



**FOURTH QUARTER AND FULL YEAR 2017  
EARNINGS CONFERENCE CALL  
MARCH 15, 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 its operations with UNIWHEELS AG, 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 25, 2016, Quarterly Report on Form 10-Q for the quarter ended October 1, 2017 and other reports from time to time filed with the Securities and Exchange Commission, including Superior's forthcoming Annual Report on Form 10-K for the year ended December 31, 2017. 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, restructuring charges, plant closure costs, acquisition and integration costs, 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 in accordance with 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 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.

# Full Year 2017 Highlights

## Full Year Financial Metrics

**17.0M**

UNITS  
SHIPPED

**\$1.1B**

NET  
SALES

**\$617M**

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

**\$140M**

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

**\$36.27**

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

## Highlights

- Completed transformational acquisition of UNIWHEELS AG
- Diversified revenue by product, customer and geography with approximately half in North America and half in Europe
- Increased Valued-Added Sales by 51%; Adjusted EBITDA by 58%<sup>(1)</sup>
- Increased Value-Added Sales per wheel to \$36.27 vs. \$33.34 for 2016<sup>(1)</sup>
- Integration progressing well; actioned \$8 million in annual run-rate synergies
- Expanded R&D technology portfolio offerings to our global OEM customers.
- Reaffirming 2018 outlook

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

# Our Priorities

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Capitalize on secular trends



Expand customer opportunities



Invest in new technologies / capabilities



Build best-in-class organization



Drive margins and cash flow

Generate Profitable  
Growth and  
Deliver Value to  
Shareholders

# 2017 Vehicle Production and Shipment Trends

NORTH  
AMERICAN LIGHT  
VEHICLE  
PRODUCTION

↓ 4.3%<sup>(1)</sup>

SUPERIOR  
NORTH AMERICAN  
SHIPMENTS

↓ 6.4%

## Superior North American Shipments

- Cross-over / light truck program increases more than offset by softness in passenger cars
- Continued shift to larger diameter wheels

EUROPEAN  
LIGHT VEHICLE  
PRODUCTION

↑ 0.3%<sup>(2)</sup>

SUPERIOR  
EUROPEAN  
SHIPMENTS

↑ 9.2%<sup>(3)</sup>

## Superior European Shipments

- Achieved record shipments, both in the OEM and the Aftermarket business
- Larger diameter wheels volumes increased significantly

**Outperformance in Europe offsets softness in North America**

(1) Source: IHS Automotive

(2) Source: PwC; European Union Production (full year 2017 versus full year 2016)

(3) Excludes sales to aftermarket customers (full year 2017 versus full year 2016)

# Fourth Quarter 2017 Financial Summary

(\$ and units in millions)

Unaudited		4Q17 Actual			4Q16 Actual
		North America	Europe	Global	
	Unit Shipments	2.9	2.5	5.4	3.1
	Net Sales	\$191.2	\$170.6	\$361.8	\$188.3
	Value-Added Sales <sup>(1)</sup>	\$99.3	\$104.2	\$203.5	\$106.4
	Adjusted EBITDA <sup>(2)</sup>	\$21.0	\$27.9	\$48.9	\$18.7
	Net (Loss) Income Attributable to Superior			(\$4.6)	\$7.8
	Diluted (Loss) Earnings Per Share			(\$0.50)	\$0.31
	Impact of Transaction Items on Net (Loss) Income <sup>(3)</sup>			(\$5.2)	n/a
	<i>Impact on Diluted (Loss) Earnings Per Share</i>			<i>(\$0.21)</i>	
	Impact of U.S. Tax Reform on Net Income			(\$16.6)	n/a
	<i>Impact on Diluted (Loss) Earnings Per Share</i>			<i>(\$0.67)</i>	

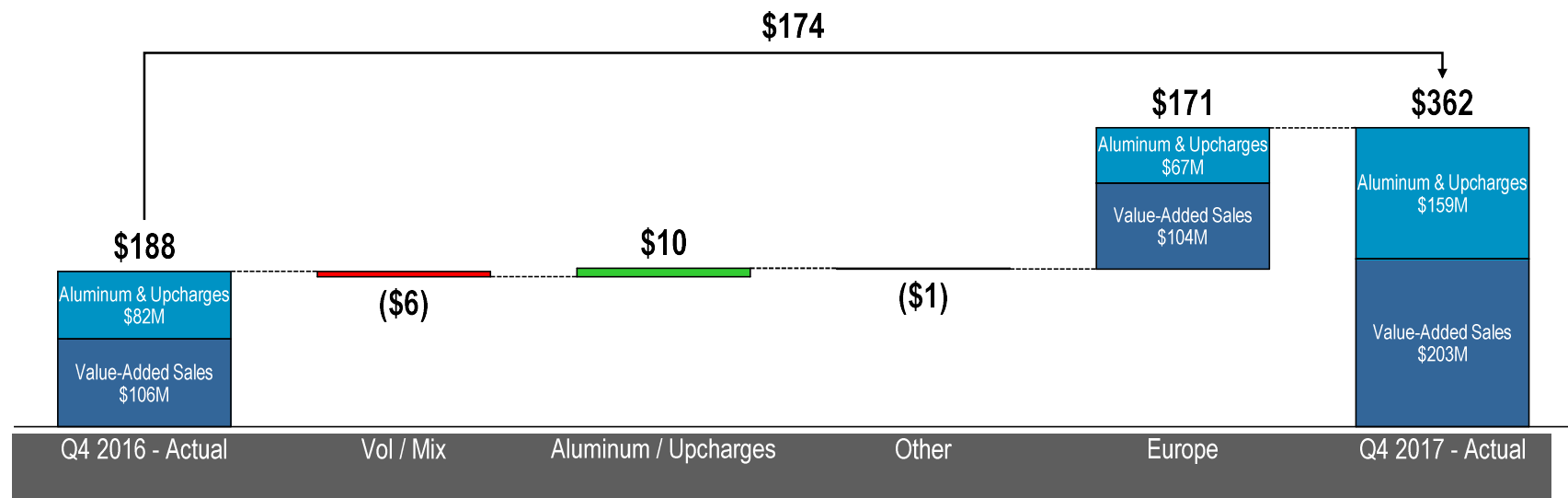
(1) Value-Added Sales is a non-GAAP measure; see appendix for reconciliation to net sales

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

(3) See Impact of acquisition-related items on EPS in the appendix of this presentation

# Fourth Quarter 2017 Year-over-Year Sales Comparison

(\$ in millions)



Units (M) 3.1

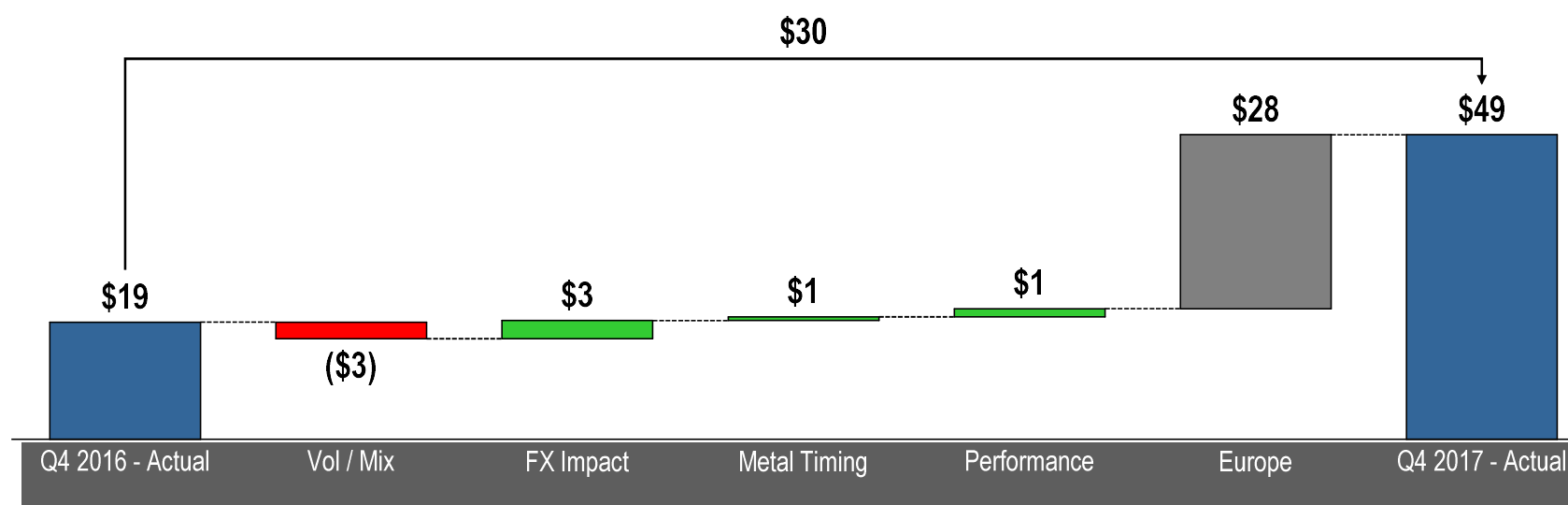
5.4

- Vol / Mix: North America volume down 208K units offset by increase in Value-Added Sales per wheel
- Aluminum / Upcharges: North America average aluminum price increased ~\$0.19 / lb. from prior year



# Fourth Quarter 2017 Year-over-Year Adj. EBITDA<sup>(1)</sup> Comparison

(\$ in millions)



VAS Margin 18%

24%

- Vol / Mix: North America volume down 208K units
- FX Impact: All in USD/MXN rate of 17.45 in 2016 vs 18.24 in 2017

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



# Fourth Quarter Cash Flow and Capital Allocation Priorities

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## Operating Cash Flow

- Cash generated by operating activities of \$46.5M
- Identifying initiatives to enhance cash generation

## Investing Activities

- Additional purchase of UNIWHEELS shares for \$5.5M
- Capital expenditures of \$14.1M

## Financing Activities

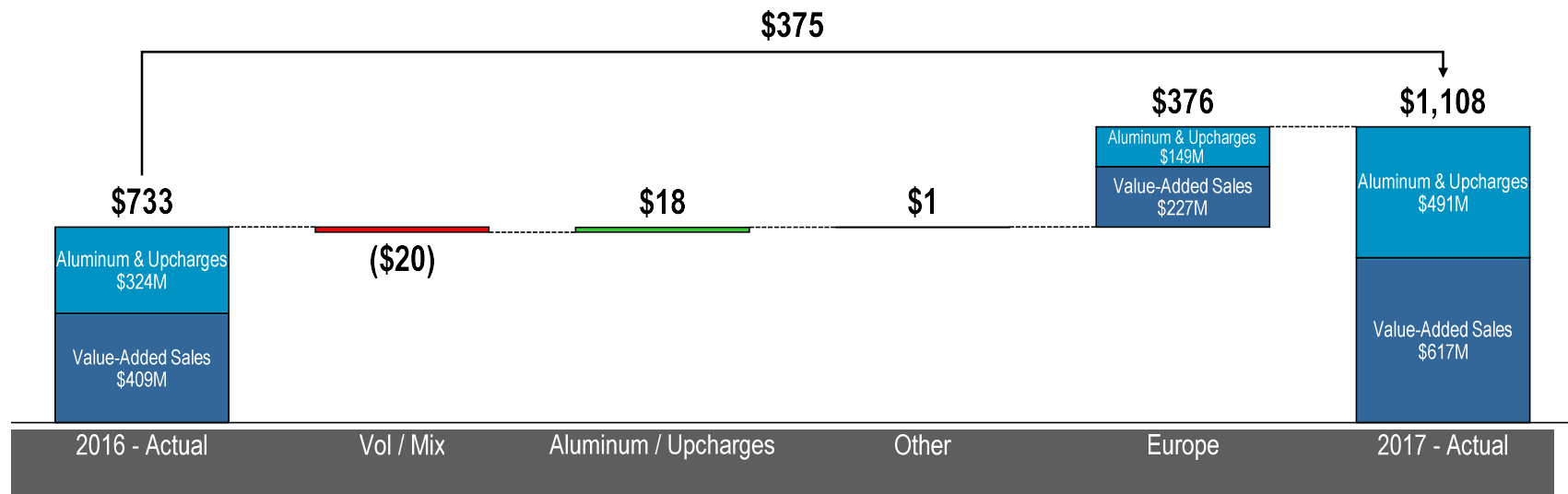
- Paid common dividends of \$2.2M
- Paid preferred dividends of \$3.9M

## Capital Allocation

- Debt reduction / investment in the business top-priority
- Targeting 2.0x Net Debt to Adjusted EBITDA by 2020

# Full Year 2017 Year-over-Year Sales Comparison

(\$ in millions)



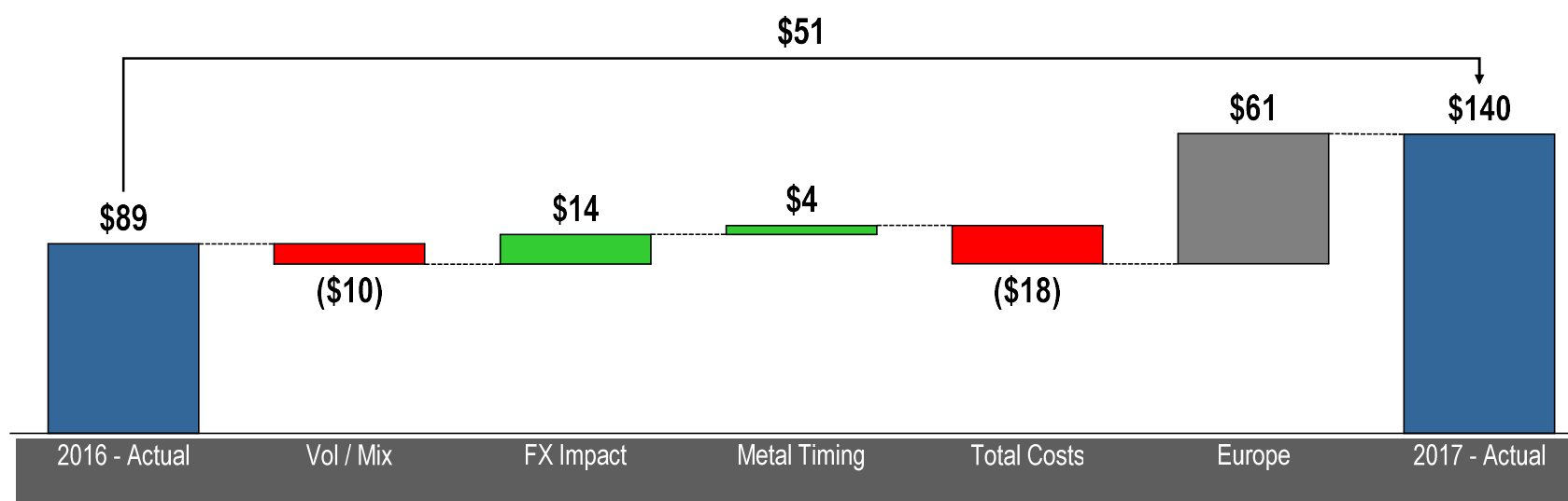
Units (M) 12.3

17.0

- Vol / Mix: North America volume down 787K units offset by increase in Value-Added Sales per wheel
- Aluminum / Upcharges: North America average aluminum price increased ~\$0.14 / lb from prior year

# Full Year 2017 Year-over-Year Adj. EBITDA<sup>(1)</sup> Comparison

(\$ in millions)



VAS Margin 22%

23%

- Vol / Mix North America volume down 787K units
- North America FX: All in USD/MXN rate of 16.29 in 2016 vs 18.03 in 2017

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

# 2018 Financial Outlook

Key Metrics	2018 Outlook	2020 Goals
Unit Volume (000s)	21,250 - 21,600	<ul style="list-style-type: none"> <li>• <i>Value Added Sales<sup>(1)</sup></i>: <i>\$950M</i></li> </ul>
Net Sales	\$1.45B - \$1.50B	<ul style="list-style-type: none"> <li>• <i>Adjusted EBITDA Margin<sup>(2)</sup></i>: <i>25%</i> <i>(% of Value Added Sales)</i></li> </ul>
Value-Added Sales <sup>(1)</sup>	\$800M - \$835M	<ul style="list-style-type: none"> <li>• <i>Net Leverage</i>: <i>2.0x</i></li> </ul>
Adjusted EBITDA <sup>(2)</sup>	\$185M - \$200M	
Capital Expenditures	Approximately \$95M	
Cash Flow from Operations <sup>(3)</sup>	\$160M - \$180M	
Effective Tax Rate	10% - 15%	

(1) Value-Added Sales is a non-GAAP financial measure; see appendix for a reconciliation to the most comparable GAAP measure and "Use of Non-GAAP Financial Measures" on slide 2

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

(3) Cash Flow from Operations is defined according to GAAP on the Statement of Cash Flow



## APPENDIX



# Fourth Quarter 2017 and Full Year Income Statement

(\$ in millions, except Earnings per Share)

	Three Months		Twelve Months	
	4Q 2017	4Q 2016	FY 2017	FY 2016
Unit Shipments (000s)	5,363	3,097	17,008	12,260
Net Sales	\$361.8	\$188.3	\$1,108.1	\$732.7
Value Added Sales <sup>(1)</sup>	203.5	106.4	616.8	408.7
Gross Profit	\$39.7	\$18.0	\$102.9	\$86.2
% of Net Sales	11.0%	9.5%	9.3%	11.8%
% of Value Added Sales	19.5%	16.9%	16.7%	21.1%
SG&A Expenses	(\$25.9)	(\$6.9)	(\$81.4)	(\$31.6)
% of Net Sales	7.2%	3.7%	7.3%	4.3%
Income from Operations	\$13.8	\$11.1	\$21.5	\$54.6
Interest (expense) income, net	(11.6)	0.1	(40.0)	0.2
Other income (expense), net	3.0	0.4	13.2	(0.1)
Change in Fair Value of Preferred Derivative	2.1	0.0	6.2	0.0
Income Before Income Taxes	\$7.3	\$11.5	\$0.9	\$54.7
Income Tax (Provision) Benefit	(11.7)	(3.8)	(6.9)	(13.3)
Consolidated Net (Loss) Income	(\$4.4)	\$7.8	(\$6.0)	\$41.4
Less: Net loss attributable to non-controlling interest	(0.2)	0.0	(0.2)	0.0
Net (Loss) Income Attributable to Superior	(\$4.6)	\$7.8	(\$6.2)	\$41.4
Diluted (Loss) Earnings per Share	(\$0.50)	\$0.31	(\$1.01)	\$1.62
Adjusted EBITDA <sup>(2)</sup>	\$48.9	\$18.7	\$140.1	\$88.5
% of Net Sales	13.5%	9.9%	12.6%	12.1%
% of Value-Added Sales	24.0%	17.6%	22.7%	21.7%

<sup>(1)</sup> Value-Added Sales is a non-GAAP measure; see slide 19 for reconciliation to net sales

<sup>(2)</sup> Adjusted EBITDA is a non-GAAP measure; see slide 20 for reconciliation to net income

# Summary Balance Sheet

(\$ in millions)

Unaudited

## **ASSETS**

	<b><u>FY 2017</u></b>	<b><u>FY 2016</u></b>
Cash & Short Term Investments	\$47.1	\$58.6
Accounts Receivable, net	160.2	99.3
Inventories, net	174.0	82.8
Income Taxes Receivable	6.9	3.7
Other Current Assets	29.2	9.7
<b>Total Current Assets</b>	<b>417.4</b>	<b>254.1</b>
Property, Plant & Equipment, net	536.7	227.4
Goodwill	304.8	-
Intangibles	203.5	-
Non Current Deferred Income Taxes, net	54.3	28.8
Other Assets	34.6	32.4
<b>Total Assets</b>	<b>\$1,551.3</b>	<b>\$542.8</b>

## **LIABILITIES & EQUITY**

Accounts Payable	\$118.4	\$37.9
Accrued Expenses	68.8	46.3
Current Portion of Long-term Debt	4.0	0.0
Income Taxes Payable	3.8	1.8
<b>Total Current Liabilities</b>	<b>195.1</b>	<b>86.0</b>
Long-term Debt (Less Current Portion)	679.6	-
Non-Current Liabilities	86.3	58.6
Redeemable Preferred Shares	144.7	-
Superior's Shareholders' Equity	393.8	398.2
Noncontrolling Interest	51.9	-
<b>Total Shareholders' Equity</b>	<b>445.7</b>	<b>398.2</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$1,551.3</b>	<b>\$542.8</b>



# Fourth Quarter 2017 and Full Year Statement of Cash Flow

(\$ in millions)

	Three Months		Twelve Months	
	4Q17	4Q16	FY 2017	FY 2016
<b>Cash Flow Provided by Operating Activities</b>	<b>\$46.5</b>	<b>\$39.2</b>	<b>\$63.7</b>	<b>\$78.5</b>
Capital Expenditures	(14.1)	(9.4)	(70.9)	(39.6)
Proceeds from sales and maturities of investments	-	-	-	0.2
Acquisition of UNIWHEELS, net of cash acquired	(5.5)	-	(706.7)	-
Proceeds from sale of property, plant and equipment	-	4.3	0.1	4.3
<b>Cash Flow (Used) Provided by Investing Activities</b>	<b>(\$19.7)</b>	<b>(\$5.1)</b>	<b>(\$777.6)</b>	<b>(\$35.0)</b>
Proceeds from the Issuance of Long-term Debt	-	-	975.6	-
Proceeds from the Issuance of Redeemable Preferred Shares	-	-	150.0	-
Debt Repayment	(3.9)	-	(363.0)	-
Cash Dividends	(6.1)	(4.6)	(19.5)	(18.3)
Stock Repurchases	(0.0)	(7.2)	(5.0)	(20.7)
Payments Related to Tax Withholdings for Stock-Based Compensation	(0.2)	-	(1.7)	-
Proceeds from Exercise of Stock Options	-	0.1	-	1.6
Preferred Stock Issuance Costs	-	-	(3.7)	-
Deferred Financing Costs Paid	(1.2)	-	(31.6)	-
<b>Cash Flow (Used) Provided by Financing Activities</b>	<b>(11.5)</b>	<b>(11.6)</b>	<b>701.1</b>	<b>(37.3)</b>
Effect of Exchange Rate on Cash	0.5	0.5	1.4	0.4
<b>Net Change in Cash</b>	<b>\$15.9</b>	<b>\$22.0</b>	<b>(\$11.4)</b>	<b>\$5.8</b>
<b>Cash - Beginning</b>	<b>\$30.4</b>	<b>\$35.8</b>	<b>\$57.8</b>	<b>\$52.0</b>
<b>Cash - Ending</b>	<b>\$46.4</b>	<b>\$57.8</b>	<b>\$46.4</b>	<b>\$57.8</b>

Unaudited

# Reconciliation of Earnings per Share Calculation

(\$ in millions, except Earnings per Share)

	Three Months		Twelve Months	
	4Q 2017	4Q 2016	FY 2017	FY 2016
<b>Basic EPS Calculation</b>				
Net (Loss) Income Attributable to Superior	\$ (4.6)	\$ 7.8	\$ (6.2)	\$ 41.4
Less: Accretion of preferred stock	(4.1)	-	(9.3)	-
Less: Redeemable preferred stock dividends	(3.8)	-	(9.6)	-
<b>Numerator</b>	<b>\$ (12.5)</b>	<b>\$ 7.8</b>	<b>\$ (25.1)</b>	<b>\$ 41.4</b>
<b>Denominator:</b> Weighted avg shares outstanding	<b>24.9</b>	<b>25.3</b>	<b>24.9</b>	<b>25.4</b>
<b>Basic (loss) income per share</b>	<b>\$ (0.50)</b>	<b>\$ 0.31</b>	<b>\$ (1.01)</b>	<b>\$ 1.63</b>
<b>Diluted EPS Calculation</b>				
Net (Loss) Income Attributable to Superior	\$ (4.6)	\$ 7.8	\$ (6.2)	\$ 41.4
Less: Accretion of preferred stock	(4.1)	-	(9.3)	-
Less: Redeemable preferred stock dividends	(3.8)	-	(9.6)	-
<b>Numerator</b>	<b>\$ (12.5)</b>	<b>\$ 7.8</b>	<b>\$ (25.1)</b>	<b>\$ 41.4</b>
Weighted avg shares outstanding-Basic	24.9	25.3	24.9	25.4
Dilutive stock options and restricted stock units	0.0	0.1	0.0	0.1
<b>Denominator:</b> Weighted avg shares outstanding	<b>24.9</b>	<b>25.4</b>	<b>24.9</b>	<b>25.5</b>
<b>Diluted (loss) income per share</b>	<b>\$ (0.50)</b>	<b>\$ 0.31</b>	<b>\$ (1.01)</b>	<b>\$ 1.62</b>

# Impact of Acquisition-related Items on EPS

(\$ in millions, except Earnings per Share)

Unaudited		Q4 2017 Before Tax Net Income Impact	FY 2017 Before Tax Net Income Impact	Location on Income Statement
	Inventory Step-up	\$ (1.3)	\$ (12.1)	Cost of Sales
	M&A and Integration costs	(7.2)	(32.1)	SG&A
	Impact on Income from Operations	\$ (8.5)	\$ (44.2)	
	Non-recurring Interest	\$ -	\$ (12.2)	Interest
	Foreign Exchange M&A Gains	-	8.2	Other Income
	Change in Fair Value of Preferred Derivative	2.1	6.2	Other Income
	Total Impact	\$ (6.4)	\$ (42.0)	
	After Tax Net Income Impact	\$ (5.2)	\$ (35.9)	
	Impact to Earnings Per Share	\$ (0.21)	\$ (1.44)	

# Reconciliation of Non-GAAP Financial Measures

(\$ in millions)

## Value Added Sales

	Three Months		Twelve Months	
	4Q 2017	4Q 2016	FY 2017	FY 2016
Net Sales	\$ 361.8	\$ 188.3	\$ 1,108.1	\$ 732.7
Less:				
Aluminum Value and Outside Service Provider Costs	(158.4)	(82.0)	(491.3)	(324.0)
Value Added Sales	\$ 203.5	\$ 106.4	\$ 616.8	\$ 408.7

Unaudited

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 (OSPs) 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 OSPs generally do not directly impact our profitability. Accordingly, Value-Added Sales is worthy of being highlighted for the benefit of readers of our financial statements. Our intent is to allow readers of the financial statements to consider our net sales information both with and without the aluminum and OSP cost components thereof.

# Reconciliation of Non-GAAP Financial Measures

(\$ in millions)

## **Adjusted EBITDA**

**Consolidated Net (Loss) Income**

**Adjusting Items:**

- Interest Expense (Income), net

- Income Tax Provision

- Depreciation

- Amortization

- Inventory Step-up

- M&A and Integration Costs

- Foreign Exchange M&A Gains

- Change in Fair Value of Preferred Derivative

- Closure Costs (Excluding Accelerated Depreciation)

- Gain on sale of facility

<b>Three Months</b>		<b>Twelve Months</b>	
<b>4Q 2017</b>	<b>4Q 2016</b>	<b>FY 2017</b>	<b>FY 2016</b>
<b>\$ (4.4)</b>	<b>\$ 7.8</b>	<b>\$ (6.0)</b>	<b>\$ 41.4</b>
<b>11.6</b>	<b>(0.1)</b>	<b>40.0</b>	<b>(0.2)</b>
<b>11.8</b>	<b>3.8</b>	<b>6.9</b>	<b>13.3</b>
<b>17.4</b>	<b>8.4</b>	<b>54.2</b>	<b>34.3</b>
<b>6.1</b>	<b>-</b>	<b>15.2</b>	<b>-</b>
<b>1.3</b>	<b>-</b>	<b>12.1</b>	<b>-</b>
<b>7.2</b>	<b>-</b>	<b>32.1</b>	<b>-</b>
<b>0.0</b>	<b>-</b>	<b>(8.2)</b>	<b>-</b>
<b>(2.1)</b>	<b>-</b>	<b>(6.2)</b>	<b>-</b>
<b>0.0</b>	<b>0.2</b>	<b>0.1</b>	<b>1.2</b>
<b>-</b>	<b>(1.4)</b>	<b>-</b>	<b>(1.4)</b>
<b>\$ 53.3</b>	<b>\$ 10.9</b>	<b>\$ 146.1</b>	<b>\$ 47.1</b>
<b>\$ 48.9</b>	<b>\$ 18.7</b>	<b>\$ 140.1</b>	<b>\$ 88.5</b>

**Adjusted EBITDA**

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, acquisition support costs, 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

(\$ in millions)

## Outlook for Full Year 2018 Value-Added Sales

**Net Sales Outlook**

<u>Outlook Range</u>	
<b>\$ 1,450.0</b>	<b>\$ 1,500.0</b>

**Less:**

**Aluminum Value and Outside Service Provider Costs**

<b>(650.0)</b>	<b>(665.0)</b>
<b>\$ 800.0</b>	<b>\$ 835.0</b>

**Value-Added Sales Outlook**

Unaudited

Value-Added Sales is a key measure that is not calculated according to GAAP. Value-Added Sales represents net sales less the value of aluminum and services provided by OSPs 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 OSPs generally do not directly impact our profitability. Accordingly, Value-Added Sales is worthy of being highlighted for the benefit of readers of our financial statements. Our intent is to allow readers of the financial statements to consider our net sales information both with and without the aluminum and OSP cost components thereof.



# SUPERIOR INDUSTRIES

*Celebrating 60 Years*

