2019 Third Quarter Earnings Conference Call

November 12, 2019

Jeffrey T. Gill
President & CEO

Anthony C. Allen
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. *Briefly, we currently believe that such risks also include the following: the quantitative effects of the restatement of our previously issued unaudited consolidated interim financial statements as of and for the quarter ended March 31, 2019; the effectiveness of our internal control over financial reporting and our disclosure controls and procedures; our failure to return to 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 other assets to fund operating losses; our failure to achieve targeted gains and cash proceeds from the anticipated sale of certain equipment; dependence on, retention or recruitment of key employees; 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; cost, quality and availability of raw materials such as steel, component parts (especially electronic components), natural gas or utilities; our reliance on a few key customers, third party vendors and sub-suppliers; continued shortages and extensive lead-times for electronic components; 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; disputes or litigation involving governmental, supplier, customer, employee, creditor, stockholder, product liability or environmental claims; the fees, costs and supply of, or access to, debt, equity capital, or other sources of liquidity; failure to adequately insure or to identify environmental or other insurable risks; unanticipated or uninsured disasters, losses or business risks; breakdowns, relocations or major repairs of machinery and equipment, especially in our Toluca Plant; our failure to successfully complete final contract negotiations with regard to our announced contract "orders", "wins" or "awards"; 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; our inability to develop new or improved products or new markets for our products; labor relations; strikes; union negotiations; pension valuation, health care or other benefit costs; 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; our ability to maintain compliance with the NASDAQ listing standards; 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; 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

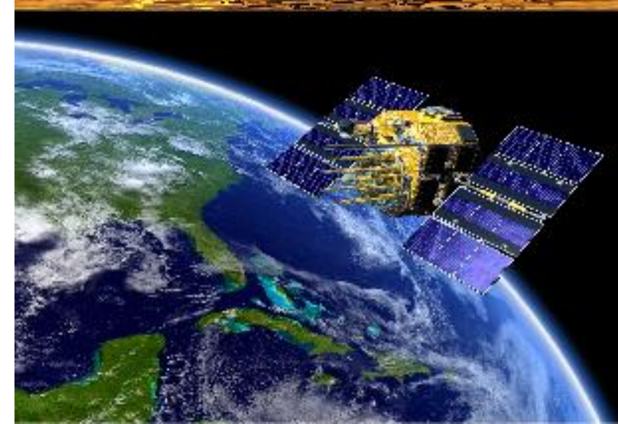
3Q19 Highlights

- Revenue increased 5.5% YOY to $22.3 million
  - 5.4% increase for Sypris Technologies
  - 5.7% increase for Sypris Electronics
- Gross margin increased to 10.5% vs 5.7% in 3Q18
  - 16.1% for Sypris Technologies, up from 8.9%
- Gross profit nearly doubled YOY to $2.3 million
  - Gross profit increased $1.2 million for Sypris Technologies
    - Driven by margin expansion across the business
  - Gross profit flat for Sypris Electronics
    - Two discrete material issues affected volumes and the resulting margin
    - Both issues resolved late in the third quarter

Overview

3Q19 Highlights

- Received important new contract awards across the business
  - Sypris Electronics
    - Announced a multi-year contract award from Northrop Grumman Corporation to manufacture a variety of mission-critical electronic assemblies for a large Department of Defense program
  - Sypris Technologies
    - Announced the receipt of significant orders for its Tube Turns® branded closures for use on the Future Growth Project-Wellhead Pressure Management Project in Kazakhstan and the Coastal GasLink Pipeline Project in British Columbia, Canada.
    - Announced a long-term contract to produce components for use in a new dual-clutch automotive transmission, as well as a contract to supply parts for the transmission of a leading all-terrain recreational vehicle



Outlook

- The market for Class 8 trucks has softened materially, impacting production rates beginning in Q4
  - Class 8 sales expected to be down 25% in 2020, pulling back from the record levels of 2017 and 2018
  - Ramp up of new programs expected to substantially offset the top line impact in 2020, while the winddown of launch costs is expected to result in YOY margin growth
- The energy markets continue to benefit from strong oil and natural gas infrastructure development
  - Large domestic and international projects driving demand
- DoD spending on the rise
  - US military spending is expanding significantly
  - Well positioned with top-tier DoD prime contractors on targeted programs
  - Bidding activity remains robust, with program size and duration continuing to expand

Outlook

- New contract awards, generally positive market conditions and lower costs align for improved results
- Growth, mix and operational performance expected to support positive margin expansion
- Both business units expected to be solidly profitable
- Guidance

Guidance	4Q19	2020
– Revenue	$23.0-$25.0	$95.0-$105.0
– Gross margin	15.0%-17.0%	15.0%-17.0%

- Material availability will remain a focus, but otherwise all of the prerequisites for a very positive 4Q and 2020 are in place
- The ramp up of new programs is anticipated to mitigate the pull back in the commercial vehicle market, while the winddown of new program launch costs is expected to result in margin expansion on a year-over-year basis
- We are looking forward to the coming year

Financial Review

Third Quarter 2019

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Vice President & CFO

3Q Financial Results

$ millions	3Q 2019			3Q 2018	
	Consolidated	ST	SE	Consolidated	Change
Net Revenue	$ 22.3	$ 15.7	$ 6.6	$ 21.1	$ 1.2
Gross Margin	10.5%	16.1%	(2.8)%	5.7%	480 bps
Operating Income (Loss)	$ (1.0)	$ 1.0	$ (0.9)	$ (2.0)	$ 1.0

- Consolidated revenue up $1.2m and gross profit up $1.1m from prior year
- Revenue increased for both segments while ST drove margin improvement
- New program ramps in ST offset slight YOY decline in commercial vehicle demand
- SE revenue impacted by two discrete material issues on high volume programs
- Q3 material issues resolved by quarter end and component availability improving
- Physical inventory and E&O charges of $0.4 million incurred in Q3 by SE

YTD Financial Results

$ millions	YTD 2019			YTD 2018	
	Consolidated	**ST**	**SE**	**Consolidated**	**Change**
Net Revenue	$ 66.3	$ 48.7	$ 17.6	$ 64.0	$ 2.3
Gross Margin	10.8%	16.0%	(3.4)%	9.6%	120 bps
Operating Income	$ (3.4)	$ 3.6	$ (2.9)	$ (4.2)	$ 0.8

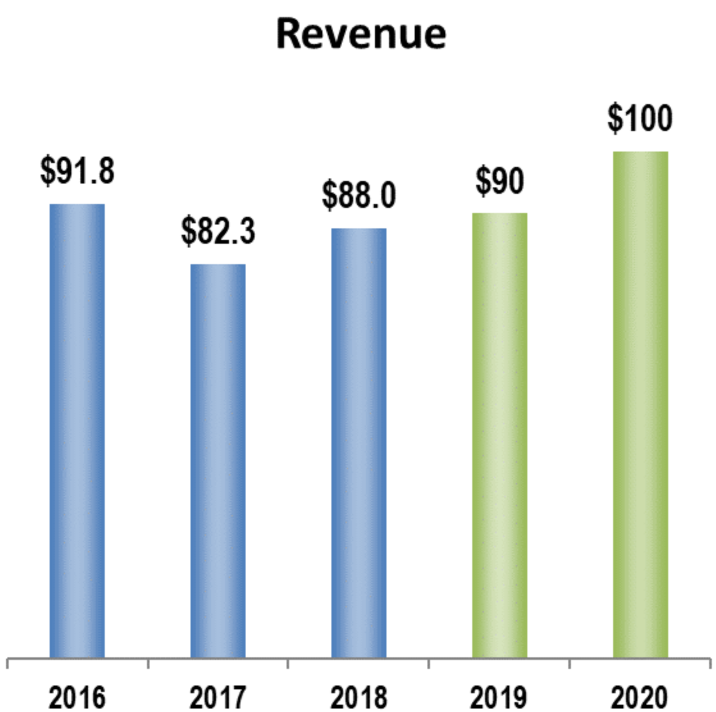
- Consolidated revenue up $2.3m and gross profit up $1.0m from prior year
- ST revenue up $4.0m or 8.9% over the prior year and gross profit up $2.4m
- YOY reductions in supply spend and utilities for ST partially offset by start-up costs to support new programs
- Component availability at beginning of year and Q3 shortfall result in $1.7m YOY reduction in SE revenue
- Improved material flow and increased shipments on program backlog provide a path for return to profitability

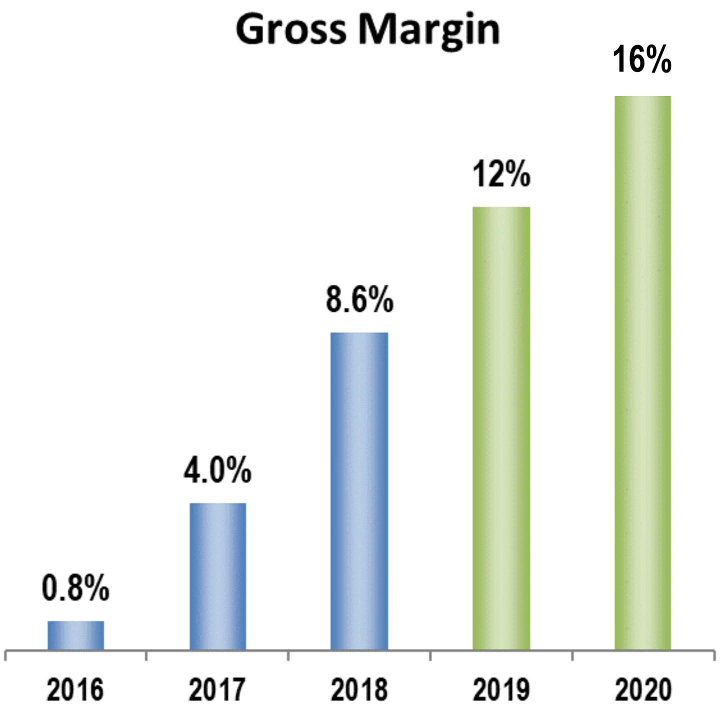
Outlook Update

$ millions	**Outlook 4Q 2019**	**Outlook FY 2020**
Net Revenue	$23 to $25	$95 to $105
Gross Margin	15% to 17%	15% to 17%
SG&A	12% to 14%	12% to 14%

- Revenue outlook reflects addition of new programs partially offset by lower demand in the commercial vehicle market
- Expected rebound in SE shipments drives sequential increase in revenue for 4Q
- Gross margin expected to return to targeted range in 4Q following 3Q setback
- Opportunity to improve ST margins as new program ramp-up costs decline
- Contribution margin from volume growth for SE and improved overhead absorption contribute to higher margin expectations beginning in 4Q
- SG&A expected to normalize at 12 to 14% of revenue for 4Q and FY 2020

YOY Revenue and Margin Improvements





- Targeting 11% revenue increase in 2020
- New programs expected to offset lower demand in the commercial vehicle market
- Energy market forecast remains favorable
- Improved component availability and program backlog expected to provide stability for SE revenue trends through 2020

- Margin expected to increase 400 bps in 2020
- Return to targeted range beginning in 4Q 2019
- Drivers include higher volume for SE and reduced program launch costs for ST
- 4-year trend of margin improvements

** 2019 and 2020 Based on Midpoint of Outlook Range*

Key Takeaways

- 3Q revenue increased $1.2 million or 5.5% over the prior year period
- Gross profit increased $1.1 million over the prior year period to $2.3 million or 10.5% of revenue
- Sypris Technologies revenue increased $0.8 million to $15.7 million, up 5.4% YOY; gross margin increased 720 basis points to 16.1% from 3Q18
- Sypris Electronics revenue increased $0.4 million to $6.6 million, up 5.7% YOY; gross margin impacted by material issues that were resolved by the end of 3Q
- Revenue outlook reflects strong backlog and ramp-up of new programs partially offset by demand volatility in the commercial vehicle market
- Provided outlook for 4Q 2019 and FY 2020
  - 4Q 2019: Revenue $23-$25 million; Gross margin: 15%-17%
  - 2020: Revenue $95-$105 million; Gross margin: 15%-17%
  - Both business segments forecasted to register solid profitability
- Target to return to profitability for 2020

Question and Answer Session
3Q Earnings Conference Call

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