

**Lamb Weston Second Quarter Fiscal 2026
Financial Results Conference Call Management Remarks
December 19, 2025**

Debbie Hancock, Lamb Weston Vice President, Investor Relations

Slide 2 – Forward-looking Statements

Good morning and thank you for joining us for Lamb Weston's second quarter fiscal 2026 earnings call. I am Debbie Hancock, Lamb Weston's vice president of investor relations. Earlier today, we issued our press release and posted slides that we will use for our discussion today. You can find both on our website, lambweston.com.

Please note that during our remarks, we will make forward-looking statements about the company's expected performance that are based on our current expectations.

Actual results may differ materially due to risks and uncertainties. Please refer to the cautionary statements and risk factors contained in our SEC filings for more details on our forward-looking statements.

Some of today's remarks include non-GAAP financial measures. These non-GAAP financial measures should not be considered a replacement for and should be read together with our GAAP results. You can find the GAAP to non-GAAP reconciliations in our earnings release and the appendix to our presentation.

Slide 3 – Today's Presenters

Joining me today are Mike Smith, our President and CEO; and Bernadette Madarieta, our Chief Financial Officer.

Let me now turn the call over to Mike.

Mike Smith, Lamb Weston President and CEO

Thank you, Debbie. Good morning and thank you for joining us today.

Slide 4 – Key Messages

Our global teams are embracing and executing our Focus to Win strategy, strengthening customer partnerships, and driving cost savings. I want to thank the team for their ongoing dedication and solid execution.

As I reflect on the first half of the fiscal year, we are building momentum in the business and addressing areas of opportunity.

Business turnarounds are not linear, but we are pleased with the progress we are making. Specifically:

- We are seeing top-line strength as we focus on customer relationships, which has led to share gains
 - Volume growth was up 8% in the second quarter and 7% for the first half of the year.
 - To keep up with customer demand and ensure we maintain high customer fill-rates, we are re-opening previously curtailed capacity in North America.
- North America, the largest segment of our business, is in a solid position.
- As we partner with customers, and deliver on consumer insights, the team is leaning into Lamb Weston's history of quality, innovation and value which has resulted in several new item launches.
- Our cost savings plan is well on its way, and we expect to deliver our target for the year, but equally as important, we are building a culture of continuous improvement within the organization, that will unlock future opportunity and strengthen us competitively.
- And, we are reducing volatility with customer contracting and raw procurement strategies.

That being said, it remains a dynamic macroeconomic and competitive environment, especially across international. But in this changing market, we have clear and accountable plans to control the controllables, as we work to deliver long-term profitable growth for Lamb Weston and improve returns for our shareholders.

Finally, we are managing our capital efficiently.

We are delivering strong free cash flow and our capital spending is down. In addition, we repurchased \$40 million of shares during the second quarter. And finally, in line with our long-standing commitment to returning cash to shareholders, and in keeping with our annual dividend increase since becoming a public company, the board approved a 3 percent increase to the quarterly dividend.

Slide 5 – Focus to Win

Five months after unveiling our Focus to Win plan, we are making solid progress. We are winning with customers as we focus on the principles that made Lamb Weston the industry gold standard: category leading innovation, exceptional products and customer-centric partnerships. There is meaningful opportunity ahead of us.

Slide 6 - Focus to Win Progress

Strengthening customer partnerships is the cornerstone of our strategy and where we have spent much of our time the last several months. We continue to drive momentum in retention and wins. I, along with our teams, are meeting with our global customers during what remains a dynamic consumer

environment globally. Our goal is to drive true partnership – in service, joint business planning, menu innovation and...importantly...how we can grow together.

We have line of sight to volume growth for the balance of the year. We ended the second quarter with more than 90% of our open contracted volume negotiations concluded, including all material contracts. By the end of calendar 2025, we will have completed negotiations on the vast majority of our large chain contracts, supporting our customers with price and trade.

We have gained share, including with new and growing customers. Bernadette will speak in more detail about restaurant traffic trends, but our customer success has allowed us to increase volume this year despite soft traffic.

To maintain our high service levels and customer fill rate standards, we restarted North American lines that were previously curtailed. This production began late in the second quarter and includes additional production lines to what we discussed during our first quarter call. With the capacity being reintroduced into our market and our network, capacity utilization rates in our North America facilities are returning to more optimal levels versus the very high utilization rates we recently experienced.

Slide 7: International Markets

We are benefitting from our global footprint.

While North America accounts for approximately 90% or more of our profitability, the international markets are estimated to represent 75% of the global industry volume growth through 2030. This is an attractive opportunity that we are well positioned to capitalize on. Our global manufacturing footprint and supply chain network enable us to partner with existing and new customers around the world, capturing volume in fast-growing markets such as Asia and Latin America.

Our global footprint enables us to partner with the largest customers around the world, tap into faster growing markets, and leverage a global manufacturing supply chain to diversify supply and risk.

In the near term, and as we discussed during our first quarter call, the international environment remains competitive.

In Europe, a strong potato crop has coincided with softer restaurant traffic and lower export demand due to localization of recently added production in other regional markets. Our European business is also more open and less contracted, which contributes to pricing pressure. And, while there has been some recent consolidation in the market, it is too early to assess its impact.

In Latin America, where there are few established players, we're building a strong foundation for long-term growth. Our new facility in Argentina is already producing and qualifying product for key customers. The region's market is growing quickly, and as we scale, we expect to capture meaningful share and strengthen our position as a preferred supplier.

We are actively working to rebalance supply and demand within our network, better leveraging underutilized assets and ensuring we have the right assets globally in the right places to serve customers in our priority markets and channels.

Slide 8: F2W Progress Part 2

Shifting to our Achieving Executional Excellence, our cost savings initiatives are on track.

As part of these efforts, we are building a truly global supply chain with the customer at the center of everything we do. Manufacturing and the centers of excellence are working as one, delivering improvements in run rates, safety and becoming better aligned on how we measure ourselves and how our customers measure us. In addition, we are investing in tools that will help improve our demand and supply planning as we optimize our supply chain.

Innovation is another core pillar of our Focus to Win strategy.

Internationally, we have launched our new Snap Fries, which is our crispy fast fry. An innovation that allows for crispy and fast oven preparation. Our testing of this product is ongoing and we have had early success, expanding with airline customers. This innovative product opens additional market opportunities to sell hot, crispy and delicious fries where we couldn't in the past.

Slide 9 – Potato Crop

Finally, a quick update on the crop – which is consistent with the update we provided with first quarter earnings and demonstrates the focus we have on planning our North America raw needs.

We've completed the harvest and we are processing from storage across our growing regions in both North America and Europe. Overall, yields were above average, and quality was average in both North America and Europe.

I will now turn the call over to Bernadette to review the quarter and our outlook.

Bernadette Madarieta, Lamb Weston Chief Financial Officer

Slide 10 – Financials & Outlook

Thank you, Mike and good morning, everyone.

Slide 11 – Q2 '26 vs Q2 '25 Net Sales

I'm starting on slide 11

Second-quarter net sales increased 1 percent, including a \$24 million benefit from foreign currency translation. On a constant currency basis, net sales were essentially flat versus last year.

Volume rose 8 percent, driven by customer wins, share gains, and strong retention - especially in North America and Asia. This growth came despite softer restaurant traffic, which speaks to the strength of our customer partnerships and execution.

In the U.S., QSR traffic was flat over the trailing three-month period of August, September and October. Within that, QSR chicken grew, while QSR burger traffic was down 3 percent, improving slightly in October. French fry volume in North America foodservice was up slightly over the same three-month period, reflecting continued demand resilience.

Internationally, restaurant traffic in most markets declined, including the U.K., our largest international market, which was down about 3 percent.

Even so, our teams delivered growth in this environment, which is a testament to their focus and execution.

Price/mix declined 8 percent at a constant currency, primarily due to the carryover and current year impact of price and trade to support customers, as well as, mix shifts toward lower-margin sales.

To summarize, we delivered strong growth and held net sales essentially flat in a tough traffic environment, positioning us well as we move into the second half.

Looking at our segments...

North America net sales were essentially flat compared with the prior year. Volume increased 8 percent, supported by recent customer contract wins and share gains.

Price/mix declined 8 percent, reflecting the carryover and current year impact of price and trade to support our customers, and unfavorable mix.

In our International segment, net sales increased 4 percent, including a favorable foreign currency impact of \$23 million. At constant currency rates, net sales declined 1 percent.

Volume grew 7 percent, while price/mix at constant currency, declined 8 percent, primarily due to pricing actions in key international markets to support customers and unfavorable mix.

Asia, including China, once again led our volume growth in the quarter, and volume also grew with multinational chain customers.

In Europe, a strong crop and soft restaurant traffic has pressured pricing as incremental industry capacity in local regional markets has reduced exports. We have taken steps to support our customers with price and trade and expect these actions will continue through fiscal 2026. At the same time, we're actively working to rebalance supply and demand, ensuring we have the right assets in the right places to serve our customers in our priority markets.

In Latin America, we continue to ramp up production at our new facility in Argentina. As we mentioned last quarter, it will take time to reach target utilization levels as we qualify lines and bring on new

customers. During this ramp-up, fixed costs will be spread over lower production volumes, resulting in higher costs per pound for the remainder of the year. While reaching optimal production will take time, we see this as a significant opportunity to drive volume growth and margin expansion over the coming years.

Let's now turn to profitability, where we continue to see the benefits of our cost savings initiatives and disciplined execution, even as we navigate mix and pricing headwinds.

Slide 12 – Q2 '26 vs Q2 '25 Adjusted EBITDA

On slide 12, as expected, Adjusted EBITDA declined \$9 million compared to last year to \$286 million. Adjusted Gross Profit was in line with expectations, down \$16 million year-over-year, primarily due to unfavorable price/mix.

This was partially offset by higher sales volume, benefits from our cost savings initiatives and lower total manufacturing costs per pound.

Our cost savings efforts are not only reducing costs, but also improving processes and efficiencies across our operations, positioning us well for the future.

Input costs, outside of raw potato prices, increased in the quarter, driven by tariffs, labor, fuel power and water, and transportation rates. While agreements in principle for palm oil tariff exemptions from Indonesia and Malaysia are in place, they have not yet been finalized, so we continue to forecast these expenses.

Adjusted SG&A expenses declined \$8 million versus the prior year quarter, reflecting benefits from our cost savings initiatives, partially offset by compensation and benefit accruals.

Adjusted Equity Method Investment Earnings was \$3 million, a decline of \$8 million as a result of lower production volume and an unfavorable mix of sales at our joint venture in Minnesota.

Overall, while we faced headwinds from price/mix and input cost inflation outside of potatoes, we delivered solid volume growth and meaningful cost savings.

Slide 13 – Q2 '26 vs Q2 '25 Adjusted EBITDA by Segment

Turning to Segment EBITDA performance on slide 13...

Adjusted EBITDA in our North America segment increased 7%, or \$19 million, versus the prior-year quarter to \$288 million. This growth reflects strong execution, including higher sales volume and lower manufacturing costs per pound, driven by raw potato deflation and benefits from our cost savings initiatives. These improvements were partially offset by price and trade to support our customers.

In our International segment... Adjusted EBITDA declined \$21 million to \$27 million. This reflects:

- price and trade to support our customers, as well as
- higher manufacturing costs per pound. These costs include start-up expenses associated with ramping up our new Latin America production facility in Argentina, and increased factory burden and other costs in Latin America and Europe, as we work to rebalance supply and demand, and manage inventories.

Importantly, these costs were partially offset by the benefit of our cost savings initiatives and higher sales volumes.

Moving to liquidity and cash flows on slide 14 ...

Slide 14– Focus on Cash Flow and Disciplined Capital Deployment

Our liquidity and cash position remains strong. We ended the quarter with approximately \$1.43 billion of liquidity, including approximately \$1.35 billion available under our revolving credit facility and \$83 million of cash and cash equivalents.

Our net debt was \$3.8 billion, and our Adjusted EBITDA-to-Net Debt leverage ratio was 3.1 times on a trailing 12-month basis - consistent with our commitment to maintaining a solid balance sheet.

In the first half of fiscal 2026, we generated \$530 million of cash from operations... that is up \$101 million versus last year, driven by favorable working capital changes - primarily lower inventories in North America - and higher earnings.

Free Cash Flow was strong at \$375 million.

Capital expenditures were \$156 million in the first half, down \$331 million from last year as we completed major growth investments in facility expansions. Looking ahead, we expect fiscal 2026 capital expenditures to come in below the \$500 million target, reflecting disciplined investment and a continued focus on sustaining performance.

Turning to Slide 15, we remain committed to returning cash to our shareholders.

Slide 15 – Returning Cash to Shareholders

During the first half of the year, we returned over \$150 million including:

- \$103 million in cash dividends and

- \$50 million of stock repurchases. This includes approximately \$40 million in stock repurchased in the second quarter. We have \$308 million remaining under our current repurchase authorization, and year-to-date, we've repurchased sufficient shares to offset the expected equity plan dilution.

In addition, today we announced an increase in our quarterly dividend to \$0.38 per share.

Our capital allocation priorities remain clear: we are investing in the business and its capabilities, focusing on areas that differentiate Lamb Weston and support the execution of our strategy. At the same time, we aim to maintain a strong balance sheet and opportunistically return capital to shareholders with dividends and share repurchases.

Let's now turn to the outlook on slide 16.

Slide 16 – Reaffirming Fiscal 2026 Outlook

We are reaffirming our fiscal 2026 outlook, which includes the contribution of a 53rd week in the fourth quarter.

For the balance of the year, we expect continued volume growth and strong sales momentum, and we are on track to deliver towards the high end of our sales guidance range.

North America remains solid, with second half volumes expected to grow at or above first-half rates, supported by strong demand and a vast majority of our contract negotiations being complete.

International volumes in the second half are expected to be flat year-over-year as we lap prior-year customer wins.

As anticipated, price/mix will remain unfavorable at constant currency in the second half, but to a lesser extent than the first half.

- In North America, year-over-year price declines are expected to ease compared to what we saw in the first half, while the shift toward lower-margin restaurant customers and private-label retail customers is likely to persist.
- In our international markets, we anticipate continued headwinds from softer restaurant traffic, added capacity, and a strong crop.

On margins, we expect Adjusted Gross Margin in the second half to be flat to down versus the first half's 20.4 percent, reflecting price/mix dynamics and higher manufacturing costs internationally, including ramp up costs in Argentina and underutilization in Europe, as we work to rebalance supply and demand.

Adjusted SG&A is expected to continue to benefit from cost savings initiatives, though in the second half, we anticipate incremental investments in innovation and advertising and promotions to support our long-term strategic plan, as well as an extra week of expenses in the fourth quarter.

Our full-year tax rate is projected at 28-29%, with second half rates in the low 20s.

To summarize, given the price/mix dynamics and higher manufacturing costs in our International segment, we believe maintaining our Adjusted EBITDA guidance range of \$1.0 to \$1.2 billion is the most prudent approach. We currently expect to finish closer to the midpoint.

We remain confident in delivering strong results for the year, supported by strong volume performance and progress under our cost savings initiatives.

With that, I will now turn the call back over to Mike.

Mike Smith

Slide 17 - Lamb Weston is...

Thank you, Bernadette.

- In closing, we are driving and expect to continue driving volume growth, share gains and customer momentum.
- Our customers are turning to Lamb Weston for the quality, innovation and value for which we are known.
- Our team is embracing and executing our Focus to Win strategy... including delivering our Cost Savings Program targets.
- We are optimizing our global supply chain - restarting curtailed production in North America and working to rebalance supply and demand globally.
- We are generating strong free cash flow and are increasing our quarterly dividend 3%.
- And, we are focused on executing our strategy and delivering good results for the year.
- With that, Bernadette and I are happy to take your questions.