
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 4, 2003

SUN HYDRAULICS CORPORATION

(Exact name of registrant as specified in its charter)

Florida

0-21835

59-2754337

(State or other
jurisdiction of incorporation)

(Commission File Number)

(IRS Employer
Identification No.)

1500 West University Parkway
Sarasota, Florida

34243

(Address of principal executive offices)

(Zip Code)

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

Item 5. Other Events and Regulation FD Disclosure.

On November 4, 2003, the Registrant issued the press release attached hereto as Exhibit 99.1 announcing the results for the third quarter ended September 27, 2003.

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 4, 2003.

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: November 4, 2003

FOR RELEASE: Immediately

Contact:

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

SUN HYDRAULICS CORPORATION REPORTS AN INCREASE OF SALES IN THE U.S. AND THIRD
QUARTER NET INCOME OF \$0.08 PER SHARE

SARASOTA, FLA, NOVEMBER 4, 2003 -Sun Hydraulics Corporation (NASDAQ: SNHY) today announced that sales for the third quarter ended September 27, 2003, were \$17.9 million, a decrease of 5.6% from the second quarter and a 11.3% increase from the same quarter last year. Net income was \$0.5 million, equal to net income for the same quarter last year. Basic and diluted earnings per share for the quarter ended September 27, 2003, were \$0.08 equal to the same period last year.

Allen Carlson, Sun Hydraulics' president commented, "Sales in the United States increased 6% compared to the same quarter last year. We hope this signals the long awaited recovery in the United States manufacturing economy. International sales increased 17.0% in the third quarter compared to the same quarter last year, with continued strength in Germany and Korea."

Carlson continued, "Net income per share was equal to the same quarter last year, despite an 11% increase in total sales, primarily because of the investments we are making in marketing and related areas. So far this year we have started an operation in the Midwest, opened a sales/marketing office in France and launched a new line of electro-hydraulic valves. We also have continued to invest in our website, focusing on electronically providing customers visual and technical information on millions of possible combinations of our cartridge/manifold assemblies. This feature will be available early next year."

During the quarter ended September 27, 2003, the Company paid a special dividend of \$13.3 million and increased debt \$10.9 million to \$20.0 million at quarter end. Year to date the Company has generated \$6.9 million from operations and cash on hand at September 27, 2003, was \$5.1 million.

OUTLOOK

Sales for the fourth quarter are projected to be \$17.0 million, with net income of \$0.08 per share. Last year sales for the fourth quarter were \$15.5 million and net income was \$0.06 per share. Until there are more positive signs of a recovery in the economy, the Company is reluctant to provide an estimate of sales for 2004.

WEBCAST

Sun Hydraulics Corporation will broadcast its third quarter financial results conference call with analysts live over the Internet at 2:30 P.M. E.T. tomorrow, November 5, 2003. To listen, go to [HTTP://INVESTOR.SUNHYDRAULICS.COM/MEDIALIST.CFM](http://INVESTOR.SUNHYDRAULICS.COM/MEDIALIST.CFM). A copy of this earnings release is posted on the Investor Relations page of our website under "Press Releases."

WEBCAST Q&A

Questions may be submitted to the Company via email after reviewing this earnings release. Sun management will then answer these and other questions during the Company's webcast.

Questions can be submitted by going to the Sun Hydraulics website, WWW.SUNHYDRAULICS.COM, and clicking on Investor Relations on the left hand menu. Scroll down to the bottom of the page and click on contact email: investor@sunhydraulics.com, which will open an email window to type in your message. Sun Hydraulics will answer as many legitimate questions pertaining to the 3rd quarter earnings release as possible during the webcast time.

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.

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

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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 27, 2003, 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 28, 2002. 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.

* Please see attached document for financial information.

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SUN HYDRAULICS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per share data)

Three Months Ended	

September 27, 2003	September 28, 2002
-----	-----

Net sales	\$ 17,851	\$ 16,043	
Cost of sales	13,328	11,995	
	-----	-----	
Gross profit	4,523	4,048	
Selling, engineering and administrative expenses		3,604	3,021
	-----	-----	
Operating income	919	1,027	
Interest expense	137	153	
Foreign currency transaction loss (gain)		(1)	87
Miscellaneous expense (income)		(1)	7
	-----	-----	
Income before income taxes		784	780
Income tax provision		275	273
	-----	-----	
Net income	\$ 509	\$ 507	
	=====	=====	

Basic net income per share	\$ 0.08	\$ 0.08	
Basic weighted average shares outstanding	6,594	6,433	
Diluted net income per share	\$ 0.08	\$ 0.08	
Diluted weighted average share outstanding	6,638	6,577	

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SUN HYDRAULICS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per share data)

	Nine Months Ended		

	September 27, 2003	September 28, 2002	
	-----	-----	
Net sales	\$ 53,188	\$ 49,069	
Cost of sales	39,059	36,803	
	-----	-----	
Gross profit	14,129	12,266	
Selling, engineering and administrative expenses		11,491	9,472
	-----	-----	
Operating income	2,638	2,794	
Interest expense	415	455	
Foreign currency transaction loss (gain)		(190)	76
Miscellaneous expense (income)		(24)	95
	-----	-----	
Income before income taxes		2,437	2,168
Income tax provision		857	759
	-----	-----	
Net income	\$ 1,580	\$ 1,409	
	=====	=====	

Basic net income per share	\$ 0.24	\$ 0.22
Basic weighted average shares outstanding	6,492	6,429
Diluted net income per share	\$ 0.24	\$ 0.21
Diluted weighted average share outstanding	6,536	6,573

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CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 27, 2003	December 28, 2002
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,070	\$ 3,958
Accounts receivable, net of allowance for doubtful accounts of \$229 and \$194	7,874	5,690
Inventories	6,812	6,846
Other current assets	198	810
	-----	-----
Total current assets	19,954	17,304
Property, plant and equipment, net	42,792	43,987
Other assets	1,510	994
	-----	-----
TOTAL ASSETS	\$ 64,256	\$ 62,285
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,180	\$ 1,706
Accrued expenses and other liabilities	3,022	1,081
Long-term debt due within one year	932	1,421
Dividends payable	269	258
Income taxes payable	694	10
	-----	-----
Total current liabilities	7,097	4,476
Long-term debt due after one year	19,118	8,190
Deferred income taxes	4,091	4,092
Other liabilities	340	378
Redeemable Common Stock	2,250	2,250
	-----	-----
Total liabilities	32,896	19,386
Shareholders' equity:		
Common stock	7	6
Capital in excess of par value	24,085	22,690
Unearned compensation related to outstanding restricted stock	(494)	(170)
Retained earnings and accumulated comprehensive income	7,762	20,373
	-----	-----
Total shareholders' equity	31,360	42,899
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 64,256	\$ 62,285
	=====	=====

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CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

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	Nine Months Ended	
	September 27, 2003	September 28, 2002
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,580	\$ 1,409
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,907	3,873
Gain/(Loss) on disposal of assets	367	155
Allowance for doubtful accounts	35	6
Provision for deferred income taxes	(1)	10
(Increase) decrease in:		
Accounts receivable	(2,219)	(1,546)
Inventories	34	302
Income tax receivable	--	668
Other current assets	612	603
Other assets, net	(516)	(51)
Increase (decrease) in:		
Accounts payable	474	464
Accrued expenses and other liabilities	1,941	292
Dividends payable	11	1
Income taxes payable	684	458
Other liabilities	(38)	(37)
Net cash from operating activities	6,871	6,607
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Capital expenditures	(3,090)	(4,883)
Proceeds from dispositions of equipment	11	53
Net cash used in investing activities	(3,079)	(4,830)
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Proceeds from debt	18,850	--
Repayment of debt	(8,411)	(778)
Proceeds from stock issued	1,072	217
Dividends to shareholders	(14,133)	(771)
Net cash used in financing activities	(2,622)	(1,332)
Effect of exchange rate changes on cash and cash equivalents	(58)	113
Net increase (decrease) in cash and cash equivalents	1,112	558
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3,958	3,611
CASH AND CASH EQUIVALENTS, END OF PERIOD	5,070	4,169
Supplemental disclosure of cash flow information:		
Cash paid/(received):		
Interest	\$ 415	\$ 455
Income taxes	\$ 174	\$ (377)

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	United States	Korea	United Germany	United Kingdom	Elimination	Consolidated
	-----	-----	-----	-----	-----	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
THREE MONTHS						
ENDED SEPTEMBER 27, 2003						
Sales to unaffiliated customers	\$ 11,208	\$ 1,630	\$ 2,316	\$ 2,697	\$ --	\$ 17,851
Intercompany sales	2,918	--	9	323	(3,250)	--
Operating income	508	187	432	(190)	(18)	919
Depreciation	900	32	94	235	--	1,261
Capital expenditures	757	386	111	466	--	1,720
THREE MONTHS						
ENDED SEPTEMBER 28, 2002						
Sales to unaffiliated customers	\$ 10,390	\$ 1,399	\$ 1,704	\$ 2,550	\$ --	\$ 16,043
Intercompany sales	2,498	--	5	325	(2,828)	--
Operating income	557	167	175	58	70	1,027
Depreciation	912	28	79	203	--	1,222
Capital expenditures	726	30	19	720	--	1,495
NINE MONTHS						
ENDED SEPTEMBER 27, 2003						
Sales to unaffiliated customers	\$ 32,473	\$ 5,175	\$ 6,951	\$ 8,589	\$ --	\$ 53,188
Intercompany sales	9,794	--	33	1,032	(10,859)	--
Operating income	1,806	541	925	(655)	21	2,638
Depreciation	2,752	89	285	781	--	3,907
Capital expenditures	1,688	418	203	781	--	3,090
NINE MONTHS						
ENDED SEPTEMBER 28, 2002						
Sales to unaffiliated customers	\$ 31,593	\$ 4,606	\$ 5,008	\$ 7,863	\$ --	\$ 49,069
Intercompany sales	8,485	--	24	1,245	(9,753)	--
Operating income	1,528	369	332	589	(25)	2,794
Depreciation	3,005	87	224	557	--	3,873
Capital expenditures	1,795	78	62	2,948	--	4,883

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