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VACUATION ASSEMBLY AREA 3

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International Departures International Departures



# Investor Presentation

## *Demerger Update*

March 2021

- **Journey so far**
  - **Demerger Objectives and Structure**
  - **Growth Opportunities**
  - **Proforma Financials**
  - **Summary**

# GMR Group, with its demonstrated capability of developing quality Infrastructure across the globe for over three decades, has stood the test of the time



	Growth Phase	Managing Turbulence	Consolidation	Cash Flow Stabilization
	1996 - 2008	2009 - 11	2012 - 14	> 2015
Group (Capital Raising)	<ul style="list-style-type: none"> <li>IPO - INR 8bn</li> <li>QIP - USD 1bn</li> </ul>	<ul style="list-style-type: none"> <li>QIP - USD 315mn</li> </ul>		<ul style="list-style-type: none"> <li>QIP - INR 14.8bn</li> <li>Rights issue - INR 14.0bn</li> <li>FCCB - INR 20bn from KIA</li> </ul>
Airports	<p><b>New Airport Wins</b></p> <ul style="list-style-type: none"> <li>Delhi Airport</li> <li>Hyderabad Airport (CoD in 2008)</li> </ul>	<p><b>Commencement of Operations</b></p> <ul style="list-style-type: none"> <li>DIAL - Completed Terminal 3 in record 37 months</li> <li>Istanbul Airport</li> </ul> <p><b>Capital Raising</b></p> <ul style="list-style-type: none"> <li>GMR Airports - USD 330mn from PE Investors</li> </ul>	<p><b>Divestments</b></p> <ul style="list-style-type: none"> <li>Istanbul Airport, Turkey</li> </ul> <p><b>New Airport Wins</b></p> <ul style="list-style-type: none"> <li>Cebu Airport in Philippines</li> </ul>	<ul style="list-style-type: none"> <li>Agreement with Groupe ADP for 49% stake sale in GMR Airports Ltd – received ~INR 98.13 bn.</li> </ul> <p><b>New Airport Wins</b></p> <ul style="list-style-type: none"> <li>Mopa Airport, Goa in Aug'16</li> <li>Crete Airport, Greece in Jun'17</li> <li>Clark Airport, Philippines in Dec'17 (EPC project)</li> <li>Bhogapuram Airport, AP in Feb'19</li> <li>Bidar Airport, Karnataka in Feb'20</li> </ul> <p><b>International Bonds</b></p> <ul style="list-style-type: none"> <li>Delhi Airport - USD 1.31 bn</li> <li>Hyderabad Airport - USD 950 mn</li> </ul>
Energy	<p><b>Commencement of Operations</b></p> <ul style="list-style-type: none"> <li>Chennai Power Plant (200MW)</li> </ul> <p><b>Acquisition</b></p> <ul style="list-style-type: none"> <li>50% stake in Intergen Power – USD 1.1bn</li> </ul>	<p><b>Capital Raising</b></p> <ul style="list-style-type: none"> <li>GMR Energy - USD 300mn from PE Investors</li> </ul> <p><b>Acquisition</b></p> <ul style="list-style-type: none"> <li>30% stake in PT GEMS (coal mine in Indonesia) – USD 520mn</li> </ul> <p><b>Divestments</b></p> <ul style="list-style-type: none"> <li>Intergen Power for USD 1.2 bn</li> </ul>	<p><b>Commencement of Operations</b></p> <ul style="list-style-type: none"> <li>Warora (Coal - 600MW)</li> <li>Kamalanga (Coal – 1,050MW)</li> </ul> <p><b>Divestments</b></p> <ul style="list-style-type: none"> <li>Island Power Project, Singapore</li> </ul>	<p><b>Capital Raising/Partnership</b></p> <ul style="list-style-type: none"> <li>Tenaga - 30% stake in GMR Energy for USD 300mn</li> </ul> <p><b>Equity Partnership with Lenders</b></p> <ul style="list-style-type: none"> <li>Rajahmundry (Gas – 768MW)</li> <li>Chhattisgarh (Coal – 1,370MW)</li> </ul> <p><b>Divestments</b></p> <ul style="list-style-type: none"> <li>Divested Chhattisgarh Plants</li> <li>2 Transmission assets</li> <li>PT BSL coal mine (Indonesia)</li> <li>Himtal (hydro) project (Nepal)</li> </ul>
Urban Infra & Highways	<p><b>Commencement of Operations</b></p> <ul style="list-style-type: none"> <li>Tuni Anakapalli</li> <li>Tambaram Tindivanam</li> <li>Ambala Chandigarh</li> </ul>	<p><b>Commencement of Operations</b></p> <ul style="list-style-type: none"> <li>Pochampalli</li> <li>Jadcherla Expressways</li> <li>Ulundurpet Expressways</li> </ul>	<p><b>Commencement of Operations</b></p> <ul style="list-style-type: none"> <li>Hyderabad Vijayawada</li> <li>Hungund Hospet</li> <li>Chennai ORR</li> </ul> <p><b>Divestments</b></p> <ul style="list-style-type: none"> <li>2 Highway projects</li> </ul>	<p><b>New Project Wins</b></p> <ul style="list-style-type: none"> <li>EPC project of INR 51bn on eastern DFCC</li> </ul> <p><b>Divestment</b></p> <ul style="list-style-type: none"> <li>1 Highway project</li> <li>Signed agreement for divesting entire stake in Kakinada SEZ</li> </ul>

- 1 Across the globe, it is a practiced norm to reorganize the business verticals under a single umbrella after they grow to a self-sustaining stage to have an efficient and simplified holding structure
- 2 Over the last few decades, GMR has significantly grown and diversified into multiples segments within the broader infrastructure space viz. Airports, Energy, Urban Infrastructure, SEZ, EPC, etc.
- 3 At an initial stage of growth journey, a combined housing of various segments was required to incubate, seed, ramp-up and grow them to a stage where they can sustain on their own
- 4 Today, these businesses have evolved differently as industry dynamics have varied
- 5 Additionally, Airport business has a distinct operating model as compared to other business verticals within the Group and its growth has outpaced the rest of the verticals

**In the subsequent sections, we have set out the clear objectives, structure and process of demerger**

- **Journey so far**
- **Demerger Objectives and Structure**
- **Growth Opportunities**
- **Proforma Financials**
- **Summary**

## Objectives of Demerger



GIL to emerge as India's Only Pure-Play Listed Airports Company, value unlocking of Airport business



Simplification of the Corporate Holding Structure and sharp management focus on the Airport and Non-Airport Businesses



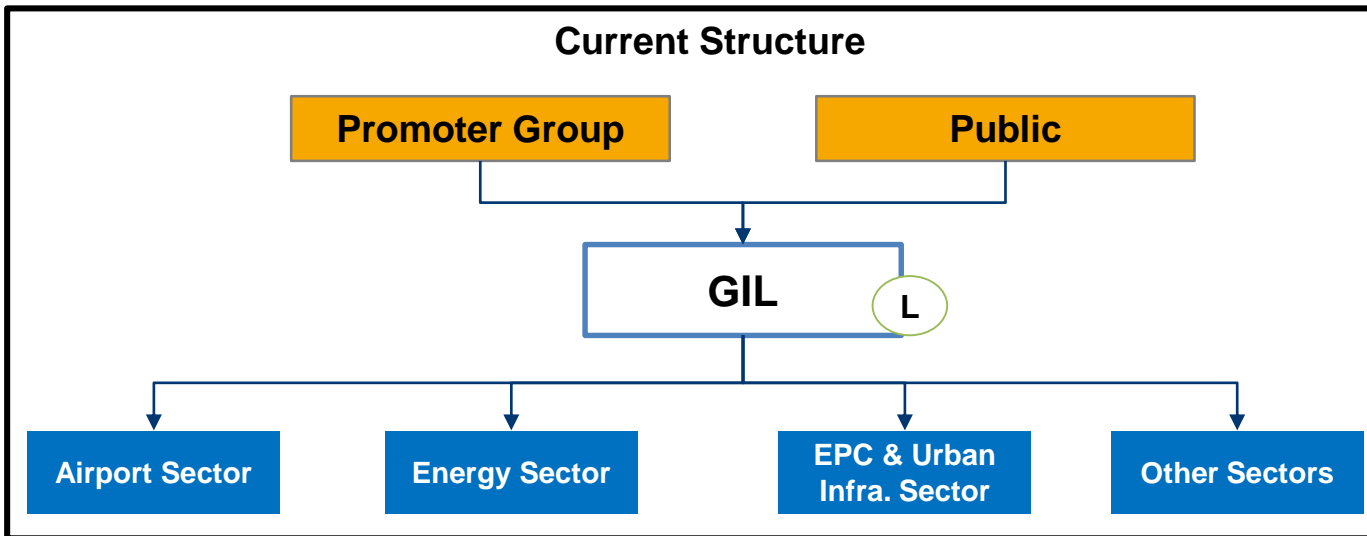
Enable Airport and Non-Airport Businesses to chart out their respective growth plans independently



Value creation through strategic partnerships and attract dedicated pools of investor capital - both from private & public market

**Scheme is expected to result in an increased interest from investors with a lower cost of capital and longer investment horizon, thus appreciating the equity value**

# Mirror demerger resulting in no change in the shareholding of the resultant listed companies

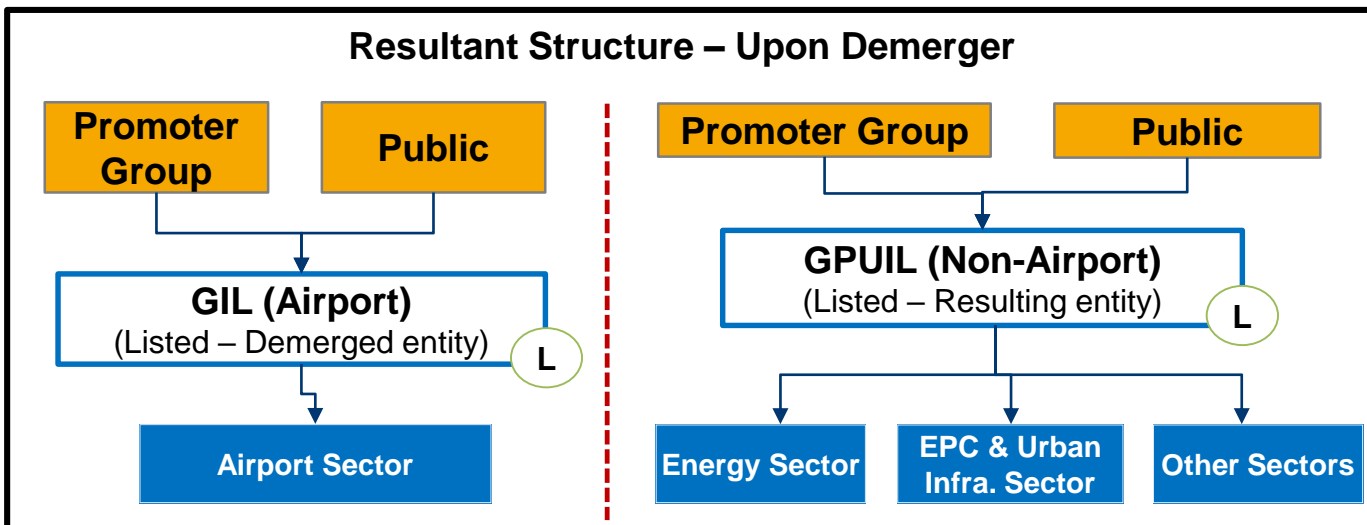


## Schemes of Arrangement

- Vertical split demerger of the Non-Airport Business of GIL into GPUIL

- Mirror shareholding of GIL in GPUIL with all existing shareholders of GIL becoming shareholder of GPUIL in same proportion

- Issue of 1 share of Rs.5/- each of GPUIL for every 10 shares in GIL of Rs.1/- each as on the record date



Particulars	Timeline and Approvals
<b>Appointed date</b>	<ul style="list-style-type: none"> <li>• 1 April 2021</li> </ul>
<b>Approvals required</b>	<ul style="list-style-type: none"> <li>• SEBI and stock exchanges – approval received</li> <li>• Equity Shareholders and Creditors</li> <li>• Regulatory Authorities and Income Tax Authority</li> <li>• NCLT Mumbai</li> </ul>
<b>Timelines</b>	<ul style="list-style-type: none"> <li>• Scheme filed with NCLT on 5-Mar-2021</li> <li>• Shareholder meeting – Q1 FY22</li> <li>• Creditor meeting – Q1 FY22</li> <li>• Expect to receive order from NCLT Mumbai by Q2 FY22</li> </ul>
<b>Customary Notices</b>	<ul style="list-style-type: none"> <li>• Post receipt of NCLT orders, customary intimations to Regulatory Authorities</li> </ul>



- **Journey so far**
- **Demerger Objectives and Structure**
- **Portfolio and Growth Opportunities**

✓ **GIL (Airport)**

✓ **GPUIL (Non-Airport)**

- **Proforma Financials**
- **Summary**

# GIL (demerged entity) to have marquee operating airport assets with strong growth drivers



Project	Domestic				International	
	Delhi Intl. (DIAL)	Hyderabad (GHIAL)	GOA (GGIAL)	Bhogapuram	Cebu International Airport, Philippines	Crete International Airport, Greece
<b>Status</b>	Operational	Operational	Greenfield Development	Greenfield Development	Operational	Greenfield Development
<b>Shareholding</b>	GMR (64%), AAI (26%), Fraport (10%)	GMR (63%), GOT (13%), AAI (13%), MAHB (11%)	100%	100%	GMR (40%), Megawide (60%)	GMR (22%), TERNA S.A. (32%), Greece Govt (46%)
<b>Passenger Capacity (annual)</b>	~66 Mn	~12 Mn	~8 Mn	~ 6 Mn	~15.8 Mn	~15 Mn (Post construction)
<b>Rated Capacity</b>	119 Mn	80 Mn	33 Mn	24 Mn	28 Mn	15 Mn
<b>Concession Terms</b>	<ul style="list-style-type: none"> <li>✓ Started April 2006</li> <li>✓ 30 + 30 years</li> <li>✓ 46% Revenue share</li> </ul>	<ul style="list-style-type: none"> <li>✓ Started Mar 2008</li> <li>✓ 30 + 30 years</li> <li>✓ 4% Revenue share</li> </ul>	<ul style="list-style-type: none"> <li>✓ Expected - Aug 2022</li> <li>✓ 40 + 20 years</li> <li>✓ 37% Revenue share</li> </ul>	<ul style="list-style-type: none"> <li>✓ Expected – Apr 2024</li> <li>✓ 40+20 years</li> <li>✓ Per person share from 11<sup>th</sup> year onwards</li> </ul>	<ul style="list-style-type: none"> <li>✓ 25 years from Nov 2014</li> <li>✓ Phase 1 expansion completed in Jun'18</li> </ul>	<ul style="list-style-type: none"> <li>✓ GMR to be Airport Operator</li> <li>✓ 35 years (including construction period)</li> </ul>
<b>Commercial Property Development</b>	<ul style="list-style-type: none"> <li>✓ 230 acres</li> <li>✓ 40 acres developed</li> <li>✓ Given development rights-</li> <li>❑ Retail – 23 acres</li> <li>❑ Commercial – 4.9 Mn Sqft + 4.8 Mn Sqft (Optional)</li> <li>Bharti Realty</li> </ul>	<ul style="list-style-type: none"> <li>✓ 1,463 acres</li> <li>✓ ~204 acres already monetized</li> </ul>	232 acres	294 acres (139 acres residential)	11 acres	Over 10 acres

- ✓ Past Concessions → Commenced operations for Istanbul in 2008 & divested the same in 2014 post stabilization. It also commenced operations in Male Airport in 2010 but exited in 2012 due to cancellation of concession by the new government.
- ✓ Concessions won → Duty free concession at Kannur International Airport in Jan-20 and O&M concession at Bidar Airport, Karnataka in Feb-20
- ✓ Asset Light Strategy → Also provide EPC and O&M services to existing and new airports ([EPC contractor for Clark Airport, Philippines](#)) through GMR Airports Development Limited (GADL)

# On the back of favourable growth drivers, Airport business is expected to grow as demonstrated in past



Rapidly growing passenger volumes

- ✓ Low penetration of flying (0.07 trips per capita vs 0.3 trips per capita in China)
- ✓ Traffic at Indian airports projected to grow at CAGR of 9.2% for next 10 years
- ✓ India to become 3rd largest aviation market before 2030



Significant Commercial Revenue

- ✓ Duty free SPP of ~\$10/pax at leading Indian gateway airports vs \$ 25.0/pax at Dubai/Bangkok
- ✓ Rise in disposable income and higher consumption pattern of millennials



Real Estate Development

- ✓ Strong economic growth; expanding middle class; robust growth in tourism and low penetration to be the key growth drivers



Regulatory Momentum

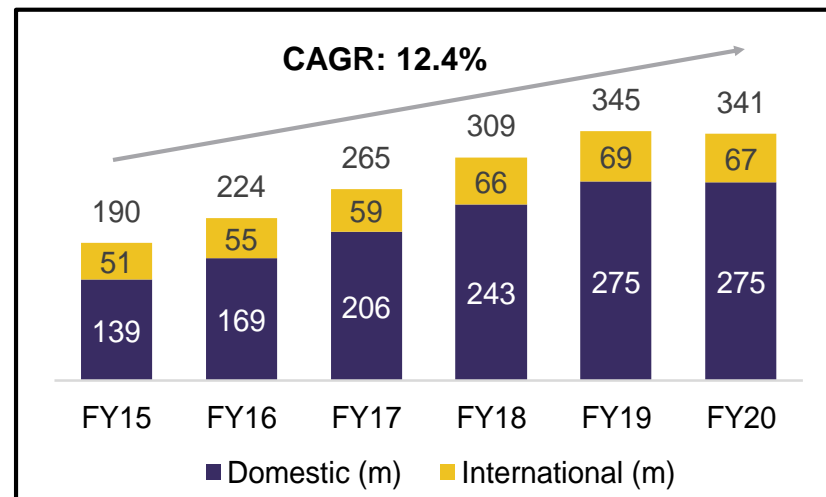
- ✓ Clarity on major regulatory issues, such as tariff determination and implementation of Base Airport Charges



Construction & Expansion of Airports

- ✓ 6 airports lined up for privatization by MoCA
- ✓ 'Infrastructure Vision 2025' states that 30–35 AAI airports will be awarded to private entities

## Healthy growth in India passenger traffic (Mn)



## Government focus and regulatory thrust

- National Monetization Pipeline** - The next lot of airports in tier two cities will be monetised for operation and management
- National Infrastructure Pipeline:** Rs. 1.4 trillion capex in airports during FY2020-2025
- National Civil Aviation Policy:** Enable 500 Mn domestic and 200 million international passengers at Indian airports by 2027
- Regional connectivity scheme:** Stimulate air connectivity by concessions to airport operators and viability gap funding

## GMR Airports Platform

### 1 Strategic partnerships to propel the 'Airports Platform' towards a new growth paradigm

- Combined complimentary expertise to extract value and synergies for—
  - market access, route development, and IT/Innovation
  - operational expertise, capex management, and retail experience
- Access to capital: low cost capital with longer investment horizon

#### Recent Partners



### 2 Marquee, strategically located assets in attractive markets under long-term concessions

- Diversified mix of operational and pipeline airports in portfolio, both in India and abroad
- Delhi Airport: Potential to have one of the largest Capital City Airport in the world
- CEBU is 1st PPP project in Philippines (another strong growth market)

### 3 Unique Real Estate Potential

- At DIAL, creation of Central Business District for Delhi
- At GHIAL, India's first Aerotropolis leveraging fastest growing Technology City of India.

### 4 Value potential from Ancillary businesses

- Ability to scale businesses such as Duty Free, Cargo etc.
- GADL to strategically capture value in Construction value chain

### 5 'High-Yield' mature assets – Generate robust free cash flows post expansion

- Delhi & Hyderabad airports to become a 'yield play' in the medium term post their expansion
- CEBU airport is placed well to generate free cash flows as new terminal is in place

- **Journey so far**
- **Demerger Objectives and Structure**
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- ✓ **GIL (Airports)**

- ✓ **GPUIL (Non-Airport)**

- **Proforma Financials**
- **Summary**

# GPUIL (resulting entity) to have marquee assets across energy, transportation and urban infrastructure sectors



## **Energy:** Diversified Presence Across Value Chain

- Coal Based: ~1,650 MW<sup>1</sup>
- Gas Based: ~1,400 MW<sup>2</sup>
- Hydro: 180 MW under construction; 1,425 MW under development
- Solar: 26 MW; Wind: 3.4 MW
- Coal Mines: 1 in Indonesia; Total reserves c.828m tons

## **Partners**



Looking to create an Energy platform

- **Long term contracted PPAs providing steady cash flow streams:** ~76% of operating capacity tied up in long-term PPAs; residual term ranging from 8 to 19 years
- **Fuel security through access to long term fuel linkages:** hedging the prices through PPAs and option to source any shortfall in domestic coal from our coal mine in Indonesia (PT GEMS)



## **Transportation:** Highways Business with a Mixed Portfolio of Annuity and Toll Projects

- Highways – 4 Operational Projects
  - 2 Annuity Projects : 133 kms & 2 Toll Projects: 216 kms
- Railways – Construction of 417 Km stretch in Eastern DFCC

Plan to exit in a phase-wise manner at an appropriate time



## **Urban Infrastructure:** Special Investment Regions at Krishnagiri and Kakinada

- ~10,400 acres in Kakinada (AP)<sup>3</sup>
- ~2,250 acres in Krishnagiri (TN)

In the process of monetizing assets

**GMR EPC business will also be housed in GPUIL**

### Notes

1. Include Kamalanga Plant (1,050 MW); 2. Include Barge Plant (220 MW) for which Sale and Purchase Agreement for divestment is signed
2. Entered into definitive agreement for divestment of the entire parcel of Land



## 1 Macroeconomic Drivers

- **National Infrastructure Pipeline:** An investment plan of **Rs 1,100 Bn** for enhancing infrastructure in identified sectors for a period of five years from FY20 to FY25
  - ✓ Around 70% has been allocated to **Energy (24%)**, Roads (18%), Urban Infrastructure (17%), and Railways (12%)
- Indian energy requirement is forecasted to grow at a **CAGR of ~5%** over the next 10 years
- Indian has set a renewable energy target of **175 GW** by 2022
- Government of India's (GoI) has announced a mission to provide **24x7 electricity** to all

## 2 Driving capacity additions through clean and renewable assets

### Creating a strong pipeline of assets by leveraging the policy thrust in RE space

- **Solar power:** Indian has set a target of 100 GW solar energy by 2022
- **Hydropower:** granted renewable energy status, obligatory for distribution companies to purchase hydropower
- **Gas based plants:**
  - ✓ Committed investment of Rs. 800 Bn for gas production by private players and PSUs
  - ✓ Investment of \$60 Bn by Government of India (GoI) on Gas Infrastructure (distribution network, pipelines, import terminals)
- **Green Hydrogen:** National Hydrogen Energy Mission (NHM) emphasising on increased push to adopt hydrogen fuel mix

1. Post demerger, at an opportune time and the right value, a phase-wise exit from highways and urban infrastructure would create a listed energy platform
2. Our established capability across the energy fuel mix positions us to capitalize on the growth opportunities
3. Investment in energy platform would further bolster GPUIL to optimize the capital structure and ensure sustained growth and profitability.

## Opportunities in power transmission and distribution business

- ❑ Rs. 234 Bn. near-term revenue opportunity from distribution business for private players from 8 union territories and 2 states
- ❑ Privatization drive:
  - ✓ 14 transmission projects under the tariff-based competitive bidding (RBCB) route for evacuating power from 25-gigawatt Renewable Energy projects
  - ✓ Another 6 transmission projects lined up for privatization in the intra-state segment
- ❑ Policy tailwinds:
  - ✓ Reforms in distribution in the areas of open access, cost reflective tariffs, smart metering, use of digital platforms; and EV charging infrastructure
  - ✓ Projected capital expenditure of Rs. 3,040 Bn on electricity transmission projects over financial years 2020 to 2025

## Acquisition of undervalued distressed assets

- ❑ Partner with the investors to utilize group's robust capability in acquiring and operating undervalued energy assets of all fuel mix

## Capture value in Energy & Railways construction value chain

- ❑ Healthy pipeline of projects:
  - ✓ Dedicated Freight Corridor
  - ✓ Station redevelopment project
- ❑ Except working capital, no capital required
- ❑ Extensive EPC and O&M synergies in the energy sector centred around technological improvements

## Value potential from ancillary businesses

- ❑ Taking advantages of trading opportunities on the short term volatility (Coal & Energy)

**Pipeline of projects in the above-mentioned sectors presents tremendous opportunities to grow with a limited capital commitment.**



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# Pro-forma financials (Consolidated) of Airport and Non-Airport



## Year ended 31<sup>st</sup> Mar'2020

INR Mn	GMR Infrastructure Ltd	Airport Group	Non-Airport Group
Revenue <sup>1</sup>	65,184	42,770	23,862
EBITDA	26,286	21,979	4,637
PAT <sup>2</sup>	(21,985)	(587)	(21,412)
Net worth <sup>3</sup>	2,159	38,342	(35,505)
Gross Debt <sup>4</sup>	321,020 <sup>5</sup>	211,956	134,386
Cash & Cash Equivalent	75,987	66,418	9,569
Total Assets	465,268	317,201	175,252

## 9 Months ended 31<sup>st</sup> Dec'2020

INR Mn	GMR Infrastructure Ltd	Airport Group	Non-Airport Group
Revenue <sup>1</sup>	32,271	13,471	19,686
EBITDA	2,349	29	2,750
PAT <sup>2</sup>	(27,023)	(14,905)	(12,131)
Net worth <sup>3</sup>	22,381	33,577	(11,224)
Gross Debt <sup>4</sup>	298,266 <sup>5</sup>	199,712	104,689
Cash & Cash Equivalent	46,447	40,341	6,109
Total Assets	461,896	292,966	177,156

1. Gross Revenue less Revenue Share paid; 2. From continuing operations including share of profit and loss from JVs and associates; 3. Including Non-controlling interests; 4. Excludes FCCB; 5. Excludes Intercompany Debt

Note: Unaudited pro forma Financial Information has been compiled by management to illustrate the impact of the proposed demerger of the Non-airport business of the Group into GPUIL, subsidiary of the GIL on the Group's Balance Sheet and Profit & Loss Account

- **Journey so far**
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- **Summary**

- 1. Mirror demerger resulting in no change in the entitlement of shareholders**
- 2. A unique pure-play airports platform, with strong cash flow generation potential**
- 3. Two separately listed entities, charting their respective growth trajectories**
- 4. Demerger will also facilitate strategic partnerships at different platforms allowing businesses to raise capital and leverage synergistic advantages**

**In summary, proposed scheme of demerger has potential to generate significant upside for all the shareholders**

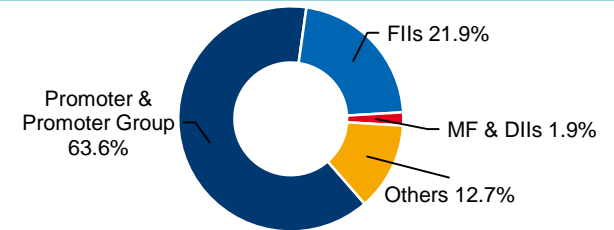
A series of overlapping triangles in shades of gray and white, arranged in a pattern that resembles a mountain range or a stylized architectural structure. A dark blue horizontal bar is overlaid on the middle of these triangles.

**Thank You**

## Annexures

## GMR Infrastructure Ltd

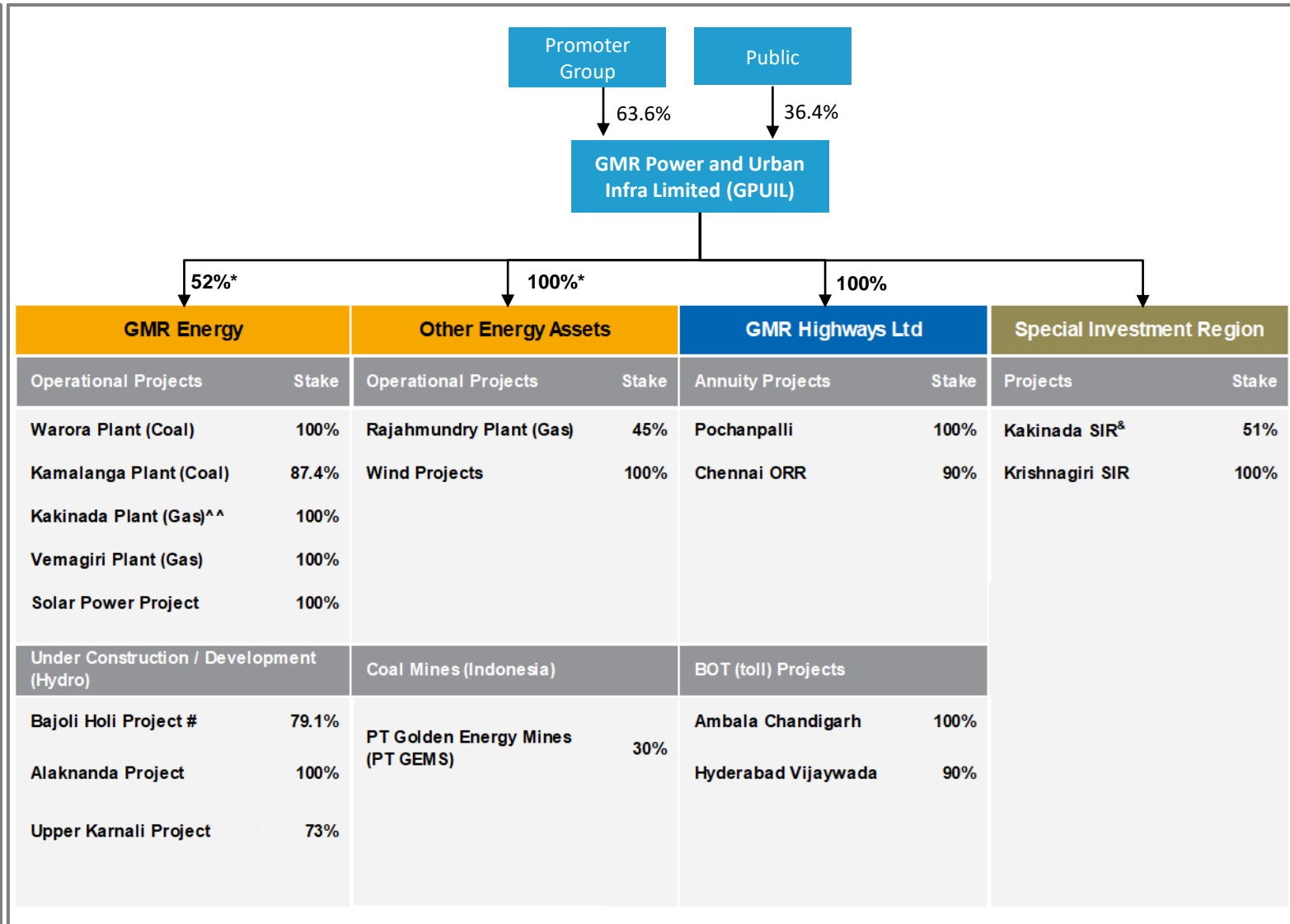
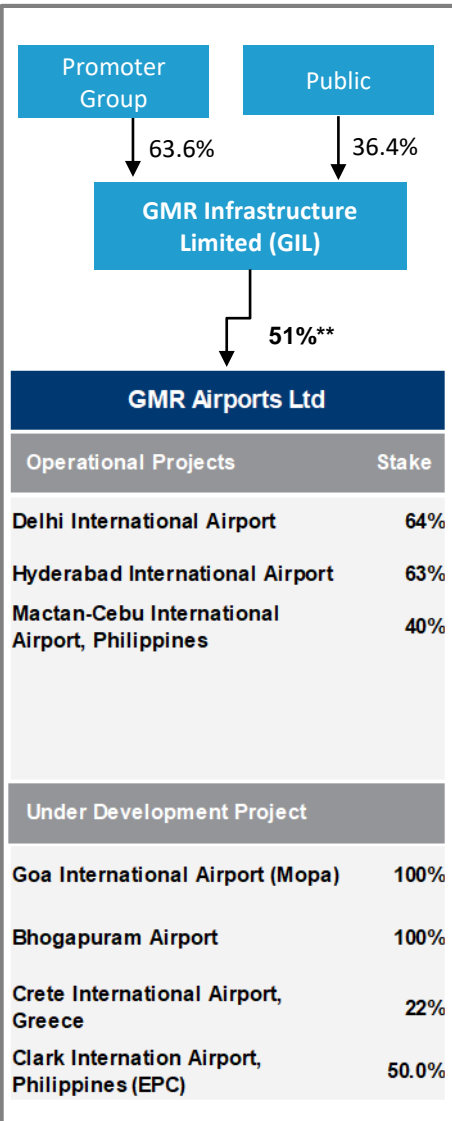
Shareholdings as on 31 December 2021



GMR Airports Ltd		GMR Energy		Other Energy Assets		GMR Highways Ltd		Special Investment Region	
Operational Projects	Stake	Operational Projects	Stake	Operational Projects	Stake	Annuity Projects	Stake	Projects	Stake
Delhi International Airport	64%	Warora Plant (Coal)	100%	Rajahmundry Plant (Gas)	45%	Pochanpalli	100%	Kakinada SIR <sup>&amp;</sup>	51%
Hyderabad International Airport	63%	Kamalanga Plant (Coal)	87.4%	Wind Projects	100%	Chennai ORR	90%	Krishnagiri SIR	100%
Mactan-Cebu International Airport, Philippines	40%	Kakinada Plant (Gas) <sup>^^</sup>	100%						
		Vemagiri Plant (Gas)	100%						
		Solar Power Project	100%						
Under Development Project		Under Construction / Development (Hydro)		Coal Mines (Indonesia)		BOT (toll) Projects			
Goa International Airport (Mopa)	100%	Bajoli Holi Project #	79.1%	PT Golden Energy Mines (PT GEMS)	30%	Ambala Chandigarh	100%		
Bhogapuram Airport	100%	Alaknanda Project	100%			Hyderabad Vijaywada	90%		
Crete International Airport, Greece	22%	Upper Karnali Project	73%						
Clark Internation Airport, Philippines (EPC)	50.0%								

\* Includes both direct & indirect holding; \*\* direct and indirect holding and post transfer of 49% to Groupe ADP; # DIAL holds 20.9% stake; ^^ Barge Plant (220 MW) - Sale and purchase agreement for divestment is signed; & Signed definitive agreement to divest Kakinada SEZ to Aurobindo Realty and Infrastructure Pvt. Ltd.

# Resultant Corporate Structure post demerger



Note: GIL shareholding is as on 31<sup>st</sup> December 2020 and GPUIL shareholding is post implementation of demerger

\* Includes both direct & indirect holding; \*\* direct and indirect holding and post transfer of 49% to Groupe ADP; # DIAL holds 20.9% stake; ^^ Barge Plant (220 MW) - Sale and purchase agreement for divestment is signed; & Signed definitive agreement to divest Kakinada SEZ to Aurobindo Realty and Infrastructure Pvt. Ltd.