Lamb Weston Fourth Quarter & Full Year Fiscal 2026
Financial Results Conference Call
Management Remarks
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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 fourth quarter and full year fiscal 2026 earnings call. I am Debbie Hancock, Lamb Weston's vice president of investor relations. Earlier today, we issued our press release and posted slides that we will use for our discussion today. You will find both on our website, lambweston.com.

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: Jan Craps, Executive Chair

Thank you, Debbie, and good morning, everyone. I am happy to be with you today for my first earnings call at Lamb Weston. I will start with observations from my first months as executive chair then turn the call over to Mike and Jim for their review of our performance. I will come back at the end of our call with additional remarks about the roadmap ahead before we take your questions. In the next hour, we plan to spend about two-thirds of our time on prepared remarks and leave about 20 minutes for questions.

It is a real pleasure to work with this board, management team and partners. I joined Lamb Weston in early February after more than 20 years with ABI, most recently as the CEO and Co-Chair of Budweiser APAC, and APAC CEO for ABI.

Slide 5: Unlock Clear Value Opportunities

Let me share what attracted me to Lamb Weston...

- First, the Company operates in an attractive and growing category – expanding volume, price, mix and margins over time – largely serving foodservice customers on multi-year contracts;
- Second, Lamb Weston is a scaled leader with an advantaged plant network in this great category -- with a strong and growing core North American profit pool, significant cash generation potential and a meaningful turnaround opportunity and optionality across our International footprint; and
- Third, Lamb Weston has a seasoned board making swift and purposeful decisions to drive incremental value for shareholders.

Slide 6: Executive Chair Key Responsibilities

My role as executive chair has several key responsibilities.

- Chairing a deeply engaged board of directors to set the company's priorities and track its progress;
- Focusing on People through talent development and building a performance culture;
- Leading the next leg of our strategy development – including "where to play," "how to win," inorganic moves like M&A and partnership or divestitures and driving a clear growth algorithm;
- Mentoring Mike and the executive leadership team, providing insights on priority topics like embedding a cost culture and realizing tech & benchmarking opportunities, where my past experience complements the leadership team's expertise; and finally
- Working with Mike as he continues to lead the daily operations of the organization as the CEO, translating our strategic plan into a robust operational plan, and driving the execution of our strategy and our teams to deliver results.

It is an exciting time to be part of Lamb Weston. Let me wrap up my opening remarks with observations and reflections from my global onboarding sprint so far:

Slide 7: First 100 Days

Over my first 100 days, I spent a significant amount of time meeting our teams and getting to know our people. They are passionate about our business. I've engaged with our colleagues at more than 15 plants in the U.S., in the UK, Europe, China and Australia, so more than half of our facilities. I've visited farms, customers and stores, and I've spoken with select analysts, bankers, investors and industry players. I've been struck by the energy and ideas across our value chain and ecosystem;

- I'm encouraged that we're rebounding confidently from a period of uneven execution and disrupted market dynamics – controlling the controllables, including rebuilding North American volumes on a more resilient & efficient supply chain; and,
- I see a leadership team that's embracing more strategic clarity and choices, a deeper performance culture and sharper focus on costs, cash flow and consistency.

While the Focus to Win strategy is in its first year, I view it as the right first steps for Lamb Weston, implemented with an essential customer-first mindset.

I view execution of the first phase of 'focus to win' as a key step of a broader program to improve performance and returns on capital at Lamb Weston. I'm encouraged by our team's progress and execution of this first phase.

In parallel, we are driving initiatives to expand these efforts more broadly across the organization in subsequent phases of 'focus to win'. I will discuss some of these efforts later in our call, and this will culminate in an Investor Day in early calendar 2027.

The key message I want you to take from me is that there is focus and alignment in driving this company to achieve its full potential.

To that end and in support of this opportunity, I have made a significant personal investment in Lamb Weston shares, and my compensation is tied to the stock price.

I don't participate in the annual incentive plan.

I am rewarded if you, our shareholders, are rewarded.

With that, let me hand it over to Mike…

Mike Smith, Lamb Weston President and CEO

Slide 8: Focus to Win and 2026 Performance Overview

Thank you, Jan. It is great to have you and Jim with us today. I am excited about the work we are doing together to accelerate and build on the foundation we have in place.

And good morning to everyone joining us today to discuss our fourth quarter and full year results.

Slide 9: Meaningful Progress in First Year of Focus to Win

The key message I want to leave with you today is that we made meaningful progress as an organization in fiscal 26. I told you a year ago that Lamb Weston was on a journey to rebuild its credibility with both our customers and investors. I believe fiscal 2026 was a strong step toward that goal. We delivered for our customers in the way they expect of us. And we delivered on the financial targets and key performance milestones that we shared with you on our July 2025 call.

I want to start again this quarter by thanking the Lamb Weston teams around the world for their efforts in executing a new strategy in a challenging and dynamic market.

Together, we delivered a solid quarter and year, led by the strength of North America. Throughout fiscal 26, we stabilized our North America business, growing volume, sales and EBITDA for the full year and ending with a 26% segment EBITDA margin.

Internationally, in the fourth quarter, we faced disruption in shipments and volatile input cost inflation from the Middle East. Jim will speak to our fourth quarter performance shortly.

As we've previously discussed, market conditions drove greater competition and pricing pressure, notably in EMEA. We are controlling the controllables and setting a strategic plan to maximize returns across our global footprint, including closing a facility in the Netherlands.

We invested effectively, significantly reducing capital expenditures and delivering strong cash flow.

And we returned $321 million to shareholders, bringing our total return since going public to greater than $2.2 billion.

Today, I am going to focus on what we accomplished this past year, my first full fiscal year as CEO, Jim will then review the financials and Jan will speak to the strategic work he is leading as executive chair.

Slide 10: Strengthening Customer Partnerships

Within our Focus to Win strategy, strengthening customer partnerships has been my top priority since taking over as CEO. We have worked to re-affirm our role as a trusted partner.

- We drove the mantra of customer centricity across the organization.

- We focused our commercial teams on joint business partnerships and value added relationships;
- Our supply chain organization was laser focused on meeting our customers' quality, service, and order fill rate requirements; and,
- Our marketing and innovation teams ensured we armed our customers with insights and menu items to stand out in the marketplace.

These efforts have delivered six consecutive quarters of volume growth. And in Q4, volume and share grew in North America despite a demand-challenged market... and we grew in opportunity regions such as Asia Pacific and Latin America.

During the year,

- we extended several of our largest strategic customers' contracts;
- we seamlessly supported significant new customer rollouts;
- we partnered on menu innovation, including value-add, higher-margin LTOs; and
- we facilitated the store and geographic expansions of our customers.

In the U.S., where we measure net promotor score, according to proprietary research, our NPS increased over last year and is the highest among major competitors.

Our customers value Lamb Weston -

- they trust us,
- they demand our quality,
- they rely on our service and our innovation.
- We are committed to creating value together.

Slide 11: Supply Chain Facilitating Customer Success and Delivering Operating Efficiencies

Executional excellence is another strategic pillar we significantly advanced this past year. Similar to reaffirming customers' trust, this was another top priority for me.

Our increasingly nimble supply chain team facilitated this customer success, meeting the demand and incremental North America volume: while also driving improved operational efficiencies, recurring cost savings and debottlenecking plants to increase capacity.

We are moving in the right direction, with opportunity for improvement as we bring standardization and adopt best practices across our manufacturing network. As we further develop our demand planning systems, we believe that outstanding individual plant operating teams can be even better together.

Outside North America, we are optimizing supply chain assets globally to reduce our costs and better meet future customer demand.

During Fiscal 2026, we opened a new state of the art production facility in Mar del Plata Argentina. This facility provides us with a clear advantage to deliver some of the highest quality and premium product in the region. As we ramped up production,... performance and profit improved throughout the year. We closed an older legacy facility and consolidated production into one location. Volume is up, utilization is better and we have room to grow.

In China, our newest facility in Inner Mongolia has a similar trajectory. Opened in 2023, this facility provides us with additional local processing capacity in a growing market. We've grown volume and net sales double digits since opening the facility.

These strategic facilities are big bets in important growth regions that take time to build to optimal utilization. Our local presence has led to expansion of our market opportunity and additional customer wins.

In Europe, our efforts to meet global customer demand and maintain a competitive advantage, have led to the reduction in our footprint. During Q4 we temporarily curtailed a line in the Netherlands, and, in early June, we announced our intention to close an older production facility in Broekhuizenvorst, which is also in the Netherlands. That facility represents about 10% of our EMEA production capacity. These actions, while difficult, will rebalance our capacity with demand, and build a foundation for more effective network utilization and lower costs.

And, as it has been reported in the media, the industry has announced some delays to new production.

There is significant work being done behind these decisions about where to play and how to win. Jan will speak to this next leg of our strategy work shortly.

Slide 12: Executing with Excellence: Reducing our Cost Base

Another significant deliverable in our Executing with Excellence pillar is lowering costs and improving productivity. The team has done a tremendous job of identifying and successfully executing against opportunities.

A year ago, we launched a Cost Savings Program to deliver at least $250 million of annualized run rate savings by the end of fiscal 2028. After year one, we exceeded our first-year milestone of $100 million. This is the result of a lot of hard work from everyone at Lamb Weston.

Based on the success of the program to date in delivering structural savings to supply chain, reducing our manufacturing cost per pound, and reducing SG&A costs, we will continue to pursue additional opportunities to improve our cost structure and capital efficiency.

Slide 13: North America Price/Mix Moderated in Q4

These savings have offset inflation and allowed us to invest in targeted support for our customers and to offset some mix headwinds. We believe the investments that we have made in our customers has strengthened our base and will lead to future opportunities to create value together. Our price/mix investment has moderated in Q4, and the combination of strong volume demand and cost savings is beginning to show results … as evidenced by our fourth quarter North America EBITDA margin expansion and dollar growth.

Slide 14: Setting the Pace for Innovation

Finally, disruptive innovation remains a key unlock in our value add for customers and consumers. Innovation drives traffic, unlocks new markets, and anticipates consumers' changing taste preferences.

In fiscal 2026, we launched...

- new items at retail - including private label innovation and new Alexia seasoned items; and,
- with Foodservice we introduced operator and distributor innovation as well as Lamb Weston batter line extensions.

Our consistent focus on innovation has increased the percentage of net sales coming from new items - a key KPI in measuring our innovation success.

And this month, we launched new items aligned to consumer preferences - expanding our Alexia olive oil product into additional retailers and launching similar products into the Food Service channel.

There is more to come this fall, with disruptive innovation launches for both retail and foodservice.

Slide 15: Leading with People

At the core of our success is our people. Throughout the year we worked to develop a continuous improvement and performance culture. As leaders, my team and I led with transparency and clarity. We ended the year with improved employee engagement scores - and we are building on this going forward.

We also added depth to our board and management team with additional global and strategic expertise from Jan and more recently the addition of Jim as CFO.

Earlier this month, Amit Philip joined us in the new role of Chief Strategy and Technology Officer. Amit brings expertise from a distinguished career spanning consulting, technology, and food manufacturing, including leadership roles at TreeHouse Foods and The Hershey Company.

Slide 16: Focus to Win: A Solid Year with Sustainable Results

In closing, we delivered a solid year driven by sustainable results including:

- a strong recovery in our North America business;
- meaningful progress in executing Focus to Win - especially with customers and execution;
- a greater than anticipated achievement of cost savings;
- improved capital discipline and strong return of capital to shareholders; and,
- strengthened engagement with our teams and new executive team members.

The year was not without its challenges as the International segment absorbed start up costs associated with our new Argentina plant and an industry slow down in the EMEA region. And across the business we faced volatile inflation at year end due to the Middle East conflict. We are addressing these issues head on.

I am proud of what we accomplished this year, and we have strong plans to continue driving progress in fiscal 2027 and beyond.

I will now turn the call over to Jim to review the financials and our outlook.

Jim...

Jim Gray, Lamb Weston Chief Financial Officer

Slide 17 – Financial Performance & 2027 Outlook

Thank you, Mike and good morning to everyone. I've been with Lamb Weston since April and it has been a pleasure getting to know the team and see our operations in the Basin as well as the Netherlands. We have a great team, and I'm excited about the opportunities to create shareholder value.

Let's turn to our performance, which was a solid result fueled by North America.

Slide 18 – Fourth Quarter Net Sales up 6% Driven by North America Sales Volume Gains

Fourth quarter net sales for the Company increased 6 percent, led by a 7 percent increase in sales volume and 2 percent favorable currency impact partially offset by 3 percent decline in price/mix. It was the sixth consecutive quarter of sales volume growth. On a constant currency basis, net sales were up 4 percent.

As Mike said, our **North America** segment had a strong Q4. North America net sales increased 9 percent, with sales volume up 11 percent as momentum continued with customer wins, share gains, and strong retention as well as the addition of an extra week.

Price/mix declined 2 percent, with price and mix equally impacting the quarter. Modest investment in price and trade and a continued mix shift toward lower price channels including chain and private label drove the change.

Looking at the underlying market drivers for the quarter, as reported by Circana CREST, U.S. restaurant traffic was flat. QSR traffic was also flat, led by 3% growth in QSR chicken largely offset by a 4% decline in QSR burger traffic.

In our **International segment**, net sales declined 2 percent, led by a sales volume decline of 2 percent and price/mix decline of 4 percent, partially offset by favorable currency impact.

Sales growth in Asia Pacific and Latin America was more than offset by challenging market conditions in EMEA, including the impact of the Middle East conflict which began early in our fourth quarter of fiscal 2026.

Internationally, QSR traffic in the quarter declined 2% in the U.K. and France, and 1% in Italy, however, was up slightly in Germany and Spain.

LambWeston
POSSIBILITIES IN POTATOES

Slide 19: Slightly Lower Adjusted Fourth Quarter Adjusted EBITDA Driven by Strong North America Results Offset by International Challenges

Adjusted EBITDA declined 6 million compared to last year, as North America Adjusted EBITDA dollars grew 17%, or $45 million. In Q4, North America sales volume grew with modest price/mix investment, and cost savings more than offset inflation.

Our International decline was driven by EMEA challenges. We were carrying higher raw potato costs into the quarter, and we experienced higher fixed cost absorption due to slower European demand. Furthermore, we incurred higher incremental freight costs as a result of the Middle East conflict.

For the Company, inflation in the quarter was up more than we had expected. All inputs other than raw potato prices were up - with a substantial increase in edible oils and transportation costs. Demand for bio-diesel has driven up the cost of most edible oils, and while we are hedged against oil, we are seeing spot price inflation.

The input cost volatility experienced in Q4 impacted the quarter and also carried into the cost of our finished goods which we will move through in the first quarter of fiscal 2027.

Adjusted SG&A increased $16 million in the quarter as cost savings benefits were more than offset by higher incentive compensation.

Slide 20: Full Year Net Sales up 2%

On a full year basis, net sales increased 2 percent, led by a 7 percent increase in sales volume and 1 percent increase in favorable currency impact, partially offset by a 6 percent decrease in price/mix.

The North America segment delivered 3 percent net sales growth for the year, led by a 9 percent increase in sales volume, partially offset by a 6 percent price/mix decline. This included an $86 million benefit from the 53rd week.

International segment net sales increased 1 percent, led by 5 percent favorable currency impact and 2 percent sales volume growth, notably in Asia Pacific and Latin America. These gains were partially offset by 6 percent decline in price/mix.

On a constant currency basis net sales were down 4 percent. In addition, the extra week added $41 million to the full year results.

Slide 21: Full Year Adjusted EBITDA

Full year adjusted EBITDA was down 9%, as International challenges were only partly offset by growth in North America.

In North America, higher sales volume, lower manufacturing costs per pound and the benefit of cost savings more than offset inflation and price/mix investment.

Internationally, the decline in EBITDA was driven by lower organic sales given the competitive environment, as well as higher manufacturing costs per pound. The higher costs included write-offs of excess potatoes, lower utilization of our international production facilities, and start-up expenses for our new plant in Argentina. These were only partially offset by the benefits of cost savings initiatives.

The extra week added $29 million in Adjusted EBITDA for the year.

Slide 22: Focus on Cash Flow and Disciplined Capital Deployment

Cash generation has improved significantly this year. In fiscal 2026, we generated $943 million of cash from operations… up $75 million versus last year. The increase is largely attributable to $55 million of favorable changes in working capital.

Capital expenditures were $410 million in the year, down more than $241 million year-over-year.

Our focus on execution and capital discipline has enabled us to deliver $537 million in free cash flow for fiscal 2026, a significant increase year-over-year.

Our liquidity remains strong with approximately $1.3 billion available under our revolving credit facility.

Net debt was $3.8 billion, and our Net debt to Adjusted EBITDA leverage ratio was 3.4 times on a trailing 12-month basis.

Slide 23: Returning Cash to Shareholders

For the full year we have returned $321 million to shareholders including:

$208 million in cash dividends and

$113 million of stock repurchases, of which $63 million was repurchased in the fourth quarter.

In addition, we announced this morning the next quarterly dividend of $0.38 per share, payable on September 4.

Slide 24: Fiscal 2027 Outlook

As we look to fiscal 2027, our position with customers, lower cost base, improved operating efficiencies, and the lap of one-time items, provides us a view to expect earnings to grow faster than sales in the coming year.

Net Sales

In fiscal 27, we expect net sales to be flat to up 1% versus a 52-week adjusted net sales base of $6.5 billion for fiscal 2026.

Adjusted Operating Income and EPS

We are focused on sustainable earnings growth. In fiscal 27, our adjusted operating income target is a range of $720 million to $800 million.

The benefits of lower raw potato costs, incremental supply chain cost-savings initiatives, favorable fixed cost absorption from higher utilization, and the lapping of fiscal 26 potato write-offs and Argentina start-up costs, is anticipated to be mostly offset by inflation in essentially all other input cost areas.

We will continue to drive cost savings in both Cost of Sales and SG&A. In fiscal 2027, we expect SG&A to decline as a result of these efforts.

Equity Earnings from our JV in North America is anticipated to grow modestly as we have restarted curtailed lines.

We expect interest expense of approximately $190 million and an effective tax rate in the range of 25.5 percent to 27.5 percent.

We anticipate adjusted EPS to be in the range of 2.95 to 3.25 vs. the 52-week fiscal 26 Adjusted EPS number of $2.90.

We anticipate diluted common shares outstanding to be between 137.5 to 139.0 million.

Adjusted EBITDA

Adjusted EBITDA is expected to be in the range of $1.1 to $1.2 billion versus a comparable $1.12 billion over the 52-week period in fiscal 2026.

Cash Flow & Capex

In fiscal 2027, we anticipate cash used for capital expenditures of approximately $380 to $410 million. The estimate includes carry-in amounts from projects started in the prior year.

Going forward, on an accrual basis we anticipate investments of up to $350 million. We are improving capital efficiency through the better pacing of investments, process improvements to debottleneck, which also expands capacity, and strong rigor on returns on investment. In addition, our anticipated wastewater related spend will largely be complete by the end of fiscal 2027.

Operating cash flow remains strong and is expected to be in the range of $750 million to $800 million ...as we expect to hold the investment in working capital relatively flat year-over-year despite an anticipated increase in Net Sales.

Slide 25: Segment Outlook and Key Assumptions

Our Company net sales outlook of flat to up 1% assumes flat global restaurant traffic.

Our range for EBITDA outcomes on the low side largely reflects uncertainty around the Middle East impacts on global input cost volatility through the first half of fiscal 2027. The upper end of our EBITDA range would assume more favorable net sales from customer volume demand, channel and product mix, as well as delivery of cost savings.

North America is expected to continue topline sales volume growth and market share gains. Net sales on a comparable weeks basis is expected to be flat to up low single digits, with low single digit volume growth and low single digit price/mix decline.

North America EBITDA is anticipated to be flat to up low single-digits, as modest price/mix investments combined with cost inflation are anticipated to be offset by sales volume growth and our ongoing cost savings initiatives.

Our International segment topline is anticipated to be down low single digits. Driven by the challenging competitive conditions in EMEA, price/mix investment is expected to be low to mid-single digits partially offset by low single-digit volume growth. We expect top line growth in the other regions in International.

International segment EBITDA is anticipated to improve between 40 and 50 percent as we lap an incremental $33 million of pre-tax charges for potato write-offs, as well as start-up costs from our Argentina facility. Overall segment EBITDA is expected to reflect positive contributions from International regions outside of EMEA, SG&A savings, and operating leverage, partially offset by price investment carryover and a competitive environment.

To help with modeling the cadence through the year, in the first quarter we expect the carry over effects from the cost of the prior year potato crop and edible oil inflation to have a greater impact. For the first quarter, we anticipate net sales to be flat, and EBITDA to decline in the low-teens... before growth ramps through the remainder of the year.

Slide 26: Potato Crop

Shifting to an update on the potato crop...

In North America, the crop year is off to a strong start, with favorable weather and crop development slightly ahead of historical timing. Our contracted acreage is modestly higher year-over-year, to support increased sales volume growth.

In Europe, the crop year is also off to a favorable start, with good growing conditions across key regions. Our expectation is for an average crop, but it is early in the season. Planted acreage is down year-over-year, with a more pronounced reduction in contracted volumes across the industry, including our own.

With that let me hand it back to Jan.

Jan Craps, Lamb Weston Executive Chair

Slide 27: People, Strategy & Resources

When I joined Lamb Weston, I decided to invest significant time and energy in a deep onboarding process to get to know the business well and identify the biggest opportunities for this turnaround. My global onboarding sprint and deep engagement so far with fellow Board members, senior leaders and the broader team & partners have reinforced the reasons I joined Lamb Weston and are informing how we unlock additional value in the business rapidly from here.

We have a strong foundation, a good start with the Focus to Win strategy and an opportunity to be even bolder in our decisions, braver in our performance targets and acting with even more urgency in our initiatives and execution.

We have momentum underway to make the business more predictable, more profitable and more valuable. To accelerate change with incremental initiatives and to drive structural change throughout the business, I am focused on three priorities: people, strategy and resources. I am driving three key initiatives within each priority.

Slide 28: Priority 1: People

First priority, people. My top priority is unlocking our greatest asset – our people.

Our first initiative within our people strategy is performance culture. In fiscal 2026, we added ROIC and free cash flow already to our compensation metrics. To fully achieve the potential of Lamb Weston, we are building a performance culture by adding enterprise, entity and individual targets. We are driving individual accountability and ownership through the tighter use of individual KPIs based on hard quantitative results. We encourage stronger collaboration among our teams through country and region level entity targets for net sales, adjusted EBITDA and cash generation, a change we have already approved for this fiscal 2027.

For example, Mike's five individual targets as CEO are designed to deliver holistic improvements -- including net sales growth, big bets innovation growth, targeted growth in some focused regions, as well as ambitious SG&A targets and EBITDA margin improvements.

Our second initiative within people strategy is leadership talent. Here, recent appointments, including Jim as CFO and Amit as chief strategy and technology officer, are strengthening our talent bench. We are elevating the talent management process and strengthening our succession planning to ensure we are identifying and developing top tier talent around the world.

Finally, people strategy addresses organization design. We are implementing an organizational design which focuses on simplicity and accountability to enable faster decision making.

Slide 29: Priority 2: Strategy

My second priority is strategy.

We kicked off rigorous new strategy work that defines which market 'clusters' – or logical groups of countries –profitable growth will come from, where to play in this landscape, and how to win in these priority markets so we drive sustainable profitable growth.

As Mike and Jim have shared, we have made big progress over the past year re-confirming our leadership with North American customers. That business has stabilized, it is operating with less volatility, and the team delivered a strong year with a healthy profit profile and more efficient operations, with more room for growth.

As we look beyond North America, we are working to identify new routes to growth and value creation with the right international footprint. We will make choices and allocate different roles to different geographic clusters, with sharper resource allocation.

We will use M&A, partnerships, and divestitures together with our organic growth priorities to navigate and execute these outcomes across clusters.

This will lead to a renewed growth algorithm.

Slide 30: Priority 3: Resources Strategy

Third is our Resources strategy.

Over the past year with Focus to Win, the Company already began implementing a cost program and we are now taking that further to drive a deeper cost culture in SG&A, capital expenditures and working capital, driving immediate impact on the business results. Across the globe, we're creating a culture connected to cost where:

- Costs are reset to zero and justified on current business value rather than historical habit;
- Spend is connected to strategic outcomes through granular KPIs; and,
- Savings help rebuild margin and fund high return innovation, market expansion and organizational resilience.

We're also implementing more rigorous plant rankings and adopting best practices to continue to drive supply chain efficiency.

Finally, we invest smartly behind clear and simple technology priorities including leveraging the potential of AI to be ever more efficient over time.

Slide 31: Looking Ahead

Looking ahead, we expect to drive outcomes in a business with more durable growth and less volatility than many appreciate. There is a high sense of urgency in the organization to drive change and impact in an accelerated way. I'm energized by our momentum and potential -- we see significant opportunities to build a high-performance culture; sharpen our strategic clarity and growth algorithm; and strengthen our cost discipline, supply efficiency, and tech capabilities. And we're undertaking this as a seasoned and aligned Board and leadership team.

Slide 32: Investor Day

We look forward to sharing more with you in future calls and at our investor day in early calendar 2027.

We will now take your questions.