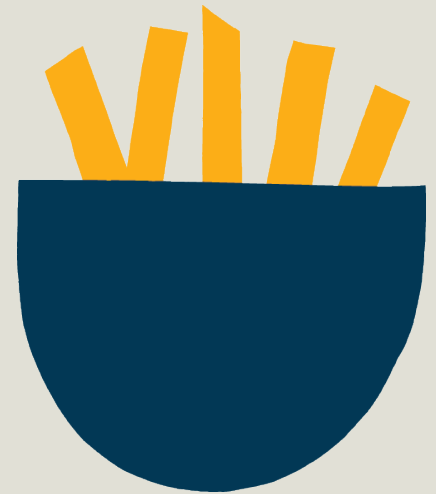


# Lamb Weston Fiscal Q3 2025 Earnings

April 3, 2025



# Forward-looking Statements



## Important Notice

This presentation contains forward-looking statements within the meaning of the federal securities laws. Words such as “expect,” “will,” “continue,” “win,” “reduce,” “drive,” “focus,” “increase,” “estimate,” “outlook,” “target,” “deliver,” “invest,” “support,” “remain,” “achieve,” and variations of such words and similar expressions are intended to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements regarding the Company’s business and financial outlook and prospects, plans and strategies and anticipated benefits therefrom, including with respect to the Restructuring Plan and other cost-savings or efficiency initiatives, pricing, potato crop, capital expenditures and investments, dividends, share repurchases, cash flows, liquidity, leverage, conditions in the Company’s operating environment and industry, and prevailing economic conditions in the Company’s markets. These forward-looking statements are based on management’s current expectations and are subject to uncertainties and changes in circumstances. Investors should understand that these statements are not guarantees of performance or results. Many factors could affect these forward-looking statements and the Company’s actual financial results and cause them to vary materially from the expectations contained in the forward-looking statements. Investors should refer to the Company’s Annual Report on Form 10-K for the year ended May 26, 2024, and the Company’s other filings with the SEC for a discussion of such factors and certain risks and uncertainties to which the Company is subject. The Company cautions readers not to place undue reliance on any forward-looking statements included in this presentation, which speak only as of the date of this presentation. The Company undertakes no responsibility for updating these statements, except as required by law.

In addition to U.S. GAAP financial information, this presentation includes certain non-GAAP financial measures that should be viewed in addition to, and not as an alternative for, financial measures prepared in accordance with GAAP. These non-GAAP 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. For example, the non-GAAP financial measures included in this presentation 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 as the Company does. Management uses these non-GAAP financial measures to assist in analyzing what management views as the Company’s core operating performance for purposes of business decision-making. Management believes that presenting these non-GAAP financial measures provides investors with useful supplemental 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, and (iii) otherwise provide supplemental information that may be useful to investors in evaluating the Company’s financial results. In addition, the Company believes that the presentation of these non-GAAP financial measures, when considered together with the most directly comparable GAAP financial measures and the reconciliations to those GAAP financial measures, provides investors with additional tools to understand the factors and trends affecting the Company’s underlying business than could be obtained absent these disclosures. Please see the reconciliation of non-GAAP financial measures to the most directly comparable GAAP measure set forth in the Appendix to this presentation.

This presentation also contains statistical data that has been obtained from industry publications and reports generated by third parties. Although the Company believes that the publications and reports are reliable, the Company has not independently verified this statistical data and, accordingly, cannot guarantee its accuracy or completeness.

# Today's Presenters



**Mike Smith**

President and Chief Executive Officer



**Bernadette Madarieta**

Chief Financial Officer

# Driving Change from a Strong Foundation

NYSE: LW

75  
years

For 75 years, Lamb Weston has produced some of the world's favorite foods—fries and other frozen potato products—for restaurants and consumers the world over.

Leader in innovation, product quality, customer relationships and operations.



# Significant opportunities

## To Win with Customers, Reduce Complexity, and Cost

- Amplifying Efforts With Customers
  - CEO personally meeting with and hearing directly from customers
- Engaged AlixPartners
  - A global advisory firm, specializing in business optimization and value creation
  - Focus on unlocking near- and long-term value
  - Defining right go-forward strategy
  - Identifying opportunities in addition to announced Restructuring Plan
- Talented, experienced Lamb Weston team
  - Engaged and ready to embrace change

# Third Quarter FY25 Highlights

- ▲ Increased volume
  - ▲ Fully replaced combined regional, small, and retail customer volume lost in prior year ERP transition
  - ▲ New customer contract wins, net of losses
- ▲ Driving operational and cost efficiencies, despite consumer pressure and soft restaurant traffic headwinds
- ▲ Lapped 2024 ERP implementation and potato write-off impact
- ▲ Delivering cost savings plan of \$55M of pre-tax savings in FY25 and \$85M in FY26
- ▲ Reaffirmed FY25 guidance

Q3 F25	GAAP	Adjusted
Net Sales	\$1,521M +4%	
Income from Operations	\$249M 11%	\$263M - %
Net Income	\$146M - %	\$157M (10)%
Diluted EPS	\$1.03 +2%	\$1.10 (8)%
EBITDA		\$364M +6%

Adjusted numbers are Non-GAAP.

See GAAP to Non-GAAP reconciliations at the end of the presentation

# Strategically Supporting Customers



# Leader in Innovation

## North America – Away from Home Operator White Space



Fridge Friendly Fries



Fridge Friendly Tater Puffs®

## North America – Retail



## International – Away from Home



# Potato Crop Update

## North America

- ▲ Q3 F25: First quarter benefiting from previously negotiated lower raw prices
- ▲ 2025 crop negotiations nearly complete
- ▲ Expect mid-single digit decline in price
- ▲ Partially offset by input cost increases
- ▲ Largely secured targeted number of acres

## International

- ▲ Europe
  - ▲ Negotiations ongoing
  - ▲ Expect flat price



# Q3'25 vs. Q3'24 Net Sales



- ▲ **Total LW +4%**
  - ▲ **Volume +9%**
  - ▲ **Price/Mix (5)%**
- ▲ **North America +4%**
  - ▲ **Volume +8%:** Fully replaced the combined regional, small, and retail customer volume lost in the prior year as we transitioned to a new ERP system; recent customer contract wins across channels, net of volume losses; partially offset by soft restaurant traffic
  - ▲ **Price/Mix (4)%:** Planned investments in price and trade to attract and retain volume; partially offset by favorable channel and product mix
- ▲ **International +5%**
  - ▲ **Volume +12%:** Chain customer contract wins in key international markets; soft restaurant traffic; to a lesser extent, lapping unfilled orders due to the ERP transition in the prior year.
  - ▲ **Price/Mix (7)%:** Planned pricing actions to drive customer wins and volume gains; continued competitive environment and unfavorable changes in foreign currencies

# Q3'25 vs. Q3'24 Adjusted EBITDA



- ▲ Adjusted EBITDA +\$20M
- ▲ Higher sales volume and lower manufacturing costs per pound
- ▲ Recent customer and contract wins, net of volume losses
- ▲ Lower Adjusted SG&A
  - ▲ Lapping \$7M of ERP costs in prior year
  - ▲ Execution of expense reduction initiatives
  - ▲ Partially offset by the timing of compensation and benefit accruals
- ▲ Adjusted Gross Profit declined \$7M
  - ▲ Unfavorable price/mix due primarily to price and trade investments
  - ▲ Higher transportation and warehousing primarily driven by higher inventory levels
  - ▲ \$16M of higher depreciation from capacity expansions (not in EBITDA)
- ▲ Lapping ERP-related costs (reduced fixed cost coverage and inefficiencies from planned downtime) and \$25M pre-tax charge for write-off of excess raw potatoes in prior year

Adjusted numbers are Non-GAAP. See GAAP to Non-GAAP reconciliations at the end of the presentation

# Liquidity, Leverage and Cash Flow

- ▲ Adequate/Sufficient liquidity to support the business
- ▲ YTD returned \$337M to shareholders: \$155M in dividends and \$182M of share repurchases
- ▲ Net Debt to Adjusted EBITDA remains below 3.5X
  - Given the current share price, we may temporarily move slightly above 3.5X net debt to Adjusted EBITDA
- ▲ Capital spending declining as forecasted
  - Company shifting from growth spend to modernization and maintenance investments

## Liquidity<sup>1</sup>

- ▲ ~\$68M cash and equivalents
- ▲ \$1.05B availability under revolving credit facility

## Leverage<sup>1</sup>

- ▲ ~\$4.2B net debt<sup>2</sup>
- ▲ 3.4X leverage ratio<sup>2</sup>

## YTD F25 Cash Flow

- ▲ ~\$485M net cash provided by operating activities
- ▲ \$563M capital expenditures<sup>3</sup>

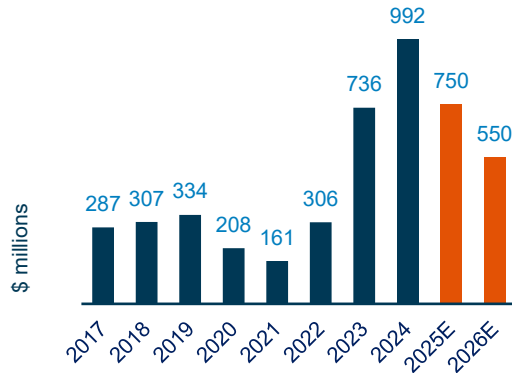
(1) As of February 23, 2025

(2) See GAAP to Non-GAAP reconciliations at the end of the presentation.

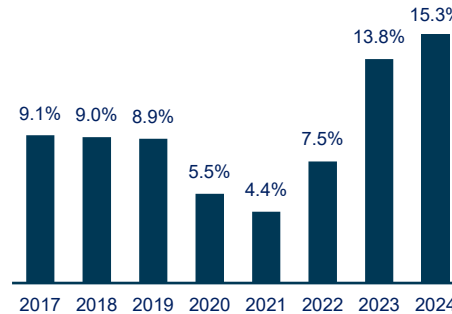
(3) Net of proceeds from blue chip swap transactions.

# Capital Expenditures: Shifting From Growth Investments

## Capital Expenditures



## Capital Expenditures as % Net Sales



11.8-11.6% of FY25 revenue guidance range

~\$450M reduction forecasted by YE F26 vs. YE F24

2026 Estimate includes \$400M for modernization and maintenance and \$150M for environmental investments, primarily for wastewater treatment  
Depending on the timing of invoicing, our cash investments for the Argentina expansion may result in 2025 spending below \$750 million and push into fiscal 2026

# Returning Cash to Shareholders

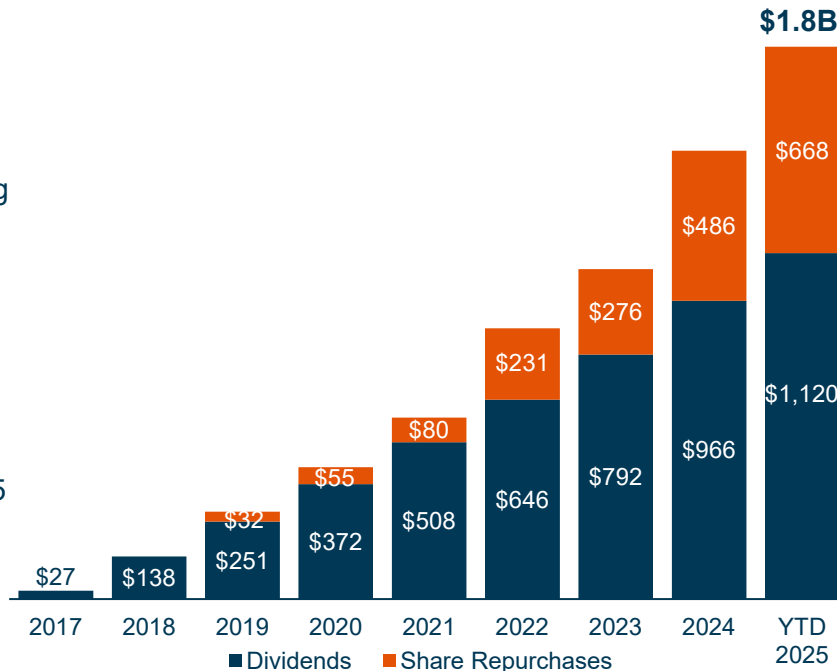
## Share Repurchases

- Repurchased \$100M during Q3 FY25<sup>1</sup>
- Repurchased \$182M YTD in FY25<sup>1</sup>
- \$458M remains available under the plan
- Opportunistic repurchases based on available cash using a disciplined approach

## Dividend Policy

- Paid \$51M in dividends in Q3 FY25
- BOD declared quarterly dividend of \$0.37 per share of Lamb Weston common stock to be paid on May 30, 2025
- 8 consecutive years** of increase in dividend per share since spin-off
- Target payout ratio of **25% to 35%**

## Cumulative Cash Returned to Shareholders (\$ in millions)



(1) Excluding shares repurchased as a result of stock compensation.

# Reaffirmed FY 2025 Outlook



	FY 2025 Outlook
Net Sales % Growth	\$6.35B – \$6.45B
Adj. EBITDA	\$1.17B – \$1.21B
Adj. Diluted EPS	\$3.05 – \$3.20
Capital Expenditures	~\$750M

- ▲ On track to achieve full-year guidance
- ▲ Q4 underlying Assumptions:
  - Volume growth in international
  - Price and trade investments continue and carry forward
  - Seasonal cost of sales with Q4 costs per pound increasing sequentially
- ▲ Lowered SG&A range by \$15M to \$665M to \$675M
- ▲ FY tax rate ~28%
- ▲ Capital expenditures target unchanged
  - Invoice timing of Argentina invoices could decrease/increase FY25/FY26 spending
  - Continuing to target ~\$550M in FY26 +/- Argentina invoice timing
- ▲ Guidance does not include the impact of incremental tariffs

# Focused on Unlocking Value

- Lamb Weston is taking the necessary steps to unlock near- and long-term value and cost savings opportunities
- Despite challenging consumer environment, including soft restaurant traffic, replaced customer volume in third quarter and reaffirmed full-year financial outlook
- Delivering cost savings and identifying additional opportunities
- Remain committed to returning capital to our shareholders through opportunistic share repurchases and steady increases in our dividend
- Capital spending reductions remain on track

# Q&A





# Appendix



(1) Numbers may vary due to rounding.

# GAAP to Non-GAAP reconciliation for the thirteen weeks ended February 23, 2025 and February 25, 2024

(in millions)

Thirteen Weeks Ended February 23, 2025	Gross Profit	SG&A	Restructuring expense	Income From Operations	Interest Expense	Income Tax Expense (Benefit) (b)	Equity Method Investment Earnings	Net Income (a)	Diluted EPS
As reported	\$ 422	\$ 164	\$ 10	\$ 248	\$ 47	\$ 57	\$ 2	\$ 146	\$ 1
Unrealized derivative gains	(3)	3	—	(6)	—	(1)	—	(5)	(0.04)
Foreign currency exchange losses	—	(7)	—	7	—	2	—	5	0.04
Blue chip swap transaction gains (c)	—	1	—	(1)	—	—	—	(1)	—
Items impacting comparability:									
Restructuring Plan expenses (d)	1	—	(10)	11	—	2	—	9	0.05
Shareholder activism expense (e)	—	(4)	—	4	—	1	—	3	0.02
Total adjustments	(2)	(7)	(10)	15	—	4	—	11	0.07
Adjusted	\$ 420	\$ 157	\$ —	\$ 263	\$ 47	\$ 61	\$ 2	\$ 157	\$ 1.10
<b>Thirteen Weeks Ended February 25, 2024</b>									
As reported	\$ 404	\$ 180	\$ —	\$ 224	\$ 36	\$ 43	\$ 1	\$ 146	\$ 1.01
Unrealized derivative losses	23	(4)	—	27	—	7	—	20	0.14
Foreign currency exchange losses	—	(17)	—	17	—	4	—	13	0.08
Blue chip swap transaction gains (c)	—	7	—	(7)	—	(2)	—	(5)	(0.04)
Item impacting comparability:									
Integration and acquisition-related items, net	—	(2)	—	2	—	1	—	1	0.01
Total adjustments	23	(16)	—	39	—	10	—	29	0.19
Adjusted	\$ 427	\$ 164	\$ —	\$ 263	\$ 36	\$ 53	\$ 1	\$ 175	\$ 1.20

## GAAP to Non-GAAP reconciliation for the thirteen weeks ended February 23, 2025 and February 25, 2024, continued

(in millions)	Thirteen Weeks Ended	
	February 23, 2025	February 25, 2024
Net income (a)	\$ 146	\$ 146
Interest expense, net	47	36
Income tax expense	58	43
Income from operations including equity method investment earnings	251	225
Depreciation and amortization (f)	99	80
Unrealized derivative (gains) losses	(6)	27
Foreign currency exchange losses	7	17
Blue chip swap transaction gains (c)	(1)	(7)
Items impacting comparability:		
Restructuring Plan expenses (d)	10	—
Shareholder activism expense (e)	4	—
Integration and acquisition-related items, net	—	2
Adjusted EBITDA	\$ 364	\$ 344

# GAAP to Non-GAAP reconciliation for the thirteen weeks ended February 23, 2025 and February 25, 2024, footnotes

- (a) Net income reflects the following:
  - i. During the thirteen weeks ended February 23, 2025, we recorded an approximately \$9 million (\$7 million after taxes) benefit related to the voluntary product withdrawal that occurred in the fourth quarter of fiscal 2024.
  - ii. A \$25 million charge (\$19 million after taxes) for the write-off of excess raw potatoes in North America for the thirteen weeks ended February 25, 2024. We recorded \$21 million (\$16 million after taxes) in cost of sales, and \$4 million (\$3 million after taxes) in equity method investment earnings. The total charge to the reporting segments was as follows: \$23 million to the North America segment; and \$2 million to the International segment.
  - iii. For the thirteen weeks ended February 25, 2024, our results were negatively impacted by the ERP transition, which we estimate impacted net sales by approximately \$135 million, with \$123 million and \$12 million in our North America and International segments, respectively. We estimate net income was impacted by approximately \$95 million (\$72 million after taxes), including approximately \$55 million (\$42 million after taxes) related to lower order fulfillment rates and approximately \$40 million (\$30 million after taxes) of incremental costs and expenses, of which approximately \$7 million (\$5 million after taxes) was a reduction in gross sales, and included accrued fees and charges for delayed or unfilled customer orders; approximately \$26 million (\$20 million after taxes) was recorded in cost of sales, and included reduced fixed cost coverage and inefficiencies resulting from planned downtime at our processing facilities, as well as additional freight charges; and approximately \$7 million (\$5 million after taxes) was recorded in SG&A, and largely included consulting expenses to restore order fulfillment rates. We estimate that approximately \$83 million impacted the North America segment, approximately \$5 million impacted the International segment, and approximately \$7 million impacted unallocated corporate costs.
- (b) Items are tax effected at the marginal rate based on the applicable tax jurisdiction.
- (c) We enter into blue chip swap transactions to transfer U.S. dollars into and out of Argentina primarily related to funding our announced capacity expansion in Argentina. The blue chip swap rate can diverge significantly from Argentina's official exchange rate.
- (d) On October 1, 2024 we announced the Restructuring Plan. For more information about the Restructuring Plan, see Note 4, Restructuring Plan, of the Condensed Notes to Consolidated Financial Statements of our quarterly report on Form 10-Q for the quarter ended February 23, 2025 (the Form 10-Q). Restructuring Plan expenses include \$5 million of accelerated depreciation related to the closure of our manufacturing facility in Connell, Washington.
- (e) Represents advisory fees related to shareholder activism matters.
- (f) Depreciation and amortization include interest expense, income tax expense, and depreciation and amortization from equity method investments of \$2 million and \$2 million for the thirteen weeks ended February 23, 2025 and February 25, 2024, respectively. Depreciation expense does not include the accelerated depreciation related to our Connell facility closure referred to in (d) above.

# GAAP to Non-GAAP reconciliation for the last twelve months

## Adjusted EBITDA

(in millions)	Thirteen Weeks Ended				Last Twelve Months
	February 23, 2025	November 24, 2024	August 25, 2024	May 26, 2024	
Net income (loss) (a)	\$ 146	\$ (36)	\$ 127	\$ 130	\$ 367
Interest expense, net	47	43	45	40	176
Income tax expense	58	13	51	51	173
Income from operations including equity method investment earnings	251	21	223	221	716
Depreciation and amortization (b)	99	93	91	84	367
Unrealized derivative (gains) losses	(6)	3	(9)	(27)	(39)
Foreign currency exchange losses	7	10	1	10	27
Blue chip swap transaction gains (c)	(1)	(3)	(17)	(7)	(28)
Items impacting comparability:					—
Restructuring Plan expenses (d)	10	159	—	—	169
Shareholder activism expense (e)	4	—	—	—	4
Integration and acquisition-related items, net	—	—	—	2	2
Adjusted EBITDA	\$ 364	\$ 282	\$ 290	\$ 283	\$ 1,218

# GAAP to Non-GAAP reconciliation for the last twelve months

## Adjusted EBITDA, footnotes

- (a) Net income (loss) included the following:
- The thirteen weeks ended February 23, 2025 and November 24, 2024 include expenses related to our Restructuring Plan. For more information about the Restructuring Plan, see Note 4, Restructuring Plan, of the Condensed Notes to Consolidated Financial Statements of the Form 10-Q.
- The thirteen weeks ended February 23, 2025, August 25, 2024, and May 26, 2024 include an approximately \$9 million benefit, \$39 million loss, and \$40 million loss, respectively, related to the voluntary product withdrawal.
- (b) Depreciation and amortization include interest expense, income tax expense, and depreciation and amortization from equity method investments of \$2 million each of the thirteen weeks ended February 23, 2025, November 24, 2024, August 25, 2024, and May 26, 2024, respectively.
- Depreciation expense for the thirteen weeks ended November 24, 2024 does not include the accelerated depreciation related to our Connell facility closure referred to in (d) below.
- (c) We enter into blue chip swap transactions to transfer U.S. dollars into and out of Argentina primarily related to funding our announced capacity expansion in Argentina. The blue chip swap rate can diverge significantly from Argentina's official exchange rate.
- (d) On October 1, 2024 we announced the Restructuring Plan. For more information about the Restructuring Plan, see Note 4, Restructuring Plan, of the Condensed Notes to Consolidated Financial Statements of the Form 10-Q. Restructuring Plan expenses include \$4 million and \$29 million of accelerated depreciation related to the closure of our manufacturing facility in Connell, Washington for the thirteen weeks ended February 23, 2025 and November 24, 2024, respectively.
- (e) Represents advisory fees related to shareholder activism matters.

## GAAP to Non-GAAP reconciliation leverage ratio

(\$ in billions)	February 23, 2025	
Total Debt	\$	4.2
Cash	\$	0.1
Net Debt	\$	4.2
TTM Adjusted EBITDA	\$	1.2
Net Debt/Adj. EBITDA		3.4x