

November 5, 2007



Sun Hydraulics Double Digit Growth Continues With Third Quarter Earnings Up 33% on Sales Increase of 15%

SARASOTA, FL -- (MARKET WIRE) -- 11/05/07 -- Sun Hydraulics Corporation (NASDAQ: SNHY) reported financial results for the third quarter of 2007 as follows:

(Dollars in millions except net income per share)

| | September 29, 2007 | | September 30, 2006 | | Increase |
|-----------------------|--------------------|-------|--------------------|-------|----------|
| Three Months Ended | | | | | |
| Net Sales | \$ | 41.8 | \$ | 36.2 | 15% |
| Net Income | \$ | 5.2 | \$ | 3.9 | 33% |
| Net Income per share: | | | | | |
| Basic | \$ | 0.32 | \$ | 0.24 | 33% |
| Diluted | \$ | 0.32 | \$ | 0.24 | 33% |
| | | | | | |
| Nine Months Ended | | | | | |
| Net Sales | \$ | 126.1 | \$ | 107.3 | 18% |
| Net Income | \$ | 17.0 | \$ | 12.4 | 37% |
| Net Income per share: | | | | | |
| Basic | \$ | 1.04 | \$ | 0.76 | 37% |
| Fully Diluted | \$ | 1.03 | \$ | 0.76 | 36% |

Note: The Company announced a 50% stock dividend to shareholders of record on June 30, 2007, payable on July 15, 2007. All earnings per share and weighted average share information reflect the 50% stock dividend.

"Both revenue and income remained strong, sustaining double digit growth for the quarter and year to date," said Allen Carlson, Sun's President and CEO. "We are pleased with our performance and believe that our growth continues to outpace the industry, resulting in additional market share."

"Our international presence provides a necessary balance to our business," Carlson continued. "While the US economy appears to be softening, our international sales continue to contribute significantly to our top and bottom lines, with international sales making up 59% of the total last quarter."

"We announced last week our intention to take an equity ownership in High Country Tek. We believe this relationship will enhance our ability to better understand our customers' needs, especially with regard to the electro-hydraulic solutions being sought by the marketplace," concluded Carlson.

Outlook

2007 fourth quarter sales are estimated to be approximately \$40 million and earnings per share are estimated to be in the range of \$0.28 to \$0.30. This would represent an increase of approximately 14% in sales and 26% in earnings per share over last year.

2007 year-end sales are estimated to be approximately \$166 million, a 17% increase compared to 2006. Earnings per share for 2007 are estimated to be between \$1.31 and \$1.33, up approximately 33% over last year.

Webcast

Sun Hydraulics Corporation will broadcast its third quarter financial results conference call live over the Internet at 2:30 P.M. E.T. today, November 5, 2007. To listen to the webcast, go to <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 the earnings release by going to the Sun Hydraulics website, www.sunhydraulics.com, and clicking on Investor Relations. Scroll down to the bottom of the page and click on contact email: investor@sunhydraulics.com. Sun management will answer these and other questions during the Company's webcast. If an individual wishes to ask questions directly during the webcast, the conference call may be accessed by dialing 1-877-407-8033.

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 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 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 30, 2006, and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in the Company's Form 10-Q for the quarter ended September 29, 2007. 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
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per share data)

| | Three months ended | |
|---|--------------------------------------|--------------------------------------|
| | September 29, 2007 (unaudited) | September 30, 2006 (unaudited) |
| Net sales | \$ 41,809 | \$ 36,202 |
| Cost of sales | 28,485 | 25,540 |
| Gross profit | 13,324 | 10,662 |
| Selling, engineering and administrative expenses | 5,279 | 4,707 |
| Operating income | 8,045 | 5,955 |

| | | |
|---|----------|----------|
| Interest (income)/expense, net | (120) | 61 |
| Foreign currency transaction loss, net | - | 32 |
| Miscellaneous income, net | (115) | (34) |
| | ----- | ----- |
| Income before income taxes | 8,280 | 5,896 |
| Income tax provision | 3,034 | 1,980 |
| | ----- | ----- |
| Net income | \$ 5,246 | \$ 3,916 |
| | ===== | ===== |
| Basic net income per common share (1) | \$ 0.32 | \$ 0.24 |
| Weighted average basic shares outstanding (1) | 16,460 | 16,217 |
| Diluted net income per common share (1) | \$ 0.32 | \$ 0.24 |
| Weighted average diluted shares outstanding (1) | 16,507 | 16,300 |
| Dividends declared per share (1) | \$ 0.090 | \$ 0.067 |

(1) The Company announced a 50% stock dividend to shareholders of record on June 30, 2007, payable on July 15, 2007. All per share and weighted average share information reflect the 50% stock dividend.

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

| | Nine months ended | |
|--|--------------------------------------|--------------------------------------|
| | September 29, 2007 (unaudited) | September 30, 2006 (unaudited) |
| Net sales | \$ 126,085 | \$ 107,315 |
| Cost of sales | 84,581 | 74,433 |
| | ----- | ----- |
| Gross profit | 41,504 | 32,882 |
| Selling, engineering and administrative expenses | 15,932 | 14,068 |
| | ----- | ----- |
| Operating income | 25,572 | 18,814 |
| Interest (income)/expense, net | (282) | 142 |
| Foreign currency transaction loss, net | 2 | 63 |
| Miscellaneous income, net | (321) | (41) |
| | ----- | ----- |
| Income before income taxes | 26,173 | 18,650 |
| Income tax provision | 9,169 | 6,240 |
| | ----- | ----- |
| Net income | \$ 17,004 | \$ 12,410 |
| | ===== | ===== |
| Basic net income per common share (1) | \$ 1.04 | \$ 0.76 |
| Weighted average basic shares outstanding (1) | 16,401 | 16,338 |
| Diluted net income per common share (1) | \$ 1.03 | \$ 0.76 |
| Weighted average diluted shares outstanding (1) | 16,468 | 16,431 |
| Dividends declared per share (1) | \$ 0.247 | \$ 0.200 |

(1) The Company announced a 50% stock dividend to shareholders of record on June 30, 2007, payable on July 15, 2007. All per share and weighted average share information reflect the 50% stock dividend.

SUN HYDRAULICS CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands)

| | September 29, 2007 (unaudited) | December 30, 2006 |
|---|--------------------------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 17,206 | \$ 9,379 |
| Restricted cash | 145 | 118 |
| Accounts receivable, net of allowance for doubtful accounts of \$101 and \$140 | 18,297 | 13,917 |
| Inventories | 11,321 | 10,386 |
| Deferred income taxes | 219 | 219 |
| Other current assets | 2,470 | 986 |
| | ----- | ----- |
| Total current assets | 49,658 | 35,005 |
| Property, plant and equipment, net | 55,676 | 50,355 |
| Other assets | 2,076 | 1,825 |
| | ----- | ----- |
| Total assets | \$ 107,410 | \$ 87,185 |
| | ===== | ===== |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 6,047 | \$ 4,812 |
| Accrued expenses and other liabilities | 5,433 | 4,059 |
| Long-term debt due within one year | 458 | 426 |
| Dividends payable | 1,482 | 1,085 |
| Income taxes payable | 1,034 | 608 |
| | ----- | ----- |
| Total current liabilities | 14,454 | 10,990 |
| Long-term debt due after one year | 292 | 646 |
| Deferred income taxes | 4,529 | 4,451 |
| Other noncurrent liabilities | 502 | 298 |
| | ----- | ----- |
| Total liabilities | 19,777 | 16,385 |
| Shareholders' equity: | | |
| Common stock | 16 | 16 |
| Capital in excess of par value | 33,633 | 30,962 |
| Retained earnings | 48,202 | 35,279 |
| Accumulated other comprehensive income | 5,782 | 4,543 |
| | ----- | ----- |
| Total shareholders' equity | 87,633 | 70,800 |
| | ----- | ----- |
| Total liabilities and shareholders' equity | \$ 107,410 | \$ 87,185 |
| | ===== | ===== |

SUN HYDRAULICS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

| | Nine months ended | |
|--|--------------------------------------|--------------------------------------|
| | September 29, 2007 (unaudited) | September 30, 2006 (unaudited) |
| Cash flows from operating activities: | | |
| Net income | \$ 17,004 | \$ 12,410 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |

| | | | |
|--|-----------|----|---------|
| Depreciation and amortization | 4,657 | \$ | 4,372 |
| (Gain)/Loss on disposal of assets | (60) | | 37 |
| Provision for deferred income taxes | 78 | | 20 |
| Allowance for doubtful accounts | (39) | | 4 |
| Stock-based compensation expense | 542 | | 421 |
| Stock options income tax benefit | (286) | | (82) |
| (Increase) decrease in: | | | |
| Accounts receivable | (4,341) | | (4,167) |
| Inventories | (935) | | (1,448) |
| Income taxes receivable | - | | 236 |
| Other current assets | (1,484) | | 492 |
| Other assets | (271) | | (72) |
| Increase (decrease) in: | | | |
| Accounts payable | 1,235 | | 673 |
| Accrued expenses and other liabilities | 2,759 | | 1,474 |
| Income taxes payable | 712 | | 840 |
| Other noncurrent liabilities | 204 | | (15) |
| Net cash provided by operating activities | 19,775 | | 15,195 |
| Cash flows from investing activities: | | | |
| Capital expenditures | (9,448) | | (7,194) |
| Proceeds from dispositions of equipment | 76 | | 20 |
| Net cash used in investing activities | (9,372) | | (7,174) |
| Cash flows from financing activities: | | | |
| Proceeds from debt | - | | 7,000 |
| Repayment of debt | (322) | | (4,791) |
| Proceeds from exercise of stock options | 267 | | 112 |
| Proceeds from stock issued | 191 | | 179 |
| Payments for purchase of treasury stock | - | | (2,951) |
| Dividends to shareholders | (3,684) | | (3,267) |
| Stock options income tax benefit | 286 | | 82 |
| Net cash used in financing activities | (3,262) | | (3,636) |
| Effect of exchange rate changes on cash and cash equivalents | 713 | | 862 |
| Net increase in cash and cash equivalents | 7,854 | | 5,247 |
| Cash and cash equivalents, beginning of period | 9,497 | | 5,830 |
| Cash and cash equivalents, end of period | \$ 17,351 | \$ | 11,077 |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid: | | | |
| Interest | \$ 35 | \$ | 235 |
| Income taxes | \$ 8,884 | \$ | 5,226 |
| Supplemental disclosure of noncash transactions: | | | |
| Common stock issued to ESOP through accrued expenses and other liabilities | \$ 1,386 | \$ | 1,183 |

| | United States | Korea | Germany | United Kingdom | Elimination | Consolidated |
|---------------------------------------|---------------|----------|----------|----------------|-------------|--------------|
| Three Months Ended September 29, 2007 | | | | | | |
| Sales to unaffiliated customers | \$ 24,770 | \$ 5,244 | \$ 6,033 | \$ 5,762 | \$ - | \$ 41,809 |
| Intercompany sales | 7,551 | - | 65 | 609 | (8,225) | - |
| Operating income | 4,871 | 613 | 1,583 | 1,007 | (29) | 8,045 |
| Depreciation | 1,142 | 46 | 131 | 284 | - | 1,603 |
| Capital expenditures | 1,957 | 55 | 5 | 547 | - | 2,564 |

Three Months
Ended September
30, 2006

| | | | | | | |
|---------------------------------|-----------|----------|----------|----------|---------|-----------|
| Sales to unaffiliated customers | \$ 22,912 | \$ 4,085 | \$ 4,874 | \$ 4,331 | \$ - | \$ 36,202 |
| Intercompany sales | 6,158 | - | 26 | 810 | (6,994) | - |
| Operating income | 3,760 | 488 | 1,114 | 572 | 21 | 5,955 |
| Depreciation | 1,023 | 37 | 127 | 247 | - | 1,434 |
| Capital expenditures | 2,179 | 26 | 143 | 30 | - | 2,378 |

Nine Months
Ended September
29, 2007

| | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|----------|------------|
| Sales to unaffiliated customers | \$ 74,375 | \$ 15,896 | \$ 18,730 | \$ 17,084 | \$ - | \$ 126,085 |
| Intercompany sales | 23,715 | - | 115 | 2,143 | (25,973) | - |
| Operating income | 16,767 | 1,759 | 4,604 | 2,529 | (87) | 25,572 |
| Depreciation | 3,301 | 129 | 403 | 804 | - | 4,637 |
| Capital expenditures | 7,675 | 264 | 52 | 1,458 | - | 9,448 |

Nine Months
Ended September
30, 2006

| | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|----------|------------|
| Sales to unaffiliated customers | \$ 67,105 | \$ 12,247 | \$ 14,644 | \$ 13,319 | \$ - | \$ 107,315 |
| Intercompany sales | 19,450 | - | 88 | 2,262 | (21,800) | - |
| Operating income | 12,088 | 1,691 | 3,230 | 1,893 | (88) | 18,814 |
| Depreciation | 3,142 | 112 | 368 | 730 | - | 4,352 |
| Capital expenditures | 6,586 | 46 | 205 | 357 | - | 7,194 |

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