

**Titan International, Inc. (TWI)**  
**Transcript of Q4 2025 Earnings Call and Webcast**  
**Thursday, February 26, 2026 9:00AM ET**

***Company Participants***

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

*Paul G. Reitz - President and Chief Executive Officer*

*Tony C. Eheli - Senior Vice President and Chief Financial Officer*

***Conference Call Participants***

*Mike Shlisky – D.A. Davidson*

*Derek Soderberg - Cantor Fitzgerald*

*Steve Ferazani - Sidoti & Company, LLC*

*Kirk Ludtke – Imperial Capital*

*Alexander Blanton – Clear Harbor Asset Management, LLC*

**Presentation**

**Operator:** Good morning, ladies and gentlemen, and welcome to the Titan International, Incorporated Fourth 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 Fourth Quarter 2025 Earnings Call. On the call with me today are Paul Reitz, Titan's President and CEO; and Tony Eheli, 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-K, 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 the reconciliation of the non-GAAP measures to the most comparable GAAP measures. The Q4 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. Before getting into our results, I want to take a moment to congratulate Tony Eheli on his promotion to CFO and having him today on his first earnings call. Tony has been a key member of our management team since joining Titan in March of 2021. Our ability to promote from within our organization is really a major plus and a sign of the talent we have on our team. Therefore, this is making for a seamless transition. I'm really enthused to see Tony taking charge as CFO and real proud of what he has done at Titan.

I also want to thank David for his accomplishments as CFO. Note that he is hard at work. He's got a new role as Chief Transformation Officer. It's great that we have the depth on our team to make this transition to put David in that CTO role and believe it will bring value to our shareholders. We look forward to sharing more about David's efforts in coming quarters.

But let's turn over to our results now and take a look at 2025. We concluded the year with another positive quarter as our Q4 exceeded prior year in revenue, gross margin and adjusted EBITDA. These results are ahead of our revenue guidance and also better than our adjusted EBITDA expectations. As I look back at 2025, this was a year where the diversity and breadth of our business from a product and geography standpoint combined with our new product introductions, our one-stop shop distribution capabilities and the strength and commitment of our team enabled Titan to weather a formidable storm in the AG sector and deal with the evolving trade policies.

I'll touch on that point again later into my comments. Broadly speaking, the AG market had a bumpy tough year. It's really due to a number of factors that were weighing on demand. I do want to note that we are optimistic that the resulting OEM finished goods inventory destocking has largely run its course. We've seen that in our internal dealings and then we've all heard it recently from leadership at OEMs. While none of the major OEMs are forecasting any meaningful overall AG growth in 2026, we nonetheless think the bottom is behind us as equipment inventories stabilize, equipment keeps running and aging and the government continues with its support to farmers.

Additionally, we are optimistic that trade policy will get a bit more settled in '26 and interest rates do look to be holding steady. This all leading to -- hopefully, leading buyers to start buying more equipment and feeling confident about their purchase decisions this year. With that being said, we do have guarded optimism for the year that's illustrated in our guidance that expresses some growth over 2025.

So let's start by taking a deeper look into each of our segments beginning with AG. At a higher level, livestock producers enjoyed a good '25 while row crop farmers had a more difficult time. I want to note that because row crop farmers raising commodities such as corn and soybeans are natural buyers of larger horsepower equipment from tractors to combines and sprayers. Depressed grain prices, higher input costs have weighed on their P&Ls resulting in a reduction in demand for new equipment.

The government programs have been really strong in '25 to support the liquidity and balance sheets of farmers and that government support is expected to continue along with hopefully some policy actions to drive biofuels to provide some tailwinds for the farming sector. Of course it also bears repeating that as long as those farmers run their equipment, they continue to need replacement tires to keep their

tractors rolling. On the other hand though you got livestock producers. They tend to utilize midrange to smaller equipment and with their operations enjoying better profitability in '25, the resulting demand for their equipment has fared better than row crop.

The net result was the market for smaller equipment performed better than large and is forecasted to continue on that path again this year. I do want to note that Titan has a strong business in the smaller equipment sector as we can provide complete wheel tire assemblies to OEMs that they can simply bolt on to equipment thus greatly improving their supply chain and inventory management processes.

Moving over to the EMC segment. That enters 2026 as our end market with the most optimism. The end markets we serve such as construction and earthmoving are generally in a good place right now, maybe not the same type of robust growth that we reported in Q4, but they are in good shape nonetheless. Activity in this segment is well supported by infrastructure spend and demand for minerals, which will be a benefit for our aftermarket mining sales. A good portion of our EMC sales are tied to the European construction market and the EU seems to be prioritizing investment in infrastructure. So our business there is well positioned.

Moving over to consumer segment. We are optimistic as recent reports from leading powersports equipment OEMs are pointing to dealer inventories having reached a state of equilibrium. So that hopefully means any return to demand will drive production and thus a need for tires. I'll also reiterate that aftermarket sales constitute a significant portion of our consumer segment sales and there is less cyclical to that part of the business. It's been an important part of how we've been able to drive continued strong margin results through the cyclical trough this time around.

Before I hand it off to Tony, I do want to close with some comments on our business and tariffs. Obviously there are a lot of unprecedented global macro issues right now, but I want to emphasize that our end markets are overwhelmingly composed of end buyers that depend on their equipment to make a living. That could be farmers planting and harvesting crops, contractors building roads, miners extracting minerals or residential landscapers mowing lawns. That all equates to very durable long-term demand for our products.

In the short term, we've seen a lengthy over 30-month downturn in AG as end buyers defer purchasing new equipment and move towards a philosophy of new to me in the form of used equipment. Even when this is the case, the continued usage of existing equipment in all of our segments drives demand for replacement tires, including our LSWs that make used equipment perform better and undercarriage parts that need to be replaced. At the same time, the equipment those tires and parts are fitted to continue to experience wear and tear driving up demand for new replacement equipment at some point.

For Titan, that means we can win now and also win later and the way we maximize that opportunity is by continuing to innovate, expand our product line and stay close to our customers. And finally, regarding tariffs. I've expressed optimism throughout 2025 regarding the long-term benefits to Titan from the implementation of tariffs. My viewpoint was based on a number of factors, but first and foremost were the 3 favorable rulings that Titan received from the International Trade Commission over

the past 15 years. In those cases, the ITC ruled that Titan's primary foreign competitors operated unfairly. We felt confident that was happening and that's why we brought the cases forward and that was deemed to be the case in the rulings in favor of Titan.

It is clear to us that the administration was also targeting unfair trading practices with our IEPA-based tariffs. However, the implementation of these tariffs in a constantly evolving manner resulted in uncertainty and I know I'm stating the obvious with that. In our industry, there was a surge of imported tires before the tariffs went into effect, especially we saw that in AG. This story is not unique to Titan. It is being played out in many industrial companies similar to us. We also saw many of our import tire competitors absorb most of the remaining tariff cost throughout 2025. They have gone on record stating that.

In essence, the potential positive impact from the administration's policies were neutralized in our sector during the past year. I want to note though we still achieved a solid performance in 2025 despite the volatility caused by tariffs. It does look like that tariff uncertainty is going to continue into '26 especially given the recent Supreme Court decision. Even so, we still believe that in the long term, tariffs are important to our industry to mitigate unfair trade practices that have taken place for many years. It is becoming more clear that the administration has options to improve trade policy that go beyond tariffs. That includes quotas, embargoes.

These could be useful tools to support U.S. manufacturing as well. Titan has proven for decades and most recently during the pandemic, the resulting post-pandemic supply chain shock and now the evolving tariff situation in 2025 that no matter what may happen in the world, we are very well positioned to serve our customers with our geographical footprint, our network of joint ventures and strategic sourcing partners and our one-stop distribution and dealer network. In closing, I want to reiterate our optimism that we believe '25 was a trough year and with that behind us, we are hopeful to continue to make gains and improvements in 2026.

With that, I will hand it off to Tony.

**Tony Eheli:** Thank you, Paul. Good morning, everyone, and thanks for joining us today. I want to take a moment to thank everyone for their well wishes. I am certainly excited to be in the role as CFO. And as I have noted in conversations I have had with many of you over the last 2 months, we have an excellent team with a well-developed plan.

As Paul noted, our results for the fourth quarter were solid with revenues at the top of our guidance range and adjusted EBITDA a bit better than we predicted. There are some important financial metrics to highlight this quarter. Sales grew 7% year-over-year. EMC segment sales were a particularly bright spot growing 21%. Gross margins expanded modestly to 10.9%. Adjusted EBITDA grew 17% to \$11 million.

Unpacking our business by segment, I'll start with EMC as it was our best performer. Segment revenues were up 21% from a particularly weak fourth quarter last year to \$141 million. Globally, construction and mining continue to be active end markets underpinning demand for both new equipment and replacement parts. Geographically, the growth was strong in Europe, which is the largest market for the

segment sales while the U.S. also delivered solid growth from OE demand in light construction products. The EMC segment also enjoyed a nice contribution from foreign currency translation, which added 5.6% to the relative performance. As a reminder, a significant portion of our EMC revenues are in markets outside the U.S. so a weakening dollar can be a tailwind for the segment.

AG segment revenues were up 2.6% from prior year driven by FX tailwinds, which had a positive impact on the segment adding 3.3%. Digging a bit deeper into the AG segment in the U.S., we are starting to see some variability in demand and volumes as a function of equipment size. Through 2025, much attention was given to the struggles of corn and soybean farmers and how that weighed on demand for larger tractors and combines. On the other hand, farmers raising livestock had a good 2025 and their finance is in a better position on the whole.

Demand for mid- and small-sized equipment suited to the operations fared better. Our AG business in Brazil saw activity moderate a bit after being a source of strength in late 2024 and the first part of '25. Broadly, farmers in Brazil are contending with higher input cost and high interest rates coupled with declining market prices for their grains. An upcoming election cycle is also weighing on demand there as people wait for clarity on policy direction.

Lastly, in consumer, Q4 revenues were up 1.5% from the prior year as activity was generally slow in the non-specialty part of the segment while the specialty business held up well. Entering 2026, recent commentary from leading off-road vehicle OEMs has pointed to dealer inventories being at desired levels. With that, a resumption of end market demand should flow through to demand for manufacturing inputs as wheels and tires. At the same time, we don't see any reason to expect a decline in usage thereby supporting solid aftermarket tire demand. After all, people will still need to mow their lawns and off-road enthusiasts will still need to ride their ATVs.

Looking at margins by segment in the quarter. EMC showed nice expansion as revenue growth allowed for better fixed cost leverage. EMC gross margin in Q4 was 9.3% versus 5.9% in the prior year. AG gross margin was level to prior year at 9.1%. Consumer gross margin slipped to 15.6% compared with 18.1%. The year-over-year decline in the consumer gross margin was due primarily to the product mix and reduced leverage.

Moving on. Our SG&A including R&D expenses for the fourth quarter of 2025 were \$52.8 million compared to \$55.7 million for the comparable period in the prior year primarily due to lower legal cost benefit and insurance costs. For the full year '25, excluding the impact of the additional 2 months of the Carlstar acquisition, SG&A including R&D expenses increased under \$1 million or just 0.3% year-over-year. Operating cash flow in the fourth quarter was \$13 million while CapEx was \$18 million. For the full year, CapEx was just below \$55 million and down substantially from \$66 million in 2024.

Q4 free cash flow was negative \$5 million and was comparable to prior year. We ended the year with net debt of \$383 million and a leverage ratio of 3.8x. Managing working capital and CapEx will continue to be a key priority in 2026. During the quarter, we recorded valuation allowances against certain deferred tax assets totaling \$40 million. While our long-term strategy and market outlook remain positive, recent cumulative losses and market conditions have required us to have a more conservative

view on our accounting guidance. We have commented on our taxes in recent quarters and I'll reiterate as we see a rebound in market conditions, we expect to get back to normalized tax rate levels.

We anticipate taxes in Q1 '26 to be in the \$4 million to \$5 million range similar to Q1 '25. On tariffs, as Paul noted, we believe that well-implemented tariffs in the long run are a benefit to Titan and the recent approach to implementing tariffs have not been beneficial to Titan. However, we have still managed through this and protected our bottom line from the impact over the past year by taking appropriate actions to mitigate tariff cost amidst the frequent changes. We expect that our multi-sourcing strategy will continue to provide a competitive advantage as we manage through the fluid nature of the tariff policy.

Now moving on to our financial guidance for Q1 '26. Our guidance for the quarter is revenues of \$490 million to \$510 million and adjusted EBITDA of \$28 million to \$33 million. Both of those ranges imply relatively flat performance compared with last year's Q1. We are reintroducing fiscal year guidance for 2026 as we believe we have reached the trough in most of our markets. Revenues of \$1.85 billion to \$1.95 billion and adjusted EBITDA of \$105 million to \$115 million.

This guidance range is reflective of improvement compared to 2025 on both the top and bottom line. We are confident our sectors are starting to move past the cyclical trough. The extensive destocking we saw across our end markets have supply chains fairly tight and this gives us some optimism that an uptick in end market demand will flow through to us.

Thank you for your time this morning. We would now like to turn it back over to the operator for the Q&A session.

### **Question-and-Answer Session**

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

**Mike Shlisky:** Tony, I appreciate your comments here on the guidance for 2026. Could you give us maybe some just broad directional thoughts on each segment's top line and bottom line? It just seems like in the last quarter we had such a different direction and trajectory between construction, AG and consumer. I'd be curious if you could give us some broadly who's going to outperform, who's going to underperform from a segment perspective in 2026.

**Tony Eheli:** Yes. By segment like we saw in Q4, EMC was the outperforming segment. We expect that to continue into 2026. AG we expect to be flattish and that's because while we see improvement in small AG, we are yet to see that improvement in large AG. And then for our consumer segment, we also expect improvement both on a lesser note relative to EMC and that's on the top line. Bottom line, we expect improvements in both EMC and consumer. On the AG side, we see more OE pricing pressure there and so that will not have as much improvement as the other segments would.

**Mike Shlisky:** Outstanding. And then just looking at the AG segment on a quarterly cadence basis, you've been positive for a few quarters now in AG. Would you say that AG will have a better second half compared to the first? That's where the OEMs are kind of pointing. And perhaps there's positive, but

relatively low growth rates in the first 2 quarters and some better growth in the back half of the year. Is that the right way to look at it for AG for '26?

**Tony Eheli:** Yes, that's right. You're right on that, Mike. We expect the first half of the year really to be somewhat what we're seeing already flattish. Later in the year we're expecting growth. We're expecting some recovery given what the OEs are saying and that's been hopeful that we will see some recovery on the large AG front.

**Mike Shlisky:** Great. And then lastly, I wanted to inquire about the South America JV and the situation in South America broadly. We've heard some mixed comments from the OEMs. You've got a JV rolling out. Just some thoughts as to how that's been going from your perspective and from a broader market perspective.

**Paul Reitz:** Yes. It's a good question, Mike, on Brazil and South America generally. I mean Brazil gets all the conversation with the emphasis they have on AG. The political turmoil, I would say, is kind of front and center there and when you talk to the Brazilians, it's unfortunate they lived through way too much of that and it's coming to life again. So we have seen the OEMs pull back on their production schedules to start the year coming off a really strong '25 as Tony noted in his comments. So we're watching that closely. But from Titan's perspective, I mean the JV has given us that boost of additional confidence and strength in the marketplace.

Our strategy that we've seen play out very successfully for decades in North America with the wheel tire combination is what we're replicating in Brazil. It's obviously early days of that, but the teams on both sides are really in a good position within the marketplace. So it's how do we capitalize on the strength of our 2 positions together. We're starting to see some of that come together. I think it's something that will play itself out more in the back half of the year, again in the early parts of the year with the market conditions. What we don't believe in is using price as a weapon to go chase volume.

We have 2 good businesses again in both wheels and tires there to do that. But we are seeing the wheel business gain some momentum by being associated with Titan. Certainly the OEMs like the position that we bring to them. So we'll give you more updates on that as the year progresses, but feel really good about where we're at. And just to note, I mean these 2 companies, us and Rodaros, have known each other for a number of years. So these aren't 2 strangers that just decided to form a joint venture and a partnership. We've been working together for a number of years so great to see it be formalized into a joint venture.

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

**Derek Soderberg:** Just wanted to start on consumer gross margin. I'm wondering how we should think about gross margin for that segment in '26. And I don't know if you can talk about some levers you can pull on this year to bring that margin back up.

**Tony Eheli:** Thanks for that question. We're expecting some improvement in the gross margin for consumer as I had mentioned earlier and we are also winning new business with the initiatives we're

driving that we know would improve the margin. So yes, it will be some incremental margin, something reasonable, but we expect it to stay in a decent range of where it's been with some improvement there.

**Derek Soderberg:** Got it. And then just in the EMC segment performing pretty well, can you sort of detail which specific end markets and geographies you expect to sort of perform well in '26? Just talk about kind of what's going on there and what we should expect for this year.

**Tony Eheli:** From an EMC standpoint, as you will recall, Europe is a big piece of our business in EMC and the construction there is driven by infrastructure and so we are seeing -- we will be seeing a lot of good performance there from our Europe business. But like I also said, also in North America and the U.S. we've seen light construction as well and that's also improving as well. So it's across our geographies that we are seeing this positive momentum on EMC. Now with the exception of Brazil, which we've heard things about in Latin America and the elections coming up in Brazil and all that, so maybe not so much. They've had such a wonderful year in the last -- the last year was really solid in Brazil so things have softened a bit there. But outside of Brazil, we're expecting that growth to be across the regions.

**Derek Soderberg:** Got it. That's super helpful. And then just 1 quick final question. Just anything we should be looking out for on the R&D front this year? Where is sort of the priority when you look at the product portfolio? Anything you're working on to sort of capture additional aftermarket share adding to some new technologies? Anything on the R&D front that you guys are prioritizing this year?

**Paul Reitz:** Yes. Derek, I mean it's become really the backbone of who we are. So even circling back to your question on consumer margins, one of the ways we have added value to the Carlstar acquisition, which we now call our Specialty division, is by bringing innovation into play. We have significantly increased the amount of new products that they've introduced. We're putting the Goodyear brand on a number of products in that segment. And so when we do that, we're increasing margins. So part of our levers that we're pulling for the margin improvements in consumer are really through the product innovations and R&D.

So tying that together to your question, we're looking at 15% of our '26 sales are going to come from new products that we've introduced in the past 3 years. So again this is the backbone of who we are. Where we see that coming into play, we encourage it to be across all of our business. So we got a new Titan forestry line coming out to continue to innovate with deep drop wheels. Our ACES brand we continue to launch and develop further. We have a really cool VPO product that can run without air in the outdoor power equipment segment. So you're competing with airless tires there at a much lower price point.

Again as I mentioned earlier, what we can do with just our branding is add value and every time we put a new product into the marketplace, it makes equipment perform better. So it's a win for the end user. And a lot of times we can do redesigns that improve the efficiency in the operations and the construction of those products as well. So again 15% of our sales in '26 are coming from R&D. We don't look to have to spend more to achieve that. So I think the run rate you saw in '25 is where we'll be. But again just in that consumer segment, what we can bring to that acquisition another year behind us, we'll just continue to improve the strength of that business through our R&D efforts.

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

**Steve Ferazani:** Welcome to the call, Tony. Look forward to further conversations with you. Paul, the striking number to me was the real strength in EMC this quarter. I think we discussed this last quarter with the expectation that there might be divergent paths. But even with FX, still surprised by how strong in the seasonally slower, how quickly were you able to meet demand given we didn't see the normal downturn? And if you could just generally give some color around that. I know so much of that's your European undercarriage business. But if you can sort of break that out for us, how quickly you're able to meet demand and where you really saw it.

**Paul Reitz:** Yes. I mean it's one of the challenges that we had throughout '25, but it's also the strength of Titan that when demand surges, business gets complex and chaotic, we do well. I kind of mentioned that in some of my comments during these periods we've seen over the last 5 years. And I continue to believe and we continue to see that's a strength of ours. So when demand surges like it did, as Tony mentioned with EMC in Europe, our aftermarket mining business it continues to perform well. But as demand surges, which you could say with EMC was at a lower level in the prior year. That's why we made the comments about the run rate going into '26, maybe Q4 isn't indicative of that. But nonetheless, it's still in a very good position.

But to answer your question, Steve, I mean I expect our team to be able to handle surges and our customers count on us. That's the outline strategy of who we are. We need to stay close to our customers and continue to be able to service them and part of that is an environment where forecasts are tough to necessarily get accurate all the time. We can't expect them to be and so we need to be there when our customers step up. So in a quarter like that where you do see a big surge in EMC, I think it points to the strength of Titan, how we can take care of our customers. We don't turn away from that business. We don't run from it. We figure out how to get it done and that's how we approach.

Going into '26, I think you're going to see fits and starts of pockets that are going to outperform and you see some that are still stuck, but we don't sit still when those outperformance opportunities come. That's again what we continue to do. That's who we are and that's what we must continue to be. But I think EMC is a really good example of that coming off a lower level, we saw a nice surge in '25. And again, as Tony said, see that as a really good growth opportunity to continue in '26.

**Steve Ferazani:** That's helpful. The operator had cut me off for a little bit so I apologize if these questions were asked when I was cut off. But on the consumer segment, you noted the softer margins and it seems like it was even lower than what we would expect on throughput. I know you have that rubber mixing business thrown in there and that can be lumpy. Did we see an impact in 4Q that might be onetime given the lumpiness on rubber mixing or was this something else?

**Tony Eheli:** Yes, Steve, that's right. The rubber mixing business, that was the impact we saw in Q4 that impacted the margins. We had very good margins in that business. The volumes were down in that business and that was the impact we saw. So you're right, it's one-off. It's happened and so we move on from there. We expect the other parts of our business to be accretive in terms of margins and so that's why we expect improvement going forward.

**Steve Ferazani:** Was that a lumpiness issue or a loss of business issue that may not come back?

**Paul Reitz:** Yes. It's an unpredictable business. We don't necessarily have contracts in how we service that marketplace and so I don't think as their volumes go down, we lose that business. But we -- actually there was just an article a couple of weeks ago in one of the trade rags that talked about our custom mixing business. And so we have a lot of strengths. We need to kind of reposition that in the marketplace to win back that business. So to answer your question, Steve, it's not like we lose it. It just goes away because of the volumes of the customers going down and so that's why it is lumpy. We got some hopeful trends we're starting to see in '26 that hopefully will materialize.

**Steve Ferazani:** Got it. That's helpful. Just on, I don't know if you provided it, I missed it, CapEx guidance for '26. Given your EBITDA guide is a little bit better, do you have hope that you can be cash flow breakeven or would that be a little too early for '26?

**Tony Eheli:** We continue to drive and strive for improvements in our cash flow. Getting to a breakeven just given the moderate top line that we're expecting to see and the requirements for working capital, I think it may be a little bit of a stretch to say we'll exactly get there, but we expect an improvement from '25.

**Steve Ferazani:** Okay. What is your expectation for CapEx in '26? I'm sorry if I missed it.

**Tony Eheli:** \$55 million.

**Steve Ferazani:** Okay. What do you consider maintenance CapEx for you now?

**Tony Eheli:** It's somewhere in the \$30 million to \$35 million range.

**Steve Ferazani:** Okay. So the additional investments are going where?

**Tony Eheli:** We are having some growth investment initiatives, new products -- support new products, support our plant efficiencies as well. We're also investing in those areas. So these are critical areas that we believe we have to invest in so that when the market comes back, we'll take advantage of it.

**Steve Ferazani:** Makes sense. Paul, any color on -- I always like to ask you what should we be looking for to see a more stronger recovery in AG? Is it continued focus on crop prices when we see them move, that's when we can expect your business to pick up? Is that reasonable or any different, any changes?

**Paul Reitz:** Yes, it is reasonable. But kind of looking through that a little bit, input costs moderating. I think that's been a little bit of a surprise to everybody how input costs remain elevated. Looking at the amount of crops that get put into storage is a big driver for obviously pricing. Some favorable trends in inventory and equipment aging as we've talked about. I think that's all coming together, Steve. I really do as you've heard from others. It's been a tough downturn when you look at the length and the duration of it. So we remain prepared to adjust as needed when that uptick comes.

But yes, I think you're right. I think the government support though -- I got one more thought though. I mean government support and kind of the timing of it has made it a little bit confusing to start this year. What maybe thought was going to come last year wasn't coming to this year. So hopefully, we get all

this stuff behind us, get some moderation and farmers start putting a little more money in their pocket as they should be, whether it comes from government support, input prices coming down and the costs coming down or prices going up. But I certainly believe that the trough is here and behind us and some brighter days ahead.

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

**Kirk Ludtke:** Tony, on the guidance, can you maybe give us a little color as to how -- what you've assumed for Brazil? Is it at least maybe just directionally up, down sideways?

**Tony Eheli:** Yes. Brazil on the guidance, that's going to be somewhat flattish. But from a quarterly perspective, at the earlier part of the year it's going to be softer, but we expect it to come back in the latter part of the year.

**Kirk Ludtke:** Got it. And I missed the cash taxes for the full year.

**Tony Eheli:** \$20 million.

**Kirk Ludtke:** \$20 million for '25 or '26 rather?

**Tony Eheli:** Yes, similar to '25.

**Kirk Ludtke:** Got it. And working capital source or use? Sounds like it might be a use.

**Tony Eheli:** Well, because when we think about growth especially in the latter part of the year, Q4 and you think about inventory, your inventory you carry at the end of the year is actually towards the subsequent period, the prospective period. So if our customers are saying this is a trough year, which means there should be growth in '27 for them, we expect to be carrying a little bit more working capital at the end of the year to support that growth next year. But with that, we're still going to manage through for efficiency.

**Kirk Ludtke:** Got it. And you may have mentioned this, but which businesses did you take the tax allowances for?

**Tony Eheli:** Two pieces of our business, the U.S. and our Luxembourg business. Luxembourg is actually the holding company in Europe for us. And the U.S., like you know, it's primarily because we carry the debt in the U.S. -- the main debt in the U.S. So that's been the situation with the U.S.

**Kirk Ludtke:** Okay. So it's across all the business segments?

**Tony Eheli:** No, it's not across business segments. Like I said, it's primarily first of all, interest debt driven the cost we have in the U.S. And so that's the big piece of it, not really in the businesses.

**Operator:** [Operator Instructions] We have our next question from Alexander Blanton from Clear Harbor Asset Management.

**Alexander Blanton:** Paul, you talked earlier about the tariff situation in terms of the tariffs that are charged on foreign competitors who are dumping product into the U.S. I would like to ask about the --

and these are input costs that you mentioned being up. How much of those input costs are tariffs that are charged to you on imported raw materials, if any?

**Paul Reitz:** Yes. The answer to that, Alex, has a lot of different dimensions. So let me try to streamline the thoughts in my head and give you a concise answer to that. I mean first, my points about our past with the ITC and understanding unfair practices is just to illustrate that this has been going on in our industry for 15 years and we have cases that have been brought in front of the commission that prove that our industry has unfair practices. So our basis for supporting tariffs is really grounded in facts that have gone in front of a panel of judges and proved to be the case.

And so we look at it from the overarching premise of that along with a diversified business that can take care of our customers and we got to be well positioned for whatever goes on in the world and we've done a good job with that. However, in '25, to get to your question, what we saw is that the chaotic nature of how tariffs were implemented creates a lot of discrepancies on the cost or the prices of raw materials and other inputs that goes into our products based upon where you are in the world. Now that at a high level what we read in the media is one thing and what takes place in the real world is something different meaning there's ways to get around tariffs depending on how you switch the location of a company, how you label a product.

So we really don't always get clear indication of what a cost is going to be so it gets difficult to price. Now we do believe we have good pricing power in the marketplace. I think that's supported in the margins in the financials we reported for '25. But my point is the tariffs were very chaotic not just in the things that you see with the implementation of tariffs, but how that impacts raw materials getting to your questions. And so the price of steel for example, it used to be a commodity that had more consistent pricing on a global basis. Well, now clearly with tariffs, pricing of steel is all over the map and there's no guarantee that the steel getting into the U.S. is going to face a consistent tariff. Regardless of what the administration tries to say, that is not reality.

There are ways to avoid tariffs and we have seen that, we've seen our competitors admit to that. And so we have to just stay close to the marketplace, understanding what is going on in the market, the needs of our customers, price our products accordingly and at the end of the day have a strategy that can be diverse, it can be fluid and it can take care of our customers. But I do believe that the Supreme Court ruling will make the tariffs more stable as far as the nature of how they are implemented and we do look forward to a day that we can answer your question a little easier as far as what the input prices are -- input costs are for the raw materials because right now that is something that the tariffs had a pretty significant impact on.

And again you don't read about that in the media because a lot what we call manufacturing in the U.S. is just assembly of finished goods or components and there's less converting raw materials into finished goods like Titan and other industrial companies do. So again it's been a chaotic period in '25 with the tariffs. But my closing thought on it, like I said in my prepared comments, is the Titan team has done a really good job handling that. We have a good strategy to get through that and I think the results are indicative of that.

**Alexander Blanton:** Well 2 of your customers, Caterpillar and Deere, both have published an estimate of what the full year 2025 tariff.

**Paul Reitz:** They're assemblers, Alex. It's what I just said. They're assemblers. They don't convert raw materials into finished goods. They are assemblers that assemble components and sell it to their dealer network. We are not that.

**Alexander Blanton:** Right. But I was just thinking have you a similar number? What's the impact on your earnings of the tariffs that you're paying on imported goods?

**Paul Reitz:** Right. The nature of our company is different than that. Well, just stop for a second. They assemble components so they pay a price for a component and they know what that component costs and what the tariffs were. We are buying raw materials of all different natures from synthetic to natural rubber to chemical to carbon black to steel to all different forms of steel and we're doing that on a global basis in different currencies. And so us being able to quantify it like Deere and Caterpillar do, it's a completely different business not to mention we're not the size of them. I need my financial team focused on how to make our business perform better and take care of customers.

And so what we look at is what is the pricing in the marketplace and how can we make sure we have enough pricing power and that's how we look at it. Again we are converting raw materials all over the world on a given daily basis thousands of different SKUs being produced and hundreds of different raw materials being put into those SKUs. We're not buying finished components and assembling them together. So they are 2 different business models. And in the U.S., we have a tendency to read all the headlines from those companies and think that's manufacturing. That's assembling, that's not manufacturing. They're not converting raw materials.

**Operator:** We currently have no further questions. So I'll hand back to Mr. Paul Reitz for closing remarks.

**Paul Reitz:** You bet. Well, thank you, everybody for your participation in today's call. And I want to end by thanking the Titan team for the strong performance in '25 and where we look to be going in '26. So thanks again, everybody.

**Operator:** This concludes today's call. Thank you all for joining. You may now disconnect your lines.