

TITAN INTERNATIONAL INC  
Form 10-Q  
April 26, 2010

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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: March 31, 2010

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)

Illinois  
(State of Incorporation)

36-3228472

(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)

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, or a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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Non-accelerated filer  (Do not check if a smaller reporting company)  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding at April 22, 2010
Common stock, no par value per share	35,289,584

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

TITAN INTERNATIONAL, INC.  
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)  
(Amounts in thousands, except earnings per share data)

	Three months ended March 31,	
	2010	2009
Net sales	\$196,448	\$232,604
Cost of sales	170,361	202,541
Gross profit	26,087	30,063
Selling, general and administrative expenses	11,809	12,528
Research and development expenses	2,027	999
Royalty expense	2,121	2,459
Income from operations	10,130	14,077
Interest expense	(7,056 )	(3,944 )
Other income	333	1,409
Income before income taxes	3,407	11,542
Provision for income taxes	1,329	4,501
Net income	\$2,078	\$7,041
Earnings per common share:		
Basic	\$.06	\$.20
Diluted	.06	.20
Average common shares outstanding:		
Basic	34,772	34,624
Diluted	35,329	35,177

See accompanying Notes to Consolidated Condensed Financial Statements.

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

	March 31, 2010	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 215,215	\$ 229,182
Accounts receivable	102,302	67,513
Inventories	129,598	110,136
Deferred income taxes	9,833	11,108
Prepaid and other current assets	24,178	27,277
Total current assets	481,126	445,216
Property, plant and equipment, net		
Deferred income taxes	249,304	254,461
Other assets	7,396	7,253
	27,402	29,533
Total assets	\$ 765,228	\$ 736,463
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 46,678	\$ 24,246
Other current liabilities	50,039	45,826
Total current liabilities	96,717	70,072
Long-term debt		
Other long-term liabilities	366,300	366,300
Total liabilities	38,576	38,138
	501,593	474,510
Stockholders' equity		
Common stock (no par, 120,000,000 shares authorized, 37,475,288 issued)	30	30
Additional paid-in capital	299,512	299,519
Retained earnings	18,279	16,377
Treasury stock (at cost, 2,199,778 and 2,214,347 shares, respectively)	(20,144 )	(20,274 )
Treasury stock reserved for contractual obligations	(5,393 )	(5,393 )
Accumulated other comprehensive loss	(28,649 )	(28,306 )
Total stockholders' equity	263,635	261,953
Total liabilities and stockholders' equity	\$ 765,228	\$ 736,463

See accompanying Notes to Consolidated Condensed Financial Statements.

TITAN INTERNATIONAL, INC.  
CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)  
(Amounts in thousands, except share data)

	Number of common shares	Common Stock	Additional paid-in capital	Retained earnings	Treasury stock	Treasury stock reserved for contractual obligations	Accumulated other comprehensive income (loss)	Total
Balance January 1, 2010	#35,260,941	\$30	\$ 299,519	\$ 16,377	\$(20,274)	\$ (5,393 )	\$ (28,306 )	\$261,953
Comprehensive income:								
Net income				2,078				2,078
Pension liability adjustments, net of tax							575	575
Unrealized loss on investment, net of tax							(918 )	(918 )
Comprehensive income								1,735
Dividends on common stock				(176 )				(176 )
Issuance of treasury stock under 401(k) plan	14,569		(7 )		130			123
Balance March 31, 2010	#35,275,510	\$30	\$ 299,512	\$ 18,279	\$(20,144)	\$ (5,393 )	\$ (28,649 )	\$263,635

See accompanying Notes to Consolidated Condensed Financial Statements.

TITAN INTERNATIONAL, INC.  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)  
(Amounts in thousands)

	Three months ended March 31,	
	2010	2009
Cash flows from operating activities:		
Net income	\$2,078	\$7,041
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,281	7,966
Deferred income tax provision	1,275	0
Gain on senior note repurchase	0	(1,398 )
Excess tax benefit from stock options exercised	0	(67 )
Issuance of treasury stock under 401(k) plan	123	136
(Increase) decrease in assets:		
Accounts receivable	(34,789 )	729
Inventories	(19,462 )	(20,325 )
Prepaid and other current assets	3,099	1,802
Other assets	46	25
Increase (decrease) in liabilities:		
Accounts payable	22,432	(11,586 )
Other current liabilities	4,413	(243 )
Other liabilities	1,365	1,916
Net cash used for operating activities	(10,139 )	(14,004 )
Cash flows from investing activities:		
Capital expenditures	(3,508 )	(19,933 )
Acquisition of shares of Titan Europe Plc	0	(2,399 )
Other	42	12
Net cash used for investing activities	(3,466 )	(22,320 )
Cash flows from financing activities:		
Repurchase of senior notes	0	(4,726 )
Proceeds from exercise of stock options	0	800
Excess tax benefit from stock options exercised	0	67
Payment of financing fees	(186 )	(1,070 )
Dividends paid	(176 )	(175 )
Net cash used for financing activities	(362 )	(5,104 )