



# ***TITAN***

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# ***MACHINERY***

NASDAQ: TITN  
Titan Machinery Inc.

# **Fundamental Analysis**







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# Introduction

GICS Sector: Industrials

Sub-Industry: Industrial Distribution



CEO: David Meyer

Tenure: 43.8 years

Titan Machinery Inc.'s management team has an average tenure of **8.3 years**. It is considered experienced.

Source of revenue:

- Titan Machinery Inc. owns and operates a network of full-service agricultural and construction equipment stores in the United States and Europe. The company has been an authorised dealer of CNH Industrial N.V.
- In addition to the CNH Industrial brands, the company sell, and services equipment made by a variety of other manufacturers.
- Titan Machinery operates in three reportable segments: Agriculture, Construction and International
- Within each segment, the company engages in four principal business activities:
  - new and used equipment sales;
  - parts sales;
  - equipment repair and maintenance services; and
  - equipment rental and other activities.



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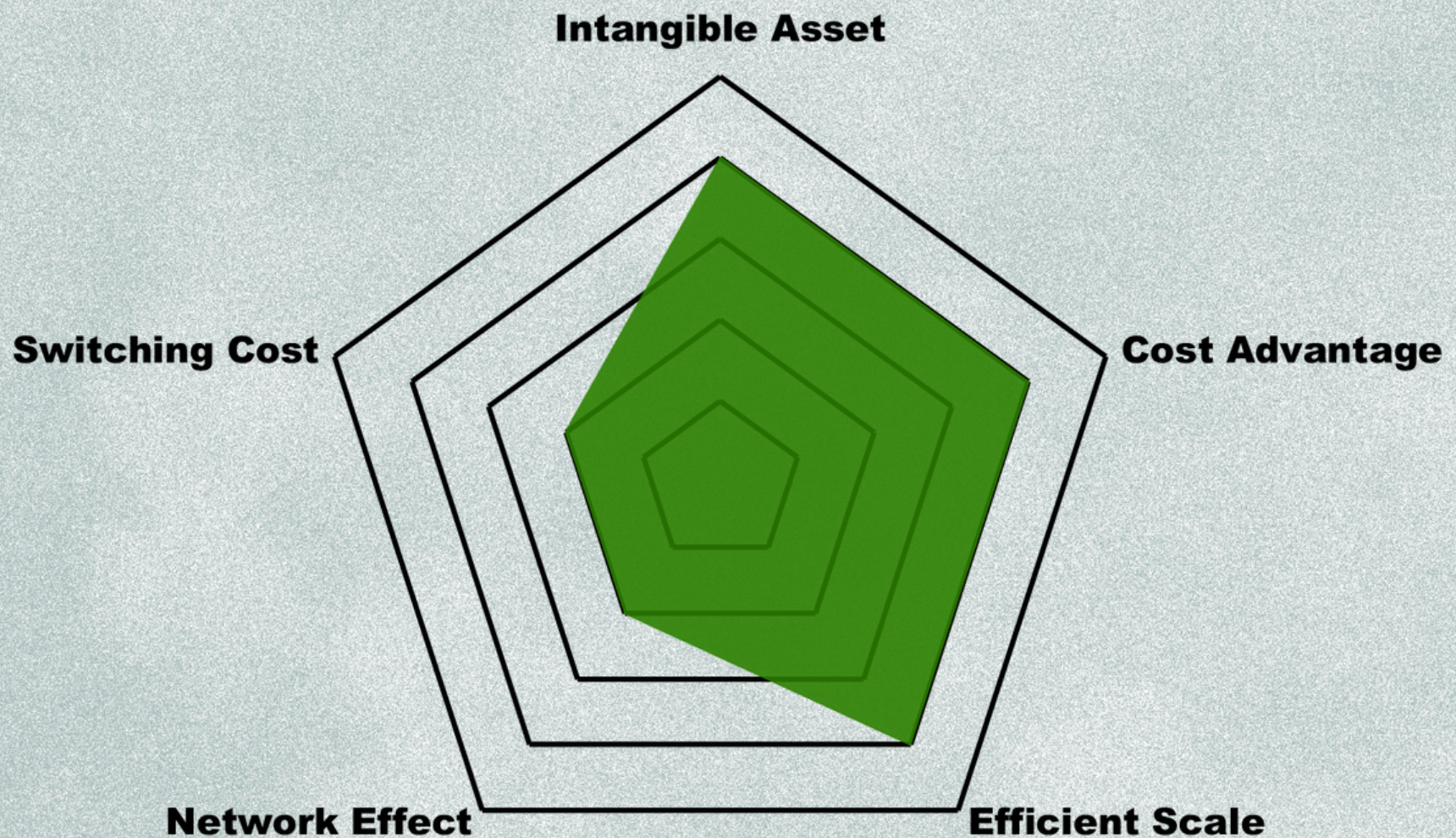
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# Economic Moat



Economic moat: **Narrow**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



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# Performance

	Yes	Inconsistent	No
Revenue growing YoY for the past 5 years consistently?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Net income growing YoY for the past 5 years consistently?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cash flow from operating activities growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Free cash flow is positive for the past 5 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gross margin % is consistent/growing for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EPS growing for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>







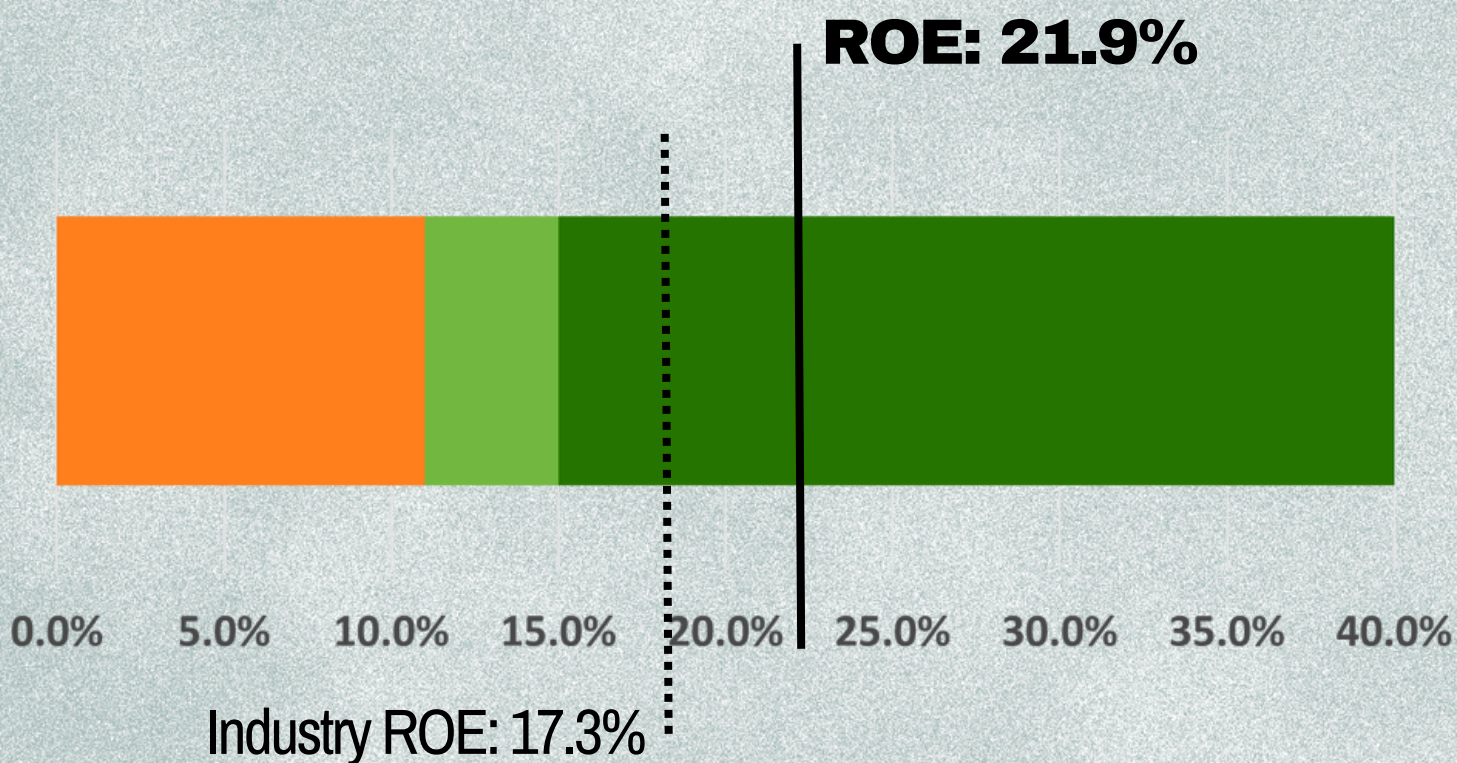
# Performance

ROE is consistently at 12%-15% YoY for the past 5 years?

Yes

Inconsistent

No



ROIC is consistently at 12%-15% YoY for the past 5 years?



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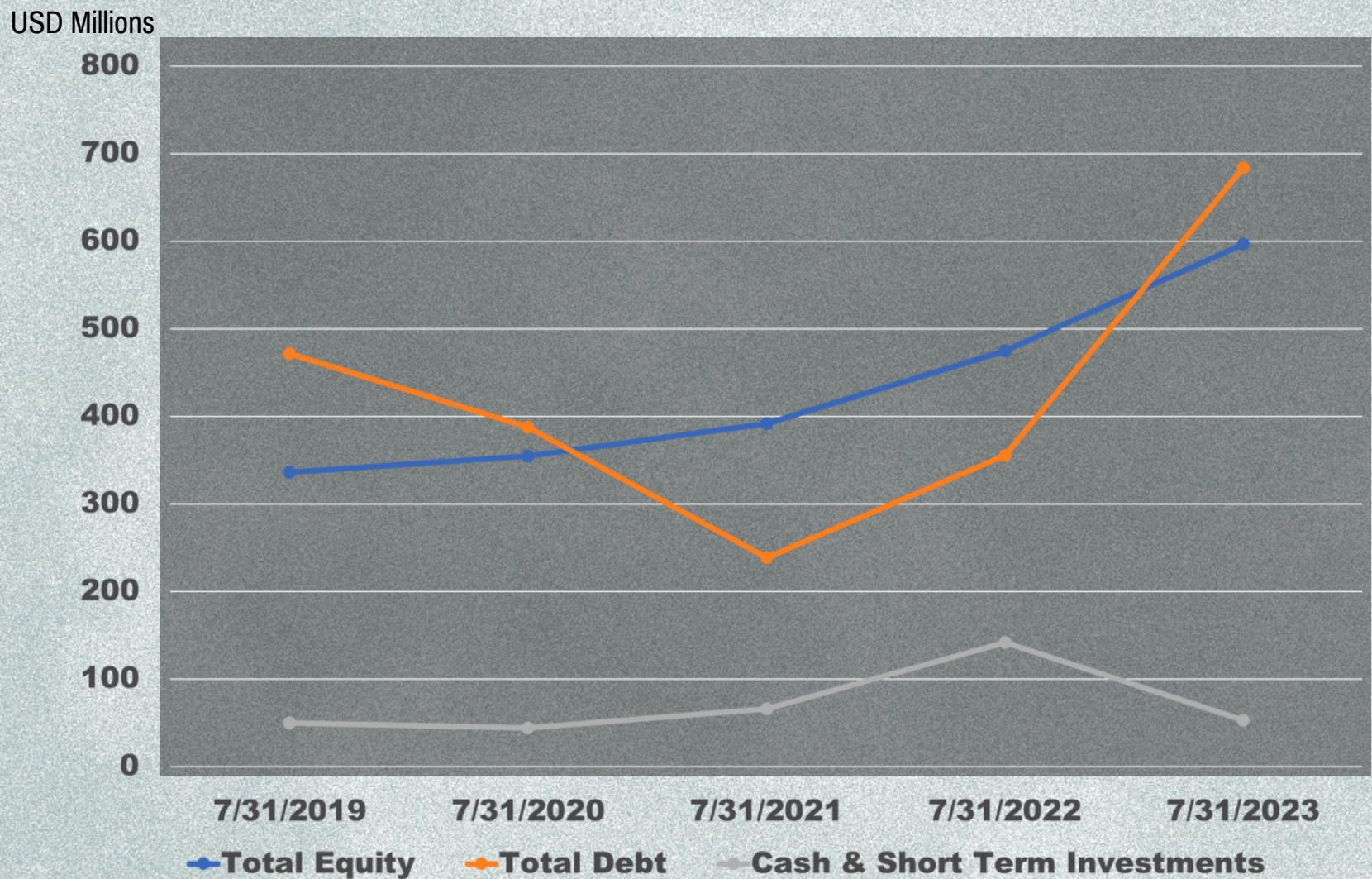
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# Financial Health



Current Ratio: 1.5



Debt-to-EBITDA: 3.8



Interest Coverage: 16.0



Debt Servicing Ratio: 7.9%



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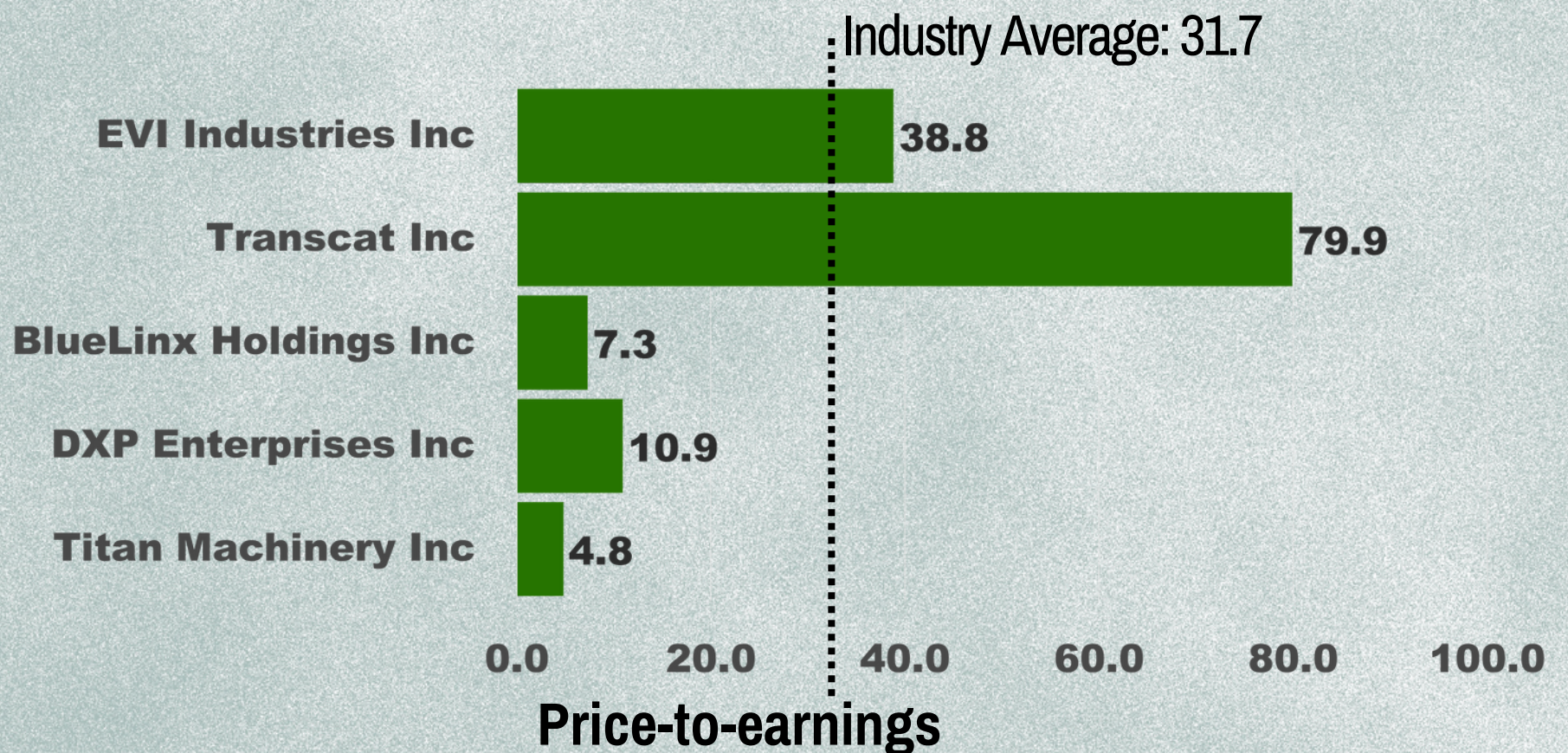
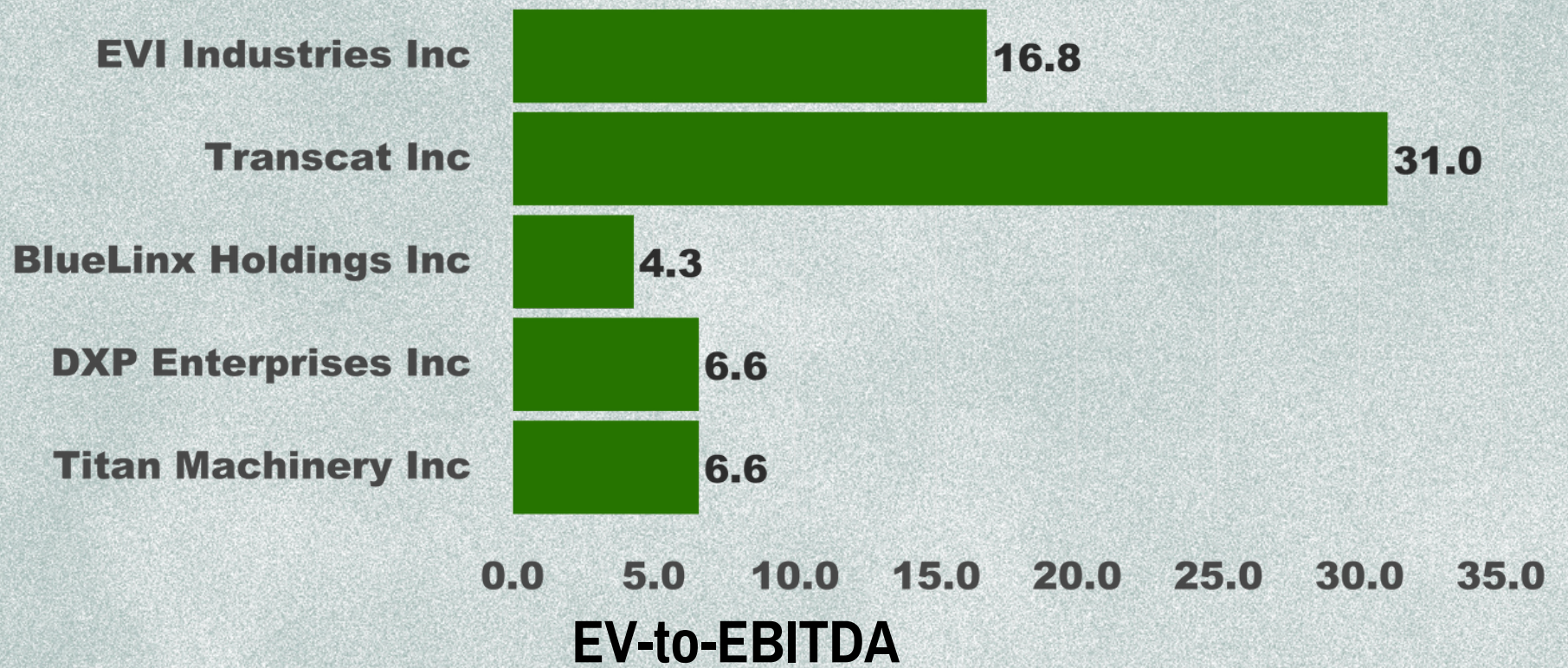
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# Relative Valuation







# Intrinsic Valuation

Estimated intrinsic value: **\$6.28**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

Average free cash flow used: USD\$55M

Projected growth rate: 7% - 8%

Beta: 1.7

Discount rate: 11.5%

Date of calculation: 8 Nov 2023

Estimated intrinsic value of Titan Machinery Inc.

**\$6.28**

\$23.04

\$47.87

52 weeks range

Uncertainty: High

**50% Margin of Safety**

Price range after the margin of safety

**<\$3.00**

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