

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): November 7, 2001

SUN HYDRAULICS CORPORATION

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(Exact name of registrant as specified in its charter)

Florida

0-21835

59-2754337

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(State or other jurisdiction  
of incorporation)

1500 West University Parkway  
Sarasota, Florida

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(Commission  
File Number)

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(IRS Employer  
Identification No.)

34243

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(Address of principal executive offices)

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(Zip Code)

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

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[Press Release of Registrant dated November 7, 2001](#)

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**Item 5. Other Events.**

**Press Release**

On November 7, 2001, the Registrant issued the press release attached hereto as Exhibit 99.1 announcing third quarter earnings.

**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
99.1	Press Release of the Registrant dated November 7, 2001.

**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

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

Dated: November 7, 2001

**EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>Exhibit Description</u>
99.1	Press Release of the Registrant dated November 7, 2001.

FOR RELEASE: Immediately

Contact:

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

Sun Hydraulics Announces Third Quarter Earnings Per Share of \$0.02

SARASOTA, FLA, November 7, 2001 - Sun Hydraulics Corporation (NASDAQ: SNHY) today announced that net income was \$0.2 million for the quarter ended September 29, 2001. This compares with net income of \$0.4 million last quarter and \$1.0 million for the quarter ended September 30, 2000. Net sales for the quarter ended September 29, 2001, were \$15.1 million, a decrease of 13.8% from last quarter and 24.9% from the same quarter last year. Basic and diluted earnings per share were \$0.02 for the third quarter of 2001, compared to \$0.16 for the same period last year.

"Orders for the third quarter decreased 11% from the second quarter," said Sun Hydraulics President Allen Carlson. "Domestic orders continued to decline, but at a lesser rate, only 5% from last quarter. International orders weakened further, down 17%.

"The 14% sales decrease from last quarter was worse than we had anticipated, but the profit generated on this level of sales reflected a great team effort," Carlson continued. "Over the past two quarters, controllable manufacturing costs have been reduced in proportion to the decreases in sales and we have reduced our discretionary spending where possible. Next quarter looks like another challenge and based on current order rates, net sales could be in the \$13 million range with a net loss of between \$0.5 to \$0.7 million. For the year, we expect net income to be \$0.9 to \$1.1 million.

"The Company's cash balance has increased \$1.5 million since the beginning of the year, while debt has been reduced \$0.8 million and dividends of \$0.8 million have been paid to shareholders," added Carlson. "Sun's cash flow and financing capability ensure that it will remain financially strong through a protracted economic downturn.

"We continue to emphasize investments in product engineering, enhanced customer service, and marketing programs," Carlson stated. "We have kept our experienced work force intact and have not made any cost reductions that will compromise performance in the long run or hinder our ability to respond rapidly to an upturn in business.

"We believe that the basic fundamentals for an economic recovery are still in place and that during the extensive decline in the manufacturing sector Sun has improved its strength in the world marketplace," Carlson concluded.

Sun Hydraulics Corporation will broadcast its 3rd quarter 2001 financial results conference call with analysts live over the Internet at 2:30 P.M. E.S.T., today, November 7, 2001. To listen, go to <http://investor.sunhydraulics.com/medialist.cfm>.

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Sun Hydraulics Corporation is a leading designer and manufacturer of high performance screw-in hydraulic cartridge valves and manifolds for worldwide industrial and mobile markets. For more information about Sun, please visit our website at [www.sunhydraulics.com](http://www.sunhydraulics.com).

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 heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-Q for the quarter ended September 29, 2001, and under the heading "Business" and particularly under the subheading, "Business Risk Factors" in the Company's Form 10-K for the year ended December 30, 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  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>  
<CAPTION>

	THREE MONTHS ENDED	
	SEPTEMBER 29, 2001	SEPTEMBER 30, 2000
	(UNAUDITED)	(UNAUDITED)
<S>	<C>	<C>
NET SALES	\$ 15,119	\$19,973
Cost of sales	11,849	14,465
GROSS PROFIT	3,270	5,508
Selling, engineering and administrative expenses	2,975	3,621
OPERATING INCOME	295	1,887
Interest expense	218	293
Miscellaneous expense (income)	(125)	44
INCOME BEFORE INCOME TAXES	202	1,550
Income tax provision	51	528

NET INCOME	\$ 151	\$ 1,022
BASIC NET INCOME PER COMMON SHARE	\$ 0.02	\$ 0.16
WEIGHTED AVERAGE SHARES OUTSTANDING	6,408	6,385
DILUTED NET INCOME PER COMMON SHARE	\$ 0.02	\$ 0.16
WEIGHTED AVERAGE DILUTED SHARES OUTSTANDING	6,564	6,540

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

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SUN HYDRAULICS CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>  
<CAPTION>

	NINE MONTHS ENDED	
	SEPTEMBER 29, 2001	SEPTEMBER 30, 2000
	(UNAUDITED)	(UNAUDITED)
	<C>	<C>
NET SALES	\$ 51,623	\$61,938
Cost of sales	38,807	45,127
GROSS PROFIT	12,816	16,811
Selling, engineering and administrative expenses	9,807	10,831
OPERATING INCOME	3,009	5,980
Interest expense	675	896
Miscellaneous expense (income)	(74)	184
INCOME BEFORE INCOME TAXES	2,408	4,900
Income Tax Provision	795	1,645
NET INCOME	\$ 1,613	\$ 3,255
BASIC NET INCOME PER COMMON SHARE	\$ 0.25	\$ 0.51
WEIGHTED AVERAGE SHARES OUTSTANDING	6,392	6,385
DILUTED NET INCOME PER COMMON SHARE	\$ 0.25	\$ 0.50
WEIGHTED AVERAGE DILUTED SHARES OUTSTANDING	6,547	6,539

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

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SUN HYDRAULICS CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS)

<TABLE>



<CAPTION>

	SEPTEMBER 29, 2001	DECEMBER 30, 2000
	(UNAUDITED)	
<S>	<C>	<C>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,167	\$ 2,698
Accounts receivable, net of allowance for doubtful accounts of \$190 and \$163	5,858	6,112
Inventories	8,681	9,033
Taxes receivable	468	--
Other current assets	413	536
	-----	-----
Total current assets	19,587	18,379
Property, plant and equipment, net	43,743	44,984
Other assets	948	1,011
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<b>TOTAL ASSETS</b>	<b>\$ 64,278</b>	<b>\$64,374</b>
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,543	\$ 1,787
Accrued expenses and other liabilities	2,051	1,585
Long-term debt due within one year	1,922	1,779
Dividends payable	256	255
Taxes payable	--	315
	-----	-----
Total current liabilities	5,772	5,721
Long-term debt due after one year	9,253	10,233
Deferred income taxes	4,103	4,106
Other noncurrent liabilities	440	478
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Total liabilities	19,568	20,538
Shareholders' equity:		
Preferred stock	--	--
Common stock	6	6
Capital in excess of par value	24,486	24,486
Retained earnings	19,920	19,073
Accumulated other comprehensive income	298	271
	-----	-----
Total shareholders' equity	44,710	43,836
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 64,278</b>	<b>\$64,374</b>
	=====	=====

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The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.