



2018 First Quarter Earnings Conference Call

May 15, 2018

Jeffrey T. Gill
President & CEO

Anthony C. Allen
Vice President & CFO

Safe Harbor Disclosure



Non-GAAP Financial Measures

Any non-GAAP measures, and their related reconciliation to GAAP measures, are provided and available on the company's website: www.sypris.com

Each forward-looking statement herein is subject to risks and uncertainties, as detailed in our most recent Form 10-K and Form 10-Q and other SEC filings. Briefly, we currently believe that such risks also include the following: our estimated EBITDA and cash flows includes significant gains and proceeds from the anticipated sale of certain equipment, but there can be no assurances that such sales will be achieved as planned; our failure to return to profitability on a timely basis, which would cause us to continue to use existing cash resources or other assets to fund operating losses; the cost, quality, timeliness, efficiency and yield of our operations and capital investments, including working capital, production schedules, cycle times, scrap rates, injuries, wages, overtime costs, tariffs, freight or expediting costs; our failure to successfully migrate to a more diversified base of customers in the commercial vehicle markets who place high strategic value on our innovation, flexibility and lean manufacturing capabilities, including the targeted increase in sales of our Tube Turns® energy-related products; cost and availability of raw materials such as steel, component parts (especially electronic components), natural gas or utilities; inventory valuation risks including excessive or obsolescent valuations or price erosions of raw materials or component parts on hand; breakdowns, relocations or major repairs of machinery and equipment, especially in our Toluca Plant; our failure to successfully complete final contract negotiations with regard to our announced contract "orders," "wins" or "awards"; dependence on, retention or recruitment of key employees; disputes or litigation involving supplier, customer, employee, creditor, stockholder, product liability or environmental claims; volatility of our customers' forecasts, scheduling demands and production levels which negatively impact our operational capacity and our effectiveness to integrate new customers or suppliers, and in turn cause increases in our inventory and working capital levels; the fees, costs and supply of, or access to, debt, equity capital, or other sources of liquidity; potential impairments, non-recoverability or write-offs of assets or deferred costs; the costs of compliance with our auditing, regulatory or contractual obligations; regulatory actions or sanctions; changes in licenses, security clearances, or other legal rights to operate, manage our work force or import and export as needed; labor relations; strikes; union negotiations; pension valuation, health care or other benefit costs; potential weaknesses in internal controls over financial reporting and enterprise risk management; our inability to patent or otherwise protect our inventions or other intellectual property from potential competitors; our reliance on third party vendors and sub-suppliers; adverse impacts of new technologies or other competitive pressures which increase our costs or erode our margins; U.S. government spending on products and services that Sypris Electronics provides, including the timing of budgetary decisions; risks of foreign operations; currency exchange rates; war, terrorism, or political uncertainty; cyber security threats and disruptions; failure to adequately insure or to identify environmental or other insurable risks; unanticipated or uninsured disasters, losses or business risks; inaccurate data about markets, customers or business conditions; or unknown risks and uncertainties. There can be no assurance that our expectations, projections or views expressed in any forward-looking statements will come to pass, and undue reliance should not be placed on these forward-looking statements. We undertake no obligation to update these statements, except as required by law.

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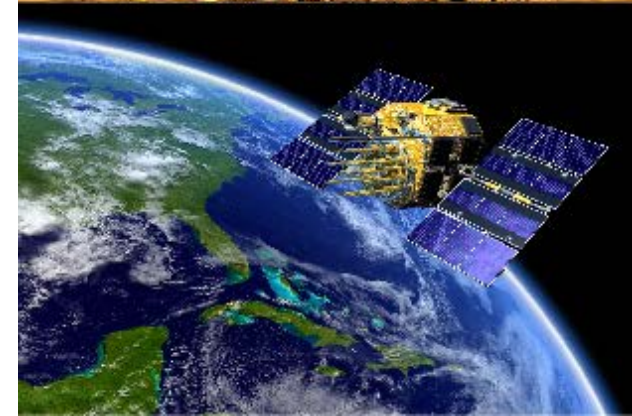
- Overview
- Outlook
- Financial Review
- Key Takeaways
- Q&A Session

Overview



1Q18 Highlights

- Revenue increased 9.7% quarter-over-quarter
 - 13.7% increase at Sypris Technologies
- Gross margin expanded to 10.2% for Q1 2018
 - Up from -3.0% last year; Up 320 basis points sequentially
 - 14.5% for Sypris Technologies – continued trend of increasing margins and profitability
 - Sypris Electronics revenue and gross margin affected by the availability of electronic components
 - Working with customers to qualify new sources
 - Shipments expected to be at historical levels in Q2
- Orders for Sypris Electronics up 84.1% year-over-year
 - Announced the award of new contracts for the production of electronic assemblies for use in munition dispensing systems and global undersea communication projects.

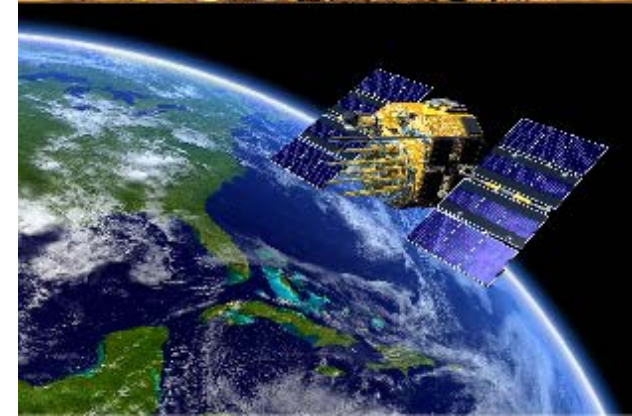


Overview



1Q18 Highlights

- The outlook for each of our markets remains positive
- The heavy-duty truck market is showing considerable strength
 - Demand remains at record levels and fleets are still attempting to add capacity as fast as possible
 - N.A. Class 8 truck orders increased 50% in April 2018 from the previous year
- The light vehicle market continues to be positively supported by a strong North America economic climate
- Energy markets are expanding
 - Crude oil prices pressing \$70 a barrel
 - Rising natural gas demand and growing exports
- DoD spending on the rise
 - US military spending is expanding significantly



Outlook



- New contract awards, positive market conditions and lower costs align for positive year
- Growth, mix and operational performance expected to support positive margin expansion
- Both business units expected to be solidly profitable
- Guidance

	1H18	2H18	2018
– Revenue	\$43-\$45	\$47-\$51	\$90-\$96
– Gross margin	13%-15%	16%-18%	15%-17%
- Material availability will remain a challenge, but otherwise all of the prerequisites for a very positive year are in place
- We look forward to the new chapter in our journey





Financial Review First Quarter 2018

May 15, 2018

Anthony C. Allen
Vice President & CFO

1Q Financial Results



<i>\$ millions</i>	1Q 2018			1Q 2017	
	Consolidated	ST	SE	Consolidated	Change
Net Revenue	\$ 19.9	\$ 14.5	\$ 5.4	\$ 18.2	\$ 1.7
Gross Margin	10.2%	14.5%	(1.4)%	(3.0)%	1,320 bps
Adjusted Operating Income	\$ (1.1)	\$ 0.8	\$ (0.8)	\$ (4.0)	\$ 2.9

- Consolidated revenue up 9.7% and adjusted operating income up 71.9%
- ST reports second consecutive quarterly operating income
- Lower fixed overhead contributes to margin improvement
- SE revenue flat reflecting component shortages and extensive lead-time issues; expected to return to historical levels during Q2
- SG&A declines \$0.3 million to 15.8% of revenue from 18.8%

Outlook Update



<i>\$ millions</i>	Outlook 1H 2018	Outlook 2H 2018	Outlook FY 2018
Net Revenue	\$43 to \$45	\$47 to \$51	\$90 to \$96
Gross Margin	13% to 15%	16% to 18%	15% to 17%
SG&A	14% to 16%	12% to 13.5%	13% to 14.5%

- Revenue outlook reflects solid backlog and strong market conditions
- Expect 1H revenue outlook between \$43 to \$45 million with higher YOY growth rate in 2H
- Gross margin expected to improve sequentially from 1H to 2H based on SE component availability improvement and revenue growth
- SG&A expected to show flat-to-moderate decrease in 2018; decline as % of revenue
- Return to profitability expected for 2018!!!

Outlook Update



\$ millions

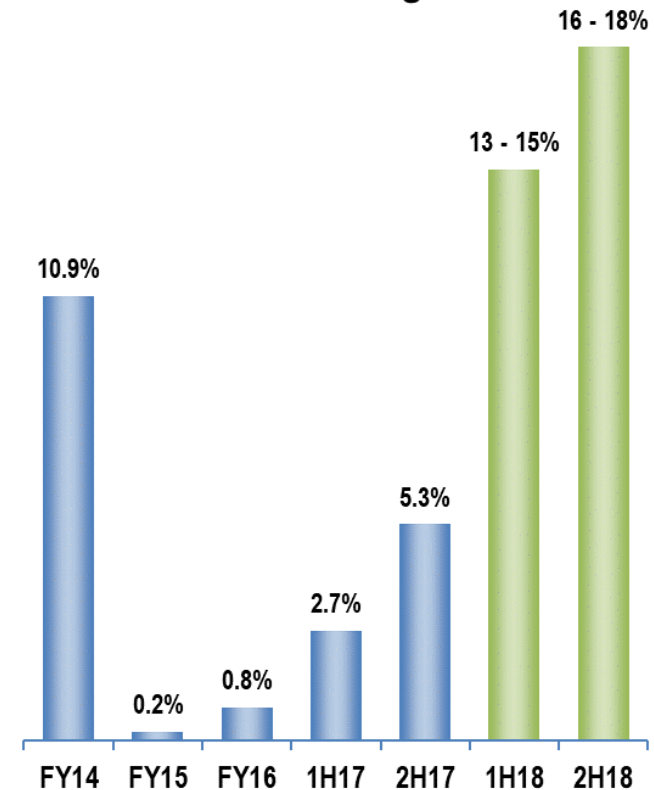
	Actual 1Q 2018	Outlook 2Q 2018	Outlook 1H 2018
Consolidated			
Net Revenue	\$19.9	\$23 to \$25	\$43 to \$45
Gross Margin	10.2%	16% to 18%	13% to 15%
Sypris Technologies			
Net Revenue	\$14.5	\$16 to \$17	\$30.5 to \$31.5
Gross Margin	14.5%	18% to 21%	16% to 18%
Sypris Electronics			
Net Revenue	\$5.4	\$7 to \$8	\$12.5 to \$13.5
Gross Margin	(1.4)%	10% to 12%	5% to 7%

Mix + Cost Reductions Drive Margin in 2018



- Cost reductions from closure of ST Broadway Plant expected to provide uplift in gross margin for 2018
- Electronic component shortages expected to abate during Q2, supporting a return to higher, historical levels of shipments
- Favorable YOY revenue mix target in both segments contributes to margin improvement throughout 2018
- Consolidated gross margin outlook for FY 2018 of 15-17%
- Cost reductions, new business awards and follow-on business create further margin improvement opportunities in 2019

Gross Margin



Key Takeaways



- 1Q revenue increased \$1.8 million or 9.7% over the prior year period
- Gross margin improved to 10.2% in 1Q, up from negative 3.0% in prior year
- SG&A expense reduction of \$0.3 million or 7.7% in 1Q from 2017
- ST generates positive operating income for 1Q
- Confirming revenue guidance for 2018
 - Revenue \$90-\$96 million; Gross margin 15%-17%
 - Q2 Revenue \$23-\$25 million; Gross margin 16.0%-18.0%
- Strong market conditions for heavy truck, energy and aerospace and defense for 2018
- Expect to be cash flow positive for 2018 with upside opportunity from asset sales
- Expect to return to profitability for 2018



Question and Answer Session 1Q Earnings Conference Call

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