

**Lamb Weston First Quarter Fiscal 2026
Financial Results Conference Call Management Remarks
September 30, 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 first 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.

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

The Lamb Weston team delivered first quarter results that exceeded our expectations and show commercial momentum in our business. While we are early on in our Focus to Win execution, we are energized and excited by the emerging evidence of results coming from the foundation that we began to lay earlier this calendar year. Our goal remains to drive profitable growth and win with customers by focusing on the principles that made Lamb Weston the industry gold standard: category leading

innovation, exceptional products and customer-centric actions. We are early in the journey, but our north star is clear. I want to thank our hard-working team globally for their excellent work. Let me provide a few key messages I would like to leave with you today.

First, we delivered another quarter of strong volume growth. This is a result of excellent work across our organization, from innovation...quality...consistency... and our focus on the customer. We are seeing positive customer momentum as we invest behind strategic differentiators.

Second, we are acting with urgency to implement our new strategic plan, Focus to Win, including working to deliver our Cost Savings Program – which is in the early innings, but tracking to our plan of achieving at least \$250 million of annual run rate savings by fiscal year end 2028.

Third, we have new innovative products coming this fall and we are winning new business and growing with existing customers – as our teams go to market with a more customer-centric Lamb Weston organization.

Fourth, in response to sustained volume growth in North America, we are restarting a curtailed line.

Lastly, we are acting with urgency to position Lamb Weston for long-term success and shareholder value creation, including by prioritizing the specific markets and products where we believe we have a sustainable competitive advantage.

Now, let's discuss the quarter in more detail.

Slide 5 – Fiscal First Quarter 2026 Highlights

- Our first quarter results were led by volume growth in both segments
- Price/mix within our expectations
- The benefits of our cost savings initiatives
- And significant progress in improving working capital, reducing our capital investments and driving strong free cash flow generation.

Slide 6 – Lamb Weston Has a Leadership Position in a Strong Category – With Real Opportunity

As we roll out our Focus to Win strategy and drive operational and strategic changes across our business, we are doing so from a leadership position within a category of opportunity. Whether at home or away from home, let's take a minute to remind ourselves "Why Fries"

- Traditional french fries are one of the most profitable items on restaurant menus.
- Fries are the most ordered item at U.S. restaurants.
- They appeal to a broad range of consumers and are America's favorite order, across every generation.

- The fry attachment rate, or how often someone orders fries with their meal, remains approximately two percentage points higher than before the pandemic. What that means is that when people go out to eat, they are ordering fries more often than in 2019.
- And we see positive trends around the globe.
- For example, global demand is growing with an estimated 44 percent of global menus offering fries, and as multinational and local market QSRs expand, they continue to seed developing markets with fries, which is trending positive.
- Finally, global fry volume growth has outpaced total food growth versus 2019.

Slide 7 – Focus to Win

In July we launched Focus to Win, our new strategic plan to unlock near- and long-term value. And while it is early in our efforts, we are making progress. I see it in the focus our teams have and the decisions we are making. We have clearly identified savings plans and our teams are executing. All this is happening as we work to be our customers' #1 partner, a world-class potato company, and an industry-leading innovator.

Slide 8 – Focus to Win Progress

Looking at each of the pillars of our strategy, a few early examples include:

Within Strengthening Customer Partnerships – We have realigned our sales teams around our priority markets. In North America we are augmenting our successful direct sales force with a broker model to expand our reach into underpenetrated channels of the business.

The Lamb Weston organization is embracing a customer-centric mentality – we have secured several new wins around the world, including expanding our share and business in key away-from-home categories such as C-stores and Cash & Carry and outside the U.S. we've increased our business with QSR customers.

In terms of Executional Excellence – the supply chain organization is elevating Lamb Weston's operations. We have undertaken programs across manufacturing, logistics and procurement that are not just driving cost savings, but meaningfully improving our run rates, our quality, and our customer satisfaction metrics.

In response to sustained volume growth in North America, as previously mentioned, we are restarting a curtailed line in the latter part of the second quarter to ensure we maintain strong customer fill-rates. Our global footprint and the untapped capacity in our manufacturing network allows us to take on new business and provide additional support for our customers.

Additionally, we began shipping from our new manufacturing facility in Mar del Plata Argentina. Approximately 80% of production will be destined for export, primarily for Latin America including Brazil.

Finally, Setting the Pace for Innovation. We take great pride in our position as an innovation leader and we are working to directly improve the customer and consumer experience, drive breakthrough innovations, and innovate how we operate.

As I mentioned in July, we've established global innovation hubs to orchestrate disruptive innovation platforms – one in North America and one in the Netherlands for our International markets.

This fall, we are launching exciting new products into retail that are aligned with customer trends. This includes flavor-forward offerings from Alexia – such as Garlic & Parmesan Crinkle Cut Fries and Dill Pickle Seasoned Fries, as well as expanding our licensed brands with Paw Patrol Waffle Fries and Shaped Tots. And internationally, we continue the roll out of our Really Crunchy artisanal fries which are performing exceptionally well.

Slide 9 – Potato Crop Update

Before Bernadette provides a more in-depth review of the quarter, let's discuss the upcoming potato crop.

We're harvesting and processing crops in our growing regions in both North America and Europe. Currently, we believe the crops in the Columbia Basin, Idaho, and Alberta are above historical average and in the Midwest are near average as growing conditions in all regions have remained generally favorable.

In Europe, growing conditions in the industry's main growing regions of the Netherlands, Belgium, Northern France and Germany have also been favorable, leading to an above average yield forecast for the region.

We continue to expect our potato costs in Europe to be flat to slightly lower than the previous year's fixed-price contracts.

As a reminder, in North America, we've agreed to a mid-single digit percent decrease in the aggregate in contract prices for the 2025 potato crop. We expect to realize the benefit of these lower potato prices beginning late in our fiscal second quarter.

We'll provide our final assessment of the potato crops in North America and Europe when we report our second quarter results.

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.

Our teams continue to perform at a high level, as we began executing our new strategic plan and driving changes across the organization. In the quarter we grew volumes, improved our manufacturing cost per pound and delivered strong cash flow.

Slide 11 – Q1 '26 vs. Q1 '25 Net Sales

Starting on slide 11, first quarter net sales were essentially flat, increasing \$5 million, including a \$24 million favorable impact from foreign currency translation. On a constant currency basis, net sales declined 1 percent compared with the prior year.

Volume increased 6 percent driven by:

- Customer wins and retention, led primarily by gains in North America and Asia. In North America, the volume increase also included the rate of new customer volume scaled earlier than we planned.
- The total volume increase also included, lapping an approximately \$15 million charge taken in the first quarter of fiscal 25 related to a voluntary product withdrawal.

Turing to the industry.....

- Restaurant traffic at several customer channels was flat in the quarter, including overall QSR traffic, while some are growing, including QSR Chicken. QSR Hamburger, however, was down low single digits and declined another percent in August.
- Restaurant traffic outside the U.S has been mixed. Traffic in certain markets, including the UK, our largest international market, declined 4 percent.

Our customers continue to lean into value and menu innovation, including limited time offerings, to drive traffic and meet consumer needs.

Price/mix at constant currency rates was in line with our expectations, declining 7 percent, compared with the prior year. As a reminder, this includes the carryover impact of fiscal 2025 price and trade investments that went into effect in the second quarter of last year, as well as ongoing support of our customers. It also includes unfavorable channel product mix within our segments.

Looking at our segments...

North America net sales declined 2 percent compared with the prior year, primarily due to lower net selling prices.

Price/mix declined 7 percent and volume increased 5 percent supported by recent customer contract wins and growth across channels.

In our International segment, net sales increased 4 percent, including a favorable \$24 million impact from foreign currency translation. At constant currency rates, net sales were flat.

Volume grew 6 percent in the quarter and price/mix, at constant currency rates, declined 6 percent. This was primarily related to pricing actions in key international markets to support our customers.

Our International segment remains well positioned for the long-term, supported by new, modern manufacturing facilities, a broad and innovative portfolio, and an expanding global footprint.

- In the first quarter, Asia, including China, led our volume growth, reflecting solid market performance. Growth was supported primarily by contributions from multinational chains.
- In Europe, we expect that a strong crop, soft restaurant market demand and increased competitive actions will continue to pressure price/mix for the balance of the year.
- And in Latin America, we began shipping from our new facility in Argentina in early second quarter. While we are actively onboarding customers, we expect it will take time before the facility reaches target utilization levels. We've seen competitive activity increase in Latin America, most notably in Brazil.

Moving on from sales,

Slide 12 – Q1'26 vs. Q1'25 Adjusted EBITDA

As expected, on slide 12, you can see that Adjusted Gross profit declined. This was primarily due to unfavorable price/mix. This was partially offset by:

- higher sales volume, and
- a decrease in manufacturing costs per pound, due primarily to benefits from our cost savings initiatives....and the benefit of lapping an approximately \$39 million charge in the prior year related to a voluntary product withdrawal.

We're pleased with the progress we're making against our cost savings initiatives and we remain on track to deliver our fiscal 2026 savings target. Our broader goal with our manufacturing initiatives, however, is to embed sustainable process improvements that will

continue to enhance our manufacturing performance beyond the immediate efficiencies we are seeing.

- Partially offsetting these benefits was about \$15 million of increased fixed factory burden absorption and about \$4 million of incremental costs related to the start-up of the new production facility in Argentina.

While we anticipated a decline in Gross Profit this quarter, the decline was less than expected, due primarily to stronger-than-anticipated sales volumes and incremental benefits realized from our cost savings initiatives.

Adjusted SG&A declined \$24 million versus the prior year quarter. The decline reflects benefits from cost savings initiatives. It also includes \$7 million of miscellaneous income, primarily related to an insurance recovery and property tax refunds, that will not repeat in future quarters.

Equity Method Investments were a loss of \$600,000 in the quarter, down from earnings of \$11 million in the prior year quarter. This reflects the current lower rate of sales volume from our equity affiliate at lower prices, but also an unfavorable mix of sales.

As a result, adjusted EBITDA was essentially flat with last year at \$302 million. The favorable impact on net sales from currency translation was almost entirely offset by higher local currency expenses, particularly cost of sales, in our global markets.

Slide 13 – Q1 '26 vs. Q1 '25 Adjusted EBITDA by Segment

Turning to Segment EBITDA performance on slide 13...

Adjusted EBITDA in our North America segment declined 6%, or \$18 million, versus the prior year quarter to \$260 million, primarily related to:

- Price and trade investments in support of our customers, which was only partially offset by:
 - Higher sales volumes
 - Lower manufacturing costs per pound
 - And Lower Adjusted SG&A.
 - Lower manufacturing costs per pound and Adjusted SG&A both benefited from our cost savings initiatives.
- We also lapped an approximately \$21 million dollar charge for the voluntary product withdrawal in the prior year.

In our International segment... Adjusted EBITDA increased \$6 million to \$57 million. This year-over-year improvement primarily reflects:

- The absence of last year's \$18 million charge related to the voluntary product withdrawal
- lower potato prices
- cost savings from our cost savings initiatives, and a
- \$4 million favorable impact from foreign currency translation.

These benefits were mostly offset by supporting our customers with price investments, increased competitive actions in certain markets, and approximately \$4 million of start-up costs associated with our new manufacturing facility in Argentina.

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 healthy. We ended the quarter with approximately \$1.4 billion of liquidity, comprised of approximately \$1.3 billion available under our revolving credit facility and \$99 million of cash and cash equivalents.

Our net debt was \$3.9 billion and our Adjusted EBITDA to Net Debt leverage ratio was 3.1 times on a trailing 12-month basis.

In the first quarter of fiscal 2026, we generated \$352 million of cash from operations... up \$22 million versus the prior year quarter. Lower inventories were the primary driver of the increase. Free Cash Flow was strong, at \$273 million.

As a reminder, our Focus to Win plan includes approximately \$60 million of incremental cash flow from working capital, mainly from reducing inventory, in both fiscal 2026 and 2027, or \$120 million in total. We believe we are on track to deliver the fiscal 26 target.

Capital expenditures for the quarter declined \$256 million to \$79 million, as we completed our production facility expansion projects. For fiscal 26, our capital spending is expected to be approximately \$500 million, with approximately \$400 million in maintenance and modernization and \$100 million for environmental projects, which are mostly for wastewater treatment.

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

Slide 15 – Returning Cash to Shareholders

In the first quarter, we returned \$62 million to shareholders.

- This included \$52 million in cash dividends and
- We repurchased \$10 million of stock, leaving us with \$348 million authorized under the plan.

This brings the total cash we've returned to shareholders since the spin in 2016 to over \$2 billion.

Our capital allocation priorities continue to be anchored in investing in the business, its capabilities, and areas where we are working to competitively differentiate Lamb Weston to execute our business strategy, while maintaining a strong balance sheet and opportunistically returning capital to shareholders with dividends and share repurchases.

Let's turn to our outlook on slide 16.

Slide 16 – Reaffirming Fiscal 2026 Outlook

We are reaffirming our outlook for fiscal 2026. As a reminder, this outlook includes the contribution of a 53rd week, with the additional week falling in the fourth quarter.

We continue to expect revenue, at constant currency rates, in the range of \$6.35 billion to \$6.55 billion, which is a two percent decline to a two percent increase.

- We expect year-over-year volume growth behind customer momentum in both segments.
- In our North America segment, we expect volume to grow in both the first and second half of the year. Note that while volumes in the first quarter came in above expectations, this reflects the acceleration of new customer activity that we planned for in later periods.
- In our International segment, we expect volume in the back half of the year to be essentially flat as we lap the new customer acquisitions from the prior year and we continue operating in a competitive environment.
- We also continue to anticipate price/mix will be unfavorable at constant currency. As of the end of the quarter, we had secured approximately 75% of our global open contract volume at pricing levels generally consistent with expectations. As anticipated, unfavorable price/mix will be more pronounced in the first half, reflecting the carryover pricing actions from fiscal 25. The effect is expected to moderate in the second half of the year, supported by the new contracts signed this year.

Our Adjusted EBITDA guidance range remains at \$1.0 billion to \$1.2 billion. As a reminder, Adjusted EBITDA now excludes non-cash share-based compensation expense. It is available in the Reconciliation of Non-GAAP Financial Measures that accompanies the earnings release we filed this morning.

Despite the outperformance in first quarter, with only one quarter behind us, we believe it is prudent to maintain our guidance range. While we previously excluded any impact from tariffs, the range now incorporates tariff headwinds in the balance of the year based on enacted tariffs by the U.S. and other governments.

Additionally, given the outperformance of the first quarter's gross profit from higher than planned volume, we expect gross profit margins in the second quarter to be relatively flat with first quarter due primarily to:

- As expected, first quarter input cost inflation being flat to slightly down compared with a year ago due to the steep increase in open-market potato prices in Europe in the prior year. Going forward, beginning in the second quarter, we expect low single-digit inflation, including the benefit of this year's lower raw potato prices.
- We also expect higher factory burden from longer than expected planned maintenance downtime at one of our plants and additional start-up expenses and factory burden absorption related to the startup of our Argentina plant to adversely affect our margin performance in our International segment in the second quarter.

Turning to Adjusted SG&A, our first quarter SG&A as a percentage of revenue was lower than our expectation for the full year. As I previously mentioned, the quarter included \$7 million of miscellaneous income that will not repeat in future quarters. In addition, at year end, we shared our plan to invest approximately \$10 million of SG&A in innovation, advertising and promotion expenses to support our long-term strategic plan. These investments are slated for the remainder of the year.

While not in our guidance for Net Sales and Adjusted EBITDA, we are updating our tax rate guidance from approximately 26 percent to a range of 26 to 27 percent. We now expect the tax rate in the first half to be in the low 30s, and the second half expectation remains in the low 20s. We do not expect that the recently enacted U.S. federal tax legislation to have a material impact on our fiscal 2026 tax rate.

Finally, our outlook reflects the progress we are making with our customers, the cost savings we are on track to deliver, and the early but positive results of the work by our teams to execute Focus to Win within a competitive market.

I will now turn the call back over to Mike.

Mike Smith

Slide 17 - Lamb Weston is...

Thank you, Bernadette.

- In closing, we are acting with urgency to execute our Focus to Win strategy, including delivering our Cost Savings Program.
- We have continued to drive strong volume growth and are pleased with the momentum we are seeing with our customers.
- Our team is focused on improving capital efficiency and increasing cash flows as our growth investments are complete and reducing working capital.
- We have trend-forward products coming to the market, and the capacity and innovation to partner with our customers.
- And, we are managing our business strategically, deploying resources and focusing our efforts in the areas of the market where we have the most differentiation, which we are confident will best position us for sustained success.
- Finally, we've reaffirmed our outlook for fiscal 26.