2020 Third Quarter Earnings Conference Call

November 12, 2020

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. *Such statements may relate to projections of the company's revenue, earnings, and other financial and operational measures, our liquidity, our ability to mitigate or manage disruptions posed by COVID-19, and the impact of COVID-19 and economic conditions on our future operations, among other matters. Briefly, we currently believe that such risks also include the following: the impact of COVID-19 and economic conditions on our future operations; possible public policy response to the pandemic, including legislation or restrictions that may impact our operations or supply chain; our failure to successfully complete final contract negotiations with regard to our announced contract "orders", "wins" or "awards"; our failure to achieve and maintain profitability on a timely basis by steadily increasing our revenues from profitable contracts with a diversified group of customers, which would cause us to continue to use existing cash resources or other assets to fund operating losses; our failure to achieve targeted gains and cash proceeds from the anticipated sale of certain equipment; the fees, costs and supply of, or access to, debt, equity capital, or other sources of liquidity; our ability to comply with the requirements of the SBA and seek forgiveness of all or a portion of the PPP Loan; the cost, quality, timeliness, efficiency and yield of our operations and capital investments, including the impact of tariffs, product recalls or related liabilities, employee training, working capital, production schedules, cycle times, scrap rates, injuries, wages, overtime costs, freight or expediting costs; dependence on, retention or recruitment of key employees and distribution of our human capital; disputes or litigation involving governmental, supplier, customer, employee, creditor, stockholder, product liability or environmental claims; our inability to develop new or improved products or new markets for our products; cost, quality and availability or lead times of raw materials such as steel, component parts (especially electronic components), natural gas or utilities; breakdowns, relocations or major repairs of machinery and equipment, especially in our Toluca Plant; our ability to maintain compliance with the NASDAQ listing standards minimum closing bid price; our reliance on a few key customers, third party vendors and sub-suppliers; inventory valuation risks including excessive or obsolescent valuations or price erosions of raw materials or component parts on hand or other potential impairments, non-recoverability or write-offs of assets or deferred costs; other potential weaknesses in internal controls over financial reporting and enterprise risk management; failure to adequately insure or to identify product liability, environmental or other insurable risks; unanticipated or uninsured product liability claims; unanticipated or uninsured disasters, public health crises, losses or business risks; 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, and in turn cause increases in our inventory and working capital levels; the costs of compliance with our auditing, regulatory or contractual obligations; labor relations; strikes; union negotiations; pension valuation, health care or other benefit costs; our inability to patent or otherwise protect our inventions or other intellectual property from potential competitors; 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; changes in licenses, security clearances, or other legal rights to operate, manage our work force or import and export as needed; risks of foreign operations; currency exchange rates; war, terrorism, or political uncertainty; cyber security threats and disruptions; 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

3Q20 Highlights

- Revenue increased 29.2% sequentially
  - Sypris Electronics up 52.6% YOY; 3.9% sequentially
  - Sypris Technologies up 62.1% sequentially
- Gross profit up 47.1% from prior year and 70.8% sequentially
  - Gross margin increased 490 basis points YOY; 370 basis points sequentially
  - Improved performance and mix driving expansion
- Profit conversion for both segments and cost efficiencies produce positive consolidated operating results
- EPS of $0.17 per share
  - 47.1% increase in gross profit, lower SG&A spend and release of valuation allowance due to sustained profitability
- New contract awards announced for both operating segments

Overview

3Q20 Highlights

- Sypris Electronics
  - Revenue increased 52.6% YOY; 3.9% sequentially
    - Strong backlog of orders; up 27.2% from 2019 year-end
    - Backlog up while supporting 62% YTD increase in sales
  - Gross profit increased by a factor of 9 times YOY; Gross margin increased to 15.0%, up 1,780 bps YOY
  - Operating margin increased to 8.0%, or 191.2% YOY
- Recently announced an initial contract award with Leonardo DRS Naval Electronics
- Announced awards to manufacture assemblies for mission-critical munition dispensing systems
- Positive growth in backlog provides important momentum as we look forward to 2021

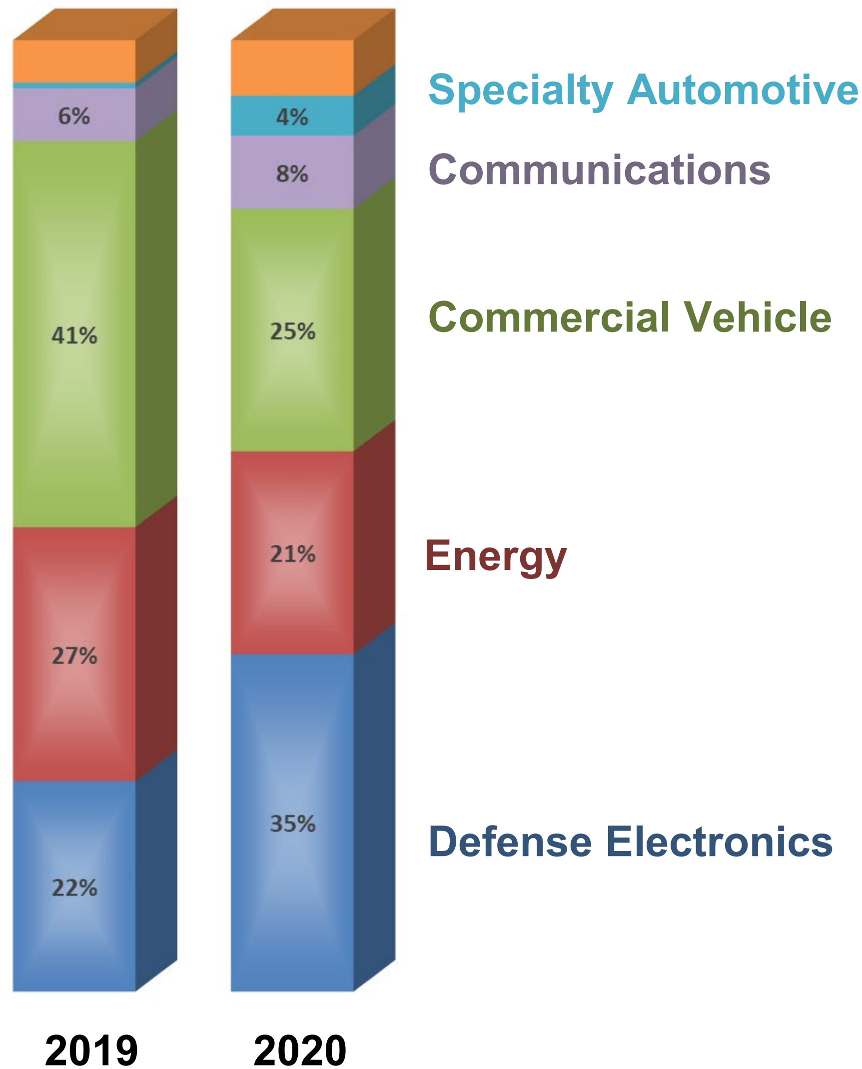
Overview

3Q20 Highlights

- Sypris Technologies
  - Revenue increased 62.1% sequentially
  - Gross profit increased 732.8% sequentially, while gross margin expanded to 15.8%, up from 3.1% sequentially
  - Positive YTD segment operating performance despite pandemic-related headwinds
  - Outlook from customers in Transportation and Off-Road markets substantially improved
  - Recently announced new contracts
    - Ultra high-pressure closures for use in the Libra Oil Field deep water project in Brazil
    - Double-bolt closures for the Trans Mountain Pipeline Expansion project in Canada
    - 58” 5.5 ton Tool-less closures for the Alberta Xpress Gas project

Revenue Mix by Market

- Significant shift in markets served provides balanced revenue mix
- Launch of transmission shaft program for Specialty Automotive market adds a new market that did not exist in 2019
- Defense Electronics, Energy and Specialty Automotive revenue growth expected to balance cycles in Commercial Vehicle
- Opportunity to expand margins as revenue mix shifts and increases in value add and technical requirements
- Exploring new markets to provide further growth opportunities for both segments



Outlook

- The market for defense electronics remains positive; we have a strong focus on ensuring that we maintain deliveries for our customers
  - Order backlog is up 27.2% from year-end
  - Margins have expanded significantly with volume YOY
- Demand from commercial vehicle, specialty automotive, all-terrain and off-highway customers improved substantially in Q3
  - Outlook continues to strengthen; cautiously optimistic for 2021 and beyond
- The energy markets have been impacted by reduced demand and increased supply, though prices have recovered recently
  - Outlook for orders from large global projects is trending up
- We have taken and will continue to take the necessary steps to protect our employees, customers and business, and we believe that we are well-positioned for success as markets stabilize

Financial Review

Third Quarter 2020

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Anthony C. Allen
Vice President & CFO

3Q Financial Results

$ millions	3Q 2020			3Q 2019	
	Consolidated	ST	SE	Consolidated	Change
Net Revenue	$ 22.2	$ 12.1	$ 10.1	$ 22.3	$ (0.1)
Gross Margin	15.4%	15.8%	15.0%	10.5%	490 bps
SG&A	$ 2.6			$ 3.1	$ (0.6)
Operating Income (Loss)	$ 0.8	$ 0.9	$ 0.8	$ (1.0)	$ 1.9

- Consolidated revenue up $5.0 million or 29.2% sequentially
- SE revenue up $3.5 million, or 52.6%, over the prior year and gross margin expands 1,780 basis points to 15.0%
- ST revenue rebounded 62.1% sequentially from Covid-19 impact in 2Q
- SG&A down $0.6 million from prior year reflects continued spending reductions in response to Covid-19
- Operating income of $0.8 million, up $1.9 million from prior year
- Release of valuation allowance on foreign deferred tax assets results in net income tax benefit of $3.2m for 3Q

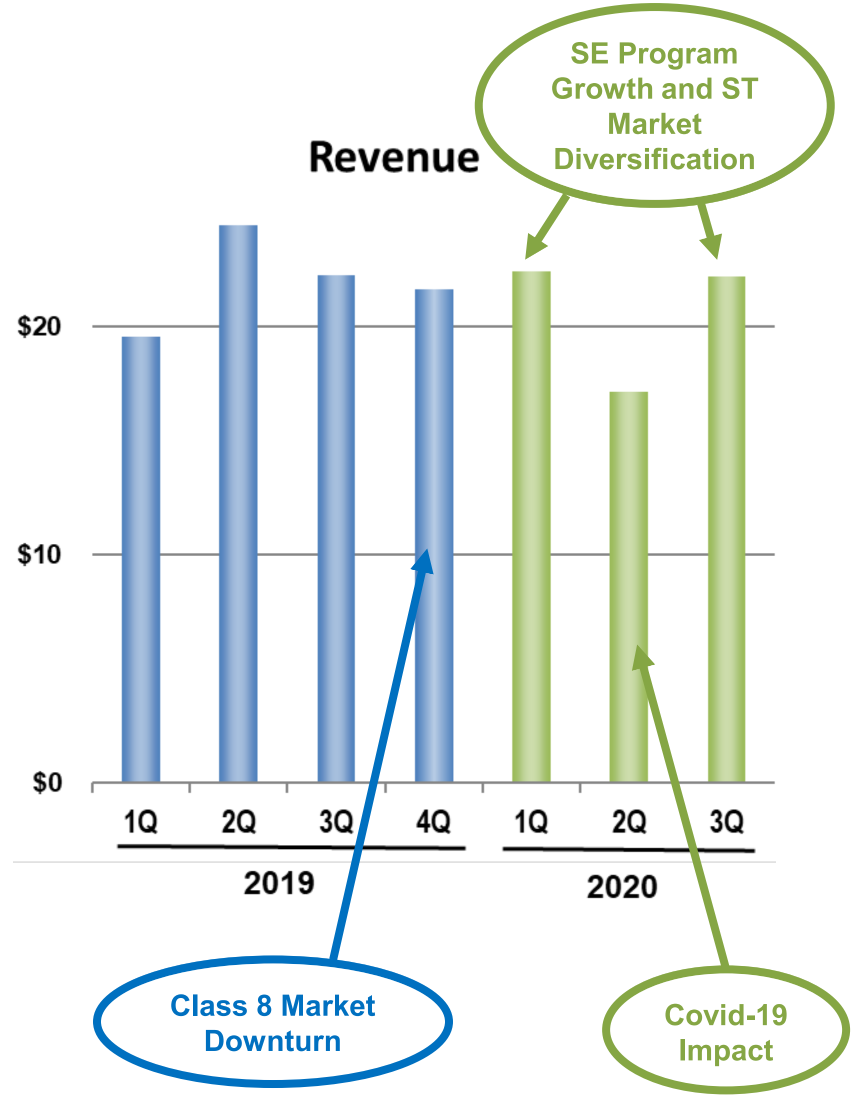
YTD Financial Results

$ millions	YTD 2020			YTD 2019	
	Consolidated	ST	SE	Consolidated	Change
Net Revenue	$ 61.7	$ 33.2	$ 28.5	$ 66.3	$ (4.5)
Gross Margin	14.6%	13.9%	15.4%	10.8%	380 bps
SG&A	$ 8.6			$ 10.2	$ (1.6)
Operating Income (Loss)	$ 0.3	$ 1.2	$ 2.2	$ (3.4)	$ 3.7

- Consolidated revenue down $4.5 million YOY driven by 2Q decline
- Gross margin up 380 basis points YOY to 14.6%, despite 2Q Covid-19 impact
- SE revenue up $10.9 million, or 62.0%, over the prior year and gross profit up $5.0 million
- ST revenue down $15.4 million, or 31.7% due to Covid-19 impact and Class 8 market downturn, partially offset by new program growth
- SG&A down $1.6 million as a result of targeted cost reduction actions and the elimination of one-time expenses in 2019
- Operating income up $3.7 million YOY despite 6.8% drop in revenue

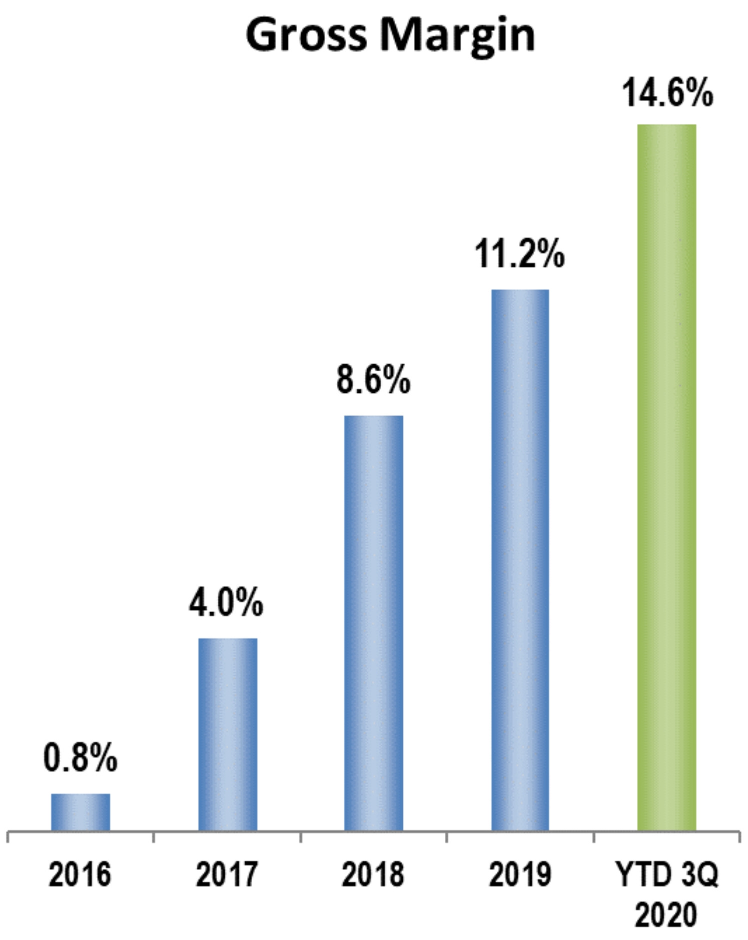
Quarterly Revenue

- Class 8 downturn beginning in 4Q 2019 offset by SE growth and ST market diversification
- Covid-19 impacted revenue beginning late March
- ST 3Q revenue of $12.1m, up 62.1% sequentially
- Ramp in new ST programs anticipated to partially offset softness in Class 8 market
- SE 3Q revenue of $10.1m, up 3.9% sequentially and 52.6% YOY
- Fourth consecutive quarter of sequential revenue growth for SE
- Market conditions for 4Q and 2021 are generally favorable, subject to Covid-19 uncertainty



Gross Margin Performance

- 3Q YTD gross margin above historical levels despite Q2 setback
- SE YTD gross margin of 15.4%, up 1,880 basis points YOY
- Conversion on SE revenue growth along with improved material availability drive margin improvement
- ST YTD gross margin of 13.9%, down 210 basis points YOY due to 2Q Covid-19 impact
- Stable demand for ST expected to drive 4Q and FY gross margin above YTD level
- Favorable revenue mix and cost performance from continuous improvement initiatives expected to drive ST margin improvement



Key Takeaways

- 3Q revenue growth of 29.2% sequentially; in line with prior year
- Gross profit increased $1.1 million or 47.1% over the prior year to $3.4 million
- Demand recovered for Sypris Technologies beginning in June and current outlook shows positive trend for 2021
- 3Q revenue for Sypris Electronics increased 52.6% YOY and 3.9% sequentially, reflecting its strong backlog and improved electronic component availability; YTD revenue up 62.0%
- Consolidated operating income for Q3 of $0.8 million and YTD of $0.3 million despite economic downturn from COVID-19
- Recognized $3.2 million income tax benefit in 3Q, primarily due to the release of our valuation allowance on foreign deferred tax assets
- Top-line growth and market diversification provide opportunity to expand margins in 2021
- The extent and duration of the impacts that COVID-19 may have on our business are not known at this time
- We greatly appreciate the continued support of our employees, customers and suppliers during this uncertain and challenging period

Question and Answer Session
3Q Earnings Conference Call

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President & CEO

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