



# Fourth Quarter 2016 Results & Preliminary Outlook for 2017

February 14, 2017



# 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 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 divestitures including volatility in the capital markets, the capacity of potential bidders to finance transactions and the difficulty of predicting the outcome of negotiations; 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.

## 2016 In Review: Select Highlights

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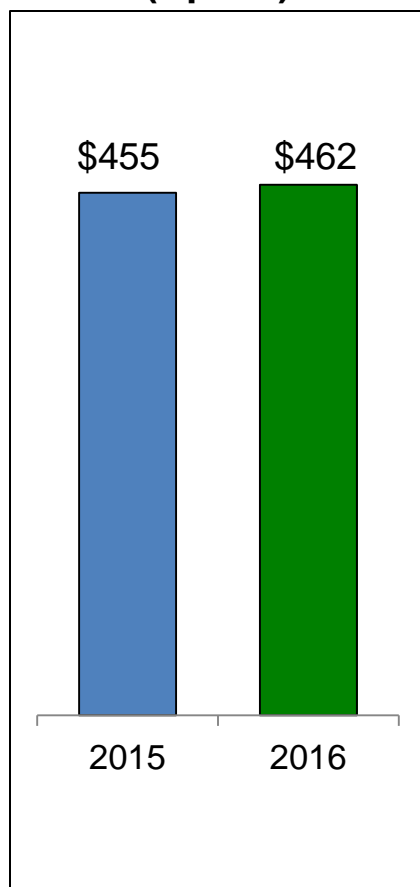
- Fourth Quarter and Full year results slightly ahead of previous outlook and continues trend of meeting or beating analyst consensus.
- Full year revenue growth of 7% -- exceeding industry growth by 5%.
- Significant margin expansion and free cash flow generation in 2H16.
- Continued de-leveraging by paying down \$50 million of term loan and improved leverage ratios.
- Enhanced capital return to shareholders.
  - Raised quarterly dividend by 10% to 11 cents per share
  - Authorized \$100 million stock buyback; used \$18.9 million to buy 830 thousand shares.
- Decided to exit remaining non-core operations in China and Brazil:
  - Reached agreement to sell China joint ventures for \$25 million; received \$4 million in 4Q
- Executed four major product launches and launched 3 new press lines
- Orderly leadership transition

# Total Company

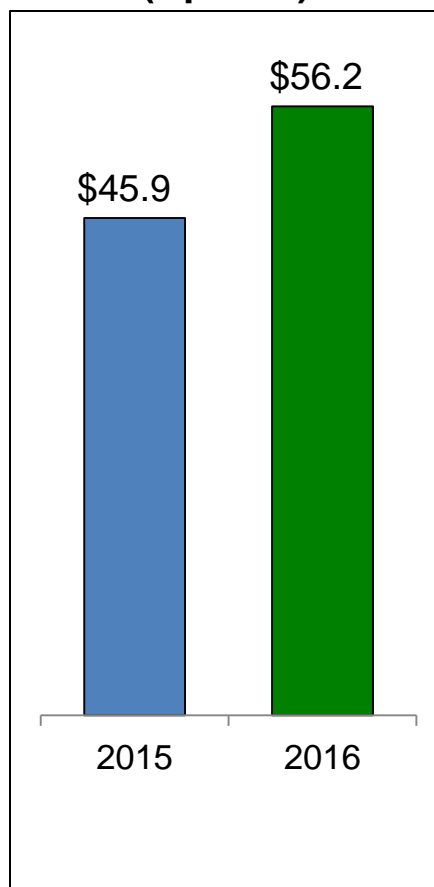
## Fourth Quarter Financials - - 2016 vs. 2015

(in \$ millions, except EPS)

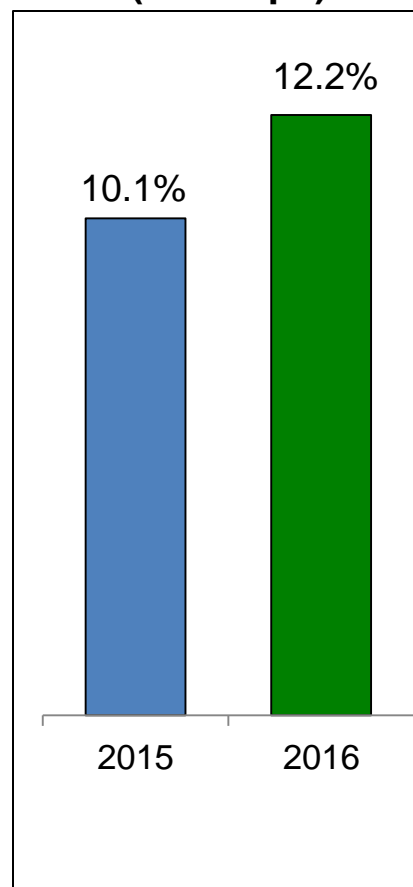
**Revenue**  
(Up 2%)



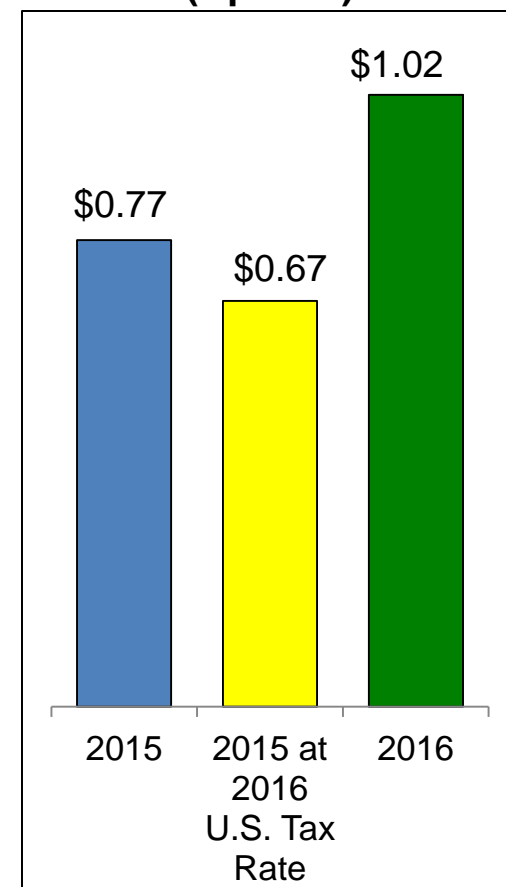
**Adjusted EBITDA**  
(Up 22%)



**Adj. EBITDA Margin**  
(+210 bps)



**Adjusted EPS**  
(Up 32%)



# Q4 Results Slightly Better Than November Outlook

(in \$ millions, except EPS)

	<u>Actual</u>	<u>B / (W) Than Outlook</u>
<b>Revenue</b>	\$ 462	\$ 2
<b>Adjusted EBITDA</b>	\$ 56.2	\$ 0.7
<b>EBITDA Margin</b>	12.2%	0.1 Pts.*
<b>Adjusted EPS</b>	\$ 1.02	\$ 0.07
<b>Free Cash Flow</b>	\$62.6	\$ 1.4

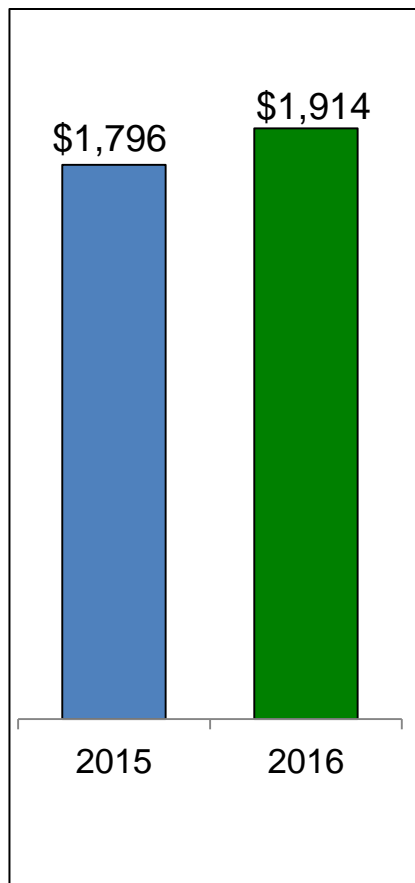
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\* From mid-point of range

# Total Company

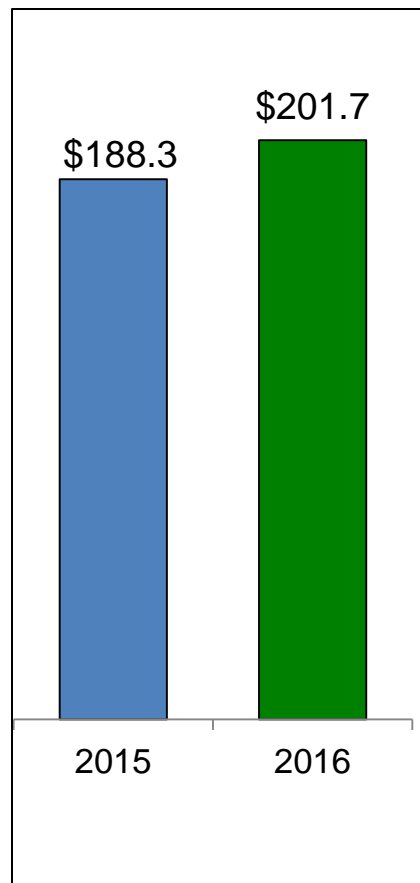
## Full Year Financials - - 2016 vs. 2015

(in \$ millions, except EPS)

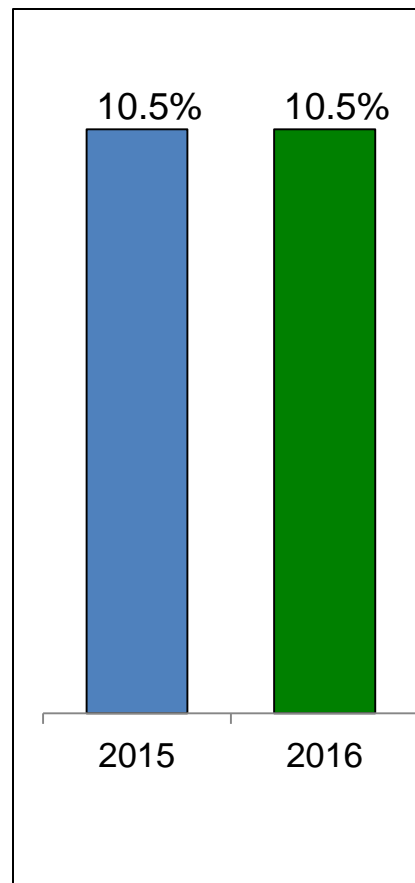
**Revenue**  
(Up 7%)



**Adjusted EBITDA**  
(Up 7%)



**Adj. EBITDA Margin**



**Adjusted EPS**



# Fourth Quarter and Full Year 2016 Free Cash Flow

(in \$ millions)

	<b>Fourth Quarter 2016</b>	<b>Full Year 2016</b>
	<u>2016</u>	<u>2016</u>
Adjusted EBITDA	\$ 56	\$ 202
Capital Expenditures	(43)	(116)
Cash Interest	(4)	(18)
Pension Contributions	(2)	(8)
Cash Taxes	(4)	(8)
Working Capital & Other (ex-tooling)	40	2
Customer Tooling*	20	(33)
<b>Total Free Cash Flow</b>	<b>\$ 63</b>	<b>\$ 21</b>

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\* Nets to zero over-time

# Year-End Net Debt, Leverage, & Liquidity

(in \$ millions)

	<u>B/(W) Than</u>		
	<u>Dec. 31, 2016</u>	<u>Sept. 30, 2016</u>	<u>Dec. 31, 2015</u>
<b><u>Net Debt</u></b>			
Cash	\$ 63	\$ 16	\$(50)*
Gross Debt	<u>(390)</u>	<u>50</u>	<u>55</u>
Net Debt	<u><u>\$ (327)</u></u>	<u><u>\$ 66</u></u>	<u><u>\$ 5</u></u>
<b><u>Debt-to-LTM Adj. EBITDA</u></b>			
Gross	1.9X	0.4X	0.5X
Net	1.6X	0.5X	0.2X
<b><u>Liquidity</u></b>	\$ 292	\$ 54	\$(50)*

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 \* Excludes cash attributable to discontinued operations and reflects \$50 million reduction of Term Loan balance in January 2016.

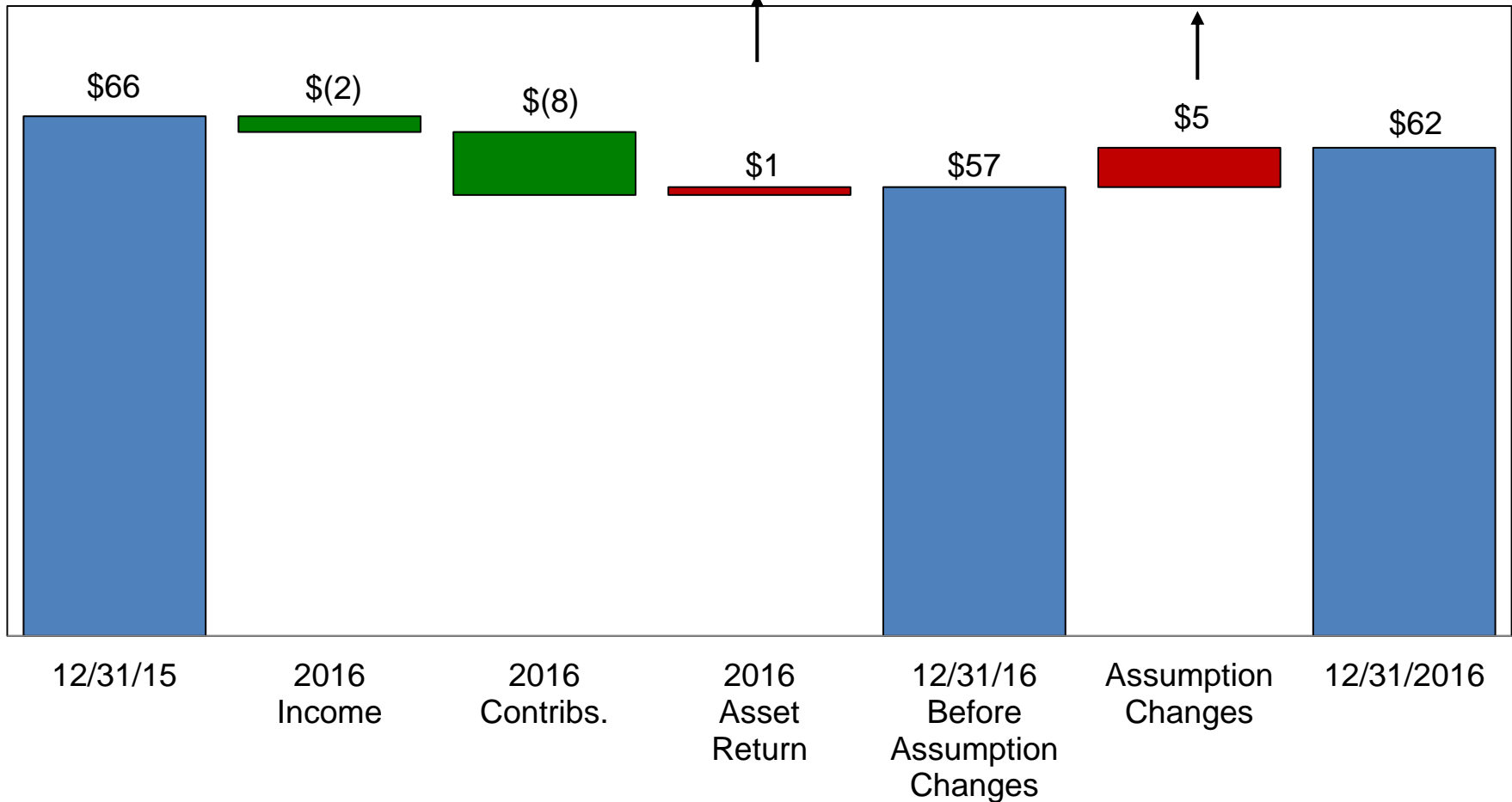


# Year-End 2016 GAAP Pension Net Liability

(in \$ millions)

Assumption	7.4 %
Actual	7.2 %

Lower Discount Rate (4.01% to 3.84%)	\$ 4
Asset Return (Unchanged at 7.4%)	-
Census Update and other	1



# 2017 Planning Assumptions

## Revenue

- Industry production approximates Jan. IHS forecast -- NA (1.5)% Europe +1.5% (see Appendix).
- Euro at \$1.05 (compared with \$1.11 for 2016).
  - **Unfavorable currency translation reduces revenue by ≈\$35M vs. 2016.**
- Net new business wins of about \$65 million.
- Normal customer pricing / European steel prices flat with 2016.

## Margin/EBITDA Considerations

- **Full year margin will be higher than 2016.**
  - Quarterly cadence may vary depending on cost performance and new business launch activity.

## Cash Flow Considerations

- Full year cash flow will be positively impacted by expected collection of tooling on new business wins.
  - Factoring in all calendarization effects, **we anticipate significantly strong free cash flow in the 2H17 more than offsets the outflow in 1H17.**

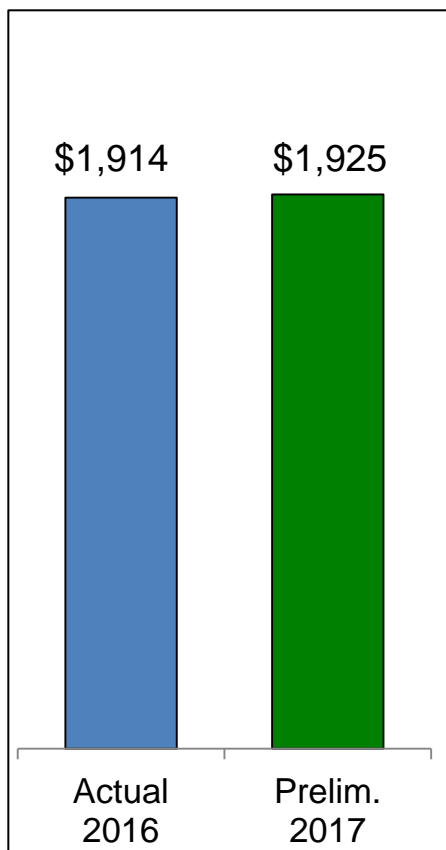
## Income Tax Accrual

- Expecting full year effective tax rate to be higher than 2016 due to mix of earnings and timing of U.S. tax credits.
- We presently **do not expect to pay cash taxes in the U.S. until 2020.**

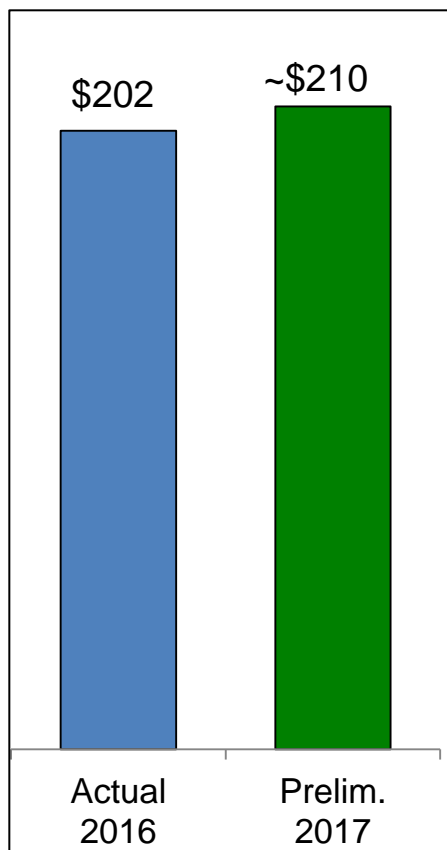
# Preliminary 2017 Revenue and Earnings Outlook vs. 2016

(in \$ millions, except EPS)

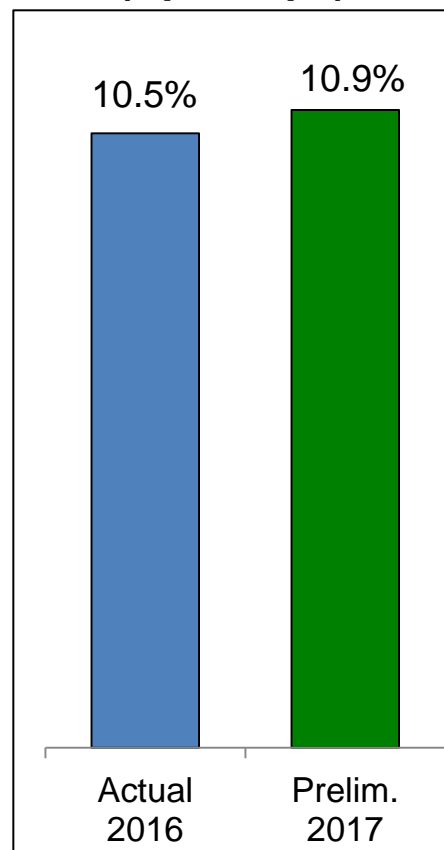
**Revenue  
(Up 1%)**



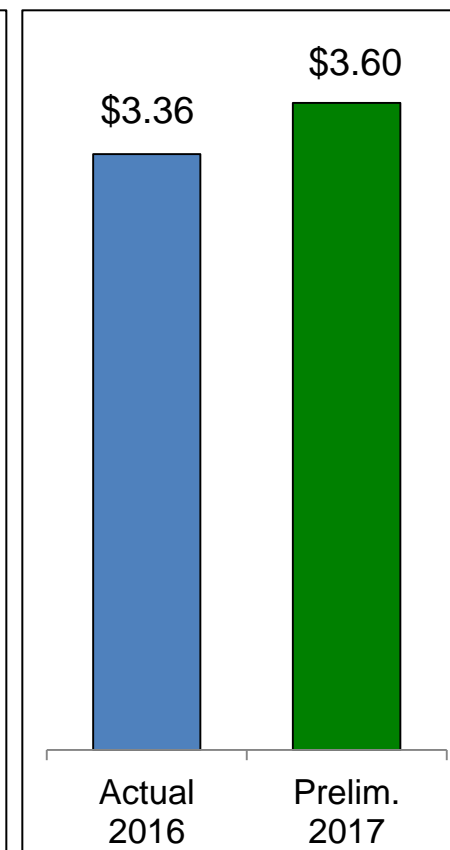
**Adj. EBITDA  
(Up 4%)**



**Adj. EBITDA Margin  
(Up 40 bps)**

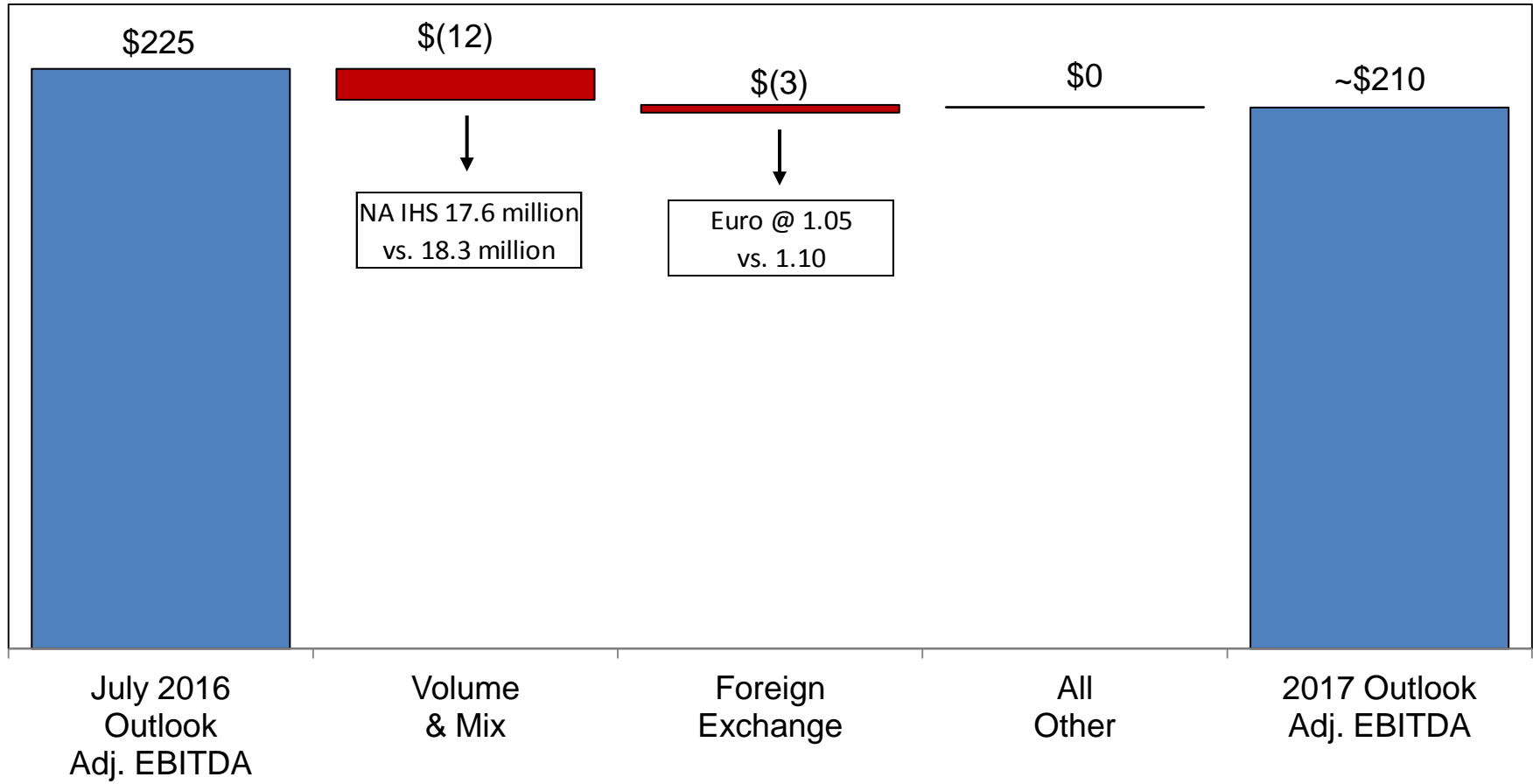


**Adjusted EPS  
(Up 7%)**



# Preliminary 2017 Outlook vs. July 2016 Outlook

(in \$ millions)



# Outlook for First Quarter 2017

(in \$ millions, except EPS)

	<b><u>Q1 2017 Outlook</u></b>
<b>Revenue</b>	\$ 480
<b>Adjusted EBITDA</b>	\$ 43
<b>Adjusted EPS</b>	\$ 0.60

# Preliminary 2017 Free Cash Flow

(in \$ millions)

	<b>Prelim. 2017</b>	<b>Actual 2016</b>	<b>2017 B/(W) Than 2016</b>
Adjusted EBITDA	\$210	\$ 202	\$8
Capital Expenditures	(130)	(116)	(14)
Cash Interest	(20)	(18)	(2)
Pension Contributions	(10)	(8)	(2)
Cash Taxes	(10)	(8)	(2)
Working Capital & Other (ex-tooling)	(10)	2	(12)
Customer Tooling	25	(33)	58
<b>Total Free Cash Flow</b>	<b>\$55</b>	<b>\$ 21</b>	<b>\$ 34</b>

# Emerging Secular Trends Providing Positive Opportunities for Tower

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## Light Weighting

- Increased use of aluminum, higher strength steels and hot forming with complex joining technologies is providing Tower higher value-add opportunities

## Outsourcing

- Continues to provide opportunity – OEM focus on electrification, powertrain and other technologies is providing additional opportunities for Tower to manufacture parts previously done by OEMs

## Replacement

- For the next generation of existing vehicles with Tower content, we are seeing opportunities for increased revenue and higher value-add on the re-designed platforms

**Tower's structural components and assemblies are relevant and necessary regardless of how vehicles are powered or driven.**

# Important New-Business Win for Tower Europe

<b>Source of business:</b>	<b>OEM outsourcing</b>
<b>Primary Tower Content:</b>	<b>Floor Pan Assemblies</b>
<b>Initial launch timing:</b>	<b>Second Half 2018</b>
<b>Ongoing annual revenue:</b>	<b>~ €75 million</b>
<b>Adjusted EBITDA Margin:</b>	<b>15+%</b>
<b>“Acquisition multiple”*:</b>	<b>&lt; 2.5X</b>

**Floor pan contains high strength steel, aluminum, and hot formed steel parts. Customer outsourced to free up capacity.**

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\* (Capex plus up-front launch cost)/ongoing annual EBITDA



# \$225 Million of Net New Business Secured Through 2019

- Net New Business in 2018-19:

~ \$225 million by 2019

- About two-thirds of revenue projected to occur in 2019.
- Over 85% of the new business is in North America.
- Average EBITDA margin is projected at about 15%.

- Total Company Adjusted EBITDA Margin:

Presently projected to increase by 100 to 150 bps from Full Year 2016

- At IHS projected industry production volumes.

- Free Cash Flow:

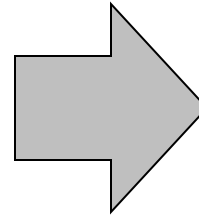
Projected to be strong through period

- Calendar-year cadence will be affected by customer tooling timing.

**Tower's secured net new business represents a CAGR of 5 points greater than forecasted industry production volumes from 2017-2019.**

## Excellent Program Execution

- Launch
- Quality
- Cost Performance



## Free Cash Flow Generation

- Reliable
- Consistent
- Growing

## Capital Deployment Flexibility

### Profitable Growth *Above Industry*

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

### Leverage Reduction *Net Debt of 1.0x Adjusted EBITDA*

- EBITDA Growth
- Debt Reduction

### Return Capital to Shareholders *Distribute Excess FCF*

- Growing Sustainable Dividend
- Share Repurchase

# Final Thoughts

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- Tower delivered solid operating and financial performance – with revenue growth in excess of industry production fueled by new business wins.
- Secular industry trends are providing meaningful future growth and higher value-add opportunities.
- Driving margin expansion and significant Free Cash Flow.
- We remain disciplined in our capital deployment and will retain a balanced approach in deploying our capital for growth, leverage reduction and return of capital to shareholders.

**Tower is positioned for a revenue CAGR of 5 points above industry from 2017-19 – leading to margin expansion and significant free cash flow generation.**

# APPENDIX

# Non-GAAP Financial Measures

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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 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.

# Balance Sheet

(in \$ millions)

	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 62.8	\$ 121.6
Accounts receivable, net of allowance of \$1.0 and \$1.3	178.3	223.7
Inventories	71.7	66.6
Assets held for sale	102.3	113.7
Prepaid tooling, notes receivable, and other	<u>103.0</u>	<u>68.2</u>
Total current assets	<u>518.0</u>	<u>593.9</u>
Property, plant, and equipment, net	465.6	427.9
Goodwill	56.4	59.3
Deferred tax asset	112.6	127.2
Other assets, net	<u>9.9</u>	<u>7.2</u>
Total assets	<u>\$ 1,162.5</u>	<u>\$ 1,215.5</u>
<b>LIABILITIES AND EQUITY</b>		
Short-term debt and current maturities of capital lease obligations	\$ 34.2	\$ 29.5
Accounts payable	258.1	268.0
Accrued liabilities	114.1	100.5
Liabilities held for sale	<u>53.3</u>	<u>44.2</u>
Total current liabilities	<u>459.7</u>	<u>442.2</u>
Long-term debt, net of current maturities	351.2	409.1
Obligations under capital leases, net of current maturities	4.9	6.0
Deferred tax liability	5.6	6.2
Pension liability	61.6	65.6
Other non-current liabilities	<u>65.5</u>	<u>79.7</u>
Total non-current liabilities	<u>488.9</u>	<u>566.6</u>
Total liabilities	<u>948.6</u>	<u>1,008.8</u>
Stockholders' equity:		
Tower International, Inc.'s stockholders' equity		
Common stock	0.2	0.2
Additional paid in capital	340.6	337.9
Treasury stock	(35.6)	(16.1)
Accumulated deficit	(14.0)	(44.0)
Accumulated other comprehensive loss	<u>(83.4)</u>	<u>(80.5)</u>
Total Tower International, Inc.'s stockholders' equity	<u>207.8</u>	<u>197.5</u>
Noncontrolling interests in subsidiaries	<u>6.1</u>	<u>9.2</u>
Total stockholders' equity	<u>213.9</u>	<u>206.7</u>
Total liabilities and stockholders' equity	<u>\$ 1,162.5</u>	<u>\$ 1,215.5</u>

# Income Statement

(in \$ millions)

	<b>Three Months Ended December 31,</b>		<b>Twelve Months Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Revenues	\$ 462.3	\$ 454.9	\$ 1,913.6	\$ 1,796.1
Cost of sales	403.3	406.5	1,675.2	1,578.2
Gross profit	58.9	48.4	238.4	217.9
Selling, general, and administrative expenses	35.4	33.9	131.6	124.5
Amortization expense	0.1	-	0.4	0.2
Restructuring and asset impairment charges, net	2.6	0.8	5.4	7.8
Operating income	20.8	13.7	101.0	85.3
Interest expense	3.5	6.0	21.6	23.8
Interest income	0.5	0.1	0.6	0.1
Other expense	-	-	6.5	-
Income before provision for income taxes and income / (loss) from discontinued operations	17.9	7.8	73.5	61.6
Provision / (benefit) for income taxes	3.5	(129.1)	17.2	(123.8)
Income from continuing operations	14.4	136.9	56.3	185.5
Income / (loss) from discontinued operations, net of tax	3.0	8.8	(17.0)	10.3
Net income	17.4	145.7	39.3	195.8
Less: Net income attributable to the noncontrolling interests	0.5	0.6	0.7	1.7
Net income attributable to Tower International, Inc.	\$ 16.9	\$ 145.1	\$ 38.6	\$ 194.1

# Fourth Quarter Certain Items Included in Net Income

(in \$ millions)

	After tax		Before tax	
	Three Months Ended		Three Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Income / (expense) items included in net income, net of tax:				
<i>Cost of sales</i>				
Pension actuarial loss	\$ (5.4)	\$ (9.1)	\$ (8.3)	\$ (9.1)
<i>Selling, general, and administrative expenses</i>				
One-time CEO compensation awards	(1.4)	(0.3)	(2.2)	(0.3)
<i>Restructuring and asset impairment charges, net</i>				
Lease buyout of previously closed facility	(1.2)	-	(1.8)	-
<i>Interest expense</i>				
Mark-to-market gain / (loss) on derivative financial instruments	0.7	(1.3)	1.0	(1.3)
<i>Tax expense</i>				
Release of valuation allowances, net	0.6	131.1	0.6	131.1
<i>Discontinued operations</i>				
Income from discontinued operations	3.0	8.8	3.0	8.8
<i>Noncontrolling interests</i>				
Net income attributable to noncontrolling interests*	<u>(0.5)</u>	<u>(0.6)</u>	(0.5)	(0.6)
Total items included in net income, net of tax	<u>\$ (4.2)</u>	<u>\$ 128.6</u>		
Net income attributable to Tower International, Inc.	\$ 16.9	\$ 145.1		
Memo: Average shares outstanding (in thousands)				
Basic	20,345	21,110		
Diluted	20,775	21,449		
Income per common share (GAAP)				
Basic	\$ 0.83	\$ 6.87		
Diluted	0.81	6.76		
Diluted adjusted earnings per share (non-GAAP)	\$ 1.02	\$ 0.77		

\* Amounts attributable to noncontrolling interests of discontinued operations



# Full Year Certain Items Included in Net Income

(in \$ millions)

	After tax		Before tax	
	Twelve Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Income / (expense) items included in net income, net of tax:				
<i>Cost of sales</i>				
Pension actuarial loss	\$ (5.4)	\$ (9.1)	\$ (8.3)	\$ (9.1)
<i>Selling, general, and administrative expenses</i>				
One-time CEO compensation awards	(2.5)	(3.1)	(3.8)	(3.1)
Acquisition costs	-	(0.4)	-	(0.4)
<i>Restructuring and asset impairment charges, net</i>				
One-time restructuring actions	-	(0.2)	-	(0.2)
Change in estimated future rent	-	(4.8)	-	(4.8)
Lease buyout of previously closed facility	(1.2)	-	(1.8)	-
<i>Interest expense</i>				
Mark-to-market loss on derivative financial instruments	(1.6)	(2.6)	(2.4)	(2.6)
Acceleration of the amortization of debt issue costs and OID	(0.5)	(0.4)	(0.7)	(0.4)
<i>Tax expense</i>				
Release of valuation allowances, net	0.6	131.1	0.6	131.1
<i>Other expense</i>				
European divestiture expenses	(4.5)	-	(6.5)	-
<i>Discontinued operations</i>				
Income / (loss) from discontinued operations	(17.0)	10.3	(17.0)	10.3
<i>Noncontrolling interests</i>				
Net income attributable to noncontrolling interests*	(0.7)	(1.7)	(0.7)	(1.7)
Total items included in net income, net of tax	<u>\$ (32.8)</u>	<u>\$ 119.1</u>		
Net income attributable to Tower International, Inc.	\$ 38.6	\$ 194.1		
Memo: Average shares outstanding (in thousands)				
Basic	20,864	21,093		
Diluted	21,222	21,408		
Income / (loss) per common share (GAAP)				
Basic	\$ 1.85	\$ 9.20		
Diluted	1.82	9.06		
Diluted adjusted earnings per share (non-GAAP)	\$ 3.36	\$ 3.50		

\* Amounts attributable to noncontrolling interests of discontinued operations

# Consolidated Statement of Cash Flows

(in \$ millions)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
<b>OPERATING ACTIVITIES:</b>				
Net income	\$ 17.4	\$ 145.7	\$ 39.3	\$ 195.8
Less: Income / (loss) from discontinued operations, net of tax	3.0	8.8	(17.0)	10.3
Income from continuing operations	14.4	136.9	56.3	185.5
Adjustments required to reconcile income from continuing operations to net cash provided by continuing operating activities:				
Deferred income tax provision / (benefit)	\$ (0.7)	\$ (130.7)	\$ 9.5	\$ (131.0)
Depreciation and amortization	19.1	18.3	72.5	72.5
Non-cash share-based compensation	0.9	0.5	2.5	2.3
Pension income / (loss), net of contributions	5.9	(3.8)	(2.0)	(14.1)
Change in working capital and other operating items	65.8	41.8	(1.1)	(13.8)
Net cash provided by continuing operating activities	\$ 105.3	\$ 62.9	\$ 137.7	\$ 101.4
<b>INVESTING ACTIVITIES:</b>				
Cash disbursed for purchases of property, plant, and equipment, net	\$ (42.7)	\$ (63.3)	\$ (116.3)	\$ (119.7)
Return from joint venture	4.5	-	4.5	-
Acquisition, net of cash	-	-	-	(21.7)
Net cash used in continuing investing activities	\$ (38.2)	\$ (63.3)	\$ (111.7)	\$ (141.5)
<b>FINANCING ACTIVITIES:</b>				
Proceeds from borrowings	\$ 123.1	\$ 31.3	\$ 581.8	\$ 125.3
Repayments of borrowings	(169.5)	(37.3)	(587.1)	(133.1)
Repayments on Term Loan Credit Facility	-	-	(50.0)	(25.0)
Proceeds from termination of cross currency swaps	-	-	-	32.4
Dividend payment to Tower shareholders	(2.2)	(2.1)	(8.6)	(2.1)
Proceeds from stock options exercised	0.2	-	0.3	0.2
Purchase of treasury stock	(1.0)	-	(19.6)	(6.6)
Noncontrolling interest dividends and other activity	-	(2.6)	-	(2.6)
Net cash provided / (used) in continuing financing activities	\$ (49.4)	\$ (10.6)	\$ (83.2)	\$ (11.5)
Discontinued operations:				
Net cash from / (used in) discontinued operating activities	\$ 2.3	\$ (6.0)	\$ 6.0	\$ 15.6
Net cash from / (used in) used in discontinued investing activities	(1.5)	40.8	(3.6)	41.8
Net cash used in discontinued financing activities	(0.5)	(1.7)	(3.4)	(11.4)
Net cash from / (used in) discontinued operations	\$ 0.3	\$ 33.1	\$ (1.0)	\$ 46.0
Effect of exchange rate changes on continuing cash and cash equivalents	\$ (2.4)	\$ (1.8)	\$ (0.6)	\$ (5.5)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	\$ 15.6	\$ 20.3	\$ (58.8)	\$ (11.1)
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of period	\$ 47.2	\$ 101.3	\$ 121.6	\$ 132.7
End of period	\$ 62.8	\$ 121.6	\$ 62.8	\$ 121.6

# Adjusted EBITDA Reconciliation to Net Income

(in \$ millions)

	2015					2016				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
<b>Adjusted EBITDA</b>	\$ 47.1	\$ 51.5	\$ 43.8	\$ 45.9	\$ 188.3	\$ 45.1	\$ 50.4	\$ 50.1	\$ 56.2	\$ 201.7
Restructuring and asset impairments charges, net	(0.9)	(5.3)	(0.8)	(0.8)	(7.8)	(0.7)	(0.8)	(1.2)	(2.6)	(5.4)
Depreciation and amortization	(18.0)	(17.8)	(18.4)	(18.3)	(72.5)	(17.3)	(18.2)	(17.9)	(19.1)	(72.5)
Acquisition costs and other	-	(0.2)	(0.5)	(0.2)	(0.9)	(0.1)	(0.4)	0.1	(0.1)	(0.4)
Long-term compensation expense	(2.2)	(2.0)	(2.0)	(3.5)	(9.7)	(3.0)	(2.1)	(2.6)	(3.9)	(11.5)
One-time CEO compensation awards	(0.9)	(0.9)	(0.9)	(0.3)	(3.0)	(0.6)	0.2	(0.7)	(1.4)	(2.5)
Interest expense, net	(7.7)	(3.9)	(6.2)	(5.9)	(23.7)	(7.6)	(5.0)	(5.6)	(2.9)	(21.0)
Other expense	-	-	-	-	-	(3.6)	(2.9)	-	-	(6.5)
(Provision) / benefit for income taxes	(1.9)	(2.0)	(1.5)	129.1	123.8	(3.5)	(6.0)	(4.2)	(3.5)	(17.2)
Pension actuarial loss	-	-	-	(9.1)	(9.1)	-	-	-	(8.3)	(8.3)
Income / (loss) from discontinued operation	(1.3)	(0.4)	3.2	8.8	10.3	(0.3)	(20.0)	0.4	3.0	(17.0)
Net income attributable to noncontrolling interest	(0.1)	(0.5)	(0.6)	(0.6)	(1.7)	-	(0.1)	(0.1)	(0.5)	(0.7)
<b>Net income / (loss) attributable to Tower International, Inc.</b>	<b>\$ 14.0</b>	<b>\$ 18.6</b>	<b>\$ 16.3</b>	<b>\$ 145.1</b>	<b>\$ 194.1</b>	<b>\$ 8.4</b>	<b>\$ (4.8)</b>	<b>\$ 18.2</b>	<b>\$ 16.9</b>	<b>\$ 38.6</b>

# Adjusted Free Cash Flow Reconciliation to GAAP

(in \$ millions)

	<u>Three Months Ended December 31,</u>		<u>Twelve Months Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net cash provided by continuing operating activities*	\$ 105.3	\$ 62.9	\$ 137.7	\$ 101.4
Cash disbursed for purchases of PP&E, net*	(42.7)	(63.3)	(116.3)	(119.7)
Free cash flow	62.6	(0.4)	21.4	(18.3)
Net cash received / (disbursed) for customer-owned tooling	19.6	12.4	(32.5)	(27.4)
Adjusted free cash flow	<u>\$ 43.0</u>	<u>\$ (12.8)</u>	<u>\$ 53.9</u>	<u>\$ 9.1</u>

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\*From GAAP Consolidated Statement of Cash Flows

# Industry Volume Assumptions

(Car and light truck production in millions)

	Actual	(IHS Jan.-17 Issue)						
	2016	1Q17	2Q17	3Q17	4Q17	2017	2018	2019
Europe	21.5	5.8	5.7	4.8	5.5	21.8	22.1	22.5
North America	17.8	4.6	4.6	4.2	4.2	17.6	17.9	18.2
<b><u>Y / Y % Change</u></b>								
Europe	2.8 %	5.6 %	(3.5) %	0.6 %	3.6 %	1.5 %	1.1 %	1.8 %
North America	2.0	2.6	0.1	(5.0)	(3.9)	(1.5)	2.1	1.7