

ANNUAL MEETING OF SHAREHOLDERS

MAY 31, 2018



Wolfgang H. Dangel
President & CEO

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, 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) the Company's expectations regarding our sales, expenses, gross margins and other results of operations; (iv) trends affecting the Company's financial condition or results of operations; (v) the Company's ability to continue to control costs and to meet its liquidity and other financing needs; (vi) the declaration and payment of dividends; (vii) the Company's ability to respond to changes in customer demand domestically and internationally, including as a result of standardization; and (viii) potential challenges relating to changes in and compliance with governmental laws and regulations affecting our U.S. and international businesses. 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 cyclicity 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, 2017. 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 includes certain non-GAAP financial measures, which the Company believes are useful in evaluating our performance. You should not consider the presentation 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 Supplemental Information portion of this presentation.

Growing Global Industrial Technology Leader



Hydraulics

Leading designer and manufacturer of high-performance screw-in hydraulic cartridge valves, electro-hydraulics, manifolds, integrated package solutions, and quick-release hydraulics coupling solutions

Electronics

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

\$1.61 billion

Common Shares Outstanding

31.6 million

Recent Price

\$50.86

Regular Annualized Dividend / Yield

\$0.36 / 0.75%

52 Week Range

\$40.82 - \$70.83

Institutional Ownership

83.4%

Average trading Volume
(Trailing three months)

177k

Insider Ownership

10.4%

Source: Capital IQ as of May 23, 2018; Ownership as of latest filings, adjusted for Q1 2018 offering



ACHIEVE GLOBAL technology leadership **IN THE**
INDUSTRIAL GOODS SECTOR by 2025 **WITH CRITICAL MASS**
EXCEEDING \$1B in sales
WHILE MAINTAINING superior profitability & financial strength.

DESIGNER AND MANUFACTURER OF INTELLIGENT SYSTEMS & CONTROLS

Megatrends Impacting Our Global Markets



Globalization

Sophistication of Safe Machinery & Equipment

Computing Power

Global Needs Will Drive These Trends

Population Growth



Urbanization & Environment



Productivity & Efficiencies



Automation



Electrification & Digitalization



Energy Saving



COMPREHEND THE THREATS & OPPORTUNITIES: ADJUST AND ALIGN

High Growth, High Margin, M&A-Focused



20%+

Organic Revenue Growth ⁽¹⁾
2017

20%+

Adj. Operating Margin ⁽²⁾
2017

50%+

M&A Revenue Growth ⁽³⁾
2017

Key Factors Driving Superior Growth and Margins

1. Leading technology positions in fast growing industrial sectors in hydraulics and intelligent controls
2. Portfolio of premium brands
3. Highly engineered product design and manufacturing capabilities
4. Global presence with “in the region, for the region” strategy

(1) Calculated as 2017 Revenue of \$342.8MM divided by PF2016 Revenue of \$275.3MM; PF2016 accounts for full year contribution of Enovation Controls acquisition that closed December 5, 2016

(2) See Supplemental Information for definition of Adjusted Operating Margin and reconciliation from GAAP and other disclaimers regarding non-GAAP information

(3) M&A growth driven by Electronics segment growth due to Enovation Controls acquisition

Smart Solutions For Demanding Applications



HYDRAULICS (~75%)

ELECTRONICS (~25%)

2018 Revenue⁽¹⁾

\$368-378MM

\$122-127MM

2018 Adjusted Operating Margin⁽²⁾

22.7% - 24.0% Margin

Brands



Faster

ENOVATION CONTROLS



MURPHY

ZERO OFF

Key Products



Sun designs and manufactures screw-in hydraulic cartridge valves, manifolds, and integrated fluid power packages and subsystem, while Faster is focused on quick-release hydraulics coupling solutions.



Designs and manufactures sophisticated digital control solutions

Key End Markets

Mobile, Industrial & Agriculture Applications

Mobile, Industrial & Recreational Applications

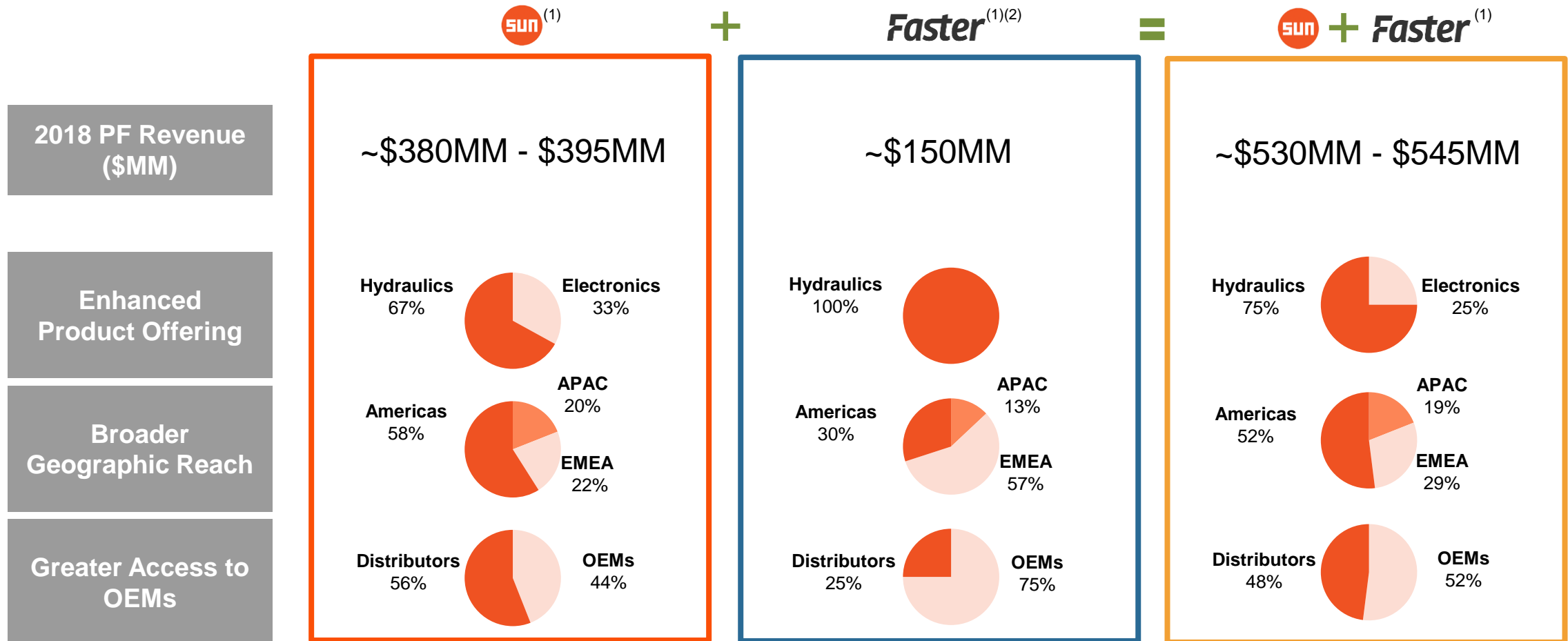
(1) Guidance for 2018 as of May 7, 2018 (includes Faster since its April 5, 2018 acquisition)

(2) See Supplemental Information for definition of Adjusted Operating Income and Margin, reconciliation from GAAP and disclaimers regarding the use of non-GAAP financial measures

Creating a Larger & More Diversified Technology Platform



Pro Forma Combination Overview



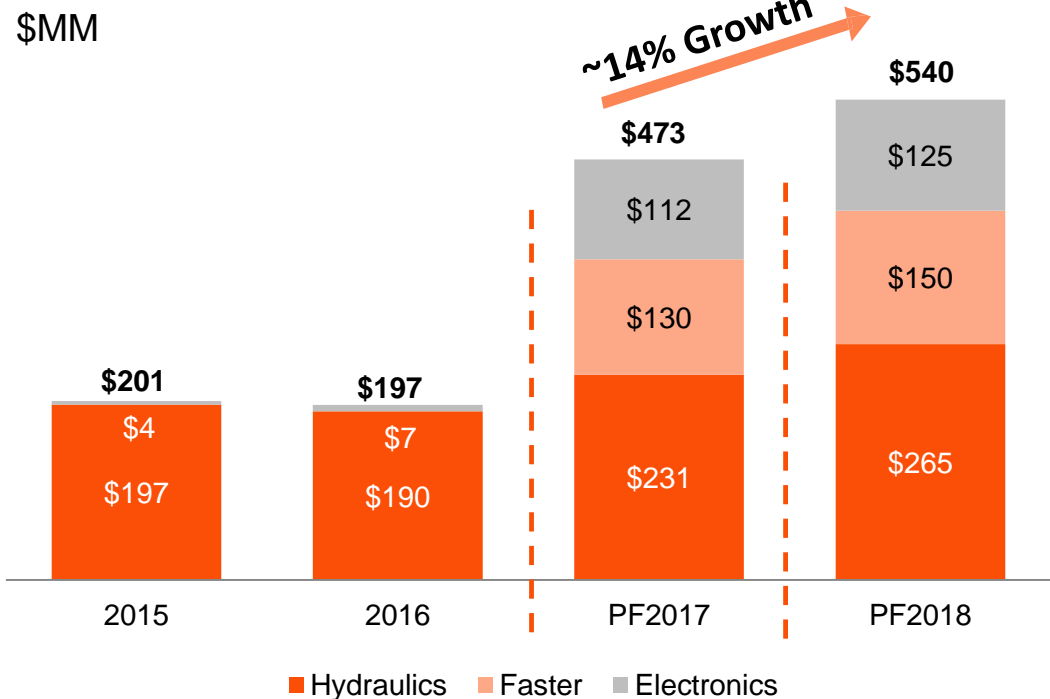
(1) SNHY 2018 Guidance as of May 7, 2018; above is proforma for Faster for full year 2018

(2) Faster estimated 2018 revenue converted at an exchange rate of \$1.235 / €1.000

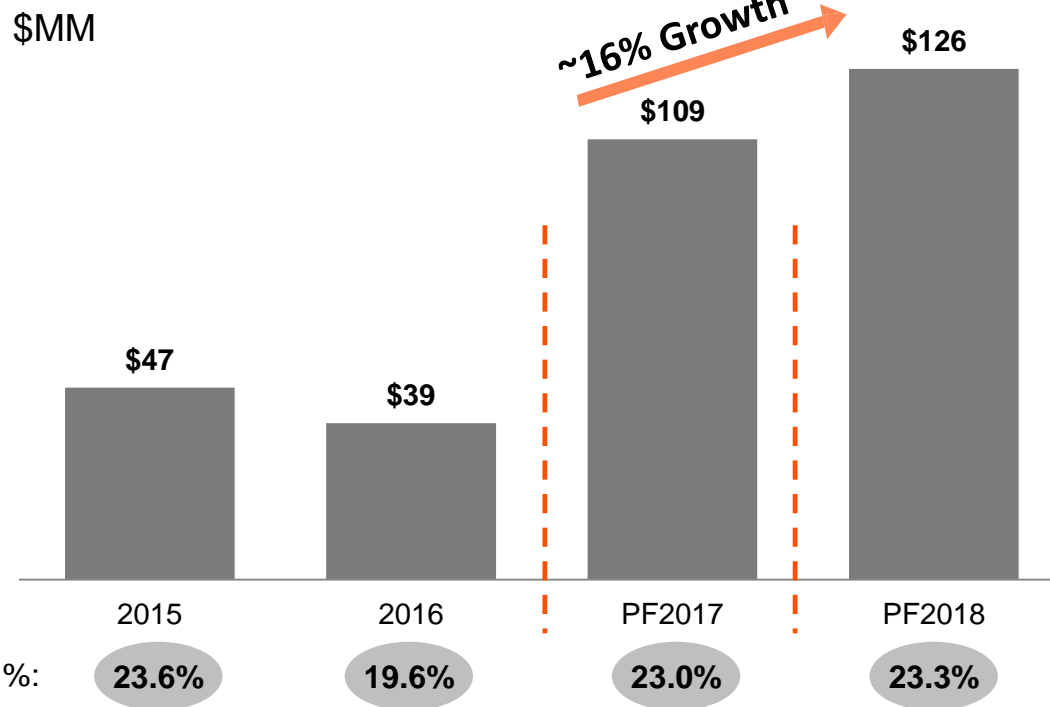
Significant Growth Momentum: Revenue and Margin



REVENUE (1)(2)



ADJUSTED OPERATING INCOME (1)(2)



Growing Revenue and Adjusted Operating Income Margin

(1) PF2017 and PF2018 accounts for full year contribution of Faster Group acquisition that closed April 5, 2018

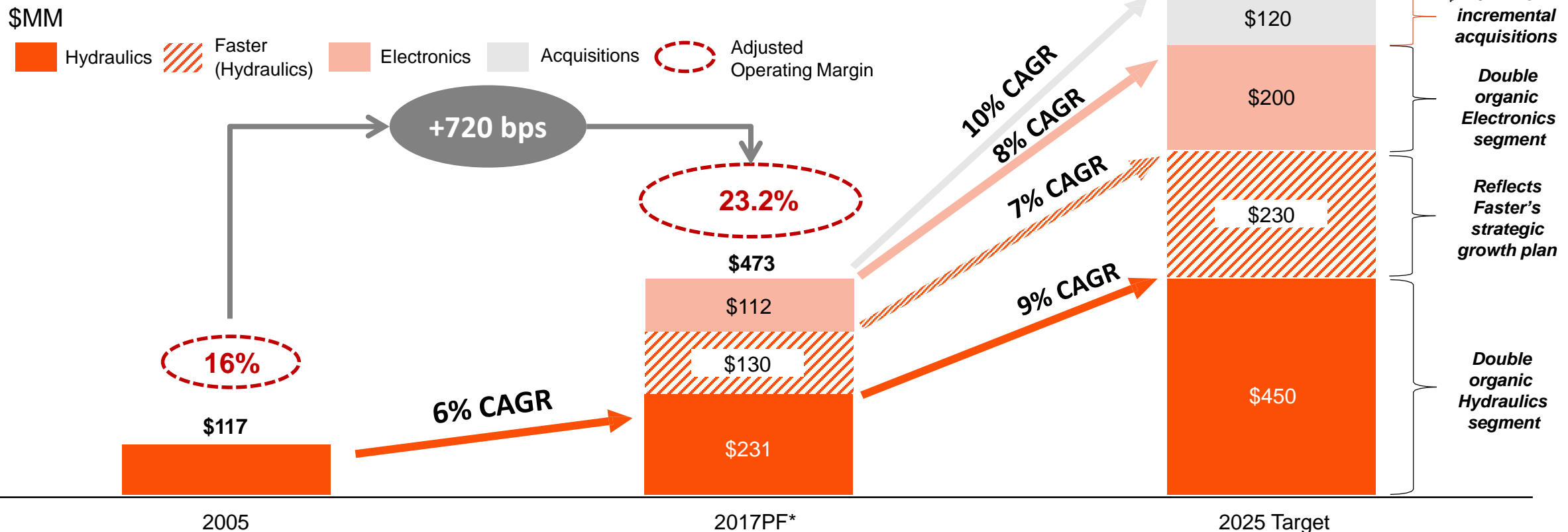
(2) See Supplemental Information for definition of Adjusted Operating Income and Margin, and reconciliation from GAAP and other disclaimers regarding non-GAAP information

Vision 2025: Pathway to Superior Growth



Assumption: Includes One Mild Recession

Revenue and Adjusted Operating Margin



Vision 2025:

Revenue: \$1 billion

Adjusted Operating Margin: >20%

EBITDA Margin: >24%

* 2017PF is pro forma to reflect the combination of 2017 actual SNHY and Faster results

Commitment to Shareholder Value Creation



- 1 **Leading positions** in fast growing industrial sectors of hydraulics and intelligent controls
- 2 Portfolio of **premium brands**
- 3 **Highly engineered** product design and manufacturing capabilities
- 4 Proven **growth strategy** and execution (organic + M&A)
- 5 Upside from future acquisitions articulated by **Vision 2025**: technology leadership, target \$1B sales, expanding profitability
- 6 Best-in-class financial profile and discipline: **high growth, high margins, high M&A growth**
- 7 Management team with proven track record of **delivering results**



**SMART SOLUTIONS
FOR DEMANDING APPLICATIONS**