

FIRST QUARTER 2018 RESULTS & OUTLOOK FOR 2018

MAY 3, 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;
- 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.

Q1 2018 Key Takeaways

- First Quarter results in-line with outlook.
- Revenue increased 13 percent from previous year benefiting from net new business, favorable foreign exchange and higher European steel prices.
- Adjusted EBITDA increased 16 percent to \$53.1 million.
- Launch costs were up significantly year-over-year reflecting renewal business and new program activity.
- Free Cash Flow substantially improved from Q117.

U.S. Steel Tariffs

- The proposed steel tariffs in the United States are not expected to have a material impact on Tower's financial results.
- In North America, Tower is on customer purchase programs and steel is essentially a pass through.
- In Europe, steel is negotiated on an annual basis with our customers.
- During 2017 there was a significant increase in the cost of steel which led to higher European revenue during the second half of the year. These higher costs are expected to result in higher revenue during 2018.
- We seek to be neutral from an earnings perspective regarding the price of steel, however, our revenue will fluctuate as steel prices change.

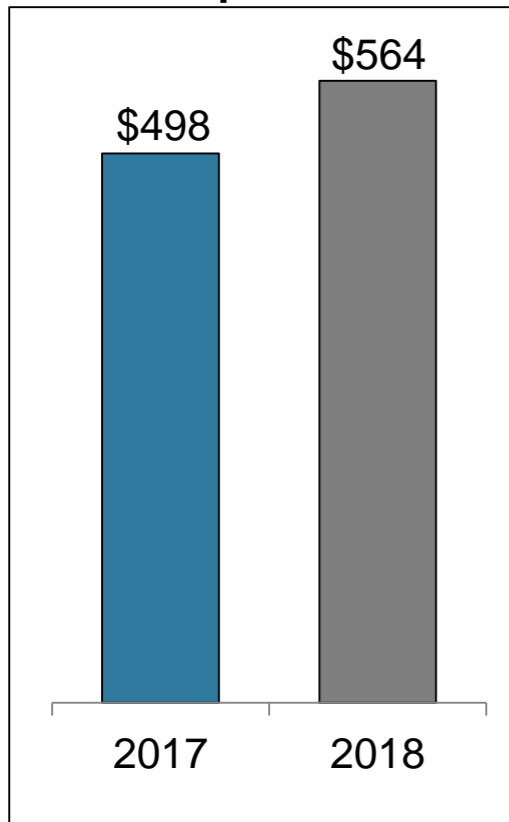
Through these commercial agreements, we are largely shielded from changes to steel prices on an annual basis, although there may be quarterly impact to revenue and Adjusted EBITDA.

First Quarter Financials - - 2018 vs. 2017

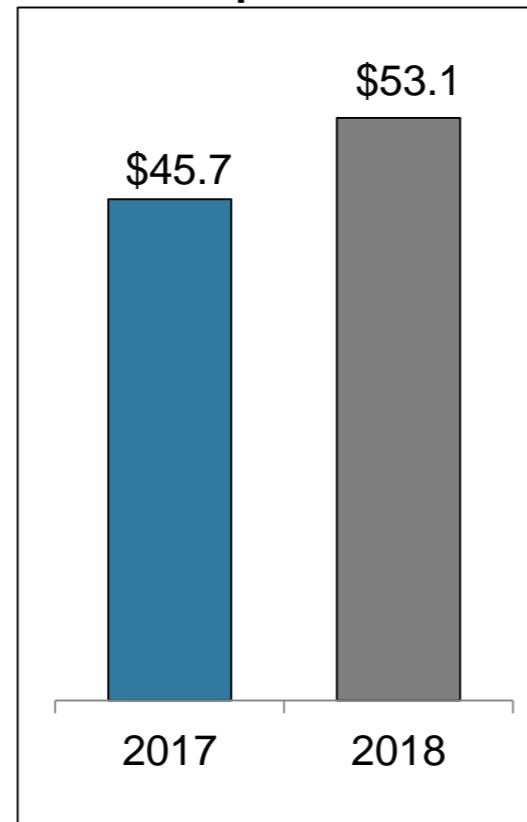
Total Company

(in \$ millions, except EPS)

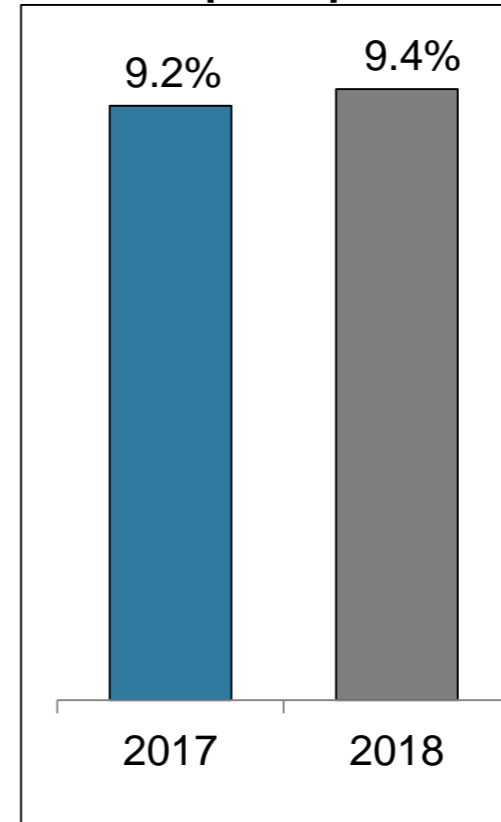
Revenue
Up 13%



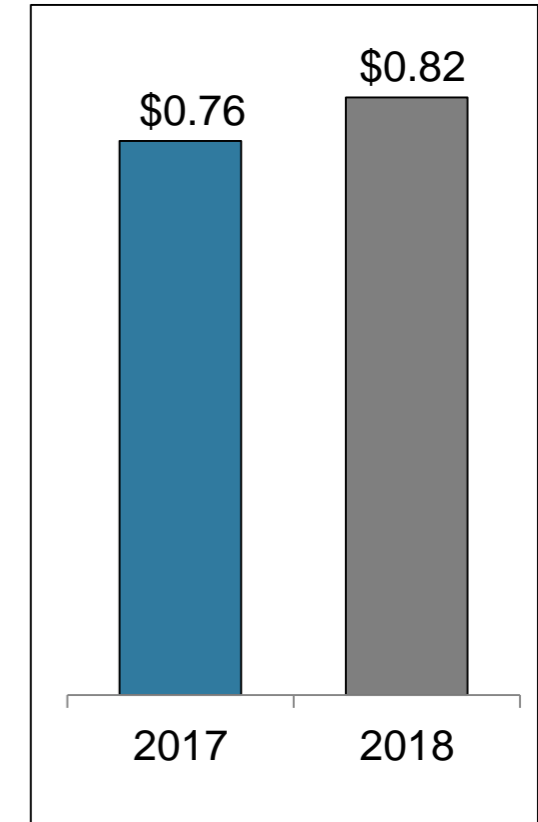
Adjusted EBITDA
Up 16%



Adj. EBITDA Margin
Up 20 bps



Adjusted EPS
Up 8%



First Quarter 2018 Free Cash Flow

(in \$ millions)

Adjusted EBITDA	\$ 53
Capital Expenditures	(29)
Cash Interest	(5)
Cash Taxes	(2)
Working Capital & Other (ex-tooling)	(32)
Customer Tooling	<u>(30)</u>
Total Free Cash Flow	<u><u>\$ (45)</u></u>

Reflects normal seasonal working capital factors and increased customer tooling balances.

Q1 Results Compared with February Outlook

(in \$ millions, except EPS)

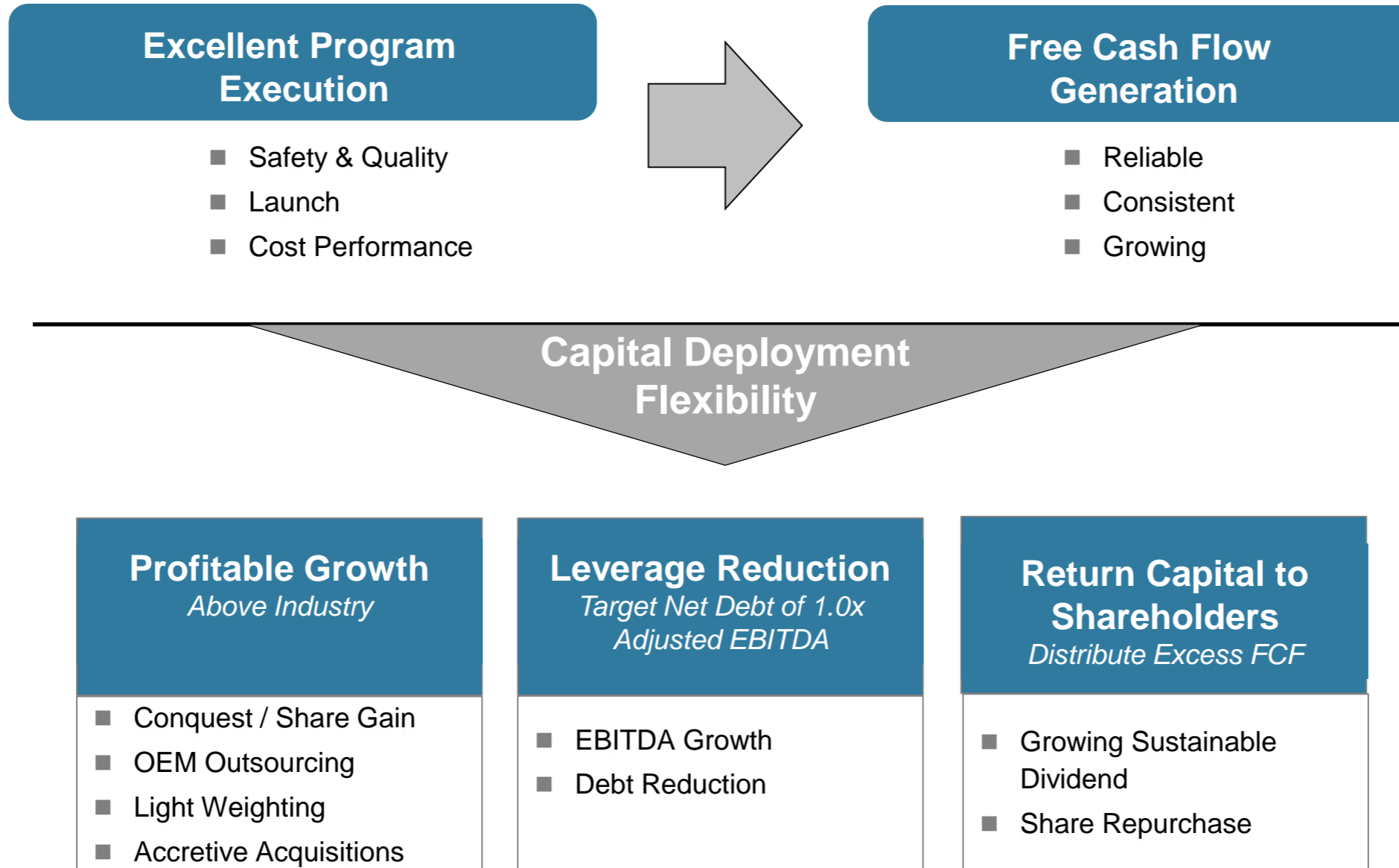
	<u>Actual</u>	<u>B / (W) Than Outlook</u>
Revenue	\$ 564	\$ 14
Adjusted EBITDA	\$ 53.1	\$ 0.1
EBITDA Margin	9.4%	(0.3) Pts.
Adjusted EPS	\$ 0.82	\$ 0.02

Debt, Leverage, and Liquidity

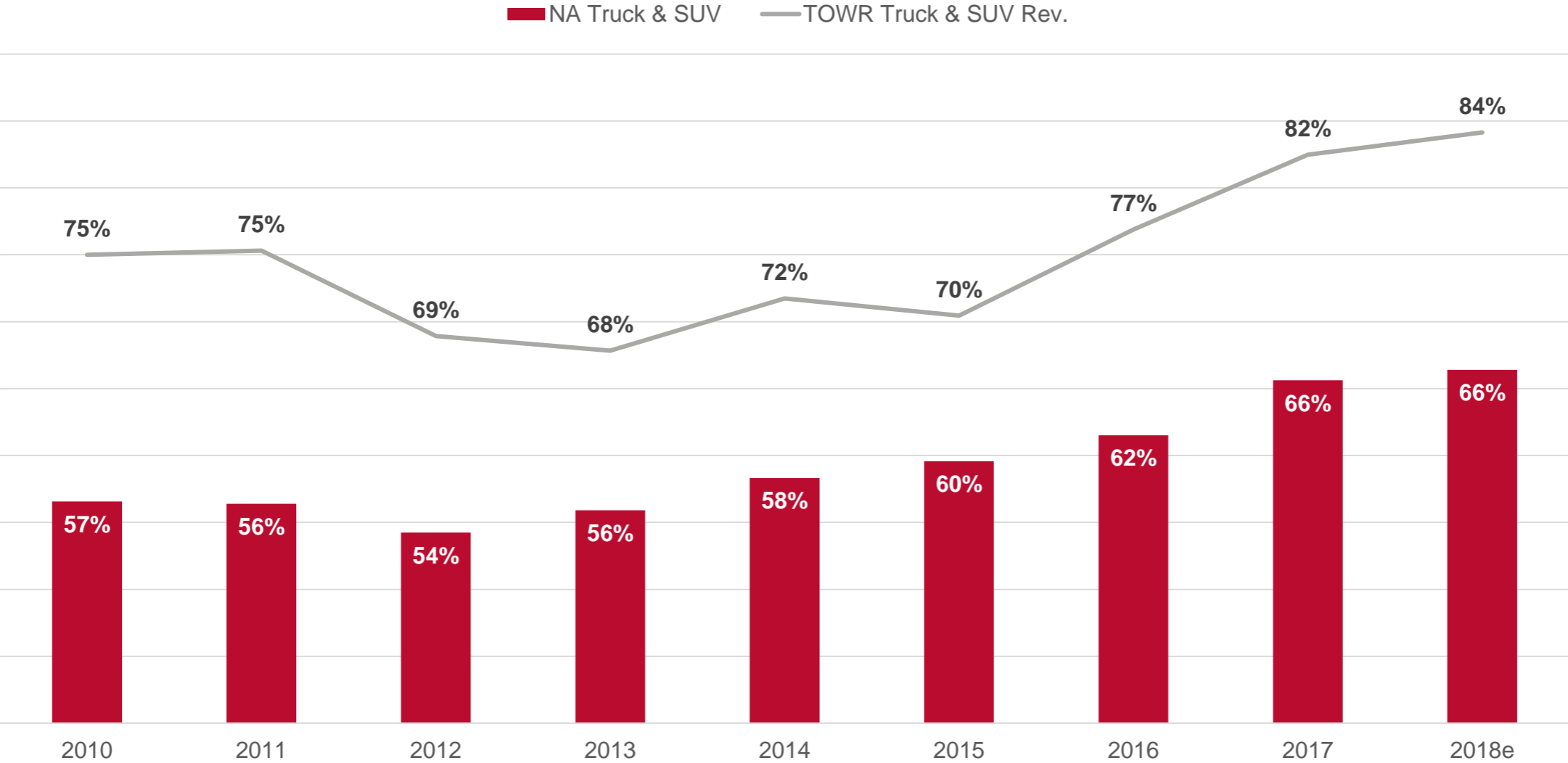
(in \$ millions,)

		<u>B/(W) Than</u>	
	<u>Mar. 31, 2018</u>	<u>Mar. 31, 2017</u>	<u>Dec. 31, 2017</u>
<u>Net Debt</u>			
Gross Debt	\$ 376	\$ 54	\$ 11
Cash	<u>(66)</u>	<u>38</u>	<u>(58)</u>
Net Debt	<u><u>\$ 310</u></u>	<u><u>\$ 92</u></u>	<u><u>\$(47)</u></u>
<u>Debt-to-LTM Adj. EBITDA</u>			
Gross	1.8X	0.4X	0.1X
Net	1.4X	0.6X	(0.2)X
<u>Liquidity</u>	\$ 313	\$ 101	\$(57)

Memo: As of Mar. 31, 2018 and Dec. 31, 2017 Tower had \$100 million and \$72 million of lease related debt, respectively, not included in the figures above.



The North American Industry Continues to Shift to Trucks & SUVs

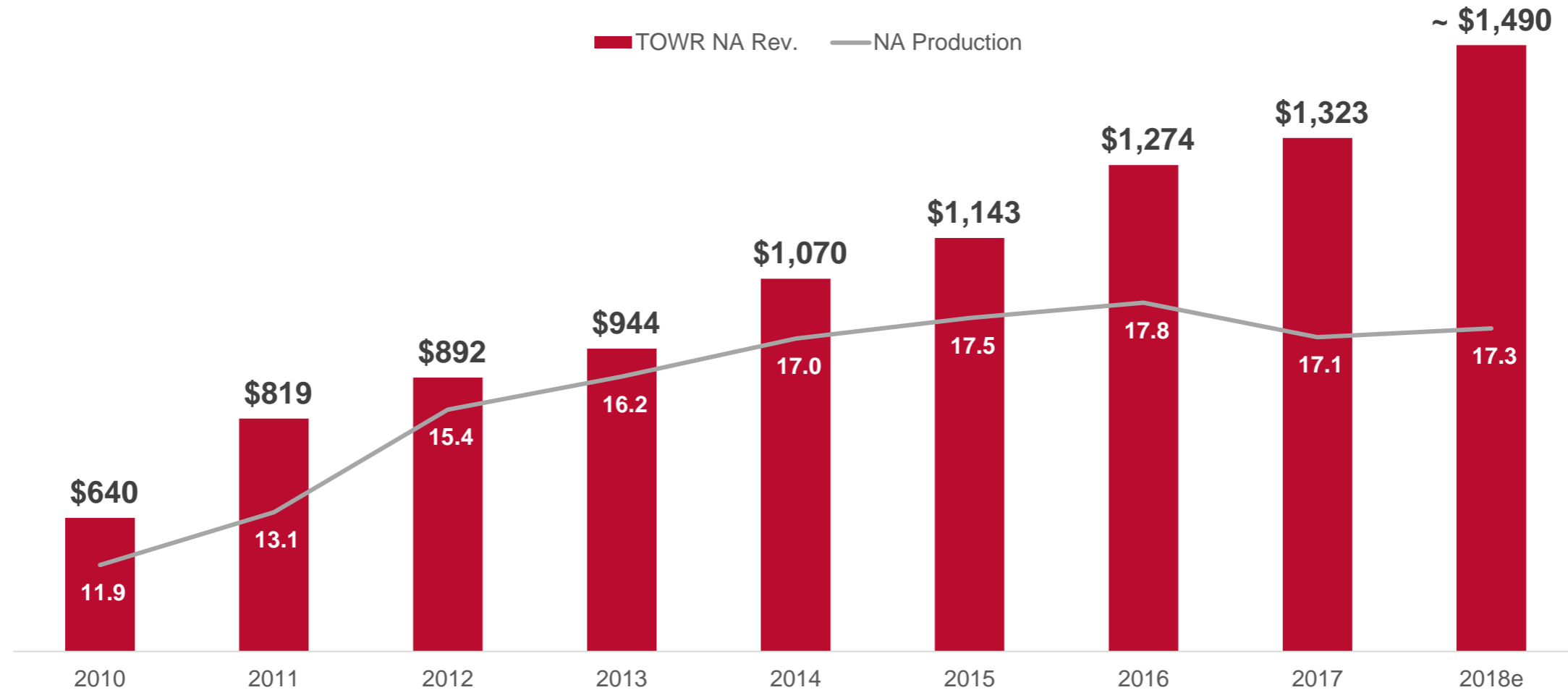


Tower continues to grow Truck & SUV revenue more rapidly than the market.

Source: IHS North American Production Volumes.

Favorable Truck & SUV Mix and Program Wins have allowed Tower's NA Revenue to Grow 3X Faster than Production

(in \$ millions)



Tower Content per Vehicle has grown from \$54 to more than \$80.

Source: IHS North American Production (millions) Units.

Outlook for 2018

(in \$ millions, except EPS)

	<u>Q2</u>	<u>Full Year</u>
Revenue	\$ 560	\$ 2,150
Adjusted EBITDA	\$ 58	\$ 230
Adjusted EPS	\$ 1.08	\$ 4.10
Free Cash Flow		\$ 50

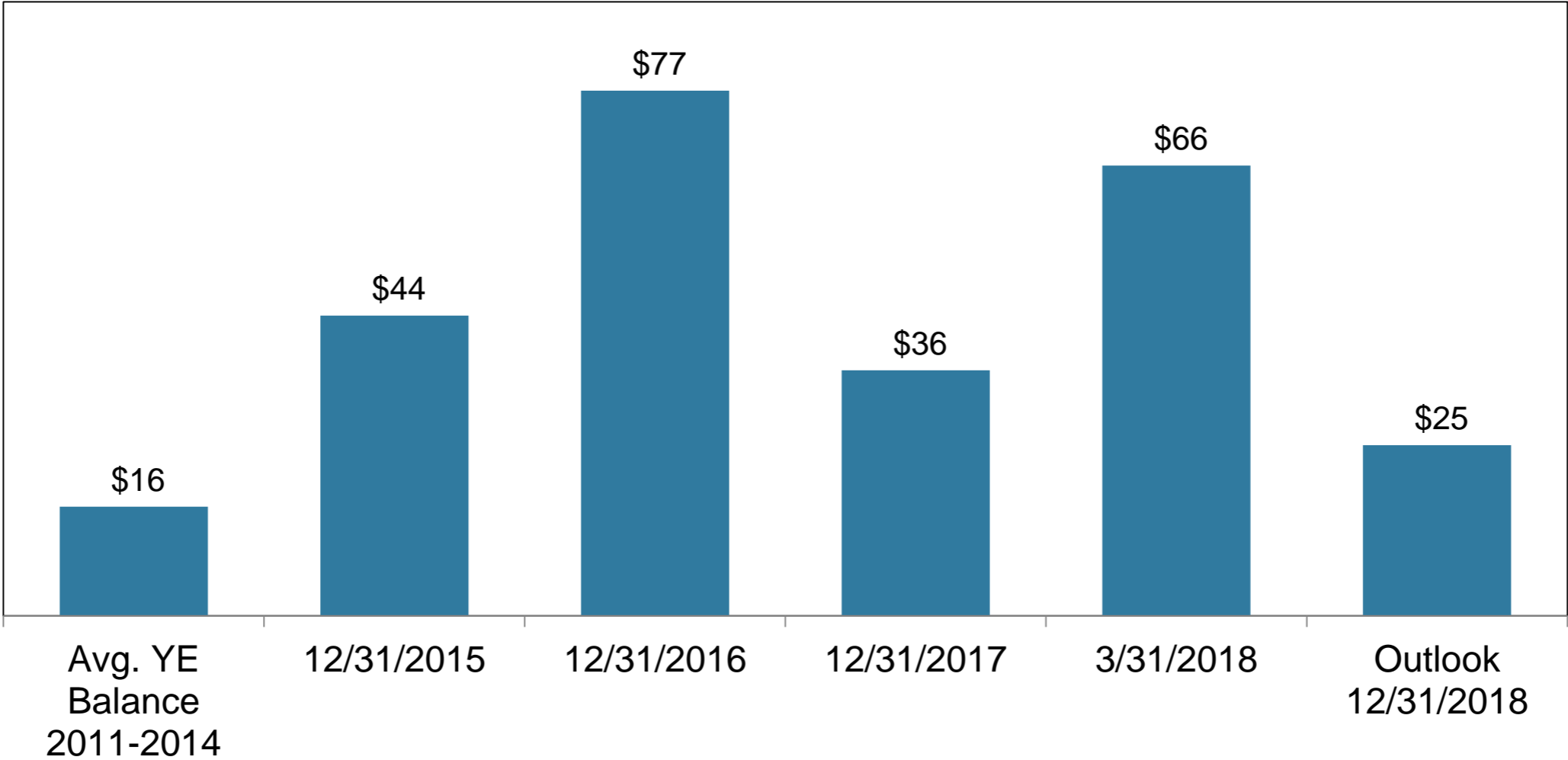
Final Thoughts

- We delivered solid results for the first 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.
- Emerging trends of outsourcing and lightweighting are favorable for Tower.
- Shift from passenger cars to trucks and SUVs continues to benefit Tower.
- Tower is well positioned to continue to grow revenue in excess of production volume changes.
- We remain disciplined in our approach to balancing new growth opportunities with generating free cash flow and return of capital to shareholders.

// APPENDIX

Customer Owned Tooling Investment

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



Expecting year-end 2018 customer owned tooling investment to return to more normal levels.

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 Mar. 31,</u>	
	<u>2018</u>	<u>2017</u>
Revenues	\$ 563.5	\$ 497.6
Cost of sales	503.7	441.3
Gross profit	59.8	56.3
Selling, general, and administrative expenses	32.2	29.2
Amortization expense	0.1	0.1
Restructuring and asset impairment charges, net	1.5	3.9
Operating income	26.0	23.1
Interest expense	5.2	0.5
Interest income	0.2	-
Net periodic benefit income	0.6	0.5
Other expense	-	0.6
Income before provision for income taxes and income from discontinued operations	21.5	22.6
Provision for income taxes	5.1	6.5
Income from continuing operations	16.4	16.1
Income from discontinued operations, net of tax	0.9	1.4
Net income	17.3	17.4
Less: Net income attributable to the noncontrolling interests	-	0.1
Net income attributable to Tower International, Inc.	<u>\$ 17.3</u>	<u>\$ 17.3</u>

Balance Sheet

(in \$ millions)

	<u>Mar. 31, 2018</u>	<u>Dec. 31, 2017</u>
ASSETS		
Cash and cash equivalents	\$ 65.6	\$ 123.7
Accounts receivable, net of allowance of \$1.4 and \$1.4	333.7	239.3
Inventories	86.7	78.7
Assets held for sale	44.4	44.3
Prepaid tooling, notes receivable, and other	79.8	78.5
Total current assets	<u>610.2</u>	<u>564.5</u>
Property, plant, and equipment, net	554.5	535.3
Goodwill	65.7	63.7
Deferred tax asset	82.2	83.0
Other assets, net	14.8	13.6
Total assets	<u>\$ 1,327.4</u>	<u>\$ 1,260.1</u>
LIABILITIES AND EQUITY		
Short-term debt and current maturities of capital lease obligations	\$ 31.8	\$ 42.0
Accounts payable	350.9	323.3
Accrued liabilities	142.5	113.9
Liabilities held for sale	17.2	17.3
Total current liabilities	<u>542.5</u>	<u>496.6</u>
Long-term debt, net of current maturities	344.2	344.7
Deferred tax liability	4.9	4.8
Pension liability	45.6	47.8
Other non-current liabilities	98.6	96.3
Total non-current liabilities	<u>493.4</u>	<u>493.6</u>
Total liabilities	<u>1,035.8</u>	<u>990.2</u>
Stockholders' equity:		
Common stock	0.2	0.2
Additional paid in capital	345.0	344.2
Treasury stock	(36.9)	(36.4)
Accumulated surplus	40.7	29.7
Accumulated other comprehensive loss	(57.4)	(67.8)
Total stockholders' equity	<u>291.6</u>	<u>269.9</u>
Total liabilities and stockholders' equity	<u>\$ 1,327.4</u>	<u>\$ 1,260.1</u>

Consolidated Statement of Cash Flows

(in \$ millions)



	Three Months Ended Mar. 31,	
	2018	2017
OPERATING ACTIVITIES:		
Net income	\$ 17.3	\$ 17.4
Less: Income from discontinued operations, net of tax	0.9	1.4
Income from continuing operations	<u>16.4</u>	<u>16.1</u>
Adjustments required to reconcile income from continuing operations to net cash used in continuing operating activities:		
Deferred income tax provision	\$ 3.2	\$ 4.0
Depreciation and amortization	21.4	17.8
Non-cash share-based compensation	0.7	0.5
Pension income, net of contributions	(2.2)	(2.4)
Change in working capital and other operating items	(55.6)	(84.4)
Net cash used in continuing operating activities	<u>\$ (16.2)</u>	<u>\$ (48.4)</u>
INVESTING ACTIVITIES:		
Cash disbursed for purchases of property, plant, and equipment, net	\$ (28.9)	\$ (23.9)
Net cash used in continuing investing activities	<u>\$ (28.9)</u>	<u>\$ (23.9)</u>
FINANCING ACTIVITIES:		
Proceeds from borrowings	\$ 4.0	\$ 236.7
Repayments of borrowings	(16.0)	(192.4)
Original issuance discount	-	(1.8)
Debt financing costs	-	(4.1)
Dividend payment to Tower shareholders	(2.5)	(2.2)
Proceeds from stock options exercised	0.1	0.9
Purchase of treasury stock	(0.5)	(0.8)
Net cash provided by / (used in) continuing financing activities	<u>\$ (14.8)</u>	<u>\$ 36.4</u>
Discontinued operations:		
Net cash from / (used in) discontinued operating activities	\$ 1.6	\$ (0.6)
Net cash used in discontinued investing activities	(1.2)	(0.4)
Net cash from / (used in) discontinued financing activities	(0.5)	0.5
Net cash used in discontinued operations	<u>\$ (0.1)</u>	<u>\$ (0.5)</u>
Effect of exchange rate changes on continuing cash and cash equivalents	<u>\$ 1.9</u>	<u>\$ 1.2</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>\$ (58.1)</u>	<u>\$ (35.2)</u>
CASH AND CASH EQUIVALENTS:		
Beginning of period	<u>\$ 123.7</u>	<u>\$ 62.8</u>
End of period	<u>\$ 65.6</u>	<u>\$ 27.5</u>

Reconciliation of Net Income to Adjusted EBITDA

(in \$ millions)



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

See slide 16 for comments regarding non-GAAP financial measures.

Certain Items Included in Q1 Net Income

(in \$ millions)

	After tax		Before tax	
	Three Months Ended		Three Months Ended	
	Mar. 31,		Mar. 31,	
	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	(0.8)	(2.2)	(1.1)	(3.5)
<i>Interest expense</i>				
Mark-to-market gain on derivative financial instruments	-	2.7	-	4.3
<i>Other expense</i>				
Debt refinancing costs	-	(0.4)	-	(0.6)
<i>Discontinued operations</i>				
Income from discontinued operations	0.9	1.4	0.9	1.4
<i>Noncontrolling interests</i>				
Net income attributable to noncontrolling interests*	-	(0.1)	-	(0.1)
Total items included in net income, net of tax	<u>\$ 0.1</u>	<u>\$ 1.4</u>		
Net income attributable to Tower International, Inc.	\$ 17.3	\$ 17.3		
Memo: Average shares outstanding (in thousands)				
Basic	20,557	20,425		
Diluted	20,952	20,820		
Income per common share (GAAP)				
Basic	\$ 0.84	\$ 0.85		
Diluted	0.83	0.83		
Diluted adjusted earnings per share (non-GAAP)	\$ 0.82	\$ 0.76		

* Amounts attributable to noncontrolling interests of discontinued operations

See slide 16 for comments regarding non-GAAP financial measures.

Free Cash Flow Reconciliation to GAAP

(in \$ millions)



	Three Months Ended Mar. 31,	
	2018	2017
Net cash provided by continuing operating activities*	\$ (16.2)	\$ (48.4)
Cash disbursed for purchases of PP&E, net*	(28.9)	(23.9)
Free cash flow	<u>\$ (45.1)</u>	<u>\$ (72.3)</u>

*From GAAP Consolidated Statement of Cash Flows

See slide 16 for comments regarding non-GAAP financial measures.

Industry Volume Assumptions

(Car and light truck production in millions)

	<u>Actual</u> <u>2017</u>	<u>2018</u>					<u>2019</u>	<u>2020</u>
		<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>Total</u>		
<u>2018 Outlook (IHS 4/18)</u>								
Europe	22.2	5.9	6.0	5.1	5.8	22.7	22.8	23.0
North America	17.1	4.4	4.5	4.1	4.2	17.2	17.4	17.4
<u>Y/Y % Change</u>								
Europe	3.1 %	(0.1)%	4.9 %	3.4 %	1.2 %	2.3 %	0.6 %	0.5 %
North America	(4.3)%	(2.7)%	1.3 %	4.5 %	1.3 %	1.0 %	0.8 %	0.1 %