Hamilton Beach BRANDS



CONSUMER



COMMERCIAL



RETAIL

Hamilton Beach

Hamilton Beach PROFESSIONAL

Hamilton Beach COMMERCIAL

kitchen COLLECTION

Proctor Silex

WESTON RECONNECT WITH REAL FOOD

Proctor Silex COMMERCIAL

WOLF GOURMET

CHI

HAMILTON BEACH BRANDS HOLDING COMPANY

Baird Conference – June 6, 2018

Greg Trepp
President and CEO

Jim Taylor
VP, CFO and Treasurer

Safe Harbor Statement

This presentation includes forward-looking comments subject to important risks and uncertainties. It may also contain financial measures that are not in conformance with accounting principles generally accepted in the United States of America (GAAP).

Refer to Hamilton Beach Brands Holding Company's reports filed on Forms 8-K (current), 10-Q (quarterly), and 10-K (annual) for information on factors that could cause actual results to differ materially from information in this presentation and for information reconciling financial measures to GAAP. Past performance may not be representative of future results.

This presentation is not an offer to sell or a solicitation of offers to buy any of Hamilton Beach Brands Holding Company's securities.



On the Cover: Wolf Gourmet® is a registered trademark of the Sub-Zero Group, Inc. CHI® is a registered trademark of Farouk Systems, Inc.

WHO WE ARE

Hamilton Beach Brands Holding Company was spun off from NACCO Industries on September 29, 2017

NYSE: HBB

A holding company for two separate businesses:

Hamilton Beach Brands – A leading global designer, marketer and distributor of branded small electric household and specialty housewares appliances, as well as commercial products for restaurants, bars and hotels.

The Kitchen Collection – A national specialty retailer of kitchenware in outlet and traditional malls throughout the U.S.

2017 HBBHC REVENUES $740.7M

$615.1 M

HBB Revenues

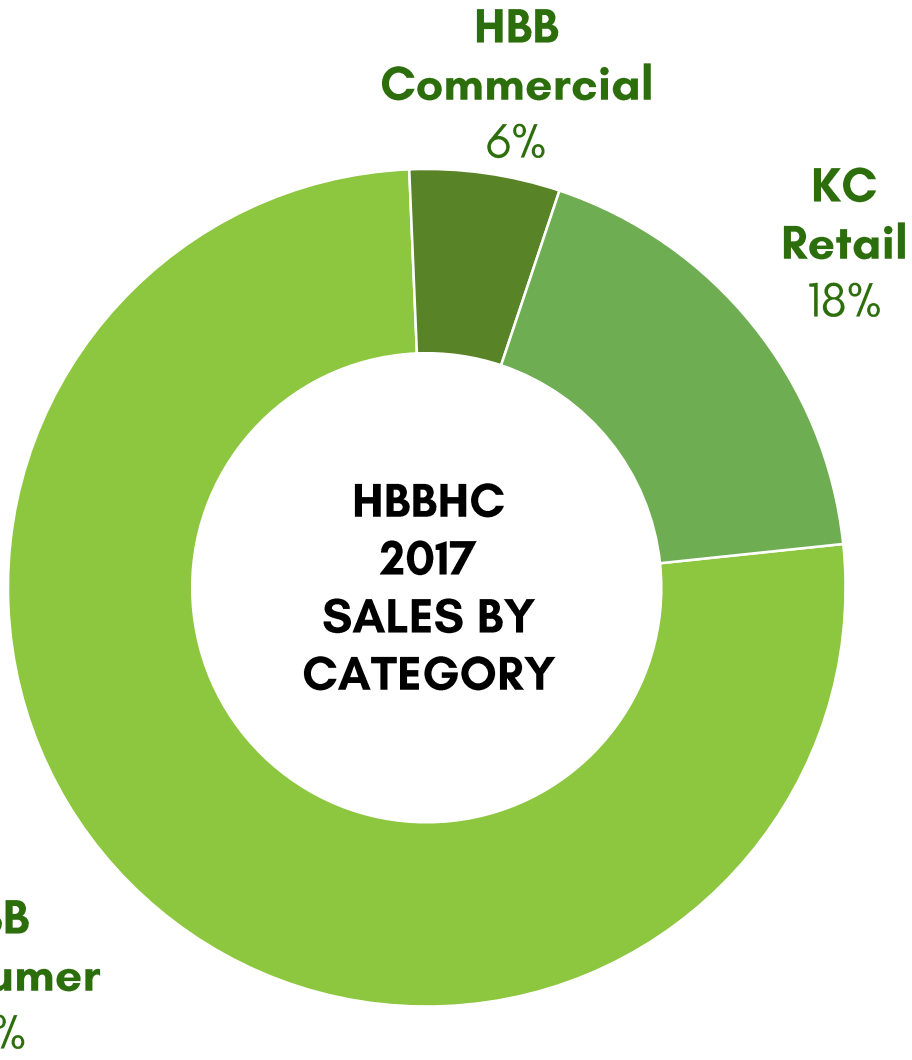
$128.5 M

KC Revenues

Net Income: $17.9 million

Adjusted Income – $22.6 million [1]

EBITDA – $43.5 million [1]



(1) Adjusted income and EBITDA are non-GAAP measures and should not be considered in isolation or as a substitute for GAAP measures. The discussion of non-GAAP measures and the related reconciliations to GAAP measures are found in the Appendix . These non-GAAP measures have been adjusted to exclude the impact of the 2017 U.S. tax reform legislation.



INVESTMENT HIGHLIGHTS

Proven Business Model

- Iconic Brands Serving Consumer and Commercial Markets Globally
- Comprehensive Product Offering-Value to Luxury
- Broad Customer Base and #1 Presence in Key Channels
- Leading Provider to the Growing E-commerce Market
- Focus on Innovation – 100+ Year History of Product Line Expansion
- Global Infrastructure and Efficient Supply Chain
- Experienced Management Team
- Six Strategic Initiatives to Drive Long-Term Growth
- Strong Cash Flows and Financial Flexibility
- Commitment to Long-Term Shareholder Value

COMPREHENSIVE COVERAGE

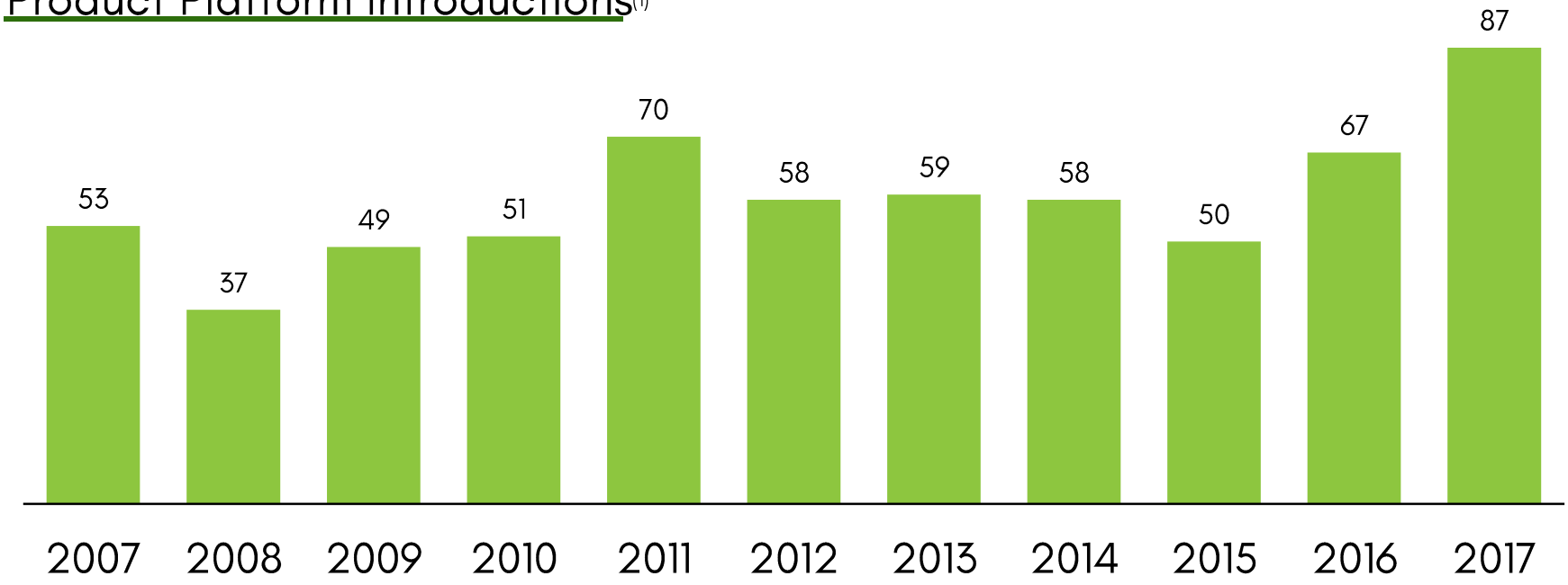
Brands, Price Points and Categories



FOCUS ON INNOVATION

"Good Thinking" Process Drives New Product Development

Product Platform Introductions[1]



HBB aggregated data from 37,000 consumers in 2017 to introduce new, research-driven products

HBB generated more than 27% of its revenue in the last 3 years from products that are less than 3 years old

(1) Excludes product introductions from The Kitchen Collection and gadget introductions from Weston.

FLEXBREW®

2

WAYS OF BREWING

SINGLE CUP OR FULL POT

BREW GROUNDS OR
SINGLE SERVE PACKS



Hamilton Beach BRANDS



EASY-REACH™ TOASTER OVEN

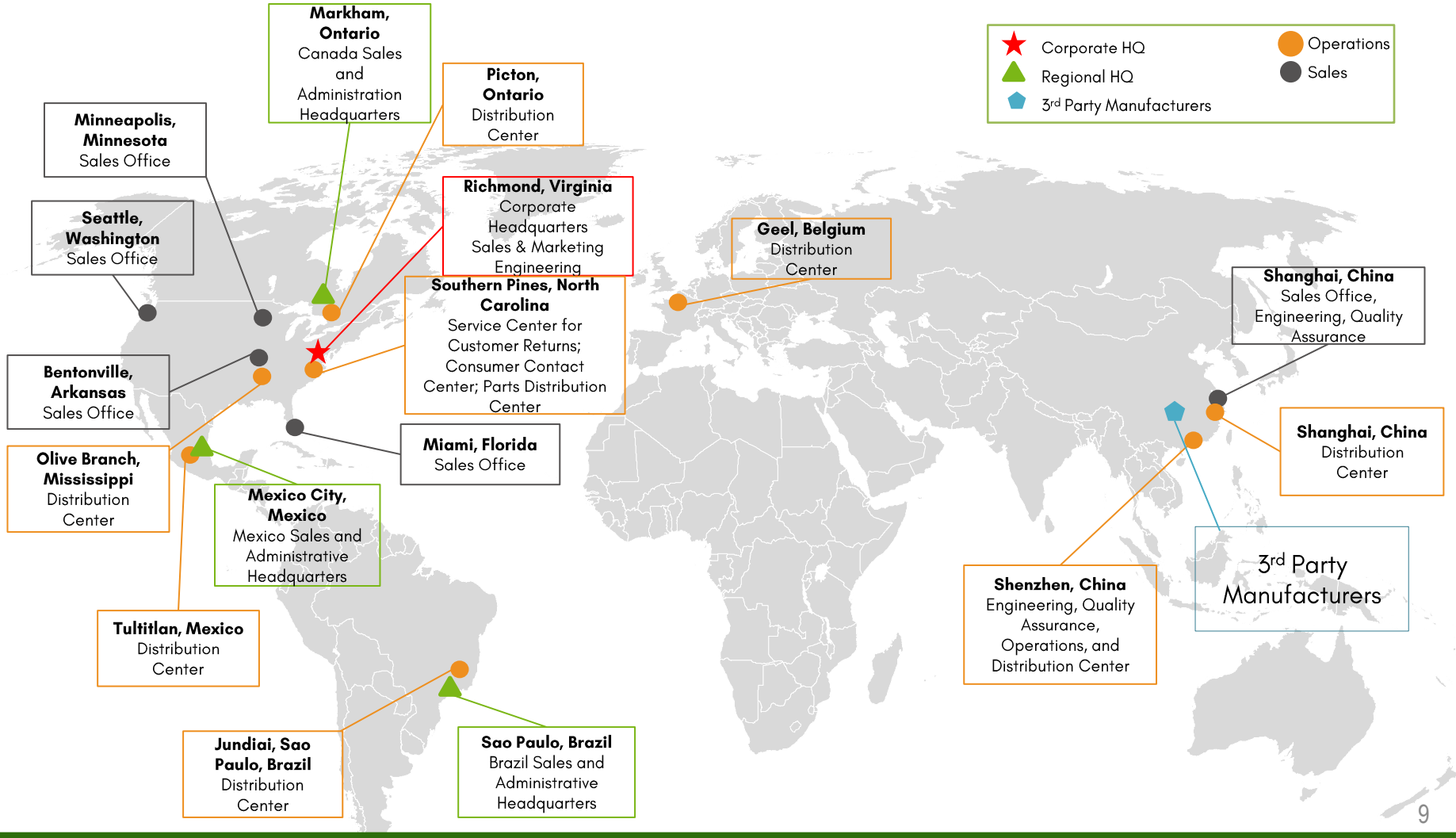
EASY ACCESS
TO FOOD

EASY ACCESS
TO COUNTERTOP

Hamilton Beach BRANDS

GLOBAL INFRASTRUCTURE

Strategically Located Footprint to Serve Customers



GROWTH PLAN

Long-Term Growth Plan (excludes KC): $750 M – $1 B in Revenue at 9% – 10% Operating Profit



STRATEGIC INITIATIVES



ONLY-THE-BEST

Increasing Share in High-End Market with Premium Brands

2014 **2015** **2016** **2017**

WOLF GOURMET

WESTON
RECONNECT WITH REAL FOOD

Hamilton Beach PROFESSIONAL

CHI®

1/3 Approximately 1/3 of Small Kitchen Appliance Industry Dollars is in Only-the-Best segment

CONTINUED INVESTMENT



NEW AUTOMATIC DRIP COFFEE MAKER

PRECISION TECHNOLOGY FOR SUPERIOR TASTING COFFEE

- Scale to ensure exact coffee level every time
- Precise water temperature and brew time
- 5 Brew strength levels

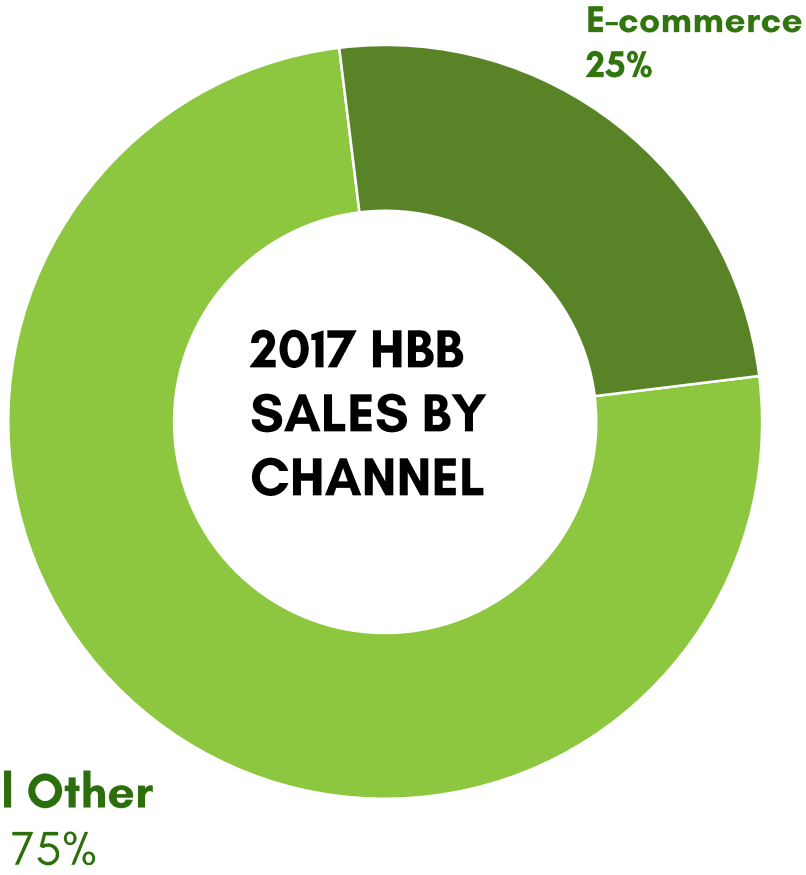
STRATEGIC INITIATIVES



E-COMMERCE

A Key Driver of HBB's Success

- Online sales of housewares is the fastest growing segment and accounted for 25% of HBB U.S. sales in 2017
- E-commerce rewards brands, innovation and product quality above and beyond traditional brick-and-mortar retailers
- HBB is leveraging its strengths in these areas and has built leading processes and capabilities globally



E-COMMERCE

HBB Earns Strong Ratings and Reviews

Brand	Rating	Average Star
Kitchen Aid	4.6	
Wolf	4.6	
CHI	4.4	
Hamilton Beach Professional	4.2	
Hamilton Beach	4.1	
Rowenta	4.0	
Cuisinart	4.0	
Keurig	4.0	
Oster	4.0	
Proctor Silex	4.0	
Magic Bullet	3.9	
Sunbeam	3.9	
Mr Coffee	3.8	
Black & Decker	3.7	
Delonghi	3.7	
Krups	3.6	

The Hamilton Beach® brand is the #1 selling small appliance brand in the U.S. E-commerce channel *(1)*

(1) NPD point of sales data for the 12-month period ending December 2017. Source: Star Ratings are based on multiple online platforms, including Amazon.com, through April 2018.

STRATEGIC INITIATIVES



COMMERCIAL MARKET

Leading Position in the Global Commercial Market





- Opportunity to accelerate growth in the $18 billion global commercial market [1]
- Company's commercial brand reputation for performance, reliability and differentiated products is driving growth
- Increasing penetration of products at regional and global chains

(1) Company estimate.

NEW COMMERCIAL HBB SEGMENTS

Otto ™

Juice Extractor



PrimaVac ™

Vacuum Packaging



Quantum ™

High Performance Blender



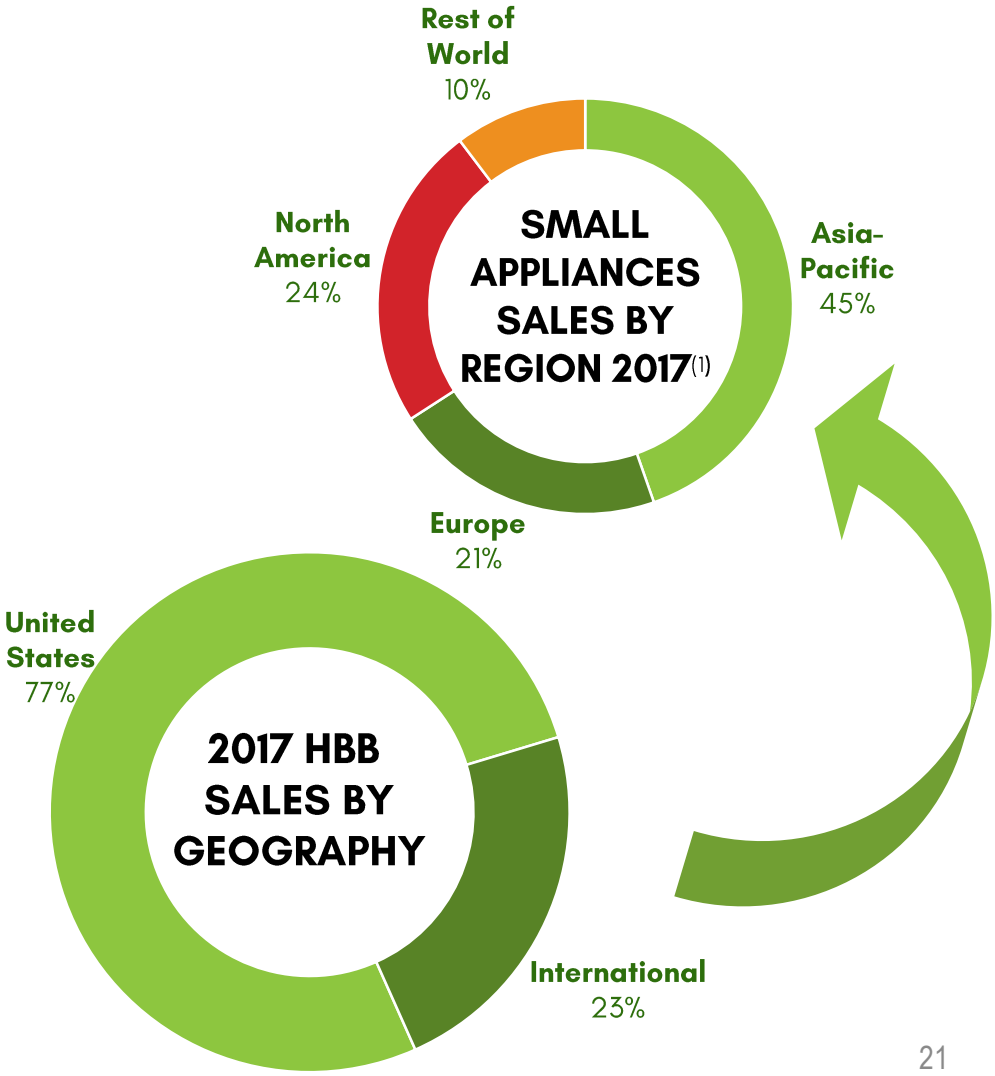
STRATEGIC INITIATIVES



INTERNATIONAL MARKETS

Significant Opportunity for International Growth

- **Expand internationally in the emerging Asia and Latin America markets and continue to expand in Canada and Mexico**
  - Target to increase HBB international sales to 35% to 45% of total HBB sales
  - Leverage strength of brands and innovative products



(1) Source: Euromonitor International.

STRATEGIC INITIATIVES



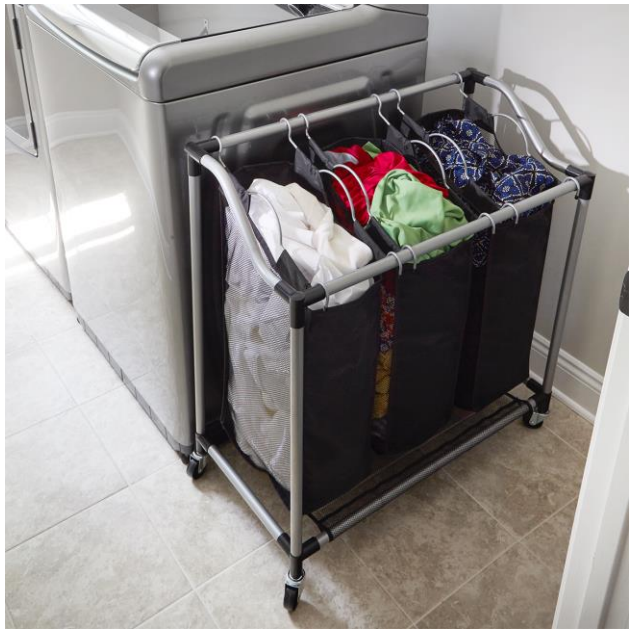
NEW RETAIL CATEGORIES

Leveraging our Sourcing, Marketing, E-Commerce Strength

Drying Racks



Laundry Sorters



Ironing Boards



STRATEGIC INITIATIVES



ACQUISITION STRATEGY

Select Strategic Acquisitions Will Play a Larger Role Going Forward

TARGET PROFILE

- Competitive market position giving HBB potential to enter new product categories
- Opportunity in consumer or commercial
- Strong brand and / or channel presence
- E-commerce focus for North American Expansion
- Meet or exceed return on capital targets

VALUE CREATION

- Accelerate growth and margins
- Highly accretive when layered into current business model

KITCHEN COLLECTION

Positioning to Deliver Acceptable Financial Return

Focus on comparable store sales growth

- Working to enhance sales volume by continued refinement of product offerings, merchandise mix and store displays and appearance.

Continued focus on gross margin and cash flow

- Emphasis on increasing sales of higher margin products
- Maintain inventory efficiency and store inventory controls

Optimize store portfolio by focusing on strong outlet malls and exiting stores that do not generate acceptable returns

- Average lease duration expected to be 12 months or less for 70% of stores by the end of 2018
- KC will likely move from 199 stores to 100 – 150 stores over time. The final number will depend on store by store performance.











STRONG CASH FLOW

Provides Financial Flexibility

$103M

CASH FLOW BEFORE FINANCING GENERATED OVER PAST 3 YEARS

PRIORITY USES OF CASH

- Reinvest in Core Growth
- Return Capital to Shareholders
  - Dividends
  - Share Repurchases
- Pay Down Debt
- Accretive Acquisitions – Strategic Fit at the Right Price

Hamilton Beach
BRANDS

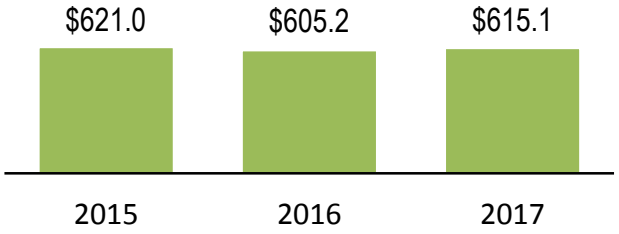


Appendix

HISTORICAL FINANCIAL HIGHLIGHTS

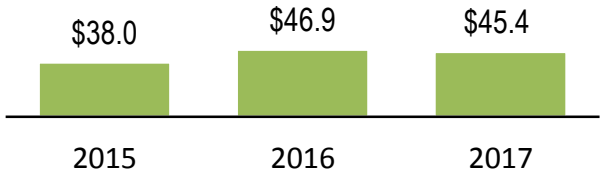
REVENUE

($ in millions)



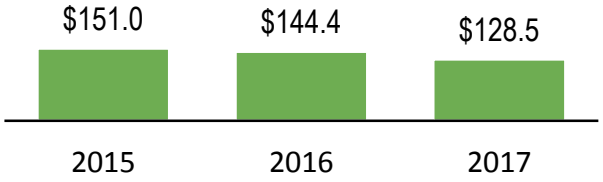
EBITDA (1)

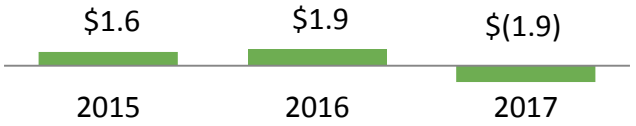
($ in millions)



	2015	2016	2017
% of Revenue:	6.1%	7.7%	7.4%

Hamilton Beach

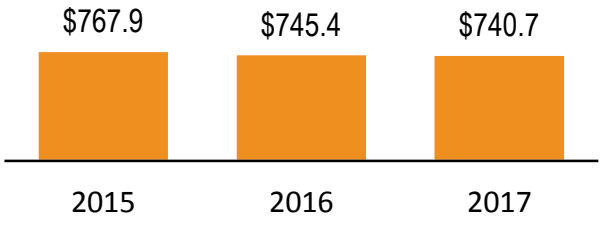


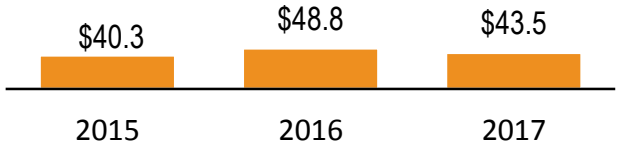


	2015	2016	2017
% of Revenue:	1.1%	1.3%	(1.5)%

kitchen COLLECTION®

Hamilton Beach BRANDS (2)





	2015	2016	2017
% of Revenue:	5.2%	6.5%	5.9%

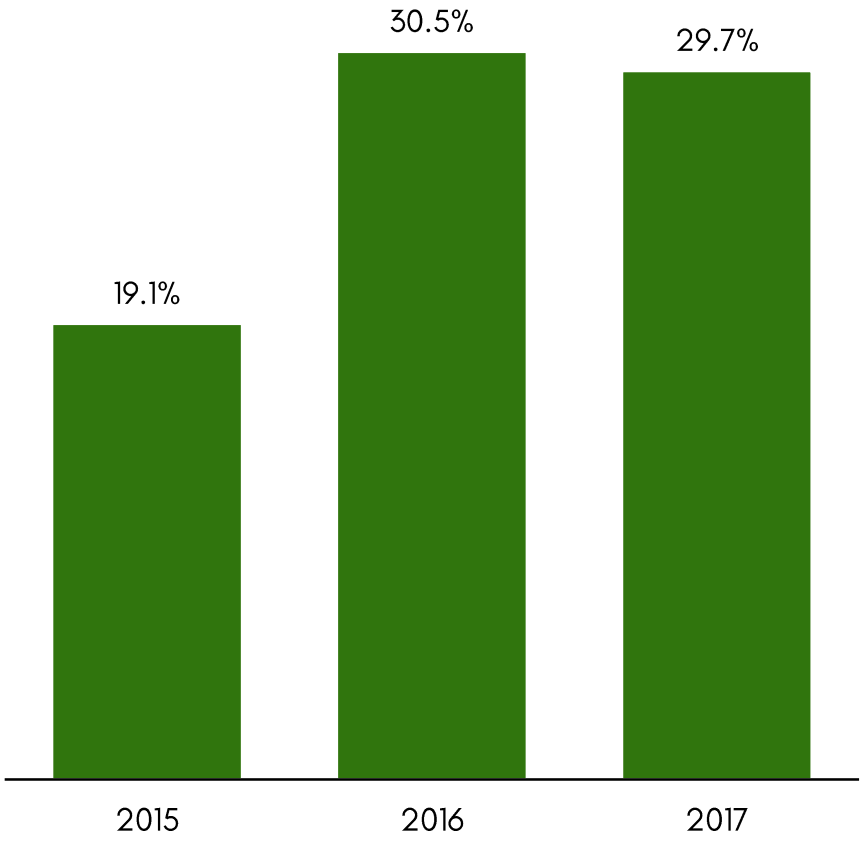
(1) EBITDA is a non-GAAP measure and should not be considered in isolation or as a substitute for GAAP measures. The discussion of non-GAAP measures and the related reconciliations to GAAP measures starts on page 31.
(2) HBBHC financials, net of eliminations.

CAPITAL STRUCTURE AND RETURN ON CAPITAL

FLEXIBLE CAPITAL STRUCTURE (HBBHC)

(In millions)	2015	2016	2017
Net Income	$19.7	$26.2	$17.9
Adjusted Income[(1)]	$19.7	$26.2	$22.6
EBITDA[(1)]	$40.3	$48.8	$43.5
Cash and Cash Equivalents	$16.8	$11.3	$10.9
Consolidated Debt	$58.4	$38.7	$51.3
Net Debt[(1)]	$41.6	$27.4	$40.4
Consolidated Debt / EBITDA	**1.4x**	**0.8x**	**1.2x**
Net Debt / EBITDA	**1.0x**	**0.6x**	**0.9x**
Adjusted Consolidated Equity[(1)]	$82.9	$65.1	$51.1
Debt to Total Capitalization	**41.3%**	**37.3%**	**50.1%**

ADJUSTED ROTCE (HBB)[(1)]



(1) Adjusted income, EBITDA, Net Debt, Adjusted Consolidated Equity, and Adjusted ROTCE are non-GAAP measures and should not be considered in isolation or as a substitute for GAAP measures. The discussion of non-GAAP measures and the related reconciliations to GAAP measures start on page 31. These non-GAAP measures have been adjusted to exclude the impact of the 2017 U.S. tax reform legislation.

NON-GAAP DISCLOSURE

This presentation contains non-GAAP financial measures. Included in this presentation are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). EBITDA is a measure of net income (loss) that differs from financial results measured in accordance with GAAP. EBITDA, net debt and adjusted return on capital employed in this presentation are provided solely as supplemental non-GAAP disclosures of operating results. Management believes these non-GAAP financial measures assist investors in understanding the results of operations of Hamilton Beach Brands Holding Company and its subsidiaries. In addition, management evaluates results using these non-GAAP financial measures.

Hamilton Beach Brands Holding Company defines non-GAAP measures as follows:

- EBITDA is defined as net income (loss) before income taxes plus net interest expense and depreciation and amortization expense;
- Debt to Total Capitalization is defined as consolidated debt divided by consolidated debt plus consolidated equity;
- Net debt is defined as total debt less cash and cash equivalents; and
- Adjusted return on capital employed is defined as net income (loss), excluding the effect of the 2017 U.S. tax reform legislation, before interest expense, after tax divided by LTM average capital employed. LTM average capital employed is defined as LTM average equity plus LTM average debt less LTM average cash.

For reconciliations from GAAP measurements to non-GAAP measurements see pages 32 to 34.

NON-GAAP EBITDA RECONCILIATION

($ in millions)

Hamilton Beach

Calculation of EBITDA	Year Ended December 31, 2015	2016	2017
Net income	$19.7	$26.6	$21.1
Income tax provision	11.8	14.5	18.6
Interest expense	1.8	1.1	1.6
Interest income	(0.1)	0.0	(0.0)
Depreciation and amortization expense	4.8	4.7	4.1
EBITDA	**$38.0**	**$46.9**	**$45.4**

kitchen COLLECTION

Calculation of EBITDA	Year Ended December 31, 2015	2016	2017
Net loss	($0.4)	($0.3)	($3.3)
Income tax provision (benefit)	0.4	0.5	(0.5)
Interest expense	0.1	0.2	0.3
Interest income	0.0	0.0	0.0
Depreciation and amortization expense	1.5	1.5	1.5
EBITDA	**$1.6**	**$1.9**	**($2.0)**

Hamilton Beach BRANDS (1)

Calculation of EBITDA	Year Ended December 31, 2015	2016	2017
Net income	$19.7	$26.2	$17.9
Income tax provision	12.3	15.0	18.2
Interest expense	2.0	1.4	1.8
Interest income	0.0	0.0	(0.0)
Depreciation and amortization expense	6.3	6.2	5.6
EBITDA	**$40.3**	**$48.8**	**$43.5**

Note: EBITDA is provided solely as a supplemental disclosure. EBITDA does not represent net income, as defined by U.S. GAAP and should not be considered as a substitute for net income, or as an indicator of operating performance. The Company defines EBITDA as income (loss) before income tax provision (benefit), plus net interest expense and depreciation and amortization expense. EBITDA is not a measurement under U.S. GAAP and is not necessarily comparable with similarly titled measures of other companies.

(1) HBBHC financials, net of eliminations.

HBBHC EQUITY, NET INCOME AND CAPITALIZATION RECONCILIATION

($ in millions)

EQUITY (HBBHC)[1][2]

	2015	2016	2017
Consolidated Equity, as reported	$82.9	$65.1	$46.4
U.S. Tax Reform Impact	-	-	4.7
Adjusted Consolidated Equity	**$82.9**	**$65.1**	**$51.1**

NET INCOME (HBBHC)[1][2]

	2015	2016	2017
Net Income, as reported	$19.7	$26.2	$17.9
U.S. Tax Reform Impact	-	-	4.7
Adjusted Income	**$19.7**	**$26.2**	**$22.6**

CAPITALIZATION (HBBHC)[2]

	2015	2016	2017
Consolidated Debt	$58.4	$38.7	$51.3
Adjusted Consolidated Equity[1]	82.9	65.1	51.1
Total Capitalization	**$141.3**	**$103.8**	**$102.4**
Debt to Total Capitalization	**41.3%**	**37.3%**	**50.1%**

(1) Adjusted consolidated equity and Adjusted Income are provided solely as a supplemental disclosure. Adjusted consolidated equity and Adjusted income do not represent stockholders' equity and net income, as defined by U.S. GAAP and should not be considered as a substitute for total stockholders' equity and net income, respectively. The Company defines Adjusted consolidated equity as total stockholders' equity excluding the impact of the 2017 U.S. tax reform legislation. The Company defines Adjusted Income as net income excluding the impact of the 2017 U.S. tax reform legislation.

(2) HBBHC financials, net of eliminations

HBB ROTCE AND NET INCOME RECONCILIATION

($ in millions)

ADJUSTED ROTCE (HBB) (1)

2015	
Average Equity (12/31/2014 and each of 2015's quarter ends)	$51.5
Average Debt (12/31/2014 and each of 2015's quarter ends)	58.9
Average Cash (12/31/2014 and each of 2015's quarter ends)	(1.4)
Total 2015 average capital employed	$109.0
2015 Net Income, as reported	19.7
Plus: 2015 Interest expense, net	1.8
Less: Income taxes on 2015 interest expense at 38% (2)	(0.7)
Actual return on capital employed = actual net income before interest expense, net, after tax	20.8
Actual return on capital employed percentage	***19.1%***
2016	
Average Equity (12/31/2015 and each of 2016's quarter ends)	$52.0
Average Debt (12/31/2015 and each of 2016's quarter ends)	40.2
Average Cash (12/31/2015 and each of 2016's quarter ends)	(2.6)
Total 2016 average capital employed	$89.5
2016 Net Income, as reported	26.6
Plus: 2016 Interest expense, net	1.2
Less: Income taxes on 2016 interest expense at 38% (2)	(0.5)
Actual return on capital employed = actual net income before interest expense, net, after tax	27.3
Actual return on capital employed percentage	***30.5%***
2017	
Average Adjusted Equity (12/31/2017, 9/30/2017, 6/30/2017, 3/31/17, 12/31/16)	$38.6
Average Debt (12/31/2017, 9/30/2017, 6/30/2017, 3/31/17, 12/31/16)	52.9
Average Cash (12/31/2017, 9/30/2017, 6/30/2017, 3/31/17, 12/31/16)	(3.2)
Total 2017 average capital employed	$88.3
2017 Adjusted Income	25.2
Plus: 2017 Interest expense, net	1.6
Less: Income taxes on 2017 interest expense at 38% (2)	(0.6)
Actual return on capital employed = actual adjusted income before interest expense, net, after tax	26.2
Actual return on capital employed percentage	***29.7%***

NET INCOME (HBB) (3)

	2015	2016	2017
HBB Net Income, as reported	$19.7	$26.6	$21.1
U.S. Tax Reform Impact	-	-	4.1
HBB Adjusted Income	**$19.7**	**$26.6**	**$25.2**

(1) Adjusted return on capital employed is provided solely as a supplemental disclosure with respect to income generation, adjusted for the impact of the 2017 U.S. tax reform legislation, because management believes it provides useful information with respect to earnings in a form that is comparable to the Company's cost of capital employed, which includes both equity and debt securities, net of cash. Return on capital employed is a non-GAAP measure and should not be considered in isolation or as a substitute for a GAAP measure.

(2) Tax rate of 38% represents the Company's target marginal tax rate.

(3) HBB Adjusted Income is provided solely as a supplemental disclosure. HBB Adjusted income does not represent HBB net income, as defined by U.S. GAAP and should not be considered as a substitute for HBB net income. The Company defines HBB Adjusted Income as HBB net income excluding the HBB impact of the 2017 U.S. tax reform legislation.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