

Titan International, Inc. (TWI)
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Company Participants

Alan Snyder – Vice President, Financial Planning & Analysis, and Investor Relations

Paul G. Reitz - President and Chief Executive Officer

David A. Martin - Senior Vice President and Chief Financial Officer

Conference Call Participants

Mike Shlisky – D.A. Davidson

Derek Soderberg - Cantor Fitzgerald

Steve Ferazani - Sidoti & Company, LLC

Hans Baldauf for Joe Gomes – Noble Capital

Kurk Ludtke – Imperial Capital

Presentation

Operator: Good morning, ladies and gentlemen, and welcome to the Titan International, Inc. Third Quarter 2025 Earnings Conference Call. [Operator Instructions] It is now my pleasure to turn the floor over to Alan Snyder, Vice President, Financial Planning and Investor Relations for Titan. Mr. Snyder, the floor is now yours.

Alan Snyder: Thank you, and good morning. I'd like to welcome everyone to Titan's Third Quarter 2025 Earnings Call. On the call with me today are Paul Reitz, Titan's President and CEO; and David Martin, Titan's Senior Vice President and CFO. I will begin with a reminder that the results we are about to review were presented in the earnings release issued this morning, along with our Form 10-Q, which was also filed with the Securities and Exchange Commission this morning.

As a reminder, during this call, we will be discussing certain forward-looking information, including the company's plans and projections for the future that involve risks, uncertainties and assumptions that could cause our actual results to differ materially from the forward-looking information.

Additional information concerning factors that either individually or in the aggregate could cause actual results to differ materially from these forward-looking statements can be found within the safe harbor statement included in the earnings release attached to the company's Form 8-K filed earlier as well as our latest Form 10-K and Forms 10-Q, all of which have been filed with the SEC. In addition, today's remarks may refer to non-GAAP financial measures, which are intended to supplement, but not be a substitute for the most directly comparable GAAP measures. The earnings release, which accompanies today's call contains financial and other quantitative information to be discussed today as well as a reconciliation of the non-GAAP measures to the most comparable GAAP measures.

The Q3 earnings release is available on the company's website. A replay of this presentation, a copy of today's transcript and the company's latest quarterly investor presentation will all be available soon after the call on Titan's website. I would now like to turn the call over to Paul.

Paul Reitz: Thanks, Alan, and good morning, everyone. Our Q3 2025 results continue to demonstrate the ability of our business and our team to perform well in a challenging time.

Our Ag and EMC segments reported solid sales growth of 8% and 7%, respectively, compared with the prior year. While consumer was off just a little year-over-year, the segment sales rebounded nearly 15% sequentially. As a result, we were able to deliver consolidated revenues in line with guidance, along with adjusted EBITDA near the higher end of our range. Free cash flow was also a highlight in the quarter, allowing us to continue investing in the business while also working to reduce our debt.

Stepping back from the quarter for a moment, this has been a year filled with many companies talking about unusual business conditions around the globe. Our end markets, especially Ag, fall into that category. However, there are a number of positives that are taking hold. Maybe they're not fully taking root yet, but they are certainly in place to provide a foundation to help drive more positive market conditions.

First, Secretary Bessant, he provided some details after the Trump-Xi meeting, highlighting an agreement with China to resume purchasing soybeans at a minimum of 25 million metric tons annually, which puts the floor level of purchases right around the average level seen since 2009. After strong positive moves in corn and soy leading up to the settlement, the immediate reactions to the meeting have been muted, a little bit surprising, to be honest, but this agreement should be seen as a positive that will add improvement in market conditions as we move into '26.

Moving on to everybody's favorite topic, tariffs. This is a complex and layered topic for Titan. I will remind you that Titan has significant U.S. manufacturing assets, and we are very proud to be the only domestic manufacturer in many of our product categories. Along with our U.S. manufacturing assets, we have significant offshore capabilities and third-party sourcing partners, which help us to serve our customers across the globe. Regardless of the exact outcomes of tariffs, we are well positioned to win. We do believe there is a short-term impact this year that was driven by other factors, not just the tariffs. The Fed actions regarding rate cuts are another net positive as higher interest rates have been impacting purchasing decisions, especially as buyers waited on these Fed actions.

Lastly, dealer inventories in the Ag segment are decreasing. We've talked throughout this year about seeing some drop in orders that have been positive for us as inventories get too low with some products and customers. I've been talking about inventory levels quite a bit in recent calls, so I'm simply going to say it's good to see that they're getting better.

So given that backdrop, one aspect of our business that I want to emphasize is our competitive positioning. We are positioned as a one-stop shop across the spectrum of tire and wheel size ranges needed in our end markets, along with an undercarriage portfolio that reaches the largest earthmoving equipment. Products that Titan is known for, such as our LSWs and R14 tires and the wheels they are mounted on are not easily mass produced. Building these tires and wheels require skilled labor and significant investment in manufacturing assets.

Our SKU runs consist of far fewer units than the passenger vehicle tires we all see on the roads. And when you take that into account, including our long-standing relationships with leading equipment OEMs and aftermarket dealers, we are confident our business has a good moat around it.

We are also cognizant of the need to keep reinforcing that moat by innovating and creating new products to add value to our customers and our end users. On that line, we've been working hard to expand on our Goodyear product portfolio following the expansion of our licensing agreement, which we announced last quarter. One initial focus area has been outdoor power equipment tires, like those you find on commercial turf applications. And we've been pleased with the market response. And when demand for new equipment begins to pick up, we're optimistic that this will be another growth driver for Titan. At the same time, professional buyers such as landscapers continue to run their equipment. That's driving demand for aftermarket replacement tires. And again, that is helping offset some of the softness we see with the OEMs.

So switching gears and really looking at our 3 segments at a higher level, our strategic goal of diversifying our business is proving its merit. Year-to-date, Ag has accounted for 41% of our revenues and EMC consumer accounting for 31% and 28%, respectively. Overall, we think our revenue and gross profit split across the 3 segments is healthy and an important reason we continue to drive profitability and cash flow well above our prior cyclical troughs.

Looking at the conditions in each of our segments, starting off with consumer, we see that business benefiting from a couple of primary characteristics relative to our other 2 segments. First, it has historically included a larger aftermarket business. Equipment owners tend to regularly use their machinery in this segment, especially those that are businesses. As a result, demand for replacement tires is less cyclical than OEM-driven demand. Our consumer sector also includes a wider range of customers and use cases from hunters using ATVs to boat and trailer owners to landscaping companies. That type of diversity also helps us weather macro environments like we're seeing now.

Moving over to Ag, which really has represented who we are as a company since our founding. This year's global crop has been a good one. That has continued to increase supply, which is working to suppress the price of leading crops, corn and soybeans. American farmers have also borne the brunt of tariff-driven trade wars. And as a result, U.S. farmers are looking at a less profitable 2025. And as we all know, farmer income is the primary driver of equipment sales.

Conversely, what we have seen, though, and we've been talking about this for about a year now, Brazilian Ag interest have picked up much of that slack. And again, our diversity as a leading Ag tire manufacturer in Brazil, Titan has been able to offset some of this U.S.-based weakness. U.S. government also continues to make it clear. We have seen a number of these actions over the last couple of weeks that farmers will be financially supported. Government aid is by no means growth capital, but if it allows farmers to enter '26 with their finances in reasonable order, that would obviously be good for OEMs in the sector. Additionally, that aid would provide the sort of capital needed to support demand for aftermarket tires farmers need to keep equipment like tractors and combines operating.

Moving over to our EMC segment. That did experience some growth due to some drop-in orders I mentioned in our last call, most notably in small construction tires and wheels in the U.S. In Europe, where our EMC segment is our strongest area, demand has remained somewhat stagnant on the OEM side of the business, but we are seeing really good demand on our aftermarket mining, which continues to be a good source of growth for Titan.

So wrapping these comments up, I want to just conclude by mentioning again, our team is working hard. We're doing a good job servicing our customers.

We occupy a strong competitive position in the markets we serve and are a trusted partner to our customers and end users. Titan continues to execute. And as David will discuss, we are continuing to perform at levels well above the last cyclical bottom, and we remain well positioned to benefit when our end markets return to growth. With that, I'll turn it over to David.

David Martin: Thank you, Paul. Good morning, and thanks for joining us today. I'll be quick to the point today. As Paul noted, our results for the third quarter were solid with adjusted EBITDA coming in at the top of our guidance range with strong free cash flow. There are some important financial metrics to highlight this quarter. Sales grew 4% year-over-year, demonstrating that the market may be reaching the bottom. Gross margins expanded 210 bps to 15.2%. Our operating margin expanded in the third quarter as well, and our adjusted EBITDA grew 45% to \$30 million.

Strong working capital discipline facilitated operating cash flow of \$42 million and pragmatic CapEx management furthered the quarter's free cash flow to \$30 million. Our ability to drive solid profitability and cash flow despite the challenging macro backdrop is something we continue to be proud of. It stands as a testament to the quality of our team, our operations and our strategy.

The Ag segment revenues were up over 7% from the prior year, driven by higher volumes, especially in Latin America, where we continue to see positive impacts from solid grain demand and what is anticipated to be another record crop yield in the region due to favorable weather and expansion of planted acreage.

Additionally, pricing related to increased input costs contributed to this increase. EMC revenues were up 6% from the prior year to \$145 million, which is primarily driven by some drop-in orders from light construction customers in the U.S. as well as favorable FX impacts related to the strengthening of the euro year-over-year.

In consumer, we saw some of the deferred purchasing from Q2 come back to us in the third quarter as we had anticipated. Segment sales were \$132 million, which was a decline of just under 3% from the prior year, mainly due to lower OEM activity. However, up 14% from Q2, which is very nice to see. Looking at margins in the segment in the quarter, all 3 showed expansion versus the prior year. Our Ag gross margins were 13.4% compared to only 9.5% last year. EMC gross margins was 10.4% versus 8.5% last year. And then consumer gross margins were 23% compared to 22.3% the year before.

With solid cash flow in the quarter, we reduced our net debt to \$373 million from \$391 million at the end of last quarter and resulting leverage decreased to 3.7 while we continue to invest in our business. Third quarter income tax expense was \$1 million, which was below the range we discussed on our second quarter call. This was primarily due to the effect of tax planning related to deductibility of interest.

Looking at Q4, we think that benefit will be somewhat less. And for modeling purposes, I would expect tax expense of \$2.5 million roughly for -- as a good number to use. Reiterating my comment from prior quarters, as we see a rebound in market conditions, we expect to get back to normalized tax rate levels as we see our profitability increase.

Now moving on to our financial guidance for Q4. Our guidance for the quarter is revenues of \$385 million to \$410 million and adjusted EBITDA of approximately \$10 million. I want to ensure that it's clear. The midpoint of our revenue guidance and our adjusted EBITDA guidance imply growth in both metrics when compared to Q4 last year. Our other operating metrics should also be positive for the quarter.

Last year, in the fourth quarter, we had \$2.6 million of other income, which was an abnormally high amount for a single quarter. This is the key driver as to why Q4 guidance is only slightly -- showing a relatively small incremental improvement from the prior year result. It also bears repeating that our fourth quarter typically marks our seasonal low point and with macro conditions continuing. I'm especially pleased to see our business performing well. Reiterating our prior comments on cash flow, we will continue to manage working capital with discipline, allowing us to continue reducing our debt and investing in our strategic initiatives, including our continued product innovations.

Our financial condition is good, and it's improving. And I'm fully confident that we're putting Titan in a position to accelerate our future performance. We are positioned well. Thank you for your time this morning. And I'd like to turn the call back over to Becky, the operator for our Q&A session.

Question-and-Answer Session

Operator: [Operator Instructions] Our first question comes from Mike Shlisky from D.A. Davidson.

Michael Shlisky: Yes. Can you start with some Ag-related questions. What drove the year-over-year upside in Ag? Was it farmers were fixing up their old tractors -- or was the OEM asking for wheels and tires?

David Martin: You're talking about the Q3 performance in terms of the Ag growth, right?

Michael Shlisky: Yes.

David Martin: Yes. Okay. Just want to make sure I addressed your question appropriately. Yes, we saw nice improvements in primarily at customers with -- in aftermarket. Aftermarket has held steady. We had some slight improvements, but in OEMs, but not a significant amount. And then obviously, our Latin American activity is up year-over-year as well. So if you recall, last year in the second half, we were seeing a lot of weakness, a lot of destocking going on. And so this year, you saw a much more steady activity.

Michael Shlisky: Got it. Got it. And we just turn to the Ag outlook for 2026. Paul, is the current plan to expect an upturn in Ag in 2026? And if so, just talk a little bit about the timing and kind of how that might play out? Or has it already started here for Titan given we just saw in the third quarter?

Paul Reitz: Yes. I mean we do see a return to growth, but describing it more specifically to Titan, layering on to what David just said, we've positioned Titan well and diversified us geographically and also strengthened our aftermarket position. And so where we see Titan continuing to grow will be through the innovations we put into the marketplace along with aftermarket performance.

Now we clearly have a strong OEM business, and we are watching that closely to see where we see '26 going. I think the best way to characterize that is we're at a bottom.

But as far as the timing for the pickup, I think I'm going to point to the positives that have been laid into place with interest rates coming down with what the actions of Secretary Bessant and President Trump, I don't think that's coincidental that Trump is putting tweets out talking about supporting the soybean farmer and then Secretary Bessant is going on the TV networks and talking about his experience as a soybean farmer. It's not mere coincidence. I think the administration is going to stand behind the fact that we need to support the farming communities and what they do for our overall society.

And so I think as we look towards the OEM forecast, I think they're delaying giving us really good solid information as to what they see throughout the entire year and kind of just saying what they see for -- to start the year, which is, again, kind of a flat start to the year, waiting for some of these initiatives to kick into gear. And I don't see how any of these initiatives are negative for '26. I think they can be viewed as only positive. And if we're at a bottom and you got some positive factors that are now starting to influence things, I do think we see an uptick in OEMs for '26. But primarily, we're going to hold off on making too many direct comments about where we see '26 for OEMs.

Again, stay close to the situation, but we do see opportunities for growth with our product innovations, the Goodyear brand where we can launch them in some new places and then again, with our aftermarket positioning.

Michael Shlisky: Great. And a similar question on construction, Paul. Some of the major U.S. players that have reported so far and have talked about '26 are already talking about improvement next year, at least a good number of them are. How might that look for Titan in your EMC business?

Paul Reitz: Yes. I think we're in a good position. Clearly, seeing the same things that you just mentioned that there's a lot of support coming from the governments that are going to -- they're going to put some bills into place that will help accelerate some spending. It's good for us around the world. I mean our business is pretty well diversified as far as exposure to Europe, exposure to aftermarket mining and then obviously here in the U.S. as well. But I do agree that we're seeing our early looks into '26 for EMC are that there's a good basis for some growth going into next year.

And I think that's something that, if anything, that could accelerate throughout the year. I think it's going to start the year in a good position. But again, some of these factors could have, I believe, a more positive impact than what some of the initial looks are. But again, we'll let that play out. But I agree with the assessment that as we look at the EMC segment, there's a good layer of growth that's coming into next year.

Operator: Our next question comes from Derek Soderberg from Cantor Fitzgerald.

Derek Soderberg: Paul, you mentioned OEM inventory levels improving. Any insights to the degree to which that was the case maybe over the past quarter? I was just wondering if you could quantify that at all for us, how much it improved on a quarter-over-quarter basis?

Paul Reitz: Yes. I mean it does vary by product, by customer and 2 ways I would look at it. I think as far as some of the large equipment inventories, we've seen them come down roughly like a month, like 30 days of inventory coming off and getting it to a more normalized level. Used is starting to move a little bit better as well with the incentives that are in place, which is going to help obviously get the new moving.

But for us, what we are watching and dealing with in a positive way is just the drop in orders where the inventory gets out of balance. I mean, obviously, there's a lot of forecasting and estimates that go into the positioning of inventory. And we've seen customers each quarter throughout this year have dropped in orders in specific areas where we've had to respond quickly and get the product produced.

And again, I think that's an indication that the inventory is hitting the right level, if not too low of a level in certain cases. And so the Titan team, our strength, as we mentioned at the beginning of the year, is to be flexible, not just with our manufacturing assets, but with our labor to make sure we can respond. And it's -- our team has done a great job when these orders get placed that we're able to respond and again, further solidifying that relationship with our customers.

So again, I think as we get into the forecast for '26, inventory is at least coming in at a position where it's neutral. And one of the things that Titan has been battling throughout '25, as David mentioned, is just the inventory destocking specifically for us and our segments has had a negative impact. So I think for -- at a minimum for '26, we started a good neutral level.

Derek Soderberg: Got it. That's helpful. And then any additional color on what's driving aftermarket mining? Is it precious metals? Are you guys seeing any demand from some trends in rare earths mining, some of that onshoring? Can you provide any color on any end market demand trends you're seeing in that space?

Paul Reitz: Yes. Clearly, the operating activities of the mines support the business overall. But I think specifically for Titan, it's our position within the market that's allowing us to grab this growth. We do have the ability to produce customized cast products that are made in our foundry in Europe and can really meet the needs of the market in, again, a highly customized way that's very specific to the applications. And so as we see this growth, it's good across the board as far as operating activity, and that's more of our traditional undercarriage parts that we produce in our plants throughout the world. But where we've really been able to outperform and grab additional growth in aftermarket mining is really our ability through our foundry to customize these cast parts and go attack a niche part of the market that others can't quite get to. So there's a little bit of specific growth to Titan that's outside the general trends you may see overall in the mining segment.

Operator: Our next question comes from Steve Ferazani from Sidoti.

Steve Ferazani: Appreciate the call. Given the strength in 3Q, and we were really surprised how strong Ag was in 3Q, a little surprised at the top line guide for 4Q. Can you talk about the slightly different elements? Because that number, we know how dramatic the OEM shutdowns were in the year ago. So if inventories are getting a little bit better, if you're guiding for pretty similar shutdowns on that side, and I know you guys have a pretty good picture on that, a little surprised there. And also, I'm guessing aftermarket is less of a benefit in 4Q, just in general than it would be in 3Q?

David Martin: Yes. I mean we're seeing the kind of drop, maybe not nearly as much as last year, but we are seeing a drop seasonally going from Q3 to Q4. I believe that OEMs are really just getting themselves prepared for next year, but they're not going to be -- they're not going to turn on production in Q4. So we're not going to be seeing uptick. So we're seeing the normal seasonality, very pragmatic decisions being made about it. And our aftermarket is light in Q4 as we're going to be seeing a really nice seasonal uptick in Q1.

So -- and that's actually taking place not just here in the U.S., but it's also in Brazil. So that is the same trends that we're seeing there. It's really across the board. So yes, it doesn't obviously imply the seasonal downturn that we typically see, not getting out over our SKUs. I think we are positioned well to take the orders as we need to. But I believe they're being very disciplined, and we will too.

Steve Ferazani: So I mean, following Paul's commentary that maybe the start of the year on Ag is pretty similar. I mean you ran through the macro issues, which we can all see. And hopefully, a trade agreement pumps that up and we start seeing crop prices working. Having said all that, you're clearly doing very well in the aftermarket. It looks like you're even potentially gaining some share there. When we think about the start of the year, we're now going to be another year along without the replacement cycle. You've got more aging equipment. You're clearly gaining in those markets. Can we see nice uptick on aftermarket first half of the year year-over-year?

Paul Reitz: Yes. I mean I think I was just with our VP of Sales Tuesday, and he's optimistic. So I think the answer is yes, to keep it brief. The diversification of our company, I think, is just a key point. And Dave and I spent a lot of time talking about that to geographically be able to take advantage of the positioning of Brazil over the last year as the purchasing interest of China move that direction.

And then as a company with what we've done in the consumer segment to continue to drive innovation into the aftermarket. I mean I think Titan has been very well positioned in the aftermarket. We share with investors how we've changed this company from where it was 10 years ago as far as our aftermarket splits to where we are now. And I think we continue to accelerate in that area. And so we are seeing -- again, the feedback I got just on Tuesday is we're seeing a good start to the preordering for next year. And I do think you start the year off on a positive note with aftermarket.

Steve Ferazani: And then also just kind of following along your commentary and the answer to one of your questions. Historically or at least recent history, Ag and EMC have directionally moved similarly, maybe not at quite the same levels. It sounds like you're indicating that maybe at least in the near term, those may be going into a couple of different directions, which is not what we've seen in recent history?

Paul Reitz: Yes and no. I mean I think there's different drivers. I think the Ag global markets have been hammered the last couple of years. We've dealt with -- in our particular business, we've dealt with the inventory destocking in Ag. But the way we position Titan with EMC and Ag is that we've increased our aftermarket diversification. We were just over in Italy meeting with our leader of a big part of our EMC business. And there's a lot of confidence for continuing to see that diversification provide benefits to Titan as we move into '26. I do think there is a potential for a bigger uptick in Ag, as we all know, when the foundation of those actions start to take root that you don't necessarily have an EMC where there's this more consistent growth as government spending, infrastructure spending, et cetera, continues to drive that in a positive way. I do think there's this hidden uptick in Ag that's lurking out there somewhere. It's just nobody is exactly pinpointing the timing on it. But strategically, there's similarity.

Clearly, having the tire business in Ag gives us more diversification to the aftermarket and more levers to pull there in North and South America and the innovations and the positioning and the relationships we have with dealers, whereas with EMC, we don't have that because they're steel-based products.

But we've really diversified our business, as I mentioned earlier, with the customized aftermarket mining products that we can produce and then touching into some other parts of the steel-based aftermarket with

EMC as well. So again, I think it's -- a lot of this diversification of Titan, I think, really providing us good strong benefits that we're seeing in the '25 results that positions us well as we move into '26, whichever direction markets go, which I do believe they're at the bottom with some uptick coming, but we're in a position to capture some of that growth wherever the markets may go.

Steve Ferazani: That's really helpful. Appreciate it, Paul. Last one for me was just on the royalty expense line. That number being much higher sequentially and year-over-year would seem to indicate you were selling an awful lot of third-party tires. Is that the right way to be thinking about that?

David Martin: Well, certainly, we have the new license agreement, and we had a little bit of true-up to the payments made in Q3 a little bit. But certainly, the mix is certainly favorable towards Goodyear.

Operator: Our next question comes from Joe Gomes from NOBLE Capital Markets.

Hans Baldau: This is Hans Baldau on for Joe. Could you talk about the potential M&A? Do you know what the valuations are looking like or any areas that you all might target?

Paul Reitz: I think what we have done as a company historically is look for opportunities when valuations are lower. We operate in an industry that could be considered a niche industry. And there's been opportunities that have presented themselves kind of on a consistent basis, not on an annual basis. And so we continue to follow that approach. I know David spends a lot of time and effort managing the balance sheet along with our entire team.

And so we look at our ability to be able to participate in any lower valuations and grow via M&A is something that Titan needs to be positioned to, along with investing in innovations, which we've done. Do I think these market conditions potentially give us some opportunity? I hope so. I think historically, it's presented some valuations that maybe do that. Is there anything imminent? It's not really how our industry works. I mean it's sort of -- it's more opportunistic than it is pinpointing this is what we're going to go do because that -- if you pinpoint what you're going to go do strategically, usually, that the valuation gets too high for how Titan historically has done acquisitions. So you wait for the opportunity, work towards it and see if it comes together. And that's been our consistent approach for the years. And I think the acquisition we did last year is a really good illustration of that.

Hans Baldau: Okay. I appreciate that. And then could you add some color on the military market? How is your targeting of the military market progressing?

Paul Reitz: I mean the targeting has been good. The results just takes time. So the results could be better. I mean, I'll err my personal frustration since I got a microphone, I might well go ahead and do it. I see what European countries are doing. I just read this week about how Germany is going to -- guess what the German government is going to do. They're going to buy military components from German manufacturers. Guess what Europe is doing. Look at Rheinmetall. They're buying products from European manufacturers. I need somebody explains to me why our U.S. government can't buy from U.S. manufacturers. I think it's a pretty simple formula, and I think Titan should be able to participate in that formula as our U.S. government opens their eyes and realizes that we should be supporting our own companies here in the U.S. like every other country is choosing to do.

So if you hear my frustration, there is frustration. I think the opportunities are there. They move slower than they should. We are continuing to go after those opportunities, and we will put ourselves in position to grow our military business.

But I don't understand why European countries can make decisions and move much quicker than our U.S. government is.

Operator: Our next question comes from Kirk Ludtke from Imperial Capital.

Kirk Ludtke: Just a couple of follow-ups. On the Goodyear deal, I think the idea is to use the brand on the Goodyear brand on more of your products. Can you maybe comment on the potential of that initiative and the timing?

Paul Reitz: Yes. I think it's something that the timing is we'll see more of it in '26 because we do have to develop the products, get them in the market, test them, et cetera, stating the obvious with that response. I was very excited and enthused that we were able to get the additional product categories with Goodyear. As you're negotiating, you never know if that's going to happen.

And so could we have started the product development earlier and assume that we were going to get these maybe, but we didn't. And so I'm very happy with how things turned out with Goodyear. I think the partnership only grows stronger by allowing us to participate in those additional categories. But we do have to do some product development, some testing. I think for me, it's great to see our team enthused that -- what this addition of this brand can do. And really, what it does, Kirk, is our specialty division through the Carlstar acquisition has strong brands. But what we have seen at Titan with the Goodyear brand is it allows you to go into a premium segment with your really high-end innovations. So you're capturing not just share, but you're capturing a stronger foothold on margin. And I think that's where the excitement of the team is. So are we using it to go just relabel our existing brands Goodyear? No, because our brands are strong enough positioned in the market that we don't need to do that. So what we're doing with the Goodyear brand is, again, going into a market segment that maybe we couldn't have got to as easily before. And we've seen that play out in Ag in North and South America. And I think we can do the same thing with the new product categories we have with the Goodyear name as well.

So probably more of a longer tail on getting there and less of a big splashy number that says look at all these Goodyear sales we have. But we'll get to the right position over time with a premium product that has good margin. It's a win-win for us and Goodyear. And we've proven over the last 2 decades, that's the case.

Kirk Ludtke: Got it. Appreciate it. On the net sales, another strong quarter in Latin America. I think you mentioned that's -- why that's happening. But Asia was down over 20% year-over-year. Can you -- is there anything to -- any kind of takeaways from that?

David Martin: Yes. I think it's just timing more than anything. That's going to be your typical sales from our ITM business in the EMC segment. And you'll see shifts in manufacturing to various customers. I think we had a stronger Q2. So I think it's just timing more than anything.

Kirk Ludtke: Okay. Got it. And then lastly, did your Brazilian JV close? Rodaros?

David Martin: Closed. Yes. We issued a press release last week, actually. So we're really happy about that.

Kirk Ludtke: I missed that.

David Martin: We're happy to get that concluded, and we're off and running.

Operator: This concludes our question-and-answer session. I would now like to turn the conference back to Mr. Reitz for any closing remarks.

Paul Reitz: Well, thanks, everybody. Appreciate your participation in our Q3 call, and we'll talk to you again here soon with an update on the fourth quarter and 2025. Thanks, everybody.

Operator: Thank you for attending today's presentation. The conference call has now concluded.