

Covenant Transportation Group, Inc.
Key Financial and Operating Statistics

(\$000s, except per share data)	<u>INCOME STATEMENT DATA</u>			<u>INCOME STATEMENT DATA</u>		
	Three Months Ended Sep 30,			Nine Months Ended Sep 30,		
	<u>2019</u>	<u>2018</u>	<u>% Change</u>	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Freight revenue	\$199,832	\$214,623	-6.9%	\$590,511	\$535,721	10.2%
Fuel surcharge revenue	23,082	28,680		70,882	77,466	
Total revenue	\$222,914	\$243,303	-8.4%	\$661,393	\$613,187	7.9%
Operating expenses:						
Salaries, wages, and related expenses	84,093	86,249		239,376	211,621	
Fuel expense	28,812	33,428		85,859	89,817	
Operations and maintenance	14,742	16,457		44,814	40,783	
Revenue equipment rentals and purchased transportation	50,428	47,445		146,267	115,525	
Operating taxes and licenses	3,170	3,377		9,719	8,649	
Insurance and claims	14,051	12,675		35,758	31,269	
Communications and utilities	1,791	1,810		5,269	5,216	
General supplies and expenses	7,685	6,391		21,701	16,833	
Depreciation and amortization, including gains and losses on disposition of property and equipment	20,073	19,290		60,291	56,803	
Total operating expenses	224,845	227,122		649,054	576,516	
Operating income (loss)	(1,931)	16,181		12,339	36,671	
Interest expense, net	2,992	2,460		8,121	6,360	
Income from equity method investment	(2,138)	(2,142)		(7,548)	(5,407)	
Income (loss) before income taxes	(2,785)	15,863		11,766	35,718	
Income tax expense	404	4,249		4,451	9,716	
Net income (loss)	(\$3,189)	\$11,614		\$7,315	\$26,002	
Basic earnings (loss) per share	(\$0.17)	\$0.63		\$0.40	\$1.42	
Diluted earnings (loss) per share	(\$0.17)	\$0.63		\$0.39	\$1.41	
Basic weighted average shares outstanding (000s)	18,458	18,343		18,426	18,337	
Diluted weighted average shares outstanding (000s)	18,719	18,497		18,620	18,448	

(\$000s)	<u>Three Months Ended Sep 30,</u>			<u>Nine Months Ended Sep 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>% Change</u>	<u>2019</u>	<u>2018</u>	<u>% Change</u>
	<u>SEGMENT REVENUES</u>			<u>SEGMENT REVENUES</u>		
Asset-based truckload revenues	\$152,007	\$168,373	-9.7%	\$452,596	\$444,846	1.7%
Managed freight revenues	47,825	46,250	3.4%	137,915	90,875	51.8%
Freight revenue	\$199,832	\$214,623	-6.9%	\$590,511	\$535,721	10.2%

	<u>OPERATING STATISTICS</u>			<u>OPERATING STATISTICS</u>		
	<u>2019</u>	<u>2018</u>	<u>% Change</u>	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Average freight revenue per loaded mile	\$2.054	\$2.160	-4.9%	\$2.063	\$2.051	0.6%
Average freight revenue per total mile	\$1.858	\$1.967	-5.5%	\$1.862	\$1.870	-0.5%
Average freight revenue per tractor per week	\$3,766	\$4,159	-9.5%	\$3,752	\$4,149	-9.6%
Average miles per tractor per period	26,638	27,797	-4.2%	78,609	86,523	-9.1%
Weighted avg. tractors for period	3,071	3,080	-0.3%	3,093	2,749	12.5%
Tractors at end of period	3,008	3,077	-2.2%	3,008	3,077	-2.2%
Trailers at end of period	6,822	7,260	-6.0%	6,822	7,260	-6.0%

(\$000s, except per share data)	<u>SELECTED BALANCE SHEET DATA</u>	
	<u>9/30/2019</u>	<u>12/31/2018</u>
Total assets	\$901,607	\$773,524
Total stockholders' equity	\$348,433	\$343,142
Total indebtedness, net of cash	\$328,784	\$254,544
Net Indebtedness to Capitalization Ratio	48.5%	42.6%
Tangible book value per basic share	\$14.94	\$14.65

Covenant Transportation Group, Inc.
Non-GAAP Reconciliation (Unaudited)
Adjusted Operating Income and Adjusted Operating Ratio (1) (2)

<i>(Dollars in thousands)</i>	<u>Three Months Ended Sep 30,</u>			<u>Nine Months Ended Sep 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>bps Change</u>	<u>2019</u>	<u>2018</u>	<u>bps Change</u>
GAAP Presentation						
Total revenue	\$222,914	\$243,303		\$661,393	\$613,187	
Total operating expenses	224,845	227,122		649,054	576,516	
Operating income (loss)	(\$1,931)	\$16,181		\$12,339	\$36,671	
Operating ratio	100.9%	93.3%	760	98.1%	94.0%	410
Non-GAAP Presentation						
Total revenue	\$222,914	\$243,303		\$661,393	\$613,187	
Fuel surcharge revenue	(23,082)	(28,680)		(70,882)	(77,466)	
Freight revenue (total revenue, excluding fuel surcharge)	199,832	214,623		590,511	535,721	
Total operating expenses	224,845	227,122		649,054	576,516	
Adjusted for:						
Fuel surcharge revenue	(23,082)	(28,680)		(70,882)	(77,466)	
Amortization of intangibles (3)	(731)	(731)		(2,192)	(731)	
Adjusted operating expenses	201,032	197,711		575,980	498,319	
Adjusted operating income (loss)	(1,200)	16,912		14,531	37,402	
Adjusted operating ratio	100.6%	92.1%	850	97.5%	93.0%	450

(1) Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating income and operating ratio to consolidated non-GAAP Adjusted operating income and Adjusted operating ratio.

(2) The reported results do not include the results of operations of Landair Holdings and its subsidiaries ("Landair") prior to its acquisition by Covenant Transportation Group on July 3, 2018 in accordance with the accounting treatment applicable to the transaction.

(3) "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in the July 3, 2018 acquisition of Landair.

Non-GAAP Reconciliation (Unaudited)
Adjusted Net Income and Adjusted EPS (1) (2)

<i>(Dollars in thousands)</i>	<u>Three Months Ended Sep 30,</u>		<u>Nine Months Ended Sep 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
GAAP Presentation - Net income (loss)	(\$3,189)	\$11,614	\$7,315	\$26,002
Adjusted for:				
Income tax expense	404	4,249	4,451	9,716
Income (loss) before income taxes	(2,785)	15,863	11,766	35,718
Amortization of intangibles (3)	731	731	2,192	731
Adjusted income (loss) before income taxes	(2,054)	16,594	13,958	36,449
Provision for income tax expense at effective rate	(298)	(4,445)	(5,280)	(9,915)
Impact of federal income tax adjustments (4)	849	-	849	-
Non-GAAP Presentation - Adjusted net income (loss)	(\$1,504)	\$12,149	\$9,526	\$26,534
GAAP Presentation - Diluted earnings (loss) per share ("EPS")	(\$0.17)	\$0.63	\$0.39	\$1.41
Adjusted for:				
Income tax expense	0.02	0.23	0.24	0.53
Income (loss) before income taxes	(0.15)	0.86	0.63	1.94
Amortization of intangibles (3)	0.04	0.04	0.12	0.04
Adjusted income (loss) before income taxes	(0.11)	0.90	0.75	1.98
Provision for income tax expense at effective rate	(0.02)	(0.24)	(0.28)	(0.54)
Impact of federal income tax adjustments (4)	0.05	-	0.05	-
Non-GAAP Presentation - Adjusted EPS	(\$0.08)	\$0.66	\$0.51	\$1.44

(1) Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP net income to consolidated non-GAAP adjusted net income and consolidated GAAP diluted earnings per share to non-GAAP consolidated Adjusted EPS.

(2) The reported results do not include the results of operations of Landair Holdings and its subsidiaries ("Landair") on and prior to its acquisition by Covenant Transportation Group on July 3, 2018 in accordance with the accounting treatment applicable to the transaction.

(3) "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in the July 3, 2018 acquisition of Landair.

(4) "Impact of federal income tax adjustments" represents the non-cash reversal of a portion of a previously recorded federal income tax credit that was settled with the IRS during the third quarter of 2019 totaling \$455 and the recording of a reserve for an uncertain tax position that was previously recorded as a tax benefit in a prior year totaling \$394, where new information effected the tax position.