Adani Ports and Special Economic Zone Limited

Operational & Financial Highlights Q1 FY 19

Content

Adani Ports and SEZ Ltd. - Proxy to India's Growth Story

- Largest commercial port developer and operator :

  9 Ports in operations and 1 under construction

- Deep Management Experience in regulated environments :

  Operating ports since 2001

- Operational Excellence with productivity, low-cost operations :

  Highest EBITDA margins amongst peers

- Successful Track Record of integrating acquisitions :

  Dhamra in 2014 and Kattupalli in 2015

- Investment grade ratings by International rating agencies :

  (S&P: BBB- Stable / Fitch: BBB- Stable / Moody's: Baa3 Stable) (1)

Market Cap:
US$11.3bn(2)

Revenue
US$1.8bn(3)

Total Assets:
US$7.3bn(4)

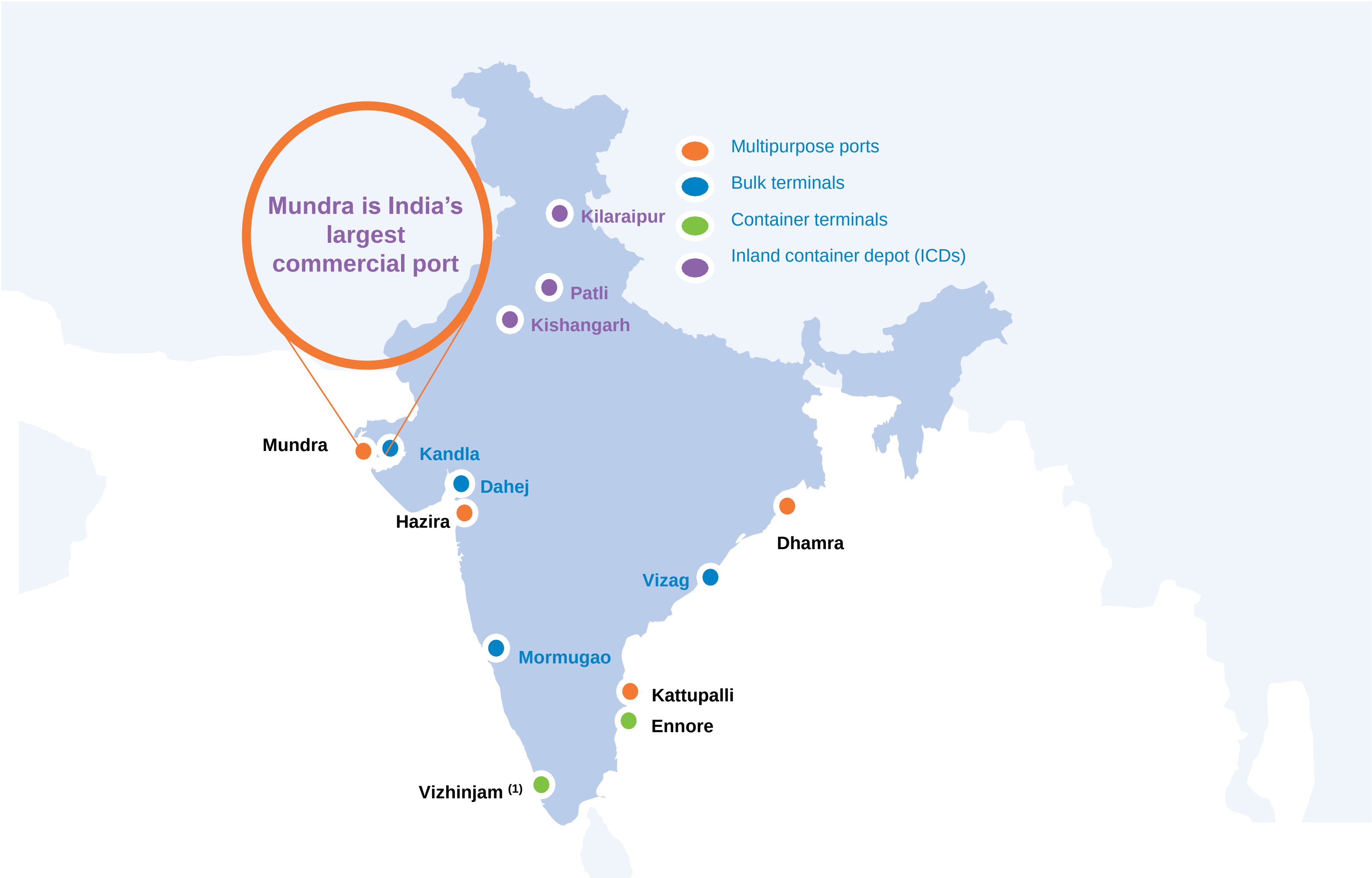
Note:
(1)Source: S&P press release dated December 29, 2017. Moody's press release dated June 18, 2017. Fitch press release dated April 10, 2017.
(2)Market Cap on 30thd June, 2018. Reserve Bank of India USD / INR exchange rate on 30th June, 2018 was 68.47.
(3)Revenue for the financial year ended March 31, 2018. Revenue refers to the total revenue from APSEZ operations minus other income. Average USD/INR exchange rate of 64.4474 used for Fiscal Year 2018.
(4)Total Assets as on March 31, 2018.

APSEZ : Evolvement of String Of Ports

		No of Ports
1995 & 2001	• Mundra Port concession agreement signed and operations started in 2001	1
2007	• Dahej Port*	2
2009	• Hazira & Mormugao Ports*	3 & 4
2011	• Vizag Port*	5
2012	• Tuna Port*	6
2014	• Acquired Dhamra Port*	7
2015	• Vizhinjam Port*	8
2017	• Ennore Port’s operations started	9
2018	• Kattupalli acquisition complete	10

***Concession agreement signed.**

APSEZ: Global Scale Infrastructure Player



Note:
1. Under construction.

Unique integrated operating model across the value chain

Ports + Logistics + SEZ (At Mundra)

Ports

- Concession assets with free pricing*
- Avg. concession period of 28 years
- Handling multi and complex cargo
- JV model with ship liners at Mundra

Logistics

- 20 year license to operate Rails
- Operating three ICDs
- Enhancing connectivity between ports and origin / destination of cargo

SEZ (At Mundra)

- Land bank of over 8,000 hectares
- Integration between land bank and port
- Developing industry cluster
- Continuous revenue stream from annual rentals & upfront premium

Infrastructure

Marine ➤ Quay ➤ Handling ➤ Storage ➤ Logistics

Marine

- 19 dredgers
- 26 tugs

Quay

- 14+KM length
- 48 berths
- 18 terminals

Handling

- 105 cranes
- 140 RTGs
- 100 KM conveyors

Storage

- 3.7 MN sq. mtrs.
- 0.9 MN KL tankages
- 43,832 container ground slots

Logistics

- 400,000 Sq. ft of Warehouse Space
- 3 Logistics Parks
- 15 rakes

Operational Highlights – Q1 FY19 (YOY)

- Cargo volume – up 9%, Outpaced all India growth of 3%.
- Australian operations handled 7.3 MMT of Coal.
- Container volume – up 16%, Outpaced All India Growth of 10%.
- Additional ship liners – "FIVE" service at Hazira.
- Crude volume – up 65%. HMEL Crude volume recover.
- Coal de-grew by 6%. Coal (other than APL & CGPL) grew by 19%.
- SEZ – Land Lease of 47 acres to 3 new customers.

APSEZ – Achieves highest throughput in a quarter….

Operational Highlights – Q1 FY19 (Contd…) (YOY)

Growth of Ports

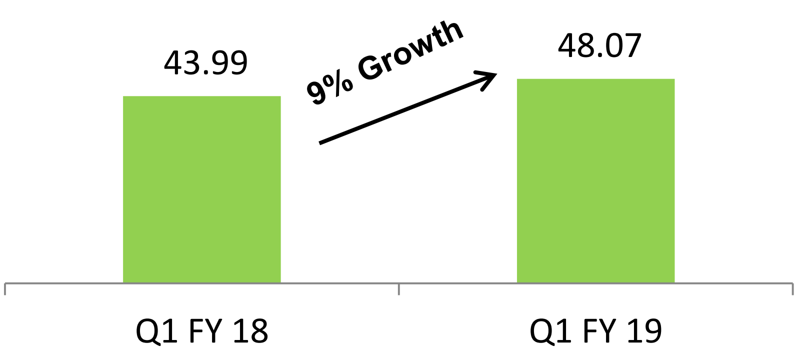
- Mundra grew by 5%, Hazira by 14%, Dahej by 38% and Kattupalli by 13%.
- Terminals at Major Ports :
  - Goa – grew by 459%, Tuna by 70% Vizag – 0.15 MMT.

New Initiatives

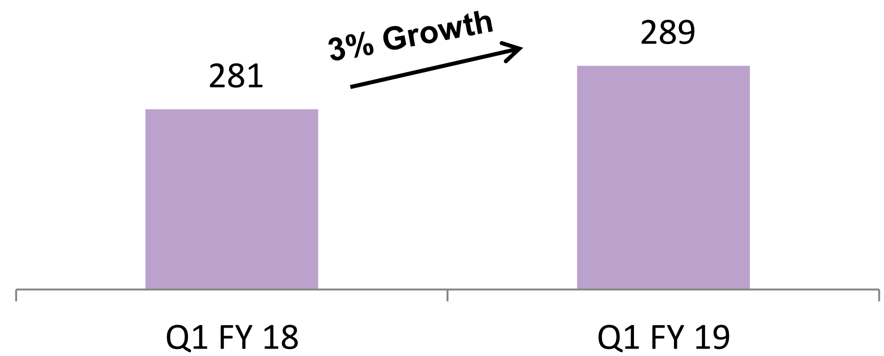
- Vizag operations recommenced – handling coal for Steel Co.
- STS (Ship to Ship) operations at Dhamra for POL products.
- New cargo handled – Salt and Limestone at Dahej; Specialty chemicals at Hazira.
- New contract – At Mundra for handling Steel (800,000 MT).

Cargo Volume – APSEZ vs All India

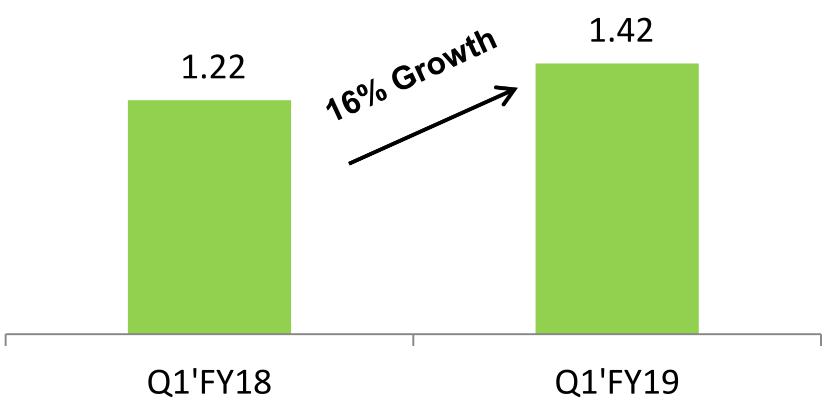
APSEZ Total Cargo



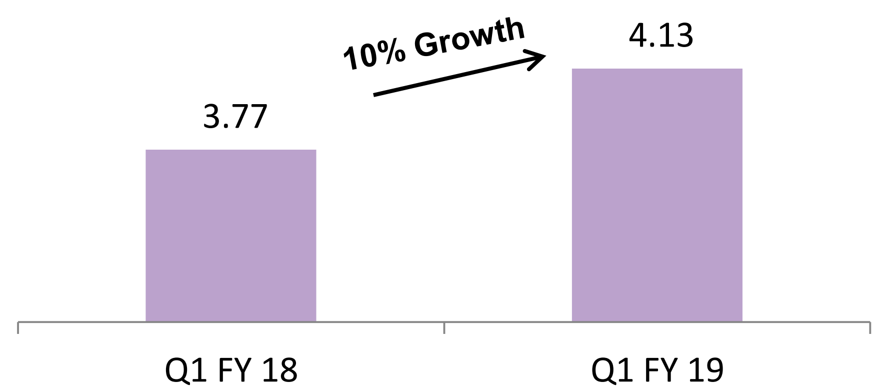
*All India Cargo



APSEZ Container Volume



*All India Container Volume



APSEZ continues to gain Market Share….

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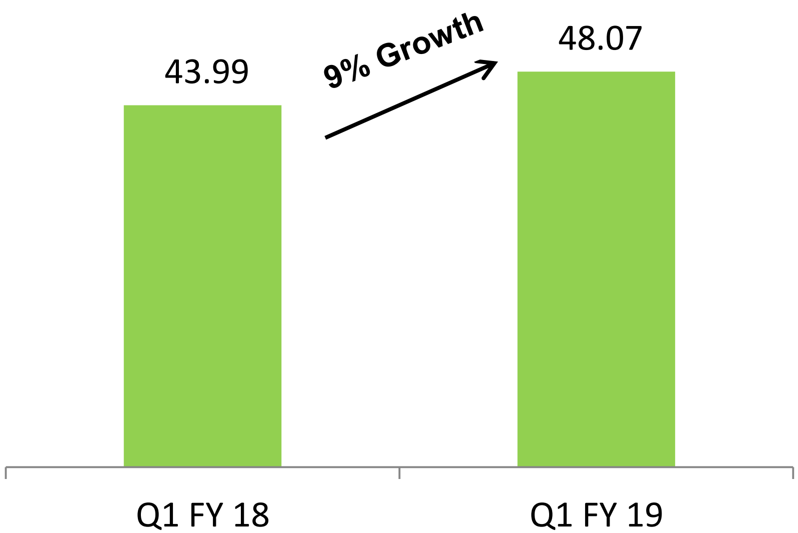
**As per internal estimates*

Cargo in MMT and container volume in M/n Teus

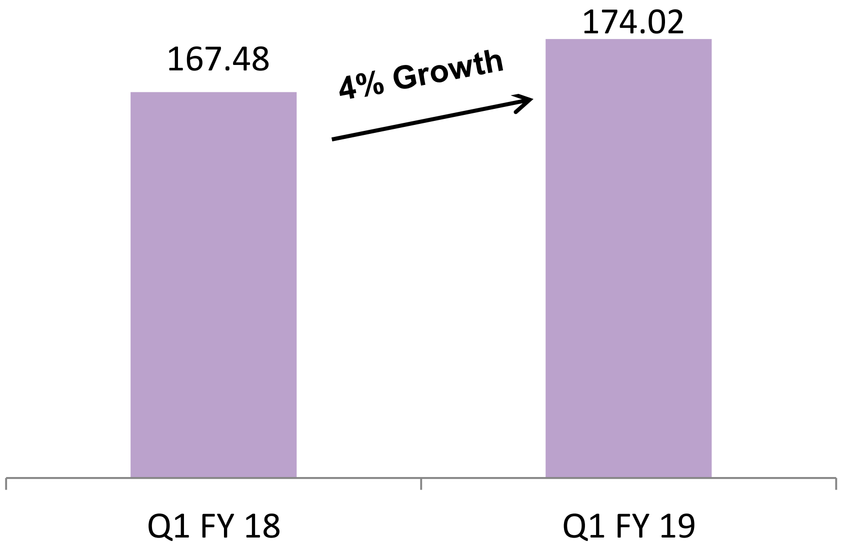
Cargo Volume – APSEZ vs Major Ports

(In MMT)

APSEZ



Major Ports



APSEZ Volume growth 2x higher than Major Ports…..

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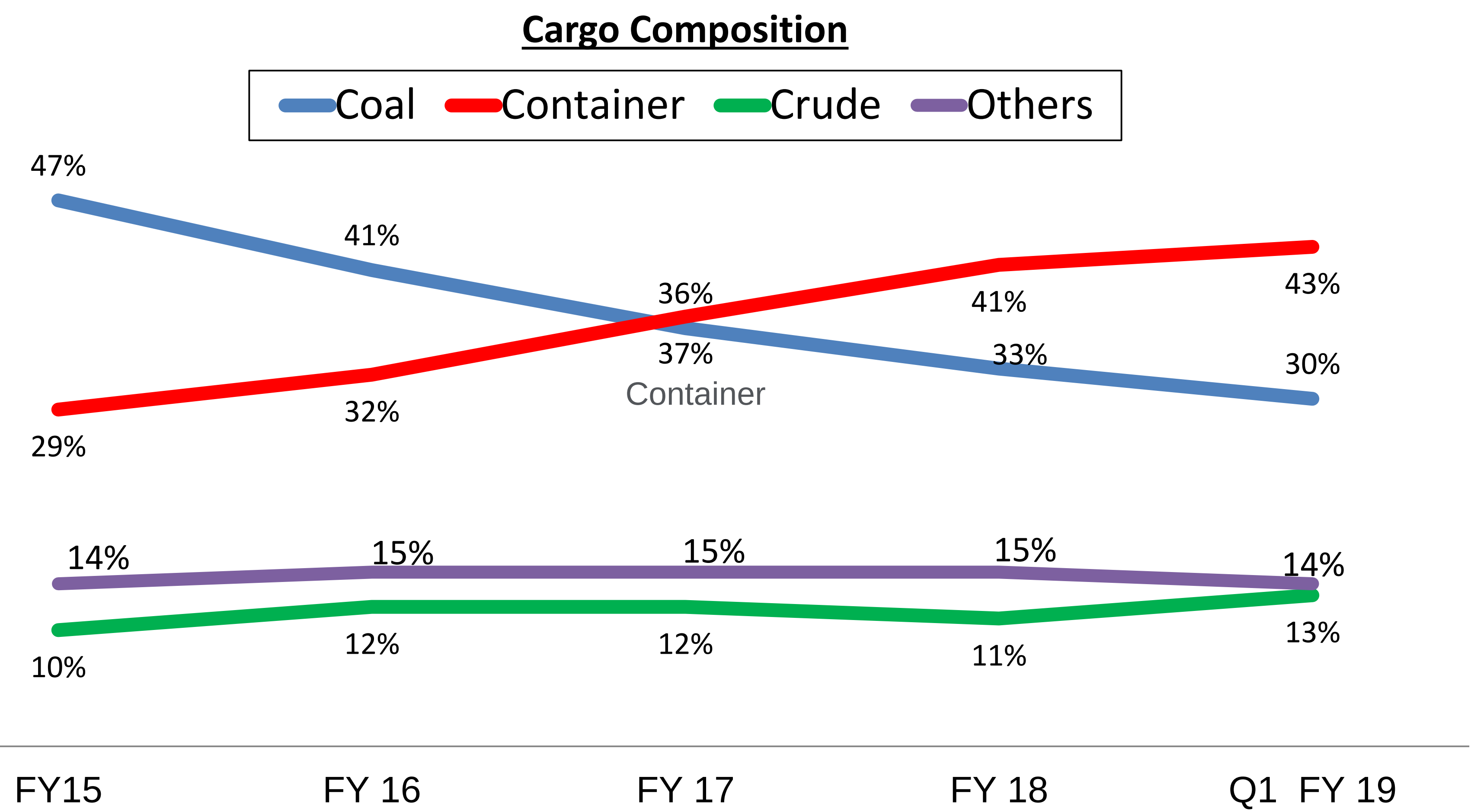
Source for Major Ports Cargo: IPA

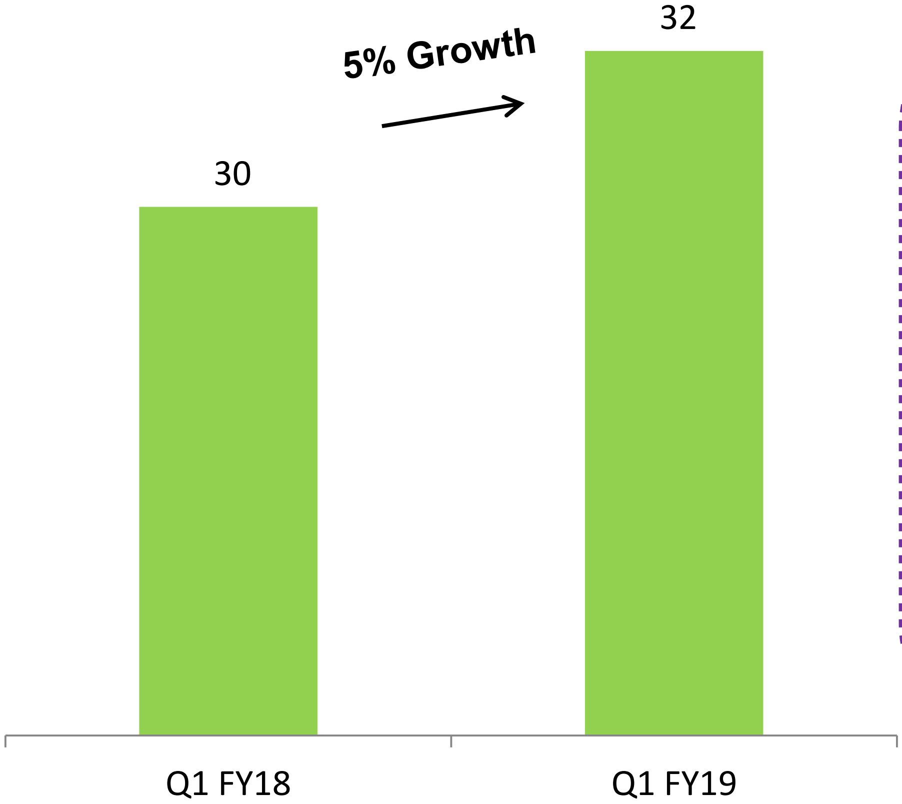
Cargo Composition – Diversification strategy pays off



Containers & Crude lead cargo volume growth……

Individual Port Updates

Mundra grows on higher base….. (MMT)

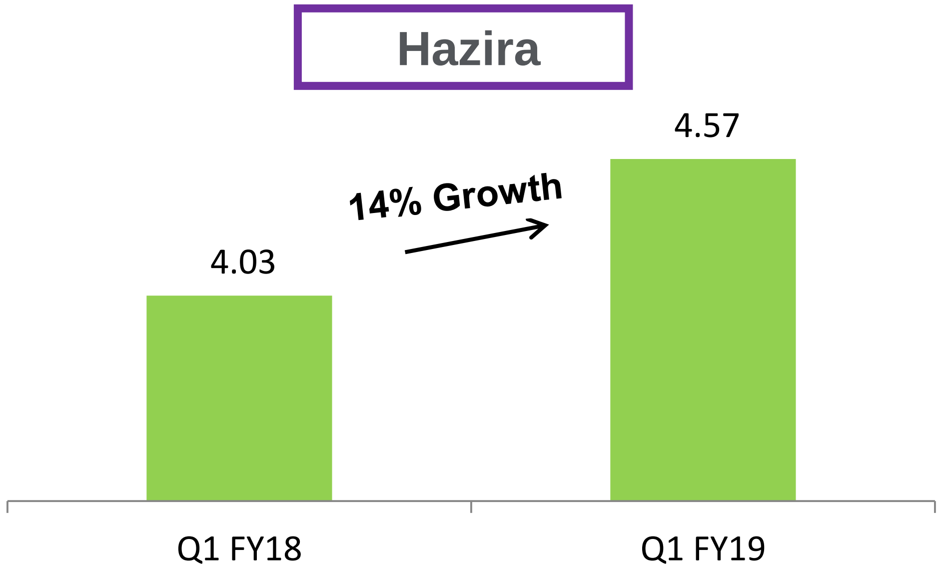


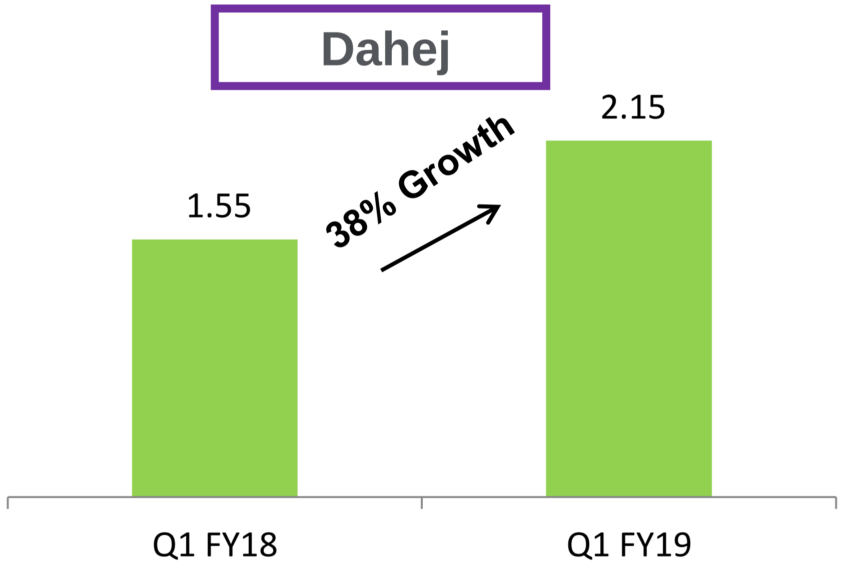
- Container - 15% YOY growth.
- Crude – 64% YOY growth.
  - ❖ HMEL crude recovers.
- Coal excluding APL & CGPL grew by 9%.
- Adipur – Mundra Port Railway Line certified fit for 100 KMPH running speed.

Dedicated facilities and JV model will continue to drive growth…

Hazira & Dahej : Twin Ports

(MMT)





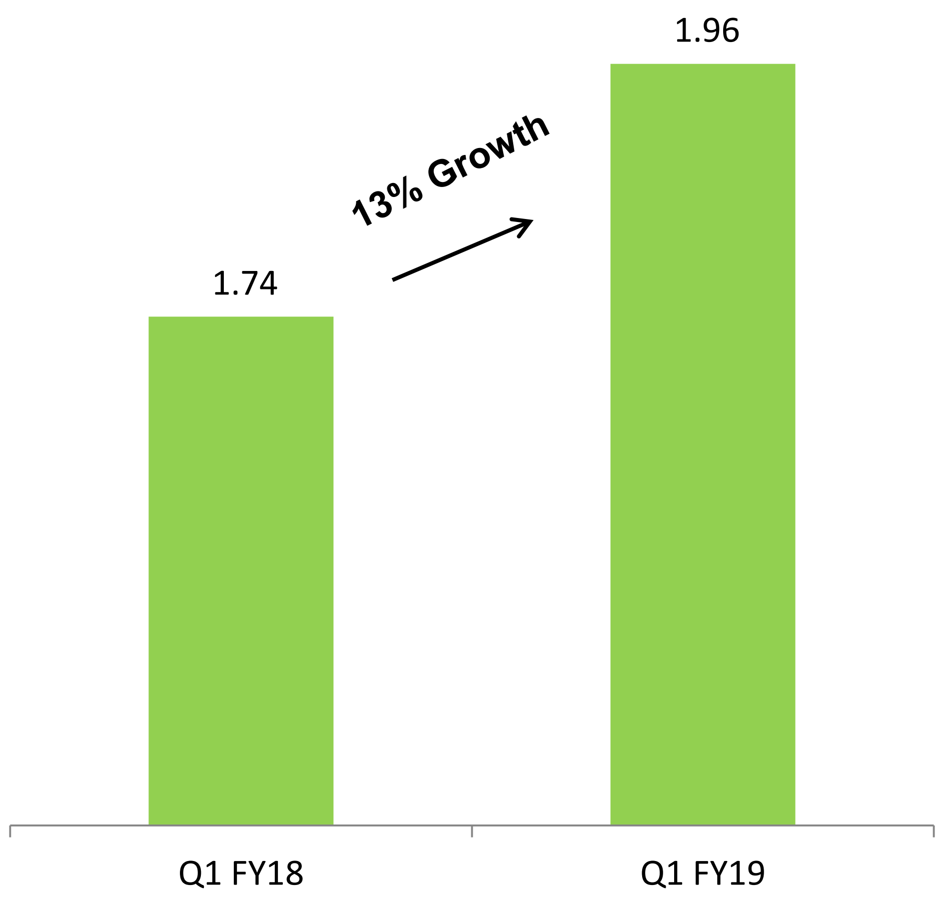
- Container – Grew by 19%, Liquid – Grew by 12%.
- Handled Epichlorohydrin (ECH) chemical first time in India.
- Commencement of FIVE (FAREAST INDIAN VIETANM EXPRESS) service.

- Coal – 32% YOY growth.
- Highest other bulk cargo – Grows by 64% YOY.
- Starts handling Salt and Limestone.

Hazira & Dahej both complementing each other…..

Kattupalli : Acquisition completed

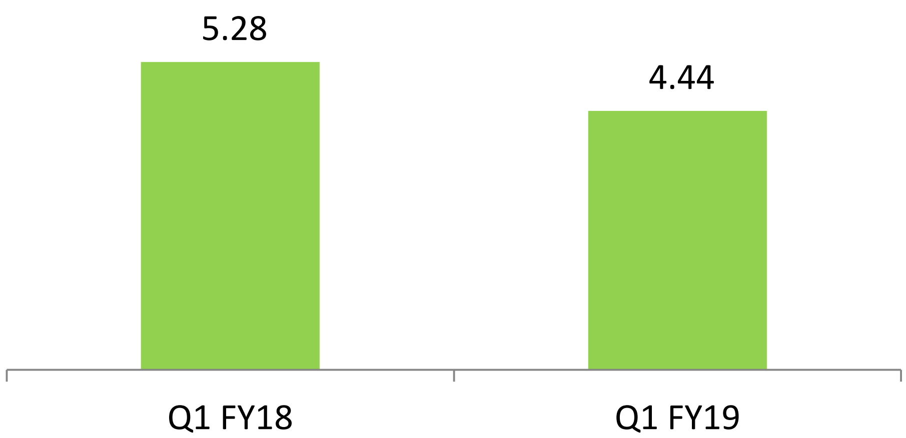
(MMT)



- Crosses one million TEUs cumulatively after taking over from L&T in Oct, 2015.
- Highest ever monthly throughput of 46,633 TEUs achieved in June,18.
- 84% of Import volume are now by direct port delivery.
- Rail construction work to link Kattupalli port commences.

Continues to gain market share and will focus on other bulk cargo…….

Dhamra - Grappling with evacuation issues….. (MMT)



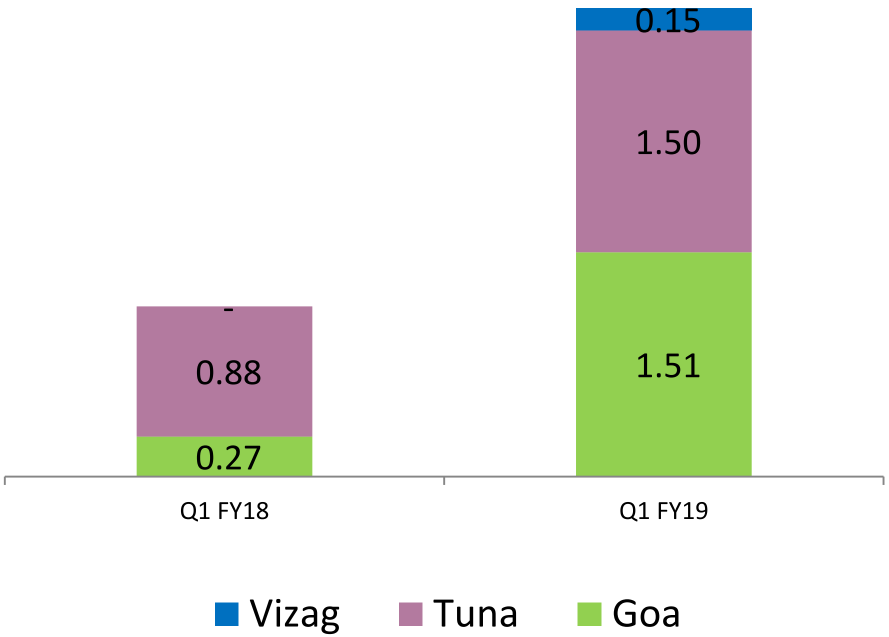
New Initiatives

- STS (Ship to Ship) operations commenced from June' 18.
- Started handling high value cargo : HR Steel coils for Tata Steel & clinker in open top container for JSW.

- Growth affected due to diversion of rakes by railway to power sector. (Avg 12.62 rakes vs 15.21).
- As a mitigation plan, submitted proposal to Railway for operating eleven rakes under "Own your wagon" scheme.
- Got approval for one rake for Kharagpur circuit. Intend to operate similar rakes for Tata Steel, SAIL and JSPL

Evacuation issues likely to be eased from H2 FY 19….

Operations of our Terminals at Major Ports….. (MMT)



- Goa – Coal volume higher due to 2 MMT new contract with JSW.
- Vizag - operations recommenced. Handling coal for steel manufacturers.
- Tuna – Coal volume increased by 41%. Other cargo by 151%

Strategy in place to ensure higher cargo volume….

Financial Updates

Consolidated Financial Highlights – Q1 (YOY)

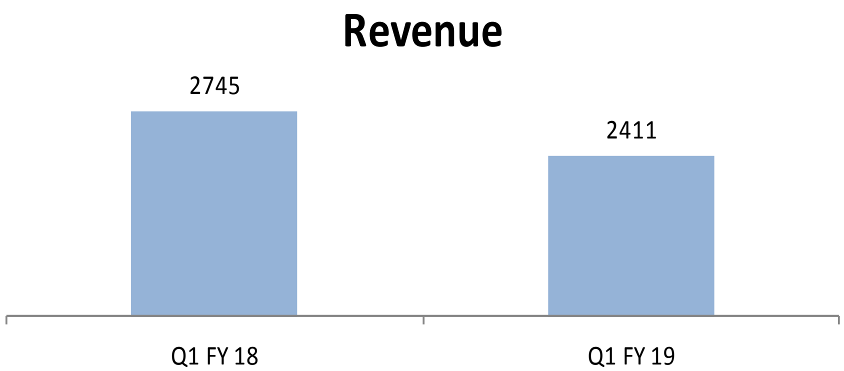
- Revenue of Rs. 2,411 cr vs Rs. 2,745 cr
- EBIDTA* of Rs. 1,588 cr vs 1,567 cr
- Total EBIDTA margin at 66%
- Port Revenue up by 16% to Rs. 1,966 cr
- Port EBIDTA* up by 17% to Rs. 1,380 cr.
- Port EBIDTA margin improved 100 BPS to 70%.
- Logistics Revenue of Rs. 162 cr vs Rs. 210 cr
- PBT of Rs. 922 cr vs Rs. 1,092 cr
- PAT of Rs. 691 cr vs Rs. 760 cr

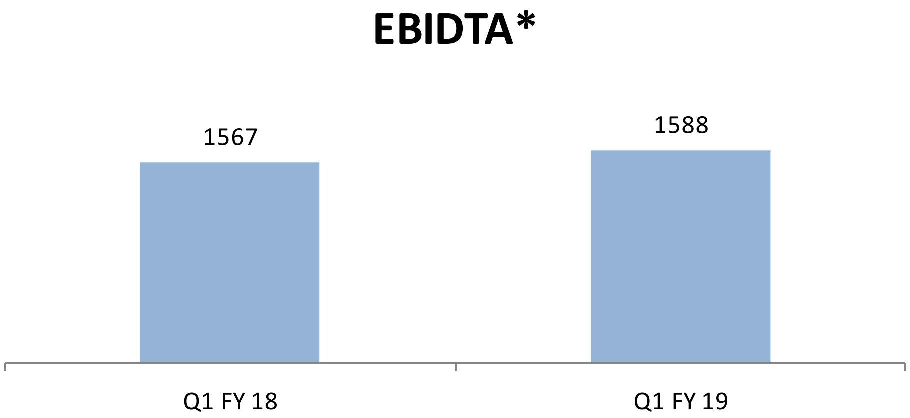
Core operations help in higher EBIDTA & margin expansion…….

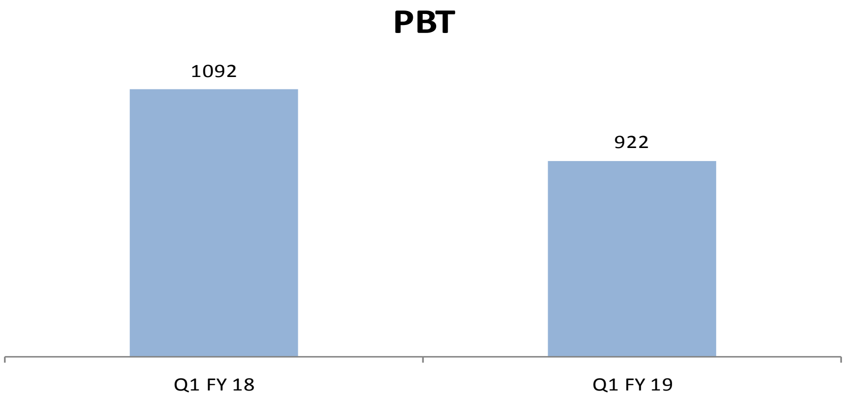
*Total EBIDTA & Port EBITDA after excluding forex gain/loss

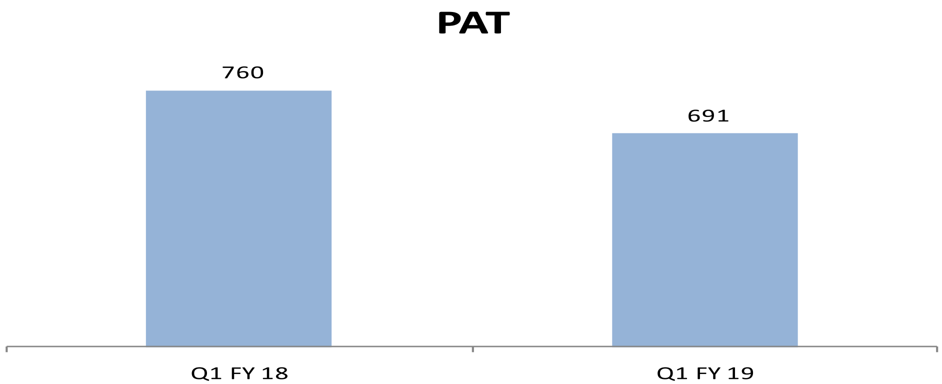
Consolidated Financial Performance – Q1 FY 19

(Rs. in Cr.)









- **Revenue lower due to lower port development income. Nil in Q1 FY 19 vs Rs. 661 cr in Q1 FY 18 (CT4 Terminals sale).**
- **PBT & PAT lower due to forex loss of Rs. 383 cr in Q1 FY 19 vs gain of Rs. 32 cr in Q1 FY 18**

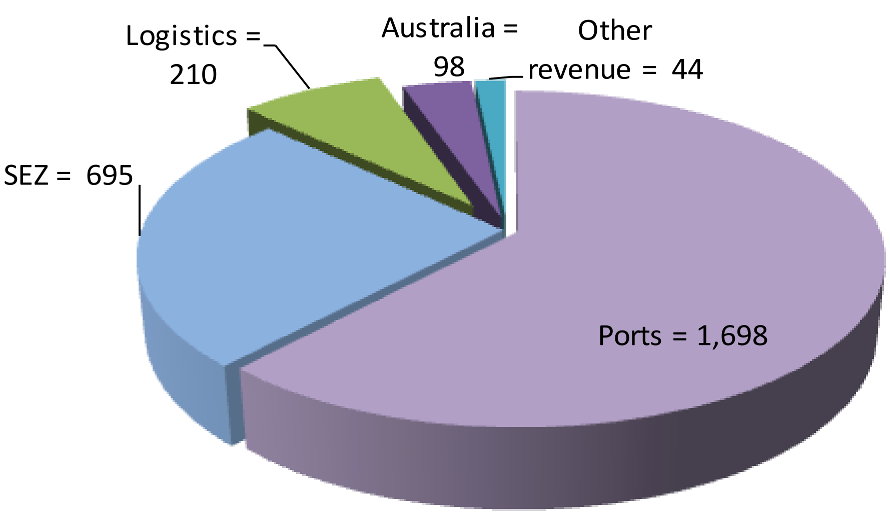
*EBIDTA excludes Forex loss of Rs. 383 cr in Q1 FY 19 vs gain of Rs. 32 cr. in Q1 FY 18..

Break Up of Revenue – Q1 FY19

(Rs. In Cr.)

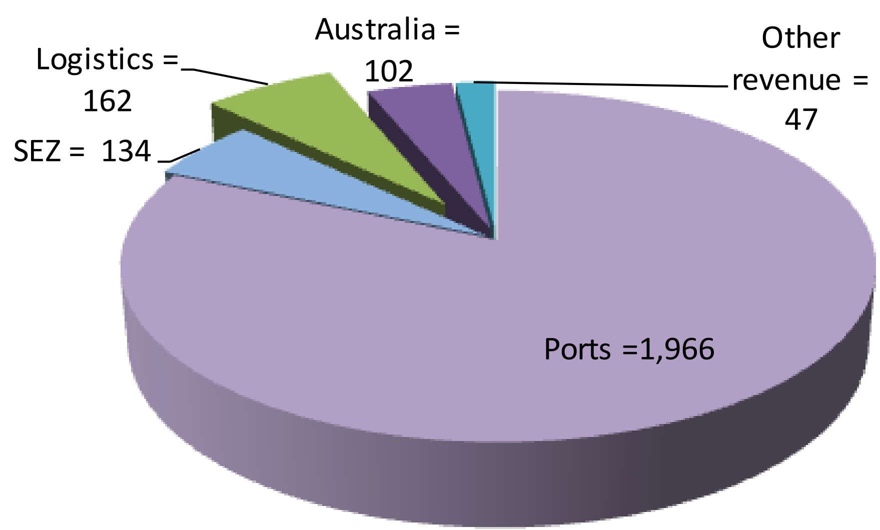
Particulars	Growth %
Total Revenue	-12%
Ports	16%
Logistics	-23%

Q1 FY 18



Total Revenue – Rs. 2745 cr

Q1 FY 19



Total Revenue – Rs. 2411 cr

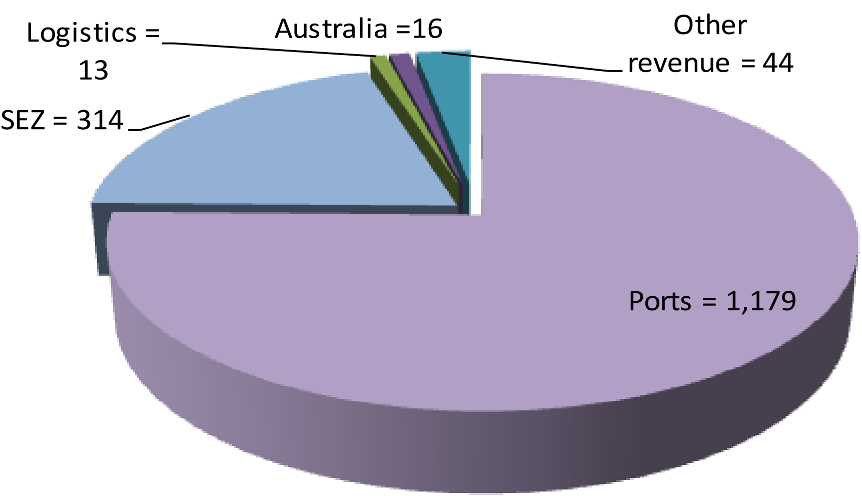
Strong port business drives growth ….

Revenue lower due to lower SEZ Port development income. Nil in Q1 FY 19 vs Rs. 661 cr in Q1 FY 18 (CT4 Terminals sale).

Break Up of EBIDTA Q1 FY 19 (Excluding forex gain/loss) (Rs. In Cr.)

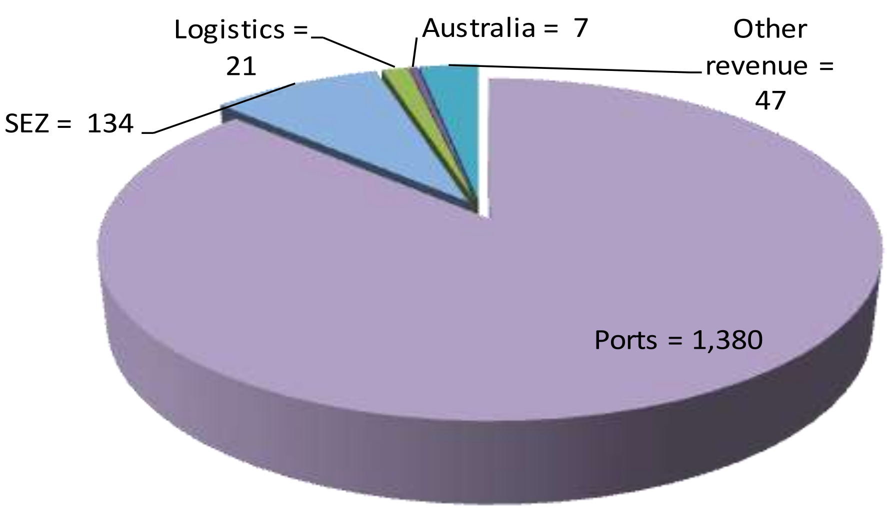
Particulars	Growth %
Total EBIDTA	1%
Ports EBIDTA	17%

Q1 FY 18



Total EBIDTA – Rs. 1567 cr

Q1 FY 19



Total EBIDTA – Rs. 1588 cr

Total EBITDA expands in spite of lower revenue….

EBIDTA above excludes Forex loss of Rs. 383 cr in Q1 FY 19 vs gain of Rs. 32 cr. in Q1 FY 18

Explanation on Forex for Q1 FY 19

Treatment of forex under IND AS

- As per IND AS (Indian Accounting Standard), all foreign currency loans taken after 1st April 2016 should be marked to market through Profit and Loss account. Mark to Market loss w.r.t. loans taken prior to that shall be accumulated and amortized over the tenure of loans.

For APSEZ, outstanding forex debt is USD 1.97 billion. Of this,

- ❑ USD 1 billion (500 + 500 USD bonds) were taken after 1.4.2016. Rupee during Q1 FY18 moved from 65.18 to 68.47, a depreciation of Rs. 3.29.Thus, the mark to market loss is Rs. 329 cr for these bonds.

- ❑ The amortization for the balance 0.97 billion USD loans (which includes bonds, ECB and Buyers credit) is Rs. 54 cr.

Thus, an amount of Rs. 383 cr was charged to P&L and hence had an impact on EBITDA.

Total EBITDA was Rs.1206 cr. If we exclude forex loss of Rs. 383 cr, EBITDA for Q1 FY 19 was Rs. 1588 cr.

Outlook for FY19

Operations:

- Cargo volume outlook continues to be strong, Targeting 200 MMT in FY 19.
- Mundra to grow in high single digit.
- Other larger ports namely Hazira, Dahej and Katupalli to grow in the range of 20% to 25%.
- Terminals at Major Ports (Goa, Tuna & Vizag) to handle increased volume.

Financials:

- Port EBITDA margins to expand by 100 BPS to 71%.
- SEZ Port development income of Rs. 800 cr – Rs. 1000 cr in FY 19.
- Capex for current year around Rs. 2,500 Cr.
- Free cash flows of Rs. 1750 cr. - Rs. 2000 cr. (Rs.1253 cr in FY18)
- Continued focus on further strengthening balance sheet.

Business Strategy in 2018-19 (3Cs)

Culture-Efficiency Improvement	**Enhancing and sustaining business through improvement in Asset utilization, focus on collaborative work, innovation.**
Consumer - Logistics	**Consumer Full-scale logistics solution provider to the customers, in an asset-lite model**
Cargo Growth	**Focusing on cargo growth by improving stickiness of cargo through long term contracts, cargo diversification and tie-ups with shipping lines**

Our CSR Initiatives

- Support at various Govt. Schools – 120 schools covered under school enrolment drive.
- Started Breast & Cervical Cancer screening camp & Awareness.
- Supported the administration in creating awareness and control of Nippah virus in Kerala by establishing Mobile health care units and various camps.
- Introduction of coding (computational skills) in all Adani schools to enhance listening & speaking skills.
- Deepened 26 ponds in 19 villages in Mundra. Increased storage capacity by 51.71 million ltrs.

Our Sustainability Initiatives

Sustainability Report

Releasing 3rd APSEZ Sustainability Report (FY 2017-18) "in Accordance" with Core reporting as per the GRI Standards.

Energy

Initiated for following renewable energy projects :

- 12 MW wind turbines at Mundra
- 4 MW solar panels at Dhamra

Biodiversity

In Mundra, Mangrove cover has increased by 250 ha compared to 2011.

Awards won….

- Dhamra port bags “Smart Private Port Award” from Maritime Gateway.
- Kattupalli port bags “Container port of the year award” from EXIM.
- Mundra Port receives “Golden Peacock environment management award” for FY 2018.

Annexure

Annexure

- Key Financial Summary
- EBITDA Reconciliation with SEBI Format
- Port Wise Financials
- Financials as per SEBI format

Key Ports & Logistic Vertical Performance

(Rs. In Cr.)

Q1 FY 19

Particulars	Mundra		Hazira		Dahej		Dhamra		Kattupalli		Harbour		Logistics	
	Q1'19	Q1'18	Q1'19	Q1'18	Q1'19	Q1'18	Q1'19	Q1'18	Q1'19	Q1'18	Q1'19	Q1'18	Q1'19	Q1'18
Cargo (MMT)	31.78	30.24	4.57	4.03	2.15	1.55	4.44	5.28	1.96	1.74	-	-	-	-
Operating Revenue	1,081	1,645	258	239	95	84	236	230	42	44	294	245	162	210
Expenses	298	687	66	60	32	27	126	75	15	46	24	26	141	196
EBIDTA	783	958	192	179	64	57	110	156	27	-2	270	220	21	14
EBIDTA %	72%	58%	74%	75%	67%	68%	47%	68%	65%	-4%	92%	90%	13%	7%

- **EBITDA margin of Mundra higher due to Rs. 381 cr SEZ port development cost in previous year**

Particulars	Others		Elimination		Total	
	Q1'19	Q1'18	Q1'19	Q1'18	Q1'19	Q1'18
Cargo (MMT)					48.07	43.99
Operating Revenue	330	195	-88	-148	2,411	2,745
Expenses	218	160	-98	-98	823	1,179
EBIDTA	112	35	9	-50	1,588	1,567
EBIDTA %	34%	18%	-11%	34%	66%	57%

Note - EBITDA at Dhamra lower due to pre-monsoon dredging of Rs. 42 cr. Same gets eliminated in consolidated financial statement as work was done by wholly owned subsidiary of APSEZ namely Shanti Sagar International Dredging Pvt. Ltd. Hence normalized EBITDA of Dhamra is 65%

- **Others segment includes Goa, Tuna, Vizag, Shanti Sagar International Dredging, Australia, Ennore, Aviation and Utilities**
- **SEZ income is reported under Mundra.**
- **Above financials are based on standalone. Consolidated financials eliminates inter company transactions.**

Key Financial Summary – Q1 FY 19

(Rs. In Cr.)

Particulars	Q1 FY 19	Q1 FY 18	Variance(%)
Operating Revenue			
Ports	1966	1698	16%
Logistics	162	210	-23%
SEZ	134	695	-81%
ABPO - Australia	102	98	4%
Other Income	47	44	7%
Total Operating Revenue	**2,411**	**2,745**	**-12%**
Total EBITDA (Excluding Forex)	**1588**	**1567**	**1%**
EBITDA Margin(%)	66%	57%	
Port EBITDA (Excluding Forex)	**1380**	**1179**	**17%**
Port EBITDA Margin(%)	70%	69%	
PBT	922	1,092	-16%
Total Finance Cost	321	374	-14%
PAT	691	760	-9%

EBITDA reconciliation with SEBI format – Q1 FY 19 (Rs. In Cr)

Particulars	Q1 FY 19	Q1 FY 18	Variance(%)
Total EBITDA			
Total EBITDA as per SEBI Format	1206	1598	-25%
Add Forex Loss/(Gain)	383	-32	
Total Adjusted EBITDA	**1588**	**1567**	**1%**
Port EBITDA			
Total Port EBITDA	997	1211	-18%
Add Forex Loss/(Gain)	383	-32	
Total Adjusted Port EBITDA	**1380**	**1179**	**17%**

Consolidated Financial Performance –SEBI Format (Rs. In Cr)

(` Crores)

Sr. No.	Particulars	Quarter Ended			Year Ended
		June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
1	a. Revenue from Operations	2,411	3,183	2,745	11,323
	b. Other Income	293	304	214	1,011
	Total Income	**2,704**	**3,487**	**2,960**	**12,334**
2	**Expenditure**				
	a. Operating Expenses	580	967	962	3,232
	b. Employees Cost	119	120	118	447
	c. Depreciation / Amortisation	323	299	296	1,188
	d. Foreign Exchange (Gain) / Loss (net)	383	220	(32)	83
	e. Finance Cost	-	-	-	-
	Finance Cost	321	330	330	1,257
	Derivative (Gain)/Loss	(67)	62	95	238
	f. Other Expenses	123	165	99	498
	Total Expenditure	**1,781**	**2,162**	**1,867**	**6,945**
3	**Profit from Operations before Tax (1-2)**	**922**	**1,325**	**1,092**	**5,389**
4	**Add/(Less) exceptional items (net of tax)**	**-**	**-**	**-**	**(155)**
5	**Profit before share of profit from joint ventures and tax (3+4)**	**922**	**1,325**	**1,092**	**5,234**
6	**Tax Expense (net)**	**225**	**396**	**329**	**1,544**
	Current Tax	233	415	317	1,546
	Deferred Tax	19	33	41	93
	Tax (credit) under Minimum Alternate Tax (MAT)	(27)	(52)	(29)	(95)
7	**Profit after tax and before share of profit from joint ventures (5-6)**	**697**	**929**	**763**	**3,690**
8	Share of profit from Joint Ventures	-	-	5	-
9	**Net Profit for the Year (5+6)**	**697**	**929**	**768**	**3,690**
	Attributable to				
	a. Equity holders of the parent	691	927	761	3,674
	b. Non-controlling interests	7	2	7	16
10	Other Comprehensive Income (net of tax) ("OCI")	(0)	11	(1)	10
11	**Net Profit for the Period (7-8)**	**697**	**940**	**766**	**3,700**
	Attributable to				
	a. Equity holders of the parent	**691**	**938**	**760**	**3,683**
	b. Non-controlling interests	7	3	7	17

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