



# Echo Global Logistics (ECHO)

Presentation by Jane Nelson  
Vice President  
Rocky Mountain Chapter  
February 13, 2013



# Disclaimer

Any stocks mentioned in this presentation are for illustration and discussion only.

No recommendation for buying or selling is intended.



# Echo Global Logistics (ECHO)

Echo is a non-asset based third party logistics provider.

80% Domestic Truck Brokerage

7% Small Parcel

13% Intermodal international air and ocean freight forwarding services



# Growth Drivers

Shippers are increasingly outsourcing transportation and logistics

The 3PL(third party logistics) industry is increasing its market share against asset based companies.



# Recent News

Feb. 7, 2013--Fourth quarter earnings release.

Q. Rev.=211.2M

Rev. Gr.=29.7%

Q. Dil. EPS= \$.15

Down \$0.01 QoQ

Yr. Rev.= 757.7M

Yr. Rev. Gr.=25.7%

Yr. Dil. EPS= \$.62

Yr. Dil. EPS Gr.=17.9%

ECHO named 2012 Carrier of the Year by Monster Beverage Company..



# Business Outlook

Though a variable business model provides a buffer Echo is not immune to cyclical downturns in freight demand.

Broader industry problems (driver availability, rising carrier safety regulation, and more stringent emission standards) lead to capacity shortfall.



# Strengths of ECHO

- Non-asset based model reduces cyclicality
- Low capital investment
- Large and growing network of shippers and carriers
- Complexity of supply chain due to globalization and foreign sourcing
- Long contracts give stability





# Strengths of ECHO

- Outsourcing transportation and logistics has become more cost effective.
- ECHO's solid financial condition.
- Experienced management.
- Management and directors hold shares.





# Weaknesses of ECHO

- Limited operating history
- Not much of a moat
- Senior management, directors and “related entities” hold 39% of outstanding shares
- High returns of 3PL industry are attracting competitors
- Long contracts hinder ability to adjust pricing.
- Capacity in the spot market could be a problem in strong upturn.



# Opportunities for ECHO

- Slow economy has given ECHO time to build relationships and carrier networks
- Solid financials aid in acquisitions
- Technical capabilities give it a head start in execution.  
(Evolved Transportation management—their proprietary technology platform)



# Threats to ECHO

- As a young, small company it still needs to fine tune its processes to lower costs
- Because it buys transportation on the spot market its costs are highly variable.



**Questions? Comments?**



**Thank You**

**Jane Nelson**

**[j.nelson@rmchapter.org](mailto:j.nelson@rmchapter.org)**

We are happy to help you!