



Stock Selection Guide[®]

The most widely used aid to good investment judgment

Company SUN HYDRAULICS CORP Date 07/27/07

Prepared by jah Data taken from NAIC Data

Where traded NASDAQ Major product/service Industrial

CAPITALIZATION --- Outstanding Amounts

Reference

Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	10.9	0.0	0.0
Debt (\$M)	0.9	% to Tot.Cap.	1.3 % Potential Dil.
			None

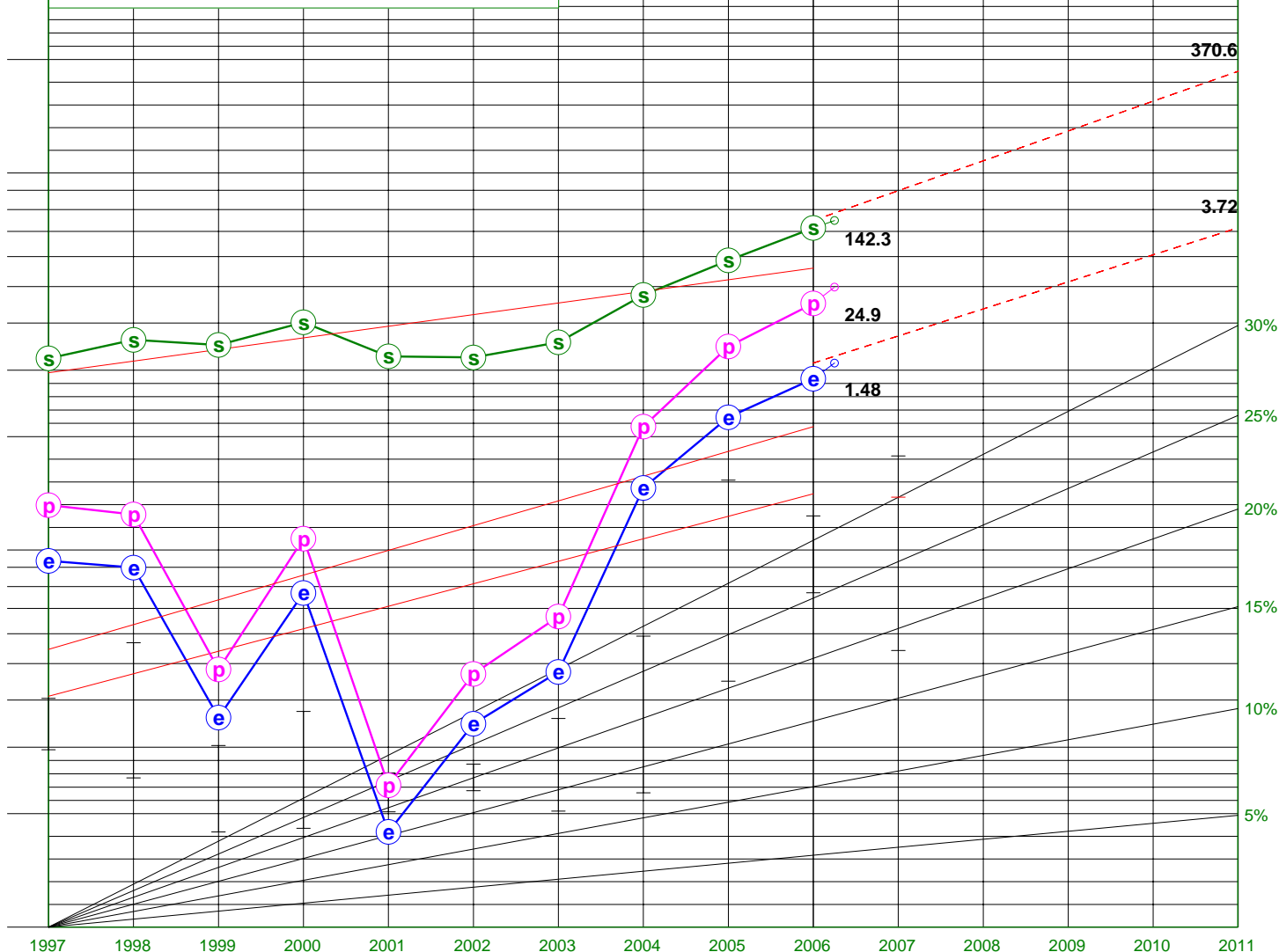
1 VISUAL ANALYSIS of Sales, Earnings and Price

SNHY

FY 2007 Q1 (Ended 3/31/2007)
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	40.9	0.53
Year Ago Quarter	34.2	0.38
Percentage Change	19.5%	39.5%

See Chapters 8, 9, and 10 of the BetterInvesting Official Guide for complete instructions.
Use this Guide as working section of BetterInvesting Stock Selection Guide & Report.



(1) Historical Sales Growth 7.4 % (3) Historical Earnings Per Share Growth 14.7 %
 (2) Estimated Future Sales Growth 20.0 % (4) Estimated Future Earnings Per Share Growth 18.0 %

Printed: 07/30/07 07:04 AM Prepared by: jah Using The Investor's Toolkit

2 EVALUATING MANAGEMENT

Company **SUN HYDRAULICS CORP (SNHY)**

07/27/07

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	11.3	9.5	3.8	7.4	2.0	4.0	5.2	12.4	16.4	17.5	11.1	UP	
B % Earned on Equity (E/S ÷ Book Value)	13.2	11.1	4.3	8.7	2.0	4.1	7.1	17.5	22.6	22.7	14.8	UP	

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

Year	PRESENT PRICE		HIGH THIS YEAR		LOW THIS YEAR		11.613	
	A	B	C	D	E	F	G	H
	PRICE	PRICE	Earnings Per Share	Price Earnings Ratio	Price Earnings Ratio	Dividend Per Share	% Payout	% High Yield
	HIGH	LOW		HIGH A ÷ C	LOW B ÷ C		F ÷ C X 100	F ÷ B X 100
1 2002	5.8	4.9	0.18	32.2	27.2	0.107	59.4	2.2
2 2003	7.7	4.4	0.25	31.2	17.8	1.440	583.0	32.7
3 2004	12.7	4.9	0.76	16.7	6.4	0.143	18.8	2.9
4 2005	32.9	9.6	1.17	28.1	8.2	0.283	24.2	2.9
5 2006	26.4	16.5	1.48	17.8	11.1	0.400	27.0	2.4
6 TOTAL		40.3		126.0	70.7		712.4	
7 AVERAGE		8.1		25.2	14.1		142.5	
8 AVERAGE PRICE EARNINGS RATIO	19.7		9	CURRENT PRICE EARNINGS RATIO		18.2		

4 Proj. P/E [15.40] Based on Next 4 qtr. EPS [1.92] Current P/E Based on Last 4 qtr. EPS [1.63] EVALUATING RISK and REWARD over the next 5 years PEG=86

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~25.2~~ 18.0 X Estimate High Earnings/Share 3.72 = Forecast High Price \$ 67.0 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~14.1~~ 11.0 X Estimated Low Earnings/Share ~~1.48~~ 1.63 = \$ 17.9 (3E7 as adj.)

(b) Avg. Low Price of Last 5 Years = 8.1 (3B7)

(c) Recent Severe Market Low Price = 9.6

(d) Price Dividend Will Support Present Divd. = 0.360 = 1.1 High Yield (H) 0.327

Selected Estimate Low Price _____ = \$ 17.9 (4B1)

C ZONING

67.0 (4A1) High Forecast Price Minus 17.9 (4B1) Low Forecast Price Equals 49.1 (C) Range. 1/3 of Range = 12.3 (4CD)

(4C2) Lower 1/3 = 17.9 (4B1) to 30.2 (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = 30.2 to 54.7 (Maybe)

(4C4) Upper 1/3 = 54.7 to 67.0 (4A1) (Sell)

Present Market Price of 29.620 is in the Buy (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 67.0 Minus Present Price 29.620 = 37.4 = 3.2 To 1 Present Price 29.620 Minus Low Price (4B1) 17.9 = 11.7 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 67.0 = (2.262) X 100 = (226.2) - 100 = 126.2 % Appreciation (4E)

Present Market Price 29.620

Relative Value: 92.4% Proj. Relative Value: 78.2%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ 0.360
Present Price of Stock \$ 29.620 = 0.012 X 100 = 1.2 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS
Avg. Earnings Per Share Next 5 Years 2.68 X Avg. % Payout (3G7) 142.5 = 381.9 = 12.9 % (5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

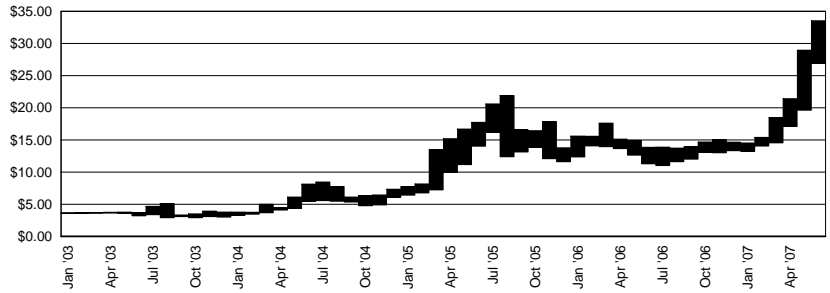
	5 Year Appreciation Potential (4E)		P.A.R.	Tot. Ret.
	<u>126.2</u>			
Average Yield (5B)		<u>25.2</u> %	<u>9.8</u> %	<u>7.9</u> %
Average Total Annual Return Over the Next 5 Years (5C)		<u>12.9</u> %	<u>12.7</u> %	<u>17.7</u> %
		<u>38.1</u> %	<u>22.6</u> %	<u>25.6</u> %

Web <http://www.sunhydraulics.com>
 Sector 01 Basic Materials
 Industry 0127 Misc. Fabricated Products

S&P Index None Shrs Outst'g (M) 16.3
 Market Cap (\$M) 599.3 Float (M) 11.1
 Employees 809 Daily Vol (K) 231.0
 Beta 0.76 Insd'r Hlds % 32.3
 Inst Hlds % 26.8

EPS TTM (\$) 1.09 EPS Est 2007 (\$) 1.32
 P/E TTM 33.5 P/E Est EPS 27.7
 PEG 0.4 PEG Est EPS & Grth NA
 5yr EPS Grth (%) 75.2 Est EPS Grth (%) NA
 Yield (%) 1.0 Ind Dividend (\$) 0.36

Short Interest (K) 0.0 Split Date 07/17/2007
 Short Ratio (days) 0.000 Split Factor 1.5000
 Short % Float 0.000



Sun Hydraulics Corporation is a designer and manufacturer of screw-in hydraulic cartridge valves and manifolds, which control force, speed and motion as integral components in fluid power systems. The Company sells its products primarily through a global network of independent fluid power distributors to a diverse universe of end users, for use in various mobile applications, such as construction, agricultural and utility equipment, and an array of industrial applications, such as machine tools and material handling equipment. During the year ended December 31, 2006, sales to the Company's largest distributor represented less than 7% of net sales, and approximately 53% of the Company's net consolidated sales were outside the United States.

	Price Chg	Rel Strgth vs S&P	Rel Strgth Rank
4 Week (%)	19	16	92
13 Week (%)	93	86	97
26 Week (%)	164	146	98
52 Week (%)	230	167	97

Growth (%)	TTM	3 Year	5 Year
Sales	22.2	26.2	17.0
Gross Income	23.1	33.4	24.6
Net Income	31.9	94.5	74.5
EPS Basic	30.1	87.6	69.9
EPS Diluted	32.9	87.6	75.2
EPS Diluted Cont	32.9	87.6	75.2
Dividends	12.5	(34.5)	31.0
Cash Flow	31.7	87.6	75.2
Free Cash Flow	31.7	38.4	19.8

Est Surprise	Surprise	% Surprise	SUE Score
05/08/2007	\$0.35	20.70%	6.00

Earnings Estimates	Quarterly 6/2007	Annual 12/2007	Annual 12/2008
Average	0.36	1.32	1.44
High Est.	0.36	1.35	1.54
Low Est.	0.35	1.30	1.31
Std. Dev.	0.00	0.02	0.12
# of Est.	3	3	3
Week Ago	0.36	1.32	1.44
Month Ago	0.36	1.32	1.44
Rev. Up	0	0	0
Rev. Down	0	0	0

Quarterly EPS	3/31/07	12/30/06	9/30/06	7/01/06	Total
TTM	0.35	0.23	0.24	0.26	1.08
1 Year Ago	0.25	0.18	0.18	0.21	0.82

Quarterly Sales	3/31/07	12/30/06	9/30/06	7/01/06	Total
TTM	40.9	35.0	36.2	36.9	149.0
1 Year Ago	34.2	27.9	28.7	31.0	121.8

Financial Statements	Current	12/2006	12/2005	12/2004	12/2003	12/2002
Sales (\$M)	149.0	142.3	116.8	94.5	70.8	64.5
Gross Income (\$M)	46.9	43.9	37.0	28.5	18.5	15.9
Research/Dev (\$M)	0.0	NA	NA	NA	NA	NA
Unusual/Extra (\$M)	0.0	0.0	0.0	0.0	0.0	0.0
Operating Income (\$M)	27.4	25.1	19.2	12.3	3.7	3.4
Interest Expense (\$M)	0.3	0.3	0.4	0.5	0.6	0.6
Pretax Income (\$M)	27.5	24.9	19.1	11.7	3.3	2.6
Net Income (\$M)	17.8	16.2	12.8	7.8	2.2	1.8
Operat'g Cash Flw (\$M)	23.7	19.9	17.1	14.7	9.0	7.7
Cap Expenditures (\$M)	10.8	9.5	8.8	5.0	3.1	5.9
EPS Basic (\$)	1.08	0.99	0.79	0.51	0.15	0.12
EPS Diluted (\$)	1.09	0.99	0.78	0.50	0.15	0.12
EPS Diluted Cont (\$)	1.09	0.99	0.78	0.50	0.15	0.12
Dividends/Share (\$)	0.27	0.27	0.20	0.10	0.96	0.07
Cash Flow/Share (\$)	1.08	0.99	0.78	0.50	0.15	0.12
Free Cash Flow/Share (\$)	0.53	0.37	0.34	0.54	(0.57)	0.05
Cash & ST Inv (\$M)	12.6	9.4	5.4	9.3	4.8	4.0
Goodwill/Intgble (\$M)	0.0	0.9	1.0	0.7	0.7	0.7
Total Assets (\$M)	97.0	87.2	73.6	71.8	63.3	62.3
Long Term Debt (\$M)	0.5	0.6	2.0	11.2	17.3	8.2
Total Liabilities (\$M)	19.7	16.4	17.1	26.4	28.2	17.1
Book Value/Share (\$)	4.72	4.34	3.47	2.95	2.38	3.12
Avg Shares Outst'g (M)	16.3	16.3	16.2	15.4	14.7	14.4
Multiples	Current	12/2006	12/2005	12/2004	12/2003	12/2002
Price/Earnings	33.5	14.4	18.2	11.7	26.7	NA
Price/Book Value	7.7	3.3	4.0	1.9	1.6	NA
Price/Sales	4.0	1.6	1.9	0.9	0.8	NA
Price/Cash Flow	33.8	14.4	18.2	11.7	26.7	NA
Price/Free Cash Flow	68.9	38.7	41.6	10.8	NA	NA
Yield (%)	1.0	1.9	1.4	1.7	24.0	NA
Ratios	Current	12/2006	12/2005	12/2004	12/2003	12/2002
Gross Margin (%)	31.5	30.9	31.7	30.2	26.1	24.7
Operating Margin (%)	18.5	17.6	16.4	13.0	5.2	5.3
Net Margin (%)	11.9	11.4	11.0	8.3	3.1	2.8
ROE (%)	25.6	25.5	25.1	19.4	5.5	4.1
ROA (%)	20.1	20.1	17.6	11.5	3.5	2.9
Current Ratio (%)	3.0	3.2	2.6	2.7	3.2	3.8
Payout Ratio (%)	25.0	27.3	25.3	19.6	640.0	58.3
Liabilities to Assets (%)	20.3	18.8	23.2	36.8	44.5	27.4
Asset Turnover (X)	1.7	1.8	1.6	1.4	1.1	1.0