



NYSE: SUP

**First Quarter 2014
Earnings Conference Call
May 2nd, 2014**

Superior Industries International



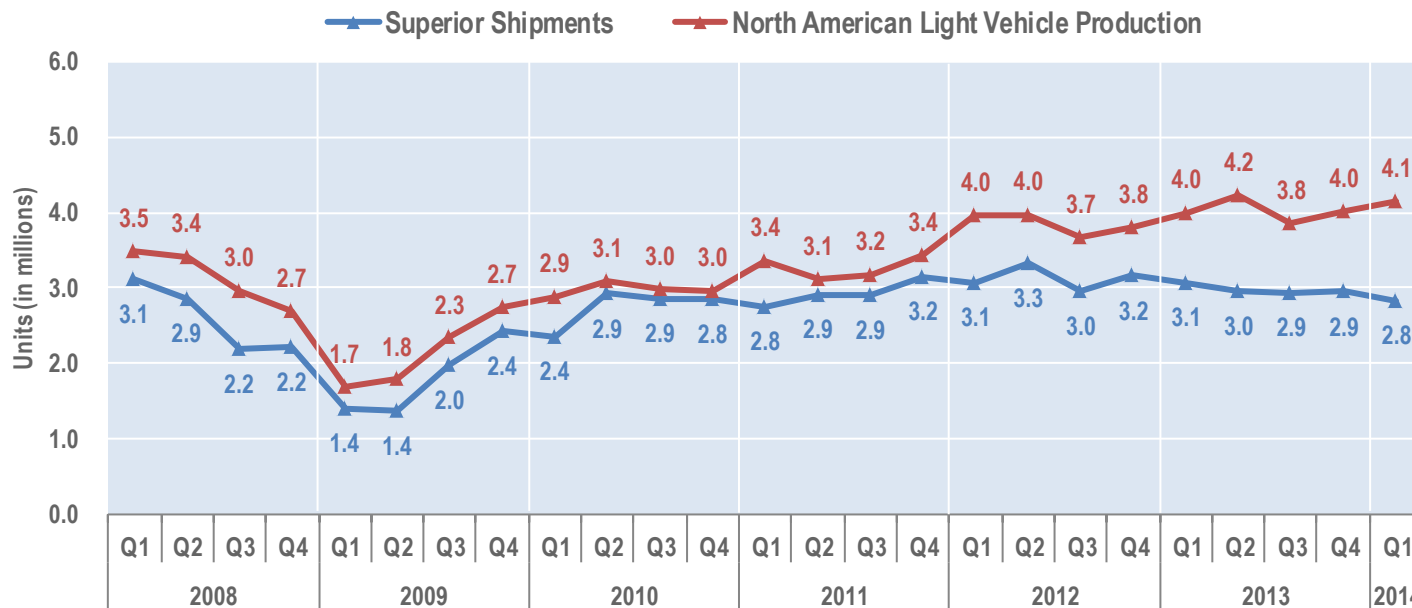
Forward-Looking Statements

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, productivity, capital investment, items affecting future cash flow, operating and manufacturing challenges, dividends, share repurchases 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

1Q14, NA Production was up 4% on a strong March performance. Superior's 1Q14 shipments were down 8% from the prior year.



Source: WardsAuto

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

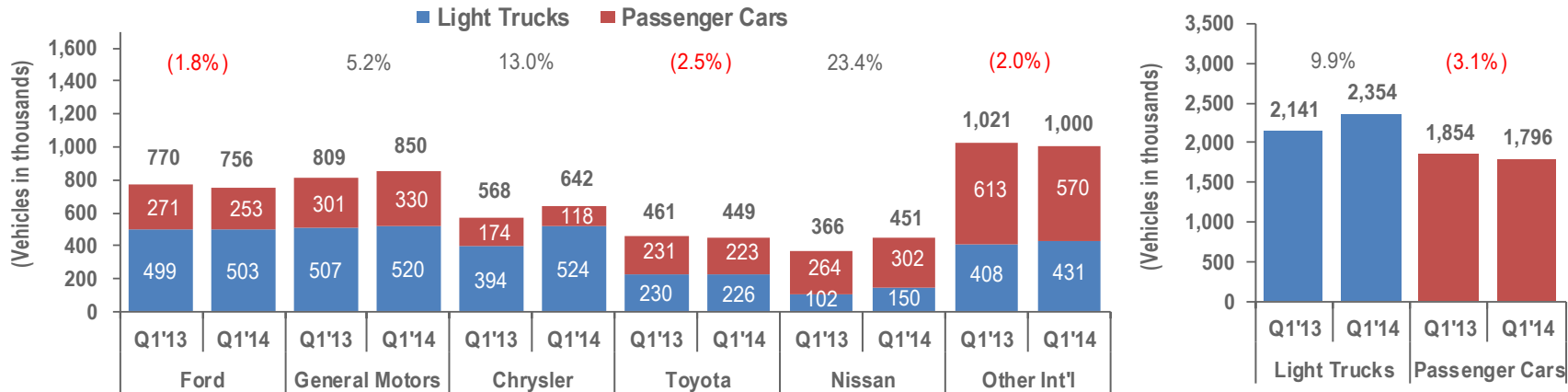
YOY Comparison	NA Light Vehicle Production	Superior Shipments
Q1'14	4.1	2.8
Q1'13	4.0	3.1
% Change	3.9%	(8.0%)

Units (in millions)



NA Vehicle Production – Year-over-Year Comparison

Production at Chrysler, Nissan and GM increased while the other OEM's were relatively flat or down slightly. Vehicle mix continued to move towards light trucks.

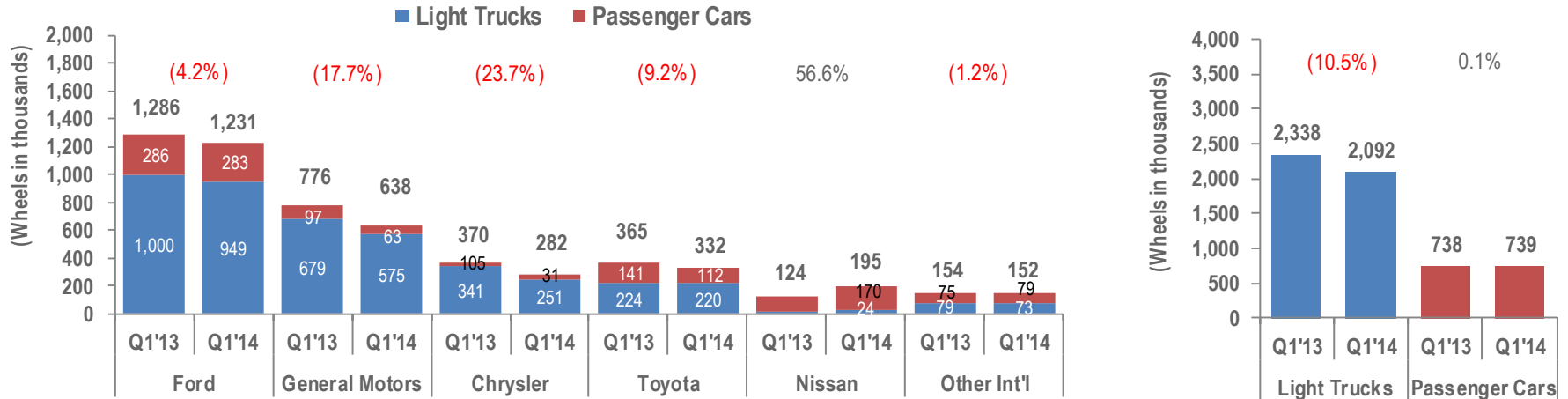


- **Ford production decreased - 2% as they were the only one of the Domestic 3 to be down year-over-year**
 - Passenger cars (-7%) - declines on all models except for the Fusion
 - Light Trucks +1% - increases on Explorer and Econoline were offset by decreases on Edge, Expedition and Flex – F-Series up slightly
- **GM production +5% compared to the prior year**
 - Passenger cars +10% - increases on Chevrolet Malibu, Cruz, Corvette, Camaro and Cadillac ATS – decreases on the Cadillac XTS and Chevy Aveo
 - Light trucks +3% - increases on Cadillac SRX, GMT 900 / K2XX, Chevrolet Trax and Traverse - GMC Acadia , Cadillac Escalade, and Chevy Avalanche lower
- **Chrysler production +13% compared to the prior year**
 - Passenger cars (-32%) decreases seen on all models
 - Light Trucks +33% on Jeep Grand Cherokee, Dodge Ram, Journey, Caravan and Chrysler Town and Country
- **Production for international brands +3% in total**
 - Toyota (-3%) on all models except the Corolla , Highlander and Tundra
 - Nissan +23% - Passenger car growth +14% on Note, Sentra and Maxima- Light truck growth of +47% on Rouge and Infinity Qx60 production
 - BMW +3%, Subaru (-11%) and VW (- 20%)



Superior Shipments – Year-over-Year Comparison

1Q14 shipments declined 8%. The most significant decrease was for the K2XX platform. The impact of Ford's F-Series model changeover is still a bit of a wildcard for the remainder of 2014.



- **Shipments to Ford (-4%) – Decreases on both light trucks and passenger cars**
 - Passenger cars (-1%) - decreases on the Mustang and Taurus offset gains on Fusion
 - Light trucks (-5%) – declines on Edge, F-Series, Flex and Expedition
- **Shipments to GM (-18%) – Decreases on both light trucks and passenger cars**
 - Passenger Cars (-35%) - losses mostly on Impala with smaller gain on Cadillac XTS
 - Light Trucks (-15%) - GMT 900 / K2XX, one of our largest platforms, was (-26%) due to program change over and trim line mix; partially offset by gains on the Cadillac SRX
- **Shipments to Chrysler (-24%) – Decline in light trucks (-26%) - very limited passenger car business**
 - Losses on Jeep brand and Dodge Caravan and Journey outpaced gains on Chrysler Town and Country, Dodge Durango and Ram
- **International +5% – Strong growth at Nissan more than offset declines at Toyota, BMW and VW**
 - Toyota (-9%) - passenger car shipments (-21%) compared to a strong 1Q13; Avalon lower as program moves out of launch surge; light trucks (-2%) on Highlander and Venza, partially offset by gains on Tundra, Tacoma and Sequoia
 - Nissan +57% on strong passenger car shipments - Note, Maxima, and Altima all strong
 - BMW (-5%) on X3; Subaru (-1%) on decline in Legacy/Outback vehicle production; VW (-11%) on decline in Jetta vehicle production



NA Production / Superior – Sequential Quarter Comparison

The major sequential story for the NA industry was significant production growth at Nissan. Superior's sequential shipment decline was one-half of the year-over-year comparison.

QOQ Comparison	NA Light Vehicle Production	Superior Shipments
Q1'14	4.1	2.8
Q4'13	4.0	2.9
% Change	3.6%	(3.9%)

Units (in millions)

Market

- **Nissan, Ford and GM all posted sequential quarterly gains**
 - Ford +3% - On Focus, C-Max, Escape, Econoline and Explorer
 - GM +2% - On Cruz, Aveo, Equinox , Traverse and GMT 900 / K2XX
 - Chrysler (-6%) - Passenger cars (-25%) on Avenger, 200/300 and Dodge Dart – light trucks flat
 - International brands +9%
 - Toyota (-2%) Corolla and Rav4 offset by Camry and Highlander
 - Nissan +22% all passenger cars and strong Rogue production

Superior

- **Shipments were lower mostly due to customer production mix**
 - Ford (-4%) - Down on passenger cars – Fiesta and Fusion – light trucks down on F-Series, Edge and Flex
 - GM (-14%) - GMT 900 / K2XX down (-22%) on program change over and trim line mix
 - Chrysler +5% - Mostly on Dodge Ram offset by the Chrysler Town & Country
 - International brands +5%
 - Toyota +3% – On most light trucks – Offset by decreases on the Avalon
 - Nissan +9% – Up on Note and Maxima



1Q14 Significant Highlights - Sales

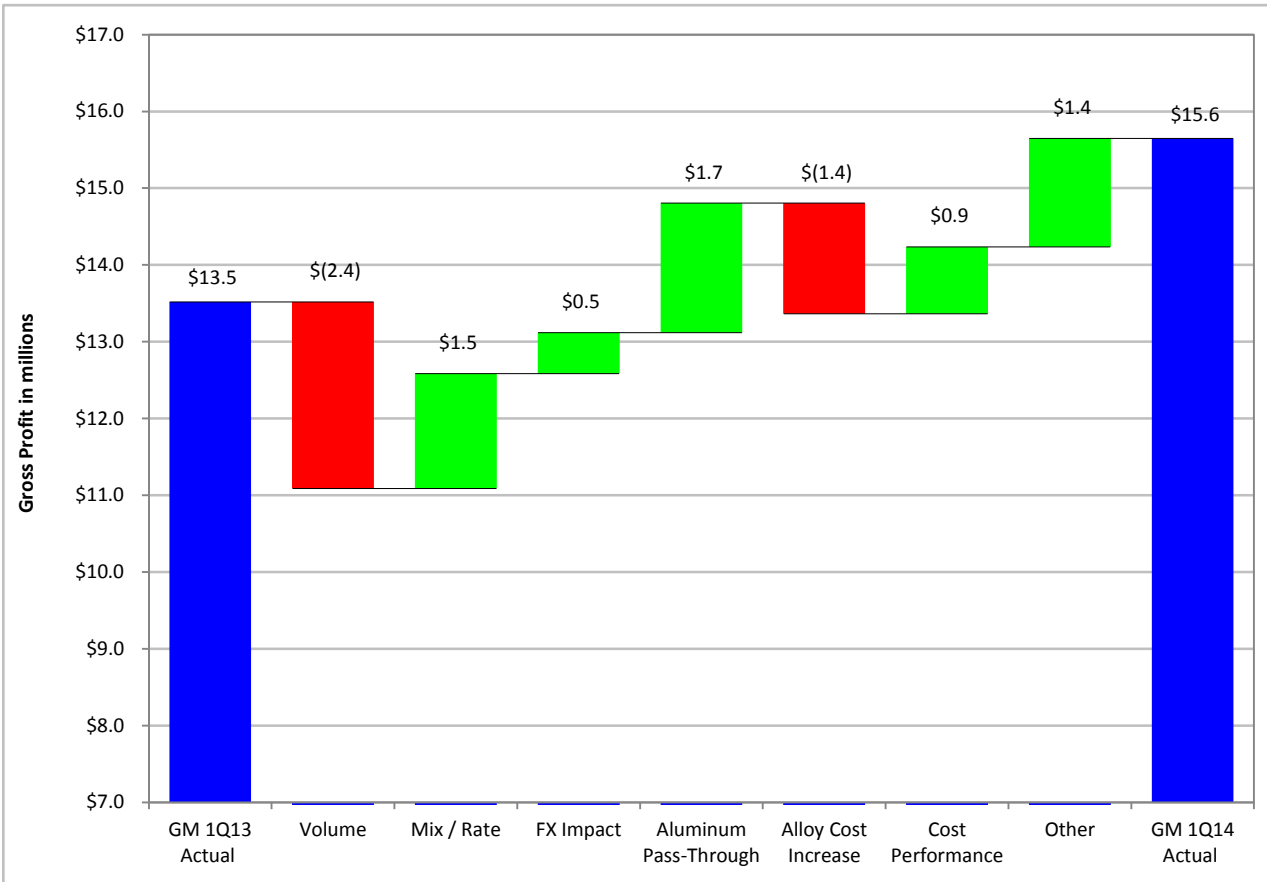
Lower volume was the most significant factor impacting net sales, with lower aluminum prices contributing to the drop as well. Price/Mix still was improved.

	Millions		Variance	
	<u>Q1 2014</u>	<u>Q1 2013</u>	<u>Amount</u>	<u>Percent</u>
Volume (Wheels Shipped)	2.83	3.08	(0.24)	-8%
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Net Sales:				
Total	\$183.4	\$206.4	(\$23.0)	-11%
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Volume			(\$15.0)	
Project Development			\$0.0	
Sales Adjustments			\$0.5	
Pass-Through Upcharges			(\$3.2)	
Price / Mix			(\$5.3)	
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Aluminum Content - Price			(\$6.9)	} (\$6.2)
Aluminum Content - Weight			\$0.7	
FX Impact			(\$1.1)	
Price / Mix Other			\$2.0	
		(\$5.3)		
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1Q14 Significant Highlights – Gross Profit

Gross profit improved \$2.1M on a more favorable mix and better cost performance.



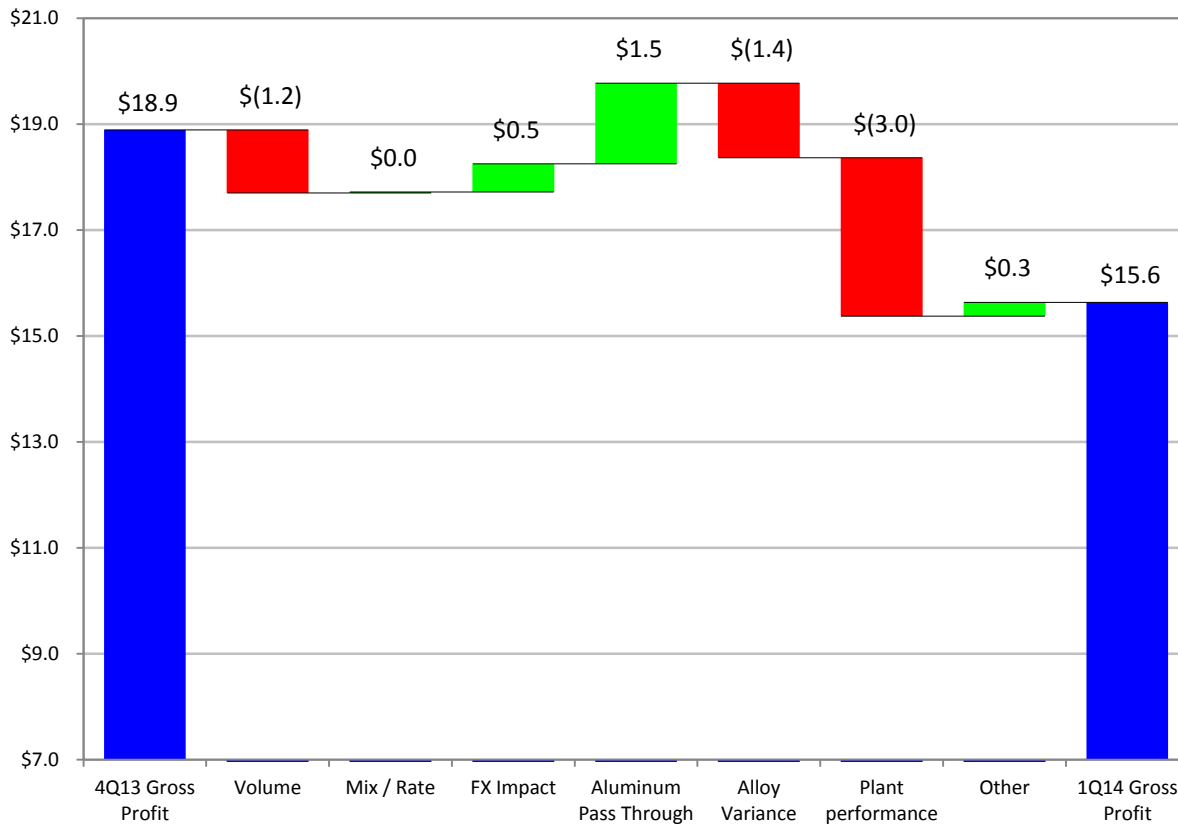
- **Volume - 245K less units**
- **Mix / Rate – Reflects higher mix of premium wheel finishes and processes**
- **FX – 1Q14 average Peso rate devalued 5% compared to 1Q13**
- **Aluminum Pass Through - Timing difference of aluminum adjustments with customers vs. suppliers**
- **Alloy Cost Increase – Increased cost of alloy component typically not passed through to our customers**
- **Cost Performance – Performance much improved in the U.S. compared to 1Q13 which was hampered by equipment issues, high scrap rates and high capacity requirements. Mexico continues to operate smoothly overall – focus on keeping plants filled**
- **Capacity Utilization¹**
 - 1Q14 = 93%
 - 1Q13 = 103%

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



Sequential Margin – Gross Profit

Sudden volume downturn hampered sequential cost performance despite spending reductions.



- **Volume - 113K less units**
- **Mix / Rate - Flat sequentially**
- **FX – 1Q14 average Peso rate devalued 2% compared to 1Q13**
- **Aluminum Pass Through - Timing difference of aluminum adjustments with customers vs. suppliers**
- **Alloy Cost Increase – Increased cost of alloy component typically not passed through to our customers**
- **Cost Performance – Performance hampered in the U.S. in 1Q14 due to sudden volume reductions. Benefit of headcount and other cost reductions not fully realized in the quarter. Mexico continues to operate smoothly overall – focus on keeping plants filled**
- **Capacity Utilization¹**
 - 1Q14 = 93%
 - 4Q13 = 104%

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

1Q14 Income Statements – Other Comments



- **SG&A expense – 1Q14 increase of \$725K is primarily attributable to \$1.1 million of executive severance costs, offset by lower payroll related costs of \$0.3 million**
- **Income tax expense increased to \$3.2M or 40.2% for 1Q14 from \$1.9M or 28.2% in 1Q13. Effective income tax rates for both 1Q14 and 1Q13 were affected by a variety of factors, most notably:**
 - **1Q14** - The higher tax provision and effective tax rate of 40% in the first quarter of 2014, reflects the impact of 2014 changes in Mexican tax law limiting the deductibility of tax-exempt fringe benefit costs, the unavailability of federal R&D credits and increases in reserves for uncertain tax positions.
 - **1Q13** - The first quarter of 2013 benefited from the inclusion of 2012 and 2013 tax credits recognized as a result of the 2013 enactment of the “American Taxpayer Relief Act of 2012”.



Balance Sheet & Cash Flow Comments

Balance Sheet

- Cash and short-term investments decreased \$41.5M during the quarter to \$161.6M
- Accounts receivable increased \$18.6M compared to year-end 2012 – reflects effect of more shutdown days in last fiscal week of 2013
- Net inventory declined \$1.3M compared to year-end 2012 – Slight finished goods decrease offset by increase in WIP
- Other current liabilities increased \$10M due to non-cash accruals for new plant
- Working capital and current ratio declined but remained strong at \$257M and 3.4:1 at the end of 1Q14
 - Decline of \$27M from year-end 2013
 - Decrease primarily due to the capital requirements for the new wheel plant and existing facilities

Cash Flow

- Capital expenditures

	<u>1Q14</u>
– Existing facilities	\$ 8.4M
– New facility	<u>17.0M</u>
– Total 1Q14	\$25.4M
– Total 1Q13	\$ 7.8M
- Full quarterly dividend payment restored in 1Q14 = \$4.9. No dividend payment in 1Q13 because 2013 dividends were accelerated into 2012
- Total of \$1.8M shares repurchased under \$30M authority granted by board of directors in March 2013 - \$10M in total repurchased through end of 1Q14



Future Cash Flow Considerations

Cash investment in the new manufacturing facility will be the largest incremental change from 2013.

- **New facility spending estimates**
 - 2013 spending = \$35.8M
 - 1Q14 spending = \$17M
 - Currently expect \$65M - \$70M of cash outflow over 2Q14 - 4Q14 as equipment arrives onsite and is installed
 - Roughly 50% of remaining capital investment in 2Q14 based on current schedules
 - \$8M additional spending for start-up cost to fund operations prior to commercial shipments – some capitalized and some expense
 - \$20-\$25M of supporting working capital build up as 2015 progresses
- **Capital investment for on base business**
 - 1Q14 spending = \$8.4M
 - Could reach \$40M in 2014
 - However, higher discretionary component will allow for more variability based on 2014 performance
- **Aluminum sensitivity**
 - Aluminum cost increased in the beginning of 2014 due to higher “Midwest Premiums” and alloy components – MW premiums are + 7.5¢ / pound from year- end 2013
 - Although the 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 should approximate \$20M per year at current rate**



New Manufacturing Facility Update

Completion of the new manufacturing facility is proceeding on plan.

- **Building construction nearly completed**
 - Structure mostly finished
 - Utilities and mechanicals such as piping, conduit nearly completed
- **Machinery and equipment decisions are finalized and equipment has been arriving onsite for several months**
 - Support equipment such as compressors and cooling towers installed and being tested
 - Production equipment such as furnaces, casting machines, machine cells and paint systems being installed as it is delivered onsite
 - Equipment selection focused on ensuring process capability to meet market requirements, but also to leverage “tried-and-true” designs to mitigate start-up and operational risk
- **Approximately 98% of the total project budget has been committed**
- **Estimated start of commercial production during 1H15**
- **Updated cost estimate excluding capitalized start-up is in \$120-\$125M range**
- **Infrastructure sized to allow for future expansion up to 500k wheels / year**



New Manufacturing Facility Update (continued)



Conclusion



- **NA auto production continues to remain strong**
- **Superior's market share declined on a year-over-year basis due to trim line mix and more selective program bidding as a result of managing our overall capacity constraints**
- **Plant utilization rates still remained at high levels in Mexico but dropped off some in the Midwest**
- **Mexico operations continue to run smoothly – focus remained on keeping these low cost facilities full**
- **Cost performance at U.S. facilities improved over prior year as capital put in place has addressed many equipment reliability and process issues.**
- **New wheel plant construction progressing on schedule - will expand on success in Mexico, help to lower overall cost structure and provide more flexibility**
- **Liquidity remains strong but will continue to decrease as capital spending for the new plant and base business increases**



1Q14 Quarter Income Statements

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

	1Q14	1Q13	Favorable (Unfavorable)	
			Amount	Percent
Unit Shipments	2,830,948	3,075,449	(244,501)	-8%
Total Revenues	\$ 183,390	\$ 206,441	\$ (23,051)	-11%
Gross Profit	\$ 15,636	\$ 13,518	\$ 2,118	16%
% of Revenues	8.5%	6.5%	2.0%	
SG&A Expenses	7,934	7,209	(725)	-10%
% of Revenues	4.3%	3.5%	0.8%	
Operating Income	7,702	6,309	1,393	22%
% of Revenues	4.2%	3.1%	1.1%	
Interest Income, net	348	435	(87)	-20%
Foreign Exchange Gain (Loss)	(6)	111	(117)	105%
Other Income (Expense), net	15	20	(5)	-25%
Income Before Income Taxes and Equity Earnings of JVs	8,059	6,875	1,184	17%
Income Tax (Provision) Benefit	(3,237)	(1,941)	(1,296)	-67%
Net Income	\$ 4,822	\$ 4,934	\$ (112)	-2%
Income Per Share - Diluted	\$ 0.18	\$ 0.18	\$ -	

Unaudited



Summary Balance Sheets

(US\$ in Millions)

	March 14 <u>Actual</u>	December <u>2013</u>	Increase <u>(Decrease)</u>
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 157.8	\$ 199.3	\$ (41.5)
Short Term Investments	3.8	3.8	-
Accounts Receivable, net	108.2	89.6	18.6
Inventories, net	65.9	67.2	(1.3)
Prepaid Aluminum	14.6	6.1	8.5
Other Current Assets	14.2	18.2	(4.0)
Total Current Assets	364.5	384.2	(19.7)
Property, Plant & Equipment	245.3	219.9	25.4
Investments	4.6	4.6	-
Deferred Taxes	14.8	14.7	0.1
Other Assets	31.9	30.0	1.9
Total Assets	\$ 661.1	\$ 653.4	\$ 7.7
<u>LIABILITIES & EQUITY</u>			
Accounts Payable	\$ 32.6	\$ 34.5	\$ (1.9)
Other Current Liabilities	74.9	64.9	10.0
Total Current Liabilities	107.5	99.4	8.1
Non-Current Liabilities	71.0	70.9	0.1
Shareholders' Equity	482.6	483.1	(0.5)
Total Liabilities & Equity	\$ 661.1	\$ 653.4	\$ 7.7

Unaudited



Summary Cash Flow Statements

(US\$ in Millions)

	2014 <u>Actual</u>		2013 <u>Actual</u>		Increase <u>(Decrease)</u>
Net Income (Loss)	\$ 4.8	\$	4.9	\$	(0.1)
Depreciation	7.1		7.0		0.1
Deferred Income Taxes & FIN 48	3.3		(1.2)		4.5
Accounts Receivable	(19.0)		(14.8)		(4.2)
Inventories	0.5		(5.8)		6.3
Prepaid Aluminum	(8.5)		(5.0)		(3.5)
Accounts Payable and Accrued Liabilities	2.1		2.3		(0.2)
Other Operations Related Items	(1.0)		-		(1.0)
Cash Flow from Operations	(10.7)		(12.6)		1.9
Cash Dividends	(4.9)		-		(4.9)
Capital Expenditures	(25.4)		(7.8)		(17.6)
Proceeds from Exercise of Stock Options	1.0		0.4		0.6
Stock Repurchase	(1.8)		-		(1.8)
Net Change in Maturing Investments	-		-		-
All Other	0.3		2.8		(2.5)
Net Increase (Decrease)	(41.5)		(17.2)		(24.3)
Cash - Beginning	199.3		203.4		(4.1)
Cash - Ending	<u>\$ 157.8</u>	<u>\$</u>	<u>186.2</u>	<u>\$</u>	<u>(28.4)</u>

Unaudited