



Annual Shareholders Meeting

June 5, 2017

Wolfgang H. Dangel
President & CEO

Tricia L. Fulton
Chief Financial Officer

Defined Vision / Designed Transformation

**BEYOND
HYDRAULICS**



Safe Harbor Statement

This presentation and oral statements made by management in connection herewith that are not historical facts are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934.

Forward-looking statements involve risks and uncertainties, and actual results may differ materially from those expressed or implied by such statements. They include 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 and make acquisitions; (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) fluctuations in global business conditions, including the impact of economic recessions in the U.S. and other parts of the world, (iii) conditions in the capital markets, including the interest rate environment and the availability of capital; (iv) changes in the competitive marketplace that could affect the Company's revenue and/or costs, such as increased competition, lack of qualified engineering, marketing, management or other personnel, and increased labor and raw materials costs; (v) risks related to the integration of the businesses of the Company and Enovation Controls; (vi) 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; (vii) new product introductions, product sales mix and the geographic mix of sales nationally and internationally; and (viii) 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 Item 1. "Business," Item 1A. "Risk Factors," and Item 7. "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in the Company's Form 10-K for the year ended December 31, 2016. 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.



Growing Global Industrial Technology Leader

- Hydraulics market → leading manufacturer of high-performance screw-in hydraulic cartridge valves, electro-hydraulics, manifolds and integrated package solutions
- Electronics market → global provider of innovative electronic control, display and instrumentation solutions for recreational and off-highway vehicles, stationary and power generation equipment

Founded: 1970	IPO: 1997	NASDAQ: SNHY	
Market Capitalization	\$1.17 billion	Common Shares Outstanding	27.0 million
Recent Price	\$43.44	Regular Annualized Dividend/Yield	\$0.36/0.8%
52 Week Range	\$27.67-\$43.52	Institutional Ownership	80.6%
Average Trading Volume <i>(Trailing three months)</i>	122.8k	Insider Ownership	12.9%
Market Data as of 6/1/2017 (Source: Bloomberg); Ownership as of 3/31/2017, updated for latest filing			



Sun's Strategic Vision

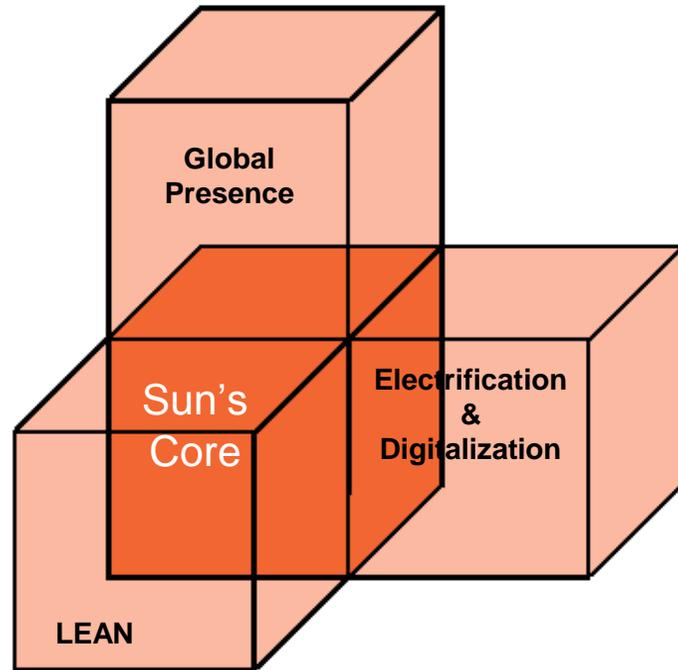
Achieve global technology leadership in the industrial goods sector by 2025 with critical mass exceeding \$1B in sales (with minimum doubling of Sun cavity solution sales) while maintaining superior profitability & financial strength.

- Acquisition strategy
 - Technology/product expansion
 - Electronics focus
 - Geographic market diversity
 - Targeted revenue \$50-\$150 million per acquisition
 - In line with Sun's historic profitability profile

Megatrends Impacting the Future Capital and Industrial Goods Market



SNHY Growth Strategy



Maintain and improve upon
the core competencies

Expand our electronic and digital capabilities

Act on opportunities where we can grow in
both new and existing geographic regions

Accelerating lean efforts

What We Do

Smart solutions for demanding applications



**Hydraulics &
Electro-Hydraulics**
for mobile & industrial
applications



**Electronic Controls
& Displays**
for power control and vehicle
technology applications



Who we are

Global reach, local presence



Competitive Landscape

Hydraulics

Full Line System Producers



Cartridge Valve Producers



Low Cost Producers

Various – limited product offering / limited market

Electronics

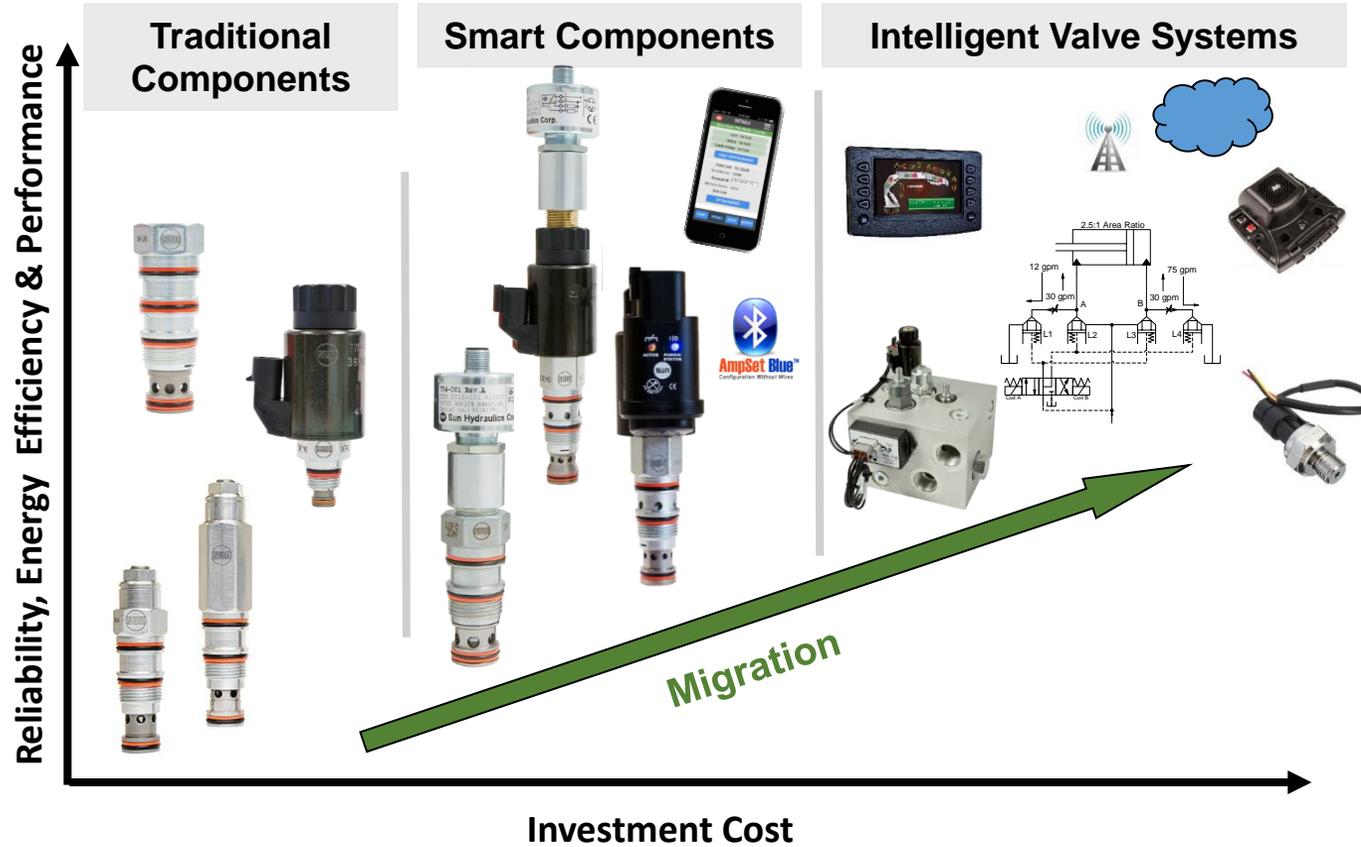
Large Multi-national Companies



Small Niche Companies



Future Product Development Migration (Hydraulics & Electronics)





2016 Highlights

Transformational Evolution

- Enovation Controls acquisition – December 5, 2016
 - Purchase price: \$200 million cash plus earnout
 - 2016 Proforma - \$83 million revenue, \$16 million EBITDA
 - Leading provider of electronic control, display & instrumentation solutions
 - Expands Sun's reach – access to new high growth markets
- Organic investments to support strategic growth plan
 - Global leadership team
 - Evolved product development process
 - Increasing channel partner and customer interaction
 - Initiated formal lean enterprise program

Vision 2025

\$1 billion in sales, superior profitability and financial strength



Acquisition Integration – on Plan

- Enovation Controls Phase 1 Integration Plan Progress:
 - On track to achieve 2017 forecast
 - Leveraging knowledge of market intelligence between sales, engineering and purchasing groups of historical Sun and Enovation Controls' personnel
 - Process to develop concrete path to attain planned revenue and cost synergies well underway
 - Exchange of technology know-how for joint product development has begun as scheduled

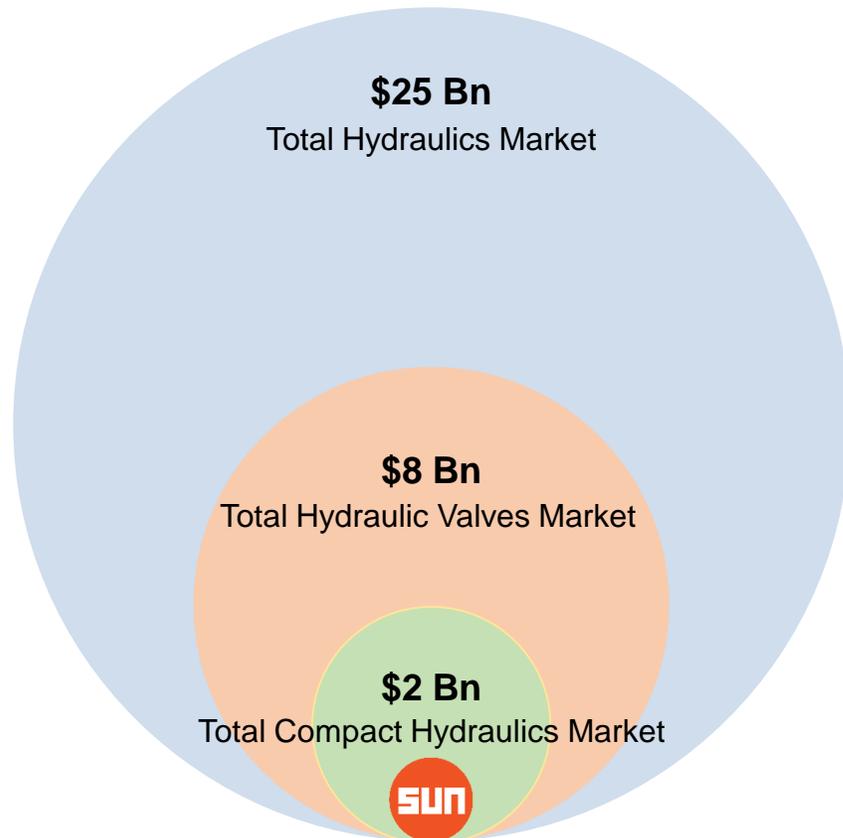
Vision 2025

\$1 billion in sales, superior profitability and financial strength



Hydraulics Segment Overview

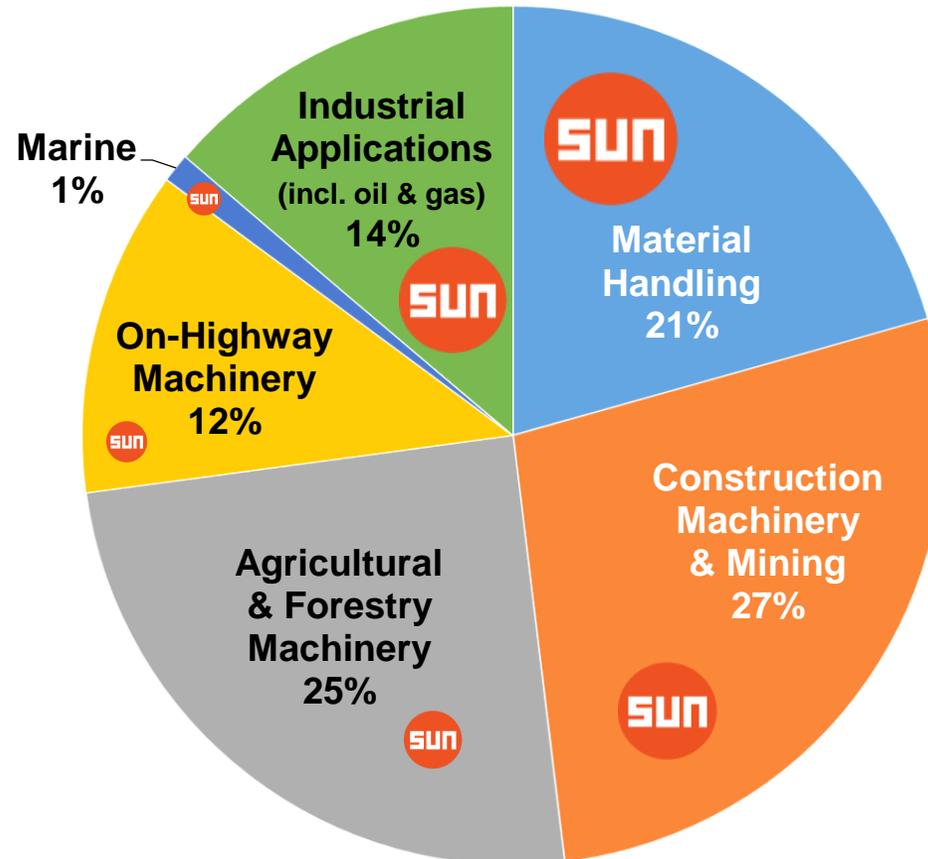
Hydraulics Industry at a Glance



Amounts are Company estimates

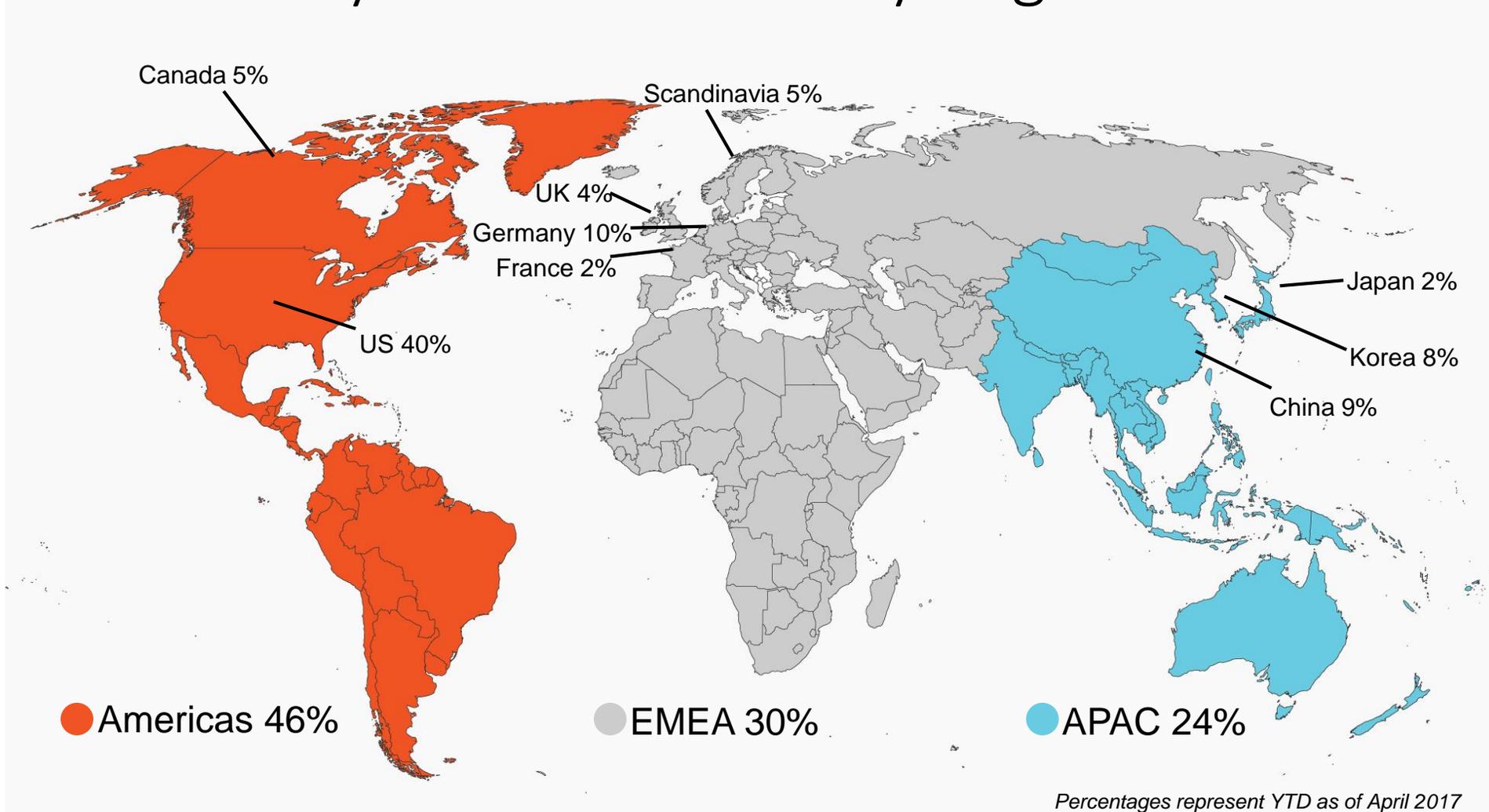
- **Total Hydraulics** - Includes complete systems and everything that goes into them (i.e. pumps, motors, reservoirs, valves, actuators, hose lines, etc.)
- **Hydraulic Valves** - Comprised of various types of hydraulic valves (i.e. mobile, industrial, and screw-in cartridge valves)
- **Compact Hydraulics** - smaller, lighter, faster, and more efficient

Hydraulics – End Markets at a Glance



*Market size percentages are Company estimates;
Sun bubbles within each slice represent proportionate market share*

Hydraulics – Sales by Region





Electronics Segment Overview

Enovation Controls Acquisition



- Closed on December 5, 2016
- Privately held provider of electronic control, display and instrumentation controls
- The Power Controls and Vehicle Technology business is a leading provider of electronic controls

Meets Long-Term Strategic Vision

- Improves and expands technology offering
- Offers integrated solution of electronics plus hydraulics
- Advances electrification and digitalization offering across platform

Diversifies Sun

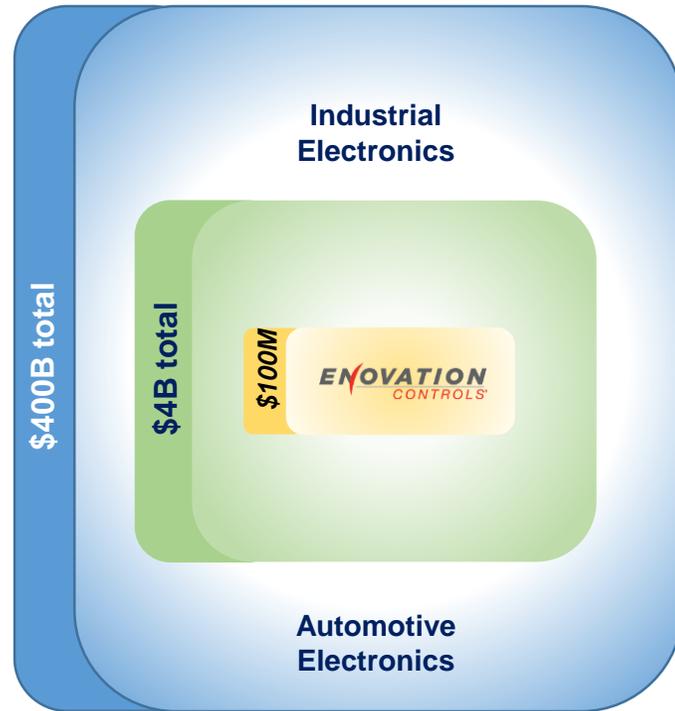
- New end markets such as stationary equipment, power generation, off-highway and recreational vehicles
- Diversification through added technologies
- Provides entry to highly sophisticated, specialized markets

Adds Talent

- Experienced electronic and software engineering team
- Sales team with strong customer relationships and insights
- Track record of new product development and technical innovation

Expands Sun's technology offering with access to new high growth markets

Electronic Controls Industry at a Glance



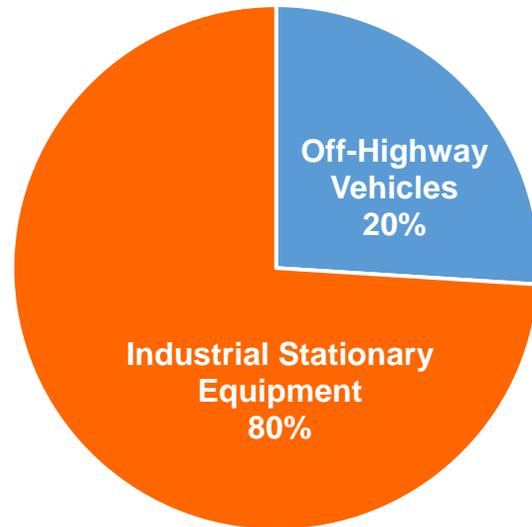
Amounts are Company estimates

- **Total Electronic Controls Market: \$400B**
 - \$200B Industrial Electronics
 - \$200B Automotive Electronics
- **Power Controls (PC) & Vehicle Technologies (VT) Markets: \$4B**
 - \$2B Instrumentation Clusters and Panels, Industrial and Mobile Controllers, Battery Chargers, Harnesses, Sensors, Displays, Gages
 - \$2B Infotainment Displays, Power Distribution, Engine Controls, Telematics, GPS
- **Enovation Market Share: \$100M**
 - Displays, infotainment and controllers for PC & VT markets

Gaining market share – significant addressable market opportunity

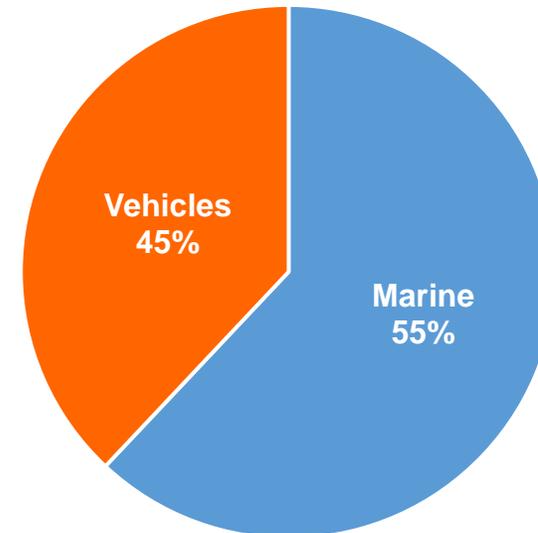
Electronics – End Markets at a Glance

Power Controls



~55% of segment

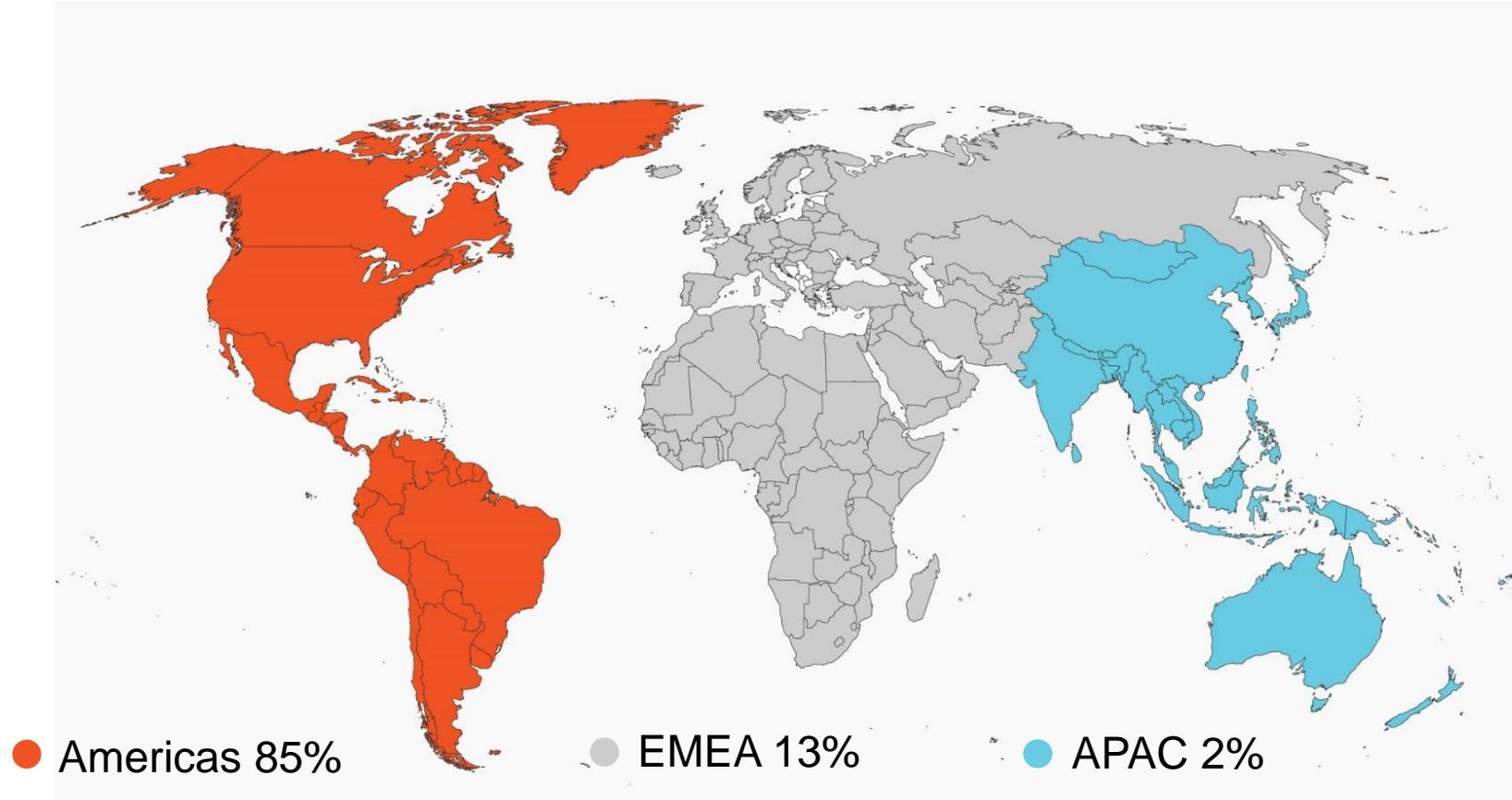
Vehicle Technologies



~45% of segment

Percentages are based on Company estimates

Electronics – Sales by Region



Percentages represent YTD as of April 2017

Our Products in Action



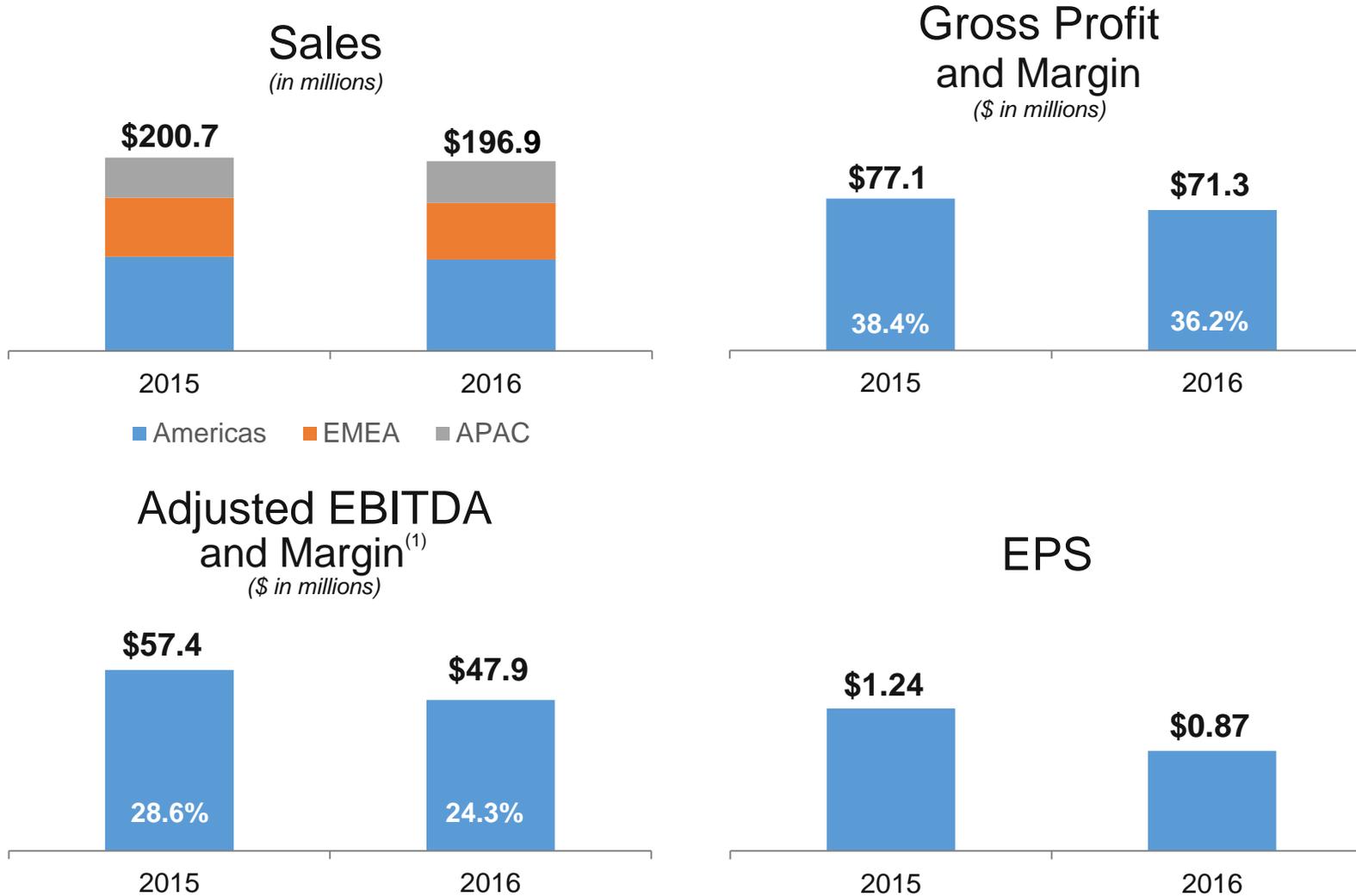
Pause to watch video



Financial Overview

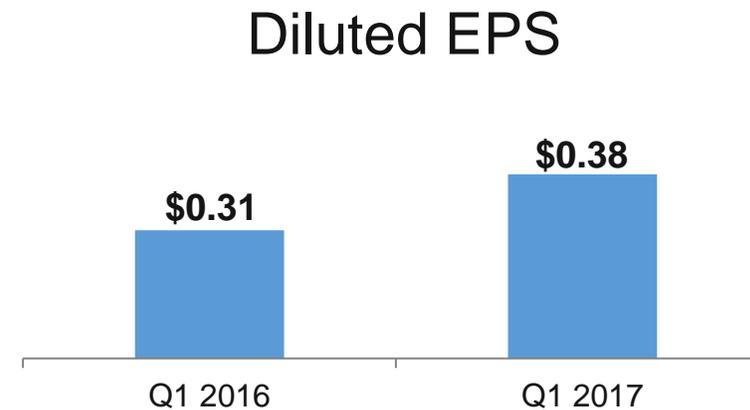
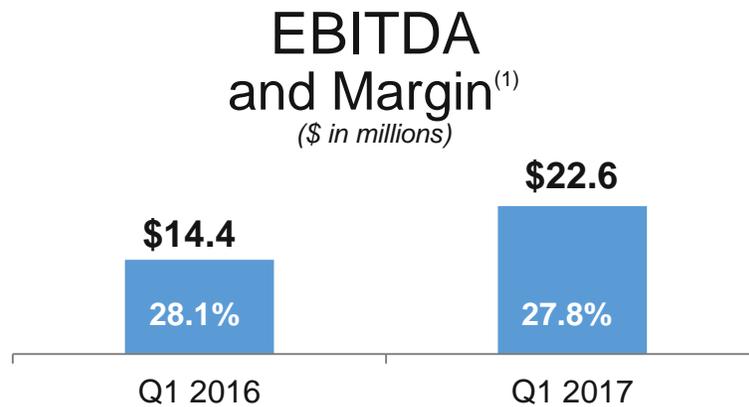
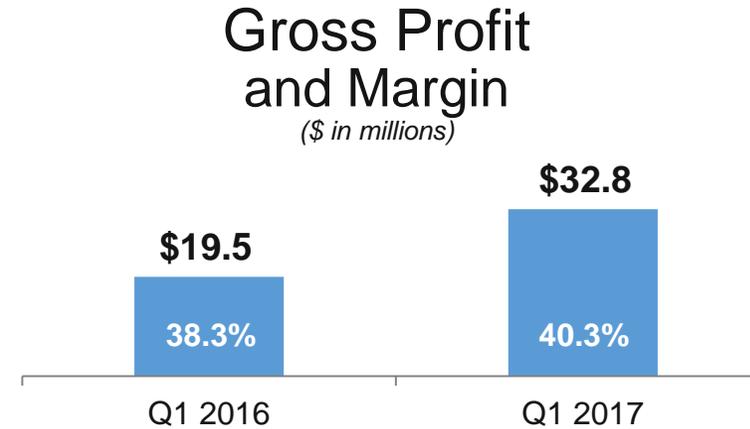
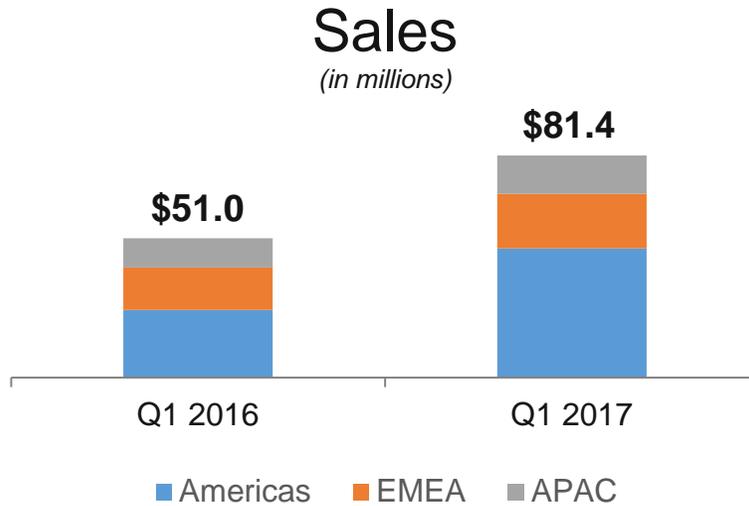


2016 – Improving Environment



⁽¹⁾ See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Sun's use of Adjusted EBITDA

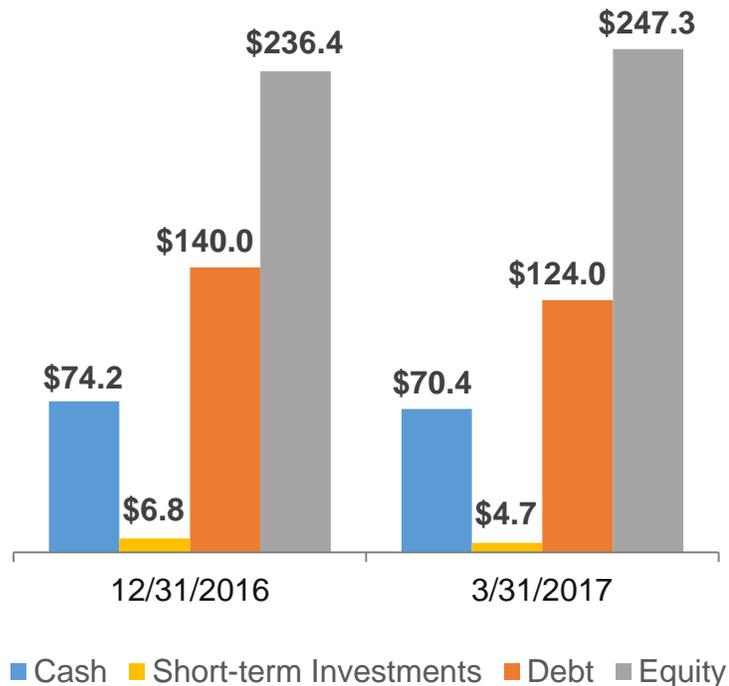
Q1 2017 – Acquisition Drives Results



⁽¹⁾ See supplemental slide for EBITDA reconciliation and other important disclaimers regarding Sun's use of EBITDA

Capitalization Review

(in millions)



- Generated \$12.4 million of cash from operating activities in 2017 first quarter, a 19% increase over prior-year quarter
- \$16 million of debt paid down in Q1 2017
 - \$176 million available on revolving credit facility, subject to leverage ratios
- Ongoing quarterly dividend anticipated
 - \$0.09 per share



2017 Guidance⁽¹⁾

■ Consolidated revenue	\$295 - \$310 million
• Hydraulics segment revenue	\$205 - \$215 million
• Electronics segment revenue	\$90 - \$95 million
■ Consolidated operating margin	20% - 22% ⁽²⁾
■ Consolidated interest expense	\$4.2 - \$4.7 million
■ Effective tax rate	32% - 34%
■ Capital expenditures	\$8 - \$10 million
■ Depreciation	\$12 - \$13 million
■ Amortization	\$8 - \$9 million

(1) 2017 guidance provided as of February 27, 2017

(2) Operating margin is before acquisition-related amortization expense



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BEYOND HYDRAULICS



Supplemental Information



Our Hydraulics Core Business (CVT)

High-Performance, Reliable Fluid Power Control



Cartridges



Manifolds



Electro-hydraulic
Valves and Controls



Integrated
packages

CVT = Cartridge Valve Technology

Hydraulics – What We Do

Applications

Gantry Cranes



LoadMatch

Underwater ROV's



Corrosion-resistant
integrated packages

Fire Trucks



Integrated
packages

Underground Mining



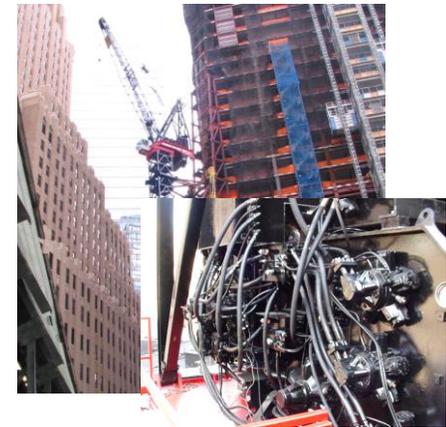
Explosion-proof
solenoids

Hay Bale Wrappers



Embedded
proportional
controllers

Construction Cranes



Valves & integrated packages

Power Controls Overview



Vehicle Technologies Overview





Segment Data

(Unaudited)

(\$ in thousands)	Three Months Ended	
	April 1, 2017	April 2, 2016
Sales:		
Hydraulics.....	\$ 54,122	\$ 50,183
Electronics.....	27,231	845
Consolidated.....	<u>\$ 81,353</u>	<u>\$ 51,028</u>
Gross profit and margin:		
Hydraulics.....	\$ 22,120 40.9%	\$ 19,263 38.4%
Electronics.....	12,449 45.7%	278 32.9%
Corporate and other.....	(1,774)	-
Consolidated.....	<u>\$ 32,794</u> 40.3%	<u>\$ 19,541</u> 38.3%
Operating income and margin:		
Hydraulics.....	\$ 13,772 25.4%	\$ 11,926 23.8%
Electronics.....	6,236 22.9%	(40) -4.8%
Corporate and other.....	(4,224)	-
Consolidated.....	<u>\$ 15,784</u> 19.4%	<u>\$ 11,886</u> 23.3%



Sales by Geographic Region & Segment

(Unaudited)

2017 Sales by Geographic Region and Segment
(\$ in millions)

	Q1	% of Total
<i>Americas:</i>		
Hydraulics	\$ 24.7	
Electronics	22.6	
Consol. Americas	47.3	58%
<i>EMEA:</i>		
Hydraulics	17.1	
Electronics	3.0	
Consol. EMEA	20.1	25%
<i>APAC:</i>		
Hydraulics	12.3	
Electronics	1.7	
Consol. APAC	14.0	17%
Total	\$ 81.4	

2016 Sales by Geographic Region and Segment
(\$ in millions)

	Q1	% of Total	Q2	% of Total	Q3	% of Total	Q4	% of Total	2016	% of Total
<i>Americas:</i>										
Hydraulics	\$ 23.9		\$ 22.5		\$ 20.6		\$ 21.1		\$ 88.1	
Electronics	0.8		0.9		0.8		4.2		6.7	
Consol. Americas	24.7	48%	23.4	46%	21.4	47%	25.3	51%	94.8	48%
<i>EMEA:</i>										
Hydraulics	15.7		15.8		14.0		12.8		58.2	
Electronics	-		-		-		0.5		0.5	
Consol. EMEA	15.7	31%	15.8	31%	14.0	31%	13.3	27%	58.7	30%
<i>APAC:</i>										
Hydraulics	10.6		11.6		9.8		11.1		43.2	
Electronics	-		-		-		0.2		0.2	
Consol. APAC	10.6	21%	11.6	23%	9.8	22%	11.3	23%	43.4	22%
Total	\$ 51.0		\$ 50.8		\$ 45.2		\$ 49.9		\$ 196.9	



Adjusted EBITDA Reconciliation

(Unaudited)

	Three Months Ended		Year Ended	
	April 1, 2017	April 2, 2016	December 31, 2016	January 2, 2016
Net income	\$ 10,211	\$ 8,208	\$ 23,304	\$ 33,138
+ Net interest expense (income).....	625	(372)	(790)	(1,422)
+ Income taxes.....	4,928	3,988	11,597	16,092
+ Depreciation and amortization.....	6,865	2,527	12,339	9,557
+ Acquisition related expenses.....	-	-	1,500	-
Adjusted EBITDA	\$ 22,629	\$ 14,351	\$ 47,950	\$ 57,365
<i>Adjusted EBITDA margin</i>	<i>27.8%</i>	<i>28.1%</i>	<i>24.3%</i>	<i>28.6%</i>

Non-GAAP Financial Measure:

Adjusted EBITDA is defined as consolidated net income before net interest expense/income, income taxes, depreciation and amortization and acquisition related expenses. Adjusted EBITDA margin is Adjusted EBITDA divided by sales. Adjusted EBITDA and Adjusted EBITDA margin are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Sun believes that providing non-GAAP information such as Adjusted EBITDA and Adjusted EBITDA margin are important for investors and other readers of Sun's financial statements, as they are used as analytical indicators by Sun's management to better understand operating performance. Because Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures and are thus susceptible to varying calculations, Adjusted EBITDA and Adjusted EBITDA margin, as presented, may not be directly comparable to other similarly titled measures used by other companies.