

Titanium Transportation Group Reports Third Quarter 2019 Financial Results

Titanium reports its strongest quarterly revenues for 2019 and the second highest consolidated Q3 revenue in its history

BOLTON, Ontario, Nov. 05, 2019 -- Titanium Transportation Group Inc. ("Titanium" or the "Company") (TSX VENTURE:TTR), a leading provider of transportation and logistics services throughout North America, today reported its financial results for the three month period ended September 30, 2019. All amounts are in Canadian currency.

Q3 2019 Highlights

- The Company lowered net debt by \$11.4 million, or 14.4%, when compared to December 31, 2018. Net-debt-to-equity ratio improved to 1.68, from 1.87 in Q2 2019 and 2.03 on December 31, 2018.
- Consolidated revenues of \$42.7 million, representing the strongest quarter in 2019 and the second highest third quarter revenue in the Company's history.
- Consolidated EBITDA of \$4.5 million, compared to \$5.7 million in the third quarter of 2018.
- Operating income was \$1.0 million for Q3 2019 compared to \$2.3 million operating income in Q3 2018.
- Truck Transportation segment EBITDA of \$4.2 million, or a 16.6% margin and operating income of \$0.9 million. This compares to Q3 2018 operating income of \$1.4 million.
- Logistics segment EBITDA and operating income of \$0.8 million. This compares to Q3 2018 EBITDA and operating income of \$1.5 million.
- U.S. freight logistics expansion contributed positively in the quarter. The operations began in May 2019.
- Other highlights in the quarter:
 - Appointed Alex Fu as Chief Financial Officer. Mr. Fu previously served as the Director of Finance for Titanium.
 - Recognized as one of Canada's Fastest-Growing Companies for 11th consecutive year on the Growth 500.
 - Recognized as one of Canada's Top Growing Companies on the Globe and Mail's Report on Business.
 - President, CEO and Founder Ted Daniel named as a Finalist in the EY Entrepreneur of The Year Awards 2019 Ontario Program.

CEO Commentary

"Our financial results are improving in a stagnant market and we generated our highest quarterly revenue in 2019, remained profitable and continued to reduce our financial leverage," said Ted Daniel, President and Chief Executive Officer. "The strength of our balance sheet permits us to pursue accretive tuck-in acquisitions and also consider larger M&A opportunities should they arise," added Mr. Daniel. "As always, we remain disciplined and will only pursue accretive opportunities which will allow us to deliver sustainable, profitable growth and create long-term shareholder value."

Summary of Financial Results

	Q3 2019	Q3 2018	% Change	YTD 2019	YTD 2018	% Change
Consolidated Results						
Revenue	\$42.7M	\$44.8M	-4.8%	\$123.7M	\$142.1M	-12.9%
EBITDA	\$4.5M	\$5.7M	-20.3%	\$14.0M	\$18.2M	-23.3%
EBITDA margin ⁽¹⁾	11.4%	13.7%		12.2%	13.8%	
Net Income	\$0.3M	\$1.1M		\$1.3M	\$4.4M	
Net Income per share	0.01	0.03		0.04	0.12	
Truck Transportation						
Revenue	\$27.3M	\$28.7M	-4.8%	\$83.9M	\$84.4M	-0.6%
EBITDA	\$4.2M	\$4.6M	-9.0%	\$13.1M	\$13.3M	-1.5%
EBITDA margin ⁽¹⁾	16.6%	17.5%		16.8%	17.2%	
Logistics						
Revenue	\$16.7M	\$17.3M	-3.2%	\$43.7M	\$60.9M	-28.3%
EBITDA	\$0.8M	\$1.5M	-43.5%	\$2.1M	\$6.1M	-66.1%
EBITDA margin ⁽¹⁾	5.3%	9.0%		5.1%	10.6%	

Notwithstanding the current macroeconomic environment, Titanium reported its highest quarterly revenue in 2019 and its second highest Q3 revenue in its history. This compares to the third quarter and full-year 2018 when the Company reported

record revenues.

On a consolidated basis, total revenues of \$42.7 million was a 4.8% decrease from the three months ended September 30, 2018. EBITDA for Q3 2019 was \$4.5 million, representing a 20.3% decrease in comparison to Q3 2018. Operating income was \$1.0 million for the third quarter of 2019, reflecting a 56.3% decline over the comparable period in 2018.

Consistent with our organic growth strategy, Titanium expanded into the U.S. freight logistics market in May 2019 with an office in Charlotte, North Carolina. The operation contributed positively to EBITDA and net income in the quarter. We expect our team to continue to positively impact our financial results in Q4 2019.

Truck Transportation segment revenue decreased by \$1.4 million or 4.8% compared to the prior year period. EBITDA for the segment was \$4.2 million, or a decrease of \$0.4 million from three months ended September 30, 2018. The decrease is due to lower volumes, which reflects the overcapacity in the industry.

Logistics segment revenue decreased by \$0.6 million or 3.2% compared to prior year period. EBITDA of \$0.8 million was a decrease of \$0.6 million compared to three months ended September 30, 2018. Freight volume decrease of 3.3% was the primary driver for the decline. In comparison, the industry's freight volume for first nine months of 2019 has decreased 15% year-over-year¹.

During the quarter, we have significantly reduced our net debt and further improved our net-debt-to-equity ratio to 1.68 from 1.87. For the first nine months of 2019 we have reduced net debt by \$11.4 million.

1. Source: TransCore

Share Repurchase Program

On May 17, 2019, the Company established a normal course issuer bid to purchase up to 1,839,267 of its common shares (the "NCIB"), representing 5% of its issued and outstanding common shares. During the nine months ended September 30, 2019, the Company repurchased 431,800 common shares pursuant to the NCIB at a weighted average purchase price of \$1.27 and a total purchase price of \$549,677.

Conference Call

The Company will also hold a conference call on Wednesday, November 6, 2019, at 8:00 a.m. Eastern Time, to discuss these results. Business media are also invited to listen to the call. Interested parties can join the call by dialing 1-877-291-4570 (North America) or 1-647-788-4919 (International). A replay of the conference call can be accessed until midnight on November 20, 2019 by dialing 1-800-585-8367 (North America) or 1-416-621-4642 (International) and entering the Conference ID: 6095294.

NON-IFRS FINANCIAL MEASURES

The following financial measures do not have any standardized meaning under IFRS and may not be comparable to similar measures employed by other companies:

"Earnings before interest, income taxes, depreciation and amortization" ("EBITDA") is calculated as net income before depreciation, amortization, asset impairments, gains or losses on the sale of equipment, finance income and costs, gains or losses on foreign exchange, income tax expense, transaction costs, accelerated customer list amortization and goodwill impairment.

"EBITDA margin" is calculated as EBITDA as a percentage of revenue before fuel surcharge.

"Net debt" is defined as bank indebtedness, loans payable and finance lease liabilities, net of cash, finance lease receivables and assets held for sale, both current and long-term portions.

"Net-debt-to-equity-ratio" is defined as net debt divided by shareholders' equity.

"Operating income" is calculated as net income before asset impairments, gains or losses on the sale of equipment, finance income and costs, gains or losses on foreign exchange, income tax expense, transaction costs, accelerated customer list amortization and goodwill impairment.

"Adjusted net income" is calculated as net income before items that are not in the normal course of business, such as accelerated customer list amortization and goodwill impairment.

Management of the Company believes that these financial measures are useful for investors and other readers, when used in conjunction with other IFRS financial measures, as they are measures used internally by management to evaluate performance. However, these financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of financial performance prepared in accordance with IFRS.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking statements are provided for the purposes of assisting the reader in understanding Titanium's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate

for other purposes. Forward-looking information may relate to Titanium's future outlook and anticipated events, and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving Titanium. Particularly, statements regarding future acquisitions, the availability of credit, performance, achievements, prospects or opportunities for Titanium or the industry in which it operates are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances. While management considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect.

The forward-looking statements made in this press release are dated, and relate only to events or information, as of the date of this press release. Except as specifically required by law, Titanium undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this release.

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