



# Fourth Quarter and Full Year 2019 Financial Results

## Echo Global Logistics, Inc.

February 5, 2020

# 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, 2018 and other filings with the Securities and Exchange Commission (the "SEC").*

# 2019 Financial Review

<i>dollars in millions except per share data</i> (unaudited)	Three Months Ended December 31,			Year ended December 31,		
	2019	2018	% Change	2019	2018	% Change
Revenue	\$ 531.7	\$ 583.0	(8.8)%	\$ 2,185.0	\$ 2,439.7	(10.4)%
Net revenue <sup>(1)</sup>	\$ 89.7	\$ 102.4	(12.4)%	\$ 386.0	\$ 420.4	(8.2)%
Net income	\$ 1.4	\$ 6.9	(79.3)%	\$ 14.8	\$ 28.7	(48.3)%
EBITDA <sup>(1)</sup>	\$ 14.6	\$ 23.1	(36.9)%	\$ 72.9	\$ 90.2	(19.2)%
Adjusted EBITDA <sup>(1)</sup>	\$ 17.5	\$ 25.6	(31.5)%	\$ 84.1	\$ 100.2	(16.0)%
Fully diluted EPS	\$ 0.05	\$ 0.25	(78.2)%	\$ 0.55	\$ 1.03	(46.2)%
Non-GAAP fully diluted EPS <sup>(1)</sup>	\$ 0.26	\$ 0.47	(44.9)%	\$ 1.45	\$ 1.88	(22.7)%

<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.

## Key Takeaways

- The decrease in fourth quarter 2019 revenue and net revenue was due to a decrease in truckload revenue per shipment.
- The decrease in fourth quarter 2019 Adjusted EBITDA was the result of the decrease in net revenue, primarily due to the decrease in truckload rates.

# Revenue by Mode

<i>dollars in millions</i> <i>(unaudited)</i>	Three months ended December 31,			Year ended December 31,		
	2019	2018	% Change	2019	2018	% Change
Truckload ("TL") revenue	\$ 352.1	\$ 396.3	(11.2)%	\$ 1,437.6	\$ 1,686.4	(14.8)%
Less Than Truckload ("LTL") revenue	159.0	164.3	(3.2)%	646.6	638.4	1.3 %
Other revenue	20.5	22.3	(7.9)%	100.8	114.9	(12.3)%
<b>Revenue</b>	<b>\$ 531.7</b>	<b>\$ 583.0</b>	<b>(8.8)%</b>	<b>\$ 2,185.0</b>	<b>\$ 2,439.7</b>	<b>(10.4)%</b>

Note: Amounts may not foot due to rounding.

## Key Takeaways

- Fourth quarter 2019 TL (includes Partial TL) revenue decline was driven by a softer TL market. TL revenue per shipment decreased 12%, while volume increased 1%.
- Fourth quarter 2019 LTL revenue decline was driven by a 2% decrease in volume and a 1% decline in revenue per shipment.

# Revenue by Client Type

<i>dollars in millions</i> <i>(unaudited)</i>	Three months ended December 31,		
	2019	2018	% Change
Transactional revenue	\$ 411.2	\$ 449.3	(8.5)%
Managed Transportation revenue	120.5	133.6	(9.8)%
<b>Revenue</b>	<b>\$ 531.7</b>	<b>\$ 583.0</b>	<b>(8.8)%</b>

Year ended December 31,		
2019	2018	% Change
\$ 1,684.9	\$ 1,915.6	(12.0)%
500.1	524.1	(4.6)%
<b>\$ 2,185.0</b>	<b>\$ 2,439.7</b>	<b>(10.4)%</b>

Note: Amounts may not foot due to rounding.

## Key Takeaways

- The fourth quarter 2019 decrease in Transactional revenue was primarily driven by a 13% decrease in TL revenue per shipment, offset by a 2% increase in volume across all modes.
- The fourth quarter 2019 decrease in Managed Transportation revenue was driven by a decrease in both volume and revenue per shipment.

# Net Revenue and Revenue Analysis

dollars in millions (unaudited)	Three months ended December 31,			Year ended December 31,		
	2019	2018	Change	2019	2018	Change
Net revenue <sup>(1)</sup>	\$ 89.7	\$ 102.4	(12.4)%	\$ 386.0	\$ 420.4	(8.2)%
Net revenue margin <sup>(1)</sup>	16.9 %	17.6 %	(70) bps	17.7 %	17.2 %	44 bps
TL revenue mix	66.2 %	68.0 %	(176) bps	65.8 %	69.1 %	(333) bps
LTL revenue mix	29.9 %	28.2 %	172 bps	29.6 %	26.2 %	343 bps
Other revenue mix	3.9 %	3.8 %	4 bps	4.6 %	4.7 %	(10) bps
Transactional revenue mix	77.3 %	77.1 %	26 bps	77.1 %	78.5 %	(141) bps
Managed Transportation revenue mix	22.7 %	22.9 %	(26) bps	22.9 %	21.5 %	141 bps

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

## Key Takeaways

- The fourth quarter 2019 decrease in net revenue margin resulted from a decrease in TL net revenue margin.
- The increase in LTL revenue mix was driven by lower TL revenue per shipment.

# Expense Summary

<i>dollars in millions</i> (unaudited)	Three months ended December 31,			Year ended December 31,		
	2019	2018	Change	2019	2018	Change
Revenue	\$ 531.7	\$ 583.0	(8.8)%	\$ 2,185.0	\$ 2,439.7	(10.4)%
Net revenue <sup>(1)</sup>	\$ 89.7	\$ 102.4	(12.4)%	\$ 386.0	\$ 420.4	(8.2)%
Commission expense	\$ 26.8	\$ 31.1	(13.8)%	\$ 117.0	\$ 126.8	(7.8)%
<i>Percent of net revenue</i>	29.9 %	30.4 %	(46) bps	30.3 %	30.2 %	13 bps
Change in contingent consideration	\$ 0.5	\$ 0.3	95.0 %	\$ 1.1	\$ 0.4	156.2 %
<i>Percent of net revenue</i>	0.6 %	0.3 %	31 bps	0.3 %	0.1 %	17 bps
Acquisition-related transaction costs	\$ —	0.0	(100.0)%	\$ —	0.3	(100.0)%
<i>Percent of net revenue</i>	—	0.0 %	(1) bps	—	0.1 %	(7) bps
Stock compensation expense	\$ 2.4	\$ 2.2	10.6 %	\$ 10.2	\$ 9.3	9.7 %
<i>Percent of net revenue</i>	2.7 %	2.1 %	57 bps	2.6 %	2.2 %	43 bps
Other selling, general and administrative	\$ 45.3	\$ 45.7	(0.9)%	\$ 184.9	\$ 193.4	(4.4)%
<i>Percent of net revenue</i>	50.5 %	44.6 %	589 bps	47.9 %	46.0 %	191 bps
Selling, general and administrative expense	\$ 75.1	\$ 79.3	(5.3)%	\$ 313.1	\$ 330.2	(5.2)%
<i>Percent of net revenue</i>	83.7 %	77.4 %	630 bps	81.1 %	78.5 %	257 bps
Depreciation	\$ 6.7	\$ 6.2	8.6 %	\$ 26.6	\$ 23.6	12.6 %
<i>Percent of net revenue</i>	7.5 %	6.1 %	146 bps	6.9 %	5.6 %	127 bps
Amortization	\$ 2.8	\$ 3.3	(14.4)%	\$ 11.8	\$ 13.0	(9.4)%
<i>Percent of net revenue</i>	3.1 %	3.2 %	(7) bps	3.1 %	3.1 %	(4) bps
Cash interest expense	\$ 1.3	\$ 1.5	(18.1)%	\$ 5.3	\$ 6.5	(18.2)%
<i>Percent of net revenue</i>	1.4 %	1.5 %	(10) bps	1.4 %	1.5 %	(17) bps
Non-cash interest expense	\$ 1.6	\$ 2.7	(41.7)%	\$ 7.3	\$ 9.1	(19.1)%
<i>Percent of net revenue</i>	1.8 %	2.7 %	(89) bps	1.9 %	2.2 %	(26) bps
Non-GAAP tax rate	27.5 %	26.1 %		25.4 %	25.1 %	

Note: Amounts may not foot due to rounding.

<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 2019 commission expense decreased due to lower net revenue.
- Other selling, general and administrative expense for the fourth quarter 2019 decreased primarily as a result of lower compensation expense, partially offset by increased technology investments.



# Cash Flow and Balance Sheet Data

## Selected Cash Flow Data

<i>dollars in millions</i>	Three months ended December 31,			Year ended December 31,		
	2019	2018	% Change	2019	2018	% Change
	<b>(unaudited)</b>			<b>(unaudited)</b>		
Cash generated from operations	\$ 16.0	\$ 31.2	(48.8)%	\$ 84.5	\$ 94.2	(10.3)%
Capital expenditures	(5.1)	(4.6)	10.2 %	(23.9)	(24.1)	(0.7)%
Free cash flow <sup>(1)</sup>	\$ 10.9	\$ 26.6	(59.0)%	\$ 60.6	\$ 70.1	(13.6)%

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

## Selected Balance Sheet Data

<i>dollars in millions</i>	As of December 31,	
	2019	2018
	<b>(unaudited)</b>	
Cash and cash equivalents	\$ 34.6	\$ 40.3
Accounts receivable, net of allowance for doubtful accounts	287.0	337.4
Current assets	336.2	393.7
Current liabilities	230.4	266.9
Convertible notes, net of unamortized discount/issuance costs	156.3	183.2
Stockholders' equity	\$ 383.3	\$ 389.9

## Key Takeaways

- During the fourth quarter 2019, the Company repurchased 176K shares of its common stock for \$3.6M.



# Guidance

## Q1 2020

- Revenue: \$530M - \$570M
- Commission: 30.0% - 30.5%
- G&A Costs: \$46.5M - \$49.5M
- Depreciation: \$6.9M
- Cash Interest: \$1.3M
- Share Count: 26.6M
- Non-GAAP Tax Rate: 25.0%

## Excluded for Non-GAAP:

- Amortization: \$2.8M
- Non-cash Interest: \$1.6M
- Stock Compensation: \$2.8M

## First Quarter 2020 Trends

- January per business day revenue up 1%
- January per business day TL shipments up 7%
- January net revenue margin approximately 16.3%

## FY 2020

- Revenue: \$2.25B - \$2.45B
- Commission: 29.75% - 30.25%
- G&A Costs: \$197M - \$207M
- Depreciation: \$28.5M
- Cash Interest: \$6.0M
- Share Count: 26.6M
- Non-GAAP Tax Rate: 25.0%
- Capital Expenditures: \$25M - \$27M

## Excluded for Non-GAAP:

- Amortization: \$11.0M
- Non-cash Interest: \$2.4M
- Stock Compensation: \$10.6M

# Appendix

## Non-GAAP Financial Measures

*This presentation includes the following financial measures defined as "Non-GAAP financial measures" by the SEC: Net revenue, net revenue margin, EBITDA, Adjusted EBITDA, Non-GAAP fully diluted EPS and Free cash flow. Net revenue is calculated as revenue less transportation costs. Net revenue margin is calculated as net revenue (as previously defined) divided by revenue. EBITDA is defined as net income 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 changes in acquisition-related transaction costs, contingent consideration and stock compensation expense. Non-GAAP fully diluted EPS is defined as fully diluted EPS excluding changes in contingent consideration, amortization, acquisition-related transaction costs, 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, net revenue margin, 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 this slide for a reconciliation of each non-GAAP financial measure to the nearest comparable GAAP financial measure.*

# Appendix

## Reconciliation of Non-GAAP Financial Measures

<i>dollars in millions except per share data (unaudited)</i>	Three Months Ended December 31,			Year Ended December 31,		
	2019	2018	% change	2019	2018	% change
<b>Revenue</b>	\$ 531.7	\$ 583.0	(8.8)%	\$ 2,185.0	\$ 2,439.7	(10.4)%
Transportation costs	442.0	480.5	(8.0)%	1,798.9	2,019.3	(10.9)%
<b>Net revenue <sup>(1)</sup></b>	<b>\$ 89.7</b>	<b>\$ 102.4</b>	<b>(12.4)%</b>	<b>\$ 386.0</b>	<b>\$ 420.4</b>	<b>(8.2)%</b>
<b>Net income</b>	<b>\$ 1.4</b>	<b>\$ 6.9</b>	<b>(79.3)%</b>	<b>\$ 14.8</b>	<b>\$ 28.7</b>	<b>(48.3)%</b>
Depreciation	6.7	6.2	8.6 %	26.6	23.6	12.6 %
Amortization	2.8	3.3	(14.4)%	11.8	13.0	(9.4)%
Non-cash interest expense	1.6	2.7	(41.7)%	7.3	9.1	(19.1)%
Cash interest expense	1.3	1.5	(18.1)%	5.3	6.5	(18.2)%
Income tax expense	0.8	2.5	(68.2)%	7.0	9.3	(24.4)%
<b>EBITDA <sup>(1)</sup></b>	<b>\$ 14.6</b>	<b>\$ 23.1</b>	<b>(36.9)%</b>	<b>\$ 72.9</b>	<b>\$ 90.2</b>	<b>(19.2)%</b>
Acquisition-related transaction costs	—	0.0	(100.0)%	—	0.3	(100.0)%
Change in contingent consideration	0.5	0.3	95.0 %	1.1	0.4	156.2 %
Stock compensation expense	2.4	2.2	10.6 %	10.2	9.3	9.7 %
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$ 17.5</b>	<b>\$ 25.6</b>	<b>(31.5)%</b>	<b>\$ 84.1</b>	<b>\$ 100.2</b>	<b>(16.0)%</b>
<b>Fully diluted EPS</b>	<b>\$ 0.05</b>	<b>\$ 0.25</b>	<b>(78.2)%</b>	<b>\$ 0.55</b>	<b>\$ 1.03</b>	<b>(46.2)%</b>
Change in contingent consideration	0.02	0.01	104.7 %	0.04	0.01	166.7 %
Amortization	0.11	0.12	(10.1)%	0.44	0.47	(5.6)%
Acquisition-related transaction costs	—	0.00	(100.0)%	—	0.01	(100.0)%
Non-cash interest expense	0.06	0.10	(38.8)%	0.27	0.33	(15.8)%
Stock compensation expense	0.09	0.08	16.1 %	0.38	0.33	14.2 %
Tax effect of adjustments	(0.07)	(0.08)	(11.9)%	(0.23)	(0.30)	(21.6)%
<b>Non-GAAP fully diluted EPS <sup>(1)</sup></b>	<b>\$ 0.26</b>	<b>\$ 0.47</b>	<b>(44.9)%</b>	<b>\$ 1.45</b>	<b>\$ 1.88</b>	<b>(22.7)%</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.

# Historical Financial Statements

dollars in millions, except per share data

(unaudited)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Transactional revenue	\$ 453.1	\$ 502.8	\$ 510.3	\$ 449.3	\$ 1,915.6	\$ 412.1	\$ 428.2	\$ 433.3	\$ 411.2	\$ 1,684.9
Managed transportation revenue	124.0	132.0	134.5	133.6	524.1	125.9	125.6	128.1	120.5	500.1
<b>Revenue</b>	<b>577.1</b>	<b>634.8</b>	<b>644.8</b>	<b>583.0</b>	<b>2,439.7</b>	<b>538.1</b>	<b>553.8</b>	<b>561.4</b>	<b>531.7</b>	<b>2,185.0</b>
Transportation costs	477.2	528.0	533.6	480.5	2,019.3	439.3	453.2	464.5	442.0	1,798.9
<b>Net revenue <sup>(1)</sup></b>	<b>99.9</b>	<b>106.8</b>	<b>111.2</b>	<b>102.4</b>	<b>420.4</b>	<b>98.8</b>	<b>100.6</b>	<b>97.0</b>	<b>89.7</b>	<b>386.0</b>
Commission expense	30.2	32.4	33.2	31.1	126.8	30.0	31.1	29.1	26.8	117.0
Change in contingent consideration	0.1	0.1	0.1	0.3	0.4	0.3	0.2	0.1	0.5	1.1
Acquisition-related transaction costs	—	—	0.3	0.0	0.3	—	—	—	—	—
Stock compensation expense	2.5	2.2	2.4	2.2	9.3	2.8	2.4	2.5	2.4	10.2
Other selling, general and administrative	47.8	50.0	49.9	45.7	193.4	47.1	46.5	46.1	45.3	184.9
<b>Selling, general and administrative expense</b>	<b>80.5</b>	<b>84.6</b>	<b>85.7</b>	<b>79.3</b>	<b>330.2</b>	<b>80.2</b>	<b>80.1</b>	<b>77.7</b>	<b>75.1</b>	<b>313.1</b>
Depreciation	5.7	5.8	6.0	6.2	23.6	6.3	6.8	6.8	6.7	26.6
Amortization	3.2	3.2	3.3	3.3	13.0	3.2	3.0	2.8	2.8	11.8
<b>Depreciation and amortization</b>	<b>8.9</b>	<b>9.0</b>	<b>9.2</b>	<b>9.5</b>	<b>36.6</b>	<b>9.5</b>	<b>9.8</b>	<b>9.6</b>	<b>9.5</b>	<b>38.4</b>
<b>Income from operations</b>	<b>10.5</b>	<b>13.1</b>	<b>16.3</b>	<b>13.7</b>	<b>53.6</b>	<b>9.1</b>	<b>10.7</b>	<b>9.7</b>	<b>5.1</b>	<b>34.5</b>
Cash interest expense	1.7	1.6	1.6	1.5	6.5	1.4	1.3	1.3	1.3	5.3
Non-cash interest expense	2.1	2.1	2.2	2.7	9.1	2.0	2.2	1.6	1.6	7.3
<b>Interest expense, net</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>4.3</b>	<b>15.5</b>	<b>3.4</b>	<b>3.6</b>	<b>2.8</b>	<b>2.8</b>	<b>12.6</b>
<b>Income before provision for income taxes</b>	<b>6.7</b>	<b>9.4</b>	<b>12.5</b>	<b>9.4</b>	<b>38.0</b>	<b>5.7</b>	<b>7.1</b>	<b>6.8</b>	<b>2.2</b>	<b>21.9</b>
Income tax expense	(2.0)	(1.7)	(3.1)	(2.5)	(9.3)	(2.2)	(2.1)	(2.0)	(0.8)	(7.0)
<b>Net income</b>	<b>\$ 4.7</b>	<b>\$ 7.7</b>	<b>\$ 9.4</b>	<b>\$ 6.9</b>	<b>\$ 28.7</b>	<b>\$ 3.5</b>	<b>\$ 5.1</b>	<b>\$ 4.8</b>	<b>\$ 1.4</b>	<b>\$ 14.8</b>
<b>Fully diluted earnings per share</b>	<b>\$ 0.17</b>	<b>\$ 0.28</b>	<b>\$ 0.33</b>	<b>\$ 0.25</b>	<b>\$ 1.03</b>	<b>\$ 0.13</b>	<b>\$ 0.19</b>	<b>\$ 0.18</b>	<b>\$ 0.05</b>	<b>\$ 0.55</b>
Diluted shares	27.7	27.9	28.2	27.9	27.9	27.5	26.8	26.5	26.6	26.8

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.