



## **GMR Airports Infrastructure Limited (GIL) announces Merger of GMR Airports Limited with GIL**

**To Raise EUR ~331 mn (INR 2900 Cr) from Aéroports de Paris SA (Groupe ADP) through 10-year FCCB**

**GMR Group will remain as the Single Largest Shareholder & in Management Control of GIL**

**New Delhi, 19 March, 2023:** GMR Airports Infrastructure Limited (Formerly GMR Infrastructure Limited) (GIL) is pleased to announce the approval by its Board, of the Composite Scheme of Amalgamation and Arrangement of GMR Airports Limited (GAL) with GIL (“Merger”).

### **Merger – a Significant Step towards further Strengthening of Balance Sheet to capitalize on Upcoming Growth Opportunities**

With an objective of enhancing shareholders value, we embarked on a journey in 2020 of creating a pure-play airport company by:

- Entering into a Strategic Partnership with Groupe ADP in early 2020 to create a world class airport platform whereby Groupe ADP agreed to purchase 49% stake in GAL. At the time of the transaction, Groupe ADP had pegged equity earnouts of ~8% of GAL and cash earnouts of INR 1,060 Cr to GIL.
- Post the above and in line with our stated objective of unlocking value for shareholders, we successfully completed the demerger of the non-airport business of GIL into GMR Power and Urban Infra Limited (GPUIL), with effect from December 31, 2021. This resulted in GIL becoming a pure play, 2<sup>nd</sup> largest private airport operator in the world.
- The Merger would result in taking the GMR’s partnership with Groupe ADP to the next level. In addition, it will enable an earlier and full settlement of the earnouts, which for a period of 2 years were adversely impacted due to Covid conditions. With the subscription of FCCB’s by Groupe ADP, GIL will be further deleveraged by repaying corporate debt and also settling most of the contingent liabilities related to GPUIL.

The summary of the process is as follows:

- GAL, the existing Airport Platform unlisted entity, will merge with GIL, the listed company. GIL will continue as the listed public entity, post completion of the Merger
- GIL and Groupe ADP will settle the cash earnouts to GIL at INR 550 Cr and the equity earnouts whereby GIL’s stake in GAL increases to 55% (pre-merger) from 51%
- GIL will raise ~EUR 331 mn (INR 2,900 Cr) from Groupe ADP through a 10-year 6.76% p.a. coupon (Simple Interest) FCCBs due in 2033. The coupon on FCCBs will be accrued till the

end of the tenure. The conversion price is INR 43.67/- which is 10% premium to the FCCB regulatory floor price under the FCCB Scheme.

### **Merged GIL – Poised for Next Leg of Growth**

Post the Covid pandemic, demand for air travel has picked up substantially which will speed up airport privatization initiatives of the respective Governments across the World. Merged GIL, with an improved Balance Sheet, will be in a much stronger position to further scale up the airport business by judiciously participating in profitable opportunities mainly in India, South Asia, South East Asia and Middle East.

### **Shareholding Pattern upon Completion of Merger**

Immediately upon completion of the merger, GMR Group will remain as the single largest shareholder of GIL, with GMR Group owning 33.7%, Groupe ADP holding 32.3% and Public holding 34.0% respectively of the paid up equity share capital. This is achieved through categorizing Groupe ADP's shareholding in Merged GIL into two instruments (i) Ordinary equity shares, and (ii) Optionally Convertible Redeemable Preference Shares (OCRPS).

Post completion of merger, GMR Group would continue to have management control over Merged GIL while Groupe ADP will be categorized as co-promoters of GIL and have commensurate Board representation.

### **Key Rationale for Merger**

The underlying decision to proceed with the Merger stems from our continuous focus on creating significant value for shareholders by:

- Strengthening the strategic relationship with “Groupe ADP” by bringing them at the Listed Company level. Further, fresh issuance of FCCBs to Groupe ADP will result in reduction in cost of capital. Going forward, an improved Balance Sheet will facilitate greater access to growth capital at lower cost. Groupe ADP's subscription to FCCBs is a testimony to the strength of relationship between GMR & Groupe ADP.
- Deleverage GIL Balance Sheet by repaying corporate debt and settling majority of contingent liabilities related to GPUIL
- Collapsing of the corporate structure will enable minority shareholders of the listed entity to move closer to the airport assets and cash flows thereby eliminating HoldCo/Subsidiary discount usually assigned by the capital markets
- Simplified corporate holding structure in line with global best practices will result in greater financial efficiencies - improving the mechanism for upstreaming of free cashflows and optimization of cost by elimination of additional corporate layers

### **Indicative Timelines and Approvals**

The Merger Scheme and the proposed transaction is subject to customary Closing conditions. The Scheme is subject to the receipt of requisite approvals from the Stock Exchanges, Securities and Exchange Board of India (“SEBI”), the National Company Law Tribunal (“NCLT”), other statutory and regulatory authorities under applicable laws and respective shareholders and creditors. The merger is expected to be completed within FY24 following completion of all relevant approvals.

*Mr. GM Rao, Chairman, GMR Group said, “We welcome Groupe ADP, our strategic partner to the listed entity. Merger signifies a transformative event and will be value enhancer for all the stakeholders including shareholders, employees and for the aviation industry. Our strong partnership with Groupe ADP emanating from combined resources and expertise will enable the Company to capture fast-growing airport business opportunities and maintaining our leadership position in the airport business”.*

*Speaking about the merger, Mr. Kiran Kumar Grandhi, Corporate Chairman said, “As envisaged earlier in 2020 to simplify the corporate structure and strengthen Balance Sheet, this merger is a step in the right direction, taken at the right time. The merger will achieve financial and operational excellence, encourage innovation and adoption of new technologies, enabling GIL to stay ahead of competition. We will continue to focus on selective growth opportunities whilst simultaneously maintaining our approach towards a conservative Balance Sheet.”*

### **Advisors**

Morgan Stanley India were financial advisors to GIL solely for the purpose of providing a Fairness Opinion on the merger exchange ratio.

Ernst & Young were the valuer appointed by GIL and KPMG were the valuer appointed by GAL for carrying out valuation and merger exchange ratio.

ICICI Securities were financial advisors to GAL solely for the purpose of providing a Fairness Opinion on the merger exchange ratio.

Shardul Amarchand Mangaldas & Co (SAM Co) acted as the legal advisors.

## **About GMR Group**

GMR Group is a leading global infrastructure conglomerate with unparalleled expertise in designing, building, and operating airports. It also has a significant presence in sectors like Energy, Transportation, and Urban Infrastructure.

GMR Airports is the largest private airport operator in Asia and 2nd largest in the world with a passenger handling capacity of over 189 mn annually. GMR Airports Limited, a subsidiary of GMR Airports Infrastructure Limited [formerly known as GMR Infrastructure Limited] (GIL) has Groupe ADP as its strategic partner, which is holding a 49 percent stake. GMR Airports operates the iconic Delhi Airport, which is the largest and fastest-growing airport in India. It also runs Hyderabad Airport, a pioneering greenfield airport known for several technological innovations. The company also operates New Goa Airport which is India's first destination Airport. The airport offers everything a tourist looks for i.e. liveliness in the serene lap of nature, making it a perfect destination for leisure and holistic tourism. Expanding its overseas footprint, the company is developing and operating Kuala Lumpur International Airport in Medan, Indonesia, in collaboration with Angkasa Pura II (AP II). GMR Airports is also providing technical services to the architecturally renowned and the second busiest airport in the Philippines, Mactan Cebu International Airport in Cebu.

The Group is currently developing two major greenfield airport projects in India and Greece. Bhogapuram airport in India is poised to transform the economy and landscape of the surrounding areas when ready. Crete airport in Greece will similarly play a significant role in the local economy of the region.

GMR Aero Technic (GAT) is India's largest integrated world-class third-party MRO; a part of GMR Hyderabad International Airport Limited (GHIAL). GAT provides complete technical support to aircraft operators, with utmost quality and reliability to ensure that its customers meet their operational requirements. GAT has been constantly upgrading its capabilities and expanding its service offerings to meet the growing maintenance needs of airline operators within and outside India, with a vision to be a lead MRO in the Asia Pacific region.

As a pioneer in implementing the path-breaking Aerotropolis concept in India, GMR Airports is developing unique airport cities on commercial lands available around its airports in Delhi, Hyderabad, and Goa. GMR Delhi Aerocity is a landmark business, leisure, and experiential district. Similarly, GMR Hyderabad Aerocity is coming up as a new-age smart business hub.

GMR's energy businesses have an installed capacity of over 3,000 MW capacity. With a significant focus on green energy, the company is working towards creating a more sustainable environment by harnessing the power of wind, water, and sun for energy generation. It has a balanced mix in its energy generation portfolio. Around 1,000 MW of clean energy projects of GMR are under various stages of development in India and Nepal.

The Transportation and Urban Infrastructure division focuses on surface transport projects including Roads, Railways, and Airstrips/ Runways in both DBFOT (under GMR Highways) and EPC (under GIL – EPC) segments. The Group has four operating highway assets spanning over 1,824 lane kilometers.

Group's EPC business is working on the design and construction of the prestigious Eastern Dedicated Freight Corridor project of DFCCI (Dedicated Freight Corridor Corporation of India). GMR Group is also developing multi-focus Special Investment Regions in India.

GMR Group's underlying philosophy is to work closely with and support the local communities wherever it is present. Towards this, GMR Varalakshmi Foundation (GMRVF), the CSR arm of the Group, focuses on improving the quality of life of people by enhancing skills, providing education, and developing healthcare infrastructure and services.

For further information about GMR Group, visit <http://www.gmrgroup.in/index.html>.

### **About Groupe ADP**

Groupe ADP develops and manages airports, including Paris-Charles de Gaulle, Paris-Orly and Paris-Le Bourget. In 2022, the group handled through its brand Paris Aéroport 86.7 mn passengers at Paris-Charles de Gaulle and Paris-Orly, and nearly 193.7 mn 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 2022, group revenue stood at €4688 mn and net income at €516 mn.

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

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