

# Corporate Presentation

November 2017



**THE FUTURE OF TRUCKING**

# Company Overview

Leading Technology Transportation Company

## Value Proposition & Business Description

- Technology is transforming the transportation industry and Titanium will continue to be at the leading edge of this modernization
- Disruption in the industry will allow for significant consolidation; Titanium has a proven M&A track record
- Trucking (asset based ~70%) and Logistics (brokerage ~30%) businesses operate mainly out of Bolton with additional terminals throughout Ontario
- Mainly truckload business servicing manufacturers and raw material suppliers, diversified customer base of over 1,000, US cross-border and domestic shipping (~50/50), fleet of ~450 power units and 1,500 trailers

## Financial Snapshot

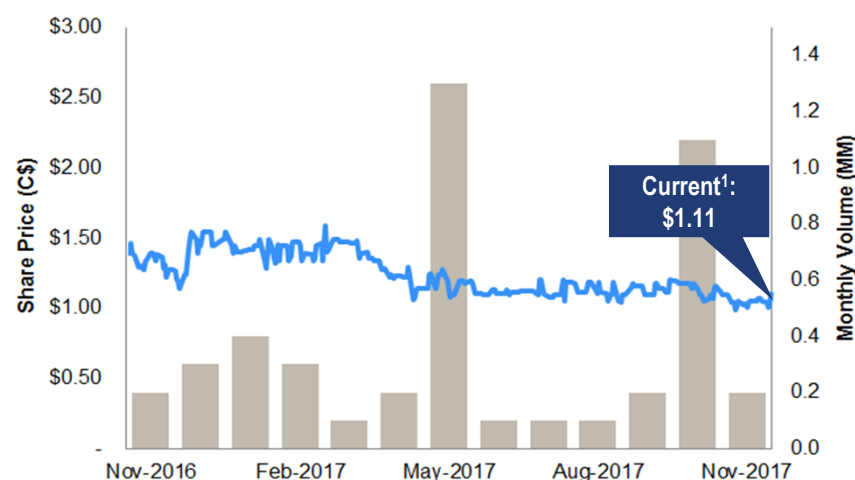
Stock Ticker	TSXV:TTR
Market Capitalization <sup>1</sup>	\$40.1 million
Enterprise Value <sup>2</sup>	\$88.0 million
Revenue Run Rate <sup>3</sup>	\$140 million
EBITDA Run Rate <sup>3</sup>	\$15 million

## Shareholder Detail

	Shares	Percent
Zzen Group (Trunkeast)	14,657,482	40.6%
Ted Daniel (CEO)	3,667,647	10.2%
Doug Billau (VP Logistics)	1,630,043	4.5%
Marilyn Daniel (COO & VP Trucking)	62,976	0.2%
Other Management & Directors	48,334	0.1%
<b>Total Insiders</b>	<b>20,066,482</b>	<b>55.6%</b>
<b>Other Institutional, Retail &amp; Employees</b>	<b>16,041,618</b>	<b>44.4%</b>
<b>Basic Shares Outstanding</b>	<b>36,108,100</b>	<b>100.0%</b>

Employees hold a significant number of shares within the "Other Institutional & Retail" category, showing stakeholder alignment

## Share Price History



1. Based on share price as at November 30, 2017

2. Enterprise value is defined as market capitalization plus net debt. Net debt is defined as bank indebtedness, loans payable, finance lease liabilities, net of cash and finance lease receivables.

3. Not intended to be a projection. Indicative of current size of the Company and does not take into account projected organic growth.

# Changing Landscape – Long term

*Disruption is coming to the Trucking Industry*

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## Increasing Barriers to Entry

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- **Equipment costs are rising** and will continue to rise with the development of new technology: *electric trucks, anti-collision and lane departure technology, gap control and platooning systems, autonomous trucks*
- **Customer demands are increasing**, requiring a greater need for technology: *greater demand for information, increasing requirements for just-in-time deliveries, broader integration into supply chain (blockchain technology)*
- **Regulatory environment is more challenging**, making it difficult for smaller carriers to continue: *electronic logging devices (ELDs), more stringent driver training standards (MELT), increased security and regulation at the border*
- **Rates are declining** and will require greater economies of scale to remain competitive: *big data business analytics, effective M&A consolidation strategy, automation of accounting and operational functions*

*Titanium's borrowing power and IT expertise allow for investment in new technology and effective implementation*

*Titanium's sophisticated IT systems and innovative team allow for the development of creative customer solutions*

*Titanium's in-depth knowledge of relevant regulatory requirements allow for effective planning of operational improvements*

*Titanium's proven M&A track record and IT capabilities allow for significant growth and improved efficiencies*

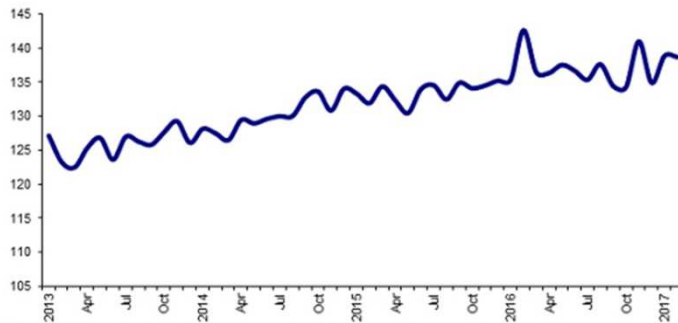
## *Titanium Thrives On Disruption*

# Changing Landscape – Short Term

*Changes that will Benefit Titanium*

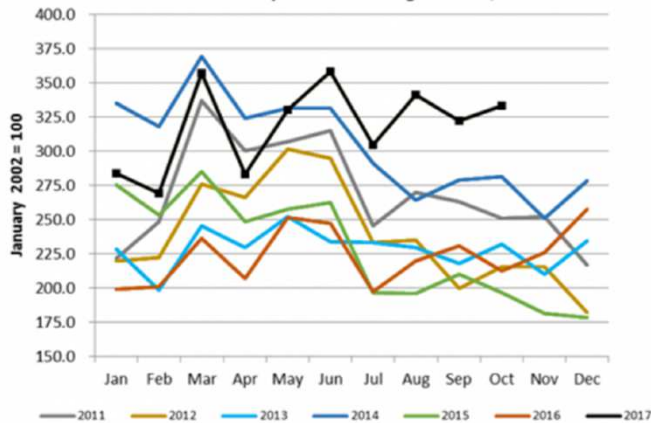
## Increasing Demand, Decreasing Supply

ATA's Truck Tonnage Index  
(Seasonally Adjusted; 2000 = 100)



Source: American Trucking Associations "Truck Tonnage Index" 06/20/17.

TransCore Canadian Spot Market Freight Index, 2011-2017



- › US Truck Tonnage<sup>1</sup> is on the rise and is closely correlated with Ontario domestic and cross border demand for truck transportation
- › US – Canada freight flows increased by 11.4% between May 2016 and May 2017<sup>2</sup>
- › Trucking revenue is expected to grow at a compounded annual growth rate of 5.4% between 2018 and 2013<sup>3</sup>
- › Canadian Spot Market Freight Index<sup>4</sup> indicates improving spot rates, which will translate into improved contract rates
- › Truck-to-load ratio is approximately 2:1 compared to 3.62:1 compared to last year<sup>5</sup> indicating a tightening of capacity
- › US electronic logging device mandate, which will be fully implemented December 2017, is expected to decrease capacity by 2.5%<sup>6</sup>

1. ATA's Truck Tonnage Index measures the total amount of tonnage hired for transport from American freight trucking services
2. Source: Bureau of Transportation Statistics, TransBorder Freight Data
3. Source: ATA Freight Transportation Forecast 2017 to 2028
4. TransCore's Canadian Freight Index measures trends in the truckload freight spot market
5. Source: TransCore LinkLogistics
6. Source: FTR Transportation Intelligence

# Management Team

*Diverse Backgrounds with Information Technology and Continuous Improvement Focus*

<p><b>Ted Daniel</b> <i>President &amp; CEO</i></p>	<ul style="list-style-type: none"> <li>▪ Co-founder of Titanium, along with COO, Marilyn Daniel</li> <li>▪ Background in both computer science and accounting allow for the effective integration of the Company's IT and financial growth strategy</li> <li>▪ 10 years prior experience in turnarounds and restructurings provide for Titanium's effective M&amp;A integration process</li> <li>▪ CPA, CA with a BA (Computer Science) and Honours BA (Business and Administrative Studies) from York University</li> </ul>
<p><b>Kasia Malz</b> <i>CFO</i></p>	<ul style="list-style-type: none"> <li>▪ Involved with Titanium since the start of its M&amp;A strategy (2011), joined as CFO to take the Company public (2014)</li> <li>▪ Background in valuation, tax and due diligence allow for quality acquisition selection</li> <li>▪ Background in computer programming, financial control systems and financial reporting provide for advanced analytics, streamlining of accounting processes and strong internal controls</li> <li>▪ CPA, CA with a Masters of Accounting and Honours Bachelor of Mathematics from the University of Waterloo</li> </ul>
<p><b>Marilyn Daniel</b> <i>COO &amp; VP Trucking</i></p>	<ul style="list-style-type: none"> <li>▪ Co-founder of Titanium with 15 years experience in the trucking industry</li> <li>▪ Detailed process focus and depth of trucking experience provides for superior safety and driver retention standards and thorough acquisition analysis and integration</li> <li>▪ Serves as a board of director of the Ontario Trucking Association (OTA) and on the Northbridge Insurance Best Practices Council and has completed her NATMI Director of Safety Certification from the University of Florida and level II of the CITT logistics management program</li> <li>▪ Holds an Honours BA from the University of Toronto</li> </ul>
<p><b>Doug Billau</b> <i>VP Logistics</i></p>	<ul style="list-style-type: none"> <li>▪ Joined Titanium in the early stages of its Logistics segment (2004)</li> <li>▪ Effective sales team recruiting techniques allowed for significant growth in this segment</li> <li>▪ Background in computer science and programming allowed for the creation of innovative processes that improved the efficiency of various brokerage processes</li> <li>▪ Served as a member of the Tri-Committee for utilization of information technology for public works</li> </ul>

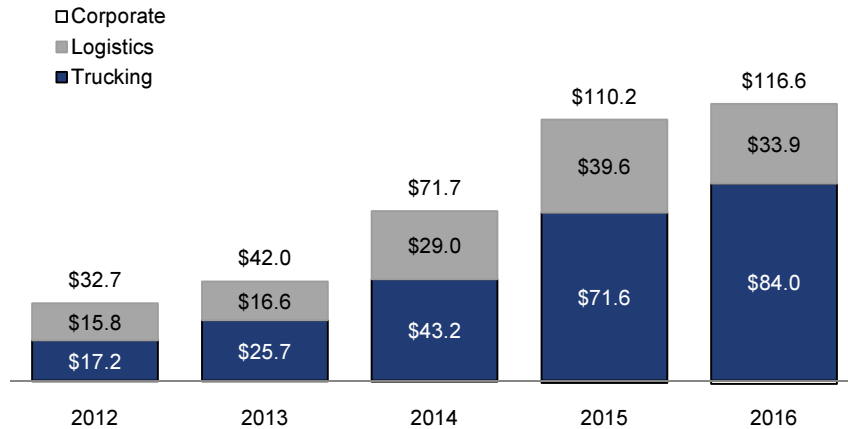
# Financial Growth

*Titanium Invested at a time when many carriers Divested*

## Revenue Growth

**CAGR of 37.4%**

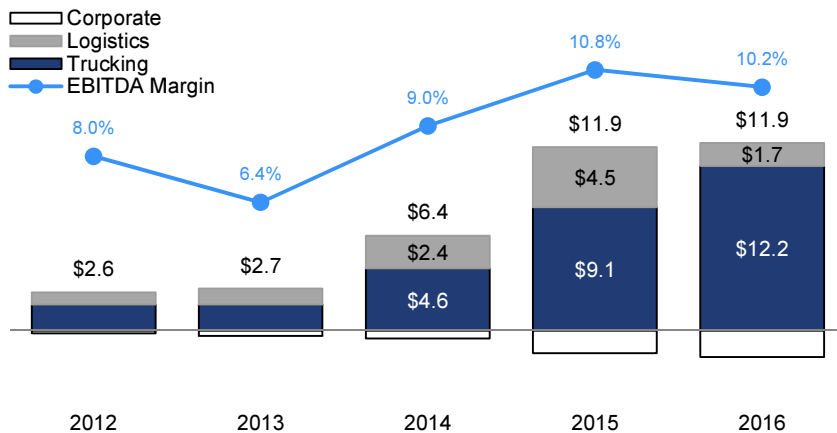
(C\$ millions)



## EBITDA Growth

**CAGR of 46.3%**

(C\$ millions)



Transportation recession of 2016 resulted in slower growth but allowed Titanium to strategically align itself:

- › Titanium implemented an employee and driver share purchase plan and enhanced recruiting process to further improve leading industry driver retention and allow for significant organic growth
- › Titanium invested in new equipment and BlackBerry radar tracking technology to allow for improved EBITDA margins through reduced repair and fuel costs and improved equipment utilization
- › Titanium moved into new larger head office to allow for Logistics salesforce growth and Trucking M&A growth
- › Titanium augmented its management team, which will allow the company to easily double in size
- › Titanium developed new analytical tools that allow for better and faster decision making
- › Titanium invested in new IT infrastructure and technology to allow for further efficiencies and enhanced security

# Titanium M&A History

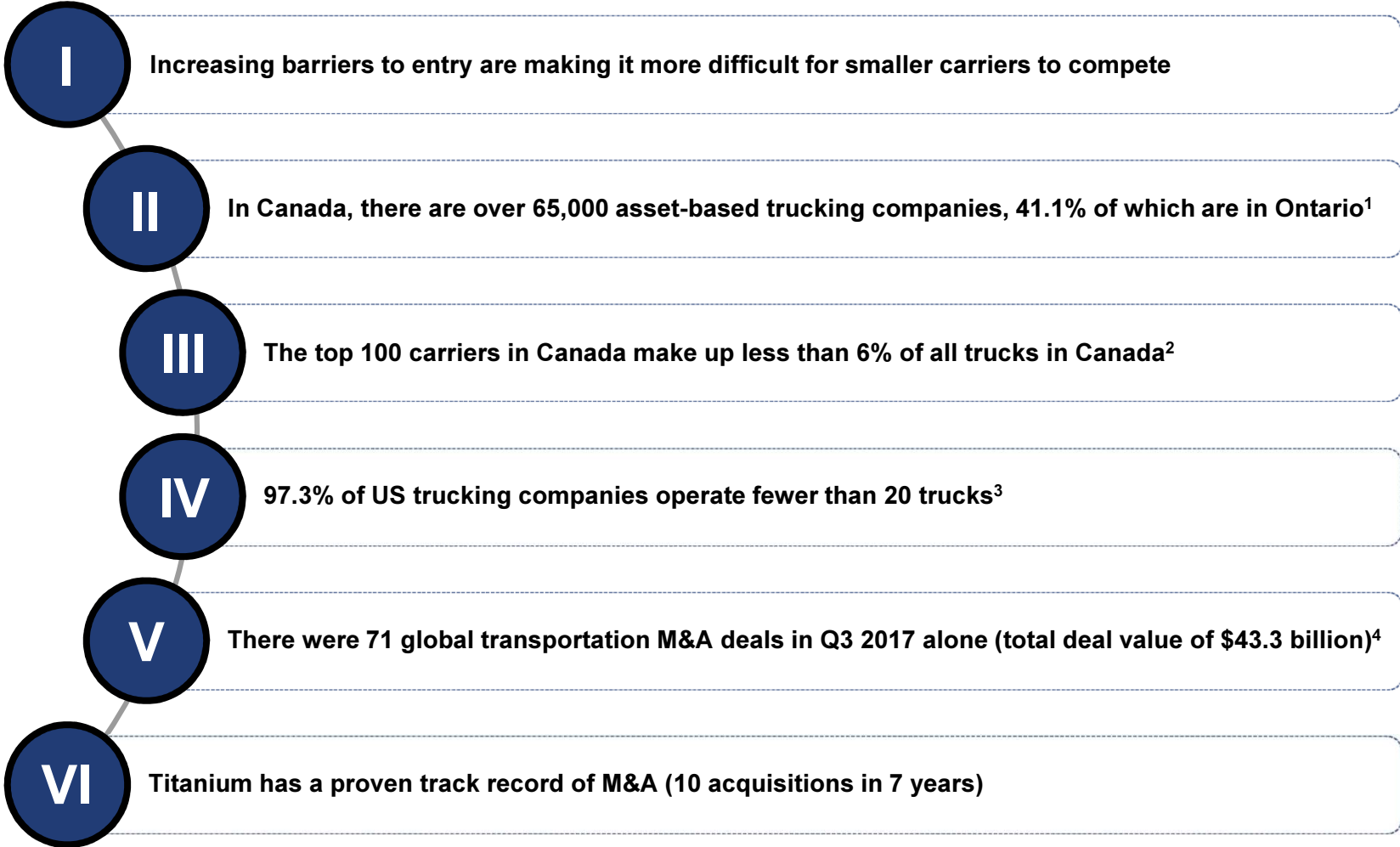
*Proven Track Record of Consolidation and Expansion*

- 2002** → Founded as a logistics broker
- 2005** → Purchase of first truck
- 2007** → Zzen Group makes private equity investment
- 2011** → **April 2011:** Acquired Flexmor Industries (\$13.4mm revenue)
- 2013** → **Feb. 2013:** Acquired Flatliners Express (\$2.7mm revenue)  
**April 2013:** Acquired Gary Jackson Transport (\$4.1mm revenue)  
**Sept. 2013:** Acquired JTS Inc. (\$10.6mm revenue)
- 2014** → **July 2014:** Acquired Cain Express (\$9.1mm revenue)  
**Oct. 2014:** Acquired Georgian Bay Transport (\$3.7mm revenue)
- 2015** → **March 2015:** Acquired Muskoka Transport (\$32.5mm revenue)  
**April 2015:** Shares commence trading on the TSX-V  
**Dec. 2015:** Acquired ProNorth Transportation (\$21.8mm revenue)
- 2016** → **June 2016:** Acquired the Windsor Terminal and transportation assets for \$6.3 mm (former assets of Drive Logistics)
- 2017** → **Oct. 2017:** Acquired Xpress Group (\$14.6mm revenue)



# Consolidation Opportunities

*Transportation is Ripe for Consolidation*



1. Source: Transport Canada, Transportation in Canada 2016 Comprehensive Report  
2. Source: Transport Canada, Transportation in Canada 2016 Comprehensive Report and Today's Trucking  
3. Source: US Department of Transportation  
4. Source: PWC <https://www.pwc.com/us/en/industry/transportation-logistics/publications/quarterly-deals-insights.html>



# Consolidation Criteria

## Acquisition Metrics

<p><b>Asset Characteristics</b></p>	<ul style="list-style-type: none"> <li>▪ Good tangible value/price ratio</li> <li>▪ Low to no goodwill</li> <li>▪ Asset-based business since, in the worst case scenario, there are hard assets to fall back on             <ul style="list-style-type: none"> <li>– Within Ontario, the company is currently focusing on van and flatbed businesses, but it may expand into different areas in the future</li> </ul> </li> </ul>
<p><b>Return Criteria</b></p>	<ul style="list-style-type: none"> <li>▪ No formal standard - investments mainly determined based on fit and tangible value</li> <li>▪ Additionally, the company finds it important to find the right fit with regards to the region the target occupies and how its customer base will complement their existing one</li> </ul>
<p><b>What Titanium will NOT buy</b></p>	<ul style="list-style-type: none"> <li>▪ Logistics companies             <ul style="list-style-type: none"> <li>– Bad tangible value/price ratio, high amounts of goodwill</li> <li>– Higher risk of losing revenue after acquisition</li> </ul> </li> </ul>
<p><b>Acquisition Valuation Metrics</b></p>	<ul style="list-style-type: none"> <li>▪ Adjusted net book value (retained earnings) plus assumption of rolling stock debt</li> <li>▪ Adjusted EBITDA valuation multiple             <ul style="list-style-type: none"> <li>– Historical acquisition multiple range of 2.5x – 5.0x adjusted EBITDA</li> </ul> </li> </ul>
<p><b>Acquisition Consideration</b></p>	<ul style="list-style-type: none"> <li>▪ Equity</li> <li>▪ Cash</li> <li>▪ Earn-outs, vendor take-back loans (VTBs), and promissory notes</li> <li>▪ Assumption of debt</li> </ul>

# Technology Partners

*Investing in the Future*

## BlackBerry radar

### Trailer Tracking Technology

- 20% expected reduction in number of trailers
- Savings in driver time and effort locating trailers
- Optimized customer and fleet utilization/reporting
- Proactive trailer maintenance by mileage vs time
- Improved trip planning and logistics



### Electric Trucks

- Production expected to begin in 2019
- 500 miles on one charge, 30 minute recharge
- 1,000,000 mile zero breakdown guarantee
- 20% overall cost reduction expected

# Titanium Strategy

*Building a \$500+ million Revenue Company*

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***Continue to invest in infrastructure & talent to create sustainable value for shareholders***

***Broaden acquisition team to improve integration process and enhance M&A strategy***

***Leverage improving IT capabilities to remain on the leading edge of innovation***

***Maintain a strong balance sheet and access to capital to improve value over the long-term***

***Build a \$500+ million  
revenue company***

Thank You



**TITANIUM** Transportation Group Inc.