



Adani Ports and SEZ Limited

APSEZ acquires minority stake in Gangavaram Port Ltd.

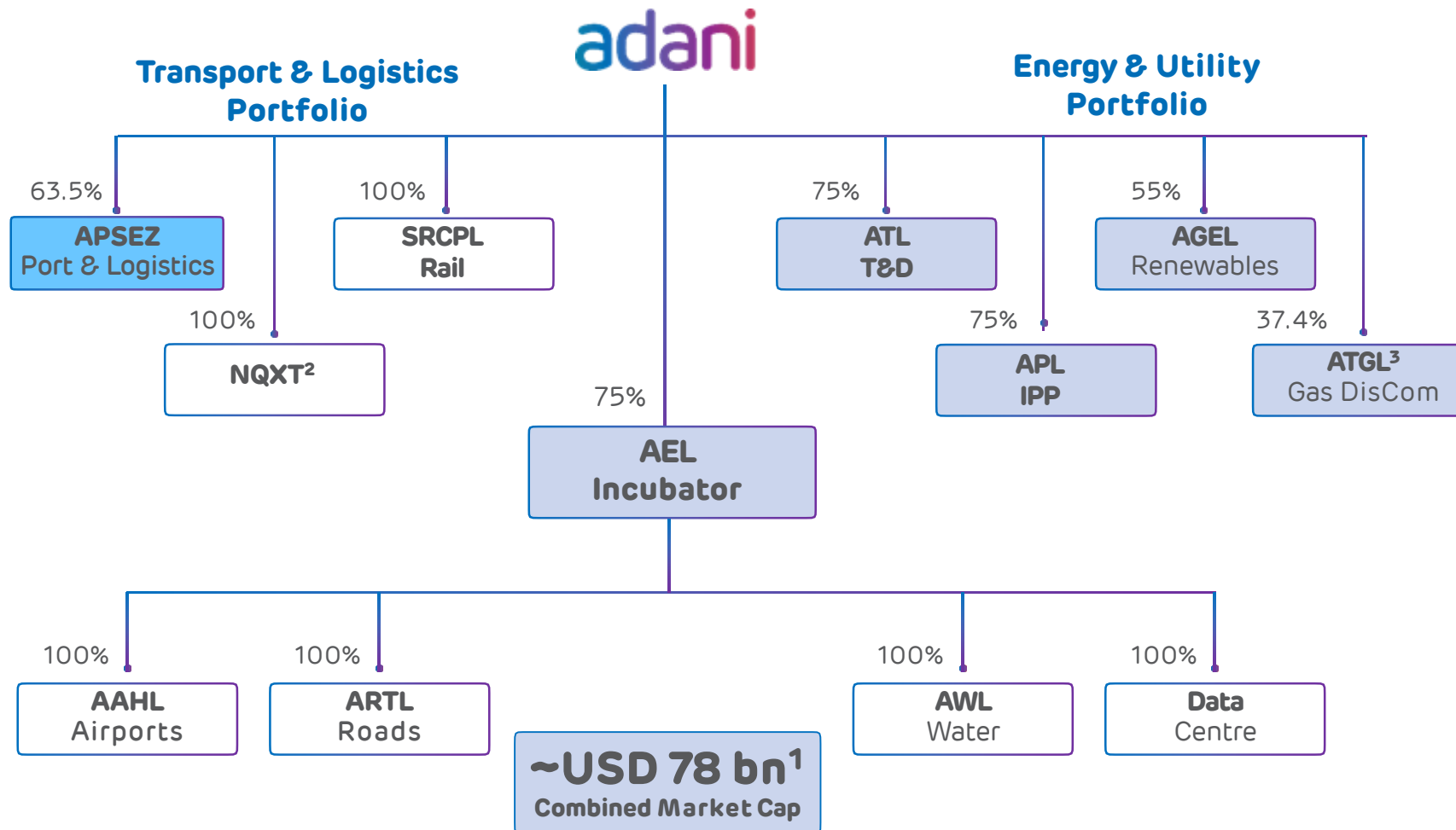
March 03, 2021

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Group Profile

Adani Group: A world class infrastructure & utility portfolio



Adani

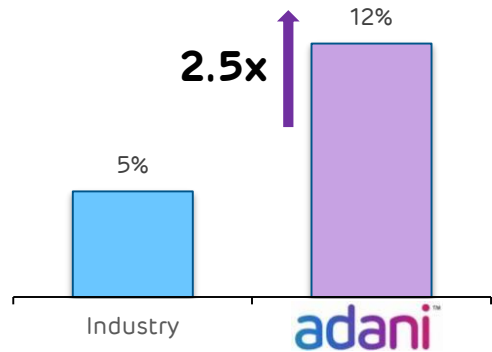
- **Marked shift from B2B to B2C businesses –**
- **ATGL** – Gas distribution network to serve key geographies across India
- **AEML** – Electricity distribution network that powers the financial capital of India
- **Adani Airports** – To operate, manage and develop eight airports in the country
- **Locked in Growth –**
 - Transport & Logistics - Airports and Roads
 - Energy & Utility – Water and Data Centre (JV with EdgeConneX)

Opportunity identification, development and beneficiation is intrinsic to diversification and growth of the group.

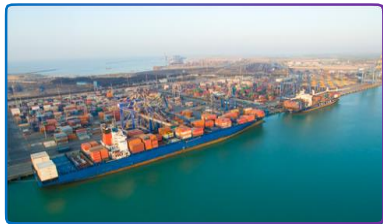
1. As on Feb 28, 2021, USD/INR – 73.4 | Note - Percentages denote promoter holding
 2. NQXT – North Queensland Export Terminal | Light blue color represent public traded listed verticals
 3. ATGL – Adani Total Gas Ltd

Adani Group: Decades long track record of industry best growth rates across sectors

Port Cargo Throughput (MT)



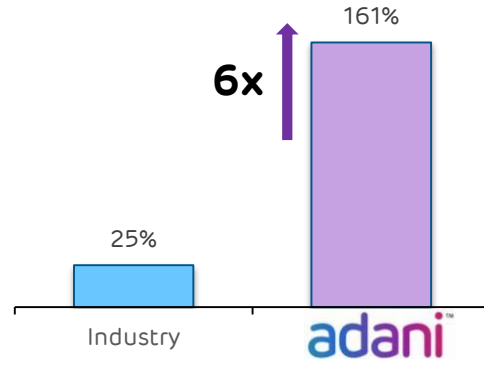
2014	972 MT	113 MT
2020	1,339 MT	223 MT



APSEZ

Highest Margin among Peers globally
EBITDA margin: 70%^{1,2}
Next best peer margin: 55%

Renewable Capacity (GW)



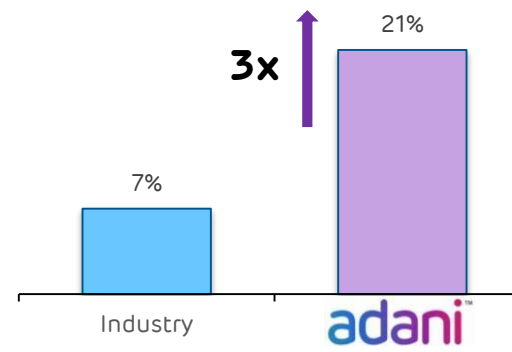
2016	46 GW	0.3 GW
2020	114 GW	14.2 GW ⁶



AGEL

World's largest developer
EBITDA margin: 89%^{1,4}
Among the best in Industry

Transmission Network (ckm)



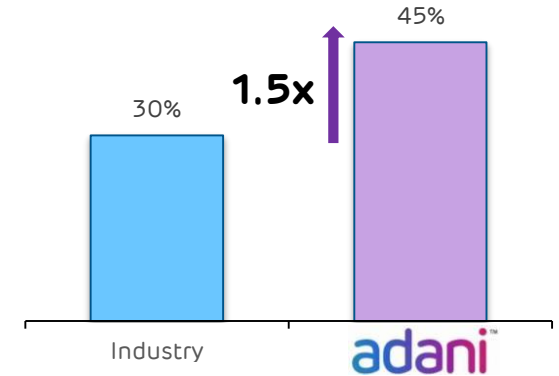
2016	320,000 ckm	6,950 ckm
2020	423,000 ckm	14,837 ckm



ATL

Highest availability among Peers
EBITDA margin: 92%^{1,3,5}
Next best peer margin: 89%

CGD⁷ (GAs⁸ covered)



2015	62 GAs	6 GAs
2020	228 GAs	38 GAs



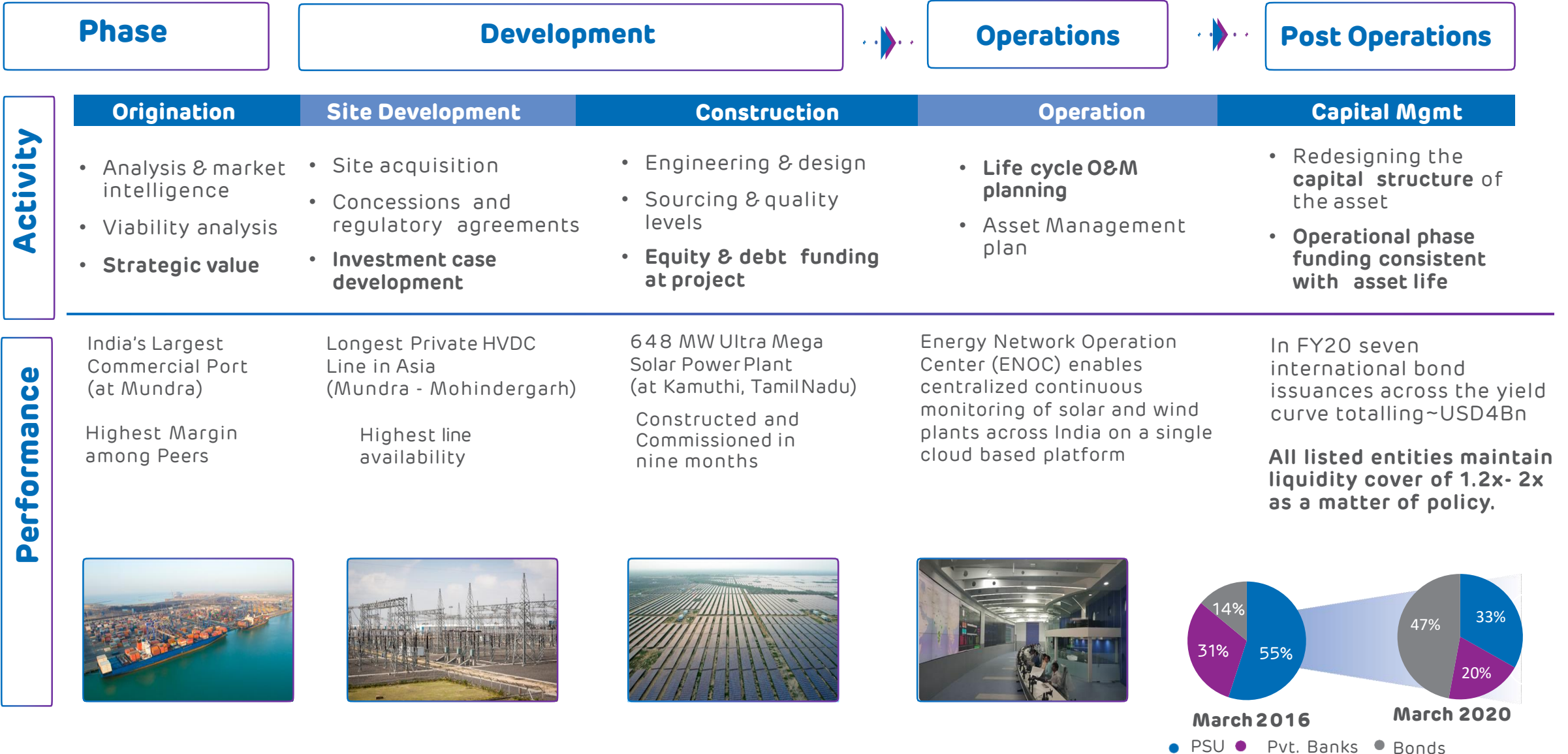
ATGL

India's Largest private CGD business
EBITDA margin: 31%¹
Among the best in industry

Transformative model driving scale, growth and free cashflow

Note: 1 Data for FY20; 2 Margin for ports business only, Excludes forex gains/losses; 3 EBITDA = PBT + Depreciation + Net Finance Costs – Other Income; 4 EBITDA Margin represents EBITDA earned from power sales 5. Operating EBITDA margin of transmission business only, does not include distribution business. 6. Contracted & awarded capacity 7. CGD – City Gas distribution GAs 8. Geographical Areas - Including JV | Industry data is from market intelligence

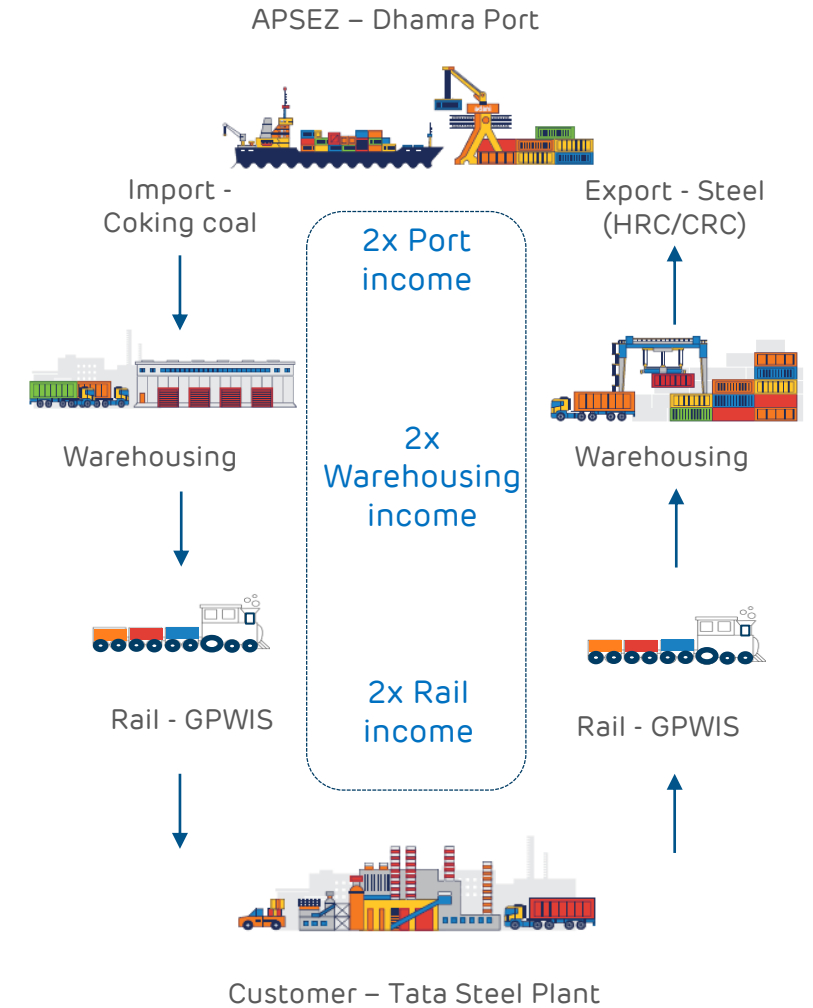
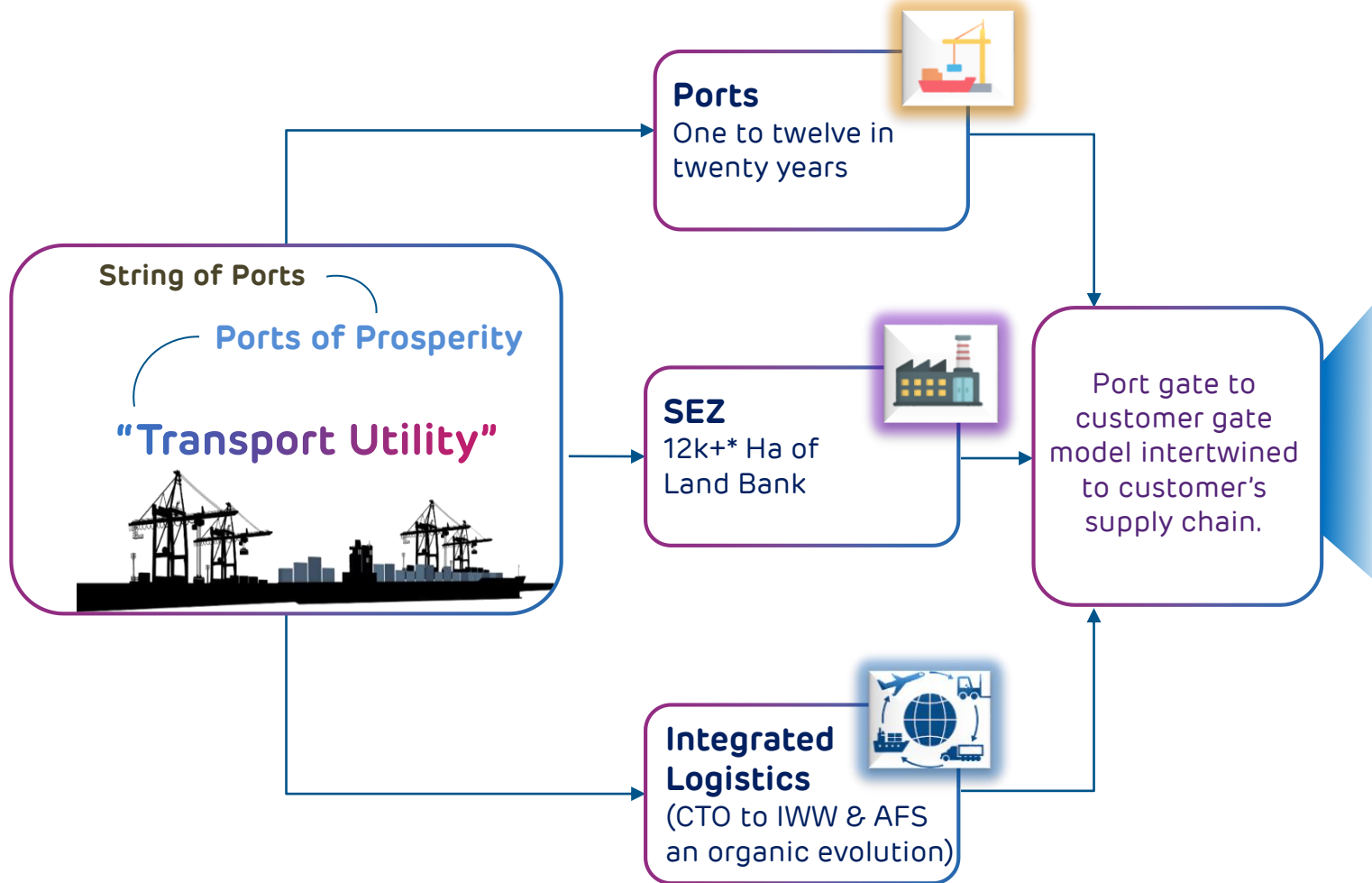
Adani Group: Repeatable, robust & proven transformative model of investment



1. FY20 data for commercial availability declared under long term power purchase agreements;

Company Profile

APSEZ : Largest private transport utility

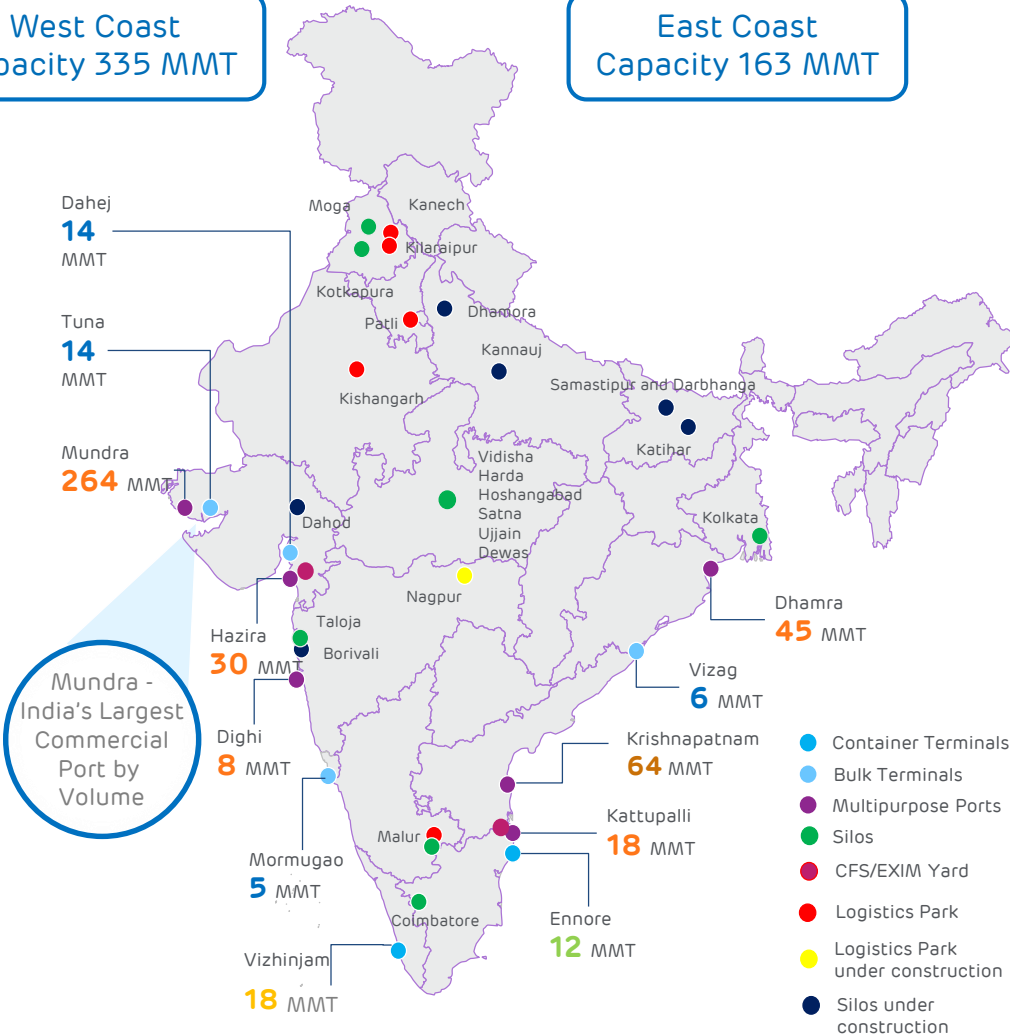


An integrated approach through Ports, SEZ and Logistics enables presence across value chain

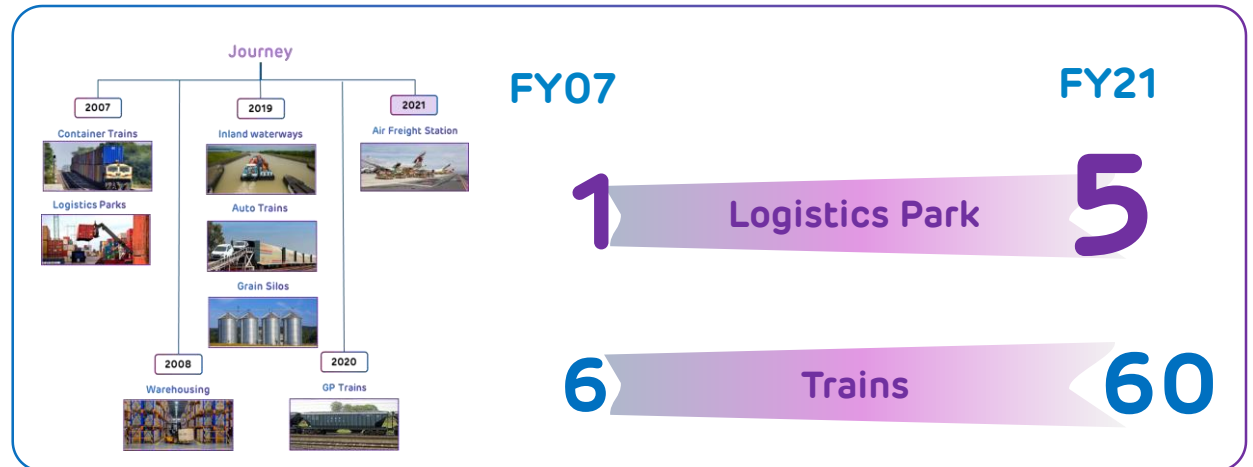
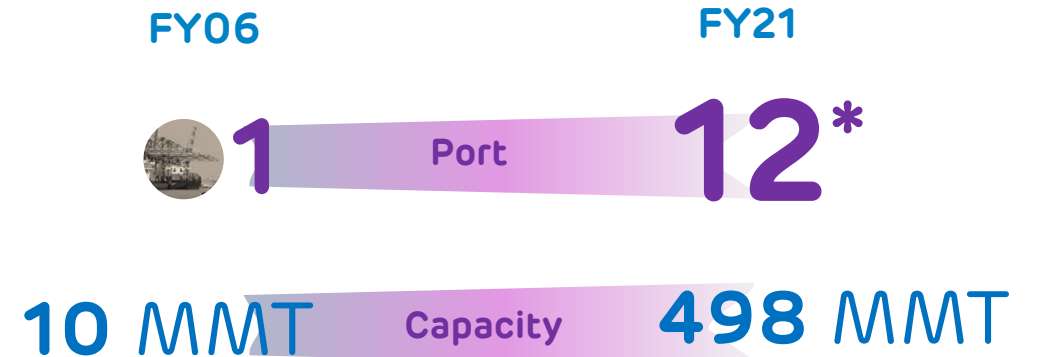
APSEZ : Largest network of ports in India

West Coast
Capacity 335 MMT

East Coast
Capacity 163 MMT



Evolution of APSEZ



12 ports serving vast economic hinterland of the country

APSEZ : Acquisition of minority stake in GPL - Executive Summary

APSEZ to acquire 31.5% stake from Warburg Pincus in Gangavaram Port Ltd (GPL) for INR 1,954 Cr

High growth potential through increase in capacity utilization and enhancement in cargo basket

Strong balance sheet (zero debt, AAA rated) with high cash flow generation and targets 100% dividend payout

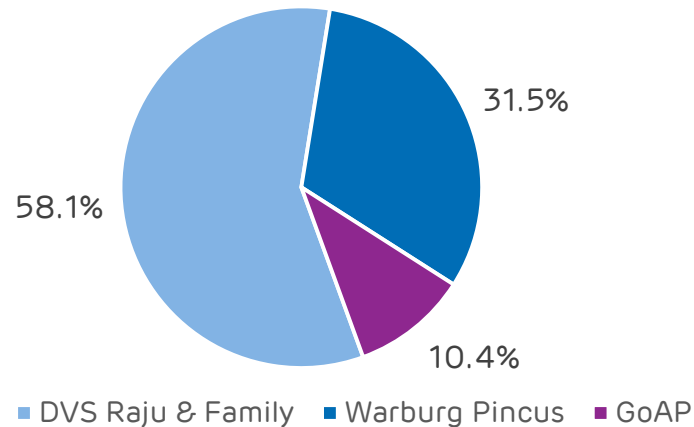
Gangavaram Port Limited (GPL) - Overview

APSEZ : Gangavaram Port (GPL) - Overview

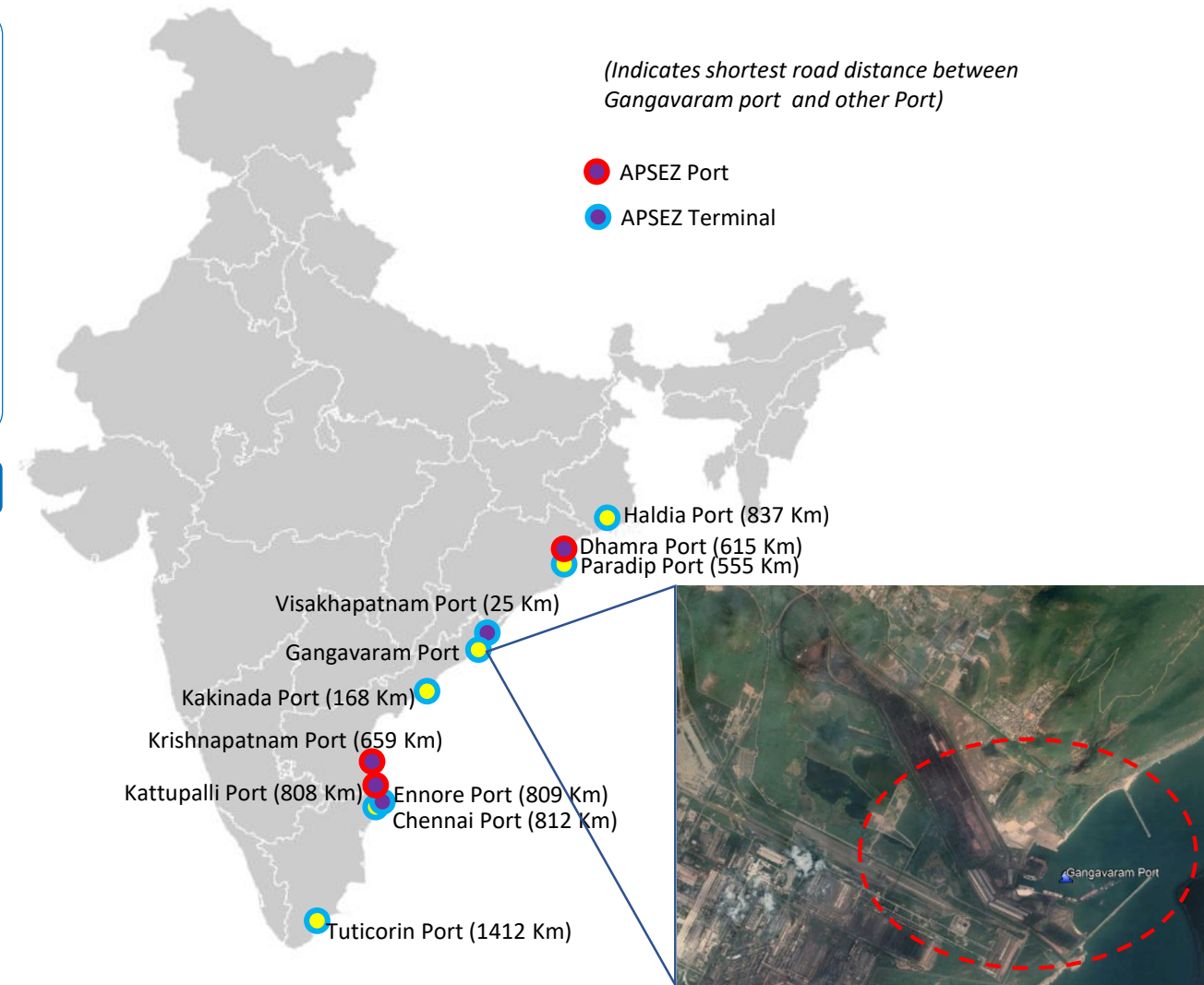
Concession Overview

- **Long term Concession:**
 - Commenced operations in 2009 (BOOT model)
 - **50 Year** concession **till 2059**
- **Concession Fee:**
 - **2.1%** of Gross Income till 2039
 - **4.2%** of Gross Income till 2049
 - **8.4%** of Gross Income till 2059

Shareholding Pattern



Strategic Location



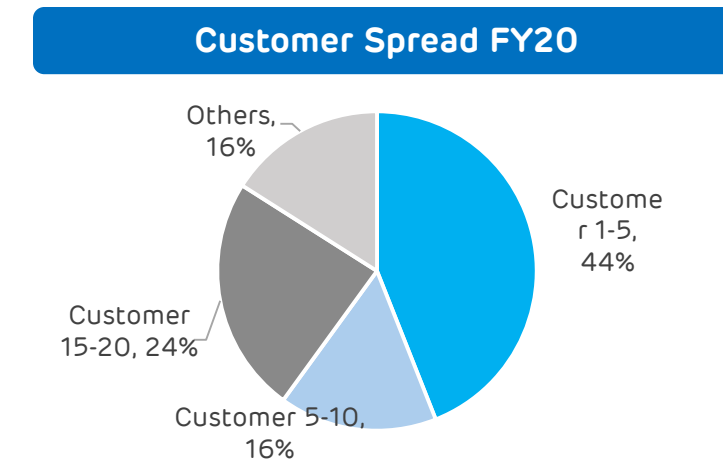
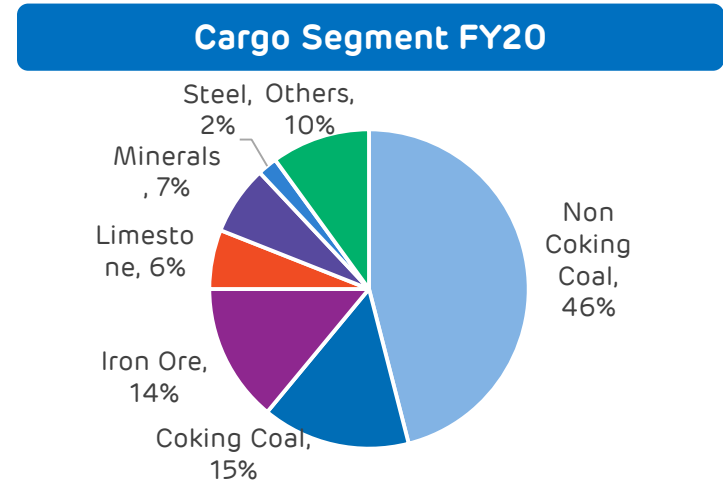
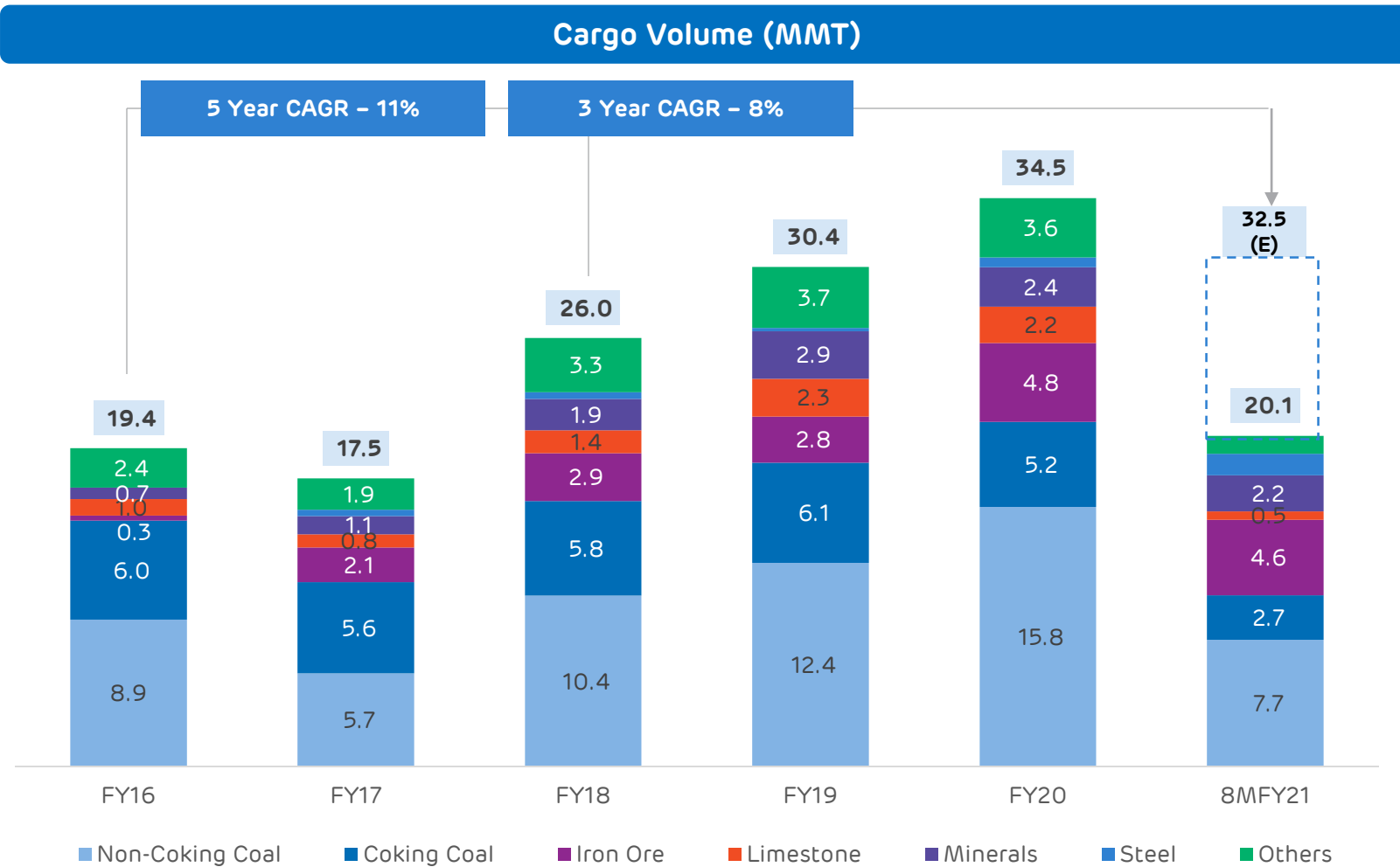
APSEZ : GPL - Port Infrastructure

- All weather, **deep water multipurpose port**, located at Vizag
- Operational capacity of **64 MMTPA**
- **19.5 m draft**
- **9 berths**
- Freehold land: **1,800 acres** of which **800 acres** available for future development
- Additional Leased land: **1,052 acres**
- Excellent **road and rail** connectivity
- **Master plan** capacity of **250 MMTPA** with **31 berths**



Port has significant expansion potential in the long term

APSEZ : GPL - Stable and growing Cargo Volumes



Strong cargo growth of over 10%

APSEZ : GPL - Historical Financial Performance (Profit & Loss)

Particulars (INR Cr)	FY17	FY18	FY19	FY20	FY21E ¹	CAGR (5 Yr)
Operating Revenue	571	766	964	1,082	1,008	6%
EBITDA	325	454	559	634	609	6%
<i>EBITDA %</i>	<i>57%</i>	<i>59%</i>	<i>58%</i>	<i>59%</i>	<i>60%</i>	10%
Less: D&A	171	175	179	138	139	
EBIT	154	278	380	496	471	
<i>EBIT %</i>	<i>27%</i>	<i>36%</i>	<i>39%</i>	<i>46%</i>	<i>47%</i>	
Less: Finance Cost	104	52	17	32	3	
Add: Other Income	56	47	40	72	44	20%
PBT	107	274	403	535	512	
Less: Taxes	15	3	(7)	19	15	
PAT	92	271	409	516	496	
<i>PAT %</i>	<i>16%</i>	<i>35%</i>	<i>42%</i>	<i>48%</i>	<i>49%</i>	
Dividend as a % of PAT	<i>68%</i>	<i>35%</i>	<i>30%</i>	<i>36%</i>	<i>97%²</i>	

6%+ growth revenue and profitability

Stable margin profile

Reduced finance cost due to deleveraging

Dividend policy to maximize distribution upto 100% of profits

Robust growth and margin profile with high dividend payout

1. Figures are 9MFY21 annualized for representation purposes.

2. Dividend declared for 9MFY21 as a % of 9MFY21 profit

APSEZ : GPL - Historical Financial Performance (Balance Sheet & Cash Flow)

Particulars (INR Cr)	FY17	FY18	FY19	FY20	FY21E ¹
Balance Sheet					
Net Fixed Assets	1,825	1,685	1,545	1,431	1,401
Gross Debt ³	605	258	26	2	-
Cash & cash Equivalent	319	344	412	424	570
Net Debt	286	(87)	(386)	(422)	(570)
Net Worth	1,484	1,691	2,009	2,214	2,393
Ratio					
RoCE	7.4%	14.3%	18.7%	22.4%	19.7%
RoE	6.2%	16.0%	20.4%	23.3%	20.7%
Free Cash Flow					
PBT	107	274	403	535	512
Less: Tax Paid	(32)	(62)	(85)	(95)	(82)
Add: D&A	171	175	179	138	139
Less: Capex	(21)	(33)	(43)	(44)	(69)
Free Cash Flow⁽²⁾	224	355	454	534	499

**Zero debt,
AAA Rated
(CARE)**

**20%+ ROE and
ROCE**

**Strong free Cash
flow of INR 534 Cr
in FY20**

Significant de leveraging with strong free cash flow generation

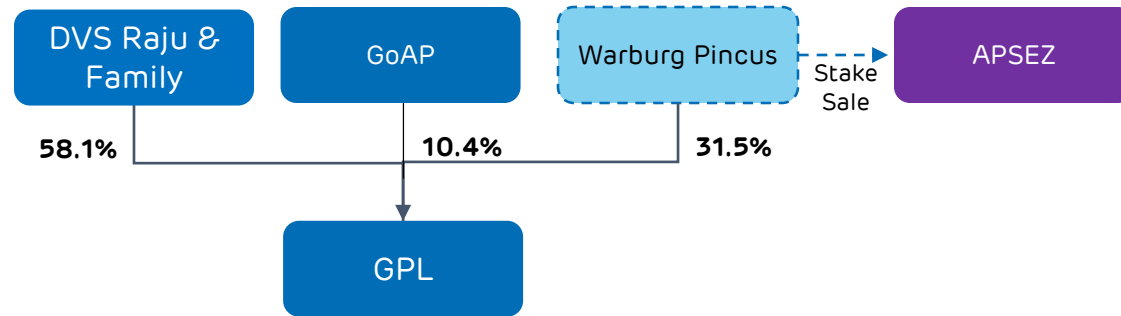
1. FY21E figures are representing 9mFY21 numbers and cash flow elements are annualized for comparative purpose. Capex is estimated for FY21.
2. Free cash flow is excluding working capital.
3. Gross Debt excludes lease liabilities

Transaction Overview and Investment Rationale

APSEZ : Transaction Overview

Proposed Transaction Structure

- APSEZ to acquire 31.5% stake from Warburg Pincus at INR 1,954 Cr
- Transaction is subject to CCI approval



Investor Rights

Board	<ul style="list-style-type: none"> • Right to appoint 3 out of 9 directors • In proportion to shareholding, minimum of one director
Rights	<ul style="list-style-type: none"> • Restructuring, sale of assets, corporate actions (Eg: IPO/ charter amendments) • Approval of business plan and Information rights
Transfer	<ul style="list-style-type: none"> • Free right to transfer shares

Implied Valuation

(INR cr.)

Transaction Value	1,954
Target Share	31.5%
Total Equity Value	6,203
Net Debt (Dec'20)	(557)
Enterprise Value	5,647

Implied Transaction Multiple

FY20

EV/EBITDA	8.9x
P/E	12.0x

APSEZ : GPL - A Value Accretive Transaction for APSEZ

Strategic Location

- Deep draft port in India with seamless connectivity with rich **Eastern, Central and Southern markets of India**

Growth Potential

- **Sticky cargo** base and long term customers
- Growth potential through expansion, **new cargo types** and **enhanced logistics solutions**

Robust Financials

- Company with one of the **lowest operating cost**
- **Deleveraged** balance sheet (AAA Rated)
- **High cash flow** generation

Value Creation

- Transaction at meaningful **discount to traded** valuation of APSEZ
- **Return on investment** meeting APSEZ thresholds

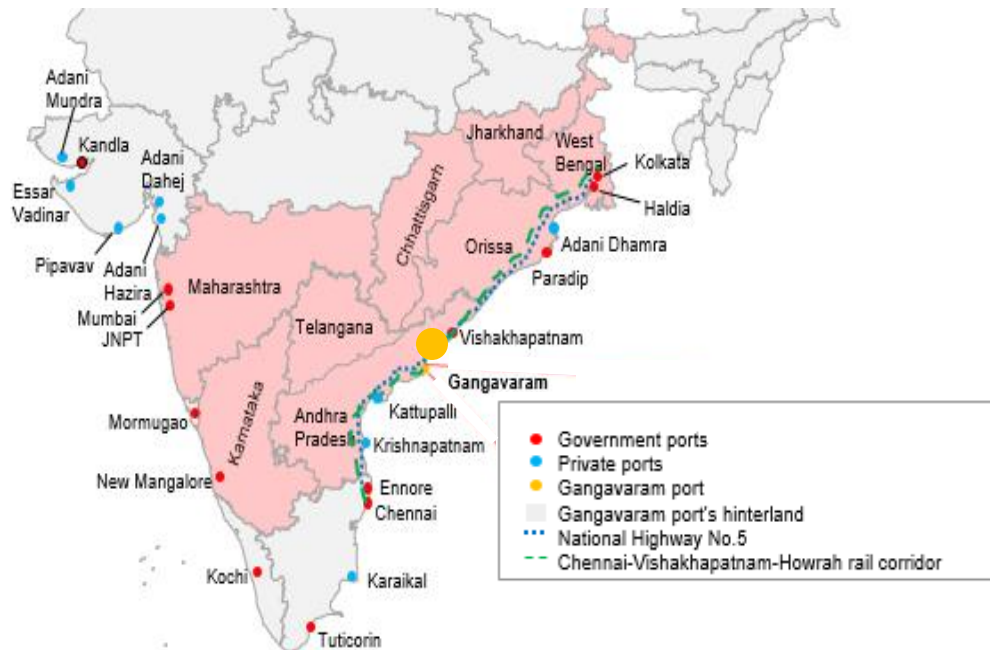
Annexures

APSEZ : GPL - Location & Hinterland Connectivity

GPL's Customer Reach

Port is located near the richest **mineral and metal industrial belt ensuring steady increase in cargo flow.**

Key Industries : Metal, Fertilizers, Paper, Cement, Pharma, Power, Seafood, Chemicals, Agro Products.

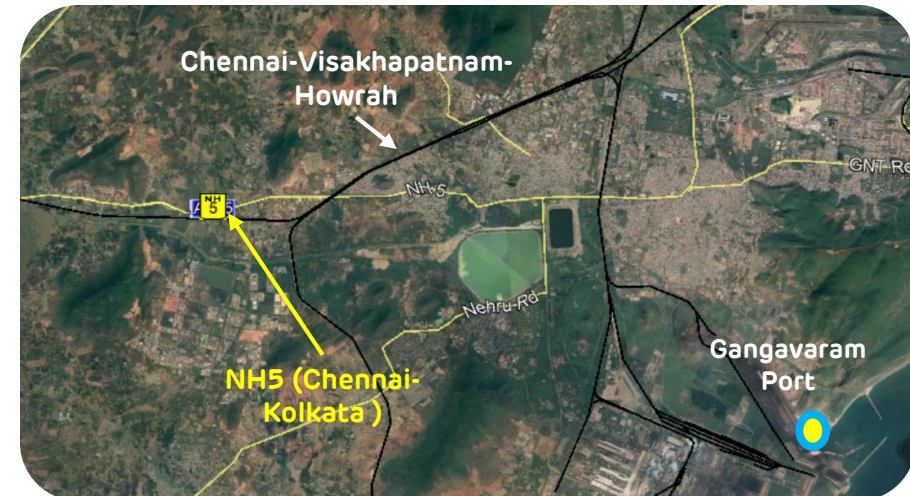


Road Connectivity

4 lane expressway of 3.8 km connecting the port with the NH5 (Chennai - Kolkata), to be widened to 6 lane under BharatMala Project (BMP).

Rail Connectivity

Twin **Railway line connectivity** to the main broad gauge national network of "Chennai-Visakhapatnam-Howrah"



GPL has excellent connectivity to service states which contribute ~43% of India's GDP

APSEZ : GPL - Port Infrastructure

Infrastructure Highlights

- **Mechanical Handling** – 3 fully mechanized berths for capesize and 6 berths for Panamax size vessel.
- **Single Window Clearance** – End to end services from stevedoring to custom documentation.
- Nil Demurrage – **Fast turnaround time.**
- **Rail:** Independent "Railway Sidings" at port with
 - 2 R&D yards with 10 interchangeable lines & 14 sidings for receipt and dispatch of rakes
 - Dedicated mechanized coal & iron ore sidings
 - 4 in-motion weighbridges
 - 5 locomotives for shunting of rakes.
- **Road:** Four weighbridges for weighment of trucks.

Equipment Details

Equipment Name	No	Specification
For Coal Terminal		
Ship - Unloaders	4	2400 TPH (each)
Stackers	3	4000 TPH
Reclaimers	3	1500 TPH/3000 TPH
Stacker cum Reclaimer	1	4000 TPH /1500 TPH
Wagon Loader	1	1500 TPH
Conveyor to Stack Yard	-	4000 TPH
Stackyard Capacity	-	6 MMT
Silo	1	800 TONS BIN
Telestackers	2	800 TPH
For Iron Ore Terminal		
Ship Loader	1	4500 TPH
Stacker	1	1500 TPH
Reclaimer	1	4500 TPH
Wagon - Tippler	-	24 TIPS/ HOUR
Conveyor	-	4500 TPH
Stackyard Capacity	-	1 MMT
Multipurpose Berths		
Mobile Harbor Cranes	5	1400 TPH

Mechanical Handling, Single Window Clearance, Nil Demurrage & evacuation infrastructure leading to efficient operations

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