



Baird 2020  
Global Industrial Conference  
November 12, 2020

Josef Matosevic  
President & CEO

Tricia Fulton  
Chief Financial Officer

*This presentation and oral statements made by management in connection herewith that are not historical facts are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements involve risks and uncertainties, and actual results may differ materially from those expressed or implied by such statements. They include statements regarding current expectations, estimates, forecasts, projections, our beliefs, and assumptions made by Helios Technologies, Inc. (“Helios” or the “Company”), its directors or its officers about the Company and the industry in which it operates, and assumptions made by management, and include among other items, (i) the Company’s strategies regarding growth, including its intention to develop new products and make acquisitions; (ii) the timing of completion of the proposed acquisition of Balboa Water Group (the “Acquisition”) and the expected benefits and synergies from the Acquisition; (iii) the Company’s financing plans; (iv) trends affecting the Company’s financial condition or results of operations; (v) the Company’s ability to continue to control costs and to meet its liquidity and other financing needs; (vi) the declaration and payment of dividends; and (vii) the Company’s ability to respond to changes in customer demand domestically and internationally, including as a result of standardization. In addition, we may make other written or oral statements, which constitute forward-looking statements, from time to time. Words such as “may,” “expects,” “projects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations of such words, and similar expressions are intended to identify such forward-looking statements. Similarly, statements that describe our future plans, objectives or goals also are forward-looking statements. These statements are not guaranteeing future performance and are subject to a number of risks and uncertainties. Our actual results may differ materially from what is expressed or forecasted in such forward-looking statements, and undue reliance should not be placed on such statements. All forward-looking statements are made as of the date hereof, and we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause the actual results to differ materially from what is expressed or forecasted in such forward-looking statements include, but are not limited to, (i) conditions in the capital markets, including the interest rate environment and the availability of capital; (ii) the risk that the Acquisition will not be consummated in a timely manner or at all, our failure to realize the benefits expected from the Acquisition, our failure to promptly and effectively integrate the Acquisition and the ability of Helios to retain and hire key personnel, and maintain relationships with suppliers; (iii) changes in the competitive marketplace that could affect the Company’s revenue and/or costs, such as increased competition, lack of qualified engineering, marketing, management or other personnel, and increased labor and raw materials costs; and (iv) new product introductions, product sales mix and the geographic mix of sales nationally and internationally. Further information relating to factors that could cause actual results to differ from those anticipated is included but not limited to information under the heading Item 1. “Business”, Part I, Item 1A. “Risk Factors” in the Company’s Form 10-K for the year ended December 28, 2019 and Part II, Item 1A. “Risk Factors” in the Company’s Form 10-Q for the quarter ended March 28, 2020.*

*Helios has presented forward-looking statements regarding non-GAAP cash EPS and Adjusted EBITDA margin. These non-GAAP financial measures are derived by excluding certain amounts, expenses or income from the corresponding financial measures determined in accordance with GAAP. The determination of the amounts that are excluded from these non-GAAP measures is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income recognized in a given period. Helios is unable to present a quantitative reconciliation of forward-looking non-GAAP cash EPS and Adjusted EBITDA margin to their most directly comparable forward-looking GAAP financial measures because such information is not available, and management cannot reliably predict all the necessary components of such GAAP measures without unreasonable effort or expense. In addition, the Company believes that such reconciliations would imply a degree of precision that would be confusing or misleading to investors. The unavailable information could have a significant impact on Helios’s full year 2020 financial results. These non-GAAP financial measures are preliminary estimates and are subject to risks and uncertainties, including, among others, changes in connection with quarter-end and year-end adjustments. Any variation between Helios’s actual results and preliminary financial data set forth above may be material.*

*This presentation includes certain historical non-GAAP financial measures, which the Company believes are useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. The Company has provided reconciliations of comparable GAAP to non-GAAP measures in tables found in the Supplemental Information portion of this presentation.*

# Growing, Global Industrial Technology Leader

Founded: 1970

Helios Technologies (NASDAQ: HLIO)

IPO: 1997

TTM Revenue: \$497M

Adj. EBITDA Margin: 23.2%

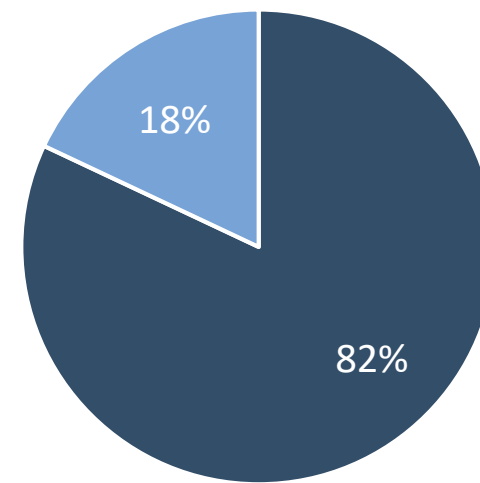
Market Cap: ~\$1.4B

Cash Dividend Yield: 0.8%

*Cash Dividend Paid for 96 Consecutive Quarters*

*Helios Technologies is a global leader in highly engineered motion control and electronic controls technology for diverse end markets.*

TTM Q3 2020 Revenue by Segment  
\$497 million



■ Hydraulics

■ Electronics

Note: Market data as of November 6, 2020; Financial data represents trailing twelve months as of September 26, 2020

# VISION 2025

A large, dark blue arrow pointing upwards, positioned on the left side of the slide.

Achieve global **technology leadership**  
in the **industrial goods sector**  
by 2025 **with critical mass**  
exceeding **\$1 BILLION** in sales  
while maintaining **superior profitability** and **financial strength.**

A large, grey arrow pointing upwards, positioned on the right side of the slide.

# Three Megatrends Impacting Our Markets

**Globalization**

**Sophistication of Safe  
Machinery & Equipment**

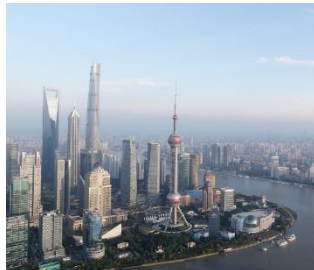
**Computing Power**

**GLOBAL NEEDS WILL DRIVE THESE TRENDS**

Population  
Growth



Urbanization &  
Environment



Productivity &  
Efficiencies



Automation



Electrification &  
Digitalization



Energy Saving



**LEVERAGE GLOBAL EXPANSION OPPORTUNITIES**

## Business Goals:

**\$1B**

REVENUE

**>20%**

ADJUSTED OPERATING MARGIN FLOOR

**>24%**

ADJUSTED EBITDA MARGIN FLOOR

**2x**

SALES GROWTH RATE  
EXCEEDING MARKET

**6%**

CAPEX AS % OF SALES

**6%**

ENGINEERING LABOR  
AS % OF SALES

## Strategies:

Differentiation

Leadership

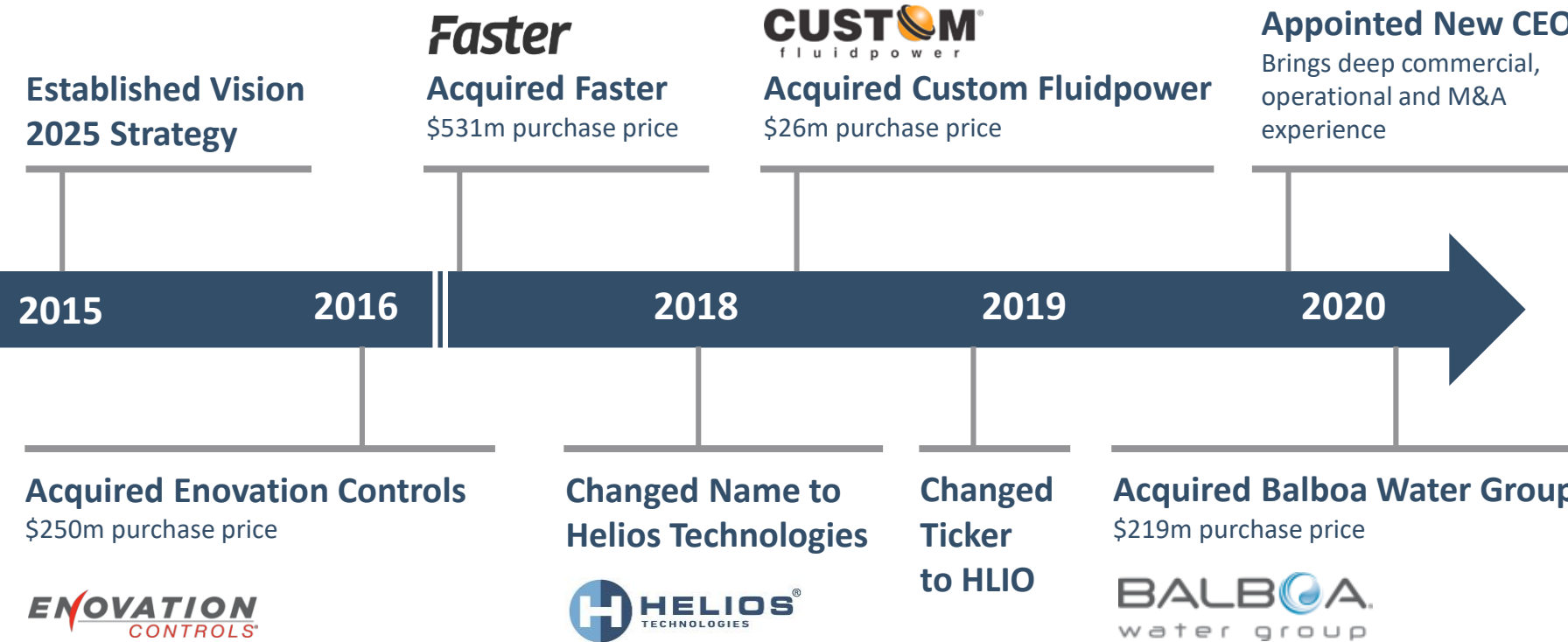
Customer Centricity

## Tactics:

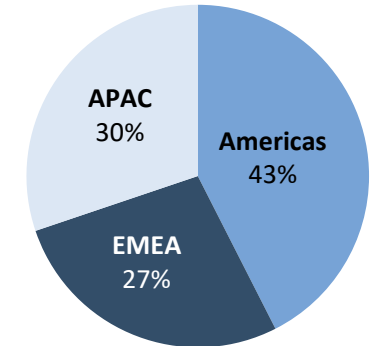
Operational Efficiency  
Organic Market Expansion  
Superior Liquidity  
Targeted Acquisitions

High Performing &  
Learning  
Organization

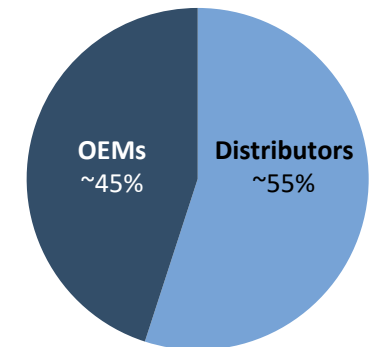
Unique & Deeply  
Rooted Values



**Q3 2020 TTM Revenue by Geography**



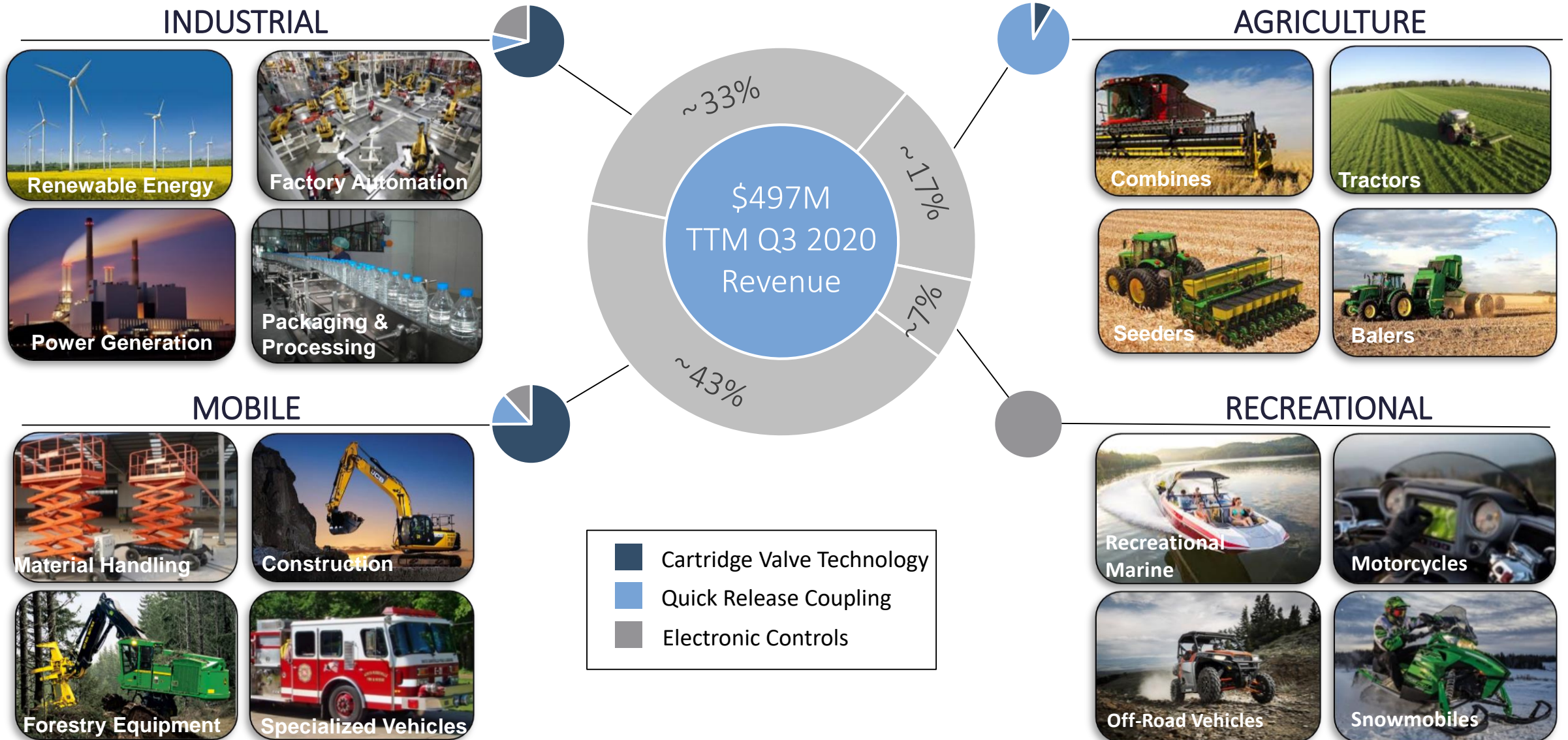
**Q3 2020 TTM Revenue by Channel to Market**



**HELIOS TECHNOLOGIES' EVOLUTION TO GLOBAL TECHNOLOGY LEADERSHIP**



# Diversified End Markets





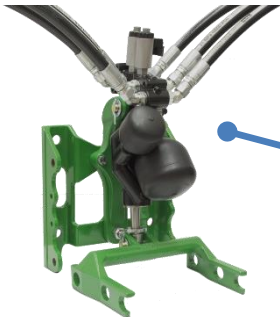
# Leadership in Niche Markets: Hydraulics

## Leading market position in global cartridge valve market

Complex, dense Integrated packages



FLeX solenoid-operated directional valves



## Leading market position in global quick release couplings market



Quick Release Couplings



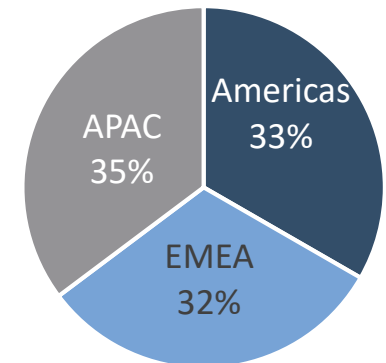
MultiFaster Couplings

## Focused on expanding addressable market

### Q3 2020 TTM

Revenue	\$407 million
Gross Profit	\$150 million
Gross Margin	36.9%
Operating income	\$83 million
Operating Margin	20.3%

### Sales by Region



# Leadership in Niche Markets: Electronics

## Leading market position in recreational vehicle market



## Growing market share in construction market

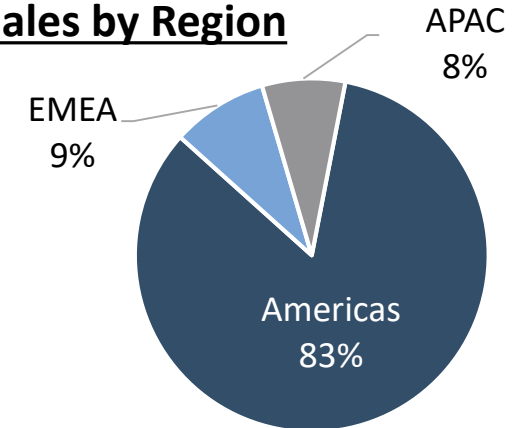


## Increasing addressable market

### Q3 2020 TTM

Revenue	\$91 million
Gross Profit	\$41 million
Gross Margin	45.2%
Operating income	\$13 million
Operating Margin	14.8%

### Sales by Region





# Achieving Our Vision 2025



# Vision 2025: Pathway to Superior Profitability

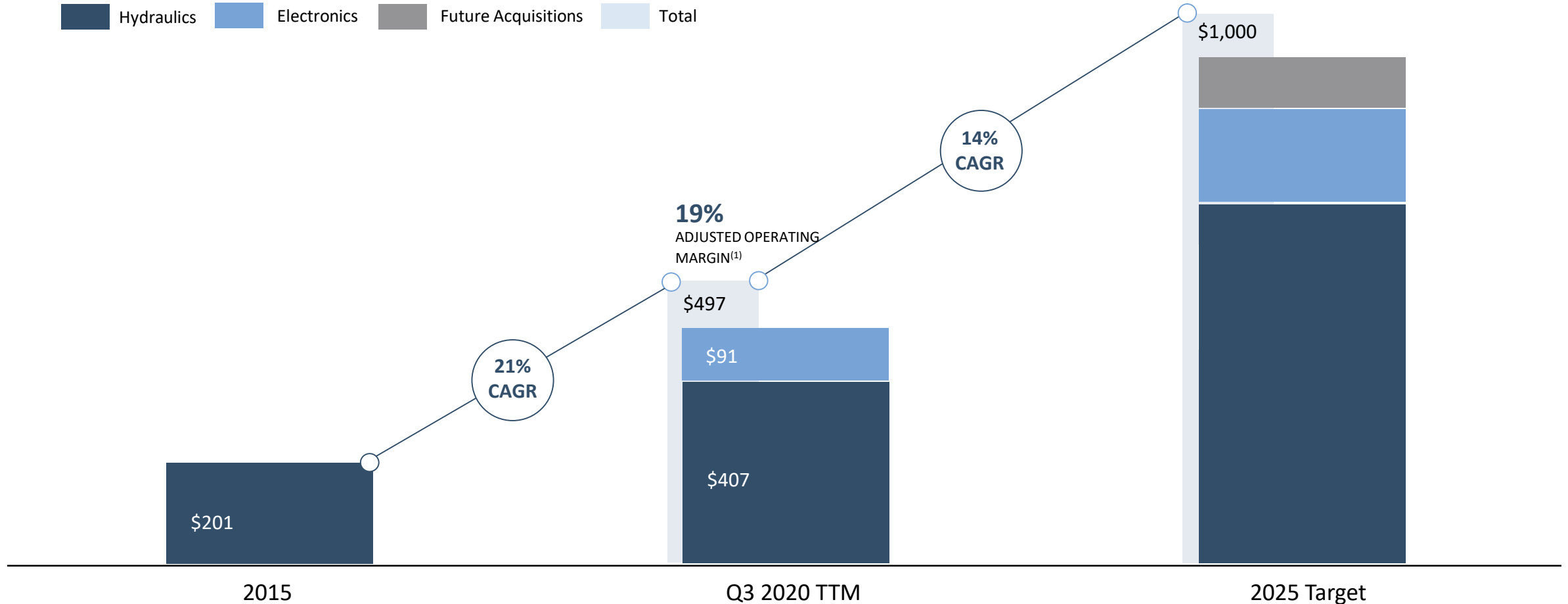


# Vision 2025: Pathway to Superior Growth

## REVENUE AND ADJUSTED OPERATING MARGIN

(IN MILLIONS) *Assumption: Includes COVID -19 pandemic impact in 2020*

Hydraulics Electronics Future Acquisitions Total



Note: Components may not add to totals due to rounding

(1) See Supplemental Information for definition of Adjusted Operating Margin and reconciliation from GAAP and other disclaimers regarding non-GAAP information



# Differentiated & Disciplined Acquisition Strategy

## Goals

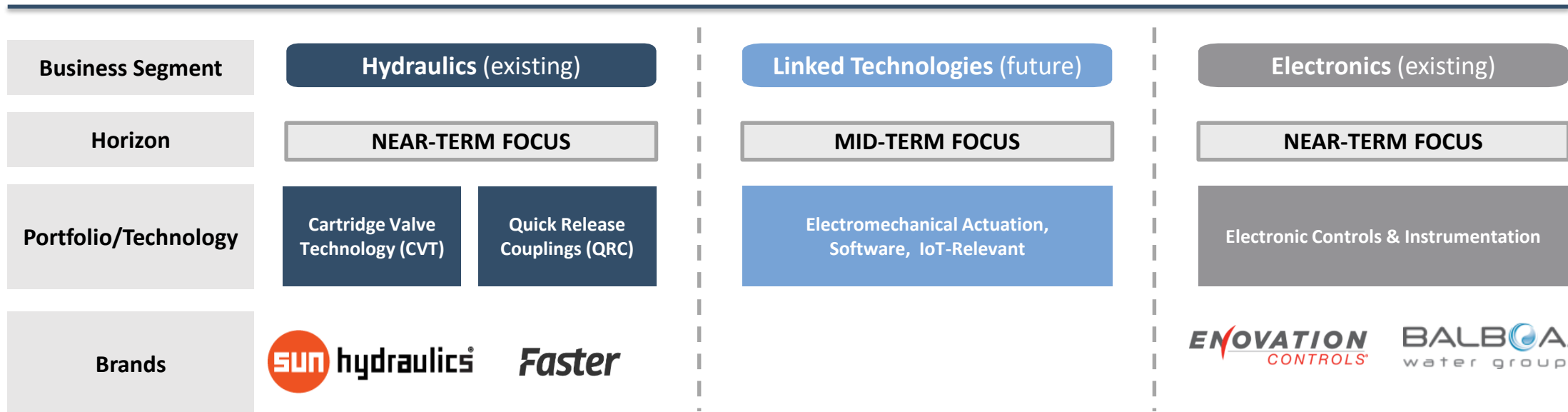
- Niche Technology leader
- Broaden technology offerings and capabilities
- Increase solutions-based offerings
- Diversify end markets
- Expand aftermarket / MRO
- Simultaneous engineering

## Targets

- Strong management
- Culture supporting innovation
- Superior profitability
- Target revenue \$50-\$150 million per acquisition

## Integration Model

- Successful on standalone basis
- Retain employees
- Keep customer relationships
- Retain brands
- Leverage engineering expertise
- High emphasis on sales synergies

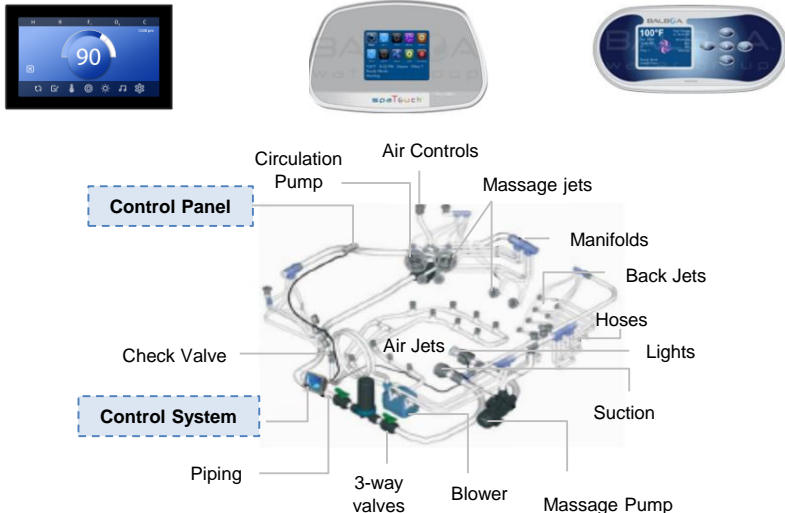


# Balboa Water: Provider of Complimentary Proprietary Controls Technology Adding Scale and Diversification

## Global leader in spa and bath electronic controls for health and wellness industry

- 1 Global provider of leading control solutions complemented by a full suite of integrated components
- 2 New state-of-the-art manufacturing facility with low-cost footprint
- 3 Robust historical organic growth of 4%+

### Electronic Controls Provides Foundation for an End-to-End OEM Solution



## Complementary AC technology accelerates ability to grow

### Expands TAM

- Immediate access to AC technology
- Enables growth in wallet share and end market expansion

### Diversifies Electronics Offerings

- Proven product design to enable lower price point offerings for new applications
- Pipeline of innovative new products

### Select End Markets



Wind Energy



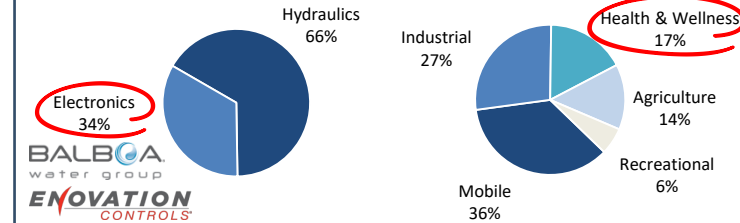
HVAC



Commercial Food Service Equipment

## Strengthens Helios and creates shareholder value

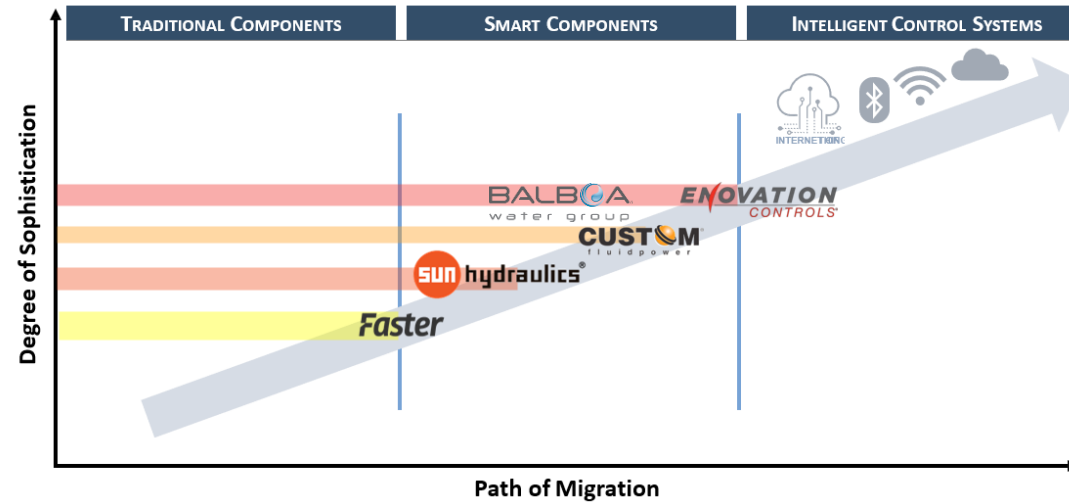
### Pro Forma Product and End Market Mix












**\$218.5 million**  
purchase price

**9.3x 2020E Adj. EBTIDA**  
excluding synergies

- ✓ Adj. EPS accretive day one onward
- ✓ Cash ROIC > Helios's WACC in year one

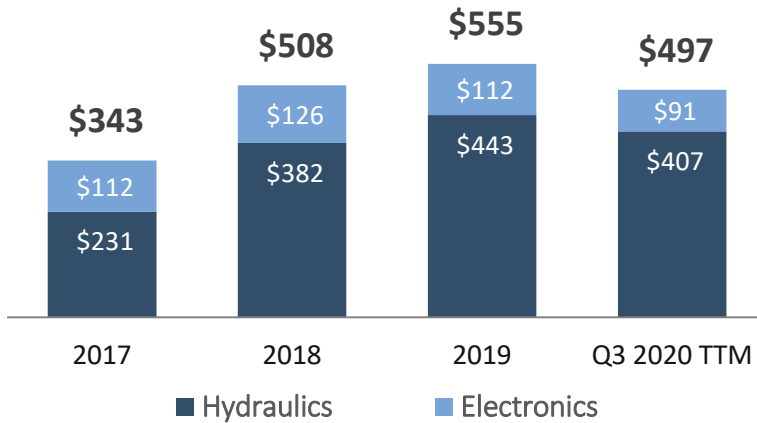


	 2016	<i>Faster</i> 2018	 2018	 2020
Growth/Profitability 	High growth; good margins	Outpaced market growth; strong margins	New end-market and regional entry; Improving margins	Solid growth; good margins
Synergy Targets (within 4 yrs) 	~\$5M in EBITDA	~\$7.5M in EBITDA	~\$2M in EBITDA	N.G., upside opportunity
Technology Fit 	Electronic Controls & Instrumentation	Quick Release Couplings	Cartridge Valve Technology	Electronic Controls and Pumps, AC technology
End Market Expansion 	Recreational	Agricultural	Mining, South-East Asia	Health and Wellness
Migration Path 	Intelligent Components	Traditional Components	Smart Components	Smart Components
EPS Accretion 	In first full year	In first full year	In first full year	Adj. EPS expected to be accretive day one onward

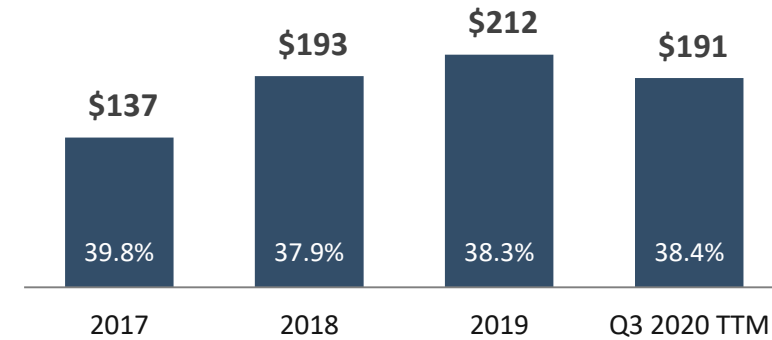
# Solid Financial Performance

(\$ in millions, except per share data)

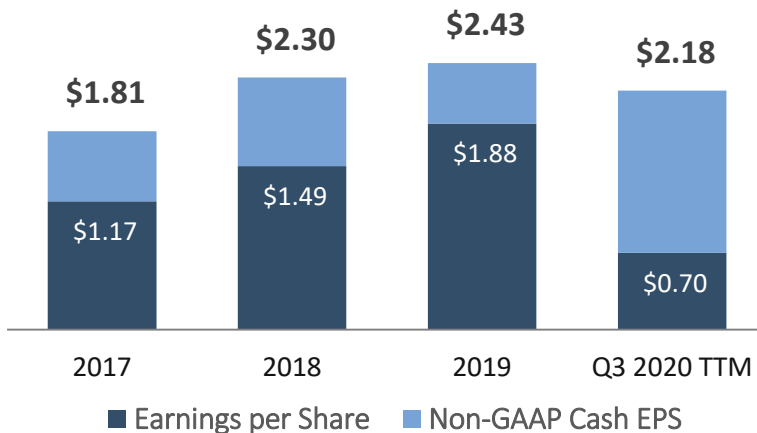
## Revenue



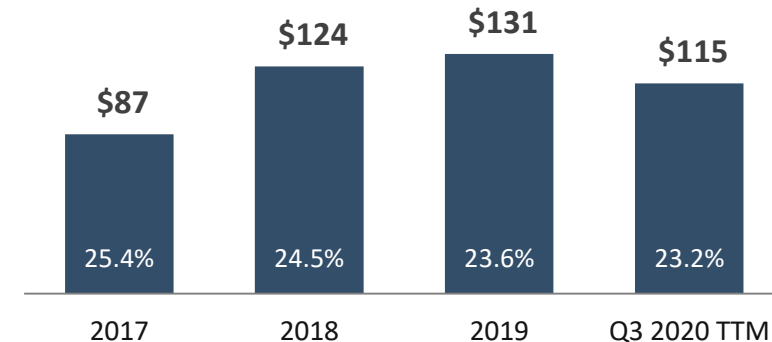
## Gross Profit & Margin



## EPS & Non-GAAP Cash EPS



## Adjusted EBITDA & Margin

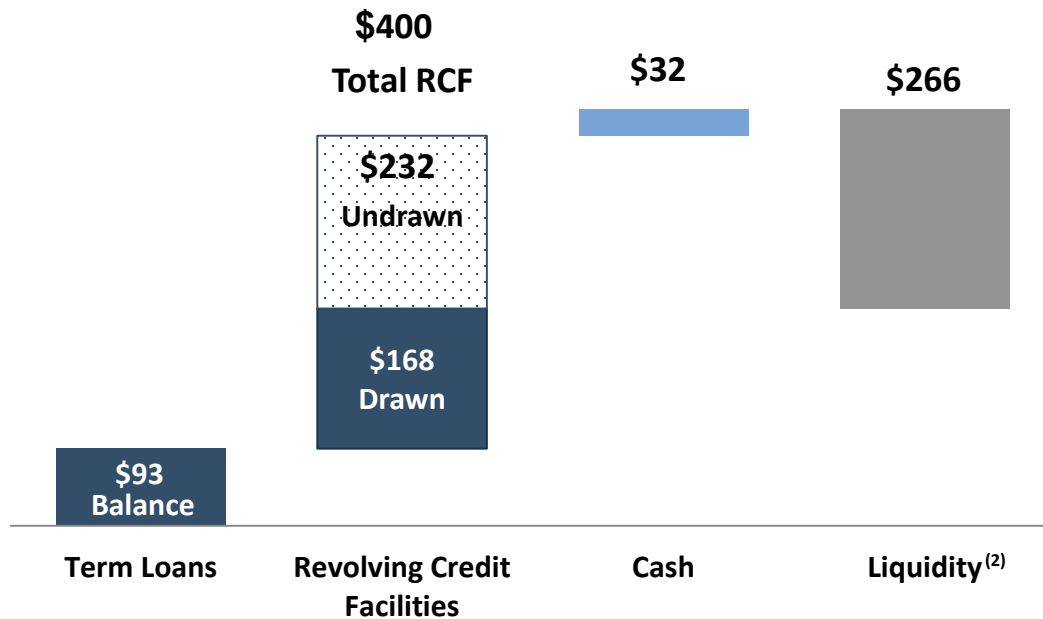


Note: Components may not add to totals due to rounding

(1) See Supplemental Information for definition of Non-GAAP Cash EPS and Adjusted EBITDA and Margin, and reconciliation from GAAP and other disclaimers regarding non-GAAP information

(\$ in millions)

## Capital Structure Ending Q3 2020



- Net Debt / Adj. EBITDA<sup>(1)</sup>: 2.0x - Goal: Net Debt / Adj. EBITDA below 2.0x
- Maintaining financial flexibility in uncertain macroeconomic environment

## Strong Liquidity Position

### Capital Allocation Priorities

- 1 Organic Growth
- 2 Debt Reduction
- 3 Acquisitive Growth
- 4 Support Dividend

Note: Components may not add to totals due to rounding

(1) Information as of September 26, 2020. Based on adjusted EBITDA on a trailing twelve months basis. See supplemental slide for net debt-to-Adjusted EBITDA reconciliation and other important information regarding Helios's use of net debt-to-Adjusted EBITDA.

(2) Liquidity is based on actual cash and borrowing capacity as of September 26, 2020; revolving credit facilities also allow for a \$200 million accordion, subject to certain pro forma compliance requirements, not reflected above.



# Amended Credit Facility

## New Available Debt Capacity

- Revolver remains the same = \$400M
- Term loan increased, ↑ from \$100M = \$200M
- Accordion expanded, ↑ from \$200M = \$300M<sup>(1)</sup>
- **Debt capacity increased, ↑ from \$700M = \$900M**

- *Note: Debt capacity subject to certain pro forma covenants related to leverage and interest coverage ratio*

## Updated Terms

- 5-year tenor extends duration through 2025
- Increased leverage to 3.75x, with an additional 0.50x step-up to 4.25x for material acquisitions
- Provides covenant cushion for operational flexibility and future M&A under acquisition fly-wheel concept
- Strong demand for Helios credit
- Est. net debt to adjusted EBITDA 3.4x at year end

**STRONG CREDIT PROFILE TRANSLATES INTO OUTSTANDING BANKING SUPPORT**

(1) Subject to lender approval

Note: Amended Credit Facilities effective October 28, 2020

(\$ in millions)

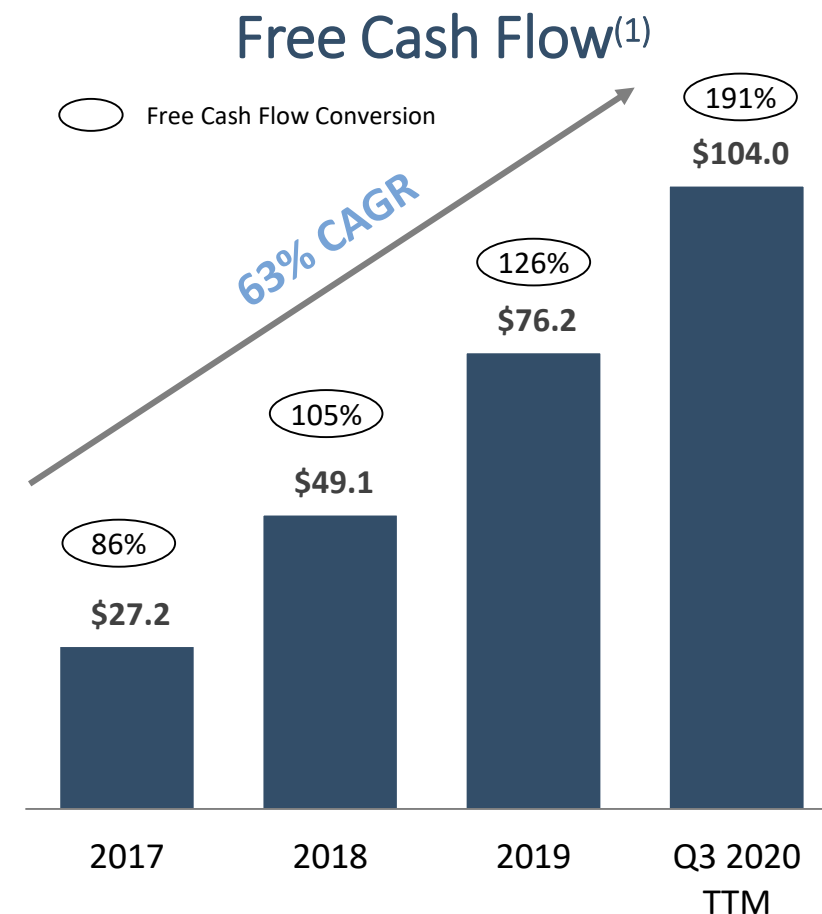
	Three Months Ended		YTD
	<u>9/26/20</u>	<u>9/28/19</u>	<u>9/26/20</u>
Net cash provided by operating activities	36.7	25.5	77.0
CapEx	(1.9)	(4.2)	(7.2)
<b>Free cash flow (FCF)</b>	<b>\$34.8</b>	<b>\$21.3</b>	<b>\$69.9</b>

Note: Components may not add to totals due to rounding

## Outstanding cash generation in Q3 2020

- Agile response to preserve and generate cash
- 2020 CapEx focused on high priority and critical projects
- Improved free cash flow benefited from reduction in capital expenditures

# Cash Flow



## SIGNIFICANT FREE CASH FLOW GENERATION PROVIDES FINANCIAL FLEXIBILITY

(1) Free cash flow is defined as cash provided by operating activities minus capital expenditures; free cash flow conversion is defined as free cash flow divided by net income; adjusted for \$10.7m contingent liability that impacted operating cash flow instead of financing in 2019 and goodwill impairment of \$31.9m in Q1 2020

- ✓ **Near-term outlook**
  - COVID-19 pandemic impact on demand shifting expected trough timing from 3Q to 4Q
  - Full year expectations for fiscal 2020; revenue range between \$485 to \$495 million and Adj. EBITDA margin of approximately 22%, excluding Balboa Water Group acquisition (*as of Nov. 2, 2020*)
- ✓ **Driving Vision 2025 Strategy with recent Balboa Water Group acquisition announcement**
  - Further end market and geographic diversification
  - Leverage existing strengths and capabilities
- ✓ **Continued confidence in successful execution of strategy**

## POSITIONING FOR GROWTH AND MARKET EXPANSION

# Commitment to Shareholder Value Creation

- 1 NICHE TECHNOLOGY** - A **global niche technology leader** in **Hydraulics and Electronics** with **highly engineered** and **comprehensive in-house value add capabilities**
- 2 SUPERIOR FINANCIAL PERFORMANCE** - Proven track record of **growing 2x faster than market** at **superior profitability levels** (>24% adjusted EBITDA margin and >10% free cash flow)
- 3 BROAD DIVERSIFICATION** by **1) technology, 2) end markets, and 3) geographies**



# Defined Vision

## Designed Transformation





# Supplemental Information

(\$ in thousands)

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
<i>Sales:</i>				
Hydraulics	\$ 98,206	\$ 110,089	\$ 304,113	\$ 340,262
Electronics	24,439	27,956	67,309	88,476
Consolidated	<u>\$ 122,645</u>	<u>\$ 138,045</u>	<u>\$ 371,422</u>	<u>\$ 428,738</u>
<i>Gross profit and margin:</i>				
Hydraulics	\$ 35,547	\$ 39,112	\$ 112,695	\$ 124,153
	36.2%	35.5%	37.1%	36.5%
Electronics	11,396	13,007	30,817	40,701
	46.6%	46.4%	45.8%	46.0%
Consolidated	<u>\$ 46,943</u>	<u>\$ 52,119</u>	<u>\$ 143,512</u>	<u>\$ 164,854</u>
	38.3%	37.8%	38.6%	38.5%
<i>Operating income and margin:</i>				
Hydraulics	\$ 18,942	\$ 17,867	\$ 62,413	\$ 65,752
	19.3%	16.3%	20.5%	19.3%
Electronics	4,683	5,977	10,400	18,977
	19.2%	21.4%	15.5%	21.5%
Corporate and other	(5,282)	(4,706)	(47,801)	(13,387)
Consolidated	<u>\$ 18,343</u>	<u>\$ 19,138</u>	<u>\$ 25,012</u>	<u>\$ 71,342</u>
	15.0%	13.8%	6.7%	16.6%

# Sales by Geographic Region & Segment

(Unaudited)

## 2020 Sales by Geographic Region and Segment

(\$ in millions)

	Q1	% Change y/y	Q2	% Change y/y	Q3	% of Total	2020	% Change y/y
<b>Americas:</b>								
Hydraulics	\$ 37.3	(10%)	\$ 34.2	(17%)	\$ 27.8	(36%)	\$ 99.4	20%
Electronics	21.6	(17%)	13.4	(50%)	21.4	(11%)	56.4	7%
<b>Consol. Americas</b>	<b>58.9</b>	<b>(13%)</b>	<b>47.6</b>	<b>(30%)</b>	<b>49.2</b>	<b>40%</b>	<b>155.8</b>	<b>15%</b>
% of total	45%		40%		40%		42%	
<b>EMEA:</b>								
Hydraulics	33.5	(20%)	31.2	(15%)	32.1	1%	96.8	23%
Electronics	2.5	0%	1.9	6%	1.6	(26%)	6.0	39%
<b>Consol. EMEA</b>	<b>36.0</b>	<b>(19%)</b>	<b>33.1</b>	<b>(14%)</b>	<b>33.6</b>	<b>27%</b>	<b>102.7</b>	<b>24%</b>
% of total	28%		28%		27%		28%	
<b>APAC:</b>								
Hydraulics	\$ 33.0	(0%)	\$ 36.7	3%	\$ 38.4	10%	\$ 108.0	57%
Electronics	1.6	(11%)	1.9	12%	1.5	(17%)	5.0	43%
<b>Consol. APAC</b>	<b>34.6</b>	<b>(1%)</b>	<b>38.6</b>	<b>3%</b>	<b>39.9</b>	<b>31%</b>	<b>113.0</b>	<b>56%</b>
% of total	27%		32%		32%		30%	
<b>Total</b>	<b>\$ 129.5</b>	<b>(12%)</b>	<b>\$ 119.3</b>	<b>(17%)</b>	<b>\$ 122.6</b>		<b>\$ 371.4</b>	<b>28%</b>

## 2019 Sales by Geographic Region and Segment

(\$ in millions)

	Q1	% Change y/y	Q2	% Change y/y	Q3	% Change y/y	Q4	% Change y/y	2019	% Change y/y
<b>Americas:</b>										
Hydraulics	\$ 41.6	58%	\$ 41.2	4%	\$ 43.3	13%	\$ 36.2	(18%)	\$ 162.3	9%
Electronics	26.1	(13%)	26.6	(5%)	24.0	(12%)	19.5	(17%)	96.3	(12%)
<b>Consol. Americas</b>	<b>67.7</b>	<b>20%</b>	<b>67.8</b>	<b>0%</b>	<b>67.3</b>	<b>2%</b>	<b>55.7</b>	<b>(18%)</b>	<b>258.6</b>	<b>0%</b>
% of total	46%		47%		49%		44%		47%	
<b>EMEA:</b>										
Hydraulics	41.8	113%	36.8	(9%)	31.9	(8%)	31.1	(11%)	141.6	9%
Electronics	2.5	(7%)	1.8	(33%)	2.1	(22%)	2.0	0%	8.4	(17%)
<b>Consol. EMEA</b>	<b>44.3</b>	<b>99%</b>	<b>38.6</b>	<b>(11%)</b>	<b>34.0</b>	<b>(9%)</b>	<b>33.1</b>	<b>(10%)</b>	<b>150.0</b>	<b>7%</b>
% of total	30%		27%		25%		26%		27%	
<b>APAC:</b>										
Hydraulics	33.1	99%	35.7	53%	34.9	12%	35.2	9%	138.9	34%
Electronics	1.8	(5%)	1.7	(15%)	1.8	13%	1.9	12%	7.2	0%
<b>Consol. APAC</b>	<b>34.9</b>	<b>89%</b>	<b>37.4</b>	<b>47%</b>	<b>36.7</b>	<b>12%</b>	<b>37.1</b>	<b>9%</b>	<b>146.1</b>	<b>32%</b>
% of total	24%		26%		27%		29%		26%	
<b>Total</b>	<b>\$ 146.9</b>	<b>51%</b>	<b>\$ 143.8</b>	<b>6%</b>	<b>\$ 138.0</b>	<b>2%</b>	<b>\$ 125.9</b>	<b>(9%)</b>	<b>\$ 554.7</b>	<b>9%</b>

# Adjusted Operating Income Reconciliation

(Unaudited)  
 (\$ in thousands)

	Twelve Months Ended September 26, 2020
<b>GAAP operating income</b>	<b>\$ 43,784</b>
Acquisition-related amortization of intangible assets	17,844
Acquisition and financing-related expenses	176
Restructuring charges	361
CEO and officer transition costs	2,431
Goodwill impairment	31,871
<b>Non-GAAP adjusted operating income</b>	<b>\$ 96,467</b>
GAAP operating margin	8.8%
Non-GAAP Adjusted operating margin	19.4%

**Non-GAAP Financial Measure:**

Adjusted operating margin is adjusted operating income divided by sales. Adjusted operating income and adjusted operating margin are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Sun believes that providing non-GAAP information such as adjusted operating income and adjusted operating margin are important for investors and other readers of Helios' financial statements, as they are used as analytical indicators by Sun's management to better understand operating performance. Because adjusted operating income and adjusted operating margin are non-GAAP measures and are thus susceptible to varying calculations, adjusted operating income and adjusted operating income margin, as presented, may not be directly comparable to other similarly titled measures used by other companies.

# Adjusted EBITDA Reconciliation

(Unaudited) (\$ in thousands)	Twelve Months Ended			
	September 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017
<b>Net income</b>	<b>\$ 22,476</b>	<b>\$ 60,268</b>	<b>\$ 46,730</b>	<b>\$ 31,558</b>
Interest expense, net	11,736	15,387	13,876	3,781
Income tax provision	11,276	15,039	9,665	15,986
Depreciation and amortization	35,014	35,215	39,714	19,190
<b>EBITDA</b>	<b>80,502</b>	<b>125,909</b>	<b>109,985</b>	<b>70,515</b>
Acquisition-related amortization of inventory step-up	-	-	4,441	1,774
Acquisition and financing-related expenses	176	11	5,685	1,019
Restructuring charges	361	1,724	170	1,462
One-time operational items	-	-	-	2,907
Change in fair value of contingent consideration	(98)	652	1,482	9,476
Foreign currency forward contract loss	-	-	2,535	-
Loss on disposal of intangible asset	-	2,713	-	-
CEO and officer transition costs	2,431	-	-	-
Goodwill impairment	31,871	-	-	-
Other	-	127	-	-
<b>Adjusted EBITDA</b>	<b>\$ 115,243</b>	<b>\$ 131,136</b>	<b>\$ 124,298</b>	<b>\$ 87,153</b>
<i>Adjusted EBITDA margin</i>	<i>23.2%</i>	<i>23.6%</i>	<i>24.5%</i>	<i>25.4%</i>

## Non-GAAP Financial Measure:

Adjusted EBITDA margin is Adjusted EBITDA divided by sales. Adjusted EBITDA and Adjusted EBITDA margin are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Helios believes that providing non-GAAP information such as Adjusted EBITDA and Adjusted EBITDA margin are important for investors and other readers of Helios's financial statements, as they are used as analytical indicators by Helios's management to better understand operating performance. Because Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures and are thus susceptible to varying calculations, Adjusted EBITDA and Adjusted EBITDA margin, as presented, may not be directly comparable to other similarly titled measures used by other companies.



# Non-GAAP Cash Net Income Reconciliation

(Unaudited) (\$ in thousands)	Twelve Months Ended			
	September 26, 2020	December 28, 2019	December 29, 2018	December 30, 2017
<b>Net income</b>	<b>\$ 22,476</b>	<b>\$ 60,268</b>	<b>\$ 46,730</b>	<b>\$ 31,558</b>
Acquisition-related amortization of inventory step-up	-	-	4,441	1,774
Acquisition and financing-related expenses	176	11	5,685	1,019
Restructuring charges	361	1,724	170	1,462
One-time operational items	-	-	-	2,907
Change in fair value of contingent consideration	(98)	652	1,482	9,476
Amortization of intangible assets	17,844	18,065	23,262	8,423
Impact of tax reform	-	-	(1,400)	463
Foreign currency forward contract loss	-	-	2,535	-
Loss on disposal of intangible asset	-	2,713	-	-
Other one-time tax-related items	-	-	(1,920)	-
Other	-	127	-	-
CEO and officer transition costs	2,431	-	-	-
Goodwill impairment	31,871	-	-	-
Tax effect of above	(5,179)	(5,823)	(8,850)	(8,271)
<b>Non-GAAP cash net income</b>	<b>\$ 69,882</b>	<b>\$ 77,737</b>	<b>\$ 72,135</b>	<b>\$ 48,811</b>
<b>Non-GAAP cash net income per diluted share</b>	<b>\$ 2.18</b>	<b>\$ 2.43</b>	<b>\$ 2.30</b>	<b>\$ 1.81</b>

## Non-GAAP Financial Measure:

Adjusted net income per diluted share is adjusted net income divided by diluted weighted average common shares outstanding. Cash net income per share is cash net income divided by diluted weighted average common shares outstanding. Adjusted net income, adjusted net income per diluted share, cash net income and cash net income per diluted share are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Helios believes that providing non-GAAP information such as adjusted net income, adjusted net income per diluted share, cash net income and cash net income per diluted share is important for investors and other readers of Helios's financial statements, as they are used as analytical indicators by Helios's management to better understand operating performance. Because adjusted net income, adjusted net income per diluted share, cash net income and cash net income per diluted share are non-GAAP measures and are thus susceptible to varying calculations, adjusted net income, adjusted net income per diluted share, cash net income, and cash net income per diluted share, as presented, may not be directly comparable to other similarly titled measures used by other companies.

# Net Debt-to-Adjusted EBITDA Reconciliation

(Unaudited) (\$ in thousands)	As of	
	September 26, 2020	
Current portion of long-term non-revolving debt, net	\$	11,808
Revolving lines of credit		168,398
Long-term non-revolving debt, net		80,149
<b>Total debt</b>		<b>260,355</b>
Less: Cash and cash equivalents		32,444
<b>Net debt</b>	<b>\$</b>	<b>227,911</b>
Adjusted EBITDA, TTM ended September 26, 2020	\$	115,243
<b>Ratio of net debt to TTM Adjusted EBITDA</b>		<b>2.0</b>

**Non-GAAP Financial Measure:**

Net debt is total debt minus cash and cash equivalents. Net debt-to-Adjusted EBITDA is net debt divided by Adjusted EBITDA. Net debt and net debt-to-Adjusted EBITDA are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Helios believes that providing non-GAAP information such as net debt and net debt-to-Adjusted EBITDA are important for investors and other readers of Helios's financial statements, as they are used as analytical indicators by Helios's management to better understand operating performance. Because net debt and net debt-to-Adjusted EBITDA are non-GAAP measures and are thus susceptible to varying calculations, net debt and net debt-to-Adjusted EBITDA, as presented, may not be directly comparable to other similarly titled measures used by other companies.



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