



Fourth Quarter and Full Year 2018 Financial Results

Echo Global Logistics, Inc.

February 6, 2019

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 (the "SEC").

2018 Financial Review

<i>dollars in millions except per share data</i> (unaudited)	Three Months Ended December 31,			Year ended December 31,		
	2018	2017	% Change	2018	2017	% Change
Revenue	\$ 583.0	\$ 547.7	6.4 %	\$ 2,439.7	\$ 1,943.1	25.6%
Net revenue ⁽¹⁾	\$ 102.4	\$ 96.2	6.4 %	\$ 420.4	\$ 339.0	24.0%
Net income	\$ 6.9	\$ 13.3	(48.0)%	\$ 28.7	\$ 12.6	127.5%
EBITDA ⁽¹⁾	\$ 23.1	\$ 18.7	23.6 %	\$ 90.2	\$ 51.8	74.1%
Adjusted EBITDA ⁽¹⁾	\$ 25.6	\$ 21.0	21.8 %	\$ 100.2	\$ 61.8	62.1%
Fully diluted EPS	\$ 0.25	\$ 0.48	(48.5)%	\$ 1.03	\$ 0.45	128.4%
Non-GAAP fully diluted EPS ⁽¹⁾	\$ 0.47	\$ 0.33	43.3 %	\$ 1.88	\$ 0.86	119.2%

⁽¹⁾ 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 increase in fourth quarter 2018 revenue and net revenue was due to growth in total shipment volume and an increase in revenue per load in both the truckload (includes Partial TL) ("TL") and less than truckload ("LTL") modes.
- The increase in fourth quarter 2018 Adjusted EBITDA was the result of a 6% increase in net revenue, with no increase in other selling, general and administrative expenses.

Revenue by Mode

<i>dollars in millions</i> (unaudited)	Three months ended December 31,			Year ended December 31,		
	2018	2017	% Change	2018	2017	% Change
TL revenue	\$ 396.3	\$ 379.8	4.3 %	\$ 1,686.4	\$ 1,322.3	27.5%
LTL revenue	164.3	141.2	16.4 %	638.4	520.6	22.6%
Other revenue	22.3	26.7	(16.4)%	114.9	100.2	14.7%
Revenue	\$ 583.0	\$ 547.7	6.4 %	\$ 2,439.7	\$ 1,943.1	25.6%

Note: Amounts may not foot due to rounding.

Key Takeaways

- Fourth quarter 2018 TL revenue growth was driven by flat volumes and a 4% increase in revenue per shipment.
- Fourth quarter 2018 LTL revenue growth was driven by a 9% increase in volume and a 7% increase in revenue per shipment.

Revenue by Client Type

<i>dollars in millions</i> (unaudited)	Three months ended December 31,		
	2018	2017	% Change
Transactional revenue	\$ 449.3	\$ 433.2	3.7%
Managed Transportation revenue	133.6	114.5	16.7%
Revenue	\$ 583.0	\$ 547.7	6.4%

Year ended December 31,		
2018	2017	% Change
\$ 1,915.6	\$ 1,538.8	24.5%
524.1	404.3	29.6%
\$ 2,439.7	\$ 1,943.1	25.6%

Note: Amounts may not foot due to rounding.

Key Takeaways

- The fourth quarter 2018 increase in Transactional revenue was driven by a 6% increase in revenue per shipment.
- The fourth quarter 2018 increase in Managed Transportation revenue was primarily driven by an increase in revenue from existing clients, along with the addition of new clients.

Net Revenue and Revenue Analysis

dollars in millions (unaudited)	Three months ended December 31,			Year ended December 31,		
	2018	2017	Change	2018	2017	Change
Net revenue ⁽¹⁾	\$ 102.4	\$ 96.2	6.4%	\$ 420.4	\$ 339.0	24.0%
Net revenue margin	17.6%	17.6%	0 bps	17.2%	17.4%	(22) bps
TL revenue mix	68.0%	69.4%	(136) bps	69.1%	68.1%	107 bps
LTL revenue mix	28.2%	25.8%	241 bps	26.2%	26.8%	(62) bps
Other revenue mix	3.8%	4.8%	(105) bps	4.7%	5.1%	(45) bps
Transactional revenue mix	77.1%	79.1%	(202) bps	78.5%	79.2%	(67) bps
Managed Transportation revenue mix	22.9%	20.9%	202 bps	21.5%	20.8%	67 bps

⁽¹⁾ 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 32 bps due to an increase in TL margin.
- The fourth quarter 2018 increase in our Managed Transportation revenue mix is due to the continued growth of our current clients and the acquisition of new clients.

Expense Summary

<i>dollars in millions</i> <i>(unaudited)</i>	Three months ended December 31,			Year ended December 31,		
	2018	2017	Change	2018	2017	Change
Revenue	\$ 583.0	\$ 547.7	6.4 %	\$ 2,439.7	\$ 1,943.1	25.6 %
Net revenue ⁽¹⁾	\$ 102.4	\$ 96.2	6.4 %	\$ 420.4	\$ 339.0	24.0 %
Commission expense	\$ 31.1	\$ 29.5	5.3 %	\$ 126.8	\$ 103.1	23.0 %
<i>Percent of net revenue</i>	<i>30.4%</i>	<i>30.7%</i>	<i>(32) bps</i>	<i>30.2%</i>	<i>30.4%</i>	<i>(24) bps</i>
Change in contingent consideration	\$ 0.3	\$ 0.4	(35.2)%	\$ 0.4	\$ 1.0	(58.6)%
<i>Percent of net revenue</i>	<i>0.3%</i>	<i>0.4%</i>	<i>(16) bps</i>	<i>0.1%</i>	<i>0.3%</i>	<i>(19) bps</i>
Acquisition-related transaction costs	\$ 0.0	—	100.0 %	\$ 0.3	—	100.0 %
<i>Percent of net revenue</i>	<i>0.0%</i>	<i>—</i>	<i>1 bps</i>	<i>0.1%</i>	<i>—</i>	<i>7 bps</i>
Stock compensation expense	\$ 2.2	\$ 1.9	15.2 %	\$ 9.3	\$ 9.0	3.0 %
<i>Percent of net revenue</i>	<i>2.1%</i>	<i>2.0%</i>	<i>16 bps</i>	<i>2.2%</i>	<i>2.7%</i>	<i>(45) bps</i>
Other selling, general and administrative	\$ 45.7	\$ 45.7	0.1 %	\$ 193.4	\$ 174.1	11.0 %
<i>Percent of net revenue</i>	<i>44.6%</i>	<i>47.5%</i>	<i>(283) bps</i>	<i>46.0%</i>	<i>51.4%</i>	<i>(536) bps</i>
Selling, general and administrative expense	\$ 79.3	\$ 77.5	2.3 %	\$ 330.2	\$ 287.2	14.9 %
<i>Percent of net revenue</i>	<i>77.4%</i>	<i>80.5%</i>	<i>(314) bps</i>	<i>78.5%</i>	<i>84.7%</i>	<i>(618) bps</i>
Depreciation	\$ 6.2	\$ 5.1	22.8 %	\$ 23.6	\$ 18.5	27.8 %
<i>Percent of net revenue</i>	<i>6.1%</i>	<i>5.2%</i>	<i>80 bps</i>	<i>5.6%</i>	<i>5.5%</i>	<i>17 bps</i>
Amortization	\$ 3.3	\$ 3.5	(7.6)%	\$ 13.0	\$ 14.2	(8.6)%
<i>Percent of net revenue</i>	<i>3.2%</i>	<i>3.7%</i>	<i>(49) bps</i>	<i>3.1%</i>	<i>4.2%</i>	<i>(110) bps</i>
Cash interest expense	\$ 1.5	\$ 1.7	(9.0)%	\$ 6.5	\$ 6.7	(3.0)%
<i>Percent of net revenue</i>	<i>1.5%</i>	<i>1.8%</i>	<i>(26) bps</i>	<i>1.5%</i>	<i>2.0%</i>	<i>(43) bps</i>
Non-cash interest expense	\$ 2.7	\$ 2.1	31.8 %	\$ 9.1	\$ 8.1	12.5 %
<i>Percent of net revenue</i>	<i>2.7%</i>	<i>2.1%</i>	<i>51 bps</i>	<i>2.2%</i>	<i>2.4%</i>	<i>(22) bps</i>
Non-GAAP tax rate	26.1%	36.1%		25.1%	34.4%	

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

- Fourth quarter 2018 commission expense increased due to higher net revenue.
- Other selling, general and administrative expense for the fourth quarter 2018 remained flat with the prior year.

Cash Flow and Balance Sheet Data

Selected Cash Flow Data

<i>dollars in millions</i>	Three months ended December 31,			Year ended December 31,		
	2018	2017	% Change	2018	2017	% Change
	(unaudited)			(unaudited)		
Cash generated from operations	\$ 31.2	\$ 7.5	316.4 %	\$ 94.2	\$ 48.7	93.5%
Capital expenditures	(4.6)	(6.0)	(23.1)%	(24.1)	(20.7)	16.3%
Free cash flow ⁽¹⁾	\$ 26.6	\$ 1.5	1,657.1 %	\$ 70.1	\$ 28.0	150.6%

⁽¹⁾ For a description of this non-GAAP financial measure to the nearest comparable GAAP financial measure, please refer to Slide 10 of this presentation.

Selected Balance Sheet Data

<i>dollars in millions</i>	As of December 31,	
	2018	2017
	(unaudited)	
Cash and cash equivalents	\$ 40.3	\$ 23.5
Accounts receivable, net of allowance for doubtful accounts	337.4	309.7
Current assets	393.7	348.3
Current liabilities	266.9	234.3
Convertible notes, net of unamortized discount/issuance costs	183.2	210.9
Stockholders' equity	\$ 389.9	\$ 358.9

Key Takeaways

- During the fourth quarter 2018, the Company repurchased \$37.4M face value of its convertible notes for \$37.2M.
- During the fourth quarter 2018, the Company repurchased 421K shares of its common stock for \$9.8M.

Guidance

Q1 2019

- Revenue: \$530M - \$570M
- Commission: 30.5% - 31.0%
- G&A Costs: \$46.5M - \$49.5M
- Depreciation: \$6.5M
- Cash Interest: \$1.5M
- Share Count: 27.5M
- Non-GAAP Tax Rate: 25.0%

Excluded for Non-GAAP:

- Amortization: \$3.2M
- Non-cash Interest: \$1.8M
- Stock Compensation: \$3.0M

FY 2019

- Revenue: \$2.35B - \$2.55B
- Commission: 30.5% - 31.0%
- G&A Costs: \$195M - \$205M
- Depreciation: \$27.0M
- Cash Interest: \$6.0M
- Share Count: 27.5M
- Non-GAAP Tax Rate: 25.0%

Excluded for Non-GAAP:

- Amortization: \$11.8M
- Non-cash Interest: \$7.5M
- Stock Compensation: \$11.0M

Appendix

Non-GAAP Financial Measures

This presentation includes the following financial measures defined as “Non-GAAP Financial Measures” by the SEC: 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 excluding the effects of changes in depreciation, amortization, 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. Adjusted EBITDA is defined as EBITDA (as previously defined) excluding the effects of acquisition-related transaction costs, changes in contingent consideration and stock compensation. 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, 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, 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 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

<i>dollars in millions except per share data (unaudited)</i>	Three Months Ended December 31,			Year Ended December 31,		
	2018	2017	% change	2018	2017	% change
Revenue	\$ 583.0	\$ 547.7	6.4 %	\$ 2,439.7	\$ 1,943.1	25.6 %
Transportation costs	480.5	451.5	6.4 %	2,019.3	1,604.0	25.9 %
Net revenue ⁽¹⁾	\$ 102.4	\$ 96.2	6.4 %	\$ 420.4	\$ 339.0	24.0 %
Net income	\$ 6.9	\$ 13.3	(48.0)%	\$ 28.7	\$ 12.6	127.5 %
Depreciation	6.2	5.1	22.8 %	23.6	18.5	27.8 %
Amortization	3.3	3.5	(7.6)%	13.0	14.2	(8.6)%
Non-cash interest expense	2.7	2.1	31.8 %	9.1	8.1	12.5 %
Cash interest expense	1.5	1.7	(9.0)%	6.5	6.7	(3.0)%
Remeasurement of net deferred tax liability resulting from the TCJA	—	(8.9)	(100.0)%	—	(8.9)	(100.0)%
Income tax expense	2.5	2.0	25.8 %	9.3	0.7	1,284.9 %
EBITDA ⁽¹⁾	\$ 23.1	\$ 18.7	23.6 %	\$ 90.2	\$ 51.8	74.1 %
Acquisition-related transaction costs	0.0	—	100.0 %	0.3	—	100.0 %
Change in contingent consideration	0.3	0.4	(35.2)%	0.4	1.0	(58.6)%
Stock compensation expense	2.2	1.9	15.2 %	9.3	9.0	3.0 %
Adjusted EBITDA ⁽¹⁾	\$ 25.6	\$ 21.0	21.8 %	\$ 100.2	\$ 61.8	62.1 %
Fully diluted EPS	\$ 0.25	\$ 0.48	(48.5)%	\$ 1.03	\$ 0.45	128.4 %
Change in contingent consideration	0.01	0.01	(35.7)%	0.01	0.04	(58.5)%
Amortization	0.12	0.13	(8.4)%	0.47	0.51	(8.3)%
Acquisition-related transaction costs	0.00	—	100.0 %	0.01	—	100.0 %
Non-cash interest expense	0.10	0.07	30.6 %	0.33	0.29	13.0 %
Stock compensation expense	0.08	0.07	14.2 %	0.33	0.32	3.3 %
Remeasurement of net deferred tax liability resulting from the TCJA	—	(0.32)	(100.0)%	—	(0.32)	(100.0)%
Tax effect of adjustments	(0.08)	(0.12)	31.9 %	(0.30)	(0.43)	30.4 %
Non-GAAP fully diluted EPS ⁽¹⁾	\$ 0.47	\$ 0.33	43.3 %	\$ 1.88	\$ 0.86	119.2 %

Note: Amounts may not foot due to rounding.

⁽¹⁾ For a description of this non-GAAP financial measure to the nearest comparable GAAP financial measure, please refer to Slide 10 included in this presentation.

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	Q3 2018	Q4 2018	FY 2018
Transactional revenue	\$ 333.0	\$ 371.4	\$ 401.2	\$ 433.2	\$ 1,538.8	\$ 453.1	\$ 502.8	\$ 510.3	\$ 449.3	\$ 1,915.6
Managed transportation revenue	82.8	98.7	108.4	114.5	404.3	124.0	132.0	134.5	133.6	524.1
Revenue	415.8	470.1	509.5	547.7	1,943.1	577.1	634.8	644.8	583.0	2,439.7
Transportation costs	341.3	388.5	422.8	451.5	1,604.0	477.2	528.0	533.6	480.5	2,019.3
Net revenue ⁽¹⁾	74.5	81.6	86.7	96.2	339.0	99.9	106.8	111.2	102.4	420.4
Commission expense	22.4	24.7	26.5	29.5	103.1	30.2	32.4	33.2	31.1	126.8
Change in contingent consideration	0.1	0.2	0.3	0.4	1.0	0.1	0.1	0.1	0.3	0.4
Acquisition-related transaction costs	—	—	—	—	—	—	—	0.3	0.0	0.3
Stock compensation expense	2.7	2.4	2.0	1.9	9.0	2.5	2.2	2.4	2.2	9.3
Other selling, general and administrative	42.1	42.8	43.5	45.7	174.1	47.8	50.0	49.9	45.7	193.4
Selling, general and administrative expense	67.2	70.2	72.3	77.5	287.2	80.5	84.6	85.7	79.3	330.2
Depreciation	4.5	4.4	4.6	5.1	18.5	5.7	5.8	6.0	6.2	23.6
Amortization	3.6	3.6	3.6	3.5	14.2	3.2	3.2	3.3	3.3	13.0
Depreciation and amortization	8.0	8.0	8.1	8.6	32.7	8.9	9.0	9.2	9.5	36.6
(Loss) Income from operations	(0.8)	3.4	6.3	10.1	19.1	10.5	13.1	16.3	13.7	53.6
Cash interest expense	1.7	1.7	1.6	1.7	6.7	1.7	1.6	1.6	1.5	6.5
Non-cash interest expense	2.0	2.0	2.0	2.1	8.1	2.1	2.1	2.2	2.7	9.1
Interest expense, net	3.6	3.7	3.7	3.8	14.7	3.8	3.8	3.8	4.3	15.5
(Loss) Income before provision for income taxes	(4.4)	(0.2)	2.6	6.4	4.3	6.7	9.4	12.5	9.4	38.0
Income tax benefit (expense)	1.5	(0.0)	(0.2)	7.0	8.3	(2.0)	(1.7)	(3.1)	(2.5)	(9.3)
Net (loss) income	\$ (2.9)	\$ (0.2)	\$ 2.4	\$ 13.3	\$ 12.6	\$ 4.7	\$ 7.7	\$ 9.4	\$ 6.9	\$ 28.7
Fully diluted (loss) earnings per share	\$ (0.10)	\$ (0.01)	\$ 0.09	\$ 0.48	\$ 0.45	\$ 0.17	\$ 0.28	\$ 0.33	\$ 0.25	\$ 1.03
Diluted shares ⁽²⁾	28.2	28.0	27.6	27.6	28.0	27.7	27.9	28.2	27.9	27.9

Note: Amounts may not foot due to rounding.

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

⁽²⁾ 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 for the three months ended June 30, 2017 and March 31, 2017 were 28,255,562 and 28,579,093, respectively.