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Ports and
Logistics

Investor Presentation

Adani Ports and SEZ Limited

**London NDR
21 & 22 Oct, 2019**





Investment Thesis



Roadmap 2025



Finance Strategy

APSEZ : Investment thesis

Leading Port Utility and Integrated Logistics company with pan-India footprint driven by customer centricity through technology and best in class talent, with sustainable parameters and governance practices.

Unique operating model with sustained high and diversified growth having low risk

Market leader in the fastest growing region across the globe with 60-70% hinterland presence

Benign regulatory environment with stable outlook

Assets with enhanced capacity utilization and operating leverage

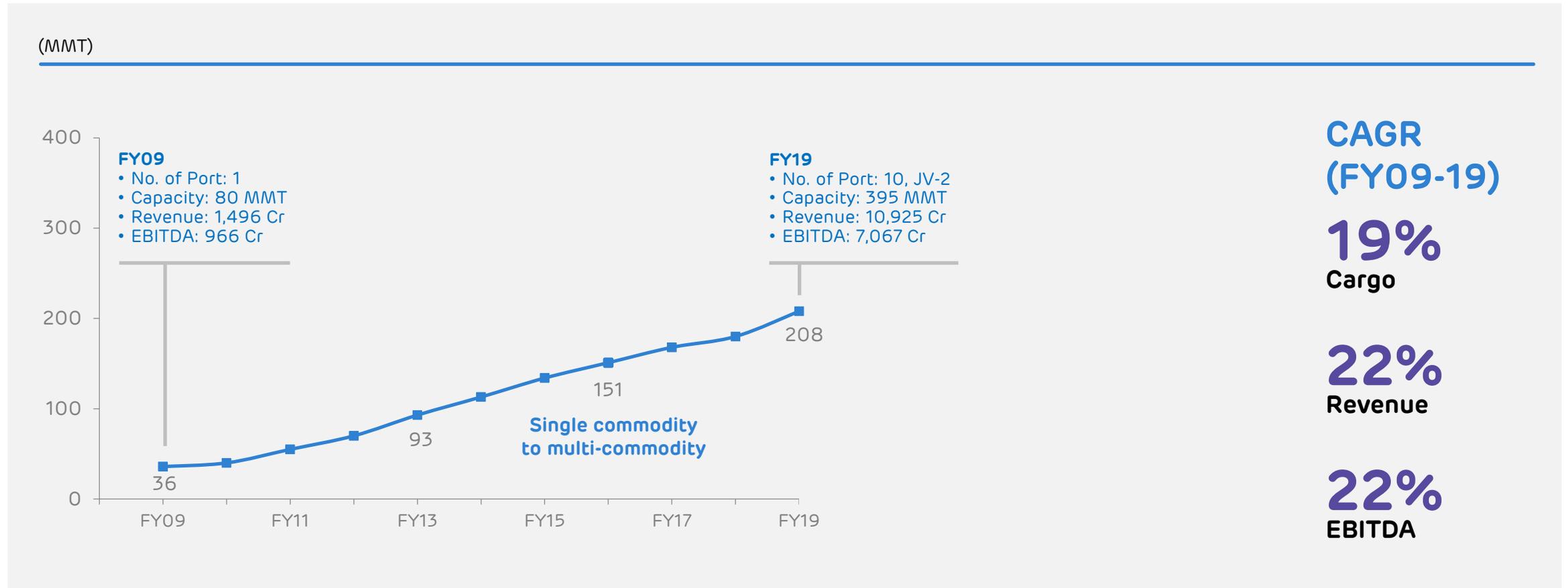
One-point transport utility with integrated logistics

Emphasis on environment, sustainability and corporate governance

World-class technology and people

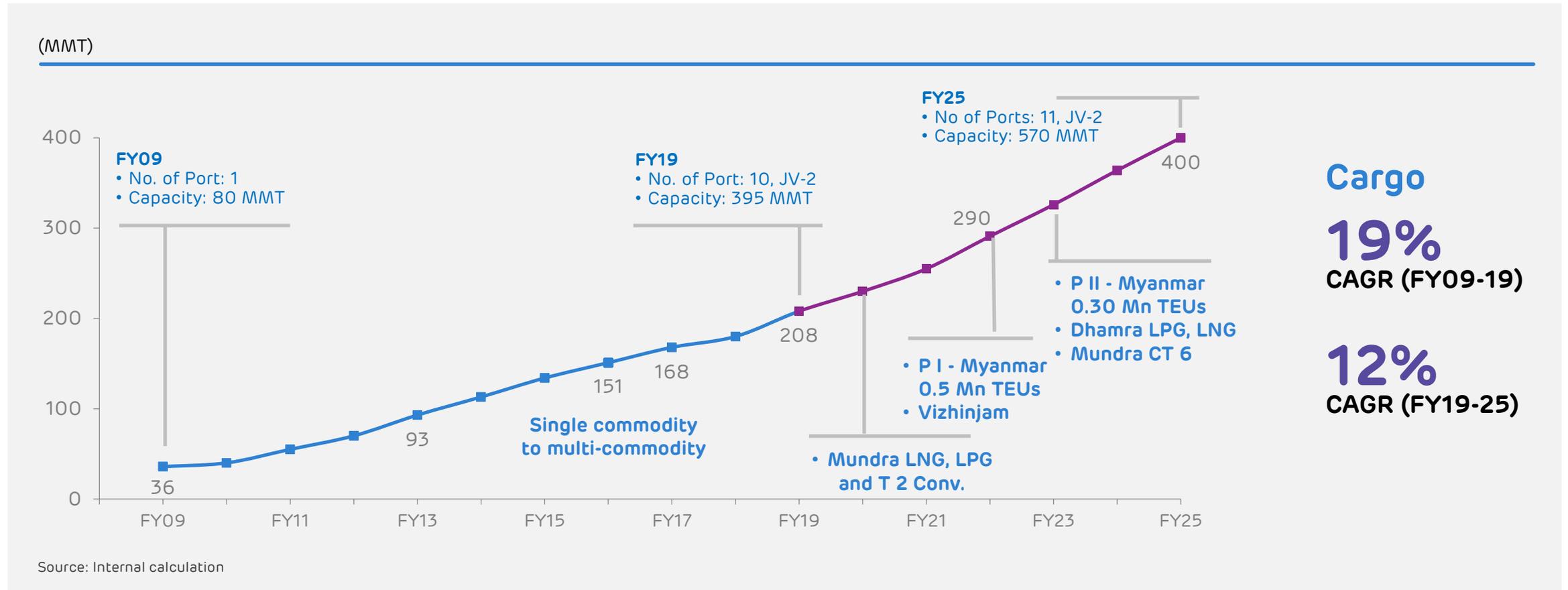
Sustained profitability and enhanced balance sheet strength

Crossed key milestone of 200 MMT in FY19



APSEZ is among the top 5 fastest growing port players in the world

Next 200 MMT to be achieved in 6 years

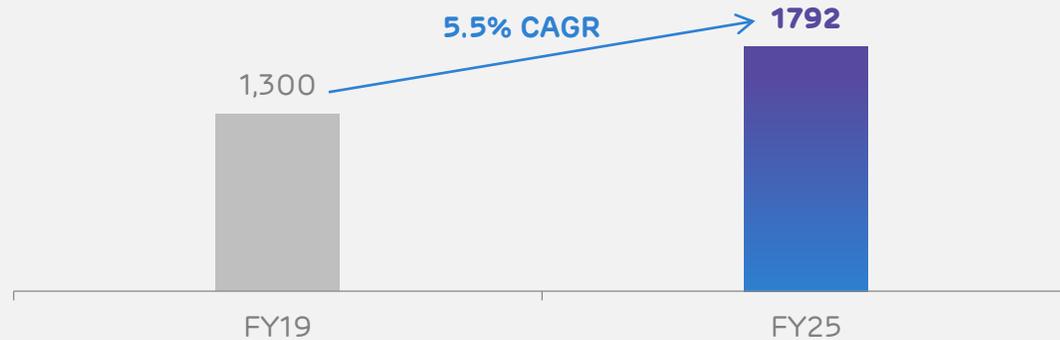


APSEZ is among the top 5 fastest growing port players in the world

APSEZ will continue to outpace India's cargo growth by 2x

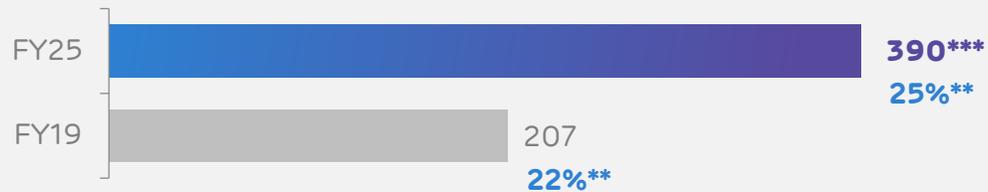
India's Port handling by 2025

(Cargo Volume in MMT)



APSEZ market share gains

(MMT)



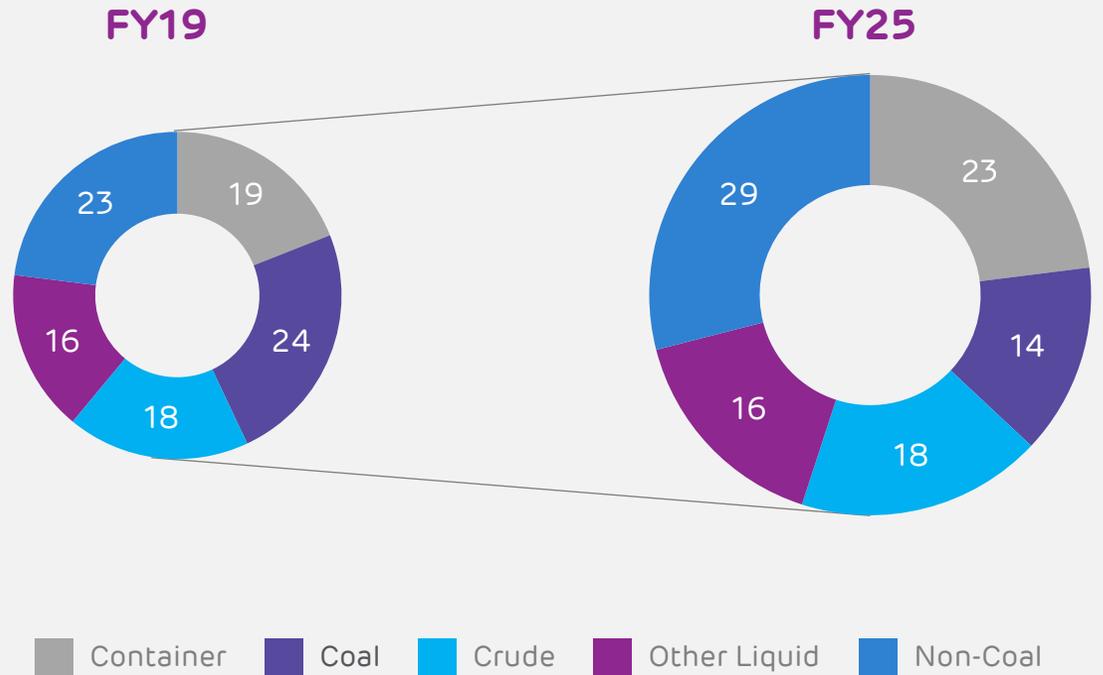
**ex of coastal volumes

*** 390 MMT excludes Myanmar operations

Source: Internal calculations

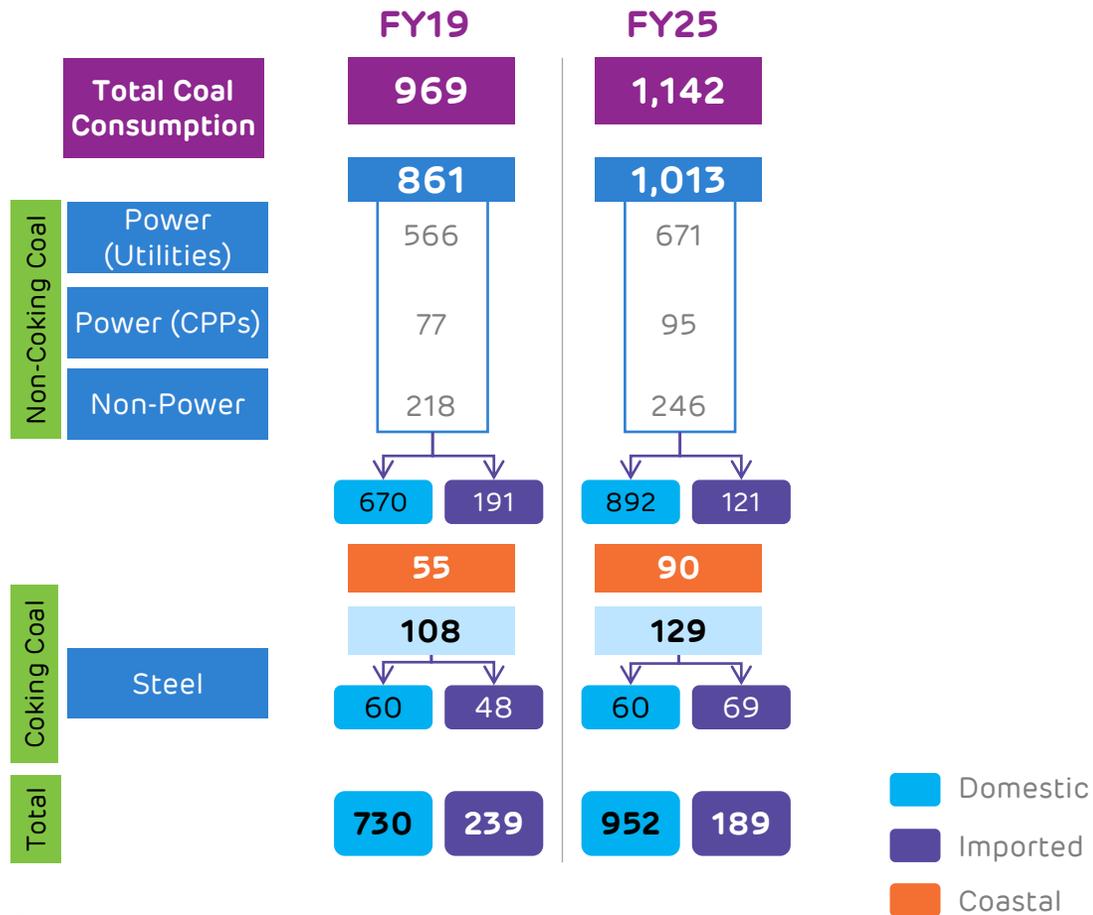
India Cargo commodity basket

(%)



Coal Consumption to increase

(MMT)



Source: Internal calculations

Assumptions:

Demand Side

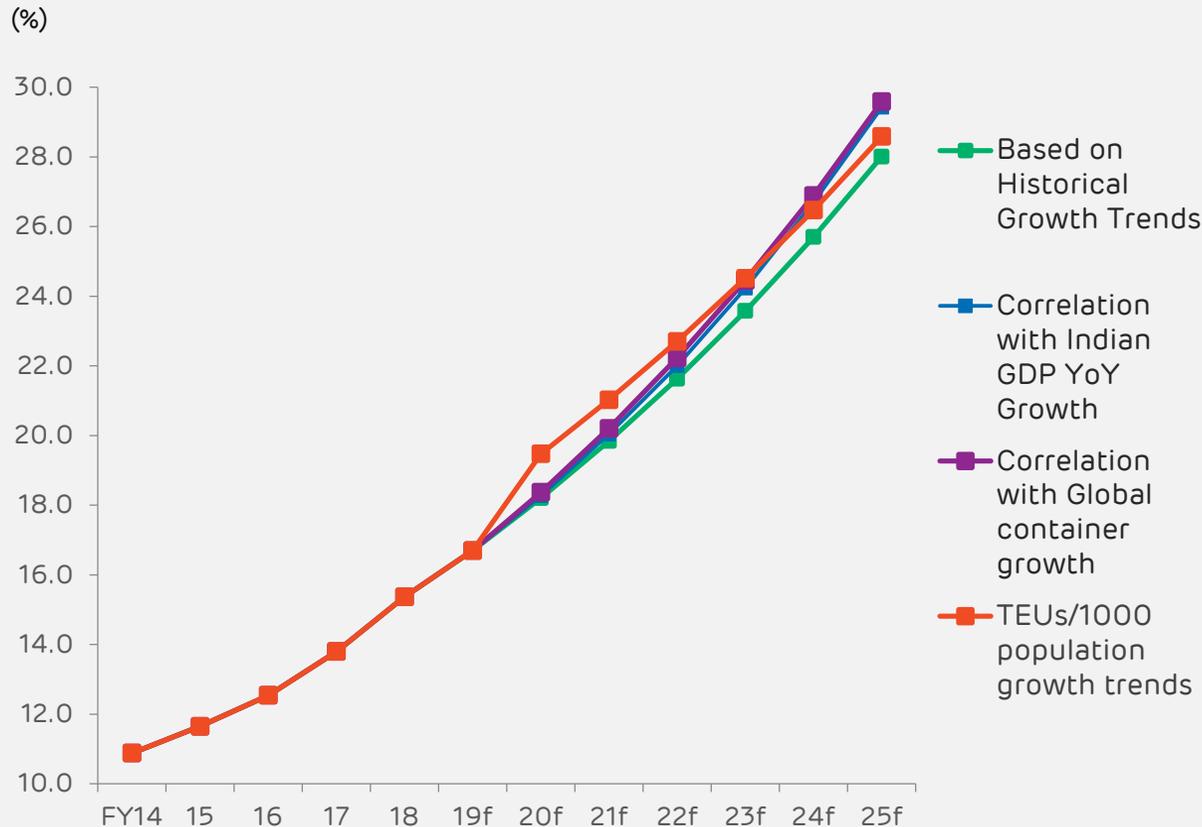
1. Power demand assumed to grow at 5% through FY25
2. By FY25,
 - Coal power requirement (Adj for RE and other non-thermal) is 1,200 BU (1000 BU in FY19)
 - Coal PLF seen to rise to 67%
 - Thermal coal requirement for utilities ~670 MMT (570 MMT in FY19), Captive power ~100 MMT (80 MMT in FY19), Cement and other industries ~250 MMT (220 MMT in FY19)

Supply Side

1. CIL dispatches to grow by 800 MMT (80% of CIL stated target 1,000 MMT), ramp-up assumed in ECL, CCL, NCL, SECL, and MCL
2. Major lines up for opening and unclogging capacities include Shivpur-Kathua in CCL (+20 MMT), Jharsuguda-Barapalli-Sardega (+35MT, Phase II +60MT), Kharsia-Dharamjaigarh in SECL (+80MT) and Tori-Shivpur in CCL (+80 MMT).
3. Other public and private miners will ramp-up to 65 MMT

Opportunity in containers handling: 1.7X rise in all India volume

Containers handling (MTEUs) forecasts



Source: Internal calculations

Drivers

1. Economy doubling in size over 2025, consumption led demand will hold as rising disposal income and premiumisation of consumption will mean demand of imported goods.
2. Transshipments volumes at selective ports, especially at Mundra & Vizhinjam.
3. Growth(minor volumes) in regional landlocked country container demand: Nepal & Bhutan
4. Inorganic support in form of cargo containerisation from current levels of 65% (benchmark 85 to 90 %).
5. Long term impact of make in India and high growth in manufacturing Gross Value Added

Forecast of regional container volume (mTEUs)

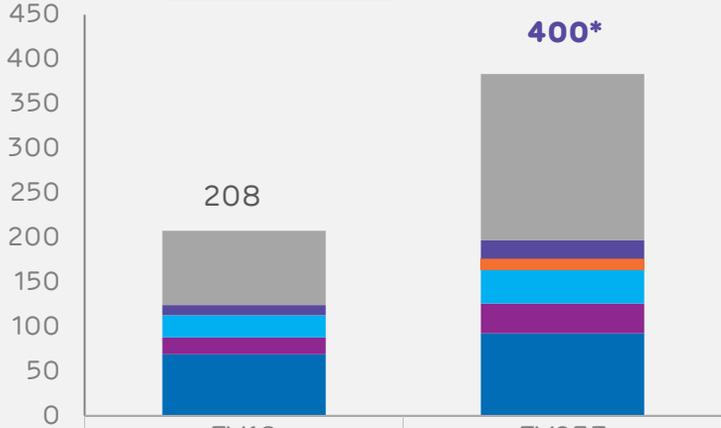
Years	All India	West	East	South
2018-19	17	11	1	4
2024-25e	28	19	2	7
Growth	65%	73%	100%	75%

APSEZ cargo diversification will continue

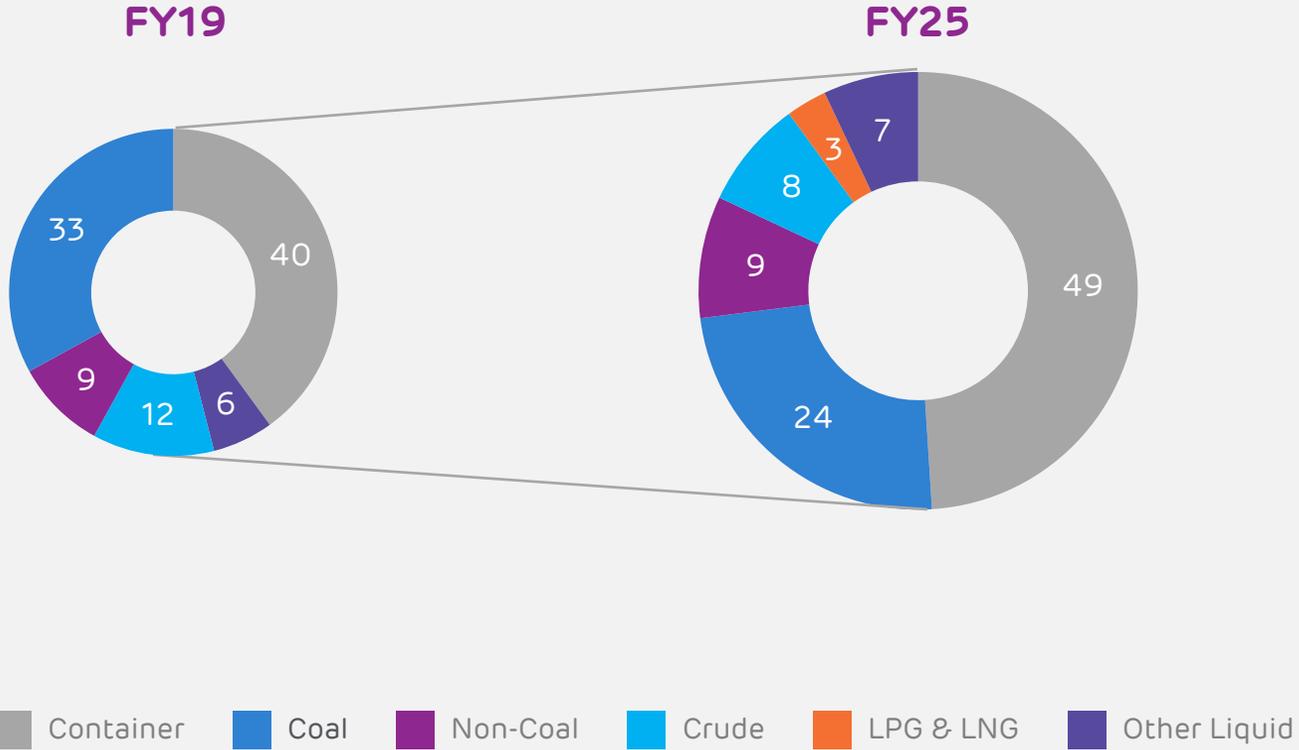
APSEZ Cargo Profile

(MMT)

CAGR 11.5%



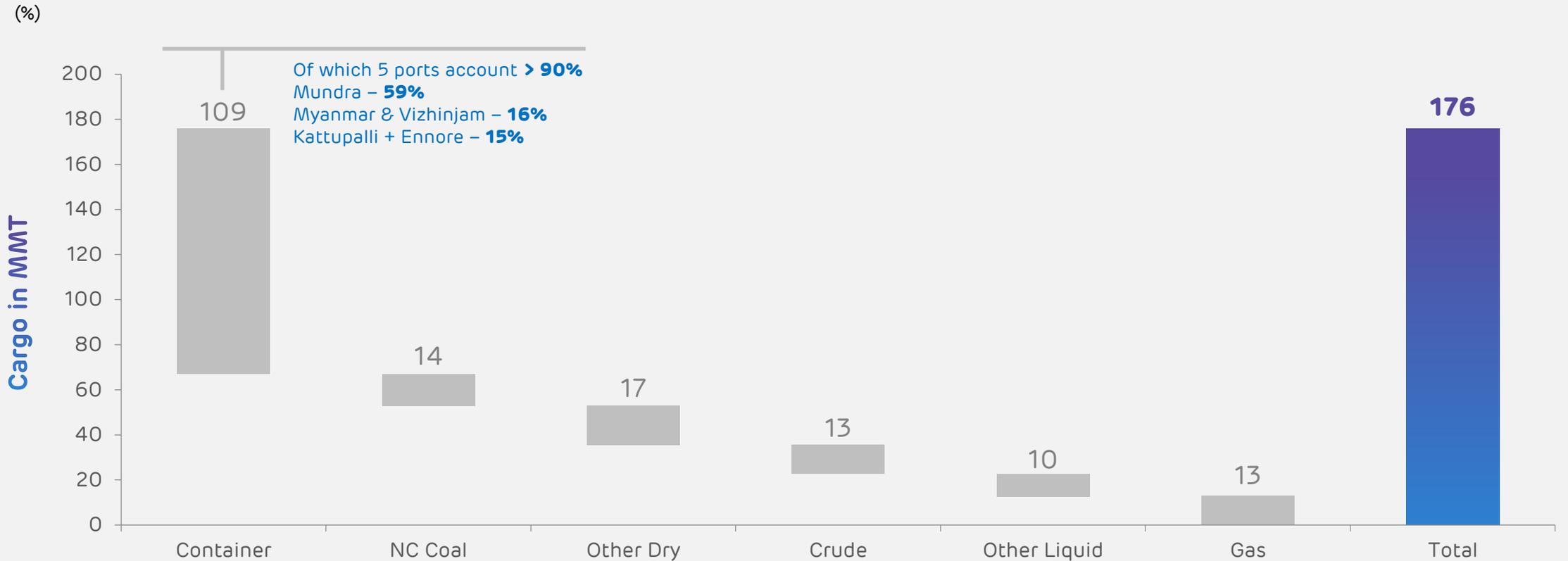
	FY19	FY25E
Containers	83	187
Other Liquid	11	21
LPG & LNG	0	13
Crude	25	38
Non-Coal	19	33
Coal	69	93



* Includes 16 MMT cargo from inorganic growth

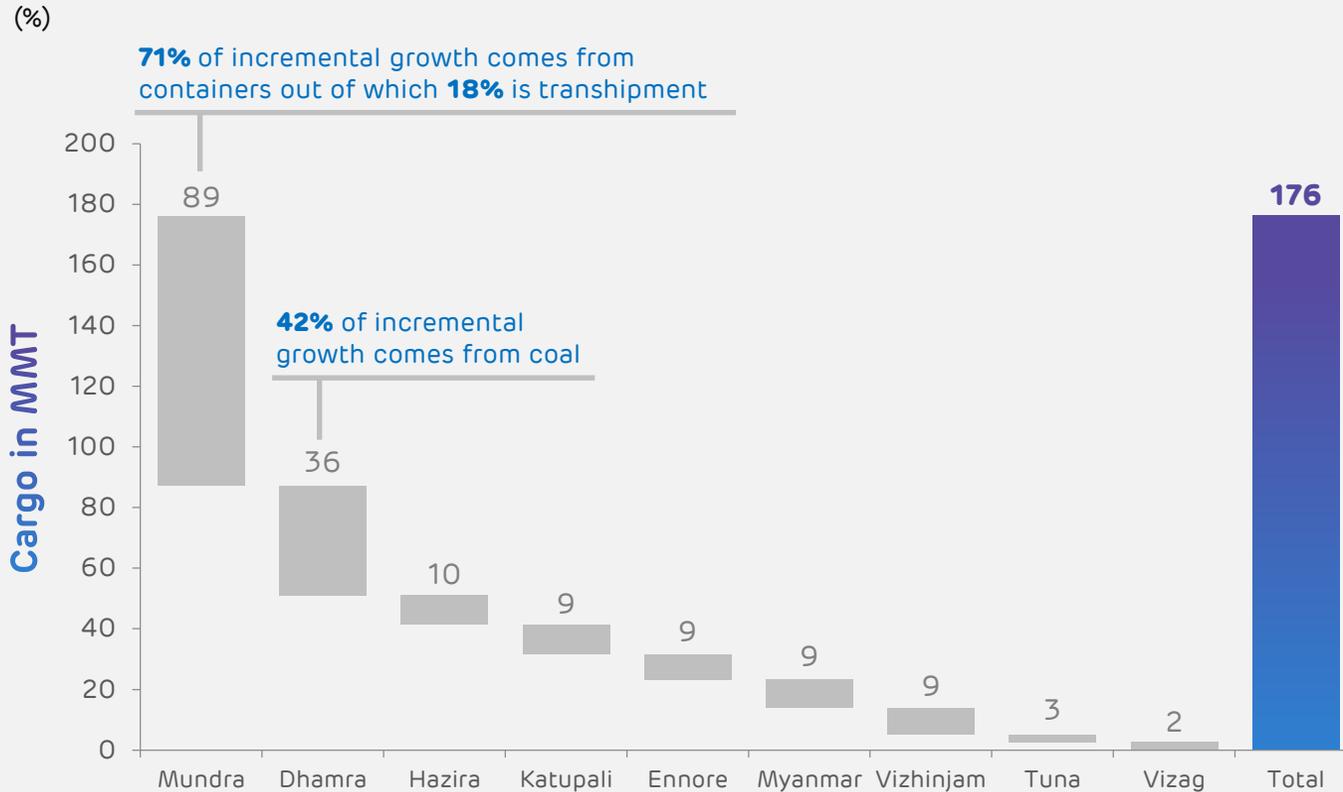
Containers to contribute 62% to incremental volume

APSEZ Incremental Volume from FY 19 to FY25 (MMT) - Commodity wise
(excluding inorganic growth)



APSEZ port wise incremental cargo volume by FY25

APSEZ Incremental Volume from FY 19 to FY25 (MMT) - Port wise (excluding inorganic growth)



APSEZ ports commodity wise market share in India

(%)

Commodity	FY 19	FY 25
Containers	34	48
Coal	29	51
Crude + POL	8	9
Gas (LPG + LNG)	0	19
Other Liquid	15	19
Total	22	25

Focused capital allocation based on harnessing existing capacities

Port ⁽¹⁾	Current State: FY19		FY 25: Investment in key infrastructural projects	Expected in FY25	
	Installed Capacity	Utilisation ⁽²⁾	Key identified infrastructure projects for capacity addition	Installed Capacity	Utilisation
Mundra	252 MMT	137 MMT (55%)	<ul style="list-style-type: none"> • Container terminal capacity – CT 2 and CT6 • Liquid cargo storage tanks • LPG and LNG 	325 MMT	227 MMT (70%)
Hazira	30 MMT	20 MMT (65%)	<ul style="list-style-type: none"> • Rail linkage to Hazira port • Liquid terminal • Warehouse and open cargo storage yards 	43 MMT	29 MMT (68%)
Dhamra	45 MMT	21 MMT (46%)	<ul style="list-style-type: none"> • New multipurpose cargo berth • Doubling of railway line • Container infrastructure • LPG and LNG 	83 MMT	58 MMT (70%)
Kattupalli	18 MMT	9 MMT (51%)	<ul style="list-style-type: none"> • Rail connectivity to Kattupalli port • Multipurpose berth and liquid terminal Facility 	26 MMT	18 MMT (69%)

Notes: (1) Does not include Dahej, Ennore, Tuna, Goa, Kandla and Vizag ports / terminals

(2) Actual cargo volumes in FY19, and percentage utilisation: calculated as actual volumes in FY19 / installed capacity

Focused capital allocation based on harnessing existing capacities

Port ⁽¹⁾	Current State: FY19		FY 25: Investment in key infrastructural projects	Expected in FY25	
	Installed Capacity	Utilisation ⁽²⁾	Key identified infrastructure projects for capacity addition	Installed Capacity	Utilisation
Vizhinjam	Under Construction		<ul style="list-style-type: none"> Container transshipment hub 	18 MMT	9 MMT (50%)
Myanmar	Under Construction		<ul style="list-style-type: none"> Phase I – 0.5 Mn Installed Capacity (expected cost of USD 220 – 230 Mn) Phase II – 0.3 Mn Installed Capacity (expected cost of USD 55 – 60 Mn) 	12 MMT	8 MMT (67%)
Logistics	<ul style="list-style-type: none"> 4 Logistic park/ICDs 49+ rakes ⁽³⁾ Warehouse: 0.4Mn Sq. Ft. 		<ul style="list-style-type: none"> Investment in an additional 12 + Multimodal logistics parks Investment in additional 180+ Rakes (Bulk + Container Trains + Auto Trains) Additional 4.5 Mn Sq. Ft + Warehouse Space development 	<ul style="list-style-type: none"> 15+ Multi-modal Logistics Parks 200+ rakes Warehouse: 5 Mn SqFt. 1.5 MMT+ Silo Capacity 2 Mn Sqft Cold Storage 	

Estimated Capex of INR 17,500 Crs. to create ~170 MMT of capacity+Logistics Expansion

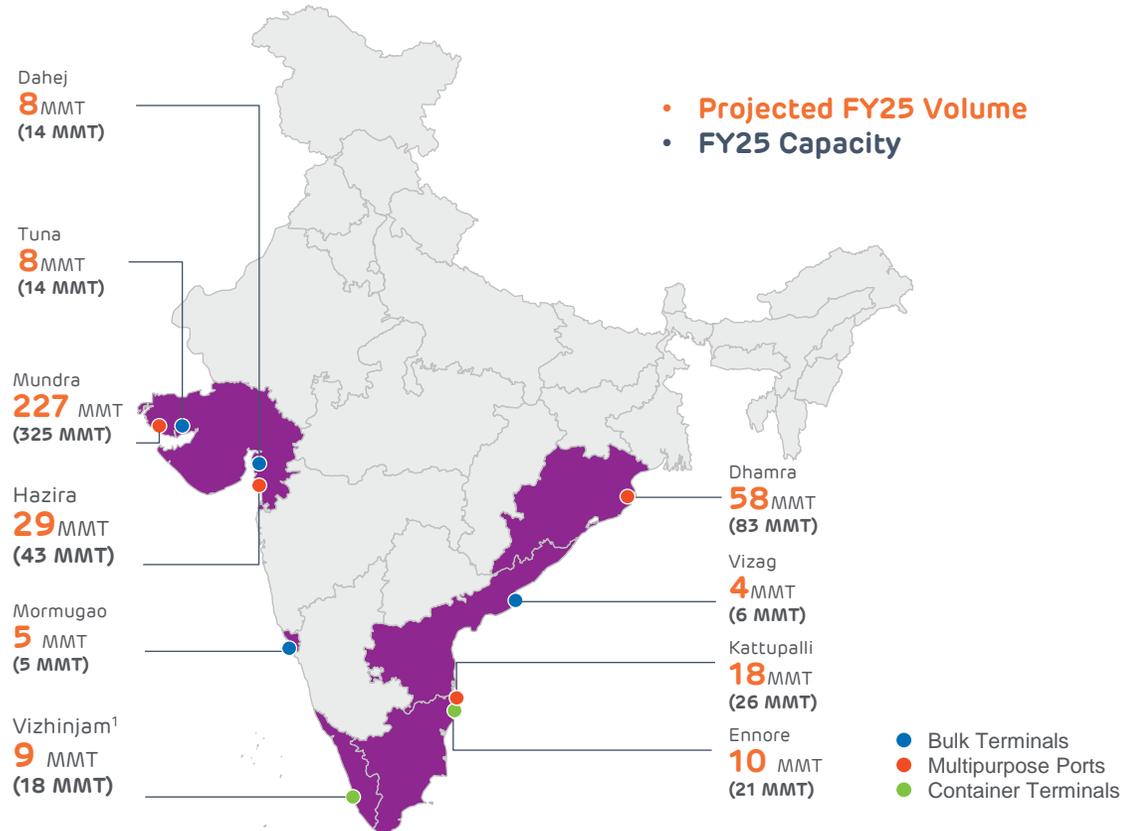
Notes: (1) Does not include Dahej Ennore, Tuna, Goa, Kandla and Vizag ports / terminals

(2) Actual cargo volumes in FY19, and percentage utilisation: calculated as actual volumes in FY19 / installed capacity

(3) Number of rakes is as on 20-Aug-2019

APSEZ : Enhanced capacity utilisation with operating leverage

Strong Growth in existing Ports

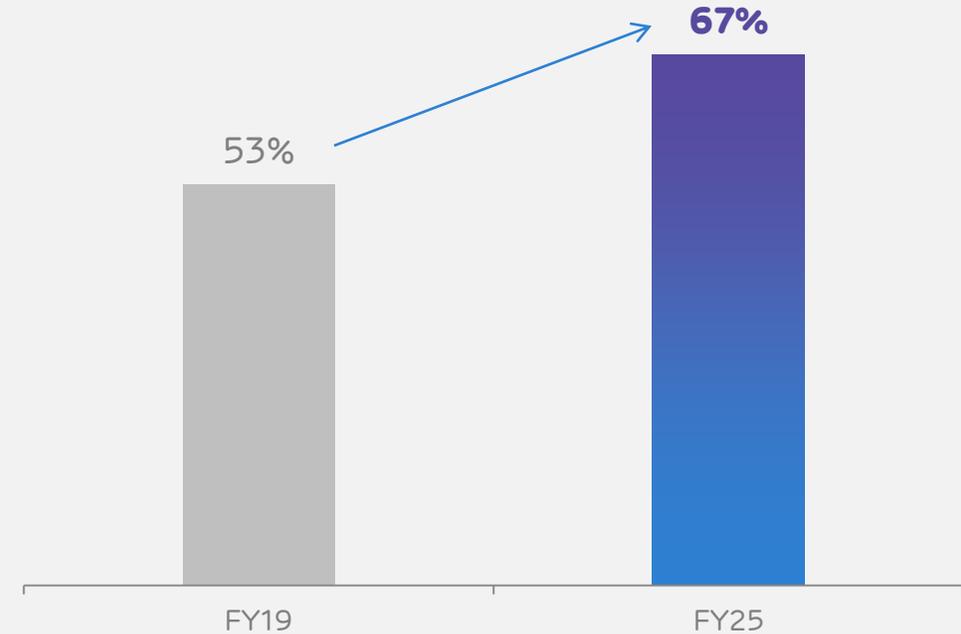


Notes: (1) Under development

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Ports and Logistics

At 400 MMT, capacity utilisation will improve by 14%



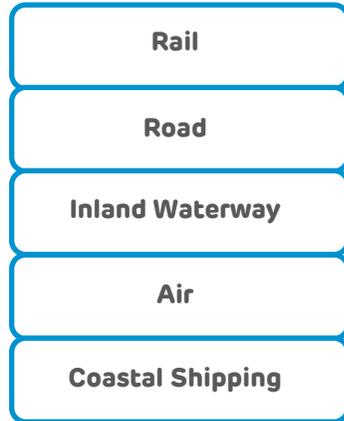
Source: Internal calculations

Integrated logistics services to expand across the country

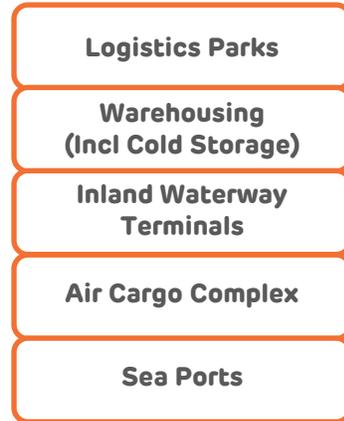
Technology Platform

Financial Snapshot

Transportation



Facilities



Other Services



End-to-end Integrated Logistics Services

Rs.in Cr.

Particulars	FY 17	FY 18	FY 19
Revenue	747	827	583
EBIDTA	79	76	90
EBIDTA Margin (%)	11%	9%	16%
PAT	9	15	33

Example of Customer Centric End to End Logistics Offerings Ensuring Maximum Synergies



Substantial expansion of assets and service capabilities

Multi-modal Logistics Parks



From 4 to 15+

Rakes *



From 49 to 200+

Warehouses



From 0.4 Mn to 5 Mn Sq.Ft.

Silo Capacity



From 0.5 to 1.5 MMT

22%+
EBIDTA

New Business

Cold Storage



2 Mn Sq.Ft.

Air Cargo



50K MT

Inland Waterways



25 Barges

* Rakes includes GPWIS, Container Trains & Auto Trains

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Ports and Logistics

Investment Thesis

Roadmap 2025

Technology & People

Growth with Goodness

Finance Strategy

APSEZ Corporate Governance

Recent Governance Initiatives

- Policy on “Related Party Transactions for Acquiring and Sale of Assets”
- Dividend and shareholder return policy to be consistent with the long term strategic growth objectives of the company
- Dividend set at 20% to 25% of Profit After Tax (“PAT”) to be paid out as dividend or capital return (share buyback) or a combination
- Capital allocation policy targets Project pre tax IRR of 16% for all new projects
- Inducted one more independent director Ms. Nirupama Rao, (I.F.S.) on the Board

Future Governance Initiatives

- Formal Board member Evaluation & Performance Plans by March 2020
- Establishment of Disclosure Committee by December 2020
- Establishment of Global Code & Policy Committee by March 2021

Environment, Sustainability & Safety

Focus on Renewable Energy



- Existing RE usage is **10 MW**
- **100%** cargo handling using RE by FY25

Waste management



- **6,000 MT** waste being recycled, recovered and reprocessed in FY19
- **Zero waste** to landfill sites by FY25, Qty 10,000 MT

Reducing Carbon Footprint



- Becoming a **Carbon Neutral Company** by FY25
- In-line with **Paris Accord**

Nature Conservation



- **~3000 Hectare** of Mangrove Plantation completed, ~1000 Hectares more targeted
- **750 Hectare** terrestrial plantation completed, ~ 1000 Hectare more targeted

Water Conservation



- **422 mld** water recycled and reused and in FY19
- **100%** water recycling and reuse by FY25 approximately 1000 mld



Safety Vision "Zero": Highest commitments towards safety No Fatality, No Injuries . Safest place to work.

Key Pillars of Finance Strategy

1. Consistent disclosures to increase predictability

- Information efficiency
- Timely and quality disclosure
- Reliable earnings

3. Reduce cost of capital

- Maintain Investment Grade Rating
- Develop a longer term yield curve

5. Enhancement in Shareholder Return

- Dividend enhanced to 20% - 25% of Profit After Tax from FY 20

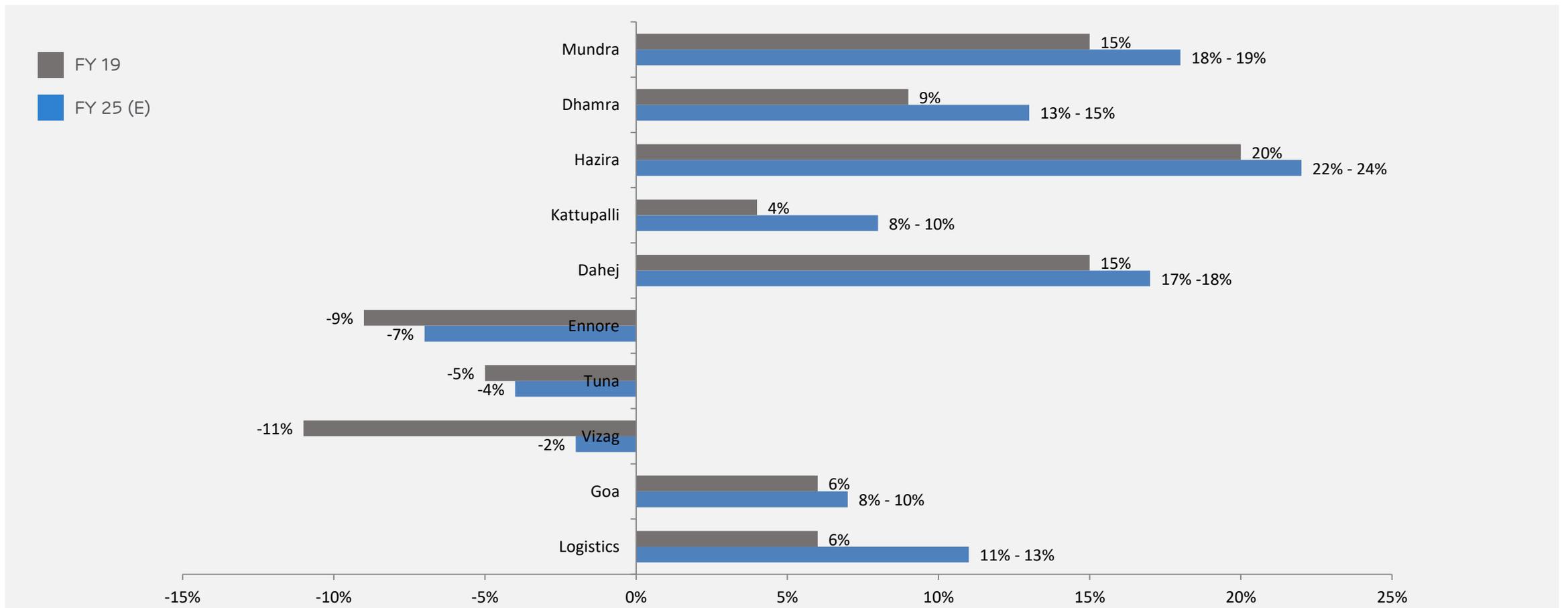
2. Focus on operating margins

- Consistently improve operating margin
- Port EBIDTA Margin to be around 70%

4. Robust capital allocation policy

- Board approved capital allocation policy – Project pre tax IRR of 16%
- Rationalization of assets for further improvement of ROCE

ROCE of portfolio of existing ports



Consolidated ROCE to increase from 13.5% in FY19 to over 16% in FY25 due to higher capacity utilisation

APSEZ well placed to capture future growth

Why Invest with us?

- Sustained high and diversified growth with low-risk and unique operating model
- Sustained profitability and enhanced balance sheet strength
- One-point transport utility across port and hinterland with integrated logistics presence
- Enhanced capacity utilisation with operating leverage
- World-class technology and people with focus on environment, sustainability and governance

APSEZ: FY25



25%

All India Market Share



20k Cr+

Revenue



13k Cr+

EBITDA



16%+

ROCE

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Thank You



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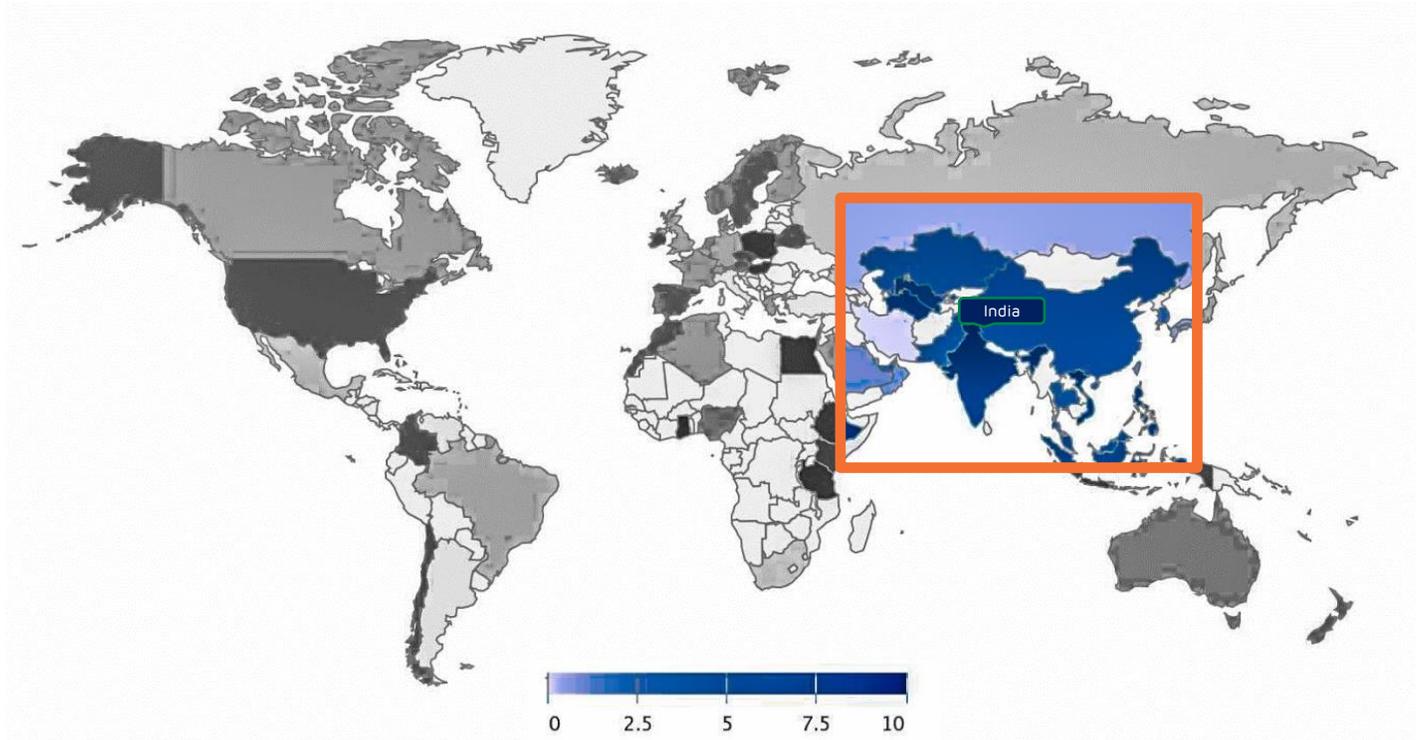
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Logistics

Appendix



Our business hinterland will remain growth engine of the world

Global outlook for Gross Domestic Product Growth rates, 2018-2028



India to be a US\$ 5 trillion economy by 2025

INR **2.7** trillion
FY2019 nominal GDP

INR **2.5** trillion
Incremental GDP by FY2025

Notes: Colour ramp is based on GDP growth rates in 2019.
Source: The Conference Board Economic Outlook 2019, July 2019 update.

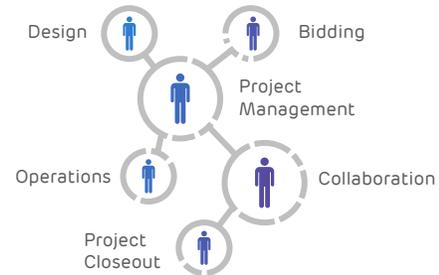
Note: Average real GDP projected for 2019-25 is 7.5%
Average nominal GDP estimated at 11.6%
USD-INR exchange rate is projected at 70

Leveraging technology on an enhanced service base

1

Automated Workflow & Data Based Decision making

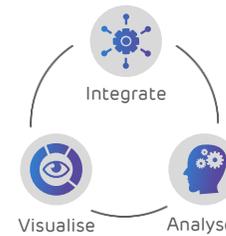
Automated & Integrated Workflow Platforms for Internal and External Stakeholders – providing visibility & data based decision making



2

Data Analytics & Optimisation

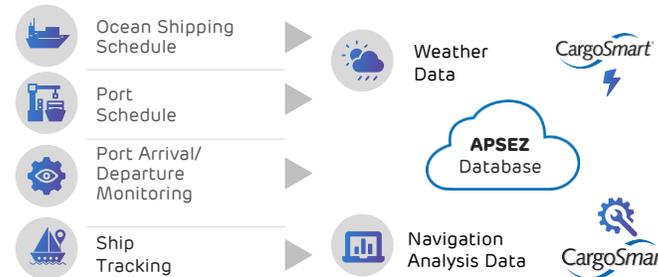
Capturing Data and using the same for Performance Improvement



3

Robust & Secure Technology Framework

Efficient, future ready, integrated, flexible, disruptive & secure IT & Technology Universe



CAPEX Planning & Optimisation

Cost Optimisation

Ops. Efficiency Improvement

Efficient Planning: Speed & Flexibility

Info-security

Visibility: Real time Data

Port Community System

Customer Centricity

Building best-in-class technology to attain higher efficiencies and deliver better customer experiences

People – Building future ready organisation



Leadership pipeline development

- Leadership readiness for new business and international expansion.
- Successor Identification, Development & Deployment.
- Mentor mentee, Takshashila, North-Star program.



Continuous Capability Development

- Focused training approach.
- People in sync with changing needs.
- Enhance culture of Collaboration
- Technology adaptable workforce
- Scalable organisation structure



Talent Management

- Create Opportunities for Internal Talent.
- Lateral requirement from IIM, IITs, and other premier institute of India.
- Readiness for integrating acquisitions & international expansion

Building APSEZ as a future ready organisation: Right People with Right Skills at Right Positions & Right Locations

Adani Foundation – Building Communities



Education

Beneficiaries

1,21,159



Community Health

5,18,160



Sustainable Livelihood

3,29,372



Community Infrastructure

3,79,262



Beneficiaries

50,353



20,829



4,87,502

3.2 million

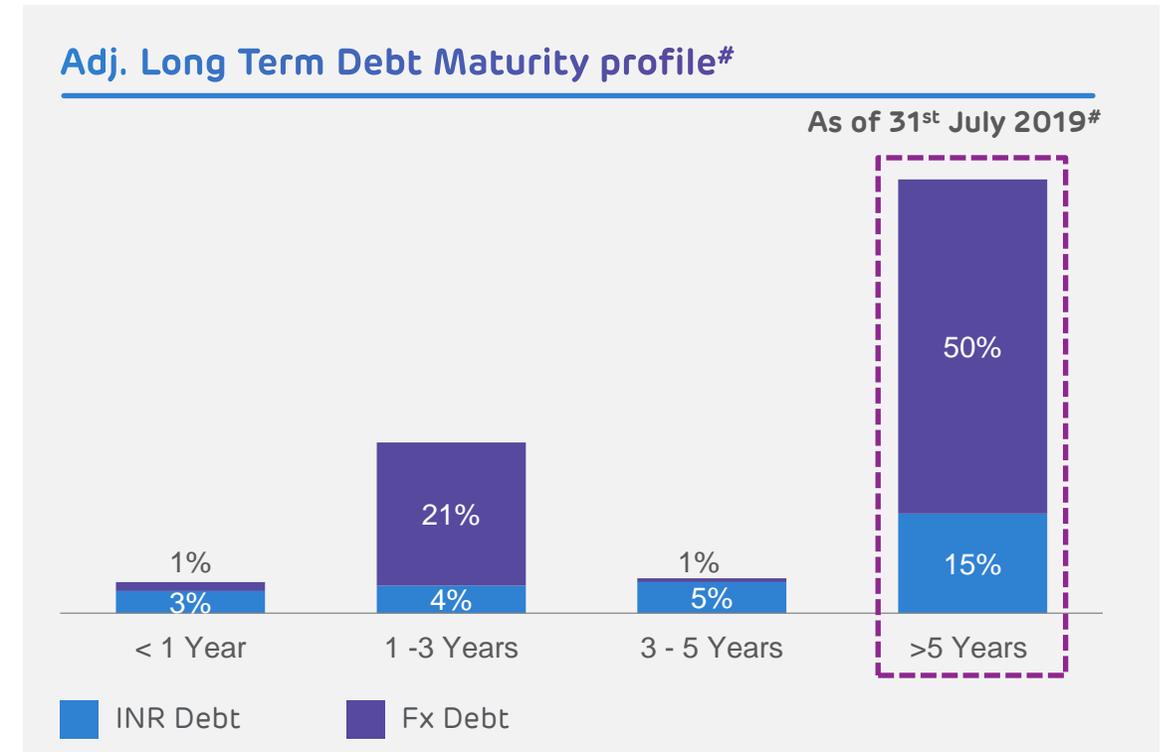
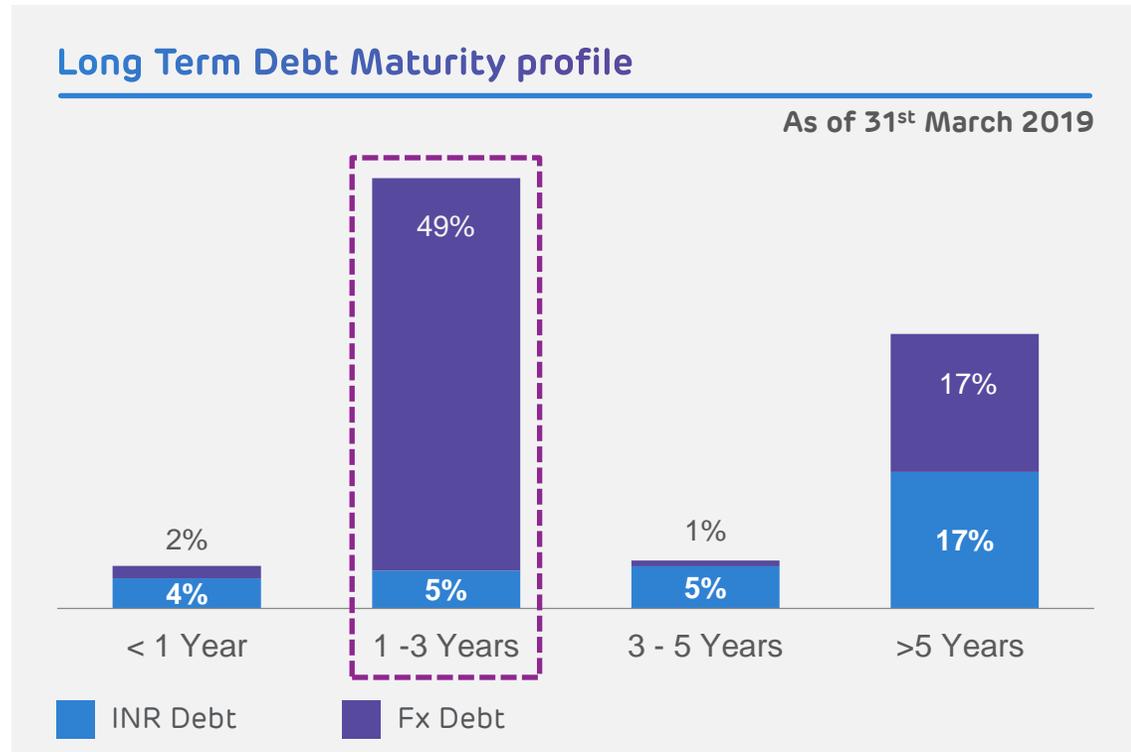
people annually across 2,250 villages in 18 states, 21 sites, 38 locations.

~ 19 lakhs

direct and 14 Lakhs indirect beneficiaries.

Making a difference by continuously supporting local communities to build new, healthy, skilled, empowered India

Debt profile – Elongated from 4 to 6 years post bond issuance



Description (INR Crs.)	Mar' 2014	Mar' 2019
Gross Debt	12,934	27,188
Of which Long Term Borrowings	12,528	21,000

[#]Post issuance of two new bonds of USD 750 Mn and USD 650 Mn
 Note: 1 USD = INR 59.92 (As on March 31, 2014); 1 USD = INR 69.16 (As on March 31, 2019)

APSEZ is rated investment grade from FY16 and beyond

Stable Outlook

Baa3

BBB-

BBB-

Covered by International rating agencies

MOODY'S
INVESTORS SERVICE

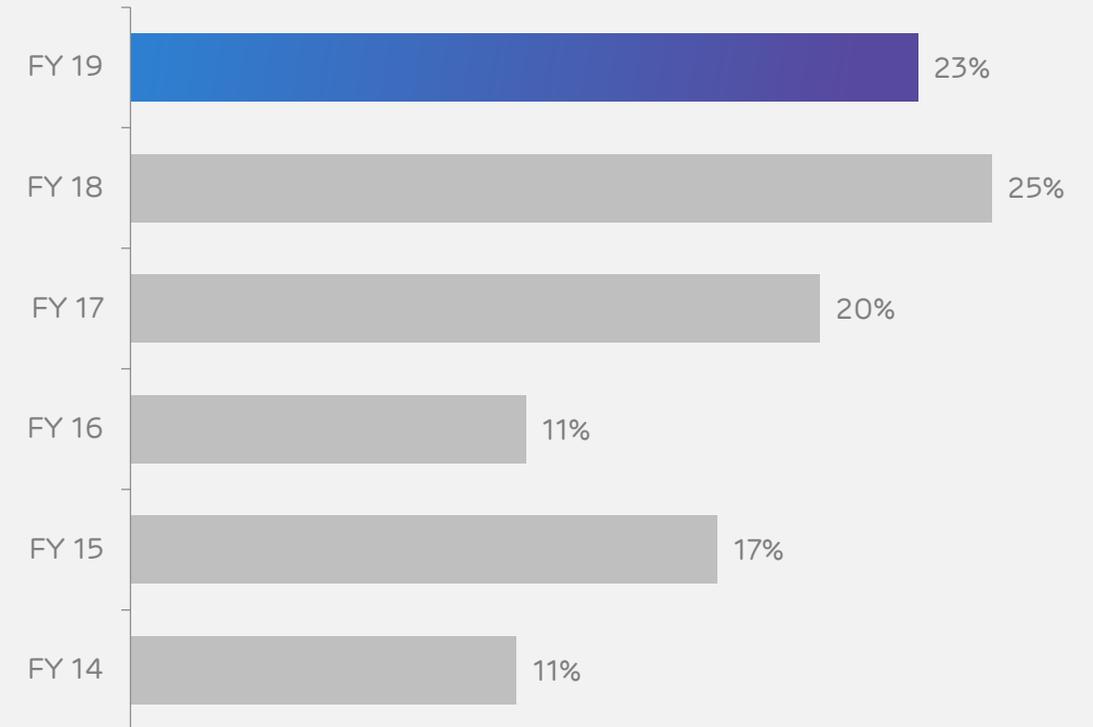
Fitch
Ratings

S&P Global
Ratings

Key Investment Matrix

Matrix being maintained	Range
FFO / Gross Debt :	18% - 25%
FFO / Net Debt :	13% to 15%
Liquidity Ratio :	> 1.20x
FFO Interest Coverage :	3x – 4.5x

FFO / Net Debt

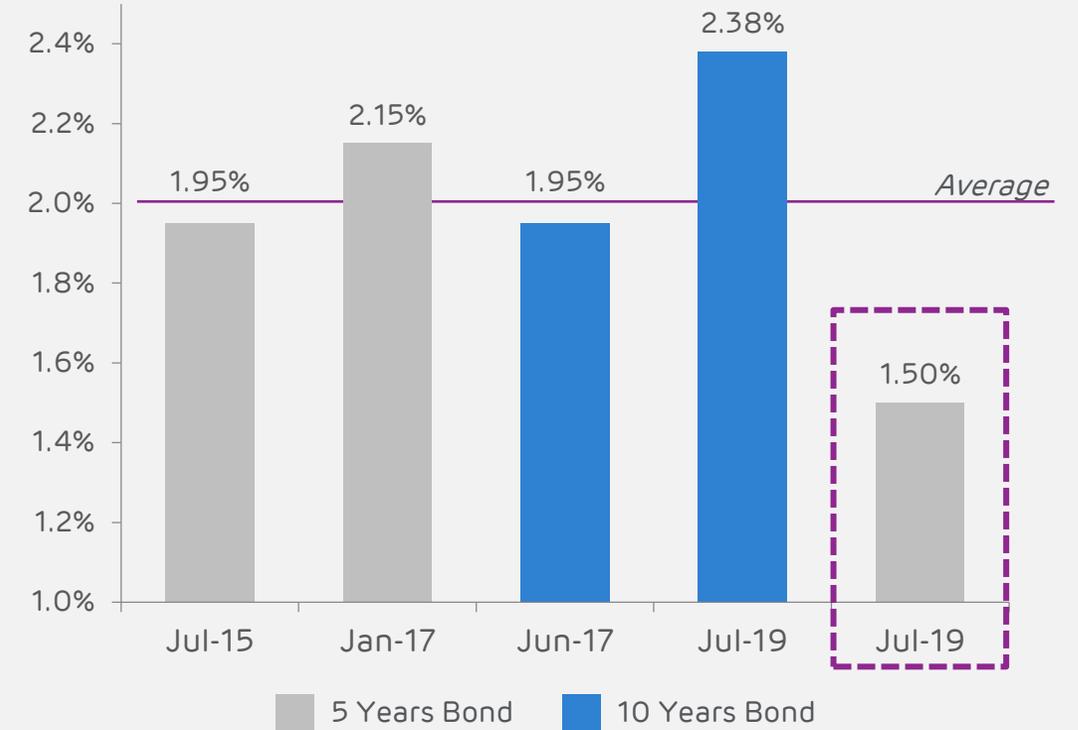


Reduction in cost of debt

Improving Interest cost



Shrinking APSEZ Spread



Strong fundamentals enable tapping capital at finer spread

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