

SECOND QUARTER 2018 RESULTS & OUTLOOK FOR 2018

JULY 31, 2018

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 EBITDA Margin, 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;
- changes to U.S. trade and tariff policies and the reaction of other countries thereto;
- work stoppages or other labor issues affecting us or our customers or suppliers;
- our ability to integrate acquired businesses;
- our ability to take advantage of emerging secular trends,
- 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.

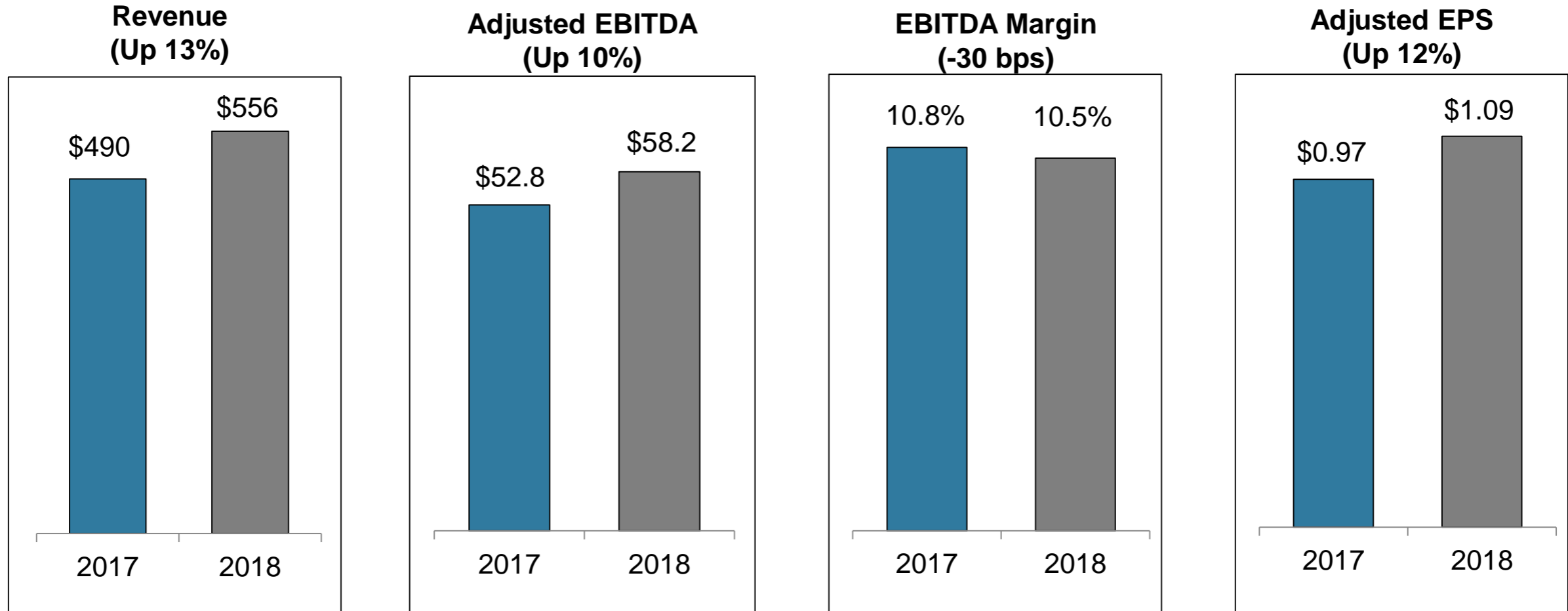
Q2 2018 Key Takeaways

- Second Quarter results in-line with outlook.
- Revenue increased \$66 million, or 13 percent, from previous year benefiting from net new business, higher European steel prices and favorable foreign exchange.
- North American revenue increased 16 percent while industry production decreased by 2 percent.
- Adjusted EBITDA increased 10 percent to \$58.2 million.
- Launch costs remained higher than last year's second quarter reflecting renewal business and new program activity.
- Free Cash Flow was positive for the quarter.
- Paid down \$50 million of Term Loan debt in July.

Second Quarter Financials - - 2018 vs. 2017

Total Company

(in \$ millions, except EPS)



Revenue, Adjusted EBITDA and Adjusted EPS all increased by more than 10% from 2017 – Margin negatively impacted by higher steel pricing which is a pass through and a weaker USD.

Second Quarter 2018 Free Cash Flow

(in \$ millions)

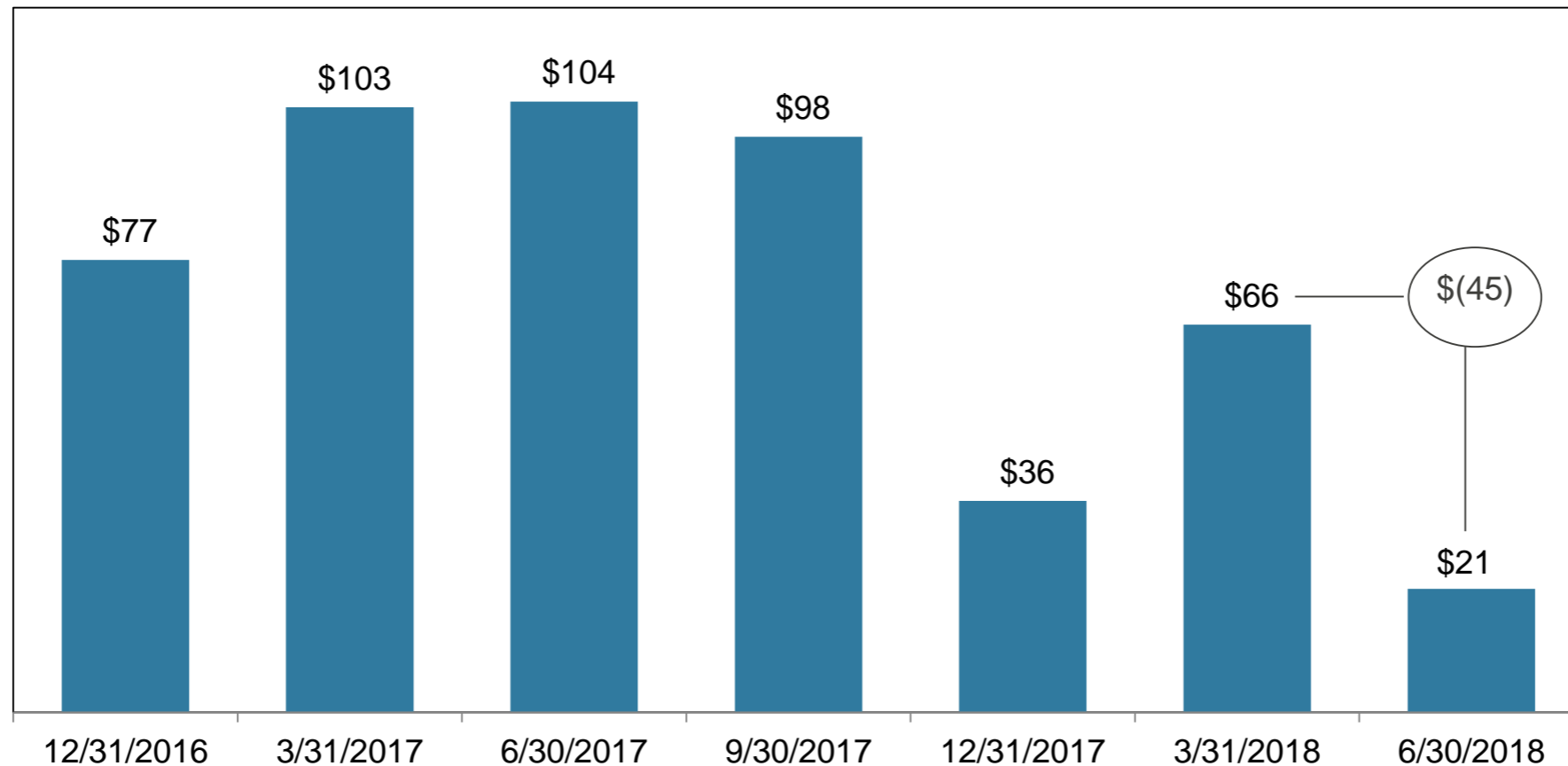


Adjusted EBITDA	\$ 58
Capital Expenditures	(40)
Cash Interest	(5)
Cash Taxes	(2)
Pension Contributions	(2)
Working Capital & Other (ex-tooling)	(45)
Customer Tooling	<u>45</u>
Total Free Cash Flow	<u><u>\$ 9</u></u>

Free Cash Flow was positive for the quarter and is expected to be significantly positive in the second half of the year.

Customer Owned Tooling Investment

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



Focus on reducing tooling balances helped drive Free Cash Flow.

Q2 Results Compared with May Outlook

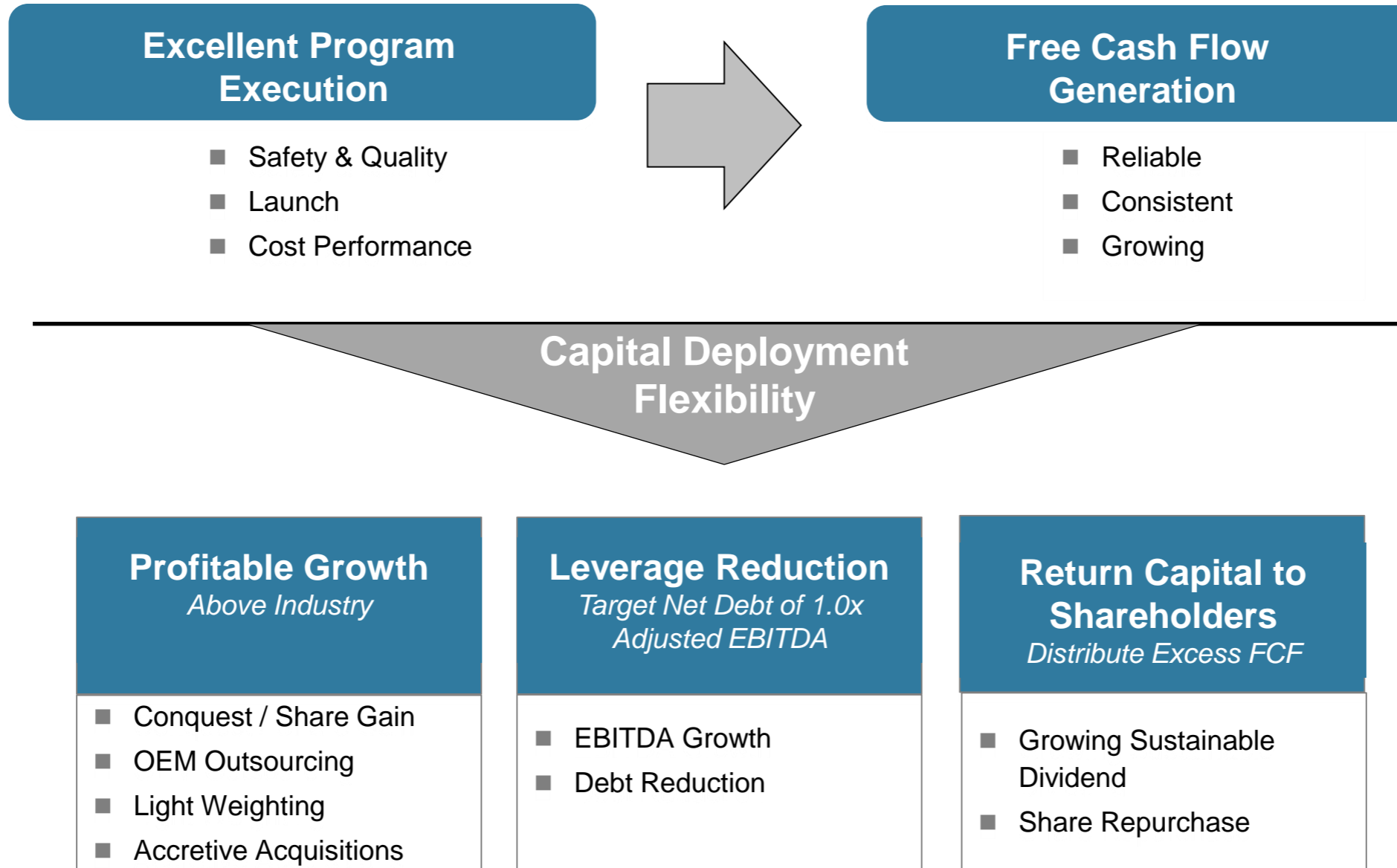
(in \$ millions, except EPS)

	<u>Actual</u>	<u>B / (W) Than Outlook</u>
Revenue	\$ 556	\$ (4)
Adjusted EBITDA	\$ 58.2	\$ 0.2
EBITDA Margin	10.5%	10 bps
Adjusted EPS	\$ 1.09	\$ 0.01

Debt, Leverage, and Liquidity

(in \$ millions,)

	<u>Jun. 30, 2018</u>	<u>B/(W) Than</u>	
		<u>Jun. 30, 2017</u>	<u>Dec. 31, 2017</u>
<u>Net Debt</u>			
Gross Debt	\$ 373	\$ 54	\$ 14
Cash	<u>(72)</u>	<u>17</u>	<u>(52)</u>
Net Debt	<u>\$ 301</u>	<u>\$ 71</u>	<u>\$(38)</u>
<u>Debt-to-LTM Adj. EBITDA</u>			
Gross	1.7X	0.4X	0.2X
Net	1.4X	0.4X	(0.1)X
<u>Liquidity</u>	\$ 315	\$ 61	\$(55)
Memo:			
Lease Related Debt Not Included Above	\$ 111	\$ (68)	\$ (39)



Present 2018 Outlook

(in \$ millions, except EPS)

	<u>Q3</u>	<u>2nd Half</u>		<u>Full Year</u>	
		<u>Amount</u>	<u>B/(W)</u> <u>2017</u>	<u>Amount</u>	<u>B/(W)</u> <u>Prior</u>
Revenue	\$ 525	\$ 1,050	50	\$ 2,170	\$ 20
Adjusted EBITDA	\$ 57	\$ 118.7	8	\$ 230	\$ 0
Adj. EBITDA Margin	10.8%	11.3%	40 bps	10.6%	(10) bps
Adjusted EPS	\$ 1.04	\$ 2.19	\$ 0.17	\$ 4.10	\$ 0
Free Cash Flow		\$ 86	\$ (29)	\$ 50	\$ 0

See Appendix for comments regarding non-GAAP financial measures.

Final Thoughts

- We delivered solid results for the second quarter for both Earnings and Free Cash Flow and remain focused on executing our upcoming launches on time with safety, quality and cost performance.
- Maintaining our Full-Year Outlook for Earnings and Free Cash Flow.
- Tower is well positioned to continue to grow revenue in excess of production volume changes.
- We remain focused on generating free cash flow to allow for profitable growth, leverage reduction – as evidenced by our July pay down of \$50 million of Term Loan debt – and return of capital to shareholders.

// APPENDIX

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues	\$ 556.0	\$ 489.9	\$ 1,119.5	\$ 987.5
Cost of sales	491.9	428.8	995.6	870.1
Gross profit	64.1	61.1	123.9	117.4
Selling, general, and administrative expenses	30.9	29.0	63.1	58.2
Amortization expense	0.1	0.1	0.2	0.2
Restructuring and asset impairment charges, net	0.3	3.3	1.8	7.2
Operating income	32.8	28.7	58.8	51.7
Interest expense	5.3	1.8	10.4	2.3
Interest income	0.1	0.1	0.3	0.1
Net periodic benefit income	0.6	0.5	1.1	1.0
Other expense	1.0	-	1.0	0.6
Income before provision for income taxes and income / (loss) from discontinued operations	27.3	27.4	48.8	50.0
Provision for income taxes	5.5	7.7	10.6	14.2
Income from continuing operations	21.7	19.7	38.2	35.8
Income / (loss) from discontinued operations, net of tax	0.7	(0.5)	1.5	0.9
Net income	22.4	19.3	39.7	36.7
Less: Net income attributable to the noncontrolling interests	-	-	-	0.1
Net income attributable to Tower International, Inc.	\$ 22.4	\$ 19.2	\$ 39.7	\$ 36.6

Balance Sheet

(in \$ millions)

	<u>June 30, 2018</u>	<u>Dec. 31, 2017</u>
ASSETS		
Cash and cash equivalents	\$ 72.1	\$ 123.7
Accounts receivable, net of allowance of \$1.5 and \$1.4	293.1	239.3
Inventories	86.4	78.7
Assets held for sale	32.4	44.3
Prepaid tooling, notes receivable, and other	59.7	78.5
Total current assets	<u>543.7</u>	<u>564.5</u>
Property, plant, and equipment, net	550.4	535.3
Goodwill	62.1	63.7
Deferred tax asset	76.9	83.0
Other assets, net	14.0	13.6
Total assets	<u>\$ 1,247.1</u>	<u>\$ 1,260.1</u>
LIABILITIES AND EQUITY		
Short-term debt and current maturities of capital lease obligations	\$ 28.9	\$ 42.0
Accounts payable	319.2	323.3
Accrued liabilities	105.4	113.9
Liabilities held for sale	13.8	17.3
Total current liabilities	<u>467.3</u>	<u>496.6</u>
Long-term debt, net of current maturities	343.8	344.7
Deferred tax liability	4.7	4.8
Pension liability	43.2	47.8
Other non-current liabilities	90.5	96.3
Total non-current liabilities	<u>482.1</u>	<u>493.6</u>
Total liabilities	<u>949.4</u>	<u>990.2</u>
Stockholders' equity:		
Common stock	0.2	0.2
Additional paid in capital	346.0	344.2
Treasury stock	(36.9)	(36.4)
Accumulated surplus	60.6	29.7
Accumulated other comprehensive loss	(72.2)	(67.8)
Total stockholders' equity	<u>297.7</u>	<u>269.9</u>
Total liabilities and stockholders' equity	<u>\$ 1,247.1</u>	<u>\$ 1,260.1</u>

Consolidated Statement of Cash Flows

(in \$ millions)



	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
OPERATING ACTIVITIES:				
Net income	\$ 22.4	\$ 19.3	\$ 39.7	\$ 36.7
Less: Income / (loss) from discontinued operations, net of tax	0.7	(0.5)	1.5	0.9
Income from continuing operations	21.7	19.7	38.2	35.8
Adjustments required to reconcile income from continuing operations to net cash provided by / (used in) continuing operating activities:				
Deferred income tax provision	\$ 4.0	\$ 6.0	\$ 7.1	\$ 10.0
Depreciation and amortization	20.8	18.8	42.2	36.5
Non-cash share-based compensation	0.9	0.6	1.6	1.1
Pension income, net of contributions	(2.4)	(2.5)	(4.7)	(4.9)
Change in working capital and other operating items	3.8	(4.3)	(51.9)	(88.8)
Net cash provided by / (used in) continuing operating activities	\$ 48.7	\$ 38.3	\$ 32.5	\$ (10.2)
INVESTING ACTIVITIES:				
Cash disbursed for purchases of property, plant, and equipment, net	\$ (39.6)	\$ (20.3)	\$ (68.6)	\$ (44.2)
Proceeds from disposition of joint venture, net	4.3	15.9	4.3	15.9
Net cash used in continuing investing activities	\$ (35.3)	\$ (4.3)	\$ (64.3)	\$ (28.2)
FINANCING ACTIVITIES:				
Proceeds from borrowings	\$ 41.2	\$ 137.1	\$ 45.2	\$ 373.9
Repayments of borrowings	(43.3)	(143.6)	(59.3)	(336.0)
Original issuance discount	-	-	-	(1.8)
Debt financing costs	-	(0.7)	-	(4.7)
Dividend payment to Tower shareholders	(2.5)	(2.3)	(4.9)	(4.5)
Proceeds from stock options exercised	0.1	0.1	0.2	1.1
Purchase of treasury stock	-	-	(0.5)	(0.8)
Net cash provided by / (used in) continuing financing activities	\$ (4.5)	\$ (9.3)	\$ (19.3)	\$ 27.1
Discontinued operations:				
Net cash from discontinued operating activities	\$ 2.8	\$ 0.6	\$ 4.4	\$ 0.1
Net cash used in discontinued investing activities	(0.8)	(0.6)	(2.0)	(1.0)
Net cash from / (used in) discontinued financing activities	(0.5)	0.4	(0.9)	0.9
Net cash from / (used in) discontinued operations	\$ 1.5	\$ 0.5	\$ 1.5	\$ -
Effect of exchange rate changes on continuing cash and cash equivalents	\$ (3.9)	\$ 2.1	\$ (2.0)	\$ 3.4
NET CHANGE IN CASH AND CASHEQUIVALENTS	\$ 6.5	\$ 27.3	\$ (51.6)	\$ (7.9)
CASH AND CASHEQUIVALENTS:				
Beginning of period	\$ 65.6	\$ 27.5	\$ 123.7	\$ 62.8
End of period	\$ 72.1	\$ 54.8	\$ 72.1	\$ 54.8

Reconciliation of Net Income to Adjusted EBITDA

(in \$ millions)



	2017					2018	
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year	First Quarter	Second Quarter
Net income / (loss) attributable to Tower International, Inc.	\$ 17.3	\$ 19.2	\$ 14.9	\$ (3.9)	\$ 47.6	\$ 17.3	\$ 22.4
Restructuring and asset impairments charges, net	3.9	3.3	1.1	2.4	10.7	1.5	0.3
Depreciation and amortization	17.8	18.8	18.3	22.4	77.3	21.4	20.8
Lease expense	-	-	-	-	-	2.5	2.5
Acquisition costs and other	0.1	0.2	-	0.2	0.5	0.1	0.2
Long-term compensation expense	0.9	1.9	1.8	1.4	6.0	1.6	1.7
Interest expense, net	0.4	1.7	5.6	5.7	13.4	5.0	5.1
Net periodic benefit income	(0.5)	(0.5)	(0.6)	(0.6)	(2.2)	(0.6)	(0.6)
Other expense	0.6	-	-	-	0.6	-	1.0
Provision for income taxes	6.5	7.7	8.0	33.3	55.4	5.1	5.5
(Income) / loss from discontinued operation	(1.4)	0.5	(0.7)	(0.3)	(1.9)	(0.8)	(0.7)
Net income attributable to noncontrolling interest	0.1	-	-	-	0.1	-	-
Adjusted EBITDA	\$ 45.7	\$ 52.8	\$ 48.5	\$ 60.5	\$ 207.5	\$ 53.1	\$ 58.2

See slide 13 for comments regarding non-GAAP financial measures.

Certain Items Included in Second Quarter Net Income

(in \$ millions)

	After tax		Before tax	
	Three Months Ended		Three Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Income / (expense) items included in net income, net of tax:				
<i>Restructuring and asset impairment charges, net</i>				
One-time restructuring actions	(0.4)	(2.0)	(0.5)	(3.2)
<i>Interest expense</i>				
Mark-to-market gain on derivative financial instruments	-	1.6	-	2.6
<i>Other expense</i>				
Acquisition related diligence costs	(0.7)	-	(1.0)	-
<i>Discontinued operations</i>				
Loss on sale of joint venture	-	(2.6)	-	(2.6)
Income from discontinued operations	0.7	2.1	0.7	2.1
<i>Noncontrolling interests</i>				
Net income attributable to noncontrolling interests*	-	-	-	-
Total items included in net income, net of tax	<u>\$ (0.4)</u>	<u>\$ (0.9)</u>		
Net income attributable to Tower International, Inc.	\$ 22.4	\$ 19.2		
Memo: Average shares outstanding (in thousands)				
Basic	20,597	20,509		
Diluted	20,986	20,806		
Income per common share (GAAP)				
Basic	\$ 1.09	\$ 0.94		
Diluted	1.07	0.92		
Diluted adjusted earnings per share (non-GAAP)	\$ 1.09	\$ 0.97		

* Amounts attributable to noncontrolling interests of discontinued operations

See slide 13 for comments regarding non-GAAP financial measures.

Certain Items Included in YTD Net Income

(in \$ millions)

	After tax		Before tax	
	Six Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Income / (expense) items included in net income, net of tax:				
<i>Restructuring and asset impairment charges, net</i>				
One-time restructuring actions	(1.2)	(4.2)	(1.7)	(6.6)
<i>Interest expense</i>				
Mark-to-market gain on derivative financial instruments	-	4.3	-	6.9
<i>Other expense</i>				
Debt refinancing costs	-	(0.4)	-	(0.6)
Acquisition related diligence costs	(0.7)	-	(1.0)	-
<i>Discontinued operations</i>				
Loss on sale of joint venture	-	(2.6)	-	(2.6)
Income from discontinued operations	1.5	3.5	1.5	3.5
<i>Noncontrolling interests</i>				
Net income attributable to noncontrolling interests*	-	(0.1)	-	(0.1)
Total items included in net income, net of tax	<u>\$ (0.4)</u>	<u>\$ 0.5</u>		
Net income attributable to Tower International, Inc.	\$ 39.7	\$ 36.6		
Memo: Average shares outstanding (in thousands)				
Basic	20,577	20,467		
Diluted	20,969	20,813		
Income per common share (GAAP)				
Basic	\$ 1.93	\$ 1.79		
Diluted	1.89	1.76		
Diluted adjusted earnings per share (non-GAAP)	\$ 1.91	\$ 1.73		

* Amounts attributable to noncontrolling interests of discontinued operations

See slide 13 for comments regarding non-GAAP financial measures.

Free Cash Flow Reconciliation to GAAP

(in \$ millions)



	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net cash provided by continuing operating activities*	\$ 48.7	\$ 38.3	\$ 32.5	\$ (10.2)
Cash disbursed for purchases of PP&E, net*	(39.6)	(20.3)	(68.6)	(44.2)
Free cash flow	<u>\$ 9.1</u>	<u>\$ 18.0</u>	<u>\$ (36.1)</u>	<u>\$ (54.4)</u>

*From GAAP Consolidated Statement of Cash Flows

Industry Volume Assumptions

(Car and light truck production in millions)

	<u>Actual 2017</u>	<u>2018</u>					<u>2019</u>	<u>2020</u>
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>		
<u>2018 Outlook (IHS 7/18)</u>								
Europe	22.1	5.9	6.0	5.0	5.8	22.6	22.7	22.8
N. America	17.1	4.4	4.3	4.2	4.2	17.2	17.4	17.4
<u>Y/Y % Change</u>								
Europe	3.1%	0.3%	4.1%	0.6%	1.5%	1.7%	0.6%	0.4%
N. America	-4.3%	-3.3%	-2.5%	6.7%	2.7%	0.7%	1.1%	0.0%