LambWeston
POSSIBILITIES IN POTATOES

Lamb Weston Holdings, Inc. Reports Fiscal Second Quarter 2018 Results and Updates Full Year Outlook

January 04, 2018

Second Quarter 2018 Highlights

- *Net sales increased 4% to $825 million*
- *Income from operations increased 11% to $140 million; Adjusted Income from Operations[(1)] increased 7% to $144 million*
- *Adjusted EBITDA including unconsolidated joint ventures[(1)] increased 12% to $189 million*
- *Diluted EPS was $0.52, compared with $0.59 in second quarter 2017*
- *Adjusted Diluted EPS[(1)] was $0.54, compared with $0.63 in second quarter 2017*
- *Raised quarterly dividend by 2%*

Updated FY 2018 Outlook

- *Net sales expected to increase mid-single digits, up from*
- *Adjusted EBITDA including unconsolidated joint venture. from a previous estimate of $740 million-$760 million*

EAGLE, Idaho--(BUSINESS WIRE)-- Lamb Weston Holdings, I 2018 results and updated its outlook for fiscal 2018.

"Our second quarter and first half results were solid," said Ton teams have worked through customer contract negotiations, a us, we're focused on our ongoing commitment to deliver indu limited time offerings with our customers. Our supply chain tea capacity utilization, as well as successfully starting-up our new Richland, Washington. In addition, with this year's potato crop overall with historical averages, and that storability will also lik our solid first half performance and some key milestones now rest of the year unfolding, and have raised our annual outlook

“We expect growth in demand to continue not just through fisc
continued. “To support this growth, we recently announced a
line expansion in Hermiston, Oregon, to be operational in the
support our customers’ growth in North America as well as As
to remain, strong. In addition to funding this $250 million inves
cash flow to support the recent increase in our dividend, as well as provide flexibility to take advantage of future potential growth opportunities. By continuing to take a balanced, returns-driven approach when deploying capital, we remain confident in our ability to support our customers and create value for our shareholders over the long term.”

Summary of Second Quarter FY 2018 Results				
($ in millions, except per share)				
		Year-Over-Year		Year-Over-Year
	Q2 2018	Growth Rates	YTD 2018	Growth Rates
Net sales	$ 824.6	4%	$ 1,642.1	5%
Income from operations	$ 139.8	11%	$ 277.4	11%
Net income attributable to Lamb Weston	$ 76.6	(12%)	$ 160.0	(4%)
Diluted EPS	$ 0.52	(12%)	$ 1.08	(4%)
Adjusted EBITDA including unconsolidated joint ventures(1)	$ 188.9	12%	$ 380.3	12%
Adjusted Diluted EPS(1)	$ 0.54	(14%)	$ 1.11	(8%)

Q2 2018 Commentary

Net sales were $824.6 million, up 4 percent versus the year-ag
pricing actions and favorable product and customer mix. Volu
increase in the prior year quarter.

Income from operations rose 11 percent to $139.8 million from
costs related to the spinoff from Conagra Brands, Inc. (formerl
increase reflects the impact of $9.0 million of expenses incurre
Conagra. Excluding these comparability items, income from o
price/mix, partially offset by commodity, manufacturing, transp
depreciation expense and approximately $3 million of costs re
production line in Richland, Washington.

Adjusted EBITDA including unconsolidated joint ventures(1) wa
quarter, reflecting growth in income from operations and equit

Diluted EPS declined to $0.52 from $0.59 in the prior year peri
from $0.63 in the prior year period. The declines were primaril
incurred in connection with the spinoff and higher tax expense
operations and equity method investment earnings.

The effective tax rate[2] was 33 percent in the second quarter o
period. The lower rate in the second quarter of fiscal 2017 is p
the spinoff from Conagra determined to be deductible, as well

Q2 2018 Segment Highlights

Global

Global Segment Summary				
		Year-Over-Year		
	Q2 2018	Growth Rates	Price/Mix	Volume
	($ in mil.)			
Net Sales	$ 416.9	1%	3%	(2%)
Segment Product Contribution Margin[1]	$ 88.2	(4%)		

Net sales for the Global segment, which is comprised of the top 100 North American based restaurant chain customers as well as the Company's international business, increased 1 percent to $416.9 million. Price/mix increased 3 percent, largely reflecting price increases and improvement in customer and product mix. Volume declined 2 percent, as compared to a 5 percent increase in the prior year quarter. The decline in volume is attributable to the elimination of less-profitable volume in North America and internationally as well as lower shipments to certain export markets. This was partially offset by increased shipments to strategic customers in the U.S.

Global Segment Product Contribution Margin[1] declined 4 percent to $88.2 million, with favorable price/mix offsetting commodity, manufacturing, transportation and warehousing cost inflation. Higher depreciation expense as well as start-up costs associated with the new Richland production line drove the earnings decline.

Foodservice

Foodservice Segment Summary		
		Year-Over-
	Q2 2018	Growth Ra
	($ in mil.)	
Net Sales	$ 272.8	9%
Segment Product Contribution Margin[1]	$ 92.2	15%

Net sales for the Foodservice segment, which services North A
chains outside the top 100 North American based restaurant c
million. Price/mix increased 8 percent, reflecting the carryover

pricing actions implemented in the current year, and improven
1 percent, as compared to a 5 percent increase in the prior ye
the segment's customer base.

Foodservice Segment Product Contribution Margin[1] increase
price/mix, partially offset by commodity, manufacturing, transportation and warehousing cost inflation, as well as higher depreciation expense and start-up costs associated with the new Richland production line.

Retail

Retail Segment Summary				
		Year-Over-Year		
	Q2 2018	Growth Rates	Price/Mix	Volume
	($ in mil.)			
Net Sales	$ 102.0	6%	4%	2%
Segment Product Contribution Margin[1]	$ 19.4	(7%)		

Net sales for the Retail segment, which includes sales of branded and private label products to grocery, mass merchant and club customers in North America, increased 6 percent to $102.0 million. Price/mix increased 4 percent, due to higher prices across the branded and private label portfolio, as well as improved mix, partially offset by higher trade spending in support of *Grown in Idaho* branded products. Volume increased 2 percent, primarily driven by distribution gains of *Grown in Idaho* as well as growth of *Alexia* and other branded products.

Retail Segment Product Contribution Margin[1] declined 7 percent to $19.4 million, mainly due to higher trade spending as well as commodity, manufacturing, transportation and warehousing cost inflation. Advertising and promotional spending also increased to support broader distribution of *Grown in Idaho*.

Equity Method Investment Earnings

Equity method investment earnings from unconsolidated joint
and $6.2 million for the second quarter of fiscal 2018 and 2017
million unrealized loss related to mark-to-market adjustments
current quarter and a $0.7 million gain in the prior year quarte
method investments increased $9.3 million, largely due to fav
the benefit of lower raw potato costs in Europe.

Outlook

The Company provides earnings guidance on a non-GAAP ba
Company cannot predict certain elements that are included in
the spinoff from Conagra and other items impacting comparab

The Company updated its outlook for fiscal year 2018 as follo

FY 2018 Outlook Summary

Net sales growth rate	
Adjusted EBITDA including unconsolidated joint ventures[1]	$780 million-$790 million
Interest expense	$105 million-$110 million
Cash used for capital expenditures	Approximately $250 million

As summarized in the table above, the Company expects:

- Net sales to grow mid-single digits, with price/mix and volume growth improving in the second half of fiscal 2018 as new pricing structures for an increasing number of customer contracts become effective and as the Company's new production capacity in Richland, Washington becomes available. The Company's previous estimate was for net sales to grow low-to-mid single digits.
- Adjusted EBITDA including unconsolidated joint ventures[1] to be in the range of $780 million to $790 million, including higher selling, general and administrative expenses as a percentage of sales for fiscal 2018 due to the full-year impact of incremental costs associated with being a stand-alone public company, as well as higher advertising and promotional expense in support of the introduction of the Company's *Grown in Idaho* product line in retail. Using the mid-point of the range, this represents an increase of approximately 13% percent versus a fiscal 2017 pro forma Adjusted EBITDA including unconsolidated joint ventures[1] of $692 million. The Company's previous estimate was for Adjusted EBITDA including unconsolidated joint ventures[1] to be in the range of $740 million to $760 million.
- Total interest expense for fiscal 2018 to continue to be in increase of approximately $45 million to $50 million from fis Company's capital structure after the spinoff from Conagra.
- Cash used for capital expenditures to be approximately $ versus the previous estimate of $225 million. This increase phase of construction of a new production line at our Hermi

The Company is continuing to evaluate the effect on its effecti that was signed into law on December 22, 2017. The Act lowe percent, and sets forth other provisions that may affect the Co the Act will result in a blended effective tax rate for the Compa original estimated range of 33 to 34 percent.

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End Notes

(1) Adjusted EBITDA including unconsolidated joint ventures, unconsolidated joint ventures, Adjusted Income from Ope

Diluted EPS and Segment Product Contribution Margin ar
discussion of non-GAAP financial measures and the recon
information. Pro forma Adjusted EBITDA including uncons
stand-alone public company costs for a full year. See also "Outlook" in this press release for a discussion of
the earnings guidance on a non-GAAP basis.

(2) The effective tax rate is calculated as the ratio of income tax expense to pre-tax income, inclusive of equity method investment earnings.

Webcast and Conference Call Information

Lamb Weston will host a conference call to review its second quarter 2018 results at 10:00 a.m. ET today. A listen-only webcast and accompanying presentation slides will be provided at www.lambweston.com.

About Lamb Weston

Lamb Weston, along with its joint venture partners, is a leading supplier of frozen potato, sweet potato, appetizer and vegetable products to restaurants and retailers around the world. For more than 60 years, Lamb Weston has led the industry in innovation, introducing inventive products that simplify back-of-house management for our customers and make things more delicious for their customers. From the fields where Lamb Weston potatoes are grown to proactive customer partnerships, Lamb Weston always strives for more and never settles. Because, when we look at a potato, we see possibilities. Learn more about us at lambweston.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws. Words such as “continue,” “focus,” “deliver,” “expect,” “drive,” “create,” “support,” “grow,” “remain,” “project,” “believe,” and variations of such words and similar expressions are intended to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements regarding the Company’s plans, execution, capital investments, dividends, taxes, and business outlook and prospects. These forward-looking statements are based on management’s current expectations and are subject to uncertainty and changes
in circumstances. Readers of this press release should unders
performance or results. Many factors could affect the Compan
materially from the expectations contained in the forward-look
release. These risks and uncertainties include, among other th
its long-term value creation strategies; the competitive environ
it operates; political and economic conditions of the countries
related to its international operations; disruption of its access t
proposed acquisitions or integrate acquired businesses or exe
the availability and prices of raw materials; changes in its relat
the success of its joint ventures; actions of governments and r
ventures; the ultimate outcome of litigation or any product rec
expenses; its ability to pay regular quarterly cash dividends ar
and other risks described in the Company’s reports filed from
Commission. The Company cautions readers not to place unc
included in this press release, which speak only as of the date
responsibility for updating these statements, except as require

Non-GAAP Financial Measures

To supplement the financial information included in this press
Income from Operations, Adjusted EBITDA including unconso
including unconsolidated joint ventures, Adjusted Diluted EPS

Product Contribution Margin, each of which is considered a n
measures provided should be viewed in addition to, and not a
accordance with accounting principles generally accepted in t
presented in this press release. The non-GAAP financial meas
GAAP financial measures presented by other companies, and
financial measures the same way. These measures are not substitutes for their comparable GAAP financial measures, such as net income, diluted earnings per share, or other measures prescribed by GAAP, and there are limitations to using non-GAAP financial measures.

Management uses these non-GAAP financial measures to assist in comparing the Company's performance on a consistent basis for purposes of business decision making by removing the impact of certain items that management believes do not directly reflect the Company's underlying operations. Management believes that presenting these non-GAAP financial measures provide investors with useful information because they (i) provide meaningful supplemental information regarding financial performance by excluding certain items, (ii) permit investors to view performance using the same tools that management uses to budget, make operating and strategic decisions, and evaluate historical performance, and (iii) otherwise provide supplemental information that may be useful to investors in evaluating the Company's results. The Company believes that the presentation of these non-GAAP financial measures, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provides investors with additional understanding of the factors and trends affecting the Company's business than could be obtained absent these disclosures.

Lamb Weston Holdings, Inc.
Condensed Combined and Consolidated Statements of Earnings
(unaudited, dollars in millions, except per-share amounts)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	November 26,	November 27,	November 26,	November 27,
	2017	2016 (1)	2017	2016 (1)
Net sales	$ 824.6	$ 790.7	$ 1,642.1	$ 1,567.0
Cost of sales	615.4	591.8	1,236.2	1,187.5
Gross profit	209.2	198.9	405.9	379.5
Selling, general and administrative expenses (2)				
Income from operations				
Interest expense, net				
Income before income taxes and equity method earnings				
Income tax expense				
Equity method investment earnings				
Net income				
Less: Income attributable to noncontrolling interests				
Net income attributable to Lamb Weston Holdings, Inc.	$			
Earnings per share				
Basic	$			

Diluted	$							
Dividends declared per common share	$	0.						

Computation of diluted earnings per share:								
Net income attributable to Lamb Weston Holdings, Inc.	$	76.6	$	87.2	$	160.0	$	166.8
Less: Increase in redemption value of noncontrolling interests in excess of earnings allocated		0.5		0.5		1.3		0.9
Net income available to Lamb Weston common stockholders	$	76.1	$	86.7	$	158.7	$	165.9
Diluted weighted average common shares outstanding		146.9		146.3		146.8		146.3
Diluted earnings per share	$	0.52	$	0.59	$	1.08	$	1.13

(1) On November 9, 2016, Lamb Weston Holdings, Inc. ("Lamb Weston") separated from Conagra Brands, Inc. (formerly ConAgra Foods, Inc., "Conagra") and became an independent publicly-traded company through the pro rata distribution by Conagra of 100% of the outstanding common stock of Lamb Weston to Conagra stockholders (the "Separation"). The combined and consolidated earnings in all periods prior to November 9, 2016, were carved out of Conagra's consolidated financial statements. These financial statements may not reflect what the Company's results of operations would have been had it operated as a separate stand-alone public company and may not be indicative of its future results of operations. These financial statements should be read together with the consolidated financial statement
2018 second quarter Form 10-Q.

(2) The thirteen and twenty-six weeks ended November 26, 2
respectively, of expenses related to the Separation as disc
twenty-six weeks ended November 27, 2016, include $9.0
Separation-related expenses. In all periods, the expenses
employee-related costs.

Lamb Weston Hold
Condensed Consolidated
(unaudited, dollars in millions

ASSETS		
Current assets:		
Cash and cash equivalents	$ 71.1	$ 57.1
Receivables, less allowance for doubtful accounts of $0.6 and $0.5	224.4	185.2
Inventories	662.9	525.0
Prepaid expenses and other current assets	45.9	90.9
Total current assets	1,004.3	858.2
Property, plant and equipment, net	1,331.5	1,271.2
Goodwill	134.4	133.0
Intangible assets, net	36.3	37.2
Equity method investments	198.6	178.6
Other assets	9.8	7.4
Total assets	$ 2,714.9	$2,485.6
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Short-term borrowings	$ 88.2	$ 22.0
Current portion of long-term debt and financing obligations	39.3	37.9
Accounts payable	342.7	295.0
Accrued liabilities	176.3	200.5
Total current liabilities		
Long-term liabilities:		
Long-term debt, excluding current portion		
Deferred income taxes		
Other noncurrent liabilities		
Total long-term liabilities		
Commitments and contingencies		
Redeemable noncontrolling interest		
Stockholders' equity:		
Common stock of $1.00 par value, 600,000,000 shares author 146,080,901 shares issued		
Additional distributed capital		
Retained earnings		

Accumulated other comprehensive income (loss)		
Treasury stock, at cost, 49,691 and 6,143 common shares		
Total stockholders' deficit		
Total liabilities and stockholders' equity	$ 2,714.9	$2,485.6

Lamb Weston Holdings, Inc.
Condensed Combined and Consolidated Statements of Cash Flows
(unaudited, dollars in millions)

	Twenty-Six Weeks Ended	
	November 26, 2017	November 27, 2016
Cash flows from operating activities		
Net income	$ 171.3	$ 174.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangibles and debt issuance costs	66.6	52.1
Stock-based compensation expense	10.2	5.2
Earnings of joint ventures in excess of distributions	(9.3)	(2.8)
Deferred income taxes	19.4	(8.3)
Other	(2.2)	(0.4)
Changes in operating assets and liabilities:		
Receivables		
Inventories		
Income taxes payable/receivable, net		
Prepaid expenses and other current assets		
Accounts payable		
Accrued liabilities		
Net cash provided by operating activities		
Cash flows from investing activities		
Additions to property, plant and equipment		
Proceeds from sale of assets		
Additions to other long-term assets		
Net cash used for investing activities		
Cash flows from financing activities		

Proceeds from short-term borrowings, net				
Proceeds from issuance of debt				
Debt repayments				
Net transfers to Conagra		—		(38.8)
Dividends paid		(54.8)		—
Cash distributions paid to Conagra at Separation		—		(823.5)
Payments of debt issuance costs		—		(9.6)
Cash distributions paid to noncontrolling interest		(6.7)		(5.6)
Other		(1.2)		—
Net cash used for financing activities	$	(15.9)	$	(2.8)
Effect of exchange rate changes on cash and cash equivalents		3.4		(0.8)
Net increase in cash and cash equivalents		14.0		33.0
Cash and cash equivalents, beginning of the period		57.1		36.4
Cash and cash equivalents, end of period	$	71.1	$	69.4

Lamb Weston Holdings, Inc.
Segment Information
(unaudited, dollars in millions)

	Thirteen Weeks Ended		
			Year-Over-
	Novem		
	20		
Segment sales			
Global	$ 4		
Foodservice	2		
Retail	1		
Other			
	$ 8		
Segment product contribution margin (1)			
Global	$		
Foodservice			

Retail			
Other			
	2		
Other selling, general, and administrative expenses (2)	63.9	67.5	(5%)
Income from operations	$ 139.8	$ 125.5	11%
Items impacting comparability (2)			
Expenses related to the Separation	$ 4.0	$ 9.0	
Adjusted income from operations (3)	$ 143.8	$ 134.5	7%

(1) Product contribution margin is defined as net sales, less cost of sales and advertising and promotion expenses. Segment product contribution margin excludes general corporate expenses and interest expense because management believes these amounts are not directly associated with segment performance for the period.

(2) The thirteen weeks ended November 26, 2017 and November 27, 2016, include $4.0 million and $9.0 million, respectively, of expenses related to the Separation. The expenses related primarily to professional fees and other employee-related costs.

(3) Adjusted income from operations is a non-GAAP financial
comparability between periods as it believes these items a
operations of the Company. These non-GAAP measures p
Lamb Weston's segments and the Company on an ongoir
frequently used by the Company's management and assis
periods. Any analysis of non-GAAP financial measures sho
presented in accordance with GAAP. The non-GAAP meas
financial measures and should not be used as such.

Lamb Weston Hold
Segment Inforr
(unaudited, dollars

	Novem				
	2017	2016	Rates	Price/Mix	Volume
Segment sales					
Global	$ 830.8	$ 811.8	2%	2%	0%
Foodservice	552.2	510.9	8%	7%	1%
Retail	194.0	186.1	4%	(1%)	5%
Other	65.1	58.2	12%	9%	3%
	$ 1,642.1	**$ 1,567.0**	5%	4%	1%
Segment product contribution margin (1)					
Global	$ 162.9	$ 165.9	(2%)		
Foodservice	183.1	159.7	15%		
Retail	35.9	40.5	(11%)		
Other	15.0	2.8	NM		
	396.9	368.9	8%		
Other selling, general, and administrative expenses (2)	119.5	118.4	1%		
Income from operations	**$ 277.4**	**$ 250.5**	11%		
Items impacting comparability (2)					
Expenses related to the Separation	$ 6.2	$ 18.7			
Adjusted income from operations (3)	**$ 2**				

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(1) Product contribution margin is defined as net sales, less c
expenses. Segment product contribution margin excludes
because management believes these amounts are not dir
period.

(2) The twenty-six weeks ended November 26, 2017 and Nov
million, respectively, of expenses related to the Separation
and other employee-related costs.

(3) Adjusted income from operations is a non-GAAP financial
comparability between periods as it believes these items a
operations of the Company. These non-GAAP measures p
Lamb Weston's segments and the Company on an ongoing basis using the same measures that are frequently used by the Company's management and assist in providing a meaningful comparison between periods. Any analysis of non-GAAP financial measures should be done only in conjunction with results presented in accordance with GAAP. The non-GAAP measures are not intended to be substitutes for GAAP financial measures and should not be used as such.

Lamb Weston Holdings, Inc.
Reconciliation of Non-GAAP Financial Measures
(unaudited, dollars in millions, except per-share amounts)

	Thirteen Weeks Ended November 26, 2017							
	Income From Operations	Interest Expense	Income Tax Expense	Equity Method Investment Earnings	Net Income	Less: Income Attributable to Noncontrolling Interests	Net Income Attributable to Lamb Weston	Diluted EPS
As reported	$ 139.8	$ 27.4	$ 41.5	$ 12.1	$ 83.0	$ 6.4	$ 76.6	$ 0.52
Items impacting comparability (1) (2):								
Expenses related to the Separation	4.0	—	1.5					
Total items impacting comparability	4.0	—	1.5					
Adjusted (3)	**$ 143.8**	**$ 27.4**	**$ 43.0**	**$ 1**				

	Thirteen Weeks			
	Income From Operations	Interest Expense	Income Tax Expense	Equity Method Investm Earnin
As reported	$ 125.5	$ 6.8	$ 33.9	$

Items impacting comparability (1) (2):								
Expenses related to the Separation	9.0	—	3.3	—	5.7	—	5.7	0.04
Total items impacting comparability	9.0	—	3.3	—	5.7	—	5.7	0.04
Adjusted (3)	**$ 134.5**	**$ 6.8**	**$ 37.2**	**$ 6.2**	**$ 96.7**	**$ 3.8**	**$ 92.9**	**$ 0.63**

	Twenty-Six Weeks Ended November 26, 2017							
				Equity		Less: Income	Net Income	
			Income	Method		Attributable to	Attributable	
	Income From	Interest	Tax	Investment		Noncontrolling	to Lamb	Diluted
	Operations	Expense	Expense	Earnings	Net Income	Interests	Weston	EPS
As reported	$ 277.4	$ 52.6	$ 85.6	$ 32.1	$ 171.3	$ 11.3	$ 160.0	$ 1.08
Items impacting comparability (1) (2):								
Expenses related to the Separation	6.2	—	2.3	—	3.9	—	3.9	0.03
Total items impacting comparability	6.2	—	2.3					
Adjusted (3)	**$ 283.6**	**$ 52.6**	**$ 87.9**	**$ [illegible]**				

	Twenty-Six Weeks			
				Equity
			Income	Metho
	Income From	Interest	Tax	Investm
	Operations	Expense	Expense	Earning
As reported	$ 250.5	$ 8.3	$ 84.9	$ 1
Items impacting comparability (1) (2):				

Expenses related to the Separation	18.7	—	6.9					
Total items impacting comparability	18.7	—	6.9	—	11.8	—	11.8	0.08
Adjusted (3)	**$ 269.2**	**$ 8.3**	**$ 91.8**	**$ 16.8**	**$ 185.9**	**$ 7.3**	**$ 178.6**	**$ 1.21**

(1) See footnote (2) to the Condensed Combined and Consolidated Statements of Earnings above for a discussion of the items impacting comparability.

(2) Items impacting comparability are tax-effected at the marginal rate based on the applicable tax jurisdiction.

(3) Adjusted income from operations, income tax expense, equity method investment earnings, net income, net income attributable to Lamb Weston and diluted earnings per share are non-GAAP financial measures. Management excludes items impacting comparability between periods as it believes these items are not necessarily reflective of the ongoing operations of Lamb Weston. These non-GAAP measures provide a means to evaluate the performance of Lamb Weston on an ongoing basis using the same measures that are frequently used by the Company's management and assist in providing a meaningful comparison between periods. Any analysis of non-GAAP financial measures should be done only in conjunction with results presented in accordance with GAAP. The non-GAAP measures are not intended to be substitutes for GAAP financial measures and should not be used as such.

Lamb Weston Hold
Reconciliation of Non-GAAP
(unaudited, dollars

To supplement the financial information included in this Earnir
including unconsolidated joint ventures, which is considered a
reconciles net income attributable to Lamb Weston to Adjuste

	Thirteen Weeks Ende	
	November 26,	Novembe
	2017	2016
Net income attributable to Lamb Weston Holdings, Inc.	$ 76.6	$ 8

Income attributable to noncontrolling interests	6.4	[illegible]			
Equity method investment earnings	(12.1)	(6.2)	(32.1)	(16.8)	(53.3)
Interest expense, net	27.4	6.8	52.6	8.3	61.2
Income tax expense	41.5	33.9	85.6	84.9	170.2
Income from operations	139.8	125.5	277.4	250.5	518.3
Depreciation and amortization	34.5	26.4	64.3	51.8	106.6
Items impacting comparability (1)					
Expenses related to the Separation	4.0	9.0	6.2	18.7	26.5
Non-cash gain on assets	—	—	—	—	(3.1)
Adjusted EBITDA (2) (3)	178.3	160.9	347.9	321.0	648.3
Unconsolidated Joint Ventures (4)					
Equity method investment earnings	12.1	6.2	32.1	16.8	53.3
Interest expense, income tax expense, and depreciation and amortization included in equity method investment earnings	5.9	5.7	13.6	11.2	22.5
Add: EBITDA from unconsolidated joint ventures	18.0	11.9	45.7	28.0	75.8
Consolidated Joint Ventures (4)					
Income attributable to noncontrolling interests	(6.4)	[illegible]			
Interest expense, income tax expense, and depreciation and amortization included in income attributable to noncontrolling interests	(1.0)	[illegible]			
Subtract: EBITDA from consolidated joint ventures	(7.4)	[illegible]			
Adjusted EBITDA including unconsolidated joint ventures (2)	$ 188.9	$ [illegible]			
Selling, general and administrative expenses (5)					

Pro forma Adjusted EBITDA including unconsolidated joint ventures (5)

(1) See footnote (2) to the Condensed Combined and Consolidated Statements of Earnings above for a discussion of the items impacting comparability.

(2) Adjusted EBITDA including unconsolidated joint ventures is a non-GAAP financial measure. Management excludes items impacting comparability between periods as it believes these items are not necessarily reflective of the ongoing operations of the Company. Lamb Weston presents this measure because the Company believes it provides a means to evaluate the performance of the Company on an ongoing basis using the same measure frequently used by the Company's management and assists in providing a meaningful comparison between periods. Any analysis of non-GAAP financial measures should be done only in conjunction with results presented in accordance with GAAP. This non-GAAP measure is not intended to be a substitute for GAAP financial measures and should not be used as such.

(3) Adjusted EBITDA includes EBITDA from consolidated joint ventures.

(4) Lamb Weston holds equity interests in three potato processing joint ventures, including 49.99% of Lamb Weston BSW, LLC and 50% of Lamb-Weston/RDO Frozen and Lamb-Weston/Meijer v.o.f. Lamb Weston consolidates the financial statements of Lamb Weston BSW, LLC and accounts for its ownership in the other joint ventures under the equity method of accounting.

(5) Pro forma Adjusted EBITDA including unconsolidated join
company costs.

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Lamb Weston Holdings, Inc.
Investors:
Dexter Congbalay, 224-306-1535
dexter.congbalay@lambweston.com
or
Media:
Shelby Stoolman, 208-424-5461
shelby.stoolman@lambweston.com

Source: Lamb Weston Holdings, Inc.