



## PRESS RELEASE

20 February 2020

Aéroports de Paris SA

### **With the acquisition of 49% of the Indian group GMR Airports, Groupe ADP creates the leading global network of airports**

Groupe ADP has signed a share purchase agreement to buy, under certain conditions, a 49% stake in GMR Airports.

The operation will unfold in two phases: a first phase will be realized within the coming days for a 24.99% stake. The second phase, for 24.01%, is subject to certain regulatory conditions, notably obtaining the customary regulatory approvals for that type of project, in particular from the Reserve Bank of India. It will be concluded during the upcoming months.

Once this operation completed, GMR Airports will be jointly owned with GMR Infrastructure Limited ("GIL"), listed entity of GMR Group, which will keep a 51% stake and retain control over the company. Groupe ADP will be granted highly extended governance rights.

#### **GMR Airports is a world-class airport operator**

GMR Airports, leading Indian airport group operating in a dynamic region, has a portfolio of world-class assets comprising seven airports in three countries (India, Philippines and Greece) and a subsidiary specialized in project management ('GADL').

Three out of the seven airports are operated by GMR Airports: Delhi International Airport and Hyderabad International Airport in India (fully consolidated within GMR Airports' financial statements), Mactan-Cebu Airport in the Philippines (consolidated under the equity method in GMR Airports' financial statements). They handled a total of 102 million passengers in 2019<sup>1</sup>, an increase of +8.4% compared to the previous fiscal year.

The four other airports, which welcomed 22 million of passengers in 2019, are either currently under development (Goa and Heraklion) or won after a bidding process (Nagpur and Bhogapuram). They will be operated by GMR Airports once the works are completed.

During fiscal year 2019<sup>2</sup>, which ended on March 31<sup>st</sup> 2019, GMR Airports has recorded a total revenue<sup>2/3</sup> of 715 million euros and reported an EBITDA<sup>2/3</sup> of 205 million euros.

Delhi and Hyderabad airports are carbon neutral (ACA3<sup>4</sup>)

#### **Groupe ADP thus realizes a major acquisition aligned with its strategy**

The total purchase price for the 49% stake is 107.8 billion INR (being around 1,360 million euros<sup>5</sup>). The EV/EBITDA<sup>6</sup> ratio of the acquisition stands in the lower range of the average of similar transactions<sup>7</sup>. The internal rate of return (IRR) forecast in Indian rupee is above 10% (low teen).

Groupe ADP will consolidate GMR Airports under the equity method. Groupe ADP's dividend payout policy at a minimum rate of 60% of the Net Result Attributable to the Group for 2019 and 2020 is confirmed. Groupe ADP expects a limited impact on earnings per share for the next five years with this acquisition, which will then become strongly accretive after 2025. This acquisition will strongly contribute to the growth of the Return On Capital Employed (ROCE) on the medium and long term.

Regarding governance, Groupe ADP will be granted extended rights including the presence of board members at GMR Airports' board equal to that of GMR Infrastructure Limited board members. Groupe ADP will also have the right to appoint predetermined key executives within GMR Airports.

<sup>1</sup> Total traffic recorded at 100%

<sup>2</sup> Indian Accounting Standards (IND AS) – Fiscal year 2019 (April 1<sup>st</sup>, 2018 – March 31<sup>st</sup>, 2019), exchange rate EUR/INR=75.42

<sup>3</sup> Source : GMR Investor Presentations Q4FY19 & FY2018 : <https://investor.gmrgroup.in/investor-presentations>

<sup>4</sup> Airport Carbon Accreditation

<sup>5</sup> Excluding acquisition costs, exchange rate EUR/INR=79.35

<sup>6</sup> EV / 2020 EBITDA ratio = (equity value + net debt) / (turnover and other recurring revenues minus purchases and current operating expenditures excluding depreciation / impairment of physical and non-physical assets, under IFRS accounting standards)

<sup>7</sup> Sample of 7 transactions closed since 2012 in the airport industry and in growing parts of the world with publicly available data

This acquisition is in line with the international development strategy presented during Groupe ADP's Investor day on April 5<sup>th</sup> 2019. This strategy is based notably on the acquisition of airport clusters located in dynamic regions in terms of economy and air traffic. The acquisition will be financed by Aéroports de Paris' treasury and, if appropriate, through loans.

Driven by a very dynamic economy, air traffic in India is expected to rise by 6.5% per year on average between 2018 and 2038<sup>1</sup>, and the international traffic alone is expected to grow at an average pace of 6.7% per year.

### **A strategic partnership for three major airport development platforms**

The financial operation includes a strategic industrial partnership with GMR regarding business development in aviation, retail, IT, hospitality, innovation and engineering.

This operation also prepares Groupe ADP's future growth, with the existing assets, with the expected air traffic growth, the long run horizon of their concessions<sup>2</sup> and the large capacity reserves, as well as the future acquisitions.

### **With three major development platforms – Groupe ADP, TAV Airports and GMR Airports – this operation gives birth to the leading global network of airports.**

Augustin de Romanet Chairman and Chief Executive Officer of Aéroports de Paris SA-Groupe ADP stated:

*"The acquisition of a 49% stake in GMR Airports fits within Groupe ADP's strategy. We share with the GMR family a long term vision and a partnership culture. This acquisition comes with a robust industrial partnership and enables Groupe ADP to build, only two years after taking control of TAV Airports, a unique worldwide network of airports with a solid industrial expertise and strong development capacities. Medium and long term growth driver, this acquisition is a transforming position for the group in one of Asia's most dynamic and promising countries."*

GM Rao, Chairman, GMR Group stated:

*"The partnership with Groupe ADP is in line with GMR's business direction to become a global airport developer and operator. We have been on a journey of defining airports of the future with key focus on passenger experience by leveraging enhanced technology and offering superior amenities. With Groupe ADP, GMR will have smoother access to global markets, opening up newer avenues of business growth."*

## Agenda

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The Group will comment this announcement today (on 20 February 2020) at 6:00 pm, Paris time, during a conference call in English, intended for financial analysts and investors.

### **Conference call: Thursday 20 February 2020 at 6:00 pm (CET)**

Listening live:

From France: 01 70 72 25 50

From other countries: +44 (0)33 0336 9125

Confirmation code: 7983556

Webcasting of the analysts meeting on our website by clicking on the link for the [webcast](#), and the presentation: [finance.groupeadp.fr](#)

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Groupe ADP develops and manages airports, including Paris-Charles de Gaulle, Paris-Orly and Paris-Le Bourget. In 2019, the group handled through its brand Paris Aéroport more than 108 million passengers and 2.2 million metric tons of freight and mail at Paris-Charles de Gaulle and Paris-Orly, and more than 110 million passengers in airports abroad. Boasting an exceptional geographic location and a major catchment area, the Group is pursuing its strategy of adapting and modernizing its terminal facilities and upgrading quality of services; the group also intends to develop its retail and real estate businesses. In 2019, group revenue stood at €4,700 million and net income at €588 million.

Registered office: 1 rue de France – 93290 Tremblay en France, France. A public limited company (Société Anonyme) with share capital of €296,881,806. Registered in the Bobigny Trade and Company Register under no. 552 016 628.

**groupeadp.fr**

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<sup>1</sup> Source: IATA

<sup>2</sup> 30-years periods, started in 2006 with an extension option for 30 additional years for Delhi International Airport and started in 2008 with an extension option for 30 additional years for Hyderabad Airport. And 25-year period started in 2014 for Mactan Cebu Airport