Lamb Weston Holdings, Inc. (LW)

Updated July 25th, 2026, by Ian Bezek

Key Metrics

Current Price:	$50	**5 Year Annual Expected Total Return:**	12.6%	**Market Cap:**	$6.8 B
Fair Value Price:	$58	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	08/07/26
% Fair Value:	86%	**5 Year Valuation Multiple Estimate:**	3.0%	**Dividend Payment Date:**	09/04/26
Dividend Yield:	3.0%	**5 Year Price Target**	$81	**Years Of Dividend Growth:**	9
Dividend Risk Score:	C	**Sector:**	Consumer Staples	**Rating:**	Hold

Overview & Current Events

Lamb Weston is one of the dominant players in the frozen potato market, with an estimated 40% market share in North America. It primarily sells french fries, tater tots, hash browns, and other potato-based items to restaurants and fast food chains. The company relies on a few key customers to drive sales, with McDonald's (MCD) in particular accounting for about 13% of Lamb Weston's total revenues.

Lamb Weston was founded in 1950 and has long operating ties and local connections in the Pacific Northwest. Its headquarters are in Idaho, and its potato sourcing from that region provides a competitive advantage. Lamb Weston was part of packaged foods company Conagra (CAG) until November 2016, when the company was spun off.

Lamb Weston is now attempting to bounce back from a major slump. The company recently modernized its enterprise resource planning (ERP) program. There was a substantial mistake in this ERP transition process, causing a direct hit of more than $100 million, along with causing the loss of some customers who were impacted by the ERP system disruptions. Lamb Weston had a huge drop in its FY' 25 earnings tied to these issues, and FY'26 results continued the slump. The company announced its FY'26 Q4 earnings on July 24th. Adjusted EPS of 87 cents fell 5 cents year-over-year but easily topped expectations. Revenues of $1.77 billion rose 5.6% year-over-year.

For the full FY'26, non-GAAP EPS of $3.01 fell from $3.58 the prior year. However, in both 2025 and 2026, Lamb Weston had large charges tied to one-off items. We are projecting FY'27 earnings of $3.05, which would be a slight increase from last year's non-GAAP figure, on the assumption that the core business remains somewhat challenged but the one-time charges are largely behind the company as it recovers from past operational missteps and reorganizations.

Activist investors such as Jana Partners have pushed for major operational changes or an outright sale of the Lamb Weston business. As part of Lamb Weston's turnaround efforts, it appointed a new CEO, Michael Smith, who took over in January. We are mildly encouraged by Q4 results but want more proof that the turnaround is working.

Growth on a Per-Share Basis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
EPS	$2.22	$2.82	$3.18	$2.49	$2.16	$1.92	$4.68	$4.98	$2.50	$2.08	***$3.05***	***$4.28***
DPS	$0.38	$0.76	$0.78	$0.86	$0.93	$0.96	$1.05	$1.12	$1.48	$1.52	***$1.52***	***$2.13***
Shares	146	146	147	146	146	146	145	145	142	139	***138***	***136***

Lamb Weston had been a successful, if volatile, earnings growth story. The company seized new markets and opportunities once it became fully independent from Conagra. However, the pandemic was a challenge. Lamb Weston's EPS fell three years in a row as the restaurant market was greatly impacted by that crisis. 2023 marked a huge upturn from both organic growth and better pricing along with the acquisition of the remaining 50% of its European business which transformed Lamb Weston's Europe operations from a joint venture into a wholly owned division.

We believe Lamb Weston's prior growth was supercharged by its dealmaking and the robust inflationary pricing environment. Going forward, we estimate 7% annualized earnings growth. Despite the rough operational stretch, the company has kept its dividend streak intact. On Dec. 19th, 2025, the company raised its dividend by 3% to $1.52 per year.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Now	2032
Avg. P/E	20.7	22.4	18.1	24.0	37.9	48.5	16.6	16.7	24.4	23.6	***16.4***	***19.0***
Avg. Yld.	1.1%	1.0%	1.1%	1.4%	1.5%	1.3%	1.2%	1.3%	2.4%	3.1%	***3.0%***	***2.6%***

Lamb Weston has averaged a 25 times P/E ratio since going public, though this figure is somewhat inflated by the high readouts when earnings were depressed in 2021 and 2022. We believe a 19 P/E ratio is more sustainable, especially given the company's recent missteps. Shares appear to be undervalued heading into fiscal year 2027.

The company's dividend yield currently sits at 3.0%, putting it well above its historical average.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Payout	17%	27%	25%	35%	43%	50%	22%	*22%*	*59%*	*73%*	***50%***	***50%***

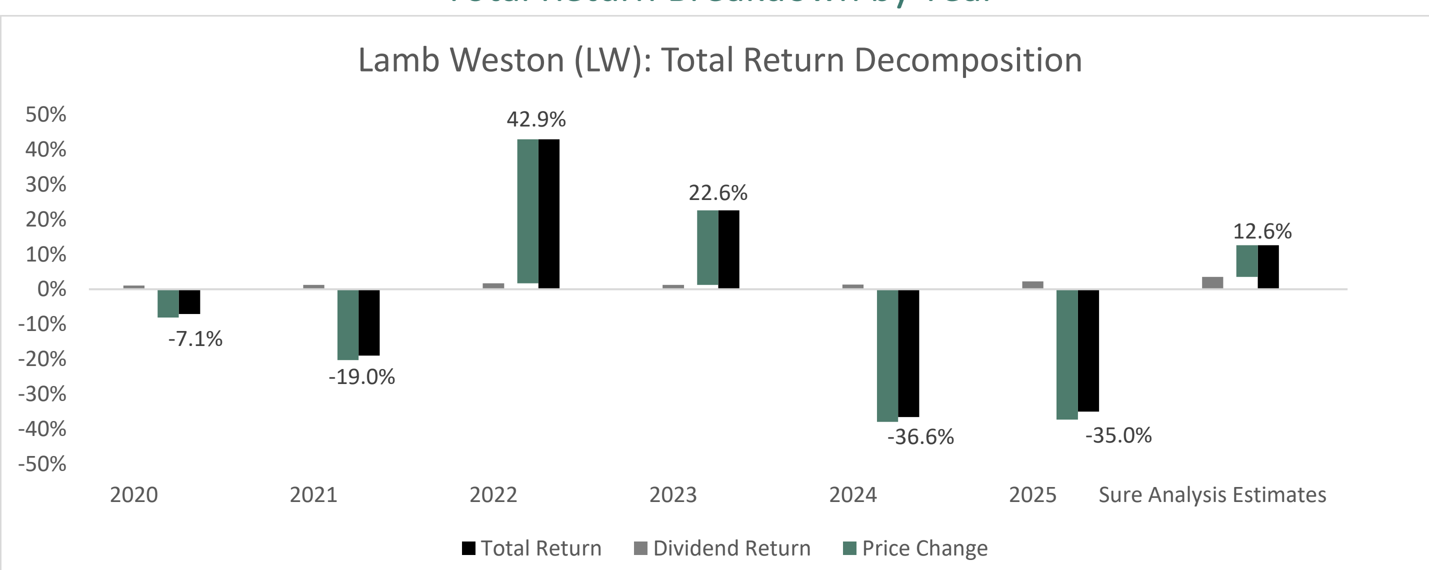
At first glance, Lamb Weston may seem like an undifferentiated commodity product producer, and it faces procurement risk since it doesn't grow its own potatoes. Changes in consumer behavior, such as a decline in french fry demand from weight loss drugs, low-carb diets, or other consumer trends would hit Lamb Weston hard. However, we believe the company's large market share, entrenched position in the key Idaho potato-growing region, and strong relationships with restaurants help protect its competitive position.

Lamb Weston has a fair bit of debt, and its BB+ credit rating from S&P Global puts it slightly below investment grade. A steep economic downturn could stress the company's dividend, that said the company's operations held up alright during the pandemic and the projected 50% payout ratio leaves a modest margin of safety today.

Final Thoughts & Recommendation

Since 2024, a combination of macroeconomic issues and operational setbacks sent LW stock into a tailspin. Lamb Weston appeared to be stabilizing, and Q4 results were a moderate step in the right direction. We think last year's sell-off was overdone and shares now appear to be somewhat undervalued. We forecast 12.6% total annualized returns from here. While that could be an opportunity for risk-tolerant investors, shares earn a hold rating due to the relatively low dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	2,994	3,168	3,424	3,757	3,792	3,671	4,099	5,351	6,468	6,451
Gross Profit	662	779	880	1,004	895	832	832	1,432	1,767	1,366
Gross Margin	22.1%	24.6%	25.7%	26.7%	23.6%	22.7%	20.3%	26.8%	27.3%	21.2%
SG&A Exp.	289	261	299	335	338	357	388	550	701	634
D&A Exp.	96	109	143	162	182	188	192	223	307	403
Operating Profit	373	518	580	668	557	475	444	882	1,065	838
Op. Margin	12.5%	16.4%	16.9%	17.8%	14.7%	12.9%	10.8%	16.5%	16.5%	13.0%
Net Profit	285	327	417	479	366	318	201	1,009	726	357
Net Margin	9.5%	10.3%	12.2%	12.7%	9.6%	8.7%	4.9%	18.9%	11.2%	5.5%
Free Cash Flow	230	160	174	347	406	406	129	108	(131)	197
Income Tax	145	170	121	134	112	91	72	225	230	143

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2,158	2,486	2,753	3,048	4,662	4,209	4,140	6,520	7,367	7,393
Cash & Equivalents	36	57	56	12	1,364	784	525	305	71	71
Acc. Receivable	187	185	226	340	342	367	447	724	744	782
Inventories	499	525	550	498	487	514	574	932	1,139	1,070
Goodwill & Int.	174	170	171	244	342	371	352	1,151	1,165	1,204
Total Liabilities	758	3,133	3,087	3,053	4,422	3,729	3,779	5,109	5,579	5,655
Accounts Payable	238	295	254	289	244	359	403	637	834	531
Long-Term Debt	143	2,425	2,385	2,327	3,540	2,737	2,728	3,462	3,823	3,860
Total Equity	1,401	(647)	(335)	(5)	240	481	361	1,411	1,788	1,738
LTD/E Ratio	0.10	(3.75)	(7.12)	(51)	14.75	5.70	7.57	2.45	2.14	2.45

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	13.5%	14.1%	15.9%	16.5%	9.5%	7.2%	4.8%	18.9%	10.5%	4.8%
Return on Equity	20.7%	86.8%	--	--	311%	88.2%	47.8%	114%	45.4%	20.3%
ROIC	18.8%	19.7%	21.8%	21.9%	12.0%	9.1%	6.4%	25.3%	13.8%	6.1%
Shares Out.	146	146	146	147	146	146	146	145	146	143
Revenue/Share	20.45	21.61	23.29	25.50	25.78	24.96	28.09	36.85	44.42	45.21
FCF/Share	1.57	1.09	1.19	2.35	2.76	2.76	0.88	0.74	(0.90)	1.38

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.