Fourth Quarter 2019 Earnings

February 25, 2020

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 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" and Item 1A. "Risk Factors" in the Company's Form 10-K for the year ended December 28, 2019.

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.

2019 Financial Results Highlights

- Record sales of $555 million, up 9% over prior year
  - Acquisition: $65.5 million
  - Organic businesses: down 2%, excluding currency
  - Excluding currency, Hydraulics segment organic sales up 1%, Electronics segment sales down 11%
- Record net income of $60.3 million, up 29%; non-GAAP cash net income of $77.7 million
  - GAAP EPS of $1.88, up 26%
  - Non-GAAP cash EPS of $2.43, up 6%
- Record adjusted EBITDA of $131.1 million, 23.6% of sales
- Continuous focus on cash flows
  - Realized 2019 adjusted free cash flow of approximately 14%, exceeding 10% FCF target
  - Reduced debt by $52 million during 2019; improved net debt/Adjusted EBITDA of 2.1x at 12/28/2019

2019 Business Summary

- Hydraulics segment
  - Completed Cartridge Valve Technology (CVT) manufacturing consolidation project
  - Accelerated "in the region, for the region" initiative:
    - Started production of CVT components in Europe; approved site expansion plans
    - Opened new China facility and increased output through the year as shipments ramped
  - Engineering center of excellence project progressing as planned
  - E-Volved introduction of electro-hydraulic quick release couplings; innovation initiative on-going for further development and portfolio expansion
  - Expanded launch of new valves in the FLeX series CVT electro-hydraulics line

- Electronics segment
  - Expanded ability to offer products and solutions to a broader and more diversified customer base
  - Made final earnout payment to sellers of Enovation Controls due to strong performance
  - Successful performance drove 160 basis point gross margin improvement in 2019 over 2018

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

Financial Overview

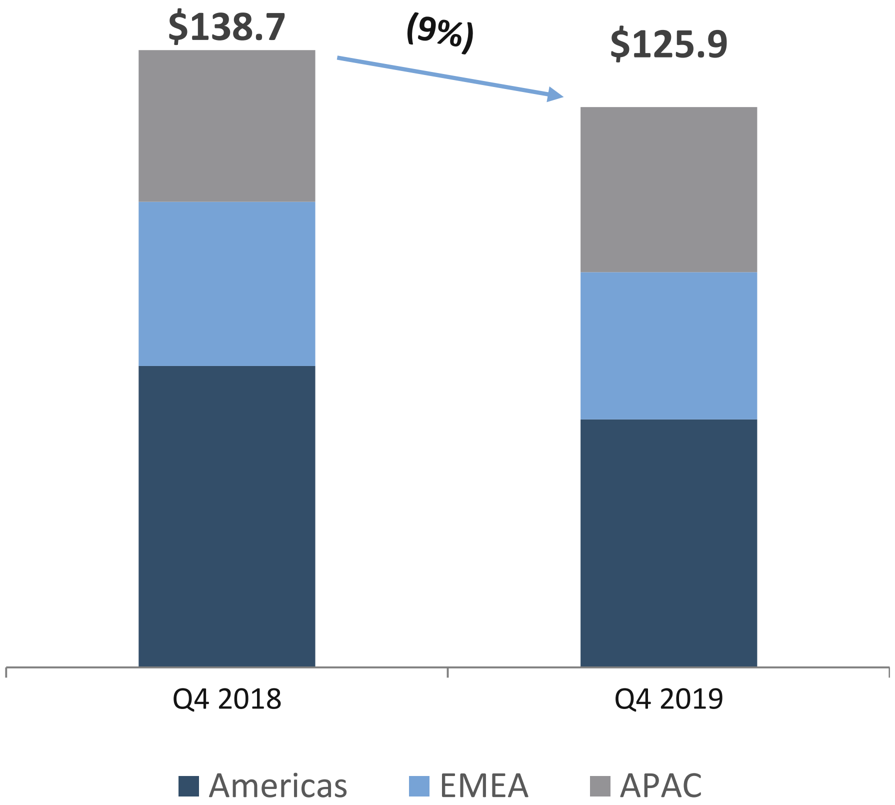
Tricia L. Fulton

Chief Financial Officer

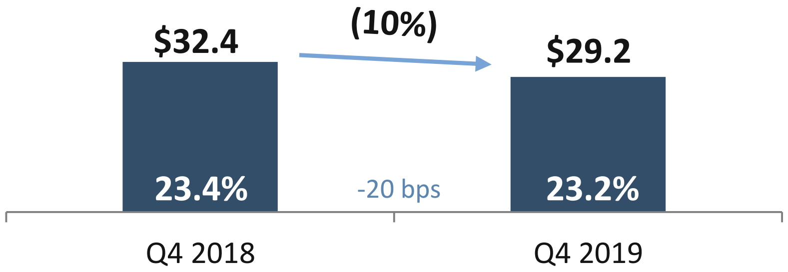
Q4 – Consolidated Results

($ in millions, except Adjusted EPS)

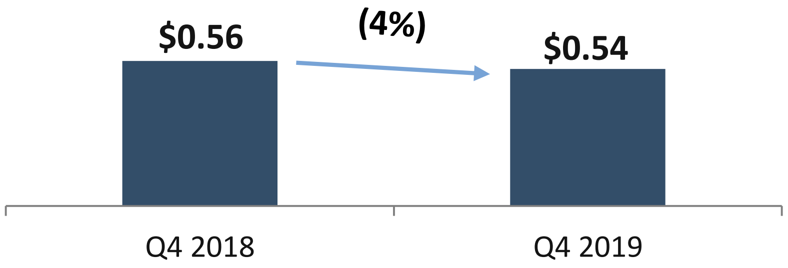
Sales



Adjusted EBITDA & Margin(1)



Non-GAAP Cash EPS(2)

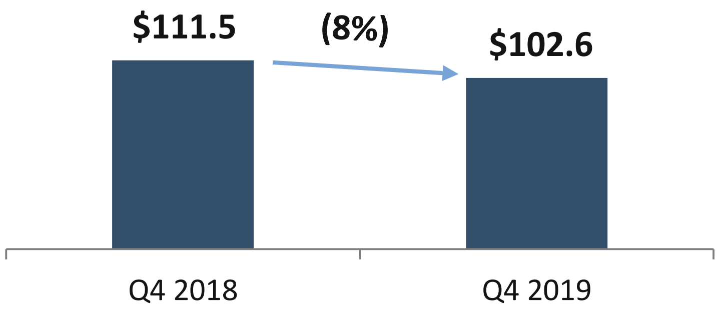


(1) See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Helios's use of Adjusted EBITDA
(2) See supplemental slide for Non-GAAP Cash Net Income reconciliation and other important disclaimers regarding Helios's use of Non-GAAP Cash Net Income and EPS

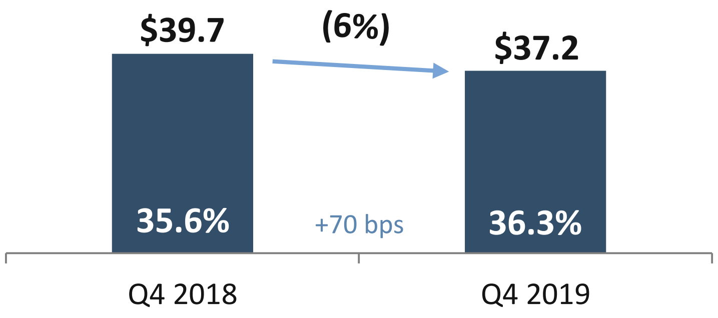
Q4 – Hydraulics Segment

($ in millions)

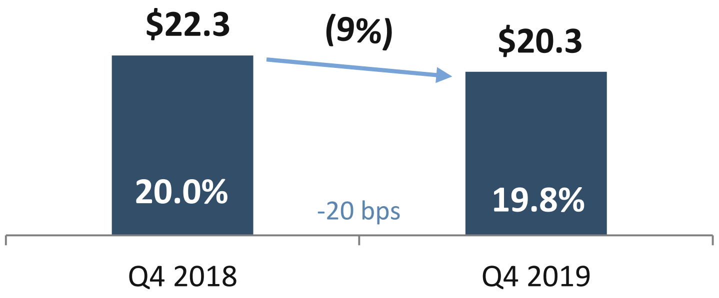
Sales



Gross Profit & Margin



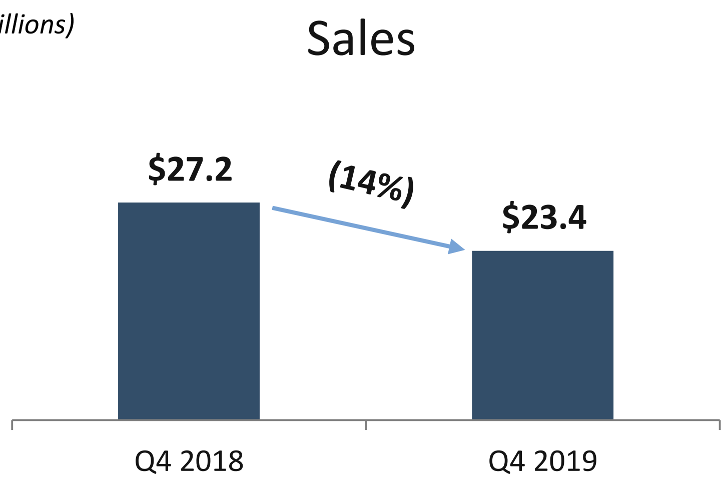
Operating Income & Margin

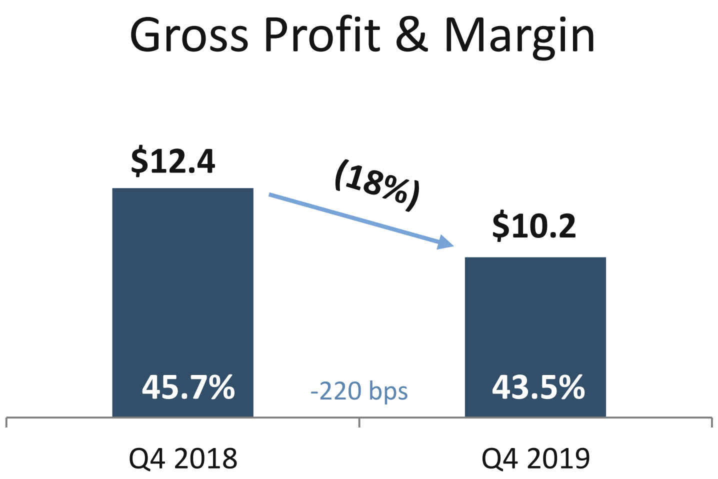


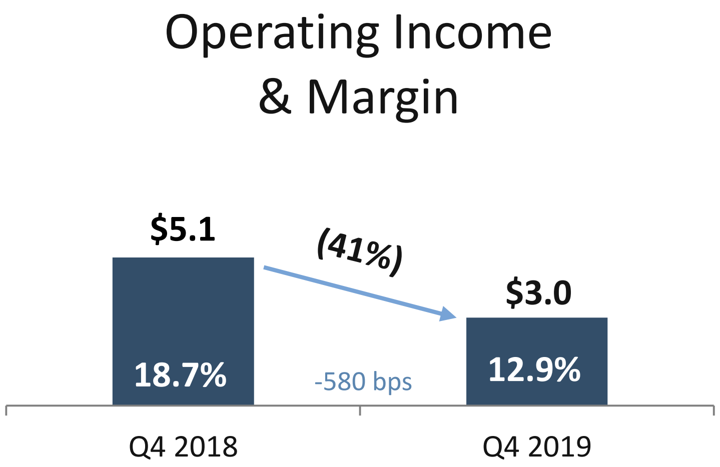
- Revenue decline driven by seasonality and softer end market demand; unfavorable Fx of $1.7 million
- +70 bps gross margin improvement
  - Improved productivity, cost management efforts and pricing more than offset unfavorable product mix and unfavorable Fx
- Decline in operating income primarily due to lower sales

Q4 – Electronics Segment

($ in millions)





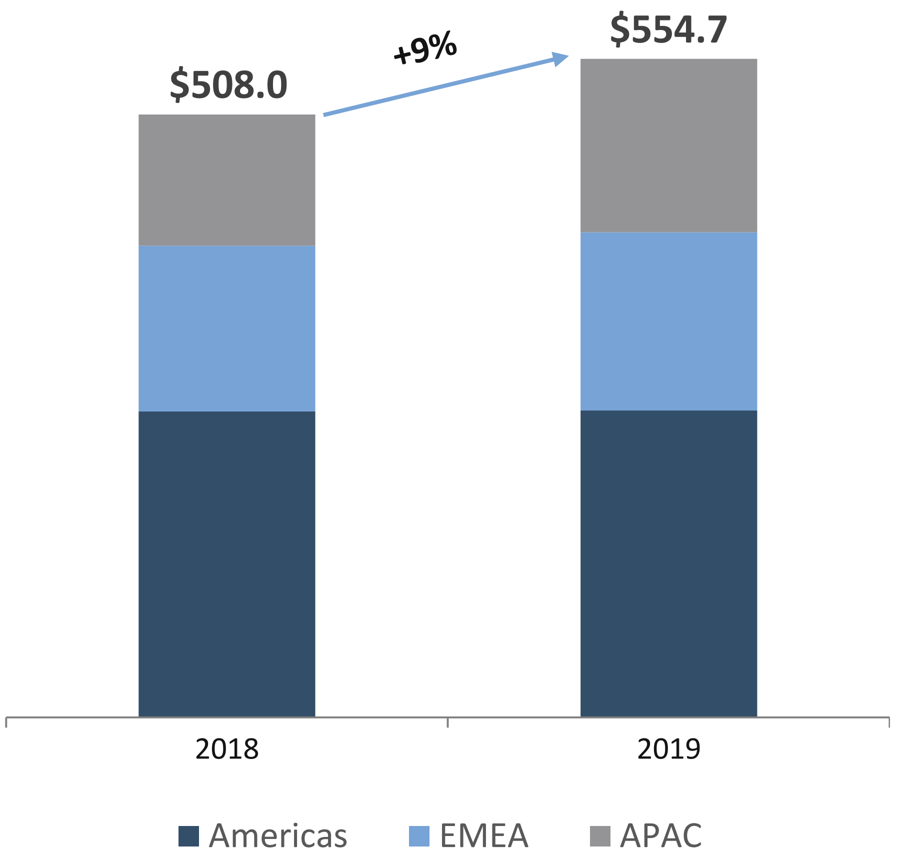


- Sales decreased due to softer demand as well as impact of renegotiating customer contracts
- Gross and operating margin decline due to lower revenue, partially offset by cost management efforts resulting in production efficiencies

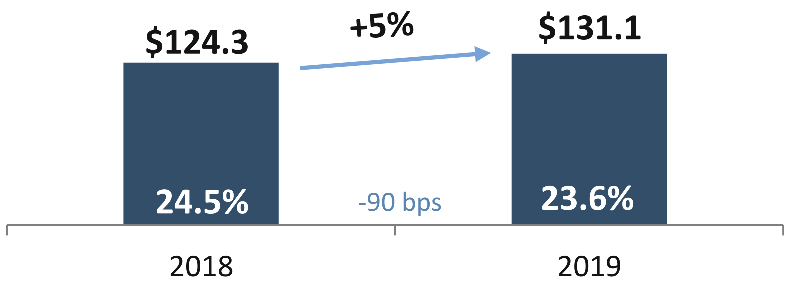
Full Year – Consolidated Results

($ in millions, except Adjusted EPS)

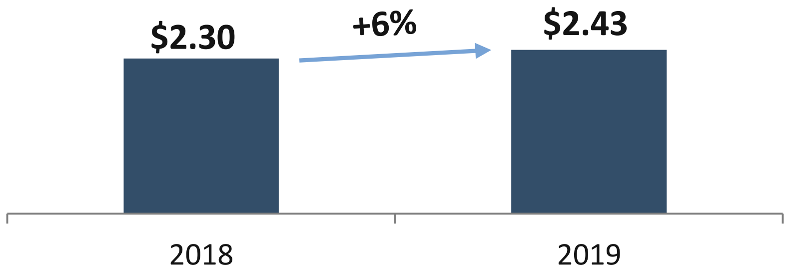
Sales



Adjusted EBITDA & Margin(1)



Non-GAAP Cash EPS(2)



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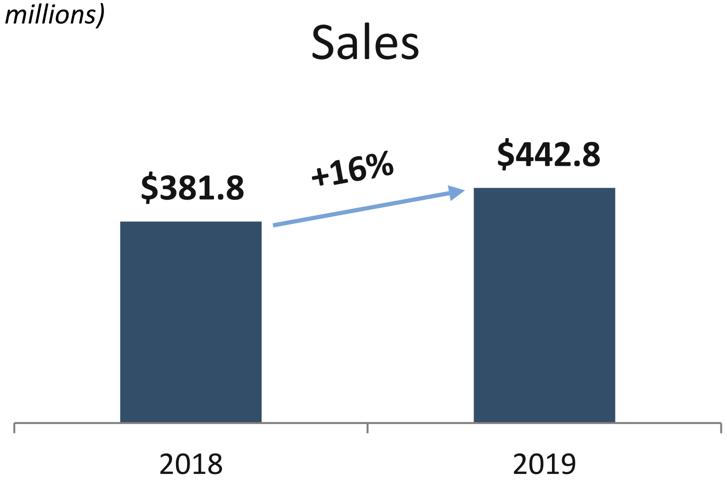
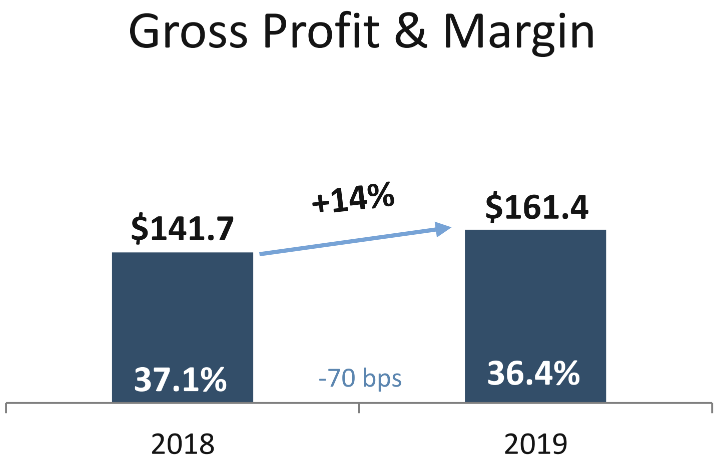
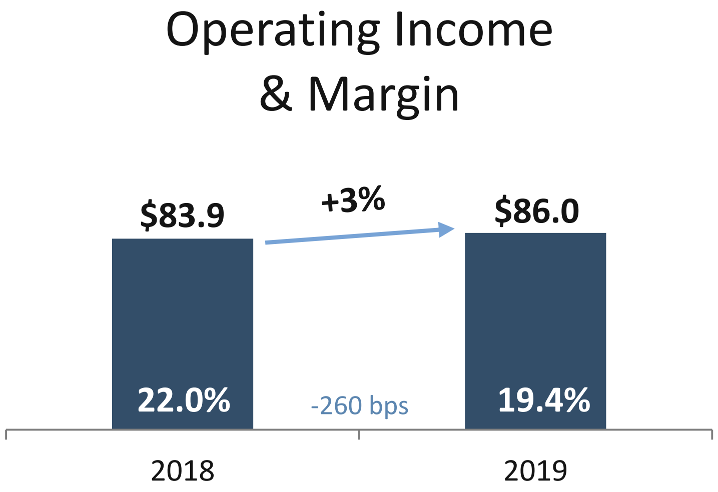
(2) *See supplemental slide for Non-GAAP Cash Net Income reconciliation and other important disclaimers regarding Helios's use of Non-GAAP Cash Net Income and EPS*

Full Year – Hydraulics Segment

($ in millions)





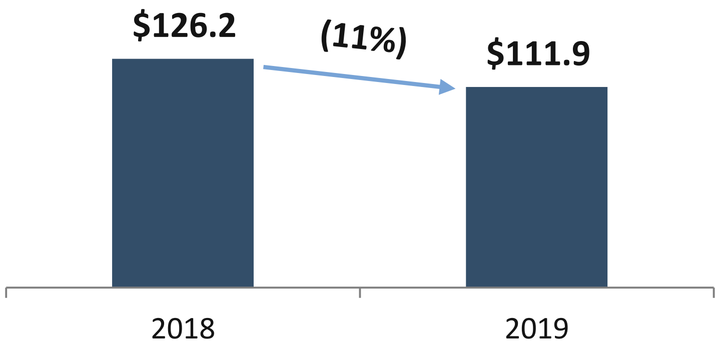


- Revenue growth driven by acquisitions and 1% organic growth, excluding $7.6 million unfavorable Fx
- Gross profit increased due to acquisitions, production efficiencies and net price increases, partially offset by an unfavorable product mix
- SEA expense increase included $11.3 million for acquisitions
- Operating income impacted by $4.4 million of one-time items

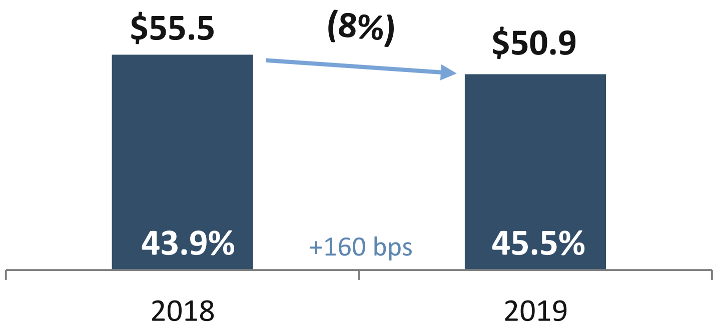
Full Year – Electronics Segment

($ in millions)

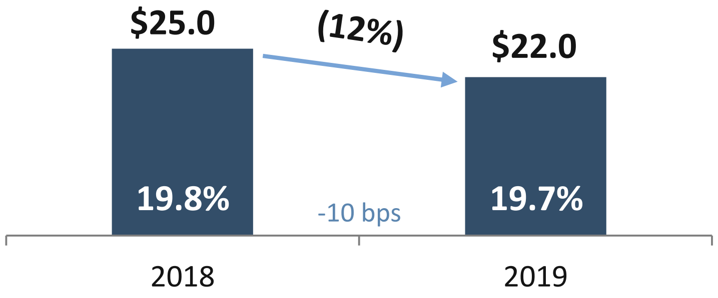
Sales



Gross Profit & Margin



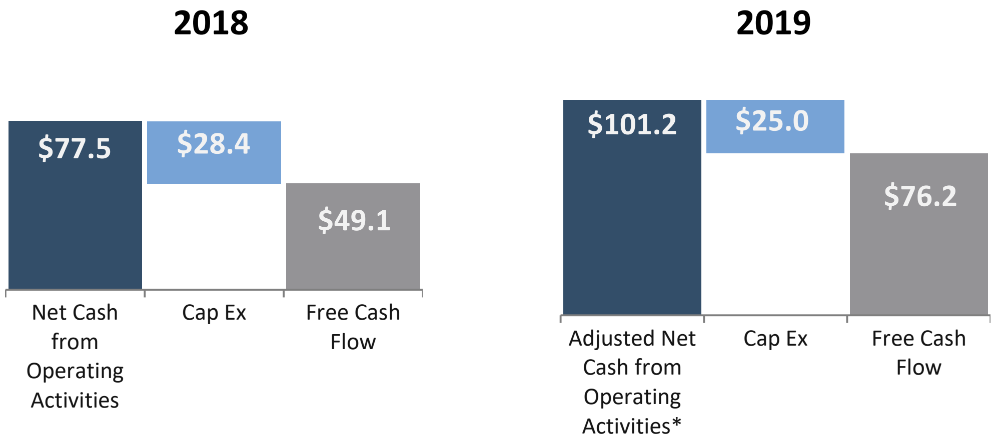
Operating Income & Margin



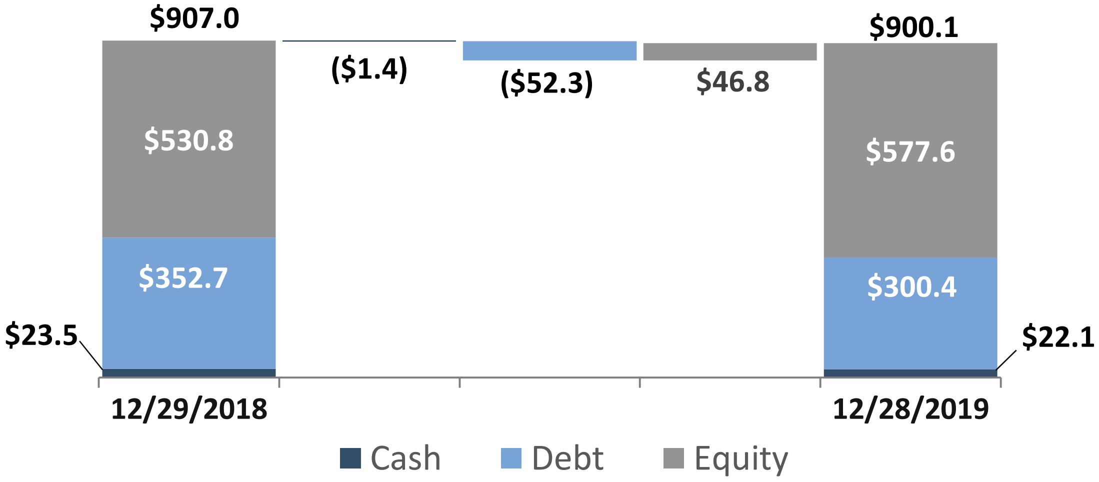
- Sales decreased due to softer demand as well as impact of renegotiating customer contracts
- +160 bps improvement in gross margin
  - Driven by material cost reductions and cost management efforts resulting in production efficiencies
- Operating margin comparable to 2018 despite lower sales volume

Cash Flow and Capitalization Review

($ in millions)



** See supplemental slide for adjusted net cash from operating activities reconciliation and other important disclaimers regarding Helios's use of adjusted net cash from operating activities*



Cash Flow Review

- Adjusted cash provided by operating activities benefited from improved cash from earnings and working capital management
- Managed 2019 CapEx down to $25 million
- 2020 CapEx expected to be $20 million to $25 million(1)

Capitalization Review

- Reduced debt by $18 million in Q4, $52 million in 2019
- Net debt/Adjusted EBITDA of 2.1x(2) at 12/28/2019

(1) Guidance as of February 24, 2020
(2) Based on adjusted EBITDA on a trailing twelve months basis

Outlook

Wolfgang H. Dangel

President and Chief Executive Officer

Macro Outlook – Continued Uncertainty

- Global health and geopolitical uncertainty impacting economic activity
  - Coronavirus
  - US Presidential election
  - US/China trade
  - Brexit
  - Middle East
- Leading US indicators suggest currently slowing growth phase, expect soft landing
  - US Construction – single-unit and multi-unit housing starts currently experiencing accelerating growth
  - US Manufacturing – majority trending along backside of cycle, especially automotive, expect to resume to accelerating growth in 2020; exception is industrial machinery new orders, showing accelerating growth
  - US Electronics – transitioned to recovery phase
- Nearly all major global economies in slowing growth or recession phase
  - Western Europe and Japan currently in mild recession, expect accelerating growth in 2020
  - China currently in slowing growth phase, expect accelerating growth in 2020

Sources: ITR Economics™ TrendsReport™ February 2020 and Institute of Printed Circuits Association

2020 Helios Outlook

- Cost management initiatives in place
- Continuing investments in innovative manufacturing technologies and market-leading new products to drive growth and productivity improvements
- Approaching 2020 guidance cautiously, with wider ranges, slow start to the year
- Hydraulics segment
  - End market demand continues to be challenging
  - Anticipate Q2 will be strongest; impact of coronavirus difficult to quantify at this point
- Electronics segment
  - End market demand indicates continued weakness
  - New model ramp-up curve impacted by weaker demand; expect Q3 will be strongest
  - Incremental R&D investments support projects to be realized mid-2021 and beyond

2020 Guidance*

	2019 Actual	Preliminary 2020 Guidance	Change
Consolidated revenue	$555 million	**$520 - $555 million**	0 - (6)%
Hydraulics segment revenue	$443 million	**$415 - $443 million**	0 - (6)%
Electronics segment revenue	$112 million	**$105 - $112 million**	0 - (6)%
GAAP EPS	$1.88	**$1.55 - $1.88**	0 - (17)%
Non-GAAP cash EPS	$2.43	**$2.00 - $2.30**	(5)% - (18)%
Adjusted EBITDA margin	23.6%	**22.0% - 23.0%**	(60) - (160) bps

** Guidance as of February 24, 2020*

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HELIOS TECHNOLOGIES

Supplemental Information

Segment Data

($ in thousands)	Three Months Ended December 28, 2019 (Unaudited)	Three Months Ended December 29, 2018 (Unaudited)	For the Year Ended December 28, 2019 (Unaudited)	For the Year Ended December 29, 2018 (Unaudited)
Sales:				
Hydraulics	$ 102,550	$ 111,548	$ 442,812	$ 381,845
Electronics	23,377	27,175	111,853	126,200
Consolidated	$ 125,927	$ 138,723	$ 554,665	$ 508,045
Gross profit and margin:				
Hydraulics	$ 37,248	$ 39,738	$ 161,401	$ 141,674
	36.3%	*35.6%*	*36.4%*	*37.1%*
Electronics	10,179	12,414	50,881	55,450
	43.5%	*45.7%*	*45.5%*	*43.9%*
Corporate and other	-	776	-	(4,441)
Consolidated	$ 47,427	$ 52,928	$ 212,282	$ 192,683
	37.7%	*38.2%*	*38.3%*	*37.9%*
Operating income and margin:				
Hydraulics	$ 20,275	$ 22,291	$ 86,027	$ 83,858
	19.8%	*20.0%*	*19.4%*	*22.0%*
Electronics	3,016	5,086	21,994	25,046
	12.9%	*18.7%*	*19.7%*	*19.8%*
Corporate and other	(4,519)	(5,326)	(17,906)	(33,350)
Consolidated	$ 18,772	$ 22,051	$ 90,115	$ 75,554
	14.9%	*15.9%*	*16.2%*	*14.9%*

(Unaudited)

Sales by Geographic Region & Segment

2019 Sales by Geographic Region and Segment

($ in millions)

	Q1	% of Total	Q2	% of Total	Q3	% of Total	Q4	% of Total	2019	% of Total
Americas:										
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%
EMEA:										
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%
APAC:										
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	

2018 Sales by Geographic Region and Segment

($ in millions)

	Q1	% of Total	Q2	% of Total	Q3	% of Total	Q4	% of Total	2018	% of Total
Americas:										
Hydraulics	$ 26.4		$ 39.7		$ 38.4		$ 44.2		$ 148.7	
Electronics	30.1		27.9		27.4		23.5		108.9	
Consol. Americas	56.5	58%	67.6	50%	65.8	48%	67.7	49%	257.6	51%
EMEA:										
Hydraulics	19.6		40.5		34.6		34.9		129.6	
Electronics	2.7		2.7		2.7		2.0		10.1	
Consol. EMEA	22.3	23%	43.2	32%	37.3	28%	36.9	27%	139.7	27%
APAC:										
Hydraulics	16.6		23.4		31.1		32.4		103.5	
Electronics	1.9		2.0		1.6		1.7		7.2	
Consol. APAC	18.5	19%	25.4	18%	32.7	24%	34.1	24%	110.7	22%
Total	$ 97.3		$ 136.2		$ 135.8		$ 138.7		$ 508.0	

Adjusted Operating Income Reconciliation

(Unaudited)
($ in thousands)

	Three Months Ended		For the Year Ended	
	December 28, 2019	December 29, 2018	December 28, 2019	December 29, 2018
GAAP operating income	$ 18,772	$ 22,051	$ 90,115	$ 75,554
Acquisition-related amortization of intangible assets	4,521	6,028	17,924	23,021
Acquisition-related amortization of inventory step-up	-	(776)	-	4,441
Acquisition and financing-related expenses	-	90	11	5,685
Restructuring charges	-	-	1,724	170
Loss on disposal of intangible asset	-	-	2,713	-
Other	-	-	127	-
Non-GAAP adjusted operating income	$ 23,293	$ 27,393	$ 112,614	$ 108,871
GAAP operating margin	*14.9%*	*15.9%*	*16.2%*	*14.9%*
Non-GAAP Adjusted operating margin	*18.5%*	*19.7%*	*20.3%*	*21.4%*

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 December 28, 2019	Three Months Ended December 29, 2018	For the Year Ended December 28, 2019	For the Year Ended December 29, 2018
Net income	$ 13,809	$ 16,424	$ 60,268	$ 46,730
Acquisition-related amortization of inventory step-up	-	(776)	-	4,441
Acquisition and financing-related expenses	-	90	11	5,685
Restructuring charges	-	-	1,724	170
Loss on disposal of intangible asset	-	-	2,713	-
Foreign currency forward contract loss	-	-	-	2,535
Change in fair value of contingent consideration	(51)	554	652	1,482
Amortization of intangible assets	4,521	6,088	18,065	23,262
Impact of tax reform	-	(1,400)	-	(1,400)
Other one-time tax related items	-	(1,920)	-	(1,920)
Other	-	-	127	-
Tax effect of above	(1,118)	(1,003)	(5,823)	(8,850)
Non-GAAP cash net income	$ 17,162	$ 18,057	$ 77,737	$ 72,135
Non-GAAP cash net income per diluted share	$ 0.54	$ 0.56	$ 2.43	$ 2.30

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 December 28, 2019	Three Months Ended December 29, 2018	For the Year Ended December 28, 2019	For the Year Ended December 29, 2018
Net income	$ 13,809	$ 16,424	$ 60,268	$ 46,730
Interest expense, net	3,164	4,620	15,387	13,876
Income tax provision	3,052	607	15,039	9,665
Depreciation and amortization	9,209	10,913	35,215	39,714
EBITDA	29,234	32,564	125,909	109,985
Acquisition-related amortization of inventory step-up	-	(776)	-	4,441
Acquisition and financing-related expenses	-	90	11	5,685
Restructuring charges	-	-	1,724	170
Foreign currency forward contract loss	-	-	-	2,535
Change in fair value of contingent consideration	(51)	554	652	1,482
Loss on disposal of intangible asset	-	-	2,713	-
Other	-	-	127	-
Adjusted EBITDA	$ 29,183	$ 32,432	$ 131,136	$ 124,298
Adjusted EBITDA margin	*23.2%*	*23.4%*	*23.6%*	*24.5%*

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.

Adj Cash From Operating Activities & Free Cash Flow Rec

(Unaudited) *($ in thousands)*	For the Year Ended December 28, 2019	For the Year Ended December 29, 2018
Net cash provided by operating activities	$ 90,480	$ 77,450
Contingent consideration payment in excess of acquisition date fair value	10,731	-
Adjusted net cash provided by operating activities	101,211	77,450
Capital expenditures	(25,025)	(28,380)
Adjusted free cash flow	$ 76,186	$ 49,070
Adjusted free cash flow as a percent of sales	*14%*	*10%*

Non-GAAP Financial Measure:

Adjusted cash from operating activities is cash from operating activities plus the portion of the contingent consideration payment that was in excess of acquisition date fair value relating to the Enovation Controls acquisition. Adjusted free cash flow is adjusted net cash from operating activities less capital expenditures. Adjusted cash from operating activities and Adjusted free cash flow 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 cash from operating activities and Adjusted free cash flow 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 cash from operating activities and Adjusted free cash flow are non-GAAP measures and are thus susceptible to varying calculations, Adjusted cash from operating activities and Adjusted free cash flow, as presented, may not be directly comparable to other similarly titled measures used by other companies.

Fourth Quarter 2019 Earnings

February 25, 2020