



# Q4 Earnings Update

March 1, 2021

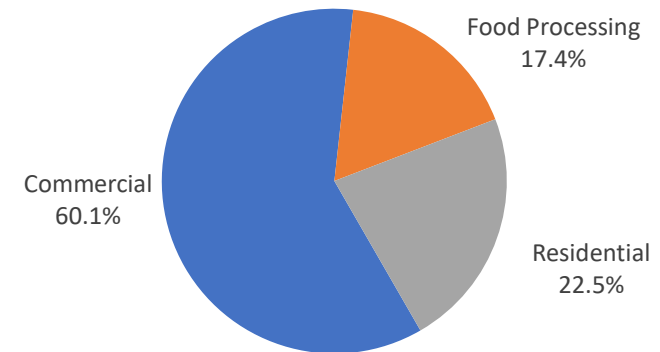
# Middleby Segment Summary



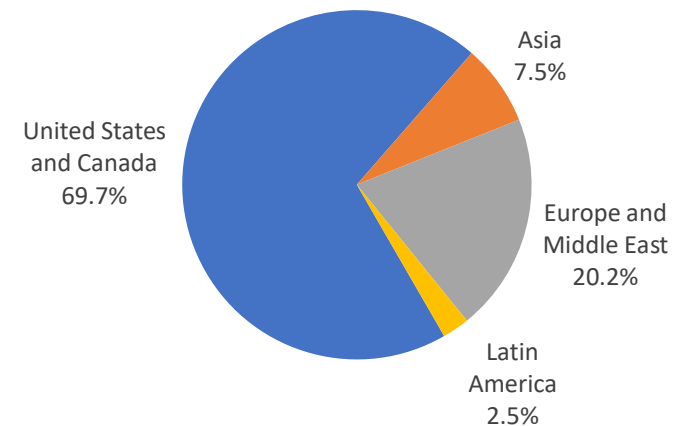
## THREE INDUSTRY-LEADING FOODSERVICE PLATFORMS

- 100+ highly-respected, leading brands
- Global business infrastructure
- Highly synergistic business segments
- Technology and innovation leader
- Strong track record of profitability and cash flow
- Well positioned for existing and new market trends

## 2020 REVENUE BY SEGMENT



## 2020 REVENUE BY REGION



# COVID-19 Continued Actions



## COVID-19 UPDATE

The swift actions we implemented in response to the COVID-19 pandemic to protect our employees, ensure uninterrupted service to our customers, and aggressively adjust our business and cost structure continue to be essential to the business. We are investing in technologies to ensure the safety of our employees, our customers and their customers. In the fourth quarter Bluezone® by Middleby was launched, a product that virtually eliminates the risks of airborne infectious aerosols in restaurants and other venues. We also invested in Vyy, a patented safe antimicrobial lighting solution for indoor spaces and our products.

- New Operational Risks – Our diligent work with supply chain in 2020 continues to help us manage operational risks as we drive into 2021. We foresee challenges with component availability, lead time, costs and shipping. Should we incur supply a chain issue(s), we are well-prepared due to actions taken in 2020. Our internal supply chain team has created a vendor database as well as actively publishing alternative solutions to offset the risk of part shortages.
- Vaccines – With vaccines now available and much of our workforce falling within “essential workers” classification, we are offering guidance to our employees so they may receive the vaccinations as they become available in their locations. We also believe there will be an increase in indoor dining as people are vaccinated.
- Employee Safety – Ongoing implementation of companywide procedures including installation of Bluezone air purification in common areas, mandated mask policies, enhanced workplace sanitation, travel diminution, social distancing, staggered shifts, and established work-at-home protocols for non-production employees.
- Customer Support – Access to customer support, technical service, uninterrupted shipping of service parts, and finished goods remain uninterrupted. Production continues to meet customer demand with minimal disruptions as we balance the health and safety of our employees.
- COVID-19 Product Introductions – We introduced Bluezone® by Middleby, an air purification system that kills 99.9995% of airborne infectious aerosols in restaurants and other venues. In addition, we are introducing Vyy antimicrobial lighting in Middleby core products as well in restaurants and food processing plants. Sales of Middleby sanitizer pumps and plexiglass shields continue.
- Liquidity and Cash Flow – We have been disciplined throughout 2020 and will remain focused in the new year. We are managing the business based on potential challenges that may arise in the future, based on the uncertainty of the current environment.

# Financial Results



## Q4 2020 FINANCIAL RESULTS

	Q420	Q419	Change
Net Sales	\$729.3	\$787.6	-7.4%
Gross Profit	256.0	289.7	-11.6%
% of Sales	35.1%	36.8%	
Operating Income	93.2	152.0	-38.7%
Net Earnings	51.8	109.0	-52.5%
Adjusted EBITDA	145.2	175.9	-17.5%
% of Sales	19.9%	22.3%	
LTM Bank EBITDA as defined in credit agreement	529.0	668.9	-20.9%
Operating Cash Flow	208.6	147.7	41.2%

## RESULTS COMMENTARY

- Revenue decline of 9% organically as compared to prior year.
- Organic growth at Residential Kitchen +15%, offset by declines at Commercial Foodservice -19% and Food Processing less than -1%.
- We generated strong organic adjusted EBITDA across all segments:
  - Commercial Foodservice 22.4%
  - Residential Kitchen 20.2%
  - Food Processing 23.8%
- Q4 and YTD operating cash flows were record highs at \$208.6 million and \$524.8 million, respectfully.
- Q4 2020 operating cash flow increased 41.2% over the prior year and included the benefit of reduced working capital, driven by reduced inventory levels and efficient cash management processes.
- Order rates continue to improve in Commercial Foodservice and Residential Kitchen, resulting in record high backlog levels.

# Commercial Foodservice



## Q4 2020 FINANCIAL RESULTS

	Q420	Q419	Change
Revenues	428,432	512,545	-16.4%
Adjusted EBITDA	94,397	138,507	-31.8%
Adjusted EBITDA as % of Revenues	22.0%	27.0%	
Organic Adjusted EBITDA as % of Revenues	22.4%		

### Revenue and Growth

U.S.	299,670	-9.2%
Non-U.S.	128,762	-29.4%

## RESULTS COMMENTARY

- Domestic and international revenue declines compared to prior year as a result of COVID-19.
- Sequential revenue growth of 15% from Q3 to Q4, driven by improving market conditions in the US.
- Year-end backlog is up 88% from prior year level and continues to expand meaningfully in '21.
- Order rates have been consistently improving since the onset of the pandemic.
- Business in quick-serve, pizza, retail, c-store and healthcare continue to be resilient with increased demand for delivery, drive-through and carry-out. Many have expansion plans for '21.
- Some casual dining restaurants have created virtual brands to drive revenue, while most have become proficient in carry-out and delivery as they address indoor dining restrictions and winter weather.
- We continue to invest in new technology and are addressing the marketplace's heightened focus on safety and related solutions. We are well positioned to support new and accelerating trends with Bluezone® by Middleby and other commercial kitchen innovations.

# Residential Kitchen



## Q4 2020 FINANCIAL RESULTS

	Q420	Q419	Change
Revenues	180,069	153,604	17.2%
Adjusted EBITDA	34,879	25,655	36.0%
Adjusted EBITDA as % of Revenues	19.4%	16.7%	
Organic Adjusted EBITDA as % of Revenues	20.2%		

### Revenue and Growth

U.S.	109,748	19.2%
Non-U.S.	70,321	14.3%

## RESULTS COMMENTARY

- Strong demand persists in the US and UK, as consumers remodel kitchens with increased time spent at home.
- Home sales and new home starts remain resilient during this challenging time
- Year-end backlog is at record levels and is up over \$110 million from prior year level and continues to grow in '21
- Middleby is benefiting from significant investments in new products, sales and service capabilities and the open of show rooms.
- Unique portfolio of premium brands leveraging commercial technologies is fueling long-term growth
- We completed the sale of a non-core tile business in January 2021

# Food Processing



## Q4 2020 FINANCIAL RESULTS

	Q420	Q419	Change
Revenues	120,795	121,477	-0.6%
Adjusted EBITDA	29,306	27,864	5.2%
Adjusted EBITDA as % of Revenues	24.3%	22.9%	
Organic Adjusted EBITDA as % of Revenues	23.8%		

### Revenue and Growth

U.S.	83,272	13.1%
Non-U.S.	37,523	-21.6%

## RESULTS COMMENTARY

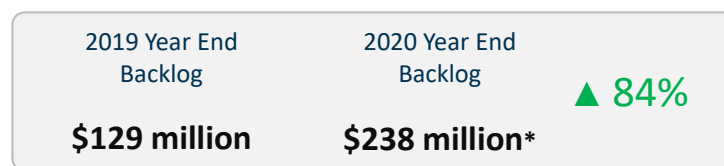
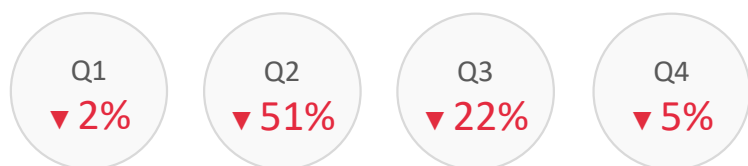
- Domestic revenue growth, especially in protein related products, offset by international revenue declines due to COVID-19.
- Q4, as is typically the case, was the strongest quarter of the year in terms of both revenue and profitability. Revenues grew 9% sequentially.
- Highest level of profitability in 3 years.
- Sales in core and emerging markets have experienced increasing demand, along with food supply needs from restaurants.
- Global population and wealth increases driving higher demand in protein consumption.
- Developing full-line solutions for bakery and protein processing.
- Recent product introductions supporting growing demand of alternative protein, dried meats and bacon.

# Business Conditions—2020 Order Trends



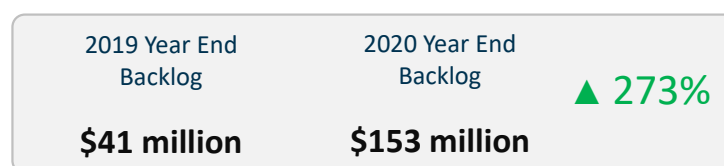
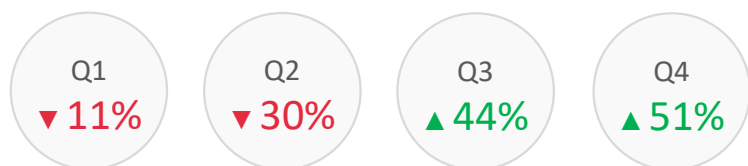
Across all segments, positive order trends have continued in early 2021 as compared to amounts reported for 2020.

## Commercial Foodservice

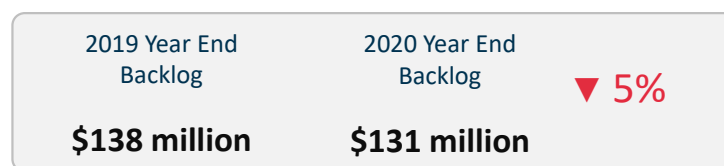
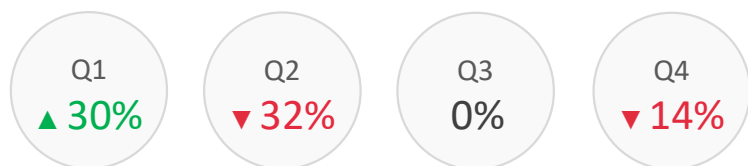


\*Includes \$28 million of backlog from businesses acquired in 2020.

## Residential Kitchen



## Food Processing





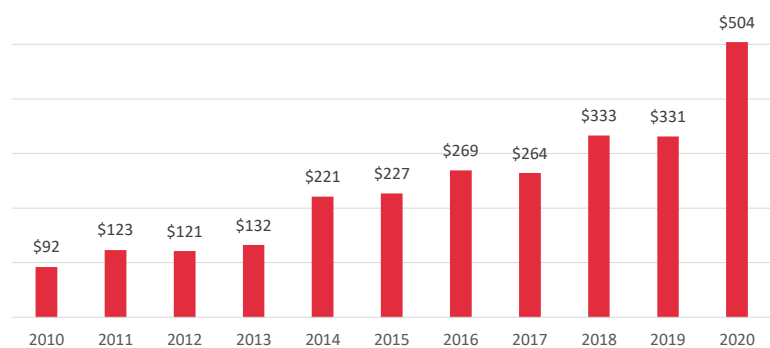
## Debt and Liquidity

### Q4 2020 LEVERAGE RATIO (IN \$000S)

Cash	\$268.1
Debt*	\$1,844.2
Net Debt**	\$1,650.4
LTM EBITDA**	\$529.0
Total Leverage	3.1x
Covenant Limit	5.5x

\* Excludes approximately \$114.7m debt carrying value reduction attributable to conversion feature under US GAAP  
 \*\* As defined in the credit agreement

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



### LIQUIDITY COMMENTARY

- Q4 generated all-time record high operating cash flow of \$209 million, and benefited from \$70 million reduction in working capital
- Record full year operating cash flow of \$525 million
- During 2020, we:
  - Reduced net debt by \$203 million
  - Repurchased \$86 million of stock
  - Made acquisitions and investments with \$86 million of cash and \$16 million of stock
  - Issued \$747.5 million of five-year convertible notes, with a 1% interest coupon and purchased a capped call for \$104.7 million to effectively increase the conversion price from \$128.62 to \$207.93
- Current borrowing capacity is approximately \$1.3 billion

# Middleby Continued M&A Focus



Middleby has successfully deployed capital to acquire brands over the years which are strategically complementary to the current portfolio

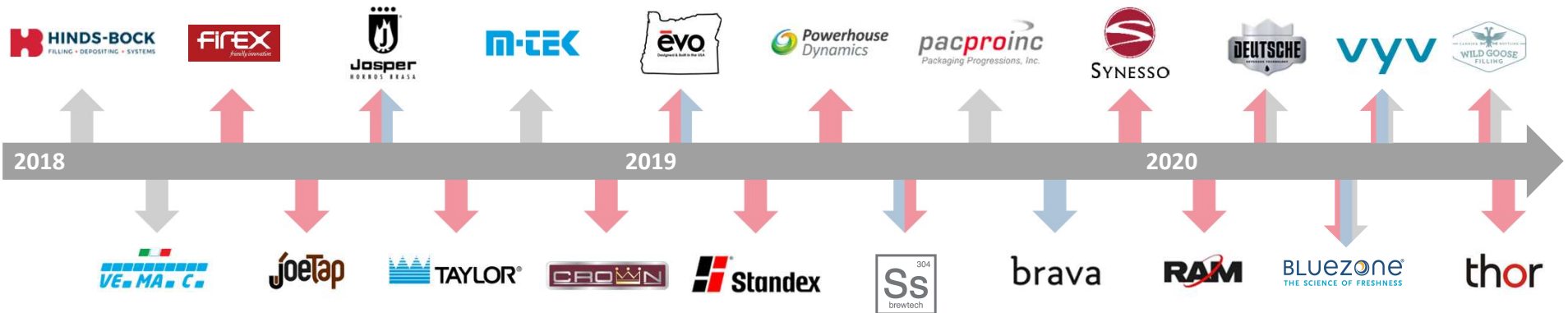
## RECENT M&A ACTIVITY

- Middleby has completed 20+ transactions since the beginning of 2018, investing in key technology initiatives and trends, while enhancing the company's capabilities across all three business segments
- Many of the most recent acquisition 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

- *International expansion*
- *Beverage expansion*
- *Ventless cooking*
- *IoT and controls*
- *Foodservice automation*
- *Hot-side innovation*

## SELECT INVESTMENTS



↑ Commercial Foodservice   
 ↑ Residential Kitchen   
 ↑ Food Processing

# Transformative Growth Initiatives in Last 5+ Years



✓ Established Commercial Beverage Platform

- Ice, coffee, nitro-brew, soda, liquor dispense, blending, smoothies, soft serve, and shakes

✓ Technology Innovation Supporting Sustained Brand Growth

- ~\$20mm+ investment per year in key innovation areas:
  - IoT Open Kitchen
  - L2F Kitchen Automation
  - Common Control Platform
  - Ventless Kitchen Solutions

✓ Established Premium Residential Platform

- Acquisition of Viking, U-Line, Lynx and AGA Group
- Added portfolio of 10+ premium leading brands
- Development of company-owned distribution network in USA
- Showroom introductions in Chicago, NYC, Los Angeles, and Dallas
- Viking complete new product lineup

✓ Continued Expansion Into Key Geographic Growth Markets

✓ Brazil	✓ Russia
✓ China	✓ United Kingdom
✓ India	✓ Australia
✓ Mid-East	✓ Nordics

✓ Continued Expansion in Commercial Foodservice and Food Processing Categories

30+

Acquisitions of leading brands and technologies

✓ Innovative New Product Launches

Middleby is enabling *Kitchen Innovation* through over **250+ new product introductions**

## Middleby Innovation Kitchens



Middleby Innovation Kitchens, is now open! With 15 live vignettes and more than 150 pieces of live Middleby equipment, our customers and channel partners experience and learn about our innovative solutions through hands-on demonstrations and training by our Certified Master Chef and the Middleby Culinary Team.



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

*The Elements – 14-Seat Chef's Table experience at the Middleby Innovations Kitchens*

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



*Vignettes - Frying, Griddling, Char-Grilling, and Range are four of the 15 live, fully-functional vignettes at the Middleby Innovation Kitchens.*