2017 Fourth Quarter and Full Year Earnings Conference Call

March 20, 2018

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: our estimated EBITDA and cash flows includes significant gains and proceeds from the anticipated sale of certain equipment, but there can be no assurances that such sales will be achieved as planned; our failure to return to profitability on a timely basis, which would cause us to continue to use existing cash resources or other assets to fund operating losses; our failure to successfully complete final contract negotiations with regard to our announced contract "awards"; our failure to implement specific plans (a) to offset the impact of reduced revenues as we migrate our focus from a small number of traditional tier 1 customers in the commercial vehicle markets to a more diversified base of customers who are able to place higher strategic value on our innovation, flexibility and lean manufacturing capabilities, including an increase in sales of our Tube Turns® product line, and (b) to implement our cost-savings initiatives and to consolidate and streamline operations in accordance with the modified exit or disposal plan related to our Broadway Plant and our other plans, including the ability of our Toluca Plant to successfully consolidate any relocated operations or business lines; the fees, costs and supply of, or access to, debt, equity capital, or other sources of liquidity; inventory valuation risks including excessive or obsolescent valuations or price erosions of raw materials or component parts on hand; breakdowns, relocations or major repairs of machinery and equipment, especially in our Toluca Plant; disputes or litigation involving supplier, customer, employee, creditor, stockholder, product liability or environmental claims; 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; potential impairments, non-recoverability or write-offs of assets or deferred costs; the costs of compliance with our auditing, regulatory or contractual obligations; regulatory actions or sanctions; dependence on, retention or recruitment of key employees; 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, tariffs, freight or expediting costs; cost and availability of raw materials such as steel, component parts, natural gas or utilities; changes in licenses, security clearances, or other legal rights to operate, manage our work force or import and export as needed; labor relations; strikes; union negotiations; pension valuation, health care or other benefit costs; potential weaknesses in internal controls over financial reporting and enterprise risk management; our inability to patent or otherwise protect our inventions or other intellectual property from potential competitors; our reliance on third party vendors and sub-suppliers; adverse impacts of new technologies or other competitive pressures which increase our costs or erode our margins; U.S. government spending on products and services that Sypris Electronics provides, including the timing of budgetary decisions; risks of foreign operations; currency exchange rates; war, terrorism, or political uncertainty; cyber security threats and disruptions; failure to adequately insure or to identify environmental or other insurable risks; 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

4Q17 Highlights

- Revenue increased 7.6% year-over-year to $21.5 million
  - 72.4% year-over-year increase at Sypris Electronics
  - 7.2% sequential increase for Sypris Technologies
- Gross margin expanded to 6.6% for Q4
  - 10.7% for Sypris Technologies
  - Sypris Electronics gross margin affected by the availability of electronic components and new program launches
    - Material shortages expected to subside by 2Q18
    - Working with customers to qualify new sources
- Positive adjusted operating income for Sypris Technologies
  - Increasing sequential volumes
  - Significantly lower cost profile
- 39.0% reduction in SG&A expense year-over-year

Overview

4Q17 Highlights

- $26.3 million two-year cost improvement target
  - All major initiatives now complete
  - Closure of Broadway Plant in November
  - Q3 Sypris Technologies production issues resolved
- Announced the award of several new contracts for mission-critical electronic assemblies for use in US Military, Space and global Deep Sea programs
- The outlook for each of our markets remains positive
- The heavy-duty truck market is showing considerable strength
  - Steady economic growth led to a pickup in freight in the second half of 2017, which is expected to continue through most of 2018
  - N.A. Class 8 truck orders increased 76% in February, the second straight month in excess of 40,000 units

Outlook

- Energy markets are expanding
  - Crude oil above $60 a barrel
  - Rise in natural gas demand expected to continue
- Aerospace & Defense manufacturing is on the rise
  - U.S. defense budget expanding significantly
  - High demand creating electronic component shortages and extended lead times
- Market strength and lower costs align for positive year
- Guidance

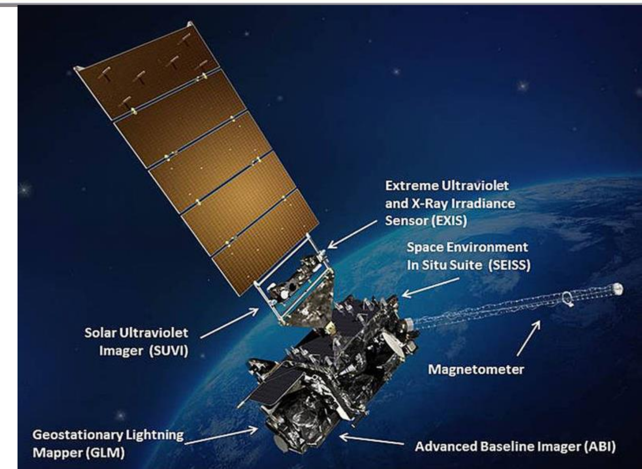
Guidance	**1H18**	**2018**
– Revenue:	$43-$45	$90-$96
– Gross margin:	13%-15%	15%-17%

- Expect solid profitability from both segments for 2018
  - Revenue growth and improved mix
  - Significantly improved cost profile

Transition Plan Update

Objectives

- Significantly improve our cost-competitiveness on a sustained basis
- Establish and maintain a highly-liquid balance sheet
- Achieve a balanced diversification of customers and markets served
- Complete the Broadway relocation utilizing internally generated funds
- Build shareholder value
  - Innovation – technology, process, design and materials
  - Culture – lean and continuous improvement
  - Growth – new customer, markets, services, and products



Transition Plan Update

Actions Taken in 2016

- Entered into sale-leaseback for underutilized real estate generating $12.0 million
- Divested CSS business, generating $42.0 million
- Eliminated high-cost commercial debt: savings of $5.5 million annually
- Relocated Sypris Electronics to a modern 50,000 square foot facility: savings of $1.7 million annually
- Reduced salaried headcount, etc.: savings of $2.7 million annually
- Initiated the transfer of certain forging and machining operations from the Broadway Plant to other Sypris locations
- Secured new orders to boost backlog for 2018 shipments



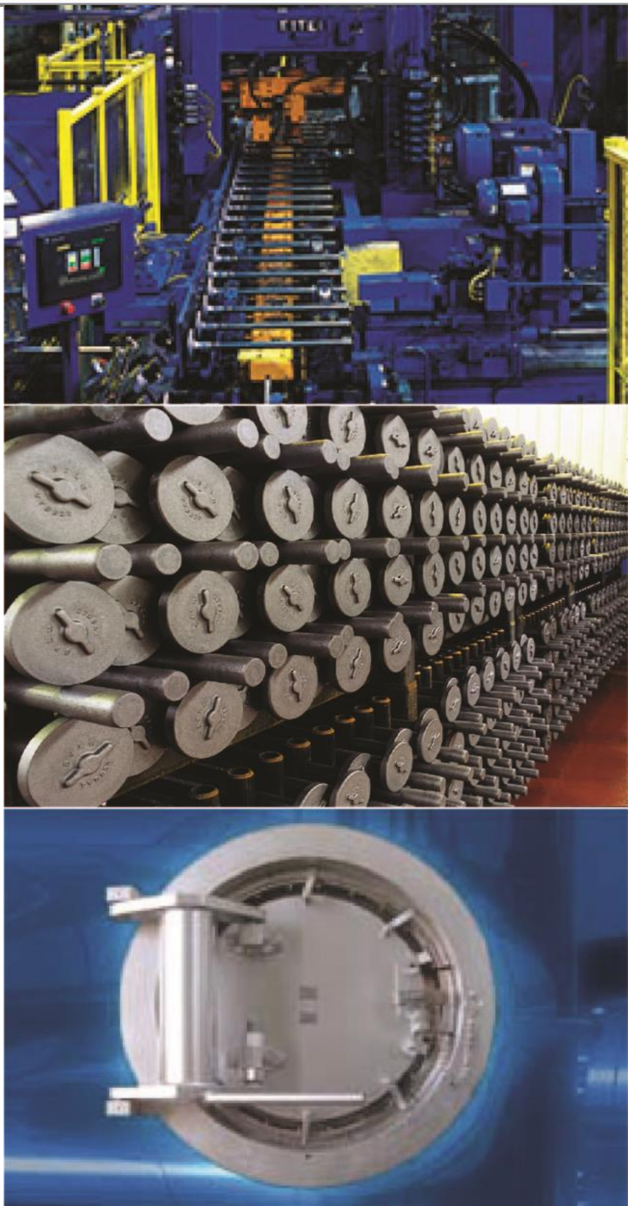
Transition Plan Update

Actions Taken in 2017

- The timely approval and launch of programs in Toluca
  - Daimler completed and launched
  - Volvo/Mack contract signed; launch underway
- Successful implementations of a new ERP platform
- Transition of operations from the Broadway Plant
- Liquidations of idle and underutilized non-core assets
- The timely delivery of large, booked orders

Expected Results (2018 vs. 2016)

- $26.3 million improvement in annual income
  - Further margin expansion in 2018



Results

Sypris Technologies

- Globally competitive platform
  - Lower variable cost
  - Elimination of redundant fixed overhead
  - Elimination of redundant capital requirements
  - Increased capacity utilization
- Reduced breakeven point and increased margins
- Talent redistributed between locations
  - Accelerate new product development
  - Improve processes, routings and standards
  - Drive supply chain and continuous improvement effectiveness
- Toluca will serve as a low-cost manufacturing source

Results

Sypris Electronics

- Clear, singular strategic vision
- Material improvement in competitive profile
  - Reduction in fixed overhead
  - Substantially lower SG&A
  - Improved operational visibility and cycle times
  - Additional absorption will further reduce rates and increase competitiveness

Consolidated

- Cost reduction actions are complete
- Cost-effective platforms now in place for each business
- New contract awards and contract extensions continue at a positive pace, while market outlooks are positive
- The combination is expected to support a return to profitability for 2018

Financial Review
Fourth Quarter 2017

March 20, 2018

Anthony C. Allen
Vice President & CFO

4Q Financial Results

$ millions	4Q 2017			4Q 2016	
	Consolidated	**ST**	**SE**	**Consolidated**	**Change**
Net Revenue	$ 21.5	$ 14.5	$ 7.0	$ 20.0	$ 1.5
Gross Margin	6.6%	10.7%	(1.8)%	(0.8)%	740 bps
Adjusted Operating Income	$ (1.5)	$ 0.3	$ (0.5)	$ (5.0)	$ 3.5
Severance & Relo	$ 0.1	$ 0.1	$ -	$ 0.6	$ (0.5)

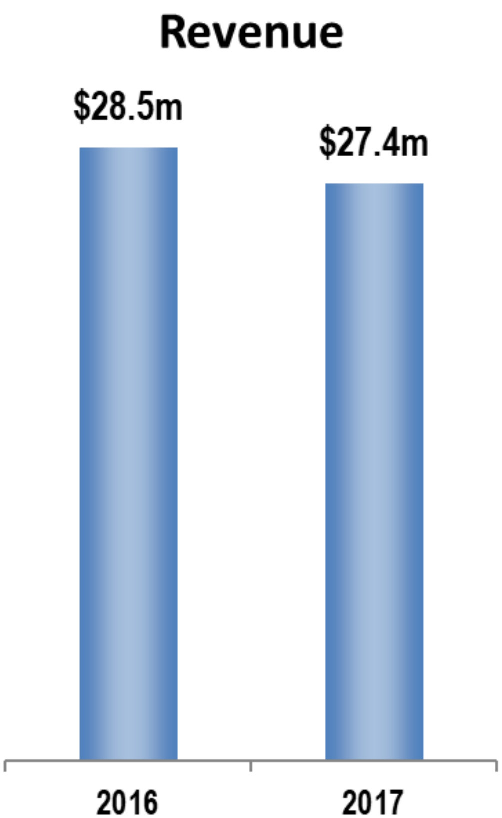
- ST revenue down $1.4 million but adjusted operating income up $0.8 million
- SE revenue up $2.9 million and adjusted operating income up $2.6 million
- Consolidated gross margin of 6.6% driven by ST performance
- SG&A declines $1.9 million to 13.8% of revenue from 24.4%
- ST reports first quarterly positive operating income since 2014

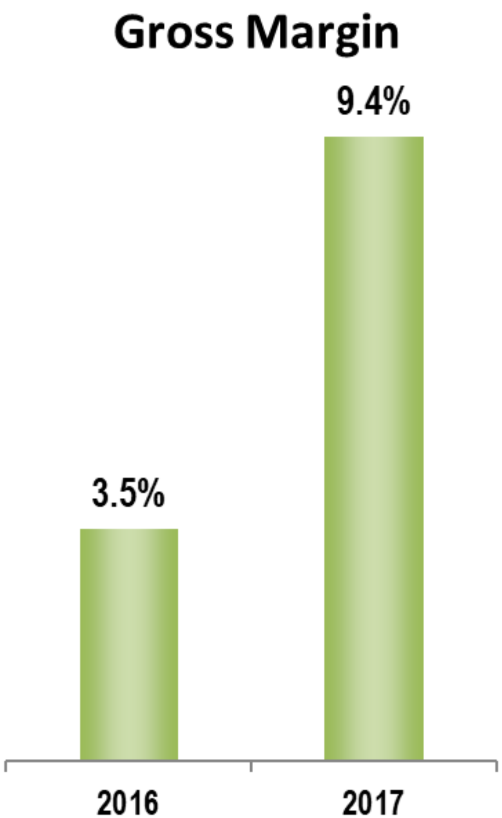
FY Financial Results

$ millions	FY 2017			FY 2016	
	Consolidated	**ST**	**SE**	**Consolidated**	**Change**
Net Revenue	$ 82.3	$ 54.9	$ 27.4	$ 91.8	$ (9.5)
Gross Margin	3.6%	0.7%	9.4%	0.8%	280 bps
Adjusted Operating Income	$ (10.2)	$ (5.1)	$ 0.1	$ (21.6)	$ 11.4
Severance & Relo	$ 2.4	$ 2.4	$ -	$ 1.2	$ 1.2

- ST revenue down $8.4 million but adjusted operating income up $2.0 million
- SE revenue down $1.1 million but adjusted operating income up $7.3 million
- Consolidated gross margin of 3.6% reflects cost improvements at SE with benefits of Broadway Plant transition for ST to be fully realized in 2018
- SG&A declines $8.9 million to 16.0% of revenue from 24.0%
- Adjusted operating income improved $11.4 million YOY
- Severance and equipment relocation of $2.4 million for Broadway Plant transition

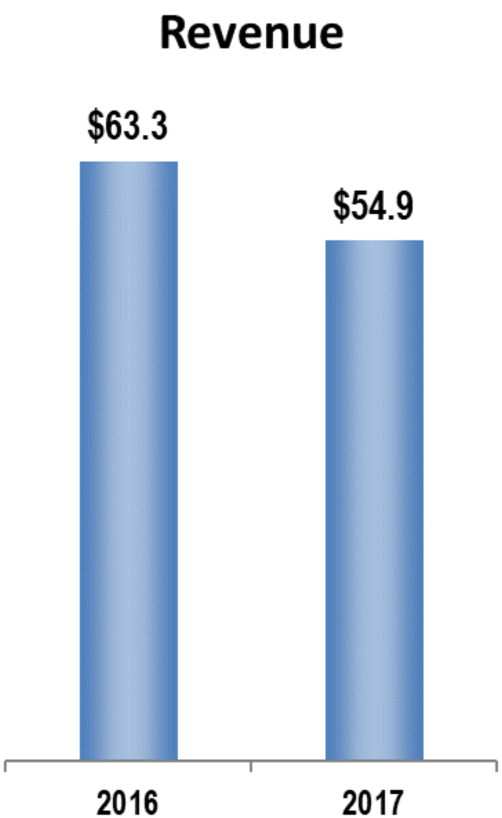
Sypris Electronics Highlights

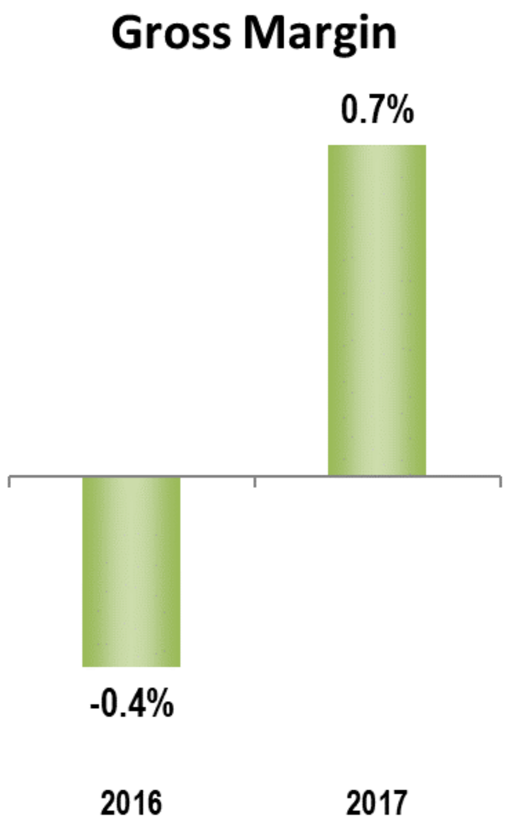




- Revenue decline reflects CSS sale in August 2016
- 590 bps gross margin improvement
- Electronic component shortages impacted Q4 performance
- New program ramp-ups underway
- Cost savings from facility relocation contribute to margin improvement
- Strong backlog to support 2018 shipments

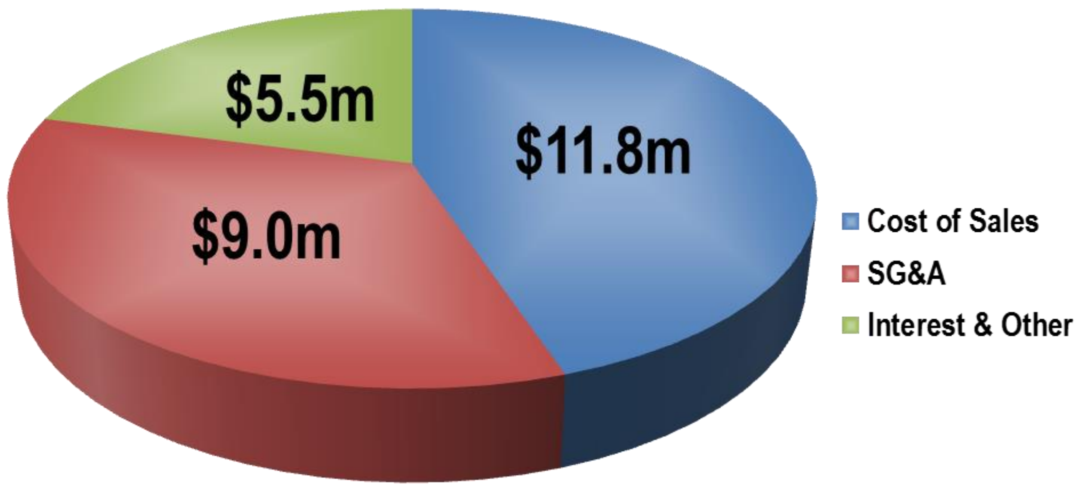
Sypris Technologies Highlights





- Revenue decline reflects nonrenewal of 2 contracts, partly offset by market growth
- 2017 revenue mix includes growth in energy-related product sales
- Lower fixed overhead contributes to margin improvement
- Transition of Broadway operations complete as of the end of 2017
- Production issues substantially resolved and mix issues addressed
- Accelerated rebuild of equipment to support customer deliveries
- Positive operating income in 4Q

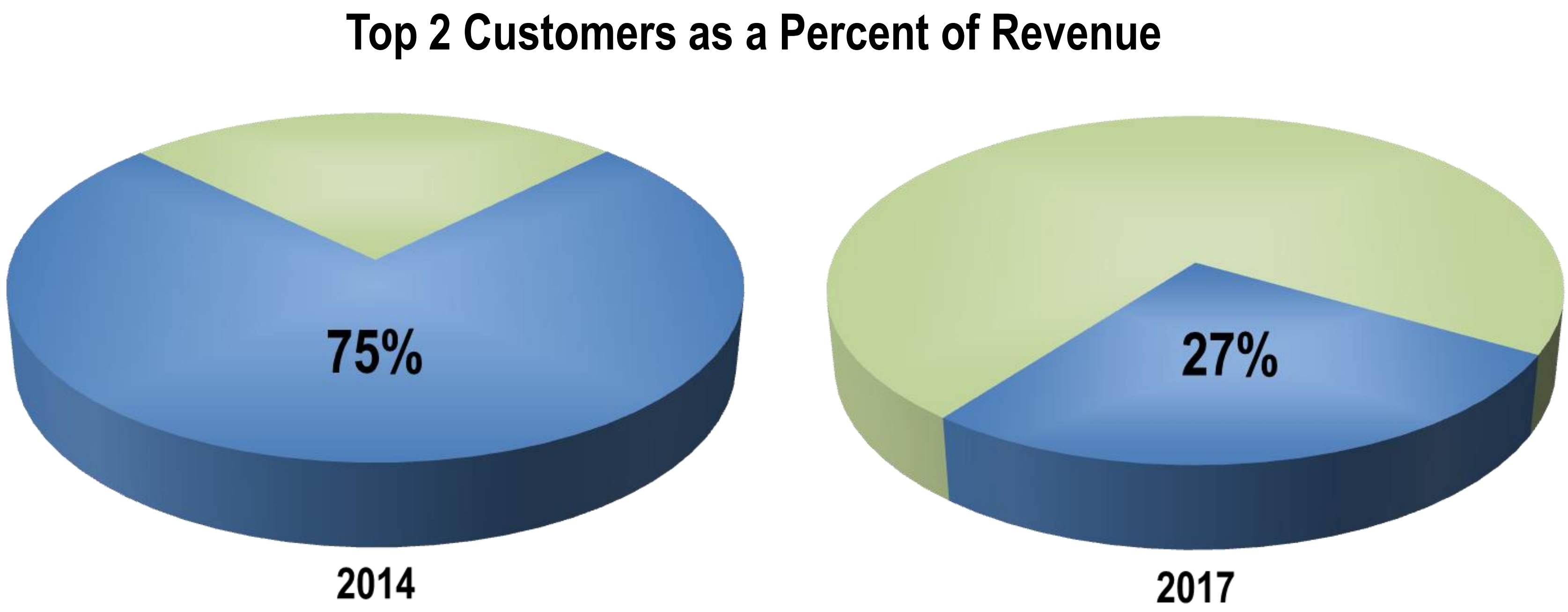
Cost Reduction Goals



Two-Year $26.3 million Cost Reduction Target

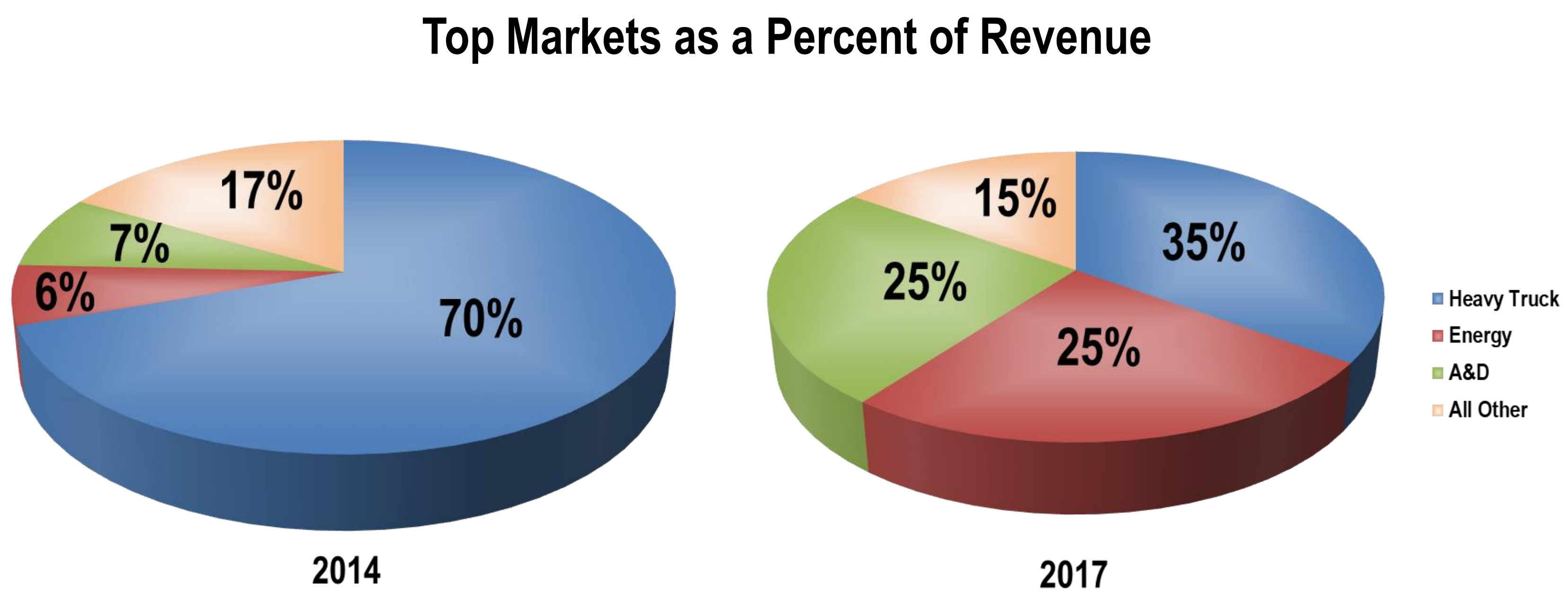
- Cost of sales impacted in 2017 by extended production in Broadway and investments in labor and equipment rebuilds to support customer demand
- Achieving year-over-year SG&A reductions as planned
- Severance expense fully recognized as of end of 2017 with minimal relocation costs to continue as planned through 2018
- On target for two-year objective

Customer Concentration



- No single customer accounts for > 15% of revenue in 2017
- Balanced customer base in both segments
- Adding new customers to further diversify portfolio

Revenue Mix by Market



- Significant shift in markets served provides balanced revenue mix
- Expect reduced volatility with less dependence on heavy truck market
- Exploring new markets to provide growth opportunities for both segments

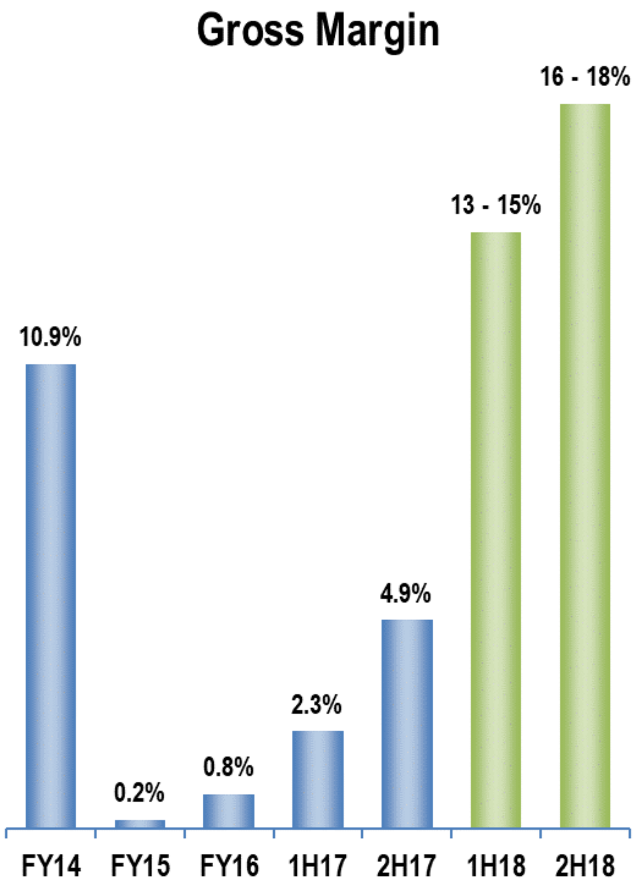
Outlook Update

	FY 2017 Results	FY 2018 Outlook
Revenue	$82.3 million	$90 to $96 million
Gross Margin	3.6%	15% to 17%
SG&A	16.0%	13% to 14.5%
Adjusted Operating Income	(12.4)%	1% to 4%

- Revenue outlook reflects solid backlog and strong market conditions
- Expect 1H revenue outlook between $43 to $45 million with higher YOY growth rate in 2H
- Gross margin expected to improve sequentially from 1H to 2H based on SE component availability improvement and revenue growth
- SG&A expected to show flat-to-moderate decrease in 2018; decline as % of revenue
- Return to profitability expected for 2018!!!

Mix + Cost Reductions Drive Margin in 2018

- 260 bps margin expansion from 1H 2017 to 2H 2017 on 8.7% sequential revenue growth
- Cost reductions from closure of ST Broadway Plant expected to provide uplift in gross margin for 1H 2018
- Electronic component shortages expected to continue in 1H 2018 impacting SE revenue and margin trend
- Favorable YOY revenue mix target in both segments contributes to margin improvement throughout 2018
- Consolidated gross margin outlook for FY 2018 of 15-17%
- Cost reductions, new business awards and follow-on business create further margin improvement opportunities in 2019



Key Takeaways

- 4Q revenue increased $1.5 million or 7.6% over prior year
- Gross margin improved to 6.6% in 4Q from negative 0.8% in prior year
- FY SG&A expense reduction of $8.9 million or 40% from 2016
- ST generates positive operating income for 4Q
- Production complete at Broadway Plant as of the end of 2017
- Major actions to achieve two-year, $26.3 million cost improvement target are complete
- Raising revenue guidance for 2018
  - Revenue $90.0-$96.0 million; Gross margin 15.0%-17.0%
- Stronger market conditions for heavy truck, energy and aerospace and defense for 2018
- Expect positive free cash flow in 2018 with upside opportunity from asset sales
- Leveraging lower cost structure to improve competitive position for new business awards
- Expect to return to profitability for 2018

Question and Answer Session
4Q Earnings Conference Call

March 20, 2018

Jeffrey T. Gill
President & CEO

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