2019 Second Quarter Earnings Conference Call

August 14, 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 achieve targeted gains and cash proceeds from the anticipated sale of certain equipment; dependence on, retention or recruitment of key employees; 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; 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; 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; our reliance on a few key customers, third party vendors and sub-suppliers; continued shortages and extensive lead-times for electronic components; 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 inability to regain compliance with the NASDAQ listing standards minimum closing bid price in a timely manner; 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

2Q19 Highlights

- Revenue increased 6.4% YOY and 24.9% sequentially
  - 10.1% increase YOY for Sypris Technologies
  - Revenue was even for Sypris Electronics YOY; up 121% sequentially
- Gross margin increased to 16.3%, up from 12.8% last year
  - 53.5% increase in gross profit for Sypris Technologies
    - Margin of 17.6%; up from 12.6%
    - Operating margin of 9.1%; up from 2.4%
  - 50 bps increase in gross margin for Sypris Electronics to 13.6%
- EPS increased 75% to $0.07 per share; up from $0.04 per share for last year
- Orders remained strong – up 58% for energy products; up 200% for Sypris Electronics

Outlook

2019 Full Year

- The outlook for each of our markets remains positive
- The heavy-duty truck market is showing considerable strength
  - N.A. Class 8 forecasts production to continue at historically high levels
- The light vehicle market continues to be positively supported by a strong North America economic climate
- Launching new products for customers in automotive, off-road, ATV, commercial vehicle and refrigeration markets
  - Revenue expected to impact top line beginning in 3Q
- The energy markets continue to benefit from strong demand and higher oil prices
  - Rising natural gas demand and growing exports
  - Rising forecasts for oil prices and U.S. crude-oil production
  - Orders increased 58% YOY

Outlook

2019 Full Year

- DoD spending on the rise
  - US military spending is expanding significantly
  - Well positioned with top-tier DoD prime contractors on targeted programs
- New program starts expected to support top line growth through the balance of 2019
- Continue to work with customers to secure electronic components to meet scheduled deliveries
  - Currently have 3Q19 requirements in house
- Bidding activity remains robust, with program size and duration continuing to expand
- Deep sea communications showing meaningful opportunity
- Orders increased 200% YOY and sequentially

Outlook

2019 Full Year

- New contract awards, positive market conditions and lower costs align for positive year
- Growth, mix and operational performance expected to support positive margin expansion
- Both business units expected to be profitable for the year
- Guidance **2019**
  - Revenue $95-$105
  - Gross margin 14%-16%
- Material availability will remain a focus, but otherwise all of the prerequisites for a very positive year are in place
- Sequential improvement in revenue and gross margin expected in the second half of 2019
- We look forward to the new chapter in our journey

Financial Review
Second Quarter 2019

August 14, 2019

Anthony C. Allen
Vice President & CFO

2Q Financial Results

$ millions	2Q 2019			2Q 2018	
	Consolidated	**ST**	**SE**	**Consolidated**	**Change**
Net Revenue	$ 24.4	$ 16.9	$ 7.6	$ 23.0	$ 1.5
Gross Margin	16.3%	17.6%	13.6%	12.8%	350 bps
Operating Income	$ 0.3	$ 1.5	$ 0.3	$ (0.5)	$ 0.8

- Consolidated revenue up $1.5m and gross profit up $1.1m from prior year
- Consolidated gross margin improved 350 bps from prior year and 1,190 bps sequentially
- ST revenue up 10.1% from prior year and 4.6% sequentially
- ST gross profit increased $1.0m from prior year on $1.6m revenue growth
- SE revenue more than doubles from Q1 and consistent with prior year
- SE gross margin improves 50 bps from prior year
- Double digit gross margins in both segments drive operating income increase of $0.8m

1H Financial Results

$ millions	1H 2019						1H 2018			
	Consolidated		ST		SE		Consolidated		Change	
Net Revenue	$	44.0	$	33.0	$	11.0	$	42.9	$	1.1
Gross Margin		11.0%		16.0%		(3.8)%		11.6%		(60) bps
Operating Income	$	(2.4)	$	2.6	$	(2.1)	$	(2.2)	$	(0.2)

- Consolidated revenue up 2.6% as 2Q growth offsets low 1Q performance
- ST revenue up $3.2m or 10.7% over the prior year and gross profit up $1.2m
- ST gross margin positively impact by higher volumes and improvements in supply and maintenance expense
- SE revenue rebounds in 2Q on improved component availability
- SE bookings support revenue growth for 2H and provide solid foundation for 2020

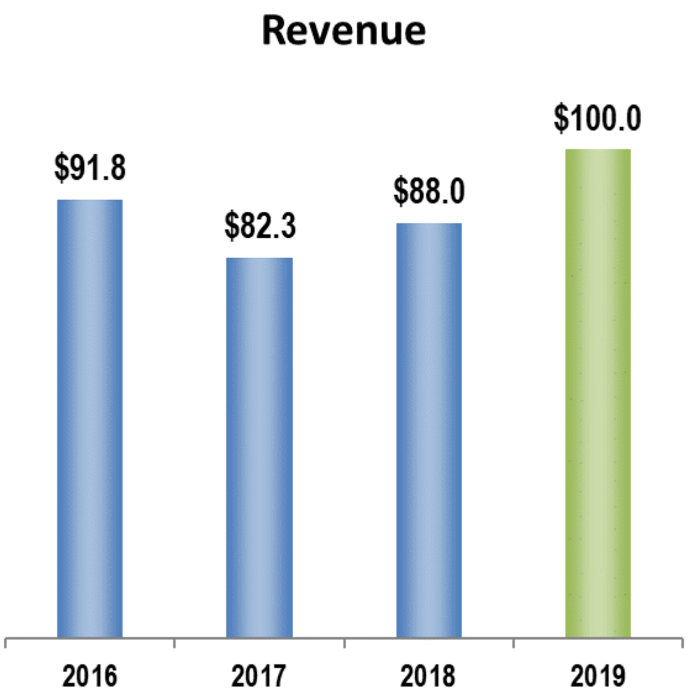
Outlook Update

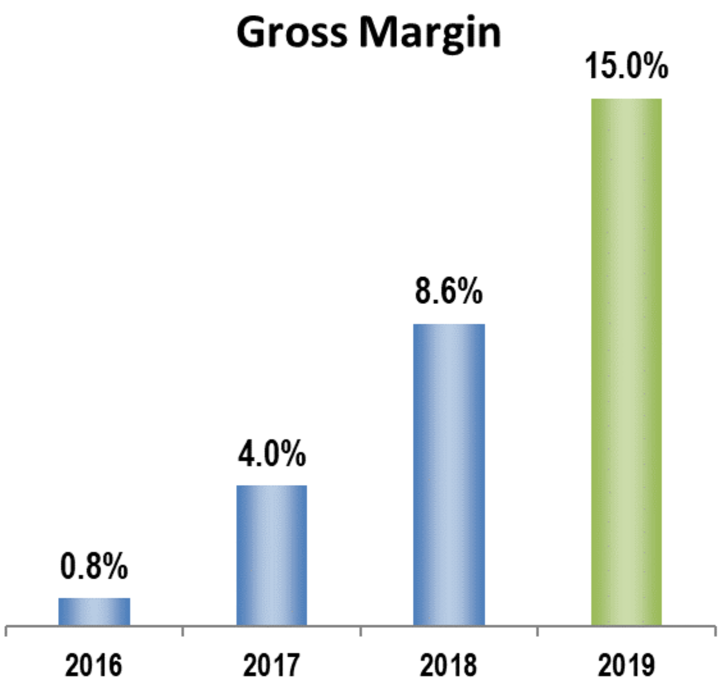
$ millions	**Outlook FY 2019**
Net Revenue	$95 to $105
Gross Margin	14% to 16%
SG&A	13% to 14%

- Revenue outlook reflects backlog and favorable market conditions
- Gross margin expected to improve sequentially throughout 2019
- Continuous improvement initiatives and higher volumes for ST expected to contribute to sequential margin expansion
- Shipment volumes targeted to increase for SE contribute to margin improvement
- SG&A expected to normalize at 11 to 13% for 2H and finish at 13 to 14% for FY
- Return to profitability targeted for 2019

* *Excludes benefit in 4Q 2018 of legal fee resolution*

YOY Revenue and Margin Improvements





- Forecasting double digit growth to surpass 2016
- New programs expected to contribute to 2019 revenue in both segments
- Auto, heavy truck and energy markets forecast to remain favorable for ST
- SE shipment forecast increases from 1H to 2H

- Continue upward trend of margin improvements
- Continuous improvement actions planned to increase labor productivity
- Supply chain initiatives underway to achieve variable cost reduction targets
- Implementing improved management of material and design changes for SE programs

** 2019 Based on Midpoint of Outlook Range*

Key Takeaways

- 2Q revenue increased 6.4% over the prior year period and 24.9% sequentially
- Gross profit increased $3.1 million sequentially to $4 million or 16.3% of revenue
- Sypris Technologies revenue increased $1.6 million to $16.9 million, up 10.1% YOY and 4.6% sequentially
- Sypris Electronics reported revenue of $7.6 million and gross profit or $1 million or 13.6% of revenue
- Quarterly operating income of $0.3m for 2Q
- Strong market conditions for heavy truck, energy and aerospace and defense for 2019
- Bookings increased 58% YOY for energy products and 200% YOY for Sypris Electronics
- Updated outlook for 2019
  - Revenue $95-$105 million
  - Gross margin 14%-16%
  - Sequential improvement in both revenue and gross margin from 1H to 2H
- Target to return to profitability for 2019

Question and Answer Session
2Q Earnings Conference Call

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President & CEO

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