2016 Third Quarter
Earnings Conference Call

November 16, 2016

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 return to profitability on a timely basis, which would cause us to use existing cash resources or other assets to fund operating losses; 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, including Dana and Meritor, or to a more diversified base of customers who are able to place higher strategic value on our innovation, flexibility and lean manufacturing capabilities, and (b) to implement specific restructuring and cost-savings initiatives and to consolidate and streamline operations in accordance with our plans; breakdowns, relocations or major repairs of machinery and equipment; dependence on, retention or recruitment of key employees especially in challenging markets; cost and availability of raw materials such as steel, component parts, natural gas or utilities; unexpected declines in our markets or market shares, especially as we attempt to transition from legacy products and services into new market segments, customers and technologies; 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; our inability to successfully execute the planned move of our Sypris Electronics business from our current location by December 31, 2016, the end of our lease term; 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; supplier, customer, employee, landlord, creditor, stockholder, product liability or environmental claims; labor relations; strikes; union negotiations; pension valuation, health care or other benefit costs; potential impairments, non-recoverability or write-offs of assets or deferred costs; the fees, costs and supply of, or access to, debt, equity capital, or other sources of liquidity; potential weaknesses in internal controls over financial reporting and enterprise risk management; 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 lessor, inventory valuation risks including excessive or obsolescent valuations; our inability to successfully complete definitive agreements for our targeted acquisitions or divestitures due to negative due diligence findings or other factors; 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 (including FCPA, OSHA and Federal Acquisition Regulations, among others); 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; 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

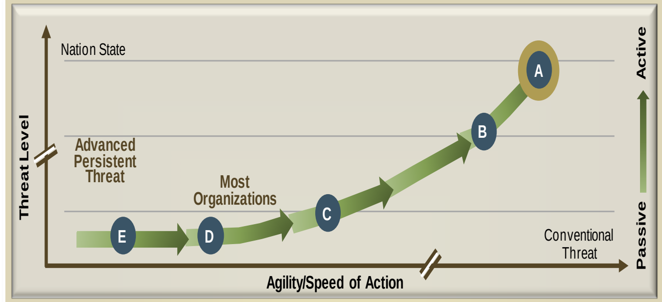
- The sale of our Cyber Security Solutions business to Analog Devices was clearly the highlight of the quarter
  - Sale price of $42 million was attractive
    - CSS reported sales of $16.7 million for the full year 2015 and was not profitable
  - Net income was $21.0 million, or $1.02 per share, reflecting the gain from the CSS sale during the quarter
- Sypris Electronics backlog continued to grow on both a sequential and on a year-over-year basis, reaching $30.3 million at quarter end
- Sypris Electronics began its move into a new manufacturing facility, which is expected to reduce operating costs by approximately $2.0 million annually beginning in 2017

Transaction

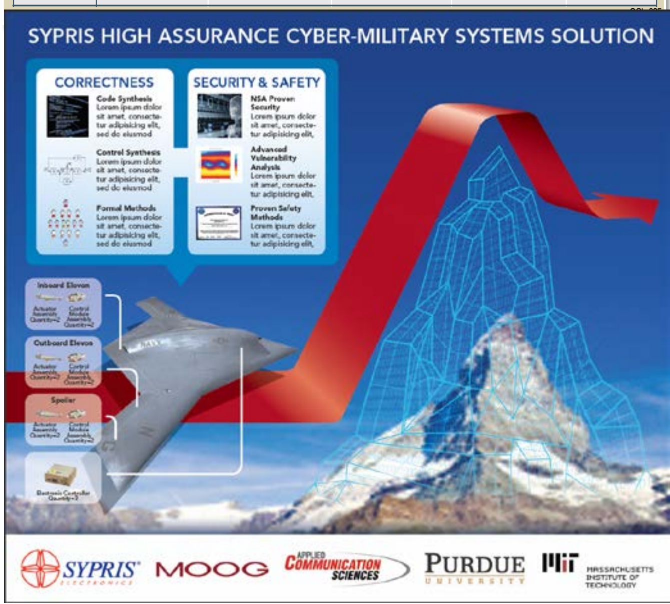
SYPRIS SOLUTIONS

Highlights

- Completed the sale of the Cyber Security Solutions business of Sypris Electronics to Analog Devices, Inc. for $42 million
- The business is a long-time supplier of secure communications equipment, identity authentication, key management and encryption services for various agencies of the US Government and its foreign allies
- Proceeds from the sale of $37.8 million (after expenses and escrow) were used to eliminate all senior debt and will be used to reinvest in the Company going forward
- The all-cash transaction was structured as a purchase of assets, excluding most working capital, and included all intellectual property and know-how associated with the SiOMetrics™, Sypher™, the Sypris Cyber Range and the Data Systems product line

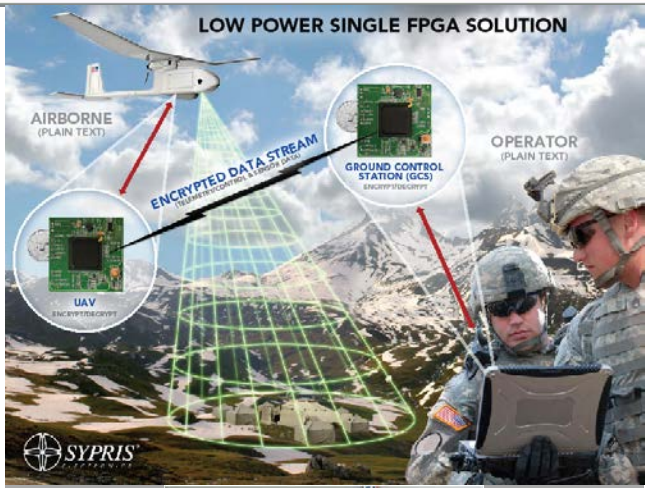


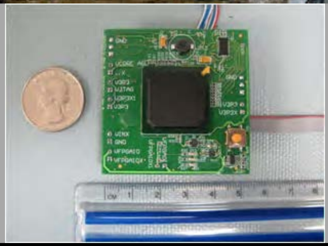
	E	D	C	B	A
Maturity Level	Reactive & Manual	Tools Level	Integrated Picture	Dynamic Defence	Resilient Enterprise
Training *Instruction*	Knowledge Base *Classroom Based*	Security Challenges *Hands-on-Lab*	Dynamic Exercises *Facilitated*	Modeling & Simulation	Advanced Simulation
Competency	Basic	Intermediate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



Transaction

- Approximately 67 people are employed by CSS and are expected to remain in their existing geographic locations of Tampa, Florida; Columbia, Maryland; West Lafayette, Indiana; and Copenhagen, Denmark
- The transaction includes a long-term supply agreement between Sypris and Analog under which Sypris will continue to build circuit card assemblies for certain product lines being purchased by ADI
- Outcome
  - ADI will have the ability to accelerate the introduction of our ground-breaking cybersecurity technologies into a variety of automotive, industrial, aerospace, healthcare, IoT and safe cities applications
  - Sypris will now move forward with a strong, liquid balance sheet, reduced costs and a refined focus on manufacturing
  - A big win for all parties

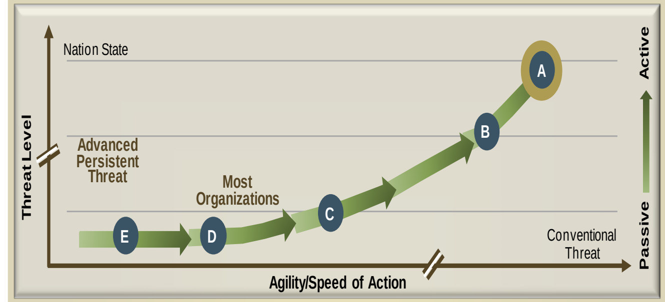




Sypris Electronics

Outlook

- Sypris Electronics will retain its core trusted manufacturing operations in Tampa, Florida while relocating the business into a smaller manufacturing footprint prior to year end with approximately 130 employees
- Core focus on providing electronic manufacturing and design support services to customers in the aerospace, defense, medical and severe environment markets
- The trusted manufacturing business is a long-time provider of manufacturing and engineering services to customers such as Harris, Lockheed Martin, Northrop Grumman, Rockwell Collins, TE SubCom and now Analog Devices
- The continuing business has a strong backlog and a bright future
  - 3Q16 backlog of $30.3M versus $12.0M for 3Q15



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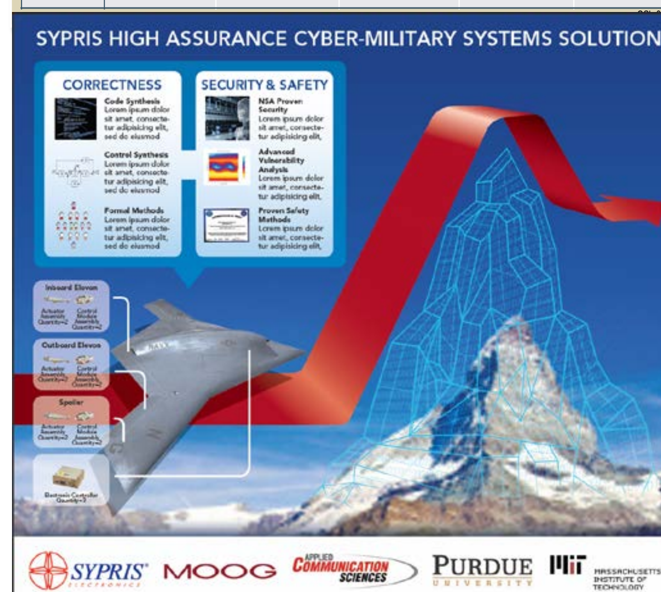

Sypris Technologies

Q3 Highlights

- Financial Results
  - Sales declined from the prior year, reflecting the softness in the commercial vehicle market, inventory rebalancing and the divestiture of non-core operations
  - Gross profit reflected a loss of $0.4 million compared to a loss of $0.3 million for 2Q16
- Reductions in SG&A and labor expense continued
- Energy backlog increased 42% year-over-year and 38% sequentially; sales funnel remains robust
- Subsequent to quarter end
  - Concluded discussions with Meritor that will result in a reduction of business beginning in 2017
  - In 2017, Meritor and its JV, Sisamex, are expected to be 20% of sales, down from 45% in 2016

Sypris Technologies

Outlook

- Markets
  - As we move into 2017, we expect a fairly significant shift to occur in our markets served
    - Energy to approximate 43% of sales
      - Strong backlog, large international projects, and increased maintenance and repair spending
    - Commercial vehicle to approximate 48% of sales
    - Light truck and off-highway to approximate 9% of sales
  - The change in mix is expected to have a positive impact on operating margins
  - The business will be far more diversified and less dependent on a few customers, with no single customer representing more than 20% of sales

Financial Review
Third Quarter 2016

November 16, 2016

Anthony C. Allen
Vice President & CFO

Consolidated Financial Results

$ millions

	Consolidated			Sypris Technologies			Sypris Electronics		
	2016 Q3	2015 Q3	Change	2016 Q3	2015 Q3	Change	2016 Q3	2015 Q3	Change
Net Revenue	$ 21.4	$ 38.4	$ (17.0)	$ 14.8	$ 27.8	$ (13.0)	$ 6.6	$ 10.6	$ (4.0)
Gross Profit	$ (0.7)	$ 2.5	$ (3.2)	$ (0.4)	$ 2.0	$ (2.4)	$ (0.4)	$ 0.5	$ (0.9)
EBITDA	$ 25.4	$ 5.8	$ 19.6	$ (0.7)	$ 8.4	$ (9.1)	$ 29.5	$ (0.6)	$ 30.1
Adjusted Net Debt (1)	$ (12.9)	$ 13.8	$ (26.7)						

- Sypris Technologies revenue decline for Q3 driven by softness in the commercial vehicle market
- Electronics revenue decline driven by the divesture of the CSS business within the quarter; electronic manufacturing services up $1.0 million YOY
- Revenue from the CSS product lines was $1.8 million in Q3 2016 compared to $6.8 million in Q3 2015
- Gross profit for Q3 decreased, reflecting lower revenue and unfavorable mix
- SG&A declined $0.8 million or 13% from Q3 2015
- Q3 EBITDA improved $19.6 million over Q3 2015, reflecting the gain on the sale of the CSS business

Notes:

(1) Adjusted Net Debt for Q3 2016 includes a $3.2 million capitalized lease obligation

Transaction Considerations

- Divestiture of Electronics’ CSS business for $42 million cash
- Gain on sale is approximately $31.2 million or $1.58 per share
- Net proceeds available at closing was approximately $37.8 million
  - After deducting direct transaction costs and escrow balance of $1.5 million (1 year term)
- Net proceeds used to repay senior debt with remaining cash balance available for investment in the business
  - Repayment of senior debt, net of cash collateral release = $10.8 million
  - Includes all principal outstanding on term and revolver plus related prepayment fees
  - Balance of proceeds to be used for capital expenditures to support new programs, fund working capital and operations
- Repayment of senior debt eliminates approximately $600 thousand per quarter or $2.4 million per year of interest expense

Transaction Considerations

- Assets sold include intellectual property, certain inventory and PPE directly related to CSS business; retained substantially all working capital and manufacturing equipment
- Net asset value of divested assets is approximately $8.1 million
- Retained business will be relocating to new facility in January 2017 with reduced footprint and estimated $2 million annual operating expense savings vs current facility
- Eliminates estimated annualized R&D spend for CSS of approximately $600 thousand based on historical rates

Debt & Cash Analysis

$ millions

	2016 Q2		2016 Q3		Change	
Senior Revolving Credit Facility	$	4.8	$	-	$	(4.8)
Senior Tem Debt		10.8		-		(10.8)
Subordinated Debt		6.5		6.5		-
Capital Lease Obligation		3.3		3.2		(0.1)
Unamortized Loan Costs		(1.3)		(0.1)		1.2
Total Debt	$	24.1	$	9.6	$	(14.5)
Cash and Cash Equivalents	$	1.8	$	21.1	$	19.3
Restricted Cash	$	6.0	$	1.5	$	(4.5)

Summary

- Reductions in revenue in both segments contributed to a decline in gross profit for the comparable third quarter periods
- Gain on sale of CSS business drives income per share of $1.02 for Q3
- Balance sheet strengthened significantly by the CSS transaction
- The Company's profitability in future periods will be positively impacted by a number of related factors, including:
  - Reduction in interest expense of approximately $2.4 million annualized
  - Reduction in facility operating expenses as Electronics relocates beginning in 2017 of approximately $2.0 million annualized
  - Reduction in research and development cost of approximately $0.6 million annualized
- The proceeds from the CSS transaction will enable us to complete the transformational process that began in early 2015
- We are excited to move into the next phase in the Company's history and look forward to our opportunity to build a stronger and more profitable business

Question and Answer Session
Q3 Earnings Conference Call

November 16, 2016

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President & CEO

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