



adani
Energy Solutions

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Adani Energy Solutions Limited
(Formerly known as Adani Transmission Limited)

Investor Presentation

June - July 2024

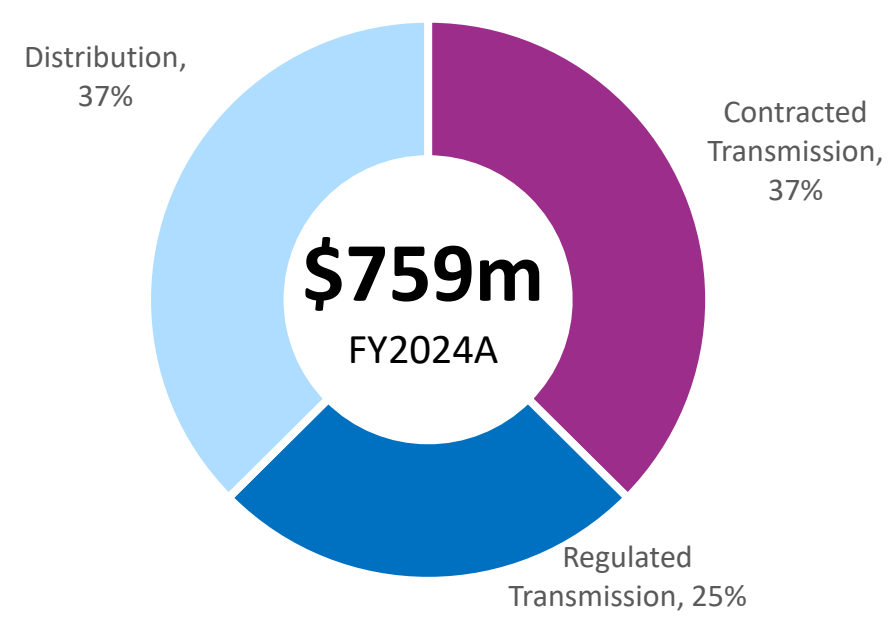
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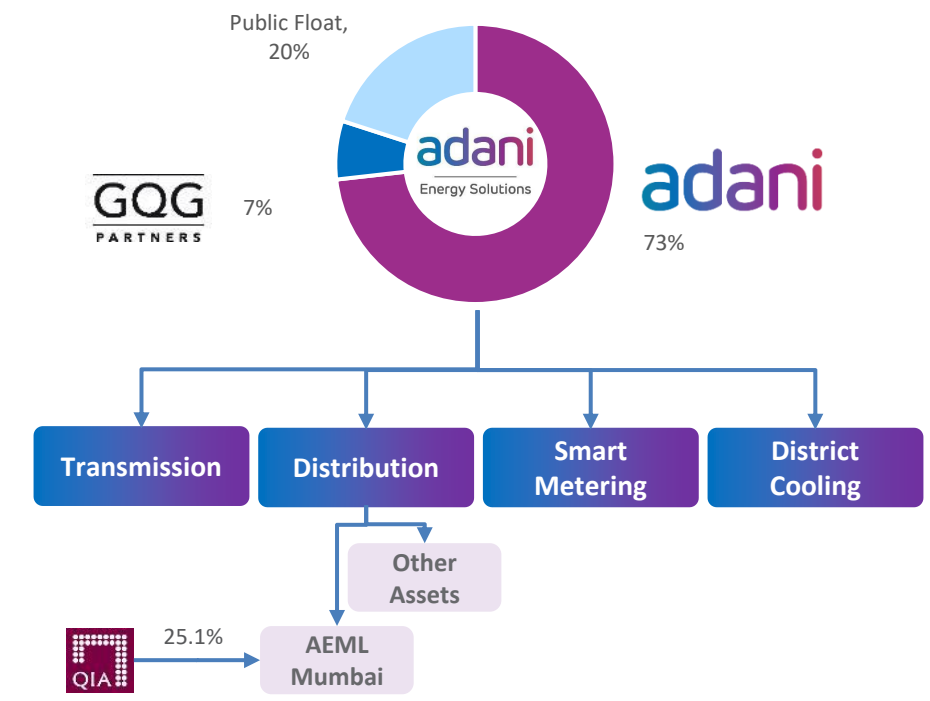
Adani Energy Solutions Limited (“AESL”)

- ▶ Largest private sector transmission and distribution company in India, with a presence across 16 states in India
- ▶ Cumulative transmission network of c.21,182 ckm / c.57,011 MVA transmission capacity, serving more than 12 million customers across its distribution business
- ▶ Currently developing its smart metering business, for which it has secured 20%⁽¹⁾ of India’s market share through multiple LoAs
- ▶ Poised to capture market share from India’s huge T&D buildout with in-house, end-to-end development and operations capabilities
- ▶ The company is currently raising up to US\$ 1.5bn in primary equity to crystallise the significant development portfolio and further business plan

Segmental EBITDA (US\$m)



AESL Shareholding Structure



Key Business Segments

Transmission		Distribution			Smart Metering	District Cooling
Section 63 Fixed Tariff	Section 62 RAB Assets	AEML Mumbai	MUL Mundra	Parallel License (under approval)	Letter of Award (under implementation)	BOT Opportunities
24	5 ⁽²⁾	400	85		22.8 ⁽¹⁾	
Transmission Assets Levelised tariff c. \$320m p.a. (operational assets) ⁽³⁾	Transmission Assets Gross block: \$1.45bn (operational assets) ⁽³⁾	Sq. km License Area RAB: c. \$1018m ⁽³⁾	Sq. km License Area RAB: c. \$9.6m ⁽³⁾	<ul style="list-style-type: none"> Navi Mumbai & Thane Gautam Buddha Nagar Mundra Subdistrict 	Million Smart Meters 9 contracts covering > 91 mn consumers Contract value c. \$3.3bn	<ul style="list-style-type: none"> Potential to offer as an integrated solution along with power transmission, distribution, smart metering and power trading Market opportunity of c.8m tons of refrigeration / DCS demand by FY30
35-year Concession Life		25-year License Period, Perpetual Business			10-year Contract Period	

1. As of March 2024
 2. Tiroda Aurangabad, Mundra-Dehgam, Mundra-Mohindergarh, and Tiroda-Warora lines
 3. INR/USD 0.012 as of 26th April 2024

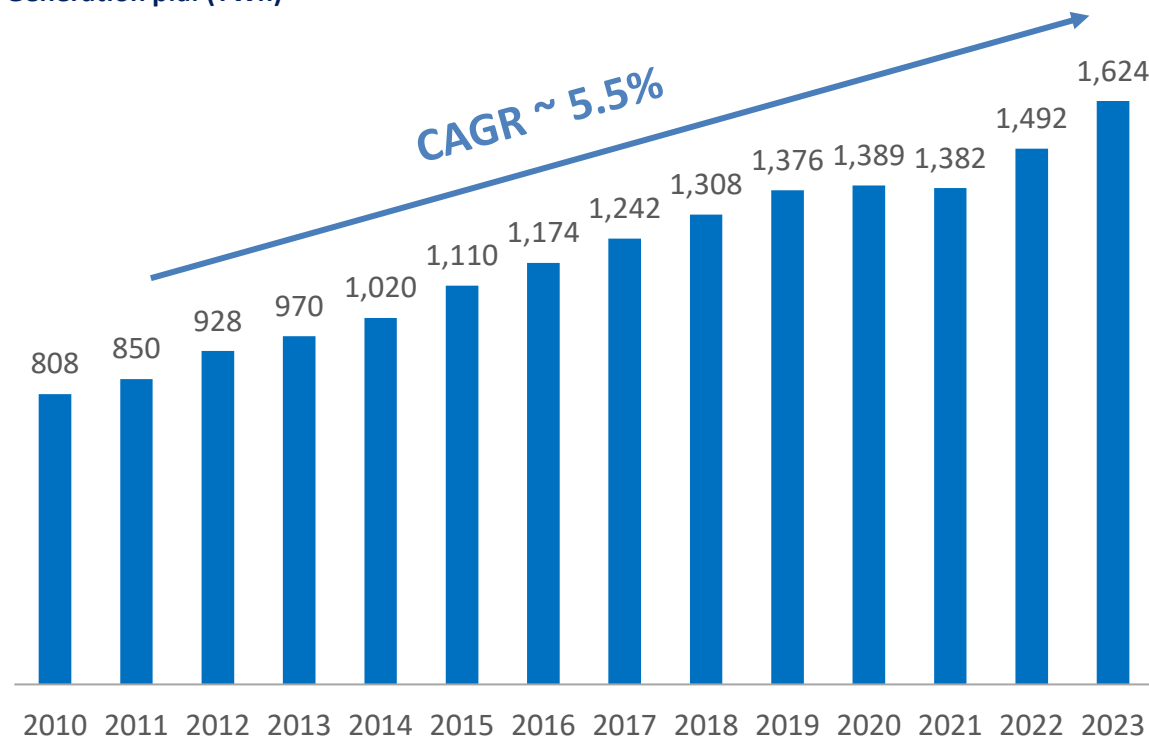
Key Investment Highlights



1 Macro Background: Strong Underlying Fundamentals Driving Demand for T&D Infrastructure

Huge Growth in Power Demand

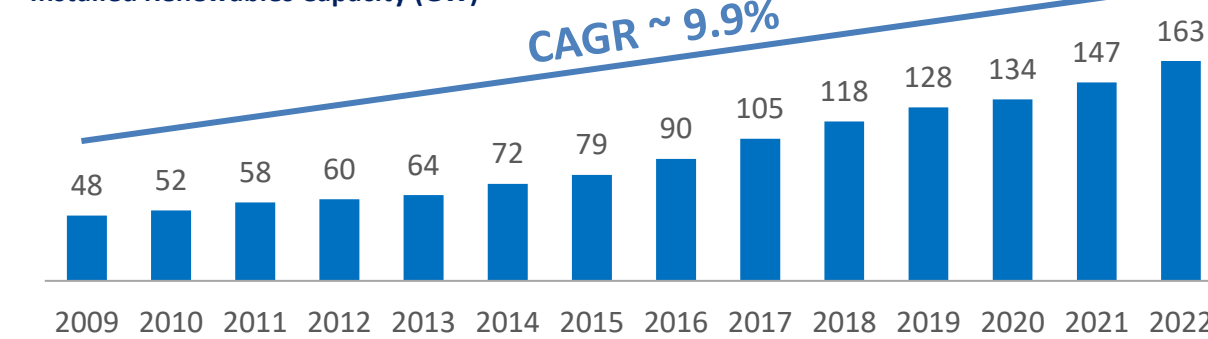
Generation p.a. (TWh)



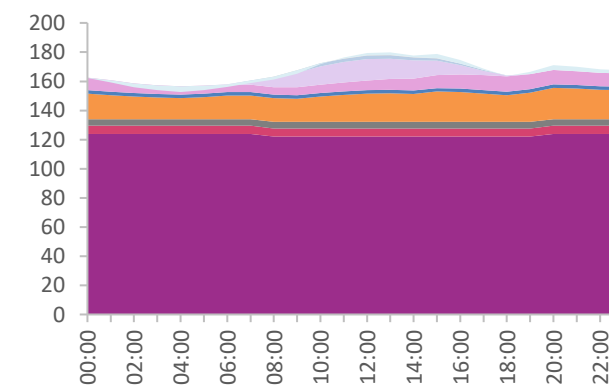
- ▶ Growing consumption per capita is catalysed by population growth to drive exponential increases in power demand
- ▶ Huge T&D infrastructure additions are necessary to adapt to demographic shifts and support additional load
- ▶ The country is targeting 424,000 ckms of additional transmission lines by 2034, representing a two-fold increase over 2019 capacity

Renewables Accelerating Requirements

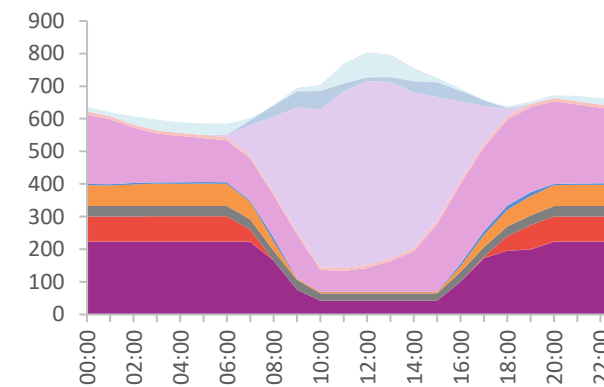
Installed Renewables Capacity (GW)



India Generation Profile 2018



India Generation Profile 2050



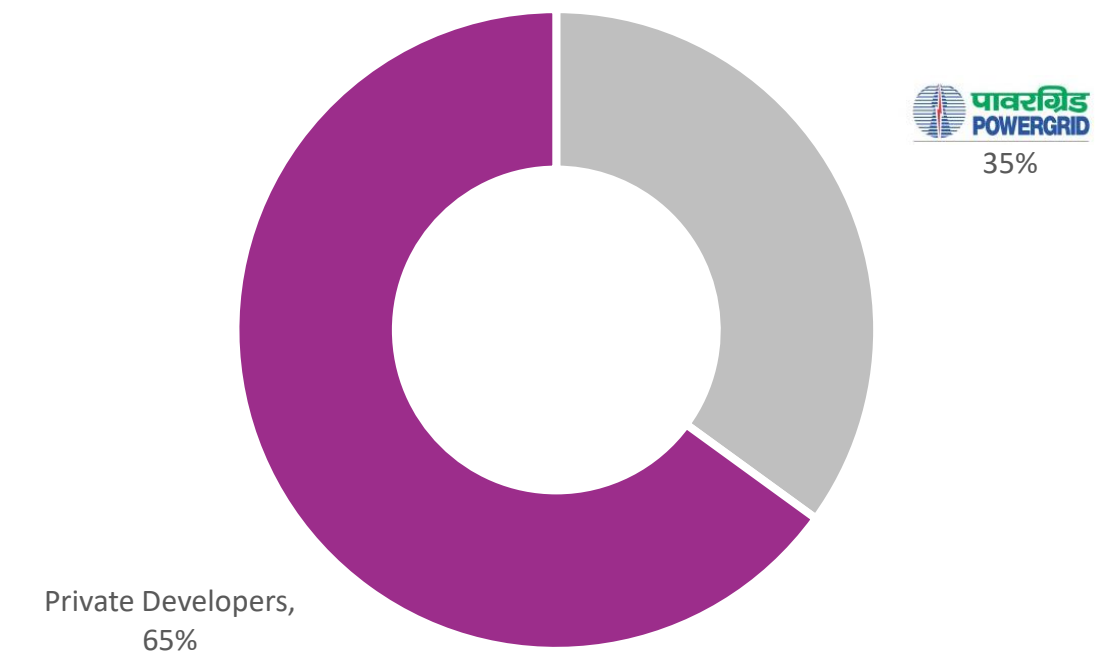
Legend for India Generation Profile:

- Coal
- Gas
- Peaker gas
- Oil
- Nuclear
- Hydro
- Geothermal
- Biomass
- Onshore wind
- Offshore wind
- Utility-scale PV
- Small-scale PV
- Solar thermal
- Other
- Flexible capacity

- ▶ Increased renewables penetration is further accelerating T&D requirements
- ▶ By 2050 it is estimated that variable renewables will account for 55% of generation, with the “duck curve” in variable generation creating additional system balancing requirements on an intra-day basis

Increasing Private Sector Participation

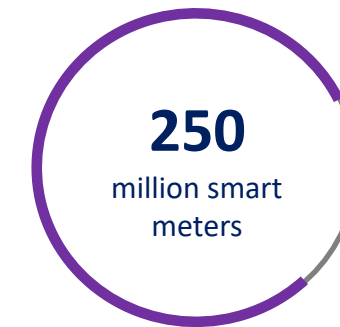
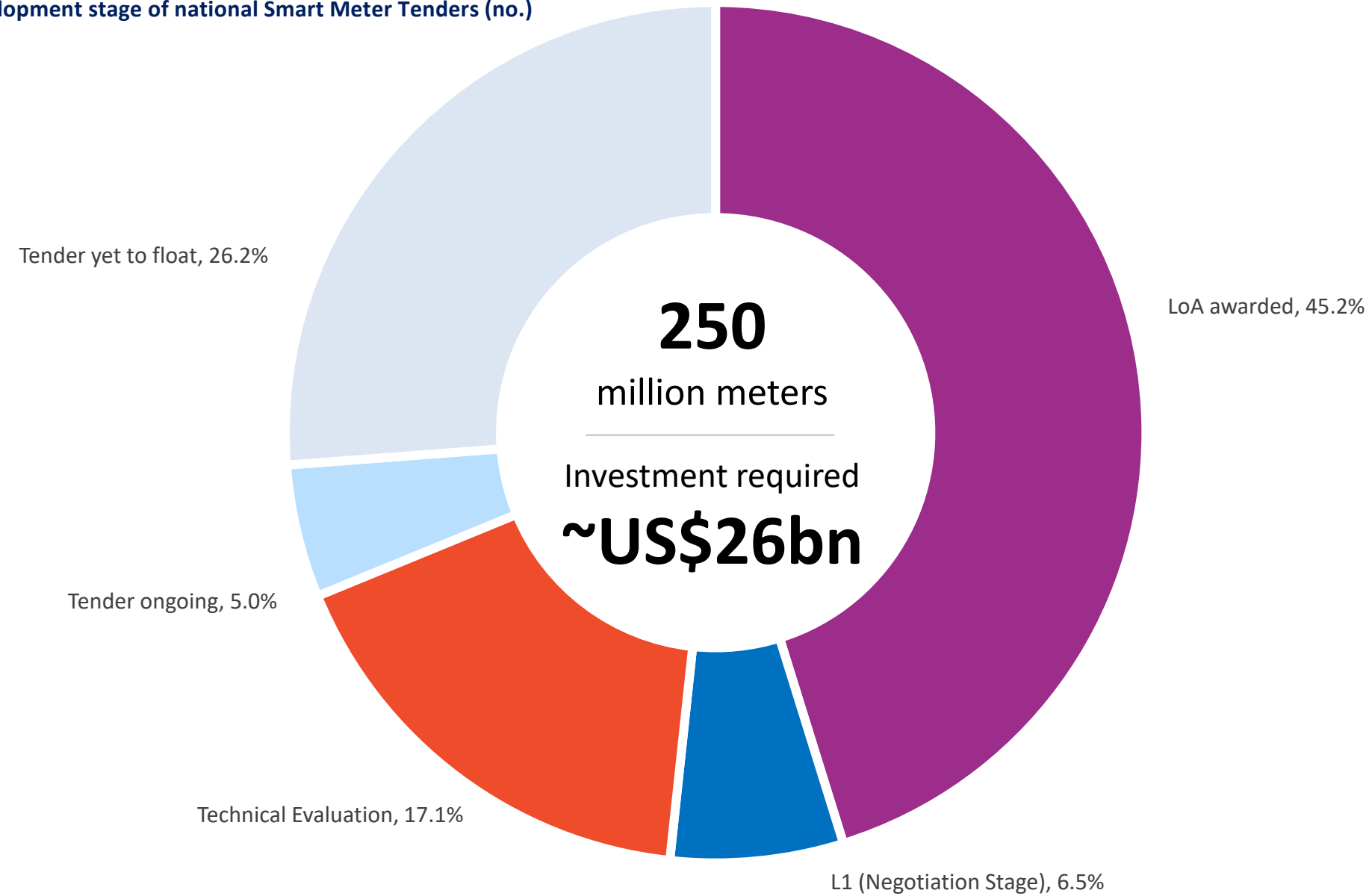
TBCB Transmission Project Awards, as of 2020 (%)



- ▶ Mandatory competitive bidding introduced since 2006 (TBCB) has created a level playing field for private players
- ▶ Private sector has won 47 projects out of total 77 transmission TBCB projects awarded since April-15, of which AESL has been awarded 22
- ▶ Identified TBCB opportunity in near-term is c. US\$14bn⁽¹⁾ under RFP/RFQ stage

1 Macro Background: AESL Already Captured 20% Share in US\$ 26 bn Smart Metering Rollout

Development stage of national Smart Meter Tenders (no.)



▶ Huge rollout targeted as a part of RDSS (Revamped Distribution Sector Scheme) to improve billing efficiency and sector collections



▶ Capex requirement of c.US\$ 26.4bn⁽¹⁾



▶ AESL has already secured 20% of LoAs awarded

Smart Meters are a Critical Component of Improving Sector Efficiency

Reduce AT&C Losses

- ▶ Accurate and consistent energy accounting of all feeders
- ▶ Data analysis and revenue protection

Providing Better Services to Consumers

- ▶ Improving power availability
- ▶ Optimize power consumption through TOD tariff

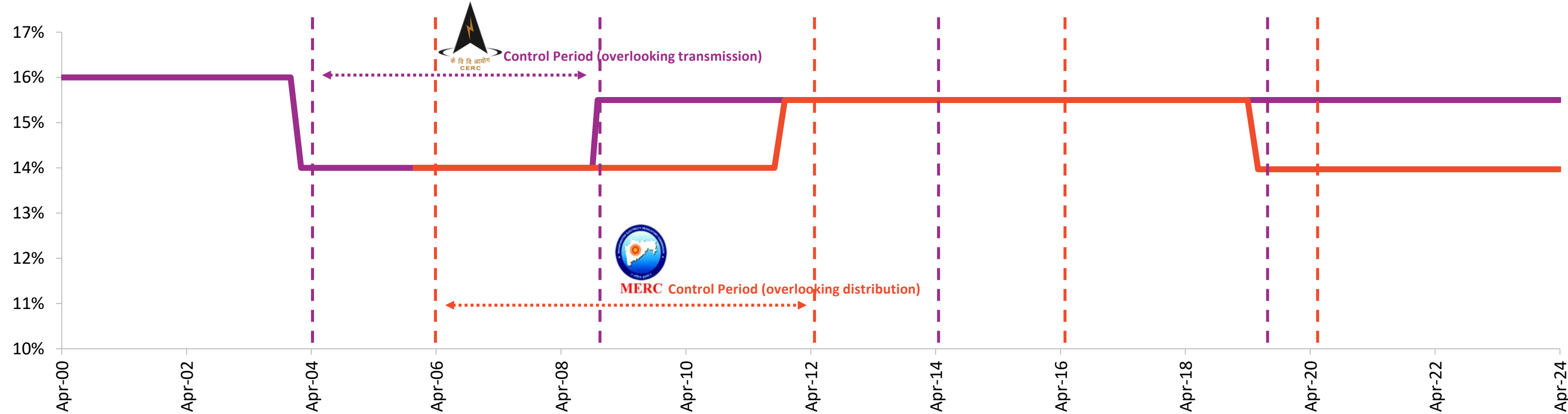
Improve Financial Viability

- ▶ Improving cash flow and collection efficiency
- ▶ Improve gap between cost of supply and tariff

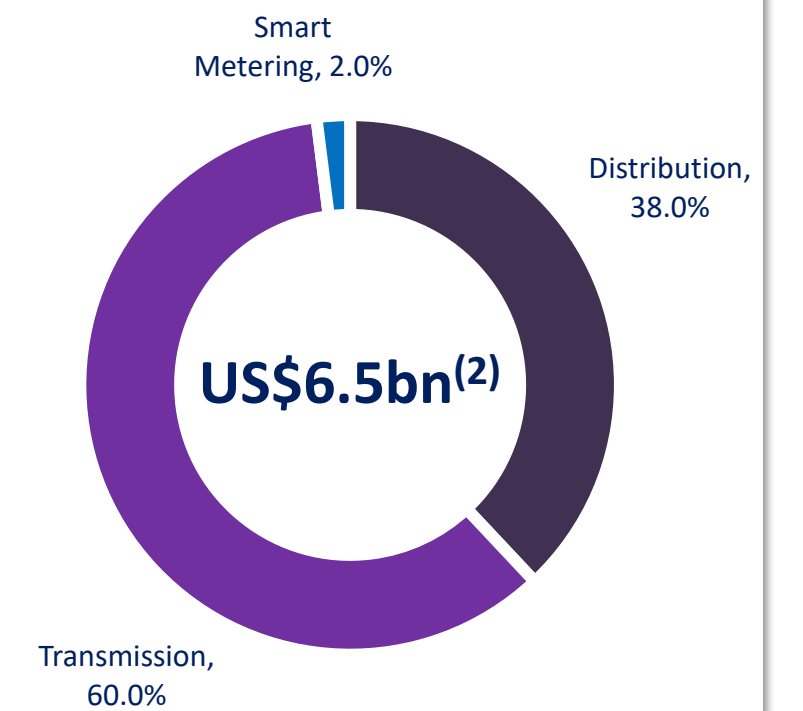
2 Regulatory Backdrop: Mature Framework with >20 years of Demonstrated Stability

Regime is governed underpinned by statute, with regulated return that has remained stable for over two decades

Allowed Equity Return by The Central Electricity Regulatory Commission (CERC) and The Maharashtra Electricity Regulatory Commission (MERC) (%)



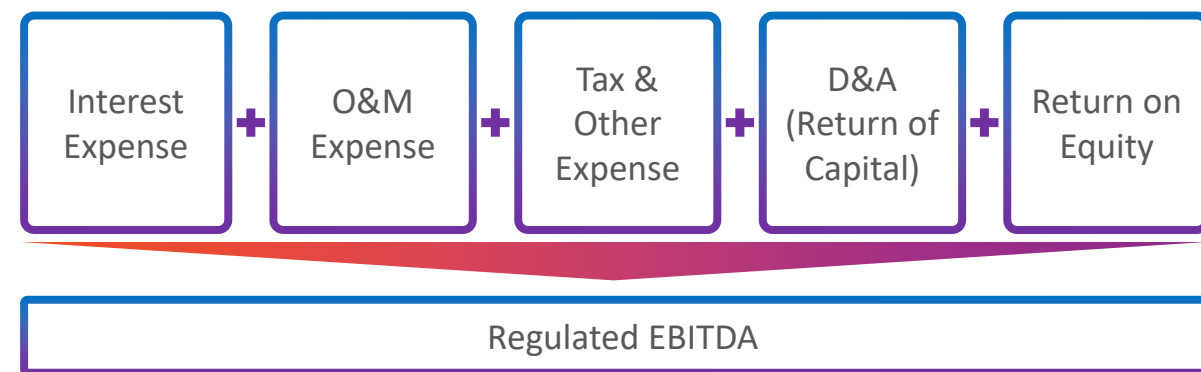
Asset Base (US\$bn)⁽¹⁾



Regulated Asset Base ("RAB")

The Electricity Act 2003

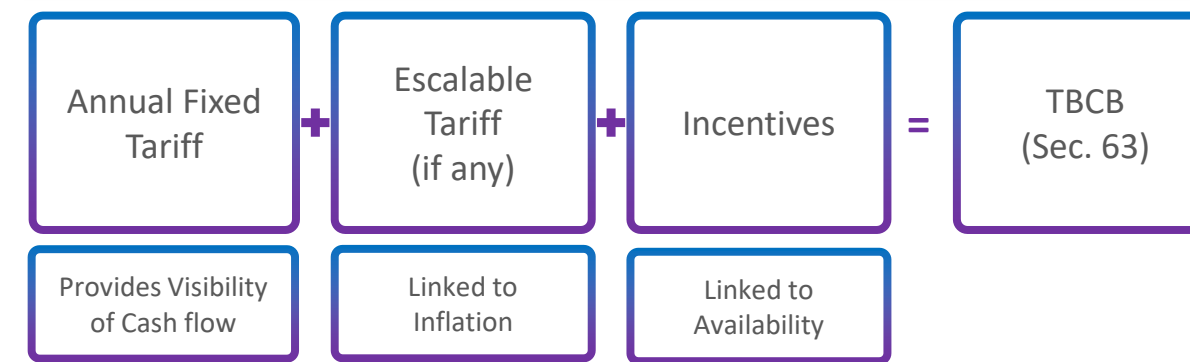
Section 62 - RAB Assets - Multi Year (5 yr) Tariff



Term Renewed Every 25 years

Fixed Tariff Assets

Section 63 – Fixed Tariff Assets



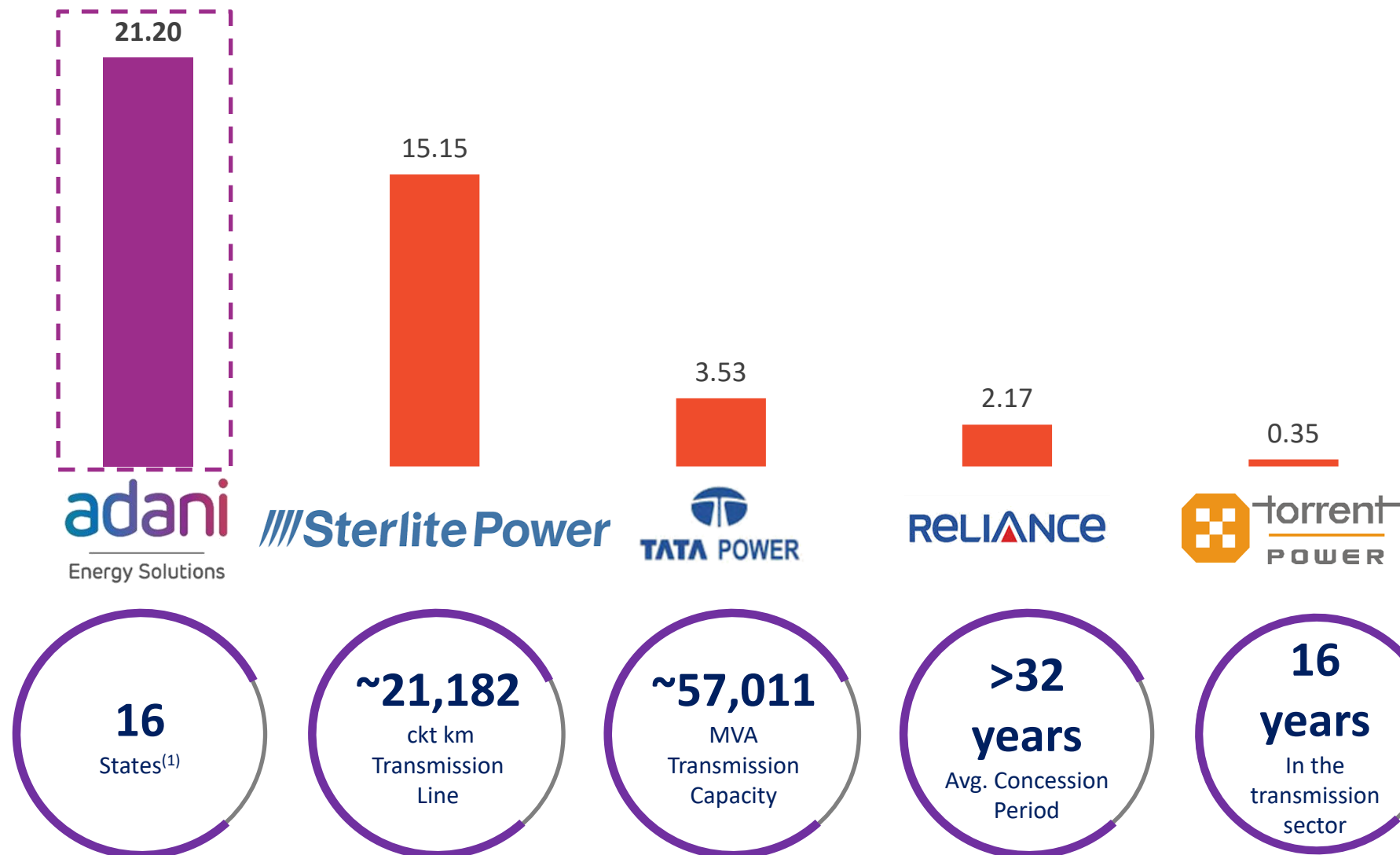
- Annual charge for 35-year Concession Period
- Projects bid either on a BOO or BOT basis (total life of assets normally exceed TSA period)

Risk-Mitigated Revenue Structures

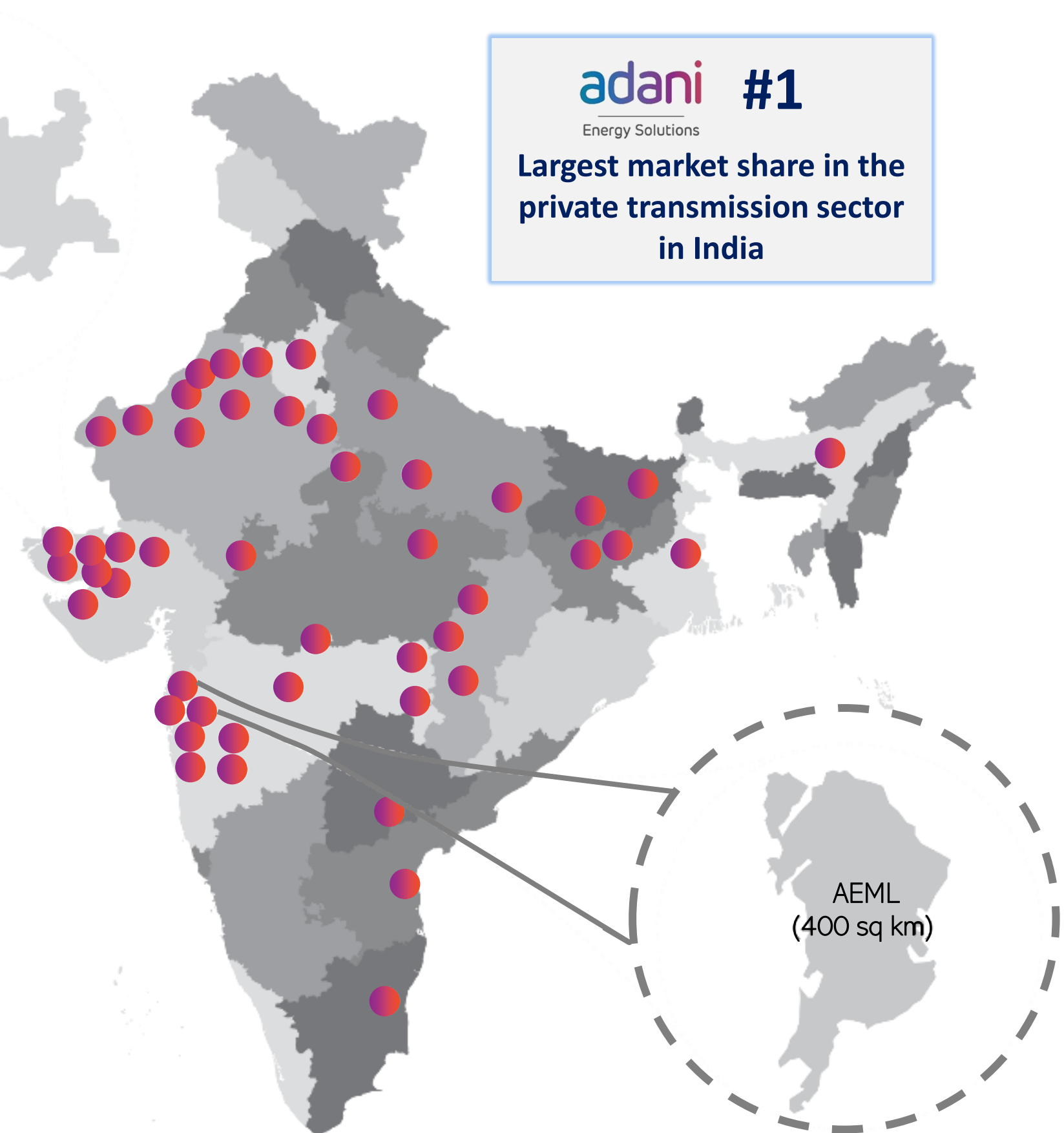
- Revenue payable on actual availability, rather than throughput, **negating demand risk**
- Incentives for outperformance** in availability have been routinely achieved
- Pooling mechanism** for interstate transmission lines **reduces exposure to individual offtakers**
- State utilities are required to provide **standby LC** to guarantee transmission charges

3 India's Largest Private Sector Power Transmission & Distribution Company

Portfolio Transmission Line Length, Private Sector ('000 ckms)



adani #1
Energy Solutions
Largest market share in the private transmission sector in India



AEML
Largest Integrated Utility in India's Commercial Capital

MPSEZ

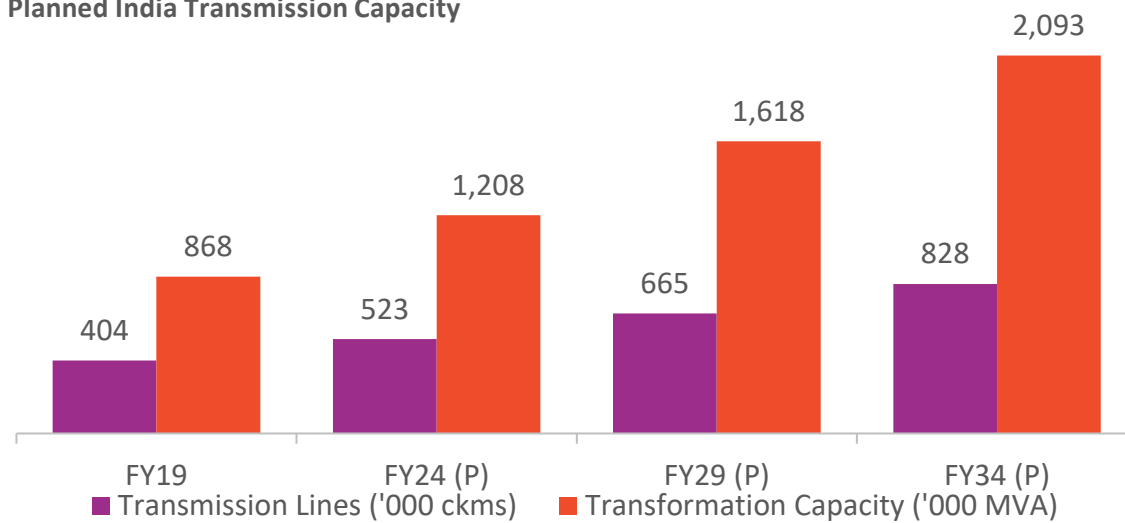
- ▶ AEML serves c.60% of Mumbai, touching close to 2/3 households in the city with a total population of over 21 million
- ▶ One of the largest mega cities in the world to achieve 35% renewable power
- ▶ Operates a c.85 sq kms distribution network catering primarily to commercial and industrial consumers
- ▶ Distribution for the Mundra SEZ area, India's largest multi-product special economic zone, and home to India's largest commercial port

4 Platform Positioned for Continued Growth

Huge National Buildout in T&D Capacity

Transmission

Planned India Transmission Capacity



US\$ 28bn opportunity for the private sector over next 10 years as country seeks to double transmission infrastructure

Large Buildout Opportunity for Smart Meters

20%

out of 125⁽¹⁾ million smart meters tendered so far by AESL

125

million (qty) untapped market for smart meters

The Government of India has a target of deploying 250m smart meters over the next 3 years, providing large buildout opportunity for AESL to increase market share

In-House, End-to-End Capabilities

Bidding Stage

Project Development

Project Execution

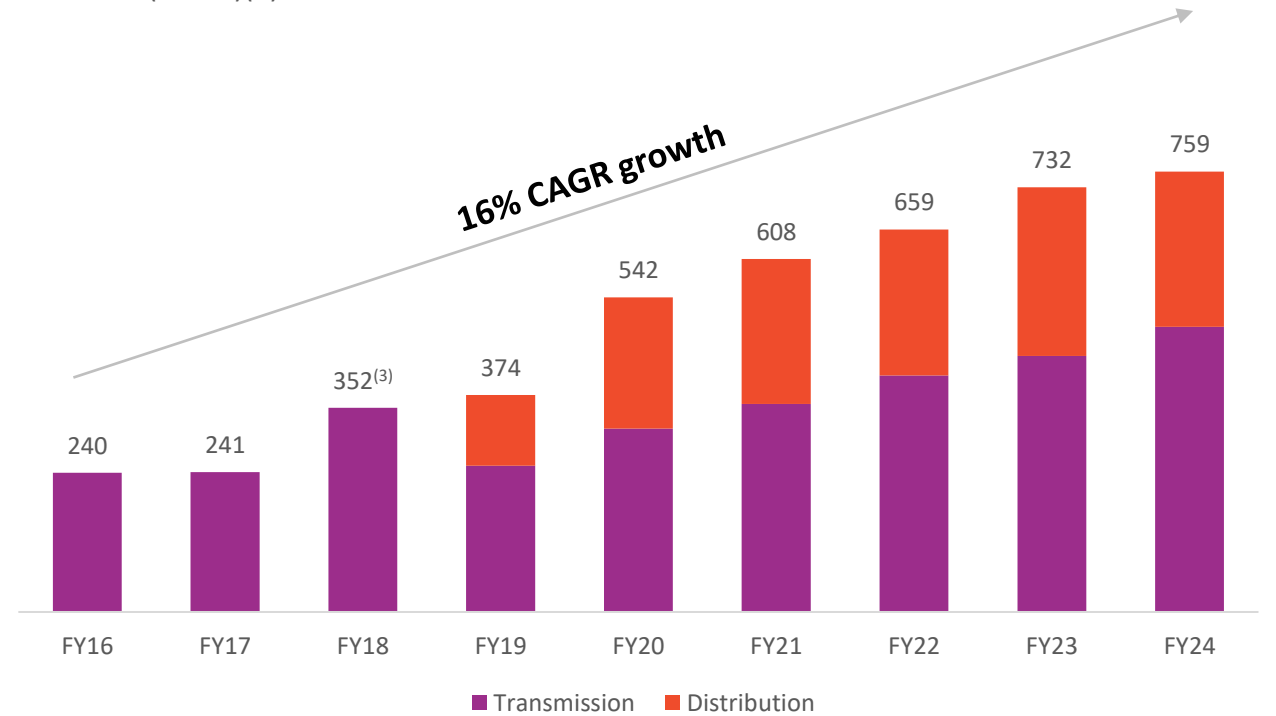
Project Close Out



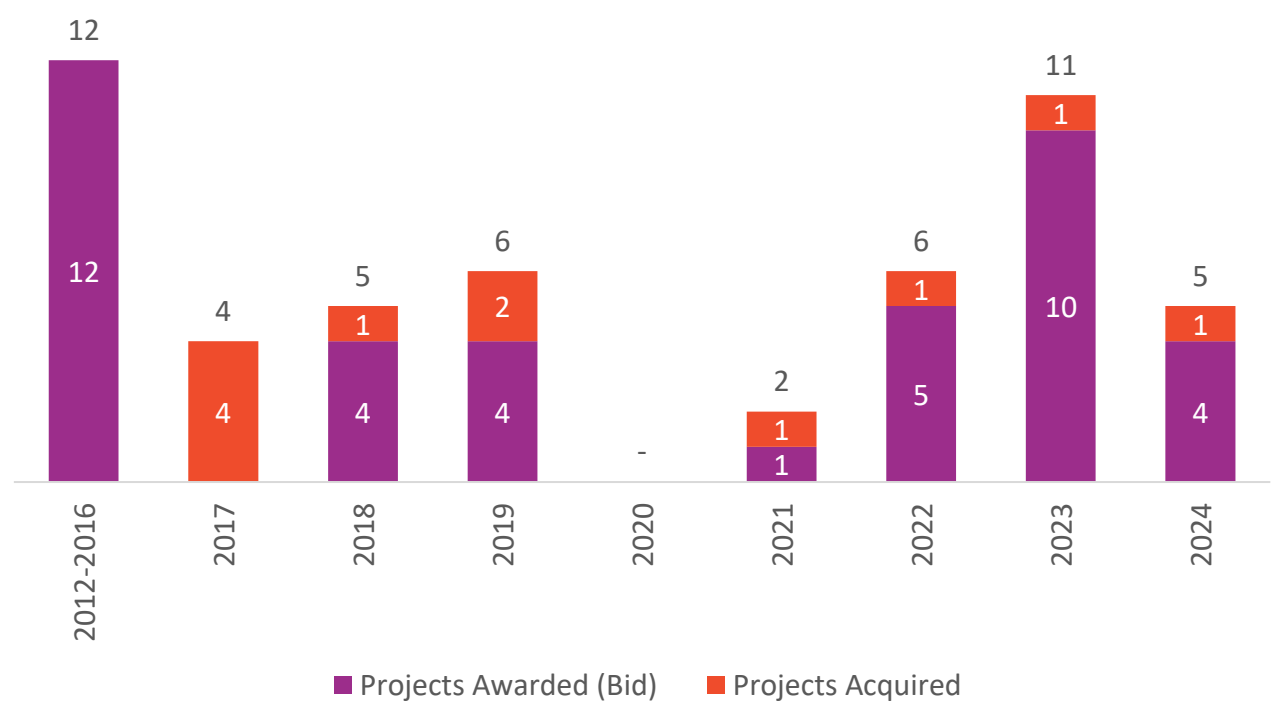
Team of 90 professionals having hands-on experience of 2,000+ man-years of complete project management cycle in small, medium and large projects

Demonstrated Ability to Capture Growth

EBITDA (US\$m)(2)



AESL: No. of Assets (#)⁽⁴⁾

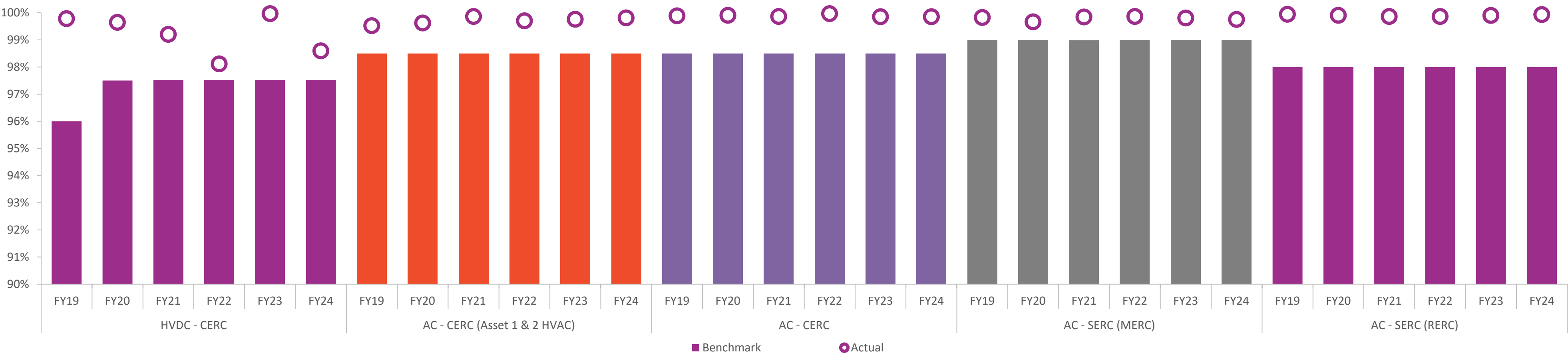


5 Operational Excellence Driving Outperformance

Availability-based payments translates operational excellence into maximum visibility on revenue visibility

Operations routinely exceed required revenue and incentive benchmarks on a runrate basis

Availability Performance vs Benchmarks, by Regulator (%)



In-Housed O&M

- One of the **lowest O&M costs** through predictive maintenance and technology excellence

Operating Efficiency

- Robust network **availability of 99.6%**
- One of **lowest Distribution losses in the country** (5.29% in FY23 in AEML)
- Highest EBITDA** margin in the sector (91% in Transmission)

Consumer-centricity

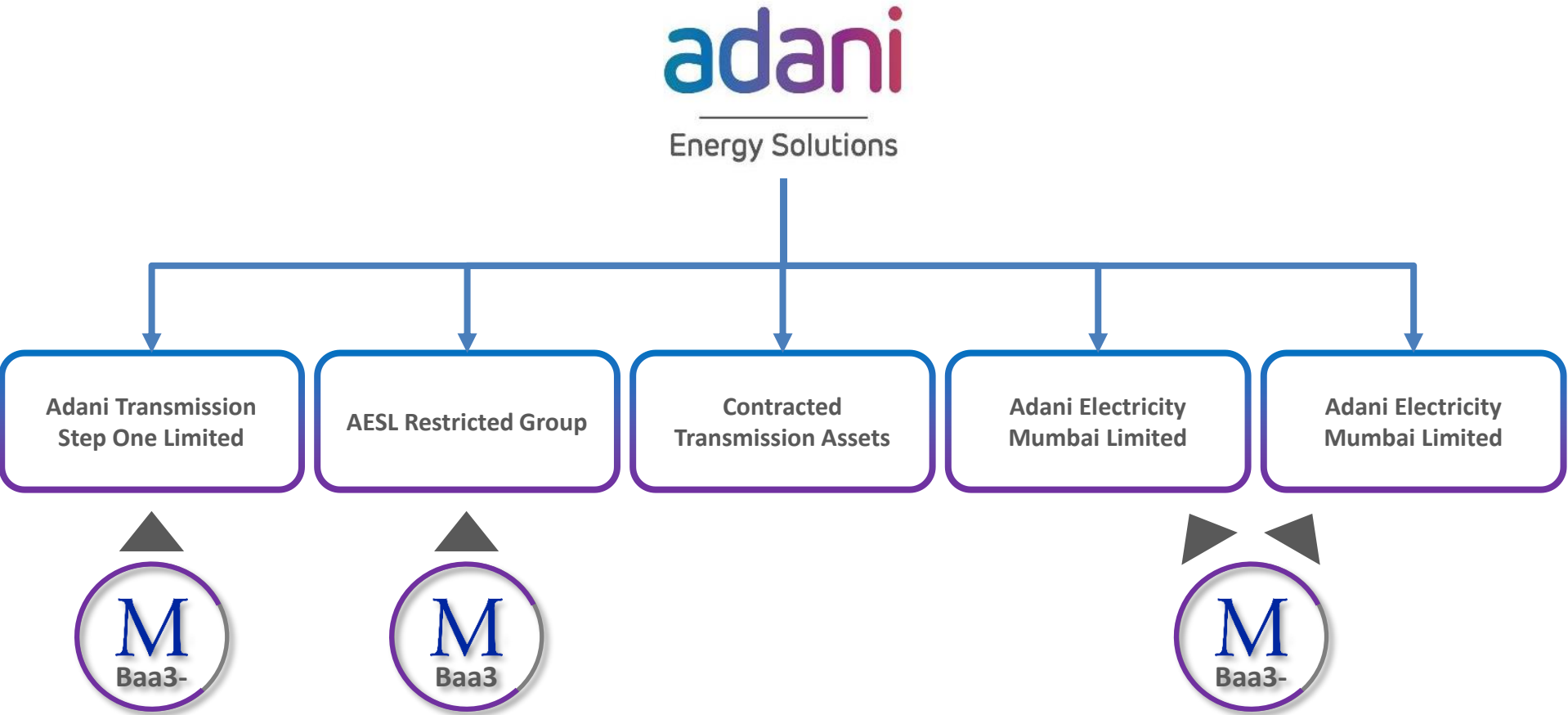
- Supplier of choice for **12 million+ consumers** with a green power option
- 91m potential smart metering consumer base
- Top 3%** for consumer satisfaction in CSAT surveys for 12 critical processes

Embedded ESG Framework

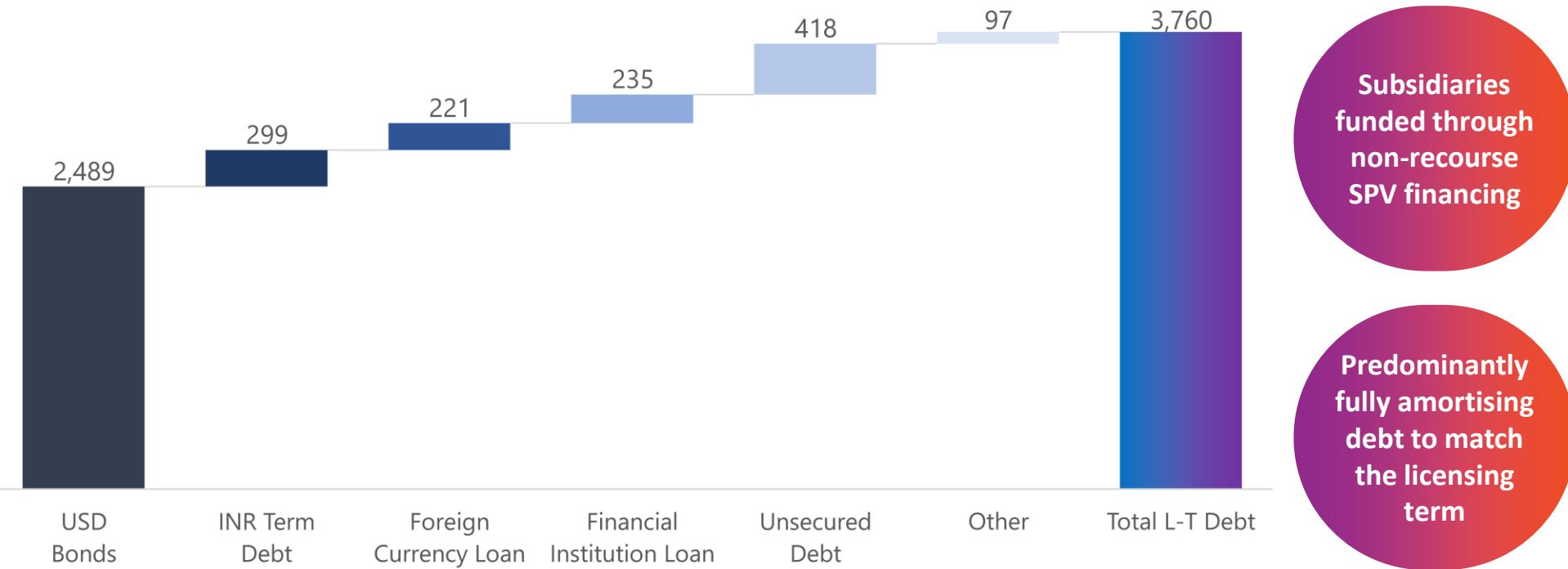
- Decarbonisation of Grid: **achieved 35% RE power** and on track to reach 60% by FY27
- Installed 3.36 MWp solar capacity for auxiliary consumption at substations**

6 Robust Investment Grade-Rated Capital Structure

Simplified Security Structure



AESL Capital Structure (US\$m)⁽²⁾



International – ATSOL Obligor Group (Transmission business) (Reg S/ 144A)

Rating Agency	Facility	Rating/Outlook
Fitch	Dollar Bond	BBB-/Stable
Moody's	Dollar Bond	Baa3/Stable

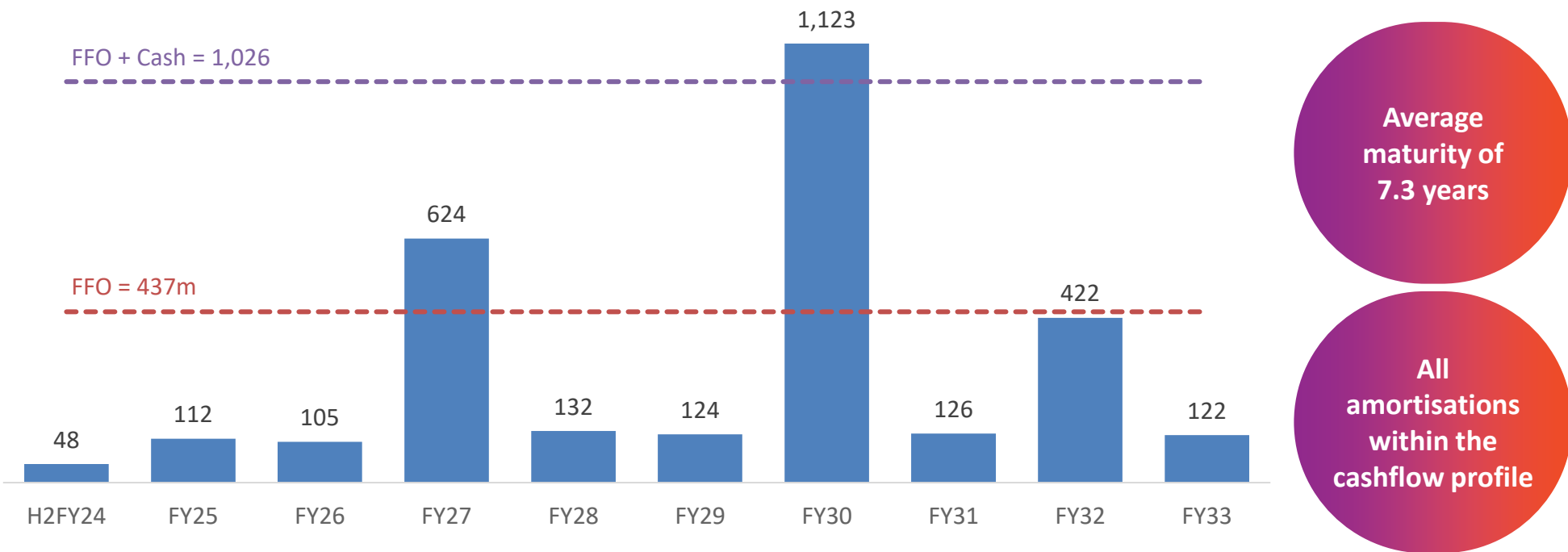
International – AESL USPP (Transmission business) (Reg D)

Rating Agency	Facility	Rating/Outlook
Fitch	Dollar Bond	BBB-/Stable
Moody's	Dollar Bond	Baa3/Stable

International - AEML Obligor Group (Mumbai Distribution business) (Reg S/ 144A)

Rating Agency	Facility	Rating/Outlook
Fitch	Dollar Bond (for both)	BBB-/Stable
S&P	Dollar Bond (US\$ 1 bn)	BBB-/Stable
Moody's	Dollar Bond (for both)	Baa3/Stable

10Y LTD AESL Debt Maturity Profile (US\$m) ^{(1),(2)}



1. Go-to-market facility of US\$1,155m due in FY26 (which includes undrawn amount of US\$795m), assumed to be refinanced with amortising debt till FY53

2. INR/USD 0.012 as of 26th April 2024

7 Experienced Management Team, Sponsored by India’s #1 Infra Promoter

Strong Sponsorship

Mr. Gautam S. Adani
(Chairman)

Mr. Rajesh S. Adani
(Director)

Managing Director

Mr. Anil Sardana
(MD, AESL)

Independent Directors

Mr. K. Jairaj

Dr. Ravindra H. Dholakia

Mrs. Meera Shankar

Ms. Lisa MacCallum

National Footprint with Deep Coverage

	adani Adani Enterprises Limited	adani Ports and Logistics	adani Renewables	adani Gas
FY24 EBITDA (USDm) ⁽²⁾	1,642	2,064	1,062	140
Growth (%)	30%	19%	38%	26%

	adani Energy Solutions	adani Power	adani Cement
FY24 EBITDA (USDm) ⁽²⁾	759	3,373 ⁽³⁾	911
Growth (%)	4%	96%	74%

Skilled and Experienced Management Team

Mr. Kandarp Patel
(CEO, AESL)

Mr. Anil Sardana
(MD, AESL)

Mr. Kunjal Mehta
(CFO, AESL)

Strong governance framework with focus on transparency and independence

Geographical Presence

- AEL
- APSEZ
- AGEL
- ATGL
- AESL
- APL
- Adani Cement

Adani Group Metrics⁽¹⁾

3.3x
Net Debt / EBITDA

2.8x
Net Debt / RR EBITDA















~56%
Equity Deployed / Gross Assets

RR EBITDA includes cement business RR EBITDA basis efficiency gain related to power and logistics

1. As of March 2024
2. INR/USD 0.012 as of 26th April 2024
3. Include prior period items contributing c. USD\$ 1,119m EBITDA

AESL: Benchmarking

AESL demonstrates relative growth outperformance and higher risk-adjusted returns compared to its peers

Peer Group		Pure Play T&D Peers		Integrated Utilities			
Geography	India	 nationalgrid	 Terna	 Naturgy	 edp	 Verbund	 DUKE ENERGY
Growth Opportunity ⁽¹⁾							
Country Regulatory Regime & Ownership	Regulated tariff mechanism and TBCB. Rise in private ownership	Total expenditure, regulatory asset value based	RAB on pre-tax, real WACC. Majority privately owned, minority local and public	RAB on nominal, post-tax WACC. Majority is privately owned	RAB on pre-tax nominal WACC. Largely privately-owned	2021 onwards: nominal pre-tax WACC. Mix of private and public ownership. Incentive and cost-plus regulations	Varied by state (RAB, TBCB). Mix of public and private ownership
Network Capacity (MVA)	57,011	n.a.	162,280	n.a.	n.a.	n.a.	n.a.
Network Length	21,182 ckms	220,000 kms	74,910 kms	155,060 kms	382,000 kms	3,433 kms	566,648 kms
RAB (US\$bn)	2.2 ⁽⁶⁾	34.6	19.4	14.7	7.5	3.5	14.6
Revenue Growth ⁽²⁾ (%)	29.1%	4.9%	6.3%	8.7%	7.8%	n.a.	4.1%
Allowed Regulatory Returns (%)	15.5% ⁽³⁾	5.2% ⁽⁴⁾	5.0% ⁽⁴⁾	c.5.6% ⁽⁵⁾	c.5.1% ⁽⁵⁾	c.5.0% ⁽⁵⁾	c.7.0% ⁽⁵⁾
EBITDA (US\$m)	759.0 ⁽⁶⁾	6,856.5	2,177.1	4,813.7	3,434.4	3,365.5	12,403.0
EBITDA Margin (%)	44.5%	25.7%	69.5%	13.2%	15.5%	30.3%	43.8%
Net Debt / EBITDA (x)	3.8x	7.2x	4.2x	5.7x	5.2x	1.2x	6.0x
Weighted Avg. Cost of Debt (%)	9.5%	5.0%	1.3%	4.5%	5.2%	3.6%	3.6%
Weighted Avg. Maturity (Years)	c.7 years	c.11 years	c.5 years	c.3.5 years	c.6.5 years	c.4.5 years	c.13 years
Credit Rating (S&P/Moody's)	BBB-/Baa3	BBB+/Baa2	BBB+/Baa2	BBB/Baa2	BBB/Baa2	A/A3	BBB+/Baa2
Sovereign Rating (S&P/Moody's)	BBB-/Baa3	AA/Aa3	BBB/Baa3	A/Baa1	BBB+/A3	AA+/Aa1	AA+/Aaa

1. Based on growth in renewable penetration targets. 2. 2018-2022 CAGR. 3. Return on Equity for CERC assets. 4. Represents real returns. 5. Represents nominal return. 6. INR/USD 0.012 as of 26th April 2024