



# 2019 Q4 Earnings Call

February 25, 2020

## Forward-Looking Statements

Certain statements in this presentation constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Statements contained in this presentation that are not historical facts are forward-looking statements and include, for example, the Company’s expectations regarding future results, the Company’s full-year financial outlook, descriptions of our Transformation Program, operating and strategic plans and any assumptions on which those programs, expectations, outlook or plans are based. Such forward-looking statements involve known and unknown risks and uncertainties, and our actual results could differ materially from future results expressed or implied in these forward-looking statements. The forward-looking statements included in this presentation are based on our current beliefs and expectations and speak only as of the date hereof. These statements are not guarantees or indicative of future performance. Important assumptions, risks, uncertainties and factors that could cause actual results to differ materially from those forward-looking statements are described in more detail under the caption "Risk Factors" in our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and in our other filings with the Securities and Exchange Commission. We do not intend, and, except as required by law, we undertake no obligation, to update any of our forward-looking statements after the date of this presentation to reflect any future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

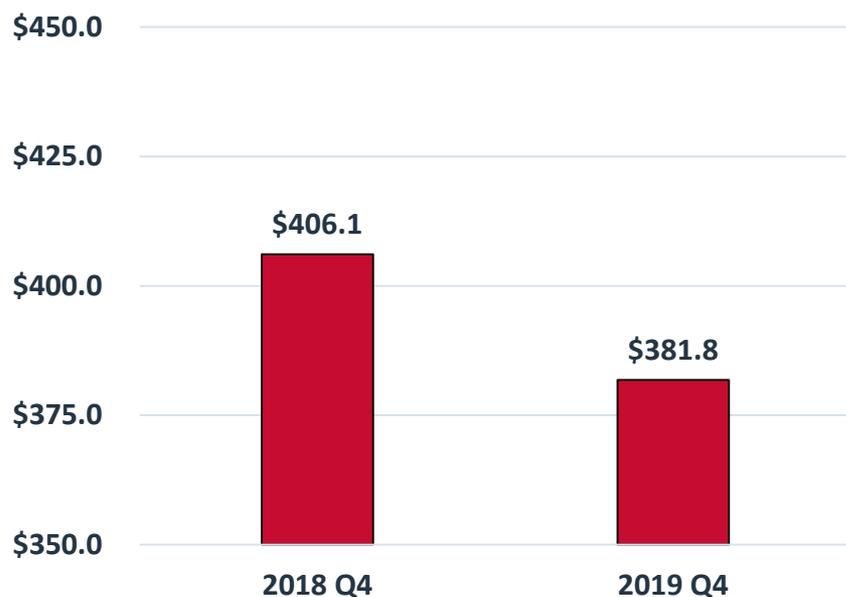
## Non-GAAP Financial Measures

The Company uses certain non-GAAP financial measures in this presentation. These non-GAAP financial measures should not be considered as an alternative to our financial information presented in accordance with U.S. GAAP as they have important limitations as analytical tools. Reconciliations of these non-GAAP financials measures to the most comparable U.S. GAAP measures can be found in our press release for the fourth quarter of 2019, which is available at [www.welbilt.com](http://www.welbilt.com), together with this presentation.

# 2019 Q4 Financial Highlights

(US\$ in millions except per share amounts)

## Net Sales (6.0%)



Organic (5.5%); Foreign Currency Translation (0.5%)<sup>1</sup>

	Q4 2018	Q4 2019	Δ
Adjusted Operating EBITDA <sup>1</sup>	\$72.7	\$71.2	(2.1%)
Adjusted Operating EBITDA margin <sup>1</sup>	17.9%	18.6%	+70 bps
Adjusted Diluted Net Earnings Per Share <sup>1</sup>	\$0.18	\$0.19	+5.6%
Free Cash Flow <sup>1</sup>	\$80.3	\$34.3	(57.3%)

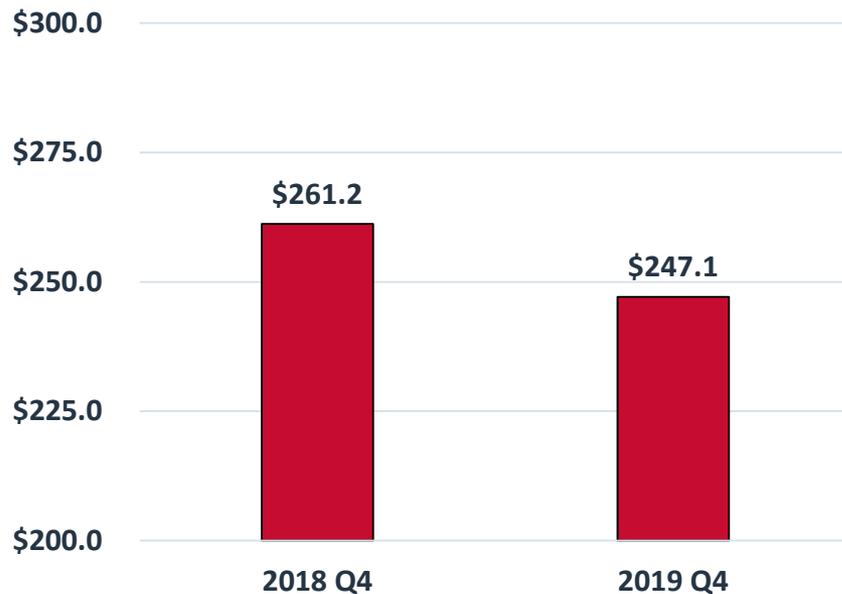
# Transformation Program Progress

Category	Progress
Procurement	<ul style="list-style-type: none"> <li>- Actively delivering RFQs to vendors, will continue into mid-2020</li> <li>- Early responses indicate savings potential; prioritizing negotiations and sourcing changes; beginning to implement new agreements with current and new suppliers</li> <li>- Delivered \$2.8M run-rate savings in 2019 Q4</li> </ul>
Wave 1 and 2 Manufacturing Sites (3 plants) + KitchenCare	<ul style="list-style-type: none"> <li>- Work flow changes implemented on ~50% of assembly lines</li> <li>- Relocation of lines, site redesign costs and other disruptions raising costs during transition window</li> <li>- Some headcount reductions from efficiency improvements began in 2019 Q4, will continue over time through 2020</li> </ul>
Wave 3 North American Manufacturing Sites	<ul style="list-style-type: none"> <li>- Kicked off activities in January</li> <li>- Applying learnings from Wave 1 and 2 to improve execution timeline and reduce frictional costs during activities</li> </ul>
<b>Remain confident in savings targets; P/L impact ramps in 2H 2020</b>	
Transformation Program Expense	2019 Q4:           \$9.5 million 2019 full-year: \$35.3 million

# 2019 Q4 Segment Sales - Americas

(US\$ in millions except per share amounts)

## Third-Party Net Sales (5.4%)



Organic (5.4%); Foreign Currency Translation 0.0%<sup>1</sup>

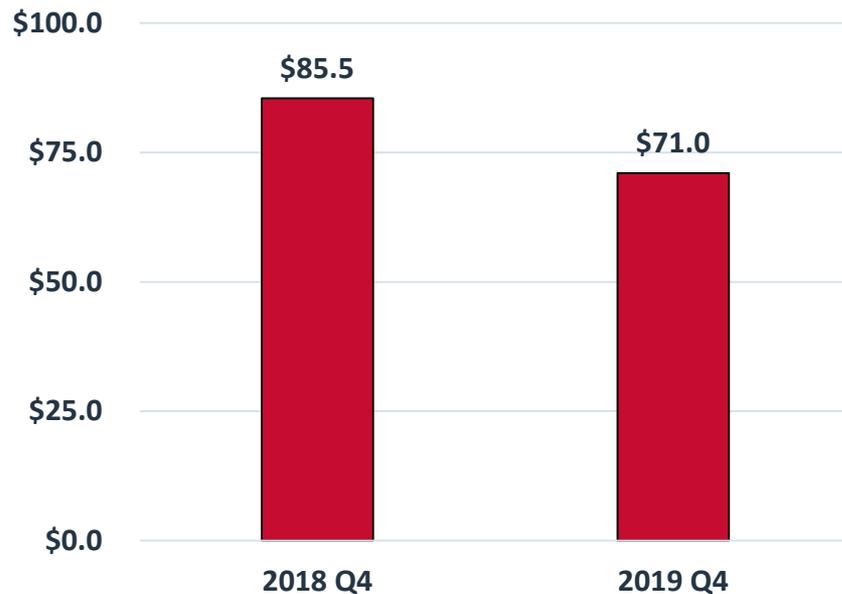
## Highlights:

- General market
- Large chains
- KitchenCare<sup>®</sup> aftermarket sales
- + Merrychef<sup>®</sup> high-speed ovens
- + Merco<sup>®</sup> hot-holding
- Multiplex<sup>®</sup> beverage systems
- Frymaster<sup>®</sup> fryers
- Delfield<sup>®</sup> refrigerated prep tables

# 2019 Q4 Segment Sales - EMEA

(US\$ in millions except per share amounts)

## Third-Party Net Sales (17.0%)



Organic (14.9%); Foreign Currency Translation (2.1%)<sup>1</sup>

## Highlights:

- General market
- Large chains
- + KitchenCare<sup>®</sup> aftermarket sales

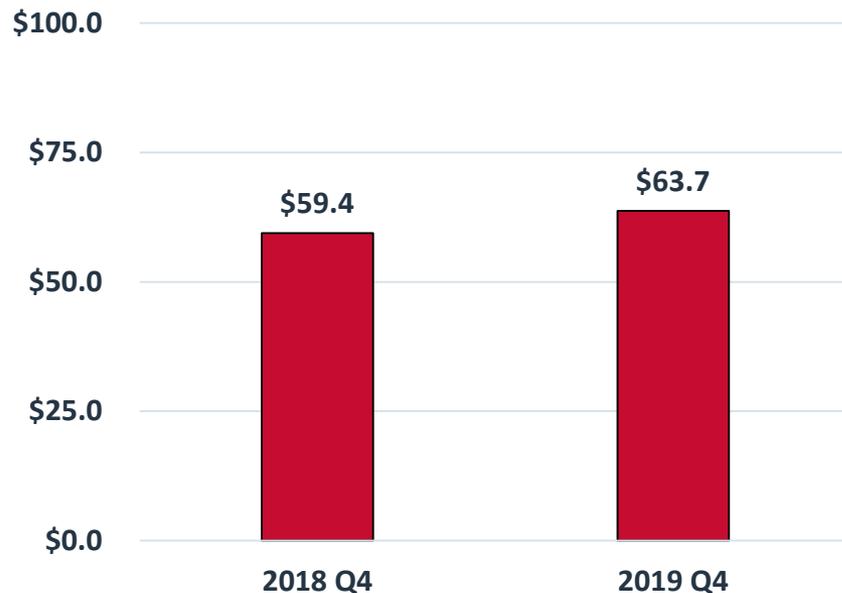
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- Convothem<sup>®</sup> combi ovens
- Crem<sup>®</sup> coffee machines
- Multiplex<sup>®</sup> beverage systems
- Merrychef<sup>®</sup> high-speed ovens
- Frymaster<sup>®</sup> fryers

# 2019 Q4 Segment Sales - APAC

(US\$ in millions except per share amounts)

## Third-Party Net Sales +7.2%



Organic +7.7%; Foreign Currency Translation (0.5%)<sup>1</sup>

## Highlights:

+ General market

- Large chains

↔ KitchenCare<sup>®</sup> aftermarket sales

+ Manitowoc<sup>®</sup> ice machines

+ Crem<sup>®</sup> coffee machines

+ Convotherm<sup>®</sup> combi ovens

+ Merco<sup>®</sup> hot-holding

- Merrychef<sup>®</sup> high-speed ovens

- Lincoln<sup>®</sup> conveyor ovens

# 2019 Q4 Adjusted Operating EBITDA<sup>1</sup> Margin Highlights

Q4 2018 Adjusted Operating EBITDA<sup>1</sup> margin 17.9%

- *Volume/mix/net pricing* 0 bps

- *Material costs and tariffs* 0 bps

- *Other manufacturing: labor and overhead* (30 bps)

- *SG&A* +100 bps

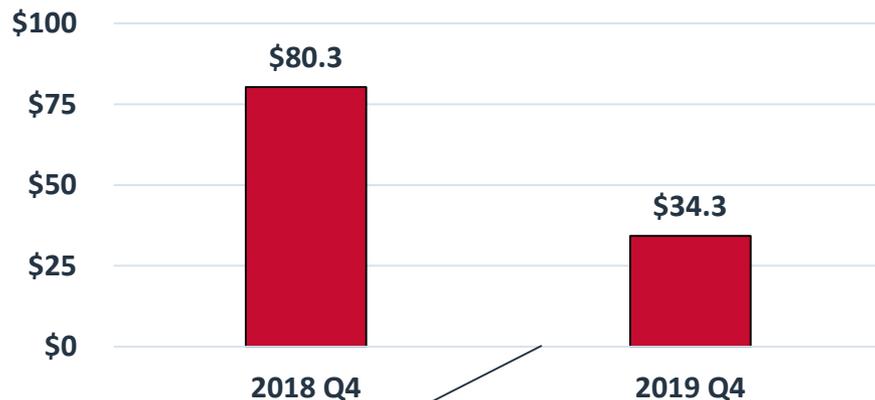
- *FX/other* 0 bps

Q4 2019 Adjusted Operating EBITDA<sup>1</sup> margin 18.6%

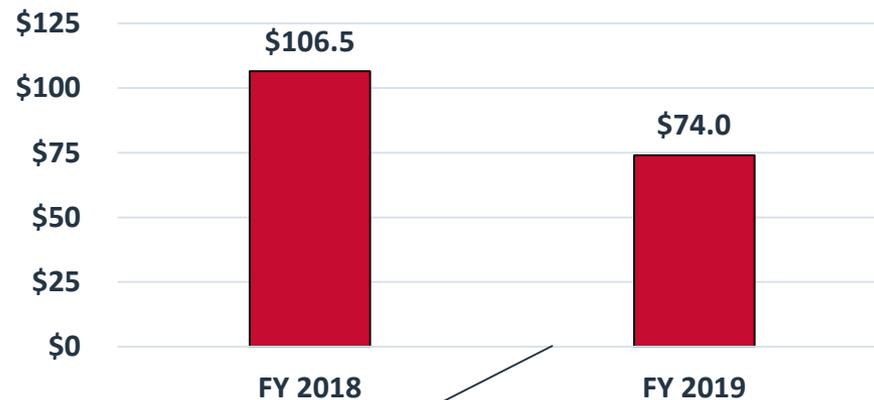
# 2019 Q4 Free Cash Flow<sup>1</sup> and Capital Structure

US\$ in millions

### Q4 Free Cash Flow<sup>1</sup>

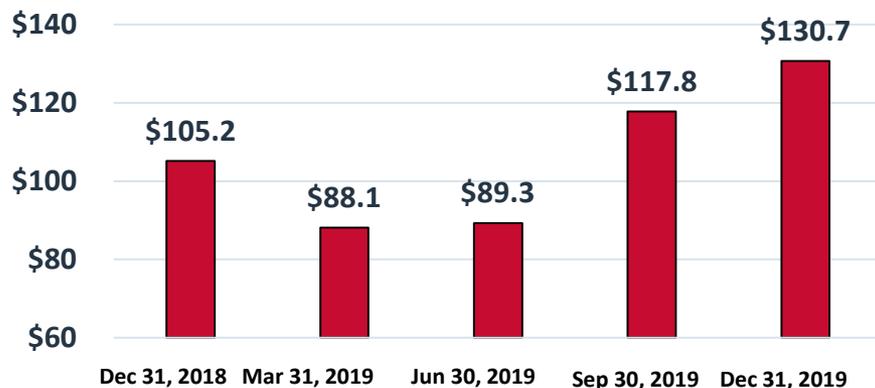


### YTD Free Cash Flow<sup>1</sup>

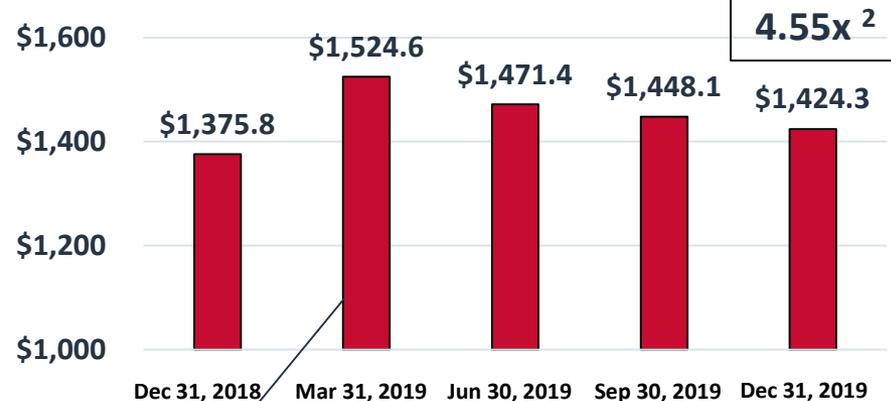


Decreases driven by reductions in accounts payable due to timing and increases in capital spending

### Cash & Short-term Investments



### Debt and Leverage Ratio



March 31, 2019 impacted by termination of off-balance sheet AR Securitization facility balance of \$96.9M moving to revolver

<sup>1</sup> See Welbilt's 2019 Q4 earnings release for the reconciliations from GAAP to non-GAAP measures.

<sup>2</sup> Net debt to Adjusted EBITDA per terms of Credit Agreement.

# 2020 Full-Year Guidance Details

## Organic Net Sales growth

Between -2.0% and +1.0%

- First half soft with Q1 sales down mid- to high-single digits
- Second half return to growth
- Americas and EMEA: general market offsetting lower large chain rollouts
- APAC: Coronavirus impacting H1, business seasonally ramping H2

## Adjusted Operating EBITDA margin

Between 18.3% and 19.3%

- Volume/mix/net pricing: +25 to +75 bps
- Material costs and tariffs: +75 to +125 bps
- Manufacturing costs: labor and overhead: +50 to +100 bps
- SG&A: (125) to (175) bps
- FX/other: (25) to +25 bps

## Adjusted Diluted EPS

Between \$0.68 and \$0.75 per share

- Interest expense between \$78 and \$80 million
- Effective tax rate between 38% to 40% (between 25% and 27% plus an expected 13% impact from a non-cash valuation allowance)
- Assumes 141.9 million fully diluted shares outstanding

(excludes restructuring, gains or losses from impairment or disposal of assets, acquisition/integration costs, Transformation Program expenses, foreign currency transaction gains and losses, and pension settlements)



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# Q&A