HELIOS TECHNOLOGIES

formerly known as Sun Hydraulics

Second Quarter 2018 Earnings

August 7, 2018

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 7. "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in the Company's Form 10-Q for the quarter ended June 30, 2018, and Item 1. "Business" and Item 1A. "Risk Factors" in the Company's Form 10-K for the year ended December 30, 2017. 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 will discuss some non-GAAP financial measures, which the Company believes are useful in evaluating our performance. You should not consider the inclusion 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 end of this presentation.

Second Quarter 2018 Highlights

- Sales grew by $46.9 million, or 52%, over prior year to $136.2 million
  - Faster business contributed $38.7 million, 25% growth over LY pro forma
  - Organic business sales grew 9%
  - Hydraulics segment grew 13% pro forma; Electronics segment grew 14%
- Two major projects to improve throughput and capacity
  - Relocation of Korean plant, ahead of schedule
  - Optimizing Sarasota manufacturing footprint
- Net income of $6.8 million; non-GAAP net income of $13.7 million
- Adjusted EBITDA of $34.9 million, 25.6% of sales, impacted by supply chain constraints
- April 2018 – Closed on acquisition of Faster Group for ~$533 million, amended credit facility
- August 2018 – Closed on acquisition of Custom Fluidpower for ~$26 million, funded with cash/equity

Custom Fluidpower, Positioned to Access APAC Market

Australia's Largest Independent Fluid Power Solutions Distributor

- **Custom Fluidpower (CFP) is Australia's largest independently-owned fluid power distributor and custom-design solutions provider** with a strong customer focus and emphasis on delivering value-add services
- **Headquarters**: Newcastle, Australia
- **Global Footprint**: 8 branches across Australia
- **Financials:** FY2018 $46 millions revenue; 9.7% EBITDA[(1)(2)]
- **Employees**: ~160

Serving a Broad Set of Industrial End Markets


Mining


Exploration


Energy / Oil & Gas


Marine


Materials Handling


Agriculture


Construction


Aerospace

Offering a Complete Range of Value-Add Services…

<u>Select Services</u>

- Hydraulic manifold design and manufacturing
- Total circuit design and supply
- IoT and automation packages
- Power unit / system manufacturing and installation
- Turn key projects, site installation, commissioning and training
- Asset management, on-site component life and performance monitoring

…to Deliver Customized Engineered Solutions

<u>Case Study: Custom Brake Power Unit</u>

- Custom design for client application, utilizing Sun Hydraulics manifolds and valves
- Leveraged CFP's unique braking technology to deliver consistent braking pressure performance over lifetime of unit
- New design increased braking responsiveness to 0.2 seconds

CUSTOM SAFE BRAKES INTELLIGENT BRAKING.

Note: (1) CFP fiscal year ended June 30, 2018 (2) CFP financials converted at an exchange rate of $1.3511 AUD / 1.000 USD

Strategic Rationale for Custom Fluidpower Acquisition

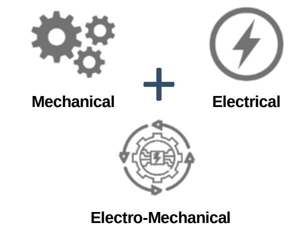
Strategic Rationale

Aligns with Long Term Strategic Vision

- Complements global technology leadership with “in the region capabilities”
- Key building block to continue successful penetration in APAC region and particularly SEA (Southeast Asia)
- Contributes toward revenue goal of $1 billion by 2025

Strengthens Helios’ APAC Platform

- Differentiated in-house engineering and design capability
- Deepens electro-mechanical technical expertise
- Strong service component delivers additional value to customers



Teeing Up Future Success in Region

- Significantly enhances footprint to serve high growth APAC market
- Regional value-add capabilities support pursuit of APAC white space
- Complements other regional investments (e.g. new plant in South Korea)
- Strengthens regional connectivity with OEMs and end users

Custom Fluidpower Transaction Summary

Transaction Description	▪ Acquisition of 100% of Custom Fluidpower, which will be reported as part of Helios' Hydraulics segment ▪ Leading Australian fluid power distributor and custom-design solutions provider - Asset light distribution / services / solutions model ▪ Creates a stronger and globally diversified industrial technology platform ▪ Transaction signed and closed August 1, 2018
Consideration	▪ Enterprise value of $26 million (1) ▪ 5.6x EV / EBITDA 2018E (2) ▪ Funded with ~36% cash ($9.3 million) / ~64% equity (333,065 shares)
Synergies	▪ Additional revenue upside in APAC ▪ Expected EBITDA margin of >15% and $2 million of EBITDA synergies (~8% of EV) by 2022
Financial Impact	▪ Expected to be EPS accretive in year one ▪ Transaction ROIC exceeds cost of capital in year one ▪ Helios Tecnologies maintains a strong balance sheet with net debt / LTM EBITDA of 2.6x (2) ▪ Optimal capital allocation / prudent capital structure

Note: (1) CFP financials converted at an exchange rate of $1.3511 AUD / 1.000 USD (2) CFP fiscal year ended June 30, 2018

HELIOS TECHNOLOGIES

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Financial Overview

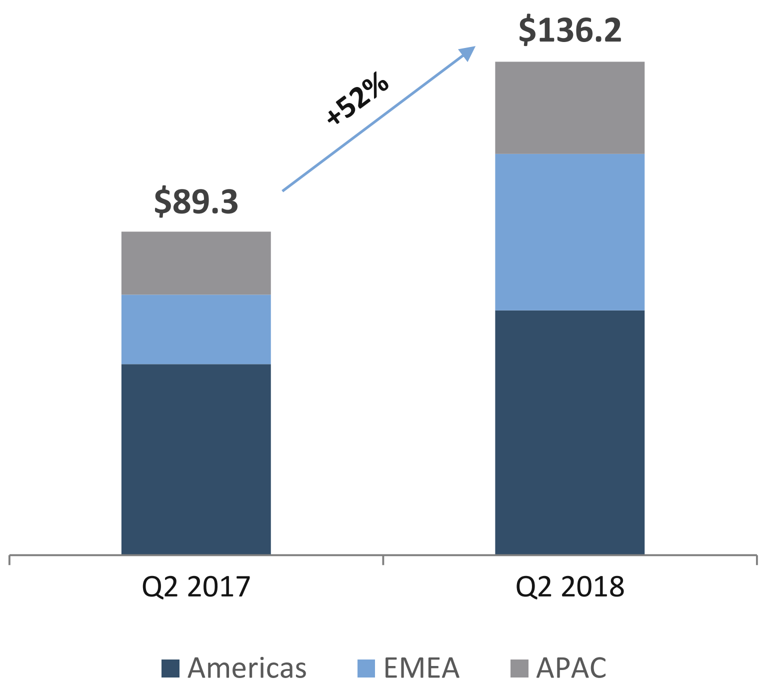
Tricia L. Fulton

Chief Financial Officer

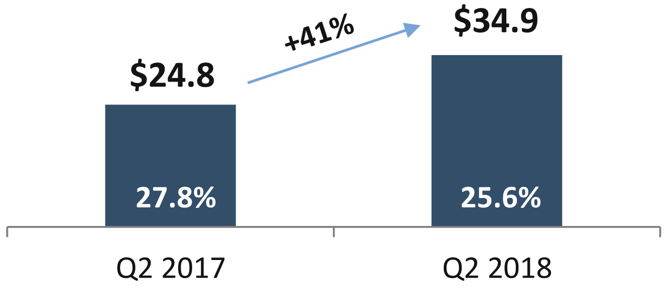
Q2 – Consolidated Results

($ in millions, except Adjusted EPS)

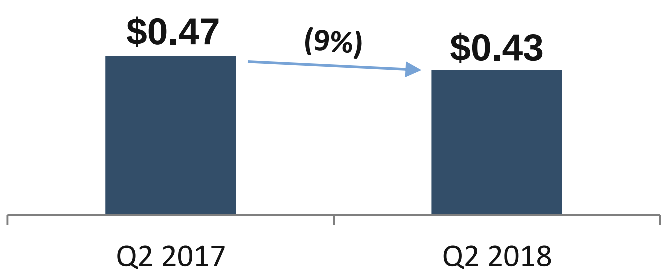
Sales



Adjusted EBITDA & Margin(1)



Adjusted EPS(2)

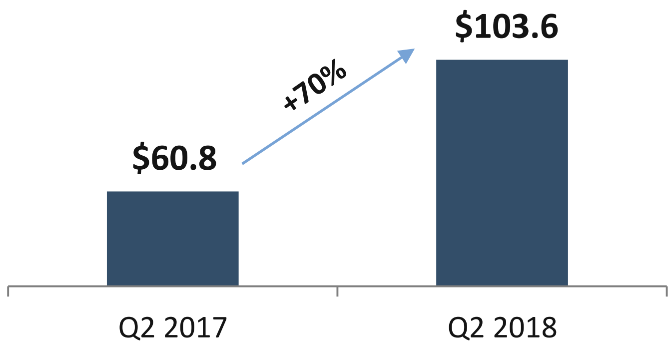


(1) See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Helios' use of Adjusted EBITDA
(2) See supplemental slide for Adjusted Net Income reconciliation and other important disclaimers regarding Helios' use of Adjusted Net Income

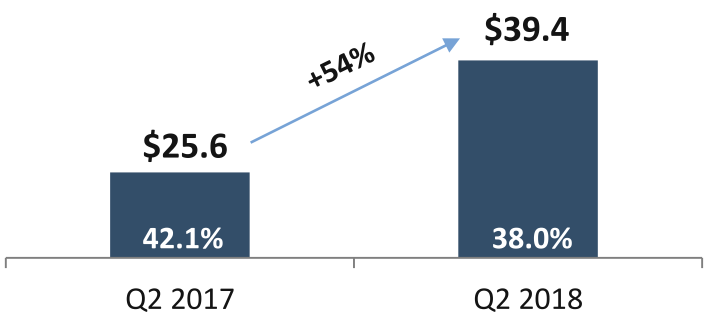
Q2 – Hydraulics Segment

($ in millions)

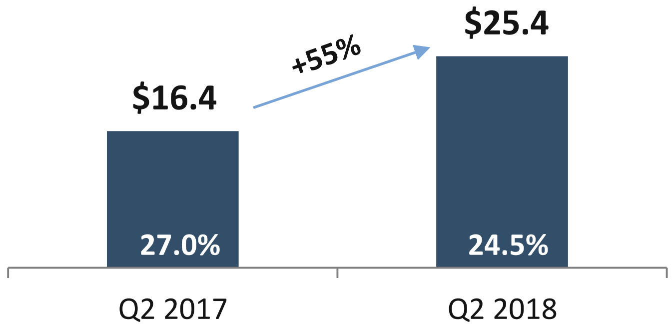
Sales



Gross Profit & Margin



Operating Income & Margin



Increased demand in all geographic and end markets

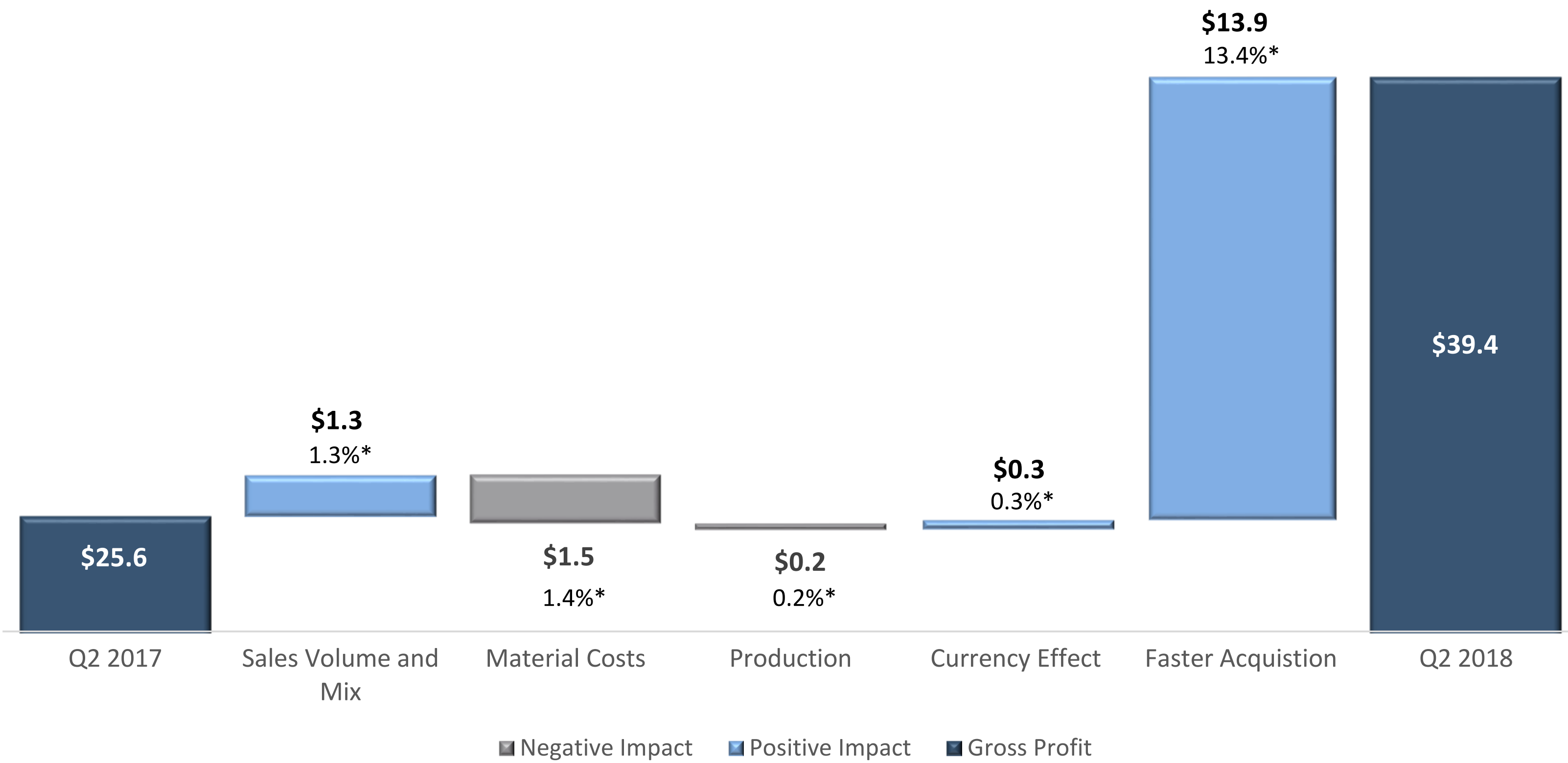
- Americas, EMEA and APAC up 41%, 144% and 46%, respectively

Gross margin and operating margin pressure

- Operating and gross margins were lower than last year but showed sequential improvement over the first quarter of 2018
- Higher SEA and R&D expenses in the 2018 quarter include $5.3 million for the Faster business, partially offset by reduced Sun costs

Hydraulics – Q2 Gross Profit Bridge

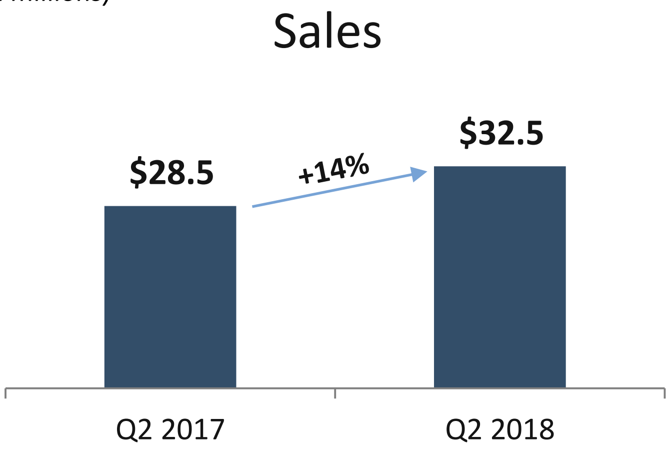
($ in millions)

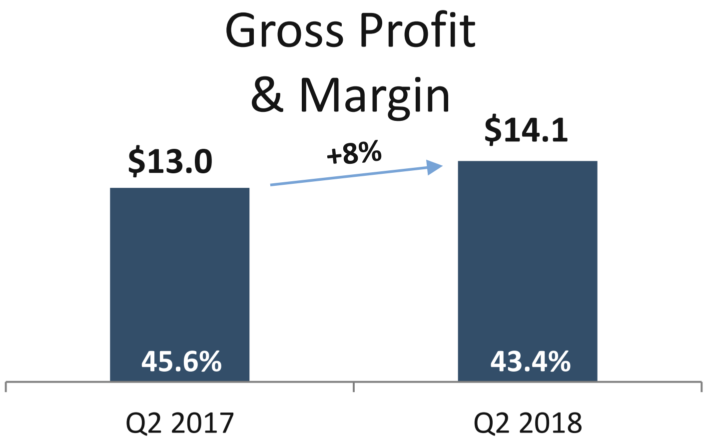


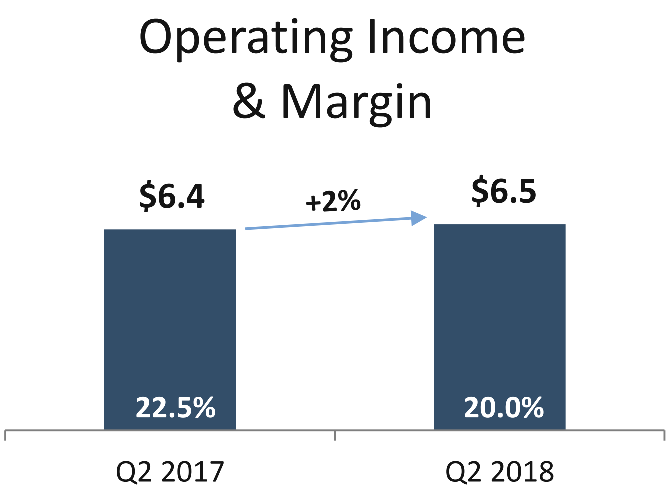
** Reflects % of Q2 2018 Hydraulics sales*

Q2 – Electronics Segment

($ in millions)







Increased demand in power controls and recreational vehicle end markets

Proactive sales initiatives

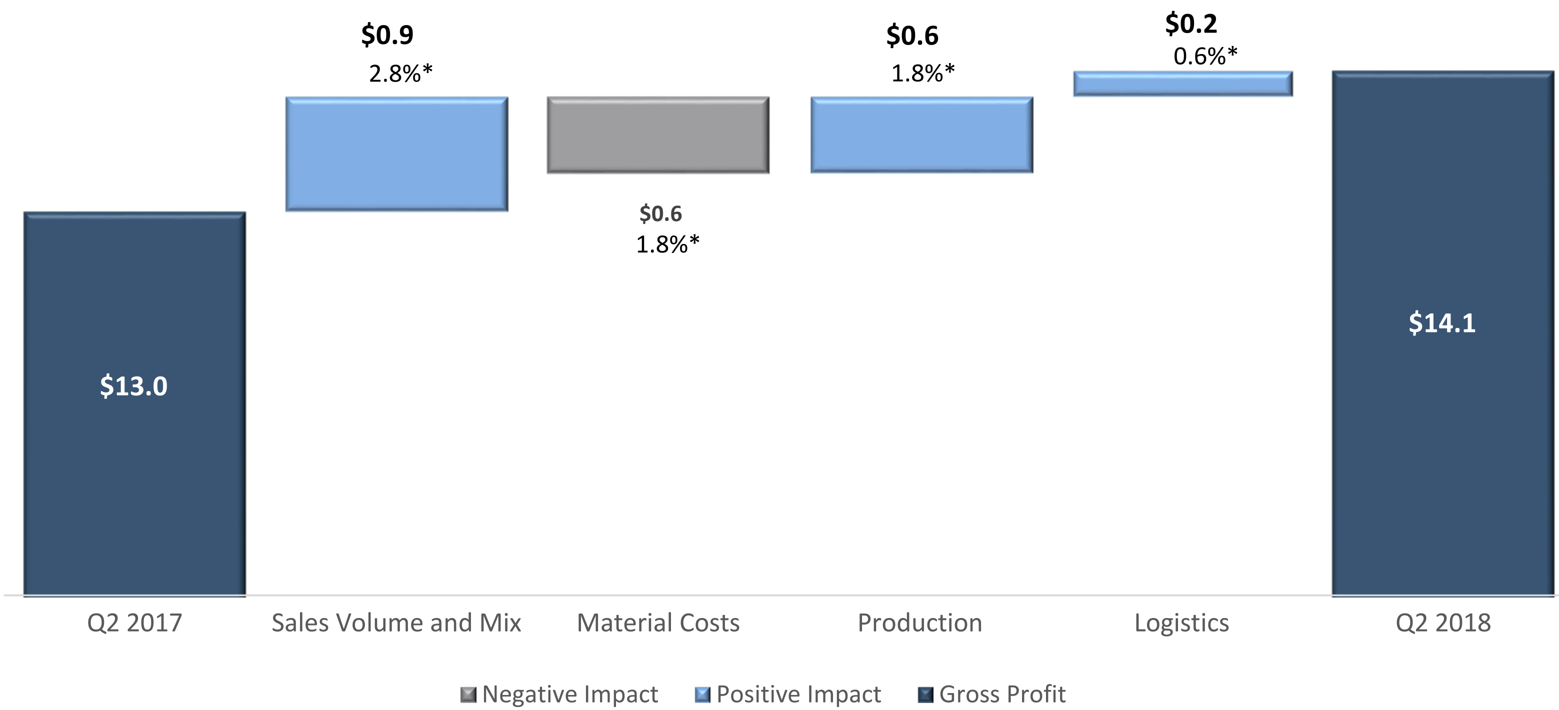
Increased demand for new products

Gross margin and operating margin pressure

- Higher material costs and freight, partially offset by enhanced productivity
- Increased investments in sales initiatives and R&D, admin infrastructure; HCT cost savings offset

Electronics – Q2 Gross Profit Bridge

($ in millions)

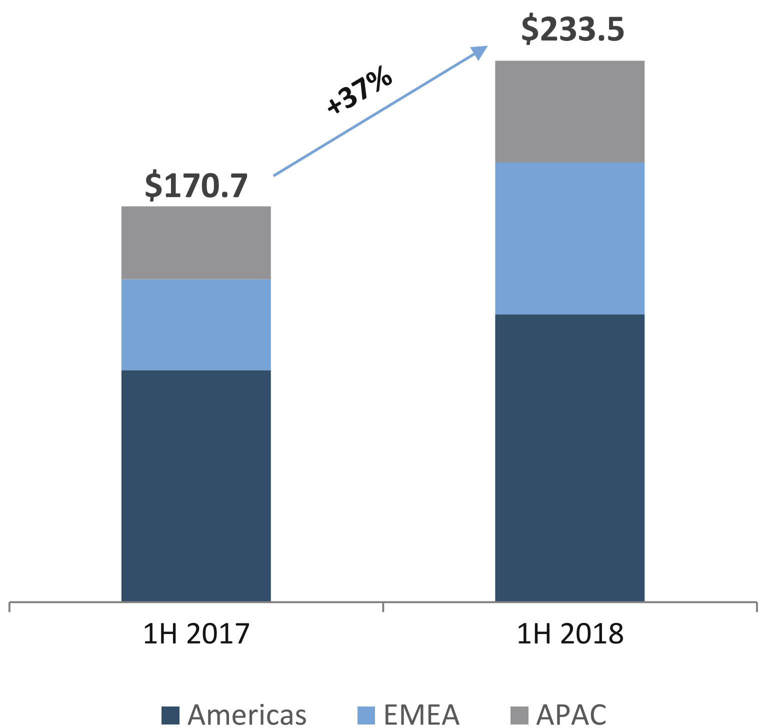


** Reflects % of Q2 2018 Electronics sales*

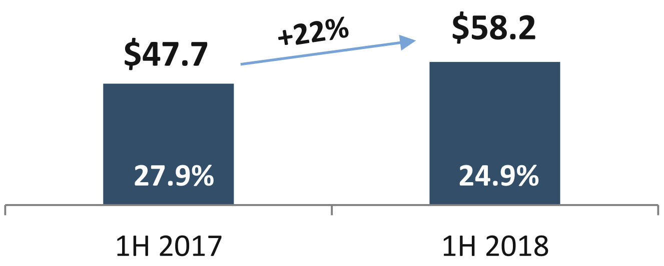
1H – Consolidated Results

($ in millions, except Adjusted EPS)

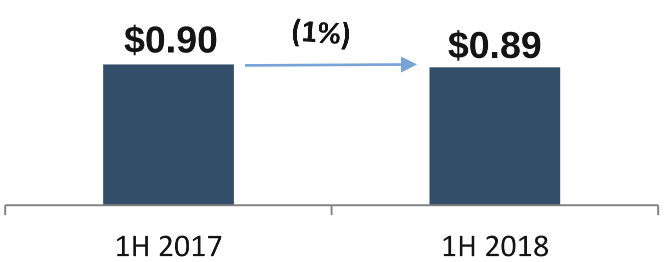
Sales



Adjusted EBITDA & Margin(1)



Adjusted EPS(2)



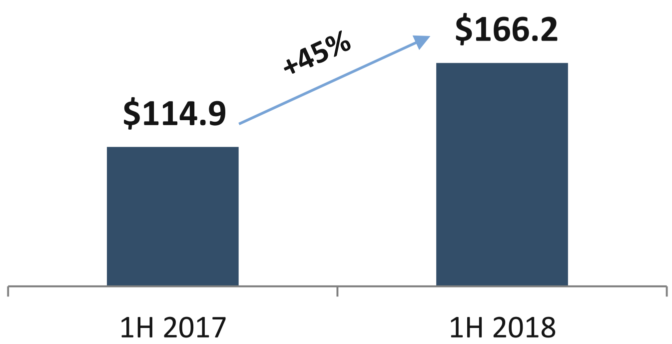
(1) See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Helios' use of Adjusted EBITDA

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

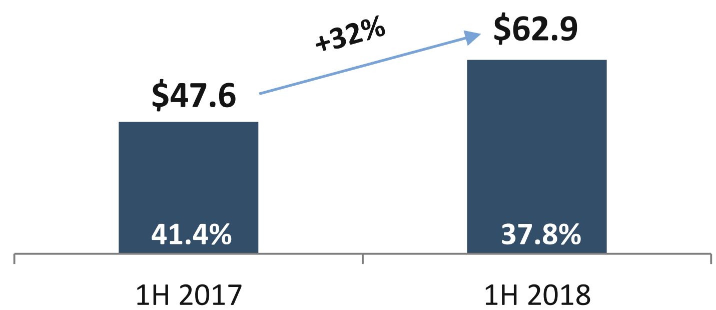
1H – Hydraulics Segment

($ in millions)

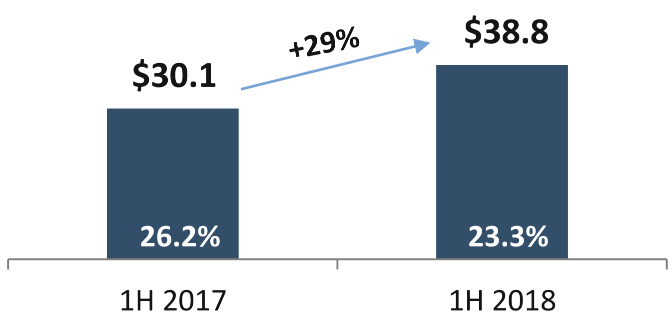
Sales



Gross Profit & Margin



Operating Income & Margin



Increased demand in all geographic and end markets

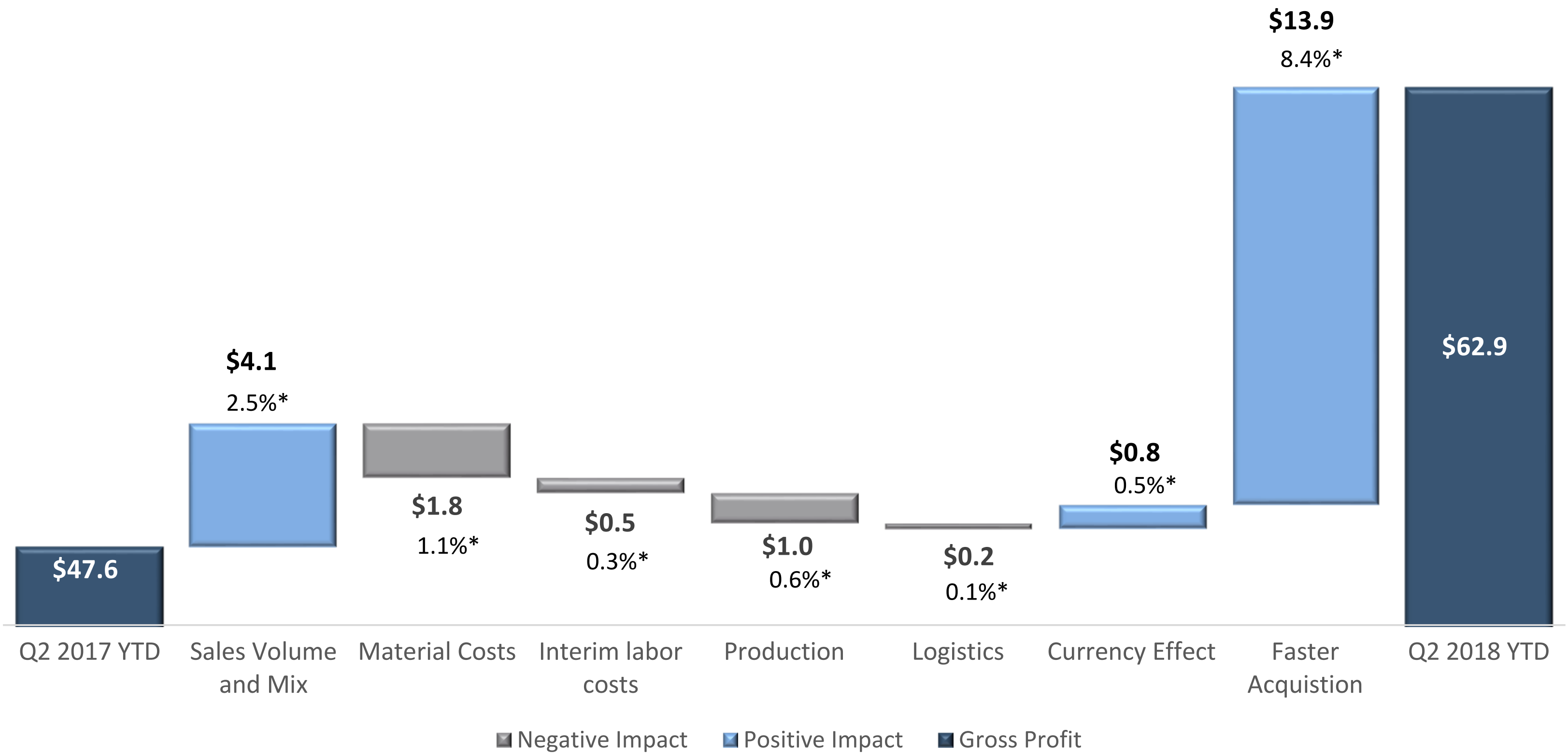
- Americas, EMEA and APAC up 25%, 78% and 41%, respectively

Gross margin and operating margin pressure

- Operating and gross margins were lower than last year; showed sequential improvement during 2018
- Higher SEA and R&D expenses in the 2018 1H include $5.3 million for the Faster business and investments for Sun growth & infrastructure

Hydraulics – 1H Gross Profit Bridge

($ in millions)

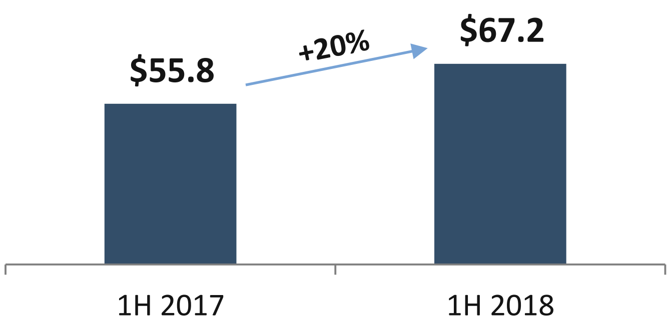


** Reflects % of 1H 2018 Hydraulics sales*

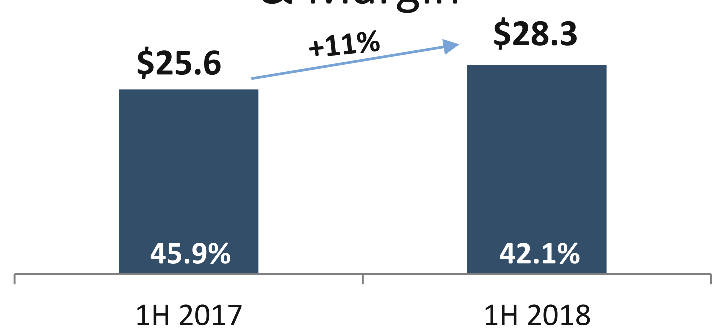
1H – Electronics Segment

($ in millions)

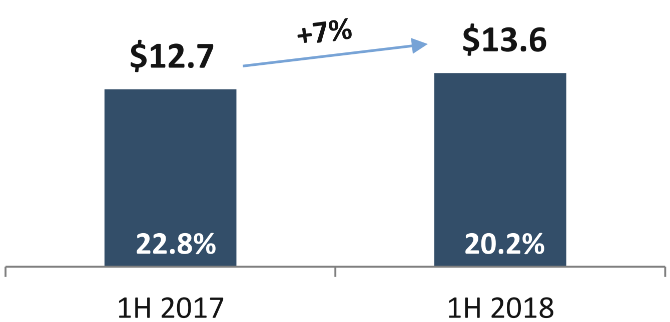
Sales



Gross Profit & Margin



Operating Income & Margin



Increased demand in power controls and recreational vehicle end markets

Proactive sales initiatives

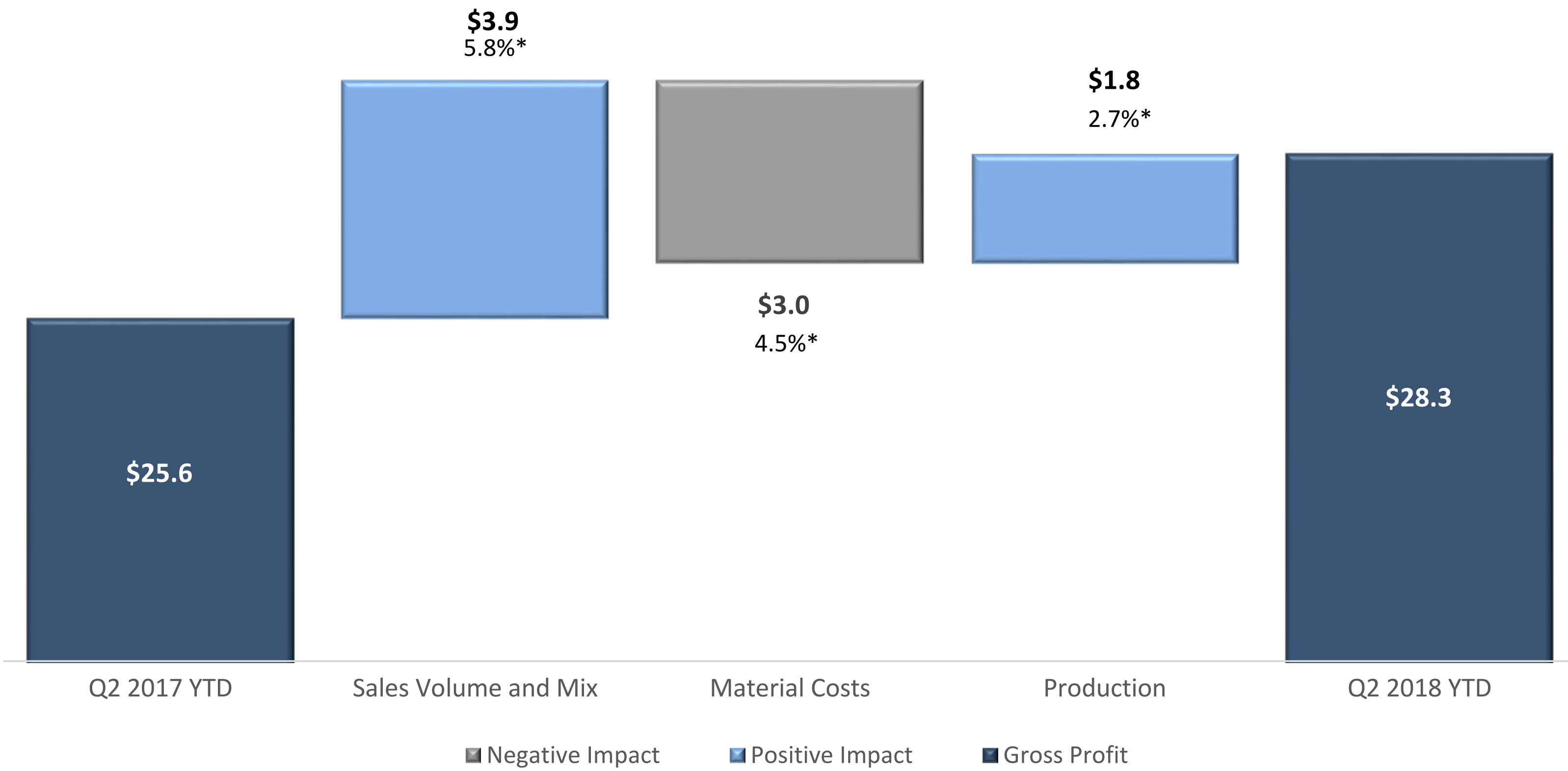
Increased demand for new products

Gross margin and operating margin pressure

- Higher material costs, freight and scrap, partially offset by enhanced productivity; showed sequential improvement in 2018
- Increased investments in sales initiatives and R&D, HCT cost savings offset

Electronics – 1H Gross Profit Bridge

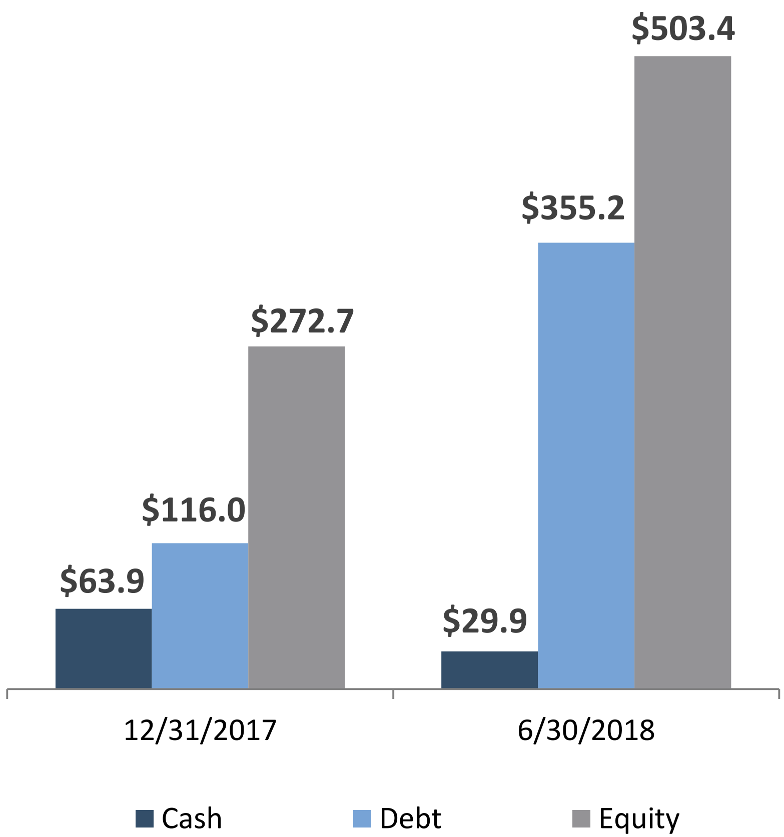
($ in millions)



** Reflects % of 1H 2018 Electronics sales*

Capitalization Review

($ in millions)



<u>1H 2018</u>

Cash provided by operating activities increased 43% to $31.1 million

- Increase driven by strong Q2 cash flows, primarily due to higher net income & improved working capital utilization, especially inventory

Q2 - Closed on Faster Group acquisition for ~$533 million

- Financed with $175 million cash, $100 million term loan, and $258 million of revolver

August 2018 - Closed on Custom Fluidpower acquisition for ~$26 million; $9.3 million cash, $17 million equity

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formerly known as Sun Hydraulics

Outlook

Wolfgang H. Dangel

President and Chief Executive Officer

2018 Outlook – Growth Continues

- Leading indicators signal ongoing growth in 2018
  - US Industrial Production – continues to grow at accelerating pace
  - US economy – macro economy continues to grow; pace of growth expected to slow in late 2018
  - All major global economies in accelerating or slowing growth phase except Mexico; rate of growth expected to slow by the end of 2018
- US Construction – 2018 expansion expected in most of sector, especially warehouse and office building construction
- US Manufacturing – 2018 growth ongoing across majority of sector; 2019 expecting mild contraction, growth to resume in 2020
- US Electronics business indicators suggest continued growth through 2018

Sources: ITR Economics™ TrendsReport™ July 2018 and Institute of Printed Circuits Association

2018 Helios Outlook

HELIOS TECHNOLOGIES

<u>Organic</u>

- Strong demand and backlog driving 2H expectations
- COGS pressures continue in Q3, but improving
- 7/1/18 price increase by Sun Hydraulics business
- Incremental margin on revenue growth will be partially reinvested in future organic growth
- Enovation Controls is seasonally lower in Q4 due to OEM production schedules

<u>Acquisition</u>

- Faster experienced Q2 2018 revenue growth of 25% to ~$39 million
  - Historically Q1 and Q2 stronger, with seasonally softer Q3 and Q4
- Custom Fluidpower will be reported in Hydraulics segment

2018 Guidance*

	Previous 2018 Guidance	**Updated 2018 Guidance**
Consolidated revenue	$490 - $505 million	**$510 - $525 million**
Hydraulics segment revenue	$368 - $378 million	**$388 - $398 million**
Electronics segment revenue	$122 - $127 million	**$122 - $127 million**
Consolidated operating margin [(1)]	22.7% - 24.0%[(1)]	**21.7% - 23.0%[(1)]**
Consolidated interest expense	$10.5 - $12.0 million	**$13.5 - $14.5 million**
Effective tax rate	24.5% - 26.5%	**24.5% - 26.5%**
Capital expenditures	$20 - $25 million	**$25 - $30 million**
Depreciation	$14.5 - $15.5 million	**$16.5 - $17.5 million**
Amortization	$20 - $21 million	**$22.5 - $23.5 million**

[(1)] *Operating margin is non-GAAP, before acquisition-related amortization of intangibles and one-time costs*

** Guidance as of August 6, 2018*

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Second Quarter 2018 Earnings

August 7, 2018

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Supplemental Information

Segment Data

($ in thousands)

	Three Months Ended June 30, 2018	Three Months Ended July 1, 2017	Six Months Ended June 30, 2018	Six Months Ended July 1, 2017
Sales:				
Hydraulics	$ 103,634	$ 60,818	$ 166,243	$ 114,940
Electronics	32,534	28,517	67,243	55,748
Consolidated	$ 136,168	$ 89,335	$ 233,486	$ 170,688
Gross profit and margin:				
Hydraulics	$ 39,422	$ 25,576	$ 62,870	$ 47,599
	38.0%	*42.1%*	*37.8%*	*41.4%*
Electronics	14,107	13,007	28,276	25,552
	43.4%	*45.6%*	*42.1%*	*45.8%*
Corporate and other	(3,125)	-	(3,125)	(1,774)
Consolidated	$ 50,404	$ 38,583	$ 88,021	$ 71,377
	37.0%	*43.2%*	*37.7%*	*41.8%*
Operating income and margin:				
Hydraulics	$ 25,401	$ 16,359	$ 38,844	$ 30,131
	24.5%	*27.0%*	*23.3%*	*26.2%*
Electronics	6,532	6,419	13,639	12,655
	20.0%	*22.5%*	*20.2%*	*22.8%*
Corporate and other	(14,930)	(2,077)	(18,226)	(6,301)
Consolidated	$ 17,003	$ 20,701	$ 34,257	$ 36,485
	12.5%	*23.2%*	*14.7%*	*21.4%*

Sales by Geographic Region & Segment

(Unaudited)
($ in millions)

	Q1	% of Total	Q2	% of Total	2018	% of Total
Americas:						
Hydraulics	$ 26.4		$ 39.7		$ 66.1	
Electronics	30.1		27.9		58.0	
Consol. Americas	56.5	58%	67.6	50%	124.1	53%
EMEA:						
Hydraulics	19.6		40.5		60.1	
Electronics	2.7		2.7		5.4	
Consol. EMEA	22.3	23%	43.2	32%	65.5	28%
APAC:						
Hydraulics	16.6		23.4		40.0	
Electronics	1.9		2.0		3.9	
Consol. APAC	18.5	19%	25.4	18%	43.9	19%
Total	$ 97.3		$ 136.2		$ 233.5	

2017 Sales by Geographic Region and Segment

	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	

Adjusted Operating Income Reconciliation

(Unaudited)

($ in thousands)

	Three Months Ended		Year Ended	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
GAAP operating income	**$ 17,003**	**$ 20,701**	**$ 34,257**	**$ 36,485**
Acquisition-related amortization of intangible assets	8,015	2,039	10,004	4,348
Acquisition-related amortization of inventory step-up	3,125	-	3,125	1,774
Acquisition and financing-related expenses	3,731	-	4,927	200
Restructuring charges	59	-	170	-
Non-GAAP adjusted operating income	**$ 31,933**	**$ 22,740**	**$ 52,483**	**$ 42,807**
GAAP operating margin	*12.5%*	*23.2%*	*14.7%*	*21.4%*
Non-GAAP Adjusted operating margin	*23.5%*	*25.5%*	*22.5%*	*25.1%*

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' 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 EBITDA Reconciliation

(Unaudited)
($ in thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Net income	**$ 6,796**	**$ 7,284**	**$ 18,707**	**$ 17,495**
Interest expense (income), net	4,151	964	4,634	1,589
Income tax provision	2,424	3,620	6,407	8,548
Depreciation and amortization	12,347	4,764	17,076	9,855
EBITDA	**25,718**	**16,632**	**46,824**	**37,487**
Acquisition-related amortization of inventory step-up	3,125	-	3,125	1,774
Acquisition and financing-related expenses	3,731	-	4,927	200
Restructuring charges	59	-	170	-
Foreign currency forward contract loss	2,030	-	2,535	-
Change in fair value of contingent consideration	251	8,191	653	8,191
Adjusted EBITDA	**$ 34,914**	**$ 24,823**	**$ 58,234**	**$ 47,652**
Adjusted EBITDA margin	*25.6%*	*27.8%*	*24.9%*	*27.9%*

Non-GAAP Financial Measure:

Adjusted EBITDA margin is Adjusted EBITDA divided by sales. Adjusted EBITDA and Adjusted EBITDA margin are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Helios believes that providing non-GAAP information such as Adjusted EBITDA and Adjusted EBITDA margin are important for investors and other readers of Helios' 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.

Adjusted Net Income Reconciliation

(Unaudited)
($ in thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Net income	**$ 6,796**	**$ 7,284**	**$ 18,707**	**$ 17,495**
Acquisition-related amortization of inventory step-up	3,125	-	3,125	1,774
Acquisition and financing-related expenses	3,731	-	4,927	200
Restructuring charges	59	-	170	-
Foreign currency forward contract loss	2,030	-	2,535	-
Change in fair value of contingent consideration	251	8,191	653	8,191
Tax effect of above	(2,299)	(2,703)	(2,853)	(3,354)
Adjusted net income	**$ 13,693**	**$ 12,772**	**$ 27,264**	**$ 24,306**
Adjusted net income per diluted share	**$ 0.43**	**$ 0.47**	**$ 0.89**	**$ 0.90**

Non-GAAP Financial Measure:

Adjusted net income per diluted share is adjusted net income divided by diluted weighted average common shares outstanding. Adjusted net income and adjusted 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 and adjusted 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 and adjusted net income per diluted share are non-GAAP measures and are thus susceptible to varying calculations, adjusted net income and adjusted net income per diluted share, as presented, may not be directly comparable to other similarly titled measures used by other companies.