Fourth Quarter 2018 Earnings

February 26, 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.

2018 Financial Results Highlights

- Sales of $508 million, up 48% over prior year
  - Faster: $106.5 million since April 5, 2018 acquisition
  - Custom Fluidpower: $20.3 million since August 1, 2018 acquisition
  - Organic business sales grew 11%
  - Hydraulics segment organic sales grew 11%; Electronics segment sales grew 13%
- Net income of $46.7 million; non-GAAP net income of $54.3 million, up 26%
  - Non-GAAP EPS of $1.74 per share, up 9% from $1.60
- Adjusted operating income of $108.9 million, 21.4% of sales
- Adjusted EBITDA of $124.3 million, 24.5% of sales
- Reduced net debt by $19.7 million during fourth quarter 2018
  - Full year 2018 realized 15% operating cash flow to sales, 10% free cash flow(1) to sales
  - Net debt/adjusted EBITDA of 2.4x

(1) *Free cash flow defined as cash provided by operating activities less capital expenditures*

2018 Business Highlights

- First half 2018
  - Follow-on equity offering, 4.4 million shares, ~$240 million; partially funded Faster acquisition
  - Amended bank credit facility to fund Faster acquisition and support ongoing growth
  - Acquired Faster for ~$533 million, leading global manufacturer of quick-release coupling solutions; Europe-based
  - Began Sarasota cartridge valve technology (CVT) manufacturing consolidation project
- Second half 2018
  - Adopted Helios Technologies as business name
  - Acquired Custom Fluidpower (CFP) for ~$27 million, bolt-on hydraulics integrator; Australia-based
  - Initiated production at newly developed state-of-the-art facility in South Korea
- Throughout 2018
  - Steady progress with synergy realization
  - Productivity improvement
  - Continued organic growth initiatives

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

Financial Overview

Tricia L. Fulton

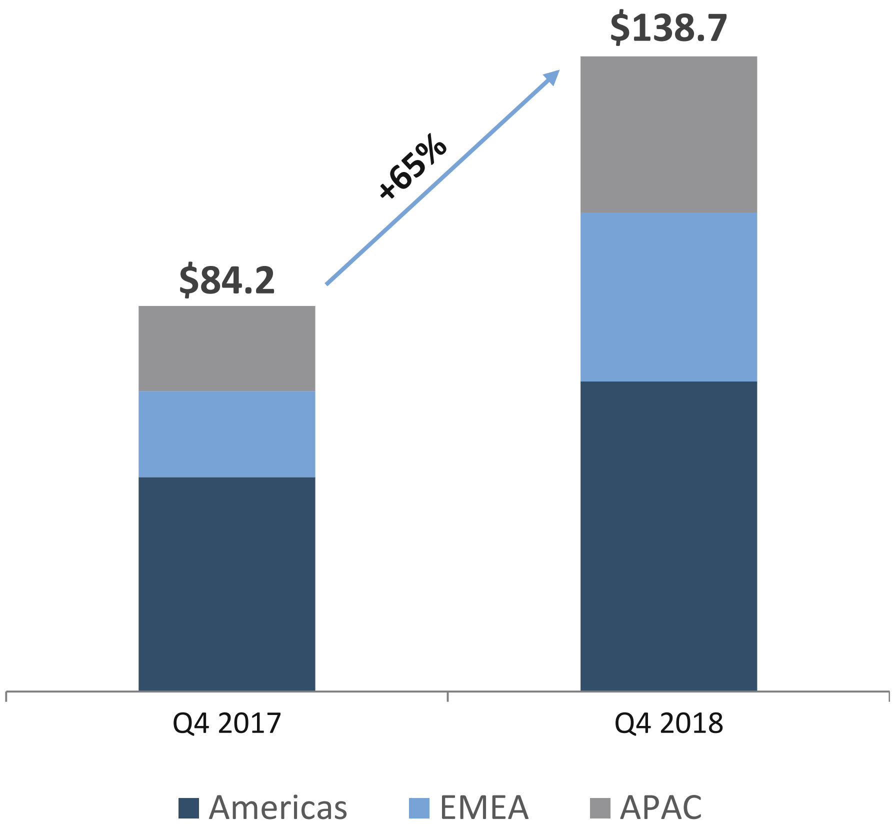
Chief Financial Officer

HELIOS TECHNOLOGIES

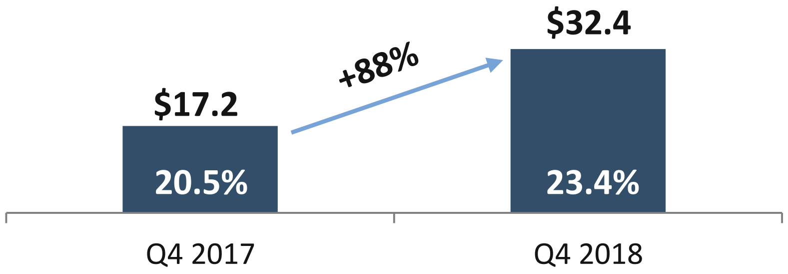
Q4 – Consolidated Results

($ in millions, except Adjusted EPS)

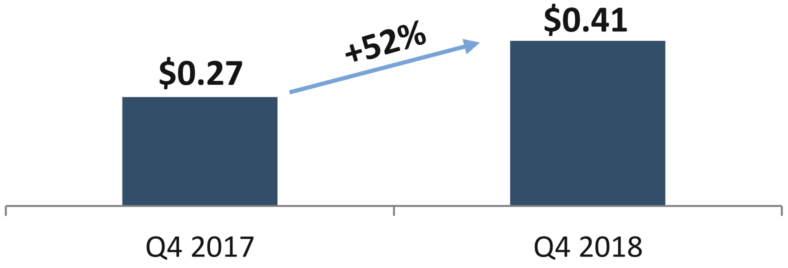
Sales



Adjusted EBITDA & Margin(1)



Adjusted EPS(2)

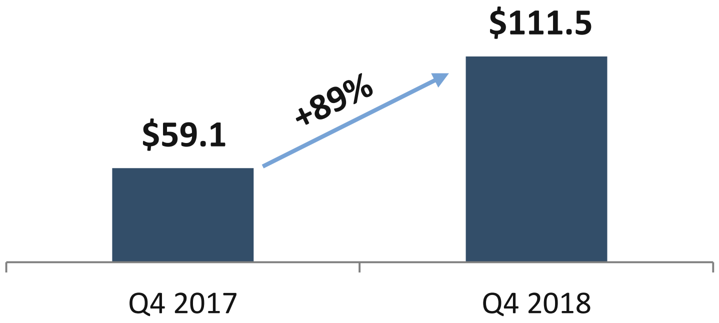


(1) See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Helios' use of Adjusted EBITDA
(2) See supplemental slide for Adjusted Net Income reconciliation and other important disclaimers regarding Helios' use of Adjusted Net Income and EPS

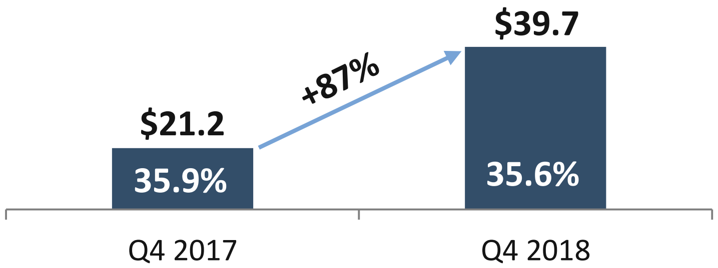
Q4 – Hydraulics Segment

($ in millions)

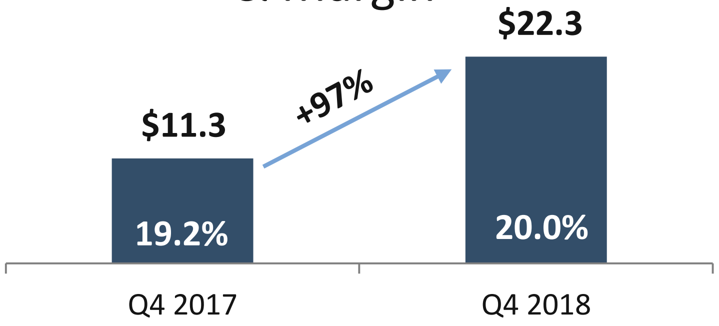
Sales



Gross Profit & Margin



Operating Income & Margin

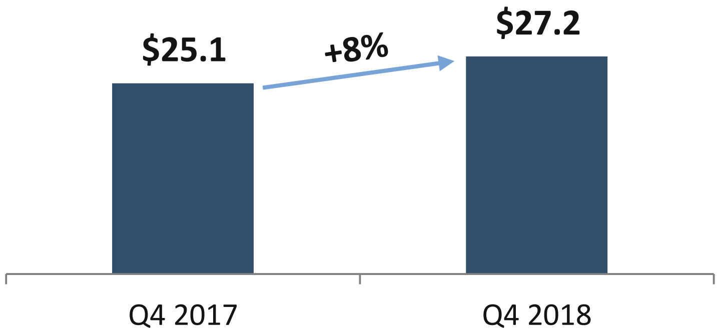


- Increased demand in most geographic and end markets
  - 2018 includes $36.0 million for Faster and $11.9 million for CFP
  - 8% organic growth, net of 0.5% unfavorable Fx
- Q4 gross margin relatively consistent with 2017
  - 2018 unfavorably impacted by higher outbound freight, Faster’s December shutdown and CFP’s integrator business model
  - 2017 unfavorably impacted by operational items and cost pressures
- SEA expenses in 2018 include $7.1 million for Faster and CFP

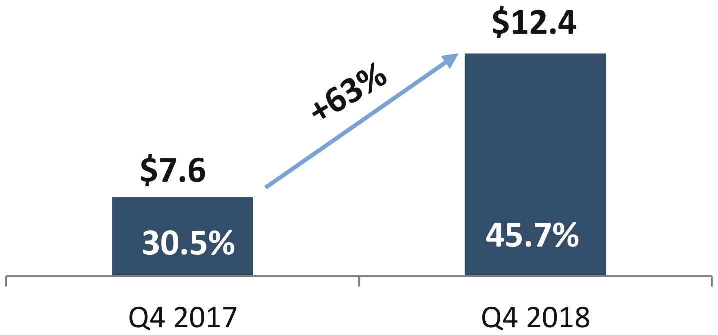
Q4 – Electronics Segment

($ in millions)

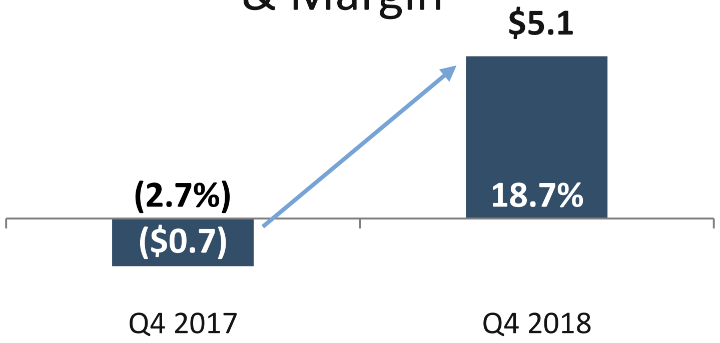
Sales



Gross Profit & Margin



Operating Income & Margin

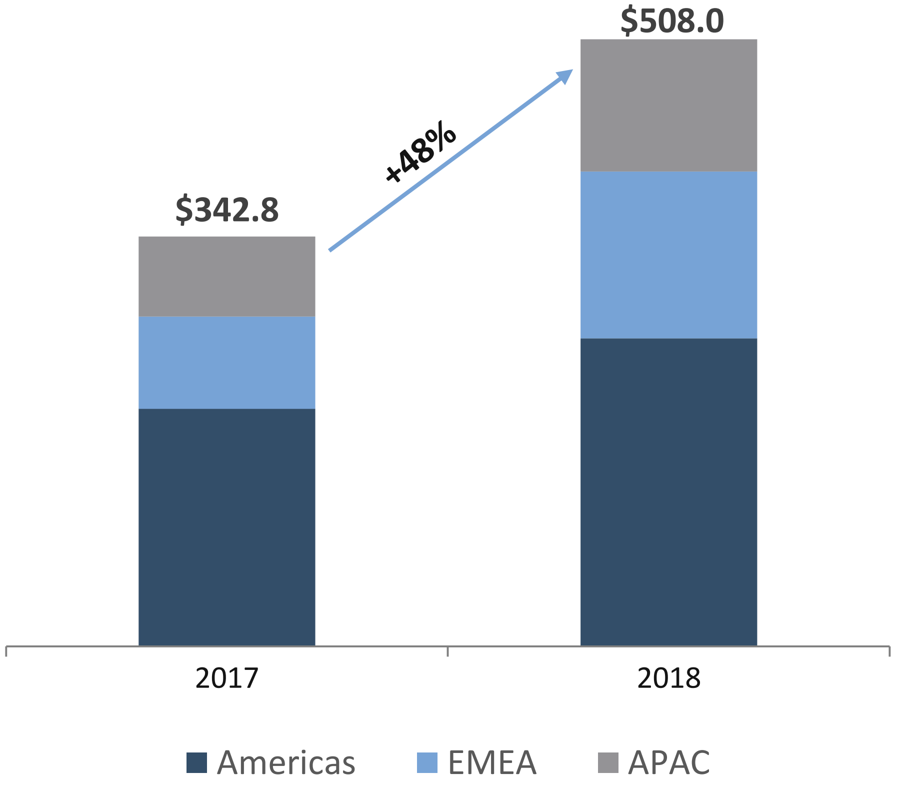


- Sales grew 8%, benefited from project timing and increased content with current customers
- Significant year-over-year gross margin and operating margin improvement
  - Improved productivity, project mix and improved cost position drove results
  - Lower SEA costs due to restructuring costs last year

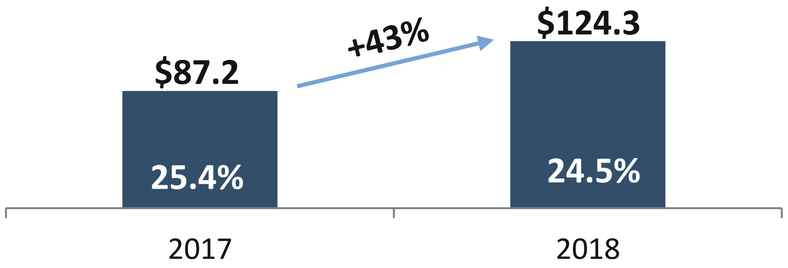
Full Year – Consolidated Results

($ in millions, except Adjusted EPS)

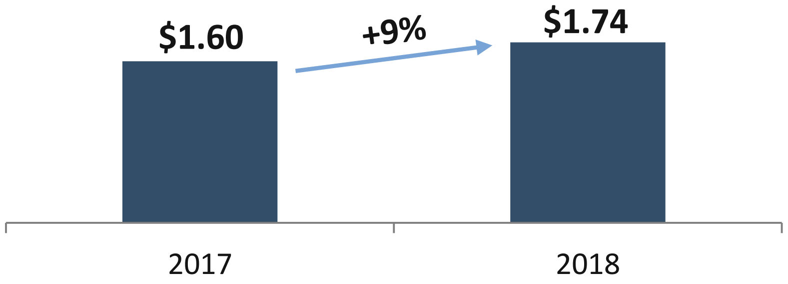
Sales



Adjusted EBITDA & Margin(1)



Adjusted EPS(2)



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(2) See supplemental slide for Adjusted Net Income reconciliation and other important disclaimers regarding Helios' use of Adjusted Net Income and EPS

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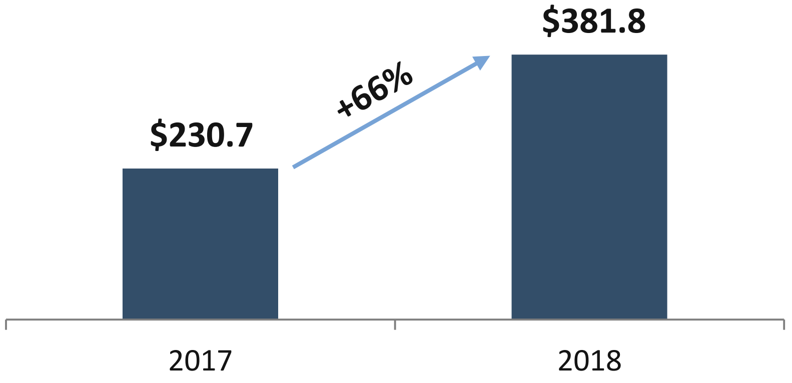
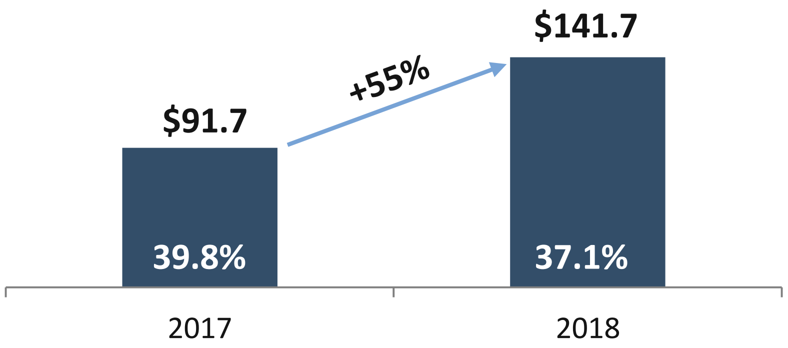
Full Year – Hydraulics Segment

($ in millions)

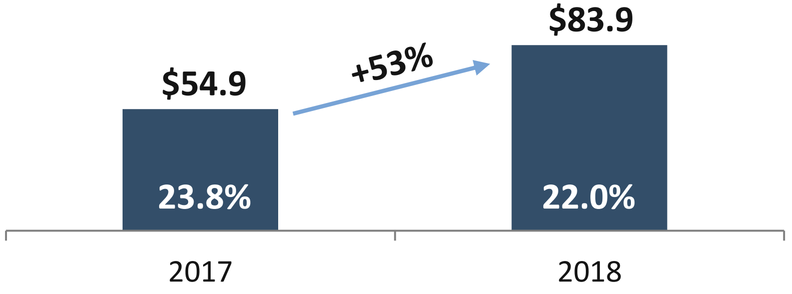
Sales



Gross Profit & Margin



Operating Income & Margin

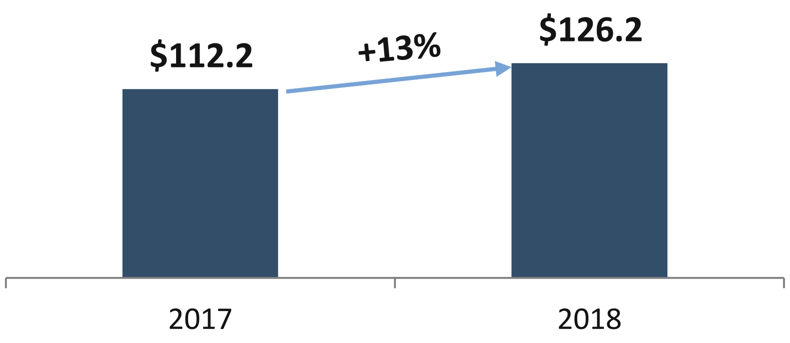


- Increased demand in most geographic and end markets
  - 2018 includes $106.5 million for Faster and $20.3 million for CFP
  - 11% organic growth, including 1% favorable Fx
- Gross margin impacted by first half 2018 cost pressures, higher material costs, changes in business mix, and second half lower productivity due to CVT manufacturing consolidation project, higher outbound freight, Faster’s holiday shutdown, CFP’s integrator business model
- SEA expenses in 2018 include $20.1 million for Faster and CFP

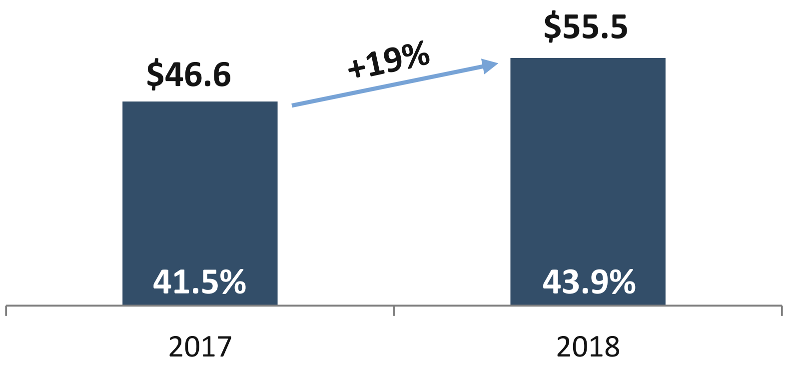
Full Year – Electronics Segment

($ in millions)

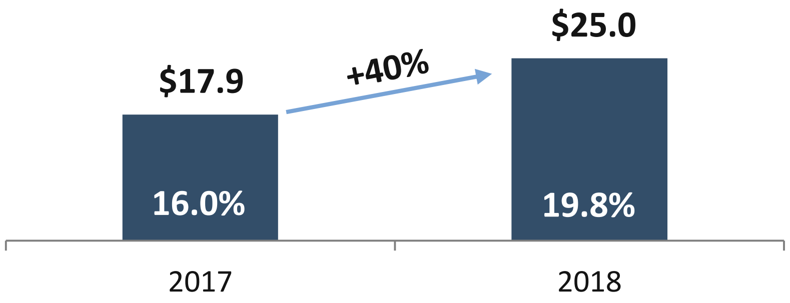
Sales



Gross Profit & Margin



Operating Income & Margin

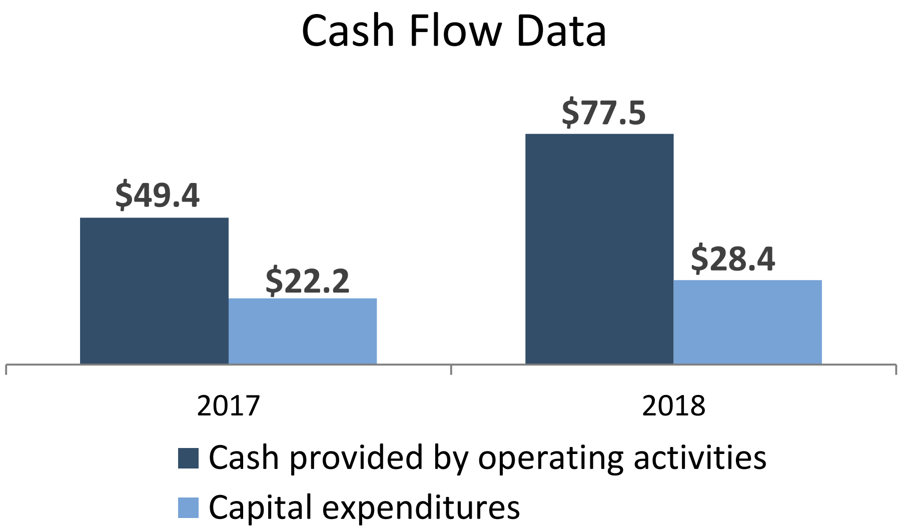


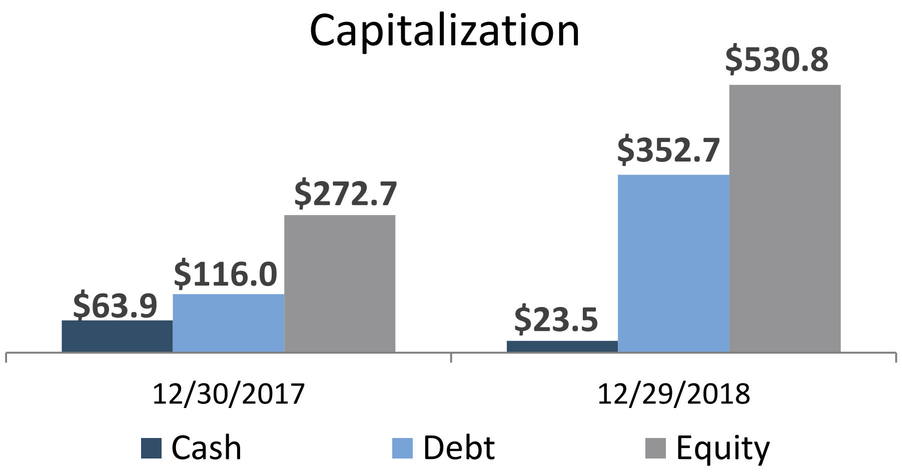
- Sales grew 13%
  - ➢ Increased demand in the power controls and recreational vehicle markets, proactive sales initiatives and increased product offerings
- +240 bps increase in gross margin driven by sales volume and improved productivity
- +380 bps increase in operating margin driven by sales volume, price increases, improved productivity and leverage of fixed costs

HELIOS TECHNOLOGIES

Cash Flow and Capitalization Review

($ in millions)





Cash Flow Review

- Cash provided by operating activities increased 57%, driven by higher earnings
- 2018 CapEx included completion of South Korea facility, addition of Faster, and costs for CVT manufacturing consolidation
- 2018 operating cash flow less CapEx = 10% of sales
- 2019 CapEx expected to be $30 million to $35 million[1]

Capitalization Review

- 2018 equity impacted by equity follow-on offering, raised ~ $240 million of capital
- 2018 debt and cash impacted by acquisition of Faster and CFP for ~ $560 million
- Strong cash flows drove reduction in net debt by $19.7 million in Q4 2018
- Net debt/Adjusted EBITDA of 2.4[2] at 12/29/18

(1) Guidance as of February 25, 2019
(2) Based on pro forma adjusted EBITDA on a trailing twelve months basis, including Faster and 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

- Leading US indicators signal slowing growth in 2019, accelerating growth to resume in 2020
  - ➢ US Industrial Production was up 4.1% for 2018, expected to rise at slower pace during 2019
- Nearly all major global economies already in slowing growth phase; Western Europe expecting mild recession in 2019, returning to growth in 2020
- US Construction – much of the sector currently experiencing accelerating growth, expect slowing growth in 2019; single unit housing starts to decline before rising again through 2020
- US Manufacturing – production activity expanding at an accelerating pace; slowing growth likely in early 2019 with contraction in certain sectors, resume to accelerating growth in 2020
- VDMA forecast for EMEA machinery production: 2% projected for 2019
- US Electronics business indicators suggest slowing growth
- Agriculture – softening in low HP equipment, outlook flattish, NA strongest region; good news on trade and weather-related commodity price strength could provide some tailwind
- Geopolitical factors, including impact of Brexit and tariffs, present uncertainty

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

2019 Helios Outlook

- Hydraulics
  - Q1 2019 results will include acquisition growth for Faster and CFP
  - Q2 and partial Q3 2019 results will include acquisition growth for CFP
  - Currently experiencing softness in O&G and Ag sectors
  - Expecting margin improvement and capacity expansion throughout 2019, progressing after completion of CVT manufacturing consolidation project
- Electronics
  - US new orders for electronic equipment weakened
  - Impacted by timing of customer new model launches
- Consolidated quarterly cadence expected to be evenly spread
- Accelerating establishment of China manufacturing facility
- Continuing investments in innovative manufacturing technologies and market-leading new products to drive growth and productivity improvement

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2019 Guidance*

	2018 Actual	2019 Guidance	Change
Consolidated revenue	$508 million	**$590 - $600 million**	16% - 18%
Hydraulics segment revenue	$382 million	**$464 - $469 million**	21% - 23%
Electronics segment revenue	$126 million	**$126 - $131 million**	0% - 4%
GAAP EPS	$1.49	**$2.10 - $2.20**	41% - 48%
Non-GAAP cash EPS	$2.30	**$2.55- $2.65**	11% - 15%
Adjusted EBITDA margin	24.5%	**24.5% - 25.5%**	0 - 100 bps

** Guidance as of February 25, 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 December 29, 2018 (Unaudited)	Three Months Ended December 30 2017 (Unaudited)	For the Year Ended December 29, 2018	For the Year Ended December 30 2017
Sales:				
Hydraulics	$ 111,548	$ 59,084	$ 381,845	$ 230,662
Electronics	27,175	25,066	126,200	112,177
Consolidated	$ 138,723	$ 84,150	$ 508,045	$ 342,839
Gross profit and margin (Unaudited):				
Hydraulics	$ 39,738	$ 21,220	$ 141,674	$ 91,709
	35.6%	*35.9%*	*37.1%*	*39.8%*
Electronics	12,414	7,634	55,450	46,590
	45.7%	*30.5%*	*43.9%*	*41.5%*
Corporate and other	776	-	(4,441)	(1,774)
Consolidated	$ 52,928	$ 28,854	$ 192,683	$ 136,525
	38.2%	*34.3%*	*37.9%*	*39.8%*
Operating income and margin:				
Hydraulics	$ 22,291	$ 11,316	$ 83,858	$ 54,934
	20.0%	*19.2%*	*22.0%*	*23.8%*
Electronics	5,086	(673)	25,046	17,943
	18.7%	*(2.7%)*	*19.8%*	*16.0%*
Corporate and other	(5,326)	(3,039)	(33,350)	(11,386)
Consolidated	$ 22,051	$ 7,604	$ 75,554	$ 61,491
	15.9%	*9.0%*	*14.9%*	*17.9%*

HELIOS TECHNOLOGIES

Sales by Geographic Region & Segment

(Unaudited)

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	

2017 Sales by Geographic Region and Segment

($ in millions)

	Q1	% of Total	Q2	% of Total	Q3	% of Total	Q4	% of Total	2017	% of Total
Americas:										
Hydraulics	$ 24.7		$ 28.2		$ 25.3		$ 25.6		$ 103.8	
Electronics	22.6		24.5		26.8		21.1		95.0	
Consol. Americas	47.3	58%	52.7	59%	52.1	59%	46.7	56%	198.8	58%
EMEA:										
Hydraulics	17.1		16.6		16.1		16.4		66.2	
Electronics	3.0		2.6		2.9		2.4		10.9	
Consol. EMEA	20.1	25%	19.2	22%	19.0	22%	18.8	22%	77.1	22%
APAC:										
Hydraulics	12.3		16.0		15.2		17.1		60.6	
Electronics	1.7		1.4		1.7		1.5		6.3	
Consol. APAC	14.0	17%	17.4	19%	16.9	19%	18.6	22%	66.9	20%
Total	$ 81.4		$ 89.3		$ 88.0		$ 84.1		$ 342.8	

HELIOS TECHNOLOGIES

Adjusted Operating Income Reconciliation

(Unaudited)

($ in thousands)

	Three Months Ended		For the Year Ended	
	December 29, 2018	December 30 2017	December 29, 2018	December 30 2017
GAAP operating income	$ 22,051	$ 7,604	$ 75,554	$ 61,491
Acquisition-related amortization of intangible assets	6,028	2,037	23,021	8,423
Acquisition-related amortization of inventory step-up	(776)	-	4,441	1,774
Acquisition and financing-related expenses	90	1,019	5,685	1,019
Restructuring charges	-	1,462	170	1,462
One-time operational items	-	2,907	-	2,907
Non-GAAP adjusted operating income	$ 27,393	$ 15,029	$ 108,871	$ 77,076
GAAP operating margin	*15.9%*	*9.0%*	*14.9%*	*17.9%*
Non-GAAP Adjusted operating margin	*19.7%*	*17.9%*	*21.4%*	*22.5%*

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' financial statements, as they are used as analytical indicators by Helios' 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 Net Income Reconciliation

(Unaudited) ($ in thousands)	Three Months Ended December 29, 2018	 December 30 2017	For the Year Ended December 29, 2018	 December 30 2017
Net income	$ 16,424	$ 2,768	$ 46,730	$ 31,558
Acquisition-related amortization of inventory step-up	(776)	-	4,441	1,774
Acquisition and financing-related expenses	90	1,019	5,685	1,019
Restructuring charges	-	1,462	170	1,462
Foreign currency forward contract loss	-	-	2,535	-
One-time operational items	-	2,907	-	2,907
Change in fair value of contingent consideration	554	621	1,482	9,476
Tax effect of above	22	(1,983)	(3,394)	(5,491)
Impact of tax reform	(1,400)	463	(1,400)	463
Other one-time tax related items	(1,920)	-	(1,920)	-
Non-GAAP adjusted net income	$ 12,994	$ 7,257	$ 54,329	$ 43,168
Acquisition-related amortization of intangible assets	6,028	2,037	23,021	8,423
Tax effect of above	(1,025)	(672)	(5,456)	(2,780)
Non-GAAP cash net income	$ 17,997	$ 8,622	$ 71,894	$ 48,811
Non-GAAP adjusted net income per diluted share	$ 0.41	$ 0.27	$ 1.74	$ 1.60
Non-GAAP cash net income per diluted share	$ 0.56	$ 0.32	$ 2.30	$ 1.81

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' financial statements, as they are used as analytical indicators by Helios' 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		For the Year Ended	
	December 29, 2018	December 30 2017	December 29, 2018	December 30 2017
Net income	$ 16,424	$ 2,768	$ 46,730	$ 31,558
Interest expense, net	4,620	1,071	13,876	3,781
Income tax provision	607	2,755	9,665	15,986
Depreciation and amortization	10,913	4,633	39,714	19,190
EBITDA	32,564	11,227	109,985	70,515
Acquisition-related amortization of inventory step-up	(776)	-	4,441	1,774
Acquisition and financing-related expenses	90	1,019	5,685	1,019
Restructuring charges	-	1,462	170	1,462
Foreign currency forward contract loss	-	-	2,535	-
One-time operational items	-	2,907	-	2,907
Change in fair value of contingent consideration	554	621	1,482	9,476
Adjusted EBITDA	$ 32,432	$ 17,236	$ 124,298	$ 87,153
Adjusted EBITDA margin	*23.4%*	*20.5%*	*24.5%*	*25.4%*

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' financial statements, as they are used as analytical indicators by Helios' 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.

Fourth Quarter 2018 Earnings

February 26, 2019