



# First Quarter 2016 Financial Results

Echo Global Logistics, Inc.

April 27, 2016

PEOPLE • TECHNOLOGY • RESULTS

# 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, 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.*



# First Quarter 2016 Financial Review

	Three months ended March 31,			% Change
	2016	2015		
<i>dollars in millions except per share data</i>	<b>(unaudited)</b>			
Total revenue	\$ 405.3	\$ 283.5		43.0%
Net revenue <sup>(1)</sup>	80.8	53.3		51.8%
Non-GAAP EBITDA <sup>(1)</sup>	16.5	11.5		43.7%
Non-GAAP net income <sup>(1)</sup>	7.1	5.5		30.2%
Non-GAAP fully diluted earnings per share <sup>(1)</sup>	\$ 0.24	\$ 0.23		4.5%

<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.

## Key Takeaways

- The first quarter of 2016 represents the twenty-sixth consecutive quarter of year-over-year total revenue growth.
- The increase in first quarter 2016 revenue was primarily driven by the Command acquisition, as volume gains were offset by lower rates.
- The year-over-year decrease in fuel prices impacted top line revenue by an estimated \$26M in the first quarter 2016.



# Revenue by Mode

<i>dollars in millions</i>	Three months ended March 31,		
	2016	2015	% Change
Truckload ("TL") revenue	\$274.6	\$157.6	74.3%
Less-than-truckload ("LTL") revenue	105.8	104.2	1.5%
Intermodal revenue	17.7	16.2	9.7%
Other revenue	7.2	5.5	29.8%
<b>Total revenue</b>	<b>\$405.3</b>	<b>\$283.5</b>	<b>43.0%</b>

## Key Takeaways

- TL revenue growth was driven by the Command acquisition and by organic growth in Echo's TL business.
- Historical Echo TL (includes Partial TL) revenue grew 4% from the first quarter 2015 to the first quarter 2016, driven by a 16% increase in volume, partially offset by an 11% decrease in revenue per shipment.
- The Q1 LTL revenue increase was driven by a 2% increase in volume, partially offset by a reduction in rates (driven by lower fuel prices) and the conversion of a client to a fee-based contract.



# Revenue by Client Type

<i>dollars in millions</i>	Three months ended March 31,		
	2016	2015	% Change
Transactional revenue	\$332.0	\$217.4	52.7%
Managed Transportation revenue	73.3	66.1	10.9%
<b>Total revenue</b>	<b>\$405.3</b>	<b>\$283.5</b>	<b>43.0%</b>

## Key Takeaways

- Transactional revenue growth was driven primarily by revenue from Command.
- Managed Transportation revenue increase was driven by an increase in volume and by new client wins.



# Net Revenue and Revenue Analysis

<i>dollars in millions</i>	Three months ended March 31,		
	2016	2015	Change
Net revenue <sup>(1)</sup>	\$80.8	\$53.3	51.8%
Net revenue margin	19.9%	18.8%	116 bps
TL revenue mix	67.8%	55.6%	1,218 bps
LTL revenue mix	26.1%	36.8%	(1,067) bps
Intermodal revenue mix	4.4%	5.7%	(132) bps
Other revenue mix	1.7%	1.9%	(19) bps
Transactional revenue mix	81.9%	76.7%	523 bps
Managed Transportation revenue mix	18.1%	23.3%	(523) bps

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

## Key Takeaways

- In the first quarter of 2016, the year-over-year increase in net revenue margin resulted primarily from an increase in TL margin.
- Increases in our TL and transactional revenue as a percentage of total revenue were due to the growth of our organic TL business and the acquisition of Command.



# Operating Summary

<i>dollars in millions</i>	Three months ended March 31,		
	2016	2015	Change
Total revenue	\$405.3	\$283.5	43.0%
Net revenue <sup>(1)</sup>	\$80.8	\$53.3	51.8%
Commission expense	\$24.8	\$14.9	66.3%
<i>Percent of net revenue</i>	30.7%	28.0%	269 bps
Non-GAAP selling, general and administrative expense <sup>(1)</sup>	\$39.5	\$26.9	47.1%
<i>Percent of net revenue</i>	48.8%	50.4%	(154) bps
Depreciation	\$3.5	\$2.7	28.8%
<i>Percent of net revenue</i>	4.4%	5.1%	(78) bps
Non-GAAP EBITDA <sup>(1)</sup>	\$16.5	\$11.5	43.7%
<i>Percent of net revenue</i>	20.4%	21.6%	(115) bps
Non-GAAP income before taxes <sup>(1)</sup>	\$11.3	\$8.7	31.0%
<i>Percent of net revenue</i>	14.0%	16.3%	(223) bps
Non-GAAP net income <sup>(1)</sup>	\$7.1	\$5.5	30.2%
<i>Percent of net revenue</i>	8.8%	10.3%	(146) bps
Non-GAAP fully diluted EPS <sup>(1)</sup>	\$0.24	\$0.23	4.5%

*(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

- 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 March 31,		
	2016	2015	% Change
	(unaudited)		
Cash generated from operations	\$14.3	\$9.4	52.2%
Capital expenditures	(4.3)	(2.8)	54.5%
Free cash flow <sup>(1)</sup>	\$10.0	\$6.6	51.2%
Acquisition related payments	(\$2.1)	(\$22.3)	(90.7%)

<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>	As of March 31,	
	2016	2015
	(unaudited)	
Cash and cash equivalents	\$43.5	\$17.2
Accounts receivable, net of allowance for doubtful accounts	209.0	151.9
Current assets	260.8	177.9
Current liabilities	145.3	118.3
Convertible notes, net of unamortized discount/issuance costs	198.3	—
Stockholders' equity	\$380.7	\$187.1





# 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 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. Net revenue is calculated as total revenue less transportation costs. Non-GAAP selling, general and administrative expense is defined as selling, general and administrative expense excluding commission expense, changes in contingent consideration, acquisition-related transaction costs and stock compensation expense. Non-GAAP EBITDA is defined as net income excluding the effects of changes in contingent consideration, depreciation, amortization, acquisition-related transaction costs, stock compensation expense, cash and noncash interest expense, other expense and income taxes. Non-GAAP Income Before Taxes is defined as income before provision for income taxes excluding changes in contingent consideration, amortization, acquisition-related transaction costs, stock compensation expense and noncash interest expense. Non-GAAP Net Income is defined as net income excluding changes in contingent consideration, amortization, acquisition-related transaction costs, stock compensation expense, noncash interest expense and the aggregate tax impact of each adjustment. Non-GAAP Fully Diluted EPS is defined as fully diluted EPS excluding changes in contingent consideration, amortization, acquisition-related transaction costs, noncash interest expense, stock compensation expense 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 defined as net cash provided by operating activities reduced by capital expenditures.*

*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.*



# Appendix

## Reconciliation of Non-GAAP Financial Measures

	Three months ended March 31,		
	2016	2015	Change
<i>dollars in millions, except per share data</i>			
	(unaudited)		
<b>Total revenue</b>	\$405.3	\$283.5	43.0%
Transportation costs	324.5	230.2	40.9%
<b>Net revenue</b>	<u>\$80.8</u>	<u>\$53.3</u>	<u>51.8%</u>
<b>Non-GAAP selling, general and administrative expense</b>	\$39.5	\$26.9	47.1%
Commission expense	24.8	14.9	66.3%
Change in contingent consideration	(0.2)	(0.1)	58.8%
Acquisition-related transaction costs	—	0.5	(100.0%)
Stock compensation expense	5.3	1.9	181.2%
<b>Selling, general, and administrative expense</b>	<u>\$69.5</u>	<u>\$44.0</u>	<u>57.8%</u>
<b>Non-GAAP EBITDA</b>	\$16.5	\$11.5	43.7%
Change in contingent consideration	0.2	0.1	58.8%
Depreciation	(3.5)	(2.7)	28.8%
Amortization	(4.0)	(1.1)	253.2%
Acquisition-related transaction costs	—	(0.5)	(100.0%)
Noncash interest expense	(1.9)	—	—
Stock compensation expense	(5.3)	(1.9)	181.2%
Cash interest expense	(1.6)	—	—
Other expense	—	(0.1)	(100.0%)
Income taxes	(0.1)	(1.9)	(97.2%)
<b>Net income</b>	<u>\$0.3</u>	<u>\$3.3</u>	<u>(92.1%)</u>
<b>Non-GAAP income before taxes</b>	\$11.3	\$8.7	31.0%
Change in contingent consideration	0.2	0.1	58.8%
Amortization	(4.0)	(1.1)	253.2%
Acquisition-related transaction costs	—	(0.5)	(100.0%)
Noncash interest expense	(1.9)	—	—
Stock compensation expense	(5.3)	(1.9)	181.2%
<b>Income before provision for income taxes</b>	<u>\$0.3</u>	<u>\$5.3</u>	<u>(94.0%)</u>
<b>Non-GAAP net income</b>	\$7.1	\$5.5	30.2%
Change in contingent consideration	0.2	0.1	58.8%
Amortization	(4.0)	(1.1)	253.2%
Acquisition-related transaction costs	—	(0.5)	(100.0%)
Noncash interest expense	(1.9)	—	—
Stock compensation expense	(5.3)	(1.9)	181.2%
Income Taxes	4.2	1.2	232.8%
<b>Net income</b>	<u>\$0.3</u>	<u>\$3.3</u>	<u>(92.1%)</u>
<b>Non-GAAP fully diluted EPS</b>	\$0.24	\$0.23	4.5%
Effect of change in contingent consideration, amortization, acquisition-related transaction costs, non cash interest expense and stock compensation expense, net of tax	(0.23)	(0.09)	156.4%
<b>Fully diluted EPS</b>	<u>\$0.01</u>	<u>\$0.14</u>	<u>(93.7%)</u>

