

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 8, 2002

SUN HYDRAULICS CORPORATION

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(Exact name of registrant as specified in its charter)

Florida

0-21835

59-2754337

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(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

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**Item 5. Other Events.**

**Press Release**

On May 8, 2002, the Registrant issued the press release attached hereto as Exhibit 99.1 announcing its first quarter results.

**Item 7. Financial Statements and Exhibits.**

(a) Financial Statements of Businesses Acquired.

None.

(b) Pro Forma Financial Information.

None.

(c) Exhibits.

<u>Exhibit Number</u>	<u>Exhibit Description</u>
99.1	Press Release of the Registrant dated May 8, 2002.

**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 8, 2002

## EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Press Release of the Registrant dated May 8, 2002.

FOR RELEASE: Immediately

Contact:

Richard K. Arter      Investor Relations                      941-362-1200  
Richard J. Dobbyn    Chief Financial Officer                      941-362-1200

SUN HYDRAULICS CORPORATION MEETS FIRST QUARTER FORECAST

DEMAND REBOUNDS

SARASOTA, FLA, MAY 8, 2002 - Sun Hydraulics Corporation (NASDAQ: SNHY) today announced that net sales for the quarter ended March 30, 2002, were \$15.6 million, an increase of \$2.2 million, or 17.0%, from the previous quarter, and a decrease of \$3.4 million, or 17.7%, compared to net sales for the quarter ended March 31, 2001. Net income for the quarter ended March 30, 2002 was \$0.1 million, or 1.0% of net sales, compared to \$1.0 million, or 5.5% of net sales for the same quarter last year. Both basic and diluted earnings per share for the quarter ended March 30, 2002, were \$0.02, compared to \$0.16 for the quarter ended March 31, 2001.

CUSTOMER DEMAND STRENGTHENS

Orders for the first quarter of 2002 were \$16.7 million, an increase of 32% over the fourth quarter of 2001. The rate of increase was approximately the same for domestic and international orders. "Although the weekly order rate was relatively static throughout the quarter, the April order rate was up 13% from first quarter and we believe the trend will remain favorable," said Sun Hydraulics President, Allen Carlson.

"Two key indicators showed favorable trends in the first quarter. The inventory of Sun product held by U.S. distributors continued to decrease at the end of March. We expect distributors will begin building inventory as the capital goods industries increase their production. Also, historically, Sun Hydraulics' order trends have tracked closely to the rise and fall of the United States manufacturing capacity utilization index. After two years of steady decline, this index leveled off in January and February and then turned up in March," concluded Carlson.

OUTLOOK

The Company projects that net sales for the second quarter will increase to approximately \$17.0 million, a 9% increase over the first quarter. This should result in net income per share of approximately \$0.07. "Sun has taken advantage of the protracted downturn by implementing new production processes, improving product designs and enhancing our marketing tools," said Carlson. "As industry conditions continue to improve, Sun's margins as a percent of sales will exceed those experienced before the downturn."

OTHER HIGHLIGHTS

Sun's new website was unveiled in April at the Company's display during a major industry exhibition in North America. "Customer awareness about the broad offering of Sun products has been expanded greatly by the launch of our new website. The myriad of applications and capabilities of the Sun product line is now available 24/7, throughout the world, on an up-to-date basis, and includes products not previously catalogued," stated Carlson. "This easy access to technical information by Sun customers will fuel our growth and is key to Sun's continued success in the marketplace."

"The expansion of our UK manufacturing facility is scheduled to be complete this summer. It will double the production space and prepare us to meet the continuing growth in Europe," Carlson concluded.

Sun Hydraulics Corporation will broadcast its first quarter conference call with analysts live over the Internet at 2:30 P.M. E.S.T. today, May 8, 2002. To listen, go to <http://investor.sunhydraulics.com/medialist.cfm>.

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](http://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 heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-Q for the quarter ended March 30, 2002, and under the heading "Business" and particularly under the subheading, "Business Risk Factors" in the Company's Form 10-K for the year ended December 29, 2001. 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.

<TABLE>  
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March 30, 2002 December 29, 2001  
(unaudited)

<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,370	\$ 3,611
Accounts receivable, net of allowance for doubtful accounts of \$168 and \$195	6,940	4,755
Inventories	7,337	7,238
Taxes receivable	--	668
Other current assets	763	985
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Total current assets	17,410	17,257
Property, plant and equipment, net	43,636	43,555
Other assets	985	938
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Total assets	<u>\$62,031</u>	<u>\$61,750</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,842	\$ 1,323
Accrued expenses and other liabilities	1,583	1,494
Long-term debt due within one year	1,361	1,405
Dividends payable	257	257
Taxes payable	6	--
	-----	-----
Total current liabilities	5,049	4,479
Long-term debt due after one year	8,875	9,258
Deferred income taxes	3,844	3,848
Other noncurrent liabilities	415	427
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Total liabilities	18,183	18,012
Shareholders' equity:		
Preferred stock, 2,000,000 shares authorized, par value \$0.001, no shares outstanding	--	--
Common stock, 20,000,000 shares authorized, par value \$0.001, 6,426,387 shares outstanding	6	6
Capital in excess of par value	24,644	24,502
Retained earnings	18,872	19,001
Accumulated other comprehensive income	326	229
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Total shareholders' equity	43,848	43,738
Total liabilities and shareholders' equity	<u>\$62,031</u>	<u>\$61,750</u>

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Sun Hydraulics Corporation  
Consolidated Statements of Operations  
(in thousands, except per share data)

<TABLE>  
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Three months ended  
March 30, 2002 March 31, 2001  
(unaudited) (unaudited)

<S>	<C>	<C>
Net sales	\$15,613	\$18,979
Cost of sales	11,921	13,663

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Gross profit	3,692	5,316	
Selling, engineering and administrative expenses	3,309	3,457	
	-----	-----	
Operating income	383	1,859	
Interest expense	166	270	
Miscellaneous expense	17	3	
	-----	-----	
Income before income taxes	200	1,586	
Income tax provision	72	552	
	-----	-----	
Net income	\$ 128	\$ 1,034	
	=====	=====	
Basic net income per common share	\$ 0.02	\$ 0.16	
Weighted average basic shares outstanding	6,425	6,385	
Diluted net income per common share	\$ 0.02	\$ 0.16	
Weighted average diluted shares outstanding	6,578	6,585	

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