# GOLDMAN SACHS INDUSTRIALS AND MATERIALS CONFERENCE

May 10, 2022



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## MAY 10, 2022


**EIFION JONES**
Senior Vice President and Chief Financial Officer

**STUART BAKER**
Vice President of Business Development


**NYSE: HAYW**

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**Industry and Market Data**

This presentation includes market and industry data and forecasts that we have derived from independent consultants, publicly available information, various industry publications, other published industry sources and our internal data and estimates. Independent consultant reports, industry publications and other published industry sources generally indicate that the information contained therein was obtained from sources believed to be reliable.

Our internal data and estimates are based upon information obtained from trade and business organizations and other contacts in the markets in which we operate and our management's understanding of industry conditions. Although we believe that such information is reliable, we have not had this information verified by any independent sources. Similarly, our internal research is based upon our understanding of industry conditions, and such information has not been verified by any independent sources. Any estimates underlying such market-derived information and other factors could cause actual results to differ materially from those expressed in the independent parties' estimates and in our estimates.

**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 EBITDA, adjusted EBITDA and adjusted EBITDA margin. 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 loss or other measures of profitability, liquidity or performance under GAAP. You should be aware that the Company'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.


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# Discover your best life.

We aim to take the worry out of pool ownership, giving you more moments than responsibilities.



### PURE-PLAY POOL EQUIPMENT PROVIDER

Market leading brand in outdoor living space

### COMPETITIVE MOAT

Full product line, diverse channel presence, operational excellence, large installed base

### LEADING FINANCIAL PERFORMANCE

Robust financial performance with recurring sales model







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# Discover new efficiencies.

Help us do our part in protecting the environment by upgrading to the latest smart technologies.



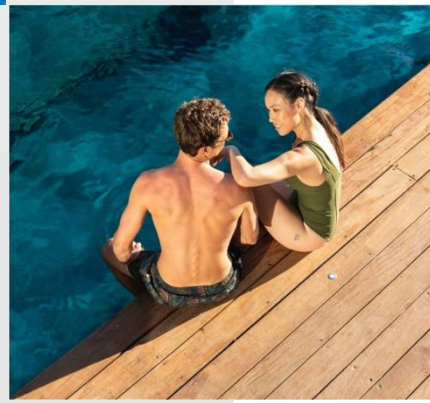
### LEADERS IN SMARTPAD™ CONVERSION

IoT connected, Smart products for total control

### ENVIRONMENTALLY SUSTAINABLE PRODUCTS

Strategic vision to grow the addressable market through key aftermarket conversions







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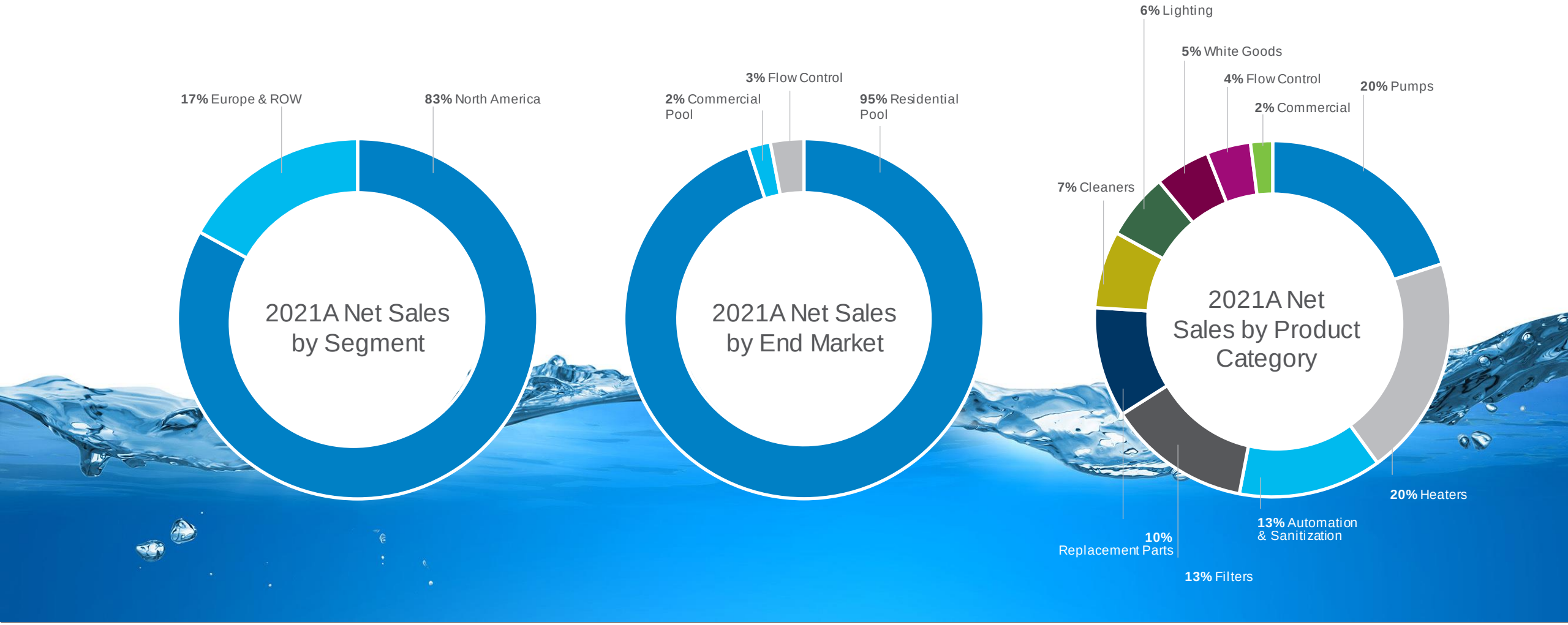
# Discover Hayward.





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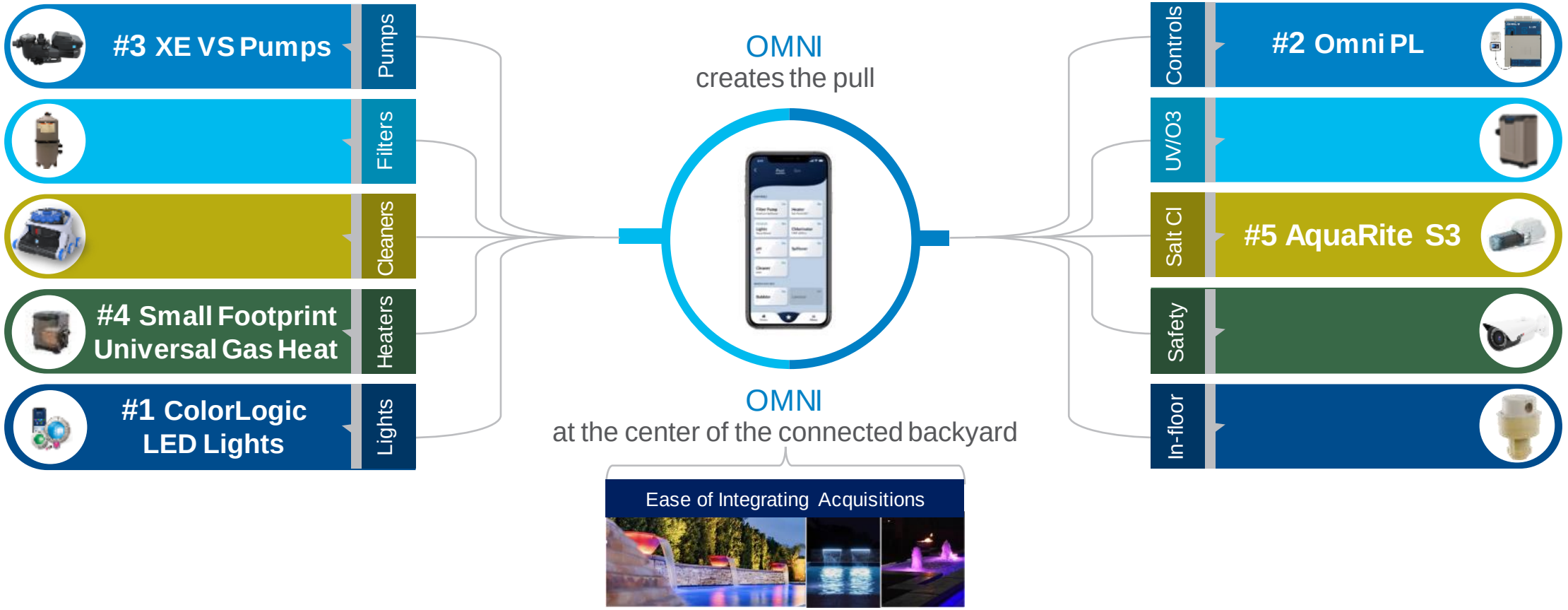
# Winning Technology at Heart of SmartPad




**#1 TO #5 REPRESENT US INDUSTRY YOY UNIT GROWTH (#1 HIGHEST) FOR TOP 5 KEY PRODUCT SEGMENTS**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# OUR ESG STRATEGIC PILLARS



## PRODUCTS

Environmentally Sustainable Products

Product Safety



## PLANET

Environmental Management (GHG, Energy, Water, Waste)

Responsible Supply Chain & Materials



## PEOPLE

Diversity, Equity, & Inclusion

Employee Health, Wellbeing, & Engagement



## PRINCIPLES

Business Ethics

Board Diversity & Independence

Data Privacy & Security



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# Hayward Drivers of Growth

| | |
|---|---|
| **IoT Digital Leadership** | ✓ Launch of new Omni Control derivatives<br>✓ YoY Omni user base increased >45%<br>✓ >94% connected via Smart App |
| **Dealer Conversions** | ✓ Established field-base Business Development roles 100% focus new dealer acquisition<br>✓ Totally Hayward Partners YoY growth >21% |
| **New Product Technologies** | ✓ Launched 6 new platform products<br>✓ Acquired 3 technology companies<br>✓ NPI Vitality Index 1Q YoY growth 37% |
| **Operational Excellence** | ✓ Global production YoY growth of 57%<br>✓ US accounted for ~85% of domestic supply<br>✓ New European facility focused on automation and sanitization |
| **Broad Channel Access** | ✓ Growth across diversified Distribution, Retail and Online channels |
| **Environmental Sustainability** | ✓ 1.5b kWh saved from VS Pumps & LED Lights<br>✓ 120m lbs Chlorine saved from Salt/UV Ozone<br>✓ 3.7b gallons Water saved from Cartridge filters |

**Hayward's Strategic Growth Drivers Delivered**

**42%**

**YoY LTM Sales Growth as of Q1'22**


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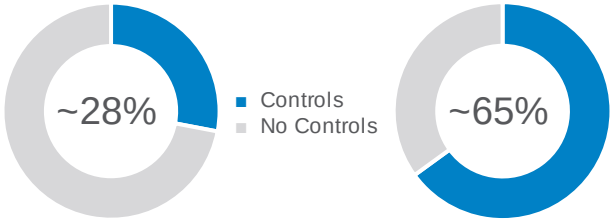
# SmartPad™ Aftermarket Conversion Upgrades

## Key Sustainable Aftermarket Conversion Opportunities Increase TAM

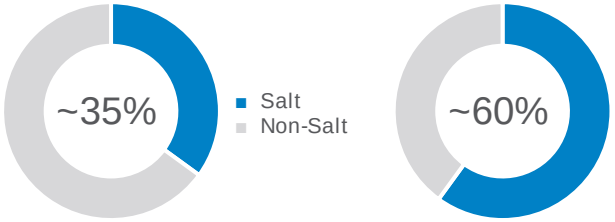
AFTERMARKET | NEW CONSTRUCTION




**Digital Conversion**

37%
of 5.3mm Pools @
$1,500 OEM Price =
$3.0bn

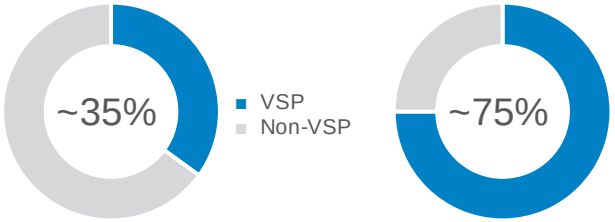





**Chemical Conversion**

25%
of 5.3mm Pools @
$1,000 OEM Price =
$1.3bn






**Energy Conversion**

40%
of 5.3mm Pools @
$750 OEM Price =
$1.6bn



Source: Management Estimates based on US market.



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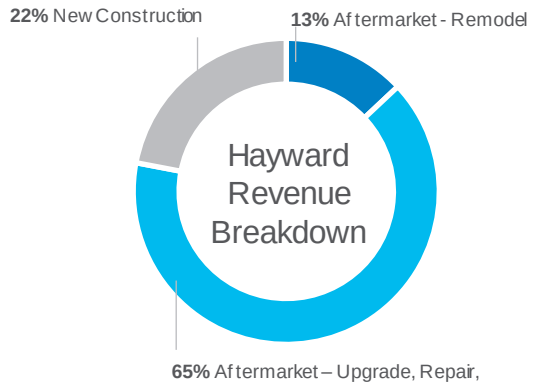
# Sustainability of Growth

## MACROECONOMICS

- Strong long-term secular trends continue
  - Deurbanization, Migration to sunbelt, Millennial buyers, WFH
- Key economic indicators remain positive
  - Employment, Residential Investment, Home Prices & Equity
- Remodeling activity is strong
  - Focus on home renovation, RMI strong

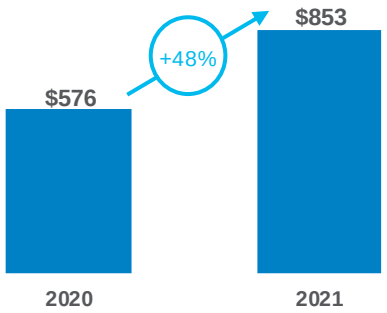
## 2021 AFTERMARKET GROWTH TO ~80% SALES

- Average age of Pools record >23 years old
- Low technology Pool stock a rich source for Upgrades and Remodel opportunity

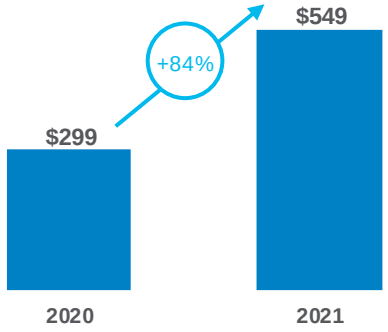



## SMARTPAD INCREASING CONTENT/MIX & MARGIN

### CORE PRODUCTS

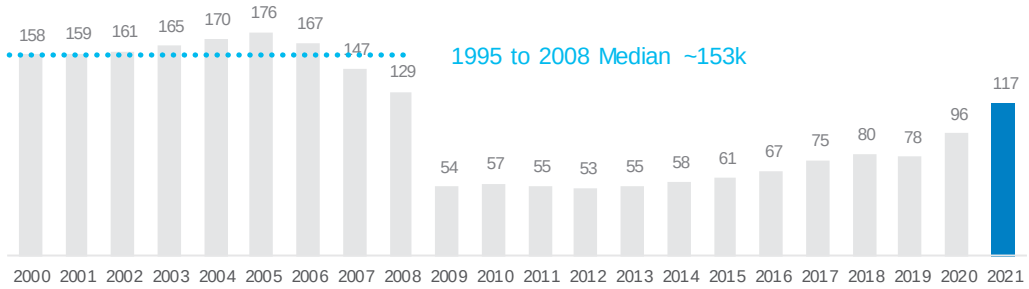



### LIFESTYLE PRODUCTS[1]




1 Lifestyle Products = Controls, Sanitization, LED Lights, Heaters

## USA IN-GROUND NEW POOL CONSTRUCTION (IN 000'S)





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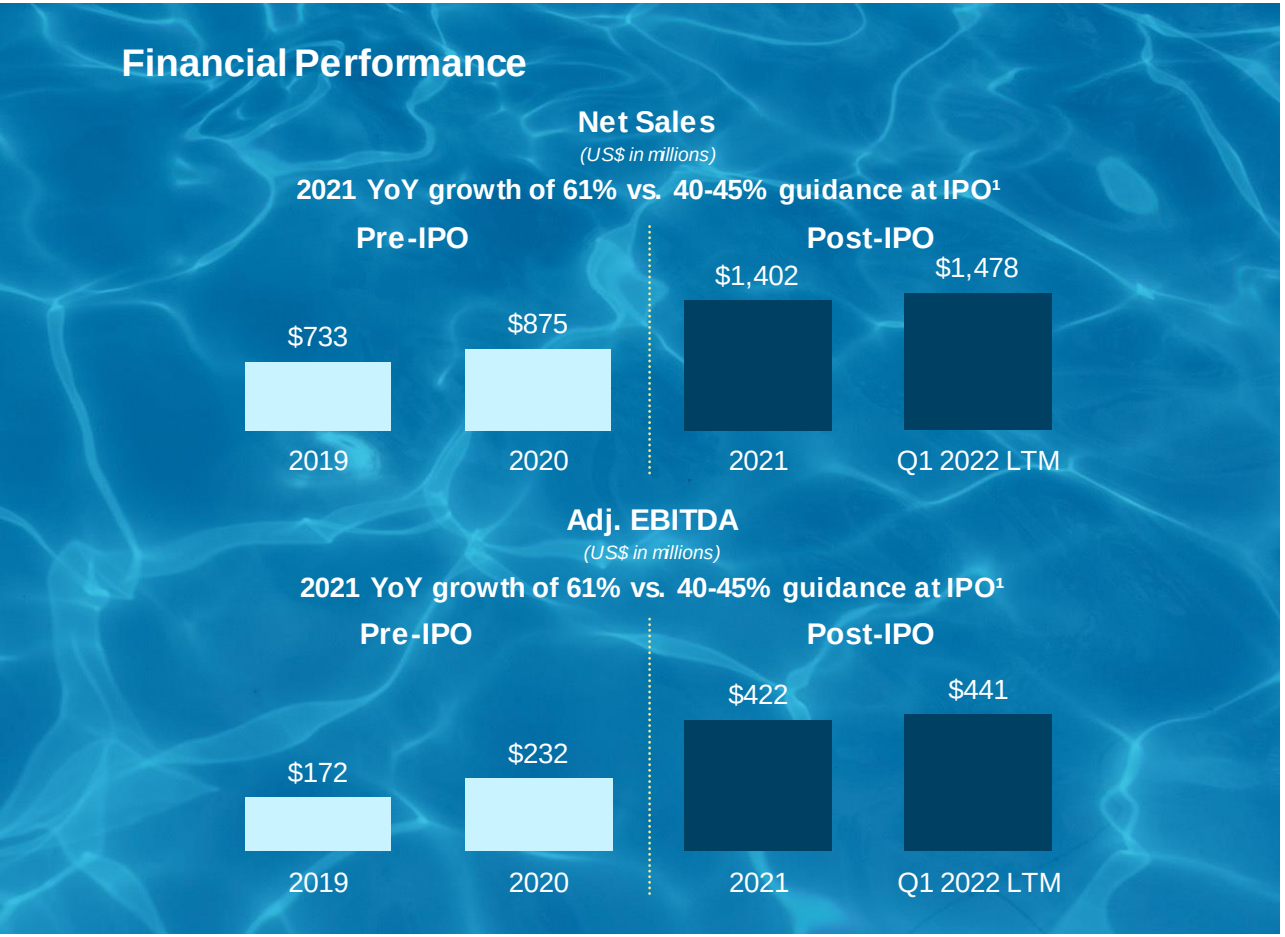
# Strong Execution Since IPO




## Operational Execution

✓ **Record Sales**
Demand for products across segments, increased output, and strategic pricing drives higher sales growth

✓ **Increased Product Adoption**
New product technologies increasing market penetration and adoption of Omni Platform

- New product adoption & SmartPad™ conversion primarily drove strong sales growth in Q1

✓ **Enhanced Operations**
Stronger manufacturing footprint supporting supply chain and capacity utilization

- Allowing for accelerated production capacity despite constrained supply chains

✓ **M&A Strategy**
Continued track record with three "tuck-in" acquisitions focused on "connected" pool products

Source: Company financial data. Note: See Appendix for a reconciliation of non-GAAP measures to the most directly comparable GAAP measures. ¹ FY2021 YoY growth guidance per Q1 2021 earnings presentation.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# Adjusted EBITDA & Adjusted EBITDA Margin Reconciliation

| (In thousands) | Three Months Ended | | Twelve Months Ended | |
|---|---|---|---|---|
| | December 31, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
| Net income | $ 63,721 | $ 19,799 | $ 203,725 | $ 43,302 |
| Depreciation | 4,730 | 4,292 | 18,826 | 18,783 |
| Amortization | 8,087 | 11,217 | 38,990 | 44,039 |
| Interest expense | 8,557 | 19,446 | 50,854 | 73,615 |
| Income taxes | 14,344 | 6,585 | 56,416 | 14,483 |
| Loss on extinguishment of debt | — | — | 9,418 | — |
| EBITDA | 99,439 | 61,339 | 378,229 | 194,222 |
| Stock-based compensation(a) | 2,636 | (16) | 19,019 | 1,946 |
| Sponsor management fees(b) | — | 199 | 90 | 796 |
| Currency exchange items(c) | 106 | (1,943) | 4,485 | (4,721) |
| Acquisition and restructuring related expense, net(d) | 12,578 | 1,742 | 15,030 | 19,311 |
| Other(e) | (9,056) | 12,485 | 4,884 | 19,997 |
| Total Adjustments | 6,264 | 12,467 | 43,508 | 37,329 |
| Adjusted EBITDA | 105,703 | 73,806 | $ 421,737 | $ 231,551 |
| Adjusted EBITDA margin | 30.0 % | 28.3 % | 30.1 % | 26.5 % |

(a) Represents stock based compensation expense related to equity awards issued.

(b) Represents discretionary fees paid to certain of our Sponsors for management 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 for the fiscal quarter ended December 31, 2021 include $9.9 million of business restructuring related costs associated with the exit of an early stage product business acquired in 2018, and $2.6 million severance and retention costs associated with the relocation of our Corporate headquarters. Adjustments for the fiscal quarter ended December 31, 2020 include $1.8 million of business restructuring related costs associated with the exit of manufacturing and distribution facilities. Costs associated with an early stage product business acquired in 2018 and being phased out in 2021 that were recorded in prior periods have been reclassified from "Acquisition and restructuring related expense, net" to "Other" to be consistent with the current period's presentation.

Adjustments for the year ended December 31, 2021 primarily include $9.9 million of business restructuring related costs associated with the exit of an early-stage product business acquired in 2018, $3.0 million severance and relocation costs associated with the relocation of our Corporate headquarters, and $2.1 million of business restructuring related costs associated with the exit of redundant manufacturing and distribution facilities. Adjustments in 2020 include business restructuring costs related to a global manufacturing and distribution consolidation and expansion project. Costs associated with an early stage product business acquired in 2018 have been reclassified from "Acquisition and restructuring related expense, net" to "Other" to be consistent with the current period's presentation.

(e) Adjustments for the fiscal quarter ended December 31, 2021 primarily include $12.8 million income related to the property damage and business interruption as a result of the second quarter fire accident in Yuncos, Spain for which payment was received in the fourth quarter as well as $2.5 million of operating losses associated with the early stage product business mentioned above, and other immaterial items. Adjustments for the fiscal quarter ended December 31, 2020 include $2.1 million of operating losses related to an early stage product business purchased in 2018 that were recorded in prior periods as restructuring related costs, $4.0 million of inventory write-offs, $2.3 million of severance and retention costs, $2.0 million of IPO related costs, $0.6 million of additional health and safety expenses related to COVID-19, $0.6 million for a legal settlement, and other miscellaneous costs that we believe are not representative of our ongoing business operations.

Adjustments for the year ended December 31, 2021 primarily include $7.4 million net insurance settlement proceeds which reflects an incurred property damage loss of $5.4 million, recorded in the second quarter, offset by insurance policy reimbursement of $12.8 million received in the fourth quarter for the aforementioned property loss as well as the consequential business interruption loss amount caused by the fire incident in Yuncos Spain, a $4.0 million legal reserve and fees, $4.0 million of operating losses related to the early stage product business acquired in 2018 mentioned above, $1.9 million related to debt refinancing, $1.0 million related to our IPO, and other immaterial items. Adjustments for the year ended December 31, 2020 include $5.1 million of operating losses related to the same early stage product business, $4.0 million of inventory write-offs, $2.5 million of COVID-19 related health and safety expenses, $2.3 million of severance and retention costs, $2.0 million of IPO related costs, $1.1 million for a legal settlement, and other miscellaneous costs that we believe are not representative of our ongoing business operations.


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