First Quarter 2019 Earnings

May 7, 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 Sun Hydraulics Corporation ("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 Q1 Financial Results Highlights

- Sales of $147 million, up 51% over prior year
  - Faster and Custom Fluidpower: $49.0 million
  - Organic business sales grew 2%, excluding currency
  - Hydraulics segment organic sales grew 8%; Electronics segment sales declined 12%
- Net income of $16.4 million; non-GAAP cash net income of $20.3 million, up 34%
  - Non-GAAP cash EPS of $0.63 per share, up 24% from $0.51
- Adjusted operating income of $30.3 million, 20.6% of sales
- Adjusted EBITDA of $34.7 million, 23.7% of sales
- Reduced net debt by $8.0 million during first quarter 2019
  - Net debt/Adjusted EBITDA of 2.3x(1) at 3/30/2019

(1) *Based on pro forma adjusted EBITDA on a trailing twelve months basis, including Custom Fluidpower results for its pre-acquisition period*

Q1 2019 Business Highlights

- Completed CVT manufacturing consolidation project at the end of the quarter
  - Experiencing capacity and margin expansion, expected to continue through 2019
  - Added capacity facilitates backlog reduction, further driving organic revenue growth
- Started producing CVT components in Faster facility in Italy
- New China facility progressing ahead of schedule, expect test and assembly by beginning of third quarter
- New product development investments remain an important priority
  - Sun launched 16 new valves in the FLeX series electro-hydraulics line on May 1, expanding offering to 41 valves

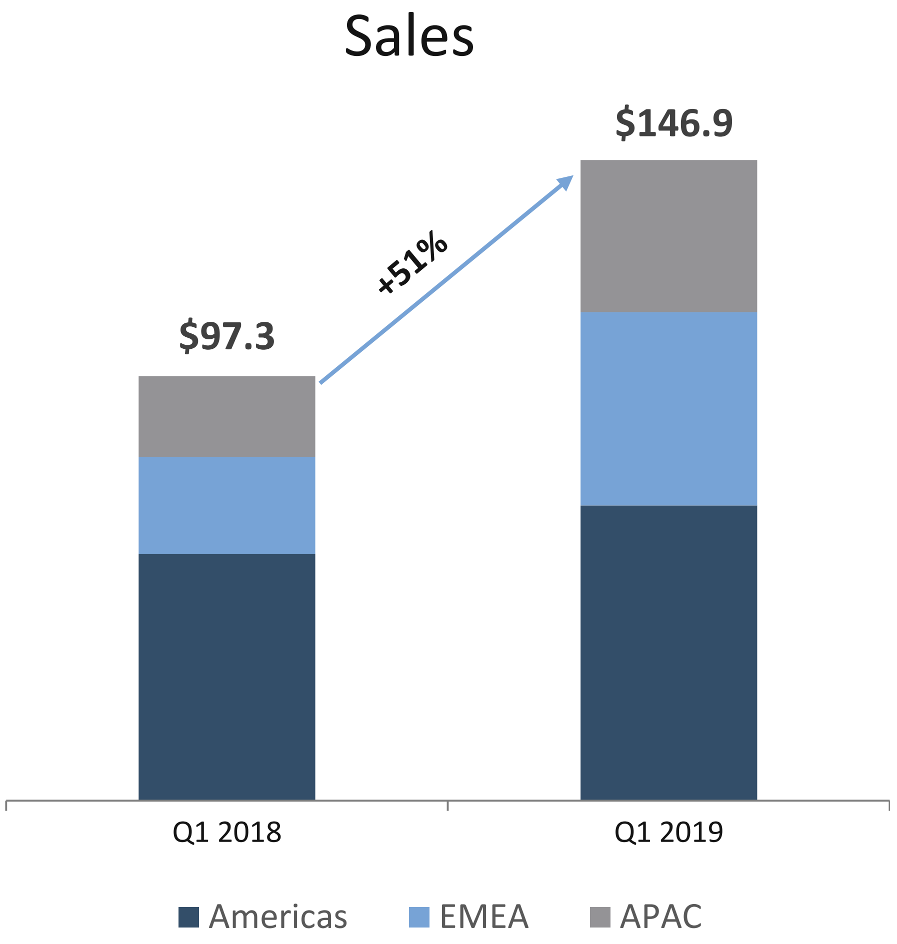
Vision 2025:* *$1 billion in sales, superior profitability and financial strength

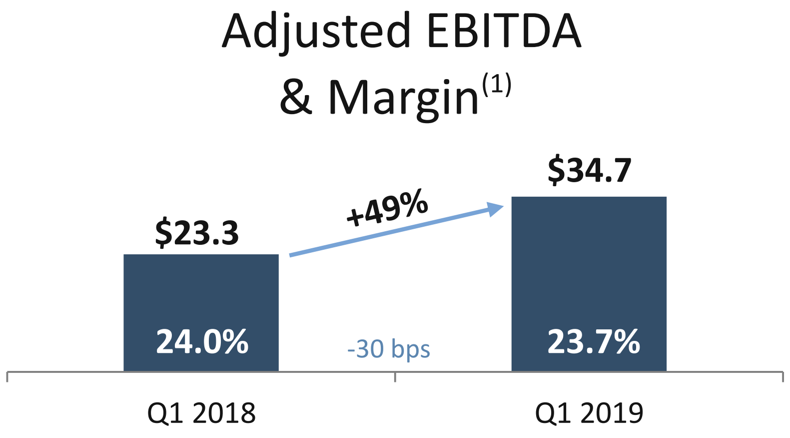
Financial Overview

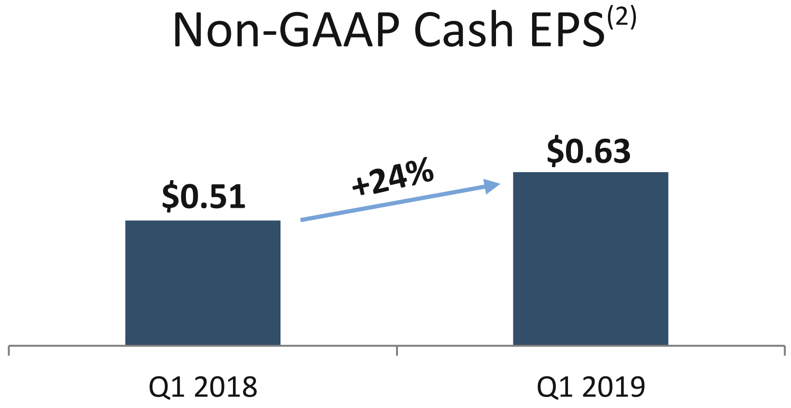
Tricia L. Fulton
Chief Financial Officer

Q1 – Consolidated Results

($ in millions, except Adjusted EPS)





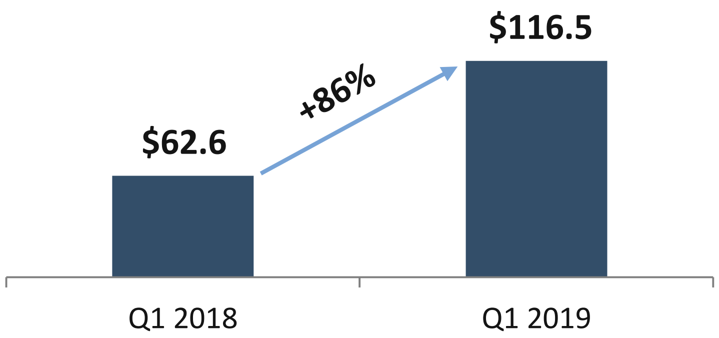


(1) See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Helios's use of Adjusted EBITDA
(2) See supplemental slide for Non-GAAP Cash Net Income reconciliation and other important disclaimers regarding Helios's use of Non-GAAP Cash Net Income and EPS

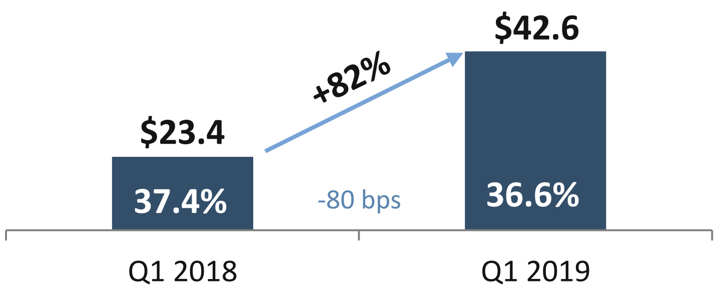
Q1 – Hydraulics Segment

($ in millions)

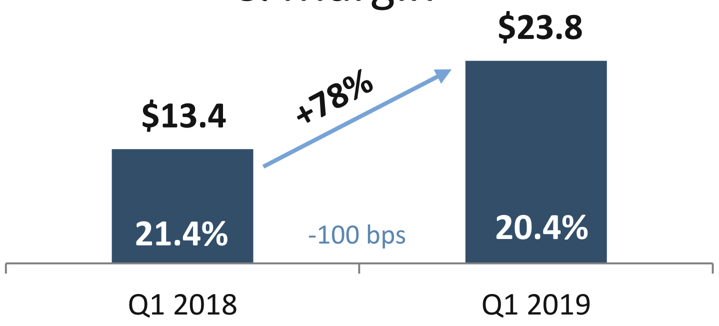
Sales



Gross Profit & Margin



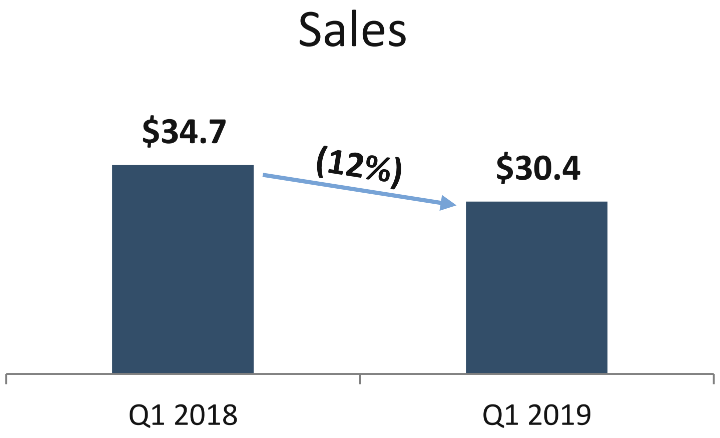
Operating Income & Margin

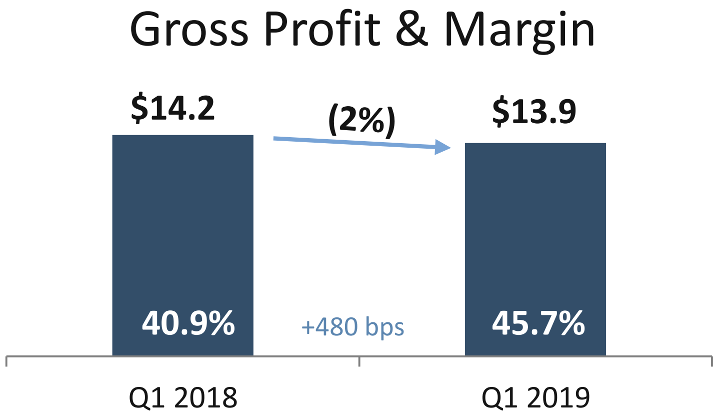


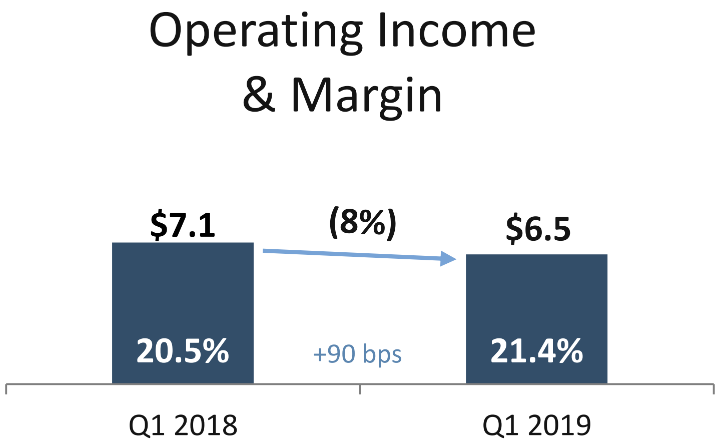
- Increased demand in all geographic regions
  - 2019 Q1 includes $49.0 million for acquisition revenue
  - 8% organic growth, net of 1.6% unfavorable Fx
- Gross margin slightly declined quarter over quarter
  - Impacted by CVT manufacturing consolidation project early in quarter, project completed end of quarter
  - While Faster margins were strong, CFP's integrator business lower margin profile accounted for 100 bps decline in margin
- SEA expenses in Q1 include $8.2 million for Faster and CFP

Q1 – Electronics Segment

($ in millions)



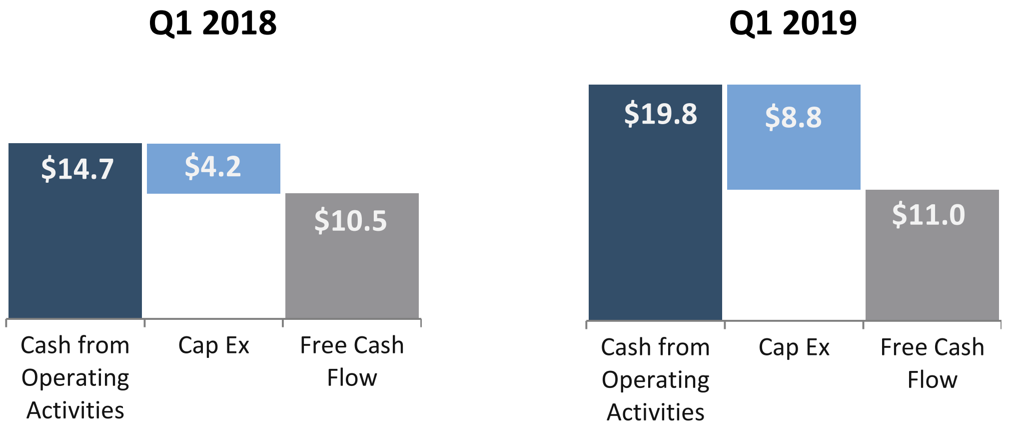


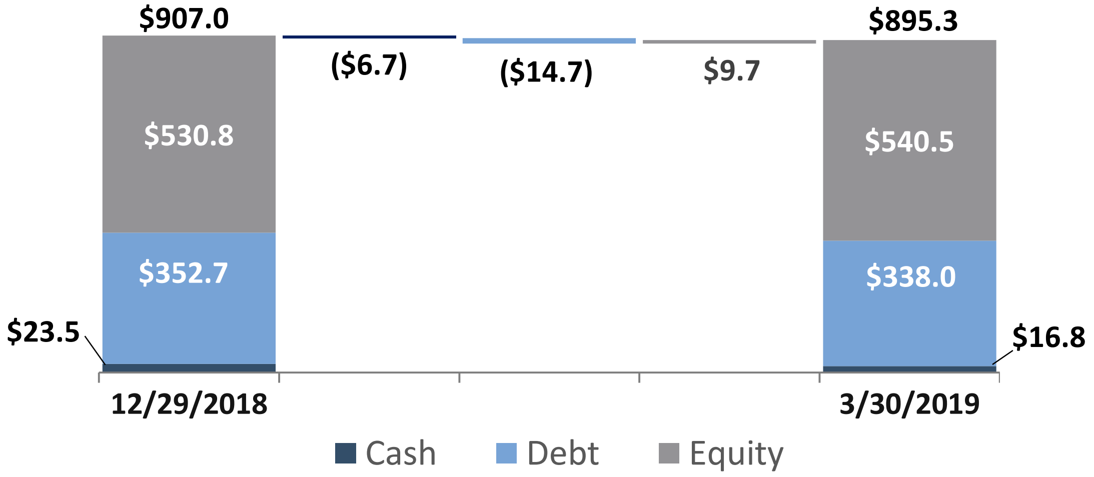


- Sales decreased by 12%, impacted by timing of OEM customer model year rollouts and some softening end markets
- Significant year-over-year gross margin and operating margin improvement
  - ➢ Driven by productivity efficiency and cost management efforts

Cash Flow and Capitalization Review

($ in millions)





Cash Flow Review

- Cash provided by operating activities increased 35%, driven by higher cash earnings, partially offset by net increase in working capital
- Q1 2019 CapEx included manufacturing technology enhancements, completion of CVT manufacturing consolidation project, equipment and leasehold improvements at the new China facility
- 2019 CapEx expected to be $30 million to $35 million[1]

Capitalization Review

- Cash flows drove reduction in net debt by $8.0 million in Q1 2019
- Net debt/Adjusted EBITDA improved to 2.3x[2] at 3/30/2019

(1) Guidance as of May 6, 2019
(2) Based on pro forma adjusted EBITDA on a trailing twelve months basis, including Custom Fluidpower results for their respective pre-acquisition periods

Outlook

Wolfgang H. Dangel

President and Chief Executive Officer

Macro Outlook – Growth Continues at Slower Pace

- Latest tariff negotiations point toward higher degree of unpredictability for remainder of 2019
- Leading US indicators suggest currently slowing growth phase, accelerating growth to resume in 2020
  - US Construction – starting to see softening based on published OEM reports, single unit housing starts have been weak
  - US Manufacturing – production activity experiencing slowing growth with contraction expected in certain sectors, resume to accelerating growth in 2020
- Nearly all major global economies already in slowing growth phase
  - Western Europe expecting mild recession in 2019
  - All global economies expecting return to accelerating growth in 2020
- US Electronics new orders softening
- Agriculture – softening globally
- Geopolitical factors, including impact of Brexit, present uncertainty

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

2019 Helios Outlook

- Over remaining quarters, consolidated quarterly cadence of revenue expected to be evenly spread
- Continuing investments in innovative manufacturing technologies and market-leading new products to drive growth and productivity improvements
- Softening in oil & gas, agriculture, recreational, construction and material handling end markets
- Hydraulics
  - Q2 and partial Q3 2019 results will include acquisition growth for CFP
  - Expecting margin improvement and capacity expansion throughout 2019, resulting from completion of CVT manufacturing consolidation project
- Electronics
  - Intentional shift in customer base, releasing contractual obligations
  - Timing of 2019 OEM customer new model launches on track, slower ramp-up curve

2019 Guidance*

	Previous 2019 Guidance	Updated 2019 Guidance	Change vs 2018 Actual
Consolidated revenue	$590 - $600 million	**$580 - $590 million**	14% - 16%
Hydraulics segment revenue	$464 - $469 million	**$464 - $469 million**	21% - 23%
Electronics segment revenue	$126 - $131 million	**$116 - $121 million**	(4%) - (8%)
GAAP EPS	$2.10 - $2.20	**$2.10 - $2.20**	41% - 48%
Non-GAAP cash EPS	$2.55 - $2.65	**$2.55 - $2.65**	11% - 15%
Adjusted EBITDA margin	24.5% - 25.5%	**24.0% - 24.5%**	(50) - 0 bps

** Guidance as of May 6, 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

HELIOS TECHNOLOGIES

Segment Data

($ in thousands)

	Three Months Ended March 30, 2019 (Unaudited)		Three Months Ended March 31, 2018 (Unaudited)	
Sales:				
Hydraulics	$	116,463	$	62,609
Electronics		30,388		34,709
Consolidated	$	146,851	$	97,318
Gross profit and margin:				
Hydraulics	$	42,634	$	23,449
		36.6%		*37.4%*
Electronics		13,875		14,168
		45.7%		*40.9%*
Consolidated	$	56,509	$	37,617
		38.5%		*38.6%*
Operating income and margin:				
Hydraulics	$	23,762	$	13,442
		20.4%		*21.4%*
Electronics		6,512		7,107
		21.4%		*20.5%*
Corporate and other		(4,442)		(3,296)
Consolidated	$	25,832	$	17,253
		17.6%		*17.8%*

Sales by Geographic Region & Segment

(Unaudited)

2019 Sales by Geographic Region and Segment

($ in millions)

	Q1	% of Total
Americas:		
Hydraulics	$ 41.6	
Electronics	26.1	
Consol. Americas	67.7	46%
EMEA:		
Hydraulics	41.8	
Electronics	2.5	
Consol. EMEA	44.3	30%
APAC:		
Hydraulics	33.1	
Electronics	1.8	
Consol. APAC	34.9	24%
Total	$ 146.9	

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 March 30, 2019	Three Months Ended March 31, 2018
GAAP operating income	$ 25,832	$ 17,253
Acquisition-related amortization of intangible assets	4,460	1,988
Acquisition and financing-related expenses	11	1,197
Restructuring charges	-	111
Non-GAAP adjusted operating income	$ 30,303	$ 20,549
GAAP operating margin	*17.6%*	*17.8%*
Non-GAAP Adjusted operating margin	*20.6%*	*21.1%*

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	
	March 30, 2019	March 31, 2018
Net income	$ 16,404	$ 11,911
Acquisition and financing-related expenses	11	1,197
Restructuring charges	-	111
Foreign currency forward contract loss	-	505
Change in fair value of contingent consideration	719	402
Acquisition-related amortization of intangible assets	4,460	1,988
Tax effect of above	(1,298)	(1,051)
Non-GAAP cash net income	$ 20,296	$ 15,063
Non-GAAP cash net income per diluted share	$ 0.63	$ 0.51

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.

Adjusted EBIDTA Reconciliation

(Unaudited) ($ in thousands)	Three Months Ended March 30, 2019	 March 31, 2018
Net income	$ 16,404	$ 11,911
Interest expense, net	4,385	483
Income tax provision	4,655	3,982
Depreciation and amortization	8,571	4,729
EBITDA	34,015	21,105
Acquisition and financing-related expenses	11	1,197
Restructuring charges	-	111
Foreign currency forward contract loss	-	505
Change in fair value of contingent consideration	719	402
Adjusted EBITDA	$ 34,745	$ 23,320
Adjusted EBITDA margin	*23.7%*	*24.0%*

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.

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