



# 2012 Southwest IDEAS Investor Conference

## November 14, 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 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.

# Intended Key Take-Aways

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- Well positioned to weather cycles and grow over time
- Good liquidity and no pressing debt maturities
- Maintained guidance for 2012 despite volatility in automotive production
- Free cash flow yield presents significant opportunity to generate shareholder value
- Track record of delivering results

# Product Portfolio

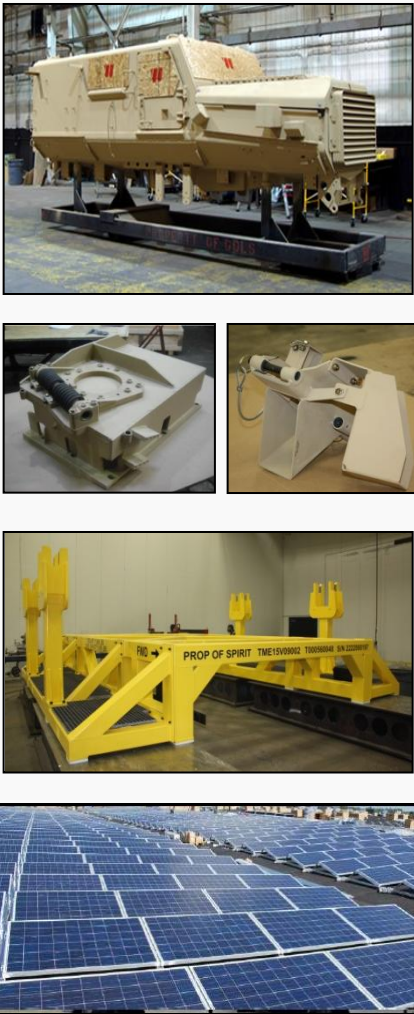
## Body Structures



## Chassis Structures



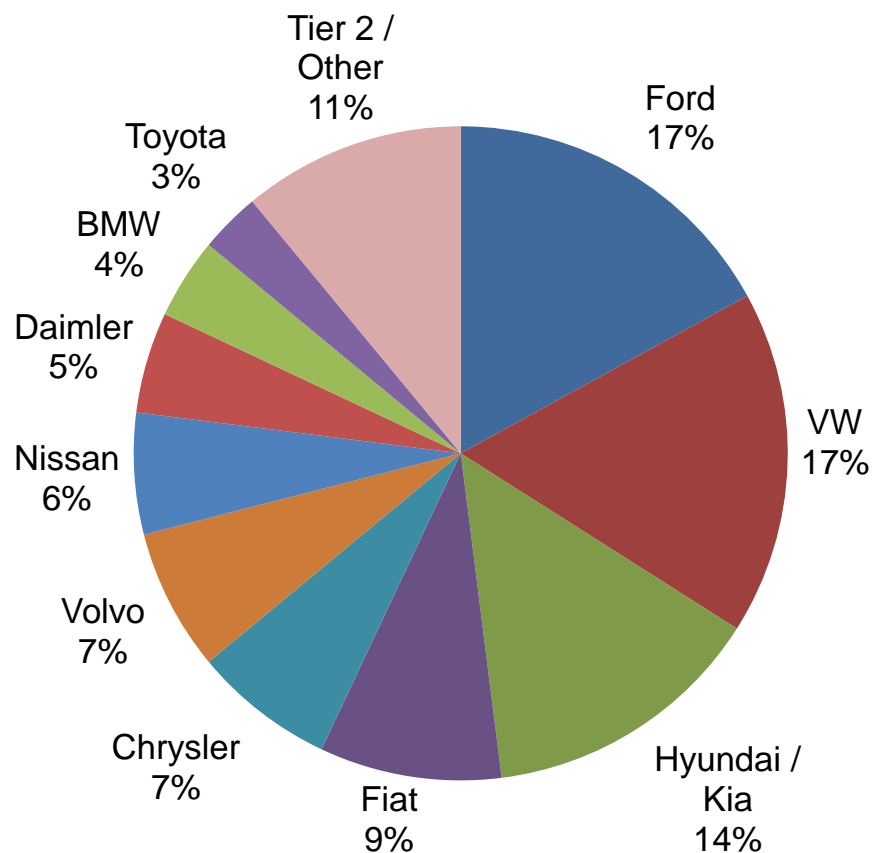
## Defense, Aerospace, Industrial & Energy



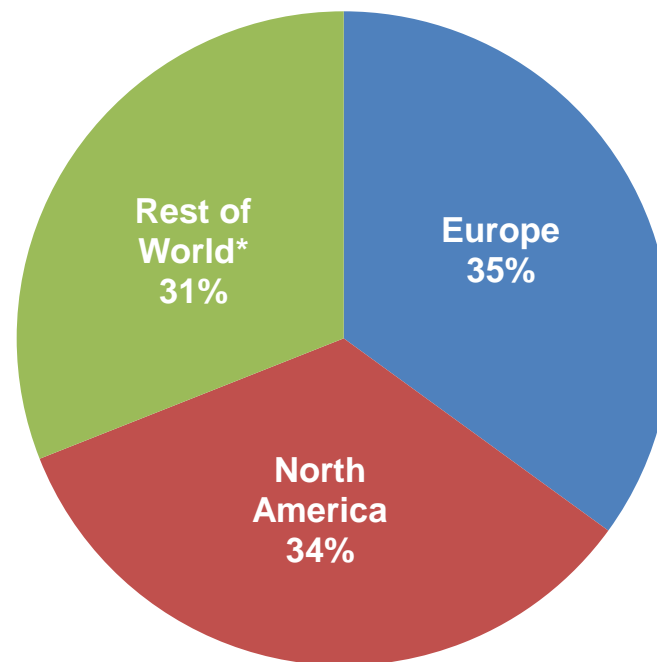
# Over Time, Diversification is a Good Thing

(2011 percent of revenue)

## 2011 Customer Mix



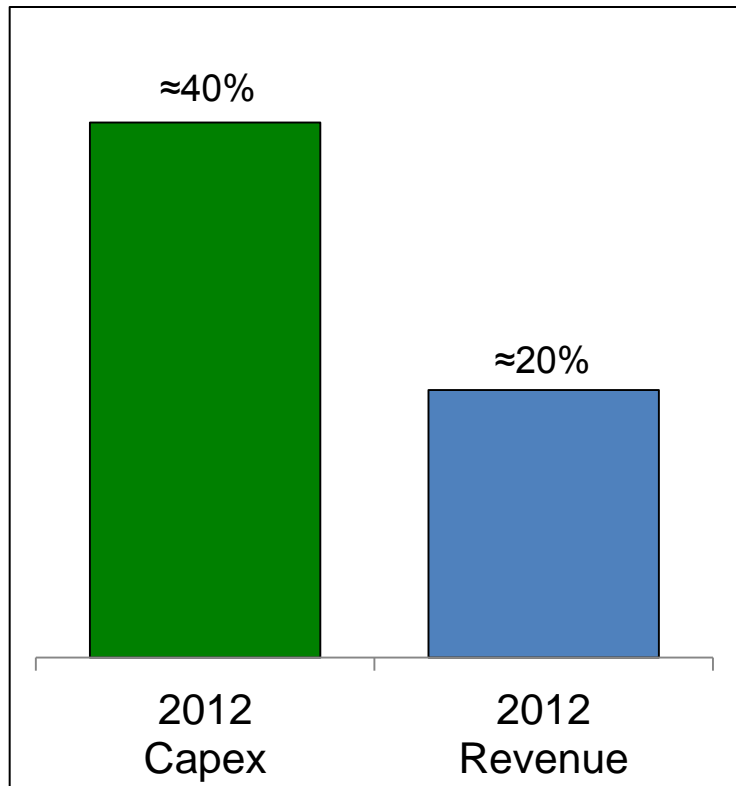
## 2011 Geographic Mix



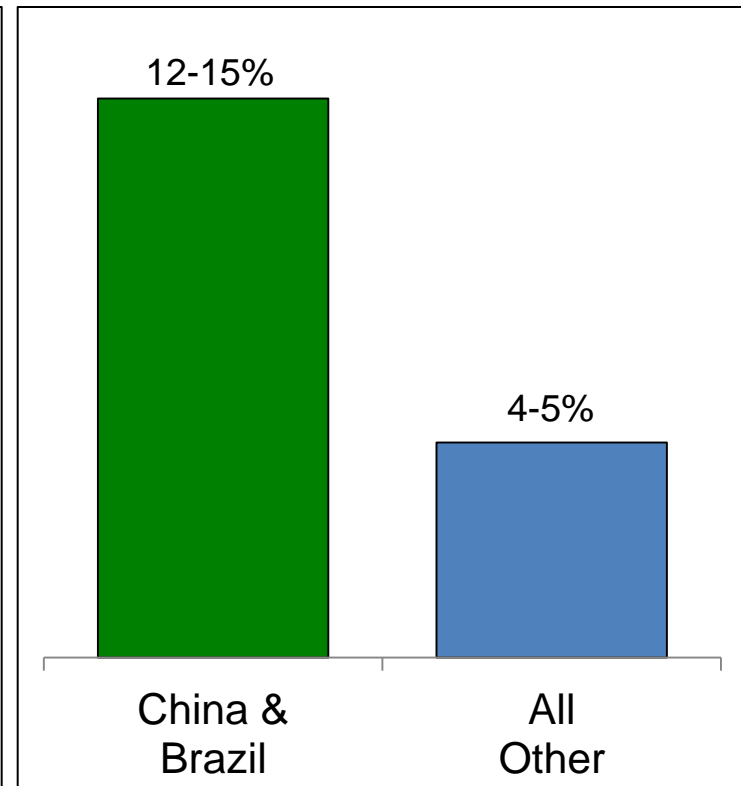
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\* Includes Korea 14%, Brazil 9%, China 8%

# 2012 Capex Over-Weighted in Growth Markets

China & Brazil % of Total Co.



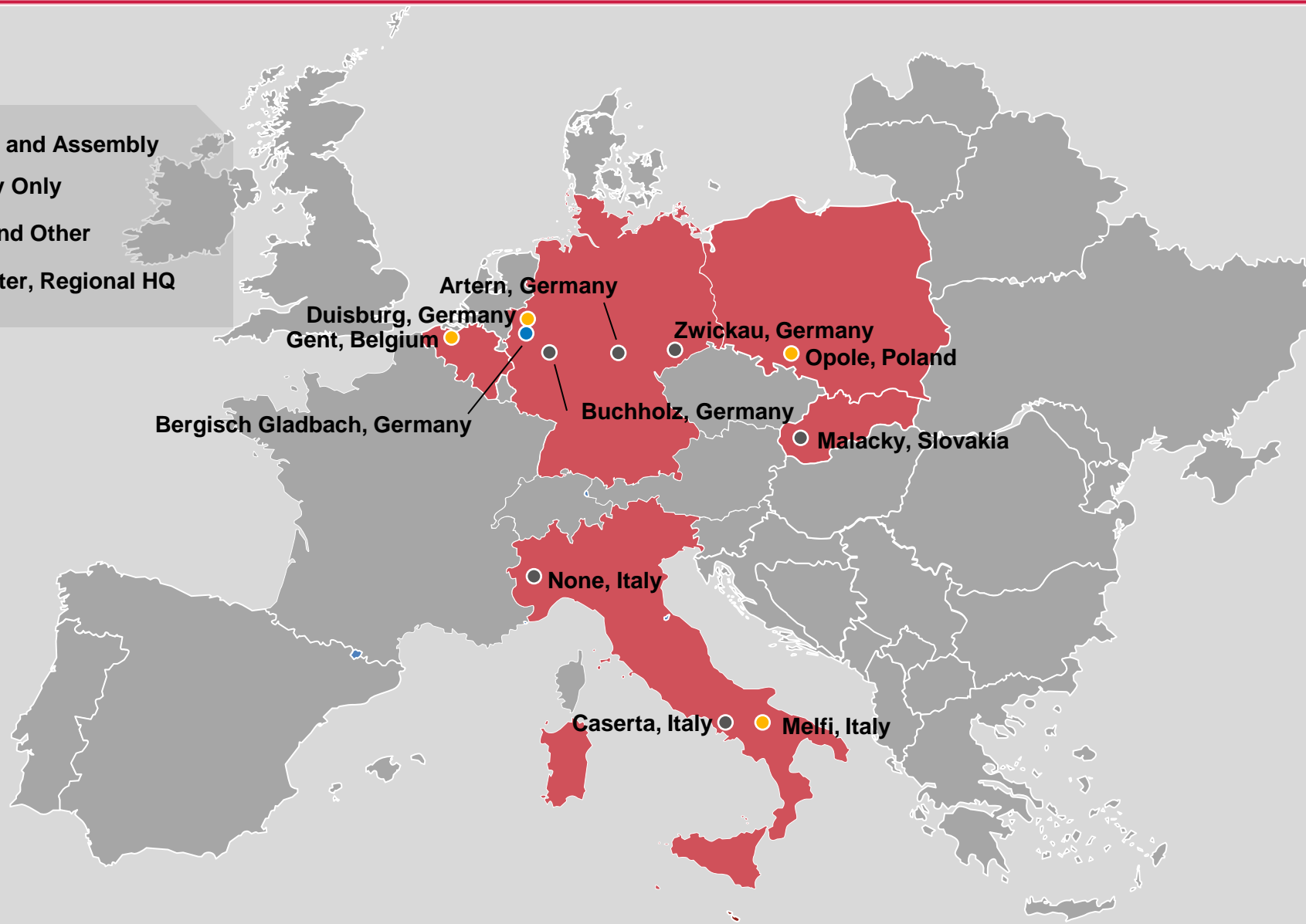
2012 Capex % of Revenue



- Consistent with our game plan, the above-normal capital spending in 2012 is concentrated primarily in the secular above-average growth markets of China and Brazil.
- Company capex is presently projected to return closer to trend (about \$100M) in 2013.

# Tower's Global Footprint - - Europe

- Stamping and Assembly
- Assembly Only
- Module and Other
- Tech Center, Regional HQ



# Net Debt, Leverage, & Liquidity

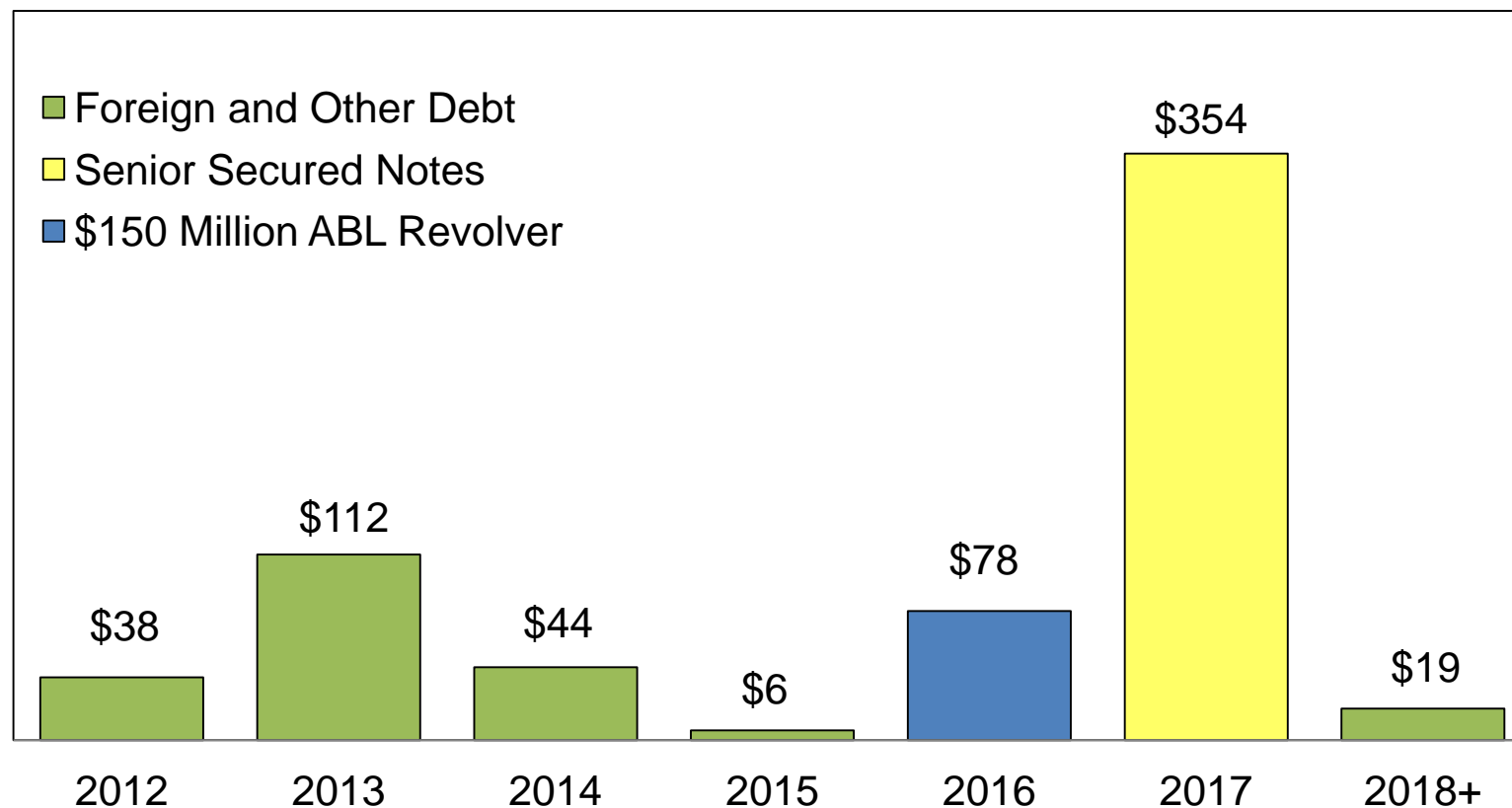
(in \$ millions)

	<u>Sept. 30, 2012</u>	<u>Memo: Targets</u>
<b><u>Net Debt</u></b>		
Cash	\$ 119	
Gross Debt	<u>(651)</u>	
Net Debt	<u><u>\$ (532)</u></u>	
<b><u>Debt-to-LTM Adj. EBITDA</u></b>		
Gross	3.0X	1.5X
Net	2.4X	1.0X
<b><u>Liquidity</u></b>	\$ 206	\$200+

# No Pressing Debt Maturities

(in \$ millions)

**As of September 30, 2012**



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\* Foreign debt is generally short-term, asset-backed, and has consistently been renewed.



# IHS Production Estimates October 2012

(Light vehicle units in mils.)

	2012				
	Q1	Q2	Q3	Q4	Total
N. America	4.0	4.0	3.6	3.6	15.2
Brazil	0.7	0.8	0.9	0.9	3.2
Europe	5.2	5.0	4.3	4.5	18.9
China	4.1	4.2	4.0	4.6	17.0
Korea	1.2	1.2	0.9	1.2	4.5
Total	15.2	15.1	13.7	14.8	58.8

	2012 v. 2011 -- % Change Year-over-Year				
	Q1	Q2	Q3	Q4	Total
N. America	17	28	14	5	16
Brazil	(9)	(5)	5	21	3
Europe	(1)	(6)	(6)	(10)	(6)
China	1	16	7	6	7
Korea	8	(1)	(14)	(2)	(2)
Total	4	8	3	0	4

# IHS Production Forecast Change Oct. / Jan.

(Light vehicle units in mils.)

	<b>Change From Jan '12 Forecast</b>				
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
N. America	0.3	0.5	0.3	0.2	1.3
Brazil	(0.1)	(0.1)	0.0	0.0	(0.1)
Europe	0.5	0.2	0.1	(0.3)	0.5
China	0.1	(0.2)	(0.1)	(0.0)	(0.2)
Korea	<u>(0.0)</u>	<u>0.0</u>	<u>(0.2)</u>	<u>0.0</u>	<u>(0.1)</u>
Total	<u><u>0.9</u></u>	<u><u>0.4</u></u>	<u><u>0.2</u></u>	<u><u>(0.1)</u></u>	<u><u>1.4</u></u>

**Global production has been a bit volatile, however, outlook for 2012 is favorable to January expectations.**

# Earnings Guidance Essentially Re-Affirmed

(in \$ millions, except EPS)

	<b>Feb. Guidance</b>	<b>Aug. Guidance</b>	<b>Nov. 1st Guidance*</b>
<b>Revenue</b>	≈ \$2,300	≈ \$2,400	<b>\$2,425</b>
<b>Adjusted EBITDA</b>	≈ \$205	\$210-\$220	<b>\$215</b>
<b>Adjusted EPS</b>	N/A	≈ \$0.90	<b>\$0.95</b>
<b>Free Cash Flow</b>	\$(30)	\$(15)-\$(25)	\$(25)-\$(35)
<b>- Capex</b>	\$150	\$150	<b>\$150</b>

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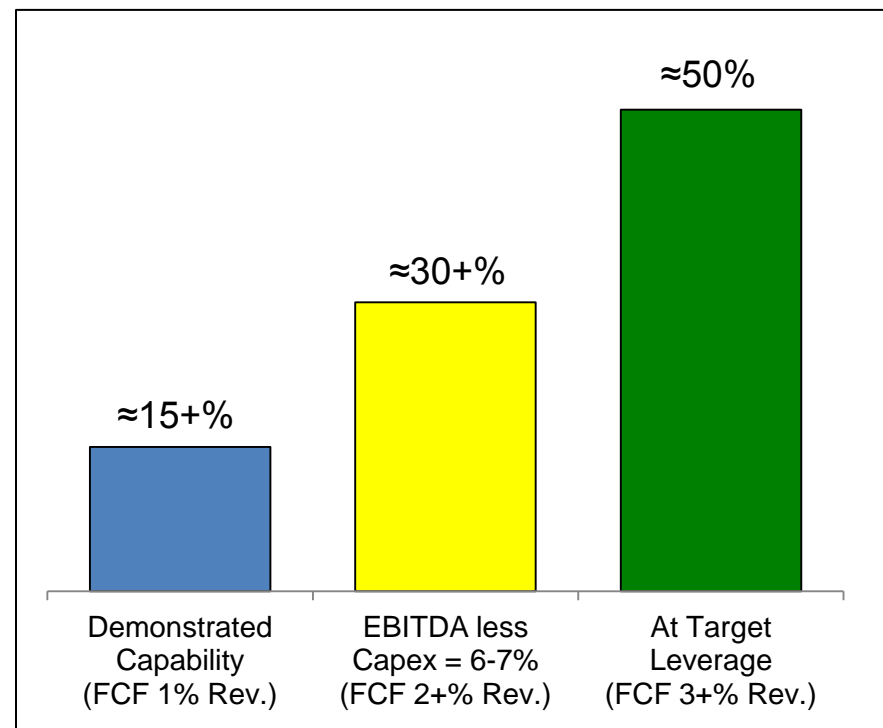
\* With Euro at \$1.30 and customer production schedules for Q4

# 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.**

# Track Record of Delivering Results

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- Achieved cost competitiveness through \$195 million of ongoing annual savings from major process improvements in 2008-2009.
- Achieved world-class quality through rigorous standardization of global best practices.
- Survived 2008-2009 auto “depression” with strong cash focus and by achieving 7.6% Adjusted EBITDA margin with no customer assistance.
- Beat or met earnings consensus all 9 quarters since IPO.

# Game Plan to Build Shareholder Value Over Time

- 1. Consistently deliver solid and predictable results.**
  - Financial results that are appropriate for whatever volume scenario unfolds.
  
- 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 2.4X;
  - **Opportunistic, accretive acquisitions**
    - - Action: W-Industries; and
  - **Opportunities in adjacent markets**
    - - Action: Defense, aerospace, industrial.

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

# APPENDIX

# Income Statement

(in \$ millions)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2012	2011	2012	2011
Revenues	\$ 563.8	\$ 589.0	\$ 1,825.3	\$ 1,791.3
Cost of sales	511.6	529.3	1,637.7	1,603.4
Gross profit	52.3	59.7	187.6	187.9
Selling, general and administrative expenses	34.0	42.1	106.2	119.2
Amortization expense	1.1	1.2	3.4	3.4
Restructuring and asset impairment charges, net	3.2	0.5	8.0	2.1
Operating income	14.0	15.8	70.0	63.2
Interest expense, net	15.4	17.0	46.9	45.6
Interest income	0.4	0.3	1.0	0.8
Other expense	-	0.4	-	1.2
Income / (loss) before provision for income taxes	(1.0)	(1.2)	24.1	17.2
Provision for income taxes	2.2	2.5	17.6	11.7
Net income / (loss)	(3.2)	(3.8)	6.5	5.4
Less: Net income attributable to the noncontrolling interests	1.6	1.1	4.6	4.0
Net income / (loss) attributable to Tower International, Inc.	\$ (4.8)	\$ (4.8)	\$ 1.9	\$ 1.4



# Balance Sheet

(in \$ millions)

	Sept. 30, 2012	Dec. 31, 2011
<b>ASSETS</b>		
Cash and cash equivalents	\$ 119.0	\$ 135.0
Accounts receivable, net of allowance of \$4.3 and \$3.6	345.5	328.0
Inventories	104.5	85.1
Deferred tax asset - current	7.7	13.0
Assets held for sale	4.2	4.0
Prepaid tooling and other	76.6	56.2
Total current assets	<u>657.5</u>	<u>621.3</u>
Property, plant and equipment, net	699.3	667.7
Goodwill	63.3	64.0
Deferred tax asset - non-current	11.5	14.5
Other assets, net	28.9	30.0
Total assets	<u>\$1,460.5</u>	<u>\$1,397.4</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Short-term debt and current maturities of capital lease obligations	\$ 158.4	\$ 109.4
Accounts payable	371.7	395.3
Accrued liabilities	132.3	126.4
Total current liabilities	<u>662.4</u>	<u>631.2</u>
Long-term debt, net of current maturities	482.1	461.8
Obligations under capital leases, net of current maturities	10.8	12.2
Deferred tax liability - non-current	14.3	11.2
Pension liability	80.3	96.2
Other non-current liabilities	90.2	87.3
Total non-current liabilities	<u>677.7</u>	<u>668.8</u>
Total liabilities	<u>1,340.1</u>	<u>1,299.9</u>
Stockholders' equity:		
Tower International, Inc.'s stockholders' equity		
Common stock, \$0.01 par value, 350,000,000 authorized, 20,830,425 issued and 20,247,134 outstanding at September 30, 2012, and 19,983,403 issued and 19,683,032 outstanding at December 31, 2011	0.2	0.2
Additional paid in capital	319.9	311.4
Treasury stock, at cost, 583,291 shares as of September 30, 2012 and 300,371 shares as of December 31, 2011	(8.3)	(5.1)
Accumulated deficit	(182.6)	(184.5)
Accumulated other comprehensive loss	(83.1)	(82.0)
Total Tower International, Inc.'s stockholders' equity	<u>46.1</u>	<u>40.0</u>
Noncontrolling interests in subsidiaries	74.3	57.5
Total stockholders' equity	<u>120.4</u>	<u>97.5</u>
Total liabilities and stockholders' equity	<u>\$1,460.5</u>	<u>\$1,397.4</u>

# Consolidated Statement of Cash Flows

(in \$ millions)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2012	2011	2012	2011
<b>Cash flows - operating activities</b>				
Net income / (loss)	\$ (3.2)	\$ (3.8)	\$ 6.5	\$ 5.4
Deferred income tax provision	1.7	-	12.6	(0.9)
Depreciation and amortization	26.9	27.8	78.3	89.5
Non-cash share-based compensation	1.1	3.8	8.5	11.3
Pension expense, net of contributions	(8.1)	(7.0)	(13.6)	(10.8)
Change in working capital and other operating items	(14.8)	(26.7)	(66.6)	(93.6)
<b>Net cash provided by / (used in) operating activities</b>	<b>\$ 3.7</b>	<b>\$ (5.9)</b>	<b>\$ 25.8</b>	<b>\$ 1.0</b>
<b>Cash flows - investing activities</b>				
Cash disbursed for purchases of property, plant and equipment, net	\$ (31.0)	\$ (30.4)	\$ (106.6)	\$ (82.9)
Net assets acquired, net of cash acquired	-	-	-	(22.3)
<b>Net cash used in investing activities</b>	<b>\$ (31.0)</b>	<b>\$ (30.4)</b>	<b>\$ (106.6)</b>	<b>\$ (105.2)</b>
<b>Cash flows - financing activities</b>				
Retirement of senior secured notes	\$ -	\$ (17.5)	\$ -	\$ (34.5)
Purchase of treasury stock	(0.0)	(5.1)	(3.2)	(5.1)
Proceeds from borrowings	133.0	188.8	494.6	504.0
Repayments of borrowings	(111.6)	(157.2)	(428.8)	(414.7)
<b>Net cash provided by financing activities</b>	<b>\$ 21.4</b>	<b>\$ 9.0</b>	<b>\$ 62.6</b>	<b>\$ 49.7</b>
<b>Net change in cash and cash equivalents</b>	<b>\$ (6.0)</b>	<b>\$ (27.2)</b>	<b>\$ (18.1)</b>	<b>\$ (54.6)</b>
Cash and cash equivalents - beginning of period	123.4	128.0	135.0	150.3
Effect of exchange rate changes on cash and cash equivalents	1.5	(4.0)	2.1	0.9
<b>Cash and cash equivalents - end of period</b>	<b>\$ 119.0</b>	<b>\$ 96.7</b>	<b>\$ 119.0</b>	<b>\$ 96.7</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. 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

(in \$ millions)

	2011				2012		
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third 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>	<b>\$ 67.9</b>	<b>\$ 44.2</b>
Restructuring and asset impairments	(0.5)	(1.2)	(0.5)	(0.5)	(1.9)	(2.9)	(3.2)
Depreciation & amortization	(30.1)	(31.6)	(27.8)	(25.0)	(25.7)	(25.8)	(26.8)
Acquisition costs and other	(0.1)	(1.2)	-	(0.1)	-	(0.1)	(0.2)
Incentive compensation related to funding events	(4.5)	(4.7)	(4.7)	(4.5)	(4.2)	(2.1)	-
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)	(15.6)	(14.9)
Provision for income taxes	(6.6)	(2.6)	(2.5)	(3.1)	(2.4)	(12.9)	(2.3)
Noncontrolling interest, net of tax	(1.7)	(1.2)	(1.1)	(1.1)	(1.4)	(1.6)	(1.6)
<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>	<b>\$ 6.9</b>	<b>\$ (4.8)</b>