2017 First Quarter
Earnings Conference Call

May 16, 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 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 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 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; dependence on, retention or recruitment of key employees; risks of foreign operations; currency exchange rates; war, terrorism, or political uncertainty; breakdowns, relocations or major repairs of machinery and equipment; cost and availability of raw materials such as steel, component parts, natural gas or utilities; 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; 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 impairments, non-recoverability or write-offs of assets or deferred costs; inventory valuation risks including excessive or obsolescent valuations; 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 supplier, customer, employee, creditor, stockholder, product liability or environmental claims; supplier, customer, employee, creditor, stockholder, product liability or environmental claims; 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; 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; 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.*

Table of Contents

Overview

1Q17 Highlights

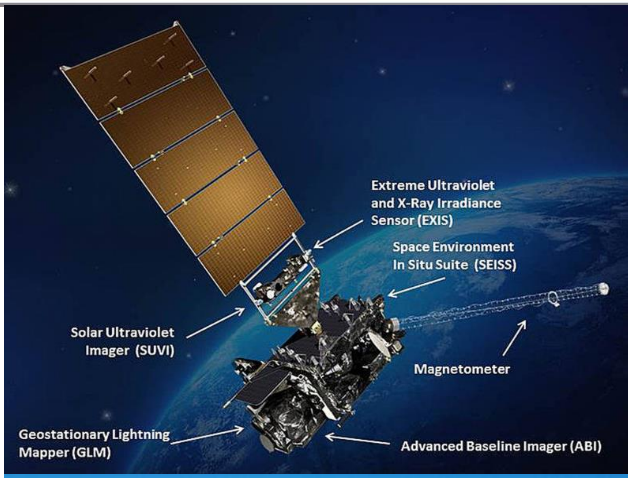
- Revenue was at the lower end of expectations
  - Shift of customer deliveries to Q2
- Cash flow from operations improved significantly
- Confirming guidance
  - 1H17: Sales $38-$40 million; Gross margin 5%-7%
  - 2H17: Sales $40-$42 million; Gross margin 15%-17%
- Expect early completion of the Transition Plan initiatives
  - Forecast to reduce $26.3 million of expenses in 2018 when compared to 2016
  - Actions complete by the end of May, 2017
- Multi-year new business origination is growing
  - Awards: $12.5 million for 2018; $12.9 million for 2019
  - Follow on: $8.2 million for 2018; $11.9 million for 2019

Note: “Awards” in certain instances may be subject to final contract negotiations.

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

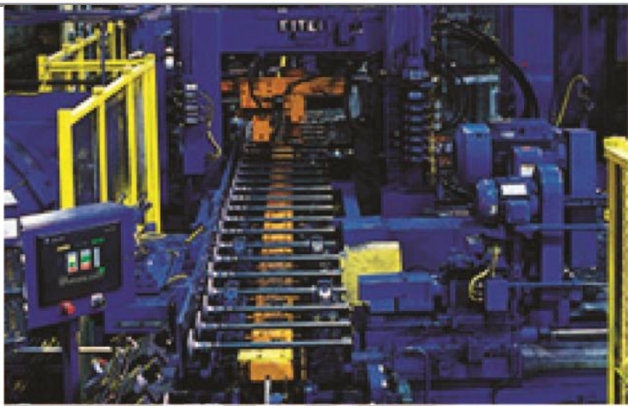
Transition Plan Update

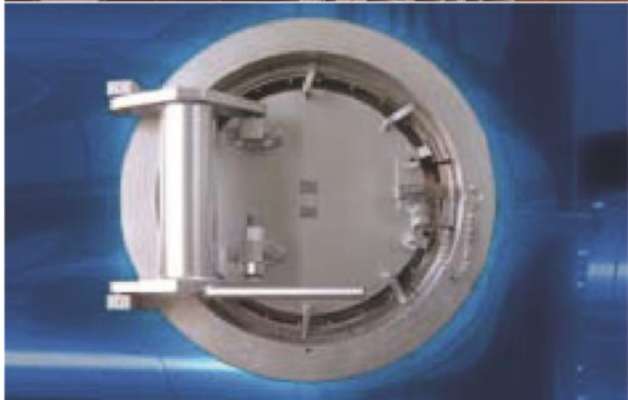
Initiatives to be Completed – On Plan

- The timely approval and launch of programs in Toluca
- 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

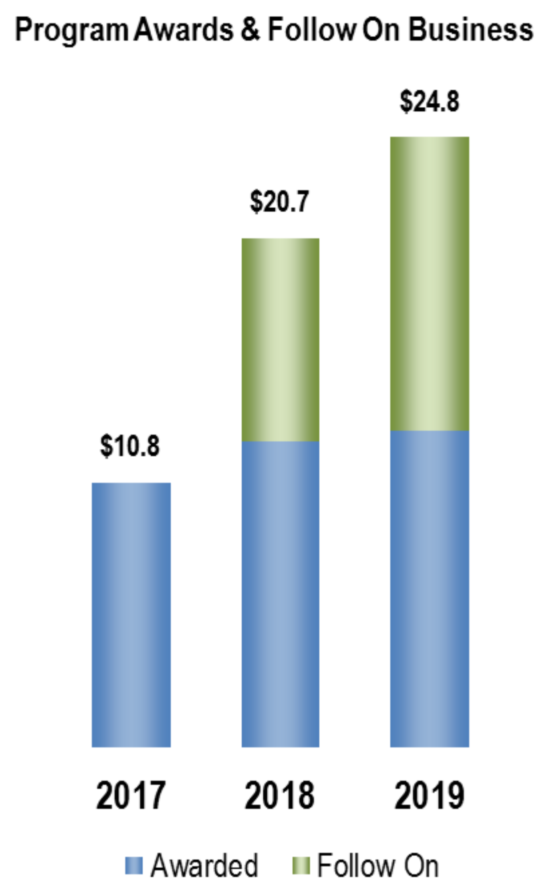
- $26.3 million improvement in annual income
  - $18.2 million in 2017
  - $8.1 million in 2018
  - Resulting in significant margin expansion in 2H17 and 2018 full year





New Program Awards

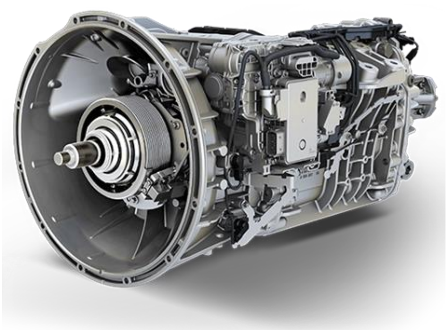
- During the past 9 months, the award of new, multi-year programs has been very positive
  - $12.5 million for 2018
  - $12.9 million for 2019
  - Average term of 4+ years
- In addition, follow on business from new government contracts is expected to be material
  - $8.2 million for 2018
  - $11.9 million for 2019
- Total incremental sales expected from recent new awards
  - $20.7 million for 2018
  - $24.8 million for 2019



New Program Awards: Sypris Technologies

- New program awards balanced across customers, markets and products
- Providing solid multi-year foundation for growth
- Fits existing capacity with only incremental capital needs
- Additional prospective business available to further increase revenue in 2018 and 2019
- Outlook is positive

				Revenue		
Market	**Date**	**Term**	**SOP**	**2017**	**2018**	**2019**
Automotive						
Awarded	4Q16	7 Yr	4Q18	$ -	$ 0.7	$ 4.0
Light Truck						
Awarded	1Q17	2 Yr	1Q17	0.7	1.0	-
Awarded	1Q17	3 Yr	1Q17	1.0	1.0	1.0
Heavy Truck						
Awarded	3Q16	3 Yr	1Q17	1.0	1.5	2.0
Awarded	3Q16	5 Yr	2Q18	-	1.5	2.6
All Terrain						
Awarded	3Q16	6 Yr	1Q18	-	2.5	3.0
Off Highway						
Awarded	1Q17	5 Yr	4Q17	0.1	0.2	0.3
Total				$ 2.8	$ 8.4	$12.9



Note: “Awards” in certain instances may be subject to final contract negotiations.

New Program Awards: Sypris Electronics

- New program awards to drive double digit growth in 2017
- Complex, high-cost-of-failure strategic platforms
- Fits existing capacity and unique capabilities
- Follow on business to consist of future builds of these programs as funded
- Strong backlog and robust new business pipeline continue to provide momentum
- Outlook is positive

			Revenue		
Market	**Date**	**SOP**	**2017**	**2018**	**2019**
Communication & Navigation					
Awarded	1Q17	1Q18	$ -	$ 0.9	$ -
Awarded	2H16	1Q17	1.9	2.3	-
Follow on	2H18	1Q19	-	-	2.3
Infrared Countermeasures					
Awarded	2H16	1Q17	0.6	-	-
Follow on	2H17	1Q18	-	0.8	-
Follow on	2H18	1Q19	-	-	1.3
Weapons Systems					
Awarded	2H16	1Q17	2.6	-	-
Follow on	2H17	1Q18	-	2.6	-
Follow on	2H18	1Q19	-	-	2.6
Medical Devices					
Awarded	2H16	1Q17	1.3	0.9	-
Follow on	1H18	4Q18	-	0.4	1.3
Electronic Warfare					
Awarded	2H16	2Q17	1.6	-	-
Follow on	2H17	1Q18	-	4.5	4.5
Total			$ 8.0	$ 12.3	$ 11.9

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

- $26.3 million of cost reduction actions substantially complete as of the end of May, 2017
- Recent multi-year awards and follow on business expected to provide $20.7 million of new sales in 2018 and $24.8 million of sales in 2019
- The combination of the two is expected to support substantial growth in profitability

Financial Review
First Quarter 2017

May 16, 2017

Anthony C. Allen
Vice President & CFO

Financial Results

$ millions

	1Q 2017						4Q 2016			
	Consolidated		ST		SE		Consolidated		Variance	
Net Revenue	$	18.2	$	12.8	$	5.4	$	20.0	$	(1.8)
Gross Profit	$	(0.7)	$	(0.8)	$	0.1	$	(0.2)	$	(0.5)
Adjusted EBITDA	$	(1.1)	$	0.6	$	(0.4)	$	(2.5)	$	1.4
EPS	$	(0.16)					$	(0.23)		

- Sequential growth in SE revenue during 1Q offset by expected decline in ST heavy truck volume and shipments shifted to 2Q
- Incentives, premium pay and low attrition rate for Broadway hourly employees to drive successful transition impact 1Q gross profit
- Severance and relocation of $1.0 million recognized in 1Q in connection with the Broadway Plant
- Quarterly SG&A spend down $1.4 million, or 30%, sequentially

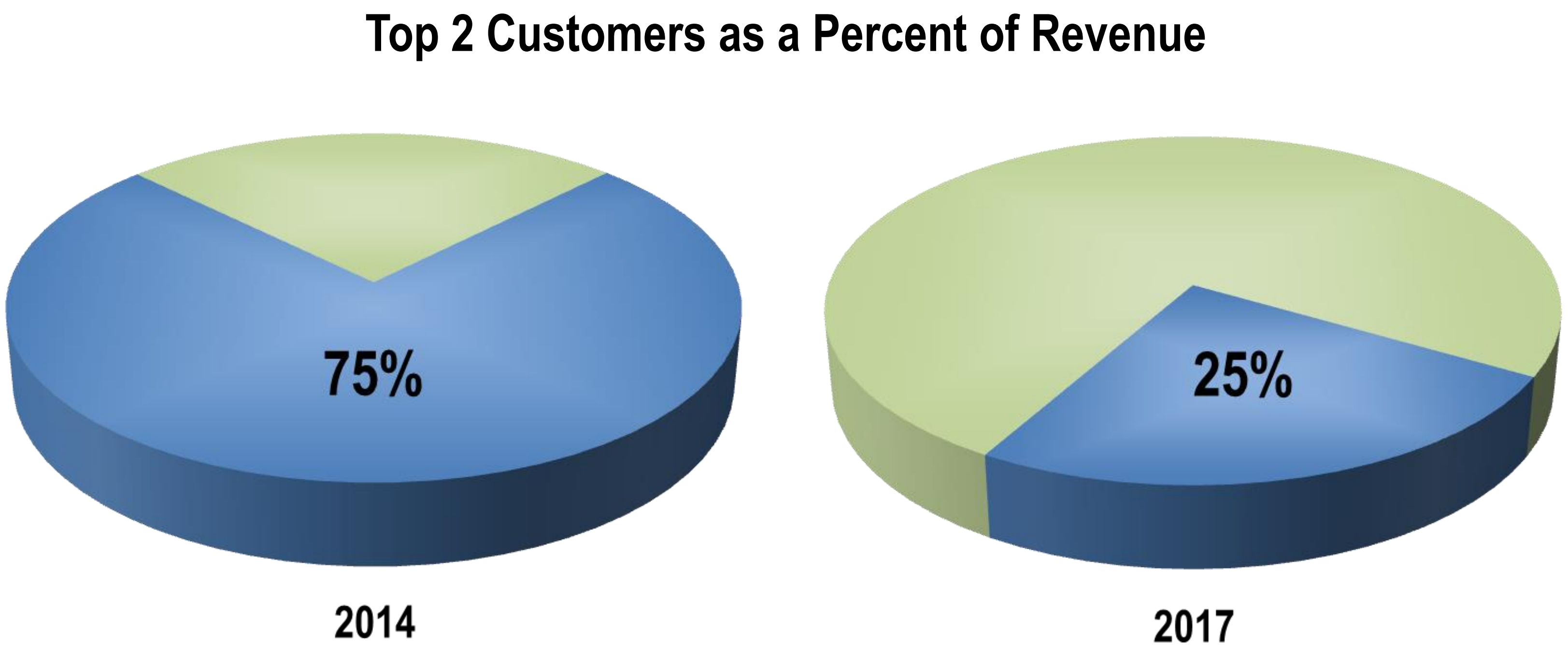
Cost Reduction Goals

$ millions

	2017	2018	Total	Status
Cost of sales	$ (6.3)	$ (5.5)	$ (11.8)	✔
Selling, general and administrative	(7.2)	(1.8)	(9.0)	✔
Research and development	(0.3)	No change	(0.3)	✔
Severance, equipment relocation and other costs	1.1	(0.8)	0.3	✔
Interest and loss on extinguishment of debt	(5.5)	No change	(5.5)	✔
Total	$ (18.2)	$ (8.1)	$ (26.3)	

- Remain on track through 1Q for all cost reduction goals
- Transition of Broadway operations scheduled for completion in May 2017
- Performance by Broadway team on key operating metrics favorable to plan
- Remain focused on achieving cost targets and exceeding customer expectations
- Lower fixed overhead and SG&A improves cost profile for pursuit of new business

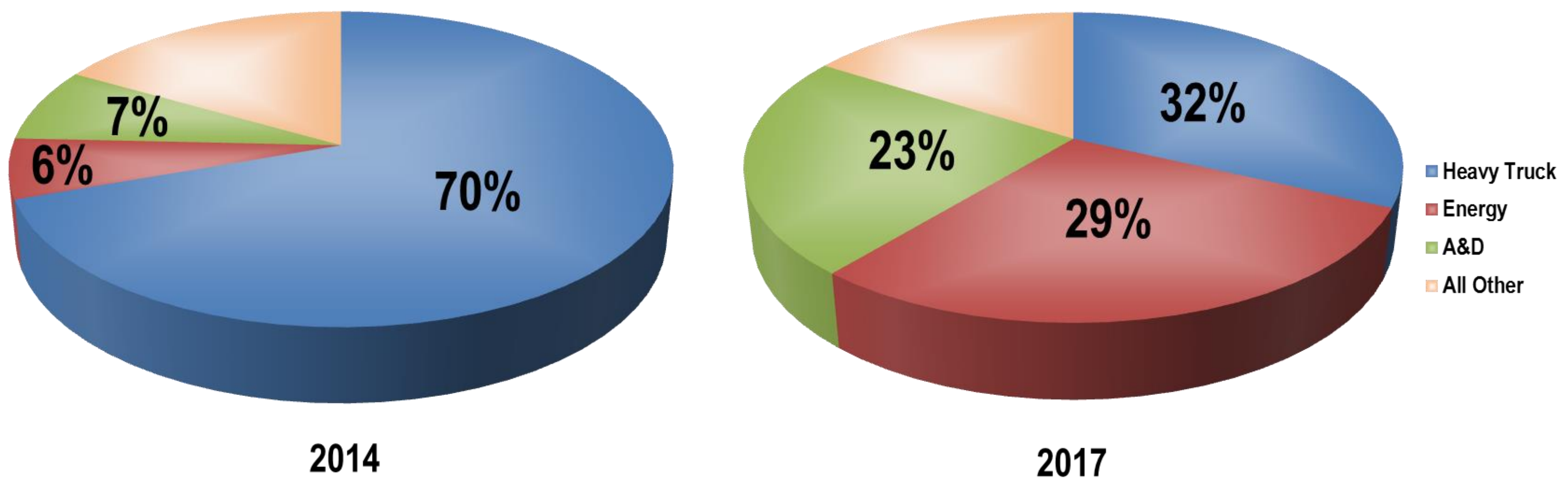
Customer Concentration



- 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

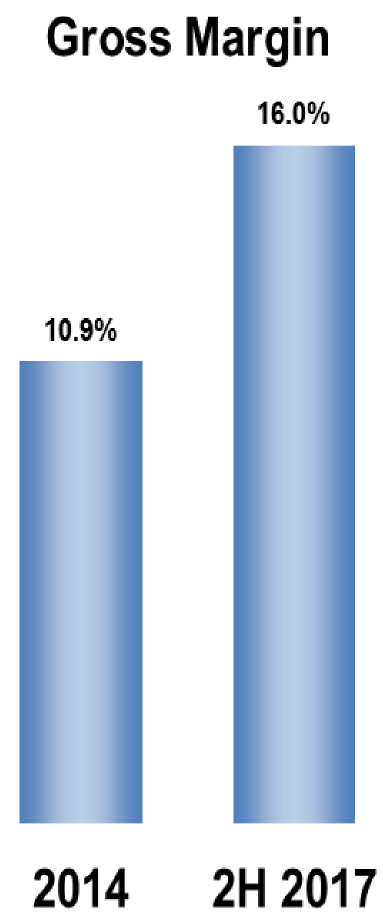
Top Markets as a Percent of Revenue



- 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 2H

- Expect expansion of gross margin in 2H 2017 to 15-17% of revenue
- Nearly 50% increase in GM% as compared to 2014
- Lower cost profile and more balanced revenue mix drive increased margin performance
- Cost reductions, new business awards and follow on business create further margin improvement opportunities in 2018



Key Takeaways

- 1Q 2017 operating results include ongoing transition activities for Broadway Plant
- Progress toward cost reduction goals on track with substantial completion of Broadway initiatives in May 2017
- Confirm 1H and 2H 2017 outlook discussed in March
  - 1H 2017: Revenue $38-$40 million; Gross margin 5%-7%
  - 2H 2017: Revenue $40-$42 million; Gross margin 15%-17%
- Gross margin target for 2H 2017 ~50% above FY 2014 results on significantly lower volume
- 1Q 2017 SG&A expense down 47% YOY and 30% sequentially
- Diversification of customers, markets and products continues to improve
- Leveraging lower cost structure to improve competitive position for new business awards
- New and follow on business pipeline expected to drive growth in 2018 and 2019
  - $20.7 million in 2018 and $24.8 million in 2019
- Improved cost-competitive platform well-positioned for profitable growth

Question and Answer Session
1Q Earnings Conference Call

May 16, 2017

Jeffrey T. Gill
President & CEO

Anthony C. Allen
Vice President & CFO