



Superior Industries International

First Quarter 2017

Earnings Conference Call

April 26, 2017



**SUPERIOR
INDUSTRIES**

Non-GAAP Financial Measures and Forward-Looking Statements



Forward-Looking Statements

This webcast and presentation contain statements that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts and can generally be identified by the use of future dates or words such as "may," "should," "could," "will," "expects," "seeks to," "anticipates," "plans," "believes," "estimates," "intends," "predicts," "projects," "potential" or "continue" or the negative of such terms and other comparable terminology. These statements also include, but are not limited to, the 2017 outlook included herein, the Company's ability to consummate the acquisition of UNIWHEELS AG, and the Company's strategic and operational initiatives, including the resolution of operating inefficiencies, product mix and overall cost improvement and are based on current expectations, estimates, and projections about the Company's business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, risks, and uncertainties discussed in the Company's Securities and Exchange Commission filings and reports, including the Company's Annual Report on Form 10-K for the year-ended December 25, 2016, Quarterly Reports on Form 10-Q and other reports from time to time filed with the Securities and Exchange Commission. You are cautioned not to unduly rely on such forward looking statements when evaluating the information presented in this press release. Such forward-looking statements speak only as of the date on which they are made and the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this webcast and presentation.

Use of Non-GAAP Financial Measures

In addition to the results reported in accordance with GAAP included throughout this presentation, this presentation refers to "Adjusted EBITDA," which we have defined as earnings before interest, taxes, depreciation, amortization, restructuring charges and impairments of long-lived assets and investments and "Value-Added Sales," which we define as net sales less pass-through charges primarily for the value of aluminum. Adjusted EBITDA as a percentage of value-added sales is a key measure that is not calculated according to GAAP. Adjusted EBITDA as a percentage of value-added sales is defined as adjusted EBITDA divided by value-added sales.

Management believes the non-GAAP financial measures used in this presentation are useful to both management and investors in their analysis of the Company's financial position and results of operations. Further, management uses these non-GAAP financial measures for planning and forecasting future periods. This non-GAAP financial information is provided as additional information for investors and is not in accordance with or an alternative to GAAP. These non-GAAP measures may be different from similar measures used by other companies.

For reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP, see the appendix of this presentation.

In reliance on the safe harbor provided under section 10(e) or Regulation S-K, we have not quantitatively reconciled differences between adjusted EBITDA presented in our 2017 Outlook to net income, the most comparable GAAP measure, as Superior is unable to quantify certain amounts that would be required to be included in net income without unreasonable efforts and due to the inherent uncertainty regarding such variables. Superior also believes that such a reconciliation would imply a degree of precision that could potentially be confusing or misleading to investors. However, the magnitude of these amounts may be significant.

First Quarter 2017 Highlights



- Unit shipments of 2.8M
- Increase in per wheel sales, both net and value-added, of 5% compared to 1Q16
- Net income of \$3.1M, or \$0.12 per share, including the impact of \$4.8M from acquisition costs or \$0.19 per share
- Adjusted EBITDA of \$19.1M, adjustments include \$7.0M of acquisition costs
- Continued investment in finishing capabilities in Mexico
- Announced acquisition of UNIWHEELS AG (“UNIWHEELS”)

Acquisition of UNIWHEELS



Combination of Superior and UNIWHEELS creates a leading global supplier of aluminum wheels to OEMs

- Superior commenced tender offer for UNIWHEELS' outstanding shares
- Agreement with UNIWHEELS Holdings Malta ("UHM"), ~61% owner of UNIWHEELS, to tender its shares for 226.5zł per share
- Tender offer for ~39% held by public shareholders for 236.07zł per share
- Tender offer expires May 22nd
- Diversifies customers, geographies, and end markets while bolstering human capital and technology

First Quarter 2017 Unit Shipments



First Quarter 2017 Y-O-Y and Sequential Shipments

	1Q17	1Q16	% Change (y-o-y)	4Q16	% Change (q-o-q)
NA Light Vehicle Production (Thousands of Vehicles)	4,519	4,454	1.5%	4,345	4.0%
Superior Shipments (Thousands of Wheels)	2,843	3,180	(10.6%)	3,097	(8.2%)

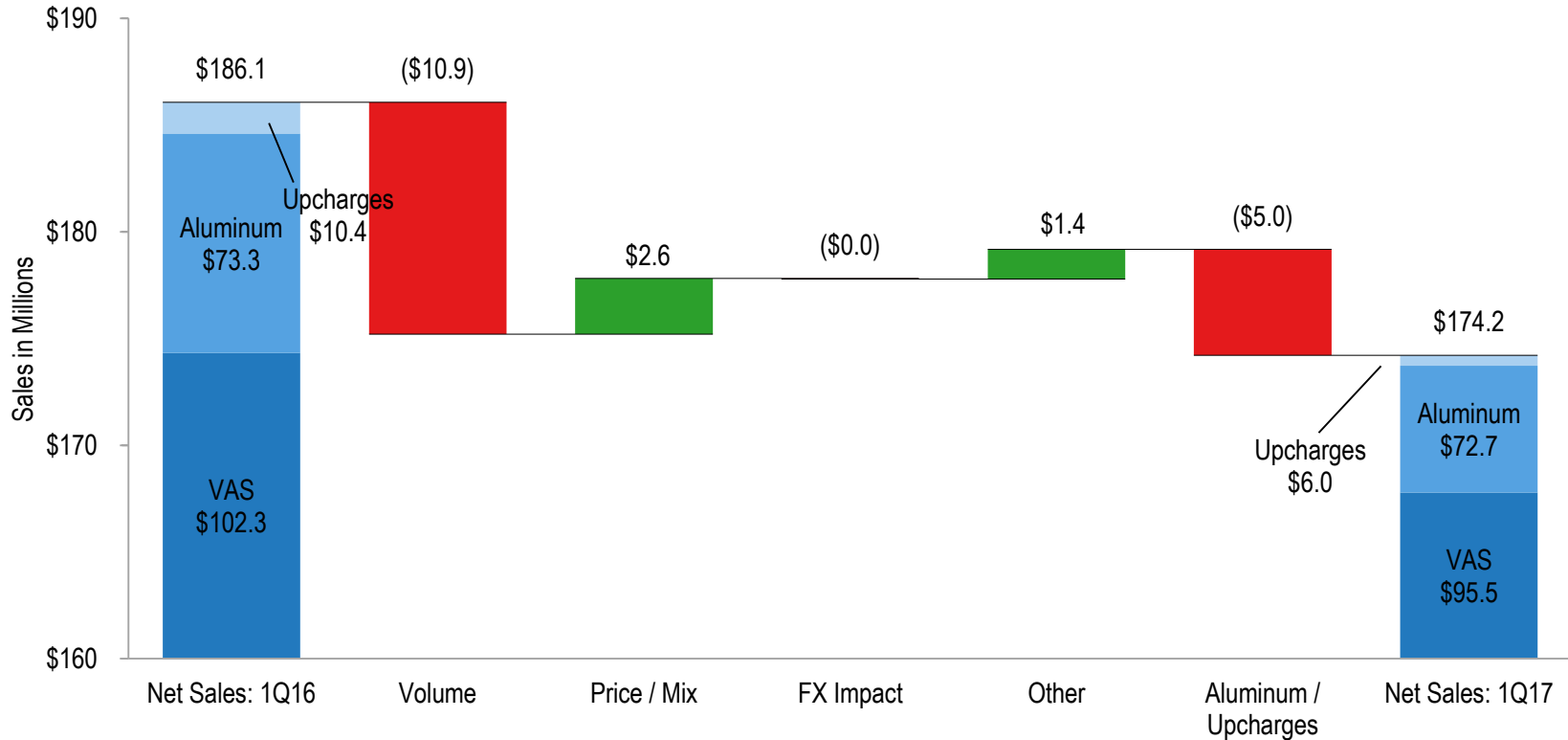
First Quarter Y-O-Y Shipments

- Key increases: Kicks 53K, Impreza 49K, Altima 40K, Highlander 34K, Tacoma 25K, Sienna 19K, K2XX 19K
- New volume: Impreza, Kicks
- Decreases: F Series (131K), Town and Country (112K), Fusion (105K), Malibu (89K)

First Quarter Sequential Shipments

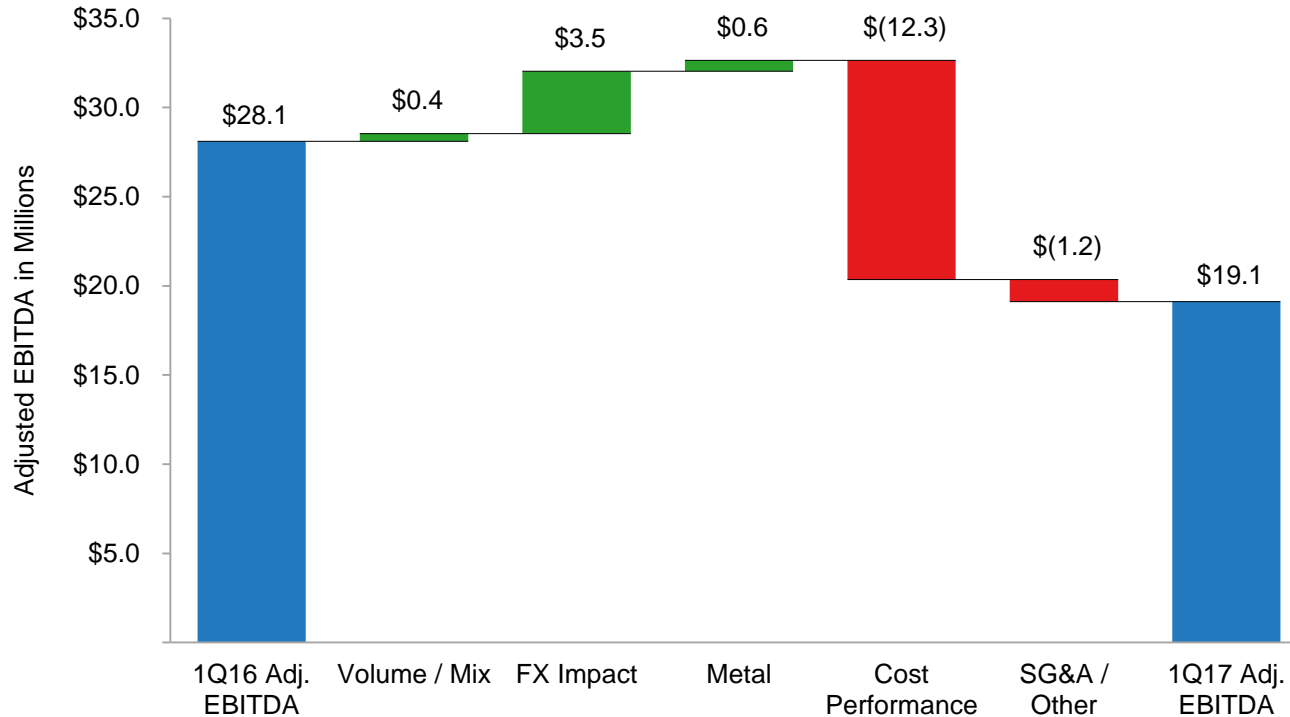
- Key increases: Impreza 22K, F Series 20K, Altima 19K, Ram Truck 14K, Sienna 12K, MKC 12K
- Decreases: Malibu (141K), K2XX (74K), Fiesta (32K)

First Quarter 2017 Sales Comparison Year-over-Year



Note: Scale of Net Sales columns adjusted to make the impact on sales of the various elements more visible

First Quarter 2017 Adjusted EBITDA Comparison Year-over-Year



- **Volume / Mix** – 8% increase in wheels 19" or greater offset by 337K fewer units
- **FX Impact** – Reflects 1Q17 average USD/MXN rate (18.0 in 1Q16 vs. 20.4 in 1Q17)*
- **Metal** – Favorable timing of aluminum pass-through impact
- **Cost Performance** – Increased manufacturing expenses including higher energy, labor, and maintenance costs
- **SG&A / Other** – Primarily reflects higher project development costs partially offset by lower SG&A

*FX Rates from Banco de Mexico

Note: Adjusted EBITDA is a non-GAAP measure; see appendix for reconciliation to net income

Cash Flow and Capital Allocation



Operating Cash Flow

- Cash used by operating activities \$1.6M vs. cash generated of \$16.0M in 1Q16
 - Decrease due to lower net income and increased working capital
-

Capital Investments

- 1Q17 capex of \$16.8M compared to \$6.1M in 1Q16
 - Increase driven by new investments in finishing capabilities
-

Dividends

- Paid dividends of \$0.18 per share, in line with prior year, totaling \$4.5M
 - Reduction in dividends anticipated following acquisition
-

Share Repurchases

- 216K shares repurchased in 1Q17 for \$5.0M compared to \$11.9M in 1Q16
-

Financial Performance Outlook for 2017



Key Metrics	2017 Outlook (provided 1/11/17)
Unit Volume (000s)	12,000 - 12,250
Net Sales	\$730M - \$750M
Value-Added Sales ⁽¹⁾	\$400M - \$410M
Adjusted EBITDA ⁽²⁾	\$97M – \$105M
Capital Expenditures	Approximately \$50M
Working Capital	Net use of funds
Effective Tax Rate	25% - 28% range
Dividend Payments	Approximately \$18M

*Outlook excludes the impact of acquisition of UNIWHEELS AG

⁽¹⁾ Value-added sales is a non-GAAP measure defined as net sales less pass-through charges, primarily for the value of aluminum; see appendix for reconciliation to net sales

⁽²⁾ Adjusted EBITDA is a non-GAAP measure; see "Use of Non-GAAP Financial Measures" on slide two regarding the outlook



Appendix

First Quarter Income Statements



Unaudited

(US\$ in Millions, except for units
and per share amounts)

	Unaudited	
	1Q17 Actual	1Q16 Actual
Unit Shipments (000s)	2,843	3,180
Net Sales	\$ 174.2	\$ 186.1
Value-Added Sales ⁽¹⁾	\$ 95.5	\$ 102.3
Gross Profit	\$ 19.2	\$ 27.7
<i>% of Net Sales</i>	<i>11.0%</i>	<i>14.9%</i>
<i>% of Value-Added Sales</i>	<i>20.1%</i>	<i>27.1%</i>
SG&A Expenses	\$ 15.3	\$ 9.0
<i>% of Net Sales</i>	<i>8.8%</i>	<i>4.8%</i>
Operating Income	\$ 3.9	\$ 18.7
Interest Expense, net	\$ (0.3)	\$ 0.0
Other Expense, net	\$ (0.3)	\$ 0.3
Income Before Income Taxes	\$ 3.3	\$ 19.0
Income Tax (Provision) Benefit	\$ (0.2)	\$ (4.6)
Net Income	\$ 3.1	\$ 14.5
Income Per Share - Diluted	\$ 0.12	\$ 0.56
Adjusted EBITDA ⁽²⁾	\$ 19.1	\$ 28.1
<i>% of Net Sales</i>	<i>11.0%</i>	<i>15.1%</i>
<i>% of Value-Added Sales</i>	<i>20.0%</i>	<i>27.5%</i>

⁽¹⁾ Value-added sales is a non-GAAP measure defined as net sales less pass-through charges, primarily for the value of aluminum; see appendix for reconciliation to net sales

⁽²⁾ Adjusted EBITDA is a non-GAAP measure; see appendix for reconciliation to net income

First Quarter Statements of Cash Flow



Unaudited

(US\$ in Millions)	Unaudited	
	1Q17 Actual	1Q16 Actual
Net Income	\$ 3.1	\$ 14.5
Depreciation	8.4	8.7
Accounts Receivable	(6.5)	(1.2)
Inventories	(17.7)	(2.1)
Prepaid Aluminum	5.6	(6.2)
Accounts Payable	4.7	2.3
Other Operations Related Items	0.8	-
Cash Flow Provided (Used) by Operating Activities	(1.6)	16.0
Cash Dividends	(4.5)	(4.7)
Capital Expenditures	(16.8)	(6.1)
Proceeds from Exercise of Stock Options	-	0.2
Payments Related to Tax Withholdings for Stock-Based Compensation	(1.0)	-
Stock Repurchase	(5.0)	(11.9)
Net Decrease	(29.0)	(6.5)
Cash - Beginning	57.8	52.0
Cash - Ending	\$ 28.8	\$ 45.5

Summary Balance Sheet

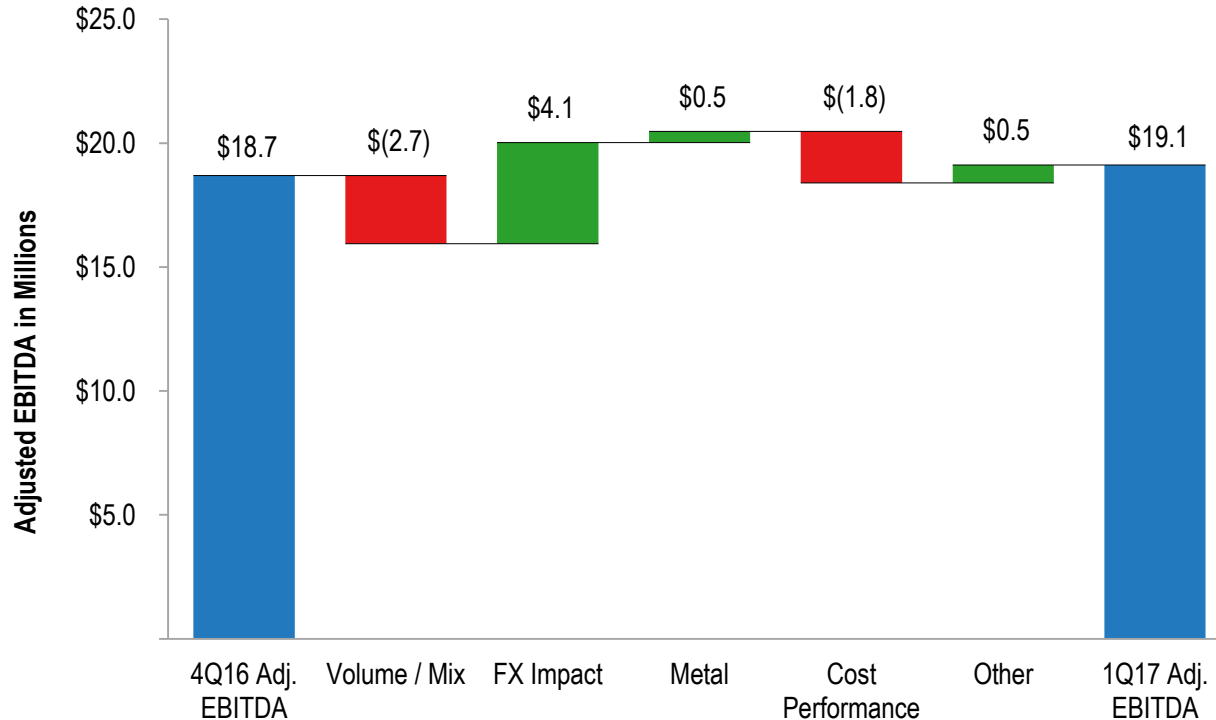


Unaudited

(US\$ in Millions)

	Unaudited	
	March 2017	December 2016
<u>ASSETS</u>		
Cash & Cash Equivalents	\$ 28.8	\$ 57.8
Short Term Investments	0.8	0.8
Accounts Receivable, net	108.5	99.3
Inventories, net	101.4	82.8
Other Current Assets	15.7	13.4
Total Current Assets	255.2	254.1
Property, Plant & Equipment	243.1	227.4
Investments	2.0	2.0
Deferred Taxes	33.7	28.8
Other Assets	32.2	30.5
Total Assets	\$ 566.2	\$ 542.8
<u>LIABILITIES & EQUITY</u>		
Accounts Payable	\$ 42.9	\$ 37.9
Other Current Liabilities	53.1	48.1
Total Current Liabilities	96.0	86.0
Non-Current Liabilities	51.8	58.6
Shareholders' Equity	418.4	398.2
Total Liabilities & Equity	\$ 566.2	\$ 542.8

First Quarter 2017 vs. Fourth Quarter 2016 Adjusted EBITDA



- **Volume / Mix** – 6% decrease in wheels 19" or greater and 254K fewer units overall
- **FX Impact** – Reflects 1Q17 average USD/MXN rate (19.8 in 4Q16 vs. 20.4 in 1Q17)*
- **Metal** – Favorable timing of aluminum pass-through impact
- **Cost Performance** – Higher operating costs in addition to additional units in the US

*FX Rates from Banco de Mexico

Reconciliation of Non-GAAP Financial Measures



SUPERIOR INDUSTRIES INTERNATIONAL, INC.
Non-GAAP Financial Measures
(Dollars in Millions)

Value-Added Sales

Net Sales

Less:

Aluminum Value and Outside Service Provider Costs

Value-added sales

Three Months Ended	
Mar. 26, 2017	Mar. 27, 2016
\$ 174.2	\$ 186.1
(78.7)	(83.8)
<u>\$ 95.5</u>	<u>\$ 102.3</u>

Value-added sales is a key measure that is not calculated according to GAAP. Value-added sales represent net sales less the value of aluminum and services provided by outside service providers (OSP's) that are included in net sales. Arrangements with our customers allow us to pass on changes in aluminum prices and OSP costs; therefore, fluctuations in the underlying aluminum price and the use of OSP's generally do not directly impact our profitability. Accordingly, value-added sales is worthy of being highlighted for the benefit of users of our financial statements. Our intent is to allow users of the financial statements to consider our net sales information both with and without the aluminum and OSP cost components thereof.

Adjusted EBITDA

Net Income

Adjusting Items:

- Interest Expense (Income), net
- Income Tax Provision (Benefit)
- Depreciation
- Acquisition Support Costs
- Closure Costs (Excluding Accelerated Depreciation)

Adjusted EBITDA

Three Months Ended	
Mar. 26, 2017	Mar. 27, 2016
\$ 3.1	\$ 14.5
0.3	(0.0)
0.2	4.5
8.4	8.6
7.0	-
0.2	0.5
<u>16.0</u>	<u>13.6</u>
<u>\$ 19.1</u>	<u>\$ 28.1</u>

Adjusted EBITDA is a key measure that is not calculated according to GAAP. Adjusted EBITDA is defined as earnings before interest income and expense, income taxes, depreciation, amortization, restructuring charges and other closure costs and impairments of long-lived assets and investments. We use adjusted EBITDA as an important indicator of the operating performance of our business. Adjusted EBITDA is used in our internal forecasts and models when establishing internal operating budgets, supplementing the financial results and forecasts reported to our Board of Directors and evaluating short-term and long-term operating trends in our operations. We believe the adjusted EBITDA financial measure assists in providing a more complete understanding of our underlying operational measures to manage our business, to evaluate our performance compared to prior periods and the marketplace, and to establish operational goals. Adjusted EBITDA is a non-GAAP financial measure and should not be considered in isolation or as a substitute for financial information provided in accordance with GAAP. This non-GAAP financial measure may not be computed in the same manner as similarly titled measures used by other companies.

Reconciliation of Non-GAAP Financial Measures



SUPERIOR INDUSTRIES INTERNATIONAL, INC.
Non-GAAP Financial Measures
(Dollars in Millions)

Outlook for Full Year 2017 Value-Added Sales

Net Sales Outlook

Less:

Aluminum Value and Outside Service Provider Costs

Value-Added Sales Outlook

Outlook Range			
\$	730.0	\$	750.0
	330.0		340.0
\$	400.0	\$	410.0

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