

 ***THE MIDDLEBY CORPORATION***

November, 2018

# FORWARD LOOKING STATEMENTS

Statements made in this presentation or otherwise attributable to the company regarding the company's business which are not historical fact are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The company cautions investors that such statements are estimates of future performance and are highly dependent upon a variety of important factors that could cause actual results to differ materially from such statements. Such factors include, but are not limited to variability in financing costs; quarterly variations in operating results; dependence on key customers; international exposure; foreign exchange and political risks affecting international sales; changing market conditions; the impact of competitive products and pricing; the timely development and market acceptance of the company's products; the availability and cost of raw materials; and other risks detailed herein and from time-to-time in the company's SEC filings.

# Industry Leading Platforms

2017 results

## Commercial Foodservice

- 64% of Revenues
- 28% EBITDA Margin
- \$8+ Billion market opportunity
- 40+ Industry Leading Brands

## Premium Residential

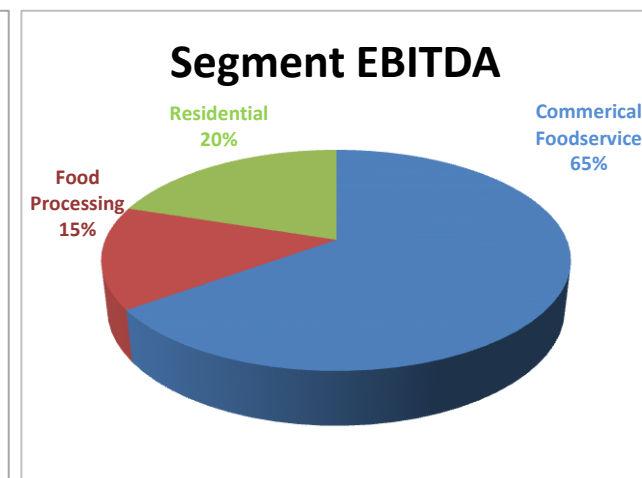
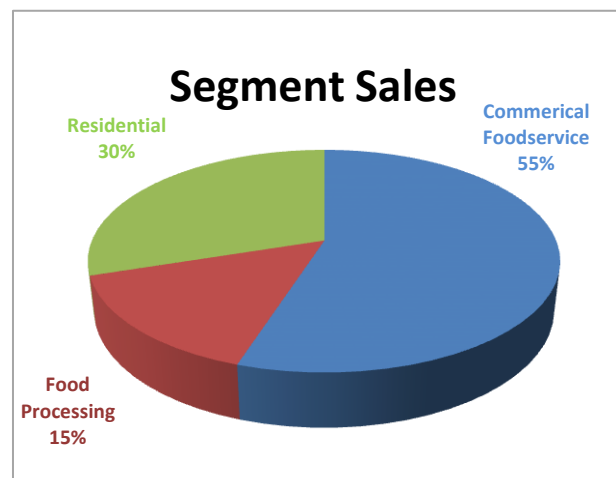
- 23% Revenues
- 17% EBITDA Margin
- \$3+ billion market opportunity
- 10+ Industry Leading Brands

## Food Processing

- 13% Revenues
- 27% EBITDA Margin
- \$5+ billion market opportunity
- 15+ Industry Leading Brands

## Three Synergistic Platforms

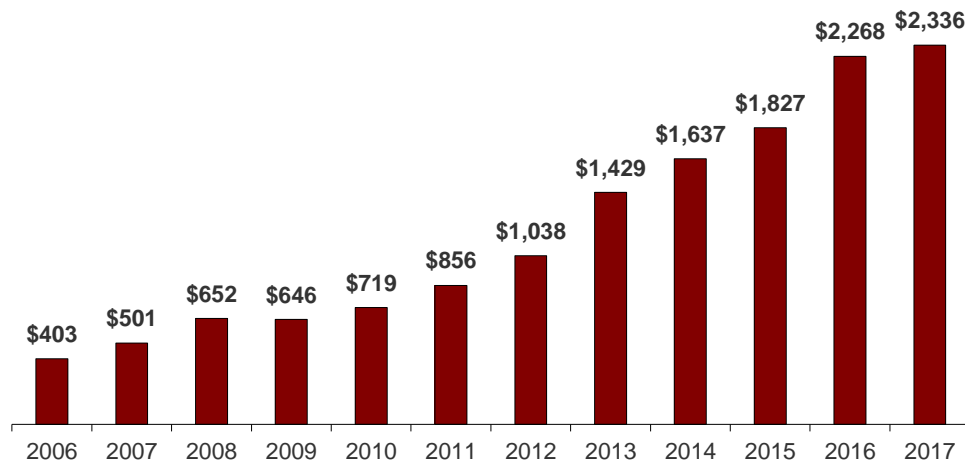
- **Industry Leading Brands**
- **Technology and Innovation Leaders**
- **Cooking and Warming Experts**
- **Operational Synergies**
- **Cash Flow and Profitability**



# Historical Financial Performance

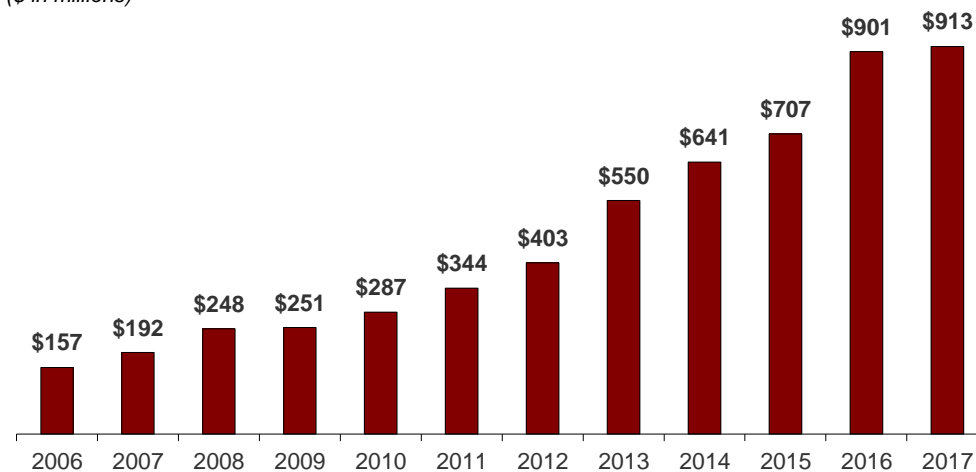
## Sales

(\$ in millions)



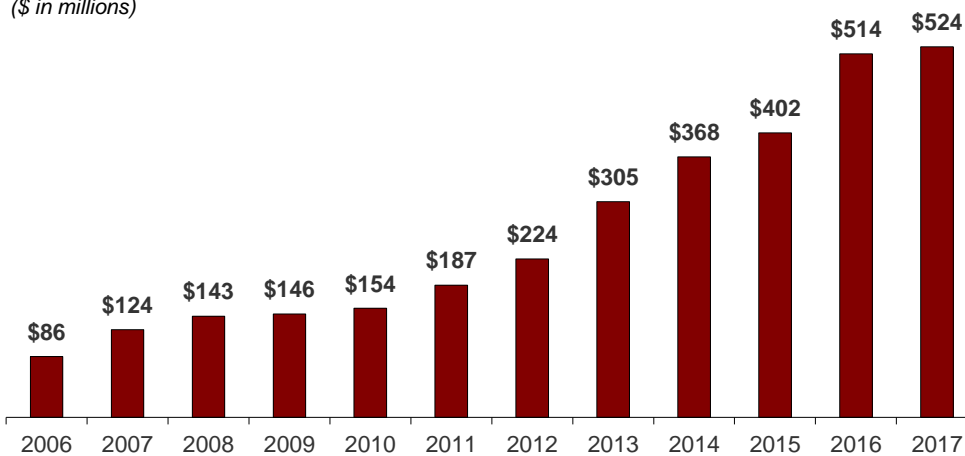
## Gross Profit

(\$ in millions)

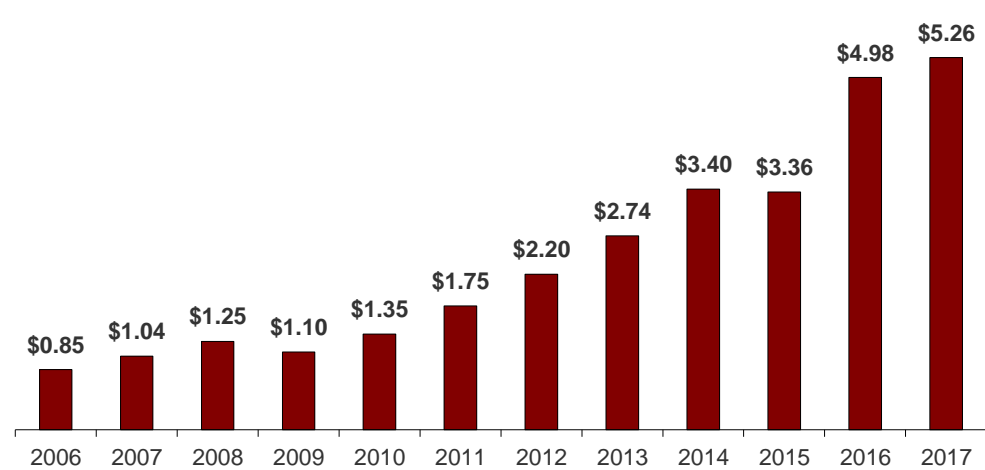


## EBITDA<sup>1</sup>

(\$ in millions)



## EPS



**Consistent Growth in Sales and Profits**

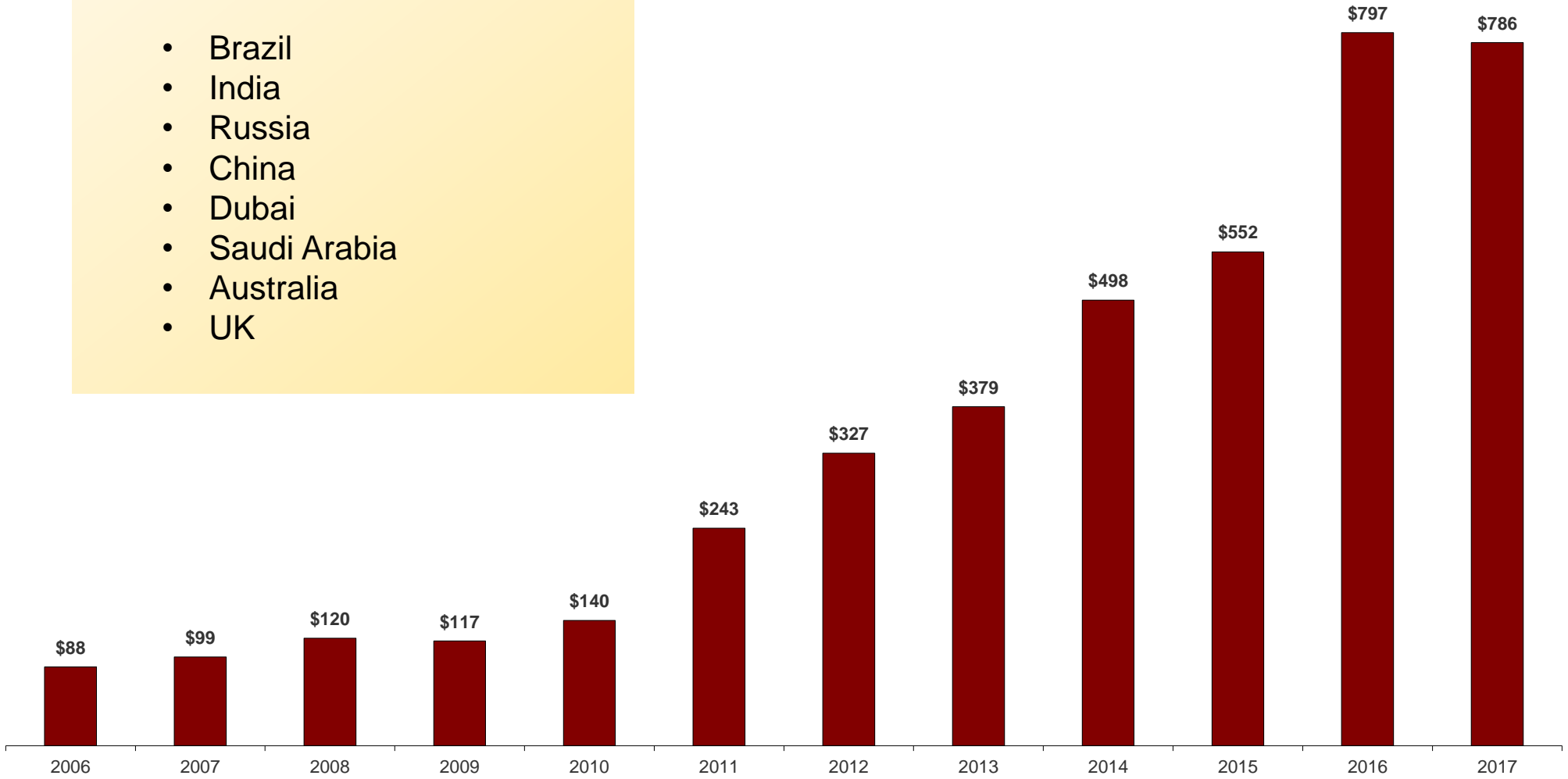
(1) Adjusted EBITDA

# International Revenue Growth

(\$ in millions)

## Recent Market Investments:

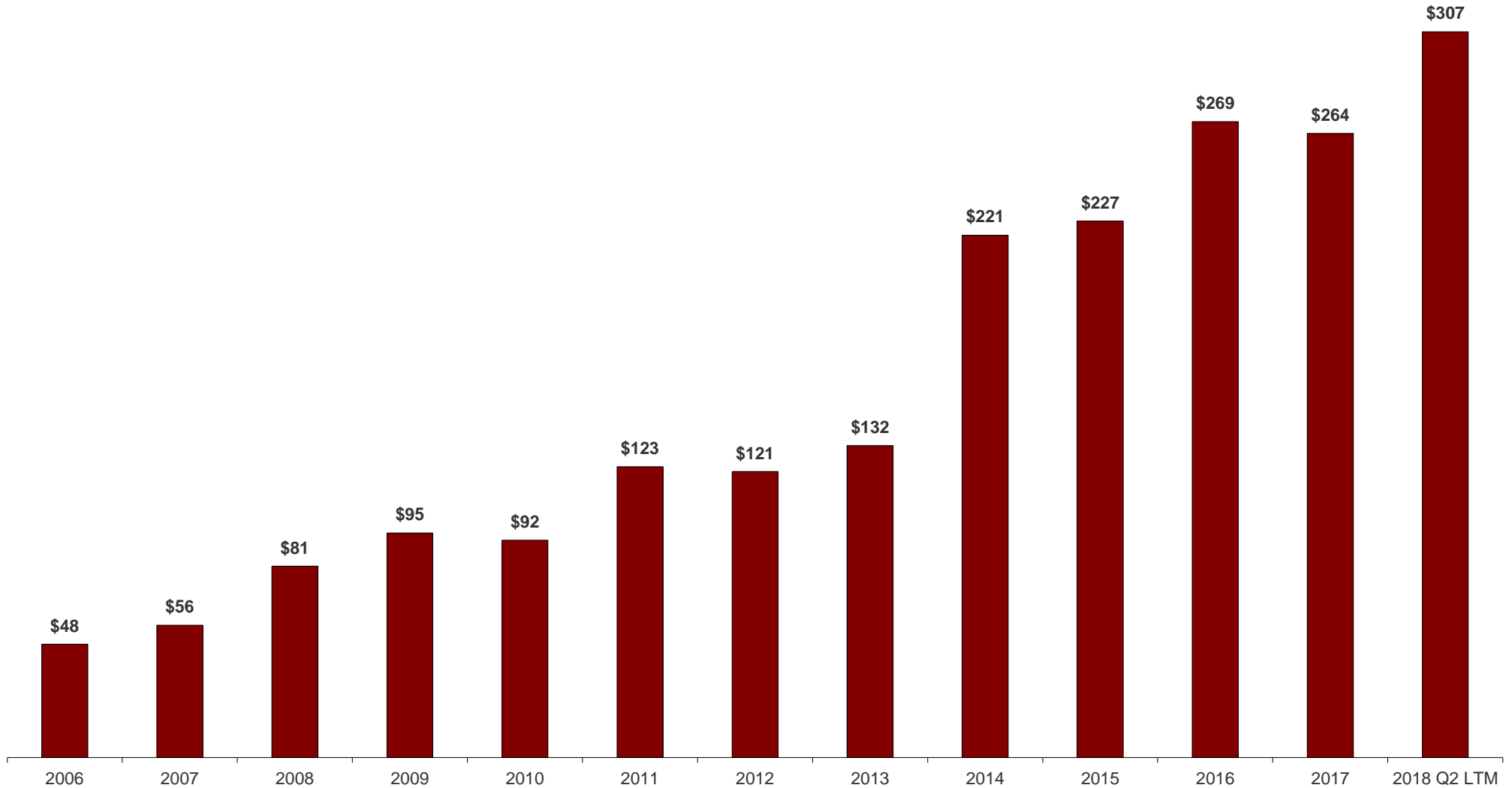
- Brazil
- India
- Russia
- China
- Dubai
- Saudi Arabia
- Australia
- UK



**Continuing growth in international revenues**

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

(\$ in millions)

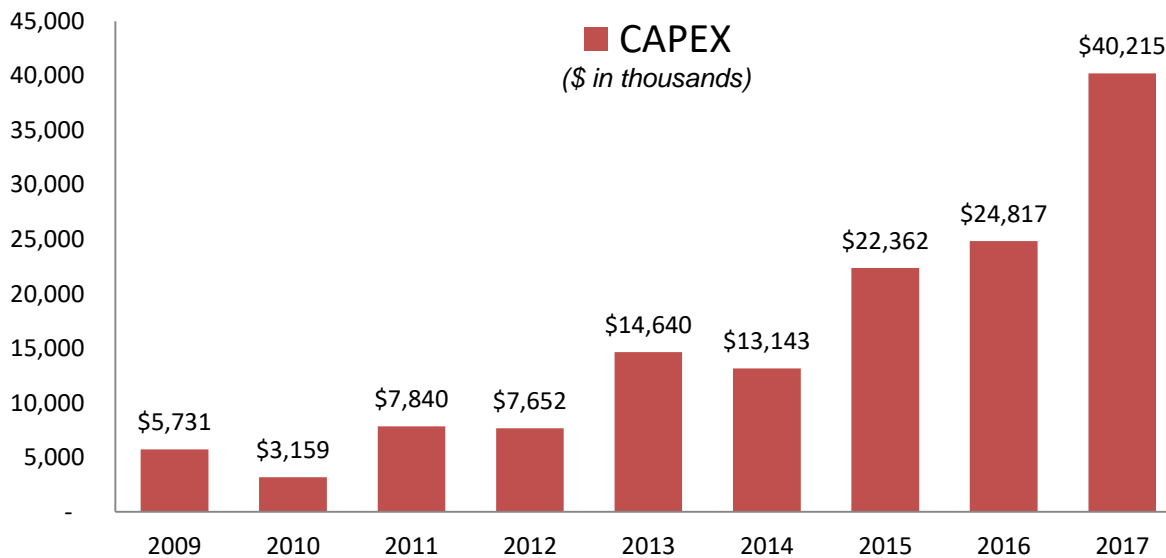
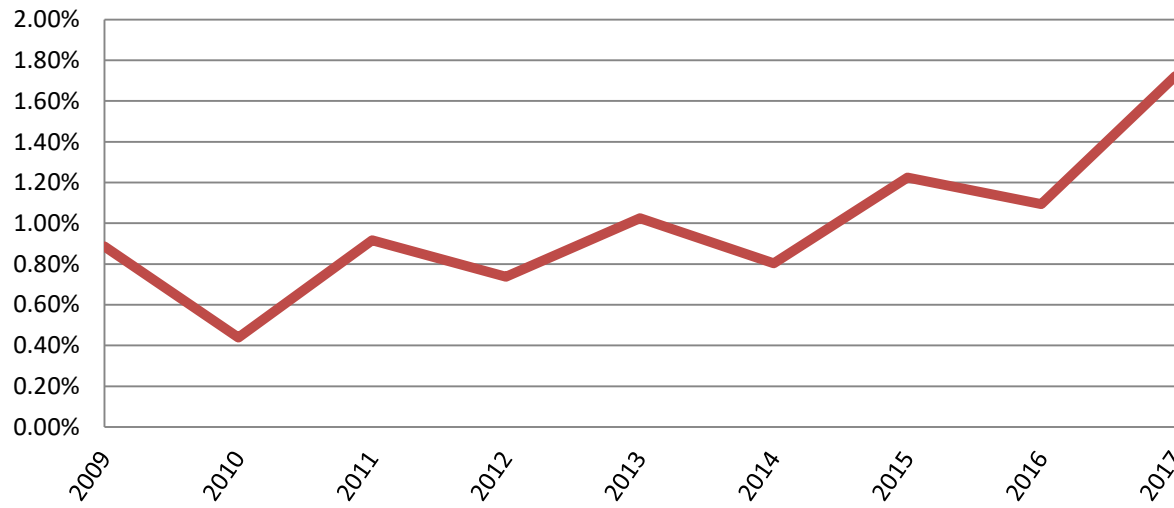


**Consistent Growth in Cash Flow**

(1) Free Cash Flow = Operating Cash Flow - Capital Expenditures

# Consistent Capex Spending

## CAPEX % to Sales



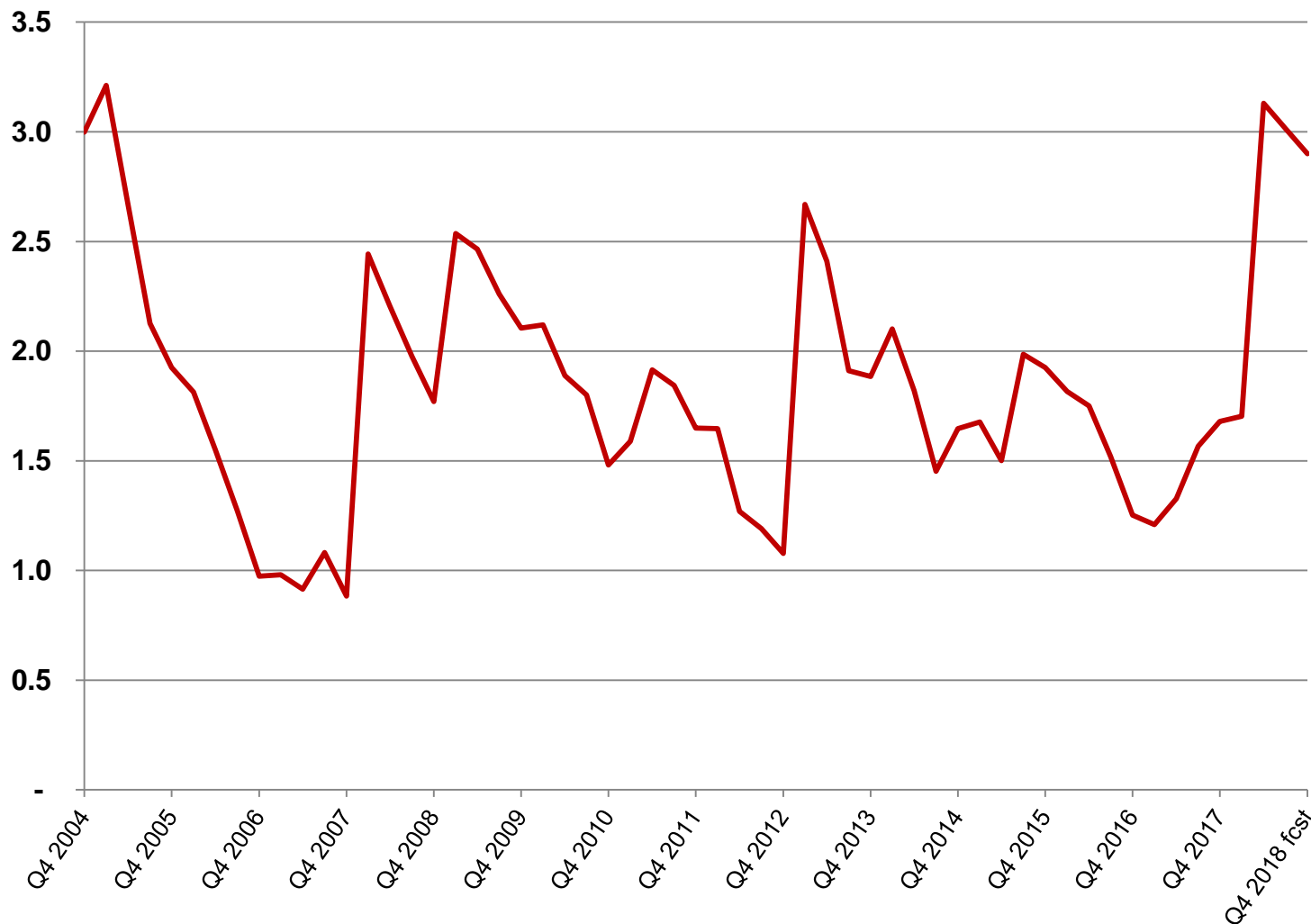
### CAPEX:

- Disciplined spending
- Consistent at < 1.5% of sales
- Recent increases due to investments in real estate in 2017 and into 2018
- Primary uses include:
  - Fabrication equipment
  - Tooling
  - Facility expansion
- Significant ability to increase throughput with limited investment

**Businesses Require Minimal Capex Spending**

# Balance Sheet Leverage

## Net Debt / LTM EBITDA



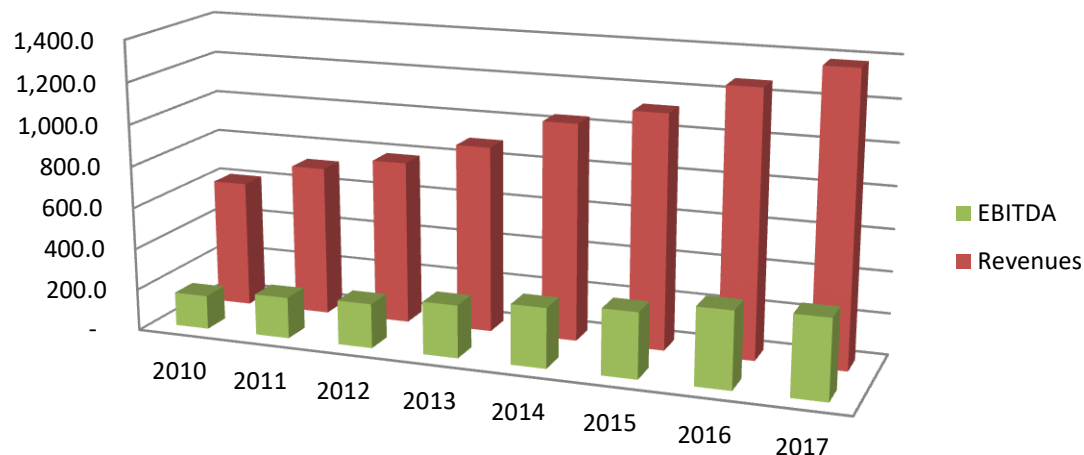
- Prudent financial policy
- Temporary increases in leverage followed by disciplined approach to reduce leverage

**Low Leverage Levels Despite Significant Acquisition History**



# Commercial Foodservice

## Commercial Foodservice



### Commercial Foodservice Comments:

- Consistent growth organic and through acquisition:
  - Emerging Markets
  - Restaurant Chains
  - New Products
- EBITDA Margin expansion to 30%+:
  - Acquisition Integration
  - Platform Synergies
  - Product Innovation
  - Strategic Sourcing
  - Design Engineering

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>	\$611.6	\$723.3	\$786.4	\$895.5	\$1,041.2	\$1,121.0	\$1,268.3	\$1,383.2
<b>EBITDA</b>	\$162.8	\$199.3	\$214.6	\$254.7	\$289.4	\$316.0	\$371.2	\$384.8
<b>EBITDA %</b>	26.6%	27.6%	27.3%	28.4%	27.8%	28.2%	29.3%	27.8%

**Consistent Growth - Organic and through Acquisition**

# Industry Leading Brands – Foodservice



Market leading positions in:

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

# Premier Customers - Foodservice



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

# New Products, Commercial Foodservice

- Ventless Houdini Combi-Oven 
- Nieco Broilvection™ technology 
- SOS Oil Sensor, Reduced Oil Frying 
- Advanced Blast Chilling and Freezing 
- Follett Horizon Ice Maker, 2,000 lbs per day 
- Artisan Oven/Proofer NU-VU 
- Concordia Ascent Speed Coffee Technology 
- JoeTap Nitro Brew  Nitro Coffee On Demand
- L2F SkyFlo as a Service 
- Double Batch Oven, Eco stackable/energy efficient 
- Spire, Mustang and Paladin Beverage Innovation 
- Carter Hoffmann Garden Chef 



**New Products Represent 25% of Sales Over 3 Years**

# Drivers for Commercial Foodservice

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- **Market Growth**
  - Emerging chains
  - International market growth
  - Convenience stores/supermarkets/non-traditional
- **Equipment Upgrade and Operational Initiatives**
  - Ventless and space limitations
  - Speed/Energy
  - Automation/Labor management
  - Food Safety
- **Menu Expansion and Changes**
  - Delivery
  - Menu Flexibility
  - Breakfast
  - Beverage Offerings

**Middleby well positioned to benefit from growth drivers**

# Restaurant Equipment Reinvestment

- Large Installed Base
  - 250,000+ units at top chains
- Upgrading to New Technology
- Focus on Automation and Efficiency
- New Menu Initiatives
- Further Account Penetration Opportunity
- Strong Pipeline of Opportunities



Expected Increase of Equipment Spend with Restaurant Chain Customers



# Recent Strategic Initiatives

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- Beverage Platform
- Salesforce Consolidation (Independent Reps)
- Qualserv Acquisition
- Taylor Acquisition

# Middleby Beverage Solutions – New Platform

## Innovative Solutions

- Automated Coffee and Espresso
- Soda and Tea Dispense
- Blending and Smoothies
- Shakes and Deserts
- Soft Serve
- Ice and Water Dispense
- Liquor and Bar

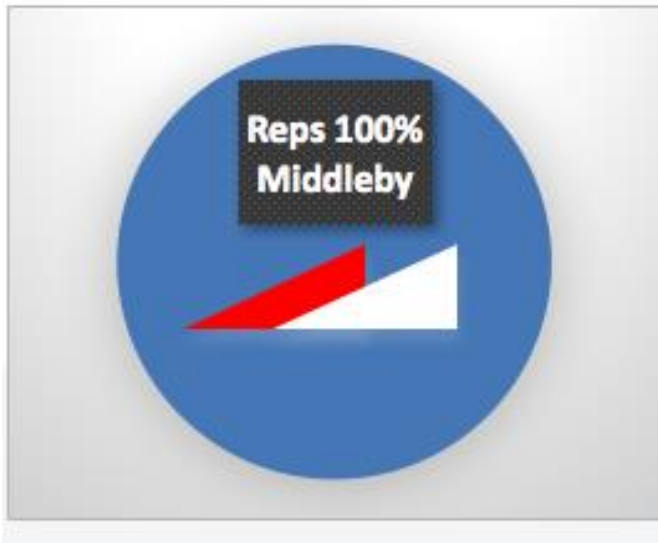


Middleby is a New Player in \$5+ Billion Beverage and Ice Category



# Salesforce Consolidation Initiative

## Middleby Sales Representatives



- ❖ Reps are selling 100% Middleby products
- ❖ Leveraging brand portfolio
- ❖ Best reps working with Middleby brands
- ❖ Simplifies and enhances end-user experience
- ❖ Greater alignment and focus
- ❖ Increased coverage
- ❖ Greater investment in Middleby sales:
  - ❖ Chefs
  - ❖ Showrooms
  - ❖ Training

- Consolidation initiative completed in Q1 2018
- Training continues throughout 2018
- Second half disruption minimized - while benefits increase
- Beneficial to revenue growth in 2019 and long-term

**Well Positioned for Future Growth**

# QualServ Acquisition and Strategy

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- Manufacturer of Fabrication and Store Design
- Incorporate Middleby Preparation and Holding Technologies
- Unique Installation Capabilities
- Focus on Major Restaurant Chain Customers and Key Dealer Partners
- QualServ is NOT a dealer – does not compete with channel partners

**Unique Manufacturing Capability to Complement Equipment Offering**

# Taylor Business Overview

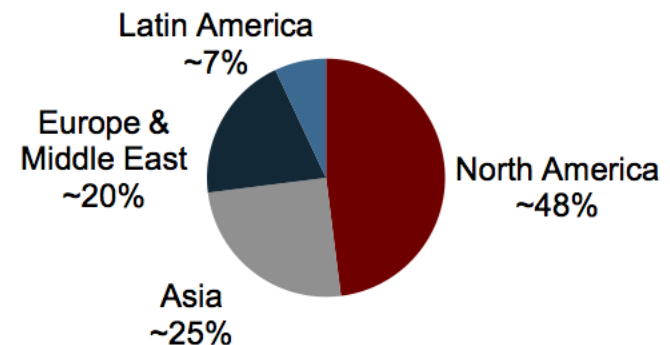
## Leading Provider of Soft Serve Ice Cream Freezers, Frozen Drink Machines and Commercial Grills

- World leader in beverage solutions, soft serve and ice cream dispensing equipment, frozen drink machines and automated double-sided grills
- Customers include quick serve and casual dining restaurants, convenience stores, retail, specialty and entertainment / leisure industries
- Primary operations in Rockton, IL and Shanghai, China
- Extensive worldwide distributor network includes 6,500+ factory trained service professionals that provide installation and maintenance support for all products
- ~\$315 million of revenue and ~\$65 million of Adj. EBITDA in 2017
- Approximately ~25% revenues from recurring parts and services business

### Select Customers



### Sales by Region



# Taylor Product Overview

## Leading Product Portfolio

### Soft Serve, Frozen Yogurt & Shakes

- Single flavor, multi-flavor, combination, and heat treatment freezers
- Innovative models include touch screen or electronic controls with indicator lights
- Advanced models with daily heating and cooling cycles



### Smoothies, Frozen Beverages & Blending

- Multi-flavor machines dispense two-to-four individual flavors with consistent quality
- Frozen carbonated beverage machines are infused with carbonated air and available in 2, 3, and 4-barrel models



### Double-Sided Grills

- New product line of electric and gas/electric platen grills
- Revolutionary two-sided grilling cooks a frozen patty two-thirds faster than traditional flat grills
- Programmable cook times, pre-set temperatures and consistent product pressure



### Parts and Service

- Replacement parts and support services for all Taylor machines available at local distributors
- Over 6,500 factory trained service personnel



# Taylor Strategic Rationale and Industry Logic

## ① Global Industry Leading Brand

- Elite brand recognized globally and across foodservice segments
- Long-standing relationships with blue-chip customers
- Strong international presence with >50% revenues internationally
- Significant addition and enhancement to Middleby portfolio

## ② Complementary Market Leading Product Categories and Innovations

- Industry leading positions in beverage, frozen dessert and automated double-sided grilling
- Significantly enhances Middleby's platform in growing beverage category
- Broadens Middleby's cooking platform with complementary automated grill technology
- Pipeline of new and innovative products

## ③ Customer Opportunities

- Taylor opportunities with existing Middleby customers
- Broadens product offerings and opportunities with shared existing customers
- Further enhances positions across foodservice market segments
- Organic growth opportunities through technology synergies and acceleration of product introductions

## ④ Value Creation through Margin Improvement and Synergy Potential

- Long term opportunity to expand EBITDA margins to >30%
- Leverage Middleby core operational and commercial capabilities and expertise in foodservice
- Revenue synergy opportunities
- Accretive to EPS within first year post acquisition

## ⑤ Enhances Middleby Overall Leadership Position in Commercial Foodservice Industry

- Brand leadership
- Innovation and technology leadership
- Leading positions in attractive product categories

**Compelling Strategic Rationale**

# Taylor Transaction Financial Considerations

## Profitability

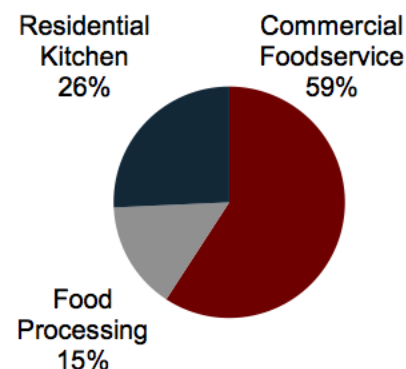
- ~\$65m EBITDA in 2017
- Targeted synergies in excess of \$15 million
- Long term plan to increase EBITDA margin to >30%
- Expected to be EPS accretive within first year post acquisition

## Other Financial Considerations

- **Purchase Price: \$1.0bn**
  - 13.1x 2017A EBITDA (w/338(h)10 benefit)<sup>(2)</sup>
  - 10.6x 2017A EBITDA (w/ synergies)<sup>(3)</sup>
- Efficient use of Middleby balance sheet
  - Financed under existing revolving credit facility
  - Financing cost: LIBOR + 1.625%
  - Post transaction leverage expected to be below 3.0x by year-end 2018
- Tax step up election (338(h)10):
  - NPV of ~\$150m

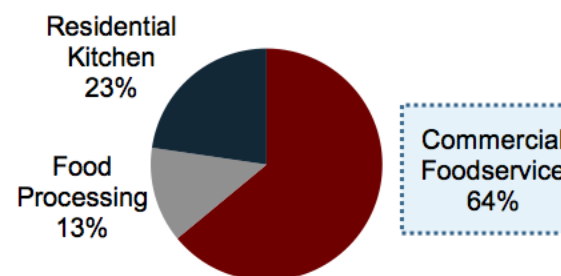
### Strengthens MIDD Commercial Foodservice Segment

#### Middleby Standalone



**\$2.3 billion**

#### Post Acquisition



**\$2.7 billion<sup>(1)</sup>**

1. 2017A PF revenue.

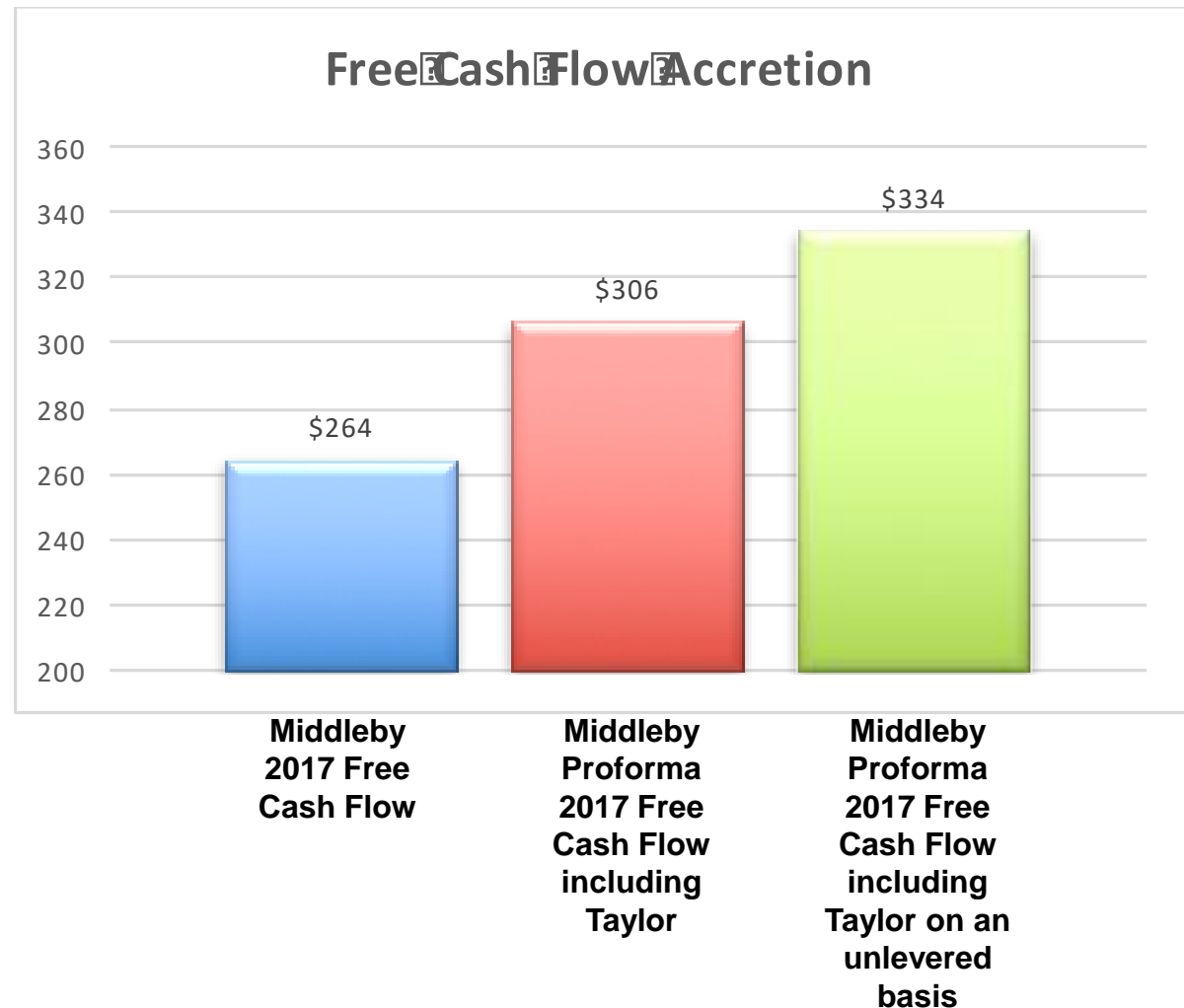
2. Represents purchase multiple post tax step up election benefit (NPV of ~\$150m) deducted from purchase price.

3. Represents purchase multiple post tax step up election benefit and run-rate synergies of ~\$15m.



# Taylor Cash Flow Accretion

- Immediately Accretive to Cash Flow
- Estimated 16% growth or \$40 million of annual free cash flow (post integration)
- Estimated 27% increase of \$70 million of annual free cash flow on unlevered basis
- Additional opportunities through revenue growth and margin expansion



**Taylor Immediate Favorable Impact to Cash Flow**

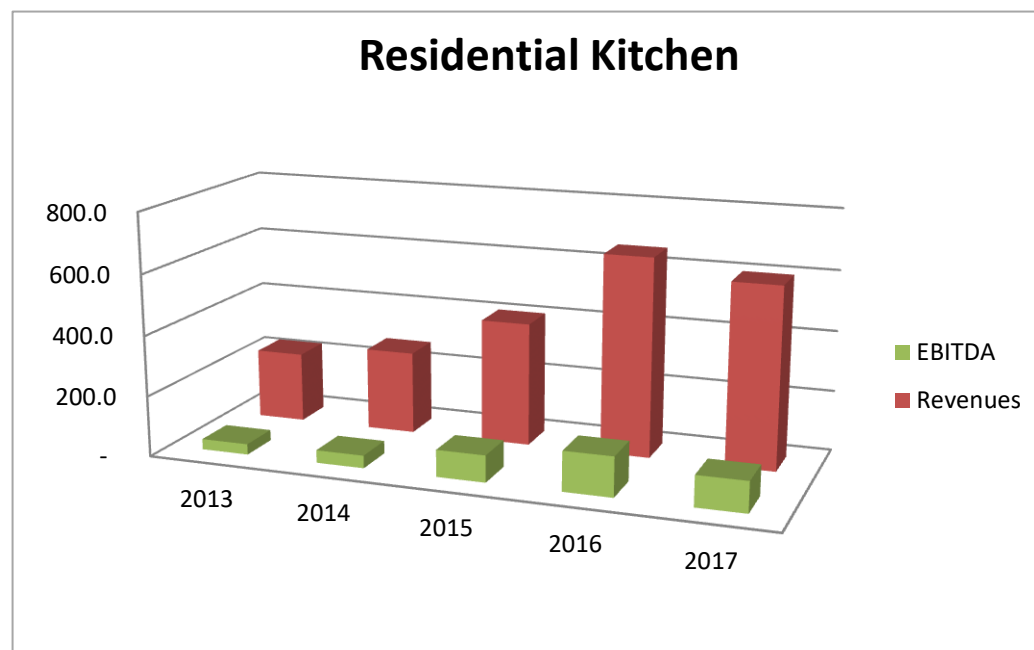
# Commercial Foodservice Outlook

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- Organic top line growth return to mid-single digits
- EBITDA Margin expansion to 30%+ post acquisition integration
- Continued long-term growth through pipeline of strategic acquisitions



# Residential Kitchen Equipment



## Residential Comments

- Organic Revenue Growth:
  - New Product Innovation
  - Distribution Investments
- Margin expansion continued:
  - Acquisition Integration
  - Leverage Distribution
  - Platform Synergies
  - Product Innovation
- Currency and Viking Recall Impact

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>	\$232.0	\$273.0	\$408.0	\$658.7	\$600.8
<b>EBITDA</b>	35.0	42.0	55.3	104.9	101.7
<b>EBITDA %</b>	15.1%	15.4%	13.5%	15.9%	17.0%

**Early Stage Platform With Significant Growth Opportunities**

# Residential Kitchen Equipment Group

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- Leading position in Premium Appliances
- Ability to infuse commercial technology
- USA distribution network established
- Significant opportunity to leverage brand portfolio
- Continued margin opportunity through acquisition integration initiatives

**Unique Portfolio of Industry Leading Premium Appliances**

# Residential Kitchen Platform Development

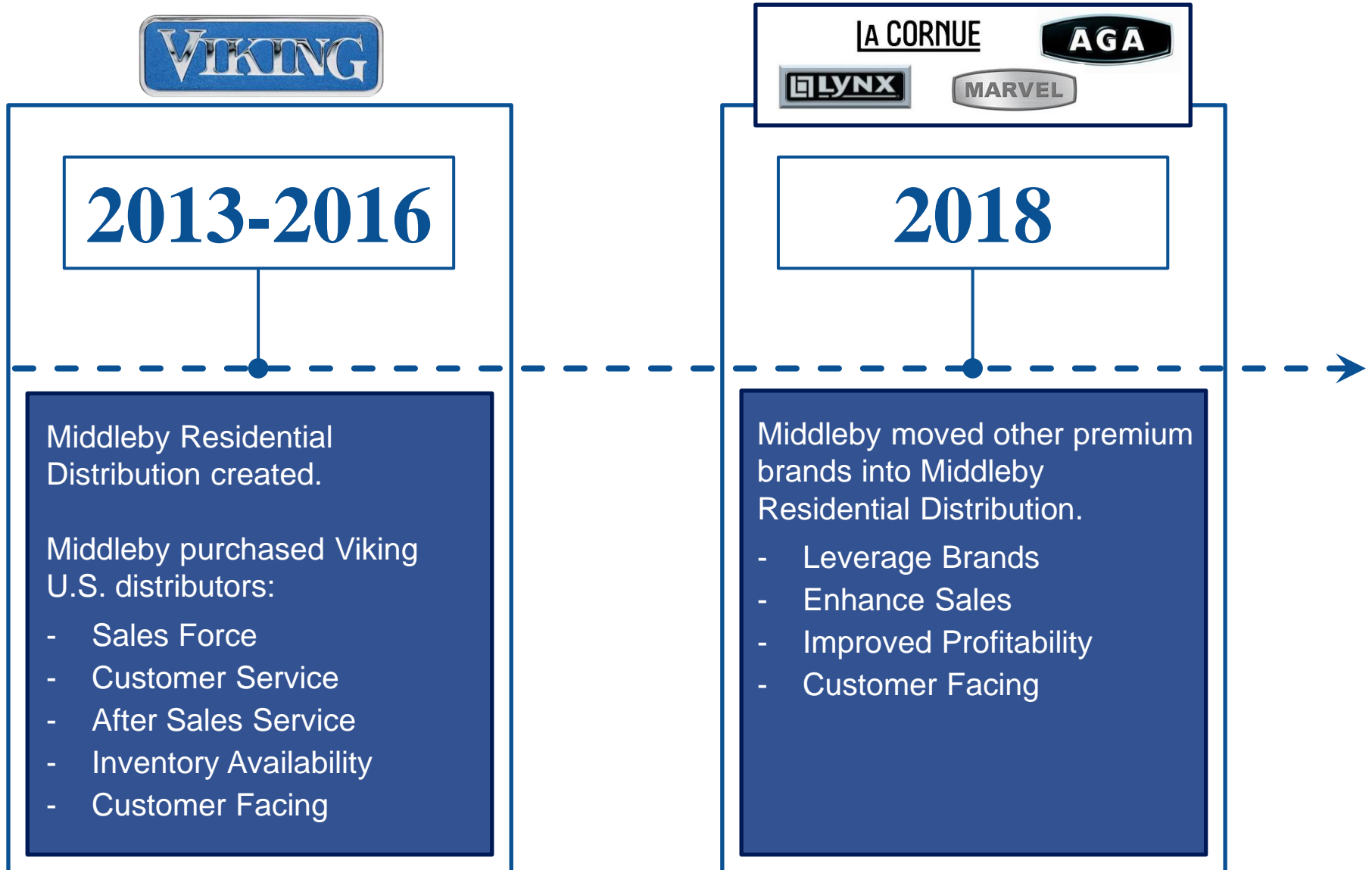
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## Acquisition History

- Viking - January 2013
- Viking Distribution - 2013 to 2016
- ULine - December 2014
- Aga Rangemaster - September 2015
  - Aga
  - Rangemaster
  - Marvel
  - La Cornue
  - Fired Earth, Grange
- Lynx – December 2015

**Leading Residential Platform Established Rapidly in Early Stage Development**

# Residential Distribution



**Development of Unique Capability to Enhance Profitable Growth**

# Viking New Product and Sales



## Award Winning Product Launches

- 7-Series Range
- Tuscany
- Virtuoso Line
- Built-in Refrigeration
- Turbochef Oven
- Outdoor Grill
- Induction Cooktops
- Incognito
- French Door Oven
- Garden Chef



**Everything is NEW!!! Accelerating Viking Sales**



# 59 / 2018

**59** REASONS WHY **2018** WILL BE A GREAT YEAR

- VIRTUOSO BLACK GLASS COOKTOP, OVEN, WARMING DRAWER • **5 NEW**
- 18" AF AND 24" 7 SERIES AR/AF COLUMNS • **6 NEW**
- 24" GARDEN CHEF • **1 NEW**
- OUTDOOR CABINETS • **4 NEW**
- 5 SERIES COOKTOPS AND OVENS REFRESH • **18 NEW**
- 7 SERIES RANGE AND RANGETOP REFRESH • **12 NEW**
- VIRTUOSO DUAL FUEL RANGES • **5 NEW**
- 30"/36" AR/AF 7 SERIES COLUMNS • **4 NEW**
- 18"/24" 7 SERIES WINE COLUMNS • **4 NEW**

**VIKING RANGE, LLC WILL INTRODUCE  
59 NEW PRODUCTS IN 2018**



# Middleby Residential Showroom – Merchandise Mart

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# Middleby Residential Showroom – Merchandise Mart



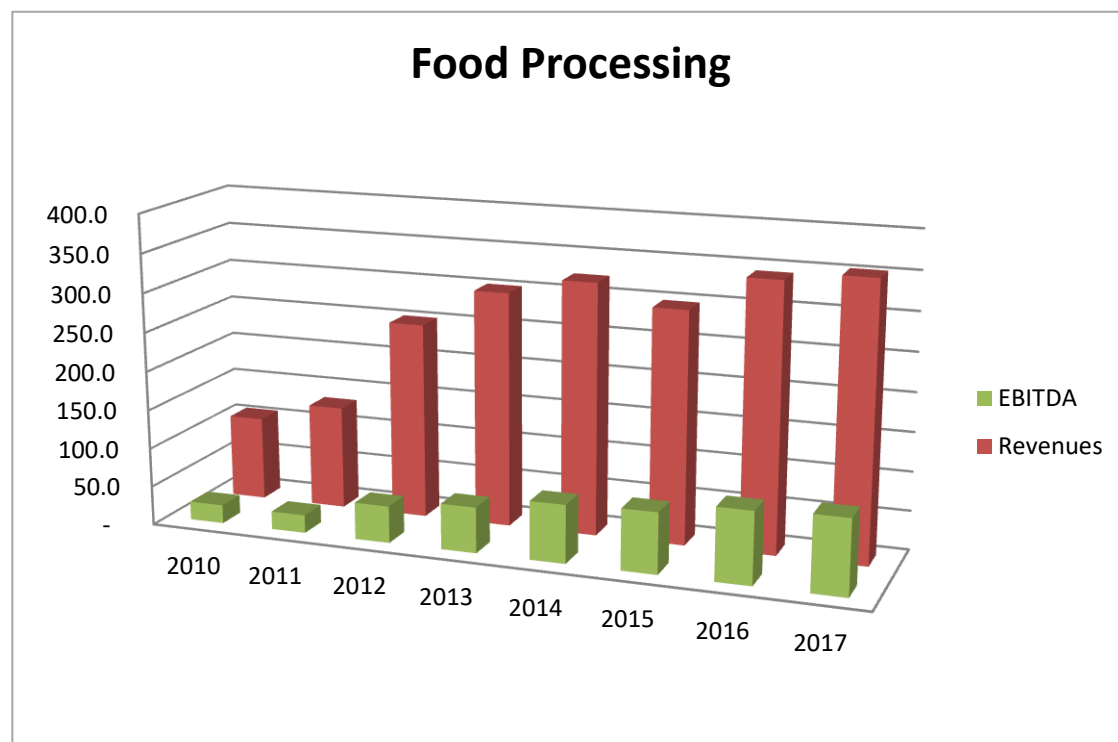


# Residential Equipment Outlook

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- Organic growth continues
  - Viking sustained growth of 10%+
  - Distribution changes complete
  - Non-Core AGA business restructuring – Grange closure
- EBITDA margin expansion -- approaching 20% by year-end
  - Distribution transition disruption complete
  - Non-Core AGA businesses restructuring
  - Realizing 2017 and 2018 integration initiatives at AGA core
  - Viking growth positively impacting margins
  - Long-term EBITDA target 30%

# Food Processing



## Food Processing Comments:

- Growth organically and through acquisitions
- Margin expansion realized:
  - Acquisition Integration
  - Platform Synergies
  - Product Innovation
- Continued expansion opportunities:
  - Acquisition Integration
  - Baking Division
  - Production Consolidation
  - Strategic Sourcing
  - Product Innovation

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>	\$107.5	\$132.6	\$251.8	\$301.5	\$322.8	\$297.7	\$342.6	\$353.2
<b>EBITDA</b>	23.7	23.1	47.3	58.6	74.6	78.0	92.7	96.7
<b>EBITDA %</b>	22.0%	17.4%	18.8%	19.4%	23.1%	26.2%	27.1%	27.4%

**Significant Growth Organic and through Acquisition**

# Continued Track Record of Strategic Acquisitions

- Strong track record of integrating acquisitions over two decades
- Acquisitions are strategic fit complementing the existing brands and strategic platforms
- Acquire top brands and technology in the field they serve (all sizes, varying financial situations, have acquired family-owned as well as public companies)

2009 Acquisitions	2010 Acquisitions	2011 Acquisitions	2012 Acquisitions	2013 Acquisitions	2014 Acquisitions
   	 	       	   	  	   
\$100MM Revenues	\$50MM Revenues	\$100MM Revenues	\$250MM Revenues	\$60MM Revenues	\$110MM Revenues

Continued Pipeline of Strategic Acquisitions

# Acquisitions – 2015 to 2018

- Strategic acquisitions to all three platforms
- Addition of approximately \$1 billion of revenue
- Significant margin expansion opportunities



life. luxury. marvel.



Continued Pipeline of Strategic Acquisitions

# Acquisition Strategy and Integration

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## Acquire leading brands and technologies

- Established market positions
- Differentiated products
- Ability to generate higher profit margin and cash flow

## Increase operating efficiency

- Eliminate unprofitable SKUs
- Focus on core products
- Streamline production and administrative processes

## Realize synergies

- Increased purchasing leverage
- Utilization of low cost production facilities
- Leverage sales and distribution network
- Leverage existing customer relationships

**Proven Ability to Realize Target EBITDA Margins of +20%**

# Transformative Growth Initiatives Last 5 years

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- Continued expansion into key **geographic growth markets**
  - Brazil, India, Mid-East (Saudi Arabia, Dubai), Russia, UK, Australia, China
- **National Accounts team** launch
  - Top 50+ major chain restaurants
  - Recent focus on emerging chains, retail, convenience stores, and government
  - Sales Force Consolidation
- Established **Residential Platform** (\$3bn+ market)
  - Acquisition of Viking, Uline, Lynx and AGA group
  - Added portfolio of 12+ premium leading brands
  - Development of company-owned distribution network in USA
  - Viking complete new product lineup
- Established **Commercial Beverage Platform** (\$5bn+ market)
  - Coffee, soda, liquor dispensing solutions, blending, smoothies, softserve, shakes
  - Taylor, Wunderbar, Concordia, Follett, JoeTap
- Continued expansion in **Commercial Foodservice** and **Food Processing** categories:
  - **Acquisition of >30 leading brands and technologies**
- 100+ Innovative **New Product Launches**
  - Automation platform - Kitchen of Future (CTX, MM, Nieco)
  - Ventless platform (Wells, Perfectfry, Turbochef, Cooktek)

**Q & A**