

Third Quarter 2021 Earnings

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Third Quarter 2021 Earnings Call

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Cautionary Statement

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements and information relating to Hayward that are based on the beliefs of management as well as assumptions made by, and information currently available to management. These statements include, but are not limited to, statements about Hayward's expected future financial position; business plans and objectives; general economic and industry trends; operating results; and working capital and liquidity and other statements contained in this presentation that are not historical facts. When used in this presentation, words such as "may," "will," "should," "could," "intend," "potential," "continue," "anticipate," "believe," "estimate," "expect," "plan," "target," "predict," "project," "seek" and similar expressions as they relate to us are intended to identify forward-looking statements. These statements reflect management's current views with respect to future events, are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Further, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual results or events could differ materially from the plans, intentions and expectations disclosed in forward-looking statements.

Hayward has based these forward-looking statements largely on management's current expectations and projections about future events and financial trends that management believes may affect Hayward's business, financial condition and results of operations. Important factors that could affect Hayward's future results and could cause those results or other outcomes to differ materially from those indicated in the forward-looking statements include the following: our ability to execute on our growth strategies and expansion opportunities; our ability to maintain favorable relationships with suppliers and manage disruptions to our global supply chain and the availability of raw materials; our relationships with and the performance of distributors, builders, buying groups, retailers and servicers who sell our products to pool owners; competition from national and global companies, as well as lower cost manufacturers; impacts on our business from the sensitivity of our business to seasonality and unfavorable economic and business conditions; our ability to identify emerging technological and other trends in our target end markets; our ability to develop, manufacture and effectively and profitably market and sell our new planned and future products; failure of markets to accept new product introductions and enhancements; the ability to successfully identify, finance, complete and integrate acquisitions; our ability to attract and retain senior management and other qualified personnel; regulatory changes and developments affecting our current and future products; volatility in currency exchange rates; our ability to service our existing indebtedness and obtain additional capital to finance operations and our growth opportunities; impacts on our business from political, regulatory, economic, trade, and other risks associated with operating foreign businesses; our ability to establish and maintain intellectual property protection for our products, as well as our ability to operate our business without infringing, misappropriating or otherwise violating the intellectual property rights of others; the impact of material cost and other inflation; the impact of changes in laws, regulations and administrative policy, including those that limit US tax benefits or impact trade agreements and tariffs; the outcome of litigation and governmental proceedings; impacts on our business from the COVID-19 pandemic; and other risks and uncertainties set forth under "Risk Factors" in the prospectus for Hayward's initial public offering and in Hayward's subsequent SEC filings.

The forward-looking statements in this presentation represent management's views as of the date of this presentation. Unless required by United States federal securities laws, Hayward neither intends nor assumes any obligation to update these forward-looking statements for any reason after the date of this presentation to conform these statements to actual results or to changes in our expectations.

NON-GAAP FINANCIAL MEASURES

This presentation includes certain financial measures not presented in accordance with the generally accepted accounting principles in the United States ("GAAP"), including adjusted net income, EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted segment income, adjusted segment income margin and net debt. These financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing the Company's financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income (loss) or other measures of profitability, liquidity or performance under GAAP. You should be aware that Hayward's presentation of these measures may not be comparable to similarly titled measures used by other companies, which may be defined and calculated differently. See the appendix for a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures.

Third Quarter 2021 Highlights

+56% YoY
Net Sales growth

Net Sales of \$351 million

- ✓ Higher volumes driven by new construction, pool remodels & upgrades
- ✓ Increased production YoY despite global supply and logistics constraints
- ✓ Strong adoption of new products especially VS Pumps & Automation

+53% YoY
Gross Profit

Gross Profit of \$162 million, 46.3% of Net Sales

- ✓ Increased materials & transportation costs due to supply side disruptions, as well as increased labor costs
- ✓ Cost headwinds softened by volume increases, price realization & manufacturing leverage

+61% YoY
Adj. EBITDA¹ growth

Adj. EBITDA¹ of \$98 million, 28.0% of Net Sales

- ✓ Margin expanded by 87 basis points YoY
- ✓ Driven by net sales increase and leverage across the cost base

1.8x
Net Debt / LTM Adj. EBITDA¹

Net Debt \$711 million / LTM Adj. EBITDA¹ \$390 million

- ✓ IPO proceeds reduced leverage and increased financial flexibility
- ✓ Continued strong cash flow generation and adjusted EBITDA growth

Source: Company financial data. ¹ See Appendix for a reconciliation of non-GAAP measures to the most directly comparable GAAP measures.

Updated 2021 Financial Outlook

Full Year

- ✓ Net Sales growth increased to 59% to 62% YoY
 - ✓ Compared to prior range of 54% to 58%
- ✓ Adjusted EBITDA¹ of \$405 to \$425 million; up 75% to 84% YoY
 - ✓ Unchanged compared to prior range

Outlook Reflects:

- ✓ Strong year-to-date results and increased visibility into 2022 order file
- ✓ Increased inflation driven by material availability, labor & logistics
- ✓ Continued broad based strength across products & new technology adoption
- ✓ Trade customer backlogs continue to support healthy demand

¹Reconciliation for the full-year fiscal 2021 Adjusted EBITDA outlook is not being provided, as Hayward does not currently have sufficient data to accurately estimate variables and individual adjustments for such reconciliation

Hayward is at the Center of Outdoor Living

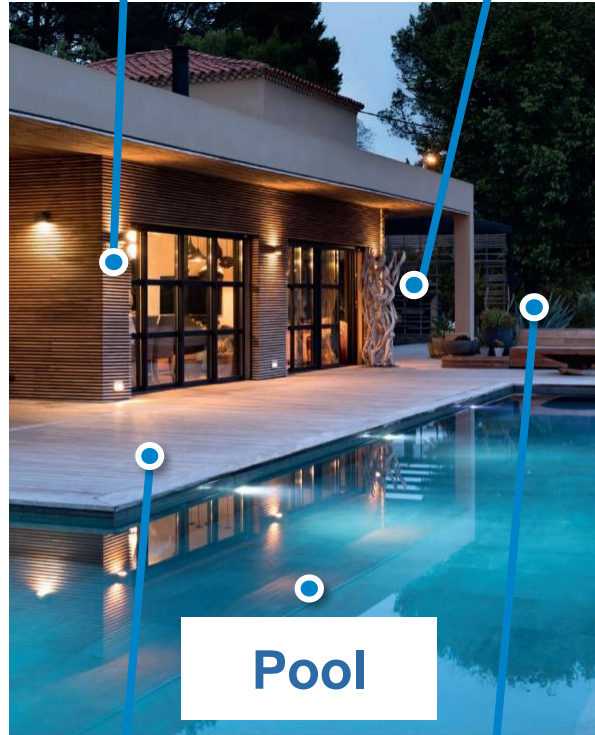
Strong Secular Home Building Trends

- ✓ **37%** of home buyers are Millennials¹
- ✓ **17%** of American adults are considering purchasing a home within a year²
- ✓ Newer owner-occupied houses concentrated in Sun Belt states³
- ✓ Remodeling industry confidence improves YoY (RMI of 87 in 2Q21, up 14 points from the 2Q20)⁴



Lighting

HVAC



Pool

Decking

Irrigation

Growing Focus on Smart Homes⁵

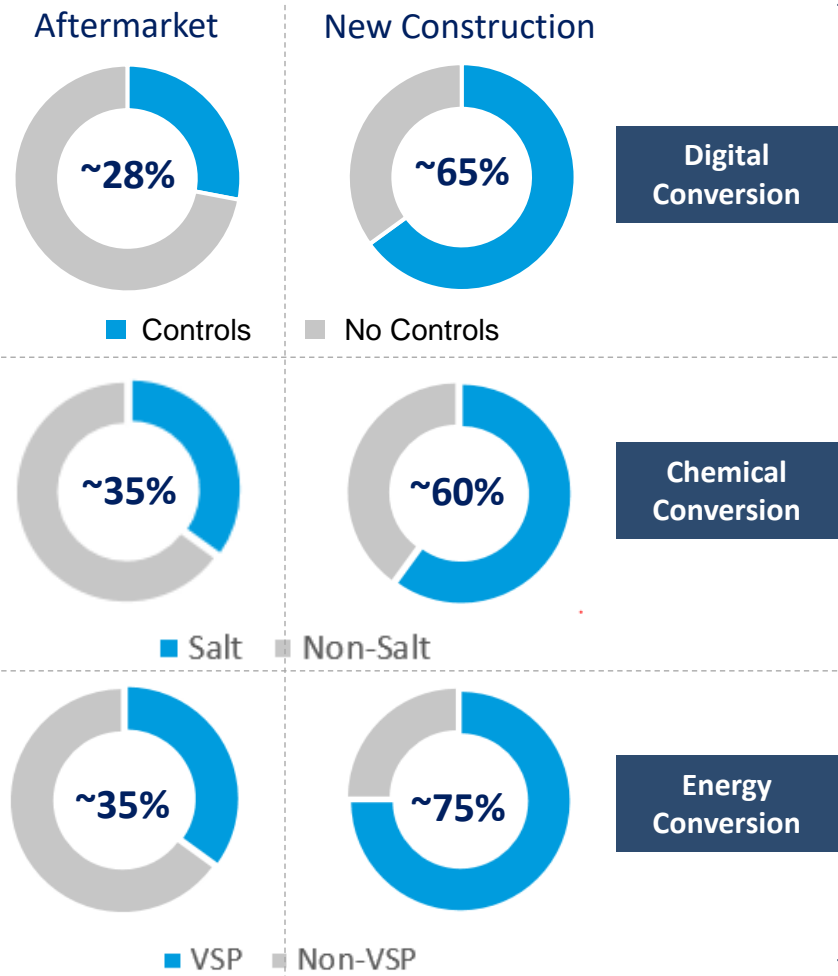
- ✓ ~\$23bn U.S. smart home market
- ✓ ~77 million smart homes by 2025
- ✓ ~66% of homeowners use an app to control smart home devices
- ✓ ~60% penetration of smart home systems in 2025, growing from ~40% today
- ✓ Smart IoT controls on new pools is **65%** vs. **28%** on existing pools
 - ❖ Awareness is driving a conversion opportunity for Smart upgrades



¹ National Association of Realtors Research Group, 2021 NAR Home Buyer and Seller Generational Trends Report. ² National Association of Home Builders, Housing Trends Report. ³ U.S. Census Bureau, 2019 American Community Survey. ⁴ Based on the National Association of Home Builders/Royal Building Products Remodeling Market Index (RMI). RMI is an average of the Current Conditions Index and the Future Indicators Index. ⁵ Obtained from the 2020 Statista study "smart home in the us". Statista is a provider of market and consumer data.

US Pool Market SmartPad™ Conversion

Key Conversion Opportunities



Technology Rich Pool - SmartPad™

Legacy Pool



Equipment Pad	Variable Speed Pumps, Cartridge Filters, Gas Heater & Heat Pump, Salt Chlorinator, UV/Ozone/AOP Sanitizer, Color LED Lights, IoT enabled Controls with Chemistry Automation, Wi-Fi Robotic Cleaner, Water Features	Single Speed Pump, Filter, White Light, Time Clock, Suction Cleaner
New-Build Pool Price	>\$90,000	~\$28,000 to \$45,000
OEM Equipment Sales Per New Pool	~\$7,500 to \$16,600+	~\$1,600 to \$4,500
% of Total Pool Cost	~8% to 15%+	~7% to 10%

Source: Management Estimates based on US market.

Sustainability of Growth

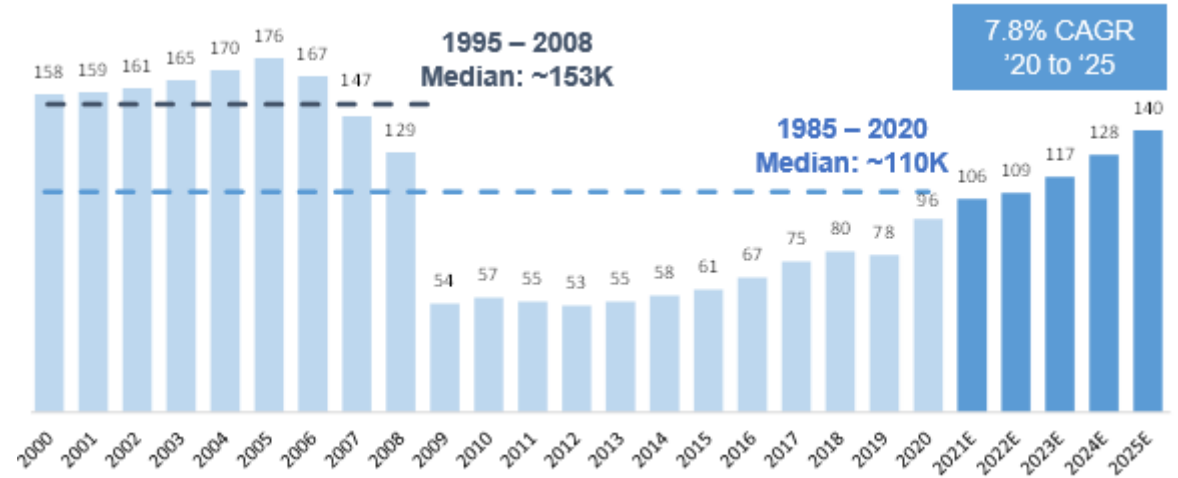
Macroeconomics

- **Strong long-term secular trends continue**
 - Deurbanization
 - Migration to sunbelt
 - Millennial buying
- **Key economic indicators remain positive**
 - Employment (ages 25 to 54)
 - US Real Average Earnings
 - Private Fixed Residential Investment
 - Home Prices
 - Home Equity

Remodeling

- **Remodeling activity is poised to continue**
 - Home renovation and repair accelerating
 - NAHB Remodeling Market Index remains strong
- **Aging pool stock supports future equipment R&R activity**
 - Average age of inground pools in the US is over 22 years

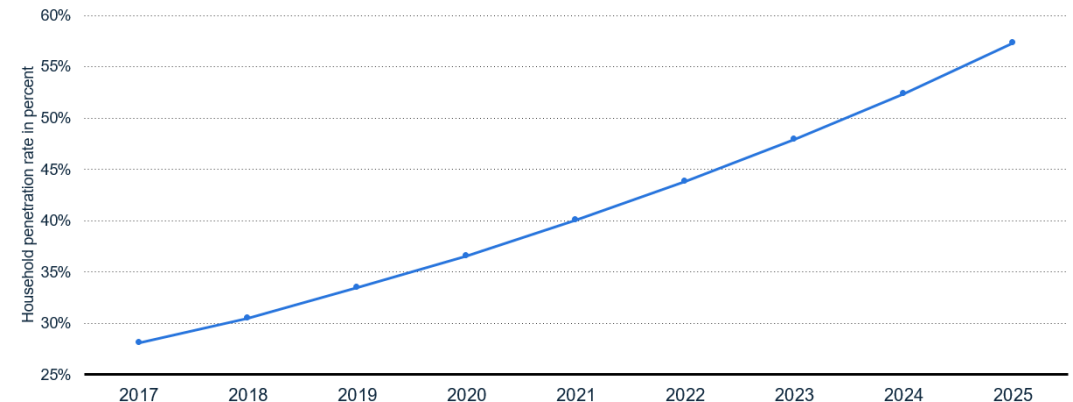
New Pool Construction



Smart/Digitalization of Pool

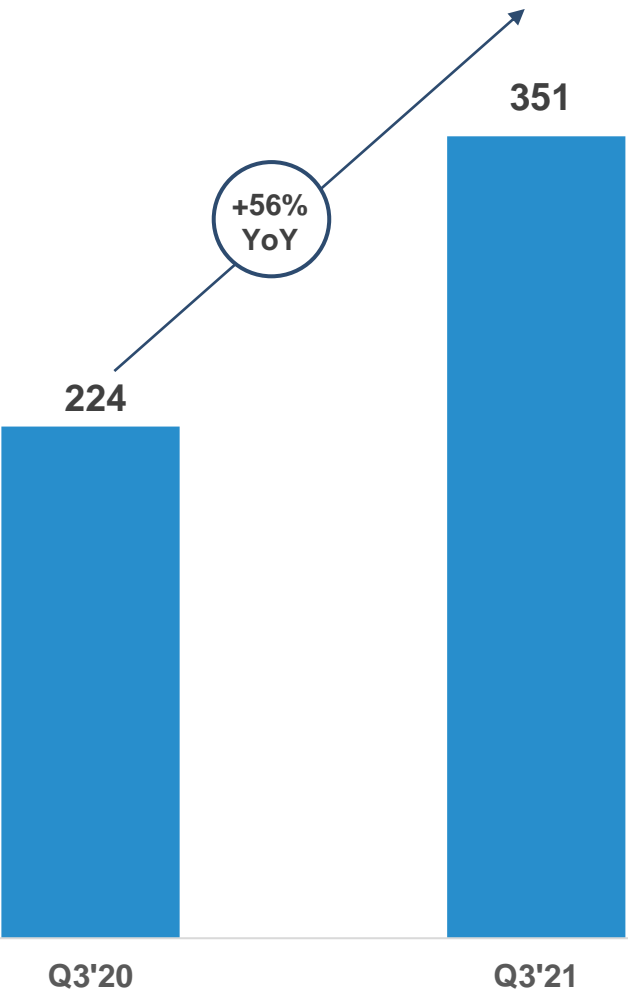
Smart Home penetration rate in the United States from 2017 to 2025

Smart Homes penetration rate in the United States 2017-2025



Q3 Financial Overview

Net Sales (\$mm)



Strong Sales Growth

Sustained demand across all end markets, increasing output to drive higher sales growth

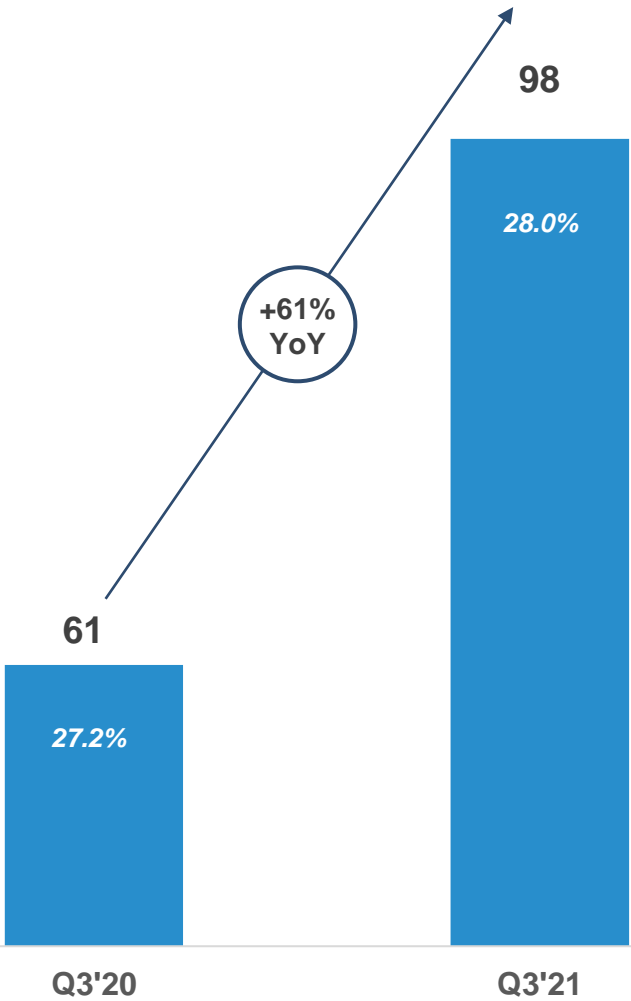
Ongoing Margin Expansion

87 bps in AEBITDA margin driven by higher net sales and operating leverage

Production Driving Performance

Capacity utilization servicing higher volume demand

Adjusted EBITDA (\$mm)
Margin (% of net sales)



North America Q3 Segment Overview

Net Sales	\$298 million +62.1% YoY	<ul style="list-style-type: none">✓ Higher demand and volume for ESG and automated products✓ Increased production levels to meet sustained demand
Gross Profit Margin	47.5% -183 bps YoY	<ul style="list-style-type: none">✓ Inflationary environment and supply chain disruptions lead to higher costs✓ Manufacturing leverage and strategic pricing partially mitigated inflation
Segment Income	\$92 million +87.3% YoY	<ul style="list-style-type: none">✓ Segment income margin improved 415 bps YoY to 30.8%✓ Higher sales, slightly offset by higher volume-driven SG&A
Adjusted Segment Income	\$98 million +73.0% YoY	<ul style="list-style-type: none">✓ Adjusted segment income margin improved 208 bps YoY to 33.0%

Europe & ROW Q3 Segment Overview

Net Sales	\$52 million +29.4% YoY	<ul style="list-style-type: none"> ✓ Sustained market demand in Europe recovery in Export markets ✓ Significant volume growth on top of strong prior year growth
Gross Profit Margin	39.7% +167 bps YoY	<ul style="list-style-type: none"> ✓ Favorable product mix and continued price realization and production leverage ✓ Partially offset by higher raw material and shipping costs
Segment Income	\$11 million +51.5% YoY	<ul style="list-style-type: none"> ✓ Segment income margin improved 294 bps YoY to 20.2% ✓ Higher sales, slightly offset by higher volume-driven SG&A and investments to support growth
Adjusted Segment Income	\$11 million +47.6% YoY	<ul style="list-style-type: none"> ✓ Adjusted segment income margin improved 262 bps YoY to 21.3%

Core Values Drive Commitment to ESG

Environmental

- ✓ Focus on energy efficient, water conserving and chemical avoidant products
- ✓ 2021 Energy Star® Award
- ✓ Commitment to recycling
- ✓ ~70% of molding machines are electric or hybrid



Social

- ✓ Diversity, Equity, and Inclusion
- ✓ Safety procedures aligned with OSHA standards
- ✓ >500 employees submitted safety improvements implemented annually

Governance

- ✓ Global ethics reporting platform
- ✓ ESG metrics reported to senior leadership
- ✓ Board structure with committee charters

Recent Developments

- ✓ October Launch of AquaRite S3 – Low Salt Chlorine Generator



- ✓ Completed Global Employee Engagement Review
- ✓ Platinum Sponsorship of “Step Into Swim”
 - Charity providing swimming lessons to underprivileged



Core Values

Focus on more environmentally sustainable products

Responsible manufacturing practices

Commitment to a safe and inclusive workplace

Clear governance and compliance practices

Hayward's Value Proposition

The background image shows a luxurious outdoor living area. In the foreground, there's a large, clear infinity pool that seems to blend into the horizon. To the left, a modern lounge area features a fireplace, a large potted plant, and comfortable seating. The entire space is enclosed by floor-to-ceiling glass walls, offering an unobstructed view of a sprawling coastal city, a harbor filled with sailboats, and distant mountains under a bright, cloudy sky.

Pure Play Market Leader in Growing Outdoor Living Sector

Competitive Moat – Full Product Line, Channel Presence, Brand and Large Installed Base

Leaders in the SmartPad™ Conversion – IoT-Connected and Environmentally Conscious Products

Strategic Vision to Grow the Addressable Market

Robust Financial Performance with Recurring Sales Model

Appendix

Non-GAAP Reconciliations

Adjusted EBITDA and Adjusted EBITDA Margin Reconciliation

Adjusted EBITDA and Adjusted EBITDA Margin Reconciliation (Non-GAAP Reconciliation)

Following is a reconciliation from net income to adjusted EBITDA:

(In thousands)

	Three months ended			
	October 2, 2021	September 26, 2020	Increase (Decrease)	Percentage Change
Net income	\$ 50,321	\$ 15,198	\$ 35,123	231.1 %
Depreciation	4,847	4,921	(74)	(1.5)%
Amortization	10,405	11,251	(846)	(7.5)%
Interest expense	11,050	17,046	(5,996)	(35.2)%
Income taxes	14,336	5,472	8,864	162.0 %
EBITDA	\$ 90,959	\$ 53,888	\$ 37,071	68.8 %
Stock-based compensation ^(a)	484	654	(170)	(26.0)%
Sponsor management fees ^(b)	—	199	(199)	(100.0)%
Currency exchange items ^(c)	1,149	(2,171)	3,320	152.9 %
Acquisition and restructuring related expense, net ^(d)	783	6,825	(6,042)	(88.5)%
Other ^(e)	4,954	1,599	3,355	209.9 %
Total adjustments	\$ 7,370	\$ 7,106	\$ 264	3.7 %
Adjusted EBITDA	\$ 98,329	\$ 60,994	\$ 37,335	61.2 %
Adjusted EBITDA margin	28.0 %	27.2 %		

- (a) Represents non-cash stock-based compensation expense related to equity awards issued to management, employees, and directors.
- (b) Represents fees paid to certain of our Sponsors for services rendered pursuant to a 2017 management services agreement. This agreement and the corresponding payment obligation ceased on March 16, 2021, the effective date of our IPO.
- (c) Represents non-cash mark-to-market losses (gains) on foreign currency contracts.
- (d) Adjustments in the three months ended October 2, 2021 include costs associated with the relocation of the corporate headquarters. Adjustments in the three months ended September 26, 2020 include \$6.8 million of business restructuring costs mainly related to the manufacturing and distribution consolidation and expansion.
- (e) Adjustments in the three months ended October 2, 2021 include a \$3.5 million legal settlement reserve related to the ongoing Pentair litigation, \$0.4 million of certain legal fees, \$0.4 million costs related to a fire at our manufacturing and administrative facilities in Yuncos Spain, as well as \$0.6 million operating loss related to an early stage product business acquired in 2018 that is being phased out. Adjustments in the three months ended September 26, 2020 includes \$0.8 million of operating losses related to the same early stage product business, and \$0.9 million COVID-19 related health and safety expenses.

Adjusted Segment Income Reconciliation

Following is a reconciliation from segment income to adjusted segment income for North America ("NAM"):

(In thousands)

NAM	Three months ended		Nine months ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Segment income	\$ 91,920	\$ 49,080	\$ 267,020	\$ 117,243
Depreciation	4,253	4,534	12,653	12,797
Amortization	1,705	1,707	4,740	4,285
Stock-based compensation ^(a)	(126)	419	7,318	1,256
Other ^(b)	568	1,105	1,551	3,785
Total adjustments	6,400	7,765	26,262	22,123
Adjusted segment income	<u>\$ 98,320</u>	<u>\$ 56,845</u>	<u>\$ 293,282</u>	<u>\$ 139,366</u>
Adjusted segment income margin	33.0 %	30.9 %	34.0 %	28.2 %

(a) For the three months ended October 2, 2021, we recognized a \$0.5 million benefit related to mark-to-market accounting under the liability method for Stock Appreciation Rights.

(b) The three months and nine months ended October 2, 2021 include \$0.6 million and \$1.5 million operating losses, respectively, which relate to the early stage product business acquired in 2018 that is being phased out in 2021 and other miscellaneous items we believe are not representative of our ongoing business operations. The three months and nine months ended September 26, 2020 include \$0.8 million and \$3.0 million operating losses, respectively, which relate to an early stage product business acquired in 2018 that is being phased out, as well as professional fees, \$0.6 million and \$1.6 million health and safety expenses, respectively, and other miscellaneous items we believe are not representative of our ongoing business operations.

Following is a reconciliation from segment income to adjusted segment income for Europe & Rest of World ("E&RW"):

(In thousands)

E&RW	Three months ended		Nine months ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Segment income	\$ 10,582	\$ 6,986	\$ 37,828	\$ 20,836
Depreciation	175	326	843	954
Stock-based compensation	34	105	585	314
Currency exchange items	—	128	—	651
Other ^(a)	389	30	5,440	(302)
Total adjustments	598	589	6,868	1,617
Adjusted segment income	<u>\$ 11,180</u>	<u>\$ 7,575</u>	<u>\$ 44,696</u>	<u>\$ 22,453</u>
Adjusted segment income margin	21.3 %	18.7 %	24.0 %	18.6 %

(a) The three months and nine months ended October 2, 2021 include \$0.4 million and \$5.4 million write off related to a fire at our manufacturing and administrative facilities in Yuncos, Spain.

Last Twelve Months Adjusted EBITDA Reconciliation

Following is a reconciliation of the last twelve months adjusted EBITDA						
	12/31/2020	4/3/2021	7/3/2021	10/2/2021		
(\$K)	4Q20	1Q21	2Q21	3Q21		LTM
Net income	\$ 19,069	\$ 36,867	\$ 52,819	\$ 50,320	\$	159,075
Interest (income)/expense (net)	19,464	24,082	16,584	11,050		71,179
Tax provision	7,297	15,143	12,593	14,336		49,369
Amortization	11,218	10,392	10,105	10,405		42,121
Depreciation	4,287	4,748	4,500	4,847		18,383
EBITDA	\$ 61,334	\$ 91,232	\$ 96,600	\$ 90,959	\$	340,126
Stock Compensation	\$ (16)	\$ 10,634	\$ 5,264	\$ 484	\$	16,367
Unrealized Gain / Loss on FX	(2,896)	3,826	(595)	1,149		1,483
Restructuring	1,762	34	1,635	783		4,214
Management Fee - Sponsors	199	90	—	—		289
ConnectedYard	2,116	435	536	567		3,654
Pentair Litigation		—	—	3,500		3,500
Other Adjustments	11,286	1,025	6,990	887		20,187
Total EBITDA Adjustments	\$ 12,451	\$ 16,044	\$ 13,829	\$ 7,370	\$	49,694
Adjusted EBITDA	\$ 73,786	\$ 107,276	\$ 110,429	\$ 98,329	\$	389,820