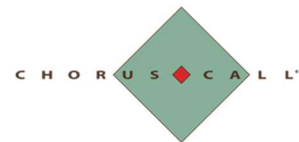




**“Allcargo Logistics Limited
Q4 & FY25 Earnings Conference Call”**

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MR. JAN KLEINE-LASTHUES – CHIEF OPERATING
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Moderator:

Ladies and gentlemen, welcome to the Allcargo Logistics Q4 and FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

The management is represented by Mr. Ravi Jakhar, Director, Strategy and Group CFO; Mr. Jan Kleine-Lasthues, Chief Operating Officer, ECU Worldwide and Mr. Stephen Dunn, Finance Director, ECU Worldwide. I would now like to hand the conference over to Mr. Ravi Jakhar for opening remarks. Thank you, and over to you, sir.

Ravi Jakhar:

Thank you very much and thank you, ladies and gentlemen for joining us on this call today. It is my privilege to present the company's performance for the Q4 FY '25 and for the full year before you, considering that our international supply business comprises the majority of this business besides the Express business, which is already covered under the listing entity Allcargo Gati.

And therefore to give you a better perspective on the international supply chain business. Today, I'm also joined by my colleagues, Jan, who is the Chief Operating Officer for ECU Worldwide and Steve, who is the Global Finance Director for ECU Worldwide. Past couple of months have seen significant uncertainties on the geopolitical side, the economic outcome of that, leading to different narratives on tariffs.

However, in the end, there seems to be a reconciliatory direction with the pause for 90 days announced across key countries. And this has kind of allowed a quick rebound in the international trade in the last week. And we believe that the overall environment, which was looking a bit negative after the initial significant tariff announcements seem to be reviving and times ahead seem to be better.

On the domestic front, the Indian economy continues to be promising. And now the Express business industry itself is seeing a double-digit growth. And therefore, the opportunity remains steadfast. I would dive deeper with commentary across different businesses. But let me first look at the comprehensive financial performance for the fourth quarter.

Our consolidated revenue and EBITDA for this quarter when compared year-on-year increased by 18% and 16%, respectively to INR3,952 crores with an EBITDA of INR115 crores. The net income improved by approximately INR9 crores, however, still reporting a marginal loss. This was primarily led by INR33 crores of forex loss, which is primarily driven by revaluation of assets and liabilities in our balance sheet on the international supply chain business on account of U.S. to Euro fluctuations and the way our accounting is done at different countries, and then at the Belgian console level and translate it into the final India reported numbers.

For the full financial year, we saw a 24% growth in consolidated revenues, and we saw 12% growth in EBITDA. In terms of the profit after tax for the FY '25, we reported INR49 crores, which was lower than last year. Some of the impacts, which I highlighted pertaining to the quarter. But beyond that we also had exceptional items pertaining to the sale of shareholding in

HORCL and some marginal gains realized from the fair value of assets held for sale, which are nonrepeating in nature.

Therefore, making this comparison not so like to like. Coming to the overall performance breaking down into the segments. The international supply chain business for the full year FY '25, we witnessed a growth of 1% in LCL volumes. We believe that overall, the industry contracted last year given that some of our customers' major forwarders move to increase consolidation on their own and also with the freight rates not rising sharply.

FCL trade continuing to do better. And some of the abnormal LCL growth, which you've seen in the earlier year sort of reversed back. So therefore, we believe that we did better than the market. On the FCL side, the global containerized trade grew by about 5% to 6%. We believe that the countries that we operate is grew somewhere in the same range of about 5%. We outperformed that growth by growing the FCL volumes by about 7%.

One of our smaller businesses, where we are also focusing recently in Air. The air volumes grew by 30%, 3-0, 30% year-on-year. In total, we handle about 8.9 cubic meters in LCL, almost 650,000 TEUs in FCL and over 33 million kilograms in air cargo. The International Supply Chain segment revenue grew by 25%. And despite all the one-off expenses, we still saw an improvement in EBITDA also by about 4%.

As I mentioned, in terms of the current environment, the transpacific trade lane has seen a massive decline with China to U.S. trade declining by as much as 61% year-on-year in one of the recent weeks. But then with Trump's announcements on reconciliatory approach setting a 90-day pause led to a sharp rebound as well in the corresponding weekend. Last week itself was one of the highest growth in the recent times.

So what we are witnessing is that the supply and demand situation seems to be normalizing, at least for the time being, unless we see another shift in the economic dialogue between the key countries. But at this point in time, there is a momentum picking up in demand. And usually, the shipping cycle, which tend to get stronger around June, July, with these temporary 90-day pause, there's already a significant demand coming in, and there's also perspective that this could lead to supply shortage.

And there could be some short-term volatility in the freight rate for some of the key trade lanes. On the Domestic Supply Chain segment, the Express business recorded a 2% revenue growth and 34% EBITDA growth in FY '25. This significant 34% growth in EBITDA is driven by cost optimization as well as yield enhancements by focusing on cutting out the loss-making customers and still retaining the revenue by expanding across more profitable opportunities.

On the Contract Logistics business, which also forms part of domestic supply chain for us, we have been riding on the quick commerce wave, where we play a significant contribution in the supply chain. And led by that, we saw a significant 48% increase in revenue growth. We believe that in a normal situation, this would have also led to a significant improvement in the bottom line, whereas EBITDA only grew by 2%, primarily driven by white spaces.

A large part of this white space is linked to a specific contract, which comes to an end during this financial year, more or less. And we are also expecting the occupancy levels to increase. So therefore, we should potentially see lesser white space in the times to come. And the bottom line should also become healthy. However, any losses were -- or declines in bottom line were prevented because of massive growth in revenue, which I mentioned just now.

Overall, with the businesses are performing well in terms of the growth and, at the same time, there have been several steps taken on improving the working capital management and the financial management of the company. As an outcome of that, combined with the equity plan, we have, in the second half of FY '25, itself been able to reduce our gross debt by INR66 crores while, at the same time, our cash and cash equivalents increased by INR76 crores, which meant that over the last 6 months, we saw a debt deduction of almost INR142 crores.

And as an outcome of that, while our gross debt stands at INR1,167 crores, our net debt now stands at INR472 crores. In line with the best disclosure practices, we have been consistently providing key competitive financial performance and operational breakdowns. In the recent earnings calls, it was also desired that if we can provide a flavor of regional growth on the International Supply Chain business. So therefore, on this occasion, in our investor presentation, which has been uploaded on the website of stock exchanges as well as on the company website, we also provided a flavor of the regional performance. What we have seen, particularly in the last 3 to 5 months, I would say, to be precise, we have seen robust growth in profitability in Latin America. And most of our countries where we had concerns on losses has a turnaround. And this paves way for a stronger financial performance in the year to come by.

So that's broadly on the flavor of the business. Now I would call upon my colleague Jan to introduce himself and also give his perspective on the operating business and trade environment. So over to you, Jan. Thanks.

Jan Kleine Lasthues:

Yes. Good afternoon to everyone. This is Jan Kleine-Lasthues. Well, I've joined ECU in December, I took over the role as the Global COO. A brief background on myself. I have more than 26 years in the logistic industry. Before I joined ECU, I was working at Hellmann Worldwide Logistics for 13 years in the last 6 years as well as the Chief Operating Officer within Hellmann.

And before that, I was working at SDV, it was called at that time, then it was Bollore and now I guess its CEVA also 12 years. So yes, as I said, overall, around 26 years in the industry. So now I am with ECU for the last around 6 months, and since I'm there, well, we have started a few initiatives. One very important initiative, which we just -- recent one, we have worked on and are working at the moment on the implementation is that we have a business process management in place, so bring it in place, to have an end-to-end process management within the company.

To work on one hand, productivity gains because, I think with the standard global process, we can gain productivity, especially then having those processes working together on both sides., but also standard processes will help us to somehow outsource or move operational tasks into

shared service center, but then really help to reduce our staff costs by using the shared service centers.

I think it was already discussed in some of the earlier calls, where we have built up now our shared service centers on one side in APAC, in Asia Pacific, then we have one for the Americas. And now we have the third one for Europe. So we have -- based on the regions, 3 shared service centers in which we have outsourced or where we're increasingly the outsourcing somewhere close to this workload to reduce the personnel expenses for our main asset in the company, which is our teams or our employees.

So this is what we are driving at the moment. So the plan is really to drive quality with similar processes, but even more to drive the productivity and reduce costs. On the other hand, we're working on implementing and building up a product management. Well, Ravi mentioned that already, that's -- well, on one hand, we have the LCL business, so less container load, which is our core business, and which also will remain our core business and what is driving our profitability and where we make most of our revenue. But we are already in the LCL business, well, the largest LCL provider, so leading globally.

But in the other products where we also have significant growth over the last months. So on the FCL, the Full Container business but as well on the Air Freight business. And to drive this grow further and as well to accelerate our growth on the warehousing and container freight station business, we've decided to implement a product management.

So in the future, we have product management on LCL, which was there as well in the past. But to diversify our product portfolio, we've said we want to also push the other products. So that's why we're building up now as well a product management on the FCL, on the Full Container Load, as well on the Air Freight product, which is also quite important. And the actual markets, which is quite uncertain, and in uncertain markets, air freight has always a high demand.

And then as well, building up the product management on the CFS business, where we believe we have a lot of our own CFSs, which we operate globally, which is one of our strong assets, and we can grow that further and also become there one of the leading CFS providers globally. And there is also the possibility of good margins.

Yes. So far, that's a quick overview of the initiatives in the operations area, well, a few more projects we are working on, but by saying that, I would firsthand over back to Ravi.

Ravi Jakhar:

Thanks, Jan. And I would now like to request my colleague, Steve, to introduce himself and also give a perspective on what we are doing on the finance function globally. Over to you, Steve.

Stephen Dunn:

Yes. I'm Steve Dunn, and I'm excited to have joined the Allcargo ECU team to lead the global finance function for ECU Worldwide. I've been in the role now about 6 months, and I'm pleased to be here to lead a full finance transformation to optimize and to rightsize the finance function to support the business on the next stage of its journey.

We have plenty of opportunity to apply automation, streamline and digitize the finance function and deploy global world-class practices. ECU Worldwide and its parent, Allcargo Logistics is a

great company, and I see a lot of potential, and I look forward to contributing to its future success.

We are primarily working on improved working capital management to drive a higher return on capital employed, reducing the cost of operating the business through outsourcing and the automation of the finance function and also driving a culture of high performance with a sharp focus on business management.

We have rolled out a global system in Microsoft 365, and now the focus is making it fully functional and effective. We're also closely reviewing our treasury and forex management to see how we can eliminate inconsistencies in movements in USD, euro, INR conversions, even if it's a large part noncash in nature.

Thanks, and back to you, Ravi.

Ravi Jakhar: Thanks, Steve. So that was a brief perspective from our side on the financial performance, operating business environment and some of the initiatives started with the recent additions to our management team. I would now like to open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rishabh, an Individual Investor. Please proceed.

Rishabh: I just want to know, when can we expect the relisting of the newly formed entities after the NCLT approval?

Ravi Jakhar: We have our next, which potentially could be the final hearing with NCLT in the first week of July. And from there on, typically, in our estimate, it should be about anywhere between 2 months, 2, 3.5, 4 months kind of a process.

Rishabh: In the Contract Logistics business, we have seen significant reduction in margins. So what is the reason? And what is the outlook there?

Ravi Jakhar: So like I mentioned, there are two components to this: one, the significant expansion coming in from the quick commerce business is not the same margin profile as the historical chemical contract logistics business, which is more a niche and specialized. And in terms of the overall incremental numbers, they're also impacted by the white space, which means the vacancies, which are unusually high, driven by a specific contract, which is coming to an end in the coming quarters, and some more spaces are also being filled up.

So the in-season white spaces, which has happened, the reversal should lead to an improvement in the margin profile, but it would continue to remain below the historical averages wherein chemical contract logistics used to be a significant part. But as you can see, the 50% increase in revenue is an indicator of significant growth on the quick commerce business and the other businesses as well, which should lead to incremental profits being added to the company's bottom line.

Rishabh: Thank you.

- Moderator:** Thank you. Next question is from the line of Vikram Suryavanshi from PhillipCapital India. Please go ahead.
- Vikram Suryavanshi:** Can we -- I think I missed it, I'm not sure. What would be the gross debt or international supply chain business now? Hello? Hope I'm audible.
- Ravi Jakhar:** Yes. Can you hear me now?
- Vikram Suryavanshi:** Yes, I can hear you.
- Ravi Jakhar:** Yes. So the gross debt on the international supply chain business would be approximately INR500 crores.
- Vikram Suryavanshi:** Okay. And working capital?
- Ravi Jakhar:** So a significant part of the debt on both the international supply chain, which is in Belgium, as well as the debt that we carry in Allcargo Logistics in India is primarily working capital debt. There's a very small amount of long-term borrowing. So long-term borrowing would be -- so in the international, I would say roughly about, say, INR470 crores, INR480 crores working capital and about INR80 crores, INR90 crores long-term capital. All figures being mentioned in crores.
- While on the India side, we would have roughly, as of March 31, about INR200 crores in long-term borrowing, which has again come down since March 31. And the working capital and other short-term borrowings being approximately INR300 crores. So all put together, if you look at the gross level, almost INR800 crores to INR900 crores ballpark is in the short-term or the working capital debt.
- Vikram Suryavanshi:** Understood. And how is the situation in the working capital in terms of business requirement? Are we seeing that it's getting straight or is not much pressure we are seeing in working capital side?
- Ravi Jakhar:** Yes. So we have seen a reduction in working capital, and that is primarily driven by, to some extent, on a like-for-like comparison, a slightly lower average freight rate. But as you can see, the revenue has gone up. So a significant part of that is driven by improved collections and reduce DSO and better management on the payables as well. That has led to the reduction in working capital.
- And on the interest side, I would say there will be 2 impacts. One, would be on account of the reduced working capital requirement. And second is also on account of the pooling that we do today in terms of cash and how that offsets the interest part.
- And maybe I'll request Steve to give a bit more perspective on how we are planning to bring down the working capital and also the whole pooling aspect. So Steve, do you want to add on that?
- Stephen Dunn:** Yes. So we're expanding our usage of global pooling with our primary bank at this stage, which is enabling us to then to extract funds from the regions into our Central Bank, which we can then

use to offset the interest payments. And that's both through physical pooling and notional pooling.

And then secondly, we're also looking at advanced strategies for getting cash out of countries, which are more challenging to repatriate from. So we're really strengthening our focus on the whole treasury space. In addition to that, from a working capital point of view, we're evaluating additional options for releasing cash such as supplier trade credit programs.

And we're also looking into strategies potentially around some factoring. So yes, we have a lot going on in that space.

Vikram Suryavanshi:

Okay. Got it. And just to clarify, I think what uncertainties what we have seen related to tariff and discovery in a trade. Similarly, just to get a similar example during COVID when trade was disturbed, it took a lot of time to empty repositioning and then also impacted availability of empty container for certain lines, blank selling.

So is there any possibility that you only -- trade resumes after 90 days, probably it will take some more time for it to normalize because of the disturbance in the supply chain or you don't see that kind of a situation?

Ravi Jakhar:

Yes. So I would say that from a longer-term sustained perspective, there's a greater sense of readiness for shipping lines to plan capacity. But having said that, in the short term, there are conversations of disruptions with the capacity realignment. And typically, what also happens is that when you prioritize one of the biggest trade lanes, which is China, U.S., the capacity redeployment there leads to a more severe impact on some of the other trade lanes, whether it's Asia, Europe. And that could lead to significant surges on the freight rate as well.

To add a bit more, I'll invite Jan to speak about how is he seeing in the business environment on the freight rates through an operational perspective in the short term and the medium term. So Jan, over to you.

Jan Kleine Lasthues:

Yes, absolutely. Yes. As you mentioned, right, so during COVID, it took a while until the supply chains were in line again. But my expectation, and as well what we see at the moment in the market, yes, the -- you see that capacity has shifted from other trade lanes into the trade to the U.S. And this will for sure cause some -- well, when you have more ships arriving to the U.S., you will see that we will have some more traffic in the port of the U.S., which will, well, for sure, have congestion in the ports of the U.S. and as well on interland transport.

Yes. So the expectation is even after this 90 days of pause on the tariff that we will see more issues on the supply chain or we will see more supply chain disruptions as well, yes, as capacity is already moved from other trade lanes at the moment, more from the intra-Asia trade lane, capacity ships are moved into the U.S. trade lane. But because from a European trade lane to move a ship is a bit more difficult because much longer routes.

But we see already capacity shifting, and I believe we will see more capacity shifting on that trade lane, but I think another important point as well to keep in mind on the tariffs, yes, we're

talking about the China-U.S. trade lanes. But at the moment, I don't know if you follow the news over the weekend, well, there are also discussions between the EU and the U.S. government.

And as well, at the moment, tariffs on EU goods are also only on pause. So also there, we will see a rush on the demand side. But yes, overall, I think it's very uncertain, and it will go beyond the 90 days. So empty container equipment repositioning, but as well capacity repositioning as well as congestion in the ports. So all over, well, our expectation is at least it takes another 3 months until we have a normalized situation.

But this is also really dependent of how the development is with the U.S. tariffs, right? So it can be -- it will -- they will stop the tariffs, the tariffs come back or if they even only extend the pause as they do now on the EU. So I think all that has a huge impact. But for the time being, very uncertain.

But on the other hand, this is always the moment where the logistic companies can increase the yield. And at the moment, the demand -- the higher demand as well is helping to increase the volumes, right, which we're selling. So higher rates always mean as well higher revenues. But overall, I think it's a positive effect, which will help us even beyond the 90 days to have good business.

Vikram Suryavanshi:

Understood. Yes. Last question on my side is about capital expenditures. What was total capital expenditure in '25? And what is planned for '26? And if you can break up between international supply chain and contract logistics, it will be helpful?

Ravi Jakhar:

Yes. So primarily, just to give you a color of the kind of capex we've been doing, there is no significant capex on the operating business side because it's an asset-light operation. We have two sort of capex: one, which is on the IT side, wherein we are investing into systems. Currently, also we are upgrading from our Topaz operating system into iTopaz.

And the second, we are also looking at certain products like Jan spoke about how we are looking at select opportunities wherein the CFS product within the International Supply Chain provides us improved profitability. So we have invested in CFS in Korea, which aligns with the business where we need space for consolidation, deconsolidation.

So we invested some money by way of equity and some by way of debt from the corporate headquarters into the Korea operations. But overall, the debt remains nominal. The International Supply Chain should be approximately about INR30 crores for this -- yes. So I mean, it should be approximately about less than INR50 crores to INR60 crores on the International Supply Chain business with all these investments put together.

And on the domestic side, again, barring a little bit of IT capex on GEMS 2.0, there's nothing significant on the capex side. And FY '26 as well, non-IT, we do not see any significant capital expenditure. The Allcargo supply chain, which is the Contract Logistics business, there, also we have moved into a model whereby, we tend to sign operating leases rather than investing into the capital expenditure.

Though from an accounting perspective, some of those would go towards the depreciation. But in terms of the cash outlay, we do not intend to invest in capex, but rather build economic models on operating leases for the investments in warehouses and contract logistics.

Vikram Suryavanshi: Understood. Thank you very much.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Mr. Ravi Jakhar for closing comments.

Ravi Jakhar: Thank you very much for joining us on the call. Our Investor Relations team is always keen to provide timely and meaningful information to all shareholders and analysts and we keep publishing our monthly updates as well. In case you believe that after going through the investor presentation or the monthly updates, there is any additional information required, please reach out to the Investor Relations team and let us know. We'll keep you posted. Thank you so much for joining us, all. Thanks.

Moderator: Thank you. On behalf of Allcargo Logistics, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.