

Titan 1H Sales Up 35%, Strong Second Half Expected

Titan International, still trying to suss out a deal to acquire Titan Europe, reported first half 2012 sales of \$922.3 million, up 35% from last year's first half. Those sales delivered a gross profit of \$175.4 million, a year-over-year increase of 45%, and net income of \$69.3 million, up from 2011's \$42.4 million. "The second quarter was a record for Titan, but it could have been even bigger," said Morry Taylor, chairman and CEO. "The order books are very strong. The tire group was affected by the record heat wave and it impacted our efficiency. The Bryan (Ohio) plant was also affected by the equipment being added to the plant for the capacity expansion. The work has been in process since the beginning of the year and will continue through the remaining of 2012. This capacity expansion should increase our output each quarter through the first quarter of 2013. "I have been visiting farms in North Dakota, Minnesota, Illinois, Michigan and Ohio and I believe the net income to farmers will be equal or greater than the record last year. Why? If you ask a farmer the status of their corn crop, they will tell you it is hurting. They were expecting 185 to 200 bushels per acre but they will not get that this year," Taylor offered. "They may get 145 to 150 if this heat continues with no rain. If you put the numbers to this at \$5 a bushel for corn, that is \$1,000 per acre on yields of 200, but at \$8 a bushel at 150, that's \$1,200 per acre. It is the same with soybeans. Those farmers with irrigation systems will be at record levels. Yes, there will be farmers who will lose their total crop, but they most likely have crop insurance." Hinting at the possible deal for Titan Europe, Taylor said: "There have been a few announcements on acquisitions that should close in the third quarter under certain government regulations. We are not permitted to talk about the details of these acquisitions or our future projections for these entities. I believe Titan is on the correct course to strengthen this company for the shareholders and our employees. Once the governments remove the block out period, I will hold a conference call to provide more information and answer questions."