

# NEWS RELEASE

## CONTRANS GROUP INC. ANNOUNCES IMPROVED THIRD QUARTER RESULTS

(Woodstock, Ontario—November 9, 2011)

(TSX:CSS)

### Financial Highlights

(\$CAD millions except per share amounts)

For the periods ended September 30	Three Months				Nine Months			
	2011		2010		2011		2010	
<b>Revenue - as stated</b>	\$ 116.2		\$ 101.7		\$ 324.9		\$ 296.4	
- fuel surcharges	(16.0)		(9.0)		(44.3)		(28.1)	
<b>Revenue - transportation services</b>	<b>100.2</b>	<b>100.0 %</b>	92.7	100.0 %	<b>280.6</b>	<b>100.0 %</b>	268.3	100.0 %
Direct operating expenses - net of fuel surcharges <sup>(1)</sup>	78.6	78.4	74.3	80.2	222.4	79.3	216.5	80.7
<b>Gross Margin</b>	<b>21.6</b>	<b>21.6</b>	18.4	19.8	<b>58.2</b>	<b>20.7</b>	51.8	19.3
General and administration expenses	11.4	11.4	10.6	11.4	32.7	11.7	28.7	10.7
Net financing costs	1.4	1.4	1.3	1.4	4.0	1.4	4.2	1.6
<b>Earnings before income taxes (EBT)</b>	<b>8.8</b>	<b>8.8</b>	6.5	7.0	<b>21.5</b>	<b>7.6</b>	18.9	7.0
Income tax expense	2.5	2.5	2.1	2.3	6.5	2.3	5.9	2.2
<b>Net earnings and comprehensive income</b>	<b>\$ 6.3</b>	<b>6.3 %</b>	\$ 4.4	4.7 %	<b>\$ 15.0</b>	<b>5.3 %</b>	\$ 13.0	4.8 %
Earnings per share - basic and diluted	\$ 0.18		\$ 0.12		\$ 0.42		\$ 0.40	
Weighted average shares outstanding (000s)	35,794		35,794		35,794		32,512	
<b>Other Financial Information</b>								
Depreciation	\$ 4.5		\$ 3.2		\$ 12.1		\$ 9.3	
Amortization	1.1		1.0		3.1		2.7	

<sup>(1)</sup> See “Use of non-GAAP Financial Measures” below.

“Contrans’ strong third quarter results are a reflection of the successful efforts of the Company’s management and employees,” stated Stan Dunford, Chairman and Chief Executive Officer of Contrans Group Inc. “Their efforts were evident in the smooth start ups of work arising from two new, major contracts that had been awarded to Contrans earlier in the year. In addition, three acquisitions were completed during the quarter and contributed to the Company’s financial performance. The integration of these acquisitions with existing operations is progressing well and we expect to achieve further operating efficiencies in the fourth quarter.”

“While uncertainty is widespread regarding the future health of our economy, Contrans’ shareholders can take comfort knowing that the Company has a strong balance sheet that few competitors can match,” continued Mr. Dunford. “This financial strength has also positioned Contrans in a way that it can take advantage of growth opportunities swiftly and decisively. Contrans’ shareholders can also be assured that management is continuing to seek ways to enhance long-term shareholder value in a diligent, disciplined manner.”

### RESULTS FROM OPERATIONS

#### Revenue

Contrans’ revenue from transportation services (“revenue”) has increased in 2011 as a result of acquisitions and from internal growth. Contrans waste collection business, acquired near the end of the third quarter in 2010, contributed \$3.6 million of revenue in the third quarter of 2011 (“2011 Q3”) and

\$10.4 million of revenue in 2011 for the 2011 nine month period ended September 30 (“YTD”) compared to \$0.2 million in the third quarter of 2010 (“2010 Q3”) and 2010 YTD. Revenue from acquisitions completed in 2011 Q3 contributed \$3.1 million in revenue. Revenue from significant new customers in 2011, including that from two major contract awards, amounted to \$2.9 million and \$4.1 million in 2011 Q3 and YTD respectively. Contrans’ 2011 revenue has, however, been adversely impacted by business lost in competitive bid processes that reduced revenue in 2011 by \$1.6 million and \$5.3 million for the third quarter and YTD respectively compared to the same periods in 2010. Revenue has also been adversely impacted by a shortage of owner-operators that is affecting the entire trucking industry. Revenue from fuel surcharges was higher in 2011 Q3 than in the third quarter of 2010 (“2010 Q3”) due to higher diesel prices and increased revenue.

### ***Direct operating expenses***

Acquisitions completed in 2010 and 2011 added \$4.9 million of direct operating expenses in 2011 Q3 compared to 2010 Q3 (\$9.0 million YTD). Depreciation of rolling stock, excluding that relating to acquisitions, increased in 2011 Q3 by \$0.9 million compared to 2010 Q3 (\$1.9 million increase YTD) due to increased capital expenditures in 2010 and in 2011 compared to prior years. These expenditures were incurred in respect of growth opportunities, to take advantage of favourable pricing conditions and to replace equipment that had been previously financed through operating leases. Equipment lease expenses were \$0.5 million lower in 2011 Q3 compared to 2010 Q3 (\$1.9 million lower YTD). Provisions for insurance claims were \$0.2 million lower in 2011 Q3 than in 2010 Q3 (\$0.6 million lower YTD). Management also negotiated insurance premiums that were \$0.2 million lower in 2011 Q3 compared to 2010 Q3 (\$0.6 million lower YTD). In 2011 Q2, management lowered its estimate of future costs expected to be incurred relating to the return of leased equipment by \$0.5 million.

### ***General and administration expenses***

Acquisitions have added \$0.6 million to Contrans’ general and administration (“G&A”) expenses in 2011 Q3 (\$1.7 million YTD). Stock options have been granted to certain officers, directors and key employees of Contrans in 2011. As a result, \$0.3 million was charged to G&A expenses in 2011 Q3 (\$1.1 million YTD). Contrans recorded a \$0.1 million foreign exchange loss in 2011 Q3 (\$0.4 million YTD) compared to a loss of \$0.1 million in 2010 Q3 (\$0.1 million gain YTD). G&A expenses for the YTD were favourably impacted by a reduction in the provisions for doubtful accounts of \$0.4 million recorded in the first quarter of 2011.

### ***Net financing costs***

Net financing costs have been favourably impacted in 2011 compared to 2010 by the interest earned on the proceeds received from the issue of shares in June 2010. This has been partially offset by an increase in interest expense in 2011 arising from increased equipment financing.

### ***USE OF NON-GAAP FINANCIAL MEASURES***

Management has included a non-GAAP financial measure, “Direct operating expenses – net of fuel surcharges”, to supplement its consolidated financial statements. This non-GAAP measure does not have any standardized meaning prescribed under IFRS and therefore it may not be comparable to similar measures employed by other issuers. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Management believes that it is important to isolate the effects of fuel surcharges, a volatile source of revenue and operating expenses, when analyzing operating results. Accordingly, the percentages in the Financial Highlights table were calculated using revenue from transportation services alone as the base. In addition, operating expenses are stated after netting fuel surcharges against fuel expenses in the Financial Highlights table. Management believes that this facilitates a better comparison of operating expenses and profit margins between periods.

*FORWARD-LOOKING STATEMENTS*

Management's discussion and analysis contains certain forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements relate to future events or future performance and include, but are not limited to, changes in government regulations regarding weights and dimensions of highway equipment, the age and condition of the transportation fleet and the growth of Contrans' business. Often, but not always, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other comparable terminology. Such statements reflect the current views and estimates of management of Contrans with respect to future events, as of the date such statements are made, and they involve known and unknown risks and uncertainties which may cause actual events or results to differ materially from those expressed or implied by forward-looking statements. In evaluating these statements, readers should specifically consider factors such as the risks outlined under "Risk Factors" in Contrans' Annual Information Form, which is available at [www.sedar.com](http://www.sedar.com). Although Contrans has attempted to identify important factors that could cause actual events, actions or results to differ materially from those described in the forward-looking statements, there may be other factors that cause such events, actions or results to differ. Contrans is under no obligation (and expressly disclaims any such obligation) to update forward-looking statements if circumstances or management's views or estimates change. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements.

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