



First Quarter 2014 Results

April 30, 2014



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 revenue, Adjusted EBITDA, Adjusted EPS, and Adjusted Free Cash Flow. 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; 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.

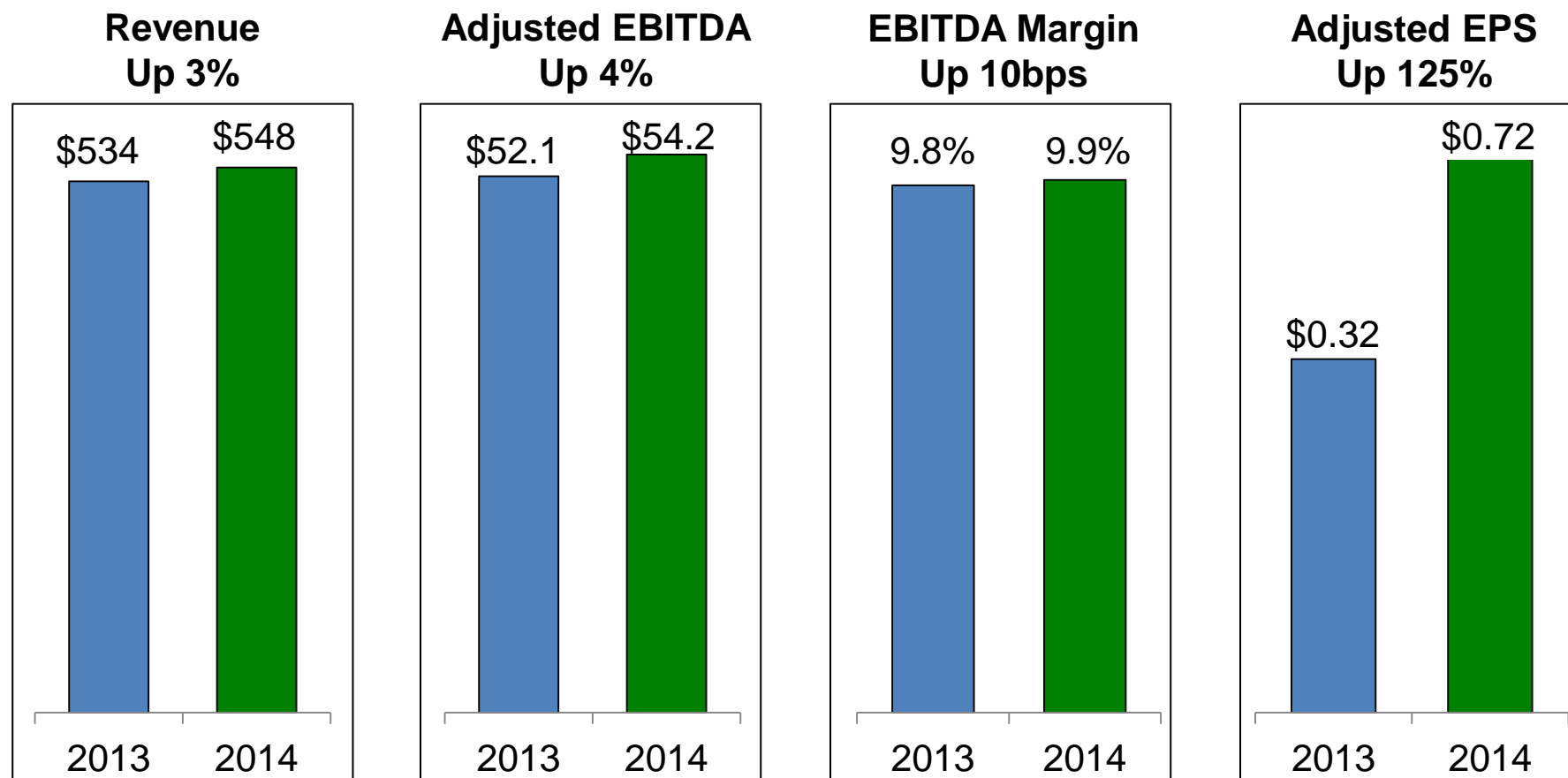
Key Take-Aways

- **First Quarter earnings modestly exceeded our expectations / guidance.**
 - Revenue was in-line;
 - Net cost performance was strong and better than anticipated.
- **Full year guidance is being raised** at or above the prior high-end projections for revenue, earnings, and adjusted free cash flow.
- **Tower's financial position is stronger than ever.**
 - March 31 liquidity reached a record high.
 - S&P and Moody's raised Tower's corporate rating.

Total Company

First Quarter Financials - - 2014 vs. 2013

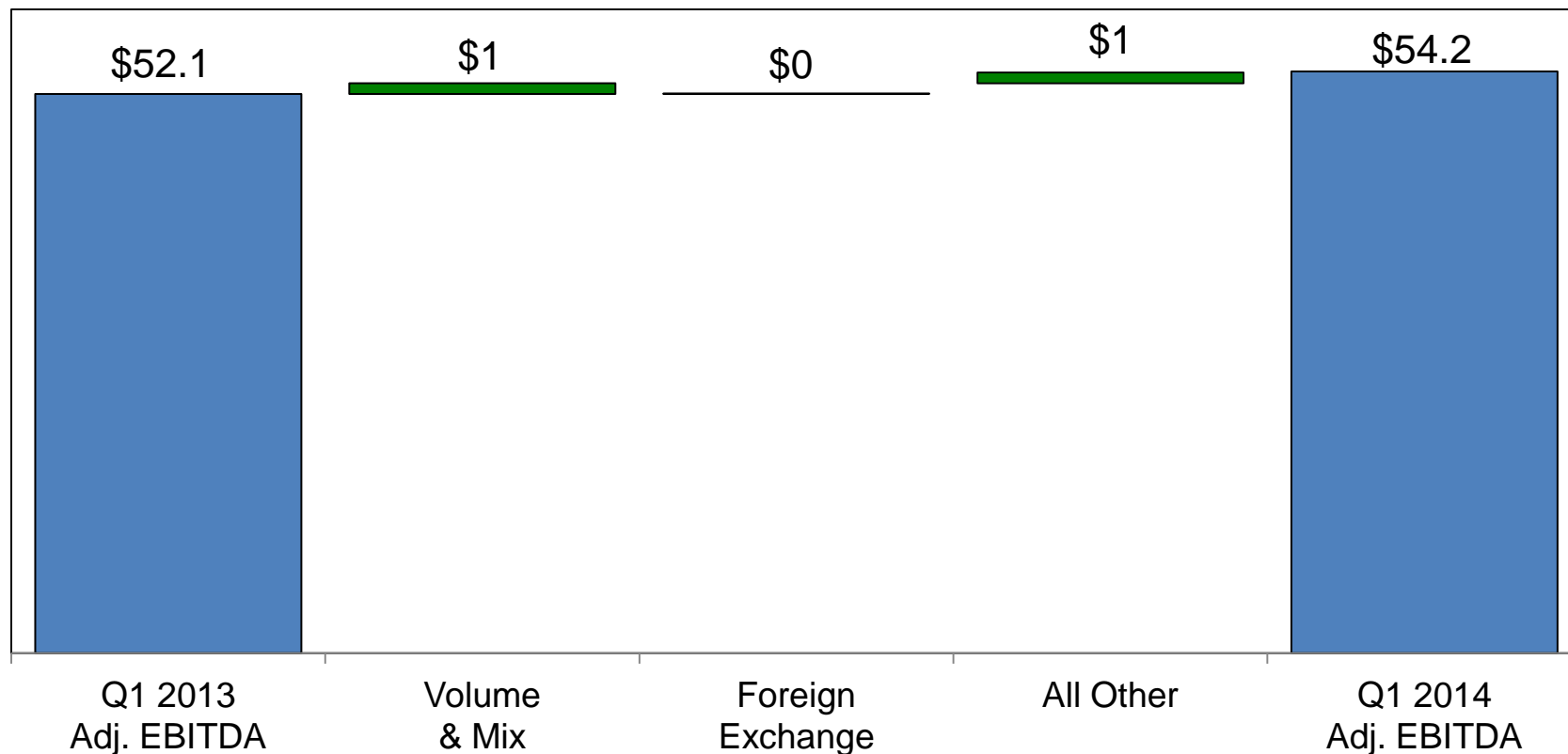
(in \$ millions, except EPS)



Total Company

Q1 2014 Adjusted EBITDA Compared With 2013

(in \$ millions)



- Volume and mix was net favorable vs. a year ago. North America and Europe were up, Brazil and China were down.
- Net cost performance was favorable by \$1M, as efficiencies more than offset customer price reductions and labor and overhead inflation.

First Quarter 2014 Adjusted Free Cash Flow

(in \$ millions)

	<u>Q1 2014</u>
Adjusted EBITDA	\$ 54
Capital Expenditures	(14)
Cash Interest	(7)
Cash Taxes	(1)
Working Capital & Other (ex-tooling)	<u>(8)</u>
Adjusted Free Cash Flow	\$ 24
Customer Tooling*	<u>(8)</u>
Total Free Cash Flow	<u>\$ 16</u>

 * Customer tooling is excluded from adjusted free cash flow because it nets to zero for each program, but fluctuates during quarters and years based on timing of company outlays and customer reimbursements.

Adjusted free cash flow was solidly positive in Q1, benefitting in part from relatively low capex (calendarization) and advance customer funding of the in-progress China factory re-location.

Quarter-End Net Debt, Leverage, & Liquidity

(in \$ millions)

	<u>Mar. 31, 2014</u>	<u>B/(W) Than Mar. 31, 2013*</u>
<u>Net Debt</u>		
Cash	\$ 185	\$ 74
Gross Debt	<u>(545)</u>	<u>9</u>
Net Debt	<u>\$ (360)</u>	<u>\$ 83</u>
<u>Debt-to-LTM Adj. EBITDA</u>		
Gross	2.5X	0.2X
Net	1.7X	0.5X
<u>Liquidity</u>	\$ 362	\$ 153
<u>S&P Corporate Rating</u>	BB-	"+1" (vs B+)

*Pro forma for April 2013 debt tender and re-financing with new term loan

This is the strongest financial condition that Tower has reported.

Outlook for Second Quarter and Full Year

(in \$ millions, except EPS)

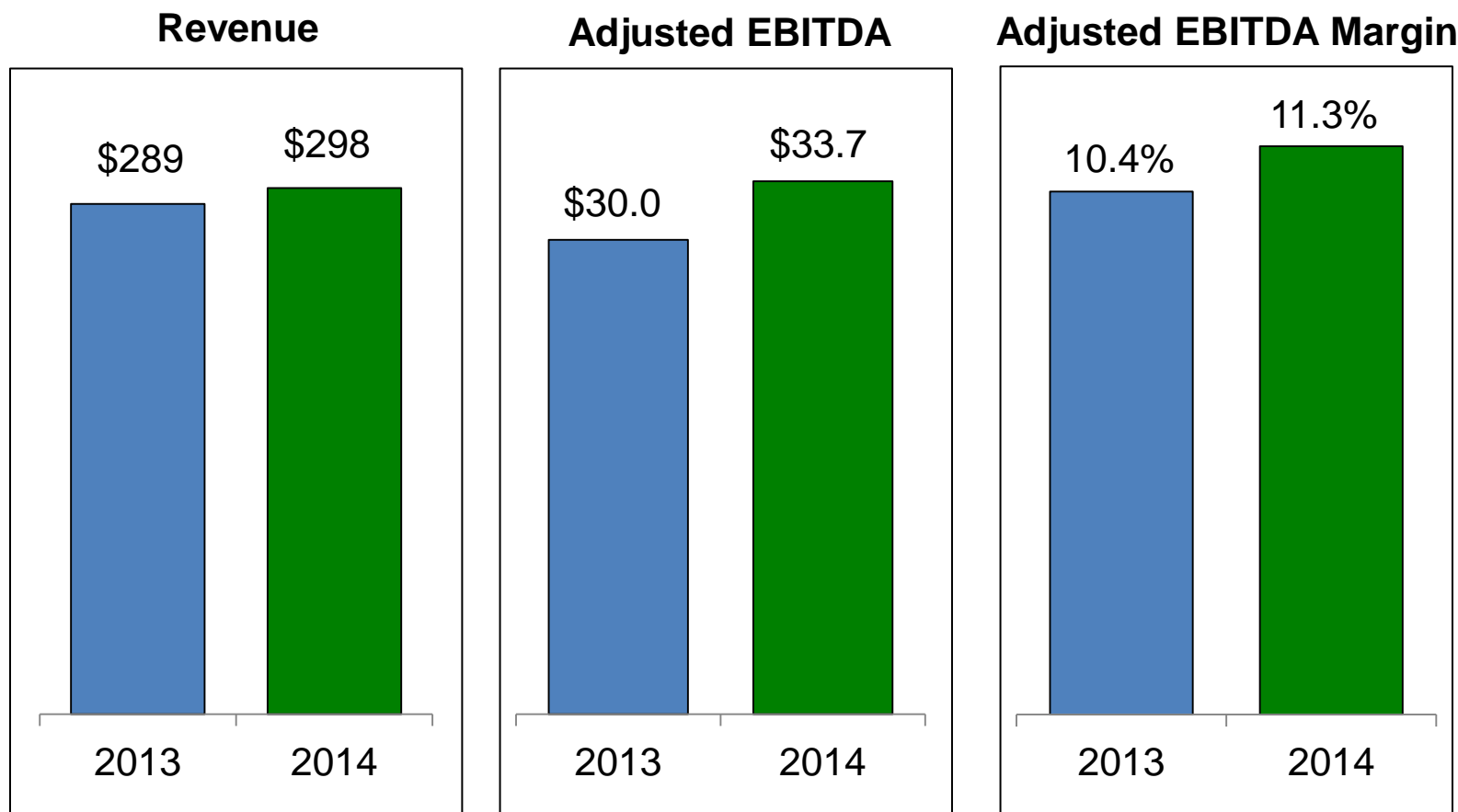
	<u>Second Quarter</u>	<u>Full Year</u>	
		<u>Present Outlook</u>	<u>Present Better Than Prior</u>
Revenue	\$ 560	\$ 2,175	\$ 25
Adjusted EBITDA	\$ 55	\$ 215	\$ 0-\$5
Adjusted EPS	\$ 0.75	\$ 2.90	\$0-\$0.20
Adjusted Free Cash Flow		\$ 20	\$ 5
- Excluding Conquest/Mexico		\$ 55	\$ 5

- Compared with our prior outlook, we anticipate higher full year revenue being converted into higher earnings and free cash flow.
- The outlook for Q2 includes present customer schedules for Tower-content vehicles and expected launch-cost calendarization.

APPENDIX

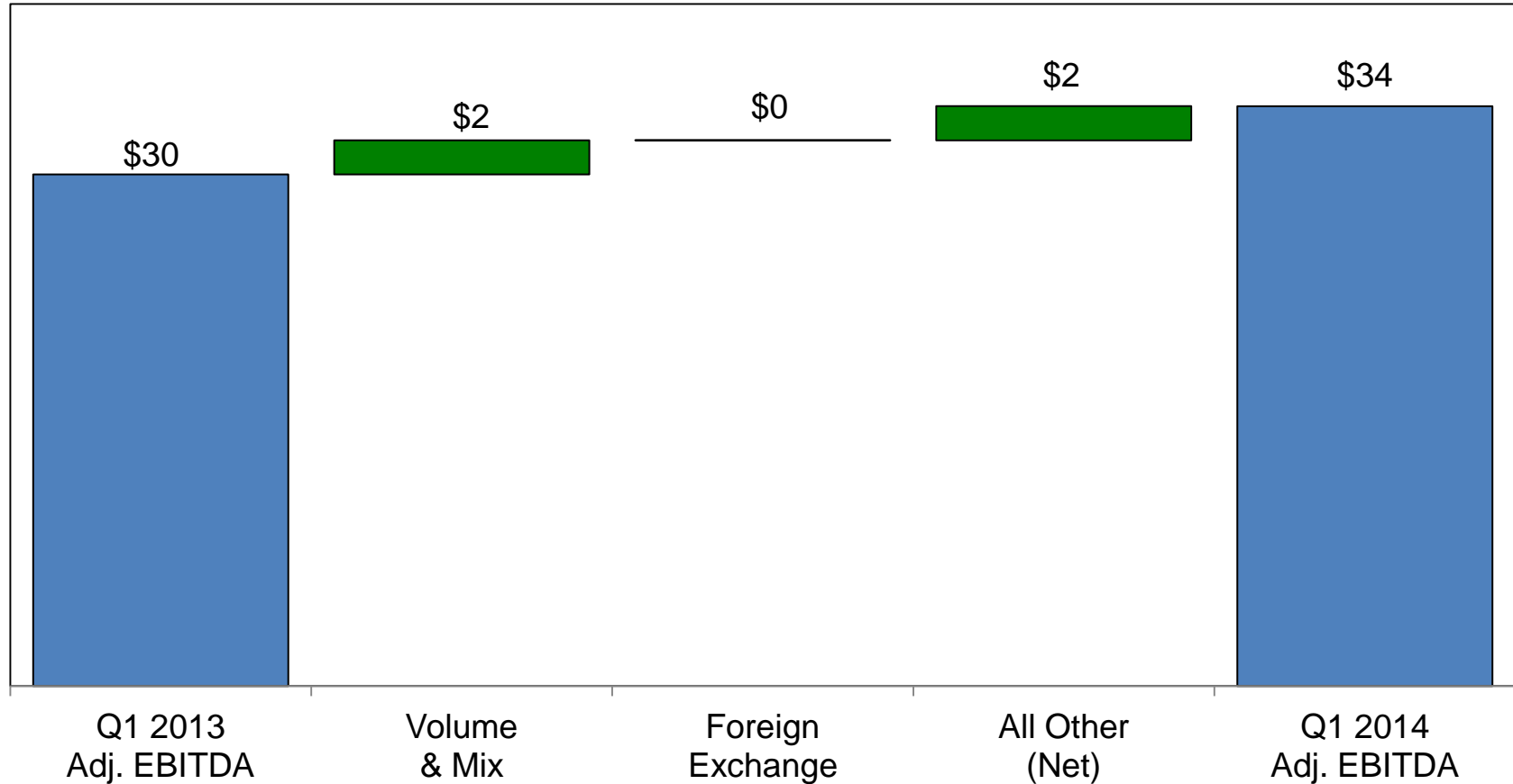
Americas Segment - - Q1 2014 vs. Q1 2013

(in \$ millions)



Q1 2014 Adjusted EBITDA Compared With Q1 2013

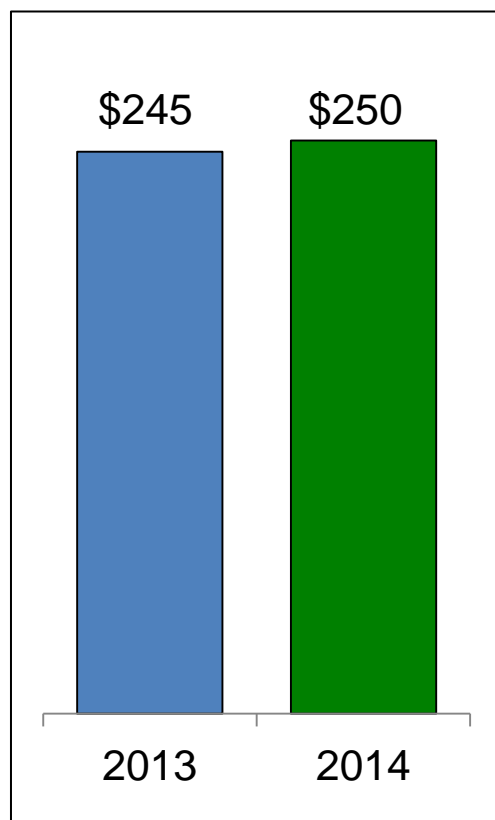
(in \$ millions)



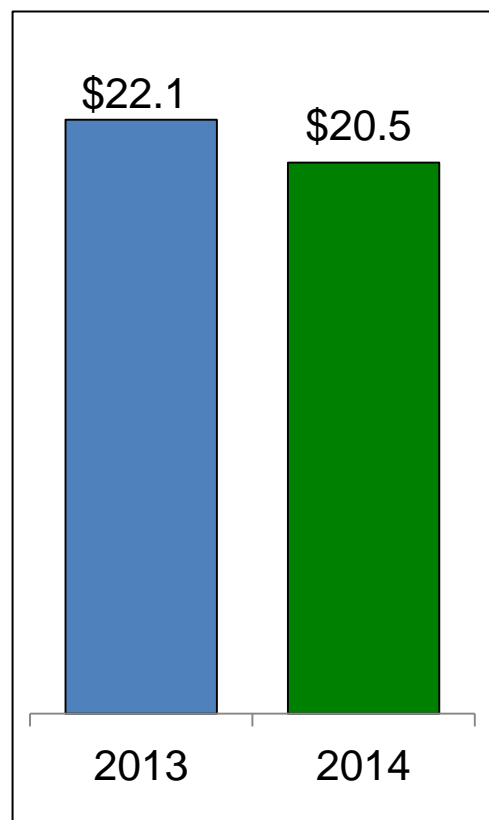
International Segment - - Q1 2014 vs. Q1 2013

(in \$ millions)

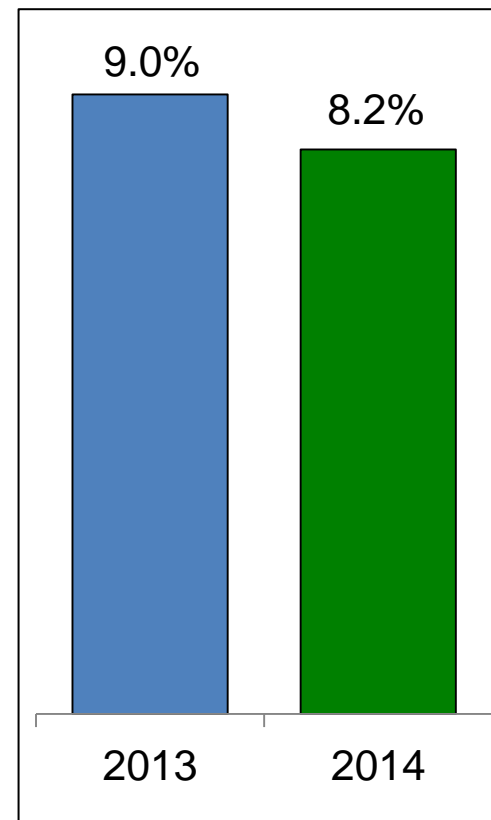
Revenue



Adjusted EBITDA

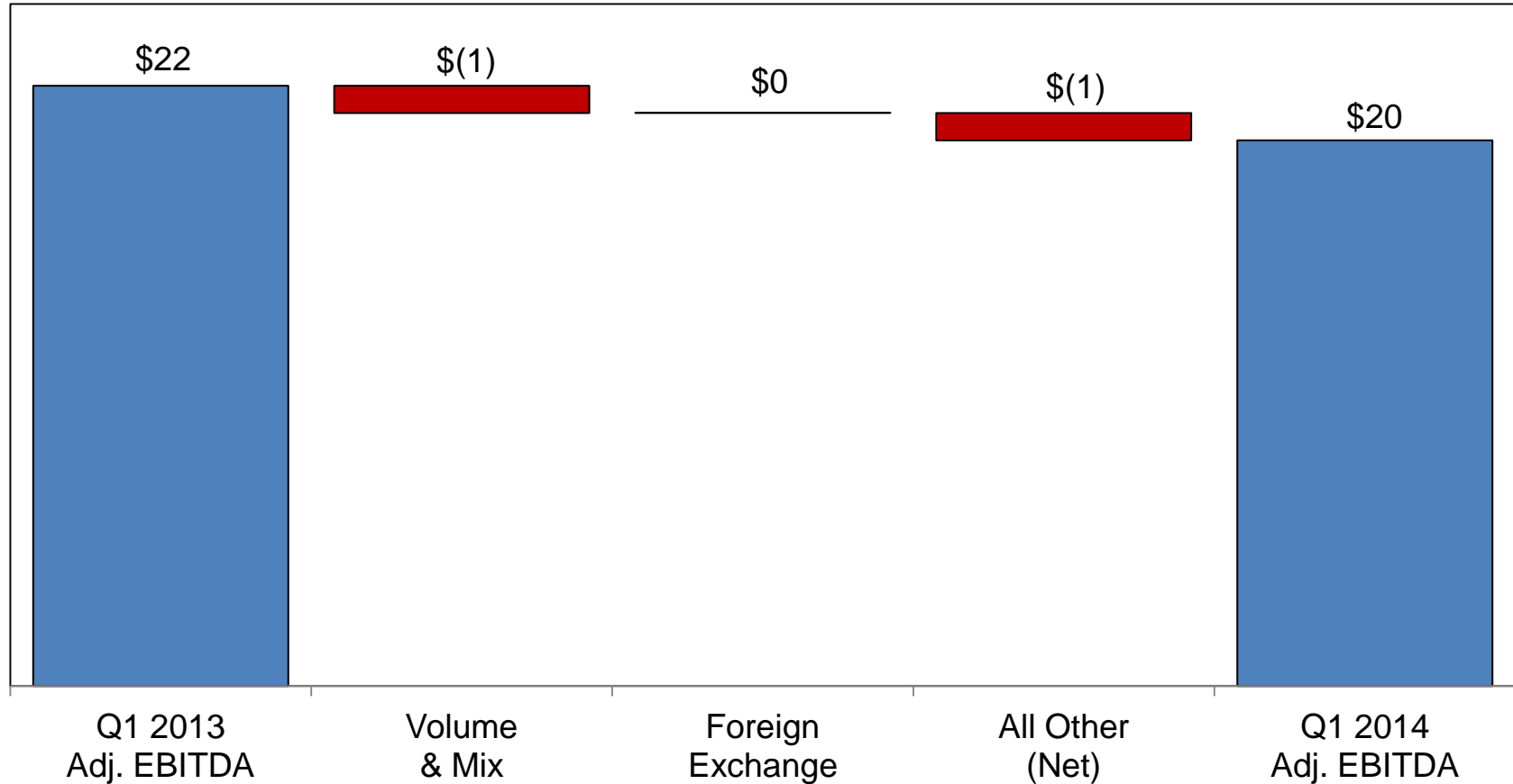


Adjusted EBITDA Margin



Q1 2014 Adjusted EBITDA Compared With Q1 2013

(in \$ millions)



Income Statement

(in \$ millions)

	Three Months Ended Mar. 31,	
	2014	2013
	<u> </u>	<u> </u>
Revenues	\$ 548.4	\$ 534.1
Cost of sales	486.6	476.0
Gross profit	<u>61.8</u>	<u>58.1</u>
Selling, general, and administrative expenses	34.3	33.4
Amortization expense	0.7	0.8
Restructuring and asset impairment charges, net	1.4	2.7
Operating income	<u>25.4</u>	<u>21.2</u>
Interest expense	7.2	13.4
Interest income	0.2	0.2
Other expense	0.1	-
Income before provision for income taxes and equity in loss of joint venture	<u>18.3</u>	<u>8.0</u>
Provision for income taxes	2.9	3.5
Equity in loss of joint venture, net of tax	<u>(0.1)</u>	<u>-</u>
Net income	15.3	4.5
Less: Net income attributable to the noncontrolling interests	0.4	2.0
Net income attributable to Tower International, Inc.	<u><u>\$ 14.9</u></u>	<u><u>\$ 2.5</u></u>

Balance Sheet

(in \$ millions)

	Mar. 31, 2014	Dec. 31, 2013
ASSETS		
Cash and cash equivalents	\$ 185.3	\$ 134.9
Accounts receivable, net of allowance of \$1.9 million and \$2.1 million	320.8	255.7
Inventories	89.2	81.3
Deferred tax asset - current	8.6	8.6
Prepaid tooling, notes receivable, and other	57.3	44.9
Total current assets	<u>661.3</u>	<u>525.4</u>
Property, plant, and equipment, net	547.8	549.6
Goodwill	67.2	67.0
Investment in joint venture	8.2	8.6
Deferred tax asset - non-current	3.4	3.7
Other assets, net	27.8	28.7
Total assets	<u>\$ 1,315.7</u>	<u>\$ 1,183.0</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt and current maturities of capital lease obligations	\$ 53.5	\$ 39.7
Accounts payable	318.6	262.4
Accrued liabilities	157.1	129.2
Total current liabilities	<u>529.2</u>	<u>431.3</u>
Long-term debt, net of current maturities	481.6	454.1
Obligations under capital leases, net of current maturities	9.7	10.0
Deferred tax liability - non-current	14.4	14.4
Pension liability	51.1	54.9
Other non-current liabilities	81.4	81.4
Total non-current liabilities	<u>638.2</u>	<u>614.8</u>
Total liabilities	<u>1,167.4</u>	<u>1,046.1</u>
Commitments and contingencies		
Stockholders' Equity:		
Tower International, Inc.'s stockholders' equity		
Preferred stock, \$0.01 par value, 50,000,000 authorized and 0 issued and outstanding at March 31, 2014 and December 31, 2013	-	-
Common stock, \$0.01 par value, 350,000,000 authorized, 21,235,877 issued and 20,595,610 outstanding at March 31, 2014 and 21,079,027 issued and 20,472,637 outstanding at December 31, 2013	0.2	0.2
Additional paid in capital	329.9	328.0
Treasury stock, at cost, 640,267 shares as of March 31, 2014 and 606,390 shares as of December 31, 2013	(9.5)	(8.6)
Accumulated deficit	(242.6)	(257.5)
Accumulated other comprehensive income	11.2	12.2
Total Tower International, Inc.'s stockholders' equity	<u>89.1</u>	<u>74.4</u>
Noncontrolling interests in subsidiaries	59.2	62.5
Total stockholders' equity	<u>148.3</u>	<u>136.9</u>
Total liabilities and stockholders' equity	<u>\$ 1,315.7</u>	<u>\$ 1,183.0</u>

Consolidated Statement of Cash Flows

(in \$ millions)

	Three Months Ended Mar. 31,	
	2014	2013
Cash flows - operating activities		
Net income	\$ 15.3	\$ 4.5
Non-cash restructuring and asset impairment charges, net	-	1.0
Term Loan re-pricing fees	0.1	-
Deferred income tax provision	0.4	0.1
Depreciation and amortization	24.7	25.2
Non-cash share-based compensation	1.2	1.2
Pension income, net of contributions	(3.8)	(3.6)
Change in working capital and other operating items	(21.7)	(27.1)
Net cash provided by continuing operating activities	\$ 16.1	\$ 1.3
Cash flows - investing activities		
Cash disbursed for purchases of property, plant, and equipment	\$ (13.9)	\$ (14.6)
Deposit received for the sale of property, plant, and equipment	13.8	-
Investment in joint venture	(0.8)	-
Net cash used in continuing investing activities	\$ (0.8)	\$ (14.6)
Cash flows - financing activities		
Proceeds from borrowings	37.0	154.2
Repayments of borrowings	(30.8)	(158.5)
Proceeds from borrowings on Additional Term Loans	33.1	-
Debt re-financing costs	(0.9)	-
Purchase of treasury stock	(0.9)	(0.3)
Secondary stock offering transaction costs	(0.1)	-
Proceeds from stock options exercised	0.7	-
Noncontrolling interest dividends	(2.1)	-
Net cash provided by / (used in) continuing financing activities	\$ 35.9	\$ (4.6)
Discontinued operations:		
Net cash from discontinued operating activities	-	-
Net cash from discontinued investing activities	-	15.8
Net cash from discontinued financing activities	-	-
Net cash from discontinued operations	\$ -	\$ 15.8
Net change in cash and cash equivalents	\$ 51.1	\$ (2.0)
Cash and cash equivalents - beginning of period	134.9	113.9
Effect of exchange rate changes on cash and cash equivalents	(0.7)	(0.8)
Cash and cash equivalents - end of period	\$ 185.3	\$ 111.1

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”, “adjusted 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. Adjusted free cash flow is free cash flow excluding cash received or disbursed for customer tooling. Net debt represents total debt less cash and cash equivalents. We use Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Earnings Per Share, free cash flow, adjusted 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 special items and other expense in any future period, a reconciliation of forward-looking financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP is not feasible. The magnitude of these items, however, may be significant.

Adjusted EBITDA Reconciliation to GAAP

(in \$ millions)

	2013				2014
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter
Adjusted EBITDA	\$ 52.1	\$ 62.2	\$ 48.4	\$ 49.6	\$ 54.2
Restructuring and asset impairment charges, net	(2.7)	(14.6)	(1.6)	(2.3)	(1.4)
Depreciation and amortization	(25.2)	(23.5)	(22.3)	(23.8)	(24.7)
Acquisition costs and other	-	(0.5)	(0.4)	(0.1)	(0.1)
Long-term compensation expense	(1.4)	(1.8)	(1.7)	(1.7)	(2.6)
Interest expense, net	(13.2)	(21.2)	(9.1)	(7.4)	(7.0)
Other expense	-	(40.9)	(7.5)	-	(0.1)
Closure of Tower Defense & Aerospace	(1.6)	(1.2)	-	-	-
(Provision) / benefit for income taxes	(3.5)	(3.6)	(1.4)	6.4	(2.9)
Equity in loss of joint venture	-	(0.2)	(0.2)	(0.2)	(0.1)
Noncontrolling interest, net of tax	(2.0)	0.2	(0.9)	(1.5)	(0.4)
Net income / (loss) attributable to Tower International, Inc.	\$ 2.5	\$ (45.1)	\$ 3.3	\$ 19.0	\$ 14.9

Adjusted Free Cash Flow Reconciliation to GAAP

(in \$ millions)

	Three Months Ended Mar. 31,	
	2014	2013
Net cash provided by continuing operating activities*	\$ 16.1	\$ 1.3
Cash disbursed for purchases of PP&E*	(13.9)	(14.6)
Deposit received for the sale of PP&E*	13.8	-
Free cash flow	16.0	(13.3)
Net cash disbursed for customer-owned tooling	(7.9)	(4.3)
Adjusted free cash flow	<u>\$ 23.9</u>	<u>\$ (9.0)</u>

*From U.S. GAAP Consolidated Statements of Cash Flows

Certain Items Included in Net Income

(in \$ millions)

	Three Months Ended	
	March 31,	
	2014	2013
	<u>2014</u>	<u>2013</u>
Expense items included in net income, net of tax:		
<i>Cost of sales</i>		
Closure of Tower Defense & Aerospace	\$ -	\$ (2.6)
<i>Restructuring and asset impairment charges, net</i>		
Severance costs in Europe *	(0.1)	-
Facility closure	-	(1.2)
One-time restructuring actions	(0.3)	(0.3)
<i>Other expense</i>		
Term Loan re-pricing fees	(0.1)	-
Total items included in net income	<u>\$ (0.5)</u>	<u>\$ (4.1)</u>
Net income attributable to Tower International, Inc.	\$ 14.9	\$ 2.5
Memo: Average shares outstanding (Mils.)		
Basic	20.5	20.3
Diluted	21.3	20.6
Income per share (GAAP)		
Basic	\$ 0.72	\$ 0.13
Diluted	0.70	0.12
Diluted adjusted income per share (non-GAAP) **	0.72	0.32

* Amount is net of tax of \$0.1 million

** Excludes the certain items shown above

Industry Production Volume (April IHS)

(Vehicles in millions)

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Full Year</u>
<u>By Region</u>					
Europe	5.1	5.1	4.4	4.9	19.5
China	5.2	5.2	5.1	5.8	21.3
North America	4.3	4.3	4.2	4.0	16.8
Brazil	<u>0.7</u>	<u>0.7</u>	<u>0.9</u>	<u>0.8</u>	<u>3.1</u>
Total Tower Markets	<u>15.3</u>	<u>15.3</u>	<u>14.6</u>	<u>15.5</u>	<u>60.7</u>
<u>2014 Over/(Under) 2013</u>					
Europe	7 %	(1) %	(2) %	(2) %	1 %
China	11	12	11	5	9
North America	6	2	8	(1)	4
Brazil	(4)	(27)	(7)	5	(9)
Total Tower Markets	7 %	2 %	5 %	1 %	4 %