



**HELIOS<sup>®</sup>**  
TECHNOLOGIES

# William Blair Virtual NDR September 1, 2020

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*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 Company’s financing plans; (iii) trends affecting the Company’s financial condition or results of operations; (iv) the Company’s ability to continue to control costs and to meet its liquidity and other financing needs; (v) the declaration and payment of dividends; and (vi) 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) 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 (iii) 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.*



## Hydraulics

Leading designer and manufacturer of high-performance screw-in hydraulic cartridge valves, electro-hydraulics, manifolds, integrated package solutions, and quick-release hydraulic coupling solutions

## Electronics

Global provider of innovative electronic control, display and instrumentation solutions for recreational and off-highway vehicles, industrial stationary and mobile power equipment

**Founded: 1970**

**IPO: 1997**

**Nasdaq: HLIO**

Market Capitalization	\$1,316 million	Common Shares Outstanding	32.1 million
Recent Price	\$40.91	Regular Annualized Dividend / Yield	\$0.36 / 0.9%
52 Week Range	\$29.03 - \$49.49	Institutional Ownership	90%
Average trading Volume (Trailing three months)	120k	Insider Ownership	1%

Source: Capital IQ as of August 27, 2020; Ownership as of latest filings

# Megatrends Impacting Our Global Markets

Globalization

Sophistication of Safe  
Machinery & Equipment

Computing Power

**Global Needs Will Drive These Trends**

Population  
Growth



Urbanization &  
Environment



Productivity &  
Efficiencies



Automation



Electrification &  
Digitalization



Energy Saving



**COMPREHEND THE THREATS & OPPORTUNITIES: ADJUST AND ALIGN**

**ACHIEVE GLOBAL** technology leadership **IN THE**  
**INDUSTRIAL GOODS SECTOR** by 2025 **WITH CRITICAL MASS**  
**EXCEEDING** \$1B in sales

**WHILE MAINTAINING** superior profitability & financial strength.

**DESIGNER AND MANUFACTURER OF INTELLIGENT SYSTEMS & CONTROLS**

## Strategic Roadmap

Business Goals:

**\$1B**  
REVENUE

**>20%**  
ADJUSTED OPERATING MARGIN

**>24%**  
ADJUSTED EBITDA MARGIN

Strategies:

Differentiation

Leadership

Customer Centricity

Tactics:

Human Capital  
Development

Ease of Doing Business

Innovation & Product  
Differentiation

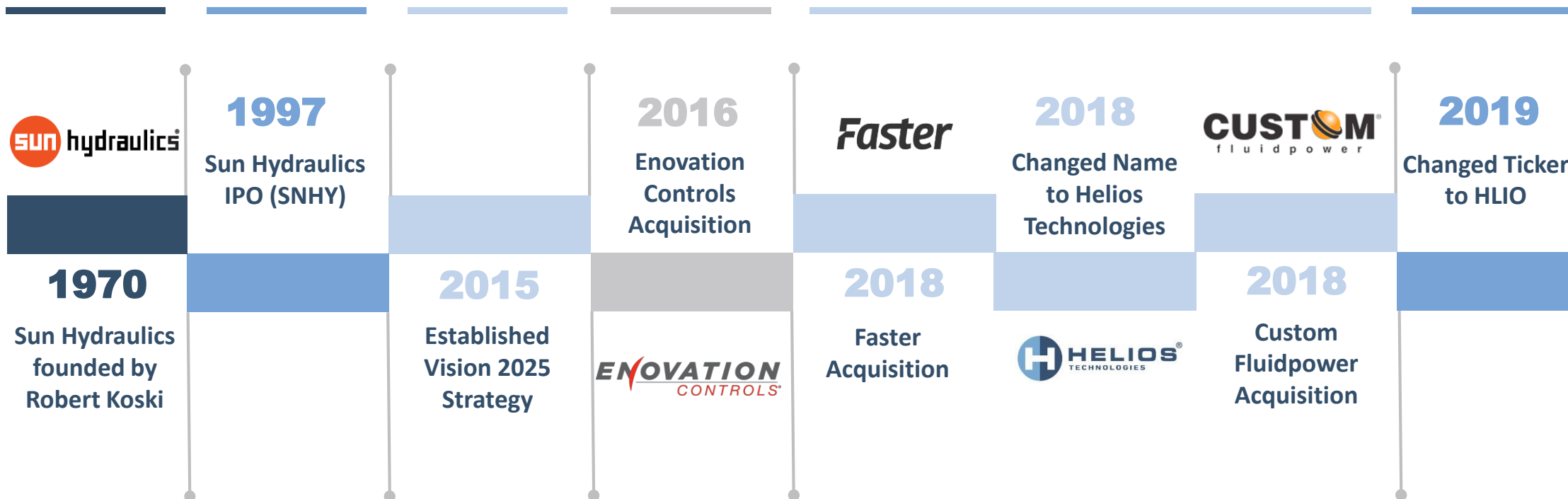
Simultaneous Engineering

Global Balance

High Performing & Learning  
Organization

Unique & Deeply  
Rooted Values

## Key Milestones



**HELIOS TECHNOLOGIES' EVOLUTION TO GLOBAL TECHNOLOGY LEADERSHIP**

# Smart Solutions For Demanding Applications

## Hydraulics (~80%)

## Electronics (~20%)

2019 Revenue

\$443MM

\$112MM

2019 Adjusted  
EBITDA Margin<sup>(1)</sup>

23.6% Margin

Brands



Niche Technologies



Sun designs and manufactures screw-in hydraulic cartridge valves, manifolds, and integrated fluid power packages and subsystem, while Faster is focused on quick-release hydraulic coupling solutions.



Designs and manufactures sophisticated digital control solutions

Diversified  
End Markets

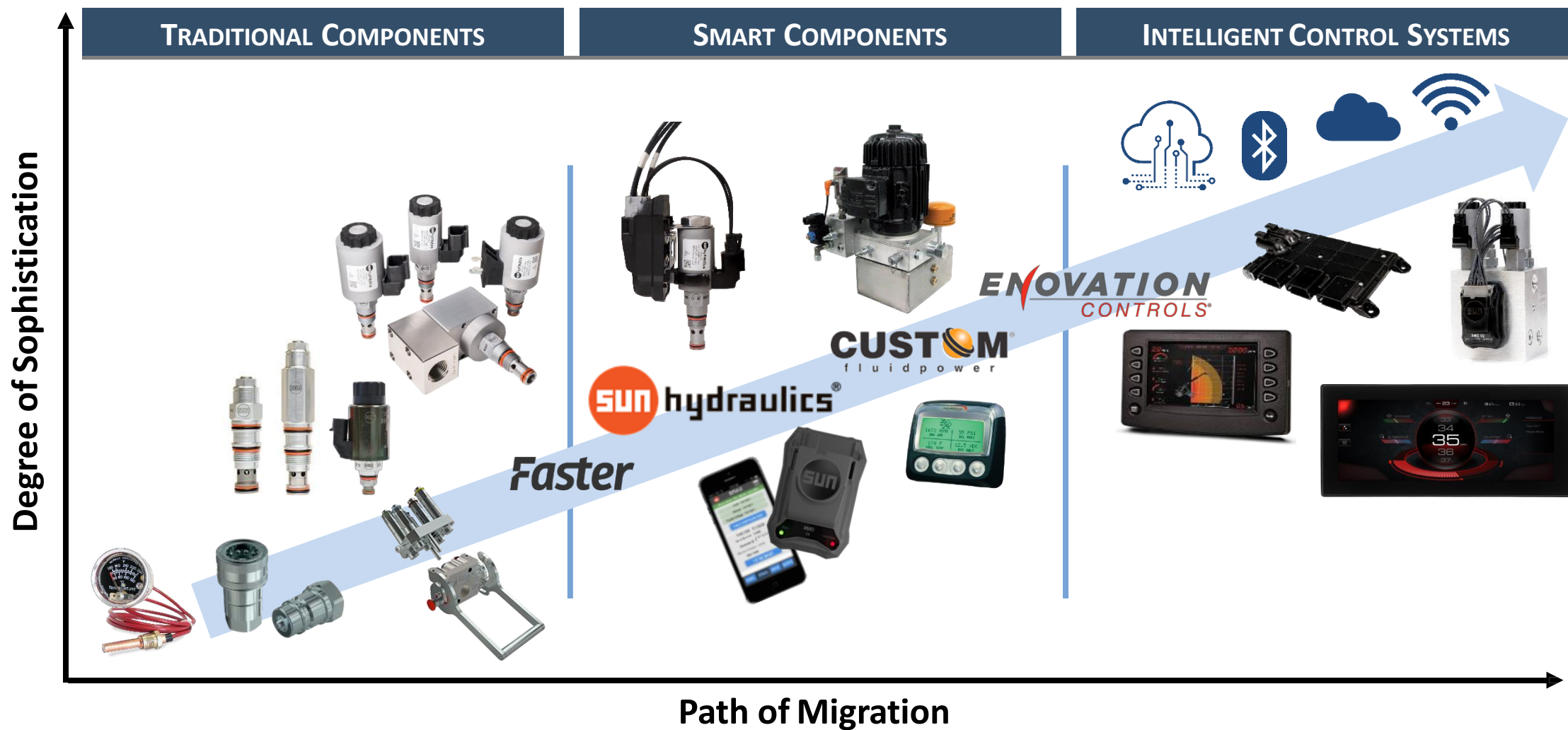
Mobile, Industrial & Agriculture Applications

Mobile, Industrial & Recreational Applications

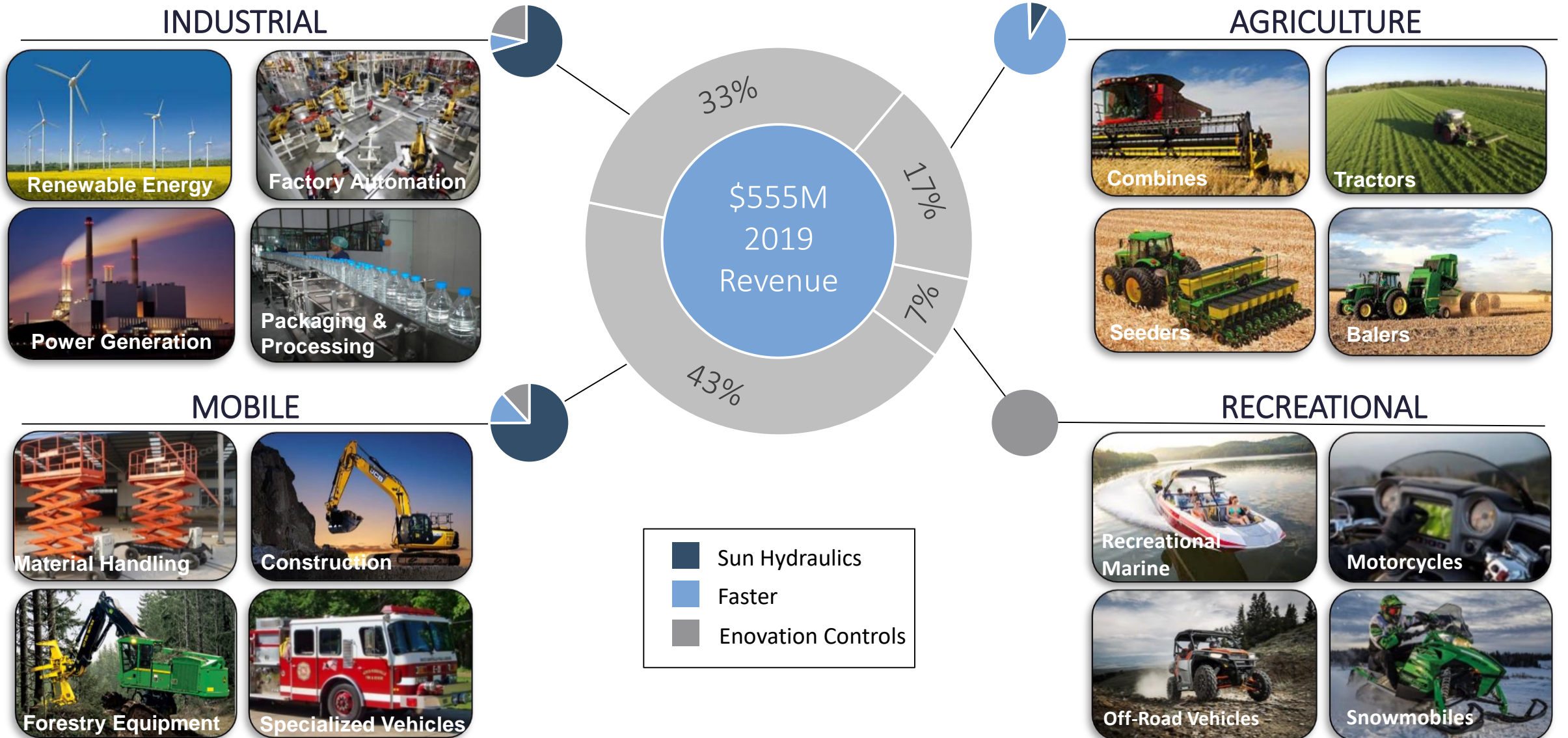
(1) See Supplemental Information for definition of Adjusted EBITDA and Margin, reconciliation from GAAP and disclaimers regarding the use of non-GAAP financial measures



Maintaining a best-in-class component position as well as evolving into a recognized intelligent control systems provider



# Diversified End Markets



# A Larger & More Diversified Technology Platform

2019 Revenue  
\$555 MM

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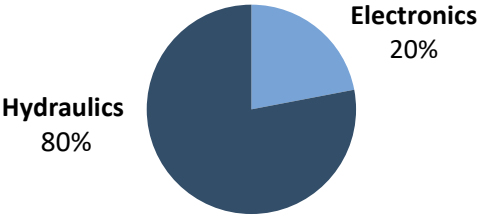
2016 Revenue  
\$197 MM<sup>(1)</sup>

=  **sun hydraulics**® +  **ENOVATION** CONTROLS® + **Faster** +  **CUSTOM** fluid power

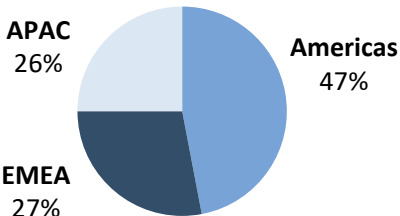
=  **sun hydraulics**®

2019

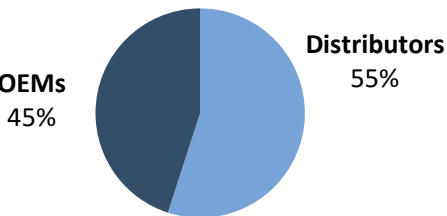
Enhanced Product Offering



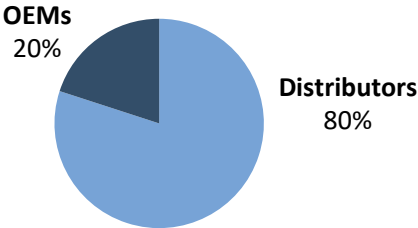
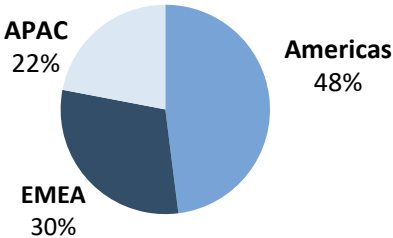
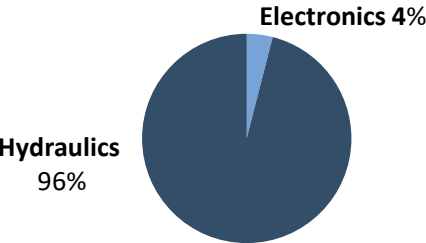
Broader Geographic Reach



Greater Access to OEMs



2016<sup>(1)</sup>



(1) Enovation Controls was acquired in December 2016 and therefore had a minimal impact on actual HLIO 2016 revenue

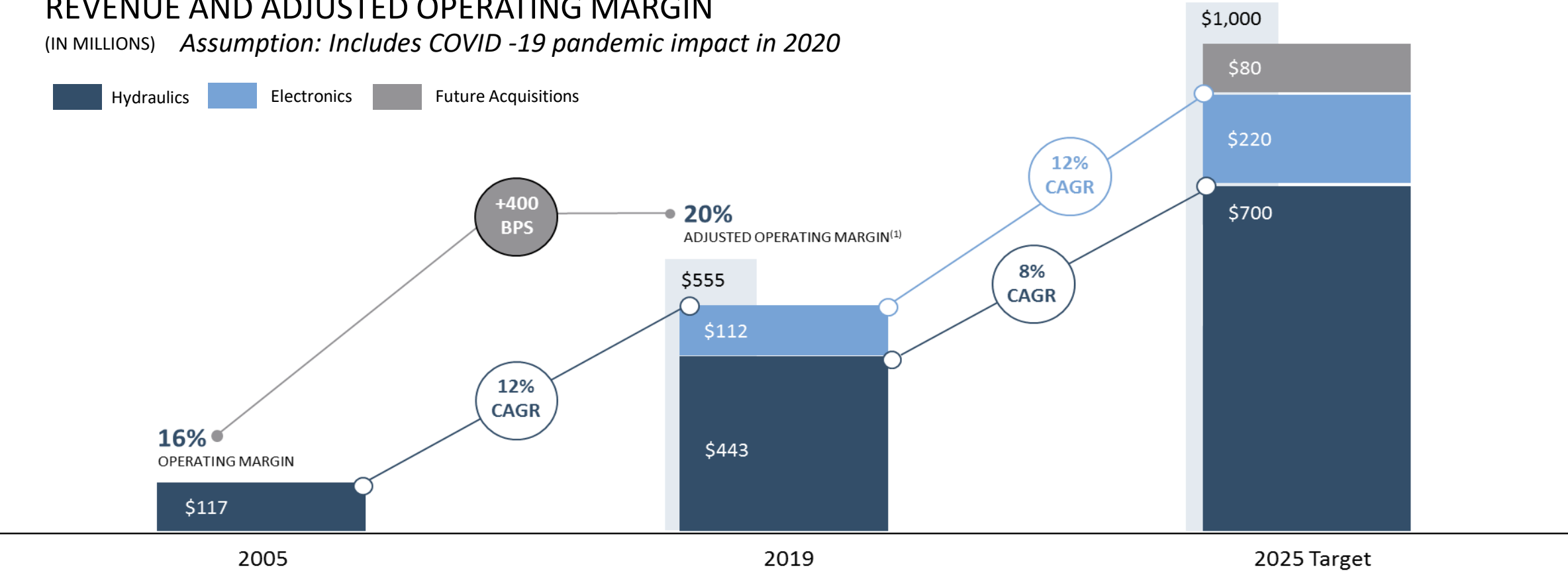


# Achieving Our Vision 2025

# Current Vision 2025: Pathway to Superior Growth

## REVENUE AND ADJUSTED OPERATING MARGIN

(IN MILLIONS) *Assumption: Includes COVID -19 pandemic impact in 2020*



Vision 2025 Metric Floors:

\$1B

REVENUE

/

>20%

ADJUSTED OPERATING MARGIN

/

>24%

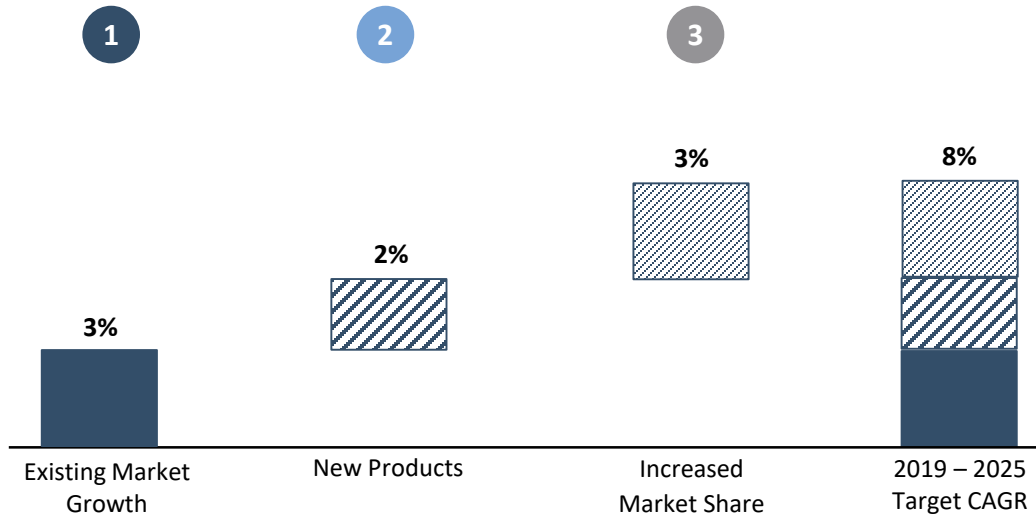
ADJUSTED EBITDA MARGIN

(1) See Supplemental Information for definition of Adjusted Operating Margin and reconciliation from GAAP and other disclaimers regarding non-GAAP information



# Reaching Vision 2025 Revenue Goals

## Hydraulics Segment



### 1) Existing Market Growth

- Industrial Production is a key driver of market growth

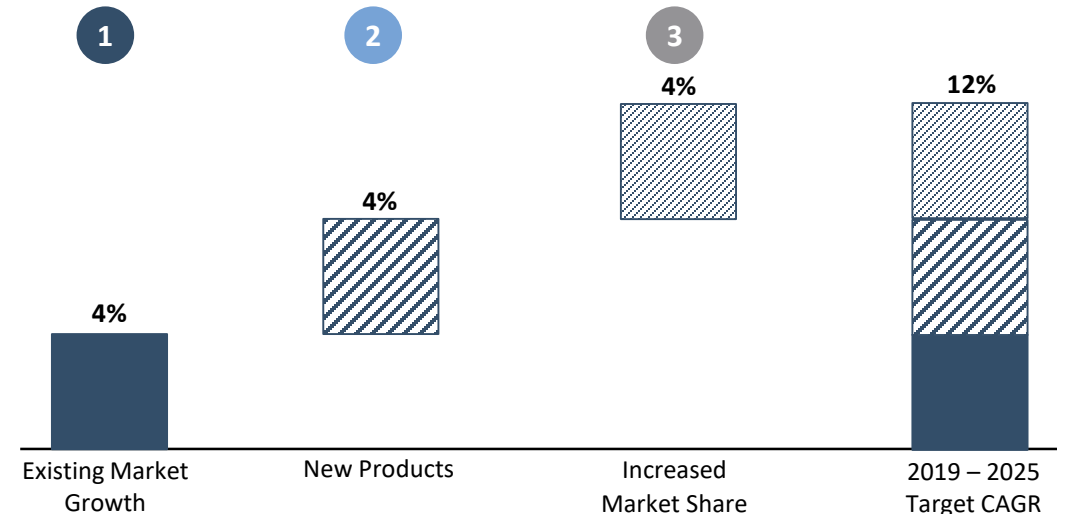
### 2) New Products

- Launch new product programs
- Expand core products

### 3) Increased Market Share

- Add new channel partners
- Deepen wallet share with existing customers:
  - More applications
  - More platforms
- Gain new customers

## Electronics Segment



### 1) Existing Market Growth

- Industrial Production + higher degree of electrification for industrial goods

### 2) New Products

- Proactive and consistent outreach to the middle market with expanded content
  - Reduce complexity with new product designs/content
  - Existing and new markets with similar applications

### 3) Increased Market Share

- Penetrate new OEMs globally
  - Expand international reach
- Grow systems sales to existing OEMs customers

# Differentiated & Disciplined Acquisition Strategy

## Goals

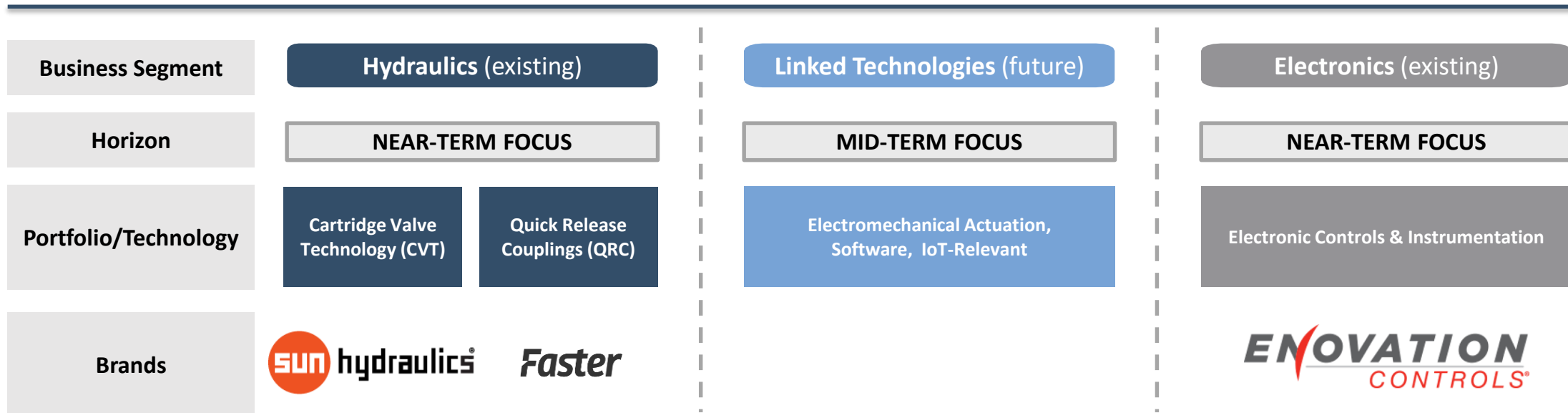
- Niche Technology leader (top 3)
- Broaden technology offerings and capabilities
- Increase solutions-based offerings
- Diversify end markets
- Expand aftermarket / MRO
- Simultaneous engineering

## Targets

- Strong management
- Culture supporting innovation
- Superior profitability
- Target revenue \$50-\$150 million per acquisition

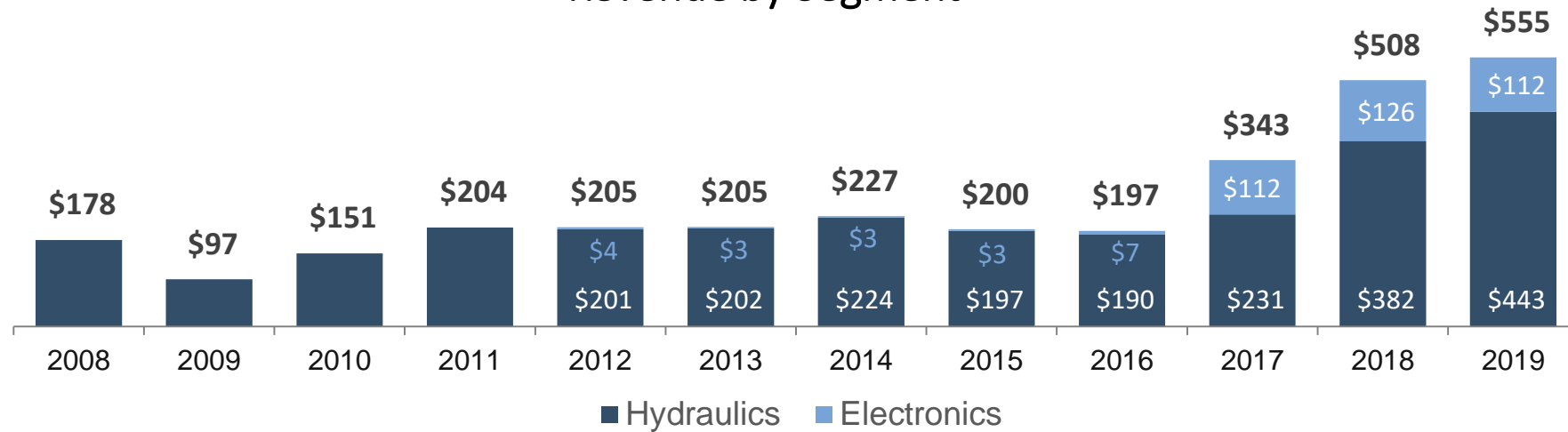
## Integration Model

- Successful on standalone basis
- Retain employees
- Keep customer relationships
- Retain brands
- Leverage engineering expertise
- High emphasis on sales synergies

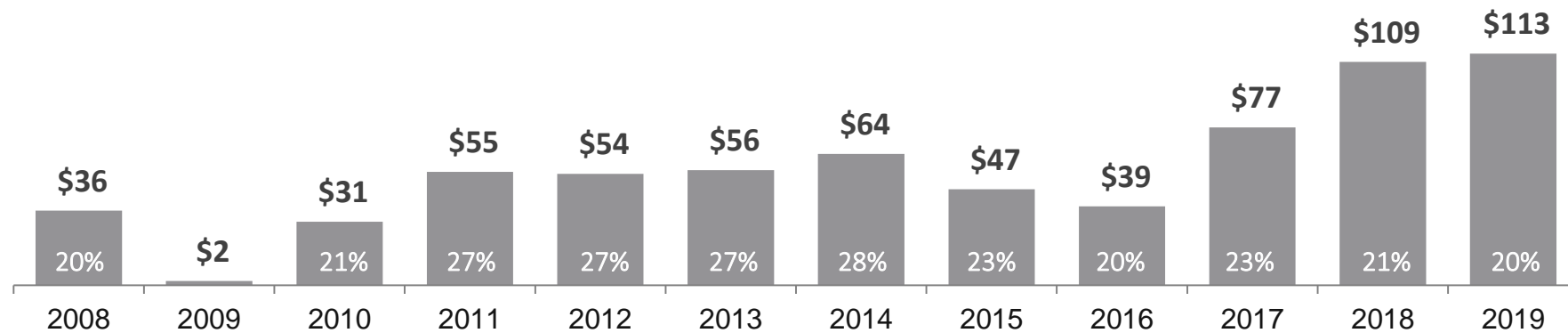


# Driving Sustained Value Thru Profitable Growth

## Revenue by Segment



## Adjusted Operating Income and Margin<sup>(1)</sup>

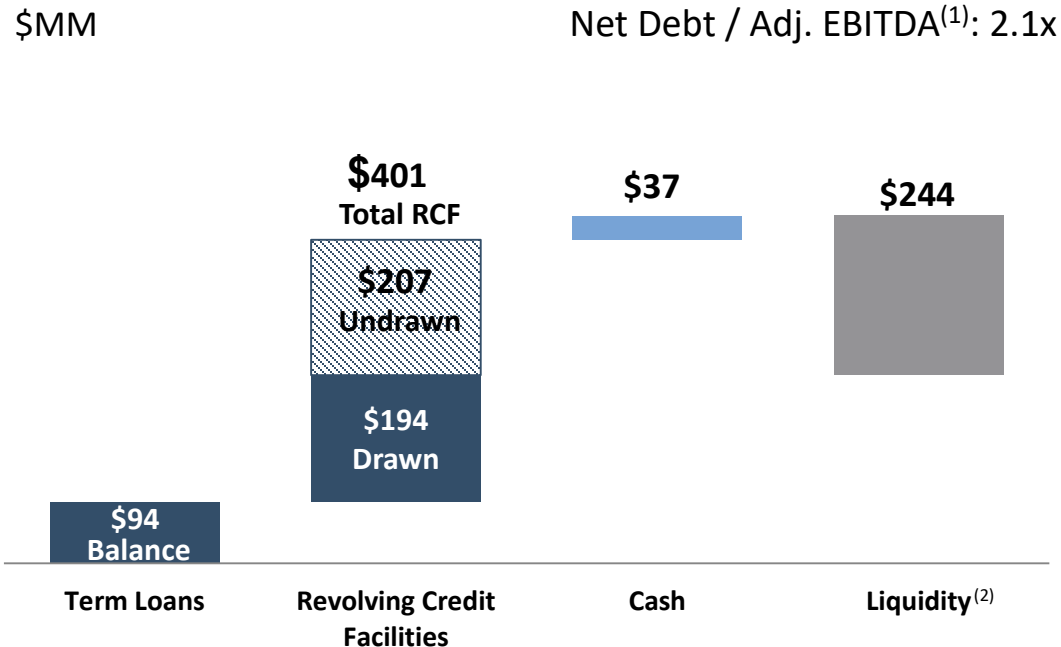


(1) See Supplemental Information for definition of Adjusted Operating Income and Margin, and reconciliation from GAAP and other disclaimers regarding non-GAAP information



# Capital Allocation Focused on Growth

## Capital Structure



## Capital Allocation Priorities

### 1) Organic Growth

- Organically grow at 2x market
- New product development
- Integrate electronics and hydraulics know-how
- Support product platform

### 2) Debt Reduction

- Goal of < 2x net debt / adjusted EBITDA

### 3) Acquisitive Growth

- Ongoing assessment of mid- and long-term opportunities

### 4) Support Dividend

- Continue quarterly cash dividend

<sup>(1)</sup> Information as of June 27, 2020. 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.

<sup>(2)</sup> Liquidity is based on actual cash and borrowing capacity as of June 27, 2020; revolving credit facilities also allow for a \$200 million accordion, subject to certain pro forma compliance requirements, not reflected above.

Cautious near-term outlook given the uncertainty of the COVID-19 pandemic

- Expect Q3 to be trough

Continued focus on cash generation expected to build offensive position for growth

Advancing and Enhancing Vision 2025 Strategy

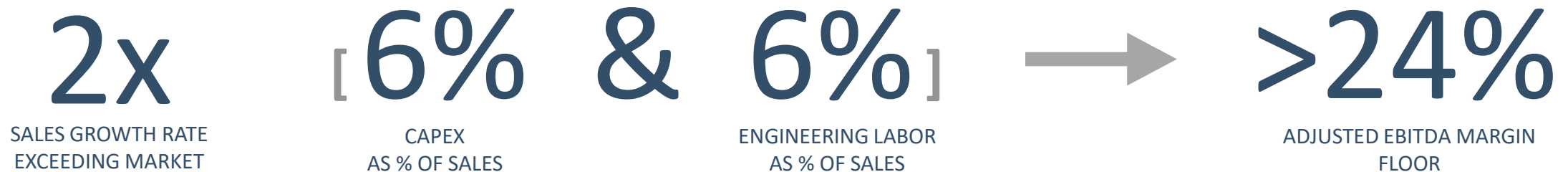
- Leverage already existing strengths and capabilities
- Development of four additional value streams to accelerate goal achievement

Continued confidence in successful management of current challenges

**WELL POSITIONED TO NAVIGATE THROUGH CHALLENGING ENVIRONMENT**

*(1) Outlook as of as August 3, 2020*

- 1 NICHE TECHNOLOGY** - A global niche technology leader in Hydraulics and Electronics with highly engineered and comprehensive in-house value add capabilities
- 2 SUPERIOR FINANCIAL PERFORMANCE** - Proven track record of growing 2x faster than market at superior profitability levels (>24% adjusted EBITDA margin and >10% free cash flow)
- 3 BROAD DIVERSIFICATION** by 1) technology, 2) end markets, and 3) geographies





# Defined Vision

## Designed Transformation



# Supplemental Information

## Segment Data

(\$ in thousands)

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
<i>Sales:</i>				
Hydraulics	\$ 102,089	\$ 113,710	\$ 205,907	\$ 230,173
Electronics	17,205	30,132	42,870	60,520
Consolidated	<u>\$ 119,294</u>	<u>\$ 143,842</u>	<u>\$ 248,777</u>	<u>\$ 290,693</u>
<i>Gross profit and margin:</i>				
Hydraulics	\$ 37,473	\$ 42,407	\$ 77,147	\$ 85,040
	36.7%	37.3%	37.5%	36.9%
Electronics	7,246	13,820	19,422	27,695
	42.1%	45.8%	45.3%	45.8%
Consolidated	<u>\$ 44,719</u>	<u>\$ 56,227</u>	<u>\$ 96,569</u>	<u>\$ 112,735</u>
	37.5%	39.1%	38.8%	38.8%
<i>Operating income and margin:</i>				
Hydraulics	\$ 21,989	\$ 24,123	\$ 43,471	\$ 47,885
	21.5%	21.2%	21.1%	20.8%
Electronics	939	6,488	5,717	13,000
	5.5%	21.6%	13.3%	21.5%
Corporate and other	(6,226)	(4,238)	(42,519)	(8,681)
Consolidated	<u>\$ 16,702</u>	<u>\$ 26,373</u>	<u>\$ 6,669</u>	<u>\$ 52,204</u>
	14.0%	18.4%	2.7%	18.0%

# Sales by Geographic Region & Segment

(Unaudited)

## 2020 Sales by Geographic Region and Segment

(\$ in millions)

	Q1	% of Total	Q2	% of Total	2020	% of Total
<i>Americas:</i>						
Hydraulics	\$ 37.3		\$ 34.2		\$ 71.6	
Electronics	21.6		13.4		35.0	
Consol. Americas	58.9	45%	47.6	40%	106.6	43.0%
<i>EMEA:</i>						
Hydraulics	33.5		31.2		64.7	
Electronics	2.5		1.9		4.4	
Consol. EMEA	36.0	28%	33.1	28%	69.1	28.0%
<i>APAC:</i>						
Hydraulics	33.0		36.7		69.6	
Electronics	1.6		1.9		3.5	
Consol. APAC	34.6	27%	38.6	32%	73.1	29.0%
Total	\$ 129.5		\$ 119.3		\$ 248.8	

## 2019 Sales by Geographic Region and Segment

(\$ in millions)

	Q1	% of Total	Q2	% of Total	Q3	% of Total	Q4	% of Total	2019	% of Total
<i>Americas:</i>										
Hydraulics	\$ 41.6		\$ 41.2		\$ 43.3		\$ 36.2		\$ 162.3	
Electronics	26.1		26.6		24.0		19.5		96.3	
Consol. Americas	67.7	46%	67.8	47%	67.3	49%	55.7	44%	258.6	47.0%
<i>EMEA:</i>										
Hydraulics	41.8		36.8		31.9		31.1		141.6	
Electronics	2.5		1.8		2.1		2.0		8.4	
Consol. EMEA	44.3	30%	38.6	27%	34.0	25%	33.1	26%	150.0	27.0%
<i>APAC:</i>										
Hydraulics	33.1		35.7		34.9		35.2		138.9	
Electronics	1.8		1.7		1.8		1.9		7.2	
Consol. APAC	34.9	24%	37.4	26%	36.7	26%	37.1	30%	146.1	26.0%
Total	\$ 146.9		\$ 143.8		\$ 138.0		\$ 125.9		\$ 554.7	

# Adjusted Operating Income Reconciliation

(Unaudited)

(\$ in thousands)

	Year ended											
	Dec 27, 2008	Jan 2, 2010	Jan 1, 2011	Dec 31, 2011	Dec 29, 2012	Dec 28, 2013	Dec 27, 2014	Jan 2, 2016	Dec 31, 2016	Dec 30, 2017	Dec 29, 2018	Dec 28, 2019
<b>GAAP operating income</b>	<b>\$ 36,337</b>	<b>\$ 2,143</b>	<b>\$ 31,039</b>	<b>\$ 55,269</b>	<b>\$ 54,409</b>	<b>\$ 56,171</b>	<b>\$ 64,071</b>	<b>\$ 46,891</b>	<b>\$ 34,459</b>	<b>\$ 61,491</b>	<b>\$ 75,554</b>	<b>\$ 90,115</b>
Acquisition-related amortization of intangible assets	-	-	-	-	-	-	-	-	1,545	8,423	23,021	17,924
Acquisition-related amortization of inventory step-up	-	-	-	-	-	-	-	-	1,021	1,774	4,441	-
Acquisition and financing-related expenses <sup>(1)</sup>	-	-	-	-	-	-	-	-	1,537	1,019	5,685	11
Restructuring charges <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	1,462	170	1,724
One-time operational items <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	2,907	-	-
Loss on disposal of intangible asset	-	-	-	-	-	-	-	-	-	-	-	2,713
Other	-	-	-	-	-	-	-	-	-	-	-	127
<b>Non-GAAP adjusted operating income</b>	<b>\$ 36,337</b>	<b>\$ 2,143</b>	<b>\$ 31,039</b>	<b>\$ 55,269</b>	<b>\$ 54,409</b>	<b>\$ 56,171</b>	<b>\$ 64,071</b>	<b>\$ 46,891</b>	<b>\$ 38,562</b>	<b>\$ 77,076</b>	<b>\$ 108,871</b>	<b>\$ 112,614</b>
GAAP operating margin	20.4%	2.2%	20.6%	27.1%	26.6%	27.4%	28.1%	23.4%	17.5%	17.9%	14.9%	16.2%
Non-GAAP Adjusted operating margin	20.4%	2.2%	20.6%	27.1%	26.6%	27.4%	28.1%	23.4%	19.6%	22.5%	21.4%	20.3%

(1) Includes expenses associated with the Company's acquisition and financing activities to support its strategy

(2) Includes 2017 charges to consolidate the Company's High Country Tek business into its Enovation Controls business, \$431 of which is included in cost of sales

(3) Includes standard costing adjustments; temporary workforce, material outsourcing, and freight charges to recover from impact of Hurricane Irma; scrap and inventory issues attributable to the carve-out of Enovation Controls from its former organization

## 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, Sun 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 Sun'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.



## Adjusted EBITDA Reconciliation

(Unaudited) (\$ in thousands)	Twelve Months Ended		
	June 27, 2020	December 28, 2019	December 29, 2018
<b>Net income (loss)</b>	<b>\$ 22,285</b>	<b>\$ 60,268</b>	<b>\$ 46,730</b>
Interest expense, net	12,796	15,387	13,876
Income tax provision	10,567	15,039	9,665
Depreciation and amortization	35,041	35,215	39,714
<b>EBITDA</b>	<b>80,689</b>	<b>125,909</b>	<b>109,985</b>
Acquisition-related amortization of inventory step-up	-	-	4,441
Acquisition and financing-related expenses	74	11	5,685
Restructuring charges	2,022	1,724	170
Foreign currency forward contract loss	-	-	2,535
Change in fair value of contingent consideration	(157)	652	1,482
Loss on disposal of intangible asset	2,713	2,713	-
CEO transition costs	1,809	-	-
Goodwill impairment	31,871	-	-
Other	127	127	-
<b>Adjusted EBITDA</b>	<b>\$ 119,148</b>	<b>\$ 131,136</b>	<b>\$ 124,298</b>
<i>Adjusted EBITDA margin</i>	<i>23.2%</i>	<i>23.6%</i>	<i>24.5%</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.

# Non-GAAP Cash Net Income Reconciliation

(Unaudited)  
 (\$ in thousands)

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
<b>Net income (loss)</b>	<b>\$ 12,908</b>	<b>\$ 17,265</b>	<b>\$ (4,315)</b>	<b>\$ 33,669</b>
Amortization of intangible assets	4,417	4,545	8,765	9,066
Acquisition and financing-related expenses	-	-	74	11
Restructuring charges	298	-	298	-
CEO transition costs	1,644	-	1,809	-
Goodwill impairment	-	-	31,871	-
Change in fair value of contingent consideration	(34)	56	(34)	775
Tax effect of above	(1,581)	(1,150)	(2,728)	(2,463)
<b>Non-GAAP cash net income</b>	<b>\$ 17,652</b>	<b>\$ 20,716</b>	<b>\$ 35,740</b>	<b>\$ 41,058</b>
<b>Non-GAAP cash net income per diluted share</b>	<b>\$ 0.55</b>	<b>\$ 0.65</b>	<b>\$ 1.11</b>	<b>\$ 1.28</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.

## Net Debt-to-Adjusted EBITDA Reconciliation

<i>(Unaudited)</i>		As of
<i>(\$ in thousands)</i>		June 27, 2020
Current portion of long-term non-revolving debt, net	\$	10,216
Revolving lines of credit		193,948
Long-term non-revolving debt, net		83,267
<b>Total debt</b>		<b>287,431</b>
Less: Cash and cash equivalents		36,965
<b>Net debt</b>	<b>\$</b>	<b>250,466</b>
Adjusted EBITDA, TTM ended June 27, 2020	\$	119,148
<b>Ratio of net debt to TTM Adjusted EBITDA</b>		<b>2.1</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.



William Blair Virtual NDR  
September 1, 2020