

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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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): April 27, 2006  
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Sypris Solutions, Inc.  
(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation)	0-24020 (Commission File Number)	61-1321992 (I.R.S. Employer Identification No.)
101 Bullitt Lane, Suite 450 Louisville, Kentucky (Address of Principal Executive Offices)		40222 (Zip Code)

Registrant's telephone number, including area code: (502) 329-2000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

On April 27, 2006, Sypris Solutions, Inc. (the "Company") announced its financial results for the first quarter ended March 31, 2006. The full text of the press release is set forth in Exhibit 99 hereto.

The information in this Form 8-K and the attached Exhibit is being furnished pursuant to Item 2.02 "Results of Operations and Financial Condition" and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Section 7 - Regulation FD

Item 7.01 Regulation FD Disclosure.

On April 27, 2006, Sypris Solutions, Inc. (the "Company") announced its financial results for the first quarter ended March 31, 2006. The full text of the press release is set forth in Exhibit 99 hereto.

The information in this Form 8-K and the attached Exhibit is

being furnished pursuant to Item 7.01 "Regulation FD Disclosure" and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number Description of Exhibit 99 Press release issued April 27, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: April 27, 2006

Sypris Solutions, Inc.

By: /s/ T. Scott Hatton

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T. Scott Hatton  
Vice President and Chief Financial Officer

INDEX TO EXHIBITS

Exhibit  
Number

Description

99 Registrant's press release dated April 27, 2006.

Sypris Reports First Quarter  
Earnings; Revenue and Earnings Increase

LOUISVILLE, Ky.--(BUSINESS WIRE)--April 27, 2006--Sypris Solutions, Inc. (Nasdaq/NM: SYPR) today reported revenue increased 5% to \$130.0 million for the first quarter compared to \$124.2 million for the prior year period. Net income for the quarter increased 45% to \$0.9 million compared to \$0.6 million for the first quarter of 2005, while earnings per share increased 47% to \$0.05 per diluted share compared to \$0.03 per diluted share for the prior year period. Earnings per share included the impact of adopting SFAS No. 123R, Share-Based Payment, which approximated \$0.1 million in the first quarter of 2006.

"The results for the first quarter were consistent with our expectations," said Jeffrey T. Gill, president and chief executive officer. "Revenue continued to increase while margins expanded on both a sequential and year-over-year basis. The Company generated \$3.3 million of free cash flow during the period despite the unexpected need to invest an additional \$9.0 to \$10.0 million in working capital to support a customer who filed for bankruptcy protection in March. We will continue to support this customer to meet its ongoing needs."

#### The Industrial Group

Revenue for our Industrial Group increased 4% to \$92.5 million in the first quarter from \$88.7 million for the prior year period, and increased 7% sequentially from the fourth quarter of last year. Gross profit for the quarter was \$6.0 million compared to \$6.4 million for the same period in 2005 driven by an increase in the cost of natural gas, but increased 264% sequentially from the fourth quarter of last year as a result of improved manufacturing efficiencies.

#### The Electronics Group

Revenue for our Electronics Group increased 5% to \$37.5 million in the first quarter from \$35.6 million for the prior year period, but decreased sequentially from the fourth quarter of last year due to normal seasonality. Gross profit for the quarter increased 34% to \$6.7 million compared to \$5.0 million for the same period in 2005, reflecting favorable program mix and improvements in productivity. Net orders increased 15% sequentially to \$30.8 million for the quarter, with strong bookings posted for both products and EMS services.

Revenue for the Aerospace & Defense segment increased 8% to \$26.0 million from \$24.0 million for the prior year period. Revenue for the Test & Measurement segment decreased slightly to \$11.5 million in the first quarter compared to \$11.6 million for the prior year. Gross profit for the Aerospace & Defense segment increased 65% to \$4.0 million from \$2.4 million for the prior year period. Gross profit for the Test & Measurement segment increased 6% to \$2.7 million from \$2.6 million for the same period in 2005.

#### Outlook

Gill added, "Looking forward, our outlook remains unchanged despite the impact associated with the customer issue mentioned earlier. We expect revenue for the second quarter of 2006 to be in the range of \$130 to \$135 million compared to \$126 million for the prior year period, which represents a 5% increase at the midpoint of our guidance. Earnings for the second quarter are forecast to be in the range of \$0.10 to \$0.12 per diluted share compared to \$0.11 per diluted share for the prior year period."

"Revenue for 2006 is forecast to be in the range of \$555 to \$565 million compared to \$523 million for 2005, which represents a 7% increase in revenue for 2006 at the midpoint of the range. Earnings for 2006 are forecast to be in the range of \$0.45 to \$0.55 per diluted share compared to \$0.29 per diluted share for 2005, which represents a 72% increase for 2006 at the midpoint of the range."

Gill continued, "We expect 2006 to represent another strong year for cash flow generation, with cash flow from operations expected to be in the range of \$50 to \$60 million, and free cash flow to be in the range of \$30 to \$40 million, even after taking into account the additional investment in working capital mentioned earlier. We believe that the continued strength of the Company's cash flow will be an important source of benefit going forward."

Sypris Solutions is a diversified provider of technology-based outsourced services and specialty products. The Company performs a wide range of manufacturing and technical services, typically under multi-year, sole-source contracts with major corporations and

government agencies in the markets for aerospace and defense electronics, truck components and assemblies, and test and measurement services. For more information about Sypris Solutions, visit its Web site at [www.sypris.com](http://www.sypris.com).

Each "forward-looking statement" herein is subject to serious risks and should not be relied upon, as detailed in our most recent Form 10-K and subsequent SEC filings. Briefly, such risks also include: cost and availability of raw materials such as steel, components, freight, natural gas or utilities; cost and inefficiencies associated with increasing our manufacturing capacity and launching new programs; stability and predictability of our costs and margins or our customers' forecasts, financial conditions (including bankruptcies or other restructurings), late payments, low-margin product mix, market shares, changing product requirements or scheduling demands; costs associated with breakdowns or repairs of machinery and equipment; growth beyond our productive capacity, cyclical or other downturns, adverse impacts of new technologies or other competitive pressures which erode our margins; cost, efficiency and yield of our operations including capital investments, working capital, scrap rates, cycle times, injuries, self-insured risks, wages, freight, production schedules, overtime costs, expediting costs or scrap rates; failure to make strategic acquisitions or to integrate and improve results of acquired businesses or to identify and adequately insure environmental or other risks in due diligence; inventory valuation risks due to obsolescence, shrinkage, price, overstocking or underbilling; changes in government funded or other customer programs; reliance on major customers or suppliers; revised contract prices or estimates of major contract costs; dependence on, recruitment or retention of management or other key employees; union negotiations; pension valuation, health care or other benefit costs; labor relations; strikes; risks of foreign operations; currency exchange rates; costs and supply of debt, equity capital, or insurance due to poor operating or financial results, new business risks, credit ratings, debt covenants, contract claims, insurance conditions or regulatory developments; impairments or write-offs of goodwill or fixed assets; changes in licenses, security clearances, or other legal rights to operate, manage our work force or import and export as needed; completion of the internal control assessment process; costs of compliance with auditing, regulatory or contractual obligations; regulatory actions or sanctions; contract terminations or other disputes or litigation, involving customer, supplier, creditor, stockholder, product liability, environmental or asbestos-related claims; war, terrorism or political uncertainty; unanticipated or uninsured disasters, losses or business risks; inaccurate data about markets, customers or business conditions; or unknown risks and uncertainties.

SYPRIS SOLUTIONS, INC.  
Financial Highlights  
(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2006	2005
	(Unaudited)	
Revenue	\$129,997	\$124,241
Net income	\$ 857	\$ 590
Earnings per common share:		
Basic	\$ 0.05	\$ 0.03
Diluted	\$ 0.05	\$ 0.03
Weighted average shares outstanding:		
Basic	18,042	17,964
Diluted	18,289	18,296

Sypris Solutions, Inc.  
Consolidated Income Statements  
(in thousands, except for per share data)

Three Months Ended

	March 31,	
	2006	2005
	-----	
	(Unaudited)	
Net revenue:		
Industrial Group	\$ 92,499	\$ 88,690
Aerospace & Defense	26,011	23,996
Test & Measurement	11,487	11,555
	-----	
Electronics Group	37,498	35,551
	-----	
Total net revenue	129,997	124,241
Cost of sales:		
Industrial Group	86,550	82,293
Aerospace & Defense	22,056	21,605
Test & Measurement	8,772	8,984
	-----	
Electronics Group	30,828	30,589
	-----	
Total cost of sales	117,378	112,882
Gross profit:		
Industrial Group	5,949	6,397
Aerospace & Defense	3,955	2,391
Test & Measurement	2,715	2,571
	-----	
Electronics Group	6,670	4,962
	-----	
Total gross profit	12,619	11,359
Selling, general and administrative	9,919	8,553
Research and development	334	673
Amortization of intangible assets	159	138
	-----	
Operating income	2,207	1,995
Interest expense, net	1,159	1,261
Other income, net	(250)	(181)
	-----	
Income before income taxes	1,298	915
Income tax expense	441	325
	-----	
Net income	\$ 857	\$ 590
	=====	
Earnings per common share:		
Basic	\$ 0.05	\$ 0.03
Diluted	\$ 0.05	\$ 0.03
Dividends declared per common share	\$ 0.03	\$ 0.03
Weighted average shares outstanding:		
Basic	18,042	17,964
Diluted	18,289	18,296

Sypris Solutions, Inc.  
Consolidated Balance Sheets  
(in thousands, except for share data)

	March 31,	December 31,
	2006	2005
	-----	
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,312	\$ 12,060
Accounts receivable, net	98,396	95,432
Inventory, net	78,533	79,724
Other current assets	26,256	26,020
	-----	
Total current assets	217,497	213,236
Property, plant and equipment, net	173,794	176,719
Goodwill	14,277	14,277
Other assets	13,350	13,392
	-----	
Total assets	\$418,918	\$417,624
	=====	

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 72,311	\$ 76,567
Accrued liabilities	30,776	24,904
	-----	-----
Total current liabilities	103,087	101,471
Long-term debt	80,000	80,000
Other liabilities	22,283	22,419
Total liabilities	205,370	203,890
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 975,150 shares authorized; no shares issued	--	--
Series A preferred stock, par value \$0.01 per share, 24,850 shares authorized; no shares issued	--	--
Common stock, non-voting, par value \$0.01 per share, 10,000,000 shares authorized; no shares issued	--	--
Common stock, par value \$0.01 per share, 30,000,000 shares authorized; 18,303,033 and 18,165,658 shares issued and outstanding in 2006 and 2005, respectively	183	182
Additional paid-in capital	142,336	142,111
Retained earnings	73,682	73,375
Accumulated other comprehensive loss	(2,653)	(1,934)
	-----	-----
Total stockholders' equity	213,548	213,734
	-----	-----
Total liabilities and stockholders' equity	\$418,918	\$417,624
	=====	=====

Sypris Solutions, Inc.  
Consolidated Cash Flow Statements  
(in thousands)

	Three Months Ended March 31,	
	-----	-----
	2006	2005
	-----	
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 857	\$ 590
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,819	5,754
Other noncash items	(38)	620
Changes in operating assets and liabilities:		
Accounts receivable	(3,167)	(9,555)
Inventory	938	(1,904)
Other current assets	(236)	4,176
Accounts payable	(4,145)	21,045
Accrued liabilities	6,131	1,133
	-----	-----
Net cash provided by operating activities	7,159	21,859
Cash flows from investing activities:		
Capital expenditures	(3,862)	(14,627)
Proceeds from sale of assets	10	29
Changes in nonoperating assets and liabilities	(650)	(128)
	-----	-----
Net cash used in investing activities	(4,502)	(14,726)
Cash flows from financing activities:		
Net change in debt under revolving credit agreements	--	(5,000)
Cash dividends paid	(545)	(538)
Proceeds from issuance of common stock	140	820
	-----	-----
Net cash used in financing activities	(405)	(4,718)
	-----	-----
Net increase in cash and cash equivalents	2,252	2,415
Cash and cash equivalents at beginning of period	12,060	14,060
	-----	-----
Cash and cash equivalents at end of period	\$14,312	\$ 16,475
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