HELIOS TECHNOLOGIES

Third Quarter 2019 Earnings

November 5, 2019

Wolfgang H. Dangel
President & CEO

Tricia L. Fulton
Chief Financial Officer

Safe Harbor Statement

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 the intent, belief or current expectations, estimates, vision or projections of 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 Company's financing plans; (iii) the Company's expectations regarding our sales, expenses, gross margins and other results of operations; (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; (vii) the Company's ability to respond to changes in customer demand domestically and internationally, including as a result of standardization; and (viii) potential challenges relating to changes in and compliance with governmental laws and regulations affecting our U.S. and international businesses. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that the anticipated results will occur. Important factors that could cause the actual results to differ materially from those in the forward-looking statements include, among other items, (i) the economic cyclicality of the capital goods industry in general and the hydraulics industry in particular, which directly affect customer orders, lead times and sales volume; (ii) fluctuations in global business conditions, including the impact of economic recessions in the U.S. and other parts of the world, (iii) conditions in the capital markets, including the interest rate environment and the availability of capital; (iv) 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; (v) risks related to the integration of the businesses of the Company, Enovation Controls and Faster Group; (vi) changes in technology or customer requirements, such as standardization of the cavity into which screw-in cartridge valves must fit, which could render the Company's products or technologies noncompetitive or obsolete; (vii) new product introductions, product sales mix and the geographic mix of sales nationally and internationally; and (viii) changes relating to the Company's international sales, including changes in regulatory requirements or tariffs, compliance with anti-corruption laws and trade laws, including export and import compliance, trade or currency restrictions, fluctuations in exchange rates, and tax and collection issues. 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" and Item 1A. "Risk Factors" in the Company's Form 10-K for the year ended December 29, 2018. The Company disclaims any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

This presentation includes certain 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.

2019 Q3 Financial Results Highlights

- Sales of $138 million, up 2% over prior year
  - Acquisition: $3.9 million
  - Organic business sales increased 1%, excluding currency
  - Excluding currency, Hydraulics segment organic sales increased 4%, Electronics segment sales declined 11%
- Net income of $12.8 million, up 10%; non-GAAP cash net income of $19.5 million
  - Non-GAAP cash EPS of $0.61 per share, down 2%
- Adjusted operating income of $28.2 million, 20.4% of sales
- Adjusted EBITDA of $32.6 million, 23.6% of sales
- Continuous focus on cash flows
  - Realized free cash flow of more than 15% during Q3; YTD results in line with 10% free cash flow target
  - Reduced debt by $27 million during Q3; net debt/Adjusted EBITDA of 2.3x[1] at 9/28/2019

(1) Based on adjusted EBITDA on a trailing twelve months basis

Q3 2019 Business Summary

- Revenue growth despite ongoing economic softening in end markets
  - Sales growth in Hydraulics segment due to solid backlog
  - Electronics segment facing weak end markets and impact of Q1 customer contract changes
- Flexible cost base facilitates cost management efforts
  - Electronics drove sequential gross margin expansion, maintaining operating margin > 21%
  - Hydraulics segment implemented early retirement and reorganization programs, expect ~$3.0-$3.5 million annual savings
- CVT operations experienced unfavorable product mix
- Engineering center of excellence project progressing as planned
- New China facility continues to ramp up growth
  - On track to increase output through the year
  - Strengthens ‘in the region, for the region’ initiative to support demand in growing China market

Vision 2025:* *$1 billion in sales, superior profitability and financial strength

Financial Overview

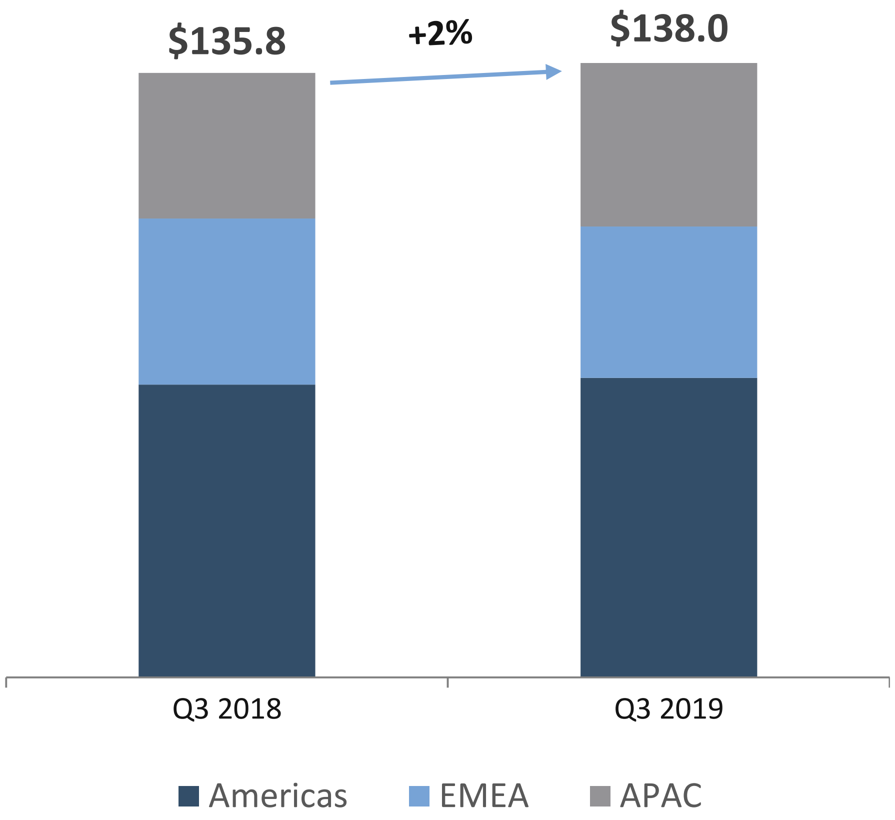
Tricia L. Fulton

Chief Financial Officer

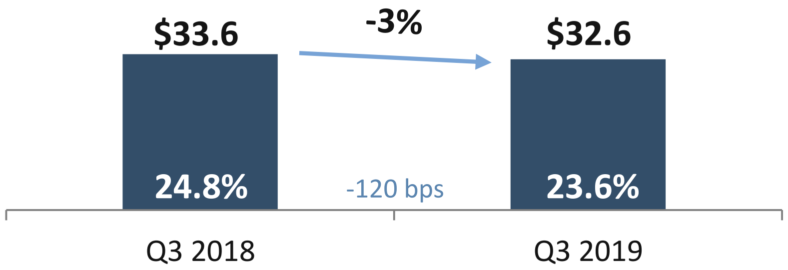
Q3 – Consolidated Results

($ in millions, except Adjusted EPS)

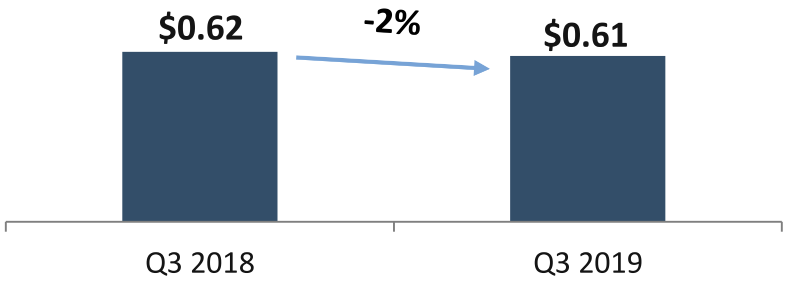
Sales



Adjusted EBITDA & Margin[(1)]



Non-GAAP Cash EPS[(2)]

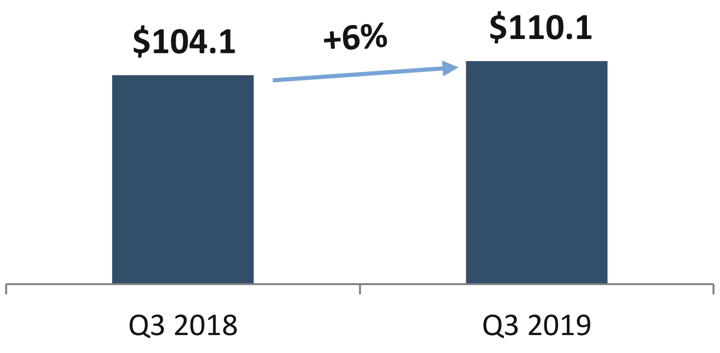


(1) See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Helios's use of Adjusted EBITDA
(2) See supplemental slide for Non-GAAP Cash Net Income reconciliation and other important disclaimers regarding Helios's use of Non-GAAP Cash Net Income and EPS

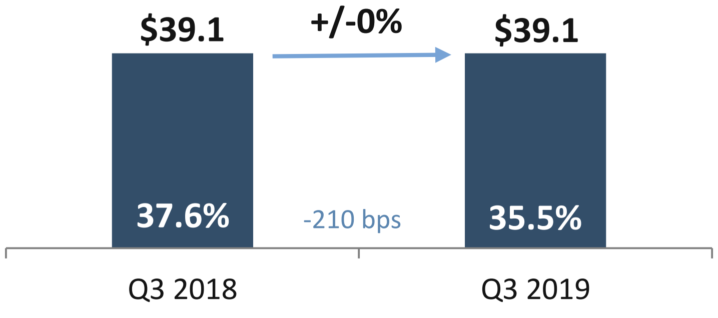
Q3 – Hydraulics Segment

($ in millions)

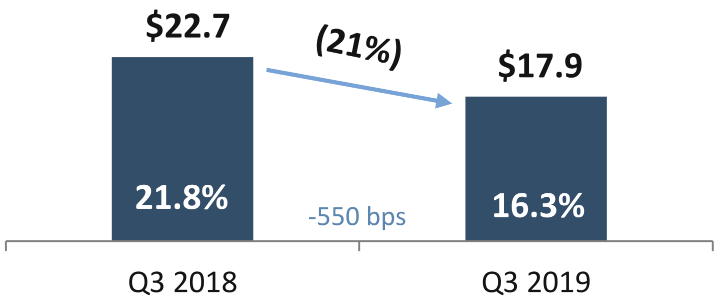
Sales



Gross Profit & Margin



Operating Income & Margin

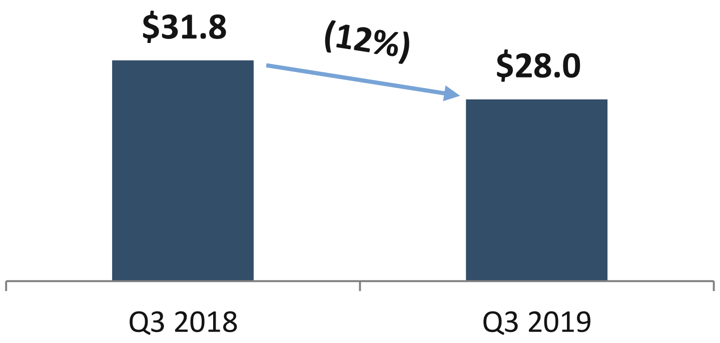


- Revenue growth driven by organic sales and CFP acquisition
  - Q3 2019 includes $3.9 million of acquisition revenue
  - Organic sales increased $4.4 million over Q3 2018, excluding $2.3 million unfavorable Fx
- Gross margin declined year-over-year
  - Net price increases more than offset by unfavorable product mix and unfavorable Fx
- Operating income impacted by one-time items: $1.7 million restructuring charges and $2.7 million intangible asset disposal, offsetting cost management savings

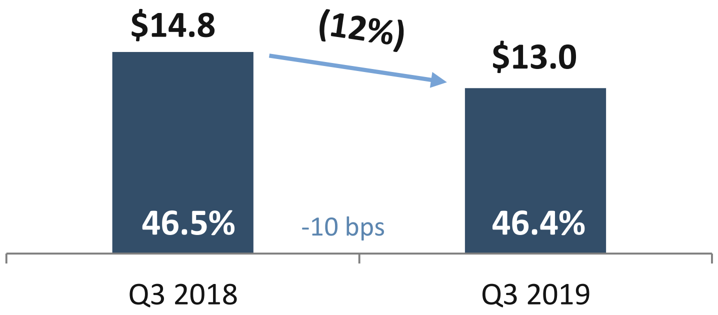
Q3 – Electronics Segment

($ in millions)

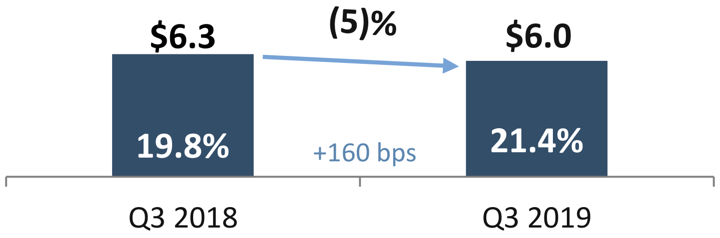
Sales



Gross Profit & Margin



Operating Income & Margin

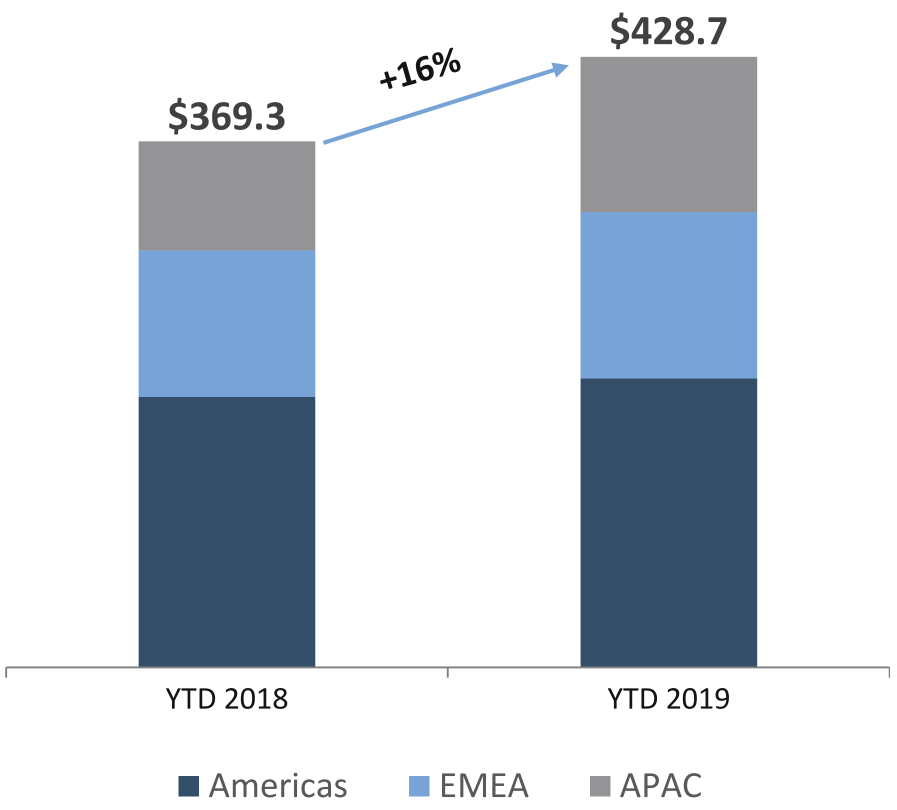


- Sales decreased due to softer demand in recreational and oil and gas end markets as well as the impact of renegotiating customer contracts to offer all products to a broader and more diversified customer base
- Year-over-year gross margin and operating margin performance driven by cost management efforts resulting in production efficiencies

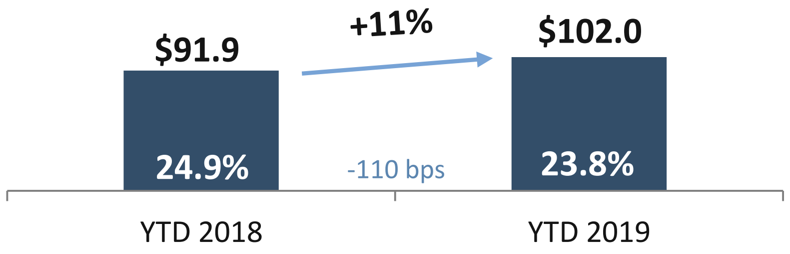
YTD – Consolidated Results

($ in millions, except Adjusted EPS)

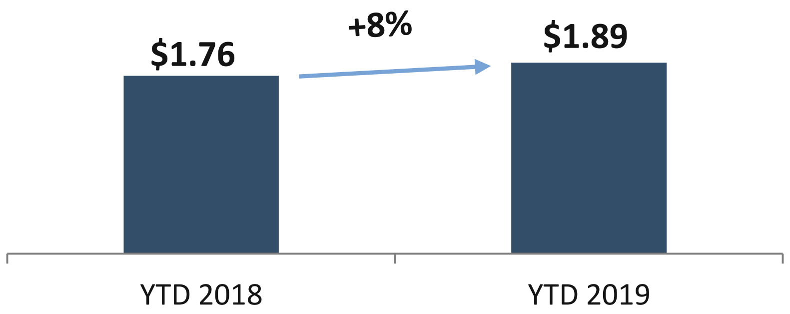
Sales



Adjusted EBITDA & Margin(1)



Non-GAAP Cash EPS(2)



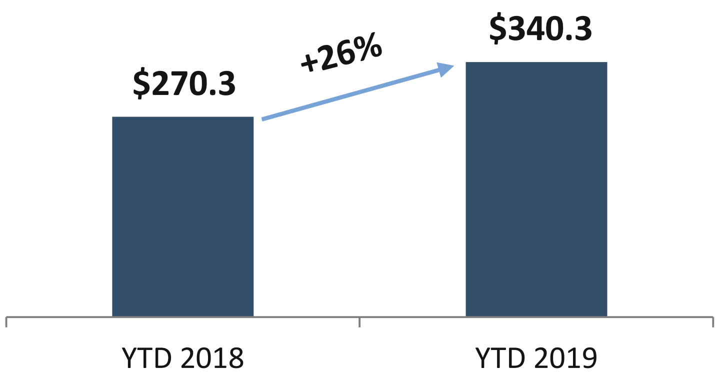
(1) See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Helios's use of Adjusted EBITDA

(2) See supplemental slide for Non-GAAP Cash Net Income reconciliation and other important disclaimers regarding Helios's use of Non-GAAP Cash Net Income and EPS

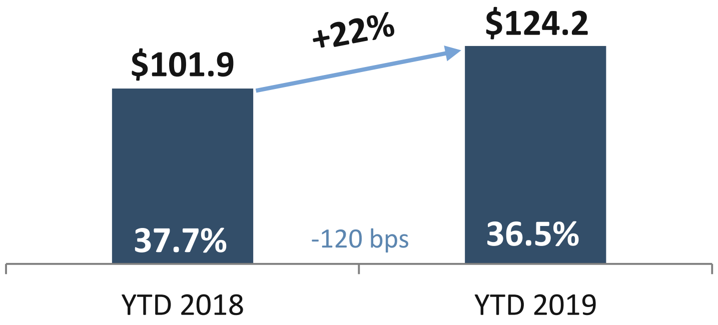
YTD – Hydraulics Segment

($ in millions)

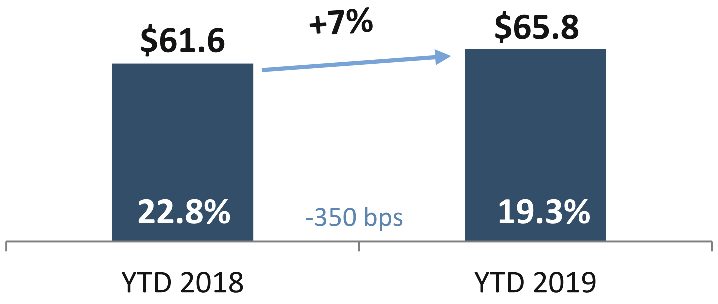
Sales



Gross Profit & Margin



Operating Income & Margin

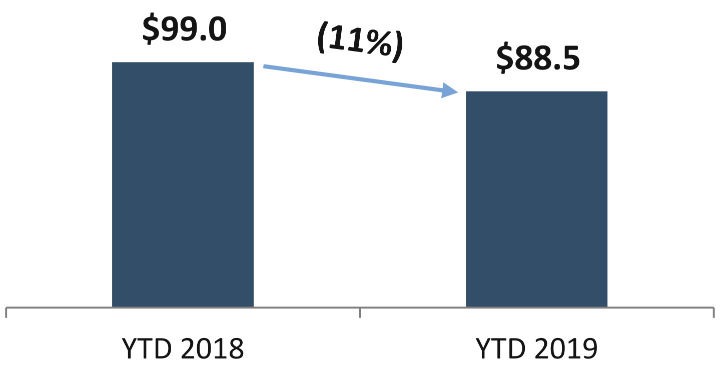


- Revenue growth driven by acquisitions
  - YTD 2019 includes $65.5 million of acquisition revenue
  - Organic sales grew $10.4 million, excluding $5.9 million unfavorable Fx
- Significant gross profit increase
  - Mainly resulting from acquisitions; margin improvement offset by CFP’s value-add integrator business model product mix
- SEA expense increase included $11.3 million for acquisitions
- Operating income impacted by $4.4 million of Q3 one-time items

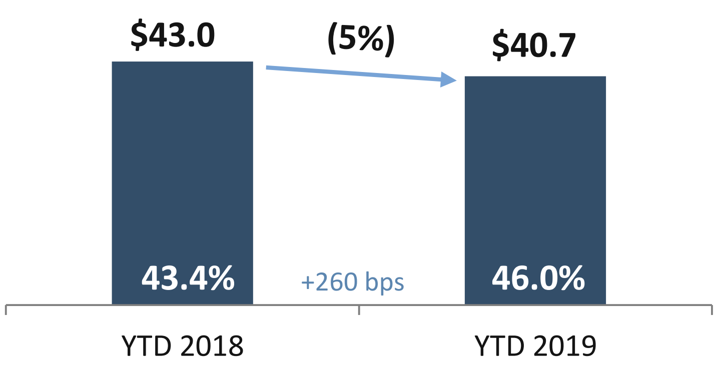
YTD – Electronics Segment

($ in millions)

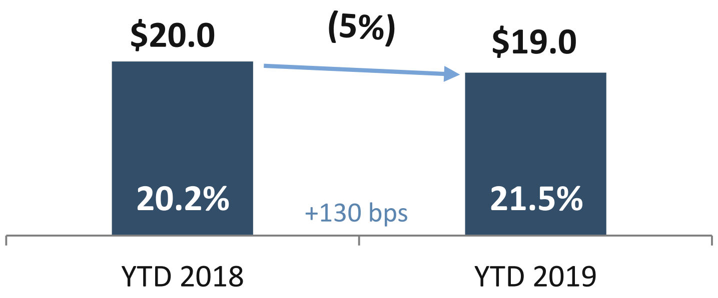
Sales



Gross Profit & Margin



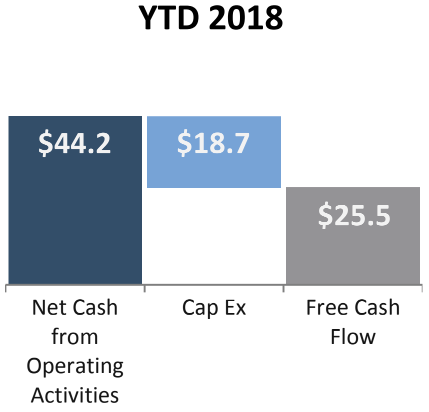
Operating Income & Margin

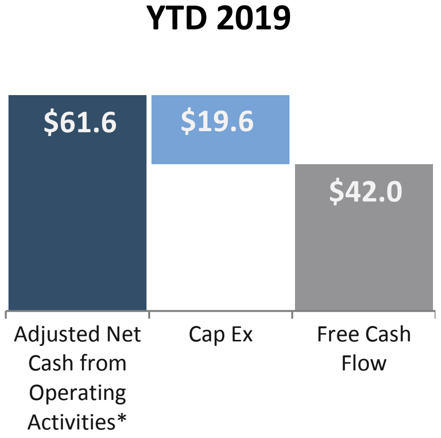


- Sales decreased due to
  - ➢ Softer demand in recreational and oil and gas markets and timing of model year rollouts
  - ➢ Renegotiated customer contracts in Q1
- Significant year-over-year gross margin and operating margin improvement
  - ➢ Driven by cost management efforts resulting in production efficiencies

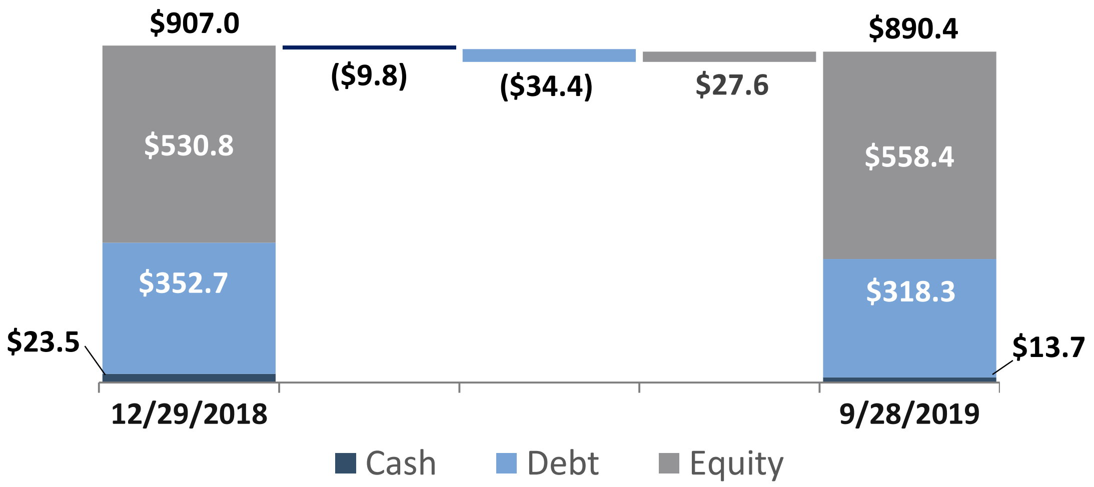
Cash Flow and Capitalization Review

($ in millions)





** See supplemental slide for adjusted net cash from operating activities reconciliation and other important disclaimers regarding Helios's use of adjusted net cash from operating activities*



Cash Flow Review

- Adjusted cash provided by operating activities benefited from improved cash from earnings and working capital management
- YTD 2019 CapEx included manufacturing technology enhancements, completion of CVT manufacturing consolidation project, equipment and leasehold improvements at the new China facility, equipment for new engineering center of excellence
- 2019 CapEx expected to be $25 million to $28 million[1]

Capitalization Review

- Reduced debt by $27 million in Q3
- Net debt/Adjusted EBITDA of 2.3x[2] at 9/28/2019

(1) Guidance as of November 4, 2019
(2) Based on adjusted EBITDA on a trailing twelve months basis

Outlook

Wolfgang H. Dangel

President and Chief Executive Officer

Macro Outlook – Increased Uncertainty

- Geopolitical uncertainty impacting economic activity
  - ➢ US/China trade war
  - ➢ Brexit
  - ➢ Middle East
- Leading US indicators suggest currently slowing growth phase, expect soft landing
  - ➢ US Construction – residential construction currently weak, single-unit expected to recover later in 2019, multi-unit in 2020
  - ➢ US Manufacturing – majority trending along backside of cycle, especially automotive, expect to resume to accelerating growth in 2020
  - ➢ US Electronics – new orders slowing
- Nearly all major global economies in slowing growth or recession phase
  - ➢ Western Europe currently in mild recession
  - ➢ China currently in slowing growth phase, expect accelerating growth in 2020

Sources: ITR Economics™ TrendsReport™ October 2019 and Institute of Printed Circuits Association

2019 Helios Outlook

- Oil & gas, agriculture, recreational, construction in APAC, and material handling end markets are softening further
- Implemented cost management initiatives in light of economic climate
- Continuing investments in innovative manufacturing technologies and market-leading new products to drive growth and productivity improvements
- Hydraulics
  - ➢ Demand is softening and CVT product mix issues will continue to unfavorably impact the pace of output
  - ➢ Ramping up production output from new China facility
- Electronics
  - ➢ Timing of 2019 OEM customer new model launches impacted by slower ramp-up curve
  - ➢ Impact of Q1 renegotiated customer contracts to provide all products to broader, global and diverse customer base

Updating 2019 Guidance*

	Previous 2019 Guidance	**Updated 2019 Guidance**	**Change**
Consolidated revenue	$565 - $575 million	**$550 - $555 million**	~(3)%
Hydraulics segment revenue	$453 - $458 million	**$439 - $442 million**	~(3)%
Electronics segment revenue	$112 - $117 million	**$111 - $113 million**	~(2)%
GAAP EPS	$1.95 - $2.05	**$1.70 - $1.75**	$(0.25) - $(0.30)
Non-GAAP cash EPS	$2.40 - $2.50	**$2.24 - $2.29**	$(0.16) - $(0.21)
Adjusted EBITDA margin	23.5% - 24.0%	**22.4% - 22.8%**	~(115) bps

** Guidance as of November 4, 2019*

See supplemental slides for Non-GAAP cash net income and adjusted EBITDA reconciliations and other important disclaimers regarding Helios Technologies' use of Non-GAAP cash net income and EPS and adjusted EBITDA and margin

Supplemental Information

Segment Data

($ in thousands)	Three Months Ended September 28, 2019 (Unaudited)	Three Months Ended September 29, 2018 (Unaudited)	Nine Months Ended September 28, 2019 (Unaudited)	Nine Months Ended September 29, 2018 (Unaudited)
Sales:				
Hydraulics	$ 110,089	$ 104,055	$ 340,262	$ 270,297
Electronics	27,956	31,782	88,476	99,025
Consolidated	$ 138,045	$ 135,837	$ 428,738	$ 369,322
Gross profit and margin:				
Hydraulics	$ 39,112	$ 39,066	$ 124,153	$ 101,936
	35.5%	*37.6%*	*36.5%*	*37.7%*
Electronics	13,007	14,761	40,701	43,036
	46.4%	*46.5%*	*46.0%*	*43.4%*
Corporate and other	-	(2,092)	-	(5,217)
Consolidated	$ 52,119	$ 51,735	$ 164,854	$ 139,755
	37.8%	*38.1%*	*38.5%*	*37.9%*
Operating income and margin:				
Hydraulics	$ 17,867	$ 22,723	$ 65,752	$ 61,567
	16.3%	*21.8%*	*19.3%*	*22.8%*
Electronics	5,977	6,321	18,977	19,960
	21.4%	*19.8%*	*21.5%*	*20.2%*
Corporate and other	(4,706)	(9,798)	(13,387)	(28,024)
Consolidated	$ 19,138	$ 19,246	$ 71,342	$ 53,503
	13.8%	*14.1%*	*16.6%*	*14.5%*

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Sales by Geographic Region & Segment

(Unaudited)

2019 Sales by Geographic Region and Segment

($ in millions)

	Q1	% of Total	Q2	% of Total	Q3	% of Total	2019	% of Total
Americas:								
Hydraulics	$ 41.6		$ 41.2		$ 43.3		$ 126.1	
Electronics	26.1		26.6		24.0		76.7	
Consol. Americas	67.7	46%	67.8	47%	67.3	49%	202.8	47%
EMEA:								
Hydraulics	41.8		36.8		31.9		110.5	
Electronics	2.5		1.8		2.1		6.4	
Consol. EMEA	44.3	30%	38.6	27%	34.0	25%	116.9	27%
APAC:								
Hydraulics	33.1		35.7		34.9		103.7	
Electronics	1.8		1.7		1.8		5.3	
Consol. APAC	34.9	24%	37.4	26%	36.7	26%	109.0	26%
Total	$ 146.9		$ 143.8		$ 138.0		$ 428.7	

2018 Sales by Geographic Region and Segment

($ in millions)

	Q1	% of Total	Q2	% of Total	Q3	% of Total	Q4	% of Total	2018	% of Total
Americas:										
Hydraulics	$ 26.4		$ 39.7		$ 38.4		$ 44.2		$ 148.7	
Electronics	30.1		27.9		27.4		23.5		108.9	
Consol. Americas	56.5	58%	67.6	50%	65.8	48%	67.7	49%	257.6	51%
EMEA:										
Hydraulics	19.6		40.5		34.6		34.9		129.6	
Electronics	2.7		2.7		2.7		2.0		10.1	
Consol. EMEA	22.3	23%	43.2	32%	37.3	28%	36.9	27%	139.7	27%
APAC:										
Hydraulics	16.6		23.4		31.1		32.4		103.5	
Electronics	1.9		2.0		1.6		1.7		7.2	
Consol. APAC	18.5	19%	25.4	18%	32.7	24%	34.1	24%	110.7	22%
Total	$ 97.3		$ 136.2		$ 135.8		$ 138.7		$ 508.0	

Adjusted Operating Income Reconciliation

(Unaudited) *($ in thousands)*	Three Months Ended September 28, 2019	Three Months Ended September 29, 2018	Nine Months Ended September 28, 2019	Nine Months Ended September 29, 2018
GAAP operating income	$ 19,138	$ 19,246	$ 71,342	$ 53,503
Acquisition-related amortization of intangible assets	4,458	6,989	13,403	16,993
Acquisition-related amortization of inventory step-up	-	2,092		5,217
Acquisition and financing-related expenses	-	668	11	5,595
Restructuring charges	1,724	-	1,724	170
Loss on disposal of intangible asset	2,713	-	2,713	-
Other	127	-	127	-
Non-GAAP adjusted operating income	$ 28,160	$ 28,995	$ 89,320	$ 81,478
GAAP operating margin	*13.8%*	*14.1%*	*16.6%*	*14.5%*
Non-GAAP Adjusted operating margin	*20.4%*	*21.3%*	*20.8%*	*22.1%*

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, Helios believes that providing non-GAAP information such as adjusted operating income and adjusted operating 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 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.

Non-GAAP Cash Net Income Reconciliation

(Unaudited) ($ in thousands)	Three Months Ended September 28, 2019	Three Months Ended September 29, 2018	Nine Months Ended September 28, 2019	Nine Months Ended September 29, 2018
Net income	$ 12,791	$ 11,599	$ 46,460	$ 30,306
Acquisition-related amortization of inventory step-up	-	2,092	-	5,217
Acquisition and financing-related expenses	-	668	11	5,595
Restructuring charges	1,724	-	1,724	170
Loss on disposal of intangible asset	2,713	-	2,713	-
Foreign currency forward contract loss	-	-	-	2,535
Change in fair value of contingent consideration	(72)	275	703	928
Amortization of intangible assets	4,478	7,049	13,544	17,174
Other	127	-	127	-
Tax effect of above	(2,243)	(1,876)	(4,706)	(7,241)
Non-GAAP cash net income	$ 19,518	$ 19,807	$ 60,576	$ 54,684
Non-GAAP cash net income per diluted share	$ 0.61	$ 0.62	$ 1.89	$ 1.76

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.

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Adjusted EBITDA Reconciliation

(Unaudited) *($ in thousands)*	Three Months Ended September 28, 2019	Three Months Ended September 29, 2018	Nine Months Ended September 28, 2019	Nine Months Ended September 29, 2018
Net income	$ 12,791	$ 11,599	$ 46,460	$ 30,306
Interest expense, net	3,790	4,622	12,223	9,256
Income tax provision	2,671	2,651	11,986	9,058
Depreciation and amortization	8,811	11,725	26,006	28,801
EBITDA	28,063	30,597	96,675	77,421
Acquisition-related amortization of inventory step-up	-	2,092	-	5,217
Acquisition and financing-related expenses	-	668	11	5,595
Restructuring charges	1,724	-	1,724	170
Foreign currency forward contract loss	-	-	-	2,535
Change in fair value of contingent consideration	(72)	275	703	928
Loss on disposal of intangible asset	2,713	-	2,713	-
Other	127	-	127	-
Adjusted EBITDA	$ 32,555	$ 33,632	$ 101,953	$ 91,866
Adjusted EBITDA margin	*23.6%*	*24.8%*	*23.8%*	*24.9%*

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.

Adjusted Cash From Operating Activities Reconciliation

(Unaudited)
($ in thousands)

	Nine Months Ended	
	September 28, 2019	September 29, 2018
Net cash provided by operating activities	$ 50,897	$ 44,222
Contingent consideration payment in excess of acquisition date fair value	10,731	-
Adjusted net cash provided by operating activities	$ 61,628	$ 44,222

Non-GAAP Financial Measure:

Adjusted cash from operating activities is cash from operating activities plus the portion of the contingent consideration payment that was in excess of acquisition date fair value relating to the Enovation Controls acquisition. Adjusted cash from operating activities is not a measure 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 cash from operating activities is important for investors and other readers of Helios's financial statements, as it is used as an analytical indicator by Helios's management to better understand operating performance. Because Adjusted cash from operating activities is a non-GAAP measure and is thus susceptible to varying calculations, Adjusted cash from operating activities, as presented, may not be directly comparable to other similarly titled measures used by other companies.

Third Quarter 2019 Earnings

November 5, 2019