



# First Quarter 2012 Results

May 3, 2012



# 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, 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 press release 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:

- automobile production volumes;
- the financial condition of our customers and suppliers;
- our ability to make scheduled payments on our indebtedness and comply with the covenants and restrictions contained in the instruments governing our indebtedness;
- our ability to refinance our indebtedness;
- our ability to generate non-automotive revenues;
- 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; 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

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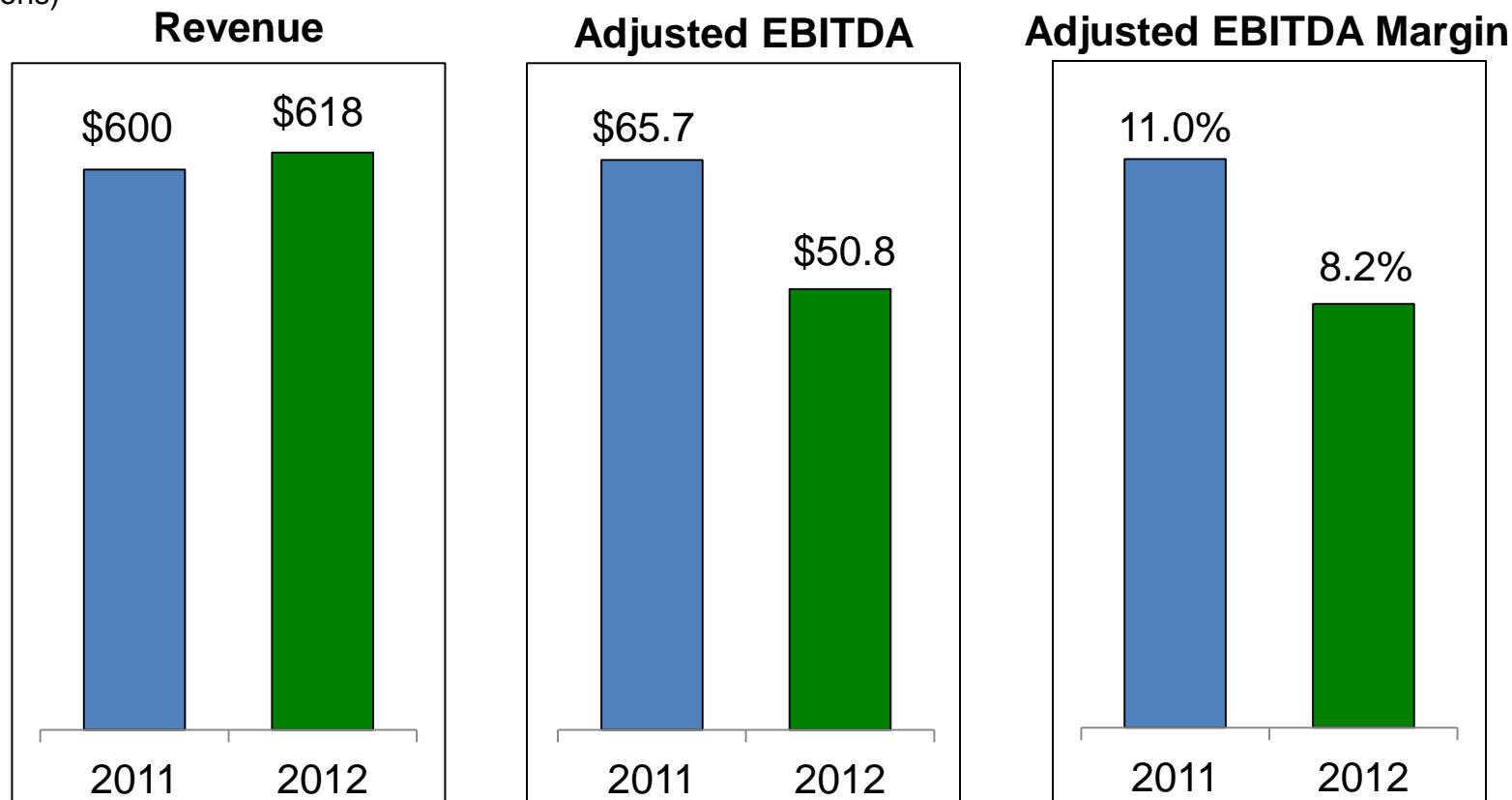
- **Q1 Adjusted EBITDA at upper end of guidance provided in February, reflecting good operational performance.**
  - Volume overall was net neutral to expectation, with global auto industry production slightly better than expected, offset by an unexpectedly severe drop-off in customer volumes for Tower Defense & Aerospace (TDA).
- **Increasing guidance for Q2 and full year.**
  - If Q2 customer production schedules hold, we now expect to have higher revenue and Adjusted EBITDA in the period than a year ago.
  - Anticipated First Half performance beyond prior expectations is presently expected to flow through to full year results.
    - - We believe it prudent to maintain a realistically cautious view on the Second Half, in recognition of potential industry shortfalls in Europe and Brazil and launch-related risks in China.

**While 2012 remains a “transition year” for Tower, there are promising signs in overall industry volume and our own performance that the transition to profitable growth in 2013 will be smoother than previously anticipated.**

# Total Company

## First Quarter Financials - - 2012 vs. 2011

(in \$ millions)

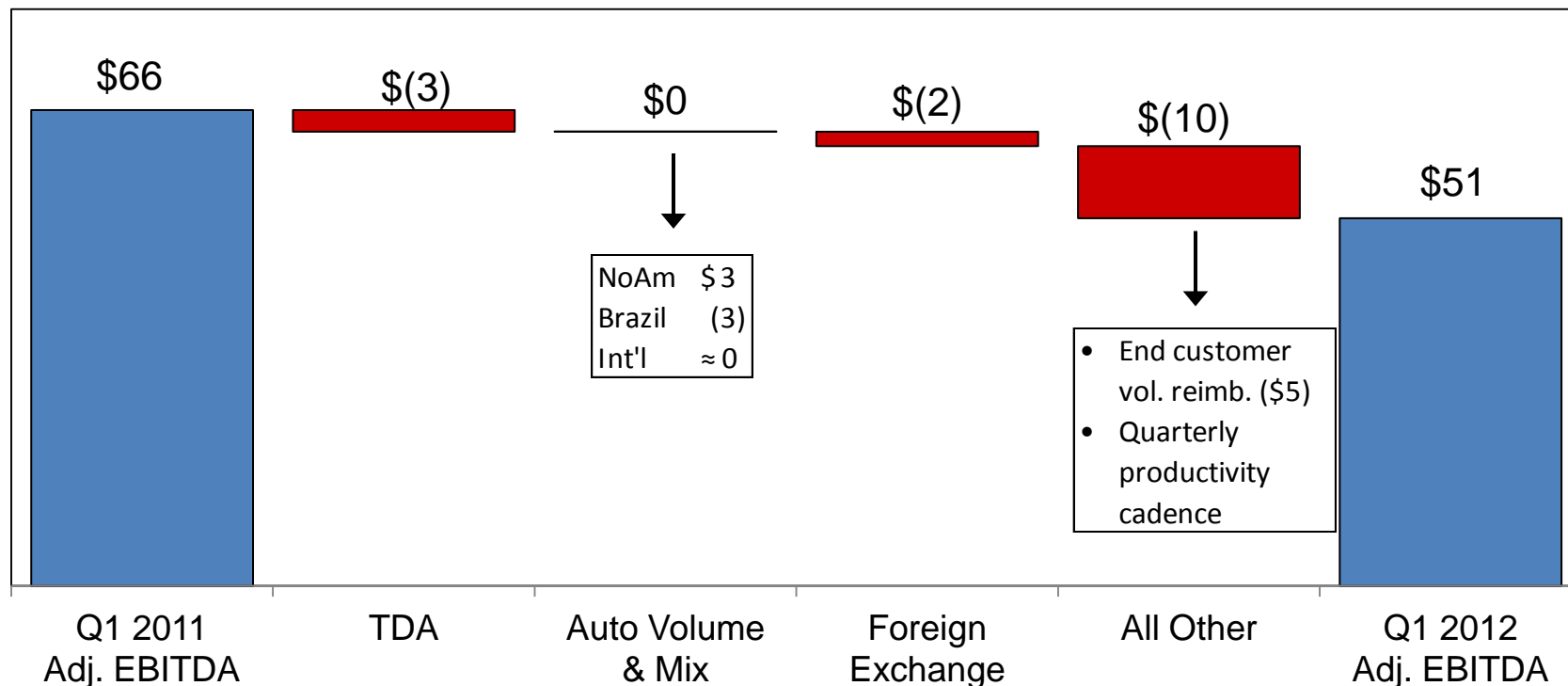


- Q1 2012 revenue was \$618M, up 3% from Q1 2011.
- Adjusted EBITDA was \$50.8M. As expected, this was down from a year ago, but it was at the high end of company guidance.

# Total Company

## Q1 2012 Adjusted EBITDA Compared With 2011

(in \$ millions)

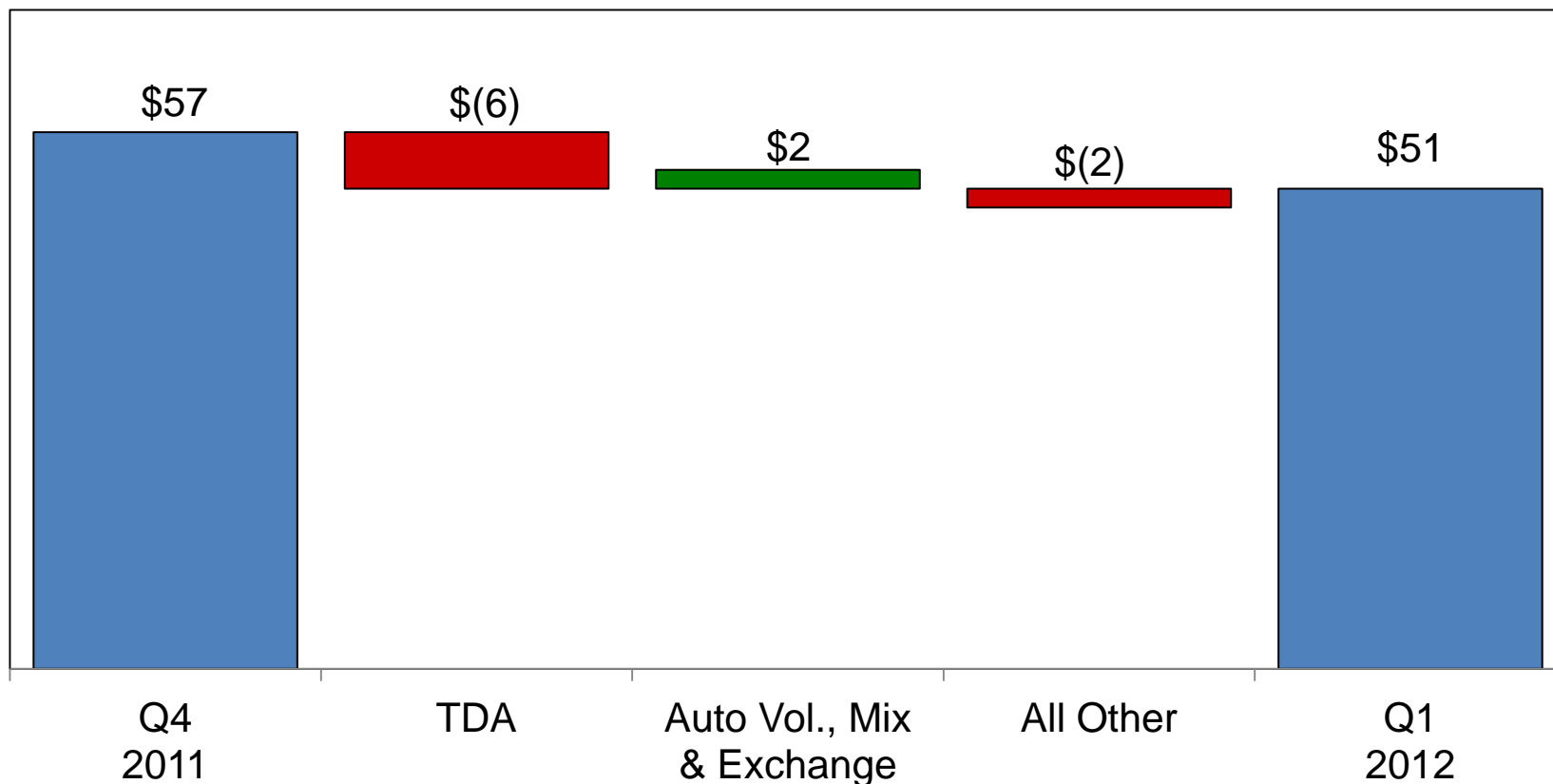


**In addition to a loss at TDA, the decline in Q1 Adjusted EBITDA from a year ago reflected unfavorable period comparisons for foreign exchange, an expired European customer volume reimbursement, and a different quarterly cadence of productivity savings this year compared with last year.**

# Total Company

## Q1 2012 Adjusted EBITDA Compared With Q4 2011

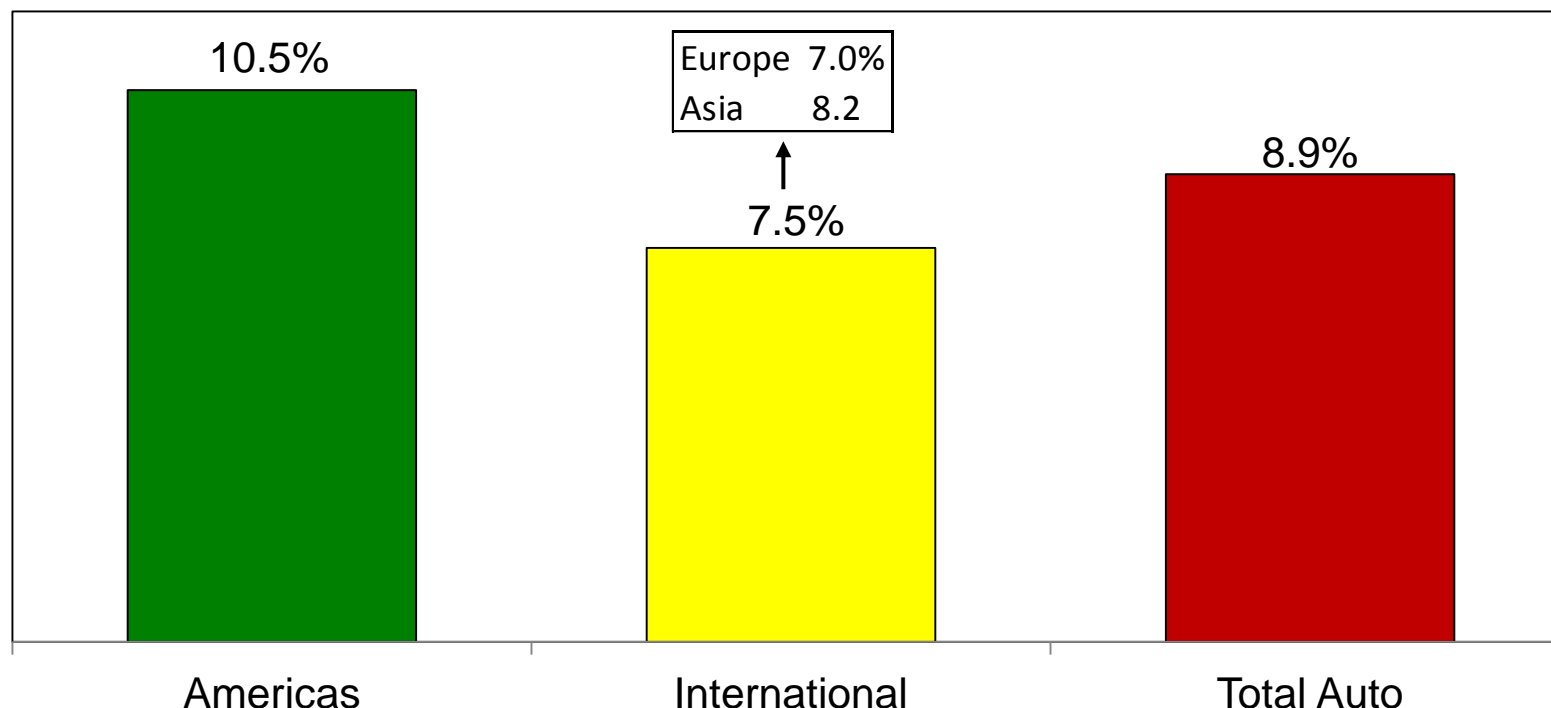
(in \$ millions)



**The sequential quarterly change in Adjusted EBITDA reflected Defense and Aerospace.**

# 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.**



# Quarter-End Net Debt, Leverage, & Liquidity

(in \$ millions)

**Mar. 31, 2012**

**Net Debt**

Cash	\$ 134
Gross Debt	<u>(615)</u>
Net Debt	<u><u>\$(481)</u></u>

**Debt-to-LTM Adj. EBITDA**

Gross	2.9X
Net	<b>2.3X</b>

**Liquidity**

**\$ 239**

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

# Improved 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>

**We are increasing 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.**

# 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.**

# 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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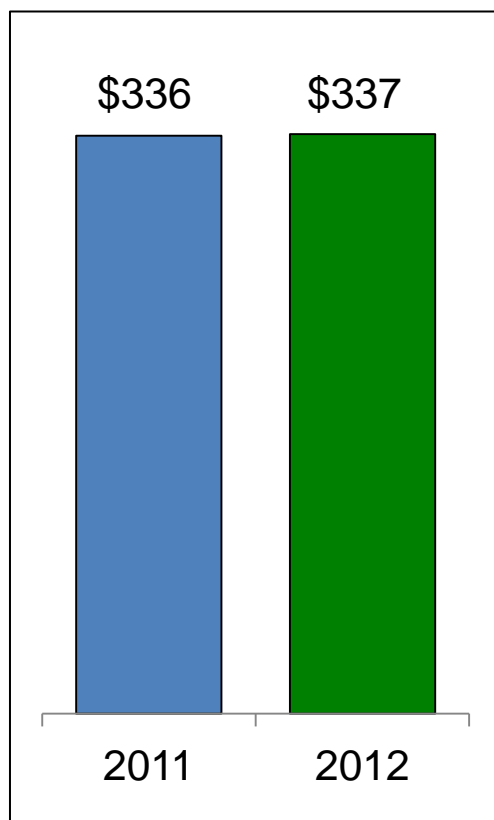
This presentation includes the following non-GAAP financial measures: “Adjusted EBITDA”, “Adjusted EBITDA margin”, “free cash flow” and “net debt.” We define Adjusted EBITDA as net income / (loss) before interest, taxes, depreciation, amortization, restructuring items and other adjustments described 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.



# International Segment - - Q1 2012 vs. Q1 2011

(in \$ millions)

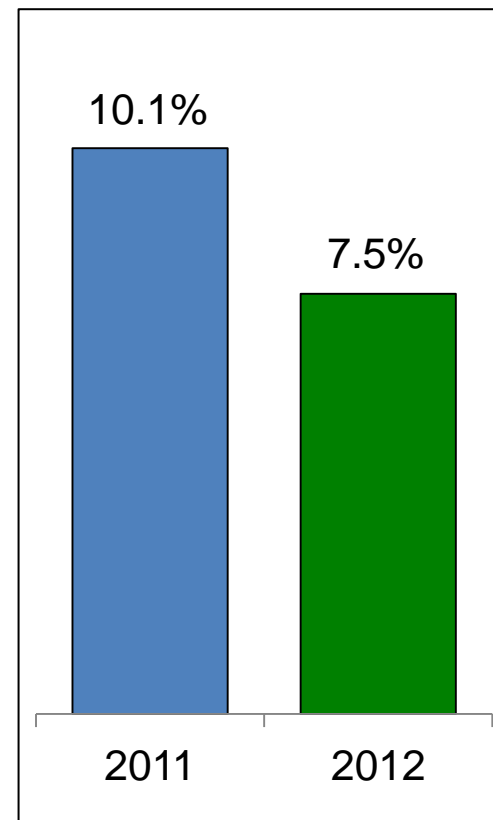
**Revenue**



**Adjusted EBITDA**

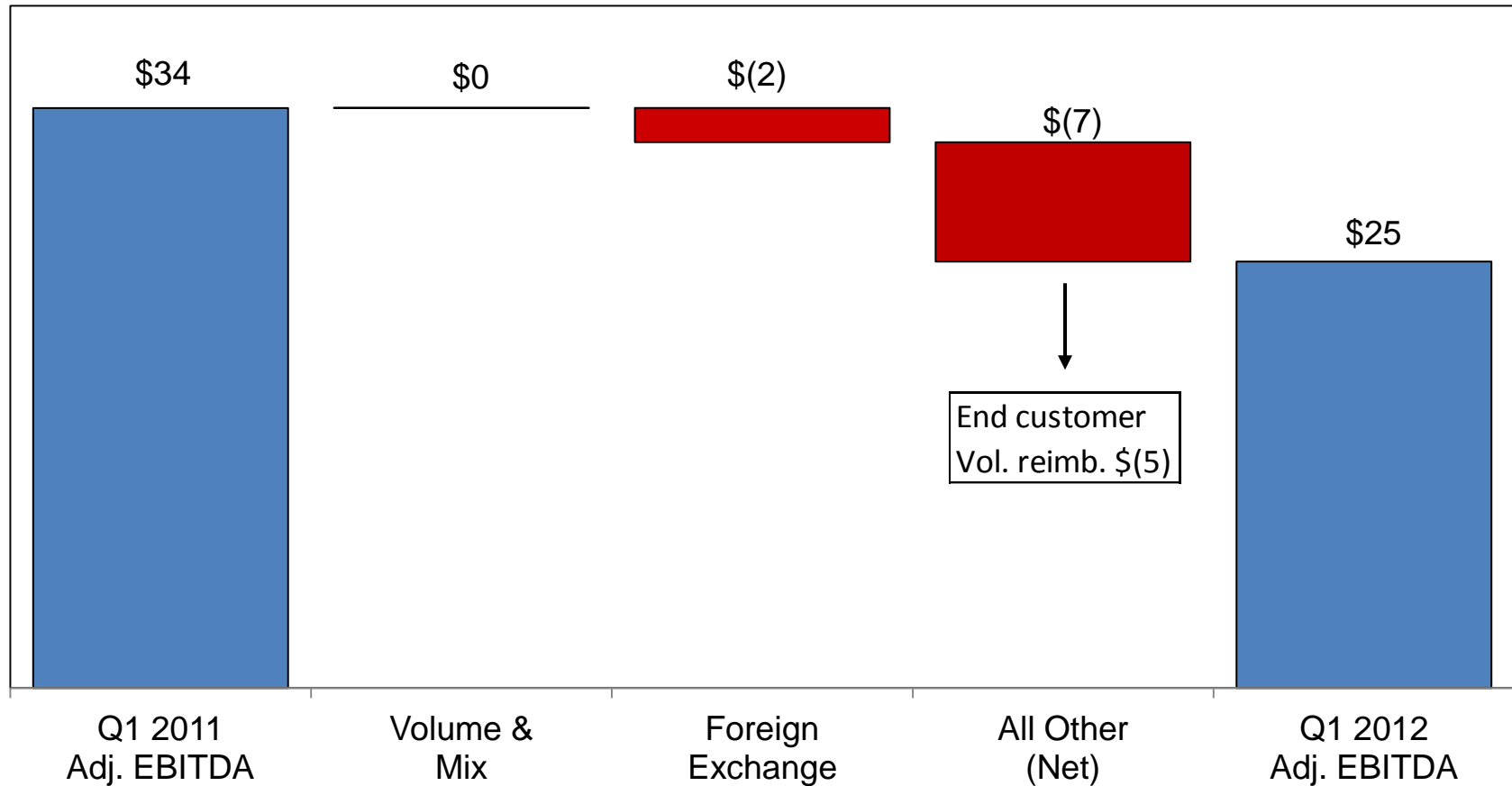


**Adjusted EBITDA Margin**



## Q1 2012 Adjusted EBITDA Compared With Q1 2011

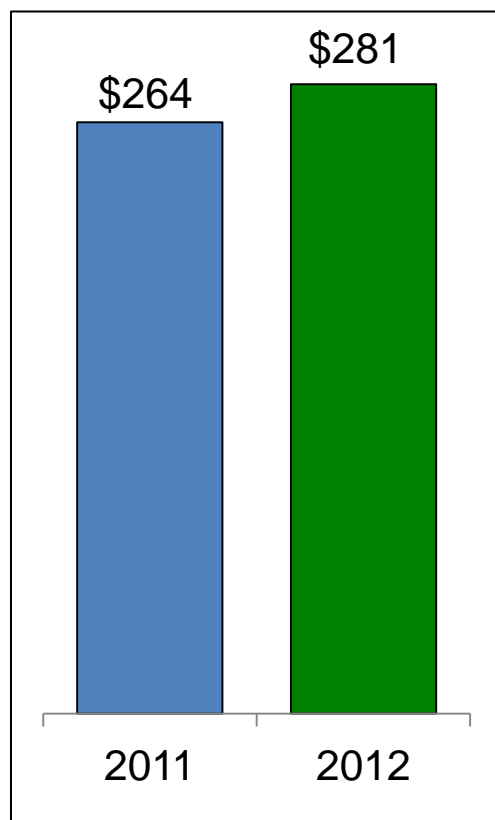
(in \$ millions)



# Americas Segment - - Q1 2012 vs. Q1 2011

(in \$ millions)

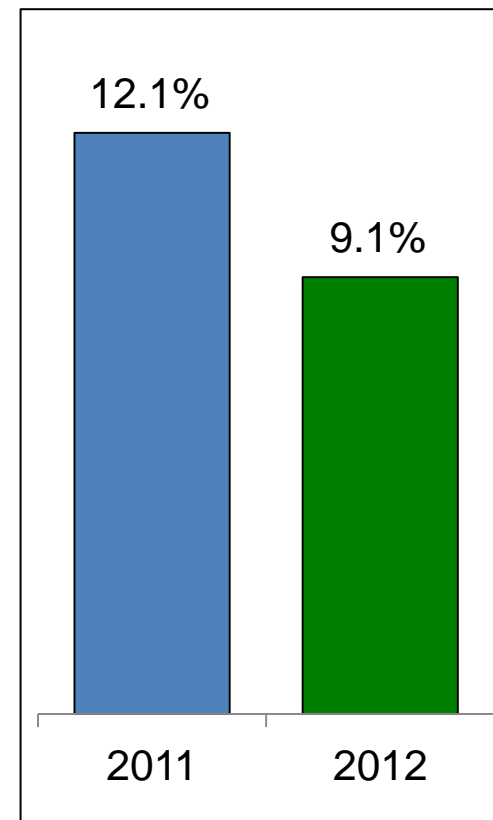
**Revenue**



**Adjusted EBITDA**

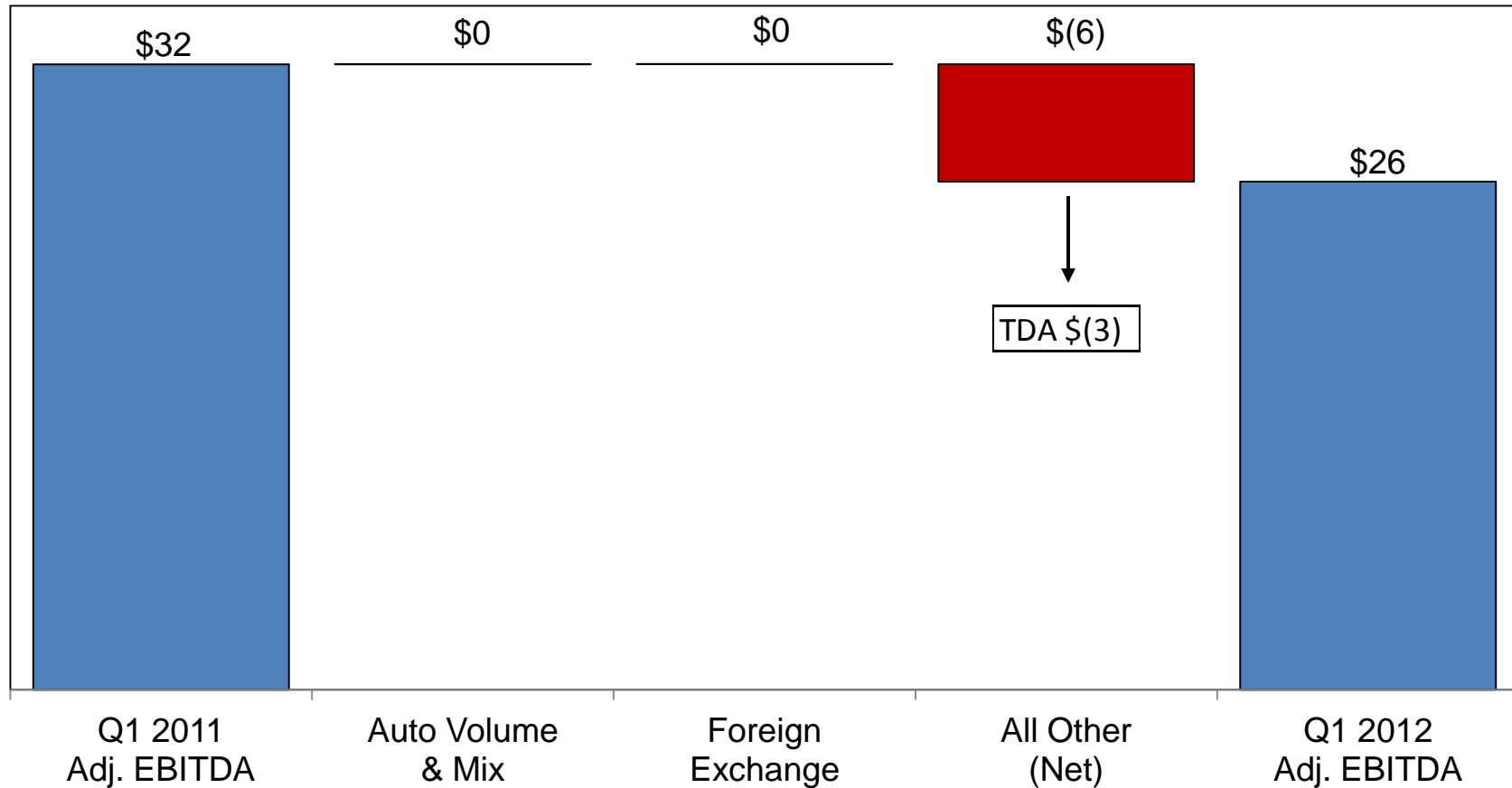


**Adjusted EBITDA Margin**



## Q1 2012 Adjusted EBITDA Compared With Q1 2011

(in \$ millions)



# 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

# Certain Items Included in Net Income / (Loss)

	Three Months Ended	
	Mar. 31,	
	<u>2012</u>	<u>2011</u>
Income / (expense) items included in net income / (loss), net of tax:		
<i>Selling, general and administrative expenses</i>		
Incentive compensation related to funding events	\$ (4.0)	\$ (4.3)
Acquisition costs	-	-
<i>Interest expense</i>		
Acceleration of the amortization of debt issue costs and OID	-	(0.8)
Settlement of value added tax audit in Brazil	-	2.8
<i>Restructuring expense</i>		
Severance costs in Europe	(0.7)	-
Adjustment of lease liability	-	0.8
<i>Other income</i>		
Debt repurchase	-	(0.9)
Total items included in net income / (loss)	<u>\$ (4.7)</u>	<u>\$ (2.4)</u>
Net income / (loss) attributable to Tower International, Inc.	\$ (0.2)	\$ 9.0
Memo: Average shares outstanding (Mils.)		
Basic	19.7	19.1
Diluted	19.7	19.9
Income / (loss) per share (GAAP)		
Basic	\$ (0.01)	\$ 0.47
Diluted	(0.01)	0.45
Diluted adjusted income / (loss) per share (non-GAAP)*	0.23	0.57

\* Excludes the certain items shown above

# Industry Production Volume (April IHS)

(Vehicles in millions)

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Full Year</u>
<b><u>2012</u></b>					
Europe	5.1	4.8	4.2	4.9	18.9
Korea	1.1	1.2	1.1	1.2	4.6
China	4.0	4.3	4.1	4.6	17.0
North America	3.9	3.8	3.5	3.5	14.7
Brazil	<u>0.7</u>	<u>0.8</u>	<u>0.9</u>	<u>0.8</u>	<u>3.3</u>
Total Tower Markets	<u>14.8</u>	<u>14.9</u>	<u>13.8</u>	<u>15.0</u>	<u>58.5</u>
<b><u>2012 Over/(Under) 2011</u></b>					
Europe	(5) %	(9) %	(7) %	(2) %	(6) %
Korea	7	(4)	3	(2)	1
China	(2)	20	10	5	8
North America	16	21	9	3	12
Brazil	(9)	4	5	16	4
Total Tower Markets	1 %	6 %	3 %	2 %	3 %