



# William Blair 40th Annual Growth Stock Conference

Presentation: June 9, 2020

# COVID-19 Implemented Action



## COVID-19 UPDATE

In response to the COVID-19 pandemic, we implemented swift actions to protect our employees, ensure uninterrupted service to our customers and aggressively adjust our business and cost structure for an expected revenue decline. Our businesses in all three segments support an essential daily requirement, food, and thus have been designated as essential in most global locations. We are proud to continue to support our customers, while adhering to strict employee safety standards at all worldwide operations.

We have implemented the following in response to COVID-19:

- Employee Safety – Implemented companywide procedures including enhanced workplace sanitation, travel discontinuation, social distancing, staggered shifts and work-at-home protocols for most non-production employees.
- Customer Support – Ensured continued access to customer support, technical service and uninterrupted shipping of service parts and finished goods. Production continued to meet customer demand.
- Cost Initiatives – Initiated an aggressive reduction of all controllable and discretionary costs. This included the adjustment of global office and production workforces in response to near-term reduced demand levels and reduced cash compensation to executives.
- Supply Chain – Established a task force to identify and mitigate supply chain disruption and ensure continuity of business operations and customer support.
- Liquidity and Cash Flow – Reduced capital expenditures for the remainder of year, enhanced working capital reduction initiatives, deferred near-term acquisition and business development related investments, and discontinued the Middleby share repurchase program.
- COVID-19 Product Introductions – Developed and launched products addressing COVID-19 needs, including sterilization units for N95 masks, mobile and touchless handwashing stations, plexiglass safety shields for restaurants and retail locations, mobile foodservice stations and hand and cleaning sanitizer produced at our most recent acquired company Deutsche.

# Financial Results



## Q1 2020 FINANCIAL RESULTS

	1Q20	1Q19	Change
Net Sales	\$677.5	\$686.8	-1.4%
Gross Profit	250.2	257.3	-2.8%
% of Sales	36.9%	37.5%	
Operating Income	105.4	101.1	4.3%
Net Earnings	73.8	69.0	7.0%
Adjusted EBITDA	137.8	137.8	0.0%
% of Sales	20.3%	20.1%	
LTM Bank EBITDA as defined in credit agreement	682.6	659.7	3.5%
Operating Cash Flow	87.1	33.9	156.9%

## RESULTS COMMENTARY

- Revenue decline of 5.9% organically
- Organic growth at Food Processing of 6.1% offset by declines in Commercial Foodservice (8.7%) and Residential Kitchen (5.0%)
- Commercial Foodservice impacted by COVID-19, initially on our business in China, but also in North America late in the quarter
- Residential Kitchen reflects weakness in the UK market associated with Brexit and Covid-19 impacts globally
- Strong EBITDA generation and cash flows
- EBITDA margin expansion to 21.3% excluding recent acquisitions
- In spite of challenging market conditions, profitability improvements from integration benefits, cost control, and pricing actions, while continuing to invest in R&D across all segments

# Debt and Liquidity



## BANK FACILITY OVERVIEW

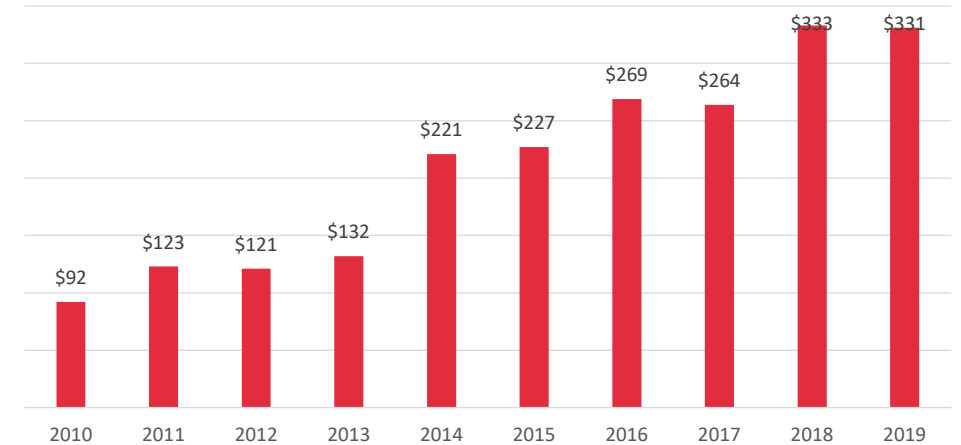
- New credit facility established in January 2020
  - 5-year term
  - \$19M annual principal payments in years 1-4
- \$3.5 billion total availability
  - \$2.75B revolver
  - \$0.75B term loan
- As of Q1 2020
  - Average interest rate 3.3%
  - \$845M of availability
- \$430.6M LTM operating cash flow
- Record operating cash flow for a first quarter at \$87.1M
- Expected cash flow positive in Q2 2020

## Q1 2020 LEVERAGE RATIO (IN \$000S)

Cash*	314.0
Debt	2,199.1
Net Debt	1,885.1
LTM EBITDA*	682.1
Leverage	2.76x
Covenant Limit	4.00x

\* As defined in the credit agreement

## 10-YEAR FREE CASH FLOW GROWTH (in 000s)

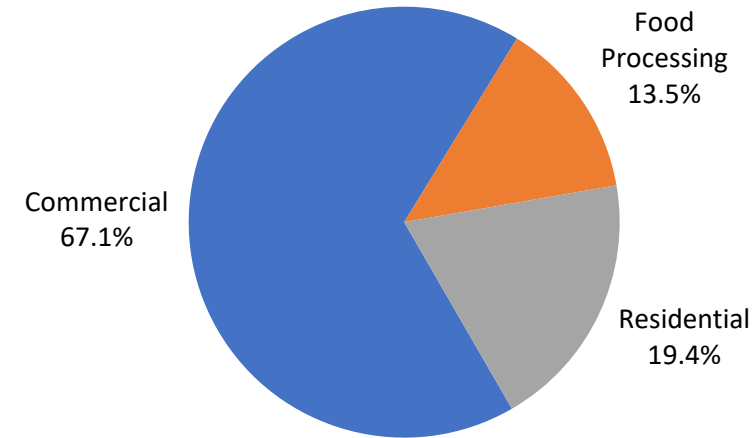


# Middleby Segment Summary

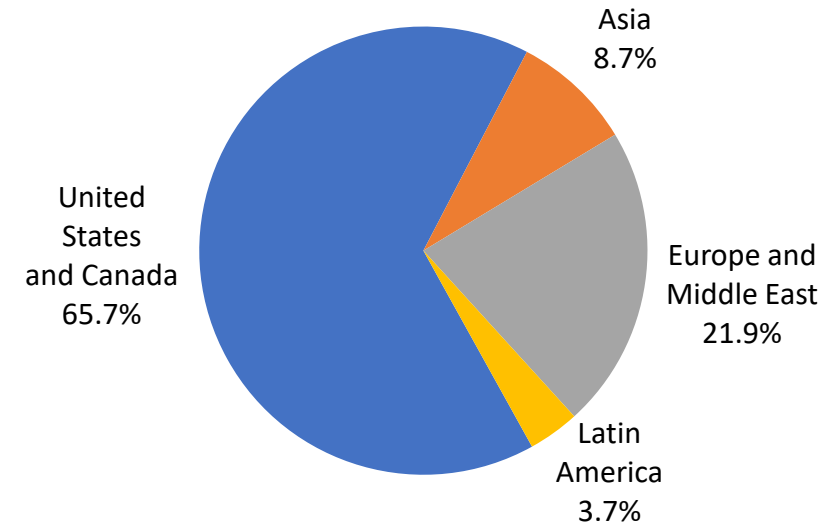


- Three industry-leading foodservice platforms
- 100+ highly-respected, leading brands
- Global business infrastructure
- Highly synergistic business segments
- Technology and innovation leader
- Strong track record of profitability and cash flow

SEGMENT REVENUES



SALES BY GEOGRAPHIC REGION



# Near-term Business Conditions

## Q2 ORDER TRENDS



### Commercial Food Service

Our foodservice customers are currently focused on delivery, drive-through and carry-out business and the safety of employees and customers. We are able to support these needs with our existing innovative products and new technology solutions to address workplace safety and continued operating essentials. The strategic investments we have made in the past have well-positioned us for current industry trends. We anticipate new restaurant openings will be impacted, but historically the majority of our sales in this segment are equipment replacement and upgrades.

### Residential Kitchen

At our residential businesses, in both the US and UK markets, the impact of COVID-19 included the widespread closure of our residential dealers' retail sales locations and reduction in traffic due to shelter-in-place restrictions. Although demand will continue to be adversely impacted and uncertain, we have seen a positive benefit as dealer retail locations began to re-open in May.

### Food Processing

We entered the year with a record backlog of approximately \$138 million, which grew to approximately \$152 million. In April, customers focused on immediate risks to their business and employees thus pulling focus away from new equipment specifications. End-user demand for our food processing customers has shifted from restaurants to retail grocery stores, impacting sales mix. Sales of hot dogs and other meat products in our core equipment markets have experienced recent increased demand. We are well-positioned to support the demand shift and to support large-scale solutions in this industry.

# COVID-19 Restaurant Impacts



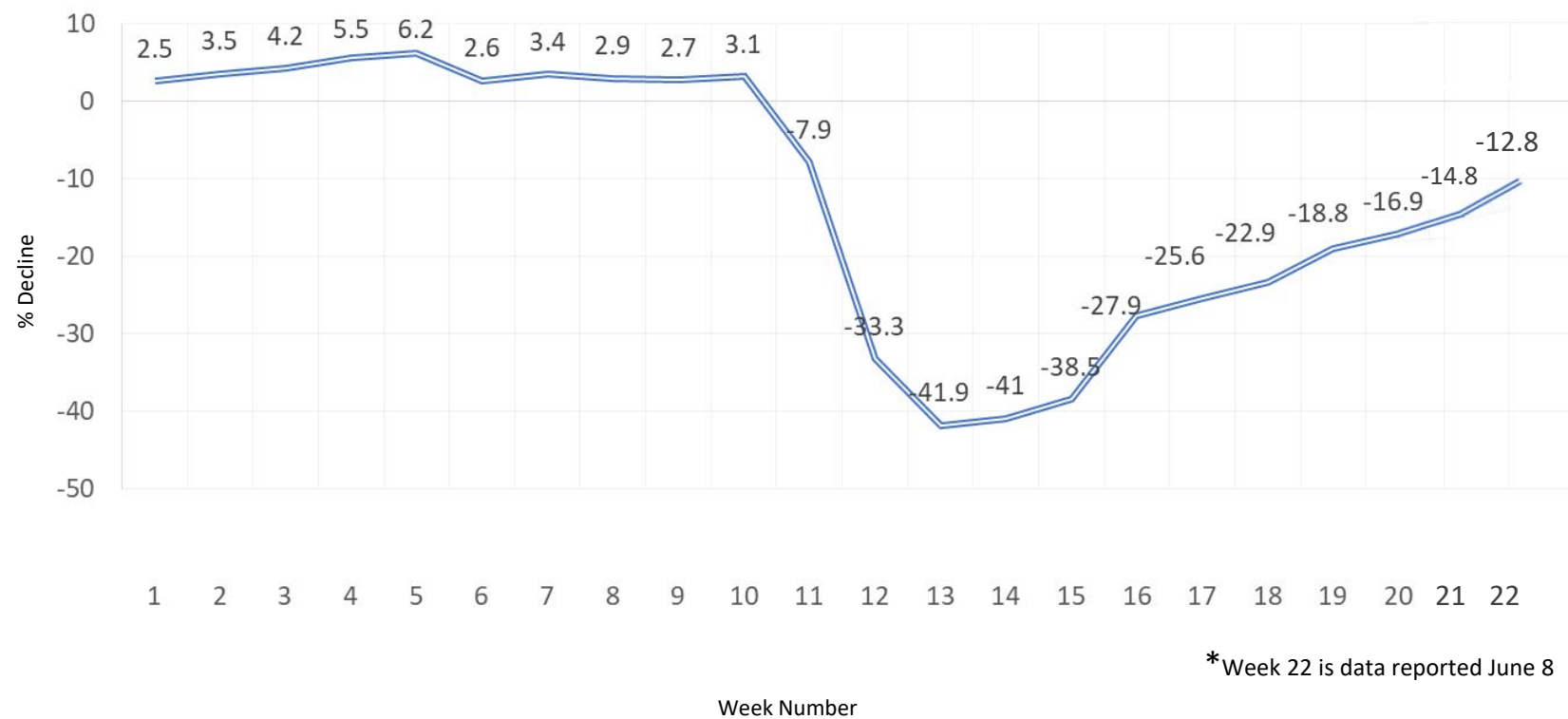
Restaurants sales are sequentially improving week over week since the March lows according to multiple restaurant data resources.

Restaurants are rapidly adapting to the new the new normal by:

- Expanding delivery options, including expanding curbside pick-up
- Adding or improving mobile ordering capabilities
- Rapidly adapting menus to support limited staffing, dining, and/or carryout options
- Restaurants are reopening for dine in
- All states except NJ now open for outdoor dining. Exceptions within certain states for example NYC not open for outdoor dining.
- 41 now states open for dine-in with 3 more expected open for dine-in by June 17.

Source: Open Table

MILLERPULSE WEEKLY INDUSTRY SAME STORE SALES, 2020



\*Week 22 is data reported June 8

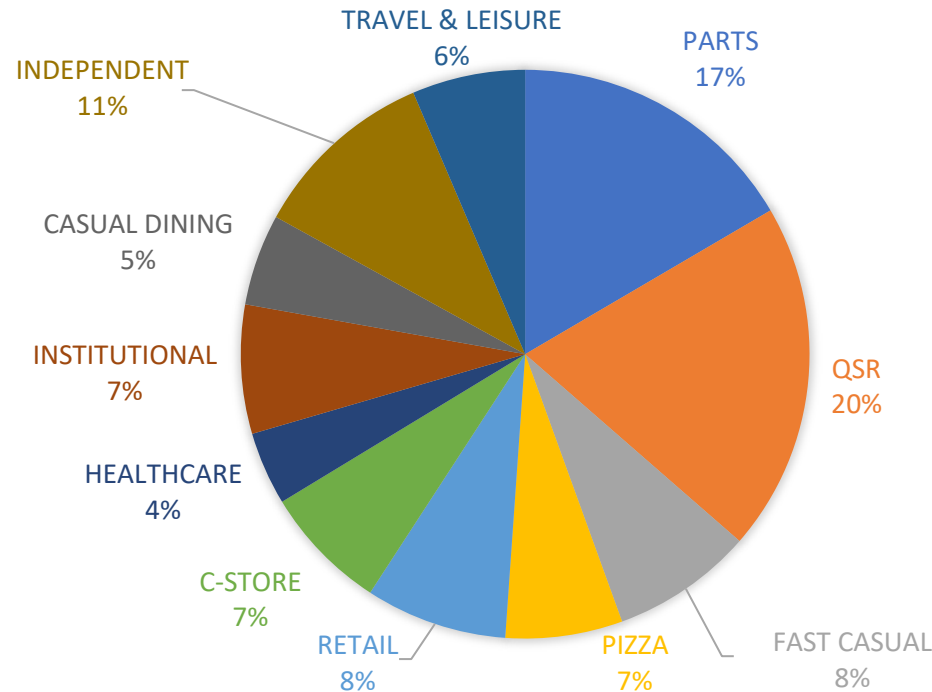
Source: MillerPulse

# Middleby Revenue Composition – Commercial Foodservice



## SEGMENT IMPACT

- Quick serve and fast casual fare better as delivery, drive through and carry out support their business
- Pizza performs well as delivery is core – large chains to hire 50,000 additional employees
- Retail and c-store customers continue to see demand as customers seek alternative foodservice and avoid dine-in
- Institutional Healthcare sectors less impacted
- Casual and fine-dining heavily impacted
- Travel and leisure significantly impacted



Segment	Technomic 2020 Restaurant Industry Forecast
QSR	-10%
Fast Casual	-10%
C-Store	-12%
Supermarkets	-15%
Senior Living Nursing Homes and Hospitals	-2%
K-12 Schools, College, B&I	-33%
Casual Dining, Midscale and Fine Dining	-35%
Lodging, Transportation and Recreation	-47%

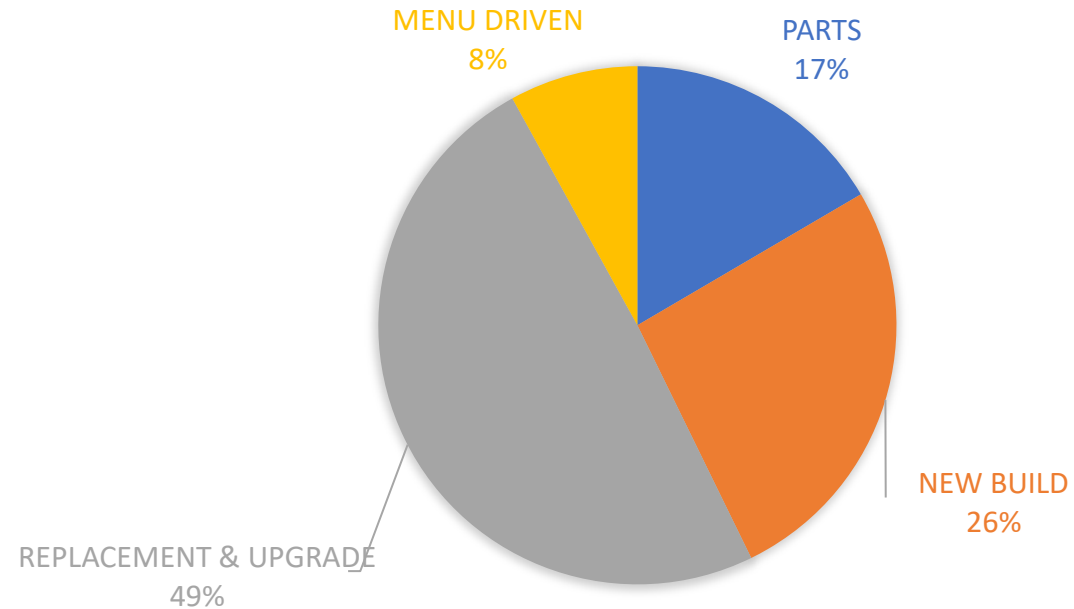
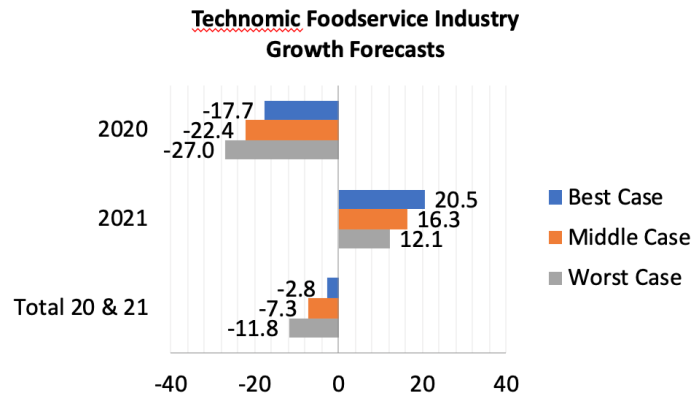


# Middleby Revenue Composition – Commercial Foodservice



## OPERATOR SPENDING

- Near-term focus on replacement, capacity and maintenance of equipment
- Better performing sectors continuing with menu and operational initiatives
- Anticipated spending on employee and customer safety modifications
- Contract and project activity showing early signs of recovery as expected re-openings occur



# Trends in the Foodservice Industry



Click on logo or image to view more information.

## ACCELERATING TRENDS

- Added focus on off-premise (delivery, carryout and drive-through)
- Focus on menu simplification, throughput and space utilization
- Growth in non-traditional foodservice including retail and c-store
- Labor will continue to be a primary challenge
- New foodservice models will continue including modular, ghost and cloud kitchens
- Remote monitoring and automation
- Safety protocols for employees and customers
- Continued demand trends in healthcare and assisted living

## MIDDLEBY SOLUTIONS

- Middleby ventless kitchens for non-traditional and space savings
- Development and launch of Open Kitchen
- Middleby modular and ghost kitchens
- Data intelligence and automation solutions
- Middleby advanced controls
- Middleby touchless and automated Pick-Up Cabinets (PUC)
- Focus on integrated solutions for targeted segments including retail, c-stores, healthcare, and emerging chains



MIDDLEBY VENTLESS SOLUTIONS



MODULAR AUTOMATED PICK UP CABINETS



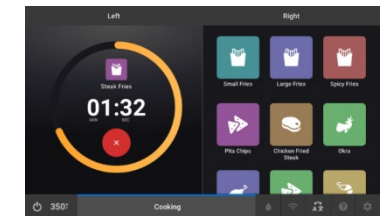
IOT CONNECTED KITCHEN



MIDDLEBY MODULAR AND GHOST KITCHENS



INDUCTION-HEATED DELIVERY SYSTEMS



MIDDLEBY'S NEW HIGH-LEVEL USER INTERFACE

Over the past year Middleby has made significant dedicated investments in R&D to focus on technology initiatives, solutions for industry trends and invested in targeted growth segments. As a result we are well positioned with solutions to address these needs that will accelerate as a result of COVID-19.

# Three Synergistic Platforms Working Together



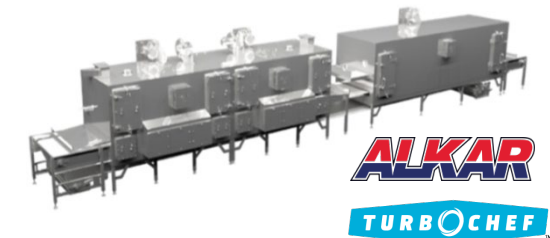
## Together we bring to the market

- ✓ Deep and Unique Expertise in Foodservice
- ✓ Culinary capabilities
- ✓ Food Safety
- ✓ Kitchen Efficiency
- ✓ Connecting with retail, restaurants and homes



## Accelerating Synergies Across Platform

- **Sharing technology and engineering**
  - ✓ Technology sharing across segments
  - ✓ Acceleration of development and to-market
  - ✓ Shared Controls and IoT
  - ✓ Integrated Controls platform
  - ✓ Internet of Things (“IoT”)
  - ✓ Automation
- **Supply chain**
- **Production capabilities and platform manufacturing**
- **Customer connection, cross-selling and overlap**



# COVID-19 Products

We developed and introduced products addressing needs of the COVID-19 pandemic.

- UV Sterilizer
- Safety Shields
- Sanitizer
- Mobile Hand Washing



## brava

N95 MASK UV  
STERILIZER  
(more sizes available soon)



SAFETY SHIELDS  
(four off-the-shelf versions and custom options readily available)

*Click on logo or image to view more information.*

QUICK BITES | APRIL 2020




**WE ARE IN THIS TOGETHER**  
SANITIZE. STERILIZE. DISTANCE. DELIVER.

We are in an unprecedented time with the coronavirus affecting every aspect of our lives. We hope everyone in your business and personal life is safe and well, as our top priority continues to be the health and safety of our employees and their families. You might see us in person, but we know these things. Our factories and offices have implemented rigorous sanitation practices and social distancing, making us considered an essential business, and we are here to serve our customers in restaurants, healthcare, grocery stores or any commercial foodservice area.

Whether it is sales, technical service or customer service, we are here to serve you.

Visit [middleby.com](http://middleby.com) for brand contact information or to chat.

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HAND SANITIZER  
(one, two, and five gallon and up to truckload quantities available)



QUALSERV MOBILE  
SANITARY SINK