

adani

# Adani Airports Business Presentation

16.12.2022



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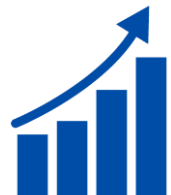
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## Industry Overview



# Indian Aviation Industry : Growth Indicators



## Aviation Growth in India

- India one of the least penetrated market in the world.
- Indian Aviation grown by 11% CAGR in last decade **(Fastest)**
- Expected to grow by 6% CAGR over FY 2018 to FY 2040 **(2<sup>nd</sup> Highest after Vietnam)**
- Airline orderbook of 1000 aircrafts over next 5 years



## Government Focus on Aviation

- Rationalization of Airspace post successfully launching of GAGAN.
- UDAN Scheme driving traffic at Underserved locations.
- 100% FDI for green field projects.
- Open Service ASAs & privatization of Air India.



## Privatization of Airports

- Recently in FY 2019, Govt. of India privatized 6 airports (All won by Adani Airports)
- Total ~ 25 Airports earmarked to be privatized over the course of next 5 years
- Govt. of India announced to sale residual stake in the JV Airports



## Untapped Non-Aero Potential

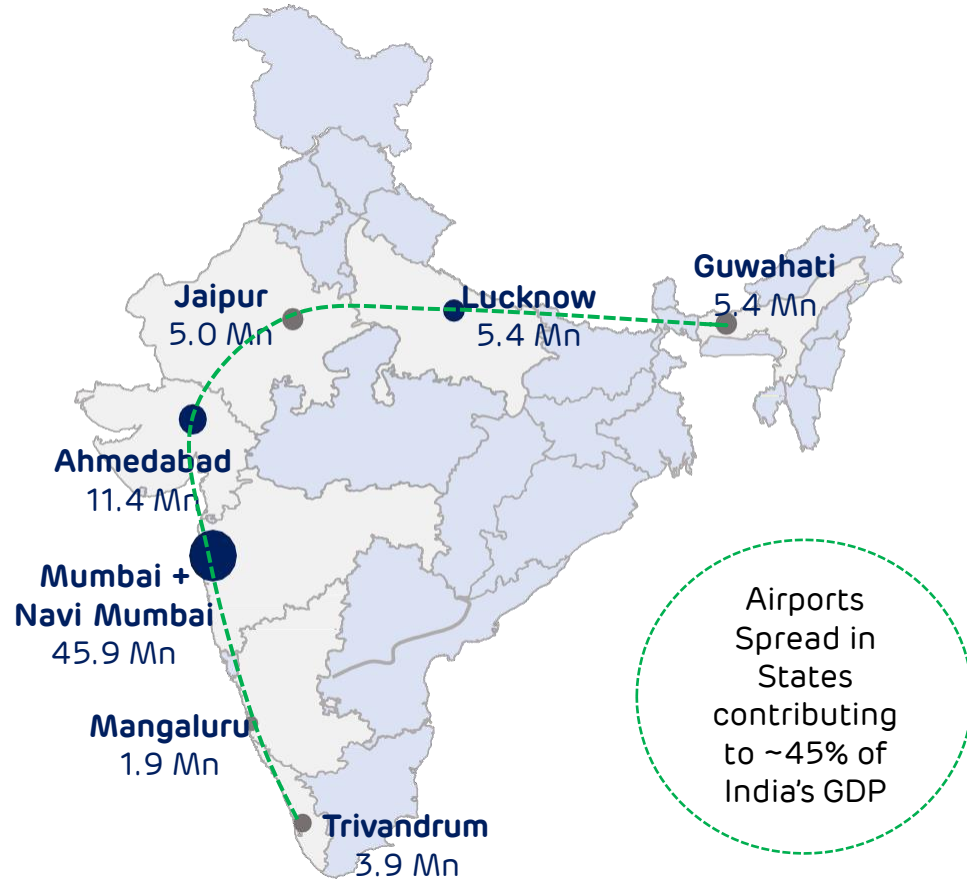
- Developed airports account for ~55%-60% revenue from non-aero business.
- India AAI owned airports have ~15% revenue from Non-Aero Business while private airports have ~40% revenue from Non-Aero Business.
- Currently there is no airport in India as destination magnet (Singapore Changi)

## AAHL : India's Largest Airport Platform



# AAHL : India's Largest Airport Platform

## Diversified Portfolio of Scale



As per Airport Authority of India, Circle size is representative of passenger traffic in million passengers for FY20, Navi Mumbai Airport is not yet operational

Total 8 Airports under fold, 7 Airports are Brownfield and Navi Mumbai is Greenfield.



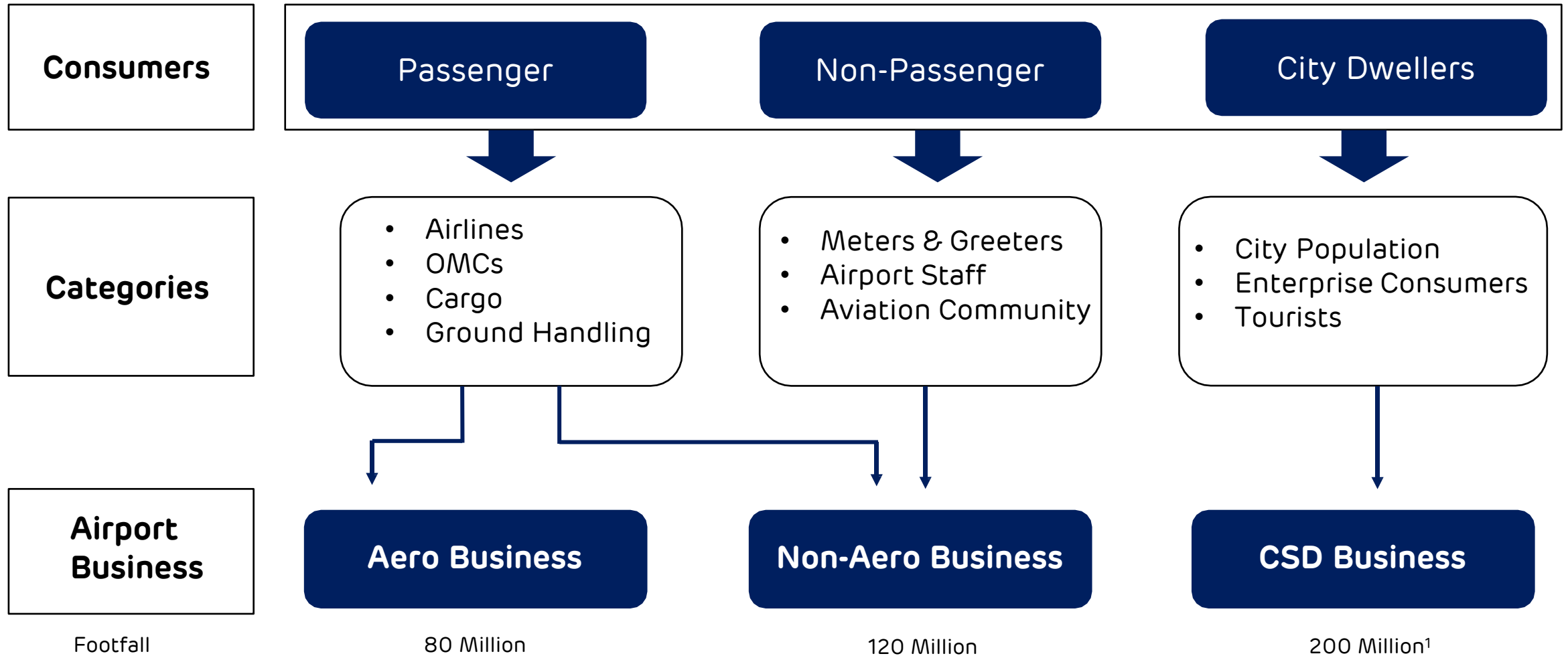
# Private Airport Operators : Global

Airport Operator	VINCI AIRPORTS	Grupo Aeroportuario del Pacifico	adani	AVIALLIANCE	Atlantia	GAR	ferrovial airports
No. of Airports	49	14	7	5	5	3	4
Pax <sup>1</sup>	255.0	48.7	80	94.0	63.9	102.6	94.5
Traffic Split	<p>80% Developed Economy, 20% Emerging Economy</p>	<p>100% Developed Economy</p>	<p>100% Developed Economy</p>	<p>90% Developed Economy, 10% Emerging Economy</p>	<p>100% Developed Economy</p>	<p>100% Developed Economy</p>	<p>100% Developed Economy</p>
Geographic Presence	Europe, Asia, America	Latin America	Asia	Europe & Latin America	Europe	Asia & Europe	Europe
Asset Portfolio	<p>49 airports in 12 countries</p>	<p>14 airports in Latin America</p>	<p>8 airports in 1 country</p>	<p>5 airports in 4 countries</p>	<p>5 airports in 2 countries</p>	<p>9 airports in 4 countries</p>	<p>4 airports in United Kingdom</p>

<sup>1</sup> : FY 2019 Passengers

<sup>2</sup>. Includes only operational airports

# Key Business Drivers



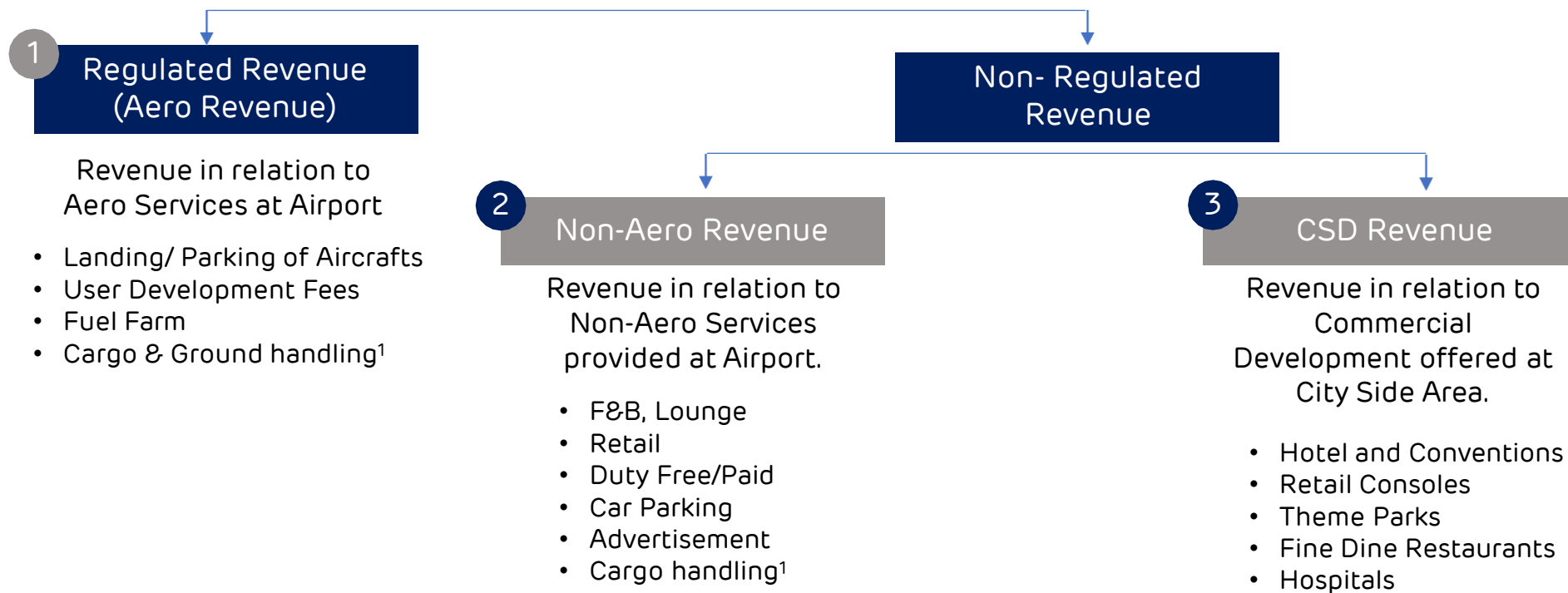
Consumer at the core of each of airport business vertical driven by consumer centricity & experience

<sup>1</sup>: Currently only Pax and Non-Pax are considered in CSD, however CSD Business has huge and multifold potential in terms of service offering to the larger city audience.



# Revenue Structure at Airport

There are two types of revenues in Airport Business :



## Revenue Through Tariff Charges

EBITDA Protected (based on fixed rate of return (14-15%) on capital invested in the aeronautical assets)

## Revenue Through Tapping Spending Power of Consumers

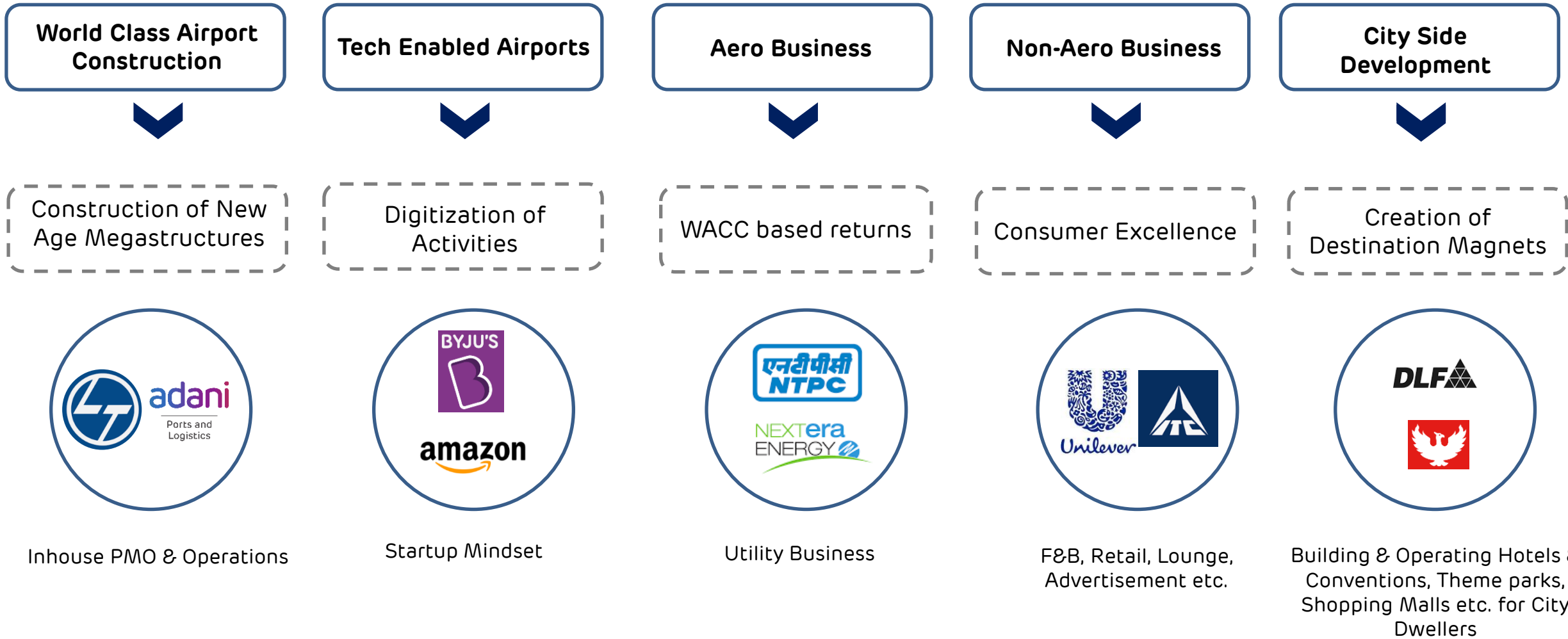
EBITDA Protected through MMG from Concessionaires

EBITDA Protected through delinkage with passenger footfalls



1 : For Mumbai, Cargo handling is considered as Non-Aero while for other Seven Airports it is Aero.

# Airport Business Snapshot



Infra Play



Consumer Play



Startup Ecosystem



# Aero Business Strategy





## Capacity Creation

Airport Capacity to be doubled in next 5 years in 6 Airports.

- Smart Planning of airside & terminals
- Efficient & Sustainable Design
- Leverage Group's Execution Excellence



## Asset Utilization & Route Development

Tech enabled operations along with new route development

- Premiumization of Route Mix
- Leveraging Platform Network strength
- Tech enabled operations
- Stakeholder Management



## Consumer Experience

Transparency & Trust in the Consumers

- Sharp focus on ensuring **highest operating metrics**
- Creating **transparency** for customers
- **Tech enabled maintenance** to ensure maximum uptime

1

Long Term Economic Alignment with all stakeholders

2

Ensuring regulatory return on the assets created

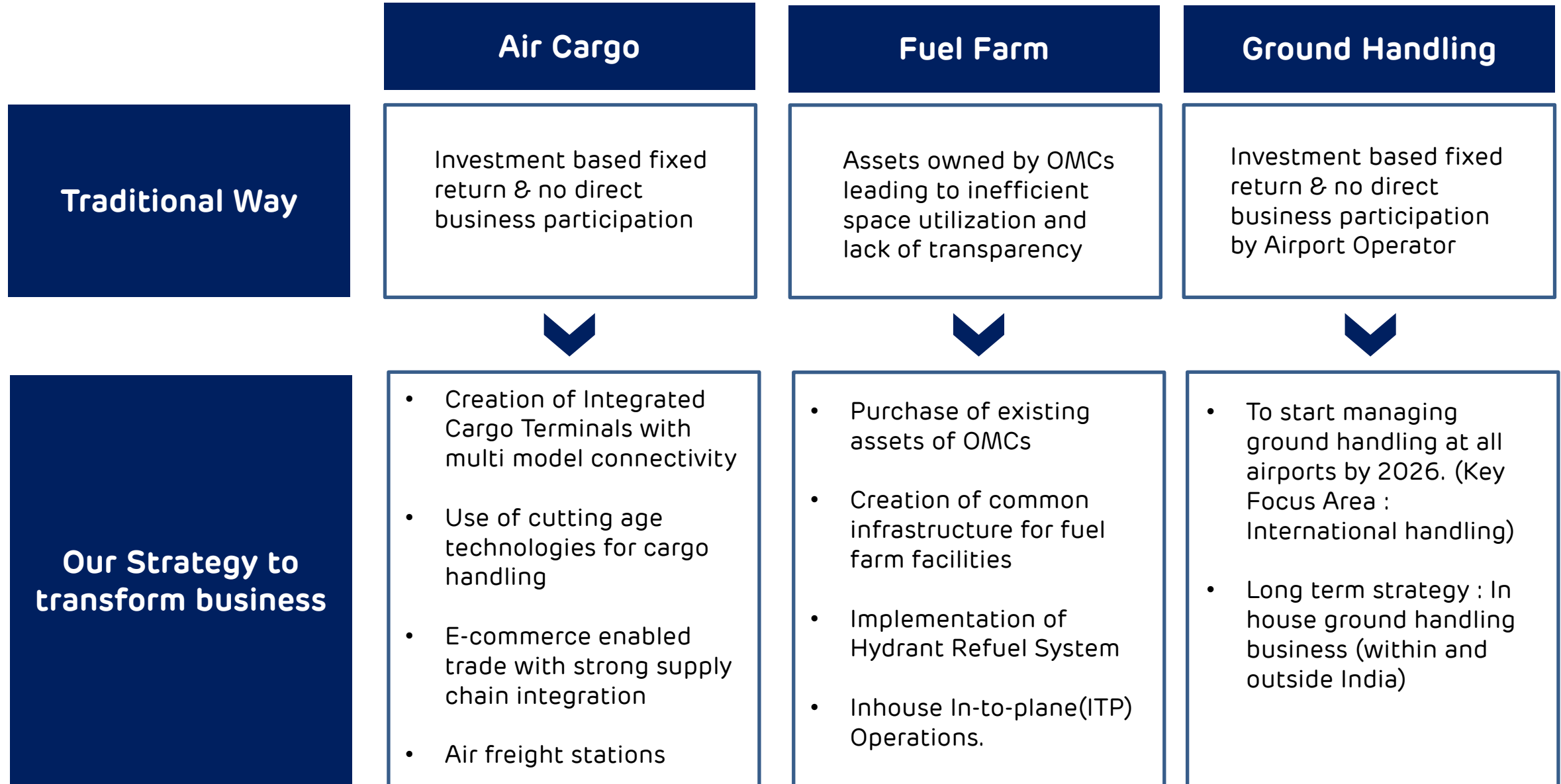
3

Generating brand value by efficient planning & operations

4

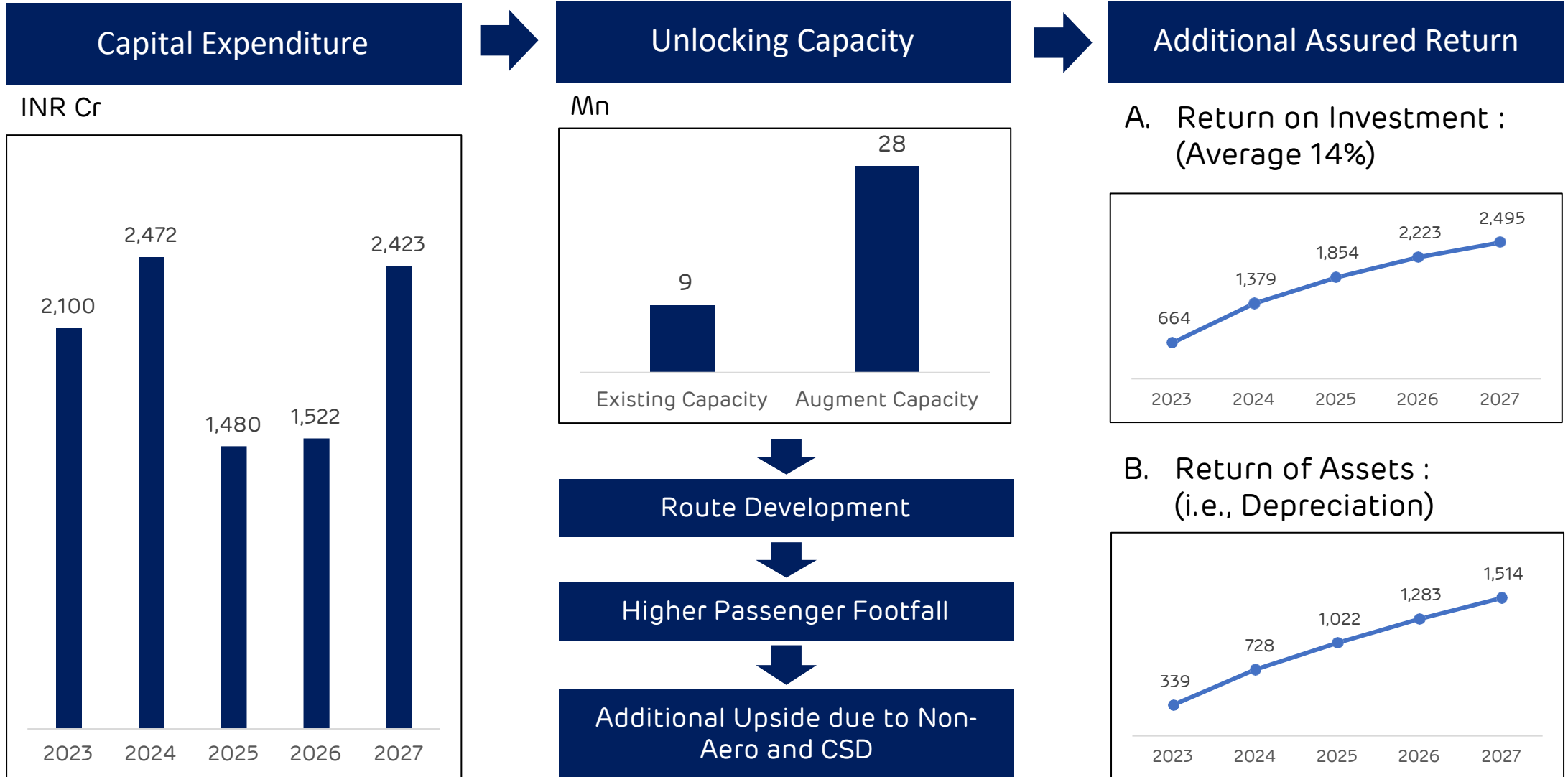
Driving higher non-aero growth by sweating of assets

# Cargo, Ground Handling & Fuel Farm



# Case Study : Ahmedabad : Asset Hardening and De-risking of Return

Next 5 Years



## Non-Aero Business Strategy



## Key Cohorts to take forward at overall level...

### Herds

(egg them on to spend)

#### Leisure Group



- Family gatherings
- Holiday vacation
- Travelling in Groups

#### WT Group



- Work trip
- Travelling in groups

### ALPHA

(fulfill need for quiet time/drink/meal)

#### Solo Male WT



- Work Trip
- Males
- Travelling Alone

#### Leisure Solo



- Leisure.
- Travelling Alone

### Vulnerable

(make them feel safe and secure)

#### Education



- Students

#### Solo Female WT



- Work Trip
- Females
- Travelling Alone



Leisure Group



Solo Male Work Traveler



Solo Male Leisure Traveler



## Focus Cohorts

F&B



Chocolates



Local Delicacies



Eyewear



Cosmetics



Perfumes



Magazines/Books



Apparel



Liquor



Alleviate High Price Perception  
(Deals of the Day Electronic Board)



Develop Marketing Calendar  
With Preferred Partners



Value Added Services

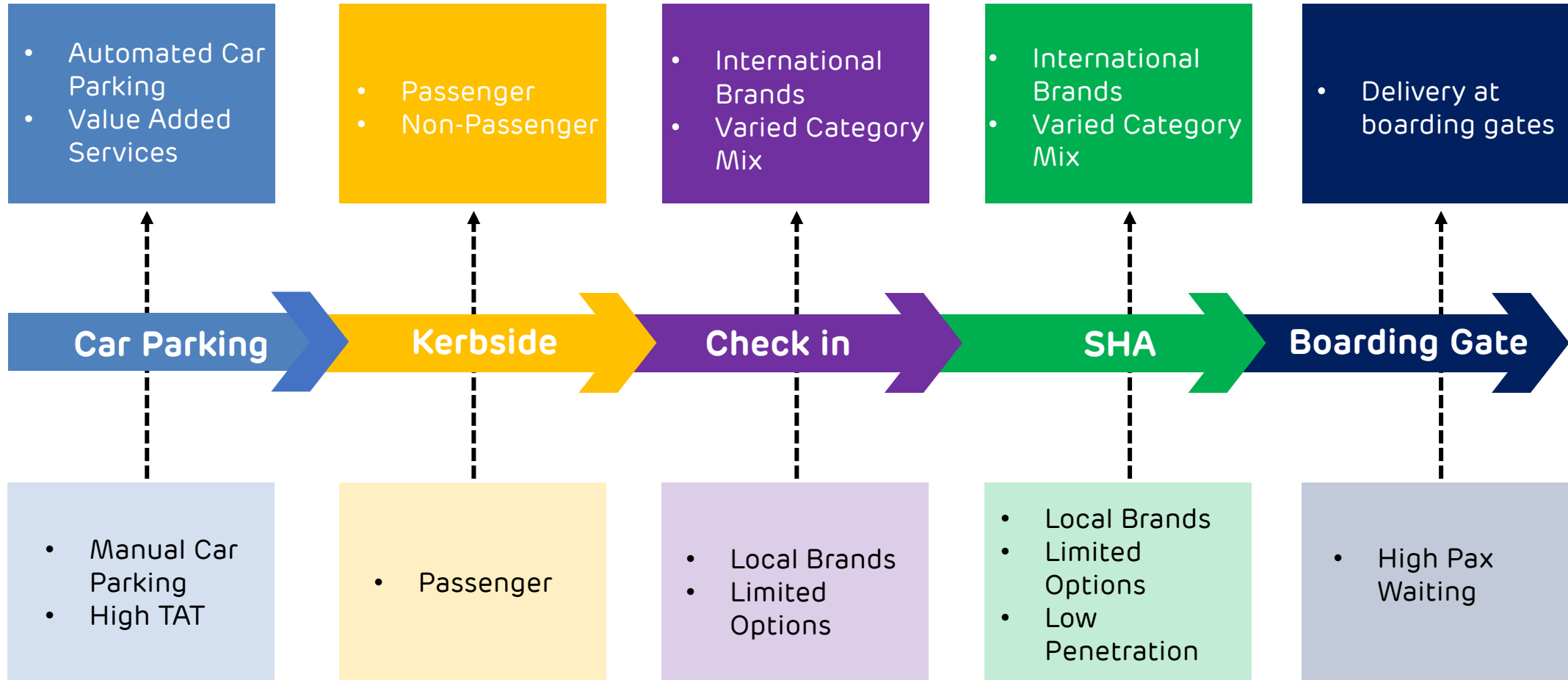


Brand Presence



Niche Market

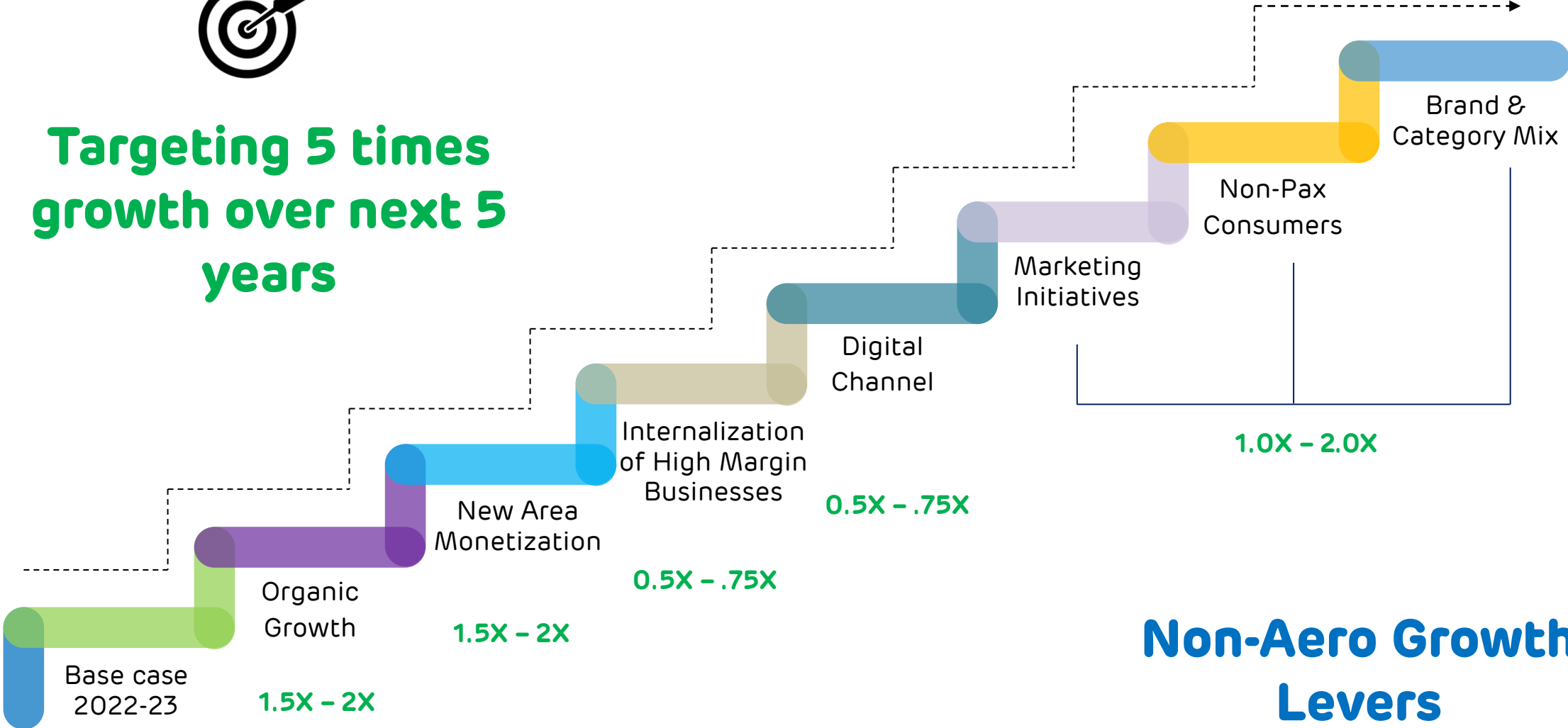
## Our Philosophy



## Existing Philosophy



Targeting 5 times growth over next 5 years



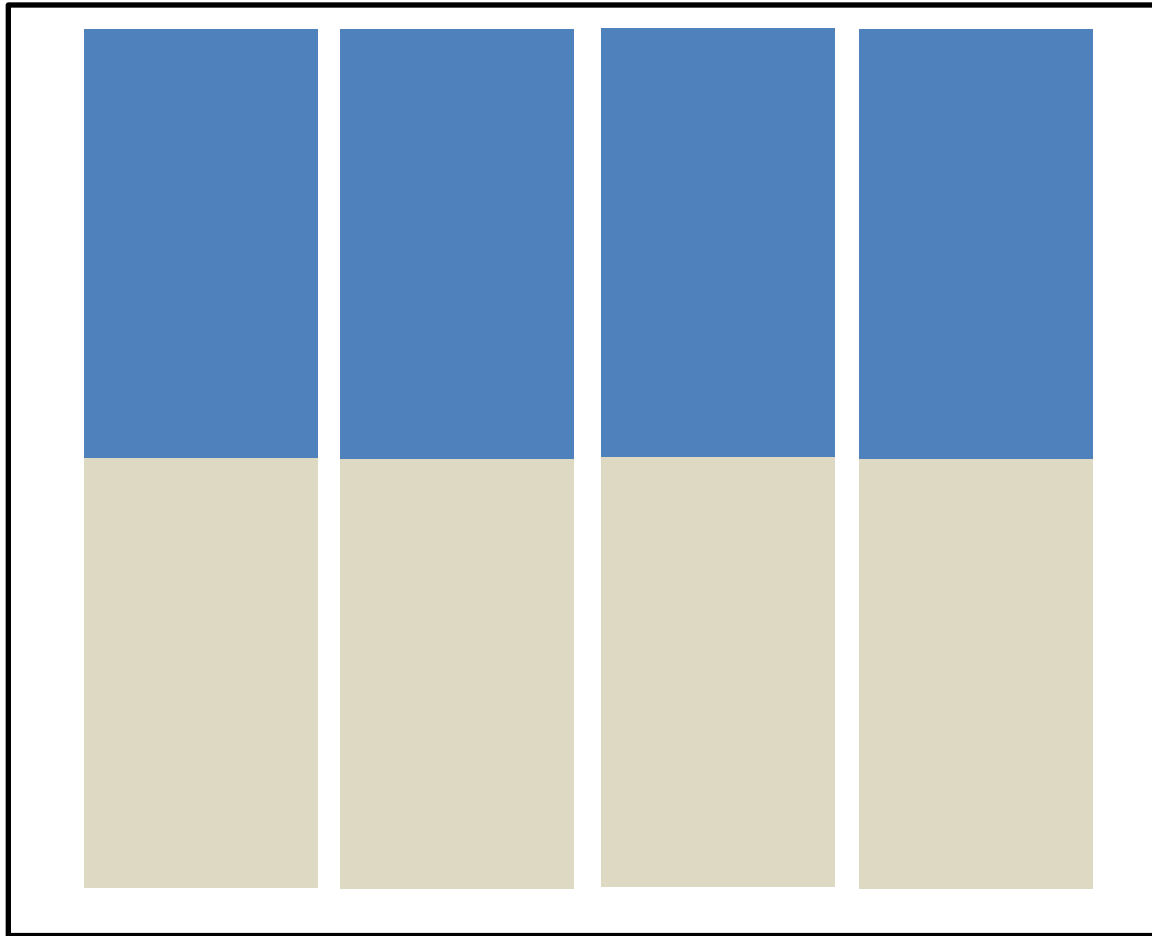
Non-Aero Growth Levers

# Case Study : Driving Higher ATV through Premium Brands

	Category ATV		Brand ATV	
Premium Apparel	4,000 INR		12,000 INR	200%
Bakery	500 INR		750 INR	50%
Sweets	900 INR		1,500 INR	66%
Foot-wear	5,000 INR		8,500 INR	70%
Luggage	6,500 INR		11,000 INR	70%
Perfumes	10,000 INR		16,000 INR	60%

Transformation of Brand Mix – Driving higher ATV

# Case Study – Area Optimization



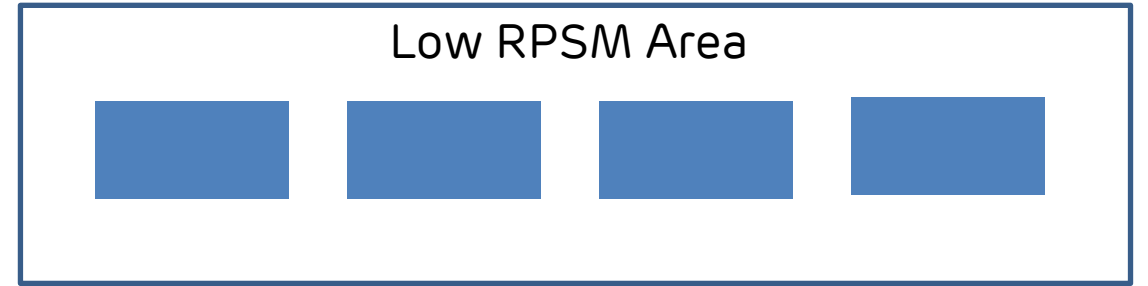
Existing philosophy



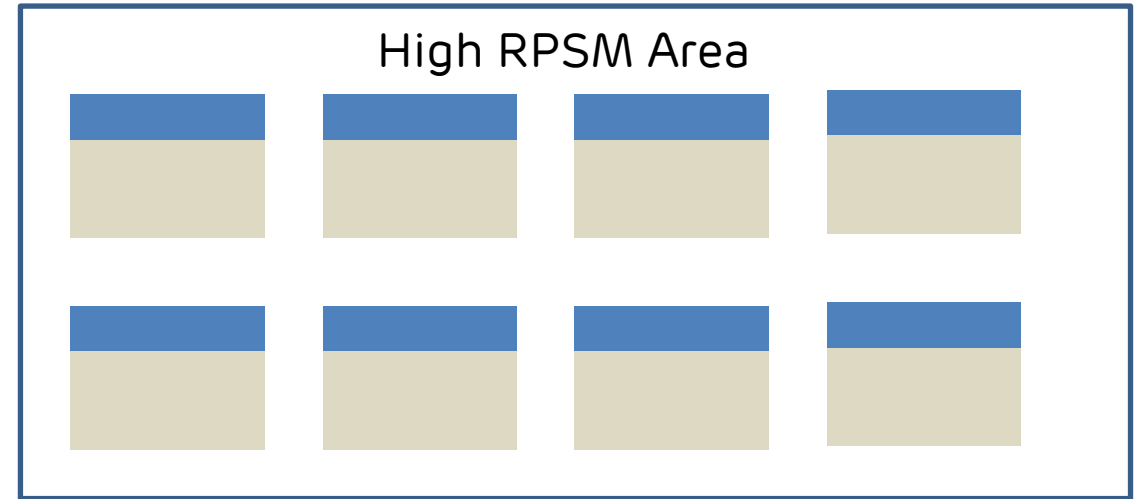
Outlet



Storage



SCM



High RPSM Area

Adani philosophy

Monetized all 3 elements

**City Side Development**



# CSD Creation Across Airport Platform

The collage features 12 circular images arranged in a circular pattern, each representing a different CSD offering. The images are: 1. A restaurant with a large green dinosaur figure. 2. A brightly lit family entertainment area. 3. A modern high street with shops. 4. A large, multi-level VR park with 'PVRK DUBAI' signage. 5. A large, illuminated geodesic dome structure. 6. A colorful, detailed Legoland model. 7. A red circular logo for 'Flower Sanson LONDON'. 8. A lush rain forest cafe with a waterfall. 9. A large, ornate hotel building with a pool. 10. A world-class technology-driven golf range. 11. A modern, iconic world trade center building. 12. An experienced studio with VR equipment.

- Themed Restaurant
- Family Entertainment
- High Street
- VR Parks
- Super Buildings
- Legoland
- India's largest & most advanced
- Experienced Studio
- Iconic World Trade Center
- Worlds best technology driven Golf Range
- Hospitality driven by Top Hotel Brands
- Rain Forest Cafe

# City Side Development (CSD) in Adani Airports Portfolio: Phase 1 Development Mix

## Hospitality

**5 Star**  
6 Hotels 1,700 keys  
2.1 mn sq ft

**4 Star**  
10 Hotels 2,350 keys  
2.2 mn sq ft

**3 Star**  
5 Hotels 1,500 keys  
0.8 mn sq ft



**21 Hotels, 5,550 Keys  
(5.1 mn sq ft)**

## Retail Consolidated

**Retail**  
7 Retail Locations  
2.6 mn sq ft

**F & B**  
9 F&B Zones  
1.1 mn sq ft

**Multiplex**  
66 Screens  
0.5 mn sq ft



**4.2 mn sq ft**

## Office

**Flexi Office**  
3.4 mn sq ft  
Avg. Rent INR 180 sq ft per month

**Grade A**  
1.4 mn sq ft  
Avg. Rent INR 254 sq ft per month

**Premium**  
0.5 mn sq ft  
Avg. Rent INR 336 sq ft per month



**10 Offices, 5.4 mn Sq ft**

## Family Entertainment

**Aquarium**  
5 Locations, 0.5 mn sq ft

**Lego Land**  
3 Locations, 0.2 mn sq ft

**VR Park**  
5 Locations, 0.29 mn sq ft

**Rainforest Cafe**  
5 Locations 0.1 mn sq ft

**Madam Tussauds**  
2 Locations 0.06 mn sq ft

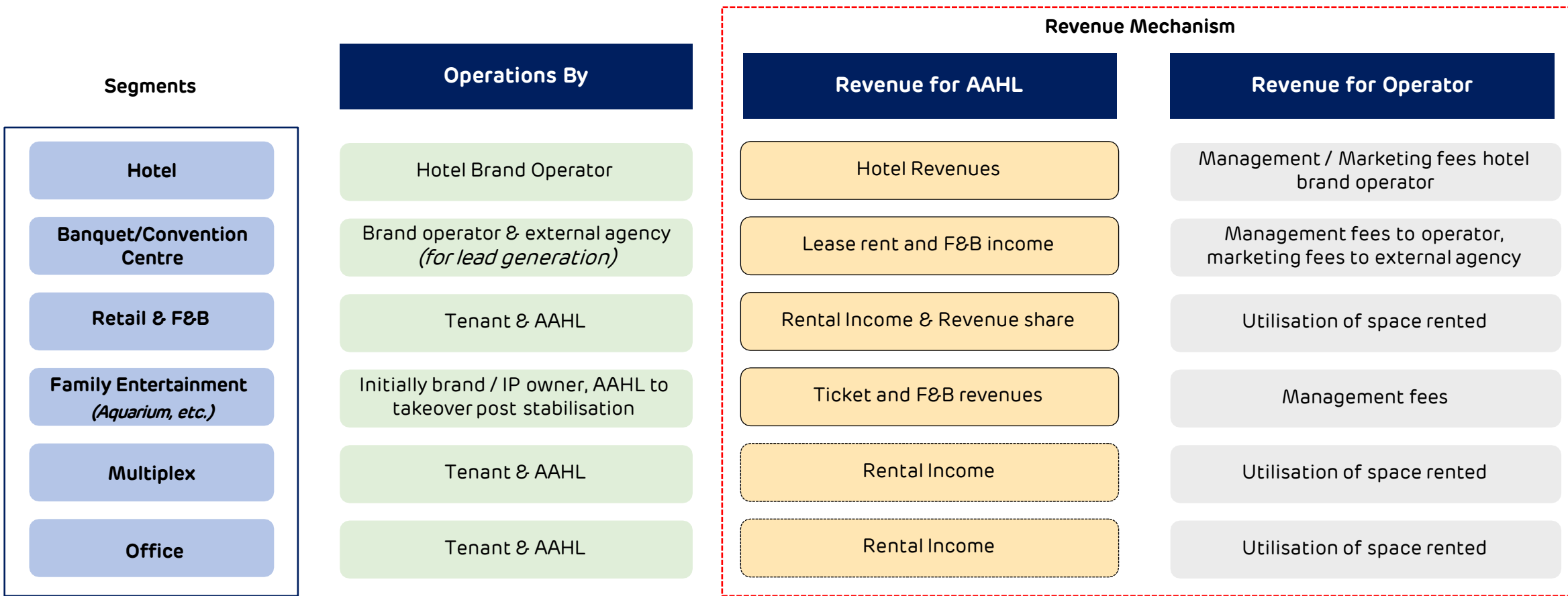
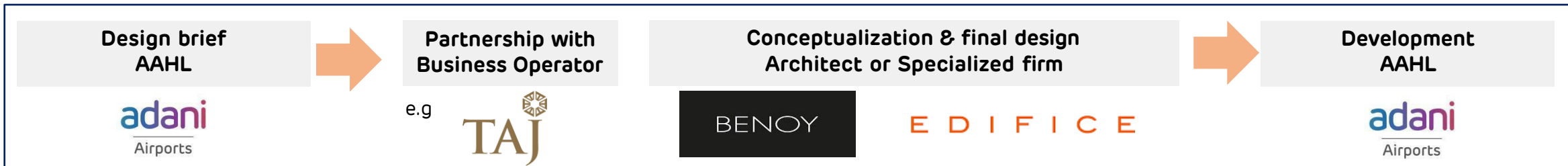


**1.2 mn sq ft**

- In addition to the above, development of 6 Hospitals is planned with capacity of 2,200 beds and development area of 2.4 mn sqft



# City Side Development & Operation Model



# Key Changes in the Airports post Acquisition



# Key Changes in the Airports post Acquisition (1/2)



## Dark Space Identification

16,000 sqm additional area identified

## Key New Brands Added

Armani Exchange, Steve Madden, Da Milano, Ada chikan, Hidesign, Forest Essentials, Gourmet Baklava, Scentido

## New Stores Opened

124 New Stores

### Duty Free Business

- Duty Free Business across the airports transferred to MTRPL (JV with Flamingo)
- Duty Free shops opened/expanded in Area Lucknow, Trivandrum, Jaipur and Mumbai. (From July 2022 onwards)

### F&B and Lounge

- For F&B and Lounge Business JV structure is under advanced stage of negotiation.
- New Brands and Shops opened across the genre
- Study on the need-based analysis and consumer centricity.

### Consumer Excellence

- CSAT and NPS scores evaluation
- Implement findings from consumer survey (at the same time increase the consumer base)
- Create unique experience and wow moment

### Process Improvement

- Car Park automation
- Commercial Manual and training module
- 100% EPOS implementation
- Implementation of RLCC across the airports
- Contracts re-negotiation

## Operational Excellence

- Deployment of Remote Location Control Center (RLCC) for concessionaire management
- Aesthetic Improvement of terminal buildings and curbside.
- Introduction of "May I Help You" desk at each of the airport.
- Integration of AOCC of each airport for data analytics and efficient operation management

## Construction Excellence

- Master Planning for each of the 6 Airports completed
- Runway recarpeting at Ahmedabad Airport for 3.5 km long runway completed in just 75 days
- New dedicated General Aviation Terminal started at Ahmedabad Airport
- Navi Mumbai Airport: Pre-development work completed & civil work started.
- Purchase of existing fuel farm assets of OMCs to start Open Access Fuel Farm at Airport. (Lucknow & Ahmedabad)

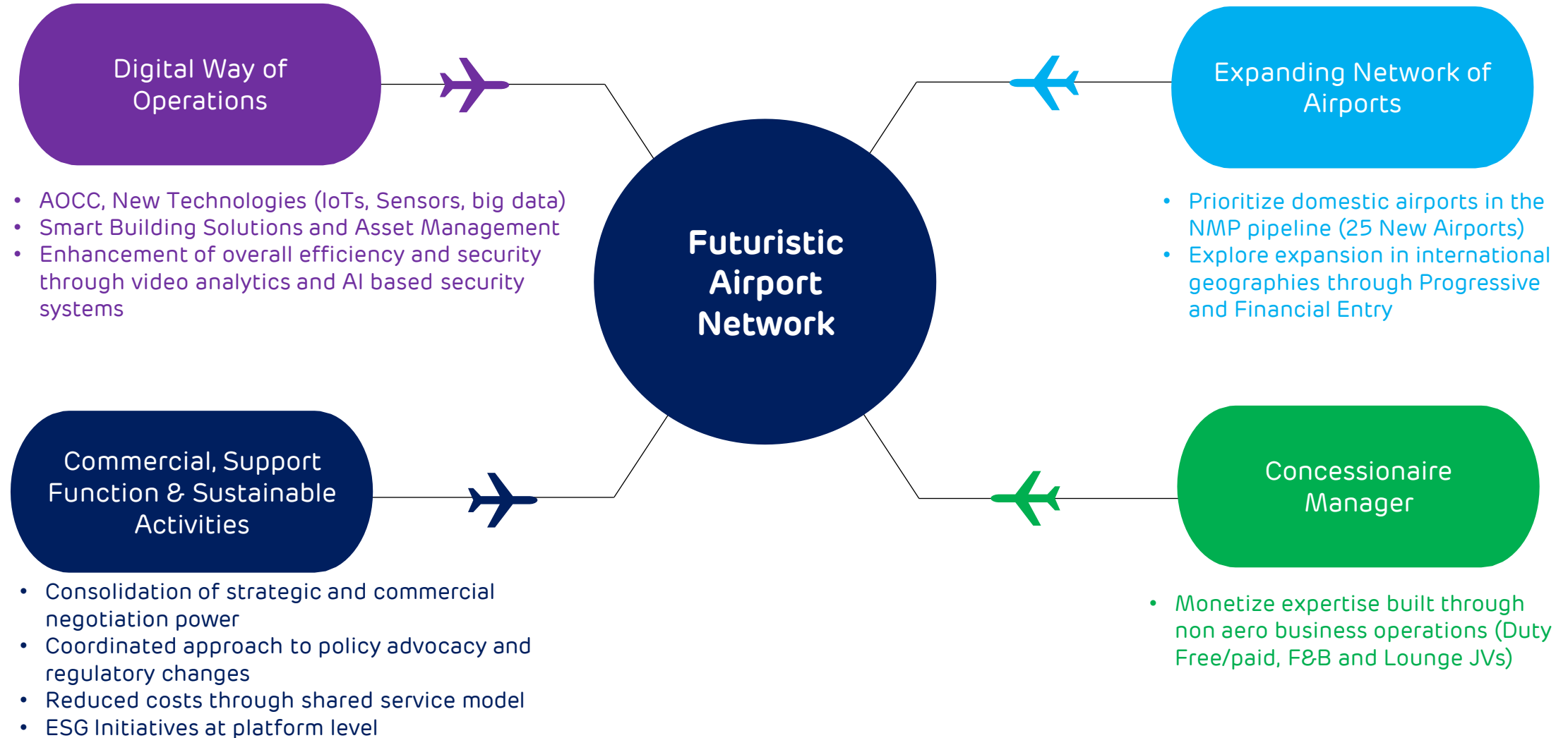
## Other Changes

- Automated Car Parking systems
- Collaboration with OLA/UBER for better consumer experience
- Dedicated Wheelchair Assistance Counter
- Implementation of PRANAAM Service for consumer delight
- Mumbai Airport switched to 100% green energy

# Futuristic Airport Network



# Adani Airports : Futuristic Airport Network



# Case Study : Airport Network Ecosystem : Delivering Smiles

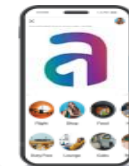


Passenger Travelling from Ahmedabad to Mumbai



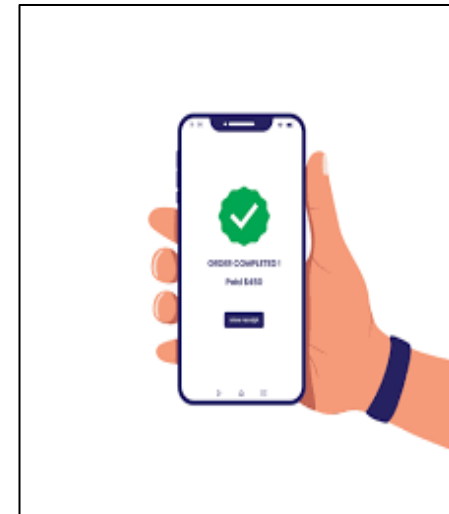
Adani Lounge - Ahmedabad

Wanted to Buy famous "Rawat Kachori" of Jaipur (Network Airport of AAHL)



Adani One App

Go to Adani One App >> F&B Section >> Order Rawat Kachori



Hand over of order with smile



Chhatrapati Shivaji INTERNATIONAL AIRPORT MUMBAI

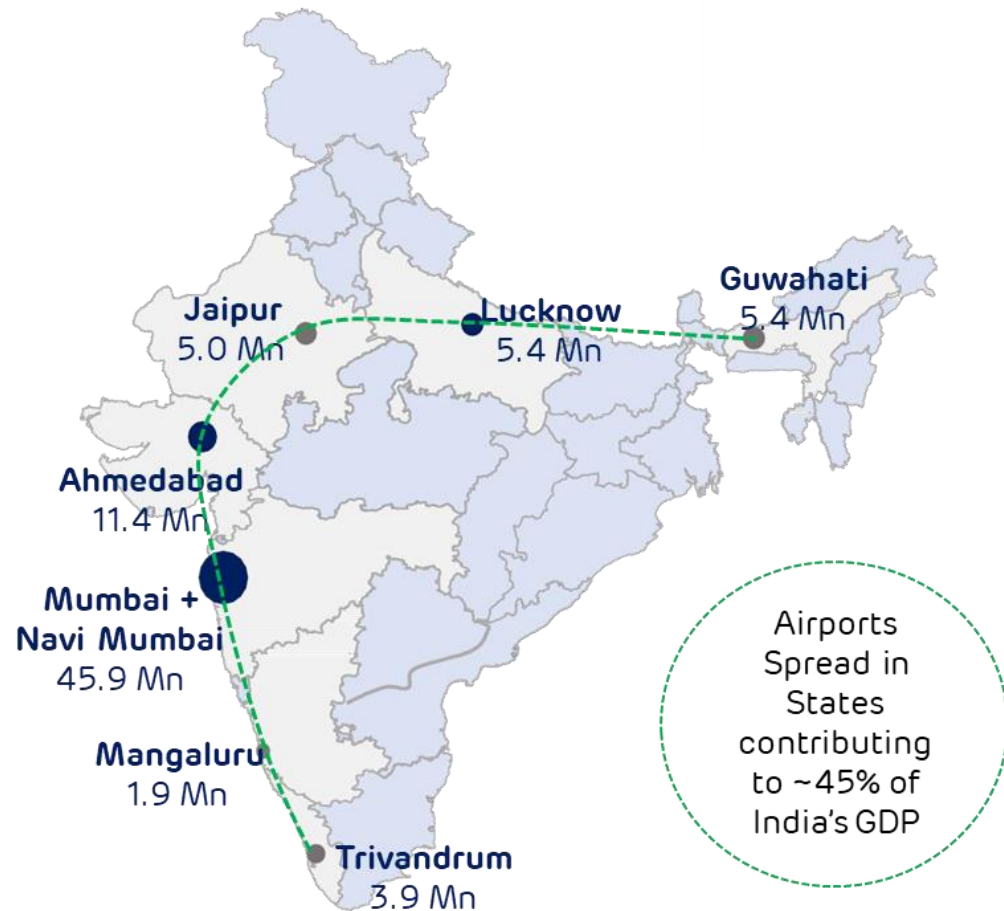
Arrivals : Exit Gate



Fly to Mumbai

# Case Study : Airport Network Ecosystem : Negotiation and Supply Chain

Diversified Portfolio of Scale



## Negotiation with New Brands



Benefits of Single Airport vs Network of 8 Airport

1

Negotiation on Revenue Share

Higher Revenue Share due to exposure to larger audience (200 Mn Pax and Non-Pax in FY 2019)

2

Supply Chain Benefits

Multi Model Supply Network benefits including warehousing needs

3

Additional Upside due to Adani One App

Additional Revenue Upside due to listing on Adani One App



# E

## Environment

- Achieve carbon neutrality in FY 24
- 100% transition to green electricity in FY 24
- Achieve ACI Airport Carbon Accreditation Level 4+ status in FY 24
- Achieve Net-Zero status in FY 29

# S

## Social

- 100% coverage of employees in ESG-specific training program
- Maintain zero fatalities across all the business operations
- Ensure zero harassment and abuse cases at workplace
- Increase diversity and inclusion at workplace

# G

## Governance

- 100% compliance with regulatory requirements
- Zero corruption and unethical business practices in business operations
- Create brand eminence via ESG performance disclosures
- Achieve leadership ranks in key ESG rating platforms (via YOY regular performance improvement)

1

## Indian Aviation Market

- Fastest growing aviation market globally- (poised to become **3<sup>rd</sup> largest in the world**)
- **Under served market** in terms of per capita seat hence significant upside
- Supportive Regulatory Environment **with Matured regulatory framework** with assured returns
- **Growth** backed by favorable consumer spending

Exploding Consumer Market

2

## Infrastructure Leadership

- Adani Group is **India's largest infrastructure** and real asset platform, with a hold to maturity mindset
- **Track record** of multiple platforms, ex – APSEZ developed from single port operator to transport utility
- **Strong management team** with rich experience in infrastructure & airport domain with global alliances

Long term inter-generational horizon

3

## Integrated Airport Platform

- All **city center airports** (7 operational and 1 under construction)
- Serving 22% domestic traffic & 28% international traffic
- Three gateway airports to support the balance portfolio and deliver " network " effect
- Multi-pronged approach to create value and extract full potential

Integrated Airport Asset Network

4

## Transformative Consumer Offerings

- AAHL Airport network serving over 200mn consumers, tapping both passengers and non passengers – **Audience of One**
- Digital strategy focused on delivering seamless experience
- **Developing India's first passenger / air air-cargo utility**

Transforming Consumer Experience



# Thank You

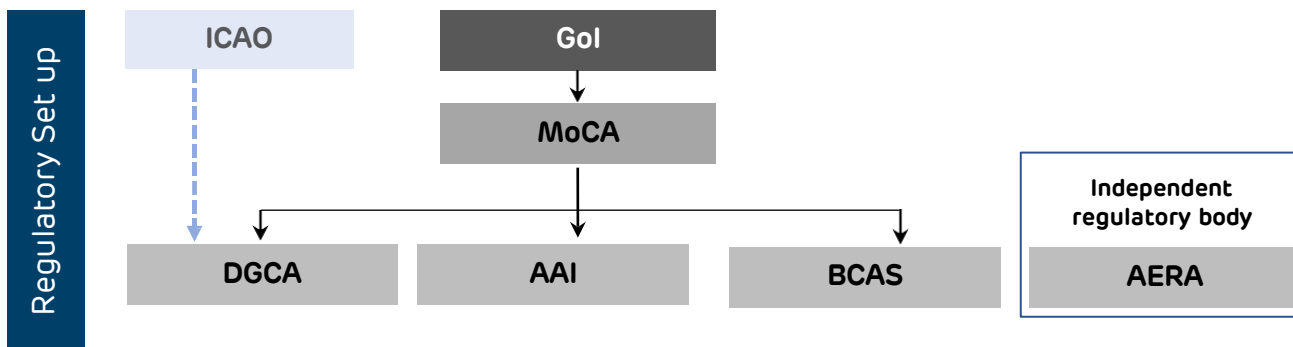


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## Annexures



# Determination of Regulated Revenue

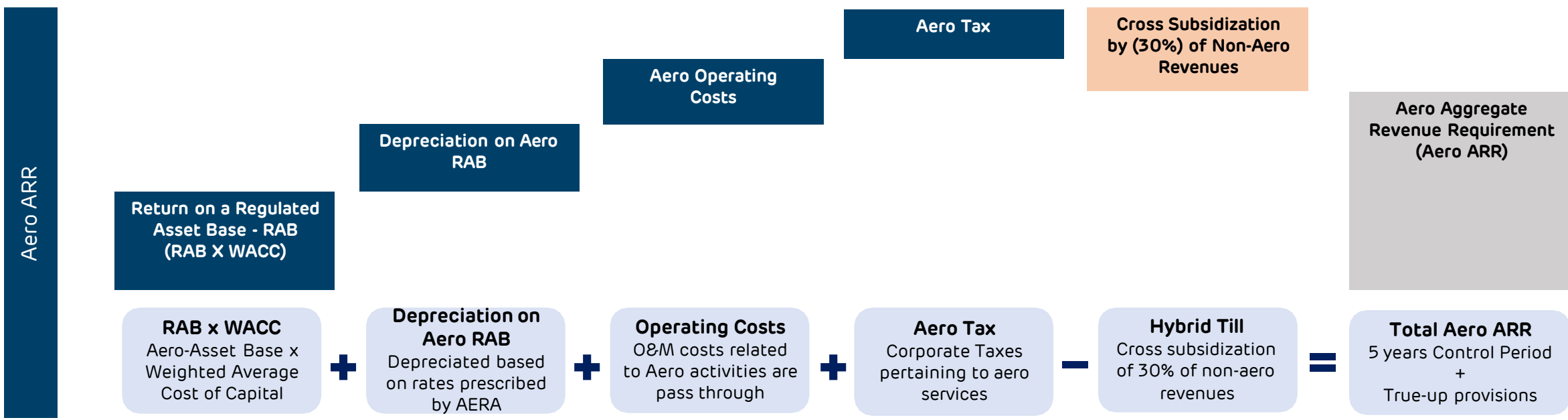


**Well-Defined Model** Regulatory environment has evolved to become more mature and efficient

**Matured and well-defined** Tariff setting process, **stakeholders are consulted** throughout to ensure buy-in

**New concessions** address issues faced in earlier concessions

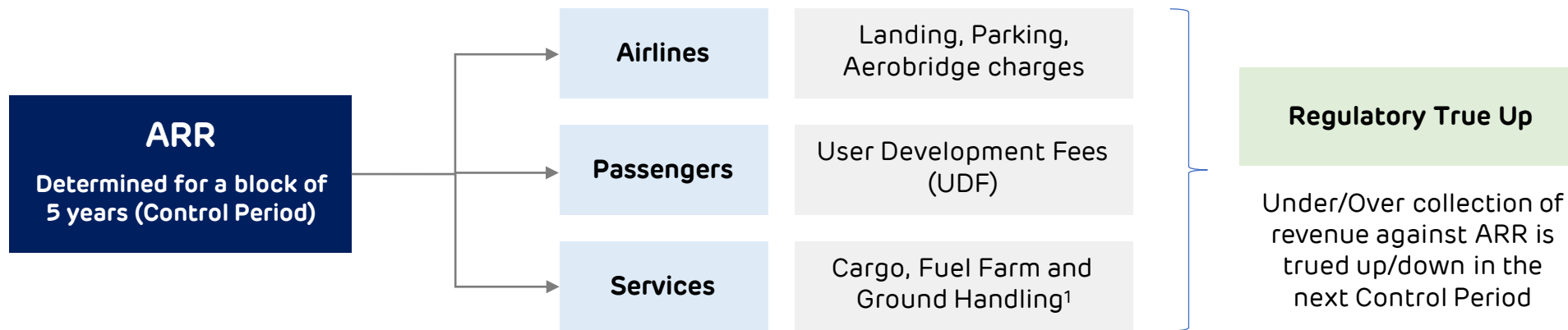
Typical **control period** is for 5 years



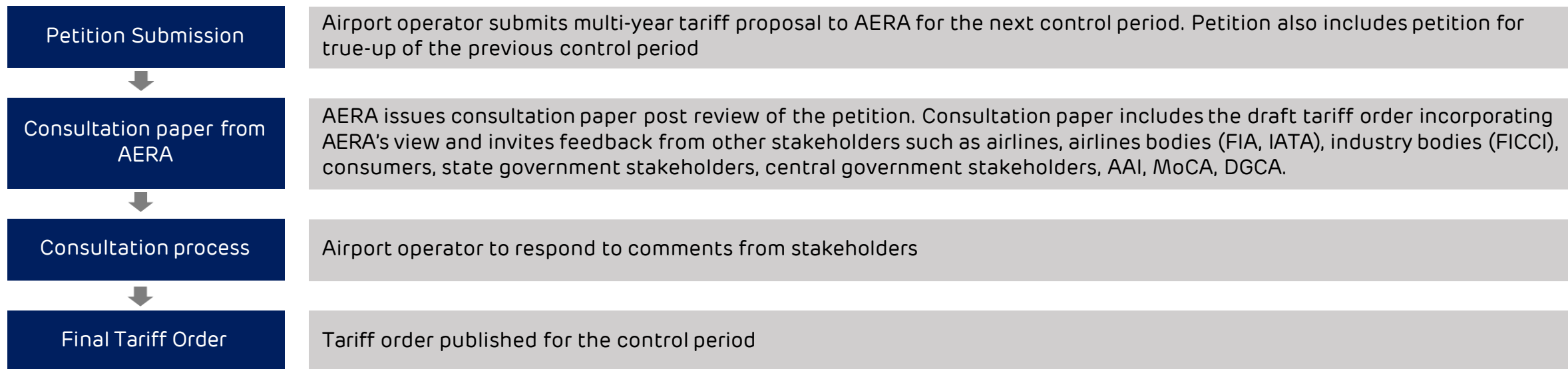
**Adani Airports operate in an evolved regulatory framework, under which AERA has setup tariffs for all major airports**

• **FIA:** Federation of Indian Airlines, **IATA:** International Air Transport Association, **MoCA:** Ministry of Civil Aviation, **DGCA:** Directorate General of Civil Aviation, **AAI:** Airports Authority of India, **FICCI:** Federation of Indian Chambers of Commerce & Industry, **AERA:** Airports Economic Regulatory Authority, **ARR:** Aggregate Revenue Requirement MYT: Multi Year Tariff, **FICCI:** Federation of Indian Chambers Of Commerce & Industry  
 1. For Mumbai Airport, Cargo and Ground handling revenue is part of non-aero revenue as per concession agreement

# MYT Framework for True-up and Tariff Setting over the control period



## Determination of Tariff for Control Period - Key Steps



**FIA:** Federation of Indian Airlines, **IATA:** International Air Transport Association, **MoCA:** Ministry of Civil Aviation, **DGCA:** Directorate General of Civil Aviation, **AAI:** Airports Authority of India, **FICCI:** Federation of Indian Chambers of Commerce & Industry, **AERA:** Airports Economic Regulatory Authority, **ARR:** Aggregate Revenue Requirement

1. For Mumbai Airport, Cargo and Ground handling revenue is part of non-aero revenue as per concession agreement