/4/2019

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	\$13,739,140,896	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.41	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	44.08%	Pass
6. Moderate PEmg Ratio	PEmg < 20	23.99	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.22	Fail

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	0.41	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-1.12	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.64
MG Growth Estimate	3.67%
MG Value	\$73.44
MG Value based on 3% Growth	\$67.22
MG Value based on 0% Growth	\$39.41
Market Implied Growth Rate	7.75%

MG Opinion

Current Price	\$111.24
% of Intrinsic Value	151.48%
Opinion	Overvalued
MG Grade	D+

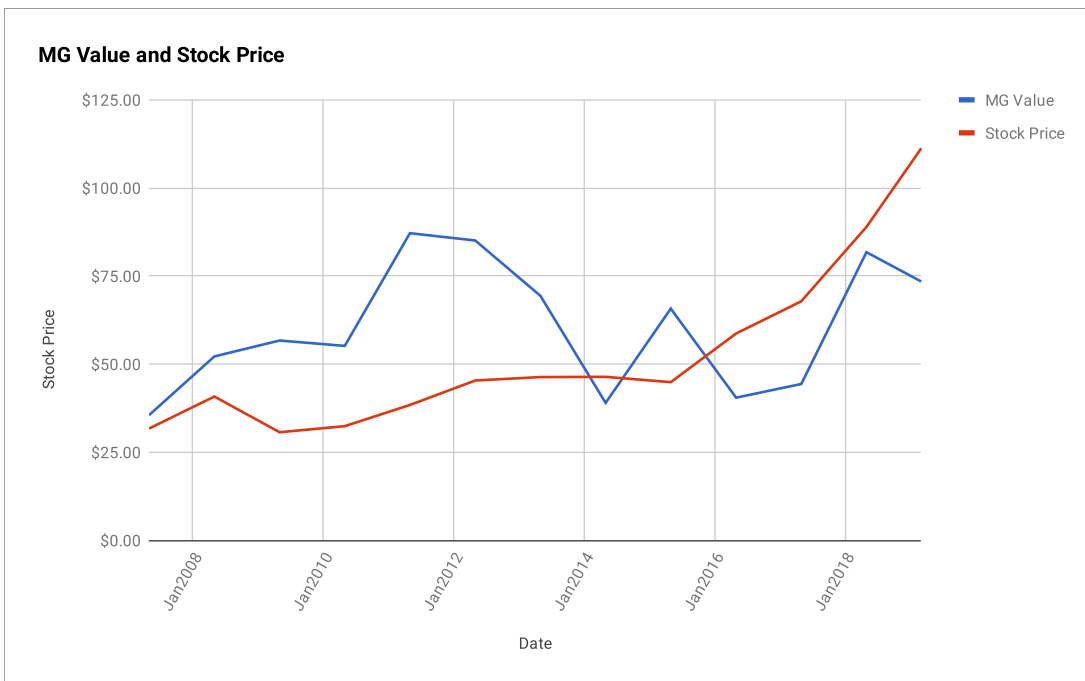
Stage 3: Information for Further Research

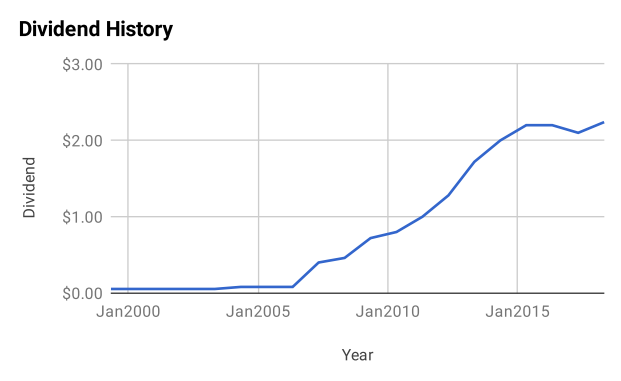
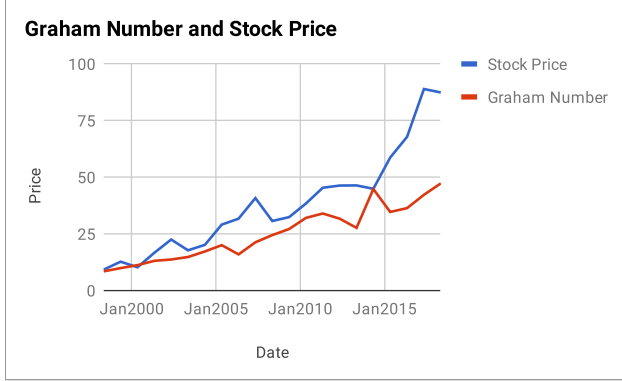
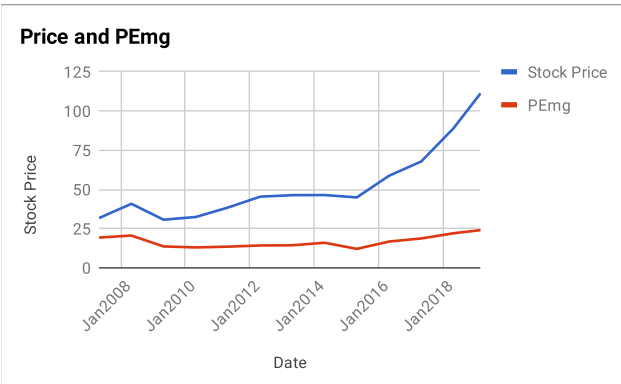
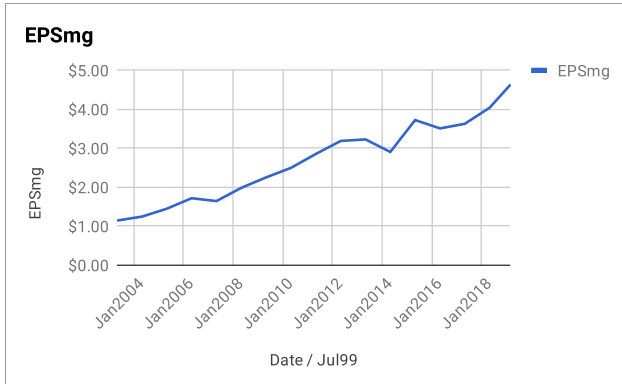
Net Current Asset Value (NCAV)	-\$21.76
Graham Number	\$47.27
PEmg	23.99
Current Ratio	0.41
PB Ratio	6.22
Current Dividend	\$2.52
Dividend Yield	2.27%
Number of Consecutive Years of Dividend Growth	2

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.59	Next Fiscal Year Estimate	\$4.64
May2018	\$4.73	May2018	\$4.04
May2017	\$3.80	May2017	\$3.63
May2016	\$2.90	May2016	\$3.51
May2015	\$5.47	May2015	\$3.72
May2014	\$2.15	May2014	\$2.91
May2013	\$3.13	May2013	\$3.23
May2012	\$3.57	May2012	\$3.19
May2011	\$3.39	May2011	\$2.85
May2010	\$2.84	May2010	\$2.50
May2009	\$2.65	May2009	\$2.25
May2008	\$2.60	May2008	\$1.99
May2007	\$1.35	May2007	\$1.65
May2006	\$2.16	May2006	\$1.72
May2005	\$1.78	May2005	\$1.45
May2004	\$1.34	May2004	\$1.25
May2003	\$1.27	May2003	\$1.15
May2002	\$1.30	Balance Sheet Information 11/1/2018	
May2001	\$1.06	Total Current Assets	\$561,200,000
May2000	\$0.89	Total Current Liabilities	\$1,385,300,000
May1999	\$0.66	Long-Term Debt	\$927,100,000
		Total Assets	\$5,549,200,000
		Intangible Assets	\$2,134,500,000
		Total Liabilities	\$3,298,900,000
		Shares Outstanding (Diluted Average)	125,800,000





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**
- [Darden Restaurants Inc Valuation – May 2018 \\$DRI](#)
 - [Darden Restaurants Inc Valuation – February 2017 \\$DRI](#)
 - [Darden Restaurants Inc. Analysis – September 2015 Update \\$DRI](#)
 - [5 Speculative and Overvalued Companies to Avoid – October 2014](#)
 - [17 Companies in the Spotlight This Week – 9/27/2014](#)

- Other ModernGraham posts about related companies**
- [Yum Brands Inc Valuation – February 2019 \\$YUM](#)
 - [Starbucks Corporation Valuation – January 2019 \\$SBUX](#)
 - [McDonald's Corp Valuation – November 2018 \\$MCD](#)
 - [Sonic Corp Valuation – August 2018 \\$SONC](#)
 - [Jack in the Box Inc Valuation – July 2018 \\$JACK](#)
 - [Chuy's Holdings Inc Valuation – July 2018 \\$CHUY](#)
 - [Chipotle Mexican Grill Inc Valuation – June 2018 \\$CMG](#)
 - [Darden Restaurants Inc Valuation – May 2018 \\$DRI](#)
 - [Yum Brands Inc Valuation – April 2018 \\$YUM](#)
 - [Starbucks Corporation Valuation – March 2018 \\$SBUX](#)