2017 Third Quarter Earnings Conference Call

November 14, 2017

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 estimated EBITDA and cash flows includes significant gains and proceeds 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, including an increase in sales of our Tube Turns® product line, and (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, including the ability of our Toluca Plant to successfully consolidate any relocated operations or business lines; the fees, costs and supply of, or access to, debt, equity capital, or other sources of liquidity; inventory valuation risks including excessive or obsolescent valuations; breakdowns, relocations or major repairs of machinery and equipment, especially in our Toluca Plant; disputes or litigation involving supplier, customer, employee, creditor, stockholder, product liability or environmental claims; 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; the costs of compliance with our auditing, regulatory or contractual obligations; regulatory actions or sanctions; dependence on, retention or recruitment of key employees; 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; our inability to patent or otherwise protect our inventions or other intellectual property from potential competitors; 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; U.S. government spending on products and services that Sypris Electronics provides, including the timing of budgetary decisions; risks of foreign operations; currency exchange rates; war, terrorism, or political uncertainty; 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

3Q17 Highlights

- Revenue of $21.4 million consistent with prior year
  - 18.8% increase at Sypris Electronics
- Gross margin expanded to 3.1% for Q3
  - 16.8% for Sypris Electronics
- Margin was less than plan due to launch, transfer, mix and freight issues at Sypris Technologies
  - $2.6 million gross margin impact
    - Delayed shipments of specialty pipeline components
    - Incurred expediting, overtime and inspection costs
    - Product mix and excess freight
  - All issues substantially resolved by November, 2017
- 41.4% reduction in SG&A expense year-over-year

Overview

3Q17 Highlights

- Announced the award of 4 new contracts for mission-critical Space and Military applications with Harris Corporation
- Volvo/Mack contract extended through 2021
- $26.3 million two-year cost improvement target
  - All major initiatives now complete
  - Closure of Broadway Plant in November – ahead of plan
  - Q3 production issues resolved
- Guidance

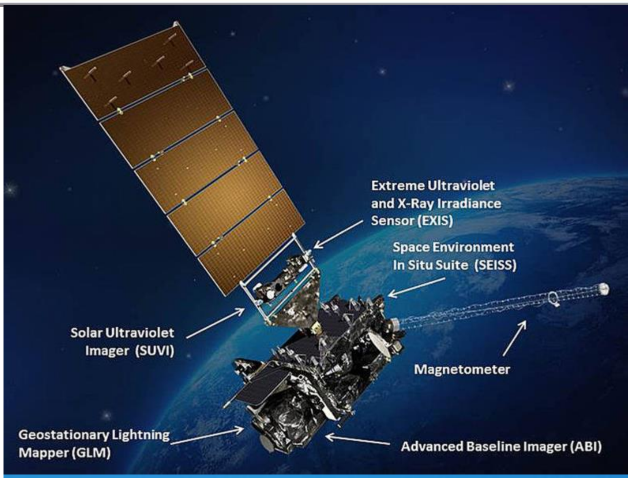
Guidance	4Q17	2018
– Revenue:	$20-$22	$86-$92
– Gross margin:	10%-12%	15%-17%

- Expect solid profitability from both segments for 2018
  - Revenue growth and improved mix
  - Significantly improved cost profile

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

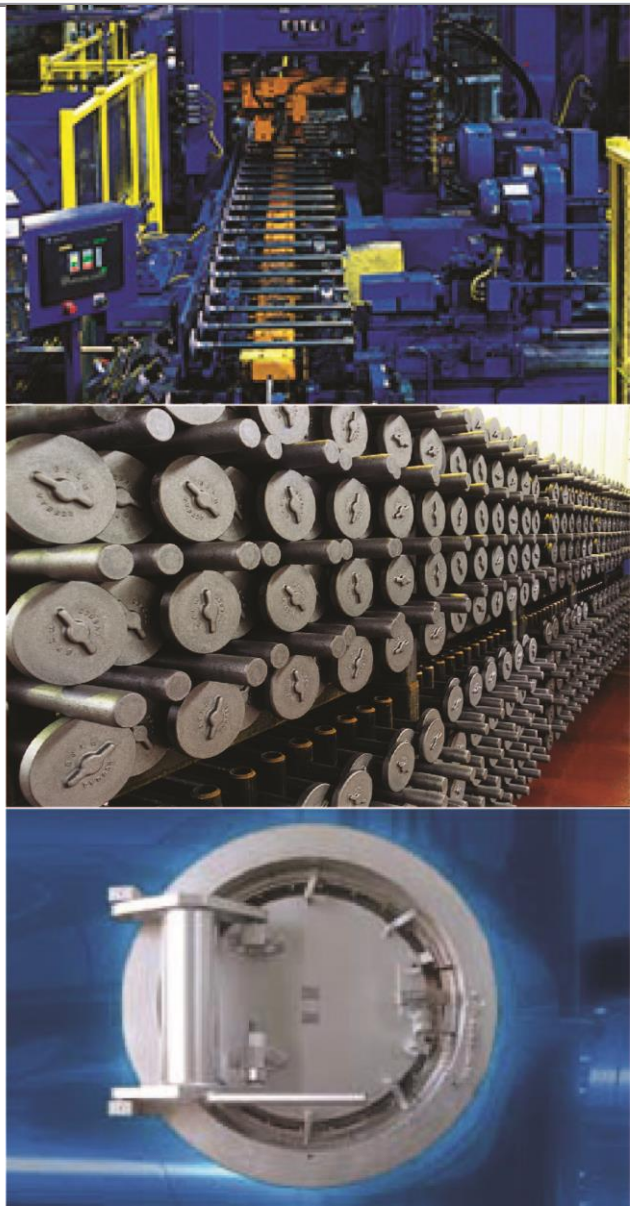
Transition Plan Update

Actions Taken in 2017 – On Plan

- The timely approval and launch of programs in Toluca
  - Daimler completed and launched
  - Volvo/Mack contract signed; launch underway
- 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
  - Further margin expansion in Q4 2017 and 2018 full year



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

- Cost reduction actions substantially complete
- Cost-effective platforms now in place for each business
- New contract awards and contract extensions continue at a positive pace, while market outlooks are positive
- The combination is expected to support a return to profitability in 2018

Financial Review
Third Quarter 2017

November 14, 2017

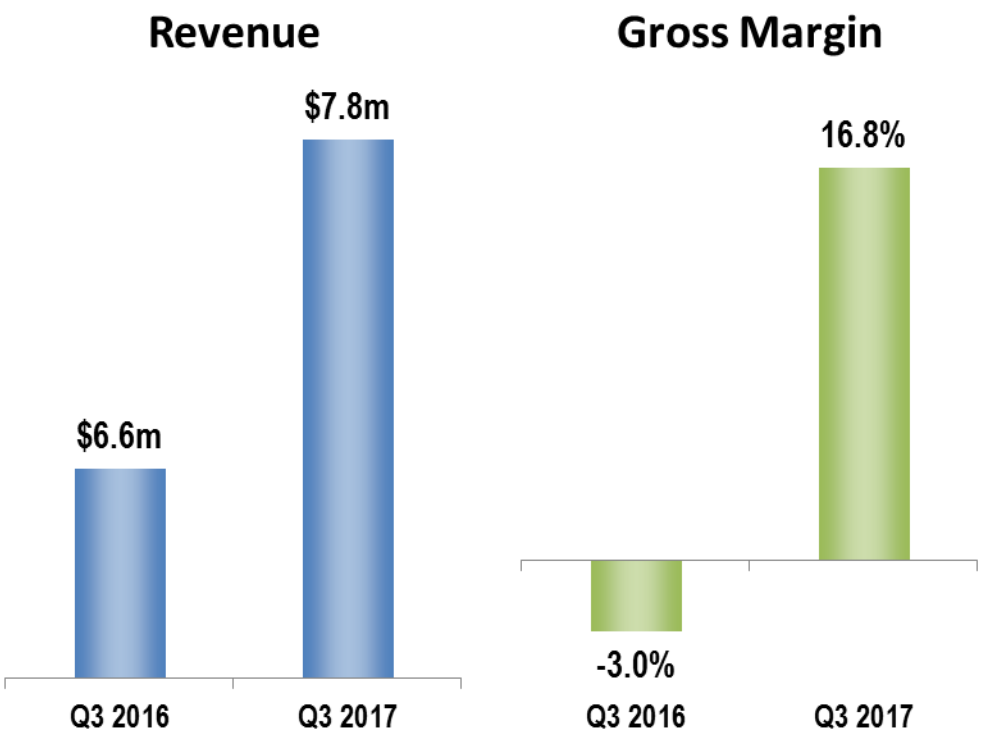
Anthony C. Allen
Vice President & CFO

Q3 Financial Results

$ millions	3Q 2017			3Q 2016	
	Consolidated	**ST**	**SE**	**Consolidated**	**Change**
Net Revenue	$ 21.4	$ 13.5	$ 7.8	$ 21.4	$ -
Gross Margin	3.1%	(4.9)%	16.8%	(2.6)%	570 bps
Adjusted Operating Income	$ (2.5)	$ (1.9)	$ 0.5	$ (6.0)	$ 3.5
Severance & Relo	$ 0.4	$ 0.4	$ -	$ -	$ 0.4

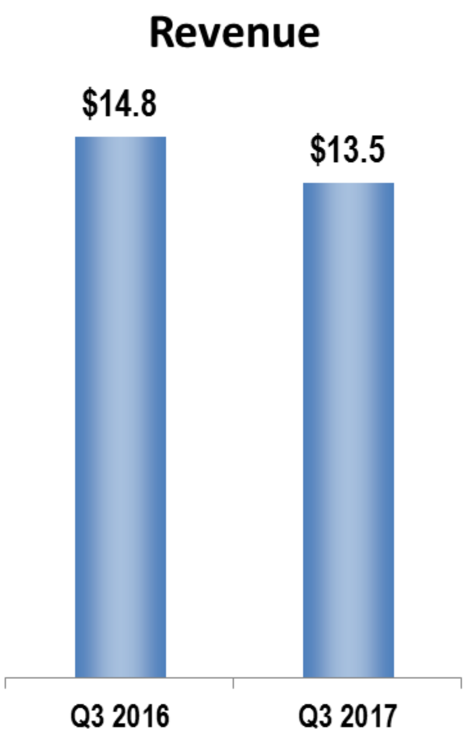
- Revenue consistent with the prior year comparable period
- Consolidated 3Q gross margin of 3.1%, an increase of 570 bps over PY
- SG&A as a percent of revenue declines to 14.7% in 3Q from 25.1% in 3Q 2016
- Adjusted operating income improved $3.5 million YOY
- Severance and equipment relocation of $0.4 million in 3Q for Broadway Plant transition

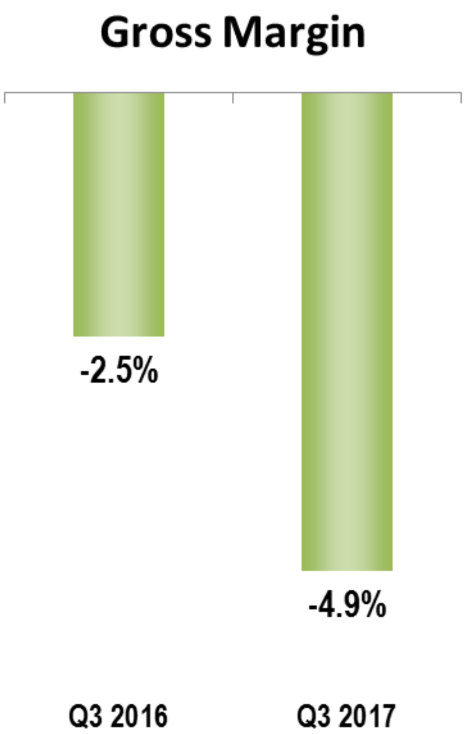
Sypris Electronics Q3 Highlights



- 18.8% revenue growth
- 1,980 bps gross margin improvement
- YTD operating profit
- New program ramp-ups underway
- Cost savings from facility relocation being realized
- Strong backlog to support Q4 and 2018 shipments
- Energized team

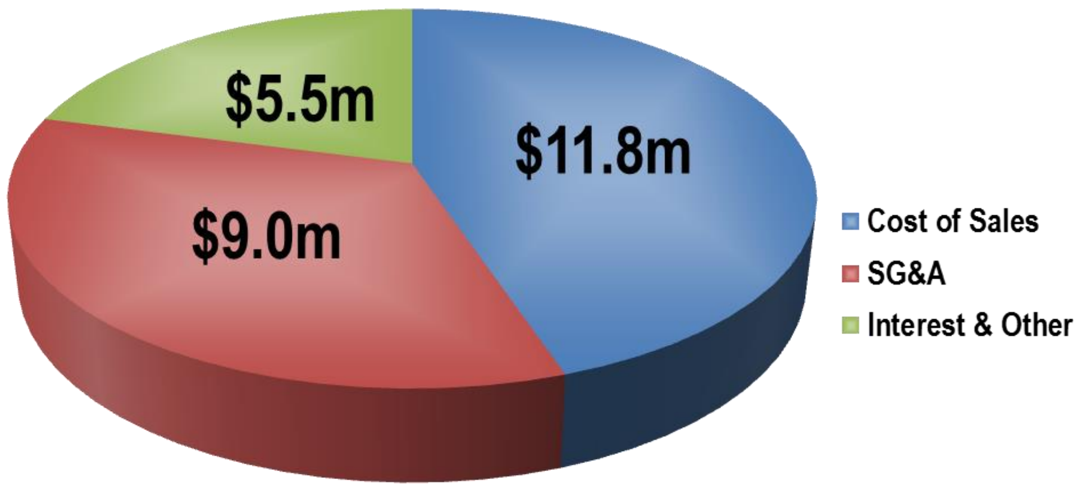
Sypris Technologies Q3 Highlights





- Gross margin impacted by production issues, product mix and excess freight
- Transition of Broadway operations to end in November
- Production issues substantially resolved and mix issues addressed
- 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

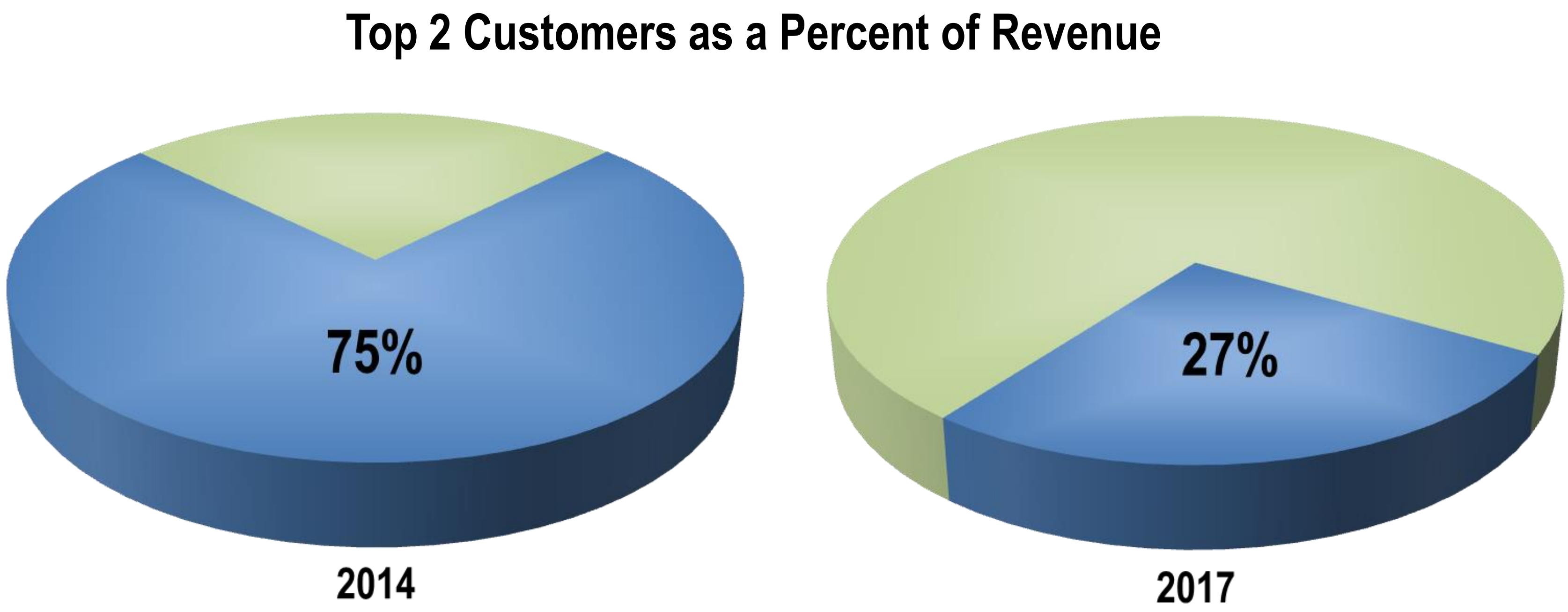
- Cost of sales impacted in 2017 by extended production in Broadway and investments in labor and equipment rebuilds to support customer demand
- Achieving year-over-year SG&A reductions as planned
- Severance expense fully recognized as of end of Q3 2017 and relocation costs will continue as planned through Q4 2017 and 2018
- On target for two-year objective

Outlook Update

	Q4 2017 Outlook	2018 Outlook
Revenue	$20m to $22m	$86m to $92m
Gross Margin	10% to 12%	15% to 17%

- Q4 revenue outlook unchanged reflecting solid backlog
- Investments to support customer shipments during transition phase now complete
- 2018 to benefit from the full-year impact of the 2017 cost saving initiatives
- SG&A on plan, with potential upside in Q4 2017 and 2018
- Expect to return to profitability during 1H 2018

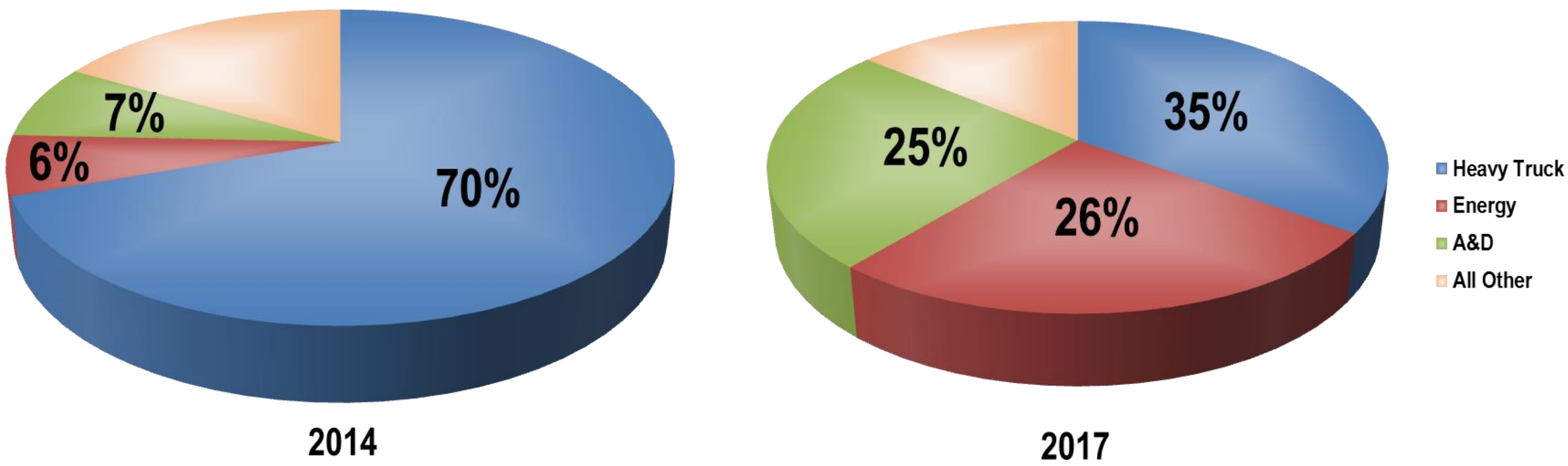
Customer Concentration



- 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

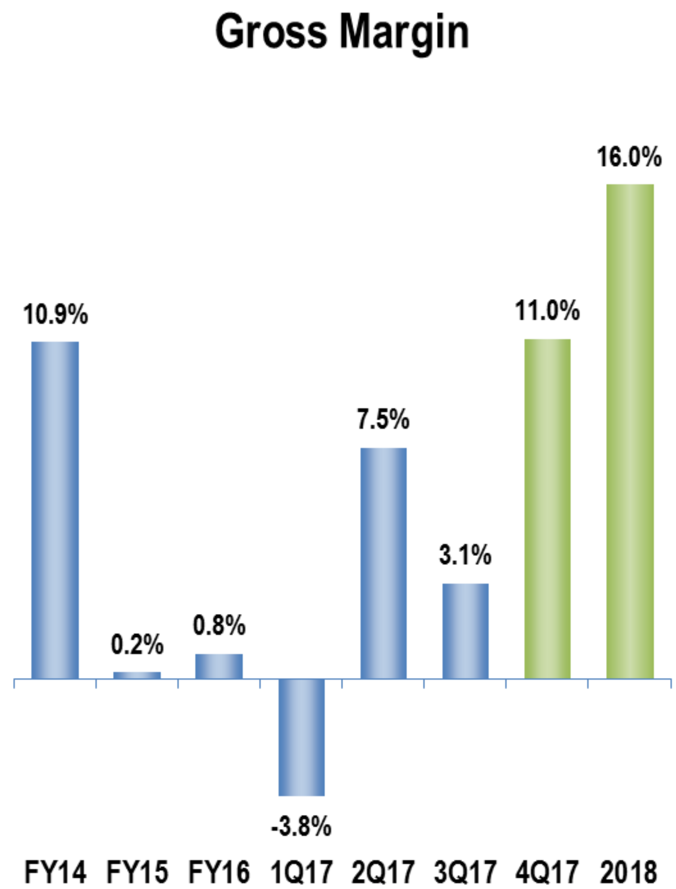
Top Markets as a Percent of Revenue



- 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 2018

- Expect expansion of gross margin in 4Q 2017 to 10-12% of revenue
- Further margin improvement to 15-17% in 2018
- 2018 will benefit from the full-year impact of the 2017 cost saving initiatives
- Cost reductions, new business awards and follow-on business create further margin improvement opportunities in 2018



Key Takeaways

- Revenue consistent with the prior year, while gross margins improved to 3.1% from a loss of 2.6% from the prior year comparable period
- 3Q and YTD 2017 SG&A expense down 41% YOY
- Production and mix issues at Sypris Technologies impacting Q3 expected to be substantially resolved in November
- Announced end of production at Broadway Plant in November
- All major actions have now been completed with regard to our two-year, $26.3 million cost improvement target
- Confirmed revenue guidance and adjusted gross margin outlook for Q4 2017
  - Q417: Revenue $20.0-$22.0 million; Gross margin 10.0%-12.0%
- Announced guidance for 2018:
  - Revenue $86.0-$92.0 million; Gross margin 15.0%-17.0%
- Diversification of customers, markets and products continues to improve
- Leveraging lower cost structure to improve competitive position for new business awards
- Expect to return to profitability during 1H 2018

Question and Answer Session
3Q Earnings Conference Call

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President & CEO

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