

The logo for ECHO, featuring the word "ECHO" in a bold, blue, sans-serif font, followed by three green vertical bars of varying heights.

Transportation Simplified<sup>®</sup>

A large, modern office space with many employees working at desks with multiple computer monitors. The office has a high ceiling with exposed ductwork and large windows. In the background, there are signs for "ECHO" and "LOGISTICS".

# Second Quarter 2017 Financial Results

Echo Global Logistics, Inc.

July 27, 2017

# 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 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, 2016 and other filings with the Securities and Exchange Commission. Echo Global Logistics undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

# Second Quarter 2017 Financial Review

<i>dollars in millions except per share data</i> (unaudited)	Three months ended June 30,		
	2017	2016	% Change
Revenue	\$ 470.1	\$ 443.8	5.9%
Net revenue <sup>(1)</sup>	\$ 81.6	\$ 85.2	(4.2)%
Net (loss) income	\$ (0.2)	\$ 1.9	(112.7)%
Non-GAAP EBITDA <sup>(1)</sup>	\$ 14.0	\$ 18.5	(24.0)%
Fully diluted (loss) earnings per share	\$ (0.01)	\$ 0.07	(113.4)%
Non-GAAP fully diluted earnings per share <sup>(1)(2)</sup>	\$ 0.18	\$ 0.27	(34.1)%

<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.

<sup>(2)</sup> For the three months ended June 30, 2017, 239,440 incremental shares 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 reconciliation of non-GAAP fully diluted EPS was 28,255,562.

## Key Takeaways

- The increase in revenue during second quarter of 2017 was primarily attributable to an increase in total shipments and an increase in rates in both the truckload ("TL") and less than truckload ("LTL") modes.
- The decrease in second quarter 2017 net revenue was the result of lower margins, primarily in the TL mode.

# Revenue by Mode

<i>dollars in millions</i> (unaudited)	Three months ended June 30,			% Change
	2017	2016		
Truckload (“TL”) revenue	\$ 314.7	\$ 299.5		5.1%
Less-than-truckload (“LTL”) revenue	129.9	117.8		10.3%
Intermodal revenue	18.0	19.4		(7.1)%
Other revenue	7.5	7.1		5.7%
<b>Revenue</b>	<b>\$ 470.1</b>	<b>\$ 443.8</b>		<b>5.9%</b>

## **Key Takeaways**

- TL (includes Partial TL) revenue growth was driven by a 6.6% increase in revenue per shipment, offset by a 1.4% decrease in volume.
- LTL revenue growth was driven by a 5.4% increase in volume and a 4.6% increase in revenue per shipment.
- The decline in Intermodal revenue was driven by a decrease in volume, partially offset by higher revenue per shipment.

# Revenue by Client Type

<i>dollars in millions</i> (unaudited)	Three months ended June 30,			% Change
	2017	2016		
Transactional revenue	\$ 371.4	\$ 362.0		2.6%
Managed Transportation revenue	98.7	81.8		20.6%
<b>Revenue</b>	<b>\$ 470.1</b>	<b>\$ 443.8</b>		<b>5.9%</b>

## ***Key Takeaways***

- The increase in Transactional revenue was driven by an increase in revenue per shipment.
- The Managed Transportation revenue increase is primarily driven by the addition of new clients, along with an increase in revenue per shipment from existing clients.

# Net Revenue and Revenue Analysis

dollars in millions (unaudited)	Three months ended June 30,		
	2017	2016	Change
Net revenue <sup>(1)</sup>	\$ 81.6	\$ 85.2	(4.2)%
Net revenue margin	17.4%	19.2%	(183) bps
TL revenue mix	66.9%	67.5%	(55) bps
LTL revenue mix	27.6%	26.5%	109 bps
Intermodal revenue mix	3.8%	4.4%	(54) bps
Other revenue mix	1.7%	1.6%	0 bps
Transactional revenue mix	79.0%	81.6%	(255) bps
Managed Transportation revenue mix	21.0%	18.4%	255 bps

<sup>(1)</sup>Non-GAAP financial measure calculated as revenue less transportation costs.

## Key Takeaways

- In the second quarter of 2017, the year-over-year decrease in net revenue margin resulted primarily from a decrease in TL margin.
- The increase in our Managed Transportation revenue mix is due to the addition of new client relationships and faster growth in this portion of our business.

# Expense Summary

<i>dollars in millions</i> (unaudited)	Three months ended June 30,				
	2017		2016		Change
Revenue	\$	470.1	\$	443.8	5.9%
Net revenue <sup>(1)</sup>	\$	81.6	\$	85.2	(4.2)%
Commission expense	\$	24.7	\$	25.2	(1.9)%
<i>Percent of net revenue</i>		30.3%		29.6%	70 bps
Change in contingent consideration	\$	0.2	\$	0.0	518.2%
<i>Percent of net revenue</i>		0.2%		0.0%	20 bps
Stock compensation expense	\$	2.4	\$	3.8	(36.1)%
<i>Percent of net revenue</i>		3.0%		4.5%	(148) bps
Other selling, general and administrative	\$	42.8	\$	41.5	3.3%
<i>Percent of net revenue</i>		52.5%		48.7%	379 bps
Selling, general and administrative expense	\$	70.2	\$	70.5	(0.5)%
<i>Percent of net revenue</i>		86.0%		82.8%	321 bps
Depreciation	\$	4.4	\$	3.6	21.6%
<i>Percent of net revenue</i>		5.4%		4.3%	115 bps
Amortization	\$	3.6	\$	4.0	(10.2)%
<i>Percent of net revenue</i>		4.4%		4.7%	(29) bps
Cash interest expense	\$	1.7	\$	1.6	2.5%
<i>Percent of net revenue</i>		2.1%		1.9%	13 bps
Non-cash interest expense	\$	2.0	\$	1.9	5.9%
<i>Percent of net revenue</i>		2.5%		2.2%	23 bps

(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.
- The increase in other selling, general and administrative expense is primarily related to an increased investment in our sales force and personnel.

# Cash Flow and Balance Sheet Data

## Selected Cash Flow Data

<i>dollars in millions</i> (unaudited)	Three months ended June 30,		% Change
	2017	2016	
Cash generated from operations	\$ 11.3	\$ 19.1	(40.9)%
Capital expenditures	(5.5)	(8.5)	(35.4)%
Free cash flow <sup>(1)</sup>	\$ 5.8	\$ 10.6	(45.4)%

<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.

## Selected Balance Sheet Data

<i>dollars in millions</i>	June 30,	December 31,
	2017	2016
	(unaudited)	
Cash and cash equivalents	\$ 20.0	\$ 16.6
Accounts receivable, net of allowance for doubtful accounts	267.7	231.4
Current assets	309.9	268.3
Current liabilities	209.8	167.9
Convertible notes, net of unamortized discount/issuance costs	207.2	203.6
Stockholders' equity	\$ 347.9	\$ 358.1



# 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, Non-GAAP EBITDA, Non-GAAP fully diluted EPS and Free Cash Flow. Net revenue is calculated as revenue less transportation costs. Non-GAAP EBITDA is defined as net (loss) income excluding the effects of changes in contingent consideration, depreciation, amortization, stock compensation expense, cash and non-cash interest expense, and income taxes. Non-GAAP fully diluted EPS is defined as fully diluted (loss) earnings per share 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, Non-GAAP 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, Non-GAAP 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</i>	Three months ended June 30,		% change
	2017	2016	
	(unaudited)		
<b>Revenue</b>	<b>\$ 470.1</b>	<b>\$ 443.8</b>	<b>5.9%</b>
Transportation costs	388.5	358.6	8.3%
<b>Net revenue <sup>(1)</sup></b>	<b>\$ 81.6</b>	<b>\$ 85.2</b>	<b>(4.2)%</b>
<b>Net (loss) income</b>	<b>\$ (0.2)</b>	<b>\$ 1.9</b>	<b>(112.7)%</b>
Change in contingent consideration	0.2	0.0	518.2%
Depreciation	4.4	3.6	21.6%
Amortization	3.6	4.0	(10.2)%
Non-cash interest expense	2.0	1.9	5.9%
Stock compensation expense	2.4	3.8	(36.1)%
Cash interest expense	1.7	1.6	2.5%
Income tax expense	0.0	1.6	(99.6)%
<b>Non-GAAP EBITDA <sup>(1)</sup></b>	<b>\$ 14.0</b>	<b>\$ 18.5</b>	<b>(24.0)%</b>
<b>Fully diluted (loss) earnings per share</b>	<b>\$ (0.01)</b>	<b>\$ 0.07</b>	<b>(113.4)%</b>
Change in contingent consideration	0.01	0.00	547.3%
Amortization	0.13	0.13	(6.0)%
Non-cash interest expense	0.07	0.06	10.9%
Stock compensation expense	0.09	0.13	(33.0)%
Tax effect of adjustments	(0.10)	(0.12)	16.0%
<b>Non-GAAP fully diluted EPS <sup>(1)(2)</sup></b>	<b>\$ 0.18</b>	<b>\$ 0.27</b>	<b>(34.1)%</b>

<sup>(1)</sup>See "Non-GAAP Financial Measures" on slide 9 for the definition and discussion of each Non-GAAP financial measure.

<sup>(2)</sup>For the three months ended June 30, 2017, 239,440 incremental shares 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 reconciliation of non-GAAP fully diluted EPS was 28,255,562.

# Historical Financial Statements

<i>dollars in millions, except per share data</i>								
<i>(unaudited)</i>	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	
Transactional revenue	\$ 332.0	\$ 362.0	\$ 373.1	\$ 328.8	\$ 1,395.9	\$ 333.0	\$ 371.4	
Managed transportation revenue	73.3	81.8	87.1	78.1	320.3	82.8	98.7	
<b>Revenue</b>	<b>405.3</b>	<b>443.8</b>	<b>460.2</b>	<b>406.9</b>	<b>1,716.2</b>	<b>415.8</b>	<b>470.1</b>	
Transportation costs	324.5	358.6	379.3	335.1	1,397.6	341.3	388.5	
<b>Net revenue <sup>(1)</sup></b>	<b>80.8</b>	<b>85.2</b>	<b>80.9</b>	<b>71.7</b>	<b>318.6</b>	<b>74.5</b>	<b>81.6</b>	
Commission expense	24.8	25.2	23.8	21.7	95.6	22.4	24.7	
Change in contingent consideration	(0.2)	0.0	0.0	(0.0)	(0.1)	0.1	0.2	
Stock compensation expense	5.3	3.8	2.0	2.0	13.1	2.7	2.4	
Other selling, general and administrative	39.5	41.5	40.3	40.9	162.2	42.1	42.8	
<b>Selling, general and administrative expense</b>	<b>69.5</b>	<b>70.5</b>	<b>66.3</b>	<b>64.5</b>	<b>270.8</b>	<b>67.2</b>	<b>70.2</b>	
Depreciation	3.5	3.6	4.6	4.6	16.3	4.5	4.4	
Amortization	4.0	4.0	3.9	3.9	15.8	3.6	3.6	
<b>Depreciation and amortization</b>	<b>7.5</b>	<b>7.6</b>	<b>8.5</b>	<b>8.5</b>	<b>32.1</b>	<b>8.0</b>	<b>8.0</b>	
<b>Income (Loss) from operations</b>	<b>3.8</b>	<b>7.0</b>	<b>6.0</b>	<b>(1.3)</b>	<b>15.6</b>	<b>(0.8)</b>	<b>3.4</b>	
Cash interest expense	1.6	1.6	1.6	1.7	6.6	1.7	1.7	
Non-cash interest expense	1.9	1.9	1.9	1.9	7.6	2.0	2.0	
<b>Interest expense</b>	<b>3.5</b>	<b>3.5</b>	<b>3.6</b>	<b>3.6</b>	<b>14.2</b>	<b>3.6</b>	<b>3.7</b>	
<b>Income (Loss) before provision for income taxes</b>	<b>0.3</b>	<b>3.5</b>	<b>2.5</b>	<b>(4.9)</b>	<b>1.4</b>	<b>(4.4)</b>	<b>(0.2)</b>	
Income tax expense (benefit)	0.1	1.6	0.1	(2.0)	(0.2)	(1.5)	0.0	
<b>Net income (loss)</b>	<b>\$ 0.3</b>	<b>\$ 1.9</b>	<b>\$ 2.4</b>	<b>\$ (3.0)</b>	<b>\$ 1.6</b>	<b>\$ (2.9)</b>	<b>\$ (0.2)</b>	
<b>Fully diluted (loss) earnings per share</b>	<b>\$ 0.01</b>	<b>\$ 0.07</b>	<b>\$ 0.08</b>	<b>\$ (0.10)</b>	<b>\$ 0.05</b>	<b>\$ (0.10)</b>	<b>\$ (0.01)</b>	
Diluted shares <sup>(2)</sup>	29.8	29.6	29.1	28.2	29.3	28.2	28.0	

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

<sup>(2)</sup>For the three months ended June 30, 2017, March 31, 2017 and December 31, 2016, 239,440, 423,796 and 481,273 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 reconciliation of non-GAAP fully diluted EPS as of June 30, 2017, March 31, 2017 and December 31, 2016 were 28,255,562, 28,579,093 and 28,728,837, respectively.