2016 Fourth Quarter and Full Year Earnings Conference Call

March 28, 2017

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 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; our failure to successfully complete final contract negotiations with regard to our announced contract "wins"; our failure to develop and implement specific plans (a) to offset the impact of reduced revenues as we migrate our focus from a small number of traditional tier 1 customers in the commercial vehicle markets to a more diversified base of customers who are able to place higher strategic value on our innovation, flexibility and lean manufacturing capabilities, (b) to implement our cost-savings initiatives and to consolidate and streamline operations in accordance with the modified exit or disposal plan related to our Broadway Plant and our other plans and (c) to generate cash from sales of certain underutilized manufacturing assets; dependence on, retention or recruitment of key employees especially in the Broadway Plant; risks of foreign operations; currency exchange rates; war, terrorism, or political uncertainty; breakdowns, relocations or major repairs of machinery and equipment; cost and availability of raw materials such as steel, component parts, natural gas or utilities; unexpected declines in our markets or market shares, especially as we attempt to transition from legacy products and services into new market segments, customers and technologies; 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; changes in licenses, security clearances, or other legal rights to operate, manage our work force or import and export as needed; our ability to successfully develop, launch or sustain new products and programs; supplier, customer, employee, landlord, creditor, stockholder, product liability or environmental claims; labor relations; strikes; union negotiations; pension valuation, health care or other benefit costs; potential impairments, non-recoverability or write-offs of assets or deferred costs; the fees, costs and supply of, or access to, debt, equity capital, or other sources of liquidity; potential weaknesses in internal controls over financial reporting and enterprise risk management; 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, freight or expediting costs; disputes or litigation involving lessor, inventory valuation risks including excessive or obsolescent valuations; our inability to successfully complete definitive agreements for our targeted acquisitions or divestitures due to negative due diligence findings or other factors; our inability to patent or otherwise protect our inventions or other intellectual property from potential competitors; the costs of compliance with our auditing, regulatory or contractual obligations; 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; regulatory actions or sanctions (including FCPA, OSHA and Federal Acquisition Regulations, among others); U.S. government spending on products and services that Sypris Electronics provides, including the timing of budgetary decisions; cyber security threats and disruptions; changes or delays in customer budgets, funding or programs; failure to adequately insure or to identify environmental or other insurable risks; revised contract prices or estimates of major contract costs; 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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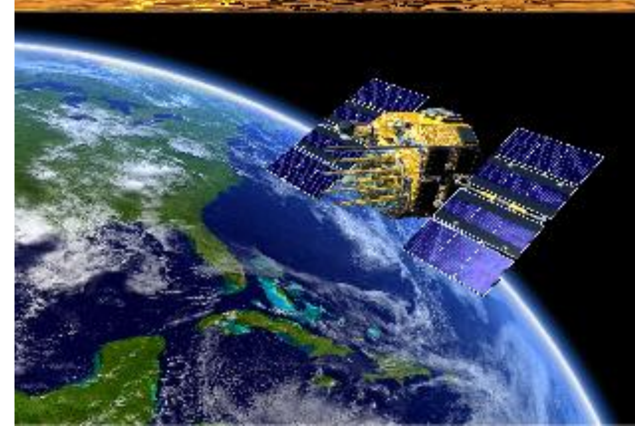
Overview

2016 Highlights

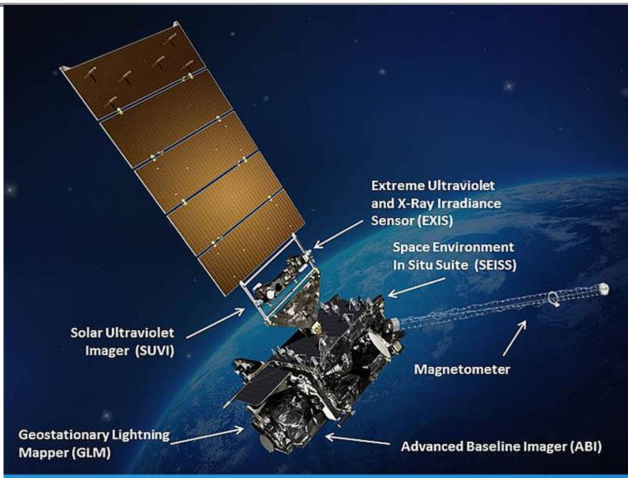
- 2016 was a year of significant accomplishment
  - Reported earnings of $0.30 per diluted share
  - Raised $54 million through the sale of underutilized and underperforming assets
  - Used the proceeds to repay all commercial debt, invest in working capital and fund the Company’s transition plans
  - The result is expected to reduce expenses by $26.3 million by 2018 when compared to 2016
    - $18.2 million in 2017 – 81% complete
    - $8.1 million in 2018 – complete mid 2017
  - When completed later this year, we will have a cost-competitive platform positioned for profitable growth
  - Increasing contract wins and customer recognition positive indicator



Transition Plan Update

Objectives

- To significantly improve our cost-competitiveness on a sustained basis
- To establish and maintain a highly-liquid balance sheet
- To achieve a balanced diversification of customers and markets served
- To complete the Broadway relocation utilizing internally generated funds
- To build shareholder value
  - Innovation – technology, process, design and materials
  - Culture – lean and continuous improvement
  - Growth – new customer, markets, services, and products



Transition Plan Update

Actions Taken in 2016

- Entered into sale-leaseback for underutilized real estate generating $12.0 million
- Divested CSS business, generating $42.0 million
- Eliminated high-cost commercial debt: savings of $5.5 million annually
- Downsized Sypris Electronics facility to 50,000 square feet: savings of $1.7 million annually
- Reduced salaried headcount, etc.: savings of $2.7 million annually
- Initiated the transfer of certain forging and machining operations from the Broadway Plant to other Sypris locations
- Secured new orders to boost backlog for 2017 and 2018 shipments



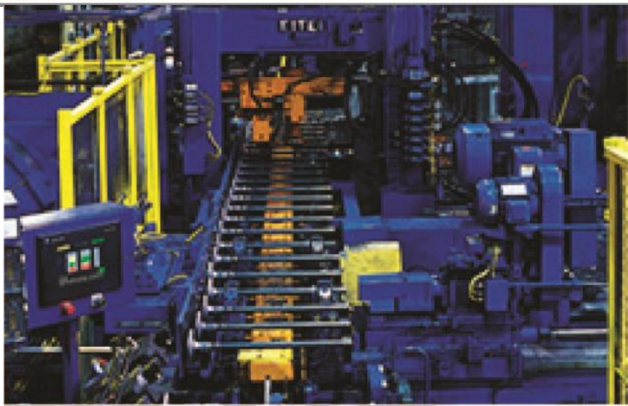
Transition Plan Update

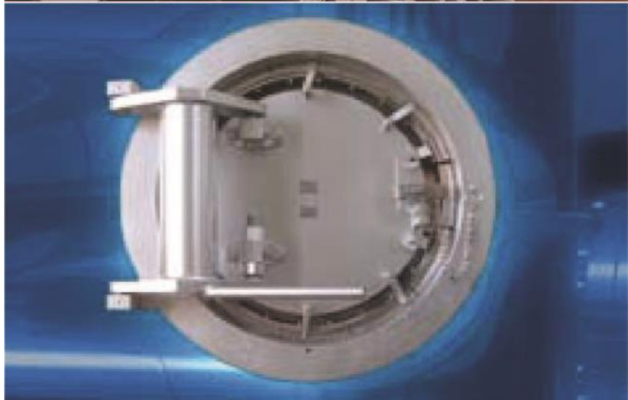
Initiatives to be Completed

- The timely approval and launch of programs in Toluca
- The successful implementation of a single ERP platform
- The management of the transition of operations from the Broadway Plant
- The liquidation of certain idle and underutilized non-core assets
- The timely delivery of large, booked orders

Expected Results

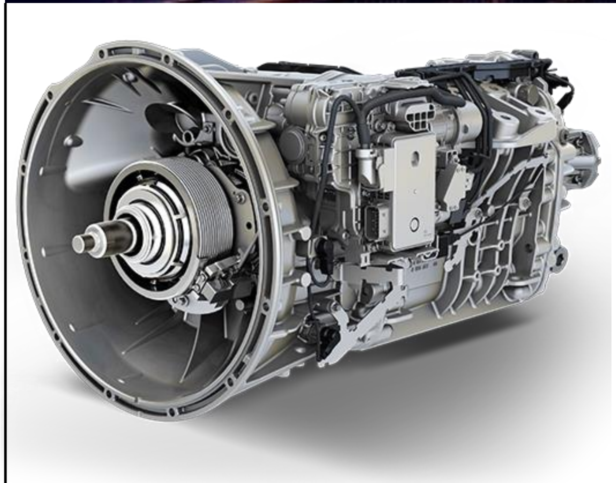
- $26.3 million improvement in annual income
  - $18.2 million in 2017
  - $8.1 million in 2018
  - Resulting in significant margin expansion in 2H17 and 2018 full year





Contract Wins and Recognition

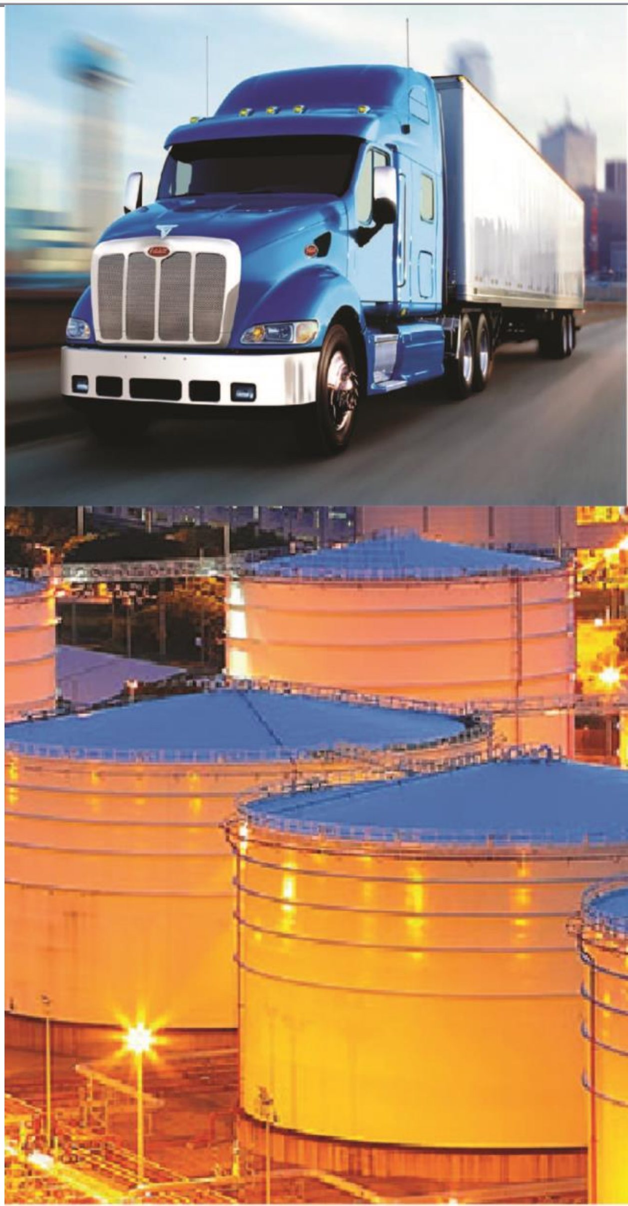
- Radar system development program for the U.S. Navy
- Circuit card assemblies for major missile program
- Large international oil field project with TengizChevroil
- Axle shafts for U.S. auto production
- Gears sets for ATVs
- Transmission shafts for European Heavy Truck OEM
- Circuit cards and assembly of medical devices
- Recognized by Sisamex at annual supplier conference
  - Innovation for Sypris Ultra® axle shafts
  - Project Excellence (#1 out of 75 total supplier projects considered)
  - Supplier Excellence (zero defects, on-time delivery, competitive cost)



Results

Sypris Technologies

- Globally competitive platform
  - Lower variable cost
  - Elimination of redundant fixed overhead
  - Elimination of redundant capital requirements
  - Increased capacity utilization
- Reduced breakeven point and increased margins
- Talent redistributed between locations
  - Accelerate new product development
  - Improve production processes, routings and standards
  - Drive supply chain and continuous improvement effectiveness
- Toluca will serve as a low-cost manufacturing source



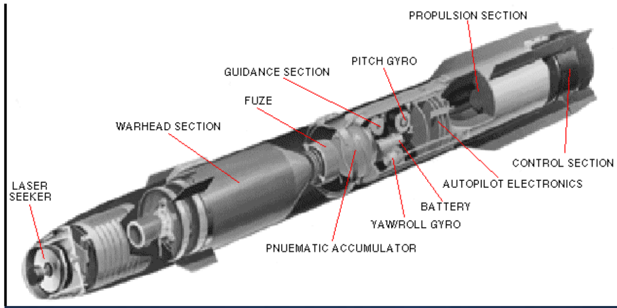
Results

Sypris Electronics

- Clear, singular strategic vision
- Material improvement in competitive profile
  - Reduction in fixed overhead
  - Substantially lower SG&A; elimination of R&D
  - Improved operational visibility and reduced cycle times
  - Additional absorption will further reduce rates and increase competitiveness

Consolidated

- Cost-competitive platform positioned for profitable growth
- Strong balance sheet with no commercial debt
- Highly diversified customer and market mix
- Rapidly expanding margins in 2017 and 2018



Financial Review
Fourth Quarter 2016

March 28, 2017

Anthony C. Allen
Vice President & CFO

Financial Results

$ millions

	4Q 2016			FY 2016		
	Consolidated	ST	SE	Consolidated	ST	SE
Net Revenue	$ 20.0	$ 15.9	$ 4.0	$ 91.8	$ 63.3	$ 28.5
Gross Profit	$ (0.2)	$ 1.0	$ (1.2)	$ 0.7	$ (0.3)	$ 1.0
EBITDA	$ (3.2)	$ 1.3	$ (3.1)	$ 19.0	$ 0.5	$ 25.8
EPS	$ (0.23)			$ 0.30		

- 4Q results impacted by the sale of the CSS business, program delays and the facility relocation for SE
- FY results reflect lower industry demand for commercial vehicle components, the sale of the CSS business in 2016 and the Morganton trailer operation in 2015
- Severance and other costs of $0.6 million recognized in 4Q in connection with the Broadway Plant
- FY net income and EPS primarily driven by gain on CSS sale in August 2016

Transition Plan Update

- Established $26.3 million cost reduction goal in 2017 and 2018 as compared to 2016
- $18.2 million is expected to be realized in 2017
  - Actions to achieve $14.8 million or 81% are complete
  - Remaining actions to be implemented by mid-2017
- $8.1 million of additional cost eliminations in 2018 driven by full-year impact of 2017 actions
- Select assets transferring from Broadway Plant to other manufacturing facilities
- Cash proceeds from the sale of non-core assets will exceed 2017 severance and relocation costs
- 2017 revenue mix reflects lower customer concentration and balanced portfolio of markets served
- Significant gross margin expansion expected in 2H 2017 following completion of cost performance initiatives and improved revenue mix

Cost Reduction Goals

$ millions	2017	2018	Total
Cost of sales	$ (6.3)	$ (5.5)	$ (11.8)
Selling, general and administrative	(7.2)	(1.8)	(9.0)
Research and development	(0.3)	No change	(0.3)
Severance, equipment relocation and other costs	1.1	(0.8)	0.3
Interest and loss on extinguishment of debt	(5.5)	No change	(5.5)
Total	$ (18.2)	$ (8.1)	$ (26.3)

- Gross profit to benefit from substantial reduction in fixed overhead for both segments in 2017 with further savings to be realized in 2018
- Underutilized capacity at both segments eliminated with Tampa facility relocation and Broadway Plant transition
- Lower cost structure improves competitiveness to convert new business quotes to orders and drive long-term profitable growth
- Streamlining support functions to reduce SG&A spend
- Reduction in depreciation expense as asset base is reduced

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- Facility relocation for SE complete in 4Q 2016 drives $1.7m annual rent and occupancy cost savings
- Lower employment cost for Toluca production and reduced workforce in Broadway Plant beginning in 2H 2017
- Hourly workforce savings of approximately $29 per hour on transferred production
- Reduction in salary workforce of approximately 35 effective in 2Q 2017
- Lower cost structure contributes to gross margins estimated at 5-7% in 1H 2017, increasing to 15-17% in 2H 2017

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- Elimination of costs incurred in 2016 to contribute to YOY profit improvement
  - SE facility relocation costs
  - Consulting, legal and professional fees in 2016 associated with senior secured debt
  - Retention and incentive costs associated with CSS Sale
- SG&A cost structure for SE realigned for retained EMS business resulting in significant cost savings
- SG&A expense estimated at 17-19% in 1H 2017 and 16-18% in 2H 2017 compared to 24% in FY 2016

Cost Reduction Goals

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- Elimination of research and development spend associated with divested operations
- Continue to utilize internal engineering resources in Louisville and Toluca to support development efforts for commercial vehicle and oil and gas products
- Sypris Ultra® axle shaft recognized by customer as “Innovation of the Year”

Cost Reduction Goals

$ millions

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- Severance cost for Broadway Plant transition to be recognized in 1H 2017
- Equipment relocation cost for assets transferred to Toluca to continue through 2017 and 2018
- Proceeds from asset sales expected to exceed relocation and severance costs incurred during 1H 2017
- Transition provides the opportunity to eliminate redundant capital expenditures previously required to support production in both Toluca and Broadway

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- All commercial secured debt repaid in August 2016
- Interest and related loan cost expense substantially reduced beginning in 3Q 2016
- Executive, finance and administrative support required under prior loan agreements redirected to improving the business
- Quarter-end cash balance targeted to be stable in 2017
- Potential divestiture of non-core assets provides opportunity for strategic reinvestments in 2017 and 2018

Key Takeaways

- Earnings per diluted share for FY 2016 of $0.30
- Gross proceeds of $54 million from sale of assets in 2016 used to retire high-cost commercial debt and reinvest in the business
- Strategic actions implemented in 2016 to reduce cost structure to align with revenue profile in both segments
- 2017 is a pivotal year in advancing the return of our operations to profitability
- Cost reductions are estimated at $26 million over next 2 years
- Actions are complete to achieve nearly $15 million of an $18 million goal in 2017
- Transition activities to achieve remaining goal to be substantially complete in 1H 2017
- Significant reduction in SG&A expense in 2017 and 2018 compared to 2016
- Proceeds from asset sales to exceed the investment required to complete 1H 2017 severance and relocation actions
- Improved cost-competitive platform well-positioned for profitable growth

Question and Answer Session
4Q Earnings Conference Call

March 28, 2017

Jeffrey T. Gill
President & CEO

Anthony C. Allen
Vice President & CFO