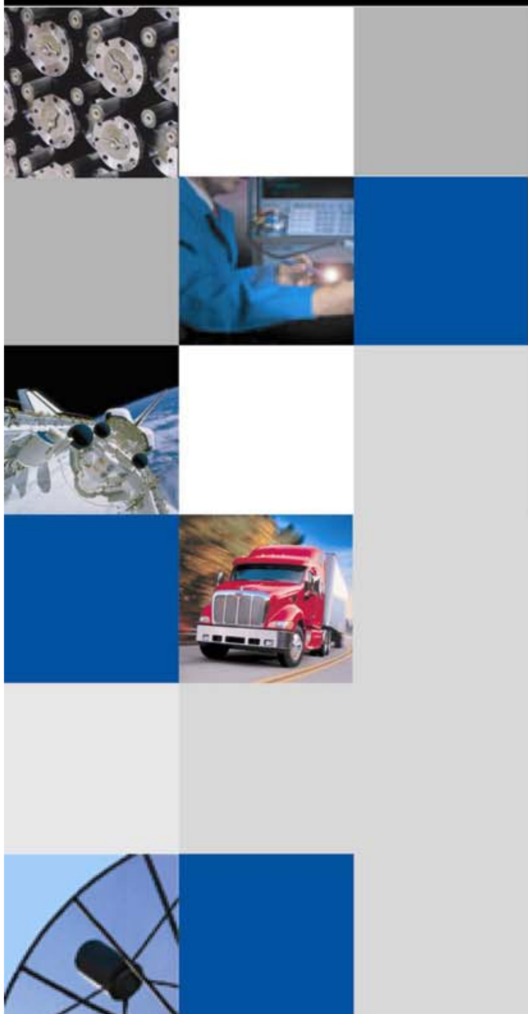
Driving Change



Second Quarter 2012
Earnings Conference Call

August 7, 2012

Jeffrey T. Gill
President & CEO

Brian A. Lutes
Vice President & CFO

Anthony C. Allen
Vice President & Treasurer

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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 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: declining revenues and backlog in our aerospace and defense business lines as we attempt to transition from legacy products and services into new market segments and technologies; dependence on, recruitment or retention of key employees; reliance on major customers or suppliers, especially in the automotive or aerospace and defense electronics sectors; U.S. government spending on products and services that our Electronics Group provides, including the timing of budgetary decisions; our ability to develop new products and programs within the Electronics Group especially in new market segments and technologies; cyber security threats and disruptions; potential impairments, non-recoverability or write-offs of goodwill, assets or deferred costs, including capitalized pre-contract costs related to the development of a replacement for certain aerospace and defense products; potential liabilities associated with discontinued operations, including post-closing indemnifications or claims related to business or asset dispositions; inventory valuation risks including obsolescence, shrinkage, theft, overstocking or underbilling; our inability to successfully launch or sustain new or next generation programs or product features, especially in accordance with budgets or committed delivery schedules; the costs of compliance with our auditing, regulatory or contractual obligations; regulatory actions or sanctions (in each case including FCPA, OSHA and Federal Acquisition Regulations, among others); breakdowns, relocations or major repairs of machinery and equipment; pension valuation, health care or other benefit costs; labor relations; strikes; union negotiations; changes in licenses, security clearances, or other legal rights to operate, manage our work force or import and export as needed; changes or delays in government or other customer budgets, funding or programs; potential weaknesses in internal controls over financial reporting and enterprise risk management; the cost, 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 customer, supplier, lessor, landlord, creditor, stockholder, product liability or environmental claims; the costs and supply of debt, equity capital, or insurance; fees, costs or other dilutive effects of refinancing, compliance with covenants; 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; 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 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.*

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Overview

Key Highlights for Q2

- Revenue increased 16% to $98.9 million for the second quarter compared to $85.1 million for the prior year period.
- Gross profit increased 63% to $13.2 million, reflecting a $5.1 million increase from the second quarter of 2011.
- Gross margin increased to 13.4%, up 390 basis points from 9.5% in the second quarter of 2011 and up from 13.0% sequentially.
- Earnings from continuing operations increased to $0.25 per diluted share, up from a loss of $0.08 per diluted share for the prior year period.
- The Company was added to the Russell 2000 Index effective June 22, 2012 as a result of the annual reconstitution of Russell's family of indexes.
- Subsequent to quarter end, the Company announced the election of Robert F. Lentz, former Deputy Assistant Secretary of Defense and Chief Information Security Officer for the U.S. Department of Defense, to its Board of Directors.

Overview

Key Highlights for 1H12

- Revenue increased 21% to $195.4 million through June of 2012 compared to $160.9 million for the prior year period.
- Gross profit increased 58% to $25.7 million, up from $16.3 million during the first six months of 2011.
- Gross margin increased to 13.2%, up 310 basis points from 10.1% during the first half of 2011.
- Earnings from continuing operations increased to $0.52 per diluted share, up from $0.05 per diluted share for the prior year period.
- Net cash position increased by $12.4 million from the second quarter of 2011.
- In summary, the results for the quarter and the first half of 2012 were quite positive, driven by productivity, efficiency and profitable growth in both segments.

Aerospace & Defense

Key Highlights

- Revenue was $16.1 million in the second quarter, which was even with the second quarter of last year, but up 15% sequentially from the first quarter of 2012 and up 41% from the fourth quarter of 2011:
  - Sales to international customers, including those in Australia and New Zealand were strong during the quarter.
- Gross margin was 26.9% compared with 6.4% in the prior year period and up from the 18.6% gross margin reported in the first quarter of this year.
- Investment in R&D continued during the quarter with a strong emphasis on our cyber initiatives.
- Our designation as a Trusted Source for our engineering design and manufacturing services is generating new opportunities with Lockheed, Northrop, L3, ITT and others:
  - We continue to pursue opportunities for securing supply chain, network, mobile and cyber physical applications. In addition, we are responding to a number of international solicitations for our cyber range capabilities.

Aerospace & Defense

Outlook

- Sustained operational excellence and reliable execution is translating into high levels of customer satisfaction, resulting in an expanding sales funnel.
- The on-boarding of new customers (SubCom, L3) and the expansion of coverage with current customers (Northrop, Lockheed) will be an important focus for the remainder of the year.
- The fiscal cliff and the potential for sequestration loom as we approach the back half of 2012. The market has never been more dynamic, but along with the attendant risks, we believe that a number of important opportunities exist for companies that are well-positioned and aggressive. More specifically:
  - The rationalization of defense spending will result in more demand for products that offer common platforms, thereby eliminating the need to purchase a variety of single use products.
  - Resources will be increased for cyber defense and for modernization efforts to extend the life of currently deployed equipment at the expense of new platform development.

Industrial

Key Highlights

- Revenue increased 20% to $82.9 million, up from $68.9 million for the prior year period, reflecting continued industry expansion and shipments under new contracts.
- Gross profit increased by 26% to $8.9 million from $7.1 million in the second quarter of 2011.
- Gross margin was 10.7% of revenue, up slightly from the prior year period, despite the short-term impact of investments in automation and production cell rebuilds.
- Key metrics for equipment uptime, quality and on-time delivery were excellent, once again exceeding expectations and serving as testimony to the outstanding work being performed by our team in this segment of the business.
- We continued to invest in leading technology to meet the needs of our expanding list of customers.
- Quoting activity for new business remains strong, with significant opportunity to win additional new business for 2013 and beyond.

Industrial

Outlook

- Demand for heavy-duty trucks softened during Q2 and is expected to soften further during the coming months. Our sense is that the pull back reflects increasing economic uncertainty and the recognition that trucks can now be purchased on short lead time – the supply chain is simply much more efficient now – resulting in a more conservative wait and see mentality on the part of the fleets.
- Demand for medium-duty vehicles is in line with expectations, with an outlook for sustained growth over the next several years as both residential and commercial construction begin to expand from depressed levels.
- Demand for trailers also remains at healthy levels.
- Overall, the fundamentals remain positive, with key metrics for fleet profitability, freight growth, fuel prices, interest rates and equipment age at attractive levels.
- Going forward, we will continue to focus on further margin expansion through the continuous elimination of waste and the strict management of our variable costs.
- We believe that we are well-positioned to succeed under a variety of scenarios, with cost-effective production capacity in place and new business coming on line.

Aerospace & Defense Financial Results

($ in thousands)

	2Q12	2Q11	Δ	Highlights
Revenue	16,062	16,173	≈	Sales even, but reflect important change in mix
Gross Profit	4,317	1,031	318.7%	Increase consistent with strategic objectives
Gross Margin	26.9%	6.4%		
EBITDA[(1)]	1,048	(1,974)	153.1%	Reflects positive results mentioned above

(1) EBITDA – *Please refer to the Company's website regarding the presentation of this non-GAAP measure.*

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Aerospace & Defense Financial Results

($ in thousands)

	2Q12	1Q12	Δ	Highlights
Revenue	16,062	13,941	15.2%	Progressive growth from 4Q11 continues
Gross Profit	4,317	2,592	66.5%	Change in mix beginning to reflect in numbers
Gross Margin	26.9%	18.6%		Gross margin reflecting strategic initiatives
EBITDA (1)	1,048	176	495.5%	Reflects impact of the above

***(1) EBITDA –** Please refer to the Company's website regarding the presentation of this non-GAAP measure.*

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Industrial Financial Results

($ in thousands)

	2Q12	2Q11	Δ	Highlights
Revenue	82,850	68,885	20.3%	Market expansion; new business ramp
Gross Profit	8,906	7,080	25.8%	Productivity and efficiency; positive conversion
Gross Margin	10.7%	10.3%		Positive expansion; spending on automation and cell rebuilds impacts quarter by 110 bp
EBITDA(1)	9,768	7,524	29.8%	

(1) EBITDA – *Please refer to the Company's website regarding the presentation of this non-GAAP measure.*

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Consolidated Financial Results

($ in thousands)

	2Q12	2Q11	Δ	Highlights
Revenue	98,912	85,058	16.3%	SIG revenue growth of 20.3%; A&D even
Gross Profit	13,223	8,111	63.0%	A&D mix drives gross profit; SIG productivity and conversion on incremental sales
Gross Margin	13.4%	9.5%		
EBITDA(1)	8,517	3,592	137.1%	A&D mix and execution in both segments drives profitability
EPS(2)	$0.25	($0.08)		

(1) EBITDA – *Please refer to the Company's website regarding the presentation of this non-GAAP measure.*
(2) EPS – *Earnings per diluted share from continuing operations.*

Aerospace & Defense Financial Results

($ in thousands)

	1H12	1H11	Δ	Highlights
Revenue	30,003	32,433	(7.5%)	Reflects timing of rotation in sales mix
Gross Profit	6,909	4,047	70.7%	Change in mix consistent with long-term plans
Gross Margin	23.0%	12.5%		
EBITDA[(1)]	1,224	(1,398)	187.6%	Reflects positive impact of items mentioned above

***(1) EBITDA –** Please refer to the Company's website regarding the presentation of this non-GAAP measure.*

Industrial Financial Results

($ in thousands)

	1H12	1H11	Δ	Highlights
Revenue	165,372	128,435	28.8%	Market expansion; new business ramp
Gross Profit	18,828	12,212	54.2%	Productivity and efficiency; positive conversion
Gross Margin	11.4%	9.5%		Positive results from CI/Lean initiatives helped offset automation and equipment rebuilds
EBITDA[1]	21,974	16,367	33.2%	Positive impact of the above

***(1) EBITDA –** Please refer to the Company's website regarding the presentation of this non-GAAP measure.*

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Consolidated Financial Results

($ in thousands)

	1H12	1H11	Δ	Highlights
Revenue	195,375	160,868	21.4%	SIG revenue growth of 28.8%
Gross Profit	25,737	16,259	58.3%	A&D and Industrial margin expansion
Gross Margin	13.2%	10.1%		Productivity, volume drive 310 bp expansion
EBITDA[(1)]	18,167	10,892	66.8%	CI, Lean, mix and volume driving material improvements in margins and profitability
EPS[(2)]	$0.52	$0.05		

(1) EBITDA – *Please refer to the Company's website regarding the presentation of this non-GAAP measure.*
(2) EPS – *Earnings per diluted share from continuing operations.*

Summary

- For the quarter, sales and gross profit increased 16% and 63%, respectively, while gross margin expanded 390 basis points from the prior year period, reflecting the strong operational performance of both business segments:
  - Industrial Group sales increased 20% and gross profit increased 26% despite short-term project spending and equipment rebuild costs targeted to drive improved productivity.
  - Aerospace & Defense gross margin was 27% of revenue, up from 6% for the prior year quarter, reflecting the initial impact of efforts to increase the value add of its business mix.
- For the second quarter, earnings from continuing operations increased to $0.25 per diluted share, up from a loss of $0.08 per diluted share for the prior year period.
- For the first six months, sales and gross profit increased 21% and 58%, respectively, while gross margin expanded 310 basis points from the prior year period, driving earnings to $0.52 per diluted share, up from $0.05 for the prior year.
- We will continue to drive margin expansion through the elimination of waste, strong process control, cost-effective production capacity, increasing value add and the addition of profitable new business.

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Q & A Session