



# Roth Capital Conference

March 18, 2013

# Forward Looking Statements

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# 5 Reasons to Invest In Middleby

1. Industry Leader
2. High Industry Expertise
3. Solid, Proven Successful Business Model
4. Successful Strategic Acquisitions
5. Strong Cashflow Generation and Financial Performance

# Industry Leading Brands

commercial foodservice



- #1 in Pizza Chains
- #1 in Convenience Stores
- #1 in Fast Casual
- #1 in Deli and Sandwich Shops
- #1 in Steakhouses and Seafood
- #1 in Chicken Outlets
- #1 in Pan-Asian Cuisine
- #1 in Casual Dining
- #2 in QSR



# Premier Customers Commercial Foodservice



- Blue-chip customer base
- Long standing relationships
- Limited customer concentration
- Large installed base
- Serve all food segments



# Industry Leading Brands

industrial processing/packaging/baking

PROCESSING & PREPARATION TECHNOLOGIES	THERMAL PROCESSING TECHNOLOGIES	PACKAGING & LOADING TECHNOLOGIES	INDUSTRIAL BAKING TECHNOLOGIES
<p><b>COZZINI</b> FOOD EQUIPMENT SOLUTIONS INTEGRATION &amp; TECHNOLOGIES</p> <p><b>DANFO TECH</b> MEAT PRESSES • DEFROST SYSTEMS HAM PROCESS SYSTEMS &amp; PRESS TOWERS</p> <p><b>MP EQUIPMENT</b> YOUR BEST VALUE FOR PROCESSING SOLUTIONS</p>	<p><b>ALKAR</b> THERMAL PROCESSING TECHNOLOGIES</p> <p><b>Armor Inox</b> INNOVATION &amp; PROCESS</p> <p><b>maurer-atmos</b> PROCESSING TECHNOLOGIES FOR COOKING SMOKING • MATURING • DRYING • AGING</p>	<p><b>DRAKE</b> HIGH PERFORMANCE LOADING SYSTEMS</p> <p><b>RAPIDPAK</b> SERVO-BASED ROLLSTOCK PACKAGING INNOVATIONS</p>	<p><b>AUTO-BAKE SERPENTINE</b> OVENS &amp; BAKING SYSTEMS</p> <p><b>Baker</b> THERMAL SOLUTIONS</p> <p><b>SPOONER VICARS</b> Bakery Systems, Inc.</p> <p><b>STEWART SYSTEMS</b> FULL LINE BAKERY EQUIPMENT</p>



#1 in hot dogs, bacon, sausage, ham and chicken forming

#2 in industrial baking and packaging



# Premier Customers Industrial Processing and Baking



- Multi-national projects
- Multi-plant operations
- Customized engineering
- Growing in emerging markets



We Are Nature's Baker.



# Industrial Processing and Baking

- Growing industry as food companies and restaurants look more closely at food safety and quality issues. Putting requirements into place for vendors.
- Greater need for safety in emerging markets
- Middleby brands can focus on customization with all of the brands and give each of our customers equipment specific to their individual needs.
- Direct global salesforce and specialized service capabilities worldwide
- Middleby brands can supply a complete system, beginning to package
- Highly patented technology
- 30% of revenues at 25% of EBITDA



# Food Processing/Baking Global Footprint

Middleby has offices and factories around the world in processing and baking. A very strong footprint in emerging markets.

- India
- Brazil
- Germany
- France
- U.K
- Australia
- Mexico
- Canada
- U.S.



## 2) High Industry Expertise

Middleby develops highly patented technologies

- 500+ Energy Star rated products
- Highly patented industrial machinery
- Consistent market disrupting product introductions
  - Ventless technology
  - Induction Applications
  - Waterless Steaming
  - Speed, Energy and labor saving options
- Low R&D, experienced, dedicated engineers and technology centers around the world.
- Labor is only 6% of the costs

# Innovation is in our DNA



Supplier  
Of the Year  
2005-2012



**Yum!**  
Supplier of  
the Year

## CRAIN'S CHICAGO BUSINESS

CHICAGOBUSINESS.COM | JUNE 25, 2012 | \$3.50



### MOST INN VATIVE COMPANIES

**Call it the Eureka Index:**  
Our ranking of Chicago's  
patent powerhouses is a mix  
of household names as well as  
some under-the-radar players

BY JOHN PLETZ

Chicago companies racked up a mountain of patents last year, most of them going to giants such as Boeing Co., Abbott Laboratories and Motorola Solutions Inc.—companies you would expect to be at the top of the intellectual-property heap.

But the list of the most innovative companies around Chicago also includes players that are hardly household names.

An exclusive analysis for *Crain's* by Ocean Tomo LLC, a Chicago-based boutique merchant bank specializing in intellectual property, reveals a top 25 list with surprising depth and breadth. It includes medical and manufacturing companies as well as high-technology and financial trading firms. Many are small, young companies carving

OpinionLab CEO  
Rand Nickerson

Middleby is ranked as  
one of the most  
innovative companies  
in Chicago in 2012



9 patents in 2011

See PATENTS on Page 8

# New Product Pipeline commercial foodservice

## 2012 INTRODUCTIONS

- Encore Oven 
- Hoods/odor control with UV 
- Low Oil Fryer 
- Electric Pizza Oven 
- Gas Combi Oven 
- Q90 New Generation 
- Broil Vection 
- Infrared Buffet System/SinAqua 
- Advanced Asian Cooking 
- Combi steam ovens 
- Lincat Vortech High Efficiency Fryer 
- Ventus and bartender continuous tops 

## 2013 INTRODUCTIONS

- Waffle baker with induction 
- New Viking residential 
- Convenience store kitchen 
- Waterless steamer 
- Warming production line 
- High capacity fryer 
- WOW! 2 Oven  
- Even Broiler  
- Fastest tortilla warmer 
- Rethermalizer cabinets 
- 30 second toaster 
- Energy Star line Viking Refrigerators 
- Induction protein quick thawing 

# New Product Pipeline

industrial processing/baking

## Processing/Packaging

### Cozzini



- Continuous Pepperoni Slicer, Most sanitary design and fastest
- Quad Cut Emulsion, increased product output and proprietary plate and knife design

### Rapid Pak



- RP-4000, Thermoform Fill Seal Packaging Machine: footprint is significantly reduced and production and quality increased with new patented design

### Drake



- Expanded Robotic Models, 600 piece per minute hot dog loading, fastest in the market, more versatile and cost effective
- Advanced loader/packer: high speed hot dog loading with packaging machine (RapidPak). Reduced footprint and faster packaging will increase current market share

## Industrial Baking

### Stewart/Auto-Bake/Spooner



- Patented lubeless oven chain: green solution with less maintenance, costs
- Advanced Bulk Packer reduces footprint by 30-40% improving operation and speed
- Dual Oven Convection System improves Bake profile, flexibility and reduces energy usage
- Wide body product cooler, improved throughput

# Case Study: “Kitchen of the Future”

Middleby partnered to help Brinker develop a “Kitchen of the Future” being rolled out this year

- Easier preparation
  - More repeatable
  - Less opportunity for error
  - Ease of use
- New menu items due to flexibility of equipment
- Labor savings
- Longer-term menu innovation over short-term promotions
- Reduced energy costs
- Increased kitchen productivity
  - Reduced service times



*“We’re happy with the food scores. We’re seeing better quality now than we did in previous food, which is good. We’ve seen significant improvements in ticket times.”*

*-Brinker CEO, Quarterly Conference Call*



# Case Study: “Kitchen of the Future”

Chili’s has seen significant improvements

- Chili’s Guest Satisfaction Scores are up Q3 2010 50% improved to Q1 2013 60%
- Operating Income Margins and EPS increases
- Chili’s traffic exceeds the average casual dining industry traffic by more than 2%+ in the most recent quarter.



Top reason: Menu improvement and innovation.

Heart of the house they made an investment in technology

Source: Brinker Investor Conference, Feb 27, 2013

Slides available at [www.brinker.com](http://www.brinker.com) in investor section

# Future Innovation and Customers

Waterless Steamer

Warming production line with large chain

Tortilla warmer with large chains

Ongoing casual dining upgrades

Convenience store kitchen

Induction cooking

Combi oven

New technology fryers and rethermalizers

Total future revenues from innovation **\$200,000,000+**

For 2013-2015 nearly 80 large projects and new initiatives in the works, potential for \$200 mil +. Customers include large fast food, fast casual and casual dining chains and top convenience stores.



## 3) Solid, Proven Business Model

- ✓ Eating out, is not going away, not a fad
- ✓ Diverse customer base, many areas, several platforms
- ✓ Established international sales structure with offices around the world including key emerging markets
- ✓ Middleby brands are leading brands worldwide, trusted by large customers
  - ✓ Longest warranties and test kitchens around the world
  - ✓ 1 out of 3 restaurants use Middleby brand equipment
- ✓ 60% of sales are from chains
- ✓ #1 or #2 in product categories in the markets Middleby serves
- ✓ Leadership alignment
  - Management owns 10% of all common shares
  - Proven, deep management team

# 2013 Outlook for Restaurants

- Same store sales (SSS) for restaurants in the U.S. will grow around 2%, the highest growth since 2008
- Internationally SSS will grow despite the macro slowdown
- Restaurants will expand profit margins to new highs with lower food costs despite the drought.
- New unit growth is expected in the U.S. across all market segments
- Accelerated unit growth in emerging markets
- Remodeling of kitchen will accelerate in casual dining and QSR
- Accelerated new product introductions and expansion of lunch day part.
- Significant remodeling in institutions especially schools.

# Serving a Broad Market

Example: TurboChef Market Segments – 100,500 Installed

Sandwich Chains:



Donut/Coffee Chains:



Supermarket:



QSR:



Casual Dining:



C-Stores:



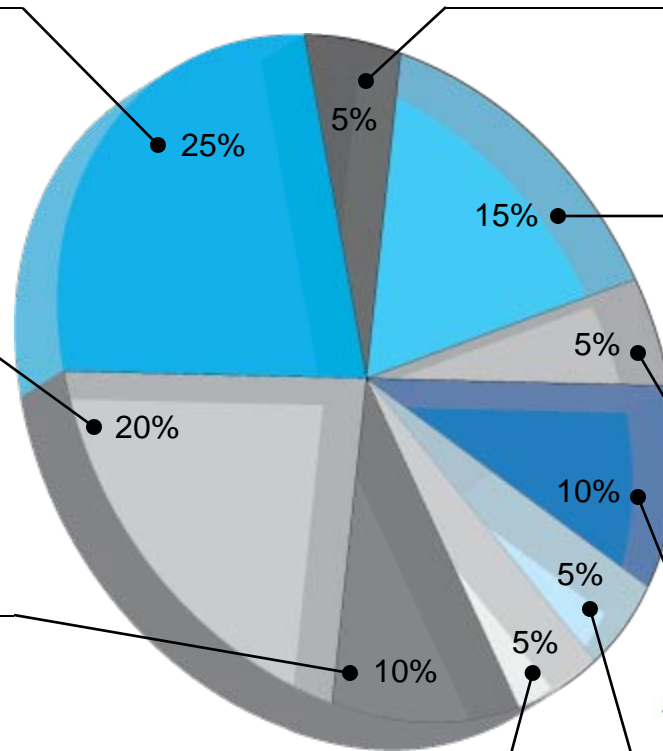
Pizza:



Business & Industry:



Non-Traditional:



# Solid Business Model: Emerging Markets

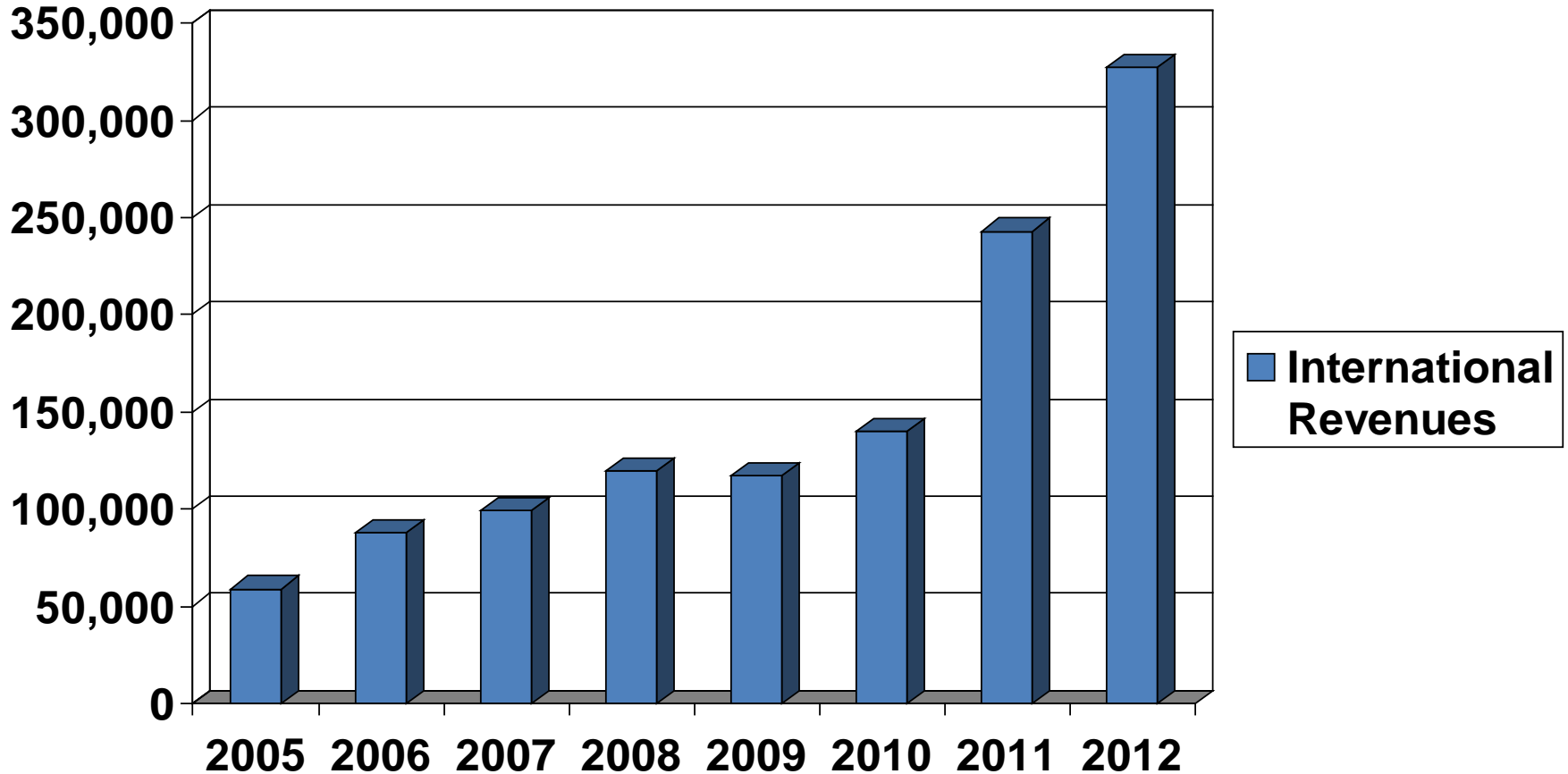
## Growth in Emerging Markets

- ✓ # 1 in China, India and Latin America for Chains
- ✓ Focused Growth Plan in Emerging Markets
  - In 2012, \$327 million, 31% of total revenues were international, emerging markets continue to grow
- ✓ Unique global infrastructure and service network
- ✓ Engineered products for India, China
  - Tandoor Oven, Samosa Fryer, Rice Steamer, Pita Oven and Gyros Broiler
- ✓ Local manufacturing in China, Philippines, Italy, U.K., Denmark, Australia, Brazil, France, Germany
- ✓ Food processing faster growth in emerging markets





# International Revenue Growth



20% average growth in international revenues over past 5 years

## 4) Successful Strategic Acquisitions

- ✓ Middleby has a strong track record of integrating acquisitions
- ✓ Every acquisition is accretive
- ✓ Acquisitions are strategic, a fit for the existing brands
  - ✓ All sizes, varying financial situations
  - ✓ Have acquires family owned, public companies, small technology companies for portfolio
  - ✓ Acquire top brands and technology in the field they serve
- ✓ Acquisitions strengthen and grow all three Middleby platforms

# Acquisition Summary

## 2009 Acquisitions

**TURBOCHEF**

**CookTek**  
MagnaWave Systems

**ANETS**

**DOYON**  
INC.  
BAKING EQUIPMENT SPECIALISTS  
SINCE 1950

## 2010 Acquisitions

**PERFECT FRY COMPANY**

**COZZINI**  
FOOD EQUIPMENT SOLUTIONS  
INTEGRATION & TECHNOLOGIES

## 2011 Acquisitions

**Armor  
Inox**  
Innovation & Progress

The taste of  
**maurer-atmos**

**imc**  
fresh thinking

**AUTO-BAKE  
SERPENTINE**  
OVENS & BAKING SYSTEMS

**DANFOTECH**  
MEAT PRESSES • DEFROST SYSTEMS  
HAM PROCESS SYSTEMS & PRESS TOWERS

HIGH PERFORMANCE LOADING SYSTEMS  
**DRAKE**  
enhancing the food industry

**lincat**

**Britannia**  
kitchen ventilation

**BEECH OVENS**  
WORLD LEADER IN SPECTACULAR COOKING EQUIPMENT

## 2012 Acquisitions

**niECO**  
AUTOMATIC BROILERS

**Baker**  
THERMAL SOLUTIONS

**STEWART  
SYSTEMS**  
FULL LINE BAKERY EQUIPMENT

**VIKING**

\$100 m revenues

\$100 m revenues

\$140 m revenues

\$270m revenues

Acquisition Pipeline Remains Strong

# Viking Range



- Leading Brand in Residential Cooking and Kitchen Equipment
- New Platform with Significant Growth Opportunities
  - Estimated premium/luxury market >\$1 billion
- Synergies with the Middleby commercial foodservice business
- Positioned for Growth
  - Improvement in residential market
  - Introduction of new products and technologies
- State of the art manufacturing capabilities with significant excess capacity
  - Support significant organic growth
  - Leverage as acquisition platform



# Viking Range: Raising profitability



- Design and manufacturing synergies of ranges, ovens, and outdoor cooking
  - Cost reduced designs and quality enhancements
  - Manufacturing consolidation opportunities
- Purchasing leverage and supply chain
  - Greater combined purchasing leverage of common items
  - Opportunities to standardize common parts
  - Insource various component part manufacturing
- Leverage of international infrastructure supporting global sales and service
  - Utilize Middleby offices in targeted emerging markets
- Product and Technology sharing
  - Induction, speed cooking, toasting and warming
  - Truevection and burner and heat transfer systems
- Corporate and administrative savings
  - Insurance, Audit, Tax



Expectation to expand profitability to >20% EBITDA margins within 3 years

# Viking Range: Housing Market Facts



- Residential construction expenditures in the US are projected to total \$623 billion in 2017, representing annual growth of 14% from \$318 billion in 2012. A rebound in new housing spending, which is expected to rise 22% annually in the forecast period, will underpin gains.
- Through the forecast period, conventional housing starts (including single- and multiple-units) are expected to increase over 14% per year from 2012 to 1.5 million units in 2017.
- Single-family housing construction is projected to total \$347 billion in 2017, based on annual gains of over 22% from 2012.
- Long-term demographic trends are expected to support demand for new housing, including healthy population increases in the 25-to-34-year-old segment, a prime source of first-time homebuyers, and the 55-to-64-year-old cohort, key purchasers of second homes.

*Source: Fredonia U.S. Housing Report, Feb. 2013*





## 5) Strong Cashflow and Financial Performance

### Middleby has Continued Strong Cashflow Generation and Financial Performance

- ✓ Low CapEx at nearly 2% of sales
- ✓ Nearly \$120 million of net cash flow
- ✓ \$8.89 cash flow/share in 2012 (\$7.51 in 2011)
- ✓ Rankings and Recognitions
  - ✓ 2005 through 2012 Named a Forbes Best Small Company #25 in 2012, top Illinois company
  - ✓ Business Week Hot Growth Company 3 of past 5 years
  - ✓ Fortune Fastest Growing Company 2 years
  - ✓ Crain's Chicago Business, Fast Fifty, 2 of past 3 years
  - ✓ Smart Money #2 best performing company of the decade

# Free Cash Flow

(\$ in millions)

## Free Cash Flow<sup>1</sup>



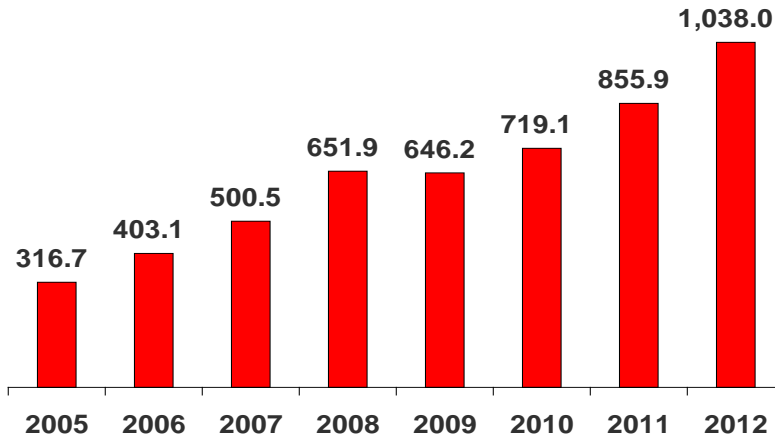
Significant free cash flow generation

<sup>1</sup>Free Cash Flow = Operating Cash Flow - Capital Expenditures

# Middleby Financial Performance

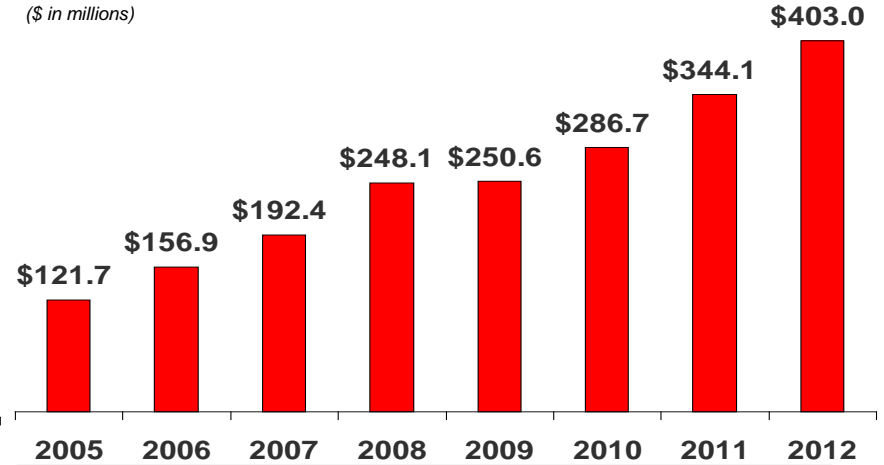
## Sales

(\$ in millions)



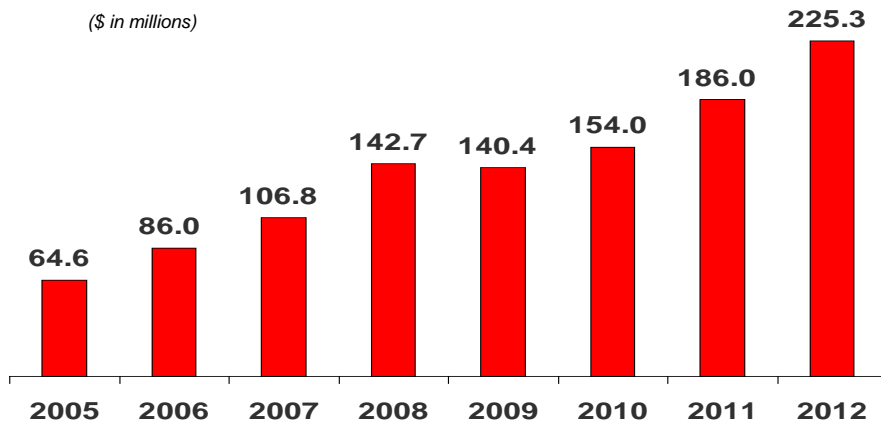
## Gross Profit

(\$ in millions)

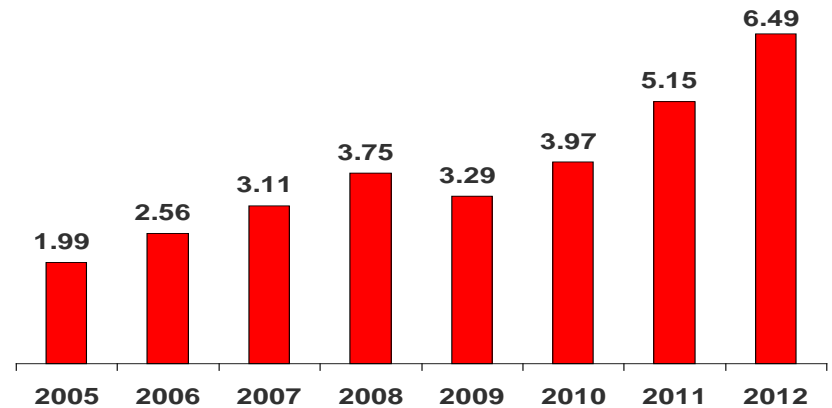


## EBITDA

(\$ in millions)



## EPS



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