



2007 Q3 Earnings Conference

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Disclosures

Safe Harbor Disclaimer

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 Form 10-Q and subsequent SEC filings. Briefly, we currently believe that such risks also include: our ability to liquidate our unsecured claims against the Dana bankruptcy estates at satisfactory valuations; costs and inefficiencies of restructuring our manufacturing capacity or breakdowns, relocations or major repairs of machinery and equipment; our inability to successfully launch new or next generation programs; impairments, non-recoverability or write-offs of goodwill, assets or deferred costs; cost, efficiency and yield of our operations including capital investments, working capital, production schedules, cycle times, scrap rates, injuries, wages, overtime costs, freight or expediting costs; cost and availability of raw materials such as steel, component parts, natural gas or utilities; volatility of our customers’ forecasts, financial conditions, market shares, product requirements or scheduling demands; cyclical or other downturns; adverse impacts of new technologies or other competitive pressures which increase our costs or erode our margins; failure to adequately insure or to identify environmental or other risks; inventory valuation risks including obsolescence, shrinkage, theft, overstocking or underbilling; changes in government or other customer programs; reliance on major customers or suppliers, especially in the automotive or aerospace and defense electronics sectors; revised contract prices or estimates of major contract costs; dependence on, recruitment or retention of 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; changes in licenses, security clearances, or other legal rights to operate, manage our work force or import and export as needed; weaknesses in internal controls; costs of compliance with auditing, regulatory or contractual obligations; regulatory actions or sanctions; disputes or litigation, involving customer, supplier, creditor, stockholder, product liability or environmental claims including potential, pre-existing product liability and unknown warranty claims that were preserved in our settlement agreement with Dana; 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.

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

Agenda

- Overview
- Market Outlook
- Financial Discussion
 - Q3 2007 Results
 - Q4 2007 Outlook
 - Total Year 2007 Outlook
 - Wrap Up
- Q&A Session

Overview

- Q3 2007 Key Results

- EPS at \$0.14 was \$0.18 better than Q3'06 and fell within guidance range
 - Dana settlement approved by bankruptcy court in early-August
 - Dana settlement contributed \$7.5 million of pre-tax income to the quarter
 - Margin improvement and reduced settlement costs offset the impact of lower revenue
 - Free cash flow usage of \$9 million fell within guidance for the quarter
- Revenue of \$105 million fell below guidance of \$108 - \$113 million
 - Industrial Group revenues were below forecast driven by a decline in trailer volumes
 - Electronics Group revenues were up 12% over Q3'06 despite being below forecast as shipments were delayed on key classified programs
- Electronics Group orders increased 30% in Q3 as Aerospace & Defense (A&D) orders grew 35%

Overview

- Q3 2007 Key Results

- Electronics backlog grew by 15% to \$111 million
- Test & Measurement segment posted revenue growth of 13% and gross margin improvement of 33% over Q3'06
- Settlement with Dana approved by bankruptcy court - \$89.9 million claim

- Total Year 2007 Outlook

- Guidance adjusted to reflect Q3 results
 - Updated guidance reflects a softer commercial vehicle and trailer market, and delays in customer certification and acceptance of key classified defense programs until Q4
 - Revenue range decreased by \$10 million: \$435 – \$440 million
 - EPS range: adjusted by \$0.06 to reflect lower revenue
 - Free cash flow usage: adjusted by \$8.0 million to reflect lower revenue and the timing of capital investment for new commercial vehicle programs
 - Impact of potential liquidation of \$89.9 million Dana claim excluded from the forecast

Market Outlook

- Industrial Group
 - ACT October Outlook largely unchanged from July
 - Heavy Duty Vehicles
 - 2007 forecast of 218,000 vehicles, down 42% from 2006
 - 2008 forecast of 259,000 vehicles, up 19% from 2007
 - > Q4'08 up 45% over Q1'08
 - 2009 forecast of 382,000 vehicles, up 47% from 2008 and 75% from 2007
 - Medium Duty Vehicles
 - 2007 forecast of 207,000 vehicles, down 22% from 2006
 - 2008 forecast of 238,000 vehicles, up 15% from 2007
 - > Q4'08 up 20% over Q1'08
 - 2009 forecast of 256,000 vehicles, up 8% from 2008 and up 24% from 2007

Market Outlook

- Industrial Group
 - Key Variables
 - The economy
 - Fuel prices
 - Federal Reserve
 - The Challenge
 - Prepare for substantial market expansion
 - Relocate and launch new programs
 - Continue with rebalancing of NA production
 - Long-Term
 - > Leverage NA market strength into Asia and Eastern Europe
 - > Expand customer base to reduce concentration
 - > Expand global footprint to further enhance margins

Market Outlook

- Electronics Group
 - Q3 orders grew 47% over Q2 and were 30% greater than a year ago
 - Up 24% YTD over 2006
 - Aerospace and Defense program launches showing mixed results
 - New classified military product showing strong demand
 - > Orders in A&D segment up 81% sequentially and 31% YTD
 - > However, delay in approval of new configuration and its associated costs has slowed shipments and increased program costs
 - Certification of new generation encryption product delayed
 - > Certification now expected in Q4 for product shipments in Q1 '08
 - After another strong quarter of growth, Test & Measurement has experienced 12% top line growth and 28% gross margin expansion on a YTD basis vs. same period last year
 - Order outlook remains positive – must meet timetables and commitments

Market Outlook

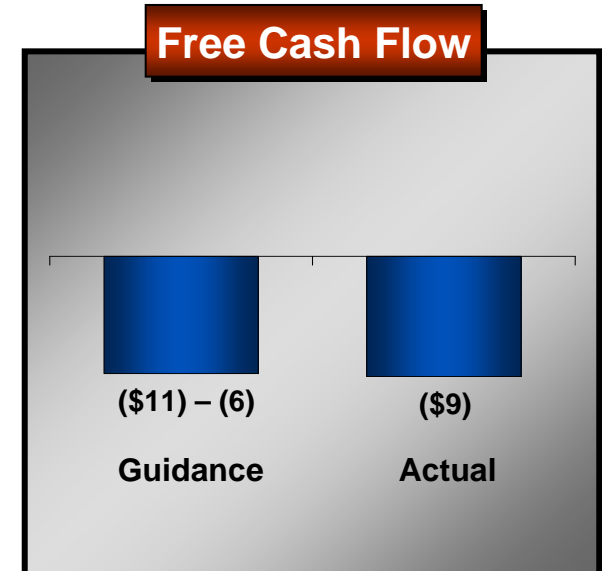
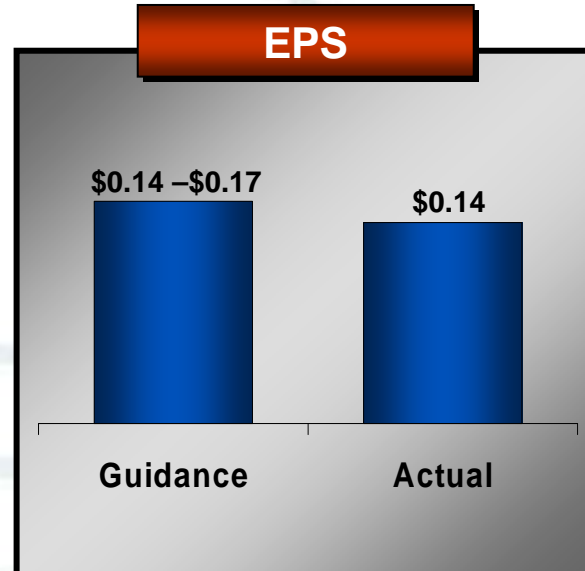
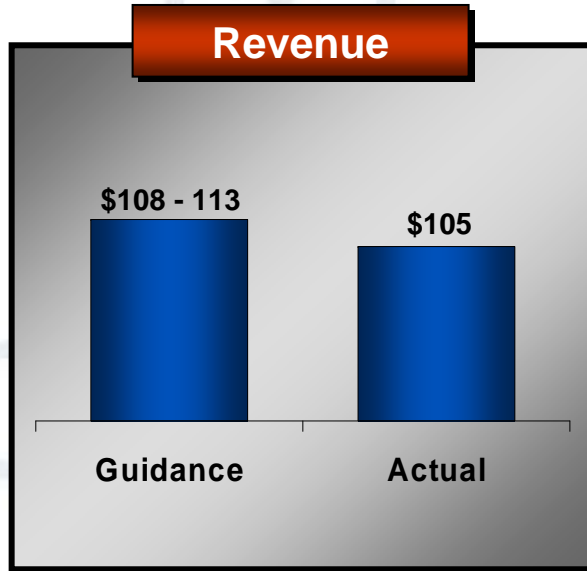
- Electronics Group
 - Key Variables
 - Aerospace and Defense
 - > 2008 Defense Budget
 - \$481.4 billion in discretionary authority, up 11.3% over 2007
 - \$93.4 billion supplemental for 2007; \$141.7 billion for 2008
 - > Budget news is good - consistency of funds appropriations key
 - Test & Measurement
 - > Space and aerospace spending
 - > The economy
 - Strong backlog, growing defense spending with focus on electronic platform upgrades supports double digit top line growth for the coming years

Conclusion

- Earnings per share increased \$0.18 over prior year and were within guidance
- Revenue fell slightly below guidance driven by reduced demand for trailer components and a delay in shipments for certain classified programs – now scheduled for Q1'08
- Orders remained strong in our Electronics Group, with 30% comparable period growth and 47% sequentially
- Commercial vehicle outlook remains strong for 2008, especially in 2H'08, with production of heavy and medium vehicles expected to increase 51% and 31%, respectively, during Q4'08 versus Q4'07
- The potential liquidation of the \$89.9 million claim – currently estimated to be \$70 million - \$75 million – would provide added upside to current cash outlook
- The challenge remains, but much progress continues to be made

Q3 2007 Results

(\$M, except EPS)



Revenue down from forecast by \$6

- SIG trailer volume (-\$3)
- Delay in Electronics product shipments awaiting new release approval (-\$3)
- Electronics orders increased 30%, higher than expected

PBT & EPS within forecast range

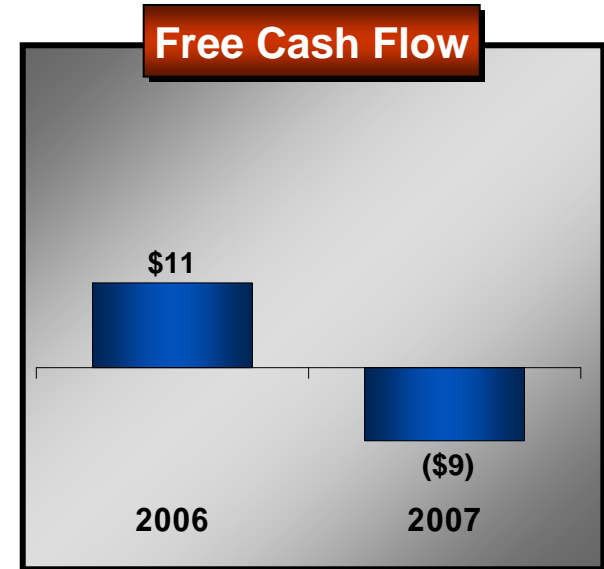
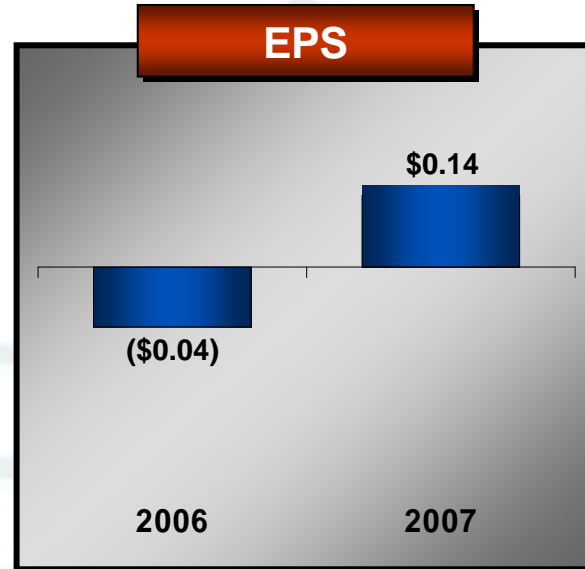
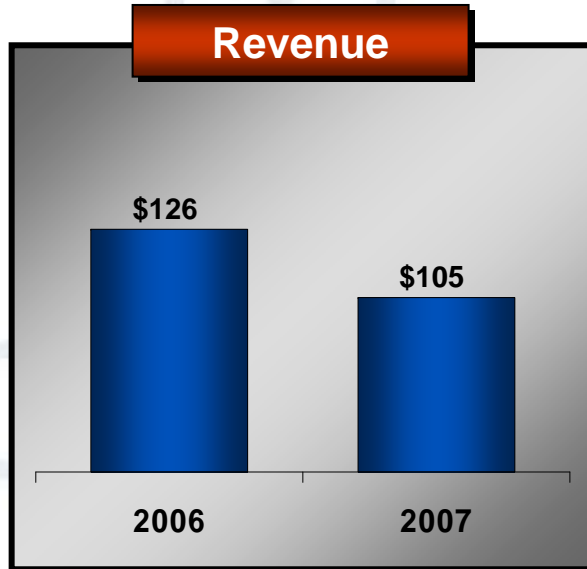
- Settlement PBT impact \$7.5 or 29¢ EPS
- Settlement-related costs were lower than estimated (+\$0.8)
- Lower volumes (-\$0.8) and increased program support costs in Electronics (-\$0.4)

Cash Flow within forecast range

- Lower revenue resulted in higher inventory levels over the short-term (-\$4) offset by capex timing (+\$2)

Q3 2007 vs. Prior Year

(\$M, except EPS)



Revenue down 17%

- SIG down 27% / (-\$25)
 - 43% Heavy truck decline
 - 19% decline in trailer
 - 35% Light duty increase
- SEG up 12% / +\$4
 - Strong EMS program activity
 - Test & Measurement strength
- Electronics Orders up 30% to \$49
- Backlog up 15% to \$111

PBT up \$4.6; EPS up \$0.18

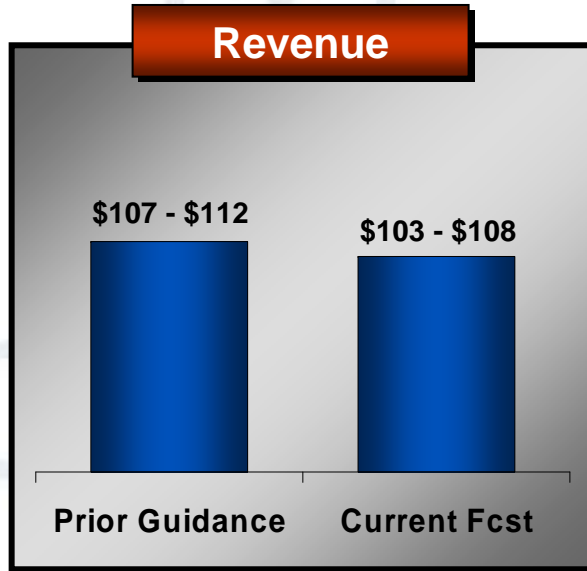
- Dana settlement impact of \$7.5 PBT
- SIG Gross Profit down (excl. settlement) (-\$3.5) driven by truck/trailer market decline
- SEG Gross Profit up +\$0.7 on strength from Test & Measurement and EMS businesses
- Other expense up slightly (-\$0.1)

Cash Flow down \$20

- Higher net income +\$3
- Lower capex +\$2
- A/R collections in 2006 for Industrial group (-\$25)
- DSO at 46 days, down 6 days vs. '06

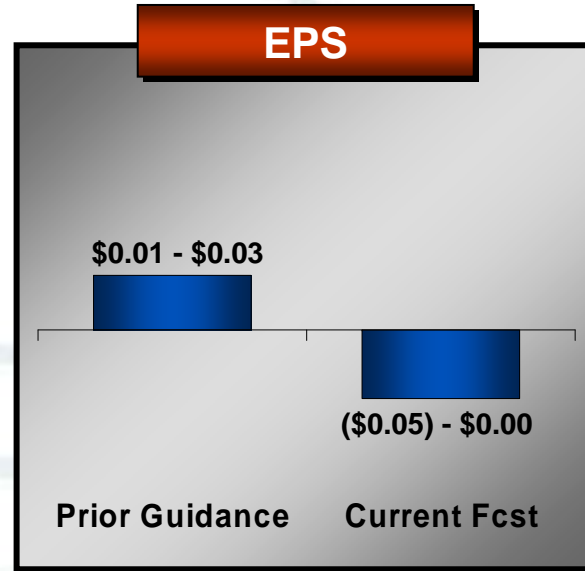
Q4 2007 Outlook

(\$M, except EPS)



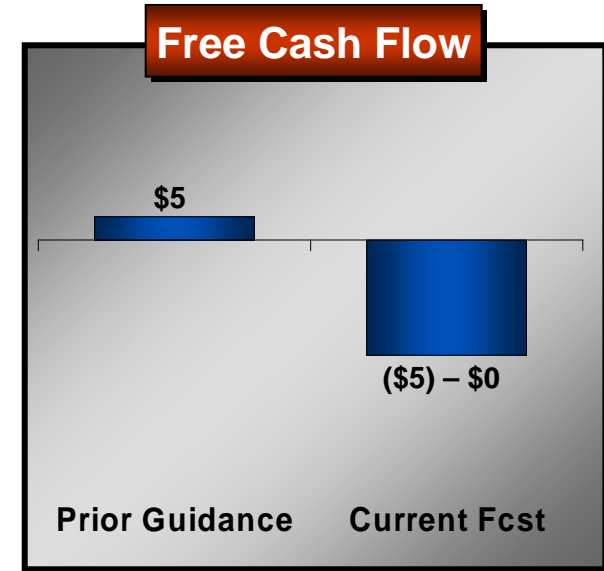
Revenue down \$4 from prior guidance

- SIG down due to trailer volumes (-\$1.0)
- Electronics product delays (-\$3.0)
- Electronics orders forecasted to be 15% over Q4'06



PBT down \$1.7 or \$0.06 EPS

- Lower volumes and increased support costs for delays (-\$1.5)
- Higher interest costs associated w/ lower cash flow (-\$0.2)

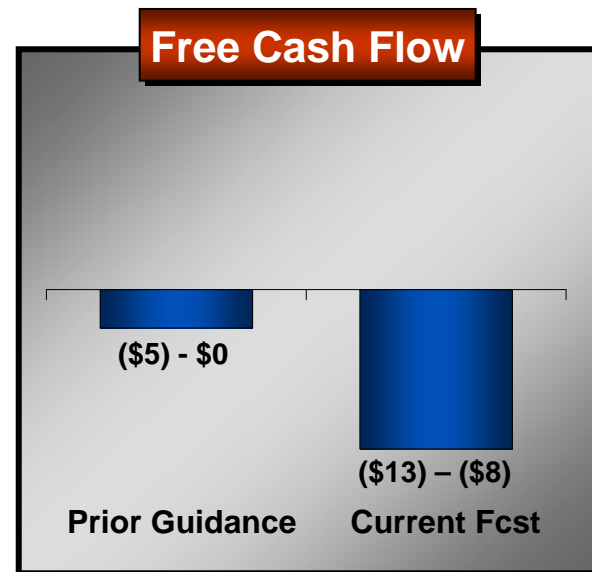
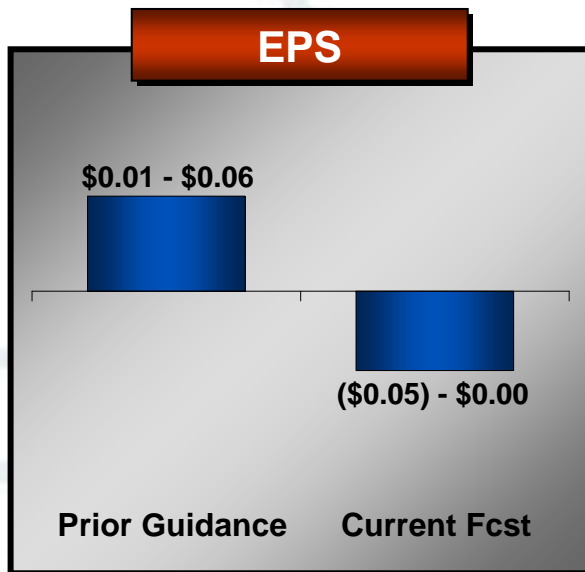
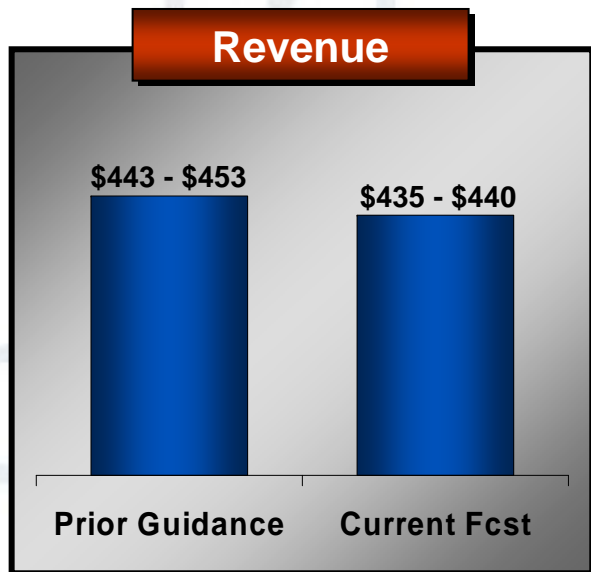


Cash Flow down \$8 from prior guidance

- Lower 2H revenue resulting in lower collections

Total Year 2007 Outlook

(\$M, except EPS)



Revenue down \$10 from prior guidance

PBT down \$1.7 or \$0.06 EPS

Cash flow down \$8 from prior guidance

- Guiding \$8-\$13 lower in revenue due to weaker trailer volumes & SEG program delays
- Electronics orders forecasted at 20%+ growth from '06

- Guiding \$0.06 EPS lower due to lower volumes and higher program support costs in Electronics

- Lower 2H volumes converting to lower collections

Wrap-Up

- Deliver on total year financial commitments
 - 1st half exceeded expectation;
 - Q3 EPS increased \$0.18 over prior year and was within guidance
 - Despite revising outlook down \$0.06 EPS for the total year, we are exceeding our original plan (excluding the Dana settlement)
 - Dana settlement has contributed an additional \$7.5M in PBT for Q3 and an estimated \$11.1M for the full year
 - Net Debt at 15% of capital
- Restructuring efforts
 - Effectively managing down cycle in Industrial Group
 - Actively working transition plans committed as part of settlement agreement as priority
- Achieve double digit Electronics growth
 - SEG orders +24% year-to-date; forecast to be +20% for year
 - \$49M Q3 order intake; \$20M in electronic product orders
 - Developing certification plans for new product program slated for early '09
 - Test & Measurement top-line growth of 12% year-to-date