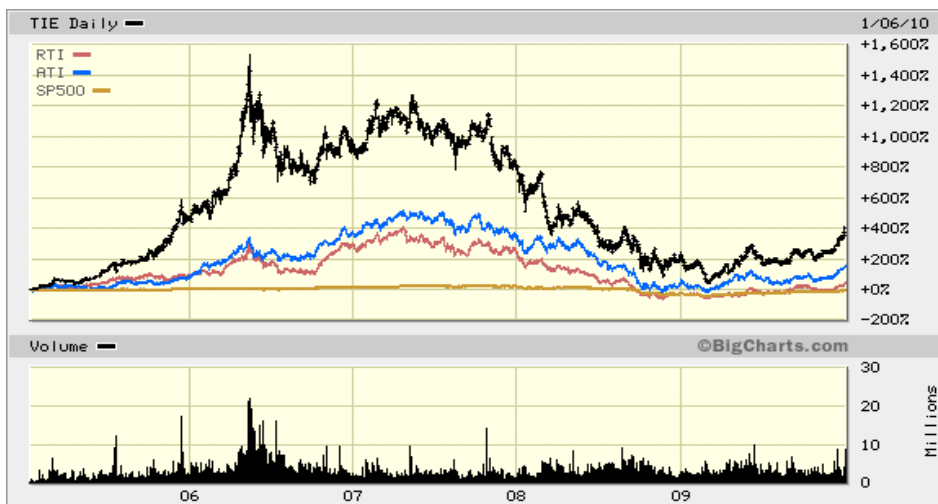


## Titanium Metals Corp. (TIE) 1/6/10

TIE operates in the production of titanium ore and finished titanium products. Tie produces three categories of products; titanium sponge, melted titanium, and titanium alloy. Most of TIE's sales come from the US and Europe. TIE was founded in 1950 and headquartered in Dallas, Texas.

Current Price	\$14.68
52 Week High	\$14.68
52 Week Low	\$4.04
One Yr Target	\$17.00
Market Cap (in billions)	\$2.64
P/E (Trailing)	41.59
P/E(1 Yr Forward)	104.86
P/E/G	5.89
ROA	4.65%
ROE	5.57%
EPS	\$0.35
Beta	2.48
Annualized Dividend	\$0.30
Dividend Yield	2.04%
Analyst Consensus	2.80
Debt to Equity	0.24



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**Annual EPS**

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2005	\$1.10	
2006	\$1.74	58.49%
2007	\$1.47	-15.84%
2008	\$0.90	-38.78%
ttm	\$0.35	-60.66%

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**Annual Revenue (in millions)**

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2005	\$749.78	
2006	\$1,183.17	57.80%
2007	\$1,278.90	8.09%
2008	\$1,151.50	-9.96%

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**Annual Net Income (in millions)**

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2005	\$155.94	
2006	\$281.28	80.38%
2007	\$268.20	-4.65%
2008	\$162.50	-39.41%

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**Free Cash Flows (in millions)**

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2005	\$11.77	
2006	-\$21.80	-285.22%
2007	\$91.20	518.35%
2008	\$76.30	-16.34%

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**Required Rate of Return**

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19.87%

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**Dividend Growth Model**

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Present Value of 2015 Price	\$1.56
Holding Period Return (5 years)	-11.84%

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**Expected Annualized Return Model**

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Present Value of 2015 Price	\$6.77
Holding Period Return (5 years)	-12.14%

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**Residual Income Model**

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Intrinsic Stock Price	\$2.70
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# Analysis

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## Positives

Very low Debt/Equity ratio should increase profits and cash in future

## Negatives

Current stock price overvalued by all three valuation models, in part to its high Beta

## Financial Statements

Income Statement is poor except low Selling/Admin Costs

Balance Sheet is ok, very little Debt but also no Treasury Stock

Cash Flows are decent as there is surprisingly little Capital Expenditures

## Industry Analysis

The metals industry recently got a vote of confidence from Goldman Sachs analysts

TIE has some of the better operating margins in the industry

## Summary

TIE doesn't seem to operate as an exceptional company but is in an industry that seems set to take off soon. Financial ratios and financial statements are about average, but are better than a lot of competitors. TIE sells heavily to the aerospace industry, so increased orders and production to aerospace giants should be great news. TIE is a vertically integrated titanium producer, yet it still buys titanium sponge to refine so one should consider the costs of the raw titanium sponge in their stock decision. Long-term TIE isn't really all that appealing, but in the short run it should see some pop due to the hot industry it is in.