



**WELBILT**<sup>®</sup>  
*Bringing innovation to the table*

# 2020 Q3 Earnings Call

November 3, 2020

# Forward-Looking Statements

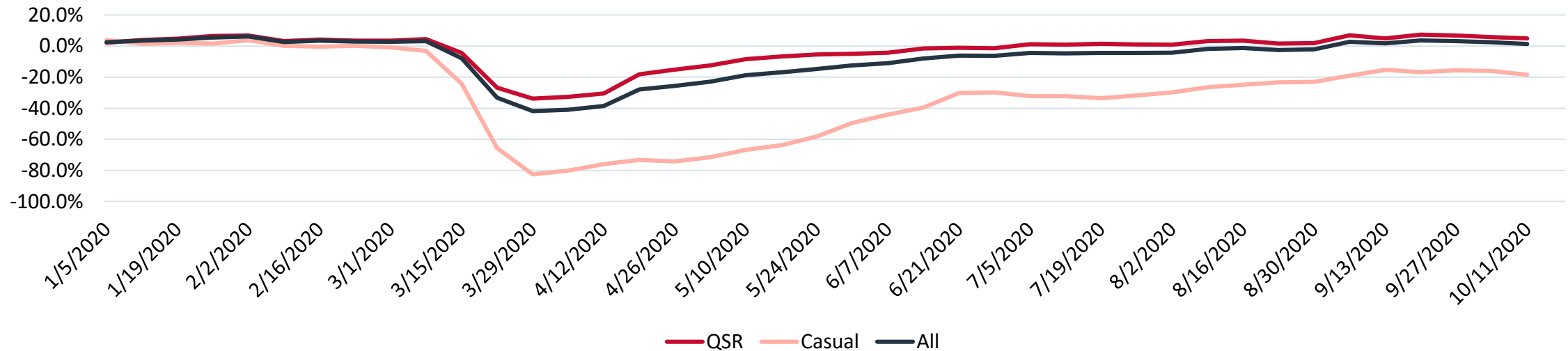
Certain statements in this presentation constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Statements contained in this presentation that are not historical facts are forward-looking statements and include, for example, the Company’s expectations regarding future results, the impact of COVID-19 on our business, including on customer demand, supply chains and production, ability to meet working capital needs and cash requirements over the next 12 months, ability to realize savings from reductions in force and other cost saving measures, compliance with the financial covenants under our credit facility, ability to obtain financial and tax benefits from the CARES Act, 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 earnings release for the third quarter of 2020, which is available at [www.welbilt.com](http://www.welbilt.com), together with this presentation.

# 2020 Current Market Environment

## MillerPulse Weekly Same-Store Sales (YOY change)

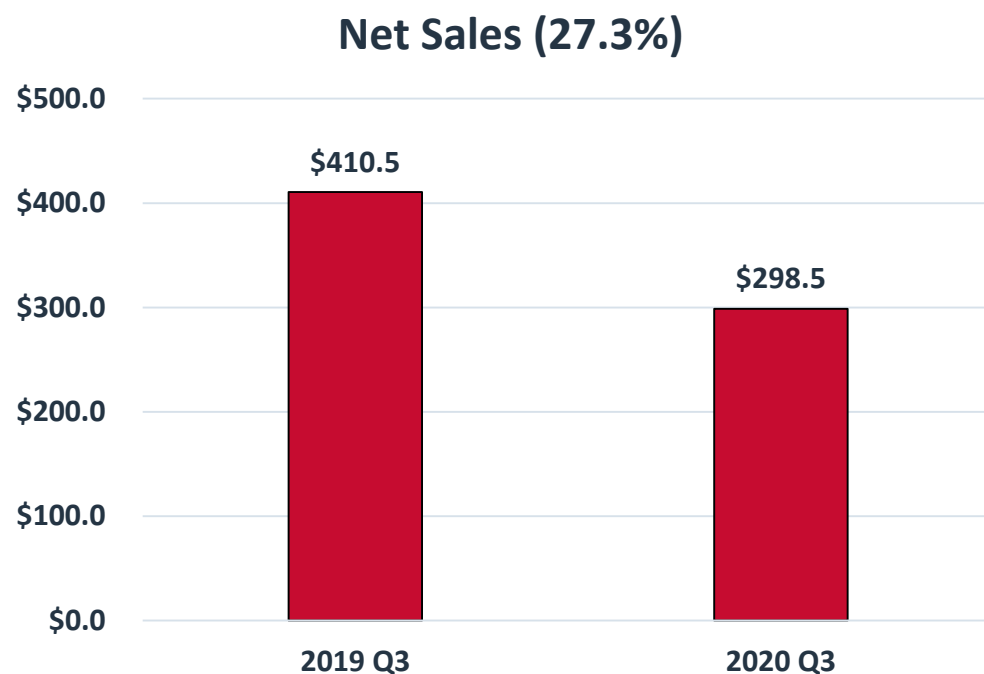


Source: MillerPulse, Jefferies

- The National Restaurant Association estimates that 100,000 (15%) of U.S. restaurants have closed as of 9/14. Restaurant employment remains 2.3 million below pre-COVID levels, with full-service restaurants, QSRs, food service contractors, and bars and taverns accounting for the majority the decrease.
- Most countries have reopened indoor dining at limited capacity; some localities rolling back reopenings. Same-store sales above prior year for QSRs but still ~20% down for casual dining.
- Takeout and delivery still increasing but dine-in remains slower to recover.
- New equipment purchases may be deferred temporarily in favor of repairing existing equipment.

# 2020 Q3 Financial Highlights

(US\$ in millions except per share amounts)

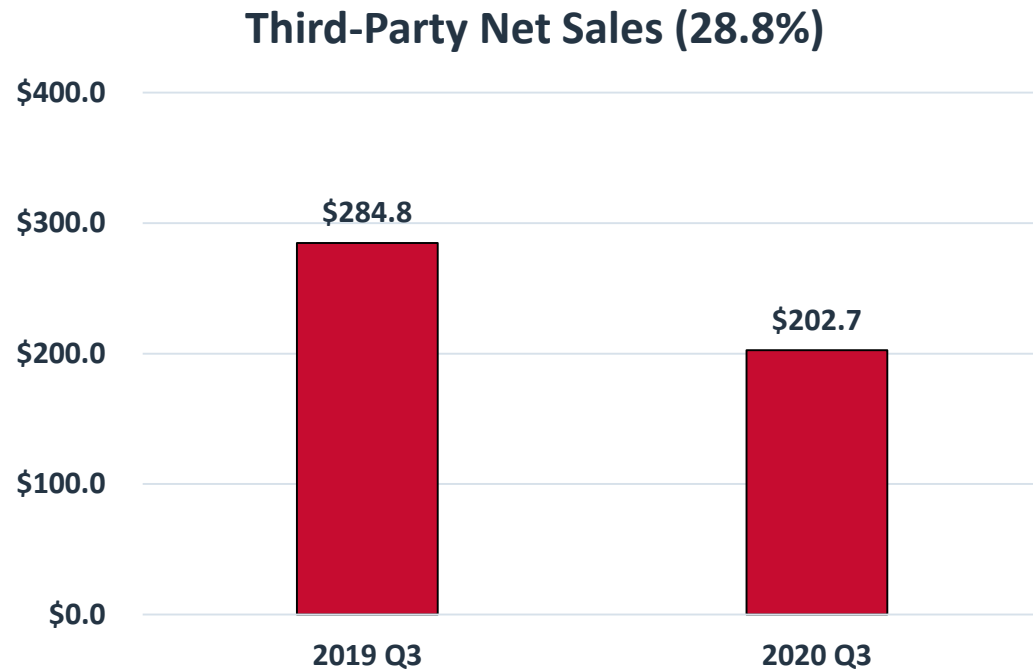


Organic **(28.0%)**; Foreign Currency Translation **+0.7%**<sup>1</sup>

	Q3 2019	Q3 2020	Δ
Adjusted Operating EBITDA <sup>1</sup>	\$82.1	\$45.6	(44.5%)
Adjusted Operating EBITDA margin <sup>1</sup>	20.0%	15.3%	(470 bps)
Adjusted Diluted Net Earnings (Loss) Per Share <sup>1</sup>	\$0.22	\$0.07	(68.2%)
Free Cash Flow <sup>1</sup>	\$54.2	\$32.1	(40.8%)

# 2020 Q3 Segment Sales - Americas

(US\$ in millions)



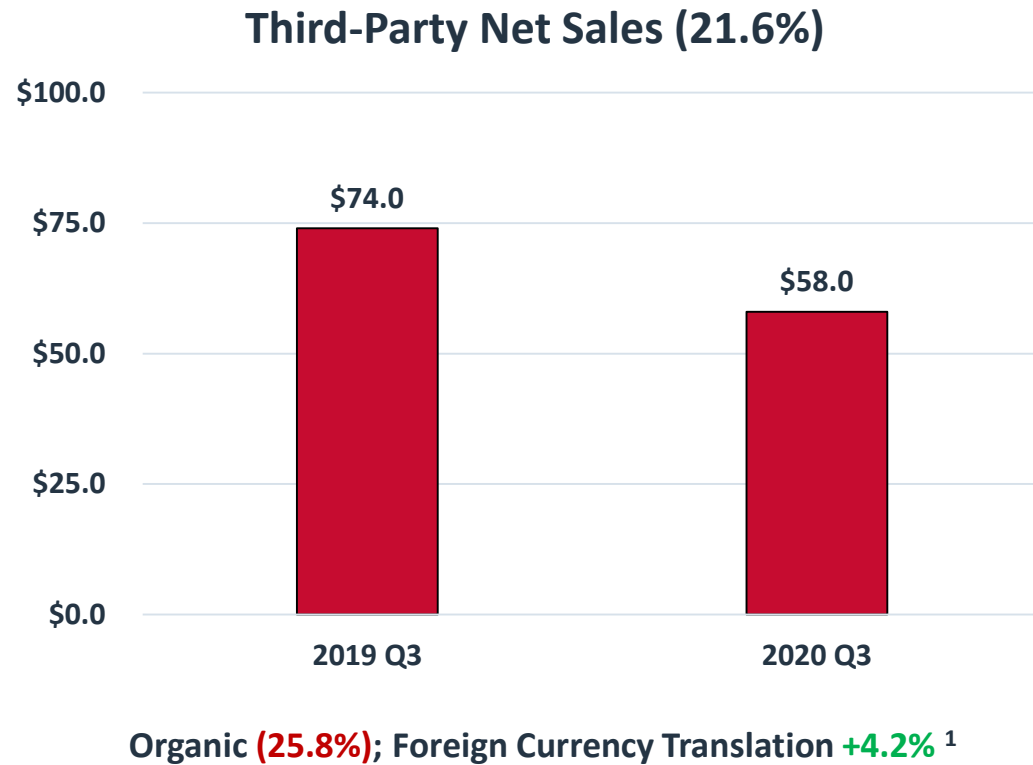
Organic (28.7%); Foreign Currency Translation (0.1%)<sup>1</sup>

## Highlights:

- General market
  - Large chains
  - KitchenCare<sup>®</sup> aftermarket sales
- 
- Large chain sales comparisons had strong rollouts in prior year; first shipments of Merrychef<sup>®</sup> high-speed ovens for new global customer occurred late in quarter
  - Healthcare, C-Stores and education markets supported a smaller decline in general market; demand for Manitowoc<sup>®</sup> Ice machines improved
  - KitchenCare aftermarket sales still down due to master parts distributor merger although distribution consolidation and inventory destocking neared completion by end of quarter

# 2020 Q3 Segment Sales - EMEA

(US\$ in millions)

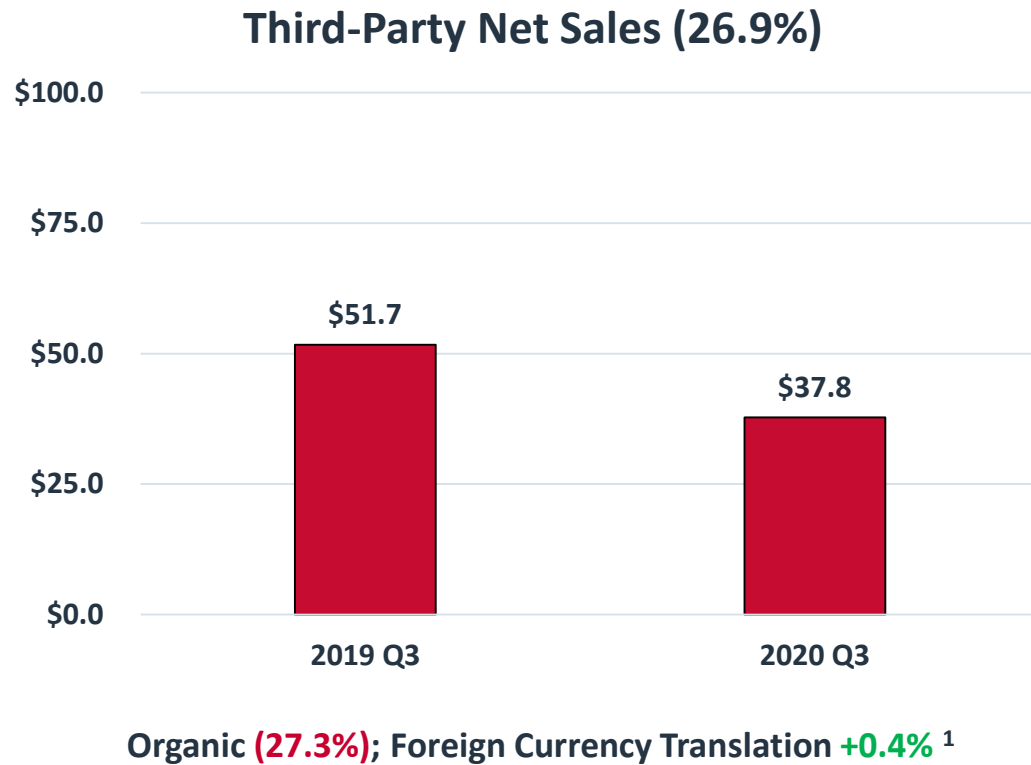


## Highlights:

- General market
  - Large chains
  - KitchenCare<sup>®</sup> aftermarket sales
- 
- Large chains remained weak, led by large beverage companies and impacted by strong prior year QSR sales
  - Smaller decline in general market due to small rollouts of Crem<sup>®</sup> coffee machines and Merrychef<sup>®</sup> high-speed ovens
  - The UK benefitted from the “Eat Out to Help Out” program that subsidized diners to eat out at a restaurant or pub

# 2020 Q3 Segment Sales - APAC

(US\$ in millions)



## Highlights:

- General market
  - Large chains
  - KitchenCare® aftermarket sales
- 
- Sales in China and Australia increased year-over-year with China benefitting from a large project (excluding the large project, China was down single digits)
  - Other areas in Asia remained weak during the quarter

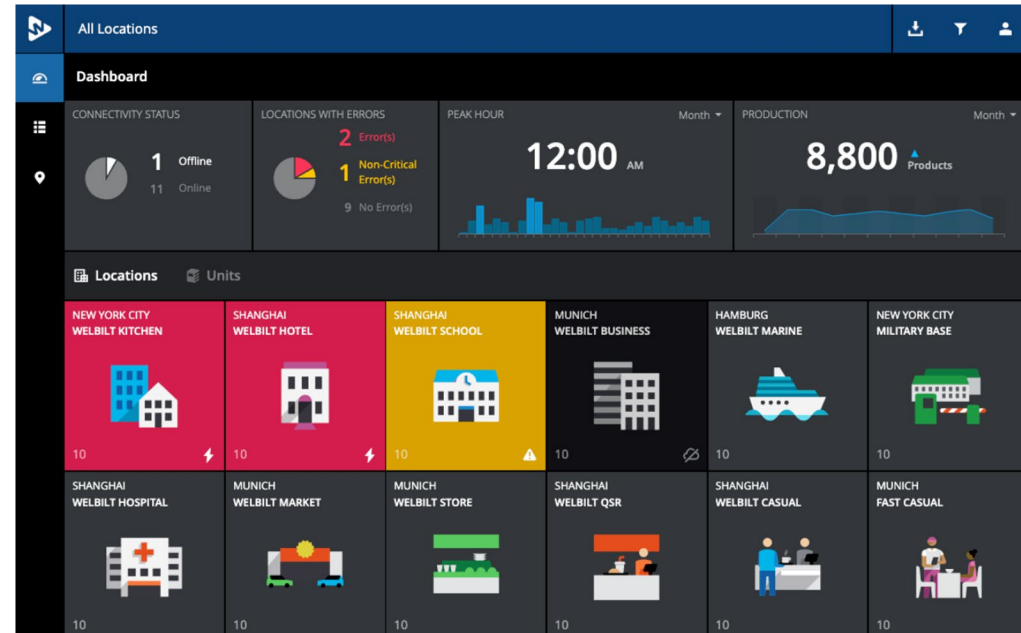
# Transformation Program Progress

Category	Progress
Procurement	<ul style="list-style-type: none"> <li>- Most RFQ responses from vendors have been reviewed, product qualification and testing will continue into 2021</li> <li>- Savings beginning to ramp but early benefits capitalized into inventory, while P/L reflects obsolescence and transitional costs</li> <li>- Focus on “VAVE” initiatives to drive additional savings</li> </ul>
Wave 1, 2 and 3 Manufacturing Sites (5 plants) + KitchenCare	<ul style="list-style-type: none"> <li>- Productivity gains emerging in most sites (some substantial) despite lower volumes and partial shifts; still bringing more automation and process changes to bear into 2021</li> <li>- Relocation of lines, site redesign expenses and other disruptions raising costs during transition window</li> <li>- Headcount reductions from productivity improvements began in 2019 Q4 and continued in 2020 Q3; additional reductions expected through 2021</li> <li>- Consolidation of Crem Shanghai plant to other China plant completed; exit of leased facility by end of year</li> </ul>
2020 Savings Targets	<ul style="list-style-type: none"> <li>- Q3 in-period savings of approximately \$4 million (run-rate savings of \$16 million)</li> <li>- Pace of savings will be slower than anticipated due to COVID-19; 2020 procurement dollar savings to P/L delayed by lower volumes and inventory effects; 2020 manufacturing savings may be slower due to temporary plant shutdowns and furloughs, along with lower volumes to leverage</li> </ul>
<p><b>Remain confident in savings targets; activities expected to be completed by end of 2021 but it may take longer to achieve full \$75 million savings and margin improvement due to COVID-19</b></p>	
Transformation Program Expense	<ul style="list-style-type: none"> <li>- 2020 Q3: \$6.7 million external costs, \$1.8 million Transformation-related restructuring costs, combined \$8.5 million</li> <li>- Since inception: \$56.2 million external costs, \$9.0 million Transformation-related restructuring costs, combined \$65.2 million</li> <li>- Pace of external spending will begin ramping down in Q4 through end of program</li> </ul>

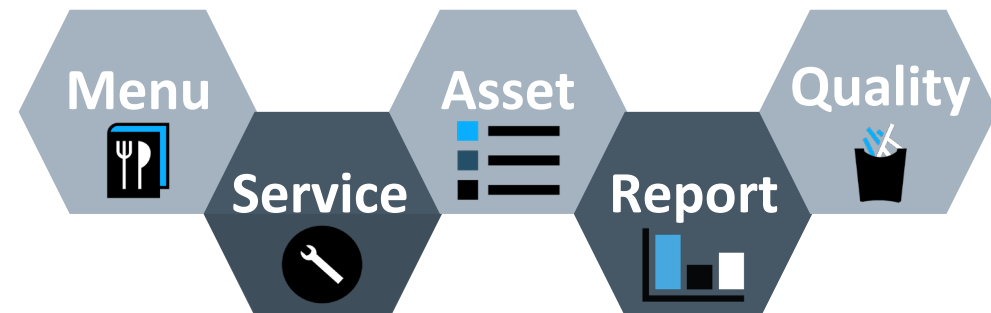


# Integrated Digital Platform: KitchenConnect 3.0 and Common Controller Launched

- KitchenConnect® is our award-winning **open cloud digital solution** for the food-service industry that **improves efficiency, reduces costs, and enhances food quality.**
- Our common controller provides consistent menu screens, logic and connectivity across all of our equipment.
- We launched our latest version of KitchenConnect (version 3.0) in Q3 and are working to convert existing customers to the upgraded platform.
- We also launched the common controller in our first brands in Q3. We expect to have the common controller launched in the majority of our remaining brands in 2021 Q1.
- **The integration of KitchenConnect 3.0 with our common controller gives Welbilt the easiest and lowest-cost connectivity with industry-leading data capabilities.**



KitchenConnect 3.0 Sample Dashboard



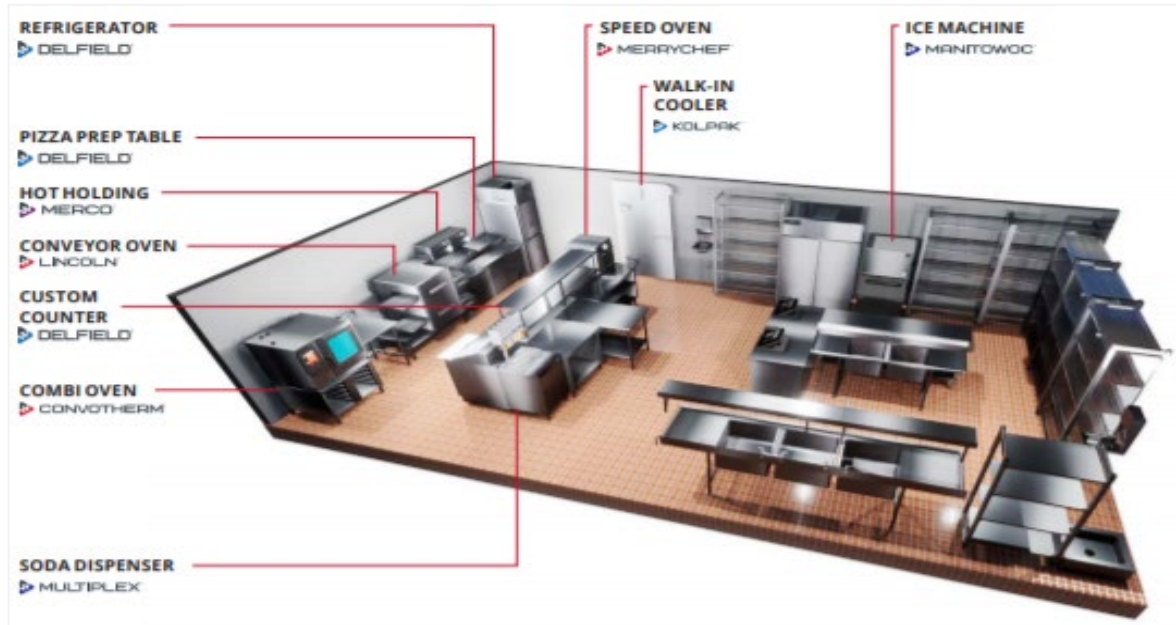
KitchenConnect Capabilities

# Convotherm® maxx™ Launched in EMEA and APAC Markets



- New mid-tier combi oven launched in Asia and EMEA in October
  - Larger with more features and performance than mini combis
  - Ideal for those customers who don't need the premium features and performance of our C4 combi ovens
- “Born digital” with our new common controller and connects to KitchenCare 3.0

# 25 Ghost Kitchens Sold Since the Start of 2020



## Welbilt 'Ghost Kitchens' Help Restaurants Expand During the Pandemic

Delivering meals in less than 30 minutes is a key to customer satisfaction, repeat business and growth

- Welbilt positioned as the one-stop shop for an end-to-end Ghost Kitchen Solution, providing equipment, digital solutions, maintenance and replacement
  - ✓ Connectivity enabled by KitchenConnect
  - ✓ Customer design accelerated by FitKitchen
- Estimated total market of 1,000 Ghost Kitchen openings over 4 years in the Americas worth \$100M<sup>1</sup>
- Welbilt equipment present in the majority of Ghost Kitchens opened since beginning of 2020 with 25 that are primarily Welbilt Ghost Kitchens

1. Euromonitor

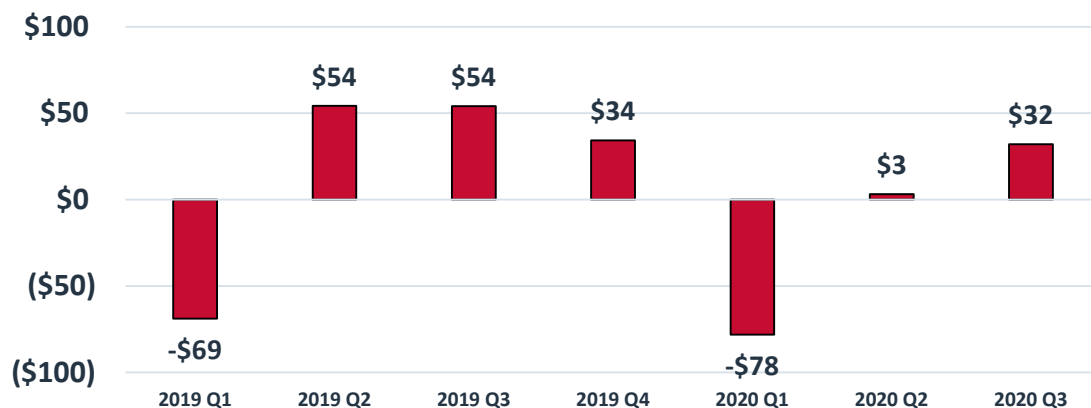
# 2020 Q3 Adjusted Operating EBITDA<sup>1</sup> Margin Highlights

Q3 2019 Adjusted Operating EBITDA <sup>1</sup> margin	20.0%
- <i>Volume/net pricing</i>	<i>(310 bps)</i>
- <i>Material costs and tariffs</i>	<i>(150 bps)</i>
- <i>Other manufacturing: labor and overhead</i>	<i>(340 bps)</i>
- <i>SG&amp;A</i>	<i>+310 bps</i>
- <i>FX/other</i>	<i>+20 bps</i>
Q3 2020 Adjusted Operating EBITDA <sup>1</sup> margin	15.3%

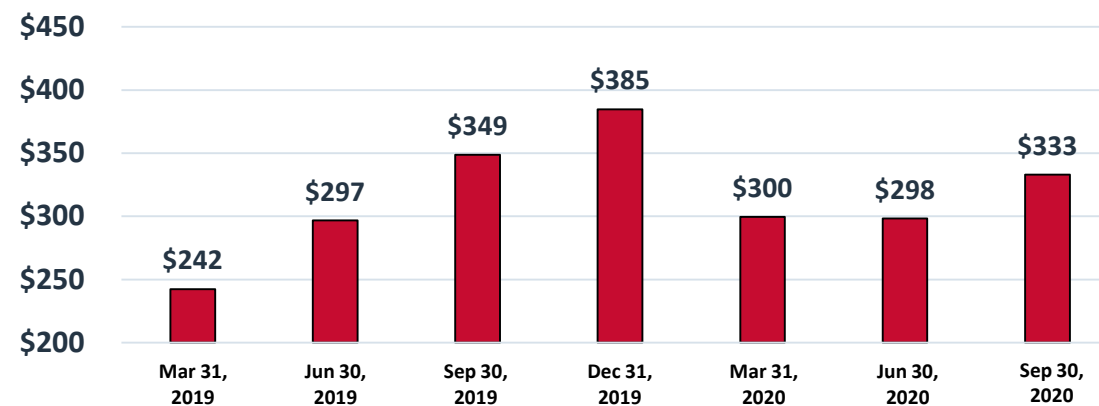
# 2020 Q3 Free Cash Flow<sup>1</sup> and Capital Structure

US\$ in millions

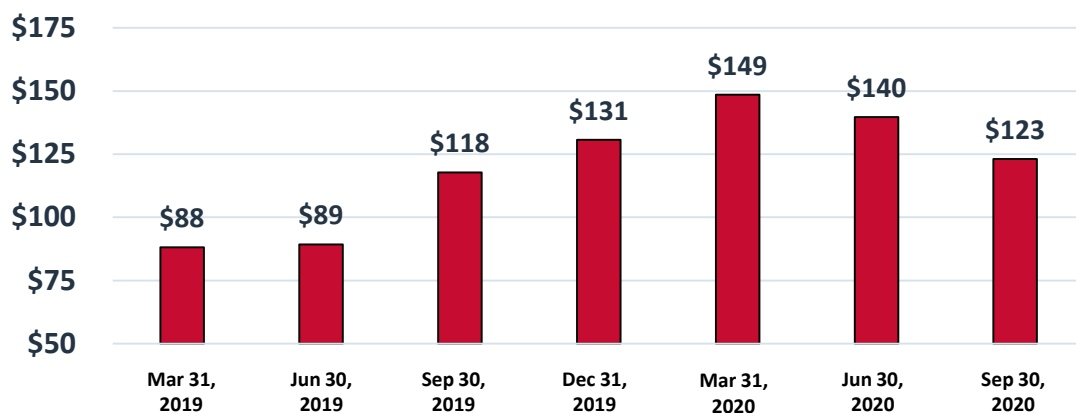
### Free Cash Flow <sup>1</sup>



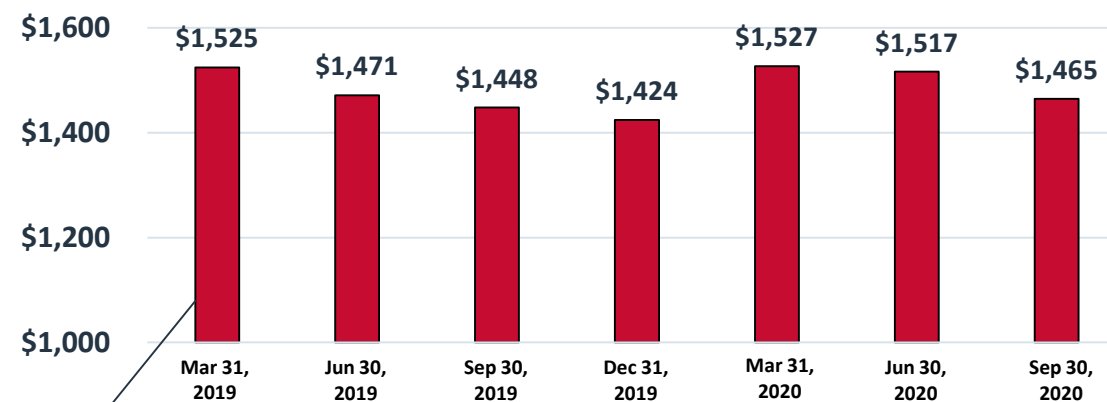
### Total Liquidity <sup>2</sup>



### Cash & Short-term Investments



### Total Debt



March 31, 2019 impacted by termination of off-balance sheet AR Securitization facility balance of \$97M moving to revolver

<sup>1</sup> See Welbilt's 2020 Q3 earnings release for the reconciliations from GAAP to non-GAAP measures.

<sup>2</sup> Total Liquidity is defined as Cash & Short-term Investments plus availability on the Revolving Credit Facility.

# Updated Thoughts on 2020

- 2020 guidance was withdrawn on March 20. We will not reinstate guidance until conditions have sufficiently stabilized.
- Gradual improvement in sales is expected but may be uneven due to spikes and surges in COVID-19 cases and related pace of restaurant re-openings. Not expecting a quick recovery back to pre-COVID sales levels and are actively reviewing all elements of cost structure to support margins even if there is a prolonged demand “drought”.
- Performance supports our comfort with our liquidity and covenants over the balance of the year.
- We are balancing our financial resources during the crisis to both:
  - ✓ Advance our Transformation Program to permanently improve our cost structure (long-term labor productivity, material cost reductions, SG&A efficiency),
  - ✓ While also advancing other key strategic initiatives (digital and new product innovation investments).



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**Q&A**