



NYSE: SUP

**Third Quarter 2014
Earnings Conference Call
November 3, 2014**

Superior Industries International



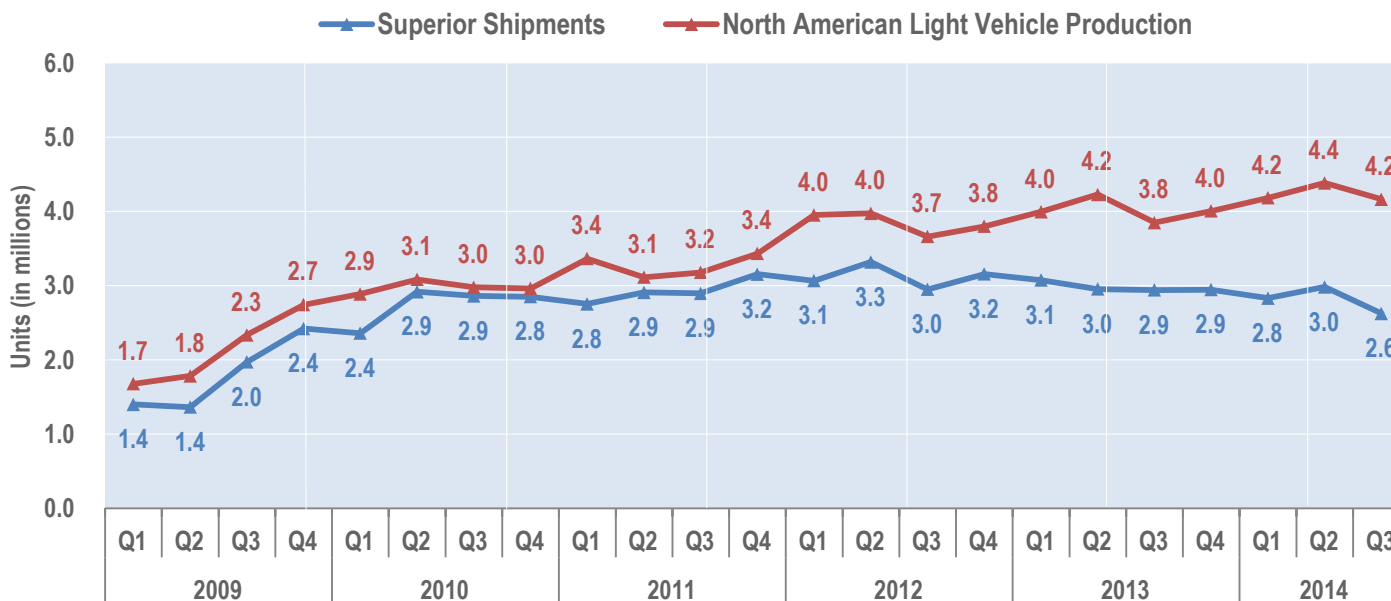
Forward-Looking Statements

Any forward-looking statements made in this webcast or contained in this presentation are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially because of issues and uncertainties that need to be considered in evaluating our financial outlook. We assume no obligation to update publicly any forward-looking statements. Conditions, issues and uncertainties that may be discussed from time-to-time include, but are not limited to, global competition, product pricing and mix, domestic and foreign market demand, commodity prices including metal, energy and foreign currency, manufacturing capacity including progress in constructing a new manufacturing facility, timing and costs for closing of the Rogers, Arkansas facility, productivity, capital investment including future capital avoidance, items affecting future cash flow, operating and manufacturing challenges, dividends, share repurchases, the company's ability to improve its cost structure and competitive position, and our strategic and operating plans. Please refer to the company's SEC filings, including our 2013 Annual Report on Form 10-K, for a complete discussion on forward-looking statements and risk factors that may cause actual events to differ from these forward-looking statements.



North American Vehicle Production vs. Superior Shipments

N.A. production was up 8%, a very strong Q3 compared to recent history. Superior's shipment decline was influenced by customer mix, as Ford was down 8%.



Source: WardsAuto

Note: North American light vehicle production includes passenger cars, light trucks, and SUVs

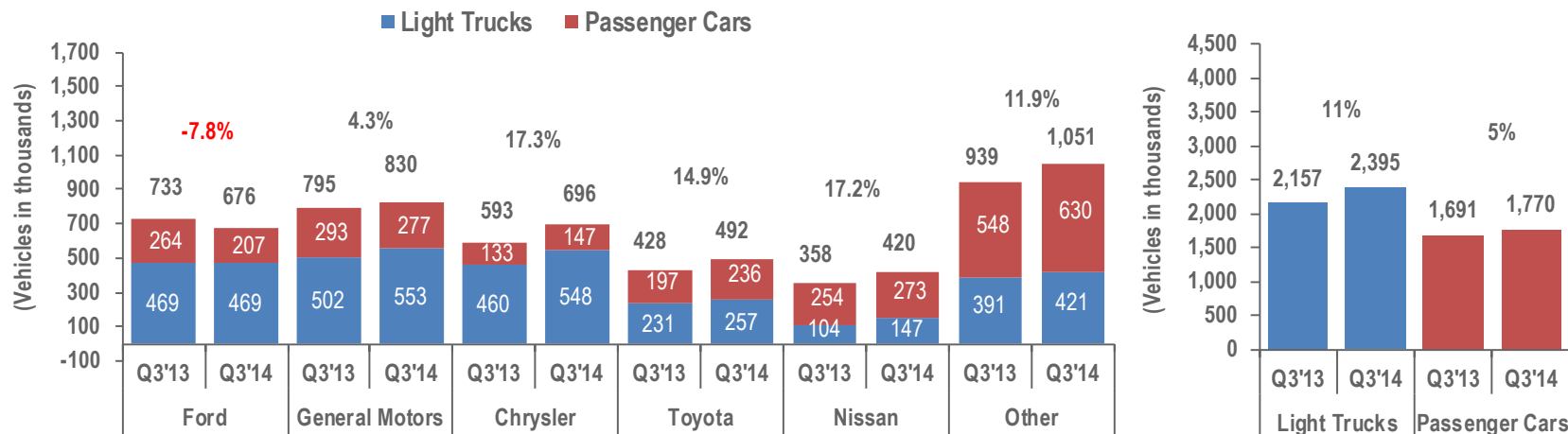
YOY Comparison	NA Light Vehicle Production	Superior Shipments
3Q14	4.2	2.6
3Q13	3.8	2.9
% Change	8.2%	(10.8%)

Units (in millions)



NA Vehicle Production – Year-over-Year Comparison

Vehicle production is up 8% driven by strong light truck growth, while Ford was an exception.

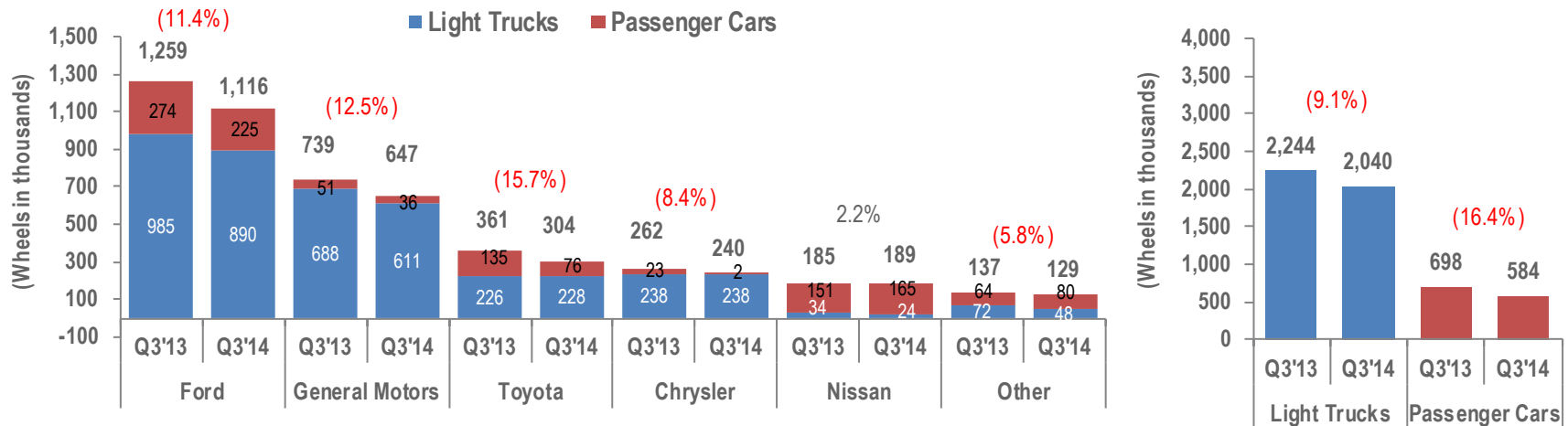


- **Ford: Down (8%) overall - Passenger cars down (57K) units with light trucks flat**
 - Passenger cars: Down in almost all models, primarily on Fusion, Focus, Taurus and Mustang
 - Light trucks: Increases primarily on Explorer, MKC and Transit offset by declines on Econoline, Edge, F-Series and Escape
- **GM: Passenger cars down (16K) units, or (6%) - Light trucks up 50K units, or 10%**
 - Passenger cars: Gains on the Cruze, Corvette and Malibu more than offset by decreases on Impala, Camaro, ATS and Verano
 - Light trucks: Up on most models, with largest changes on K2XX, Express and Trax
- **Chrysler: Passenger cars up 14K units, or 10% - Light trucks up 89K units, or 19%**
 - Passenger cars: Up on Chrysler 200, partially offset due to elimination of Dodge Avenger since last year
 - Light Trucks: Large increase on Grand Cherokee followed by the Dodge Ram Truck, Jeep Patriot, Chrysler Town & Country and Dodge Journey
- **Toyota: Passenger cars up 39K units, or 20% - Light trucks up 25K units, or 11%**
 - Passenger cars: Gains on Corolla and Camry more than offset decreases on Avalon and Matrix
 - Light trucks: Up on most models with strongest gains on the Highlander and Tacoma
- **Nissan: Passenger cars up 18K units, or 7% - Light trucks up 43K units, or 41%**
 - Passenger cars: Gains mostly on Sentra
 - Light trucks: Up on Rogue and Xterra / Frontier
- **Other Customers: Passenger cars up 82K units or 15% - Light trucks up 31K units, or 8%**
 - BMW: up 45%, Subaru up 39% and VW down (12%)



Superior Shipments – Year-over-Year Comparison

The most significant changes for Superior were lower shipments for the F-Series and GMT900 platforms.



- **Ford: Passenger cars down (47K) units, or (18%) - Light trucks down (95K) units, or (10%)**
 - Passenger cars: Decline in line with change in vehicle production on Fusion, Taurus and Mustang
 - Light trucks: Down on F Series, Expedition and Flex, partially offset by increases on Explorer and MKC
- **GM: Passenger cars down (15K) units, or (30%) - Light trucks down (77K) units, or (11%)**
 - Passenger cars: Down on Impala and ATS
 - Light trucks: Down on K2XX and Enclave
- **Toyota: Passenger cars down (59K) units, or (44%) - Light trucks essentially flat**
 - Passenger cars: Down on Avalon and Camry
 - Light trucks: Increases on Tundra, Tacoma and Highlander, offset by Venza
- **Chrysler: Passenger cars down (22K) units, or (92%) - Light trucks essentially flat**
 - Passenger cars: Only service business is remaining as Challenger business ended in Q2'14
 - Light Trucks: Gains on Chrysler Town & Country and Dodge Durango, offset by declines on the Dodge Journey and Ram Truck
- **Nissan: Passenger cars up 14K units, or 9% - Light trucks down (10K) units or (29%)**
 - Passenger cars: Up on Altima and Note
 - Light trucks: Decreases on Titan and Armada partially offset by increase on Xterra / Frontier
- **Other Customers: Passenger cars up 16K units, or 25%; Light trucks down (24K) units, or (33%)**
 - BMW down (31%), Subaru up 17% and VW up 45%



NA Production / Superior – Sequential Quarter Comparison

A sequential vehicle production decline is not unusual. Superior's sequential shipment comparison reflects timing of the Ford F-Series platform launch.

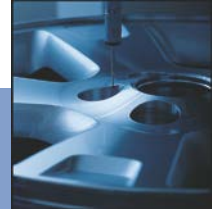
QOQ Comparison	NA Light Vehicle Production	Superior Shipments	
3Q14	4.2	2.6	<i>Units (in millions)</i>
2Q14	4.4	3.0	
% Change	(5%)	(12%)	

Market

- **Sequential production declines occurred at all major customers**
 - **Ford:** Down (13%) on F Series, Econoline, Mustang, Fusion and Taurus – up on Lincoln MKC/MKZ, Focus, Expedition
 - **GM:** Down (7%) - Camaro, Impala, Volt and Captiva; K2XX was flat
 - **Toyota:** Down (4%) on Avalon, Matrix, Camry, Tundra, Highlander and Sienna
 - **Chrysler:** Down (4%) on Ram Truck, Challenger, Caravan and Jeep models – up on Chrysler 200 and Fiat 500
 - **Nissan:** Down (6%) on Versa, Altima
 - **Other Brands:** Up 3% overall

Superior

- **Down 12% from a relatively strong 2Q14**
 - **Ford:** Down (13%) F-Series is key driver - Fusion, Mustang, Expedition also down, partially offset by MKC
 - **GM:** Down (8%) on Volt, Enclave, Impala, SRX, K2XX
 - **Toyota:** Down (10%), Down on Avalon – Light Trucks up 2% on Sienna, Highlander, Tundra and Venza
 - **Chrysler:** Down (23%) on Challenger and Town & Country, partially offset by increase on Journey and Liberty
 - **Nissan:** Down (8%) on Note, Maxima, Versa and Titan, partially offset by increases on the Altima
 - **Other Customers:** Down (9.5%) - (3%) at BMW, (11%) at Subaru and (22%) at VW



3Q14 Significant Highlights - Sales

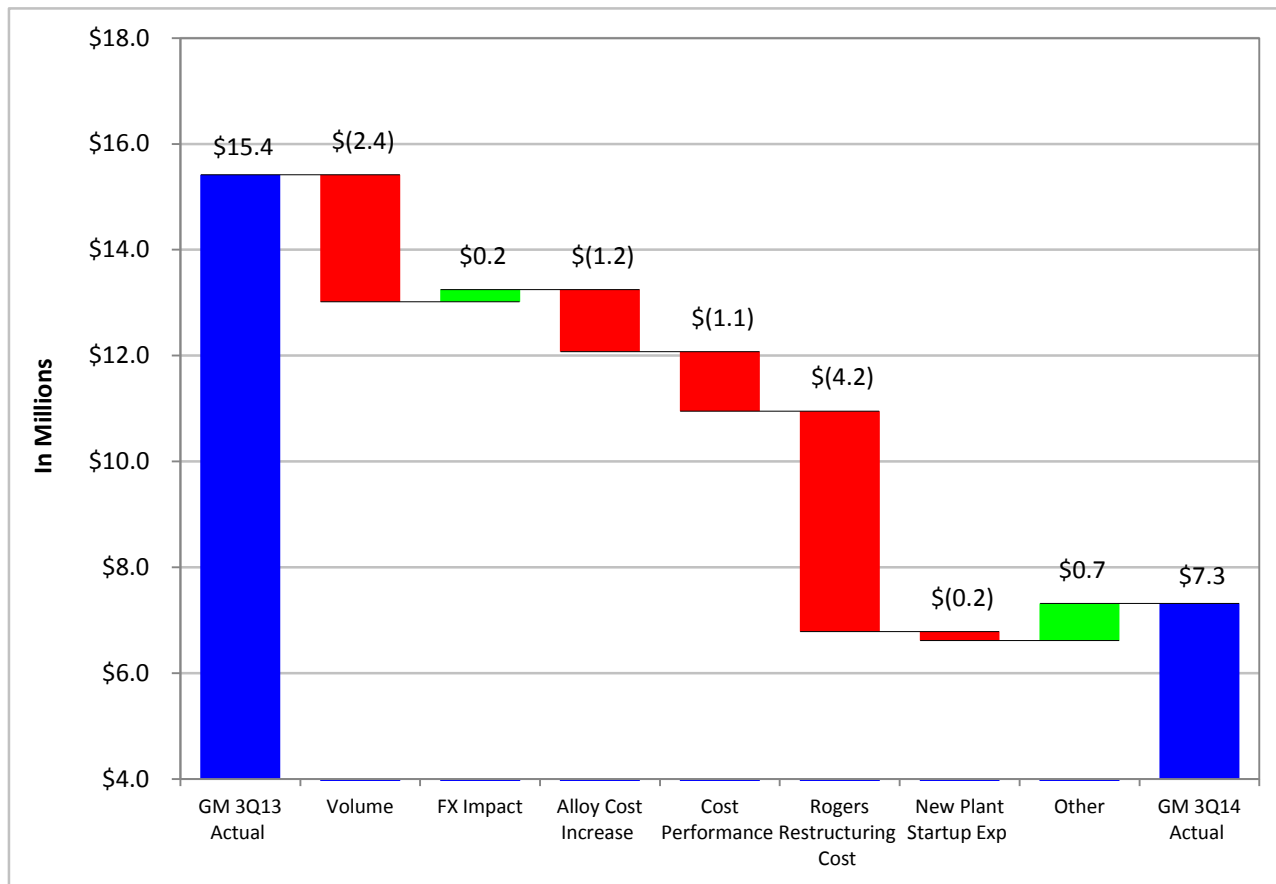
The unit volume change drove the revenue comparison for the quarter and months. Higher aluminum prices added some revenue for the Q3.

	Millions		Variance		Millions		Variance	
	Q3 2014	Q3 2013	Amount	Percent	YTD 2014	YTD 2013	Amount	Percent
Volume (Wheels Shipped)	2.62	2.94	(0.32)	-11%	8.44	8.97	(0.53)	-6%
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Net Sales:								
Total	\$176.4	\$191.6	(\$15.2)	-8%	\$558.8	\$597.1	(\$38.3)	-6%
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Volume			(\$19.0)				(\$32.5)	
Project Development			(\$0.3)				(\$1.1)	
Sales Adjustments			(\$0.2)				\$0.5	
Pass-Through Upcharges			(\$2.6)				(\$6.2)	
Price / Mix			\$6.9				\$1.0	
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Aluminum Content - Price			\$5.8	} \$6.5			(\$3.0)	} \$0.2
Aluminum Content - Weight		\$6.9	\$0.7				\$3.2	
FX Impact			\$0.3			\$1.0	(\$1.5)	
Price / Mix Other			\$0.1				\$2.3	
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Quarterly Gross Profit Comparison – Year Over Year

Restructuring cost significantly affected the comparison. The volume decline directly drove lower gross profit and also contributed to weaker cost performance.



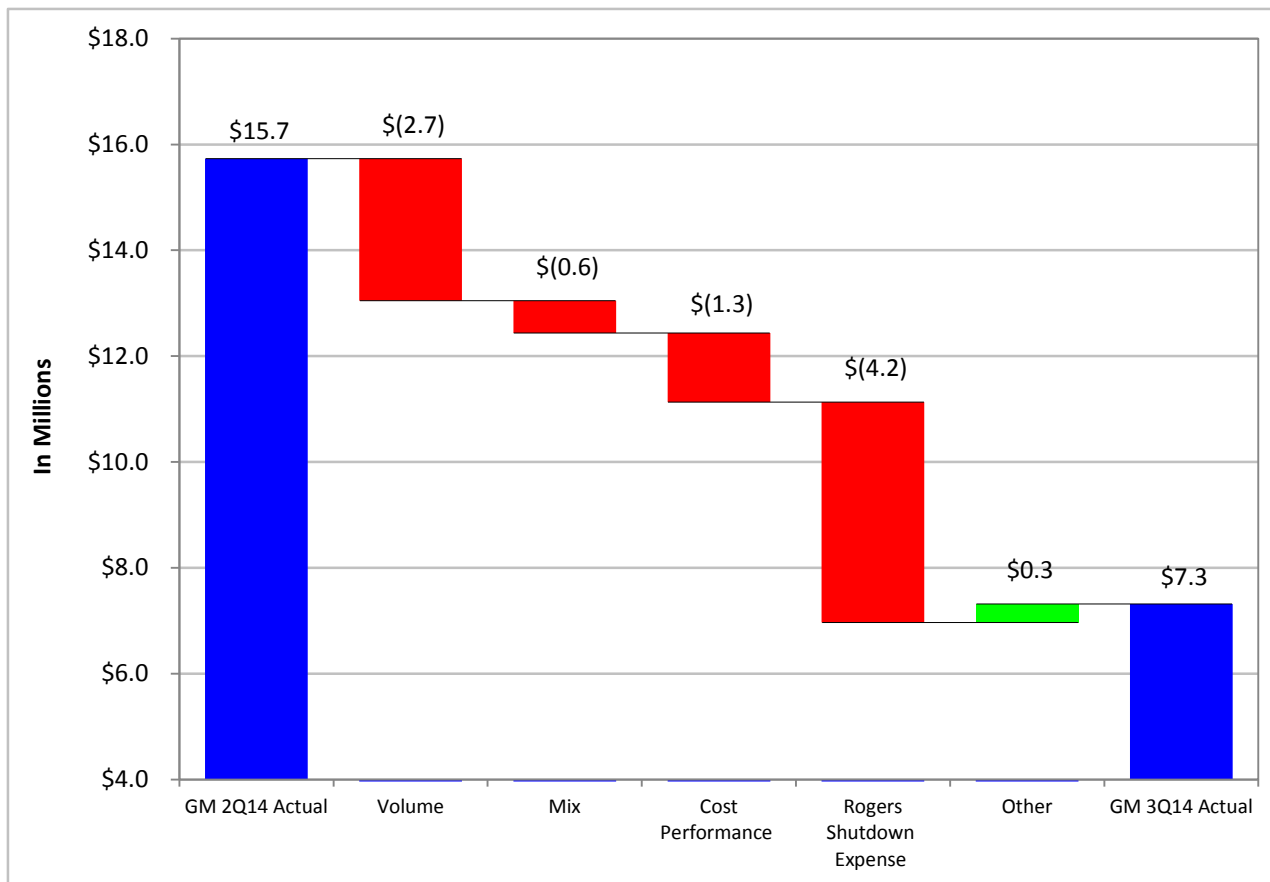
- **Volume** - Decrease of (318K) units or (11%)
- **FX** – 3Q14 average Peso rate devalued 2% compared to 3Q13
- **Alloy Cost Increase** – Portion of higher alloy cost not passed through to our customers
- **Cost Performance** – Demand volatility and decline impaired cost performance overall; improvements in U.S. reflect continued headcount reductions
- **Rogers Shutdown Expense** - \$4.2M in total (2.4% gross margin impact)
 - \$3.1M of accelerated depreciation,
 - \$800K of severance expense
 - \$250K inventory related expense
- **Capacity Utilization¹**
 - 3Q14 = 92%
 - 3Q13 = 99%

(1) Capacity is computed based on straight time with a standard mix and no provision for unplanned downtime.



Quarterly Gross Profit Comparison – Sequential

The sequential comparison fundamentally is similar to the year-to-year change.



- **Volume - Decrease of (359K) units or (12%)**
- **Mix –Slight decrease from prior quarter**
- **Cost Performance – Demand volatility and decline impaired cost performance overall; improvements in U.S. reflect continued headcount reductions.**
- **Rogers Shutdown Expense - \$4.2M in total (2.4% gross margin impact)**
 - \$3.1M of accelerated depreciation,
 - \$800K of severance expense
 - \$250K inventory related expense
- **Capacity Utilization¹**
 - 3Q14 = 92%
 - 2Q14 = 95%

(1) Capacity is computed based on straight time with a standard mix and no provision for unplanned downtime.



3Q14 Income Statements – Other Comments

- **SG&A expenses increased \$1.7M**
 - \$1.2M associated with disposal process for company owned aircraft
 - Higher professional services cost for proxy contest and for strategy and business assessments

- **Foreign exchange loss increased from \$220k loss in 2013 to a \$374k loss in the current year due to devaluation of Mexican peso and Euro against the U.S. dollar**

- **Income tax benefit was \$0.3M or 12% for 3Q14 compared to expense of \$2.5M or 33% in 3Q13**
 - 3Q14 – Low effective rate of 12% for tax benefit from loss largely affected by discrete items recognized during quarter – negative tax receivable adjustment partially offset by release of reserve for prior year
 - 3Q13 – The rate primarily reflects the benefit of income tax credits not available in 2014 and foreign income taxed at rates lower than U.S. statutory rates



Balance Sheet & Cash Flow Comments

Balance Sheet

- Cash and short-term investments decreased \$116.2M during the year to end the quarter at \$86.9M
- Accounts receivable increased \$14.5M compared to year-end 2013 – reflects effect of more shutdown days in last fiscal week of 2013 and higher aluminum prices
- Net inventory increased \$10.5M compared to year-end 2013 – reflects impact of higher aluminum prices
- Prepaid aluminum increased \$5.6M compared to year-end – reflects impact of higher aluminum prices

Cash Flow

- | Capital expenditures | <u>Quarter</u> | <u>YTD</u> |
|-----------------------------|----------------|-------------|
| – Existing facilities | \$ 9.0M | \$24.9 |
| – New facility | <u>27.5M</u> | <u>67.1</u> |
| – Total 3Q14 | \$36.5M | \$92.0 |
| – Total 3Q13 | \$26.3M | \$43.4 |
- Completed prior share repurchase program on August 1, 2014
 - \$30M invested - \$8.8M in 3Q14
 - 1,510K shares repurchased – 437K shares in 3Q14



Future Cash Flow Considerations

Cash investment in the new manufacturing facility has been the largest incremental change in 2014.

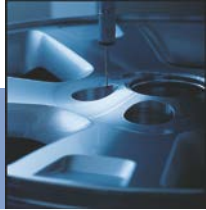
- **New facility spending estimates**
 - 2013 spending = \$36M
 - 3Q14 YTD spending = \$67M
 - ~\$19M-\$21M of cash outflow in 4Q14 as equipment is tested and approved for production
 - ~\$8M additional spending for start-up cost to fund operations prior to commercial shipments – some capital and some expense

- **Capital investment for base business**
 - 3Q14 YTD spending = \$25M
 - Estimate \$30-\$35M for 2014

- **Aluminum sensitivity**
 - Although majority of the commodity aluminum component will pass through to our market, additional working capital is required to support higher metal cost
 - Rough sensitivity is 1¢ / pound for metal = \$1M in working capital

- **Dividend – 2014 dividend payments will approximate \$20M per year at current rate**

- **Board authorized new stock repurchase program in October 2014, up to \$30M**



New Manufacturing Facility Update

Completion of the new manufacturing facility is on schedule and on budget.

- **Building construction and infrastructure completed**
- **Machinery and equipment mostly installed and being tested**
 - Support equipment such as compressors and cooling towers installed and operational
 - The majority of production equipment such as furnaces, casting machines, machine cells are installed and operational
 - Coating system is in the last stages of system integration and activation
- **Customer production approval process is underway**
- **Estimated start of commercial production during 1Q15**
- **Cost estimate excluding capitalized start-up remains in \$120-\$125M range**
- **Infrastructure sized to allow for future expansion up to 500k wheels / year – will be able to transfer applicable equipment from Rogers facility which will reduce expansion capital requirements significantly (estimated \$7 to \$8 million capital avoidance)**



New Manufacturing Facility Update (continued)





Rogers Facility Closure Update

Closure of the Rogers, Arkansas facility is part of an initiative to reduce costs and enhance global competitive position.

- **Rogers manufacturing facility will be decommissioned by year end 2014**
 - Facility built in 1989
 - Annual straight-time capacity ~1.75M wheels
- **Expected demand level allows for production shift to other Superior manufacturing facilities**
- **Anticipated to generate net savings of \$15M in cost savings year-over-year**
- **3Q14 restructuring cost totals \$4.2M - \$800K of severance, \$250K of inventory write-downs and \$3.1M of accelerated depreciation**
- **Estimated 4Q14 charges include \$1M - \$1.5M severance and \$3.1 accelerated depreciation**
- **Net book value of fixed assets and manufacturing equipment ~\$17.6 million at end of 3Q14**
- **Post-closure costs to decommission the facility estimated to be \$6M-\$7M - majority will fall into 2015**
- **A portion of the machinery and equipment will be redeployed to other Superior plants to enhance production, expand capacity and reduce capital outlay**



Summary

- **NA market and auto production remains strong**
- **Superior's sales impacted by customer launch timing, customer / trim line mix changes**
- **Plant utilization rates remained below prior year levels - focus continues on keeping low cost Mexico facilities full**
- **New wheel plant construction entering final stages - will expand on success in Mexico, help to lower overall cost structure and provide more flexibility**
- **Rogers facility closure is part of initiative to reduce costs and enhance global competitive position**
- **Capital spending for the new plant and base business, stock repurchases, higher metal pricing all have reduced cash position**

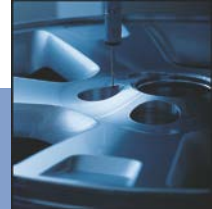


3Q14 Quarter Income Statements

(US\$ in Thousands, except for per share amounts)

	3Q14	3Q13	Favorable (Unfavorable)	
			Amount	Percent
Unit Shipments	2,623,833	2,942,181	(318,348)	-11%
Total Revenues	\$ 176,419	\$ 191,619	\$ (15,200)	-8%
Gross Profit	\$ 7,318	\$ 15,418	\$ (8,100)	-53%
% of Revenues	4.1%	8.0%	-3.9%	
SG&A Expenses	9,955	8,255	(1,700)	-21%
% of Revenues	5.6%	4.3%	1.3%	
Operating Income (Loss)	(2,637)	7,163	(9,800)	-137%
% of Revenues	-1.5%	3.7%	-5.2%	
Interest Income, net	233	413	(180)	-44%
Foreign Exchange Gain (Loss)	(374)	(220)	(154)	70%
Other Income (Expense), net	38	362	(324)	90%
Income (Loss) Before Income Taxes	(2,740)	7,718	(10,458)	-136%
Income Tax (Provision) Benefit	321	(2,547)	2,868	113%
Net Income (Loss)	\$ (2,419)	\$ 5,171	\$ (7,590)	-147%
Income (Loss) Per Share - Diluted	\$ (0.09)	\$ 0.19	\$ (0.28)	

Unaudited



September 2014 YTD Income Statements

(US\$ in Thousands, except for per share amounts)

			Favorable (Unfavorable)	
	2014	2013	Amount	Percent
Unit Shipments	8,437,553	8,971,111	(533,558)	-6%
Total Revenues	\$ 558,775	\$ 597,053	\$ (38,278)	-6%
Gross Profit	\$ 38,686	\$ 45,173	\$ (6,487)	-14%
% of Revenues	6.9%	7.6%	-0.6%	
SG&A Expenses	25,176	22,554	(2,622)	-12%
% of Revenues	4.5%	3.8%	0.7%	
Operating Income (Loss)	13,510	22,619	(9,109)	-40%
% of Revenues	2.4%	3.8%	-1.4%	
Interest Income, net	893	1,289	(396)	-31%
Foreign Exchange Gain (Loss)	(555)	210	(765)	-364%
Other Income (Expense), net	133	346	(213)	62%
Income Before Income Taxes	13,981	24,464	(10,483)	-43%
Income Tax (Provision) Benefit	(6,539)	(8,035)	1,496	19%
Net Income (Loss)	\$ 7,442	\$ 16,429	\$ (8,987)	-55%
Income (Loss) Per Share - Diluted	\$ 0.27	\$ 0.60	\$ (0.33)	

Unaudited



Summary Balance Sheets

(US\$ in Millions)

	September <u>2014</u>	December <u>2013</u>	Increase <u>(Decrease)</u>
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 83.1	\$ 199.3	\$ (116.2)
Short Term Investments	3.8	3.8	--
Accounts Receivable, net	104.1	89.6	14.5
Inventories, net	77.7	67.2	10.5
Prepaid Aluminum	11.7	6.1	5.6
Other Current Assets	17.4	18.2	(0.8)
Total Current Assets	297.8	384.2	(86.4)
Property, Plant & Equipment	258.5	219.9	38.6
Investments	4.5	4.6	(0.1)
Deferred Taxes	15.1	14.7	0.4
Other Assets	29.8	30.0	(0.2)
Total Assets	\$ 605.7	\$ 653.4	\$ (47.7)
<u>LIABILITIES & EQUITY</u>			
Accounts Payable	\$ 26.0	\$ 34.5	\$ (8.5)
Other Current Liabilities	50.7	64.9	(14.2)
Total Current Liabilities	76.7	99.4	(22.7)
Non-Current Liabilities	71.1	70.9	0.2
Shareholders' Equity	457.9	483.1	(25.2)
Total Liabilities & Equity	\$ 605.7	\$ 653.4	\$ (47.7)

Unaudited



Summary Cash Flow Statements

(US\$ in Millions)

	9 Months		Increase
	<u>2014</u>	<u>2013</u>	<u>(Decrease)</u>
Net Income (Loss)	\$ 7.4	\$ 16.4	\$ (9.0)
Depreciation	25.9	21.4	4.5
Deferred Income Taxes & FIN 48	0.3	0.8	(0.5)
Accounts Receivable	(16.9)	(21.6)	4.7
Inventories	(11.6)	5.3	(16.9)
Prepaid Aluminum	(5.6)	(0.2)	(5.4)
Accounts Payable and Accrued Liabilities	4.7	2.0	2.7
Other Operations Related Items	1.5	(3.4)	4.9
Cash Flow from Operations	5.7	20.7	(15.0)
Cash Dividends	(14.6)	-	(14.6)
Capital Expenditures	(92.0)	(43.4)	(48.6)
Proceeds from Exercise of Stock Options	5.6	1.8	3.8
Stock Repurchase	(21.8)	-	(21.8)
Net Change in Maturing Investments	-	0.2	(0.2)
Proceeds from Sale of PP&E	2.0	-	2.0
All Other	(1.1)	-	(1.1)
Net Increase (Decrease)	(116.2)	(20.7)	(95.5)
Cash - Beginning	199.3	203.4	(4.1)
Cash - Ending	\$ 83.1	\$ 182.7	\$ (99.6)

Unaudited