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Ports and Logistics

Acquisition of Haifa Port Company, Israel

Investor Presentation

July 2022

Contents

Ports and Logistics

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Group Profile

Adani: A World Class Infrastructure & Utility Portfolio

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~USD 206 bn[1]
Combined Market Cap

Infrastructure Portfolio

Incubator
- (74.9%) **AEL**

Energy & Utility
- (61.3%) **AGEL** Renewables
- (74.9%) **ATL** T&D
- (37.4%) **ATGL** Gas Discom
- (75.0%) **APL** IPP
- (100%) **ANIL** New Industries
- (50%) **AdaniConneX[4]** Data Centre

Transport & Logistics
- (65%) **APSEZ** Ports & Logistics
- (100%) **NQXT[2]**
- (100%) **AAHL** Airports
- (100%) **ARTL** Roads

Direct to consumer
- (44%) **AWL** Food FMCG
- (100%) **ADL** Digital

Other businesses
- (100%) **Other specialty businesses** (Defence, Mining services, Copper, Petrochemicals)

(%): Promoter equity stake in Adani Portfolio companies
(%): AEL equity stake in its subsidiaries

- Represents public traded listed verticals

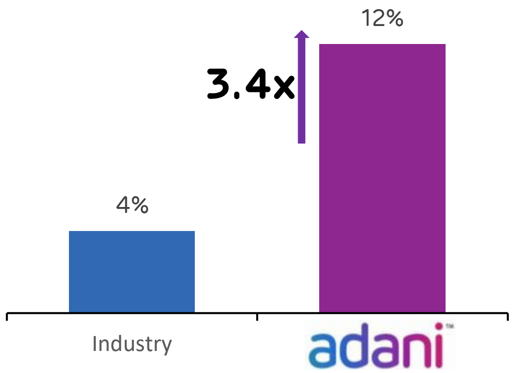
A multi-decade story of high growth and derisked cash flow generation

1. Combined market cap of all listed entities as on Apr 29, 2022, USD/INR – 76.5 | 2. NQXT: North Queensland Export Terminal | 3. ATGL: Adani Total Gas Ltd, JV with Total Energies | 4. Data center, JV with EdgeConneX, AEL: Adani Enterprises Limited; APSEZ: Adani Ports and Special Economic Zone Limited; ATL: Adani Transmission Limited; T&D: Transmission & Distribution; APL: Adani Power Limited; AGEL: Adani Green Energy Limited; AAHL: Adani Airport Holdings Limited; ARTL: Adani Roads Transport Limited; ANIL: Adani New Industries Limited; AWL: Adani Wilmar Limited; ADL: Adani Digital Limited; IPP: Independent Power Producer

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

Ports and Logistics

Port Cargo Throughput (MMT)

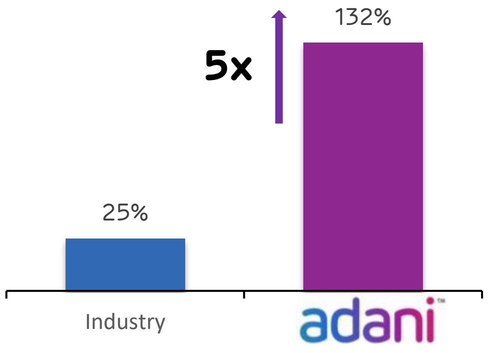


2014	972 MMT	113 MMT
2022	1,320 MMT	312 MMT

APSEZ

Highest Margin among Peers globally
EBITDA margin: 70%[1,2]
Next best peer margin: 55%

Renewable Capacity (GW)

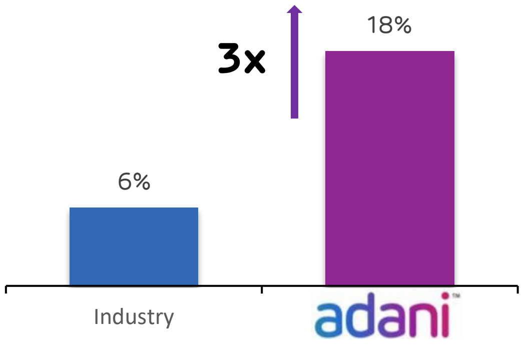


2016	46 GW	0.3 GW
2021	150 GW[9]	20.3 GW[6]

AGEL

Worlds largest developer
EBITDA margin: 91%[1,4]
Among the best in Industry

Transmission Network (ckm)

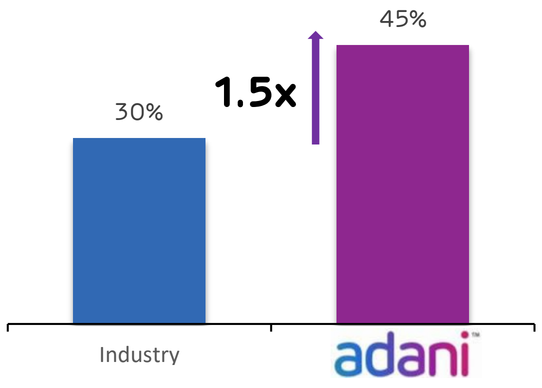


2016	320,000 ckm	6,950 ckm
2022	456,716 ckm	18,795 ckm

ATL

Highest availability among Peers
EBITDA margin: 92%[1,3,5]
Next best peer margin: 89%

CGD[7] (GAs[8] covered)



2015	62 GAs	6 GAs
2021	293 GAs	52 GAs

ATGL

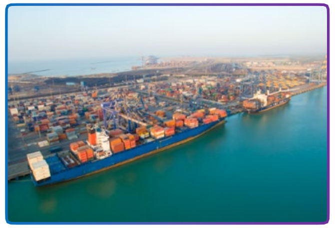
India's Largest private CGD business
EBITDA margin: 41%[1]
Among the best in industry

Transformative model driving scale, growth and free cashflow

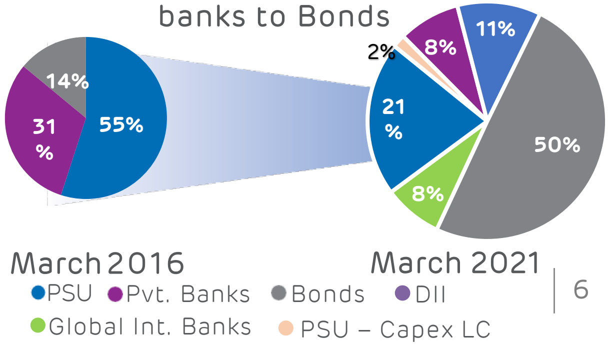
Note: 1. Data for FY21; 2. Margin for ports business only, Excludes forex gains/losses; 3. EBITDA = PBT + Depreciation + Net Finance Costs – Other Income; 4. EBITDA Margin represents EBITDA earned from power supply 5. Operating EBITDA margin of transmission business only, does not include distribution business. 6. Contracted & awarded capacity 7. CGD: City Gas distribution 8. GAs - Geographical Areas - Including JV | Industry data is from market intelligence 9. This includes 17GW of renewable capacity where PPA has been signed and the capacity is under various stages of implementation and 29GW of capacity where PPA is yet to be signed'

Adani: Repeatable, robust & proven transformative model of investment

Phase	Development			Operations	Post Operations
Activity	**Origination**	**Site Development**	**Construction**	**Operation**	**Capital Mgmt**
	• Analysis & market intelligence • Viability analysis • **Strategic value**	• Site acquisition • Concessions & regulatory agreements • **Investment case development**	• Engineering & design • Sourcing & quality levels • **Equity & debt funding at project**	• **Life cycle O&M planning** • Technology enabled O&M	• Redesigning the **capital structure** of the asset • **Operational phase funding consistent with asset life**
Performance	India's Largest Commercial Port (at Mundra)	Longest Private HVDC Line in Asia (Mundra - Mohindergarh)	648 MW Ultra Mega Solar Power Plant (at Kamuthi, TamilNadu)	Energy Network Operation Center (ENOC)	• First ever GMTN of USD 2Bn by an energy utility player in India - an SLB in line with COP26 goals - at AEML • AGEL's tied up "Diversified Growth Capital" with revolving facility of USD 1.35 Bn - fully fund its entire project pipeline • Issuance of 20 & 10 year dual tranche bond of USD 750 mn - APSEZ the only infrastructure company to do so • Green bond issuance of USD 750 mn establishes AGEL as India's leading credit in the renewable sector
	Highest Margin among Peers	Highest availability	Constructed and Commissioned in nine months	Centralized continuous monitoring of plants across India on a single cloud based platform	



Debt structure moving from PSU banks to Bonds



O&M: Operations & Maintenance, HVDC: High voltage, direct current, PSU: Public Sector Undertaking (Public Banks in India), GMTN: Global Medium Term Notes SLB: Sustainability Linked Bonds, AEML: Adani Electricity Mumbai Ltd. IG: Investment Grade, LC: Letter of Credit, DII: Domestic Institutional Investors, COP26: 2021 United Nations Climate Change Conference; AGEL: Adani Green Energy Ltd.

Ports and Logistics

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Company Profile

APSEZ: Transformational Business Model

Development

Ports
- National footprint with 12 ports across the coastline, de-risks the portfolio of concentration risk.
- One stop solution to customers through a single window service

Logistics
- Largest integrated logistics player in India
- Rail, MMLPs, Warehousing connecting ports to customer gate

SEZ
- Large scale 'ready to setup' industrial land (SEZ)
- Land Bank of 12,000 ha. at Mundra, Dhamra and Kattupalli

Operations

Best in Class Efficiency
- Entire gamut of services, from dredging to evacuation enables cost efficient solutions with 70%+ Port Margin globally
- Digitizing through technology solutions (RONC)

Diversification & Integration
- Removed multiple agency friction to enable single source to entire supply chain requirement.
- Diversification of Bulk and liquid with new age cargo like LNG / LPG

Acquisition & Turnaround
- Acquisition and turnaround strategy has ensured EBITDA margin step up post acquisition to APSEZ levels

Value Creation

Strategy
- 3x growth compared to market without dilution in equity.
- Strategic partnerships in container segment with MSC and CMA CGM, TotalEnergies, IOCL accelerates market share gain

Capital Management
- IG rated since FY16
- Net Debt/ EBITDA at 3.4x in FY22
- Average maturity of long-term debt increased to 7 years

ESG
- Carbon neutral by 2025, Net zero thereafter
- Governance program assured by board committees
- Reporting per CDP, TCFD and SBTi.

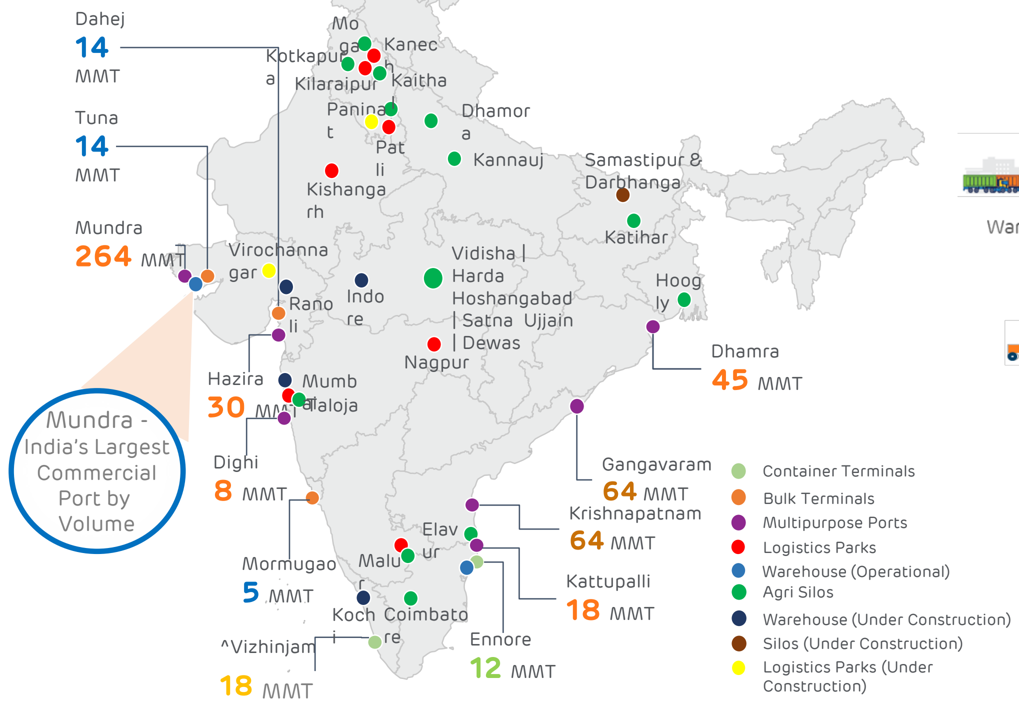
Growth in non Mundra Ports, traffic parity in coasts and reaching customer gate builds the largest Transport Utility

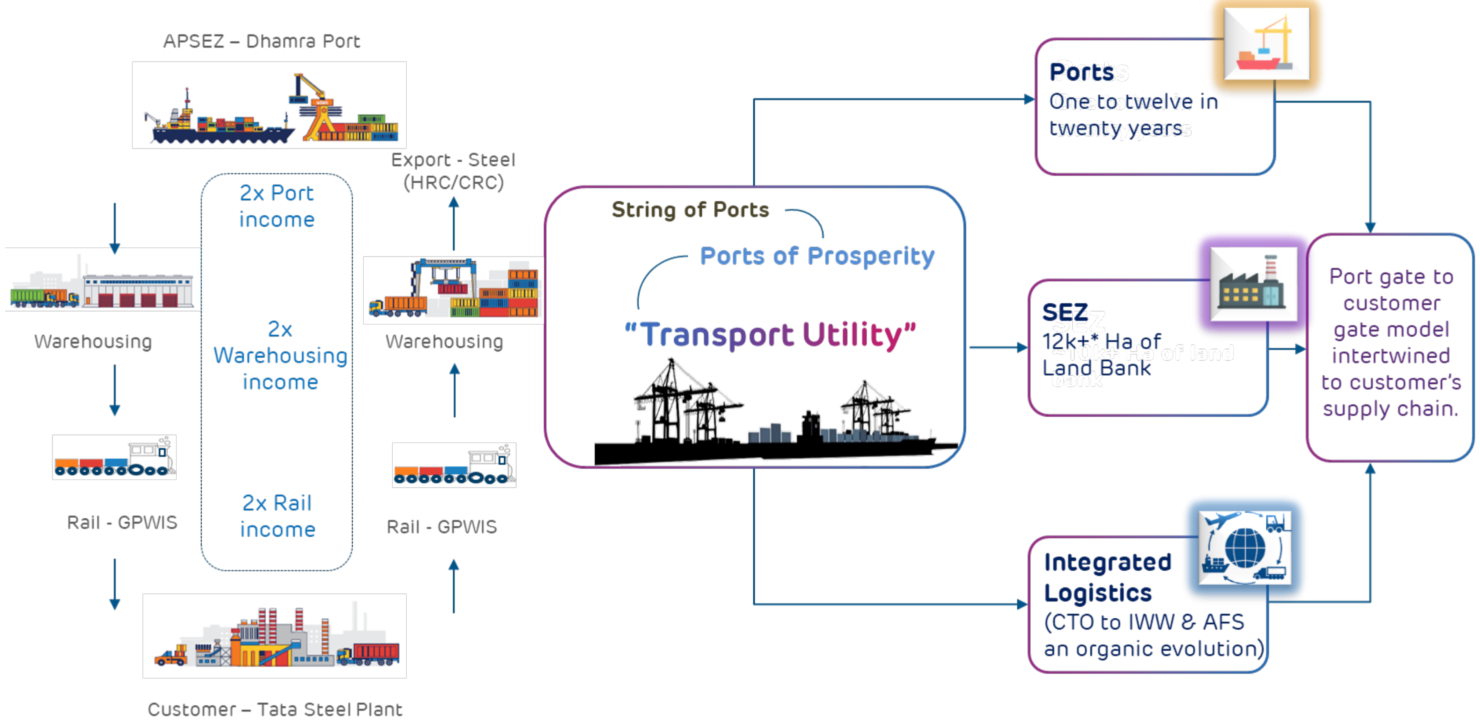
MMLP : Multimodal logistics Park | SEZ : Special Economic Zone | LNG : Liquified natural Gas | LPG : Liquified petroleum Gas | CDP : Carbon disclosure project | TCFD: Task Force on climate related financial disclosure | SBTi : Science Based Targets initiative | RONC: Remote Operating Nerve Center | IG: Investment Grade | ESG: Environmental, Social, and Governance

APSEZ: A transport utility with string of ports and integrated logistics network

West Coast Installed Capacity 335 MMT

East Coast Installed Capacity 203 MMT





Grown from a single port to Twelve Ports ~538 MMT of Installed capacity

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

*Includes both SEZ and non SEZ land| | SEZ : Special economic zone ! ^under construction
GPWIS – General Purpose Wagon Investment Scheme | CTO – Container Train Operator | IWW –Inland Water Ways | AFS – Air Freight Stations | HRC : Hot Rolled Coil | CRC : Cold Rolled Coil | MMT : Million Metric Ton

APSEZ: Logistics to provide growth impetus & help reaching customer's gate

Assets	Trains	MMLPs	Grain Silos	Ware-housing	Rail Tracks
FY16	24 Trains	4 MMLP	--	0.4 mn Sq. ft.	510 KMs
FY22	75 Trains	6 MMLP	0.87 MMT	0.8 mn Sq. ft.	620 KMs
	3X	3X	3X	75X	3X
FY25	200+Trains (Largest Private Player)	15 MMLP (Covering all key market)	2.5+ MMT (market leader with 40% of Capacity)	60 mn Sq. ft. (15% of mkt capacity)	2000+ KMs (Largest Private rail network)

Integrated logistics allows for a single window service for the customer

MMLP – Multi Modal Logistics Park |MMT – Million Metric Tonne adani

Ports and Logistics

C

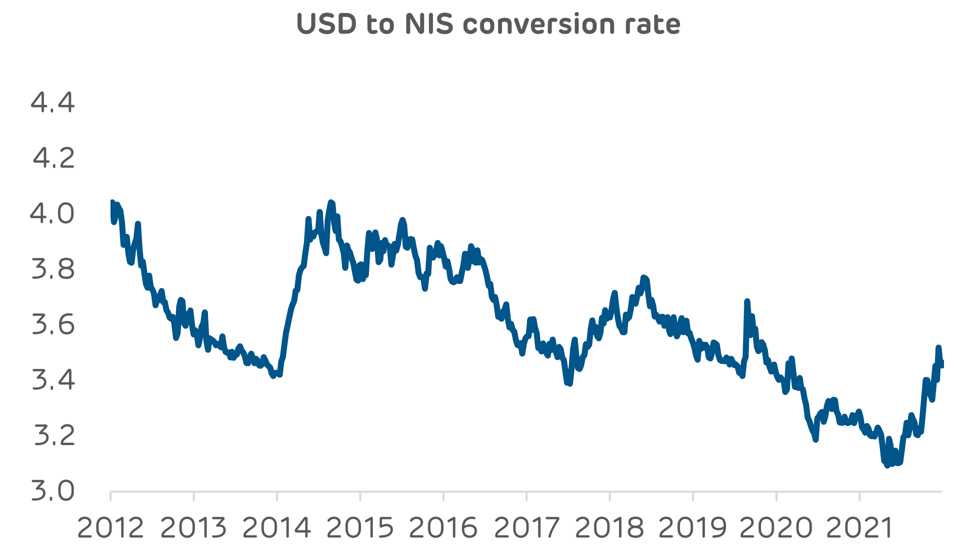
Haifa Port Company (HPC)– Company Profile and Acquisition Case

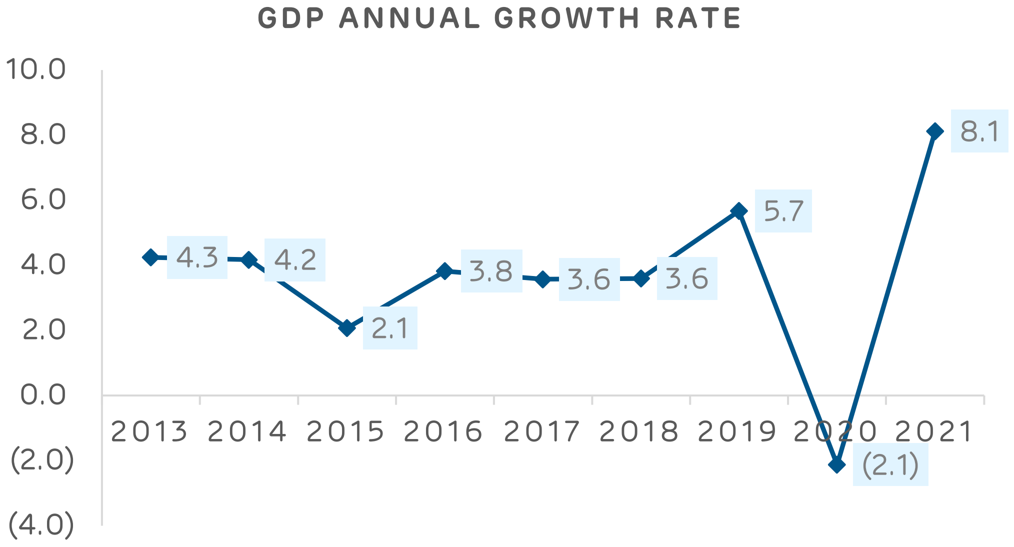
Haifa Port Company – Company Profile and Acquisition Case: Contents

1. Overview of Israel’s Ports sector

Israel's Economic Outlook

- Israel has a total population 9.4 Mn, that has median age of 30.5 years
- The country's 2021 GDP was at USD 482 Bn and its annual average GDP growth rate of last 10 years is ~3.5%
- Sovereign rating of A1 with positive outlook reflects Israel's strong economy (India is rated BBB- by Moody's)
- The country's currency, New Israeli Shekels (NIS) has been stable against the dollar for many years; Currently 3.45 NIS is equivalent to 1 USD, and the last 10-year average exchange rate is also ~ 3.5 NIS = 1 USD
- It's EXIM of USD 131 Bn is around 27% of country's GDP, with 99% of International Trade handled via its seaports





Haifa Port is the Country's Largest Port

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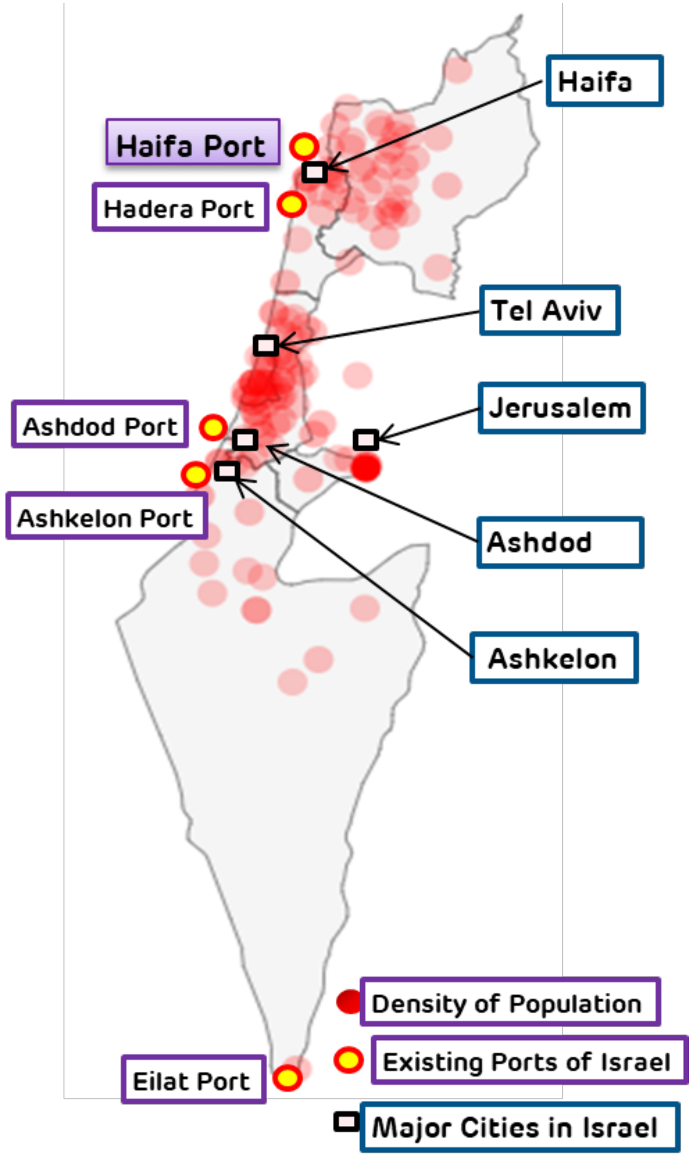
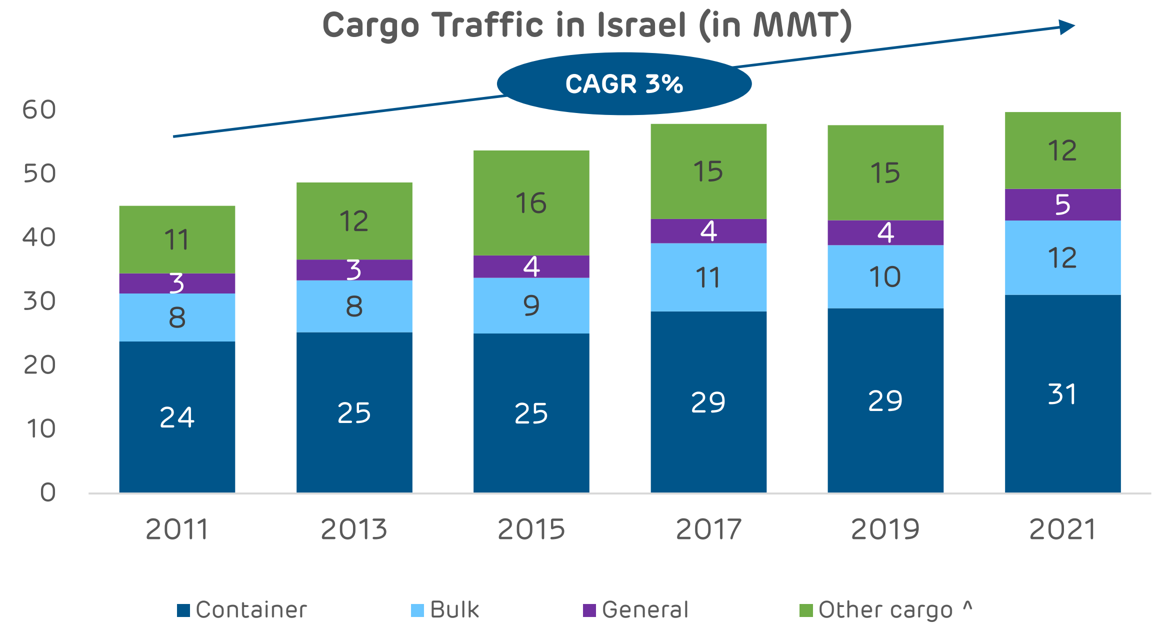
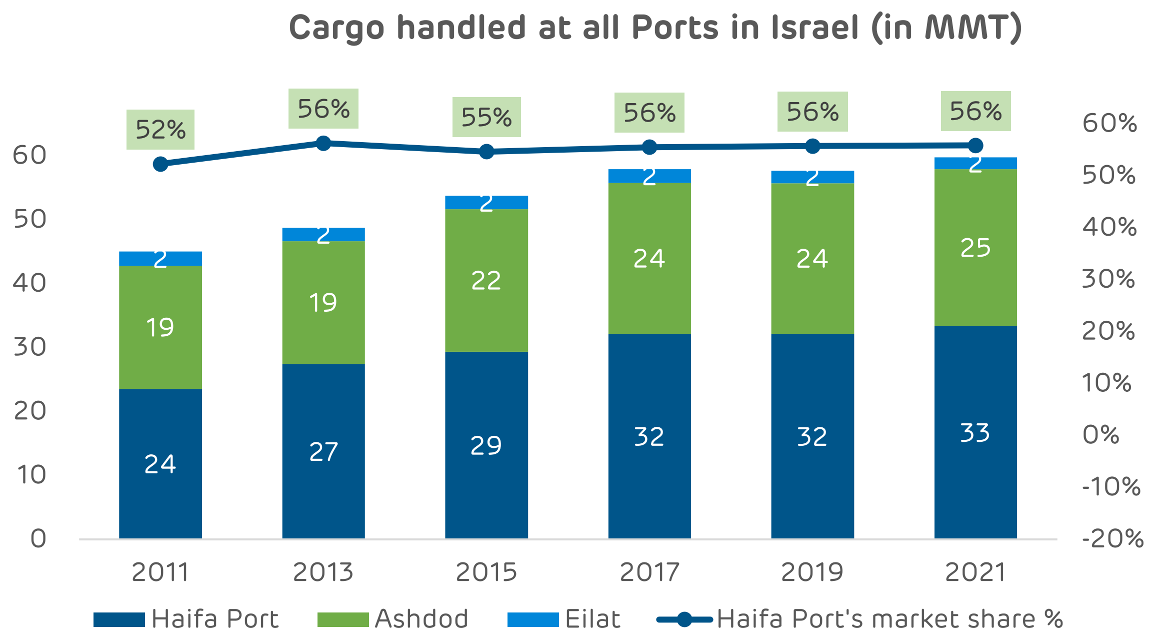
- Israel has a total of 5 ports of which 3 are major commercial ports - Haifa, Ashdod and Eilat; all 5 ports are under '**Israel Port Authority'**
- Haifa Port –located up North, is the largest port of Israel and handled 56% of country's cargo volume in 2021. It gets all cargo types - container, bulk, general, liquid and vehicles.
- Ashdod Port - is a major port handling container, general & bulk cargo and handles c41% of total cargo volumes. Hadarom Container Terminal (capacity 1.1 MTEUs) constructed by TIL became operational at this port in Sep-2021
- Eilat Port – on the southern tip located in Red Sea is a small port and primarily manages general cargo and vehicles
- Remaining two ports - Hadera and Ashkelon – are captive in nature and import coal for the power plants located near the port facilities and petroleum/petroleum products



Container Share is over half of the Country's Total Cargo Volumes





- During 2011-21, cargo volumes have grown at a CAGR of ~3%
- Container share was 52% of total cargo & CAGR of 2011-21 is ~3%
- CAGR of Bulk & General cargo over 2011-21 is ~4.5% and ~5%, respectively

- Country's total cargo volume in 2021 was 60 MMT
- Haifa port handled 33 MMT, which is equivalent to ~56% of the country's cargo volumes
- Ashdod handled ~25 MMT which is around 41% of the country's cargo volumes

^Other cargo includes chemicals, fuel and cars

2. Overview of Haifa Port and the Haifa Port Company

Haifa Port has Five Operators and a Good Mix of Different Cargo Types

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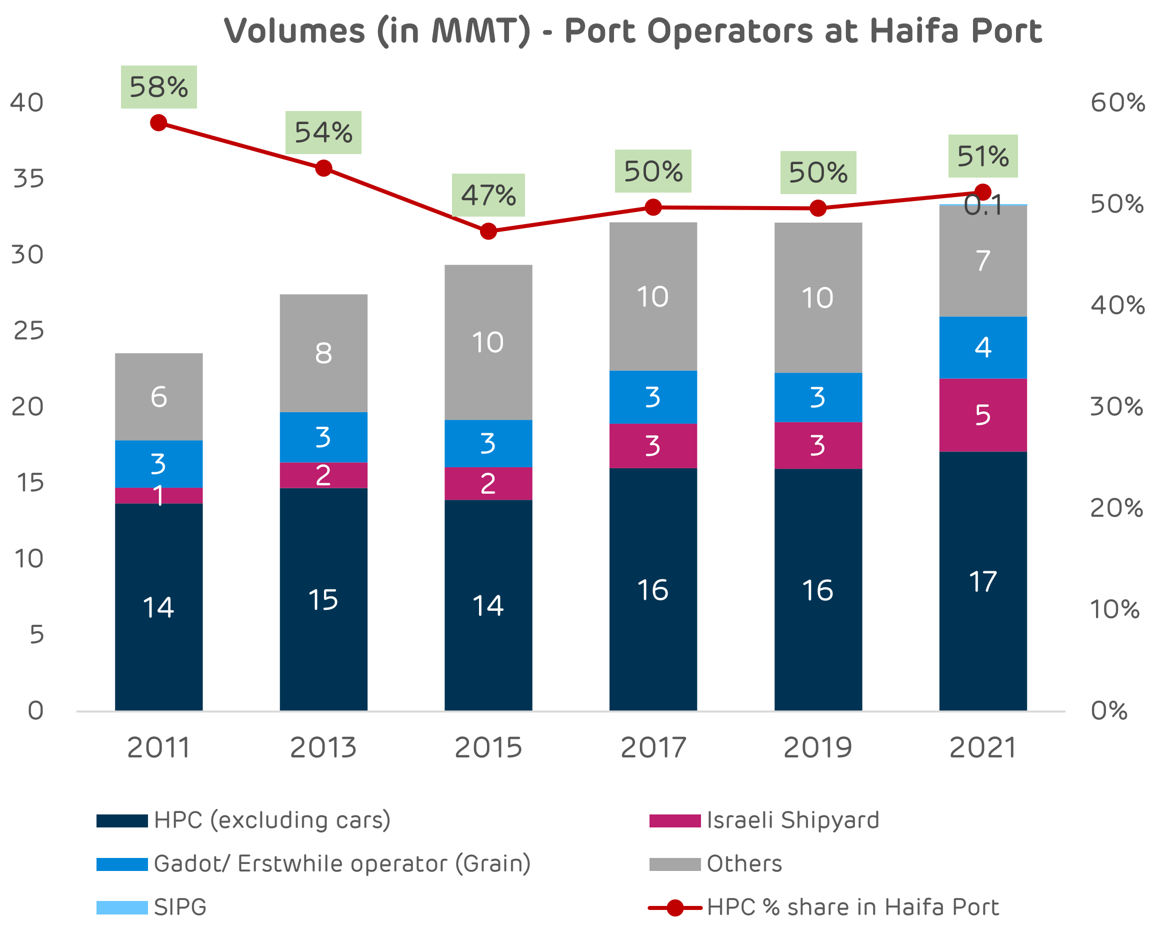
- Haifa port with its 10 terminals serves a vast hinterland, particularly the two major cities of Israel i.e. Haifa (300 m away) & Tel Aviv (90 kms away) and has good Rail & Road connectivity
- Cargo handled at Haifa Port includes container (44%), bulk (25%), general (10%) and others *(chemicals, fuel and cars) is 21%*
- **The Port has five operators:**
  - **Haifa Port company (HPC) –** owns and operates 5 terminals (2 Container, 2 Multi-cargo & 1 passenger) with 2 km waterfront and max draft of 16.5 m. In 2021, it managed c17 MMT of cargo
  - **Israeli Shipyard -** within the harbour basin of Haifa Port it operates one terminal for bulk and general cargo and handled 4.8 MMT of cargo in 2021
  - **Gadot** - has 2 terminals - Grain Terminal and Chemicals Terminal - which together handled 4.6 MMT in 2021 (Grain 3.8 MMT; Chemicals 0.8 MMT). Concession period for grain terminal ends in 2027
  - **SIPG** - Haifa Bayport Container Terminal with a capacity of 1.1 MTEUs developed by SIPG (China) and operationalized in September 2021
  - **Oil and Energy Infrastructure Ltd** – It is a government owned entity operating the fuel terminal at Haifa Port



Category 'Others' is a mix of operators for which the cargo bifurcation is not available. For example, Chemicals handled by Gadot, Cars handled by HPC and Fuel handled by Oil and Energy Infrastructure Ltd (for POL import) are included in others

Haifa Port Layout

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Eastern Container Terminal
- Length: 960m
- Depth: up to 14.5m
- Area: 403 dunam (~100 acres)
- containers, General bulk

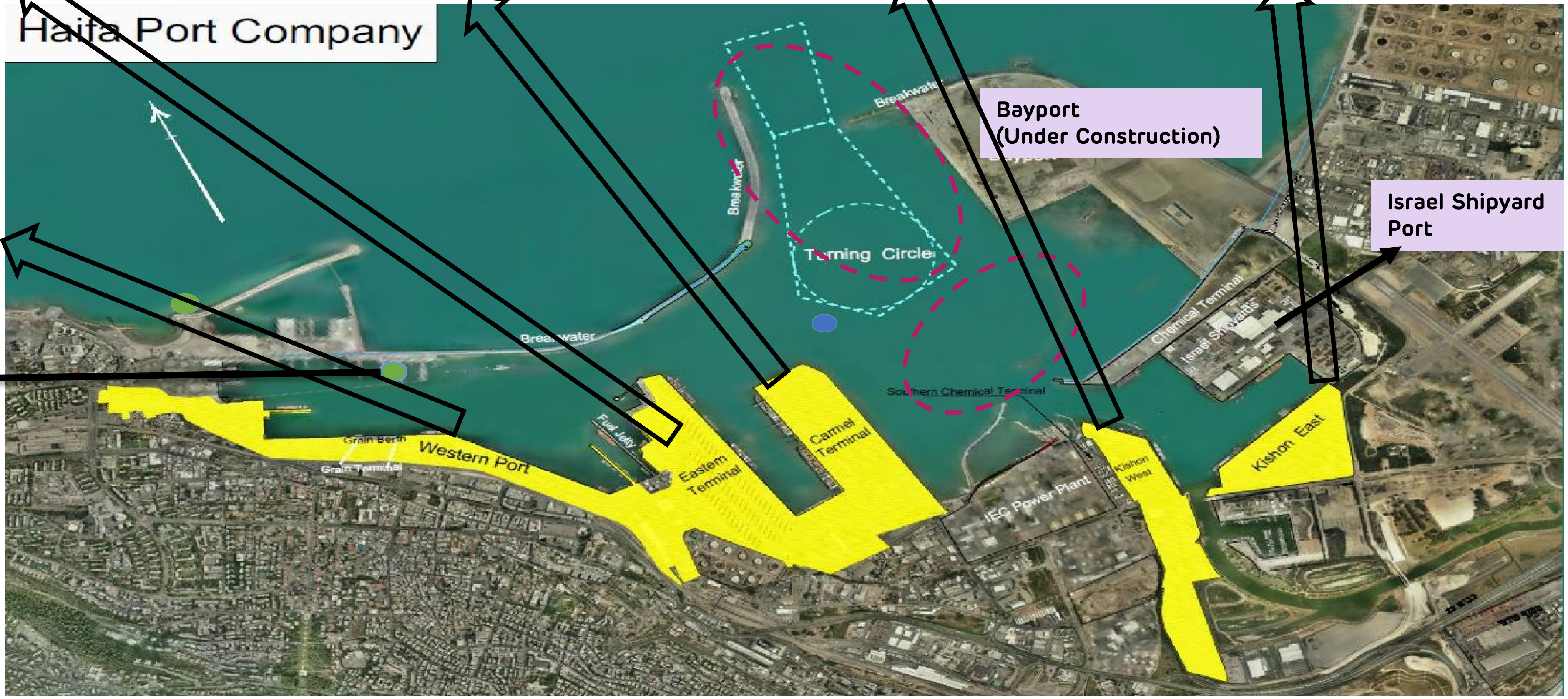
Carmel Container Terminal
- Length: 700m
- Depth: up to 16.5 m
- Area: 273 dunam (67 acres)
- containers, General bulk

Kishon - West Terminal
- Length: 640 m
- Depth: up to 11 m
- Area: 287 dunam (71 acres)
- General cargo and bulk

Kishon-East Terminal
- Length: 650 m
- Depth: up to 12 m
- Area: 190 dunam (47 acres)
- General cargo and bulk

Waterfront (2km) Central & Western Terminal
- Development opportunity
- Future center for tourism, recreation, commerce and leisure
- 70 dunam of area for real estate development (17 acres)

Passenger Terminal
- Up to 600,000 passengers annually
- Cruise passenger facilities



Containers
Cargo
Others

Dunam translates to 0.25 Acres
Areas highlighted in yellow color are owned and operated by HPC

Haifa Port Company (HPC) – Operator of Israel's Largest Port

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- Founded in 2005, Haifa Port Company is a state-owned player operating at Haifa Port *(established in 1933)*
- HPC operates and maintains 5 terminals (2 Container, 2 Multi-cargo & 1 passenger) at Haifa Port with 2 km waterfront and max draft of 16.5 m
- In 2021, HPC handled ~30% of the country's total cargo. For container category, HPC managed ~47% of the country's volumes and for bulk & general cargo categories ~16% of country's volumes; it is also a principal port for passenger traffic and cruise ships
- Container segment accounts for ~80% of HPC's revenues
- Marine services are not within the scope of HPC operations

NIS Millions	2017	2018	2019	2020	2021
Volumes (in MMT)	**16**	**17**	**16**	**17**	**17**
Revenue	**695**	**781**	**746**	**748**	**845**
(-) Opex	(589)	(521)	(628)	(642)	(601)
EBITDA	**106**	**259**	**118**	**106**	**245**
EBITDA margin	*15%*	*33%*	*16%*	*14%*	*29%*
(-) Depreciation	(66)	(67)	(68)	(70)	(72)
EBIT	**40**	**192**	**50**	**36**	**172**
(+/-) Extraordinary items*	21	23	21	(560)	(30)
(+) Other incomes#	38	(21)	143	9	138
Profit before taxes	**99**	**193**	**213**	**(515)**	**281**
(-) Taxes	(3)	(16)	(23)	127	(10)
Profit after taxes	**96**	**177**	**190**	**(388)**	**271**

** includes early retirement expenses in 2020 and 2021*

 # Other income primarily includes financial income

Key Balance Sheet Items:	2019	2020	2021
Shareholders Equity	2,336	1,965	2,236
Gross Fixed Assets	1,879	1,913	1,977
Net Fixed Assets	1,030	1,008	1,017
Cash and Cash equivalents (net)	**845**	**1,004**	**932**

Company's financial year is from January to December

Significant potential for HPC to increase bulk and general cargo share at Haifa Port itself

3. Key Bid Specifications - Port and Real Estate Development

Bid Specifications – Some Key Details

Particulars	Details
Concession Period	Till February 2054 (~32 years)
Obligatory Services	Cargo Handling and storage ; Services for Passenger ; Supply of Water, Fuel and Electricity to vessels; Dock Allocation
Real Estate Development / Sea Front Services	• Building construction and facility management with permission to lease to a third party • HPC is provided with 300 dunams (eq. to 75 acres) of total land parcels for commercial real estate development
Usage Fee Payment	• No fixed Fee till 2025, 2026 (NIS 2 Mn), 2030 (NIS 3 Mn), 2033 (NIS 5 Mn), 2037 (NIS 6 Mn), 2039 (NIS 7 Mn), 2041 (NIS 8 Mn), 2045 (NIS 10 Mn) and 2048 (NIS 15 Mn) • Variable fee (VF) is based on revenue brackets. For Revenue range of NIS 0- 550 Mn, there is a fee of 1.75%; for the revenue slab of NIS 550-750 Mn the fee rate is 4.25%, for revenue range of NIS 750-1000 Mn, fee rate is 7.3%; and for revenue > NIS 1000 Mn, fee rate is 10%
Rates for Port Services	Rates to be charged for Port Services (lifting and storing charges) are regulated by IPC as ceiling. For example, Handling Charge Ceiling for Containers is NIS 600 TEU. Oher than the port services, the rates can be determined by HPC
Shareholding lock-in	• Three years
NIS 1 Bn of the sale proceeds are given back to HPC for Investments	• From the bid sale proceeds, NIS 1 Bn (USD 290 Mn) is given to HPC as an "Investment Amount" for which additional shares will be allocated to the buyer • Any payment in excess NIS 1 Bn will go the government in lieu of 100% stake sale to the buyer (bidder)
Usage of Investment Amount of NIS 1 bn	• NIS 400 Mn is to be invested for development of fixed assets which include port infrastructure including equipment • Company must either upgrade the Eastern Quay or construct Carmel B (work to commence before January 1, 2033) • Remaining Investment Amount can be used for investments in infrastructure and equipment as per the company's needs, as well as for other uses, including retirement plans for the company's employees

Haifa Port Waterfront Development Opportunity is a Key Component of the Bid

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Municipal seafront project in the port of Haifa

- **Objective:** To create a Port City with a vibrant development that makes Haifa a global destination through development of the western port as the main urban seafront

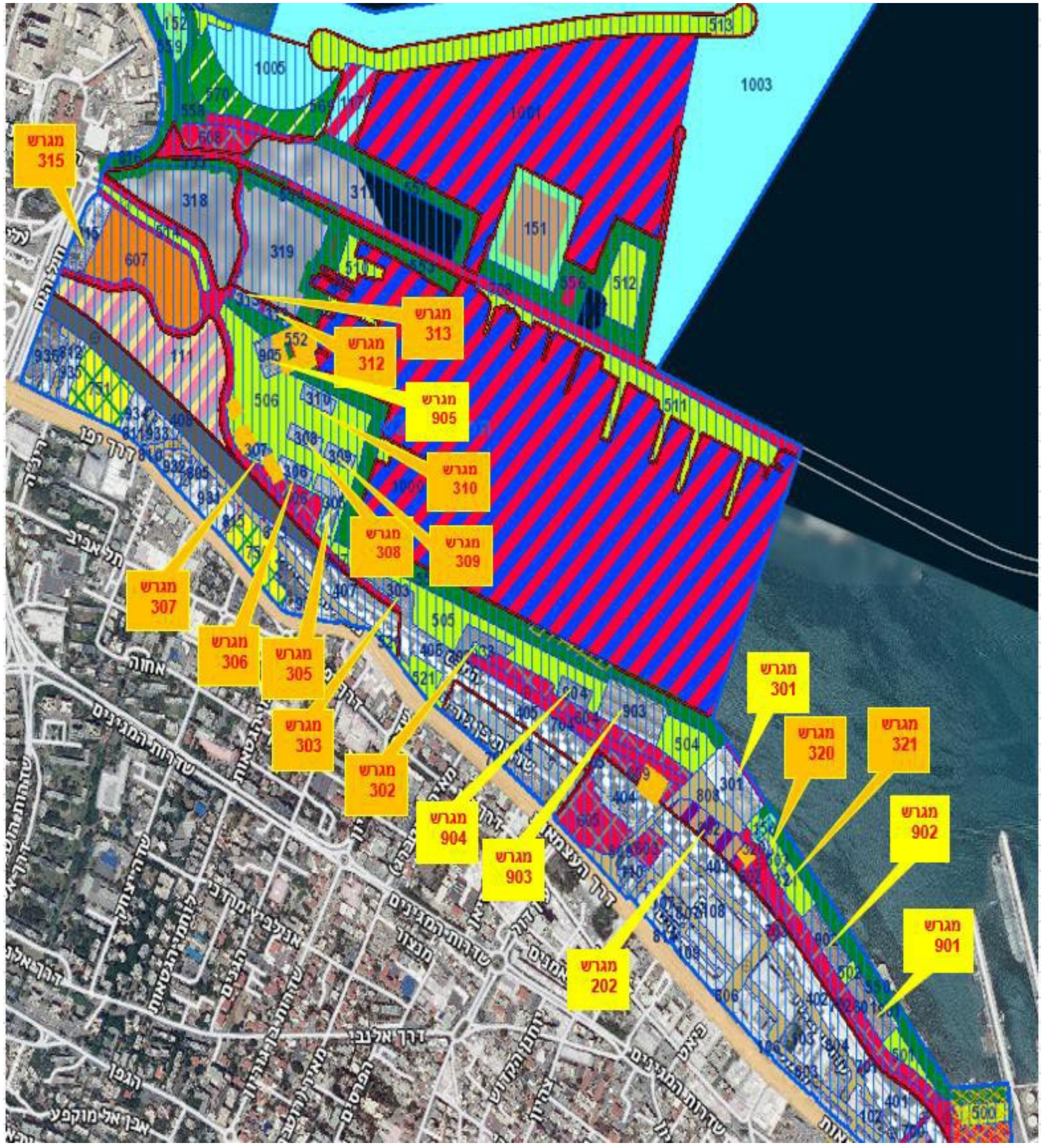
- **Total Area provided: 300 dunams land** (1 Acre= ~4 dunam). Out of the given area, a total of 22 plots with an area of 70 dunams (~ 17 acres) have been identified for Commercial Real Estate development

- **Development Segments:** Hotels, F&B, Family Entertainment, Youth Entertainment, Commercial Office, Passenger Terminal, Shopping, Duty Free retail segments

- **Length: 2.0 km of waterfront area** for development of commercial, recreational, employment and tourism activities(currently this land is closed for public).

- **Objective /Synergy:** Connecting the city with underutilized port areas & Development of synergies between proposed plan & Cruise ship terminal

- **Business model:** Develop & operate, Space lease, Office lease, Land lease



4. Acquisition Details - Pricing and Financing Structure

Acquisition Price of HPC

Transaction Value: NIS 3.9 Bn^ (minus) **Cash with HPC (post transaction): NIS 2.08 Bn** = **EV of HPC: NIS 1.82 Bn**

NIS 2.9 Bn: Paid towards acquisition of 100% shares of HPC from Govt. of Israel

+

NIS 1.0 Bn: Primary cash infusion in HPC against fresh issue of shares

NIS 0.93 Bn
Cash and Cash equivalents (net) as of 31st December 2021

+

NIS 1.0 Bn
Primary Infusion by the bidder in HPC

+

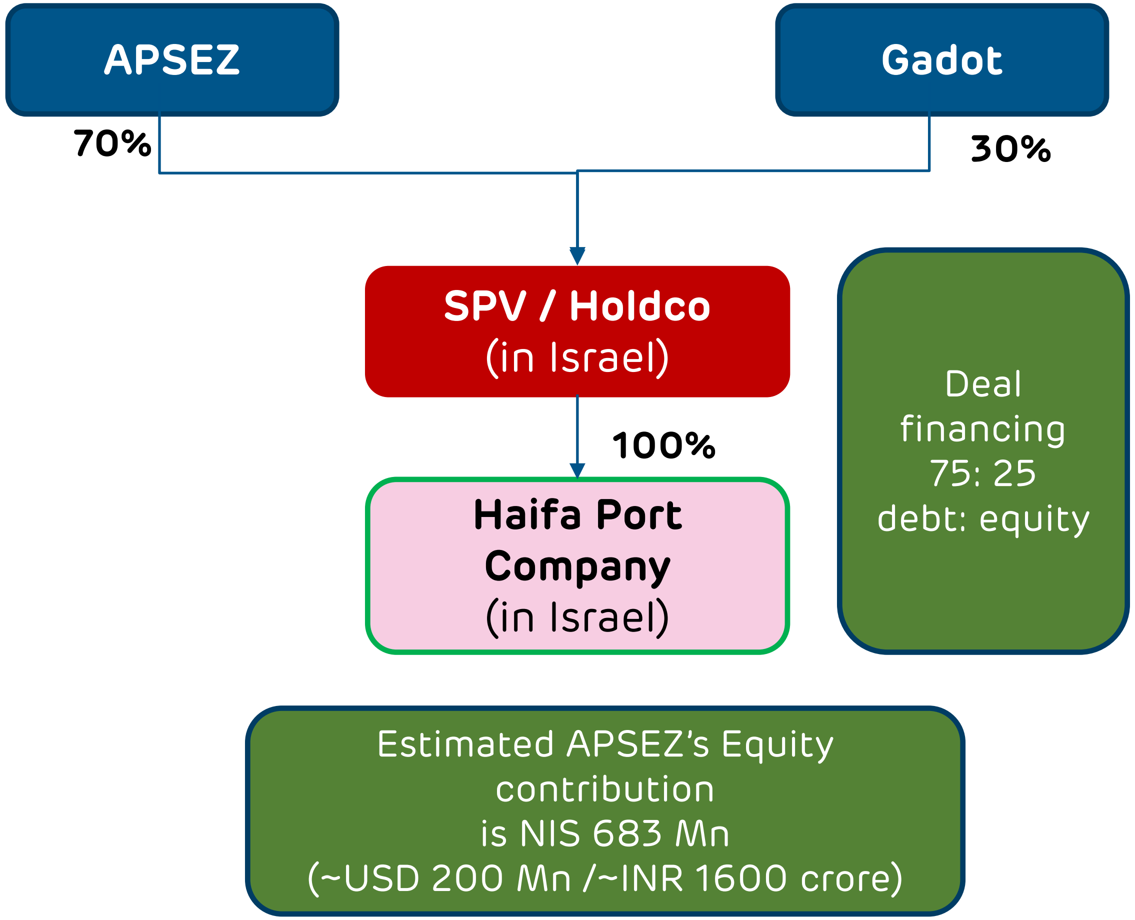
NIS 0.15 Bn
Compensation from the Government

- Transaction value is NIS 3.9 Bn (~USD 1.13 Bn)
- HPC will have net cash and cash equivalents of NIS 2.08 Bn after the transaction
- Implied EV of HPC works out to NIS 1.82 Bn (~USD 0.53 Bn)
- Implied EV/ EBITDA multiple of transaction is ~7.5x, much lower than APSEZ's trading multiple

^ NIS 4.1 Bn minus NIS 0.2 Bn, which is the supplementary bonus added by the authority to the bid value considering the company's container experience, in accordance with the tender document

Probable Financing Structure of Deal

- We anticipate that the deal will be 75% debt financed from the local bank/market (Equity = NIS 975 Mn; Debt = NIS 2925 Mn)
- Debt will be raised at the SPV / Holding Company level, and serviced using dividends/funds received from HPC
- Loan terms - 5% interest rate, interest moratorium of 3 years, bullet repayment of principal on maturity (25 years)
- Corporate tax rate assumed in line with country's tax rate (23%)
- APSEZ's equity contribution is around INR 1600 crores
- Cost of equity is 16% in INR term and 10% in NIS terms
- Effective WACC is 5.4% in NIS terms and 7% in INR terms



5. Business Growth – Scenarios and Estimated Returns

Scenarios Summary

Two scenarios - Base case and Worst case – created for HPC's financial forecasts (FY 2023-32) and estimated returns for APSEZ.

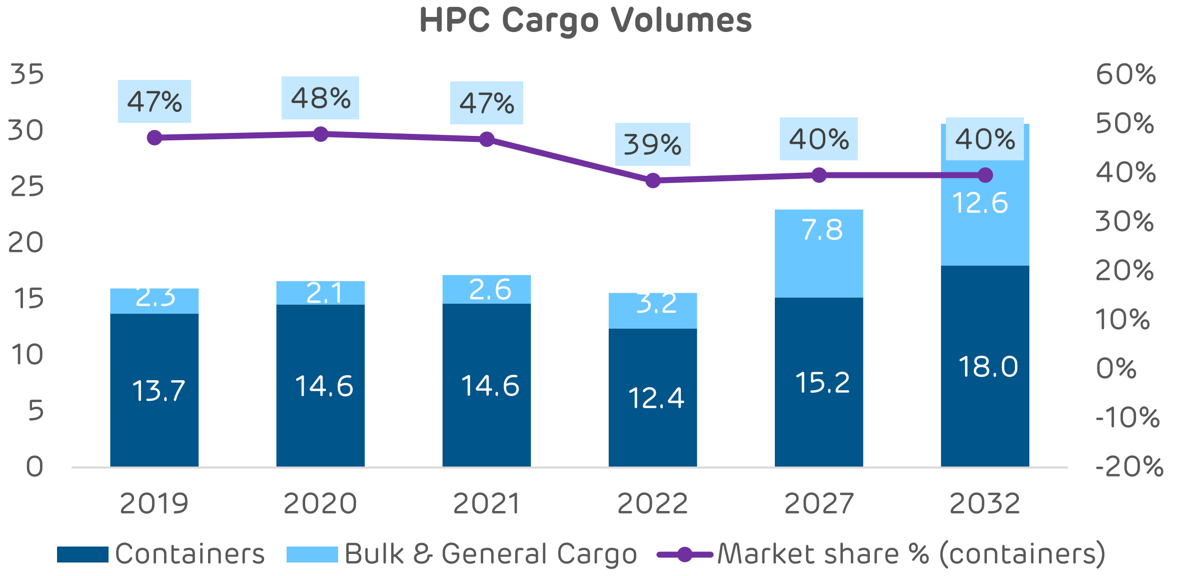
- **Scenario 1: Base Case – Port Operations continue to grow, and Real Estate Portfolio is hived off in 2028**
  - Port operations continue to thrive, and operational efficiencies (supported by capex) help drive the margins
  - HPC's real estate portfolio grows from 0.1 mn sqft in 2021 to 1.18 Mn sqft in 2027 (on 17 acres land) with development capex of around NIS 0.9 Bn during 2023-27 (funded from the NIS 2.08 Bn cash in the company)
- **Scenario 2: Worst Case Scenario**
  - 2021 operating performance remains unchanged with exception of opex reduction due to the Registered Employee Retirement Plan
  - No real estate development considered

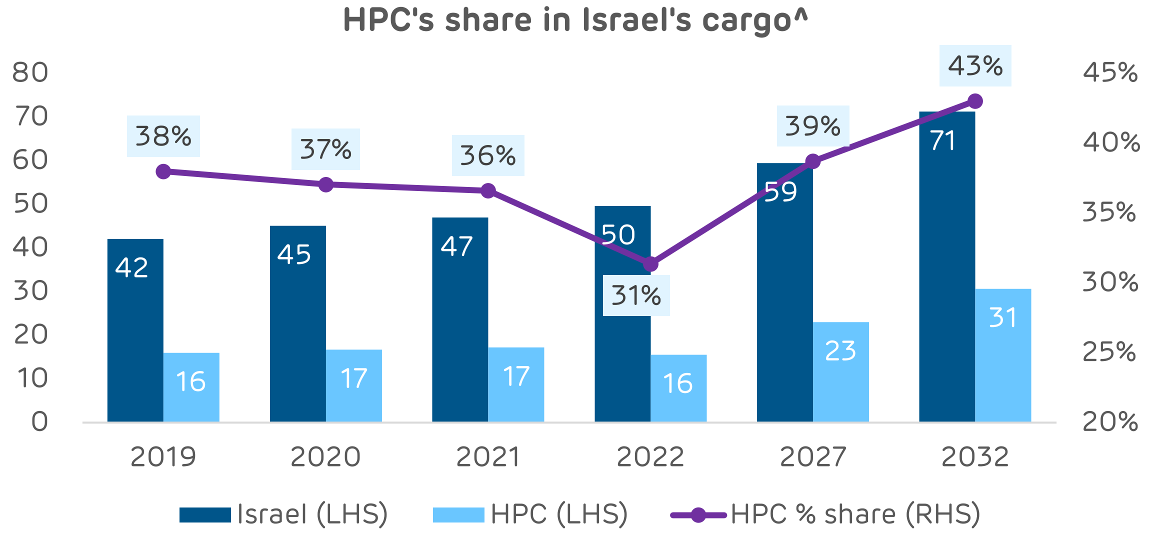
Scenario no.	Payback period for INR 16 Bn Equity investment by APSEZ	Total Cash inflow to APSEZ during 2023-28 (initial 6 years)	Number of years to repay the loan based on Cash Flow run-rate of 2032
1 (Base case)	4 years	~INR 100 Bn	6
2 (Worst case)	6 years	~INR 33 Bn	25

Scenario 1 (Base Case) - Port Business Segment (Cargo Volumes Forecasts)

Key Assumptions:

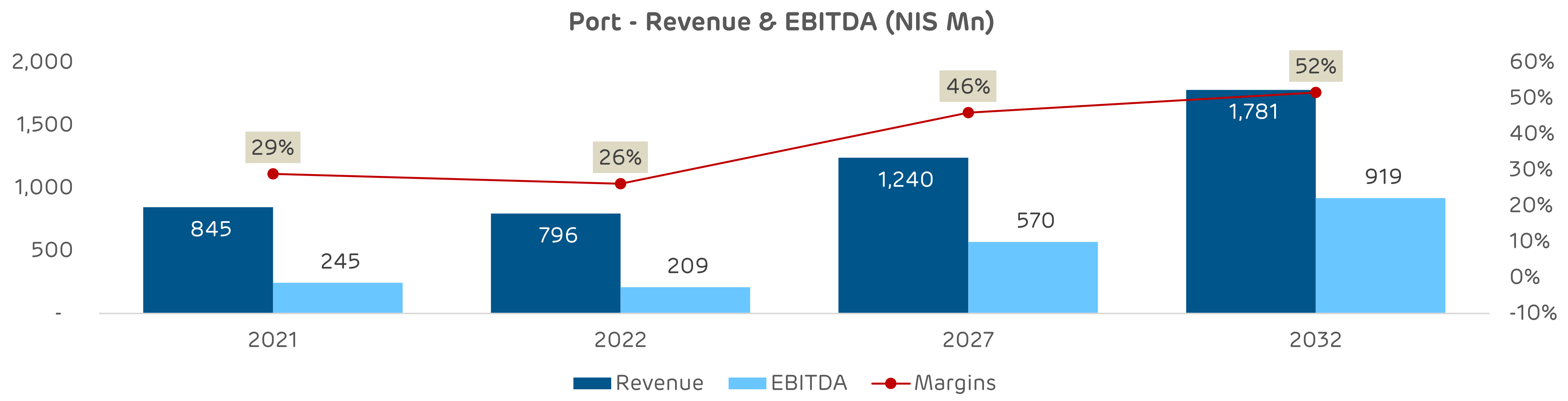
- Israel's cargo growth largely in line with the historic trend (3.5% for containers and 4% for bulk & general)
- Given the commissioning of a new container terminal at Haifa Port by SIPG, HPC's container market share assumed to decline from 47% in 2021 to 39% in 2022 and 35% in 2023; with some recovery thereafter (HPC's share in the initial five months of 2022 is at 43%)
- With the concession period of Gadot grain terminal coming to an end in 2027, HPC's share in Israel's bulk & general cargo volumes is estimated to grow from 16% in 2021 to 37% in 2027 (HPC's volumes have jumped 23% y-o-y in 2021 and 30% y-o-y in the initial 5 months of 2022)
- With HPC's cargo volumes growing at a CAGR of 5% during 2021-27, company's overall market share^ is estimated to be marginally higher than the 2021 level
- Total capex for port business during 2023-28 is estimated at NIS 1.1 Bn, primarily for the construction of Eastern Terminal, upgradation of Bulk terminal and port modernization





^Market share calculated only based on total container, bulk & general cargo of Israel

Scenario 1 (Base Case) - Port Business Segment (Financial Forecasts)

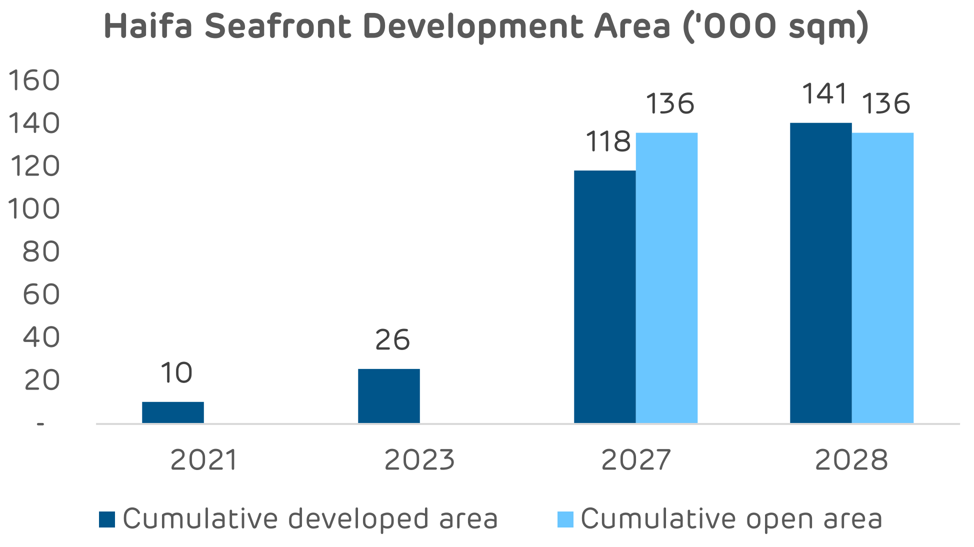


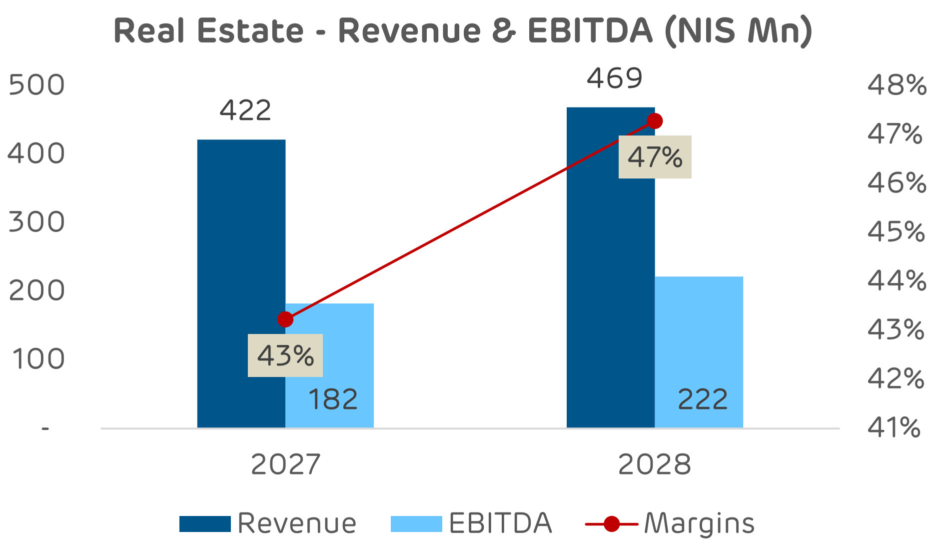
- Average realization over the forecast period is assumed to increase at ~ 1.5% y-o-y for 2021-27
- With current employee cost at around 70% of total operating expenses, the phased retirement plan already agreed with a set of employees, is estimated to provide savings of ~NIS 30 Mn in the 1st year, which increases to ~NIS 100 Mn by the 4th year
- EBITDA margin estimated to increase from 29% in 2021 to 46% in 2027 due to operational efficiencies driven by economies of scale, mechanization of operations supported by the proposed capex and optimization of manpower costs

Standalone Port EBITDA to double in 5 years

Annual average RoE for APSEZ (based on Port business) during 2023-27 is at 20% and for 2023-32 is at 60%, in INR terms

Scenario 1 (Base Case) - Real Estate Segment





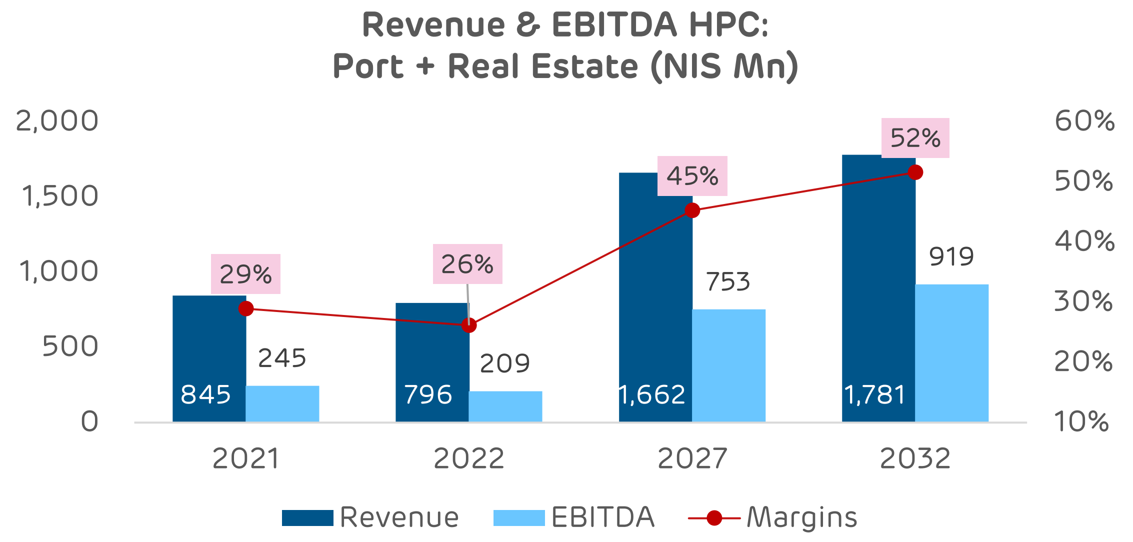
Key Assumptions:

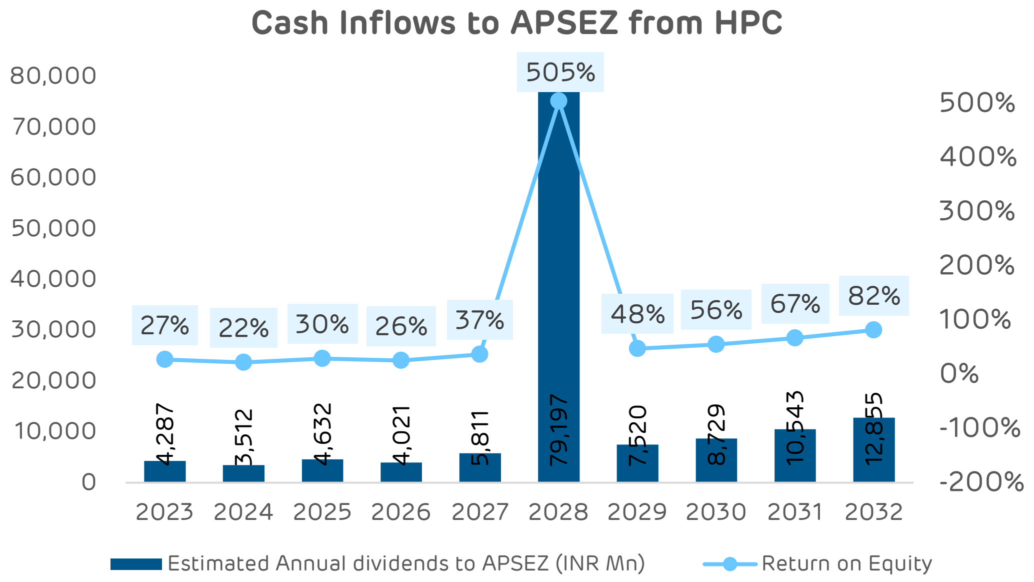
- Estimated total capex on real estate development during 2023-27 is around NIS 0.9 Bn
- HPC's total developed real estate will grow from 0.1 mn sqft in 2021 to 1.18 Mn sqft in 2027 on the selected 17 acres land
- Monthly leasing revenue varies from NIS 12-17 /sqm (for Open space) to NIS 200-260 /sqm (for Seafront Buildings), while the ARR for Hotel's varies from NIS 600-750/night

EBITDA from real estate development will increase to NIS 222 Mn by 2028 from a single digit no. in 2022

Sale of RE business in 2028 at a cap rate of 7% will yield NIS ~3.2 Bn
(~3x the total equity investment in the deal and ~3x the total development cost)

Scenario 1 (Base Case) - Consolidated Port and Real Estate Business Segments (HPC)





Key Assumptions for RoE calculation:

- Annual average RoE calculation is after considering a withholding tax of 10%
- Base NIS to INR conversion rate assumed at INR 23 per NIS
- Annual average depreciation of INR to NIS is 4.75% for the last 10 years, which has been used to calculate the return in INR

Annual average RoE for APSEZ during 2023-27 is at 28% and for 2023-32 is at 90%, in INR terms

The overall payback period for equity investments is just 4 years

Total cash inflow to APSEZ during 2023-28 is ~INR 100 Bn (~6x the equity invested)

Scenario 2 (Worst Case Scenario) - 2021 Status Quo but factoring the Registered Employee Retirements

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NIS in Millions	2021	2021 Normalised	Worst Case (Initial 3 year)	Worst Case (Year 4-6)	Remarks
Revenues	**845**	**845**	**845**	**845**	
(-) Opex	(601)	(601)	(521)	(499)	70% of Opex is Employee cost and the Opex cost reduction factored here is solely due to the **Registered Employee Retirement Plan**
EBITDA	**245**	**245**	**324**	**347**	
EBITDA margin	*29%*	*29%*	*38%*	*41%*	
(-) Depreciation	(72)	(72)	(72)	(72)	
(-) Extraordinary items	(30)	-			
(+) Other incomes	138	-			Assuming no financing income in the steady state unlike the normal trend
Normalised PBT	**281**	**172**	**252**	**275**	
(-) Tax	(10)	(40)	(58)	(63)	Tax calculated as per the corporate tax rate of 23% (Effective tax rate in the past has been a significantly lower number)
Normalised PAT	**271**	**133**	**194**	**211**	
Interest on 75% debt			-	(146)	Interest cost @ 5% p.a. considered from 4th year onward on the NIS 2.9 Bn debt used for financing the deal (3-year moratorium on interest)
Net cashflow to Equity Investors (p.a.)			**194**	**65**	
Total Equity Investment				**975**	
Number of years			3	3	
Total Dividends Paid			**582**	**195**	
(+) Distribution of cash balance in year 6				1,300	Cash balance available after meeting the capex of Eastern Terminal, upgradation of Bulk terminal and port modernization by 2028
Total Distribution during year 1-6				**2,077**	
Payback period (in years)				**6**	

Even without factoring any business growth & operational efficiencies, but only considering the registered employee retirement plan, the equity payback will happen within initial 6 years

6. Conclusion - Investment Summary

Conclusion: Investment case

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- At an Implied EV of NIS 1.82 Bn and an EV/EBITDA multiple of 7.5x, the deal is value accretive for APSEZ's investors from day one
- Annual average RoE for APSEZ is ~90% in INR terms for the initial 10 years in our base case scenario
- With equity investments (INR 16 Bn) likely to be recovered in the initial 4 years, the deal offers significant value accretion opportunity for APSEZ shareholders given the concession period of 32 years
- Real Estate portfolio sale estimated to yield INR 50 Bn to APSEZ in 2028 (~3x the equity invested)
- The loan taken for financing the deal can be repaid with cashflows from 6 years of operations (based on 2032 run-rate)
- This deal will further strengthen APSEZ's Technical Qualification for other global tenders and is a key step in our ambition to become the largest port operator globally by 2030
- This deal marks APSEZ's entry into a developed market in the busy Suez Canal and will help APSEZ to expand its footprint in Europe
- Partnership with Gadot is another plus given their presence in northwest Europe (Germany, Belgium and Netherlands)

7. Annexure

Haifa Seafront RE Development details

S No	Category	Type of Development	Area sqm	Proposition
1	Hospitality	Hotel - 4 Star	10900	• 150 rooms 4 Star seafront hotel
		Hotel – 3 Star	11700	• 200 rooms 3 Star seafront hotel
2	F&B	F&B	8000	• Premium seafront retail area led by international brands across lifestyle categories
		Sarona marketplace	10700	• F&B oriented marketplace enclosed in a rustic shell
3	Family Entertainment	Multiplex	3400	• 1400 seat with 7 screens
		Aquarium	11300	• World class concept - strong magnet for Families & kids
		Lego land	2600	• Popular attraction for children and parents
		Rainforest café	3000	• Themed restaurant which can attract tourists and city population
4	Youth Entertainment	VR	2400	• Dynamic interactive tech heavy spaces suited for the youth
		Night club	2400	• Hardrock café or similar
5	Office	Renovated office	16500	• Existing buildings renovation
		Customs office	9253	• Customs office renovated can be used for private players in future
6	Commercial mix	Passenger terminal	29300	• Duty free + Retail + F&B + Office
7	Shopping	Retail	15000	• Premium seafront retail area led by international brands across lifestyle categories for tourists and city dwellers
		Total	**136453**	

Capex assumptions:

- Capex varies from 2000* NIS/sqm to 7500* NIS/sqm based on type of the development; and
- Also, whether it relates to renovation, temporary or new development

Revenue assumptions

Segment	UOM	Range*
Hotel	NIS ARR/night	600-750
Restaurants (Seafront)	NIS/Sqm pm	200-260
Duty free	NIS/Sqm pm	200-260
Shops Seafront	NIS/Sqm pm	100-130
Office	NIS/Sqm pm	55-75
Logistics space	NIS/Sqm pm	40-55
Open space	NIS/Sqm pm	12-17

* Rates provided by a local Consultant based on data from CBRE Israel team and the current market analysis

Key Common Assumptions

- Interest rate as per prevailing market rate (5%). Interest moratorium of 3 years considered
- Corporate tax rate in line with country's tax rate (23%)
- Dividends paid to the Holding Co. from year 1 from the profits generated
- After commissioning of Eastern Terminal in 2028, any cash accumulated in HPC is also disbursed to the Holding company
- Annual average RoE calculation is after considering a withholding tax of 10%
- Base NIS to INR conversion rate assumed at INR 23 per NIS
- Annual average depreciation of INR to NIS is 4.75% for the last 10 years, which has been used to calculate the return in INR
- Total capex for port business during 2023-28 is estimated at NIS ~1.1 Bn, primarily for construction of Eastern Terminal, upgradation of Bulk terminal and port modernization
- Total capex for real estate business is expected to be ~NIS 0.9 Bn to be phased out over 2023-27

Financial Projections: Scenario 1 (Base Case)

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NIS in millions	UoM	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
PORT BUSINESS												
HPC Volumes	**in MMT**	**16**	**16**	**17**	**19**	**21**	**23**	**24**	**26**	**27**	**29**	**31**
% growth	%	*-9%*	*0%*	*10%*	*10%*	*10%*	*11%*	*6%*	*6%*	*6%*	*6%*	*6%*
Revenues	**NIS Mn**	**796**	**807**	**892**	**988**	**1,096**	**1,240**	**1,331**	**1,431**	**1,538**	**1,655**	**1,781**
% growth	%	*-6%*	*1%*	*11%*	*11%*	*11%*	*13%*	*7%*	*7%*	*8%*	*8%*	*8%*
(-) Opex	NIS Mn	(588)	(567)	(563)	(582)	(610)	(670)	(709)	(751)	(805)	(838)	(862)
EBITDA	**NIS Mn**	**209**	**240**	**329**	**406**	**487**	**570**	**623**	**680**	**733**	**817**	**919**
% of revenues	%	*26%*	*30%*	*37%*	*41%*	*44%*	*46%*	*47%*	*48%*	*48%*	*49%*	*52%*

NIS in millions	UoM	2023	2024	2025	2026	2027	2028
REAL ESTATE BUSINESS (RE)							
Operating Area	Sqm	25,662	40,758	44,679	98,779	118,337	140,653
Operating Area (including open space)	Sqm	25,662	176,758	180,679	234,779	254,337	276,653
Revenues	**NIS Mn**	**12**	**49**	**103**	**346**	**422**	**469**
% growth	%	-	*319%*	*112%*	*236%*	*22%*	*11%*
(-) Opex	NIS Mn	(1)	(4)	(52)	(209)	(240)	(247)
EBITDA	**NIS Mn**	**10**	**44**	**51**	**137**	**182**	**222**
% of revenues	%	*90%*	*92%*	*50%*	*40%*	*43%*	*47%*

Financial Projections: Scenario 1 (Base Case)

NIS in millions	UoM	2022	2023*	2024	2025	2026	2027	2028	2029	2030	2031	2032
COMBINED (PORT + RE)												
Revenue	**NIS Mn**	**796**	**819**	**941**	**1,091**	**1,443**	**1,662**	**1,800**	**1,431**	**1,538**	**1,655**	**1,781**
% growth	%	*-6%*	*3%*	*15%*	*16%*	*32%*	*15%*	*8%*	*-21%*[2]	*8%*	*8%*	*8%*
(-) Opex	NIS Mn	(588)	(568)	(567)	(634)	(819)	(909)	(956)	(751)	(805)	(838)	(862)
EBITDA	**NIS Mn**	**209**	**251**	**373**	**457**	**624**	**753**	**844**	**680**	**733**	**817**	**919**
EBITDA margin	%	*26%*	*31%*	*40%*	*42%*	*43%*	*45%*	*47%*	*48%*	*48%*	*49%*	*52%*
(-) Depreciation	NIS Mn	(73)	(79)	(87)	(96)	(105)	(120)	(138)	(114)	(115)	(115)	(116)
EBIT	**NIS Mn**	**136**	**172**	**287**	**361**	**519**	**633**	**707**	**566**	**619**	**701**	**803**
(-) Interest expense	NIS Mn	-	-	-	-	-	-	(5)	(11)	(12)	(13)	(14)
(+) Extraordinary items[1]	NIS Mn	-	-	-	-	-	-	2,416	-	-	-	-
(+) Other incomes	NIS Mn	37	82	79	75	71	67	50	4	4	4	4
Profit before taxes	**NIS Mn**	**173**	**254**	**366**	**436**	**590**	**700**	**3,168**	**559**	**611**	**693**	**794**
(-) Taxes	NIS Mn	(40)	(58)	(84)	(100)	(136)	(161)	(729)	(129)	(140)	(159)	(183)
Profit after taxes	**NIS Mn**	**133**	**345**	**282**	**336**	**454**	**539**	**2,440**	**431**	**470**	**533**	**611**

(1) Indicates gains from sale of Real Estate business in 2028
(2) There is a dip seen in 2029 since the real estate business is assumed to be sold in 2028 and nos. from 2029 are only for port business. Port business has grown by 7% in 2029

**Assuming 2023 is the first full year of operations*

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