Driving Change

First Quarter Earnings Conference Call

May 15, 2012

Jeffrey T. Gill
President and CEO

Brian A. Lutes
Vice President & CFO

Anthony C. Allen
Vice President & Treasurer

SYPRIS®

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; dependence on, recruitment or retention of key employees; reliance on major customers or suppliers, especially in the automotive or aerospace and defense electronics sectors; U.S. government spending on products and services that our Electronics Group provides, including the timing of budgetary decisions; our ability to develop new products and programs within the Electronics Group; cyber security threats and disruptions; potential impairments, non-recoverability or write-offs of goodwill, assets or deferred costs, including capitalized pre-contract costs related to the development of a replacement for certain aerospace and defense products; potential liabilities associated with discontinued operations, including post-closing indemnifications or claims related to business or asset dispositions; our inability to successfully launch or sustain new or next generation programs or product features, especially in accordance with budgets or committed delivery schedules; the costs of compliance with our auditing, regulatory or contractual obligations; regulatory actions or sanctions (in each case including FCPA, OSHA and Federal Acquisition Regulations, among others); inventory valuation risks including obsolescence, shrinkage, theft, overstocking or underbilling; pension valuation, health care or other benefit costs; labor relations; strikes; union negotiations; changes in licenses, security clearances, or other legal rights to operate, manage our work force or import and export as needed; breakdowns, relocations or major repairs of machinery and equipment; changes or delays in government or other customer budgets, funding or programs; potential weaknesses in internal controls over financial reporting and enterprise risk management; 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; 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; 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; 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.*

SYPRIS SOLUTIONS

Table of Contents

SYPRIS® SOLUTIONS

Overview

Key Highlights for Q1

- Revenue increased 27.2% to $96.5 million during the period, up from $75.8 million in the first quarter of 2011 and up 15.4% sequentially from the fourth quarter of last year.
- Gross profit rose 53.6% to $12.5 million, up from $8.1 million in the first quarter of last year, while gross margin expanded to 13.0%, up from 10.7% for the prior year quarter.
- Net income improved to $5.3 million, or $0.27 per diluted share, up from $2.1 million, or $0.10 per diluted share for the first quarter of 2011.
- Net cash increased to $13.2 million, up $17.1 million from the year earlier net debt position of $3.9 million.
- Profit conversion on incremental revenue growth for our Industrial Group exceeded 20% on a year-over-year basis and 16% sequentially, reflecting the positive impact of our continuous improvement activities.
- Orders in our Aerospace & Defense business increased 30% year-over-year, following a 23% year-over-year increase in the fourth quarter of last year.

SYPRIS® SOLUTIONS

Aerospace & Defense

Key Highlights

- Revenue was $13.9 million in the first quarter compared to $16.3 million for the prior year period, but up 23% sequentially from $11.4 million in the fourth quarter of 2011.
- Gross margin was 18.6% compared to 18.5% for the prior year period, and up significantly from the 4.5% margin we reported for the fourth quarter of last year.
- R&D investments continued during the quarter, albeit at a lower level than in recent periods, with the full-year outlook still expected to be in the range of 5-6% of revenue.
- Quoting activity for our engineering design and manufacturing services continued to increase as a result of our expanding relationships with Lockheed Martin, Northrop Grumman, L3, ITT and others.
- Sypris served as the lead for a team consisting of Lockheed Martin, Moog, Purdue, MIT and ACS on a response submitted to DARPA for research funding to develop a means for securing weapons platforms from Cyber Physical threats.
- We entered into a new alliance with BlackRidge Technology to provide the next generation of network defense technology for government customers. We are targeting the first product offering to be available in late 2012.

Aerospace & Defense

Outlook

- As we mentioned during our last call, we are planning for sequential revenue and profit growth for this business as we move through 2012.
- Our recently-developed cyber range test bed and related training services are receiving a great deal of interest from countries in Southeast Asia and the Middle East.
- We have received certification as a Trusted Source manufacturer by the U.S. Government, which further consolidates our high assurance pedigree for key EDMS customers such as Lockheed Martin, Northrop Grumman, BAE and others.
- We are making important progress with the development of an agile key management system for the Department of Energy to be used in the protection of the Smart Grid from potential cyber attacks.
- We believe that the upcoming rationalization of defense spending will result in more opportunities for products that offer common platforms, and lead to a reallocation of resources into cyber defense and modernization efforts to extend the life of currently deployed equipment.

SYPRIS® SOLUTIONS

Industrial

Key Highlights

- Revenue increased 38.6% to $82.5 million, up from $59.6 million for the prior year period, reflecting continued organic growth and industry expansion.
- Gross profit increased 93.3% to $9.9 million from $5.1 million in the first quarter of 2011, reflecting a 20.9% rate of profit conversion on incremental revenue growth.
- Gross margin expanded to 12.0% of revenue, up from 8.6% for the prior year period and up from 11.4% sequentially, reflecting higher sales, operating efficiencies and productivity improvements.
- Investments in preventive maintenance, equipment repair and training continued to pay dividends, as key metrics for equipment uptime, quality, on-time delivery and inventory turns exceeded expectations.
- We made substantial progress with new investments in additional capacity that when completed in 2012, will help to insure that we can continue to meet the needs of our growing customer base smoothly and effectively.
- Quoting activity for new business remained brisk, with the opportunity to layer in additional organic growth for 2013 and beyond.

Industrial

Outlook

- The environment for commercial vehicles and trailers in North America remains positive, with improving economic fundamentals in tact.
  - The recent slowdown in order rates for heavy-duty vehicles reflects a healthy market and perhaps one that is more sustainable over the long-term.
  - The demand for medium-duty vehicles continues to slowly improve, with an outlook for sustained growth over the next several years as both residential and commercial construction begin to expand from depressed levels.
  - The demand for trailers remains healthy, supported by tight capacity, new government regulation and a positive rate structure.
- FTR recently updated its five-year forecast, with heavy-duty expanding from 275,000 units in 2012 to 300,000 units in 2016, medium-duty growing from 155,000 units to 233,000 units, and trailer production remaining substantially at current levels (±245,000 units) throughout the forecast period.
- New business secured during 2011 is expected to support above market growth during 2012 as new program launches and production assets come on line.

Consolidated Financial Results

($ in thousands, except for per share data)

	1Q12	1Q11	Δ	Highlights
Revenue	96,463	75,810	27.2%	SIG revenue growth of 39%
Gross Profit	12,514	8,148	53.6%	20.9% conversion on incremental SIG sales
Gross Margin	13.0%	10.7%		
EBITDA (1)	9,650	7,300	32.2%	Improved revenues and gross profit drives favorable EBITDA in 2012
EPS	$0.27	$0.10	170.0%	

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

SYPRIS SOLUTIONS

Consolidated Financial Results

($ in thousands, except for per share data)

	1Q12	4Q11	Δ	Highlights
Revenue	96,463	83,580	15.4%	Increases in both businesses
Gross Profit	12,514	8,707	43.7%	Positive conversion; recovery of A&D
Gross Margin	13.0%	10.4%		Positive operating performance
EBITDA [(1)]	9,650	4,563	111.5%	
EPS	$0.27	$0.07	285.7%	

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

SYPRIS SOLUTIONS

Aerospace & Defense

($ in thousands)

	1Q12	1Q11	Δ	Highlights
Revenue	13,941	16,260	(14.3%)	Completion of programs; budgetary uncertainty
Gross Profit	2,592	3,016	(14.1%)	Decrease in revenue
Gross Margin	18.6%	18.5%		Margin strength offsets delayed volumes
EBITDA[(1)]	176	576	(69.4%)	Continued optimism for future recovery

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

Aerospace & Defense

($ in thousands)

	1Q12	4Q11	Δ	Highlights
Revenue	13,941	11,357	22.7%	Resumed shipments previously delayed
Gross Profit	2,592	507	411.2%	Volume back above breakeven at gross profit
Gross Margin	18.6%	4.5%		Margins recover
EBITDA[(1)]	176	(2,559)	106.8%	Continued optimism for future recovery

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

Industrial

($ in thousands)

	1Q12	1Q11	Δ	Highlights
Revenue	82,522	59,550	38.6%	Organic growth and market expansion
Gross Profit	9,922	5,132	93.3%	Positive conversion; production efficiencies
Gross Margin	12.0%	8.6%		Strength in margins expected to continue
EBITDA [(1)]	12,026	8,843	36.0%	Positive conversion on additional revenue

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

Industrial

($ in thousands)

	1Q12	4Q11	Δ	Highlights
Revenue	82,522	72,223	14.3%	Organic growth and market expansion
Gross Profit	9,922	8,200	21.0%	Positive conversion; production efficiencies
Gross Margin	12.0%	11.4%		Strength in margins expected to continue
EBITDA [(1)]	12,026	9,215	30.5%	Volume; production efficiencies; liquidation of idle assets

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

SYPRIS SOLUTIONS

Summary

- Revenue increased 27.2%, while gross profit rose 53.6% from the prior year period, reflecting strong conversion on incremental revenue driven by our reduced cost structure and sustained operational performance:
  - Industrial Group gross profit increased 93% from the prior year quarter on a 38.6% increase in revenue, while gross margins expanded to 12.0% from 8.6%.
  - Aerospace & Defense gross margin of 18.6% was flat with the prior year quarter, but up sequentially from 4.5% in the fourth quarter of 2011.
- Earnings increased to $0.27 per diluted share, up from $0.10 per diluted share for the prior year period.
- Order activity in the commercial vehicle market has continued to expand and is expected to drive strong year-over-year double digit growth for our Industrial Group.
- Quoting activity for our engineering design and manufacturing services continued to increase as a result of our expanding relationships with Lockheed Martin, Northrop Grumman, L3, ITT and others.
- The Company remains well positioned, and our team is focused on delivering improved operational and financial results during the year.

SYPRIS® SOLUTIONS

Q & A Session

SYPRIS® SOLUTIONS