

Media Release

FY22 - Cargo volume jumps 26% leading to record revenue and EBITDA

- ❖ Achieved a total cargo volume of 312 MMT, a growth of 26% y-o-y
- ❖ The journey from 200 MMT to 300 MMT achieved in record three years
- ❖ Acquisitions worth ~INR 11,400 crore made while maintaining the credit quality
- ❖ Mundra became the first commercial port in India to handle cargo of 150 MMT

Ahmedabad, 24 May 2022: Adani Ports and Special Economic Zone Ltd ("APSEZ"), the largest transport utility in India, today announced its results for the fourth quarter and year ended 31 March 2022.

Particulars	Cargo		Revenue		EBITDA [#]		Free Cash Flow	
	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21
APSEZ*	282	247	15,934	12,550	9,811	8,063	5,261	5,800
GPL	30		1,206		796		1,293	
Total	312	247	17,140	12,550	10,607	8,063	6554	5800

**APSEZ financials don't include Gangavaram port numbers; [#] EBITDA excludes forex mark-to-market loss/(gain). EBITDA of FY21 excludes one-time donation of Rs.80 Cr, EBITDA of FY22 excludes one-time expenses of Rs.60 Cr related to acquisition of SRCPL*

"FY22 has been a stellar year for APSEZ, with achievement of various milestones for itself and new benchmarks for India's maritime industry" said **Mr. Karan Adani**, Chief Executive Officer and Whole Time Director of APSEZ. The company did a record cargo volume of 312 MMT with Mundra port alone handling 150 MMT, a feat never achieved by any other commercial port in the country.

The year saw a record number of acquisitions and some large project wins by APSEZ, further reinforced our progress towards the ambition of becoming the largest port globally by 2030. The developments recorded include –

- Purchase of balance 25% stake in KPCL,
- Acquisition of Sarguja Rail Company for its 70 kms railway line asset having an annuity like business model,
- Purchase of 41.9% stake in the Gangavaram port and signing of an agreement with the promoters for acquisition of balance 58.1% stake after the NCLT approval
- Acquisition of India's leading third-party marine services provider, Ocean Sparkle Ltd (OSL)
- LOA from Haldia Port Trust for a 5 MMTPA bulk terminal
- Highest bidder for the West Bengal government's greenfield deep-sea port project at Tajpur

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The acquisitions in FY22 implied an investment of around Rs.11,400 Cr for APSEZ and was successfully managed alongside an organic Capex of around Rs.3,750 Cr, while ensuring that the net debt to EBITDA ratio remained unchanged at ~3.4x.

We cruised on our journey of becoming India's largest transport utility with achievement of various milestones by our logistics business. These include investment in around 100 trains, eight operational MMLPs and total grain silo capacity of around 1.2 MMT, all by FY23. With 5 mn sqft of warehousing capacity under construction/ operation, we are on track to achieve our guided capacity of 60 mn sqft.

During the year, APSEZ concluded two very strategic partnerships ensuring sustainable business growth. The first being a JV with John Keells Holdings & Sri Lanka Port Authority for construction of Colombo West International Terminal-II; and the second is a partnership with Flipkart for the construction of a 534,000 sq. ft. fulfilment center in the upcoming logistics hub at Mumbai.

We are confident of APSEZ's growth prospects in FY23, given India's expected GDP growth and boost to India's Iron and Steel industry from China's decision to cap its steel production and absence of exports from Russia. APSEZ is fully geared to ride this wave.

"We remain committed to our ambition of making our ports carbon neutral by 2025, and thereafter progress on the net zero journey, for which we will release our plan later this year" added **Mr. Karan Adani**

KEY BUSINESS HIGHLIGHTS – FY22 (YoY)

Operational Highlights

Port Business

- ❖ APSEZ continues to outperform the market. During FY22, it handled 312 MMT of cargo (including Gangavaram Port, which handled cargo volume of 30.03 MMT) versus 247 MMT in FY21 thus registering a growth of 26% compared to 5% growth in all India cargo volume.
- ❖ The growth in cargo volume was led by Dry cargo (+42% increase), followed by containers (+14%), and liquids (+19%).
- ❖ In the container segment, APSEZ continued its growth journey and handled 8.2 Mn TEUs, implying a growth of 14% vs. 11% growth achieved at all India container volume.
- ❖ APSEZ is focused on achieving east coast vs. west coast parity. Cargo

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volumes on the eastern ports grew by 84% and those on the west grew by 6% thereby improving the cargo ratio between the west coast and east coast to 62:38 (from 74:26 earlier).

- ❖ Non-Mundra ports in the portfolio are growing faster and have contributed 52% to the cargo basket which is a growth of 10% points.
- ❖ Mundra continues to be the largest container handling port with 6.5 Mn TEUs which is 0.83 Mn TEUs higher than JNPT.

Logistics Business

- ❖ Adani Logistics (ALL), the largest and most diversified private rail operator in India, registered a 29% growth in rail volume to 403,737 TEUs and a 19% growth in terminal volume to 301,483 TEUs.
- ❖ Adani Logistics has expanded its rolling stock and added 14 new bulk rakes under the GPWIS scheme, taking the total number of rakes to 75.
- ❖ In the warehousing segment, ALL added 0.43 mn. sqft during the period which is a growth of 108%

Financial Highlights

Revenue

- ❖ Consolidated revenue (excluding Gangavaram) grew by 27% to Rs.15,934 Cr on the back of well-rounded growth registered by three key business segments- Port, Logistics and SEZ.
- ❖ Cargo volume growth, improved realization, and addition of SRCPL enabled port revenue increase of 21% to Rs.12,964 Cr.
- ❖ Revenue from the logistics business stood at Rs.1,208 Cr, a growth of 26% on account of improving container and terminal traffic with increase in available rolling stock, both for container and bulk cargo.

EBITDA

- ❖ Consolidated EBITDA (excluding Gangavaram) grew by 22% to Rs.9,811 Cr on the back of 27% growth in revenue.
- ❖ Port EBITDA grew 21% to Rs.9,120 Cr on the back of growth in port revenues.
- ❖ Logistics business EBITDA grew by 41% to Rs.320 Cr, and the margin expanded by 283 bps to 26%. This was aided by cargo diversification, elimination of loss-making routes and operational efficiency measures.

Balance Sheet and Cash flow

- ❖ FY22 net debt to EBITDA stood at 3.4x, within the guided range of 3-3.5x. After adding Gangavaram port EBITDA the ratio will be 3.0x.
- ❖ Free cash flow from operations after adjusting for working capital changes, capex and net interest cost stands at Rs.5,261 Cr compared to Rs.5,800 Cr. in FY21. This is due to capex increasing by of Rs.1,796 Cr in FY22.
- ❖ Free cash flow of Gangavaram port in FY22 is Rs.1293 Cr, including the opening cash balance of Rs.637 Cr.
- ❖ The Board has recommended a dividend of Rs.5 per share, which works out to a payout of around Rs.1056 Cr, and is 22% of reported PAT.

Note on Consolidation of Revenue and EBITDA on account of GPL acquisition

- ❖ Gangavaram port, reported revenue of Rs.1,206 Cr and EBITDA of Rs.796 Cr in FY22. These numbers are currently not consolidated in APSEZ results.

ESG Highlights

- ❖ **Achievement against FY22 ESG targets-** On renewable share of electricity, emission intensity and water intensity, APSEZ has outperformed on its FY22 targets.
- ❖ **Progress on fuel switch-** Actions undertaken for changing the energy mix include electrification of RTGs, electrification of Quay Cranes, purchase of electric ITVs, and some other equipment.
- ❖ **Progress on renewable energy sourcing-** While APSEZ has added some renewable generation capacities at select ports, the company is also discussing a larger tie-up for additional 350 MW of renewable capacity.
- ❖ **Carbon offsetting** - APSEZ has enhanced its ambition for new Mangrove plantation to 2000 hectares of which 250Ha mangrove plantation is already completed.
- ❖ **Stakeholder engagements-** Different levels of engagement conducted with customers, employees, suppliers, and community on ESG related matters to ensure adoption of best practices and our journey towards adoption of global standards.
- ❖ **Net-zero planning process** - The company is now formulating its net zero plan, which will be announced in the second half of the year. This is in line with the commitment made to the Science Based Target Initiative (SBTi).

- ❖ **Climate risk vulnerability assessment-** Based on the assessment performed, more vulnerable ports have been identified, and adaptation plans developed for implementation across these ports.

Other Business Updates

Sarguja Rail (SRCPL) acquisition completed:

- ❖ APSEZ holds a rail portfolio of 620 km, including 70 kms of rail line acquired this year. This acquisition of Sarguja Rail from another Adani Group company through a composite scheme of arrangement was first approved by 92% of minority shareholders and then by NCLT during the year.
- ❖ **After approval from NCLT, SRCPL is now consolidated in APSEZ books with retrospective effect (1 April 2021). All the rail assets are now consolidated under a single entity 'Adani Track Management Services'.**

Update on Gangavaram Port (GPL)

- ❖ APSEZ till now has acquired 31.5% of GPL from Warbug Pincus on 16 April 2021 and 10.4% from the Govt. of Andhra Pradesh on 22 September 2021. With 41.9% stake in GPL, APSEZ currently consolidates it as an associate company. APSEZ has signed an agreement for acquiring the balance 58.1% stake held by DVS Raju and Family and has sought NCLT approval to conclude the transaction.
- ❖ **Post-approval from NCLT during the current quarter, GPL will be consolidated retrospectively from 1 April 2021**

Update on Ocean Sparkle acquisition (OSL)

- ❖ APSEZ through its subsidiary, The Adani Harbour Services Ltd (TAHSL), has acquired 100% stake in Ocean Sparkle Ltd (OSL).
- ❖ OSL is India's leading third-party marine services provider with 94 seaworthy vessels at its disposal, including 75 Tugs.
- ❖ OSL's acquisition at an enterprise value of INR 1,700 Cr translates into an EV/EBITDA multiple of 5.7x based on FY22 estimated EBITDA.
- ❖ With the transaction already completed, OSL's financials will now be consolidated with APSEZ
- ❖ OSL is expected to generate a revenue of Rs. 633 Cr and EBITDA of Rs.355 Cr in FY23

Growth catalysts for FY23

- ❖ With increase in power demand, and a higher fuel cost allowed as a pass through by some states, a recovery in coal volumes is underway
- ❖ With steel production cap in China and absence of steel exports from Russia, India will see an increase EXIM of steel and coking coal
- ❖ Gangavaram Container Terminal to commence operations from Q2 FY23 with an initial volume estimate of 150,000 TEUs per annum
- ❖ Dhamra LNG project is expected to commence operations by November 2022, which has a use or pay contract for 4.5 MMTPA
- ❖ In the logistics business order of 19 new rakes, ongoing construction of 4 mn sqft of warehousing space, two new MMLPs and 1 MMT of new Agri Silo will provide a revenue and EBIDTA boost
- ❖ With various discussions ongoing for the development of new projects in the SEZ areas, the SEZ revenues are likely to see a jump

Guidance for FY23

- ❖ APSEZ is expected to handle a cargo volume of 350-360 MMT
- ❖ Revenue for the period is expected to be Rs.19,200 Cr and Rs.19,800 Cr
- ❖ EBIDTA for the period to be Rs.12,200 Cr to Rs.12,600 Cr
- ❖ Port business to generate Revenue of 16,700 Cr and 17,000 Cr
- ❖ Port EBITDA to be in the range of Rs.11,600 to Rs.12,000
- ❖ Logistics business to generate revenue of 1,500 Cr and 1,600 Cr with EBIDTA margin of in range of 26-27%
- ❖ Capex during the period to be around Rs.8,600 Cr
- ❖ Free cash flow from operations (after adjusting for working capital changes, Capex and net interest cost) during the period is expected to be in the range of Rs.1,400 to Rs.1,700 Cr
- ❖ Net debt to EBIDTA is expected to be in the range of 3x to 3.5x

Awards

- ❖ Mundra Port has won the "Best Port of the Year - Containerized " award in the 9th edition of the Gujarat Star Award on March 2022.
- ❖ Mundra port won the "Non - Major Port of the Year" award in the 8th edition of the International Samudra Manthan Awards on Dec 2021.
- ❖ APSEZ, Mundra awarded by Platinum Award by Sustainability Foundation under the "Environmental Preservation" category.

About Adani Ports & Special Economic Zone Ltd

Adani Ports and Special Economic Zone Ltd (APSEZ), a part of the globally diversified Adani Group has evolved from a port company to an Integrated Transport Utility providing an end-to-end solution from its port gate to customer gate. It is the largest port developer and operator in India with 6 strategically located ports and terminals on the west coast (Mundra, Dahej, Tuna and Hazira in Gujarat, Mormugao in Goa and Dighi in Maharashtra) and 6 ports and terminals on the East coast of India (Dhamra in Odisha, Gangavaram, Visakhapatnam and Krishnapatnam in Andhra Pradesh, and Kattupalli and Ennore in Tamilnadu) representing 24% of the country's total port capacity, thus providing capabilities to handle vast amounts of cargo from both coastal areas and the hinterland. The company is also developing two transshipment ports at Vizhinjam, Kerala and Colombo, Sri Lanka. Our Ports to Logistics Platform comprising port facilities, integrated logistics capabilities including multimodal logistics parks, Grade A warehouses, and industrial economic zones, puts us in an advantageous position as India stands to benefit from an impending overhaul in global supply chains. Our vision is to be the largest ports and logistics platform in the world in the next decade. With a vision to turn carbon neutral by 2025, APSEZ was the first Indian port and third in the world to sign up for the Science-Based Targets Initiative (SBTi) committing to emission reduction targets to control global warming at 1.5°C above pre-industrial levels. For more information, please visit www.adaniports.com

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