



# Q3 Earnings Update

November 8, 2023

# MIDDLEBY SEGMENT SUMMARY

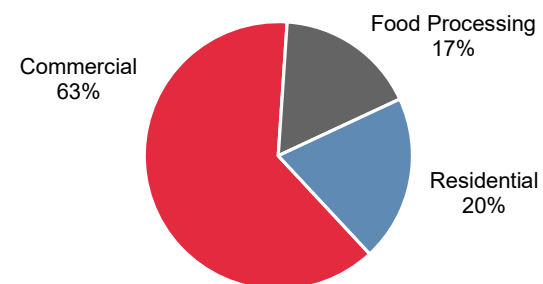


## Three Industry-Leading Foodservice Platforms

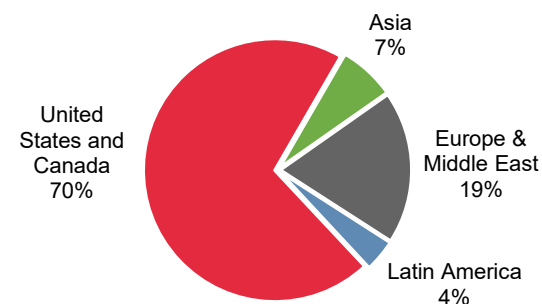
- 120+ highly-leading brands
- Three highly synergistic foodservice segments
- Technology and innovation leader
- Differentiated go-to-market capabilities
- Proven track record of strategic M&A
- Long-standing history of profitability and cash flow
- Positioned to capture rapidly evolving market trends

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

### 2023 YTD PROFORMA REVENUE BY SEGMENT \*



### 2023 YTD PROFORMA REVENUE BY REGION \*

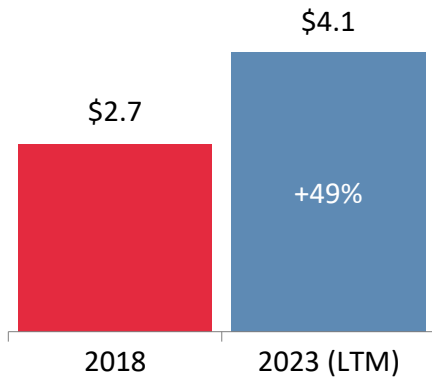


\* Revenues adjusted to depict estimated results if ownership of acquired businesses was effective for the entire year.

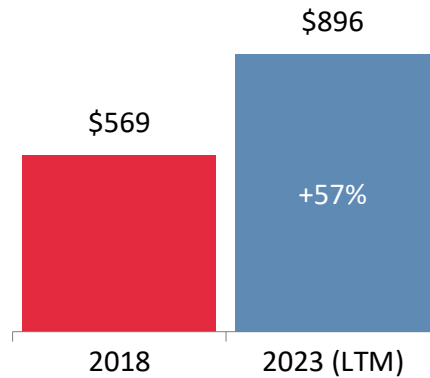
# FIVE-YEAR COMPARATIVE OPERATING PERFORMANCE



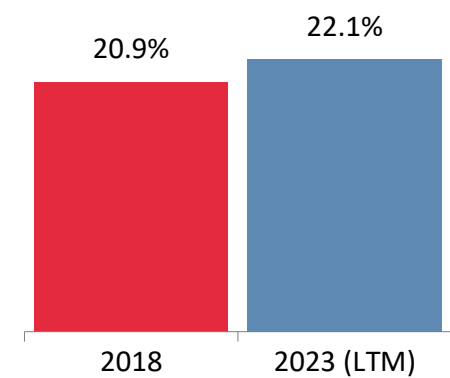
**Sales (BN)**



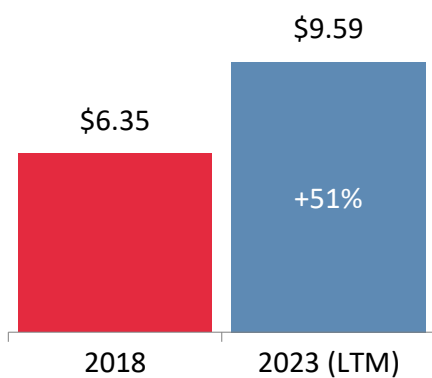
**Adjusted EBITDA (MM)**



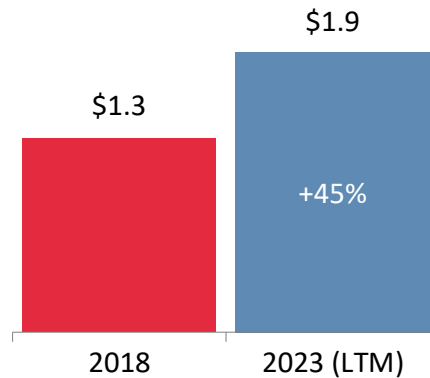
**Adjusted EBITDA Margin**



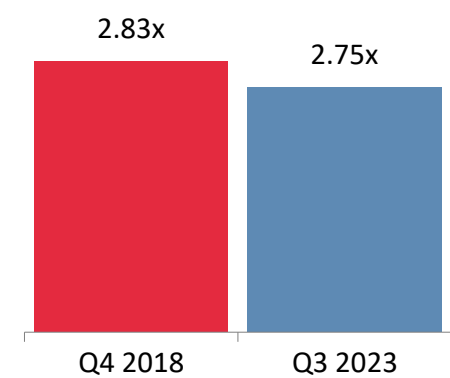
**Adjusted EPS**



**Rolling 5-Year Free Cash Flow (BN)**



**Leverage Ratio**



# FINANCIAL RESULTS



## Q3 2023 Financial Results

(in millions, except percentages)	Q3 '23	Q3 '22	Change
<b>Net Sales</b>	\$980.7	\$992.9	-1.2%
<b>Gross Profit</b>	375.3	365.2	2.8%
% of Sales	38.3%	36.8%	
<b>Operating Income</b>	174.4	161.7	7.9%
<b>Net Earnings</b>	108.7	104.4	4.1%
<b>Adjusted EBITDA</b>	223.7	212.3	5.4%
% of Sales	22.8%	21.4%	
<b>LTM Bank EBITDA</b> as defined in credit agreement	909.4	871.7	4.3%
<b>Operating Cash Flow</b>	219.2	84.0	

## Results Commentary

- Organic revenue growth by segment:
  - Commercial Foodservice 0.2%
  - Residential Kitchen -21.0%
  - Food Processing 1.2%
- Q3 '23 organic adjusted EBITDA of 23.0%
- Q3 '23 organic adjusted EBITDA by segment:
  - Commercial Foodservice 28.7%
  - Residential Kitchen 10.2%
  - Food Processing 26.6%

# COMMERCIAL FOODSERVICE



## Q3 2023 Financial Results

(in millions, except percentages)	Q3 '23	Q3 '22	Change
<b>Revenues</b>	\$634.0	\$619.6	2.3%
<b>Adjusted EBITDA</b>	180.1	165.4	8.9%
<b>Adjusted EBITDA</b> as % of Revenues	28.4%	26.7%	
<b>Organic Adjusted EBITDA</b> as % of Revenues	28.7%		
<b>REVENUE AND GROWTH</b>			
<b>U.S. and Canada</b>	\$458.5	-0.3%	
<b>International</b>	175.5	10.0%	

## 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
- Host Show in Milan showcased our latest innovations and strong relationships with our global customers and channel partners
- Customers buying technology to solve for labor and profitability challenges driving rollouts

# RESIDENTIAL KITCHEN



## Q3 2023 Financial Results

(in millions, except percentages)	Q3 '23	Q3 '22	Change
<b>Revenues</b>	\$180.0	\$221.0	-18.6%
<b>Adjusted EBITDA</b>	19.4	34.8	-44.3%
<b>Adjusted EBITDA</b> as % of Revenues	10.8%	15.8%	
<b>Organic Adjusted EBITDA</b> as % of Revenues	10.2%		

### REVENUE AND GROWTH

<b>U.S. and Canada</b>	\$116.5	-20.1%
<b>International</b>	63.5	-15.6%

## Results Commentary

- Residential brands continue to face headwinds from higher channel inventory levels and inflationary pressures
- New product innovation in indoor cooking, refrigeration and outdoor products position Residential for growth
- Acquisition of Trade-Wind, premier manufacturer of ventilation innovation for indoor and outdoor residential use

# FOOD PROCESSING



## Q3 2023 Financial Results

(in millions, except percentages)	Q3 '23	Q3 '22	Change
<b>Revenues</b>	\$166.7	\$152.3	9.5%
<b>Adjusted EBITDA</b>	43.0	33.8	27.2%
<b>Adjusted EBITDA</b> as % of Revenues	25.8%	22.2%	
<b>Organic Adjusted EBITDA</b> as % of Revenues	26.6%		

### REVENUE AND GROWTH

<b>U.S. and Canada</b>	\$111.1	2.5%
<b>International</b>	55.6	26.7%

## Results Commentary

- Organic revenue growth across both bakery and protein products
- Full-line automated solutions for protein and bakery products continue to drive growth and demand
- Strong margin expansion over prior year driven by delivery of larger projects, realized operational leverage benefits and further acquisition integration

# DEBT AND LIQUIDITY

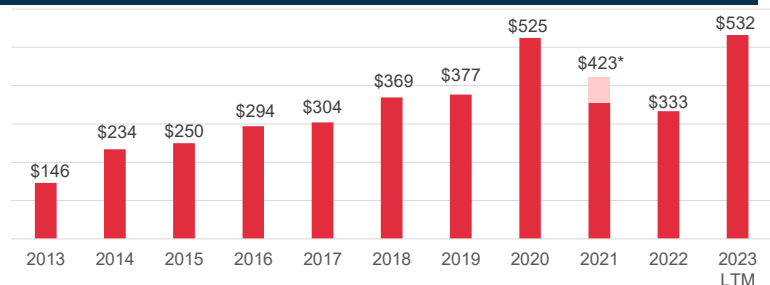


## Q3 2023 Leverage Ratio (in \$000s)

Cash	\$167.2
Debt	\$2,580.2
Net Debt*	\$2,499.2
LTM EBITDA*	\$909.4
Total Leverage	2.75x
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 \$219 million versus \$84 million in the prior year
- LTM operating cash flows of \$532 million, an increase of 112% over the prior year LTM
- Quarter-end borrowing capacity was approximately \$2.5 billion
- Total leverage could be near 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	F2023	Target
Commercial	25.1%	26.1%	~27.5%	30%
Residential	20.9%	17.1%*	~12.5%	25%
Food Processing	22.4%	22.3%	~24.0%	25%

\*Affected by acquisitions

## Anticipated Timeline

- For the Commercial Foodservice and Food Processing divisions, 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

# MIDDLEBY ICE LINE-UP

## Full-Line Global, Chain, and Dealer Solutions

- Expected revenue growth - \$50M in 2024
- \$1.75B to \$2.0B global market
- High margin mix product lines
- Product lines cover all ice types – Chewblet, nugget, ½ cube, cube, and shaved ice
- 250 lb, 460 lb, 550 lb, 750 lb, 1100 lb, 1700 lb, and 2000 lb production capabilities
- Safely and sanitarily pump ice up to 75 feet to remote bins (up to two) with the Follett's RIDE system
- Terry Water Filtration CITRYNE system ensures best tasting ice



TERRY



1700 lb and 2000 lb  
ICETRO w/ 48in bin



1400 lb FOLLETT  
RIDE System