

adani

Ports and
Logistics

Adani Ports and SEZ Limited

Investor Presentation

NDR, USA & Canada
September, 2019



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

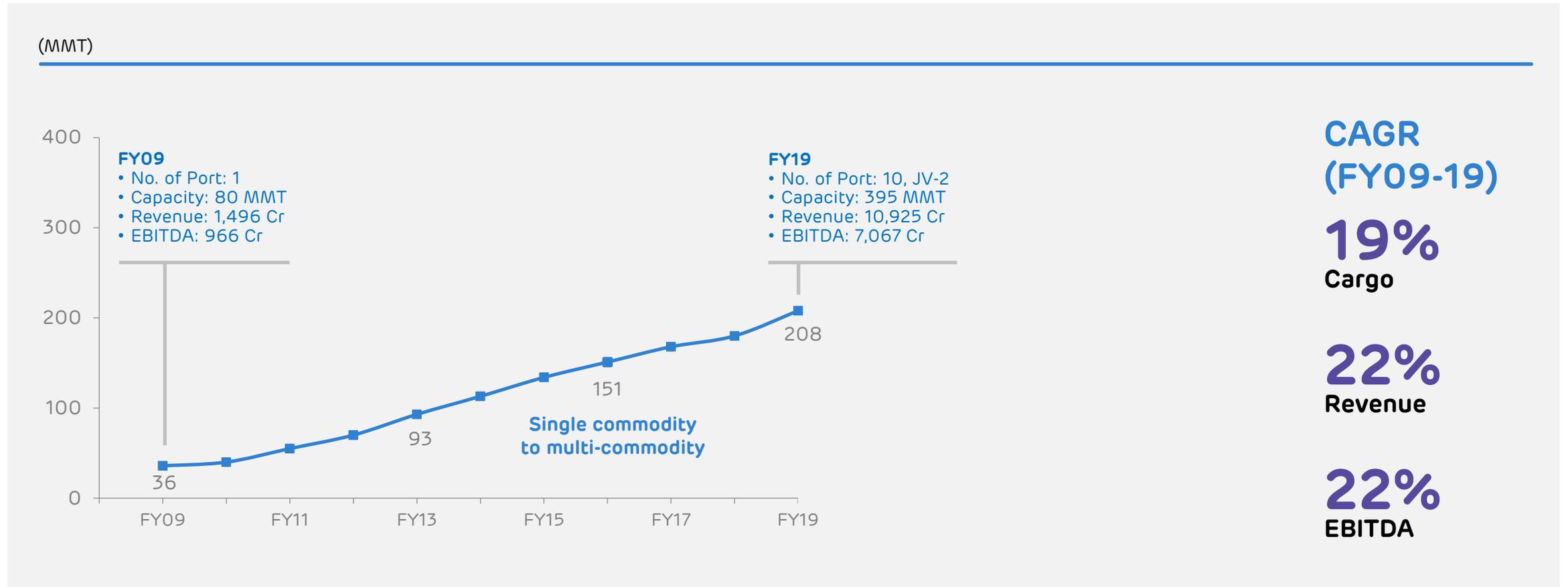
One-point transport utility with integrated logistics

Emphasis on environment, sustainability and corporate governance

World-class technology and people

Sustained profitability and enhanced balance sheet strength

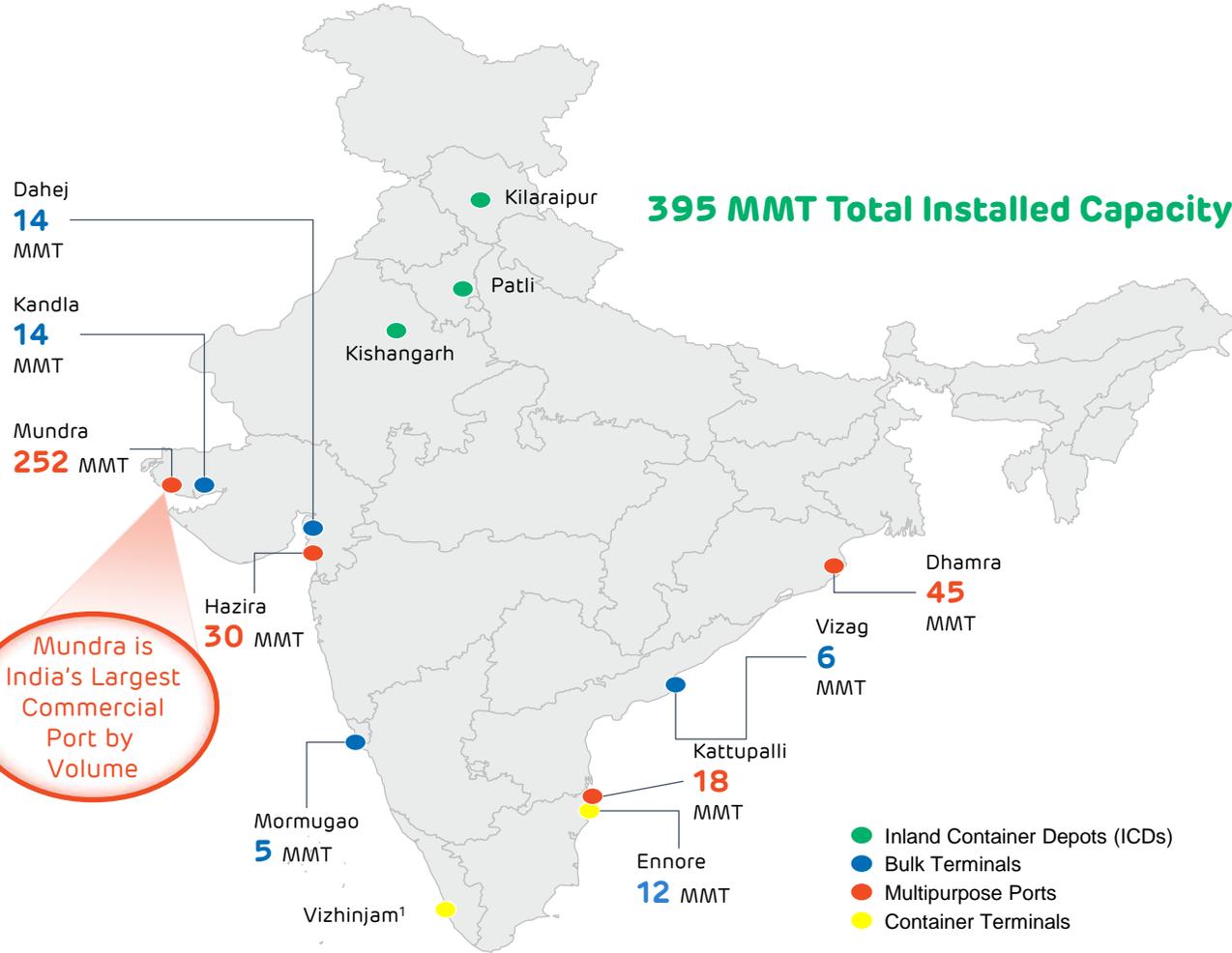
APSEZ : Sustained high growth



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

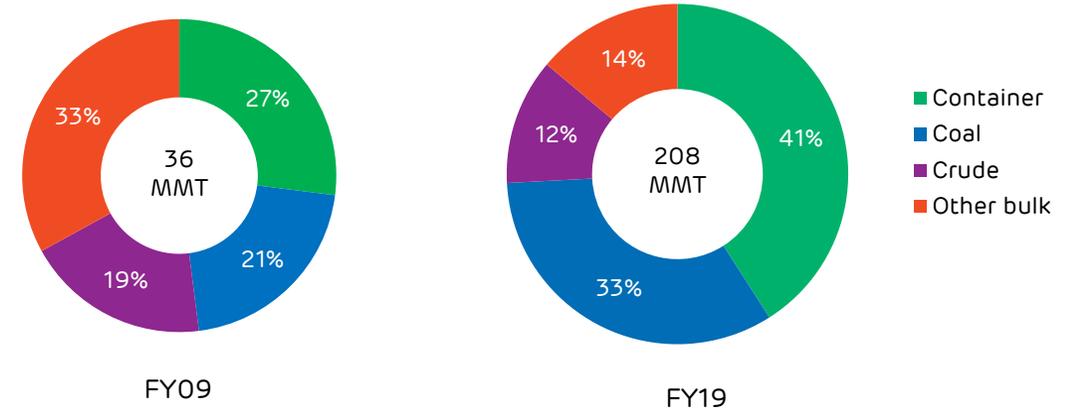
APSEZ : Market leader with diversified cargo mix

Our Reach

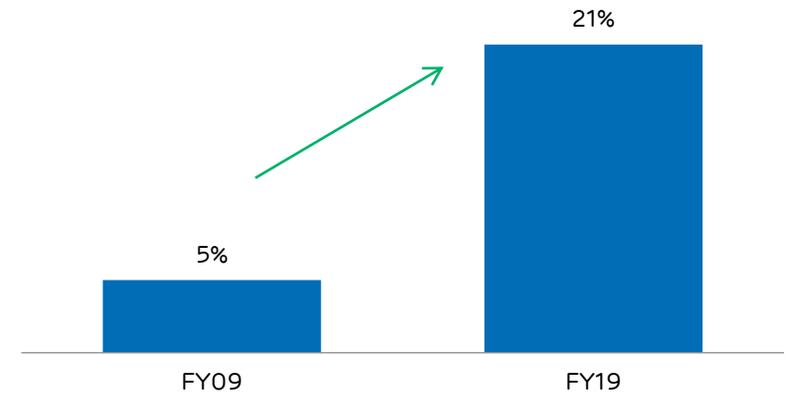


Mundra is India's Largest Commercial Port by Volume

Maintaining Diverse Cargo Mix

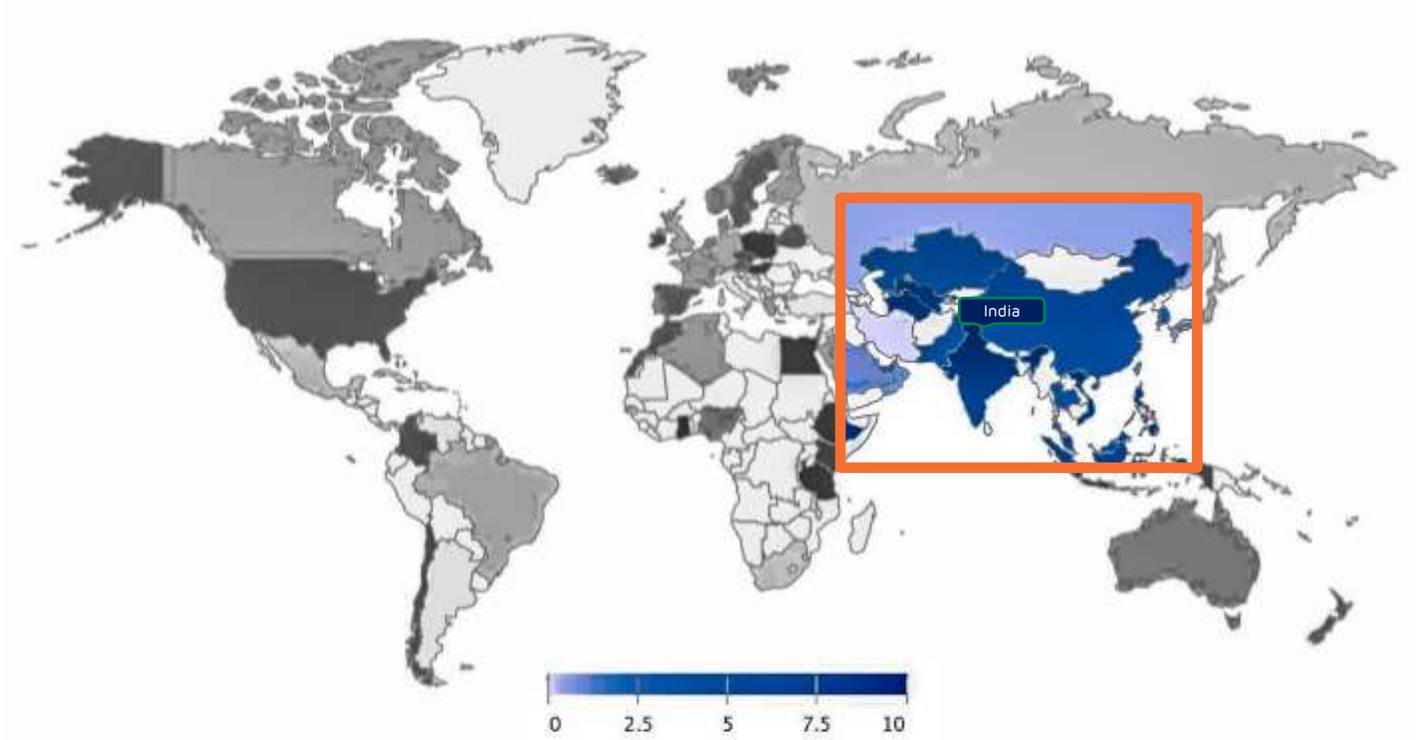


Growing Market Share in India*



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

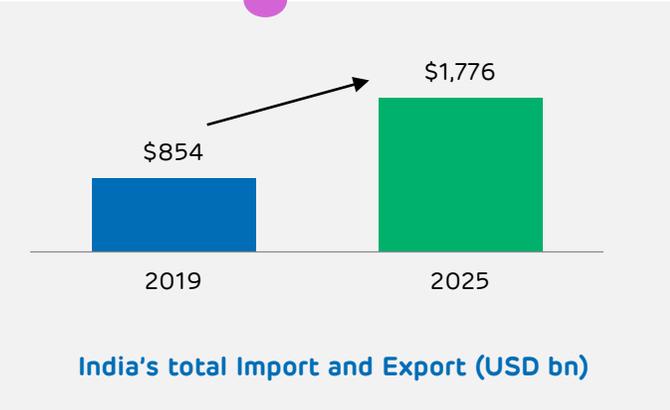
APSEZ : Benign regulatory environment with supportive India growth story

Government Focus on Stable Regulatory Environment in Port Sector

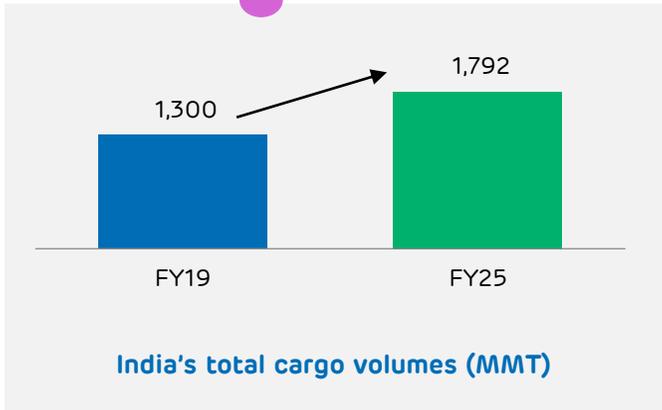
- Stable regulatory history of over 25 years
- Long concession periods (30+ years) providing stability
- Key Government initiatives:




Total Import – Export in Value terms expected to grow over 13% CAGR(1)



India Cargo Volume Growth Expected to be 5.5% CAGR



1. Source: OECD (2019), Trade in goods and services (indicator), Accessed on 18 June 2019



Well-placed to capture significant portion of the large and growing addressable market

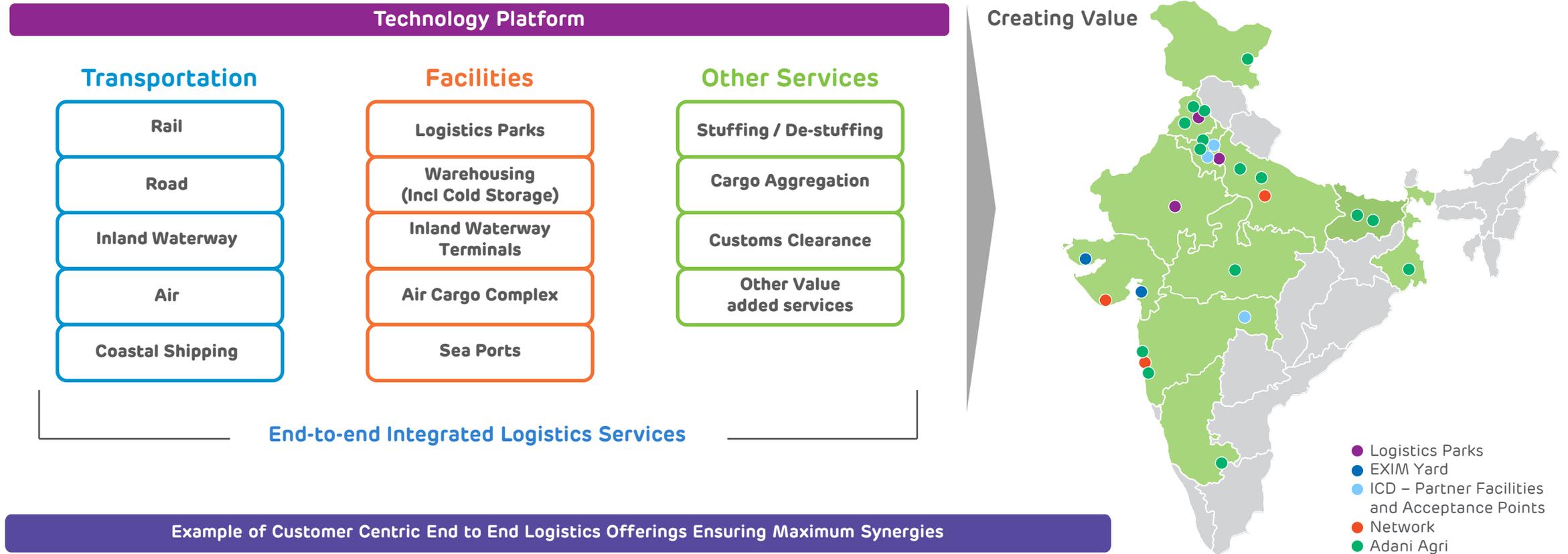
Investment Thesis

Growth with Goodness

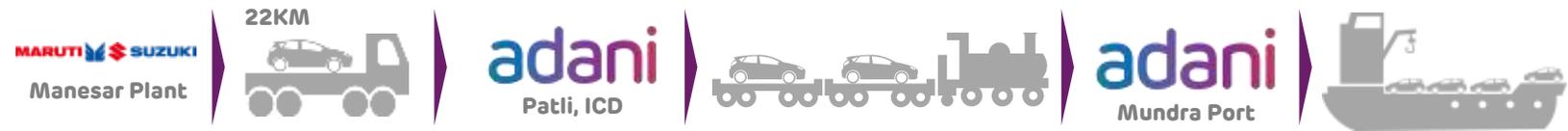
Finance Strategy

Technology & People

Integrated logistics services to expand across the country



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

APSEZ : Port based industrial development

Mundra

- **Land bank:**
15,000 Ha.
(For SEZ and Industrial Parks)
- **Location Benefit:**
 - Shortest logistics connectivity to the North & Western India
 - Well connected to all major global locations through sea
- **Multi modal Connectivity**
through Port, Rail, Road & Air
- **Fiscal Benefits of SEZ**
- **Target Industries:**
Chemicals, Ceramics, Heavy Engineering, Aerospace & Defence, Textiles and Electronics

Kattupalli

- **Land acquisition is in progress**
- **Direct Rail & Road Connectivity to be developed**
- **Target Industries**
Chemicals, Petrochemicals, Auto components & Heavy engineering
- Phase I : 2021
- Phase II : 2022

Dhamra

- **Land acquisition is in progress**
- **Attractive destination for mineral-based industries**
- **Target Industries:** Chemicals, Pharma, Engineering, Auto components, Food Processing & Fertilizers
- Phase I : 2021



India's largest
port based
manufacturing
hub in Mundra

APSEZ : Capital allocation based on harnessing existing capacities

| Port ⁽¹⁾ | Current State: FY19 | | Investment in key infrastructural projects |
|---------------------|---------------------|----------------------------|---|
| | Installed Capacity | Utilisation ⁽²⁾ | Key identified infrastructure projects for capacity addition |
| 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 |
| 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 |
| 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 |
| Kattupalli | 18 MMT | 9 MMT (51%) | <ul style="list-style-type: none"> • Rail connectivity to Kattupalli port • Multipurpose berth and liquid terminal Facility |

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

APSEZ : Capital allocation based on harnessing existing capacities

| Port ⁽¹⁾ | Current State: FY19 | | Investment in key infrastructural projects |
|---------------------|--|----------------------------|--|
| | Installed Capacity | Utilisation ⁽²⁾ | Key identified infrastructure projects for capacity addition |
| Vizhinjam | Under Construction | | <ul style="list-style-type: none"> • Container transshipment hub |
| 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) |
| 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 |

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 31 Aug 2019

Key Pillars of Finance Strategy

1. Consistent disclosures to increase predictability

- Information efficiency
- Timely and quality disclosure
- Reliable earnings

2. Reduce cost of capital

- Maintain Investment Grade Rating
- Desired level of Net Debt/EBITDA 3.0x to 3.5x

3. Robust capital allocation policy

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

4. Enhancement in Shareholder Return Policy

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

Environment, Sustainability & Safety

Focus on Renewable Energy



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

Reducing Carbon Footprint



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

Water Conservation



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

Waste management



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

Nature Conservation



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



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

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

APSEZ well placed to capture future growth

Why Invest with us?

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

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Thank You



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Appendix



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.

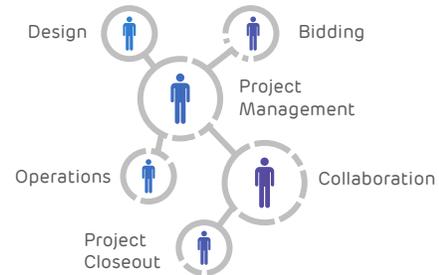
Making a difference by continuously supporting local communities to build new, healthy, skilled, empowered India

Leveraging technology on an enhanced service base

1

Automated Workflow & Data Based Decision making

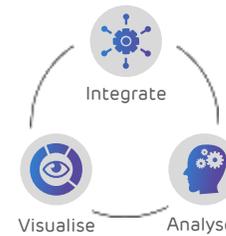
Automated & Integrated Workflow Platforms for Internal and External Stakeholders – providing visibility & data based decision making



2

Data Analytics & Optimisation

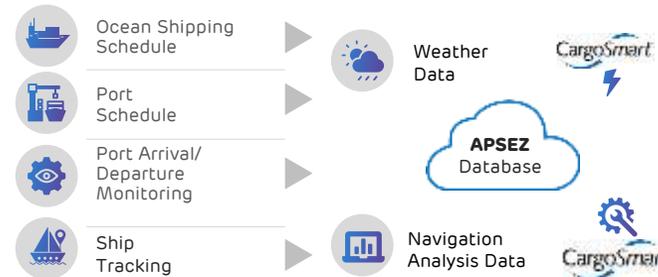
Capturing Data and using the same for Performance Improvement



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

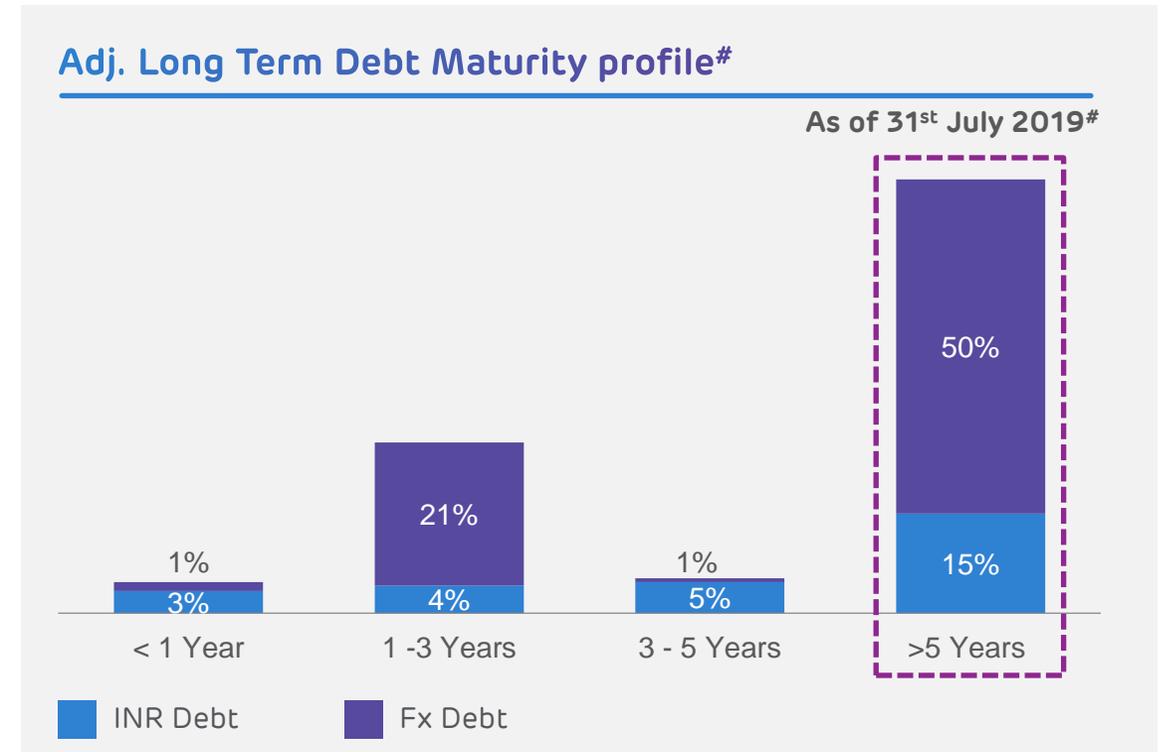
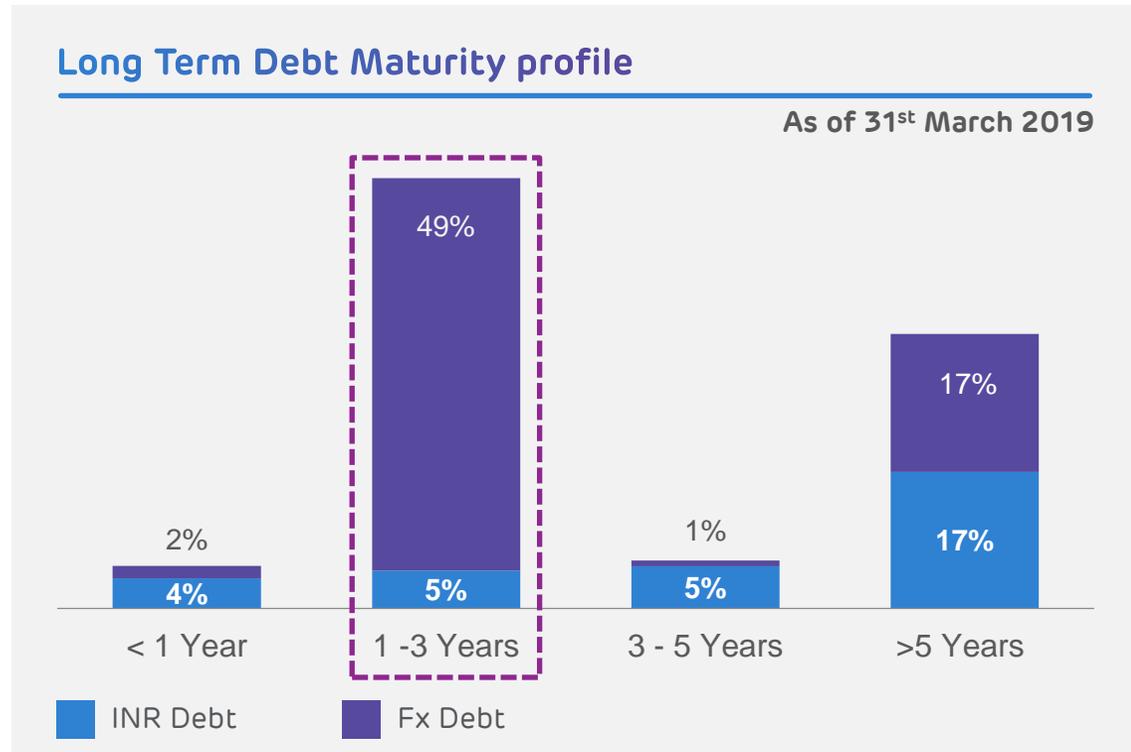


Talent Management

- 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

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

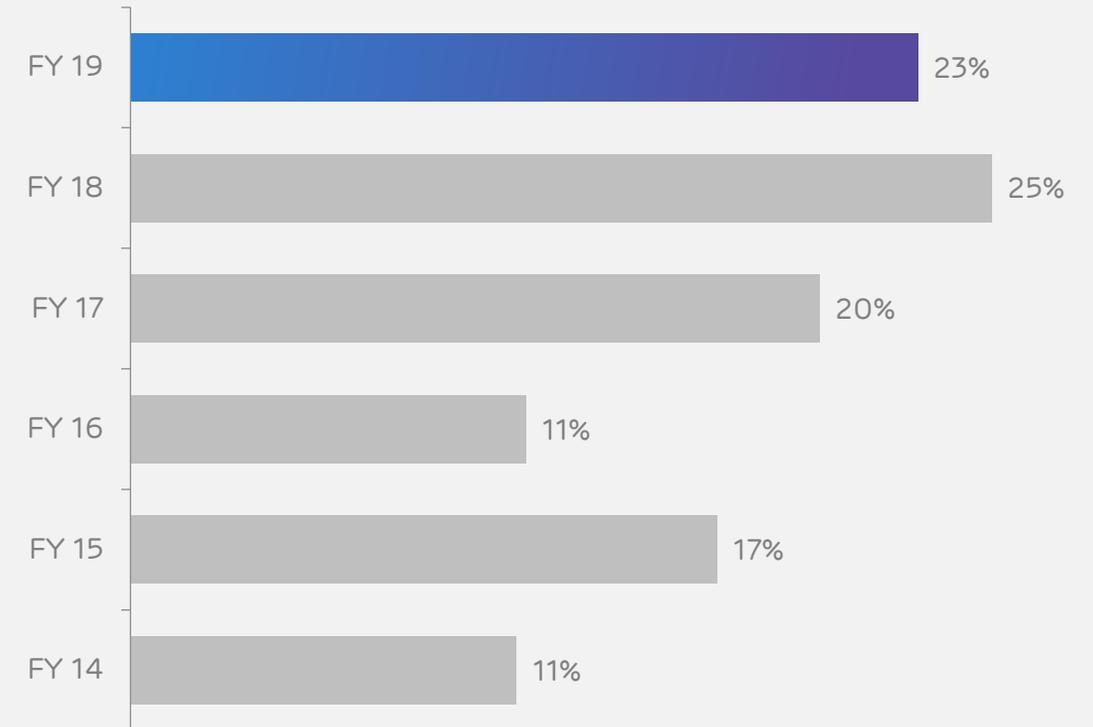
Fitch
Ratings

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

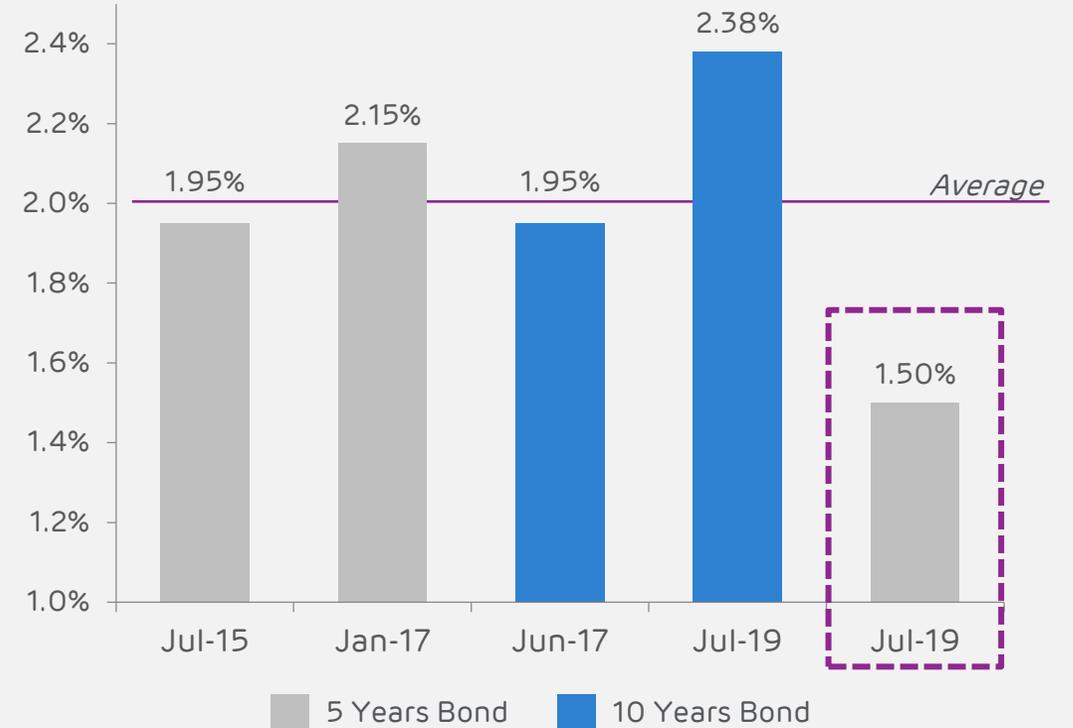


Reduction in cost of debt

Improving Interest cost

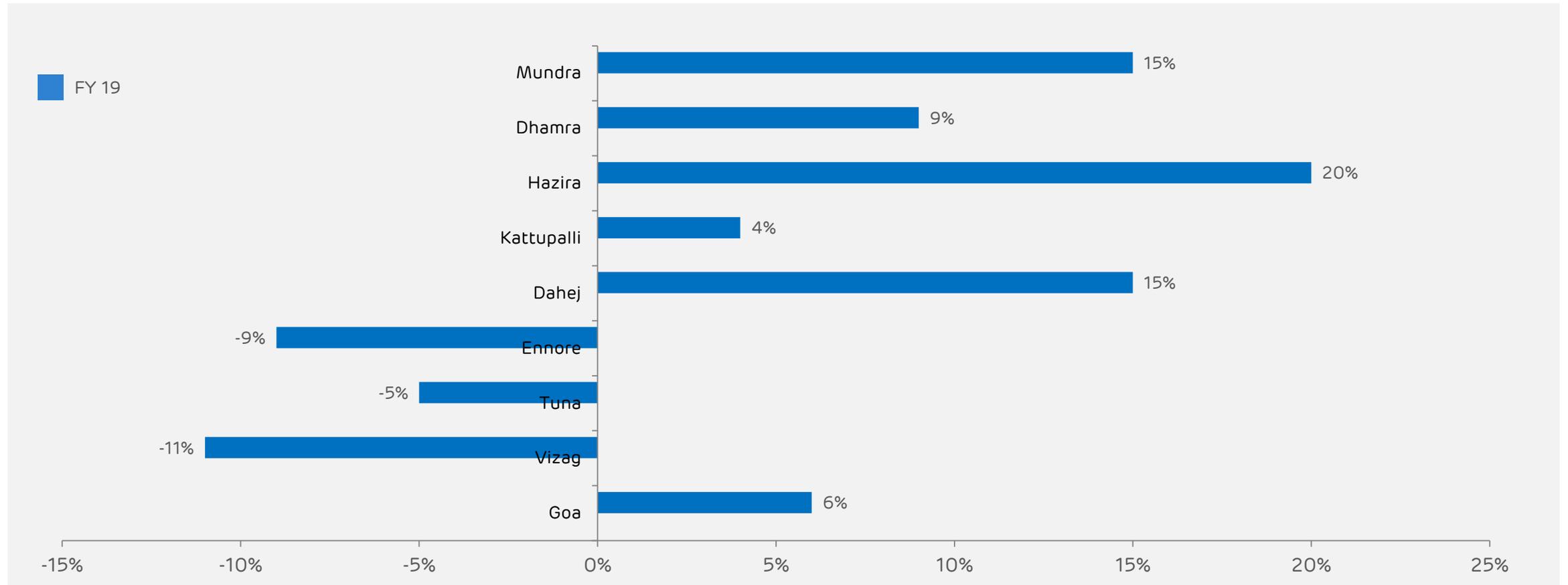


Shrinking APSEZ Spread



Strong fundamentals enable tapping capital at finer spread

ROCE of portfolio of existing ports



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