

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): February 5, 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

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits

99 Registrant's press release dated February 5, 2004.

Item 12. Results of Operations and Financial Conditions

The Registrant's press release dated February 5, 2004, reporting its fourth quarter and year-end results of operations and financial condition is furnished as Exhibit 99 and incorporated by reference herein.

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: February 5, 2004

Sypris Solutions, Inc.

By: /s/ David D. Johnson

David D. Johnson
Vice President and Chief Financial Officer

INDEX TO EXHIBITS

Exhibit Number	Description
99	Registrant's press release dated February 5, 2004

Sypris Reports 17% Increase in Fourth Quarter Revenue; Net Orders Rise 52% to Record \$100 Million

LOUISVILLE, Ky.--(BUSINESS WIRE)--Feb. 5, 2004--Sypris Solutions, Inc. (Nasdaq/NM:SYPR) today reported revenue increased 17% to a record \$78.2 million for the fourth quarter compared to \$66.7 million for the prior year period. Income before income tax increased 24% to \$5.4 million from \$4.4 million for the prior year quarter, while net income increased 4% to \$3.4 million, or \$0.23 per diluted share, compared to \$3.3 million, or \$0.23 per diluted share, for the fourth quarter of 2002. The results for the quarter reflect the impact of a 50% increase in the Company's effective tax rate to 37.5% from 25.0% for the prior year period, or roughly \$0.05 per diluted share.

For the full year 2003, revenue increased to \$276.6 million from \$273.5 million for the year-earlier period. Income before income tax was \$13.0 million for 2003 compared to \$16.4 million for 2002, while net income for the year was \$8.1 million, or \$0.56 per diluted share, compared to \$11.4 million, or \$0.84 per diluted share, for 2002. The results for 2003 reflect a 25% increase in the Company's marginal tax rate to 37.5% from a rate of 30.1% for 2002, and a 7% increase in weighted average shares outstanding to 14.7 million shares for 2003 compared to 13.7 million shares for the prior year.

"We are pleased with the financial results for the quarter," said Jeffrey T. Gill, president and chief executive officer. "The Company recovered solidly from the difficulties of the third period, which were largely responsible for the decline in net income for Sypris during 2003. Net orders increased 52% to a record \$99.6 million for the quarter, resulting in a year-to-date increase in net orders of 21% to a record \$321.7 million when compared to 2002. Backlog increased as well, rising 29% to a record \$199.0 million at the end of 2003."

"We continued to invest in our future during 2003, with spending for new equipment, capacity and capabilities rising 129% to \$45.8 million, which included the purchase of the award-winning plant in Morganton, North Carolina from Dana Corporation at year end. The Company's balance sheet remains in excellent shape, and with over \$80 million of cash and available credit, we are in a solid position to pursue opportunities to further accelerate the Company's growth."

The Industrial Group

Revenue for our Industrial Group increased 27% to \$25.1 million in the fourth quarter from \$19.8 million for the prior year period, and increased 12% sequentially from the third quarter of 2003 due to an increase in shipments to customers on all major contracts. Gross profit for the quarter increased 42% to \$2.4 million from \$1.7 million for the same period in 2002 and 69% sequentially from the third quarter of 2003, primarily due to the increase in shipments during the period and the nonrecurring costs associated with the plant shutdowns and electricity blackout that occurred during the third quarter of 2003.

For the full year 2003, revenue for our Industrial Group increased 10% to a record \$95.9 million from \$86.9 million in the prior year period, reflecting the shipment of additional part numbers to Dana during the year. Gross profit for 2003 declined 17% to \$9.7 million from \$11.7 million for the prior year period, primarily as a result of the difficulties experienced during the third quarter of 2003 as noted above.

Gill added, "Our business recovered nicely from the issues of the third quarter, while the foundation for a strong 2004 was put firmly in place. Net orders increased 59% to a record \$130.2 million, while backlog increased 88% to a record \$73.2 million. The new Dana contract, which was consummated at year end, is expected to have a material impact on the growth of this business during the coming year. We continue to believe that the long-term outlook for this market remains positive and that we are well-positioned to benefit from any recovery in the future."

The Electronics Group

Revenue for our Electronics Group increased 13% to \$53.0 million in the fourth quarter from \$46.8 million for the prior year, and increased 14% sequentially from the third quarter of 2003 primarily due to increased shipments to aerospace and defense customers and a firming in the demand for test and measurement services. Gross profit for the quarter increased 12% to \$11.1 million from \$9.9 million in the same period in 2002, and 36% sequentially from the third quarter of 2003 as a result of the increased shipments and the nonrecurring expenses incurred during the third quarter of 2003.

For the full year, revenue for our Electronics Group declined 3%

to \$180.7 million from \$186.6 million for the prior year, primarily reflecting lower shipments during the first half of 2003, the delay of certain aerospace and defense shipments into 2004, and a decline in revenue for test and measurement services. Gross profit for the year declined to \$36.3 million from \$37.8 million, while gross margins remained fairly constant at 20% of revenue.

"Net orders increased 4% for the quarter and the year, with net orders of \$191.5 million for the full year 2003," said Gill. "Backlog increased at a slightly higher rate, rising 9% to \$125.8 million at the end of 2003. We believe the outlook for aerospace and defense spending remains solid and with the expected firming of the economy, we should see an increasingly positive contribution from our test and measurement services business, which has been impacted by the downturn in the markets for commercial aerospace, telecommunications and semiconductor products during the past several years."

Outlook

Gill added, "As a result of the Company's solid performance during the fourth quarter, including the 39% sequential increase in orders, we believe that it is appropriate to adjust our outlook for revenue and earnings for the first quarter of 2004."

"Revenue is now expected to be in the range of \$82 to \$84 million compared to our prior forecast of \$79 to \$81 million and \$59 million for the prior year period, which represents a 40% year over year increase at the midpoint of our guidance. The change in outlook primarily reflects a strengthening in orders for our Industrial Group."

"Earnings for the first quarter of 2004 are now expected to be in the range of \$0.19 to \$0.21 per diluted share, assuming 15 million weighted average shares outstanding, compared to prior guidance of \$0.18 to \$0.20 and \$0.10 per diluted share for the first quarter of 2003, which reflects a 100% increase at the midpoint of our forecast. We believe that revenue and earnings will increase sequentially during 2004 as the absorption of the new Dana contract progresses."

"Our outlook for revenue and earnings for the full year remains unchanged, with revenue forecast to be in the range of \$350 to \$360 million compared to \$276.6 million for 2003, which represents a 28% increase in revenue for 2004 at the midpoint of the range. We expect earnings for 2004 of \$1.00 to \$1.10 per diluted share, based upon 15.1 million weighted average shares outstanding, compared to \$0.56 per diluted share for 2003, which represents an 88% increase at the midpoint of the range."

Gill continued, "We believe the outlook for the Company remains increasingly positive. We hope to complete the recently announced multi-year outsourcing agreement with ArvinMeritor by the end of March, and the second phase of the previously announced eight-year outsourcing agreement with Dana by the end of June. Should we be successful in closing these transactions as planned, these two agreements combined are expected to contribute an incremental \$125 to \$135 million per year to the Company's top line upon reaching full production. Both contracts remain subject to a variety of standard conditions to closing. We will update our guidance to reflect the impact of these contracts on the Company's financial results for 2004 at the time of any closing for each."

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.

This press release, and any oral statements made with reference to this cautionary guidance, includes "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as they relate to, or may affect, the Company's future results. These statements only reflect management's current opinions and no assurance can be given that any of these results will actually occur. Important factors could cause performance to differ materially from projected results contained in, or based upon, these statements, including: the discovery of, or failure to discover, material issues during due diligence; the failure to agree on the final terms of definitive agreements, long-term supply agreements, collective bargaining agreements, or related agreements or any party's breach of, or refusal to close the transactions reflected in, those agreements; the ability to successfully manage growth or contraction in the economy, or the commercial vehicle or electronics markets; access to capital on favorable terms as needed for operations or growth; the ability to achieve expected annual savings and synergies from past and future business combinations; competitive factors and price pressures;

availability of third party component parts at reasonable prices; inventory risks due to shifts in market demand and/or price erosion of purchased components; changes in product mix; program changes, delays, or cancellations by the government or other customers; concentrated reliance on major customers or suppliers; cost and yield issues associated with the Company's manufacturing facilities; revisions in estimated costs related to major contracts; labor relations; risks inherent in operating abroad, including foreign currency exchange rates; performance of our pension fund portfolios; changes in applicable law or in the Company's regulatory authorizations, security clearances, or other legal rights to conduct its business, deal with its work force or export goods and services; adverse regulatory actions, or other governmental sanctions; risks of litigation, including litigation with respect to environmental or asbestos-related matters, customer or supplier claims, or stockholders; the effects (including possible increases in the cost of doing business) resulting from future war and terrorists activities or political uncertainties; natural disasters, casualties, utility disruptions, or the failure to anticipate unknown risks and uncertainties present in the Company's businesses; dependence on current management; as well as other factors included in the Company's periodic reports filed with the Securities and Exchange Commission.

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

	Three Months Ended	
	Dec. 31, 2003	Dec. 31, 2002
Revenue	\$ 78,171	\$ 66,678
Net income	\$ 3,391	\$ 3,275
Earnings per common share:		
Basic	\$ 0.24	\$ 0.23
Diluted	\$ 0.23	\$ 0.23
Weighted average shares outstanding:		
Basic	14,267	14,151
Diluted	14,868	14,478

	Years Ended	
	Dec. 31, 2003	Dec. 31, 2002
Revenue	\$276,605	\$273,477
Net income	\$ 8,135	\$ 11,439
Earnings per common share:		
Basic	\$ 0.57	\$ 0.87
Diluted	\$ 0.56	\$ 0.84
Weighted average shares outstanding:		
Basic	14,237	13,117
Diluted	14,653	13,664

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2003	2002	2003	2002
	(Unaudited)		(Unaudited)	
Net revenue:				
Electronics Group	\$ 53,032	\$ 46,848	\$180,733	\$186,562
Industrial Group	25,139	19,830	95,872	86,915
Total net revenue	78,171	66,678	276,605	273,477
Cost of sales:				
Electronics Group	41,952	36,987	144,467	148,766
Industrial Group	22,768	18,155	86,126	75,190
Total cost of sales	64,720	55,142	230,593	223,956

Gross profit	13,451	11,536	46,012	49,521
Selling, general and administrative	6,601	5,890	26,711	27,114
Research and development	1,048	818	4,166	3,354
Amortization of intangible assets	85	22	194	97
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Operating income	5,717	4,806	14,941	18,956
Interest expense, net	276	530	1,693	2,742
Other expense (income), net	13	(90)	230	(159)
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Income before income taxes	5,428	4,366	13,018	16,373
Income tax expense	2,037	1,091	4,883	4,934
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Net income	<u>\$ 3,391</u>	<u>\$ 3,275</u>	<u>\$ 8,135</u>	<u>\$ 11,439</u>
Earnings per common share:				
Basic	\$ 0.24	\$ 0.23	\$ 0.57	\$ 0.87
Diluted	\$ 0.23	\$ 0.23	\$ 0.56	\$ 0.84
Dividends declared per common share	\$ 0.03	\$ 0.03	\$ 0.12	\$ 0.06
Weighted average shares outstanding:				
Basic	14,267	14,151	14,237	13,117
Diluted	14,868	14,478	14,653	13,664

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

	December 31,	
	----- 2003	2002 -----
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,019	\$ 12,403
Accounts receivable, net	45,484	37,951
Inventory, net	61,932	64,443
Other current assets	11,370	9,187
	-----	-----
Total current assets	130,805	123,984
Property, plant and equipment, net	106,683	75,305
Goodwill	14,277	14,277
Other assets	11,730	10,039
	-----	-----
	\$263,495	\$223,605
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 29,598	\$ 23,356
Accrued liabilities	17,491	16,035
Current portion of long-term debt	3,200	7,000
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Total current liabilities	50,289	46,391
Long-term debt	53,000	30,000
Other liabilities	15,425	10,179
	-----	-----
Total liabilities	118,714	86,570
Stockholders' equity:		

Preferred stock, par value \$.01 per share, 981,600 shares authorized; no shares issued	--	--
Series A preferred stock, par value \$.01 per share, 18,400 shares authorized; no shares issued	--	--
Common stock, non-voting, par value \$.01 per share, 10,000,000 shares authorized; no shares issued	--	--
Common stock, par value \$.01 per share, 30,000,000 shares authorized; 14,283,323 and 14,158,077 shares issued and outstanding in 2003 and 2002, respectively	143	142
Additional paid-in capital	83,541	82,575
Retained earnings	63,443	57,017
Accumulated other comprehensive income (loss)	(2,346)	(2,699)
	-----	-----
Total stockholders' equity	144,781	137,035
	-----	-----
	\$263,495	\$223,605
	=====	=====

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

	Year Ended December 31,	
	2003	2002
	----- (Unaudited) -----	
Cash flows from operating activities:		
Net income	\$ 8,135	\$ 11,439
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,831	11,386
Other noncash charges	7,292	(2,470)
Changes in operating assets and liabilities:		
Accounts receivable	(7,724)	1,576
Inventory	6,219	(4,559)
Other assets	(2,427)	(863)
Accounts payable	3,154	(1,010)
Accrued liabilities	(205)	(1,898)
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Net cash provided by operating activities	27,275	13,601
Cash flows from investing activities:		
Capital expenditures	(22,521)	(19,747)
Purchase of the net assets of acquired entities	(23,300)	--
Proceeds from sale of assets	175	211
Changes in nonoperating assets and liabilities	(171)	(662)
	-----	-----
Net cash used in investing activities	(45,817)	(20,198)
Cash flows from financing activities:		
Net increase (decrease) in debt under revolving credit agreements	19,200	(50,500)
Cash dividends paid	(1,709)	(424)
Proceeds from issuance of common stock	667	56,692
	-----	-----
Net cash provided by financing activities	18,158	5,768
	-----	-----
Net increase in cash and cash equivalents	(384)	(829)
Cash and cash equivalents at beginning of period	12,403	13,232
	-----	-----
Cash and cash equivalents at end of period	\$ 12,019	\$ 12,403
	=====	=====

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