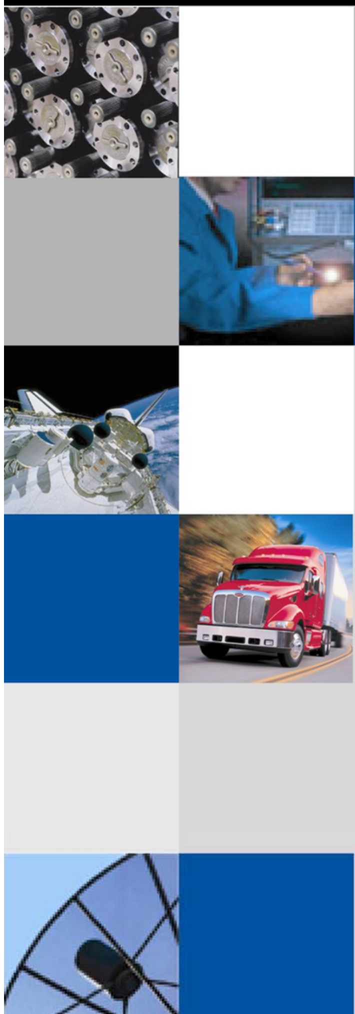
Driving Change



Second Quarter 2011
Earnings Conference Call

August 9, 2011

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; potential liabilities associated with discontinued operations, including post-closing indemnifications or claims related to business or asset dispositions; adverse determinations by government contracting officers, especially regarding the potential retrofit of certain electronic products with respect to alleged "latent defects," which are disputed by the Company; the costs of compliance with our auditing, regulatory or contractual obligations; regulatory actions or sanctions (in each case including FCPA, OSHA and Federal Procurement Regulations, among others); breakdowns, relocations or major repairs of machinery and equipment; potential impairments, non-recoverability or write-offs of goodwill, assets or deferred costs, including deferred tax assets in the U.S. or Mexico; inventory valuation risks including obsolescence, shrinkage, theft, overstocking or underbilling;* dependence on, recruitment or retention of key employees; *pension valuation, health care or other benefit costs; labor relations; strikes*; union negotiations*; changes or delays in government or other customer budgets, funding or programs; reliance on major customers or suppliers, especially in the automotive or aerospace and defense electronics sectors; 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; our inability to successfully launch or sustain new or next generation programs or product features, especially in accordance with budgets or committed delivery schedules; 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; changes in licenses, security clearances, or other legal rights to operate, manage our work force or import and export as needed; potential weaknesses in internal controls over enterprise risk management; war, terrorism, computer hacking or other cyber attacks, or political uncertainty; unanticipated or uninsured disasters, losses or business risks; inaccurate data about markets, customers or business conditions; or unknown risks and uncertainties.*

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Overview

- Key Highlights for Q2
  - Revenue increased 35% from the prior year quarter, driven by a 48% increase in sales for our Industrial Group.
  - Gross profit increased 77% from the prior year period, reflecting a 210% increase in gross profit for our Industrial Group.
  - Profit conversion on incremental revenue growth for our Industrial Group exceeded 21% on a year-over-year basis and 20% sequentially.
  - The Company entered into a new long-term credit facility to lower its borrowing costs, increase its liquidity and extend loan maturities into 2016.
  - The Company announced the opening of a new state-of-the-art Cyber Collaboration Center to serve as a training ground and test-bed for security engineers to develop best practices in ethical hacking and defense tactics.
  - Subsequent to quarter-end, the Company announced a new long-term supply agreement to provide drivetrain components to Sisamex Automotrices de Mexico.

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Aerospace & Defense

- Revenue declined slightly from prior year levels reflecting the delay in the approval of the 2011 Defense Appropriations Bill.
- The approval of the fiscal year 2011 Federal budget in April shifted the timing of anticipated US Government agency customer orders to the second half of 2011.
- We began to see some recovery of this market as order flow increased in June.
- Gross profit declined on both a comparable period and sequential basis as a result of unfavorable mix and the short-term impact of additional engineering costs that were incurred for performance, capability and life enhancements on certain of the Company's products.
- We formalized a strategic partnership with BlackRidge Technologies to develop a centralized key management solution for the BlackRidge family of network security products.
- We agreed to partner with a leading global security company to pursue the development of interoperable network security applications for both domestic and international markets.

Aerospace & Defense

- We continued to fund efforts to support existing and new business opportunities including:
  - The development of a centralized cryptographic key management system to protect the Smart Grid from cyber attacks for the Department of Energy;
  - The development of advanced prototypes for an application-based, secure handheld device that will integrate many commonly used data functions and mission tools into a lightweight unit for use by the war-fighter;
  - The hosting of a two week cyber training program, including a nationwide ethical hacking Capture the Flag event with participants from Brigham Young University, the University of California at Berkeley, the University of Southern California and the University of Texas at San Antonio, as well as with participants from private industry; and
  - The collaboration with the Career Technical Education Foundation to develop an $(ISC)^2$ certified cyber training course for use in our nation's high schools.
- In summary, business development opportunities remain quite active across the segment's portfolio despite the short-term impact of government funding issues.

Industrial

- Revenue increased 48% during the quarter when compared to the prior year period and rose 16% sequentially from Q1 driven by the continued expansion of the commercial vehicle and trailer markets.
- Gross profit increased 210% and 38% on a year-over-year and sequential basis, respectively, reflecting the positive conversion on incremental sales growth and the greatly improved cost profile of the business.
- Gross margin exceeded 10% of revenue, up from less than 5% in 2Q10 and up from less than 9% sequentially from 1Q11, reflecting the increased volume, lower cost profile and positive results from continuous improvement initiatives.
- The team continued to do an excellent job managing the growth in demand, with solid performance reflected in certain key non-financial metrics.
  - Inventory turns improved 11% on a year-over-year basis.
  - Important measures for quality, on-time-delivery and productivity remained positive.
- Subsequent to quarter-end, the Company announced a new long-term supply agreement to provide drivetrain components to Sisamex Automotrices de Mexico. Shipments under this agreement are expected to begin prior to year-end.

Industrial

- The fundamentals of the commercial vehicle market remain favorable.
  - Freight volumes continue to increase.
  - The price of diesel fuel has retreated.
  - The cost of money remains low and the availability of credit is increasing.
  - Active truck capacity is tight, as is the availability of drivers.
  - Exports to Russia, Australia, the Middle East and South America are strong.
- According to FTR Associates, only 8,700 Class 8 build slots remain open for Q3, while 31,500 remain open for Q4. With an average monthly order rate of 18,000 units, the balance of the year should be filled in the next several months, while the current backlog for trailers has most manufacturers committed for the balance of the year.
- ACT Research is forecasting a 65% increase in the average daily build rate of Class 8 trucks during Q3 when compared to the prior year period and a 16% sequential increase from the second quarter of this year.
- As a result of these factors, the outlook continues to be very positive.

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Industrial

- ACT is currently forecasting robust demand across all segments extending out through 2013.

	Q1	Q2	Q3	Q4	2011	2012	2013
Class 5-7	39.7	39.6	43.3	46.2	168.8	177.9	201.2
Year-Over-Year	46.7%	42.5%	42.3%	41.5%	43.1%	5.4%	13.1%
Class 8	52.1	62.1	68.6	71.9	254.6	329.9	334.2
Year-Over-Year	49.0%	76.3%	70.1%	64.5%	65.1%	29.6%	1.3%
Trailers	46.4	54.9	58.8	60.7	220.9	277.5	286.5
Year-Over-Year	109.7%	79.0%	52.8%	46.9%	66.4%	25.6%	3.3%

Source: ACT N.A. Commercial Vehicle Outlook, July 11, 2011

- Production is expected to accelerate further during the second half of 2011, with production increasing 13%, 23% and 18% for Class 5-7, Class 8 and Trailers, respectively, when compared to the first half of 2011.
- Our team will continue to focus on execution and profitably converting on increased demand.

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Consolidated Financial Results

($ in thousands)

	2Q11	2Q10	Δ	Highlights
Revenue	85,058	63,106	34.8%	SIG revenue growth of 48%
Gross Profit	8,111	4,592	76.6%	Positive conversion on incremental SIG sales
Gross Margin	9.5%	7.3%		
EBITDA(1)	3,592	898	300.0%	Positive SIG conversion of increased volumes

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

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Aerospace & Defense Financial Results

($ in thousands)

	2Q11	2Q10	Δ	Highlights
Revenue	16,173	16,535	(2.2%)	Delayed budget approval slowed funding to 2H
Gross Profit	1,031	2,306	(55.3%)	Engineering support costs for current products
Gross Margin	6.4%	13.9%		
EBITDA[(1)]	(1,974)	(840)	(135.0%)	Adjusted organization while recovery continues

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

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Industrial Financial Results

($ in thousands)

	2Q11	2Q10	Δ	Highlights
Revenue	68,885	46,571	47.9%	Continuing expansion of CV market
Gross Profit	7,080	2,286	209.7%	Positive conversion; productivity and efficiency
Gross Margin	10.3%	4.9%		Seeing positive results from CI/Lean initiatives
EBITDA [(1)]	7,524	3,660	105.5%	Positive conversion; increased productivity

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

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Summary

- Sales increased 35%, while gross profit rose 77% from the prior year period, reflecting strong conversion on incremental revenue driven by our reduced cost structure and sustained operational performance:
  - Industrial Group gross margin exceeded 10% of revenue, up from less than 5% for the prior year quarter on a 48% increase in revenue.
  - Aerospace & Defense gross margin was 6% of revenue, down from 14% for the prior year quarter, as a result of engineering support costs for performance, capability and life enhancements of current products.
- We expect to see an eventual recovery in the defense market now that the 2011 budget authorization was enacted in April; order flow increased in June.
- We continued to invest in Aerospace & Defense R&D and engineering support to develop several focused, high-assurance information security solutions for introduction in 2012 as we confront the growing cyber challenge.
- The outlook for commercial vehicle production remains solid. All remaining build slots are expected to be committed within the next few months, turning the focus to 2012, which is expected to benefit from a solid replacement market.
- Our team remains focused on delivering improved operational and financial results during the remainder of the year.

Q & A Session