
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): December 6, 2018

TOWER INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other
Jurisdiction of
Incorporation)

001-34903
(Commission
File Number)

27-3679414
(IRS Employer
Identification No.)

17672 Laurel Park Drive North, Suite 400E, Livonia, Michigan
(Address of principal executive offices)

48152
(Zip Code)

Registrant's telephone number, including area code: (248) 675-6000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

As described in the registrant's Current Report on Form 8-K filed with the Commission on November 20, 2018, on that date the registrant, Tower Automotive Holdings III Cooperatie U.A., Tower Automotive Holdings USA, LLC and Financière SNOP Dunois S.A. (the "Purchaser") entered into a memorandum of understanding (the "MOU") contemplating the execution of a stock purchase agreement by and among the registrant, Tower Automotive Holdings III Cooperatie U.A., Tower Automotive Holdings USA, LLC and the Purchaser.

On December 6, 2018, the registrant, Tower Automotive Holdings III Cooperatie U.A., Tower Automotive Holdings USA, LLC and the Purchaser entered into a stock purchase agreement (the "SPA") in substantially the form contemplated at the time that the memorandum of understanding was executed.

Background

Under the terms of the MOU, the Purchaser was obligated to commence consultation with its European works council on or before November 28, 2018 with the goal of obtaining an opinion from the works council with respect to the transaction contemplated by the SPA by December 19, 2018. That opinion was obtained (or was deemed to have been obtained in accordance with French law) on November 28, 2018. On December 3, 2018, the Purchaser notified the registrant that it desires to acquire the shares of the registrant's subsidiary that owns the registrant's European operations and assume certain related loans in accordance with the terms of the SPA.

The SPA

Under the terms of the executed SPA:

(1) The Purchaser will purchase all of the stock of Tower Automotive Holdings Europe B.V., an indirect wholly owned subsidiary of the registrant, and an intercompany loan, for a purchase price of EUR 255,000,000 on a cash free, debt free basis (determined as of December 31, 2018), subject to working capital and other customary adjustments (as of December 31, 2018) and a reduction to the extent that capital expenditures for the registrant's European operations for calendar year 2018 are less than EUR 45,000,000. The formulation of the purchase price is designed to provide the Purchaser with the benefits, and subject the Purchaser to the detriments, of the operations of the registrant's European business subsequent to December 31, 2018. As a result, the SPA provides for a further reduction in the purchase price in the event that enumerated transfers of value (referred to as "leakage") were to occur between December 31, 2018 and the date of closing.

(2) Approval of the transaction is subject to (i) the approval of the European Commission or, if applicable, each of the relevant national competition authorities in the Czech Republic, Germany, Poland and Slovakia and (ii) the absence of a material breach in any of the seller parties' fundamental representations (e.g., title, authority and absence of insolvency).

(3) For a period of 18 months after the consummation of the transaction, the registrant and its subsidiaries will be precluded from competing with the Purchaser in any of the countries in the European Union. However, during this period, the registrant is permitted to acquire any entity that is not headquartered in the European Union. The non-compete obligation would cease to apply in the event of a change in control of the registrant.

(4) At the closing of the transaction, certain of the registrant's subsidiaries or the registrant itself will be obligated to enter into information technology and engineering agreements providing for the subsidiaries to provide enumerated information technology services and engineering services on a post-closing transition services basis.

(5) The SPA provides for the registrant and its subsidiaries to make customary representations to the Purchaser, including representations regarding general corporate matters, due authorization, absence of insolvency, financial statements and other financial matters, compliance with law, employment matters, real property, litigation, taxes, material contracts and environmental matters.

(6) The SPA provides for indemnification by the registrant and its subsidiaries with respect to their representations, subject, in general, to customary minimum and maximum thresholds. However, with respect to the environmental representations, the SPA provides for a layering of responsibilities over the applicable minimum threshold: (i) the Purchaser and Tower Automotive Holdings III Cooperatie U.A. will share in the first EUR 5,000,000 of damages, (ii) for damages between EUR 5,000,000 and EUR 10,000,000, Tower Automotive Holdings III Cooperatie U.A. will have exclusive responsibility and (iii) for damages in excess of EUR 10,000,000, the Purchaser will have exclusive responsibility.

(7) The SPA obligates the seller parties to comply with certain customary covenants between the signing of the SPA and the closing. These covenants are intended to assure that the registrant's European business is conducted in the ordinary course between the signing of the SPA and the closing.

(8) Each of the parties will have the right to terminate the SPA if the closing of the transaction is not consummated on or before June 30, 2019.

The parties expect to consummate the transaction during the first quarter of calendar 2019.

The registrant announced the signing of the SPA in a press release disseminated on December 7, 2018. A copy of the press release is annexed hereto as Exhibit 99.1

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibit is filed with this report:

[Exhibit 99.1](#) [Registrant's press release issued December 7, 2018.](#)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TOWER INTERNATIONAL, INC.

By: /s/ Jeffrey Kersten
Name: Jeffrey Kersten
Title: Chief Financial Officer

Dated: December 7, 2018

EXHIBIT LIST

[Exhibit 99.1](#) [Registrant's press release issued December 7, 2018.](#)



FOR IMMEDIATE RELEASE

Tower Signs Agreement to Sell its European Operations

LIVONIA, Mich., Dec. 7, 2018 – Tower International, Inc. [NYSE: TOWR], a leading global manufacturer of engineered automotive structural metal components and assemblies, today announced it has entered into a stock purchase agreement (SPA) relating to the sale of all of its European Operations to Financière SNOP Dunois S.A.(FSD), a privately owned French automotive supplier. The SPA is in substantially the form contemplated at the time that the Memorandum of Understanding was executed between Tower and FSD on November 20, 2018.

The purchase price represents an Enterprise Value of €255 million which represents an EV / Adjusted EBITDA multiple of 5.4x 2018 full year expected earnings.

“We are pleased to have executed the stock purchase agreement with FSD for the divestiture of Tower’s European operations. When completed, the divestiture will reduce Tower’s net leverage to less than 1 times Adjusted EBITDA, giving Tower the flexibility to continue to profitably grow our business while maintaining a conservative balance sheet and providing the opportunity for the return of capital to shareholders,” said CEO Jim Gouin. “Since 2014, Tower’s North American business has grown by more than 40 percent in a relatively flat production environment as we have benefitted from the industry’s shift from passenger cars to trucks and SUVs as well as OEM outsourcing. Tower is well positioned to continue to benefit from these trends and current projections for full-year 2020 represent continued above market revenue growth and improved Adjusted EBITDA margins.”

Tower has also received Term Loan B lender consents and, subject to execution of definitive agreements intends to repay \$50 million of outstanding Term Loan B indebtedness upon the closing of the transaction with FSD. This repayment, coupled with Tower’s voluntary reduction to the Term Loan in July of this year, would represent repayments totaling \$100 million and reduce Tower’s Term Loan B to less than \$260 million.

The closing of the sale transaction is expected to take place during the first quarter of 2019 and is subject to approval of the applicable antitrust authorities and certain other conditions.

Forward-Looking Statements and Risk Factors

This press release contains statements which constitute forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding the completion of the sale transaction and debt repayment described in this press release, the timing and consequences of those transactions, projected enterprise value, positioning, projected truck revenues and the outlook for revenue, Adjusted EBITDA Margin, and net leverage. The forward-looking statements can be identified by words such as “anticipate,” “believe,” “plan,” “estimate,” “expect,” “intend,” “project,” “target,” and other similar expressions. Forward-looking statements are made as of the date of this presentation and are based upon management’s current expectations and beliefs concerning future developments and their potential effects on us. Such forward-looking statements are not guarantees of future performance. The following important factors, as well as risk factors described in our reports filed with the SEC, could cause our actual results to differ materially from estimates or expectations reflected in such forward-looking statements:

- global automobile production volumes;
- the financial condition of our customers and suppliers;
- our ability to make scheduled payments of principal or interest on our indebtedness and comply with the covenants and restrictions contained in the instruments governing our indebtedness;
- our ability to refinance our indebtedness;
- risks associated with our non-U.S. operations, including foreign exchange risks and economic uncertainty in some regions;
- any increase in the expense and funding requirements of our pension and other postretirement benefits;
- our customers’ ability to obtain equity and debt financing for their businesses;
- our dependence on our largest customers;
- pricing pressure from our customers;
- changes to U.S. trade and tariff policies and the reaction of other countries thereto;
- work stoppages or other labor issues affecting us or our customers or suppliers;
- our ability to integrate acquired businesses;
- our ability to take advantage of emerging secular trends,
- risks associated with business divestitures;
- costs or liabilities relating to environmental and safety regulations;
- our ability to close the pending transaction in accordance with anticipated terms; and
- regulatory and other conditions that must be satisfied or, in certain circumstances, waived in order to consummate the pending transaction.

We do not assume any obligation to update or revise the forward-looking statements contained in this press release.

Contact:

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