

THIRD QUARTER 2018 RESULTS & OUTLOOK FOR 2018

OCTOBER 29, 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 positioning, prospects and the outlook for net-new business, tariffs, 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.

Q3 2018 Key Takeaways

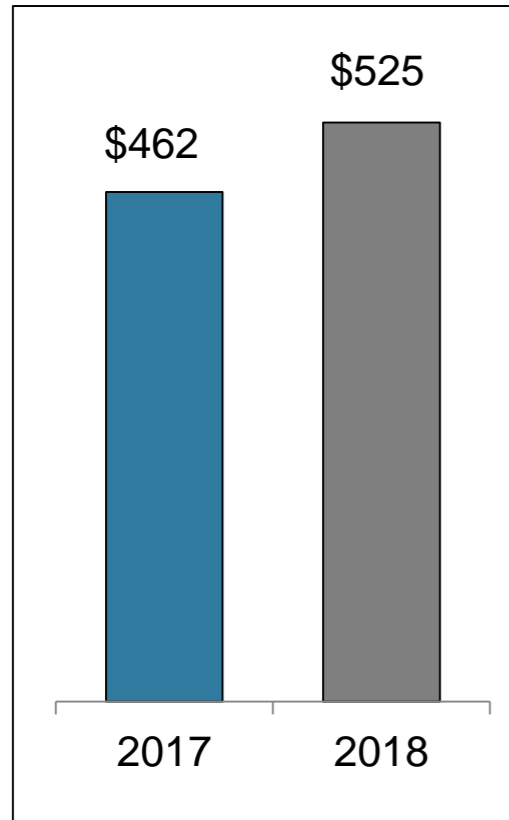
- Third Quarter results in-line with outlook.
- Revenue increased \$63 million, up 14 percent, from previous year benefiting from net new business in North America.
- In the quarter, North American revenue increased 20 percent while industry production increased by 2 percent.
- Adjusted EBITDA increased 18 percent to \$57.1 million.
- Free Cash Flow was positive for the quarter.
- Paid down \$50 million of Term Loan debt in July.
- Increased quarterly dividend to \$0.13 per share which represents a 30% increase since its inception

Third Quarter Financials - - 2018 vs. 2017

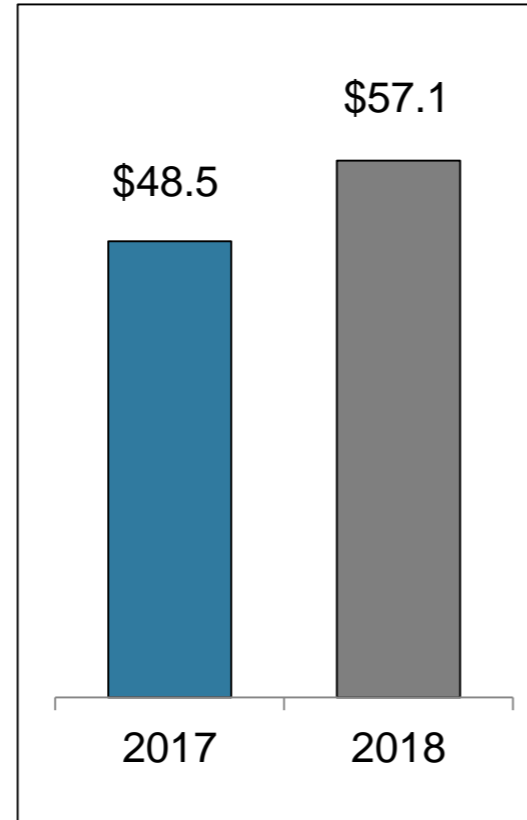
Total Company

(in \$ millions, except EPS)

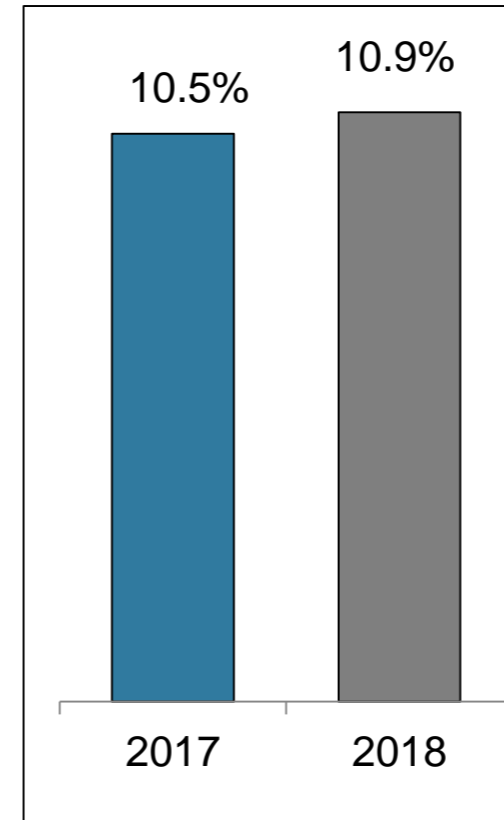
Revenue
(Up 14%)



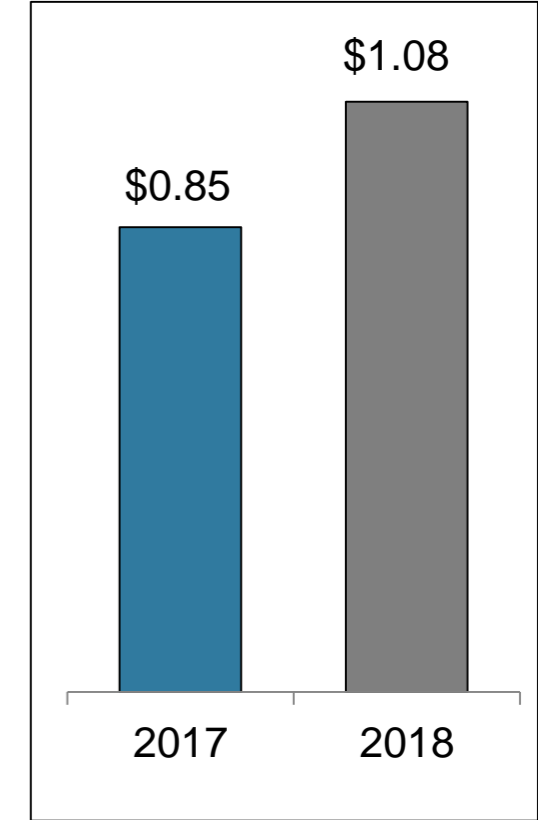
Adjusted EBITDA
(Up 18%)



EBITDA Margin
(40 bps)



Adjusted EPS
(Up 27%)



Revenue, Adjusted EBITDA and Adjusted EPS all increased significantly from 2017 – EBITDA Margin improved by 40 basis points.

Third Quarter 2018 Free Cash Flow

(in \$ millions)

Adjusted EBITDA	\$ 57
Capital Expenditures	(25)
Cash Interest	(5)
Cash Taxes	(3)
Pension Contributions	(3)
Working Capital & Other (ex-tooling)	13
Customer Tooling	<u>(16)</u>
Total Free Cash Flow	<u>\$ 18</u>

Free Cash Flow was positive for the quarter even though customer tooling was an outflow.

Q3 Results Compared with July Outlook

(in \$ millions, except EPS)

	<u>Actual</u>	<u>B / (W) Than Outlook</u>
Revenue	\$ 525	\$ -
Adjusted EBITDA	\$ 57.1	\$ 0.1
EBITDA Margin	10.9%	Even
Adjusted EPS	\$ 1.08	\$ 0.04

Achieved Outlook in the face of lower than expected industry production volumes.

Debt, Leverage, and Liquidity

(in \$ millions,)

	<u>Sep. 30, 2018</u>	<u>B/(W) Than</u>	
		<u>Sep. 30, 2017</u>	<u>Dec. 31, 2017</u>
<u>Net Debt</u>			
Gross Debt	\$ 317	\$ 87	\$ 69
Cash	<u>(47)</u>	<u>4</u>	<u>(76)</u>
Net Debt	<u>\$ 270</u>	<u>\$ 91</u>	<u>\$ (7)</u>
<u>Debt-to-LTM Adj. EBITDA</u>			
Gross	1.4X	0.6X	0.5X
Net	1.2X	0.6X	0.1X
<u>Liquidity</u>	\$ 290	\$ 27	\$(79)
Memo:			
Lease Related Debt Not Included Above	\$ 143	\$ (82)	\$ (71)

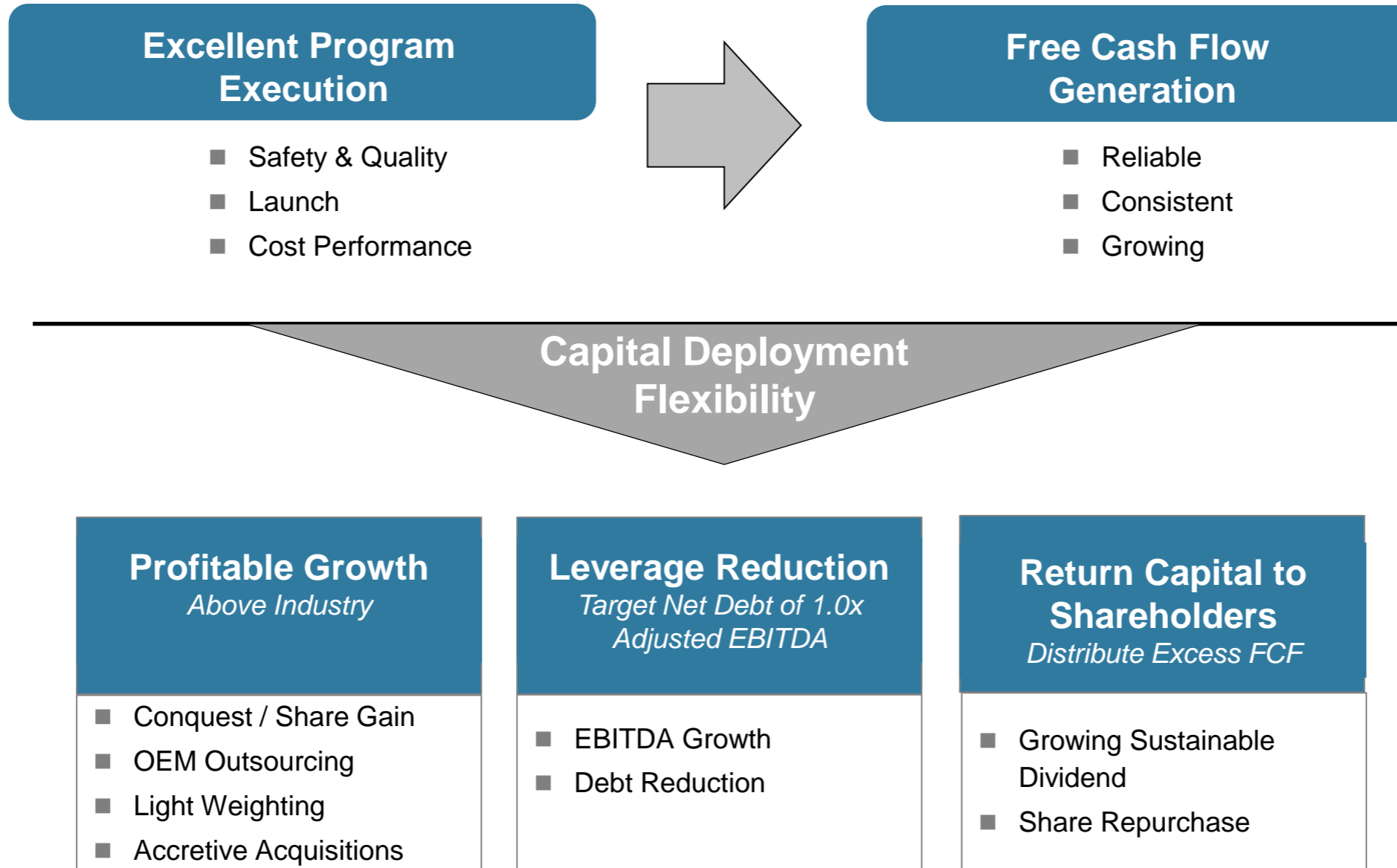
See Appendix for comments regarding non-GAAP financial measures.

Present 2018 Outlook

(in \$ millions, except EPS)

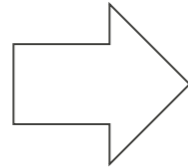
	Q4	Full Year		
		Amount	B/(W) 2017	% Change
Revenue	\$ 526	\$2,170	\$ 182	9%
Adjusted EBITDA	\$61.6	\$ 230	\$ 22	11%
Adj. EBITDA Margin	11.7%	10.6%	+ 15 bps	
Adjusted EPS	\$1.20	\$ 4.20	\$ 0.44	12%
Free Cash Flow	\$ 68	\$ 50	\$ (11)	

See Appendix for comments regarding non-GAAP financial measures.



Profitable Growth *Above Industry*

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



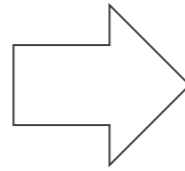
- Tower continues to grow well in excess of the market.
- For the first nine months of 2018, Tower's North America revenue **increased by 17 percent** from a year ago to \$1.15 billion while industry production decreased by 1 percent.
- Programs contributing to the increase include:
 - Jeep Wrangler
 - Ford Expedition and Lincoln Navigator
 - BMW X3, X4, X5
 - Toyota Camry & Avalon and Lexus ES

Flexible Capital Deployment

Leverage Reduction

*Target Net Debt of 1.0x
Adjusted EBITDA*

- EBITDA Growth
- Debt Reduction

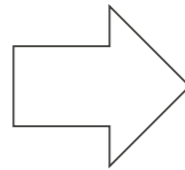


- Last Twelve Months Adjusted EBITDA of \$229 Million up from \$208 for FY2017. Net debt of 1.2X as of quarter-end near long-term target of 1.0X.
- Paid down \$50 million on Term Loan in 3Q18.
- More than half of Tower's debt is now fixed rate and leasing has helped retain liquidity.
- Fourth quarter expected FCF will further improve leverage and liquidity.

Return Capital to Shareholders

Distribute Excess FCF

- Growing Sustainable Dividend
- Share Repurchase



- Nearly \$50 million has been returned to shareholders through quarterly dividends and share repurchases.
- Increased quarterly dividend to \$0.13 per share, marking the third increase in as many years.
- More than \$80 million of share repurchase remaining on existing authorization.

Topics	Impact on Tower
Steel and Alum. Tariffs	Largely pass through -- marginal annual impact of \$3 to \$5 million in costs
Light Trucks and SUV production up 5% YTD	Tower NA revenue is expected to be 85% Trucks and SUVs in 2018 and higher thereafter
Late in Auto Cycle	Tower's net-new business of \$350 million from 2018-20 is a buffer to industry declines
China Auto Sales Concerns	Tower has no China exposure
Earnings concerns in the sector	Tower has maintained 2018 Outlook throughout the year
WLTP (Vehicle testing)	Mainly timing issues for select European customers -- no impact on Tower's Outlook
NAFTA / USMCA	Minimal, Tower has 1 facility in Mexico with about \$50 million of revenue

Tower is largely insulated from many of the current issues facing the industry.

Final Thoughts

- We delivered solid results for the third quarter for both Earnings and Free Cash Flow, and remain focused on safely executing the upcoming launches to provide our customers high quality products within our cost estimates.
- Maintaining our Full-Year Outlook for Revenue, Adjusted EBITDA and Free Cash Flow – outlook for Adjusted EPS raised slightly.
- Tower is well positioned to continue to grow revenue in excess of production volume changes.
- We remain focused on increasing free cash flow, to allow for continued profitable growth, the reduction of leverage and return capital to our shareholders - as evidenced by the \$50 million Term Loan debt pay down and increased dividend this quarter.

// 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)



	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues	\$ 524.6	\$ 462.4	\$ 1,644.1	\$ 1,449.9
Cost of sales	462.9	404.3	1,458.5	1,274.4
Gross profit	61.6	58.0	185.5	175.5
Selling, general, and administrative expenses	30.0	29.7	93.1	87.9
Amortization expense	0.1	0.1	0.3	0.3
Restructuring and asset impairment charges, net	0.5	1.1	2.3	8.4
Operating income	31.1	27.1	89.8	78.8
Interest expense	6.0	5.7	16.5	7.9
Interest income	0.1	0.1	0.4	0.2
Net periodic benefit income	0.6	0.7	1.7	1.7
Other expense	-	-	1.0	0.6
Income before provision for income taxes and income from discontinued operations	25.7	22.2	74.4	72.2
Provision for income taxes	4.0	8.0	14.6	22.2
Income from continuing operations	21.7	14.2	59.8	50.0
Income from discontinued operations, net of tax	0.9	0.7	2.4	1.6
Net income	22.6	14.9	62.3	51.6
Less: Net income attributable to the noncontrolling interests	-	-	-	0.1
Net income attributable to Tower International, Inc.	\$ 22.6	\$ 14.9	\$ 62.3	\$ 51.5

Balance Sheet

(in \$ millions)

	September 30, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	\$ 47.7	\$ 123.7
Accounts receivable, net of allowance of \$1.4 and \$1.4	281.0	239.3
Inventories	93.7	78.7
Assets held for sale	28.7	44.3
Prepaid tooling, notes receivable, and other	48.2	78.5
Total current assets	<u>499.3</u>	<u>564.5</u>
Property, plant, and equipment, net	547.1	535.3
Goodwill	62.2	63.7
Deferred tax asset	74.4	83.0
Other assets, net	27.8	13.6
Total assets	<u>\$ 1,210.8</u>	<u>\$ 1,260.1</u>
LIABILITIES AND EQUITY		
Short-term debt and current maturities of capital lease obligations	\$ 23.1	\$ 42.0
Accounts payable	303.0	323.3
Accrued liabilities	121.5	113.9
Liabilities held for sale	12.7	17.3
Total current liabilities	<u>460.4</u>	<u>496.6</u>
Long-term debt, net of current maturities	294.3	344.7
Deferred tax liability	4.6	4.8
Pension liability	39.7	47.8
Other non-current liabilities	93.8	96.3
Total non-current liabilities	<u>432.5</u>	<u>493.6</u>
Total liabilities	<u>892.9</u>	<u>990.2</u>
Stockholders' equity:		
Common stock	0.2	0.2
Additional paid in capital	346.9	344.2
Treasury stock	(36.9)	(36.4)
Retained earnings	80.7	29.7
Accumulated other comprehensive loss	(73.1)	(67.8)
Total stockholders' equity	<u>317.9</u>	<u>269.9</u>
Total liabilities and stockholders' equity	<u>\$ 1,210.8</u>	<u>\$ 1,260.1</u>

Consolidated Statement of Cash Flows

(in \$ millions)



TOWER INTERNATIONAL, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Amounts in thousands - unaudited)

	Three Months Ended September		Nine Months Ended September 30,	
	2018	2017	2018	2017
OPERATING ACTIVITIES:				
Net income	\$ 22.6	\$ 14.9	\$ 62.3	\$ 51.6
Less: Income from discontinued operations, net of tax	0.9	0.7	2.4	1.6
Income from continuing operations	21.7	14.2	59.8	50.0
Adjustments required to reconcile income from continuing operations to net cash used in continuing operating activities:				
Deferred income tax provision	\$ 2.2	\$ 5.4	\$ 9.3	\$ 15.4
Depreciation and amortization	20.3	18.3	62.5	54.9
Non-cash share-based compensation	0.9	0.6	2.5	1.7
Pension income, net of contributions	(3.4)	(5.1)	(8.1)	(9.9)
Change in working capital and other operating items	1.4	12.7	(50.5)	(76.1)
Net cash provided by continuing operating activities	\$ 43.1	\$ 46.2	\$ 75.6	\$ 35.9
INVESTING ACTIVITIES:				
Cash disbursed for purchases of property, plant, and equipment, net	\$ (25.2)	\$ (32.5)	\$ (93.8)	\$ (76.7)
Proceeds from disposition of joint venture, net	-	-	4.3	15.9
Net proceeds from sale of property, plant, and equipment	14.9	-	14.9	-
Net cash used in continuing investing activities	\$ (10.3)	\$ (32.5)	\$ (74.6)	\$ (60.7)
FINANCING ACTIVITIES:				
Proceeds from borrowings	\$ 92.5	\$ 162.1	\$ 137.7	\$ 535.9
Repayments of borrowings	(97.2)	(186.0)	(156.4)	(522.0)
Repayments on Term Loan Credit Facility	(50.0)	-	(50.0)	-
Debt financing costs	-	-	-	(4.7)
Original issuance discount	-	-	-	(1.8)
Dividend payment to Tower shareholders	(2.5)	(2.3)	(7.4)	(6.8)
Proceeds from stock options exercised	-	-	0.3	1.1
Purchase of treasury stock	-	-	(0.5)	(0.8)
Net cash provided by / (used in) continuing financing activities	\$ (57.1)	\$ (26.1)	\$ (76.4)	\$ 0.9
Discontinued operations:				
Net cash from / (used in) discontinued operating activities	\$ 2.9	\$ (0.4)	\$ 7.3	\$ (0.3)
Net cash used in discontinued investing activities	(0.8)	(0.2)	(2.8)	(1.3)
Net cash from / (used in) discontinued financing activities	(1.7)	0.2	(2.6)	1.1
Net cash used in discontinued operations	\$ 0.5	\$ (0.4)	\$ 1.9	\$ (0.4)
Effect of exchange rate changes on continuing cash and cash equivalents	\$ (0.5)	\$ 1.7	\$ (2.5)	\$ 5.2
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ (24.4)	\$ (11.2)	\$ (75.9)	\$ (19.2)
CASH AND CASH EQUIVALENTS:				
Beginning of period	\$ 72.1	\$ 54.8	\$ 123.7	\$ 62.8
End of period	\$ 47.7	\$ 43.6	\$ 47.7	\$ 43.6

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	Third Quarter
Net income / (loss) attributable to Tower International, In	\$ 17.3	\$ 19.2	\$ 14.9	\$ (3.9)	\$ 47.6	\$ 17.3	\$ 22.4	\$ 22.6
Restructuring and asset impairments charges, net	3.9	3.3	1.1	2.4	10.7	1.5	0.3	0.5
Depreciation and amortization	17.8	18.8	18.3	22.4	77.3	21.4	20.8	20.3
Lease expense	-	-	-	-	-	2.5	2.5	2.4
Acquisition costs and other	0.1	0.2	0.1	0.1	0.5	0.1	0.2	0.1
Long-term compensation expense	0.9	1.9	1.8	1.4	6.0	1.6	1.7	2.7
Interest expense, net	0.4	1.7	5.6	5.7	13.4	5.0	5.1	6.0
Net periodic benefit income	(0.5)	(0.5)	(0.6)	(0.6)	(2.2)	(0.6)	(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	4.0
Income / (loss) from discontinued operation	(1.4)	0.5	(0.7)	(0.3)	(1.9)	(0.8)	(0.7)	(0.9)
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	\$ 57.1

See slide 15 for comments regarding non-GAAP financial measures.

Certain Items Included in Third Quarter Net Income

(in \$ millions)

	After tax		Before tax	
	Three Months Ended		Three Months Ended	
	September 30,		September 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	\$ (0.3)	\$ (0.4)	\$ (0.4)	\$ (0.7)
<i>Interest expense</i>				
Acceleration of the amortization of debt issue costs and OID	(0.7)	-	(1.0)	-
Mark-to-market loss on derivative financial instruments	-	(0.6)	-	(1.0)
<i>Provision for income taxes</i>				
Establishment of valuation allowance	-	(2.4)	-	(2.4)
<i>Discontinued operations</i>				
Income from discontinued operations	0.9	0.7	0.9	0.7
Total items included in net income, net of tax	<u>\$ (0.1)</u>	<u>\$ (2.8)</u>		
Net income attributable to Tower International, Inc.	\$ 22.6	\$ 14.9		
Memo: Average shares outstanding (in thousands)				
Basic	20,605	20,522		
Diluted	21,036	20,787		
Income per common share (GAAP)				
Basic	\$ 1.10	\$ 0.73		
Diluted	1.07	0.72		
Diluted adjusted earnings per share (non-GAAP)	\$ 1.08	\$ 0.85		

See slide 15 for comments regarding non-GAAP financial measures.

Certain Items Included in YTD Net Income

(in \$ millions)

	After tax		Before tax	
	Nine Months Ended		Nine Months Ended	
	September 30,		September 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	\$ (1.7)	\$ (4.6)	\$ (2.1)	\$ (7.3)
<i>Interest expense</i>				
Acceleration of the amortization of debt issue costs and OI	(0.7)	-	(1.0)	-
Mark-to-market loss on derivative financial instruments	-	3.7	-	5.9
<i>Other expense</i>				
Premium and other fees for re-pricing of Term Loan	(0.7)	-	(1.0)	-
Debt refinancing costs	-	(0.4)	-	(0.6)
<i>Provision for income taxes</i>				
Establishment of valuation allowance	-	(2.4)	-	(2.4)
<i>Discontinued operations</i>				
Income from discontinued operations	2.4	4.2	2.4	4.2
Loss of sale of Wuhu Joint Venture	-	(2.6)	-	(2.6)
<i>Noncontrolling interests</i>				
Net income attributable to noncontrolling interests*	-	(0.1)	-	(0.1)
Total items included in net income, net of tax	<u>\$ (0.7)</u>	<u>\$ (2.3)</u>		
Net income attributable to Tower International, Inc.	\$ 62.3	\$ 51.5		
Memo: Average shares outstanding (in thousands)				
Basic	20,587	20,486		
Diluted	20,992	20,804		
Income per common share (GAAP)				
Basic	\$ 3.02	\$ 2.51		
Diluted	2.97	2.48		
Diluted adjusted earnings per share (non-GAAP)	\$ 3.00	\$ 2.58		

* Amounts attributable to noncontrolling interests of discontinued operations

See slide 15 for comments regarding non-GAAP financial measures.

Free Cash Flow Reconciliation to GAAP

(in \$ millions)



	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net cash used in continuing operating activities*	\$ 43.1	\$ 46.2	\$ 75.6	\$ 35.9
Cash disbursed for purchases of PP&E, net*	(25.2)	(32.5)	(93.8)	(76.7)
Free cash flow	<u>\$ 17.9</u>	<u>\$ 13.6</u>	<u>\$ (18.2)</u>	<u>\$ (40.8)</u>

*From GAAP Consolidated Statement of Cash Flows

See slide 15 for comments regarding non-GAAP financial measures.

Industry Volume Assumptions

(Car and light truck production in millions)

	<u>Actual 2017</u>	<u>Q1</u>	<u>Q2</u>	<u>2018</u>			<u>2019</u>	<u>2020</u>
				<u>Q3</u>	<u>Q4</u>	<u>Total</u>		
<u>2018 Outlook (IHS 10/18)</u>								
Europe	22.1	5.9	6.0	4.7	5.7	22.2	22.5	22.6
N. America	17.1	4.4	4.4	4.0	4.2	17.0	17.1	16.8
<u>Y/Y % Change</u>								
Europe	3.1%	0.5%	4.5%	-5.0%	-0.4%	0.0%	1.0%	0.7%
N. America	-4.3%	-3.3%	-2.2%	2.0%	3.0%	-0.3%	0.8%	-1.8%