ALLCARGO LOGISTICS LIMITED

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EARNINGS RELEASE

KEY BUSINESSES OF MTO & CFS CONTINUE TO GROW IN VOLUMES DESPITE A MUTED INDUSTRY GROWTH

CONSOLIDATED REVENUE FROM OPERATIONS AT RS 1,399 CRORE

GROSS PROFIT AT RS 472 CRORE – YOY INCREASE OF 5%

GROSS PROFIT MARGIN AT 33.7% - YOY INCREASE OF OVER 290 BPS

August 22, 2016, Mumbai: Allcargo Logistics Ltd. today announced its unaudited financial results for the quarter ended June 30, 2016.

The performance highlights are:

Consolidated Results – Q1 FY17

- **Total revenue from operations at Rs. 1,399 crore** for the quarter ended June 30, 2016, as compared to Rs. 1,465 crore for the corresponding previous period, **a decrease of 5%,** mainly on account of lowering freight rates, exit from lower margin business and no chartering income from P&E segment
    - **82% of revenues** are from the **global MTO business**

- **The Gross Profit for the quarter ended June 30, 2016 was Rs 472 crore,** as against Rs. 450 crore for the corresponding previous period, **year on year growth of 5%,** mainly on account of higher operating efficiencies, economies of scale and gaining market share in MTO business
    - **Gross Profit margin** for the quarter improved by **over 290 bps to 33.7%**

- **EBITDA** for the quarter ended June 30, 2016 was **Rs. 133 crore** as against Rs. 138 crore during the corresponding previous period, a decrease of 3%, mainly due to accounting pre-operating expenses of the Kolkata CFS as per new Ind AS accounting standards
    - **EBITDA margin** for the quarter maintained at **9.5%**

- **PAT** at **Rs. 61 crore** for the quarter ended June 30, 2016, as against Rs 67 crore for the corresponding previous period, **a decline of 8%,** as result of impact of deferred tax and MAT credit reversal in Q1 FY16, as per the new Ind AS accounting guidelines

- **EPS** for the quarter ended June 30, 2016 was **Rs 2.42**, for a face value of Rs. 2 per share

Resources and Liquidity:

As on June 30, 2016, the **Networth was Rs. 1,806 crore** and **the Net Debt was Rs. 295 crore.**

The capital structure of the Company remains conservative with **net debt to equity ratio** of **0.16** as on June 30, 2016.

The Return on Capital (**ROCE**) stands at **15%.**

Business Performance:

Allcargo operates primarily in three segments, viz., Multimodal Transport Operations, Container Freight Stations Operations and Project & Engineering Solutions. These are consolidated business segments.

Multimodal Transport Operations (MTO):

- MTO segment involves NVOCC (Non Vessel Owning Common Carrier) operations related to LCL (Less than container load) consolidation and FCL (Full container load) forwarding activities in India and across the world through its wholly owned subsidiary ECU Line

- Allcargo is the leading player in global LCL consolidation market with a strong network across 164 countries and 300 plus offices covering over 4,000 port pairs across the world

- The business clocked **total volumes of 1,20,971 TEUs** for the quarter ended June 30, 2016 as against 1,13,410 TEUs for the corresponding previous period, **an increase of 7%,** despite reducing freight rates due to excess capacity of shipping lines and continued decline in global trade. China, South East Asia and parts of Europe contributed to the increase in volumes

- The **total revenue** for the quarter ended June 30, 2016 was **Rs 1,179 crore** as against Rs 1,235 crore for the corresponding previous period, **a decrease of 5%**, mainly on account of lowering freight rates

- **EBIT** was **Rs. 57 crore** for the quarter ended June 30, 2016, as against Rs. 47 crore for the corresponding previous period. This increase was driven by volume growth and reduction in depreciation in line with Ind AS guidelines

- The Return on Capital (**ROCE**) employed for this business stands at 31%

Container Freight Stations (CFS):

- This segment operations are involved in import / export cargo stuffing, de-stuffing, customs clearance and other related ancillary services to both, importers and exporters

- The CFS facilities are located near JNPT, Chennai and Mundra ports

- The business clocked **total volumes of 75,118 TEUs** for the quarter ended June 30, 2016 as against 72,086 TEUs for the corresponding previous period, **an increase of 4%,** despite declining EXIM trade volume. This growth was led by CFSs at JNPT and Mundra

- The **total revenue** for the quarter ended June 30, 2016 was **Rs 110 crore** as against Rs 104 crore for the corresponding previous period, **an increase of 6%,** in line with volume

- **EBIT** was **Rs. 31 crore** for the quarter ended June 30, 2016, as against Rs. 31 crore the corresponding previous period, **a decrease of 2%**, after accounting for pre-operation expenses of Kolkata CFS, that is under construction, as per the new Ind AS accounting principles
    - **Adjusting for the pre- operation expenses** of Kolkata CFS, the EBIT was **Rs 33 crore**, **an increase of 6%**

- The Return on Capital (**ROCE**) employed for this business stands at 31%

Project & Engineering Solutions (P&E):

- Project & Engineering Solutions segment provides integrated end-to-end project, engineering and logistic services through a diverse fleet of owned / rented special equipment like hydraulic axles, cranes, barges, reach-stackers and ships to carry ODC / OWC cargos as well as project engineering solutions across various sectors

- The **total revenue** for the quarter ended June 30, 2016, was **Rs. 132 crore** as against Rs. 141 crore for the corresponding previous period, **a decline of 6%, due to dry docking of one vessel, no charter income, moving away from lower margin business and sale of aged assets**

- **EBIT** was at **Rs. 18 crore** for the quarter ended June 30, 2016, as against Rs. 23 crore for the corresponding previous period, **a decline of 22%**, on account of additional depreciation due to two ships purchased in July, 2015

- The Return on Capital (**ROCE**) employed for this business stands at 10%

Recent Developments – Q1 FY17

Strengthening Management Team

- **Mr. Adarsh Hegde in new role of Joint Managing Director**
  - Mr. Adarsh Hegde has been elevated to a new role as Joint Managing Director
  - Mr. Hegde has been with the Group since its inception in 1993 and played a pivotal role in Allcargo's growth story. His astute business sense and innovative methods have been instrumental in generating exponential growth opportunities for the CFS and other businesses, both in India and internationally
  - As Joint Managing Director at Allcargo Logistics, Mr. Adarsh Hegde will oversee the CFS-ICD Business, Project Forwarding & Engineering Solutions, E-Commerce Logistics, Coastal Shipping and Contract Logistics. In these areas, he will be responsible for crafting business strategy, developing strong leadership teams and supporting initiatives to accelerate profitable growth. Further, Mr. Hegde will continue to play a key role in overall group governance and business development

- **Amol Patel, Chief Digital Officer**
  - Over two decades of rich and varied experience in the digital innovation space. Prior to joining Allcargo, he was associated with PayPal Inc. as Head – Mobile, Global Strategy and Growth, based in California, USA. He has also worked with various US based companies such as ADC Technologies, Intel Corporation, International Meta Systems, Cirrus Logic and Sun Microsystems, and has been the Founder, CEO and Board Director at Convergelabs Corporation in his professional career
  - Amol has a BS (Honors) in Electrical Engineering & Computer Science from the University of California, Berkeley, USA, an MS in Electrical & Computer Engineering from Stanford University, USA and an MBA in Marketing & Finance from the Kellogg School of Management, Northwestern University USA
  - In his role, Amol will be instrumental in charting out a roadmap to build tremendous IT capabilities by leveraging and partaking in the on-going digital revolution and establishing and managing a portfolio of potential digital opportunities for each of the Business Units. Amol shall carve out a strategic landscape for innovative IT solutions to ensure customer stickiness by engaging business leaders and IT team

- **Naresh Sharma, Managing Director – Avvashya CCI**
  - Mr Sharma has over three decades of rich experience in Supply Chain Management, logistics infrastructure development and general management in operations. He was the Director in CCI Logistics for over 10 years

- He was instrumental in setting up the logistics infrastructure (logistics parks) across India comprising the foot prints of 4 Million sqf for CCI and has the expertise in initiating any project, networking and designing tailor made solutions
- He will be responsible for driving the growth of contract logistics business & Freight Forwarding business and look at opportunities to diversify into different sectors

Stock Market Highlights – General Information and Shareholding Pattern as on June 30, 2016:

Particulars	
Exchange Code	BSE: ALLCARGO / NSE: ALLCARGO
No. of Shares Outstanding	25,20,95,524
Closing Market Price (Rs.)[1]	195.3
Market Capitalization (Rs. Crore)[1]	4,923

[1]BSE stock exchange as on August 22, 2016

Particulars	**No of shares**	**% Holding**
Promoters	17,62,68,640	69.9%
Foreign Investors – FIIs, FCs, NRIs and others	6,35,59,600	25.2%
Domestic institutions/ Banks/ Mutual Funds	3,24,617	0.1%
Indian Public	1,19,42,667	4.7%
Total - 23,917 shareholders	**25,20,95,524**	**100.0%**

About Allcargo Logistics Limited
Allcargo Logistics Ltd., part of The Avvashya Group, is a global leader in integrated logistics solutions. The company offers specialized logistics services across Multimodal Transport Operations, Container Freight Station Operations and Project & Engineering Solutions. Benchmarked quality standards, standardized processes and operation excellence across all the services and facilities, have enabled Allcargo Logistics Ltd. to emerge as the market leader in all these segments.

The Company currently operates out of 300 plus offices in 164 countries and gets supported by an even larger network of franchisee offices across the world. Allcargo is today one of India's largest publicly owned logistics companies, listed on the Bombay Stock Exchange (BSE: ALLCARGO) and The National Stock Exchange of India (NSE: ALLCARGO).

FOR FURTHER INFORMATION PLEASE CONTACT:

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