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Darden Restaurants, Inc. (DRI) Q1 2027 Earnings Call Transcript

Sep 24, 2026, 1:59 PM ET | **Darden Restaurants, Inc. (DRI) Stock**

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Q1: 2026-09-24 Earnings Summary

Insights

EPS of $2.05 misses by $0.00 | Revenue of $3.20B (5.11% Y/Y) misses by $7.12M

Darden Restaurants, Inc. (DRI) Q1 2027 Earnings Call September 24, 2026 8:30 AM EDT

Company Participants

Courtney Aquilla - Vice President of Finance & Investor Relations
Ricardo Cardenas - CEO, President & Director
Rajesh Vennam - Senior VP & CFO

Conference Call Participants

Christopher O'Cull - Robert W. Baird & Co. Incorporated, Research Division
Christopher Carril - KeyBanc Capital Markets Inc., Research Division
Brian Bittner - Oppenheimer & Co. Inc., Research Division
Andrew Charles - TD Cowen, Research Division
Jon Tower - Citigroup Inc., Research Division
David Palmer - Evercore ISI Institutional Equities, Research Division
James Salera - Stephens Inc., Research Division
Brian Harbour - Morgan Stanley, Research Division
Jacob Aiken-Phillips - Melius Research LLC
Peter Saleh - BTIG, LLC, Research Division
Sara Senatore - BofA Securities, Research Division
Andrew Strelzik - BMO Capital Markets Equity Research
Danilo Gargiulo - Bernstein Institutional Services LLC, Research Division
John Ivankoe - JPMorgan Chase & Co, Research Division

Presentation

Operator

Welcome to the Darden Fiscal Year 2027 First Quarter Earnings Call. [Operator Instructions] The conference is being recorded. If you have any objections, please disconnect at this time.

I will now turn the call over to Ms. Courtney Aquilla. Thank you. You may begin.

Courtney Aquilla
Vice President of Finance & Investor Relations

Thank you, Donna. Good morning, and thank you for participating on today's call. Joining me are Rick Cardenas, Darden's President and CEO; and Raj Vennam, CFO.

As a reminder, comments made during this call will include forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties that could cause actual results to differ materially from our expectations and projections. Those risks are described in the company's press release, which was distributed this morning and in its filings with the Securities and Exchange Commission.

A supplemental materials presentation containing information shared on today's call is available on the Financials tab in the Investors section of our website at darden.com. Today's discussion includes certain non-GAAP measurements, and reconciliations of these measurements are included in the presentation. Looking ahead, we plan to release fiscal 2027 second quarter earnings on Friday, December 18, before the market opens, followed by a conference call.

During today's call, all references to industry results refer to the Black Box Intelligence Casual Dining benchmark, excluding Darden, on a calendar aligned basis. Darden's transition from a 53-week fiscal year last year to a 52-week fiscal year this year has created an offset of 1 week between our reported fiscal periods and the comparable calendar periods used in the industry benchmark. As a result, industry trends should be compared to Darden's comparable calendar results, which helps account for the 1-week shift and is intended to provide a clearer year-over-year comparison. On a comparable calendar basis, average same-restaurant sales for the industry increased 2.4% and average same-restaurant guest counts decreased 0.2% during our first quarter.

During today's call, we will be referring to comparable calendar periods when discussing our same-restaurant sales results. This morning, we will share some brief remarks on the quarter and provide details on our financial results.

Now I will turn the call over to Rick.

Ricardo Cardenas

CEO, President & Director

Thank you, Courtney, and good morning, everyone. The first quarter was a solid start to fiscal '27. Results were in line with our expectations, and each of our segments delivered positive same-restaurant sales. Throughout the quarter, our restaurant teams did a great job of controlling what they can control. They remain focused on strong operating fundamentals and guest satisfaction scores across our brands remain at or near record highs for the quarter. Equally important, they continue to advance their strategic priorities to support long-term growth.

Olive Garden grew same-restaurant sales by 1% for the quarter. The brand continued to pair menu innovation with compelling value. Their Calabrian Summer promotion introduced differentiated flavors at an accessible starting price, while their Season of Garlic promotion provided guests with additional choice and multiple protein forward offerings.

During the quarter, Olive Garden was prepared to communicate about one of its core brand equities, unlimited soup, salad and breadsticks, but quickly pivoted away from their planned marketing support in response to external events that led to broader consumer concern about lettuce. Olive Garden is a brand that is well positioned to leverage news to drive traffic, and there is no better example than their signature promotion, Never-Ending Pasta Bowl. This year's offer launched at the beginning of Q2, and we are very pleased with the early results.

Adding to the excitement this year are 2 new bold menu additions, Spicy Alfredo Sauce and Crispy Shrimp Fritta as a protein topping. Guest preference for the protein forward options remains strong, and Olive Garden has seen increased buy-ups for unlimited protein toppings with Never-Ending Pasta Bowl. In support of the launch of NEPB, Olive Garden brought back their Never-Ending Pasta Pass after a 6-year hiatus. The Olive Garden team drove significant social media buzz as 3 million devices logged in for the Pasta Pass sale. All 10,000 passes sold out immediately. More broadly, the response demonstrated the deep connection guests have with the brand and the value and abundance found at Olive Garden.

This demonstrates the popularity of Olive Garden, which was further reaffirmed in YouGov's Best Bites 2026 report ranking U.S. restaurant brands. The report ranked them the #1 Casual Dining brand for consideration when dining out by multiple generational cohorts, including millennials. Olive Garden also ranked #1 among Casual Dining brands for service, dining experience and value. While Olive Garden has delivered strong sales growth over the past several years, the weekday lunch daypart remains a meaningful opportunity. I'm excited about several initiatives the team is working on that are designed to reinforce their value proposition and drive additional traffic.

Later in our current quarter, Olive Garden will activate the previously planned marketing support behind its iconic unlimited soup, salad and breadsticks lunch offering at a compelling price point. The team also plans to test a new lunch platform that delivers a highly competitive value proposition and includes the abundance that differentiates the Olive Garden. At dinner, the team continues to test additional protein forward dishes to build on the success of new core menu items like Calabrian Steak & Shrimp Bucatini that has quickly become a guest favorite.

LongHorn Steakhouse delivered same-restaurant sales growth of 6.8% for the quarter. Their momentum has been powered by disciplined adherence to a clear strategy focused on quality, simplicity and culture over many years. Sustaining that momentum is not easy, and the team continues to have a relentless focus on consistently executing 14 great shifts every week. LongHorn also continues to invest in food quality and will be introducing new menu items and menu enhancements during the second quarter designed to strengthen value and variety at both lunch and dinner.

Our Other Business segment delivered same-restaurant sales growth of 4.5%. This was driven by very impressive same-restaurant sales growth of 10% at Yard House. A broad menu and socially energized bar makes Yard House a natural gathering place for group occasions like sporting events. This was true for the World Cup, which presented a great opportunity for Yard House to deepen connections with their loyal guests. It also grew brand awareness by bringing in many new guests who got to experience all the new menu enhancements the team has introduced over the past few years, including the new burger, pizza, taco and pasta platforms.

Yard House is a high potential growth brand with plans to open 13 new restaurants this fiscal year, giving even more guests an opportunity to experience the brand. 5 of the openings will be conversions of Bahama Breeze restaurants and half of the other locations will utilize the new smaller Yard House prototype. This will be the primary prototype going forward, helping lower construction costs, enabling the brand to consider even more sites while still delivering their impressive AUV of $10.5 million.

I'm proud of what Bryan Clements and the team at Yard House have accomplished. Just last week, they reached $1 billion in sales for the trailing 52 weeks, becoming Darden's third billion-dollar brand. Stepping back, I'm pleased with the progress our team has made during the quarter. The performance across our portfolio reinforces the importance of having distinctive brands, each with a clear strategy supported by Darden's scale and other competitive advantages. Our focus remains the same: operate our restaurants at a high level, strengthen guest loyalty, invest in our people and brands and deploy capital in ways that support long-term shareholder value.

During the first quarter, we also held our annual leadership conferences with the general managers and managing partners from across our more than 2,200 restaurants. These leaders hold the most influential position in our company and the opportunity to interact with them and hear what's on their mind is invaluable. Across the conferences, I saw strong engagement and alignment around what success looks like in fiscal '27. The message was clear. Our brands are aligned on remaining disciplined.

Our success goes beyond the 4 walls of our restaurants. There's a larger purpose to what we do, and that is to nourish and delight everyone we serve, which includes the communities our guests and team members call home. One way we serve our communities is working to help end hunger. This year, the Darden Foundation and Penske are helping 7 more Feeding America food banks add refrigerated trucks to support food distribution in communities with significant need. With these additions, more than 60 Feeding America food banks will have received a truck through the program during the last 6 years.

Of course, our philanthropic giving would not be possible without the passion of our restaurant teams for nourishing and delighting our guests. On behalf of our leadership team and Board of Directors, I want to thank our more than 200,000 team members for the care and commitment they bring to serving our guests and communities every day.

Now I'll turn it over to Raj.

Rajesh Vennam
Senior VP & CFO

Thank you, Rick, and good morning, everyone. The first quarter was another strong quarter for Darden with sales and earnings growth meeting our expectations. The World Cup positively impacted Yard House same-restaurant sales by approximately 180 basis points. However, the tournament negatively impacted the rest of our brands, resulting in a net negative impact to Darden same-restaurant sales of approximately 80 basis points. This impact was concentrated earlier in the quarter, which is evident in the sequential improvement of traffic throughout the quarter. We've seen this trend further accelerate into September.

In the first quarter, we generated $3.2 billion of total sales. This was 5.1% higher than last year, driven by positive same-restaurant sales growth and the addition of 53 net new restaurants. On a comparable calendar basis, same-restaurant sales grew 3.2%. Diluted net earnings per share from continuing operations were $2.05, an increase of 4.1% over last year's adjusted net earnings per share. We generated $464 million in EBITDA and returned $406 million to shareholders through $184 million in dividends and $222 million of share repurchases.

Looking at our margin analysis compared to adjusted performance for last year, food and beverage expenses were 30 basis points higher. Our pricing was in line with commodities inflation of 3.5%. The cost of sales increase was driven by the mix of sales growth across brands with a greater contribution from brands that operate with higher food and beverage costs than the company average. Restaurant labor was 30 basis points lower, driven by productivity improvements and the mix of sales growth across brands. Restaurant expenses were flat as inflation was offset by pricing. Marketing expenses were also flat.

We had incremental marketing activity in the quarter that was funded by cost savings from the prior year initiatives that began in the second quarter last year. All this resulted in restaurant level EBITDA of 18.8% for the quarter, flat to last year and consistent with our expectations. Preopening costs were 10 basis points higher as we continue to ramp up new restaurant growth. G&A expense as a percent of sales were flat to last year, and our effective tax rate for the quarter was 12.9%. In total, our earnings from continuing operations were $234 million, which was 7.3% of sales.

In the first quarter, all of our segments grew total sales and generated positive same-restaurant sales growth. LongHorn continued its strong momentum, Fine Dining delivered another quarter of positive same-restaurant sales growth and Yard House led the growth within the Other Business segment. While segment profit margin performance varied across the portfolio, strong margin expansion at some of our brands helped offset the margin investment at Olive Garden and the impact of winding down Bahama Breeze, resulting in consistent year-over-year restaurant level margins at the consolidated level. This is a testament to the power of our portfolio.

Olive Garden increased total sales for the quarter by 2.2% with the addition of 20 net new restaurants and comparable calendar same-restaurant sales growth of 1% despite several unique headwinds during the quarter. Same-restaurant guest counts were negatively impacted by 150 to 200 basis points from the World Cup and heightened consumer concerns regarding lettuce. In addition, the lighter portion section of the menu created a 50 basis point mix headwind to the check. They also lapped a high-growth quarter last year that included the Uber Direct 1 million free deliveries promotion and 1 week of Never-Ending Pasta Bowl in the comparable calendar period.

On a 2-year basis, Olive Garden same-restaurant sales increased 7%, reinforcing the brand's continued strength. Olive Garden continues to have industry-leading segment profit margin, delivering 20.4% for the quarter. Segment profit margin declined 20 basis points from last year, which included the margin investment of approximately 30 basis points related to the addition of lighter portion section to the menu.

At LongHorn, total sales increased 10.9%, driven by comparable calendar same-restaurant sales growth of 6.8% and the addition of 29 net new restaurants. LongHorn continues to increase market share and delivered its 22nd consecutive quarter of positive same-restaurant sales growth.

Over the past 3 years, same-restaurant sales have increased 17% with minimal marketing spend, highlighting the strength of the brand strategy. Segment profit margin was 18%, 60 basis points above last year. Total sales for the Fine Dining segment increased 6.2%, driven by positive comparable calendar same-restaurant sales of 1% and the addition of 6 net new restaurants. Segment profit margin was 50 basis points lower than last year. Total sales for the Other Business segment increased 3.6%, driven mainly by positive comparable calendar same-restaurant sales of 4.5% as the permanent closure of Bahama Breeze restaurants more than offset the addition of 16 net new restaurants at the other brands. Segment profit margin was 15.8%, 30 basis points lower than last year driven by the costs associated with winding down Bahama Breeze.

Finally, as shared in our press release this morning, we are reaffirming all aspects of our financial outlook for the fiscal 2027, culminating in diluted net earnings per share between $11.10 and $11.35 for the year.

As a reminder, Thanksgiving shifts from our fiscal third quarter last year into our second quarter this year. We expect this calendar shift to create an approximately 1% headwind to second quarter sales with an offsetting benefit in the third quarter. The impact will vary across brands based on holiday operating schedules, benefiting our Fine Dining brands, Seasons 52 and Yard House in the second quarter, while creating a headwind in the second quarter for the remainder of our brands in our portfolio. This calendar shift is reflected in our full year guidance and is simply a matter of quarterly timing.

In closing, this quarter is further proof that adherence to our strategy and consistent execution enabled our teams to navigate unexpected headwinds and deliver results in line with our expectations. The strength and durability of our portfolio continues to position us well to create long-term value for our shareholders.

With that, we'll take your questions.

Question-and-Answer Session

Operator

[Operator Instructions] Our first question is coming from Chris O'Cull of Baird.

Christopher O'Cull
Robert W. Baird & Co. Incorporated, Research Division

Raj, I know that Olive Garden raised the price on the Never-Ending Pasta Bowl promotion this year. Just wondering if this was the company feeling more constructive about the consumer environment or maybe other reasons for the higher price? And then I had a follow-up.

Rajesh Vennam
Senior VP & CFO

Yes, Chris. So if you think about the last time we increased the price at Olive Garden was when we -- on an NEPB was when we brought it back after COVID, and it was $13.99 for almost 5 years basically. And so when you look at what we've done with pricing over time, we've been very disciplined and thinking about how to make sure the consumer is still feeling good about the value and abundance they receive.

So part of what we've done here is actually added more to the offer. So if you think about some of the additions we made to the Never-Ending Pasta Bowl, including the Spicy Alfredo, the addition of Shrimp Fritta, protein add-ons, those are also helping. And by the way, we didn't actually raise the price on a protein buy-up, which is unlimited proteins for $4.99. So it's a compelling great value. And I think our performance quarter-to-date at Olive Garden indicates that, that was a great decision.

Christopher O'Cull
Robert W. Baird & Co. Incorporated, Research Division

Okay. And then you mentioned lunch as an opportunity at Olive Garden. Can you maybe describe the recent traffic trends at that daypart and maybe expand on your comments about improving value there?

Ricardo Cardenas

CEO, President & Director

Chris, this is Rick. Without getting into recent traffic trends, it's been a longer-term traffic trend at Olive Garden, even ever since COVID ended. So if you think about what we had done before COVID, we had marketed our lunch platform quite a bit, whether it was soups, salad and breadsticks or sandwich platform. And then we stopped our marketing. And after COVID, we just -- we hadn't put it back in. And so we have seen a little bit more deterioration at lunch than we have in any other place. And so we thought it was time, and it was already in our 5-year plan to work on lunch. We thought it was the right time to talk about it and do more things with it.

Unfortunately, in the quarter, we had a challenge that we couldn't promote the lunch offer that we were hoping to promote. And so we're doing it this quarter. On variety, we also had reduced some variety at lunch when we simplified our menu. And so we're testing some -- we're going to be testing some offers that add variety to the lunch menu with still a compelling value. So we feel really good about it. Raj and I had the food yesterday. It's amazing. We feel really good about what that offer will be as we start testing sometime in this quarter. And we hope that after a successful test that we'd be talking more about it in the back half of this fiscal year.

Operator

The next question is coming from Chris Carril of KeyBanc Capital Markets.

Christopher Carril

KeyBanc Capital Markets Inc., Research Division

Could you provide any additional detail on the cadence of Olive Garden sales through the first quarter and maybe how you're thinking about the brands here for the balance of the year, and perhaps compared to the consolidated guide? And then, Rick, I know you spoke to the positive response to Never-Ending Pasta Bowl. So to the extent you can provide any color on the current quarter, that would be helpful.

Rajesh Vennam

Senior VP & CFO

Let me start with the question around the cadence of that. And then if you want to -- if Rick wants to jump in about the performance on NEPB, we'll get there. So from a quarter perspective, as I mentioned in my prepared remarks, we actually saw trends improve throughout the quarter. I think on a calendar basis, when we look at August was our strongest, and September is actually even stronger than that. I don't want to get exactly into the numbers, but I can tell you that the positive traffic was actually -- has actually further accelerated into September. So we feel good about just the underlying business trends we're seeing.

Ricardo Cardenas
CEO, President & Director

And I'll add to that with Never-Ending Pasta Bowl. As we said in the prepared remarks, we sold 10,000 Pasta Passes in the second, and we've seen a lot of guest reaction to that and seen a lot of redemption at Pasta Pass. That said, we've also seen a little bit better results than we expected in the beginning of Never-Ending Pasta Bowl this quarter. So all of that's contemplated in our guide for the year, but we feel really good about where our NEPB has started. Our buy-ups are a little bit higher than they were before. And as Raj mentioned in an answer a second ago, we didn't raise the price on the protein buy-ups, and that protein is unlimited too. So the Spicy Alfredo Sauce is doing really well. So guests have really, really jumped on to the new things we've added and NEPB is doing well for us.

Christopher Carril
KeyBanc Capital Markets Inc., Research Division

Got it. And then maybe just related to just the protein comments there. Rick, I think you mentioned in your prepared remarks, the opportunity with -- at Olive Garden with more protein-forward options. So how are you thinking about that longer term? And then any comments on just kind of implications there for check or margins at the brand will be helpful.

Ricardo Cardenas
CEO, President & Director

Yes. Long term, we're going to continue to look for some more items that have some protein in it at Olive Garden. The second promotion we did this year with the garlic promotion had many protein options on it. And some of them -- our highest priced item on that promotion did the best. So I think people -- guests are looking for great value at an appropriate price for what they're being offered. I won't comment on what the margin implications will be down the road on what we do or the check implications because we still have other things that we're looking at. But as we get closer to those things, we'll let you know. But the promotion was strong for us and the protein was a well-received hit, including an appetizer that has some protein on it, too.

Operator

The next question is coming from Brian Bittner of Oppenheimer & Company.

Brian Bittner

Oppenheimer & Co. Inc., Research Division

As it relates to the improving trends through the quarter and into September, can you maybe talk about the drivers of this a little bit more? Maybe help us understand how much of this is driven by maybe the ease of the lettuce concerns versus maybe what you're doing?

Rajesh Vennam

Senior VP & CFO

Brian, I'd say it's a little bit of both. There are some external factors, and I mentioned a tougher wrap as we started the quarter, but also the World Cup and then some concerns around lettuce. These are all things that were hurting a little bit earlier in the quarter. But as they eased, we saw our underlying trends continue to improve. And then there are actions we've taken. I think we just talked a lot about what we did with Never-Ending Pasta Bowl. I think a lot of activity around how we launched, the investments we're making in ensuring that the offer is still compelling and justifies the price. And so it's -- and Rick just talked about the proteins. I mean that is still a huge value for a guest when you can get unlimited proteins for $4.99. And we added Shrimp Fritta as another protein option, and that's doing really well, too. So there are things that our actions our teams are taking that are helping.

Brian Bittner

Oppenheimer & Co. Inc., Research Division

And just as it relates to pricing, can you update us on where pricing is now for the second quarter and maybe expectations for the model for the year? And I know you showcased it in your slide deck, but it looks like commodities are really under control. Can you remind us where you're expecting overall commodity basket to be for 2Q?

Rajesh Vennam
Senior VP & CFO

Sure, Brian. So let me start with the pricing. I think for the quarter, pricing was basically -- first quarter was 3.7%. I expect that to moderate as we go through the year coming down to basically low to mid-2s by the end of -- by Q4. So expect slightly moderating as we go through the year. So second quarter will probably be in that kind of, call it, mid-3% range, and then it will go down as we go through the year.

From a commodities inflation perspective, for the year, we're still expecting 3%. I would expect second quarter to be in the 2.5% to 3% range and then back half to be closer to 3%. And so right now, the commodities are fairly in line with what we expected going into the fiscal year. While there is some movement between the categories, in aggregate, we're trending pretty close to where we thought we would be at the beginning of the fiscal year.

Operator

Our next question is coming from Andrew Charles of TD Cowen.

Andrew Charles
TD Cowen, Research Division

Rick, I recognize over the long term, the correlation is low, but can you just remind us in the past how the Olive Garden business fares when there's these acute spikes in gas prices? And I guess the side question for Raj. With the reiterated 2027 EPS guidance, how should we think about the impact of fuel surcharges charged by your distributors?

Ricardo Cardenas
CEO, President & Director

Andrew, I don't know if you're wearing a headset or something, but your line is kicking back and forth, so it's hard to understand your question. Can you try that one again?

Andrew Charles
TD Cowen, Research Division

Sure. Can you hear me better now?

Ricardo Cardenas

CEO, President & Director

No. If you go slow -- go slow, then maybe we can get it.

Andrew Charles

TD Cowen, Research Division

Sure. So I recognize over the long term, the correlation is low, but can you remind us in the past how the Olive Garden business fares when there's acute spikes in gas prices? And then as a follow-up for Raj. Within reiterated 2027 EPS guidance, how should we think about the impact of fuel surcharges charged by your distributors?

Ricardo Cardenas

CEO, President & Director

Okay. I think we got it. So correlation is pretty low. And I would say that the impact on gas prices isn't necessarily any different for Olive Garden and other brands, except for maybe that consumer that has to drive farther to go to an Olive Garden than some others. But as you can see, as gas prices continue to grow throughout the quarter, Raj had mentioned that our performance got better throughout the quarter, and we're seeing some pretty good performance in the first part of this -- of the second quarter at Olive Garden. So gas prices don't seem to be a challenge.

And for a few reasons. One, gas prices at $4 a gallon or more aren't a shock to people as they were the last time gas prices spiked years ago. And the percent of people's wallet in gas is lower today than it was 10, 15 years ago. So it doesn't seem to be as big of an impact. But if gas prices stay high for a long time, then there could be a chance that it starts to weigh in the category. Last, I think it does impact that consumer at the bottom quintile consumer that really we don't have as many of those coming to us in our mix as other categories in dining.

Rajesh Vennam

Senior VP & CFO

And Andrew, on the fuel stuff, yes, we do have some variable fuel charge that is depending on where the diesel prices are. We have contemplated some of that into our guidance. But if the prices stay elevated for -- throughout the year, if I have to just quantify at a high level the risk, we're talking about tens of basis points incremental inflation on commodities. But when you think about as a percent of sales for Darden, you're probably talking somewhere around 10 to 15 basis points at a very high level, elevated level, $6-plus diesel prices for the full fiscal year type of thing.

Operator

The next question is coming from Jon Tower of Citi.

Jon Tower
Citigroup Inc., Research Division

Maybe starting off, curious if you could dig into a little bit how your social media strategy might be changing at all this year. I know we've seen some relative success in campaigns that have been multiyear from other competitors, some within the past year or so in terms of how they're communicating, particularly with younger consumers. And I'm curious how you're doing that not only across broadly, but within the individual brands at Darden.

Ricardo Cardenas
CEO, President & Director

Yes, Jon, I won't get into individual brands, but I will say that all of our brands have a strong social media presence, and it's reflected in how big their audiences are and how much engagement and passion they have for our brands. Our social media strategy is anchored in bringing our brands to life in authentic ways. So without trying to be too shoppy about it, it's authentically how do those brands -- how do those folks in social media or those brands think about -- those people think about our brands and in channels that are most relevant to our guests.

So we do have influencer partnerships. We do partner with influencers who already have a love and affinity for our brands. And you can see that in some messages that go out on Instagram and TikTok and other things. But there are other people that aren't influencers that have a lot of views just because they love our brand. So we're working with social media in ways.

And also, lastly, we're not focused necessarily on a certain age cohort, but we are on TikTok. All of our casual brands are on TikTok, and we're rolling it out to the rest of them. You'll see more of us with social media over the next year or so as we continue to move some more marketing into the digital space. But we're really pleased with what we're doing and being authentic in how we use that.

Jon Tower

Citigroup Inc., Research Division

Okay. I appreciate that. And then maybe since you provided a little bit of color on Olive Garden trends during the quarter and quarter-to-date, can you provide similar color on LongHorn and how that's been doing?

Rajesh Vennam

Senior VP & CFO

So I would say LongHorn is still holding up. LongHorn has been a strong -- has had strong momentum with traffic and sales. And I mentioned in my prepared remarks, they have grown their sales from -- on a same-restaurant basis from 3 years ago by 17%. And if you look at how much they have grown since COVID, you're talking 40-plus percent. So it's -- yes, so I don't want to get too specific into the exactly, and they've done all of that without any marketing. I mean they're basically spending less than basically 0.4% of sales in marketing. And a lot of that is just the basic stuff that has to be -- whether it's menus and things like that.

Operator

The next question is coming from David Palmer of Evercore ISI.

David Palmer

Evercore ISI Institutional Equities, Research Division

Maybe a little bit of a follow-up, but just on that, just from -- oftentimes, you guys will talk about the consumer in general. There's been some nooks and crannies of the restaurant world out there where we're seeing a little bit of easing. Are you seeing -- and this is really up through now. What are you seeing in the consumer environment out there, sometimes when energy and interest rates and the stock market aren't behaving, things can wobble at least a little bit in the near term.

Ricardo Cardenas

CEO, President & Director

David, I would say that we haven't really seen much change in the consumer throughout the quarter. We didn't see a whole lot of change. And even as we talked about our trends in this quarter, we feel pretty good about them. So it doesn't seem like the consumer has changed very much for us. I'll say externally, you can see consumer sentiment being down, but consumers are still spending. They're still resilient. They're spending in Casual Dining. And we're not seeing changes in demographic composition of our Casual Dining brands. There's a whole -- there's not -- there's slight movements here or there, but overall age and income haven't changed.

And so -- and we always come back to we know that Casual Dining or dining out, whether it's casual or full-service, remains the #1 category where consumers want to treat themselves and actually splurge. And so we're going to continue to focus on what we can control, delivering an excellent experience and providing value to every guest. So if the consumer is wavering, we're not seeing it.

David Palmer

Evercore ISI Institutional Equities, Research Division

Awesome. I just wanted to circle back to Cheddar's and Yard House. Obviously, great work with those brands. For those of us that don't have those nearby, could you just tell us what's going right there? And you said you were working at least on the box a little bit. I think it was on Yard House. Where are the ROIs going to on these brands? And do you think this is like -- are we talking high single-digit unit growth long term in both of these? Or could that even edge up a bit? And I'll pass it on.

Ricardo Cardenas

CEO, President & Director

Yes, David, thanks for questions on some of the brands. So Yard House, we're really pleased -- and both brands, Yard House and Cheddar's you asked specifically. I'll start with Yard House. Yard House, we're really pleased with the performance. You saw the 10% comp that we just had. We are ramping up unit growth. I mean we've been working on that over the last few years with a new prototype. We're actually going to open more than single digits this year just because of the conversions of Bahama Breeze restaurants. But our goal would be in the higher single digits for Yard House, not double digits in the long term. We do believe that the best way to grow for any of our brands is to stay somewhere below 10% just because of the people that we need to run these restaurants and we need them to understand the brands.

And then for Cheddar's -- and I'll come back to why we think it's working for both. On Cheddar's, it's the same thing. Cheddar's is a little bit less growth still. They will be ramping up growth as they continue to get improved operations. And we should see them in the mid-single digits over time. We're focusing on the new prototype that we had already introduced.

Now for both brands, what has done that? And that is an intense focus on food. Yard House has made a huge focus on their food, thinking about the platforms that we talked about before, providing a great guest value and improving service. The same thing happened to Cheddar's. We've been focusing on food. We just introduced new burger, which is amazing. And we just introduced other new items. And with Cheddar's, it's a little bit more about getting in the markets that we do really well in because people know who they are versus growing all over the place. So we're focusing our growth at Cheddar's in markets where we have Cheddar's, and we're seeing pretty good results there. So -- and I'll let Raj talk about the ROI.

Rajesh Vennam

Senior VP & CFO

Thanks, Rick. Just to add to that, part of the reason we're able to do that is, again, because of the benefit of the portfolio that we're able to take a long-term view and make the right investments at these brands and not have to react to do something short term. Some of the investments we made over time are helping us get this ROI, pretty strong ROI. Yard House, as we mentioned, at their AUVs with the investments we have and the restaurant segment profit margins that are high teens, that's actually a pretty compelling return on investment.

On Cheddar's, in select markets, they're very successful. So we're focused on making sure that we're going to the right markets and making the right investment. They've done some work on the prototype too. And so there's still -- we see opportunity to further improve economics at Cheddar's, but we feel good about where we are.

Operator

The next question is coming from Jim Salera of Stephens.

James Salera

Stephens Inc., Research Division

I wanted to ask a little bit on the beef side of things. The low single-digit guidance for commodity inflation for beef seems pretty favorable. And yet it feels like we see a lot of negative headlines just around kind of supply and obviously, the expansion of the screwworm outbreak. Can you just kind of walk us through what you're seeing there as we move through the rest of the year? And just kind of any updates on the contract program and how you feel about pricing as we move through the back half of the year?

Rajesh Vennam

Senior VP & CFO

Yes, Jim, I think there are 2 dynamics here to think about, right? One, I want to separate what's happening externally with -- versus what's happening with our own inflation. Part of it is -- we give a lot of kudos to our great supply chain team that has done an excellent job over the last few years. And if you look at our performance last year, we outperformed the market, or they did, helped us outperform the market on beef prices by meaningfully. And this year, they continue to do that. Some months, we may not be as great -- as much better versus market as we were last year, but still better than market. So I want to start with that.

From an external perspective, there have been a few factors, right? Obviously, recently, you're starting to see some prices come down, especially on sirloin and to some extent, tenders. And that was also because last year, they were really high during that time frame, August, September. But as we look at where we thought we would be for beef at the beginning of the year and 3 months later, we're basically trending pretty much in line with our initial estimate of low single-digit inflation for our fiscal 2027. Things that are helping this are increased cattle weights and imports are helping offset some of the lower slaughter levels. And so that's part of it.

The other -- what we're seeing is from a long term, there are some reasons to believe the beef market will slightly -- will improve. One, packer is now in the black, production may start to increase, which would provide some pricing relief. And also beef industry seems to be slowly transitioning towards expansion with heifer retention up for the first time since 2016. And then Mexican cattle slowly reentering the U.S. right now, about 20% of historic volumes, but could reach 70% by the end of fiscal 2027. So there are some reasons to believe that this market could improve. And by the way, there are no active screwworm cases in the U.S., so.

James Salera

Stephens Inc., Research Division

Okay. That's helpful. And then maybe shifting gears on Fine Dining. That's been kind of chugging along modestly positive. As we think about the macro backdrop and if we're worried about kind of deteriorating between interest rates, gas prices, all the things -- headlines we all see, can you just walk us through the guest engagement across your Fine Dining portfolio and maybe the split there between price and traffic and expectations for that as we progress through the year?

Rajesh Vennam
Senior VP & CFO

So from a Fine Dining perspective, look, traffic is still below where we were pre-COVID. It's been -- we are seeing -- starting to see gradual improvement, less decline and pricing is actually -- we've actually been very thoughtful about how much we price. So our pricing year-to-year might have been a little different. But cumulatively, when you look at versus pre-COVID, we're still well below even full-service CPI, which Fine Dining, I think, outside of our brands, most of them have taken a lot more pricing.

We are seeing the business spending is still low. We're not -- that is still declining a little bit year-over-year. We're starting to see some growth in private dining. And then there are some things our teams are doing that are helping us. Like, for example, Generous Pour was in the quarter helped quite a bit. Capital Grille had a pretty strong quarter. And there were some things around price certainty that we said were important even for those customers and some of the things we did were helping it. For example, Ruth's last year had the 3 for $60, so that kind of stuff.

So I don't know, Rick, do you want to add anything? So that's really all we have. There's -- clearly, there's urban versus suburban. That continues to be a little bit of a theme, but nothing more to add beyond that.

Operator

The next question is coming from Brian Harbour of Morgan Stanley.

Brian Harbour
Morgan Stanley, Research Division

The smaller portions at Olive Garden, I mean, was the -- have they kind of performed as you expected? Has the -- you talked about kind of the mix drag, but has the traffic benefit been there? And could you just talk more generally about customer behavior with those dishes?

Ricardo Cardenas

CEO, President & Director

Yes, Brian, the smaller portions with great affordable prices have performed as we expected. As you recall, when we launched this, we said this was going to be a long-term investment, and we're using some of the windfall, I wouldn't say, but some of the increased profitability from first-party delivery to help fund it. We had said we were going to use some of that to fund the dining room, and that's what this was for.

So the small lighter portion entrees are -- the preference is higher weekday lunch -- I mean, weekend lunch, I'm sorry, weekend lunch where we don't have a lunch menu. And that really was part of the beauty of it is to put something out there that people can get that are more -- a little bit more lunch appropriate sized, and we are getting preference at dinner as well. We're still getting great feedback from our guests saying that it's the right portion for what they're looking for. And we are seeing increased frequency for the people that order that versus the people that don't. And that frequency is continuing to build.

So we've always said this is a very long-term play, and we may communicate it one day. But right now, we're still letting it build the way it is. And we should be wrapping on the full rollout sometime this year. So it's not -- the margin implication of that will deteriorate over time because it's already been wrapping on itself.

Brian Harbour

Morgan Stanley, Research Division

Okay. Got it. Was delivery a year-over-year contributor or not because of sort of the lapping dynamic that you mentioned? And I guess, have you still been messaging that? Or what are you seeing in that channel?

Rajesh Vennam

Senior VP & CFO

Yes. I would say for first-party delivery, because of the wrap on 1 million free deliveries from a year-over-year, it was lower. So just to give you an idea, I think last year, first quarter, first-party was basically -- our delivery was Uber Direct was 5.6% of sales. And this year, Q1, they were basically in line with Q3, Q4 around 4.7%, 4.8%. I think we ended up at 4.8%. So think of it as 80 basis points lower as a percent of total sales year-over-year.

But to your point about when we do promote some free delivery, we do see some -- yes, we see a lift and -- but it's actually been slowly growing quarter to quarter. So I just mentioned Q3, Q4, we were in the 4.7% of sales, and now we're at 4.8%. Q1 tends to be a lower off-prem quarter compared to Q3, Q4 and to be able to maintain that level shows that we're still growing organically a little bit.

Operator

The next question is coming from Jacob Aiken-Phillips of Melius Research.

Jacob Aiken-Phillips
Melius Research LLC

So first one on LongHorn. Segment margin expanded 60 bps despite the beef backdrop and continued investment in food quality. Is that the beginning to reflect the structural conversion to much higher volume base that you've built over the last few years? And then I guess as beef becomes less of a headwind, how should we think about the balance of letting that flow through versus reinvesting behind the brand?

Rajesh Vennam
Senior VP & CFO

Jacob, let me start with the last part first because that's always easy. We always think about the investments we got to make. We don't -- versus kind of taking all to the bottom line. But always any investment we make has to have a return. We have to believe that that's actually going to help us long term. I would argue that's what helped us over time, grow margins and take market share. So that is the philosophy that we believe in, and we'll continue to do that.

So from a structural perspective, margin perspective, part of it is just, yes, as inflation stabilizes a little bit, and we're not getting into that mid-single-digit inflation plus for them, for LongHorn, that would help some stabilizing of the segment profit margins and growth year-over-year. Now there are -- the traffic growth is always helpful to margins. Anybody in the restaurant business, food service, will tell you that helps -- that's a good leverage to have. And so that's part of it. But part of it is the inflation on the commodities coming down for them.

Jacob Aiken-Phillips
Melius Research LLC

Got it. And then -- so you mentioned that the brand mix hurt the food cost line this quarter, but helped labor. As LongHorn, Yard House and some of the other higher growth brands become a larger percentage of Darden, should we expect the portfolio mix to change the consolidated restaurant margin structure over time, even if EBITDA dollars are still growing?

Rajesh Vennam

Senior VP & CFO

Well, I would actually say the percentage on EBITDA will not probably change either. There's probably always some mix shift between COGS and labor. And earlier, there was a question around proteins too. Like as you think about high COGS, high-priced items, you leverage labor. And that's kind of part of how that works. And when you look at our long-term framework, our focus is not on any individual line item. It's on growing earnings after-tax margin flat to positive at 20 basis points. That's what we do. That's what we'll look at.

Operator

The next question is coming from Peter Saleh of U.S. Bancorp BTIG.

Peter Saleh

BTIG, LLC, Research Division

Great. I did want to ask, I don't know if I heard this, but Raj, are you guys still seeing demand destruction at retail for beef? Is that still one of the dynamics going on that's helping to reduce some of the pressure on beef? And then two, I guess my second question would be, on the delivery side, are these elevated kind of gas prices for a sustained period of time, does that have any impact on the delivery fee that you guys are charging?

Rajesh Vennam

Senior VP & CFO

Peter, let me start with the last question first. No, we're not increasing -- we don't change the delivery fees or -- we have a contract for a certain price, and that's what we're charging. And that's -- so that's easy one. From a retail demand perspective, yes, there's still some demand destruction. I think last I checked for the month of August, we got data that's about down 4% on the steaks we look at. But it is not -- it has come down. It's not as low as it was running 10% decline, I think, a quarter ago when we talked about it for several quarters for 3 quarters or so up to that. And now we're starting to see that, I guess, plateau a little bit, but still down 4%.

Operator

The next question is coming from Sara Senatore of Bank of America.

Sara Senatore
BofA Securities, Research Division

I guess I wanted to go back to the small portions in the lunch business. I think in the past, you've kind of framed it -- I know you said right portion, right price, but I think you've framed it as maybe appealing to people who are eating less, perhaps GLP-1. I guess my sense would be it sounds maybe it's a little bit more about the price point right now, especially given what you're seeing in terms of the uptake.

So one is, are you still thinking about this as something that's more driven by GLP-1 versus an affordable price, just an absolute entry-level price point? And then second, is there any risk if you build the lunch business that it cannibalizes dinner? I guess I'm thinking some of your kind of peers talk about if people don't come -- if people are coming for lunch, they're not coming from dinner, which tends to be a higher check and maybe more profitable. So just trying to understand if there's any kind of trade between those 2 dayparts.

Ricardo Cardenas
CEO, President & Director

Yes, Sara. Let's start with the question on the lighter portions. It isn't about price. It's about the right portion size for the right prices. And what -- and as I said, we're getting a lot more preference at lunch on the weekends than we are at dinner on the weekdays. We are getting dinner on the weekdays, but it is a little bit more about having the rightsized portion across our menu all the way through the week. We are seeing people that, as we talked about, I think when we initially launched it, we've got people that aren't sharing items like they used to. So that might be the folks that are more price sensitive. Now they're getting their own choice for the right portion size for them. But we are also seeing people that when they come out to eat, want some things that are either a little bit smaller on the portion size or a little more protein forward, and we have both of those options.

When it comes to lunch, cannibalizing dinner, it's not dramatically a cannibalization that we see. And think about LongHorn. So LongHorn has -- and that's the best example we have. LongHorn added new menu items even before COVID at lunch, and it was a slow build for them because they didn't market it. And lunch is still growing and so is dinner. And when you think about some of those brands that talk about lunch cannibalizing dinner, it might be because the price points and the margins are very different. We don't have as big a disparity generally when you think about what we offer. And it would drive traffic and that should help our overall margin, maybe not at the segment -- or it would actually at the segment level because it will leverage some of the fixed cost at the restaurant.

So -- and last, I'll go back to when we used to have a bigger lunch program at Olive Garden, we were very profitable, and we feel really good about it. So we're not too worried about cannibalization. If some of it comes, some of it comes, but we would expect to be more traffic in total than not.

Sara Senatore

BofA Securities, Research Division

Okay. That's very helpful. And then just a quick follow-up. I guess on the -- maybe more pointedly on the sort of GLP-1 question. I think you've always been very good at measuring and sharing what you see in your data. But as a result, maybe one of the few restaurants that have actually talked about potentially seeing an impact. As usage gets more widespread, have you -- has anything changed? So to the extent that I think you have talked about that in the past, more frequency, but lower -- maybe perhaps lower spend per visit or these lighter portions, that kind of thing. Have you seen any sort of ongoing shifts as usage gets broader?

Ricardo Cardenas

CEO, President & Director

Yes, Sara. I can tell you the research that we see, we don't necessarily ask our guests specifically if they're on GLP-1s or not. So we don't know which one -- which people are ordering the lighter portion, whether this is a GLP-1 thing or not. What I had said earlier in the past was we put this lighter portion menu out there just because we thought we needed smaller portions. It wasn't necessarily go after the GLP-1 user. I think GLP-1 users are a little bit more for protein. That said, the data that we have, it's more external data than internal data is the usage of GLP-1s has been relatively stable since July 2025. So it's about, I think, 12% of U.S. adults are on GLP-1s, and that hasn't changed.

And so as it gets more widespread, what tends to happen is some people come off of it, some people come on it. So we're not seeing overall growth, at least in the data we see. And we're seeing, again, consistently growing preference in the lighter portion, but I don't know if it's tied directly to GLP-1 use.

Operator

The next question is coming from Andrew Strelzik of BMO Capital Markets.

Andrew Strelzik

BMO Capital Markets Equity Research

First, on lunch at Olive Garden, just going back to that quickly. Did you share where mix is now versus pre-COVID? Or can you share that? And then my other question is on the restaurant supply outlook. On one hand, you have some larger brands that are looking to accelerate kind of unit openings. On the other side, you have higher inflation, tough consumer environment. So I'm just curious maybe in that portion, if you're seeing anything notable in terms of supply rationalization that could create an opportunity for share gains for Darden incrementally?

Ricardo Cardenas

CEO, President & Director

Yes, Andrew, I'll get to the second part and let Raj do the first part. On supply, we're not seeing a dramatic change in restaurant supply. We are seeing some other brands struggling and even closing some units, but there are the stronger brands that are opening units. So will that give us opportunity? Probably so. And as we talk about our growth algorithm and increasing our algorithm for unit growth, we would continue to foresee that. So we're getting good deals. Landlords come to us pretty quickly because of our investment-grade credit and our great brand. So we should feel very confident in our future growth in our -- as hitting our long-term framework. But I'll let Raj talk about the first part.

Rajesh Vennam
Senior VP & CFO

Andrew, from a weekday lunch perspective, that's where we're seeing some of the weakness versus pre-COVID, especially when you look at how much that has -- how that's performed versus the rest of the dayparts. It's off by hundreds of basis points. And so meaningful enough that we see an opportunity to do something there. From a traffic perspective, if you want to just quantify high level, Monday through Friday, weekday lunch probably makes up about 20% of total traffic, somewhere in that range.

Operator

Our next question is coming from Danilo Gargiulo of Bernstein.

Danilo Gargiulo
Bernstein Institutional Services LLC, Research Division

I have two questions. I'm going to start with the first one on pricing. And specifically, if you can share any kind of early indication on the consumer resistance to the incremental prices that you're taking so far. And I don't mean by that kind of at a broad level because obviously, from a traffic standpoint, you're seeing some acceleration, but your pricing approach is more strategic and you go item by item, restaurant by restaurant. So can you maybe share on a more granular level, whether you're seeing any early signs of price resistance and how much confidence do you have that you could be potentially pursuing the pricing strategy for the rest of the year? And then I have a follow-up.

Rajesh Vennam
Senior VP & CFO

Danilo, thanks for the question. I want to ground us in pricing, right? If you just think about -- everything you mentioned is actually stuff we actually look at. So if you think about how we price, there's a lot of science and pricing is always art and science, but we have an analytics team that looks at pricing sensitivity, elasticity at the item level, elasticity at the category level, elasticity at the restaurant level. So a lot of these factors go into that, in addition to how are we operating at that restaurant level. So there's a lot more thinking that goes into how we price. And it's been something that we take pride in handling and getting better every year, but also making sure that we're actually getting the flow-through we expect to get from pricing, and that continues to stay pretty high.

For us, anywhere in the 90-plus percent range in terms of that pricing impact. So that tells us that the way we're taking pricing is actually working and which also means that we're not seeing that resistance that we are not seeing yet. But I could argue part of that could be because of our disciplined strategy from how we priced.

So if you -- and I want to give you a couple of numbers just so we can quantify this. So if you look at where we have priced relative to pre-COVID and you look at how that compares to the overall CPI, our full-service CPI or even limited service, which has actually priced even more, we have big gaps. So from an overall CPI, I think we priced about 300 basis points less than the overall CPI over the last 7 years cumulatively. When you look at versus grocery, we underpriced by almost 600 basis points. When you look at full-service, we are underpriced by 1,100 basis points, so full 11 percentage points. And then when you look at limited service, we underpriced by 15 points. So that is part of why we believe we're not probably going to see the same level of resistance some others may see, but I can only speak to what we're seeing.

Danilo Gargiulo

Bernstein Institutional Services LLC, Research Division

And then my follow-up is on the Other Business. So the Other Business usually starts small, but over time end up really creating some incremental diversification from Olive Garden as they keep growing. And so my focus now is on Chuy's. We're getting close to like a 2-year anniversary. So maybe can you update us on the sales trends evolution since you acquired them? And if you were to think about the multiple you effectively paid based on the value that Chuy's is contributing in today's term, what will that be? And what expansion plans do you see for the brand now?

Ricardo Cardenas

CEO, President & Director

Thanks, Nilo. Yes, this coming up month will be 2 years since we've owned Chuy's. I think it's in October that we closed that deal. We have gone through integration. They had a more challenging integration in other brands because we gave them our new point-of-sale system when it wasn't fully tested because we had to get it in there quickly. So they had some more challenges. Last year, during that integration, we still had a positive same-restaurant sales for Chuy's, even though for us, it wasn't technically a comp because we didn't include them in the comps until fourth quarter of last fiscal year.

But when you look at Chuy's performance, it's the only brand in its first full fiscal year for Darden that had a positive same-restaurant sales. And the other brand that we bought went negative for a full fiscal year and Chuy's did not. So -- and they had some challenges through that time through integration that we think hurt their sales. We feel really good about where they are. They have a strong team. They've been working on improving consistency, and that's one of the things that they want to do. They want to get more consistent across all of their restaurants. Where they've got some that are less consistent every day and there are certain markets that they're really strong and because they're more consistent. So that's what we think we can bring to that brand. We can also bring a little bit more branding and marketing to that brand. And we feel really strong about where they're going to be over the next 10 or 15 years.

Now we're going to continue to grow them. We said that that's a high-growth potential brand for us. And to give you an example, we have well over 100 restaurants in Olive Garden in Texas, and we have, I think, about 50 Chuy's in Texas and many of them are in Austin. And so there's other places that we can grow even where they already have restaurants and still provide a tremendous return to our shareholders with Chuy's. It's going to take a little bit of time, though, because it is a smaller brand in our portfolio.

And we are -- as I've said earlier, we don't like to grow brands more than 10%. And so they should be in the high single digits, mid- to high single-digit growth in the intermediate term and long term. And those margins are in those really great performing restaurants are really strong, and we expect the margins in our new restaurants to do the same thing. So we feel really good about where that brand is. So thanks for asking about Chuy's.

Operator

The next question is coming from John Ivankoe of JPMorgan.

John Ivankoe

JPMorgan Chase & Co, Research Division

The question is really on suburban full-service restaurant visits. And Rick, the question I'll ask is, do you think kind of the return to malls, the return to movie theaters is a long-term sustainable trend? Might there just been catch up in '26? Do you think that kind of happens longer term? And on that basis, I think more importantly for you, are developers beginning to rethink how they build centers like this that might be kind of new build type of construction where Darden restaurants could be appropriate. So that's the first question.

And then secondly, what are you seeing in terms of overall competitive restaurant supply, whether it's those that you're competing with sites against or maybe some others that are actually older brands that haven't been taken care of brands that are actually leaving the market that might be giving you an opportunity. So just kind of a broad question on longer-term site availability just based on how the consumer might be pivoting?

Ricardo Cardenas

CEO, President & Director

Yes, John. Let's start with the first part about kind of malls, returning to malls, returning to movies. Do I think that's long term? I think it's early to say. But I do know that the youngest consumer, the youngest cohort is starting to go back to malls and visit malls and go out with their friends. They're a little less -- I would say, a little less reluctant to be outside and be in different places as maybe the cohort right before them. So that could be a long-term positive trend. You're seeing people that are doing online shopping, they still want to go visit and see and touch something maybe before they buy something online.

As we think about malls, I think that question might be better for mall developers, but I would -- it might be a little too early for us to say that developers are coming with real brand-new projects on malls. There may be some revitalization of some malls. That said, we've got a great portfolio of brands that whenever there's a restaurant site that's available, we're pretty much one of the first phone calls because whether it's a high-end mall or a more mainstream mall, we've got a brand that can go close to it.

Now as we've said many times, our mall strategy is to be outside of the mall unless it's kind of an in-line brand. We've got a couple of Capital Grilles that are in high-end malls that do really well for us. But we're more likely to be on a pad outside the mall, which means even if the mall is not that busy, we still do okay.

Last, on the site availability, I think there's still great site availability. And when the restaurant, the Casual Dining space or the full-service space has some competitors that are challenged, there's more opportunity for us. And so we have a great cost of capital, so we can usually win the bids that we want to win. We've got an investment-grade credit. So landlords really like us because of that. So we will pay. And so I'm not concerned about us not having enough availability. And to your point, maybe there'll be more in the future.

Operator

Ladies and gentlemen, at this time, I'd like to turn the floor back over to Ms. Aquilla for closing comments.

Courtney Aquilla
Vice President of Finance & Investor Relations

This concludes our call. I want to remind you that we plan to release second quarter results on Friday, December 18, before the market opens with the conference call to follow. Thank you for participating on today's call. Have a great day.

Operator

Ladies and gentlemen, this concludes today's event. You may disconnect your phone lines or log off the webcast at this time, and enjoy the rest of your day.

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