KNX 1Q20 Earnings Presentation

KNIGHT TRANSPORTATION

SWIFT TRANSPORTATION

Disclosure

This presentation, including documents incorporated herein by reference, will contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. Please review our disclosures in filings with the United States Securities and Exchange Commission.

Non-GAAP Financial Data

This presentation includes the use of adjusted operating income, operating ratio, adjusted operating ratio, adjusted net income, adjusted earnings per share, adjusted pre-tax income, return on net tangible assets, adjusted leverage ratio, available liquidity, and free cash flow, which are financial measures that are not in accordance with United States generally accepted accounting principles (“GAAP”). Each such measure is a supplemental non-GAAP financial measure that is used by management and external users of our financial statements, such as industry analysts, investors and lenders. While management believes such measures are useful for investors, they should not be used as a replacement for financial measures that are in accordance with GAAP. In addition, our use of these non-GAAP measures should not be interpreted as indicating that these or similar items could not occur in future periods. In addition, adjusted operating ratio excludes trucking segment fuel surcharges from revenue and nets these surcharges against fuel expense.

Disclosure

On September 8, 2017, pursuant to the Agreement and Plan of Merger, dated as of April 9, 2017, by Swift Transportation Company (“Swift”), Bishop Merger Sub, Inc., a direct wholly owned subsidiary of Swift, (“Merger Sub”), and Knight Transportation, Inc. (“Knight”), Merger Sub merged with and into Knight, with Knight surviving as a direct wholly owned subsidiary of Swift (the “2017 Merger”). Knight was the accounting acquirer and Swift was the legal acquirer in the 2017 Merger. In accordance with the accounting treatment applicable to the 2017 Merger, throughout this presentation, the reported results do not include the results of operations of Swift and its subsidiaries on and prior to the 2017 Merger date of September 8, 2017 (the “2017 Merger Date”). However, where indicated, certain historical information of Swift and its subsidiaries on and prior to the 2017 Merger Date, including their results of operations and certain operational statistics (collectively, the “Swift Historical Information”), has been provided. Management believes that presentation of the Swift Historical Information will be useful to investors. The Swift Historical Information has not been prepared in accordance with the rules of the Securities and Exchange Commission, including Article 11 of Regulation S-X, and it therefore does not reflect any of the pro forma adjustments that would be required by Article 11 of Regulation S-X. The Swift Historical Information does not purport to indicate the results that would have been obtained had the Swift and Knight businesses been operated together during the periods presented, or which may be realized in the future.

KNX Overview

Trucking

	Q1 '20	TTM Q1 '20
Revenue (ex. fuel surcharge and intersegment transactions)	$ 821M	$ 3,460M
Adjusted Operating Ratio [1]	86.5%	86.5%

- 13,340 irregular route tractors, 5,122 dedicated tractors, and 57,716 combined trailers
- Dry Van, Refrigerated, Dedicated, Flatbed, Drayage, and Expedited service offerings

Intermodal

	Q1 '20	TTM Q1 '20
Revenue (ex intersegment transactions)	$ 95M	$ 433M
Adjusted Operating Ratio [1]	102.8%	100.1%

- 601 tractors and 9,856 containers

Logistics

	Q1 '20	TTM Q1 '20
Revenue (ex intersegment transactions)	$ 77M	$ 333M
Adjusted Operating Ratio [1]	95.2%	94.3%

Shareholder Value

YTD 2020

- Free Cash Flow of $80M [2][3]
- Return on Net Tangible Assets of 12.4% [1]
- Adjusted Leverage Ratio of 1.19 [1]
- Repurchased $35M of our common stock
- $14M paid out in Dividends

1 See GAAP to non-GAAP reconciliation in the schedules following this presentation
2 Free Cash Flow is a non-GAAP measure defined as net cash provided by operating activities, less net capital expenditures.
3 Includes $93M for a legal settlement during the quarter associated with pre-2017 Merger legal matters that were previously accrued and disclosed by Swift

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First Quarter 2020 Comparative Results

Knight-Swift Consolidated		Q1 '20		Q1 '19	Change
	(Dollars in thousands, except per share data)				
Total revenue	$	1,124,798	$	1,204,535	(6.6 %)
Revenue xFSC	$	1,027,095	$	1,096,956	(6.4 %)
Operating income	$	102,119	$	116,299	(12.2 %)
Adj. Operating Income [1]	$	116,788	$	126,992	(8.0 %)
Net income attributable to Knight-Swift	$	65,426	$	87,938	(25.6 %)
Adj. Net income Attributable to Knight Swift [1]	$	76,205	$	96,181	(20.8 %)
Earnings per diluted share	$	0.38	$	0.51	(25.5 %)
Adj. EPS [1]	$	0.44	$	0.55	(20.0 %)

Adjustments

- $11.5M in Q1 2020 and $10.7M in Q1 2019 of amortization expense from mergers and acquisitions
- $0.9M in Q1 2020 of impairments
- $2.3M in Q1 2020 for COVID-19 incremental costs such as increased driver and shop mechanic pay and essential provisions for our driving associates

1 See GAAP to non-GAAP reconciliation in the schedules following this presentation

Operating Performance – Trucking

- 86.5% Adjusted Operating Ratio in Q1 2020 compared to 86.7% the previous year
- Tractor count of 18,462 during Q1 2020 was 2.5% lower than Q1 2019 and 1.2% lower than Q4 2019
- Miles per tractor improved slightly, 0.2%, over the prior year
- 87.6% Swift Truckload Adj. Operating Ratio
- 83.5% Knight Truckload Adj. Operating Ratio
- 3.1% reduction in revenue excluding fsc per loaded mile from Q1 2019
- 3.2% decrease in operating expenses per total miles driven year-over-year

Trucking Financial Metrics

	Q1 '20	Q1 '19	Change
	(Dollars in thousands)		
Revenue xFSC	$821,084	$865,630	(5.1 %)
Operating income	$107,334	$115,175	(6.8 %)
Adjusted Operating Income [1]	$110,805	$115,524	(4.1 %)
Operating ratio	88.3%	88.2%	10 bps
Adjusted Operating Ratio [1]	86.5%	86.7%	(20 bps)

Trucking Operating Statistics

	Q1 '20	Q1 '19	Change
Average revenue per tractor	$44,474	$45,718	(2.7 %)
Average tractors	18,462	18,934	(2.5 %)
Average trailers	57,716	58,934	(2.1 %)
Miles per tractor	22,568	22,523	0.2 %

1 See GAAP to non-GAAP reconciliation in the schedules following this presentation.

Operating Performance – Logistics

- 95.2% Adjusted Operating Ratio during Q1 2020 compared to 91.6% during the prior year
- 14.7% Brokerage Gross Margin during the quarter compared with 17.8% the prior year
- 3.8% reduction in Brokerage revenue per load
- 6.5% reduction in Brokerage load counts

Logistics Financial Metrics

	Q1 '20	Q1 '19	Change
	(Dollars in thousands)		
Revenue ex intersegment	$76,757	$87,191	(12.0 %)
Operating income	$3,719	$7,283	(48.9 %)
Operating ratio	95.3%	91.8%	350 bps
Adjusted Operating Ratio [1]	95.2%	91.6%	360 bps

Brokerage Only Operating Statistics

	Q1 '20	Q1 '19	Change
Revenue per load	$1,378	$1,432	(3.8 %)
Gross margin	14.7%	17.8%	(310 bps)

1 See GAAP to non-GAAP reconciliation in the schedules following this presentation.

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Operating Performance – Intermodal

- 102.8% Adjusted Operating Ratio during Q1 2020 compared with 98.0% the prior year
- 5.8% reduction in revenue per load
- 13.2% reduction in load counts

Intermodal Financial Metrics

	Q1 '20	Q1 '19	Change
	(Dollars in thousands)		
Revenue ex intersegment	$94,622	$115,677	(18.2 %)
Operating income/(loss)	$(2,737)	$2,361	(215.9 %)
Operating ratio	102.9%	98.0%	490 bps
Adjusted Operating Ratio [1]	102.8%	98.0%	480 bps

Intermodal Operating Statistics

	Q1 '20	Q1 '19	Change
Average revenue per load	$2,314	$2,456	(5.8 %)
Load count	40,889	47,109	(13.2 %)
Average tractors	601	693	(13.3 %)
Average containers	9,856	9,866	(0.1 %)

1 See GAAP to non-GAAP reconciliation in the schedules following this presentation.

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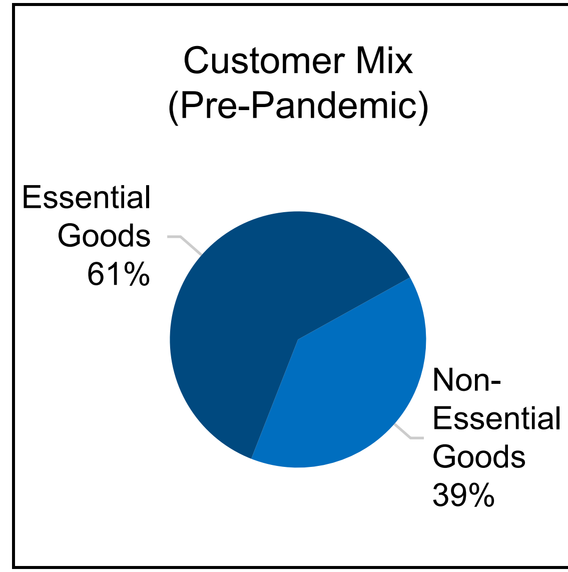
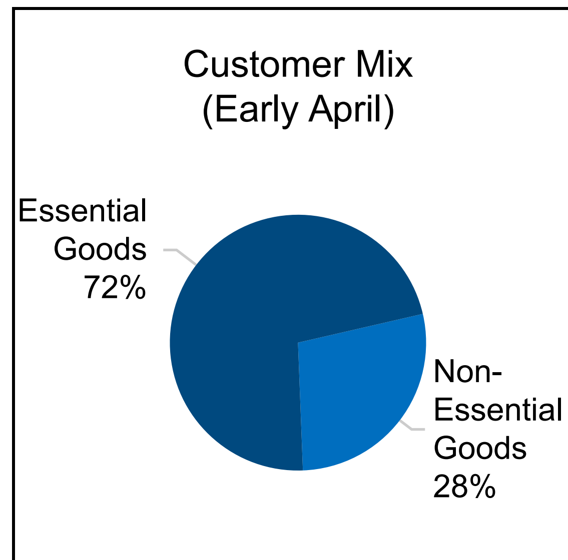
Diverse Customer Base

- Large base of customers shipping essential goods provides a stable source of freight volume
  - Customers with essential goods comprise 61% of Revenue pre-pandemic and 72% in early April
- Multiple brands and a diverse customer mix provide flexibility in our network
- Shifting capacity from retailers and other non-essential goods to support customers shipping essential goods





Strong Balance Sheet

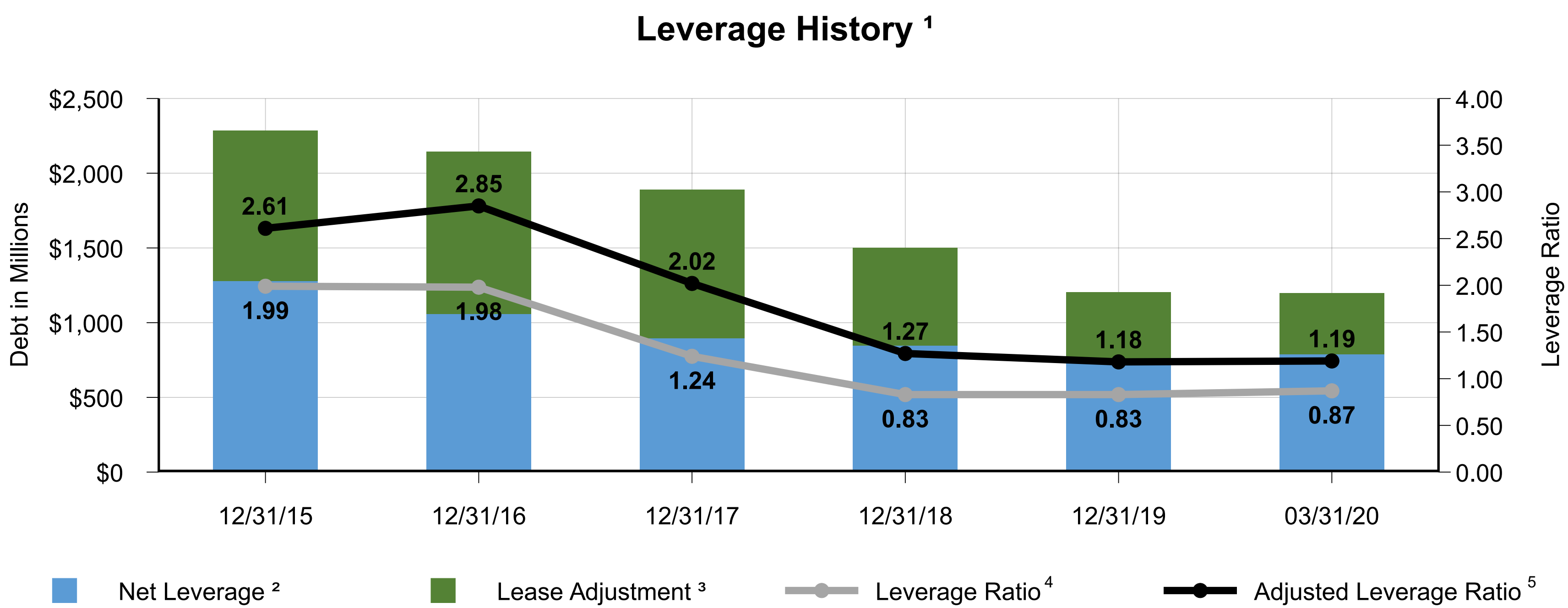
$622 Million of Available Liquidity

- $119M of Unrestricted Cash
- $475M available under the revolver
- $28M available under A/R facility

	Q1 2020 (in thousands)
Unrestricted Cash	**$ 119,132**
Total Revolver Commitment	*800,000*
Less Amounts Drawn	*294,000*
Less Amounts under LOC	*31,094*
Available Under Revolver	**474,906**
Total Available Under A/R	*276,500*
Less Amount Drawn	*180,000*
Less Amounts under LOC	*68,841*
Available Under A/R	**27,659**
Total Available Liquidity	**$ 621,697**

Historical Leverage Ratio

Historically low debt levels and improved Leverage Ratio provides additional flexibility



1 Based on historical reported results for Swift for periods prior to the 2017 Merger and for combined Knight-Swift results for periods subsequent to the 2017 Merger.
2 Net Leverage is on-balance sheet debt net of unrestricted cash and cash equivalents at the balance sheet date and is calculated in accordance with the provisions of Swift's senior credit facility for all periods prior to the 2017 Merger and Knight-Swift's senior credit facility for all periods subsequent to the 2017 Merger.
3 Lease Adjustment is management's estimated value of operating leases as if they were capital leases. This number is used by management for analysis purposes only and does not purport to be calculated in the same manner or intended for the same purpose as the right-of-use asset and liability calculations prescribed under US GAAP.
4 Leverage Ratio is calculated in accordance with the provisions of Swift's senior credit facility for all periods prior to the 2017 Merger and Knight-Swift's senior credit facility for all periods subsequent to the 2017 Merger.
5 Adjusted Leverage Ratio represents the Leverage Ratio adjusted to include the Lease Adjustment in Net Leverage while also adding back the corresponding rent expense into Adjusted EBITDA in order to calculate the adjusted leverage ratio. (Adjusted EBITDA is EBITDA less certain adjustments pursuant to the credit facilities.)

2020 Guidance and Market Outlook

Due to uncertainties regarding the duration and impact of the COVID-19 pandemic, Knight-Swift is suspending its previously announced annual guidance for 2020

April Trends

- Load volumes trending down in the mid to high single digits
- Downward pressure on revenue per loaded mile and miles per tractor
- Strong driver market

Market Outlook

- Soft used equipment market
- Net Capex for the full year expected to be between $515M-$540M
- Continued capacity reduction in the Industry

Appendix

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Adjusted Operating Income and Adjusted Operating Ratio [1]

	Quarter Ended March 31,	
	2020	**2019**
GAAP Presentation	**(Dollars in thousands)**	
Total revenue	$ 1,124,798	$ 1,204,535
Total operating expenses	(1,022,679)	(1,088,236)
Operating income	$ 102,119	$ 116,299
Operating ratio	90.9%	90.3%
Non-GAAP Presentation		
Total revenue	$ 1,124,798	$ 1,204,535
Trucking fuel surcharge	(97,703)	(107,579)
Revenue, excluding trucking fuel surcharge	1,027,095	1,096,956
Total operating expenses	1,022,679	1,088,236
Adjusted for:		
Trucking fuel surcharge	(97,703)	(107,579)
Amortization of intangibles [2]	(11,474)	(10,693)
Impairments [3]	(902)	—
COVID-19 incremental costs [4]	(2,293)	—
Adjusted Operating Expenses	910,307	969,964
Adjusted Operating Income	$ 116,788	$ 126,992
Adjusted Operating Ratio	88.6%	88.4%

1 Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating ratio to consolidated non-GAAP Adjusted Operating Ratio.

2 "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in the 2017 Merger and other acquisitions.

3 "Impairments" primarily reflects the non-cash impairment of trailer tracking equipments.

4 "COVID-19 incremental costs" reflects costs incurred during the first quarter of 2020 that were directly attributable to the pandemic and were incremental to those incurred prior to the outbreak. These include payroll premiums paid to our drivers and shop mechanics, additional disinfectants and cleaning supplies, and various other pandemic-specific items. The costs are clearly separable from our normal business operations and are not expected to recur once the pandemic subsides.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS [1]

	Quarter Ended March 31,	
	2020	2019
	(Dollars In thousands)	
GAAP: Net income attributable to Knight-Swift	$ 65,426	$ 87,938
Adjusted for:		
Income tax expense attributable to Knight-Swift	24,554	27,923
Income before income taxes attributable to Knight-Swift	89,980	115,861
Amortization of intangibles [2]	11,474	10,693
Impairments [3]	902	—
COVID-19 incremental costs [4]	2,293	—
Adjusted income before income taxes	104,649	126,554
Provision for income tax expense at effective rate	(28,444)	(30,373)
Non-GAAP: Adjusted Net Income Attributable to Knight-Swift	$ 76,205	$ 96,181

1 Pursuant to the requirements of Regulation G, these tables reconcile consolidated GAAP net income attributable to Knight-Swift to non-GAAP consolidated Adjusted Net Income Attributable to Knight-Swift and consolidated GAAP diluted earnings per share to non-GAAP consolidated Adjusted EPS.
2 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 2.
3 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 3.
4 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 4.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS [1]

	Quarter Ended March 31,	
	2020	2019
GAAP: Earnings per diluted share	$ 0.38	$ 0.51
Adjusted for:		
Income tax expense attributable to Knight-Swift	0.14	0.16
Income before income taxes attributable to Knight-Swift	0.53	0.67
Amortization of intangibles [2]	0.07	0.06
Impairments [3]	0.01	—
COVID-19 incremental costs [4]	0.01	—
Adjusted income before income taxes	0.61	0.73
Provision for income tax expense at effective rate	(0.17)	(0.17)
Non-GAAP: Adjusted EPS	$ 0.44	$ 0.55

Note: Because the numbers reflected in the table above are calculated on a per share basis, they may not foot due to rounding.

1 Pursuant to the requirements of Regulation G, these tables reconcile consolidated GAAP diluted earnings per share to non-GAAP consolidated Adjusted EPS.
2 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 2.
3 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 3.
4 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 4.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Segment Adjusted Operating Income and Adjusted Operating Ratio [1]

	Quarter Ended March 31,	
Trucking Segment	**2020**	**2019**
GAAP Presentation	**(Dollars in thousands)**	
Total revenue	$ 919,061	$ 973,245
Total operating expenses	(811,727)	(858,070)
Operating income	$ 107,334	$ 115,175
Operating ratio	88.3%	88.2%
Non-GAAP Presentation		
Total revenue	$ 919,061	$ 973,245
Fuel surcharge	(97,703)	(107,579)
Intersegment transactions	(274)	(36)
Revenue, excluding fuel surcharge and intersegment transactions	821,084	865,630
Total operating expenses	811,727	858,070
Adjusted for:		
Fuel surcharge	(97,703)	(107,579)
Intersegment transactions	(274)	(36)
Amortization of intangibles [2]	(324)	(349)
Impairments [3]	(902)	—
COVID-19 incremental costs [4]	(2,245)	—
Adjusted Operating Expenses	710,279	750,106
Adjusted Operating Income	$ 110,805	$ 115,524
Adjusted Operating Ratio	86.5%	86.7%

1 Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating ratio to consolidated non-GAAP Adjusted Operating Ratio.

2 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 2.

3 "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in the Abilene Acquisition and historical Knight acquisitions.

4 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 4.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Segment Adjusted Operating Income and Adjusted Operating Ratio [1]

	Quarter Ended March 31,	
Logistics Segment	**2020**	**2019**
GAAP Presentation	**(Dollars in thousands)**	
Total revenue	$ 79,198	$ 88,952
Total operating expenses	(75,479)	(81,669)
Operating income	$ 3,719	$ 7,283
Operating ratio	95.3%	91.8%
Non-GAAP Presentation		
Total revenue	$ 79,198	$ 88,952
Intersegment transactions	(2,441)	(1,761)
Revenue, excluding intersegment transactions	76,757	87,191
Total operating expenses	75,479	81,669
Adjusted for:		
Intersegment transactions	(2,441)	(1,761)
Adjusted Operating Expenses	73,038	79,908
Adjusted Operating Income	$ 3,719	$ 7,283
Adjusted Operating Ratio	95.2%	91.6%

1 Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating ratio to consolidated non-GAAP Adjusted Operating Ratio.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Segment Adjusted Operating Income and Adjusted Operating Ratio [1]

	Quarter Ended March 31,			
Intermodal Segment	2020		2019	
GAAP Presentation	(Dollars in thousands)			
Total revenue	$	94,731	$	116,367
Total operating expenses		(97,468)		(114,006)
Operating (loss) income	$	(2,737)	$	2,361
Operating ratio		102.9%		98.0%
Non-GAAP Presentation				
Total revenue	$	94,731	$	116,367
Intersegment transactions		(109)		(690)
Revenue, excluding intersegment transactions		94,622		115,677
Total operating expenses		97,468		114,006
Adjusted for:				
Intersegment transactions		(109)		(690)
COVID-19 incremental costs [2]		(48)		—
Adjusted Operating Expenses		97,311		113,316
Adjusted Operating (Loss) Income	$	(2,689)	$	2,361
Adjusted Operating Ratio		102.8%		98.0%

1 Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating ratio to consolidated non-GAAP Adjusted Operating Ratio.

2 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 4.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Segment Adjusted Operating Income and Adjusted Operating Ratio — Trailing Twelve Months [1]

Trucking Segment	Three Months Ended March 31, 2020	Year Ended December 31, 2019	Three Months Ended March 31, 2019	TTM March 31, 2020
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 919,061	$ 3,952,866	$ 973,245	$ 3,898,682
Total operating expenses	(811,727)	(3,484,117)	(858,070)	(3,437,774)
Operating income	$ 107,334	$ 468,749	$ 115,175	$ 460,908
Operating ratio	88.3%	88.1%	88.2%	88.2%
Non-GAAP Presentation				
Total revenue	$ 919,061	$ 3,952,866	$ 973,245	$ 3,898,682
Fuel surcharge	(97,703)	(448,618)	(107,579)	(438,742)
Intersegment transactions	(274)	(157)	(36)	(395)
Revenue, excluding fuel surcharge and intersegment transactions	821,084	3,504,091	865,630	3,459,545
Total operating expenses	811,727	3,484,117	858,070	3,437,774
Adjusted for:				
Fuel surcharge	(97,703)	(448,618)	(107,579)	(438,742)
Intersegment transactions	(274)	(157)	(36)	(395)
Amortization of intangibles [2]	(324)	(1,371)	(349)	(1,346)
Impairments [3]	(902)	(2,417)	—	(3,319)
COVID-19 incremental costs [4]	(2,245)	—	—	(2,245)
Adjusted Operating Expenses	710,279	3,031,554	750,106	2,991,727
Adjusted Operating Income	$ 110,805	$ 472,537	$ 115,524	$ 467,818
Adjusted Operating Ratio	86.5%	86.5%	86.7%	86.5%

1 Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating ratio to consolidated non-GAAP Adjusted Operating Ratio.

2 "Impairments" primarily reflects the non-cash impairment of trailer tracking equipment for first quarter of 2020. We incurred $0.2 million of impairment charges in the fourth quarter of 2019, which were associated with certain revenue equipment technology and certain Swift legacy trailer models as a result of a softer used equipment market. In addition to these fourth quarter 2019 impairment charges, full-year 2019 includes $2.2 million of impaired leasehold improvements from an early termination of a lease of one of our operating properties.

3 "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in historical Knight acquisitions.

4 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 4.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Segment Adjusted Operating Income and Adjusted Operating Ratio — Trailing Twelve Months [1]

Logistics Segment	Three Months Ended March 31, 2020	Year Ended December 31, 2019	Three Months Ended March 31, 2019	TTM March 31, 2020
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 79,198	$ 352,988	$ 88,952	$ 343,234
Total operating expenses	(75,479)	(331,119)	(81,669)	(324,929)
Operating income	$ 3,719	$ 21,869	$ 7,283	$ 18,305
Operating ratio	95.3%	93.8%	91.8%	94.7%
Non-GAAP Presentation				
Total revenue	$ 79,198	$ 352,988	$ 88,952	$ 343,234
Intersegment transactions	(2,441)	(9,105)	(1,761)	(9,785)
Revenue, excluding intersegment transactions	76,757	343,883	87,191	333,449
Total operating expenses	75,479	331,119	81,669	324,929
Adjusted for:				
Intersegment transactions	(2,441)	(9,105)	(1,761)	(9,785)
Impairments [2]	—	(621)	—	(621)
Adjusted Operating Expenses	73,038	321,393	79,908	314,523
Adjusted Operating Income	$ 3,719	$ 22,490	$ 7,283	$ 18,926
Adjusted Operating Ratio	95.2%	93.5%	91.6%	94.3%

1 Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating ratio to consolidated non-GAAP Adjusted Operating Ratio.

2 We incurred impairment charges in the fourth quarter of 2019, which were associated with certain revenue equipment technology and warehousing equipment no longer in use.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Segment Adjusted Operating Income and Adjusted Operating Ratio — Trailing Twelve Months [1]

Intermodal Segment	Three Months Ended March 31, 2020	Year Ended December 31, 2019	Three Months Ended March 31, 2019	TTM March 31, 2020
GAAP Presentation		(Dollars in thousands)		
Total revenue	$ 94,731	$ 455,466	$ 116,367	$ 433,830
Total operating expenses	(97,468)	(450,965)	(114,006)	(434,427)
Operating (loss) income	$ (2,737)	$ 4,501	$ 2,361	$ (597)
Operating ratio	102.9%	99.0%	98.0%	100.1%
Non-GAAP Presentation				
Total revenue	$ 94,731	$ 455,466	$ 116,367	$ 433,830
Intersegment transactions	(109)	(1,488)	(690)	(907)
Revenue, excluding intersegment transactions	94,622	453,978	115,677	432,923
Total operating expenses	97,468	450,965	114,006	434,427
Adjusted for:				
Intersegment transactions	(109)	(1,488)	(690)	(907)
COVID-19 incremental costs [2]	(48)	—	—	(48)
Adjusted Operating Expenses	97,311	449,477	113,316	433,472
Adjusted Operating (Loss) Income	$ (2,689)	$ 4,501	$ 2,361	$ (549)
Adjusted Operating Ratio	102.8%	99.0%	98.0%	100.1%

1 Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating ratio to consolidated non-GAAP Adjusted Operating Ratio.

2 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 4.

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Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Return on Net Tangible Assets [1]

	March 31, 2020	March 31, 2019
	(Dollars in thousands)	
Total Assets	$ 8,288,323	$ 8,081,142
Adjusted for:		
Intangible assets, net	(1,423,666)	(1,410,227)
Goodwill	(2,923,382)	(2,919,222)
Tangible Assets	$ 3,941,275	$ 3,751,693
Total Liabilities	$ 2,597,999	$ 2,536,519
Adjusted for:		
Revolving line of credit, finance lease obligations, and long-term debt	(726,880)	(545,757)
Accounts receivable securitization	(179,801)	(174,645)
Deferred income tax liabilities	(785,588)	(730,516)
Non-Interest Bearing Liabilities, excluding deferred income tax liabilities	$ 905,730	$ 1,085,601
Net Tangible Assets	$ 3,035,545	$ 2,666,092
Average Net Tangible Assets	2,850,819	
Adjusted Net Income	$ 353,106	
Return on Net Tangible Assets	12.4%	

1 Pursuant to the requirements of Regulation G, this table reconciles Total Assets and Total Liabilities to Average Net Tangible Assets.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Adjusted Income Before Income Taxes and Adjusted Net Income [1]

	Three Months Ended March 31, 2020	Year Ended December 31, 2019	Three Months Ended March 31, 2019	TTM March 31, 2020
	(Dollars in thousands)			
GAAP: Net income attributable to Knight-Swift	$ 65,426	309,206	87,938	286,694
Adjusted for:				
Income tax expense attributable to Knight-Swift	24,554	103,798	27,923	100,429
Income before income taxes attributable to Knight-Swift	89,980	413,004	115,861	387,123
Amortization of intangibles [2]	11,474	42,876	10,693	43,657
Impairments [3]	902	3,486	—	4,388
Legal accruals [4]	—	35,840	—	35,840
COVID-19 incremental costs [5]	2,293	—	—	2,293
Adjusted income before income taxes	104,649	495,206	126,554	473,301
Provision	(28,444)	(122,124)	(30,373)	(120,195)
Adjusted net income	$ 76,205	$ 373,082	$ 96,181	$ 353,106

1 Pursuant to the requirements of Regulation G, this table reconciles Knight-Swift's GAAP Income before income taxes to Knight-Swift's Adjusted Income before Income Taxes and Adjusted Net Income.

2 "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in the 2017 Merger, Abilene Acquisition, and other acquisitions.

3 "Impairments" primarily reflects the non-cash impairment of trailer tracking equipments for first quarter of 2020. We incurred $1.3 million of impairment charges in the fourth quarter of 2019, which were associated with certain revenue equipment technology, warehousing equipment no longer in use, and certain Swift legacy trailer models as a result of a softer used equipment market. The impairments were recorded across various segments, depending on the nature of the impairment. In addition to these fourth quarter 2019 impairment charges, full-year 2019 includes $2.2 million of impaired leasehold improvements from an early termination of a lease of one of our operating properties.

4 "Legal accruals" in the fourth quarter of 2019 include additional legal costs within the non-reportable segments, reflecting revised estimates for various pre-2017 Merger legal matters which were previously disclosed by Swift. The amounts are included in "Miscellaneous operating expenses" in the condensed consolidated statements of comprehensive income.

5 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 4.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited): *Net Leverage, Adjusted Net Leverage, Leverage Ratio and Adjusted Leverage Ratio* [1]		
		TTM March 31, 2020
		($ in thousands)
Term loan	$	365,000
Revolving line of credit		294,000
Accounts receivable securitization		180,000
Other secured debt and finance leases		67,997
Total face value of debt		906,997
Unrestricted cash and cash equivalents		(119,132)
Non-GAAP: Net Leverage		787,865
Operating Lease Adjustment [2]		407,921
Non-GAAP: Adjusted Net Leverage	$	1,195,786
Non-GAAP: Net Leverage	$	787,865
Non-GAAP: Earnings before interest, taxes, depreciation and amortization ("EBITDA")	$	907,395
Non-GAAP: Leverage Ratio		0.87
Non-GAAP: Adjusted Net Leverage	$	1,195,786
Non-GAAP: Earnings before interest, taxes, depreciation and amortization, and rent ("EBITDAR")	$	1,005,329
Non-GAAP: Adjusted Leverage Ratio		1.19

1 Pursuant to the requirements of Regulation G, these tables reconcile consolidated GAAP net income attributable to Knight-Swift to non-GAAP consolidated EBITDAR, Net Leverage, Adjusted Net Leverage, and Adjusted Leverage Ratio.

2 Operating Lease Adjustment is management's estimated value of operating leases as if they were finance leases. This number is used by management for analysis purposes only and does not purport to be calculated in the same manner or intended for the same purpose as the right-of-use asset and lease liability calculations prescribed under US GAAP.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") and Earnings before Interest, Taxes, Depreciation, Amortization, and Rent ("EBITDAR") [1]

	March 31, 2020	December 31, 2019	March 31, 2019	TTM March 31, 2020
		($ in thousands)		
GAAP: Net income	$ 65,783	$ 310,178	$ 88,183	$ 287,778
Adjusted for:				
Income tax expense	24,554	103,798	27,923	100,429
Interest expense	6,107	29,433	7,348	28,192
Depreciation and amortization of property and equipment	110,221	420,082	100,937	429,366
Amortization of intangibles	11,474	42,876	10,693	43,657
Impairments	902	3,486	—	4,388
Interest income	832	(3,834)	1,016	(4,018)
Other non-cash losses (gains), net [2]	9,215	6,288	(2,100)	17,603
Non-GAAP: Earnings before interest, taxes, depreciation and amortization ("EBITDA")	229,088	912,307	234,000	907,395
Adjusted for:				
Equipment Rental Expense [3]	20,224	109,724	32,014	97,934
Non-GAAP: Earnings before interest, taxes, depreciation and amortization, and rent ("EBITDAR")	$ 249,312	$ 1,022,031	$ 266,014	$ 1,005,329

1 Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP net income attributable to Knight-Swift to non-GAAP consolidated EBITDA and EBITDAR.
2 "Other non-cash losses (gains), net" includes non-cash stock compensation expense, unrealized positions on equity securities, and other various items.
3 "Equipment Rental Expense" consists rental expense paid for leases on our revenue equipment.