Adani Ports and Special Economic Zone Limited

Operational & Financial Highlights – Q1 FY18

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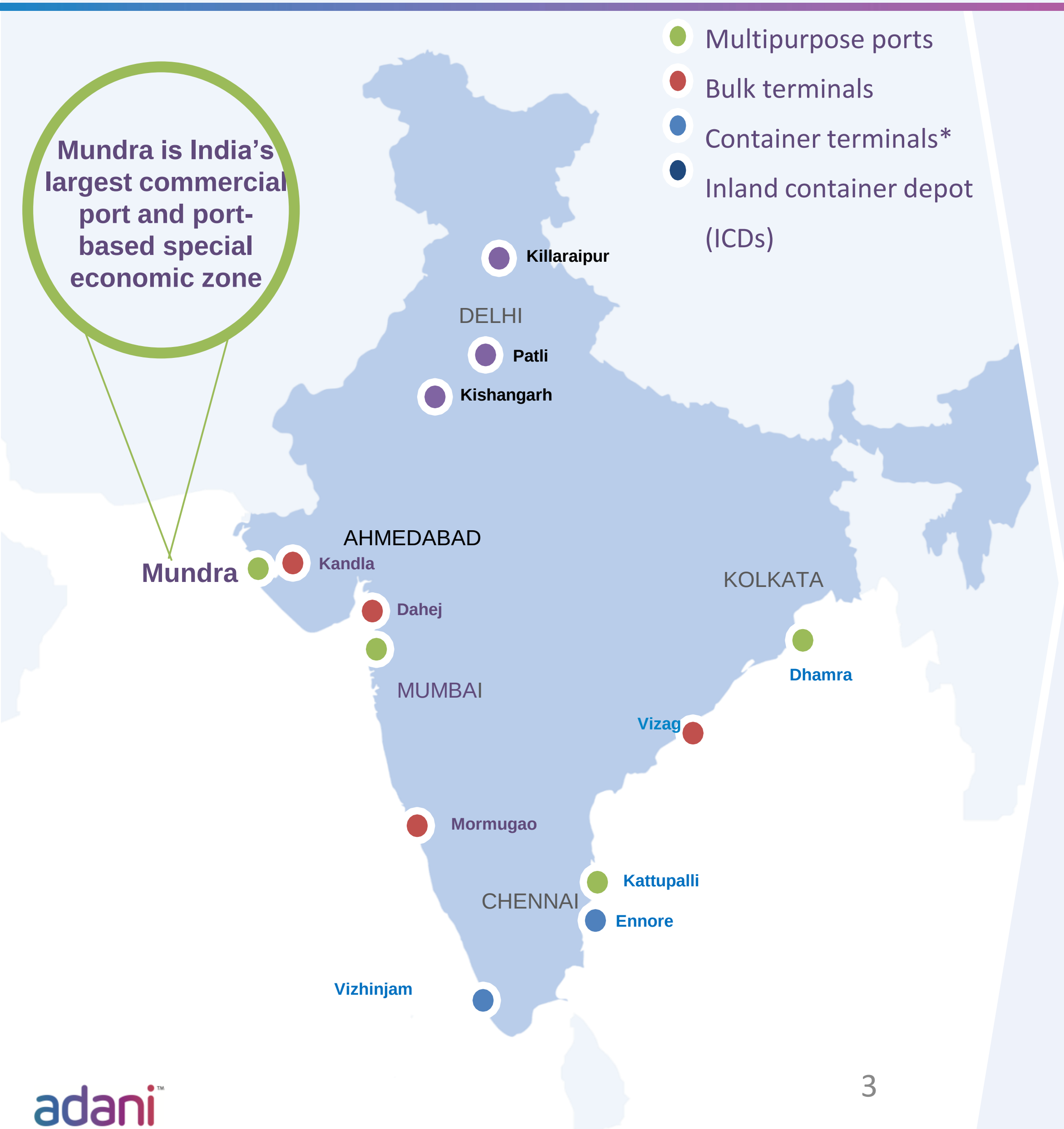
India’s largest port operator and integrated logistics player



- **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 12.4 USD Billion**
- **Market Share of 15% ***

* Data for fiscal year 2017 (Source : Ministry of Shipping)

APSEZ Today: 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

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* Only greenfield projects #Including 2 ordered

Operational Highlights – Q1 FY18 (YOY)

- Cargo volumes at 44 MMT
- Cargo Composition – Container 41%, Coal 35% and Others 24%
- Container Volume at Mundra crossed **1 Mn TEUs for the first time during Q1 FY18**.
- Container volumes grew by **21% (Mundra – 20%, Hazira – 25%, Kattupalli - 31%)**
- HMEL (Mundra) goes for planned maintenance for 63 days during quarter – because of which crude volumes were less by 2 MMT than anticipated.
- ABPO (Australia) handled 6 MMT during quarter

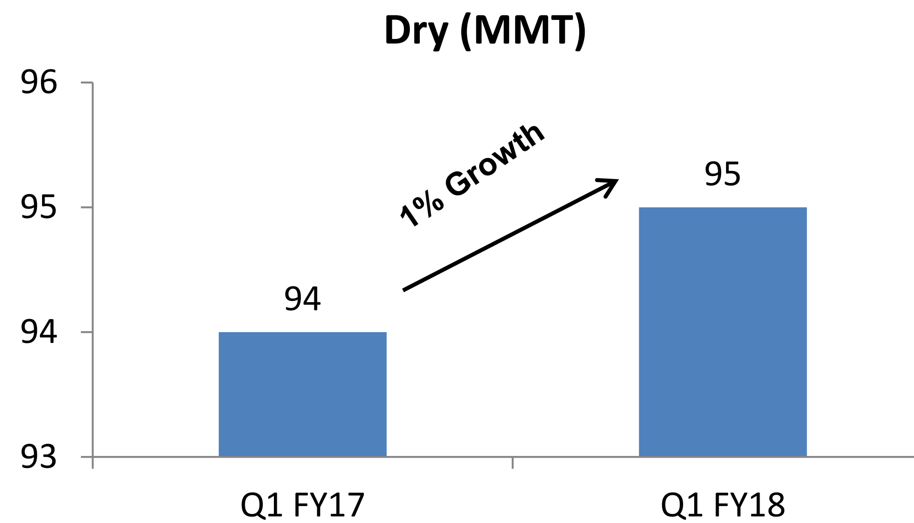
APSEZ – Diversification of Cargo continues

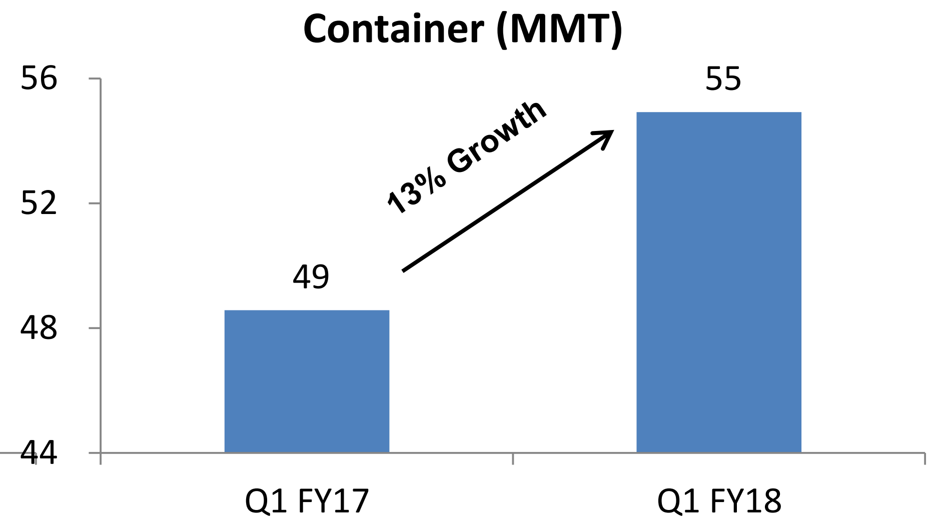
Operational Highlights – Q1 FY18 (YOY)

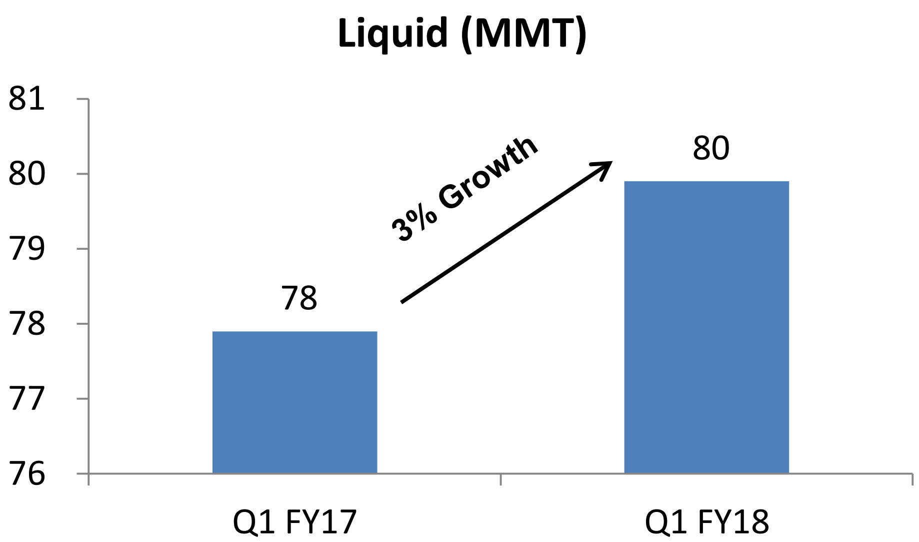
- Mundra Port grew by 5%, Hazira by 19% and Kattupalli by 30%.
- Dhamra volume was flat as one of the Berths at Dhamra was shut due to upgradation for more than 20 days – Now Operational
- Dahej back on growth trajectory – grows by 3%
- **Coal Volumes (15.31 MMT vs 15.71 MMT in Q1 FY17) continues to add value as compared to de-growth of 13% in major ports.**
- ALL continues to be the **largest private Rail Operator**, Rail volumes grew by 69% to 58K TEUs and Terminal volumes grew by 14 % to 74K TEUs.
- Handled biggest parcel size in a container vessel in India - **8307 TEUs** at Mundra
- Adani CMA Mundra Terminal Pvt. Ltd. Commenced operations under JV .

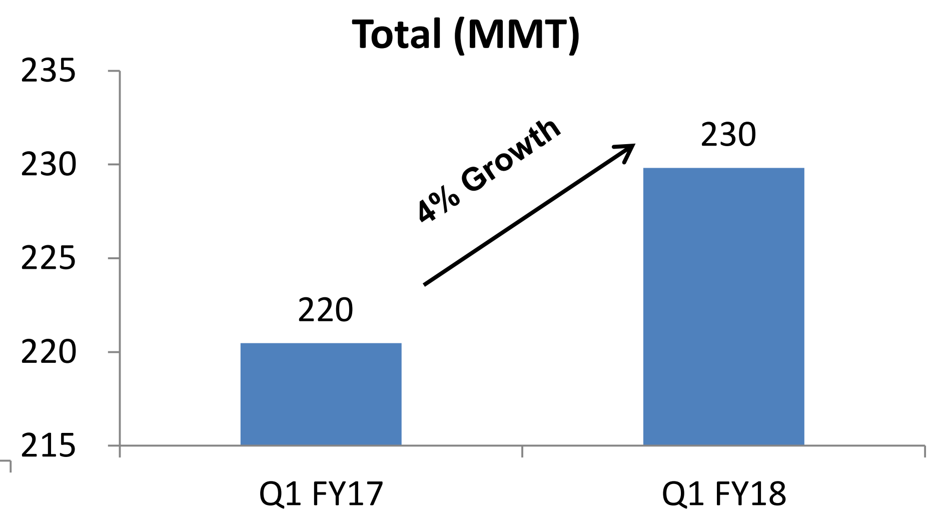
APSEZ – Growth maintained across ports

Cargo Volume Q1 FY18 : All Indian Ports





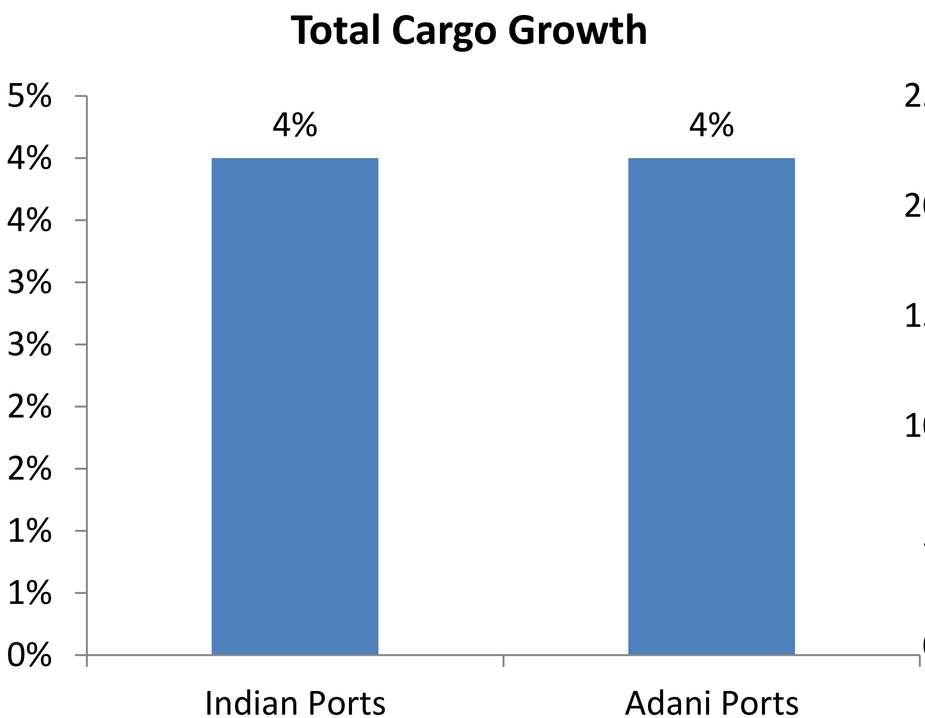


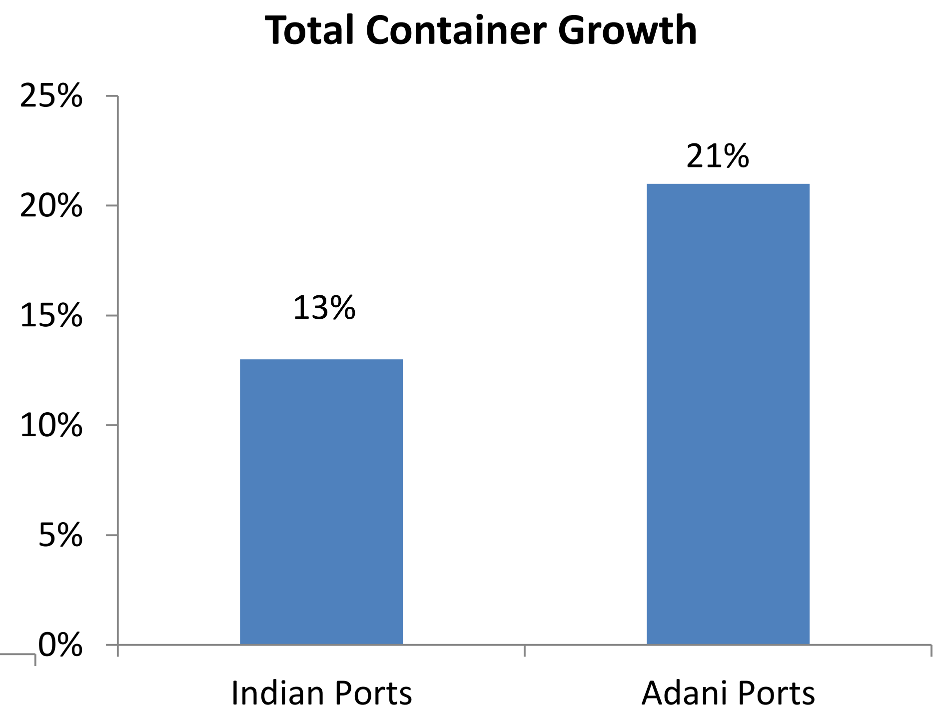


Above doesn't include transhipment and Coastal volume

All India Ports Data based on market intelligence

Cargo Volume Q1 FY18: Adani Ports vs All Indian Ports





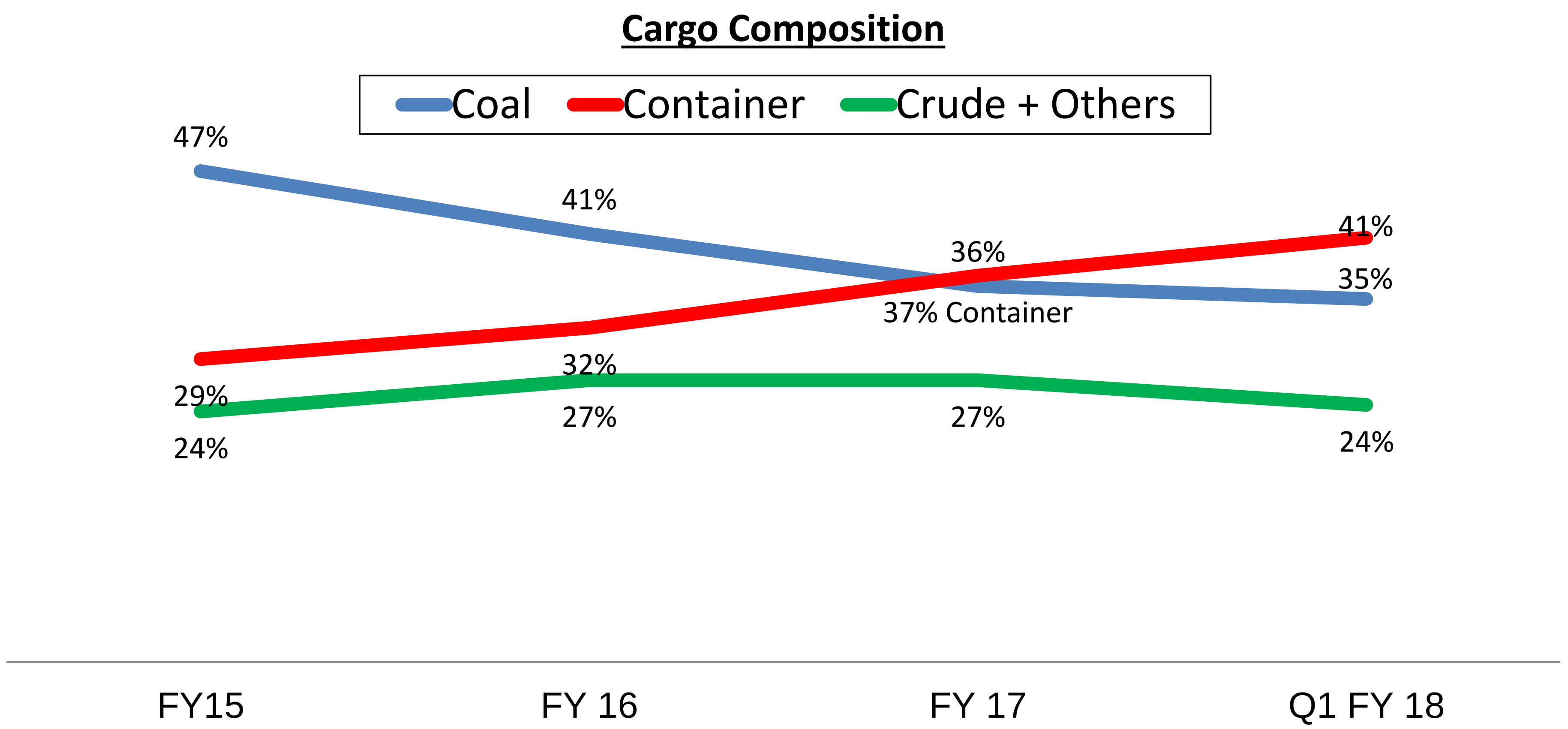
Indian Ports (Cargo)	Adani Ports (Cargo)	Indian Ports (Container)	Adani Ports (Container)
230 MMT	44 MMT	3.76 M/n Teus	1.23 M/n Teus

APSEZ Continues to perform

Above doesn't include transhipment and Coastal volume

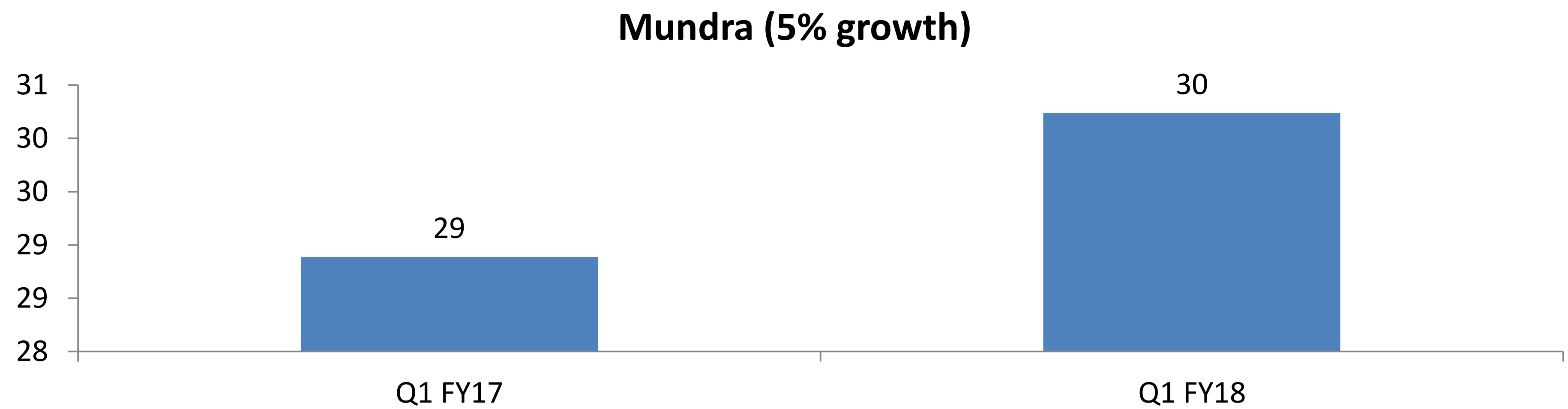
All India Ports Data based on market intelligence

Cargo Composition - Strategy To Diversify Delivers Result



Shift towards Container and Other High Value Cargo continues…..

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

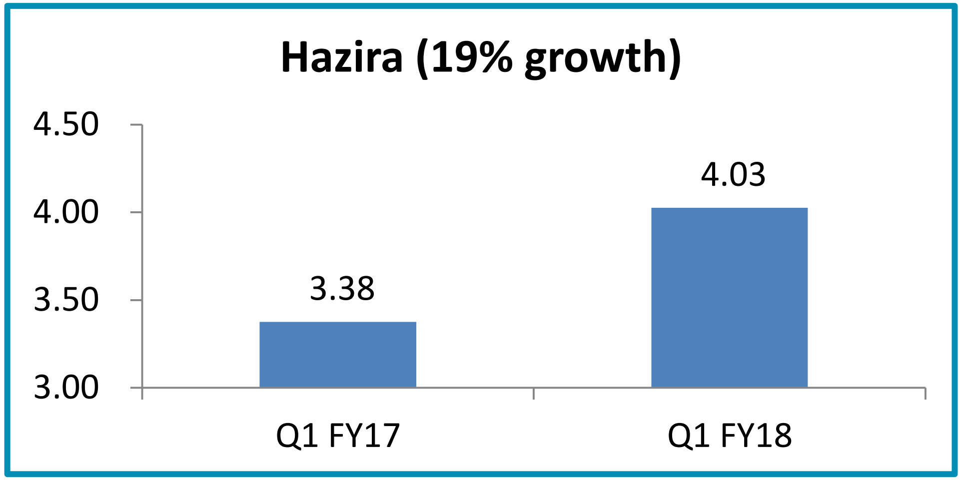
- CT3 – 50/50 JV Between Adani & MSC
- CT 4 – 50/50 JV between Adani & CMA CGM
- CT1 leased out to DP world @ 10% royalty pay-out

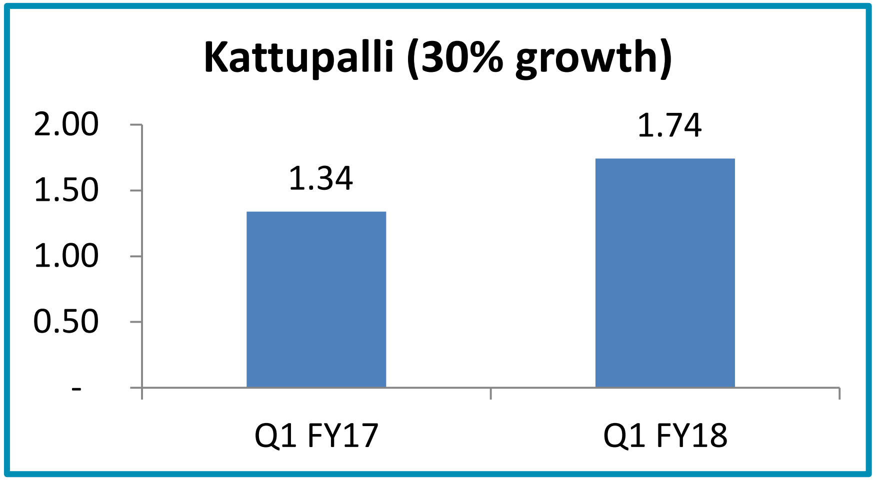
Operating Model Crude/LNG/LPG

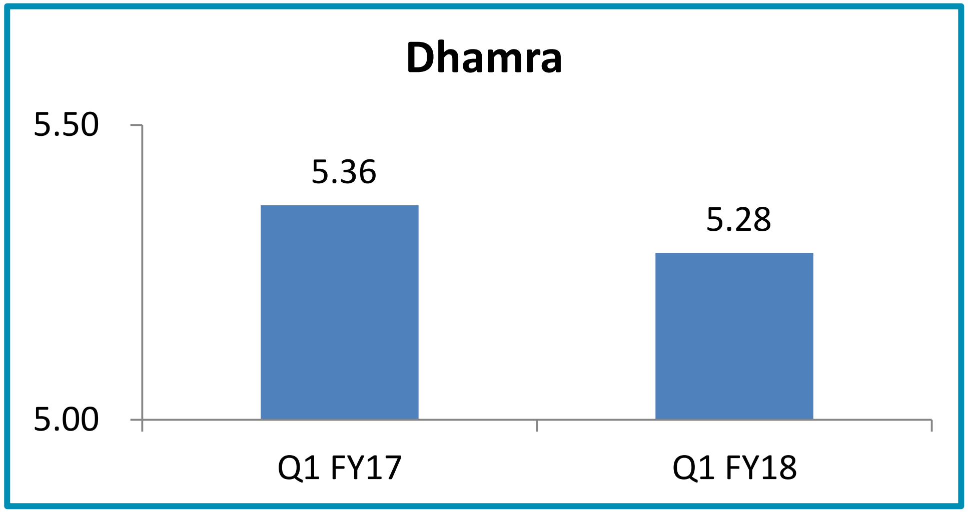
- Dedicated SPM for HMEL and IOCL
- Constructing LNG terminal of 5 MMT (for GSPC)
- Constructing LPG terminal of 3.2 MMT.

HMEL crude was lower than anticipated by 2 MMT (due to shut down), had it made up its cargo at Mundra, growth would have been 10% at Mundra.

Other Ports Propel growth (MMT)







These ports to continue to contribute to overall growth…….

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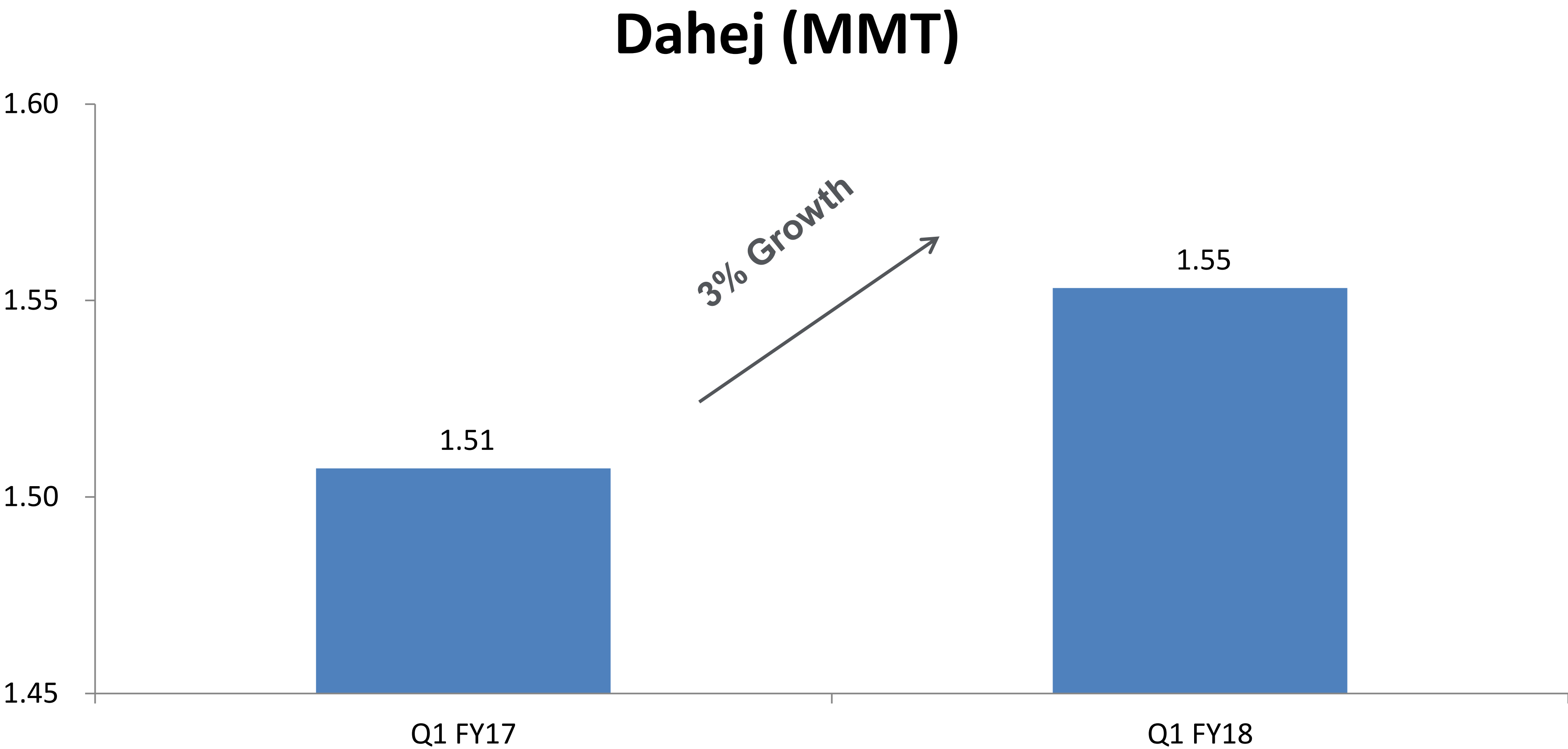
Dahej back to growth trajectory……



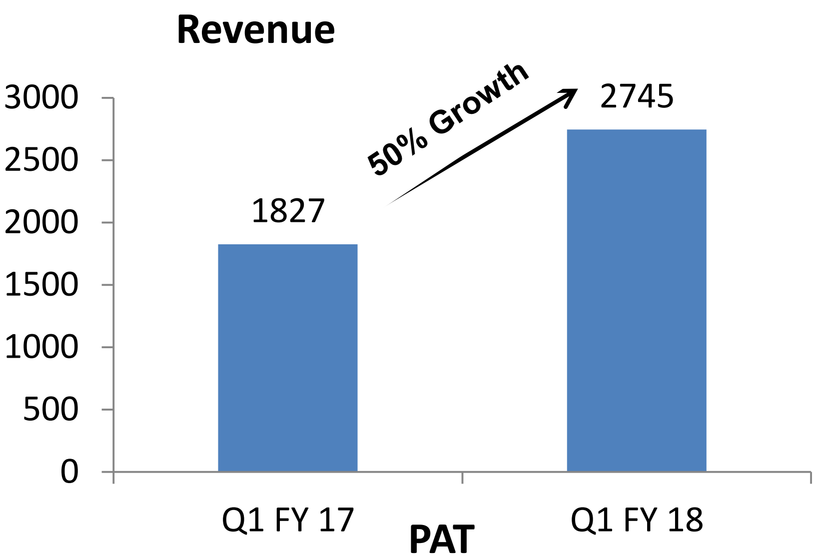
Dahej started handling Fertilizers and Agri Products…

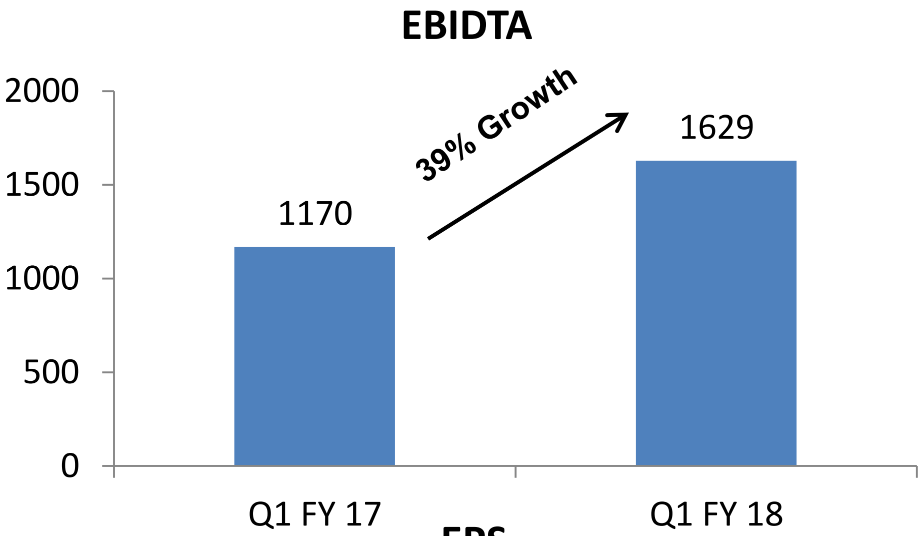
Financial Highlights – Q1 FY18 (YOY)

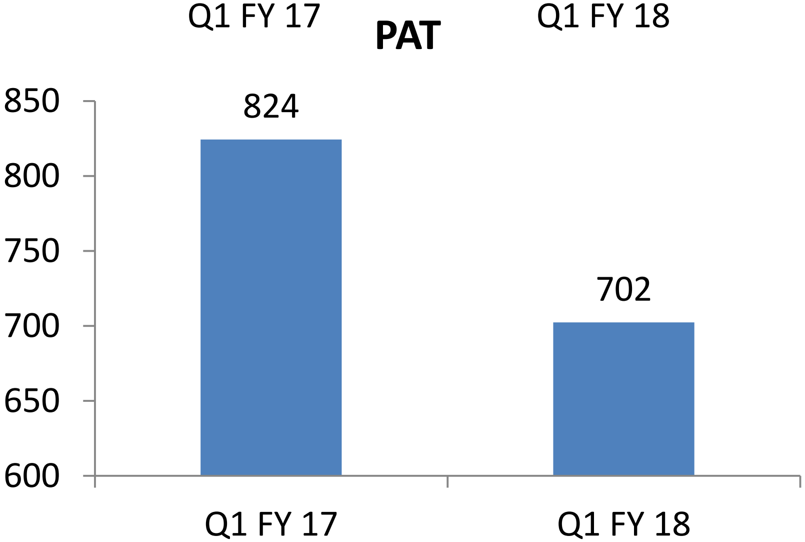
- Consolidated Operating Revenue grows by 50%
- Port Revenue grows by 7%, Logistics Revenue grows by 28%
- Consolidated EBIDTA grows by 39*%, Port EBIDTA grows by 8%
- Total EBIDTA improves by 100 BPS @ 68%*
- Port EBIDTA margins improves by 100 BPS @ 72%.
- Consolidated PBT grows by 24%.
- Overall tax charge higher due to Mundra coming out of tax holiday period, but no impact on cash flows due to MAT credit entitlement.
- Tax benefit on consolidation of Marine business operations to be felt in next 3 quarters (for full FY 18).

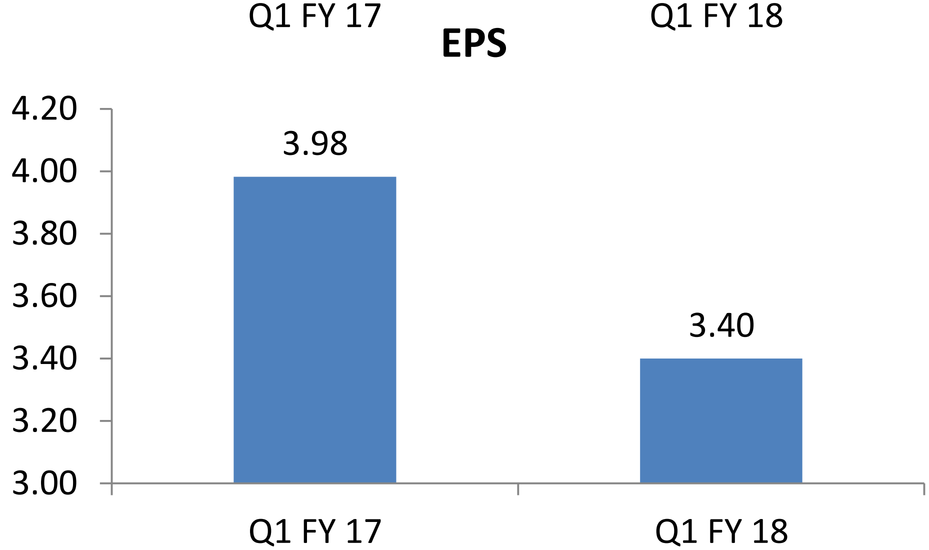
***Total EBIDTA has been calculated excluding port development exps from revenue and forex gain/loss in order to make it comparable. Fair value measurement cost of Rs. 31 Cr on purchase consideration of Rs. 1450 Cr. paid in FY 17 has been reclassified as finance cost though same has been reported as operating exps as per SEBI format.**

Operating and Financial Performance (Rs. in Cr. except EPS)





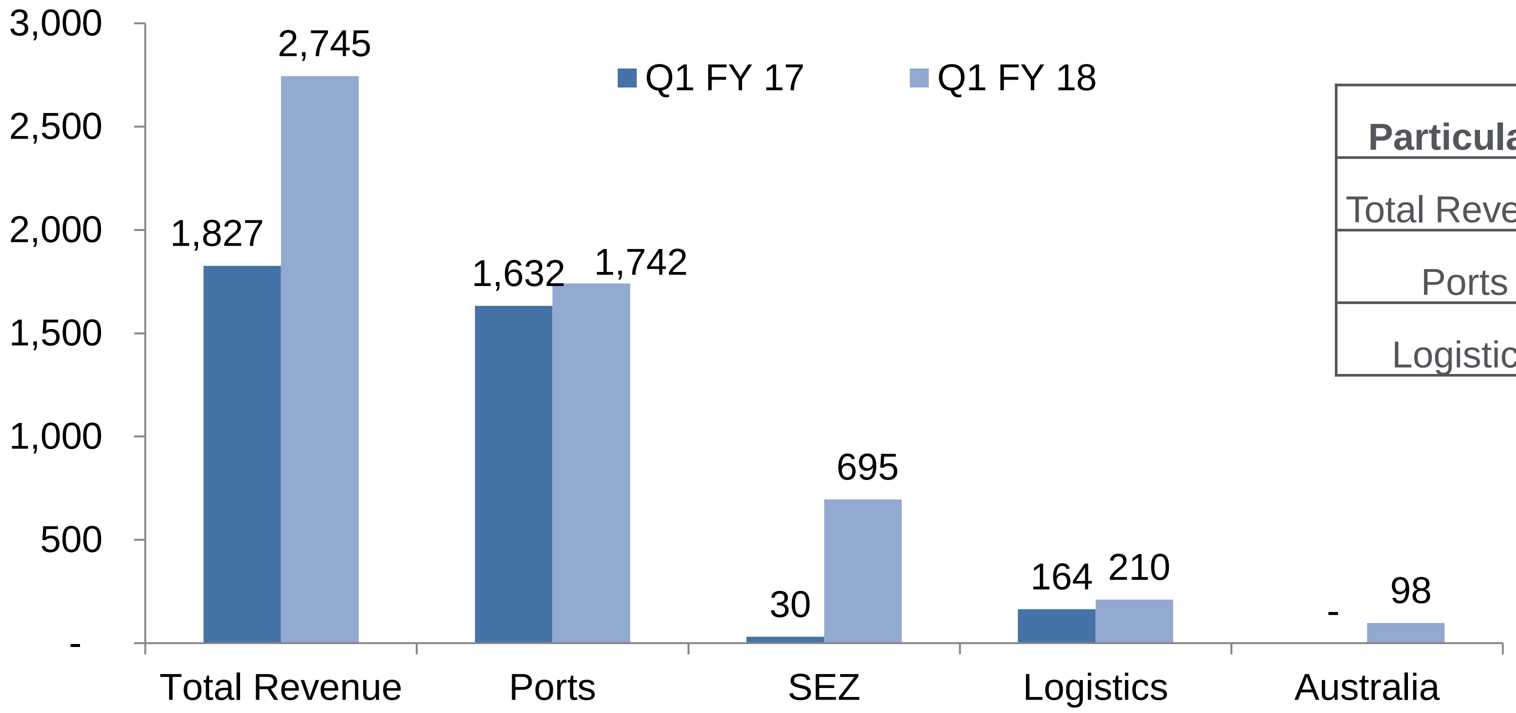




Overall PAT lower due to higher tax incidence…

EBIDTA above includes Forex gain/Loss

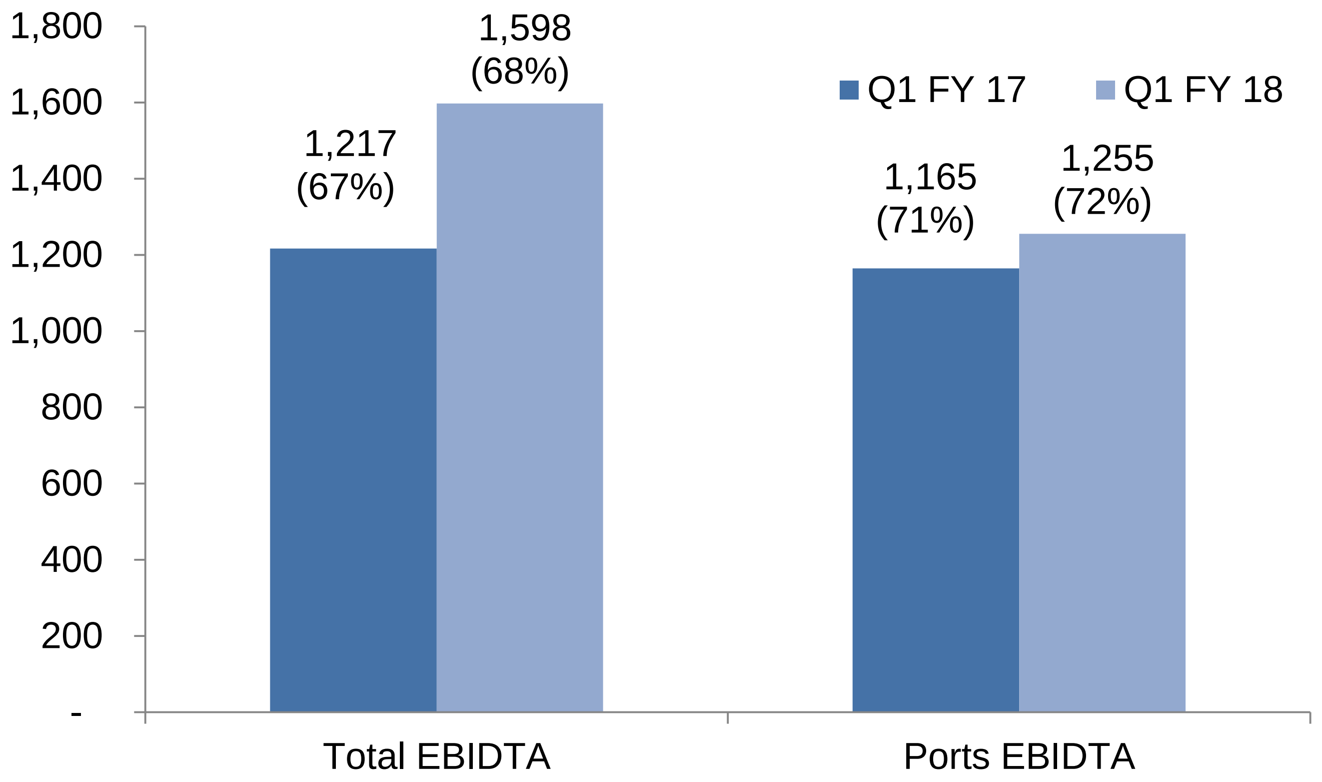
Break Up of Revenue (Rs. In Cr.)



Particulars	Growth %
Total Revenue	50%
Ports	7%
Logistics	28%

Growth across all verticals….

Break Up of EBIDTA (Rs. In Cr.)



Particulars	Growth %
Total EBIDTA	31%
Ports EBIDTA	8%

EBIDTA above excludes Forex income/Loss. Total EBIDTA growth including forex is 39%.

Better composition and operational efficiency drives EBIDTA margin

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

Q1 FY 18

Particulars	Cargo (mmt)	Cargo Growth	Revenue	EBITDA	EBITDA Margin
Mundra	30.24	5%	1,806	1,127	79%
Dhamra	5.28	-1%	230	162	70%
Hazira	4.03	19%	269	208	77%
Dahej	1.55	3%	92	64	69%
Logistics (Rail Volume)	57,668	69%	210	14	7%

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

Better composition and operational efficiency drives EBIDTA margin

Key Financial Summary – FY 2017 (Rs. In Cr.)

Particulars	Q1 FY 18	Q1 FY 17	Variance (%)
Operating Revenue			
Ports	1742	1632	7%
Logistics	210	164	28%
SEZ	695	30	2197%
ABPO - Australia	98	-	-
Other Income	-	-	-
Total Income	**2745**	**1827**	**50%**
Total Income (Excluding SEZ Exps)	**2364**	**1827**	**29%**
Total EBITDA	1629	1170	39%
Total EBITDA (Forex adjusted)	1598	1217	31%
EBITDA Margin(%)	68%	67%	
Port EBITDA (forex adjusted)	1255	1165	8%
Port EBITDA Margin(%)	72%	71%	
Gross Finance Cost	361	290	24%
Net Finance Cost	162	56	191%

1. **Net Finance cost higher due to lower interest income (on account of complete reduction of related party loans) ,one time prepayment provision on refinancing**
2. **Gross Finance cost includes Rs. 31 Cr. (represented in operating exps in SEBI format) on account of fair value measurement for purchase consideration of Rs. 1450 Cr. paid in FY 17**

ABPO acquired from 1st October 2016

Break up of Increase in Tax incidence – Q1 FY 18 (Rs. In Cr.)

Particulars	Q1 FY 18
Tax as per P&L	387
Less Additional Tax on SEZ EBIDTA	97
Less Incremental tax due to Mundra moving to full tax	192
Less Additional Deferred tax liability	32
Total tax normalizing above factors	**66**
Tax of Q1 FY 17	**61**

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

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

Sr. No.	Particulars	Quarter Ended			Year Ended
		June 30, 2017	March 31, 2017	June 30, 2016	March 31, 2017
1	a. Revenue from Operations	2,745.14	2,231.46	1,826.58	8,439.35
	b. Other Income	214.49	323.26	258.56	1,040.11
	Total Income	**2,959.63**	**2,554.72**	**2,085.14**	**9,479.46**
2	**Expenditure**				
	a. Operating Expenses	929.24	606.66	455.97	2,167.89
	b. Employees Cost	118.08	113.49	77.35	383.14
	c. Depreciation / Amortisation	295.77	295.88	283.16	1,160.19
	d. Foreign Exchange (Gain) / Loss (net)	(31.66)	(304.04)	47.30	(277.44)
	e. Finance Cost	-	-	-	-
	Finance Cost	329.91	395.55	290.35	1,281.24
	Derivative (Gain)/Loss	94.89	96.21	(23.91)	111.94
	f. Other Expenses	131.20	177.79	76.19	473.63
	Total Expenditure	**1,867.43**	**1,381.54**	**1,206.41**	**5,300.59**
3	**Profit from Operations before Tax (1-2)**	**1,092.20**	**1,173.18**	**878.73**	**4,178.87**
4	Tax Expense (net)	386.62	11.86	61.00	286.63
5	**Net Profit from ordinary activities (3-4)**	**705.58**	**1,161.32**	**817.73**	**3,892.24**
6	Share of profit from Joint Ventures	4.67	2.75	4.83	9.26
7	**Net Profit for the Year (5+6)**	**710.25**	**1,164.07**	**822.56**	**3,901.50**
	Attributable to				
	a. Equity holders of the parent	703.43	1,166.91	824.94	3,911.52
	b. Non-controlling interests	6.82	(2.84)	(2.38)	(10.02)
8	Other Comprehensive Income (net of tax) ("OCI")	(1.05)	10.64	(0.55)	6.67
9	**Net Profit for the Period (7-8)**	**709.20**	**1,174.71**	**822.01**	**3,908.17**
	Attributable to				
	a. Equity holders of the parent	**702.38**	**1,179.30**	**824.39**	**3,919.94**
	b. Non-controlling interests	6.82	(4.59)	(2.38)	(11.77)

Reiterating growth guidance given for FY 18

- Cargo – 12% to 14%
- Revenue – 16% to 17%
- Port EBIDTA Margins to improve from 69% to 70% due to change in cargo mix, operational efficiency and use of technology.
- Capex – Rs. 2,500 Cr. to Rs. 2,800 cr

APSEZ on course to achieve stated guidance…..

Road map for achieving guidance given for FY 18

- **Cargo growth drivers :**
  - Crude volumes will be back to normal – **HMEL commenced operations.**
  - Bulk Cargo - **Several long term contracts signed :**
    1) JSW Cement for handling clinker with Minimum Guaranteed volume of 1.2 MMT.
    2) HPCL for increasing throughput from 5 MMT to 8 MMT.
    3) Tata Steel for handling Steel Coil at Dhamra
    4) Agri products at Dahej and Dhamra
  - Coal volumes - expected to grow by 5%
    1) Long term contract with Reliance for 2 MMT each at Hazira and Dahej.
    2) Coastal volumes to increase further
    3) Also in talks with reputed PSU for handling Coking Coal at Dhamra with MGT of 7 MMT.

Road map for achieving guidance given for FY 18….Cont…

- Containers volume – expected to grow by 20%

  1. Ennore commissioned and first vessel expected in September
  2. Additional volume growth on account of CT4 at Mundra
  3. New services added during quarter (IMX, AMED and MESAVA) at Mundra and Hazira.
  4. New Services expected to call at Kattupalli.
  5. Handling of Container at Dhamra.

- **FY 18 Revenue Growth Guidance : 16% to 17%**
  - Higher Cargo volume growth, Higher realization, SEZ port led development income and Logistics to grow by 30% to 35%

- **Capex guidance – Rs. 2500 Cr. to 2800 Cr.**
  - Additional capacities to be built at Dharma, Kattupalli and Vizhinjam.
  - Maintenance Capex of Rs. 500 Cr.

Key Focus Areas for the next 3 to 5 years (as communicated in May' 17)

1. Capacity utilization to grow from 50% to 65% - To achieve 300 MMT by 2021.
2. To add LNG and LNG terminals at Mundra and Dhamra, Trans-shipment at Vizhinjam.
3. To look at strategic opportunities in South East Asia, East Africa, Middle East and Bangladesh.
4. Cargo volume to grow 10% to 12% - Containers and high value cargo to lead growth
5. Cargo composition – Containers to be 40%, Coal to be reduced to 30%.
6. Port EBIDTA to increase progressively from 69% to 73% - Use of technology, higher utilization, operational efficiency and cost control would help in higher port EBIDTA.
7. To Focus on two key verticals –
   - Logistics (to grow by 35%), Provide end-to-end logistics service through expansion of network on asset light model.
   - Dredging – To undertake commercial dredging operations
8. Free cash flow in FY 18 and beyond - to be used for higher dividend payout, reducing net debt to EBIDTA to 2 to 2.5

Adani Ports: CSR Initiatives

Education – Spent Rs. 16 Cr. in FY 17

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

Health – Spent Rs. 13 Cr. in FY 17

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

Livelihood Development - Spent Rs. 4 Cr. in FY 17

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

Rural Infrastructure Development - Spent Rs. 15 Cr. in FY 17

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

Sustainability

1. APSEZ released its second report on July 2017 – 1st Indian Company in the Port sector to prepare its sustainability report on GRI – Standards

2. APSEZ conducted greenhouse gas inventory study (Carbon Foot print) for six operational locations Mundra, Tuna, Dahej, Hazira, Goa, & Dhamra.

3. APSEZ has also conducted the customer satisfaction survey in 2017.

4. APSEZ initiated stakeholder engagement – Perception study

5. APSEZ enters into renewable energy projects to reduce thermal energy use.
   - 1.5 MW rooftop Solar Plant at Mundra Commissioned
   - 6 MW wind turbine have been installed to cater to the captive energy requirements of its three operational facilities (Tuna, Dahej & Hazira). This would help reduce our dependence on non-renewable sources of energy from April 2017.

6. APSEZ's Mundra, Tuna, Dahej, Hazira, Goa and Dhamra ports are certified with Integrated Management System (IMS)
   - ISO 9001:2008
   - ISO 14001:2015
   - OHSAH 18001:2007

Thank You

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