



Superior Industries
International, Inc.

J.P. Morgan Automotive
Conference 2020

August 11, 2020

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

19.2M
2019 Wheel
Shipments

~8,400
Employees
Worldwide⁽¹⁾

\$1.4B
2019 Net
Sales

60+
Years in the
Automotive
Industry

8
Production Facilities
(Germany 1, Mexico 4,
Poland 3)

Aftermarket Brands

ATS
Leichtmetallräder

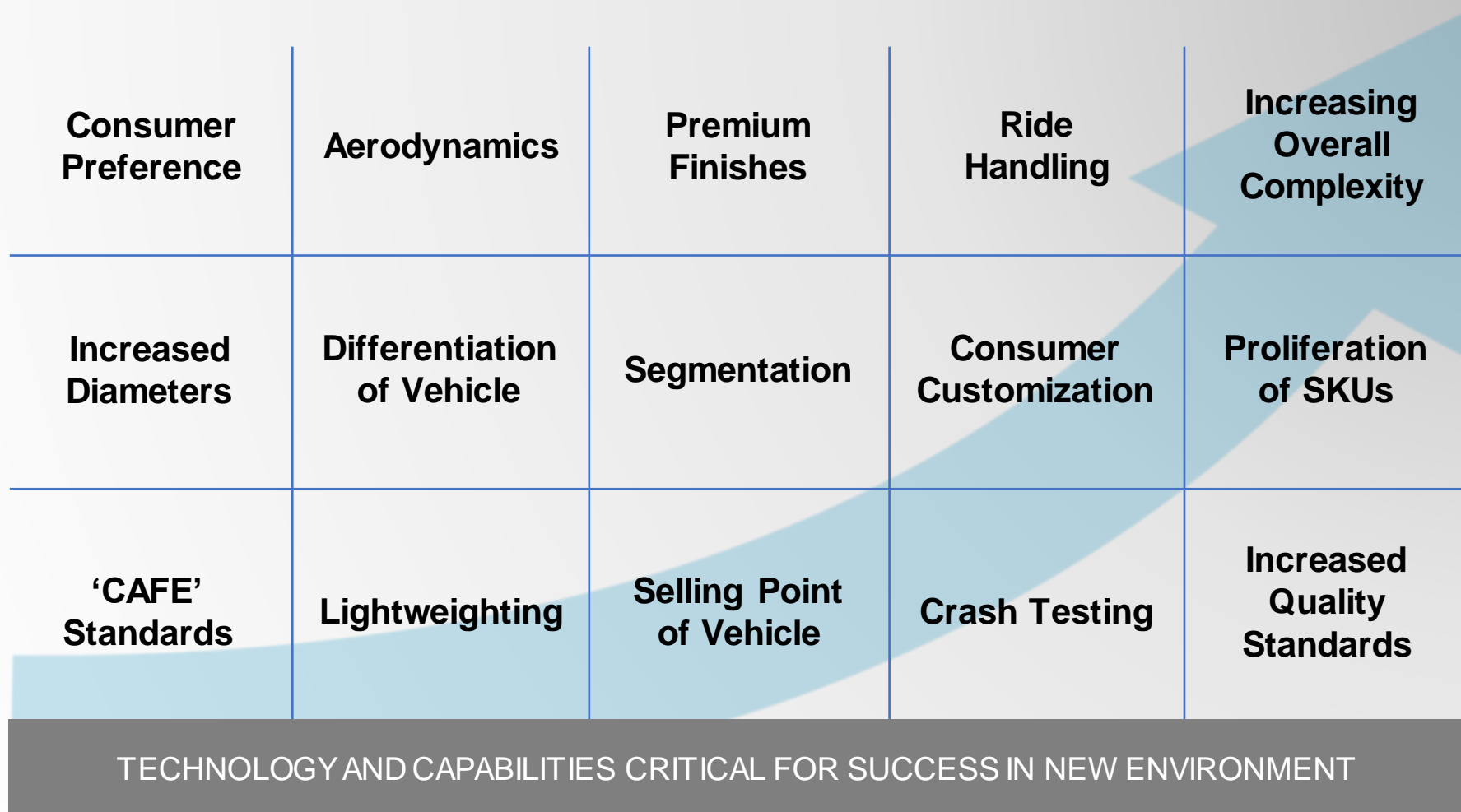
riAL
LEICHTMETALLFELGEN

ALUTEC
Leichtmetallfelgen

ANZIO
WHEELS

(1) Based on 2019 Data

Wheel Industry is Evolving



Differentiated Product Portfolio



FINISHES

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

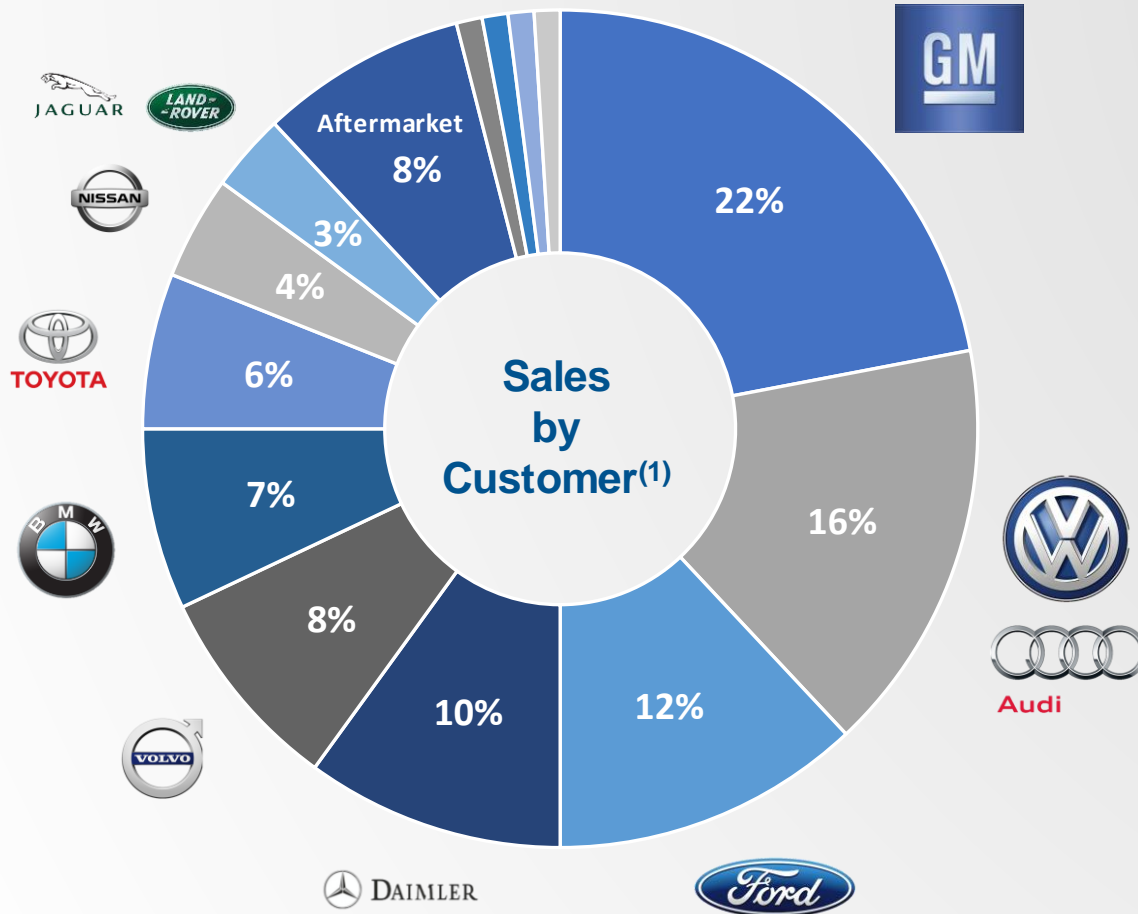
TECHNOLOGIES

- 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

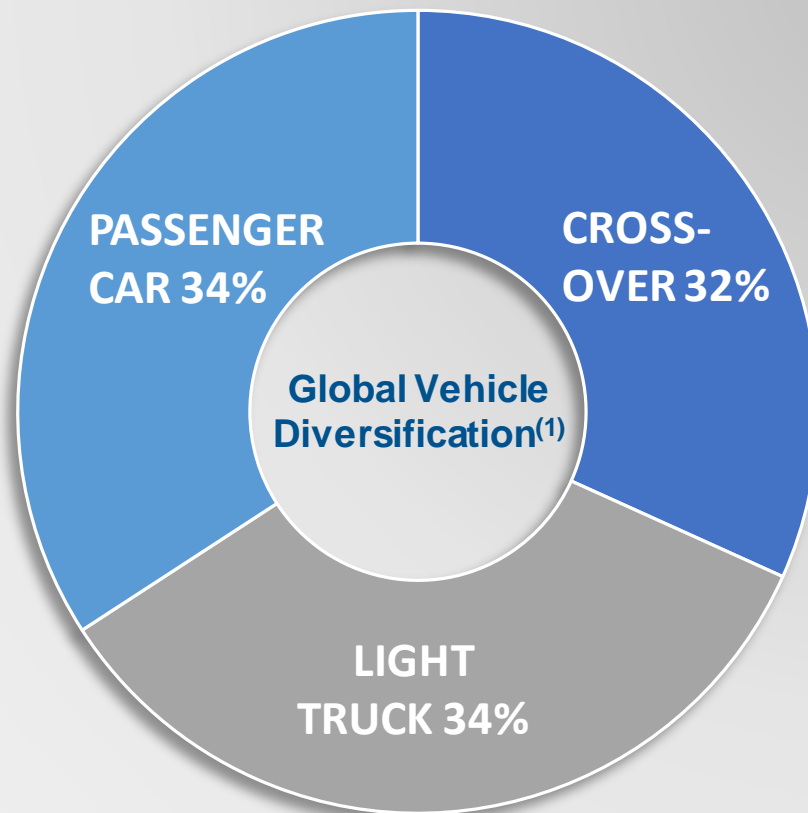
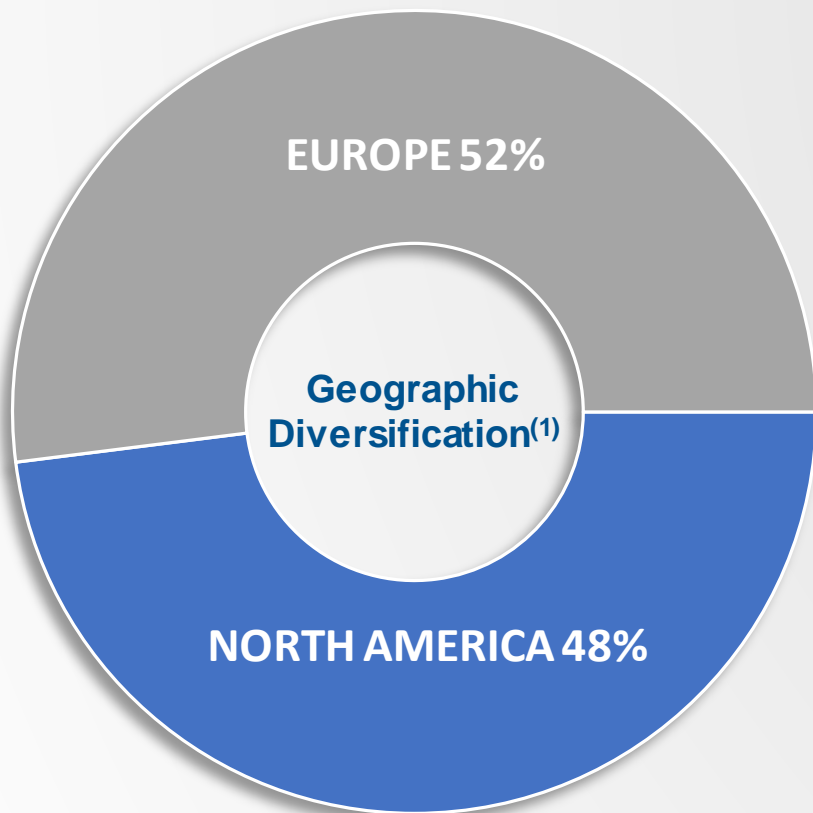
FCA SUBARU PSA



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

(1) Based on first half 2020 revenue

Geographic and Vehicle Segment Diversification

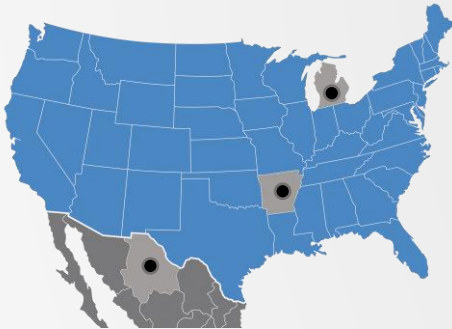


- Regionally diverse business mitigates risk
- Wheel portfolio serves all three vehicle segments

(1) Based on first half 2020 units sold

Diversified and Low-cost Footprint

Geographically positioned to serve a global customer base



NORTH AMERICA

SOUTHFIELD, MI, USA

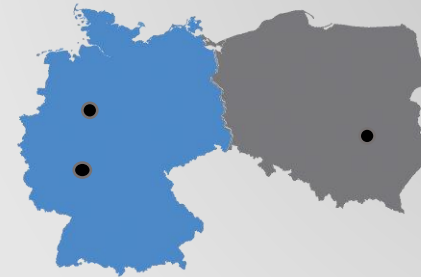
- Corporate Headquarters

FAYETTEVILLE, AR, USA

- R&D

CHIHUAHUA, MEXICO

- - 4 Production Facilities
- - Shared Services Center



EUROPE

BAD DÜRKHEIM, GERMANY

- European Headquarters
- Logistics Center (Aftermarket)

WERDOHL/LÜDENSCHIED, GERMANY

- Production Facility and R&D

STALOWA WOLA, POLAND

- 3 Production Facilities
- Mold Shop

Sophisticated R&D and low-cost manufacturing provide exceptional value to customers

Superior: A Global Wheel Solutions Provider



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

Prioritizing Health and Safety and Taking Action to Enhance Financial Flexibility



Ensuring Health and Safety of Employees

- All facilities implemented and are compliant with COVID-19 Health and Safety Playbook
- Successful work from home at non-production sites
- Minimal direct impact on production and shipments post-reopening



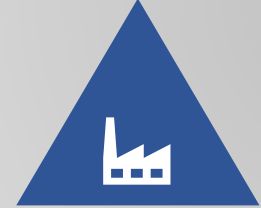
Reducing Costs

- Expected temporary and permanent cost reductions of ~\$40M for 2020
- Headcount reductions
- Leadership / salaried compensation and benefit reductions
- Reductions in third-party spending
- Furloughs



Sustaining Liquidity

- Repaid \$101M on U.S. revolving credit facility during the second quarter
- Minimized cash burn during the second quarter by managing working capital and costs
- \$245M of available liquidity at June 30, 2020⁽¹⁾



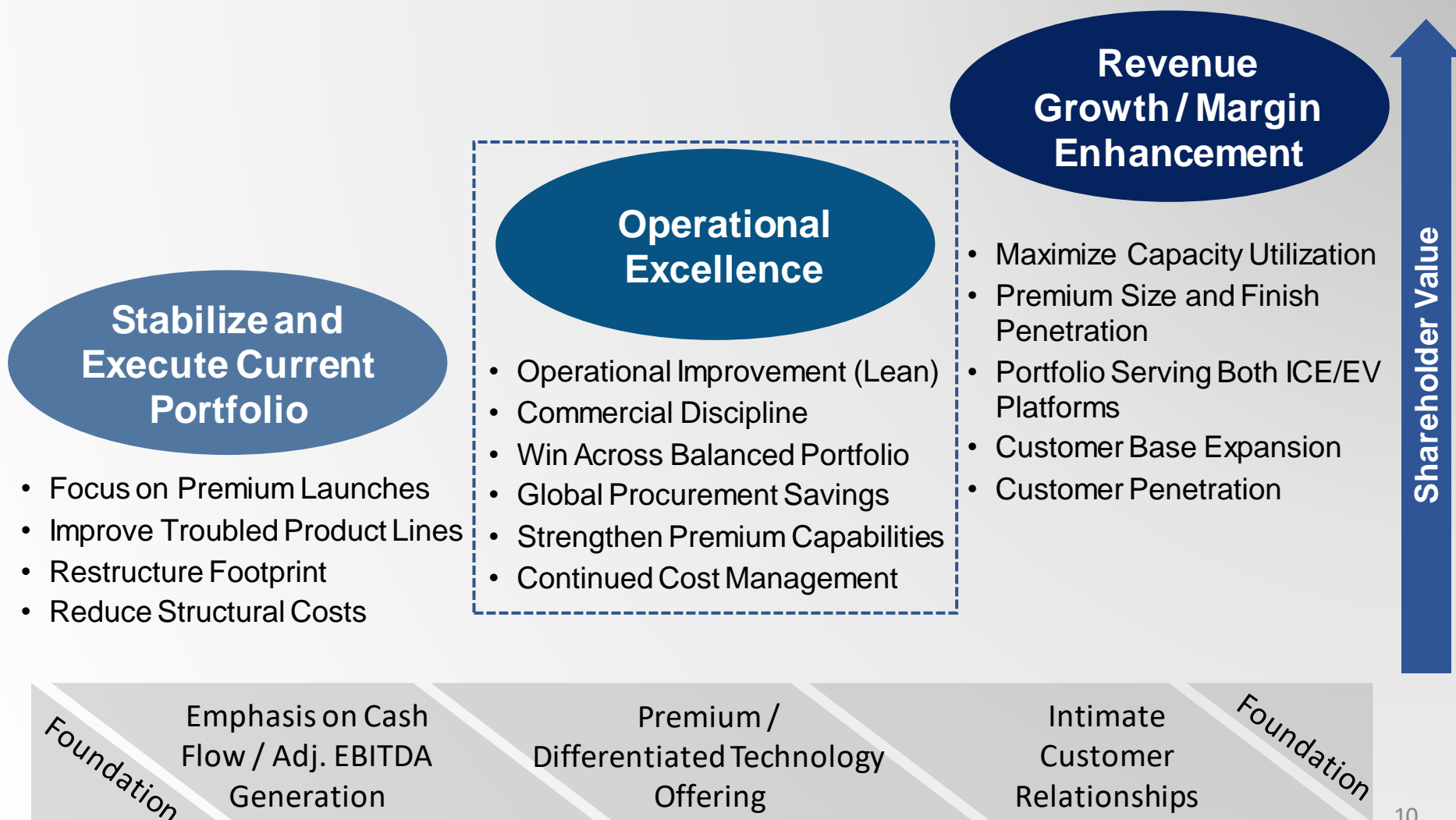
Utilizing Production Capacity Efficiently

- Temporary production shutdowns to balance inventory levels with costs
- Staggered restart of production lines across the footprint
- Successful and efficient restart at all facilities

Continuing to execute on all critical areas as the pandemic evolves

(1) Includes cash and availability on revolving credit facilities

Executing on Value Creation Roadmap



Q2 2020 Financial Performance

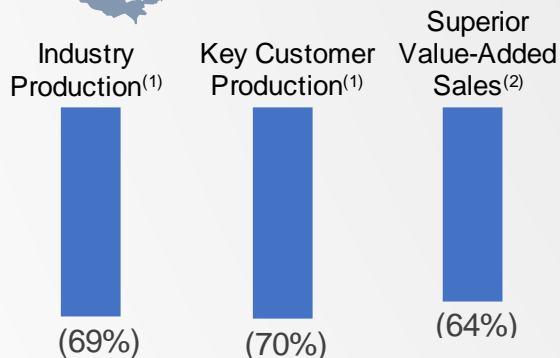
Second Quarter Industry Production and Superior Sales Results



North America Results



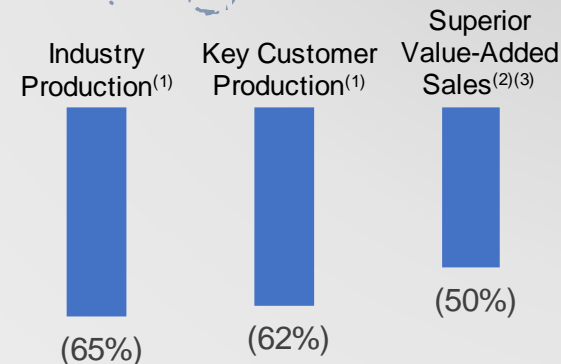
Superior
Growth Over
Market⁽²⁾
+5%



Europe Results



Superior
Growth Over
Market⁽²⁾⁽³⁾
+15%



Superior's Global Sales

Industry Production⁽¹⁾
(67%)

Superior Value-Added
Sales⁽²⁾⁽³⁾ (56%)

Superior Growth Over
Market⁽¹⁾⁽²⁾⁽³⁾ +11%

- (1) Source: IHS Automotive as reported July 16, 2020; Europe based on Western and Central Europe
 (2) Value-Added Sales is a non-GAAP financial measure; see appendix for a reconciliation to the most comparable GAAP measure
 (3) Excludes impact of foreign exchange

Second Quarter 2020 Financial Summary



(\$ in millions and units in thousands)

	Three Months		Six Months	
	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Units				
North America	841	2,489	3,060	5,113
Europe	1,227	2,401	3,315	4,816
Global	2,068	4,890	6,375	9,929
Net Sales				
North America	\$ 58.9	\$ 180.4	\$ 214.5	\$ 365.5
Europe	85.9	172.1	231.4	344.7
Global	\$ 144.8	\$ 352.5	\$ 445.9	\$ 710.2
Value-Added Sales ⁽¹⁾				
North America	\$ 31.4	\$ 87.2	\$ 111.3	\$ 176.6
Europe	52.9	106.4	143.2	209.8
Global	\$ 84.3	\$ 193.6	\$ 254.4	\$ 386.4
Net (Loss) Income	\$ (43.2)	\$ 7.3	\$ (233.3)	\$ 9.2
Adjusted EBITDA ⁽¹⁾	\$ (3.7)	\$ 49.2	\$ 35.8	\$ 92.4
Diluted Loss Per Share ⁽²⁾	\$ (2.00)	\$ (0.04)	\$ (9.81)	\$ (0.27)

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

(2) See Impact of Acquisition and Non-Recurring Items on EPS and reconciliation from net income to diluted EPS in the appendix of this presentation

Impact of COVID-19 and Cost and Cash Flow Improvement Actions Taken



COVID-19 Impact on Second Quarter 2020

- COVID-19 had a negative financial impact for the second quarter of 2020 by reducing:
 - Net Sales by ~\$200M
 - Value-Added Sales⁽¹⁾ by ~\$110M
 - Adj. EBITDA⁽¹⁾ by ~\$55M

Actions Implemented to Align Costs to Production and Conserve Cash

- Gross Profit and SG&A savings:

○ Temporary facility closures	○ Direct material	○ Consultants	○ External costs
○ Flexing direct labor force	○ Compensation	○ Flexed indirect	○ Furloughs
○ Benefit changes	○ reductions	○ labor	○ Legal
○ Structural reductions	○ Travel	○ IT	
- Cash Flow:
 - Capital expenditures – reduced during shutdowns, extended projects, negotiated terms
 - Targeted working capital improvements – reduced inventory, ensured collection of receivables, and negotiated terms with suppliers

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

Second Quarter 2020 Cash Flow



Decisive Actions – Costs, Working Capital, and Capital Expenditures – Minimized Cash Burn during the Quarter

	Q2	
	2020	2019
Operating Cash Flow		
• Loss due to COVID-19 and working capital use of cash	(\$38M)	\$41M
Investing Activities		
• Lower capital expenditures	(\$9M)	(\$7M)
• Offset by sale of other assets in the second quarter of 2019		
Financing Activities		
• Paid preferred dividends of \$3M compared to preferred and common dividends of \$7M in prior year period	(\$107M)	(\$31M)
• Acquired \$1M of shares from Superior Industries Europe AG stockholders		
• Repayments of debt of \$103M		
Net Change in Cash⁽¹⁾		
	(\$151M)	\$3M
Free Cash Flow⁽²⁾		
	(\$52M)	\$26M

(1) Includes impact of FX

(2) Free Cash Flow is defined as the sum of Operating, Investing, and Financing Activities before Debt Repayments and net Revolver changes

Capital Structure Overview



Capital Structure as of June 30, 2020

(\$ in millions)

Total Cash	\$ 131
U.S. \$160M Revolving Credit Facility	55
Europe €60M Revolving Credit Facility	53
Term Loan B	349
IKB Equipment Loan	11
Commerzbank Equipment Loan	12
Capital Leases	3
Total Senior Secured Debt	\$ 483
Senior Unsecured Notes	244
Total Debt	\$ 727
Net Debt	\$ 596
TPG Preferred Equity	\$ 170

- Net debt higher by \$44M from year end
- Total available liquidity of \$245M⁽¹⁾ as of June 30, 2020
- Compliant with all debt covenants and do not currently foresee a breach of any covenants
- U.S. revolver financial covenant: Springing 4.5x net debt to last twelve months Adjusted EBITDA⁽²⁾; tested if more than 35% drawn at quarter end
- Repaid \$101M on the U.S. revolving credit facility in June
- After the quarter, Superior repaid an additional \$69M net against the U.S. and European revolving credit facilities

(1) Includes cash and availability on revolving credit facilities

(2) Adjusted EBITDA for covenant calculation purposes is subject to certain adjustments as permitted in the credit agreements

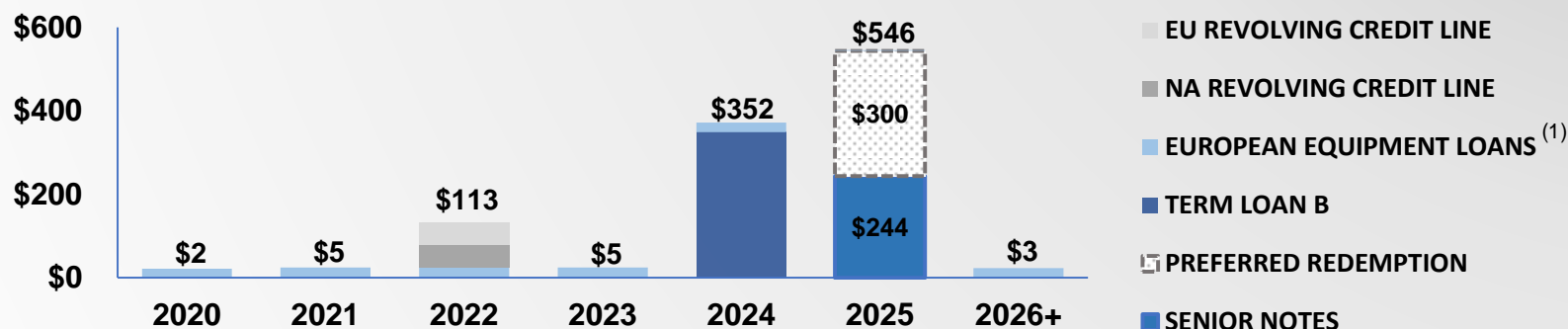
Debt Maturity Profile

No Significant Near-Term Maturities of Funded Debt

- Next significant financing requirement will be the extension of the Company's U.S. and European revolving credit facilities – both mature in May 2022

Debt Amortization and Maturity and Optional Preferred Equity Redemption

(\$ in millions)



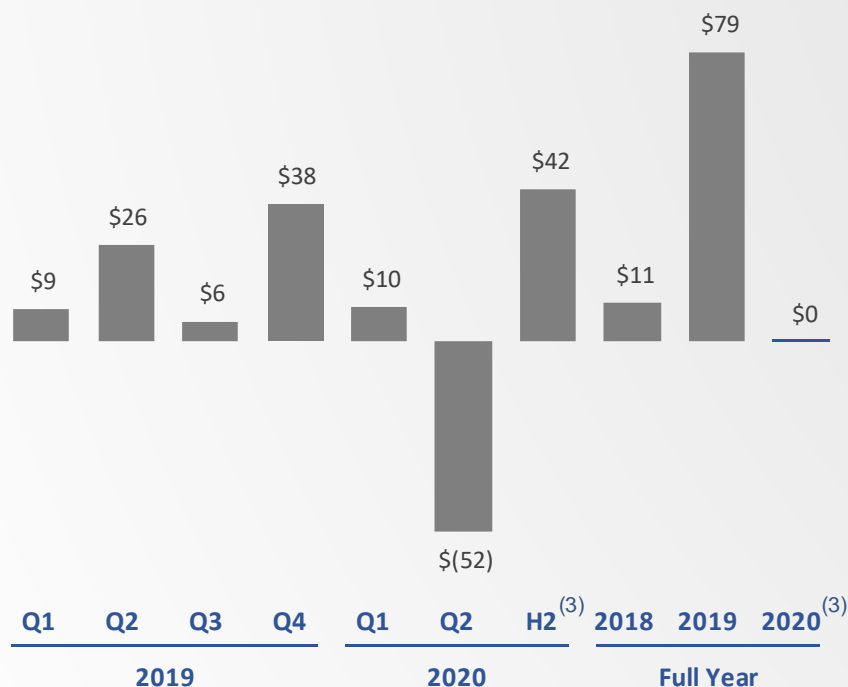
(1) Europe equipment loans mature Mar. 31, 2024 and Sep. 30, 2027
Note: Chart excludes capital leases.

Cash Flow and Liquidity Progression

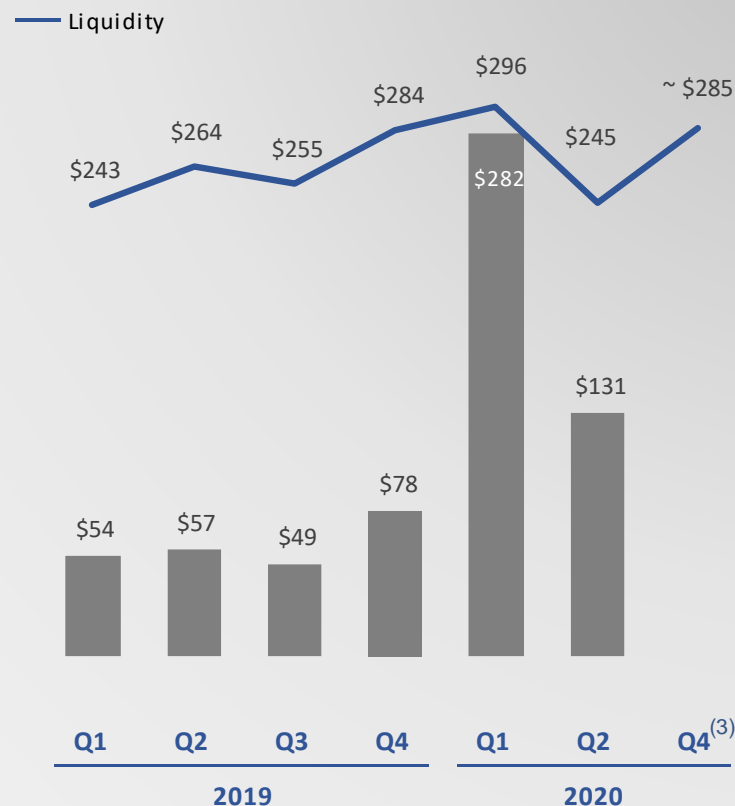


(\$ in millions)

Free Cash Flow⁽¹⁾



Cash Balance and Available Liquidity⁽²⁾



(1) Free Cash Flow is defined as the sum of Operating, Investing, and Financing Activities before Debt Repayments and net Revolver changes

(2) Includes cash and availability on revolving credit facilities

(3) Based on full-year financial outlook

2020 Outlook

- Previously withdrew full year 2020 outlook due to uncertain automotive production environment as a result of COVID-19
- Current industry production forecast by IHS indicates a 24% decline⁽¹⁾

IHS Production Outlook as of July 16, 2020		
	Full Year	% Y-o-Y
North America	12.6M	(22.6%)
Europe	13.3M	(25.0%)
Total	25.9M	(23.9%)

- Based on this IHS forecast, expect 2020 free cash flow⁽²⁾ to be neutral
- Anticipate Value-Added Sales to decline in the low-teens percentage range in the third quarter
- Focused on execution of key priorities:



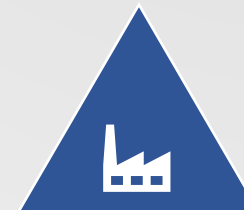
**Ensuring Health and
Safety of Employees**



**Reducing
Costs**



**Sustaining
Liquidity**



**Utilizing Production
Capacity Efficiently**

(1) Source: IHS Automotive as reported July 16, 2020; Europe based on Western and Central Europe

(2) Free Cash Flow is defined as the sum of Operating, Investing, and Financing Activities before Debt Repayments and net Revolver changes

Appendix

Income Statement



(\$ in millions, except Earnings per Share and Unit Shipments)

(Dollars in Millions, Units in Thousands)

Unaudited

	Three Months		Six Months	
	2Q 2020	2Q 2019	YTD 2020	YTD 2019
	Actual	Actual	Actual	Actual
Unit Shipments (000s)	2,068	4,890	6,375	9,929
Net Sales	\$ 144.8	\$ 352.5	\$ 445.9	\$ 710.2
Value-Added Sales ⁽¹⁾	84.3	193.6	254.4	386.4
Gross (Loss) Profit	(22.8)	40.0	0.3	73.1
SG&A	11.3	16.0	23.8	30.4
Impairment of Goodwill and Indefinite-Lived Intangibles	0.0	-	193.6	-
(Loss) Income from Operations	\$ (34.1)	\$ 24.0	\$ (217.1)	\$ 42.7
Interest Expense, net	(12.2)	(11.9)	(24.0)	(23.7)
Other (Expense) Income, net	(0.7)	2.6	0.7	2.7
(Loss) Income Before Income Taxes	\$ (47.0)	\$ 14.8	\$ (240.5)	\$ 21.7
Income Tax Benefit (Provision)	3.8	(7.5)	7.2	(12.5)
Net (Loss) Income	\$ (43.2)	\$ 7.3	\$ (233.3)	\$ 9.2
Diluted Loss Per Share	\$ (2.00)	\$ (0.04)	\$ (9.81)	\$ (0.27)
Adjusted EBITDA ⁽¹⁾	\$ (3.7)	\$ 49.2	\$ 35.8	\$ 92.4
% of Value-Added Sales	(4.4%)	25.4%	14.1%	23.9%

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

Balance Sheet



(\$ in millions)

Unaudited

	6/30/2020	12/31/2019
<u>ASSETS</u>		
Cash & Short Term Investments	\$ 130.7	\$ 77.9
Accounts Receivable, net	61.2	76.8
Inventories, net	149.5	168.5
Income Taxes Receivable	4.2	4.6
Other Current Assets	16.8	26.4
Total Current Assets	\$ 362.4	\$ 354.2
Property, Plant & Equipment, net	502.4	529.3
Deferred Income Taxes, net	48.4	38.6
Goodwill	-	184.8
Intangibles	113.8	137.1
Other Assets	59.0	67.9
Total Assets	\$ 1,086.0	\$ 1,311.9
<u>LIABILITIES & EQUITY</u>		
Accounts Payable	\$ 90.7	\$ 123.1
Current Portion of Long-term Debt	64.0	4.0
Accrued Expenses	58.3	60.9
Income Taxes Payable	3.5	3.1
Total Current Liabilities	\$ 216.5	\$ 191.1
Long-term Debt (Less Current Portion)	655.5	611.0
Non-Current Liabilities	95.7	90.6
Redeemable Preferred Shares	170.0	161.0
European Noncontrolling Redeemable Equity	1.5	6.5
Total Shareholders' Equity (Deficit)	\$ (53.2)	\$ 251.7
Total Liabilities & Equity (Deficit)	\$ 1,086.0	\$ 1,311.9

Statement of Cash Flow



(\$ in millions)

Unaudited

	Three Months		Six Months	
	2Q 2020	2Q 2019	YTD 2020	YTD 2019
Net (Loss) Income	\$ (43.2)	\$ 7.3	\$ (233.3)	\$ 9.2
Depreciation and Amortization	23.9	23.3	48.3	46.7
Income tax, Non-cash changes	(8.1)	3.3	(14.0)	1.6
Impairments of Goodwill and Indefinite-Lived Intangibles	-	-	193.6	-
Stock-based Compensation	0.9	1.4	0.2	1.9
Amortization of Debt Issuance Costs	0.9	1.5	2.3	2.5
Other Non-cash items	1.1	(3.9)	(2.5)	(1.6)
Changes in Operating Assets and Liabilities:				
Accounts Receivable	10.3	8.7	9.8	(22.5)
Inventories	22.3	(10.1)	17.1	(2.7)
Other Assets and Liabilities	(1.7)	2.9	1.2	12.6
Accounts Payable	(48.2)	5.4	(31.3)	10.7
Income Taxes	3.5	1.2	1.4	11.4
Cash Flow Provided by Operating Activities	\$ (38.4)	\$ 40.9	\$ (7.1)	\$ 69.6
Capital Expenditures	(8.9)	(15.3)	(22.8)	(28.7)
Other Investing Activities	-	8.2	-	9.6
Cash Flow Used by Investing Activities	\$ (8.9)	\$ (7.1)	\$ (22.8)	\$ (19.0)
Proceeds from the Issuance of Long-term Debt	-	-	11.7	-
Debt Repayment	(1.5)	(23.2)	(24.1)	(24.2)
Cash Dividends	(3.4)	(6.8)	(6.8)	(12.9)
Purchase of Non-controlling Redeemable Shares	(0.7)	-	(4.9)	(1.4)
Payments Related to Tax Withholdings for Stock-Based Compensation	-	-	-	(0.1)
Proceeds from Borrowings on Revolving Credit Facility	-	18.8	213.8	43.8
Repayments of Borrowings on Revolving Credit Facility	(101.0)	(18.8)	(107.0)	(43.8)
Other Financing Activities	(0.3)	(0.7)	(0.5)	(0.7)
Cash Flow Used by Financing Activities	\$ (106.9)	\$ (30.6)	\$ 82.2	\$ (39.3)
Effect of Exchange Rate on Cash	2.8	0.1	0.5	(1.9)
Net Change in Cash	\$ (151.4)	\$ 3.3	\$ 52.8	\$ 9.5
Cash - Beginning	282.2	53.6	77.9	47.5
Cash - Ending	\$ 130.7	\$ 56.9	\$ 130.7	\$ 56.9

Reconciliation of Earnings per Share Calculation



(\$ in millions, except Earnings per Share)

Unaudited

	Three Months		Six Months	
	2Q 2020	2Q 2019	YTD 2020	YTD 2019
Basic EPS Calculation⁽¹⁾				
Net (Loss) Income	\$ (43.2)	\$ 7.3	\$ (233.3)	\$ 9.2
Less: Accretion of Preferred Stock	(4.4)	(4.1)	(9.0)	(8.0)
Less: Redeemable Preferred Stock Dividends	(3.5)	(3.8)	(6.8)	(7.7)
Less: European Noncontrolling Redeemable Equity Dividends	-	(0.3)	-	(0.4)
Numerator	\$ (51.1)	\$ (0.9)	\$ (249.1)	\$ (6.9)
Denominator: Weighted Avg. Shares Outstanding	25.6	25.1	25.4	25.1
Basic Loss Per Share	\$ (2.00)	\$ (0.04)	\$ (9.81)	\$ (0.27)
Diluted EPS Calculation⁽¹⁾				
Net (Loss) Income	\$ (43.2)	\$ 7.3	\$ (233.3)	\$ 9.2
Less: Accretion of Preferred Stock	(4.4)	(4.1)	(9.0)	(8.0)
Less: Redeemable Preferred Stock Dividends	(3.5)	(3.8)	(6.8)	(7.7)
Less: European Noncontrolling Redeemable Equity Dividends	-	(0.3)	-	(0.4)
Numerator	\$ (51.1)	\$ (0.9)	\$ (249.1)	\$ (6.9)
Weighted Avg. Shares Outstanding-Basic	25.6	25.1	25.4	25.1
Dilutive Stock Options and Restricted Stock Units	-	-	-	-
Denominator: Weighted Avg. Shares Outstanding	25.6	25.1	25.4	25.1
Diluted Loss Per Share	\$ (2.00)	\$ (0.04)	\$ (9.81)	\$ (0.27)

(1) Basic earnings per share is computed by dividing net income (loss) attributable to Superior, after deducting preferred dividends and accretion and European non-controlling redeemable equity dividends, by the weighted average number of common shares outstanding. For purposes of calculating diluted earnings per share, the weighted average shares outstanding includes the dilutive effect of outstanding stock options and time and performance based restricted stock units under the treasury stock method. The redeemable preferred shares are not included in the diluted earnings per share because the conversion would be anti-dilutive for the periods ended March 31, 2020 and 2019.

Impact of Acquisition, Restructuring and Other Items on EPS



(\$ in millions, except Earnings per Share)

	Three Months		Six Months		Location on Inc. Stat.
	2Q 2020	2Q 2019	YTD 2020	YTD 2019	
Before Tax Impact on Net Income (Loss)					
Acquisition, Integration, Certain Hiring & Separation Costs	\$ (1.3)	\$ (1.3)	\$ (1.3)	\$ (2.0)	SG&A
Acquisition, Integration, Certain Hiring & Separation Costs	(3.7)	(0.2)	(4.6)	(0.8)	COGS
Restructuring Costs	(2.0)	-	(4.1)	-	COGS
Debt Extinguishment Gains	0.0	2.4	0.0	2.4	Other Income
Change in Fair Value of Preferred Derivative	0.0	0.1	0.0	0.7	Other Income
Impairment of Goodwill and Indefinite-Lived Intangibles	0.0	-	(193.6)	-	Operating Income
Total Before Tax Impact on Net Income (Loss)	\$ (7.0)	\$ 1.0	\$ (203.7)	\$ 0.3	
After Tax Impact on Net Income (Loss)	\$ (5.9)	\$ 0.6	\$ (199.1)	\$ 0.1	
Impact on Loss Per Share	\$ (0.23)	\$ 0.02	\$ (7.84)	\$ 0.00	

Unaudited

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		Six Months	
2Q 2020	2Q 2019	YTD 2020	YTD 2019
\$ 144.8	\$ 352.5	\$ 445.9	\$ 710.2
(60.6)	(158.9)	(191.6)	(323.8)
<u>\$ 84.3</u>	<u>\$ 193.6</u>	<u>\$ 254.4</u>	<u>\$ 386.4</u>

Unaudited

Net (Loss) Income
Adjusting Items:
- Interest Expense, net
- Income Tax (Benefit) Provision
- Depreciation
- Amortization
- Acquisition, integration, hiring/separation/restructuring costs, and debt extinguishment gains
- Factoring Fees
- Impairment of Goodwill and Indefinite-Lived Intangibles

Three Months		Six Months	
2Q 2020	2Q 2019	YTD 2020	YTD 2019
\$ (43.2)	\$ 7.3	\$ (233.3)	\$ 9.2
12.2	11.9	24.0	23.7
(3.8)	7.5	(7.2)	12.5
17.8	16.6	36.1	33.2
6.1	6.7	12.3	13.5
7.0	(1.0)	10.0	(0.3)
0.2	0.2	0.3	0.6
-	-	193.6	-
<u>\$ 39.5</u>	<u>\$ 41.9</u>	<u>\$ 269.1</u>	<u>\$ 83.2</u>
<u>\$ (3.7)</u>	<u>\$ 49.2</u>	<u>\$ 35.8</u>	<u>\$ 92.4</u>

Adjusted EBITDA