

**Lamb Weston First Quarter Fiscal 2027  
Financial Results Conference Call  
Management Remarks  
10/06/2026**

**Debbie Hancock, Lamb Weston Vice President, Investor Relations**

**Slide 2 – Forward-looking Statements**

Good morning and thank you for joining us for Lamb Weston's first quarter fiscal 2027 earnings call. I am Debbie Hancock, Lamb Weston's vice president of investor relations. Earlier today, we issued our press release that we will use for our discussion today. You can find the release on our website, lambweston.com. Slides will be shared during our webcast and will also be posted on the website after the call.

Please note that during our remarks, we will make forward-looking statements about the Company's expected performance that are based on our current expectations.

Actual results may differ materially due to risks and uncertainties. Please refer to the cautionary statements and risk factors contained in our SEC filings for more details on our forward-looking statements.

Some of today's remarks include non-GAAP financial measures. These non-GAAP financial measures should not be considered a replacement for and should be read together with our GAAP results. You can find the GAAP to non-GAAP reconciliations in our earnings release and the appendix to our presentation.

**Slide 3 – Today's Presenters**

Joining me today are Jan Craps, executive chair, Mike Smith, president and CEO, and Jim Gray, chief financial officer. Each will provide prepared remarks and then will be available to take your questions.

I will now turn the call over to Jan.

**Jan Craps, Lamb Weston Executive Chair**

**Slide 4: Executive Chair Perspective**

Thanks, Debbie, and good morning, everyone. I hope you are doing well.

I am encouraged to see the organization embracing the changes that we have been driving to make the Company more performance driven, focused on value creation and deliberate on resources and capital allocation.

I am happy to see our efforts reflected in our strong first quarter results, where we overdelivered our Q1 expectations and built solid momentum for the remainder of the year.

I am also pleased that we are today able to raise the full-year forecast on Net Sales, Adjusted EPS and Adjusted EBITDA as our strategy continues to take hold, customers are recognizing us for the value we deliver, and our execution continues to solidify.

During our full-year results call, I shared my key priorities to drive value creation for Lamb Weston. Let me provide you a quick update from my perspective.

**Slide 5: 3X3 Priorities: People**

Regarding People, we have changed half of the executive leadership team, building the expertise and capabilities needed to drive our strategic priorities. We implemented target setting and compensation changes that drive individual and regional accountability and we just announced an organization redesign that drives significant improvements in speed of decision making, simplicity and accountability, while delivering efficiencies that will improve our EBITDA margin and offer an opportunity to shift resources from back-office staff to frontline growth opportunities.

**Slide 6: 3X3 Priorities: Strategy**

Regarding Strategy, we have advanced into the How to Win stage after completing the Where to Play work. Each country cluster owner will have a clear mission and clarity how they contribute to Lamb Weston's growth algorithm. We have identified opportunities for best practice sharing through Lamb Weston's execution playbooks, for elevated innovation impact and for stronger joint business planning

through new capabilities. Our work on where to play may lead to partnership and divestiture opportunities. It has already catalyzed capacity rationalization for us, which is also something we continue to see across the industry with capacity being shuttered and projects being canceled or postponed.

### **Slide 7: 3X3 Priorities: Resources**

Regarding Resources, we have now started implementing ZBB as a new muscle and routine for the company, already realizing real savings in the first phase. Payment terms have seen improvements, and the supply chain has organized its first Savings Championship where over 70 team members from across all regions and supply chain functions came together to benchmark and stretch beyond the planned cost savings initiatives.

We have also identified opportunities to further deploy AI to enhance our operating performance.

We are delivering on the promise of significant operational and cultural changes at Lamb Weston. At the Board level, we also lead by example and reduced the board to 11 members from 13.

There is a lot more to come though, and we will continue to update on the progress on these and other initiatives. We see real sizeable opportunities to create more value for Lamb Weston, our growers, our team members, our partners, and our shareholders. We also see greater value in the Company than what we believe is reflected in the current stock price. We are executing against our key initiatives with a great sense of urgency and confidence that the performance and ownership culture we are building will enable us to further differentiate Lamb Weston.

Now let me hand it over to Mike to discuss the progress the team has realized in Q1.

Over to you, Mike.

**Mike Smith, Lamb Weston President and CEO**

**Slide 8: CEO Remarks**

Thank you, Jan, and good morning, everyone.

**Slide 9: Key Messages**

The Lamb Weston team delivered a solid start to fiscal 2027 with net sales, Adjusted EPS and Adjusted EBITDA results above our guidance. As a result, we are increasing our full-year fiscal 2027 outlook.

Underlying these results are several favorable trends:

- We grew volume for the 7<sup>th</sup> consecutive quarter in North America and are exceeding end market growth. This in part reflects the fact that we over-index to chicken-focused QSRs.
- Price / mix improved as we lap targeted investments and customers recognize the value we bring.
- Supply / demand is harmonizing as industry capacity continues to rationalize and capacity expansion projects are increasingly delayed or shuttered and Europe experiences a tighter crop environment.

The team continues to raise the bar - strengthening our customer relationships, addressing challenges with urgency and agility in a dynamic market, and relentlessly focusing on delivering improved financial performance.

North America had a good quarter. Sales volume, Net Sales, Gross Margin, and Segment Adjusted EBITDA dollars all improved year-over-year and were ahead of expectations.

International segment performance met our expectations but is below our long-term aspirations. Segment Adjusted EBITDA increased sequentially versus fourth quarter. We continue to control what is within our control and take action to better position our business for long-term success.

Our cost savings program remains robust and on track. These aggressive programs have permanently lowered our cost of operating, while building new capabilities and a culture focused on costs and process improvement.

We are successfully executing our Focus to Win strategy, demonstrating positive results and positioning us for improved performance long term.

### **Slide 10 - North America Strong Start to the Year**

Our North America business started the year with good momentum with existing customers and fueled by new wins. Over the past year, we have added several growing customers, expanded business with existing customers, and we have built a strong mix of sales across QSR restaurant channels. Our focus on strengthening customer partnerships and driving performance through value-added innovation is our foundation for growth.

We have completed about 70 percent of our contracts up for renewal this year with a high retention rate and pricing that reflects the current inflationary environment. We anticipate completing most of the outstanding discussions over the next two quarters.

Overall segment price/mix improved and was down 1.7 percent in the first quarter. This was a 70-basis point improvement from the fourth quarter decline of 2.4 percent. Price/mix reflects equal parts price and mix, including the impact of carry forward targeted pricing we implemented in fiscal 2026 as well as ongoing mix shifts with growth in multinational chains and private label offerings. This was partially offset by recent inflation justified pricing actions we have taken.

As our most strategic and important market, we are encouraged by the solid momentum and execution of our North America business.

### **Slide 11 – International Segment: In Line With Guide**

Shifting to the International segment... As I mentioned earlier, our results for the quarter were in line with our guide, but they do not yet meet our expectations for long-term performance. As we have worked through the carry-in of prior year's potato costs, we expect Segment Adjusted EBITDA margin to improve from first quarter levels.

In EMEA, we are managing market challenges by acting on what is under our control. We are balancing our network utilization as demonstrated by stopping production at our Broekhuizenvorst facility and we have successfully transitioned our customers' fulfillment to other Lamb Weston locations, enabling

further cost optimization. We are well positioned to raise Lamb Weston capacity utilization in the region to more than 90%.

As reported in the media, the market has seen announcements from other manufacturers regarding capacity closures or delays in future capacity expansion. This includes one announcing a closure of a Belgium facility, and delays in new capacity additions from others, including media reports of a cancellation of a previously announced large new facility in Germany.

Furthermore, in contrast to last year's robust crop yields, this year's European crop has been negatively impacted in both quality and yield due to extensive heat and dry conditions. Non-contracted spot prices for open market potatoes are up and we anticipate tighter supply. Potatoes will be the limiter in the industry this year and we expect not all open industry capacity will be used.

Due to our extensive longstanding grower relationships and our disciplined potato contracting cycle, we are in a good supply position to meet expected customer demand, in contrast to some other players who have historically placed more reliance on the spot market.

Additionally, given our expectation of rising potato costs, earlier this month, we implemented a price increase in Europe.

Beyond EMEA, net sales and Adjusted EBITDA grew in China driven by multinational chain demand and our ability to execute LTOs with key customers. Our focus on favorable mix, productivity improvements, and better fixed factory absorption drove much higher Adjusted EBITDA and margin for the quarter.

Across the rest of Asia Pacific, we were off to a slower volume start and have engaged with our largest customers in joint planning for the balance of the year.

Latin America continues to win business and ramp production at our newest plant in Mar del Plata Argentina expanding both volume and margin. We recently began shipping to a strategic global QSR, a new customer in the region for our local team. We are focused on building volume to optimal production levels and emphasizing our quality point of differentiation.

As we indicated previously, our work on the prioritization of markets and channels as part of Focus to Win will identify where we see our best opportunities across geographic markets. The International landscape is complex, and we are entering a pivotal new phase of execution.

## **Slide 12– Advancing our Cost Culture & Simplifying the Organization**

To further identify opportunities to better align our organization with the needs of our Focus to Win strategy, as Jan referenced, we recently completed an organizational diagnostic to drive greater speed, simplicity, accountability and consistency in how we operate.

As our business had evolved, our structure had become more complex and no longer fully reflected how we needed to operate.

Through this work we are simplifying our structure, reducing management layers and broadening spans of control, and in certain cases consolidating regions and leadership roles. These changes, including eliminating selected roles and open positions, better aligns our organization with our priorities and we believe will position us for greater long-term success.

Marc Schroeder, President of International, will be leaving Lamb Weston at the end of the calendar year. We wish Marc the best in his future endeavors. We have begun an outside search to identify his successor to provide us with the operational experience, execution, and urgency needed in this critical leadership role as we focus on how our international business can deliver the most shareholder value.

In addition, as we work on the prioritization of markets and channels, in the near term we are taking action to simplify our international management structure by consolidating our China and Asia Pacific regions into one unified APAC region.

Our goal is to build a simpler, faster, and more agile organization that is better positioned to serve customers, support team members, and deliver sustainable growth. It also allows us to reinvest in areas that strengthen our competitive position, including our commercial sales organization, innovation, and capabilities that bring us closer to customers.

Also, as Jan spoke to, we began a new phase of our cost savings program implementing new budgeting and procurement practices.

We launched an enterprise-wide zero-based budgeting process that is analyzing spending across the organization. Through intensive reviews by cost package owners and procurement, we are identifying incremental savings to drive margin expansion and to selectively reinvest in revenue growth and innovation. This is a cultural transition to an owner's mindset, enabling the business to consistently find savings and fund growth initiatives.

Our focus on costs is evident in our results. Adjusting for one-timers, our SG&A was flat to prior year.

Inflation has continued to drive input costs higher. The teams are actively managing this impact, through our cost savings program which we began over a year ago. We also will continue to make appropriate pricing actions as warranted.

### **Slide 13: Successfully Executing Focus to Win**

Our Focus to Win strategy is working. We have established clarity to our teams on their objectives, tied to specific KPIs to measure and incentivize success, and we are making progress across our strategic pillars of prioritizing markets and channels; strengthening customer relationships; executing with excellence; and setting the pace for innovation.

We've already highlighted some of the progress from our focus on customers and executing with excellence.

In addition, we are shaping our prioritization of markets and channels as we progress our strategy work. We have held multiple cross functional global team meetings to share best practices for success across markets. We anticipate completing this work in the coming months and we will share more at an Investor Day in early calendar 2027.

### **Slide 14: Innovation**

Finally, our product teams continue to deliver industry leading innovation, with new offerings to drive menu innovation and traffic for our customers as consumer tastes and preferences change.

With existing customers, we are creating excitement in the category with limited time offerings for QSR customers around the world. One example is Black Pepper flavored Starz in China. These collaborations drive uniqueness in restaurant menus and favorable mix for both operators and Lamb Weston.

And we continue to find ways to expand our market.

For the U.S. education market, we are launching reduced sodium Tater Puffs and Starz Shaped Puffs that deliver crispy texture and stay hotter longer. Customer centricity is the north star at Lamb Weston and informs everything that we do. We will continue to drive great product and service to ensure we maintain the category leadership position we have earned.

Let me now hand the call over to Jim.

**Jim Gray, Lamb Weston Chief Financial Officer**

**Slide 15 – Financial Performance & 2027 Outlook**

Thank you, Mike and good morning, everyone. As Mike said, we are making good progress in the execution of Focus to Win while managing a challenging business environment.

**Slide 16 – Q1 2027 Financial Highlights**

For the Quarter, net sales finished at \$1.670 billion which is up 1% from prior year. Adjusted diluted Earnings per Share were \$0.75, which is also up 1% from prior year. Adjusted EBITDA was substantially better than our expectations at \$286 million, down 5% from prior year due to the carry-in of the prior year's potato costs in EMEA.

**Slide 17 – First Quarter Net Sales up 1% Driven by North America Sales Volume Gains**

Company net sales increased 1 percent, led by a 2 percent increase in sales volume which was partially offset by a 1.8 percent decline in price/mix.

FX impact was not meaningful.

Our **North America** segment net sales increased 5 percent, driven by 7 percent sales volume growth. This was the seventh consecutive quarter of sales volume growth for North America.

As Mike mentioned, price/mix declined 1.7 percent, with price and mix equally contributing.

The underlying market drivers for the quarter, as reported by Circana CREST, were softer in Q1 and we outperformed versus these trends. U.S. restaurant traffic was essentially flat, while QSR traffic declined by 1%. QSR chicken traffic increased 4% favorably impacting our sales mix. And in fact, within our chain business, we over index with our chicken QSR customers.

In our **International segment**, net sales declined 8 percent, due to a sales volume decline of 6 percent and price/mix decline of 2.0 percent. Again, FX impact was not meaningful. During the quarter, we faced competitive pricing challenges in EMEA which primarily reflects the market conditions.

Internationally, QSR traffic declined 1% in the U.K., France, Italy and Germany while Spain was essentially flat.

### **Slide 18: First Quarter Adjusted EBITDA**

Change in adjusted EBITDA was better than our guidance for the quarter, declining only 5%. North America was up 11% and International declined in line with our expectations.

In Q1, North America delivered gross profit margin expansion and 11% adjusted EBITDA growth. Sales volume growth led the way, combined with cost savings initiatives, \$5 million in tariff refunds and improvement in earnings from our joint venture with RDO. Inflation has proven to be persistent. All key input costs were increasing in the quarter - with substantial increases in freight costs, edible oils, packaging and ingredients.

For Q1 International performance, we were impacted by lower sales volume, mostly in Europe, and higher carry-in of prior year's potato crop costs.

As a result, Segment Adjusted EBITDA declined to \$27 million.

### **Slide 19– YTD Cash from Operations and Capital Allocation**

Cash from Operations generated \$235 million in Q1, which is a decrease from prior year's Quarter.

Last year benefited from a \$136 million dollar improvement in inventories as the Company was beginning its Cost Savings Program.

Current quarter cash provided by operating activities benefited by \$59 million from an increase in accounts payable due to the Company's work with supplier partners to improve terms. Other changes to working capital items were attributed to normal course of business.

Capital expenditures were \$91 million in the quarter, in line with our expectations.

Free cash flow generated in Q1 was \$144 million in the quarter.

In Q1, we returned \$52 million to shareholders through our quarterly dividend.

Net debt was \$3.8 billion, and our Net debt to Adjusted EBITDA leverage ratio was 3.3 times on a trailing 12-month basis. As we move forward with Focus to Win, we anticipate that adjusted EBITDA will grow and contribute to an improved Debt to EBITDA leverage ratio.

This morning we announced the next quarterly dividend of \$0.38 per share, payable on December 4.

## **Slide 20 – Updated Fiscal 2027 Outlook**

We are updating our guidance to reflect the positive first quarter results.

We continue to believe our strong position with customers, improved operating efficiencies, and the lapping of one-time items, as well as current pricing actions to address rising input costs, support an expectation of earnings growth in fiscal 2027.

### **Net Sales**

For fiscal 27, we are increasing our net sales outlook to low single-digit growth versus our prior expectation of flat to 1 percent growth. This growth is versus fiscal 2026 adjusted for 52-weeks which equates to a net sales base of \$6.458 billion.

### **Adjusted Operating Income and EPS**

In fiscal 27, our adjusted operating income target increases to a range of \$730 million to \$810 million.

Our updated guidance for interest expense is a range of \$185 to \$190 million and tax rate in the range of 25.0 to 27.0 percent.

We now anticipate an adjusted EPS range of \$3.05 to \$3.35 versus the 52-week Adjusted EPS number of \$2.90 in fiscal '26.

### **Adjusted EBITDA**

We are raising our Adjusted EBITDA range to \$1.125 billion to \$1.215 billion. This is versus a comparable \$1.118 billion in the 52-week period for fiscal '26.

### **Cash Flow & Capex**

Furthermore, we continue to expect cash used for capital expenditures of approximately \$380 to \$410 million, which includes carry-in amounts from projects started last fiscal year.

On an accrual basis we anticipate investments in the range of \$330 to \$350 million. We continue to focus on capital efficiency ... through the better pacing of investments, process improvements to debottleneck capacity, and disciplined decision making based upon return on investment.

We are generating strong cash flow, and our expectation for Cash provided by Operations is \$750 to \$800 million. We expect to hold the investment in working capital relatively flat year over year despite an anticipated increase in Net Sales.

## **Second Quarter**

For Lamb Weston's second quarter results, we expect net sales to be up low single digits. And we anticipate Adjusted EBITDA to be up high single-digits to low double-digits.

## **Slide 21 – Potato Crop Update**

Overall, North American crop conditions remain generally in line with expectations. While regional variability exists, current production estimates support our outlook.

In Europe, there was prolonged heat and dry conditions throughout much of the summer. These conditions are expected to negatively impact the harvest, resulting in a smaller-sized crop with tonnage tracking well below historical averages.

To continue to meet demand, we are working with our customers to modify product specifications. We anticipate the tighter supply will result in higher raw material costs, which we are mitigating through pricing actions.

That concludes my remarks. Let me hand it back to Mike.

**Mike Smith, Lamb Weston President and CEO**

**Slide 22: Dynamic Start to the Year**

Thank you, Jim.

In closing, it has been a dynamic start to the fiscal year. We delivered a good first quarter and have momentum in our North America business, our most strategic and important market.

We are taking decisive action to drive improved performance internationally, through actions in EMEA and a focus on improving volume and profit in our opportunity regions.

We've executed against organizational design and cost savings to improve our agility and cost of doing business. And, we are addressing rising input costs through our proactive cost savings program and appropriate pricing.

We continue to have a lot of work in front of us, but there is a lot of opportunity, and I am proud of all we have accomplished and the plans we have for driving long-term shareholder value.

Given our Q1 results, the progress we have made with customers and the steps we are taking to address rising input costs, we are increasing our fiscal 2027 full-year outlook.

We will now take your questions.