



NYSE: SUP

**Year End 2013  
Earnings Conference Call  
March 7<sup>th</sup>, 2014**

**Superior Industries International**





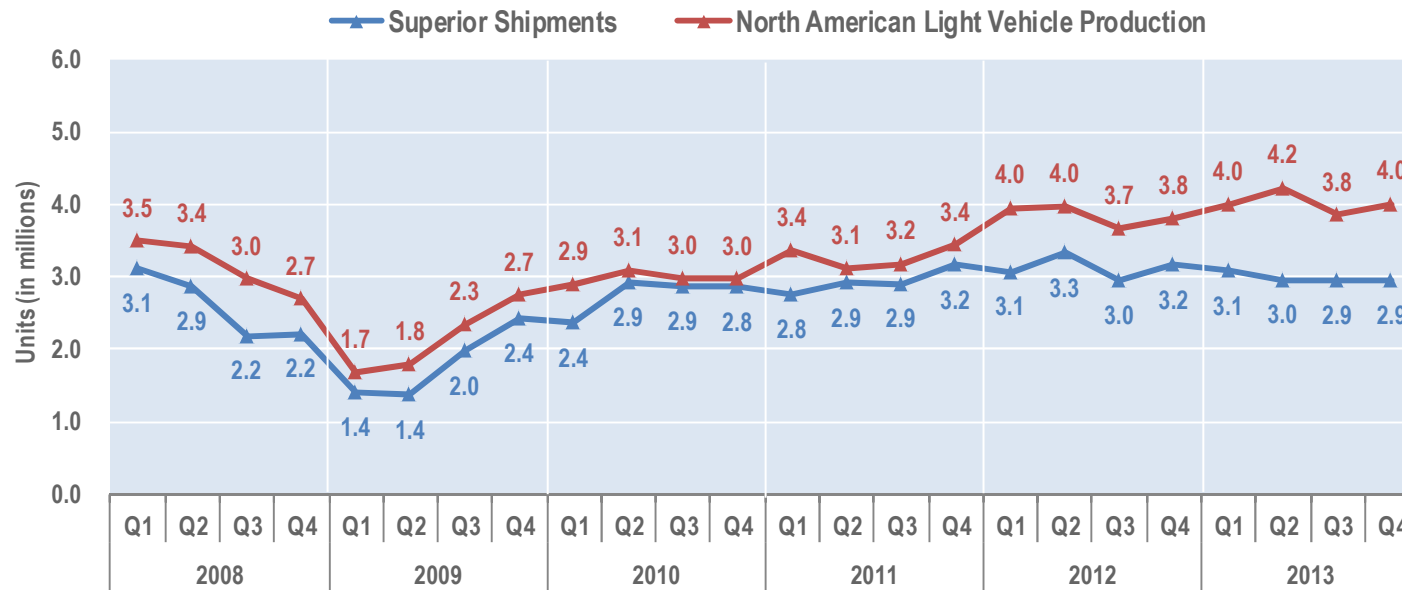
## Forward-Looking Statements

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, 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

In 2013, NA Production posted the first 16M plus year since 2002. Superior's shipments were down 5% from the prior year.



Source: WardsAuto

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

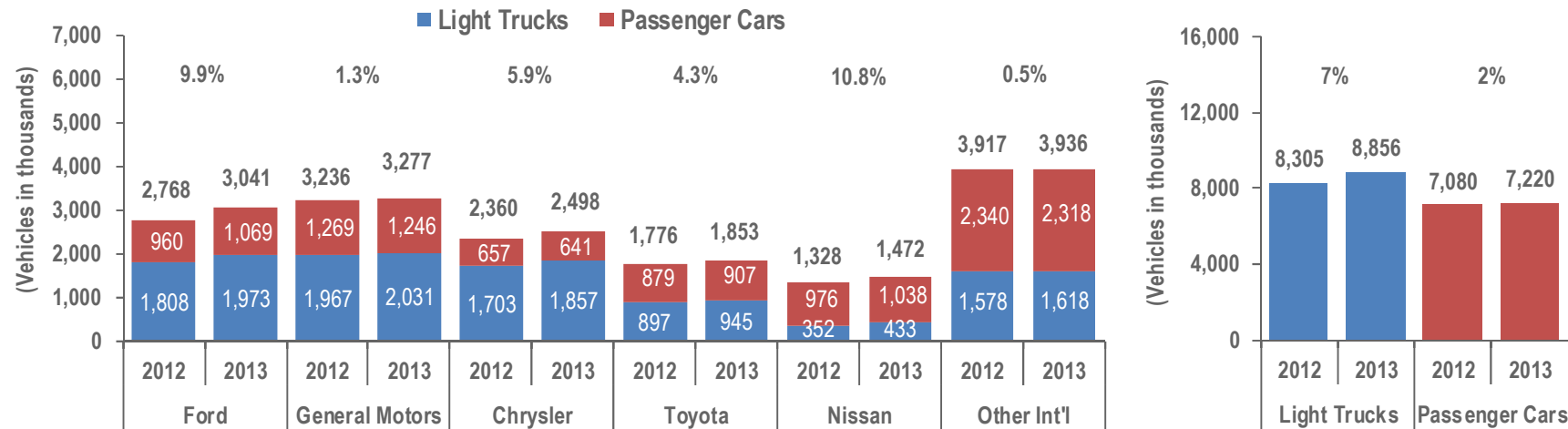
YOY Comparison	NA Light Vehicle Production	Superior Shipments
2013	16.1	11.9
2012	15.4	12.5
% Change	4.5%	(4.6%)

Units (in millions)



## NA Vehicle Production – Year-over-Year Comparison

The top five OEM's posted year-over-year gains. More emphasis was on the light truck market

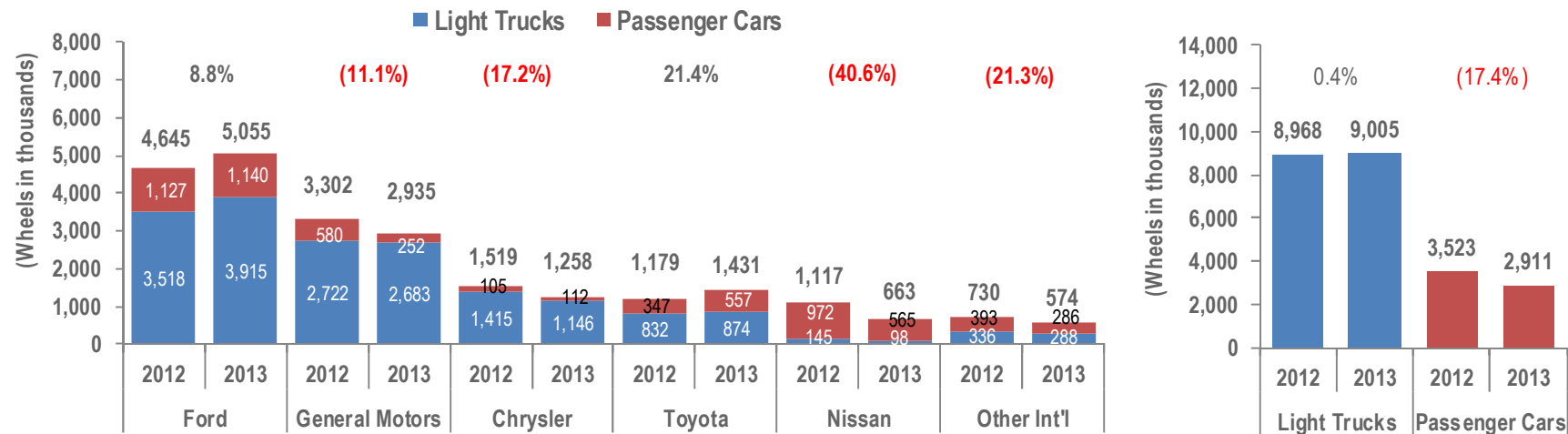


- **Ford posted +10% production increase which was the strongest of the Detroit Big 3**
  - Passenger cars +11% on Fusion, MKZ and C-Max
  - Light Trucks +9% on Explorer, Escape, Edge and F-Series
- **GM production +1% compared to the prior year**
  - Passenger cars (-2%) on Chevrolet Malibu / Volt and Cadillac CTS declines; growth in Cadillac ATS
  - Light trucks +3% on strong GMT 900 / K2XX , Chevrolet Trax and GMC Acadia production
- **Chrysler production +6% compared to the prior year**
  - Passenger cars (-2%) on Chrysler 200/300 and Fiat 500
  - Light Trucks +9% on Dodge Ram, Durango, Town and Country; increases on all active Jeep programs offset by discontinued Jeep Liberty
- **Production for international brands +3% in total**
  - Toyota +4 % on Avalon, Tundra and RAV4
  - Nissan +11% passenger car growth on strong on Altima, Sentra and Note. Light truck growth of +23% on Pathfinder and Infinity Q60 production
  - BMW and VW (-1%) and (-11%), respectively



## Superior Shipments – Year-over-Year Comparison

Annual shipments were 5% lower overall. The decline in passenger cars reflects program changes and more selective program bidding in the context of our overall manufacturing capacity constraints.



- **Shipments to Ford +9% – Gains on both light trucks and passenger cars**
  - Passenger cars +1% Fiesta and MKZ offset losses on Fusion and Mustang
  - Light trucks +11% on F-Series, Explorer, Flex, Expedition and Edge
- **Shipments to GM (-11%) – Decline in passenger car (-57%) still a result of Malibu – Light trucks -1%**
  - Cadillac ATS offset some of the losses of the Malibu program.
  - GMT 900 / K2XX, one of our largest platforms, was up slightly year over year
- **Shipments to Chrysler (-17%) – Decline in light trucks (-19%)**
  - Losses on Jeep brand and Dodge Caravan and Journey outpaced gains on Dodge Ram and Chrysler Town and Country
- **International (-12%) – Solid growth at Toyota partially offset losses at Nissan, BMW and VW**
  - Toyota +21% on strong passenger car shipments – 2x increases on redesigned Avalon – light trucks up on Sienna and Tundra
  - Nissan (-41%) on Sentra, Maxima, Altima and Versa, offset some by new business on the Note
  - BMW (-14%) on X3 and VW (-12%) on the Jetta program



## NA Production / Superior – Sequential Quarter Comparison

**Stronger sequential quarterly growth at Chrysler and GM while Ford was up slightly. Superior’s shipments were relatively flat against a 4% market increase.**

QOQ Comparison	NA Light Vehicle Production	Superior Shipments
Q4'13	4.0	2.9
Q3'13	3.8	2.9
% Change	4.1%	0.1%

*Units (in millions)*

### Market

- **The Detroit Big 3 plus Toyota and Nissan all posted sequential quarterly gains**
  - Ford +1% - Mostly on F-Series
  - GM +5% - Passenger cars +13% on Malibu, Lacrosse – light trucks flat - GMT 900 / K2XX down on change over
  - Chrysler +15% - Passenger cars +18% on Avenger and 200/300 – light truck + 14% on Dodge Ram and Jeep Grand Cherokee
  - International brands +2% - Toyota +7% on strong Corolla production – Nissan +4% strong Rogue production

### Superior

- **Shipments were relatively flat due to customer production mix**
  - Ford +2% - Up on passenger cars – Fiesta , Fusion and MKZ – light trucks flat as increases on Edge offsets F-Series declines
  - GM flat - GMT 900 / K2XX down on change over offset by Enclave, SRX and Volt
  - Chrysler +3% - Mostly on Town & Country and somewhat offset by the Dodge Ram
  - Toyota (-11%) – Lower in line with customers production mix – Avalon, Camry and Highlander all lower
  - Nissan (-3%) – Down on limited light truck business – passenger cars up slightly on Maxima and Altima

- **Demand and mix fluctuations point to further softening in 1Q14 when compared to a strong first quarter of 2013.**



## 2013 Significant Highlights - Sales

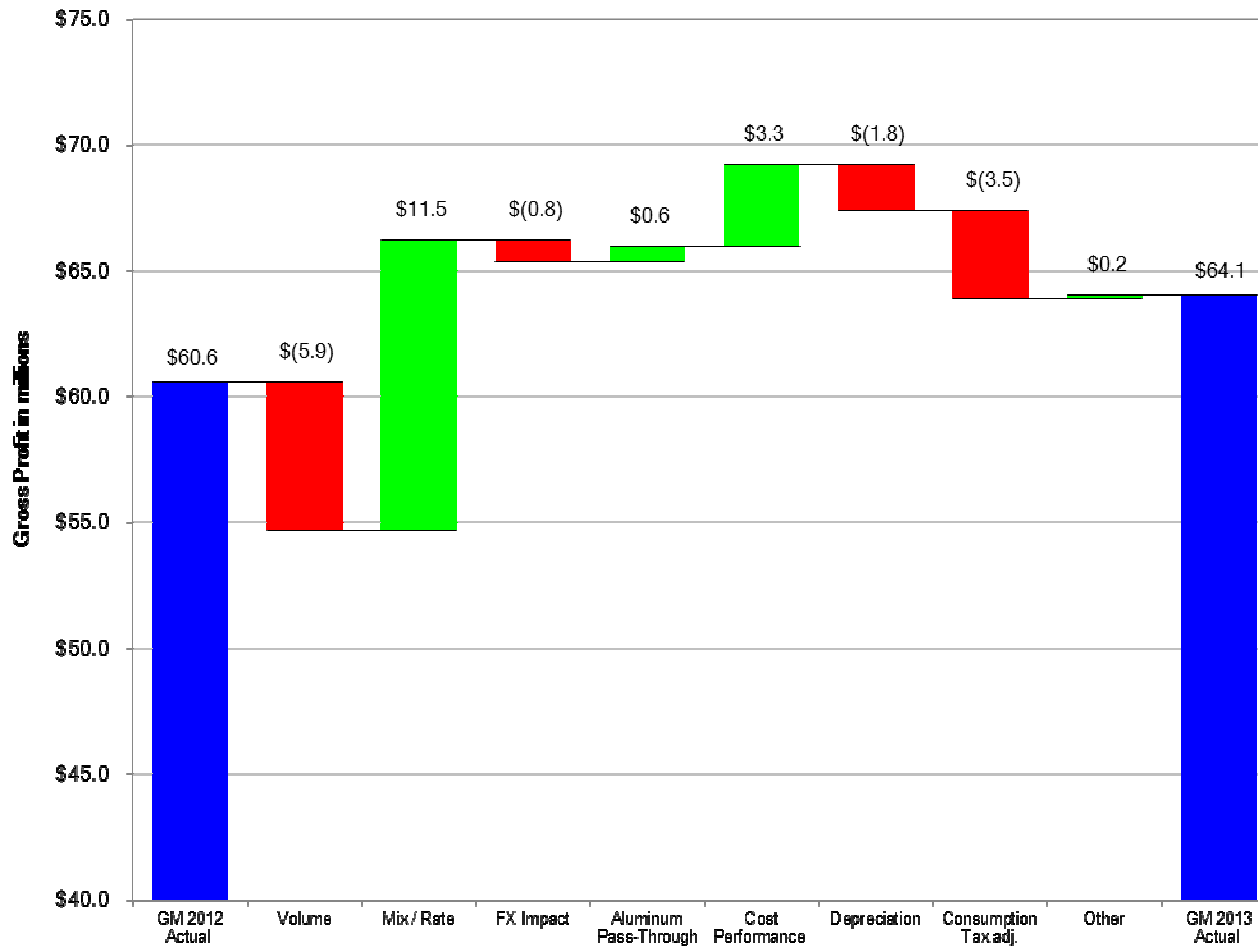
**Price/Mix improved on a better mix of wheels with premium finished and processes. However, net sales decreased due to lower aluminum prices and volumes**

	Millions		Variance		Millions		Variance	
	Q4 2013	Q4 2012	Amount	Percent	YTD 2013	YTD 2012	Amount	Percent
Volume (Wheels Shipped)	2.94	3.16	(0.21)	-7%	11.92	12.49	(0.58)	-5%
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Net Sales:								
Total	\$192.5	\$210.0	(\$17.5)	-8%	\$789.6	\$821.5	(\$31.9)	-4%
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Volume			(\$12.8)				(\$34.5)	
Project Development			\$0.2				\$1.0	
Sales Adjustments			\$1.1				\$4.1	
Pass-Through Upcharges			(\$2.8)				(\$9.2)	
Price / Mix			(\$3.2)				\$6.7	
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Aluminum Content - Price			(\$5.1)	(\$5.4)			(\$12.9)	(\$7.8)
Aluminum Content - Weight			(\$0.3)				\$5.1	
FX Impact			(\$0.5)				\$1.6	
Price / Mix Other			\$2.7				\$12.9	
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## 2013 Significant Highlights – Gross Profit

Gross profit, excluding 2012 one-time items, improved \$7M on a more favorable mix and better cost performance.

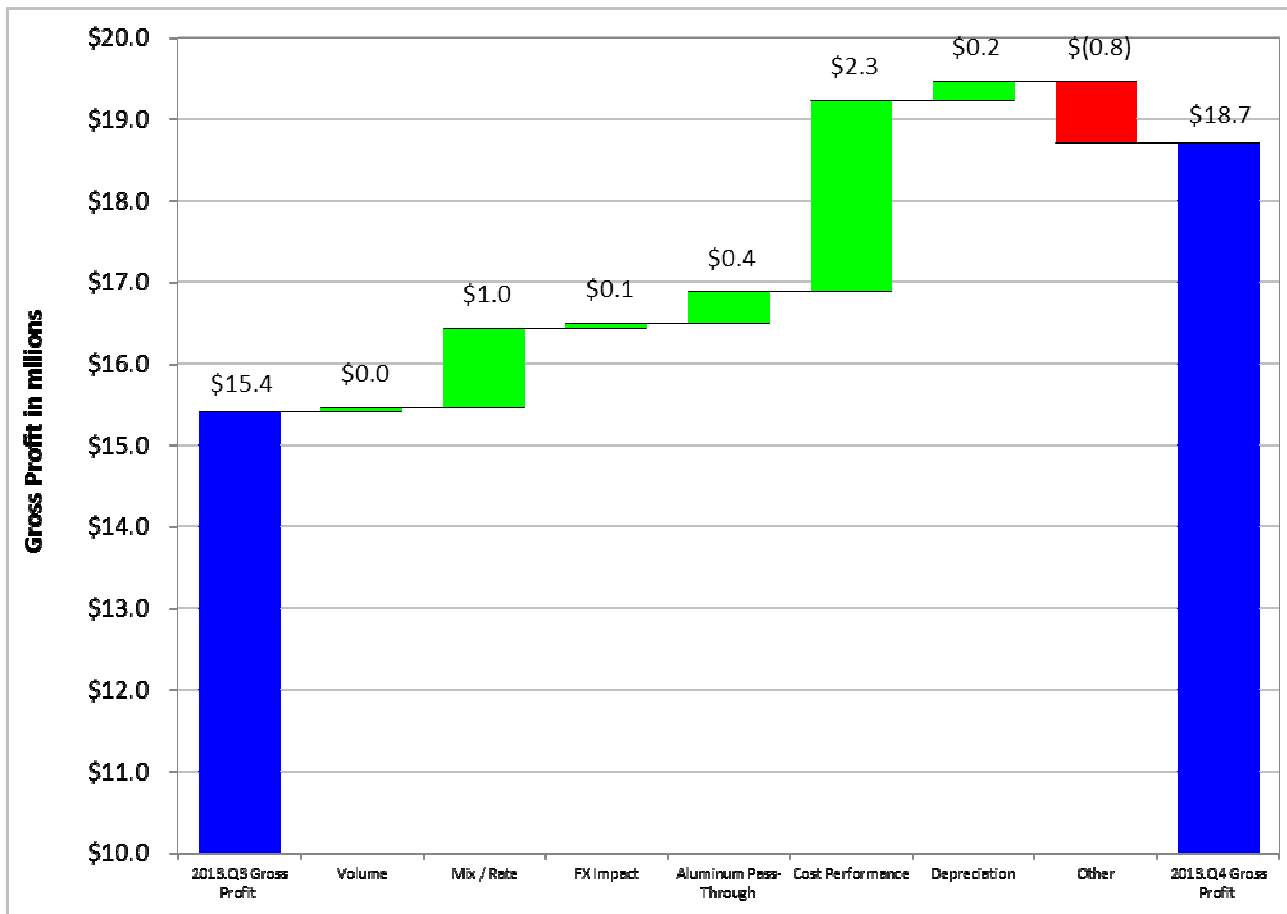


- Volume - 575K less units
- Mix / Rate – Reflects higher mix of premium wheel finishes and processes
- FX – 2013 average Peso rate 3.2% stronger than in 2012
- Aluminum Pass Through - Timing difference of aluminum adjustments with customers vs. suppliers
- Cost Performance – Performance much improved in the Midwest as 2012 was hampered by launches, equipment issues and high capacity requirements. Mexico continues to operate smoothly overall – focus on keeping plants filled
- Depreciation increased on higher rate of capital investment in 2012 and 2013
- Consumption tax (VAT) reversal due to audit settlement in 3Q12
- Capacity Utilization<sup>1</sup>
  - 2013 = 99%
  - 2012 = 102%





## Sequential Margin Improvement – Gross Profit



- **Volume - slight change in volume**
- **Mix / Rate – Reflects higher mix of premium wheel finishes and processes**
- **FX – Slight devaluation in the Peso**
- **Aluminum Pass Through - Timing difference of aluminum adjustments with customers vs. suppliers**
- **Cost Performance – Performance much improved in the Midwest in 4Q13. Improved labor utilization and scrap rates on a better mix, more stable equipment and improved processes control**
- **Depreciation increased on higher rate of capital investment in 2012 and 2013**



## 2013 Income Statements – Other Comments

- **2012 included a \$3.5M favorable consumption tax adjustment due to audit settlement**
- **SG&A expense – Total year increase of \$1.7M mostly reflects executive severance cost; other detailed changes offset each other**
- **Income tax expense increased to \$14.0M or 38.0% for 2013 from \$3.6M or 10.4% in 2012. Effective income tax rates for both 2013 and 2012 affected by a variety of factors, most notably:**
  - **2012 - Net \$10.2M benefit from reversal of net liability for uncertain tax positions, offset partially by \$3.4M increase in valuation allowances related to state deferred tax assets**
  - **2013 - \$2.1M increase in net liability for uncertain tax positions, \$1.0M increase for Mexico tax rate changes, offset partially by the \$2.2M in tax credits**



## Balance Sheet & Cash Flow Comments

### Balance Sheet

- Cash and short-term investments decreased \$4.3M during the year to \$203.1M
- Accounts receivable decreased \$8.9M compared to year-end 2012 – reflects effect of more shutdown days in last fiscal week of 2013
- Net inventory declined \$4.7M compared to year-end 2012 - finished goods increase offset by decrease in WIP and raw materials
- Other current liabilities increased \$28M due to non-cash accruals for new plant
- Working capital and current ratio declined but remained strong at \$284.8M and 3.87:1 at the end of 2013
  - Decline of \$34M from September 2013 and \$54M from year-end 2012
  - Decrease primarily due to the capital requirements for the new wheel plant and existing facilities

### Cash Flow

- Capital expenditures
 

	<u>4Q13</u>	<u>Total Year</u>
– Existing facilities	\$ 8.5M	\$32.2M
– New Mexico facility	<u>16.1M</u>	<u>35.8M</u>
– Total 2013	\$24.6M	\$68.0M
– Total 2012	\$ 8.8M	\$23.1M
- 12.5% quarterly dividend increase (\$0.02/share) – increment paid in 4Q13
  - 2013 dividend payments accelerated into 2012
  - Full quarterly dividend payment restored in 1Q14
- Total of \$10M shares repurchased under \$30M authority granted by board of directors in March 2013 - \$8M repurchased through year-end 2013



## 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
  - Currently expect \$80M - \$90M of cash outflow over 1Q14 - 3Q14 as equipment arrives onsite and is installed
  - Roughly 80% of cash investment in 1H14 based on current schedules
  - \$8M start-up expense to fund operations prior to commercial shipments
  - \$20-\$25M of supporting working capital towards end of 2015
  
- **Capital investment for on base business**
  - 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 – 2013 dividend payments were minimal; should approximate \$20M per year at current rate**



## New Manufacturing Facility Update

Progress on the new manufacturing facility is proceeding on plan.

- **Building construction is on schedule**
  - Structure completely enclosed with floors and internal walls quickly following
  - Mechanicals such as piping, conduit and motorized doors progressing well
  - Critical path items such as electrical equipment being installed
- **Machinery and equipment decisions are finalized and equipment is starting to arrive onsite**
  - Paint system, compressors and other equipment starting to be installed
  - 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 83% of the total project budget has been committed**
- **Estimated start of commercial production during 1H15**
- **Cost estimates remain in \$125-\$135 million range**
- **Infrastructure sized to allow for future expansion up to 500k wheels / year**



## New Manufacturing Facility Update (continued)





## Conclusion

- **NA auto production for 2013 was at the highest level since 2002**
- **Superior's market share declined on a year-over-year basis due to discontinued production programs and more selective program bidding as a result of managing our overall capacity constraints**
- **Plant utilization rates still remained at high levels**
- **Mexico operations continue to run smoothly – additional shutdown days this year impacted 2013 margins, but focus is on keeping low cost facilities full**
- **Cost performance at U.S. facilities improved as capital put in place has addressed many equipment reliability and process issues**
- **New wheel plant construction progressing ahead of schedule - will expand on success in Mexico, help to lower overall cost structure and provide more flexibility**
- **12.5% dividend increase instituted in Q413**
- **Allocated \$10M of capital to repurchase common stock**
- **Liquidity remains strong but will continue to decrease as capital spending for the new plant and base business increases**



## 4Q13 Quarter Income Statements

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

	Q4 2013	Q4 2012	Favorable (Unfavorable)	
			Amount	Percent
Unit Shipments	2,944,439	3,155,735	(211,296)	-7%
Total Revenues	\$ 192,511	\$ 210,018	\$ (17,507)	-8%
Gross Profit	\$ 18,887	\$ 12,763	\$ 6,124	48%
% of Revenues	9.8%	6.1%	3.7%	
SG&A Expenses	6,913	7,392	479	6%
% of Revenues	3.6%	3.5%	0.1%	
Operating Income	11,974	5,371	6,603	123%
% of Revenues	6.2%	2.6%	3.7%	
Interest Income, net	403	380	23	6%
Foreign Exchange Gain (Loss)	(16)	(477)	461	97%
Other Income (Expense), net	16	31	(15)	-48%
Income Before Income Taxes and Equity Earnings of JVs	12,377	5,305	7,072	133%
Income Tax (Provision) Benefit	(5,982)	(2,617)	(3,365)	-129%
Net Income	\$ 6,395	\$ 2,688	\$ 3,707	138%
Income Per Share - Diluted	\$ 0.23	\$ 0.10	\$ 0.13	

Unaudited





## December 2013 YTD Income Statements

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

	2013	2012	Favorable (Unfavorable)	
			Amount	Percent
<b>Unit Shipments</b>	<b>11,915,550</b>	<b>12,490,609</b>	<b>(575,059)</b>	<b>-5%</b>
<b>Total Revenues</b>	<b>\$ 789,564</b>	<b>\$ 821,454</b>	<b>\$ (31,890)</b>	<b>-4%</b>
<b>Gross Profit</b>	<b>\$ 64,061</b>	<b>\$ 60,607</b>	<b>\$ 3,454</b>	<b>6%</b>
% of Revenues	8.1%	7.4%	0.7%	
<b>SG&amp;A Expenses</b>	<b>29,468</b>	<b>27,727</b>	<b>(1,741)</b>	<b>-6%</b>
% of Revenues	3.7%	3.4%	0.4%	
<b>Operating Income</b>	<b>34,593</b>	<b>32,880</b>	<b>1,713</b>	<b>5%</b>
% of Revenues	4.4%	4.0%	0.4%	
<b>Interest Income, net</b>	<b>1,691</b>	<b>1,252</b>	<b>439</b>	<b>35%</b>
<b>Foreign Exchange Gain (Loss)</b>	<b>194</b>	<b>91</b>	<b>103</b>	<b>113%</b>
<b>Other Income (Expense), net</b>	<b>363</b>	<b>266</b>	<b>97</b>	<b>36%</b>
<b>Income Before Income Taxes</b>	<b>36,841</b>	<b>34,489</b>	<b>2,352</b>	<b>7%</b>
<b>Income Tax (Provision) Benefit</b>	<b>(14,017)</b>	<b>(3,598)</b>	<b>(10,419)</b>	<b>-290%</b>
<b>Net Income</b>	<b>\$ 22,824</b>	<b>\$ 30,891</b>	<b>\$ (8,067)</b>	<b>-26%</b>
<b>Income Per Share - Diluted</b>	<b>\$ 0.83</b>	<b>\$ 1.13</b>	<b>\$ (0.30)</b>	

Unaudited



## Summary Balance Sheets

(US\$ in Millions)

	December <u>2013</u>	December <u>2012</u>	Increase <u>(Decrease)</u>
<b><u>ASSETS</u></b>			
Cash & Cash Equivalents	\$ 199.3	\$ 203.4	\$ (4.1)
Short Term Investments	3.8	4.0	\$ (0.2)
Accounts Receivable, net	89.6	98.5	(8.9)
Inventories, net	67.2	71.9	(4.7)
Prepaid Aluminum	6.1	10.7	(4.6)
Other Current Assets	18.2	16.4	1.8
Total Current Assets	384.2	404.9	(20.7)
Property, Plant & Equipment	219.9	147.5	72.4
Investments	4.6	4.6	-
Deferred Taxes	14.7	17.0	(2.3)
Other Assets	30.0	25.6	4.4
Total Assets	\$ 653.4	\$ 599.6	\$ 53.8
<b><u>LIABILITIES &amp; EQUITY</u></b>			
Accounts Payable	\$ 34.5	\$ 32.4	\$ 2.1
Other Current Liabilities	64.9	34.2	30.7
Total Current Liabilities	99.4	66.6	32.8
Non-Current Liabilities	70.9	66.1	4.8
Shareholders' Equity	483.1	466.9	16.2
Total Liabilities & Equity	\$ 653.4	\$ 599.6	\$ 53.8

Unaudited



## Summary Cash Flow Statements

(US\$ in Millions)

	<b>2013</b>	<b>2012</b>	<b>Increase</b>
	<u>Actual</u>	<u>Actual</u>	<u>(Decrease)</u>
Net Income (Loss)	\$ 22.8	\$ 30.9	\$ (8.1)
Depreciation	28.5	26.4	2.1
Deferred Income Taxes & FIN 48	5.3	(13.5)	18.8
Accounts Receivable	9.1	21.4	(12.3)
Inventories	5.7	(8.3)	14.0
Prepaid Aluminum	4.5	1.1	3.4
Accounts Payable and Accrued Liabilities	(2.5)	2.7	(5.2)
Other Operations Related Items	(4.1)	5.1	(9.2)
<b>Cash Flow from Operations</b>	<b>69.3</b>	<b>65.8</b>	<b>3.5</b>
Cash Dividends	(0.6)	(34.9)	34.3
Capital Expenditures	(68.0)	(23.1)	(44.9)
Proceeds from Exercise of Stock Options	2.9	1.5	1.4
Stock Repurchase	(8.1)		
Net Change in Maturing Investments	0.2	1.1	(0.9)
All Other	0.2	5.2	(5.0)
<b>Net Increase (Decrease)</b>	<b>(4.1)</b>	<b>15.6</b>	<b>(19.7)</b>
Cash - Beginning	203.4	187.8	15.6
Cash - Ending	<u>\$ 199.3</u>	<u>\$ 203.4</u>	<u>\$ (4.1)</u>

Unaudited