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Zacks Small-Cap Research

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Tom Kerr
312-265-9417
tkerr@zacks.com

scr.zacks.com 101 N. Wacker Drive, Chicago, IL 60606

Titan International Inc. (NYSE: TWI)

TWI: Titan International reports 2nd quarter 2025 financial and operating results. The company discusses the effects of global tariffs on its business.

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 (8/1/25)	$8.61
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	**$10.94**
52-Week Low	**$5.93**
One-Year Return (%)	**0.12**
Beta	**1.95**
Average Daily Volume (sh)	**559,014**
Shares Outstanding (mil)	**63.7**
Market Capitalization ($mil)	**$540.2**
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	**29.2**

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	461 A	472 E	429 E	1,853 E
2026					1,891 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	-$0.07 A	-$0.05 E	-$0.16 E	-$0.29 E
2026					$0.29 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.

WHATS NEW

2nd Quarter 2025 Financial Results

Titan International continues to effectively manage global macroeconomic challenges such as tariff risks and interest rates that remain at stubbornly high rates. During the quarter, the company was able to improve gross margins and EBITDA margins in each segment on a sequential basis. The company remains confident that wheel and tire inventories throughout the chain are reaching low enough levels where order increases may be coming this year..

In the 2nd quarter of 2025, adjusted EBITDA was $30.1 million compared to $30.8 million in the 1st quarter of 2025.

Net sales for the 2nd quarter of 2025 were $460.8 million, compared to $490.7 million in the 1st quarter of 2025. The company continues to experience a slowdown in the Ag and EMC segments and also saw substantial sales declines in its Consumer segment.

	Agricultural	Earthmoving/Construction	Consumer	Total
Three months ended June 30, 2025				
Wheels and Tires [including assemblies]	$ 182,858	$ 54,138	$ 107,561	$ 344,557
Undercarriage systems and components	10,365	98,209	7,699	116,273
Total	$ 193,223	$ 152,347	$ 115,260	$ 460,830

Source: titan-intl.com

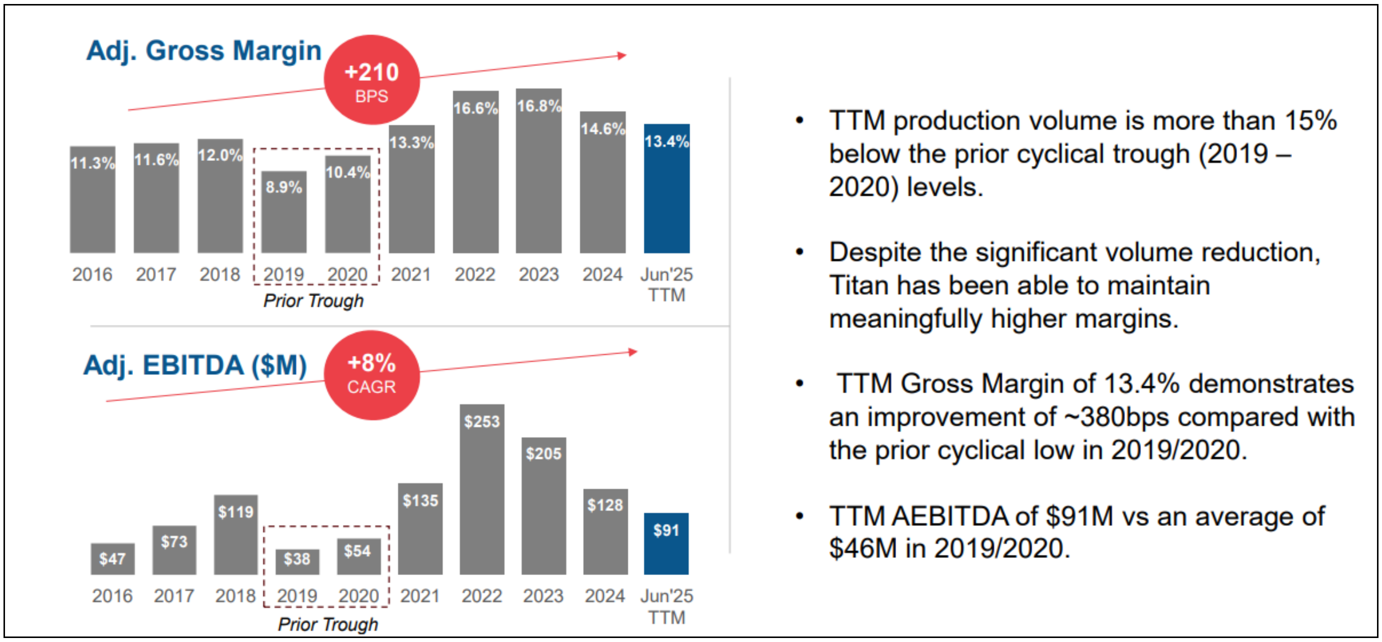
Gross profit in the 2nd quarter was $69.3 million (*15.0% gross margin*), compared to gross profit of $80.5 million (*15.1% gross margin*) in the prior year period. The 2nd quarter gross margin improved from the 1st quarter of 2025 which was 14.0%. The declines in gross profit were primarily due to significantly lower volumes that affected fixed cost leverage across most of the company's global production facilities.

Operating Income for the 2nd quarter was $10.2 million, compared to operating income of $11.8 million In the 1st quarter of 2025. The decline was due to high inflationary costs and higher employee costs.

Three months ended June 30, 2025	Agricultural	Earthmoving/ Construction	Consumer	Corporate/ Unallocated Expenses	Consolidated Totals
Net sales	$ 193,223	$ 152,347	$ 115,260	$ —	$ 460,830
Gross profit	28,280	17,474	23,519	—	69,273
Profit margin	14.6 %	11.5 %	20.4 %	—	15.0 %
Income (loss) from operations	11,453	2,994	3,230	(7,517)	10,160
Three months ended June 30, 2024					
Net sales	$ 216,330	$ 165,564	$ 150,276	$ —	$ 532,170
Gross profit	32,303	21,299	26,840	—	80,442
Profit margin	14.9 %	12.9 %	17.9 %	—	15.1 %
Income (loss) from operations	15,772	7,047	6,449	(6,946)	22,322

Source: titan-intl.com

The company continues to maintain a safe and liquid balance sheet with cash of $184.7 million and total debt of $585.7 million as of 6/30/25. Working capital was net positive at $594.6 million at the end of the quarter. The trailing 12-month leverage ratio at quarter-end was 4.4x. We believe this may be the peak leverage ratio as we expect positive free cash flow for the rest of 2025.



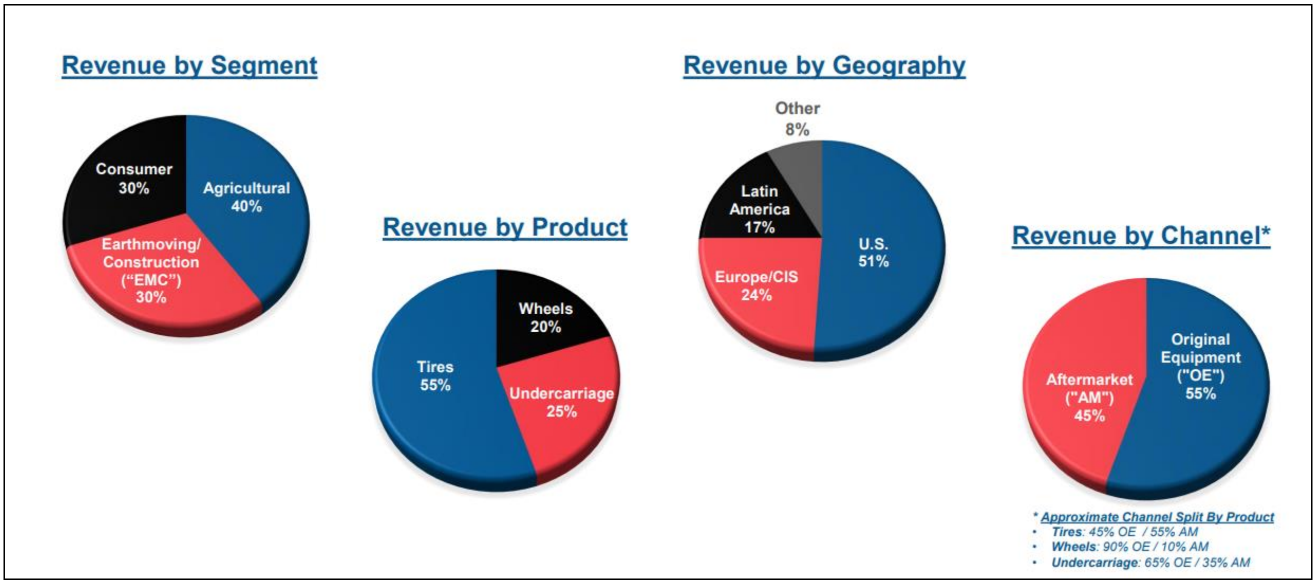
Source: titan-intl.com

Segment Results

The Agricultural segment showed a sales decline of 10.7% with sales of $193.2 million compared to $216.3 million in the prior year period. The decline in sales was primarily driven by a big reduction in global demand for agricultural equipment, particularly in North America and Europe. This was caused by lower farm income, higher financing costs, and inventory reduction efforts by OEM customers. Agricultural gross profits declined to $28.3 million from $32.2 million and gross margins decreased to 14.6% from 14.9%. However, gross margins increased sequentially from 12.4% in the 1st quarter of 2025.

The Earthmoving/Construction segment generated revenues of $152.4 million which was a decrease of 8.0% from $165.6 million in the prior year period. The sales decline was primarily due to lower sales volumes in North America and the undercarriage business which reflects a slowdown in demand from construction OEM customers. Gross profits declined to $17.5 million from $21.3 million in the prior year period. Gross margins deteriorated to 11.5% from 12.9% in the prior year period. However, gross margins increased sequentially from 10.4% in the 1st quarter of 2025.

The Consumer segment generated revenues of $115.3 million which was a decrease of 23.3% when compared to $150.7 million in the prior year period. The decline was primarily due to the impact of tariffs in the Titan Specialty business, which caused a slowdown that the company anticipates will be temporary. Also contributing were lower sales volumes in the Americas region of the legacy Titan business, which reflects challenging market conditions and reduced demand from OEM customers due to economic pressures such as inflation and higher financing costs. The company indicated they have seen a rebound in the Consumer segment in July 2025. Gross profits declined to $23.5 million from $26.8 million in the prior year period. Gross margins increased to 20.4% from 17.9% in the prior year period. However, gross margins increased sequentially from 19.4% in the 1st quarter of 2025.



Source: titan-intl.com

Management Commentary

Paul Reitz, President and Chief Executive Officer stated, “*Our One Titan team continued to execute, enabling the Company to report revenues and Adjusted EBITDA within our guidance range, as well as positive free cashflow for the quarter. Overall conditions in our end markets are currently defined primarily by the impact of higher interest rates and tariff uncertainty. On a longer-term basis, we are encouraged by the broad support the recently passed legislation included for farmers.”*

Mr. Reitz continued, "*Among the highlights from our second quarter, we were able to maintain gross and EBITDA margins which continued to be meaningfully above where they were during the last cyclical trough. We also continued to focus on expanding our reach via our one-stop-shop strategy and our focus on innovation, and we expect those efforts to help drive growth when broad-based industry demand resumes. In the near term, we remain confident that wheel and tire inventories throughout the chain are reaching levels where the only path forward is up. We are well-positioned as a leader in our industry and fully expect to see improving financial results as macro tailwinds begin to emerge."*

Industry Outlook

Agriculture - The agricultural market is influenced by commodity prices, farmer income, and other factors. While prices are below historic highs, net farmer income is expected to rise due to increased domestic subsidies. In North America and Europe, customer demand has slowed, worsened by global tariffs and resulting uncertainty, which has hurt farmer sentiment. Conversely, South America, in particular Brazil, is showing early signs of recovery with improving demand.

Despite market challenges, Titan benefits from strategically located manufacturing across key regions. Long-term trends such as population growth, rising demand for protein, and the need to replace aging equipment suggest potential for renewed demand. Still, many variables such as weather, commodity price volatility, used equipment demand, export markets, currency fluctuations, interest rates, and shifting government policies could significantly impact Titan’s Ag segment market performance.

Earthmoving/Construction – This segment is influenced by factors such as commodity prices, tariffs, infrastructure spending, housing starts, and broader economic conditions. Construction demand is tied to GDP and infrastructure needs. While OEM demand in the construction and earthmoving sectors has slowed, the market is expected to stabilize mid to long term, supported by mining investment and GDP growth. The mining sector is growing, driven by high demand for natural resources and strong mineral prices, including gold.

Consumer - This segment includes diverse product lines across regions, featuring specialty tires and products under brands like Carlstar, ITP, and Marastar for powersports, outdoor power equipment, and high-speed trailers. It also includes light truck tires in Latin America and other specialty items like custom rubber mixing and train brakes. Growth in this segment varies and is influenced by macroeconomic factors such as inflation, consumer spending, financing costs,, government policies, and tariff uncertainty. Titan operates a manufacturing facility in China and is closely monitoring tariff developments, with plans to adjust its supply chain and potentially shift production to U.S. facilities.

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 431% in the 2^{nd} quarter of 2025 and we believe taxes paid in the 3^{rd} and 4^{th} quarter of 2025 will be similar to the 2^{nd} quarter.

We are lowering our estimates slightly based on the business environment mentioned above and management commentary. The company provided preliminary 3rd quarter 2025 guidance which included revenues between $450 million and $475 million and Adjusted EBITDA between $25 million and $30 million.

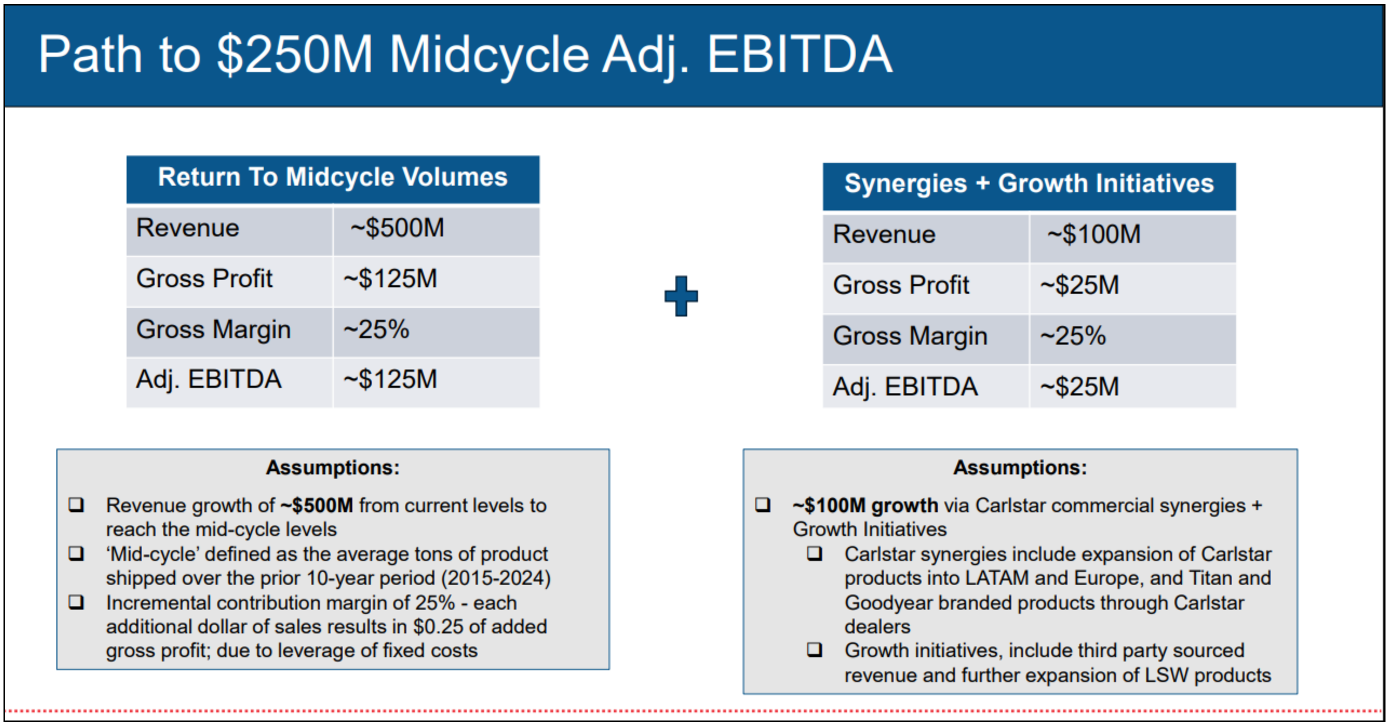
We believe the company will generate net losses over the next 2 quarters of 2025 due to the factors mentioned above. Our EPS estimates are adjusted to ($0.05) for the 3^{rd} quarter of 2025 and ($0.16) for the 4^{th} quarter. We update our 2025 full year EPS estimate to ($0.29) per diluted share. Our 2026 EPS estimate is $0.29. Our 2025 Adjusted EBITDA estimate is approximately $106.3 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 middle to 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.



Path to $250M Midcycle Adj. EBITDA

Return To Midcycle Volumes	
Revenue	~$500M
Gross Profit	~$125M
Gross Margin	~25%
Adj. EBITDA	~$125M

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Synergies + Growth Initiatives	
Revenue	~$100M
Gross Profit	~$25M
Gross Margin	~25%
Adj. EBITDA	~$25M

Assumptions:

- Revenue growth of **~$500M** from current levels to reach the mid-cycle levels
- 'Mid-cycle' defined as the average tons of product shipped over the prior 10-year period (2015-2024)
- Incremental contribution margin of 25% - each additional dollar of sales results in $0.25 of added gross profit; due to leverage of fixed costs

Assumptions:

- **~$100M growth** via Carlstar commercial synergies + Growth Initiatives
  - Carlstar synergies include expansion of Carlstar products into LATAM and Europe, and Titan and Goodyear branded products through Carlstar dealers
  - Growth initiatives, include third party sourced revenue and further expansion of LSW products

Source: titan-intl.com

OTHER RECENT NEWS

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."*

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.

However, 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 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.

<u>VPO Technology</u>

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:

- <u>Shock-absorbing properties</u> — which minimize whole-body vibration, enhancing operator comfort and reducing fatigue.

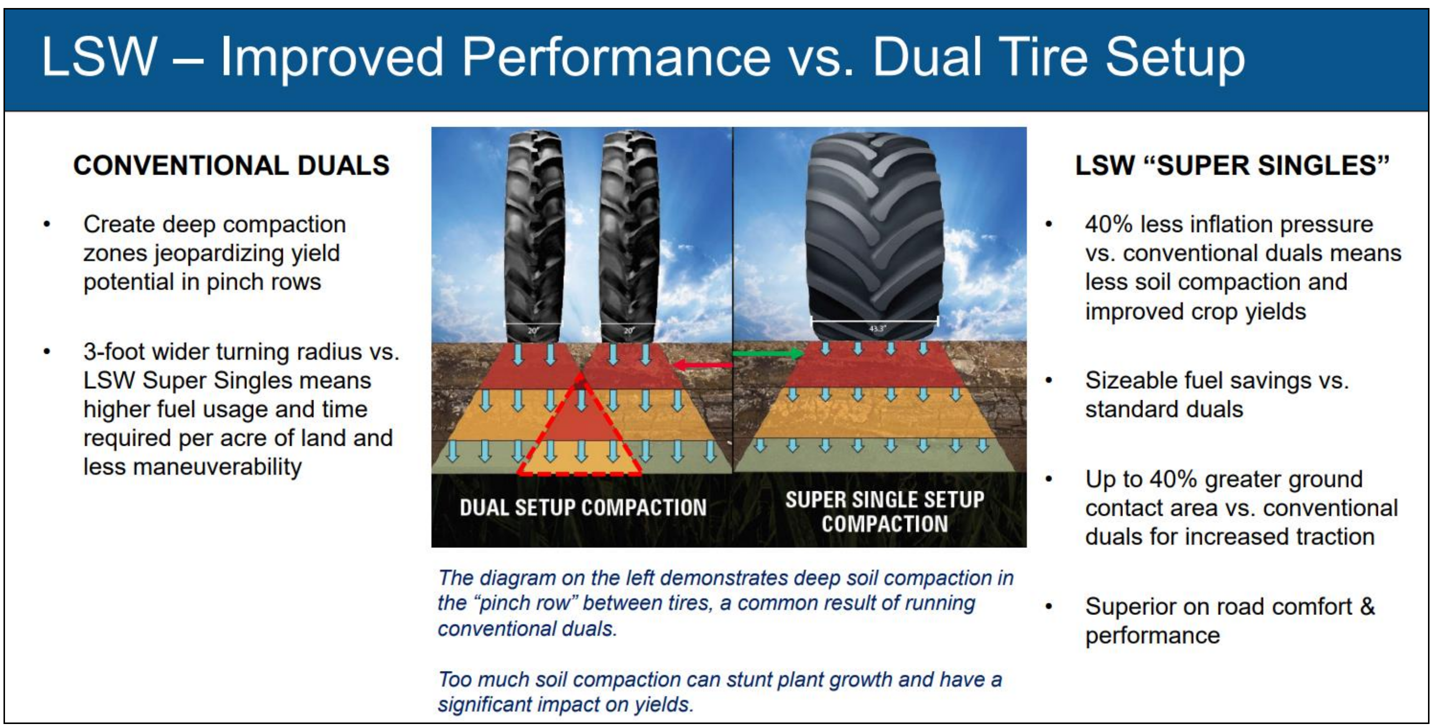
- Flat-proof design — unlike traditional bias or radial tires, VPO Technology is specifically designed to be flat-proof or zero psi-capable, which significantly increases durability.
- Closed sidewall — prevents debris from getting stuck between the spokes, eliminating sidewall damage, balance issues, 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.



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 $184.7 million and total debt of $585.7 million as of 6/30/25. Working capital was net positive at $594.6 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.

<u>Carlstar Acquisition</u>

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.

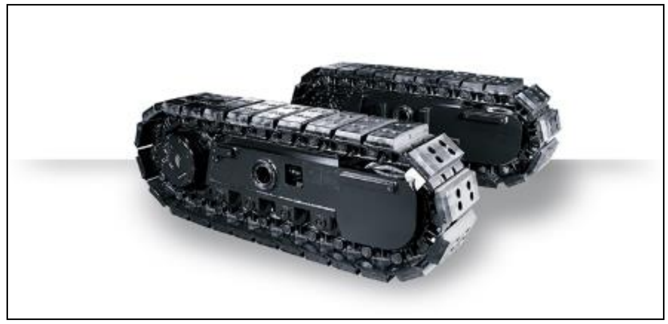
Source: titan-intl.com

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.

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.

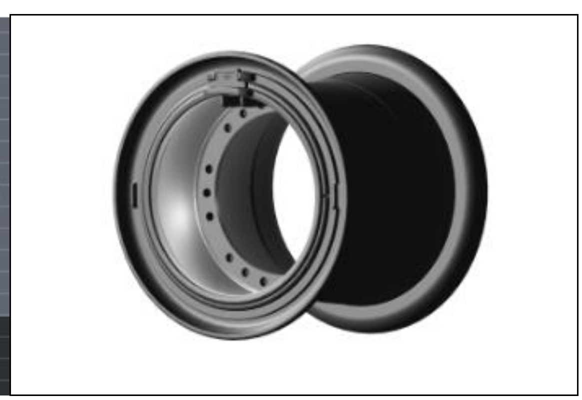


Source: titan-intl.com

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.

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).

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.

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**	**1,853,644**	**1,981,685**
Growth	*21.9%*	*-16.0%*	*1.3%*	*0.4%*	*6.9%*
Cost of Goods Sold	**1,765,923**	**1,473,517**	**1,527,431**	**1,523,001**	**1,618,295**
%	*81.4%*	*80.9%*	*82.7%*	*82.2%*	*81.7%*
Depreciation & Amort	**42,747**	**42,434**	**60,704**	**66,240**	**66,240**
Gross Profit	**360,710**	**305,849**	**257,802**	**264,403**	**297,150**
Margin	*16.6%*	*16.8%*	*14.0%*	*14.3%*	*15.0%*
SG&A Expenses	**132,792**	**133,301**	**191,794**	**204,208**	**208,405**
% of sales	*6.1%*	*7.3%*	*10.4%*	*11.0%*	*10.5%*
Research & Development	**10,404**	**12,539**	**16,520**	**17,235**	**18,426**
% of sales	*0.5%*	*0.7%*	*0.9%*	*0.9%*	*0.9%*
Royalty Expenses	**11,712**	**9,645**	**10,108**	**9,420**	**9,891**
% 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**	**33,540**	**60,429**
Margin	*9.5%*	*8.3%*	*1.8%*	*1.8%*	*3.0%*
Adjusted EBITDA	**252,969**	**205,229**	**128,108**	**106,247**	**126,669**
Margin	*11.7%*	*11.3%*	*6.9%*	*5.7%*	*6.4%*
Other Expenses/(Income)	**(26,347)**	**(5,774)**	**(6,097)**	**(4,464)**	**(2,277)**
%	*-1.2%*	*-0.3%*	*-0.3%*	*-0.2%*	*-0.1%*
EBIT	**232,149**	**156,138**	**39,281**	**38,003**	**62,706**
%	*10.7%*	*8.6%*	*2.1%*	*2.1%*	*3.2%*
Total Interest Exp (net)	**29,796**	**18,785**	**31,000**	**35,958**	**29,031**
%	*1.4%*	*1.0%*	*1.7%*	*1.9%*	*1.5%*
Net Profit Before Tax	**202,353**	**137,353**	**8,281**	**2,045**	**33,676**
%	*9.3%*	*7.5%*	*0.4%*	*0.1%*	*1.7%*
Income Tax	**23,167**	**32,580**	**11,861**	**17,191**	**11,786**
% Effective Rate	*11.4%*	*23.7%*	*143.2%*	*840.4%*	*35.0%*
% Cash Tax Rate	*11.4%*	*23.7%*	*143.2%*	*840.4%*	*35.0%*
Minority Interests or Preferred Stock	**2,884**	**4,956**	**1,970**	**3,503**	**3,503**
Net Profit	**176,302**	**99,817**	**(5,550)**	**(18,649)**	**18,386**
%	*8.1%*	*5.5%*	*-0.3%*	*-1.0%*	*0.9%*
Non-recurring income (expense)	(36,117)	(24,140)	(23,305)		
Average Diluted Shares Outstanding	63,691	62,961	68,662	63,612	63,612
Reported FD EPS	2.77	1.29	(0.08)		
Zacks EPS	**2.21**	**1.59**	**0.26**	**(0.29)**	**0.29**

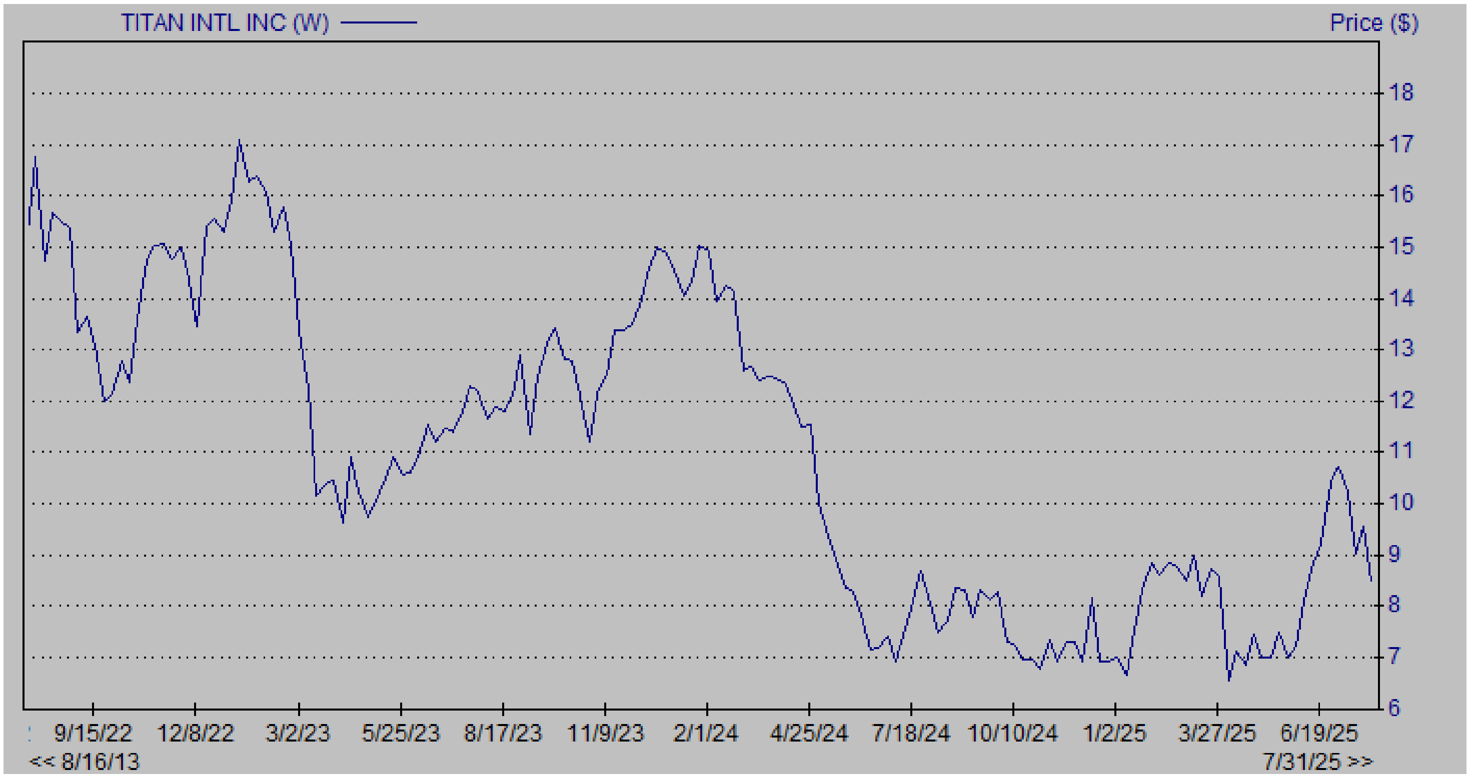
Source: Zacks analyst
Zacks EBITDA may not match Titan EBITDA

PROJECTED QUARTERLY INCOME STATEMENT

Income Statement	Q1/25A	Q2/25A	Q3/25E	Q4/25E
Net Sales	**490,708**	**460,830**	**472,679**	**429,427**
Cost of Goods Sold	**406,193**	**374,934**	**387,597**	**354,277**
%	*82.5%*	*82.4%*	*82.0%*	*82.5%*
Depreciation	**15,871**	**16,623**	**16,789**	**16,957**
Gross Profit	**68,644**	**69,273**	**68,293**	**58,193**
%	*14.0%*	*15.0%*	*14.4%*	*13.6%*
SG&A Expenses	**49,855**	**52,353**	**51,950**	**50,050**
%	*10.2%*	*11.4%*	*11.0%*	*11.7%*
Research & Development	**4,544**	**4,341**	**4,300**	**4,050**
%	*0.9%*	*0.9%*	*0.9%*	*0.9%*
Royalty Expenses	**2,446**	**2,419**	**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**	**10,160**	**9,777**	**1,804**
%	*2.4%*	*2.2%*	*2.1%*	*0.4%*
Adjusted EBITDA	**30,823**	**30,097**	**26,566**	**18,761**
%	*6.3%*	*6.5%*	*5.6%*	*4.4%*
Other Expenses/(Income)	**(1,988)**	**(600)**	**(720)**	**(1,156)**
%	*-0.4%*	*-0.1%*	*-0.2%*	*-0.3%*
EBIT	**13,787**	**10,760**	**10,497**	**2,959**
%	*2.8%*	*2.3%*	*2.2%*	*0.7%*
Total Interest Exp. (net)	**9,535**	**9,673**	**8,500**	**8,250**
%	*1.9%*	*2.1%*	*1.8%*	*1.9%*
Net Profit Before Tax	**4,252**	**1,087**	**1,997**	**(5,291)**
%	*0.9%*	*0.2%*	*0.4%*	*-1.2%*
Income Tax	**4,230**	**4,691**	**4,520**	**3,750**
% Effect Rate	*99.5%*	*431.6%*	*226.3%*	*-70.9%*
Minority Interest & Preferred Stock	**671**	**941**	**941**	**950**
Net Profit	**(649)**	**(4,545)**	**(3,464)**	**(9,991)**
%	*-0.1%*	*-1.0%*	*-0.7%*	*-2.3%*
Non-recurring income (expense)				
Shares Outst.	63,283	63,722	63,722	63,722
Reported FD EPS				
Fully Diluted Adjusted EPS	**(0.01)**	**(0.07)**	**(0.05)**	**(0.16)**

Source: Zacks analyst
Zacks EBITDA may not match Titan EBITDA

HISTORICAL STOCK PRICE


TITAN INTL INC (W)
Price ($)
18
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9/15/22
12/8/22
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5/25/23
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7/31/25 >>

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