



# East Coast IDEAS Boston

## June 5, 2012

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, outlook for 2012 revenue, Adjusted EBITDA and free cash flow, industry volume, and the Company's game plan to build shareholder value. 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. Please see our reports filed with the SEC for a list of risk factors.

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

# Tower International Overview

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- Leading integrated global manufacturer of engineered structural metal components and assemblies
- 36 manufacturing and 9 sales/engineering facilities in 11 countries
  - US, Belgium, **Brazil**, **China**, Germany, India, Italy, Japan, Poland, Slovakia, S. Korea
  - Headquartered in Livonia, Michigan
  - 8,600 colleagues globally
- Full Year 2011 Revenue of \$2.4 billion
- Excellent Revenue Diversification
  - Geographic
  - Customer
  - Platform
- Experienced Management Team – Significant Insider Ownership

# Brief Chronology

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- **1990's - 2005** Numerous premium-multiple acquisitions, not well integrated, focused heavily on trucks and SUVs
- **February 2005** U.S. Operations enter Chapter 11  
- Note: International Ops consistently profitable
- **Feb. 2005 - Aug. 2007** North American Operations closed 11 plants (48% reduction); U.S. hourly all-in cost reduced 15%; pension frozen; retiree health care capped; \$500M loss/low-return contracts returned to customers
- **August 2007** Exit Chapter 11; acquired by Cerberus; new senior management
- **Since August 2007** Global best-practice standardization; major further improvements (e.g., \$195M ongoing annual savings achieved in 2008-09)
- **Second Half 2008-2009** Competitiveness demonstrated as Tower survived "Auto Depression"
- **October 15, 2010** IPO (100% primary) NYSE: TOWR \$13 per share  
- Ownership: Cerberus ≈60%, management 5+%, public ≈1/3

# Product Portfolio

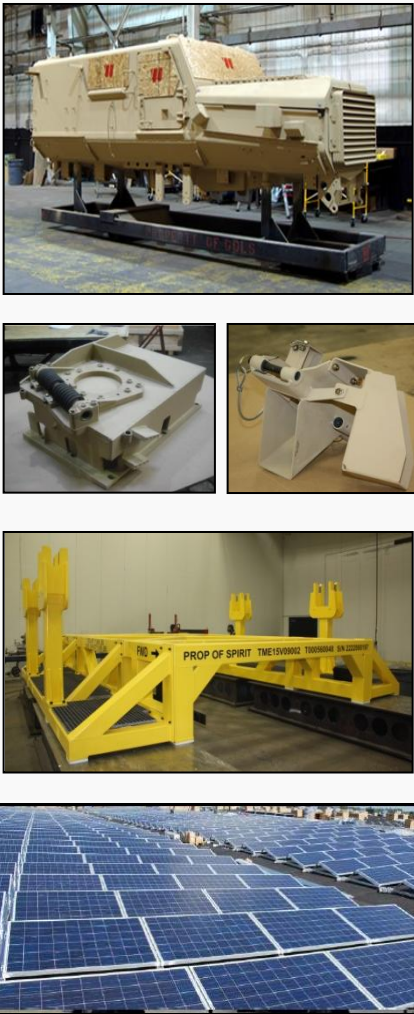
## Body Structures



## Chassis Structures



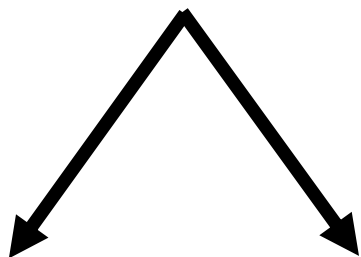
## Defense, Aerospace, Industrial & Energy



# The Auto Sector and Our Competitors

## Our Industry Sector

### Auto Stamping



OEMs  
(est. 60%)

Suppliers  
(est. 40%)

**Significant potential long-term growth from increased outsourcing.**

## Our Supplier Competitors

Magna -- Cosma Division

Gestamp (Private, Spanish)

**Tower**

Benteler (Private, German)

Magnetto (Private, Italian)

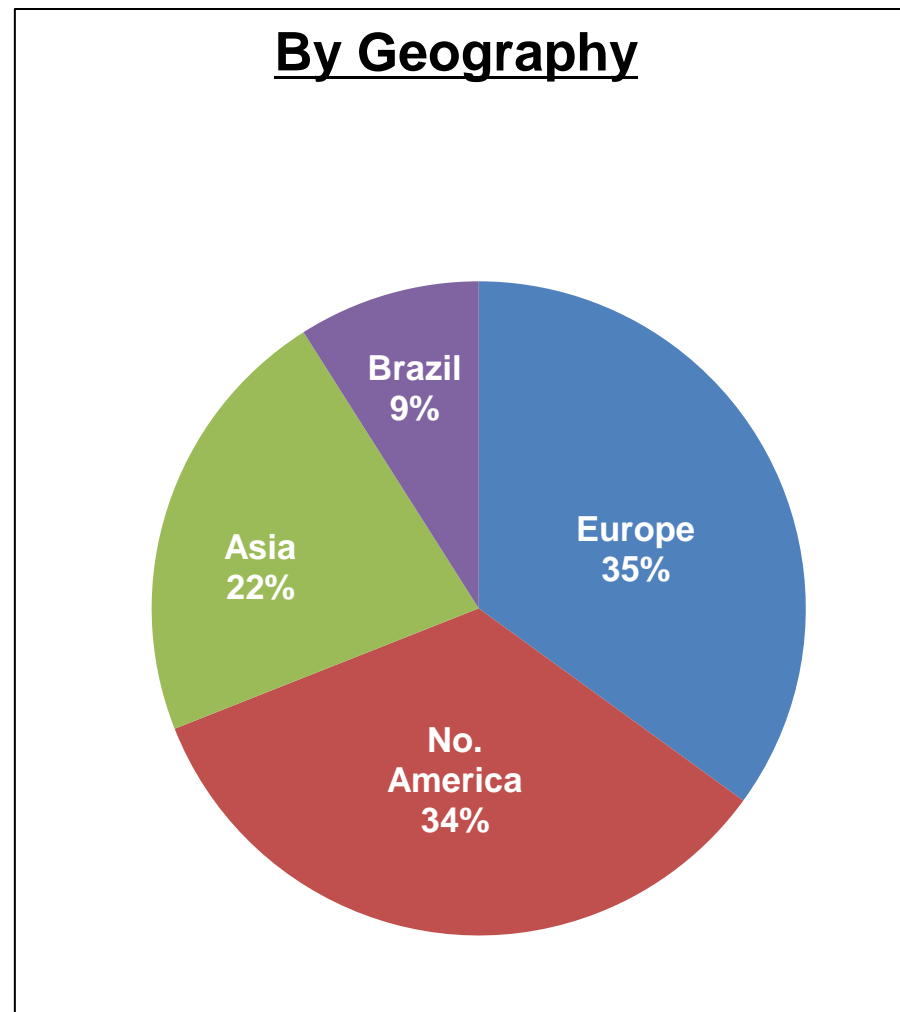
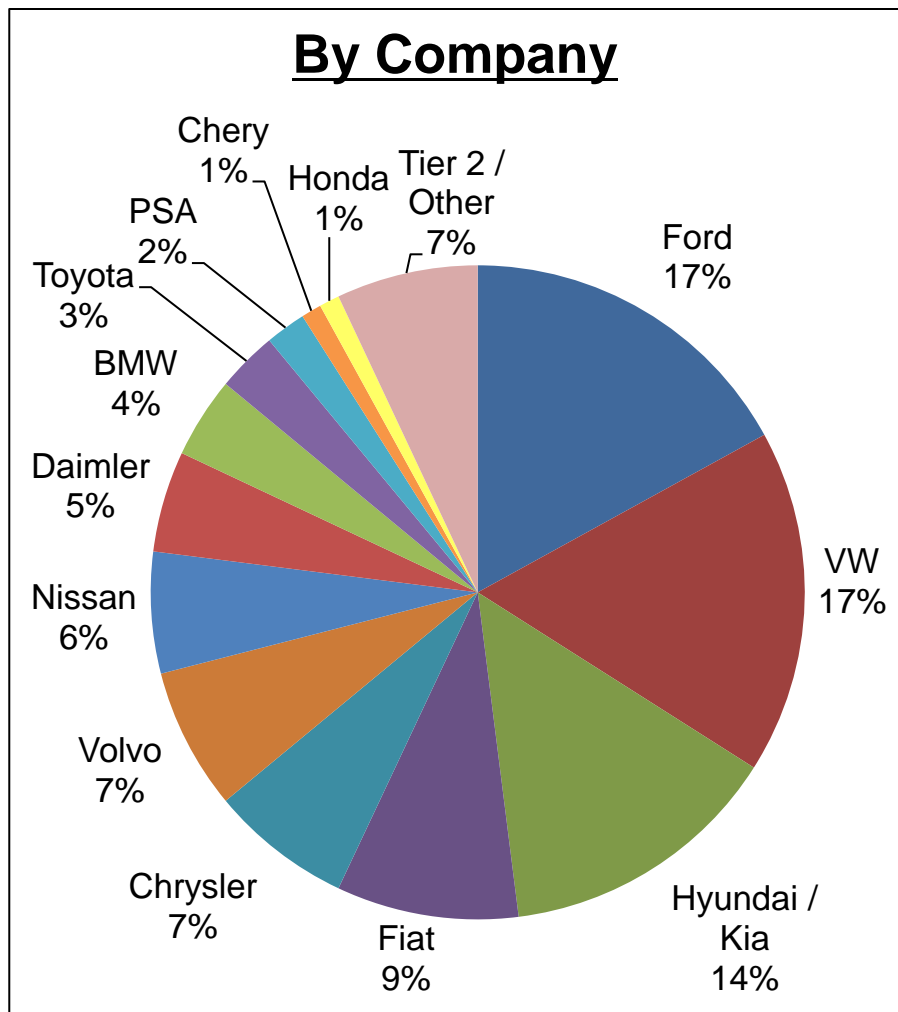
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Hundreds of medium and smaller regional competitors

**Significant potential growth from increased global vehicle programs and supplier rationalization.**

# Excellent Revenue Diversification

(2011 percent of revenue)



# Game Plan to Build Shareholder Value Over Time

1. **Consistently deliver solid and predictable results.**
  
2. **Capitalize over time on opportunities beyond “industry recovery”.**
  - **Above-average secular growth in China and Brazil**
    - - Action: Doubling capacity and customers in China, new factory added in Brazil;
  - **Further reductions in leverage**
    - - Action: \$68M of senior notes repurchased, net debt leverage down to 2.3X;
  - **Opportunistic, accretive acquisitions**
    - - Action: W-Industries; and
  - **Opportunities in adjacent markets**
    - - Action: Defense, aero, industrial (W-Inds.).

- **Tower is significantly better positioned now than at the time of its IPO, having made progress on each element of our balanced game plan.**
- **We are determined to reward patient investors and other stakeholders.**

# Production Volumes Recovering from 2009 Levels

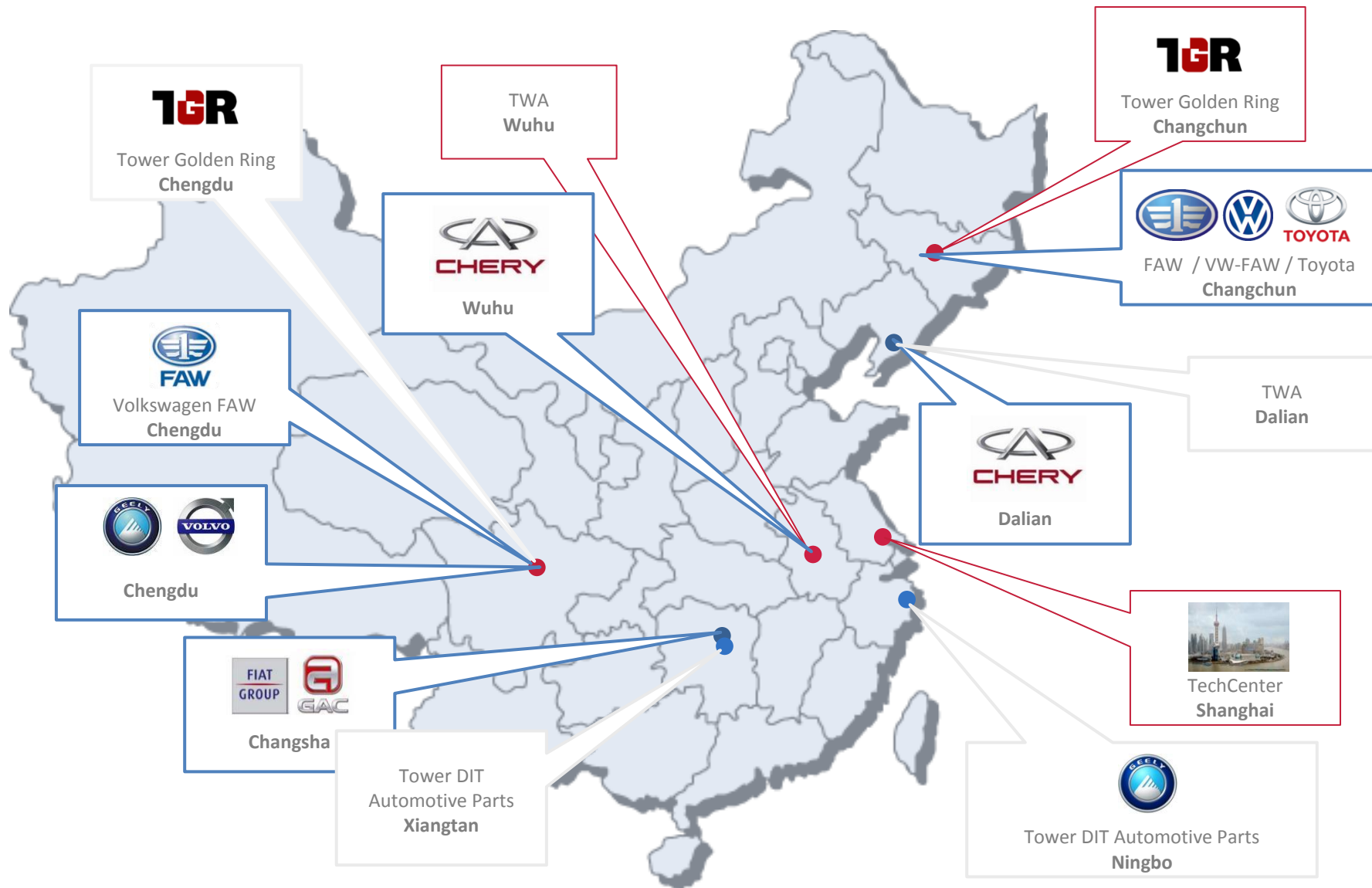
Location	2007	2009	2010	2011	2012	2013
Europe	21.7	16.3	18.8	20.0	18.8	19.2
North America	<u>15.1</u>	<u>8.6</u>	<u>11.9</u>	<u>13.1</u>	<u>14.8</u>	<u>15.4</u>
Subtotal	36.8	24.9	30.7	33.1	33.6	34.6
S. Korea	4.0	3.4	4.2	4.6	4.6	4.5
China	6.9	11.1	15.1	16.0	16.8	18.9
Brazil	2.6	2.9	3.2	3.1	3.2	3.5
Tower Markets	50.3	42.3	53.2	56.8	58.1	61.5

Significant increase in Tower's Results since 2009:  
 2011 Revenue of \$2.4 billion up 47%  
 Adjusted EBITDA of \$228 million up 82%

Production from IHS Automotive May 2012



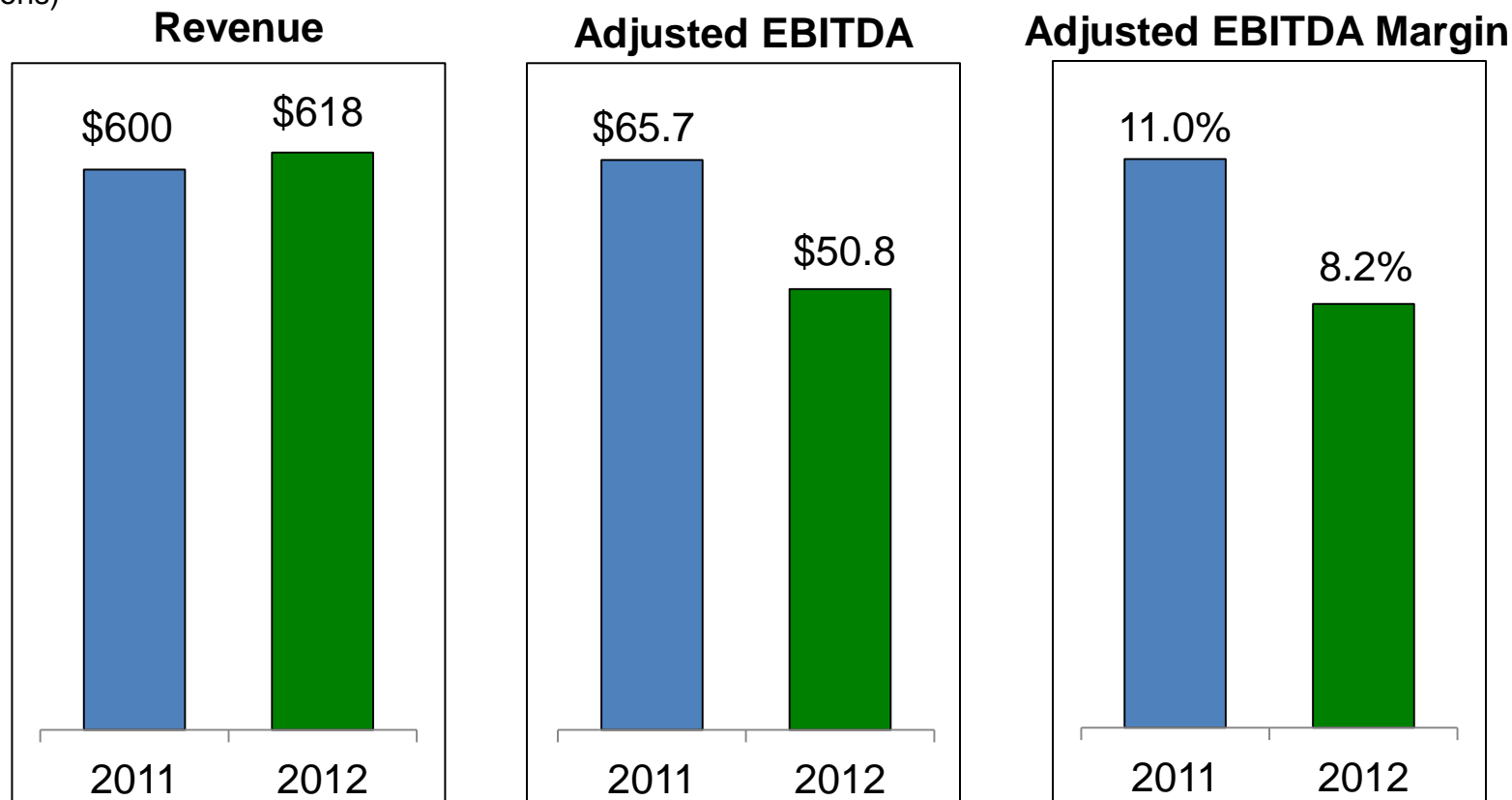
# Significant Expansion in China Footprint



# Total Company

## First Quarter Financials - - 2012 vs. 2011

(in \$ millions)

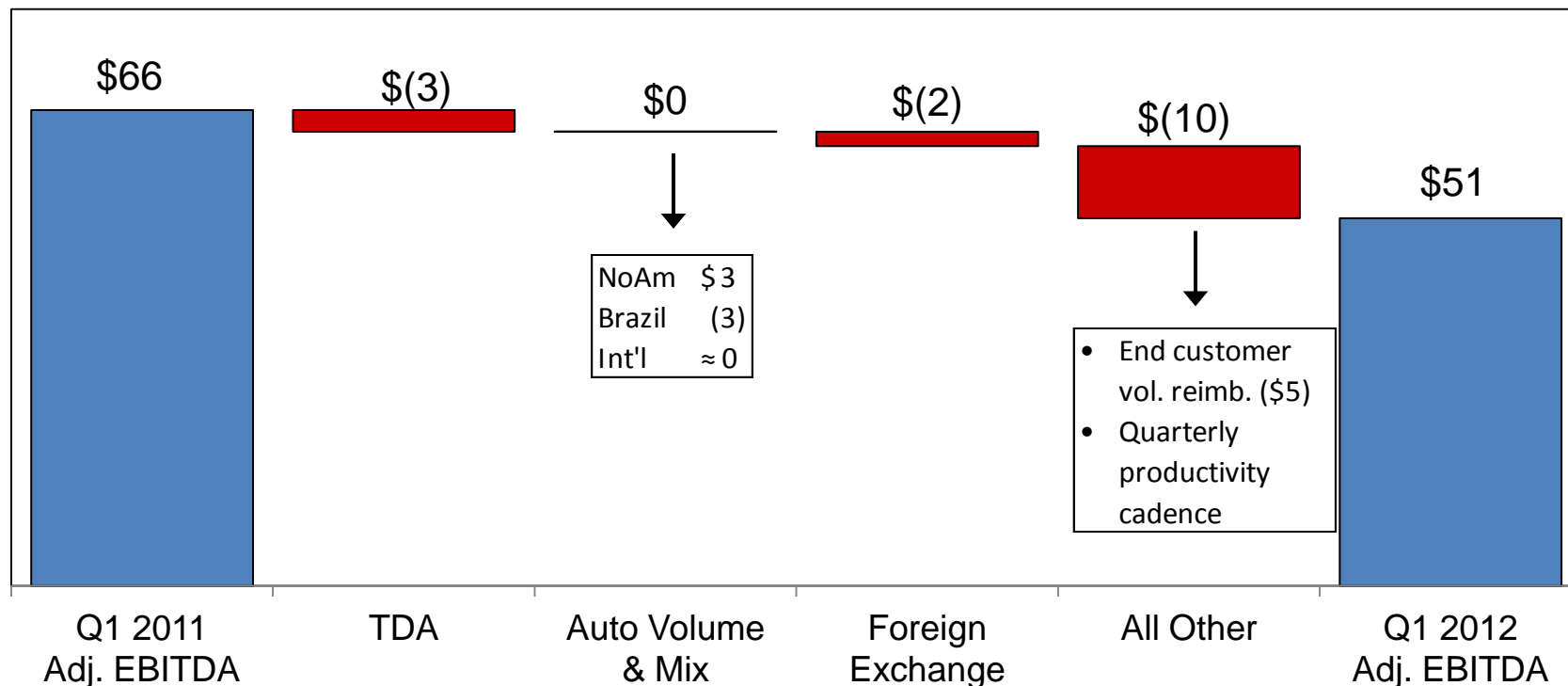


- Q1 2012 revenue was \$618M, up 3% from Q1 2011.
- Adjusted EBITDA was \$50.8M. As expected, this was down from a year ago, but it was at the high end of company guidance.

# Total Company

## Q1 2012 Adjusted EBITDA Compared With 2011

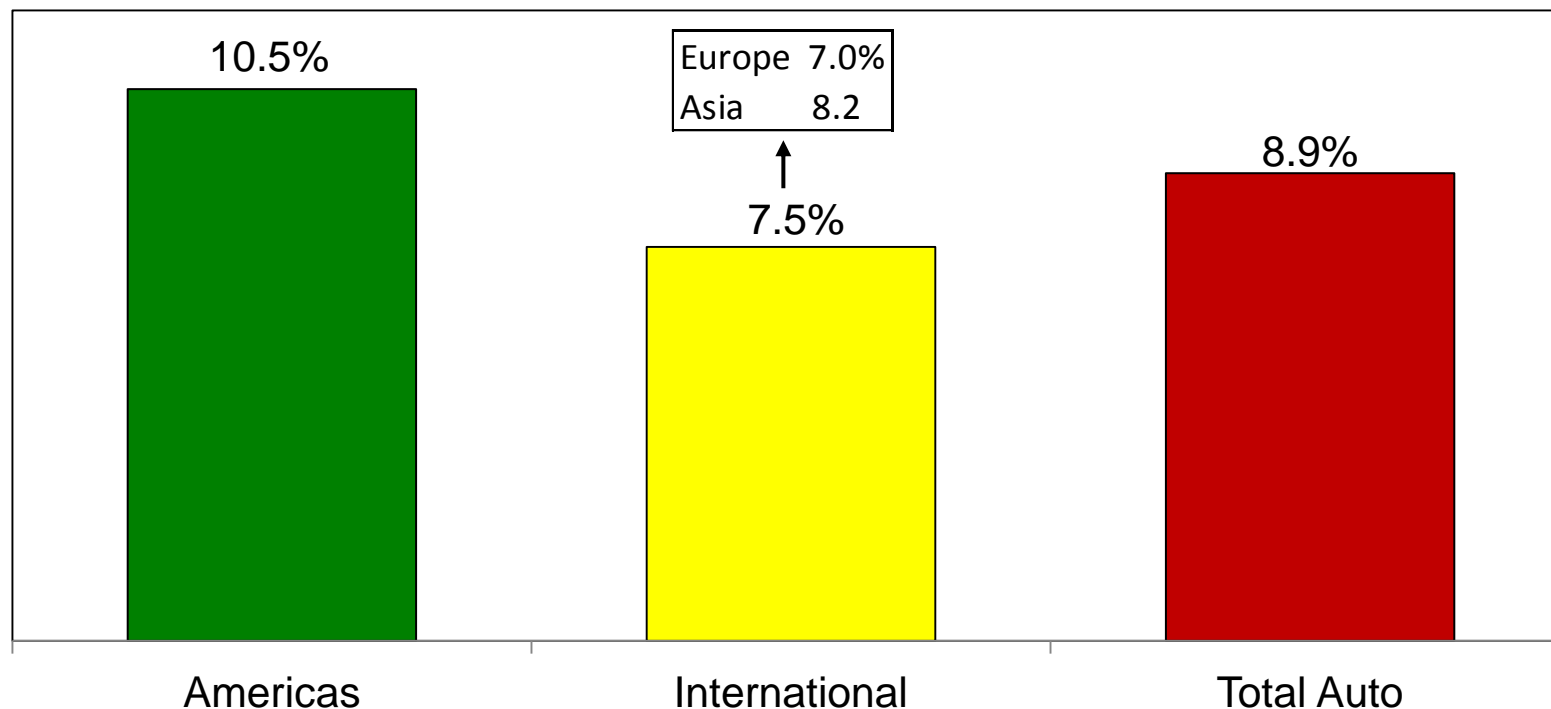
(in \$ millions)



**In addition to a loss at TDA, the decline in Q1 Adjusted EBITDA from a year ago reflected unfavorable period comparisons for foreign exchange, an expired European customer volume reimbursement, and a different quarterly cadence of productivity savings this year compared with last year.**

# Q1 Auto Adjusted EBITDA Margin About 9%

(in \$ millions)



Adjusted EBITDA \$ 28.9

\$ 25.3

\$54.2

**Q1 Adjusted EBITDA for the Auto business was \$54.2M, for a margin of 8.9% - - in line with our prior guidance for the full year.**  
**– Margin was 10.5% in the Americas and 7.5% in International.**

# First Quarter 2012 Free Cash Flow

(in \$ millions)

	<b>Q1 2012</b>
Adjusted EBITDA	\$ 51
Capital Expenditures	(36)
Cash Interest	(25)
Cash Taxes	(4)
Working Capital & Other	<u>(16)</u>
<b>Free Cash Flow</b>	<b><u><u>\$ (30)</u></u></b>

- **Free cash flow was negative \$30M in Q1, in line with our guidance.**
  - **Cash interest included semi-annual payment on our senior notes.**
  - **The adverse change in working capital & other primarily reflected normal seasonality.**

# Net Debt, Leverage, & Liquidity

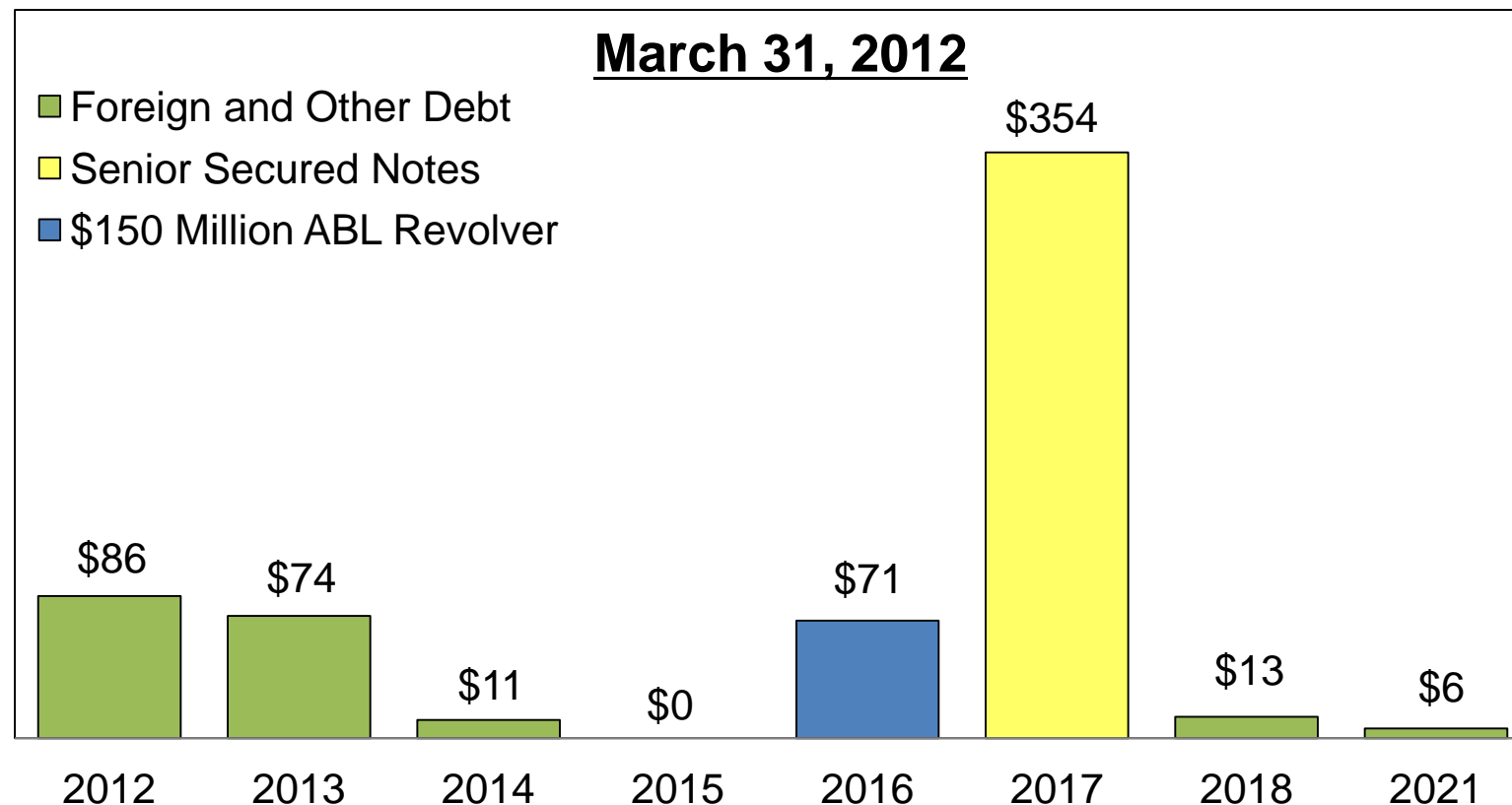
(in \$ millions)

	<u>Mar. 31,</u> <u>2012</u>	<u>Long-Term</u> <u>Targets</u>
<b><u>Net Debt</u></b>		
Cash	\$ 134	
Gross Debt	<u>(615)</u>	
Net Debt	<u><u>\$(481)</u></u>	
<b><u>Debt-to-LTM Adj. EBITDA</u></b>		
Gross	2.9X	1.5X
Net	<b>2.3X</b>	1.0X
<b><u>Liquidity</u></b>	<b>\$ 239</b>	\$ 200+

**Quarter-end net debt leverage was 2.3X, with good liquidity of \$239 million.**

# No Pressing Debt Maturities

(in \$ millions)



**We have no significant debt maturities for the next several years.**

- Foreign debt is generally one-year, asset-backed, and has consistently been renewed.
- 2017 Notes issued in 2010 pre-IPO \$430 million at 11.25% all in rate.

# Outlook for Second Quarter and Full Year

(in \$ millions)

	<b>Prior</b>	<b>Present</b>	<b>Change</b>
	<b>(Feb. 2012)</b>		
<b><u>Second Quarter</u></b>			
Revenue	N/A	≈ \$650	N/A
Adj. EBITDA	\$51-\$61	\$60-\$65	<b>+ \$4-\$9</b>
Free Cash Flow	Sig. Negative	≈ \$(45)	N/A
<b><u>Full Year</u></b>			
Revenue	≈ \$2,300	≈ \$2,400	<b>+ ≈ \$100</b>
Adj. EBITDA	\$205	\$210-\$220	<b>+ \$5-\$15</b>
Free Cash Flow	\$(30)	\$(15)-\$(25)	<b>+ \$5-\$15</b>

**On First Quarter Call we increased our guidance for Adjusted EBITDA by \$4-\$9 million for Q2 and \$5-\$15 million for full year.**  
**– Full year free cash flow is anticipated to improve by a comparable amount.**

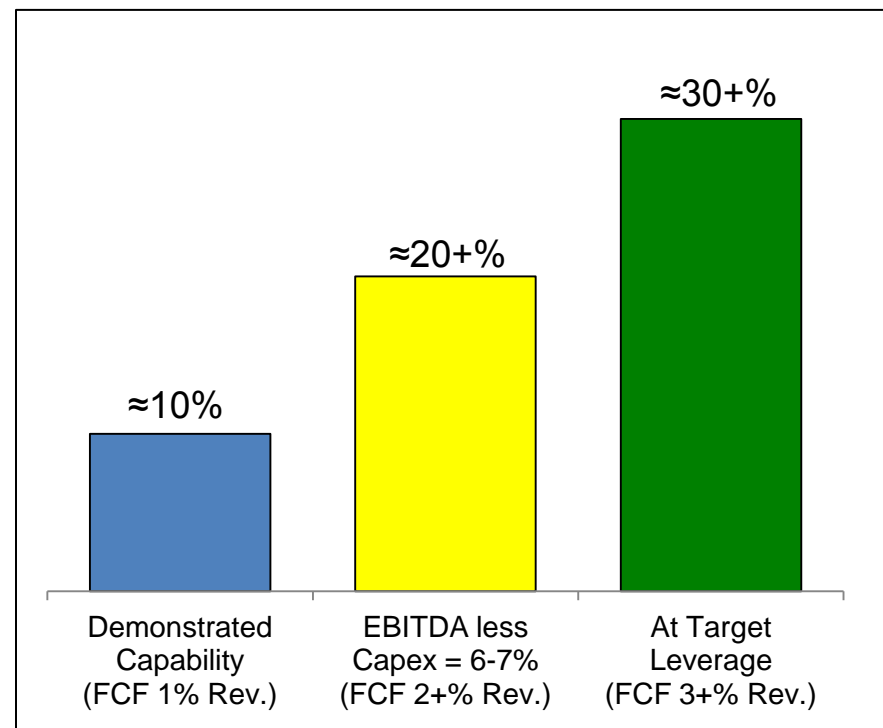


# Clear Path to Significant Ongoing Free Cash Flow (FCF)

## FCF Trend Business Model (% of Rev.)

	<u>Demonstrated Capability</u>	<u>Achievable Improvements</u>
Adjusted EBITDA	9-10%	
Capex	<u>(4)-(5)</u>	
EBITDA less Capex	≈ 5%	+1-2%
Customer Tooling	0	
Interest	≈ (2.5)	+1%
All Other*	<u>≈ (1.5)</u>	
Free Cash Flow	<u>≈ 1%</u>	≈3+%
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* Taxes, pension, working capital & other		

## FCF % of Present Market Cap.



**We estimate the demonstrated capability of Tower's business model (at normalized conditions) will generate ongoing free cash flow (FCF) averaging about 1% of revenue.**

- **With realistically achievable and planned improvements, we believe FCF should grow to about 3+% of revenue by about 2015.**
- **This would represent large FCF yield relative to Tower's present stock price, providing good capability to allocate capital to sustain profitable growth and to reward shareholders.**

# APPENDIX

# Income Statement

	<b>Three Months Ended Mar. 31,</b>	
	<b>2012</b>	<b>2011</b>
Revenues	\$ 617.6	\$ 599.6
Cost of sales	557.4	530.1
Gross profit	60.1	69.6
Selling, general and administrative expenses	38.1	37.7
Amortization expense	1.2	0.9
Restructuring and asset impairment charges, net	1.9	0.5
Operating income	19.0	30.5
Interest expense, net	15.7	12.5
Interest income	0.3	0.3
Other expense	-	0.9
Income before provision for income taxes	3.6	17.4
Provision for income taxes	2.4	6.6
Net income	1.3	10.8
Less: Net income attributable to the noncontrolling interests	1.4	1.7
Net income / (loss) attributable to Tower International, Inc.	<u>\$ (0.2)</u>	<u>\$ 9.0</u>

# Balance Sheet

	Mar. 31, 2012	Dec. 31, 2011
<b>ASSETS</b>		
Cash and cash equivalents	\$ 134.0	\$ 135.0
Accounts receivable, net of allowance of \$3.8 and \$3.6	358.1	328.0
Inventories	101.5	85.1
Deferred tax asset - current	15.0	13.0
Assets held for sale	4.1	4.0
Prepaid tooling and other	71.0	56.2
Total current assets	<u>683.8</u>	<u>621.3</u>
Property, plant and equipment, net	686.6	667.7
Goodwill	65.8	64.0
Deferred tax asset - non-current	14.4	14.5
Other assets, net	29.1	30.0
Total assets	<u>\$1,479.8</u>	<u>\$1,397.4</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Short-term debt and current maturities of capital lease obligations	\$ 120.5	\$ 109.4
Accounts payable	414.1	395.3
Accrued liabilities	136.1	126.4
Total current liabilities	<u>670.7</u>	<u>631.2</u>
Long-term debt, net of current maturities	482.2	461.8
Obligations under capital leases, net of current maturities	11.8	12.2
Deferred tax liability - non-current	13.4	11.2
Pension liability	93.2	96.2
Other non-current liabilities	94.6	87.3
Total non-current liabilities	<u>695.2</u>	<u>668.8</u>
Total liabilities	<u>1,365.9</u>	<u>1,299.9</u>
Stockholders' equity:		
Tower International, Inc.'s stockholders' equity		
Common stock, \$0.01 par value, 350,000,000 authorized, 20,015,281 issued and 19,708,416 outstanding at March 31, 2012, and 19,983,403 issued and 19,683,032 outstanding at December 31, 2011	0.2	0.2
Additional paid in capital	315.8	311.4
Treasury stock, at cost, 306,865 shares as of March 31, 2012 and 300,371 shares as of December 31, 2011	(5.2)	(5.1)
Accumulated deficit	(184.7)	(184.5)
Accumulated other comprehensive loss	(71.3)	(82.0)
Total Tower International, Inc.'s stockholders' equity	<u>54.8</u>	<u>40.0</u>
Noncontrolling interests in subsidiaries	59.1	57.5
Total stockholders' equity	<u>113.9</u>	<u>97.5</u>
Total liabilities and stockholders' equity	<u>\$1,479.8</u>	<u>\$1,397.4</u>

# Consolidated Statement of Cash Flows

	Three Months Ended Mar. 31,	
	2012	2011
<b>Cash flows - operating activities</b>		
Net income	\$ 1.3	\$ 10.8
Deferred income tax provision	0.1	1.3
Depreciation and amortization	25.7	30.1
Non-cash share-based compensation	4.3	3.7
Pension expense, net of contributions	(2.2)	(1.4)
Change in working capital and other operating items	(23.5)	(58.5)
<b>Net cash provided by / (used in) operating activities</b>	<b>\$ 5.7</b>	<b>\$ (14.0)</b>
<b>Cash flows - investing activities</b>		
Cash disbursed for purchases of property, plant and equipment, net	\$ (35.9)	\$ (26.7)
Net assets acquired, net of cash acquired	-	(11.3)
<b>Net cash used in investing activities</b>	<b>\$ (35.9)</b>	<b>\$ (38.0)</b>
<b>Cash flows - financing activities</b>		
Retirement of senior secured notes	\$ -	\$ (17.0)
Purchase of treasury stock	(0.1)	-
Proceeds from borrowings	183.7	139.3
Repayments of borrowings	(157.2)	(88.8)
<b>Net cash provided by financing activities</b>	<b>\$ 26.5</b>	<b>\$ 33.5</b>
<b>Net change in cash and cash equivalents</b>	<b>\$ (3.8)</b>	<b>\$ (18.4)</b>
Cash and cash equivalents - beginning of period	135.0	150.3
Effect of exchange rate changes on cash and cash equivalents	2.8	2.5
<b>Cash and cash equivalents - end of period</b>	<b>\$ 134.0</b>	<b>\$ 134.5</b>

# Non-GAAP Financial Measures

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This presentation includes the following non-GAAP financial measures: “Adjusted EBITDA”, “Adjusted EBITDA margin”, “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. 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, 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 four of the 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 (ii) certain of our non-GAAP financial measures exclude financial information that some may consider important in evaluating our performance.

# Adjusted EBITDA Reconciliation to GAAP

	2011				2012
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter *
<b>Adjusted EBITDA</b>	<b>\$ 65.7</b>	<b>\$ 55.6</b>	<b>\$ 48.9</b>	<b>\$ 57.4</b>	<b>\$ 50.8</b>
Restructuring and asset impairments	(0.5)	(1.2)	(0.5)	(0.5)	(1.9)
Depreciation & amortization	(30.1)	(31.6)	(27.8)	(25.0)	(25.7)
Acquisition costs and other	(0.1)	(1.2)	-	(0.1)	-
Incentive compensation related to funding events	(4.5)	(4.7)	(4.7)	(4.5)	(4.2)
Premium on retirement of senior secured notes	(0.9)	-	(0.4)	(0.1)	-
Interest expense, net	(12.3)	(15.9)	(16.7)	(16.3)	(15.4)
Provision for income taxes	(6.6)	(2.6)	(2.5)	(3.1)	(2.4)
Noncontrolling interest, net of tax	(1.7)	(1.2)	(1.1)	(1.1)	(1.4)
<b>Net income / (loss) attributable to Tower International, Inc.</b>	<b>\$ 9.0</b>	<b>\$ (2.8)</b>	<b>\$ (4.8)</b>	<b>\$ 6.7</b>	<b>\$ (0.2)</b>

\* First Quarter 2012 Adjusted EBITDA of \$50.8 million consists of auto related EBITDA of \$54.2 million and non-automotive of \$(3.4) million.

# Free Cash Flow Reconciliation to GAAP

	Three Months Ended Mar. 31,	
	2012	2011
Net cash provided by operating activities*	\$ 5.7	\$ (14.0)
Cash disbursed for purchases of PP&E, net*	(35.9)	(26.7)
Free cash flow	<u>\$ (30.2)</u>	<u>\$ (40.7)</u>

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\*From GAAP Consolidated Statement of Cash Flow s