



Stock Selection Guide[®]

The most widely used aid to good investment judgment

Company SUN HYDRAULICS CORP Date 08/05/08

Prepared by jah Data taken from StkCntrl

Where traded NASDAQ Major product/service Industrial

CAPITALIZATION --- Outstanding Amounts

Reference

Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	16.6	0.0	0.0
Debt (\$M)	0.7	% to Tot.Cap.	0.8 % Potential Dil.
			None

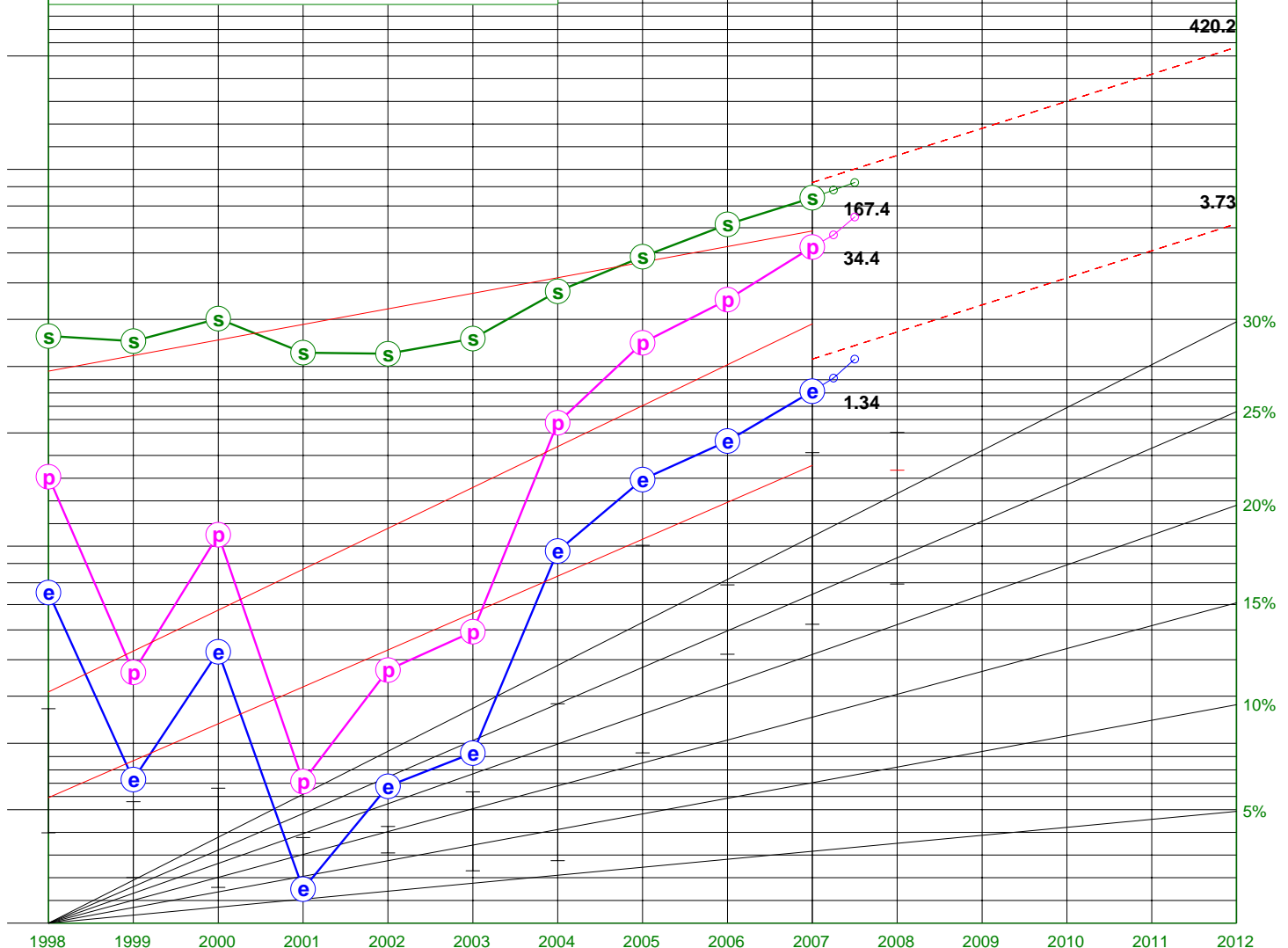
1 VISUAL ANALYSIS of Sales, Earnings and Price

SNHY

FY 2008 Q2 (Ended 6/30/2008)
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	51.6	0.54
Year Ago Quarter	43.4	0.36
Percentage Change	18.7%	49.6%

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 10.0 %
- (2) Estimated Future Sales Growth 18.0 %
- (3) Historical Earnings Per Share Growth 25.3 %
- (4) Estimated Future Earnings Per Share Growth 18.0 %

2 EVALUATING MANAGEMENT

Company **SUN HYDRAULICS CORP (SNHY)**

08/05/08

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	11.7	3.7	7.4	2.0	4.0	4.6	12.4	16.4	17.5	20.5	14.3	UP	
B % Earned on Equity (E/S ÷ Book Value)	14.0	4.4	9.0	2.1	4.1	6.4	17.4	22.7	22.7	24.1	18.7	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		17.020	
	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 A ÷ C	LOW B ÷ C		F ÷ C X 100	F ÷ B X 100
1 2003	4.8	3.0	0.15	32.7	20.4	0.960	653.1	32.0
2 2004	8.2	3.1	0.51	16.2	6.1	0.080	15.8	2.6
3 2005	21.6	6.1	0.78	27.6	7.8	0.170	21.7	2.8
4 2006	16.9	11.1	0.99	17.1	11.2	0.270	27.3	2.4
5 2007	38.0	13.3	1.34	28.3	9.9	0.280	20.9	2.1
6 TOTAL		36.6		89.2	21.1		85.7	
7 AVERAGE		7.3		22.3	10.5		21.4	
8 AVERAGE PRICE EARNINGS RATIO	16.4		9	CURRENT PRICE EARNINGS RATIO		20.9		

4 Proj. P/E [17.74] 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=99

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 22.3 X Estimate High Earnings/Share 3.73 = Forecast High Price \$ 83.2
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 10.5 X Estimated Low Earnings/Share 1.34 = \$ 14.1
(3E7 as adj.)
(b) Avg. Low Price of Last 5 Years = 7.3
(3B7)
(c) Recent Severe Market Low Price = 11.1
(d) Price Dividend Will Support Present Divd. = 0.360 = 12.9
High Yield (H) 0.028
Selected Estimate Low Price = \$ 12.0
(4B1)

C ZONING

83.2 High Forecast Price Minus 12.0 Low Forecast Price Equals 71.2 Range. 1/3 of Range = 17.8
(4A1) (4B1) (C) (4CD)
(4C2) Lower 1/3 = 12.0 to 29.8 (Buy) Note: Ranges changed to 25%/50%/25%
(4C3) Middle 1/3 = 29.8 to 65.4 (Maybe)
(4C4) Upper 1/3 = 65.4 to 83.2 (4A1) (Sell)

Present Market Price of 34.120 is in the Hold Range
(4C5)

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

High Price (4A1) 83.2 Minus Present Price 34.120
Present Price 34.120 Minus Low Price (4B1) 12.0 = 49.1 = 2.2 To 1
22.1 (4D)

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

High Price (4A1) 83.2
Present Market Price 34.120 = (2.438) X 100 = (243.8) - 100 = 143.8 % Appreciation
(4E)

Relative Value: 127.4% Proj. Relative Value: 108.2%

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 \$ 34.120 = 0.011 X 100 = 1.1 Present Yield or % Returned on Purchase Price
(5A)

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 2.68 X Avg. % Payout (3G7) 21.4 = 57.4 = 1.7 %
(5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) <u>143.8</u>					P.A.R.	Tot. Ret.
	<u>5</u>	<u>28.8</u> %			Average Yield	<u>1.0%</u>
Average Yield (5B) -----		<u>1.7</u> %			Annual Appreciation	<u>12.4%</u>
Average Total Annual Return Over the Next 5 Years (5C)		<u>30.5</u> %			% Compd Ann Rate of Ret	<u>13.7%</u>
						<u>20.5%</u>