



## Titan International, Inc. (TWI)

**Raise Price Target To \$15 (From \$13), As We Lift Our 2021-2023 EPS Estimates On Rallying Crop Prices, The Industry's Healthy Order Book And The Chairman's Positive Outlook**

	2020		2021E		2022E		2023E	
		OLD	NEW	OLD	NEW	OLD	NEW	
Mar.	(\$0.22)	\$0.07A		\$0.17	\$0.20	\$0.20	\$0.24	
June	(0.17)	0.22A		0.21	0.27	0.23	0.29	
Sep.	(0.10)	0.17A		0.18	0.27	0.17	0.27	
Dec.	(0.10)	0.14	0.15	0.18	0.24	0.16	0.24	
EPS	(\$0.59)	\$0.60	\$0.61	\$0.75	\$0.97	\$0.77	\$1.04	
P/E					10.5x		9.8x	
EBITDA (mil)	\$58.0	\$131.9	\$132.4	\$142.4	\$157.7	\$144.5	\$163.1	
EV / EBITDA					6.5x		6.3x	

Note: EPS exclude one-time items in 2020-2021E of \$0.59 and \$0.11, respectively. EPS include annual stock-based compensation expense in \$0.04. Sum of quarterly EPS may not equal full-year total due to rounding and/or changes in share count. NC = Not covered by Sidoti & Company, LLC. NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. \*EPS including amortization expense.

Year	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Rev.(Mil.)	\$1895.5	\$1394.8	\$1265.5	\$1468.9	\$1602.4	\$1448.7	\$1230.7	\$1737.1	\$1967.5	\$2055.5
GAAP EPS	(\$2.09)	(\$1.74)	(\$0.83)	(\$1.15)	\$0.00	(\$0.84)	(\$1.18)	\$0.50	\$1.04	\$1.11

Description: Titan International, Inc. (www.titan-intl.com) manufactures off-the-road (OTR) tires and wheels for agriculture (45% of revenue), earthmoving/construction (45%) and consumer (10%) equipment. Geographically, the U.S. makes up about 50% of 2020 revenue, Brazil is 15% and the rest of the world accounts for the remaining 35%. Headquarters are in Quincy, IL.

- **We increase our price target to \$15 (from \$13) as we lift our 2022-2023 EPS estimates to \$0.97 and \$1.04 (from \$0.75 and \$0.77), respectively, as crop prices recover towards 2021 highs and Titan's chairman offers a positive outlook for 2022.**
- **Corn and soybean prices have rallied in recent days due to hot, dry conditions in Brazil. Corn has topped \$6 per bushel, returning to June highs, while soybeans have rebounded to August levels.**
- **With strengthening crop prices and U.S. farm income already projected to reach its highest level in eight years, we expect farmers will be motivated to replace the aging U.S. tractor fleet in 2022-2023.**
- **Titan increased its workforce by 12% in 2021 to meet growing demand for tires and wheels for ag and construction equipment; we expect increased efficiencies in 2022 as workers will be fully trained.**
- **Last week Titan Chairman Morry Taylor indicated the company expects 2022 global sales of more than \$2 billion, which represents at least 15% annual growth.**
- **We expect sales will be bolstered by growing demand for large construction equipment wheels and tires, supported by increased U.S. federal infrastructure spending.**
- **We maintain our Highly Risk rating due to \$388 million in net debt at the end of 3Q:21, but note the company completed a refinancing earlier this year, pushing maturities out to 2028, providing a cushion.**
- **We may reconsider our view based on company 2022 cap-ex guidance, which should be provided during the 4Q:21 earnings call. We currently model free cash flow of \$0.56 in 2022 and \$1.12 in 2023 (compared to \$0.06 in 2021).**
- **Our revised \$15 price target (previously \$13) is based on an unchanged 8.5x our updated 2022 EBITDA estimate of \$158 million (previously \$142 million), in line with the seven-year average forward multiple. The target equates to 15.5x our 2022 EPS estimate of \$0.97.**

**NR**

Price Target: \$15

Price: \$10.14

Risk Rating: H

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### Key Statistics

Analysts Covering	2
Market Cap (Mil)	\$630
Enterprise Value	\$1,022
52-Week Range (NYSE)	12-5
5-Year EPS CAGR	NM
Avg. Daily Trading Volume	310,000
Shares Out (Mil)	62.380
Float Shares (Mil)	58.538
Insider Ownership	5%
Institutional Holdings	83%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (2023E)	\$1.12
FCF Yield (2023E)	11.0%
Net Cash Per Share (2023E)	(\$3.98)
Price to Book Value	3.3x
Return on Equity (2023E)	24.0%
Total Debt to Capital	74%
Interest Coverage Ratio	2.9x
Short Interest %	2.0%
Short Interest Days To Cover	4.1
Russell 2000	2,261
Russell 2000 – Last 12 Months	11.7%
TWI – Last 12 Months	91.8%



Source: FactSet Prices

**We raise our price target to \$15 (from \$13) as we increase our 2021-2023 EPS estimates on rising crop prices, healthy farm income, and the positive outlook from Titan's chairman.** We lift our 2021-2023 EPS estimates to \$0.61 (from \$0.60), \$0.97 (from \$0.75) and \$1.04 (from \$0.77) as we expect rallying crop prices will bolster demand to replace the aging U.S. tractor fleet. In recent days, corn prices have once again topped \$6 per bushel, recovering to June highs, on hot, dry conditions in Brazil that may spread across South America, potentially limiting harvests. Likewise soybean prices have returned to August highs. We note that earlier this month the USDA projected 2021 net cash farm income would increase nearly 15% to \$133 billion, its highest level since 2013; this is despite direct government payments declining \$18.5 billion as COVID-related government assistance falls off and production expenses rising more than 8%. The improvement is driven by a forecasted \$35 billion in corn, soybean and wheat receipts. Titan Chairman Morry Taylor indicated no slowdown in production during the more than month-long strike by large customers Deere & Co. (NYSE: DE, NC) as the company increased wheel and tire deliveries for other customers. With full order books for Deere and other large customers entering 2022, Titan is well positioned to increase sales. Last week the chairman indicated the company is setting an annual budget based on more than \$2 billion in sales in 2022, which would represent more than 15% growth from our 2021 estimate. With increased federal funds available for largescale construction projects, we anticipate further demand for tires and wheels for large construction equipment. The company is already benefiting from increased demand from the mining sector, driven by higher metal prices and rising exploration budgets.

**We anticipate increased throughput at Titan facilities as the company completes training for its expanded workforce.** Titan increased its workforce by 12% in 2021, with potential further expansion, to meet growing demand. Titan has ample production capacity at the company's US facilities to meet higher demand. As those workers are fully trained, management anticipates more efficient plants in 2022. As a result we increase our 2022 sales projection to \$1.97 billion (from \$1.85 billion). Titan has also managed higher steel and rubber prices by passing along costs when possible. The company has raised aftermarket prices multiple times with no slowdown in demand. Management has also reached long-term agreements with certain OEMs to provide greater pricing flexibility and minimum volumes. For other OEMs, annual and semi-annual price resets based on higher material costs will also enhance margins in 2022, in our view.

**We maintain our Highly Risky rating due to the balance sheet, but may reconsider our view on signs of expanding cash flow.** Titan generated \$0.58 in free cash flow per share in 2020, despite weaker end markets, due to reduced cap-ex and tight working capital management. In addition, non-core asset sales totaled about \$53 million, including about \$16 million for the sale of a former plant in Brownsville, Texas in 4Q:20. As we model cap-ex rising to \$35 million in 2021 from less than \$22 million in 2020, we estimate free cash flow of \$0.06. We model free cash flow per share of \$0.56 (previously \$0.27) in 2022 and \$1.12 (previously \$1.04 in 2023). We expect the more than \$100 million in free cash flow in 2022-2023 will primarily be used to repay debt. We project net leverage will fall to 1.6x by the end of 2023 from about 3.3x currently, due primarily to increasing EBITDA. Our model assumes annual cap-ex of \$38 million in 2022-2023. We note \$35 million in cap-ex in 2021 included funding for Brazilian expansion. Titan will likely provide 2022 cap-ex guidance on its 4Q:21 earnings call. We would consider adjusting our risk rating if the cap-ex budget was set below our projection or we raise our cash flow from operations estimates.

<b>Valuation</b>	<b>We raise our price target to \$15 (previously \$13), which is based on about 8.5x our updated 2022 EBITDA estimate of \$158 million (previously \$142 million).</b> The multiple is in line with the seven-year forward multiple for the stock. The price target equates to 15.5x our 2022 EPS estimate of \$0.97.		
<b>Key Risks</b>	Downturn in OTR heavy cap equipment market	Financial leverage and liquidity	Raw materials prices

TITAN INTERNATIONAL, INC.

**Table 1. Titan International, Inc. Income Statement**

(in millions, except where noted)

	MarA	JunA	SepA	DecA	2020	MarA	JunA	SepA	DecE	2021E	MarE	JunE	SepE	DecE	2022E	2023E
<b>Net sales</b>	<b>\$341,500</b>	<b>\$286,133</b>	<b>\$304,772</b>	<b>\$326,908</b>	<b>\$1,259,313</b>	<b>\$403,518</b>	<b>\$438,639</b>	<b>\$450,382</b>	<b>\$444,574</b>	<b>\$1,737,113</b>	<b>\$473,424</b>	<b>\$504,493</b>	<b>\$498,021</b>	<b>\$491,596</b>	<b>\$1,967,534</b>	<b>\$2,055,494</b>
Cost of goods sold	314,256	255,259	273,455	301,017	1,143,987	350,253	377,169	390,090	383,159	1,500,671	407,964	431,599	426,947	422,445	1,688,955	1,764,025
<b>Gross profit</b>	<b>27,244</b>	<b>29,867</b>	<b>31,317</b>	<b>25,891</b>	<b>103,105</b>	<b>53,265</b>	<b>61,470</b>	<b>60,292</b>	<b>61,415</b>	<b>236,442</b>	<b>65,460</b>	<b>72,894</b>	<b>71,074</b>	<b>69,151</b>	<b>278,579</b>	<b>291,469</b>
<b>Adjusted gross profit</b>	<b>29,823</b>	<b>30,874</b>	<b>31,317</b>	<b>37,105</b>	<b>129,119</b>	<b>53,265</b>	<b>61,470</b>	<b>60,292</b>	<b>61,415</b>	<b>236,442</b>	<b>65,460</b>	<b>72,894</b>	<b>71,074</b>	<b>69,151</b>	<b>278,579</b>	<b>291,469</b>
SG&A	31,957	28,441	33,451	37,093	130,942	34,028	32,566	32,217	33,505	132,316	34,708	36,120	35,535	35,830	142,193	148,613
R&D	2,410	2,132	2,240	2,231	9,013	2,553	2,528	2,370	2,667	10,118	2,841	3,027	2,988	2,950	11,805	12,333
Royalty expense	2,480	2,395	2,434	2,406	9,715	2,453	2,657	2,805	3,112	11,027	3,030	3,229	3,187	3,146	12,592	13,155
<b>Operating profit</b>	<b>(9,603)</b>	<b>(3,101)</b>	<b>(6,808)</b>	<b>(15,839)</b>	<b>(46,565)</b>	<b>14,231</b>	<b>23,719</b>	<b>22,900</b>	<b>22,131</b>	<b>82,981</b>	<b>24,881</b>	<b>30,519</b>	<b>29,363</b>	<b>27,226</b>	<b>111,989</b>	<b>117,368</b>
<b>Operating profit (ex. one-time items)</b>	<b>(7,024)</b>	<b>(2,094)</b>	<b>(1,808)</b>	<b>(4,625)</b>	<b>(15,551)</b>	<b>14,231</b>	<b>23,719</b>	<b>22,900</b>	<b>22,131</b>	<b>82,981</b>	<b>24,881</b>	<b>30,519</b>	<b>29,363</b>	<b>27,226</b>	<b>111,989</b>	<b>117,368</b>
<b>Adjusted EBITDA</b>	<b>9,261</b>	<b>19,686</b>	<b>12,396</b>	<b>17,305</b>	<b>58,648</b>	<b>26,309</b>	<b>37,412</b>	<b>35,129</b>	<b>33,558</b>	<b>132,408</b>	<b>36,308</b>	<b>41,946</b>	<b>40,790</b>	<b>38,653</b>	<b>157,697</b>	<b>163,076</b>
Interest expense	8,035	8,008	7,251	7,478	30,772	7,523	8,598	7,818	8,433	32,372	8,433	8,433	8,433	8,433	33,731	33,731
Other expenses (income)	9,806	(8,446)	(947)	(8,405)	(7,992)	(9,109)	15,556	(1,064)	(170)	5,213		(150)	(160)	(170)	(480)	0
Earnings before income taxes	(27,444)	(2,663)	(13,112)	(14,912)	(69,345)	15,817	(435)	16,146	13,868	45,396	16,449	22,236	21,091	18,963	78,738	83,637
Income taxes	55	1,980	342	4,569	6,946	2,594	1,991	5,342	4,400	14,327	3,600	3,600	3,600	3,600	14,400	14,400
Net income before minority interest	(27,499)	(4,643)	(13,454)	(19,481)	(76,291)	13,223	(2,426)	10,804	9,468	31,069	12,849	18,636	17,491	15,363	64,338	69,237
Minority interest	(2,013)	402	(811)	(2,267)	(4,689)	(351)	347	(383)	(400)	(787)	(351)	347	(383)	(400)	(787)	(787)
Net income before redemption value adjustment	(25,486)	(5,045)	(12,643)	(17,214)	(71,602)	13,574	(2,773)	11,187	9,868	31,856	13,200	18,289	17,874	15,763	65,125	70,024
Redemption value adjustment																
Net income	(25,486)	(5,045)	(12,643)	(17,214)	(71,602)	13,574	(2,773)	11,187	9,868	31,856	13,200	18,289	17,874	15,763	65,125	70,024
<b>Net income (ex. one-time items)</b>	<b>(\$13,180)</b>	<b>(\$10,470)</b>	<b>(\$6,307)</b>	<b>(\$5,855)</b>	<b>(\$71,602)</b>	<b>\$4,097</b>	<b>\$14,015</b>	<b>\$10,771</b>	<b>\$9,868</b>	<b>\$31,856</b>	<b>\$13,200</b>	<b>\$18,289</b>	<b>\$17,874</b>	<b>\$15,763</b>	<b>\$65,125</b>	<b>\$70,024</b>
<b>GAAP EPS</b>	<b>(\$0.42)</b>	<b>(\$0.08)</b>	<b>(\$0.21)</b>	<b>(\$0.28)</b>	<b>(\$1.18)</b>	<b>\$0.22</b>	<b>(\$0.04)</b>	<b>\$0.18</b>	<b>\$0.15</b>	<b>\$0.50</b>	<b>\$0.21</b>	<b>\$0.29</b>	<b>\$0.28</b>	<b>\$0.25</b>	<b>\$1.04</b>	<b>\$1.11</b>
<b>Diluted EPS</b>	<b>(\$0.22)</b>	<b>(\$0.17)</b>	<b>(\$0.10)</b>	<b>(\$0.10)</b>	<b>(\$0.59)</b>	<b>\$0.07</b>	<b>\$0.22</b>	<b>\$0.17</b>	<b>\$0.15</b>	<b>\$0.61</b>	<b>\$0.20</b>	<b>\$0.27</b>	<b>\$0.27</b>	<b>\$0.24</b>	<b>\$0.97</b>	<b>\$1.04</b>
Diluted shares outstanding	60,360	60,602	60,926	61,376	60,816	62,414	62,568	62,601	62,664	62,562	62,726	62,789	62,852	62,915	62,820	63,072
<b>YOY Growth:</b>																
Revenue	-16.8%	-26.7%	-11.9%	8.3%	-13.1%	18.2%	53.3%	47.8%	36.0%	37.9%	17.3%	15.0%	10.6%	10.6%	13.3%	4.5%
Cost of goods sold	-13.9%	-27.5%	-14.2%	6.2%	-13.3%	11.5%	47.8%	42.7%	27.3%	31.2%	16.5%	14.4%	9.4%	10.3%	12.5%	4.4%
Selling, general and administrative expenses	-11.0%	-20.4%	-4.3%	19.3%	-4.9%	6.5%	14.5%	-3.7%	-9.7%	1.0%	2.0%	10.9%	10.3%	6.9%	7.5%	4.5%
R&D	-7.9%	-16.2%	-3.0%	-6.6%	-8.6%	5.9%	18.6%	5.8%	19.6%	12.3%	11.3%	19.7%	26.1%	10.6%	16.7%	4.5%
Gross profit	-39.8%	-22.0%	15.6%	41.2%	-20.1%	95.5%	105.8%	92.5%	137.2%	129.3%	22.9%	18.6%	17.9%	12.6%	17.8%	4.6%
Adjusted gross profit	-34.1%	-19.4%	15.6%	102.4%	0.1%	78.6%	99.1%	92.5%	65.5%	83.1%	22.9%	18.6%	17.9%	12.6%	17.8%	4.6%
Adjusted EBITDA	-53.2%	54.1%	46.2%	-703.0%	53.6%	184.1%	90.0%	183.4%	93.9%	125.8%	38.0%	12.1%	16.1%	15.2%	19.1%	3.4%
<b>Margins:</b>																
COGS/sales	92.0%	89.2%	89.7%	92.1%	90.8%	86.8%	86.0%	86.6%	86.2%	86.4%	86.2%	85.6%	85.7%	85.9%	85.8%	85.8%
SG&A/sales	9.4%	9.9%	11.0%	11.3%	10.4%	8.4%	7.4%	7.2%	7.5%	7.6%	7.3%	7.2%	7.1%	7.3%	7.2%	7.2%
R&D/sales	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Royalty expense/sales	0.7%	0.8%	0.8%	0.7%	0.8%	0.6%	0.6%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Gross profit	8.0%	10.4%	10.3%	7.9%	8.2%	13.2%	14.0%	13.4%	13.8%	13.6%	13.8%	14.4%	14.3%	14.1%	14.2%	14.2%
Adjusted gross margin	8.7%	10.8%	10.3%	11.4%	10.3%	13.2%	14.0%	13.4%	13.8%	13.6%	13.8%	14.4%	14.3%	14.1%	14.2%	14.2%
Operating profit	-2.8%	-1.1%	-2.2%	-4.8%	-3.7%	3.5%	5.4%	5.1%	5.0%	4.8%	5.3%	6.0%	5.9%	5.5%	5.7%	5.7%
Adjusted operating profit	-2.1%	-0.7%	-0.6%	-1.4%	-1.2%	3.5%	5.4%	5.1%	5.0%	4.8%	5.3%	6.0%	5.9%	5.5%	5.7%	5.7%
Adjusted EBITDA	2.7%	6.9%	4.1%	5.3%	4.7%	6.5%	8.5%	7.8%	7.5%	7.6%	7.7%	8.3%	8.2%	7.9%	8.0%	7.9%
Net income	-8.1%	-1.6%	-4.4%	-6.0%	-6.1%	3.3%	-0.6%	2.4%	2.1%	1.8%	2.7%	3.7%	3.5%	3.1%	3.3%	3.4%

Sources: Company reports and Sidoti & Company, LLC estimates.

TITAN INTERNATIONAL, INC.

**Table 2. Titan International, Inc. Cash Flow Statement**

(in thousands, except where noted)

	MarA	JunA	SepA	DecA	2020	MarA	JunA	SepA	DecE	2021E	2022E	2023E
<b>Cash Flows From Operating Activities:</b>												
Net income	\$ (27,499)	\$ (4,643)	\$ (13,454)	\$ (19,481)	\$ (65,077)	\$ 13,223	\$ (2,426)	\$ 10,804	\$ 9,468	\$ 31,069	\$ 64,338	\$ 69,237
Depreciation and amortization	13,785	13,334	13,257	14,279	54,655	12,560	12,358	11,427	11,427	47,772	45,708	45,708
Deferred income tax provision	(1,426)	(685)	(1,505)	609	(3,007)	(402)	600	(941)		(743)	-	-
Stock-based compensation	490	581	860	531	2,462	570	810	649	722	2,751	3,117	3,257
Other	13,914	(5,824)	2,000		10,090	(9,717)	17,078	(2,106)		5,255	-	-
Changes in working capital	4,708	(1,234)	40,772	13,860	58,106	(32,196)	(29,135)	(4,636)	18,785	(47,182)	(39,884)	(9,263)
Accounts receivable	(45,330)	22,947	(526)	7,673	(15,236)	(63,803)	(8,962)	(2,691)	8,040	(67,416)	(26,803)	(9,675)
Inventories	6,611	16,440	13,613	1,083	37,747	(27,313)	(25,767)	(36,416)	4,016	(85,480)	(14,449)	(13,239)
Prepaid expenses and other	(5,249)	3,602	1,712	1,176	1,241	(3,297)	(3,899)	(7,053)	-	(14,249)	-	-
Accounts payables	34,006	(45,574)	13,919	9,591	11,942	60,581	10,470	(67,876)	6,729	9,904	1,367	13,651
Other current liabilities	14,670	1,351	12,054	(5,663)	22,412	1,636	(977)	109,400	-	110,059	-	-
<b>Total cash flows used in (provided by) operating activities</b>	<b>3,972</b>	<b>1,529</b>	<b>41,930</b>	<b>9,798</b>	<b>57,229</b>	<b>(15,962)</b>	<b>(1,525)</b>	<b>15,197</b>	<b>40,402</b>	<b>38,922</b>	<b>73,279</b>	<b>108,939</b>
<b>Cash Flows From Investing Activities:</b>												
Capital expenditures	(6,420)	(1,982)	(4,948)	(8,330)	(21,680)	(8,861)	(5,776)	(9,613)	(11,000)	(35,250)	(38,000)	(38,000)
Acquisitions					-							
Other	11,487	8,813	18,414	16,187	54,901	545	204	390		1,139	-	-
<b>Total cash flows used in (provided by) investing activities</b>	<b>5,067</b>	<b>6,831</b>	<b>13,466</b>	<b>7,857</b>	<b>33,221</b>	<b>(8,316)</b>	<b>(5,572)</b>	<b>(9,223)</b>	<b>(11,000)</b>	<b>(34,111)</b>	<b>(38,000)</b>	<b>(38,000)</b>
<b>Cash Flows From Financing Activities:</b>												
Proceeds from borrowing	23,949	52,849	9,193	5,648	91,639	21,881	438,048	22,364		482,293	-	-
Payment on debt	(31,940)	(42,071)	(42,590)	(9,792)	(126,393)	(12,398)	(400,602)	-		(413,000)	-	-
Dividends	(302)	(301)	-	-	(603)	-	-	-		-	-	-
Other		608	(3,331)	(485)	(3,208)	(2,409)	(33,671)	(25,938)		(62,018)	-	-
<b>Total cash provided by (used in) financing activities</b>	<b>(8,293)</b>	<b>11,085</b>	<b>(36,728)</b>	<b>(4,629)</b>	<b>(38,565)</b>	<b>7,074</b>	<b>3,775</b>	<b>(3,574)</b>	<b>-</b>	<b>7,275</b>	<b>-</b>	<b>-</b>
Effect of exchange rate changes on cash	(7,167)	337	(56)	5,633	(1,253)	(4,273)	3,172	(3,564)		(4,665)	-	-
Net increase in cash and cash equivalents	(6,421)	19,782	18,612	18,659	50,632	(21,477)	(150)	(1,164)	29,402	6,611	35,279	70,939
Cash and cash equivalents at beginning of period	66,799	60,378	80,160	98,772	66,799	117,431	95,954	95,804	94,640	117,431	124,042	159,321
<b>Cash and cash equivalents at end of period</b>	<b>\$ 60,378</b>	<b>\$ 80,160</b>	<b>\$ 98,772</b>	<b>\$ 117,431</b>	<b>\$ 117,431</b>	<b>\$ 95,954</b>	<b>\$ 95,804</b>	<b>\$ 94,640</b>	<b>\$ 124,042</b>	<b>\$ 124,042</b>	<b>\$ 159,321</b>	<b>\$ 230,260</b>
<b>Free cash flow</b>	<b>\$ (2,448)</b>	<b>\$ (453)</b>	<b>\$ 36,982</b>	<b>\$ 1,468</b>	<b>\$ 35,549</b>	<b>\$ (24,823)</b>	<b>\$ (7,301)</b>	<b>\$ 5,584</b>	<b>\$ 29,402</b>	<b>\$ 3,672</b>	<b>\$ 35,279</b>	<b>\$ 70,939</b>
<b>Free cash flow per share</b>	<b>\$ (0.04)</b>	<b>\$ (0.01)</b>	<b>\$ 0.61</b>	<b>\$ 0.02</b>	<b>\$ 0.58</b>	<b>\$ (0.40)</b>	<b>\$ (0.12)</b>	<b>\$ 0.09</b>	<b>\$ 0.47</b>	<b>\$ 0.06</b>	<b>\$ 0.56</b>	<b>\$ 1.12</b>

Sources: Company reports and Sidoti & Company, LLC estimates.

TITAN INTERNATIONAL, INC.

**Table 3. Titan International, Inc. Balance Sheet**

(in thousands, except where noted)

	MarA	JunA	SepA	2020	MarA	JunA	SepA	2021E	2022E	2023E
<b>ASSETS</b>										
<b>CURRENT ASSETS:</b>										
Cash and cash equivalents	\$ 60,378	\$ 80,160	\$ 98,772	\$ 117,431	\$ 95,954	\$ 95,804	\$ 94,640	\$ 124,042	\$ 159,321	\$ 230,260
Receivables	211,982	192,410	192,764	193,104	249,904	265,729	261,447	253,407	280,210	289,885
Inventory	306,071	294,537	284,231	293,679	313,472	345,339	373,012	368,996	383,445	396,684
Prepaid expenses and other current assets	60,461	74,094	62,648	54,475	56,235	65,368	67,144	67,144	67,144	67,144
<b>Total current assets</b>	<b>638,892</b>	<b>641,201</b>	<b>638,415</b>	<b>658,689</b>	<b>715,565</b>	<b>772,240</b>	<b>796,243</b>	<b>813,589</b>	<b>890,119</b>	<b>983,973</b>
<b>OTHER ASSETS:</b>										
Property, plant and equipment	344,078	337,646	324,959	319,854	307,620	310,210	302,590	302,163	294,455	286,747
Deferred income taxes	-	605	1,040	2,591	2,186	2,780	2,502	2,502	2,502	2,502
Other assets	77,284	51,842	51,933	50,750	46,077	42,208	42,924	42,924	42,924	42,924
<b>Total other assets</b>	<b>421,362</b>	<b>390,093</b>	<b>377,932</b>	<b>373,195</b>	<b>355,883</b>	<b>355,198</b>	<b>348,016</b>	<b>347,589</b>	<b>339,881</b>	<b>332,173</b>
<b>Total assets</b>	<b>\$ 1,060,254</b>	<b>\$ 1,031,294</b>	<b>\$ 1,016,347</b>	<b>\$ 1,031,884</b>	<b>\$ 1,071,448</b>	<b>\$ 1,127,438</b>	<b>\$ 1,144,259</b>	<b>\$ 1,161,178</b>	<b>\$ 1,230,000</b>	<b>\$ 1,316,146</b>
<b>LIABILITIES AND COMMON SHAREHOLDERS' INVESTMENT</b>										
<b>CURRENT LIABILITIES:</b>										
Short-term debt	\$ 46,275	\$ 40,784	\$ 32,641	\$ 31,119	\$ 31,076	\$ 34,296	\$ 30,867	\$ 30,867	\$ 30,867	\$ 30,867
Accounts payables	179,933	136,802	150,879	167,210	221,613	239,001	253,819	260,548	261,916	275,567
Other current liabilities	115,744	120,985	131,734	131,382	129,557	140,316	152,226	152,226	152,226	152,226
<b>Total current liabilities</b>	<b>341,952</b>	<b>298,571</b>	<b>315,254</b>	<b>329,711</b>	<b>382,246</b>	<b>413,613</b>	<b>436,912</b>	<b>443,641</b>	<b>445,009</b>	<b>458,660</b>
<b>LONG-TERM LIABILITIES:</b>										
Long-term debt	444,550	462,240	431,789	433,584	440,576	452,730	450,999	450,999	450,999	450,999
Deferred income taxes	2,644	2,820	1,774	3,895	3,194	4,278	3,142	3,142	3,142	3,142
Other long-term liabilities	67,186	66,006	73,320	63,429	56,300	53,640	53,612	53,612	53,612	53,612
<b>Total liabilities</b>	<b>856,332</b>	<b>829,637</b>	<b>822,137</b>	<b>830,619</b>	<b>882,316</b>	<b>924,261</b>	<b>944,665</b>	<b>951,394</b>	<b>952,762</b>	<b>966,413</b>
Equity subject to redemption	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Total Titan stockholders' equity	179,139	175,373	169,838	179,264	167,131	181,550	177,916	188,106	255,561	328,054
Noncontrolling interests	(217)	1,284	(628)	(2,999)	(2,999)	(3,373)	(3,322)	(3,322)	(3,322)	(3,322)
<b>Total equity</b>	<b>178,922</b>	<b>176,657</b>	<b>169,210</b>	<b>176,265</b>	<b>164,132</b>	<b>178,177</b>	<b>174,594</b>	<b>184,784</b>	<b>252,239</b>	<b>324,732</b>
<b>Total liabilities and equity</b>	<b>\$ 1,060,254</b>	<b>\$ 1,031,294</b>	<b>\$ 1,016,347</b>	<b>\$ 1,031,884</b>	<b>\$ 1,071,448</b>	<b>\$ 1,127,438</b>	<b>\$ 1,144,259</b>	<b>\$ 1,161,178</b>	<b>\$ 1,230,000</b>	<b>\$ 1,316,146</b>
Net debt	\$ 430,447	\$ 422,864	\$ 365,658	\$ 347,272	\$ 375,698	\$ 391,222	\$ 387,226	\$ 357,824	\$ 322,545	\$ 251,606
Net debt per share	(\$7.13)	(\$6.98)	(\$6.00)	(\$5.66)	(\$6.02)	(\$6.25)	(\$6.19)	(\$5.71)	(\$5.13)	(\$3.98)
Net debt/EBITDA (ttm)	15.6	12.2	9.5	5.9	5.0	4.2	3.3	2.7	2.0	1.5
Interest coverage ratio	(1.1)	(1.1)	(1.0)	(0.8)	0.2	0.9	1.8	4.7	5.9	6.1
Tangible book value per share	\$ 2.96	\$ 2.92	\$ 2.78	\$ 2.90	\$ 2.63	\$ 2.85	\$ 2.79	\$ 2.95	\$ 4.02	\$ 5.15
Return on total assets	NM	NM	NM	NM	NM	NM	NM	NM	5.4%	5.4%
Return on total capital	NM	NM	NM	NM	NM	NM	NM	NM	9.4%	9.2%
Return on total equity	NM	NM	NM	NM	NM	NM	NM	NM	29.4%	24.0%
Debt-to-equity	274.3%	284.7%	274.5%	263.6%	287.4%	273.3%	276.0%	260.8%	191.0%	148.4%
Total debt-to-total capital	73.3%	74.0%	73.3%	72.5%	74.2%	73.2%	73.4%	72.3%	65.6%	59.7%
Long-term debt-to-total capital	66.4%	68.0%	68.1%	67.6%	69.3%	68.1%	68.7%	67.7%	61.4%	55.9%

Sources: Company reports and Sidoti & Company, LLC estimates.

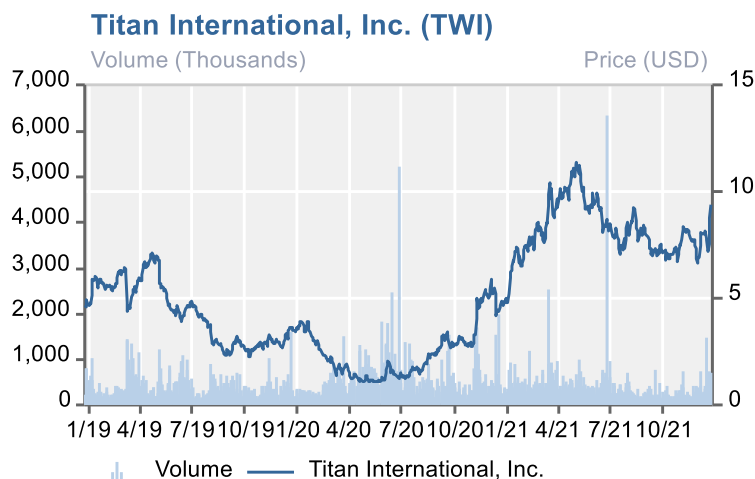
## Appendix Required Disclosures

### Required Disclosures

**Titan International, Inc. (TWI-\$10.14) NR Price Target: \$15 Risk Rating: H**

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Initiation	4/21/20	1.2	NR	3	H
PT	11/5/20	3.4		4	
ACHG	11/5/20	3.4	NR	4	
PT	12/4/20	5.4		7	
PT	1/25/21	7		8	
PT	2/19/21	8		9	
PT	3/5/21	8.1		10	
PT	3/19/21	9.7		12	
PT	4/26/21	11		12	
PT	5/7/21	10.9		12	
PT	5/21/21	9.4		12	
PT	6/28/21	8.6		12	
PT	7/19/21	7.4		12	
PT	7/30/21	8.3		13	
PT	9/24/21	7.3		13	
PT	10/18/21	7.1		13	
PT	11/5/21	8.2		13	
PT	12/13/21	8		13	



Source: FactSet Prices

<b>Valuation</b>	We raise our price target to \$15 (previously \$13), which is based on about 8.5x our updated 2022 EBITDA estimate of \$158 million (previously \$142 million). The multiple is in line with the seven-year forward multiple for the stock. The price target equates to 15.5x our 2022 EPS estimate of \$0.97.		
<b>Key Risks</b>	Downturn in OTR heavy cap equipment market	Financial leverage and liquidity	Raw materials prices

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