Second Quarter 2009
Earnings Conference Call

August 18, 2009

Jeffrey T. Gill
President and CEO

Brian A. Lutes
Vice President & CFO

Anthony C. Allen
Vice President & Treasurer

Safe Harbor Disclaimer

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 serious risks and should not be relied upon, as detailed in our most recent Form 10-K and Form 10-Q and subsequent SEC filings. *Briefly, we currently believe that such risks also include: the effects of a continuing economic downturn which could reduce our revenues, negatively impact our customers or suppliers and materially, adversely affect our financial results; our ability to liquidate our equity interests in Dana Holding Corporation at satisfactory valuation levels; potential impairments, non-recoverability or write-offs of goodwill, assets or deferred costs, including deferred tax assets in the U.S. or Mexico; fees, costs or other dilutive effects of refinancing, compliance with covenants in, or acceleration of, our loan and other debt agreements; unexpected or increased costs, time delays and inefficiencies of restructuring our manufacturing capacity; breakdowns, relocations or major repairs of machinery and equipment; our inability to successfully launch new or next generation programs; the cost, efficiency and yield of our operations and capital investments, including working capital, production schedules, cycle times, scrap rates, injuries, wages, overtime costs, freight or expediting costs; cost and availability of raw materials such as steel, component parts, natural gas or utilities; volatility of our customers' forecasts, financial conditions, market shares, product requirements or scheduling demands; adverse impacts of new technologies or other competitive pressures which increase our costs or erode our margins; failure to adequately insure or to identify environmental or other insurable risks; inventory valuation risks including obsolescence, shrinkage, theft, overstocking or underbilling; changes in government or other customer programs; reliance on major customers or suppliers, especially in the automotive or aerospace and defense electronics sectors; revised contract prices or estimates of major contract costs; dependence on, recruitment or retention of key employees; union negotiations; pension valuation, health care or other benefit costs; labor relations; strikes; risks of foreign operations; currency exchange rates; the costs and supply of debt, equity capital, or insurance (including the possibility that our common stock could cease to qualify for listing on the NASDAQ Stock Market due to a sustained decline in prices per share, or that any reverse stock split or other restructuring of our debt or equity financing could be accompanied by the deregistration of our common stock or other "going private" transactions); changes in licenses, security clearances, or other legal rights to operate, manage our work force or import and export as needed; weaknesses in internal controls; the costs of compliance with our auditing, regulatory or contractual obligations; regulatory actions or sanctions; disputes or litigation, involving customer, supplier, creditor, stockholder, product liability or environmental claims; war, terrorism or political uncertainty; unanticipated or uninsured disasters, losses or business risks; inaccurate data about markets, customers or business conditions; or unknown risks and uncertainties.*

Table of Contents

Overview

- Key Highlights for Q2
  - Consolidated results improved on a sequential basis
    - Revenue increased slightly to $82 million
    - Gross profit increased 75%
    - Gross margin increased to 9.3% from 5.3%
    - Working capital turns increased to 13.2 times
    - Free cash flow, before restructuring expense, exceeded $6 million
  - Electronics Group continued to outperform
    - Revenue increased 9.5% versus 2Q08
    - Gross profit increased 51%
    - Gross margin increased to 20.5% versus 14.8% for 2Q08
    - Revenue per employee increased 27%

Electronics Group Reaches 55% of Revenue

Overview

- Key Highlights for Q2
  - Aerospace & Defense
    - Revenue increased 20% from 2Q08
    - Gross profit increased 158%
    - Gross margin increased to 18.7% versus 8.7% for 2Q08
  - Test & Measurement results softened, but full year operating income expected to continue record of year over year growth
  - Industrial Group results improved on a sequential basis
    - Revenue remained flat at $37 million
    - Loss at gross profit improved 40% to $1.6 million
    - Inventory turns increased to 11.4 times
  - Restructuring benefits are taking hold and beginning to reflect in the Company's financial results

Results Demonstrate Real Progress – Much Work Remains

SYPRIS® SOLUTIONS

Initiatives Update

- Objectives
  - Eliminate unnecessary waste
  - Reduce fixed overhead
  - Accelerate, where possible, integration efficiencies
  - Eliminate roadblocks to consolidation savings
- Key Components
  - Facilities Rationalization
  - Operational Efficiencies
  - Product Costing
  - Quality
- Expected Outcome
  - $25 million of annual savings
  - Reduced earnings volatility and risk

Executing with a Sense of Urgency and Purpose

Status

	Annual Savings	Completion Status	Original Target Date	Plan Target Date
Facilities Closings	$ 12.5	90%	Q2; Q4	**Q1; Q3**
Operational Efficiencies	7.5	75%	Q3	**Q3**
Product Costing	3.0	100%	Q1	**Q1**
Quality	2.0	100%	Q4	**Q2**
	$ 25.0			

Savings Expected to be Lasting and Significant

Expected Results

- Elimination of three facilities with a total of 830,000 square feet
  - Industrial Group
    - 40% reduction in facilities and overhead
    - 20% reduction in the average cost of direct labor
- Net headcount reductions of close to 200 people, or 12.5% of domestic workforce
- No expected loss of market share or top line
- Cost competitiveness of business model increased significantly
- Restructuring costs funded substantially by internal cash flow
- 75%, perhaps more, of the benefits expected to be realized as early as 2010, subject to volume recovery

Ahead of Plan in Terms of Execution and Cost

Industrial Group

- Market Conditions
  - 2009 remains extremely challenging
  - Outlook is for progressive improvement in 2010

	2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Class 5-7	24,050	20,496	22,341	22,650	20,904	24,771	28,168	30,676
Class 8	28,488	24,845	27,398	30,898	33,701	31,300	39,001	48,551
Total	52,538	45,341	49,739	53,548	54,605	56,071	67,169	79,227
Trailers	17,727	19,947	21,233	20,223	22,440	28,392	36,291	43,128

	2007	2008	2009	2010	2011	2012	2013	2014
Class 5-7	206,213	157,592	89,537	104,519	156,517	185,918	202,799	220,260
Class 8	212,391	205,237	111,629	152,552	275,288	298,139	323,290	267,721
Total	418,604	362,829	201,166	257,071	431,805	484,057	526,089	487,981
Trailers	216,254	145,566	79,130	130,250	215,600	238,700	256,500	221,500

Source: ACT Research, August 10, 2009

Recovery Correlated to US Economy

SYPRIS SOLUTIONS

Industrial Group

- Plans in place to manage difficult 2009
  - Complete closure of two plants – 40% of rooftops
    - Kenton facility closed
    - Marion facility targeted for closure in September
  - Inventory reduced 15% sequentially and 37% from year-end
  - Inventory turns increasing despite lower volumes and higher mix
  - Productivity improving as plant relocations are absorbed
- Consolidation of our customer's supply base likely to occur
  - Increasing level of quotation activity – new business awarded with Daimler AG and Dana
  - Focus to be on long-term versus short-term relationships
- Management team doing a terrific job under extremely challenging circumstances

2009 Defines Cyclical Low – Drive To Profitability in 2010

Electronics Group

- 2009 Market Conditions
  - Remain positive; manage challenges related to program timing
  - Working opportunities across the board
- Items of Note:
  - The Electronics Group represented 55% of consolidated revenue in 2Q09, compared to 37% for 2Q08
  - Aerospace & Defense
    - Quoting activity continued to increase – spacecraft, satellite, other
    - Increasing recognition as systems integrator for network security
      - > Global Key Management
      - > Secure Communications
      - > Identity Authentication
      - > Cyber Warfare

Electronics Group

- Items of Note:
  - Aerospace & Defense
    - Continuous improvement activities continue to drive productivity improvements – annualized revenue per employee reached $350,000 in Q2, up 58% from the prior year period
    - Important progress made in the development of the new key load device for use with secure communications networks
      - > Terms and conditions finalized with US Government
      - > Sole-source, 5-year, $200 million IDIQ contract
      - > Formal award expected in next 30 to 45 days
      - > Certification underway
      - > Shipments expected to begin in early 2010
    - Expect to deliver first prototype containing multi-level biometric solutions for secure communications networks during Q4 2009

Exciting Progress Continues to be Made

Electronics Group

- Items of Note:
  - Test & Measurement
    - Revenue softened during the quarter for the first time in several years
      - Driven in part by reduction in component testing services for commercial avionics; automotive summer shutdowns
    - Expect the pull back to be temporary
      - New contracts awarded during the quarter with Raytheon, Teradyne, Teledyne, Northrop Grumman and others
      - Quoting activity remains strong, up 30% from prior year, especially for calibration and military/aerospace component screening
    - 2009 outlook remains positive; expect record year for operating income
- Summary
  - The momentum remains positive for the Electronics Group

Positive Outlook for Further Margin Expansion

Financial Review – Q2 Results

($ in thousands)	2nd Quarter 2008	2nd Quarter 2009	Highlights
Revenue	110,350	82,096	Lower SIG revenues
Gross Profit	11,454	7,615	Driven by SIG revenue decline
EBIT[1]	(48)	(4,155)	
Nonrecurring Expenses	—	1,732	SIG restructuring ($1,461); A&D restructuring ($271)
Depreciation	6,233	4,771	
Amortization	58	28	
EBITDAR[1]	6,243	2,376	Lower volumes; contractual settlements

***(1) EBIT / EBITDAR –** please refer to the Company's website regarding the presentation of this non-GAAP measure.*

Financial Review – Q2 Results - Sequential

($ in thousands)	Sequential		Highlights
	1Q09	2Q09	
Revenue	81,691	82,096	Higher SEG; SIG stable
Gross Profit	4,355	7,615	Significant cost reduction impact
EBIT [(1)]	(9,601)	(4,155)	
Nonrecurring Expenses	1,981	1,732	
Depreciation	4,873	4,771	
Amortization	28	28	
EBITDAR [(1)]	(2,719)	2,376	Sequential quarterly improvement driven by restructurings/LEAN

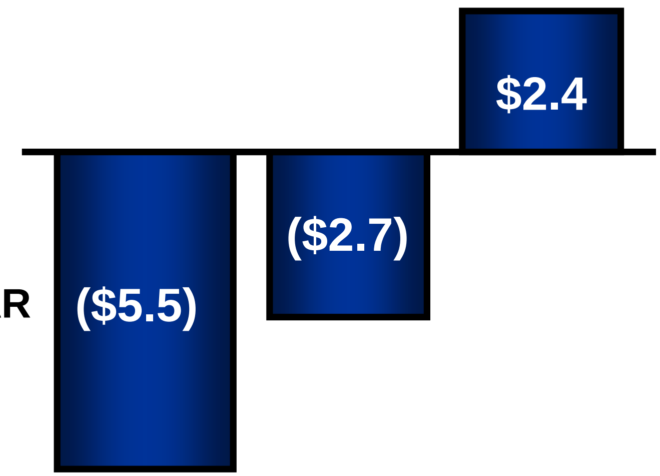
(1) EBIT / EBITDAR – *please refer to the Company's website regarding the presentation of this non-GAAP measure.*

SYPRIS® SOLUTIONS

Financial Review – EBITDAR (1)

($M)	Q4 2008	Q1 2009	Q2 2009
Revenue	$94.5	$81.7	$82.1

EBITDAR



- Despite ~ 13% revenue decline from Q4, operating losses were substantially reduced by completed restructuring actions
- Acceleration of the Marion plant closure from Q4 to Q3 will drive additional savings during the 2nd half of the year
- Expect to recognize additional benefits from restructuring as the year progresses – absent any increase in revenue
- Eventual return to normal volume levels in our Industrial Group will dramatically improve future financial results

(1) EBITDAR – *please refer to the Company's website regarding the presentation of this non-GAAP measure.*

Restructuring Actions Yielding Substantial Benefits

Financial Review

($ in millions)	Q4 2008	Q1 2009	Q2 2009	Q1 – Q2 % Change
Accounts Receivable	$ 44.7	$ 46.1	$ 45.4	(2%)
Inventory	$ 48.4	$ 41.7	$ 35.8	(14%)
Accounts Payable	($44.6)	($39.4)	($40.0)	1%

- Strong cash management everywhere; maintaining strong balance between A/R and A/P on stable revenues
- Cash balance increased from $5M (Q1) to $10M (Q2)
- Marketable securities have significantly increased sequentially:
  - Q1: ~$1.2M → Q2: ~$5M → 8/17: ~$16M
- Efforts underway to put in place long-term credit facilities
  - Expect to complete before year-end

LEAN Initiatives Continued To Attack Costs and Drive Efficiencies

Q2 Summary

- Sequential results reflect a 75% increase in gross profit on stable revenue, despite the continuance of a very tough environment, particularly within our Industrial Group
- Strategic restructuring initiatives are ahead of plan in terms of execution and cost:
  - Expect to be completed this year with 75%, perhaps more of the benefits to be realized as early as 2010, subject to volume recovery
  - Sequential results demonstrate the impact of our execution and we're well positioned for even stronger performance when the economy rebounds
- Electronics Group gross profit increased 51%; gross margin increased to 20.5% from 14.8% for the prior year period
- Aerospace & Defense restructurings and emphasis on LEAN have driven dramatic productivity improvements – annualized revenue/employee reached $350K in Q2
- Finalization of terms for the $200 million IDIQ contract with the US Government will provide important momentum for the Aerospace & Defense segment during coming years, while our continued focus on several customer growth platforms resulted in new contract wins in all three segments during Q2

SYPRIS® SOLUTIONS

Earnings Conference Call

Q&A Session