



Second Quarter 2017 Results & Outlook for 2017

July 26, 2017



Forward-Looking Statements and Risk Factors

This presentation contains statements which constitute forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding near-term and longer-term prospects and the outlook for product launches, revenue, Adjusted EBITDA, Adjusted EPS, Free Cash Flow, net debt and leverage. The forward-looking statements can be identified by words such as “anticipate,” “believe,” “plan,” “estimate,” “expect,” “intend,” “project,” “target,” and other similar expressions. Forward-looking statements are made as of the date of this presentation and are based upon management’s current expectations and beliefs concerning future developments and their potential effects on us. Such forward-looking statements are not guarantees of future performance. The following important factors, as well as risk factors described in our reports filed with the SEC, could cause our actual results to differ materially from estimates or expectations reflected in such forward-looking statements:

- global automobile production volumes;
- the financial condition of our customers and suppliers;
- our ability to make scheduled payments of principal or interest on our indebtedness and comply with the covenants and restrictions contained in the instruments governing our indebtedness;
- our ability to refinance our indebtedness;
- risks associated with our non-U.S. operations, including foreign exchange risks and economic uncertainty in some regions;
- any increase in the expense and funding requirements of our pension and other postretirement benefits;
- our customers’ ability to obtain equity and debt financing for their businesses;
- our dependence on our largest customers;
- pricing pressure from our customers;
- work stoppages or other labor issues affecting us or our customers or suppliers;
- our ability to integrate acquired businesses;
- risks associated with business divestitures including volatility in the capital markets, the capacity of potential bidders to finance transactions and the difficulty of predicting the outcome of negotiations; and
- costs or liabilities relating to environmental and safety regulations

We do not assume any obligation to update or revise the forward-looking statements contained in this presentation.

Select Highlights

- Second quarter revenue and earnings largely in-line with outlook:
 - Better cost performance offset slightly lower volume.
- Free Cash Flow was positive \$18M for Q2 and liquidity was a robust \$254M at June 30.
- Progress on Chinese JV sales:
 - Completed sale of Wuhu JV receiving \$16M in Q2, in addition to \$5M received last year.
 - Anticipate the closing of Ningbo JV and receipt of \$4M in Q4 2017.
- Launch activity in the second half will be significantly higher than the first half, as well as year-over-year.
- Maintaining full-year 2017 Outlook for Earnings and Free Cash Flow.
- Free Cash Flow will be significantly positive in 2H17 – reflecting the recovery of tooling and seasonality of working capital.

Emerging Secular Trends Providing Positive Opportunities for Tower

Lightweighting

- Increased use of aluminum, higher strength steels and hot forming with complex joining technologies is providing Tower higher value-add opportunities.

Outsourcing

- Long discussed trend is accelerating – OEM focus on electrification, powertrain and other technologies is providing additional opportunities for Tower to manufacture parts previously done by OEMs.

Replacement

- For the next generation of existing vehicles with Tower content, we are seeing opportunities for increased revenue and higher value-add on the re-designed platforms.

Tower's structural components and assemblies are relevant and necessary regardless of how vehicles are powered or driven.

Significant N. American Launch Activity in 2H17

Vehicle	New Program	Renewal Program	Change in Content
BMW	✓		All new
Toyota Camry		✓	Higher
Ford Expedition		✓	Higher
Lincoln Navigator		✓	Higher
Jeep Wrangler		✓	Higher

These platforms will represent approximately 20% of Tower's N. American Revenue.

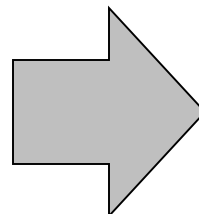
Greenville, SC Facility Grand Opening



- Celebrated the Grand Opening of our facility in Greenville, SC.
- Primary customer is BMW.
- Two state of the art 2000T Aida Servo presses.
- Facility is launching 3Q17 and will continue to ramp-up over the coming years.

Excellent Program Execution

- Safety & Quality
- Launch
- Cost Performance



Free Cash Flow Generation

- Reliable
- Consistent
- Growing

Capital Deployment Flexibility

Profitable Growth *Above Industry*

- Conquest / Share Gain
- OEM Outsourcing
- Light Weighting
- Accretive Acquisitions

Leverage Reduction *Net Debt of 1.0x Adjusted EBITDA*

- EBITDA Growth
- Debt Reduction

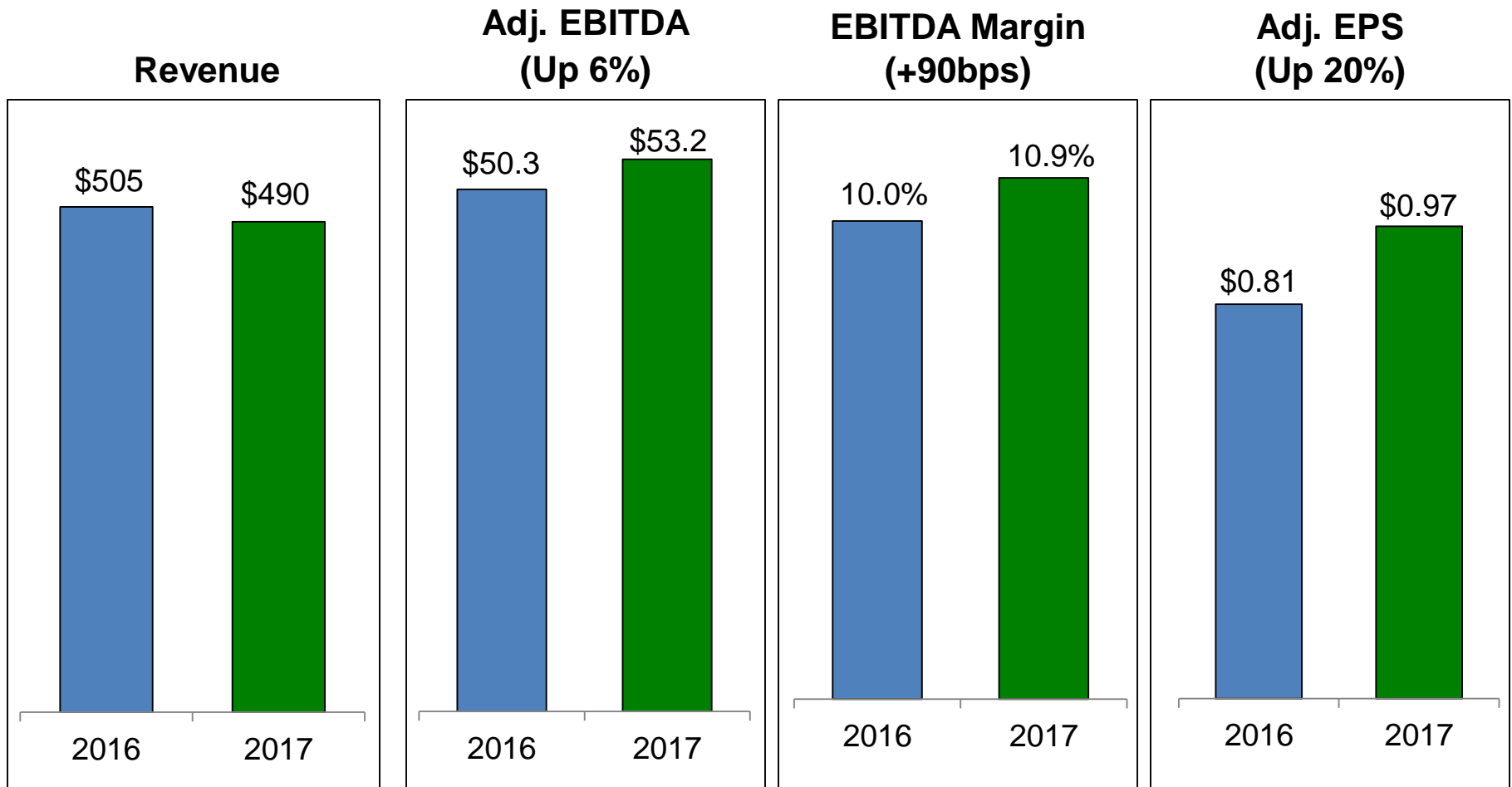
Return Capital to Shareholders *Distribute Excess FCF*

- Growing Sustainable Dividend
- Share Repurchase

Total Company

Second Quarter Financials - - 2017 vs. 2016

(in \$ millions, except EPS)



Second Quarter Free Cash Flow

(in \$ millions)

	Second Quarter 2017
Adjusted EBITDA	\$ 53
Capital Expenditures	(20)
Cash Interest	(5)
Cash Taxes	(1)
Pension Contributions	(2)
Working Capital & Other (ex-tooling)	(6)
Customer Tooling	<u>(1)</u>
Total Free Cash Flow	<u><u>\$ 18</u></u>

Free Cash Flow was significantly better than expected, largely reflecting earlier-than-anticipated customer-reimbursed tooling.

Q2 Results vs. Outlook

(in \$ millions, except EPS)

	Actual	B / (W) Outlook
Revenue	\$ 490	\$ (5.0)
Adjusted EBITDA	\$ 53.2	\$ 0.2
EBITDA Margin	10.9%	0.2 Pts.
Adjusted EPS	\$ 0.97	\$ 0.02
Free Cash Flow	\$ 18	Better

2017 Updated Outlook

(in \$ millions)

	<u>Revenue</u>	<u>Adj. EBITDA</u>	<u>Free Cash Flow</u>	<u>Adjusted EPS</u>
Prior Outlook	\$ 1,925	\$ 210	\$ 55	\$ 3.60
<u>Summary Changes</u>				
European Steel Prices	35	-	-	-
Foreign Exchange*	25	3	3	0.05
European Volume	<u>(15)</u>	<u>(3)</u>	<u>(3)</u>	<u>(0.05)</u>
Current Outlook	<u>\$ 1,970</u>	<u>\$ 210</u>	<u>\$ 55</u>	<u>\$ 3.60</u>
Memo:				
Third Quarter	\$ 450	\$ 48		\$ 0.75

Higher steel prices lift Q4 and FY Revenue. Favorable currency translation is expected to offset lower volumes on Tower contented vehicles.

* Full Year 2017 USD/EUR at \$1.10

Net Debt and Leverage

(in \$ millions)

	<u>Mar. 31, 2017</u>	<u>Jun. 30, 2017</u>	<u>Projected YE Dec. 31, 2017</u>
<u>Net Debt</u>			
Gross Debt	\$ 430	\$ 427	
Less Cash	<u>(28)</u>	<u>(55)</u>	
Net Debt	<u>\$ 402</u>	<u>\$ 372</u>	\$ 265
<u>Debt-to-LTM Adj. EBITDA</u>			
Gross	2.1X	2.1X	
Net	2.0X	1.8X	1.3X
LTM Adj. EBITDA	\$ 203	\$ 206	\$ 210

Expected Free Cash Flow generation will improve metrics and liquidity during the year. Net Debt-to-LTM Adjusted EBITDA is projected at 1.3X.

Final Thoughts

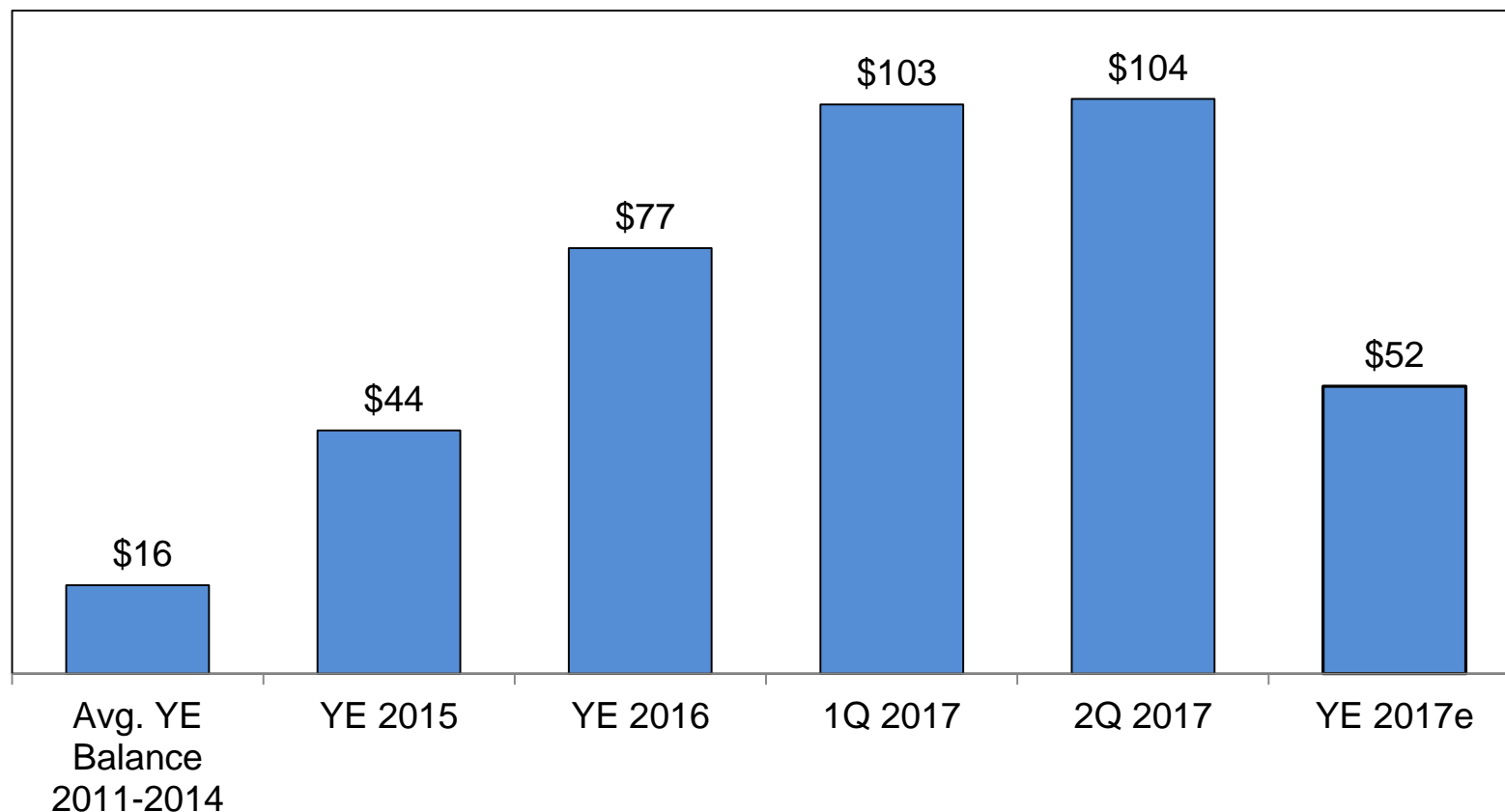
- Tower continues to deliver solid operating and financial performance.
- Maintained FY17 Outlook for Earnings and FCF
- Significant launch activity in the 2H17.
- We are focused on delivering these launches while remaining diligent on cost containment and efficiencies.
- Expected FCF generation in 2H17 will significantly reduce net leverage.
- Emerging secular trends continue to provide additional opportunities.

We remain focused on excellent program execution, Free Cash Flow generation and retaining a balanced approach in deploying our capital for growth, leverage reduction and return of capital to shareholders.

APPENDIX

Customer Owned Tooling Investment

(in \$ millions; net balance sheet asset position)



Net tooling position has increased because of new business wins. While the precise timing of tooling collections and payments are difficult to project, tooling is expected to be a net inflow of \$25 million for FY2017.

Non-GAAP Financial Measures

This presentation includes the following non-GAAP financial measures: “Adjusted EBITDA”, “Adjusted EBITDA Margin”, “Adjusted Earnings Per Share (EPS)”, “Free Cash Flow”, and “Net Debt.” We define Adjusted EBITDA as net income / (loss) before interest, taxes, depreciation, amortization, restructuring items and other adjustments described in the reconciliations provided in this presentation. Adjusted EBITDA margin represents Adjusted EBITDA divided by revenues. Adjusted Earnings Per Share exclude certain income and expense items described in the reconciliation provided in this presentation. Free cash flow is defined as cash provided by operating activities less cash disbursed for purchases of property, plant and equipment. Net debt represents total debt less cash and cash equivalents. We use Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Earnings Per Share, Free Cash Flow, and Net Debt as supplements to information provided in accordance with generally accepted accounting principles (“GAAP”) in evaluating our business and they are included in this presentation because they are principal factors upon which our management assesses performance. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP are set forth below. The non-GAAP measures presented above are not measures of performance under GAAP. These measures should not be considered as alternatives for the most directly comparable financial measures calculated in accordance with GAAP. Other companies in our industry may define these non-GAAP measures differently than we do and, as a result, these non-GAAP measures may not be comparable to similarly titled measures used by other companies in our industry; and certain of our non-GAAP financial measures exclude financial information that some may consider important in evaluating our performance. Given the inherent uncertainty regarding mark to market adjustments of financial instruments, fair value adjustments to our pension plan, potential gain or loss on our discontinued operations, potential restructuring expenses, and expenses related to our long-term incentive compensation programs in any future period, a quantitative reconciliation of forward-looking financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP is not feasible. Consequently, any attempt to disclose such reconciliations would imply a degree of precision that could be confusing or misleading to investors. The magnitude of these items, however, may be significant.

Income Statement

(in \$ millions)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues	\$ 489.9	\$ 505.1	\$ 987.5	\$ 994.3
Cost of sales	428.3	443.0	869.1	875.1
Gross profit	61.6	62.1	118.4	119.2
Selling, general, and administrative expenses	29.0	32.1	58.2	64.9
Amortization expense	0.1	0.1	0.2	0.2
Restructuring and asset impairment charges, net	3.3	0.8	7.2	1.6
Operating income	29.1	29.1	52.7	52.5
Interest expense	1.8	5.0	2.2	12.6
Interest income	0.1	-	0.1	0.1
Other expense	-	2.9	0.6	6.5
Income before provision for income taxes and income / (loss) from discontinued operations	27.4	21.3	50.0	33.5
Provision for income taxes	7.7	6.0	14.2	9.5
Income from continuing operations	19.7	15.3	35.8	24.0
Income / (loss) from discontinued operations, net of tax	(0.5)	(20.0)	0.9	(20.4)
Net income / (loss)	19.2	(4.8)	36.7	3.6
Less: Net income attributable to the noncontrolling interests	-	0.1	0.1	0.1
Net income / (loss) attributable to Tower International, Inc.	\$ 19.2	\$ (4.8)	\$ 36.6	\$ 3.5

Balance Sheet

(in \$ millions)

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
ASSETS		
Cash and cash equivalents	\$ 54.8	\$ 62.8
Accounts receivable, net of allowance of \$1.2 and \$1.0	253.1	178.3
Inventories	75.0	71.7
Assets held for sale	42.7	102.3
Prepaid tooling, notes receivable, and other	<u>136.1</u>	<u>103.0</u>
Total current assets	<u>561.7</u>	<u>518.0</u>
Property, plant, and equipment, net	\$ 495.8	\$ 465.6
Goodwill	61.7	56.4
Deferred tax asset	116.9	112.6
Other assets, net	<u>10.5</u>	<u>9.9</u>
Total assets	<u><u>1,246.5</u></u>	<u><u>1,162.5</u></u>
LIABILITIES AND EQUITY		
Short-term debt and current maturities of capital lease obligations	\$ 51.0	\$ 34.2
Accounts payable	273.6	258.1
Accrued liabilities	125.6	114.1
Liabilities held for sale	<u>16.9</u>	<u>53.3</u>
Total current liabilities	<u>467.2</u>	<u>459.7</u>
Long-term debt, net of current maturities	\$ 375.6	\$ 351.2
Obligations under capital leases, net of current maturities	-	4.9
Deferred tax liability	5.4	5.6
Pension liability	56.8	61.6
Other non-current liabilities	<u>86.4</u>	<u>65.5</u>
Total non-current liabilities	<u>524.1</u>	<u>488.9</u>
Total liabilities	<u>991.3</u>	<u>948.6</u>
Stockholders' equity:		
Tower International, Inc.'s stockholders' equity		
Common stock	\$ 0.2	\$ 0.2
Additional paid in capital	342.8	340.6
Treasury stock	(36.4)	(35.6)
Accumulated surplus / (deficit)	23.4	(14.0)
Accumulated other comprehensive loss	<u>(74.8)</u>	<u>(83.4)</u>
Total Tower International, Inc.'s stockholders' equity	<u>255.2</u>	<u>207.8</u>
Noncontrolling interests in subsidiaries	<u>-</u>	<u>6.1</u>
Total stockholders' equity	<u>255.2</u>	<u>213.9</u>
Total liabilities and stockholders' equity	<u><u>\$ 1,246.5</u></u>	<u><u>\$ 1,162.5</u></u>

Consolidated Statement of Cash Flows

(in \$ millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
OPERATING ACTIVITIES:				
Net income / (loss)	\$ 19.3	\$ (4.8)	\$ 36.7	\$ 3.6
Less: Income / (loss) from discontinued operations, net of tax	(0.5)	(20.0)	0.9	(20.4)
Income from continuing operations	19.7	15.3	35.8	24.0
Adjustments required to reconcile income from continuing operations to net cash provided by / (used in) continuing operating activities:				
Deferred income tax provision	\$ 6.0	\$ 5.1	\$ 10.0	\$ 8.1
Depreciation and amortization	18.8	18.2	36.5	35.5
Non-cash share-based compensation	0.6	0.5	1.1	1.0
Pension income, net of contributions	(2.5)	(2.3)	(4.9)	(4.5)
Change in working capital and other operating items	(4.3)	(24.6)	(88.8)	(41.8)
Net cash provided by / (used in) continuing operating activities	\$ 38.3	\$ 12.1	\$ (10.2)	\$ 22.4
INVESTING ACTIVITIES:				
Cash disbursed for purchases of property, plant, and equipment, net	\$ (20.3)	\$ (35.2)	\$ (44.2)	\$ (60.9)
Proceeds from disposition of China JVs, net	15.9	-	15.9	-
Net cash used in continuing investing activities	\$ (4.3)	\$ (35.2)	\$ (28.2)	\$ (60.9)
FINANCING ACTIVITIES:				
Proceeds from borrowings	\$ 137.1	\$ 149.6	\$ 373.9	\$ 295.9
Repayments of borrowings	(143.6)	(134.2)	(336.0)	(272.4)
Repayments on Term Loan Credit Facility	-	-	-	(50.0)
Original issuance discount	-	-	(1.8)	-
Debt financing costs	(0.7)	-	(4.7)	-
Dividend payment to Tower shareholders	(2.3)	(2.1)	(4.5)	(4.2)
Proceeds from stock options exercised	0.1	-	1.1	-
Purchase of treasury stock	-	-	(0.8)	(0.6)
Net cash provided by / (used) in continuing financing activities	\$ (9.3)	\$ 13.2	\$ 27.1	\$ (31.4)
Discontinued operations:				
Net cash from discontinued operating activities	\$ 0.6	\$ 0.2	\$ 0.1	\$ 3.1
Net cash used in discontinued investing activities	(0.6)	(1.5)	(1.0)	(1.9)
Net cash from / (used in) discontinued financing activities	0.4	0.5	0.9	(2.6)
Net cash from / (used in) discontinued operations	\$ 0.5	\$ (0.8)	\$ -	\$ (1.5)
Effect of exchange rate changes on continuing cash and cash equivalents	\$ 2.1	\$ (0.4)	\$ 3.4	\$ 1.5
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ 27.3	\$ (11.1)	\$ (8.0)	\$ (69.9)
CASH AND CASH EQUIVALENTS:				
Beginning of period	\$ 27.5	\$ 62.8	\$ 62.8	\$ 121.6
End of period	\$ 54.8	\$ 51.8	\$ 54.8	\$ 51.8

Adjusted EBITDA Reconciliation to Net Income

(in \$ millions)

	2016					2017	
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year	First Quarter	Second Quarter
Adjusted EBITDA	\$ 45.1	\$ 50.4	\$ 50.1	\$ 56.2	\$ 201.7	\$ 46.2	\$ 53.2
Restructuring and asset impairments charges, net	(0.7)	(0.8)	(1.2)	(2.6)	(5.4)	(3.9)	(3.3)
Depreciation and amortization	(17.3)	(18.2)	(17.9)	(19.1)	(72.5)	(17.8)	(18.8)
Acquisition costs and other	(0.1)	(0.4)	0.1	(0.1)	(0.4)	(0.1)	(0.1)
Long-term compensation expense	(3.0)	(2.1)	(2.6)	(3.9)	(11.5)	(0.9)	(1.9)
One-time CEO compensation awards	(0.6)	0.2	(0.7)	(1.4)	(2.5)	-	-
Interest expense, net	(7.6)	(5.0)	(5.6)	(2.9)	(21.0)	(0.4)	(1.7)
Other expense	(3.6)	(2.9)	-	-	(6.5)	(0.6)	-
Provision for income taxes	(3.5)	(6.0)	(4.2)	(3.5)	(17.2)	(6.5)	(7.7)
Pension actuarial loss	-	-	-	(8.3)	(8.3)	-	-
Income / (loss) from discontinued operation	(0.3)	(20.0)	0.4	3.0	(17.0)	1.4	(0.5)
Net income attributable to noncontrolling interest	-	(0.1)	(0.1)	(0.5)	(0.7)	(0.1)	-
Net income / (loss) attributable to Tower International,	\$ 8.4	\$ (4.8)	\$ 18.2	\$ 16.9	\$ 38.6	\$ 17.3	\$ 19.2

Certain Items Included in Net Income Quarter

(in \$ millions)

	After tax		Before tax	
	Three Months Ended		Three Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Income / (expense) items included in net income, net of tax:				
<i>Selling, general, and administrative expenses</i>				
One-time CEO compensation awards	\$ -	\$ 0.2	\$ -	\$ 0.3
<i>Restructuring and asset impairment charges, net</i>				
One-time restructuring actions	(2.0)	-	(3.2)	-
<i>Interest expense</i>				
Mark-to-market loss on derivative financial instruments	1.6	(0.2)	2.6	(0.4)
<i>Other expense</i>				
European divestiture expenses	-	(2.1)	-	(2.9)
<i>Discontinued operations</i>				
Loss on sale of joint venture	(2.6)	-	(2.6)	-
Income from discontinued operations	2.1	(20.0)	2.1	(20.0)
<i>Noncontrolling interests</i>				
Net income attributable to noncontrolling interests*	-	(0.1)	-	(0.1)
Total items included in net income, net of tax	<u>\$ (0.9)</u>	<u>\$ (22.3)</u>		
Net income / (loss) attributable to Tower International, Inc.	\$ 19.2	\$ (4.8)		
Memo: Average shares outstanding (in thousands)				
Basic	20,509	21,165		
Diluted	20,806	21,489		
Income / (loss) per common share (GAAP)				
Basic	\$ 0.94	\$ (0.23)		
Diluted	0.92	(0.23)		
Diluted adjusted earnings per share (non-GAAP)	\$ 0.97	\$ 0.81		

* Amounts attributable to noncontrolling interests of discontinued operations

Certain Items Included in Net Income YTD

(in \$ millions)

	After tax		Before tax	
	Six Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Income / (expense) items included in net income, net of tax:				
<i>Selling, general, and administrative expenses</i>				
One-time CEO compensation awards	\$ -	\$ (0.4)	\$ -	\$ (0.7)
<i>Restructuring and asset impairment charges, net</i>				
One-time restructuring actions	(4.2)	-	(6.6)	-
<i>Interest expense</i>				
Mark-to-market gain / (loss) on derivative financial instruments	4.3	(1.9)	6.9	(2.8)
Acceleration of the amortization of debt issue costs and OID	-	(0.5)	-	(0.7)
<i>Other expense</i>				
European divestiture expenses	-	(4.5)	-	(6.5)
Debt refinancing costs	(0.4)	-	(0.6)	-
<i>Discontinued operations</i>				
Loss on sale of joint venture	(2.6)	-	(2.6)	-
Income / (loss) from discontinued operations	3.5	(20.4)	3.5	(20.4)
<i>Noncontrolling interests</i>				
Net income attributable to noncontrolling interests*	(0.1)	(0.1)	(0.1)	(0.1)
Total items included in net income, net of tax	<u>\$ 0.5</u>	<u>\$ (27.8)</u>		
Net income attributable to Tower International, Inc.	\$ 36.6	\$ 3.5		
Memo: Average shares outstanding (in thousands)				
Basic	20,467	21,146		
Diluted	20,813	21,470		
Income per common share (GAAP)				
Basic	\$ 1.79	\$ 0.17		
Diluted	1.76	0.16		
Diluted adjusted earnings per share (non-GAAP)	\$ 1.73	\$ 1.46		

* Amounts attributable to noncontrolling interests of discontinued operations

Free Cash Flow Reconciliation to GAAP

(in \$ millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net cash provided by / (used in) continuing operating activities*	\$ 38.3	\$ 12.1	\$ (10.2)	\$ 22.4
Cash disbursed for purchases of PP&E, net*	(20.3)	(35.2)	(44.2)	(60.9)
Free cash flow	<u>\$ 18.0</u>	<u>\$ (23.1)</u>	<u>\$ (54.4)</u>	<u>\$ (38.5)</u>

*From GAAP Consolidated Statement of Cash Flows

Industry Volume Assumptions

(Car and light truck production in millions)

	Actual	(IHS July-17 Issue)						
	2016	1Q17	2Q17	3Q17	4Q17	2017	2018	2019
Europe	21.5	5.8	5.7	4.9	5.6	22.1	22.4	22.5
North America	17.8	4.5	4.5	4.2	4.3	17.4	17.5	17.7
<u>Y / Y % Change</u>								
Europe	2.9 %	5.8%	(3.0)%	3.8%	5.3%	2.8 %	1.2 %	0.5%
North America	1.9	1.6	(3.0)	(5.2)	(1.9)	(2.1)	0.5	1.0