



ECHO)))
Transportation Simplified®

Fourth Quarter and Full Year 2016 Financial Results

Echo Global Logistics, Inc.

February 8, 2017

Forward-Looking Statements

This presentation contains statements relating to future results. 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. Any forward-looking statements represent our views only as of today and should not be relied upon as representing our views as of any subsequent date. These statements are subject to a variety of risks and uncertainties that could cause our actual results to differ materially from the statements contained in this release. For a discussion of important factors that could affect our actual results, please refer to our SEC filings, including the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2015, and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016 and September 30, 2016.

2016 Financial Review

<i>dollars in millions except per share data</i> (unaudited)	Three months ended December 31,			Year ended December 31,		
	2016	2015	% Change	2016	2015	% Change
Total revenue	\$ 406.9	\$ 407.2	(0.1)%	\$ 1,716.2	\$ 1,512.3	13.5%
Net revenue ⁽¹⁾	\$ 71.7	\$ 80.1	(10.5)%	\$ 318.6	\$ 290.3	9.8%
Net income / (loss)	\$ (3.0)	\$ 1.7	(270.4)%	\$ 1.6	\$ 7.8	(79.7)%
Non-GAAP EBITDA ⁽¹⁾	\$ 9.1	\$ 18.6	(50.9)%	\$ 60.8	\$ 67.8	(10.4)%
Fully diluted income / (loss) per share	\$ (0.10)	\$ 0.06	(283.7)%	\$ 0.05	\$ 0.28	(80.6)%
Non-GAAP fully diluted earnings per share ^{(1) (2)}	\$ 0.07	\$ 0.28	(76.5)%	\$ 0.83	\$ 1.16	(28.4)%

⁽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.

⁽²⁾ For the three months ended December 31, 2016, 481,273 incremental shares related to stock-based awards were not included in the computation of fully diluted income / (loss) per share because of the net loss during the period. Diluted shares used in the reconciliation of non-GAAP fully diluted EPS was 28,728,837.

Key Takeaways

- The increase in year-over-year 2016 revenue was primarily driven by volume gains and full year of Command results, offset by rate pressure and a decline in fuel prices.
- The decrease in fourth quarter 2016 net revenue was the result of lower margins, primarily in the truckload mode.

Revenue by Mode

<i>dollars in millions</i> <i>(unaudited)</i>	Three months ended December 31,			Year ended December 31,		
	2016	2015	% Change	2016	2015	% Change
Truckload ("TL") revenue	\$ 274.9	\$ 278.4	(1.2)%	\$ 1,160.8	\$ 965.4	20.3%
Less-than-truckload ("LTL") revenue	108.9	103.0	5.5%	452.3	445.3	1.5%
Intermodal revenue	15.9	18.2	(12.4)%	73.1	74.2	(1.4)%
Other revenue	7.2	7.6	(4.4)%	30.0	27.4	9.2%
Total revenue	\$ 406.9	\$ 407.2	(0.1)%	\$ 1,716.2	\$ 1,512.3	13.5%

Key Takeaways

- Year-over-year TL (includes Partial TL) revenue growth was driven by a 31% increase in volume due to the Command acquisition, partially offset by a 8% decrease in revenue per shipment.
- Fourth quarter LTL revenue growth was driven by a 4% increase in volume.

Revenue by Client Type

<i>dollars in millions</i> (unaudited)	Three months ended December 31,			Year ended December 31,		
	2016	2015	% Change	2016	2015	% Change
Transactional revenue	\$ 328.8	\$ 337.3	(2.5)%	\$ 1,395.9	\$ 1,225.3	13.9%
Managed Transportation revenue	78.1	69.9	11.7%	320.3	287.0	11.6%
Total revenue	\$ 406.9	\$ 407.2	(0.1)%	\$ 1,716.2	\$ 1,512.3	13.5%

Key Takeaways

- The increase in Transactional revenue for full year 2016 was driven by an increase in volume due to the Command acquisition, partially offset by a decline in truckload rates.
- The Managed Transportation revenue increase was primarily driven by the addition of new clients, with an increase in volume from existing clients.

Net Revenue and Revenue Analysis

<i>dollars in millions</i> <i>(unaudited)</i>	Three months ended December 31,			Year ended December 31,		
	2016	2015	Change	2016	2015	Change
Net revenue ⁽¹⁾	\$ 71.7	\$ 80.1	(10.5)%	\$ 318.6	\$ 290.3	9.8%
Net revenue margin	17.6%	19.7%	(205) bps	18.6%	19.2%	(63) bps
TL revenue mix	67.6%	68.4%	(82) bps	67.6%	63.8%	381 bps
LTL revenue mix	26.8%	25.3%	145 bps	26.4%	29.4%	(309) bps
Intermodal revenue mix	3.9%	4.5%	(55) bps	4.3%	4.9%	(64) bps
Other revenue mix	1.7%	1.8%	(8) bps	1.7%	1.9%	(8) bps
Transactional revenue mix	80.8%	82.8%	(202) bps	81.3%	81.0%	31 bps
Managed Transportation revenue mix	19.2%	17.2%	202 bps	18.7%	19.0%	(31) bps

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

Key Takeaways

- The full year-over-year decrease in net revenue margin was the result of a change in mode mix due to the full year impact of the Command acquisition and lower truckload margins.
- The fourth quarter increase in our Managed Transportation revenue mix is due to the acquisition of new clients and the continued growth of our current clients.

Expense Summary

<i>dollars in millions</i> <i>(unaudited)</i>	Three months ended December 31,			Year ended December 31,		
	2016	2015	Change	2016	2015	Change
Total revenue	\$ 406.9	\$ 407.2	(0.1)%	\$ 1,716.2	\$ 1,512.3	13.5%
Net revenue ⁽¹⁾	\$ 71.7	\$ 80.1	(10.5)%	\$ 318.6	\$ 290.3	9.8%
Commission expense	\$ 21.7	\$ 24.1	(10.0)%	\$ 95.6	\$ 86.0	11.3%
<i>Percent of net revenue</i>	<i>30.3%</i>	<i>30.1%</i>	<i>15 bps</i>	<i>30.0%</i>	<i>29.6%</i>	<i>41 bps</i>
Change in contingent consideration	\$ (0.0)	\$ 0.1	(164.6)%	\$ (0.1)	\$ 0.2	(153.5)%
<i>Percent of net revenue</i>	<i>(0.1)%</i>	<i>0.1%</i>	<i>(12) bps</i>	<i>0.0%</i>	<i>0.1%</i>	<i>(10) bps</i>
Acquisition-related transaction costs	\$ —	\$ 0.0	(100.0)%	\$ —	\$ 6.6	(100.0)%
<i>Percent of net revenue</i>	<i>—%</i>	<i>0.0%</i>	<i>(2) bps</i>	<i>—%</i>	<i>2.3%</i>	<i>(226) bps</i>
Stock compensation expense	\$ 2.0	\$ 4.8	(58.9)%	\$ 13.1	\$ 14.0	(6.3)%
<i>Percent of net revenue</i>	<i>2.8%</i>	<i>6.0%</i>	<i>(325) bps</i>	<i>4.1%</i>	<i>4.8%</i>	<i>(71) bps</i>
Other selling, general, and administrative	\$ 40.9	\$ 37.4	9.3%	\$ 162.2	\$ 136.5	18.8%
<i>Percent of net revenue</i>	<i>57.0%</i>	<i>46.7%</i>	<i>1,031 bps</i>	<i>50.9%</i>	<i>47.0%</i>	<i>389 bps</i>
Selling, general and administrative expense	\$ 64.5	\$ 66.4	(2.9)%	\$ 270.8	\$ 243.2	11.4%
<i>Percent of net revenue</i>	<i>90.0%</i>	<i>82.9%</i>	<i>706 bps</i>	<i>85.0%</i>	<i>83.8%</i>	<i>122 bps</i>
Depreciation	\$ 4.6	\$ 3.4	35.4%	\$ 16.3	\$ 12.4	31.7%
<i>Percent of net revenue</i>	<i>6.4%</i>	<i>4.2%</i>	<i>215 bps</i>	<i>5.1%</i>	<i>4.3%</i>	<i>85 bps</i>
Amortization	\$ 3.9	\$ 4.2	(7.0)%	\$ 15.8	\$ 11.7	34.6%
<i>Percent of net revenue</i>	<i>5.5%</i>	<i>5.3%</i>	<i>20 bps</i>	<i>5.0%</i>	<i>4.0%</i>	<i>92 bps</i>
Cash interest expense	\$ 1.7	\$ 1.6	3.2%	\$ 6.6	\$ 4.3	51.2%
<i>Percent of net revenue</i>	<i>2.4%</i>	<i>2.0%</i>	<i>31 bps</i>	<i>2.1%</i>	<i>1.5%</i>	<i>57 bps</i>
Non-cash interest expense	\$ 1.9	\$ 1.8	5.9%	\$ 7.6	\$ 4.9	56.4%
<i>Percent of net revenue</i>	<i>2.7%</i>	<i>2.3%</i>	<i>42 bps</i>	<i>2.4%</i>	<i>1.7%</i>	<i>71 bps</i>

(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 commission expense decreased due to lower net revenue.
- The increase in other selling, general and administrative expense for the fourth quarter and year ended 2016 is related to approximately \$3.4 million and \$11.4 million of integration costs, respectively, along with an increase in overall headcount.

Cash Flow and Balance Sheet Data

Selected Cash Flow Data

<i>dollars in millions</i>	Three months ended December 31,			Year ended December 31,		
	2016	2015	% Change	2016	2015	% Change
	(unaudited)			(unaudited)		
Cash generated from operations	\$ 4.6	\$ 18.0	(74.4)%	\$ 59.7	\$ 70.8	(15.7)%
Capital expenditures	(9.6)	(4.7)	103.4%	(46.9)	(14.7)	218.0%
Free cash flow ⁽¹⁾	\$ (5.0)	\$ 13.3	(137.7)%	\$ 12.8	\$ 56.1	(77.1)%
Acquisition-related payments	\$ —	\$ 0.1	(100.0)%	\$ (2.3)	\$ (393.3)	(99.4)%

⁽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.

Selected Balance Sheet Data

<i>dollars in millions</i>	As of December 31,	
	2016	2015
	(unaudited)	
Cash and cash equivalents	\$ 16.6	\$ 56.5
Accounts receivable, net of allowance for doubtful accounts	231.4	196.4
Current assets	268.3	260.8
Current liabilities	167.9	137.4
Convertible notes, net of unamortized discount/issuance costs	203.6	196.7
Stockholders' equity	\$ 358.1	\$ 395.2

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 total revenue less transportation costs. Non-GAAP EBITDA is defined as net income / (loss) excluding the effects of changes in contingent consideration, depreciation, amortization, acquisition-related transaction costs, stock compensation expense, cash and non-cash interest expense, other expense, Term Loan B commitment fees and income taxes. Non-GAAP Fully Diluted EPS is defined as fully diluted EPS excluding changes in contingent consideration, amortization, acquisition-related transaction costs, non-cash interest expense, stock compensation expense, Term Loan B commitment fees and the aggregate tax impact of each adjustment. 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 (unaudited)</i>	Three months ended December 31,			Year ended December 31,		
	2016	2015	% change	2016	2015	% change
Total revenue	\$ 406.9	\$ 407.2	(0.1)%	\$ 1,716.2	\$ 1,512.3	13.5%
Transportation costs	335.1	327.1	2.5%	1,397.6	1,222.0	14.4%
Net revenue ⁽¹⁾	\$ 71.7	\$ 80.1	(10.5)%	\$ 318.6	\$ 290.3	9.8%
Net income / (loss)	\$ (3.0)	\$ 1.7	(270.4)%	\$ 1.6	\$ 7.8	(79.7)%
Change in contingent consideration	(0.0)	0.1	(164.6)%	(0.1)	0.2	(153.5)%
Depreciation	4.6	3.4	35.4%	16.3	12.4	31.7%
Amortization	3.9	4.2	(7.0)%	15.8	11.7	34.6%
Acquisition-related transaction costs	—	0.0	(100.0)%	—	6.6	(100.0)%
Non-cash interest expense	1.9	1.8	5.9%	7.6	4.9	56.4%
Term Loan B commitment fees (non-recurring interest expense)	—	—	—%	—	2.0	(100.0)%
Stock compensation expense	2.0	4.8	(58.9)%	13.1	14.0	(6.3)%
Cash interest expense	1.7	1.6	3.2%	6.6	4.3	51.2%
Other expense	—	—	—%	—	0.2	(100.0)%
Income tax (benefit) / expense	(2.0)	0.9	(319.3)%	(0.2)	3.7	(105.6)%
Non-GAAP EBITDA ⁽¹⁾	\$ 9.1	\$ 18.6	(50.9)%	\$ 60.8	\$ 67.8	(10.4)%
Fully diluted income / (loss) per share	\$ (0.10)	\$ 0.06	(283.7)%	\$ 0.05	\$ 0.28	(80.6)%
Change in contingent consideration	(0.00)	0.00	(168.5)%	(0.00)	0.01	(151.3)%
Amortization	0.14	0.14	(1.4)%	0.54	0.42	29.2%
Acquisition-related transaction costs	—	0.00	(100.0)%	—	0.23	(100.0)%
Non-cash interest expense	0.07	0.06	12.3%	0.26	0.17	50.1%
Term Loan B commitment fees (non-recurring interest expense)	—	—	—%	—	0.07	(100.0)%
Stock compensation expense	0.07	0.16	(56.5)%	0.45	0.50	(10.2)%
Tax effect of adjustments	(0.10)	(0.14)	24.6%	(0.47)	(0.52)	10.9%
Non-GAAP fully diluted EPS ^{(1) (2)}	\$ 0.07	\$ 0.28	(76.5)%	\$ 0.83	\$ 1.16	(28.4)%

⁽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.

⁽²⁾ For the three months ended December 31, 2016, 481,273 incremental shares related to stock-based awards were not included in the computation of fully diluted EPS because of the net loss during the period. Diluted shares used in the reconciliation of non-GAAP fully diluted EPS was 28,728,837.

Historical Financial Statements

dollars in millions, except per share data

(unaudited)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
Transactional revenue	\$ 217.4	\$ 295.3	\$ 375.3	\$ 337.3	\$ 1,225.3	\$ 332.0	\$ 362.0	\$ 373.1	\$ 328.8	\$ 1,395.9
Managed transportation revenue	66.1	76.3	74.7	69.9	287.0	73.3	81.8	87.1	78.1	320.3
Revenue	\$ 283.5	\$ 371.6	\$ 450.0	\$ 407.2	\$ 1,512.3	\$ 405.3	\$ 443.8	\$ 460.2	\$ 406.9	\$ 1,716.2
Transportation costs	230.2	302.1	362.6	327.1	1,222.0	324.5	358.6	379.3	335.1	1,397.6
Net revenue ⁽¹⁾	\$ 53.3	\$ 69.5	\$ 87.4	\$ 80.1	\$ 290.3	\$ 80.8	\$ 85.2	\$ 80.9	\$ 71.7	\$ 318.6
Commission expense	14.9	20.4	26.5	24.1	86.0	24.8	25.2	23.8	21.7	95.6
Change in contingent consideration	(0.1)	0.3	(0.0)	0.1	0.2	(0.2)	0.0	0.0	(0.0)	(0.1)
Acquisition-related transaction costs	0.5	5.9	0.2	0.0	6.6	—	—	—	—	—
Stock compensation expense	1.9	2.6	4.7	4.8	14.0	5.3	3.8	2.0	2.0	13.1
Other selling, general and administrative	26.9	32.3	39.9	37.4	136.5	39.5	41.5	40.3	40.9	162.2
Selling, general and administrative expense	\$ 44.0	\$ 61.5	\$ 71.3	\$ 66.4	\$ 243.2	\$ 69.5	\$ 70.5	\$ 66.3	\$ 64.5	\$ 270.8
Depreciation	2.7	3.0	3.4	3.4	12.4	3.5	3.6	4.6	4.6	16.3
Amortization	1.1	2.3	4.1	4.2	11.7	4.0	4.0	3.9	3.9	15.8
Depreciation and amortization	\$ 3.9	\$ 5.3	\$ 7.4	\$ 7.6	\$ 24.1	\$ 7.5	\$ 7.6	\$ 8.5	\$ 8.5	\$ 32.1
Operating income / (loss)	\$ 5.4	\$ 2.8	\$ 8.6	\$ 6.1	\$ 22.9	\$ 3.8	\$ 7.0	\$ 6.0	\$ (1.3)	\$ 15.6
Cash interest expense	—	1.1	1.6	1.6	4.3	1.6	1.6	1.6	1.7	6.6
Non-cash interest expense	—	1.3	1.8	1.8	4.9	1.9	1.9	1.9	1.9	7.6
Term Loan B commitment fees (non-recurring interest expense)	—	2.0	—	—	2.0	—	—	—	—	—
Other expense	0.1	0.1	—	—	0.2	—	—	—	—	—
Interest and other expense	\$ 0.1	\$ 4.4	\$ 3.4	\$ 3.5	\$ 11.4	\$ 3.5	\$ 3.5	\$ 3.6	\$ 3.6	\$ 14.2
Income / (loss) before provision for income taxes	\$ 5.3	\$ (1.6)	\$ 5.2	\$ 2.6	\$ 11.5	\$ 0.3	\$ 3.5	\$ 2.5	\$ (4.9)	\$ 1.4
Income tax expense / (benefit)	1.9	(0.9)	1.7	0.9	3.7	0.1	1.6	0.1	(2.0)	(0.2)
Net income / (loss)	\$ 3.3	\$ (0.7)	\$ 3.5	\$ 1.7	\$ 7.8	\$ 0.3	\$ 1.9	\$ 2.4	\$ (3.0)	\$ 1.6
Fully diluted EPS	\$ 0.14	\$ (0.03)	\$ 0.11	\$ 0.06	\$ 0.28	\$ 0.01	\$ 0.07	\$ 0.08	\$ (0.10)	\$ 0.05
Diluted shares ⁽²⁾	23.9	27.7	30.3	30.5	28.1	29.8	29.6	29.1	28.2	29.3

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

(2) For the three months ended December 31, 2016, 481,273 incremental shares related to stock-based awards were not included in the computation of fully diluted EPS because of the net loss during the period. Diluted shares used in the reconciliation of non-GAAP fully diluted EPS was 28,728,837.

