

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): May 12, 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	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 May 12, 1999, the Company issued the press release attached hereto as Exhibit 99.1 announcing results for the quarter ended April 3, 1999.

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 May 12, 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: May 12, 1999

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EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Press Release of the Registrant dated May 12, 1999.

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Exhibit 99.1

FOR RELEASE: Immediately

Contact:

Richard K. Arter                      Investor Relations                      941-362-1200  
Clyde G. Nixon President                      941-362-1200

SUN HYDRAULICS CORPORATION REPORTS \$0.11 EARNINGS PER SHARE ON  
\$18.5 MILLION 1ST QUARTER SALES

SARASOTA, FLA, May 12, 1999 - Sun Hydraulics Corporation (NASDAQ: SNHY) today announced net sales were \$18.5 million for the quarter ended April 3, 1999, representing a 3.5% decrease compared to first quarter 1998 net sales. Net income for the first quarter of 1999 was \$0.7 million, compared to \$1.6 million in the same quarter of 1998 and \$0.8 million in the fourth quarter of 1998. Both basic and diluted earnings per share for the first quarter of 1999 were in line with expectations at \$0.11.

"First quarter shipments exceeded incoming orders, which continued at the same level as the fourth quarter of 1998," said Sun Hydraulics President Clyde Nixon. "Profit margins were similar to the fourth quarter of 1998, and, as we said in our last release, we do not expect to see margin improvements until the second half of the year.

"We anticipate reduced shipping levels in the second quarter as shipments will more closely reflect incoming orders which we believe are being affected by distributor inventory reductions. Additionally, productivity in the second quarter will be affected by the implementation of a new Y2K compliant integrated software system in the United States operations in May. Our productivity improvement initiatives remain on track for the second half of the year," 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 industrial and mobile 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

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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" and "Management's Discussion and Analysis of Financial Condition" in the Company's Form 10-K for the year ended December 31, 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 - APRIL 3, 1999  
 CONSOLIDATED STATEMENTS OF INCOME  
 (in thousands except per share data)

<TABLE>  
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	THREE MONTHS ENDED	
	APRIL 3, 1999	MARCH 31, 1998
	(unaudited)	(unaudited)
<S>	<C>	<C>
NET SALES	\$18,465	\$ 19,133
COST OF SALES	13,945	13,347
GROSS PROFIT	4,520	5,786
Selling, engineering and administrative expenses	3,092	3,014
Operating income	1,428	2,772
INTEREST EXPENSE	253	260
MISCELLANEOUS EXPENSE (INCOME)		63
Income before income taxes	1,112	2,469
Income tax provision	355	829
Net income before equity loss in joint venture		757
Equity loss in joint venture	34	--
NET INCOME	\$ 723	\$ 1,640
Basic net income		
per common share	.11	.26
Basic weighted average shares outstanding	6,367	6,325
Diluted net income		
per common share	.11	.25
Diluted weighted average shares outstanding	6,520	6,499

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CONSOLIDATED BALANCE SHEETS  
(in thousands)

<TABLE>  
<CAPTION>

	April 3, 1999	December 31, 1998
	----- (unaudited)	----- (unaudited)
<S>	<C>	<C>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,715	\$ 1,592
Accounts receivable, net of allowance for doubtful accounts of \$44 and \$47	5,713	5,342
Inventories	7,639	8,125
OTHER CURRENT ASSETS	914	891
<b>TOTAL CURRENT ASSETS</b>	<b>15,981</b>	<b>15,950</b>
Property, plant and equipment, net	44,128	44,003
Investment in joint venture	212	246
Other assets	788	820
<b>Total assets</b>	<b>\$61,109</b>	<b>\$61,019</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,896	\$ 2,877
Accrued expenses and other liabilities	1,777	2,065
Long-term debt due within one year	4,395	4,302
Notes payable to related parties due within one year	340	578
Dividends payable	255	254
Income taxes payable	529	245
<b>Total current liabilities</b>	<b>9,192</b>	<b>10,321</b>
Long-term debt due after one year	7,099	6,461
Notes payable to related parties due after one year	571	566
Deferred income taxes	3,633	3,656
<b>TOTAL LIABILITIES</b>	<b>20,495</b>	<b>21,004</b>
Shareholders' equity:		
Preferred stock	--	--
Common stock	6	6
Capital in excess of par value	24,473	24,386
Retained earnings	15,830	15,363
Equity adjustment for foreign currency translation	305	260
<b>Total shareholders' equity</b>	<b>40,614</b>	<b>40,015</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$61,109</b>	<b>\$61,019</b>

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