



Third Quarter 2015 Financial Results

Echo Global Logistics, Inc.

October 28, 2015

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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, 2014 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015 and June 30, 2015 filed 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.



Third Quarter 2015 Financial Review

	Three months ended September 30,		
	2015	2014	% Change
<i>dollars in millions except per share data</i>			
	(unaudited)		
Total revenue	\$ 450.0	\$ 320.6	40.4%
Total net revenue ⁽¹⁾	87.4	58.4	49.5%
Non-GAAP EBITDA ⁽¹⁾	21.0	14.4	45.6%
Non-GAAP net income ⁽¹⁾	10.2	7.2	41.0%
Non-GAAP fully diluted earnings per share ⁽¹⁾	\$ 0.34	\$ 0.30	10.3%

(1) For a description of 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 third quarter of 2015 represents the twenty-fourth consecutive quarter of year-over-year total revenue growth.
- The increase in third quarter 2015 revenue was primarily driven by the Command acquisition, which contributed approximately \$124M of revenue in the quarter.
- The year-over-year decrease in fuel prices impacted top line revenue growth by an estimated \$40M in the third quarter 2015.



Revenue by Mode

	Three months ended September 30,		
	2015	2014	% Change
<i>dollars in millions</i>	(unaudited)		
Truckload (TL) revenue	\$301.8	\$170.2	77.3%
Less-than-truckload (LTL) revenue	119.3	120.7	(1.2)%
Intermodal revenue	21.6	18.4	17.2%
Other revenue	7.3	11.3	(35.0)%
Total revenue	\$450.0	\$320.6	40.4%

Key Takeaways

- TL revenue growth was driven by the Command acquisition and organic growth in Echo's TL business.
- Historical Echo TL revenue grew 10%, driven by a 24% increase in volume partially offset by a 12% decrease in revenue per shipment.
- The LTL revenue decrease was driven by a 1% decrease in volume and the year-over-year effect of restructuring two large shipper contracts.



Revenue by Client Type

	Three months ended September 30,		
	2015	2014	% Change
<i>dollars in millions</i>	(unaudited)		
Transactional revenue	\$375.3	\$242.2	54.9%
Managed Transportation revenue	74.7	78.3	(4.7)%
Total revenue	\$450.0	\$320.6	40.4%

Key Takeaways

- Transactional revenue growth was driven primarily by \$124M of Q3'15 revenue from Command, as well as growth in historical Echo transactional business.
- Managed Transportation revenue decline was driven by lower fuel costs and the year-over-year effect of restructuring two large shipper contracts, offset by an increase in the number of clients.



Net Revenue Analysis

	Three months ended September 30,		
	2015	2014	Change
<i>dollars in millions</i>	(unaudited)		
Net revenue ⁽¹⁾	\$87.4	\$58.4	49.5%
Net revenue margin	19.4%	18.2%	119 bps
TL revenue mix	67.1%	53.1%	1,398 bps
LTL revenue mix	26.5%	37.6%	(1,114) bps
Intermodal revenue mix	4.8%	5.7%	(95) bps
Other revenue mix	1.6%	3.6%	(189) bps
Transactional revenue mix	83.4%	75.6%	784 bps
Managed Transportation revenue mix	16.6%	24.4%	(784) bps

⁽¹⁾ Non-GAAP financial measure calculated as total revenue less transportation costs.

Key Takeaways

- In the third quarter of 2015, year-over-year increase in net revenue margin resulted from an increase in TL margins and a drop in fuel prices across all modes.
- Transactional revenue as a percentage of total revenue increased due to the significant growth of our organic transactional TL business and the acquisition of Command.



Operating Summary

	Three months ended September 30,		
	2015	2014	Change
<i>dollars in millions</i>	<i>(unaudited)</i>		
Total revenue	\$450.0	\$320.6	40.4%
Total net revenues ⁽¹⁾	\$87.4	\$58.4	49.5%
Commission expense	\$26.5	\$16.9	56.4%
<i>Percent of net revenue</i>	30.3%	29.0%	133 bps
Non-GAAP selling, general and administrative ⁽¹⁾	\$39.9	\$27.1	47.4%
<i>Percent of net revenue</i>	45.7%	46.4%	(68) bps
Depreciation	\$3.4	\$2.6	31.2%
<i>Percent of net revenue</i>	3.8%	4.4%	(54) bps
Non-GAAP EBITDA ⁽¹⁾	\$21.0	\$14.4	45.6%
<i>Percent of net revenue</i>	24.0%	24.7%	(65) bps
Non-GAAP income before taxes ⁽¹⁾	\$16.0	\$11.7	36.1%
<i>Percent of net revenue</i>	18.3%	20.1%	(180) bps
Non-GAAP net income ⁽¹⁾	\$10.2	\$7.2	41.0%
<i>Percent of net revenue</i>	11.7%	12.4%	(70) bps
Non-GAAP fully diluted EPS ⁽¹⁾	\$0.34	\$0.30	10.3%

(1) For a description of 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

- Commission expense increased as a percentage of net revenue due to the acquisition of Command, a significant increase in our TL revenue mix and a change in sales channel mix.
- Selling, general and administrative expense increased due to the Command acquisition along with increases in sales and operations headcount.



Cash Flow and Balance Sheet Data

Selected Cash Flow Data

<i>dollars in millions</i>	Three months ended September 30,		% Change
	2015	2014	
	(unaudited)		
Cash generated from operations	\$18.1	\$8.7	109.0%
Capital expenditures	(3.4)	(4.0)	(14.5)%
Free cash flow ⁽¹⁾	\$14.7	\$4.7	215.0%
Acquisition-related payments	\$0.0	\$(2.5)	(100.0)%

⁽¹⁾ For a description of 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>	As of September 30,	
	2015	2014
	(unaudited)	
Cash and cash equivalents	\$42.8	\$30.1
Accounts receivable, net of allowance for doubtful accounts	226.4	163.1
Current assets	277.2	196.5
Current liabilities	163.0	146.0
Convertible Notes, net of unamortized discount/issuance costs	195.0	-
Stockholders' equity	389.5	174.7



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 selling, general and administrative expense, Non-GAAP EBITDA, Non-GAAP income before taxes, Non-GAAP Net Income, Non-GAAP Fully Diluted EPS, and Free Cash Flow. Total net revenue is calculated as total revenue less transportation costs. Non-GAAP selling, general and administrative expense describes selling, general and administrative expense excluding commission expense, changes in contingent consideration payable, acquisition-related transaction costs and stock compensation. Non-GAAP EBITDA describes net income excluding the effects of changes in contingent consideration payable, depreciation/amortization, acquisition-related transaction costs, stock compensation, interest expense, other expense and income taxes. Non-GAAP Net Income describes net income excluding changes in contingent consideration payable, amortization, acquisition-related transaction costs, stock compensation, non-cash interest expense, Term Loan B commitment fees (non-recurring interest expenses) and the aggregate tax impact of each adjustment. Non-GAAP Fully Diluted EPS describes fully diluted EPS excluding changes in contingent consideration payable, amortization, acquisition-related transaction costs, non-cash interest expense, stock compensation, non-cash interest expense, Term Loan B commitment fees (non-recurring interest expenses) and the aggregate tax impact of each adjustment. We believe such measures provide useful information to investors because they provide information about the financial performance of the Company's ongoing business. Free Cash Flow is reconciled to net cash provided by operating activities and reflects net cash provided by operating activities reduced by capital expenditures.

Total Net Revenue, Non-GAAP selling, general and administrative expense, Non-GAAP EBITDA, Non-GAAP income before taxes, Non-GAAP Net Income, 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.



Historical Non- GAAP Financial Statements

Dollars in millions, except per share data

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2015	Q2 2015	Q3 2015
Revenue:													
Transactional	\$ 143.1	\$ 158.0	\$ 163.7	\$ 151.8	\$ 616.6	\$ 177.6	\$ 226.9	\$ 242.3	\$ 224.5	\$ 871.3	\$ 217.4	\$ 295.3	\$ 375.3
Managed Transportation	\$ 60.9	\$ 66.1	\$ 71.1	\$ 69.5	\$ 267.6	\$ 70.1	\$ 78.2	\$ 78.3	\$ 75.5	\$ 302.1	\$ 66.1	\$ 76.3	\$ 74.7
Total Revenue	204.0	224.1	234.8	221.3	884.2	247.7	305.1	320.6	300.0	1,173.4	283.5	371.6	450.0
Net revenue	38.5	39.7	40.6	37.0	155.6	42.2	53.3	58.4	54.2	208.2	53.3	69.5	87.4
Operating expenses													
Commissions	9.9	10.0	10.2	9.4	39.5	11.2	14.8	16.9	14.8	57.7	14.9	20.4	26.5
Non-GAAP selling, general and administrative	19.3	19.9	19.8	20.1	79.0	21.4	25.6	27.1	26.8	101.0	26.9	32.3	39.9
Total operating expenses	29.2	29.9	30.0	29.5	118.5	32.6	40.4	44.0	41.6	158.7	41.8	52.7	66.4
Non-GAAP EBITDA	9.3	9.8	10.6	7.5	37.1	9.6	12.9	14.4	12.6	49.5	11.5	16.8	21.0
Depreciation	2.0	2.0	2.1	2.2	8.2	2.2	2.4	2.5	2.7	9.9	2.7	2.9	3.4
Non-GAAP Operating income	7.3	7.8	8.5	5.3	28.9	7.4	10.5	11.9	9.9	39.6	8.8	13.9	17.6
Cash Interest Expense	-	-	-	-	-	-	-	-	-	-	-	1.0	1.6
Other expense	0.1	0.1	0.1	0.0	0.3	0.1	0.1	0.2	0.0	0.3	0.1	0.1	-
Non-GAAP Income before taxes	7.2	7.7	8.4	5.3	28.6	7.3	10.4	11.7	9.9	39.3	8.7	12.8	16.0
Income taxes	2.7	2.9	3.2	2.0	10.8	2.8	4.0	4.5	3.9	15.1	3.2	4.5	5.8
Non-GAAP Net Income	4.5	4.8	5.2	3.3	17.8	4.5	6.4	7.2	6.0	24.2	5.5	8.3	10.2
Non-GAAP Fully Diluted EPS	\$ 0.19	\$ 0.20	\$ 0.22	\$ 0.14	\$ 0.76	\$ 0.19	\$ 0.27	\$ 0.30	\$ 0.28	\$ 1.02	\$ 0.23	\$ 0.30	\$ 0.34
Diluted shares	23.2	23.4	23.5	23.6	23.4	23.4	23.5	23.7	23.9	23.6	23.9	27.7	30.3



Reconciliation of Non-GAAP Financial Measures

Reconciliation of Non-GAAP Financial Measures													
	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2015	Q2 2015	Q3 2015
Total Revenue	204.0	224.1	234.8	221.3	884.2	247.7	305.1	320.6	300.0	1,173.4	283.5	371.6	450.0
Less: Transportation costs	165.5	184.4	194.2	184.3	728.4	205.5	251.8	262.2	245.5	965.0	230.2	302.1	362.6
Net Revenue	38.5	39.7	40.6	37.0	155.8	42.2	53.3	58.4	54.5	208.2	53.3	69.5	87.4
Non-GAAP selling, general and administrative	19.3	19.9	19.8	20.1	79.0	21.4	25.6	27.1	26.8	101.0	26.9	32.3	39.9
Commissions	9.9	10.0	10.2	9.4	39.5	11.2	14.8	16.9	14.8	57.7	14.9	20.4	26.5
Change in contingent consideration payable	0.8	(0.3)	0.0	(0.3)	0.1	0.2	1.1	0.8	0.1	2.2	(0.1)	0.3	0.0
Acquisition-related transaction costs	-	-	-	-	-	1.2	0.4	-	-	1.5	0.5	5.9	0.2
Stock compensation	1.1	0.8	0.8	0.6	3.3	1.3	1.1	0.9	1.1	4.4	1.9	2.6	4.7
Selling, general, and administrative expenses	31.0	30.3	30.8	29.8	121.9	35.3	43.0	45.8	42.8	166.8	44.0	61.5	71.3
Non-GAAP EBITDA	9.3	9.8	10.6	7.5	37.1	9.6	12.9	14.4	12.6	49.5	11.5	16.8	21.0
Change in contingent consideration payable	(0.8)	0.3	(0.0)	0.3	(0.1)	(0.2)	(1.1)	(0.8)	(0.1)	(2.2)	0.1	(0.3)	0.0
Depreciation and amortization	(2.6)	(2.6)	(2.7)	(2.7)	(10.6)	(3.0)	(3.4)	(3.7)	(3.8)	(13.9)	(3.9)	(5.2)	(7.5)
Acquisition-related transaction costs	-	-	-	-	-	(1.2)	(0.4)	-	-	(1.5)	(0.5)	(5.9)	(0.2)
Other expense	(0.0)	(0.1)	(0.0)	(0.1)	(0.3)	(0.0)	(0.1)	(0.1)	0.1	(0.2)	(0.1)	(0.1)	-
Stock compensation	(1.1)	(0.8)	(0.8)	(0.6)	(3.3)	(1.3)	(1.1)	(0.9)	(1.1)	(4.4)	(1.9)	(2.6)	(4.7)
Interest expense	-	-	-	-	-	-	-	-	-	-	-	(4.3)	(3.4)
Income taxes	(1.8)	(2.5)	(2.7)	(1.7)	(8.6)	(1.5)	(2.6)	(3.4)	(3.0)	(10.5)	(1.9)	0.9	(1.7)
Net Income	3.0	4.1	4.4	2.7	14.2	2.4	4.2	5.5	4.7	16.8	3.3	(0.7)	3.5
Non-GAAP EBITDA Margin	24.1%	24.8%	26.1%	20.2%	23.9%	22.8%	24.2%	24.7%	23.2%	23.8%	21.6%	24.2%	24.0%
Effect of change in contingent consideration payable, depreciation/amortization, acquisition-related transaction costs, and stock compensation	11.5%	7.7%	8.6%	8.1%	9.0%	13.4%	11.2%	9.3%	9.1%	10.6%	11.6%	20.1%	(14.1%)
Operating Margin (% of Net Revenue)	12.6%	12.1%	17.5%	12.1%	14.9%	9.4%	13.0%	15.4%	14.1%	13.2%	10.0%	4.1%	9.2%
Non-GAAP Operating Income	7.3	7.8	8.5	5.3	28.9	7.4	10.5	11.9	9.9	39.6	8.8	13.9	17.6
Change in contingent consideration payable	(0.8)	0.3	(0.0)	0.3	(0.1)	(0.2)	(1.1)	(0.8)	(0.1)	(2.2)	0.1	(0.3)	0.0
Amortization	(0.6)	(0.6)	(0.6)	(0.6)	(2.4)	(0.7)	(1.0)	(1.1)	(1.1)	(3.9)	(1.1)	(2.3)	(4.1)
Acquisition-related transaction costs	-	-	-	-	-	(1.2)	(0.4)	-	-	(1.5)	(0.5)	(5.9)	(0.2)
Stock compensation	(1.1)	(0.8)	(0.8)	(0.6)	(3.3)	(1.3)	(1.1)	(0.9)	(1.1)	(4.4)	(1.9)	(2.6)	(4.7)
Operating Income	4.8	6.8	7.1	4.5	23.2	4.0	6.9	9.0	7.6	27.5	5.4	2.8	8.6
Non-GAAP Net Income	4.5	4.8	5.2	3.3	17.8	4.5	6.4	7.2	6.0	24.2	5.5	8.3	10.2
Change in contingent consideration payable	(0.8)	0.3	(0.0)	0.3	(0.1)	(0.2)	(1.1)	(0.8)	(0.1)	(2.2)	0.1	(0.3)	0.0
Amortization	(0.6)	(0.6)	(0.6)	(0.6)	(2.4)	(0.7)	(1.0)	(1.1)	(1.1)	(3.9)	(1.1)	(2.3)	(4.1)
Acquisition-related transaction costs	-	-	-	-	-	(1.2)	(0.4)	-	-	(1.5)	(0.5)	(5.9)	(0.2)
Stock compensation	(1.1)	(0.8)	(0.8)	(0.6)	(3.3)	(1.3)	(1.1)	(0.9)	(1.1)	(4.4)	(1.9)	(2.6)	(4.7)
Term Loan B Commitment Fees (non-recurring interest expense)	-	-	-	-	-	-	-	-	-	-	-	(2.0)	-
Non-cash interest expense	-	-	-	-	-	-	-	-	-	-	-	(1.3)	(1.8)
Income Tax Effect	1.0	0.4	0.6	0.3	2.2	1.3	1.4	1.1	1.0	4.6	1.2	5.4	4.1
Net Income	3.0	4.1	4.4	2.7	14.2	2.4	4.2	5.5	4.7	16.8	3.3	(0.7)	3.5
Non-GAAP Fully Diluted EPS	\$ 0.19	\$ 0.20	\$ 0.22	\$ 0.14	\$ 0.76	\$ 0.19	\$ 0.27	\$ 0.30	\$ 0.25	\$ 1.02	\$ 0.23	\$ 0.30	\$0.34
Effect of change in contingent consideration payable, amortization, acquisition-related transaction costs, stock compensation, non-cash interest expense and Term Loan B Commitment Fees, net of tax	0.06	0.02	0.03	0.02	0.15	0.09	0.09	0.07	0.05	0.31	0.09	0.33	0.23
Fully Diluted EPS	\$0.13	\$0.18	\$0.19	\$0.12	\$0.41	\$0.10	\$0.18	\$0.23	\$0.20	\$0.71	\$0.14	(\$0.03)	\$0.11

