

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,		
	2018	2017	% Change	2018	2017	% Change
Freight revenue	\$214,623	\$159,500	34.6%	\$535,721	\$445,212	20.3%
Fuel surcharge revenue	28,680	19,131		77,466	56,489	
Total revenue	\$243,303	\$178,631	36.2%	\$613,187	\$501,701	22.2%
Operating expenses:						
Salaries, wages, and related expenses	86,249	60,732		211,621	178,639	
Fuel expense	33,428	25,998		89,817	76,310	
Operations and maintenance	16,457	13,046		40,783	37,504	
Revenue equipment rentals and purchased transportation	47,445	36,361		115,525	90,719	
Operating taxes and licenses	3,377	2,364		8,649	7,197	
Insurance and claims	12,675	7,681		31,269	24,313	
Communications and utilities	1,810	1,747		5,216	5,081	
General supplies and expenses	6,391	3,729		16,833	10,919	
Depreciation and amortization, including gains and losses on disposition of property and equipment	19,290	17,932		56,803	57,707	
Total operating expenses	227,122	169,590		576,516	488,389	
Operating income	16,181	9,041		36,671	13,312	
Interest expense, net	2,460	2,174		6,360	6,216	
Income from equity method investment	(2,142)	(750)		(5,407)	(2,575)	
Income before income taxes	15,863	7,617		35,718	9,671	
Income tax expense	4,249	2,985		9,716	3,530	
Net income	\$11,614	\$4,632		\$26,002	\$6,141	

Basic earnings per share	\$0.63	\$0.25	\$1.42	\$0.34
Diluted earnings per share	\$0.63	\$0.25	\$1.41	\$0.33
Basic weighted average shares outstanding (000s)	18,343	18,288	18,337	18,275
Diluted weighted average shares outstanding (000s)	18,497	18,424	18,448	18,373

(\$000s)	<u>Three Months Ended Sep 30,</u>			<u>Nine Months Ended Sep 30,</u>		
	2018	2017	% Change	2018	2017	% Change
	<u>SEGMENT REVENUES</u>			<u>SEGMENT REVENUES</u>		
Asset-based truckload revenues	\$168,373	\$133,935	25.7%	\$444,846	\$389,832	14.1%
Managed freight revenues	46,250	25,565	80.9%	90,875	55,380	64.1%
Freight revenue	\$214,623	\$159,500	34.6%	\$535,721	\$445,212	20.3%

	<u>OPERATING STATISTICS</u>			<u>OPERATING STATISTICS</u>		
	2018	2017	% Change	2018	2017	% Change
Average freight revenue per loaded mile	\$2.160	\$1.872	15.4%	\$2.051	\$1.827	12.3%
Average freight revenue per total mile	\$1.967	\$1.689	16.4%	\$1.870	\$1.642	13.9%
Average freight revenue per tractor per week	\$4,159	\$3,922	6.1%	\$4,149	\$3,810	8.9%
Average miles per tractor per period	27,797	30,511	-8.9%	86,523	90,489	-4.4%
Weighted avg. tractors for period	3,080	2,533	21.6%	2,749	2,557	7.5%
Tractors at end of period	3,077	2,550	20.7%	3,077	2,550	20.7%
Trailers at end of period	7,260	7,114	2.1%	7,260	7,114	2.1%

(\$000s, except per share data)	<u>SELECTED BALANCE SHEET DATA</u>	
	9/30/2018	12/31/2017
Total assets	\$747,482	\$649,668
Total stockholders' equity	\$326,150	\$295,201
Total balance sheet debt, net of cash	\$216,020	\$198,443
Net Debt to Capitalization Ratio	39.8%	40.2%
Tangible book value per basic share	\$13.72	\$16.11

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

(Dollars in thousands)

	Three Months Ended Sep 30,			Nine Months Ended Sep 30,		
	2018	2017	bps Change	2018	2017	bps Change
GAAP Presentation						
Total revenue	\$243,303	\$178,631		\$613,187	\$501,701	
Total operating expenses	227,122	169,590		576,516	488,389	
Operating income	\$16,181	\$9,041		\$36,671	\$13,312	
Operating ratio	93.3%	94.9%	-160	94.0%	97.3%	-330
Non-GAAP Presentation						
Total revenue	\$243,303	\$178,631		\$613,187	\$501,701	
Fuel surcharge revenue	(28,680)	(19,131)		(77,466)	(56,489)	
Freight revenue (total revenue, excluding fuel surcharge)	214,623	159,500		535,721	445,212	
Total operating expenses	227,122	169,590		576,516	488,389	
Adjusted for:						
Fuel surcharge revenue	(28,680)	(19,131)		(77,466)	(56,489)	
Amortization of intangibles (3)	(731)	-		(731)	-	
Adjusted operating expenses	197,711	150,459		498,319	431,900	
Adjusted operating income	16,912	9,041		37,402	13,312	
Adjusted operating ratio	92.1%	94.3%	-220	93.0%	97.0%	-400

(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") 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.

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

(Dollars in thousands)

	Three Months Ended Sep 30,		Nine Months Ended Sep 30,	
	2018	2017	2018	2017
GAAP Presentation - Net income	\$11,614	\$4,632	\$26,002	\$6,141
Adjusted for:				
Income tax expense	4,249	2,985	9,716	3,530
Income before income taxes	15,863	7,617	35,718	9,671
Amortization of intangibles (3)	731	-	731	-
Adjusted income before income taxes	16,594	7,617	36,449	9,671
Provision for income tax expense at effective rate	(4,445)	(2,985)	(9,915)	(3,530)
Non-GAAP Presentation - Adjusted net income	\$12,149	\$4,632	\$26,534	\$6,141
GAAP Presentation - Diluted earnings per share ("EPS")	\$0.63	\$0.25	\$1.41	\$0.33
Adjusted for:				
Income tax expense	0.23	0.16	0.53	0.19
Income before income taxes	0.86	0.41	1.94	0.53
Amortization of intangibles (3)	0.04	-	0.04	-
Adjusted income before income taxes	0.90	0.41	1.98	0.53
Provision for income tax expense at effective rate	(0.24)	(0.16)	(0.54)	(0.19)
Non-GAAP Presentation - Adjusted EPS	\$0.66	\$0.25	\$1.44	\$0.33

(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.