2017 Second Quarter Earnings Conference Call

August 15, 2017

Jeffrey T. Gill
President & CEO

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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 includes significant gains 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; our failure to successfully complete final contract negotiations with regard to our announced contract "awards"; 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; breakdowns, relocations or major repairs of machinery and equipment; 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; potential impairments, non-recoverability or write-offs of assets or deferred costs; inventory valuation risks including excessive or obsolescent valuations; the fees, costs and supply of, or access to, debt, equity capital, or other sources of liquidity; 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; 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; cost and availability of raw materials such as steel, component parts, natural gas or utilities; 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; 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; disputes or litigation involving supplier, customer, employee, creditor, stockholder, product liability or environmental claims; 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; 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; 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

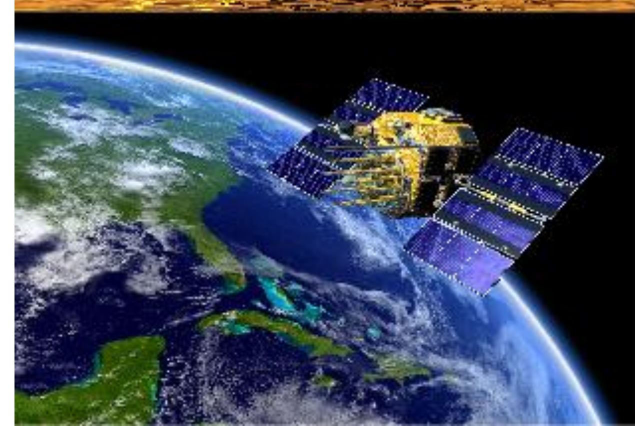
2Q17 Highlights

- Revenue increased 16.8% sequentially
  - 32.5% increase at Sypris Electronics
  - 10.2% increase at Sypris Technologies
- Gross margin expanded to 7.5% for Q2
  - 18.1% gross margin for Sypris Electronics
  - 2.1% gross margin for Sypris Technologies
- 31.8% reduction in SG&A expense year-over-year
- Announced the award of 4 new contracts for mission-critical Space and Military applications with Harris Corporation
- Total new sales expected from recent contract awards in both business units
  - $20.7 million in 2018
  - $24.8 million in 2019

Overview

2Q17 Highlights

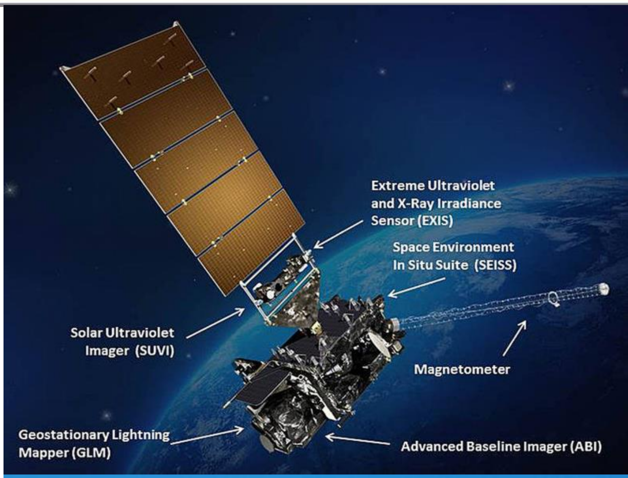
- $26.3 million two-year cost improvement target
  - All major initiatives are now complete
  - Expect further positive impact on margins in 2018 as full year results are realized from these actions
- Raising revenue guidance; Confirming margin outlook for the second half of 2017
  - Revenue: $42.0-$44.0 million
  - Gross margin: 15.0%-17.0%
  - EBITDA: 7.0%-9.0% of sales
- Expect a return to profitability during 2H17
  - Revenue growth
  - Revenue mix
  - Cost improvement initiatives



Transition Plan Update

Objectives

- Significantly improve our cost-competitiveness on a sustained basis
- Establish and maintain a highly-liquid balance sheet
- Achieve a balanced diversification of customers and markets served
- Complete the Broadway relocation utilizing internally generated funds
- 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
- Relocated Sypris Electronics to a modern 50,000 square foot facility: 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

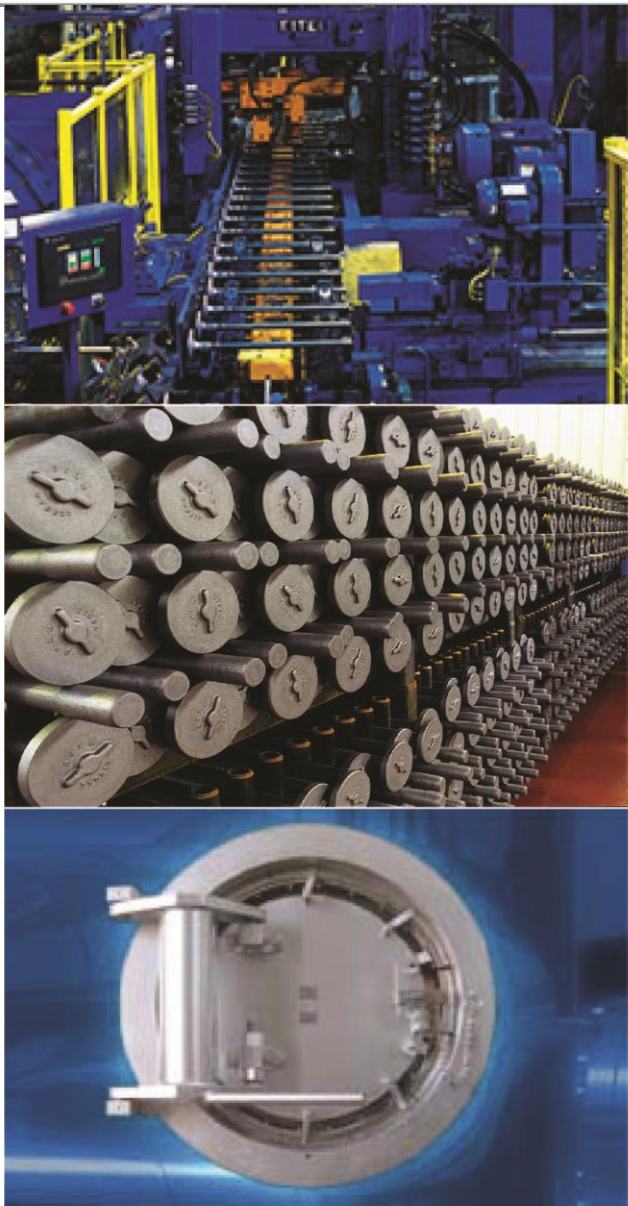
SYPRIS SOLUTIONS

Initiatives to be Completed – On Plan

- The timely approval and launch of programs in Toluca
  - Daimler completed and launched
  - Volvo/Mack underway; expect to complete Q4
- The successful implementation of a single ERP platform
- Transition of operations from the Broadway Plant
- The liquidation of idle and underutilized non-core assets
- The timely delivery of large, booked orders

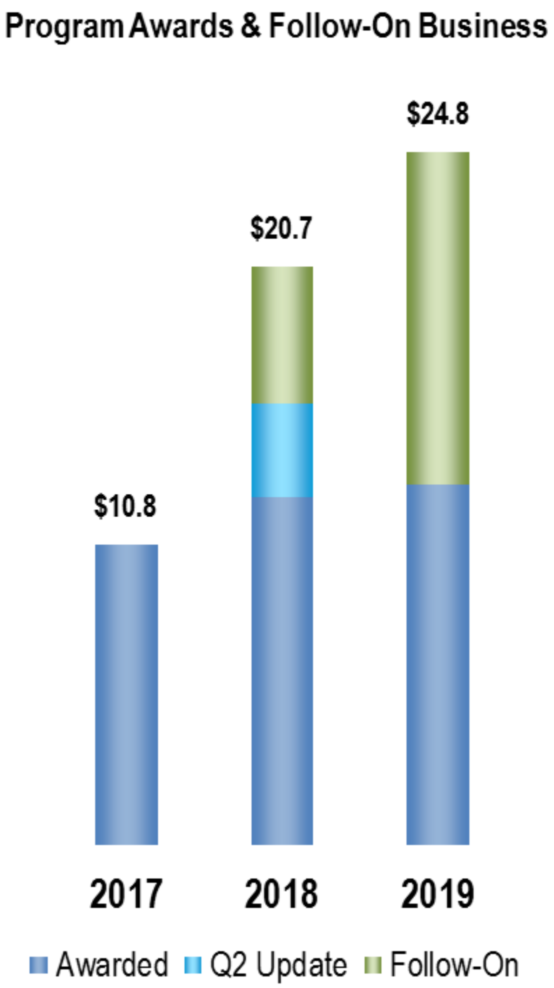
Expected Results

- $26.3 million improvement in annual income
  - Sequential margin improvement from Q2 to Q3
  - Further margin expansion in 2H17 and 2018 full year



New Program Awards

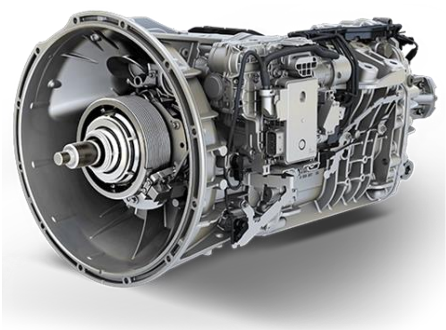
- During the past 15 months, the award of new, multi-year programs has been very positive
  - $15.8 million for 2018
  - $12.9 million for 2019
  - Average term of 4+ years
- In addition, follow-on business from new government contracts is expected to be material
  - $4.9 million for 2018
  - $11.9 million for 2019
- Total incremental sales expected from recent new awards
  - $20.7 million for 2018
  - $24.8 million for 2019



New Program Awards: Sypris Technologies

- New program awards balanced across customers, markets and products
- Providing solid multi-year foundation for growth
- Fits existing capacity with only incremental capital needs
- Additional prospective business available to further increase revenue in 2018 and 2019
- Outlook is positive

				Revenue		
Market	**Date**	**Term**	**SOP**	**2017**	**2018**	**2019**
Automotive						
Awarded	4Q16	7 Yr	4Q18	$ -	$ 0.7	$ 4.0
Light Truck						
Awarded	1Q17	2 Yr	1Q17	0.7	1.0	-
Awarded	1Q17	3 Yr	1Q17	1.0	1.0	1.0
Heavy Truck						
Awarded	3Q16	3 Yr	1Q17	1.0	1.5	2.0
Awarded	3Q16	5 Yr	2Q18	-	1.5	2.6
All Terrain						
Awarded	3Q16	6 Yr	1Q18	-	2.5	3.0
Off Highway						
Awarded	1Q17	5 Yr	4Q17	0.1	0.2	0.3
Total				$ 2.8	$ 8.4	$12.9



Note: "Awards" in certain instances may be subject to final contract negotiations.

New Program Awards: Sypris Electronics

- New program awards to drive double digit growth in 2017
- Complex, high-cost-of-failure strategic platforms
- Fits existing capacity and unique capabilities
- Follow-on business to consist of future builds of these programs as funded
- Strong backlog and robust new business pipeline continue to provide momentum
- Outlook is positive

Market	Date	SOP	Revenue 2017	Revenue 2018	Revenue 2019
Communication & Navigation					
Awarded	1Q17	1Q18	$ -	$ 0.9	$ -
Awarded	2H16	1Q17	1.9	2.3	-
Follow-on	2H18	1Q19	-	-	2.3
Infrared Countermeasures					
Awarded	2H16	1Q17	0.6	-	-
Awarded	**2H17**	**1Q18**	**-**	**0.8**	**-**
Follow-on	2H18	1Q19	-	-	1.3
Weapons Systems					
Awarded	2H16	1Q17	2.6	-	-
Awarded	**2H17**	**1Q18**	**-**	**2.6**	**-**
Follow-on	2H18	1Q19	-	-	2.6
Medical Devices					
Awarded	2H16	1Q17	1.3	0.9	-
Follow-on	1H18	4Q18	-	0.4	1.3
Electronic Warfare					
Awarded	2H16	2Q17	1.6	-	-
Follow-on	2H17	1Q18	-	4.5	4.5
Total			$ 8.0	$ 12.3	$ 11.9

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 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
  - Improved operational visibility and cycle times
  - Additional absorption will further reduce rates and increase competitiveness

Consolidated

- $26.3 million of cost reduction actions substantially complete as of August, 2017
- Recent multi-year awards and follow-on business expected to provide $20.7 million of new sales in 2018 and $24.8 million of sales in 2019
- The combination is expected to support a return to profitability by 2H17 and further margin growth in 2018

Financial Review
Second Quarter 2017

August 15, 2017

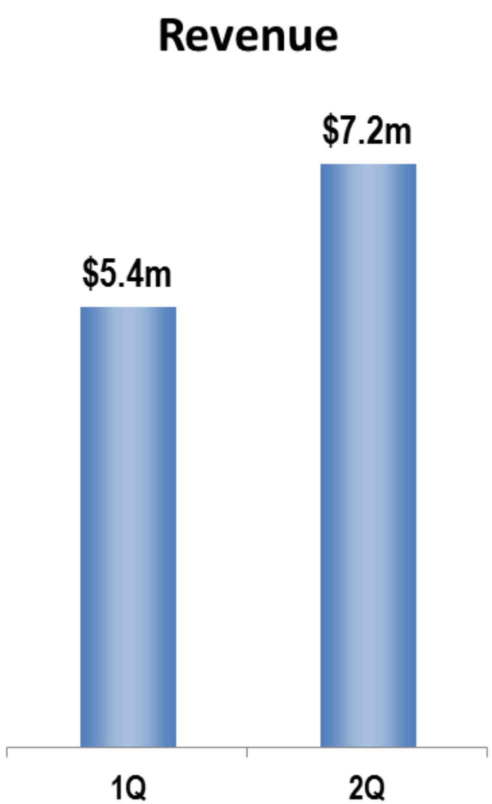
Anthony C. Allen
Vice President & CFO

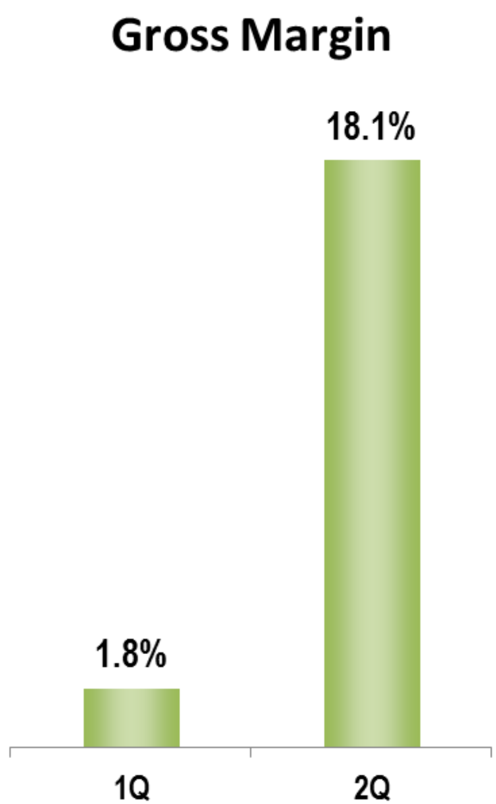
Q2 Financial Results

$ millions	2Q 2017						1Q 2017			
	Consolidated		**ST**		**SE**		**Consolidated**		**Change**	
Net Revenue	$	21.2	$	14.1	$	7.2	$	18.2	$	3.0
Gross Margin		7.5%		2.1%		18.1%		(3.8)%		1130 bps
Adjusted Operating Income	$	(2.0)	$	(1.2)	$	0.6	$	(4.1)	$	2.1

- Sequential quarterly revenue growth of 16.8%
- Consolidated 2Q gross margin of 7.5%, an increase of 1,130 bps over 1Q
- SG&A as a percent of revenue declines to 16.9% in 2Q from 18.8% in 1Q
- Adjusted operating income improved over 50% or $2.1 million sequentially
- Severance and equipment relocation of $0.9 million in 2Q for Broadway Plant transition

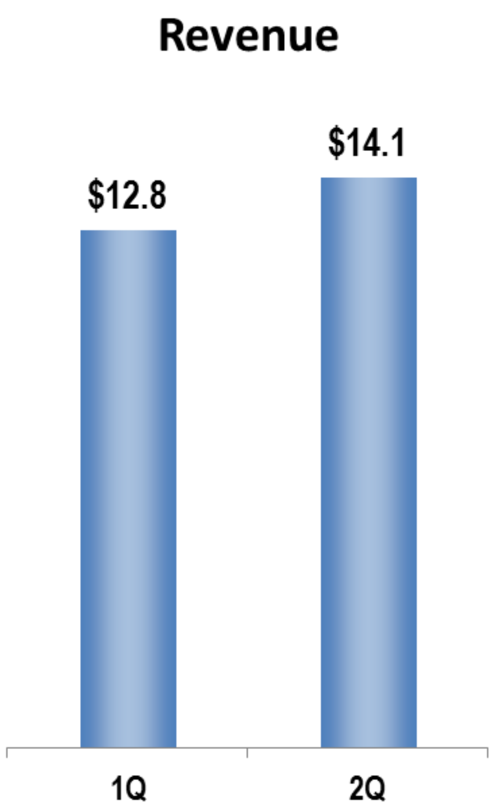
Sypris Electronics Q2 Highlights

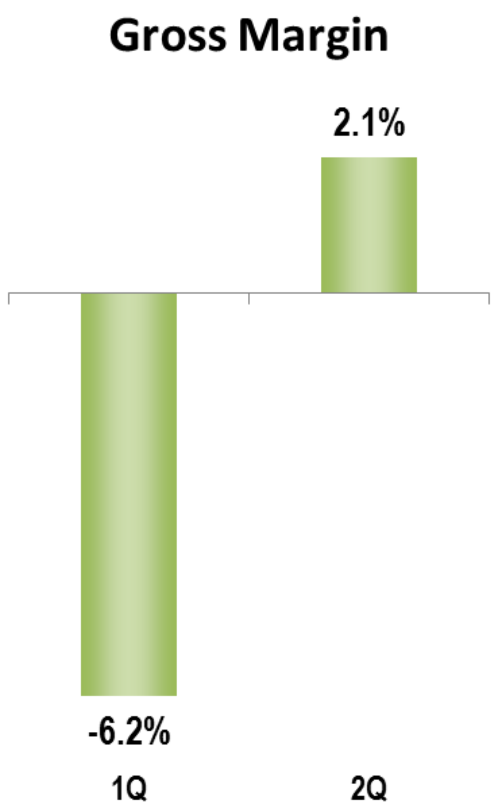




- 33% revenue growth
- 1,630 bps gross margin improvement
- YTD operating profit
- New program ramp-ups underway
- Cost savings from facility relocation being realized
- Strong backlog to support 2H shipments
- Energized team

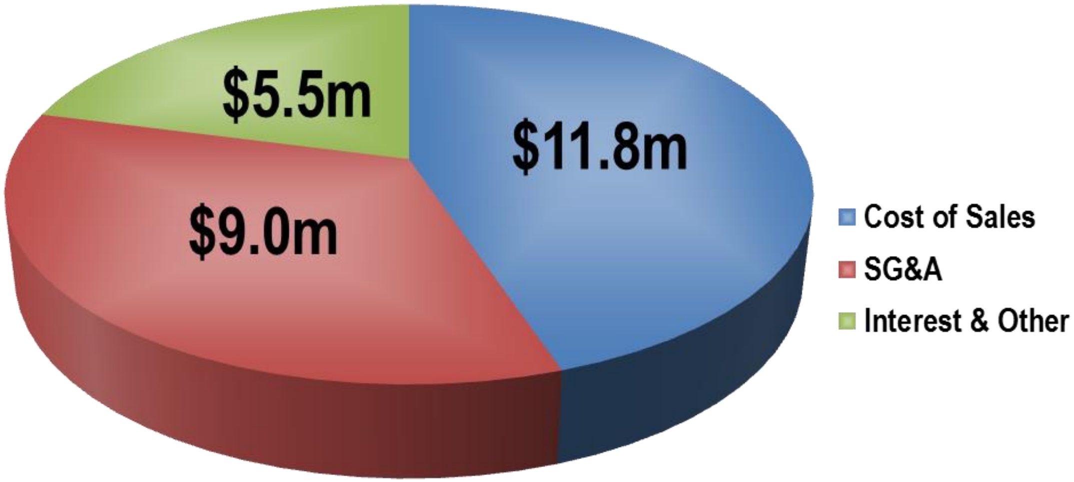
Sypris Technologies Q2 Highlights





- 10% revenue growth
- 830 bps gross margin improvement
- Transition of Broadway operations nearing completion
- Employee retention rate exceeded expectations during transition
- Accelerated rebuild of equipment to support customer deliveries
- Customer approvals for production transfer in process

Cost Reduction Goals



Two-Year $26.3 million Cost Reduction Target

- Cost of sales impacted in 2017 by extended production in Broadway and investments in labor and equipment rebuilds to support customer demand – completed as of 8/4/17
- Achieving year-over-year SG&A reductions as planned
- Severance expense fully recognized in 1H 2017 and relocation costs will continue as planned through 2H 2017 and 2018
- On target for two-year objective

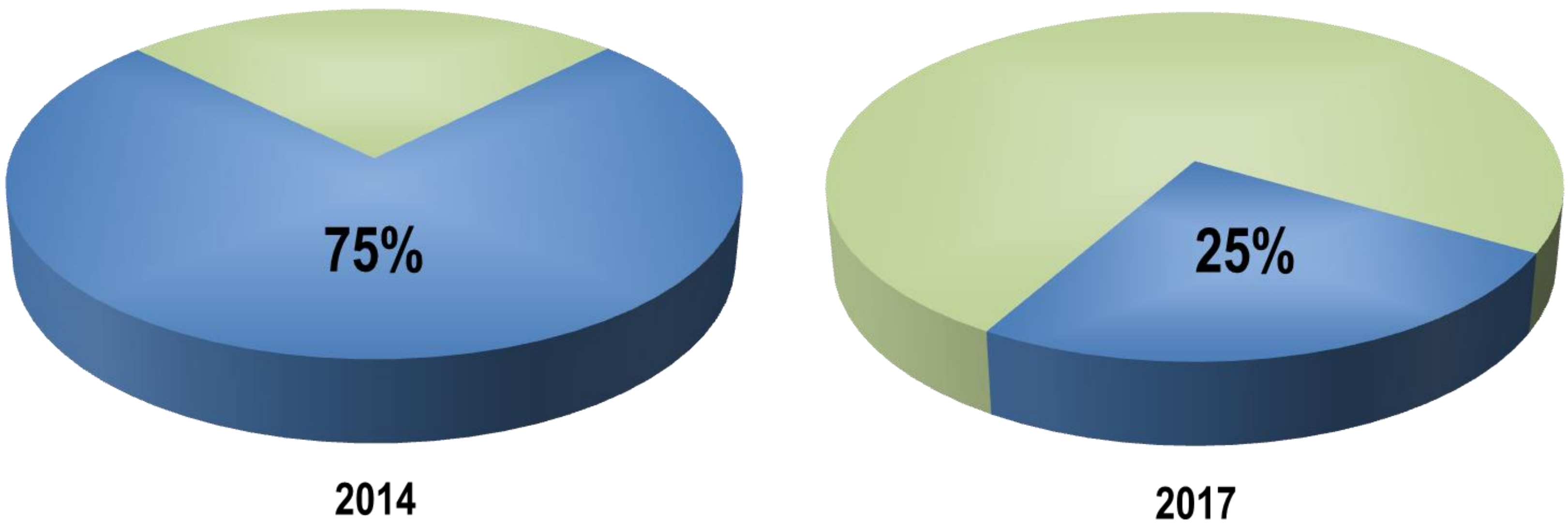
Outlook Update

	1H 2017		2H 2017	
	Outlook	Actual	Prior Outlook	Current Outlook
Revenue	$38m to $40m	$39.4m	$40m to $42m	$42m to $44m
Gross Margin	5% to 7%	2.3%	15% to 17%	15% to 17%
SG&A	17% to 19%	17.8%	16% to 18%	15% to 16%

- Raising revenue outlook for 2H reflecting solid backlog; new business further supporting margin expansion
- Investments to support customer shipments during transition phase now complete
- Sequential improvement in gross margin from negative 3.8% in Q1 to positive 7.5% in Q2 provides solid base for further expansion in Q3 and Q4
- SG&A within range in 1H, with potential upside to 2H
- Expect to return to profitability during 2H

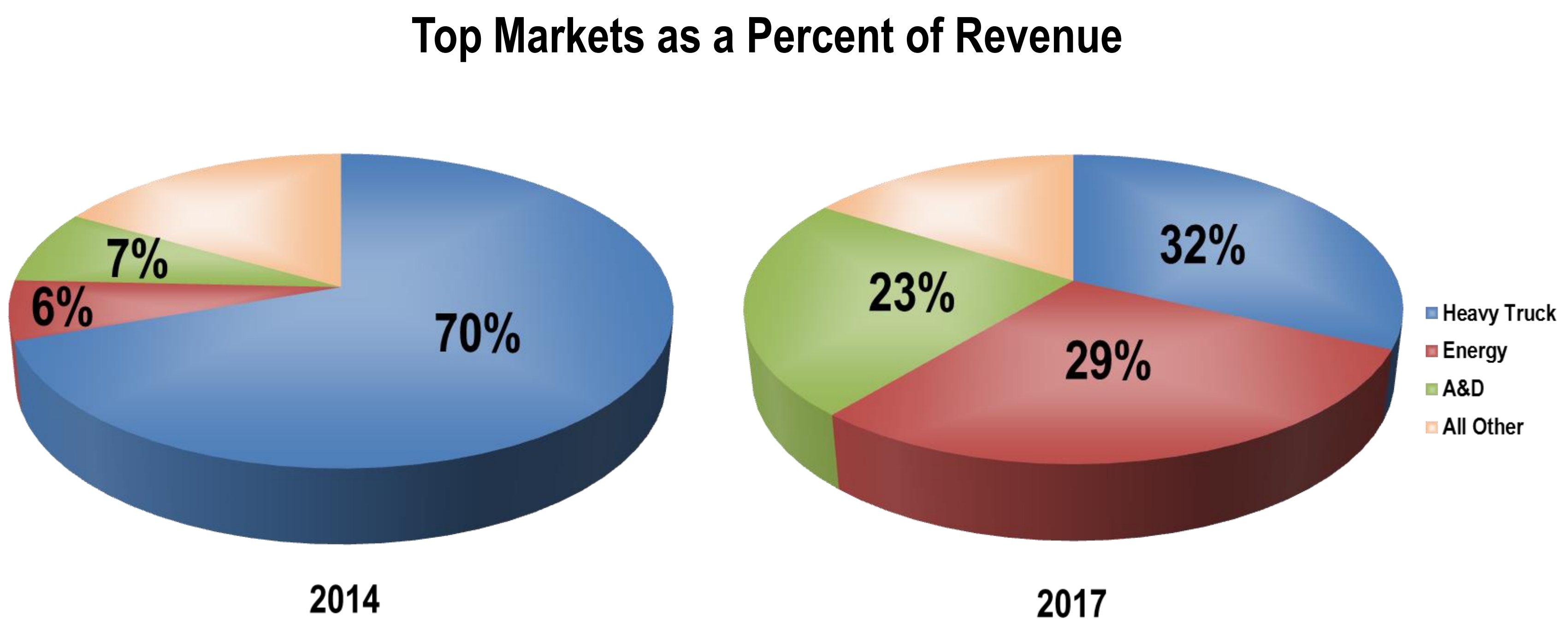
Customer Concentration

Top 2 Customers as a Percent of Revenue



- No single customer expected to account for > 15% of revenue in 2017
- Balanced customer base in both segments
- Adding new customers to further diversify portfolio

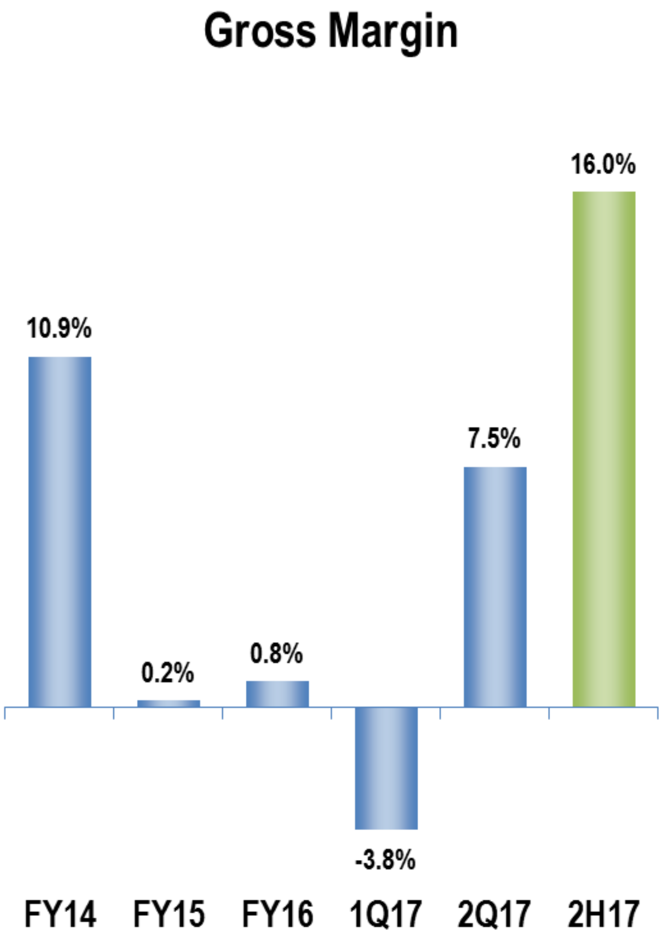
Revenue Mix by Market



- Significant shift in markets served provides balanced revenue mix
- Expect reduced volatility with less dependence on heavy truck market
- Exploring new markets to provide growth opportunities for both segments

Mix + Cost Reductions Drive Margin in 2H

- Expect expansion of gross margin in 2H 2017 to 15-17% of revenue
- Nearly 50% increase in GM% as compared to 2014
- Lower cost profile and more balanced revenue mix drive increased margin performance
- Cost reductions, new business awards and follow-on business create further margin improvement opportunities in 2018



Key Takeaways

- Revenue increased 16.8% sequentially during Q2 and gross margins improved to 7.5%
- All major actions have now been completed as of August with regard to our two-year, $26.3 million cost improvement target
- Raised revenue guidance and confirmed gross margin outlook for 2H 2017
  - 2H17: Revenue $42.0-$44.0 million; Gross margin 15.0%-17.0%; EBITDA 7.0%-9.0%
- Gross margin target for 2H 2017 ~50% above FY 2014 results on significantly lower volume
- 2Q and YTD 2017 SG&A expense down 32% and 40% YOY, respectively
- Diversification of customers, markets and products continues to improve
- Leveraging lower cost structure to improve competitive position for new business awards
- New and follow-on business pipeline expected to drive growth in 2018 and 2019
  - $20.7 million in 2018 and $24.8 million in 2019
- Improved cost-competitive platform well-positioned for profitable growth
- Expect to return to profitability during 2H

Question and Answer Session
2Q Earnings Conference Call

August 15, 2017

Jeffrey T. Gill
President & CEO

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