2013 Second Quarter Earnings Conference Call

August 6, 2013

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President & CEO

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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

This press release contains "forward-looking" statements within the meaning of the federal securities laws. 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: declining revenues and backlog in our aerospace and defense business lines as we attempt to transition from legacy products and services into new market segments and technologies; our ability to successfully develop, launch or sustain new products and programs within the Electronics Group especially in new market segments and technologies; dependence on, retention or recruitment of key employees especially in challenging markets; reliance on major customers or suppliers, especially in the automotive or aerospace and defense electronics sectors, including the risk of negative outcomes in contract renewal negotiations; adverse impacts of new technologies or other competitive pressures which increase our costs or erode our margins; the costs of compliance with our auditing, regulatory or contractual obligations; potential impairments, non-recoverability or write-offs of assets or deferred costs; inventory valuation risks including obsolescence, shrinkage, theft, overstocking or underbilling; volatility of our customers' forecasts, production levels, financial conditions, market shares, product requirements or scheduling demands; the cost, quality, timeliness, 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; regulatory actions or sanctions (including FCPA, OSHA and Federal Acquisition Regulations, among others); potential weaknesses in internal controls over financial reporting and enterprise risk management; U.S. government spending on products and services that our Electronics Group provides, including the timing of budgetary decisions; potential liabilities associated with discontinued operations; fees, costs or other dilutive effects of refinancing, or compliance with covenants; 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; pension valuation, health care or other benefit costs; labor relations; strikes; union negotiations; cyber security threats and disruptions; changes or delays in customer budgets, funding or programs; disputes or litigation involving customer, supplier, employee, lessor, landlord, creditor, stockholder, product liability or environmental claims; the costs and supply of, or access to, debt, equity capital, or insurance; cost and availability of raw materials such as steel, component parts, natural gas or utilities; 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. 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

Q2 Highlights

- Revenue increased sequentially
  - Sales rose to $82.2 million, up 5% from 1Q13
  - Supported by growth in our Industrial Group
- Gross profit increased to $8.3 million
  - Gross margin of 10.1%
  - Strong performance in our Industrial Group
- EPS impacted by A&D volume and mix
  - ($0.08) loss versus earnings of $0.22 for 2Q12
- "Tale of Two Cities"
  - Industrial (90%) doing well; prospects remain strong
  - A&D (10%) challenged by US defense spending, starting to see some signs of promise

Aerospace & Defense

Q2 Highlights

- Financial Results
  - US Government budgetary funding delays significantly impacted financial results
  - Revenue with established programs incurred delays making for yet another difficult quarter
  - Increased the inventory reserve during Q2 due to reduced demand on an end-of-life program
- Increased pace of R&D investment during Q2
  - $1.4 million invested in on-going growth platforms
  - Opportunities exist for customer-funded programs to accelerate and extend development efforts
  - Balanced short-term needs with long-term goals

Aerospace & Defense

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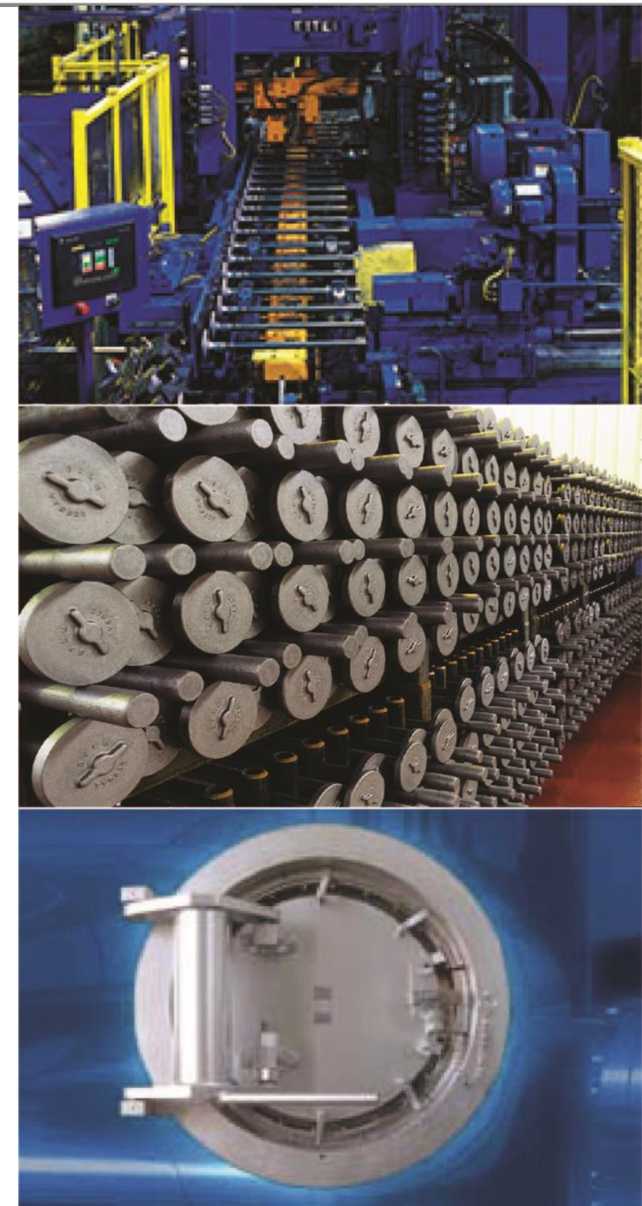
Outlook

- US defense industry challenges will continue
  - We remain committed to improving our portfolio through diversification
- Customer funded development opportunities within our core technologies are underway and promising
- Working aggressively to expand EDMS opportunities
  - Increase share with ITT, Northrop Grumman, L3
  - “Trusted Source” certification a differentiator
- Opportunities exist for international sales of our communication devices: NATO, Japan and India
- Funding other growth platforms is essential
  - Convert on global cyber opportunities
  - Pursue synergistic acquisitions

Industrial



Q2 Highlights

- Financial Results Strong
  - Q2 sales of $74.4 million, up 5% from 1Q13
  - Q2 gross profit of $8.9 million, up 9% from 1Q13
  - 1H sales $146 million, up 21% from 2H12
  - 1H gross profit of $17 million, up 40% from 2H12
- Quality and delivery at world class levels
- TPS[1] training for over 100 team members completed; selected and implementing “model lines” at each site
- Specific process improvements continued during Q2 and will continue into 2H to further increased margins
- Global oil and gas markets supported continued growth

(1) Toyota Production System

Industrial

SYPRIS SOLUTIONS

Outlook

- Markets remain positive
  - 2H heavy truck market outlook stable
  - Light truck and trailer also favorable
  - Oil and gas outlook remains upbeat
- Capture new programs
  - Numerous customer quotes in process that will help diversify product and industry base
- Margin performance expected to continue
  - Continuing use of TPS techniques and on site assistance to drive process change
  - 2H market performance should complement improvement efforts and permit fixed cost leverage
- We will continue to evaluate opportunities to expand our strategic footprint via acquisition or JV partnership

Financial Review
Second Quarter 2013

August 6, 2013

Brian A. Lutes
Vice President & CFO

Consolidated Financial Results

($ in thousands, except EPS)	Year-Over-Year Results	
	2Q12	**2Q13**
Revenue	$ 98,912	$ 82,166
Gross Profit	13,223	8,336
Gross Margin	13.4%	10.1%
EPS	$ 0.22	$ (0.08)

- YOY revenue decline, but sequential SIG growth from prior quarter
- GP declines on lower revenue; unfavorable mix
- Lower YOY revenue and product mix change
- Lower revenue and unfavorable mix impact earnings

Consolidated Financial Results

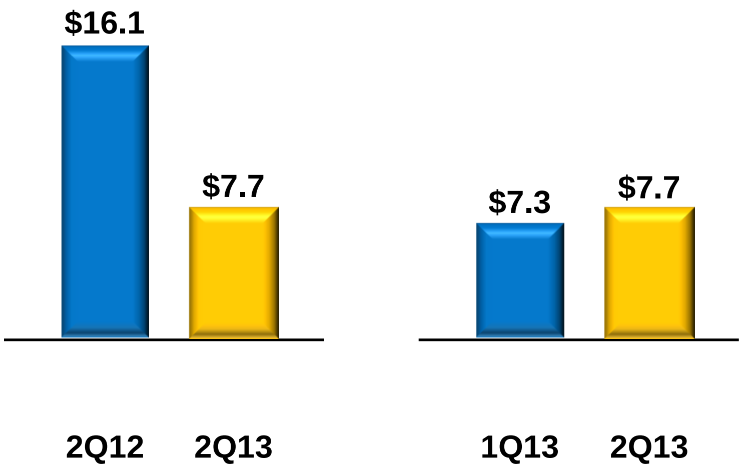
($ in thousands, except EPS)	Sequential Results	
	1Q13	**2Q13**
Revenue	$ 78,411	$ 82,166
Gross Profit	8,076	8,336
Gross Margin	10.3%	10.1%
EPS	$ (0.34)	$ (0.08)

- SIG growth drives sequential improvement
- SIG results drives profit growth
- Margin stable despite shift in mix and increased reserves
- EPS reflects 60% increase in R&D

A&D Financial Results

Revenue

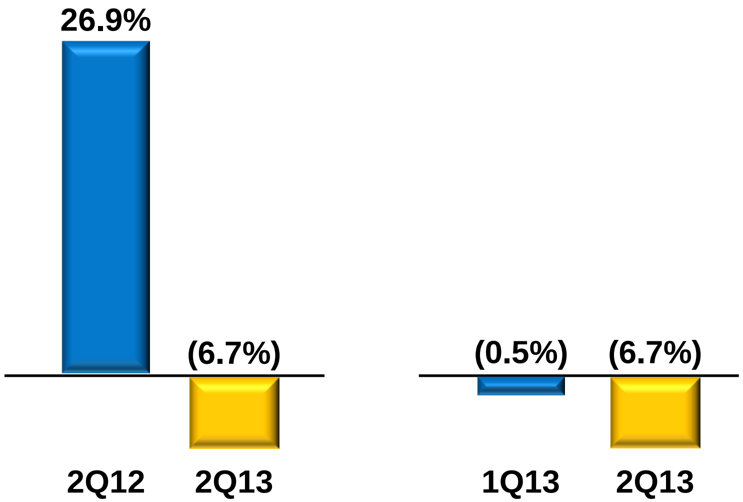
($ in millions)



YOY Results | Sequential Results

- Defense budget cuts and program delays continued to impact Q2 revenue
  - YOY decrease of 52%
  - Sequential increase of 6%
- Program delays/losses to be offset by new wins; timing differences resulting in short-term revenue gaps

Gross Margin



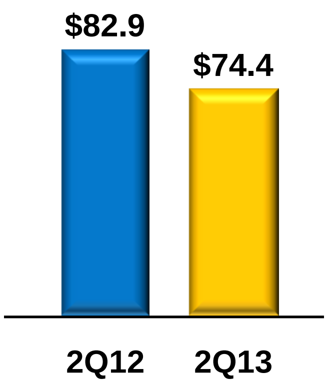
YOY Results | Sequential Results

- Gross margin was a loss for 2Q13, negatively impacted by lower YOY revenue, a change in product mix and increased E&O reserve
- Expect revenue and margins to improve with addition of new programs
- Q2 expected to be the bottom of the cycle; revenue and margins up in 2H

Industrial Financial Results

Revenue

($ in millions)

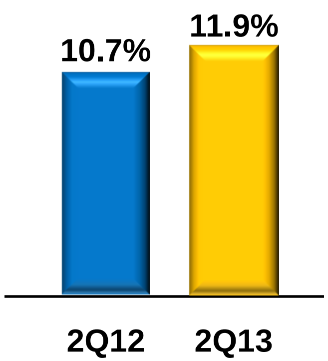


YOY Results

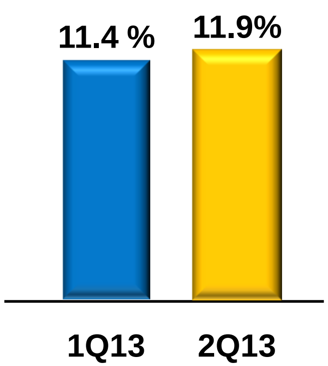
Sequential Results

- Renewed demand continues to drive the commercial vehicle market rebound sequentially
  - Sequential revenue increase of 5%
  - YOY revenue decrease of 10%
- Expect market demand to remain flat for 2H before rebounding in 2014

Gross Margin



YOY Results



Sequential Results

- Gross margins increased by 120 bps despite a 10% YOY decrease in revenue, reflecting continued operating improvements
- Gross margin of 11.9%, reflects 50 bps improvement sequentially from 1Q13
- Continue to focus on execution in 2H

Summary

- Commercial vehicle demand continued its rebound from the 2H 2012 downturn
  - Industrial revenue continued to improve to $74.4 million for the quarter
  - Industrial gross margin up 120 bps YOY to 11.9%
  - Industrial EBITDA of $9.0 million generated for the quarter
- Positioned for further improvement during the 2nd half
  - Industrial markets, including growing oilfield demand, positioned for solid year
  - We continued funding several of A&D's key R&D platforms as a means to expand its overall portfolio and future growth opportunities
  - TPS[1] implementation well underway at all sites to improve productivity and eliminate inefficiencies
- Strong balance sheet remains a real asset
  - Provides us the ability to maintain R&D investments across several key growth platforms during this prolonged period of A&D headwinds
  - Remain focused on evaluating opportunities to expand our strategic footprint

(1) Toyota Production System

Question and Answer Session
Q2 Earnings Conference Call

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