



Fourth Quarter and Full Year 2020 Financial Results

Echo Global Logistics, Inc.

February 3, 2021

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, June 30, 2020, and September 30, 2020; and other filings with the Securities and Exchange Commission (the "SEC").

2020 Financial Review

<i>dollars in millions except per share data</i> (unaudited)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Revenue	\$ 754.3	\$ 531.7	41.9 %	\$ 2,511.5	\$ 2,185.0	14.9 %
Adjusted gross profit ⁽¹⁾	\$ 114.8	\$ 89.7	28.0 %	\$ 393.2	\$ 386.0	1.9 %
Net income	\$ 11.0	\$ 1.4	664.2 %	\$ 15.8	\$ 14.8	6.7 %
EBITDA ⁽²⁾	\$ 25.3	\$ 14.6	72.9 %	\$ 68.0	\$ 72.9	(6.7)%
Adjusted EBITDA ⁽²⁾	\$ 27.3	\$ 17.5	55.5 %	\$ 78.9	\$ 84.1	(6.2)%
Fully diluted EPS	\$ 0.41	\$ 0.05	664.5 %	\$ 0.60	\$ 0.55	8.5 %
Non-GAAP fully diluted EPS ⁽²⁾	\$ 0.56	\$ 0.26	114.4 %	\$ 1.33	\$ 1.45	(8.2)%

⁽¹⁾ Adjusted gross profit (formerly "net revenue") is a non-GAAP financial measure calculated as revenue less transportation costs. For a reconciliation of this non-GAAP financial measure to the nearest comparable GAAP financial measure, please refer to the Appendix included in this presentation.

⁽²⁾ 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 2020 revenue was primarily the result of an increase in revenue per shipment as well as an increase in volume for both truckload ("TL") and less than truckload ("LTL").
- The increase in fourth quarter 2020 Adjusted EBITDA was the result of record adjusted gross profit.

Revenue by Mode

<i>dollars in millions</i> <i>(unaudited)</i>	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Truckload ("TL") revenue	\$ 549.4	\$ 352.1	56.0 %	\$ 1,757.5	\$ 1,437.6	22.3 %
Less Than Truckload ("LTL") revenue	184.4	159.0	16.0 %	659.4	646.6	2.0 %
Other revenue	20.5	20.5	(0.2)%	94.7	100.8	(6.1)%
Revenue	\$ 754.3	\$ 531.7	41.9 %	\$ 2,511.5	\$ 2,185.0	14.9 %

Note: Amounts may not foot due to rounding.

Key Takeaways

- Fourth quarter 2020 TL (includes Partial TL) revenue increase was driven by a 30.5% increase in revenue per shipment and a 19.6% increase in volume.
- Fourth quarter 2020 LTL revenue increase was driven by a 12.8% increase in volume and a 2.8% increase in revenue per shipment.

Revenue by Client Type

<i>dollars in millions</i> (unaudited)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Transactional revenue	\$ 577.7	\$ 411.2	40.5 %	\$ 1,936.7	\$ 1,684.9	14.9 %
Managed Transportation revenue	176.6	120.5	46.6 %	574.8	500.1	14.9 %
Revenue	\$ 754.3	\$ 531.7	41.9 %	\$ 2,511.5	\$ 2,185.0	14.9 %

Note: Amounts may not foot due to rounding.

Key Takeaways

- Fourth quarter 2020 Transactional revenue increase was driven primarily by increases in both TL (includes Partial TL) and LTL revenue per shipment of 32.0% and 6.1%, respectively, and a 15.7% increase in TL volume.
- Fourth quarter 2020 Managed Transportation revenue increase was driven primarily by a 19.8% increase in TL (includes Partial TL) revenue per shipment and increases in both TL and LTL volume of 49.5% and 21.8%, respectively.

Adjusted Gross Profit & Revenue Analysis

dollars in millions (unaudited)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	Change	2020	2019	Change
Adjusted gross profit ⁽¹⁾	\$ 114.8	\$ 89.7	28.0 %	\$ 393.2	\$ 386.0	1.9 %
Adjusted gross profit margin ⁽¹⁾	15.2 %	16.9 %	(165) bps	15.7 %	17.7 %	(201) bps
TL revenue mix	72.8 %	66.2 %	657 bps	70.0 %	65.8 %	418 bps
LTL revenue mix	24.4 %	29.9 %	(551) bps	26.3 %	29.6 %	(334) bps
Other revenue mix	2.8 %	3.9 %	(106) bps	3.8 %	4.6 %	(84) bps
Transactional revenue mix	76.6 %	77.3 %	(75) bps	77.1 %	77.1 %	— bps
Managed Transportation revenue mix	23.4 %	22.7 %	75 bps	22.9 %	22.9 %	— bps

⁽¹⁾ Adjusted gross profit (formerly "net revenue") is a non-GAAP financial measure calculated as revenue less transportation costs. For a 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 fourth quarter 2020 decrease in adjusted gross profit margin resulted from lower TL and LTL margins, as well as a shift in mode mix towards TL.
- The fourth quarter 2020 increase in TL revenue mix was driven by an increase in both TL revenue per shipment and volume.

Expense Summary

dollars in millions (unaudited)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	Change	2020	2019	Change
Revenue	\$ 754.3	\$ 531.7	41.9 %	\$ 2,511.5	\$ 2,185.0	14.9 %
Adjusted gross profit ⁽¹⁾	\$ 114.8	\$ 89.7	28.0 %	\$ 393.2	\$ 386.0	1.9 %
Commission expense	\$ 34.6	\$ 26.8	29.0 %	\$ 118.2	\$ 117.0	1.1 %
<i>Percent of adjusted gross profit</i>	<i>30.1 %</i>	<i>29.9 %</i>	<i>22 bps</i>	<i>30.1 %</i>	<i>30.3 %</i>	<i>(24) bps</i>
Change in contingent consideration	\$ (0.1)	\$ 0.5	(124.1)%	\$ (0.4)	\$ 1.1	(142.6)%
<i>Percent of adjusted gross profit</i>	<i>(0.1)%</i>	<i>0.6 %</i>	<i>(67) bps</i>	<i>(0.1)%</i>	<i>0.3 %</i>	<i>(39) bps</i>
Stock compensation expense	\$ 2.1	\$ 2.4	(11.9)%	\$ 11.4	\$ 10.2	11.5 %
<i>Percent of adjusted gross profit</i>	<i>1.9 %</i>	<i>2.7 %</i>	<i>(85) bps</i>	<i>2.9 %</i>	<i>2.6 %</i>	<i>25 bps</i>
Other selling, general and administrative	\$ 52.9	\$ 45.3	16.8 %	\$ 196.1	\$ 184.9	6.0 %
<i>Percent of adjusted gross profit</i>	<i>46.1 %</i>	<i>50.5 %</i>	<i>(442) bps</i>	<i>49.9 %</i>	<i>47.9 %</i>	<i>197 bps</i>
Selling, general and administrative expense	\$ 89.5	\$ 75.1	19.3 %	\$ 325.2	\$ 313.1	3.9 %
<i>Percent of adjusted gross profit</i>	<i>78.0 %</i>	<i>83.7 %</i>	<i>(571) bps</i>	<i>82.7 %</i>	<i>81.1 %</i>	<i>159 bps</i>
Depreciation	\$ 6.6	\$ 6.7	(2.7)%	\$ 27.5	\$ 26.6	3.5 %
<i>Percent of adjusted gross profit</i>	<i>5.7 %</i>	<i>7.5 %</i>	<i>(180) bps</i>	<i>7.0 %</i>	<i>6.9 %</i>	<i>11 bps</i>
Amortization	\$ 2.7	\$ 2.8	(3.8)%	\$ 11.0	\$ 11.8	(7.0)%
<i>Percent of adjusted gross profit</i>	<i>2.3 %</i>	<i>3.1 %</i>	<i>(78) bps</i>	<i>2.8 %</i>	<i>3.1 %</i>	<i>(27) bps</i>
Cash interest expense	\$ 0.8	\$ 1.3	(37.7)%	\$ 4.3	\$ 5.3	(19.2)%
<i>Percent of adjusted gross profit</i>	<i>0.7 %</i>	<i>1.4 %</i>	<i>(72) bps</i>	<i>1.1 %</i>	<i>1.4 %</i>	<i>(28) bps</i>
Non-cash interest expense	\$ —	\$ 1.6	(100.0)%	\$ 1.7	\$ 7.3	(76.7)%
<i>Percent of adjusted gross profit</i>	<i>— %</i>	<i>1.8 %</i>	<i>(176) bps</i>	<i>0.4 %</i>	<i>1.9 %</i>	<i>(147) bps</i>
Non-GAAP tax rate	25.6 %	27.5 %		25.2 %	25.4 %	

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 2020 commission expense increased due to higher adjusted gross profit.
- Other selling, general and administrative expense for the fourth quarter 2020 increased due to increases in non-sales headcount and incentive compensation.

Cash Flow and Balance Sheet Data

Selected Cash Flow Data

	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
<i>dollars in millions</i>	(unaudited)			(unaudited)		
Cash generated from operations	\$ 10.4	\$ 16.0	(34.9)%	\$ 63.8	\$ 84.5	(24.6)%
Capital expenditures	(6.4)	(5.1)	27.1 %	(21.6)	(23.9)	(9.8)%
Free cash flow ⁽¹⁾	\$ 4.0	\$ 10.9	(63.7)%	\$ 42.2	\$ 60.6	(30.4)%

⁽¹⁾ 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

	As of December 31,	
	2020	2019
<i>dollars in millions</i>	(unaudited)	
Cash and cash equivalents	\$ 41.3	\$ 34.6
Accounts receivable, net of allowance for doubtful accounts	439.4	287.0
Current assets	493.5	336.2
Current liabilities	377.1	230.4
Long-term debt, net	133.9	—
Convertible notes, net of unamortized discount/issuance costs	—	156.3
Stockholders' equity	\$ 399.4	\$ 383.3

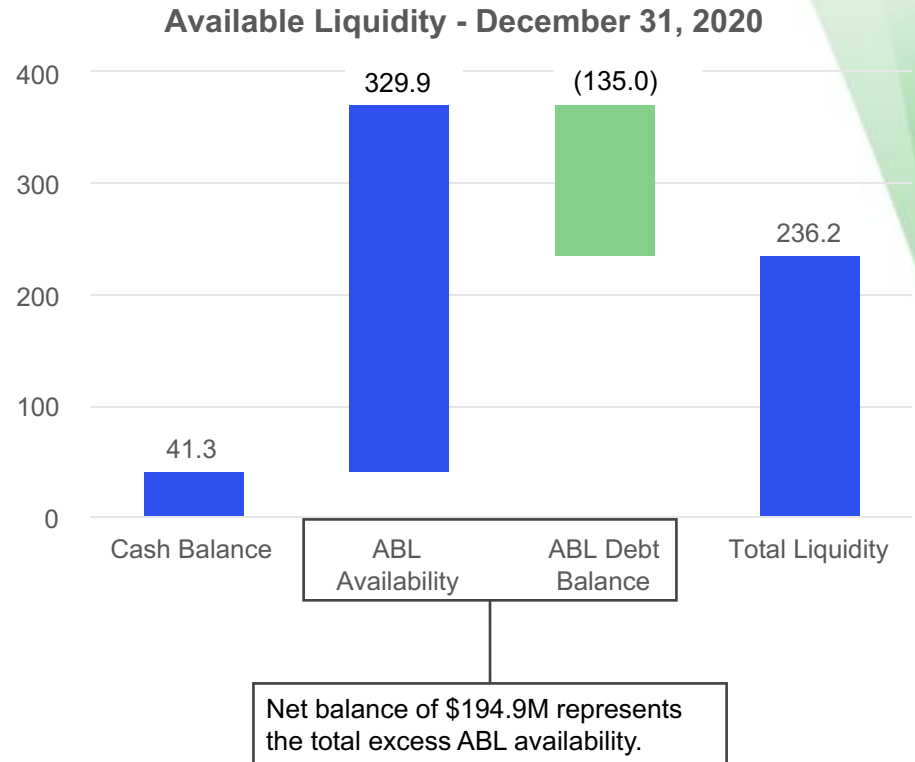
Key Takeaways

- During the fourth quarter 2020, the decrease in free cash flow is a result of lower cash generated from working capital and higher capital expenditures.
- The increase in accounts receivable and current liabilities is a result of higher volume and revenue in Q4 2020.

Liquidity Summary

Key Takeaways

- Liquidity Metrics at December 31, 2020
 - Cash Balance: \$41.3M
 - Outstanding ABL Balance: \$135M
 - Excess ABL Availability: \$194.9M
 - **Total Available Liquidity: \$236.2M**
- Summary of ABL Credit Facility ⁽¹⁾
 - Maximum loan amount: \$350M
 - Collateral: 85% advance rate on eligible AR
 - AR availability at December 31, 2020: \$329.9M
 - 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

Q1 2021

- Revenue: \$690M - \$730M
- Commission: 29.75% - 30.25%
- G&A Costs: \$52.5M - \$55.5M
- Depreciation: \$6.9M
- Cash Interest: \$0.9M
- Share Count: 26.8M
- Non-GAAP Tax Rate: 24.5% - 25.5%

Excluded for Non-GAAP:

- Amortization: \$2.7M
- Stock Compensation: \$5.0M

First Quarter 2021 Trends⁽¹⁾

- January per business day revenue up 37%
- January per business day TL shipments up 15%
- January adjusted gross profit margin approximately 15.9%

⁽¹⁾ January trends are representative of the first 20 business days in the month.

FY 2021

- Revenue: \$2.725B - \$2.925B
- Commission: 29.75% - 30.25%
- G&A Costs: \$220M - \$230M
- Depreciation: \$28.5M
- Cash Interest: \$3.5M
- Share Count: 26.9M
- Non-GAAP Tax Rate: 24.5% - 25.5%
- Capital Expenditures: \$25M - \$27M

Excluded for Non-GAAP:

- Amortization: \$10.5M
- Stock Compensation: \$12.3M

Appendix:

Non-GAAP Financial Measures

This presentation includes the following financial measures defined as "Non-GAAP financial measures" by the SEC: Adjusted gross profit (formerly "net revenue"), adjusted gross profit margin (formerly "net revenue margin"), EBITDA, Adjusted EBITDA, Non-GAAP fully diluted EPS and Free cash flow. Adjusted gross profit is calculated as revenue less transportation costs (excludes internal use software depreciation). Adjusted gross profit margin is calculated as adjusted gross profit (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 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 Adjusted gross profit, 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.

Adjusted gross profit, adjusted gross profit 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,		
	2020	2019	% change	2020	2019	% change
Revenue	\$ 754.3	\$ 531.7	41.9 %	\$ 2,511.5	\$ 2,185.0	14.9 %
Transportation costs	639.5	442.0	44.7 %	2,118.3	1,798.9	17.8 %
Internal use software depreciation	4.4	4.7	(4.8)%	19.1	17.9	6.7 %
Gross profit	\$ 110.4	\$ 85.0	29.8 %	\$ 374.1	\$ 368.1	1.6 %
Add: Internal use software depreciation	4.4	4.7	(4.8)%	19.1	17.9	6.7 %
Adjusted gross profit ⁽¹⁾	\$ 114.8	\$ 89.7	28.0 %	\$ 393.2	\$ 386.0	1.9 %
Net income	\$ 11.0	\$ 1.4	664.2 %	\$ 15.8	\$ 14.8	6.7 %
Depreciation	6.6	6.7	(2.7)%	27.5	26.6	3.5 %
Amortization	2.7	2.8	(3.8)%	11.0	11.8	(7.0)%
Non-cash interest expense	—	1.6	(100.0)%	1.7	7.3	(76.7)%
Cash interest expense	0.8	1.3	(37.7)%	4.3	5.3	(19.2)%
Income tax expense	4.2	0.8	437.5 %	7.7	7.0	9.2 %
EBITDA ⁽¹⁾	\$ 25.3	\$ 14.6	72.9 %	\$ 68.0	\$ 72.9	(6.7)%
Change in contingent consideration	(0.1)	0.5	(124.1)%	(0.4)	1.1	(142.6)%
Stock compensation expense	2.1	2.4	(11.9)%	11.4	10.2	11.5 %
Adjusted EBITDA ⁽¹⁾	\$ 27.3	\$ 17.5	55.5 %	\$ 78.9	\$ 84.1	(6.2)%
Fully diluted EPS	\$ 0.41	\$ 0.05	664.5 %	\$ 0.60	\$ 0.55	8.5 %
Change in contingent consideration	—	0.02	(124.1)%	(0.02)	0.04	(143.3)%
Amortization	0.10	0.11	(3.8)%	0.42	0.44	(5.4)%
Non-cash interest expense	—	0.06	(100.0)%	0.06	0.27	(76.3)%
Stock compensation expense	0.08	0.09	(11.9)%	0.43	0.38	13.5 %
Tax effect of adjustments	(0.03)	(0.07)	(52.9)%	(0.16)	(0.23)	(30.3)%
Non-GAAP fully diluted EPS ⁽¹⁾	\$ 0.56	\$ 0.26	114.4 %	\$ 1.33	\$ 1.45	(8.2)%

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 Performance

<i>dollars in millions, except per share data</i>										
<i>(unaudited)</i>	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Transactional revenue	\$ 412.1	\$ 428.2	\$ 433.3	\$ 411.2	\$ 1,684.9	\$ 428.4	\$ 396.8	\$ 533.9	\$ 577.7	\$ 1,936.7
Managed transportation revenue	125.9	125.6	128.1	120.5	500.1	122.7	117.9	157.6	176.6	574.8
Revenue	538.1	553.8	561.4	531.7	2,185.0	551.0	514.7	691.5	754.3	2,511.5
Transportation costs <i>(excludes internal use software depreciation)⁽¹⁾</i>	439.3	453.2	464.5	442.0	1,798.9	461.1	426.7	591.0	639.5	2,118.3
Commission expense	30.0	31.1	29.1	26.8	117.0	27.2	26.6	29.8	34.6	118.2
Change in contingent consideration	0.3	0.2	0.1	0.5	1.1	—	(0.1)	(0.3)	(0.1)	(0.4)
Stock compensation expense	2.8	2.4	2.5	2.4	10.2	4.6	2.3	2.3	2.1	11.4
Other selling, general and administrative	47.1	46.5	46.1	45.3	184.9	47.8	46.6	48.7	52.9	196.1
Selling, general and administrative expense	80.2	80.1	77.7	75.1	313.1	79.7	75.5	80.5	89.5	325.2
Depreciation	6.3	6.8	6.8	6.7	26.6	7.0	7.0	7.0	6.6	27.5
Amortization	3.2	3.0	2.8	2.8	11.8	2.8	2.8	2.7	2.7	11.0
Depreciation and amortization	9.5	9.8	9.6	9.5	38.4	9.8	9.8	9.7	9.2	38.5
Income from operations	9.1	10.7	9.7	5.1	34.5	0.5	2.8	10.3	16.0	29.5
Cash interest expense	1.4	1.3	1.3	1.3	5.3	1.3	1.2	1.0	0.8	4.3
Non-cash interest expense	2.0	2.2	1.6	1.6	7.3	1.5	0.2	—	—	1.7
Interest expense, net	3.4	3.6	2.8	2.8	12.6	2.8	1.4	1.0	0.8	6.0
Income before provision for income taxes	5.7	7.1	6.8	2.2	21.9	(2.3)	1.4	9.2	15.2	23.5
Income tax expense	(2.2)	(2.1)	(2.0)	(0.8)	(7.0)	(0.6)	(0.4)	(2.4)	(4.2)	7.7
Net income	\$ 3.5	\$ 5.1	\$ 4.8	\$ 1.4	\$ 14.8	\$ (2.9)	\$ 1.0	\$ 6.8	\$ 11.0	\$ 15.8
Fully diluted earnings per share	\$ 0.13	\$ 0.19	\$ 0.18	\$ 0.05	\$ 0.55	\$ (0.11)	\$ 0.04	\$ 0.26	\$ 0.41	\$ 0.60
Diluted shares ⁽²⁾	27.5	26.8	26.5	26.6	26.8	26.0	26.2	26.5	26.6	26.4

Note: Amounts may not foot due to rounding.

⁽¹⁾ Transportation costs exclude internal use software depreciation of \$4.1 million in Q1 2019, \$4.5 million in Q2 2019, \$4.6 million in Q3 2019, \$4.7 million in Q4 2019, \$17.9 million in FY 2019, \$4.7 million in Q1 2020, \$5.0 million in Q2 2020, \$5.0 million in Q3 2020, \$5.4 million in Q4 2020, and \$19.1 million in FY 2020. Internal use software depreciation is included in depreciation expense.

⁽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.