



Third Quarter 2018  
Earnings Conference Call  
November 9, 2018



# Forward-Looking Statements and Non-GAAP Financial Measures

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## 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 2018 Outlook included herein, the Company's ability to integrate European operations, and the Company's strategic and operational initiatives, 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 31, 2017 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, income taxes, depreciation, amortization, acquisition and integration costs, change in fair value of preferred derivative and plant closure costs, and "Value-Added Sales," which we define as net sales less pass-through charges primarily for the value of aluminum. Adjusted EBITDA and Value-Added Sales are not calculated in accordance with GAAP.

Management believes the non-GAAP financial measures discussed 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 Item 10(e) of Regulation S-K, we have not quantitatively reconciled differences between Adjusted EBITDA presented in our updated 2018 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.

# Third Quarter 2018 Highlights

## Key Metrics

4.7M

UNITS  
SHIPPED

\$348M

NET  
SALES

\$179M

VALUE-ADDED  
SALES<sup>(1)</sup>

\$0.7M

NET  
LOSS

\$31M

ADJUSTED  
EBITDA<sup>(1)</sup>

\$37.83

VALUE-ADDED  
SALES / WHEEL<sup>(1)</sup>

## Year-over-Year Highlights

- Net sales up 5% largely driven by higher aluminum prices
- Shipments down 6% and Value-Added Sales down 4% due to lower demand in Europe and an extra week in Q3 2017 in North America
- Adjusted EBITDA decline driven by lower volumes, higher energy costs and higher launch activity
- Value-Added Sales per wheel up \$0.40

(1) Value-Added Sales and Adjusted EBITDA are non-GAAP financial measures; see appendix for reconciliations to the most comparable GAAP measures

# Third Quarter 2018 Vehicle Production and Shipment Trends - OEM

NORTH AMERICA  
LIGHT VEHICLE  
PRODUCTION

↑ 2.0%<sup>(1)</sup>

SUPERIOR  
NORTH AMERICA  
SHIPMENTS

↓ (0.1%)<sup>(2)</sup>

## Superior's North American Shipments

- SUP volumes flat on a year-over-year basis
- NA market growth driven by OEMs where SUP has limited content

EUROPE  
LIGHT VEHICLE  
PRODUCTION

↓ (6.2%)<sup>(1)</sup>

SUPERIOR  
EUROPE  
SHIPMENTS

↓ (3.8%)<sup>(3)</sup>

## Superior's European Shipments

- Outperformance in Europe driven by demand from premium customer production
- Premium SUV models as a percentage of total units continuing to show positive growth

## OVERALL MIXED MARKET PERFORMANCE

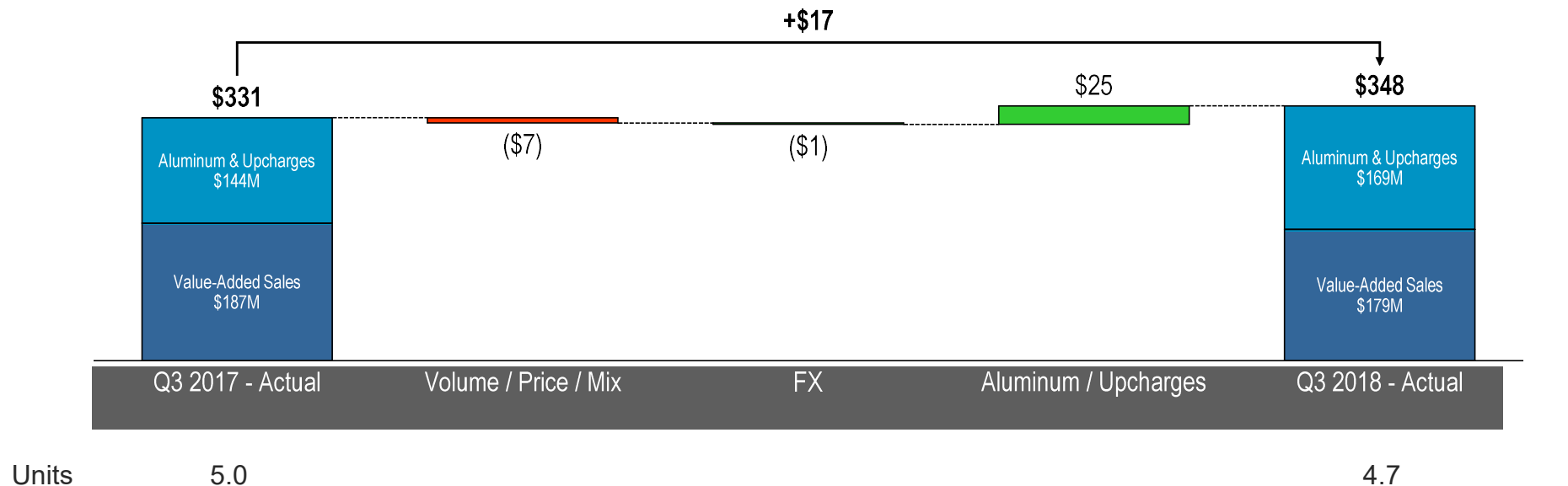
(1) Source: IHS Automotive; Europe based on Western and Central Europe as reported by IHS on October 16, 2018

(2) Based on the period from July 1 to September 30; fiscal third quarter of 2017 was June 26, 2017 to October 1, 2017

(3) Excludes sales to aftermarket customers

# Third Quarter 2018 Year-over-Year Sales Comparison

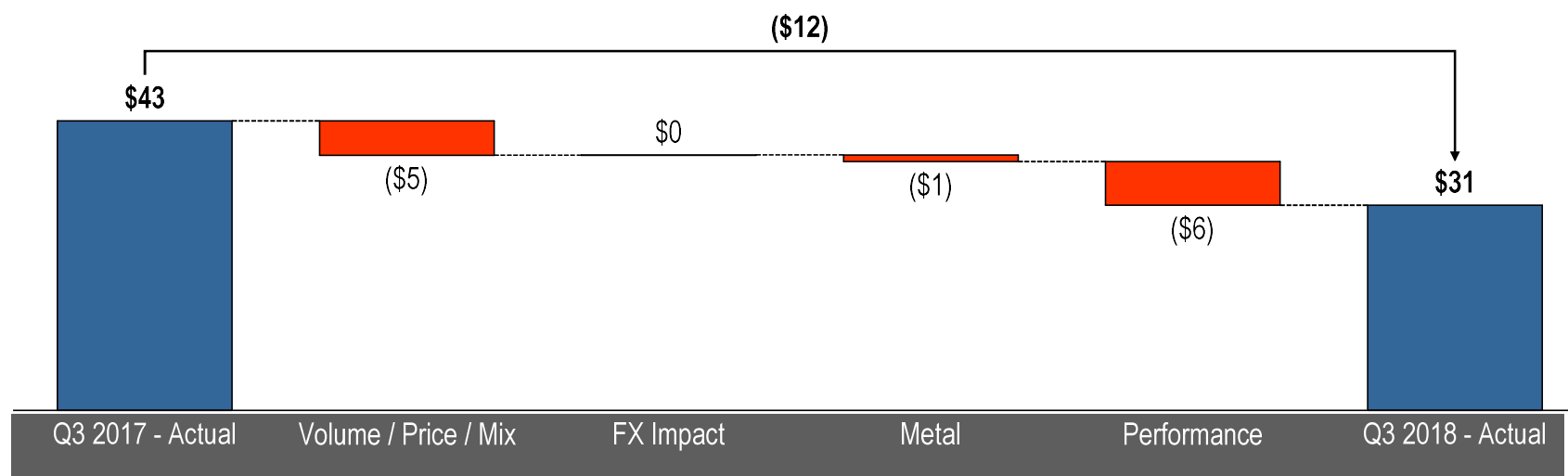
(\$ and units in millions)



- Volume / Price / Mix: Primarily due to lower volumes, partially offset by higher Value-Added Sales per wheel
- FX driven primarily by weaker Euro (1.17 to 1.16)
- Aluminum / Upcharges: Average aluminum price increased ~\$0.16 / lb. from prior year

# Third Quarter 2018 Year-over-Year Adj. EBITDA<sup>(1)</sup> Comparison

(\$ in millions)



Adj. EBITDA %  
of Value-Added  
Sales

23%

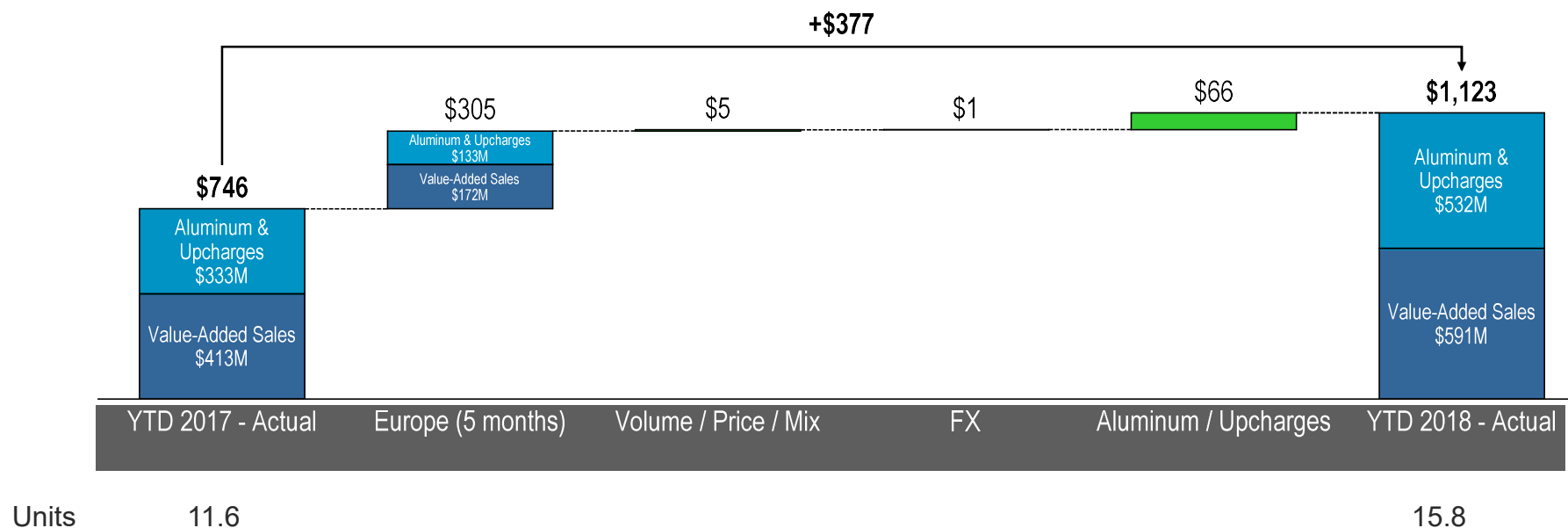
17%

- Volume / Price / Mix: Primarily due to lower volumes, partially offset by higher Value-Added Sales per wheel
- Metal driven by timing of pass through contracts with customers
- Performance: Primarily higher energy and launch costs

(1) Adjusted EBITDA is a non-GAAP financial measure; see appendix for a reconciliation to the most comparable GAAP measure

# Year-to-Date 2018 Year-over-Year Sales Comparison

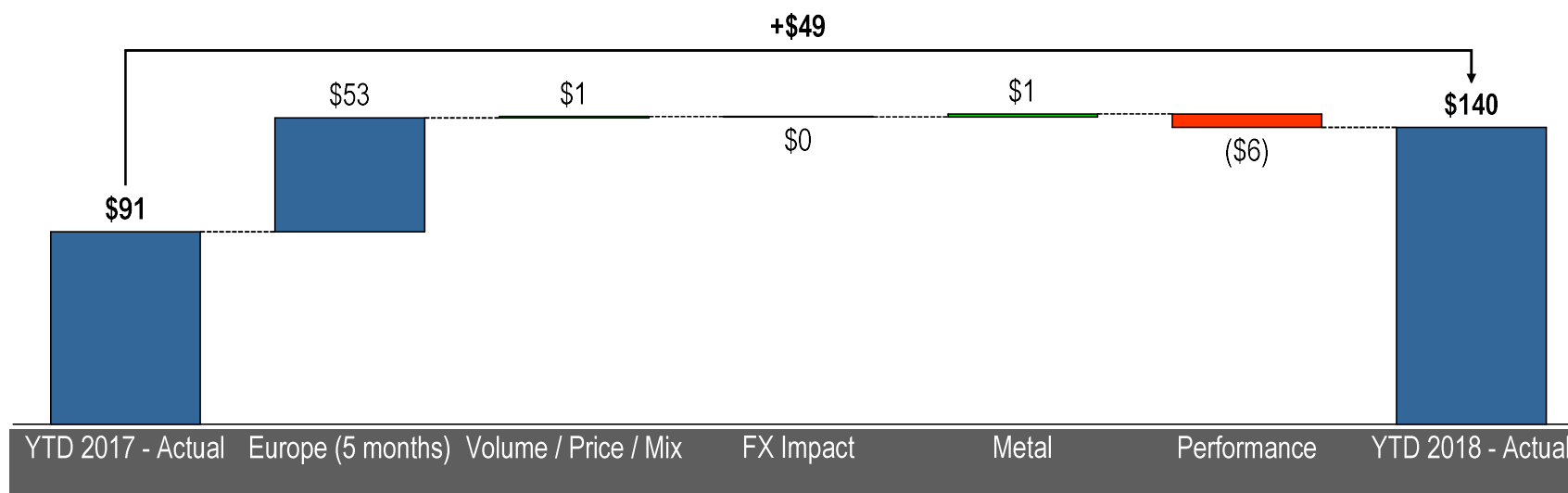
(\$ and units in millions)



- Volume / Price / Mix: Higher Value-Added Sales per wheel
- FX driven primarily by stronger Euro
- Aluminum / Upcharges: Average aluminum price increased ~\$0.17 / lb. from prior year

# Year-to-Date 2018 Year-over-Year Adj. EBITDA<sup>(1)</sup> Comparison

(\$ in millions)



Adj. EBITDA %  
of Value-Added  
Sales 22%

24%

- Volume / Price / Mix: Value-Added Sales per wheel improvement
- Metal driven by timing of pass through contracts with customers
- Performance: Improved North America plant efficiencies, offset by higher energy and launch costs

(1) Adjusted EBITDA is a non-GAAP financial measure; see appendix for a reconciliation to the most comparable GAAP measure



# Third Quarter Cash Flow, Liquidity and Capital Allocation

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## Operating Cash Flow

- Cash generated of \$33.5M
- Benefit from usage of Accounts Receivable securitization program

## Investing Activities

- Capital expenditures of \$17.4M
- In August 2018, purchased additional shares for \$33M from minority shareholders of Superior Industries Europe AG<sup>(1)</sup>, representing 3.6% ownership

## Financing Activities

- Paid common dividends of \$2.3M and preferred dividends of \$3.9M

## Liquidity / Capital Allocation

- Cash and unused amounts under revolvers totaling \$185M
- Debt reduction / investment in the business remains top-priority

(1) Formerly known as Uniwheels AG

# 2018 Financial Outlook

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Key Metrics	2018 Outlook
Unit Volume (000s)	20,850 - 21,050
Net Sales	\$1.48B - \$1.51B
Value-Added Sales <sup>(1)</sup>	\$790M - \$805M
Adjusted EBITDA <sup>(1)</sup>	\$175M - \$180M
Capital Expenditures	Approximately \$85M
Cash Flow from Operations	\$130M - \$145M
Effective Tax Rate	At or below 0%

(1) Value-Added Sales and Adjusted EBITDA are non-GAAP financial measures; see appendix for reconciliations to the most comparable GAAP measures



## Appendix



# Third Quarter and Year-to-Date 2018 Income Statement

(\$ in millions, except Earnings per Share)

	Three Months		Nine Months	
	3Q 2018	3Q 2017	YTD 2018	YTD 2017
	Actual	Actual	Actual	Actual
Unit Shipments (000s)	4,734	5,008	15,824	11,645
Net Sales	\$347.6	\$331.4	\$1,123.0	\$746.3
Value-Added Sales <sup>(1)</sup>	179.1	187.4	590.9	413.3
Gross Profit <sup>(2)</sup>	\$23.7	\$23.9	\$127.2	\$63.2
SG&A <sup>(2)</sup>	(16.0)	(18.1)	(60.6)	(55.5)
Income from Operations	\$7.7	\$5.8	\$66.6	\$7.7
Interest Expense, net	(12.4)	(13.4)	(37.4)	(28.4)
Other (Expense) Income, net	(3.3)	3.0	(6.8)	10.2
Change in Fair Value of Preferred Derivative	0.2	4.1	(3.5)	4.1
Income Before Income Taxes	\$ (7.8)	\$(0.5)	\$18.9	\$(6.4)
Income Tax (Provision) Benefit	7.1	3.4	(1.1)	4.8
Consolidated Net Income (Loss)	\$ (0.7)	\$2.9	\$17.8	\$(1.6)
Less: Net Loss Attributable to Noncontrolling Interest	-	(0.3)	-	0.0
Net Income (Loss) Attributable to Superior	\$ (0.7)	\$2.6	\$17.8	\$(1.6)
Diluted Earnings Per Share	(\$0.37)	(\$0.22)	(\$0.21)	(\$0.50)
Adjusted EBITDA <sup>(1)</sup>	\$30.6	\$43.0	\$140.0	\$91.4
% of Value-Added Sales	17.1%	22.9%	23.7%	22.1%

<sup>(1)</sup> Value-Added Sales and Adjusted EBITDA are non-GAAP financial measures; see appendix for a reconciliation to the most comparable GAAP measure

<sup>(2)</sup> Includes acquisition-related items

# Summary Balance Sheet

(\$ in millions)

Unaudited

## **ASSETS**

	9/30/2018	12/31/2017
Cash & Short Term Investments	\$12.2	\$47.1
Accounts Receivable, net	156.4	160.2
Inventories, net	193.2	174.0
Income Taxes Receivable	6.1	6.9
Other Current Assets	35.6	29.2
<b>Total Current Assets</b>	<b>\$403.5</b>	<b>\$417.4</b>
Property, Plant & Equipment, net	541.7	536.7
Goodwill	296.5	304.8
Intangibles	177.8	203.5
Deferred Income Taxes, net	66.8	54.3
Other Assets	43.8	34.6
<b>Total Assets</b>	<b>\$1,530.1</b>	<b>\$1,551.3</b>

## **LIABILITIES & EQUITY**

Accounts Payable	\$112.1	\$118.4
Accrued Expenses	65.0	68.8
Current Portion of Long-term Debt	3.1	4.0
Income Taxes Payable	3.8	3.9
<b>Total Current Liabilities</b>	<b>\$184.0</b>	<b>\$195.1</b>
Long-term Debt (Less Current Portion)	686.8	679.6
Non-Current Liabilities	100.6	86.2
Redeemable Preferred Shares	157.6	144.7
European Noncontrolling Redeemable Equity	20.0	-
Shareholders' Equity	381.1	393.8
Noncontrolling Interest	-	51.9
<b>Total Shareholders' Equity</b>	<b>\$381.1</b>	<b>\$445.7</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$1,530.1</b>	<b>\$1,551.3</b>

# Third Quarter and Year-to-Date 2018 Statement of Cash Flow

(\$ in millions)

	Three Months Ended		Nine Months Ended	
	3Q18	3Q17	YTD 2018	YTD 2017
<b>Cash Flow Provided by Operating Activities</b>	<b>\$33.5</b>	<b>\$27.2</b>	<b>\$64.3</b>	<b>\$17.1</b>
Capital Expenditures	(17.4)	(26.8)	(55.5)	(56.8)
Acquisition of UNIWHEELS, net of cash acquired	-	(10.5)	-	(701.2)
Proceeds from Sale of Property, Plant and Equipment	-	0.1	-	0.1
<b>Cash Flow (Used) by Investing Activities</b>	<b>(\$17.4)</b>	<b>(\$37.2)</b>	<b>(\$55.5)</b>	<b>(\$757.9)</b>
Purchase of non-controlling redeemable shares	(33.3)	-	(33.4)	-
Proceeds from the Issuance of Long-term Debt	-	-	-	975.6
Proceeds from the Issuance of Redeemable Preferred Shares	-	-	-	150.0
Debt Repayment	(1.8)	(76.6)	(5.4)	(359.0)
Cash Dividends	(6.1)	(4.4)	(21.7)	(13.3)
Stock Repurchase	-	-	-	(5.0)
Payments Related to Tax Withholdings for Stock-Based Compensation	-	-	(0.6)	(1.5)
Proceeds from Exercise of Stock Options	-	-	0.1	-
Preferred Stock Issuance Costs	-	-	-	(3.7)
Deferred Financing Costs Paid	-	-	-	(30.5)
Net Borrowings on Revolving Credit Facility	18.6	-	18.6	-
<b>Cash Flow (Used) Provided by Financing Activities</b>	<b>(\$22.6)</b>	<b>(\$81.0)</b>	<b>(\$42.4)</b>	<b>\$712.6</b>
Effect of Exchange Rate on Cash	(1.1)	0.2	(1.3)	0.8
<b>Net Change in Cash</b>	<b>(\$7.6)</b>	<b>(\$90.8)</b>	<b>(\$34.9)</b>	<b>(\$27.4)</b>
<b>Cash - Beginning</b>	<b>19.1</b>	<b>121.2</b>	<b>46.4</b>	<b>57.8</b>
<b>Cash - Ending</b>	<b>\$11.5</b>	<b>\$30.4</b>	<b>\$11.5</b>	<b>\$30.4</b>

Unaudited

# Reconciliation of Earnings per Share Calculation

(\$ in millions, except Earnings per Share)

	Three Months		Nine Months	
	3Q 2018	3Q 2017	YTD 2018	YTD 2017
<b>Basic EPS Calculation</b>				
Net Income (Loss) Attributable to Superior	\$ (0.7)	\$ 2.6	\$ 17.8	\$ (1.6)
Less: Accretion of Preferred Stock	(4.4)	(4.0)	(12.9)	(5.2)
Less: Redeemable Preferred Stock Dividends	(3.9)	(4.1)	(11.6)	(5.8)
Less: European Noncontrolling Redeemable Equity Dividends	(0.3)	-	(1.3)	-
Add: European Noncontrolling Redeemable Equity Translation Adjustment	-	-	2.8	-
<b>Numerator</b>	<b>\$ (9.3)</b>	<b>\$ (5.5)</b>	<b>\$ (5.2)</b>	<b>\$ (12.6)</b>
<b>Denominator:</b> Weighted Avg. Shares Outstanding	<b>25.0</b>	<b>24.9</b>	<b>25.0</b>	<b>25.0</b>
<b>Basic Earnings Per Share</b>	<b>\$ (0.37)</b>	<b>\$ (0.22)</b>	<b>\$ (0.21)</b>	<b>\$ (0.50)</b>
<b>Diluted EPS Calculation</b>				
Net Income (Loss) Attributable to Superior	\$ (0.7)	\$ 2.6	\$ 17.8	\$ (1.6)
Less: Accretion of Preferred Stock	(4.4)	(4.0)	(12.9)	(5.2)
Less: Redeemable Preferred Stock Dividends	(3.9)	(4.1)	(11.6)	(5.8)
Less: European Noncontrolling Redeemable Equity Dividends	(0.3)	-	(1.3)	-
Add: European Noncontrolling Redeemable Equity Translation Adjustment	-	-	2.8	-
<b>Numerator</b>	<b>\$ (9.3)</b>	<b>\$ (5.5)</b>	<b>\$ (5.2)</b>	<b>\$ (12.6)</b>
Weighted Avg. Shares Outstanding-Basic	25.0	24.9	25.0	25.0
Dilutive Stock Options and Restricted Stock Units	0.0	-	0.0	-
<b>Denominator:</b> Weighted Avg. Shares Outstanding	<b>25.0</b>	<b>24.9</b>	<b>25.0</b>	<b>25.0</b>
<b>Diluted Earnings Per Share</b>	<b>\$ (0.37)</b>	<b>\$ (0.22)</b>	<b>\$ (0.21)</b>	<b>\$ (0.50)</b>

Unaudited



# Impact of Acquisition-related Items on EPS

(\$ in millions, except Earnings per Share)

	Three Months		Nine Months		Location on Income Statement
	3Q 2018	3Q 2017	YTD 2018	YTD 2017	
<b>Before Tax Impact on Net Income</b>					
Inventory Step-up	\$ -	\$ (4.7)	\$ -	\$ (10.8)	Cost of Sales
M&A and Integration Costs	(2.5)	(5.4)	(8.3)	(25.0)	SG&A
Non-Recurring Interest	-	-	-	(12.2)	Interest
Foreign Exchange M&A Gains	-	-	-	8.2	Other Income
Change in Fair Value of Preferred Derivative	0.2	4.1	(3.5)	4.1	Other Income
<b>Total Before Tax Impact on Net Income</b>	<b>\$ (2.3)</b>	<b>\$ (6.0)</b>	<b>\$ (11.8)</b>	<b>\$ (35.7)</b>	
<b>After Tax Impact on Net Income</b>	<b>\$ (2.0)</b>	<b>\$ (5.1)</b>	<b>\$ (10.8)</b>	<b>\$ (30.8)</b>	
European Noncontrolling Redeemable Equity	0.0	-	2.8	-	Earnings Per Share Only
<b>Total Impact on Numerator for Earnings Per Share</b>	<b>\$ (2.0)</b>	<b>\$ (5.1)</b>	<b>\$ (8.0)</b>	<b>\$ (30.8)</b>	
<b>Impact on Earnings Per Share</b>	<b>\$ (0.08)</b>	<b>\$ (0.20)</b>	<b>\$ (0.32)</b>	<b>\$ (1.23)</b>	

Unaudited



# Reconciliation of Non-GAAP Financial Measures

## Value-Added Sales

	<u>Three Months</u>		<u>Nine Months</u>	
	<u>3Q 2018</u>	<u>3Q 2017</u>	<u>YTD 2018</u>	<u>YTD 2017</u>
Net Sales	\$ 347.6	\$ 331.4	\$ 1,123.0	\$ 746.3
Less:				
Aluminum Value and Outside Service Provider Costs	(168.5)	(144.0)	(532.1)	(333.0)
Value-Added Sales	<u>\$ 179.1</u>	<u>\$ 187.4</u>	<u>\$ 590.9</u>	<u>\$ 413.3</u>

## Adjusted EBITDA

	<u>Three Months</u>		<u>Nine Months</u>	
	<u>3Q 2018</u>	<u>3Q 2017</u>	<u>YTD 2018</u>	<u>YTD 2017</u>
Net Income (Loss) Attributable to Superior	\$ (0.7)	\$ 2.9	\$ 17.8	\$ (1.6)
Adjusting Items:				
- Interest Expense, net	12.4	13.4	37.4	28.4
- Income Tax Provision	(7.1)	(3.4)	1.1	(4.9)
- Depreciation	17.1	17.4	52.0	36.8
- Amortization	6.6	6.7	19.9	9.1
- M&A and Integration Related Items	2.5	10.1	8.3	27.6
- Change in Fair Value of Preferred Derivative	(0.2)	(4.1)	3.5	(4.1)
- Closure Costs (Excluding Accelerated Depreciation)	-	-	-	0.1
	<u>\$ 31.3</u>	<u>\$ 40.1</u>	<u>\$ 122.2</u>	<u>\$ 93.0</u>
Adjusted EBITDA	<u>\$ 30.6</u>	<u>\$ 43.0</u>	<u>\$ 140.0</u>	<u>\$ 91.4</u>

## Outlook for Full Year 2018 Value-Added Sales

	<u>Outlook Range</u>	
Net Sales Outlook	\$ 1,480.0	\$ 1,510.0
Less:		
Aluminum Value and Outside Service Provider Costs	(690.0)	(705.0)
Value-Added Sales Outlook	<u>\$ 790.0</u>	<u>\$ 805.0</u>

Unaudited

