Lamb Weston Reports Fiscal Second Quarter 2022 Results; Updates Fiscal Year 2022 Outlook

January 06, 2022

Second Quarter Fiscal 2022 Highlights

- *Compared to Second Quarter Fiscal 2021:*
  - *Net sales increased 12% to $1,007 million*
  - *Income from operations declined 18% to $114 million*
  - *Net income declined 66% to $33 million*
  - *Diluted EPS declined 67% to $0.22 from $0.66*
  - *Adjusted Diluted EPS(1) declined 24% to $0.50 from $0.66*
  - *Adjusted EBITDA including unconsolidated joint ventures(1) declined 15% to $181 million*
- *Capital Return to Shareholders:*
  - *Paid $34 million in cash dividends and announced a 4*
  - *Repurchased $50 million of common stock and increa*

Updated FY 2022 Outlook

- *Net sales growth above long-term target range of low-to-*
- *Net income and Adjusted EBITDA including joint venture* *due to higher potato, input and transportation costs*
- *Gross margin of 18% to 20% or 600 to 700 basis points* *previous gross margin estimate was 17% to 21%*

EAGLE, Idaho--(BUSINESS WIRE)-- Lamb Weston Holdings, I quarter 2022 results and updated its fiscal 2022 outlook.

"We are pleased with our financial and operating progress in t difficult and volatile macro environment defined by cost inflatic challenges due primarily to a tight labor market," said Tom We sales as solid demand across our restaurant and foodservice growth, and as we continued to implement pricing actions in e actions, along with the other strategic actions we've taken to c factories, led to sequential gross margin gains in the quarter."

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"Looking ahead, we are on track to deliver our financial target
productivity improvements in our factories, and product optim
macro-operational challenges and higher potato costs resulting from an exceptionally poor harvest in the Pacific Northwest. We remain confident in the strong long-term outlook for the global frozen potato category, and believe that executing on our strategies and ongoing investments in our business will keep us on a path to deliver sustainable, profitable growth and create value for our stakeholders."

Summary of Second Quarter FY 2022 Results						
($ in millions, except per share)						
			Year-Over-Year		YTD	Year-Over-Year
		Q2 2022	Growth Rates		FY 2022	Growth Rates
Net sales	$	1,006.6	12%	$	1,990.8	13%
Income from operations	$	114.4	(18%)	$	174.6	(37%)
Net income	$	32.5	(66%)	$	62.3	(67%)
Diluted EPS	$	0.22	(67%)	$	0.42	(67%)
Adjusted Diluted EPS(1)	$	0.50	(24%)	$	0.70	(45%)
Adjusted EBITDA including unconsolidated joint ventures(1)	$	180.9	(15%)	$	304.3	(27%)

Q2 2022 Commentary

Net sales increased $110.5 million to $1,006.6 million, up 12 percent versus the prior year quarter, with volume and price/mix each up 6 percent. The ongoing recovery in demand for frozen potato products in the Company's restaurant and foodservice channels in North America drove the increase in sales volumes, while the initial benefits of product pricing actions, as well as higher prices charged to customers for product delivery, primarily drove the increase in price/mix.

Income from operations declined $25.2 million to $114.4 millic
reflecting lower gross profit and higher selling, general and ac
declined $18.0 million, as the benefits from increased sales vc
by higher manufacturing and distribution costs on a per-poun
reflected double-digit cost inflation from key inputs, particular
starches used in product coatings; transportation; and packag
the effect of labor shortages on production run-rates, as well a
per pound costs was partially offset by supply chain productiv
a $6.1 million decrease in unrealized mark-to-market adjustme
which includes a $1.0 million loss in the current quarter, comp
the prior year quarter.

SG&A increased $7.2 million compared to the prior year quart
advertising and promotion expenses ("A&P"), higher sales co
and higher expenses largely related to employee recruiting an
offset by lower consulting expenses associated with improving
operations, as well as fewer expenses for its new enterprise re
million of the ERP-related expenses recognized in the quarter
not continue after the Company implements the new ERP syst
prior year quarter.

Net income was $32.5 million, down $64.4 million versus the p
$0.44 versus the prior year quarter. The declines were driven b

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share, after-tax) associated with the extinguishment of debt (s
income from operations and equity method investment earning

Excluding a loss of $40.5 million after-tax for the extinguishment of debt, net income was $73.0 million, down $23.9 million versus the prior year quarter, and Adjusted Diluted EPS[1] was $0.50, down $0.16 versus the prior year quarter, reflecting lower income from operations and equity method investment earnings.

Adjusted EBITDA including unconsolidated joint ventures[1] declined $32.3 million to $180.9 million, down 15 percent versus the prior year quarter, driven by lower income from operations and equity method investment earnings.

The Company's effective tax rate[2] in the second fiscal quarter was 22.8 percent, versus 24.8 percent in the prior year period. The Company's effective tax rate varies from the U.S. statutory tax rate of 21 percent principally due to the impact of U.S. state taxes, foreign taxes, permanent differences, and discrete items.

Q2 2022 Segment Highlights

Global

Global Segment Summary

		Q2 2022	Year-Over-Year Growth Rates	Price/Mix	Volume
		(dollars in millions)			
Net sales	$	516.7	9%	5%	4%
Segment product contribution margin[3]	$	80.9	(13%)		

Net sales for the Global segment, which is generally comprised of the top 100 North American based quick service ("QSR") and full-service restaurant chain customers as well as
$40.8 million to $516.7 million, up 9 percent versus the prior y
up 4 percent. The increase in price/mix largely reflected the be
charged for freight. Strong growth in shipments to restaurant c
sales volumes. While demand in most of the Company's key i
declined as a result of limited shipping container availability ar

Global segment product contribution margin declined $11.8 m
prior year quarter. Higher manufacturing and distribution costs
price/mix and higher sales volumes.

Foodservice

Foodservice Segme

		Q2 20
		(dollars millio
Net sales	$	

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Segment product contribution margin[3]	$	

Net sales for the Foodservice segment, which services North American foodservice distributors and restaurant chains generally outside the top 100 North American based restaurant chain customers, increased $72.8 million to $313.9 million, up 30 percent versus the prior year quarter, with volume up 22 percent and price/mix up 8 percent. Strong demand at small and regional chain restaurants, as well as independently-owned restaurants, drove the increase in sales volumes. Shipments to non-commercial customers, such as lodging and hospitality, healthcare, schools and universities, sports and entertainment, and workplace environments, also increased versus the prior year quarter, but remained below pre-pandemic levels. The segment's overall volume growth was tempered by the inability to serve full customer demand due to widespread industry supply chain constraints, including labor shortages, that resulted in lower production run-rates and throughput in the factories. The increase in price/mix largely reflected the initial benefits of pricing actions taken earlier in the year, higher prices charged for freight, and favorable mix.

Foodservice segment product contribution margin increased $16.7 million to $104.4 million, up 19 percent compared to the prior year quarter. Favorable price/mix and higher sales volumes drove the increase, and were partially offset by higher manufacturing and distribution costs per pound.

Retail

Retail Segment Summary					
			Year-Over-Year		
		Q2 2022	Growth Rates	Price/Mix	Volume
		(dollars in millions)			
Net sales	$	142.6	1%	5%	(4%)
Segment product contribution margin[3]	$	21.4	(29%)		

Net sales for the Retail segment, which includes sales of bran
merchant and club customers in North America, increased $1
prior year quarter, with price/mix up 5 percent and volume dov
driven by favorable price in our branded portfolio, including hi
The sales volume decline largely reflects lower shipments of p
losses of certain low-margin business, partially offset by an in
shipments were tempered by the inability to serve full custome
throughput in the factories.

Retail segment product contribution margin declined $8.7 mill
prior year quarter. Higher manufacturing and distribution costs
expenses, and lower sales volumes drove the decline.

Equity Method Investment Earnings

Equity method investment earnings from unconsolidated joint
were $10.1 million and $19.2 million for the second quarter of
investment earnings included a $3.6 million unrealized gain re
currency and commodity hedging contracts in the current qua
related to these items in the prior year quarter.

Excluding the mark-to-market adjustments, earnings from equ
compared to the prior year period. The earnings decline large

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manufacturing and distribution costs in Europe and the U.S.

Cash Flow and Liquidity

The Company ended the first half of fiscal 2022, with $621.9 million of cash and cash equivalents and no borrowings outstanding under its $1.0 billion revolving credit facility.

Net cash from operating activities was $207.5 million, down $111.3 million versus the first half of the prior year, primarily due to lower earnings. Capital expenditures, including information technology expenditures, were $148.1 million, up $94.4 million versus the prior year period, reflecting increased investments to support capacity expansion projects.

During the second quarter, the Company lowered the interest rates and extended the maturities on approximately $1.7 billion of its outstanding debt. In connection with doing so, the Company paid an aggregate call premium of $39.6 million in cash related to the loss on extinguishment of debt associated with the redemption of its senior notes due in 2024 and 2026.

Capital Returned to Shareholders

In the second quarter, the Company returned a total of $84.3 million to shareholders, including $34.3 million in cash dividends and $50.0 million through share repurchases. The Company repurchased 868,753 shares at an average price per share of $57.55. In December 2021, the Company announced a 4 percent increase in its quarterly dividend, and increased its existing share repurchase authorization by $250 million. The Company has approximately $344 million remaining under its updated share repurchase authorization.

Fiscal 2022 Outlook

The Company expects fiscal 2022 net sales growth will be above its long-term target of low-to-mid single digits. The Company anticipates net sales growth in the second half of fiscal 2022 will be driven largely by price/mix as the Company's recent pricing actions are more fully implemented in the market. The Company expects to continue to benefit from solid global demand for frozen potato products, although growth in sales volumes may be tempered by disruptions to the Company's production and logistics networks, as well as the effect of the COVID-19 variants on restaurant traffic and consumer demand.

The Company expects net income and Adjusted EBITDA inclu
pressured for the remainder of fiscal 2022, as it manages throu
transportation and packaging compared to fiscal 2021 levels,
including labor shortages, and upstream and downstream sup
broader supply chain. In addition, the Company's raw potato c
progresses due to the impact of extreme summer heat that ne
in the Pacific Northwest.

Accordingly, the Company expects its full year fiscal 2022 gros
approximately 600 to 700 basis points below its pre-pandemic
Company previously expected its full year fiscal 2022 gross m
approximately 500 to 800 basis points below its pre-pandemic

The Company continues to expect that ongoing investments i
phase of its ERP project, will increase operating expenses dur
the first half of the year. The Company expects that these inve
margin improvement over the long-term.

In addition, for fiscal 2022, the Company continues to expect:

- Depreciation and amortization of approximately $190 mil
- Income tax expense of approximately 22 percent, and
- Cash used for capital expenditures, excluding acquisitio

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The Company is increasing its estimate for interest expense, r
estimate of approximately $115 million. The current estimate r
and includes a $53.3 million loss on the extinguishment of debt that the Company recognized during the second quarter of fiscal 2022.

End Notes

(1) Adjusted Diluted EPS and Adjusted EBITDA including unconsolidated joint ventures are non-GAAP financial measures. Please see the discussion of non-GAAP financial measures 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) For more information about product contribution margin, please see "Non-GAAP Financial Measures" and the table titled "Segment Information" included in this press release.

Webcast and Conference Call Information

Lamb Weston will host a conference call to review its second quarter fiscal 2022 results at 10:00 a.m. EST today, January 6, 2022. Participants in the U.S. and Canada may access the conference call by dialing 800-437-2398 and participants outside the U.S. and Canada should dial +1-323-289-6576. The confirmation code is 6173363. The conference call also may be accessed live on the internet. Participants can register for the event at: https://globalmeet.webcasts.com/starthere.jsp?ei=1515279&tp_key=8e5bbed0b0.

A rebroadcast of the conference call will be available beginning on Friday, January 7, 2022 after 2:00 p.m. EST at https://investors.lambweston.com/events-and-presentations.

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
led the industry in innovation, introducing inventive products t
customers and make things more delicious for their customers
grown to proactive customer partnerships, Lamb Weston alwa
we look at a potato, we see possibilities. Learn more about us

Forward-Looking Statements

This press release contains forward-looking statements within
such as "expect," "improve," "believe," "will," "continue," "rem
"mitigate," "increase," "outlook," and variations of such words
forward-looking statements. Examples of forward-looking state
regarding the Company's plans, execution, capital expenditur
actions, and business outlook and prospects, as well as the in
industry and the global economy. These forward-looking state
expectations and are subject to uncertainties and changes in
understand that these statements are not guarantees of perfo
Company's actual financial results and cause them to vary ma
forward-looking statements, including those set forth in this pr
among other things: impacts on the Company's business due
such as the COVID-19 pandemic, including impacts on dema
supply, other constraints in the availability of key commodities
imposed by public health authorities or governments; the avai
and other operational challenges; levels of pension, labor and
successfully execute its long-term value creation strategies; th

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projects, including construction of new production lines or fac
conditions in the markets in which the Company and its joint v
of the countries in which the Company and its joint ventures conduct business and other factors related to its international operations; disruption of the Company's access to export mechanisms; risks associated with possible acquisitions, including the Company's ability to complete acquisitions or integrate acquired businesses; its debt levels; changes in the Company's relationships with its growers or significant customers; the success of the Company's joint ventures; actions of governments and regulatory factors affecting the Company's businesses or joint ventures; the ultimate outcome of litigation or any product recalls; the Company's ability to pay regular quarterly cash dividends and the amounts and timing of any future dividends; and other risks described in the Company's reports filed from time to time with the Securities and Exchange Commission. The Company cautions readers not to place undue reliance on any forward-looking statements included in this press release, which speak only as of the date of this press release. The Company undertakes no responsibility for updating these statements, except as required by law.

Non-GAAP Financial Measures

To supplement the financial information included in this press release, the Company has presented product contribution margin on a consolidated basis, Adjusted EBITDA, Adjusted EBITDA including unconsolidated joint ventures, Adjusted Diluted EPS, and adjusted interest expense, income tax expense, and net income, 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. These measures are not substitutes for their comparable GAAP financial measures, such as gross profit, net income, diluted earnings per share, or other measures prescribed by GAAP, and there are limitations to using non-GAAP financial measures. 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.

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. 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 affecting comparability between periods, (ii) permit investors to view performance using the same tools that management uses to budget, make operating and strategic decisions, and evaluate historical performance, a
that may be useful to investors in evaluating the Company's re
these non-GAAP financial measures, when considered togeth
and the reconciliations to those measures, provides investors
trends affecting the Company's business than could be obtain

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Lamb Weston Hold
Consolidated Statemen
(unaudited, in millions, excep

	Thi
	Nove 2
	20
Net sales	$
Cost of sales	
Gross profit	
Selling, general and administrative expenses	
Income from operations	
Interest expense, net (1)	

Income before income taxes and equity method earnings	32.0	109.6	64.3	215.0
Income tax expense	9.6	31.9	18.3	59.9
Equity method investment earnings	10.1	19.2	16.3	31.1
Net income	$ 32.5	$ 96.9	$ 62.3	$ 186.2
Earnings per share				
Basic	$ 0.23	$ 0.66	$ 0.43	$ 1.27
Diluted	$ 0.22	$ 0.66	$ 0.42	$ 1.27
Dividends declared per common share	$ 0.235	$ 0.230	$ 0.470	$ 0.460
Weighted average common shares outstanding:				
Basic	146.0	146.5	146.1	146.4
Diluted	146.3	147.1	146.6	147.1

Computation of diluted earnings per share:				
Net income	$ 32.5	$ 96.9	$ 62.3	$ 186.2
Diluted weighted average common shares outstanding	146.3	147.1	146.6	147.1
Diluted earnings per share	$ 0.22	$ 0.66	$ 0.42	$ 1.27

(1) Interest expense, net, for the thirteen and twenty-six weeks ended November 28, 2021, includes a loss on the extinguishment of debt of $53.3 million, which includes an aggregate call premium of $39.6 million related to the redemption of the Company's 4.625% senior notes due 2024 and 4.875% senior notes due 2026, and the write-off of $13.7 million of previously unamortized debt issuance costs associated with those notes.

Lamb Weston Hol

Consolidated Balar

(unaudited, dollars in millions

ASSETS
Current assets:
Cash and cash equivalents
Receivables, less allowance for doubtful accounts of $1.1 and
Inventories
Prepaid expenses and other current assets
Total current assets
Property, plant and equipment, net
Operating lease assets
Equity method investments
Goodwill

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Intangible assets, net		
Other assets	85.4	80.4
Total assets	$ 4,155.6	$ 4,209.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt and financing obligations	$ 32.2	$ 32.0
Accounts payable	445.4	359.3
Accrued liabilities	215.4	226.9
Total current liabilities	693.0	618.2
Long-term liabilities:		
Long-term debt and financing obligations, excluding current portion	2,692.1	2,705.4
Deferred income taxes	161.4	159.7
Other noncurrent liabilities	243.9	245.5
Total long-term liabilities	3,097.4	3,110.6
Commitments and contingencies		
Stockholders' equity:		
Common stock of $1.00 par value, 600,000,000 shares authorized; 148,028,060 and 147,640,632 shares issued	148.0	147.6
Additional distributed capital	(825.8)	(836.8)
Retained earnings	1,238.3	1,244.6
Accumulated other comprehensive income (loss)	(7.5)	29.5
Treasury stock, at cost, 2,827,412 and 1,448,768 common shares	(187.8)	(104.3)
Total stockholders' equity	365.2	480.6
Total liabilities and stockholders' equity	$ 4,155.6	$ 4,209.4

Lamb Weston Hold

Consolidated Statement

(unaudited, dollars

Cash flows from operating activities	
Net income	
Adjustments to reconcile net income to net cash provided by (activities:	
Depreciation and amortization of intangibles and debt issuanc	
Loss on extinguishment of debt	
Stock-settled, stock-based compensation expense	
Earnings of joint ventures in excess of distributions	
Deferred income taxes	
Other	

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Changes in operating assets and liabilities:				
Receivables		(57.7)		(8.5)
Inventories		(101.3)		(140.3)
Income taxes payable/receivable, net		3.1		33.0
Prepaid expenses and other current assets		58.5		51.8
Accounts payable		94.7		138.5
Accrued liabilities		(11.5)		(42.5)
Net cash provided by operating activities	$	207.5	$	318.8
Cash flows from investing activities				
Additions to property, plant and equipment		(147.1)		(42.3)
Additions to other long-term assets		(1.0)		(11.4)
Other		0.5		0.4
Net cash used for investing activities	$	(147.6)	$	(53.3)
Cash flows from financing activities				
Proceeds from issuance of debt		1,655.4		—
Repayments of debt and financing obligations		(1,682.1)		(289.6)
Repurchase of common stock and common stock withheld to cover taxes		(83.5)		(9.8)
Dividends paid		(68.7)		(67.2)
Payments of senior notes call premium		(39.6)		—
Repayments of short-term borrowings, net		—		(498.8)
Other		(0.8)		(1.8)
Net cash used for financing activities	$	(219.3)	$	(867.2)
Effect of exchange rate changes on cash and cash equivalents		(2.2)		1.6
Net decrease in cash and cash equivalents		(161.6)		(600.1)
Cash and cash equivalents, beginning of period		783.5		1,364.0
Cash and cash equivalents, end of period				

Lamb Weston Hold

Segment Inforr

(unaudited, dollars

		November 28, 2021		Novem 20
Segment net sales				
Global	$	516.7	$	
Foodservice		313.9		
Retail		142.6		
Other		33.4		
	$	1,006.6	$	

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Segment product contribution margin (1)					
Global	$	80.9	$	92.7	(13%)
Foodservice		104.4		87.7	19%
Retail		21.4		30.1	(29%)
Other (2)		(6.2)		10.5	(159%)
		200.5		221.0	(9%)
Add: Advertising and promotion expenses		5.0		2.5	100%
Gross profit	$	205.5	$	223.5	(8%)

	Twenty-Six Weeks Ended						
					Year-Over-		
	November 28,		November 29,		Year Growth		
	2021		2020		Rates	Price/Mix	Volume
Segment net sales							
Global	$	1,017.9	$	923.4	10%	4%	6%
Foodservice		635.3		477.8	33%	5%	28%
Retail		275.1		294.6	(7%)	4%	(11%)
Other		62.5		71.8	(13%)	10%	(23%)
	$	1,990.8	$	1,767.6	13%	4%	9%

Segment product contribution margin (1)					
Global	$	123.5	$	[illegible]	[illegible]
Foodservice		200.8			
Retail		36.2			
Other (2)		(12.8)			
		347.7			
Add: Advertising and promotion expenses		9.1			
Gross profit	$	356.8	$		

(1) Product contribution margin is one of the primary measure
decision maker for purposes of allocating resources to the
performance. Product contribution margin represents net
promotion expenses. Product contribution margin include
those expenses are directly associated with the performar
contribution margin, when presented on a consolidated ba
GAAP Financial Measures" in this press release for a desc
table above for a reconciliation of product contribution ma

(2) The Other segment primarily includes the Company's veg
market adjustments associated with commodity hedging c

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and realized settlements associated with commodity hedg
gain of $4.3 million for the thirteen weeks ended Novembe
and a loss of $16.9 million and a gain of $12.1 million for the twenty-six weeks ended November 28, 2021 and November 29, 2020, respectively.

Lamb Weston Holdings, Inc.

Reconciliation of Non-GAAP Financial Measures

(unaudited, dollars in millions)

There were no items impacting comparability during the thirteen and twenty-six weeks ended November 29, 2020.

	Thirteen Weeks Ended November 28, 2021					
	Income From Operations	Interest Expense	Income Tax Expense (1)	Equity Method Investment Earnings	Net Income	Diluted EPS
As reported	$ 114.4	$ 82.4	$ 9.6	$ 10.1	$ 32.5	$ 0.22
Items impacting comparability:						
Loss on extinguishment of debt (2)	—	(53.3)	12.8	—	40.5	0.28
Adjusted (3)	$ 114.4	$ 29.1	$ 22.4	$ 10.1	$ 73.0	$ 0.50

Twenty-Six Weeks Ended November 28, 2021

Equity

	Income From Operations	Interest Expense
As reported	$ 174.6	$ 110.3
Items impacting comparability:		
Loss on extinguishment of debt (2)	—	(53.3)
Adjusted (3)	$ 174.6	$ 57.0

(1) Income tax expense is calculated as the ratio of income ta
method investment earnings. Items impacting comparabili
applicable tax jurisdiction.

(2) See footnote (1) to the Consolidated Statements of Earnin
comparability.

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(3) Adjusted interest expense, income tax expense, net incom
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 financial 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. See also "Non-GAAP Financial Measures" in this press release.

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 EBITDA and Adjusted EBITDA including unconsolidated joint ventures, which are non-GAAP financial measures. The following table reconciles net income to Adjusted EBITDA and Adjusted EBITDA including unconsolidated joint ventures.

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	November 28, 2021	November 29, 2020	November 28, 2021	November 29, 2020
Net income	$ 32.5	$ 96.9	$ 62.3	$ 186.2
Equity method investment earnings	(10.1)	(19.2)	(16.3)	(31.1)
Interest expense, net	82.4	30.0	110.3	60.3
Income tax expense	9.6	31.9	18.3	59.9
Income from operations	114.4	139.6	174.6	275.3
Depreciation and amortization	46.2	46.6	92.2	92.2
Adjusted EBITDA (1)	160.6	186.2	266.8	367.5
Unconsolidated Joint Ventures (2)				
Equity method investment earnings	10.1			
Interest expense, income tax expense, and depreciation and amortization included in equity method investment earnings	10.2			
Add: Adjusted EBITDA from unconsolidated joint ventures	20.3			
Adjusted EBITDA including unconsolidated joint ventures (1)	$ 180.9			

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(1) Adjusted EBITDA and Adjusted EBITDA including unconso
measures. Lamb Weston presents these measures becau
evaluate the performance of the Company on an ongoing
the Company's management and assist in providing a me
of non-GAAP financial measures should be done only in c
GAAP. These non-GAAP financial measures are not intend
and should not be used as such. See also "Non-GAAP Fir

(2) Lamb Weston holds equity interests in three potato processing joint ventures, including 50% of Lamb-Weston/Meijer v.o.f., Lamb-Weston/RDO Frozen, and Lamb Weston Alimentos Modernos S.A., which it accounts for its ownership under the equity method of accounting. See Note 4, Investments in Joint Ventures, of the Notes to Consolidated Financial Statements in "Part II, Item 8. Financial Statements and Supplementary Data" in the Company's fiscal 2021 Form 10-K, for more information.

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