

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 21, 2004

\_\_\_\_\_  
Sypris Solutions, Inc.  
(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation)	0-24020 (Commission File Number)	61-1321992 (I.R.S. Employer Identification No.)
101 Bullitt Lane, Suite 450 Louisville, Kentucky (Address of Principal Executive Offices)		40222 (Zip Code)

Registrant's telephone number, including area code: (502) 329-2000

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Check the appropriate box below if the Form 8-K filing is intended to  
simultaneously satisfy the filing obligation of the registrant under any of the  
following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17  
CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17  
CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the  
Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the  
Exchange Act (17 CFR 240.13e-4(c))

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

On October 21, 2004, Sypris Solutions, Inc. (the "Company") announced  
its financial results for the third quarter and nine months ended  
September 30, 2004. The full text of the press release is set forth in  
Exhibit 99 hereto.

The information in this Form 8-K and the attached Exhibit is being  
furnished pursuant to Item 2.02 "Results of Operations and Financial  
Condition" and shall not be deemed "filed" for purposes of Section 18  
of the Securities Exchange Act of 1934 or otherwise subject to the  
liabilities of that section, nor shall it be deemed incorporated by  
reference in any filing under the Securities Act of 1933, except as  
shall be expressly set forth by specific reference in such filing.

Section 7 - Regulation FD

Item 7.01 Regulation FD Disclosure.

On October 21, 2004, the Company announced its financial results for  
the third quarter and nine months ended September 30, 2004. The full  
text of the press release is set forth in Exhibit 99 hereto.

The information in this Form 8-K and the attached Exhibit is being  
furnished pursuant to Item 7.01 "Regulation FD Disclosure" and shall  
not be deemed "filed" for purposes of Section 18 of the Securities  
Exchange Act of 1934 or otherwise subject to the liabilities of that

section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit Number	Description of Exhibit
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99	Press release issued October 21, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 21, 2004

Sypris Solutions, Inc.

By: /s/ David D. Johnson

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David D. Johnson  
Vice President and Chief Financial Officer

INDEX TO EXHIBITS

Exhibit Number -----	Description -----
99	Registrant's press release dated October 21, 2004

Sypris Reports 72% Increase in Third Quarter Revenue;  
Net Orders Rise 52% to \$109 Million

LOUISVILLE, Ky.--(BUSINESS WIRE)--Oct. 21, 2004--Sypris Solutions, Inc. (Nasdaq/NM:SYPR) today reported revenue increased 72% to a record \$118.5 million for the third quarter in 2004 compared to \$68.9 million for the prior year period. Net income for the third quarter increased to \$3.5 million compared to \$0.7 million for the same quarter in 2003, while earnings per share increased to \$0.19 per diluted share compared to \$0.05 per diluted share for the third quarter of 2003. The financial results for the third quarter of 2004 reflected the impact of a 24% increase in the number of fully diluted shares outstanding compared to the prior year period, or approximately \$0.05 per share, and the favorable resolution of a federal tax audit, which approximated \$0.02 per share.

For the nine months ended September 30, 2004, the Company reported revenue increased 53% to a record \$303.7 million compared to \$198.4 million for the prior year period. Net income increased 87% to \$8.9 million compared to \$4.7 million for the same period in 2003, while earnings per share increased 55% to \$0.51 per diluted share compared to \$0.33 per diluted share for the prior year period. The results for the first nine months of 2004 reflected the impact of a 20% increase in the number of fully diluted shares outstanding compared to the prior year period, or approximately \$0.10 per diluted share, and the favorable resolution of the federal tax audit previously mentioned, which approximated \$0.02 per share.

"We are pleased with the financial results for the quarter," said Jeffrey T. Gill, president and chief executive officer. "The rapid growth of the Company's top line reflected the positive impact of shipments under recently-announced long-term contracts with Dana and ArvinMeritor, and the continued growth of the commercial vehicle market. The Company's operating margins expanded on both a year over year and on a sequential basis, driven in large part by the increased volume and improved performance of our Industrial Group."

"Net orders increased 52% during the quarter to \$109.4 million when compared to the prior year quarter, while the Company's backlog climbed 36% to \$242.1 million, reflecting the impact of the new contract awards and a 35% increase in the production of commercial vehicles from year ago levels. The Company's balance sheet remains strong, with approximately \$110 million of potentially available credit and cash to support additional growth initiatives."

"We believe the outlook remains positive, despite growing indications that constraints in the commercial vehicle supply chain may restrain production rates over the near term. As we move into 2005, the Company expects to benefit from production related to several new customer programs, while the Company's operating performance is expected to benefit from the increasing volumes with margins targeted to improve sequentially throughout the year if and when capacity constraints and supply chain issues are resolved."

#### The Industrial Group

Revenue for our Industrial Group increased 250% to a record \$78.4 million in the third quarter compared to \$22.4 million for the prior year period, and increased 35% sequentially from the second quarter of this year. Gross profit increased 531% to \$8.9 million compared to \$1.4 million for the same period in 2003, and increased 60% sequentially from the second quarter of this year.

For the nine months ended September 30, 2004, revenue for our Industrial Group increased 162% to a record \$185.1 million from \$70.7 million in the prior year period. Gross profit for the first nine months increased 184% to \$21.0 million compared to \$7.4 million for the same period in 2003. The financial results were driven primarily by an increase in demand from the commercial vehicle market and the commencement of shipments to Dana and ArvinMeritor under recently announced contract awards.

Gill continued, "The performance of our Industrial Group continued to reflect the stronger market for commercial vehicle production. Bookings increased 229% for the quarter to \$76.2 million compared to the prior year period, and increased 190% to \$230.0 million for the first nine months of this year when compared to the same period for 2003, while backlog increased 149% to \$117.9 million when compared to last year. Margins improved on both a year over year and on a sequential basis, but continued to reflect the impact of capacity constraints and supply issues, albeit on a somewhat lesser scale than earlier this year."

#### The Electronics Group

Revenue for our Electronics Group was \$40.0 million in the third quarter compared to \$46.5 million for the prior year period and \$37.7 million for the second quarter of this year. Gross profit for the quarter was \$6.8 million compared to \$8.2 million in the same period in 2003 and \$7.5 million for the second quarter of 2004, primarily as a result of a change in mix reflecting increased sales of lower margin circuit card assemblies and reduced sales of higher margin products to certain government agencies.

For the nine months ended September 30, 2004, revenue for our Electronics Group was \$118.6 million compared to \$127.7 million for the prior year period. Gross profit for the first nine months was \$22.2 million compared to \$25.2 million for the prior year period, primarily reflecting the lower level of shipments for the period and the change in mix mentioned above.

"Net orders for our Electronics Group declined during the quarter to \$33.1 million, but backlog remained solid at \$124.0 million," said Jeffrey T. Gill. "In the short-term, we believe the outlook for growth in this segment of our business will remain somewhat constrained at least until such time as the delays in program funding to accommodate our current military operations are successfully resolved. For the long-term, we remain optimistic that we are well-positioned on a series of major programs that should contribute to the Company's growth in the future."

#### Outlook

Gill added, "Our outlook for the balance of the year remains appropriately cautious, with revenue for the fourth quarter expected to be in the range of \$120.0 to \$124.0 million versus \$78.2 million for the prior year period, which represents an increase of 53% at the midpoint of the range. We believe that supply chain issues impacting our Industrial Group will continue to exert pressure on production efficiencies throughout the quarter, thereby restraining the potential for meaningful margin expansion in the short-term. As a result, earnings for the fourth quarter are forecast to be in the range of \$0.17 to \$0.20 per diluted share, assuming 18.4 million weighted average shares outstanding, compared to the \$0.23 per diluted share on 14.9 million weighted average shares outstanding for the prior year quarter."

"For the full year 2004, we now expect revenue to be in the range of \$423 to \$427 million compared to our prior forecast of \$405 to \$415 million and \$276.6 million for 2003, which represents an increase of 54% at the midpoint of the range compared to 2003. Earnings are forecast to be in the range of \$0.68 to \$0.71 per diluted share, assuming 17.7 million weighted average shares outstanding, compared to prior guidance of \$0.70 to \$0.80 per diluted share and \$0.56 per diluted share for 2003, based on 14.7 million weighted average shares outstanding."

"As we look forward to 2005, we have increased our top line expectations for the full year as a result of the continued strength of new contract awards, with revenue now forecast to be in the range of \$500 to \$520 million compared to our prior forecast of \$480 to \$500 million and guidance of \$423 to \$427 million for 2004. The outlook for earnings remains unchanged, with earnings per share forecast to be in the range of \$1.00 to \$1.10, assuming 19.0 million weighted average shares outstanding, compared to guidance of \$0.68 to \$0.71 per diluted share for 2004, which represents an increase of 51% at the midpoint of the range. We expect our Industrial Group to serve as the primary source for revenue growth in 2005 with both revenue and earnings expected to increase sequentially throughout the year as new programs booked during 2004 enter production during 2005."

Sypris Solutions is a diversified provider of technology-based outsourced services and specialty products. The Company performs a wide range of manufacturing and technical services, typically under multi-year, sole-source contracts with major corporations and government agencies in the markets for aerospace and defense electronics, truck components and assemblies, and for users of test and measurement equipment. For more information about Sypris Solutions, visit its Web site at [www.sypris.com](http://www.sypris.com).

This release, and oral statements referring hereto, contain "forward-looking statements," from which actual results may differ materially due to factors such as: cost and supply of raw materials such as steel, components, or utilities; growth, reduction or competitive pressures in our markets; cost, efficiency and yield of our operations; our ability to improve results of acquired businesses; inventory valuation risks; product mix; changes in government or other customer programs; reliance on major customers or suppliers; revised estimates of major contract costs; dependence on management; labor relations; risks of foreign operations; currency exchange rates; costs and supply of debt, equity capital, or insurance; pension valuation risks; changes in licenses, security clearances, or other legal rights

to operate, manage our work force or import and export as needed; compliance costs; regulatory actions or sanctions; litigation, including customer, creditor, stockholder, environmental or asbestos-related claims; war, terrorism or political uncertainty; disasters; unknown risks and uncertainties; or risk factors in our SEC filings.

SYPRIS SOLUTIONS, INC.  
FINANCIAL HIGHLIGHTS  
(In thousands, except per share amounts)

	Three Months Ended	
	Sept. 30, 2004	Sept. 28, 2003
Revenue	\$ 118,457	\$ 68,898
Net income	\$ 3,487	\$ 686
Earnings per common share:		
Basic	\$ 0.19	\$ 0.05
Diluted	\$ 0.19	\$ 0.05
Weighted average shares outstanding:		
Basic	17,888	14,241
Diluted	18,306	14,799

	Nine Months Ended	
	Sept. 30, 2004	Sept. 28, 2003
Revenue	\$ 303,729	\$ 198,434
Net income	\$ 8,870	\$ 4,744
Earnings per common share:		
Basic	\$ 0.53	\$ 0.33
Diluted	\$ 0.51	\$ 0.33
Weighted average shares outstanding:		
Basic	16,765	14,221
Diluted	17,504	14,562

SYPRIS SOLUTIONS, INC.  
CONSOLIDATED INCOME STATEMENTS  
(in thousands, except for per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2004	September 28, 2003	September 30, 2004	September 28, 2003
	(Unaudited)		(Unaudited)	
Net revenue:				
Electronics Group	\$ 40,028	\$ 46,468	\$118,627	\$127,701
Industrial Group	78,429	22,430	185,102	70,733
Total net revenue	118,457	68,898	303,729	198,434
Cost of sales:				
Electronics Group	33,201	38,304	96,439	102,515
Industrial Group	69,569	21,025	164,130	63,358
Total cost of sales	102,770	59,329	260,569	165,873
Gross profit	15,687	9,569	43,160	32,561
Selling, general and administrative	8,915	6,925	25,701	20,110
Research and development	1,084	1,030	2,483	3,118
Amortization of intangible assets	145	67	411	109
Operating income	5,543	1,547	14,565	9,224
Interest expense, net	646	384	1,161	1,417
Other expense (income), net	15	65	(91)	217
Income before income taxes	4,882	1,098	13,495	7,590
Income tax expense	1,395	412	4,625	2,846
Net income	\$ 3,487	\$ 686	\$ 8,870	\$ 4,744

Earnings per common share:

Basic	\$ 0.19	\$ 0.05	\$ 0.53	\$ 0.33
Diluted	\$ 0.19	\$ 0.05	\$ 0.51	\$ 0.33
Dividends declared per common share	\$ 0.03	\$ 0.03	\$ 0.09	\$ 0.09
Weighted average shares outstanding:				
Basic	17,888	14,241	16,765	14,221
Diluted	18,306	14,799	17,504	14,562

SYPRIS SOLUTIONS, INC.  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except for share data)

	September 30, 2004	December 31, 2003
	----- (Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 10,332	\$ 12,019
Accounts receivable, net	93,820	45,484
Inventory, net	93,606	61,932
Other current assets	11,120	11,370
	-----	
Total current assets	208,878	130,805
Property, plant and equipment, net	153,262	106,683
Goodwill	14,277	14,277
Other assets	13,525	11,730
	-----	
	\$ 389,942	\$ 263,495
	=====	
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 62,155	\$ 29,598
Accrued liabilities	21,876	17,491
Current portion of long-term debt	8,150	3,200
	-----	
Total current liabilities	92,181	50,289
Long-term debt	72,500	53,000
Other liabilities	15,992	15,425
	-----	
Total liabilities	180,673	118,714
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 975,150 shares authorized; no shares issued	--	--
Series A preferred stock, par value \$0.01 per share, 24,850 shares authorized; no shares issued	--	--
Common stock, non-voting, par value \$0.01 per share, 10,000,000 shares authorized; no shares issued	--	--
Common stock, par value \$0.01 per share, 30,000,000 shares authorized; 17,903,622 and 14,283,323 shares issued and outstanding in 2004 and 2003, respectively	179	143
Additional paid-in capital	140,712	83,541
Retained earnings	70,724	63,443
Accumulated other comprehensive income (loss)	(2,346)	(2,346)
	-----	
Total stockholders' equity	209,269	144,781
	-----	
	\$ 389,942	\$ 263,495
	=====	

SYPRIS SOLUTIONS, INC.  
CONSOLIDATED CASH FLOW STATEMENTS  
(in thousands)

	Nine Months Ended	
	September 30, 2004	September 28, 2003
	----- (Unaudited)	
Cash flows from operating activities:		
Net income	\$ 8,870	\$ 4,744

Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	13,564	9,387
Other noncash charges	1,108	685
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(49,139)	(4,494)
Inventory	(26,946)	1,031
Other current assets	(1,435)	1,424
Accounts payable	35,488	1,517
Accrued liabilities	4,436	858
	-----	-----
Net cash (used in) provided by operating activities	(14,054)	15,152
Cash flows from investing activities:		
Capital expenditures	(38,245)	(16,983)
Purchase of the net assets of acquired entities	(29,399)	(1,520)
Proceeds from sale of assets	--	15
Changes in nonoperating assets and liabilities	(33)	172
	-----	-----
Net cash used in investing activities	(67,677)	(18,316)
Cash flows from financing activities:		
Net (decrease) increase in debt under revolving credit agreements	(30,550)	4,000
Proceeds from long-term debt	55,000	--
Cash dividends paid	(1,486)	(1,275)
Proceeds from issuance of common stock	57,080	677
	-----	-----
Net cash provided by financing activities	80,044	3,402
	-----	-----
Net (decrease) increase in cash and cash equivalents	(1,687)	238
Cash and cash equivalents at beginning of period	12,019	12,403
	-----	-----
Cash and cash equivalents at end of period	<u>\$ 10,332</u>	<u>\$ 12,641</u>

CONTACT: Sypris Solutions, Inc.  
David D. Johnson, 502-329-2000