

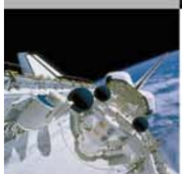
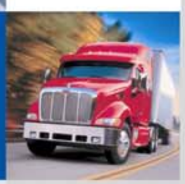


Driving Change

First Quarter
Earnings Conference Call

May 17, 2011

Jeffrey T. Gill
President and CEO

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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 in our aerospace and defense business lines as we transition from legacy products and services into new market segments and technologies; adverse determinations by government contracting officers, especially regarding the potential retrofit of certain electronic products with respect to alleged "latent defects," which are disputed by the Company; potential liabilities associated with discontinued operations, including post-closing indemnifications or claims related to business or asset dispositions; breakdowns, relocations or major repairs of machinery and equipment; pension valuation, health care or other benefit costs; labor relations; strikes; dependence on, recruitment or retention of key employees; union negotiations; changes or delays in government or other customer budgets, funding or programs; reliance on major customers or suppliers, especially in the automotive or aerospace and defense electronics sectors; 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; our inability to successfully launch or sustain new or next generation programs or product features, especially in accordance with budgets or committed delivery schedules; 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 in, or acceleration of, our loan and other debt agreements; potential impairments, non-recoverability or write-offs of goodwill, assets or deferred costs, including deferred tax assets in the U.S. or Mexico; 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; the effects of a continuing economic downturn which could reduce our revenues, negatively impact our customers or suppliers and materially, adversely affect our financial results; failure to adequately insure or to identify environmental or other insurable risks; inventory valuation risks including obsolescence, shrinkage, theft, overstocking or underbilling; revised contract prices or estimates of major contract costs; risks of foreign operations; currency exchange rates; 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; the costs of compliance with our auditing, regulatory or contractual obligations; regulatory actions or sanctions; war, terrorism, computer hacking or other cyber attacks, 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 Q1
  - Revenue increased 20.5% to $75.8 million during the period, up from $62.9 million in the first quarter of 2010 and up 12.8% sequentially from the fourth quarter of last year.
  - Gross profit rose 41.3% to $8.1 million, up from $5.8 million in the first quarter of last year, while gross margin expanded to 10.7%, up from 9.2% for the prior year quarter.
  - Profit conversion on incremental revenue growth for our Industrial Group exceeded 17% on a year-over-year basis and 27% sequentially.
  - The Company reported earnings of $0.10 per diluted share for the quarter compared to a loss of $0.13 per diluted share for the prior year period.
  - The Company announced a new long-term supply agreement to supply drivetrain components to Meritor in Brazil and extended two existing supply agreements with Meritor in the U.S.
  - Subsequent to quarter end, the Company entered into a new long-term credit facility to lower its borrowing costs, increase its liquidity and extend loan maturities into 2016.

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Aerospace & Defense

- Revenue declined slightly during the period from prior year levels as a result of funding shortfalls associated with the delayed approval of the 2011 Defense Appropriations Bill and the restrictions imposed by the Continuing Resolution.
- With the recent approval and signing of the 2011 federal budget in April, we expect to see the eventual recovery of this market as funds are allocated through the various departments and agencies for program use.
- Gross profit declined with revenue, albeit at a reduced rate due to the increase in gross margin to 18.5%, up from 17.6% for the same period in 2010.
- R&D investments continued, with full-year outlook in the range of 5-6% of revenue.
- We announced the formation of Sypris Europe ApS., based in Copenhagen, Denmark, to serve the information assurance and cyber security markets in Europe, Asia and the Middle East. More specifically, we expect it to:
  - Play an integral role in the development and management of our new International Cyber Range,
  - Be responsible for partnering activities to access foreign information assurance markets, and
  - Identify leading-edge technologies that can be utilized in the US market.

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Aerospace & Defense

- We continued to make important progress on our contract with the Department of Energy to develop a centralized cryptographic key management system to protect the Smart Grid and our nation's critical infrastructure from cyber attacks.
- We are moving forward with various government agencies and our strategic partner Cassidian to receive approval for the first high-assurance, VOIP network encryption product to be marketed in the U.S.
- We plan to announce the introduction of an interesting new product during the coming months: an application-based, secure handheld device that will integrate many commonly used data functions and mission tools into a single, lightweight unit for use by the warfighter.
- We remain on track to file at least 12 patent applications this year, which represents an important building block in our effort to develop a much deeper portfolio of products and intellectual property during the coming years.
- Requests for proposal activity continue to be quite active, with outstanding engineering services proposals currently exceeding 25 – a new record for the company.
- Our cyber lab and cyber collaboration center are now active. We will be hosting a National Capture the Flag event in July using our cyber range as the platform, with teams participating from around the country.

Industrial

- Revenue increased 35.0% during the quarter when compared to the prior year period and rose 24.7% sequentially from 4Q10 driven by the continued recovery of the commercial vehicle and trailer markets.
- Gross profit increased 109.2% and 166.0% on a year-over-year and sequential basis, respectively, reflecting the positive conversion on incremental sales growth and the greatly improved cost profile of the business.
- Gross margin expanded to 8.6%, up from 5.6% in 1Q10 and up from 4.0% sequentially from 4Q10.
- The team continued to do an excellent job across the board managing the accelerating increases in demand, with key non-financial metrics also improving.
  - Inventory turns improved 17.9% and 23.0% on a year-over-year and sequential basis, respectively.
  - Important measures for quality, on-time-delivery and productivity exceeded plan for the quarter.
- The team successfully resolved a long-running contractual issue with a customer, entered into our first long-term supply agreement to provide Meritor with product for the growing Brazilian commercial vehicle market from our operations in Mexico, and completed a multi-year extension with Dana for steer axle components in N.A.
- Quoting activity for new business remains brisk.

Industrial

- The commercial vehicle market appears to be benefiting from a positive convergence of economic and market forces that are having a significant impact on the current demand for new vehicles.
  - GDP growth continues to drive an increase in freight tonnage.
    - Freight volumes have been on the increase for almost 18 months, increasing confidence that freight tonnage will continue to grow going forward.
  - Active truck capacity is tight and getting tighter, as is the availability of drivers.
  - The average age of the fleet is old, while the new engines are proving to be more fuel efficient.
  - The availability of credit is increasing and the cost of money remains low.
  - Truck tariffs are positive, helped by the tight capacity, increasing fleet profitability.
- As a result, the annualized order rate for Class 8 trucks has increased from 287,000 units in February, to 345,000 in March, to 456,000 in April – compared to actual truck production of 154,000 units in 2010.
- Over the long-term, new truck demand will align with freight growth and orders can be expected to follow lower but sustainable rates.

Industrial

- ACT is currently forecasting robust demand for the next several years across all segments, though it should be noted that 2011 Class 8 volumes remain only slightly above historical replacement requirements of ~ 240,000 units.

	Q1	Q2	Q3	Q4	2011	2012	2013
Class 5-7	39.6	33.3	36.5	38.9	148.2	176.1	195.6
Year-Over-Year	46.1%	20.0%	19.8%	19.2%	25.7%	18.8%	11.0%
Class 8	51.9	62.6	68.4	72.6	255.6	329.8	334.0
Year-Over-Year	48.2%	77.9%	69.8%	66.3%	65.8%	29.0%	1.3%
Trailers	46.5	54.6	58.6	60.6	220.3	276.5	285.2
Year-Over-Year	109.9%	78.1%	52.1%	46.5%	66.0%	25.5%	3.1%

Source: ACT N.A. Commercial Vehicle Outlook, May 10, 2011

- Ultimately, demand in the near-term will be governed by supply chain considerations, including the availability of steel, tires and vendor capacity, among others.
- Our focus will be on execution – people, systems and processes to manage demand.

Consolidated Financial Results

($ in thousands)

	1Q11	1Q10	Δ	Highlights
Revenue	75,810	62,903	20.5%	SIG revenue growth of 35%
Gross Profit	8,148	5,768	41.3%	17.3% conversion on incremental SIG sales
Gross Margin	10.7%	9.2%		150 basis point margin expansion
EBITDA [(1)]	7,300	2,096	248.3%	Positive SIG conversion; favorable contract settlement
EPS	$0.10	($0.13)		

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

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Aerospace & Defense

($ in thousands)

	1Q11	1Q10	Δ	Highlights
Revenue	16,260	18,797	(13.5%)	Delay of 2011 Defense Appropriations Bill
Gross Profit	3,016	3,315	(9.0%)	Lower volume due to delays
Gross Margin	18.5%	17.6%		Margin strength offsets delayed volumes
EBITDA[(1)]	576	1,624	(64.5%)	Continued optimism for future recovery

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

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Industrial

($ in thousands)

	1Q11	1Q10	Δ	Highlights
Revenue	59,550	44,106	35.0%	Continuing recovery of CV market
Gross Profit	5,132	2,453	109.2%	Positive conversion; productivity and efficiency
Gross Margin	8.6%	5.6%		Expect further margin expansion
EBITDA [(1)]	8,843	2,431	263.8%	Positive conversion; increased productivity; favorable contract settlement

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

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Summary

- Sales increased 20.5%, while gross profit rose 41.3% from the prior year period, reflecting strong conversion on incremental revenue driven by our reduced cost structure and sustained operational performance:
  - Industrial Group gross margin expanded to 8.6% of revenue, up from 5.6% for the prior year quarter on a 35.0% increase in revenue.
  - Aerospace & Defense gross margin rose to 18.5% of revenue, up from 17.6% for the prior year quarter, highlighting the strength in its gross margin performance.
- We expect to see an eventual recovery in the defense market now that the 2011 budget authorization has been enacted.
- Order activity in the commercial vehicle market has picked up dramatically, the result of which is expected to drive strong year-over-year double digit growth for our Industrial Group for the foreseeable future.
- Subsequent to quarter end, the Company entered into a new long-term credit facility to lower its borrowing costs, increase its liquidity and extend loan maturities into 2016.
- Our team is focused on delivering improved operational and financial results during the year, and we expect to generate positive earnings in 2011.

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Q & A Session