Lamb Weston Reports Fiscal Fourth Quarter and Full Year 2019 Results; Provides Fiscal Year 2020 Outlook

July 23, 2019

Fourth Quarter 2019 Highlights

- *Net sales increased 9% to $1,003 million*
- *Income from operations increased 11% to $148 million*
- *Adjusted EBITDA including unconsolidated joint ventures(1) increased 6% to $215 million*
- *Diluted EPS increased 10% to $0.75 from $0.68*
- *Adjusted Diluted EPS(1) increased 14% to $0.74 from $0.65*

Full Year 2019 Highlights

- *Net sales increased 10% to $3,757 million*
- *Income from operations increased 15% to $668 million*
- *Adjusted EBITDA including unconsolidated joint venture(1)*
- *Diluted EPS increased 13% to $3.18 from $2.82*
- *Adjusted Diluted EPS(1) increased 21% to $3.22 from $2*
lower tax rate as a result of U.S. tax reform(3)
- *Cash flow from operations increased 42% to $681 millio*
- *Returned $145 million of cash to stockholders in the form*

Fiscal Year 2020 Outlook, Including the Contribution of a 53rd

- *Net sales expected to increase mid-single digits*
- *Adjusted EBITDA including unconsolidated joint venture*

EAGLE, Idaho--(BUSINESS WIRE)-- Lamb Weston Holdings, I
and full year 2019 results, and provided its outlook for fiscal 20

"In fiscal 2019, we delivered another year of record financial re
as well as double-digit increases in earnings and cash flow fro
CEO. "Our strong performance reflects our commercial, suppl
our operational and strategic objectives to support our custom

Specifically, this includes, our commitment to uphold high leve
additional manufacturing capacity."

"For fiscal 2020, we believe the overall operating environment
continued solid demand growth in our markets and that new industry capacity in North America and Europe will allow processors to operate their factories at more normalized rates. We continue to take a prudent approach to our financial outlook and expect to deliver sales and earnings growth in line with our long-term targets. For sales, we anticipate solid volume growth as well as improvements in price/mix, which will enable us to offset input cost inflation. While we expect that increased spending to upgrade enterprise-wide information systems will temper earnings growth this year, we believe that these near-term investments to improve operating efficiencies, and our continued focus on executing on our strategies, will have us well-positioned to generate sustainable top- and bottom-line growth and create value for our shareholders over the long term."

Summary of Fourth Quarter and FY 2019 Full Year Results

($ in millions, except per share)

	Q4 2019	Year-Over-Year Growth Rates	FY 2019	Year-Over-Year Growth Rates
Net sales	$1,003.4	9%	$3,756.5	10%
Income from operations	$ 148.0	11%	$ 668.4	15%
Net income attributable to Lamb Weston	$ 110.4	10%	$ 478.6	15%
Diluted EPS	$ 0.75	10%	$ 3.18	13%
Adjusted EBITDA including unconsolidated joint ventures(1)	$ 215.4	6%	$ 904.3	10%
Adjusted Diluted EPS(1)	$ 0.74	14%	$ 3.22	21%

Q4 2019 Commentary

Net sales increased $85.2 million to $1,003.4 million, up 9 percent versus the year-ago period. Volume increased 6 percent, primarily driven by growth in the Company's Global segment. Price/mix increased 3 percent due to pricing actions and favorable mix.

Income from operations rose 11 percent to $148.0 million vers
of pre-tax costs related to the Company's separation from Co
"Conagra") on November 9, 2016.

Excluding this comparability item, income from operations gre
sales and gross profit. Gross profit increased $17.8 million du
chain efficiency savings. This increase was partially offset by i
as well as approximately $3 million of costs related to the start
in Hermiston, Oregon. In addition, gross profit included a $7.5
adjustments and realized settlements associated with commo
compared with a $1.2 million loss related to these items in the

The increase in gross profit was partially offset by a $4.1 millio
expenses ("SG&A"), excluding comparability items. The increa
related to information technology services and infrastructure,
marketing and operating capabilities, partially offset by an app
promotional expenses.

Adjusted EBITDA including unconsolidated joint ventures(1) inc
versus the prior year period, primarily due to growth in income

incremental benefit from acquiring the remaining 50.01% equi
Acquisition"), Lamb Weston BSW, LLC ("Lamb Weston BSW")
earnings.

Diluted EPS increased $0.07, or 10 percent, to $0.75. The increase largely reflects growth in income from operations and an approximate $0.02 benefit from the BSW Acquisition. The increase was partially offset by lower equity method investment earnings. The fourth quarter of fiscal 2019 included a $0.02 incremental benefit related to a lower tax rate that was offset by a $0.02 decrease in tax benefit comparability items arising from the U.S. Tax Cuts and Jobs Act (the "Tax Act") enacted in December 2017 [3].

Adjusted Diluted EPS[1] increased $0.09, or 14 percent, to $0.74. The increase primarily reflects growth in income from operations, a $0.02 incremental benefit related to a lower tax rate, and an approximate $0.02 benefit from the BSW Acquisition, partially offset by lower equity method investment earnings.

The Company's effective tax rate[2] in the fourth quarter of fiscal 2019 was 18.9 percent, and includes a $1.4 million, or $0.01 per share, income tax benefit related to the true-up of the transition tax on previously untaxed foreign earnings under the Tax Act. Excluding this comparability item, the Company's effective tax rate for the fourth quarter fiscal 2019 was 19.9 percent. Tax expense in the fourth quarter of fiscal 2018 included a provisional $4.4 million, or $0.03 per share, net benefit attributable to the effects of the Tax Act. Excluding this comparability item[3], the Company's effective tax rate for the fourth quarter of fiscal 2018 was 24.8 percent.

Q4 2019 Segment Highlights

Global

Global Segment Summary

		Q4 2019	Year-Over-Year Growth Rates	Price/Mix	Volume
		($ in mil.)			
Net sales	$	526.5	13%	3%	10%
Segment product contribution margin[1]	$	110.7	11%		

Net sales for the Global segment, which is comprised of the to
customers as well as the Company's international business, in
percent compared to the prior year period. Volume increased
customers in the U.S. and key international markets, as well a
Price/mix increased 3 percent, largely reflecting pricing adjust

Global segment product contribution margin[1] increased $11.
to the prior year period. Favorable price/mix, volume growth a
increase, more than offsetting input, manufacturing and transp

Foodservice

Foodservice Segment Summary

		Q4 2019	Year-Over Growth R
		($ in mil.)	
Net sales	$	313.1	7%

Segment product contribution margin[(1)]	$	108.3	16%

Net sales for the Foodservice segment, which services North American foodservice distributors and restaurant chains outside the top 100 North American based restaurant chain customers, increased $19.8 million to $313.1 million, up 7 percent compared to the prior year period. Price/mix increased 6 percent, primarily reflecting pricing actions initiated in the fall of 2018, as well as improved mix. Volume increased 1 percent, led by growth in *Lamb Weston* branded products.

Foodservice segment product contribution margin[(1)] increased $14.6 million to $108.3 million, up 16 percent compared to the prior year period, as favorable price/mix and supply chain efficiency savings more than offset input, manufacturing and transportation cost inflation.

Retail

Retail Segment Summary					
			Year-Over-Year		
		Q4 2019	Growth Rates	Price/Mix	Volume
		($ in mil.)			
Net sales	$	129.2	3%	(1%)	4%
Segment product contribution margin[(1)]	$	21.0	(1%)		

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 $4.2 million to $129.2 million, up 3 percent compared to the prior year period. Volume increased 4 percent, primarily driven by increased sales of Grown in Idaho and other branded products, as well as private label products. Price/mix decreased 1 percent, largely due to increased trade support behind the Company's branded portfolio.

Retail segment product contribution margin[(1)] declined $0.3 million to $21.0 million, down 1 percent compared to the prior year period, as lower price/mix more than offset favorable volume and lower advertising and promotional expense.

Equity Method Investment Earnings

Equity method investment earnings from unconsolidated joint
and $25.1 million for the fourth quarter of fiscal 2019 and 2018
million unrealized loss related to mark-to-market adjustments
contracts in the current quarter and a $3.3 million loss related
these adjustments, earnings from equity method investments
period, largely reflecting higher raw potato prices and lower sa

Fiscal Year 2019 Commentary

Net sales were $3,756.5 million, up 10 percent compared to fis
driven by growth in the Company's Global segment. Price/mix
favorable product and customer mix.

Income from operations rose 15 percent to $668.4 million from
related to the spinoff from Conagra.

Excluding these comparability items, income from operations
gross profit. Gross profit increased $124.0 million, due to favo
savings. The increase was partially offset by transportation, wa

as well as higher depreciation expense primarily associated w
Richland, Washington. In addition, gross profit included a $10
adjustments and realized settlements associated with commo
with a nominal gain related to these items in the prior year.

The rise in gross profit was partially offset by a $44.4 million increase in SG&A, excluding comparability items. The increase in SG&A was largely driven by higher expenses related to information technology services and infrastructure, as well as investments in the Company's sales, marketing and operating capabilities. The increase was also driven by approximately $8 million of unfavorable foreign exchange (reflecting an approximate $3 million expense in fiscal 2019 compared to an approximate $5 million benefit in fiscal 2018), an approximate $2 million increase in incentive compensation expense that primarily reflected an increase in stock price and total shares outstanding, and an approximate $1 million increase in advertising and promotional support, partially offset by an approximate $4 million benefit from an insurance settlement.

Adjusted EBITDA including unconsolidated joint ventures(1) was $904.3 million, up 10 percent versus the prior year, reflecting growth in income from operations, and an approximate $8 million incremental benefit from the BSW Acquisition, partially offset by lower equity method investment earnings.

Diluted EPS increased $0.36, or 13 percent, to $3.18. The increase largely reflects growth in income from operations, partially offset by lower equity method investment earnings and an approximate $0.02 net decrease related to the BSW Acquisition. Fiscal 2019 included a $0.17 incremental benefit related to a lower tax rate that was offset by a $0.17 decrease in tax benefit comparability items related to the Tax Act(3).

Adjusted Diluted EPS(1) increased $0.56, or 21 percent, to $3.22. The increase was driven by growth in income from operations, a $0.17 incremental benefit related to a lower tax rate, and an approximate $0.05 benefit from the BSW Acquisition, partially offset by lower equity method investment earnings.

The Company's effective tax rate(2) was 21.5 percent for fiscal 2019, and includes a $2.4 million decrease in income tax expense related to the true-up of the transition tax on previously untaxed foreign earnings under the Tax Act. Excluding this comparability item, the Company's effective tax rate for fiscal 2019 was 21.9 percent. Tax expense in fiscal 2018 included a provisional $28.4 million net benefit attributable to the effects of the Tax Act. The Company's effective tax rate in fiscal 2018, excluding this comparability item, was 27.0 percent. The difference between the tax rates, excluding comparability items, primarily related to the phase in of the lower U.S. statutory rate under the Tax Act in fiscal 2018.

Fiscal Year 2019 Segment Highlights

Global

Global Segment Summary

	FY 2019	Year-Over Growth R
	($ in mil.)	
Net sales	$ 1,961.5	12%
Segment product contribution margin(1)	$ 446.3	19%

Net sales for the Global segment increased $217.3 million to $
2018. Volume increased 7 percent, driven by growth in sales t
international markets, as well as the benefit of limited time pro
reflecting pricing actions and favorable customer mix.

Global segment product contribution margin(1) increased $70.(
to fiscal 2018. Favorable price/mix, volume growth and supply

than offsetting input, manufacturing and transportation cost in
primarily associated with the addition of the new production li

Foodservice

Foodservice Segment Summary				
		Year-Over-Year		
	FY 2019	Growth Rates	Price/Mix	Volume
	($ in mil.)			
Net sales	$ 1,156.1	5%	5%	0%
Segment product contribution margin(1)	$ 402.4	10%		

Net sales for the Foodservice segment increased $57.0 million to $1,156.1 million, up 5 percent compared to fiscal 2018. Price/mix increased 5 percent, primarily reflecting pricing actions initiated in the fall of 2018, as well as improved mix. Volume declined nominally, as the loss of some distributor and operator-label product volumes essentially offset growth in branded products.

Foodservice segment product contribution margin(1) increased $36.5 million to $402.4 million, up 10 percent compared to fiscal 2018, as favorable price/mix and supply chain efficiency savings more than offset input, manufacturing and transportation cost inflation, as well as higher depreciation expense primarily associated with the Richland production line.

Retail

Retail Segment Summary				
		Year-Over-Year		
	FY 2019	Growth Rates	Price/Mix	Volume
	($ in mil.)			
Net sales	$ 498.3	11%		
Segment product contribution margin(1)	$ 98.8	13%		

Net sales for the Retail segment increased $49.1 million to $49
Volume increased 7 percent, primarily driven by distribution ga
Price/mix increased 4 percent, largely due to improved mix an

Retail segment product contribution margin(1) increased $11.5
fiscal 2018, as volume growth and favorable price/mix more th
cost inflation. Advertising and promotional expense also increa
support of *Grown in Idaho* and other branded products.

Equity Method Investment Earnings

Equity method investment earnings from unconsolidated joint
and $83.6 million for fiscal 2019 and 2018, respectively. These
related to mark-to-market adjustments associated with curren
and a nominal unrealized loss related to these items in fiscal 2
equity method investments declined $21.6 million compared t
potato prices and lower sales volumes associated with a poor

Cash Flow

Net cash from operating activities increased $199.7 million to
Capital expenditures were $334.2 million in fiscal 2019 as the
production line in Hermiston, Oregon, in the fourth quarter. This represents a $27.4 million increase from fiscal 2018 which included the completion of a new production line in Richland, Washington.

Capital Returned to Shareholders

In fiscal 2019, the Company returned a total of $145.1 million to shareholders, including $113.3 million in dividends and $31.8 million in share repurchases. The average price per share repurchased was $69.40. The Company has $218.2 million remaining under its current $250 million share repurchase authorization.

Other Information

The Company expects to report a material weakness in internal control in its upcoming fiscal 2019 Form 10-K. The weakness relates to a deficiency in an information technology general control. The Company believes that this matter will not result in any changes to the financial results presented in this release or otherwise affect its consolidated financial statements. Remediation efforts are underway and the Company expects to complete the remediation of this material weakness prior to the end of fiscal year 2020.

Outlook

The Company provides guidance on its financial outlook on a non-GAAP basis and does not reconcile guidance to GAAP as the Company cannot predict items impacting comparability that are included in reported GAAP results. These items are discussed in more detail in the notes to this press release.

The Company's fiscal 2020 outlook includes the contribution of a 53rd week in the fiscal period, with the additional week falling in the fourth quarter.

FY 2020 Outlook Summary

Net sales growth rate	Mid-Single Digit Range
Adjusted EBITDA including unconsolidated joint ventures[1]	$9
Interest expense	Ap
Effective tax rate[2] excluding comparability items	
Cash used for capital expenditures, excluding acquisitions	Ap
Depreciation and amortization	Ap

As summarized in the table above, for fiscal 2020, the Compa

- Net sales to grow mid-single digits, largely driven by vol

- Adjusted EBITDA including unconsolidated joint ventures(1) in the range of $950 million to $970 million. The Company expects:
  - Volume-driven gross profit growth, with higher price/mix offsetting input cost inflation;
  - SG&A, excluding advertising and promotional expenses and investments to upgrade the Company's enterprise resource planning and other information systems infrastructure, to be 8.0 percent to 8.5 percent of net sales.

- Equity method investment earnings to improve versus fiscal 2019, reflecting the effect of a normalized raw potato cost environment in Europe.

End Notes

(1) Adjusted EBITDA including unconsolidated joint ventures, Adjusted Income from Operations, Adjusted Diluted EPS and segment product contribution margin are non-GAAP financial measures. Please see the discussion of non-GAAP financial measures, including a discussion of earnings guidance provided on a non-GAAP basis, and the reconciliations at the end of this press release for more information.

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

(3) The Tax Act had the following effect during the fourth quarter and full year of fiscal 2019 and 2018, respectively, as follows (dollars in millions, except per share amounts):

	Q4 2019		Q4 2018		Inc/(Dec)	
	Income Tax Benefit	Diluted EPS	Income Tax Benefit	Diluted EPS	Income Tax Benefit	Diluted EPS
Incremental benefit from lower tax rate (a)	$ 2.8	$ 0.02	$			
Comparability items, net (b)	1.4	0.01				
Impact of Tax Act	$ 4.2	$ 0.03	$			

	FY 2019		
	Income Tax Benefit	Diluted EPS	In… B…
Incremental benefit from lower tax rate (a)	$ 24.8	$ 0.17	$
Comparability items, net (b)	2.4	0.02	
Impact of Tax Act	$ 27.2	$ 0.19	$

(a) Since our fiscal year-end is the last Sunday in May, the im
the Tax Act was phased in during fiscal 2018, resulting in a

U.S. statutory tax rate was 21% in fiscal 2019.

(b) The fourth quarter and fiscal 2019, included a $1.4 million
$0.02 per diluted share, respectively, decrease in income tax expense related to the true-up of the transition tax on previously untaxed foreign earnings under the Tax Act.

The fourth quarter of fiscal 2018 included a provisional $4.4 million, or $0.03 per diluted share, net benefit, comprised of a $3.2 million decrease in the Company's estimate of the transition tax owed on previously untaxed foreign earnings and a $1.2 million benefit from the estimated impact of remeasuring the Company's net U.S. deferred tax liabilities on its balance sheet at a lower tax rate.

Fiscal 2018 included a provisional $28.4 million, or $0.19 per diluted share, net benefit, comprised of a $39.9 million benefit from the estimated impact of remeasuring the Company's net U.S. deferred tax liabilities on its balance sheet at a lower tax rate, partially offset by an $11.5 million transition tax on its previously untaxed foreign earnings.

Webcast and Conference Call Information

Lamb Weston will host a conference call to review its fourth quarter 2019 results at 10:00 a.m. ET today. Investors and analysts may access the call toll-free by dialing (800) 239-9838, and using the event confirmation code of 3218216. A listen-only webcast 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 its 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," "expect," "drive," "support," "grow," "will," "invest," "believe," "anticipate," "target," "focus,"
"improve," "create," "generate," and variations of such words
forward-looking statements. Examples of forward-looking state
regarding the Company's plans, execution, business outlook a
weakness, the filing of the Form 10-K and the expectation that
result in any changes to the financial results presented in this
based on management's current expectations and are subject
Readers of this press release should understand that these sta
results. Many factors could affect the Company's actual financ
the expectations contained in the forward-looking statements,
risks and uncertainties include, among other things: the Comp
value creation strategies; its ability to execute on large capital
lines; the competitive environment and related conditions in th
political and economic conditions of the countries in which it a
factors related to its international operations; disruption of its a
possible acquisitions, including its ability to complete acquisiti
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 reca
expenses; its ability to pay regular quarterly cash dividends ar
the Company's ability to remediate the material weakness in ir
fiscal year audit procedures and the audit of the Company's ir
prior to filing its Form 10-K; other unexpected difficulties and/c
other risks described in the Company's reports filed from time

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 release, the Company has presented Adjusted Income from Operations, Adjusted EBITDA including unconsolidated joint ventures, Adjusted Diluted EPS, segment product contribution margin and adjusted income tax expense, net income, net income attributable to Lamb Weston and net income available to Lamb Weston stockholders, each of which is considered a non-GAAP financial measure. The non-GAAP financial measures provided should be viewed in addition to, and not as an alternative for, financial measures prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") that are presented in this press release. The non-GAAP financial measures presented may differ from similarly titled non-GAAP financial measures presented by other companies, and other companies may not define these non-GAAP financial measures the same way. These measures are not substitutes for their comparable GAAP financial measures, such as net income, diluted earnings per share, cash flow from operations, 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 provides 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.

The Company also provides guidance on its financial outlook on a non-GAAP basis. The Company cannot predict certain elements that are included in reported GAAP results, including items such as strategic developments, acquisition and integration costs, and other items impacting comparability. This list is not inclusive of all potential items, and the Company will update as necessary as these items are evaluated on an ongoing basis, can be highly variable and could be significant to its GAAP measures. As such, prospective quantification of these items is not feasible and a full reconciliation of non-GAAP Adjusted EBITDA including unconsolidated joint ventures to GAAP net income has not been provided.

Lamb Weston Holc

Consolidated Statemer

(dollars in millions, except p

	T
Net sales	$
Cost of sales	
Gross profit	
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 (3)	—	2.8	8.6	16.9
Net income attributable to Lamb Weston Holdings, Inc.	$ 110.4	$ 100.0	$ 478.6	$ 416.8
Earnings per share				
Basic	$ 0.76	$ 0.68	$ 3.19	$ 2.83
Diluted	$ 0.75	$ 0.68	$ 3.18	$ 2.82
Dividends declared per common share	$ 0.20000	$ 0.19125	$ 0.78250	$ 0.75750

Computation of diluted earnings per share:				
Net income attributable to Lamb Weston Holdings, Inc.	$ 110.4	$ 100.0	$ 478.6	$ 416.8
Less: Increase in redemption value of noncontrolling interests in excess of earnings allocated, net of tax benefits (4)	(0.6)	0.5	10.8	2.7
Net income available to Lamb Weston common stockholders	$ 111.0	$ 99.5	$ 467.8	$ 414.1
Diluted weighted average common shares outstanding	147.2	147.1	147.3	147.0
Diluted earnings per share (4)	$ 0.75	$ 0.68	$ 3.18	$ 2.82

(1) On May 28, 2018, the Company adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* ("new revenue standard"), using the modified retrospective method. The Company recognized a $13.7 million cumulative effect of initially applying the new revenue standard as an adjustment to opening retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

Sales of customized products are generally recurring, ther
new revenue standard. During the thirteen weeks ended M
sales $7.9 million, net income $1.6 million, and diluted ear
ended May 26, 2019, the new revenue standard increasec
diluted earnings per share $0.03. See Note 2, Revenue fro
Notes to Consolidated Financial Statements in "Part I, Iten
2019 Form 10-K, for more information.

(2) The thirteen and fifty-two weeks ended May 27, 2018, inclu
expenses related to the Company's separation from Cona
professional fees and other employee-related costs.

(3) The thirteen and fifty-two weeks ended May 26, 2019, inclu
respectively, of incremental earnings from the acquisition o
2018.

(4) The fifty-two weeks ended May 26, 2019, included accretic
share, which the Company recorded to increase the redee
Company paid to acquire the remaining 50.01% interest ir
benefits, reduced net income available to Lamb Weston c
not impact net income in the Consolidated Statements of I

Lamb Weston BSW's earnings beginning November 2, 20
agreement to acquire the remaining interest in Lamb West
of the Condensed Notes to Consolidated Financial Statem
Company's fiscal 2019 Form 10-K, for more information.

Lamb Weston Holdings, Inc.	
Consolidated Balance Sheets	
(dollars in millions, except share amounts)	
	M
	2
ASSETS	
Current assets:	
Cash and cash equivalents	$
Receivables, less allowance for doubtful accounts of $1.3 and $0.6	
Inventories	
Prepaid expenses and other current assets	
Total current assets	
Property, plant and equipment, net	
Goodwill	
Intangible assets, net	
Equity method investments	
Other assets	
Total assets	$
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Short-term borrowings	
Current portion of long-term debt and financing obligations	
Accounts payable	
Accrued liabilities	
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	
Additional distributed capital	
Retained earnings	
Accumulated other comprehensive loss	

Treasury stock, at cost, 585,794 and 63,534 common shares	
Total stockholders' deficit	
Total liabilities and stockholders' equity	

(1) See footnote (1) to the Consolidated Statements of Earnings above for a discussion of the impact of adopting the new revenue standard.

Lamb Weston Holdings, Inc.

Consolidated Statements of Cash Flows

(dollars in millions)

	Fifty-Two Weeks Ended	
	May 26, 2019	May 27, 2018
Cash flows from operating activities		
Net income	$ 487.2	$ 433.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangibles and debt issuance costs	162.4	143.3
Stock-settled, stock-based compensation expense	18.8	13.5
Earnings of joint ventures in excess of distributions	(13.8)	(35.1)
Deferred income taxes	37.5	(3.6)
Pension expense, net of contributions	5.5	(5.9)
Other	7.7	(2.1)
Changes in operating assets and liabilities, net of acquisition:		
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		
Acquisition of business, net of cash acquired		
Other		
Net cash used for investing activities		
Cash flows from financing activities		
Repayments of short-term borrowings, net		
Debt repayments		
Dividends paid		
Acquisition of noncontrolling interest		

Repurchase of common stock and common stock withheld to		
Cash distributions paid to noncontrolling interest		
Other		
Net cash used for financing activities	$ (299.6)	$ (178.9)
Effect of exchange rate changes on cash and cash equivalents	(1.7)	3.0
Net decrease in cash and cash equivalents	(43.4)	(1.5)
Cash and cash equivalents, beginning of the period	55.6	57.1
Cash and cash equivalents, end of period	$ 12.2	$ 55.6

Lamb Weston Holdings, Inc.

Segment Information

(unaudited, dollars in millions)

	Thirteen Weeks Ended				
			Year-Over-		
	May 26,	May 27,	Year Growth		
	2019	2018	Rates	Price/Mix	Volume
Segment sales (1)					
Global	$ 526.5	$ 464.7	13%	3%	10%
Foodservice	313.1	293.3	7%	6%	1%
Retail	129.2	125.0	3%	(1%)	4%
Other	34.6	35.2	(2%)	(5%)	3%
	$1,003.4	**$ 918.2**	9%	3%	6%
Segment product contribution margin (1) (2)					
Global	$ 11[illegible]				
Foodservice	10[illegible]				
Retail	2[illegible]				
Other	(0[illegible]				
	23[illegible]				
Other selling, general, and administrative expenses (3)	9[illegible]				
Income from operations	$ 14[illegible]				
Items impacting comparability (3)					
Expenses related to the Separation	$				
Adjusted income from operations (4)	$ 14[illegible]				

---

(1) See footnote (1) to the Consolidated Statements of Earnin the new revenue standard.

(2) Product contribution margin is defined as net sales, less c expenses. Segment product contribution margin excludes because management believes these amounts are not directly associated with segment performance for the period.

(3) The thirteen weeks ended May 27, 2018 included $0.8 million of expenses related to the Company's separation from Conagra. These expenses related primarily to professional fees and other employee-related costs.

(4) Adjusted income from operations 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. This non-GAAP measure provides a means to evaluate the performance of 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 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. 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.

Segment Information

(unaudited, dollars in millions)

	Fifty-Two Weeks Ended				
			Year-Over-Year Growth		
	May 26, 2019	May 27, 2018	Rates	Price/Mix	Volume
Segment sales (1)					
Global	$1,961.5	$1,744.2	12%	5%	7%
Foodservice	1,156.1	1,099.1	5%	5%	0%
Retail	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Segment product contribution margin (1) (2)					
Global	$ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Foodservice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Retail	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other selling, general, and administrative expenses (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Income from operations	$ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Items impacting comparability (3)					
Expenses related to the Separation	$ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Adjusted income from operations (4)	$ 66

(1) See footnote (1) to the Consolidated Statements of Earnings above for a discussion of the impact of adopting the new revenue standard.

(2) 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.

(3) The fifty-two weeks ended May 27, 2018 included $8.7 million of expenses related to the Company's separation from Conagra. These expenses related primarily to professional fees and other employee-related costs.

(4) Adjusted income from operations 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. This non-GAAP measure provides a means to evaluate the performance of 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 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. 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)

	Thirtee
	F
As reported	
Items impacting comparability (1) (2):	
Tax benefits related to increase in redemption value of noncor	
Tax reform (3)	
Total items impacting comparability	
Adjusted (5)	
As reported	

Items impacting comparability (1) (2):				
Expenses related to the Separation				
Tax reform (4)				
Total items impacting comparability	0.8	—	4.6	
Adjusted (5)	$ 134.3	$ 27.7	$ 32.7	$

	Fifty-Tw			
				E
	Income From Operations	Interest Expense	Income Tax Expense	M Inve Ea
As reported	$ 668.4	$ 107.1	$ 133.6	$
Items impacting comparability (1) (2):				
Increase in redemption value of noncontrolling interests, net of tax benefits	—	—	—	
Tax reform (3)	—	—	2.4	
Total items impacting comparability	—	—	2.4	
Adjusted (5)	$ 668.4	$ 107.1	$ 136.0	$

	Fifty-Tw			
				E
	Income From Operations	Interest Expense	Income Tax Expense	M Inve Ea
As reported	$ 580.1	$ 108.8	$ 121.2	$
Items impacting comparability (1) (2):				
Expenses related to the Separation	8.7	—	3.0	
Tax reform (4)				
Total items impacting comparability				
Adjusted (5)				

(1) See footnotes (1), (2), and (3) to the Consolidated Statem impacting comparability.

(2) Items impacting comparability are tax-effected at the marg

(3) The thirteen and fifty-two weeks ended May 26, 2019, incl decrease in income tax expense related to the true-up of t earnings under the U.S. Tax Cuts and Jobs Act (the "Tax A

(4) During the fifty-two weeks ended May 27, 2018, the Tax Ac
which consisted of a $39.9 million non-cash benefit from t
deferred tax liabilities using the new U.S. statutory tax rate
the Company's previously untaxed foreign earnings.

The thirteen weeks ended May 27, 2018, included a $4.4 million benefit from an adjustment to the estimated transition tax liability and from the estimated impact of remeasuring the Company's net U.S. deferred tax liabilities on its balance sheet at a lower tax rate.

(5) Adjusted income from operations, income tax expense, net income, net income attributable to Lamb Weston, net income available to Lamb Weston stockholders, 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 Holdings, Inc.
Reconciliation of Non-GAAP Financial Measures
(unaudited, dollars in millions)

To supplement the financial information included in this press release, the Company has presented Adjusted EBITD
is considered a non-GAAP financial measure. The following table reconciles net income attributable to Lamb Westo
joint ventures.

Net income attributable to Lamb Weston Holdings, Inc.
Income attributable to noncontrolling interests
Equity method investment earnings
Interest expense, net
Income tax expense
Income from operations
Depreciation and amortization
Items impacting comparability (1)
Expenses related to the Separation
Adjusted EBITDA (2) (3)
Unconsolidated Joint Ventures (4)

Equity method investment earnings	
Interest expense, income tax expense, and depreciation and a...	
Add: EBITDA from unconsolidated joint ventures	
Consolidated Joint Ventures (4)	
Income attributable to noncontrolling interests	
Interest expense, income tax expense, and depreciation and amortization included in income attributable to noncor	
Subtract: EBITDA from consolidated joint ventures	
Adjusted EBITDA including unconsolidated joint ventures (2)	

(1) See footnotes (1) and (2) to the 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 two potato process Weston/RDO Frozen and Lamb-Weston/Meijer v.o.f., which method of accounting. Prior to purchasing the remaining venture, Lamb Weston consolidated the financial statemer purchase, Lamb Weston began recognizing 100% of Lam Statements of Earnings on November 2, 2018. See Note 8 Notes to Consolidated Financial Statements in "Part I, Iten 2019 Form 10-K, for more information.

View source version on businesswire.com: https://www.busine

Investors:

Dexter Congbalay

224-306-1535

dexter.congbalay@lambweston.com

Media:

Shelby Stoolman

208-424-5461

shelby.stoolman@lambweston.com

Source: Lamb Weston Holdings, Inc.