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: September 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	**36-3228472**
(State of Incorporation)	(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: 60,287,585 shares of common stock, $0.0001 par value, as of October 31, 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 September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Net sales	$ 345,905	$ 384,719	$ 1,146,876	$ 1,239,005
Cost of sales	318,805	341,015	1,036,204	1,077,428
Gross profit	27,100	43,704	110,672	161,577
Selling, general and administrative expenses	34,954	33,709	106,605	102,308
Research and development expenses	2,309	2,591	7,470	8,222
Royalty expense	2,453	2,581	7,507	7,878
(Loss) income from operations	(12,616)	4,823	(10,910)	43,169
Interest expense	(8,357)	(7,596)	(24,585)	(22,786)
Foreign exchange (loss) gain	(2,266)	855	2,218	(7,187)
Other income	5,259	7,437	8,324	17,664
(Loss) income before income taxes	(17,980)	5,519	(24,953)	30,860
Provision for income taxes	2,064	2,841	761	3,738
Net (loss) income	(20,044)	2,678	(25,714)	27,122
Net (loss) income attributable to noncontrolling interests	(900)	383	(2,124)	(1,256)
Net (loss) income attributable to Titan	(19,144)	2,295	(23,590)	28,378
Redemption value adjustment	(491)	(4,045)	(1,928)	(11,066)
Net (loss) income applicable to common shareholders	$ (19,635)	$ (1,750)	$ (25,518)	$ 17,312
Earnings per common share:				
Basic	$ (0.33)	$ (0.03)	$ (0.43)	$ 0.29
Diluted	$ (0.33)	$ (0.03)	$ (0.43)	$ 0.29
Average common shares and equivalents outstanding:				
Basic	60,161	59,897	60,037	59,787
Diluted	60,161	59,897	60,037	59,893
Dividends declared per common share:	$ 0.005	$ 0.005	$ 0.015	$ 0.015

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Three months ended September 30, 2019	Three months ended September 30, 2018
Net (loss) income	$ (20,044)	$ 2,678
Currency translation adjustment	(20,324)	(13,577)
Pension liability adjustments, net of tax of $79 and $4, respectively	590	733
Comprehensive loss	(39,778)	(10,166)
Net comprehensive loss attributable to redeemable and noncontrolling interests	(1,213)	(811)
Comprehensive loss attributable to Titan	$ (38,565)	$ (9,355)

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Net (loss) income	$ (25,714)	$ 27,122
Currency translation adjustment	(19,280)	(43,853)
Pension liability adjustments, net of tax of $311 and $(40), respectively	1,594	2,306
Comprehensive loss	(43,400)	(14,425)
Net comprehensive loss attributable to redeemable and noncontrolling interests	(897)	(4,036)
Comprehensive loss attributable to Titan	$ (42,503)	$ (10,389)

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	September 30, 2019	December 31, 2018
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 78,603	$ 81,685
Accounts receivable, net	221,228	241,832
Inventories	351,871	395,735
Prepaid and other current assets	80,692	60,229
Total current assets	732,394	779,481
Property, plant and equipment, net	366,121	384,872
Operating lease assets	23,497	—
Deferred income taxes	1,657	2,874
Other assets	65,933	84,029
Total assets	$ 1,189,602	$ 1,251,256
Liabilities		
Current liabilities		
Short-term debt	$ 64,228	$ 51,885
Accounts payable	182,337	212,129
Other current liabilities	119,383	111,054
Total current liabilities	365,948	375,068
Long-term debt	464,827	409,572
Deferred income taxes	7,435	9,416
Other long-term liabilities	78,216	67,290
Total liabilities	916,426	861,346
Redeemable noncontrolling interest	25,000	119,813
Equity		
Titan shareholders' equity		
Common stock ($0.0001 par value, 120,000,000 shares authorized, 60,715,356 issued at September 30, 2019, and December 31, 2018)	—	—
Additional paid-in capital	533,538	519,498
Retained deficit	(49,197)	(29,048)
Treasury stock (at cost, 548,881 and 798,383 shares, respectively)	(6,490)	(7,831)
Accumulated other comprehensive loss	(233,620)	(203,571)
Total Titan shareholders’ equity	244,231	279,048
Noncontrolling interests	3,945	(8,951)
Total equity	248,176	270,097
Total liabilities and equity	$ 1,189,602	$ 1,251,256

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
Balance January 1, 2018	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
Balance March 31, 2018	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
Balance June 30, 2018	59,852,781	$ 524,466	$(18,450)	$ (8,407)	$ —	$ (188,518)	$ 309,091	$ (7,112)	$ 301,979
Net income *			2,295				2,295	1,028	3,323
Currency translation adjustment, net *						(12,383)	(12,383)	(145)	(12,528)
Pension liability adjustments, net of tax						733	733		733
Dividends declared			(301)				(301)		(301)
Restricted stock awards	31,897						—		—
Redemption value adjustment		(4,045)					(4,045)		(4,045)
Stock-based compensation		(57)		286			229		229
VIE distributions							—	(889)	(889)
Issuance of treasury stock under 401(k) plan	12,941	25		117			142		142
Balance September 30, 2018	59,897,619	$ 520,389	$(16,456)	$ (8,004)	$ —	$ (200,168)	$ 295,761	$ (7,118)	$ 288,643

* Net income (loss) excludes net income (loss) attributable to redeemable noncontrolling interest of $(515), $54, and $(645) for the three months ended March 31, 2018; June 30, 2018, and September 30, 2018, respectively. Currency translation adjustment excludes $348, $(2,555), and $(1,049) of currency translation related to redeemable noncontrolling interest for the three months ended March 31, 2018; June 30, 2018; and September 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
Balance January 1, 2019	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
Balance March 31, 2019	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
Balance June 30, 2019	60,000,370	$ 527,763	$ (29,751)	$ (7,082)	$ (207,996)	$ 282,934	$ 5,157	$ 288,091
Net loss *			(19,144)			(19,144)	(680)	(19,824)
Currency translation adjustment, net *					(20,011)	(20,011)	(247)	(20,258)
Pension liability adjustments, net of tax					590	590		590
Dividends declared			(302)			(302)		(302)
Acquisition of additional interest		6,203			(6,203)	—	—	—
Redemption value adjustment		(491)				(491)		(491)
Stock-based compensation	100,118	347				347		347
VIE distributions						—	(285)	(285)
Issuance of treasury stock under 401(k) plan	65,987	(284)		592		308		308
Balance September 30, 2019	60,166,475	$ 533,538	$ (49,197)	$ (6,490)	$ (233,620)	$ 244,231	$ 3,945	$ 248,176

* Net income (loss) excludes $(334), $(265), and $(220) of net loss attributable to redeemable noncontrolling interest for the three months ended March 31, 2019; June 30, 2019; and September 30, 2019, respectively. Currency translation adjustment excludes $428, $321, and $(66) of currency translation related to redeemable noncontrolling interest for the three months ended March 31, 2019; June 30, 2019; and September 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)

	Nine months ended September 30,	
Cash flows from operating activities:	**2019**	**2018**
Net (loss) income	$ (25,714)	$ 27,122
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation and amortization	41,347	43,395
Deferred income tax provision	(738)	(863)
Gain on investment sale	(4,695)	—
Stock-based compensation	959	847
Issuance of treasury stock under 401(k) plan	767	421
Foreign currency translation (gain) loss	(2,327)	3,667
(Increase) decrease in assets:		
Accounts receivable	16,124	(52,818)
Inventories	36,920	(62,560)
Prepaid and other current assets	(3,073)	2,299
Other assets	(1,110)	(6,021)
Increase (decrease) in liabilities:		
Accounts payable	(24,998)	25,213
Other current liabilities	3,634	(5,072)
Other liabilities	(5,884)	(8,336)
Net cash provided by (used for) operating activities	31,212	(32,706)
Cash flows from investing activities:		
Capital expenditures	(26,254)	(26,498)
Payments related to redeemable noncontrolling interest	(71,722)	—
Other	1,354	1,484
Net cash used for investing activities	(96,622)	(25,014)
Cash flows from financing activities:		
Proceeds from borrowings	124,153	48,108
Payment on debt	(59,296)	(30,139)
Dividends paid	(901)	(900)
Net cash provided by financing activities	63,956	17,069
Effect of exchange rate changes on cash	(1,628)	(6,120)
Net decrease in cash and cash equivalents	(3,082)	(46,771)
Cash and cash equivalents, beginning of period	81,685	143,570
Cash and cash equivalents, end of period	$ 78,603	$ 96,799
Supplemental information:		
Interest paid	$ 18,060	$ 16,814
Income taxes paid, net of refunds received	$ 6,120	$ 7,379

See accompanying Notes to Condensed Consolidated Financial Statements.

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 September 30, 2019, and the results of operations and cash flows for the three and nine months ended September 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 $395.7 million at September 30, 2019. The fair value of the senior secured notes at September 30, 2019, as obtained through an independent pricing source, was approximately $319.4 million.

Cash dividends
The Company declared cash dividends of $0.005 per share of common stock for each of the quarters ended September 30, 2019 and 2018, respectively. The third quarter 2019 cash dividend of $0.005 per share of common stock was paid on October 15, 2019, to shareholders of record on September 30, 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.

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.

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):

	September 30, 2019	December 31, 2018
Accounts receivable	$ 224,451	$ 245,236
Allowance for doubtful accounts	(3,223)	(3,404)
Accounts receivable, net	$ 221,228	$ 241,832

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

3. INVENTORIES

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

	September 30, 2019	December 31, 2018
Raw material	$ 92,468	$ 110,806
Work-in-process	53,218	55,543
Finished goods	206,185	229,386
	$ 351,871	$ 395,735

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):

	September 30, 2019	December 31, 2018
Land and improvements	$ 44,658	$ 43,562
Buildings and improvements	256,251	255,451
Machinery and equipment	592,450	592,932
Tools, dies and molds	110,302	109,537
Construction-in-process	19,839	18,867
	1,023,500	1,020,349
Less accumulated depreciation	(657,379)	(635,477)
	$ 366,121	$ 384,872

Depreciation on property, plant and equipment for the nine months ended September 30, 2019 and 2018, totaled $38.9 million and $40.7 million, respectively.

5. INTANGIBLE ASSETS, NET

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

	Weighted Average Useful Lives (in years) September 30, 2019	September 30, 2019	December 31, 2018
Amortizable intangible assets:			
Customer relationships	7.9	$ 12,151	$ 12,967
Patents, trademarks and other	7.8	11,224	11,356
Total at cost		23,375	24,323
Less accumulated amortization		(13,407)	(12,676)
		$ 9,968	$ 11,647

Amortization related to intangible assets for the nine months ended September 30, 2019 and 2018, totaled $1.5 million and $1.8 million, respectively. Intangible assets are included as a component of other assets in the Condensed Consolidated Balance Sheet.

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

October 1 - December 31, 2019	$ 573
2020	2,029
2021	1,331
2022	955
2023	955
Thereafter	4,125
	$ 9,968

6. WARRANTY

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

	2019	2018
Warranty liability, January 1	$ 16,327	$ 18,612
Provision for warranty liabilities	3,599	5,522
Warranty payments made	(4,969)	(5,407)
Warranty liability, September 30	$ 14,957	$ 18,727

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.

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):

	September 30, 2019		
	Principal Balance	Unamortized Debt Issuance	Net Carrying Amount
6.50% senior secured notes due 2023	$ 400,000	$ (4,259)	$ 395,741
Titan Europe credit facilities	41,236	—	41,236
Revolving credit facility	59,000	—	59,000
Other debt	28,202	—	28,202
Capital leases	4,876	—	4,876
Total debt	533,314	(4,259)	529,055
Less amounts due within one year	64,228	—	64,228
Total long-term debt	$ 469,086	$ (4,259)	$ 464,827

	December 31, 2018		
	Principal Balance	Unamortized Debt Issuance	Net Carrying Amount
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 September 30, 2019, for each of the years (or other periods) set forth below were as follows (amounts in thousands):

October 1 - December 31, 2019	$	43,914
2020		22,159
2021		2,810
2022		61,891
2023		401,593
Thereafter		947
	$	533,314

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 $41.2 million in aggregate principal amount at September 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.

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 September 30, 2019, under the credit facility there were $59.0 million in borrowings, a $10.3 million letter of credit, and the amount available totaled $37.3 million.

Other debt
The Company has working capital loans at Titan Pneus do Brasil Ltda and Voltyre-Prom at various interest rates, which totaled $8.2 million and $19.6 million at September 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 nine months ended September 30, 2019, the Company recorded currency exchange losses related to these derivatives of $0.0 million and $0.9 million, respectively; and for the three and nine months ended September 30, 2018, the Company recorded currency exchange gains related to these derivatives of $0.1 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), owned 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 September 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 until February 12, 2022, the three-year anniversary of the signing of the Agreement, and, if the stock buyback is consummated within the first 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 $16.0 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 $16.0 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.

As of September 30, 2019, the value of the redeemable noncontrolling interest held by RDIF was recorded at $25 million, the value of the shares of restricted stock to be issued pursuant to the terms of the agreement.

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

	2019	2018
Balance at January 1	$ 119,813	$ 113,193
Reclassification as a result of Agreement regarding put option	(49,883)	—
Payment of redeemable noncontrolling interest	(46,722)	—
Loss attributable to redeemable noncontrolling interest	(819)	(1,106)
Currency translation	683	(3,256)
Redemption value adjustment	1,928	11,066
Balance at September 30	$ 25,000	$ 119,897

This obligation represents the value of the restricted common stock due to RDIF on September 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.

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

	Balance Sheet Classification	September 30, 2019
Operating lease ROU assets	Operating lease assets	$ 23,497
Operating lease current liabilities	Other current liabilities	$ 6,871
Operating lease long-term liabilities	Other long-term liabilities	17,051
Total operating lease liabilities		$ 23,922
Finance lease, gross	Property, plant & equipment, net	$ 6,897
Finance lease accumulated depreciation	Property, plant & equipment, net	(1,979)
Finance lease, net		$ 4,918
Finance lease current liabilities	Other current liabilities	$ 1,145
Finance lease long-term liabilities	Long-term debt	3,731
Total finance lease liabilities		$ 4,876

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

	Operating Leases	Finance Leases
October 1 - December 31, 2019	$ 3,255	$ 597
2020	7,669	1,318
2021	5,922	1,259
2022	4,297	1,171
2023	2,899	911
Thereafter	4,894	530
Total lease payments	$ 28,936	$ 5,786
Less imputed interest	5,014	910
	$ 23,922	$ 4,876
Weighted average remaining lease term (in years)	4.8	4.4

Supplemental cash flow information related to leases for the nine months ended September 30, 2019 were as follows: operating cash flows from operating leases were $7.3 million and operating cash flows from finance leases were $0.2 million.

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 $1.8 million to the pension plans during the nine months ended September 30, 2019, and expects to contribute approximately $1.0 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 September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Service cost	$ 228	$ 169	$ 658	$ 447
Interest cost	1,075	1,056	3,304	3,237
Expected return on assets	(1,186)	(1,487)	(3,563)	(4,470)
Amortization of unrecognized prior service cost	56	50	169	150
Amortization of net unrecognized loss	766	682	2,296	2,048
Net periodic pension cost	$ 939	$ 470	$ 2,864	$ 1,412

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 two joint ventures for which the Company is the primary beneficiary. These 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. Titan also is party to a joint venture that is the consortium that owns Voltyre-Prom, of which Titan originally was a 43% owner. On July 31, 2019, however, Titan purchased additional shares resulting in a 64.3% ownership in the consortium and the joint venture became a majority owned entity and is no longer a variable interest entity (a VIE). 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 as Titan provides 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 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.

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

	September 30, 2019	December 31, 2018
Cash and cash equivalents	$ 2,878	$ 9,064
Inventory	620	12,987
Other current assets	2,778	38,533
Property, plant and equipment, net	1,363	28,057
Other long-term assets	—	2,971
Total assets	$ 7,639	$ 91,612
Current liabilities	$ 1,190	$ 36,246
Other long-term liabilities	553	6,353
Total liabilities	$ 1,743	$ 42,599

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):

	September 30, 2019	December 31, 2018
Investments	$ 5,044	$ 3,985
Other current assets	—	1,200
Total VIE assets	5,044	5,185
Accounts payable	2,353	2,350
Maximum exposure to loss	$ 7,397	$ 7,535

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 $2.5 million and $2.6 million for the quarters ended September 30, 2019 and 2018, respectively, and $7.5 million and $7.9 million for the nine months ended September 30, 2019 and 2018, respectively.

14. OTHER INCOME

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Gain on Wheels India Limited share sale	$ 4,695	$ —	$ 4,695	$ —
Equity investment income	445	1,016	2,294	3,199
Building rental income	362	381	1,096	1,369
Interest income	193	456	834	1,605
(Loss) gain on sale of assets	(59)	246	708	423
Other (expense) income	(377)	5,338	(1,303)	11,068
	$ 5,259	$ 7,437	$ 8,324	$ 17,664

15. INCOME TAXES

The Company recorded income tax expense of $2.1 million and $2.8 million for the quarters ended September 30, 2019 and 2018, respectively. For the nine months ended September 30, 2019 and 2018, the Company recorded income tax expense of $0.8 million and $3.7 million, respectively. The Company's effective income tax rate was (11)% and 51% for the quarters ended September 30, 2019 and 2018, and (3)% and 12% for the nine months ended September 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 partially offset by 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 nine months ended September 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 the 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.

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 September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Net (loss) income attributable to Titan	$ (19,144)	$ 2,295	$ (23,590)	$ 28,378
Redemption value adjustment	(491)	(4,045)	(1,928)	(11,066)
Net (loss) income applicable to common shareholders	$ (19,635)	$ (1,750)	$ (25,518)	$ 17,312
Determination of shares:				
Weighted average shares outstanding (basic)	60,161	59,897	60,037	59,787
Effect of equity awards/trusts	—	—	—	106
Weighted average shares outstanding (diluted)	60,161	59,897	60,037	59,893
Earnings per share:				
Basic and diluted	(0.33)	(0.03)	(0.43)	0.29

The effect of equity awards has been excluded for the three and nine months ended September 30, 2019, and for the three months ended September 30, 2018, as the effect would have been antidilutive. The weighted average share amount excluded for equity awards was 9 thousand shares for each the three and nine months ended September 30, 2019, and 18 thousand shares for the three months ended September 30, 2018.

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 September 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 September 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 was denied in August 2019. 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. Titan Tire maintains a supersedeas bond in the amount of $6.0 million relating to the judgment. The United States has indicated that it does not currently intend to take steps to execute on this judgment lien in light of ongoing settlement discussions between the parties. However, there can be no assurance that the parties will settle this matter on terms acceptable to the parties.

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 nine months ended September 30, 2019 and 2018 (amounts in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Net sales				
Agricultural	$ 156,625	$ 163,367	$ 512,639	$ 544,404
Earthmoving/construction	155,659	180,362	517,186	568,057
Consumer	33,621	40,990	117,051	126,544
	$ 345,905	$ 384,719	$ 1,146,876	$ 1,239,005
Gross profit				
Agricultural	$ 10,426	$ 19,921	$ 46,798	$ 77,153
Earthmoving/construction	12,935	17,819	50,806	64,541
Consumer	3,739	5,964	13,068	19,883
	$ 27,100	$ 43,704	$ 110,672	$ 161,577
(Loss) income from operations				
Agricultural	$ (1,230)	$ 11,539	$ 17,062	$ 51,862
Earthmoving/construction	(2,938)	6,056	8,293	27,584
Consumer	(229)	3,225	3,120	10,822
Corporate & Unallocated	(8,219)	(15,997)	(39,385)	(47,099)
(Loss) income from operations	(12,616)	4,823	(10,910)	43,169
Interest expense	(8,357)	(7,596)	(24,585)	(22,786)
Foreign exchange (loss) gain	(2,266)	855	2,218	(7,187)
Other income, net	5,259	7,437	8,324	17,664
(Loss) income before income taxes	$ (17,980)	$ 5,519	$ (24,953)	$ 30,860

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

	September 30, 2019	December 31, 2018
Total assets		
Agricultural	$ 471,906	$ 464,828
Earthmoving/construction	502,030	543,927
Consumer	116,246	129,994
Corporate & Unallocated	99,420	112,507
	$ 1,189,602	$ 1,251,256

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):

	September 30, 2019				December 31, 2018			
	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 $0.3 million and $0.9 million for the three and nine months ended September 30, 2019, respectively, and approximately $0.3 million and $1.0 million for the three and nine months ended September 30, 2018, respectively. Titan had trade receivables due from these companies of approximately $0.2 million at September 30, 2019, and approximately $0.2 million at December 31, 2018. Sales commissions paid to the above companies were approximately $0.4 million and $1.1 million for the three and nine months ended September 30, 2019, respectively, as compared to $0.4 million and $1.4 million for the three and nine months ended September 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 Note 9 for additional information.

21. ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	Currency Translation Adjustments	Unrecognized Losses and Prior Service Cost	Total
Balance at July 1, 2019	$ (176,290)	$ (31,706)	$ (207,996)
Currency translation adjustments	(20,011)	—	(20,011)
Defined benefit pension plan entries:			
Amortization of unrecognized losses and prior service cost, net of tax of $79	—	590	590
Reclassification as a result of ownership change	(6,203)	—	(6,203)
Balance at September 30, 2019	$ (202,504)	$ (31,116)	$ (233,620)

	Currency Translation Adjustments	Unrecognized Losses and Prior Service Cost	Total
Balance at January 1, 2019	$ (175,794)	$ (27,777)	$ (203,571)
Currency translation adjustments	(20,507)	—	(20,507)
Defined benefit pension plan entries:			
Amortization of unrecognized losses and prior service cost, net of tax of $311	—	1,594	1,594
Reclassification as a result of ownership change	(6,203)	—	(6,203)
Reclassification from AOCI to retained earnings - adoption of ASU 2018-02	—	(4,933)	(4,933)
Balance at September 30, 2019	$ (202,504)	$ (31,116)	$ (233,620)

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.

(Amounts in thousands)	Condensed Consolidating Statements of Operations For the Three Months Ended September 30, 2019				
	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 141,133	$ 345,992	$ (141,220)	$ 345,905
Cost of sales	107	134,169	325,749	(141,220)	318,805
Gross (loss) profit	(107)	6,964	20,243	—	27,100
Selling, general and administrative expenses	1,513	12,094	21,347	—	34,954
Research and development expenses	276	678	1,355	—	2,309
Royalty expense	679	860	914	—	2,453
Loss from operations	(2,575)	(6,668)	(3,373)	—	(12,616)
Interest expense	(7,350)	(5)	(1,002)	—	(8,357)
Intercompany interest income (expense)	884	841	(1,725)	—	—
Foreign exchange loss	(47)	(152)	(2,067)	—	(2,266)
Other income (expense)	427	(518)	5,350	—	5,259
Loss before income taxes	(8,661)	(6,502)	(2,817)	—	(17,980)
Provision for income taxes	635	126	1,303	—	2,064
Equity in earnings of subsidiaries	(10,748)	—	(1,851)	12,599	—
Net (loss) income	(20,044)	(6,628)	(5,971)	12,599	(20,044)
Net loss attributable to noncontrolling interests	—	—	(900)	—	(900)
Net (loss) income attributable to Titan	$ (20,044)	$ (6,628)	$ (5,071)	$ 12,599	$ (19,144)

(Amounts in thousands)	Condensed Consolidating Statements of Operations For the Three Months Ended September 30, 2018				
	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 142,040	$ 384,510	$ (141,831)	$ 384,719
Cost of sales	150	128,270	354,426	(141,831)	341,015
Gross (loss) profit	(150)	13,770	30,084	—	43,704
Selling, general and administrative expenses	317	14,017	19,375	—	33,709
Research and development expenses	332	936	1,323	—	2,591
Royalty expense	594	943	1,044	—	2,581
(Loss) income from operations	(1,393)	(2,126)	8,342	—	4,823
Interest expense	(6,817)	—	(779)	—	(7,596)
Intercompany interest income (expense)	634	839	(1,473)	—	—
Foreign exchange (loss) gain	—	(57)	912	—	855
Other income (loss)	5,421	(116)	2,132	—	7,437
(Loss) income before income taxes	(2,155)	(1,460)	9,134	—	5,519
Provision for income taxes	423	614	1,804	—	2,841
Equity in earnings of subsidiaries	5,256	—	(1,984)	(3,272)	—
Net income (loss)	2,678	(2,074)	5,346	(3,272)	2,678
Net income attributable to noncontrolling interests	—	—	383	—	383
Net income (loss) attributable to Titan	$ 2,678	$ (2,074)	$ 4,963	$ (3,272)	$ 2,295

(Amounts in thousands)

Condensed Consolidating Statements of Operations
For the Nine Months Ended September 30, 2019

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 475,652	$ 1,147,568	$ (476,344)	$ 1,146,876
Cost of sales	248	438,535	1,073,765	(476,344)	1,036,204
Gross (loss) profit	(248)	37,117	73,803	—	110,672
Selling, general and administrative expenses	4,694	35,299	66,612	—	106,605
Research and development expenses	768	2,263	4,439	—	7,470
Royalty expense	1,743	3,005	2,759	—	7,507
Loss from operations	(7,453)	(3,450)	(7)	—	(10,910)
Interest expense	(21,520)	(5)	(3,060)	—	(24,585)
Intercompany interest income (expense)	2,158	2,731	(4,889)	—	—
Foreign exchange (loss) gain	(69)	(156)	2,443	—	2,218
Other income (expense)	1,371	(1,596)	8,549	—	8,324
(Loss) income before income taxes	(25,513)	(2,476)	3,036	—	(24,953)
(Benefit) provision for income taxes	(6,390)	410	6,741	—	761
Equity in earnings of subsidiaries	(6,591)	—	(1,320)	7,911	—
Net (loss) income	(25,714)	(2,886)	(5,025)	7,911	(25,714)
Net loss attributable to noncontrolling interests	—	—	(2,124)	—	(2,124)
Net (loss) income attributable to Titan	$ (25,714)	$ (2,886)	$ (2,901)	$ 7,911	$ (23,590)

(Amounts in thousands)

Condensed Consolidating Statements of Operations
For the Nine Months Ended September 30, 2018

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 479,557	$ 901,279	$ (141,831)	$ 1,239,005
Cost of sales	396	410,008	808,855	(141,831)	1,077,428
Gross (loss) profit	(396)	69,549	92,424	—	161,577
Selling, general and administrative expenses	3,191	46,276	52,841	—	102,308
Research and development expenses	825	2,905	4,492	—	8,222
Royalty expense	1,475	3,396	3,007	—	7,878
(Loss) income from operations	(5,887)	16,972	32,084	—	43,169
Interest expense	(20,456)	—	(2,330)	—	(22,786)
Intercompany interest income (expense)	1,886	2,761	(4,647)	—	—
Foreign exchange loss	—	(727)	(6,460)	—	(7,187)
Other income (expense)	12,051	(428)	6,041	—	17,664
(Loss) income before income taxes	(12,406)	18,578	24,688	—	30,860
(Benefit) provision for income taxes	(12,033)	7,918	7,853	—	3,738
Equity in earnings of subsidiaries	27,495	—	(1,459)	(26,036)	—
Net income (loss)	27,122	10,660	15,376	(26,036)	27,122
Net loss attributable to noncontrolling interests	—	—	(1,256)	—	(1,256)
Net income (loss) attributable to Titan	$ 27,122	$ 10,660	$ 16,632	$ (26,036)	$ 28,378

(Amounts in thousands)

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

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net (loss) income	$ (20,044)	$ (6,628)	$ (5,971)	$ 12,599	$ (20,044)
Currency translation adjustment	(20,324)	—	(20,324)	20,324	(20,324)
Pension liability adjustments, net of tax	590	753	(163)	(590)	590
Comprehensive (loss) income	(39,778)	(5,875)	(26,458)	32,333	(39,778)
Net comprehensive loss attributable to redeemable and noncontrolling interests	—	—	(1,213)	—	(1,213)
Comprehensive (loss) income attributable to Titan	$ (39,778)	$ (5,875)	$ (25,245)	$ 32,333	$ (38,565)

(Amounts in thousands)

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

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income (loss)	$ 2,678	$ (2,074)	$ 5,346	$ (3,272)	$ 2,678
Currency translation adjustment	(13,577)	—	(13,577)	13,577	(13,577)
Pension liability adjustments, net of tax	733	646	87	(733)	733
Comprehensive (loss) income	(10,166)	(1,428)	(8,144)	9,572	(10,166)
Net comprehensive loss attributable to redeemable and noncontrolling interests	—	—	(811)	—	(811)
Comprehensive (loss) income attributable to Titan	$ (10,166)	$ (1,428)	$ (7,333)	$ 9,572	$ (9,355)

(Amounts in thousands)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the Nine Months Ended September 30, 2019

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net (loss) income	$ (25,714)	$ (2,886)	$ (5,025)	$ 7,911	$ (25,714)
Currency translation adjustment	(19,280)	—	(19,280)	19,280	(19,280)
Pension liability adjustments, net of tax	1,594	2,256	(662)	(1,594)	1,594
Comprehensive (loss) income	(43,400)	(630)	(24,967)	25,597	(43,400)
Net comprehensive loss attributable to redeemable and noncontrolling interests	—	—	(897)	—	(897)
Comprehensive (loss) income attributable to Titan	$ (43,400)	$ (630)	$ (24,070)	$ 25,597	$ (42,503)

(Amounts in thousands)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the Nine Months Ended September 30, 2018

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income (loss)	$ 27,122	$ 10,660	$ 15,376	$ (26,036)	$ 27,122
Currency translation adjustment	(43,853)	—	(43,853)	43,853	(43,853)
Pension liability adjustments, net of tax	2,306	1,938	368	(2,306)	2,306
Comprehensive (loss) income	(14,425)	12,598	(28,109)	15,511	(14,425)
Net comprehensive loss attributable to redeemable and noncontrolling interests	—	—	(4,036)	—	(4,036)
Comprehensive (loss) income attributable to Titan	$ (14,425)	$ 12,598	$ (24,073)	$ 15,511	$ (10,389)

(Amounts in thousands)

Condensed Consolidating Balance Sheets
September 30, 2019

	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 12,669	$ 7	$ 65,927	$ —	$ 78,603
Accounts receivable, net	(596)	71	221,753	—	221,228
Inventories	—	49,910	301,961	—	351,871
Prepaid and other current assets	3,117	17,441	60,134	—	80,692
Total current assets	15,190	67,429	649,775	—	732,394
Property, plant and equipment, net	11,086	93,010	262,025	—	366,121
Investment in subsidiaries	760,072	—	64,300	(824,372)	—
Other assets	2,722	4,677	83,688	—	91,087
Total assets	$ 789,070	$ 165,116	$ 1,059,788	$ (824,372)	$ 1,189,602
Liabilities and Equity					
Short-term debt	$ 505	$ 68	$ 63,655	$ —	$ 64,228
Accounts payable	4,783	29,429	148,125	—	182,337
Other current liabilities	23,467	21,269	74,647	—	119,383
Total current liabilities	28,755	50,766	286,427	—	365,948
Long-term debt	456,156	219	8,452	—	464,827
Other long-term liabilities	5,204	19,082	61,365	—	85,651
Intercompany accounts	13,756	(411,185)	397,429	—	—
Redeemable noncontrolling interest	—	—	25,000	—	25,000
Titan shareholders' equity	285,199	506,234	277,170	(824,372)	244,231
Noncontrolling interests	—	—	3,945	—	3,945
Total liabilities and equity	$ 789,070	$ 165,116	$ 1,059,788	$ (824,372)	$ 1,189,602

(Amounts in thousands)	Condensed Consolidating Balance Sheets December 31, 2018				
	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
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
Total assets	$ 795,889	$ 187,507	$ 1,083,813	$ (815,953)	$ 1,251,256
Liabilities and Equity					
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)
Total liabilities and equity	$ 795,889	$ 187,507	$ 1,083,813	$ (815,953)	$ 1,251,256

(Amounts in thousands)	Condensed Consolidating Statements of Cash Flows For the Nine Months Ended September 30, 2019			
	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Net cash provided by operating activities	$ 2,683	$ 5,742	$ 22,787	$ 31,212
Cash flows from investing activities:				
Capital expenditures	(21)	(6,207)	(20,026)	(26,254)
Payments related to redeemable noncontrolling interest	(71,722)	—	—	(71,722)
Other, net	—	181	1,173	1,354
Net cash used for investing activities	(71,743)	(6,026)	(18,853)	(96,622)
Cash flows from financing activities:				
Proceeds from borrowings	73,000	287	50,866	124,153
Payment on debt	(14,000)	—	(45,296)	(59,296)
Dividends paid	(901)	—	—	(901)
Net cash provided by financing activities	58,099	287	5,570	63,956
Effect of exchange rate change on cash	—	—	(1,628)	(1,628)
Net (decrease) increase in cash and cash equivalents	(10,961)	3	7,876	(3,082)
Cash and cash equivalents, beginning of period	23,630	4	58,051	81,685
Cash and cash equivalents, end of period	$ 12,669	$ 7	$ 65,927	$ 78,603

(Amounts in thousands)	Condensed Consolidating Statements of Cash Flows For the Nine Months Ended September 30, 2018			
	Titan Intl., Inc. (Parent)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Net cash (used for) provided by operating activities	$ (22,905)	$ 3,827	$ (13,628)	$ (32,706)
Cash flows from investing activities:				
Capital expenditures	(259)	(3,836)	(22,403)	(26,498)
Other, net	740	1	743	1,484
Net cash provided by (used for) investing activities	481	(3,835)	(21,660)	(25,014)
Cash flows from financing activities:				
Proceeds from borrowings	—	—	48,108	48,108
Payment on debt	—	—	(30,139)	(30,139)
Dividends paid	(900)	—	—	(900)
Net cash (used for) provided by financing activities	(900)	—	17,969	17,069
Effect of exchange rate change on cash	—	—	(6,120)	(6,120)
Net decrease in cash and cash equivalents	(23,324)	(8)	(23,439)	(46,771)
Cash and cash equivalents, beginning of period	59,740	13	83,817	143,570
Cash and cash equivalents, end of period	$ 36,416	$ 5	$ 60,378	$ 96,799

23. SUBSEQUENT EVENTS

On October 3, 2019, through one of its wholly-owned subsidiaries, the Company completed the sale of shares of Wheels India Limited ("Wheels India") in on-market trades on the National Stock Exchange of India Ltd. The sale reduced the Company's indirect ownership interest in Wheels India from approximately 34.2% of the outstanding shares of Wheels India to approximately 23.8%. On October 3, 2019, the Company received net proceeds from the on-market trades of approximately $19 million, net of charges, discounts and commissions, which Titan used to pay down outstanding indebtedness. A gain of $4.7 million was recorded on the transaction in the quarter ended September 30, 2019, based on the date of the trade.

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;

- 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.

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 remain low as a result of ongoing tariffs and trade concerns. Within North America, concerns about current economic conditions coupled with extraordinarily bad weather this spring have led farmers to be less inclined to make large investments in their farming equipment. Most major OEMs are forecasting agricultural equipment sales to be flat during the remainder of 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 and third quarters experienced declines due to global economic uncertainty. Demand for larger construction equipment used for highways and infrastructure has been steady after several years of strong growth but is starting to show signs of weakening. Mining industry equipment demand is also beginning to soften within certain regions in the back half of 2019. Construction is mainly driven by GDP by country and the need for infrastructure developments. Mining is primarily driven by both the demand for and pricing of commodities. Demand for Titan's products in this market is anticipated to be flat 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 remain flat or decrease slightly. 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 the remainder of 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. *(amounts in thousands)*	**Three months ended September 30,**			**Nine months ended September 30,**		
	2019	**2018**	**% Increase/(Decrease)**	**2019**	**2018**	**% Increase/(Decrease)**
Net sales	$ 345,905	$ 384,719	(10.1)%	$ 1,146,876	$ 1,239,005	(7.4)%
Gross profit	27,100	43,704	(38.0)%	110,672	161,577	(31.5)%
Gross profit %	*7.8%*	*11.4%*		*9.6%*	*13.0%*	
Selling, general and administrative expenses	34,954	33,709	3.7 %	106,605	102,308	4.2 %
Research and development expenses	2,309	2,591	(10.9)%	7,470	8,222	(9.1)%
Royalty expense	2,453	2,581	(5.0)%	7,507	7,878	(4.7)%
(Loss) income from operations	(12,616)	4,823	(361.6)%	(10,910)	43,169	(125.3)%

Net Sales
Net sales for the third quarter of 2019 were $345.9 million, compared to $384.7 million in the comparable quarter of 2018, a decrease of 10.1% driven by sales decreases in all segments. Overall net sales volume was down 6.9% from the comparable prior year quarter, due primarily to ongoing challenges in North America's agriculture economy, and a slowing of global construction market conditions, particularly in Asia and Australia. Global trade issues are the primary factor for the market challenges that are currently being encountered. Unfavorable changes in price/mix and currency translation negatively impacted net sales by 1.6%, respectively, primarily reflecting pricing adjustments for lower raw material costs.

Net sales for the nine months ended September 30, 2019, were $1,146.9 million, compared to $1,239.0 million in the comparable period of 2018, a decrease of 7.4% driven by sales decreases in all segments. Overall net sales volume was down 4.8% from the comparable prior year period, due primarily to the aforementioned macroeconomic factors. The Company has faced specific market challenges in Russia, along with economic softness in agriculture in North America and Europe as well as a tightening of the construction market in our undercarriage business. Unfavorable currency translation further decreased net sales by 3.8%, which was partially offset with a favorable price/mix of 1.2% on net sales.

Gross Profit
Gross profit for the third quarter of 2019 was $27.1 million, or 7.8% of net sales, down $16.6 million compared to $43.7 million, or 11.4% of net sales, for the third quarter of 2018. The decrease in gross profit was driven by the impact of lower sales volume across most geographic regions and the significant impact on production efficiencies, along with unfavorable currency impact especially in Europe and Latin America. In addition, the Company continued to experience underperformance in its North American Wheel operations from reductions of steel inventory at higher than current prices, which had a negative impact on gross profit by approximately $7 million during the quarter.

Gross profit for the nine months ended September 30, 2019, was $110.7 million, or 9.6% of net sales, compared to $161.6 million, or 13.0% of net sales, for the nine months ended September 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 particularly in Europe and Latin America, caused by the same factors described for the third quarter results. In addition, the Company experienced underperformance in its North American Wheel operations from reductions of steel inventory at higher than current prices, which had a negative impact on gross profit by approximately $15 million during the period.

Selling, General and Administrative Expenses
Selling, general and administrative (SG&A) expenses for the third quarter of 2019 were $35.0 million, or 10.1% of net sales, compared to $33.7 million, or 8.8% of net sales, for the third quarter of 2018. The increase in SG&A was driven primarily by costs related to preparation for the Company's proposed ITM undercarriage business public listing of $2.3 million, which has been postponed. SG&A expenses for the nine months ended September 30, 2019, were $106.6 million, or 9.3% of net sales, compared to $102.3 million, or 8.3% of net sales, for the nine months ended September 30, 2018. The $4.3 million increase was due to costs related to the postponed ITM public listing process and certain investments in information technology in North America.

Research and Development Expenses
Research and development (R&D) expenses for the third quarter of 2019 were $2.3 million, or 0.7% of net sales, compared to $2.6 million, or 0.7% of net sales, for the third quarter of 2018. R&D expenses for the nine months ended September 30, 2019, were $7.5 million, or 0.7% of net sales, were slightly favorable compared to $8.2 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 third quarter of 2019 were $2.5 million, or 0.7% of net sales, compared to $2.6 million, or 0.7% of net sales, for the third quarter of 2018. Royalty expenses for the nine months ended September 30, 2019, were $7.5 million, or 0.7% of net sales, compared to $7.9 million, or 0.6% of net sales, for the nine months ended September 30, 2018.

Income (Loss) from Operations
Loss from operations for the third quarter of 2019 was $12.6 million, compared to income of $4.8 million for the third quarter of 2018. Loss from operations for the nine months ended September 30, 2019, was $10.9 million, compared to income of $43.2 million for the nine months ended September 30, 2018. The decrease in income from operations for each of 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 $8.4 million and $7.6 million for the quarters ended September 30, 2019 and 2018, respectively, and $24.6 million and $22.8 million for the nine months ended September 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 $2.3 million for the third quarter of 2019, compared to a gain of $0.9 million for the third quarter of 2018. Foreign exchange gain was $2.2 million for the nine months ended September 30, 2019, compared to loss of $7.2 million for the nine months ended September 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 $5.3 million for the quarter ended September 30, 2019, as compared to $7.4 million in the comparable quarter of 2018. The decrease in other income for the quarter ended September 30, 2019, as compared to the same period in 2018 was primarily attributable to a non-recurring legal settlement in 2018 partially offset by a $4.7 million gain on the sale of shares of our investment in Wheels India Limited in September 2019.

Other income was $8.3 million for the nine months ended September 30, 2019, as compared to $17.7 million in the comparable period of 2018. The decrease in other income for the nine months ended September 30, 2019, as compared to the comparable period in 2018 was primarily attributable to a non-recurring legal settlement in 2018, partially offset by a gain on the sale of shares of our investment in Wheels India Limited in September 2019.

Provision (Benefit) for Income Taxes
The Company recorded income tax expense of $2.1 million and $2.8 million for the quarters ended September 30, 2019 and 2018, respectively. For the nine months ended September 30, 2019 and 2018, the Company recorded income tax expense of $0.8 million and $3.7 million, respectively. The Company's effective income tax rate was (11)% and 51% for the quarters ended September 30, 2019 and 2018, and (3)% and 12% for the nine months ended September 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 nine months ended September 30, 2019 and 2018.

Net Income (Loss) and Earnings (Loss) per Share
Net loss for the third quarter of 2019 was $20.0 million, compared to net income of $2.7 million in the comparable quarter of 2018. For the quarters ended September 30, 2019 and 2018, basic and diluted earnings (loss) per share were $(0.33) and $(0.03), respectively. The Company's net loss and earnings per share were due to the items previously discussed.

Net loss for the nine months ended September 30, 2019 was $25.7 million, compared to net income of $27.1 million in the comparable period of 2018. For the nine months ended September 30, 2019 and 2018, basic and diluted earnings (loss) per share were $(0.43) and $0.29, respectively. The Company's net loss and earnings per share were due to the items previously discussed.

SEGMENT INFORMATION

Segment Summary (amounts in thousands):

Three months ended September 30, 2019	Agricultural	Earthmoving/ Construction	Consumer	Corporate/ Unallocated Expenses	Consolidated Totals
Net sales	$ 156,625	$ 155,659	$ 33,621	$ —	$ 345,905
Gross profit	10,426	12,935	3,739	—	27,100
Loss from operations	(1,230)	(2,938)	(229)	(8,219)	(12,616)
Three months ended September 30, 2018					
Net sales	$ 163,367	$ 180,362	$ 40,990	$ —	$ 384,719
Gross profit	19,921	17,819	5,964	—	43,704
Income (loss) from operations	11,539	6,056	3,225	(15,997)	4,823

Nine months ended September 30, 2019	Agricultural	Earthmoving/ Construction	Consumer	Corporate/ Unallocated Expenses	Consolidated Totals
Net sales	$ 512,639	$ 517,186	$ 117,051	$ —	$ 1,146,876
Gross profit	46,798	50,806	13,068	—	110,672
Income (loss) from operations	17,062	8,293	3,120	(39,385)	(10,910)
Nine months ended September 30, 2018					
Net sales	$ 544,404	$ 568,057	$ 126,544	$ —	$ 1,239,005
Gross profit	77,153	64,541	19,883	—	161,577
Income (loss) from operations	51,862	27,584	10,822	(47,099)	43,169

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

(Amounts in thousands)	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	% Increase/(Decrease)	2019	2018	% Increase/(Decrease)
Net sales	$ 156,625	$ 163,367	(4.1)%	$ 512,639	$ 544,404	(5.8)%
Gross profit	10,426	19,921	(47.7)%	46,798	77,153	(39.3)%
(Loss) income from operations	(1,230)	11,539	(110.7)%	17,062	51,862	(67.1)%

Net sales in the agricultural segment were $156.6 million for the quarter ended September 30, 2019, as compared to $163.4 million for the comparable period in 2018, a decrease of 4.1%. Lower sales volume contributed 0.6% of this decrease while unfavorable currency translation, primarily in Latin America and Europe, decreased net sales by 1.1%. Unfavorable price/mix further decreased net sales by 2.4%, primarily reflecting price adjustments related to lower raw material costs. Lower sales volumes were primarily caused by challenging market conditions and economic softness in most geographies as well as ongoing global trade issues, which continue to cause significant uncertainty for customers.

Gross profit in the agricultural segment was $10.4 million for the quarter ended September 30, 2019, as compared to $19.9 million in the comparable quarter of 2018. The Company continued to experience underperformance in its North American Wheel operations from reductions of steel inventory at higher than current prices, which compressed gross profit by approximately $6 million during the quarter. In addition, unfavorable foreign currency translation and the impact of lower sales volume, especially in Russia and Europe, contributed to the decrease in gross profit.

Net sales in the agricultural segment were $512.6 million for the nine months ended September 30, 2019, as compared to $544.4 million for the comparable period in 2018, a decrease of 5.8%. Lower sales volumes contributed 3.3% of this decrease while unfavorable currency translation in all international locations further decreased net sales by 3.6%. Favorable price/mix partially offset these decreases with a 1.1% positive impact on net sales. Lower sales volumes were primarily a result of the difficult market conditions due to global trade issues, a volatile agriculture economy and adverse weather conditions in North America during the majority of the first nine months of 2019.

Gross profit in the agricultural segment was $46.8 million for the nine months ended September 30, 2019, as compared to $77.2 million in the comparable period of 2018. Lower sales volume, unfavorable foreign currency translation and production inefficiencies drove the overall decrease in gross profit. In addition, the Company experienced underperformance in its North American Wheel operations from reductions of steel inventory at higher than current prices, which compressed gross profit by approximately $12 million during the period. Income from operations in the agricultural segment was $17.1 million for the nine months ended September 30, 2019, as compared to $51.9 million for the comparable period in 2018.

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

(Amounts in thousands)	Three months ended September 30,			Nine months ended September 30,		
	2019	**2018**	**% Increase/(Decrease)**	**2019**	**2018**	**% Increase/(Decrease)**
Net sales	$ 155,659	$ 180,362	(13.7)%	$ 517,186	$ 568,057	(9.0)%
Gross profit	12,935	17,819	(27.4)%	50,806	64,541	(21.3)%
(Loss) income from operations	(2,938)	6,056	(148.5)%	8,293	27,584	(69.9)%

The Company's earthmoving/construction segment net sales were $155.7 million for the quarter ended September 30, 2019, as compared to $180.4 million in the comparable quarter of 2018, a decrease of 13.7%. The decrease in earthmoving/construction sales was driven by decreased volume, which negatively impacted net sales by 9.3%. This decrease was primarily due to a tightening within the construction market in our undercarriage business, in all geographies, with the exception of Latin America. Unfavorable currency translation across most non-US geographies and an unfavorable price mix decreased net sales by 2.1% and 2.3%, respectively.

Gross profit in the earthmoving/construction segment was $12.9 million for the quarter ended September 30, 2019, as compared to $17.8 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. In addition, the Company has shifted its focus in the market, and as a result, has been liquidating certain tire inventories, which have been sold at lower than traditional margins. The Company's earthmoving/construction segment loss from operations was $2.9 million for the quarter ended September 30, 2019, as compared to income of $6.1 million for the comparable quarter of 2018.

The Company's earthmoving/construction segment net sales were $517.2 million for the nine months ended September 30, 2019, as compared to $568.1 million in the comparable period of 2018, a decrease of 9.0%. The decrease in earthmoving/construction sales was driven by decreased volume, which negatively impacted net sales by 5.4%. This decrease was primarily caused by a tightening within the construction market in our undercarriage business and the Company's shift in market focus in Australia, described earlier. Unfavorable currency translation across all non-US geographies decreased net sales by 3.9%, which was partially offset by a favorable price/mix of 0.3%.

Gross profit in the earthmoving/construction segment was $50.8 million for the nine months ended September 30, 2019, as compared to $64.5 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 $8.3 million for the nine months ended September 30, 2019, as compared to $27.6 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 September 30,			Nine months ended September 30,		
	2019	**2018**	**% Increase/(Decrease)**	**2019**	**2018**	**% Increase/(Decrease)**
Net sales	$ 33,621	$ 40,990	(18.0)%	$ 117,051	$ 126,544	(7.5)%
Gross profit	3,739	5,964	(37.3)%	13,068	19,883	(34.3)%
(Loss) income from operations	(229)	3,225	(107.1)%	3,120	10,822	(71.2)%

Consumer segment net sales were $33.6 million for the quarter ended September 30, 2019, as compared to $41.0 million in the comparable quarter of 2018, a decrease of approximately 18.0%. This decrease was driven by lower sales volume, especially in Latin America and Australia, which negatively impacted net sales by 21.3% and unfavorable currency translation, which decreased net sales by 1.0%. Favorable price/mix positively contributed 4.3% to net sales, partially offsetting the aforementioned variables.

Gross profit from the consumer segment was $3.7 million for the quarter ended September 30, 2019, as compared to $6.0 million for the comparable quarter of 2018 due primarily to lower sales volume, especially in Latin America and Russia, in the light and utility truck markets. Consumer segment loss from operations was $0.2 million for the quarter ended September 30, 2019, as compared to income of $3.2 million for the comparable quarter of 2018.

Consumer segment net sales were $117.1 million for the nine months ended September 30, 2019, as compared to $126.5 million in the comparable period of 2018, a decrease of approximately 7.5%. This decrease was primarily due to lower sales volume in Latin America and Russia and unfavorable currency translation in Latin America, Russia and Europe, which negatively impacted net sales by 8.9% and 4.5%, respectively. Favorable price/mix partially offset the aforementioned variables and contributed 5.9% to net sales.

Gross profit from the consumer segment was $13.1 million for the nine months ended September 30, 2019, as compared to $19.9 million for the comparable period of 2018. Consumer segment income from operations was $3.1 million for the quarter ended September 30, 2019, as compared to $10.8 million for the comparable period of 2018.

Corporate & Unallocated Expenses
Income from operations on a segment basis did not include corporate expenses totaling $8.2 million for the quarter ended September 30, 2019, and $39.4 million for the nine months ended September 30, 2019, as compared to $16.0 million for the comparable quarter of 2018 and $47.1 million for the nine months ended September 30, 2018, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows
As of September 30, 2019, the Company had $78.6 million of cash, a decrease of $3.1 million from December 31, 2018, due to the following items:

Operating Cash Flows
Summary of cash flows from operating activities:

(Amounts in thousands)	Nine months ended September 30,		
	2019	2018	Change
Net (loss) income	$ (25,714)	$ 27,122	$ (52,836)
Depreciation and amortization	41,347	43,395	(2,048)
Deferred income tax provision	(738)	(863)	125
Foreign currency translation (gain) loss	(2,327)	3,667	(5,994)
Accounts receivable	16,124	(52,818)	68,942
Inventories	36,920	(62,560)	99,480
Prepaid and other current assets	(3,073)	2,299	(5,372)
Accounts payable	(24,998)	25,213	(50,211)
Other current liabilities	3,634	(5,072)	8,706
Other liabilities	(5,884)	(8,336)	2,452
Other operating activities	(4,079)	(4,753)	674
Cash provided by (used for) operating activities	$ 31,212	$ (32,706)	$ 63,918

In the first nine months of 2019, operating activities provided $31.2 million of cash, including a positive impact from decreases in accounts receivable of $16.1 million and inventory of $36.9 million, partially offset by a $25.0 million decrease in accounts payable. Included in the net loss of $25.7 million were non-cash charges for depreciation and amortization of $41.3 million, a foreign currency translation gain of $2.3 million, and a $4.7 million gain on the sale of shares of Wheels India Limited.

Operating cash flows increased $63.9 million when comparing the first nine months of 2019 to the comparable period in 2018. Net income in the first nine months of 2019 decreased $52.8 million from income in the first nine months of 2018. When comparing the first nine months of 2019 to the comparable period in 2018, cash flows from operating activities increased in inventories and accounts receivable by $99.5 million and $68.9 million, respectively.

Summary of the components of cash conversion cycle:

	September 30, 2019	December 31, 2018	September 30, 2018
Days sales outstanding	58	61	62
Days inventory outstanding	108	115	106
Days payable outstanding	(56)	(62)	(58)
Cash conversion cycle	110	114	110

Investing Cash Flows
Summary of cash flows from investing activities:

(Amounts in thousands)	Nine months ended September 30,		
	2019	2018	Change
Capital expenditures	$ (26,254)	$ (26,498)	$ 244
Payments related to redeemable noncontrolling interest	(71,722)	—	(71,722)
Other investing activities	1,354	1,484	(130)
Cash used for investing activities	$ (96,622)	$ (25,014)	$ (71,608)

Net cash used for investing activities was $96.6 million in the first nine months of 2019, as compared to $25.0 million in the first nine months of 2018. The Company made payments of $72 million related to satisfaction of obligations relating to the settlement put option under the Shareholders' Agreement in the first nine months of 2019. The Company invested a total of $26.3 million in capital expenditures in the first nine months of 2019, compared to $26.5 million in the comparable period of 2018. The expenditures during the first nine 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)	Nine months ended September 30,		
	2019	2018	Change
Proceeds from borrowings	$ 124,153	$ 48,108	$ 76,045
Payment on debt	(59,296)	(30,139)	(29,157)
Dividends paid	(901)	(900)	(1)
Cash provided by financing activities	$ 63,956	$ 17,069	$ 46,887

In the first nine months of 2019, $64.0 million of cash was provided by financing activities. This cash was primarily provided through debt financing, with proceeds from borrowings providing $124.2 million, offset by payments on debt of $59.3 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 September 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.

Liquidity Outlook
At September 30, 2019, the Company had $78.6 million of cash and cash equivalents. At September 30, 2019, under the Company's $125 million credit facility, there were $59 million in borrowings, a $10.3 million letter of credit, and the amount available totaled $37.3 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 $78.6 million included $61.3 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 $1.0 million to its defined benefit pension plans during the remainder of 2019.

On October 3, 2019, through one of its wholly-owned subsidiaries, the Company completed the sale of shares of Wheels India Limited (“Wheels India”) in on-market trades on the National Stock Exchange of India Ltd. On October 3, 2019, the Company received net proceeds from the on-market trades of approximately $19 million, net of charges, discounts and commissions, which Titan used to pay down outstanding indebtedness. The Company plans to make additional payments on its U.S. credit facility with reductions in working capital and additional non-core asset sales.

Total capital expenditures for 2019 are forecasted to be approximately $40 million. Cash payments for interest are currently forecasted to be approximately $15 million for the last three months of 2019 based on September 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.

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 $78.6 million at September 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 September 30, 2019. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of September 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 third 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.

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	Sale Purchase Agreement among OEP Tire Russia L.P., Titan Luxembourg S.A.R.L., OEP II Partners Co-Invest, L.P. and One Equity Partners V, L.P., dated July 30, 2019
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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

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:	November 6, 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)

Exhibit 10

DATED

July 30, 2019

OEP TIRE RUSSIA L.P.
as the Seller

TITAN LUXEMBOURG S.À R.L.
as the Purchaser

and solely for purposes of Sections 5.15 and 5.16, and Section 4 as such section relates to Sections 5.15 and 5.16:

OEP II Partners Co-Invest, L.P.

as the Co-Invest

One Equity Partners V, L.P.

as OEP V

SALE PURCHASE AGREEMENT

THIS SALE PURCHASE AGREEMENT is made on July 30, 2019

BETWEEN:

(1) **OEP Tire Russia L.P.**, an exempted limited partnership incorporated under the laws of the Cayman Islands (the "**Seller**");

(2) **Titan Luxembourg S.à r.l.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, having its address at 412F, route d'Esch, L-1030 Luxembourg, Grand Duchy of Luxembourg and registered in the R.C.S. Luxembourg under number B 65.633 (the "**Purchaser**");

(3) solely for purposes of Sections 5.15 and 5.16, and Section 4 as such section relates to Sections 5.15 and 5.16, OEP II Partners Co-Invest, L.P. (the "**Co-Invest**"); and

(4) solely for purposes of Sections 5.15 and 5.16, and Section 4 as such section relates to Sections 5.15 and 5.16, One Equity Partners V, L.P. ("**OEP V**" and together with Co-Invest and Seller, the "**Seller Group**").

The parties to this Agreement are hereinafter collectively referred to as the "**Parties**" and individually as a "**Party**".

RECITALS:

(1) **OEP 11 Coöperatief U.A.**, a cooperative with exclusion of liability (*coöperatie met uitsluiting van aansprakelijkheid*) having its seat in the municipality of Amsterdam, its address at Herengracht 466, 1017 CA Amsterdam, the Netherlands and registered in the trade register under number 57627843 (the "**Cooperative**").

(2) The Seller, in its capacity as sole member of the Cooperative, holds the sole membership in the Cooperative (the "**Membership**"), and is entitled to the complete membership interest (including all interest, rights and obligations attached thereto and/or in relation thereto) in the Cooperative (together, the "**Membership Interest**").

(3) **Titan Tire Russia B.V.**, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) having its seat in Amsterdam, its address at Prinses Margrietplantsoen 88, WTC Toren E, 23rd floor, 2595 BR The Hague, the Netherlands and registered in the trade register under number 58036008 (the "**Company**").

(4) The Cooperative is the holder of three thousand (3,000) paid-up shares class B in the share capital of the Company (constituting 21.43% of the total issued and paid-up share capital of the Company), each with a nominal value of one United States dollar (USD 1), numbered B-1 up to and including B-3,000 (the "**Shares**"). The Shares are registered in the name of the Cooperative.

(5) The Cooperative and the Purchaser, among others, entered into the Shareholders' Agreement originally dated 9 July 2013, as amended, restated, supplemented or otherwise modified from time to time (the "**Shareholders Agreement**").

Capitalised terms used in this deed shall have the meaning ascribed to them in the Shareholders Agreement, unless otherwise defined in this Agreement.

(6) In order to comply with the Shareholders Agreement and the Settlement Put Option the Seller wishes to sell to the Purchaser and the Purchaser wishes to purchase from the Seller the Membership and attached Membership Interest, subject to the terms and conditions of this Agreement.

IT IS AGREED as follows:

1. **Sale and purchase of the MEMBERSHIP AND ATTACHED MEMBERSHIP INTEREST**

1.1 Subject to and upon the terms and conditions of this Agreement and the Shareholders Agreement, the Seller hereby sells the Membership and attached Membership Interest to the Purchaser free from any Encumbrances (other than those imposed by applicable Law) and together with all rights attached thereto, and the Purchaser hereby purchases the Membership and attached Membership Interest from the Seller.

1.2 The assignment and transfer of title to the Membership and attached Membership Interest to the Purchaser shall take place on the earlier of (i) such date specified by the Purchaser and (ii) July 31, 2019 (the "**Completion Date**"), as applicable, by execution of the related private deed of transfer membership (the "**Deed of Transfer**") in accordance with the provisions of clause 3.

2. **Consideration**

The consideration (including agreed accrued interest) payable by the Purchaser for the Membership and attached Membership Interest (the "**Purchase Price**") is an amount equal to (i) 44,079,843.00 United States dollars (USD 44,079,843.00) and interest thereon accruing following October 4, 2018 at a rate of eight percent (8%) less (ii) the Outstanding OEP Payables (as defined herein).

3. **Completion**

3.1 On the Completion Date, the Seller and the Purchaser shall duly execute (or shall cause to be duly executed and delivered):

3.1.1 consent letter(s), approval(s), corporate resolutions and powers of attorney, if and as applicable, in the agreed form;

3.1.2 written resignations in the agreed form of the relevant managing director(s) and/or supervisory director(s) of the Coopererative to take effect upon Completion; and

3.1.3 written resignations in the agreed form of all of the managing director(s) and/or supervisory director(s) of the Company to take effect upon Completion.

In May 2019, the Purchaser has paid to the Seller part of the Purchase Price consisting of an amount of sixteen million United States dollars (USD 16,000,000). As a consequence the aggregate remaining Purchase Price shall be an amount equal to (i) 30,166,691.20 United States dollars (USD 30,166,691.20) and interest thereon accruing following May 8, 2019 at a rate of 6,611.88 United States dollars (USD 6,611.88) per day less (ii) the Outstanding OEP Payables (the "**Remaining Purchase Price**").

Ultimately on the Completion Date, the Purchaser shall pay the Remaining Purchase Price by wire transfer into the bank account in the name of the Seller as follows:

Bank Name: JP Morgan Chase
ABA #: 021000021
Account Name: OEP Tire Russia L.P.
Account #: *478190593*
Reference: Sale of Cooperative

3.2 Upon completion of the steps set out in clauses 3.1, the Seller and the Purchaser shall ensure that they and (the authorised representative of) the Cooperative execute the Deed of Transfer. The Parties shall ensure that the Cooperative (i) accepts the Purchaser as the new member of the Cooperative and (ii) acknowledges the transfer and assignment of the Membership and attached Membership Interest.

3.3 Immediately after the Completion, the Purchaser shall pay, or cause to be paid, the Outstanding OEP Payables by wire transfer into the bank account in the name of the applicable payee as follows:

Name: OEP Capital Advisors, L.P.
Bank Name: First Republic Bank
ABA #: 321081669
Account Name: OEP Capital Advisors LP (Checking Account)
Account #: 80007242201
Reference: Sale of Cooperative

Name: One Equity Partners V, L.P.
Bank Name: JP Morgan Chase
ABA #: 071000013
Account Name: One Equity Partners V, L.P.

Account #: 469793314
Reference: Sale of Cooperative

Name: One Equity Partners Secondary Fund, L.P.
Bank Name: JP Morgan Chase
ABA #: 021000021
Account Name: One Equity Partners Secondary Fund LP
Account #: 626426535
Reference: Sale of Cooperative

Name: OEP JPMC Heritage Parent LLC
Bank Name: JP Morgan Chase
ABA #: 071000013
Account Name: OEP Parent
Account #: 844005306
Reference: Sale of Cooperative

4. **Liability for the Warranties**

4.1 The Seller warrants that the Warranties (other than those in Sections 5.15 and 5.16) are true and correct in all material respects on the date of this Agreement and will be true and correct in all material respects on the Completion Date. The Seller Group warrants that the Warranties set forth in Sections 5.15 and 5.16 are true and correct in all material respects on the date of this Agreement and will be true and correct in all material respects on the Completion Date.

4.2 The Warranties (other than those in Sections 5.15 and 5.16) constitute an express allocation of risk between the Purchaser and the Seller. Any Warranty (other than those in Sections 5.15 and 5.16) being untrue or incorrect in any material respect shall be for the account and risk of the Seller. The Warranties set forth in Sections 5.15 and 5.16 constitute an express allocation of risk between the Purchaser and the Seller Group. Any Warranty set forth in Sections 5.15 and 5.16 being untrue or incorrect in any material respect shall be for the account and risk of the Seller Group.

4.3 The Warranties shall survive the Completion for a period of fifteen (15) months after the Completion Date, after which they shall expire and be of no further force or effect, except that any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the Purchaser to the Seller Group prior to the expiration date of such survival period shall not thereafter be barred by the expiration of such survival period and such claims shall survive until finally resolved.

4.4 In the event of a Breach, the Seller, and solely in the case of Sections 5.15 and 5.16 the Seller Group, shall pay to the Purchaser, or to any other person designated by the Purchaser, at the Purchaser's election (i) an amount equal to the amount necessary to place the Cooperative in the position in which it would have been if the relevant Breach had not occurred or (ii) the actual amount of damages (*schade*) suffered or incurred by the Purchaser in respect of such Breach; provided, however, that in no event will the Seller Group's aggregate liability pursuant to this Section 4 exceed the Purchase Price. Each of the Purchaser and, from and after the Completion Date, the Cooperative shall use its reasonable best efforts to pursue promptly any claims or rights it may have against all third parties which would reduce the amount of damages for which recovery is provided hereunder and use its reasonable best efforts to mitigate damages.

4.5 The remedy provided for in this Section 4 shall be the sole and exclusive remedy following the Completion Date for any Breach of the Warranties.

5. **Warranties**

5.1 The Seller is a company duly established under the laws of the Cayman Islands and has the power and authority to own its assets and to conduct the business which it conducts and/or proposes to conduct. The Cooperative is a company duly established under the laws of the Netherlands and has the power and authority to own its assets and to conduct the business which it currently conducts.

5.2 The Seller has the power (a) to enter into, exercise its rights and perform and comply with its obligations hereunder and under Clauses 19, 20, 22 and 29 of the Shareholders Agreement (the "**Obligations**").

5.3 The Seller has not granted any rights to purchase or otherwise acquire the Membership Interests to anyone but the Purchaser.

5.4 The Seller has not been declared bankrupt (*failliet*), nor has a suspension of payment (*surséance van betaling*) been declared, nor have any requests thereto been filed.

5.5 All actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) in order (a) to enable the Seller to lawfully enter into, exercise its rights and perform and comply with its obligations under this Agreement, and (b) to make this Agreement and the Shareholders Agreement admissible in evidence in the courts of the jurisdiction in which it is incorporated have been taken, fulfilled and done.

5.6 The Seller's entry into, exercise of its rights and/or performance of or compliance with its respective obligations under this Agreement and the Obligations and the sale of the Membership Interest do not and will not violate or exceed any restriction imposed by (a) any law to which the Seller is subject or (b) the Seller's memorandum or articles of association or, as the case may be, certificate of incorporation or bye-laws/statutes.

5.7 The Seller's obligations under this Agreement and the Obligations are valid, binding and enforceable.

5.8 The Seller's entry into, exercise of its rights and/or performance of or compliance with its obligations under this Agreement and the Obligations and the sale of the Membership Interest do not and will not violate any agreement to which the Seller is a party which is binding on its assets.

5.9 The Membership Interest constitutes the whole membership interest of the Cooperative.

5.10 The Membership Interest has been validly issued, is fully paid up and is free from any Encumbrances.

5.11 There is no option, right to acquire, mortgage, charge, pledge, lien or other form of security or Encumbrance or equity on, over or affecting the Membership Interest and there is no commitment to give or create any Encumbrance on or over the Membership Interest and no person has claimed to be entitled to such Encumbrance.

5.12 The Cooperative has never engaged in the carrying on of any trade or business or in any activities of any sort except in connection with its incorporation, the appointment of its officers and the filing of documents pursuant to the laws of the Netherlands and accordingly the Cooperative:

5.12.1 does not have, and never has had, any indebtedness, Encumbrances, debentures, guarantees or other commitments or liabilities (past, present or future, actual or contingent) outstanding (save in connection with (x) that certain cost sharing agreement between the Cooperative and an affiliate of Seller, all of which has been or will be fully satisfied prior to or upon the Completion, and (y) the Shareholders Agreement and the Transaction Documents);

5.12.2 does not have, and never has had, any employees;

5.12.3 is not, and has never been, a party to any contract (except for (x) that certain cost sharing agreement between the Cooperative and an affiliate of Seller, which has been or will be terminated upon the Completion, and (y) the Shareholders Agreement and the Transaction Documents to which it is a party);

5.12.4 has never given any power of attorney (save as contemplated by any Transaction Document);

5.12.5 is not, and has never been, a party to any litigation or arbitration proceedings;

5.12.6 is not, and has never been, the lessee of any property; and

5.12.7 save in respect of any Membership Interests, is not and has never been, the owner of, or interested in, any assets whatsoever including, without limitation, the share capital of any other body corporate that is engaging in carrying on any trade or business.

5.13 The record books of the Cooperative have been properly kept, are in its possessions and contain an accurate and complete record of the matters which should be dealt with in those books in accordance with the laws of the Netherlands, and no notice alleging that any of them is incorrect or should be rectified has been received.

5.14 All returns, particulars, resolutions and other documents required to be filed by the Seller under the Applicable Law have been duly filed and all legal requirements in connection with the formation of the Cooperative and issues of its shares have been satisfied.

5.15 The Cooperative's sole activities have been to acquire and hold the Shares (and activities related thereto) and to maintain its existence as a cooperative, and the Cooperative has no liabilities except (x) related to its ownership of the Shares and as a party to agreements related thereto and (y) incurred in the ordinary course related to maintaining its existence as a cooperative and customary related activities; provided that, for the avoidance of doubt, no representation is made in this Section 5.15 with respect to Taxes which are exclusively covered in Section 5.16.

5.16 The Cooperative has filed (or has had filed on its behalf) all Tax returns required to have been filed by it and all such Tax returns are true, correct and complete in all respects, and the Cooperative has paid all amounts of Taxes imposed on it that are due and payable prior to the Completion Date (whether or not shown as due and owing on such Tax returns).

6. Termination

6.1 This Agreement may be terminated at any time before Completion solely by mutual written consent between the Parties.

6.2 If this Agreement is terminated pursuant to clause 6.1,

6.2.1 all rights and obligations of the Parties under this Agreement shall end except for this clause 6.2 and clauses 7 (Confidentiality) and 8 (General provisions), which will remain in full force and effect; and

6.2.2 a Party shall not be relieved from liability for a breach prior to termination of any of its warranties, covenants, indemnity or other obligations in this Agreement.

7. Confidentiality

7.1 Each Party shall treat as strictly confidential, and not disclose or use, any information relating to this Agreement or any ancillary agreements thereto, including the negotiations thereof, unless disclosure (i) is required by any law, court, regulatory authority, (ii) or reasonably necessary in order to obtain advice from any professional advisor or within the relevant party's group or (iii) would be permitted under Section 29.2-29.6 of the Shareholders Agreement. For the avoidance of doubt, the parties hereto acknowledge and agree that the Purchaser and its affiliates shall be permitted to disclose and make public any information required by any applicable securities laws or rules of an applicable stock exchange or similar regulatory authority.

7.2 Each Party shall ensure that its shareholders, subsidiaries, participations, and the executive and non-executive directors, employees and advisors of the relevant Party's group shall observe the restrictions in clause 7.1 as if directly a party to this Agreement.

8. **General provisions**

8.1 The Parties shall sign all such further documents and shall perform all further acts as reasonably necessary for the purpose of satisfying their respective obligations under this Agreement.

8.2 This Agreement, together with the Deed of Transfer and the Shareholders Agreement, constitutes the entire agreement between the Parties relating to the sale and purchase of the Membership and attached Membership Interest and supersedes any earlier agreements between the Parties with respect to the subject made hereof, whether in writing or oral.

8.3 This Agreement may only be amended in writing.

8.4 This Agreement may be executed in any number of counterparts.

8.5 The Parties waive their rights to rescind (*ontbinden*) this Agreement after Completion on the basis of section 6:265 of the Dutch Civil Code or otherwise.

8.6 The Parties exclude the applicability of Title 1 Book 7 and section 6:89 of the Dutch Civil Code.

8.7 The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. Any such invalid or unenforceable provision shall be replaced or be deemed to be replaced with a provision that is valid and enforceable and reflects as closely as possible the intent of the invalid or unenforceable provision.

8.8 This Agreement is governed by the laws of the Netherlands without regard to any conflict of law rules under Netherlands private international law.

8.9 All disputes arising out of or in connection with this Agreement shall in the first instance be submitted to the court of first instance (*rechtbank*) in Amsterdam, the Netherlands, and shall not be submitted to any other court, without prejudice to the right of appeal (*hoger beroep*) and cassation (*cassatie*).

(*signature page to follow*)

THUS AGREED AND SIGNED ON THE DATE FIRST WRITTEN ABOVE,

OEP Tire Russia L.P.,
For and on behalf of **One Equity Partners V, L.P.,**
by its general partner **OEP Secondary GP SPV Ltd.**

/s/ David Han

By: David Han
Title: Director

OEP Tire Russia L.P.,
For and on behalf of **OEP II Partners Co-Invest, L.P.**, by its general partner **OEP II Partners Co-Invest GP, LTD.**

/s/ David Han

By: David Han
Title: Director

(*Signature Page to Sale Purchase Agreement*)

Titan Luxembourg S.à r.l.

/s/ Paul G. Reitz	/s/ Michael G. Troyanovich
By:Paul G. Reitz	By:Michael G. Troyanovich
Title:A Manager	Title:A Manager

(*Signature Page to Sale Purchase Agreement*)

SOLELY FOR PURPOSES OF SECTIONS 5.15 AND 5.16, AND SECTION 4 AS SUCH SECTION RELATES TO SECTIONS 5.15 AND 5.16

OEP II Partners Co-Invest, L.P.,
by its general partner **OEP II Partners Co-Invest GP, LTD.**

/s/ David Han

By: David Han
Title: Director

One Equity Partners V, L.P.,
by its general partner **OEP Secondary GP SPV Ltd.**

/s/ David Han

By: David Han

Title: Director

(*Signature Page to Sale Purchase Agreement*)

SCHEDULE

1. Interpretation

1.1. In this Agreement, unless otherwise specified:

1.1.1. reference to a person shall include reference to any individual, company, association, partnership or joint venture;

1.1.2. reference to "include" and "including" shall be treated as reference to "include without limitation" or "including without limitation"; and

1.1.3. unless the context requires otherwise, "or" is used in the inclusive sense of "and/or".

1.2. In this Agreement capitalised terms have the meaning set out below.

"**Agreement**" means this sale purchase agreement, including all schedules;

"**Breach**" means a Warranty being untrue or inaccurate in any material respect on the date on which the relevant Warranty is given;

"**Business Day**" means a day on which banks in Amsterdam are open for normal banking business excluding Saturdays, Sundays and public holidays;

"**Event**" means any transaction, event, circumstance, act or omission whatsoever, including the death or dissolution or liquidation of any person, and the execution or performance of the Agreement;

"**Law**" means any applicable statute, law, treaty, ordinance, order, rule, directive, regulation, code, executive order, injunction, judgment, decree or other requirement of any Governmental Authority;

"**Outstanding OEP Payables**" means an amount in United States dollars equal to (i) Forty Thousand Seven Hundred Twenty Three and 12/100 Euros (EUR 40,723.12) due to OEP Capital Advisors, L.P., (ii) Eighty One Thousand Four Hundred Thirteen and 11/100 Euros (EUR 81,413.11) due to OEP V, (iii) One Hundred Twenty Three Thousand Four Hundred Seventy One and 88/100 Euros (EUR 123,471.88) due to One Equity Partners Secondary Fund, L.P., and (iv) Three Thousand Twenty Five Euros (EUR 3,025.00) due to OEP JPMC Heritage Parent LLC. For purposes of calculating the Outstanding OEP Payables, amounts not in United States dollars shall be converted from Euros to United States dollars at the exchange rate as published in the *Wall Street Journal*, Eastern Edition, as of the Business Day prior to the Completion Date.

"**Warranties**" means the warranties given by the Seller (and, solely in the case of the Warranties set forth in Sections 5.15 and 5.16, the Seller Group), in each case as of the date of this Agreement and as of the Completion Date as set out in clause 5.

* * *

Exhibit 31.1

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: November 6, 2019

By: /s/ PAUL G. REITZ
Paul G. Reitz
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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: November 6, 2019

By: /s/ DAVID A. MARTIN
David A. Martin
SVP and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION

In connection with the Quarterly Report of Titan International, Inc. on Form 10-Q for the period ended September 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: November 6, 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)