2015 Third Quarter Earnings Conference Call

November 17, 2015

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 develop and implement plans to mitigate the impact of loss of revenues from Dana or to adequately diversify our revenue sources on a timely basis; the fees, costs and supply of, or access to, debt, equity capital, or other sources of liquidity, including the potentially material costs of our compliance with covenants in, or the potential default under or acceleration of, our new credit facilities; volatility of our customers' forecasts, scheduling demands and production levels which negatively impact our operational capacity and our effectiveness to integrate new customers; reliance on major customers or suppliers; 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 creditor, landlord, lessor, supplier, customer, employee, stockholder, product liability or environmental claims; our ability to successfully develop, launch or sustain new products and programs; dependence on, retention or recruitment of key employees especially in challenging markets; inventory valuation risks including excessive or obsolescent valuations; potential impairments, non-recoverability or write-offs of assets or deferred costs; our inability to successfully complete definitive agreements for our targeted acquisitions due to negative due diligence findings or other factors; declining revenues and backlog in our Sypris Electronics business lines as we attempt to transition from legacy products and services into new market segments and technologies; the costs of compliance with our auditing, regulatory or contractual obligations; 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; cost and availability of raw materials such as steel, component parts, natural gas or utilities; regulatory actions or sanctions (including FCPA, OSHA and Federal Acquisition Regulations, among others); potential weaknesses in internal controls over financial reporting and enterprise risk management; U.S. government spending on products and services that Sypris Electronics provides, including the timing of budgetary decisions; changes in licenses, security clearances, or other legal rights to operate, manage our work force or import and export as needed; breakdowns, relocations or major repairs of machinery and equipment; pension valuation, health care or other benefit costs; labor relations; strikes; union negotiations; 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; risks of foreign operations; currency exchange rates; 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. 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

Q3 Highlights

- Q3 marked significant, continued improvement over Q2
  - Gross margin increased to 6.4%
  - EPS loss of $0.01 compared to a loss of $0.43 per share for Q2
  - Net debt reduced to $13.8 million, down 42%
- $15.7 million in cash proceeds received through the sale of manufacturing assets located in Morganton, NC
  - The Sypris Cyber Range was commissioned in the Security Operations Center of Singapore
  - Subsequent to quarter end:
  - Secured new $27.0 million credit facility
    - Received an order from NEC for a Cyber Range
    - Entered into a long-term contract with Detroit Diesel
    - Announced a long-term contract with Volvo Group

Sypris Electronics

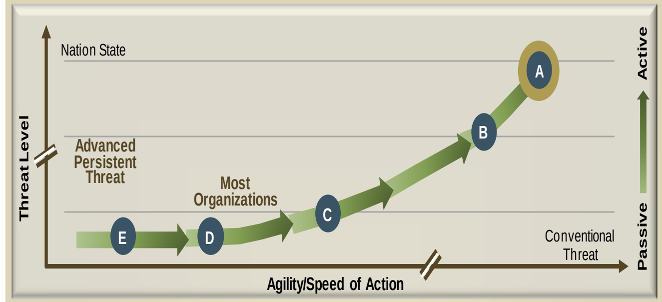
Q3 Highlights

- Financial Results
  - Revenue increased 39% from 3Q14 and 21% from 2Q15
  - Gross profit was \$0.5 million compared to a loss of \$1.1 million for the prior year period
- The Cyber Range was commissioned by the Ministry of Home Affairs for the Security Operations Center of Singapore
- Received an order for a Cyber Range from NEC Corporation, with delivery scheduled for 4Q15
- Subsequent to quarter-end:
  - Demonstrated SiOMetrics™ Cloud protection with Dell, Analog Devices and NEC at Dell World
  - Recognized for supplier excellence by Northrop Grumman – 1 of 24 out of 5,600 suppliers

Sypris Electronics

Outlook

- US defense industry challenges are likely to continue
  - We remain committed to improving our portfolio through diversification, achieving a better hardware/software balance
- Performance
  - Q4 sales are targeted to increase on a year-over-year basis
    - Delivery of the NEC Cyber Range
    - Increased product sales
  - Reduction of fixed overhead during 4Q14 (and subsequently in 3Q15) is targeted to have a positive impact on the cost profile of the business
  - As a result, 4Q15 EBITDA is targeted to increase further from 4Q14



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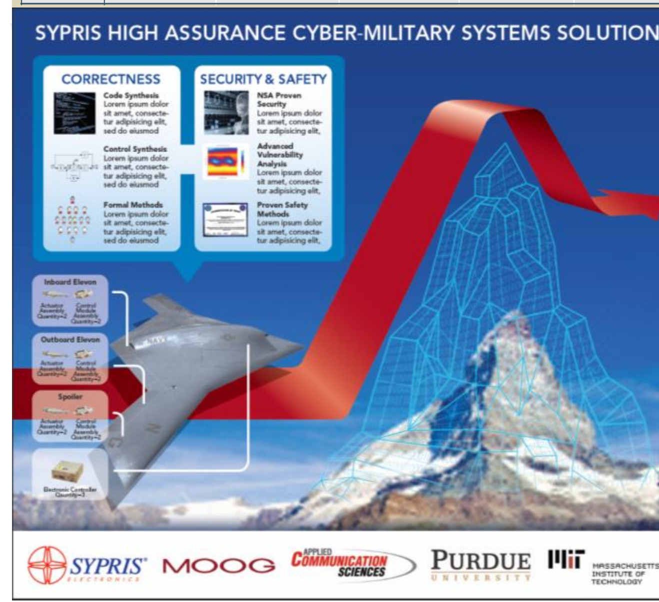
Maturity Level	Reactive & Manual	Tools Level	Integrated Picture	Dynamic Defence	Resilient Enterprise
Training *Instruction*	Knowledge Base *Classroom Based*	Security Challenges *Hands-on-Lab*	Dynamic Exercises *Facilitated*	Modeling & Simulation	Advanced Simulation
Competency	Basic	Intermediate	Advanced (Custom)	Advanced (Scenario Based)	Expert
Proficiency	Baseline	Individual	Team	Organizational	Mastery
Environment	Standard	Standard/ Customized	Customized	Customized/ Real World	Real World

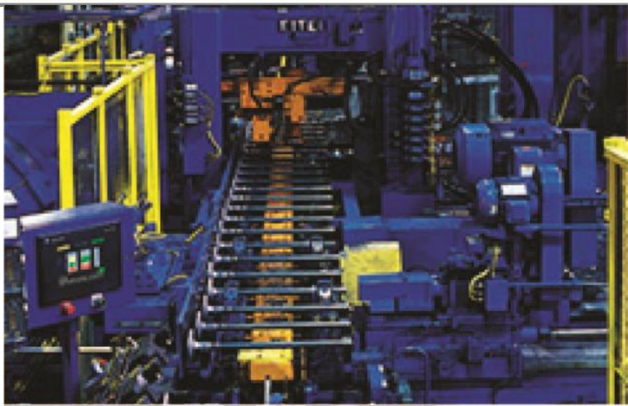


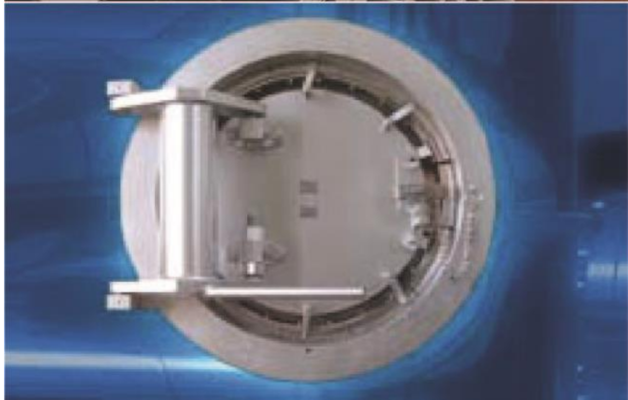
Sypris Technologies

Q3 Highlights

- Financial Results
  - Sales declined 13% sequentially, reflecting the sale of the Morganton assets, offset by a 10% increase in sales for the remaining business
  - Gross margin increased to 7.1% versus 1.8% for Q2
- Quality and delivery at world class levels
- The sale of the Morganton assets eliminated a financial drag ($4.4 million in losses 1H15), while the Company retained 50 pieces of axle shaft machining equipment
- Continued to work closely with Toyota on TPS[1] initiatives
- Subsequent to quarter-end:
  - Entered into a long-term contract with Detroit Diesel for the Sypris Ultra™ series lightweight axle shaft
  - Announced new long-term contract with Volvo Group

(1) Toyota Production System





Sypris Technologies

Outlook

- Markets
  - 2016 Class 5-8 commercial vehicle production is forecast to soften 9% versus 2015 (ACT Research 11/15)
  - Light vehicle and trailer markets remain positive
  - Oil and gas outlook mixed, with oil-related projects down, while natural gas projects remain solid
- Performance
  - Q4 top line expected to soften versus Q3, reflecting fewer work days and production aligning for 2016
  - The lower cost profile, combined with the contribution from new programs, is targeted to support positive margins

Financial Review
Third Quarter 2015

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Anthony C. Allen
Vice President & CFO

Consolidated Financial Results

$ millions

	2015 Q3	2015 Q2	Sequential Change	2014 Q3
Net Revenue	$ 38.4	$ 40.8	$ (2.4)	*$ 90.2*
Gross Profit	$ 2.5	$ -	$ 2.5	*$ 8.2*
EBITDA	$ 5.8	$ (4.8)	$ 10.6	*$ 2.8*
Free Cash Flow	$ (4.0)	$ (3.2)	$ (0.8)	*$ (0.6)*

- Sale of Morganton assets offset by revenue growth from commercial vehicle volume for ST and first Cyber Range commissioning for SE
- Cost reductions combined with change in product mix resulted in improved gross profit
- Gain from the sale of Morganton assets ($7.7M) partially offset by severance costs and financial advisory and professional fees included in EBITDA
- Operating cash flow impacted by investment in working capital

Segment Performance

$ millions

	Sypris Technologies		Sypris Electronics	
	2015 Q3	2015 Q2	2015 Q3	2015 Q2
Net Revenue	$ 27.8	$ 32.0	$ 10.6	$ 8.7
Gross Profit (Loss)	$ 2.0	$ 0.6	$ 0.5	$ (0.6)
EBITDA	$ 8.4	$ -	$ (0.6)	$ (2.4)

Net Revenue

ST decrease attributable to sale of Morganton assets partially offset by increased demand

SE increase reflects commissioning of Cyber Range

Gross Profit (Loss)

ST increase reflects reductions in cost structure and productivity improvements

SE increase includes higher volume and change in revenue mix

EBITDA

ST increase from gain on Morganton assets and lower cost structure

SE increase reflects impact of gross profit improvement and reduction in selling expenses

Debt Status

$ millions

	2015 Q3		October 30, 2015		Change	
Prior Credit Facility	$	6.2	$	-	$	(6.2)
Senior Revolving Credit Facility	$	-	$	1.3	$	1.3
Senior Tem Debt	$	-	$	12.0	$	12.0
Subordinated Debt	$	9.3	$	5.5	$	(3.8)
Total Debt	$	15.5	$	18.8	$	3.3

- Entered into new loan agreements consisting of $15 million revolver and $12 million term loan
- Proceeds used to repay senior PNC facility and Meritor subordinated debt
- Extension of maturity date of Gill Family subordinated debt

Summary

- The Company's gross margin increased to 6.4% of revenue, up sequentially from losses of 0.1% and 8.5% for 2Q15 and 1Q15, respectively
- The Company generated $15.7 million in cash proceeds through transactions involving the sale of its manufacturing assets located in Morganton, NC
- The Company reported a loss of $0.01 per share compared to a loss of $0.43 per share for Q2 and a loss of $0.66 per share for Q1
- The Company reduced its net debt by 42% to $13.8 million (inclusive of its junior subordinated debt)
- Subsequent to quarter-end:
  - The Company secured a new $27.0 million credit facility
  - Received an order from NEC for a Cyber Range, with delivery set for Q4
  - Entered into a long-term contract with Detroit Axle for the Ultra series lightweight axle shaft
  - Announced a new long-term contract with Volvo Group North America
- Much important progress made in 2015 with further margin expansion and EBITDA growth targeted for 2016

Question and Answer Session
Q3 Earnings Conference Call

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President & CEO

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