2019 First Quarter Earnings Conference Call

May 15, 2019

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 achieve targeted gains and cash proceeds from the anticipated sale of certain equipment; our failure to return to 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; dependence on, retention or recruitment of key employees; 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; cost, quality and availability of raw materials such as steel, component parts (especially electronic components), natural gas or utilities; 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; potential weaknesses in internal controls over financial reporting and enterprise risk management; disputes or litigation involving governmental, supplier, customer, employee, creditor, stockholder, product liability or environmental claims; the fees, costs and supply of, or access to, debt, equity capital, or other sources of liquidity; our reliance on a few key customers, third party vendors and sub-suppliers; continued shortages and extensive lead-times for electronic components; breakdowns, relocations or major repairs of machinery and equipment, especially in our Toluca Plant; our failure to successfully complete final contract negotiations with regard to our announced contract "orders", "wins" or "awards"; 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; 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

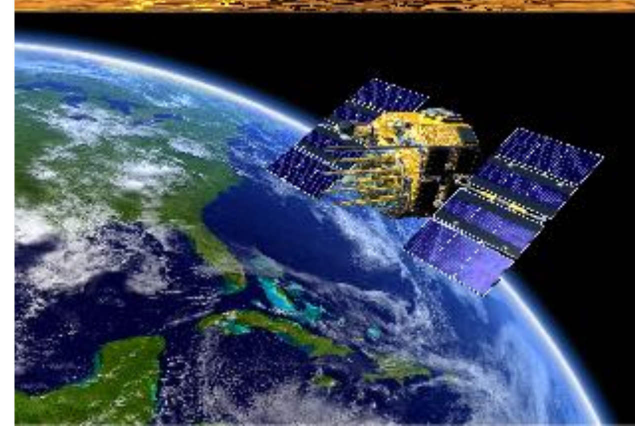
1Q19 Highlights

- Revenue of $19.6 million
  - 11.3% increase for Sypris Technologies
    - Favorable market conditions for automotive, heavy truck and energy driving increased volume
  - Shortage of electronic components and contract delay contributed to reduced revenue for Sypris Electronics
    - Contract resolution and progress made on component shortages resulting in increased shipments in 2Q
- Gross margin of 8.1% for 1Q 2019
  - 9.3% increase in gross profit for Sypris Technologies
    - Margin of 14.3%; Expect expansion beginning 2Q
    - Operating margin of 6.5%, up from 2.1% in 1Q18
  - Sypris Electronics margins impacted by lower volumes
  - Outlook for meaningful margin growth for the rest of 2019

Outlook

2019 Full Year

- The outlook for each of our markets remains positive
- The heavy-duty truck market is showing considerable strength
  - N.A. Class 8 forecasts production will be up 4% in 2019 over record setting highs in 2018
- The light vehicle market continues to be positively supported by a strong North America economic climate
- Launching new products for customers in automotive, off-road, ATV, commercial vehicle and refrigeration markets
  - Revenue expected to impact top line beginning 3Q
  - Program launch costs expected to abate in 2Q, providing support for further margin expansion
- The energy markets continue to benefit from strong demand and higher oil prices
  - Rising natural gas demand and growing exports
  - Rising forecasts for oil prices and U.S. crude-oil production



Outlook

2019 Full Year

- DoD spending on the rise
  - US military spending is expanding significantly
  - Well positioned with top-tier DoD prime contractors on targeted programs
- New program starts expected to support top line growth through the balance of 2019
- Continue to work with customers to secure electronic components to meet scheduled deliveries
  - Currently have 2Q requirements in house
  - Working to solidify 2H19 needs
- Bidding activity remains robust, with program size and duration continuing to expand
- Deep sea communications showing meaningful opportunity

Outlook

2019 Full Year

- New contract awards, positive market conditions and lower costs align for positive year
- Growth, mix and operational performance expected to support positive margin expansion
- Both business units expected to be profitable for the year
- Guidance

Guidance	**2019**
– Revenue	$100-$110
– Gross margin	14%-16%

- Material availability will remain a focus, but otherwise all of the prerequisites for a very positive year are in place
- The second half of 2019 is expected to improve sequentially
- We look forward to the new chapter in our journey

Financial Review
First Quarter 2019

May 15, 2019

Anthony C. Allen
Vice President & CFO

1Q Financial Results

$ millions	1Q 2019			1Q 2018	
	Consolidated	**ST**	**SE**	**Consolidated**	**Change**
Net Revenue	$ 19.6	$ 16.1	$ 3.4	$ 19.9	$ (0.4)
Gross Margin	8.1%	14.3%	(20.8)%	10.2%	(210) bps
Operating Income	$ (2.0)	$ 1.1	$ (1.6)	$ (1.6)	$ (0.3)

- Consolidated revenue down slightly from the prior-year
- ST revenue up 11.3% over the prior year and 6.7% sequentially
- SE revenue reflects anticipated component availability challenges, delayed shipments pending contract negotiations and program shipments pulled into 4Q
- Gross margin for ST in line with prior year and sequential levels, while productivity and overhead absorption impacted SE
- SG&A included additional charges related to the system implementation and higher benefit claims

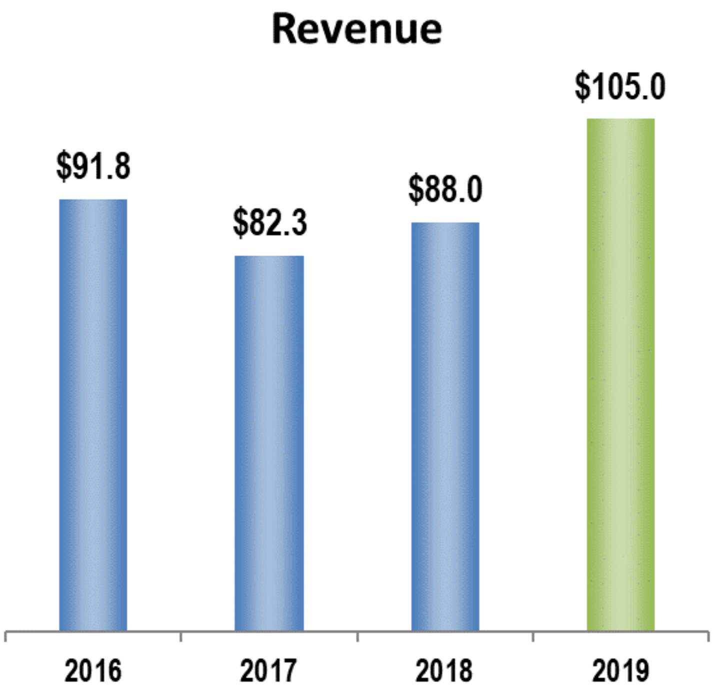
Outlook Update

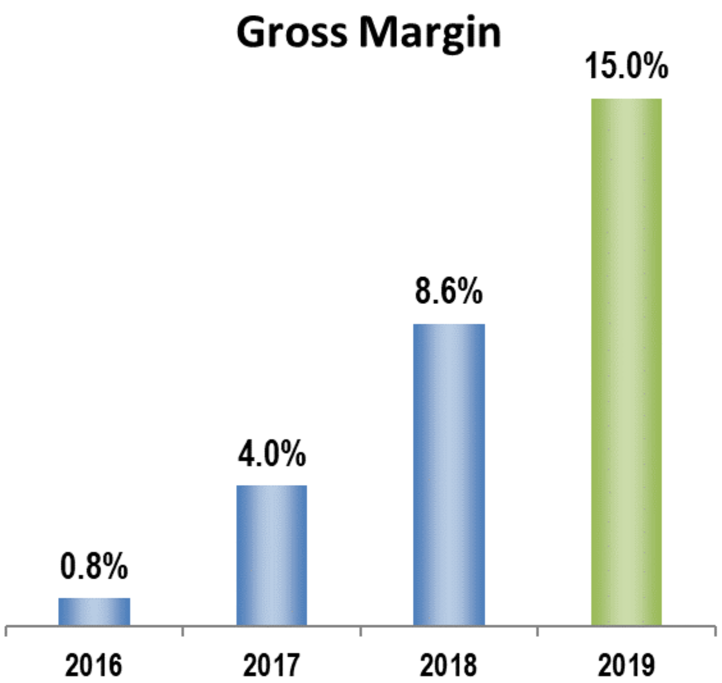
$ millions	**Outlook FY 2019**
Net Revenue	$100 to $110
Gross Margin	14% to 16%
SG&A	11% to 13%

- Revenue outlook reflects backlog and favorable market conditions
- Gross margin expected to improve sequentially throughout 2019
- Continuous improvement initiatives and higher volumes for ST expected to contribute to sequential margin expansion
- Shipment volumes targeted to increase for SE contribute to margin improvement
- SG&A % forecast at consistent levels with 2018*
- Return to profitability targeted for 2019

* *Excludes benefit in 4Q 2018 of legal fee resolution*

YOY Revenue and Margin Improvements





- Forecasting double digit growth to surpass 2016
- New programs expected to contribute to 2019 revenue in both segments
- Auto, heavy truck and energy markets forecast to remain favorable for ST
- SE shipment forecast increases from 1H to 2H

- Continue upward trend of margin improvements
- Continuous improvement actions planned to increase labor productivity
- Supply chain initiatives underway to achieve variable cost reduction targets
- Implementing improved management of material and design changes for SE programs

** 2019 Based on Midpoint of Outlook Range*

Key Takeaways

- 1Q Revenue showed a slight reduction from the prior year reflecting the expected slow start for Sypris Electronics
- Sypris Technologies revenue increased $1.6 million to $16.1 million, up 11.3% YOY and 6.7% sequentially
- Improvements in component availability and the completion of contract negotiations on a follow-on program expected to contribute to revenue growth and margin improvement beginning in 2Q for Sypris Electronics
- Consolidated gross profit impacted by lower 1Q volumes for Sypris Electronics
- Solid trend of operating income performance for Sypris Technologies reflecting lower cost structure
- Strong market conditions for heavy truck, energy and aerospace and defense for 2019
- Confirming revenue guidance for 2019
  - Revenue $100-$110 million
  - Gross margin 14%-16%
  - Sequential improvement in both revenue and gross margin from 1H to 2H
- Target to return to profitability for 2019

Question and Answer Session
1Q Earnings Conference Call

May 15, 2019

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President & CEO

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