THE MIDDLEBY CORP. NDQ-MIDD

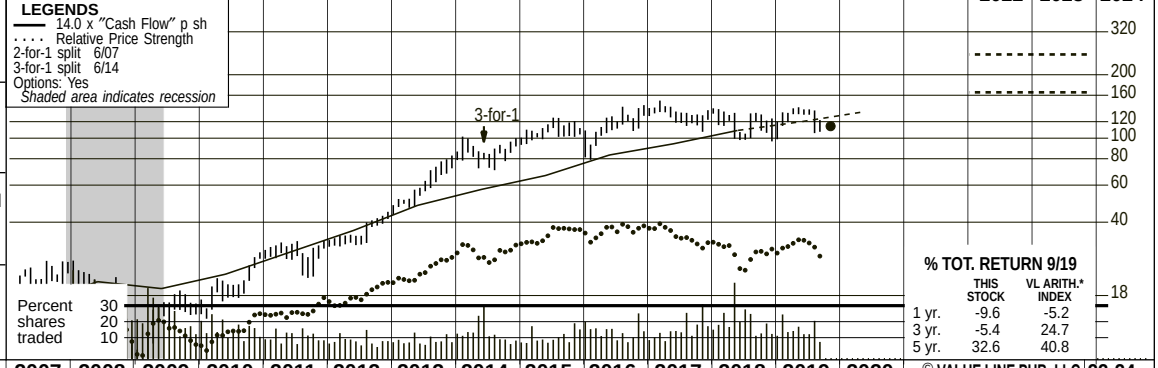
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
114.29	16.6	(Trailing: 18.0 / Median: 20.0)	1.00	Nil	VALUE LINE

TIMELINESS 2 Raised 6/7/19
SAFETY 3 New 4/25/08
TECHNICAL 3 Lowered 9/27/19
BETA 1.10 (1.00 = Market)

High:	26.3	19.0	28.8	32.7	44.8	82.8	102.0	125.3	143.6	150.9	138.9	140.1
Low:	7.5	6.8	14.0	21.8	30.6	43.3	70.6	93.0	79.1	107.5	96.6	99.1

Target Price Range
2022 | 2023 | 2024

LEGENDS
— 14.0 x "Cash Flow" p sh
.... Relative Price Strength
2-for-1 split 6/07
3-for-1 split 6/14
Options: Yes
Shaded area indicates recession



18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$87-$176	$132 (15%)

2022-24 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	250	(+120%)	22%
Low	165	(+45%)	10%

Institutional Decisions

	4Q2018	1Q2019	2Q2019
to Buy	145	157	188
to Sell	162	166	160
Hld's(000)	58777	57752	55953

% TOT. RETURN 9/19

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-9.6	-5.2
3 yr.	-5.4	24.7
5 yr.	32.6	40.8

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
4.26	5.99	6.69	8.45	9.88	12.79	11.62	12.99	15.29	18.40	24.90	28.58	31.87	39.41	41.91	48.88	*53.95*	*57.15*	Sales per sh A	*70.25*
.41	.77	.75	.99	1.16	1.50	1.38	1.62	2.06	2.62	3.44	4.10	4.76	5.95	6.73	7.79	*8.55*	*9.55*	"Cash Flow" per sh	*13.30*
.33	.53	.66	.86	1.04	1.25	1.10	1.32	1.72	2.16	2.74	3.40	3.84	4.98	5.40	6.04	*6.65*	*7.65*	Earnings per sh B	*11.00*
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	*Nil*	*Nil*	Div'ds Decl'd per sh	*Nil*
.02	.03	.03	.05	.07	.09	.10	.06	.14	.14	.25	.23	.39	.43	.98	.65	*.80*	*.85*	Cap'l Spending per sh	*1.00*
1.12	.16	1.02	2.11	3.61	4.47	6.16	7.67	9.13	11.52	14.61	17.58	20.36	21.99	24.42	29.89	*36.95*	*44.65*	Book Value per sh C	*58.95*
55.26	45.27	47.37	47.72	50.63	50.98	55.66	55.37	55.97	56.41	57.37	57.27	57.31	57.54	55.73	55.70	*56.00*	*56.00*	Common Shs Outst'g D	*56.00*
9.2	15.9	15.4	17.2	20.8	13.5	12.6	15.3	16.6	16.6	22.0	25.3	28.3	23.0	23.8	19.5	*Bold figures are*		Avg Ann'l P/E Ratio	*19.0*
.52	.84	.82	.93	1.10	.81	.84	.97	1.04	1.06	1.24	1.33	1.42	1.21	1.20	1.05	*Value Line*		Relative P/E Ratio	*1.05*
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CAPITAL STRUCTURE as of 6/29/19
Total Debt $1995.4 mill. **Due in 5 Yrs.** $1891.9 mill.
LT Debt $1992.0 mill. **LT Interest** $100.0 mill.
(53% of capital)

Leases, Uncapitalized Annual rentals $23.1 mill.
Pension Assets-12/18 $1.15 bill. **Oblig.** $1.40 bill.

Preferred Stock None
Common Stock 55,671,351 shares
as of 8/2/19
MARKET CAP: $6.4 billion (Large Cap)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		22-24
646.6	719.1	855.9	1038.2	1428.7	1636.5	1826.6	2267.9	2335.5	2722.9	*3020*	*3200*	Sales ($mill) A	*3935*
19.7%	19.4%	19.7%	20.7%	20.1%	20.5%	21.1%	22.7%	23.4%	20.7%	*21.0%*	*22.5%*	Operating Margin	*25.5%*
15.9	17.0	19.7	26.9	43.2	41.3	54.1	58.2	69.8	97.2	*105*	*105*	Depreciation ($mill)	*130*
61.2	72.9	95.5	120.7	153.9	193.3	218.9	284.2	305.0	336.5	*375*	*430*	Net Profit ($mill)	*615*
38.7%	36.2%	32.0%	30.8%	31.8%	31.2%	29.4%	32.5%	30.9%	24.0%	*26.0%*	*25.0%*	Income Tax Rate	*25.0%*
9.5%	10.1%	11.2%	11.6%	10.8%	11.8%	12.0%	12.5%	13.1%	12.4%	*12.4%*	*13.4%*	Net Profit Margin	*15.6%*
70.6	79.8	d182.2	170.2	234.3	285.8	285.2	323.3	458.3	502.7	*600*	*625*	Working Cap'l ($mill)	*800*
268.1	208.9	1.5	258.2	570.2	588.8	734.0	726.2	1023.7	1888.9	*1875*	*1875*	Long-Term Debt ($mill)	*800*
342.7	424.9	511.0	650.0	838.3	1006.8	1166.8	1265.3	1361.1	1665.2	*2070*	*2500*	Shr. Equity ($mill)	*3300*
11.0%	12.2%	19.5%	13.8%	11.5%	12.6%	12.0%	14.9%	13.3%	10.3%	*10.5%*	*11.0%*	Return on Total Cap'l	*16.0%*
17.8%	17.1%	18.7%	18.6%	18.4%	19.2%	18.8%	22.5%	22.4%	20.2%	*18.0%*	*17.0%*	Return on Shr. Equity	*18.5%*
17.8%	17.1%	18.7%	18.6%	18.4%	19.2%	18.8%	22.5%	22.4%	20.2%	*18.0%*	*17.0%*	Retained to Com Eq	*18.5%*
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CURRENT POSITION ($MILL.)	2017	2018	6/29/19
Cash Assets	89.7	71.7	81.7
Receivables	328.4	398.7	411.3
Inventory (LIFO)	424.6	521.8	611.9
Other	89.2	69.4	80.0
Current Assets	931.9	1061.6	1184.9
Accts Payable	146.3	188.3	193.1
Debt Due	5.1	3.2	3.4
Other	322.2	367.4	368.8
Current Liab.	473.6	558.9	565.3

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '22-'24
Sales	15.5%	17.5%	*8.5%*
"Cash Flow"	19.0%	20.5%	*12.0%*
Earnings	18.0%	20.0%	*12.5%*
Dividends	--	--	*Nil*
Book Value	22.5%	16.5%	*15.0%*

Cal-endar	QUARTERLY SALES ($ mill.) A Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2016	516.4	580.5	574.2	596.8	2267.9
2017	530.3	579.3	593.0	632.9	2335.5
2018	584.8	668.1	713.3	756.7	2722.9
2019	686.8	761.0	*755*	*817.2*	*3020*
2020	*710*	*815*	*800*	*865*	*3200*

Cal-endar	EARNINGS PER SHARE AB Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2016	.96	1.28	1.33	1.41	4.98
2017	1.26	1.35	1.31	1.48	5.40
2018	1.20	1.57	1.47	1.79	6.04
2019	1.38	1.70	*1.70*	*1.87*	*6.65*
2020	*1.60*	*1.90*	*1.95*	*2.20*	*7.65*

Cal-endar	QUARTERLY DIVIDENDS PAID Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	NO CASH DIVIDENDS BEING PAID				
2016					
2017					
2018					
2019					

BUSINESS: The Middleby Corporation, through its operating subsidiary Middleby Marshall and other subsidiaries, designs, manufactures, markets, distributes, and services cooking and a broad line of warming equipment used by all types of commercial restaurants and institutional kitchens (85% of 2018 revenues) as well as food preparation, cooking, and packaging equipment used by food processing operations (15%). Has approximately 9,350 employees. Officers & directors own 1.9% of common shares; EdgePoint Investment, 10.0%; Vanguard, 8.8%; Capital Research, 6.4%; Wellington Man., 5.2%; (4/19 Proxy). CEO: Timothy Fitzgerald. Incorporated: Delaware. Address: 1400 Toastmaster Drive, Elgin, Illinois 60120. Telephone: 847-741-3300. Internet: www.middleby.com.

We have reduced our 2019 and 2020 earnings estimates for Middleby. The company missed our top- and bottom-line targets in the June period and offered weaker-than-expected near-term commentary. Growth in the commercial foodservice business is expected to decelerate in the second half of 2019. More important, the growth profile of Middleby's overall sales may well decline going forward. We don't foresee the kind of acquisition activity the company has been known for over the next decade. Meanwhile, management has engaged in certain restructuring actions and SKU rationalization in the commercial foodservice unit. Margins have actually been decent this year, and the improved profitability for The Taylor Companies acquisition continues to trend in the right direction. Nevertheless, we cut our 2019 and 2020 share-net targets by $0.35 and $0.40, respectively.

The near-term outlook may well soften. The food processing space ought to remain weak, but comparisons are relatively easy. Lower protein prices have weighed on the market, but the hot dog and sausage spaces have been particularly hurt. The residential kitchen segment is also likely to be negatively impacted by Brexit. The commercial foodspace environment continues to be hurt by lackluster spending at chain restaurants, but the long-term fundamental drivers remain intact. We believe more restaurants ought to adopt technology that focuses on automation, due to higher labor costs and turnover. However, the ongoing trade tensions between the U.S. and China have increased input costs, as well.

The stock price has been volatile this year. The company remains in the midst of a CEO transition after its long-time former leader retired earlier in 2019. Middleby's long-term fundamentals remain solid, in our view, but there may be some near-term headwinds. The recent share-price selloff since early August has discounted most of the downside risks related to the overall macroeconomic and company-specific headwinds. All told, we think long-term investors may want to consider these shares. The 18-month price appreciation is also above average, and the stock is timely.

Michael Collins *October 11, 2019*

(A) Fiscal year ends Saturday closest to December 31st.
(B) Diluted earnings. Excludes nonrecurring item: '09, (13¢); '17, ($0.14). Quarterly figures may not sum due to changes in shares outstanding or rounding. Next earnings report due late October.
(C) Includes intangibles. In 2018: $3,104.2 million or $56.44 a share.
(D) In millions, adjusted for splits.

Company's Financial Strength	B++
Stock's Price Stability	50
Price Growth Persistence	75
Earnings Predictability	95

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