FOURTH QUARTER 2017 EARNINGS

FEBRUARY 26, 2018

Wolfgang H. Dangel
President & CEO

Tricia L. Fulton
Chief Financial Officer

Defined Vision / Designed Transformation

BEYOND HYDRAULICS

Safe Harbor Statement

NASDAQ: SNHY

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, vision or projections of Sun Hydraulics Corporation ("Sun" or 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, compliance with anti-corruption laws and trade laws, including export and import compliance, 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.

This presentation will discuss some non-GAAP financial measures, which the Company believes are useful in evaluating our performance. You should not consider the inclusion of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. The Company has provided reconciliations of comparable GAAP to non-GAAP measures in tables found in the end of this news release.

2017 Highlights

NASDAQ: SNHY

- Sales of $343 million, up 74% over 2016
  - Enovation Controls contributed $109 million, up 33% vs 2016 on a pro forma basis
  - Organic business grew 21%
- EPS of $1.17; non-GAAP EPS of $1.60, up 72%
- Adjusted EBITDA increased to $87 million, 25.4%, from $48 million in 2016
- In Q1 2018, raised $240 million in public equity offering to fund acquisition of Faster Group, announced February 19
- Introducing 2018 guidance
  - $370 to $385 million revenue
  - 22.7% to 24.0% adjusted operating margin

Strategy Drives 2017 Performance

sun hydraulics CORPORATION
NASDAQ: SNHY

- Completed initial integration of Enovation Controls acquisition, while supporting record sales levels
- Synergies progressing ahead of plan
- Further differentiating Hydraulics business by collaboratively linking global suppliers and channel partners in field
- Aggressive new product development continues; includes leveraging acquired electronics engineering skills
- Began construction on new facility in South Korea to support rapidly growing demand in Asia-Pacific region

Vision 2025

$1 billion in sales, superior profitability and financial strength

Recap of Faster Group Acquisition

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Transaction Description	▪ Acquisition of 100% of Faster Group ▪ Leading global manufacturer of quick-release hydraulic coupling (QRC) solutions, with technologies serving high growth markets and applications ▪ Creates a larger and more diversified industrial technology platform

Consideration	▪ Enterprise value of €430 million (~$531 million)
	  ▪ ~12.7x EV / EBITDA 2018E
	  ▪ ~10.8x EV / EBITDA 2018E (with full synergy potential)
	▪ Funded with $161 million cash and $370 million of debt

Financial Impact	▪ Immediately accretive to GAAP EPS and EBITDA margin ▪ Significant synergy opportunity (~$7.5 million in annual synergies by 2022) ▪ Sun Hydraulics maintains a strong balance sheet with net debt / LTM EBITDA of 2.8x (1)
Closing	▪ Expected closing Q2 2018, subject to customary closing conditions

Note: (1) PF LTM Adjusted EBITDA based upon midpoint of SNHY preliminary 2017E financials released on January 29, 2018 and 2017 Faster financials

Financial Overview

Tricia L. Fulton

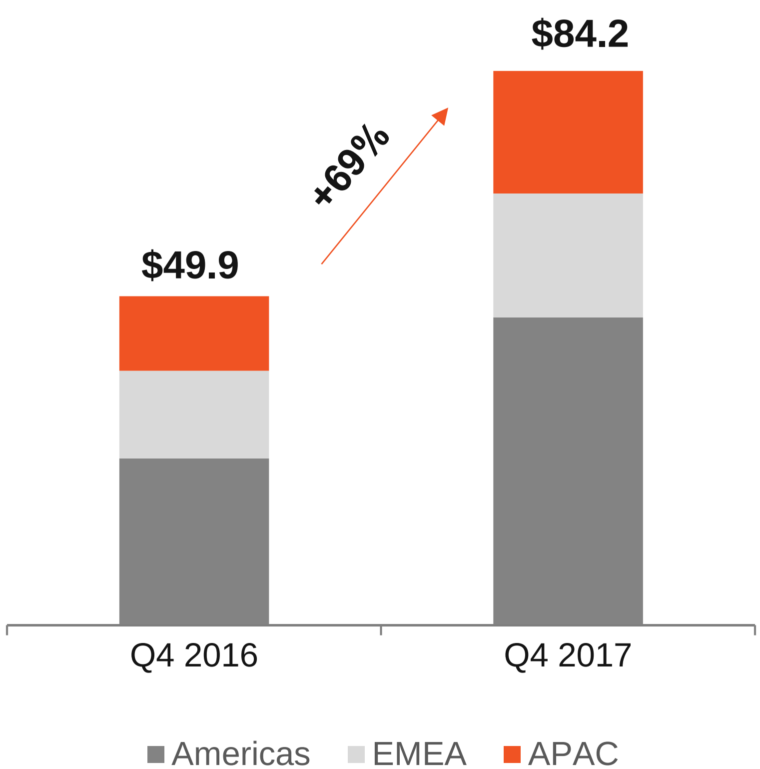
Chief Financial Officer

Q4 – Consolidated Results

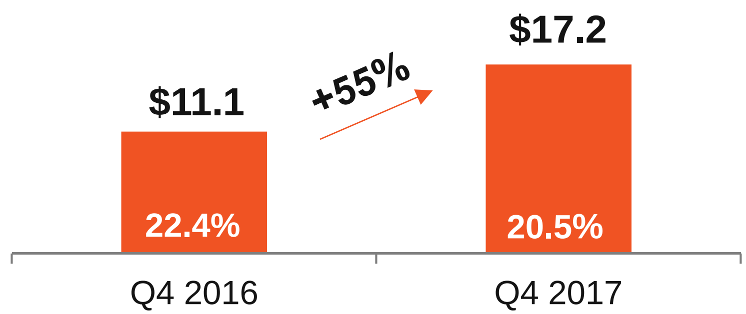
($ in millions, except Adjusted EPS)

NASDAQ: SNHY

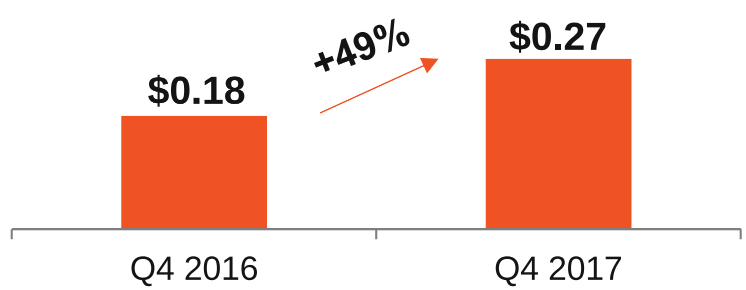
Sales



Adjusted EBITDA & Margin(1)



Adjusted EPS(2)



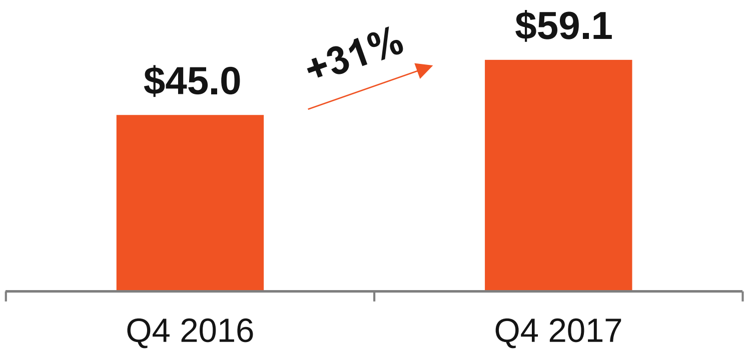
(1) See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Sun's use of Adjusted EBITDA
(2) See supplemental slide for Adjusted Net Income reconciliation and other important disclaimers regarding Sun's use of Adjusted Net Income

Q4 – Hydraulics Segment

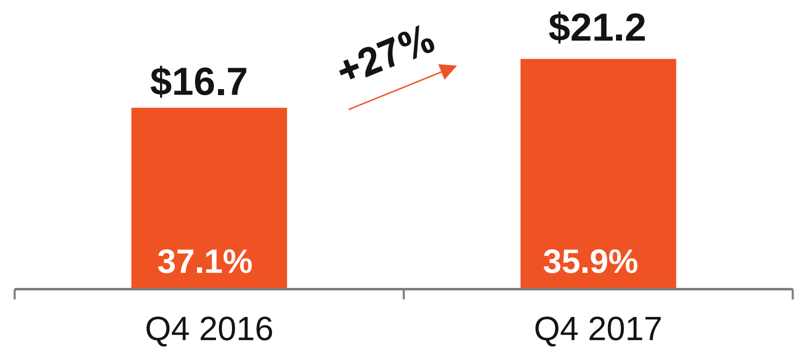
($ in millions)

sun hydraulics® CORPORATION
NASDAQ: SNHY

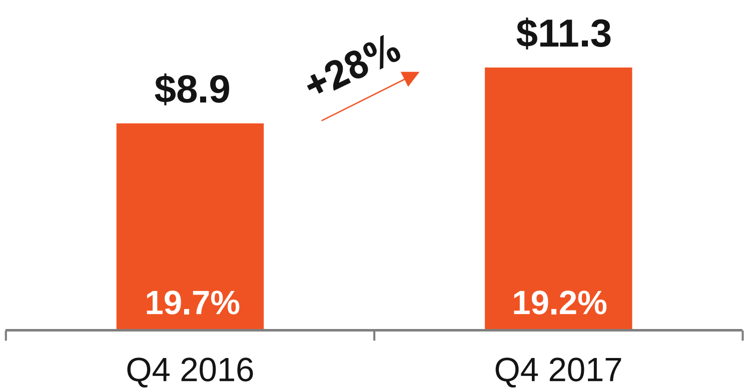
Sales



Gross Profit
& Margin



Operating Income
& Margin

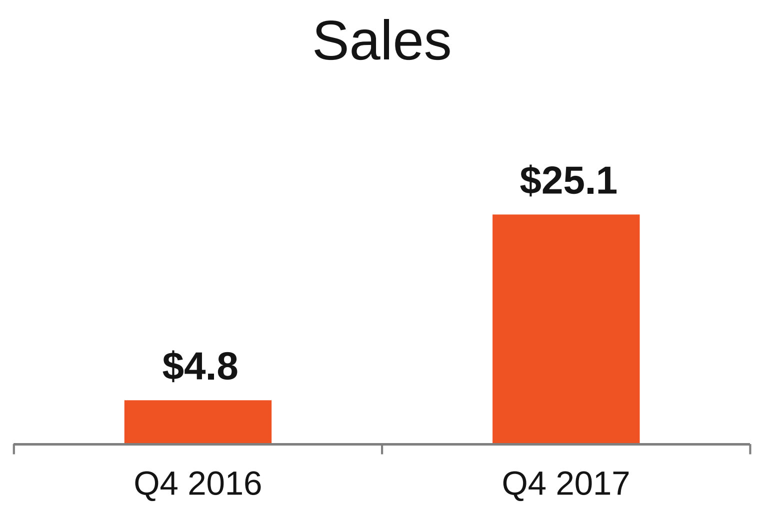


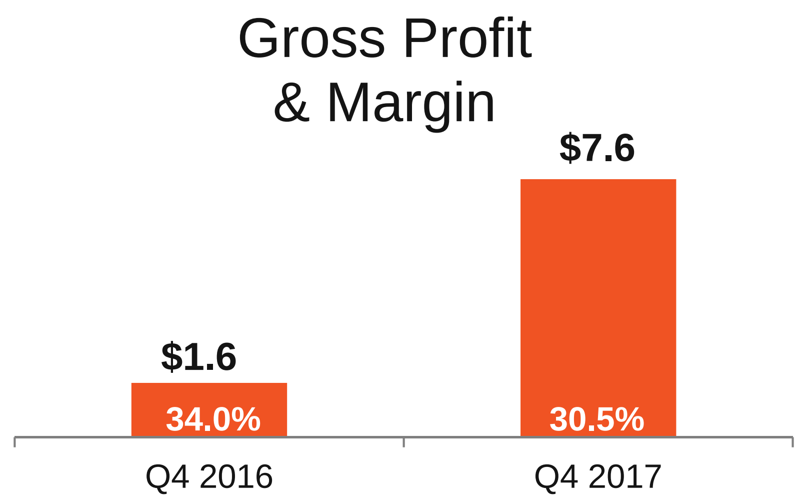
- Sales growth realized in all geographic regions
  - APAC, EMEA and Americas up 53%, 28% and 21%, respectively
- Gross margin and operating margin pressure
  - $1.2 million of one-time operational items (2.1% of segment sales)
  - $1.5 million of unanticipated costs, including to maintain best-in-industry lead times (2.5% of segment sales)

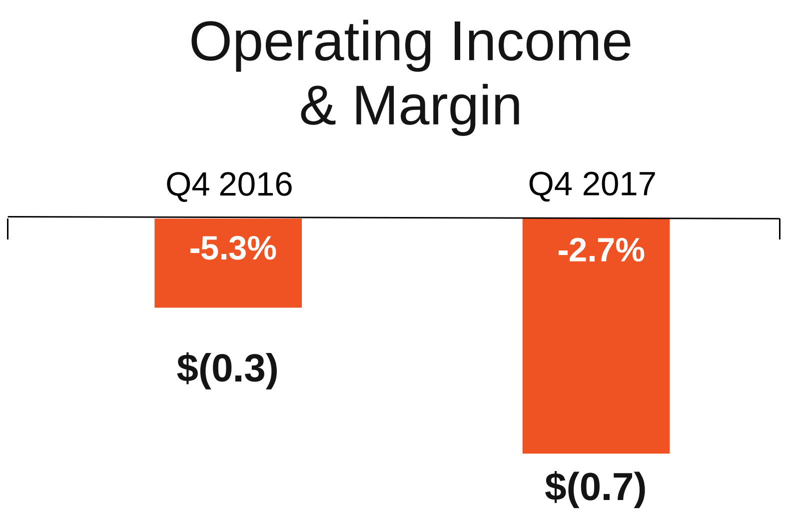
Q4 – Electronics Segment

($ in millions)

NASDAQ: SNHY







- Includes $24.3 million of Enovation Controls sales
- On a pro forma basis, Enovation Controls sales were up 18% vs Q4 2016
- Gross margin and operating margin pressure
  - $1.7 million of one-time operational items (6.7% of segment sales)
  - $1.4 million of unanticipated costs, including new product manufacturing related costs (5.6% of segment sales)

FY 2017 – Consolidated Results

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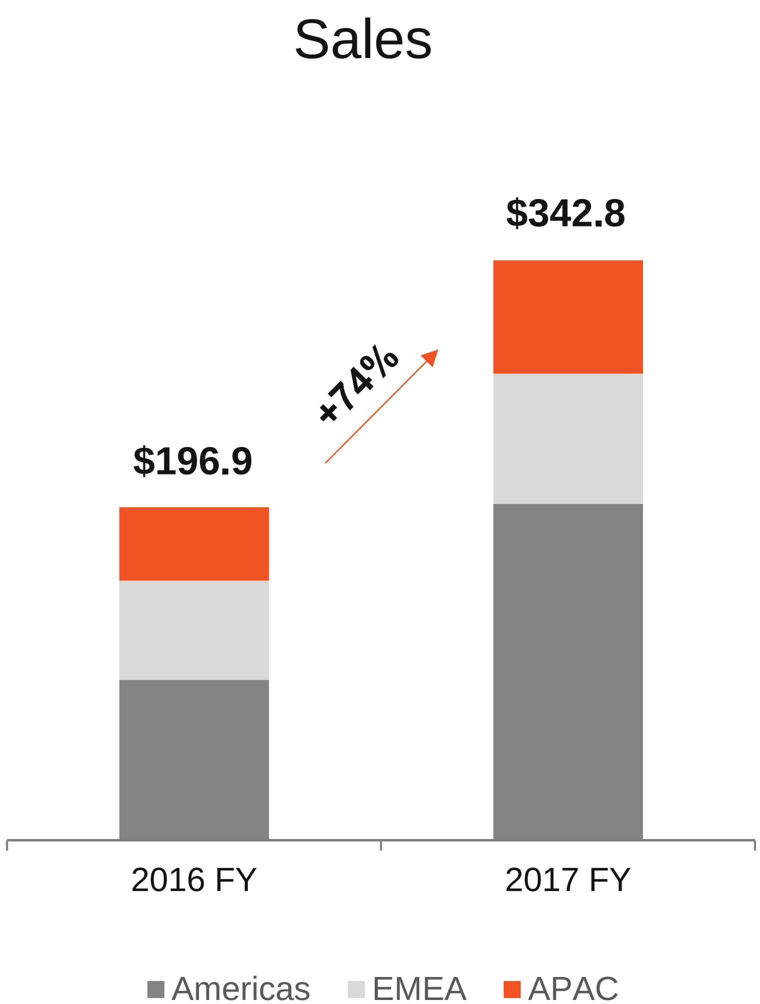
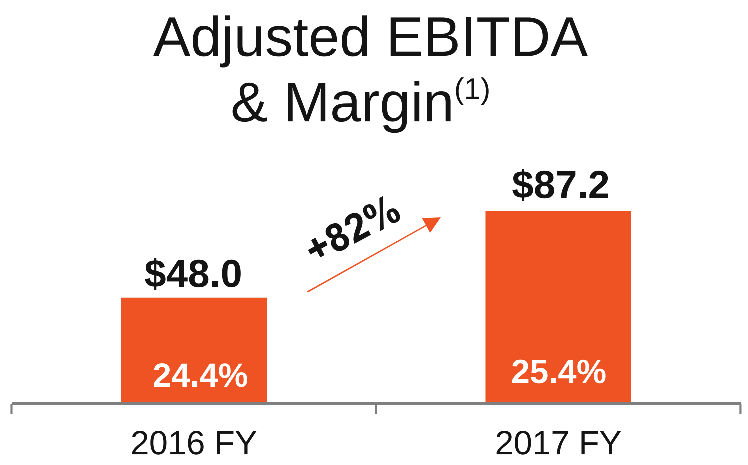
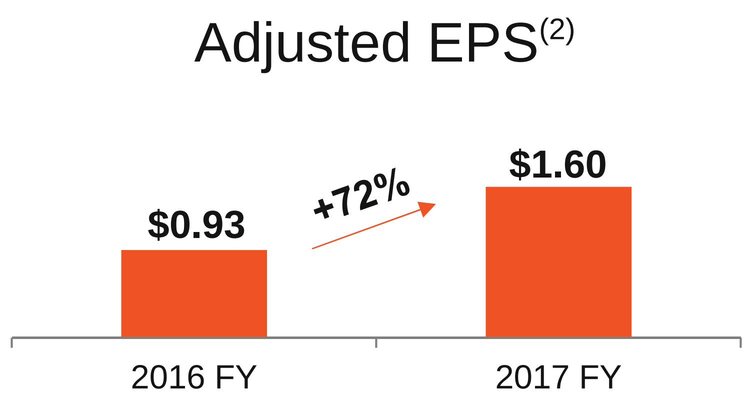
($ in millions, except Adjusted EPS)







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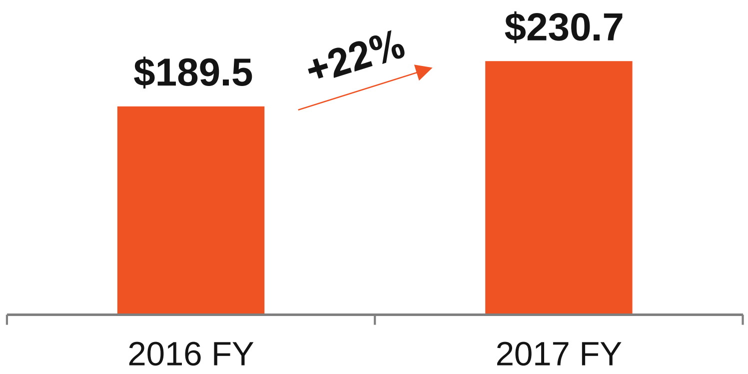
(2) See supplemental slide for Adjusted Net Income reconciliation and other important disclaimers regarding Sun's use of Adjusted Net Income

FY 2017 – Hydraulics Segment

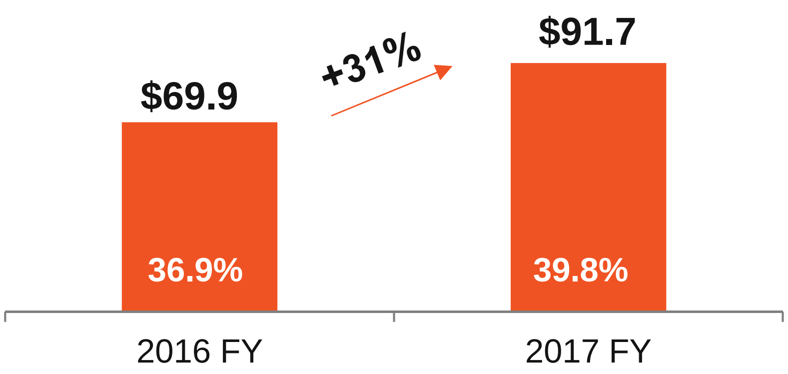
NASDAQ: SNHY

($ in millions)

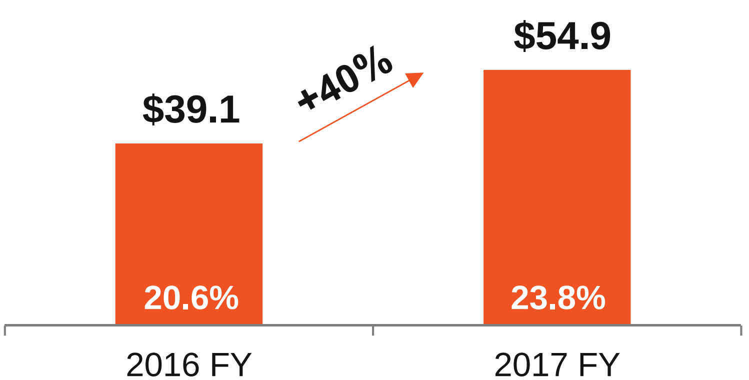
Sales



Gross Profit & Margin



Operating Income & Margin



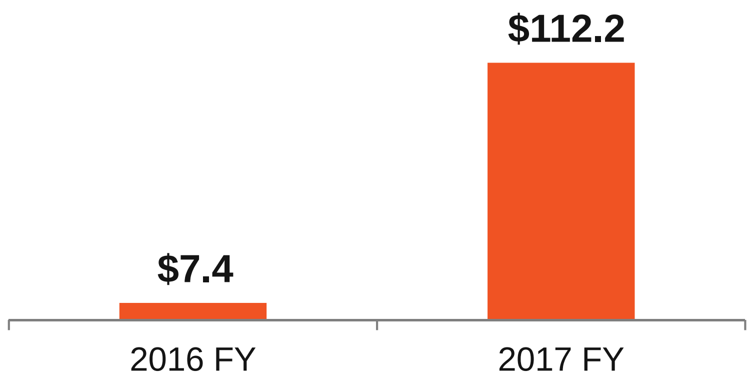
- Sales growth in all geographic regions
  - APAC, EMEA and Americas up 40%, 14% and 18%, respectively
- Growth drivers
  - Increased demand & market expansion
  - Global sales and marketing initiatives
- Gross margin and operating margin pressure in Q4
  - One-time operational items (0.5% of sales)
  - Unanticipated costs (0.6% of sales)

FY 2017 – Electronics Segment

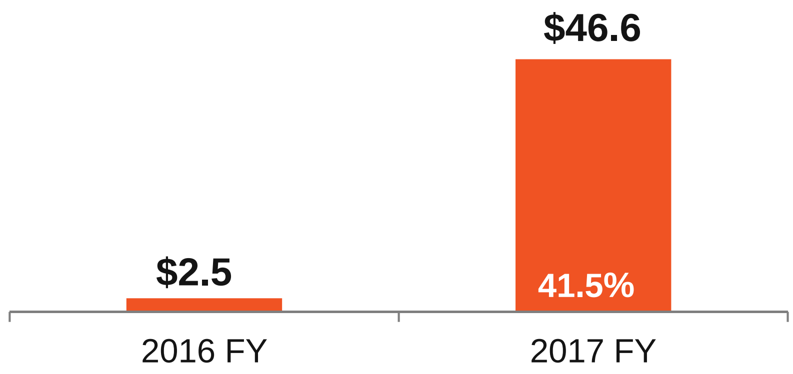
NASDAQ: SNHY

($ in millions)

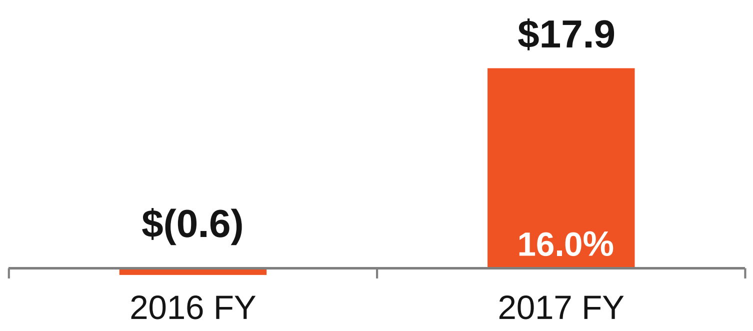
Sales



Gross Profit & Margin



Operating Income & Margin

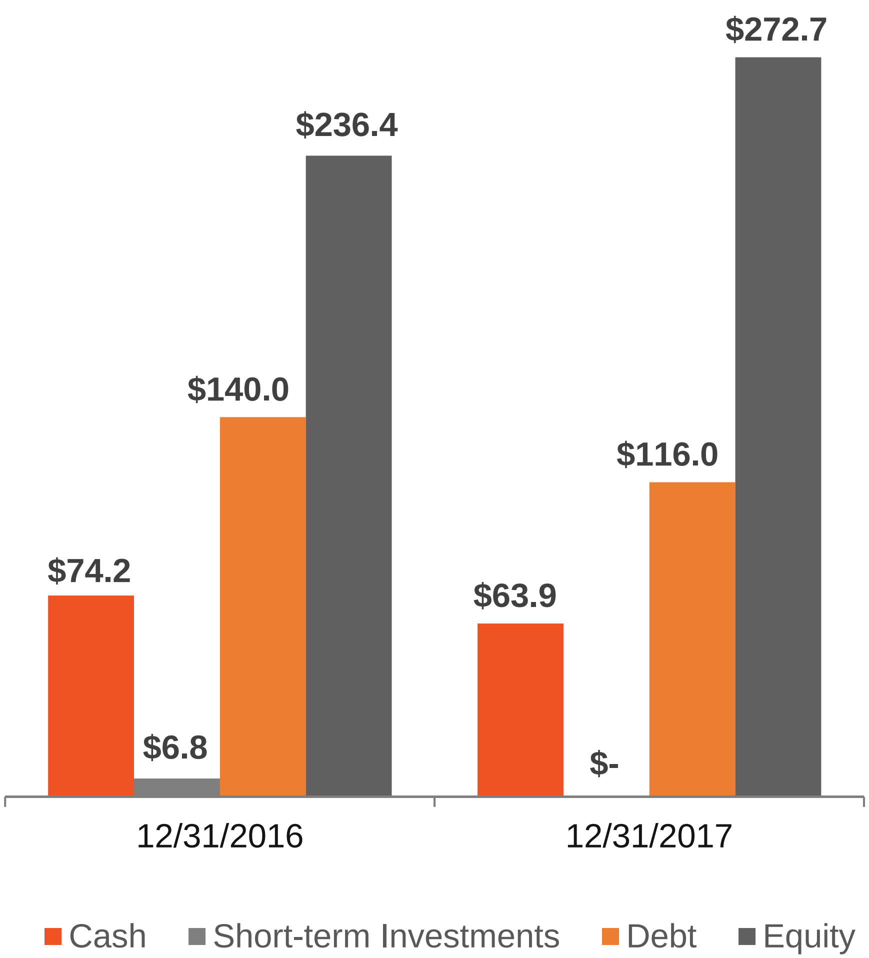


- Includes $109.4 million of Enovation Controls sales
- On a pro forma basis, Enovation Controls realized 33% growth > 2016
- Gross margin and operating margin pressure in Q4
  - One-time operational items (1.5% of sales)
  - Unanticipated costs (1.2% of sales)

Capitalization Review

NASDAQ: SNHY

($ in millions)



- Generated $49.4 million of cash from operating activities in 2017; $38.5 million in 2016
- $24 million of debt paid down in 2017
  - $184 million available on revolving credit facility at year end, subject to leverage ratios
- Q1 2018 raised equity capital; plan to acquire Faster Group in Q2
  - Pro forma net debt to adjusted EBITDA of 2.8x
- Ongoing quarterly dividend anticipated
  - $0.09 per share/quarter

Outlook

Wolfgang H. Dangel

President and Chief Executive Officer

2018 Outlook – Favorable Global Economy

NASDAQ: SNHY

- Leading indicators signal ongoing growth
  - US Industrial Production – expect continued accelerating growth into at least mid 2018
  - US economy – macroeconomy continues to grow
  - All major global economies in accelerating growth phase except Mexico; rate of growth expected to slow by the end of 2018
- US Construction – 2018 expansion expected in most of sector, except multi unit housing
- US Manufacturing – 2018 growth expected across majority of sector, except industrial machinery new orders may contract
- US Electronics business indicators suggest growth into 2018, with some volatility

Sources: ITR Economics™ TrendsReport™ February 2018 and Institute of Printed Circuits Association

2018 Sun Outlook

NASDAQ: SNHY

- Incremental margin on revenue growth will be partially reinvested in future organic growth
  - Sales and marketing initiatives
  - New product development
- Historic Sun and Enovation Controls are seasonally weakest in Q4
  - Hydraulics impacted by year end purchasing patterns
  - Electronics impacted by year end customer shut downs
- Will update SNHY guidance upon closing Faster Group acquisition, which will report into Hydraulics segment
  - Faster 2018 pro forma sales growth of 16-16.5%
  - Faster 2018 pro forma adjusted EBITDA margin of 27-28%

2018 Guidance*

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	2017 Actual	2018 Guidance	Change
Consolidated revenue	$343 million	**$370 - $385 million**	8%-12%
Hydraulics segment revenue	$230.7 million	**$250 - $258 million**	8%-12%
Electronics segment revenue	$112.2 million	**$120 - $127 million**	7%-13%
Consolidated operating margin (1)	22.5%(1)	**22.7% - 24.0%(1)**	20-150 bps
Consolidated net interest expense	$3.8 million	**$0.1 - $0.2 million**	($3.6-$3.7) million
Effective tax rate	33.6%	**24.5% - 26.5%**	(710-910) bps
Capital expenditures	$22.2 million	**$15 - $20 million**	($2.2-7.2) million
Depreciation	$10.8 million	**$11.5 - $12.5 million**	$0.7-1.7 million
Amortization	$8.4 million	**$8 - $9 million**	($0.4)-$0.6 million

(1) *Operating margin is non-GAAP, before acquisition-related amortization of intangibles and one-time costs*

* Guidance as of February 26, 2018, before acquisition of Faster Group. To be updated upon closing of acquisition, expected in second quarter of 2018.

FOURTH QUARTER 2017 EARNINGS
FEBRUARY 26, 2018

Supplemental Information

Segment Data

sun hydraulics CORPORATION
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($ in thousands)

	Three Months Ended		Year Ended	
	December 30, 2017	December 31, 2016	December 30, 2017	December 31, 2016
Sales:				
Hydraulics	$ 59,084	$ 45,023	$ 230,662	$ 189,523
Electronics	25,066	4,842	112,177	7,411
Consolidated	$ 84,150	$ 49,865	$ 342,839	$ 196,934
Gross profit and margin:				
Hydraulics	$ 21,220	$ 16,690	$ 91,709	$ 69,867
	35.9%	*37.1%*	*39.8%*	*36.9%*
Electronics	7,634	1,646	46,590	2,503
	30.5%	*34.0%*	*41.5%*	*33.8%*
Corporate and other	-	(1,021)	(1,774)	(1,021)
Consolidated	$ 28,854	$ 17,315	$ 136,525	$ 71,349
	34.3%	*34.7%*	*39.8%*	*36.2%*
Operating income and margin:				
Hydraulics	$ 11,316	$ 8,860	$ 54,934	$ 39,134
	19.2%	*19.7%*	*23.8%*	*20.6%*
Electronics	(673)	(255)	17,943	(627)
	-2.7%	*-5.3%*	*16.0%*	*-8.5%*
Corporate and other	(3,039)	(3,719)	(11,386)	(4,048)
Consolidated	$ 7,604	$ 4,886	$ 61,491	$ 34,459
	9.0%	*9.8%*	*17.9%*	*17.5%*

Sales by Geographic Region & Segment

(Unaudited)

sun hydraulics CORPORATION

NASDAQ: SNHY

2017 Sales by Geographic Region and Segment

($ in millions)

	Q1	% of Total	Q2	% of Total	Q3	% of Total	Q4	% of Total	2017	% of Total
Americas:										
Hydraulics	$ 24.7		$ 28.2		$ 25.3		$ 25.6		$ 103.8	
Electronics	22.6		24.5		26.8		21.1		95.0	
Consol. Americas	47.3	58%	52.7	59%	52.1	59%	46.7	56%	198.8	58%
EMEA:										
Hydraulics	17.1		16.6		16.1		16.4		66.2	
Electronics	3.0		2.6		2.9		2.4		10.9	
Consol. EMEA	20.1	25%	19.2	22%	19.0	22%	18.8	22%	77.1	22%
APAC:										
Hydraulics	12.3		16.0		15.2		17.1		60.6	
Electronics	1.7		1.4		1.7		1.5		6.3	
Consol. APAC	14.0	17%	17.4	19%	16.9	19%	18.6	22%	66.9	20%
Total	$ 81.4		$ 89.3		$ 88.0		$ 84.1		$ 342.8	

2016 Sales by Geographic Region and Segment

($ in millions)

	Q1	% of Total	Q2	% of Total	Q3	% of Total	Q4	% of Total	2016	% of Total
Americas:										
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%
EMEA:										
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%
APAC:										
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 Operating Income Reconciliation

(Unaudited)

NASDAQ: SNHY

($ in thousands)

	Three Months Ended		Year Ended	
	December 30, 2017	December 31, 2016	December 30, 2017	December 31, 2016
GAAP operating income	**$ 7,604**	**$ 4,886**	**$ 61,491**	**$ 34,459**
Acquisition-related amortization of intangible assets	2,037	1,120	8,423	1,545
Acquisition-related amortization of inventory step-up	-	1,021	1,774	1,021
Acquisition and financing-related expenses (1)	1,019	1,537	1,019	1,537
Restructuring charges (2)	1,462	-	1,462	-
One-time operational items (3)	2,907	-	2,907	-
Non-GAAP Adjusted operating income	**$ 15,029**	**$ 8,564**	**$ 77,076**	**$ 38,562**
GAAP operating margin	*9.0%*	*9.8%*	*17.9%*	*17.5%*
Non-GAAP Adjusted operating margin	*17.9%*	*17.2%*	*22.5%*	*19.6%*

(1) Includes expenses associated with the Company's acquisition and financing activities to support its strategy

(2) Includes charges to consolidate the Company's High Country Tek business into its Enovation Controls business, $431 of which is included in cost of sales

(3) Includes standard costing adjustments; temporary workforce, material outsourcing, and freight charges to recover from impact of Hurricane Irma; scrap and inventory issues attributable to the carve-out of Enovation Controls from its former organization

Non-GAAP Financial Measure:

Adjusted operating margin is adjusted operating income divided by sales. Adjusted operating income and adjusted operating 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 operating income and adjusted operating 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 operating income and adjusted operating margin are non-GAAP measures and are thus susceptible to varying calculations, adjusted operating income and adjusted operating income margin, as presented, may not be directly comparable to other similarly titled measures used by other companies.

Adjusted EBITDA Reconciliation

NASDAQ: SNHY

(Unaudited)

($ in thousands)	Three Months Ended December 30, 2017	Three Months Ended December 31, 2016	Year Ended December 30, 2017	Year Ended December 31, 2016
Net income	**$ 2,768**	**$ 3,118**	**$ 31,558**	**$ 23,304**
Interest expense (income), net	1,071	265	3,781	(790)
Income tax provision	2,755	1,437	15,986	11,597
Depreciation and amortization	4,633	3,768	19,190	11,318
EBITDA	**11,227**	**8,588**	**70,515**	**45,429**
Acquisition-related amortization of inventory step-up	-	1,021	1,774	1,021
Acquisition and financing-related expenses (1)	1,019	1,537	1,019	1,537
Restructuring charges (2)	1,462	-	1,462	-
One-time operational items (3)	2,907	-	2,907	-
Change in fair value of contingent consideration	621	-	9,476	-
Adjusted EBITDA	**$ 17,236**	**$ 11,146**	**$ 87,153**	**$ 47,987**
Adjusted EBITDA margin	*20.5%*	*22.4%*	*25.4%*	*24.4%*

(1) Includes expenses associated with the Company's acquisition and financing activities to support its strategy

(2) Includes charges to consolidate the Company's High Country Tek business into its Enovation Controls business, $431 of which is included in cost of sales

(3) Includes standard costing adjustments; temporary workforce, material outsourcing, and freight charges to recover from impact of Hurricane Irma; scrap and inventory issues attributable to the carve-out of Enovation Controls from its former organization

Non-GAAP Financial Measure:

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Adjusted Net Income Reconciliation

(Unaudited)

NASDAQ: SNHY

($ in thousands)

	Three Months Ended		Year Ended	
	December 30, 2017	December 31, 2016	December 30, 2017	December 31, 2016
Net income	**$ 2,768**	**$ 3,118**	**$ 31,558**	**$ 23,304**
Acquisiton-related amortization of inventory step-up	-	1,021	1,774	1,021
Acquisition and financing-related expenses (1)	1,019	1,537	1,019	1,537
Restructuring charges (2)	1,462	-	1,462	-
One-time operational items (3)	2,907	-	2,907	-
Change in fair value of contingent consideration	621	-	9,476	-
Tax effect of above	(1,983)	(844)	(5,491)	(844)
Impact of tax reform	463	-	463	-
Adjusted net income	**$ 7,257**	**$ 4,832**	**$ 43,168**	**$ 25,018**
Adjusted net income per diluted share	**$ 0.27**	**$ 0.18**	**$ 1.60**	**$ 0.93**

(1) Includes expenses associated with the Company's acquisition and financing activities to support its strategy

(2) Includes charges to consolidate the Company's High Country Tek business into its Enovation Controls business, $431 of which is included in cost of sales

(3) Includes standard costing adjustments; temporary workforce, material outsourcing, and freight charges to recover from impact of Hurricane Irma; scrap and inventory issues attributable to the carve-out of Enovation Controls from its former organization

Non-GAAP Financial Measure:

Adjusted net income per diluted share is adjusted net income divided by diluted weighted average common shares outstanding. Adjusted net income and adjusted net income per diluted share 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 net income and adjusted net income per diluted share is 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 net income and adjusted net income per diluted share are non-GAAP measures and are thus susceptible to varying calculations, adjusted net income and adjusted net income per diluted share, as presented, may not be directly comparable to other similarly titled measures used by other companies.