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Zacks Small-Cap Research

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Titan International Inc. (NYSE: TWI)

TWI: We are updating our revenue and EPS estimates based on ongoing trade uncertainty and recent public comments by management.

Utilizing a Discounted Cash Flow process containing conservative estimates combined with other valuation methodologies, we believe TWI stock could be worth **$16.00** per share.

Current Price (7/1/25)	$10.47
Valuation	**$16.00**

OUTLOOK

Titan International is a global manufacturer of off-the-road tires, wheels and undercarriages. The company serves the agricultural, earthmoving / construction, and consumer markets. Long-term secular tailwinds exist in the global agricultural, infrastructure and construction markets. The outlook is for positive revenue and earnings growth on average over the long term. On February 29, 2024, the company acquired Carlstar Group for approximately $296 million which has added significant diversity to the company's product lines. We expect the company to return to growth in late 2025. We believe TWI stock to be undervalued at this time.

SUMMARY DATA

52-Week High	**$10.72**
52-Week Low	**$5.93**
One-Year Return (%)	**39.0**
Beta	**1.95**
Average Daily Volume (sh)	**629,175**
Shares Outstanding (mil)	**63.7**
Market Capitalization ($mil)	**$656.0**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**80**
Insider Ownership (%)	**18**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2025 Estimate	**N/A**
P/E using 2026 Estimate	**24.7**

Risk Level	**Average**
Type of Stock	**Midcap Value**
Industry	**Wheels & Tires**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	549 A	481 A	402 A	390 A	1,822 A
2024	482 A	532 A	448 A	384 A	1,846 A
2025	491 A	468 E	474 E	461 E	1,894 E
2026					2,024 E

EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	$0.50 A	$0.48 A	$0.31 A	$0.34 A	$1.59 A
2024	$0.29 A	$0.10 A	-$0.19 A	$0.09 A	$0.26 A
2025	-$0.01 A	$0.00 E	$0.00 E	$0.00 E	-$0.01 E
2026					$0.42 E

Quarterly revenues may not equal annual revenues due to rounding.
Quarterly EPS may not equal annual EPS due to rounding or dilution.
EPS may include adjusted, non-GAAP figures.

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WHATS NEW

Uncertainty in Trade Policy

We believe the current noise around global trade policies is creating an uncertain business environment throughout much of the U.S. and the rest of the world. Many of Titan's end customer distribution networks (dealerships) are clearing out current inventory before committing to large scale purchase orders.

There are also concerns surrounding consumer spending and consumer confidence in recent months as higher interest rates may still be playing a role in large item consumer spending.

Titan may be in a better position than many companies to respond to tariffs as it has 6 tire plants in the U.S. that are currently underutilized and can likely absorb any onshoring production from its overseas plants. Farm and Off-The-Road tires are larger than traditional automobile tires and require more manual labor to produce when compared to advanced automation capabilities at auto tire manufacturers.

Titan's Chairman of the Board recently stated in a public commentary, *"There are a lot of Ag tractors that are manufactured overseas and shipped into the US with tires/wheels pre-assembled on the equipment. With President Trump trying to level the playing field and the administration's support, we could see a future where the equipment will be imported into country and then fitted with wheels and tires produced in the USA. The use of tires and wheels produced here will lower the cost of the tractors, combines, and other Ag equipment and increase wheels and tires for American manufacturing."*

Estimates & Update

The company's effective tax rate has continued to be excessive as a result of generating positive taxable income in most international markets while generating operating losses in the U.S. The consolidated tax rate was approximately 100% in the 1st quarter of 2025 and we believe the consolidated tax rate will exceed 90% in the remaining 3 quarters of 2025.

We are lowering our estimates based on the business environment mentioned above and higher tax rates. The company has not changed its previously announced revenue and EBITDA guidance, but we move our estimates to the lower end of the ranges provided. The company provided preliminary 2nd quarter 2025 guidance which included revenues between $450 million and $500 million and Adjusted EBITDA between $25 million and $35 million.

We believe the company will generate de minimis net profits over the next 3 quarters of 2025 due to the factors mentioned above. Our EPS estimates are essentially breakeven, or $0.00 per share for each of those quarters. We update our 2025 full year EPS estimate to ($0.01) per diluted share. Our 2026 EPS estimate is $0.42. Our 2025 Adjusted EBITDA estimate is approximately $108.8 million.

Valuation

We maintain our price target of **$16.00** as the majority of free cash flow used in our DCF calculation occurs in the out years of our 10-year time frame.

The transitory depressed earnings experienced in 2024 and 2025 are not reflective of the steady generation of positive EBITDA and free cash flow that is expected as the cycle turns around. The company has positioned itself in recent years to not only survive cyclical downturns but to also thrive and continue to develop advanced technologies that position them as the industry leader.

The company recently provided a framework for what a normal year could look like financially when a sustained rebound in its end markets happens. Adjusted EBITDA could range between $250-$300 million and free cash flow of at least $125 million could be generated.



Source: titan-intl.com

OTHER RECENT NEWS

1st Quarter 2025 Financial Results

Titan continued to effectively manage the cyclical trough that most of its end markets are experiencing and continued to generate positive Adjusted EBITDA. In the 1st quarter of 2025, Adjusted EBITDA was $30.8 million, a substantial increase from $9.15 million in the 4th quarter of 2024 and $20.5 million in the 3rd quarter of 2024.

Net sales for the 1st quarter of 2025 were $490.7 million, which compares to $482.2 million in the 1st quarter of 2024. This was primarily attributable to increased sales volumes resulting from the positive contribution of the Carlstar (now called Titan Specialty) acquisition as well as positive price/mix effects. This growth was partially offset by declines in the agricultural and earthmoving/construction segments in North America and Europe due to lower end customer demand.

	Agricultural Segment	Earthmoving/Construction Segment	Consumer Segment	Total
Three months ended March 31, 2025				
Wheels and Tires [including assemblies]	$ 188,367	$ 54,413	$ 142,175	$ 384,955
Undercarriage systems and components	9,379	88,877	7,497	105,753
Total	$ 197,746	$ 143,290	$ 149,672	$ 490,708

Source: titan-intl.com

Gross profit in the 1st quarter was $68.6 million (*14.0% gross margin*), compared to $77.4 million (*16.0% gross margin*) in the prior year period. The declines in gross profit and gross margin were primarily due to significantly lower volumes that affected fixed cost leverage across global production facilities.

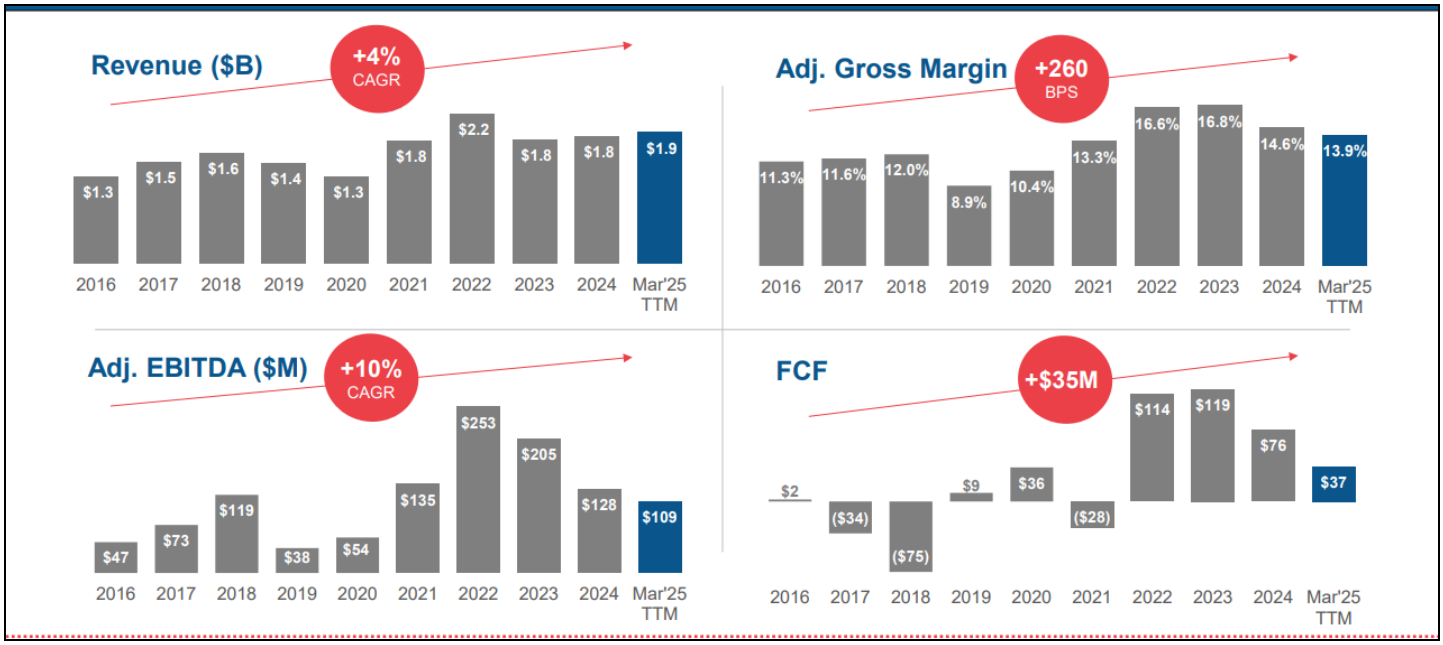
SG&A for the 1st quarter was $49.9 million, or 10.2% of net sales, compared to $39.4 million, or 8.2% of net sales, for the 1st quarter of 2024. The increase was primarily due to the recurring SG&A incurred from the Titan Specialty operations, which includes the management of distribution centers and increased D&A expenses associated with the acquisition.

Operating Income for 1st quarter was $11.8 million, compared to operating income of $25.1 million for the prior year period. The aftermarket business continues to be a strong point and represents about 45% of total revenues. In the Consumer segment, the aftermarket business represents over 70% of sales.

	Three months ended March 31, 2025				
	Agriculture	Earthmoving/Construction	Consumer	Corporate & Unallocated	Total
Net sales	$ 197,746	$ 143,290	$ 149,672	$ —	$ 490,708
Cost of sales	173,259	128,397	120,408	—	422,064
Gross profit	$ 24,487	$ 14,893	$ 29,264	$ —	$ 68,644
Selling, general and administrative expenses	12,074	11,021	19,087	7,673	49,855
Research and development expenses	1,354	1,849	888	453	4,544
Royalty expense	1,617	347	482	—	2,446
Segment profit (loss)	$ 9,442	$ 1,676	$ 8,807	$ (8,126)	$ 11,799
Interest expense				(9,535)	(9,535)
Interest income				2,239	2,239
Foreign exchange loss				(1,385)	(1,385)
Other income				1,134	1,134
(Loss) income before income taxes				$ (15,673)	$ 4,252

Source: titan-intl.com

The company continues to maintain a safe and liquid balance sheet with cash of $174.4 million and total debt of $585.4 million as of 3/31/25. Working capital was net positive at $571.4 million at the end of the quarter. Operating cash flow was a use of cash of ($38.6) million in the 1st quarter and capital expenditures were $15.1 million. Operating cash flow was negatively affected by a significant increase in Accounts Receivable to $97.1 million. The increase in accounts receivable was attributed to seasonality, as sales increased during the 1st quarter of 2025 compared to the 4th quarter of 2024 by $107.1 million. The trailing 12-month leverage ratio at year-end was 3.8x.



Source: titan-intl.com

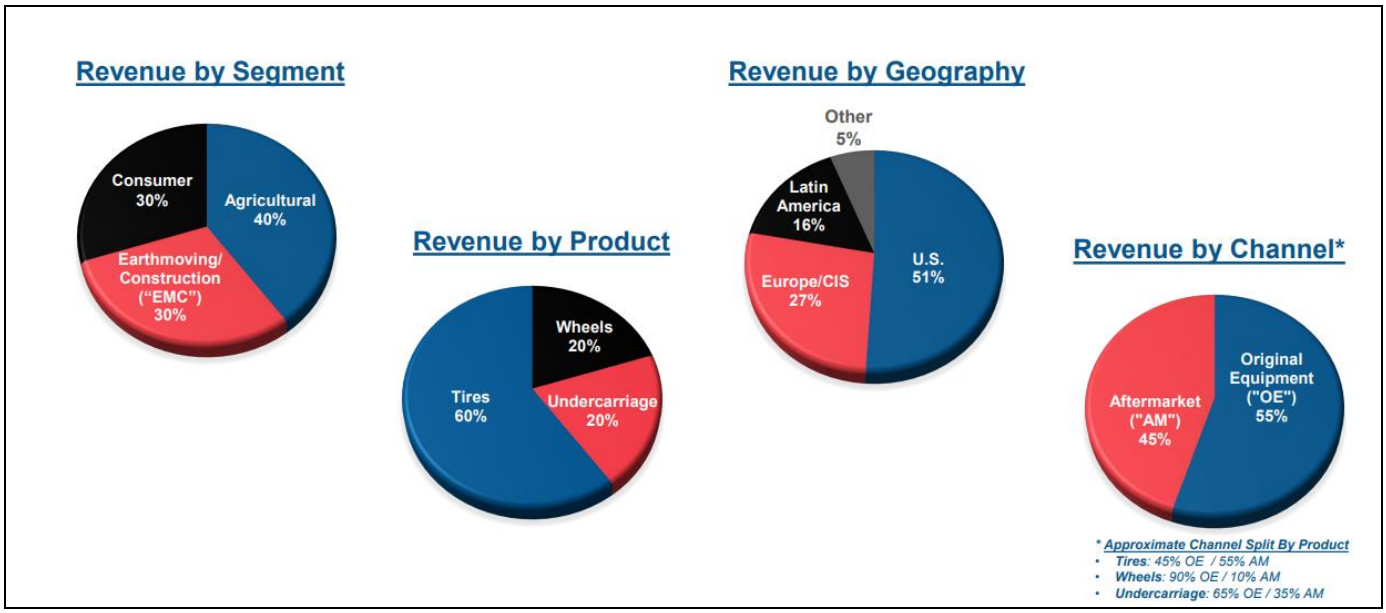
Segment Results

The Agricultural segment showed a sales decline of 17.5% with sales of $197.8 million compared to $239.7 million in the prior year period. The sales decline was primarily driven by lower global demand for agricultural equipment, particularly in North America and Europe. This was a result of lower farm income,

higher financing costs, and actions taken by OEM customers to reduce elevated inventory levels in their retail channels. Agricultural gross profits declined to $24.5 million from $40.6 million and gross margins decreased to 12.4% from 16.9%. The decline in gross profit was attributed to reduced sales volume, lower fixed cost leverage, and higher material costs.

The Earthmoving/Construction segment generated revenues of $143.3 million which was a decrease of 13.3% from $165.2 million in the prior year period. The decrease was primarily due to softer demand from its construction end markets in North America and Europe. Gross profits declined to $14.9 million from $23.0 million in the prior year period. Gross margins deteriorated to 10.4% from 13.9% in the prior year period. The decrease in gross profit was attributed to lower sales volume in North America and Europe, reduced fixed cost leverage and higher inflationary costs.

The Consumer segment generated revenues of $149.7 million which was an increase of 93.6% when compared to $77.3 million in the prior year period. The increase was largely attributed to the revenue contribution from Carlstar and was partially offset by lower sales volumes in the Americas due to challenging market conditions. Gross profits increased to $29.3 million from $13.8 million in the prior year period. Gross margins increased to 19.6% from 17.8%. The gross profit and gross margin increases were We believe approximately 75% of Carlstar revenues were in the Consumer segment and 20% in the Agricultural segment with the remaining in the EMC segment.



Source: titan-intl.com

Management Commentary

Relative to other competitors, Titan appears to be better positioned as it pertains to risks from the global tariff situation. There are no other manufacturers in Titan's industry that has the U.S. production capabilities that they have. This could actually benefit the company because many of its competitors have significantly greater exposure to tariffs due to their higher dependence on overseas production, particularly in China. The company is actively assessing the evolving global tariff situation and will make timely decisions on supply chain and production plans that are the result of data driven analysis and the evaluation of longer-term trade policy.

However, constantly evolving trade policies are presenting challenges, especially when it comes to longer-term capital planning for its OEM customers. The company has quality manufacturing assets strategically located in the key markets and they have the ability to geographically match production with sales which is a key competitive advantage for Titan.

Titan CEO Paul Reitz stated, *"At Titan we are proud of our manufacturing capabilities that are strategically located to best serve the needs of our customers and end-users. Regardless of what's going on in the world, we are confident in our strategy and our growth prospects, including new products, further penetration of our leading LSW technology, offering new third party-sourced products, and driving revenue synergies among our segments and product families. Finally, our expanded licensing agreement with Goodyear, which we just announced, helps to complement the above growth initiatives and presents even more opportunities to provide our customers with high quality products that meet end users' needs."*

An important part of the current business dynamic is the expanded aftermarket business, which has been a big positive as it has helped reduce the level of cyclicality across all three reporting segments. The company is believed to have the broadest and best product offerings in its markets, which enables them to build strong relationships with customers, OEMs and in the aftermarket business. As market conditions improve in 2025, we believe Titan can maintain and possibly improve its market share in the industries it serves.

In addition, there are signs that farmer income will increase and remain strong in 2025. This is driven by higher market prices for commodities, particularly corn, and an expectation of higher levels of government support for farmers under the new presidential administration. This would likely lead to the greater ability and willingness to invest in ag related capital equipment.

Another leading factor in the company's positive outlook for 2025 is the current market activity level in Brazil, where Titan maintains a leading position in ag tires. Demand in Brazil for the 1st quarter of 2025 has increased nicely in both OEM and aftermarket channels when compared to the 4th quarter of 2024. This positive news in that region has traditionally been followed by a turnaround in U.S. markets

Industry Outlook

Agriculture - During recent months, agricultural markets in North America and Europe are currently experiencing a significant slowdown in customer demand and this is further exacerbated by the current tariff situation. These tariffs and responses have created uncertainty in the global markets which is impacting farmer sentiments. The agricultural markets in Brazil, a key market for Titan, are seeing early signs of a market recovery as customer demand appears to be growing.

However, the mid to long term global market trends point to population growth, a shift in consumer preference toward higher protein diets, and the pressures to replace an aging large equipment fleet for newer and higher productivity technology. These trends still provide encouragement that market conditions may improve to support renewed and continued demand for the company's products over this time horizon..

Earthmoving/Construction – This segment is affected by many variables, including commodity prices, tariff uncertainties, road construction, infrastructure, government appropriations, housing starts, and other macroeconomic drivers. The construction market is primarily driven by country-specific GDP and the need for infrastructure developments. The earthmoving/construction markets are currently experiencing a slowdown in OEM demand, but the market is expected to stabilize over the mid to long term given the level of mining capital budgets and forecasted GDP growth. The mining industry has experienced growth given the increased demand in natural resources industries. Mineral commodity prices such as gold are at relatively high levels, which also supports the forecasted mid- to long-term growth.

Consumer - This market consists of several distinct product lines within different regions. These products include specialty tires and products under several leading brands, including Carlstar, ITP and Marastar brands within powersports, outdoor power equipment and high-speed trailers. The consumer market also includes light truck tires sold in Latin America and other specialty products, including custom mixing of rubber stock, and train brakes. The consumer segment pace of growth can vary from period to period and is affected by many macroeconomic variables including

inflationary impacts, consumer spending, interest rates, government policies, and uncertainty regarding tariffs. Titan has a manufacturing facility in China and is actively assessing the evolving retaliatory tariff situation and will make timely decisions on supply chain and production plans, which may include re-sourcing products to its factories in the U.S.

Farmer Sentiment

As noted below, sentiment among U.S. farmers plummeted in 2023 and 2024 but surged in October and November of 2024 as it appeared that President Trump would win the November 2024 election.

On December 3, 2024, the Ag Economy Barometer, a survey of 400 farmers in the U.S., skyrocketed in October and November of 2024, on the prospects of a Trump administration restoring the agriculture industry. Apparently, farmers are optimistic about lower tax rates and less environmental regulatory burdens on the agriculture economy in 2025. Also, the desire for capital investment significantly improved alongside a rise in expectations for farm financial performance in 2025.

On the negative side, U.S. farm debt is expected to reach a record in 2024 according to the USDA. Increases in real estate debt have boosted the total, while other debt remains roughly steady. Higher levels of debt repayment are less likely in 2025 as cheaper crops drive down revenue. Rising land values create a cost problem that affects mortgage payments and raises rents for farmers that don't own land.

On January 7, 2025, an updated Ag Economy Barometer report was released. Farmer sentiment slightly weakened in December when compared to the prior two months. There were concerns about the current situation on their farms and U.S. agriculture as the primary driver behind the sentiment decline. However, it was clear that U.S. farmers continued to be more optimistic about the future than they were as recently as September 2024.

Expectations among farmers for more favorable regulatory, estate tax and income tax policies over the next several years explain much of the optimism about the future. However, the possibility that a trade war could break out and have a negative impact on U.S. agricultural exports is a rising concern among farmers.

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On another positive note, equipment currently operating in the field continues to be used and will ultimately need to be replaced. Additionally, as Agriculture OEMs (Deere, Caterpillar, AGCO, etc.) continue to introduce new technologies into their products, the Return on Investment that new equipment can produce, including the latest tire technology, will begin to outweigh the higher financing costs and help drive long term demand.

Resource industries like mining continue to be active as a technology dependent world demands an ever-increasing supply of rare earth elements which should underpin solid demand over the mid to long term.

VPO Technology

On October 15, 2024, the company announced the launch of its Variable Pressure Operation (VPO™) Technology. This new flat-proof technology offers a versatile solution as an alternative to tweel wheels (run flat, airless), and other airless polyurethane spoke wheel options. This technology provides the ability to effectively operate machinery at various inflation pressures, even at zero psi.

The pressure adjustability of VPO Technology allows operators to optimize performance and longevity by adapting the inflation pressure to suit different terrains and applications. With this flat-proof technology, an operator can focus on getting more work done without worrying about flats and related down-time.

Additional features of VPO Technology include:

- Shock-absorbing properties — which minimize whole-body vibration, enhancing operator comfort and reducing fatigue.
- Flat-proof design — unlike traditional bias or radial tires, VPO Technology is specifically designed to be flat-proof or zero psi-capable, which significantly increases durability.
- Closed sidewall — prevents debris from getting stuck between the spokes, eliminating sidewall damage, balance issues, and other handling problems.
- Exceptional reliability — extensive testing has shown that tires equipped with VPO Technology can run for hundreds of miles at 30 mph with zero pressure.
- Built for various applications — allowing operation with or without large attachments while using the same set of tires, unlike other tires that must be changed based on application.

When used with VPO Technology, the new Invictus tread pattern provides:

- Balanced traction
- Self-cleaning capabilities
- Better wet traction
- Improved heat dissipation
- Evenly distributed ground pressure
- Enhanced traction and self-cleaning due to split lugs.
-

LSW Technology

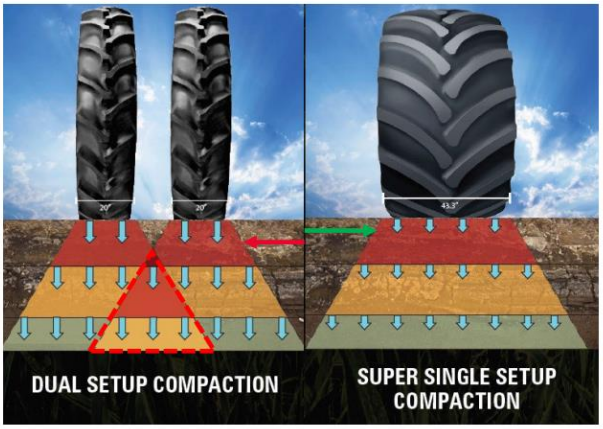
The company's innovative Low-Side Wall ("LSW") wheel/tire assemblies continue to gain traction in the marketplace according to large customers. These farmers have praised the field performance, reduced soil compaction and highlighted fuel savings - which according to their records exceeds the 10% to 15% savings that Titan has stated. A recent company visit saw that all of their major equipment on a 25,000 acre farm is using LSWs.

CEO Paul Reitz stated, *"We are also working on tooling up to add the deep drop wheel to our LSW tires, which will improve field performance even further. The bottom line is that I see a big opportunity ahead of us to educate more end-users that LSW is not just for combines and the largest tractors - the technology also works better on almost every piece of equipment, including* ***mid-size*** *tractors. That market size is easily another* ***25,000*** *new tractors produced annually, so tapping into a fraction of that would move the needle in our sales and EBITDA. There is simply no reason to run duals and we will be increasing our efforts and resources to reach more end-users to create further awareness of the LSW benefits for all sizes of Ag equipment to capture those significant opportunities."*

LSW – Improved Performance vs. Dual Tire Setup

CONVENTIONAL DUALS

- Create deep compaction zones jeopardizing yield potential in pinch rows
- 3-foot wider turning radius vs. LSW Super Singles means higher fuel usage and time required per acre of land and less maneuverability



The diagram on the left demonstrates deep soil compaction in the "pinch row" between tires, a common result of running conventional duals.

Too much soil compaction can stunt plant growth and have a significant impact on yields.

LSW "SUPER SINGLES"

- 40% less inflation pressure vs. conventional duals means less soil compaction and improved crop yields
- Sizeable fuel savings vs. standard duals
- Up to 40% greater ground contact area vs. conventional duals for increased traction
- Superior on road comfort & performance

Source: ir.titan-intl.com/

KEY INVESTMENT POINTS

Source: ir.titan-intl.com/

- Titan International, Inc. (NYSE: TWI) is a global wheel, tire, and undercarriage industrial manufacturer and supplier that services agriculture, construction and consumer customers around the world. Titan produces a broad range of products to meet the specifications of original equipment manufacturers (OEMs) and aftermarket customers in the agricultural, earthmoving/construction, and consumer markets. Titan manufactures and sells tires under the Goodyear Farm Tire, Titan Tire and Voltyre-Prom Tire brands as well as undercarriages and components, including steel tracks, under the ITM brand.

- On February 29, 2024, the company acquired Carlstar Group LLC for approximately $296 million. The acquisition had added significant diversity to the company's product lines and the acquisition is expected to be accretive in the first full year of operations.

- The Agricultural segment manufactures and markets wheels, tires, and components used on various agricultural equipment such as tractors, combines, skidders, plows, planters, and irrigation equipment. This segment comprises approximately 45% of consolidated revenues.

- The Earth Moving / Construction segment manufactures undercarriage systems and related components as well as wheels and tires for various types of off-the-road vehicles and equipment

such as skid steers, aerial lifts, cranes, graders and levelers, scrapers, dump trucks and crawler tractors. This segment comprises approximately 30% of consolidated revenues.

- The Consumer segment manufactures bias truck tires and light truck tires outside of the US, customer mixing of rubber stock in the US, and high speed brakes in Europe. The company also offers various tire products to vehicle and equipment types such as ATVs, side-by-sides, rock climbers, turf, and lawn and garden equipment. After the acquisition of Carlstar, this segment comprised approximately 25% of consolidated revenues.

- The company has very longstanding and developed relationships with global OEMs such as Deere & Co, Caterpillar Inc., AGCO Corporation, Hitachi Ltd, and Kubota Corporation. The company's products are in high demand due to population growth and the increased food demand as a greater portion of the 3rd world population rises out of poverty. Also, global infrastructure is aging and in need of upgrading which creates demand for construction and earthmoving equipment.

- The company has undergone strategic actions in recent years including optimizing the product portfolio, investing in operational efficiencies, and enhancing working capital management. This is expected to increase baseline gross margins over time.

- The company continues to maintain a safe and liquid balance sheet with cash of $174.40 million and total debt of $585.4 million as of 3/31/25. Working capital was net positive at $571.4 million at the end of the quarter.

- TWI stock is selling at low valuation levels relative to its peers in the agriculture and construction space. We believe TWI stock is worth **$16.00** based on a conservative discounted cash flow (DCF) calculation and a peer multiple comparison.

OVERVIEW



Source: ir.titan-intl.com/

Titan International, Inc. is a global wheel, tire, and undercarriage industrial manufacturer and supplier that primarily serves agriculture and construction customers in both the U.S. and international markets. Titan traces its roots to the Electric Wheel Company in Quincy, Illinois, which was founded in 1890.

Titan manufactures wheels, tires, and components for use on various agricultural equipment such as tractors, combines, skidders, plows, planters, and irrigation equipment. These products are sold primarily to large equipment manufacturers such as Deere, CNH, and AGCO.

Titan also manufactures undercarriage systems, tires and wheels for various types of Off-The-Road (OTR) earthmoving, mining, military, construction, and forestry equipment. This includes equipment such

as skid steers, aerial lifts, cranes, graders and levelers, scrapers, self-propelled shovel loaders, articulated dump trucks, load transporters, haul trucks, backhoe loaders, and hydraulic excavators.

In addition, Titan manufactures bias truck tires in Latin America and also offers select products for ATVs, side-by-sides, rock climbers, turf, and other products for the lawn and garden segment. The focus for future growth in this segment will be the development of third-party customer mixing of rubber stock which has strong market potential and has a higher margin profile.

The company has undergone a strategic transformation over the past four years in which EBITDA has increased from $38 million in 2019 to over $200 million in 2023. The leverage ratio has decreased from 11.5x in 2019 to approximately 2.0x currently. This transformation included optimizing the product portfolio, selling underperforming assets, strengthening the supply chain, and new product innovation.

The company is experiencing strong secular tailwinds driven by strong agricultural and commodity demand, replacement cycles in agriculture and construction equipment, improving farmer income, and increased infrastructure spending by governments around the world.

As of the end of 2023, the company employed approximately 8,300 people worldwide, including approximately 4,284 located outside the U.S. Approximately 30% of these employees based in the U.S. are covered under collective bargaining agreements which expire on November 26, 2028.

Carlstar Acquisition

On February 29, 2024, Titan announced the acquisition of Carlstar Group LLC for approximately $296 million in a transaction consisting of cash and stock, which closed on the same day. The transaction price represents a multiple of approximately 4x Carlstar's full year 2023 adjusted EBITDA of $73 Million and is expected to be immediately accretive to earnings per share and operating margins in 2024.

Carlstar is a global manufacturer and distributor of specialty tires and wheels for a variety of end-market verticals including outdoor power equipment, power sports, trailers, and small to midsize agricultural and construction equipment. Carlstar operates three manufacturing facilities in the U.S. and one in China. Carlstar also internally manages twelve distribution facilities on a global basis. Carlstar's total 2023 revenues were approximately $615 million.

Carlstar brings significant new customer relationships in multiple channels, including leading wholesale distributors, national retailers, commercial servicing dealers, and OEMs. The acquisition adds further diversification to Titan's product portfolio, especially in outdoor power equipment, power sports and high-speed trailers, where Titan does not currently have a presence.

The combination of Titan and Carlstar will create what the company believes to be the largest pure play specialty tire manufacturer covering commercial and consumer end markets. Carlstar expands Titan's existing wheel/tire assembly capabilities, providing further value for existing and new customers.
The acquisition also adds four manufacturing facilities - Aiken, SC; Jackson and Clinton, TN; and Meizhou, China – along with twelve internally managed distribution centers in North America and Europe.

PRODUCT DESCRIPTIONS

Agricultural Segment

Titan manufactures wheels, tires, and components for use on various agricultural equipment such as tractors, combines, skidders, plows, planters, and irrigation equipment. These products are sold directly to OEMs such as Deere, CNH, and AGCO and to the aftermarket as well as through distributors, dealers, and Titan’s distribution centers.

The wheels range in diameter from nine inches to 54 inches, with the 54-inch diameter being the largest agricultural wheel manufactured in North America. Basic wheel configurations are combined with different variations such as different centers and a wide range of material thickness, which allows the company to offer a broad line of products to meet customer specifications. Titan's agricultural tires range from approximately one foot to approximately seven feet in outside diameter and from five inches to 55 inches in width. Tires are sold under the Titan, Goodyear, and Votyre brands with a full portfolio of sizes, load carrying capabilities, and tread patterns necessary for the markets served. The company offers the added value of delivering a complete wheel and tire assembly to OEM and aftermarket customers.



Source: titan-intl.com

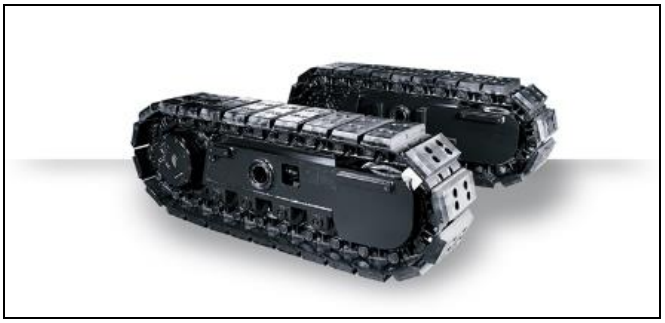
Specific business drivers in this segment include strong retail demand due to replacement needs for aging equipment fleets, strong North American farmer sentiment, and net farm income well above historical levels due to high crop prices. In Europe, pent-up demand levels provide support into 2024 and beyond. The Latin American market remains strong with a significant runway for continued growth due to low inventory levels and positive trends for the global agricultural economy in that region.

Durning the 1st quarter of 2025, the agricultural segment represented 40.3% of total sales and 47.4% of segment operating income.

Earth Moving / Construction Segment

Source: titan-intl.com

The largest product set in this segment (approximately 60% of revenues) are undercarriage components such as track groups, track and carrier rollers, idler assemblies, and sprockets which are sold under the ITM brand. These products serve a full range and lifecycle of applications for crawling machines primarily in the construction, mining, forestry, road building and agriculture industries. The company has a significant blue-chip OEM customer base in this product line as well as strong relationships in mining aftermarket channels and is expanding into forestry markets.

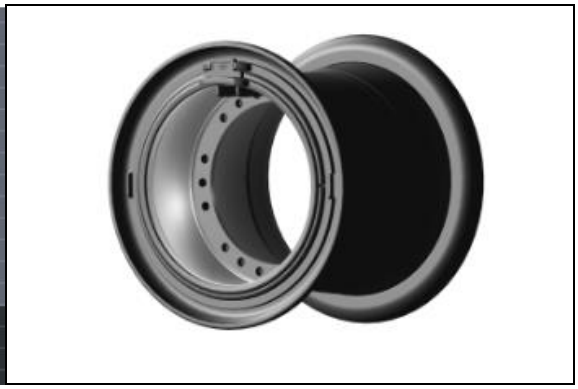
Source: titan-intl.com

Revenues for undercarriage components are approximately 70% OEM and 30% after-market. All tractor type track groups (up to 250 ton class) produced by the company are built from five major parts: shoes, right and left hand links, pins, bushings and bolts and nuts.

Also in the EMC segment, Titan manufactures wheels and tires for various types of OTR earthmoving, mining, military, construction, and forestry equipment. This equipment includes skid steers, aerial lifts, cranes, graders and levelers, scrapers, self-propelled shovel loaders, articulated dump trucks, load transporters, haul trucks, and backhoe loaders.

The company offers a wide range of products in this segment with wheels ranging in diameter from 15 to 63 inches and in weight from 125 pounds to 7,000 pounds. The 63-inch diameter wheel is the largest manufactured for the global earthmoving/construction market. Titan's earthmoving/construction tires are offered in the Titan brand and range from approximately three feet to approximately 13 feet in outside diameter and in weight from 50 pounds to 12,500 pounds. Earthmoving/construction tires produced by Titan serve almost every off-road application in the industry with some of the highest load requirements in the most severe environments and applications.





Source: titan-intl.com

Key drivers in this segment include high levels of construction demand driven by road construction, infrastructure upgrades, government appropriations, and housing starts. The Construction and Earthmoving markets are in a good position for growth due to expected low inventory levels, solid non-residential construction and mineral commodity prices at relatively high levels.

Durning the 1st quarter of 2025, the EMC segment represented 29.2% of total sales and 8.4% of segment operating income.

Consumer Segment

Titan manufactures bias truck tires outside of the U.S. and also manufactures select products for ATVs, side-by-sides, rock climbers, turf, and also offers products in the lawn and garden segment. This segment also includes sales that do not fall into the other segments, such as custom rubber stock mixing

sales to a variety of OEMs in related industries. After the acquisition of Carlstar, this segment also includes outdoor power equipment such as lawn mowers and utility task vehicles (UTV).

Durning the 1st quarter of 2025, the EMC segment represented 30.5% of total sales and 44.2% of segment operating income. The consumer segment has higher gross margins than the other two operating segments.

RISKS

- The company's business is exposed to price fluctuations of key commodities such as steel, natural rubber, synthetic rubber, carbon black, bead wire, and fabric. The company does not generally enter into long-term commodity contracts and does not use derivative commodity instruments to hedge exposures to market price fluctuations. The business is also susceptible to increases in other costs such as energy and natural gas prices to run manufacturing facilities.

- The company's revenues are substantially dependent on three major industries: agricultural equipment, earthmoving/construction equipment, and consumer products. The business activity levels in these industries are subject to specific industry and general economic cycles. Any downturn in these industries or the general economy could have a material adverse effect on Titan's business.

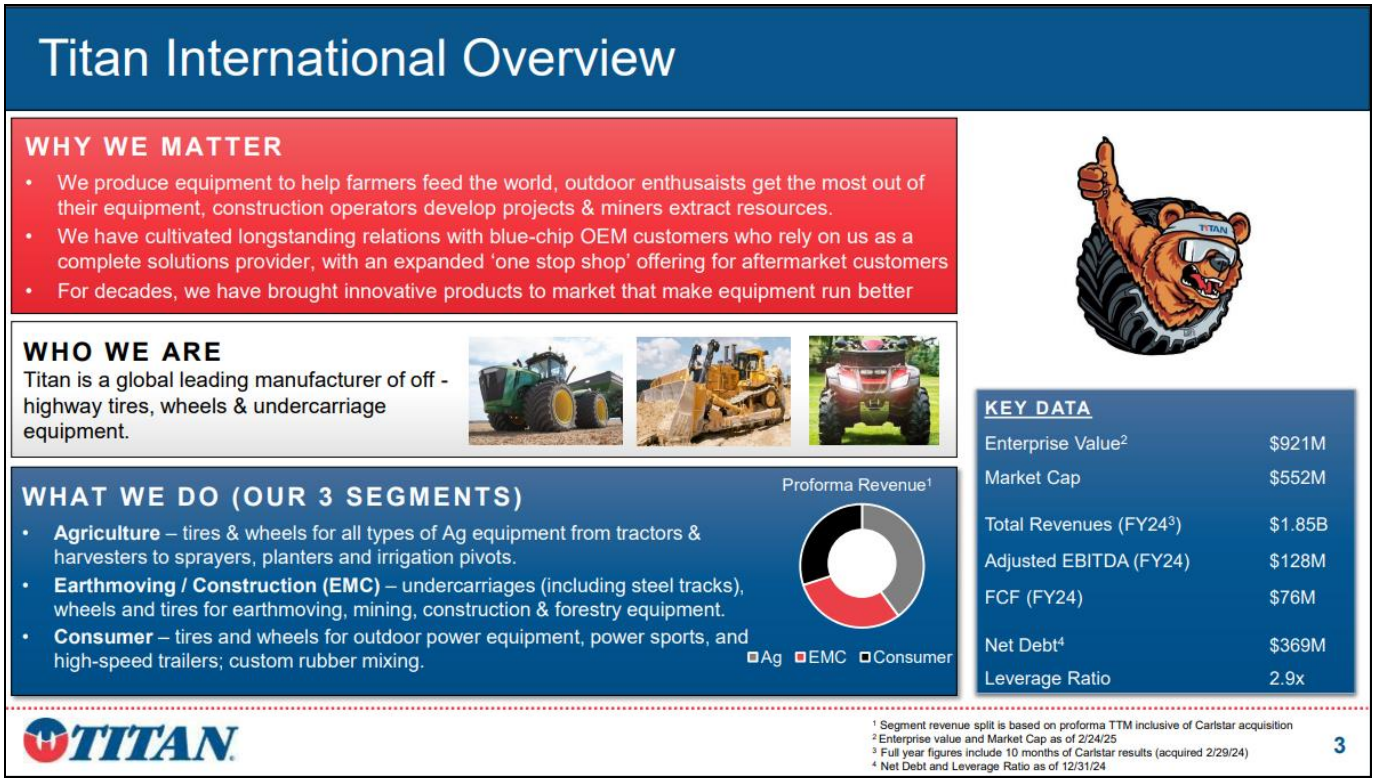
- The company's customer base is relatively concentrated and its ten largest customers, which are primarily original equipment manufacturers (OEMs), accounted for 40%, 43%, and 40% of Titan's net sales for 2023, 2022, and 2021, respectively. Sales to Deere & Company represented 13%, 15%, and 12% of Titan's net sales for 2023, 2022, and 2021 respectively.
- On April 2, 2025, the government issued a series of reciprocal tariffs affecting the importing of goods into the U.S from approximately 185 foreign countries. While the imposition of these tariffs is fluid and changing, the tariffs affect a substantial portion of Titan's supply chain and could materially impact the company's financial performance by the following:
    1. Increased Costs
    2. Supply Chain Disruptions
    3. Market Uncertainty
    4. Mitigation Strategies

SUMMARY

We believe Titan has the potential to generate substantial levels of free cash flow in upcoming years as secular tailwinds continue to drive revenue growth. A continued focus on operational efficiencies has the potential to increase margins going forward. In addition, the company may also be able to enhance shareholder value through selective, value-added acquisitions. Despite the difficult cyclical trough the industry is currently in, the company continues to generate free cash flow.

The company has longstanding and established relationships with global OEMs such as Deere & Co, Caterpillar Inc., AGCO Corporation, Hitachi Ltd, and Kubota Corporation which provide a relatively stable source of long-term revenues. The company's recent acquisition of Carlstar appears to be a transformative transaction which will diversify the company's products lines significantly and reduce some of the inherent cyclicality of the agricultural and construction markets.

The company's current stock price does not likely reflect that potential level of profitable growth going forward and we believe the stock is undervalued at this time, particularly when compared to competitors. We believe multiple valuation methodologies support our DCF valuation which provides a target price of **$16.00** per share.



Source: titan-intl.com

PROJECTED ANNUAL INCOME STATEMENT

Income Statement	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26
Net Sales	**2,169,380**	**1,821,800**	**1,845,937**	**1,893,950**	**2,023,914**
Growth	*21.9%*	*-16.0%*	*1.3%*	*2.6%*	*6.9%*
Cost of Goods Sold	**1,765,923**	**1,473,517**	**1,527,431**	**1,561,031**	**1,658,031**
%	*81.4%*	*80.9%*	*82.7%*	*82.4%*	*81.9%*
Depreciation & Amort	**42,747**	**42,434**	**60,704**	**64,443**	**64,443**
Gross Profit	**360,710**	**305,849**	**257,802**	**268,476**	**301,441**
Margin	*16.6%*	*16.8%*	*14.0%*	*14.2%*	*14.9%*
SG&A Expenses	**132,792**	**133,301**	**191,794**	**200,960**	**204,630**
% of sales	*6.1%*	*7.3%*	*10.4%*	*10.6%*	*10.1%*
Research & Development	**10,404**	**12,539**	**16,520**	**17,012**	**18,179**
% of sales	*0.5%*	*0.7%*	*0.9%*	*0.9%*	*0.9%*
Royalty Expenses	**11,712**	**9,645**	**10,108**	**9,320**	**9,786**
% of sales	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*
Other	**0**	**0**	**6,196**	**0**	**0**
% of sales	*0.0%*	*0.0%*	*0.3%*	*0.0%*	*0.0%*
Operating Income	**205,802**	**150,364**	**33,184**	**41,184**	**68,845**
Margin	*9.5%*	*8.3%*	*1.8%*	*2.2%*	*3.4%*
Adjusted EBITDA	**252,969**	**205,229**	**128,108**	**108,780**	**133,288**
Margin	*11.7%*	*11.3%*	*6.9%*	*5.7%*	*6.6%*
Other Expenses/(Income)	**(26,347)**	**(5,774)**	**(6,097)**	**(9,374)**	**(2,456)**
%	*-1.2%*	*-0.3%*	*-0.3%*	*-0.5%*	*-0.1%*
EBIT	**232,149**	**156,138**	**39,281**	**50,558**	**71,301**
%	*10.7%*	*8.6%*	*2.1%*	*2.7%*	*3.5%*
Total Interest Exp (net)	**29,796**	**18,785**	**31,000**	**35,385**	**29,031**
%	*1.4%*	*1.0%*	*1.7%*	*1.9%*	*1.4%*
Net Profit Before Tax	**202,353**	**137,353**	**8,281**	**15,173**	**42,271**
%	*9.3%*	*7.5%*	*0.4%*	*0.8%*	*2.1%*
Income Tax	**23,167**	**32,580**	**11,861**	**14,894**	**14,795**
% Effective Rate	*11.4%*	*23.7%*	*143.2%*	*98.2%*	*35.0%*
% Cash Tax Rate					
Minority Interests or Preferred Stock	**2,884**	**4,956**	**1,970**	**671**	**671**
Net Profit	**176,302**	**99,817**	**(5,550)**	**(392)**	**26,805**
%	*8.1%*	*5.5%*	*-0.3%*	*0.0%*	*1.3%*
Non-recurring income (expense)	(36,117)	(24,140)	(23,305)		
Average Diluted Shares Outstanding	63,691	62,961	68,662	63,599	63,599
Reported FD EPS					
Zacks EPS	**2.21**	**1.59**	**0.26**	**(0.01)**	**0.42**

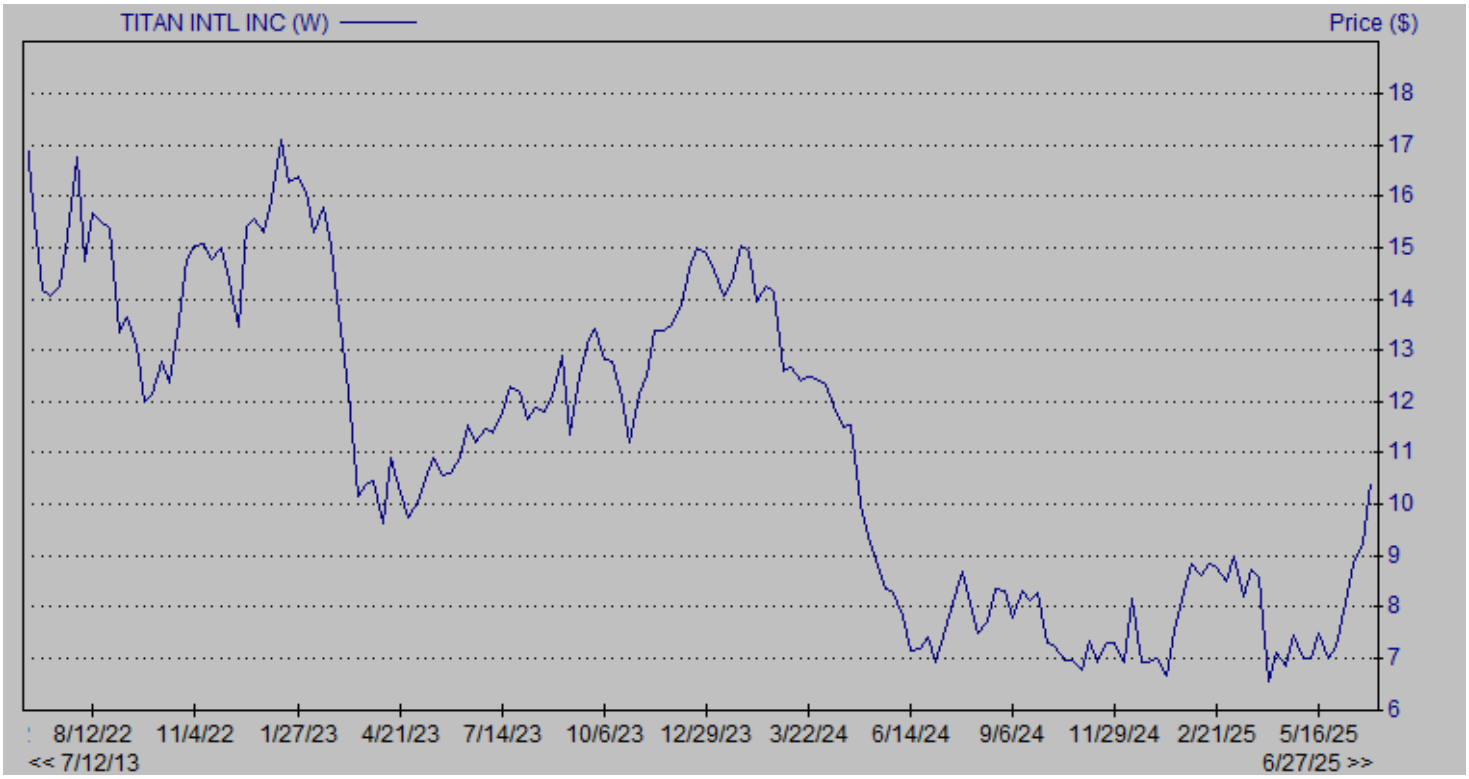
Source: Zacks analyst
Zacks EBITDA may not match Titan EBITDA

PROJECTED QUARTERLY INCOME STATEMENT

Income Statement	Q1/25A	Q2/25E	Q3/25E	Q4/25E
Net Sales	**490,708**	**468,753**	**473,487**	**461,002**
Cost of Goods Sold	**406,193**	**386,252**	**388,260**	**380,326**
%	*82.5%*	*82.4%*	*82.0%*	*82.5%*
Depreciation	**15,871**	**16,030**	**16,190**	**16,352**
Gross Profit	**68,644**	**66,471**	**69,038**	**64,323**
%	*14.0%*	*14.2%*	*14.6%*	*14.0%*
SG&A Expenses	**49,855**	**49,855**	**51,200**	**50,050**
%	*10.2%*	*10.6%*	*10.8%*	*10.9%*
Research & Development	**4,544**	**4,118**	**4,300**	**4,050**
%	*0.9%*	*0.9%*	*0.9%*	*0.9%*
Royalty Expenses	**2,446**	**2,319**	**2,266**	**2,289**
%	*0.5%*	*0.5%*	*0.5%*	*0.5%*
Other	**0**	**0**	**0**	**0**
%	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Operating Income	**11,799**	**10,179**	**11,272**	**7,935**
%	*2.4%*	*2.2%*	*2.4%*	*1.7%*
Adjusted EBITDA	**30,823**	**26,208**	**27,462**	**24,287**
%	*6.3%*	*5.6%*	*5.8%*	*5.3%*
Other Expenses/(Income)	**(1,988)**	**(2,386)**	**(2,863)**	**(2,138)**
%	*-0.4%*	*-0.5%*	*-0.6%*	*-0.5%*
EBIT	**13,787**	**12,564**	**14,134**	**10,072**
%	*2.8%*	*2.7%*	*3.0%*	*2.2%*
Total Interest Exp. (net)	**9,535**	**8,850**	**8,500**	**8,500**
%	*1.9%*	*1.9%*	*1.8%*	*1.8%*
Net Profit Before Tax	**4,252**	**3,714**	**5,634**	**1,572**
%	*0.9%*	*0.8%*	*1.2%*	*0.3%*
Income Tax	**4,230**	**3,677**	**5,494**	**1,494**
% Effect Rate	*99.5%*	*99.0%*	*97.5%*	*95.0%*
Minority Interest & Preferred Stock	**671**	**0**	**0**	**0**
Net Profit	**(649)**	**37**	**141**	**79**
%	*-0.1%*	*0.0%*	*0.0%*	*0.0%*
Non-recurring income (expense)				
Shares Outst.	63,283	63,704	63,704	63,704
Reported FD EPS				
Fully Diluted Adjusted EPS	**(0.01)**	**0.00**	**0.00**	**0.00**

Source: Zacks analyst
Zacks EBITDA may not match Titan EBITDA

HISTORICAL STOCK PRICE


TITAN INTL INC (W)
Price ($)
18
17
16
15
14
13
12
11
10
9
8
7
6
8/12/22
11/4/22
1/27/23
4/21/23
7/14/23
10/6/23
12/29/23
3/22/24
6/14/24
9/6/24
11/29/24
2/21/25
5/16/25
<< 7/12/13
6/27/25 >>

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