

The logo for ECHO, featuring the word "ECHO" in a bold, blue, sans-serif font, followed by three vertical bars of varying heights to the right, suggesting a signal or sound wave.

Transportation Simplified™

A large, open-plan call center or office environment with many employees working at desks equipped with multiple computer monitors. The space is bright and modern, with high ceilings and large windows. The ECHO logo is visible on a screen in the background.

Third Quarter 2019 Financial Results

Echo Global Logistics, Inc.

October 23, 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, 2018 and other filings with the Securities and Exchange Commission.

Third Quarter 2019 Financial Review

<i>dollars in millions, except per share data</i> (unaudited)	Three months ended September 30,			% Change
	2019	2018		
Revenue	\$ 561.4	\$ 644.8		(12.9)%
Net revenue ⁽¹⁾	\$ 97.0	\$ 111.2		(12.8)%
Net income	\$ 4.8	\$ 9.4		(48.4)%
EBITDA ⁽¹⁾	\$ 19.3	\$ 25.5		(24.5)%
Adjusted EBITDA ⁽¹⁾	\$ 21.8	\$ 28.2		(22.5)%
Fully diluted EPS	\$ 0.18	\$ 0.33		(45.0)%
Non-GAAP fully diluted EPS ⁽¹⁾	\$ 0.39	\$ 0.55		(28.5)%

⁽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 decrease in revenue was primarily the result of a decrease in truckload revenue per shipment and truckload volume.
- The decrease in third 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> (unaudited)	Three months ended September 30,			% Change
	2019	2018		
Truckload ("TL") revenue	\$ 368.9	\$ 445.8		(17.3)%
Less than truckload ("LTL") revenue	167.6	166.2		0.8 %
Other revenue	25.0	32.7		(23.7)%
Revenue	\$ 561.4	\$ 644.8		(12.9)%

Note: Amounts may not foot due to rounding.

Key Takeaways

- TL (includes Partial TL) revenue decline was driven by a softer TL market resulting in a 15% decrease in revenue per shipment and a 2% decrease in volume.
- LTL revenue growth was driven by a 1% increase in volume.

Revenue by Client Type

<i>dollars in millions</i> <i>(unaudited)</i>	Three months ended September 30,		
	2019	2018	% Change
Transactional revenue	\$ 433.3	\$ 510.3	(15.1)%
Managed Transportation revenue	128.1	134.5	(4.7)%
Revenue	\$ 561.4	\$ 644.8	(12.9)%

Key Takeaways

- The decrease in Transactional revenue was driven primarily by a decrease in revenue per shipment and volume decreases in the TL mode.
- The decrease in Managed Transportation revenue was driven primarily by a decrease in revenue per shipment in the TL mode.

Net Revenue and Revenue Analysis

<i>dollars in millions</i> <i>(unaudited)</i>	Three months ended September 30,			Change
	2019	2018		
Net revenue ⁽¹⁾	\$ 97.0	\$ 111.2		(12.8)%
Net revenue margin ⁽¹⁾	17.3 %	17.2 %		3 bps
TL revenue mix	65.7 %	69.1 %		(344) bps
LTL revenue mix	29.9 %	25.8 %		407 bps
Other revenue mix	4.4 %	5.1 %		(63) bps
Transactional revenue mix	77.2 %	79.1 %		(197) bps
Managed Transportation revenue mix	22.8 %	20.9 %		197 bps

⁽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

- In the third quarter of 2019, the year over year increase in net revenue margin⁽¹⁾ resulted from an increase in LTL net revenue margin⁽¹⁾.
- The increase in our LTL revenue mix was driven by lower TL rates and a slight increase in LTL volume.

Expense Summary

<i>dollars in millions</i> (unaudited)	Three months ended September 30,		
	2019	2018	Change
Revenue	\$ 561.4	\$ 644.8	(12.9)%
Net revenue ⁽¹⁾	\$ 97.0	\$ 111.2	(12.8)%
Commission expense	\$ 29.1	\$ 33.2	(12.4)%
<i>Percent of net revenue</i>	<i>30.0 %</i>	<i>29.8 %</i>	<i>15 bps</i>
Change in contingent consideration	\$ 0.1	\$ 0.1	6.7 %
<i>Percent of net revenue</i>	<i>0.1 %</i>	<i>0.0 %</i>	<i>1 bps</i>
Acquisition-related transaction costs	\$ —	\$ 0.3	(100.0)%
<i>Percent of net revenue</i>	<i>—</i>	<i>0.2 %</i>	<i>(25) bps</i>
Stock compensation expense	\$ 2.5	\$ 2.4	7.6 %
<i>Percent of net revenue</i>	<i>2.6 %</i>	<i>2.1 %</i>	<i>49 bps</i>
Other selling, general and administrative	\$ 46.1	\$ 49.9	(7.6)%
<i>Percent of net revenue</i>	<i>47.5 %</i>	<i>44.8 %</i>	<i>267 bps</i>
Selling, general and administrative expenses	\$ 77.7	\$ 85.7	(9.3)%
<i>Percent of net revenue</i>	<i>80.1 %</i>	<i>77.1 %</i>	<i>308 bps</i>
Depreciation	\$ 6.8	\$ 6.0	14.0 %
<i>Percent of net revenue</i>	<i>7.0 %</i>	<i>5.4 %</i>	<i>165 bps</i>
Amortization	\$ 2.8	\$ 3.3	(14.4)%
<i>Percent of net revenue</i>	<i>2.9 %</i>	<i>2.9 %</i>	<i>(5) bps</i>
Cash interest expense	\$ 1.3	\$ 1.6	(22.6)%
<i>Percent of net revenue</i>	<i>1.3 %</i>	<i>1.5 %</i>	<i>(16) bps</i>
Non-cash interest expense	\$ 1.6	\$ 2.2	(27.5)%
<i>Percent of net revenue</i>	<i>1.6 %</i>	<i>1.9 %</i>	<i>(33) bps</i>
Non-GAAP tax rate	25.0 %	25.2 %	

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 decreased due to lower net revenue.
- Other selling, general and administrative costs decreased primarily as a result of lower headcount and lower incentive compensation.

Cash Flow and Balance Sheet Data

Selected Cash Flow Data

<i>dollars in millions</i> (unaudited)	Three months ended September 30,		
	2019	2018	% Change
Cash generated from operations	\$ 17.1	\$ 28.3	(39.7)%
Capital expenditures	(5.7)	(6.3)	(9.3)%
Free cash flow ⁽¹⁾	\$ 11.4	\$ 22.1	(48.3)%

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 the Appendix to this presentation.

Selected Balance Sheet Data

<i>dollars in millions</i>	September 30,	December 31,
	2019	2018
	(unaudited)	
Cash and cash equivalents	\$ 26.4	\$ 40.3
Accounts receivable, net of allowance for doubtful accounts	314.8	337.4
Current assets	353.9	393.7
Current liabilities	254.9	266.9
Convertible notes, net of unamortized discount/issuance costs	154.8	183.2
Stockholders' equity	\$ 383.0	\$ 389.9

Guidance

Q4 2019

- Revenue: \$500M - \$540M
- Commission: 30.5%
- G&A Costs: \$45M - \$47M
- Depreciation: \$7.1M
- 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: \$2.6M

FY 2019

- Revenue: \$2.155B - \$2.195B
- Commission: 30.5%
- G&A Costs: \$184.5M - \$186.5M
- Depreciation: \$26.7M
- Cash Interest: \$5.3M
- Share Count: 26.8M
- Non-GAAP Tax Rate: 25.0%

Excluded for Non-GAAP:

- Amortization: \$11.8M
- Non-cash Interest: \$7.4M
- Stock Compensation: \$10.3M

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, 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 the effects of acquisition-related transaction costs, changes in 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 transactions 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

	Three Months Ended September 30,		
	2019	2018	% change
<i>dollars in millions, except per share data</i>			
	(unaudited)		
Revenue	\$ 561.4	\$ 644.8	(12.9)%
Transportation costs	464.5	533.6	(13.0)%
Net revenue⁽¹⁾	\$ 97.0	\$ 111.2	(12.8)%
Net income	\$ 4.8	\$ 9.4	(48.4)%
Depreciation	6.8	6.0	14.0 %
Amortization	2.8	3.3	(14.4)%
Non-cash interest expense	1.6	2.2	(27.5)%
Cash interest expense	1.3	1.6	(22.6)%
Income tax expense	2.0	3.1	(35.8)%
EBITDA⁽¹⁾	\$ 19.3	\$ 25.5	(24.5)%
Acquisition-related transaction costs	—	0.3	(100.0)%
Change in contingent consideration	0.1	0.1	6.7 %
Stock compensation expense	2.5	2.4	7.6 %
Adjusted EBITDA⁽¹⁾	\$ 21.8	\$ 28.2	(22.5)%
Fully diluted EPS	\$ 0.18	\$ 0.33	(45.0)%
Change in contingent consideration	0.00	0.00	13.6 %
Amortization	0.11	0.12	(8.8)%
Acquisition-related transaction costs	—	0.01	(100.0)%
Non-cash interest expense	0.06	0.08	(22.8)%
Stock compensation expense	0.10	0.08	14.6 %
Tax effect of adjustments	(0.05)	(0.07)	(25.9)%
Non-GAAP fully diluted EPS⁽¹⁾	\$ 0.39	\$ 0.55	(28.5)%

Note: Amounts may not foot due to rounding.

⁽¹⁾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
Transactional revenue	\$ 453.1	\$ 502.8	\$ 510.3	\$ 449.3	\$ 1,915.6	\$ 412.1	\$ 428.2	\$ 433.3
Managed Transportation revenue	124.0	132.0	134.5	133.6	524.1	125.9	125.6	128.1
Revenue	577.1	634.8	644.8	583.0	2,439.7	538.1	553.8	561.4
Transportation costs	477.2	528.0	533.6	480.5	2,019.3	439.3	453.2	464.5
Net revenue⁽¹⁾	99.9	106.8	111.2	102.4	420.4	98.8	100.6	97.0
Commission expense	30.2	32.4	33.2	31.1	126.8	30.0	31.1	29.1
Change in contingent consideration	0.1	0.1	0.1	0.3	0.4	0.3	0.2	0.1
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
Other selling, general and administrative	47.8	50.0	49.9	45.7	193.4	47.1	46.5	46.1
Selling, general and administrative expenses	80.5	84.6	85.7	79.3	330.2	80.2	80.1	77.7
Depreciation	5.7	5.8	6.0	6.2	23.6	6.3	6.8	6.8
Amortization	3.2	3.2	3.3	3.3	13.0	3.2	3.0	2.8
Depreciation and amortization	8.9	9.0	9.2	9.5	36.6	9.5	9.8	9.6
Income from operations	10.5	13.1	16.3	13.7	53.6	9.1	10.7	9.7
Cash interest expense	1.7	1.6	1.6	1.5	6.5	1.4	1.3	1.3
Non-cash interest expense	2.1	2.1	2.2	2.7	9.1	2.0	2.2	1.6
Interest expense, net	3.8	3.8	3.8	4.3	15.5	3.4	3.6	2.8
Income before provision for income taxes	6.7	9.4	12.5	9.4	38.0	5.7	7.1	6.8
Income tax expense	(2.0)	(1.7)	(3.1)	(2.5)	(9.3)	(2.2)	(2.1)	(2.0)
Net income	\$ 4.7	\$ 7.7	\$ 9.4	\$ 6.9	\$ 28.7	\$ 3.5	\$ 5.1	\$ 4.8
Fully diluted EPS	\$ 0.17	\$ 0.28	\$ 0.33	\$ 0.25	\$ 1.03	\$ 0.13	\$ 0.19	\$ 0.18
Diluted shares	27.7	27.9	28.2	27.9	27.9	27.5	26.8	26.5

Note: Amounts may not foot due to rounding.

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