

# Hamilton Beach

BRANDS



Hamilton Beach

HamiltonBeach  
PROFESSIONAL

Hamilton Beach  
COMMERCIAL

Proctor Silex

Proctor Silex  
COMMERCIAL

WOLF  
GOURMET

WESTON  
RECONNECT WITH REAL FOOD

CHI

BARTESIAN

TrueAir

kitchen  
COLLECTION

HAMILTON BEACH BRANDS HOLDING COMPANY

Midwest IDEAS Investor Conference, August 28, 2019

# Safe Harbor Statement

This presentation and the Q and A to follow may include forward-looking statements subject to important risks and uncertainties. Refer to Hamilton Beach Brands Holding Company's reports filed on Forms 10-Q and 10-K for information on factors that could cause actual results to differ materially from information in this presentation. 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.*



# HBBHC REVENUE 2018 - \$743M

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**\$634M**

**HBB Revenue**

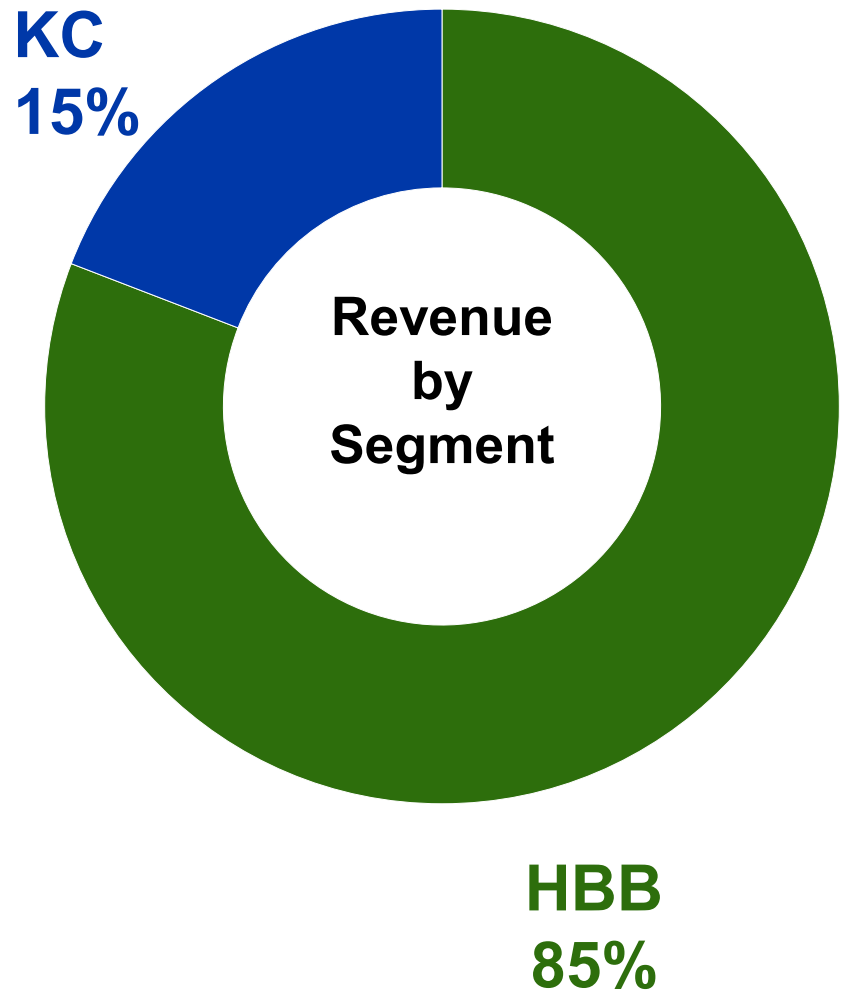
**\$114M**

**KC Revenue**

HBBHC:

Operating Profit: \$32M

Net Income: \$22M



# INVESTMENT HIGHLIGHTS

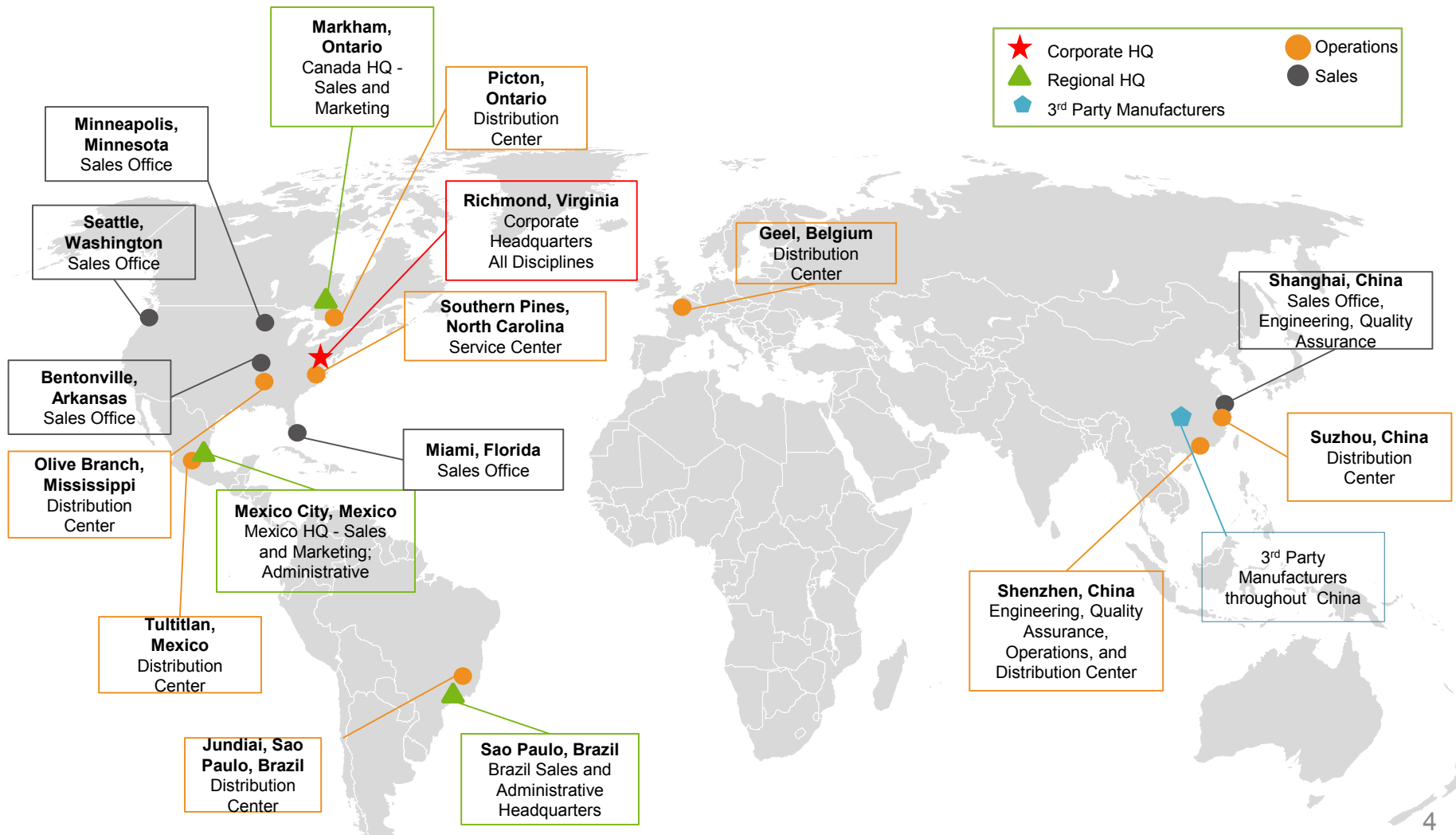
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## Proven Business Model Drives Results

- Commitment to Building Long-Term Shareholder Value
- Experienced Team Focused on Our Customers and Consumers
- 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 Creating New and Innovative Products
- Global Infrastructure and Efficient Supply Chain
- Six Strategic Initiatives to Drive Long-Term Growth
- Historically Strong Cash Flows and Financial Flexibility

# GLOBAL FOOTPRINT

Strategically Located to Serve Customers



# COMPREHENSIVE OFFERING

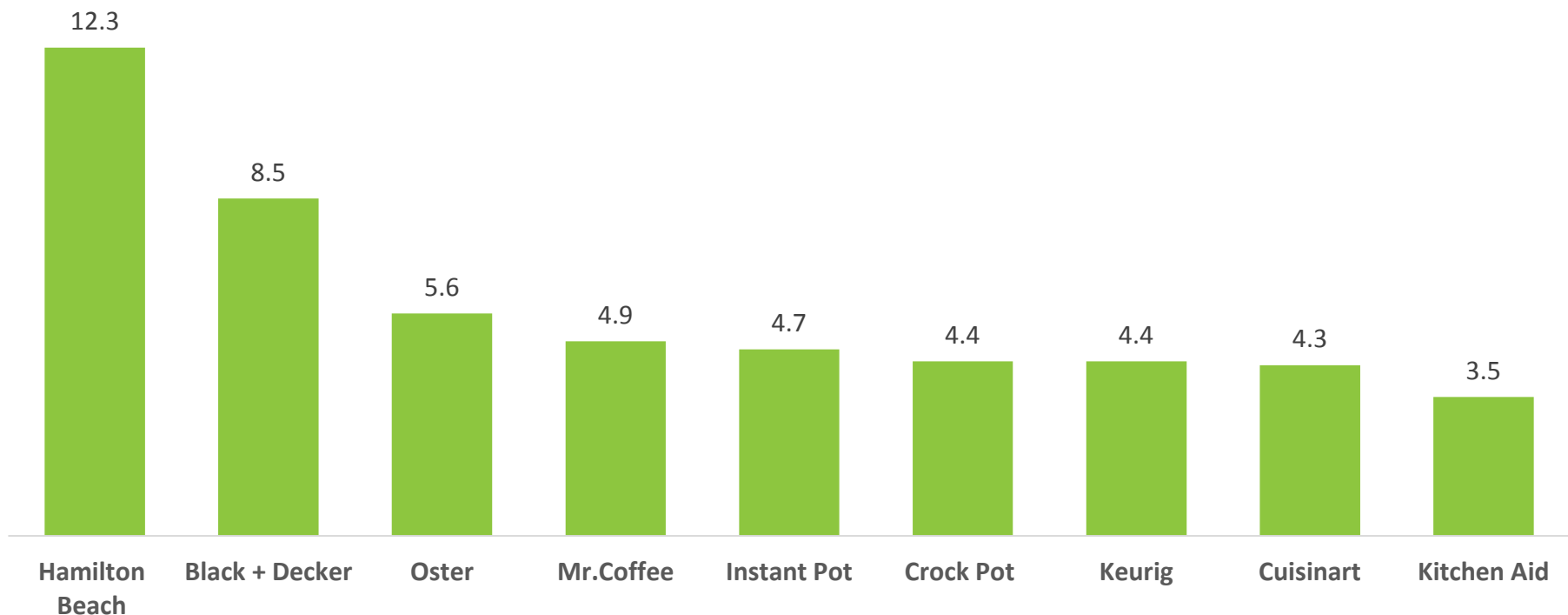
Brands, Price Points, 50+ Categories



# HAMILTON BEACH® IS THE #1 BRAND

Hamilton Beach Drives Retailers' Traffic In Stores and Online

% Unit Share – U.S. Small Kitchen Electrics



# HBB BRANDS ARE TOP 3 IN 28 CATEGORIES

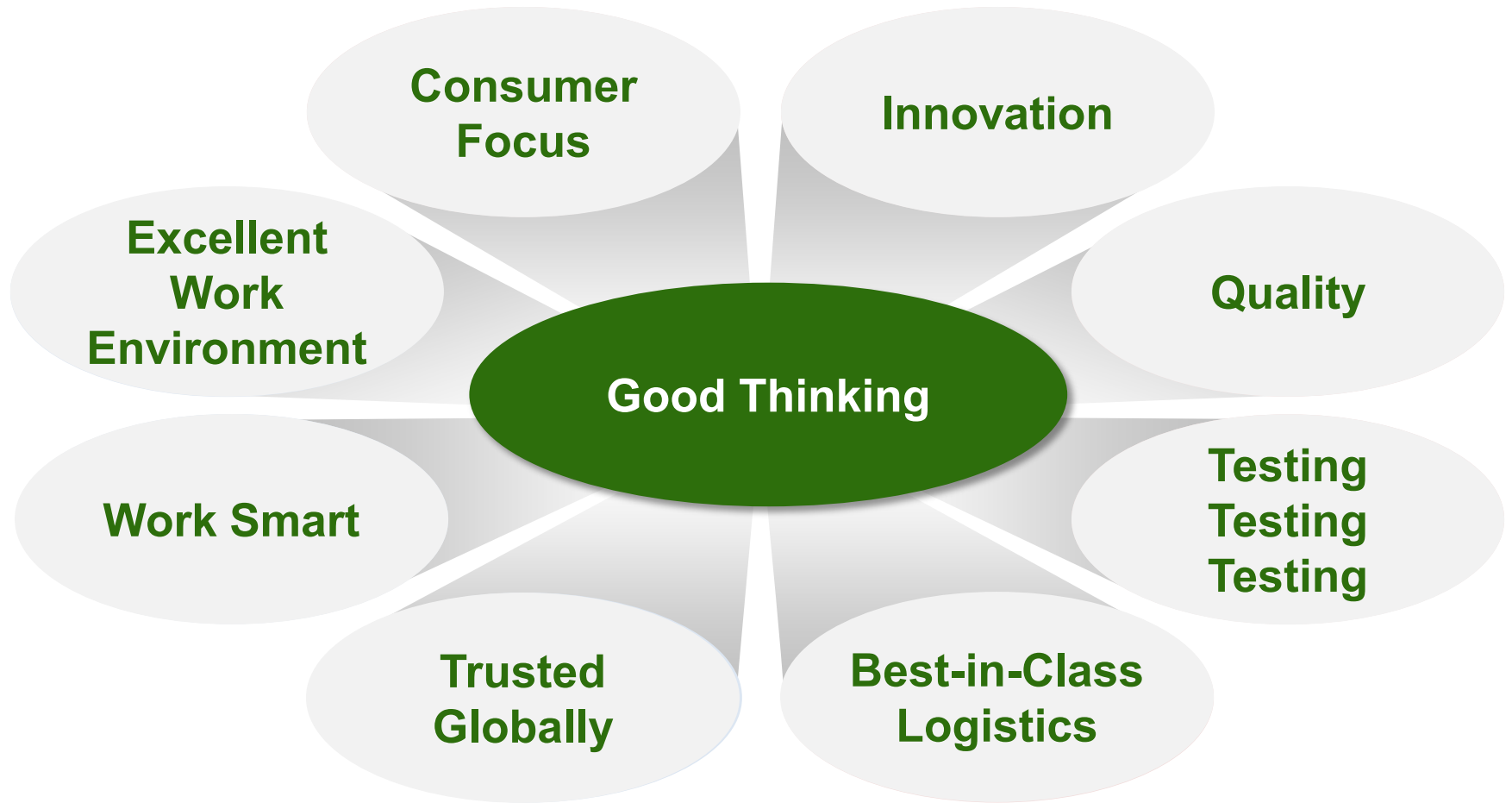
## Green – Top 3 Share Category

- Air Fryers
- **Blending (Traditional)**
- **Blending (Single Serve)**
- Other Blending & Processing
- **Breadmaker**
- **Citrus Juicer**
- **Coffee Grinder**
- **Coffeemaker (ADC)**
- **Coffee Percolators**
- **Combo Hand/Stand Mixer**
- **Electric Can Opener**
- Electric Griddle/Other Griddle
- **Electric Grills/Other Grills**
- **Electric Kettles**
- **Electric Knives**
- Electric Pasta Makers
- Electric Skillet
- Espresso Maker
- **Food Processor**
- Food Chopper
- **Food Steamer**
- Fryers
- Garment Steamer
- Hand Blenders
- **Hand Mixer**
- Ice Cream/Yogurt Maker
- Ice Shaver/Sno-Cone Makers
- **Irons**
- **Jar Openers**
- **Juice Extractor**
- **Kitchen System**
- Meat Grinder/Mincer
- Multi-Cooker
- Other Waffle Iron/Sandwich Maker
- **Pizza Ovens**
- Popcorn Makers
- Rice Cooker
- **Roaster Oven**
- **Sandwich Maker**
- **Single Serve Brewer (w Pod)**
- **Slow Cooker**
- Sous Vide
- **Specialty Drink Maker**
- Stand Mixer
- Tea Makers
- **Toaster**
- **Toaster Oven**
- **Vacuum Sealers**
- Waffle Iron

# “GOOD THINKING” PROCESS

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Encourage and Cultivate Inspired Thinking in All Areas of Business

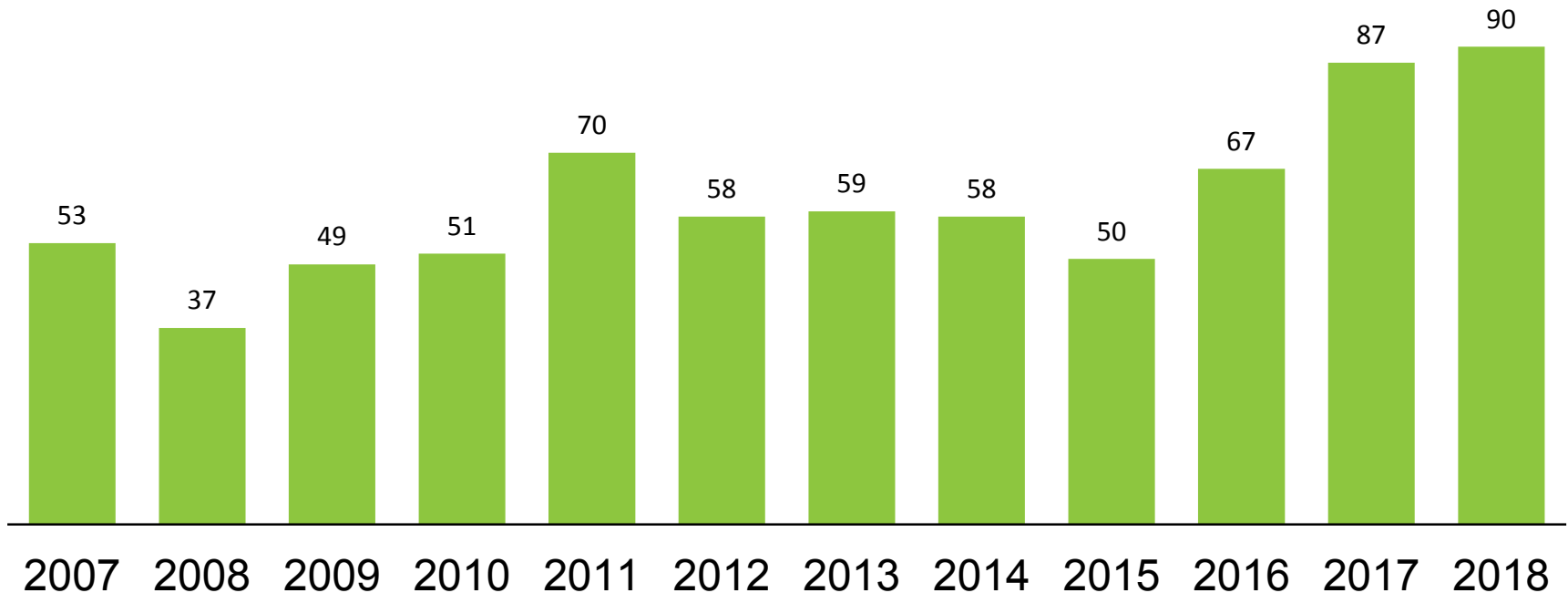


# FOCUS ON INNOVATION

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“Good Thinking” Process Drives New Product Development

## New Product Platform Introductions



*HBB generated approximately 30% of its revenue in the last 3 years from products that are less than 3 years old.*

“Good Thinking” – Coffee Makers

# FLEXBREW®

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ULTIMATE FLEXIBILITY  
IN BREWING



2

WAYS OF BREWING

SINGLE CUP  
OR FULL POT

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BREW GROUNDS OR  
SINGLE SERVE PACKS



new



amazon alexa



# ALEXA-ENABLED SMART COFFEE MAKER

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VOICE-ENABLED CONTROLS

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WORKS WITH ALEXA

*“Alexa, Brew My Coffee”*

*“Alexa, Is My Coffee Ready?”*

*“Alexa, When Was My Coffee Brewed?”*

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FULLY FEATURED FRONT-FILL  
COFFEE MAKER

**new**



“Good Thinking” – Personal Blending

## PERSONAL QUIET BLENDER

FULL SIZE CAPABILITIES FOR PERSONAL  
SIZE BLENDING

BLADES CRUSH ICE, FROZEN FRUITS, NUTS,  
GRAINS AND SEEDS QUICKLY

UNIQUE QUIET SHIELD GREAT FOR EARLY  
MORNING BLENDING

CLASSIC CUP DESIGN DOUBLES AS  
A DRINKING VESSEL



# GROWTH OBJECTIVE

Long-Term Growth Goal (excludes KC): \$750 M - \$1 B in Revenue and 9% - 10% Operating Profit



# ONLY-THE-BEST

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Increasing Share in High-End Market with Premium Brands

1/3

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

2014



2015



2016



2017



2019



HBB Only-The-Best Revenue +40% in 2018



# NEW IN 2018

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Deluxe Automatic  
Drip Coffee Maker



Multi-Function Cooker



Precision Griddle



Countertop Oven  
Upgraded



# NEW IN 2019

## Wolf Gourmet Stand Mixer





# 5 AND 7 SPEED HAND MIXERS

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POWERFUL DC MOTOR  
MIXES WITH EASE

SLOW STARTING SPEED  
REDUCES SPLATTER

INCLUDES SNAP-ON STORAGE  
CASE WITH BEATERS, DOUGH  
HOOKS & WISK

LOCKABLE SWIVEL CORD FOR  
RIGHT – OR LEFT – HAND USE



# CHI® TOUCHSCREEN IRON

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TOUCHSCREEN TEMPERATURE CONTROLS

TITANIUM INFUSED CERAMIC SOLEPLATE

OVER 400 STEAM HOLES FOR SUPERIOR  
PERFORMANCE

**gia** global  
innovation  
awards  
honoring housewares  
product design excellence  
**2019 FINALIST**

# STRATEGIC PARTNERSHIP

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**BARTESIAN**<sup>®</sup>

PREMIUM COCKTAILS ON DEMAND™



# GLOBAL E-COMMERCE

## HBB Products Earn Strong Online Ratings and Reviews

| Brand                       | Rating | Average Star |   |   |   |   |
|-----------------------------|--------|--------------|---|---|---|---|
| Wolf Gourmet                | 4.4    | ★            | ★ | ★ | ★ | ★ |
| CHI                         | 4.3    | ★            | ★ | ★ | ★ | ★ |
| Hamilton Beach Professional | 4.1    | ★            | ★ | ★ | ★ | ★ |
| Hamilton Beach              | 4.1    | ★            | ★ | ★ | ★ | ★ |
| Weston                      | 4.0    | ★            | ★ | ★ | ★ | ★ |
| Proctor Silex               | 4.0    | ★            | ★ | ★ | ★ | ★ |

Hamilton Beach® was the #1 selling brand in the U.S. e-commerce channel in 2018 based on units

HBB provides support for promotion, marketing and distribution programs appropriate for online channel

Reviews and star ratings take into account brand reputation, innovation, product quality and safety

Online sales are expected to be 35% of industry sales in 2019 and outpacing brick & mortar

# GLOBAL COMMERCIAL

Leading Position in the Global Commercial Market



- Opportunity to accelerate growth in the \$18B global commercial market <sup>(1)</sup>
- Company's commercial brand reputation for performance, reliability and differentiated products is driving growth
- Increasing penetration of products at regional and global chains

**Global Commercial Sales +7% in 2018**  
**Global Commercial Sales CAGR 6% since 2010**

(1) Company estimate.

# NEW COMMERCIAL OFFERINGS

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Otto™

Juice Extractor



PrimaVac™

Vacuum Packaging



Quantum™

High Performance  
Blender



# INTERNATIONAL MARKETS

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Significant Opportunity for Emerging Markets Growth

## Latin America

**Removable  
Reservoir Iron**



## China

**High Performance  
Blender**

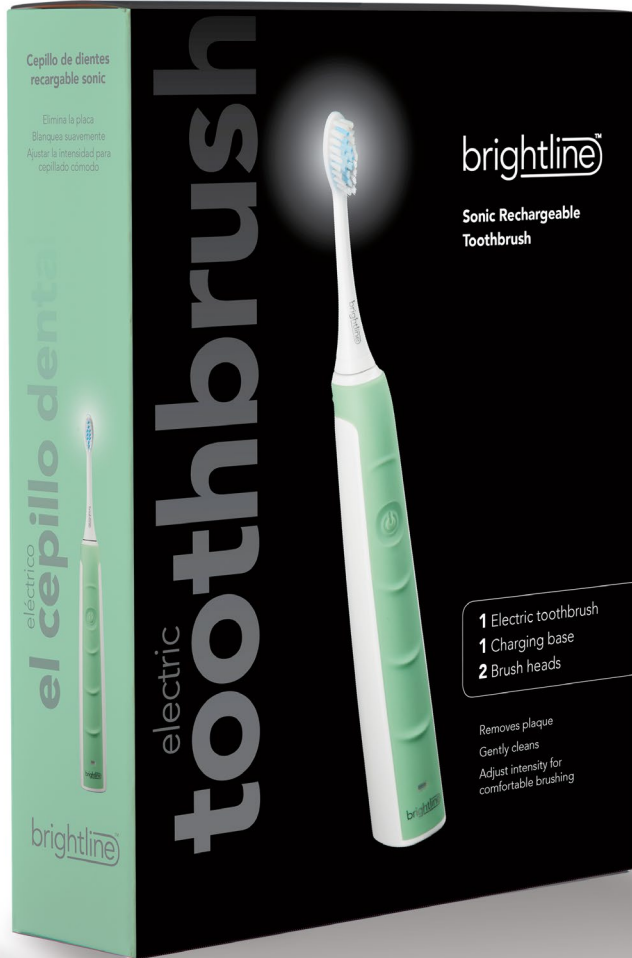


## India

**Juicer Mixer  
Grinder**



# NEW CATEGORIES



brightline™

SONIC RECHARGEABLE  
TOOTHBRUSH



# STRATEGIC ACQUISITIONS

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Accretive – Right Fit at the Right Price

## TARGET PROFILE

- Opportunity in consumer or commercial
- Competitive market position
- Potential to enter new product categories
- Strong brand or channel presence
- E-commerce focus

## VALUE CREATION

- Accelerate growth and margins
- Highly accretive when layered into current business model
- Meet or exceed return on capital targets

# KITCHEN COLLECTION

Positioning to Deliver Acceptable Financial Return

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

- Average lease duration expected to be approximately one year for 85% of stores by the end of 2019.
- KC expects to move to a smaller core group of 100 – 135 adequately profitable stores as a reasonable core. The final number will depend on store by store performance.

## Continued focus on gross margin, working capital and expense reduction

- Emphasis on increasing sales of higher margin products
- Maintain inventory efficiency and right size expenses

## Focus on comparable store sales

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



# STRONG CASH FLOW

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Provides Financial Flexibility

# \$86M

HBBHC CASH FLOW  
BEFORE FINANCING  
GENERATED OVER  
PAST 3 YEARS

## PRIORITY USES OF CASH

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

The logo for Hamilton Beach Brands. It features a thick, dark green, curved line that arches over the text. The text "Hamilton Beach" is in a large, bold, dark green sans-serif font. Below it, the word "BRANDS" is in a smaller, bold, dark green sans-serif font, all-caps.

**Hamilton Beach**  
**BRANDS**