

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,		
	<u>2019</u>	<u>2018</u>	<u>% Change</u>	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Freight revenue	\$209,890	\$244,008	-14.0%	\$800,401	\$779,729	2.7%
Fuel surcharge revenue	23,245	28,260		94,127	105,726	
Total revenue	\$233,135	\$272,268	-14.4%	\$894,528	\$885,455	1.0%
Operating expenses:						
Salaries, wages, and related expenses	82,621	92,825		321,997	304,447	
Fuel expense	29,449	31,446		115,307	121,264	
Operations and maintenance	14,691	14,723		59,505	55,505	
Revenue equipment rentals and purchased transportation	58,387	68,121		204,655	183,645	
Operating taxes and licenses	3,305	3,182		13,024	11,831	
Insurance and claims	11,966	12,064		47,724	43,333	
Communications and utilities	1,700	1,844		6,969	7,061	
General supplies and expenses	8,733	6,395		30,434	23,227	
Depreciation and amortization, including gains and losses on disposition of property and equipment	18,588	19,353		78,879	76,156	
Total operating expenses	229,440	249,953		878,494	826,469	
Operating income	3,695	22,315		16,034	58,986	
Interest expense, net	2,990	2,348		11,110	8,708	
(Income) loss from equity method investment	531	(2,325)		(7,017)	(7,732)	
Income before income taxes	174	22,292		11,941	58,010	
Income tax expense (benefit)	(988)	5,791		3,464	15,507	
Net income	\$1,162	\$16,501		\$8,477	\$42,503	

Basic earnings per share	\$0.06	\$0.90	\$0.46	\$2.32
Diluted earnings per share	\$0.06	\$0.89	\$0.45	\$2.30
Basic weighted average shares outstanding (000s)	18,462	18,347	18,435	18,340
Diluted weighted average shares outstanding (000s)	18,681	18,533	18,635	18,469

(\$000s)	Three Months Ended Dec 31,			Year Ended Dec 31,		
	<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	\$152,845	\$176,474	-13.4%	\$605,441	\$621,320	-2.6%
Managed freight revenues	57,045	67,534	-15.5%	194,960	158,409	23.1%
Freight revenue	\$209,890	\$244,008	-14.0%	\$800,401	\$779,729	2.7%

(\$000s)	<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	\$2.094	\$2.360	-11.3%	\$2.071	\$2.130
Average freight revenue per total mile	\$1.893	\$2.135	-11.3%	\$1.869	\$1.938	-3.6%
Average freight revenue per tractor per week	\$3,857	\$4,304	-10.4%	\$3,778	\$4,191	-9.9%
Average miles per tractor per period	26,774	26,493	1.1%	105,379	112,736	-6.5%
Weighted avg. tractors for period	3,015	3,120	-3.4%	3,073	2,843	8.1%
Tractors at end of period	3,021	3,154	-4.2%	3,021	3,154	-4.2%
Trailers at end of period	6,739	6,950	-3.0%	6,739	6,950	-3.0%

(\$000s, except per share data)	<u>SELECTED BALANCE SHEET DATA</u>	
	<u>12/31/2019</u>	<u>12/31/2018</u>
	Total assets	\$881,850
Total stockholders' equity	\$350,110	\$343,142
Total indebtedness, net of cash	\$304,573	\$254,544
Net Indebtedness to Capitalization Ratio	46.5%	42.6%
Tangible book value per basic share	\$15.07	\$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 Dec 31,</u>			<u>Year Ended Dec 31,</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	\$233,135	\$272,268		\$894,528	\$885,455	
Total operating expenses	229,440	249,953		878,494	826,469	
Operating income	\$3,695	\$22,315		\$16,034	\$58,986	
Operating ratio	98.4%	91.8%	660	98.2%	93.3%	490
Non-GAAP Presentation						
Total revenue	\$233,135	\$272,268		\$894,528	\$885,455	
Fuel surcharge revenue	(23,245)	(28,260)		(94,127)	(105,726)	
Freight revenue (total revenue, excluding fuel surcharge)	209,890	244,008		800,401	779,729	
Total operating expenses	229,440	249,953		878,494	826,469	
Adjusted for:						
Fuel surcharge revenue	(23,245)	(28,260)		(94,127)	(105,726)	
Amortization of intangibles (3)	(731)	(731)		(2,923)	(1,462)	
Adjusted operating expenses	205,464	220,962		781,444	719,281	
Adjusted operating income	4,426	23,046		18,957	60,448	
Adjusted operating ratio	97.9%	90.6%	730	97.6%	92.2%	540

(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 Dec 31,</u>		<u>Year Ended Dec 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
GAAP Presentation - Net income	\$1,162	\$16,501	\$8,477	\$42,503
Adjusted for:				
Income tax expense (benefit)	(988)	5,791	3,464	15,507
Income before income taxes	174	22,292	11,941	58,010
Amortization of intangibles (3)	731	731	2,923	1,462
Adjusted income before income taxes	905	23,023	14,864	59,472
Benefit from (provision for) income tax expense at effective rate	968	(5,981)	(4,312)	(15,898)
Impact of federal income tax adjustments (4)	-	-	849	-
Non-GAAP Presentation - Adjusted net income	\$1,873	\$17,042	\$11,401	\$43,574
GAAP Presentation - Diluted earnings per share ("EPS")	\$0.06	\$0.89	\$0.45	\$2.30
Adjusted for:				
Income tax expense	(0.05)	0.31	0.19	0.84
Income before income taxes	0.01	1.20	0.64	3.14
Amortization of intangibles (3)	0.04	0.04	0.16	0.08
Adjusted income before income taxes	0.05	1.24	0.80	3.22
Benefit from (provision for) income tax expense at effective rate	0.05	(0.32)	(0.23)	(0.86)
Impact of federal income tax adjustments (4)	-	-	0.05	-
Non-GAAP Presentation - Adjusted EPS	\$0.10	\$0.92	\$0.61	\$2.36

(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.