LambWeston
POSSIBILITIES IN POTATOES

# Lamb Weston Reports Fiscal Second Quarter 2021 Results; Provides Update for Third Quarter of Fiscal Year 2021

January 07, 2021

*Second Quarter 2021 Highlights*

- *Net sales declined 12% to $896 million*
- *Income from operations declined 28% to $140 million*
- *Diluted EPS declined 31% to $0.66*
- *EBITDA including unconsolidated joint ventures*(1) *declined 18% to $213 million*
- *Paid $34 million in dividends to shareholders and announced a 2% increase in quarterly dividend*
- *Plan to resume share repurchase program in January 2021*

*Third Quarter of Fiscal Year 2021 Business Update (for 4 weeks ended December 27, 2020)*

- *North America and Europe shipments were each approx*
*during the remainder of the quarter as government-impose*
*19 and colder weather restrict restaurant traffic*
- *Improvement in international shipments expected to be*
*to battling the pandemic*



EAGLE, Idaho--(BUSINESS WIRE)-- Lamb Weston Holdings, I
quarter 2021 results and provided a business update for the th

"We delivered solid financial results in the quarter, and we rem
demand and the resourcefulness of our employees and our cu
environment," said Tom Werner, President and CEO. "We are
will enable a gradual return to normalcy as the year progresse
volatile operating conditions until the virus is broadly containe
the coming months, especially at full-service restaurants, as g
restrictions and as colder weather limits outdoor dining. That s
and at retail outlets to offset some of that weakness."

"Despite these near-term pressures, we believe that restauran calendar year if vaccines and other measures are successful i on restaurants and other venues are lifted to permit a large-sc business fundamentals – pricing, capacity utilization, and pota manage through the pandemic's impacts on our manufacturing increase in our quarterly dividend and the planned resumption of our share repurchase program reinforce our conviction in the long-term strength of the category and our business, as well as our ability to support customers and create value for our stakeholders."



| Summary of Second Quarter 2021 Results | | | | |
|---|---|---|---|---|
| *($ in millions, except per share)* | | | | |
| | | Year-Over-Year | First Half | Year-Over-Year |
| | Q2 2021 | Growth Rates | FY 2021 | Growth Rates |
| Net sales | $ 896.1 | (12%) | $ 1,767.6 | (12%) |
| Income from operations | $ 139.6 | (28%) | $ 275.3 | (24%) |
| Net income | $ 96.9 | (31%) | $ 186.2 | (27%) |
| Diluted EPS | $ 0.66 | (31%) | $ 1.27 | (27%) |
| EBITDA including unconsolidated joint ventures[1] | $ 213.2 | (18%) | $ 415.0 | (16%) |

## Q2 2021 Commentary

Net sales declined $123.1 million to $896.1 million, down 12 percent versus the prior year quarter. Volume declined 14 percent, predominantly reflecting decreased demand for frozen potato products outside the home following government-imposed restrictions on restaurants and other foodservice operations to slow the spread of the COVID-19 virus, as well as the effect of colder weather, which limited outdoor dining traffic across many U.S. markets. In addition, the volume decline reflected the benefit of additional shipping days related to the timing of the Thanksgiving holiday in the prior year quarter. Price/mix increased 2 percent, driven by improved price in the Foodservice and Retail segments, and favorable mix in the Retail segment.

Income from operations declined $53.9 million, or 28 percent, reflecting lower sales and gross profit. Gross profit declined $ manufacturing costs, which were largely due to incremental c Company's manufacturing and supply chain operations, costs longer than in prior years, and input cost inflation. The decline unrealized mark-to-market adjustments associated with comm million gain in the current quarter, compared with a $3.9 millio

Selling, general and administrative expenses ("SG&A") decline compensation expense accruals and a $3.5 million reduction i decline in SG&A was partially offset by investments to improve technology infrastructure, which included approximately $5 m and employee training expenses) associated with implementir planning ("ERP") system.

Net income declined $43.5 million to $96.9 million, primarily re partially offset by an increase in equity method investment ear higher interest expense, which reflects an increase in average enhance its liquidity position, as well as the write-off of $1.0 m term loan facility that was due in November 2021.

Diluted EPS decreased $0.29 to $0.66, primarily reflecting a d
expense, partially offset by an increase in equity method inves

EBITDA including unconsolidated joint ventures[1] declined $4
the prior year period, as a result of a decline in income from operations, partially offset by an increase in equity method investment earnings.

The Company's effective tax rate[2] in the second quarter of fiscal 2021 was 24.8 percent, versus 23.3 percent in the prior year period.The 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 2021 Segment Highlights

Global

| Global Segment Summary | | | | | |
|---|---|---|---|---|---|
| | | | Year-Over-Year | | |
| | | Q2 2021 | Growth Rates | Price/Mix | Volume |
| | | *(dollars in millions)* | | | |
| Net sales | $ | 475.9 | (12%) | (1%) | (11%) |
| Segment product contribution margin[3] | $ | 92.7 | (28%) | | |

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 all of the Company's international sales, decreased $63.7 million to $475.9 million, down 12 percent compared to the prior year period. Volume decreased 11 percent due to the decline in demand for frozen potato products outside the home as a result of the pandemic's negative impact on restaurant and other foodservice-related traffic in the U.S. and across the Company's key international markets. The volume decline also reflected the benefit of additional shipping days related to the timing of the Thanksgiving holiday in the prior year quarter. Price/mix decreased 1 percent as a result of negative mix.

Global segment product contribution margin decreased $36.2
to the prior year period. Lower sales volumes, higher manufac

Foodservice

| Foodservice Segme | | |
|---|---|---|
| | | Q2 2 |
| | | *(dolla milli* |
| Net sales | $ | |
| Segment product contribution margin[3] | $ | |

Net sales for the Foodservice segment, which services North
chains generally outside the top 100 North American based re
$241.1 million, down 21 percent compared to the prior year pe

decline in demand for frozen potato products outside the hom
traffic at restaurants and non-commercial customers, such as
universities, sports and entertainment, and workplace environ
days related to the timing of the Thanksgiving holiday in the p
the latter weeks of the quarter, reflecting the effect on restaura
government-imposed social restrictions and colder weather on outdoor dining. Price/mix increased 4 percent, reflecting the carryover benefit of pricing actions implemented during fiscal 2020, partially offset by unfavorable mix as sales of *Lamb Weston* branded and premium products softened.

Foodservice segment product contribution margin decreased $23.6 million to $87.7 million, down 21 percent compared to the prior year period. Lower sales volumes, higher manufacturing costs, and unfavorable mix drove the decline, partially offset by favorable pricing.

### Retail

| Retail Segment Summary | | | | | |
|---|---|---|---|---|---|
| | | | Year-Over-Year | | |
| | | Q2 2021 | Growth Rates | Price/Mix | Volume |
| | | *(dollars in millions)* | | | |
| Net sales | $ | 140.7 | 7% | 7% | 0% |
| Segment product contribution margin[3] | $ | 30.1 | 6% | | |

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 $8.6 million to $140.7 million, up 7 percent compared to the prior year period. Price/mix increased 7 percent, largely driven by favorable mix from increased sales of branded products. Volume increased nominally as strong growth in shipments of premium and mainstream branded offerings, which have historically comprised approximately 40 percent of the segment's volume, was offset by a decline in shipments of private label products, which reflects incremental losses of certain low-margin private label business, as well as the benefit of additional shipping days related to the timing of the Thanksgiving holiday in the prior year quarter.

Retail segment product contribution margin increased $1.6 mi
prior year period. Favorable mix and $2.4 million of lower adve
increase, partially offset by higher manufacturing costs.

### Equity Method Investment Earnings

Equity method investment earnings from unconsolidated joint
were $19.2 million and $15.0 million for the second quarter of
investment earnings included a $0.1 million unrealized loss re
currency and commodity hedging contracts in the current qua
related to these items in the prior year quarter. Excluding the r
method investments increased $1.6 million compared to the p
performance in Europe, although demand in Europe softened
negative impact on restaurant traffic at full-service restaurants
restrictions and reduced outdoor dining due to the onset of co

### Cash Flow and Liquidity

For the first half of fiscal 2021, net cash from operating activiti
prior year period, primarily due to lower earnings. Capital expe
expenditures, were $53.7 million, down $53.7 million versus th

in cash dividends to shareholders and announced a 2 percent
of fiscal 2021, the Company plans to resume its share repurch
fiscal 2020 as a result of the pandemic's effect on the operatin

On September 17, 2020, the Company amended its revolving credit facility to increase its capacity to $750.0 million and to extend the maturity date to September 17, 2023. In connection with the amendment, the Company used cash on hand to repay the outstanding $271.9 million term loan facility due in November 2021. At the end of the fiscal second quarter, no borrowings were outstanding under the amended revolving credit facility, and the Company had approximately $764 million of cash and cash equivalents.

Third Quarter of Fiscal 2021 Update

Set forth below is additional detail on the Company's shipments for the first four weeks of the third quarter of fiscal 2021 through December 27, 2020:

- *United States:* Shipments were approximately 85 percent of prior-year levels.
    - Shipments to large chain restaurant customers, which are composed of QSR and large full-service chain restaurants, were more than 95 percent of prior-year levels. The Company, which records shipments to these customers in its Global segment, anticipates this rate will largely continue for the remainder of its fiscal third quarter.
    - Shipments to customers served by the Company's Foodservice segment, which includes products ultimately sold to full-service chain and independent restaurants, regional and small QSRs, and non-commercial customers (e.g., lodging and hospitality, healthcare, schools and universities, sports and entertainment, and workplace environments) were 60 to 65 percent of prior-year levels, which is largely in line with what the segment realized during the latter weeks of its fiscal second quarter. The Company believes shipments to full-service restaurants, in particular, will remain soft during the remainder of its fiscal third quarter as governments continue to impose broad social restrictions and colder weather limits outdoor dining. The Company also expects shipments to non-commercial customers, which have historically comprised approximately 25 percent of the segment, will remain soft for the remainder of its fiscal third quarter.
    - Shipments to customers served by the Company's Retail segment were above prior-year levels, with strength in the Company's premium and mainstream branded offerings partially offset by a decline of private label product shipments, which reflects incremental losses of certain low-margin private label business. The Company expects this rate will largely continue for the remainder of its fiscal third quarter.

- *International:*
    - *Europe*: Shipments by the Company's joint venture, La
approximately 85 percent of prior-year levels. Demand so
quarter, reflecting the negative impact on restaurant traffic
reimposing social restrictions and reduced outdoor dining
believes these factors will further negatively impact shipm
    - *Other Key Markets:* Shipments to the Company's key i
Oceana and Latin America, were mixed, and were largely
half of the fiscal second quarter. Excluding shipments ass
venture in Argentina, the Company records shipments to

- The Company believes that the possibility of wide availal
mid-calendar 2021 may allow governments to gradually eas
jurisdictions, which would likely have a favorable impact on
Company anticipates facing challenging and volatile operat
and that demand may soften, especially at full-service resta
social restrictions and as colder weather limits outdoor dinir
restaurant traffic will improve through calendar year 2021, w
approaching pre-pandemic levels, on a run-rate basis, by th

The Company will continue to prioritize the health and welfare
continue to support its customers as they manage their suppl

actions, and will continue to evaluate various options, to lower
manufacturing and commercial operations, including tempora
schedules to rebalance utilization rates across its manufacturi

The Company expects that it will continue to incur additional costs as a result of the pandemic's impact on its operations, at least through the remainder of fiscal 2021. These costs may include, but are not limited to: costs to shut down, sanitize, and restart production facilities after a production employee has been infected by the virus; production inefficiencies and labor retention costs arising from modifying production schedules, reducing run-times, and lower overall factory utilization; costs to adopt and maintain enhanced employee safety and sanitation protocols, such as purchasing personal protection and health screening equipment and services; costs related to processing raw potatoes out of storage longer than prior years; and incremental warehousing and transportation costs.

For all of fiscal 2021, the Company continues to expect:

- Interest expense, net, of approximately $125 million,
- Depreciation and amortization of approximately $190 million, and
- Cash used for capital expenditures, excluding acquisitions, of approximately $180 million.

## End Notes

(1) EBITDA including unconsolidated joint ventures is a non-GAAP financial measure. 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 the table titled "Segment Information" in this press release.

## Webcast and Conference Call Information

Lamb Weston will host a conference call to review its second quarter 2021 results at 10:30 a.m. ET today. Participants in the U.S. and Canada may access the conferenc
outside the U.S. and Canada should dial +1-323-289-6576. Th
also may be accessed live on the internet. Participants can reg
https://globalmeet.webcasts.com/starthere.jsp?ei=1410518&t

A rebroadcast of the conference call will be available beginnin
https://investors.lambweston.com/events-and-presentations.

## About Lamb Weston

Lamb Weston, along with its joint venture partners, is a leadin
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 "plan," "continue," "remain," "expect," "improve," "wi
"believe," "may," "manage," "evaluate," and variations of such

identify forward-looking statements. Examples of forward-look
statements regarding the Company's plans, execution, liquidit
program, operational costs and business outlook and prospe
on the industry and consumer demand. These forward-looking
expectations and are subject to uncertainties and changes in circumstances. Readers of this press release should understand that these statements are not guarantees of performance or results. Many factors could affect the Company's actual financial results and cause them to vary materially from the expectations contained in the forward-looking statements, including those set forth in this press release. These risks and uncertainties include, among other things: impacts on the Company's business due to health pandemics or other contagious outbreaks, such as the current COVID-19 pandemic, including impacts on demand for its products, increased costs, disruption of supply or other constraints in the availability of key commodities and other necessary services; the Company's ability to successfully execute its long-term value creation strategies; the Company's ability to execute on large capital projects, including construction of new production lines; the competitive environment and related conditions in the markets in which the Company and its joint ventures operate; political and economic conditions 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; the availability and prices of raw materials; 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; levels of pension, labor and people-related expenses; 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 EBITDA and EBITDA including unconsolidated joint ventures, 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, or other measures prescribed by GAAP, and there are limitations to using non-GAAP financial measures.

Management uses these non-GAAP financial measures to ass
consistent basis for purposes of business decision making. M
financial measures provides investors with useful information
information regarding financial performance by excluding cert
using the same tools that management uses to budget, make
historical performance, and (iii) otherwise provide supplement
evaluating the Company's results. The Company believes that
measures, when considered together with the corresponding
those measures, provides investors with additional understand
Company's business than could be obtained absent these dis



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

| |
|---|
| Thirte |
| Novembe |
| 2020 ( |

| | | | | |
|---|---|---|---|---|
| Net sales | $ 8 | | | |
| Cost of sales | 6 | | | |
| Gross profit | 2 | | | |
| Selling, general and administrative expenses | 83.9 | 91.6 | 162.0 | 170.2 |
| Income from operations | 139.6 | 193.5 | 275.3 | 363.5 |
| Interest expense, net | 30.0 | 25.4 | 60.3 | 53.6 |
| Income before income taxes and equity method earnings | 109.6 | 168.1 | 215.0 | 309.9 |
| Income tax expense | 31.9 | 42.7 | 59.9 | 79.4 |
| Equity method investment earnings | 19.2 | 15.0 | 31.1 | 25.6 |
| Net income | $ 96.9 | $ 140.4 | $ 186.2 | $ 256.1 |
| Earnings per share | | | | |
| Basic | $ 0.66 | $ 0.96 | $ 1.27 | $ 1.75 |
| Diluted | $ 0.66 | $ 0.95 | $ 1.27 | $ 1.74 |
| Dividends declared per common share | $ 0.23 | $ 0.20 | $ 0.46 | $ 0.40 |

| | | | | |
|---|---|---|---|---|
| Computation of diluted earnings per share: | | | | |
| Net income | $ 96.9 | $ 140.4 | $ 186.2 | $ 256.1 |
| Diluted weighted average common shares outstanding | 147.1 | 147.1 | 147.1 | 147.1 |
| Diluted earnings per share | $ 0.66 | $ 0.95 | $ 1.27 | $ 1.74 |

(1) The thirteen and twenty-six weeks ended November 29, 2020, include incremental costs resulting from the pandemic's effect on the Company's manufacturing and supply chain operations, costs related to processing raw potatoes out of storage longer than prior years, as well as incremental warehousing and transportation costs, and costs to enhance employee safety measures, including purchases of safety and health screening equipment, and retaining sales employees.

**Lamb Weston Hold**
**Consolidated Balar**
(unaudited, dollars in millions

| |
|---|
| **ASSETS** |
| Current assets: |
| Cash and cash equivalents |
| Receivables, less allowance for doubtful accounts of $1.0 and |
| Inventories |
| Prepaid expenses and other current assets |
| **Total current assets** |
| Property, plant and equipment, net |
| Operating lease assets |

| | | |
|---|---|---|
| Equity method investments | | |
| Goodwill | | |
| Intangible assets, net | | |
| Other assets | 78.6 | 65.4 |
| **Total assets** | $ 4,159.1 | $4,662.3 |

| | | |
|---|---|---|
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Short-term borrowings | $ — | $ 498.7 |
| Current portion of long-term debt and financing obligations | 31.8 | 48.8 |
| Accounts payable | 377.4 | 244.4 |
| Accrued liabilities | 205.1 | 233.0 |
| **Total current liabilities** | 614.3 | 1,024.9 |
| Long-term liabilities: | | |
| Long-term debt and financing obligations, excluding current portion | 2,719.4 | 2,992.6 |
| Deferred income taxes | 158.0 | 152.5 |
| Other noncurrent liabilities | 258.5 | 252.3 |
| **Total long-term liabilities** | 3,135.9 | 3,397.4 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock of $1.00 par value, 600,000,000 shares authorized; 147,466,446 and 146,993,751 shares issued | 147.5 | 147.0 |
| Additional distributed capital | (850.4) | (862.9) |
| Retained earnings | 1,182.8 | 1,064.6 |
| Accumulated other comprehensive income (loss) | 7.0 | (40.5) |
| Treasury stock, at cost, 1,111,364 and 954,858 common shares | (78.0) | (68.2) |
| **Total stockholders' equity** | 408.9 | 240.0 |
| **Total liabilities and stockholders' equity** | | |

**Lamb Weston Hol**
**Consolidated Statement**
(unaudited, dollars

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

| | | |
|---|---|---|
| Other | | |
| Changes in operating assets and liabilities, net of acquisition: | | |
| Receivables | | |
| Inventories | (140.3) | (133.4) |
| Income taxes payable/receivable, net | 33.0 | 17.5 |
| Prepaid expenses and other current assets | 51.8 | 46.3 |
| Accounts payable | 138.5 | 126.4 |
| Accrued liabilities | (42.5) | (28.3) |
| **Net cash provided by operating activities** | $ 318.8 | $ 345.3 |
| **Cash flows from investing activities** | | |
| Additions to property, plant and equipment | (42.3) | (88.1) |
| Additions to other long-term assets | (11.4) | (19.3) |
| Acquisition of business, net of cash acquired | — | (116.7) |
| Investment in equity method joint venture | — | (17.1) |
| Other | 0.4 | 1.0 |
| **Net cash used for investing activities** | $ (53.3) | $ (240.2) |
| **Cash flows from financing activities** | | |
| Proceeds (payments) of short-term borrowings, net | (498.8) | 1.4 |
| Repayments of debt and financing obligations | (289.6) | (318.1) |
| Dividends paid | (67.2) | (58.5) |
| Repurchase of common stock and common stock withheld to cover taxes | (9.8) | (17.8) |
| Payments of debt issuance costs | (2.8) | — |
| Proceeds from issuance of debt | — | 299.3 |
| Other | 1.0 | 0.1 |
| **Net cash used for financing activities** | $ (867.2) | $ (93.6) |
| Effect of exchange rate changes on cash and cash equivalents | 1.6 | 0.1 |
| **Net increase (decrease) in cash and cash equivalents** | (600.1) | 11.6 |
| **Cash and cash equivalents, beginning of the period** | | |
| **Cash and cash equivalents, end of period** | | |

Lamb Weston Hol
Segment Inforr
(unaudited, dollars

| | November 29 |
|---|---|
| | 2020 |
| **Segment sales** | |
| Global | $ 475. |
| Foodservice | 241. |
| Retail | 140. |
| Other | 38. |

| | | | |
|---|---|---|---|
| | $ 896. | | |
| **Segment product contribution margin (1) (2)** | | | |
| Global | $ 92.7 | $ 128.9 | (28%) |
| Foodservice | 87.7 | 111.3 | (21%) |
| Retail | 30.1 | 28.5 | 6% |
| Other | 10.5 | 10.4 | 1% |
| | 221.0 | 279.1 | (21%) |
| Advertising and promotion expenses | 2.5 | 6.0 | (58%) |
| Gross profit | $ 223.5 | $ 285.1 | (22%) |

| | Twenty-Six Weeks Ended | | | | |
|---|---|---|---|---|---|
| | | | Year-Over-Year Growth | | |
| | November 29, 2020 | November 24, 2019 | Rates | Price/Mix | Volume |
| **Segment sales** | | | | | |
| Global | $ 923.4 | $ 1,057.2 | (13%) | (1%) | (12%) |
| Foodservice | 477.8 | 610.3 | (22%) | 5% | (27%) |
| Retail | 294.6 | 261.4 | 13% | 7% | 6% |
| Other | 71.8 | 79.3 | (9%) | 2% | (11%) |
| | $ 1,767.6 | $ 2,008.2 | (12%) | 2% | (14%) |
| **Segment product contribution margin (1) (2)** | | | | | |
| Global | $ 170.5 | $ 231.6 | (26%) | | |
| Foodservice | 173.5 | 213.8 | (19%) | | |
| Retail | 65.9 | 57.4 | 15% | | |
| Other | 23.7 | 20.1 | 18% | | |
| | 433. | | | | |
| Advertising and promotion expenses | 3. | | | | |
| Gross profit | $ 437. | | | | |

(1) Product contribution margin represents net sales less cost
Product contribution margin includes advertising and prom
associated with segment performance; it excludes general
management believes these amounts are not directly assoc

(2) See footnote (1) to the Consolidated Statements of Earning
resulting from the pandemic's effect on the Company's fina
ended November 29, 2020.

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

To supplement the financial information included in this press
including unconsolidated joint ventures, which is a non-GAAP
income to EBITDA including unconsolidated joint ventures.

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|---|---|---|---|---|
| | November 29, 2020 | November 24, 2019 | November 29, 2020 | November 24, 2019 |
| Net income | $ 96.9 | $ 140.4 | $ 186.2 | $ 256.1 |
| Equity method investment earnings | (19.2) | (15.0) | (31.1) | (25.6) |
| Interest expense, net | 30.0 | 25.4 | 60.3 | 53.6 |
| Income tax expense | 31.9 | 42.7 | 59.9 | 79.4 |
| Income from operations | 139.6 | 193.5 | 275.3 | 363.5 |
| Depreciation and amortization | 46.6 | 44.7 | 92.2 | 87.8 |
| EBITDA (1) | 186.2 | 238.2 | 367.5 | 451.3 |
| | | | | |
| Unconsolidated Joint Ventures (2) | | | | |
| Equity method investment earnings | 19.2 | 15.0 | 31.1 | 25.6 |
| Interest expense, income tax expense, and depreciation and | | | | |
| amortization included in equity method investment earnings | 7.8 | 7.7 | 16.4 | 16.9 |
| Add: EBITDA from unconsolidated joint ventures | 27.0 | 22.7 | 47.5 | 42.5 |
| | | | | |
| EBITDA including unconsolidated joint ventures (1) | $ 213.2 | $ 260.9 | $ 415.0 | $ 493.8 |

(1) EBITDA including unconsolidated joint ventures is a non-GAAP financial measure. 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
providing a meaningful comparison between periods. Any a
done only in conjunction with results presented in accordar
intended to be a substitute for GAAP financial measures an
Financial Measures" in this press release.

(2) Lamb Weston holds equity interests in three potato process
Weston/Meijer v.o.f., Lamb-Weston/RDO Frozen, and Lamb
for its ownership under the equity method of accounting. Se
Notes to Consolidated Financial Statements in "Part II, Item
in the Company's fiscal 2020 Form 10-K, for more informati



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Source: Lamb Weston Holdings, Inc.