



**TITAN**  
**MACHINERY**

Third Quarter FY2022 Earnings Conference Call

**November 23, 2021**

Power & Precision to Grow®



# Safe Harbor Statement

## Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the federal securities laws. Statements about our beliefs and expectations and statements containing the words “may,” “could,” “would,” “should,” “believe,” “expect,” “anticipate,” “plan,” “estimate,” “target,” “project,” “intend” and similar expressions may constitute forward-looking statements. Except for historical information contained herein, the statements in this presentation are forward-looking and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements made herein, which may include statements regarding the impact of the COVID-19 pandemic on our business, the timing for implementation of our new ERP dealer management system, Agriculture, Construction and International segment performance expectations, inventory levels, equipment inventory turns and the percentage of our inventory under non-interest bearing terms, agricultural and macro-economic trends, effects of cost-cutting measures and realignment initiatives, rental fleet size, the balance sheet effects of our cash flow from operations, availability of acquisition opportunities, modeling assumptions, projections regarding agricultural production legislation and changes to tax policy, and income, growth, operating expense, cash flow, and profitability expectations, and the expected results of operations for the fiscal year ending January 31, 2022, involve known and unknown risks and uncertainties that may cause Titan Machinery’s actual results in current or future periods to differ materially from forecasted results. These risks and uncertainties include, among other things, the duration, scope and impact of the COVID-19 pandemic on the Company’s business and operations, a substantial dependence on a single equipment manufacturer, the continued availability of organic growth and acquisition opportunities, potential difficulties integrating acquired stores, industry supply levels, fluctuating agriculture and construction industry economic conditions, the success of recently implemented performance improvement initiatives, the uncertainty and fluctuating conditions in the capital and credit markets, difficulties in conducting international operations, governmental agriculture policies, seasonal fluctuations, climate conditions, disruption in receiving ample inventory financing, the success of our inventory management efforts and increased competition in the geographic areas served. These and other risks are more fully described in Titan Machinery’s filings with the Securities and Exchange Commission, including the Company’s most recently filed Annual Report on Form 10-K, as updated in subsequently filed Quarterly Reports on Form 10-Q. Titan Machinery conducts its business in a highly competitive and rapidly changing environment. Accordingly, new risk factors may arise. It is not possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on Titan Machinery’s business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Except as required by applicable law, Titan Machinery disclaims any obligation to update such factors or to publicly announce results of revisions to any of the forward-looking statements contained herein to reflect future events or developments.

## Non-GAAP Financial Measures

Within this presentation, the Company makes reference to certain adjusted financial measures (“non-GAAP financial measures”), including Adjusted Net Income (Loss), Adjusted Diluted EPS, Adjusted Income (Loss) Before Income Taxes, and Adjusted EBITDA. These adjusted measures are provided so that investors have the same financial data that management uses with the belief that it will assist the investment community in assessing the underlying performance of the Company for the periods being reported. The presentation of this additional information is not meant to be considered a substitute for, or superior to, measures prepared in accordance with GAAP. Included in the Appendix to this presentation is a reconciliation of each of these non-GAAP financial measures to its most directly comparable GAAP financial measure.

## Industry Information

Information regarding market and industry statistics contained in this presentation is based on information available to us that we believe is accurate.

## ▪ Third Quarter FY 2022 Results

- Revenue \$454.0 Million
- Adjusted Pre-Tax Income \$28.7 Million<sup>(1)</sup>
- Adjusted Diluted EPS \$0.96<sup>(1)</sup>

## ▪ Conference Call Discussion Points

- Industry Overviews
- Financial Results
- Modeling Assumptions

<sup>(1)</sup>See the Non-GAAP Reconciliations included in the Appendix

# Agriculture Segment Overview

## ▪ Overall Market Conditions

- Continued positive Farmer Sentiment supporting increased demand
  - Strength in Corn, Soybean and Wheat prices
  - Favorable fall rains replenishing topsoil moisture in advance of spring planting
- Overall better than expected yields in Titan footprint
  - Yield variability in relation to rainfall and irrigation capabilities
- Multi-peril crop insurance and USDA safety net programs supporting net farm income
- Crop input costs increasing

## ▪ Detailed Market Conditions

### Market Conditions

### Key Actions

**Precision Technology** - Improves yields, productivity, and sustainability. These technologies along with section 179 tax deductions creates demand to upgrade aged equipment fleets.

Promote large planters, precision technology, and connectivity and data solutions in tractors, combines and self propelled sprayers.

**Strong Industry Demand for Used Equipment** - Driving strength in quality used equipment values.

Continue to focus on equipment margins and retail opportunities. Improved used inventory position puts Titan in a good position to capitalize on future new sales.

**Fleet Duty Cycle Continues to Age** - Creating demand for equipment upgrades along with investment in needed maintenance and repairs to existing aged fleet.

Target customers' replacement demand to sell on-hand new inventory and pre-sell units for calendar year 2022. Continue to promote "up-time" inspections to drive parts and service revenues and customer loyalty.

**Significantly Higher Wheat, Corn and Soybean Prices** - Along with government programs and safety nets supports investment in equipment that increases yields and productivity.

Provide equipment and financing solutions for new and used equipment sales. Planning with customers on CY2021/2022 purchase intentions and delivery timelines.

**Supply Side Challenges Impacting Timing of Equipment Deliveries** - Expected to continue through the remainder of the year.

Match equipment production slots with customer "pre-sell" orders. Lock-in CY 2022 new equipment orders in line with availability and revenue forecasts.

# Construction Segment Overview

## ▪ Overall Market Conditions

- Increased construction activity in Titan footprint
- Improving oil prices positively impacting construction equipment activity industry-wide
- Low interest rates, new housing starts and infrastructure activity support demand for construction equipment
- Construction equipment being sold to Farmers/Ranchers for land improvement, feedlots and material handling

## ▪ Detailed Market Conditions

Market Conditions	Key Actions
<b>Low Interest Rates, Housing Starts and Construction Projects</b> - Supporting demand for construction equipment.	Focus on new and used equipment margins and improved quality and age of new and used inventory.
<b>Operating Improvements</b> - Positions our CE segment to capitalize on industry opportunities, stimulus and infrastructure spend.	Target retail approach on core segments, maintaining right fleet/inventory levels. Continued focus on parts and service business.
<b>Continued Strong Wheat, Corn and Soybean Prices</b> - Along with government programs, improving farmer and rancher sentiment creating potential for investments in land improvements, cattle operations and material handling construction equipment.	Target farmers and ranchers for new and used construction equipment purchases. Continue to support aged fleet with aftermarket parts and service.

## ▪ Overall Market Conditions

- Positive farmer sentiment with strength in global commodity prices
- Favorable early and late season crop yields
- Supply side issues causing some interruptions and delayed deliveries

## ▪ Detailed Market Conditions

### Market Conditions

### Key Actions

**Ukraine** - Favorable crop conditions. Continued land reform legislation. Farmer sentiment improving with strength of commodity prices. Continued Farmer investment in technology and precision.

Developing key accounts. Continued build out of parts and service capabilities. Provide cost effective customer financing solutions.

**Balkans** - Favorable crop conditions. Positive Farmer sentiment with the strength in global commodity prices and improved moisture conditions.

Focus on parts and service aftermarket support. Promote precision technologies and digital connectivity to build customer loyalty.

**Germany** - Positive farmer sentiment with strength in global commodity prices. Favorable crop development.

Continued focus on aftermarket parts and service business. Planned inventory reduction and improved inventory turns. Continued focus on operational and process initiatives.

# Third Quarter Revenue Analysis

<i>(in millions of dollars)</i>	Q3 FY2022	Q3 FY2021	Change
<b>Total Revenue</b>	<b>\$454.0</b>	<b>\$360.9</b>	<b>+25.8%</b>
Equipment	\$329.8	\$240.9	+36.9%
Parts	\$80.5	\$76.8	+4.9%
Service	\$32.0	\$30.7	+4.3%
Rental & Other	\$11.6	\$12.5	-7.1%

# Third Quarter Financials

<i>(in millions of dollars, except per share)</i>	Q3 FY2022	Q3 FY2021	Change
Total Revenue	\$454.0	\$360.9	+25.8%
Gross Profit	\$92.5	\$72.6	+27.5%
Gross Profit Margin	20.4%	20.1%	+30 bps
Operating Expenses	\$62.9	\$54.1	-16.3%
Impairment Costs	\$—	\$2.6	+100%
Floorplan and Other Interest Expense	\$1.3	\$1.7	+21.6%
Adjusted Net Income <sup>(1)</sup>	\$21.7	\$12.0	+80.8%
Adjusted Diluted EPS <sup>(1)</sup>	\$0.96	\$0.53	+81.1%

<sup>(1)</sup>See the Non-GAAP Reconciliations included in the Appendix



# Third Quarter Segment Overview

<i>(in millions of dollars)</i>	<b>Q3 FY2022</b>	<b>Q3 FY2021</b>	<b>Change</b>
<b>Revenue</b>	<b>\$454.0</b>	<b>\$360.9</b>	<b>+25.8%</b>
<i>Agriculture</i>	\$281.5	\$220.6	+27.6%
<i>Construction</i>	\$79.7	\$79.0	+0.9%
<i>International</i>	\$92.7	\$61.2	+51.5%
<b>Adjusted Pre-Tax Income<sup>(1)</sup></b>	<b>\$28.7</b>	<b>\$17.5</b>	<b>+64.2%</b>
<i>Agriculture<sup>(1)</sup></i>	\$19.6	\$13.8	+42.0%
<i>Construction</i>	\$3.6	\$1.4	+146.1%
<i>International<sup>(1)</sup></i>	\$6.1	\$0.2	*NM

<sup>(1)</sup>See the Non-GAAP Reconciliations included in the Appendix

\*NM = Not Meaningful

# Nine Months Revenue Analysis

<i>(in millions of dollars)</i>	First 9 Months FY2022	First 9 Months FY2021	Change
<b>Total Revenue</b>	<b>\$1,204.3</b>	<b>\$974.5</b>	<b>+23.6%</b>
Equipment	\$878.5	\$662.1	+32.7%
Parts	\$208.5	\$194.8	+7.0%
Service	\$89.4	\$84.3	+6.1%
Rental & Other	\$27.9	\$33.4	-16.3%

# Nine Months Financials

<i>(in millions of dollars, except per share)</i>	<b>First 9 Months FY2022</b>	<b>First 9 Months FY2021</b>	<b>Change</b>
Total Revenue	\$1,204.3	\$974.5	+23.6%
Gross Profit	\$238.5	\$193.7	+23.1%
Gross Profit Margin	19.8%	19.9%	-10 bps
Operating Expenses	\$176.5	\$160.3	-10.1%
Impairment Costs	\$1.5	\$2.8	+45.9%
Floorplan and Other Interest Expense	\$4.3	\$5.7	+24.2%
Adjusted Net Income <sup>(1)</sup>	\$44.8	\$22.0	+104.1%
Adjusted Diluted EPS <sup>(1)</sup>	\$1.98	\$0.97	+104.1%

<sup>(1)</sup>See the Non-GAAP Reconciliations included in the Appendix

# Nine Months Segment Overview

<i>(in millions of dollars)</i>	<b>First 9 Months FY2022</b>	<b>First 9 Months FY2021</b>	<b>Change</b>
<b>Revenue</b>	<b>\$1,204.3</b>	<b>\$974.5</b>	<b>+23.6%</b>
<i>Agriculture</i>	\$730.4	\$583.3	+25.2%
<i>Construction</i>	\$229.3	\$216.9	+5.7%
<i>International</i>	\$244.6	\$174.4	+40.3%
<b>Adjusted Pre-Tax Income (Loss)<sup>(1)</sup></b>	<b>\$59.3</b>	<b>\$31.3</b>	<b>+89.8%</b>
<i>Agriculture<sup>(1)</sup></i>	\$42.9	\$26.7	+60.5%
<i>Construction<sup>(1)</sup></i>	\$6.5	\$0.2	*NM
<i>International<sup>(1)</sup></i>	\$10.7	\$0.1	*NM

<sup>(1)</sup>See the Non-GAAP Reconciliations included in the Appendix

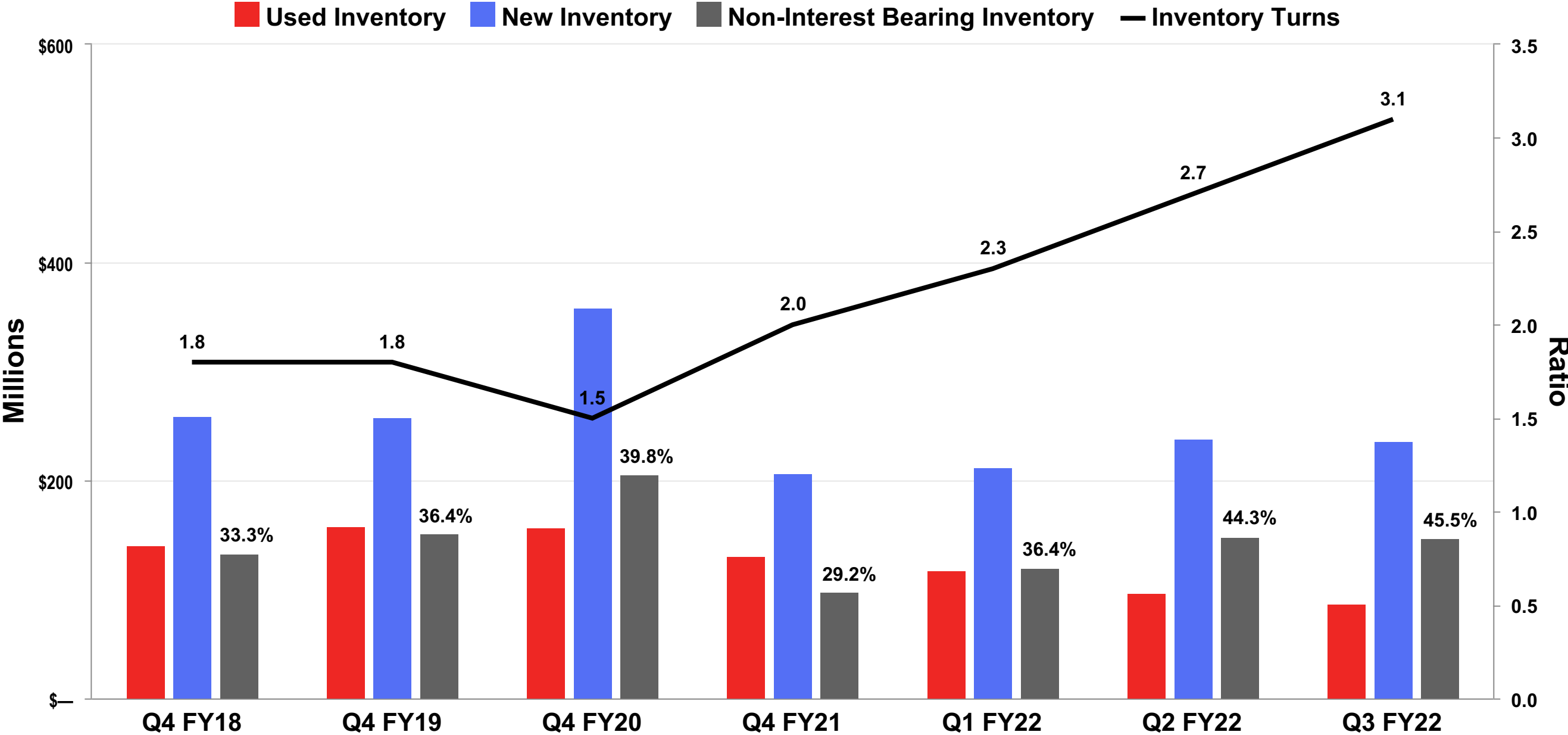
\*NM = Not Meaningful



- **\$91 Million of Cash**
- **Equipment Inventory Decreased \$15 Million to \$323 Million as of October 31, 2021 vs. \$338 Million as of January 31, 2021**
  - \$29 million increase in new equipment and \$44 million decrease in used equipment
  - Equipment inventory turn of 3.1 vs. 1.6 in the prior year period
- **Rental Fleet Assets Increased to \$82 Million as of October 31, 2021 from \$78 Million as of January 31, 2021**
- **\$175 Million Outstanding Floorplan Payables on \$753 Million Floorplan Lines of Credit**
- **Adjusted Debt<sup>(1)</sup> to Tangible Net Worth Ratio of 0.7 as of October 31, 2021 vs. 1.0 as of October 31, 2020**

<sup>(1)</sup>Adjusted debt is total liabilities less non-interest bearing floorplan payables.

# Equipment Inventory



## Updated FY2022 Modeling Assumptions:

	Current Assumptions	Previous Assumptions
<b>Segment Revenue</b>		
Agriculture <sup>(1)</sup>	Up 23-28%	Up 18-23%
Construction <sup>(2)</sup>	Up 2-7%	Up 2-7%
International <sup>(3)</sup>	Up 35-40%	Up 27-32%
<b>Diluted EPS<sup>(4)</sup></b>	<b>\$2.40 - \$2.60</b>	<b>\$2.00 - \$2.20</b>

<sup>(1)</sup>Includes the full year impact of the HorizonWest acquisition completed in May 2020. Assumes anticipated partial quarter contribution of the Jaycox acquisition following expected closing in early December 2021.

<sup>(2)</sup>Includes the full year impact of the Phoenix and Tucson, AZ store divestitures in January 2021. Adjusting full year fiscal 2021 net sales by \$27 million, representing the fiscal 2021 net sales of these divested stores, results in a same-store sales assumption of up approximately 10-15%.

<sup>(3)</sup>Assumes an immaterial impact from the divestiture of our single store dealership in Serbia in the third quarter of fiscal 2022.

<sup>(4)</sup>Includes expenses related to ERP implementation.

# Appendix

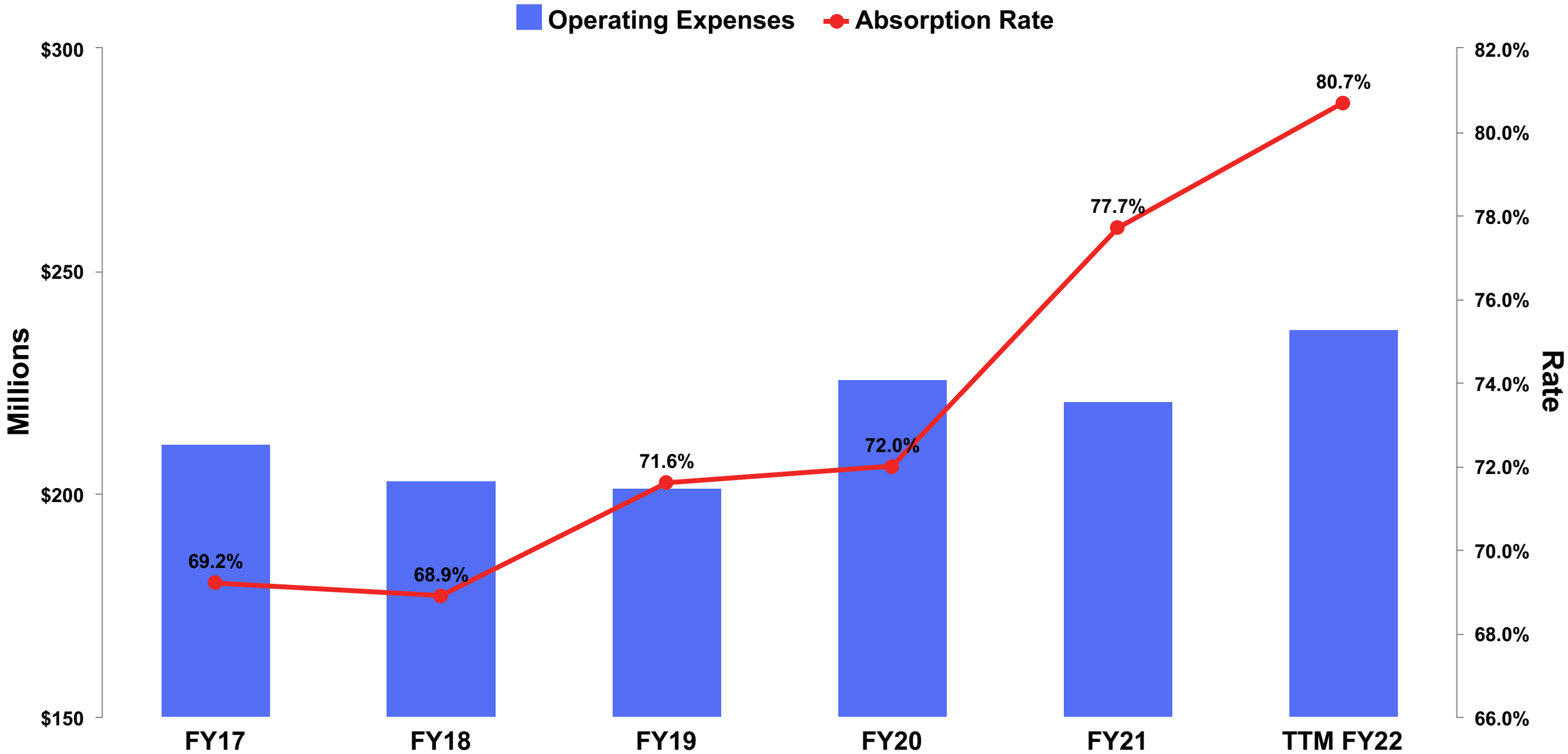


# Same Store Results<sup>(1)</sup>

<i>(in millions of dollars)</i>	Three Months Ended October 31,		Percent Change	Nine Months Ended October 31,		Percent Change
	2021	2020		2021	2020	
<b>Same Store Sales</b>						
Agriculture	\$ 281.6	\$ 220.6	27.6 %	\$ 710.5	\$ 573.8	23.8 %
Construction	79.7	71.8	11.1 %	229.2	197.1	16.3 %
International	92.7	57.1	62.5 %	237.0	164.2	44.4 %
<b>Total</b>	<b>\$ 454.0</b>	<b>\$ 349.5</b>	<b>29.9 %</b>	<b>\$ 1,176.7</b>	<b>\$ 935.1</b>	<b>25.8 %</b>
<b>Same Store Gross Profit</b>						
Agriculture	\$ 57.8	\$ 46.9	23.1 %	\$ 144.0	\$ 118.0	22.1 %
Construction	19.3	15.7	23.0 %	52.5	44.6	17.8 %
International	15.4	8.6	79.4 %	37.3	24.3	53.3 %
<b>Total</b>	<b>\$ 92.5</b>	<b>\$ 71.2</b>	<b>29.9 %</b>	<b>\$ 233.8</b>	<b>\$ 186.9</b>	<b>25.1 %</b>

<sup>(1)</sup> Same-store results are calculated by including stores that were with the Company for the entire period of both fiscal years that we are comparing. For the three months ended October 31, 2021, 1 International store and 2 Construction stores were excluded from our same-store results. For the nine months ended October 31, 2021, 1 International store, 3 Agriculture stores, and 2 Construction stores were excluded from our same-store results.

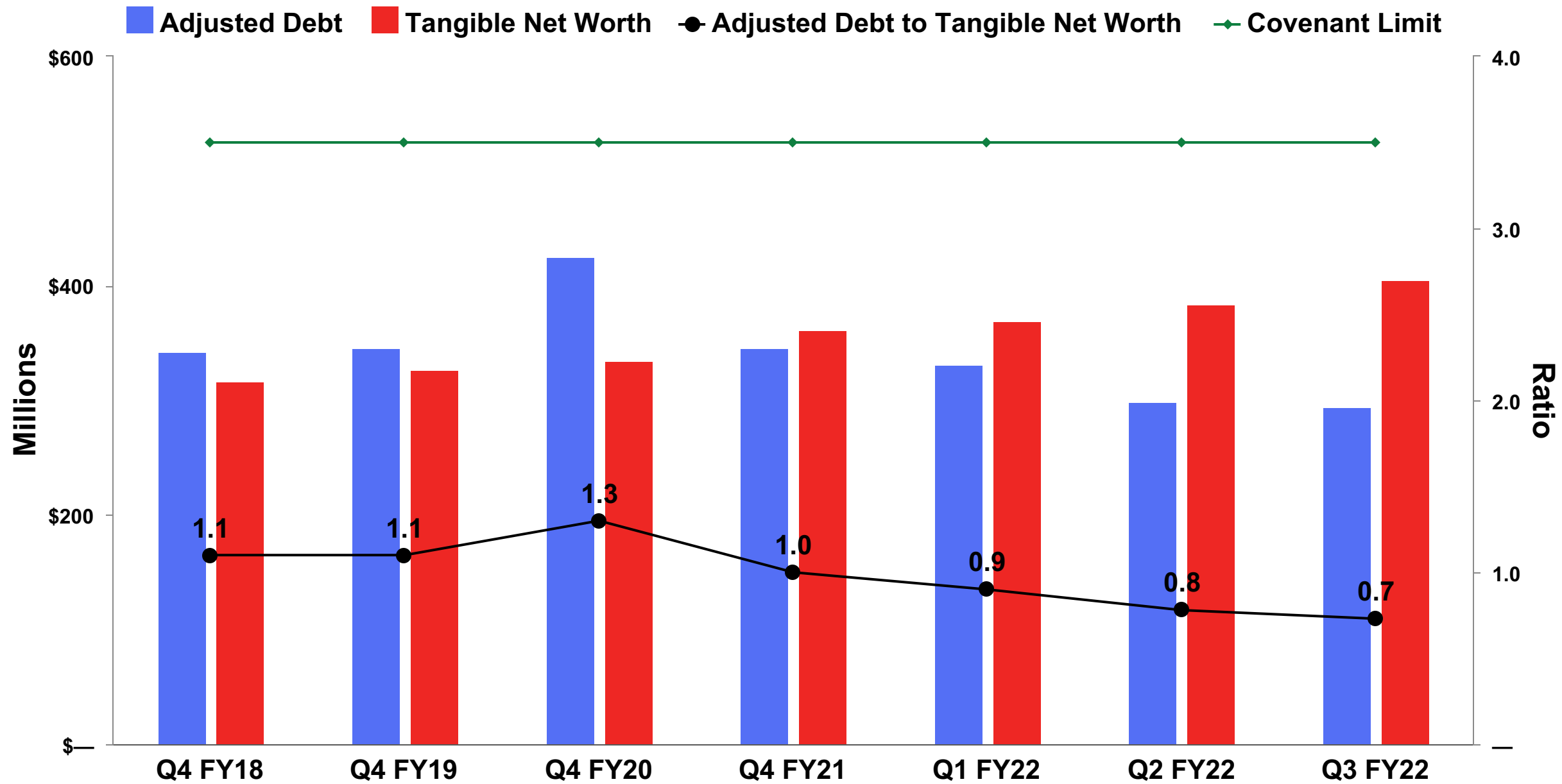
# Operating Expenses & Absorption<sup>(1)</sup>



<sup>(1)</sup>Absorption is calculated in a given period by dividing our gross profit from sales of parts, service and rental fleet activity by our operating expenses, less commission expense on equipment sales, plus interest expense on floorplan payables and rental fleet debt.



# Adjusted Debt to Tangible Net Worth



Note: Adjusted debt is total liabilities less non-interest bearing floorplan payables. Total adjusted debt measured after Q4 FY19 includes the impact of adopting new lease accounting rules on February 1, 2019.

# Non-GAAP Reconciliation Tables

(in thousands, except per share data)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
<b>Adjusted Income Before Income Taxes</b>				
Income Before Income Taxes	\$ 28,823	\$ 13,824	\$ 58,134	\$ 25,264
Adjustments				
ERP transition costs	—	766	—	2,250
Impairment charges	—	2,555	1,498	2,771
Ukraine remeasurement (gain) / loss	(113)	338	(296)	973
Total Adjustments	(113)	3,659	1,202	5,994
<b>Adjusted Income Before Income Taxes</b>	<b>\$ 28,710</b>	<b>\$ 17,483</b>	<b>\$ 59,336</b>	<b>\$ 31,258</b>
<b>Adjusted Net Income</b>				
Net Income	\$ 21,816	\$ 9,912	\$ 43,612	\$ 18,574
Adjustments				
ERP transition costs	—	766	—	2,250
Impairment charges	—	2,555	1,498	2,771
Ukraine remeasurement (gain) / loss	(113)	338	(296)	973
Total Pre-Tax Adjustments	(113)	3,659	1,202	5,994
Less: Tax Effect of Adjustments (1)	—	1,566	—	2,613
Total Adjustments	(113)	2,093	1,202	3,381
<b>Adjusted Net Income</b>	<b>\$ 21,703</b>	<b>\$ 12,005</b>	<b>\$ 44,814</b>	<b>\$ 21,955</b>



# Non-GAAP Reconciliation Tables, continued

(in thousands, except per share data)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
<b>Adjusted EBITDA</b>				
Net Income	\$ 21,816	\$ 9,912	\$ 43,612	\$ 18,574
Adjustments				
Interest expense, net of interest income	840	898	2,941	2,690
Provision for income taxes	7,007	3,912	14,521	6,691
Depreciation and amortization	5,734	6,445	16,336	17,731
EBITDA	35,397	21,167	77,410	45,686
Adjustments				
ERP transition costs	—	766	—	2,250
Impairment charges	—	2,555	1,498	2,771
Ukraine remeasurement (gain) / loss	(113)	338	(296)	973
Total Adjustments	(113)	3,659	1,202	5,994
<b>Adjusted EBITDA</b>	<b>\$ 35,284</b>	<b>\$ 24,826</b>	<b>\$ 78,612</b>	<b>\$ 51,680</b>
<b>Adjusted Diluted EPS</b>				
Diluted EPS	\$ 0.97	\$ 0.44	\$ 1.93	\$ 0.83
Adjustments (2)				
ERP transition costs	—	0.03	—	0.1
Impairment charges	—	0.11	0.07	0.12
Ukraine remeasurement (gain) / loss	(0.01)	0.02	(0.02)	0.04
Total Pre-Tax Adjustments	(0.01)	0.16	0.05	0.26
Less: Tax Effect of Adjustments (1)	—	0.07	—	0.12
Total Adjustments	(0.01)	0.09	0.05	0.14
<b>Adjusted Diluted EPS</b>	<b>\$ 0.96</b>	<b>\$ 0.53</b>	<b>\$ 1.98</b>	<b>\$ 0.97</b>

# Non-GAAP Reconciliation Tables, continued

(in thousands, except per share data)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
<b>Adjusted Income Before Income Taxes - Agriculture</b>				
Income Before Income Taxes	\$ 19,618	\$ 13,575	\$ 42,910	\$ 26,490
Impairment charges	—	244	—	244
<b>Adjusted Income Before Income Taxes</b>	<b>\$ 19,618</b>	<b>\$ 13,819</b>	<b>\$ 42,910</b>	<b>\$ 26,734</b>
<b>Adjusted Income/(Loss) Before Income Taxes - Construction</b>				
Income/(Loss) Before Income Taxes	\$ 3,564	\$ 1,448	\$ 6,518	\$ (50)
Impairment charges	—	—	—	216
<b>Adjusted Income/(Loss) Before Income Taxes</b>	<b>\$ 3,564</b>	<b>\$ 1,448</b>	<b>\$ 6,518</b>	<b>\$ 166</b>
<b>Adjusted Income Before Income Taxes - International</b>				
Income/(Loss) Before Income Taxes	\$ 6,260	\$ (2,424)	\$ 9,498	\$ (3,136)
Adjustments				
Impairment charges	—	2,311	1,498	2,311
Ukraine Remeasurement (gain)/loss	(113)	338	(296)	973
Total Adjustments	(113)	2,649	1,202	3,284
<b>Adjusted Income Before Income Taxes</b>	<b>\$ 6,147</b>	<b>\$ 225</b>	<b>\$ 10,700</b>	<b>\$ 148</b>

(1) The tax effect of U.S. related adjustments was calculated using a 26% tax rate, determined based on a 21% federal statutory rate and a 5% blended state income tax rate. The tax effect of the Germany related adjustments was calculated using a 29% tax rate. Included in the tax effect of the adjustments is the tax impact of foreign currency changes in Ukraine of \$0.7 million for the three months ended October 31, 2020 and \$1.3 million for the nine months ended October 31, 2020.

(2) Adjustments are net of amounts allocated to participating securities where applicable.