

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 8, 1999

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	34232
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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 8, 1999, the Company issued the press release attached hereto as Exhibit 99.1 announcing a \$0.04 per share dividend on its common stock payable on April 15, 1999, to shareholders of record on March 31, 1999.

On March 10, 1999, the Company issued the press release attached hereto as Exhibit 99.2 announcing results for the fourth quarter of 1998 and the year ended December 31, 1998.

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ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Financial Statements of Businesses Acquired.

None.

- (b) Pro Forma Financial Information.

None.

(c) Exhibits.

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Exhibit
Number

Exhibit Description

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99.1 Press Release of the Registrant dated March 8, 1999.
99.2 Press Release of the Registrant dated March 10, 1999.

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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, 1999

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EXHIBIT INDEX

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99.1 Press Release of the Registrant dated March 8, 1999.
99.2 Press Release of the Registrant dated March 10, 1999.

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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 DECLARES FIRST QUARTER DIVIDEND

SARASOTA, FLA, March 8, 1999 - Sun Hydraulics Corporation (NASDAQ: SNHY) has announced a \$0.04 per share dividend on its common stock. The dividend is payable on April 15, 1999, to shareholders of record as of March 31, 1999.

Sun Hydraulics Corporation, with manufacturing and distribution facilities in Sarasota and Manatee, Florida, Coventry, England, Erkelenz, Germany and Incheon, Korea, is a leading designer and manufacturer of high-performance screw-in hydraulic cartridge valves and manifolds for global mobile and industrial markets.

Exhibit 99.2

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 1998 SALES INCREASE 12%,
FOURTH QUARTER EARNINGS PER SHARE \$0.12

SARASOTA, FLA, March 10, 1999 - Sun Hydraulics Corporation (NASDAQ: SNHY) today announced that for the year ended December 31, 1998, net sales were \$71.9 million, compared to net sales of \$64.2 million for 1997. Net income for 1998 was \$5.6 million, or 7.9% of net sales, compared to \$4.7 million, or 7.3% of net sales for 1997. Basic and diluted earnings per share for the year ended December 31, 1998, were \$0.89 and \$0.87, respectively. The settlement of a business-interruption insurance claim in the third quarter of 1998 contributed approximately \$0.17 per diluted share to net income for the year.

Net sales for the quarter ended December 31, 1998, were \$17.5 million, a 2.8% increase compared to \$17.0 million of net sales in the fourth quarter of 1997. Net income for the quarter ended December 31, 1998, was \$0.8 million, or 4.6% of net sales, compared to \$1.3 million, or 7.4% of net sales for the quarter ended December 31, 1997. Basic and diluted earnings per share for the fourth quarter 1998 were \$0.13 and \$0.12, respectively.

"At this time, the industry outlook for 1999 is uncertain," said Sun Hydraulics President Clyde Nixon. "Demand for hydraulic products began to slow in the last half of 1998, and we are expecting sales and operating income in the first half of 1999 to be no better than the last half of 1998. The industry order rate, reported by the National Fluid Power Association (NFPA), indicated that orders in 1998 were down 4.7% compared to 1997.

"We continued to improve delivery times in the fourth quarter and significantly reduced our past due backlog," continued Nixon. "This improvement, coupled with distributor inventory increases during 1998 and the slowdown of business could adversely affect orders, and, thus, shipments, in the near term. We are in the final stages of implementing new software systems in the United States and England. By the last half of the year, our new procurement strategies and productivity improvement efforts should begin to improve our margins.

Nixon cited a number of initiatives recently undertaken by Sun Hydraulics to sustain the Company's long-term growth. "1999 will be the first full year of operation of our new Korean subsidiary, and our joint venture in China is expected to have production equipment in place in March. In April, we will formally introduce our new electrically actuated (solenoid) product line at the Hannover Fair in Germany. This product line gives us entry into a large market that we do not currently serve," Nixon concluded.

Sun Hydraulics Corporation, with manufacturing and distribution facilities in Sarasota and Manatee County, Florida, Coventry, England, Erkelenz, Germany and Incheon, 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; (vi) the Company's Year 2000 readiness plans and costs; and (vii) 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; (vi) the Company's ability timely to become Year 2000 ready, including the Company's ability to identify all critical systems that will be impacted by the Year 2000, the Company's ability, in a cost-efficient manner, to correct, upgrade or replace such systems, and the Year 2000 readiness of third parties with which the Company has material relationships; and (vii) 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 "Risk Factors" in the Form S-1 Registration Statement and Prospectus for the Company's initial public offering, and "Business" in the Company's Form 10-K for the year ended December 31, 1997, and "Management's Discussion and Analysis" in the Company's Form 10-Q for the quarter ended September 30, 1998. 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.

SUN HYDRAULICS CORPORATION - DECEMBER 31, 1998
CONSOLIDATED STATEMENTS OF INCOME
(in thousands except per share data)

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	Three Months Ended		Twelve Months Ended		
	December 31,		December 31,		
	(unaudited)		(unaudited)		
	1998	1997	1998	1997	
	----	----	----	----	
<S>	<C>	<C>	<C>	<C>	
Net sales	\$17,500	\$17,022	\$71,881	\$64,198	
Cost of sales	13,459	12,133	52,537	44,621	
Gross profit	4,041	4,889	19,344	19,577	
Selling, engineering and administrative expenses		2,745	2,691	11,656	11,275
Operating income	1,296	2,198	7,688	8,302	
Interest expense	130	252	837	905	
Miscellaneous (income) expense		(84)	92	(1,672)	133

Income before income taxes	1,250	1,854	8,523	7,264
Income tax provision	443	593	2,873	2,554
Net income before Joint Venture	807	1,261	5,650	4,710
Equity Loss in Joint Venture	3	-	3	-
Net Income	\$ 804	\$ 1,261	\$ 5,647	\$ 4,710
Basic net income per common share	.13	.20	.89*	.75
Basic weighted average shares outstanding	6,361	6,322	6,345	6,308
Diluted net income per common share	.12	.19	.87*	.73
Diluted weighted average shares outstanding	6,521	6,520	6,531	6,499

</TABLE>

* 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. Basic and diluted earnings per share were \$0.72 and \$0.70, respectively, without this insurance claim.

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CONSOLIDATED BALANCE SHEETS (in thousands)

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	December 31, 1998 (unaudited)	December 31, 1997
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,592	\$ 1,249
Accounts receivable, net of allowance for doubtful accounts of \$169 and \$47	5,342	4,558
Inventories	8,125	6,775
Other current assets	891	932
Total current assets	15,950	13,514
Property, plant and equipment, net	44,003	39,789
Other assets	1,066	86
Total assets	\$ 61,019	\$ 53,389
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,877	\$ 2,847
Accrued expenses and other liabilities	2,065	2,174
Long-term debt due within one year	4,302	1,035
Notes payable to related parties due within one year	578	757
Dividends payable	254	221
Income taxes payable	245	380
Total current liabilities	10,321	7,414
Long-term debt due after one year	6,461	6,620
Notes payable to related parties due after one year	566	1,152
Deferred income taxes	3,656	3,203
Total liabilities	21,004	18,389
Shareholders' equity:		
Preferred stock	-	-
Common stock	6	6
Capital in excess of par value	24,386	24,163
Retained earnings	15,363	10,732
Equity adjustment for foreign currency translation	260	99
Total shareholders' equity	40,015	35,000
Total liabilities and shareholders' equity	\$ 61,019	\$ 53,389

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