



Adani Ports and SEZ Limited

Roadshow Presentation

adani
Ports and
Logistics

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Table of Contents



1

Offering Summary

2

Overview

3

Business Highlights

4

Financial Highlights



1. Offering Summary

New Issue of Bonds: Summary Terms and Conditions



Issuer	<ul style="list-style-type: none"> Adani Ports and Special Economic Zone Limited ("APSEZ" or the "Company")
Issue	<ul style="list-style-type: none"> Senior Notes
Distribution Format	<ul style="list-style-type: none"> Rule 144A / Regulation S
Issuer Rating	<ul style="list-style-type: none"> Moody's: Baa3 (Stable); S&P: BBB- (Stable); Fitch: BBB- (Stable)
Expected Issue Rating	<ul style="list-style-type: none"> Moody's: Baa3; S&P: BBB- ; Fitch: BBB-
Issue Size	<ul style="list-style-type: none"> US\$ Benchmark
Maturity	<ul style="list-style-type: none"> 5 years – Bullet at maturity
Use of Proceeds	<ul style="list-style-type: none"> The Company intends to use the net proceeds from this offering, together with cash on hand, to fund its proposed tender offer and potential redemption of the Senior Notes due 2020. If the tender offer and the redemption are not completed for any reason, the Company intends to use the proceeds from this offering to repay existing indebtedness that was borrowed under the ECB Guidelines and/or other existing indebtedness with RBI approval (if required)
Key Covenants	<ul style="list-style-type: none"> Standard IG covenants including limitation on transactions with sponsor affiliates, limitation on asset sales, and put option upon a change of control with a ratings downgrade
Denominations	<ul style="list-style-type: none"> US\$200,000 / US\$1,000
Governing Law	<ul style="list-style-type: none"> English Law
Joint Bookrunners	<div>         </div>

Tender Offer: Summary Terms and Conditions

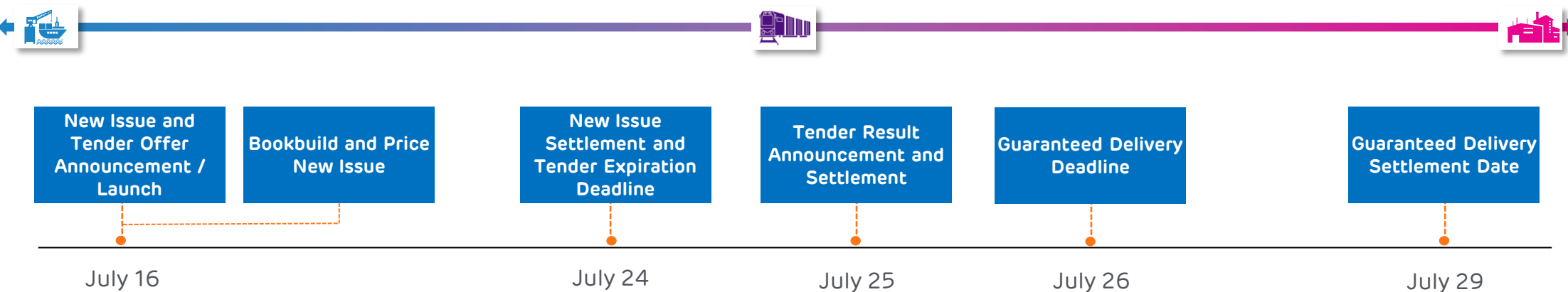


Offeror	<ul style="list-style-type: none"> Adani Ports and Special Economic Zone Limited ("APSEZ" or the "Company")
Target Notes	<ul style="list-style-type: none"> US\$650,000,000 3.50% Senior Notes due 2020 ("Target Notes")
Offer	<ul style="list-style-type: none"> Offer to purchase for cash any and all of the outstanding Target Notes subject to the Financing Condition and other conditions set forth in the Tender Offer Memorandum
Transaction Rationale	<ul style="list-style-type: none"> Proactively manage upcoming debt maturities Extend debt maturity profile
Financing Condition	<ul style="list-style-type: none"> The Tender Offer is conditioned upon the Company issuing at least US\$650,000,000 principal amount of new notes on terms and conditions satisfactory to it
Purchase Price	<ul style="list-style-type: none"> US\$1,009.50 per US\$1,000 principal amount of Target Notes Approximately equal to make whole redemption price¹
Expiration Time	<ul style="list-style-type: none"> 5:00 pm New York time on July 24, 2019
Announcement of Results & Acceptance	<ul style="list-style-type: none"> Promptly as practicable following the Expiration Time
Payment	<ul style="list-style-type: none"> Currently expected to be the first business day following the Expiration Time and the first business day following the Expiration Time for those who tender via the Notice of Guaranteed Delivery procedures
Info and Tender Agent	<ul style="list-style-type: none"> D.F. King
Governing Law	<ul style="list-style-type: none"> English Law
Dealer Managers	    

Notes:

- Assuming make whole redemption settlement in late August
- Make whole redemption notice can be issued after new issue pricing with a 30 day settlement

Tender Offer: Indicative Transaction Timeline



DATE	TENDER OFFER	NEW ISSUE
July 16	<ul style="list-style-type: none"> Transaction Announcement / Launch 	<ul style="list-style-type: none"> Transaction Announcement / Launch Bookbuilding and Pricing
July 24	<ul style="list-style-type: none"> Expiration Deadline (5:00pm New York time) 	<ul style="list-style-type: none"> Settlement Date
July 25	<ul style="list-style-type: none"> Results Announcement Settlement Date 	
July 26	<ul style="list-style-type: none"> Guaranteed Delivery Deadline (5:00pm New York time) 	
July 29	<ul style="list-style-type: none"> Guaranteed Delivery Settlement Date 	



2. Overview

APSEZ: A Leader In Ports And Logistics Infrastructure Sector



Leading Developer of Ports & Related Infrastructure

- India's benchmark to global ports in terms of strengths, capacities and operations
- 9 ports in operation, 2 under development and 3 ICDs

Delivering on Strategic Priorities

- Diversifying and enhancing cargo across assets
- Pan-Indian integrated logistics service provider
- Long standing customer relationships and strong business partnerships
- Successful track record of integrating acquisitions

Successful Track Record of Project Development and Execution

Recent highlights

Kattupalli
2018

Ennore Container Terminal
2017

CT-4 at Mundra
2016

Murmugao, Vizag, Kandla Terminals
2015

Key Financial Strengths

- Delivered double digit revenue growth over the last three years: 11.5% over FY17 – FY19 with consistently high EBITDA margins
- Established track record of investment grade ratings
- Successful in de-levering the company

Market Share
21.2%¹

Revenue
US\$ 1,563 mn²

EBITDA
US\$1,011 mn²

Net Debt / ETBIDA
2.9x³

India's Largest Private Developer and Operator of Ports and Related Infrastructure

Note:
1. As a percentage of total imports and exports handled at all ports in India in financial year ended March 31, 2019
2. Revenue for the financial year ended March 31, 2019. Revenue refers to the total revenue from APSEZ operations minus other income. Average USD/INR exchange rate of 69.8889 for Fiscal Year 2019.
3. Net Debt as of March 31, 2019, EBITDA for the financial year ended March 31, 2019; Net Debt = Gross Debt (Excl. Bills Discounted) less Cash and Cash Equivalents, Bank Balances, and Current Investments

APSEZ: Unique and Integrated Business Model



Ports

- Total installed capacity of 395 mmtpa
- Concession assets with free pricing

Logistics

- 20 year license to operate rails
- Enhancing connectivity between ports and origin / destination of cargo

SEZ (at Mundra)

- Land bank of over 8,481 hectares
- Integration with port, developing industry cluster
- Regular revenue stream through annual rentals

Infrastructure

Marine

- 18 dredgers
- 24 tugs

Quay

- 14+KM length
- 47 berths
- 18 terminals

Handling

- 50 Bulk handling cranes
- 145 RTGs⁽¹⁾
- 24 stakers and reclaimers
- 101 KM conveyors

Storage

- 4.2 MN sq. mtrs. bulk storage area
- 0.9 MN KL tankages
- 51,385 container ground slots

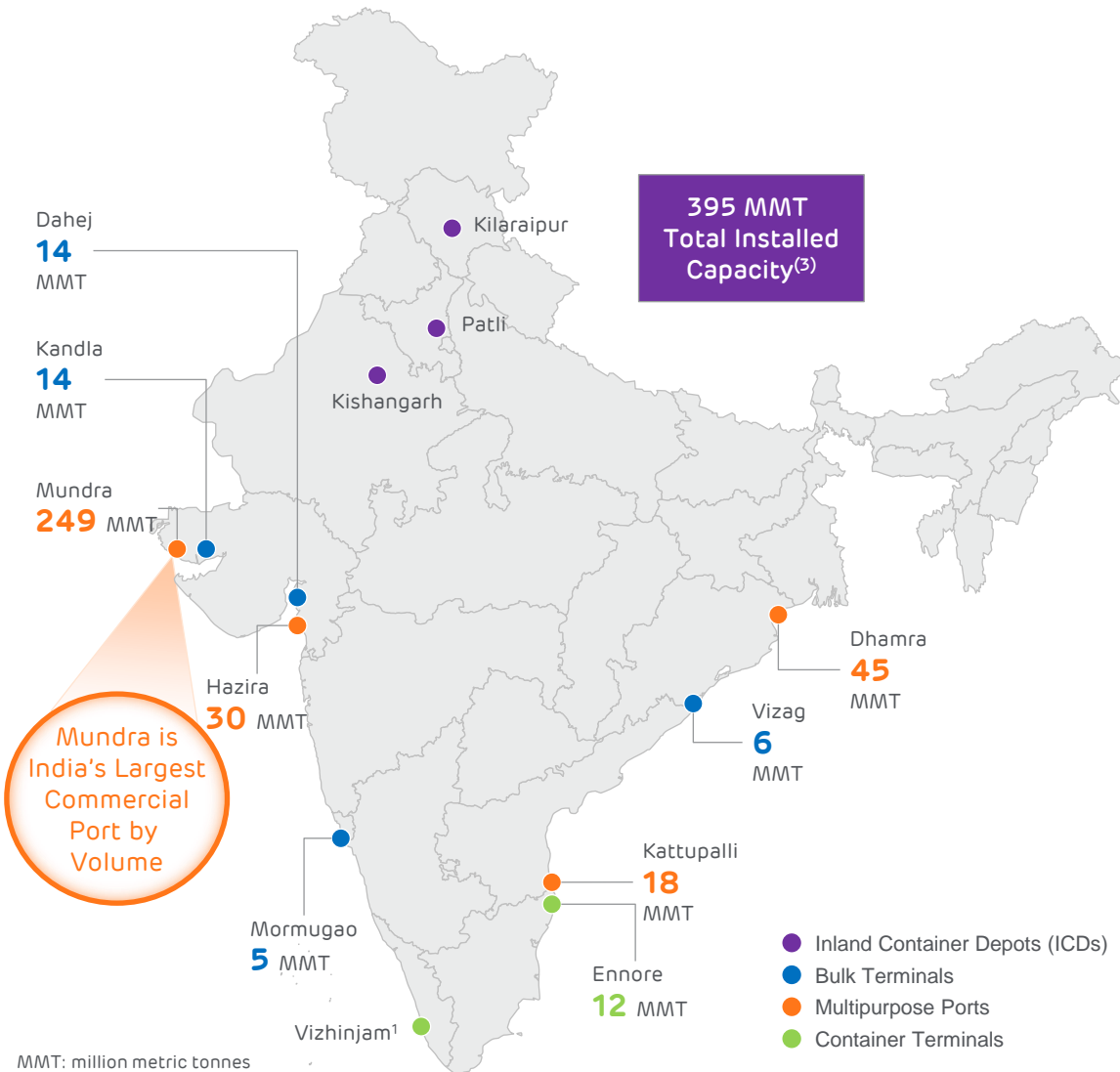
Logistics

- 3 Logistics Parks
- 30 rakes, 16 locomotives
- 83 silos storage

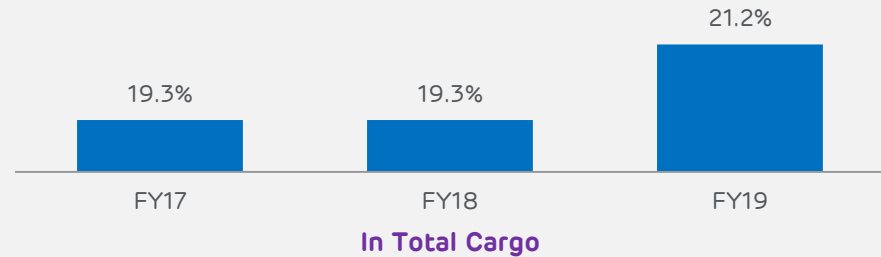
Delivering synergistic value through its integrated model across ports, logistics and SEZ business lines

APSEZ: Robust Growth In Diversified Cargo Volumes

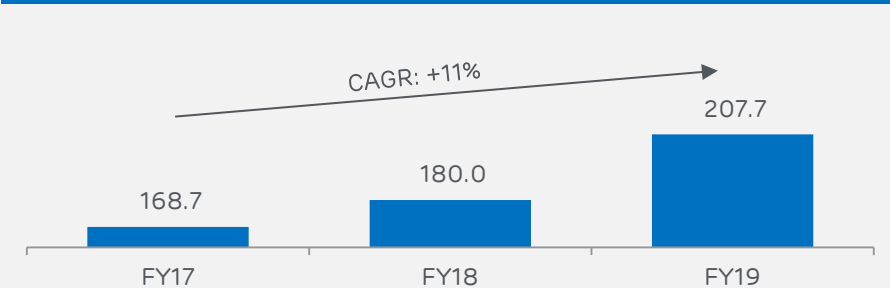
Our Reach



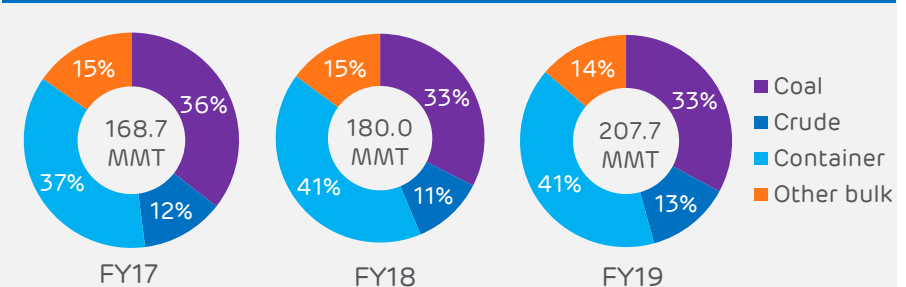
Fast Growing Market Share in India²



Robust Growth in Volumes (MMT)



Maintaining a Diverse Mix of Cargo



APSEZ has been successful in increasing market share sustainably, owing to its unparalleled pan-India reach covering entire Indian hinterland

Note:

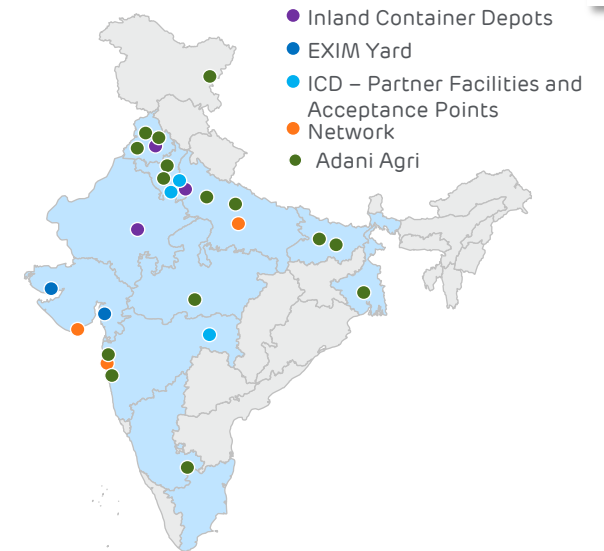
1. Under development
2. Percentage of the total export and import cargo handled at all ports in India
3. Includes pan-India capacity of 2.72 mmt

Logistics: End to End Logistics Connectivity



Services	Container Train Transportation		Contract Logistics		Customized Services	
	<ul style="list-style-type: none">• License for Pan-india operations• Operating 30 rakes		<ul style="list-style-type: none">• Building large scale multi modal logistic hubs with end-to-end services under one roof		<ul style="list-style-type: none">• One of the few players who have carried finished vehicles	
Infrastructure	Patli, Harayana		Kishangarh, Rajasthan		Mundra R&D	
					Mundra EXIM	
Logistics	Hazira EXIM					
	<ul style="list-style-type: none">• Ability to handle diverse range of cargo• Investing in rail wagons containers and bulk carrying cargo under GPWI Scheme• Procurement, Handling and Silos Storage in Bulk• Transportation of Food Grain in Bulk Form• Fully Mechanized Technology Driven Storage Units					

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



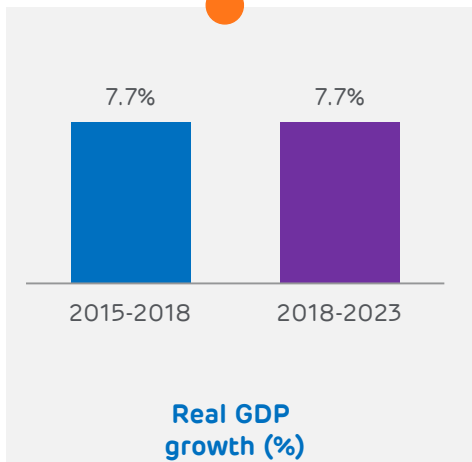
Logistics Solutions
Rail
Logistics Parks
Warehousing
Integrated Industrial Hubs
Supply Chain Solutions
Road – First & Last mile
Inland Waterways

Developing fully integrated logistics model for diverse range of cargo

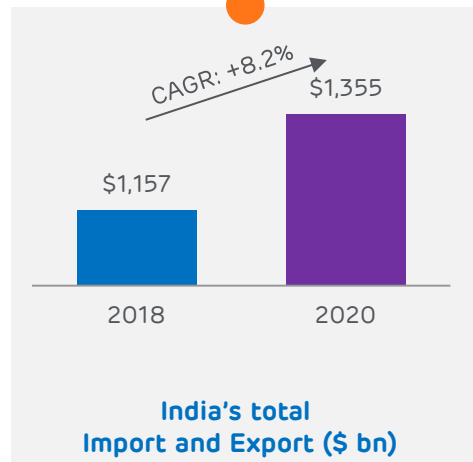
APSEZ Is Well Positioned To Leverage India's Macro Tailwinds



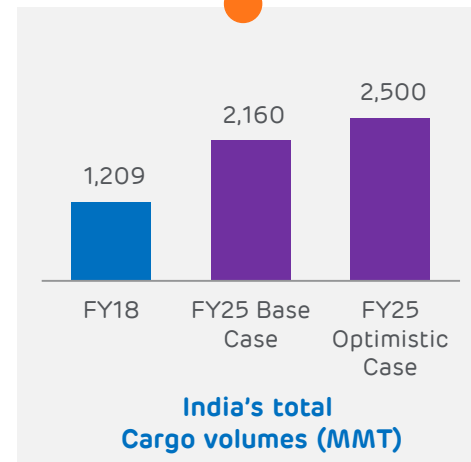
India GDP Growth expected to be 7.7% over 2018-2023⁽¹⁾



India Total Import – Export Value expected to grow at 8.2% CAGR over 2018-2020⁽²⁾



India Cargo Growth Expected to be 8.6% - 10.9% over the FY18 to FY25 period⁽³⁾



Government Focus on Ports
Stable Regulatory Environment

- Stable regulatory **history of 25 years**
- **Long concession periods** (25-30 years) **providing stability**
- New Model Concession Agreement (MCA) to **further increase private sector participation**
- Key Government initiatives:



The Company well-placed to capture significant portion of the large and growing addressable market

APSEZ: Compelling Investment Thesis



1

Strong Macro Fundamentals

- India's GDP is expected to grow at 7.7% between 2018 and 2023, with overall EXIM trade expected to grow at 8.2% over next two years
- APSEZ is well positioned to leverage the economic tailwinds and capture incremental market share

2

Pan India Presence

- APSEZ's ports are strategically located across east, west and south coasts of India; Mundra is the number one port in India in terms of cargo handled among commercial ports
- The Company benefits significantly from the ports' proximity to freight corridors, access to maritime trade routes and advantageous natural characteristics

3

Demonstrated Track Record in Execution

- Experienced management with successful track record of developing and executing variety of infrastructure, across greenfield, brownfield and terminal locations
- Developed and operating 18 terminals with 47 berths and 2 single point mooring facilities across ports

4

Integrated Business Model

- Strong client retention by providing integrated services for a diverse range of cargo
- Allows the Company to capture revenue from additional services and charge premium for a superior bundled service
- Only company in India to develop and operate more than 326 kms of private railway line
- Long standing relationships with clients strengthened by ability to provide integrated solutions
- Successfully diversified cargo mix through the client relationships and strategic partnerships

5

Robust Financial Profile

- Consistently delivering strong revenue growth with steady profitability profile
- Demonstrated record of consistently high EBITDA margins and consistent track record of investment grade ratings

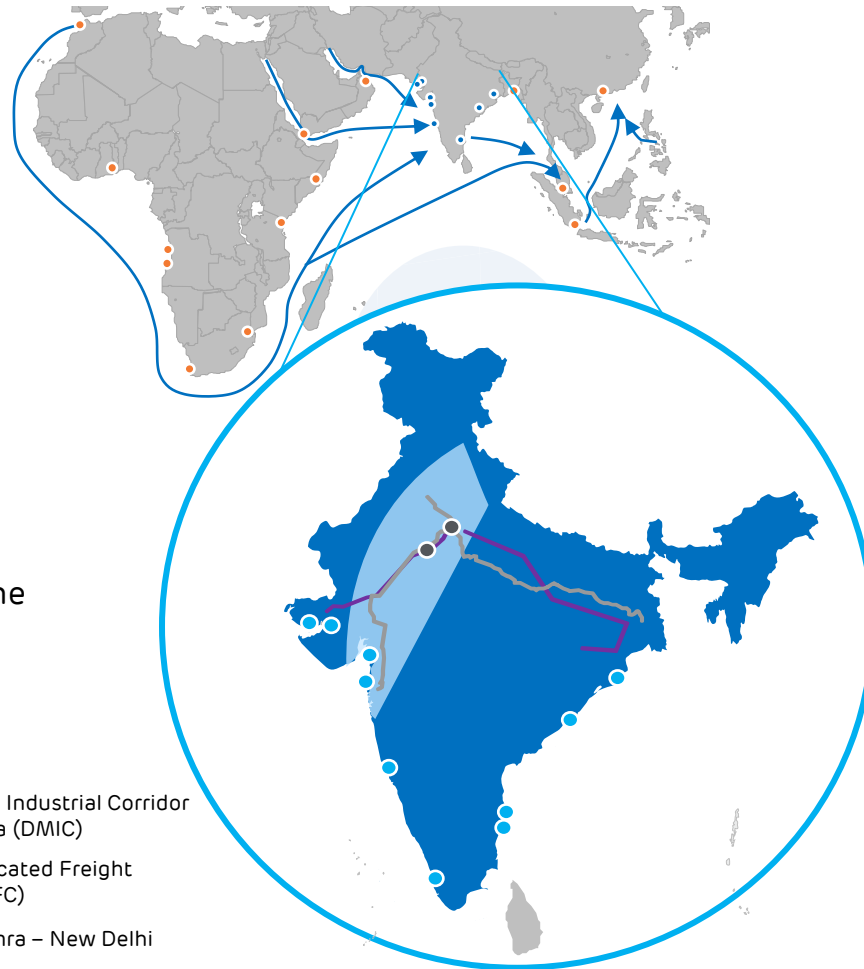


3. Business Highlights

Strategically Located Ports with Superior Operations



Strategic Location with Hinterland Connectivity

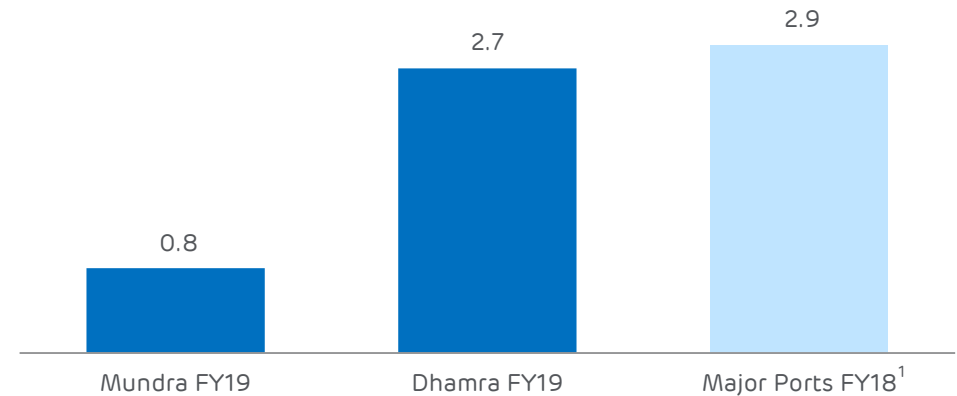


- APSEZ ports well connected to **India's hinterland**, global trade routes
- **>95%** of APSEZ cargo is "**Origin & Destination**" in nature
- **Proximity to DMIC and DFC** offers enhanced benefits

Operating Efficiencies Rewarded with Premium Pricing

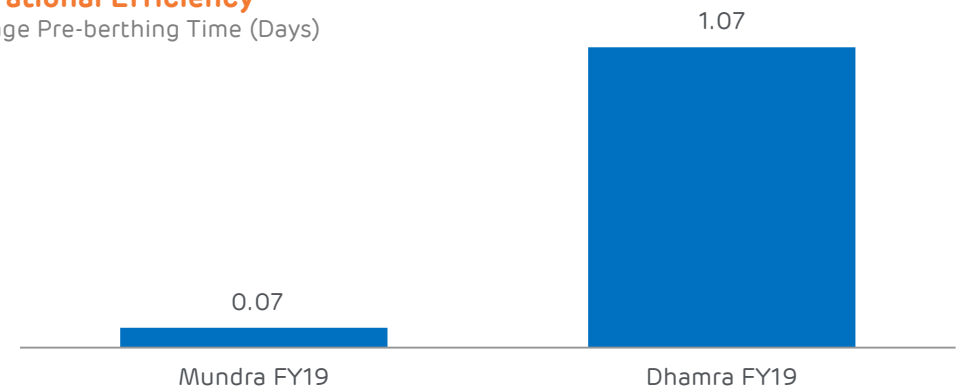
Handling Efficiencies

Average Turnaround Time (days)



Operational Efficiency

Average Pre-berthing Time (Days)



- Operating efficiencies → Low cost operations → **Higher margins**
- **Deep draft:** Only Indian port company in India to handle **>14,000 TEU container vessels**; capability to handle **super capesize vessels**

De-risked Business Model Through Diversified Product Profile



Leverage integrated business

Chain of port services, evacuation, transport and industrial clusters

Diversifying cargo mix

New inland waterways, vibrant north-east petro-chemicals hub, urbanization's immense need for materials, will be good for ports

Wider geography

APSEZ ports connected extensively to India's hinterland

Strong Growth in Cargo Volumes...

Growing volumes (MMTs)

Fiscal Year	Cargo Volume (MMT)
FY17	168.7
FY19	207.7

... Led By Diversification Strategy

Guided shift to Container Volumes, to rationalize cargo profile

Category	FY17 (%)	FY19 (%)
Coal	36%	33%
Crude	37%	41%
Container	15%	14%
Other bulk	12%	13%

Robust Revenues

On the back of long term contracts with blue chip clients

FY19 Long term / Short term contracts

Contract Type	Volume (MMT)	Percentage (%)
Long Term	122	59%
Short Term	86	41%

Long Standing Relationships

Strong customer base

New quality contracts
















Diverse cargo base

Core Operational Partnerships

- 50:50 JV with CMA CGM in 2014 and with MSC in 2011
- CMA CGM: **one of the world's largest shipping lines** for container vessels
- MSC: **world's second largest shipping line** in terms of container vessel capacity
- Developed and operating CT-4 with CMA CGM and CT-3 and CT-5 with MSC at Mundra port – all 3 terminals can handle **>18,000 TEUs vessel size**

Port Assets At Optimal Utilization Of Existing Capacity



Port ⁽¹⁾	Installed Capacity	Utilization ⁽²⁾	Cargo Mix	Key Highlights
Mundra	249 MMT	137 MMT (55.2%)	   	Reaching New Heights <ul style="list-style-type: none"> Mundra Port was ranked first in terms of total cargo handled across all Non-Major Ports and Major Ports in India for FY19
Hazira	30 MMT	20 MMT (65.3%)	   	All Cargo Segment Grows <ul style="list-style-type: none"> Continues to register robust growth and complement nearby Dahej port by handling liquid bulk cargo and container cargo
Dahej	14 MMT	9 MMT (67.4%)	 	Continues to Register Double Digit Growth <ul style="list-style-type: none"> Close to a cluster of chemical, textile, industrial and agricultural manufacturing facilities and power plants
Dhamra	45 MMT	21 MMT (46.0%)		Well Located to Benefit from Resource Rich Hinterland <ul style="list-style-type: none"> Acquired on 22 June 2014 and turned around in the 1st year of operations – Grew at a CAGR of 11.0% from FY13 to FY19 Driving efficiency through rationalizing of operating cost, reducing dredging cost and corporate expenses
Kattupalli	18 MMT	9 MMT (50.8%)	   	Gaining market share due to congestion at Chennai port <ul style="list-style-type: none"> Started as O&M operator for L&T in Nov 16 – Acquisition completed in June 2018 Strategy in place to convert it from container handling to becoming multi commodity port

The Company has achieved its capex cycle and is ideally positioned to exploit its capacity for accelerated growth



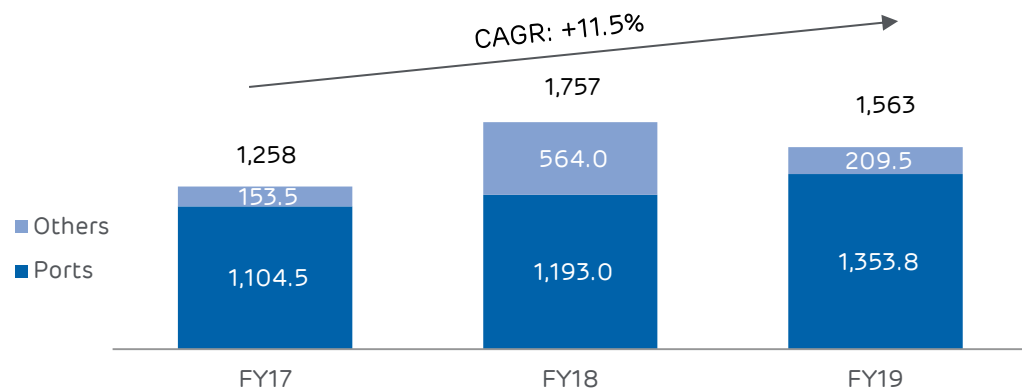
4. Financial Highlights

Robust Earnings and Return Metrics



Revenue from Operations⁽¹⁾

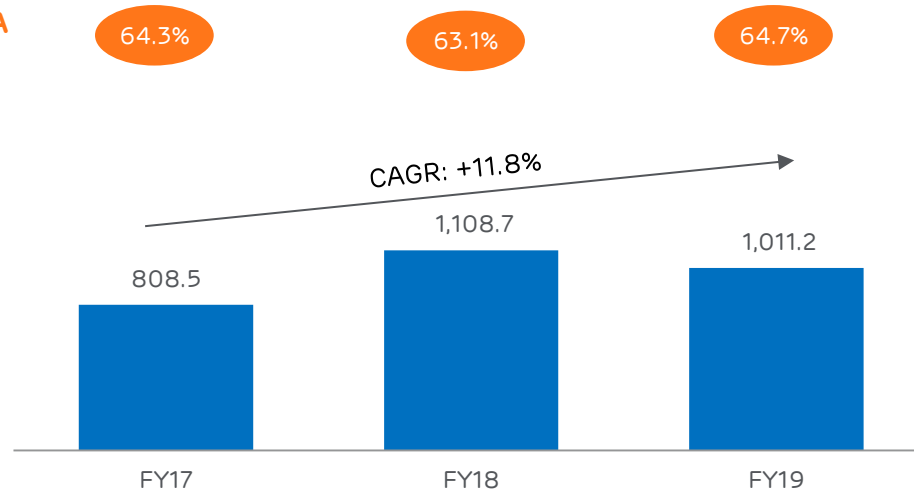
(US\$ mn)



EBITDA⁽²⁾

(US\$ mn)

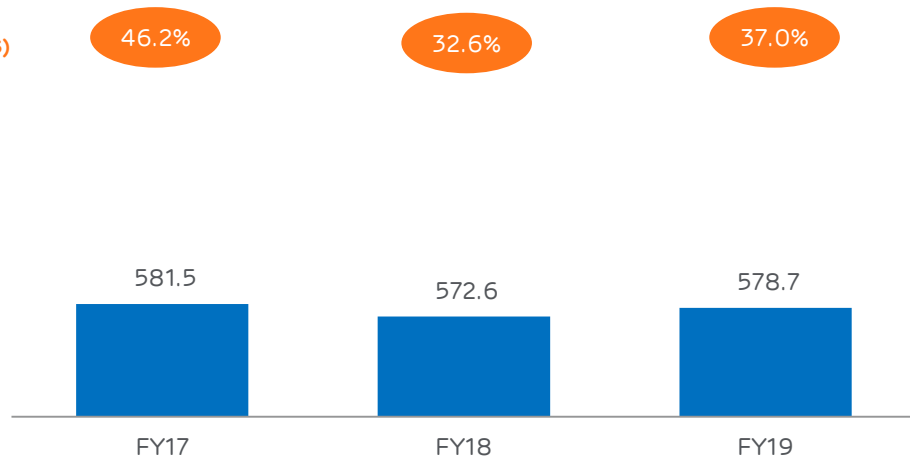
**EBITDA
Margin
(%)**



Profit for the Year

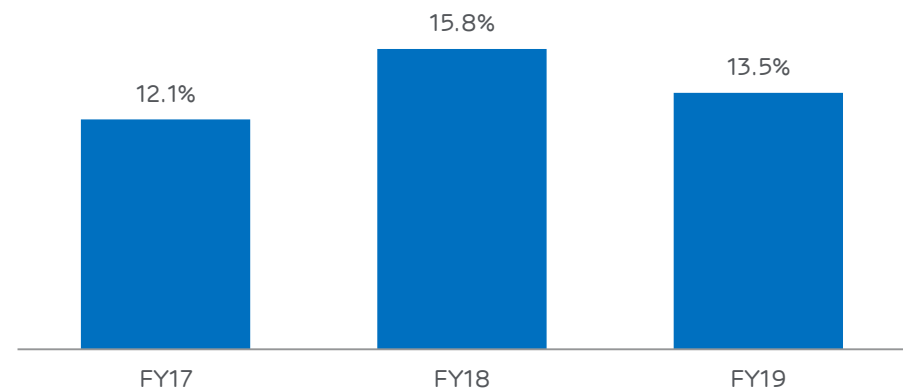
(US\$ mn)

**Profit
Margin⁽³⁾
(%)**



Return on Capital Employed⁽⁴⁾

(%)



Note: Average Exchange Rate INR / USD of 67.0896, 64.4474 and 69.8889 for FY17, FY18 and FY19 respectively

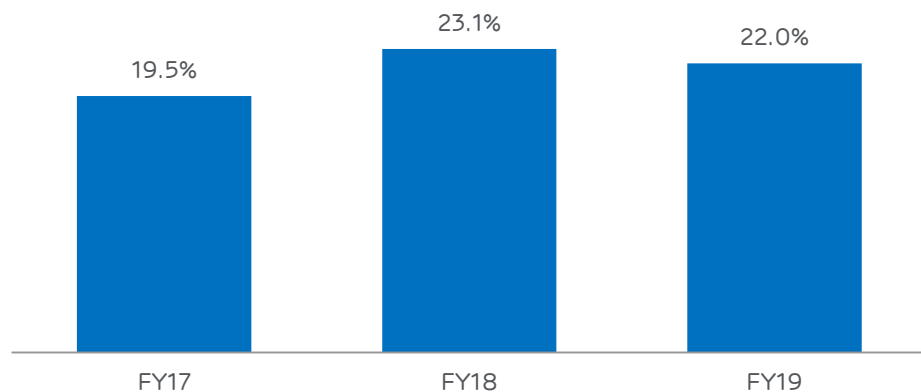
- (1) 'Ports' includes revenue from port operations including port infrastructure services, other operating income including construction income related to infrastructure development support services and export incentives
 (2) "EBITDA" means "Earnings before Interest, Tax, Depreciation and Amortisation" based on Ind AS for the relevant period, considering net sales/income from operations, other operating income and other income and deducting operating expenses, employee costs and other/administrative expenses, excluding foreign exchange (gain)/loss (net); EBITDA Margin = EBITDA / Revenue from Operations (3) Profit Margin = Profit for the year / Revenue from operations (4) Return on Capital Employed = EBIT / Capital Employed; Capital Employed = Net Debt + Shareholders Equity; EBIT = EBITDA - Depreciation and amortization expenses; Net Debt = Gross Debt (Excl. Bills Discounted) less Cash and Cash Equivalents, Bank Balances, and Current Investments

Strong Cash Flows and Improved Leverage



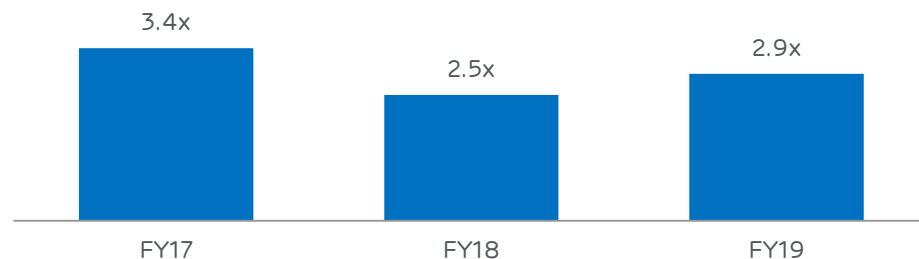
FFO / Net Debt⁽¹⁾

(%)



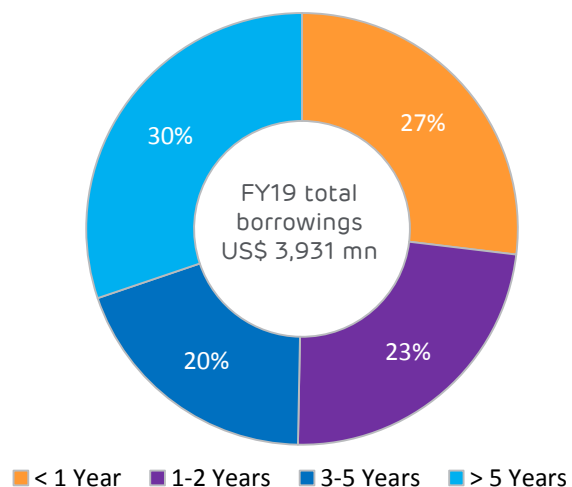
Net Debt / EBITDA⁽²⁾

(x)



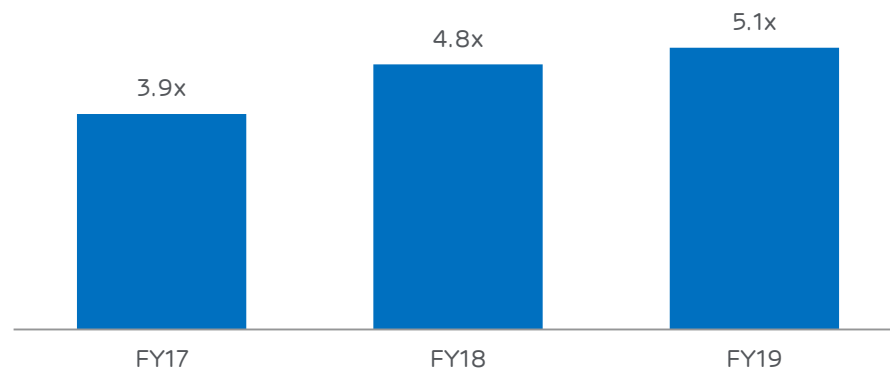
Borrowings Profile

(years)



EBITDA / Finance Cost

(x)



Note: Average Exchange Rate INR / USD of 67.0896, 64.4474 and 69.8889 for FY17, FY18 and FY19 respectively for P/L items and period end exchange rate INR / USD 64.8386, 65.0441 and 69.1713 for FY17, FY18 and FY19 respectively for Balance sheet items

(1) FFO: Funds from Operations = EBITDA – Finance costs – Tax expenses.

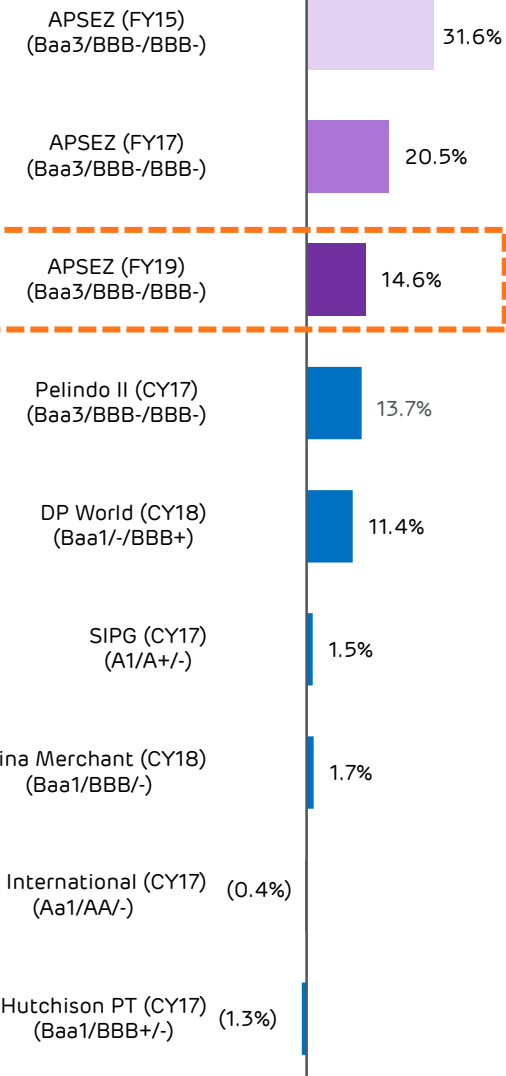
(2) Net Debt = Total Debt – Cash and Cash Equivalents; Total Debt = Long Term Borrowings + Short Term Borrowings + Current Maturities of Long Term Debt; Cash and Cash Equivalents includes Current Investments

(3) Short Term Debt = Short Term (Current) Borrowings + Current Maturities of Long Term Borrowings.

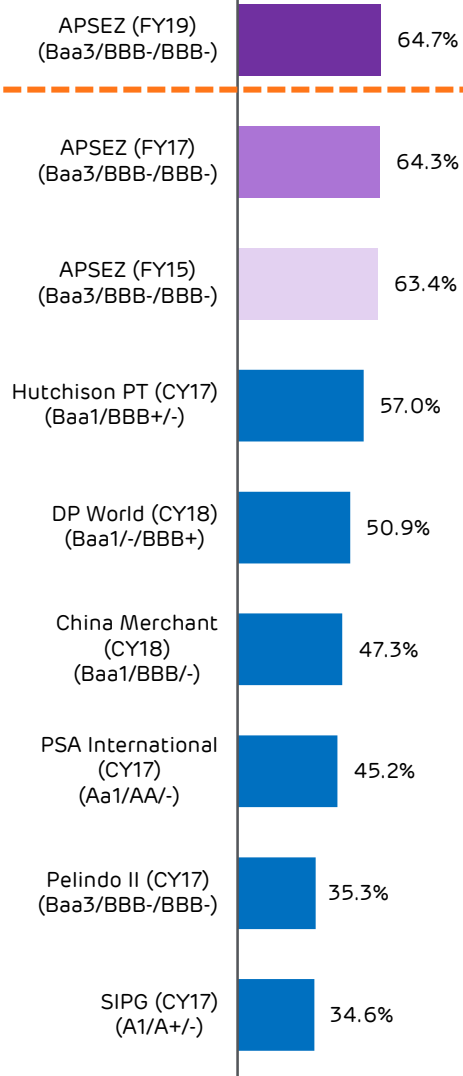
Strong Financial Metrics Compared to Peers



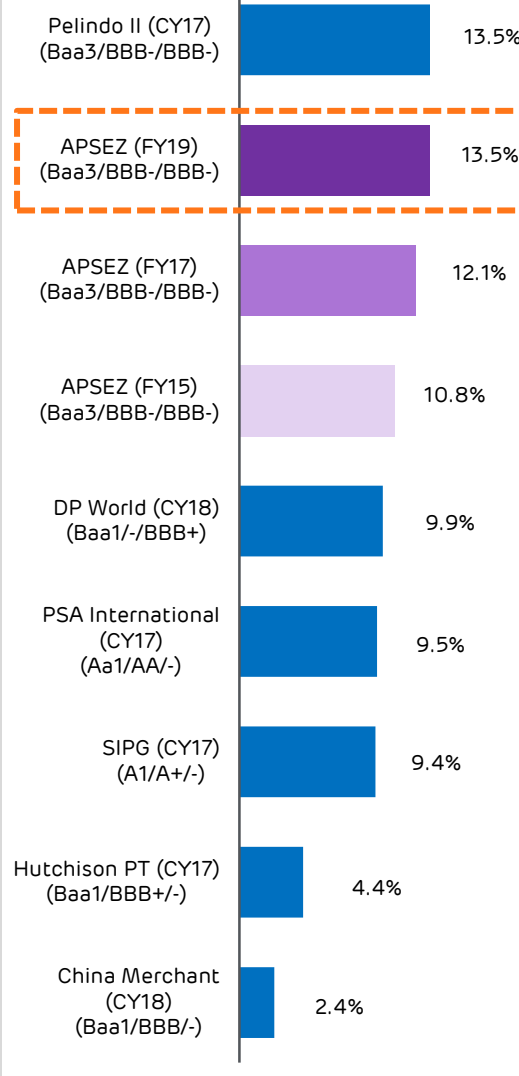
Revenue from Operations (3yr CAGR)



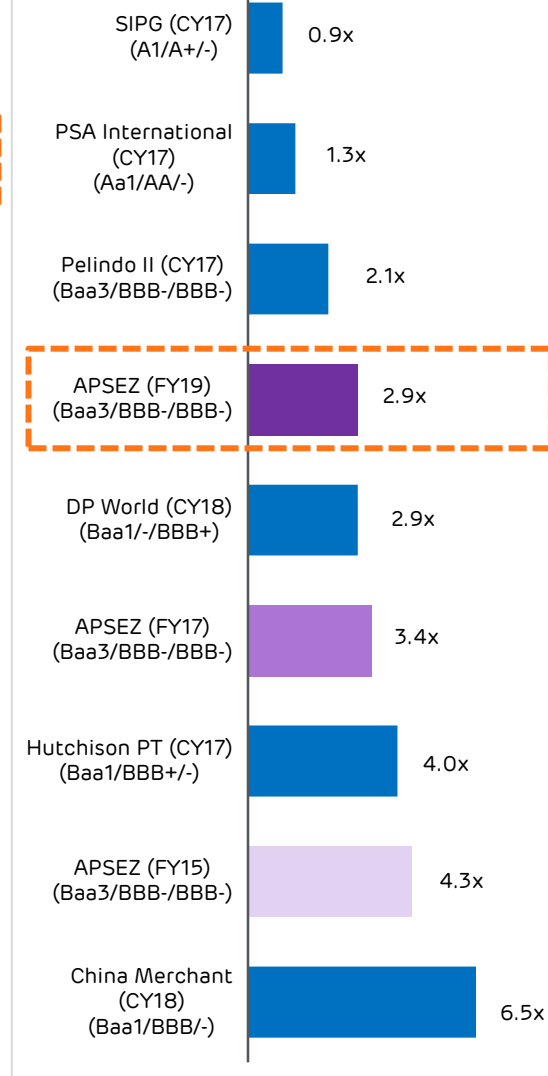
EBITDA Margin (LTM) ^(1,2)



Return on Capital Employed (LTM) ⁽³⁾



Net Debt / LTM EBITDA ⁽⁴⁾



Note: Ratings in the sequence of Moody's / S&P / Fitch. Source: Audited financials as per each of the above companies' publicly available rating reports. (1) Financials for comparable companies are on Last Twelve Month (LTM) basis as on 31st March 2015 for APSEZ (FY15); 31st December 2015 for SIPG; 30th June 2018 for China Merchants, DP World, 31st December 2016 PSA, Pelindo II; 31st March 2017 for Hutchison PT, APSEZ (FY17). APSEZ (FY19) (2) EBITDA = Revenue from Operations – Total Expenses + Depreciation and amortization expense + Finance Costs; EBITDA Margin = EBITDA / Revenue from Operations. (3) Return on Capital Employed = EBIT / (Total Equity + Long term Borrowings). (4) Net Debt / EBITDA = (Total Debt – Cash and Cash Equivalents) / EBITDA.

APSEZ: Compelling Investment Thesis



APSEZ is well positioned to leverage **strong macro fundamentals** of India

Pan India Presence allows to capture addressable growth market



Demonstrated track record of developing and executing variety of infrastructure

Integrated business model delivering end-to-end solutions to marquee clients



Robust financial performance and investment grade track record



Appendix



Shareholder Return Policy

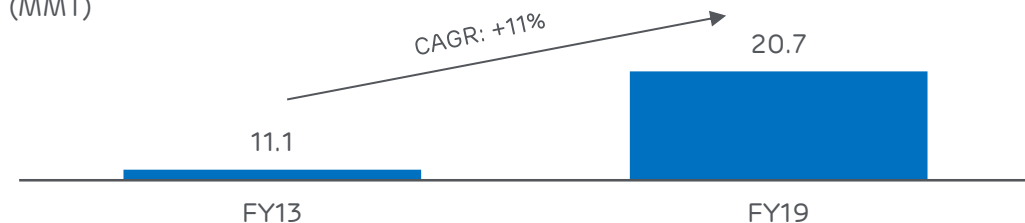
- APSEZ's recently revised its dividend and shareholder return policy to be consistent with the long term strategic growth objectives of the company:
 1. APSEZ's policy is of a **stable dividend set at 20% to 25% of Profit After Tax ("PAT")** to be paid out as dividend or capital return (share buyback) or a combination. The selection of the form of distribution is to optimise return to Shareholder
 2. Along with its dividend policy APSEZ also affirms its **Net Debt to EBITDA target range of 3.0x to 3.5x**
 3. APSEZ has a consistent growth in its free cash flow and thus in certain years, to reward shareholders, **APSEZ can declare bonus dividend or capital return or combination of both in addition to the set annual dividend policy**

Turning Around Acquisitions



Dhamra: Well Positioned to Emerge as Hub for East India

Cargo Volumes
(MMT)

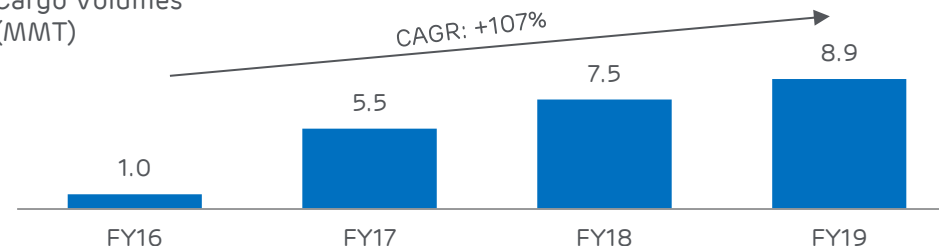


- Acquired on 22 June 2014 and **turned around in the 1st year of operations** – Grew at a CAGR of 11.0% from FY13 to FY19
- Only port between the ports at Paradip and Haldia, is **well located to benefit from the resource rich hinterland** of Odisha, Jharkhand and West Bengal.
- Key factors driving efficiency
 - Rationalizing of operating cost per tonne
 - Reducing dredging cost
 - Reorganizing and reducing corporate expenses

Cargo Type	Dry Bulk
Draft	17.5 Meters
Vessel size	Capesize
Berths	4 Berths, 1,548 Meters Length
Unloaders	8 Cranes, 9 Stacker and Reclaimer

Kattupalli: Successful Commissioning

Cargo Volumes
(MMT)



- Started as O&M operator for L&T in Nov 16 – Acquisition completed in June 2018
- **Strategically located** – to cater to the regional container cargo demand for southern India
- Recently developed another liquid tank farm of 224,500 kiloliters to capture **potential of liquid cargo market**
- **Diverse cargo now being handled.** Handles RORO, TMT Bars and Cement for the first time

Cargo Type	Mult-cargo
Draft	18 Meters
Vessel size	> 10,000 TEU Vessel
Berths	2 Berths, 710 Meters Length
Unloaders	6 RMQC, 15 RTG

Integrating Acquisitions: Testimony to Operational Skills

Profit and Loss Summary



(US\$ mn)	FY17	FY18	FY19
Revenue from Operations	1,258	1,757	1,563
<i>Revenue Growth, in US\$ terms (%)</i>		<i>39.7%</i>	<i>(11.0%)</i>
Operating Expenditure	449	648	552
EBITDA ⁽¹⁾	808	1,109	1,011
<i>EBITDA Margin (%) ⁽¹⁾</i>	<i>64.3%</i>	<i>63.1%</i>	<i>64.7%</i>
Depreciation & Amortisation	173	184	197
EBIT ⁽²⁾	636	924	815
Finance Costs	208	232	198
Other Income ⁽³⁾	155	157	195
Exceptional Items	-41	37	78
Profit Before Tax	624	812	733
Tax Expense	43	240	155
Profit for the Year	582	573	579
<i>PAT Margin (%) ⁽⁴⁾</i>	<i>46.2%</i>	<i>32.6%</i>	<i>37.0%</i>

Note: Average Exchange Rate INR / USD of 67.0896, 64.4474 and 69.8889 for FY17, FY18 and FY19 respectively for P/L items and period end exchange rate INR / USD 64.8386, 65.0441 and 69.1713 for FY17, FY18 and FY19 respectively for Balance sheet items

(1) "EBITDA" means "Earnings before Interest, Tax, Depreciation and Amortisation" based on Ind AS for the relevant period, considering net sales/income from operations, other operating income and other income and deducting operating expenses, employee costs and other/administrative expenses, excluding foreign exchange (gain)/loss (net); EBITDA Margin = EBITDA / Revenue from Operations

(2) (EBIT = Revenue from Operations – Total Expenses + Finance Costs

(3) Other Income includes interest income. (4) PAT margin = Profit for the year / Revenue from Operations.

Balance Sheet Summary



(US\$ mn)	FY17	FY18	FY19
Gross Fixed Assets	3,252	3,534	3,942
Goodwill on consolidation	412	410	472
Cash and Equivalents ⁽¹⁾	445	536	937
Other Assets ⁽²⁾	2,614	2,803	2,821
Total Assets	6,722	7,284	8,172
Shareholders Equity ⁽³⁾	2,724	3,262	3,578
Total Debt	3,314	3,295	3,931
Other Liabilities ⁽⁴⁾	684	726	664
Total Equity and Liabilities	6,722	7,284	8,172

Key Ratios	FY17	FY18	FY19
EBITDA / Finance Costs	3.9x	4.8x	5.1x
Total Debt / Equity	1.2x	1.0x	1.1x
Net Debt / EBITDA	3.4x	2.5x	2.9x

Note: Average Exchange Rate INR / USD of 67.0896, 64.4474 and 69.8889 for FY17, FY18 and FY19 respectively for P/L items and period end exchange rate INR / USD 64.8386, 65.0441 and 69.1713 for FY17, FY18 and FY19 respectively for Balance sheet items

(1) Includes bank balances

(2) Includes Net Deferred Tax Assets

(3) Shareholders' Equity includes Minority Interest.

(4) Other Liabilities includes Net Deferred Tax Liabilities

Cash Flow Summary



(US\$ mn)	FY17	FY18	FY19
Net cash inflow from operating activities	596.5	870.2	862.7
Net cash (outflow)/inflow investing activities	(384.5)	(596.7)	633.0
Net cash (outflow)/inflow from financing activities	(197.5)	(293.1)	331.0
Net (decrease)/increase in cash and cash equivalents	14.6	(19.7)	560.7
Cash and cash equivalents at beginning of year	125.7	147.4	117.8
Cash and Cash Equivalents on acquisition of Subsidiary	1.5	-	13.1
Reduction in Cash and Cash Equivalents on account of loss of control of Subsidiary	-	-	(5.1)
Cash and cash equivalents at end of year	141.8	127.8	686.5

adani

Growth
with
Goodness

