2020 Fourth Quarter and Full Year Earnings Conference Call

March 18, 2021

Jeffrey T. Gill
President & CEO

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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 successfully win new business; the termination or non-renewal of existing contracts by customers; 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 require us to sell assets to fund operating losses; breakdowns, relocations or major repairs of machinery and equipment, especially in our Toluca Plant; 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, warranty or environmental claims; 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 our Paycheck Protection Program loan; 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; 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 disasters, public health crises, losses or business risks; unanticipated or uninsured product liability claims; 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; costs associated with environmental claims relating to properties previously owned; 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; risk related to owning our common stock including increased volatility; 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

2020 Highlights

- Operational performance continued to improve
  - Gross margin increased 280 bps from 2019 to 14.0% despite a 6.3% decrease in revenue
  - Gross profit improved 17.0% YOY
- EPS of $0.08 per share
  - Increase in gross profit, lower SG&A spend and release of valuation allowance due to sustained profitability
- Sypris Electronics revenue increased 41.3% YOY
  - Strong orders, backlog and improved electronics component availability
  - Gross margin increased 1,420 bps YOY to 14.6%
- Positioned for a very positive 2021 outlook
  - 20% revenue growth
  - 200 to 300 bps margin expansion; strong cash flow
  - Supported by contract awards; positive markets

Overview

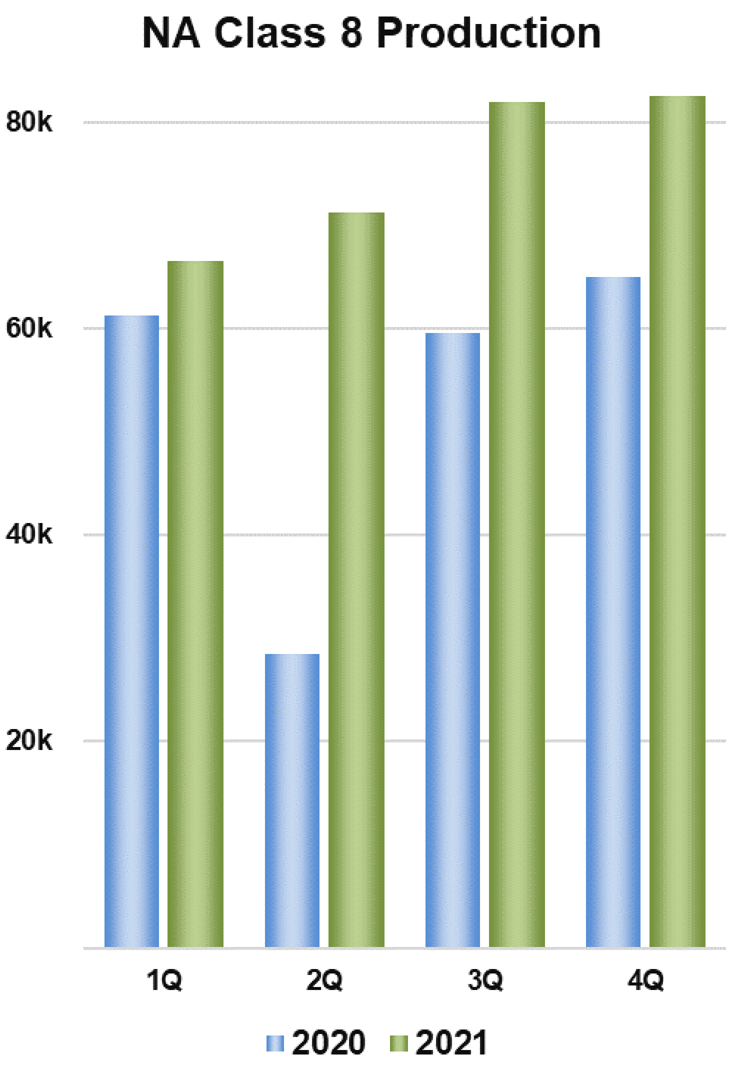
New Contract Awards

- Sypris Electronics
  - Announced contract to build and test a variety of electronic power supply modules for a mission-critical, long-range, precision-guided anti-ship missile system; production to begin in 2021
- Sypris Technologies
  - Announced a long-term contract extension with a leading commercial vehicle manufacturer
    - Continues existing product lines; includes the award of two additional axle shaft model lines; adoption of Sypris Ultra features; production to begin in 2021
  - Announced contracts to provide high-pressure closures for two large energy projects
    - The Anchor Field development project in the Gulf of Mexico; the planned upgrade of a natural gas pipeline system in N.A.

Outlook

Commercial Vehicle

- Class 8 demand expected to increase 41% in 2021 and a further 15% in 2022
  - Housing strength
  - Manufacturing prosperity
  - Low fuel prices
  - Transition to e-commerce
  - Carrier profitability
  - Goods for services swap
- OEM backlog at the end of February is estimated to be up 144% from August of 2020
- Further upside exists to both 2021 and 2022, subject to potential supply chain constraints
- When combined with our new program awards, 2021 is poised to be a very positive year

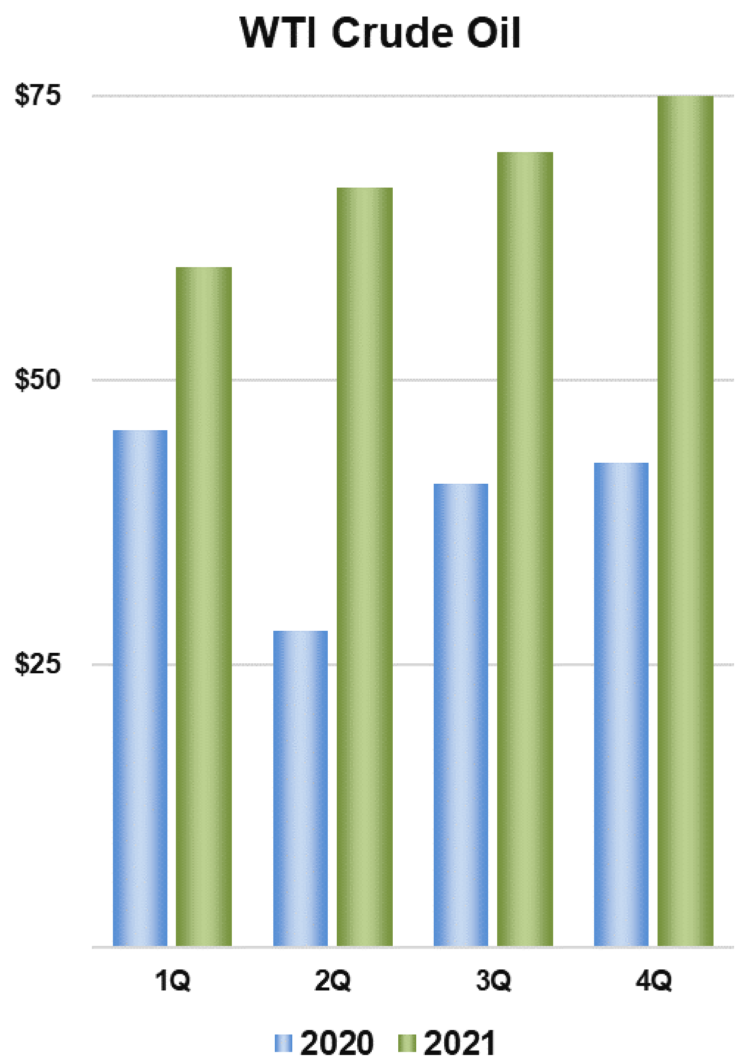


Source: ACT Research Co LLC 03/10/21

Outlook

Energy

- Demand for LNG is forecast to outpace all other sources of fossil fuel for the foreseeable future
- 138 MT of LNG capacity is currently under construction; 100 MT of additional capacity is forecast to be needed by 2035
- Oil prices have increased significantly over the past year, with the price of WTI up 129% from March 16, 2020 to March 12, 2021; Brent crude up 118% for the same period
- Outlook for year-end prices of $75.00 or more, up 75% or more from year-end 2020
- Rig count is up 64% over the past six months and is expected to rise another 45% by year end
- Strong economic growth of 5% to 6% in the US is expected to drive consumption
- Transmission, conversion and export spending expected to benefit from price recovery



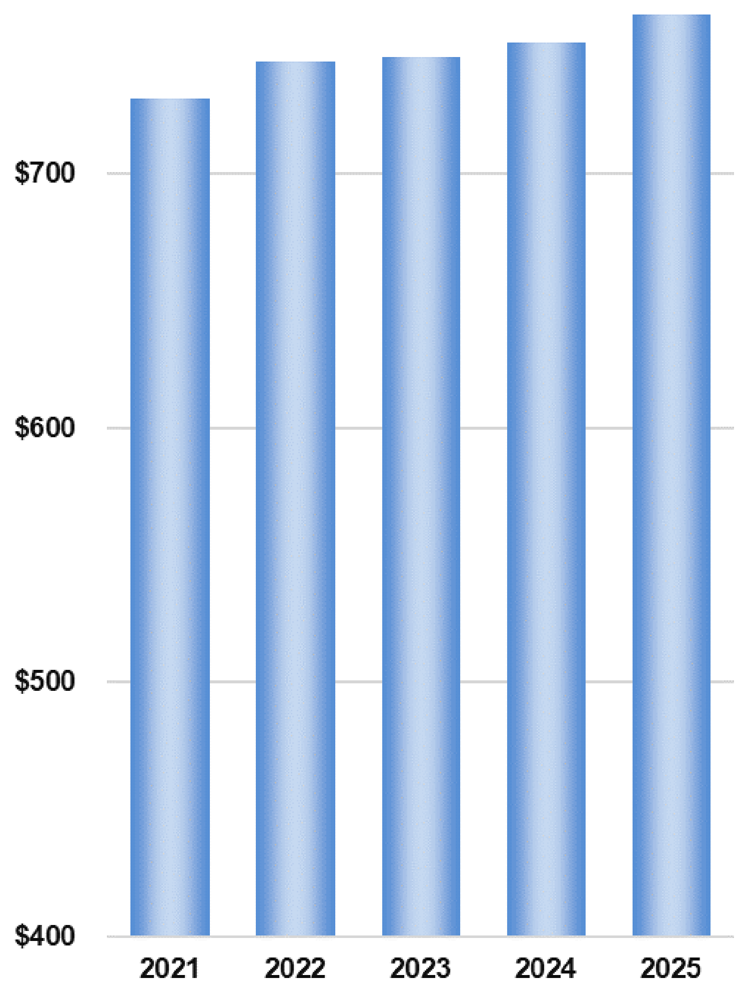
Source: Raymond Janes & Assoc, Industry Brief, 03/08/21

Outlook

Defense Electronics

- The long-term outlook for defense spending remains positive
- Technology upgrades to existing strategic platforms will take precedence
  - Naval electronic warfare; surveillance
  - Avionics upgrades; electronic warfare
  - Missile guidance
  - Secure communications
- Deep-sea communications demand remains robust
- Backlog now extends into 2023
- Positive momentum is carrying over into 2021; expect new orders to be up

US Dept of Defense Outlays

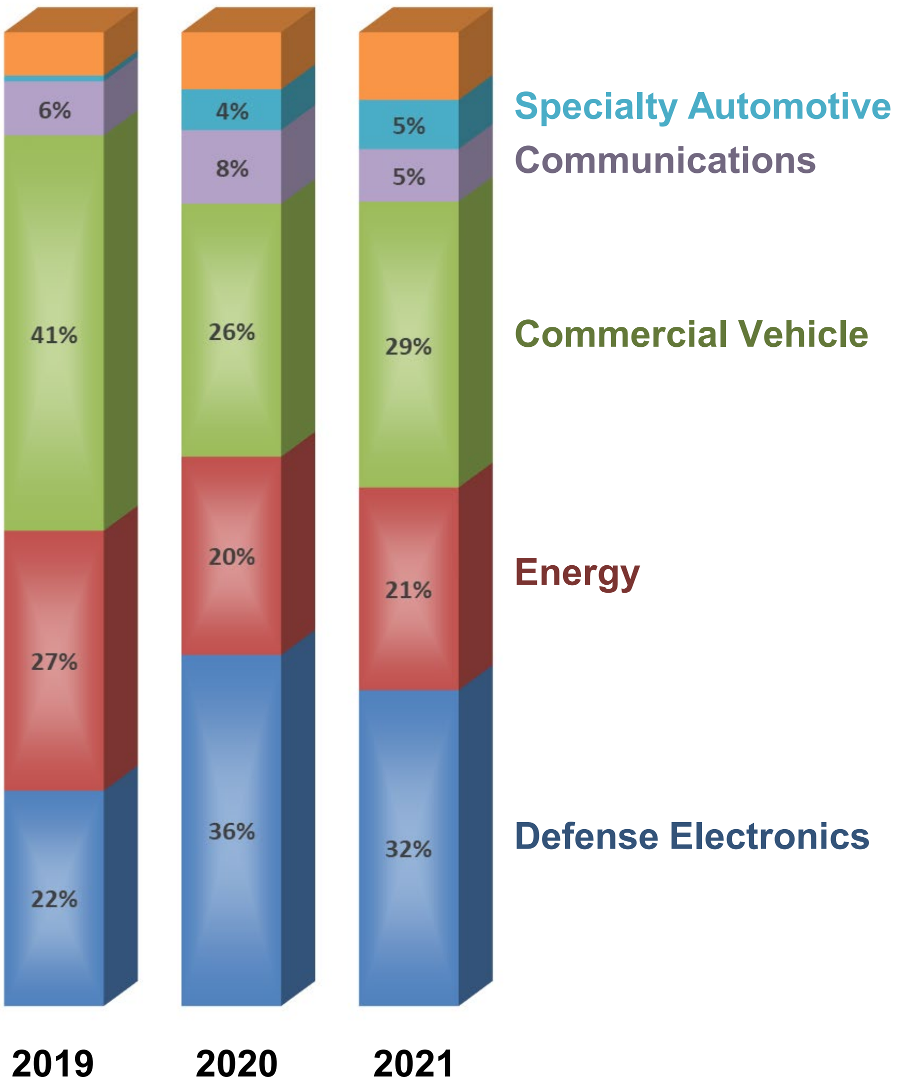


Source: Erin Duffin, Statista.com. 03/05/21

Outlook

Revenue Mix

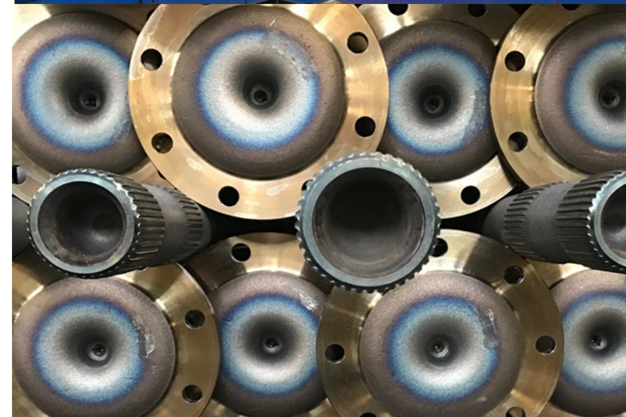
- Revenue is expected to increase 20% YOY, resulting in only a slight change in mix
- Specialty Automotive is expected to increase as a percent of the total, as is Energy
- The strength of the Commercial Vehicle market and new programs are expected to expand its share in 2021, but only incrementally due to portfolio balance
- Defense Electronics is expected to register solid growth in 2021; accelerate further in 2022
- Continue to explore new markets to provide further growth opportunities for both segments



Outlook

Summary

- Market strength and new contracts are expected to fuel a 20% growth in the top line for 2021 on a YOY basis
  - The commercial vehicle market is forecast to expand 41% in 2021 and an additional 15% in 2022
  - Improving commodity prices are expected to have a positive impact on transmission, conversion and export infrastructure spending
  - The outlook for defense spending is expected to remain vibrant, especially for upgrades to electronic warfare, avionics, surveillance and communications programs
  - The addition of new programs under long-term contract, along with recent contract wins in Defense Electronics and Energy, support further top line optimism
- The result is forecast to expand margins by an additional 200 to 300 basis points for the year, while cash flow from operations is expected to increase by strong double digits



Financial Review

Fourth Quarter 2020

March 18, 2021

Anthony C. Allen
Vice President & CFO

4Q Financial Results

$ millions	4Q 2020			4Q 2019	
	Consolidated	**ST**	**SE**	**Consolidated**	**Change**
Net Revenue	$ 20.6	$ 12.1	$ 8.5	$ 21.6	$ (1.0)
Gross Margin	12.4%	12.7%	11.9%	12.5%	(10) bps
SG&A	$ 2.7			$ 3.5	$ (0.8)
Operating (Loss) Income	$ (0.2)	$ 0.6	$ 0.3	$ (0.9)	$ 0.7

- Consolidated revenue down 4.7% as energy product shipments declined
- Gross margin of 12.4% in line with prior year despite revenue shortfall
- SE revenue flat with prior year while gross margin expands 370 basis points to 11.9%
- Lower energy product sales for ST partially offset by YOY growth from the commercial vehicle market
- SG&A down $0.8 million from prior year reflecting continued spending reductions in response to COVID-19
- Operating income (loss) improved by $0.7 million from prior year, but fell short of expectations

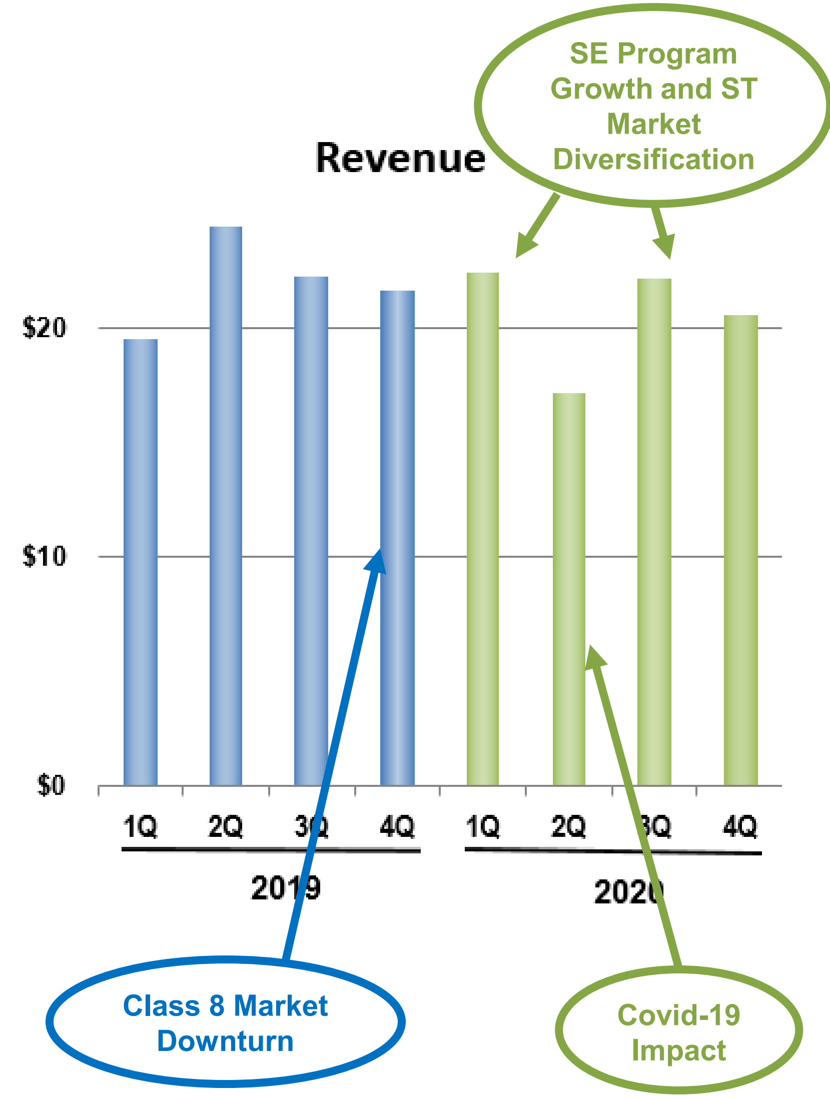
Full Year Financial Results

$ millions	2020			2019	
	Consolidated	ST	SE	Consolidated	Change
Net Revenue	$ 82.3	$ 45.3	$ 37.0	$ 87.9	$ (5.5)
Gross Margin	14.0%	13.6%	14.6%	11.2%	280 bps
SG&A	$ 11.4			$ 13.7	$ (2.3)
Operating Income (Loss)	$ 0.1	$ 1.7	$ 2.6	$ (4.3)	$ 4.4

- Consolidated revenue down 6.3% YOY driven by 2Q decline
- Gross margin up 280 basis points YOY to 14.0% despite 2Q COVID-19 impact
- SE revenue up 41.3% over the prior year and gross profit expands 1,420 bps to 14.6%
- ST revenue down 26.5% attributable to COVID-19 impact during 2Q
- SG&A down $2.3 million from cost reduction actions and the elimination of one-time expenses in 2019
- Operating income up $4.4 million YOY despite lower revenue and COVID-19 impact on operations

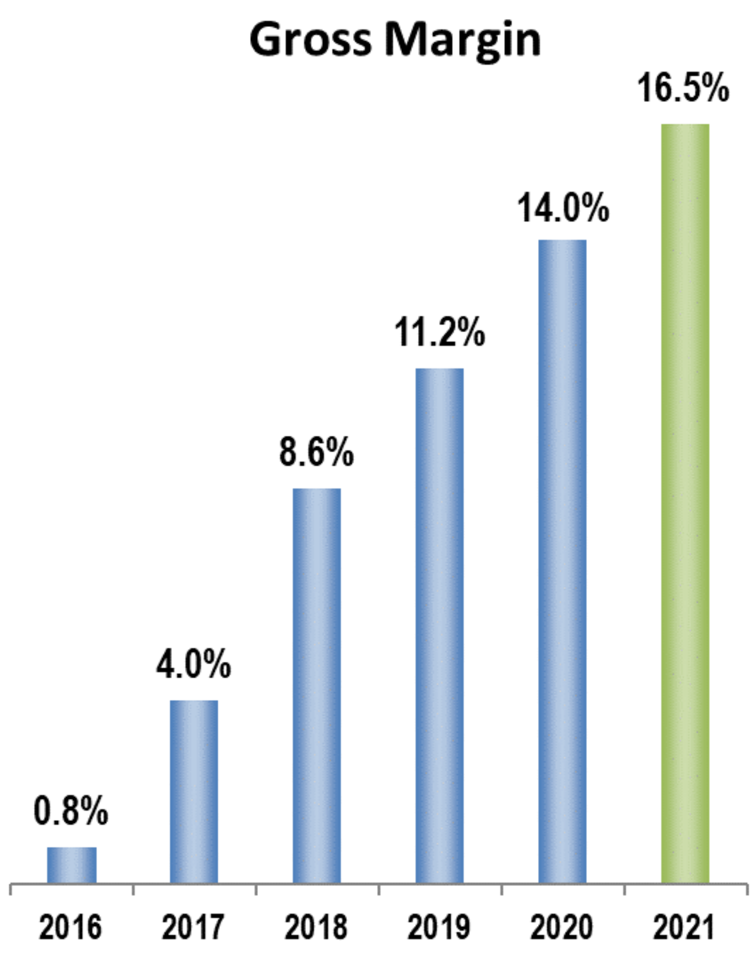
Quarterly Revenue

- Class 8 downturn beginning in 4Q 2019 offset by SE growth and ST market diversification
- COVID-19 impacted revenue beginning late March
- Rebound in Class 8 market during 2H served to partially offset softness in energy market
- SE 2020 revenue of $37.0m, up 41.3% YOY
- Market conditions for 2021 are favorable with expected YOY growth of 20%



Gross Margin Performance

- 2020 gross margin above historical levels despite Q2 setback
- SE 2020 gross margin of 14.6%, up 1,420 basis points YOY
- Conversion on SE revenue growth along with improved material availability drive margin improvement
- ST 2020 gross margin of 13.6%, down 230 basis points YOY due to 2Q COVID-19 impact and continued softness in energy markets
- Stable demand for ST expected to drive 2021 gross margin above current level



Key Takeaways

- FY consolidated revenue was $82.3 million for 2020, a YOY decrease of 6.3% reflecting COVID-19's impact on 2Q
- FY consolidated margin expanded 280 basis points to 14.0% in 2020
- EPS increased to $0.08 per diluted share for 2020 compared to a loss of $0.19 per share for the prior year
- Demand recovered for the commercial vehicle market in 2H 2020 with Class 8 production forecast to grow 41% YOY in 2021
- New contract awards, positive market conditions and market diversification support revenue growth and margin expansion in 2021
  - 20% growth in revenue; 200-300 bps increase in gross margin
  - Revenue expected to ramp from current level beginning in 2Q to drive sequential and YOY top line and margin improvements for balance of 2021
  - Cash flow from operations expected to improve on improved profitability and working capital management
- We greatly appreciate the support of our employees, customers and suppliers during a very challenging 2020 and we look forward to the coming year with optimism