

# Gabelli Automotive Aftermarket Symposium

5 November 2019



# FORWARD-LOOKING STATEMENTS AND NON-GAAP FINANCIAL MEASURES



## Forward-Looking Statements

This presentation and webcast 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 2019 outlook included herein, Superior's strategic and operational initiatives, product mix and overall cost improvement and are based on current or revised expectations, estimates, and projections about Superior'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 Superior's Securities and Exchange Commission filings and reports, including Superior's Annual Report on Form 10-K for the year-ended December 31, 2018, 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 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 Superior has defined as earnings before interest income and expense, income taxes, depreciation, amortization, restructuring charges and other closure costs, impairments of long-lived assets and investments, changes in fair value of redeemable preferred stock embedded derivative liability, acquisition and integration costs, certain hiring and separation related costs, gains associated with early debt extinguishment and accounts receivable factoring fees. This presentation also refers to "Value-Added Sales," which Superior defines as net sales less the value of aluminum and services provided by outsourced service providers that are included in net sales.

Management believes these non-GAAP measures are useful to management and may be useful to investors in their analysis of Superior's financial position and results of operations. Further, management uses these non-GAAP financial measures for planning and forecasting purposes. This non-GAAP financial information is provided as additional information for investors and is not in accordance with or an alternative to GAAP and 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, Superior has not quantitatively reconciled differences between Adjusted EBITDA presented in the 2019 outlook to net income, the most comparable GAAP measure, as Superior is unable to quantify certain amounts included in net income without unreasonable efforts and due to the inherent uncertainty regarding such variables. Superior also believes that such 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.



# EXECUTIVE BACKGROUNDS



**Majdi Abulaban** *President and Chief Executive Officer*



- Nearly 35 years in the automotive industry
- President and CEO of Superior since May 2019
- Senior Vice President and Group President, Global Signal and Power Solutions at Aptiv from 2012 to 2019 (formerly Delphi)
- Prior to 2012 held various business unit leadership positions within Delphi in China, Singapore, and the United States
- Currently serves on the Board of Directors of SPX Flow, Inc. (NYSE: FLOW)

**Matti Masanovich** *Executive Vice President and Chief Financial Officer*



- Executive Vice President and CFO of Superior since September 2018
- Senior Vice President and CFO at General Cable Corporation from 2016 to 2018
- Global Vice President of Finance, Packard Electrical and Electronic Architecture Division at Aptiv in Shanghai, China from 2013 to 2016
- Prior to 2013, served in various executive positions within both public and private companies



# SUPERIOR AT A GLANCE



*A Leader*  
**ALUMINUM WHEELS  
FOR LIGHT VEHICLES**

*Innovative*  
**OUR PEOPLE ALWAYS  
PUSH US FORWARD**

*Diversified*  
**SERVING NEARLY ALL  
GLOBAL OEMS**

*Safety*  
**WORLD CLASS  
SAFETY RECORD**

**A Leader**  
in both North  
America and Europe

**A Leader**  
in Aftermarket  
Wheels in Europe

**Diversified**  
across Global OEMs  
and Vehicle Segments

**19.6M**  
2019E Wheel  
Shipments<sup>(1)</sup>

**~8,000**  
Employees  
Worldwide

**\$1.4B**  
2019E Net  
Sales<sup>(1)</sup>

**60+**  
Years in the  
Automotive  
Industry

**8**  
Production Facilities<sup>(2)</sup>  
(Germany 1, Mexico 4,  
Poland 3)

**Aftermarket Brands**

**ATS**  
Leichtmetallräder

**riAL**  
LEICHTMETALLFELGEN

**ALUTEC**  
Leichtmetallfelgen

**ANZIO**  
WHEELS

(1) Based on the midpoint of 2019 outlook provided on November 4, 2019

(2) In Q3 2019, Superior announced reduction in production at its Fayetteville location

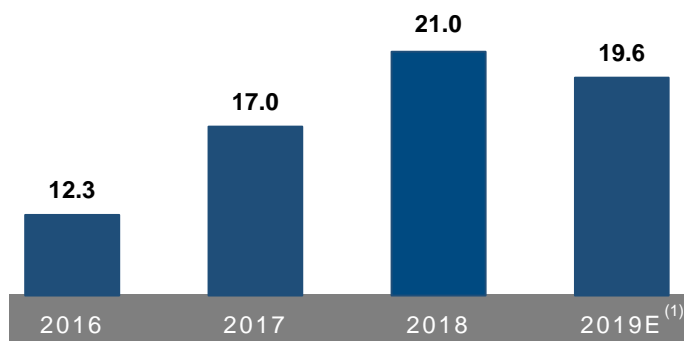


# FINANCIAL PERFORMANCE

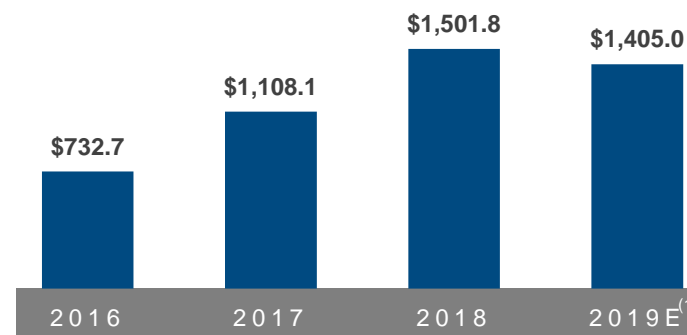


(\$ and units in millions)

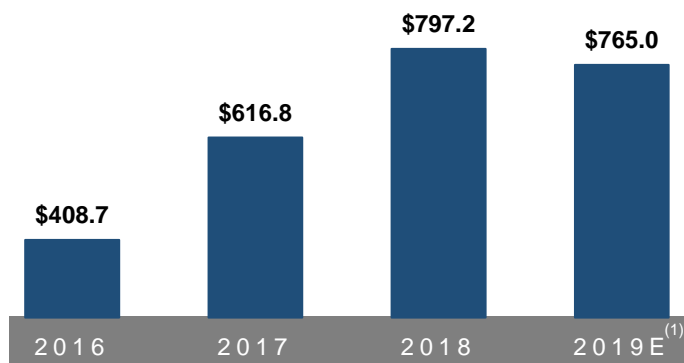
## Units



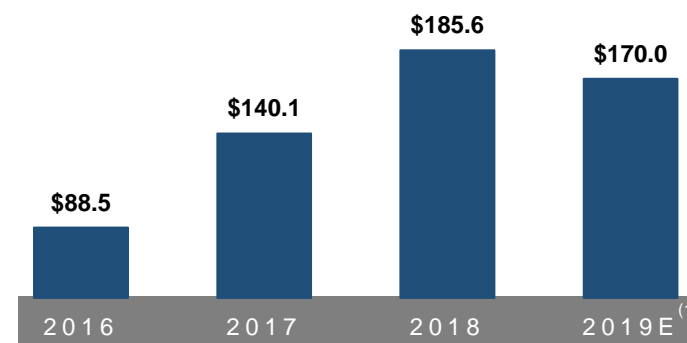
## Net Sales



## Value-Added Sales<sup>(2)</sup>



## Adjusted EBITDA<sup>(2)</sup>



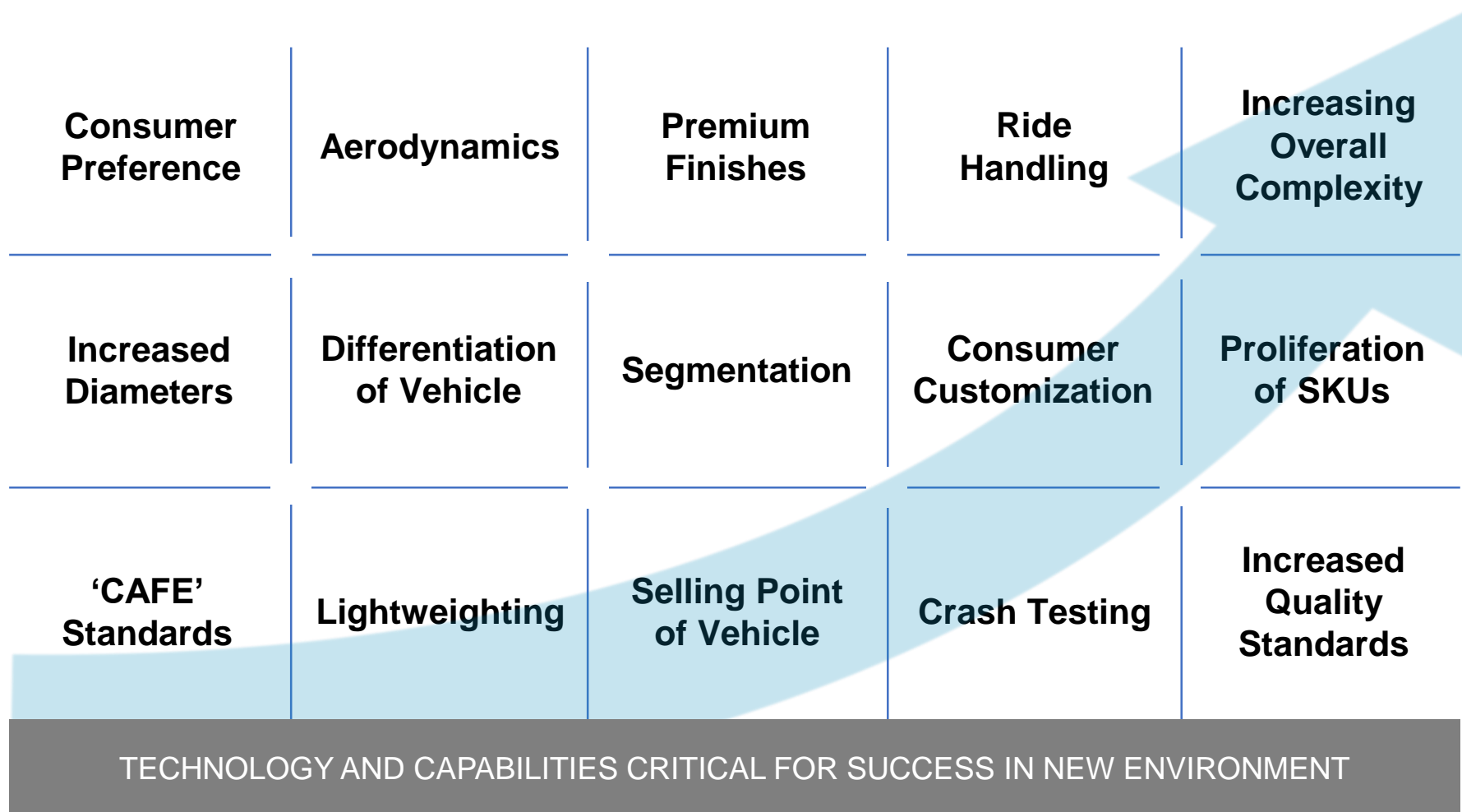
2019E represents an 18% improvement in Value-Added Sales<sup>(2)</sup> / content per wheel compared to 2016

(1) Based on the midpoint of 2019 outlook provided on November 4, 2019

(2) Value-Added Sales and Adjusted EBITDA are non-GAAP financial measures. See slide 2 for information about non-GAAP Financial Measures and appendix for a reconciliation to the most comparable GAAP measure



# WHEEL INDUSTRY IS EVOLVING





# SUPERIOR'S PORTFOLIO



## FINISHES

- Fully Painted
- Premium Paint
- Diamond Cut / Bright Machined
- Ultra Bright / Mirror Finish
- Polished
- PVD

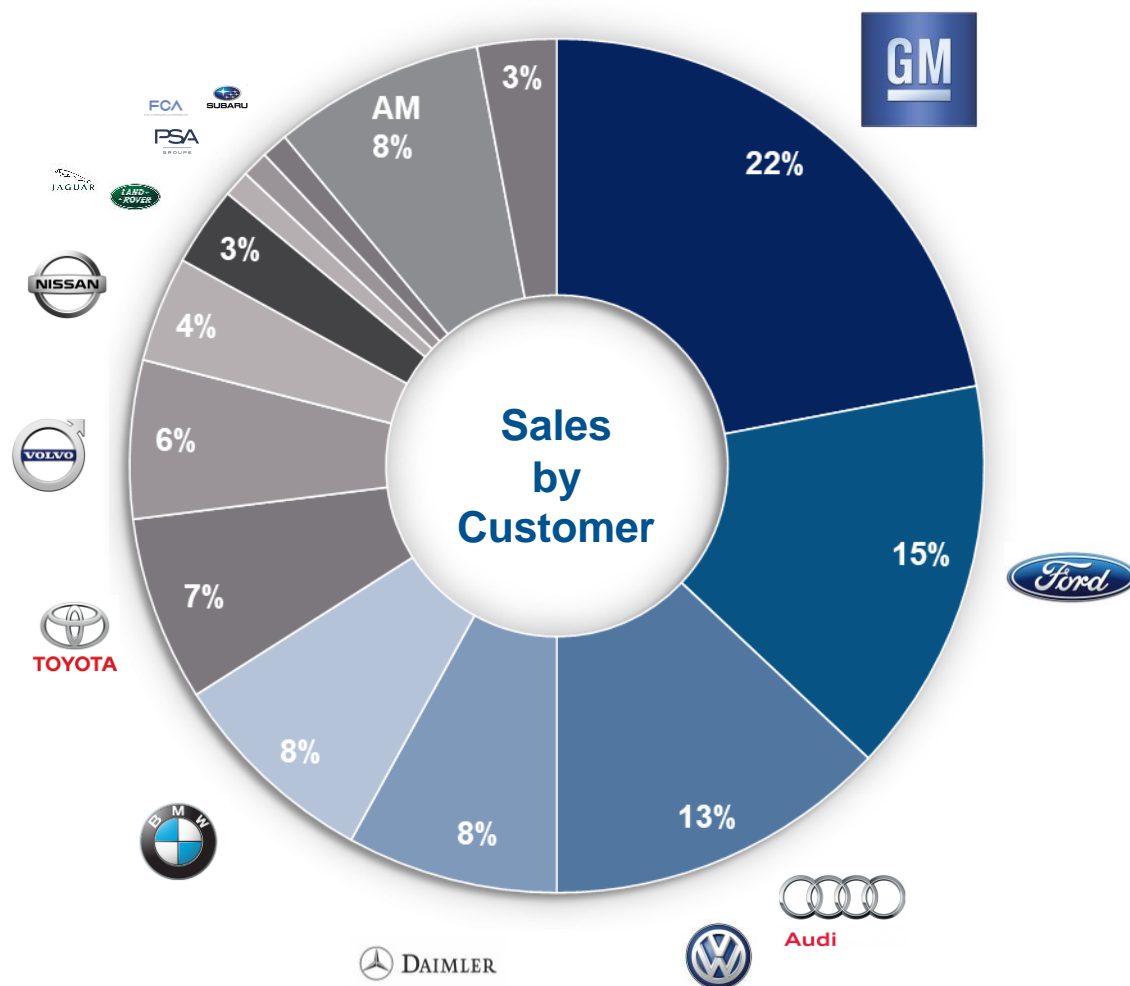
## TECHNOLOGIES

- AluLite™
- Aero
- Flow Forming
- Laser Etching
- Milling
- Pad Printing

- 
- Pioneer for low-pressure casting for alloy wheels
  - Pioneer of printing large surfaces (pad printing)
  - Producer of forged high-performance racing wheels
  - Developer of prototypes for premium automotive brands
  - Combination of different processes / technologies to improve the weight and strength of alloy wheels
  - Cutting edge R&D facilities



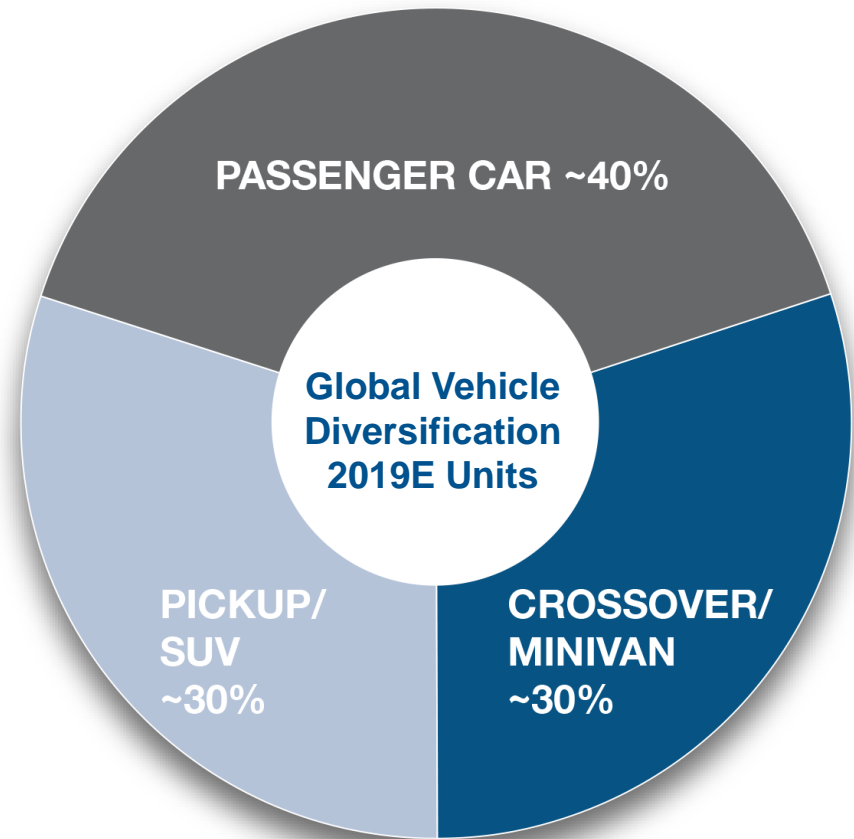
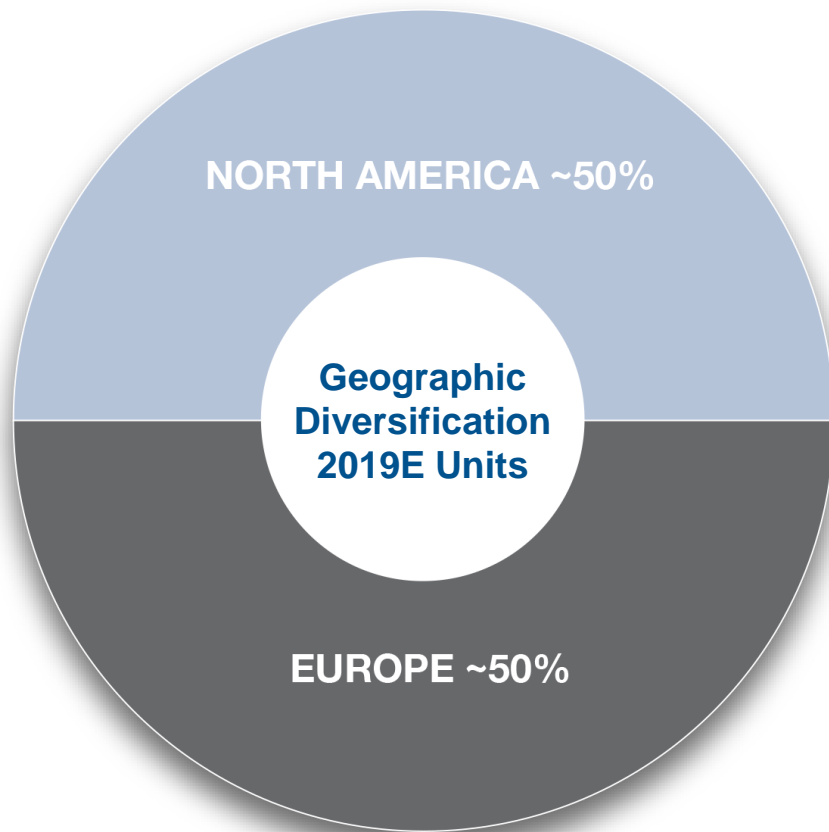
# DEEP RELATIONSHIPS WITH GLOBAL OEMs



- Diversified Across Nearly All Global OEMs
- Top Three Supplier to Majority of OEMs Served
- Entrenched OEM Relationships Spanning 50+ Years



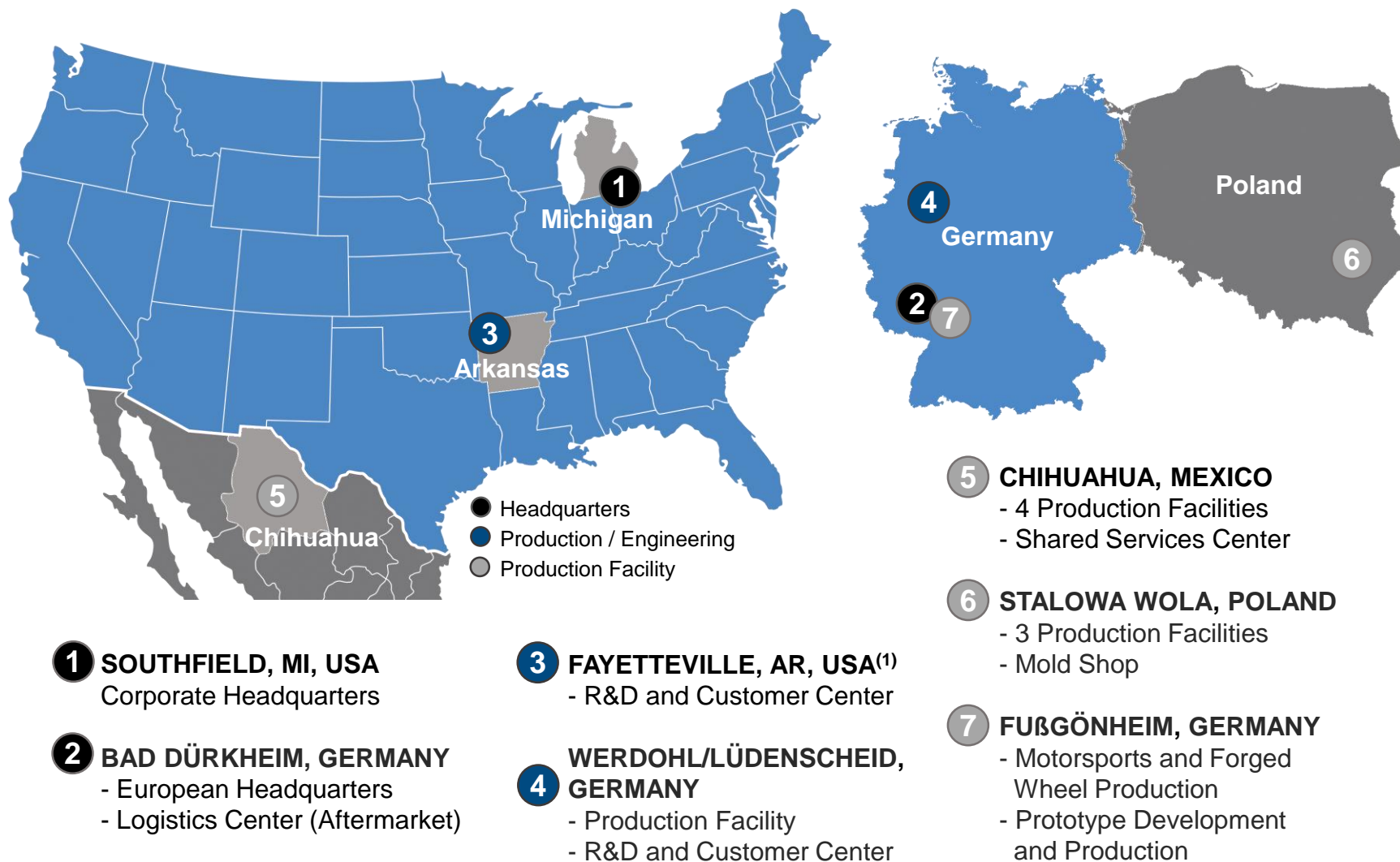
# GEOGRAPHIC AND VEHICLE SEGMENT DIVERSIFICATION



- Regionally diverse business mitigates risk
- Wheel portfolio serves all three vehicle segments



# DIVERSIFIED AND LOW-COST MANUFACTURING FOOTPRINT



(1) In Q3 2019, Superior announced reduction in production at its Fayetteville location



# ONGOING PRIORITIES

## Overriding priority of generating incremental profit and cash flow

### Operational Excellence

- Improve North America profitability
- Right-size production and costs with volume
- Clearly define operating system, cadence, metrics

### Talent / Culture

- Enhance operational leadership
- Drive sense of urgency and accountability across the organization
- Strengthen capability in Mexico and reduce attrition

### Customers

- Apply commercial discipline including VA/VE to enhance margins
- Diversify customer base and grow across a balanced portfolio

### Portfolio

- Commercialize and improve challenged product lines
- Expand finishing capabilities to win incremental programs

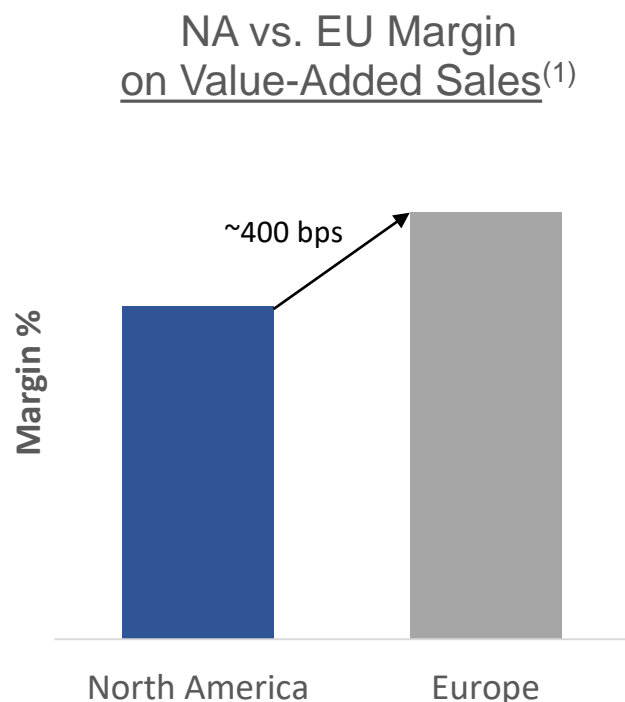
### Leverage / Capital

- Improve working capital efficiency (DIO, DPO, and DSO)
- Require clear customer and financial paybacks on investments



# NORTH AMERICA NEAR-TERM MARGIN ENHANCEMENT ACTIVITIES

## Margin Gap



*Targeting to narrow the margin gap between our two regions*

## Making Progress on Critical Actions

### Operations

- Right-size footprint (Fayetteville reduction)
- Improve foundry capabilities
- Reduce attrition in Mexico
- Launch complex wheel programs
- Consolidate outside service providers

### Customers

- European OEM validation of facilities
- Short-term revenue wins
- Commercial discipline / recoveries

### Portfolio

- Commercialize PVD
- Procurement savings
- Enhance margins on lower profit programs



# OBSERVATIONS – SUPERIOR HIGHLIGHTS



Differentiated on Innovation and Technology



Intimate Customer Relationships



Highly Technical and Passionate Team



Diversified Customers, Geographies, and Segments



Competitive Footprint



Electric / Internal Combustion Agnostic



Solid Aftermarket Position and Brands



# THIRD QUARTER 2019 KEY UPDATES



## KEY METRICS

**4.9M**

UNITS  
SHIPPED

**\$352.0M**

NET  
SALES

**\$195.5M**

VALUE-ADDED  
SALES<sup>(2)</sup>

**\$6.6M**

NET  
LOSS

**\$38.9M**

ADJUSTED  
EBITDA<sup>(2)</sup>

**\$40.29**

VALUE-ADDED  
SALES / WHEEL<sup>(2)</sup>

## YEAR-OVER-YEAR KEY UPDATES

- Market: Combined OEM production NA/EU flat<sup>(1)</sup>
- Superior unit shipments up 2% year-over-year
- Net sales up 1% year-over-year
- Value-Added Sales<sup>(2)</sup> up 12%<sup>(3)</sup> year-over-year
- Value-Added Sales growth 12% over market<sup>(1)</sup>
- Adjusted EBITDA<sup>(2)</sup> increased 27%; stronger mix, higher volumes, and improved performance
- Ongoing strong cash flow generation supported further debt principal reduction<sup>(4)</sup> of \$12M
- Reduced net debt by \$114M vs. prior year
- Raising 2019 outlook for operating cash flow, maintaining capital expenditures, narrowing all other prior outlook metrics

(1) Source: Source: IHS Automotive October 16th, 2019; NA and EU combined industry production down 0.2%; EU based on Western and Central EU

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

(3) Excludes the impact of foreign exchange

(4) Includes open market repurchase of senior notes, Term Loan B payments, and other debt payments



# THIRD QUARTER 2019 CAPITAL STRUCTURE OVERVIEW



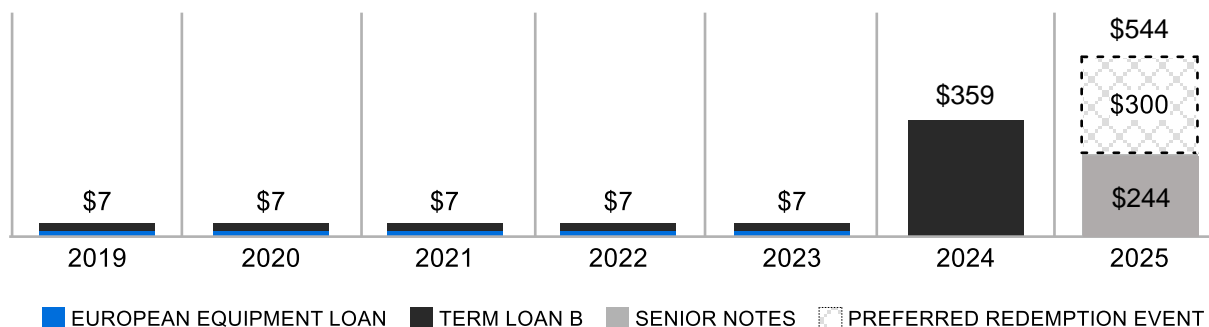
## CAPITAL STRUCTURE PROFILE

(\$ in Millions)	\$M	Maturity / Redemption
<b>Total Cash</b>	<b>\$49</b>	
U.S. \$160M Revolving Credit Facility	-	May 23, 2022
Europe €45M Revolving Credit Facility	-	May 22, 2022
Term Loan B	376	May 23, 2024
European Equipment Loan	13	Mar 31, 2024
Capital Leases	2	n/a
<b>Total Senior Secured Debt</b>	<b>\$391</b>	
Senior Unsecured Notes (€223M)	\$244	Jun 15, 2025
<b>Total Debt</b>	<b>\$635</b>	
<b>Net Debt</b>	<b>\$585</b>	
<b>TPG Preferred Equity<sup>(1)</sup></b>	<b>\$157</b>	Sept. 14, 2025

## COMMENTARY

- No near-term maturities of funded debt
- Net debt lower by \$113.7M over the past twelve months
- Total available liquidity of \$254.4M including cash and availability under revolving credit facilities
- Preferred equity has an optional redemption in 2025

## DEBT MATURITY AND AMORTIZATION / PREFERRED REDEMPTION SCHEDULE



(1) Preferred shareholder has an optional redemption right at \$300M



# FULL YEAR 2019 FINANCIAL OUTLOOK



Key Metrics	2019 Outlook (Provided Nov. 4, 2019)
Unit Volume (000s)	19,500 – 19,700
Net Sales	\$1.39B – \$1.42B
Value-Added Sales <sup>(1)</sup>	\$755M – \$775M
Adjusted EBITDA <sup>(2)</sup>	\$165M – \$175M
Capital Expenditures	Approx. \$75M
Cash Flow from Operations	\$135M – \$155M

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

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



# Appendix



# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES



(\$ in millions)

## Value-Added Sales

Net Sales
Less: Aluminum Value and Outside Service Provider Costs
Value-Added Sales

Three Months		Nine Months	
3Q 2019	3Q 2018	YTD 2019	YTD 2018
\$ 352.0	\$ 347.6	\$ 1,062.2	\$ 1,123.0
(156.6)	(168.5)	(480.3)	(532.1)
<u>\$ 195.5</u>	<u>\$ 179.1</u>	<u>\$ 581.9</u>	<u>\$ 590.9</u>

## Net (Loss) Income

### Adjusting Items:

- Interest Expense, net	11.8	12.4	35.5	37.4
- Income Tax Provision	(4.8)	(7.1)	7.7	1.1
- Depreciation	24.2	17.1	57.4	52.0
- Amortization	6.6	6.6	20.1	19.9
- Acquisition, integration, hiring/separation/restructuring costs, and debt extinguishment gain <sup>(1)</sup>	6.4	2.3	6.8	7.9
- Factoring Fees <sup>(1)</sup>	0.2	0.2	0.8	0.4
- Change in Fair Value of Preferred Derivative	1.0	(0.2)	0.3	3.5

Three Months		Nine Months	
3Q 2019	3Q 2018	YTD 2019	YTD 2018
\$ (6.6)	\$ (0.7)	\$ 2.6	\$ 17.8
11.8	12.4	35.5	37.4
(4.8)	(7.1)	7.7	1.1
24.2	17.1	57.4	52.0
6.6	6.6	20.1	19.9
6.4	2.3	6.8	7.9
0.2	0.2	0.8	0.4
1.0	(0.2)	0.3	3.5
<u>\$ 45.4</u>	<u>\$ 31.3</u>	<u>\$ 128.6</u>	<u>\$ 122.2</u>
<u>\$ 38.9</u>	<u>\$ 30.6</u>	<u>\$ 131.3</u>	<u>\$ 140.0</u>

## Adjusted EBITDA

(1) In the third quarter of 2019, we incurred approximately \$5.4 million of Fayetteville restructuring costs (excluding \$7.6 million of accelerated depreciation), \$1.6 million of certain hiring and separation costs, \$0.4 million of acquisition and integration costs, \$0.2 million of accounts receivable factoring fees, and \$1.0 million of gains on extinguishment of debt. In the third quarter of 2018, we incurred approximately \$2.3 million in integration costs and \$0.2 million of accounts receivable factoring fees. In the first nine months of 2019, we incurred approximately \$5.4 million of Fayetteville restructuring costs (excluding \$7.6 million of accelerated depreciation), \$3.1 million of certain hiring and separation costs, \$1.7 million of acquisition and integration costs, \$0.8 million of accounts receivable factoring fees, and \$3.4 million of gains on extinguishment of debt. In the first nine months of 2018, we incurred approximately \$7.9 million in integration costs and \$0.4 million of accounts receivable factoring fees.

## Outlook for Full Year 2019 Value-Added Sales

Net Sales Outlook
Less: Aluminum Value and Outside Service Provider Costs
Value-Added Sales Outlook

Outlook Range	
\$ 1,390.0	\$ 1,420.0
(635.0)	(645.0)
<u>\$ 755.0</u>	<u>\$ 775.0</u>

Unaudited