



# Fourth Quarter and Full Year 2017 Financial Results

## Echo Global Logistics, Inc.

February 7, 2018

# Forward-Looking Statements

*All statements made in this presentation, other than statements of historical fact, are or may be deemed to be forward-looking statements under the federal securities laws. We can give no assurance that any future results discussed in these statements will occur. These statements are based on current plans and expectations of Echo Global Logistics, Inc. and involve risks, uncertainties and other factors that may cause our actual results, performance or achievements to be different from any future results, performance or achievements expressed or implied by these statements. Information concerning these risks, uncertainties and other factors is contained under the headings "Risk Factors" and "Forward-Looking Statements" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2016, and other filings with the Securities and Exchange Commission. Any forward-looking statements represent our views only as of today and should not be relied upon as representing our views as of any subsequent date. Echo Global Logistics, Inc. undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

# 2017 Financial Review

<i>dollars in millions except per share data</i> (unaudited)	Three months ended December 31,			Year ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Revenue	\$ 547.7	\$ 406.9	34.6%	\$ 1,943.1	\$ 1,716.2	13.2%
Net revenue <sup>(1)</sup>	\$ 96.2	\$ 71.7	34.2%	\$ 339.0	\$ 318.6	6.4%
Net income (loss)	\$ 13.3	\$ (3.0)	550.1%	\$ 12.6	\$ 1.6	694.1%
Non-GAAP EBITDA <sup>(1)</sup>	\$ 21.0	\$ 9.1	130.5%	\$ 61.8	\$ 60.8	1.7%
Fully diluted earnings (loss) per share	\$ 0.48	\$ (0.10)	560.1%	\$ 0.45	\$ 0.05	730.3%
Non-GAAP fully diluted EPS <sup>(1)(2)</sup>	\$ 0.33	\$ 0.07	400.1%	\$ 0.86	\$ 0.83	3.3%

<sup>(1)</sup> For a description and reconciliation of these non-GAAP financial measures to the nearest comparable GAAP financial measures, please refer to the Appendix included in this presentation.

<sup>(2)</sup> For the three months ended December 31, 2016, 481,273 incremental shares related to stock-based awards were not included in the computation of fully diluted loss per share because of the net loss during the period. Diluted shares used in the reconciliation of non-GAAP fully diluted EPS for this period was 28,728,837.

## Key Takeaways

- The increase in fourth quarter 2017 revenue and corresponding net revenue was due to growth in our transactional and managed transportation business across all modes.
- The increase in fourth quarter 2017 non-GAAP EBITDA was due to the increase in net revenue.

# Revenue by Mode

<i>dollars in millions</i> (unaudited)	Three months ended December 31,			Year ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Truckload ("TL") revenue	\$ 379.8	\$ 274.9	38.2%	\$ 1,322.3	\$ 1,160.8	13.9%
Less than truckload ("LTL") revenue	141.2	108.9	29.7%	520.6	452.3	15.1%
Intermodal revenue	16.9	15.9	6.2%	67.4	73.1	(7.7)%
Other revenue	9.8	7.2	35.2%	32.8	30.0	9.3%
<b>Revenue</b>	<b>\$ 547.7</b>	<b>\$ 406.9</b>	<b>34.6%</b>	<b>\$ 1,943.1</b>	<b>\$ 1,716.2</b>	<b>13.2%</b>

## Key Takeaways

- Fourth quarter 2017 TL (includes Partial TL) revenue growth was driven by a 28% increase in revenue per shipment along with an 8% increase in volume.
- Fourth quarter 2017 LTL revenue growth was driven by a 17% increase in volume and an 11% increase in revenue per shipment.

# Revenue by Client Type

<i>dollars in millions</i> (unaudited)	Three months ended December 31,		
	2017	2016	% Change
Transactional revenue	\$ 433.2	\$ 328.8	31.8%
Managed Transportation revenue	114.5	78.1	46.6%
<b>Revenue</b>	<b>\$ 547.7</b>	<b>\$ 406.9</b>	<b>34.6%</b>

Year ended December 31,		
2017	2016	% Change
\$ 1,538.8	\$ 1,395.9	10.2%
404.3	320.3	26.2%
<b>\$ 1,943.1</b>	<b>\$ 1,716.2</b>	<b>13.2%</b>

## Key Takeaways

- The fourth quarter 2017 increase in Transactional revenue was driven by a 23% increase in revenue per shipment along with a 7% increase in volume.
- The fourth quarter 2017 increase in Managed Transportation revenue was primarily driven by the addition of new clients, along with an increase in revenue from existing clients.

# Net Revenue and Revenue Analysis

dollars in millions (unaudited)	Three months ended December 31,			Year ended December 31,		
	2017	2016	Change	2017	2016	Change
Net revenue <sup>(1)</sup>	\$ 96.2	\$ 71.7	34.2%	\$ 339.0	\$ 318.6	6.4%
Net revenue margin	17.6%	17.6%	(6) bps	17.4%	18.6%	(111) bps
TL revenue mix	69.4%	67.6%	179 bps	68.1%	67.6%	41 bps
LTL revenue mix	25.8%	26.8%	(97) bps	26.8%	26.4%	43 bps
Intermodal revenue mix	3.1%	3.9%	(83) bps	3.5%	4.3%	(79) bps
Other revenue mix	1.7%	1.7%	1 bps	1.6%	1.7%	(5) bps
Transactional revenue mix	79.1%	80.8%	(171) bps	79.2%	81.3%	(214) bps
Managed Transportation revenue mix	20.9%	19.2%	171 bps	20.8%	18.7%	214 bps

<sup>(1)</sup> Non-GAAP financial measure calculated as revenue less transportation costs. For a description and reconciliation of this non-GAAP financial measure to the nearest comparable GAAP financial measure, please refer to the Appendix included in this presentation.

## Key Takeaways

- Net revenue margin remained flat quarter over quarter, while the sequential net revenue margin increased 55 bps due to an increase in TL margin.
- The fourth quarter 2017 increase in our Managed Transportation revenue mix is due to the acquisition of new clients and the continued growth of our current clients.

# Expense Summary

<i>dollars in millions</i> <i>(unaudited)</i>	Three months ended December 31,			Year ended December 31,		
	2017	2016	Change	2017	2016	Change
Revenue	\$ 547.7	\$ 406.9	34.6%	\$ 1,943.1	\$ 1,716.2	13.2%
Net revenue <sup>(1)</sup>	\$ 96.2	\$ 71.7	34.2%	\$ 339.0	\$ 318.6	6.4%
Commission expense	\$ 29.5	\$ 21.7	35.9%	\$ 103.1	\$ 95.6	7.8%
<i>Percent of net revenue</i>	<i>30.7%</i>	<i>30.3%</i>	<i>39 bps</i>	<i>30.4%</i>	<i>30.0%</i>	<i>39 bps</i>
Change in contingent consideration	\$ 0.4	\$ (0.0)	NM	\$ 1.0	\$ (0.1)	NM
<i>Percent of net revenue</i>	<i>0.4%</i>	<i>(0.1)%</i>	<i>47 bps</i>	<i>0.3%</i>	<i>(0.0)%</i>	<i>33 bps</i>
Stock compensation expense	\$ 1.9	\$ 2.0	(3.4)%	\$ 9.0	\$ 13.1	(31.3)%
<i>Percent of net revenue</i>	<i>2.0%</i>	<i>2.8%</i>	<i>(77) bps</i>	<i>2.7%</i>	<i>4.1%</i>	<i>(146) bps</i>
Other selling, general and administrative	\$ 45.7	\$ 40.9	11.8%	\$ 174.1	\$ 162.2	7.4%
<i>Percent of net revenue</i>	<i>47.5%</i>	<i>57.0%</i>	<i>(952) bps</i>	<i>51.4%</i>	<i>50.9%</i>	<i>45 bps</i>
Selling, general and administrative expense	\$ 77.5	\$ 64.5	20.1%	\$ 287.2	\$ 270.8	6.1%
<i>Percent of net revenue</i>	<i>80.5%</i>	<i>90.0%</i>	<i>(944) bps</i>	<i>84.7%</i>	<i>85.0%</i>	<i>(29) bps</i>
Depreciation	\$ 5.1	\$ 4.6	10.9%	\$ 18.5	\$ 16.3	13.2%
<i>Percent of net revenue</i>	<i>5.2%</i>	<i>6.4%</i>	<i>(111) bps</i>	<i>5.5%</i>	<i>5.1%</i>	<i>32 bps</i>
Amortization	\$ 3.5	\$ 3.9	(9.5)%	\$ 14.2	\$ 15.8	(9.9)%
<i>Percent of net revenue</i>	<i>3.7%</i>	<i>5.5%</i>	<i>(178) bps</i>	<i>4.2%</i>	<i>5.0%</i>	<i>(76) bps</i>
Cash interest expense	\$ 1.7	\$ 1.7	0.6%	\$ 6.7	\$ 6.6	0.9%
<i>Percent of net revenue</i>	<i>1.8%</i>	<i>2.4%</i>	<i>(59) bps</i>	<i>2.0%</i>	<i>2.1%</i>	<i>(11) bps</i>
Non-cash interest expense	\$ 2.1	\$ 1.9	5.9%	\$ 8.1	\$ 7.6	5.9%
<i>Percent of net revenue</i>	<i>2.1%</i>	<i>2.7%</i>	<i>(57) bps</i>	<i>2.4%</i>	<i>2.4%</i>	<i>(1) bps</i>

<sup>(1)</sup> For a description and reconciliation of this non-GAAP financial measure to the nearest comparable GAAP financial measure, please refer to the Appendix included in this presentation.

## Key Takeaways

- Fourth quarter 2017 commission expense increased due to higher net revenue.
- The increase in other selling, general and administrative expense for fourth quarter 2017 was related to an increased investment in technology, along with an expansion of our sales force and operating personnel.

# Cash Flow and Balance Sheet Data

## Selected Cash Flow Data

<i>dollars in millions</i>	Three months ended December 31,			Year ended December 31,		
	2017	2016	% Change	2017	2016	% Change
	(unaudited)			(unaudited)		
Cash generated from operations	\$ 7.5	\$ 4.6	62.2%	\$ 48.7	\$ 59.7	(18.4)%
Capital expenditures	(6.0)	(9.6)	(37.9)%	(20.7)	(46.9)	(55.8)%
Free cash flow <sup>(1)</sup>	\$ 1.5	\$ (5.0)	130.2%	\$ 28.0	\$ 12.8	117.8%

<sup>(1)</sup> For a description of this non-GAAP financial measure to the nearest comparable GAAP financial measure, please refer to Slide 9 of this presentation.

## Selected Balance Sheet Data

<i>dollars in millions</i>	As of December 31,	
	2017	2016
	(unaudited)	
Cash and cash equivalents	\$ 23.5	\$ 16.6
Accounts receivable, net of allowance for doubtful accounts	309.7	231.4
Current assets	348.3	268.3
Current liabilities	234.3	167.9
Convertible notes, net of unamortized discount/issuance costs	210.9	203.6
Stockholders' equity	\$ 358.9	\$ 358.1



# Appendix

## Non-GAAP Financial Measures

*This presentation includes the following financial measures defined as "Non-GAAP Financial Measures" by the Securities and Exchange Commission: Net revenue, Non-GAAP EBITDA, Non-GAAP fully diluted EPS and Free cash flow. Net revenue is calculated as revenue less transportation costs. Non-GAAP EBITDA is defined as net income (loss) excluding the effects of changes in contingent consideration, depreciation, amortization, stock compensation expense, cash and non-cash interest expense, interest income, remeasurement of the net deferred tax liability resulting from the Tax Cuts and Jobs Act ("TCJA") and income taxes. Non-GAAP fully diluted EPS is defined as fully diluted earnings (loss) per share excluding changes in contingent consideration, amortization, non-cash interest expense, stock compensation expense, remeasurement of the net deferred tax liability resulting from the TCJA and the tax effect of these adjustments. Free cash flow is defined as net cash provided by operating activities reduced by capital expenditures. A reconciliation of Net revenue, Non-GAAP EBITDA and Non-GAAP fully diluted EPS to the most comparable GAAP measure is included on the next slide. A reconciliation of Free cash flow to the most comparable GAAP measure is included on Slide 8. We believe such measures provide useful information to investors because they provide information about the financial performance of the Company's ongoing business.*

*Net revenue, Non-GAAP EBITDA, Non-GAAP fully diluted EPS and Free cash flow are used by management in its financial and operational decision-making and evaluation of overall operating performance. These measures may be different from similar measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with generally accepted accounting principles. Please refer to the slides that follow for a reconciliation of each non-GAAP financial measure to the nearest comparable GAAP financial measure.*

# Appendix

## Reconciliation of Non-GAAP Financial Measures

dollars in millions except per share data  
(unaudited)

	Three months ended December 31,			Year ended December 31,		
	2017	2016	% change	2017	2016	% change
<b>Revenue</b>	\$ 547.7	\$ 406.9	34.6%	\$ 1,943.1	\$ 1,716.2	13.2%
Transportation costs	451.5	335.1	34.7%	1,604.0	1,397.6	14.8%
<b>Net revenue <sup>(1)</sup></b>	<b>\$ 96.2</b>	<b>\$ 71.7</b>	<b>34.2%</b>	<b>\$ 339.0</b>	<b>\$ 318.6</b>	<b>6.4%</b>
<b>Net income (loss)</b>	<b>\$ 13.3</b>	<b>\$ (3.0)</b>	<b>550.1%</b>	<b>\$ 12.6</b>	<b>\$ 1.6</b>	<b>694.1%</b>
Change in contingent consideration	0.4	(0.0)	NM	1.0	(0.1)	NM
Depreciation	5.1	4.6	10.9%	18.5	16.3	13.2%
Amortization	3.5	3.9	(9.5)%	14.2	15.8	(9.9)%
Non-cash interest expense	2.1	1.9	5.9%	8.1	7.6	5.9%
Stock compensation expense	1.9	2.0	(3.4)%	9.0	13.1	(31.3)%
Cash interest expense	1.7	1.7	0.6%	6.7	6.6	0.9%
Remeasurement of net deferred tax liability resulting from the TCJA	(8.9)	—	NM	(8.9)	—	NM
Income tax expense (benefit)	2.0	(2.0)	200.8%	0.7	(0.2)	425.9%
<b>Non-GAAP EBITDA <sup>(1)</sup></b>	<b>\$ 21.0</b>	<b>\$ 9.1</b>	<b>130.5%</b>	<b>\$ 61.8</b>	<b>\$ 60.8</b>	<b>1.7%</b>
<b>Fully diluted earnings (loss) per share</b>	<b>\$ 0.48</b>	<b>\$ (0.10)</b>	<b>560.1%</b>	<b>\$ 0.45</b>	<b>\$ 0.05</b>	<b>730.3%</b>
Change in contingent consideration	0.01	(0.00)	NM	0.04	(0.00)	NM
Amortization	0.13	0.14	(5.9)%	0.51	0.54	(5.8)%
Non-cash interest expense	0.07	0.07	10.1%	0.29	0.26	10.8%
Stock compensation expense	0.07	0.07	0.4%	0.32	0.45	(28.2)%
Remeasurement of net deferred tax liability resulting from the TCJA	(0.32)	—	NM	(0.32)	—	NM
Tax effect of adjustments	(0.12)	(0.10)	(12.8)%	(0.43)	(0.47)	8.7%
<b>Non-GAAP fully diluted EPS <sup>(1) (2)</sup></b>	<b>\$ 0.33</b>	<b>\$ 0.07</b>	<b>400.1%</b>	<b>\$ 0.86</b>	<b>\$ 0.83</b>	<b>3.3%</b>

<sup>(1)</sup> For a description of this non-GAAP financial measure to the nearest comparable GAAP financial measure, please refer to Slide 9 included in this presentation.

<sup>(2)</sup> For the three months ended December 31, 2016, 481,273 incremental shares related to stock-based awards were not included in the computation of diluted loss per share because of the net loss during the period. Diluted shares used in the reconciliation of non-GAAP fully diluted EPS was 28,728,837.

# Historical Financial Statements

dollars in millions, except per share data

(unaudited)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017
Transactional revenue	\$ 332.0	\$ 362.0	\$ 373.1	\$ 328.8	\$ 1,395.9	\$ 333.0	\$ 371.4	\$ 401.2	\$ 433.2	\$ 1,538.8
Managed transportation revenue	73.3	81.8	87.1	78.1	320.3	82.8	98.7	108.4	114.5	404.3
<b>Revenue</b>	<b>405.3</b>	<b>443.8</b>	<b>460.2</b>	<b>406.9</b>	<b>1,716.2</b>	<b>415.8</b>	<b>470.1</b>	<b>509.5</b>	<b>547.7</b>	<b>1,943.1</b>
Transportation costs	324.5	358.6	379.3	335.1	1,397.6	341.3	388.5	422.8	451.5	1,604.0
<b>Net revenue <sup>(1)</sup></b>	<b>80.8</b>	<b>85.2</b>	<b>80.9</b>	<b>71.7</b>	<b>318.6</b>	<b>74.5</b>	<b>81.6</b>	<b>86.7</b>	<b>96.2</b>	<b>339.0</b>
Commission expense	24.8	25.2	23.8	21.7	95.6	22.4	24.7	26.5	29.5	103.1
Change in contingent consideration	(0.2)	0.0	0.0	(0.0)	(0.1)	0.1	0.2	0.3	0.4	1.0
Stock compensation expense	5.3	3.8	2.0	2.0	13.1	2.7	2.4	2.0	1.9	9.0
Other selling, general and administrative	39.5	41.5	40.3	40.9	162.2	42.1	42.8	43.5	45.7	174.1
<b>Selling, general and administrative expense</b>	<b>69.5</b>	<b>70.5</b>	<b>66.3</b>	<b>64.5</b>	<b>270.8</b>	<b>67.2</b>	<b>70.2</b>	<b>72.3</b>	<b>77.5</b>	<b>287.2</b>
Depreciation	3.5	3.6	4.6	4.6	16.3	4.5	4.4	4.6	5.1	18.5
Amortization	4.0	4.0	3.9	3.9	15.8	3.6	3.6	3.6	3.5	14.2
<b>Depreciation and amortization</b>	<b>7.5</b>	<b>7.6</b>	<b>8.5</b>	<b>8.5</b>	<b>32.1</b>	<b>8.0</b>	<b>8.0</b>	<b>8.1</b>	<b>8.6</b>	<b>32.7</b>
<b>Income (Loss) from operations</b>	<b>3.8</b>	<b>7.0</b>	<b>6.0</b>	<b>(1.3)</b>	<b>15.6</b>	<b>(0.8)</b>	<b>3.4</b>	<b>6.3</b>	<b>10.1</b>	<b>19.1</b>
Cash interest expense	1.6	1.6	1.6	1.7	6.6	1.7	1.7	1.6	1.7	6.7
Non-cash interest expense	1.9	1.9	1.9	1.9	7.6	2.0	2.0	2.0	2.1	8.1
<b>Interest expense, net</b>	<b>3.5</b>	<b>3.5</b>	<b>3.6</b>	<b>3.6</b>	<b>14.2</b>	<b>3.6</b>	<b>3.7</b>	<b>3.7</b>	<b>3.8</b>	<b>14.7</b>
<b>Income (Loss) before provision for income taxes</b>	<b>0.3</b>	<b>3.5</b>	<b>2.5</b>	<b>(4.9)</b>	<b>1.4</b>	<b>(4.4)</b>	<b>(0.2)</b>	<b>2.6</b>	<b>6.4</b>	<b>4.3</b>
Income tax expense (benefit)	0.1	1.6	0.1	(2.0)	(0.2)	(1.5)	0.0	0.2	(7.0)	(8.3)
<b>Net income (loss)</b>	<b>\$ 0.3</b>	<b>\$ 1.9</b>	<b>\$ 2.4</b>	<b>\$ (3.0)</b>	<b>\$ 1.6</b>	<b>\$ (2.9)</b>	<b>\$ (0.2)</b>	<b>\$ 2.4</b>	<b>\$ 13.3</b>	<b>\$ 12.6</b>
<b>Fully diluted earnings (loss) per share</b>	<b>\$ 0.01</b>	<b>\$ 0.07</b>	<b>\$ 0.08</b>	<b>\$ (0.10)</b>	<b>\$ 0.05</b>	<b>\$ (0.10)</b>	<b>\$ (0.01)</b>	<b>\$ 0.09</b>	<b>\$ 0.48</b>	<b>\$ 0.45</b>
Diluted shares <sup>(2)</sup>	29.8	29.6	29.1	28.2	29.3	28.2	28.0	27.6	27.6	28.0

<sup>(1)</sup> Net revenue is a Non-GAAP Financial Measure calculated as revenue less transportation costs.

<sup>(2)</sup> For the three months ended June 30, 2017, March 31, 2017, and December 31, 2016, 239,440, 423,796 and 481,273 incremental shares, respectively, related to stock-based awards were not included in the computation of diluted loss per share because of the net loss during the period. Diluted shares used in the calculation of non-GAAP fully diluted EPS for the three months ended June 30, 2017, March 31, 2017 and December 31, 2016 were 28,255,562, 28,579,093 and 28,728,837, respectively.