



# JBT Q3 2021 Earnings Call

October 2021



# Forward-Looking and Non-GAAP Statements

These slides and the accompanying presentation contain “forward-looking” statements, including statements about management’s expectations regarding trends in the food and air transportation markets, strategic initiatives, acquisition strategies and long-term goals, which represent management’s best judgment as of the date hereof, based on currently available information. Actual results may differ materially from those contained in such forward-looking statements.

JBT Corporation’s (the “Company”) most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q, filed with the Securities and Exchange Commission, include information concerning risks and uncertainties, including the factors set forth under “Item 1A. Risk Factors”, that may cause actual results to differ from those anticipated by these forward-looking statements. The Company undertakes no obligation to update or revise these forward-looking statements to reflect new events or uncertainties.

Non-GAAP financial measures are provided to enhance investors’ overall understanding of JBT’s financial performance by eliminating effects of certain items that are not comparable from one period to the next. In addition, this information is used by management as a basis for evaluating performance and for the planning and forecasting of future periods. This information is not intended to be a substitute for, nor should it be considered in isolation of, financial measures prepared in accordance with U.S. GAAP.

# Consolidated JBT Third Quarter 2021 Results



## Key Takeaways for Q3 2021 Results

- Healthy overall demand market with mid-20 percent year-over-year growth in orders across both segments
- Significant revenue improvement from Q3 2020 driven by FoodTech; activity constrained by supply chain and labor availability issues
- Margins negatively impacted by supply chain disruptions, material inflation, labor shortages, and increased logistics costs
- Year to date order strength drove solid free cash flow conversion well above 100 percent

	Q3 2021	YoY	vs. Q2 2021
(\$ Millions Except EPS)			
Orders	\$521	24%	(10)%
Backlog	\$914	40%	4%
Revenue	\$477	14%	0%
Operating Margin	8.5%	170 bps	(140) bps
Adjusted EBITDA <sup>(1)</sup>	\$65	9%	(7)%
Adjusted EBITDA Margin	13.7%	(50) bps	(100) bps
GAAP EPS	\$0.91	69%	(4)%
Adjusted EPS <sup>(1)</sup>	\$1.02	23%	(14)%
YTD FCF <sup>(1)(2)</sup>	\$144		
FCF % Conversion	166%		

***JBT positioned for attractive growth in 2022 and beyond in both segments***

Note: Figures may have immaterial differences due to rounding.

(1) Non-GAAP figure. Please see appendix for reconciliation.

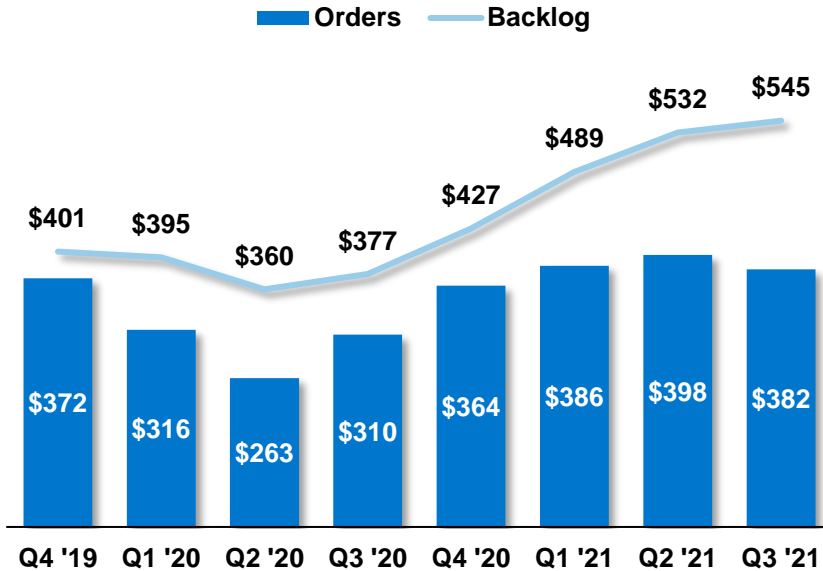
(2) Represents year to date free cash flow for the nine months ended September 30, 2021.

# Continued Strength in Orders and Backlog



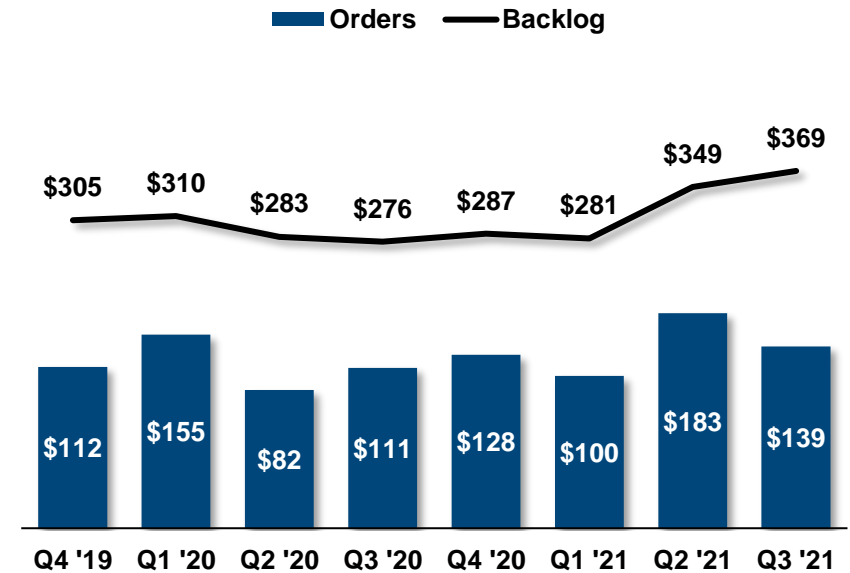
## FoodTech

(\$ Millions)



## AeroTech

(\$ Millions)



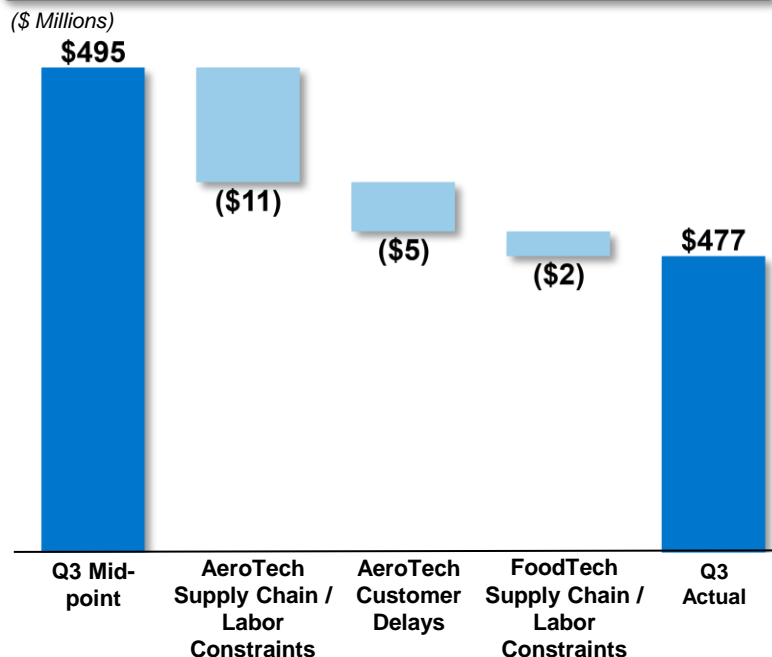
## Key Takeaways

- Continued robust demand environment across FoodTech businesses and recovery in AeroTech segment
- Strong quarter at FoodTech with orders up 23% year-over-year; backlog increased 28% from year-end 2020
- At FoodTech, strong orders driven by poultry applications, premium dairy products, plant-based foods, and pet food; demand well balanced between retail and foodservice
- AeroTech orders showing signs of recovery with demand from infrastructure, cargo, and defense markets as well as improvement from airline customers; backlog up 29% from year-end 2020

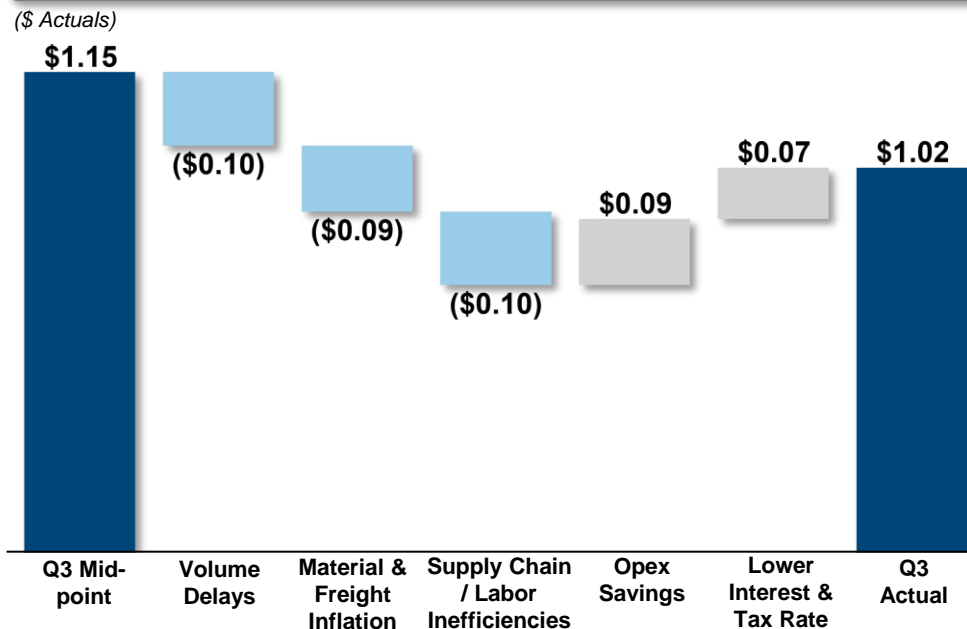
# Third Quarter 2021 Results Versus Previous Guidance



## Q3 2021 Revenue vs. Previous Guidance



## Q3 2021 Adjusted EPS <sup>(1)</sup> vs. Previous Guidance



## Key Takeaways

- Operating environment worsened more than expected; results were negatively impacted by supply chain disruptions, higher material cost inflation, labor shortages, and increased logistics costs
- AeroTech was especially impacted; struggled to build and deliver equipment due to shortages of critical components and labor as well as customer requested delays
- Longer lead times and installation delayed revenue to future periods and expanded backlog to record level at FoodTech and near record level at AeroTech
- Lower operating expenses from a decrease in variable incentive compensation and lower medical benefit costs, together with lower interest expense and tax rate, partially offset lower volume and margin compression

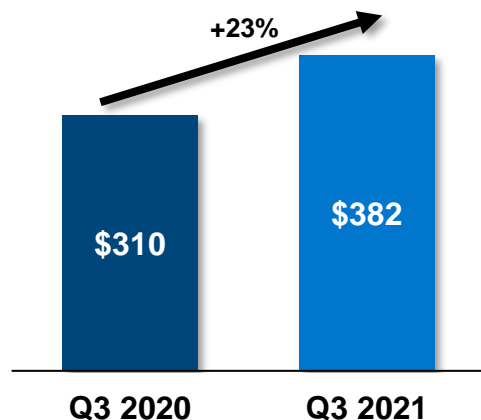
<sup>5</sup> Note: Figures may have immaterial differences due to rounding.  
<sup>(1)</sup> Non-GAAP figure. Please see appendix for reconciliation.

# FoodTech Results and Key Themes



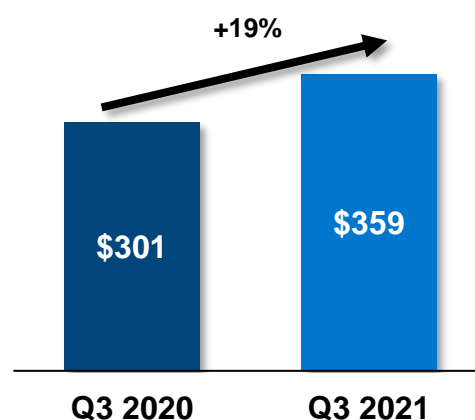
## Orders

(\$ Millions)



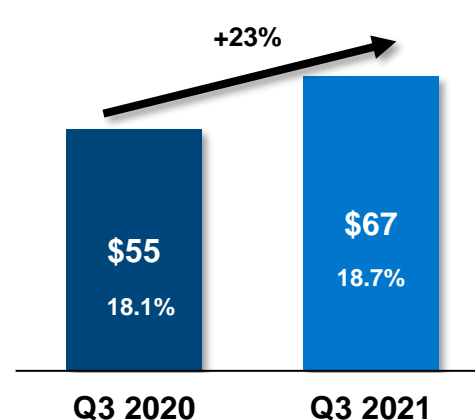
## Revenue

(\$ Millions)



## Adj. EBITDA <sup>(1)</sup> & Margin

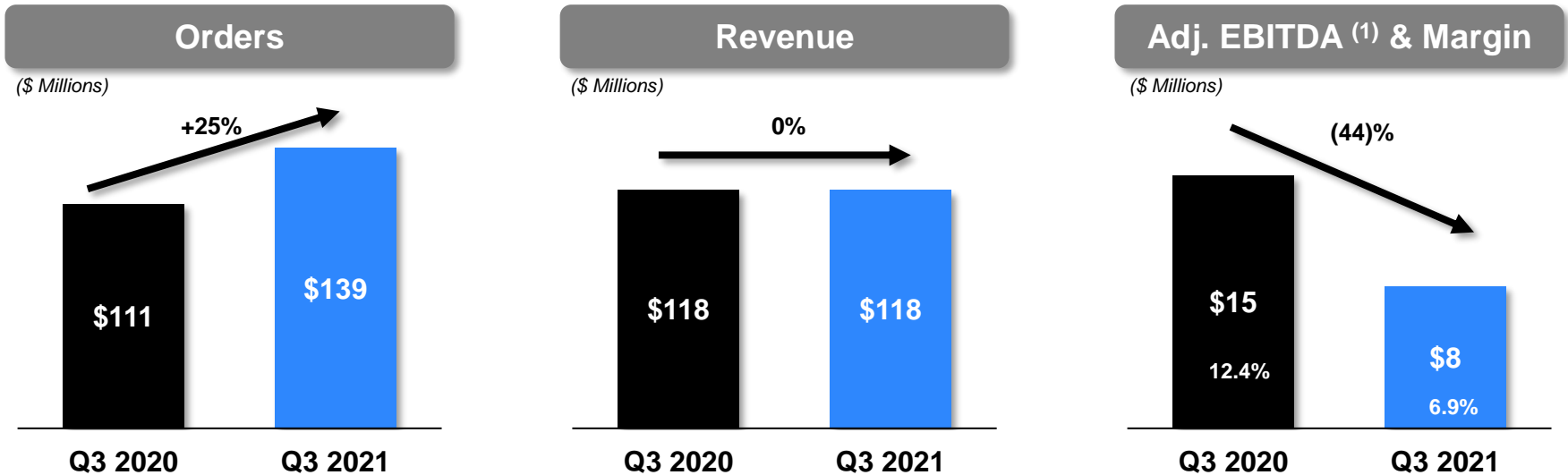
(\$ Millions)



## Key Themes

- Strong commercial activity in North America and improvement in Europe and Asia; COVID-related travel restrictions remain a challenge in certain regions
- Q3 2021 FoodTech revenue within guidance and increased 19% versus Q3 2020
  - Revenue growth mix: 14% organic, 4% acquisitions, and 1% foreign currency translation
  - 47% recurring revenue, which decreased 3 points from Q3 2020; current recurring revenue mix consistent with pre-pandemic averages as equipment revenue rebounded as expected
- Adjusted EBITDA and operating margins slightly lower than guidance due to supply chain and labor constraints and lower recurring revenue but improved from Q3 2020

# AeroTech Results and Key Themes



## Key Themes

- Q3 2021 orders in-line with expectations; increased order growth versus Q3 2020 demonstrates improving demand from pandemic low point for AeroTech mobile GSE and recurring revenue
- Q3 2021 revenue was well short of guidance primarily driven by supply chain inefficiencies, labor disruptions, and higher material and logistics costs
  - 38% recurring revenue, representing a 7-point increase from Q3 2020
- Adjusted EBITDA and operating margins significantly impacted by manufacturing inefficiencies from labor and material availability issues as well as higher inflation and logistics costs

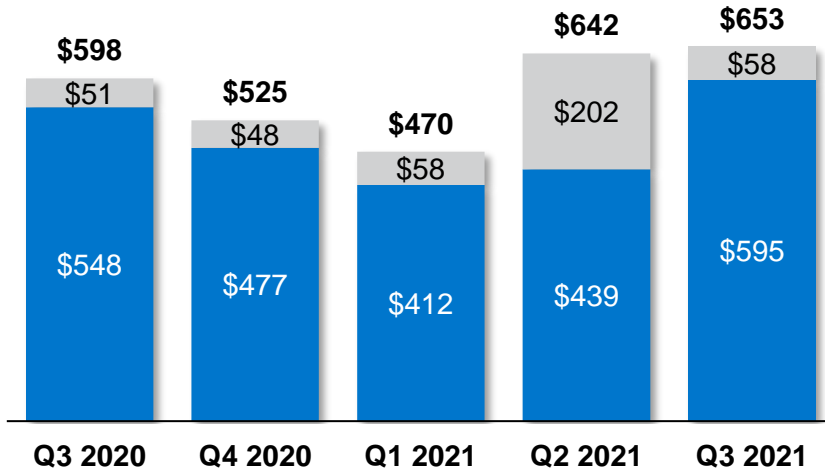


# Strong Balance Sheet Supports JBT Initiatives

## Net Debt

(\$ Millions)

■ Net Debt ■ Cash



## Key Metrics as of September 30, 2021

**Net Debt / TTM Adjusted EBITDA <sup>(1)</sup>** 2.3x

**Financial Liquidity <sup>(2)</sup>** \$388M

**Free Cash Flow - YTD** \$144M

## Capital Deployment Priorities

- Increasing capex to support JBT's digital strategy
- Investing in high ROI new product development and growth initiatives
- Strategic acquisitions
- Quarterly dividends
- Debt reduction
- Share repurchases to offset dilution from management stock-based compensation

Note: Figures may have immaterial differences due to rounding.

(1) Non-GAAP figure. Please see appendix for reconciliation.

(2) Financial Liquidity is defined as cash plus borrowing capacity under our credit facilities.

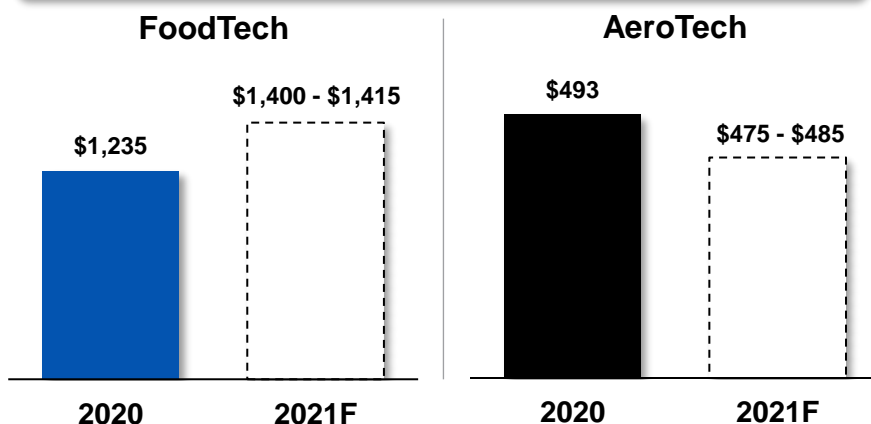


# Updated Full Year 2021 Guidance

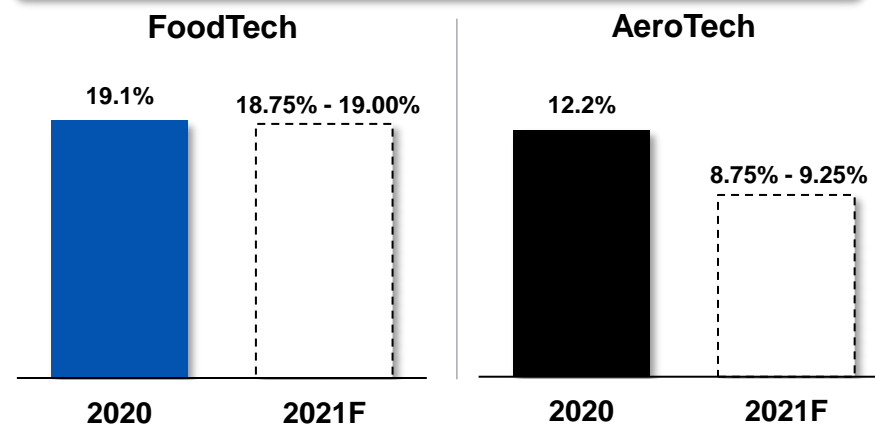


	Previous Guidance	Revised Guidance
Consolidated Revenue Growth	10% - 13%	9% - 10%
GAAP EPS	\$4.15 - \$4.35	\$3.70 - \$3.80
Adjusted EPS <sup>(1)</sup>	\$4.60 - \$4.80	\$4.15 - \$4.25
Adjusted EBITDA <sup>(1)</sup> (\$ Millions)	\$280 - \$290	\$255 - \$265
Corporate Expense (% of Revenue)	2.7%	2.6%
Interest Expense (\$ Millions)	\$9 - \$10	\$9
Tax Rate	25%	24.5%

## Segment Revenue (\$ Millions)



## Segment Adjusted EBITDA <sup>(1)</sup> Margins



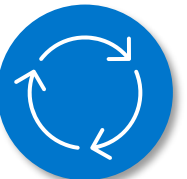
# JBT Positioned for Long-Term Growth



**Leading Technology Solutions Provider in Participating Sectors with Attractive Secular Growth**



**Mission Critical Technology Supports Food & Beverage, and Airport Infrastructure Markets**



**Large Installed Base and Digital Solutions Driving Significant Recurring Revenue Base**



**Platform for Consolidation Driving Deeper Penetration Into Attractive Adjacencies**

- ✓ Robust commercial environment as evidenced by continued strength in FoodTech and recovery at AeroTech
- ✓ Automated solutions such as robotic harvesters and produce de-corers, automated case packing systems, DSI water-jet portioners, and Automatic Guided Vehicles are enjoying tremendous demand in FoodTech
- ✓ 45%+ of JBT's Q3 2021 revenue mix is recurring
- ✓ Accelerating investment in our digital strategy and iOPS® platform to become the uptime solution partner to our customers





# JBT Q3 2021 Earnings Call – Appendix

Non-GAAP financial measures are provided to enhance investors' overall understanding of our financial performance by eliminating effects of certain items that are not comparable from one period to the next. In addition, this information is used by management as a basis for evaluating performance and for the planning and forecasting of future periods. This information is not intended to be a substitute for, nor should it be considered in isolation of, financial measures prepared in accordance with U.S. GAAP.



# Reconciliation of Operating Profit to Adjusted EBITDA

(In millions)

	JBT Consolidated				
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Operating profit	\$ 40.5	\$ 47.3	\$ 37.8	\$ 43.5	\$ 28.3
Restructuring related costs					
Restructuring expense	1.1	1.0	1.0	0.9	7.1
Inventory impairment due to restructuring	-	-	-	-	1.9
M&A related cost <sup>1</sup>	3.6	3.5	1.4	1.4	0.9
Management succession costs <sup>2</sup>	-	-	-	1.3	3.5
Adjusted operating profit	45.2	51.8	40.2	47.1	41.7
Depreciation and amortization	20.0	18.3	18.3	18.6	18.0
Adjusted EBITDA	\$ 65.2	\$ 70.1	\$ 58.5	\$ 65.7	\$ 59.7
Total revenue	\$ 477.4	\$ 475.5	\$ 417.8	\$ 439.4	\$ 419.2
Operating profit %	8.5%	9.9%	9.0%	9.9%	6.8%
Adjusted operating profit %	9.5%	10.9%	9.6%	10.7%	9.9%
Adjusted EBITDA %	13.7%	14.7%	14.0%	15.0%	14.2%

<sup>1</sup> M&A related costs include integration costs, amortization of inventory step-up from business combinations, earn out adjustments to fair value, advisory and transaction costs for both potential and completed M&A transactions and strategy.

<sup>2</sup> In the third quarter of 2020, we adjusted certain of our non-GAAP financial measures for management succession costs relating to severance paid to our former CEO, net of the reversal of stock based compensation expense for forfeited equity awards and costs related to filling executive positions.

# Reconciliation of Operating Profit to Adjusted EBITDA

(In millions)

	JBT FoodTech				
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Operating profit	\$ 48.9	\$ 51.5	\$ 41.5	\$ 43.0	\$ 37.9
M&A related cost	0.3	0.3	0.5	0.6	0.7
Adjusted operating profit	49.2	51.8	42.0	43.6	38.6
Depreciation and amortization	17.9	16.9	16.3	16.4	16.0
Adjusted EBITDA	\$ 67.1	\$ 68.7	\$ 58.3	\$ 60.0	\$ 54.6
Total revenue	\$ 359.1	\$ 360.7	\$ 311.8	\$ 321.0	\$ 301.0
Operating profit %	13.6%	14.3%	13.3%	13.4%	12.6%
Adjusted operating profit %	13.7%	14.4%	13.5%	13.6%	12.8%
Adjusted EBITDA %	18.7%	19.0%	18.7%	18.7%	18.1%



# Reconciliation of Operating Profit to Adjusted EBITDA

(In millions)

	JBT AeroTech				
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Operating profit	\$ 7.0	\$ 12.1	\$ 9.9	\$ 12.7	\$ 11.4
Restructuring related costs					
Inventory impairment due to restructuring	-	-	-	-	1.9
Adjusted operating profit	7.0	12.1	9.9	12.7	13.3
Depreciation and amortization	1.2	0.6	1.4	1.5	1.3
Adjusted EBITDA	\$ 8.2	\$ 12.7	\$ 11.3	\$ 14.2	\$ 14.6
 Total revenue	 \$ 118.3	 \$ 114.8	 \$ 106.0	 \$ 118.4	 \$ 118.2
Operating profit %	5.9%	10.5%	9.3%	10.7%	9.6%
Adjusted operating profit %	5.9%	10.5%	9.3%	10.7%	11.3%
Adjusted EBITDA %	6.9%	11.1%	10.7%	12.0%	12.4%

# Reconciliation of Segment Operating Profit to Adjusted EBITDA



	<u>For the three months ended September 30, 2021</u>		<u>For the nine months ended September 30, 2021</u>	
(In millions)	<u>FoodTech</u>	<u>AeroTech</u>	<u>FoodTech</u>	<u>AeroTech</u>
Operating profit	\$ 48.9	\$ 7.0	\$ 141.9	\$ 29.0
M&A related costs	0.3	-	1.1	-
Adjusted operating profit	49.2	7.0	143.0	29.0
Depreciation and amortization	17.9	1.2	51.1	3.2
Adjusted EBITDA	<u>\$ 67.1</u>	<u>\$ 8.2</u>	<u>\$ 194.1</u>	<u>\$ 32.2</u>

	<u>For the three months ended September 30, 2020</u>		<u>For the nine months ended September 30, 2020</u>	
(In millions)	<u>FoodTech</u>	<u>AeroTech</u>	<u>FoodTech</u>	<u>AeroTech</u>
Operating profit	\$ 37.9	\$ 11.4	\$ 127.6	\$ 40.2
Inventory impairment due to restructuring	-	1.9	-	1.9
M&A related costs	0.7	-	1.0	-
Adjusted operating profit	38.6	13.3	128.6	42.1
Depreciation and amortization	16.0	1.3	47.2	4.0
Adjusted EBITDA	<u>\$ 54.6</u>	<u>\$ 14.6</u>	<u>\$ 175.8</u>	<u>\$ 46.1</u>



# Reconciliation of Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share

(In millions)

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Income from continuing operations as reported	\$ 29.3	\$ 30.5	\$ 27.0	\$ 30.1	\$ 17.2
Non-GAAP adjustments					
Restructuring related costs					
Restructuring expense	1.1	1.0	1.0	0.9	7.1
Inventory impairment due to restructuring	-	-	-	-	1.9
M&A related cost	3.6	3.5	1.4	1.4	0.9
Management succession costs	-	-	-	1.3	3.5
Impact on tax provision from Non-GAAP adjustments	(1.1)	(1.1)	(0.6)	(1.1)	(4.0)
Impact on tax provision from remeasurement of deferred taxes from material tax rate changes	-	4.4	-	-	-
Adjusted income from continuing operations	\$ 32.9	\$ 38.3	\$ 28.8	\$ 32.6	\$ 26.6
Income from continuing operations as reported	\$ 29.3	\$ 30.5	\$ 27.0	\$ 30.1	\$ 17.2
Total shares and dilutive securities	32.1	32.1	32.1	32.1	32.1
Diluted earnings per share from continuing operations	\$ 0.91	\$ 0.95	\$ 0.84	\$ 0.94	\$ 0.54
Adjusted income from continuing operations	\$ 32.9	\$ 38.3	\$ 28.8	\$ 32.6	\$ 26.6
Total shares and dilutive securities	32.1	32.1	32.1	32.1	32.1
Adjusted diluted earnings per share from continuing operations	\$ 1.02	\$ 1.19	\$ 0.90	\$ 1.02	\$ 0.83





# Reconciliation of Cash Provided by Continuing Operating Activities to Free Cash Flow

(In millions)

	Q3 2021			FY 2020	FY 2019	FY 2018
	QTD	YTD	TTM			
<b>Cash provided by continuing operating activities</b>	\$ 33.0	\$ 163.3	\$ 254.2	\$ 252.0	\$ 110.6	\$ 154.6
Less: Capital expenditures	13.6	33.9	45.5	34.3	37.9	39.8
Plus: Proceeds from disposal of assets	0.3	2.0	2.3	1.5	2.1	2.9
Plus: Pension contributions	11.8	12.3	24.2	12.5	8.0	19.5
<b>Free cash flow</b>	<u>\$ 31.5</u>	<u>\$ 143.7</u>	<u>\$ 235.2</u>	<u>\$ 231.7</u>	<u>\$ 82.8</u>	<u>\$ 137.2</u>
 <b>Net income</b>	 \$ 29.3	 \$ 86.8	 \$ 104.8	 \$ 108.8	 \$ 129.0	 \$ 104.1
 <b>Free cash flow %</b>	 108%	 166%	 224%	 213%	 64%	 132%



# Leverage Ratio Calculations

(In millions)

As of  
September 30, 2021

Total debt	\$	653.2
Cash and cash equivalents		(58.2)
<b>Net debt</b>		<b>595.0</b>
Other items considered debt under the credit agreement		28.2
<b>Consolidated total indebtedness</b>	<b>\$</b>	<b>623.2</b>
<b>Trailing twelve months Adjusted EBITDA</b>	<b>\$</b>	<b>259.5</b>
Other adjustments net to earnings under the credit agreement		(10.8)
<b>Consolidated EBITDA</b>	<b>\$</b>	<b>248.7</b>
<b>Bank leverage ratio (Consolidated Total Indebtedness / Consolidated EBITDA)</b>		<b>2.5x</b>
<b>Net debt to TTM Adjusted EBITDA</b>		<b>2.3x</b>



# Recurring vs. Non-recurring Revenue

(In millions)	Three Months Ended September 30, 2021		Nine Months Ended September 30, 2021	
	JBT	JBT	JBT	JBT
	FoodTech	AeroTech	FoodTech	AeroTech
Type of Good or Service				
Recurring <sup>1</sup>	169.4	45.1	484.2	130.9
Non-recurring <sup>1</sup>	189.7	73.2	547.4	208.2
Total	359.1	118.3	1,031.6	339.1

<sup>1</sup> Aftermarket parts and services and revenue from lease and long-term service contracts are considered recurring revenue. Non-recurring revenue includes new equipment and installation.