



**HELIOS**<sup>®</sup>  
TECHNOLOGIES

# Third Quarter 2020 Earnings

November 2, 2020

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VP, IR and Corp. Comm.

*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.*



**AGILE RESPONSE** TO CHANGING MARKET CONDITIONS REFLECTED IN STRONG SEQUENTIAL TOP-LINE RESULTS



OUTSTANDING **GROSS MARGIN EXPANSION** OF 50 BASIS POINTS TO 38.3% ON LOWER VOLUME



CONTINUED TO DEMONSTRATE **SIGNIFICANT CASH GENERATION CAPABILITIES:**  
\$36.7 MILLION CASH FROM OPERATIONS IN THE QUARTER WITH CASH CONVERSION OF 191%



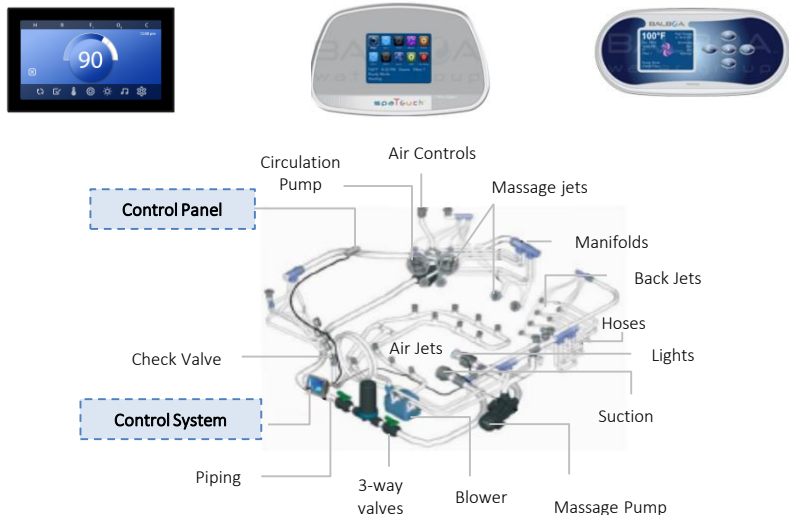
**ACQUISITION OF BALBOA WATER GROUP** EXPANDING ELECTRONICS SEGMENT  
TECHNOLOGY OFFERING INTO NEW AND ADJACENT END MARKETS

# 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 Utilizing a new state-of-the-art manufacturing facility with a 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

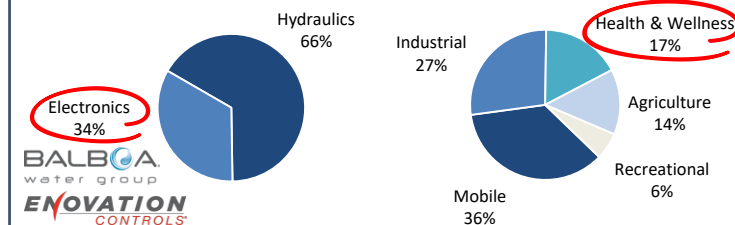


Commercial Food Service Equipment

Note: our acquisition of BWG Holdings Group I is referred to as "Balboa Water Group" throughout.

## Strengthens Helios and creates shareholder value

Pro Forma Product and End Market Mix

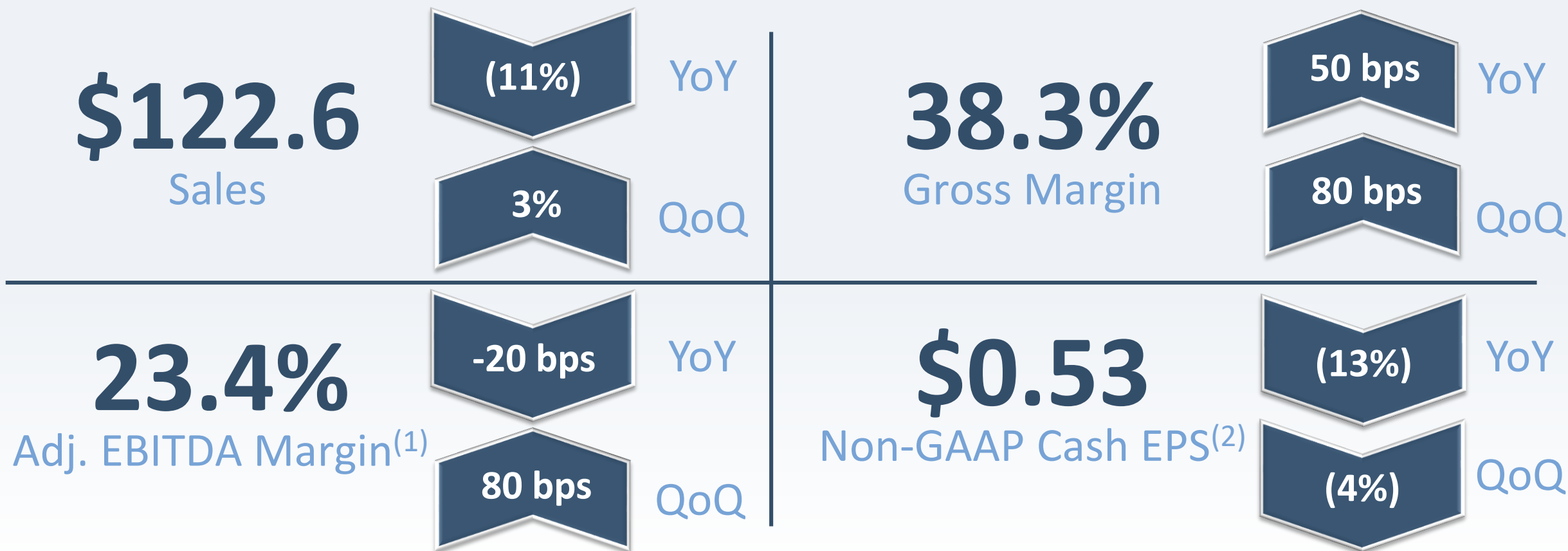


**\$218.5 million**  
purchase price

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

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

# Q3 2020 Financial Results Highlights



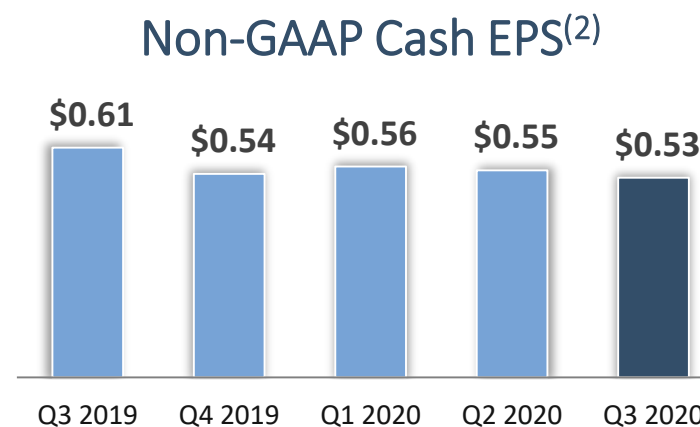
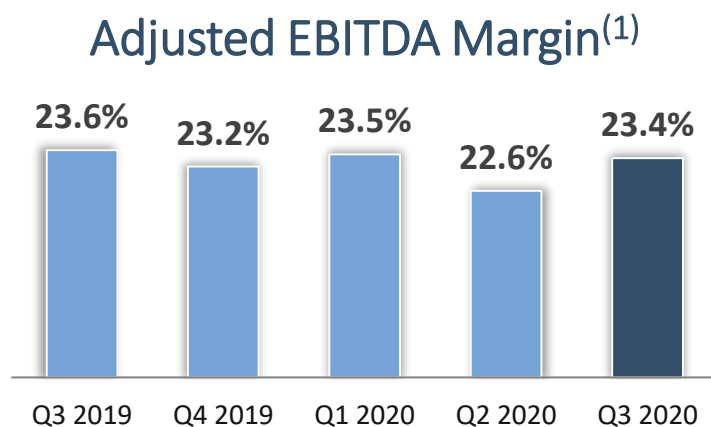
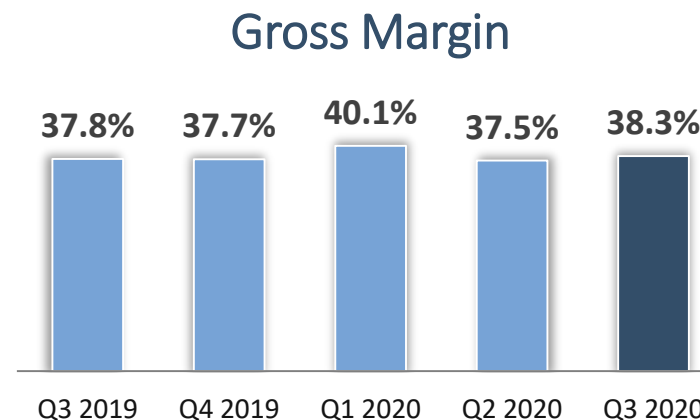
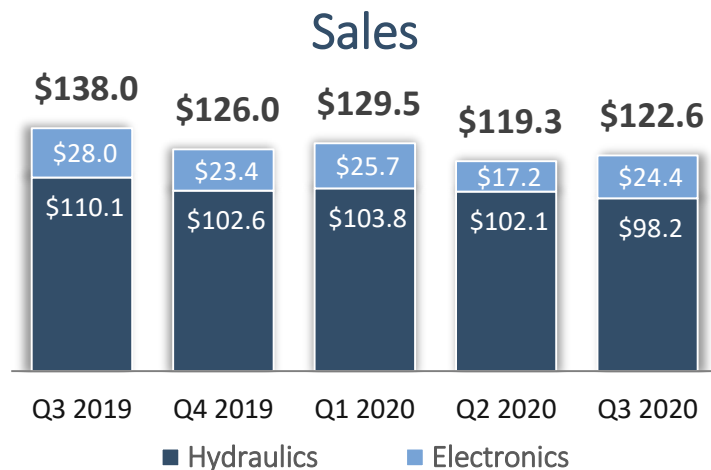
(1) See supplemental slide for Adjusted EBITDA reconciliation and other important information regarding Helios's use of Adjusted EBITDA

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

Note: YoY = year-over-year | QoQ = quarter-over-quarter

(\$ in millions, except per share data)

# Q3 - Consolidated Results



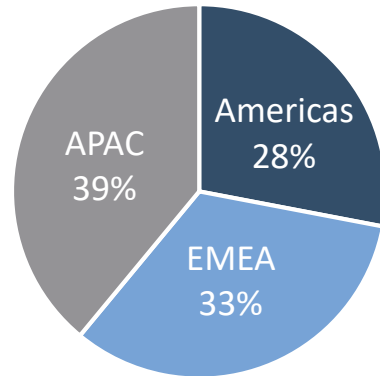
**EFFECTIVE EXECUTION OF STRATEGY DEMONSTRATED BY STRONG SEQUENTIAL RESULTS**

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

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

# Q3 - Hydraulics Segment

## Q3 2020 Sales by Region



## Third Quarter Highlights

### Sales Drivers

- End market softness and reduced order taking reflects continued COVID-19 pandemic impact
- \$1.9 million of favorable changes in FX

### Gross Margin Drivers

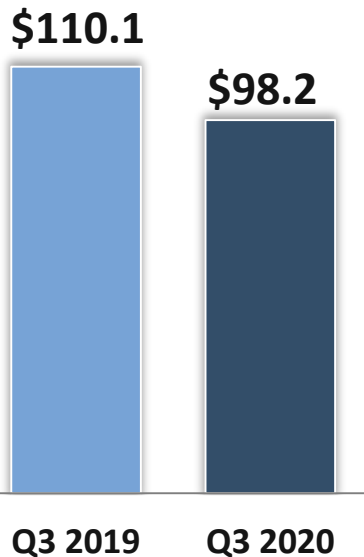
- 60 basis point expansion due to favorable mix, effectiveness of the CVT factory consolidation and cost containment efforts

### Operating Margin Improvement

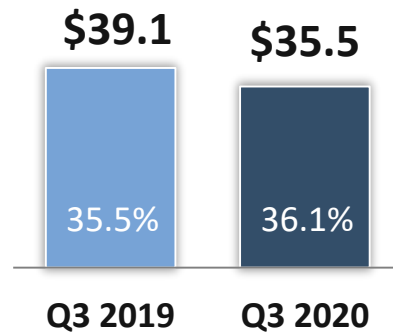
- 290 basis point improvement driven by some one-time expenses in the year-ago period related to restructuring and disposal of an intangible asset
- Effective cost management efforts and production efficiencies in the current quarter

(\$ in millions)

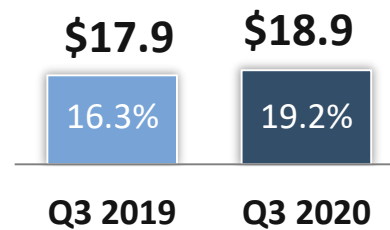
### Sales



### Gross Profit

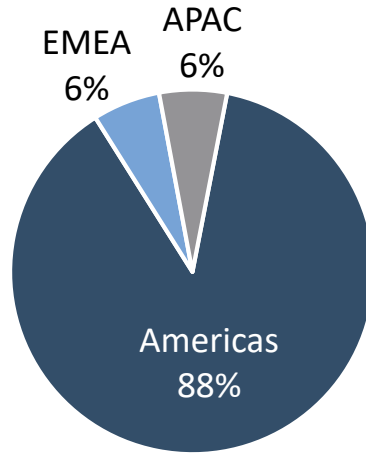


### Operating Income



# Q3 - Electronics Segment

## Q3 2020 Sales by Region



## Third Quarter Highlights

### Sales Drivers

- \$7.2 million or 42% sequential growth
- Year-over-year demand significantly impacted by COVID-19 pandemic
- Runoff impact from intentional customer shift
- Certain end markets including recreation doing very well as a result of pandemic buying shifts

### Gross Margin Drivers

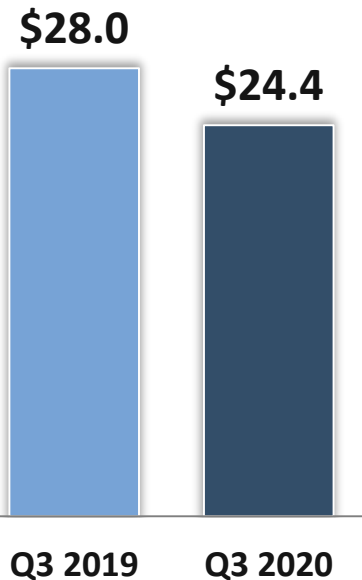
- Improvement of 40 basis points as a result of favorable mix and cost management initiatives

### Operating Margin Drivers

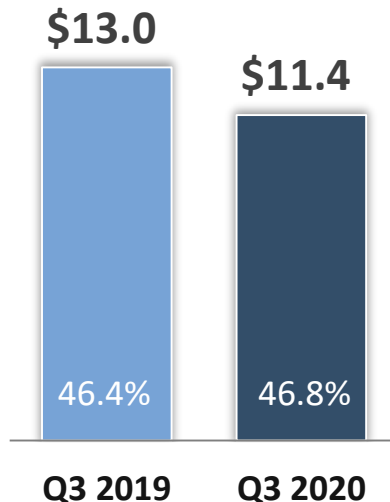
- Lower sales volume and leverage partially offset by cost containment efforts

(\$ in millions)

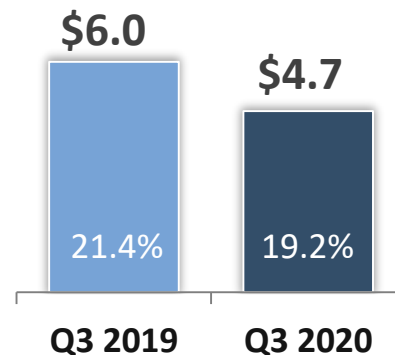
### Sales



### Gross Profit



### Operating Income





(\$ in millions)

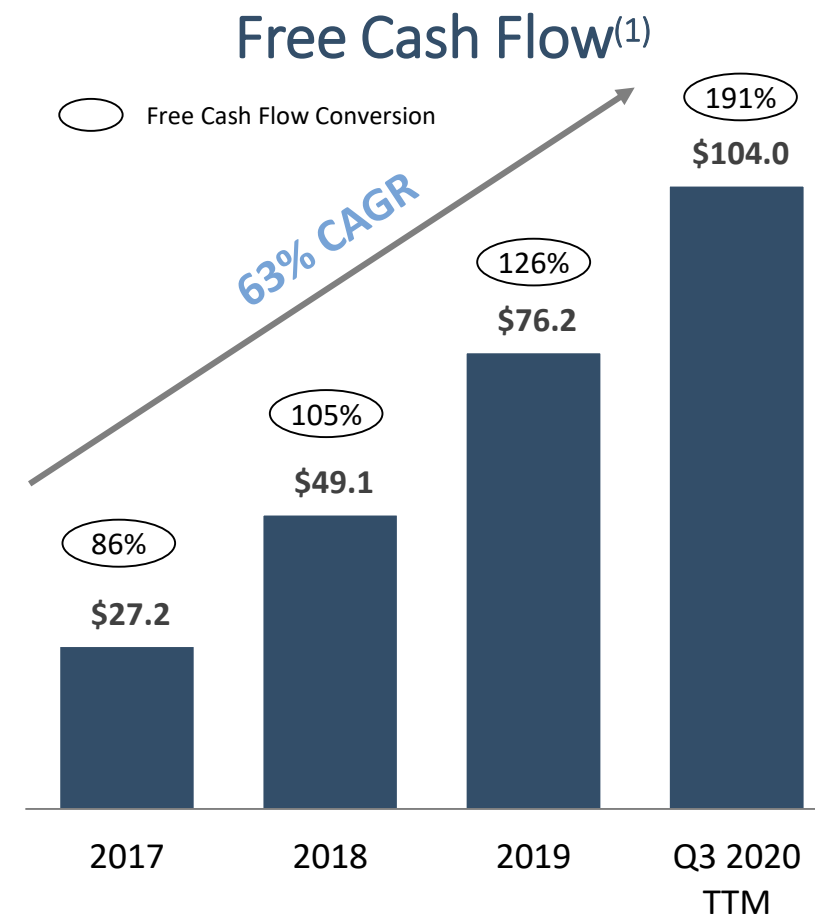
	Three Months Ended		YTD
	<u>9/26/20</u>	<u>9/28/19</u>	<u>9/26/20</u>
Net cash provided by operating activities	36.7	25.5	77.0
CapEx	(1.9)	(4.2)	(7.2)
<b>Free cash flow (FCF)</b>	<b>\$34.8</b>	<b>\$21.3</b>	<b>\$69.9</b>

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

# 3Q Capital Structure

Capitalization		
	<u>9/26/20</u>	<u>12/28/19</u>
Cash and cash equivalents	\$32.4	\$22.1
<b>Total debt</b>	<b>260.4</b>	<b>300.4</b>
<b>Total net debt</b>	<b>227.9</b>	<b>278.3</b>
Shareholders' equity	587.8	577.6
<b>Total capitalization</b>	<b>\$848.2</b>	<b>\$878.0</b>
Debt/total capitalization	30.7%	34.2%
Net debt/net total capitalization	27.9%	32.5%

Note: Components may not add to totals due to rounding

## Financial flexibility

- Generated \$37 million of cash in the quarter which was 44% more than the prior year
- Reduced total debt by \$27 million and net debt by \$23 million in Q3 2020
- Reduced net debt by over \$50 million year-to-date
- Net debt/Adjusted EBITDA of 2.0x<sup>(1)</sup> at 9/26/2020
- Total liquidity of \$266 million at quarter end
- Consistent dividend payer over the last twenty-four years

## STRONG CAPITAL STRUCTURE ENABLED BALBOA WATER GROUP ACQUISITION

(1) 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  
 Note: All data prior to Balboa acquisition

## 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

- ✓ 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



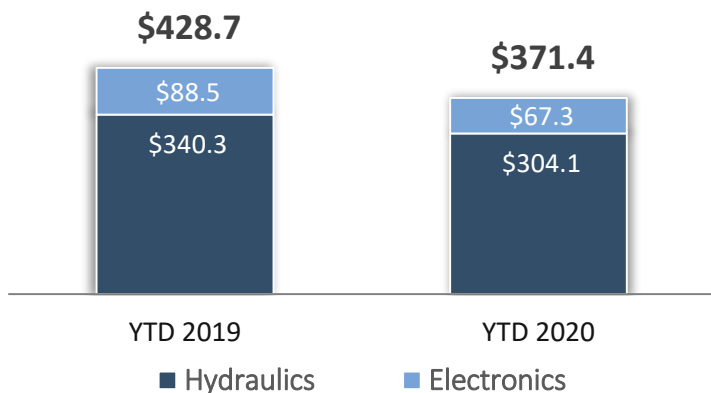
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## Supplemental Information

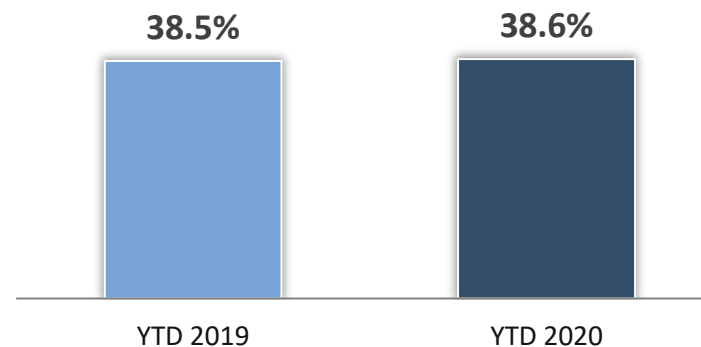
(\$ in millions, except per share data)

# YTD - Consolidated Results

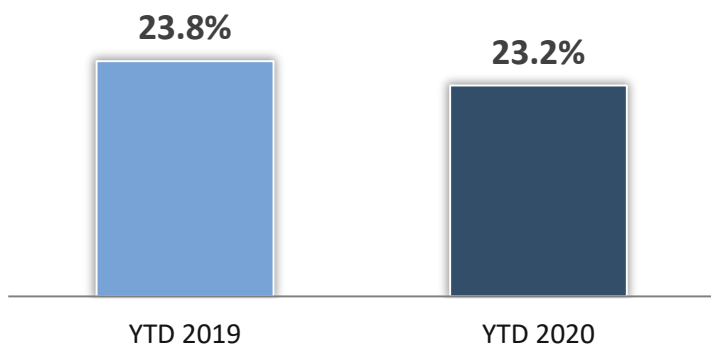
## Sales



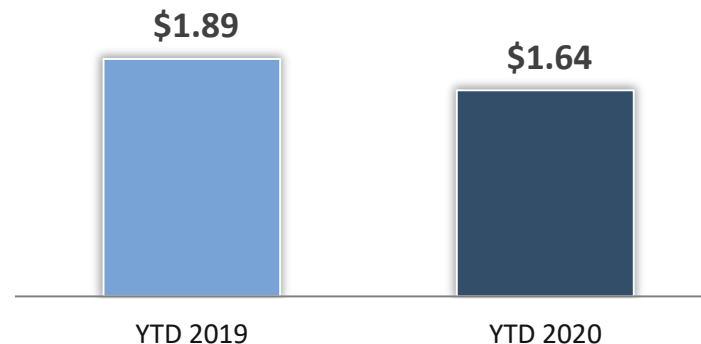
## Gross Margin



## Adjusted EBITDA Margin<sup>(1)</sup>



## Non-GAAP Cash EPS<sup>(2)</sup>



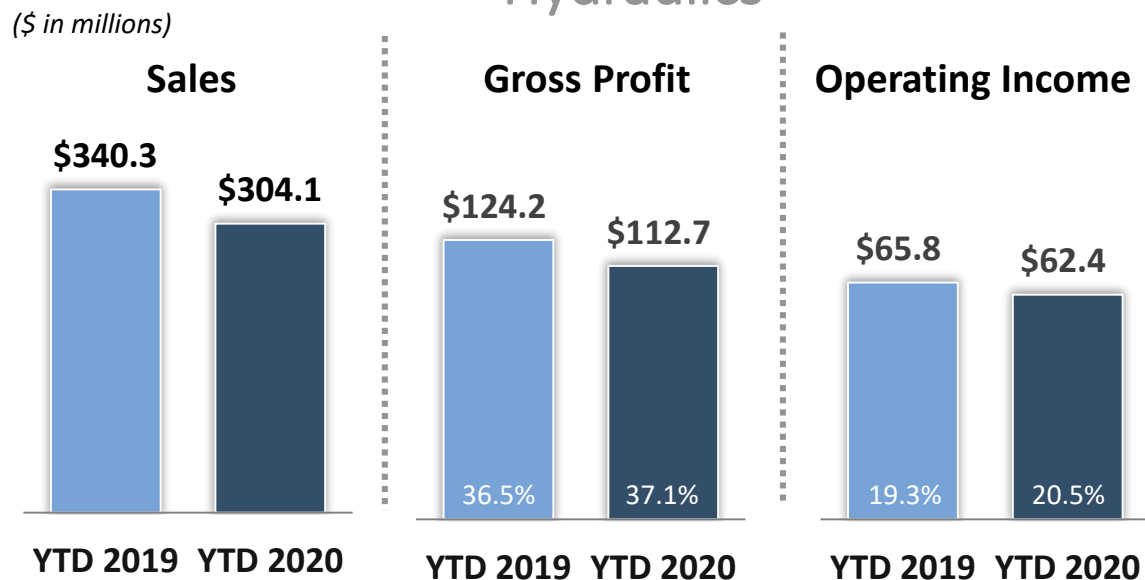
**SOLID PROFITABILITY DUE TO PRODUCTIVITY IMPROVEMENTS AND DISCIPLINED COST MANAGEMENT**

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

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

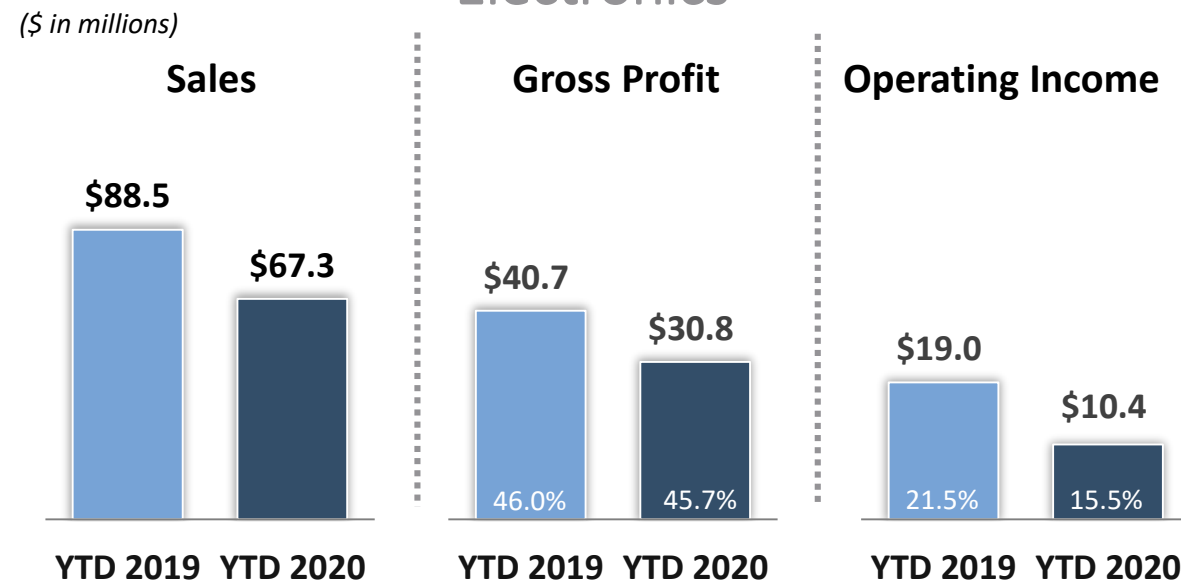
# YTD - Segment Results

## Hydraulics



- Sales volume adversely impacted by temporary factory closures and softer end market demand as a result of the COVID-19 pandemic
- Gross margin expansion of 60 bps and operating margin expansion of 120 bps
  - Consolidation-related production efficiencies
  - Rapid cost alignment with changed environment
  - Some restructuring and other expenses last year

## Electronics



- Drivers of sales volume:
  - Impact of COVID-19
  - Soft oil and gas markets
  - Intentional shift in customer base
- Gross and operating margin reduction resulting from lower sales volume, partially offset by cost management initiatives

(\$ 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
	46.8%	46.4%	45.7%	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
	19.2%	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>
	14.9%	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	% Change y/y	YTD 2020	% Change y/y
<b>Americas:</b>								
Hydraulics	\$ 37.3	(10%)	\$ 34.2	(17%)	\$ 27.7	(36%)	\$ 99.4	(21%)
Electronics	21.6	(17%)	13.4	(50%)	21.4	(11%)	56.4	(26%)
<b>Consol. Americas</b>	<b>58.9</b>	<b>(13%)</b>	<b>47.6</b>	<b>(30%)</b>	<b>49.1</b>	<b>(27%)</b>	<b>155.8</b>	<b>(23%)</b>
% of total	45%		40%		40%		42%	
<b>EMEA:</b>								
Hydraulics	33.5	(20%)	31.2	(15%)	32.1	1%	96.7	(12%)
Electronics	2.5	0%	1.9	6%	1.5	(29%)	5.9	(8%)
<b>Consol. EMEA</b>	<b>36.0</b>	<b>(19%)</b>	<b>33.1</b>	<b>(14%)</b>	<b>33.6</b>	<b>(1%)</b>	<b>102.6</b>	<b>(12%)</b>
% of total	28%		28%		27%		28%	
<b>APAC:</b>								
Hydraulics	\$ 33.0	(0%)	\$ 36.7	3%	\$ 38.4	10%	\$ 108.0	4%
Electronics	1.6	(11%)	1.9	12%	1.5	(17%)	5.0	(6%)
<b>Consol. APAC</b>	<b>34.6</b>	<b>(1%)</b>	<b>38.6</b>	<b>3%</b>	<b>39.9</b>	<b>9%</b>	<b>113.0</b>	<b>4%</b>
% of total	27%		32%		33%		30%	
<b>Total</b>	<b>\$ 129.5</b>	<b>(12%)</b>	<b>\$ 119.3</b>	<b>(17%)</b>	<b>\$ 122.6</b>	<b>(11%)</b>	<b>\$ 371.4</b>	<b>(13%)</b>

## 2019 Sales by Geographic Region and Segment

(\$ in millions)

	Q1	% Change y/y	Q2	% Change y/y	Q3	% Change y/y	YTD 2019	% Change y/y
<b>Americas:</b>								
Hydraulics	\$ 41.6	58%	\$ 41.2	4%	\$ 43.3	13%	\$ 126.1	21%
Electronics	26.1	(13%)	26.6	(5%)	24.0	(12%)	76.7	(10%)
<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>202.8</b>	<b>7%</b>
% of total	46%		47%		49%		47%	
<b>EMEA:</b>								
Hydraulics	41.8	113%	36.8	(9%)	31.9	(8%)	110.5	17%
Electronics	2.5	(7%)	1.8	(33%)	2.1	(22%)	6.4	(21%)
<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>116.9</b>	<b>14%</b>
% of total	30%		27%		25%		27%	
<b>APAC:</b>								
Hydraulics	33.1	99%	35.7	53%	34.9	12%	103.7	46%
Electronics	1.8	(5%)	1.7	(15%)	1.8	13%	5.3	(4%)
<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>109.0</b>	<b>42%</b>
% of total	24%		26%		26%		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>\$ 428.7</b>	<b>16%</b>

# Adjusted Operating Income Reconciliation

(Unaudited) (\$ in thousands)	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
<b>GAAP operating income</b>	<b>\$ 18,343</b>	<b>\$ 19,138</b>	<b>\$ 25,012</b>	<b>\$ 71,342</b>
Acquisition-related amortization of intangible assets	4,558	4,458	13,323	13,403
Acquisition and financing-related expenses	101	-	176	11
Restructuring charges	64	1,724	361	1,724
CEO and officer transition costs	622	-	2,431	-
Loss on disposal of intangible asset	-	2,713	-	2,713
Goodwill impairment	-	-	31,871	-
Other	-	127	-	127
<b>Non-GAAP adjusted operating income</b>	<b>\$ 23,688</b>	<b>\$ 28,160</b>	<b>\$ 73,174</b>	<b>\$ 89,320</b>
<i>GAAP operating margin</i>	<i>14.9%</i>	<i>13.8%</i>	<i>6.7%</i>	<i>16.6%</i>
<i>Non-GAAP Adjusted operating margin</i>	<i>19.3%</i>	<i>20.4%</i>	<i>19.7%</i>	<i>20.8%</i>

**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		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
<b>Net income</b>	<b>\$ 12,982</b>	<b>\$ 12,791</b>	<b>\$ 8,667</b>	<b>\$ 46,460</b>
Amortization of intangible assets	4,558	4,478	13,323	13,544
Acquisition and financing-related expenses	101	-	176	11
Restructuring charges	64	1,724	361	1,724
CEO and officer transition costs	622	-	2,431	-
Goodwill impairment	-	-	31,871	-
Change in fair value of contingent consideration	(13)	(72)	(47)	703
Loss on disposal of intangible asset	-	2,713	-	2,713
Other	-	127	-	127
Tax effect of above	(1,333)	(2,243)	(4,061)	(4,706)
<b>Non-GAAP cash net income</b>	<b>\$ 16,981</b>	<b>\$ 19,518</b>	<b>\$ 52,721</b>	<b>\$ 60,576</b>
<b>Non-GAAP cash net income per diluted share</b>	<b>\$ 0.53</b>	<b>\$ 0.61</b>	<b>\$ 1.64</b>	<b>\$ 1.89</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.

# Adjusted EBITDA Reconciliation

(Unaudited)

(\$ in thousands)

	Three Months Ended		Nine Months Ended		Twelve Months Ended
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019	September 26, 2020
<b>Net income</b>	<b>\$ 12,982</b>	<b>\$ 12,791</b>	<b>\$ 8,667</b>	<b>\$ 46,460</b>	<b>\$ 22,476</b>
Interest expense, net	2,730	3,790	8,572	12,223	11,736
Income tax provision	3,380	2,671	8,224	11,986	11,276
Depreciation and amortization	8,784	8,811	25,805	26,006	35,014
<b>EBITDA</b>	<b>27,876</b>	<b>28,063</b>	<b>51,268</b>	<b>96,675</b>	<b>80,502</b>
Acquisition and financing-related expenses	101	-	176	11	175
Restructuring charges	64	1,724	361	1,724	362
CEO and officer transition costs	622	-	2,431	-	2,431
Goodwill impairment	-	-	31,871	-	31,871
Loss on disposal of intangible asset	-	2,713	-	2,713	-
Other	-	127	-	127	-
Change in fair value of contingent consideration	(13)	(72)	(47)	703	(98)
<b>Adjusted EBITDA</b>	<b>\$ 28,650</b>	<b>\$ 32,555</b>	<b>\$ 86,060</b>	<b>\$ 101,953</b>	<b>\$ 115,243</b>
<i>Adjusted EBITDA margin</i>	<i>23.4%</i>	<i>23.6%</i>	<i>23.2%</i>	<i>23.8%</i>	<i>23.2%</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.*

(Unaudited)

(\$ in thousands)

	2017	2018	2019	Q3 2020 TTM
<b>Net cash provided by operating activities</b>	\$ 49,382	\$ 77,450	\$ 90,480	\$ 116,610
Contingent consideration payment in excess of acquisition date fair value	-	-	10,731	-
<b>Adjusted net cash provided by operating activities</b>	<b>49,382</b>	<b>77,450</b>	<b>101,211</b>	<b>116,610</b>
Capital expenditures	22,205	28,380	25,025	12,596
<b>Adjusted free cash flow</b>	<b>\$ 27,177</b>	<b>\$ 49,070</b>	<b>\$ 76,186</b>	<b>\$ 104,014</b>
<b>Net Income</b>	<b>31,558</b>	<b>46,730</b>	<b>60,268</b>	<b>22,476</b>
Goodwill Impairment	-	-	-	31,871
<b>Net income, less goodwill impairment</b>	<b>\$ 31,558</b>	<b>\$ 46,730</b>	<b>\$ 60,268</b>	<b>\$ 54,347</b>
<b>Free cash flow conversion</b>	<b>86%</b>	<b>105%</b>	<b>126%</b>	<b>191%</b>

**Non-GAAP Financial Measure:**

Adjusted net cash provided by operating activities is net cash provided by operating activities less contingent consideration payment in excess of acquisition date fair value. Free cash flow is net cash provided by operating activities less capital expenditures. Adjusted free cash flow is adjusted net cash provided by operating activities less capital expenditures. Each of these measures has not been determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Helios believes that providing this non-GAAP information 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 our liquidity. Because these are non-GAAP measures, they are susceptible to varying calculations, and 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>\$ 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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Third Quarter 2020 Earnings  
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