Adani Ports and Special Economic Zone Limited

Operational & Financial Highlights – H1 FY18

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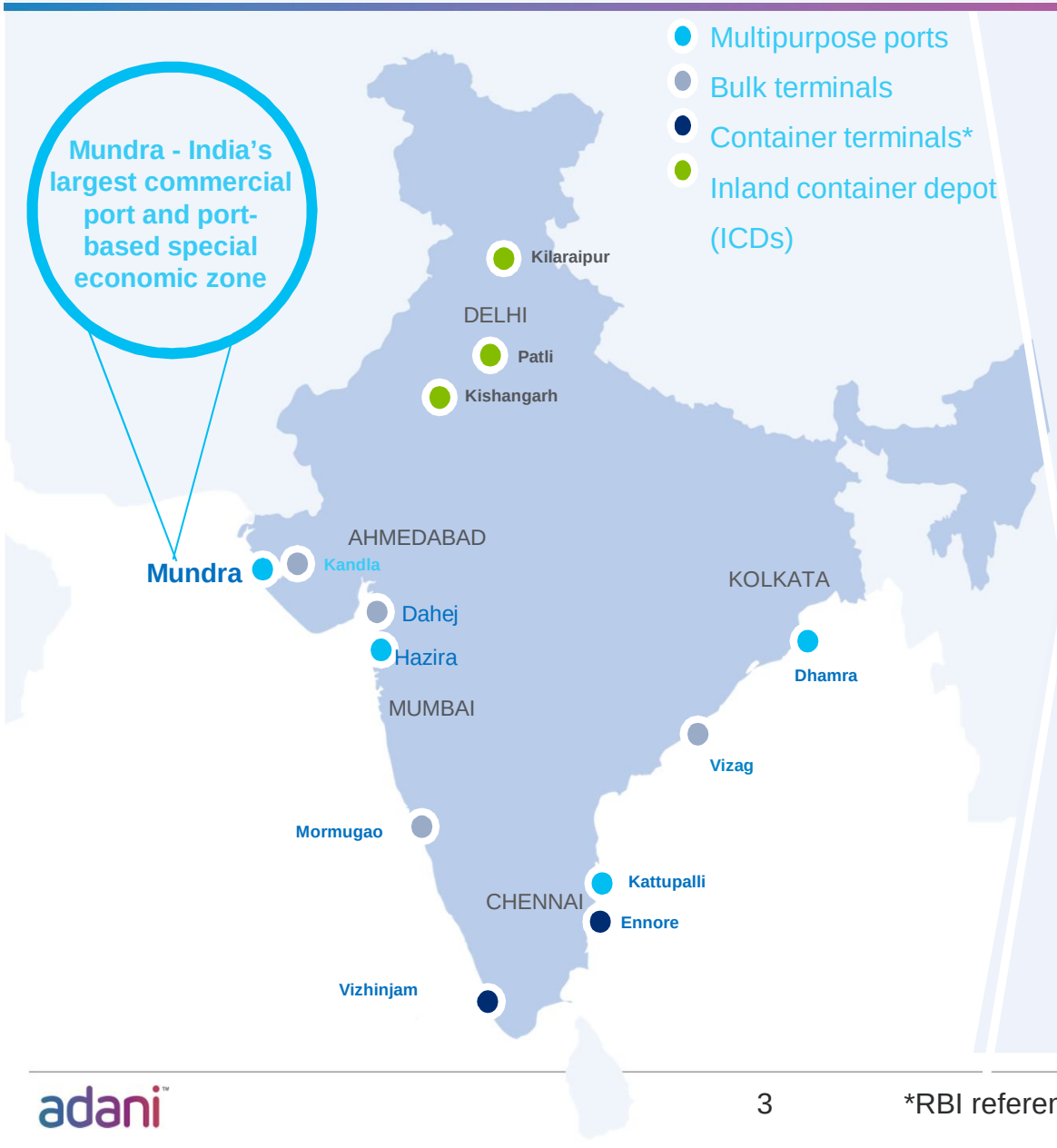
India’s largest port operator and integrated logistics player



- 10 strategically-located ports
- Unique multi-cargo, multi-location footprint
- Infrastructure connects to 90% of economic hinterland
- Integrated logistics providing door-to-door services to domestic as well as multinational customers
- Market cap of *13.7 USD Billion
- Market Share of more than 15% *

*RBI reference rate as on 10th Nov, 2017 – 65.01

APSEZ : Unique integrated business and operating model across the value chain

Ports

- Concession assets in a supportive regulatory environment with commercially negotiated free pricing*
- Weighted average concession period of 28 years
- Handling multi and complex cargo

Logistics

- Container rail operations across all Indian ports; 20 year license
- Three inland container depots for warehousing
- Enhancing connectivity between ports and origin / destination of cargo

SEZ

- Land bank of over 8,000 hectares
- Services integrated between land bank and port
- Focus on developing industry cluster in a transport and logistics hub
- Revenue from upfront premium and recurring, annual lease rentals

Marine

- 19 dredgers#
- 24 tugs

Port development

- 12.9KM quay length
- 45 berths
- 19 terminals

Handling

- 85 cranes
- 118 RTGs
- 100KM conveyors

Storage

- 3.2 MN sq. mtrs bulk storage
- 0.9 MN KL tankages
- 37,800 container ground slots

Logistics

- 303KM rail length
- 13 locomotives
- 3 ICDs
- 24 rakes

* Only greenfield projects

#Including 2 ordered

Operational Highlights – H1 FY18 (YOY)

- Cargo volumes at 87 MMT
- In addition, ABPO (Australia) handled 13 MMT
- Container Volumes grew by 19 % vs 12% All India Growth – Market Share increases to 33% from 31% in H1 FY 17

  - Growth at Kattupalli by 29 %, Mundra 18% and Hazira 17 %.

- HMEL (Mundra) goes for planned maintenance for 90 days in H1FY18 – crude volumes lower by 2.6 MMT than anticipated.
- Dhamra volume flat - one of the Berths at Dhamra was shut down for upgradation for 23 days and mechanization of other berths led to some drop in anticipated volumes– Now four berths operational – Handled first Fertilizer Vessel

If HMEL and Dhamra had done same volume like H1 FY 17 our cargo growth would have been 7%

Operational Highlights – H1 FY18 (YOY)

- **Other bulk cargo (i.e. excluding Coal) grew by 12%.**
  Of this, Agri products grew by 79 %, Chemicals 26%, Minerals by 20 % and Edible Oil by 6%.

- Cargo Composition – Container 41%, Coal 33% and Others 26%

- Mundra Port grew by 4%, Hazira by 10% and Kattupalli by 28%.

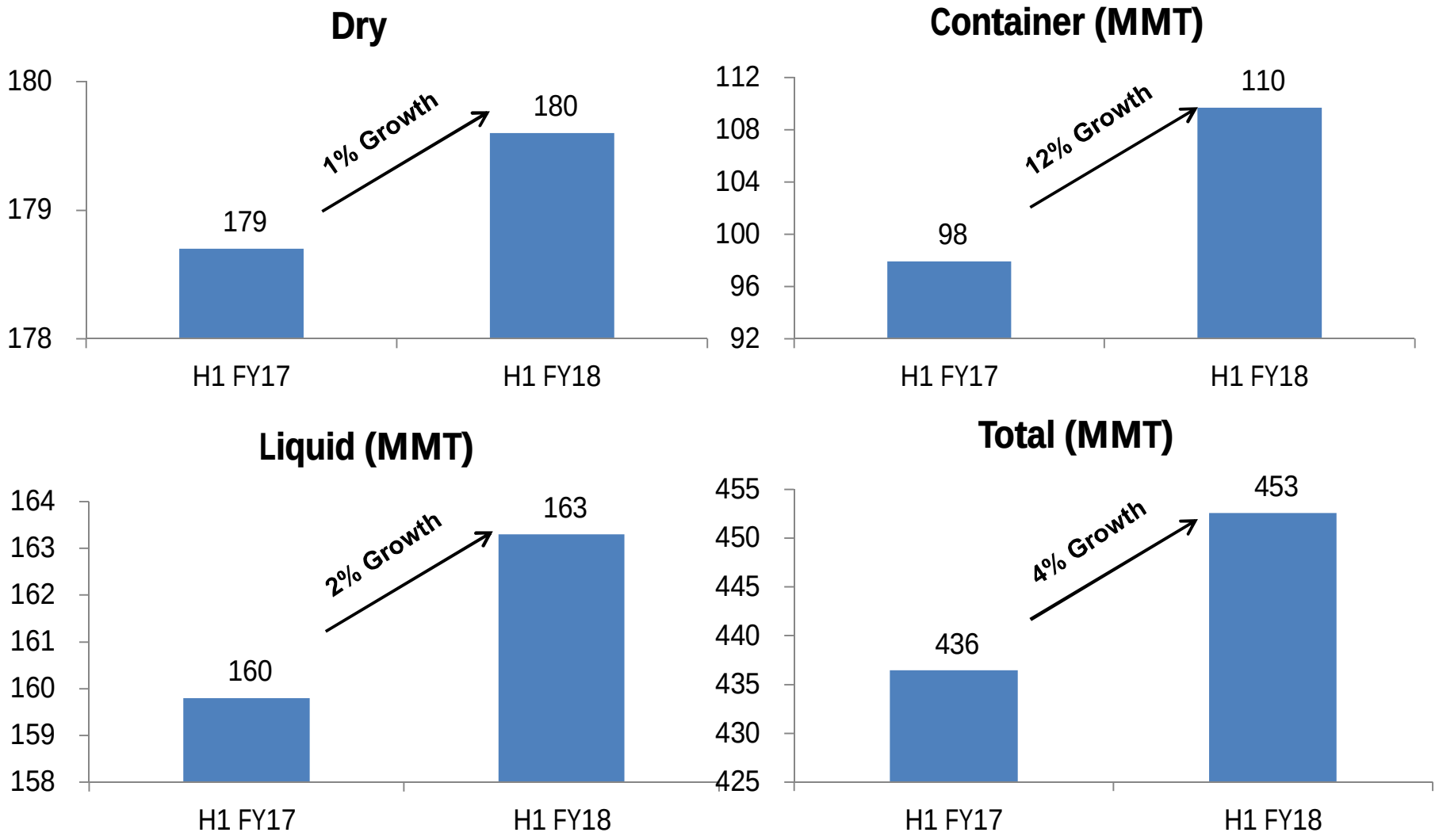
- Mundra Port - Handled biggest parcel size in a container vessel in India – 10,254 TEUs

- Kattupalli Port handles 43, 000 TEU's in the month of August, 17

- Adani Logistic Ltd., continues to be the **largest private Rail Operator**, Rail volumes grew by 50% to 1,17K TEUs and Terminal volumes grew by 10 % to 78K TEUs.

- **APSEZ – Creates record in Operating Efficiencies at Mundra.**
- **Larger ports propelling growth**

Cargo Volume H1 FY18 : All Indian Ports



Above doesn't include transhipment and Coastal volume

All India Ports Data based on market intelligence

Cargo Volumes: Comparison – All Indian v/s Adani Ports

Total India Ports Volume (MT)	Indian Major ports (A)	Growth %	Non Major Ports (B)	Growth %	Total (C) = (A)+(B)	Growth %	Adani Ports	Growth
FY08	519		204		**723**		29	
FY09	531	2%	213	5%	**744**	3%	36	24%
FY10	561	6%	289	36%	**850**	14%	40	13%
FY11	570	2%	315	9%	**885**	4%	52	28%
FY12	560	-2%	354	12%	**914**	3%	70	36%
FY13	546	-3%	388	10%	**934**	2%	91	29%
FY14	556	2%	417	8%	**973**	4%	113	24%
FY15	581	5%	471	13%	**1,052**	8%	144	28%
FY16	607	4%	466	-1%	**1,073**	2%	152	5%
FY17	648	7%	485	4%	**1,133**	6%	169	11%
3 Year CAGR Comparison						**4%**		**8%**

APSEZ volume growth – double than All India Cargo Volume Growth

All India Ports Data based on market intelligence

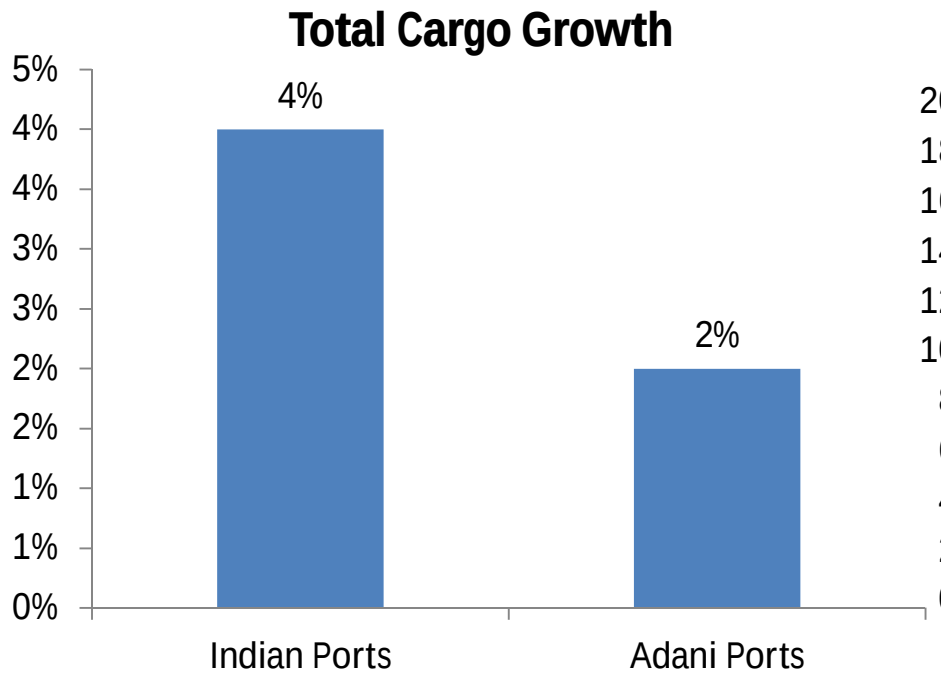
Container Volumes : Comparison – All Indian V/s Adani Ports

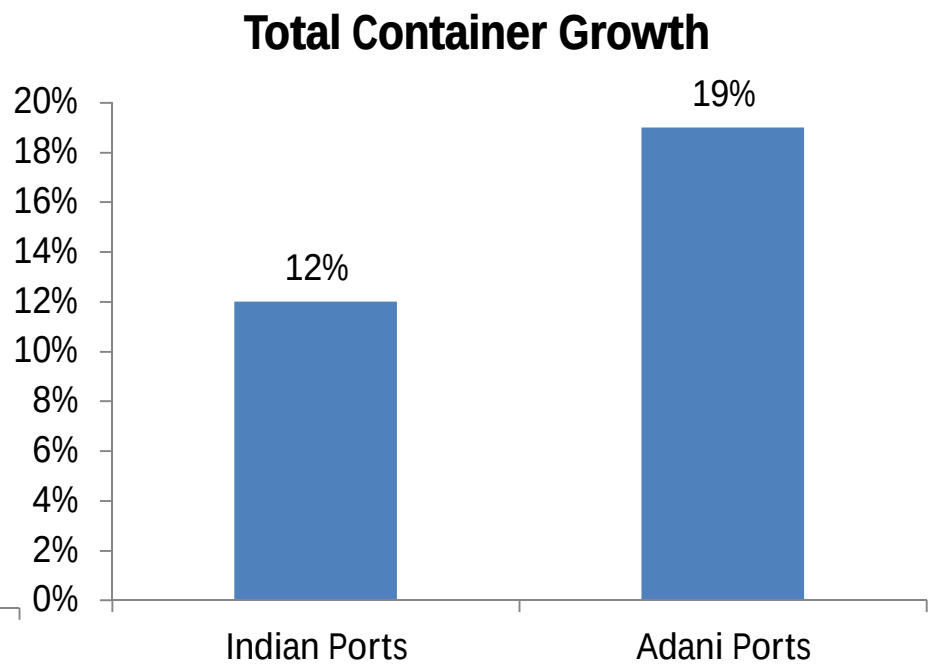
Total India Ports Volume (Million TEUs)	All India Ports	Growth	Adani Ports	Growth
FY09	7.31		0.81	
FY10	7.74	6%	0.92	15%
FY11	8.71	13%	1.23	33%
FY12	9.95	14%	1.52	24%
FY13	10.00	1%	1.75	15%
FY14	10.79	8%	2.40	37%
FY15	11.71	9%	2.87	20%
FY16	12.44	6%	3.30	15%
FY17	13.60	9%	4.24	28%
3 Year CAGR Comparison		**8%**		**22%**

APSEZ volume growth – double than All India Cargo Volume Growth

All India Ports Data based on market intelligence

Cargo Volume H1 FY18: Adani Ports vs All Indian Ports



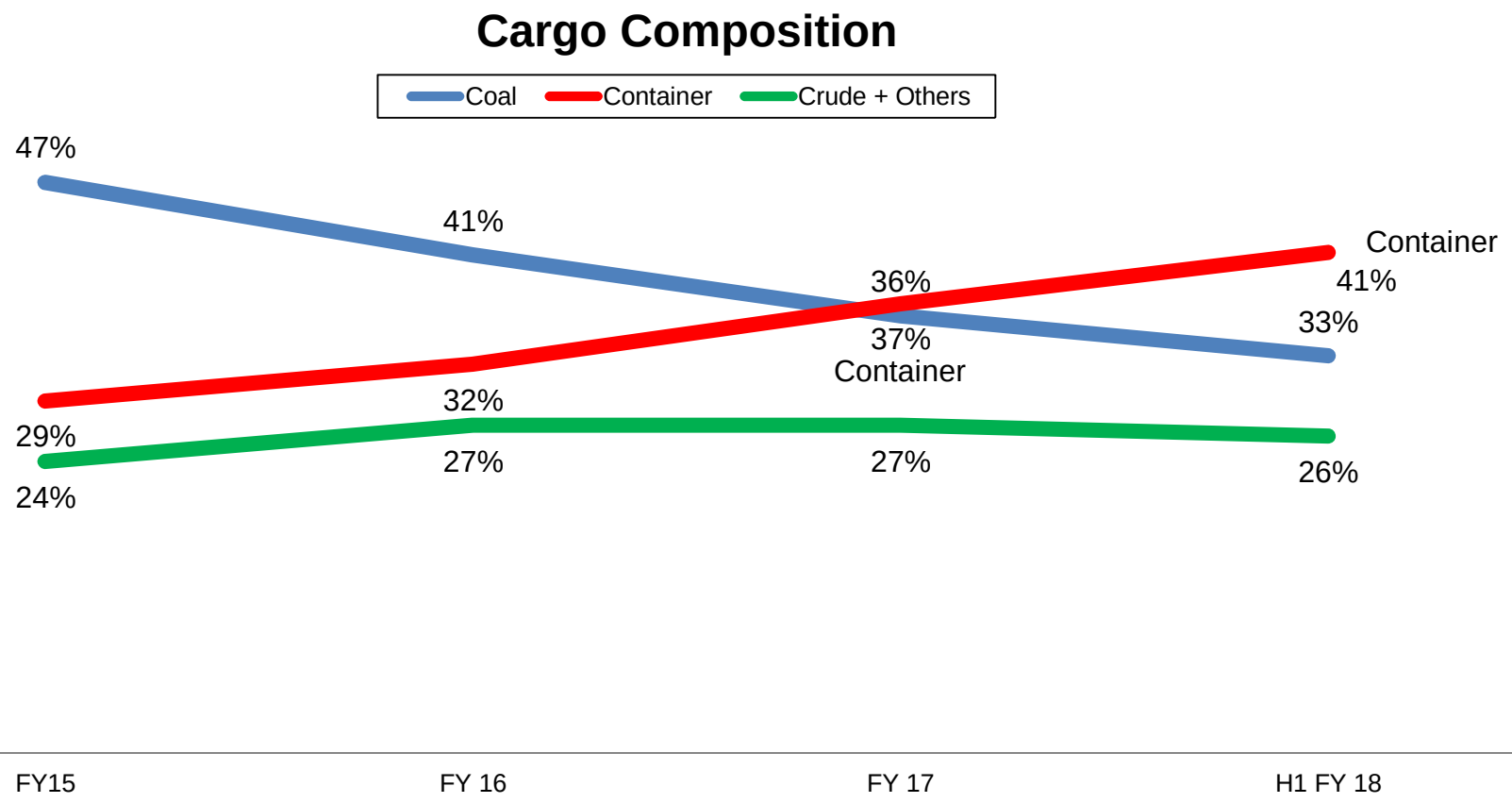


- Cargo growth lower due to
  - HMEL went for upgradation and planned maintenance for 90 days
  - One of the berth at Dhamra was shut down for expansion for 23 days - impacting cargo volumes of 1.33. MMT.
- If HMEL and Dhamra had done same volume like H1 FY 17 our cargo growth would have been 7%
- Container growth continues to outperform All India Container volume growth.

All India cargo doesn't include transhipment and Coastal volume

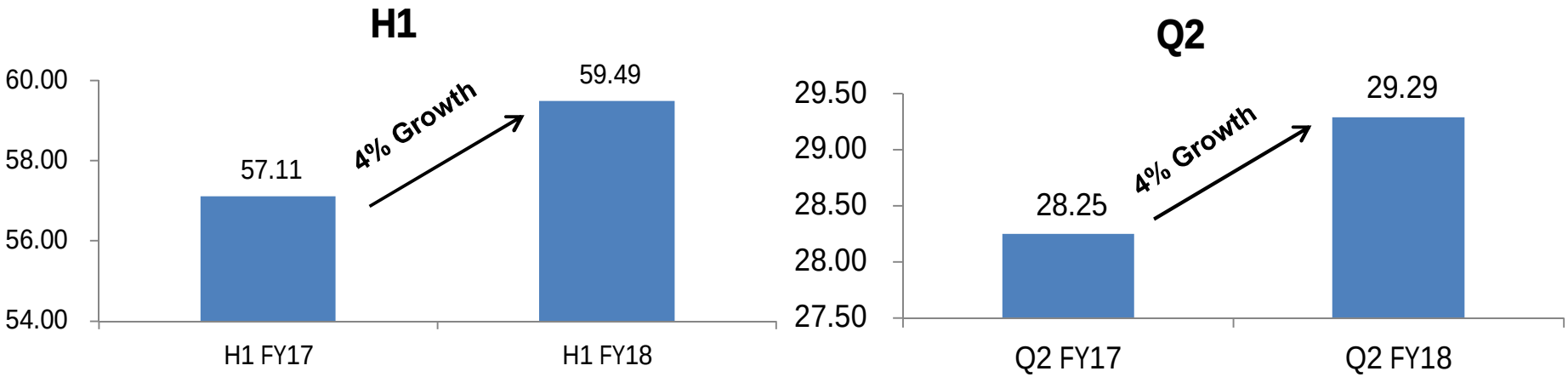
All India Ports Data based on market intelligence

Cargo Composition – Diversification continues …..



Focus would be not to depend on any particular commodity

Mundra continues to grow…..



Commodities Handled at Mundra

- Coal
- Container
- Crude
- Fertilizers
- Steel & Project Cargo
- Minerals
- Others(Agri etc.)

Operating Model of CT3 and CT4

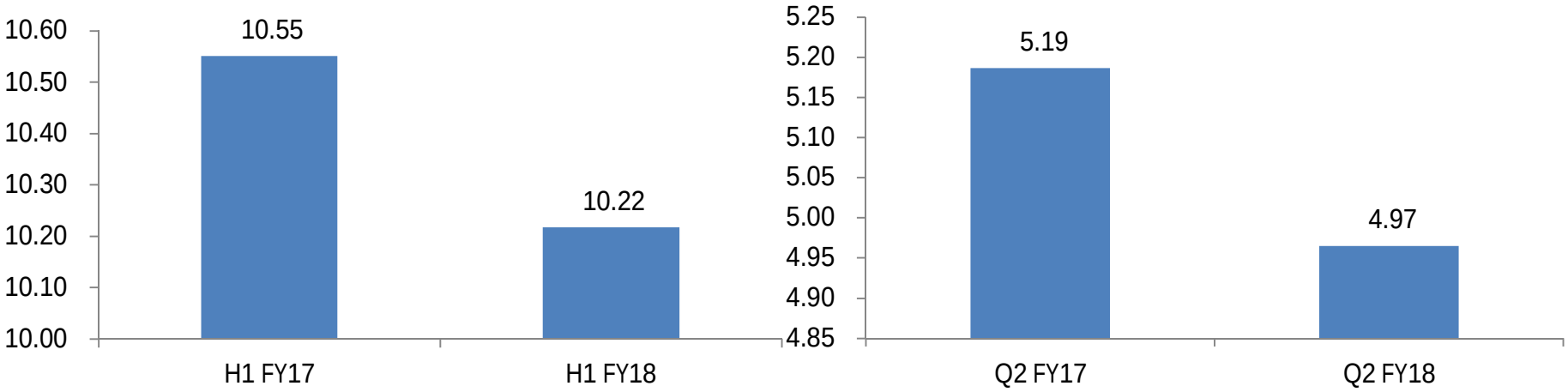
- CT3 – 50/50 JV Between Adani & MSC –
- CT 4 – 50/50 JV between Adani & CMA CGM -
- CT1 leased out to DP world @ 10% royalty pay-out

Operating Model Crude/LNG/LPG

- Dedicated SPM for HMEL and IOCL
- Constructing LNG terminal of 5 MMT (for GSPC)
- Constructing LPG terminal of 3.2 MMT.

HMEL crude was lower than anticipated by 2.6 MMT (due to shut down), had it made up its cargo at Mundra, growth would have been 9% at Mundra.

Dhamra - Will be back on Growth Track in H2 FY18 and FY19



- One of the berth at Dhamra was shut for expansion and mechanization or 23 days thus impacting cargo volumes of 1.33. MMT. If Dhamra had done same volume, the growth at Dhamra would have been 13%.
- Few long term contracts signed effective September'17 – SAIL 7 MMT 3 years MGT Contract, to handle Steel Coils for TATA Steel.
- Thermal Coal movement – NTECL (1 MMT), NLC (1 MMT)
- BSL Slag Cargo to Bangladesh – 0.5 MMT.
- Started handling Fertilizers in Q2 FY 18
- To handle new cargo i.e. Lime Stone, Gypsum, Dolomite and other Fluxes.
- Expect Steel exports & Containers

Volumes lower in H1 due to first phase of expansion & mechanization

Financial Highlights – H1 FY18 (YOY)

Profit & Loss Account

- Consolidated Operating Revenue grows by 36%
- Consolidated EBIDTA grows by 31*%
- Total EBIDTA margin improves by 200 BPS @ 69%*
- Consolidated PBT grows by 21%.
- Port Revenue grows by 5%
- Port EBIDTA grows by 6%
- Port EBIDTA margin maintained @ 70%
- Overall tax charge higher due to Mundra coming out of tax holiday period, but no impact on cash flows due to MAT credit entitlement.

***Total EBIDTA has been calculated excluding forex gain/loss. Fair value measurement cost of Rs. 63 Cr on purchase consideration of Rs. 1450 Cr. paid in FY 17 has been reclassified as finance cost though same has been reported as operating exps as per SEBI format.**

Financial Highlights – H1 FY18 (YOY)

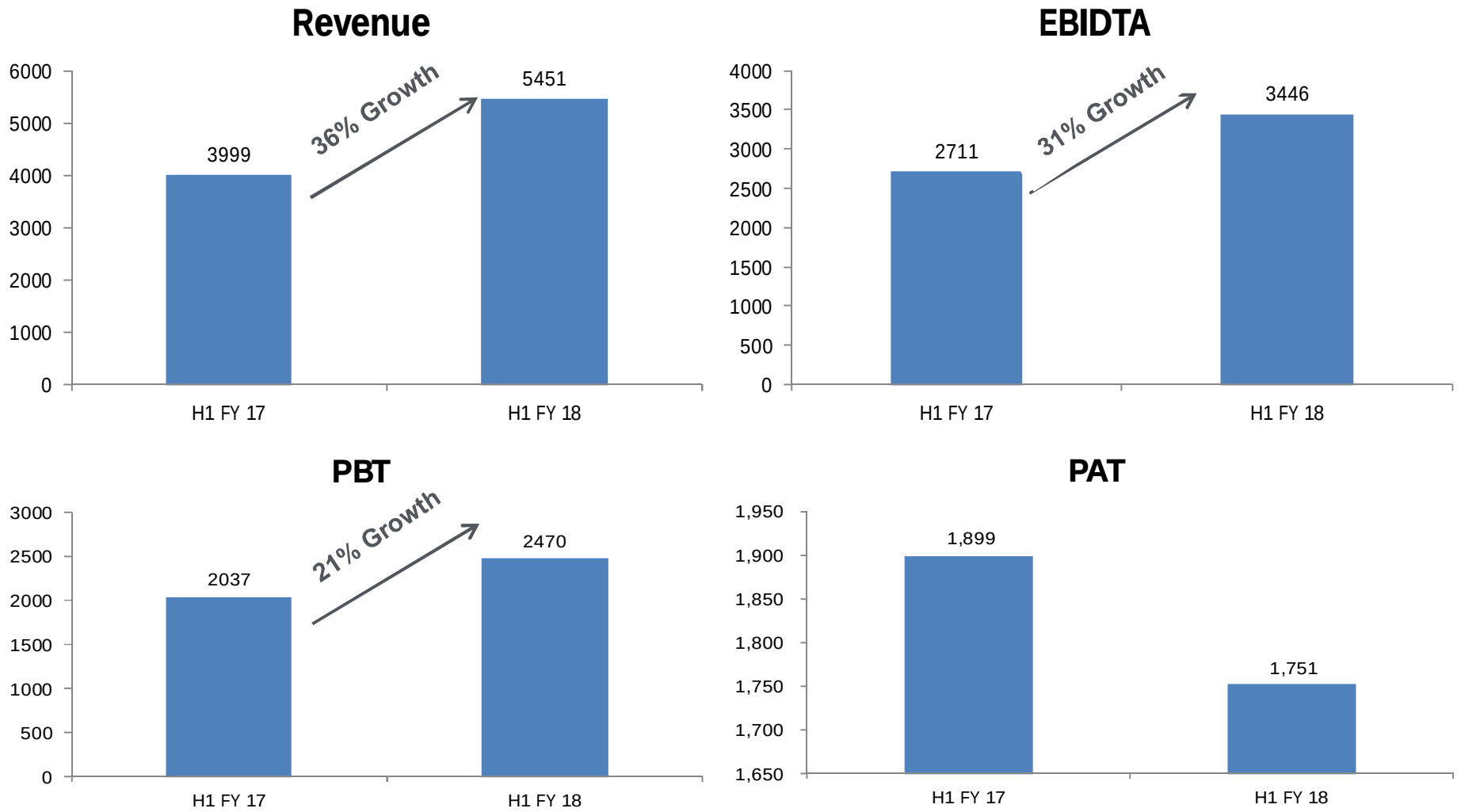
- Logistics Revenue grows by 14%

Balance Sheet

- Net debt reduced by Rs. 737 Crs. at Rs.17864 Crs.
- Net debt to EBITDA improves to 2.64x from 3.27x
- Free cash-flows of Rs. 690 Crs.

As guided in May 17, free cash flows leads to improvement in ROCE and net debt to EBITDA

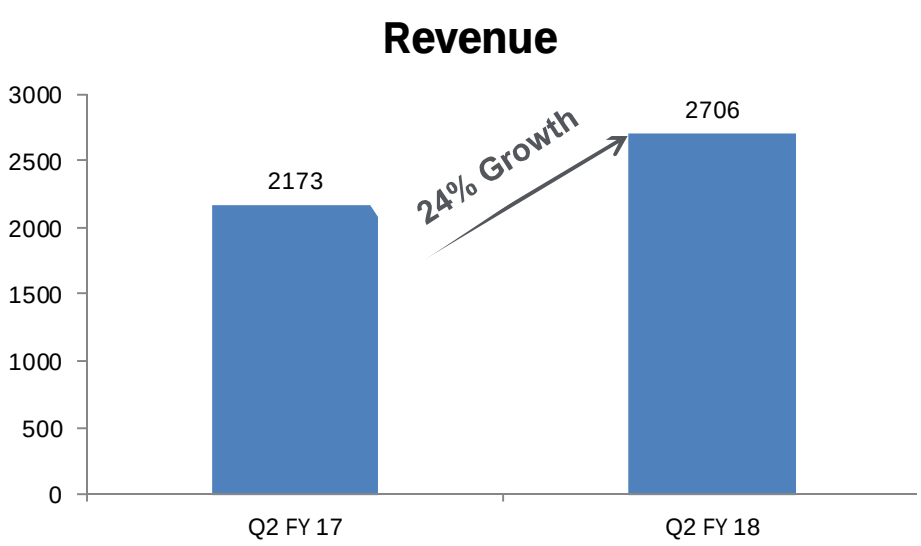
Operating and Financial Performance – H1 FY 18 (Rs. in Cr. except EPS)

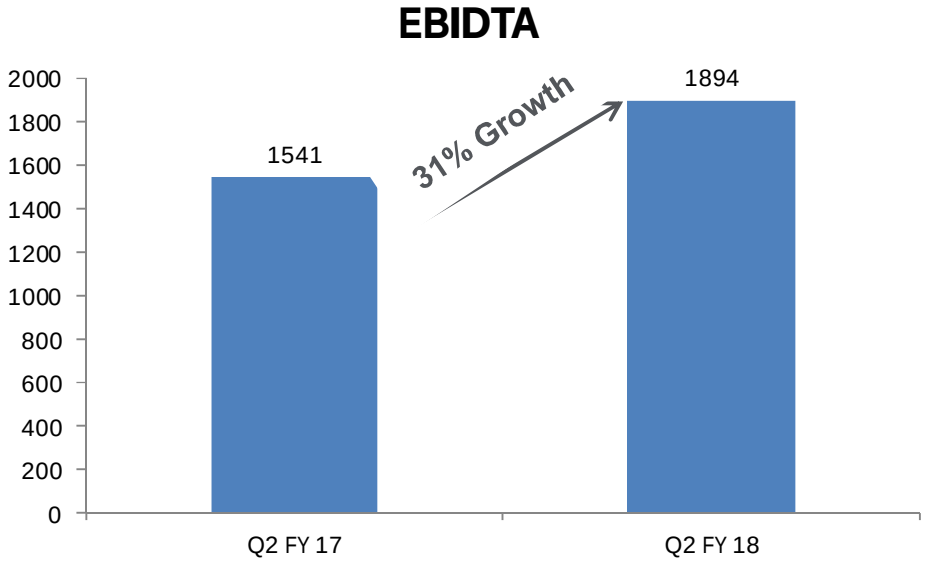


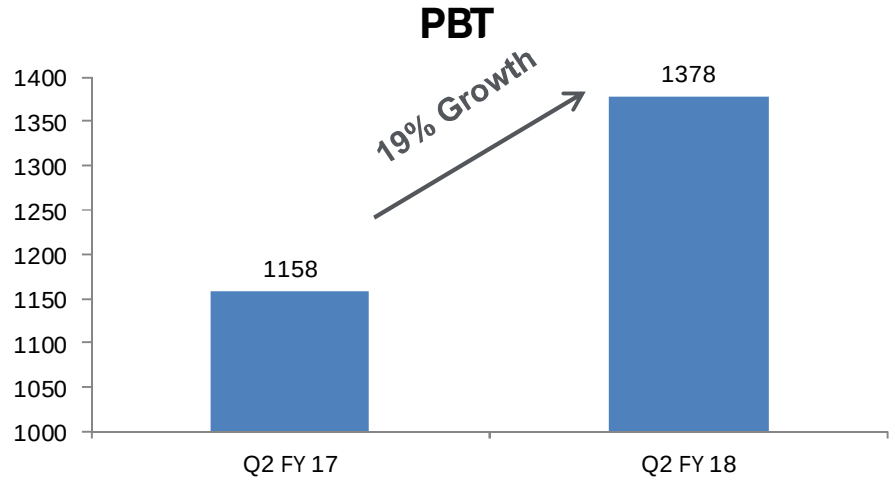
Overall PAT lower due to higher tax incidence…

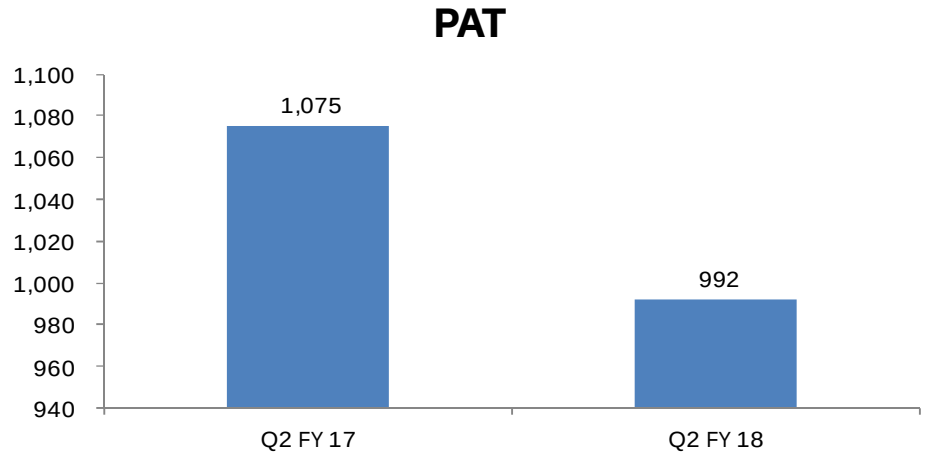
EBIDTA above excludes Forex loss of Rs. 47 Cr in H1 FY 18 vs gain of Rs. 43 Cr. in H1 FY 17. Fair value measurement cost of Rs. 63 Cr on purchase consideratio of Rs. 1450 Cr. paid in FY 17 has been reclassified as finance cost though same has been reported as operating exps as per SEBI format.

Operating and Financial Performance - Q2 FY 18 (Rs. in Cr. except EPS)





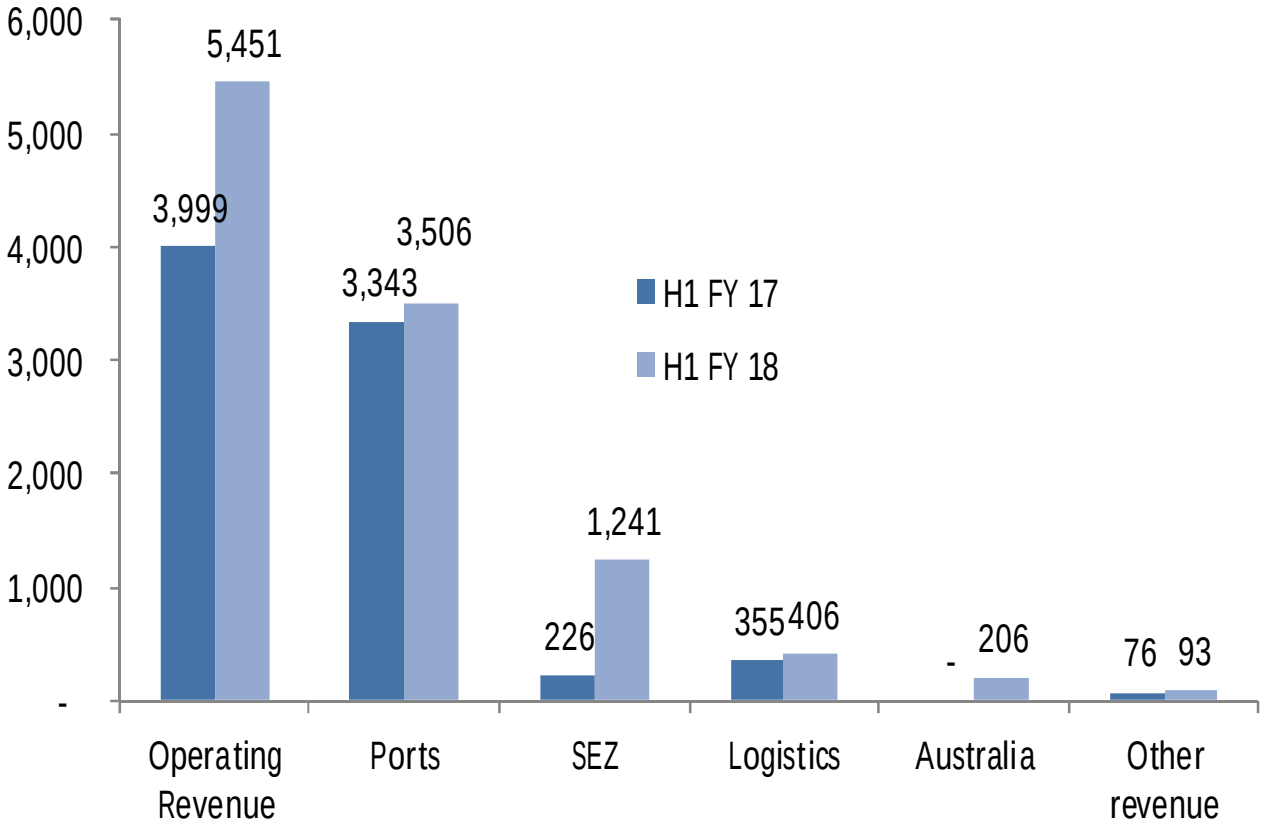




Overall PAT lower due to higher tax incidence…

EBIDTA above excludes Forex loss of Rs. 81Cr in Q2 FY 18 vs gain of Rs. 91 Cr. in Q2 FY 17. Fair value measurement cost of Rs. 31 Cr on purchase consideration of Rs. 1450 Cr. paid in FY 17 has been reclassified as finance cost though same has been reported as operating exps as per SEBI format.

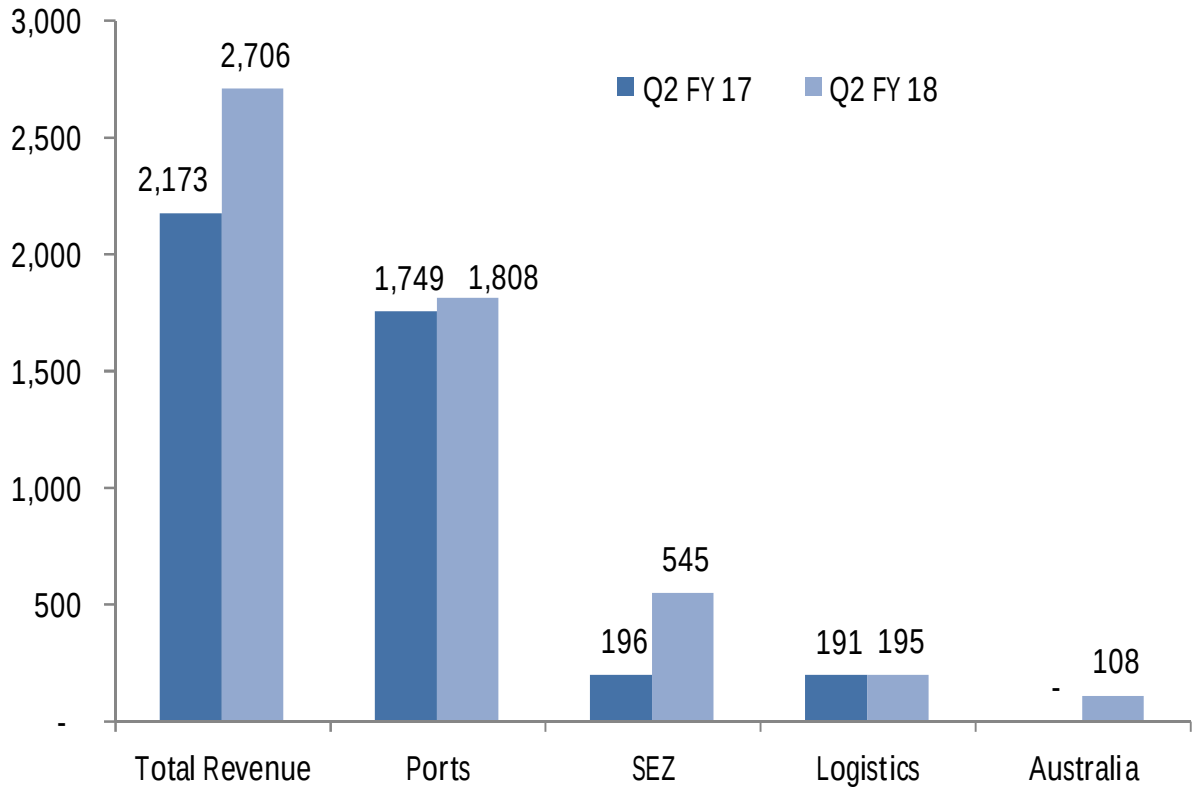
Break Up of Revenue – H1 FY18 (Rs. In Cr.)



Particulars	Growth %
Total Revenue	36%
Ports	5%
Logistics	14%

Growth across all verticals….

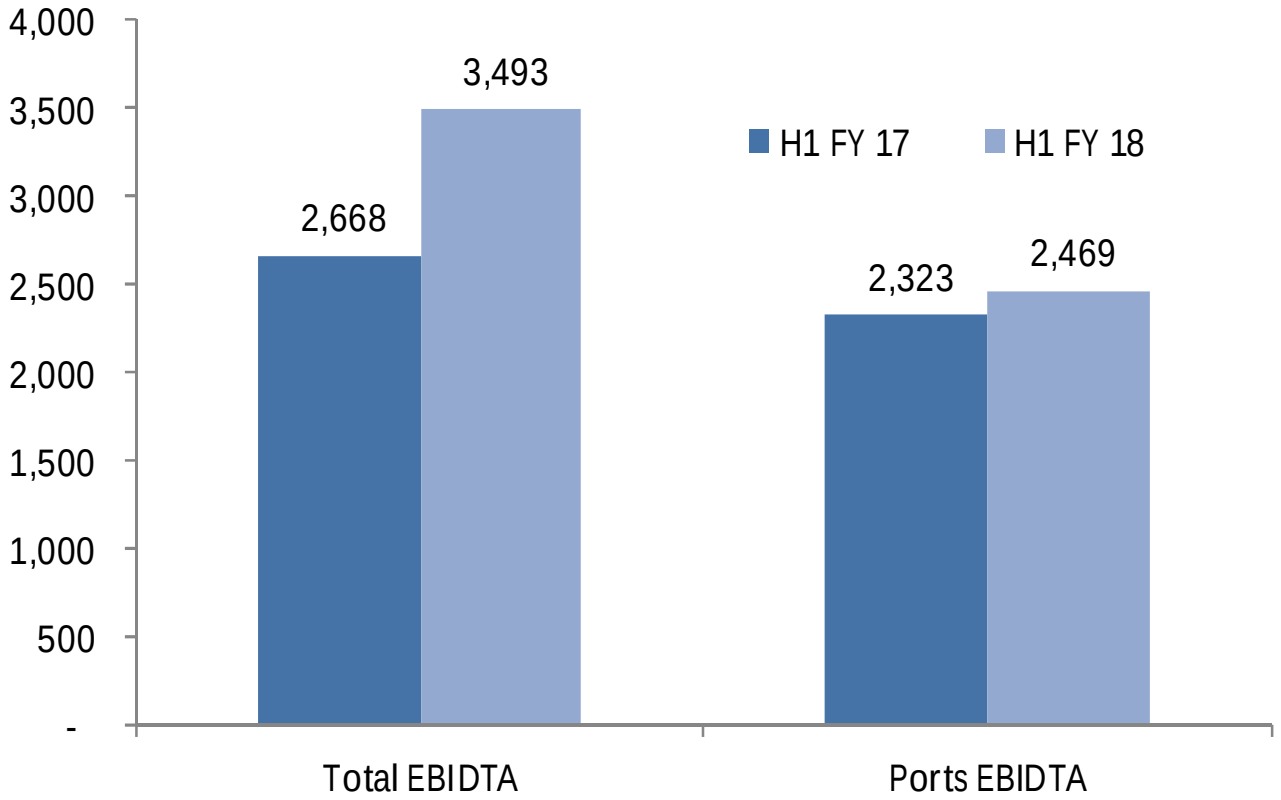
Break Up of Revenue – Q2 FY18 (Rs. In Cr.)



Particulars	Growth %
Total Revenue	25%
Ports	3%
Logistics	2%

Growth across all verticals….

Break Up of EBIDTA H1 FY 18 (Before Forex) (Rs. In Cr.)

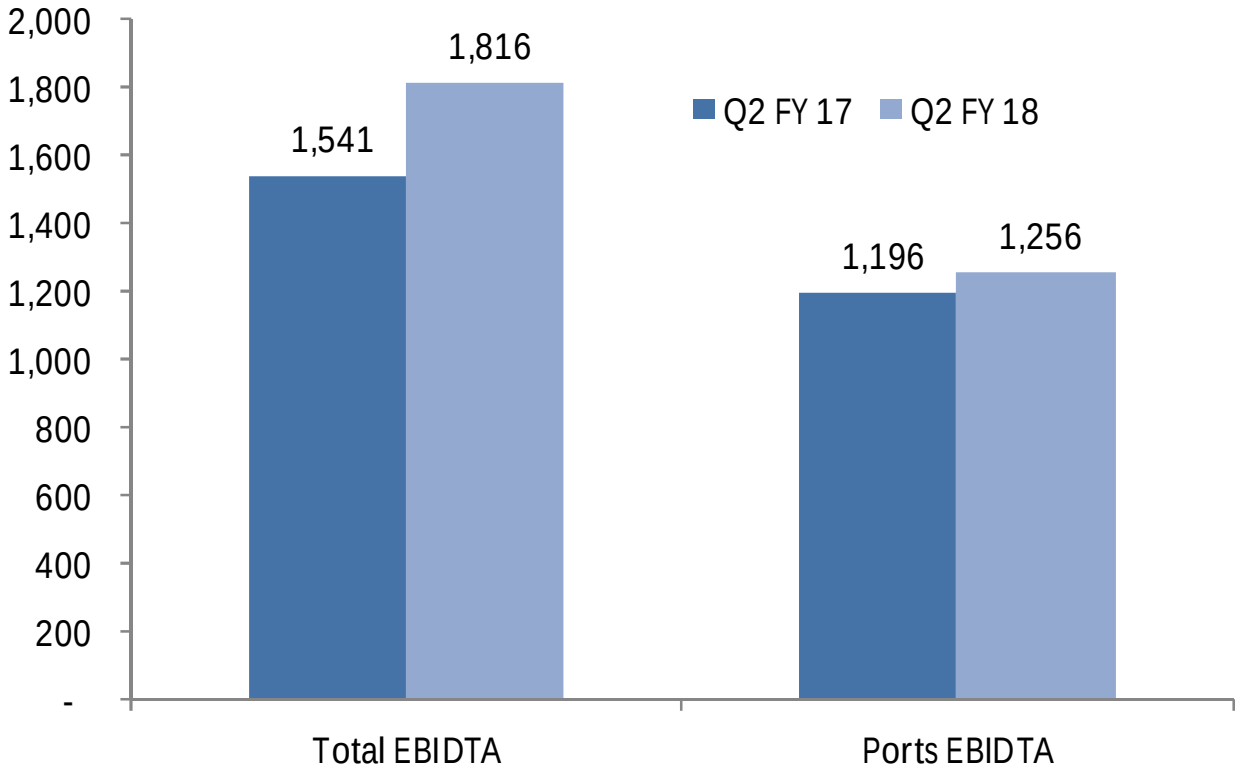


Particulars	Growth %
Total EBIDTA	31%
Ports EBIDTA	6%

EBIDTA above includes Forex loss of Rs. 47 Cr in H1 FY 18 vs gain of Rs. 43 Cr. in H1 FY 17

Better composition and operational efficiency drives EBIDTA margin

Break Up of EBIDTA Q2 FY 18 (Before Forex) (Rs. In Cr.)



Particulars	Growth %
Total EBIDTA	31%
Ports EBIDTA	5%

EBIDTA above includes Forex loss of Rs. 78 Cr in Q2 FY 18 vs gain of Rs. 91 Cr. in Q2 FY 17

Better composition and operational efficiency drives EBIDTA margin

Key Ports & Logistic Vertical Performance (Rs. In Cr.)

H1 FY 18

Particulars	Cargo (mmt)	Cargo Growth	Revenue	EBITDA	EBITDA Margin
Mundra	59.53	4%	3,172	2,141	67%
Dhamra	10.25	-3%	466	300	64%
Hazira	8.11	10%	460	332	72%
Dahej	3.23	-8%	161	109	68%
Logistics (Rail Volume)	1,17,001	50%	406	44	11%

If we exclude SEZ Exps of Rs. 381 Cr, EBIDTA margin for Mundra comes to 77%

Q2 FY 18

Particulars	Cargo (mmt)	Cargo Growth	Revenue	EBITDA	EBITDA Margin
Mundra	29.29	4%	1,527	1,160	76%
Dhamra	4.97	-4%	235	138	59%
Hazira	4.09	3%	222	150	68%
Dahej	1.67	-16%	77	52	67%
Logistics (Rail Volume)	59,538	36%	195	29	15%

Above is based on standalone financials. Consolidated financials eliminates inter company transactions

Better product mix and operational efficiency drives EBIDTA margin

Key Financial Summary – H1FY 2018

(Rs. In Cr.)

Particulars	H1 FY 18	H1 FY 17	Variance (%)	Q2 FY 18	Q2 FY 17	Variance (%)
Operating Revenue						
Ports	3506	3343	5%	1808	1749	3%
Logistics	406	355	14%	195	191	2%
SEZ	1241	226	449%	545	196	179%
ABPO - Australia	206	0		108	0	
Other Income	93	76	23%	50	37	33%
Total Income	**5451**	**3999**	**36%**	**2706**	**2173**	**25%**
SEZ Expenses	**381**	**-**			**-**	
Total Income for computing operational EBITDA	**5070**	**3999**	**27%**	**2706**	**2173**	**25%**
Total EBITDA	3446	2711	27%	1816	1541	18%
EBITDA Margin(%) (After Forex)	68%	68%		67%	71%	
Total EBITDA (Before Forex)	3493	2668	31%	1894	1451	31%
EBITDA Margin(%) (Before Forex)	69%	67%		70%	67%	
Port EBITDA (Before forex)	2469	2323	6%	1256	1196	5%
Port EBITDA Margin(%)	70%	70%		70%	68%	
PBT	2,470	2,037	21%	1,378	1,158	19%
Gross Finance Cost	687	585	17%	326	295	10%
PAT	1751	1899	-8%	992	1075	-8%

1. Gross Finance cost includes Rs. 31 Cr. in Q2 & Rs. 63 Cr. in H1 (represented in operating exps in SEBI format) on account of fair value measurement for purchase consideration of Rs. 1450 Cr. paid in FY 17

Break up of Increase in Tax incidence – H1 FY 18 (Rs. In Cr.)

Particulars	H1 FY 18
Tax as per P&L	710
Less Additional Tax on SEZ EBIDTA	271
Less Incremental tax due to Mundra moving to full tax	362
Less Additional Deferred tax liability	26
Add Tonnage Tax	96
Total tax normalizing above factors	**146**

Tax outflow to remain unchanged due to MAT credit availability of Rs. 2700 Cr.

Net Debt – H1 FY 18 (Rs. In Cr.)

Description	Sept'2017	Mar'2017	Var
Long Term Borrowings	18,586	17,993	593
Short Term Borrowings	2,205	2,534	(329)
Current Portion of Long Term Borrowings	693	959	(266)
Gross Debt	**21,484**	**21,486**	**(2)**
Less Cash and Bank Balances *	2,095	1,977	118
Less Current Investments	1,386	909	477
Less Non Current Investment	140	-	140
Total Cash & Cash equivalent	**3,620**	**2,886**	**735**
Net Debt	**17,864**	**18,600**	**(737)**

Gross debt has gone down by Rs. 111 Cr. but impact on the face of the balance sheet is not visible due to forex loss added to debt.

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

(` Crores)

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
1	a. Revenue from Operations	2,706.11	2,745.14	2,172.64	5,451.25	3,999.22	8,439.35
	b. Other Income	256.01	214.49	237.39	470.50	495.95	1,040.11
	Total Income	**2,962.12**	**2,959.63**	**2,410.03**	**5,921.75**	**4,495.17**	**9,479.46**
2	**Expenditure**						
	a. Operating Expenses	575.20	929.24	552.96	1,504.44	1,008.93	2,167.89
	b. Employees Cost	102.65	118.08	80.48	220.73	157.83	383.14
	c. Depreciation / Amortisation	300.03	295.77	284.55	595.80	567.71	1,160.19
	d. Foreign Exchange (Gain) / Loss (net)	78.39	(31.66)	(90.63)	46.73	(43.33)	(277.44)
	e. Finance Cost						
	Finance Cost	294.56	329.91	294.81	624.47	585.15	1,281.24
	Derivative (Gain)/Loss	68.26	94.89	41.16	163.15	17.25	111.94
	f. Other Expenses	165.10	131.20	88.65	296.30	164.84	473.63
	Total Expenditure	**1,584.19**	**1,867.43**	**1,251.98**	**3,451.62**	**2,458.38**	**5,300.59**
3	**Profit from Operations before Tax (1-2)**	**1,377.93**	**1,092.20**	**1,158.05**	**2,470.13**	**2,036.79**	**4,178.87**
4	**Tax Expense (net)**	**380.89**	**329.35**	**82.18**	**710.24**	**143.18**	**286.63**
	Current Tax	386.22	288.13	48.71	674.35	91.73	111.30
	Deferred Tax	(5.33)	41.22	33.47	35.89	51.45	175.33
5	**Net Profit from ordinary activities (3-4)**	**997.04**	**762.85**	**1,075.87**	**1,759.89**	**1,893.61**	**3,892.24**
6	Share of profit from Joint Ventures	(4.67)	4.67	1.41	-	6.24	9.26
7	**Net Profit for the Year (5+6)**	**992.37**	**767.52**	**1,077.28**	**1,759.89**	**1,899.85**	**3,901.50**
	Attributable to						
	a. Equity holders of the parent	992.08	760.70	1,072.20	1,752.78	1,897.15	3,911.52
	b. Non-controlling interests	0.29	6.82	5.08	7.11	2.70	(10.02)
8	Other Comprehensive Income (net of tax) ("OCI")	(0.30)	(1.05)	2.61	(1.35)	2.06	6.67
9	**Net Profit for the Period (7-8)**	**992.07**	**766.47**	**1,079.89**	**1,758.54**	**1,901.91**	**3,908.17**
	Attributable to						
	a. Equity holders of the parent	**991.78**	**759.65**	**1,074.81**	**1,751.43**	**1,899.21**	**3,919.94**
	b. Non-controlling interests	0.29	6.82	5.08	7.11	2.70	(11.77)

Outlook for FY18

- In H2 FY18, we are likely to grow one and half times of India cargo growth. In Containers also we will grow by one and half times of Pan India container growth.
- Higher proportion of Long Term/Sticky Cargo cushions volume risk
- Port EBIDTA Margins to improve from 69% in FY 17 to 70% in FY 18 due to change in cargo mix, operational efficiency and use of technology.
- Capex – Rs. 2,500 Cr. to Rs. 2,800 cr
- H2 FY 18 would be better than H1 FY 18 both in terms of cargo volume, financials and strengthening of balance sheet. : - Net Debt to EBITDA below 3x, Continue to generate Free cash flows

Focus in H2 would be to further Strengthen financials…..

Cargo Volumes in H2 to be higher than H1

- **Cargo growth drivers :**
  - **Bulk Cargo - Long term contracts signed – To handle new products**
    1) JSW Cement for handling clinker with Minimum Guaranteed volume of 1.2 MMT.
    2) Tata Steel for handling Steel Coil at Dhamra
    3) Agri products at Dahej and Dhamra
    4) Fertilizers and slag cargo (0.5 MMT) at Dhamra
  - **Coal volumes - expected to be at same levels of FY17**
    1) Long term contract with Reliance for 2 MMT each at Hazira and Dahej.
    2) Coastal volumes to increase further - NTCEL (1 MMT), NLC (1 MMT),
    3) SAIL Coking Coal at Dhamra - MGT of 7 MMT in three years commenced from sept, 17

Cargo Volumes in H2 to be higher than H1….Cont…

✓ **Containers volume – expected to grow by 20%**

1. Ennore commissioned and first vessel expected in Nov,17
2. Additional volume growth on account of CT4 at Mundra
3. New services added (IMX, AMED, CIMEX and MESAVA) at Mundra and Hazira – IMX and IMED.
4. New Services expected to call at Kattupalli.
5. Handling of Container at Dharma.

➢ **Crude volumes to be higher than H1FY18 –**

1) HMEL commenced operations
2) HPCL contract from 5 MMT to 8 MMT
3) Hazira port to provide port services to support offshore oil well drilling and completions for one of the leading listed major Oil and Gas entity.

Adani Ports: CSR Initiatives

Education – Spent Rs. 5 Cr. in H1 FY 18

- Underprivileged Children
- Training volunteers for teaching
- Girl Child Education
- Adani Vidyamandir

Health – Spent Rs. 2 Cr. in H1 FY 18

- Mobile dispensary
- Immunization for kids
- Teaching sanitation in rural area
- HIV /AIDS awareness campaign

Livelihood Development - Spent Rs. 5 Cr. in H1 FY 18

- Vocational training
- Animal Husbandry
- Cattle vaccination
- Skill upgradation

Rural Infrastructure Development - Spent Rs. 1 Cr. in H1 FY 18

- Pond deepening
- Village drainage system
- Check dam construction
- Roads, drinking water, power etc.

Sustainability

CEO's Vision

Our commitment to the environment and the local communities remains unshaken.

APSEZ has consistently poised itself as a sustainability leader in ports & logistics industry while keeping its deep commitment towards Nation Building.

Became first Indian Company in Port Sector by releasing its Sustainability Report on GRI Standards for Year 2016-17.

APSEZ is working towards aligning its reporting and operational practices to the International Standards and Guidelines viz. IFC, OECD, UN Guiding Principles etc.

Key Milestones Achieved

Environment Front

- Conducted Green House gas Inventory Study at Mundra, Tuna, Dahej, Hazira, Goa & Dhamra Ports
- Renewable energy projects:
  - 1.5 MW rooftop Solar Plant at Mundra
  - 6 MW wind turbine for captive use at Tuna, Dahej & Hazira
- Waste Management Initiatives based on Waste to Energy Concept
- Saved 44 tonne paper from Feb-16 till Mar-17

Economic Front

- Conducted Customer Satisfaction Survey in 2017 as the part of our Customer Centricity
- Initiated stakeholder engagement Perception Study
- Developed Integrated Management System at Mundra, Tuna, Dahej, Hazira, Goa with certification of following ISO Standards:
  - ISO 9001:2015
  - ISO 14001:2015
  - OHSAH 18001:2007
  - ISO 28000:2007 (At Mundra)

Social Front

- Grievance Management System for all stakeholders (External & Internal) becomes operations on the website of Adani Ports
- Conducted the impact assessment survey for our CSR initiatives

Adani Kattupalli Port Awarded - Container Handling Port of the Year at South East CEO Conclave and Award Function , Chennai

Mr.P.K.Das (Chief Commissioner of Customs) & Mr.Xavier Britto (Chairman Indev Logistics) awarding Capt.Jeyaraj, Mr.Rajkumar, & Mr.Shahzad on 30th June 2017 - (Venue- ITC Grand Chola, Chennai)

Adani Ports and SEZ Ltd. Won GOLDEN PEACOCK AWARD in the 19th WORLD CONGRESS Global conference on Environment. Supreme Court Judge Hon Joseph Kurian presented the Award to Adani Team.

Kattupalli achieving Highest Operations Volume

Thank You

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