



HELIOS[®]
TECHNOLOGIES

Balboa Water Group Acquisition

October 12, 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, management’s plans, projections, and objectives for future operations, scale and performance, integration plans and expected synergies therefrom, the timing of completion of the proposed transaction, 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 the expected benefits of the Acquisition; (ii) the timing of completion of the Acquisition; (iii) Company’s financing plans with respect to the funding of the Acquisition; and (iv) objectives for future operations, integration plans and expected synergies. 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, the occurrence of any event, change or other circumstances that could give rise to the termination of the Acquisition; the risk that the Acquisition will not be consummated in a timely manner or at all; our ability to obtain the financing necessary to consummate the Acquisition;] risk that any of the closing conditions to the Acquisition may not be satisfied or may not be satisfied in a timely manner; risks related to disruption of management time from ongoing business operations due to the Acquisition; failure to realize the benefits expected from the Acquisition; failure to promptly and effectively integrate the Acquisition; and the ability of Helios to retain and hire key personnel, and maintain relationships with suppliers. 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 adjusted EPS, free cash flow, net debt, adjusted EBITDA, adjusted 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 adjusted EPS, free cash flow, net debt, adjusted EBITDA, adjusted 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.



Advances global **technology**

leadership progress towards Vision 2025

financial goals of exceeding **\$1 BILLION**

in sales while maintaining **superior**

profitability and **financial strength**.

- ✓ Innovative controls solutions with alternating current (AC) power capabilities
- ✓ Adds the health and wellness industry with propriety technology and robust financial profile
- ✓ Immediately adds scale and diversifies Helios product offering, end markets and customer base
- ✓ Help Helios continue up the technological path of migration and augments “systems” business



Transaction Terms	<ul style="list-style-type: none">• \$218.5 million purchase price• Approximately 9.3x 2020E Adj. EBITDA excluding synergies
Financial Benefits of the Transaction	<ul style="list-style-type: none">• Expected to be accretive to Adj. EPS day one onward and first year cash ROIC > Helios's WACC excluding synergies• Eliminates previously required investment to develop AC technologies
Potential Synergy Areas	<ul style="list-style-type: none">• Synergy opportunities<ul style="list-style-type: none">▪ Enhanced ability to enter new markets leveraging Balboa Water's AC technology▪ Enables "systems business" sales in markets where current product offering are cost prohibitive▪ Supply chain optimization, electronics manufacturing operations optimization
Financing	<ul style="list-style-type: none">• Helios intends to fund the transaction through a combination of cash on hand and existing and new credit facilities• 2020E Net Debt / Adj. EBITDA of 3.4x ⁽¹⁾• Historical record of significant de-levering capability and long-term net leverage commitment of < 2.0x
Timing	<ul style="list-style-type: none">• Expected closing in the fourth quarter of 2020• Subject to customary closing conditions and regulatory approvals

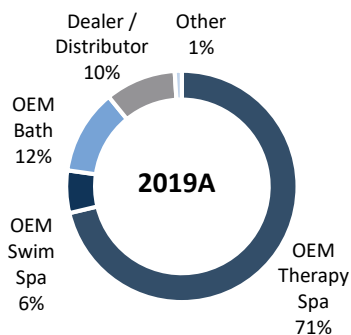
(1) Does not include impact of synergies

- ✓ Differentiated, proprietary controls technology with history of innovation and new product development
 - Enhances and accelerates Electronics segment ability to innovate
 - Significant patents and trademarks
- ✓ The market leader in spa and bath components for health and wellness markets globally
 - Helios gains exposure to new end market with attractive secular trends
- ✓ Low-cost manufacturing capabilities
 - Utilizes a new state-of-the-art production facility in Baja, Mexico with potential for continued capacity and optimization
- ✓ Robust financial profile
 - Consistent organic revenue growth (2011-2019A CAGR of 4%) and industry-leading margin profile (~20% Adj. EBITDA margin)
- ✓ Attractive upside from revenue and cost synergies
 - Provides access to complementary AC technology to pursue targeted, high growth end markets
- ✓ Strong cultural fit between Helios and Balboa Water with shared values and principles as well as a mutual focus on creating value for customers

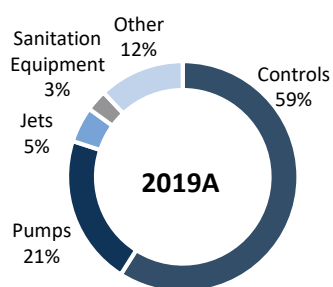
Balboa: Market Leading Provider of High Value Technology Components to Health & Wellness Industry

Technology Leader in Niche Health & Wellness Market

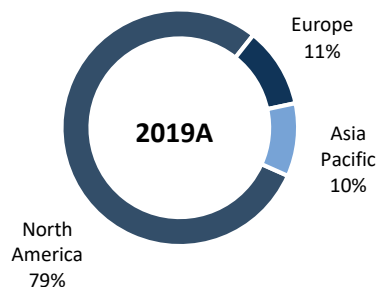
- Leading global provider of innovative control solutions complemented by a full suite of integrated components
 - Leading market positions in controls & heaters, pumps, and jets
- Global footprint to serve key domestic and multinational customers
- New, state-of-the-art manufacturing facility with low-cost footprint
- Significant customer value proposition underpinned by superior quality, best in class reliability, exceptional customer service and ability to offer customization to match OEM requirements creating high switching costs



Revenue by
End Market

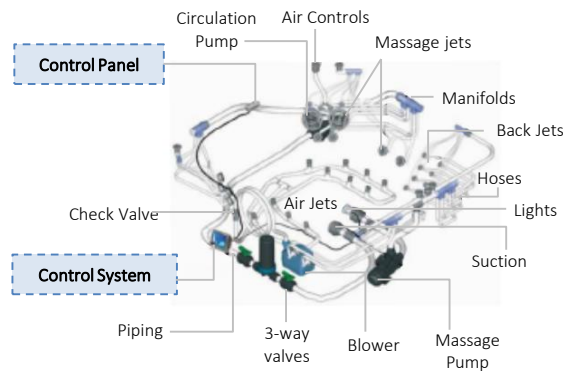


Revenue by
Product Mix



Revenue by
Geography

Fully Integrated Product Offering



Control leadership with history of innovation



Integrated architecture of hardware and software



Only provider of end-to-end solutions

~\$1,200 - \$2,000 addressable content per unit



Touch screen user interface panel



Control spa via mobile app



Topside control panel



Connect the spa with ultra range



Pumps



Jets

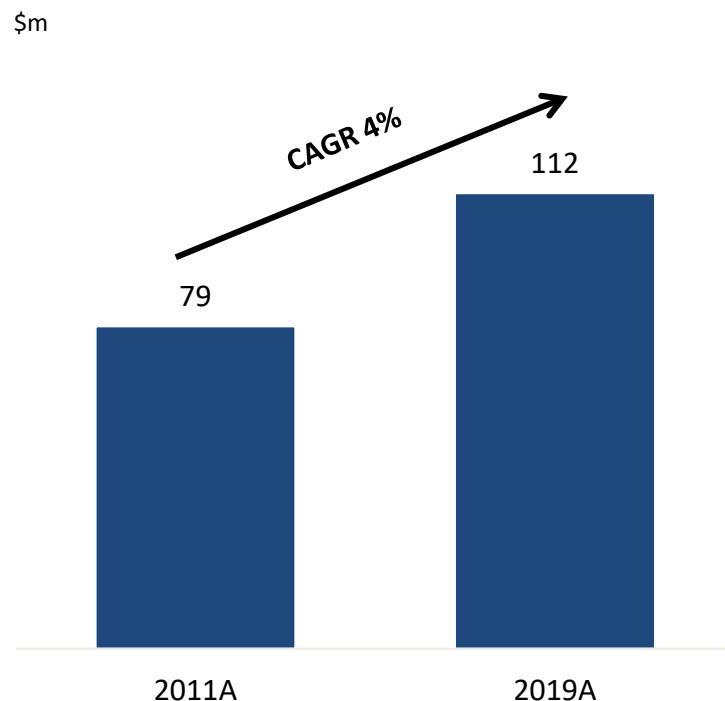


Wavezone Sanitation System

One-Stop Shop for Therapy Spa & Bath Manufacturers

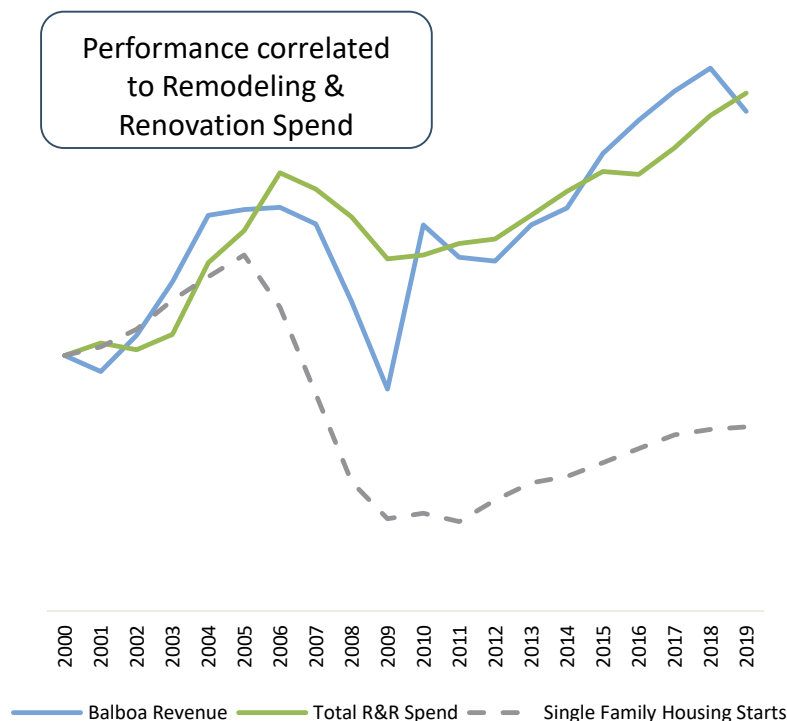
Strong Track Record of Growth With Supportive Secular Trends for Continued Growth

Consistent Revenue Growth...

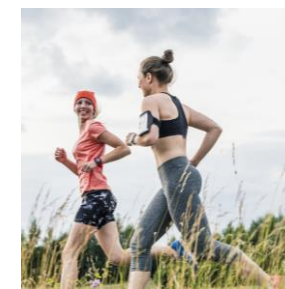


...Decoupled from the Housing Cycle

Indexed to 2000 Levels



Secular Trends Support Continued Growth



Health and Wellness



Aging Population



Electrification & Digitalization



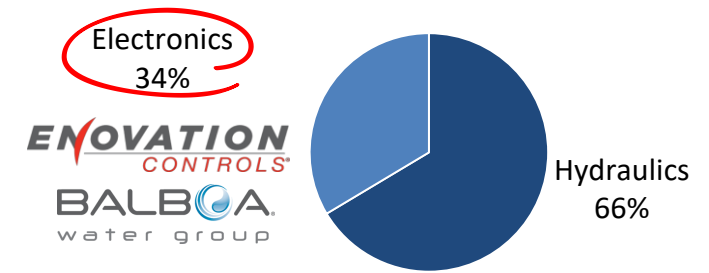
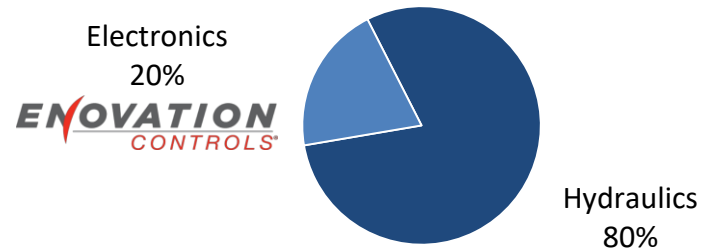
Energy Saving

Acquisition Enhances Scale and Creates a More Diversified Business

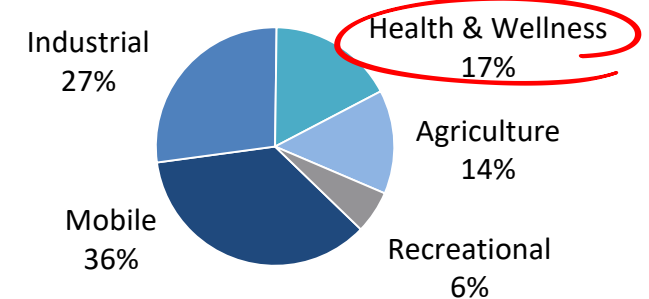
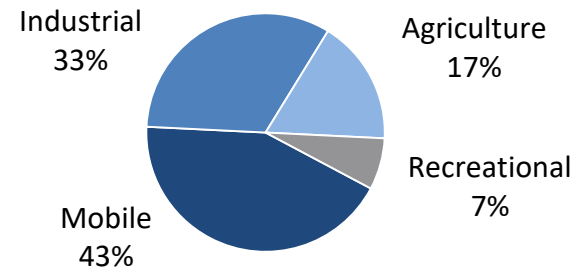


Pro Forma  (2)

Product Mix ⁽¹⁾



End Market Mix ⁽¹⁾



(1) As a % of sales

(2) Balboa Water will be integrated into the electronics segment of Helios

Combined, Diverse Electronics Business Creates Platform for Growth

Balboa's technology and product offerings enables deeper penetration of existing end markets across the Helios portfolio, as well as access to attractive new adjacencies

AC Technology Expands TAM

- Provides immediate access to AC technology (display panels, power control)
- Increases wallet share in Helios's existing markets / customer base
- Allow penetration of new end markets vs. Enovation's traditional DC focused end markets

Diversified Controls / Electronics Offerings

- Proven product design at lower price point provides springboard for new markets / application development
- Balboa's low-cost manufacturing enables production at lower costs
- Pipeline of innovative new products launching

Combination creates an electronics and controls portfolio of scale, with ability to share technological capabilities along with cross-selling opportunities

Select New Markets



Wind Energy



HVAC



Commercial Food
Service Equipment



Commercial Coolers

Expansion of Existing Markets

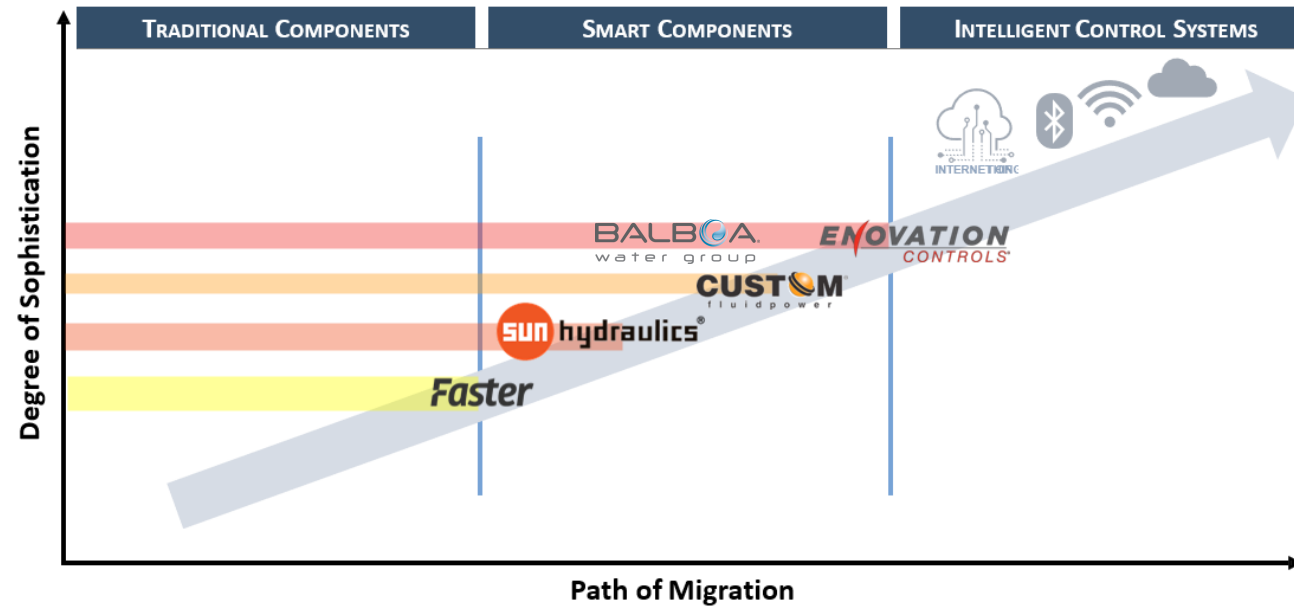


Agriculture



Construction

Balboa Acquisition Achieves Helios's M&A Objectives



Strategic Objectives

- | | | |
|----------------------|---|-------------------------------|
| Growth/Profitability | ✓ | Solid growth; good margins |
| Technology Fit | ✓ | Electronic controls and pumps |
| End Market Expansion | ✓ | Health & wellness |
| Migration Path | ✓ | Smart components |

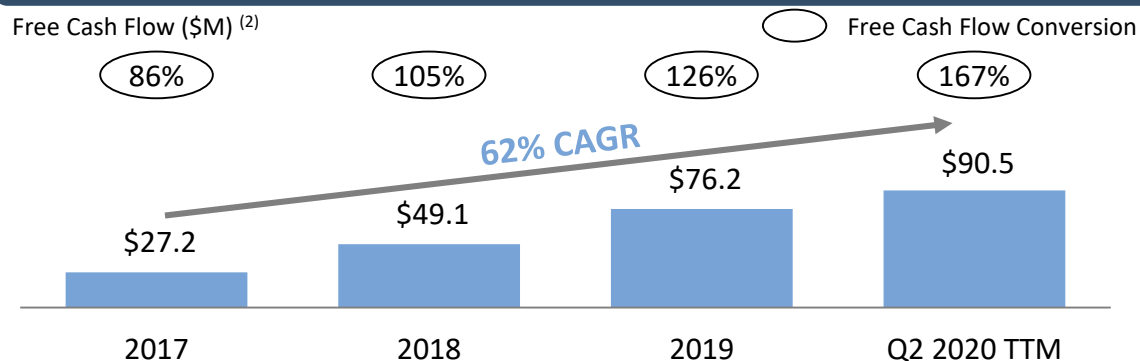
Financial Priorities

- Enhances Helios's growth trajectory
- Expects to be accretive to Helios's Adj. EPS day one onward
- First year cash return on invested capital (ROIC) to exceed Helios's weighted average cost of capital (WACC)

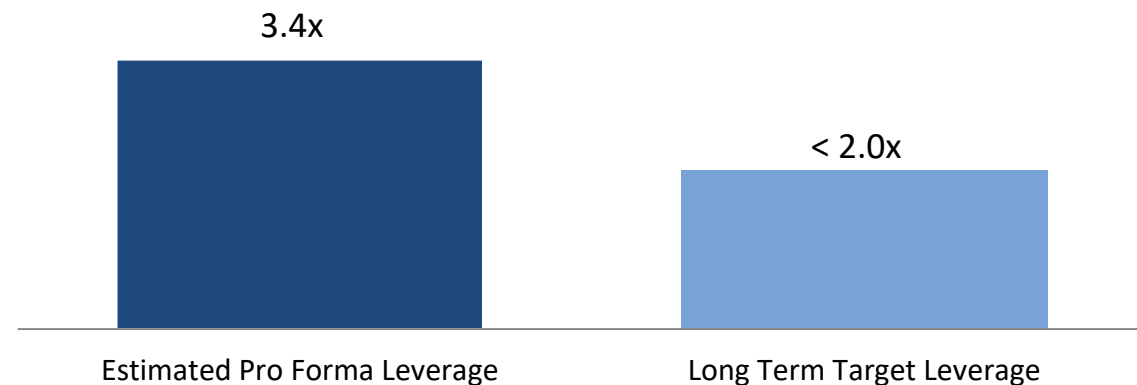
Capital Allocation Priorities

- Transaction funded with a combination of cash on hand and existing and new credit facilities
 - Balance sheet remains flexible for future strategic acquisitions
- The Company plans to meaningfully reduce leverage by:
 - Driving organic growth
 - Realizing cost synergies
 - Strong free cash flow generation
- Target net leverage ratio remains < 2.0x

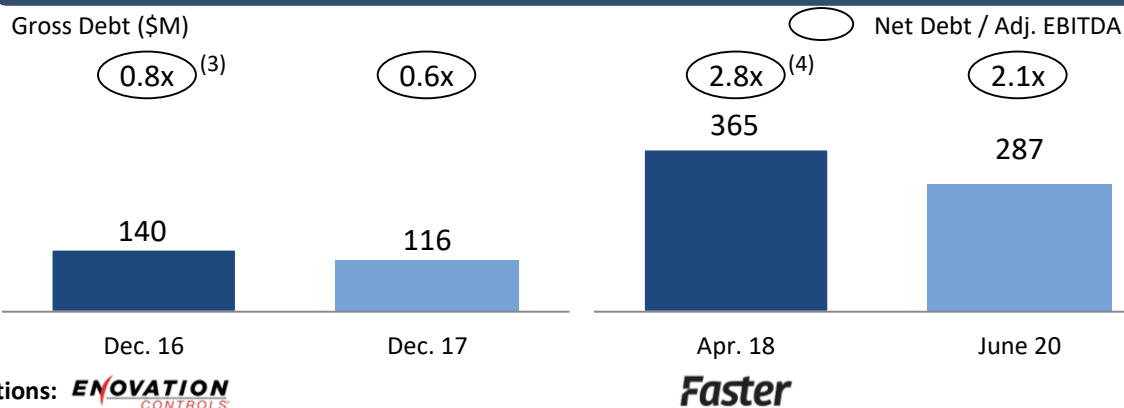
History of Robust FCF Generation...



Net Debt / Adj. EBITDA ⁽¹⁾



...And Deleveraging Post Acquisitions ⁽³⁾



(1) Excluding synergies

(2) 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

(3) Pro forma net debt leverage; Enovation transaction closed December 6, 2016

(4) Pro forma net debt leverage; Faster transaction closed April 5, 2018

Expected Acquisition Benefits for Helios's Stakeholders



Customers

- Increased technology content- and valued-focused product development
- Greater agility and diversification for market
- New capabilities and broader suite of high value products / services

Employees

- An opportunity to work with an innovative, growing company with a strong culture and value system
- Advancement of knowledge in other markets & product spaces
- Benefit from deeper resources around training & corporate practices

Shareholders

- Expected to be accretive to Adj. EPS day one onward
- First year cash return on invested capital (ROIC) expected to exceed Helios's weighted average cost of capital (WACC)
- Committed to driving long term value through balanced capital allocation
- Cross selling benefits organic growth

Balboa Water acquisition aligns with Vision 2025 and Helios's strategy for value creation

Commitment to Shareholder Value Creation

- 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

Adjusted EBITDA Reconciliation

(Unaudited)

(\$ in thousands)

	Twelve Months Ended			
	Dec 2016*	Dec 17	Apr 18*	Jun 20
Net income	\$ 33,621	\$ 31,558	\$ 32,412	\$ 22,285
Interest expense, net	2,893	3,781	16,242	12,796
Income tax provision	13,337	15,986	17,027	10,567
Depreciation and amortization	18,598	19,190	32,700	35,041
TTM EBITDA	68,450	70,515	98,381	80,689
Acquisition-related amortization of inventory step-up	1,021	1,774	889	-
Acquisition and financing-related expenses	1,537	1,019	2,216	74
Restructuring charges	-	1,462	1,573	2,022
Foreign currency forward contract loss	-	-	2,535	-
One-time operational items	-	2,907	2,907	-
CEO transition costs	-	-	-	1,809
Goodwill impairment	-	-	-	31,871
Loss on disposal of intangible asset	-	-	-	2,713
Change in fair value of contingent consideration	-	9,476	9,878	(157)
Other	-	-	-	127
TTM Adjusted EBITDA	\$ 71,008	\$ 87,153	\$ 118,380	\$ 119,148

*Pro Forma

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.

Net Debt-to-Adjusted EBITDA Reconciliation

(Unaudited)

(\$ in thousands)

	Dec 2016 *	Dec 17	Apr 18 *	Jun 20
Current portion of long-term non-revolving debt, net	\$ -	\$ -	\$ 4,837	\$ 10,216
Revolving lines of credit	140,000	116,000	265,031	193,948
Long-term non-revolving debt, net	-	-	94,896	83,267
Total Debt	140,000	116,000	364,764	287,430
Less: Cash and cash equivalents	81,046	63,882	34,645	36,965
Net Debt	\$ 58,954	\$ 52,118	\$ 330,120	\$ 250,465
TTM Adj EBITDA	\$ 71,008	\$ 87,153	\$ 118,380	\$ 119,148
Ratio of Net Debt to TTM Adjusted EBITDA	0.8	0.6	2.8	2.1

*Pro Forma

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.

Free Cash Flow Reconciliation

(Unaudited)

(\$ in thousands)

	2017	2018	2019	Q2 2020 TTM
Net cash provided by operating activities	\$ 49,382	\$ 77,450	\$ 90,480	\$ 105,366
Contingent consideration payment in excess of acquisition date fair value	-	-	10,731	-
Adjusted net cash provided by operating activities	49,382	77,450	101,211	105,366
Capital expenditures	22,205	28,380	25,025	14,827
Adjusted free cash flow	\$ 27,177	\$ 49,070	\$ 76,186	\$ 90,539
Net Income	31,558	46,730	60,268	22,285
Goodwill Impairment	-	-	-	31,871
Net income, less goodwill impairment	\$ 31,558	\$ 46,730	\$ 60,268	\$ 54,156
Free cash flow conversion	86%	105%	126%	167%

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.