

Tania Almond, Vice President, Investor Relations and Corporate Communication

Thank you, operator, and good day everyone. Welcome to the Helios Technologies First Quarter 2026 Financial Results Conference Call. We issued a press release announcing our results yesterday afternoon. If you do not have that release, it is available on our website at HLIO.com. You will also find slides there that accompany today's discussion as well as our prepared remarks.

Joining me today are Sean Bagan, President & Chief Executive Officer, and Jeremy Evans, Executive Vice President, Chief Financial Officer. Sean will begin with highlights from the first quarter. Jeremy will then review our financial results in more detail and provide our outlook. Sean will return with some closing comments, and then we will open the call for questions.

Before we get started, please turn to **Slide 2**, where you will find our Safe Harbor statement. As you may be aware, we will make some forward-looking statements during this presentation and the Q&A session. These statements apply to future events that are subject to risks and uncertainties, as well as other factors that could cause actual results to differ materially from those presented today.

These risks and uncertainties and other factors can be found in our Annual Report on Form 10-K for 2025 along with our upcoming 10-Q to be filed with the Securities and Exchange Commission. You can find these documents on our website or at sec.gov.

I'll also point out that during today's call, we will discuss some Non-GAAP financial measures, which we believe 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. We have provided reconciliations of comparable GAAP with Non-GAAP measures in the tables that accompany today's slides.

Please reference **Slides 3 through 5** as I now turn the call over to Sean.

Sean Bagan, President & Chief Executive Officer

Thanks, Tania, and welcome, everyone. We appreciate you joining us today.

Anyone who watched this year's Kentucky Derby saw more than just a winner—they saw focused execution under pressure at exactly the right moment. Golden Tempo stayed focused, found his stride, and delivered when it mattered most. We believe our first quarter performance tells a similar story. Helios entered 2026 having done the hard work—sharpening our go-to-market model, strengthening our balance sheet, and building a team and culture aligned around The CORE 2030 Strategy we introduced at our Investor Day. And like that Saturday race, the results for Helios this quarter weren't just a one headline moment. They were a collection of firsts and records; the highest quarterly sales ever for Enovation Controls, our largest Electronics segment business, a record first quarter of cash generation for the Company, and our first-ever regular dividend increase of 33%. And perhaps one of the most telling measures of how far we've come—we reduced our net leverage by more than a full turn in just one year, bringing us to 1.6 times net debt-to-adjusted EBITDA, the lowest level since the first quarter of 2018. That balance sheet position isn't just a financial milestone, it's a strategic one, opening a meaningful level of optionality in how we deploy capital as we pursue the next leg of our growth. 2025 was our year of repositioning. 2026 is where that work finds its stride.

As we came out of the starting gates on the 2030 financial targets—a plan built on 5% plus organic sales growth annually—our first quarter performance didn't just meet that bar...it cleared it decisively, giving us early momentum against a five-year roadmap that we intend to run all the way through. The CORE Strategy laid out a clear set of performance priorities to double our sales by 2030 and expand adjusted operating and EBITDA margins to 20% plus and 25% plus, respectively. The work we have done over the

last 18 months to sharpen our go-to-market model, invest in innovation, and enhance operational excellence across our global footprint is an outcome of our Momentum Model, the engine behind this performance. Our first quarter results reflect the effectiveness of the Helios Business System, as we are executing our organic sales growth plans and improving our margins year-over-year, while we manage through a choppy geopolitical environment and invest for future growth.

Let me summarize the first quarter. With a more robust demand environment than expected, total sales exceeded the high end of our outlook range, up 17% year-over-year to \$228 million. On a pro-forma basis, excluding the Custom Fluidpower or “CFP” divestiture and the impact of foreign exchange, sales grew 23%, with both segments and all regions contributing to the increase. Our profitability measures kept improving, as higher sales volumes drove significant year-over-year expansion in our margins.

We continue to deeply engage with our existing and prospective customers, seeking out opportunities leveraging our enhanced go-to-market model. Our teams from both Hydraulics and Electronics across our relevant major brands attended the CONEXPO tradeshow in the first quarter and showcased our latest products with a record level of show attendees present. Based on the level of booth activity and leads we extracted, we are seeing healthy activity across most of the markets we address. On a consolidated pro-forma basis, we saw year-over-year growth across all the major end markets that we serve.

With our balance sheet in excellent shape, our Board of Directors approved the aforementioned increase to the quarterly dividend in March and we continued to return capital to shareholders under our existing \$100 million share repurchase authorization. These actions reflect our confidence in the long-term outlook and alignment with the value creation framework we shared as part of The CORE Strategy.

With that, I'll turn the call over to Jeremy to review the financial results in more detail, Jeremy.

Jeremy Evans, Executive Vice President, Chief Financial Officer

Thank you, Sean, and good day, everyone.

As I review our first quarter results, please refer to **Slides 6 through 8**.

First quarter sales were \$228 million, up 17 % compared with \$195 million in the prior-year period and above the expectations we laid out on our fourth quarter call. Changes in foreign exchange had nearly a \$6 million favorable impact on a year-over-year basis and contributed approximately \$2 million to the overachievement of our Q1 outlook. As a reminder, we divested CFP at the end of September, so the first quarter comparison is more meaningful on a pro-forma basis. Excluding the CFP sales in last year's first quarter and the foreign exchange impact, sales for the quarter were up 23% year-over-year.

Higher sales and improved absorption drove gross profit up 25% in the quarter to \$75 million and gross margin expanded 220 basis points year-over-year to 32.8%. In addition to higher volumes, margin expansion was driven by favorable segment mix, operational initiatives, and benefits from the CFP divestiture partially offset by net tariff impacts and higher overhead expenses driven by equipment maintenance and energy costs.

First quarter operating income rose 76% year-over-year to \$30 million, and operating margin expanded 440 basis points to 13.1%, demonstrating the operating leverage inherent in the business. On a non-GAAP basis, adjusted operating margin in the quarter was 16.7%, up 330 basis points year-over-year.

Adjusted EBITDA margin was 20.4% in the first quarter, up 310 basis points over the prior year, and the third consecutive quarter above 20%.

Diluted EPS in the quarter was \$0.59, up 168% compared with the prior year period, and diluted Non-GAAP EPS of \$0.80 rose 82%, exceeding the high end of our guidance range, and a great start toward our expectation to deliver double digit EPS growth for the second consecutive year. The upside reflects the realized sales growth, margin expansion, and solid operating performance.

Turning to the segments, please refer to **Slide 9**.

Growth remained broad-based, driven by both segments and all regions. Hydraulics sales were up 10% and Electronics up 29%. On a pro-forma basis and normalizing for the impact of foreign exchange, Hydraulics grew 19%. Regionally, we saw growth across the Americas and EMEA, while APAC declined year-over-year as a result of the divestiture. On a pro-forma basis, APAC grew over last year as well. Our business mix has shifted year-over-year to a greater weighting of Electronics from not only the CFP divestiture, but also because our Electronics segment has been growing faster on a relative basis.

By end market, Hydraulics saw strength in mobile, especially in the construction category, along with continued signs of recovery in agriculture, while we've seen channel inventories normalize. Our lead times have improved with our operational challenges behind us, and we are capitalizing on this to win more business. We have a clear path identified to drive incremental sales across a number of adjacent markets we have not historically participated in. All of this gives us confidence in driving sustainable growth across our hydraulics segment.

Hydraulics' gross profit in the quarter grew 18% year-over-year, and gross margin expanded 220 basis points to 31.8%, driven by better fixed-cost leverage on higher volume, lower material costs, and the impact of the CFP divestiture. Segment SEA expenses in the quarter increased approximately \$1 million, or 4%, primarily reflecting investments in wages and benefits, as well as research and development, but improved as a percentage of sales. Segment operating income increased 34% to \$23.4 million and operating margin expanded by 300 basis points.

In Electronics, demand remained robust across recreational markets, including persistent strength with a large OEM customer that has been a key contributor to recent volume outperformance. While there are still pockets of softness in certain consumer-exposed end markets, most notably marine, we are realizing growth with health & wellness, mobile and industrial. Overall, the electronics segment is performing extremely well on driving profitable sales growth.

Electronics gross profit in the quarter was up 36%, and gross margin expanded 170 basis points primarily driven by higher volumes and lower direct labor costs as a percentage of sales. SEA expenses increased \$2 million, reflecting ongoing investment in engineering and research and development, but improved as a percentage of sales. Segment operating income increased 78% to \$14.2 million and operating margin expanded by 430 basis points.

On **Slide 10**, we generated \$24 million of cash from operations and \$17 million of free cash flow, both records for a first quarter. It's well worth noting that we have been able to effectively manage our working capital as we have returned to growth, achieving a 25-day year-over-year improvement in our cash conversion cycle.

Flipping to **Slide 11**, you'll see we used this cash to further strengthen the balance sheet as we continued to pay down debt, bringing our net debt-to-adjusted EBITDA leverage ratio down to 1.6 times at quarter end, compared with 2.7 times in the prior year period. The lower debt level, along with a lower spread on our credit facility borrowings due to reduced leverage, resulted in \$2 million interest expense savings in the first quarter compared to the prior year. Total liquidity continues to exceed total debt, giving us ample flexibility to fund organic growth investments and return capital to shareholders while preserving dry powder for strategic M&A consistent with The CORE Strategy we shared during our Investor Day.

As mentioned, we extended our history of paying cash dividends to 117 consecutive quarters, highlighted by a 33% increase to \$0.12 per share. We also deployed nearly \$5 million on share repurchases during the quarter, leaving approximately \$82 million remaining on our share repurchase authorization.

Slide 12 reflects the 2026 financial priorities that we established. We started the year with solid execution against each priority as confirmed by our first quarter results. We remain focused on disciplined operational execution and investing in high-return opportunities, positioning Helios for earnings growth and long-term value creation.

Turning to **Slides 13 and 14**, based on our strong first-quarter performance and improved visibility into the second quarter, we are raising the full-year sales and earnings per share outlook.

We now expect sales to be in the range of \$840 to \$870 million for the year, compared with \$839 million as reported in 2025 and \$792 million on a pro-forma basis. This implies 8% growth over 2025 on a pro-forma basis at the midpoint, driven primarily by volume growth in our core platforms and the ramping of recent commercial wins. At the segment level for the full year, we expect Hydraulics sales in the range of \$520 to \$535 million, up approximately 7% at the midpoint on a pro-forma basis. For Electronics, we expect sales in the range of \$320 to \$335 million, up 10% at the midpoint.

We continue to expect 2026 adjusted EBITDA margin to be in the range of 19.5% to 21.0%, reflecting gross margin expansion, operating expense discipline, and the full-year benefit of our portfolio and footprint actions. We now expect diluted Non-GAAP EPS in the range of \$2.75 to \$3.00, or 12% growth¹ at the midpoint.

For the second quarter of 2026, we expect sales to be in the range of \$227 to \$232 million, up 16% over last year's second quarter at the midpoint when taking the divestiture of CFP into consideration. At the segment level for the second quarter, we expect Hydraulics sales in the range of \$141 to \$144 million, up approximately 13% at the midpoint on a pro-forma basis. For Electronics, we expect sales in the range of \$86 to \$88 million, up 21% at the midpoint.

We expect consolidated adjusted EBITDA margin to be in the range of 20.0% to 21.0%, up 190 basis points at the midpoint, and diluted non-GAAP EPS of \$0.78 to \$0.83 cents per share, up 36% at the midpoint.

As we originally guided 2026, we expect first half growth rates to be stronger year-over-year compared to the second half, driven by the timing of end market recoveries and the ramp of certain commercial wins in the second half of 2025. We are also mindful of several second-half considerations to our full year outlook, including the uncertain tariff landscape, the inflationary pressures on fuel costs, the impact of rising energy prices, chip-cost dynamics, ongoing geopolitical tensions, and broader recovery of cyclical markets.

We remain focused on executing The CORE Strategy, positioning Helios for earnings growth and long-term value creation. With that, please turn to **Slide 15** and I'll turn the call back to Sean for his closing remarks.

¹ Due to an administrative error, it was stated on the earnings call that expected diluted non-GAAP EPS would be in the range of \$2.70 to \$2.95, 11% growth at the midpoint. As reflected in the press release and presentation to which the prepared remarks relate, as of May 11, 2026, we expect diluted non-GAAP EPS to be in the range of \$2.75 to \$3.00, or 12% growth at the midpoint, and these remarks have been updated to reflect such guidance.

Sean Bagan, President & Chief Executive Officer

Thanks, Jeremy.

As you've heard today, Helios is off to a strong start in 2026. We are delivering double-digit sales growth, expanding margins, and realizing strong cash generation. We are making progress on the initiatives that underpin The CORE Strategy and have a balance sheet that enables us to make strategic organic investments and explore incremental acquisition opportunities. Thank you to the global Helios team for such a strong start out of the gate for the year.

Our go-to-market engine is performing. We're converting a healthy funnel of opportunities into wins across both segments and across the regions where we compete. Our innovation roadmap is on track, with a robust pipeline of new products, including the all new state-of-the-art QMEH cartridge valve with proprietary position sensor technology launched by Sun Hydraulics at CONEXPO, Faster's launch of a collection of new products designed to support thermal management systems within data centers, and our next generation of Electronics' platforms like the OpenView S70 Display to provide advanced control and monitoring systems within data centers and other end markets. Our operational excellence efforts, from footprint optimization in North America and Europe, to productivity improvements across our facilities, are all designed to support margin expansion toward the long-term targets we laid out at Investor Day.

Most importantly, we have a high-performing global team that is executing with discipline and a customer-centric culture that believes in the path we've laid out. The combination of a clear strategy, a stronger operating model, and a solid financial foundation has Helios positioned well to navigate a dynamic environment and to deliver sustainable growth, enhanced profitability, and compelling long-term value for our shareholders.

We will stay focused on running our own race, settling into our accelerated pace, and keeping our sights set on the long-term targets we have established for ourselves.

Thank you for your engagement and support.

With that, operator, let's open the lines for Q&A, please.

Note: Please refer to the webcast version of the call, which is available on the Company's website (heliostechnologies.com), as well as to information available on the SEC's website (www.sec.gov) before making an investment decision.