



# Q2 Earnings Update

August 1, 2024

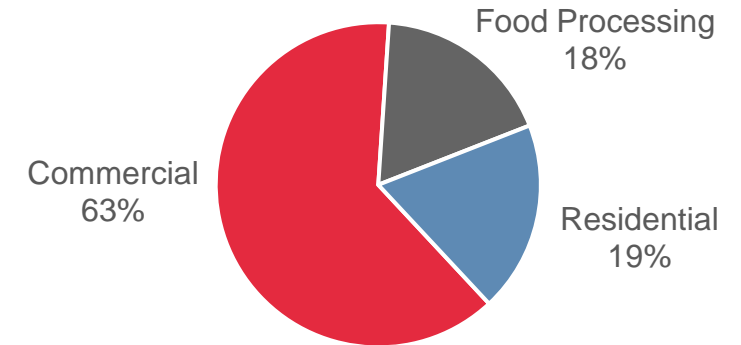
# MIDDLEBY SEGMENT SUMMARY



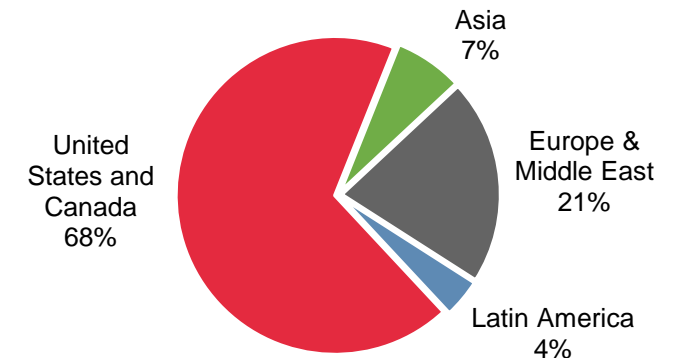
## Three Industry-Leading Foodservice Platforms

- 120+ industry-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

### 2024 YTD PROFORMA REVENUE BY SEGMENT \*



### 2024 YTD PROFORMA REVENUE BY REGION \*

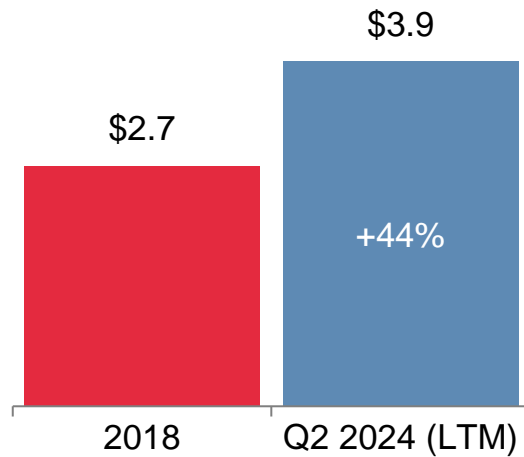


\*Revenues adjusted to depict estimated results if ownership of acquired businesses was effective for the entire year.

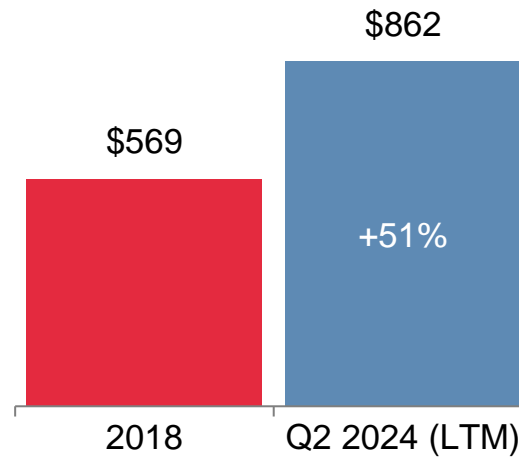
# FIVE-YEAR COMPARATIVE OPERATING PERFORMANCE



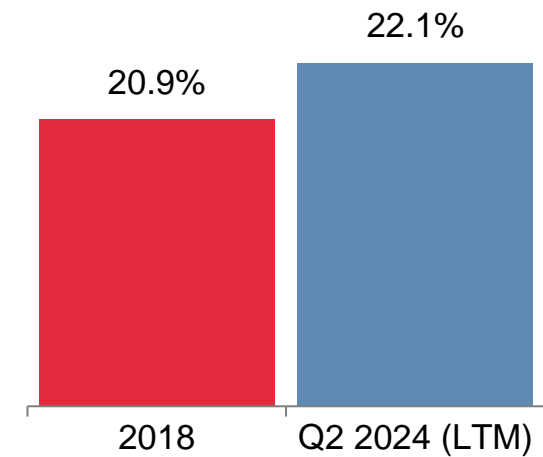
## SALES (BN)



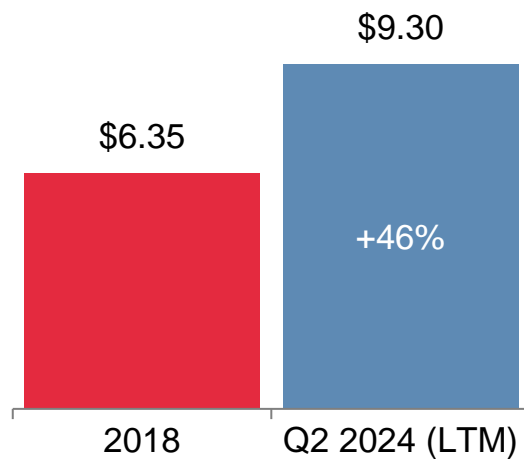
## ADJUSTED EBITDA (MM)



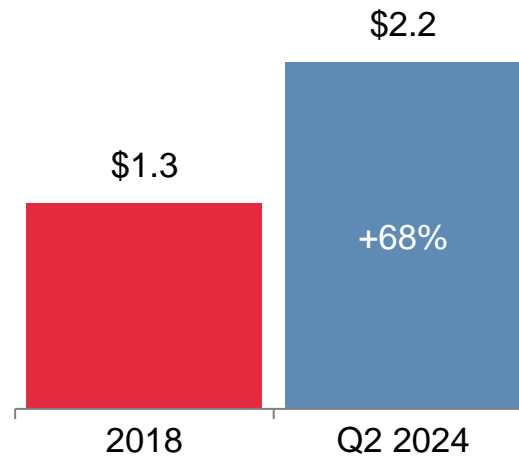
## ADJUSTED EBITDA MARGIN



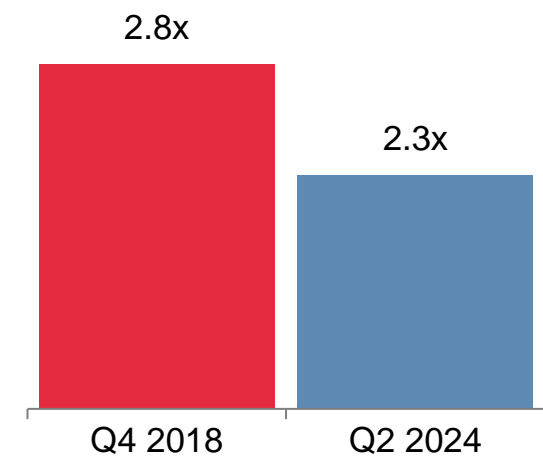
## ADJUSTED EPS



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



## LEVERAGE RATIO



# FINANCIAL RESULTS



## Q2 2024 Financial Results

(in millions, except percentages)	Q2 '24	Q2 '23	Change
<b>Net Sales</b>	\$991.6	\$1,040.0	-4.7%
<b>Gross Profit</b> % of Net Sales	379.6 38.3%	393.2 37.8%	-3.5%
<b>Operating Income</b>	175.7	184.8	-4.9%
<b>Net Earnings</b>	115.4	116.9	-1.3%
<b>Adjusted EBITDA</b> % of Net Sales	216.4 21.8%	229.2 22.0%	-5.6%
<b>LTM Bank EBITDA</b> as defined in credit agreement	890.3	912.7	-2.5%
<b>Operating Cash Flow</b>	149.5	61.9	141.5%

## Results & Outlook Commentary

- Organic revenue growth by segment:
  - Commercial Foodservice -3.9%
  - Residential Kitchen -6.7%
  - Food Processing -5.7%
- Q2 '24 organic adjusted EBITDA of 21.8%
- Q2 '24 organic adjusted EBITDA by segment:
  - Commercial Foodservice 28.1%
  - Residential Kitchen 9.0%
  - Food Processing 24.1%
- Q2 '24 orders exceeded \$1 billion
  - Highest order level in two years
  - Four consecutive quarters of increasing orders, including 9% increase over Q1 '24
  - YTD orders up 6% over prior year
- Poised for year-over-year revenue growth in Q3 & Q4

# COMMERCIAL FOODSERVICE



## Q2 2024 Financial Results

(in millions, except percentages)

	Q2 '24	Q2 '23	Change
<b>Net Sales</b>	\$619.4	\$645.7	-4.1%
<b>Adjusted EBITDA</b>	174.2	179.4	-2.9%
<b>Adjusted EBITDA</b> as % of Net Sales	28.1%	27.8%	
<b>Organic Adjusted EBITDA</b> as % of Net Sales	28.1%		
<b>REVENUE AND GROWTH</b>			
<b>U.S. and Canada</b>	442.4	-6.8%	
<b>International</b>	177.0	3.6%	

## Results & Outlook Commentary

- Challenging comparison given Q2 '23 record revenues
- Margins grew versus prior year and sequentially from Q1 '24
- Ice products continue to deliver growth
- Launching a record number of new products in '24
- Order trends point towards sequential revenue growth in Q3 & Q4
  - Four consecutive quarters of increasing orders
  - Orders increased 9% sequentially over Q1 '24
- Q3 '24 revenues anticipated to be inline with strong Q3 '23 performance

# RESIDENTIAL KITCHEN



## Q2 2024 Financial Results

(in millions, except percentages)

	Q2 '24	Q2 '23	Change
<b>Net Sales</b>	\$192.8	\$205.6	-6.2%
<b>Adjusted EBITDA</b>	17.5	28.2	-37.9%
<b>Adjusted EBITDA</b> as % of Net Sales	9.1%	13.7%	
<b>Organic Adjusted EBITDA</b> as % of Net Sales	9.0%		

### REVENUE AND GROWTH

<b>U.S. and Canada</b>	124.8	-7.4%
<b>International</b>	68.0	-4.0%

## Results & Outlook Commentary

- Margins grew sequentially over Q1 '24 despite continued headwinds
- Record number of new product launches in '24 positioning the segment for growth as the market recovers
- Strongest order quarter in two years
  - Orders increased 14% sequentially over Q1 '24
- Q3 '24 revenues anticipated to be inline with Q3 '23 performance
- Expecting to return to double digit margins in the second half of '24

# FOOD PROCESSING



## Q2 2024 Financial Results

(in millions, except percentages)

	Q2 '24	Q2 '23	Change
<b>Net Sales</b>	\$179.4	\$188.7	-4.9%
<b>Adjusted EBITDA</b>	43.0	41.7	3.1%
<b>Adjusted EBITDA as % of Net Sales</b>	24.0%	22.1%	
<b>Organic Adjusted EBITDA as % of Net Sales</b>	24.1%		

### REVENUE AND GROWTH

<b>U.S. and Canada</b>	108.7	-14.3%
<b>International</b>	70.7	14.4%

## Results & Outlook Commentary

- Margins grew as compared to prior year and sequentially from Q1 '24
- International revenue growth driven by protein products in Europe
- Record quarterly orders in Q2
  - Orders increased 9% sequentially over Q1 '24
- Poised for year-over-year and sequential revenue growth in Q3
- Maxmac was acquired in Q2 to increase local offerings of comprehensive solutions and spare parts to better serve customers in Brazil

# DEBT AND LIQUIDITY

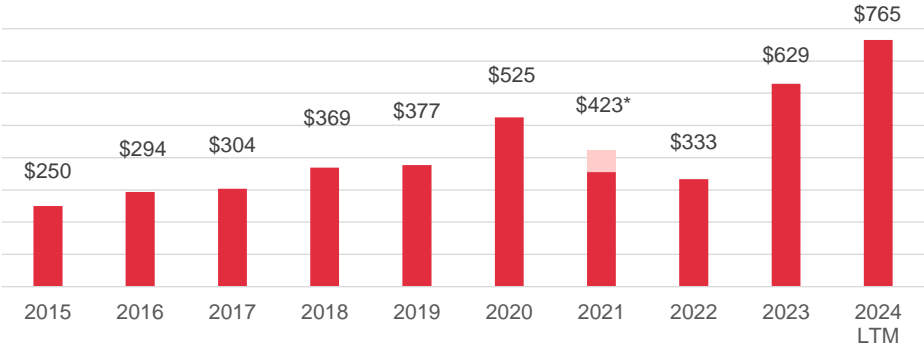


## Q2 2024 Leverage Ratio (in millions)

Cash	\$459.5
Debt	\$2,404.2
Net Debt*	\$2,040.5
LTM EBITDA*	\$890.3
Total Leverage	2.3x
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 \$150 million; record high for a second quarter
- Quarter-end borrowing capacity was approximately \$2.9 billion
- 62% 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

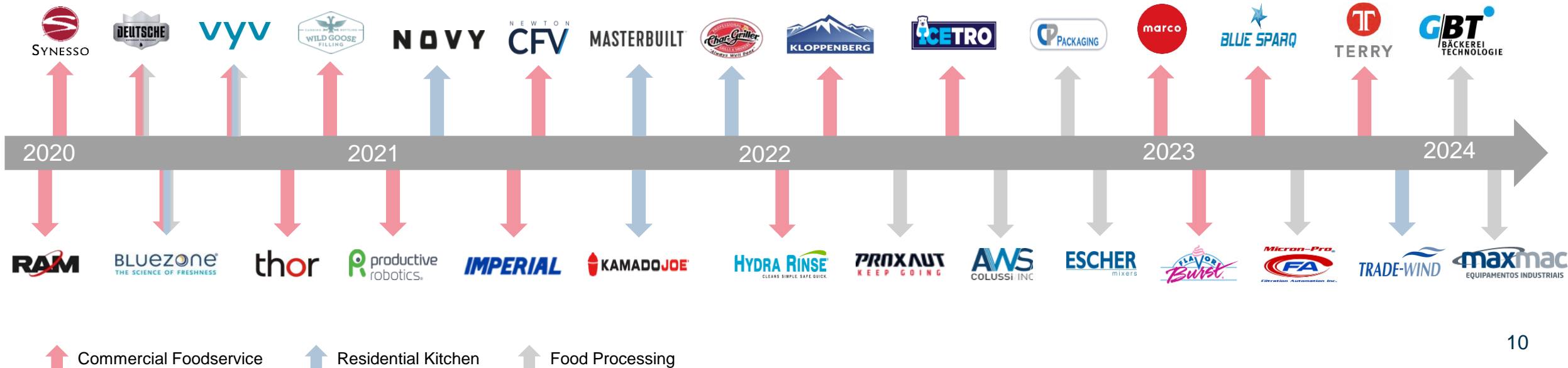


## Recent M&A Activity

- Middleby has completed 29 transactions since the beginning of 2020, many of which have targeted key technologies and long-term growth trends
- The enhanced capabilities and synergies attained through these additions have strengthened all three business segments
- Many of the recent acquisitions have ongoing sales and profitability benefits yet to be realized (e.g., ice, beverage and grills)

## Strategic Investment Themes

- Automation, IoT and Digital Controls
- Ice and Beverage Platform Expansion
- Ventless and Electric Cooking
- Food Processing Full-Line Solutions
- International Expansion

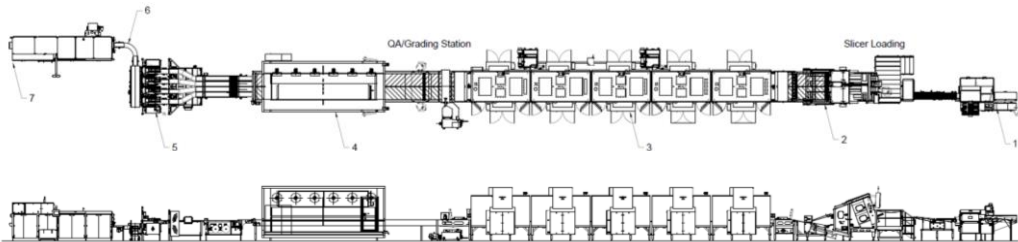


# NEW PRODUCT SPOTLIGHT



## Middleby Precooked Bacon Line

- Middleby is now a significant player in the precooked and raw bacon production
- Middleby precooked bacon line produce a better tasting and visually appealing product
- Solution delivers a 13% yield improvement over competing lines
- Slicing and packaging machines eliminate up to six FTEs
- Savings up to \$1.3M/line/shift/year through improvements in yield and labor



**VEMAC**



Automated combing/  
decombing

**MP EQUIPMENT**



Vision based  
water jet trimming

**DANFOTECH**



14s servo press for belly  
forming and shaping

**THURNE**



High-speed slicing

**ALKAR**



Thermal and  
MW processing

**SCANICG**



Chilling

**pacproinc**



Hands free precooked bacon  
interleaving and stacking

**VISIONPAK™**



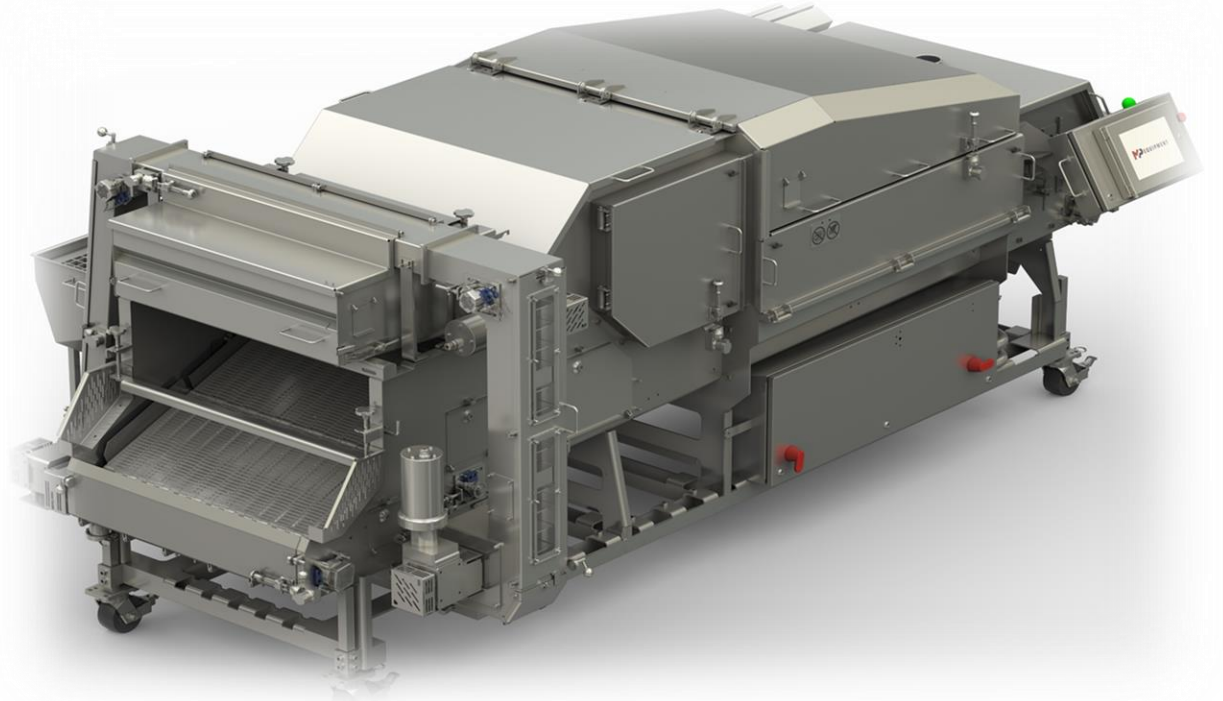
Thermoformed packaging

# NEW PRODUCT SPOTLIGHT



## MP Equipment – The Thoroughbreader

- Three mode breading system for poultry, all other proteins and non-protein food items – Flat, Drum, J Crumb
- Best-in-class breading coverage
- Saves up to 10% of breading product
- Reduces product change over downtime by 45% - no reconfiguration is required per breading type
- Simplified and low-friction design reduces belt wear and production maintenance
- ROI < 6 months in many applications

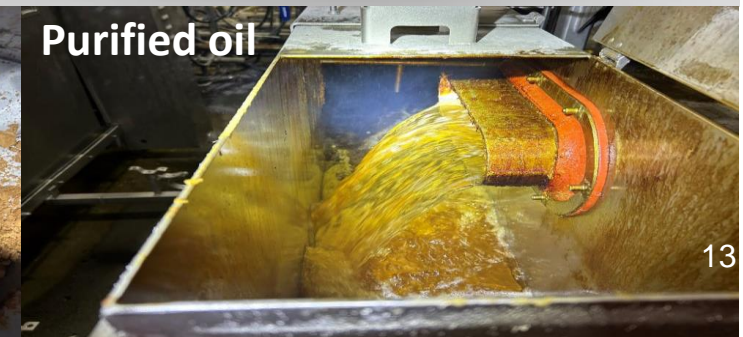
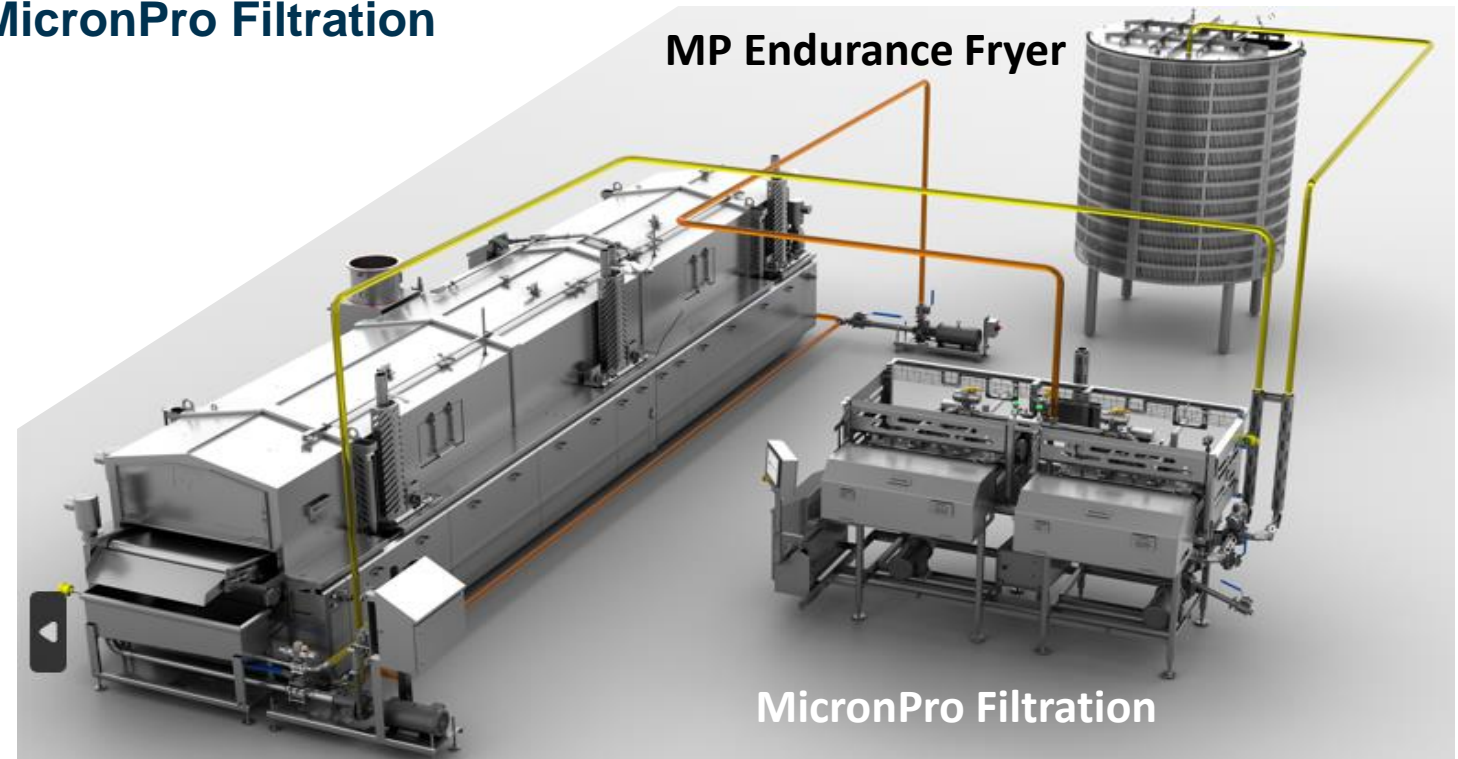


# NEW PRODUCT SPOTLIGHT



## MP Equipment – Endurance Fryer with MicronPro Filtration

- Extends oil life by 13x – 480 hour between oil changes vs. 36 hours
- Combined system saves up to \$500k per year in oil costs
- Provides for safer operating environment with low operation pressure 10 psi vs. competition @ 60-80 psi
- Near continuous filtration – filters 93% of each hour
- Actively removes floating crumb waste
- Crumb waste contains < 2% oil and can be used for pet and animal feed



[www.middleby.com](http://www.middleby.com)