MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen. Welcome to the Horizon Global First Quarter 2017 Conference Call. My name is Carla, and I will be your operator for today's call. As a reminder, today's conference is being recorded for replay purposes.

I will now turn the call over to the Vice President of Corporate Development and Investor Relations, Maria Duey. Maria, you may begin.

Maria C. Bringer Duey, Vice President, Corporate Development & Investor Relations, Horizon Global Corp.

Thank you, Carla. Good morning, everyone, and welcome to Horizon Global's first quarter 2017 earnings conference call and webcast. Hopefully, everyone has had a chance to review the press release issued last evening. Our first quarter earnings release and the presentation slides that we will refer to during the call are available on the Investor Relations portion of our website.

Turning to slide 2, I'd like to remind you that statements in today's presentation will include our views about Horizon Global's future performance, which constitute forward-looking statements. These statements are subject to risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements. We've described these risks and uncertainties in our risk factors and other disclosures in the company's most recent annual report on Form 10-K, quarterly reports on Form 10-Q, and other filings with the Securities and Exchange Commission.

Today's presentation also includes non-GAAP financial measures. Any references to operating profit or earnings per share on today's call will be as adjusted, unless otherwise noted, with a reconciliation of these adjusted measurements to GAAP in our quarterly press release and presentation slides available on the Investor Relations section of our website at www.horizonglobal.com.

Joining me today on our call are Mark Zeffiro, President and CEO of Horizon Global; and David Rice, our Chief Financial Officer. Following our prepared remarks, the call will be open for analyst's questions. If we are unable to take your question during the call, please feel free to call me directly at 248-593-8810.

With that, I'll now turn the call over to our President and Chief Executive Officer, Mark Zeffiro. Mark?

A. Mark Zeffiro, President & Chief Executive Officer, Horizon Global Corp.

Thank you, Maria, and good morning, everyone. Thank you for joining us on the call today. We look forward to reviewing our business during the quarter and also ensuring that everyone is on the same page regarding the expected cadence of our business for the year. This being the first calendar year that includes the addition of the Westfalia acquisition into our global business.

We are raising our EPS outlook for the year despite the fact that our Americas business got off to a bit of a slow start in 2017. Let's turn to slide 5 and discuss the trends we're seeing in the business. With the addition of Westfalia OE facing business now represents approximately 45% of our consolidated revenue.

We are in an advantageous position, as OE's move towards common vehicle platforms from the geographies where we did business. Our teams and our Global Centers of Excellence in each of the Americas, Europe, and Africa and Asia-Pacific regions are working to tailor fit programs that means our OE's – OE customers regional specifications and also the global supplier needs.

We're encouraged by the positive trends we're seeing in several areas of the business and in the European and Australian markets in particular. While there are several compelling reasons for us to acquire the Westfalia business where the cost saving synergies being a major driver. We're encouraged by the overall growth we saw from the businesses in this first quarter. It is then our expectation that creating a strong foundation for our European towing and trailering business will be a future driver of our global business, and we're pleased to see these early indicators.
Macro factors impacted our ability to capture revenue during the first quarter. As retail metrics recently indicated that this was – will be the softest quarter in the last four years, regarding same-store sales growth.

Multiple factors came into the play in this quarter including slower GDP, an ongoing shift in the overall retail environment, and consumer buying preferences, retailers holding less inventory, and a bit of timing shift attributable to unusual spring weather.

For those who have followed our business for a while, you know the spring/summer selling seasons is a big driver in our business, both in the industrial and recreational markets. And as a result, our second and third quarter earnings typically comprise a significant portion of our full year earnings.

With positive indicators like job growth during the first quarter, we expect to see a much stronger market for our towing and trailering products during the second and third quarters of 2017, especially given the higher than normal shipment backlog, as we enter the quarter.

Raw steel costs continue to be under pressure, and are being closely monitored by the team. As we discussed at the start of the year, we have a natural hedge in place through our purchase relationships with regional distributors. And we have announced or implemented price actions around the globe.

Our revenue increase of 39% during the quarter is mostly attributable to the addition of Westfalia, to our European, European and African business. Organically in Q1, we experienced double-digit sales growth in both Europe, Africa and the Asia-Pacific regions.

Dave Rice will do a deeper dive in to the review of our business segments. But I want to underscore that these business segments exceeded our performance expectations during the quarter, with much of the growth coming from the industrial market and from new and ongoing programs with our OE customers.

When we look at the bottom line, our earnings per share were impacted by revenue shortfalls in the Americas and the timing of integration costs incurred during the quarter, which are taxed at a higher rate than our consolidated business and accounted for about $0.08 a share, because we're establishing a baseline with the integration of Westfalia, we'll provide a – we will be providing quarterly revenue and EPS guidance during 2017.

We thought it was important to ensure investors industry have the best possible view into the expected cadence of our business in this foundation setting year. Given the trends we're seeing in the business, we are raising full year guidance on a per share basis.

Let's go to slide 6, which provides a remainder of the three financial priorities that are guiding the business and remain unchanged. Improved operating margin to 10%, drive leverage ratio to less than two times, drive consolidated organic sales growth in the range of 3% to 5%. This slide indicates the key drivers needed to achieve each of these financial priorities.

But if we turn to next slide, slide 7, we can take a closer look at how we are executing against these financial priorities and the progress we made during the quarter. The Westfalia integration remains on track to deliver €9 billion and synergies during 2017, and will position for future margin improvement for our enterprise.

We delivered on costs earlier in the year as we resequenced certain program out. Most notably, we have made strides in improving inventory quality and the aftermarket business positioning us for sales opportunity opportunities in the season. Europe-Africa's operating profit increased in the quarter to $1.6 million, the results we are encouraged by as this segment undergoes a complete transformation in the structure and processes it has. Asia-Pacific's operating margin improved to 11.4% and benefited from new products and award growth, some productivity initiatives in our business from the team's continuous improvement efforts and lower input cost during the quarter that were affected by currency translation.

We made a great deal of progress during the first quarter in improving our capital structure of the business, bringing our annual interest cost reduction to $6.2 million per year. These actions have strengthened the balance sheet and provide us with greater financial flexibility, when considering priorities for our cash, whether it's in this thing in the business and product innovation to drive growth, buying back shares of our stock on an opportunistic basis, we aren't showing that we're in a position to take advantage of the right acquisition opportunities.

Our OE business continue to expand signaling the powerful impact this portion of our business can have on our current and future plans for global growth. Our OE business had 10 new wins during the quarter with an approximate $3.2 million run rate. We anticipate continued demand from OEs in all global markets and it's most worthy of noting that during 2016 excluding the any impact from Westfalia, we delivered double-digit growth in our OE business during each quarter.

Our organizational focus on one team one goal across our operations has the entire Horizon global team pulling together to drive ongoing progress against these three important global financial priorities.

Moving on to slide 8. I'd like to touch on a few highlights regarding our progress against the programs on our margin dashboard. While the ERP implementation in North America occurred at the start of the year, during the first quarter, we experienced some growing pains as we fully ramped up the new system. We've got and over these hurdles and believe that we will recognize meaningful efficiency gains for the full year 2017, and also, recognize savings from this implementation.

Further, we're at the final stages of defining our freight and distribution alignment in the Americas. We're evaluating the results of the freight study and its implications on shipping lanes and inventory placement. Our initial indications project potential annual savings in the $5 million to $7 million range. We look forward to updating you on the progress of this initiative later in the year.

Westfalia integration is on track. We remained on track to deliver the expected €9 million in synergies for the full year. We're optimizing the organizational structure, with progress already being made during the first quarter and we're also flexing our collective size to leverage our sourcing and supply chain, all while improving the inventory performance level for all of our aftermarket customers.

Remember that 2017 is the first year of our integration plans, and our team continues to mine expected future synergies. Our sourcing initiatives continue, with progress against our plan to reduce the supply base by 20% by the end of 2018. Our efforts to consolidate sourcing continue and we're gaining traction and negotiation of price as we leverage the borrowing power of our larger organization.

Just last month, we held our inaugural and I'll repeat that inaugural, supply Inaugural Suppliers Summit in Shanghai. Why this is particularly adventurous is this is the first time we polled our Chinese suppliers together in the same room, and it was a great success. As we launched our former supplier performance expectations. New product development is taking a greater significance to our customers. We're increasing the speed to market and reducing our cycle times. Taken as a whole, this focus is afforded as growth from new product launches that support our industrial and OE customers.

I'd like to now turn the call over to Dave Rice, our CFO, who will provide additional insights into the company's first quarter performance. After Dave's comments, I'll be back to share some final thoughts and discuss guidance.

David G. Rice, Chief Financial Officer, Horizon Global Corp.

Thank you, Mark. In the commentary to follow, I will be discussing our performance in the quarter on an adjusted basis, excluding special items, which have been identified in the appendix of today's presentation. Also included in the appendix is a reconciliation of all adjusted non-GAAP results to the most comparable U.S. GAAP measure. References to earnings per share in my commentary refer to adjusted diluted earnings per share attributable to Horizon Global excluding special items. Cash flow and balance sheet commentary will be on an as reported U.S. GAAP basis.

With that, please turn to slide 10 for a summary of our first quarter results. Net sales increased nearly 40% compared to the first quarter of 2016, the result of Westfalia which was acquired in Q4 of 2016 will be included in our results, as well as double-digit organic growth in Europe, Africa and Asia Pacific. Offsetting these increases is a $12.8 million net sales decline in the Americas. Adjusted operating profit declined $4.9 million to $3.6 million compared to $8.5 million in the first quarter of 2016.

Operating profit margin declined 400 basis points due to lower sales volume in the Americas and higher corporate expenses as built out our home office structure throughout 2016.

Earnings per share in Q1 reflect a loss of $0.17 as compared to income of $0.15 in 2016. The significant drivers of this result are the sales decline in the Americas, and the tax rate differential between our blended corporate rate and the jurisdictional rate at which special items were taxed. Special items include cost related to the Westfalia acquisition restructuring in Europe and the refinancing of our debt. As these costs were incurred in high tax jurisdictions, the impact on our EPS of reflecting these items net of tax was a headwind of $0.08 as compared to our blended rate.

It is important to note that a portion of these restructuring costs were advanced in the year versus our original plan as a team work to achieve committed synergies while maintaining focus on servicing regional demand.

Through the first quarter of the year, we used cash of $40.1 million for operating activities, an increase of $16.5 million when compared to the $23.6 million used at the same point in 2016. This increase in cash used primarily relates to increased inventory in the Americas resulting from lower sales. Total debt increased to $280.9 million compared to $211.8 million, while the net leverage ratio remained flat compared to last year. Total debt and net leverage ratio reflect the acquisition of Westfalia in Q4 2016 as well as the Q1 2017 recapitalization efforts.

On slide 11, I'll go through the performance of Horizon Americas. First quarter net sales in our Americas segment declined $12.8 million. The North American business experienced order processing challenges associated with the implementation of new ERP system ultimately shifting the timing of orders for certain after-market customers to late Q1, early Q2.

The retail channel was impacted by our customers reducing inventory of our products on the shelf, as they respond to lower POS across all of their product lines. The year-over-year automotive OE channel decline is due to a major program launch in the first quarter of 2016 that did do not reoccur in 2017. However, excluding this customer, sales for the balance of the channel are up over 20%.

The decline in e-commerce sales during the quarter is primarily the result of reduced sales to certain customers who did not maintain channel pricing discipline. As a result of the lower sales levels, operating profit decreased to $5.2 million. This decline in operating profit was largely the result of decreased sales within the segment. Operating profit margin declined to 5.3% of net sales compared to 9.7% in the same quarter last year.

The decline in operating profit margin is a result of an unfavorable sales mix, higher input cost and higher SG&A expenses which more than offset the benefits of closing Juarez and El Paso. Steel cost well up on average approximately 30% from the prior year are still favorable as compared to the forecast underlying our guidance. As Mark mentioned in his comments, the team is managing price in light of increasing input cost.

While the results in the Americas were not reflective of our expectations, the fundamentals of our market are strong and the team is committed to achieving our targets. The Americas team remains focused on capturing the synergies of operating on a single ERP system and executing on the freight and distribution project. Engineering remains dedicated delivering on product enhancement and innovation.

Performance of Horizon Europe-Africa is highlighted on page 12. Net sales in our Europe-Africa segment increased $65.8 million due to the acquisition of Westfalia in Q4 2016. Evaluated on a customer by customer basis, this segment grow organically by over 13% in constant currency, primarily on new OE launches.
Operating profit for Europe-Africa increased to $1.6 million, as the business recognized €1.5 million in synergies in the quarter or about $1.6 million. These synergies have been reduced for investments made in the business from a leadership and governance perspective and are considered in our guidance synergy achievement amount of €9 million. Operating profit margin for the segment was 2% of net sales, and we expect these investments to drive higher margins, as we move forward.

Europe-Africa team remains focused on the integration of the Westfalia business and realizing the identified synergies that Mark discussed. Focused on OE program launches across the region remain a critical effort for the balance of the year.

Performance of Horizon Asia-Pacific is highlighted on slide 13. Net sales on a constant currency basis increased 13.5%, as we grew in all markets in this segment and the exchange rate for the Australia dollar became positive, as compared to 2016. And net sales growth was a result of higher demand from automotive OE customers and the launch of a new product with a new customer in the industrial channel.

Operating profit increased $840,000 to $3.1 million compared to $2.2 million in the same quarter of 2016. Operating profit margin improved to 160 basis points to 11.4% of net sales compared to 9.8% in the first quarter of 2016. The increase in operating profit margin was a result of increased volume, productivity gains in Australia, and lower input costs and U.S. dollar denominated persists as the Australian dollar strengthened compared to last year. The Asia-Pacific team remains focused on launching new OE and industrial programs while continuing to identify productivity opportunities.

Slide 14 is a view of our leverage and liquidity. Our total debt at the end of the first quarter was $280.9 million down from year-end, reflecting the pay down of the Term B loan and the issuance of convertible notes.

Our leverage ratio reflects the seasonal investment and working capital. We are presenting both secured and unsecured leverage for the first time on this chart, but it's important to note that most of our debt covenants referred to our total net leverage or the sum of the two. For clarity, our strategic objective of being less than 2 times levered will be measured on a total net leverage basis.

The Term B loan was re-priced at the end of the first quarter, which provided us two main benefits. First the spread on our long-term debt was reduced from LIBOR plus 6% to LIBOR plus 4.5%. Saving is about $2.3 million in interest expense in 2017. Second, the amortization, which remains at 5%, was reset from the $352 million of debt outstanding as a result of the Westfalia acquisition to the $155 million outstanding at the end of the quarter. This will allow the company to retain approximately $10 million in cash as a result of the re-pricing. This re-pricing in conjunction with the $177 million pay down on the Term B loan in the quarter will save us $6.2 million in interest expense and nearly $11 million in cash interest.

With respect to working capital, it's important to note that year-over-year working capital increased only $3.8 million despite the fact that our business is much larger with the addition of Westfalia.

Cash on hand increased to $30.2 million from $18.7 million in Q1 of 2016 and borrowing on our ABL is down from $25 million to $20 million. Our overall availability of $97.1 million provides adequate flexibility to execute our capital allocation strategy. In closing, I'd like to leave you with a couple of takeaways from our financial performance.

First, while first quarter results did not meet our expectations, the performance of two of the segments is consistent with plan. The Americas had higher orders ready to ship at the end of the quarter as compared to Q1 of 2016, supporting our belief that the majority of its volume is attributable to timing of orders as opposed to large sales.

Second, the improvements made in the debt structure of the business during the quarter accelerate our path to less than two times leverage and free up significant cash from both interest and amortization payment savings that can be used to drive returns in the business.

If you'll turn to slide 15, Mark will take over and cover our long-term goals, discuss our full year and second quarter guidance, as well as wrap up our prepared remarks. Mark?

A. Mark Zeffiro, President & Chief Executive Officer, Horizon Global Corp.

Thank you, Dave. If everyone would please turn to slide 16, I would like to take a moment to remind you of our Horizon Global Strategic company goals. Every leader in our business is committed to developing the company, assuming every leader in our business is committed to helping the company to achieve these important goals. Our one team one goal philosophy has this focused on meeting our external and internal business objectives. Something we've discussed at great length during our most recent executive leadership team meeting a few weeks ago. These meetings bring together the business leaders and influencers across our global operations and keep our team focused on delivering outstanding financial performance for the company and providing our global employees opportunities for growth.

If you now turn to slide 17, I would like to review the guidance we're providing for the second quarter, first half, and full year of 2017. With the additional volume we're providing greater clarity of our business cadence and expectations. This is our – it is our intention that by providing this additional guidance during 2017, investors and analysts will have an informed view into the expected cadence of our business in this foundation setting year. As such we expect second quarter 2017 consolidated revenue to range from $235 million to $245 million. Second quarter 2017 adjusted earnings per share to range from $0.67 per share to $0.72 per share.

First half 2017, adjusted earnings per share to range from $0.52 to $0.57 per share. If we look at the right side of slide 17, you'll see our full year guidance components with all guidance reflecting the exclusion of any special item. The elements of our full year bench remained unchanged, except for earnings per share guidance which we are increasing. We are raising our earnings per share guidance for the full year 2017 by $0.04, taking guidance up to $0.94 to $1.04. This does not include or consider any impact as a result of the share buyback program. Clearly, we're disappointed in this slower than anticipated start to the year. Results from the Americas felt short and as such our consolidated revenue and EPS performance in the first quarter were not in line with our overall expectation.

As we move through the second quarter, the fundamentals of the business remain strong and sound. We're poised to execute and deliver on our plan for the year, and the team is fully dedicated to drive performance across our global operations.

We believe in our plans for the business and the global opportunities we see even more so than we did six months ago. We feel more confident in our short and long-term opportunities for the – for success.

Please turn to slide 18. The outperformance in Europe, Africa and Asia-Pacific demonstrates how this business can grow as we leverage our cost structure in Europe and see expansion of margins from all of our internal efforts. We are very eager and yet very early into the year and remain confident that we will deliver a strong second quarter and that will result in a first half that is in line with our expectations.

Our expected synergies remain on track for Westfalia and our integration team is working hard to initiate elements of the 2017 portion of the plan on or ahead of schedule. We are pleased with our efforts in the first quarter as they've helped to enhance our balance sheet and provide us with financial flexibility.

Importantly, today's share buyback planned announcement is a clear indication that we are committed to long-term success of the company. We intend to purchase our company shares in the open market on an opportunistic basis and at times when we believe that the market is not appropriately recognizing the value of our business. We are confident in global team's ability to deliver on the performance expectations for the full year.

Our team's passion for our products and customers as a strong as ever. We are focused on continuing to optimize the business and capitalize on the synergies and opportunities from the Westfalia acquisition. We're steadfast and I believe that we will execute our 2017 initiatives as we also make progress against our key financial priorities. Our team is aligned and dedicated to drive our company's long-term growth and success as we also deliver value to our shareholders.

I'll now turn it back over to the operator, Paula, as we will gladly take your questions.

QUESTION AND ANSWER SECTION

Operator: The floor is now open for your questions. [Operator Instructions] Your first question comes from Robert Majek of CJS Securities.

<Q – Rob Majek – CJS Securities, Inc.>: Good morning.

<A>: Good morning, Robert.

<Q – Rob Majek – CJS Securities, Inc.>: I was hoping if you can just give us a little more color on the shift there is some orders into Q2, as and why they shifted, what types of orders were those, and what was the magnitude in dollars. And then perhaps, why these sales had, what seems like a disproportionate impact on margin?

<A>: Dave, do you want to cover the financial impact, and then I'll circle back on the process.

<A – Dave Rice – Horizon Global Corp.>: Yeah. So, so, the estimate that we have right now of that 12.8% is probably a 9% of it represents the shift between quarters. Somewhere between 2% and 3%, are probably loss sales to small installers that have to go elsewhere for product. And if it really was, was driven at the beginning of the period by orders that came over from our old legacy system into the new system, and that created a challenge with the way that our list and discount system is applied on invoices. So that's slowdown some of the order pattern at the beginning of the quarter, pushing them later into the quarter.

<A>: And Robert, at the following that we enter the quarter with an excess of $20 million worth of shipping backlog, entering April. What's important to note there and to address your question around margins is we continue to reduce the cost of manufacturing our product and as such, you should see the continued improvements in our relative not only just material, but also gross margin. So, as such, the expectation here is that we'll do a better fulfillment job for our customers, also be able to react to our customers need – for us to be quicker and develop – excuse me delivery of the product. This is quite frankly, they're expecting in excess of 95% on-time deliveries within a very short period of time. So we're seeing that shift as well in the market as we want customers to hold this accountable to delivering things quickly and on time.

<A>: Robert, the only thing I'd add to that is that, the specific question around margin is that the impact of the shift disproportionately affected the aftermarket business. So that's when we talked about an unfavorable sales mix, that's what behind that comment.

<Q>: Thank you. That's helpful. And then can you also just break out the contraposition from Westfalia in terms of both sales and EBIT?

<A>: We actually can't and this gets back to what we talked about at the end of the year. We began shifting volume between Westfalia and the rest of our legacy European business right away in Q4. So we're doing that and I alluded to it a little bit in my comments, to make sure that not only are we getting the synergies, but we're satisfying market demand.

<A>: Yeah. Let me address that one. Robert, the question is the right one to ask and the reality of it is is, we have historical legacy Horizon Global plants now producing Westfalia product.

<Q>: Right.

<A>: So the ability to compare and contrast the two pieces is a bit muddled at this point. And frankly should be muddled, because what we're doing is, we've taken our inventory, a serviceable inventory level in the 30s, and in terms of 30% quality inventory to our customers to an excess of 60% in the four-and-a-half months of actually operating this business. That's the reason why you see some of those synergies change time periods, because we elected not to act on termination in the first quarter, as we entered the season, but instead exit on organizational efficiencies first. As such, we've improved our ability to deliver to independent aftermarket customers, that's a huge step forward for the Westfalia business, but it's really predicated on the Horizon historical plans quite honestly.

<Q>: And on the authorized share repurchase program, are there any restrictions on repurchases in terms of debt covenants?

<A>: Yeah. What we've done is, we've sized the share buyback to be in consort with the – what we expect to see availability to us under the covenants to table buyback. It's leverage constrained, as you would expect. So, as such, that will vary through the year, as the value of what's available to us to buyback is also changes, as our leverage changes through the year.

<Q>: Got it. And just lastly from me. Can you breakout how much margin pressure you saw from rising input cost?

<A>: Yeah. Across the business, we thought it was – on a year-on-year basis, probably about a $1 million. We talked about that being trapped on the balance sheet year-end. From a forecast that underpinned our guide's perspective, we're actually still at the end of Q3 or Q1 favorable to those expectations. So year-on-year about a $1 million relative to guidance were positive.

<Q>: Thank you.

<A>: Yeah.

Operator: Your next question comes from Matt Koranda of ROTH Capital.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Good morning, guys.

<A>: Hi.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Let me try to approach this maybe a different way, in North America, if I take that $9 million, Dave, of shortfall that you say spills into Q2, that essentially means that, if I apply that to my Q2 estimate, I'd arrive at something like a $140 million in revenues, I mean, I know that's never simplification, but is that directionally the right way to think about North America in Q2?

<A>: Yeah. You're a little bit high, but you're definitely in the right ballpark.

<Q – Matt Koranda – ROTH Capital Partners LLC>: Okay. Got it. And then just I would like maybe some more color on the ERP implementation kind of changeover and how that impacted order flow. Could you just dig into that a little bit more, so we understand what happened there and then how the issue has been fixed, so that we have confidence on a go forward basis, that it is not going to be impacting order flow in North America?

<A>: That's a great question, Matt. I'd like to backup just a half step, and say it's not just ERP. This business recognize that where we started this company was two separate companies in North America running two separate ERPs. And what we've done is we've stretched the ERP that was supporting our retail oriented customers over what I would consider the aftermarket and OE customers. The implication is that we also had this ERP that was 30 years plus or minus in use, and obviously optimized and had special customization associated with it in the aftermarket business if you will.

So, what happened was, the team recognized what the order patterns were and the retail team had always dealt with, how they would transactionally conduct business and process orders and actually allot shipments and that transactional activity. That was new effort to some of the aftermarket and OE related customer shipments, simply because they were used to having an old system that would require – require less intervention on their part to actually process these orders. Now those are the beginnings of where you start to say in my prepared remarks about efficiency gains. Those efficiency gains are about order processing, they're about inventory allotment, they're about the efforts around supply chain management, et cetera, and all of the things are being – are being optimized, but the transactional side of it, is behind us, namely we're in a good spot to be able to process orders timely for our customers.

<Q>: Okay. Got it. In terms of the bright channel in North America, I know that, you guys give a little bit of granularity in the slide in North America, but I think the decreases only add up to about $5.5 million where you guys were almost about $13 million down year-over-year. Could you just help us understand kind of the remaining portion in North America and why the shortfall?

<A>: Well, year-on-year there was a couple pieces. For example the e-commerce business, we elected to dispend activities associated with customers, a specific customer that didn't have quite frankly the pricing discipline in the market that otherwise should be expected of a good customer.

And secondly, when you think about the year-on-year comp, you also had a launch of a new OE customer in Q1 of 2016, that did not repeat in 2017. But if you reflect a little bit on Dave's comment, you see that the remaining customer set in the OE business was up 20%.

<Q>: Got it. Okay. And then in the retail channel, could you just comment on essentially where you may have seen I guess the most weakness, was it automotive aftermarket, was it the home improvement guys, I mean, or was it just across the board?

<A>: Across the board. And Matt that's a good question. So let's spend just a few more moments on that. What we saw was obviously, I hate to use the word weather for an explanation base, I think it's just squishy. But what we saw were performance levels of inventory at retailers, not our inventory levels, but their performance levels as they exited the winter season, they had more inventory than they otherwise needed or wanted or otherwise care to have. And as such, they went through the effort of reducing inventories at large in seasonal related goods that, that impacted us. In some cases, as high as 20% reduction in inventories within the period.

The good news side of that equation is that, I think they're depending on our ability to actually shift more rapidly and be able to respond to their business needs which frankly we should. And as such, we've seen over the Easter weekend, we're seeing, April POS levels we've done quite nicely as in frankly double-digit rates in certain of our customers. So it feels like the pickup level is there and the timing associated with it seems to be on track.

<Q>: Okay. That's helpful. And maybe just one more guys on the mix, I know you had alluded to in response on someone's questions earlier, but it sounded like, it was more of a channel driven sort of mix issue in North America that drove margins down. Could you maybe talk about product as well and sort of how that may have impacted the quarter if at all?

<A>: Yeah. The product mix within the channels that were lower this year versus last, are primarily around break controls and heavy-duty towing products. Again, disproportionately sold through our aftermarket channel which was the channel that drove the margin there.

<Q>: Okay. Got it. All right. That's helpful. I'll jump back in queue guys. Thanks.
Operator: Your next question comes from David [ph] Lynn of Wells Fargo.

<Q>: Hi, good morning, everyone. Just a couple of questions. On the guidance, it looks like your operating income hasn't changed, can you sort of walk us down and the below the operating line items that we need to consider for the guidance update, please?

<A>: Sure. Yeah, the guidance change is primarily driven by two things, one is a clarification of share count and then the re-pricing of the term loan which obviously doesn't affect the operating income. So about half of that $0.04 increase at the top and bottom side relate to the re-price and the other half is changed in share count from 26.1% to 25.7%.

<Q>: And then anything any updates on the non-controlling side?

<A>: No that's going to be a fixed number every quarter.

<Q>: Gotcha. And then can you give us some color on how you're thinking about the OE side of the business. I know that there was a little bit of a slowdown in April far and how would that impact your business going forward if at all?

<A>: David, what's interesting is if you look at the growth that we experienced in Q1 as an example, of the European business it was largely predicated and delivered by double-digit growth in OE related awards and programs for us in that theater. What's interesting here is, our relative share continues to increase in the OE segment. So as we're gaining new awards, these are new awards to us, right. So when you think about it, our share of a bigger – of a big market is increasing. So we've got a lot of runway here in terms of continued growth as we continue to earn new programs and see the execution of the programs that we otherwise just earned.

The April SAR we haven't seen any slowdown in terms of forecasts from our OE friends at this point. So, to that end, I can see nothing that really changes our views immediately. So – and quite frankly one of things that is misleading about SAR is need to think about the vehicle mix in that context.

<Q>: Yep.

<A>: The fewer number of sedans and cars that are purchased is good news for us as a relative mix of overall market as well as it's at least stable. So, what we're seeing is continued growth in CUVs crossovers, small SUVs as well as the SUV and light truck market. All that is good tailwind for us in terms of that context. I'd also say that the Australia business is also seeing – this is a business that has pretty high level of market, market share as it was the foundation business in Australia for towing and trailer, it's still seeing yet expanded activity with new and different customers in that market space as well. So, it's – I hope that is as clear as you need with respect to that how is SAR going to affect us.

<Q>: Got you.

<A>: And we're growing into a big market.

<Q>: Got you. And finally – and I know that you've probably touched up on this. But I apologize if I missed on it – missed it. Can you give us a like a walk or bridge, I mean operating margins endpoint this year versus last year, I mean if you could sort of quantify what was the impact of certain items that got you to where you posted for the quarter?

<A>: Well, I mean if you think about it from a big picture perspective, we saw margin expansion in both Europe and Africa and Asia-Pacific. So the drag is primarily in the Americas, and that is largely driven by volume. So the – there was no significant steel impact across the organization in the quarter, as I mentioned we're ahead of the projections that we had for steel in the current year. So there weren't really anything – there wasn't anything unusual other than continued growth in productivity in the other two segments and then the volume shortfall in the Americas.

[indiscernible]

<Q>: So, the contribution impact were decremental margin impact?

<A>: Exactly right.

<Q>: Great. Thank you.

<A>: You bet.

Operator: Your next question comes from Rudy Hokanson of Barrington Research.

<Q – Rudy Hokanson – Barrington Research Associates, Inc.>: Good morning. If some of this has been asked, but I just want to make sure, I'm clear. On your transition with the ERP, is that complete now?

<A>: The trend – you're never done, right, Rudy. The implications and the issues we had in terms of order processing and fulfillment in Q1 are rectified. What the team is going to continue to work on throughout 2017 and frankly beyond is continue to drive things that improve relative process and workflow for the teams. So that's what's happening as we speak, as we go into Q2 and Q3 is we expect yet to not just hold serve in terms of what the old system did versus what the new system does for us, we want to see actual material changes and improvements in our processes on the total business, as a result of this.

And that's what John Aleva is facing right now, as he is really got an integration effort of two separate companies and integrating processes that were different in the two different businesses. So hats off to [indiscernible], he is – he is changing the wheels on a moving car, and the team has done a nice job in terms of recovery from those issues in Q1. Now, we're not happy with the performance in Q1 by any stretch. But at least, I think they picks the transactional problems that they've had.

<Q – Rudy Hokanson – Barrington Research Associates, Inc.>: Okay. And then, on the issue of plant closings, that you said, you had pushed out, where are you on that schedule, when should we expect you to basically have the footprint that you're aiming for given the business right now?

<A>: Yeah. That's a great question, Rudy. Obviously, we're not going to comment on the specific plant closings in advance of obviously talking to your employees and like. So let's put that aside, but let's talk structural for a moment. The reason why we push it out was because as we've – as we got to know the business a bit better, we saw that the independent aftermarket customers were – are being undeserved by the Westfalia company, with inventory levels that frankly were deplorable.

And that was limited by their productive capacity. So what we elected to do is do fulfillments in other of the facilities, as we ramp-up production in Romania. So what we'll do is, we're going to continue to add productive capacity in Romania to [indiscernible] take on the independent aftermarket business. That's the intense, and that's what's already happening. We've installed machinery here in the first quarter. We're going to continue to install yet more capacity in that business, and ultimately have to put painting capabilities in Romania over the next 12 months to 15 months.

So what we'll see is we'll see ramp down in certain other activities across the region, but it's directionally towards the end of the year.

<Q>: Okay. And you didn't mentioned e-commerce specifically or if I didn't hear it. Can you comment on how your e-commerce business is doing?

<A>: Yeah. We had a customer that was a bit off the rails with us in Q1 with respect to pricing to splint out in the market, and that's – I mean that creates conflict across all the customer base and frankly is untenable. So, we stopped doing business with the customer in Q1 that really affected the overall sales being basically in the Americas down year-on-year. The reality of it is that, that pricing discipline is obviously being afforded to us by other e-commerce related customers and we're growing with other new e-commerce related customers including the Walmart acquisition of Jet and the like.

So, we still are very, very focused on making sure that we satisfy which they have certain in different customer expectation being e-commerce oriented customers than other customers have, that we want to make sure that we're being as supportive in that segment as we can be. So, Europe is – that's the America side of it. The Europe side of it is, is actually progressing reasonably well, where I'm going to talk about sub-segments within segments. It's progressing reasonably well with direct to consumer as well as engagement of direct e-commerce customers as well. And I would tell you in terms of Asia-Pacific, e-commerce is really just at the beginning phase of evolution there.

<Q>: Oaky. Okay. And then could you just remind us with various changes going on, what you're expecting for an adjusted effective tax rate for the year?

<A>: Yeah. All in I think we talked about it when we originally issued our guidance is being around 11%, that did not contemplate the re-pricing in the debt issuance cost that we wrote up in Q1 that's identified in the special item. So at this point now we're looking at between 0% and 5% for the year, on a full year basis.

<Q – Rudy Hokanson – Barrington Research Associates, Inc.>: Okay. Thank you. Those are my questions.

<A>: Thank you, Rudy.

Operator: We have time for one more question. Your final question comes from Steven Friedberg of Seaport Global.

<A>: Good morning.

<Q>: Hi, guys. Can you hear me?

<A>: Yeah.

<A>: Yeah, we can hear you fine.

<Q>: Hello. You guys alluded to pricing actions. Can you guys provide more detail on pricing, specifically in the U.S. and Europe, what I'm really trying to get and look forward to – look at the prices, I guess when did price increase go into effect, how much did you guys increase prices and the basic?

<A>: Let's talk about global implementation for a moment, Asia-Pacific and Europe have already implemented price increases. We're not going to talk about specific price increases, because it would have depended based upon the effect with the channel and obviously, the implications customer local. So I would tell you that it is sticky and it's most notable probably in the aftermarket business.

The Americas organization announced price increases not across the board, but targeted price increases aren't specific products within the Americas segment and those are – will go in place in terms of going effective during the summer. So that's kind of where we are, what we'll do is we're going to comment specifically on the price increase by geography. We'll tell you that we have moved prices and obviously, in MD&A, we'll provide to you implications as to how much price was affected in those periods.

<A>: And I would add one thing that the price increase in the Americas that becomes effective in the summer is really time to coincide with when the next round of steel contracts come in from a cost side. So, as I mentioned in my comments, we're covered relative to our expectations right now, given the fact that we buy ahead. So the price increase really needs to come in, in around mid-summer or so to offset that increase that we'll see then. If the current trend continues obviously, which we're all assuming at the moment.

<A>: But a good question.

<A>: Yeah, yeah. Yeah.

<Q>: Okay. Thanks. And then, with the share buyback and the repurchase, what's the cadence on that?

<A>: It's opportunistic, and we will otherwise assess the market trends and market performance of the shares. The total allotment is 1.5 million shares. To that end, it will depend on how the stock performs and the opportunities that we have. So we're able to act on that. So that's -- we don't have a specific plan by quarter, by month, by day, that's not the intent. The intent is to otherwise be reactive to market cadence and take advantage for shareholders in that context.

<Q>: Okay. Thanks.

<A>: You bet.

Operator: This concludes the question-and-answer session of today's conference. I will now turn the floor back over to Mr. Mark Zeffiro for any additional or closing remarks.

A. Mark Zeffiro, President & Chief Executive Officer, Horizon Global Corp.

Well, I want to thank everybody for their attention. The team is focused on a couple of things. Obviously, the financial priorities that we continue to talk about and that are relevant to creating real shareholder value for – real shareholder value period.

The important thing to note here is that, we've seen double-digit growth increases in basically Europe, Africa as well as Asia-Pacific businesses. We're seeing underlying demand levels that are going to show us growth in the Americas here on a full-year basis. So, we remain on track and positive in that context, and hence why we've increased our guidance. And remain focused on delivery that value. So, we appreciate all of your support at Horizon Global, and look forward to having conversations in the future. Thank you.

Operator: Thank you, ladies and gentlemen. This concludes today's program. You may now disconnect.