



# Q4 Earnings Update

February 20, 2024

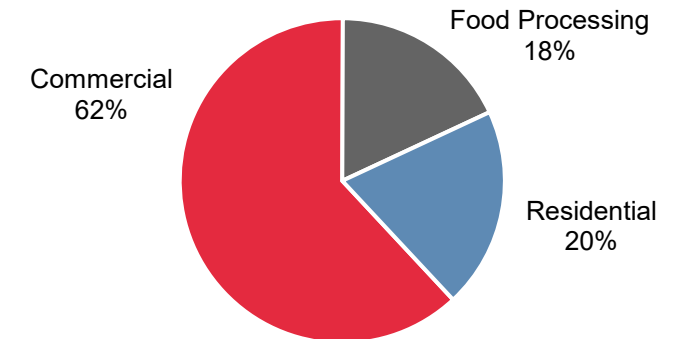
# MIDDLEBY SEGMENT SUMMARY



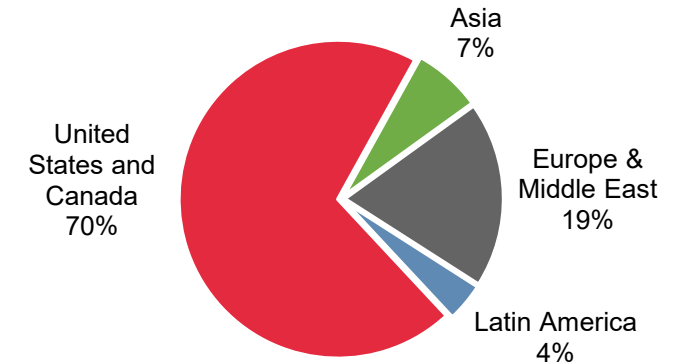
## Three Industry-Leading Foodservice Platforms

- 120+ highly-leading brands
- Three highly synergistic foodservice segments
- Technology and innovation leader
- Differentiated go-to-market capabilities
- Proven track record of strategic M&A
- Long-standing history of profitability and cash flow
- Positioned to capture rapidly evolving market trends

### 2023 YTD PROFORMA REVENUE BY SEGMENT \*



### 2023 YTD PROFORMA REVENUE BY REGION \*

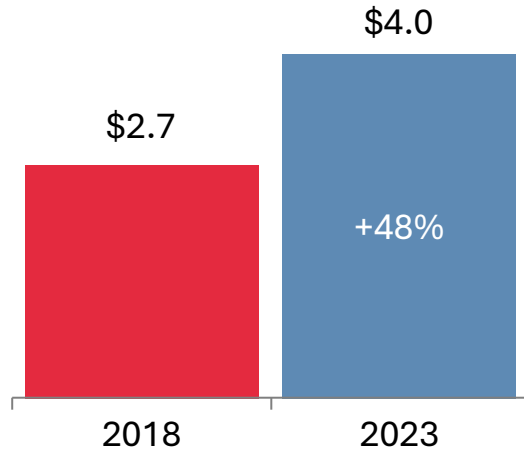


\* Revenues adjusted to depict estimated results if ownership of acquired businesses was effective for the entire year.

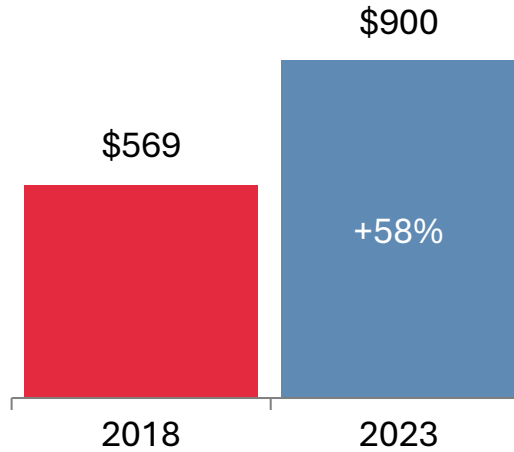
# FIVE-YEAR COMPARATIVE OPERATING PERFORMANCE



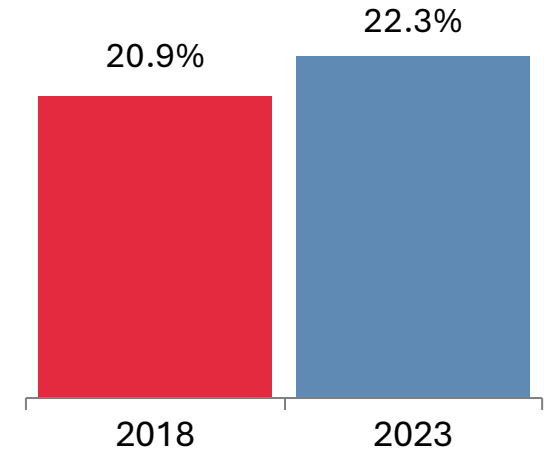
## SALES (BN)



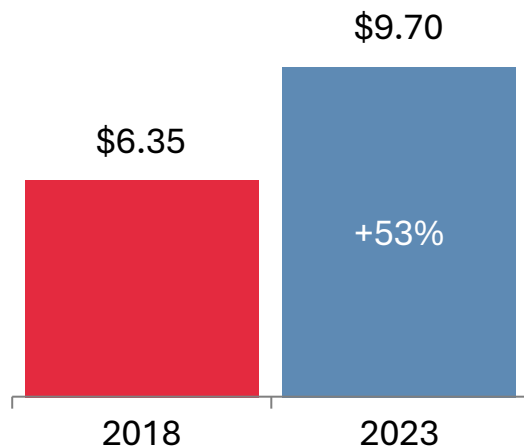
## ADJUSTED EBITDA (MM)



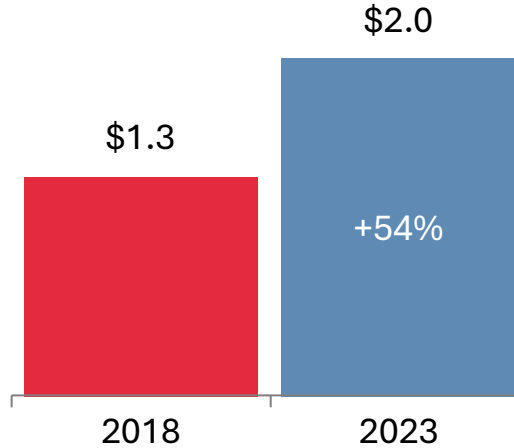
## ADJUSTED EBITDA MARGIN



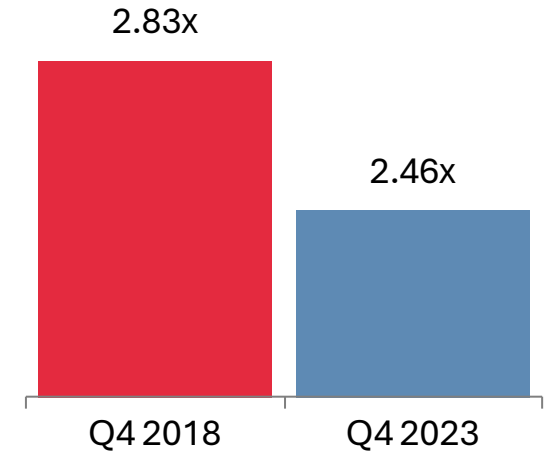
## ADJUSTED EPS



## ROLLING 5-YR FREE CASH FLOW (BN)



## LEVERAGE RATIO



# FINANCIAL RESULTS



## Q4 2023 Financial Results

(in millions, except percentages)	Q4 '23	Q4 '22	Change
<b>Net Sales</b>	\$1,008.6	\$1,031.7	-2.2%
<b>Gross Profit</b>	386.8	390.1	-0.8%
% of Sales	38.4%	37.8%	
<b>Operating Income*</b>	192.7	188.1	2.4%
<b>Net Earnings*</b>	134.9	133.2	1.3%
<b>Adjusted EBITDA</b>	235.2	233.5	0.7%
% of Sales	23.3%	22.6%	
<b>LTM Bank EBITDA</b>	921.8	889.6	3.6%
as defined in credit agreement			
<b>Operating Cash Flow</b>	255.7	159.1	

\* Operating Income and Net Earnings are adjusted to exclude impairment charges of \$78.1 million and \$58.6 million net of taxes, respectively

## Results Commentary

- Organic revenue growth by segment:
  - Commercial Foodservice -2.3%
  - Residential Kitchen -14.6%
  - Food Processing -1.3%
- Q4 '23 organic adjusted EBITDA of 23.6%
- Q4 '23 organic adjusted EBITDA by segment:
  - Commercial Foodservice 29.1%
  - Residential Kitchen 10.1%
  - Food Processing 27.6%

# COMMERCIAL FOODSERVICE



## Q4 2023 Financial Results

(in millions, except percentages)

	Q4 '23	Q4 '22	Change
<b>Revenues</b>	\$627.9	\$628.9	-0.2%
<b>Adjusted EBITDA</b>	179.3	176.5	1.6%
<b>Adjusted EBITDA as % of Revenues</b>	28.6%	28.1%	
<b>Organic Adjusted EBITDA as % of Revenues</b>	29.1%		
<b>REVENUE AND GROWTH</b>			
<b>U.S. and Canada</b>	\$442.5	-1.3%	
<b>International</b>	185.4	2.7%	

## Results Commentary

- Margin expansion over prior year and sequentially as a result of shift in mix towards higher technology solutions, manufacturing efficiencies gained through capital investments, disciplined cost control and pricing actions
- Customers buying technology to solve for labor and profitability challenges driving rollouts
- Results were somewhat tempered due to dealer and chain destocking
- Ice products continue to grow as Middleby becomes a full-line ice machine supplier

# RESIDENTIAL KITCHEN



## Q4 2023 Financial Results

(in millions, except percentages)

	Q4 '23	Q4 '22	Change
<b>Revenues</b>	\$189.0	\$216.0	-12.5%
<b>Adjusted EBITDA</b>	19.6	30.6	-35.9%
<b>Adjusted EBITDA</b> as % of Revenues	10.4%	14.2%	
<b>Organic Adjusted EBITDA</b> as % of Revenues	10.1%		
<b>REVENUE AND GROWTH</b>			
<b>U.S. and Canada</b>	\$118.1	-15.0%	
<b>International</b>	70.9	-8.1%	

## Results Commentary

- Residential brands continue to face headwinds from higher channel inventory levels and disrupted housing market
- Upcoming Kitchen and Bath Industry Show will display our latest product innovation in indoor cooking, ventilation, refrigeration and outdoor products
- Middleby Residential prepares to launch two European brands, Novy and Josper, for the US Market at KBIS
- Viking relaunches its 7-Series refrigeration line to complete its full-kitchen solution for its the 7-series products

# FOOD PROCESSING



## Q4 2023 Financial Results

(in millions, except percentages)	Q4 '23	Q4 '22	Change
<b>Revenues</b>	\$191.7	\$186.7	2.7%
<b>Adjusted EBITDA</b>	52.9	48.7	8.6%
<b>Adjusted EBITDA as % of Revenues</b>	27.6%	26.1%	
<b>Organic Adjusted EBITDA as % of Revenues</b>	27.6%		

### REVENUE AND GROWTH

<b>U.S. and Canada</b>	\$124.4	-3.1%
<b>International</b>	67.3	15.3%

## Results Commentary

- Strong margin expansion over prior year driven by delivery of larger projects, realized operational leverage benefits and further acquisition integration
- Sequential revenue growth across both bakery and protein products
- Our full-line automated solutions for protein, packing and bakery products attracted customers at the recent International Bakery Exposition (IBA) & International Production and Processing Exposition (IPPE)

# DEBT AND LIQUIDITY



## Q4 2023 Leverage Ratio (in millions)

Cash	\$247.5
Debt	\$2,425.2
Net Debt*	\$2,267.4
LTM EBITDA*	\$921.8
Total Leverage	2.46x
Covenant Limit	5.5x

\* As defined in the credit agreement

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



\*Proforma Free Cash Flow is \$355 million, excluding the termination fee received, net of taxes and deal costs of approximately \$68 million.

## Liquidity Commentary

- QTD operating cash flows were \$256 million versus \$159 million in the prior year
- YTD operating cash flows of \$629 million, an increase of 89% over the prior year
- Quarter-end borrowing capacity was approximately \$2.8 billion
- Total leverage could be below 2x at the end of 2024, in the absence of any acquisitions/investments or stock buybacks
- 66% of our debt is currently at fixed interest rates, including the impact of interest rate swaps
- Bank credit facility matures in October 2026



# EBITDA MARGIN PROGRESSION AND TARGETS



## Key Drivers

- Innovation and sales mix
- Acquisition integration
- Supply-chain initiatives
- Operational investments
- Price-cost

Segment	2021	2022	2023	Target
Commercial	25.1%	26.2%	27.7%	30%
Residential	20.9%	17.1%*	12.1%	25%
Food Processing	22.4%	22.1%	24.9%	25%

\*Affected by acquisitions

## Anticipated Timeline

- For Commercial Foodservice, we anticipate delivering the targeted EBITDA margins within two years
- For Residential Kitchen, we envision achieving the EBITDA margin goal in three to four years, as the timing of hitting the objective includes meaningful dependency on market conditions improving

# STRATEGIC M&A FOCUS

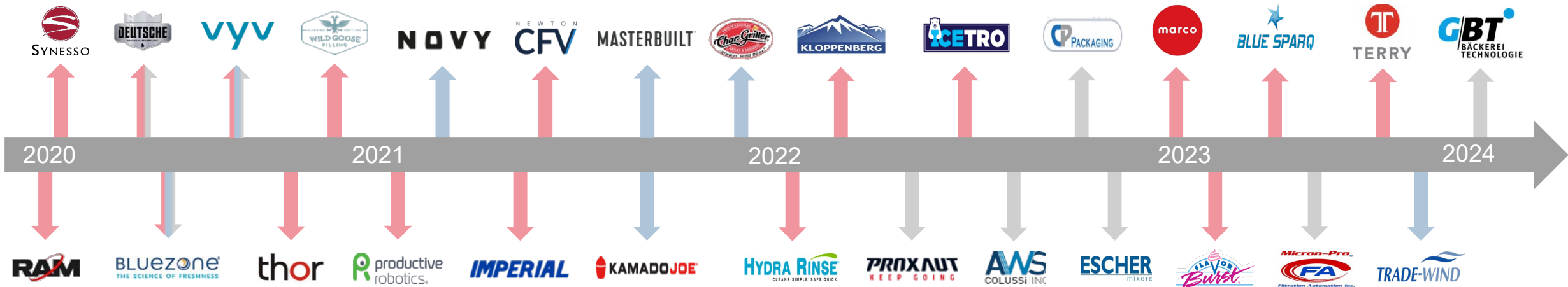


## Recent M&A Activity

- Middleby has completed 28 transactions since the beginning of 2020, investing in key technology initiatives and trends, which have enhanced our capabilities and offerings across all three business segments
- Many of the recent acquisitions have ongoing sales and profitability benefits yet to be realized
- Middleby is clearly positioned for additional opportunities in Commercial Foodservice, Food Processing and Residential Kitchen

## Strategic Investment Themes

- Automation, IoT and Digital Controls
- Beverage Platform Expansion
- Food Processing Full-Line Solutions
- Outdoor Residential Equipment
- Electrified and Ventless Cooking
- International Expansion



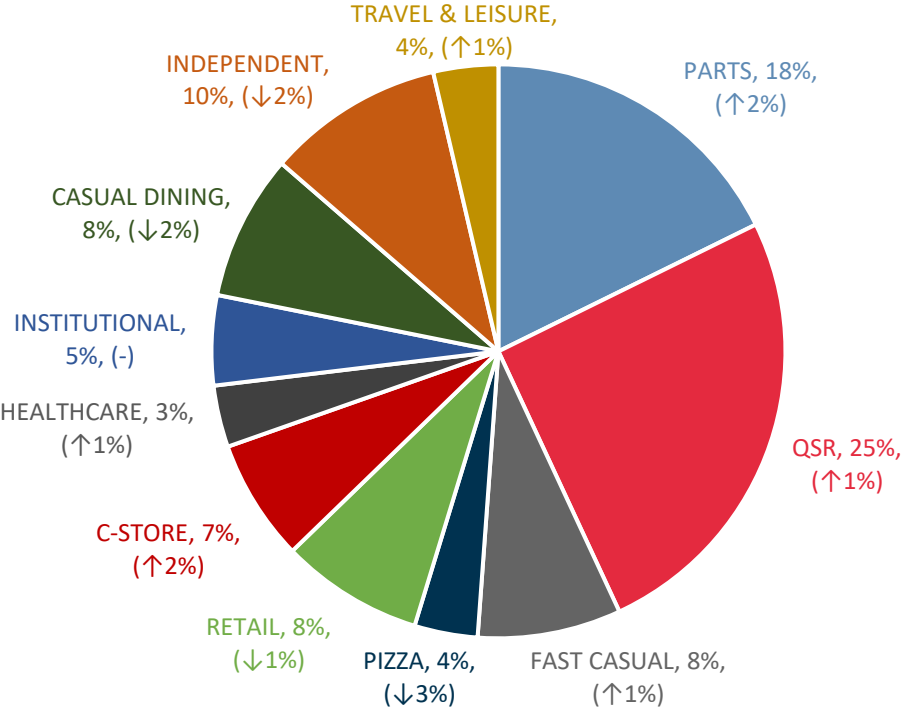
↑ Commercial Foodservice   
 ↑ Residential Kitchen   
 ↑ Food Processing

# REVENUE COMPOSITION – COMMERCIAL FOODSERVICE



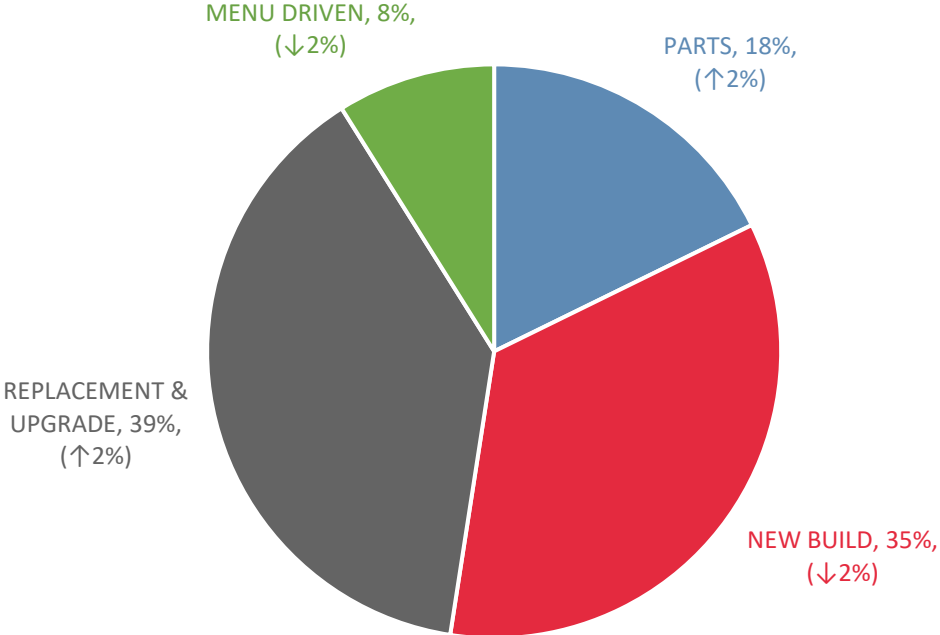
## 2023 REVENUE BY CUSTOMER SEGMENT

(CHANGE FROM 2022)



## 2023 REVENUE BY DEMAND REQUIREMENT

(CHANGE FROM 2022)



# ACQUISITIONS



[www.gbtgmbh.de](http://www.gbtgmbh.de)

- Expertise in high performance, large volume product systems for bread, buns, sweet pastries, and other baked goods
- Highly complementary to Middleby's existing bakery brands helping to expand our offering of full-line solutions
- Strengthens Middleby's European presence in large scale baking and German engineering capabilities
- Annual revenues of €10 million
- Headquartered in Lünen, Germany







**MIDDLEBY**  
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