

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, resembling a stylized "E" or a signal icon.

Transportation Simplified™

A large, modern call center or office environment with many employees working at desks with multiple computer monitors. The space is bright and open-plan, with high ceilings and large windows. In the background, there are large screens displaying the ECHO logo and other information. The overall atmosphere is professional and busy.

Third Quarter 2020 Financial Results

Echo Global Logistics, Inc.

October 28, 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, 2019, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020, and other filings with the Securities and Exchange Commission.

Third Quarter 2020 Financial Review

<i>dollars in millions, except per share data</i> (unaudited)	Three Months Ended September 30,		
	2020	2019	% Change
Revenue	\$ 691.5	\$ 561.4	23.2 %
Net revenue ⁽¹⁾	\$ 100.4	\$ 97.0	3.6 %
Net income	\$ 6.8	\$ 4.8	40.8 %
EBITDA ⁽¹⁾	\$ 19.9	\$ 19.3	3.4 %
Adjusted EBITDA ⁽¹⁾	\$ 21.9	\$ 21.8	0.4 %
Fully diluted EPS	\$ 0.26	\$ 0.18	40.9 %
Non-GAAP fully diluted EPS ⁽¹⁾	\$ 0.40	\$ 0.39	1.5 %

⁽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 increase in third quarter 2020 revenue was primarily the result of an increase in revenue per shipment in truckload ("TL") as well as increase in volume in both TL and less than truckload ("LTL").
- The increase in third quarter 2020 Adjusted EBITDA was the result of the increase in revenue, offset by lower TL and LTL margins.

Revenue by Mode

<i>dollars in millions</i> (<i>unaudited</i>)	Three Months Ended September 30,		
	2020	2019	% Change
Truckload ("TL") revenue	\$ 488.2	\$ 368.9	32.3 %
Less than truckload ("LTL") revenue	175.5	167.6	4.7 %
Other revenue	27.9	25.0	11.6 %
Revenue	\$ 691.5	\$ 561.4	23.2 %

Note: Amounts may not foot due to rounding.

Key Takeaways

- TL (includes Partial TL) revenue increase was driven by a 16.5% increase in revenue per shipment and a 13.6% increase in volume.
- LTL revenue increase was driven by a 6.6% increase in volume, offset by a 1.8% decrease in revenue per shipment.

Revenue by Client Type

<i>dollars in millions</i> (unaudited)	Three Months Ended September 30,		
	2020	2019	% Change
Transactional revenue	\$ 533.9	\$ 433.3	23.2 %
Managed Transportation revenue	157.6	128.1	23.0 %
Revenue	\$ 691.5	\$ 561.4	23.2 %

Key Takeaways

- The increase in Transactional revenue was driven primarily by 15.9% increase in TL (includes Partial TL) revenue per shipment and 11.1% increase in TL volume.
- The increase in Managed Transportation revenue was driven primarily by 18.6% increase in TL (includes Partial TL) revenue per shipment and increase in both TL and LTL volume of 33.6% and 9.4%, respectively.

Net Revenue and Revenue Analysis

dollars in millions (unaudited)	Three Months Ended September 30,				
	2020	2019	Change		
Net revenue ⁽¹⁾	\$ 100.4	\$ 97.0	3.6 %		
Net revenue margin ⁽¹⁾	14.5 %	17.3 %	(275)	bps	
TL revenue mix	70.6 %	65.7 %	490	bps	
LTL revenue mix	25.4 %	29.9 %	(448)	bps	
Other revenue mix	4.0 %	4.4 %	(42)	bps	
Transactional revenue mix	77.2 %	77.2 %	2	bps	
Managed Transportation revenue mix	22.8 %	22.8 %	(2)	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

- The year-over-year decrease in net revenue margin resulted from lower TL and LTL margins, as well as a shift in mode mix towards TL.
- The increase in our TL revenue mix was driven by an increase in TL volume and TL revenue per shipment.
- The decrease in our LTL revenue mix was driven by a modest decrease in LTL revenue per shipment.

Expense Summary

<i>dollars in millions</i> (unaudited)	Three Months Ended September 30,		
	2020	2019	Change
Revenue	\$ 691.5	\$ 561.4	23.2 %
Net revenue ⁽¹⁾	\$ 100.4	\$ 97.0	3.6 %
Commission expense	\$ 29.8	\$ 29.1	2.5 %
<i>Percent of net revenue</i>	<i>29.7 %</i>	<i>30.0 %</i>	<i>(31) bps</i>
Change in contingent consideration	\$ (0.3)	\$ 0.1	(622.2)%
<i>Percent of net revenue</i>	<i>(0.3) %</i>	<i>0.1 %</i>	<i>(33) bps</i>
Stock compensation expense	\$ 2.3	\$ 2.5	(9.2)%
<i>Percent of net revenue</i>	<i>2.3 %</i>	<i>2.6 %</i>	<i>(32) bps</i>
Other selling, general and administrative	\$ 48.7	\$ 46.1	5.8 %
<i>Percent of net revenue</i>	<i>48.5 %</i>	<i>47.5 %</i>	<i>100 bps</i>
Selling, general and administrative expenses	\$ 80.5	\$ 77.7	3.6 %
<i>Percent of net revenue</i>	<i>80.2 %</i>	<i>80.1 %</i>	<i>3 bps</i>
Depreciation	\$ 7.0	\$ 6.8	2.5 %
<i>Percent of net revenue</i>	<i>6.9 %</i>	<i>7.0 %</i>	<i>(7) bps</i>
Amortization	\$ 2.7	\$ 2.8	(3.8)%
<i>Percent of net revenue</i>	<i>2.7 %</i>	<i>2.9 %</i>	<i>(21) bps</i>
Cash interest expense	\$ 1.0	\$ 1.3	(19.6)%
<i>Percent of net revenue</i>	<i>1.0 %</i>	<i>1.3 %</i>	<i>(29) bps</i>
Non-cash interest expense	\$ —	\$ 1.6	(100.0)%
<i>Percent of net revenue</i>	<i>— %</i>	<i>1.6 %</i>	<i>(161) bps</i>
Non-GAAP tax rate	24.8 %	25.0 %	

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. Other selling, general and administrative expense increased due to increase in non-sales headcount and incentive compensation.
- Non-cash interest expense decreased due to the settling of convertible notes on May 1, 2020.

Cash Flow and Balance Sheet Data

Selected Cash Flow Data

<i>dollars in millions</i> (unaudited)	Three Months Ended September 30,		
	2020	2019	% Change
Cash generated from operations	\$ 17.6	\$ 17.1	3.0 %
Capital expenditures	(5.0)	(5.7)	(12.8)%
Free cash flow ⁽¹⁾	\$ 12.6	\$ 11.4	10.9 %

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,
	2020	2019
	(unaudited)	
Cash and cash equivalents	\$ 47.6	\$ 34.6
Accounts receivable, net of allowance for doubtful accounts	432.5	287.0
Current assets	491.7	336.2
Current liabilities	381.6	230.4
Long-term debt, net	143.9	—
Convertible notes, net	—	156.3
Stockholders' equity	\$ 386.5	\$ 383.3

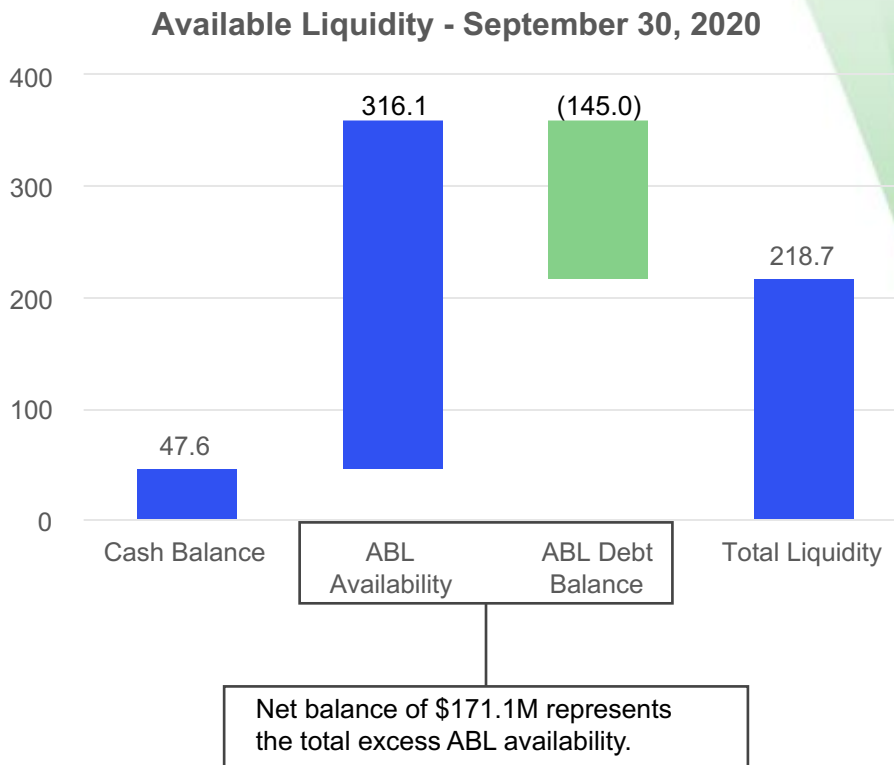
Key Takeaways

- The increase in free cash flow is a result of higher net income and lower capital expenditures.
- The increase in accounts receivable is a result of higher revenue in Q3 2020.

Liquidity Summary

Key Takeaways

- Liquidity Metrics at September 30, 2020
 - Cash Balance: \$47.6M
 - Outstanding ABL Balance: \$145M
 - Excess ABL Availability: \$171.1M
 - **Total Available Liquidity: \$218.7M**
- Summary of ABL Credit Facility ⁽¹⁾
 - Maximum loan amount: \$350M
 - Collateral: 85% advance rate on eligible AR
 - AR availability at September 30, 2020: \$316.1M
 - Interest Rate: LIBOR + 150 bps or LIBOR + 125bps if borrowing less than 50% of availability
 - Maturity date: October 23, 2023
 - Fixed Charge Coverage Ratio of at least 1.0



(1) For a copy of the full credit agreement, please reference: <https://echogloballogisticsinc.gcs-web.com/financial-information/sec-filings>

Guidance

Q4 2020

- Revenue: \$675M - \$725M
- Commission: 29.75% - 30.25%
- G&A Costs: \$49.5M - \$52.5M
- Depreciation: \$6.8M
- Cash Interest: \$1.0M
- Share Count: 26.5M
- Non-GAAP Tax Rate: 25.0%

Excluded for Non-GAAP:

- Amortization: \$2.7M
- Stock Compensation: \$2.3M

Fourth Quarter 2020 Trends⁽¹⁾

- October per business day revenue up 37%
- October per business day TL shipments up 18%
- October per business day LTL shipments up 14%
- October net revenue margin approximately 15%

⁽¹⁾ October trends are representative of the first 17 business days in the month.

FY 2020

- Revenue: \$2.43B - \$2.48B
- Commission: 29.75% - 30.25%
- G&A Costs: \$193M - \$196M
- Depreciation: \$27.8M
- Cash Interest: \$4.5M
- Share Count: 26.5M
- Non-GAAP Tax Rate: 25.0%

Excluded for Non-GAAP:

- Amortization: \$11.0M
- Non-cash Interest: \$1.7M
- Stock Compensation: \$11.5M

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 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, 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,		
	2020	2019	% change
<i>dollars in millions, except per share data</i>			
	(unaudited)		
Revenue	\$ 691.5	\$ 561.4	23.2 %
Transportation costs	591.0	464.5	27.3 %
Net revenue⁽¹⁾	\$ 100.4	\$ 97.0	3.6 %
Net income	\$ 6.8	\$ 4.8	40.8 %
Depreciation	7.0	6.8	2.5 %
Amortization	2.7	2.8	(3.8)%
Non-cash interest expense	—	1.6	(100.0)%
Cash interest expense	1.0	1.3	(19.6)%
Income tax expense	2.4	2.0	21.3 %
EBITDA⁽¹⁾	\$ 19.9	\$ 19.3	3.4 %
Change in contingent consideration	(0.3)	0.1	(622.2)%
Stock compensation expense	2.3	2.5	(9.2)%
Adjusted EBITDA⁽¹⁾	\$ 21.9	\$ 21.8	0.4 %
Fully diluted EPS	\$ 0.26	\$ 0.18	40.9 %
Change in contingent consideration	(0.01)	0.00	(622.8)%
Amortization	0.10	0.11	(3.7)%
Non-cash interest expense	—	0.06	(100.0)%
Stock compensation expense	0.09	0.10	(9.1)%
Tax effect of adjustments	(0.04)	(0.05)	(27.9)%
Non-GAAP fully diluted EPS⁽¹⁾	\$ 0.40	\$ 0.39	1.5 %

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 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
Transactional revenue	\$ 412.1	\$ 428.2	\$ 433.3	\$ 411.2	\$ 1,684.9	\$ 428.4	\$ 396.8	\$ 533.9
Managed Transportation revenue	125.9	125.6	128.1	120.5	500.1	122.7	117.9	157.6
Revenue	538.1	553.8	561.4	531.7	2,185.0	551.0	514.7	691.5
Transportation costs	439.3	453.2	464.5	442.0	1,798.9	461.1	426.7	591.0
Net revenue⁽¹⁾	98.8	100.6	97.0	89.7	386.0	89.9	88.0	100.4
Commission expense	30.0	31.1	29.1	26.8	117.0	27.2	26.6	29.8
Change in contingent consideration	0.3	0.2	0.1	0.5	1.1	0.0	(0.1)	(0.3)
Stock compensation expense	2.8	2.4	2.5	2.4	10.2	4.6	2.3	2.3
Other selling, general and administrative	47.1	46.5	46.1	45.3	184.9	47.8	46.6	48.7
Selling, general and administrative expenses	80.2	80.1	77.7	75.1	313.1	79.7	75.5	80.5
Depreciation	6.3	6.8	6.8	6.7	26.6	7.0	7.0	7.0
Amortization	3.2	3.0	2.8	2.8	11.8	2.8	2.8	2.7
Depreciation and amortization	9.5	9.8	9.6	9.5	38.4	9.8	9.8	9.7
Income from operations	9.1	10.7	9.7	5.1	34.5	0.5	2.8	10.3
Cash interest expense	1.4	1.3	1.3	1.3	5.3	1.3	1.2	1.0
Non-cash interest expense	2.0	2.2	1.6	1.6	7.3	1.5	0.2	—
Interest expense, net	3.4	3.6	2.8	2.8	12.6	2.8	1.4	1.0
Income (Loss) before provision for income taxes	5.7	7.1	6.8	2.2	21.9	(2.3)	1.4	9.2
Income tax expense	(2.2)	(2.1)	(2.0)	(0.8)	(7.0)	(0.6)	(0.4)	(2.4)
Net income (loss)	\$ 3.5	\$ 5.1	\$ 4.8	\$ 1.4	\$ 14.8	\$ (2.9)	\$ 1.0	\$ 6.8
Fully diluted earnings (loss) per share	\$ 0.13	\$ 0.19	\$ 0.18	\$ 0.05	\$ 0.55	\$ (0.11)	\$ 0.04	\$ 0.26
Diluted shares ⁽²⁾	27.5	26.8	26.5	26.6	26.8	26.0	26.2	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.

⁽²⁾For the three months ended March 31, 2020, 181,830 incremental shares related to stock-based awards were not included in the computation of diluted loss per common share because of the net loss during the period. Diluted shares used in the reconciliation of non-GAAP fully diluted EPS was 26,188,474.