Second Quarter 2014 Results

July 31, 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 divestures; 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

- **Second Quarter earnings exceeded our expectations / guidance**.
  – About half of the good news reflected revised launch cost calendarization and currency translation.
  – Higher customer production in North America and Europe contributed the remaining improvement vs. guidance in revenue and earnings.
  – As expected, net cost performance was unfavorable vs. a year ago, reflecting a different quarterly cadence for commercial arrangements, manufacturing productivity, and launch cost.

- **Full year guidance is commensurately raised** for revenue, earnings, and adjusted free cash flow.

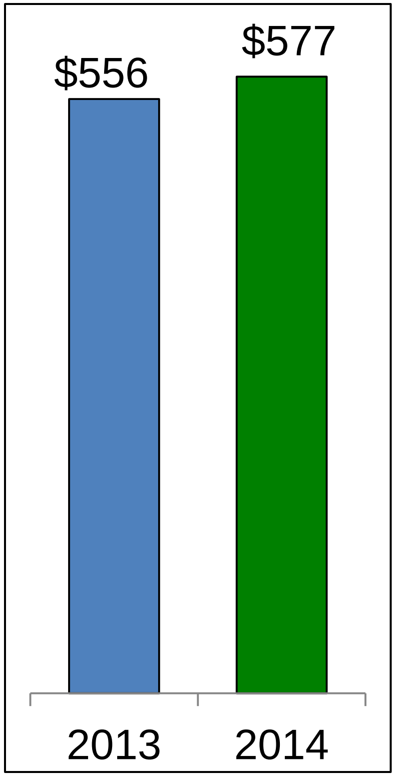
- **Tower's cash-flow business model target for 2016 is raised to 4% of revenue.**

See Appendix for comments regarding non-GAAP financial measures.

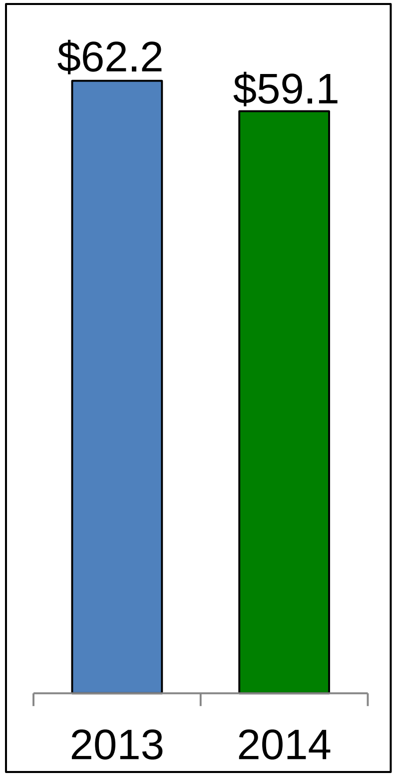
Total Company
Second Quarter Financials - - 2014 vs. 2013

(in $ millions, except EPS)

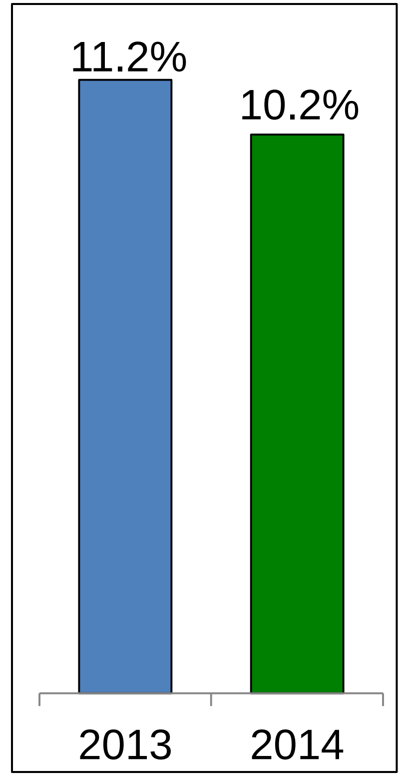
Revenue



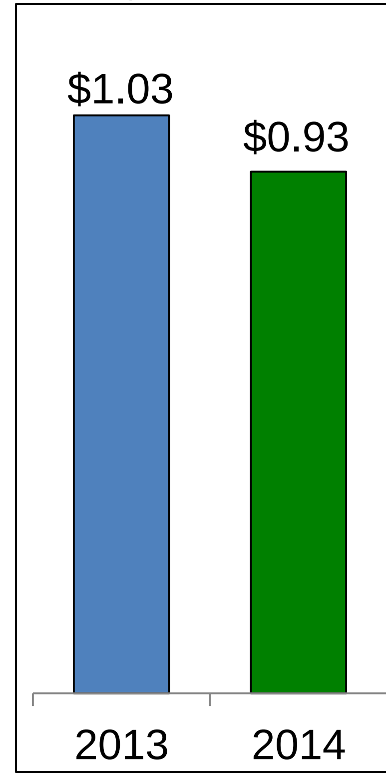
Adjusted EBITDA



Adj. EBITDA Margin



Adjusted EPS



See Appendix for comments regarding non-GAAP financial measures.

Total Company
Q2 2014 Adjusted EBITDA Compared With 2013

(in $ millions)

- **Volume and mix was favorable vs. a year ago in North America and Europe, and unfavorable in Brazil.**
- **Favorable currency translation reflected the Euro.**
- **As expected, net cost performance was unfavorable this quarter, reflecting a different cadence of commercial and cost factors.**

See Appendix for comments regarding non-GAAP financial measures.

Second Quarter 2014 Adjusted Free Cash Flow

(in $ millions)

	Q2 2014
Adjusted EBITDA	$ 59
Capital Expenditures	(20)
Cash Interest	(6)
Cash Taxes	0
Working Capital & Other (ex-tooling)	(38)
Adjusted Free Cash Flow	**$ (5)**
Customer Tooling*	(9)
Total Free Cash Flow	$(14)

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* 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 slightly negative in Q2, reflecting working capital seasonality (including annual incentive compensation payments for 2013).

See Appendix for comments regarding non-GAAP financial measures.

Quarter-End Net Debt, Leverage, & Liquidity

(in $ millions)

	June 30, 2014	B/(W) Than June 30, 2013
Net Debt		
Cash	$ 169	$ 51
Gross Debt	(542)	17
Net Debt	$ (373)	$ 68
Debt-to-LTM Adj. EBITDA		
Gross	2.6X	0.1X
Net	1.8X	0.4X
Liquidity	$ 348	$ 132
S&P Corporate Rating	BB-	"+1" (vs B+)

Quarter-end net debt leverage was 1.8X, with strong liquidity.

See Appendix for comments regarding non-GAAP financial measures.

Outlook for Third Quarter and Full Year

(in $ millions, except EPS)

	Third Quarter	Full Year: Present Outlook	Full Year: Present Better Than Prior
Revenue	$ 530	$2,200 - $2,225	$25 - $50
Adjusted EBITDA	$ 50	$217 - $220	$ 2 - $5
Adjusted EPS	$ 0.60	$2.95 - $3.05	$0.05 - $0.15
Adjusted Free Cash Flow		$25	$5
- Excluding Conquest/Mexico		$60	$5

- **Compared with our prior outlook, we anticipate higher full year revenue being converted into higher earnings and free cash flow.**
- **The outlook for Q3 includes present customer schedules for Tower-content vehicles and expected launch-cost calendarization.**

See Appendix for comments regarding non-GAAP financial measures.

Free Cash Flow Business Model
Target Roadmap to 4% of Revenue in 2016

	Present Business Model	Targeted Improvement	2016 Target Business Model
Adjusted EBITDA	10%		
Capital Expenditures	(4)%		
Adjusted EBITDA Less Capex	6%	+0.5 Pts.	6.5%
Interest Expense	(1.5)	+0.5 Pts.	(1.0)
All Other*	(1.5)	-	(1.5)
Free Cash Flow	3%	+1%	4%
Customer-Owned Tooling**	-	-	-
Adjusted Free Cash Flow	3%	+1%	4%

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* Includes cash taxes, pension contributions, working capital, and other.

**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.

- **Focusing on free cash flow keeps us disciplined regarding product pricing and margins, as well as determining and prioritizing affordable capital expenditures.**
- **With anticipated further improvement in Adjusted EBITDA less Capex and lower interest expense, we are increasing our business model target for adjusted free cash flow by another point, to 4% of revenue in 2016.**

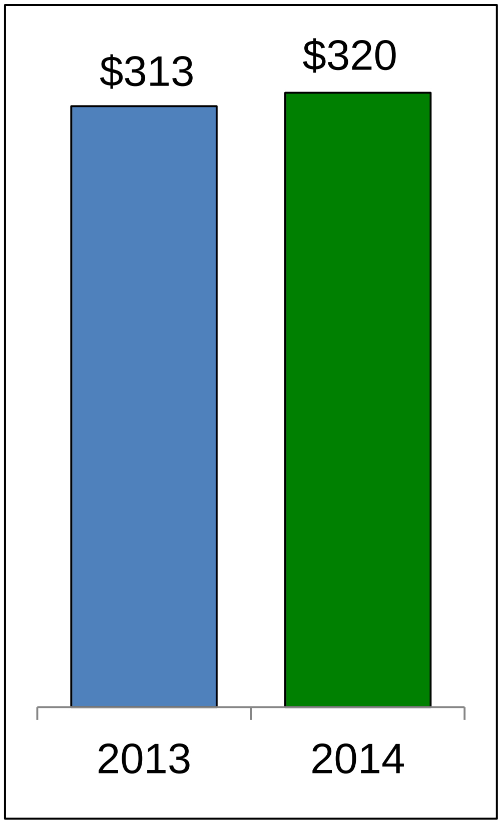
See Appendix for comments regarding non-GAAP financial measures.

APPENDIX

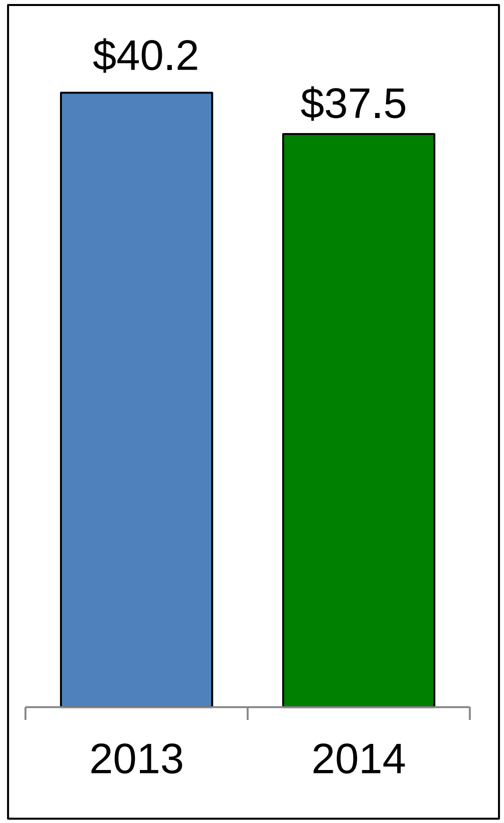
Americas Segment - - Q2 2014 vs. Q2 2013

(in $ millions)

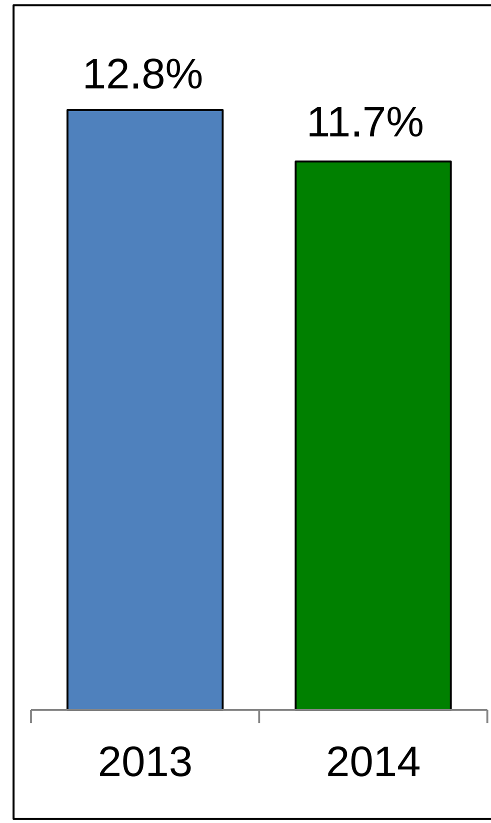
Revenue



Adjusted EBITDA



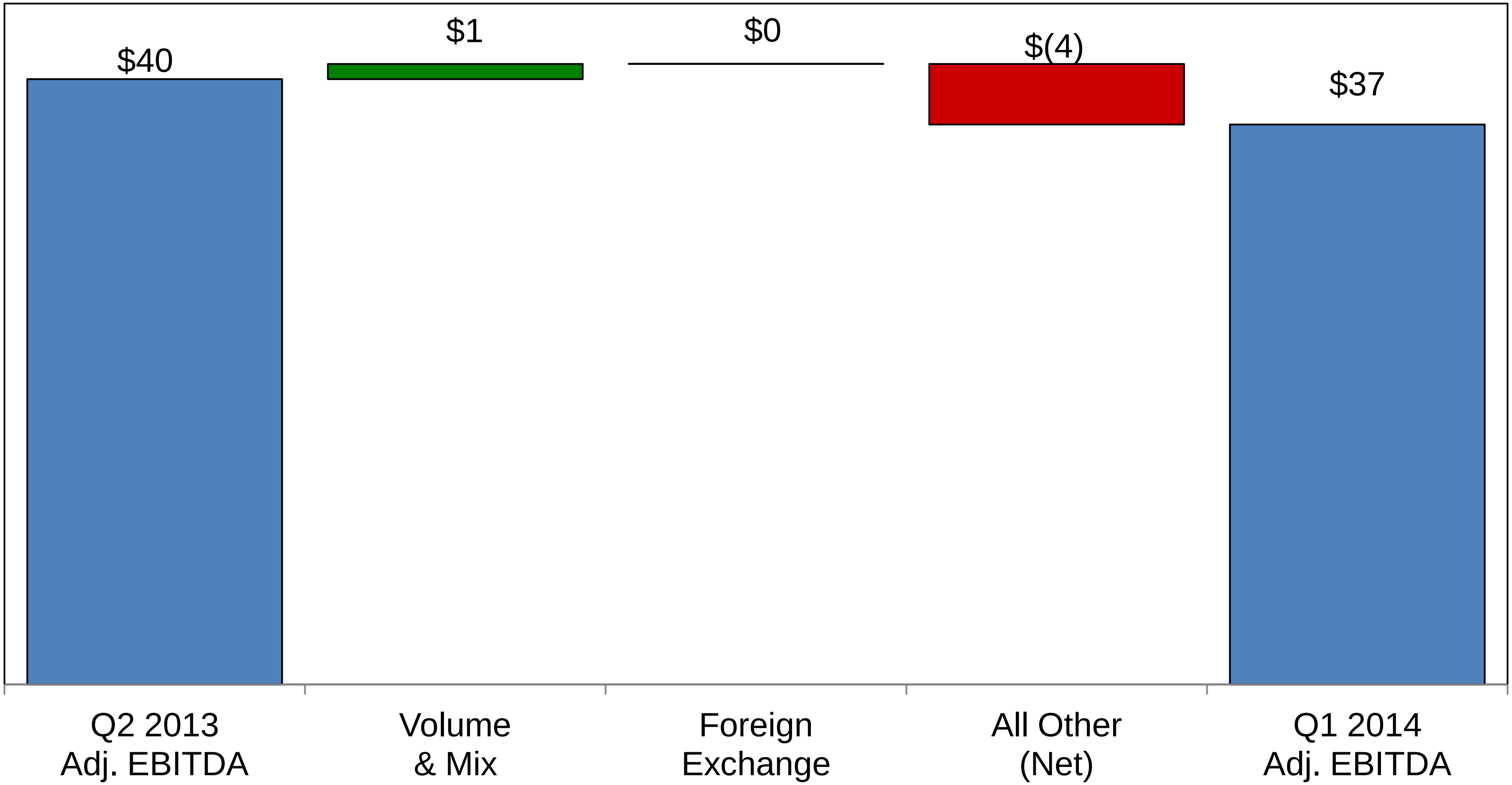
Adjusted EBITDA Margin



See slide 18 for comments regarding non-GAAP financial measures.

Americas
Q2 2014 Adjusted EBITDA Compared With Q2 2013

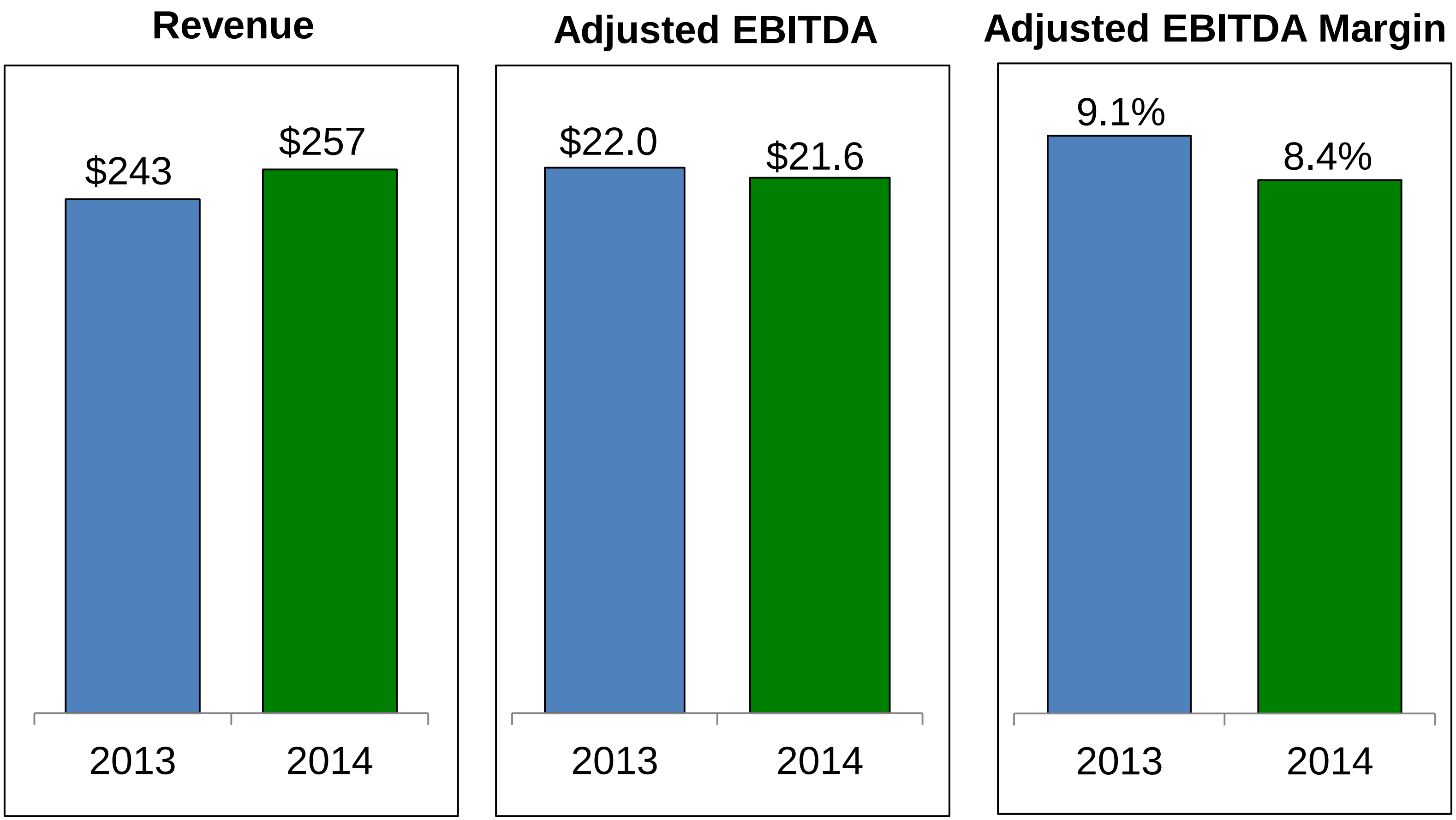
(in $ millions)



See slide 18 for comments regarding non-GAAP financial measures.

International Segment - - Q2 2014 vs. Q2 2013

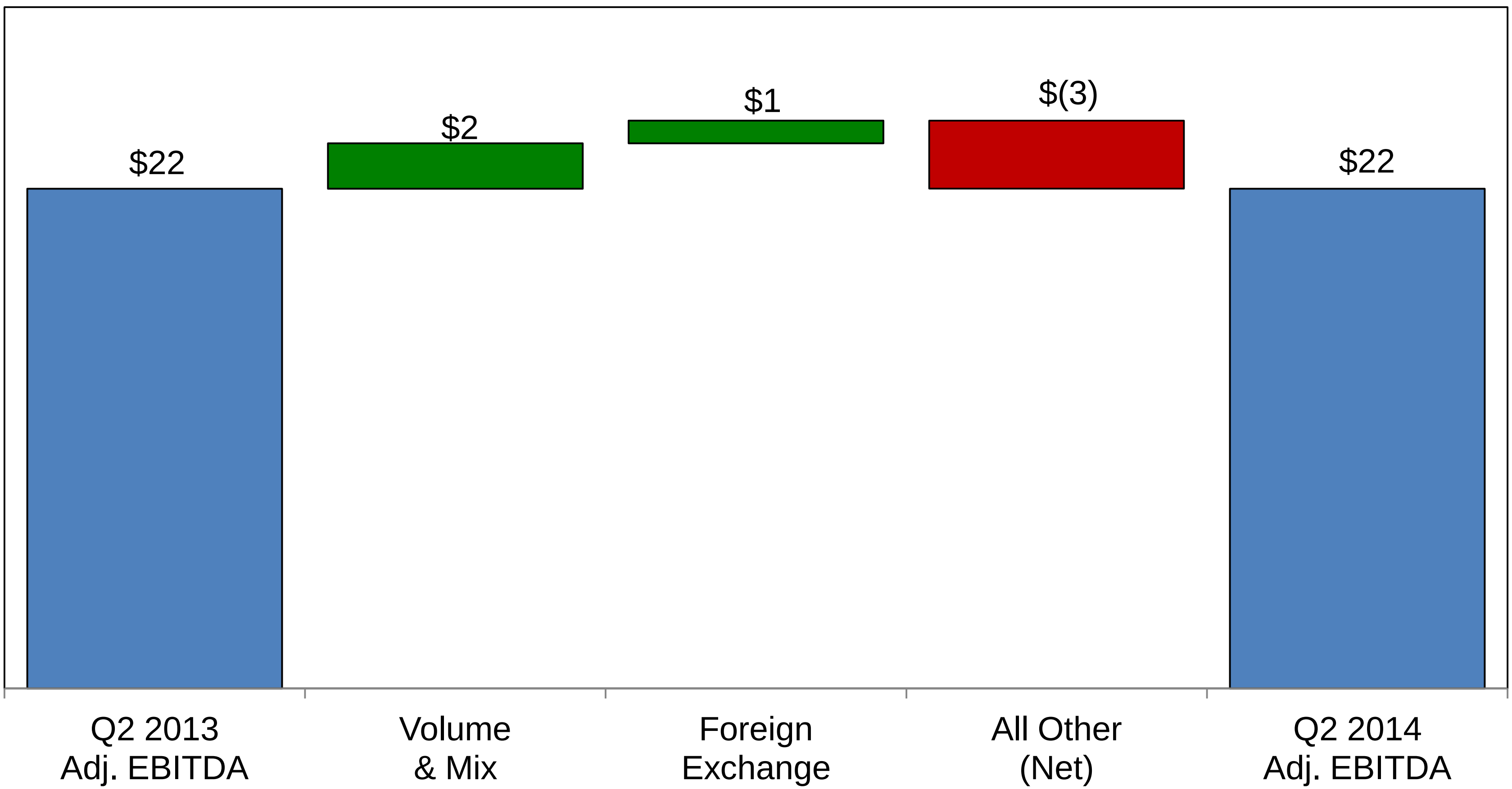
(in $ millions)



See slide 18 for comments regarding non-GAAP financial measures.

International
Q2 2014 Adjusted EBITDA Compared With Q2 2013

(in $ millions)



See slide 18 for comments regarding non-GAAP financial measures.

Income Statement

TOWER INTERNATIONAL

(in $ millions)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Revenues	$ 576.6	$ 555.9	$ 1,124.9	$ 1,090.0
Cost of sales	512.2	486.4	998.7	962.5
Gross profit	64.4	69.5	126.2	127.5
Selling, general, and administrative expenses	31.8	33.6	66.2	66.9
Amortization expense	0.7	0.7	1.3	1.5
Restructuring and asset impairment charges, net	4.7	14.6	6.1	17.3
Operating income	27.2	20.6	52.6	41.8
Interest expense	7.4	21.5	14.6	35.0
Interest income	0.4	0.3	0.6	0.6
Other expense	-	40.9	0.1	40.9
Income / (loss) before provision for income taxes and equity in loss of joint venture	20.2	(41.5)	38.5	(33.5)
Provision for income taxes	3.0	3.6	5.9	7.1
Equity in loss of joint venture, net of tax	(0.2)	(0.2)	(0.3)	(0.2)
Net income / (loss)	17.0	(45.3)	32.2	(40.8)
Less: Net income / (loss) attributable to the noncontrolling interests	0.9	(0.2)	1.3	1.7
Net income / (loss) attributable to Tower International, Inc.	$ 16.1	$ (45.1)	$ 31.0	$ (42.6)

Balance Sheet

(in $ millions)

	Jun. 30, 2014	Dec. 31, 2013
ASSETS		
Cash and cash equivalents	$ 169.2	$ 134.9
Accounts receivable, net of allowance of $2 million and $2.1 million	332.3	255.7
Inventories	92.2	81.3
Deferred tax asset - current	8.6	8.6
Prepaid tooling, notes receivable, and other	53.7	44.9
Total current assets	656.0	525.4
Property, plant, and equipment, net	559.2	549.6
Goodwill	66.9	67.0
Investment in joint venture	8.0	8.6
Deferred tax asset - non-current	3.5	3.7
Other assets, net	26.5	28.7
Total assets	$ 1,320.2	$ 1,183.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt and current maturities of capital lease obligations	$ 62.3	$ 39.7
Accounts payable	335.0	262.4
Accrued liabilities	134.4	129.2
Total current liabilities	531.7	431.3
Long-term debt, net of current maturities	470.3	454.1
Obligations under capital leases, net of current maturities	9.4	10.0
Deferred tax liability - non-current	14.2	14.4
Pension liability	46.9	54.9
Other non-current liabilities	80.4	81.4
Total non-current liabilities	621.1	614.8
Total liabilities	1,152.8	1,046.1
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 June 30, 2014 and December 31, 2013	-	-
Common stock, $0.01 par value, 350,000,000 authorized, 21,359,889 issued and 20,718,883 outstanding at June 30, 2014 and 21,079,027 issued and 20,472,637 outstanding at December 31, 2013	0.2	0.2
Additional paid in capital	332.6	328.0
Treasury stock, at cost, 641,006 shares at June 30, 2014 and 606,390 shares at December 31, 2013	(9.5)	(8.6)
Accumulated deficit	(226.5)	(257.5)
Accumulated other comprehensive income	10.8	12.2
Total Tower International, Inc.'s stockholders' equity	107.6	74.4
Noncontrolling interests in subsidiaries	59.8	62.5
Total stockholders' equity	167.4	136.9
Total liabilities and stockholders' equity	$ 1,320.2	$ 1,183.0

Consolidated Statement of Cash Flows

(in $ millions)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Cash flows - operating activities				
Net income / (loss)	$ 17.0	$ (45.3)	$ 32.2	$ (40.8)
Asset impairment charges	-	10.1	-	11.0
Term Loan re-pricing fees	-	-	0.1	-
Premium on notes redemption and other fees	-	40.9	-	40.9
Deferred income tax provision	0.5	-	0.9	0.1
Depreciation and amortization	24.8	23.5	49.5	48.6
Non-cash share-based compensation	1.2	1.2	2.4	2.4
Pension income, net of contributions	(4.2)	(3.9)	(8.1)	(7.4)
Change in working capital and other operating items	(32.6)	(15.9)	(54.3)	(43.0)
Net cash provided by continuing operating activities	$ 6.7	$ 10.5	$ 22.8	$ 11.8
Cash flows - investing activities				
Cash disbursed for purchases of property, plant, and equipment	$ (20.4)	$ (15.6)	$ (34.3)	$ (30.2)
Deposit received for the sale of property, plant, and equipment	-	-	13.8	-
Investment in joint venture	-	(6.3)	(0.8)	(6.3)
Net proceeds from sale of property, plant, and equipment	-	9.1	-	9.1
Net cash used in continuing investing activities	$ (20.4)	$ (12.8)	$ (21.2)	$ (27.4)
Cash flows - financing activities				
Proceeds from borrowings	$ 36.8	$ 174.8	$ 73.8	$ 329.0
Repayments of borrowings	(40.3)	(167.3)	(71.1)	(325.7)
Proceeds from borrowings on Additional Term Loans	-	-	33.1	-
Proceeds from borrowings on Term Loan Credit Facility	-	417.9	-	417.9
Partial redemption of notes	-	(319.0)	-	(319.0)
Debt financing costs	-	(8.4)	(0.9)	(8.4)
Purchase of treasury stock	-	-	(0.9)	(0.3)
Secondary stock offering transaction costs	-	-	(0.1)	-
Premium paid on partial redemption of notes and other fees	-	(40.9)	-	(40.9)
Cash resticted for notes redemption	-	(45.2)	-	(45.2)
Proceeds from stock options exercised	1.5	1.5	2.2	1.5
Noncontrolling interest dividends	(0.4)	(4.5)	(2.5)	(4.5)
Net cash provided by / (used in) continuing financing activities	$ (2.4)	$ 9.0	$ 33.6	$ 4.4
Discontinued operations:				
Net cash from discontinued investing activities	$ -	$ (0.1)	$ -	$ 15.7
Net cash from discontinued operations	$ -	$ (0.1)	$ -	$ 15.7
Net change in cash and cash equivalents	$ (16.0)	$ 6.5	$ 35.1	$ 4.5
Cash and cash equivalents - beginning of period	185.3	111.1	134.9	113.9
Effect of exchange rate changes on cash and cash equivalents	(0.1)	0.6	(0.8)	(0.3)
Cash and cash equivalents - end of period	$ 169.2	$ 118.2	$ 169.2	$ 118.2

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	Second Quarter
Adjusted EBITDA	**$ 52.1**	**$ 62.2**	**$ 48.4**	**$ 49.6**	**$ 54.2**	**$ 59.1**
Restructuring and asset impairment charges, net	(2.7)	(14.6)	(1.6)	(2.3)	(1.4)	(4.7)
Depreciation and amortization	(25.2)	(23.5)	(22.3)	(23.8)	(24.7)	(24.9)
Acquisition costs and other	-	(0.5)	(0.4)	(0.1)	(0.1)	(0.1)
Long-term compensation expense	(1.4)	(1.8)	(1.7)	(1.7)	(2.6)	(2.2)
Interest expense, net	(13.2)	(21.2)	(9.1)	(7.4)	(7.0)	(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)	(3.0)
Equity in loss of joint venture	-	(0.2)	(0.2)	(0.2)	(0.1)	(0.2)
Noncontrolling interest, net of tax	(2.0)	0.2	(0.9)	(1.5)	(0.4)	(0.9)
Net income / (loss) attributable to Tower International, Inc.	**$ 2.5**	**$ (45.1)**	**$ 3.3**	**$ 19.0**	**$ 14.9**	**$ 16.1**

Adjusted Free Cash Flow Reconciliation to GAAP

(in $ millions)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Net cash provided by continuing operating activities*	$ 6.7	$ 10.5	$ 22.8	$ 11.8
Cash disbursed for purchases of PP&E*	(20.4)	(15.6)	(34.3)	(30.2)
Deposit received for the sale of PP&E*	-	-	13.8	-
Free cash flow	(13.7)	(5.1)	2.3	(18.4)
Net cash disbursed for customer-owned tooling	(8.3)	(4.1)	(16.2)	(8.4)
Adjusted free cash flow	$ (5.4)	$ (1.0)	$ 18.5	$ (10.0)

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

Certain Items Included in Net Income

(in $ millions)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Expense items included in net income / (loss), net of tax:				
Cost of sales				
Closure of Tower Defense & Aerospace	$ -	$ (1.8)	$ -	$ (4.4)
Selling, general, and administrative expenses				
Acquisition costs and other	-	(0.3)	-	(0.3)
Restructuring and asset impairment charges, net				
Severance costs in Europe *	(0.1)	-	(0.2)	-
One-time restructuring actions	(0.4)	(0.3)	(0.6)	(0.6)
Lease buyout of previously closed facility	(3.4)	-	(3.4)	-
Asset impairment charges	-	(9.8)	-	(10.7)
Facility closure	-	(3.3)	-	(3.6)
Interest expense				
Acceleration of the amortization of debt issue costs and OID	-	(10.2)	-	(10.2)
Other expense				
Partial redemption of Senior Secured Notes	-	(40.3)	-	(40.3)
Breakage of Letter of Credit Facility	-	(0.6)	-	(0.6)
Term Loan re-pricing fees	-	-	(0.1)	-
Total items included in net income / (loss)	$ (3.9)	$ (66.6)	$ (4.3)	$ (70.7)
Net income attributable to Tower International, Inc.	$ 16.1	$ (45.1)	$ 31.0	$ (42.6)
Memo: Average shares outstanding (Mils.)				
Basic	20.7	20.4	20.6	20.3
Diluted	21.4	20.4	21.3	20.3
Income per share (GAAP)				
Basic	$ 0.78	$ (2.22)	$ 1.50	$ (2.10)
Diluted	0.75	(2.22)	1.45	(2.10)
Diluted adjusted earnings per share (non-GAAP) **	0.93	1.03	1.66	1.36

* Amount is net of tax of less than $0.1 million and $0.1 million, respectively.

** Excludes the certain items shown above. For the three and six months ended June 30, 2013, diluted share counts of 20.9 million and 20.8 million, respectively, were used to calculated diluted adjusted earnings per share.

Industry Production Volume (July IHS)

(Vehicles in millions)

	Q1	Q2	Q3	Q4	Full Year
By Region					
Europe	5.2	5.2	4.6	4.9	19.9
China	5.1	5.2	5.1	5.8	21.2
North America	4.2	4.4	4.2	4.1	16.9
Brazil	0.7	0.7	0.8	0.9	3.1
Total Tower Markets	15.2	15.5	14.7	15.7	61.1
2014 Over/(Under) 2013					
Europe	8 %	2 %	0 %	(1) %	2 %
China	9	12	12	5	9
North America	5	4	10	3	5
Brazil	(5)	(23)	(10)	6	(8)
Total Tower Markets	7 %	4 %	6 %	3 %	5 %