2014 Third Quarter Earnings Conference Call

November 4, 2014

Jeffrey T. Gill
President & CEO

Anthony C. Allen
Vice President & Treasurer

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: reliance on major customers or suppliers, especially in the automotive or aerospace and defense electronics sectors, including the risk of potentially adverse outcomes in ongoing contract renewal disputes and negotiations with Dana Holding Corporation and Meritor Inc.; our failure to develop and implement plans to mitigate the impact of any loss of or reduction in the Dana supply relationship or to adequately diversify our revenue sources on a timely basis; our ability to successfully develop, launch or sustain new products and programs; dependence on, retention or recruitment of key employees especially in challenging markets; inventory valuation risks including excessive or obsolescent valuations; potential impairments, non-recoverability or write-offs of assets or deferred costs; our inability to successfully complete definitive agreements for our targeted acquisitions due to negative due diligence findings or other factors; volatility of our customers' forecasts, scheduling demands and production levels which negatively impact our operational capacity and our effectiveness to integrate new customers; 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; the costs of compliance with our auditing, regulatory or contractual obligations; the costs and supply of, or access to, debt, equity capital, or insurance; fees, costs or other dilutive effects of refinancing, or compliance with covenants; adverse impacts of new technologies or other competitive pressures which increase our costs or erode our margins; 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; cost and availability of raw materials such as steel, component parts, natural gas or utilities; 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; disputes or litigation involving customer, supplier, employee, lessor, landlord, creditor, stockholder, product liability or environmental claims; U.S. government spending on products and services that our Electronics Group 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; 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; 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

Q3 Highlights

- Revenue, Gross Profit and Gross Margin Increased versus 3Q13
  - Sales up 18% to $90 million
  - Gross Profit up 13% to $8 million
  - Gross Margin of 9.1%
- EPS Improved Quarterly
  - Loss of $0.06 per diluted share
- Positive Operating Cash Flow
- On schedule with NEC Asia Pacific to deliver the Cyber Security Laboratory for the Singapore Government
- New business opportunities accelerating
- Entered into letter of intent for the purchase of a company to be merged with our Industrial Group

Aerospace & Defense

Q3 Highlights

- Financial Results
  - Revenue decreased to $7.6 million due to several customer design changes and supply chain issues
  - Bookings exceeded revenue by 82%
  - R&D impact on P&L improved by customer funding
  - Driving proof of concept with customers
- New business opportunities on-boarding with:
  - Lockheed Martin, Northrop Grumman, Exelis and Magellan
- Conducted multiple demonstrations and submitted proposals for Cyber Range installations for potential domestic and international customers
- Successfully commissioned our Cyber Range V3.2 software and initiated Cyber Security Training for the Ministry of Home Affairs in Singapore

Aerospace & Defense

Outlook

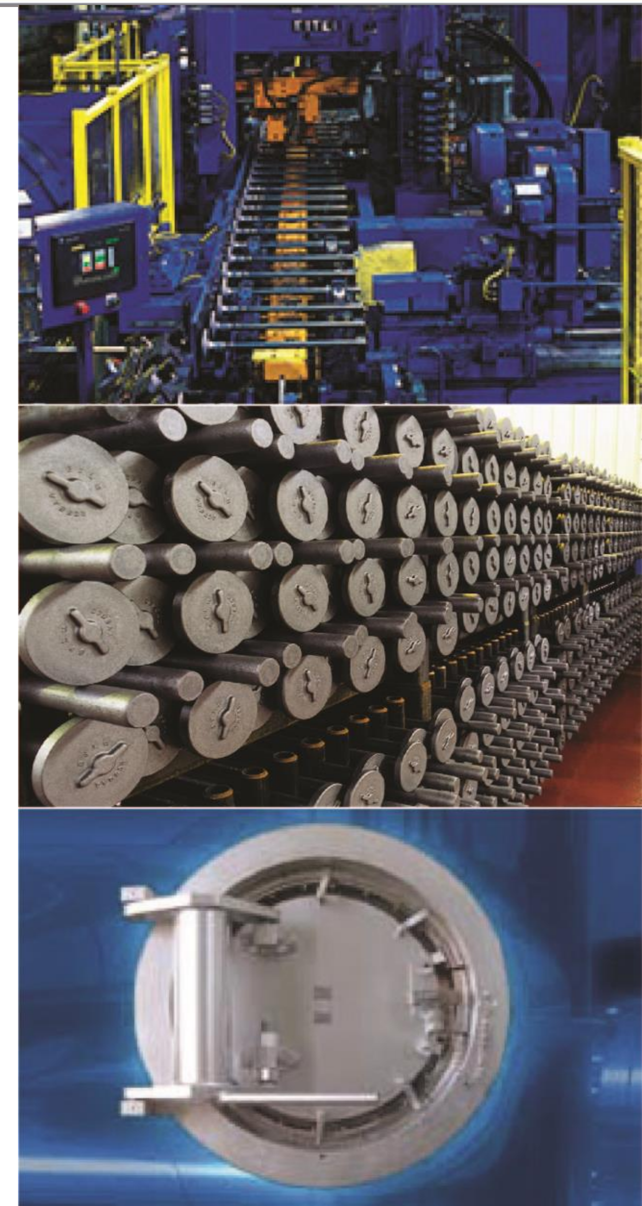
- US defense industry challenges are likely to continue
  - We remain committed to improving our portfolio through diversification, achieving a better hardware/software balance
- Key Areas of Focus
  - Secure customer funding to integrate new, demonstrated technology platforms
    - Missile defense
    - Financial products industry
  - Convert on global demand for resilient threat response training through the Sypris Cyber Range
    - Potential regulatory disclosure of Cyber Security risks, incidents and response capability by public companies
  - Pursue synergistic acquisitions

Industrial

Q3 Highlights

- Financial Results versus 3Q13
  - Sales up 24% to $83 million
  - Gross profit up 25% to $9.3 million
  - Gross margin up 20 basis points to 11.3%
  - EBITDA increased to $8.1 million; 10% of revenue
- Demand continued to be strong across our served markets – particularly commercial vehicle
- Excellent on-time delivery maintained in the midst of high demand. However, upside conversion dampened slightly by associated premium costs
- TPS(1) program shows continued progress as various sites implemented pull system methodology and equipment rearrangements to drive additional productivity improvement

(1) Toyota Production System



Industrial

Outlook

- Markets Remain Positive
  - Commercial vehicle and trailer demand expected to remain strong through 2015
  - Automotive and light truck markets expected to exceed 17 million units in 2015
  - Oil and gas markets robust
- New Business Outlook Positive
  - Continued pursuit of more than $100 million in new business; signing first contract with an OEM
- Product Development
  - Light-weight axle shaft in customer testing
- Acquisitions and Joint Ventures
  - Entered letter of intent for the purchase of a company in North America; hope to close in 1Q15
  - Expect to announce joint venture in Asia shortly

Financial Review
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Consolidated Financial Results

($ in thousands, except EPS)

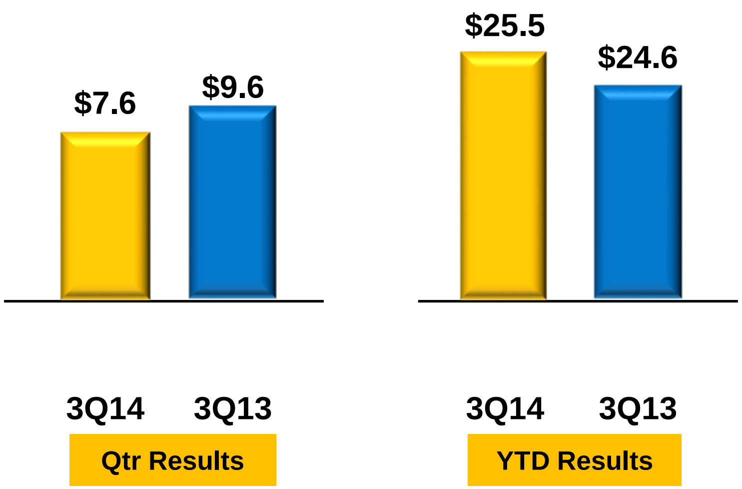
	Year-Over-Year Results		
	3Q14	**3Q13**	
Revenue	$ 90,204	$ 76,278	• Industrial Group increase of $15.9M
Gross Profit	8,209	7,261	• Volume contributes to GP increase
Gross Margin	9.1%	9.5%	• Conversion on revenue gain by Industrial Group impacted by costs; A&D revenue mix
EPS*	$ (0.06)	$ (0.10)	• Improved YOY, but first 2014 quarterly loss

* EPS – Earnings (loss) per share

A&D Financial Results

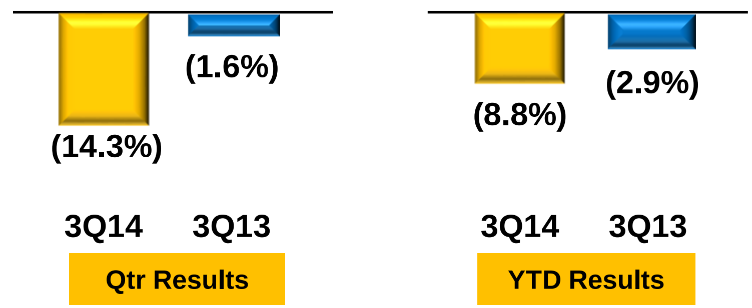
Revenue

($ in millions)



- Q3 decrease of 21%
- EMS program delays
- Data Systems shipments in PY
- Achieved Cyber Lab milestones
- YTD increase of 3%

Gross Margin

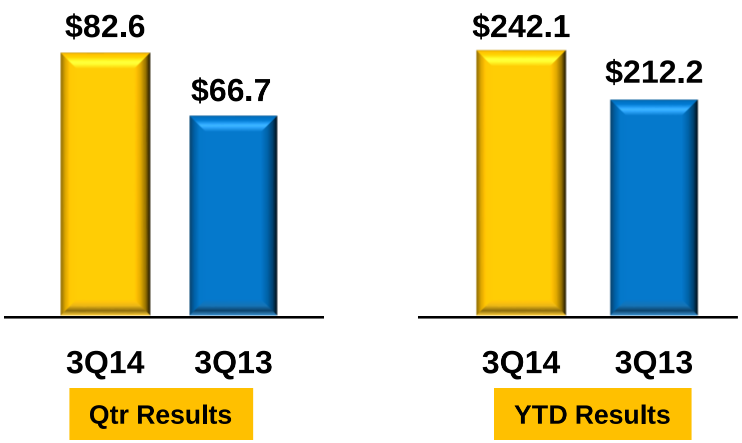


- Severe EMS programs & Data Systems products lower in CY
  - Both deliver higher gross margins
- Impact of lower revenue on fixed cost absorption

Industrial Financial Results

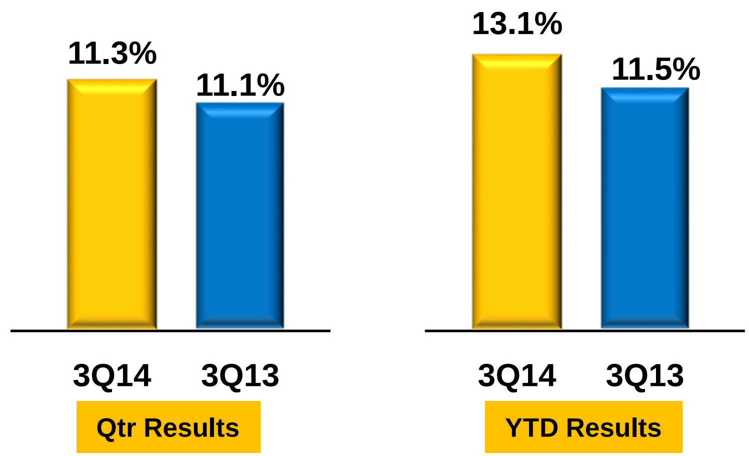
Revenue

($ in millions)



- Strong commercial vehicle demand
  - Q3 increase of 24%
  - YTD increase of 14%
- Class 8 industry forecast remains strong
  - 20.6% increase for FY 2014 over 2013
  - 5.2% increase for FY 2015 over 2014

Gross Margin



- Margin % increased in Q3 & YTD
- Volumes drive profit improvement
  - Q3 gross profit up $1.9M to $9.3M
  - YTD gross profit up $7.5M to $31.8M
- Continued focus on execution as volumes remain strong

Summary

- Industrial Group delivers 24% revenue increase in Q3
- A&D revenue slowed by EMS program delays
- Investments in maintenance & repair and related labor productivity impacted Q3 margins
- Maintained targeted level of key operational metrics and continued deployment of TPS[(1)] across all Industrial Group facilities
- Development of additional A&D technology platforms continues through both internal and customer funded programs
- Contract with OEM customer awarded to Industrial Group
- Customer testing underway on SYPR designed light-weight axle shaft
- Q3 bookings for A&D highest in TTM period
- Opportunities for synergistic acquisition and JV for Industrial Group growth

(1) Toyota Production System

Question and Answer Session
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