



Middleby to Acquire AGA Rangemaster Group

July 15, 2015

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Transaction Description

- **Middleby to Acquire AGA Rangemaster Group plc (“AGA”) for £1.85 per share**
 - Leading international premium brands group
 - Manufacturer of residential kitchen equipment and appliances
 - FY2014 revenue of £261 million or \$401 million USD⁽¹⁾
 - FY2014 adjusted EBITDA⁽²⁾ of £14 million or \$22 million USD⁽¹⁾, a ~5% margin

Transaction Consideration

- **All-cash transaction purchase price of \$200 million (Equity Value)**

Funding

- **Funded under Middleby’s \$1.0 billion USD revolving credit facility**
 - Pro forma debt of \$854 million or 2.2x Debt / March 31, 2015 LTM EBITDA
 - Financing cost of L +150 bps

Financial Impact

- **EBITDA margin improvement opportunities**
 - Margins targeted to be brought in-line with Middleby Residential Kitchen segment
- **Accretive to EPS in 2016**
- **ROIC expected to reach mid-teens by 2018**

Closing

- **Expected closing by end of Q3 2015 subject to U.K. takeover process**

Notes:

(1) Converted to USD at 1.538 exchange rate as of July 9, 2015

(2) EBITDA adjusted to be net of pension service costs and gross of pension interest costs as reported in AGA Rangemaster Annual Report

(3) £1.85 per share x 69.86 million fully diluted shares outstanding x 1.538 exchange rate as of July 9, 2015

(4) Enterprise value calculation includes £15.0 million of Debt – £24.2 million of Cash, as of December 31, 2014 x 1.538 exchange rate as of July 9, 2015. Enterprise value calculation also includes the actuarial pension deficit of £84 million, tax-affected at 20%, the U.K. statutory rate converted to USD at 1.538 exchange rate as of July 9, 2015

Compelling Strategic Fit To Continue Expansion of Our Residential Platform

- 1 AGA Fits Well with Middleby's Strategy to Expand its Residential Platform Globally**
 - Meaningful addition to expand residential business increasing scope and scale
 - Diversification of Middleby's residential business mix (product groups, markets, geographies)
- 2 Further Strengthens Middleby's Position as a Leader in Premium Segment for Residential Kitchen Equipment**
 - Complementary portfolio of leading brands
 - Comprehensive lineup of products and technologies
 - Increased presence in international markets and broadening of global scale
- 3 AGA is Positioned for Growth**
 - Available manufacturing capacity
 - Leverage complementary distribution and sales networks to drive international growth
 - Recovery of U.K. / European markets (market fell sharply after 2007 and remained, until recently, subdued)
- 4 Meaningful EBITDA Margin Improvement Potential**
 - Recent restructuring efforts expected to bear fruit
 - Revenue growth potential resulting in operating leverage
 - Expected synergies from combined businesses

Leading Specialist Manufacturer and Distributor of Kitchen Appliances and Products

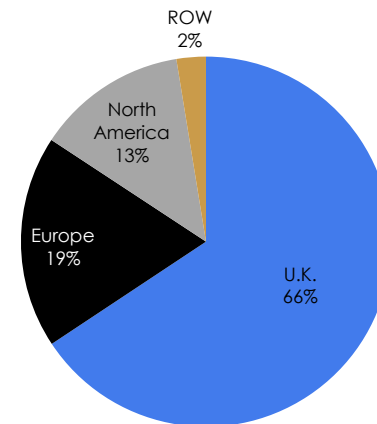
Company Overview

- Headquartered in Leamington SPA (U.K.), AGA sells over 100,000 domestic cooking ranges and refrigeration appliances in the U.K. and around the world
- Employs over 2,500 people
- Manufacturing plants in the U.K., U.S.A., France, Ireland and Romania with capacity to meet significant growth in demand
- Company-owned retail presence in the U.K.
- Continual investment in R&D to meet environmental standards, energy efficiency requirements, and deliver functionality and style demanded by customers

Product Overview














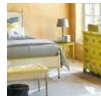


- Ranges
- Ovens
- Cast Iron Cookers
- Stoves
- Under-Counter Refrigeration and Ice Machines
- Built-In and Freestanding Refrigeration
- Cookware
- Furniture and Home Décor

2014 Sales by Region



Source: AGA 2014 Annual Report

Formidable Brand Portfolio Built On Reputation for Quality, Iconic Design and Innovation

Key Brands	Description	Products
AGA 	<ul style="list-style-type: none"> Premier cast iron cookers Among best cast iron cookers in the world because of radiant heat from cast iron oven walls 	 <p>Account for vast majority of AGA revenues</p>
Rangemaster 	<ul style="list-style-type: none"> Ranges renowned for build quality Brand extends to cooker hoods, refrigerators, sinks, and dishwashers 	
Marvel 	<ul style="list-style-type: none"> Refrigeration and ice machines Designed to open up new possibilities for indoor and outdoors use 	
La Cornue 	<ul style="list-style-type: none"> French styling vaulted oven cookers 	
Fired Earth 	<ul style="list-style-type: none"> Major tile retailer in the U.K. setting style and taste trend lines 	
AGA Cookshop / Divertimenti 	<ul style="list-style-type: none"> Cookware 	
Grange 	<ul style="list-style-type: none"> French classic and contemporary furniture 	
Leisure 	<ul style="list-style-type: none"> Stainless, composite and ceramic sinks 	

Historical Financial Performance

	GBP		
	2012A	2013A	2014A
Revenue	£245	£250	£261
Growth	(2.5%)	2.4%	4.3%

	USD ⁽¹⁾		
	2012A	2013A	2014A
Revenue	\$376	\$385	\$402
Growth	(6.5%)	2.4%	4.3%

Key Mid-Term Drivers

- Market recovery
- Revenue synergies

EBITDAP ⁽²⁾	11	13	14
Margin	4.6%	5.1%	5.4%

EBITDAP ⁽²⁾	17	20	22
Margin	4.6%	5.1%	5.4%

- Recent restructuring efforts expected to bear fruit
- Operating leverage
- Incremental synergies

Margins targeted to be brought in-line with current Middleby Residential Kitchen segment

Notes:

(1) Using a constant GBP USD exchange rate of 1.538 as of July 9, 2015

(2) EBITDA is adjusted to be net of pension service costs and gross of pension interest costs as reported in AGA Rangemaster Annual Report

Synergies with Middleby Residential and Commercial Platforms

- **Product Innovation and Engineering**
 - Technology and innovation sharing opportunities
 - Cost reduced designs through sharing of engineering know-how
- **Purchasing and Supply Chain**
 - Greater combined purchasing leverage
 - Opportunities to standardize common parts
 - Improved logistics costs
- **Global Sales and Distribution**
 - Leverage Middleby distribution infrastructure supporting global sales and service
 - Combined sales and marketing efforts
- **Manufacturing**
 - Sharing and implementation of best practices to improve efficiencies
 - Utilization of low-cost component manufacturing capabilities
- **Corporate and Administrative Savings**
 - Public company overhead
 - Insurance, audit, tax

Thorough Due Diligence on Pensions Performed Pre-Announcement

- The pension arrangements operated by AGA had an actuarial deficit on a pre-tax basis of £84 million on December 31, 2014 (\$129 million)⁽¹⁾
 - Under IFRS accounting, AGA had a deficit on a pre-tax basis of £72 million on December 31, 2014 (\$111 million)⁽¹⁾
- As part of the transaction, an agreement has been reached over future cash funding through 2023 as follows:
 - Over time, tax-deductible cash contributions to meet the deficit of up to £35 million (\$54 million)⁽¹⁾
 - £20 million (\$31 million)⁽¹⁾ will be paid at or shortly following closing;
 - No deficit contributions will then be payable until 2018; and
 - Up to £2.5 million (\$3.8 million)⁽¹⁾ per annum in 2018 - 2023
 - The remainder of the 2014 deficit is expected to be met by investment returns
- Middleby has also agreed to provide certain guarantees to the pension scheme in order to limit any downside exposure

Attractive Financial Proposition for Middleby Shareholders

Sales

- Improving residential markets in Europe and internationally
- New product introductions
- Penetration of international markets including emerging markets

Profitability

- EBITDA margin improvement opportunity
 - Margins targeted to be brought in-line with Middleby Residential Kitchen segment
 - Driven by recent restructuring efforts, market recovery, and synergy opportunities

Returns

- Accretive to EPS in 2016
- ROIC expected to reach mid-teens by 2018

Other Financial Considerations

- Efficient use of Middleby's balance sheet (funded at approximately L +150 bps)
- Depreciation estimate \$7 million per year
- Capex consistent with Middleby historic trends (1% to 2% sales)
- Transaction related amortization estimated at approximately \$5-10 million per year
- Incremental effective tax rate estimated 22% to 25%



Thank You – Q&A