

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest
Event Reported): March 7, 2000

SUN HYDRAULICS CORPORATION

(Exact name of registrant as specified in its charter)

Florida	0-21835	59-2754337
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1500 West University Parkway Sarasota, Florida	34243
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(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 941-362-1200

ITEM 5. OTHER EVENTS.

PRESS RELEASE

On March 7, 2000, the Registrant issued the press release attached hereto as Exhibit 99.1 announcing year end and fourth quarter 1999 results.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Financial Statements of Businesses Acquired.

None.

- (b) Pro Forma Financial Information.

None.

- (c) Exhibits.

Exhibit

Number	Exhibit Description
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99.1	Press Release of the Registrant dated March 7, 2000.
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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

SUN HYDRAULICS CORPORATION

By: /s/ Richard J. Dobbyn

Richard J. Dobbyn
Chief Financial Officer (Principal
Financial and Accounting Officer)

Dated: March 10, 2000

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EXHIBIT INDEX

Exhibit Number	Exhibit Description
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99.1	Press Release of the Registrant dated March 7, 2000.
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Exhibit 99.1

FOR RELEASE: Immediately

Contact:

Richard K. Arter Investor Relations 941-362-1200
Richard J. Dobbyn Chief Financial Officer 941-362-1200

SUN HYDRAULICS CORPORATION REPORTS 1999 YEAR END RESULTS,
FOURTH QUARTER NET SALES OF \$17.6 MILLION WITH RECORD ORDERS

SARASOTA, FLA, March 7, 2000 - Sun Hydraulics Corporation (NASDAQ: SNHY) today announced net sales for the year ended January 1, 2000, were \$69.7 million, compared to net sales of \$71.9 million for the year ended December 31, 1998. Net income for 1999 was \$1.8 million, or 2.6% of net sales, compared to \$5.6 million, or 7.9% of net sales for 1998. Basic and diluted earnings per share for the year ended January 1, 2000, were \$0.29 and \$0.28, respectively. (Excluding the Korean operation, acquired in September 1998, net sales decreased 6.2%, or \$4.4 million. Net income in 1998 included \$1.1 million from the settlement of a business interruption insurance claim.)

Net sales for the quarter ended January 1, 2000, were \$17.6 million, essentially equal to the fourth quarter of 1998. Fourth quarter operating income in 1999 increased 8.3% compared to the fourth quarter of 1998. Net income for the quarter ended January 1, 2000, was \$0.7 million, or 4.2% of net sales, compared to \$0.8 million, or 4.6% of net sales for the quarter ended December 31, 1998. Basic and diluted earnings per share for the fourth quarter of 1999 were \$0.12 and \$0.11, respectively.

"Despite the slowdown in sales in 1999, we ended the year on a positive note with fourth quarter orders the highest in the history of Sun," said Sun Hydraulics President Clyde Nixon. "Consolidated shipments at Sun were down 3.1% in 1999, and we experienced weakness in most markets, with the exception of Germany and Korea. Even though the macro economy was strong, 1999 was a down year for the hydraulics industry. The National Fluid Power Association (the hydraulics industry's trade association in the United States) indicated that U.S. shipments of mobile and industrial hydraulic products were down 6.7% and 10.3%, respectively, compared to 1998.

"Sun's consolidated orders declined 1.1% in 1999, compared to the previous year, but all of the decline occurred in the first three quarters. We ended the year on a positive note with fourth quarter orders of \$20.0 million, an increase of 13.1% compared to the fourth quarter of 1998. As we enter 2000, orders continue to be strong and we believe this increase is indicative of an upturn in the business cycle of the capital goods industries.

"In addition to the impact of lower sales, profits were significantly affected by the implementation of new software in our U.S. operations in the second quarter, and in our U.K. operation in the fourth quarter," Nixon continued. "These software conversions not only caused us to delay shipments, but, more importantly, temporarily resulted in decreased productivity, especially in our U.S. facilities. Following the conversion in the U.S. facility, we have steadily increased our shipping rates and continued to improve delivery times. Both system conversions are now substantially complete and we do not expect any further disruptions.

"In 1999 the Company did a number of very exciting things," Nixon said. "In addition to the software conversions, we nearly doubled the capacity of our high volume production cell, we doubled our in-house heat treat capacity, we introduced our new solenoid cartridge valves, saw our newly acquired

produce manifolds. We have freed up significant space in our Sarasota facility that will help improve the production efficiency of our lower-volume, complementary products and were fortunate to be able to add a significant number of experienced employees in our Florida operations. We have expended a lot of energy and money on our capacity expansion programs to be ready for the next upturn in business. We have put the final pieces of these programs in place and we are eagerly looking forward to the coming year." Sun Hydraulics Corporation, with manufacturing and distribution facilities in Sarasota and Manatee County, Florida, Coventry, England, Erkelenz, Germany and Inchon, Korea, is a leading designer and manufacturer of high-performance screw-in hydraulic cartridge valves and manifolds for worldwide mobile and industrial markets.

FORWARD-LOOKING INFORMATION

Certain oral statements made by management from time to time and certain statements contained herein that are not historical facts are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and, because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements, including those in Management's Discussion and Analysis of Financial Condition and Results of Operations are statements regarding the intent, belief or current expectations, estimates or projections of 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; (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. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that the anticipated results will occur.

Important factors that could cause the actual results to differ materially from those in the forward-looking statements include, among other items, (i) the economic cyclicality of the capital goods industry in general and the hydraulic valve and manifold industry in particular, which directly affect customer orders, lead times and sales volume; (ii) conditions in the capital markets, including the interest rate environment and the availability of capital; (iii) changes in the competitive marketplace that could affect the Company's revenue and/or cost bases, such as increased competition, lack of qualified engineering, marketing, management or other personnel, and increased labor and raw materials costs; (iv) changes in technology or customer requirements, such as standardization of the cavity into which screw-in cartridge valves must fit, which could render the Company's products or technologies noncompetitive or obsolete; (v) new product introductions, product sales mix and the geographic mix of sales nationally and internationally; and (vi) changes relating to the Company's international sales, including changes in regulatory requirements or tariffs, trade or currency restrictions, fluctuations in exchange rates, and tax and collection issues. Further information relating to factors that could cause actual results to differ from those anticipated is included but not limited to information under the headings "Business" and particularly under the subheading, "Business Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operation" in the Company's Form 10-K for the year ended January 1, 2000. The Company disclaims any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

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SUN HYDRAULICS CORPORATION - JANUARY 1, 2000
CONSOLIDATED STATEMENTS OF INCOME
(in thousands except per share data)

<TABLE>
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Three Months Ended		Twelve Months Ended	
January 1,	December 31,	January 1,	December 31,
(unaudited)			

	2000	1998	2000	1998
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<S>	<C>	<C>	<C>	<C>
Net sales	\$ 17,602	\$ 17,500	\$ 69,652	\$ 71,881
Cost of sales	13,007	13,459	53,107	52,537
Gross profit	4,595	4,041	16,545	19,344
Selling, engineering and administrative expenses	3,191	2,745	12,507	11,656
Operating income	1,404	1,296	4,038	7,688
Interest expense	261	130	954	837
Miscellaneous (income) expense	108	(81)	420	(1,669)
Income before income taxes	1,035	1,247	2,664	8,520
Income tax provision	300	443	833	2,873
Net Income	\$ 735	804	\$ 1,831	\$ 5,647
Basic net income per common share	.12	.13	.29	.89*
Basic weighted average shares outstanding	6,385	6,361	6,380	6,345
Diluted net income per common share	.11	.12	.28	.87*
Diluted weighted average shares outstanding	6,571	6,521	6,569	6,531

* During the third quarter of 1998, the Company received a settlement of an insurance claim of \$1,661, net of expenses, or \$1,096, net of expenses and taxes.

CONSOLIDATED BALANCE SHEETS (in thousands)

<TABLE>
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	January 1, 2000	December 31, 1998
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,122	\$ 1,592
Accounts receivable, net of allowance for doubtful accounts of \$196 and \$169	6,260	5,342
Inventories	8,131	8,125
Taxes receivable	455	-
Other current assets	591	891
Total current assets	16,559	15,950
Property, plant and equipment, net	46,529	44,003
Other assets	986	1,066
Total assets	\$ 64,074	\$ 61,019

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable	\$ 2,712	\$ 2,877
Accrued expenses and other liabilities	1,464	2,065
Long-term debt due within one year	3,033	4,302
Notes payable to related parties due within one year	378	578

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Dividends payable	255	254
Income taxes payable	-	245
Total current liabilities	7,842	10,321
Long-term debt due after one year	10,830	6,461
Notes payable to related parties due after one year	101	566
Deferred income taxes	4,125	3,656

Total liabilities	22,898	21,004	
Shareholders' equity:			
Preferred stock	-	-	
Common stock	6	6	
Capital in excess of par value	24,486	24,386	
Retained earnings	16,173	15,363	
Equity adjustment for foreign currency translation		511	260
Total shareholders' equity	41,176	40,015	
Total liabilities and shareholders' equity	\$ 64,074	\$ 61,019	

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