

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 Dec 31,			Year Ended Dec 31,		
	2018	2017	% Change	2018	2017	% Change
Freight revenue	\$244,008	\$181,597	34.4%	\$779,729	\$626,809	24.4%
Fuel surcharge revenue	28,260	21,709	30.2%	105,726	78,198	35.2%
Total revenue	\$272,268	\$203,306	33.9%	\$885,455	\$705,007	25.6%
Operating expenses:						
Salaries, wages, and related expenses	92,825	63,145		304,447	241,784	
Fuel expense	31,446	26,829		121,264	103,139	
Operations and maintenance	14,723	11,270		55,505	48,774	
Revenue equipment rentals and purchased transportation	68,121	51,235		183,645	141,954	
Operating taxes and licenses	3,182	2,681		11,831	9,878	
Insurance and claims	12,064	8,843		43,333	33,155	
Communications and utilities	1,844	1,857		7,061	6,938	
General supplies and expenses	6,395	3,864		23,227	14,783	
Depreciation and amortization, including gains and losses on disposition of property and equipment	19,353	18,740		76,156	76,447	
Total operating expenses	249,953	188,464		826,469	676,852	
Operating income	22,315	14,842		58,986	28,155	
Interest expense, net	2,348	2,042		8,708	8,258	
Income from equity method investment	(2,325)	(825)		(7,732)	(3,400)	
Income before income taxes	22,292	13,625		58,010	23,297	
Income tax expense (benefit)	5,791	(35,673)		15,507	(32,142)	
Net income	\$16,501	\$49,298		\$42,503	\$55,439	

Basic earnings per share	\$0.90	\$2.70	\$2.32	\$3.03
Diluted earnings per share	\$0.89	\$2.68	\$2.30	\$3.02
Basic weighted average shares outstanding (000s)	18,347	18,291	18,340	18,279
Diluted weighted average shares outstanding (000s)	18,533	18,368	18,469	18,372

(\$000s)	Three Months Ended Dec 31,			Year Ended Dec 31,		
	2018	2017	% Change	2018	2017	% Change
	<u>SEGMENT REVENUES</u>			<u>SEGMENT REVENUES</u>		
Asset-based truckload revenues	\$176,474	\$144,804	21.9%	\$621,320	\$534,636	16.2%
Managed freight revenues	67,534	36,793	83.6%	158,409	92,173	71.9%
Freight revenue	\$244,008	\$181,597	34.4%	\$779,729	\$626,809	24.4%

	<u>OPERATING STATISTICS</u>			<u>OPERATING STATISTICS</u>		
	2018	2017	% Change	2018	2017	% Change
	Average freight revenue per loaded mile	\$2.360	\$2.081	13.4%	\$2.130	\$1.890
Average freight revenue per total mile	\$2.135	\$1.883	13.4%	\$1.938	\$1.702	13.9%
Average freight revenue per tractor per week	\$4,304	\$4,234	1.7%	\$4,191	\$3,917	7.0%
Average miles per tractor per period	26,493	29,555	-10.4%	112,736	120,043	-6.1%
Weighted avg. tractors for period	3,120	2,558	22.0%	2,843	2,557	11.2%
Tractors at end of period	3,154	2,559	23.3%	3,154	2,559	23.3%
Trailers at end of period	6,950	7,134	-2.6%	6,950	7,134	-2.6%

(\$000s, except per share data)	<u>SELECTED BALANCE SHEET DATA</u>	
	12/31/2018	12/31/2017
	Total assets	\$773,524
Total stockholders' equity	\$343,142	\$295,201
Total balance sheet debt, net of cash	\$212,711	\$198,443
Net Debt to Capitalization Ratio	38.3%	40.2%
Tangible book value per basic share	\$14.65	\$16.11

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

(Dollars in thousands)

GAAP Presentation	Three Months Ended Dec 31,			Year Ended Dec 31,		
	2018	2017	bps Change	2018	2017	bps Change
Total revenue	\$272,268	\$203,306		\$885,455	\$705,007	
Total operating expenses	249,953	188,464		826,469	676,852	
Operating income	\$22,315	\$14,842		\$58,986	\$28,155	
Operating ratio	91.8%	92.7%	-90	93.3%	96.0%	-270
Non-GAAP Presentation	2018	2017	bps Change	2018	2017	bps Change
Total revenue	\$272,268	\$203,306		\$885,455	\$705,007	
Fuel surcharge revenue	(28,260)	(21,709)		(105,726)	(78,198)	
Freight revenue (total revenue, excluding fuel surcharge)	244,008	181,597		779,729	626,809	
Total operating expenses	249,953	188,464		826,469	676,852	
Adjusted for:						
Fuel surcharge revenue	(28,260)	(21,709)		(105,726)	(78,198)	
Amortization of intangibles (3)	(731)	-		(1,462)	-	
Adjusted operating expenses	220,962	166,755		719,281	598,654	
Adjusted operating income	23,046	14,842		60,448	28,155	
Adjusted operating ratio	90.6%	91.8%	-130	92.2%	95.5%	-330

(1) Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating ratio to consolidated non-GAAP 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. Certain data necessary to complete the purchase price allocation for the Landair acquisition is open for adjustments during the measurement period. We believe the estimates used are reasonable, but are subject to change as additional information becomes available.

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

(Dollars in thousands)

GAAP Presentation - Net income	Three Months Ended Dec 31,		Year Ended Dec 31,	
	2018	2017	2018	2017
Adjusted for:				
Income tax expense (benefit)	5,791	(35,673)	15,507	(32,142)
Income before income taxes	22,292	13,625	58,010	23,297
Amortization of intangibles (3)	731	-	1,462	-
Adjusted income before income taxes	23,023	13,625	59,472	23,297
Provision for income tax expense (benefit) at effective rate	(5,981)	35,673	(15,898)	32,142
Tax benefit from revaluation of net deferred tax balances (4)	-	(40,123)	-	(40,123)
Adjusted income tax expense	(5,981)	(4,450)	(15,898)	(7,981)
Non-GAAP Presentation - Adjusted net income	\$17,042	\$9,175	\$43,574	\$15,316
GAAP Presentation - Diluted earnings per share ("EPS")	\$0.89	\$2.68	\$2.30	\$3.02
Adjusted for:				
Income tax expense (benefit)	0.31	(1.94)	0.84	(1.75)
Income before income taxes	1.20	0.74	3.14	1.27
Amortization of intangibles (3)	0.04	-	0.08	-
Adjusted income before income taxes	1.24	0.74	3.22	1.27
Provision for income tax expense (benefit) at effective rate	(0.32)	1.94	(0.86)	1.75
Tax benefit from revaluation of net deferred tax balances (4)	-	(2.18)	-	(2.18)
Adjusted income tax expense	(0.32)	(0.24)	(0.86)	(0.43)
Non-GAAP Presentation - Adjusted EPS	\$0.92	\$0.50	\$2.36	\$0.83

(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. Certain data necessary to complete the purchase price allocation for the Landair acquisition is open for adjustments during the measurement period. We believe the estimates used are reasonable, but are subject to change as additional information becomes available.

(4) "Tax benefit from revaluation of net deferred tax balances" reflects income tax benefit resulting primarily from our reasonable estimate of the revaluation of our net deferred tax balances at December 31, 2017 as a result of the enactment of the Tax Cuts and Jobs Act, signed into law on December 22, 2017.