2020 Second Quarter Earnings Conference Call

August 13, 2020

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. *Such statements may relate to projections of the company's revenue, earnings, and other financial and operational measures, our liquidity, our ability to mitigate or manage disruptions posed by COVID-19, and the impact of COVID-19 and economic conditions on our future operations, among other matters. Briefly, we currently believe that such risks also include the following: the impact of COVID-19 and economic conditions on our future operations; possible public policy response to the pandemic, including legislation or restrictions that may impact our operations or supply chain; our ability to comply with the requirements of the SBA and seek forgiveness of all or a portion of the PPP Loan; our failure to successfully complete final contract negotiations with regard to our announced contract "orders", "wins" or "awards"; our failure to achieve and maintain profitability on a timely basis by steadily increasing our revenues from profitable contracts with a diversified group of customers, which would cause us to continue to use existing cash resources or other assets to fund operating losses; our failure to achieve targeted gains and cash proceeds from the anticipated sale of certain equipment; 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 and distribution of our human capital; the cost, quality, timeliness, efficiency and yield of our operations and capital investments, including the impact of tariffs, product recalls or related liabilities, employee training, working capital, production schedules, cycle times, scrap rates, injuries, wages, overtime costs, freight or expediting costs; disputes or litigation involving governmental, supplier, customer, employee, creditor, stockholder, product liability or environmental claims; our inability to develop new or improved products or new markets for our products; cost, quality and availability of raw materials such as steel, component parts (especially electronic components), natural gas or utilities; breakdowns, relocations or major repairs of machinery and equipment, especially in our Toluca Plant; our inability to regain compliance with the NASDAQ listing standards minimum closing bid price in a timely manner our reliance on a few key customers, third party vendors and sub-suppliers; continued shortages and extensive lead-times for electronic components; inventory valuation risks including excessive or obsolescent valuations or price erosions of raw materials or component parts on hand or other potential impairments, non-recoverability or write-offs of assets or deferred costs; other potential weaknesses in internal controls over financial reporting and enterprise risk management; failure to adequately insure or to identify environmental or other insurable risks; unanticipated or uninsured disasters, public health crises, losses or business risks; 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, and in turn cause increases in our inventory and working capital levels; the costs of compliance with our auditing, regulatory or contractual obligations; labor relations; strikes; union negotiations; pension valuation, health care or other benefit costs; our inability to patent or otherwise protect our inventions or other intellectual property from potential competitors; adverse impacts of new technologies or other competitive pressures which increase our costs or erode our margins; 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; risks of foreign operations; currency exchange rates; war, terrorism, or political uncertainty; cyber security threats and disruptions; 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

2Q20 Highlights

- Revenue decreased 29.8% YOY; 23.5% sequentially
  - Lower market volumes as a result of the temporary closure of customer plants in April and May for Sypris Technologies
    - Recovery commenced in June
  - Sypris Electronics sales up 28.3% YOY; 11.5% sequentially
- Gross margin of 11.7%
  - Sypris Electronics gross profit up 72.9%; gross margin up 470 bps YOY to 18.3%
- Completed the sale of 90-year-old manufacturing facility and land that had been closed since 4Q17 for $1.7 million in April
- Secured $3.6 million of financing in May under the Paycheck Protection Program of the CARES Act
- Announced new orders for the Libra Oil Field project in Brazil and the Trans Mountain Pipeline Expansion project in Canada

Overview

2Q20 Highlights

- Sypris Electronics
  - Revenue increased 28.3% YOY; 11.5% sequentially
    - Strong backlog of orders; up 22.5% from 2019 year-end
    - Improved component availability
  - Gross profit increased 72.9% YOY; 61.6% sequentially
  - Gross margin increased to 18.3%; up 470 basis points YOY and 570 basis points sequentially
  - Operating margin increased to 10.6%; up 730 basis points YOY and 590 basis points sequentially
- Recently announced an initial contract award with Leonardo DRS Naval Electronics
- Designated as an "essential supplier" to customers serving the defense and communications industries
- Positive momentum as we enter 2H

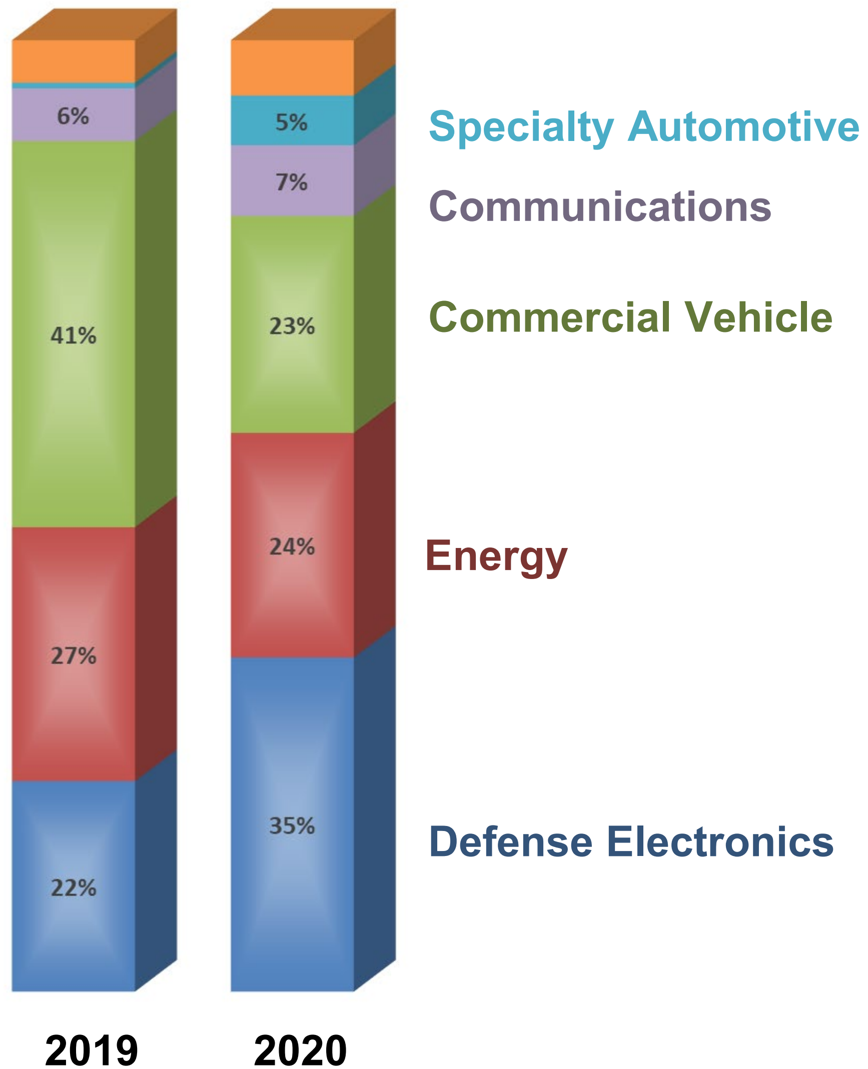
Overview

2Q20 Highlights

- Sypris Technologies
  - Revenue declined 55.9% YOY and 45.7% sequentially
  - Many customers idled operations during April and May due to the pandemic; opened back up in June
  - Retained workforce; performed preventative maintenance; trained individuals to improve capabilities
  - Demand rebounded in June; 3Q outlook much improved
    - All customer operations are open currently
  - Positive YTD segment operating income despite headwinds
- Designated as an “essential supplier” to our customers in the energy and transportation sectors
- Recently announced new orders for high-pressure closures for use in the Libra Oil Field deep water project in Brazil; Double bolt closures for the Trans Mountain Pipeline Expansion project in Canada

Revenue Mix by Market

- Significant shift in markets served provides balanced revenue mix
- Launch of transmission shaft program for Specialty Automotive market adds a new market that did not exist in 2019
- Defense Electronics, Energy and Specialty Automotive revenue growth expected to balance cycles in Commercial Vehicle
- Opportunity to expand margins as revenue mix shifts and increases in value add and technical requirements
- Exploring new markets to provide further growth opportunities for both segments



Outlook

- The market for defense electronics remains positive; we have a strong focus on ensuring that we maintain deliveries for our customers
  - Order backlog is up 22.5% from year-end
  - Margins have expanded significantly with volume
- Demand from commercial vehicle, specialty automotive, all-terrain and off-highway customers resumed in June
  - Outlook for demand has improved significantly; will it hold?
- The energy markets have been impacted by reduced demand and increased supply, though prices have recovered recently
  - Outlook for orders from large global projects is trending up
- We have taken and will continue to take the necessary steps to protect our employees, customers and business, and we believe that we are well-positioned for success as markets stabilize

Financial Review

Second Quarter 2020

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Anthony C. Allen
Vice President & CFO

2Q Financial Results

$ millions	2Q 2020			2Q 2019	
	Consolidated	ST	SE	Consolidated	Change
Net Revenue	$ 17.2	$ 7.4	$ 9.7	$ 24.4	$ (7.3)
Gross Margin	11.7%	3.1%	18.3%	16.3%	(460) bps
SG&A	$ 2.8			$ 3.6	$ (0.8)
Operating Income (Loss)	$ (0.9)	$ (0.8)	$ 1.0	$ 0.3	$ (1.1)

- Consolidated revenue down $7.3 million YOY and $5.3 million sequentially, primarily due to COVID-19
- SE revenue up $2.1 million, or 28.3%, over the prior year and gross margin expands 470 basis points to 18.3%
- ST revenue decrease reflects lower customer demand due to COVID-19 coupled with the cyclical downturn in the commercial vehicle market
- SG&A down $0.8 million from prior year reflecting spending reductions across the organization, including reduced compensation for our CEO and certain other senior management, suspended fees for the Board of Directors, and lower discretionary spend

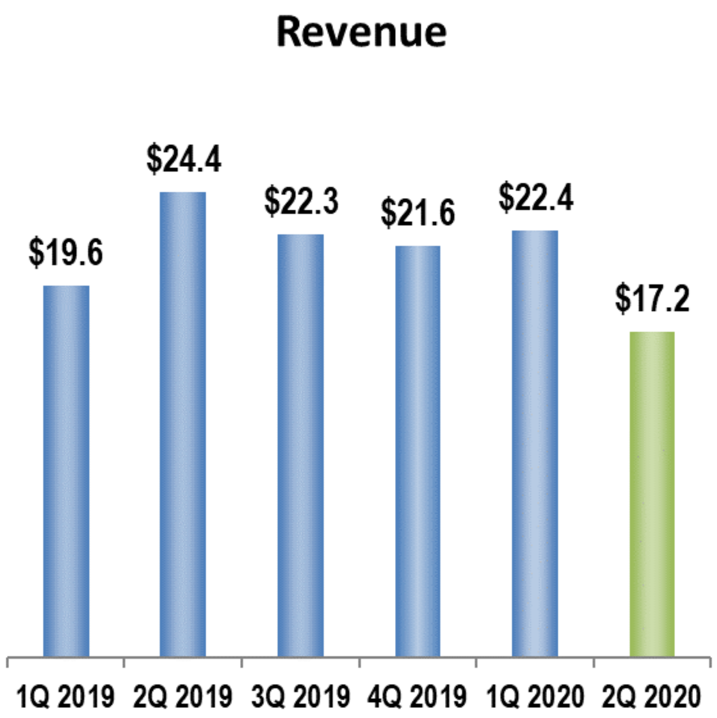
1H Financial Results

$ millions	1H 2020			1H 2019	
	Consolidated	**ST**	**SE**	**Consolidated**	**Change**
Net Revenue	$ 39.6	$ 21.2	$ 18.4	$ 44.0	$ (4.4)
Gross Margin	14.1%	12.9%	15.6%	11.0%	310 bps
SG&A	$ 6.1			$ 7.1	$ (1.0)
Operating (Loss) Income	$ (0.6)	$ 0.3	$ 1.4	$ (2.4)	$ 1.8

- Consolidated revenue down $4.4 million YOY driven by 2Q decline while gross margin improves 310 basis points to 14.1%
- SE revenue up $7.4 million, or 67.6%, over the prior year and gross profit up $3.3 million; operating margin increased to 7.8%
- ST revenue down $11.9 million, or 35.9% with all end markets impacted during 2Q; ramp of new programs and market diversification expected to benefit ST as economy recovers from COVID-19
- SG&A down $1.0 million as a result of targeted cost reduction actions and the elimination of one-time expenses in 2019
- Operating income up $1.8 million YOY despite 10% drop in revenue

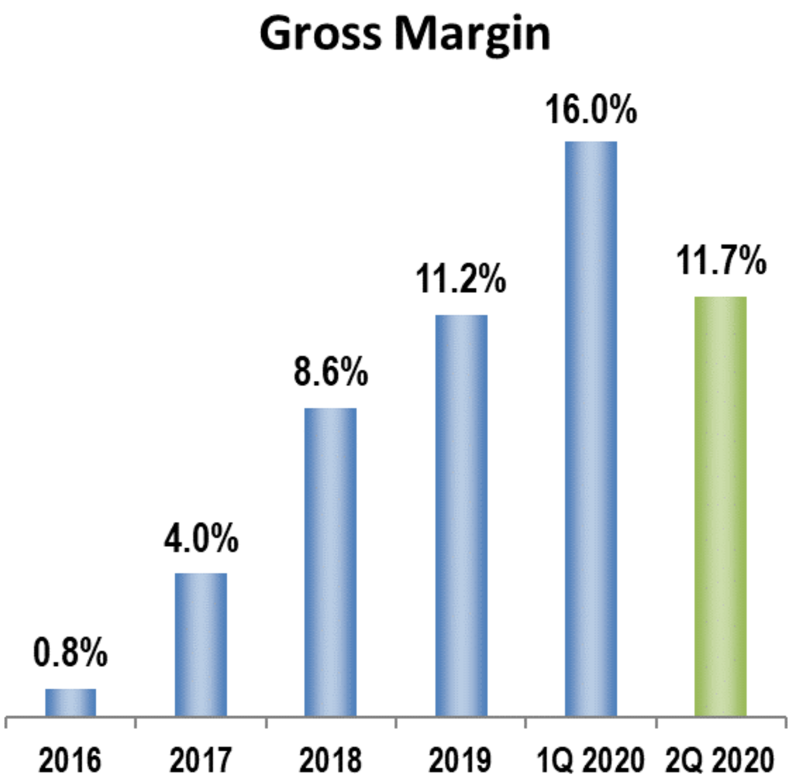
Quarterly Revenue

- Class 8 downturn beginning in 4Q 2019 offset by SE growth and ST market diversification in 1Q
- COVID-19 impacted revenue beginning late March
- ST 2Q revenue decreased 55.9% vs PY and 45.7% sequentially
- SE 2Q revenue of $9.7m is highest since 2015
- Rebound in ST orders starting in June with improved outlook for 2H
- Ramp in new programs anticipated to partially offset softness in Class 8 market



Gross Margin Performance

- 2Q gross margin above historical levels despite depressed market conditions
- SE quarterly gross margin of 18.3% ranks best since 2012
- Margin conversion on SE revenue growth along with improved material availability and higher backlog provide opportunity for further expansion
- ST margin improvement impacted by customer shut-downs; outlook has improved with all customer plants open
- Improved revenue mix and cost performance from continuous improvement initiatives expected to drive ST margin improvement in H2



Key Takeaways

- 2Q revenue decreased 29.8% over the prior year and 23.5% sequentially
- Gross profit impacted by the decline in volume; Consolidated 2Q margin of 11.7% and 1H margin of 14.1%
- Demand for Sypris Technologies began to recover in June and all customer plants are open at this time
- 2Q revenue for Sypris Electronics increased 28.3% YOY and 11.5% sequentially, reflecting its strong backlog and improved electronic component availability; 1H revenue up 67.6%
- Optimistic that our new business funnel will provide growth opportunities as demonstrated by 3 recently announced contract awards
- Both segments reported operating income for 1H during economic downturn from COVID-19
- Top-line growth and market diversification provide opportunity to expand margins
- The extent and duration of the impacts that COVID-19 may have on our business are not known at this time
- We greatly appreciate the continued support of our employees, customers and suppliers during this uncertain and challenging period

Question and Answer Session
2Q Earnings Conference Call

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