

The logo for ECHO, featuring the word "ECHO" in a bold, blue, sans-serif font, followed by three green vertical bars of varying heights.

Transportation Simplified<sup>®</sup>

A wide-angle photograph of a large, modern open-plan office. Numerous employees are seated at long white desks, each equipped with multiple computer monitors. The office has a high ceiling with exposed ductwork and large windows. In the background, a large screen displays the ECHO logo. The overall atmosphere is professional and busy.

# Second Quarter 2018 Financial Results

Echo Global Logistics, Inc.

July 25, 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. These statements are forward-looking statements under the federal securities laws. We can give no assurance that any future results discussed in these statements will be achieved. These statements are based on current plans and expectations of Echo Global Logistics 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, 2017 and other filings with the Securities and Exchange Commission.*

# Second Quarter 2018 Financial Review

<i>dollars in millions, except per share data</i> (unaudited)	Three months ended June 30,		
	2018	2017	% Change
Revenue	\$ 634.8	\$ 470.1	35.0%
Net revenue <sup>(1)</sup>	\$ 106.8	\$ 81.6	30.8%
Net income (loss)	\$ 7.7	\$ (0.2)	NM
EBITDA <sup>(1)</sup>	\$ 22.1	\$ 11.4	94.0%
Adjusted EBITDA <sup>(1)</sup>	\$ 24.4	\$ 14.0	74.0%
Fully diluted earnings (loss) per share	\$ 0.28	\$ (0.01)	NM
Non-GAAP fully diluted EPS <sup>(1)(2)</sup>	\$ 0.46	\$ 0.18	160.1%

<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 June 30, 2017, 239,440 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 28,255,562.

## Key Takeaways

- The increase in revenue and corresponding net revenue was due to growth in rates and volume in our Transactional and Managed Transportation businesses in the TL and LTL modes.
- The increase in second quarter 2018 Adjusted EBITDA was the result of a 31% increase in net revenue, with an increase in other selling, general and administrative expenses of only 17%.

# Revenue by Mode

<i>dollars in millions</i> <i>(unaudited)</i>	Three months ended June 30,		
	2018	2017	% Change
Truckload ("TL") revenue	\$ 443.7	\$ 314.7	41.0%
Less than truckload ("LTL") revenue	160.6	129.9	23.6%
Other revenue	30.5	25.5	19.7%
<b>Revenue</b>	<b>\$ 634.8</b>	<b>\$ 470.1</b>	<b>35.0%</b>

## **Key Takeaways**

- TL (includes Partial TL) revenue growth was driven by a 31% increase in revenue per shipment, along with a 7% increase in volume.
- LTL revenue growth was driven by a 13% increase in revenue per shipment and a 9% increase in volume.

# Revenue by Client Type

<i>dollars in millions</i> <i>(unaudited)</i>	Three months ended June 30,			
	2018	2017		% Change
Transactional revenue	\$ 502.8	\$ 371.4		35.4%
Managed Transportation revenue	132.0	98.7		33.8%
<b>Revenue</b>	<b>\$ 634.8</b>	<b>\$ 470.1</b>		<b>35.0%</b>

## **Key Takeaways**

- The increase in Transactional revenue was driven by rate and volume increases in the TL and LTL modes.
- The Managed Transportation revenue increase 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 June 30,			Change
	2018	2017		
Net revenue <sup>(1)</sup>	\$ 106.8	\$ 81.6		30.8%
Net revenue margin	16.8%	17.4%		(54) bps
TL revenue mix	69.9%	66.9%		296 bps
LTL revenue mix	25.3%	27.6%		(234) bps
Other revenue mix	4.8%	5.5%		(62) bps
Transactional revenue mix	79.2%	79.0%		20 bps
Managed Transportation revenue mix	20.8%	21.0%		(20) 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

- In the second quarter of 2018, the year over year decrease in net revenue margin was the result of increased fuel costs and a decline in net revenue margin within our Managed Transportation business.
- The increase in our TL revenue mix was driven by an increase in revenue per shipment, along with an increase in volume.
- Our Transactional and Managed Transportation revenue mixes remained consistent as compared to the second quarter of 2017.

# Expense Summary

<i>dollars in millions</i> (unaudited)	Three months ended June 30,				
	2018		2017		Change
Revenue	\$	634.8	\$	470.1	35.0%
Net revenue <sup>(1)</sup>	\$	106.8	\$	81.6	30.8%
Commission expense	\$	32.4	\$	24.7	30.8%
<i>Percent of net revenue</i>		30.3%		30.3%	(1) bps
Change in contingent consideration	\$	0.1	\$	0.2	(74.3)%
<i>Percent of net revenue</i>		0.0%		0.2%	(19) bps
Stock compensation expense	\$	2.2	\$	2.4	(8.4)%
<i>Percent of net revenue</i>		2.1%		3.0%	(89) bps
Other selling, general and administrative	\$	50.0	\$	42.8	16.7%
<i>Percent of net revenue</i>		46.8%		52.5%	(566) bps
Selling, general and administrative expenses	\$	84.6	\$	70.2	20.6%
<i>Percent of net revenue</i>		79.3%		86.0%	(675) bps
Depreciation	\$	5.8	\$	4.4	31.6%
<i>Percent of net revenue</i>		5.4%		5.4%	3 bps
Amortization	\$	3.2	\$	3.6	(9.5)%
<i>Percent of net revenue</i>		3.0%		4.4%	(135) bps
Cash interest expense	\$	1.6	\$	1.7	(2.5)%
<i>Percent of net revenue</i>		1.5%		2.1%	(52) bps
Non-cash interest expense	\$	2.1	\$	2.0	5.9%
<i>Percent of net revenue</i>		2.0%		2.5%	(47) bps
Non-GAAP tax rate		24.5%		37.1%	

Note: Amounts may not foot due to rounding.

(1) 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

- Commission expense increased due to higher net revenue.
- The increase in other selling, general and administrative expenses was related to an increased investment in technology, along with the growth of our sales force and operating personnel.

# Cash Flow and Balance Sheet Data

## Selected Cash Flow Data

<i>dollars in millions</i> (unaudited)	Three months ended June 30,		% Change
	2018	2017	
Cash generated from operations	\$ 17.0	\$ 11.3	50.9%
Capital expenditures	(5.6)	(5.5)	2.1%
Free cash flow <sup>(1)</sup>	\$ 11.4	\$ 5.8	97.7%

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

## Selected Balance Sheet Data

<i>dollars in millions</i>	June 30,	December 31,
	2018	2017
	(unaudited)	
Cash and cash equivalents	\$ 44.7	\$ 23.5
Accounts receivable, net of allowance for doubtful accounts	393.3	309.7
Current assets	455.2	348.3
Current liabilities	311.7	234.3
Convertible notes, net of unamortized discount/issuance costs	214.8	210.9
Stockholders' equity	\$ 378.2	\$ 358.9



# 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, EBITDA, Adjusted EBITDA, Non-GAAP fully diluted EPS and Free cash flow. Net revenue is calculated as revenue less transportation costs. EBITDA is defined as net income (loss) excluding the effects of depreciation, amortization, cash and non-cash interest expense and income taxes. Adjusted EBITDA is defined as EBITDA (as previously defined) excluding the effects of changes in contingent consideration and stock compensation expense. 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 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, EBITDA, Adjusted 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, EBITDA, Adjusted 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 Slide 8 and 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

	Three Months Ended June 30,		% change
	2018	2017	
<i>dollars in millions, except per share data</i>			
	(unaudited)		
<b>Revenue</b>	<b>\$ 634.8</b>	<b>\$ 470.1</b>	<b>35.0%</b>
Transportation costs	528.0	388.5	35.9%
<b>Net revenue <sup>(1)</sup></b>	<b>\$ 106.8</b>	<b>\$ 81.6</b>	<b>30.8%</b>
<b>Net income (loss)</b>	<b>\$ 7.7</b>	<b>\$ (0.2)</b>	<b>NM</b>
Depreciation	5.8	4.4	31.6%
Amortization	3.2	3.6	(9.5)%
Non-cash interest expense	2.1	2.0	5.9%
Cash interest expense	1.6	1.7	(2.5)%
Income tax expense	1.7	0.0	NM
<b>EBITDA <sup>(1)</sup></b>	<b>\$ 22.1</b>	<b>\$ 11.4</b>	<b>94.0%</b>
Change in contingent consideration	0.1	0.2	(74.3)%
Stock compensation expense	2.2	2.4	(8.4)%
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$ 24.4</b>	<b>\$ 14.0</b>	<b>74.0%</b>
<b>Fully diluted earnings (loss) per share</b>	<b>\$ 0.28</b>	<b>\$ (0.01)</b>	<b>NM</b>
Change in contingent consideration	0.00	0.01	(73.9)%
Amortization	0.12	0.13	(8.2)%
Non-cash interest expense	0.08	0.07	7.4%
Stock compensation expense	0.08	0.09	(7.1)%
Tax effect of adjustments	(0.09)	(0.10)	14.8%
<b>Non-GAAP fully diluted EPS <sup>(1)(2)</sup></b>	<b>\$ 0.46</b>	<b>\$ 0.18</b>	<b>160.1%</b>

Note: Amounts may not foot due to rounding.

<sup>(1)</sup>For a description of these "non-GAAP Financial measures," please refer to the first page of the Appendix to this presentation.

<sup>(2)</sup>For the three months ended June 30, 2017, 239,440 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 28,255,562.

# Historical Financial Statements

dollars in millions, except per share data

(unaudited)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018
Transactional revenue	\$ 333.0	\$ 371.4	\$ 401.2	\$ 433.2	\$ 1,538.8	\$ 453.1	\$ 502.8
Managed Transportation revenue	82.8	98.7	108.4	114.5	404.3	124.0	132.0
<b>Revenue</b>	<b>415.8</b>	<b>470.1</b>	<b>509.5</b>	<b>547.7</b>	<b>1,943.1</b>	<b>577.1</b>	<b>634.8</b>
Transportation costs	341.3	388.5	422.8	451.5	1,604.0	477.2	528.0
<b>Net revenue <sup>(1)</sup></b>	<b>74.5</b>	<b>81.6</b>	<b>86.7</b>	<b>96.2</b>	<b>339.0</b>	<b>99.9</b>	<b>106.8</b>
Commission expense	22.4	24.7	26.5	29.5	103.1	30.2	32.4
Change in contingent consideration	0.1	0.2	0.3	0.4	1.0	0.1	0.1
Stock compensation expense	2.7	2.4	2.0	1.9	9.0	2.5	2.2
Other selling, general and administrative	42.1	42.8	43.5	45.7	174.1	47.8	50.0
<b>Selling, general and administrative expenses</b>	<b>67.2</b>	<b>70.2</b>	<b>72.3</b>	<b>77.5</b>	<b>287.2</b>	<b>80.5</b>	<b>84.6</b>
Depreciation	4.5	4.4	4.6	5.1	18.5	5.7	5.8
Amortization	3.6	3.6	3.6	3.5	14.2	3.2	3.2
<b>Depreciation and amortization</b>	<b>8.0</b>	<b>8.0</b>	<b>8.1</b>	<b>8.6</b>	<b>32.7</b>	<b>8.9</b>	<b>9.0</b>
<b>(Loss) Income from operations</b>	<b>(0.8)</b>	<b>3.4</b>	<b>6.3</b>	<b>10.1</b>	<b>19.1</b>	<b>10.5</b>	<b>13.1</b>
Cash interest expense	1.7	1.7	1.6	1.7	6.7	1.7	1.6
Non-cash interest expense	2.0	2.0	2.0	2.1	8.1	2.1	2.1
<b>Interest expense, net</b>	<b>3.6</b>	<b>3.7</b>	<b>3.7</b>	<b>3.8</b>	<b>14.7</b>	<b>3.8</b>	<b>3.8</b>
<b>(Loss) Income before provision for income taxes</b>	<b>(4.4)</b>	<b>(0.2)</b>	<b>2.6</b>	<b>6.4</b>	<b>4.3</b>	<b>6.7</b>	<b>9.4</b>
Income tax benefit (expense)	1.5	(0.0)	(0.2)	7.0	8.3	(2.0)	(1.7)
<b>Net (loss) income</b>	<b>\$ (2.9)</b>	<b>\$ (0.2)</b>	<b>\$ 2.4</b>	<b>\$ 13.3</b>	<b>\$ 12.6</b>	<b>\$ 4.7</b>	<b>\$ 7.7</b>
<b>Fully diluted (loss) earnings per share</b>	<b>\$ (0.10)</b>	<b>\$ (0.01)</b>	<b>\$ 0.09</b>	<b>\$ 0.48</b>	<b>\$ 0.45</b>	<b>\$ 0.17</b>	<b>\$ 0.28</b>
Diluted shares <sup>(2)</sup>	28.2	28.0	27.6	27.6	28.0	27.7	27.9

Note: Amounts may not foot due to rounding.

<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 and March 31, 2017, 239,440 and 423,796 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 as of June 30, 2017 and March 31, 2017 were 28,255,562 and 28,579,093, respectively.