

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



FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For Quarterly Period Ended: June 30, 2019  
or  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-12936

**TITAN INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of Incorporation)

**36-3228472**

(I.R.S. Employer Identification No.)

**2701 Spruce Street, Quincy, IL 62301**  
(Address of principal executive offices, including Zip Code)

**(217) 228-6011**  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, \$0.0001 par value	TWI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares of Titan International, Inc. outstanding: 60,166,475 shares of common stock, \$0.0001 par value, as of July 25, 2019 .

TITAN INTERNATIONAL, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TITAN INTERNATIONAL, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)  
(All amounts in thousands, except per share data)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Net sales	\$ 390,597	\$ 428,904	\$ 800,971	\$ 854,286
Cost of sales	352,289	370,592	717,399	736,413
Gross profit	38,308	58,312	83,572	117,873
Selling, general and administrative expenses	35,746	33,960	71,651	68,599
Research and development expenses	2,544	2,754	5,161	5,631
Royalty expense	2,448	2,634	5,054	5,297
(Loss) income from operations	(2,430)	18,964	1,706	38,346
Interest expense	(8,295)	(7,672)	(16,228)	(15,190)
Foreign exchange (loss) gain	(1,239)	(3,610)	4,484	(8,042)
Other income	2,069	2,477	3,065	10,227
(Loss) income before income taxes	(9,895)	10,159	(6,973)	25,341
(Benefit) provision for income taxes	(3,218)	1,683	(1,303)	897
Net (loss) income	(6,677)	8,476	(5,670)	24,444
Net (loss) income attributable to noncontrolling interests	(253)	40	(1,224)	(1,639)
Net (loss) income attributable to Titan	(6,424)	8,436	(4,446)	26,083
Redemption value adjustment	(661)	(4,678)	(1,437)	(7,021)
Net (loss) income applicable to common shareholders	\$ (7,085)	\$ 3,758	\$ (5,883)	\$ 19,062
Earnings per common share:				
Basic	\$ (0.12)	\$ 0.06	\$ (0.10)	\$ 0.32
Diluted	\$ (0.12)	\$ 0.06	\$ (0.10)	\$ 0.32
Average common shares and equivalents outstanding:				
Basic	60,000	59,750	59,973	59,731
Diluted	60,000	59,878	59,973	59,877
Dividends declared per common share:				
	\$ 0.005	\$ 0.005	\$ 0.010	\$ 0.010

See accompanying Notes to Condensed Consolidated Financial Statements.

**TITAN INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)**  
(All amounts in thousands)

	<b>Three months ended</b>	
	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Net (loss) income	\$ (6,677)	\$ 8,476
Currency translation adjustment	5,423	(38,338)
Pension liability adjustments, net of tax of \$110 and \$10, respectively	538	690
Comprehensive loss	(716)	(29,172)
Net comprehensive income (loss) attributable to redeemable and noncontrolling interests	385	(2,185)
Comprehensive loss attributable to Titan	<u>\$ (1,101)</u>	<u>\$ (26,987)</u>

	<b>Six months ended</b>	
	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Net (loss) income	\$ (5,670)	\$ 24,444
Currency translation adjustment	1,044	(30,276)
Pension liability adjustments, net of tax of \$232 and \$(44), respectively	1,004	1,573
Comprehensive loss	(3,622)	(4,259)
Net comprehensive income (loss) attributable to redeemable and noncontrolling interests	317	(3,225)
Comprehensive loss attributable to Titan	<u>\$ (3,939)</u>	<u>\$ (1,034)</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

**TITAN INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(All amounts in thousands, except share data)

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	(unaudited)	
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 66,366	\$ 81,685
Accounts receivable, net	272,006	241,832
Inventories	385,368	395,735
Prepaid and other current assets	62,473	60,229
Total current assets	786,213	779,481
Property, plant and equipment, net	375,997	384,872
Operating lease assets	24,422	—
Deferred income taxes	1,965	2,874
Other assets	80,931	84,029
Total assets	<u>\$ 1,269,528</u>	<u>\$ 1,251,256</u>
<b>Liabilities</b>		
Current liabilities		
Short-term debt	\$ 71,366	\$ 51,885
Accounts payable	209,422	212,129
Other current liabilities	111,834	111,054
Total current liabilities	392,622	375,068
Long-term debt	445,388	409,572
Deferred income taxes	8,819	9,416
Other long-term liabilities	79,091	67,290
Total liabilities	<u>925,920</u>	<u>861,346</u>
<b>Redeemable noncontrolling interest</b>	<u>55,517</u>	<u>119,813</u>
<b>Equity</b>		
Titan shareholders' equity		
Common stock (\$0.0001 par value, 120,000,000 shares authorized, 60,715,356 issued at June 30, 2019, and December 31, 2018)	—	—
Additional paid-in capital	527,763	519,498
Retained deficit	(29,751)	(29,048)
Treasury stock (at cost, 714,986 and 798,383 shares, respectively)	(7,082)	(7,831)
Accumulated other comprehensive loss	(207,996)	(203,571)
Total Titan shareholders' equity	282,934	279,048
Noncontrolling interests	5,157	(8,951)
Total equity	288,091	270,097
Total liabilities and equity	<u>\$ 1,269,528</u>	<u>\$ 1,251,256</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

**TITAN INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**  
(All amounts in thousands, except share data)

	Number of common shares	Additional paid-in capital	Retained (deficit) earnings	Treasury stock	Stock reserved for deferred compensation	Accumulated other comprehensive (loss) income	Total Titan Equity	Noncontrolling interest	Total Equity
<b>Balance January 1, 2018</b>	59,800,559	\$ 531,708	\$(44,022)	\$ (8,606)	\$ (1,075)	\$ (157,076)	\$320,929	\$ (10,845)	\$310,084
Net income (loss) *			17,647				17,647	(1,164)	16,483
Currency translation adjustment, net *						7,423	7,423	291	7,714
Pension liability adjustments, net of tax						883	883		883
Dividends declared			(299)				(299)		(299)
Accounting standards adoption			88				88	35	123
Redemption value adjustment		(2,343)					(2,343)		(2,343)
Stock-based compensation		73					73		73
VIE contributions							—	476	476
Issuance of treasury stock under 401(k) plan	10,211	42		91			133		133
<b>Balance March 31, 2018</b>	59,810,770	\$ 529,480	\$(26,586)	\$ (8,515)	\$ (1,075)	\$ (148,770)	\$344,534	\$ (11,207)	\$333,327
Net income (loss) *			8,436				8,436	(14)	8,422
Currency translation adjustment, net *						(36,113)	(36,113)	330	(35,783)
Pension liability adjustments, net of tax						690	690		690
Dividends declared			(300)				(300)		(300)
Restricted stock awards	30,000						—		—
Acquisition of additional interest		(1,032)				(4,325)	(5,357)	5,208	(149)
Redemption value adjustment		(4,678)					(4,678)		(4,678)
Stock-based compensation		545					545		545
VIE distributions							—	(1,429)	(1,429)
Deferred compensation transactions		113			1,075		1,188		1,188
Issuance of treasury stock under 401(k) plan	12,011	38		108			146		146
<b>Balance June 30, 2018</b>	59,852,781	\$ 524,466	\$(18,450)	\$ (8,407)	\$ —	\$ (188,518)	\$309,091	\$ (7,112)	\$301,979

\* Net income (loss) excludes \$(515) of net loss attributable to redeemable noncontrolling interest for the three months ended March 31, 2018, and \$54 of net income attributable to redeemable noncontrolling interest for the three months ended June 30, 2018. Currency translation adjustment excludes \$348 and \$(2,555) of currency translation related to redeemable noncontrolling interest for the three months ended March 31, 2018, and June 30, 2018, respectively.

	Number of common shares	Additional paid-in capital	Retained (deficit) earnings	Treasury stock	Accumulated other comprehensive (loss) income	Total Titan Equity	Noncontrolling interest	Total Equity
<b>Balance January 1, 2019</b>	59,916,973	\$ 519,498	\$(29,048)	\$ (7,831)	\$ (203,571)	\$ 279,048	\$ (8,951)	\$ 270,097
Net income (loss) *			1,977			1,977	(636)	1,341
Currency translation adjustment, net *					(5,281)	(5,281)	474	(4,807)
Pension liability adjustments, net of tax					466	466		466
Dividends declared			(301)			(301)		(301)
Accounting standards adoption			4,346		(4,933)	(587)		(587)
Redeemable noncontrolling interest activity		9,437				9,437	15,445	24,882
Redemption value adjustment		(776)				(776)		(776)
Stock-based compensation		269				269		269
VIE distributions						—	(1,054)	(1,054)
Issuance of treasury stock under 401(k) plan	29,414	(123)		264		141		141
<b>Balance March 31, 2019</b>	59,946,387	\$ 528,305	\$(23,026)	\$ (7,567)	\$ (213,319)	\$ 284,393	\$ 5,278	\$ 289,671
Net (loss) income *			(6,424)			(6,424)	12	(6,412)
Currency translation adjustment, net *					4,785	4,785	317	5,102
Pension liability adjustments, net of tax					538	538		538
Dividends declared			(301)			(301)		(301)
Redemption value adjustment		(661)				(661)		(661)
Stock-based compensation		286				286		286
VIE distributions						—	(450)	(450)
Issuance of treasury stock under 401(k) plan	53,983	(167)		485		318		318
<b>Balance June 30, 2019</b>	60,000,370	\$ 527,763	\$(29,751)	\$ (7,082)	\$ (207,996)	\$ 282,934	\$ 5,157	\$ 288,091

\* Net income (loss) excludes \$(334) and \$(265) of net loss attributable to redeemable noncontrolling interest for the three months ended March 31, 2019, and June 30, 2019, respectively. Currency translation adjustment excludes \$428 and \$321 of currency translation related to redeemable noncontrolling interest for the three months ended March 31, 2019, and June 30, 2019, respectively.

See accompanying Notes to Condensed Consolidated Financial Statements.

**TITAN INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(All amounts in thousands)

	<b>Six months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Net (loss) income	\$ (5,670)	\$ 24,444
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation and amortization	27,809	30,175
Deferred income tax provision	156	287
Stock-based compensation	555	618
Issuance of treasury stock under 401(k) plan	459	279
Foreign currency translation (gain) loss	(1,789)	8,034
(Increase) decrease in assets:		
Accounts receivable	(27,193)	(70,633)
Inventories	14,258	(47,612)
Prepaid and other current assets	(1,763)	(4,555)
Other assets	1,305	(4,642)
Increase (decrease) in liabilities:		
Accounts payable	(3,863)	39,550
Other current liabilities	(6,949)	(660)
Other liabilities	(7,316)	(5,212)
<b>Net cash used for operating activities</b>	<b>(10,001)</b>	<b>(29,927)</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(16,725)	(18,416)
Payment related to redeemable noncontrolling interest	(41,000)	—
Other	1,235	884
<b>Net cash used for investing activities</b>	<b>(56,490)</b>	<b>(17,532)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	92,723	40,078
Payment on debt	(42,083)	(24,527)
Dividends paid	(599)	(598)
<b>Net cash provided by financing activities</b>	<b>50,041</b>	<b>14,953</b>
Effect of exchange rate changes on cash	1,131	(4,573)
Net decrease in cash and cash equivalents	(15,319)	(37,079)
Cash and cash equivalents, beginning of period	81,685	143,570
Cash and cash equivalents, end of period	<b>\$ 66,366</b>	<b>\$ 106,491</b>
<b>Supplemental information:</b>		
Interest paid	\$ 16,416	\$ 15,801
Income taxes paid, net of refunds received	\$ 4,203	\$ 5,025

See accompanying Notes to Condensed Consolidated Financial Statements.



**TITAN INTERNATIONAL, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

The accompanying unaudited condensed consolidated interim financial statements include the accounts of Titan International, Inc. and its subsidiaries (Titan or the Company) and have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) for interim financial information and in accordance with the rules and regulations of the United States Securities and Exchange Commission (the SEC). Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. These unaudited condensed consolidated interim financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the Company's financial position as of June 30, 2019, and the results of operations and cash flows for the three and six months ended June 30, 2019 and 2018, and should be read in conjunction with the consolidated financial statements and the related notes thereto included in the Company's latest Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 7, 2019 (the 2018 Form 10-K). All significant intercompany transactions have been eliminated in consolidation. These unaudited condensed consolidated interim financial statements include estimates and assumptions of management that affect the amounts reported in the condensed consolidated financial statements. Actual results could differ from these estimates.

**Fair value of financial instruments**

The Company records all financial instruments, including cash and cash equivalents, accounts receivable, notes receivable, accounts payable, other accruals, and notes payable at cost, which approximates fair value due to their short term or stated rates. Investments in marketable equity securities are recorded at fair value. The 6.50% senior secured notes due 2023 (senior secured notes) were carried at a cost of \$395.5 million at June 30, 2019. The fair value of the senior secured notes at June 30, 2019, as obtained through an independent pricing source, was approximately \$357.8 million.

**Cash dividends**

The Company declared cash dividends of \$0.005 per share of common stock for each of the quarters ended June 30, 2019 and 2018, respectively. The second quarter 2019 cash dividend of \$0.005 per share of common stock was paid on July 15, 2019, to shareholders of record on June 28, 2019.

**New accounting standards:**

**Adoption of new accounting standards**

On January 1, 2019, the Company adopted Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)" (the New Lease Standard) to increase transparency and comparability among entities by recognizing lease assets and liabilities on the balance sheet and disclosing key information about lease arrangements. Titan elected the modified retrospective with cumulative effect transition approach to adopt the New Lease Standard and thus will not restate its comparative periods in the year of transition. The Company adopted the practical expedients of the New Lease Standard which include (i) not reassessing whether expired or existing contracts contain leases, (ii) not reassessing the lease classification for any expired or existing leases, and (iii) not revaluing initial direct costs for existing leases. The Company did not elect the hindsight practical expedient. The adoption of this standard resulted in the recognition of operating lease right-of-use assets and corresponding lease liabilities on the Condensed Consolidated Balance Sheet, which resulted in a net credit adjustment to retained earnings as of January 1, 2019, of \$0.6 million. The New Lease Standard did not materially impact operating results or liquidity. Further disclosures related to the New Lease Standard are included in Note 10, Leases.

The Company adopted ASU No. 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" effective January 1, 2019. The amendments in this update allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the 2017 Tax Cuts and Jobs Act (the 2017 TCJA). Consequently, the amendments eliminate the stranded tax effects resulting from the 2017 TCJA and improve the usefulness of information reported to financial statement users. As a result of adopting this standard, the Company recorded a \$4.9 million reclassification to decrease accumulated other comprehensive income and increase retained earnings as of January 1, 2019.

**TITAN INTERNATIONAL, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

The Company adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, "Revenue from Contracts with Customers" (the New Revenue Standard), effective January 1, 2018, using the modified retrospective approach which requires the recognition of the cumulative effect of initially applying the standard as an adjustment to opening retained earnings for the fiscal year beginning January 1, 2018. The adoption of the New Revenue Standard resulted in the recognition of an immaterial cumulative adjustment to opening retained earnings as of January 1, 2018, and had an immaterial effect on the Company's financial position and results of operations. Results for reporting periods beginning after January 1, 2018, are presented under the New Revenue Standard, which prescribes that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Titan recognizes revenue when the performance obligations specified in the Company's contracts have been satisfied. Titan's contracts typically contain a single performance obligation that is fulfilled on the date of delivery based on shipping terms stipulated in the contract. The impact of the Company's adoption of the New Revenue Standard on net sales was immaterial and the disaggregation of revenues, which is based on the major markets the Company serves, has not changed from how it is presented in Note 18, Segment Information in Item 1 of this Form 10-Q.

The Company adopted ASU No. 2017-07, "Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" on January 1, 2018, using the retrospective transition method. This standard changed the presentation of net periodic pension and postretirement benefit cost (net benefit cost) within the Condensed Consolidated Statement of Operations. Under the previous guidance, net benefit cost was reported as an employee cost within operating income. The amendment requires the bifurcation of net benefit cost, with the service cost component to be presented with other employee compensation costs in operating income, while the other components will be reported separately outside of income from operations.

The Company early-adopted ASU No. 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract," effective September 30, 2018, using the retrospective approach. ASU 2018-15 requires a customer in a hosting arrangement that is a service contract to apply the guidance on internal-use software to determine which implementation costs to recognize as an asset and which costs to expense. Costs to develop or obtain internal-use software that cannot be capitalized under Subtopic 350-40, such as training costs and certain data conversion costs, also cannot be capitalized for a hosting arrangement that is a service contract. The amendments in this update require a customer in a hosting arrangement that is a service contract to determine whether an implementation activity relates to the preliminary project stage, the application development stage, or the post-implementation stage. Costs for implementation activities in the application development stage will be capitalized depending on the nature of the costs, while costs incurred during the preliminary project and post-implementation stages will be expensed. As a result of the adoption of this accounting standard, the Company capitalized an aggregate of \$7.4 million of implementation costs for the year ended December 31, 2018, from selling, general and administration in the Condensed Consolidated Statement of Operations to other assets in the Condensed Consolidated Balance Sheets.

As a result of the retrospective adjustment of the change in accounting principle related to adoption of ASU No. 2018-15, certain amounts in the Company's Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2018, were adjusted as follows:

	<b>Three Months Ended June 30, 2018</b>		
	<b>As Originally Reported</b>	<b>Effect of Change</b>	<b>As Adjusted</b>
Selling, general and administrative expenses	\$ 36,699	\$ (2,739)	\$ 33,960
Income from operations	16,225	2,739	18,964
Net income	5,737	2,739	8,476
Basic and diluted earnings per share	\$ 0.02	\$ 0.04	\$ 0.06

**TITAN INTERNATIONAL, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**Six Months Ended June 30, 2018**

	<b>As Originally Reported</b>	<b>Effect of Change</b>	<b>As Adjusted</b>
Selling, general and administrative expenses	\$ 72,620	\$ (4,021)	\$ 68,599
Income from operations	34,325	4,021	38,346
Net income	20,423	4,021	24,444
Basic and diluted income per share	\$ 0.25	\$ 0.07	\$ 0.32

In March 2018, the FASB issued ASU No. 2018-05, "Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118." This ASU updates the income tax accounting in US GAAP to reflect the SEC's interpretive guidance released on December 22, 2017, when the 2017 TCJA was enacted.

In May 2017, the FASB issued ASU No. 2017-09, "Stock Compensation (Topic 718): Scope of Modification Accounting." This update provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. Disclosure requirements under Topic 718 remain unchanged. The Company adopted ASU 2017-09 effective January 1, 2018. The adoption of this guidance did not have a material effect on the Company's condensed consolidated financial statements; no changes were made to the terms or conditions of share-based payments.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The Company adopted this guidance effective January 1, 2018, with no resulting changes to the Company's condensed consolidated financial statements.

**Accounting standards issued but not yet adopted**

In August 2018, the FASB issued ASU No. 2018-13, "Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement." The amendments in this update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. The amendments in this update are effective for fiscal years beginning after December 15, 2019. The adoption of this guidance is not expected to have a material effect on the Company's condensed consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-14, "Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans." The amendments in this update modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The amendments in this update are effective for fiscal years ending after December 15, 2020. The adoption of this guidance is not expected to have a material effect on the Company's condensed consolidated financial statements.

**2. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following as of the dates set forth below (amounts in thousands):

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Accounts receivable	\$ 275,508	\$ 245,236
Allowance for doubtful accounts	(3,502)	(3,404)
Accounts receivable, net	<u>\$ 272,006</u>	<u>\$ 241,832</u>

Accounts receivable are reduced by an estimated allowance for doubtful accounts, which is based on known risks and historical losses.

**TITAN INTERNATIONAL, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**3. INVENTORIES**

Inventories consisted of the following as of the dates set forth below (amounts in thousands):

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Raw material	\$ 103,185	\$ 110,806
Work-in-process	54,524	55,543
Finished goods	227,659	229,386
	<u>\$ 385,368</u>	<u>\$ 395,735</u>

Inventories are valued at the lower of cost or net realizable value. Net realizable value is estimated based on current selling prices. Inventory costs are calculated using the first-in, first-out (FIFO) method or average cost method. Estimated provisions are established for slow-moving and obsolete inventory.

**4. PROPERTY, PLANT AND EQUIPMENT, NET**

Property, plant and equipment, net consisted of the following as of the dates set forth below (amounts in thousands):

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Land and improvements	\$ 44,198	\$ 43,562
Buildings and improvements	258,703	255,451
Machinery and equipment	603,337	592,932
Tools, dies and molds	110,835	109,537
Construction-in-process	18,963	18,867
	<u>1,036,036</u>	<u>1,020,349</u>
Less accumulated depreciation	(660,039)	(635,477)
	<u>\$ 375,997</u>	<u>\$ 384,872</u>

Depreciation on property, plant and equipment for the six months ended June 30, 2019 and 2018 , totaled \$26.1 million and \$28.3 million , respectively.

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**5. INTANGIBLE ASSETS, NET**

The components of intangible assets consisted of the following as of the dates set forth below (amounts in thousands):

	<b>Weighted Average Useful Lives (in years) June 30, 2019</b>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Amortizable intangible assets:			
Customer relationships	8.2	\$ 12,638	\$ 12,967
Patents, trademarks and other	7.6	11,445	11,356
Total at cost		24,083	24,323
Less accumulated amortization		(13,287)	(12,676)
		<u>\$ 10,796</u>	<u>\$ 11,647</u>

Amortization related to intangible assets for the six months ended June 30, 2019 and 2018, totaled \$1.1 million and \$1.3 million, respectively. Intangible assets are included as a component of other assets in the Condensed Consolidated Balance Sheet.

The estimated aggregate amortization expense at June 30, 2019, for each of the years (or other periods) set forth below was as follows (amounts in thousands):

July 1 - December 31, 2019	\$ 1,123
2020	2,090
2021	1,372
2022	988
2023	988
Thereafter	4,235
	<u>\$ 10,796</u>

**6. WARRANTY**

Changes in the warranty liability during the six months ended June 30, 2019 and 2018, respectively, consisted of the following (amounts in thousands):

	<b>2019</b>	<b>2018</b>
Warranty liability, January 1	\$ 16,327	\$ 18,612
Provision for warranty liabilities	1,722	4,213
Warranty payments made	(2,987)	(3,818)
Warranty liability, June 30	<u>\$ 15,062</u>	<u>\$ 19,007</u>

The Company provides limited warranties on workmanship on its products in all market segments. The majority of the Company's products are subject to a limited warranty that ranges between less than one year and ten years, with certain product warranties being prorated after the first year. The Company calculates a provision for warranty expense based on past warranty experience. Warranty accruals are included as a component of other current liabilities on the Condensed Consolidated Balance Sheet.

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**7. REVOLVING CREDIT FACILITY AND LONG-TERM DEBT**

Long-term debt consisted of the following as of the dates set forth below (amounts in thousands):

	<b>June 30, 2019</b>		
	<b>Principal Balance</b>	<b>Unamortized Debt Issuance</b>	<b>Net Carrying Amount</b>
6.50% senior secured notes due 2023	\$ 400,000	\$ (4,476)	\$ 395,524
Titan Europe credit facilities	44,107	—	44,107
Revolving credit facility	41,000	—	41,000
Other debt	33,366	—	33,366
Capital leases	2,757	—	2,757
Total debt	521,230	(4,476)	516,754
Less amounts due within one year	71,366	—	71,366
Total long-term debt	\$ 449,864	\$ (4,476)	\$ 445,388

	<b>December 31, 2018</b>		
	<b>Principal Balance</b>	<b>Unamortized Debt Issuance</b>	<b>Net Carrying Amount</b>
6.50% senior secured notes due 2023	\$ 400,000	\$ (4,897)	\$ 395,103
Titan Europe credit facilities	35,115	—	35,115
Other debt	28,429	—	28,429
Capital leases	2,810	—	2,810
Total debt	466,354	(4,897)	461,457
Less amounts due within one year	51,885	—	51,885
Total long-term debt	\$ 414,469	\$ (4,897)	\$ 409,572

Aggregate principal maturities of long-term debt at June 30, 2019, for each of the years (or other periods) set forth below were as follows (amounts in thousands):

July 1 - December 31, 2019	\$ 54,236
2020	19,031
2021	2,545
2022	43,538
2023	401,262
Thereafter	618
	<u>\$ 521,230</u>

**6.50% senior secured notes due 2023**

The senior secured notes are due November 2023. Including the impact of debt issuance costs, these notes had an effective yield of 6.79% at issuance. These notes are secured by the land and buildings of the following subsidiaries of the Company: Titan Tire Corporation, Titan Tire Corporation of Bryan, Titan Tire Corporation of Freeport, and Titan Wheel Corporation of Illinois.

**Titan Europe credit facilities**

The Titan Europe credit facilities include borrowings from various institutions totaling \$44.1 million in aggregate principal amount at June 30, 2019. Maturity dates on this debt range from less than one year to nine years. The Titan Europe facilities are secured by the assets of Titan's subsidiaries in Italy, Spain, Germany, and Brazil.

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**Revolving credit facility**

The Company has a \$125 million revolving credit facility (credit facility) with agent BMO Harris Bank N.A. and other financial institutions party thereto. The credit facility is collateralized by accounts receivable and inventory of certain of the Company's domestic subsidiaries and is scheduled to mature in February 2022. From time to time Titan's availability under this credit facility may be less than \$125 million as a result of outstanding letters of credit and eligible accounts receivable and inventory balances at certain of its domestic subsidiaries. At June 30, 2019, under the credit facility there were \$41.0 million in borrowings, a \$10.3 million letter of credit, and the amount available totaled \$57.3 million.

**Other debt**

The Company has working capital loans at Titan Pneus do Brasil Ltda and Voltyre-Prom at various interest rates, which totaled \$8.7 million and \$22.5 million at June 30, 2019, respectively. Maturity dates on this debt range from less than one year to three years.

**8. DERIVATIVE FINANCIAL INSTRUMENTS**

The Company uses financial derivatives to mitigate its exposure to volatility in foreign currency exchange rates. These derivative financial instruments are recognized at fair value. The Company has not designated these financial instruments as hedging instruments. Any gain or loss on the re-measurement of the fair value is recorded as an offset to currency exchange gain/loss. For the three and six months ended June 30, 2019, the Company recorded currency exchange gains related to these derivatives of \$0.1 million and \$0.0 million, respectively; and for the three and six months ended June 30, 2018, the Company recorded currency exchange gains related to these derivatives of \$0.4 million and \$0.2 million, respectively.

**9. REDEEMABLE NONCONTROLLING INTEREST**

The Company, in partnership with One Equity Partners (OEP) and the Russian Direct Investment Fund (RDIF), owns all of the equity interests in Voltyre-Prom, a leading producer of agricultural and industrial tires in Volgograd, Russia. The Company is party to a shareholders' agreement with OEP and RDIF (Shareholders' Agreement) which was entered into in connection with the acquisition of Voltyre-Prom. The agreement contains a settlement put option which was exercisable during a six-month period beginning July 9, 2018. The settlement put option required Titan to purchase the equity interests from OEP and RDIF in Voltyre-Prom with cash or Titan common stock, at a value set by the agreement. The value set by the agreement was the greater of: the aggregate of the investment of the selling party and an amount representing an internal rate of return of 8%, or the last twelve months of EBITDA multiplied by 5.5 less net debt times the selling party's ownership percentage.

On November 14, 2018, the Company received notification of exercise of the put option from RDIF. On February 11, 2019, the Company entered into a definitive agreement (the "Agreement") with an affiliate of RDIF relating to the put option that was exercised by RDIF. The transactions contemplated by the Agreement closed on February 22, 2019. Under the terms of the Agreement, in full satisfaction of the settlement put option that was exercised by RDIF, Titan paid to RDIF \$25 million in cash at the closing of the transaction, and agreed, subject to the completion of regulatory approval, to issue to RDIF in a private placement 4,032,259 shares of restricted Titan common stock. Due to pending regulatory approval, the issuance of the shares of restricted Titan common stock pursuant to the Agreement was not completed as of June 30, 2019. Immediately following the closing, RDIF continued to own the same interest in Voltyre-Prom, subject to the terms of the Agreement and the Shareholders' Agreement. Titan has retained the right to buy back the Titan shares from RDIF for \$25 million during such three-year period and, if the stock buyback is consummated within one year, at the time of such buyback, RDIF would be required to convey to Titan, based on current ownership, a 10.71% interest in Voltyre-Prom, resulting in RDIF reducing its interest in Voltyre-Prom from 35.7% to 25%.

On January 8, 2019, the Company received notification of exercise of the put option from OEP. During the second quarter of 2019, the Company made a payment to OEP in the amount of \$16 million representing the majority of the interest on the amount due to OEP with respect to the put option. On July 30, 2019, Titan Luxembourg S.à r.l. (the "Titan Purchaser"), a subsidiary of the Company, entered into a sale purchase agreement (the "OEP Agreement") with subsidiaries of OEP, relating to the settlement put option under the Shareholders' Agreement that was exercised by OEP. Pursuant to the terms of the OEP Agreement, on July 31, 2019, the Titan Purchaser paid to OEP \$30.7 million in cash, which, together with the Titan Purchaser's prior payment to OEP of \$16 million during the second quarter of 2019, were made in full satisfaction of the settlement put

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option exercised by OEP under the Shareholders' Agreement. Immediately following the closing, OEP ceased to have any ownership interests in, and the Titan Purchaser and RDIF owned 64.3% and 35.7% , respectively, of, Voltyre-Prom. See Note 23 for additional information.

As of June 30, 2019 , the value of the redeemable noncontrolling interest held by OEP was recorded at the aggregate of the investment of the selling party and an amount representing an internal rate of return of 8% less the \$16 million payment. The redeemable noncontrolling interest held by RDIF was recorded at \$25 million, the value of the shares of restricted stock to be issued.

The noncontrolling interest is presented as a redeemable noncontrolling interest separately from total equity in the Condensed Consolidated Balance Sheet at the redemption value of the settlement put option. If the redemption value is greater than the carrying value of the noncontrolling interest, the increase in the redemption value is adjusted directly to retained earnings of the affected entity, or additional paid-in capital if there are no available retained earnings applicable to the redeemable noncontrolling interest.

The following is a reconciliation of redeemable noncontrolling interest as of June 30, 2019 and 2018 (amounts in thousands):

	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 119,813	\$ 113,193
Reclassification as a result of Agreement regarding put option	(49,883)	—
Payment of interest on redeemable noncontrolling interest	(16,000)	—
Loss attributable to redeemable noncontrolling interest	(599)	(461)
Currency translation	749	(2,207)
Redemption value adjustment	1,437	7,021
Balance at June 30	<u>\$ 55,517</u>	<u>\$ 117,546</u>

This obligation approximates the cost to the Company if all remaining equity interests in the consortium were purchased by the Company on June 30, 2019 , and is presented in the Condensed Consolidated Balance Sheet in redeemable noncontrolling interest, which is treated as mezzanine equity.

## 10. LEASES

The Company leases certain buildings and equipment under both operating and finance leases. Certain lease agreements provide for renewal options, fair value purchase options, and payment of property taxes, maintenance, and insurance by the Company. Under ASC 842, the Company made an accounting policy election, by class of underlying asset, not to separate non-lease components such as those previously stated from lease components and instead will treat the lease agreement as a single lease component for all asset classes. Operating right-of-use (ROU) assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent Titan's obligations to make lease payments arising from the lease. The majority of Titan's leases are operating leases. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of Titan's leases do not provide an implicit interest rate, the Company used its incremental borrowing rate (6.79%), based on the information available at the lease commencement date, in determining the present value of lease payments. Operating lease expense is recognized on a straight-line basis over the lease term and is included in cost of sales and selling, general and administrative expenses on the Condensed Consolidated Statement of Operations. Amortization expense associated with finance leases is included in cost of sales and selling, general and administrative expenses, and interest expense associated with finance leases is included in interest expense in the Condensed Consolidated Statement of Operations. Short-term operating leases, which have an initial term of twelve months or less, are not recorded on the balance sheet.



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Supplemental balance sheet information related to leases was as follows (amounts in thousands):

	<b>Balance Sheet Classification</b>	<b>June 30, 2019</b>
Operating lease ROU assets	Operating lease assets	\$ 24,422
Operating lease current liabilities	Other current liabilities	\$ 7,162
Operating lease long-term liabilities	Other long-term liabilities	17,451
Total operating lease liabilities		<u>\$ 24,613</u>
Finance lease, gross	Property, plant & equipment, net	\$ 7,839
Finance lease accumulated depreciation	Property, plant & equipment, net	(5,143)
Finance lease, net		<u>\$ 2,696</u>
Finance lease current liabilities	Other current liabilities	\$ 957
Finance lease long-term liabilities	Long-term debt	1,800
Total finance lease liabilities		<u>\$ 2,757</u>

At June 30, 2019, maturity of lease liabilities were as follows (amounts in thousands):

	<b>Operating Leases</b>	<b>Finance Leases</b>
July 1 - December 31, 2019	\$ 5,678	\$ 797
2020	7,329	752
2021	5,561	679
2022	3,851	581
2023	2,652	368
Thereafter	4,330	—
Total lease payments	<u>\$ 29,401</u>	<u>\$ 3,177</u>
Less imputed interest	4,788	420
	<u>\$ 24,613</u>	<u>\$ 2,757</u>
Weighted average remaining lease term (in years)	4.9	3.6

Supplemental cash flow information related to leases for the six months ended June 30, 2019 were as follows: operating cash flows from operating leases were \$5.0 million and operating cash flows from finance leases were \$0.1 million .

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**11. EMPLOYEE BENEFIT PLANS**

The Company has three frozen defined benefit pension plans covering certain employees or former employees of three U.S. subsidiaries. The Company also has pension plans covering certain employees of several foreign subsidiaries. The Company also sponsors a number of defined contribution plans in the U.S. and at foreign subsidiaries. The Company contributed approximately \$1.2 million to the pension plans during the six months ended June 30, 2019, and expects to contribute approximately \$1.6 million to the pension plans during the remainder of 2019.

The components of net periodic pension cost consisted of the following for the periods set forth below (amounts in thousands):

	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Service cost	\$ 205	\$ 141	\$ 430	\$ 278
Interest cost	1,106	1,098	2,229	2,181
Expected return on assets	(1,188)	(1,491)	(2,377)	(2,983)
Amortization of unrecognized prior service cost	57	50	113	100
Amortization of net unrecognized loss	765	690	1,530	1,366
Net periodic pension cost	<u>\$ 945</u>	<u>\$ 488</u>	<u>\$ 1,925</u>	<u>\$ 942</u>

Service cost is recorded as cost of sales in the Condensed Consolidated Statement of Operations while all other components are recorded in other income.

**12. VARIABLE INTEREST ENTITIES**

The Company holds a variable interest in three joint ventures for which the Company is the primary beneficiary. Two of the joint ventures operate distribution facilities that primarily distribute mining products. Titan is the 50% owner of one of these distribution facilities, which is located in Canada, and the 40% owner of the other such facility, which is located in Australia. The Company's variable interests in these two joint ventures relate to sales of Titan product to these entities, consigned inventory, and working capital loans. The third joint venture is the consortium that owns Voltyre-Prom. Titan owns 43% of the consortium owning Voltyre-Prom, which is subject to a shareholders' agreement. See Note 9 for additional information.

The Company also holds a variable interest in five other entities for which Titan is the primary beneficiary. Each of these entities provides specific manufacturing related services at the Company's Tennessee facility. Titan's variable interest in these entities relates to financial support through providing many of the assets used by these entities in their business. The Company owns no equity in these entities.

As the primary beneficiary of these variable interest entities (VIEs), the VIEs' assets, liabilities, and results of operations are included in the Company's condensed consolidated financial statements. The other equity holders' interests are reflected in "Net (loss) income attributable to noncontrolling interests" in the Condensed Consolidated Statements of Operations and "Noncontrolling interests" in the Condensed Consolidated Balance Sheets.

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The following table summarizes the carrying amount of the VIEs' assets and liabilities included in the Company's Condensed Consolidated Balance Sheets at June 30, 2019, and December 31, 2018 (amounts in thousands):

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Cash and cash equivalents	\$ 11,842	\$ 9,064
Inventory	20,941	12,987
Other current assets	34,048	38,533
Property, plant and equipment, net	29,032	28,057
Other long-term assets	3,795	2,971
Total assets	<u>\$ 99,658</u>	<u>\$ 91,612</u>
Current liabilities	\$ 41,880	\$ 36,246
Other long-term liabilities	6,061	6,353
Total liabilities	<u>\$ 47,941</u>	<u>\$ 42,599</u>

All assets in the above table can only be used to settle obligations of the consolidated VIE to which the respective assets relate. Liabilities are nonrecourse obligations. Amounts presented in the table above are adjusted for intercompany eliminations.

The Company holds variable interests in certain VIEs that are not consolidated because Titan is not the primary beneficiary. The Company's involvement with these entities is in the form of direct equity interests and prepayments related to purchases of materials. The maximum exposure to loss as reflected in the table below represents the loss of assets recognized by Titan relating to non-consolidated entities and amounts due to the non-consolidated assets. The assets and liabilities recognized in Titan's Condensed Consolidated Balance Sheets related to Titan's interest in these non-consolidated VIEs and the Company's maximum exposure to loss related to non-consolidated VIEs as of the dates set forth below were as follows (amounts in thousands):

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Investments	\$ 3,998	\$ 3,985
Other current assets	1,195	1,200
Total VIE assets	<u>5,193</u>	<u>5,185</u>
Accounts payable	1,923	2,350
Maximum exposure to loss	<u>\$ 7,116</u>	<u>\$ 7,535</u>

### 13. ROYALTY EXPENSE

The Company has trademark license agreements with The Goodyear Tire & Rubber Company to manufacture and sell certain farm tires under the Goodyear name. These agreements cover sales in North America, Latin America, Europe, the Middle East, Africa, Russia, and other Commonwealth of Independent States countries. Each of these agreements is scheduled to expire in 2025. Royalty expenses were \$2.4 million and \$2.6 million for the quarters ended June 30, 2019 and 2018, respectively and \$5.1 million and \$5.3 million for the six months ended June 30, 2019 and 2018, respectively.

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**14. OTHER INCOME**

Other income consisted of the following for the periods set forth below (amounts in thousands):

	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Equity investment income	\$ 974	\$ 1,067	\$ 1,849	\$ 2,183
Gain (loss) on sale of assets	397	(4)	767	177
Building rental income	479	410	734	988
Interest income	301	532	641	1,149
Other (expense) income	(82)	472	(926)	5,730
	<u>\$ 2,069</u>	<u>\$ 2,477</u>	<u>\$ 3,065</u>	<u>\$ 10,227</u>

**15. INCOME TAXES**

The Company recorded income tax benefit of \$3.2 million and income tax expense of \$1.7 million for the quarters ended June 30, 2019 and 2018 , respectively. For the six months ended June 30, 2019 and 2018, the Company recorded income tax benefit of \$1.3 million and income tax expense of \$0.9 million , respectively. The Company's effective income tax rate was 33% and 17% for the quarters ended June 30, 2019 and 2018 , and 19% and 4% for the six months ended June 30, 2019 and 2018 , respectively.

The Company's 2019 and 2018 income tax expense and rates differed from the amount of income tax determined by applying the U.S. Federal income tax rate to pre-tax income primarily as a result of U.S. and certain foreign jurisdictions that incurred a full valuation allowance on deferred tax assets created by current year projected losses and a reduction of the liability for unrecognized tax positions. In addition, there were non-deductible royalty expenses and statutorily required income adjustments made in certain foreign jurisdictions that negatively impacted the tax rate for the six months ended June 30, 2019 and 2018.

The Company continues to monitor the realization of its deferred tax assets and assesses the need for a valuation allowance. The Company analyzes available positive and negative evidence to determine if a valuation allowance is needed based on the weight of the evidence. This objectively verifiable evidence primarily includes the past three years' profit and loss positions. This process requires management to make estimates, assumptions, and judgments that are uncertain in nature. The Company has established valuation allowances with respect to deferred tax assets in U.S. and certain foreign jurisdictions and continues to monitor and assess potential valuation allowances in all its jurisdictions.

The 2017 TCJA was enacted on December 22, 2017, and included a number of changes in existing tax law impacting businesses, including a one-time deemed repatriation of cumulative undistributed foreign earnings and a permanent reduction in the U.S. federal statutory income tax rate from 35% to 21% effective January 1, 2018. Under US GAAP, changes in tax rates and tax law are accounted for in the period of enactment and deferred tax assets and liabilities are re-measured at the enacted tax rate. The re-measured U.S. net deferred asset was fully offset by a change in the valuation allowance in 2017. The Company's net cumulative undistributed foreign earnings were a cumulative loss and therefore no additional income tax expense related to the one-time deemed repatriation toll charge was recorded in 2017.

The 2017 TCJA also created a new requirement that certain income (i.e., global intangible low taxed income, hereinafter referred to as GILTI) earned by foreign subsidiaries must be included currently in the gross income of the U.S. shareholder. For 2018 and 2019, the Company has estimated an amount of GILTI income that is included in the calculation of 2018 and 2019 income tax expense. This GILTI income inclusion, however, is fully offset by a change in the valuation allowance.

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**16. EARNINGS PER SHARE**

Earnings per share (EPS) were as follows for the periods presented below (amounts in thousands, except per share data):

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net (loss) income attributable to Titan	\$ (6,424)	\$ 8,436	\$ (4,446)	\$ 26,083
Redemption value adjustment	(661)	(4,678)	(1,437)	(7,021)
Net (loss) income applicable to common shareholders	<u>\$ (7,085)</u>	<u>\$ 3,758</u>	<u>\$ (5,883)</u>	<u>\$ 19,062</u>
Determination of shares:				
Weighted average shares outstanding (basic)	60,000	59,750	59,973	59,731
Effect of equity awards/trusts	—	128	—	146
Weighted average shares outstanding (diluted)	<u>60,000</u>	<u>59,878</u>	<u>59,973</u>	<u>59,877</u>
Earnings per share:				
Basic and diluted	(0.12)	0.06	(0.10)	0.32

The effect of equity awards has been excluded for the three and six months ended June 30, 2019, as the effect would have been antidilutive. The weighted average share amount excluded for equity awards was 445 shares and 331 shares for the three and six months ended June 30, 2019, respectively.

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**17. LITIGATION**

The Company is a party to routine legal proceedings arising out of the normal course of business. Due to the difficult nature of predicting unresolved and future legal claims, the Company cannot anticipate or predict the material adverse effect on its consolidated financial condition, results of operations, or cash flows as a result of efforts to comply with, or liabilities pertaining to, legal judgments.

At June 30, 2019, two of Titan's subsidiaries were involved in litigation concerning environmental laws and regulations.

In June 2015, Titan Tire Corporation (Titan Tire) and Dico, Inc. (Dico) appealed a U.S. District Court order granting the U.S. motion for summary judgment that found Dico liable for violating the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) and an Environmental Protection Agency (EPA) Administrative Order and awarded response costs, civil penalties, and punitive damages.

In December 2015, the United States Court of Appeals for the Eighth Circuit reversed the District Court's summary judgment order with respect to "arranger" liability for Titan Tire and Dico under CERCLA and the imposition of punitive damages against Dico for violating the EPA Administrative Order, but affirmed the summary judgment order imposing civil penalties in the amount of \$1.62 million against Dico for violating the EPA Administrative Order. The case was remanded to the District Court for a new trial on the remaining issues.

The trial occurred in April 2017. On September 5, 2017, the District Court issued an order: (a) concluding Titan Tire and Dico arranged for the disposal of a hazardous substance in violation of 42 U.S.C. § 9607(a); (b) holding Titan Tire and Dico jointly and severally liable for \$5.45 million in response costs previously incurred and reported by the United States relating to the alleged violation, including enforcement costs and attorney's fees; and (c) awarding a declaratory judgment holding Titan Tire and Dico jointly and severally liable for all additional response costs previously incurred but not yet reported or to be incurred in the future, including enforcement costs and attorney's fees. The District Court also held Dico liable for \$5.45 million in punitive damages under 42 U.S.C. § 9607(c) (3) for violating a unilateral administrative order. The punitive damages award does not apply to Titan Tire. The Company accrued a contingent liability of \$6.5 million, representing \$5.45 million in costs incurred by the United States and \$1.05 million of additional response costs, for this order in the quarter ended September 30, 2017. As of June 30, 2019, the \$6.5 million contingent liability remains outstanding.

Titan Tire and Dico appealed the case to the United States Court of Appeals for the Eighth Circuit. On April 11, 2019, the U.S. Court of Appeals for the Eighth Circuit affirmed the District Court's September 5, 2017, order. Thereafter, Dico and Titan Tire filed a petition for rehearing with the U.S. Court of Appeals for the Eighth Circuit, which petition remains pending. While the Company believes it has meritorious arguments, the outcome of this petition cannot be predicted. As a result of the current judgment in favor of the United States, and pursuant to Iowa Code § 624.23, a judgment lien exists over Titan Tire's real property in the State of Iowa. The United States has agreed, however, that it will take no steps to execute on this judgment lien. In exchange, Titan Tire has obtained a supersedeas bond in the amount of \$6.0 million that stays enforcement of the judgment pending the outcome of the appeal and petition.

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**18. SEGMENT INFORMATION**

The Company has aggregated its operating units into reportable segments based on its three customer markets: agricultural, earthmoving/construction, and consumer. These segments are based on the information used by the Chief Executive Officer to make certain operating decisions, allocate portions of capital expenditures, and assess segment performance. Segment external sales, expenses, and income from operations are determined based on the results of operations for the operating units of the Company's manufacturing facilities. Segment assets are generally determined on the basis of the tangible assets located at such operating units' manufacturing facilities and the intangible assets associated with the acquisitions of such operating units. However, certain operating units' property, plant and equipment balances are carried at the corporate level.

Titan is organized primarily on the basis of products being included in three market segments, with each reportable segment including wheels, tires, wheel/tire assemblies, and undercarriage systems and components.

The table below presents information about certain operating results, separated by market segments, for each of the three and six months ended June 30, 2019 and 2018 (amounts in thousands):

	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
<b>Net sales</b>				
Agricultural	\$ 164,284	\$ 186,870	\$ 356,014	\$ 381,037
Earthmoving/construction	184,782	198,963	361,527	387,696
Consumer	41,531	43,071	83,430	85,553
	<u>\$ 390,597</u>	<u>\$ 428,904</u>	<u>\$ 800,971</u>	<u>\$ 854,286</u>
<b>Gross profit</b>				
Agricultural	\$ 14,247	\$ 27,270	\$ 36,372	\$ 57,231
Earthmoving/construction	19,701	24,260	37,871	46,722
Consumer	4,360	6,782	9,329	13,920
	<u>\$ 38,308</u>	<u>\$ 58,312</u>	<u>\$ 83,572</u>	<u>\$ 117,873</u>
<b>(Loss) income from operations</b>				
Agricultural	\$ 4,365	\$ 19,002	\$ 18,293	\$ 40,323
Earthmoving/construction	5,697	11,575	11,225	21,528
Consumer	1,228	3,651	3,349	7,598
Corporate & Unallocated	(13,720)	(15,264)	(31,161)	(31,103)
(Loss) income from operations	<u>(2,430)</u>	<u>18,964</u>	<u>1,706</u>	<u>38,346</u>
Interest expense	(8,295)	(7,672)	(16,228)	(15,190)
Foreign exchange (loss) gain	(1,239)	(3,610)	4,484	(8,042)
Other income, net	2,069	2,477	3,065	10,227
(Loss) income before income taxes	<u>\$ (9,895)</u>	<u>\$ 10,159</u>	<u>\$ (6,973)</u>	<u>\$ 25,341</u>

Assets by segment were as follows as of the dates set forth below (amounts in thousands):

	June 30, 2019	December 31, 2018
<b>Total assets</b>		
Agricultural	\$ 443,628	\$ 464,828
Earthmoving/construction	605,586	543,927
Consumer	119,600	129,994
Corporate & Unallocated	100,714	112,507
	<u>\$ 1,269,528</u>	<u>\$ 1,251,256</u>

**TITAN INTERNATIONAL, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**19. FAIR VALUE MEASUREMENTS**

Accounting standards for fair value measurements establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers are defined as:

Level 1 – Quoted prices in active markets for identical instruments.

Level 2 – Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities measured at fair value on a recurring basis consisted of the following as of the dates set forth below (amounts in thousands):

	<b>June 30, 2019</b>				<b>December 31, 2018</b>			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Derivative financial instruments asset	\$ —	\$ —	\$ —	\$ —	\$ 902	\$ —	\$ 902	\$ —

**20. RELATED PARTY TRANSACTIONS**

The Company sells products and pays commissions to companies controlled by persons related to the Chairman of the Board of Directors of the Company, Mr. Maurice Taylor. The related party is Mr. Fred Taylor, who is Mr. Maurice Taylor's brother. The companies with which Mr. Fred Taylor is associated that do business with Titan include the following: Blacksmith OTR, LLC; F.B.T. Enterprises, Inc.; Green Carbon, Inc.; Silverstone, Inc.; and OTR Wheel Engineering, Inc. Sales of Titan products to these companies were approximately \$0.2 million and \$0.5 million for the three and six months ended June 30, 2019, respectively, and approximately \$0.3 million and \$0.6 million for the three and six months ended June 30, 2018, respectively. Titan had trade receivables due from these companies of approximately \$0.1 million at June 30, 2019, and approximately \$0.2 million at December 31, 2018. Sales commissions paid to the above companies were approximately \$0.3 million and \$0.8 million for the three and six months ended June 30, 2019, respectively, as compared to \$0.5 million and \$1.0 million for the three and six months ended June 30, 2018, respectively.

In July 2013, the Company entered into a Shareholders' Agreement with OEP and RDIF to acquire Voltyre-Prom. Mr. Richard M. Cashin Jr., a director of the Company, is the President of OEP, which owned 21.4% of the joint venture at June 30, 2019. The Shareholders' Agreement contained a settlement put option which potentially required the Company to purchase equity interests in the joint venture from OEP and RDIF at a value set by the agreement. On January 8, 2019, the Company received notification of exercise of the put option from OEP. During the second quarter of 2019, the Company made a payment to OEP in the amount of \$16 million representing the majority of the interest on the amount due to OEP. On July 30, 2019, the Titan Purchaser entered into the OEP Agreement with subsidiaries of OEP, relating to the settlement put option under the Shareholders' Agreement that was exercised by OEP. Pursuant to the terms of the OEP Agreement, on July 31, 2019, the Titan Purchaser paid to OEP \$30.7 million in cash, which, together with the Titan Purchaser's prior payment to OEP of \$16 million during the second quarter of 2019, were made in full satisfaction of the settlement put option exercised by OEP under the Shareholders' Agreement. Immediately following the closing, OEP ceased to have any ownership interests in, and the Titan Purchaser and RDIF owned 64.3% and 35.7%, respectively, of, Voltyre-Prom. See Notes 9 and 23 for additional information.



**TITAN INTERNATIONAL, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**21. ACCUMULATED OTHER COMPREHENSIVE LOSS**

Accumulated other comprehensive loss consisted of the following for the periods presented below (amounts in thousands):

	<b>Currency Translation Adjustments</b>	<b>Unrecognized Losses and Prior Service Cost</b>	<b>Total</b>
<b>Balance at April 1, 2019</b>	\$ (181,075)	\$ (32,244)	\$ (213,319)
Currency translation adjustments	4,785	—	4,785
<b>Defined benefit pension plan entries:</b>			
Amortization of unrecognized losses and prior service cost, net of tax of \$110	—	538	538
<b>Balance at June 30, 2019</b>	<u>\$ (176,290)</u>	<u>\$ (31,706)</u>	<u>\$ (207,996)</u>

	<b>Currency Translation Adjustments</b>	<b>Unrecognized Losses and Prior Service Cost</b>	<b>Total</b>
<b>Balance at January 1, 2019</b>	\$ (175,794)	\$ (27,777)	\$ (203,571)
Currency translation adjustments	(496)	—	(496)
<b>Defined benefit pension plan entries:</b>			
Amortization of unrecognized losses and prior service cost, net of tax of \$232	—	1,004	1,004
Reclassification from AOCI to retained earnings - adoption of ASU 2018-02	—	(4,933)	(4,933)
<b>Balance at June 30, 2019</b>	<u>\$ (176,290)</u>	<u>\$ (31,706)</u>	<u>\$ (207,996)</u>

**22. SUBSIDIARY GUARANTOR FINANCIAL INFORMATION**

The senior secured notes are guaranteed by the following wholly-owned subsidiaries of the Company: Titan Tire Corporation, Titan Tire Corporation of Bryan, Titan Tire Corporation of Freeport, and Titan Wheel Corporation of Illinois. The note guarantees are full and unconditional, joint and several obligations of the guarantors. The guarantees of the guarantor subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions. See the indenture governing the senior secured notes incorporated by reference to the 2018 Form 10-K for additional information. The following condensed consolidating financial statements are presented using the equity method of accounting. Certain sales and marketing expenses recorded by non-guarantor subsidiaries have not been allocated to the guarantor subsidiaries.

**TITAN INTERNATIONAL, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**Condensed Consolidating Statements of Operations**  
**For the Three Months Ended June 30, 2019**

(Amounts in thousands)

	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net sales	\$ —	\$ 111,162	\$ 391,301	\$ (111,866)	\$ 390,597
Cost of sales	(11)	99,275	364,891	(111,866)	352,289
Gross profit	11	11,887	26,410	—	38,308
Selling, general and administrative expenses	2,030	11,596	22,120	—	35,746
Research and development expenses	228	756	1,560	—	2,544
Royalty expense	401	1,073	974	—	2,448
(Loss) income from operations	(2,648)	(1,538)	1,756	—	(2,430)
Interest expense	(7,243)	—	(1,052)	—	(8,295)
Intercompany interest income (expense)	644	880	(1,524)	—	—
Foreign exchange gain (loss)	16	55	(1,310)	—	(1,239)
Other income (expense)	612	(798)	2,255	—	2,069
(Loss) income before income taxes	(8,619)	(1,401)	125	—	(9,895)
(Benefit) provision for income taxes	(7,676)	132	4,326	—	(3,218)
Equity in earnings of subsidiaries	(5,734)	—	(205)	5,939	—
Net (loss) income	(6,677)	(1,533)	(4,406)	5,939	(6,677)
Net loss attributable to noncontrolling interests	—	—	(253)	—	(253)
Net (loss) income attributable to Titan	\$ (6,677)	\$ (1,533)	\$ (4,153)	\$ 5,939	\$ (6,424)

**Condensed Consolidating Statements of Operations**  
**For the Three Months Ended June 30, 2018**

(Amounts in thousands)

	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net sales	\$ —	\$ 166,757	\$ 262,147	\$ —	\$ 428,904
Cost of sales	138	140,208	230,246	—	370,592
Gross (loss) profit	(138)	26,549	31,901	—	58,312
Selling, general and administrative expenses	1,678	16,985	15,297	—	33,960
Research and development expenses	253	983	1,518	—	2,754
Royalty expense	628	940	1,066	—	2,634
(Loss) income from operations	(2,697)	7,641	14,020	—	18,964
Interest expense	(6,826)	—	(846)	—	(7,672)
Intercompany interest income (expense)	628	909	(1,537)	—	—
Foreign exchange loss	—	(662)	(2,948)	—	(3,610)
Other income (loss)	959	(147)	1,665	—	2,477
(Loss) income before income taxes	(7,936)	7,741	10,354	—	10,159
(Benefit) provision for income taxes	(2,390)	3,044	1,029	—	1,683
Equity in earnings of subsidiaries	14,022	—	209	(14,231)	—
Net income (loss)	8,476	4,697	9,534	(14,231)	8,476
Net income attributable to noncontrolling interests	—	—	40	—	40
Net income (loss) attributable to Titan	\$ 8,476	\$ 4,697	\$ 9,494	\$ (14,231)	\$ 8,436

**TITAN INTERNATIONAL, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
(Unaudited)

**Condensed Consolidating Statements of Operations**  
**For the Six Months Ended June 30, 2019**

(Amounts in thousands)

	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net sales	\$ —	\$ 235,943	\$ 801,576	\$ (236,548)	\$ 800,971
Cost of sales	141	205,791	748,015	(236,548)	717,399
Gross (loss) profit	(141)	30,152	53,561	—	83,572
Selling, general and administrative expenses	3,181	23,204	45,266	—	71,651
Research and development expenses	492	1,585	3,084	—	5,161
Royalty expense	1,064	2,145	1,845	—	5,054
(Loss) income from operations	(4,878)	3,218	3,366	—	1,706
Interest expense	(14,170)	—	(2,058)	—	(16,228)
Intercompany interest income (expense)	1,274	1,890	(3,164)	—	—
Foreign exchange (loss) gain	(22)	(4)	4,510	—	4,484
Other income (expense)	943	(1,077)	3,199	—	3,065
(Loss) income before income taxes	(16,853)	4,027	5,853	—	(6,973)
(Benefit) provision for income taxes	(7,026)	283	5,440	—	(1,303)
Equity in earnings of subsidiaries	4,157	—	531	(4,688)	—
Net (loss) income	(5,670)	3,744	944	(4,688)	(5,670)
Net loss attributable to noncontrolling interests	—	—	(1,224)	—	(1,224)
Net (loss) income attributable to Titan	\$ (5,670)	\$ 3,744	\$ 2,168	\$ (4,688)	\$ (4,446)

**Condensed Consolidating Statements of Operations**  
**For the Six Months Ended June 30, 2018**

(Amounts in thousands)

	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net sales	\$ —	\$ 337,517	\$ 516,769	\$ —	\$ 854,286
Cost of sales	246	281,738	454,429	—	736,413
Gross (loss) profit	(246)	55,779	62,340	—	117,873
Selling, general and administrative expenses	2,873	32,260	33,466	—	68,599
Research and development expenses	493	1,969	3,169	—	5,631
Royalty expense	881	2,453	1,963	—	5,297
(Loss) income from operations	(4,493)	19,097	23,742	—	38,346
Interest expense	(13,639)	—	(1,551)	—	(15,190)
Intercompany interest income (expense)	1,251	1,922	(3,173)	—	—
Foreign exchange loss	—	(670)	(7,372)	—	(8,042)
Other income (expense)	6,628	(313)	3,912	—	10,227
(Loss) income before income taxes	(10,253)	20,036	15,558	—	25,341
(Benefit) provision for income taxes	(12,456)	7,304	6,049	—	897
Equity in earnings of subsidiaries	22,241	—	4,546	(26,787)	—
Net income (loss)	24,444	12,732	14,055	(26,787)	24,444
Net loss attributable to noncontrolling interests	—	—	(1,639)	—	(1,639)
Net income (loss) attributable to Titan	\$ 24,444	\$ 12,732	\$ 15,694	\$ (26,787)	\$ 26,083

**TITAN INTERNATIONAL, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
(Unaudited)

**Condensed Consolidating Statements of Comprehensive Income (Loss)**  
**For the Three Months Ended June 30, 2019**

(Amounts in thousands)

	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net (loss) income	\$ (6,677)	\$ (1,533)	\$ (4,406)	\$ 5,939	\$ (6,677)
Currency translation adjustment	5,423	—	5,423	(5,423)	5,423
Pension liability adjustments, net of tax	538	753	(215)	(538)	538
Comprehensive (loss) income	(716)	(780)	802	(22)	(716)
Net comprehensive income attributable to redeemable and noncontrolling interests	—	—	385	—	385
Comprehensive (loss) income attributable to Titan	<u>\$ (716)</u>	<u>\$ (780)</u>	<u>\$ 417</u>	<u>\$ (22)</u>	<u>\$ (1,101)</u>

**Condensed Consolidating Statements of Comprehensive Income (Loss)**  
**For the Three Months Ended June 30, 2018**

(Amounts in thousands)

	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net income (loss)	\$ 8,476	\$ 4,697	\$ 9,534	\$ (14,231)	\$ 8,476
Currency translation adjustment	(38,338)	—	(38,338)	38,338	(38,338)
Pension liability adjustments, net of tax	690	646	44	(690)	690
Comprehensive (loss) income	(29,172)	5,343	(28,760)	23,417	(29,172)
Net comprehensive loss attributable to redeemable and noncontrolling interests	—	—	(2,185)	—	(2,185)
Comprehensive (loss) income attributable to Titan	<u>\$ (29,172)</u>	<u>\$ 5,343</u>	<u>\$ (26,575)</u>	<u>\$ 23,417</u>	<u>\$ (26,987)</u>

**Condensed Consolidating Statements of Comprehensive Income (Loss)**  
**For the Six Months Ended June 30, 2019**

(Amounts in thousands)

	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net (loss) income	\$ (5,670)	\$ 3,744	\$ 944	\$ (4,688)	\$ (5,670)
Currency translation adjustment	1,044	—	1,044	(1,044)	1,044
Pension liability adjustments, net of tax	1,004	1,506	(502)	(1,004)	1,004
Comprehensive (loss) income	(3,622)	5,250	1,486	(6,736)	(3,622)
Net comprehensive income attributable to redeemable and noncontrolling interests	—	—	317	—	317
Comprehensive (loss) income attributable to Titan	<u>\$ (3,622)</u>	<u>\$ 5,250</u>	<u>\$ 1,169</u>	<u>\$ (6,736)</u>	<u>\$ (3,939)</u>

**TITAN INTERNATIONAL, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
(Unaudited)

**Condensed Consolidating Statements of Comprehensive Income (Loss)**  
**For the Six Months Ended June 30, 2018**

(Amounts in thousands)

	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
Net income (loss)	\$ 24,444	\$ 12,732	\$ 14,055	\$ (26,787)	\$ 24,444
Currency translation adjustment	(30,276)	—	(30,276)	30,276	(30,276)
Pension liability adjustments, net of tax	1,573	1,292	281	(1,573)	1,573
Comprehensive (loss) income	(4,259)	14,024	(15,940)	1,916	(4,259)
Net comprehensive loss attributable to redeemable and noncontrolling interests	—	—	(3,225)	—	(3,225)
Comprehensive (loss) income attributable to Titan	<u>\$ (4,259)</u>	<u>\$ 14,024</u>	<u>\$ (12,715)</u>	<u>\$ 1,916</u>	<u>\$ (1,034)</u>

**Condensed Consolidating Balance Sheets**  
**June 30, 2019**

(Amounts in thousands)

	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 6,352	\$ 3	\$ 60,011	\$ —	\$ 66,366
Accounts receivable, net	—	73	271,933	—	272,006
Inventories	—	55,796	329,572	—	385,368
Prepaid and other current assets	2,996	17,740	41,737	—	62,473
Total current assets	9,348	73,612	703,253	—	786,213
Property, plant and equipment, net	11,311	94,374	270,312	—	375,997
Investment in subsidiaries	750,874	—	65,574	(816,448)	—
Other assets	2,721	4,970	99,627	—	107,318
Total assets	<u>\$ 774,254</u>	<u>\$ 172,956</u>	<u>\$ 1,138,766</u>	<u>\$ (816,448)</u>	<u>\$ 1,269,528</u>
<b>Liabilities and Equity</b>					
Short-term debt	\$ 456	\$ —	\$ 70,910	\$ —	\$ 71,366
Accounts payable	4,532	27,947	176,943	—	209,422
Other current liabilities	16,345	21,026	74,463	—	111,834
Total current liabilities	21,333	48,973	322,316	—	392,622
Long-term debt	437,903	—	7,485	—	445,388
Other long-term liabilities	5,123	19,597	63,190	—	87,910
Intercompany accounts	17,379	(407,724)	390,345	—	—
Redeemable noncontrolling interest	—	—	55,517	—	55,517
Titan shareholders' equity	292,516	512,110	294,756	(816,448)	282,934
Noncontrolling interests	—	—	5,157	—	5,157
Total liabilities and equity	<u>\$ 774,254</u>	<u>\$ 172,956</u>	<u>\$ 1,138,766</u>	<u>\$ (816,448)</u>	<u>\$ 1,269,528</u>

**TITAN INTERNATIONAL, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
(Unaudited)

**Condensed Consolidating Balance Sheets**  
**December 31, 2018**

(Amounts in thousands)

	<b>Titan Intl., Inc. (Parent)</b>	<b>Guarantor Subsidiaries</b>	<b>Non-Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 23,630	\$ 4	\$ 58,051	\$ —	\$ 81,685
Accounts receivable, net	—	—	241,832	—	241,832
Inventories	—	68,858	326,877	—	395,735
Prepaid and other current assets	3,853	18,845	37,531	—	60,229
Total current assets	27,483	87,707	664,291	—	779,481
Property, plant and equipment, net	12,493	98,856	273,523	—	384,872
Investment in subsidiaries	749,645	—	66,308	(815,953)	—
Other assets	6,268	944	79,691	—	86,903
<b>Total assets</b>	<b>\$ 795,889</b>	<b>\$ 187,507</b>	<b>\$ 1,083,813</b>	<b>\$ (815,953)</b>	<b>\$ 1,251,256</b>
<b>Liabilities and Equity</b>					
Short-term debt	\$ 419	\$ —	\$ 51,466	\$ —	\$ 51,885
Accounts payable	1,447	29,922	180,760	—	212,129
Other current liabilities	22,065	20,051	68,938	—	111,054
Total current liabilities	23,931	49,973	301,164	—	375,068
Long-term debt	396,700	—	12,872	—	409,572
Other long-term liabilities	9,268	17,521	49,917	—	76,706
Intercompany accounts	77,363	(390,382)	313,019	—	—
Redeemable noncontrolling interest	—	—	119,813	—	119,813
Titan shareholders' equity	288,627	510,395	295,979	(815,953)	279,048
Noncontrolling interests	—	—	(8,951)	—	(8,951)
<b>Total liabilities and equity</b>	<b>\$ 795,889</b>	<b>\$ 187,507</b>	<b>\$ 1,083,813</b>	<b>\$ (815,953)</b>	<b>\$ 1,251,256</b>

**TITAN INTERNATIONAL, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
(Unaudited)

**Condensed Consolidating Statements of Cash Flows**  
**For the Six Months Ended June 30, 2019**

(Amounts in thousands)

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
<b>Net cash (used for) provided by operating activities</b>	\$ (16,658)	\$ 4,213	\$ 2,444	\$ (10,001)
<b>Cash flows from investing activities:</b>				
Capital expenditures	(21)	(4,396)	(12,308)	(16,725)
Payment related to redeemable noncontrolling interest	(41,000)	—	—	(41,000)
Other, net	—	182	1,053	1,235
<b>Net cash used for investing activities</b>	(41,021)	(4,214)	(11,255)	(56,490)
<b>Cash flows from financing activities:</b>				
Proceeds from borrowings	50,000	—	42,723	92,723
Payment on debt	(9,000)	—	(33,083)	(42,083)
Dividends paid	(599)	—	—	(599)
<b>Net cash provided by financing activities</b>	40,401	—	9,640	50,041
Effect of exchange rate change on cash	—	—	1,131	1,131
Net (decrease) increase in cash and cash equivalents	(17,278)	(1)	1,960	(15,319)
Cash and cash equivalents, beginning of period	23,630	4	58,051	81,685
Cash and cash equivalents, end of period	\$ 6,352	\$ 3	\$ 60,011	\$ 66,366

**Condensed Consolidating Statements of Cash Flows**  
**For the Six Months Ended June 30, 2018**

(Amounts in thousands)

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
<b>Net cash (used for) provided by operating activities</b>	\$ (24,585)	\$ 3,265	\$ (8,607)	\$ (29,927)
<b>Cash flows from investing activities:</b>				
Capital expenditures	(83)	(3,274)	(15,059)	(18,416)
Other, net	220	1	663	884
<b>Net cash provided by (used for) investing activities</b>	137	(3,273)	(14,396)	(17,532)
<b>Cash flows from financing activities:</b>				
Proceeds from borrowings	—	—	40,078	40,078
Payment on debt	—	—	(24,527)	(24,527)
Dividends paid	(598)	—	—	(598)
<b>Net cash (used for) provided by financing activities</b>	(598)	—	15,551	14,953
Effect of exchange rate change on cash	—	—	(4,573)	(4,573)
Net decrease in cash and cash equivalents	(25,046)	(8)	(12,025)	(37,079)
Cash and cash equivalents, beginning of period	59,740	13	83,817	143,570
Cash and cash equivalents, end of period	\$ 34,694	\$ 5	\$ 71,792	\$ 106,491

**TITAN INTERNATIONAL, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**23. SUBSEQUENT EVENTS**

The Company, in partnership with OEP and RDIF, previously acquired all of the equity interests in Voltyre-Prom, a leading producer of agricultural and industrial tires in Volgograd, Russia. The Company is party to the Shareholders' Agreement which was entered into in connection with the acquisition of Voltyre-Prom. The agreement contains a settlement put option which was exercisable during a six-month period beginning July 9, 2018. The settlement put option required Titan to purchase the equity interests from OEP and RDIF in Voltyre-Prom with cash or Titan common stock, at a value set by the agreement.

On January 8, 2019, the Company received notification of exercise of the put option from OEP. During the second quarter of 2019, the Company made a payment to OEP in the amount of \$16 million representing the majority of the interest on the amount due to OEP. On July 30, 2019, the Titan Purchaser, a subsidiary of the Company, entered into the OEP Agreement with subsidiaries of OEP, relating to the settlement put option under the Shareholders' Agreement that was exercised by OEP. Pursuant to the terms of the OEP Agreement, on July 31, 2019, the Titan Purchaser paid OEP \$30.7 million in cash, which together with the \$16 million paid to OEP during the second quarter of 2019, fully satisfies the settlement put option exercised by OEP under the Shareholders' Agreement. Immediately following the closing, OEP ceased to have any ownership interest in, and the Titan Purchaser and RDIF owned 64.3% and 35.7% , respectively, of Voltyre-Prom.

The Company has included the results of Voltyre-Prom in the Company's condensed consolidated statements, as Voltyre-Prom was a variable interest entity for which Titan was the primary beneficiary. Titan will continue to include the results of Voltyre-Prom in the Company's condensed consolidated statements with a decrease in the noncontrolling interest.



**TITAN INTERNATIONAL, INC.**  
**Management's Discussion and Analysis of**  
**Financial Condition and Results of Operations**

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Management's discussion and analysis of financial condition and results of operations (MD&A) is designed to provide a reader of the financial statements included in this quarterly report with a narrative from the perspective of the management of Titan International, Inc. (Titan or the Company) on Titan's financial condition, results of operations, liquidity, and other factors that may affect the Company's future results. The MD&A in this quarterly report should be read in conjunction with the condensed consolidated financial statements and other financial information included elsewhere in this quarterly report and the MD&A and audited consolidated financial statements and related notes in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 7, 2019 (the 2018 Form 10-K).

**FORWARD-LOOKING STATEMENTS**

This Form 10-Q contains forward-looking statements, which are covered by the "Safe Harbor for Forward-Looking Statements" provided by the Private Securities Litigation Reform Act of 1995. Readers can identify these statements by the fact that they do not relate strictly to historical or current facts. The Company tried to identify forward-looking statements in this quarterly report by using words such as "anticipates," "estimates," "expects," "intends," "plans," and "believes," and similar expressions or future or conditional verbs such as "will," "should," "would," "may," and "could." These forward-looking statements include, among other items:

- The Company's financial performance;
- Anticipated trends in the Company's business;
- Expectations with respect to the end-user markets into which the Company sells its products (including agricultural equipment, earthmoving/construction equipment, and consumer products);
- Future expenditures for capital projects;
- The Company's ability to continue to control costs and maintain quality;
- The Company's ability to meet conditions of loan agreements;
- The Company's business strategies, including its intention to introduce new products;
- Expectations concerning the performance and success of the Company's existing and new products; and
- The Company's intention to consider and pursue acquisition and divestiture opportunities.

Readers of this Form 10-Q should understand that these forward-looking statements are based on the Company's current expectations and assumptions about future events and are subject to a number of risks, uncertainties, and changes in circumstances that are difficult to predict, including, but not limited to, the factors discussed in Part 1, Item 1A, Risk Factors, of the 2018 Form 10-K, certain of which are beyond the Company's control.

Actual results could differ materially from these forward-looking statements as a result of certain factors, including:

- The effect of a recession on the Company and its customers and suppliers;
- Changes in the Company's end-user markets into which the Company sells its products as a result of world economic or regulatory influences or otherwise;
- Changes in the marketplace, including new products and pricing changes by the Company's competitors;
- Ability to maintain satisfactory labor relations;
- Unfavorable outcomes of legal proceedings;
- The Company's ability to comply with current or future regulations applicable to the Company's business and the industry in which it competes or any actions taken or orders issued by regulatory authorities;
- Availability and price of raw materials;
- Levels of operating efficiencies;
- The effects of the Company's indebtedness and its compliance with the terms thereof;
- Changes in the interest rate environment and their effects on the Company's outstanding indebtedness;

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- Unfavorable product liability and warranty claims;
- Actions of domestic and foreign governments, including the imposition of additional tariffs;
- Geopolitical and economic uncertainties relating to the countries in which the Company operates or does business;
- Risks associated with acquisitions, including difficulty in integrating operations and personnel, disruption of ongoing business, and increased expenses;
- Results of investments;
- The effects of potential processes to explore various strategic transactions, including potential dispositions;
- Fluctuations in currency translations;
- Climate change and related laws and regulations;
- Risks associated with environmental laws and regulations;
- Risks relating to our manufacturing facilities, including that any of our material facilities may become inoperable; and
- Risks related to financial reporting, internal controls, tax accounting, and information systems.

Any changes in such factors could lead to significantly different results. Any assumptions that are inaccurate or do not prove to be correct could have a material adverse effect on the Company's ability to achieve the results as indicated in the forward-looking statements. Forward-looking statements included in this report speak only as of the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. In light of these risks and uncertainties, there can be no assurance that the forward-looking information and assumptions contained in this report will in fact transpire. The reader should not place undue reliance on the forward-looking statements included in this report or that may be made elsewhere from time to time by the Company, or on its behalf. All forward-looking statements attributable to Titan are expressly qualified by these cautionary statements.

#### **OVERVIEW**

Titan International, Inc., together with its subsidiaries, is a global manufacturer of off-highway wheels, tires, assemblies and undercarriage products. As a leading manufacturer in the off-highway industry, 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 certain tires under the Goodyear Farm Tire and Titan Tire brands and has complete research and development test facilities to validate wheel and rim designs.

*Agricultural Segment:* Titan's agricultural rims, wheels, tires, and undercarriage systems and components are manufactured for use on various agricultural equipment, including tractors, combines, skidders, plows, planters, and irrigation equipment, and are sold directly to OEMs and to the aftermarket through independent distributors, equipment dealers, and Titan's distribution centers. The wheels and rims range in diameter from nine inches to 54 inches, with the 54 inch diameter being the largest agricultural wheel manufactured in North America. 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. The Company offers the added value of delivering a complete wheel and tire assembly to OEM and aftermarket customers.

*Earthmoving/Construction Segment:* The Company manufactures rims, wheels, tires, and undercarriage systems and components for various types of off-the-road (OTR) earthmoving, mining, military, construction, and forestry equipment, including skid steers, aerial lifts, cranes, graders and levelers, scrapers, self-propelled shovel loaders, articulated dump trucks, load transporters, haul trucks, backhoe loaders, crawler tractors, lattice cranes, shovels, and hydraulic excavators. The Company provides a broad range of earthmoving/construction wheels and tires with the wheels ranging in diameter from 15 to 63 inches and in weight from 125 to 7,000 pounds, while the tires range from approximately three to 13 feet in outside diameter and weigh between 50 to 12,500 pounds. The Company offers the added value of wheel and tire assembly for certain applications in the earthmoving/construction segment.

*Consumer Segment:* Titan manufactures bias truck tires in Latin America and light truck tires in Russia. Titan also offers select products for ATVs, turf, and golf cart applications. This segment also includes sales that do not readily fall into the Company's other segments.

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The Company's top customers include global leaders in agricultural and construction equipment manufacturing and include AGCO Corporation, Caterpillar Inc., CNH Global N.V., Deere & Company, Hitachi, Ltd., Kubota Corporation, Liebherr, and Volvo, in addition to many other off-highway equipment manufacturers. The Company distributes products to OEMs, independent and OEM-affiliated dealers, and through a network of distribution facilities.

**MARKET CONDITIONS AND OUTLOOK**

**AGRICULTURAL MARKET OUTLOOK**

Agriculture-related commodity prices have recently rebounded somewhat, but remain low as a result of ongoing tariffs and trade concerns. Within North America, a delayed planting season caused by extraordinarily bad weather this spring is causing farmers to become more cautious about large equipment purchases. Most major OEMs are forecasting flat to modest growth in agricultural equipment sales (0% to 5%) during 2019 within most regions, while after-market spending has been reduced in recent months due to the uncertainty in the market caused by weather and trade. Many variables, including weather, volatility in the price of commodities, grain prices, export markets, foreign currency exchange rates, government policies, subsidies, and the demand for used equipment can greatly impact the Company's performance in the agricultural market in a given period.

**EARTHMOVING/CONSTRUCTION MARKET OUTLOOK**

The earthmoving/construction market had a strong start in the beginning of 2019, while the second quarter experienced some moderation due to global economic volatility. Demand for larger construction equipment used for highways and infrastructure has been steady after several years of strong growth, and mining industry equipment demand continues to steadily increase within certain regions in 2019. Construction is mainly driven by GDP by country and the need for infrastructure developments. Mining is primarily driven by both the demand and pricing of commodities. Demand for Titan's products in this market is anticipated to be steady and modestly improve throughout the remainder of 2019. Demand for small and medium-sized earthmoving/construction equipment used in the housing and commercial construction sectors is anticipated to experience flat to slight growth. The earthmoving/construction segment is affected by many variables, including commodity prices, road construction, infrastructure, government appropriations, housing starts, and other macroeconomic drivers.

**CONSUMER MARKET OUTLOOK**

The consumer market consists of several different distinct product lines within different regions. These products include light truck tires, turf equipment, specialty products, and train brakes. Overall, the Company expects flat to modest growth within this market during 2019. The consumer segment is affected by many variables including consumer spending, interest rates, government policies, and other macroeconomic drivers.

**RESULTS OF OPERATIONS**

Titan International, Inc. <i>(amounts in thousands)</i>	Three months ended			Six months ended		
	2019	2018	% Increase/(Decrease)	2019	2018	% Increase/(Decrease)
Net sales	\$ 390,597	\$ 428,904	(8.9)%	\$ 800,971	\$ 854,286	(6.2)%
Gross profit	38,308	58,312	(34.3)%	83,572	117,873	(29.1)%
<i>Gross profit %</i>	<i>9.8%</i>	<i>13.6%</i>		<i>10.4%</i>	<i>13.8%</i>	
Selling, general and administrative expenses	35,746	33,960	5.3 %	71,651	68,599	4.4 %
Research and development expenses	2,544	2,754	(7.6)%	5,161	5,631	(8.3)%
Royalty expense	2,448	2,634	(7.1)%	5,054	5,297	(4.6)%
(Loss) income from operations	(2,430)	18,964	(112.8)%	1,706	38,346	(95.6)%

**TITAN INTERNATIONAL, INC.**  
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**Net Sales**

Net sales for the second quarter of 2019 were \$390.6 million , compared to \$428.9 million in the comparable quarter of 2018 , a decrease of 8.9% driven by sales decreases in all segments. Overall net sales volume was down 4.3% from the comparable prior year quarter, due primarily to increasingly volatile conditions in the North American agricultural segment, primarily caused by wet weather conditions which have persisted in many of the farming regions, and ongoing global trade issues. In addition, sales were negatively impacted by continued challenging market conditions in Russia and Europe. Unfavorable changes in price/mix negatively impacted net sales by 0.8%, while unfavorable currency translation further decreased net sales by 3.8%.

Net sales for the six months ended June 30, 2019 , were \$801.0 million , compared to \$854.3 million in the comparable period of 2018 , a decrease of 6.2% driven by sales decreases in all segments. Overall net sales volume was down 3.9% from the comparable prior year period, due primarily to the market challenges in Russia and volatility in the North American and European agricultural segments, as a result of the issues described earlier. Unfavorable currency translation further decreased net sales by 4.8%. Favorable price/mix partially offset these decreases with a 2.5% positive impact on net sales.

**Gross Profit**

Gross profit for the second quarter of 2019 was \$38.3 million , or 9.8% of net sales, down \$20.0 million compared to \$58.3 million , or 13.6% of net sales, for the second quarter of 2018 . The decrease in gross profit was driven by the impact of lower sales volume across most geographic regions and effects of currency devaluation, especially in Europe, Latin America, and Russia. Gross profit margins in the U.S. were impacted by rapidly changing market conditions where sales volume decreased and there was limited ability in the period to trim production costs. Gross profit and margins were also impacted by performance in the North American wheel business. While sales were relatively flat versus the prior year and material costs have been declining recently, sales primarily came from elevated inventory levels from earlier in the year where production costs were higher as we prepared for the ERP transition and the expectation of increased demand in the market.

Gross profit for the six months ended June 30, 2019 , was \$83.6 million , or 10.4% of net sales, compared to \$117.9 million , or 13.8% of net sales, for the six months ended June 30, 2018 . The decrease in gross profit was primarily due to a decrease of sales in all segments which resulted from lower volume and unfavorable currency impact. Additionally, North American gross profit and margins were negatively impacted by short term impacts from higher costs of inventory sold in the first quarter, the impact of higher production costs, and decreased sales volumes during the second quarter.

**Selling, General and Administrative Expenses**

Selling, general and administrative (SG&A) expenses for the second quarter of 2019 were \$35.7 million , or 9.2% of net sales, compared to \$34.0 million , or 7.9% of net sales, for the second quarter of 2018 . The increase in SG&A primarily related to certain investments in information technology in North America and an increase in legal fees. SG&A expenses for the six months ended June 30, 2019 , were \$71.7 million , or 8.9% of net sales, compared to \$68.6 million , or 8.0% of net sales, for the six months ended June 30, 2018 . The increase was primarily due to certain investments in information technology in North America and additional legal fees.

**Research and Development Expenses**

Research and development (R&D) expenses for the second quarter of 2019 were \$2.5 million , or 0.7% of net sales, compared to \$2.8 million , or 0.6% of net sales, for the second quarter of 2018 . R&D expenses for the six months ended June 30, 2019 , were \$5.2 million , or 0.6% of net sales, were slightly favorable compared to \$5.6 million , or 0.7% of net sales, for the comparable period in 2018 . R&D spending reflects initiatives to improve product designs and an ongoing focus on quality.

**Royalty Expense**

The Company has trademark license agreements with The Goodyear Tire & Rubber Company to manufacture and sell certain farm tires under the Goodyear name. These agreements cover sales in North America, Latin America, Europe, the Middle East, Africa, Russia, and other Commonwealth of Independent States countries. Each of these agreements is scheduled to expire in 2025.

Royalty expenses for the second quarter of 2019 were \$2.4 million , or 0.6% of net sales, compared to \$2.6 million , or 0.6% of net sales, for the second quarter of 2018 . Royalty expenses for the six months ended June 30, 2019 , were \$5.1 million , or 0.6% of net sales, compared to \$5.3 million , or 0.6% of net sales, for the six months ended June 30, 2018 .

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**Income (Loss) from Operations**

Loss from operations for the second quarter of 2019 was \$2.4 million , compared to income of \$19.0 million for the second quarter of 2018 . Income from operations for the six months ended June 30, 2019 , was \$1.7 million , compared to \$38.3 million for the six months ended June 30, 2018 . The decrease in income from operations for these periods was primarily driven by lower net sales and the net result of the items previously discussed in this quarterly report.

**OTHER PROFIT/LOSS ITEMS**

**Interest Expense**

Interest expense was \$8.3 million and \$7.7 million for the quarters ended June 30, 2019 and 2018 , respectively, and \$16.2 million and \$15.2 million for the six months ended June 30, 2019 and 2018 , respectively. The increase in interest expense was primarily due to increased borrowings under Titan's revolving credit facility and increases in borrowing rates.

**Foreign Exchange Gain (Loss)**

Foreign exchange loss was \$1.2 million for the second quarter of 2019 , compared to loss of \$3.6 million for the second quarter of 2018 . Foreign exchange gain was \$4.5 million for the six months ended June 30, 2019 , compared to loss of \$8.0 million for the six months ended June 30, 2018 . Foreign currency gain or loss is the result of the translation of intercompany loans at certain foreign subsidiaries which are denominated in local currencies rather than the reporting currency, which is the United States dollar. Since such loans are expected to be settled in cash at some point in the future, these loans are adjusted each reporting period to reflect the current exchange rates.

**Other Income**

Other income was \$2.1 million for the quarter ended June 30, 2019 , as compared to \$2.5 million in the comparable quarter of 2018 . The decrease in other income for the quarter ended June 30, 2019 , as compared to the same period in 2018 is primarily attributable to lower equity investment income.

Other income was \$3.1 million for the six months ended June 30, 2019 , as compared to \$10.2 million in the comparable period of 2018 . The decrease in other income for the quarter ended June 30, 2019 , as compared to the comparable period in 2018 is primarily attributable to a non-recurring legal settlement in 2018 and lower equity investment income.

**Provision (Benefit) for Income Taxes**

The Company recorded income tax benefit of \$3.2 million and income tax expense of \$1.7 million for the quarters ended June 30, 2019 and 2018 , respectively. For the six months ended June 30, 2019 and 2018, the Company recorded income tax benefit of \$1.3 million and income tax expense of \$0.9 million , respectively. The Company's effective income tax rate was 33% and 17% for the quarters ended June 30, 2019 and 2018 , and 19% and 4% for the six months ended June 30, 2019 and 2018 , respectively.

The Company's 2019 and 2018 income tax expense and rates differed from the amount of income tax determined by applying the U.S. Federal income tax rate to pre-tax income primarily as a result of U.S. and certain foreign jurisdictions that incurred a full valuation allowance on deferred tax assets created by current year projected losses and a reduction of the liability for unrecognized tax positions. In addition, there were non-deductible royalty expenses and statutorily required income adjustments made in certain foreign jurisdictions that negatively impacted the tax rate for the six months ended June 30, 2019 and 2018.

**Net Income (Loss) and Earnings (Loss) per Share**

Net loss for the second quarter of 2019 was \$6.7 million , compared to net income of \$8.5 million in the comparable quarter of 2018 . For the quarters ended June 30, 2019 and 2018 , basic and diluted earnings (loss) per share were \$(0.12) and \$0.06 , respectively. The Company's net loss and earnings per share were due to the items previously discussed.

Net loss for the six months ended June 30, 2019 was \$5.7 million , compared to net income of \$24.4 million in the comparable period of 2018 . For the six months ended June 30, 2019 and 2018 , basic and diluted earnings (loss) per share were \$(0.10) and \$0.32 , respectively. The Company's net loss and earnings per share were due to the items previously discussed.

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**SEGMENT INFORMATION**

Segment Summary (amounts in thousands):

<b>Three months ended June 30, 2019</b>	<b>Agricultural</b>	<b>Earthmoving/ Construction</b>	<b>Consumer</b>	<b>Corporate/ Unallocated Expenses</b>	<b>Consolidated Totals</b>
Net sales	\$ 164,284	\$ 184,782	\$ 41,531	\$ —	\$ 390,597
Gross profit	14,247	19,701	4,360	—	38,308
Income (loss) from operations	4,365	5,697	1,228	(13,720)	(2,430)
<b>Three months ended June 30, 2018</b>					
Net sales	\$ 186,870	\$ 198,963	\$ 43,071	\$ —	\$ 428,904
Gross profit	27,270	24,260	6,782	—	58,312
Income (loss) from operations	19,002	11,575	3,651	(15,264)	18,964
<b>Six months ended June 30, 2019</b>					
Net sales	\$ 356,014	\$ 361,527	\$ 83,430	\$ —	\$ 800,971
Gross profit	36,372	37,871	9,329	—	83,572
Income (loss) from operations	18,293	11,225	3,349	(31,161)	1,706
<b>Six months ended June 30, 2018</b>					
Net sales	\$ 381,037	\$ 387,696	\$ 85,553	\$ —	\$ 854,286
Gross profit	57,231	46,722	13,920	—	117,873
Income (loss) from operations	40,323	21,528	7,598	(31,103)	38,346

**Agricultural Segment Results**

Agricultural segment results for the periods presented below were as follows:

(Amounts in thousands)

	<b>Three months ended June 30,</b>			<b>Six months ended June 30,</b>		
	<b>2019</b>	<b>2018</b>	<b>% Increase/(Decrease)</b>	<b>2019</b>	<b>2018</b>	<b>% Increase/(Decrease)</b>
Net sales	\$ 164,284	\$ 186,870	(12.1)%	\$ 356,014	\$ 381,037	(6.6)%
Gross profit	14,247	27,270	(47.8)%	36,372	57,231	(36.4)%
Income from operations	4,365	19,002	(77.0)%	18,293	40,323	(54.6)%

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Net sales in the agricultural segment were \$164.3 million for the quarter ended June 30, 2019, as compared to \$186.9 million for the comparable period in 2018, a decrease of 12.1%. Lower sales volume contributed 6.5% of this decrease while unfavorable currency translation, primarily in Latin America and Europe, decreased net sales by 3.6%. Unfavorable price/mix further decreased net sales by 2.0%. Lower sales volumes were primarily caused by challenging market conditions, particularly in the United States, where wet weather conditions persisted in many of the farming regions as well as ongoing global trade issues which continue to cause uncertainty for customers.

Gross profit in the agricultural segment was \$14.2 million for the quarter ended June 30, 2019, as compared to \$27.3 million in the comparable quarter of 2018. The North American gross profit and margins were negatively affected by the adverse weather conditions that have persisted. Additionally, the North American operations experienced short-term impacts of decreased margins caused by rapidly changing markets and limited ability to decrease production costs during the period. Europe and Russia experienced similar impacts during the quarter. Gross profit and margins were also impacted by performance in the North American wheel business. While sales were relatively flat compared to the prior year and material costs have been declining recently, sales primarily came from elevated inventory levels from earlier in the year where production costs were higher as we prepared for the ERP transition and the expectation of increased demand in the market. Unfavorable foreign currency translation and lower sales volume in most geographic areas also contributed to the decrease in gross profit. Income from operations in the agricultural segment was \$4.4 million for the quarter ended June 30, 2019, as compared to \$19.0 million for the comparable period in 2018.

Net sales in the agricultural segment were \$356.0 million for the six months ended June 30, 2019, as compared to \$381.0 million for the comparable period in 2018, a decrease of 6.6%. Lower sales volumes contributed 4.4% of this decrease while unfavorable currency translation in all international locations further decreased net sales by 4.7%. Favorable price/mix partially offset these decreases with a 2.5% positive impact on net sales. Lower sales volumes in the first half of 2019 were primarily a result of the difficult market conditions due to global trade issues and the adverse weather conditions mentioned earlier.

Gross profit in the agricultural segment was \$36.4 million for the six months ended June 30, 2019, as compared to \$57.2 million in the comparable period of 2018. Lower sales volume and unfavorable foreign currency translation drove the overall decrease in gross profit. Income from operations in the agricultural segment was \$18.3 million for the six months ended June 30, 2019, as compared to \$40.3 million for the comparable period in 2018.

**Earthmoving/Construction Segment Results**

Earthmoving/construction segment results for the periods presented below were as follows:

	Three months ended			Six months ended		
	June 30,			June 30,		
	2019	2018	% Increase/(Decrease)	2019	2018	% Increase/(Decrease)
Net sales	\$ 184,782	\$ 198,963	(7.1)%	\$ 361,527	\$ 387,696	(6.7)%
Gross profit	19,701	24,260	(18.8)%	37,871	46,722	(18.9)%
Income from operations	5,697	11,575	(50.8)%	11,225	21,528	(47.9)%

The Company's earthmoving/construction segment net sales were \$184.8 million for the quarter ended June 30, 2019, as compared to \$199.0 million in the comparable quarter of 2018, a decrease of 7.1%. The decrease in earthmoving/construction sales was driven by decreased volume which negatively impacted net sales by 3.0%. There have been selective delays in customer expectations on deliveries from the first half of the year as market demand for original equipment has shifted, which should occur during upcoming periods. Unfavorable currency translation across all non-US geographies and an unfavorable price mix decreased net sales by 4.0% and 0.1%, respectively.

Gross profit in the earthmoving/construction segment was \$19.7 million for the quarter ended June 30, 2019, as compared to \$24.3 million in the comparable quarter of 2018. The decrease in gross profit was primarily driven by the lower sales volume which created certain production inefficiencies, and from unfavorable foreign currency translation. The Company's earthmoving/construction segment income from operations was \$5.7 million for the quarter ended June 30, 2019, as compared to \$11.6 million for the comparable quarter of 2018.

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The Company's earthmoving/construction segment net sales were \$361.5 million for the six months ended June 30, 2019 , as compared to \$387.7 million in the comparable period of 2018 , a decrease of 6.7% . The decrease in earthmoving/construction sales was driven by decreased volume which negatively impacted net sales by 3.5%. This decrease was primarily caused by similar shifts in customer demand for deliveries that were experienced in the second quarter. Unfavorable currency translation across all non-US geographies decreased net sales by 4.7% which was partially offset by a favorable price/mix of 1.5%.

Gross profit in the earthmoving/construction segment was \$37.9 million for the six months ended June 30, 2019 , as compared to \$46.7 million in the comparable period of 2018 . The decrease in gross profit was primarily due to lower sales volume and unfavorable foreign currency translation. The Company's earthmoving/construction segment income from operations was \$11.2 million for the six months ended June 30, 2019 , as compared to \$21.5 million for the comparable period of 2018 .

**Consumer Segment Results**

Consumer segment results for the periods presented below were as follows:

*(Amounts in thousands)*

	Three months ended			Six months ended		
	June 30,			June 30,		
	2019	2018	%	2019	2018	%
			Increase/(Decrease)			Increase/(Decrease)
Net sales	\$ 41,531	\$ 43,071	(3.6)%	\$ 83,430	\$ 85,553	(2.5)%
Gross profit	4,360	6,782	(35.7)%	9,329	13,920	(33.0)%
Income from operations	1,228	3,651	(66.4)%	3,349	7,598	(55.9)%

Consumer segment net sales were \$41.5 million for the quarter ended June 30, 2019 , as compared to \$43.1 million in the comparable quarter of 2018 , a decrease of approximately 3.6% . This decrease was driven by unfavorable currency translation, primarily in Latin America, of 4.2% and lower volume, which contributed an additional decrease of 1.0% to net sales. Favorable price/mix positively contributed 1.6% to net sales, partially offsetting the aforementioned variables.

Gross profit from the consumer segment was \$4.4 million for the quarter ended June 30, 2019 , as compared to \$6.8 million for the comparable quarter of 2018 due primarily to the mix of products sold in certain geographies. Consumer segment income from operations was \$1.2 million for the quarter ended June 30, 2019 , as compared to \$3.7 million for the comparable quarter of 2018 .

Consumer segment net sales were \$83.4 million for the six months ended June 30, 2019 , as compared to \$85.6 million in the comparable period of 2018 , a decrease of approximately 2.5% . This decrease was primarily due to unfavorable currency translation in all international locations, which contributed to a 6.1% decrease to net sales, and lower volume, which contributed an additional decrease of 3.0% to net sales. Favorable price/mix contributed 6.6% to net sales, partially offsetting the aforementioned variables.

Gross profit from the consumer segment was \$9.3 million for the six months ended June 30, 2019 , as compared to \$13.9 million for the comparable period of 2018 . Consumer segment income from operations was \$3.3 million for the quarter ended June 30, 2019 , as compared to \$7.6 million for the comparable period of 2018 .

**Corporate & Unallocated Expenses**

Income from operations on a segment basis did not include corporate expenses totaling \$13.7 million for the quarter ended June 30, 2019 , and \$31.2 million for the six months ended June 30, 2019 , as compared to \$15.3 million for the comparable quarter of 2018 and \$31.1 million for the six months ended June 30, 2018, respectively.



**TITAN INTERNATIONAL, INC.**  
**Management's Discussion and Analysis of**  
**Financial Condition and Results of Operations**

**LIQUIDITY AND CAPITAL RESOURCES**

**Cash Flows**

As of June 30, 2019 , the Company had \$66.4 million of cash, a decrease of \$15.3 million from December 31, 2018 , due to the following items:

**Operating Cash Flows**

Summary of cash flows from operating activities:

*(Amounts in thousands)*

	<b>Six months ended June 30,</b>		<b>Change</b>
	<b>2019</b>	<b>2018</b>	
Net (loss) income	\$ (5,670)	\$ 24,444	\$ (30,114)
Depreciation and amortization	27,809	30,175	(2,366)
Deferred income tax provision	156	287	(131)
Foreign currency translation (gain) loss	(1,789)	8,034	(9,823)
Accounts receivable	(27,193)	(70,633)	43,440
Inventories	14,258	(47,612)	61,870
Prepaid and other current assets	(1,763)	(4,555)	2,792
Accounts payable	(3,863)	39,550	(43,413)
Other current liabilities	(6,949)	(660)	(6,289)
Other liabilities	(7,316)	(5,212)	(2,104)
Other operating activities	2,319	(3,745)	6,064
Cash used for operating activities	<u>\$ (10,001)</u>	<u>\$ (29,927)</u>	<u>\$ 19,926</u>

In the first six months of 2019 , operating activities used \$10.0 million of cash, including a negative impact from increases in accounts receivable of \$27.2 million , offset by decreased inventory of \$14.3 million. Included in the net loss of \$5.7 million were non-cash charges for depreciation and amortization of \$27.8 million and foreign currency translation gain of \$1.8 million .

Operating cash flows increased \$19.9 million when comparing the first six months of 2019 to the comparable period in 2018 . Net income in the first six months of 2019 decreased \$30.1 million from income in the first six months of 2018 . When comparing the first six months of 2019 to the comparable period in 2018 , cash flows from operating activities increased in inventories and accounts receivable by \$61.9 million and \$43.4 million , respectively.

Summary of the components of cash conversion cycle:

	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2019</b>	<b>2018</b>	<b>2018</b>
Days sales outstanding	63	61	60
Days inventory outstanding	105	115	96
Days payable outstanding	(57)	(62)	(58)
Cash conversion cycle	<u>111</u>	<u>114</u>	<u>98</u>

**TITAN INTERNATIONAL, INC.**  
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**Investing Cash Flows**

Summary of cash flows from investing activities:

*(Amounts in thousands)*

	<b>Six months ended June 30,</b>		<b>Change</b>
	<b>2019</b>	<b>2018</b>	
Capital expenditures	\$ (16,725)	\$ (18,416)	\$ 1,691
Payments related to redeemable noncontrolling interest	(41,000)	—	(41,000)
Other investing activities	1,235	884	351
Cash used for investing activities	<u>\$ (56,490)</u>	<u>\$ (17,532)</u>	<u>\$ (38,958)</u>

Net cash used for investing activities was \$56.5 million in the first six months of 2019 , as compared to \$17.5 million in the first six months of 2018 . The Company made payments of \$41 million related to satisfaction of obligations relating to the settlement put option under the Shareholders' Agreement in the first six months of 2019. The Company invested a total of \$16.7 million in capital expenditures in the first six months of 2019 , compared to \$18.4 million in the comparable period of 2018 . The expenditures during the first six months of 2019 and 2018 represent various equipment purchases and improvements to enhance production capabilities of Titan's existing business and to maintain existing equipment.

**Financing Cash Flows**

Summary of cash flows from financing activities:

*(Amounts in thousands)*

	<b>Six months ended June 30,</b>		<b>Change</b>
	<b>2019</b>	<b>2018</b>	
Proceeds from borrowings	\$ 92,723	\$ 40,078	\$ 52,645
Payment on debt	(42,083)	(24,527)	(17,556)
Dividends paid	(599)	(598)	(1)
Cash provided by financing activities	<u>\$ 50,041</u>	<u>\$ 14,953</u>	<u>\$ 35,088</u>

In the first six months of 2019 , \$50.0 million of cash was provided by financing activities. This cash was primarily provided through debt financing, with proceeds from borrowing providing \$92.7 million , offset by payments on debt of \$42.1 million .

**Debt Restrictions**

The Company's revolving credit facility (credit facility) and indenture relating to the 6.50% senior secured notes due 2023 contain various restrictions, including:

- When remaining availability under the credit facility is less than 10% of the total commitment under the credit facility (\$12.5 million as of June 30, 2019 ), the Company is required to maintain a minimum fixed charge coverage ratio of not less than 1.0 to 1.0 (calculated quarterly on a trailing four quarter basis);
- Limits on dividends and repurchases of the Company's stock;
- Restrictions on the ability of the Company to make additional borrowings, or to consolidate, merge, or otherwise fundamentally change the ownership of the Company;
- Limitations on investments, dispositions of assets, and guarantees of indebtedness; and
- Other customary affirmative and negative covenants.

These restrictions could limit the Company's ability to respond to market conditions, provide for unanticipated capital investments, raise additional debt or equity capital, pay dividends, or take advantage of business opportunities, including future acquisitions.

**TITAN INTERNATIONAL, INC.**  
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**Liquidity Outlook**

At June 30, 2019, the Company had \$66.4 million of cash and cash equivalents. At June 30, 2019, under the Company's \$125 million credit facility, there were \$41 million in borrowings, a \$10.3 million letter of credit, and the amount available totaled \$57.3 million. Titan's availability under this credit facility may be less than \$125 million as a result of outstanding letters of credit and eligible accounts receivable and inventory balances at certain domestic subsidiaries. The cash and cash equivalents balance of \$66.4 million included \$54.0 million held in foreign countries. The Company's current plans do not demonstrate a need to repatriate the foreign amounts to fund U.S. operations. As a result of the 2017 Tax Cuts and Jobs Act, the Company can repatriate the cumulative undistributed foreign earnings back to the U.S. when needed with minimal additional taxes other than state income and foreign withholding tax. Titan expects to contribute approximately \$1.6 million to its defined benefit pension plans during the remainder of 2019.

Total capital expenditures for 2019 are forecasted to be approximately \$40 million. Cash payments for interest are currently forecasted to be approximately \$20 million for the last six months of 2019 based on June 30, 2019, debt balances. The forecasted interest payments are comprised primarily of the semi-annual payment of approximately \$13 million (paid in May and November) for the 6.50% senior secured notes.

The Company's redeemable noncontrolling interest in Voltyre-Prom includes a settlement put option that was exercisable during a six-month period beginning July 9, 2018. As of the filing date of this Form 10-Q, both shareholders have exercised their put option in accordance with the Shareholder's Agreement. See Note 9 and Note 23 to the Company's condensed consolidated financial statements regarding the Company's redeemable noncontrolling interest, the settlement put option and related subsequent events.

In the future, Titan may seek to grow by making acquisitions, which will depend in large part on its ability to identify suitable acquisition candidates, negotiate acceptable terms for their acquisition, finance those acquisitions, and successfully integrate the acquired assets or business.

Subject to the terms of the agreements governing Titan's outstanding indebtedness, the Company may finance future acquisitions with cash on hand, cash from operations, additional indebtedness, issuing additional equity securities, divestitures, and alternative financing options.

Cash and cash equivalents, totaling \$66.4 million at June 30, 2019, along with anticipated internal cash flows from operations and utilization of remaining available borrowings, are expected to provide sufficient liquidity for working capital needs, debt maturities, and capital expenditures. Potential divestitures and unencumbered assets are also a means to provide for future liquidity needs.

**CRITICAL ACCOUNTING ESTIMATES**

There were no material changes in the Company's Critical Accounting Estimates since the filing of the 2018 Form 10-K. As discussed in the 2018 Form 10-K, the preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates, assumptions, and judgments that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates and assumptions. Also see Note 1 - Basis of Presentation and Significant Accounting Policies in Part I, Item 1, Notes to Condensed Consolidated Financial Statements of this Form 10-Q for a discussion of the Company's updated accounting policies, including with respect to revenue recognition and leases.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

See Item 7A - Quantitative and Qualitative Disclosures About Market Risk included in the 2018 Form 10-K. There have been no material changes in this information.

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Titan management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of June 30, 2019. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2019, Titan's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by Titan in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported accurately and within the time frames specified in the SEC's rules and forms and accumulated and communicated to Titan management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

**Changes in Internal Controls**

There were no changes in internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the second quarter of fiscal 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Inherent Limitations on the Effectiveness of Controls**

Because of its inherent limitations, the Company's disclosure controls and procedures or internal control over financial reporting may not prevent or detect all misstatements or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in a cost-effective control system, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur due to simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## TITAN INTERNATIONAL, INC.

### PART II. OTHER INFORMATION

#### Item 1. Legal Proceedings

The Company is subject, from time to time, to certain legal proceedings and claims arising out of the normal course of its business, which cover a wide range of matters, including environmental issues, product liability, contracts, and labor and employment matters. See Note 17 - Litigation in Part I, Item 1, Notes to Condensed Consolidated Financial Statements of this Form 10-Q for further discussion.

#### Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in Item 1A. Risk Factors to the 2018 Form 10-K.

#### Item 6. Exhibits

10	<a href="#"><u>Second Amendment to Credit and Security Agreement dated May 17, 2019 (incorporated by reference to Exhibit 10 contained in the Company's Current Report on Form 8-K filed on May 21, 2019)</u></a>
31.1	<a href="#"><u>Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
31.2	<a href="#"><u>Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
32	<a href="#"><u>Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

**TITAN INTERNATIONAL, INC.**

**SIGNATURES**

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

**TITAN INTERNATIONAL, INC.**

**(Registrant)**

**Date:** July 31, 2019

**By :** /s/ PAUL G. REITZ

Paul G. Reitz

President and Chief Executive Officer

(Principal Executive Officer)

**By :** /s/ DAVID A. MARTIN

David A. Martin

SVP and Chief Financial Officer

(Principal Financial Officer)

## CERTIFICATION

I, Paul G. Reitz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Titan International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**Date:** July 31, 2019

**By:** /s/ PAUL G. REITZ

Paul G. Reitz

President and Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION**

I, David A. Martin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Titan International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2019

By: /s/ DAVID A. MARTIN

David A. Martin  
 SVP and Chief Financial Officer  
 (Principal Financial Officer)



**CERTIFICATION**

In connection with the Quarterly Report of Titan International, Inc. on Form 10-Q for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies that, to the best of their knowledge, this Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

**TITAN INTERNATIONAL, INC.**  
**(Registrant)**

**Date:** July 31, 2019

**By:** /s/ PAUL G. REITZ

\_\_\_\_\_  
Paul G. Reitz  
President and Chief Executive Officer  
(Principal Executive Officer)

**By:** /s/ DAVID A. MARTIN

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David A. Martin  
SVP and Chief Financial Officer  
(Principal Financial Officer)