



Suzlon Energy Limited

Annual Results FY17

19 May 2017

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Agenda

FY17 Key Highlights

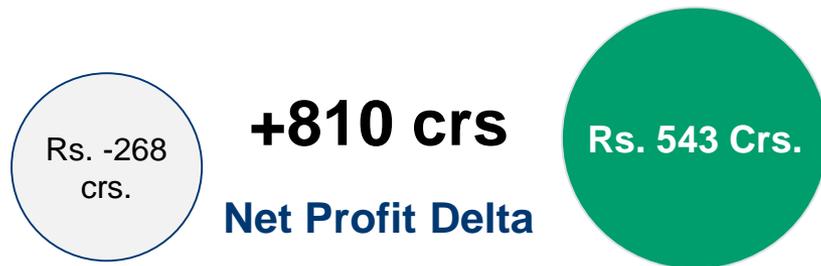
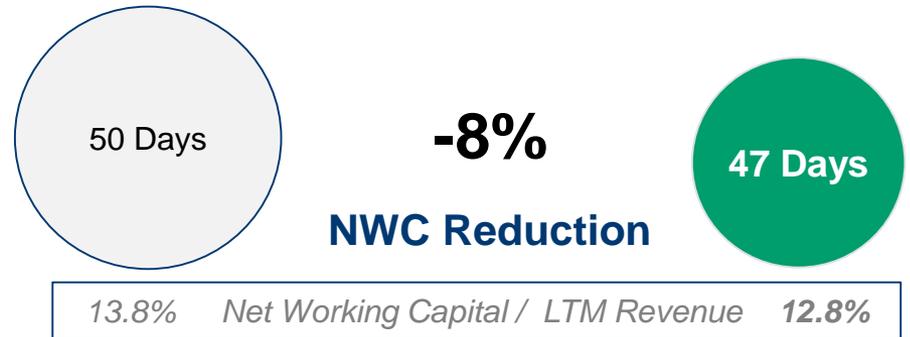
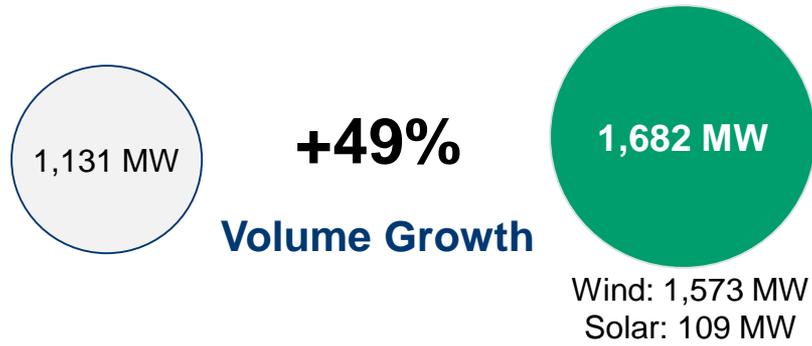
Debt Overview

Technology Update

Industry Opportunity

Detailed Financials

FY17: Strong Growth and Profitability



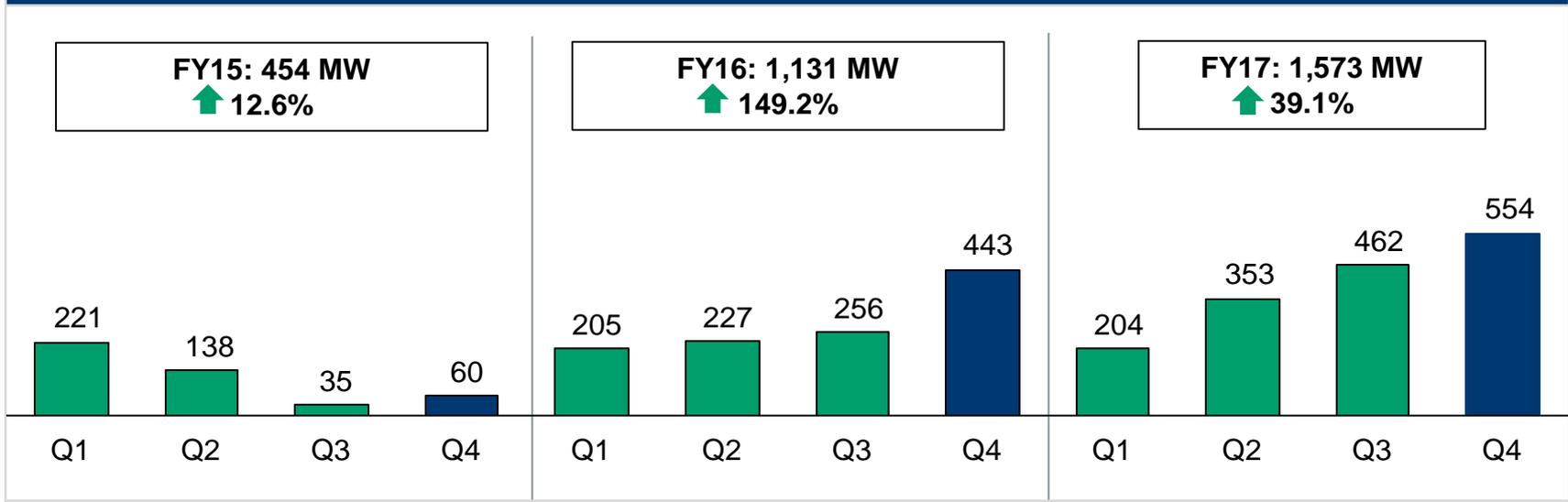
Note: EBITDA and Net Profit is pre FX and exceptional items;

Achieved growth without increasing debt

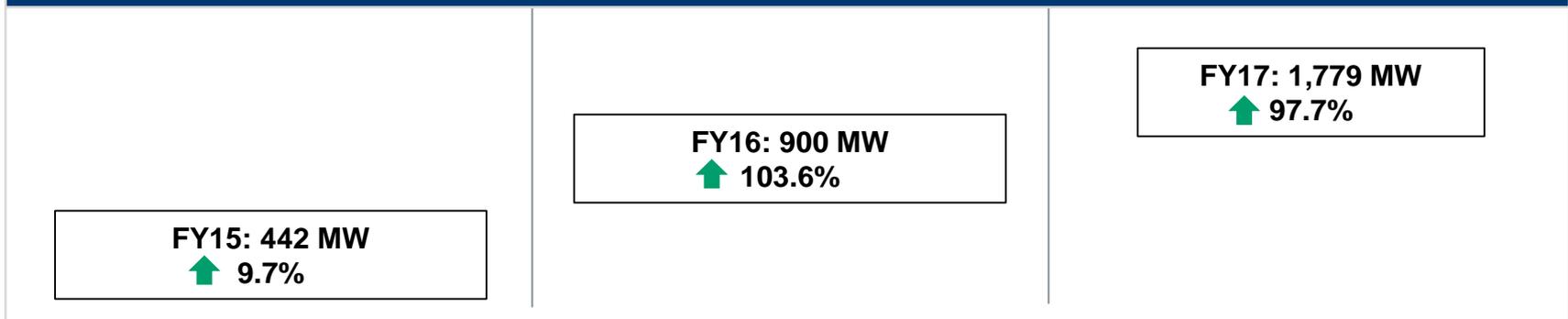
FY16 Consolidated includes 1 month of Servion performance and hence not directly comparable

Highest Ever Annual Wind Volumes

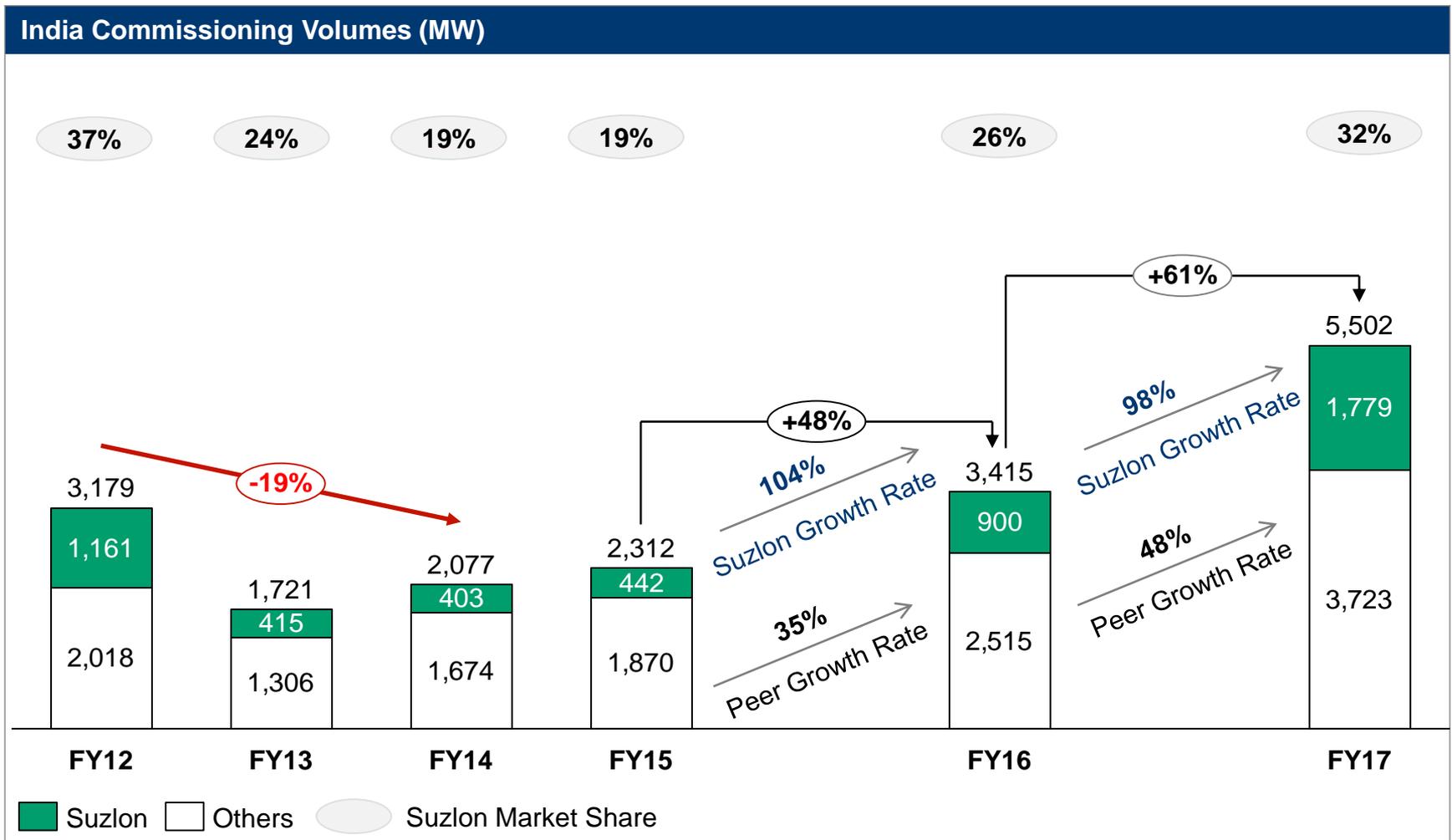
Revenue Recognition Volumes (MW)



Commissioning Volumes in India (MW)



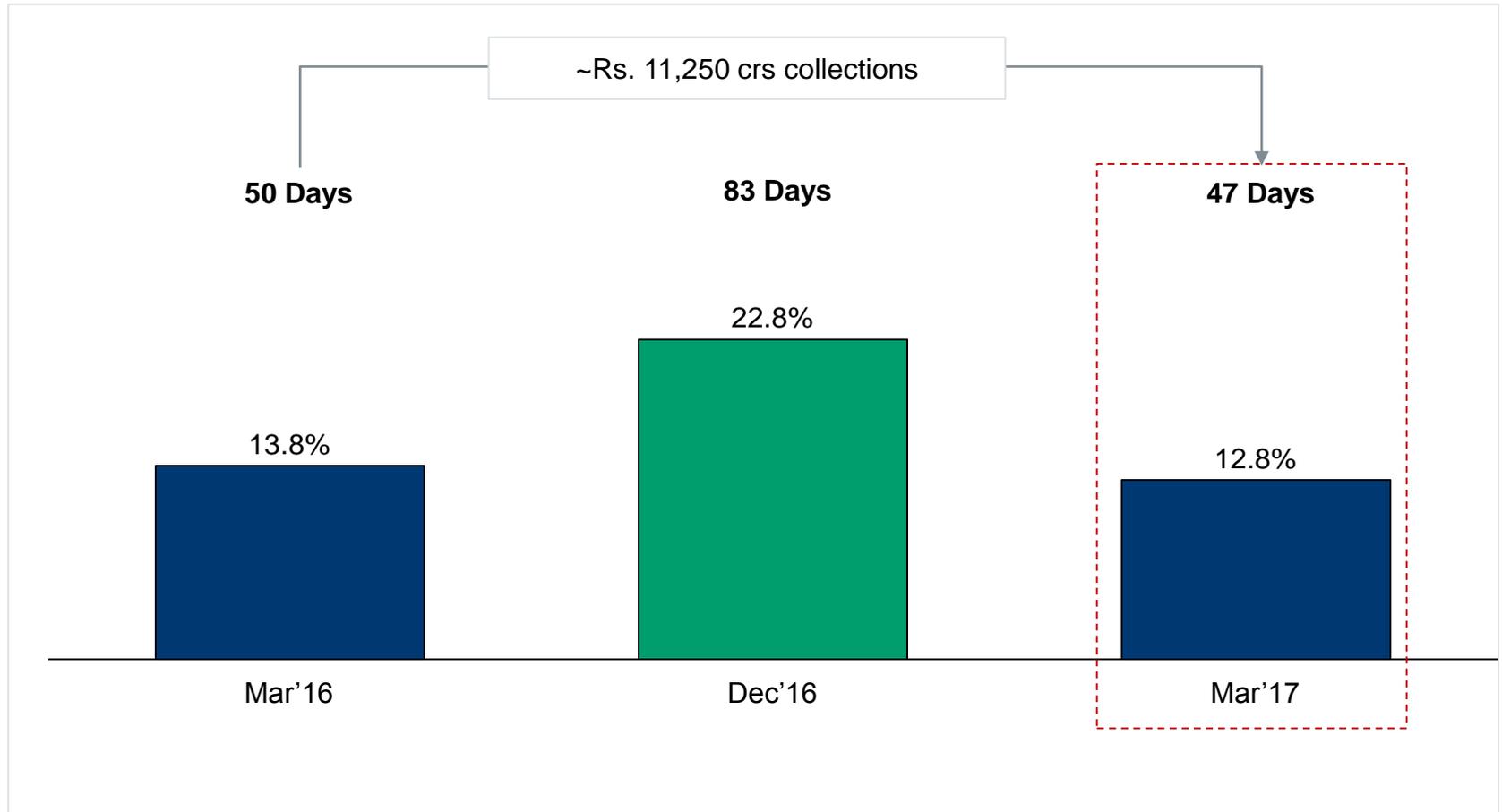
Increasing Market Share in Growing India Market



Source: MNRE

Growing faster than market and peer group

Net Working Capital



Note: NWC % and no. of days calculated on trailing 12 months Revenue

Strong operating efficiency

Result Snapshot (Consolidated)

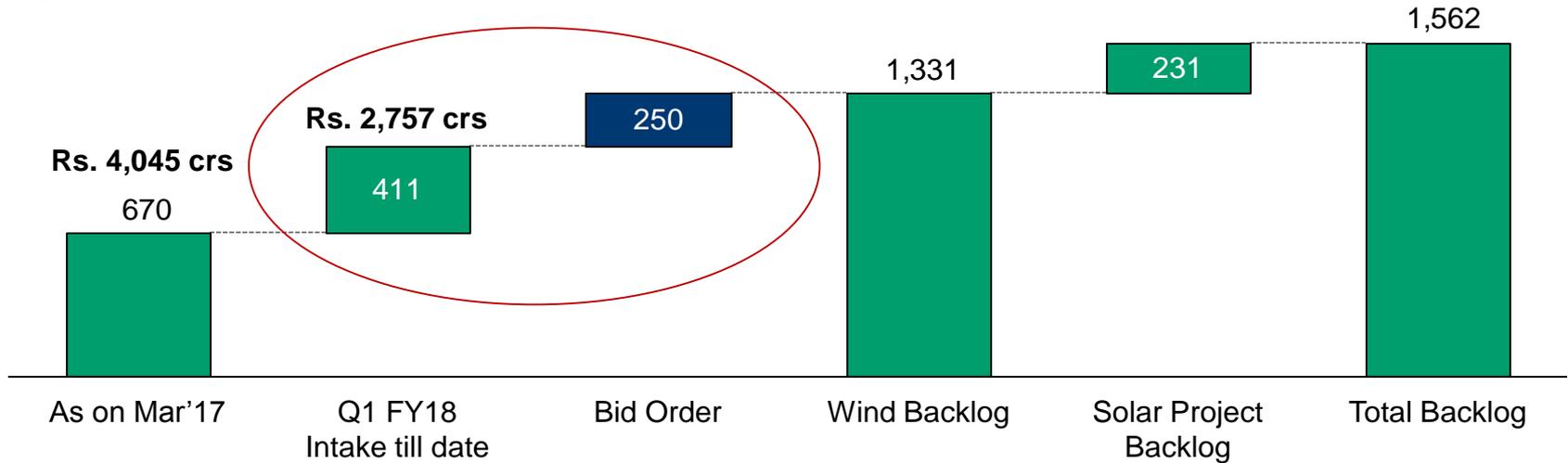
(Rs. Crs.)

Particulars	Q4 FY17 Audited	Q4 FY16 Audited	Q3 FY17 Unaudited	FY17 Audited	FY16 Audited
Revenue	4,993	3,219	3,316	12,693	9,430
Gross Profit	1,698	1,153	1,457	5,150	3,826
Gross Margin	34.0%	35.8%	43.9%	40.6%	40.6%
Employee Expenses	-279	-232	-253	-1,046	-959
Other Expenses (net)	-697	-476	-459	-1,901	-1,523
EBITDA (Pre FX)	722	444	745	2,203	1,343
EBITDA Margin (Pre FX)	14.5%	13.8%	22.5%	17.4%	14.2%
Depreciation	-110	-116	-108	-392	-392
Net Finance Cost	-321	-300	-310	-1,199	-1,206
Taxes, Minority and Others	-24	-13	-28	-69	-14
PAT (Pre Fx and Ex. Items)	268	15	299	543	-268
FX Gain / (Loss)	311	-82	-17	297	-242
Exceptional Items	0	-267	0	0	1,080
Reported PAT	579	-334	282	839	570

Note: Senvion was fully divested by Suzlon group on 29th April 2015. Accordingly FY16 consolidated results include 1 month of Senvion performance, hence not directly comparable

Order Book

(Fig. in MW)



Order Book does not include

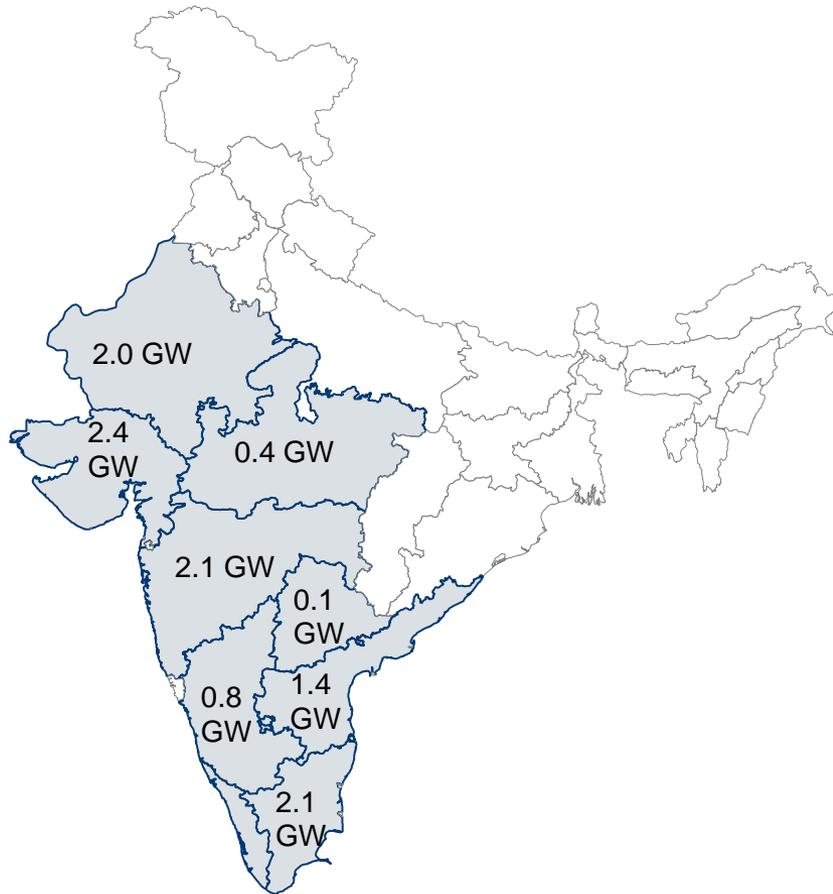
- Strong discussion pipeline (Domestic + International)
- Frame Contracts
- OMS backlog
- SEFL backlog

Backed by strong customer advances

Surpassed 11 GW wind energy installations in India

Ranked **No. 1** in Renewables Sector
 Ranked **No. 4** in Power Sector

Largest fleet under Operation and Maintenance fold in India



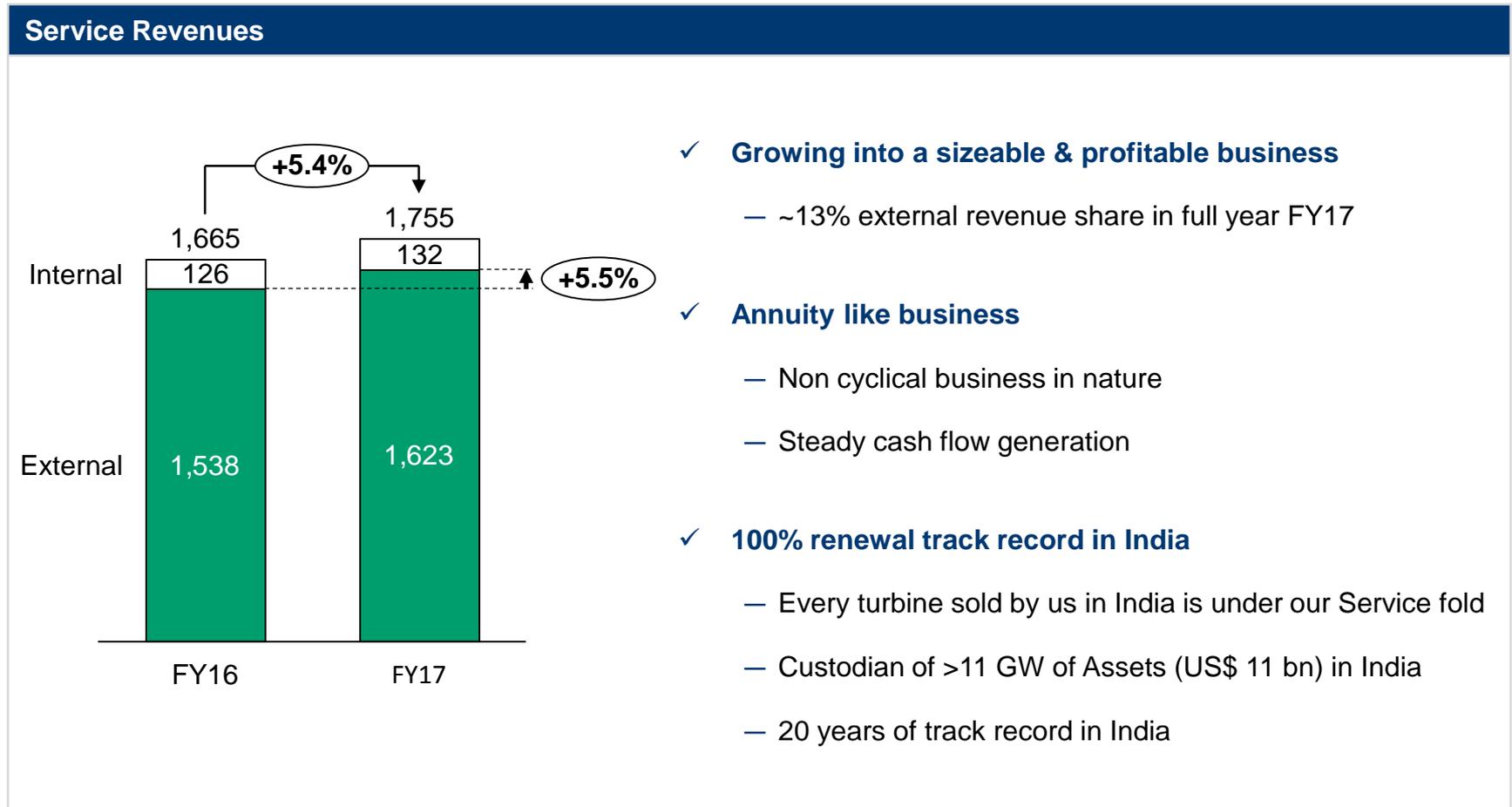
	# of Turbines	MW
<= 1 MW	1,749	850
>1 MW < 2 MW	4,196	5,702
=>2 MW	2,259	4,744
Total	8,204	11,296

- **35% - All India installed Wind Capacity**
- **23% - All India installed renewable capacity**
- **~1,700 customer relationships**
- **22 years of operating track record**
- **25 TWh estimated of annual clean energy;**
 =2,000 mn trees planting p.a.
 =~18.3 mn tonnes coal avoidance p.a.
 =~24.2 mn tonnes CO2 emission savings p.a.

Custodian of 4th highest installed power capacity (from all sources) in India

Operation and Maintenance Service Business

(Rs. Crs.)



Solar Update



Note: Additional bids won for 175 MW solar project in Jharkhand, for which PPA is yet to be signed

Agenda

FY17 Key Highlights

Debt Overview

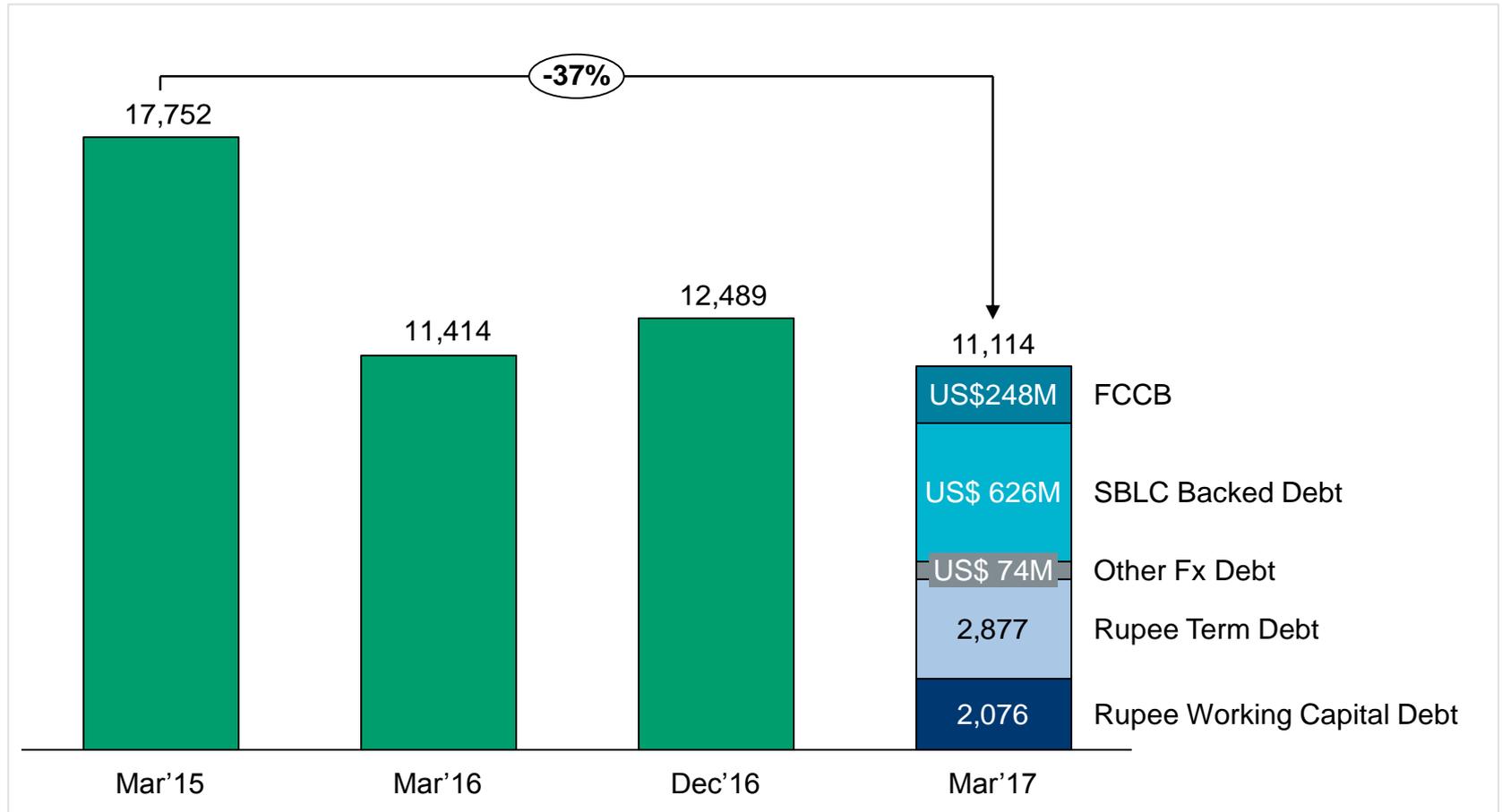
Technology Update

Industry Opportunity

Detailed Financials

Gross Debt Levels

(All figures in Rs Crs, except wherever mentioned)



FCCB worth US\$26.6M further converted post Mar'17

37% lower than peak debt levels

Mar'17 Debt Profile

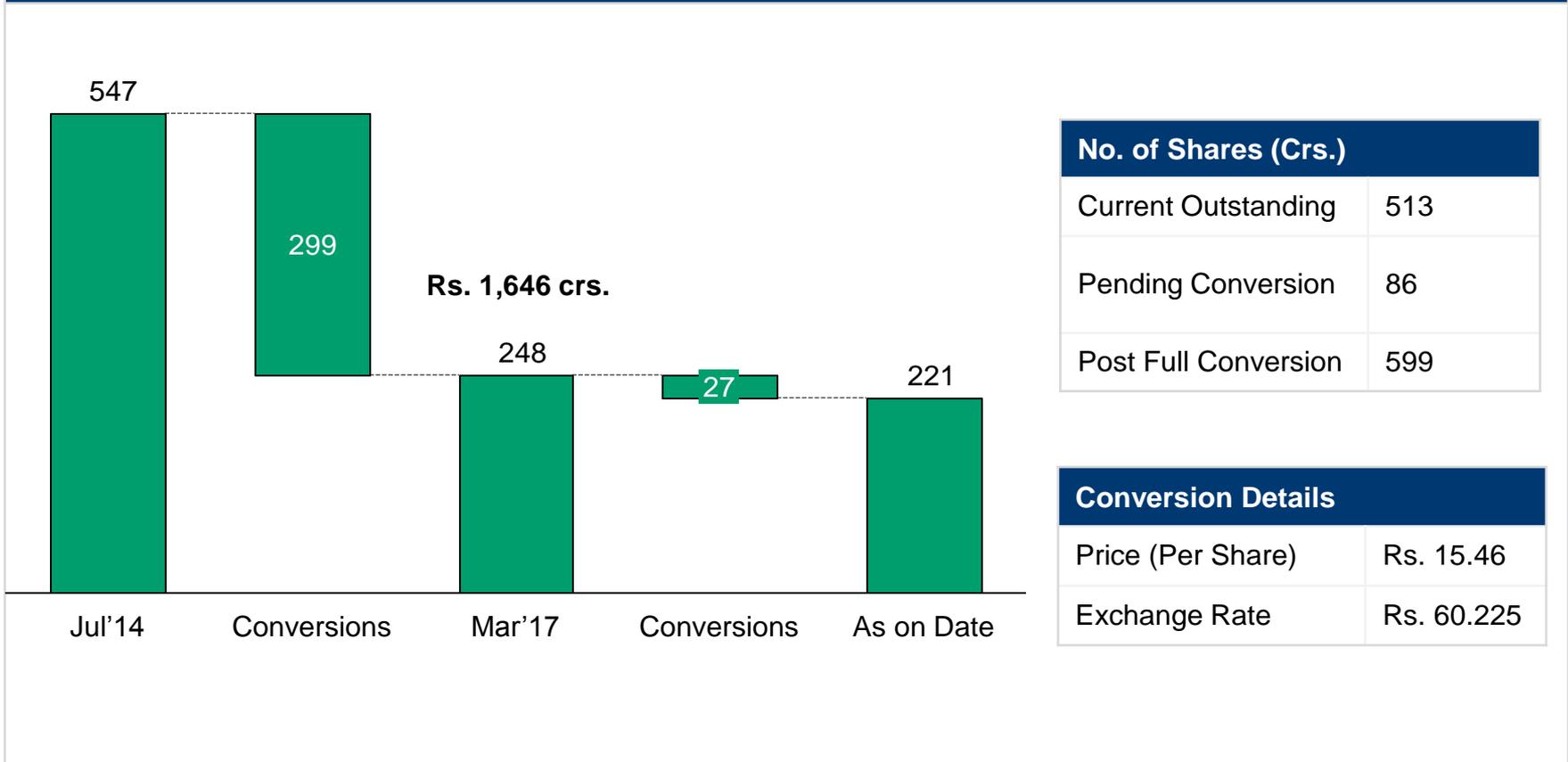
(Excluding FCCB)	31 st Mar'17	5 year Maturity Profile												
SBLC Backed AERH Debt	Rs. 4,038 Crs.* (US\$ 626 M)	<ul style="list-style-type: none"> • Current bullet maturity of March 2018 • SBLC facility lenders consented to SBLC extension till 2023 • RBI approval received 												
Other FX Term Debt	Rs. 477 Crs. (US\$ 74 M)	(Rs. Crs.) <table border="1"> <caption>5 year Maturity Profile (Rs. Crs.)</caption> <thead> <tr> <th>FY</th> <th>Amount (Rs. Crs.)</th> </tr> </thead> <tbody> <tr> <td>FY18</td> <td>138</td> </tr> <tr> <td>FY19</td> <td>390</td> </tr> <tr> <td>FY20</td> <td>564</td> </tr> <tr> <td>FY21</td> <td>758</td> </tr> <tr> <td>FY22</td> <td>816</td> </tr> </tbody> </table>	FY	Amount (Rs. Crs.)	FY18	138	FY19	390	FY20	564	FY21	758	FY22	816
FY	Amount (Rs. Crs.)													
FY18	138													
FY19	390													
FY20	564													
FY21	758													
FY22	816													
Rupee Term Debt	Rs. 2,877 Crs.													
Gross Term Debt	Rs. 7,392 Crs.													
Net Term Debt	Rs. 6,198 Crs.													
Working Capital & Short Term Debt	Rs. 2,076 Crs.													

Back ended maturity profile; Sufficient headroom for operations

July 2019 FCCB Series Overview

(US\$ Mn)

FCCB Principal Value



No. of Shares (Crs.)	
Current Outstanding	513
Pending Conversion	86
Post Full Conversion	599

Conversion Details	
Price (Per Share)	Rs. 15.46
Exchange Rate	Rs. 60.225

Upon conversion, debt to reduce and net worth to strengthen

Enhancement in Credit Rating

Company	Previous Rating	Current Rating	Remarks
Suzlon <ul style="list-style-type: none"> Suzlon Energy Limited and its domestic subsidiaries, except SE Forge Pooled together under CDR for security purposes 	BBB-	BBB	<i>1 Notch Upgrade</i>
SE Forge Limited	BBB-	BBB	<i>1 Notch Upgrade</i>
Suzlon Global Services Limited (India OMS Division Carve out) <ul style="list-style-type: none"> For proposed debt raising at SGSL 		A- (Provisional)	<i>2 Notch higher than parent, (Reflects stable cash flow profile)</i>

Note: Issued by CARE Ratings for domestic bank facilities

To result in interest cost optimization

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Debt Overview

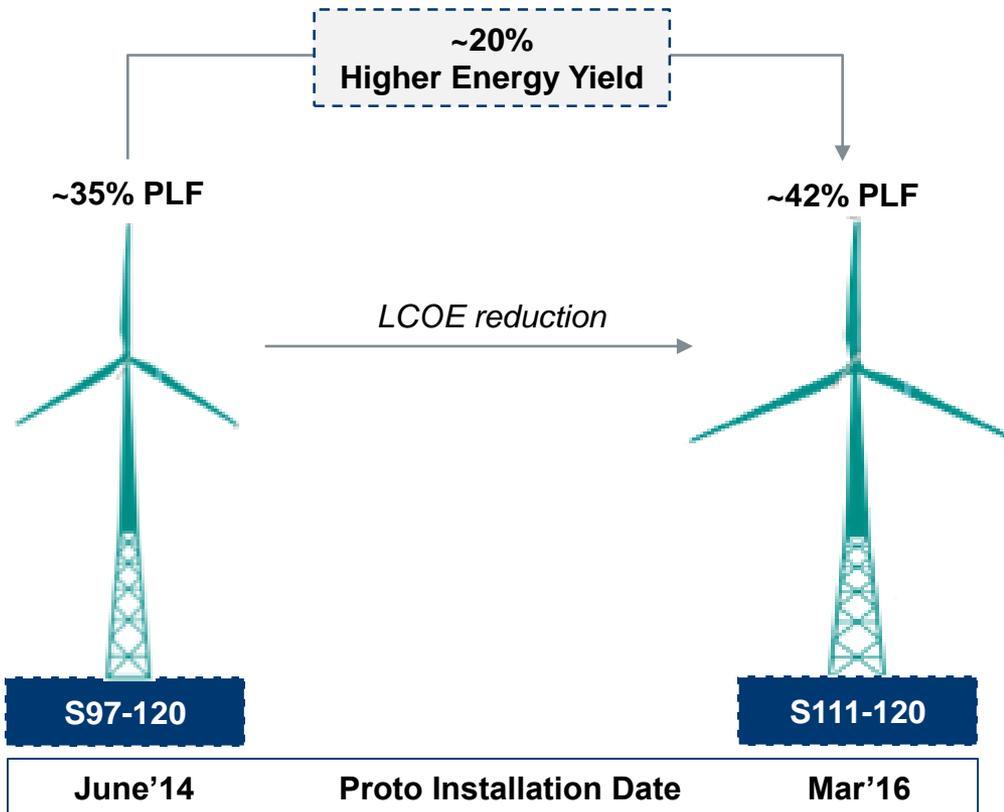
Technology Update

Industry Opportunity

Detailed Financials

Commercialized S111-120: “Industry Game Changer”

First 12 months PLF measured on same site location



Proven Technology

S111-120
(>1 year generation track record)
(>150 MW already Sold)

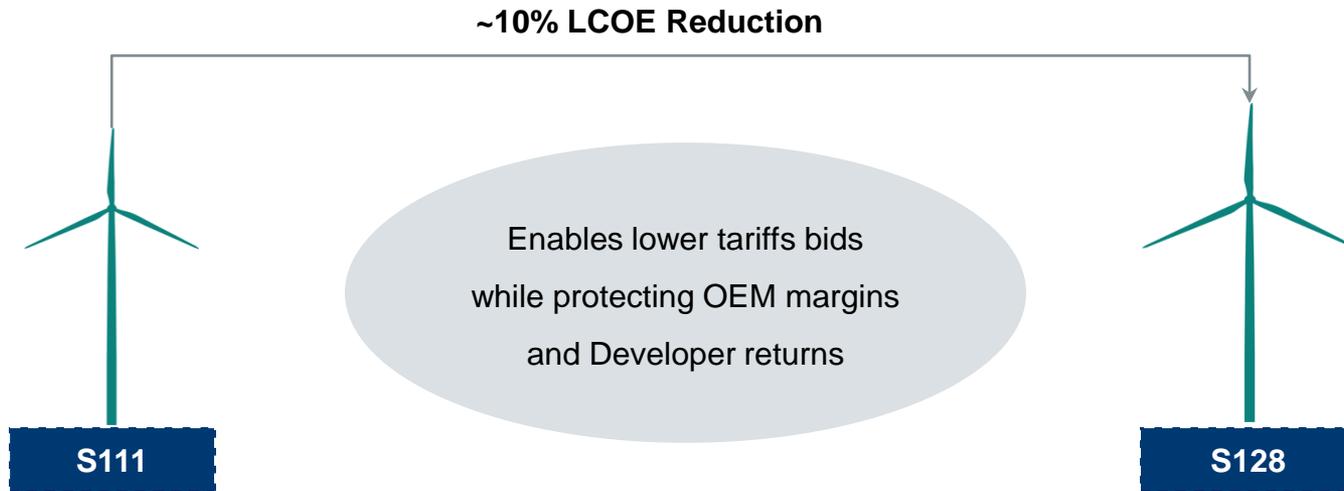
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S97-120
(>1 GW already Installed)

+

S111-90
(>550 MW already Installed)

Next Generation Products



Product	S128 – 2.6 MW	S128 – 3.0 MW
MW Rating	2,600 kW	3,000 kW
Rotor Diameter	128 meters	128 meters
Tower Height	120 m - 140 m	120 m - 140 m
Wind Class	IEC III (Low Wind)	IEC II (Medium Wind)
Focus Markets	Domestic	International
Time to Market	CY18	CY18

Hybrid Towers – Innovation at Work, Unique in the World

Accessing higher wind speed at higher altitude, increasing energy output



Advantage Hybrid

- Enables to achieve higher hub height at optimized cost
- Reduced steel requirement; reduced overall weight
- Lower foundation cost
- Simplified logistics and lower cost
- 24 sq. m base enhances stability and strength of the structure

Hub Height Variants	120 M	
Product Suites	S97-120	S111-120
Proto Installation Date	June'14	Mar'16
Location	Gujarat	Gujarat
1 st Year PLF	~35%	~42%

Globally Proven In-House R&D Capabilities

Suzlon Technology Locations:		
Germany	Hamburg	<ul style="list-style-type: none"> - Development & Integration - Certification
	Rostock	<ul style="list-style-type: none"> - Development & Integration - Design & Product Engineering - Innovation & Strategic Research
The Netherlands	Hengelo	<ul style="list-style-type: none"> - Blade Design and Integration
India	Pune	<ul style="list-style-type: none"> - Design & Product Engineering - Turbine Testing & Measurement - Technical Field Support - Blade Engineering
	Vadodara	<ul style="list-style-type: none"> - Blade Testing Center
	Hyderabad	<ul style="list-style-type: none"> - Design & Product Engineering (BOP team)
	Chennai	<ul style="list-style-type: none"> - Design & Product Engineering (Gear Box Team)
Denmark	Aarhus Vejele	<ul style="list-style-type: none"> - SCADA - Blade Science Center



Hamburg



Rostock



Hengelo



Pune



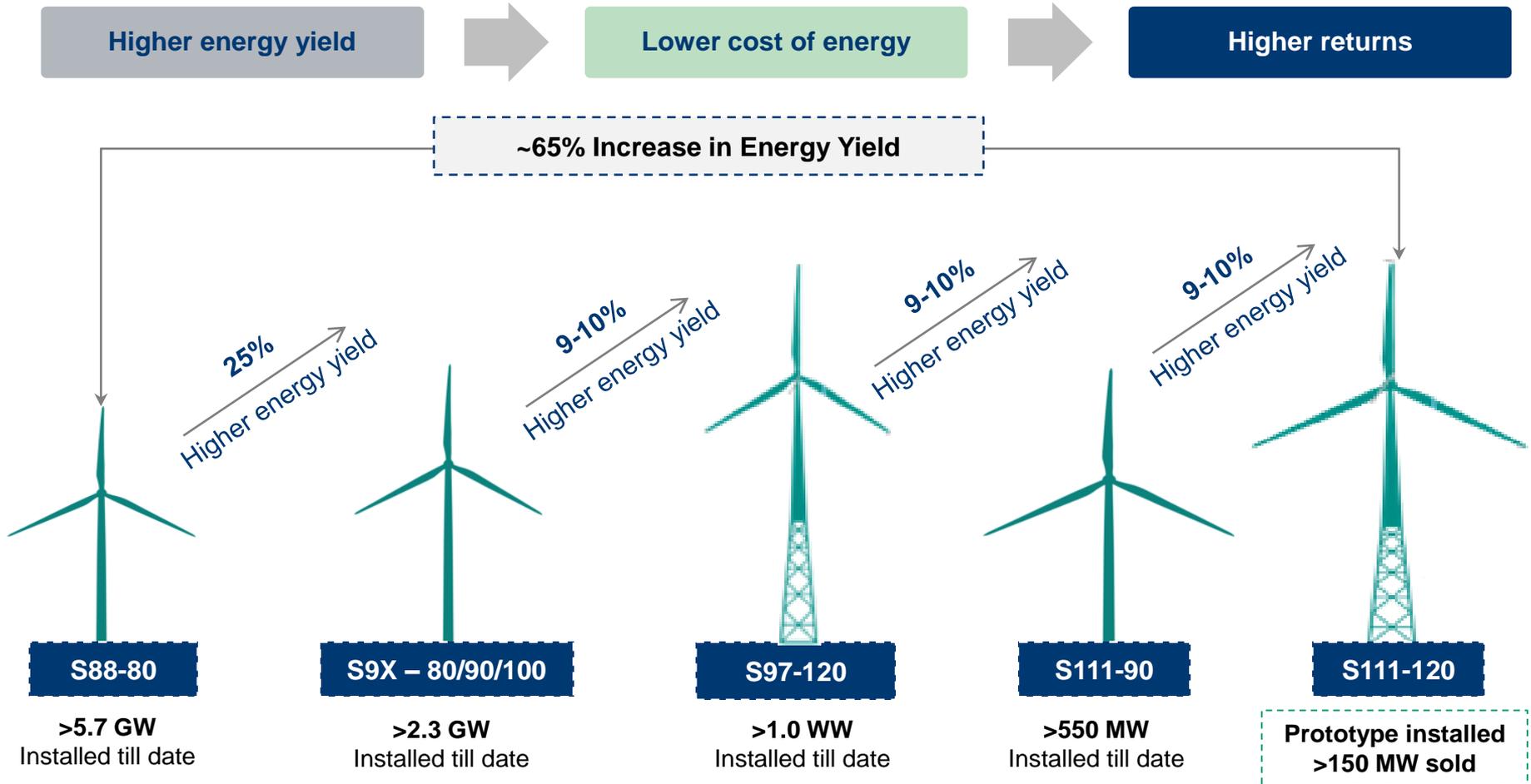
Aarhus



Vejle

Best match between skills & location – Efficient leverage of R&D spending

2.1 MW Series: Proven Platform with >100,000,000 Operating Hours



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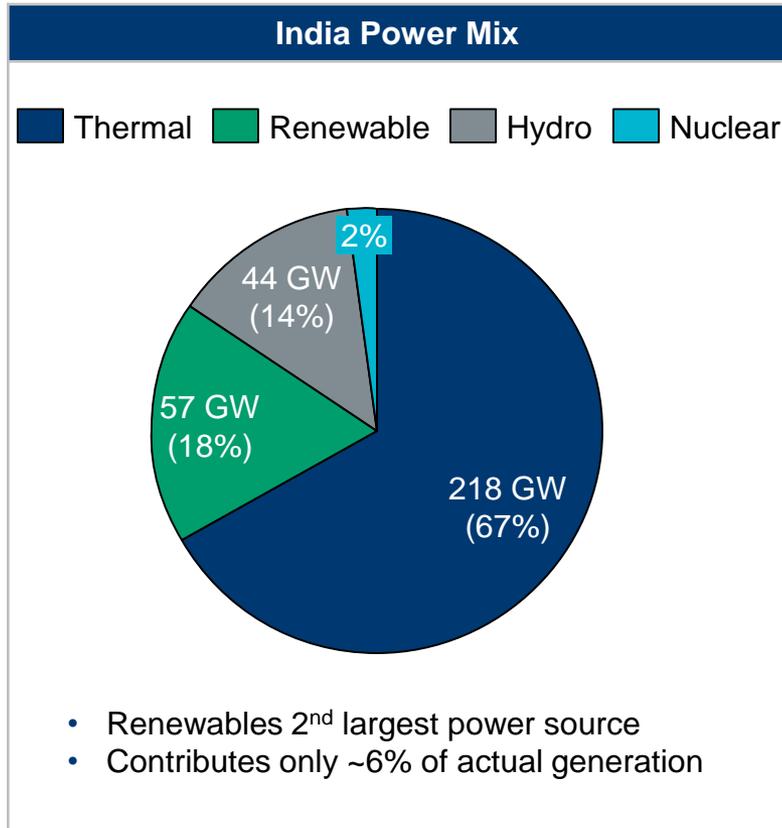
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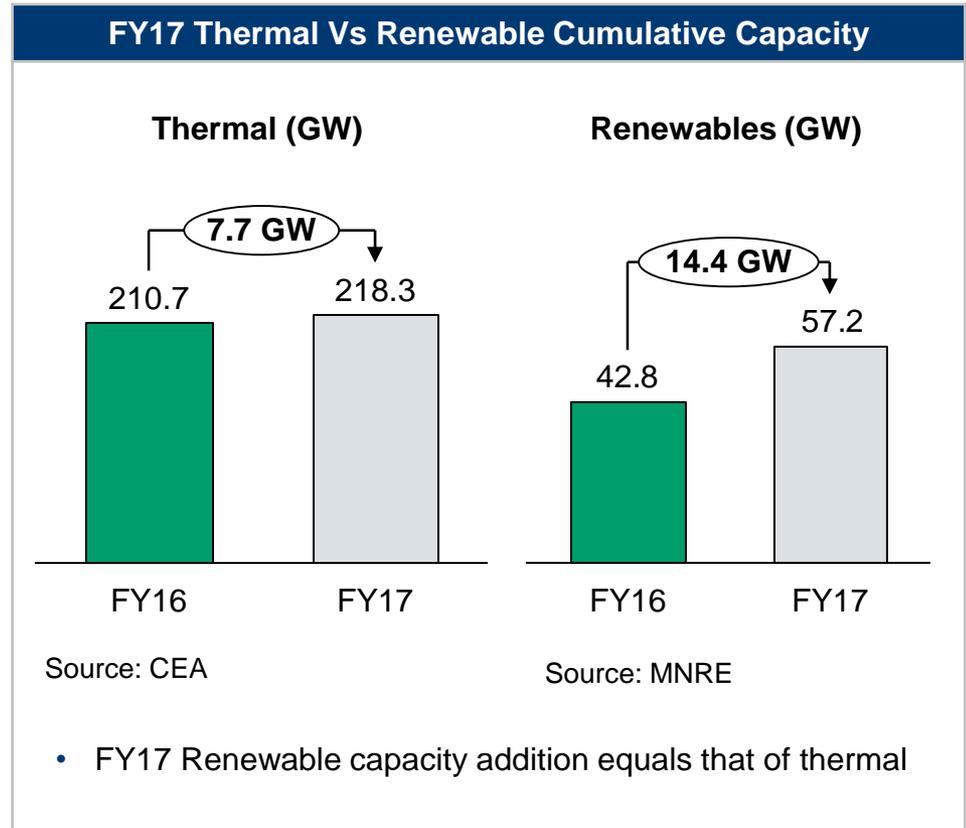
Industry Opportunity

Detailed Financials

India Renewables Exceeds Thermal Capacity Addition in FY17



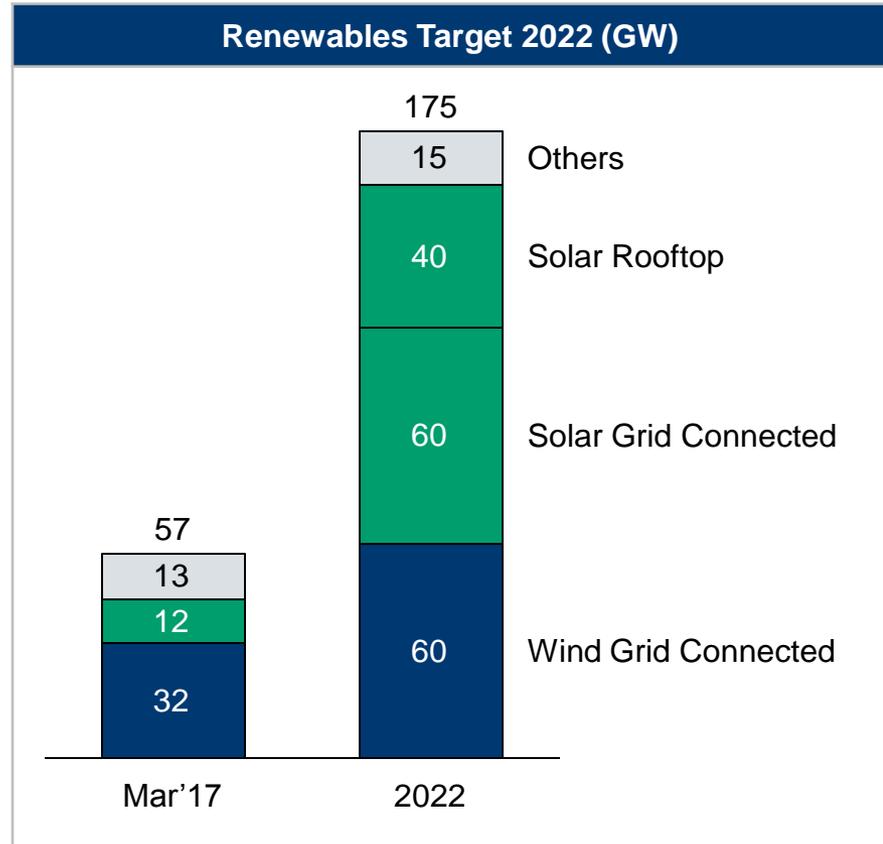
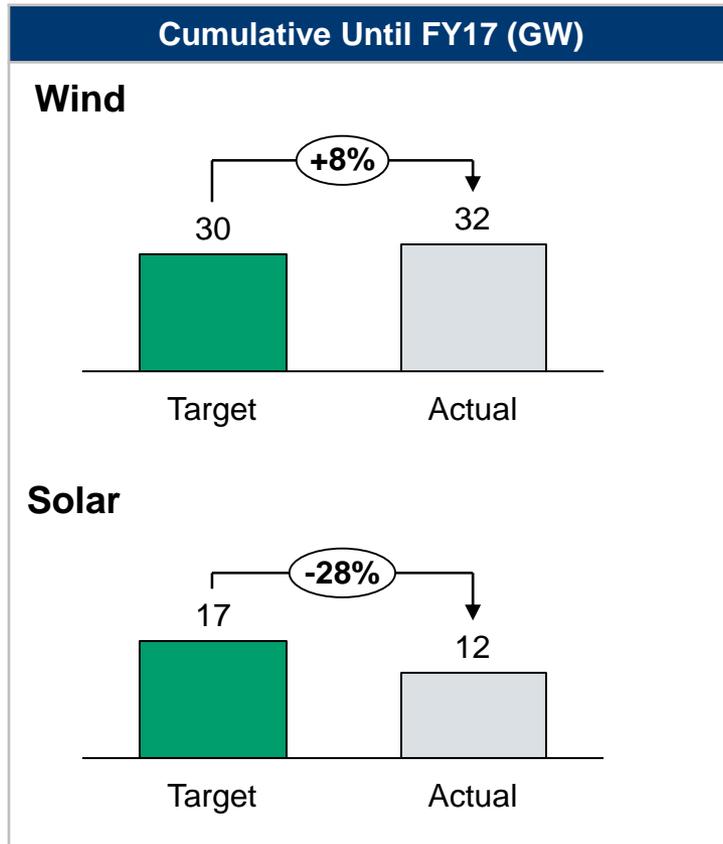
Source: CEA



India's COP 21 commitment: To reduce 33-35% carbon emissions by 2030

No new thermal capacity addition is being planned at least until 2022

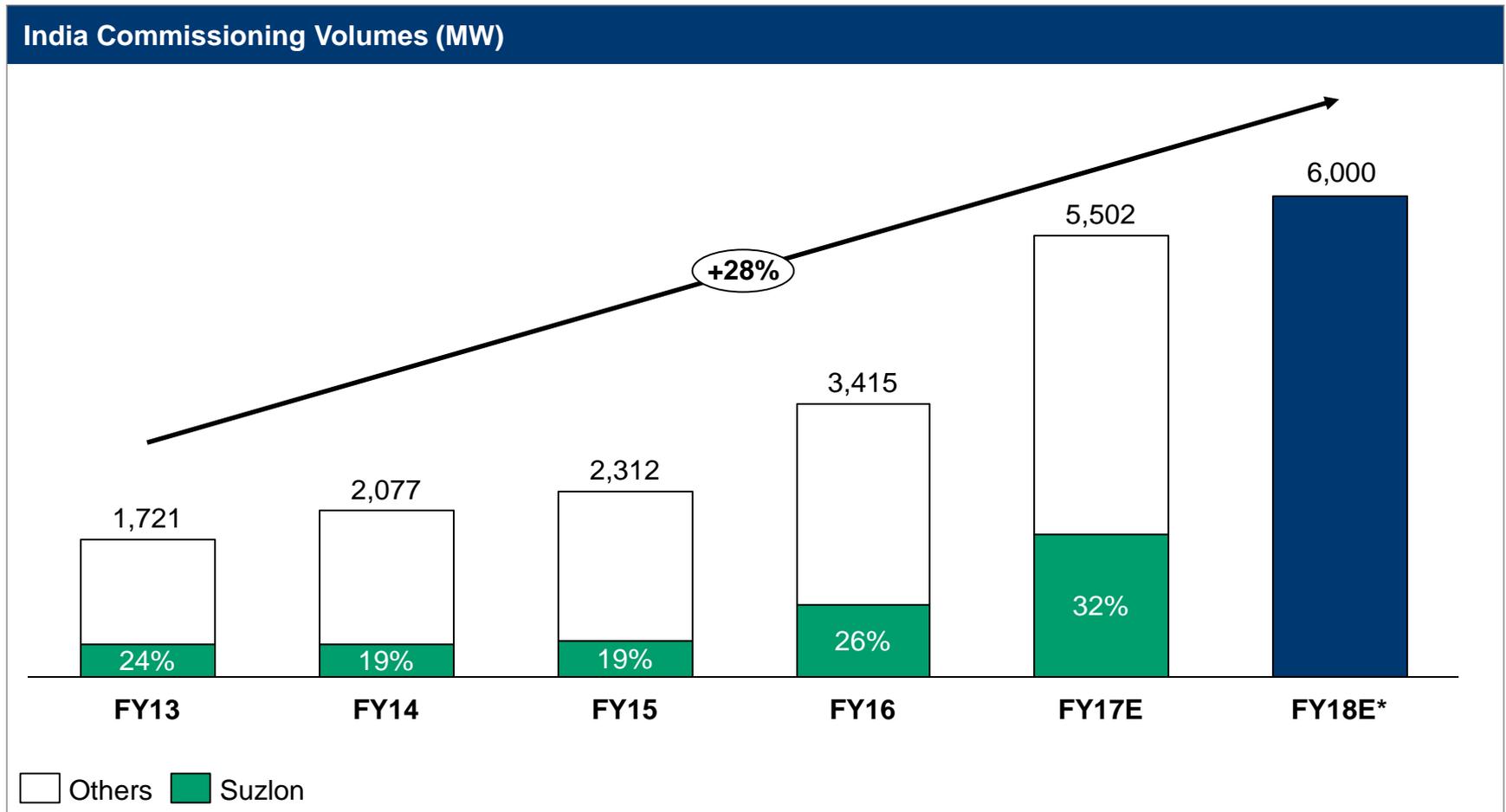
Wind Vs Solar – Target Vs Actual Capacity Addition



Source: MNRE

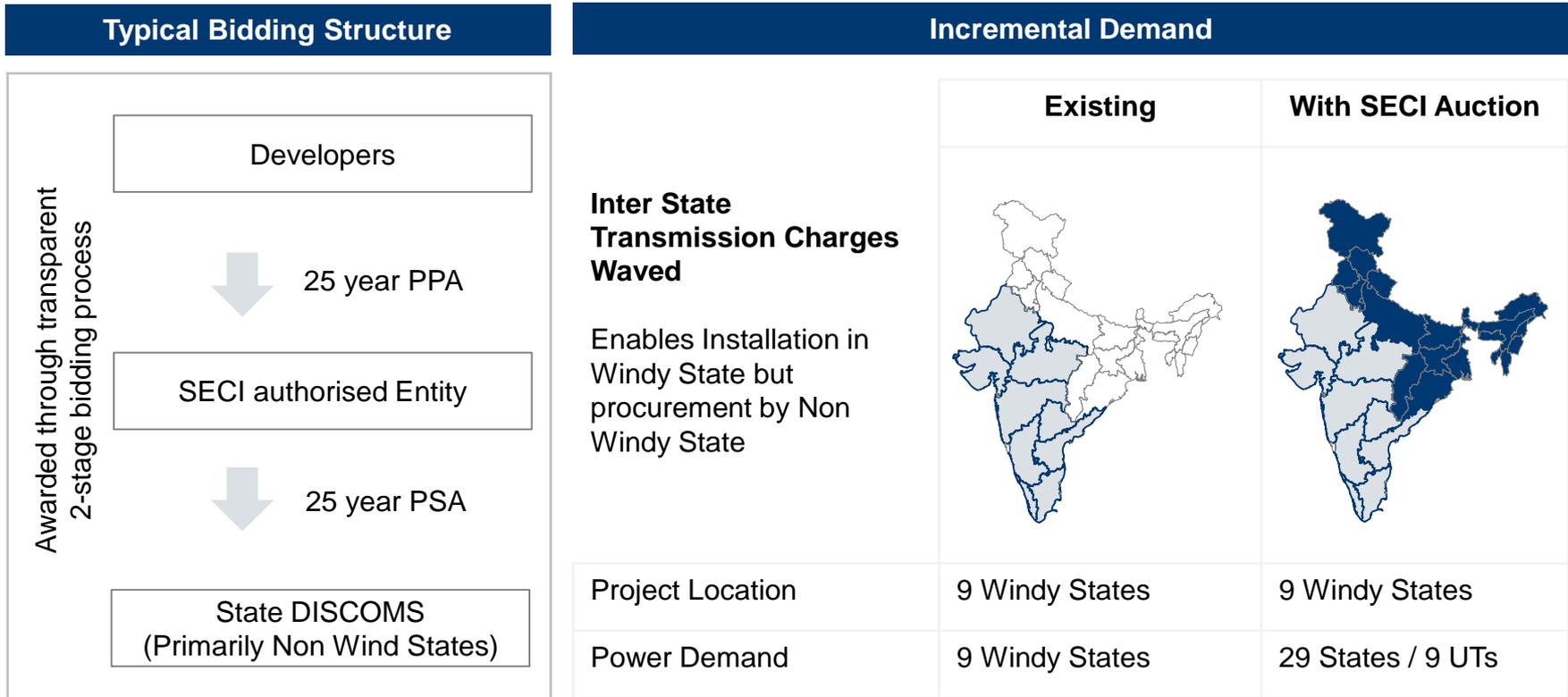
Wind is ahead of its target

Wind Market Expected to Touch New High for 3rd Consecutive Year in FY18



*Source: Internal Estimates

SECI Wind Bidding: Central Level Auctioning



MNRE target **5-6 GW p.a.** of central level reverse auction for non-wind states

(2.2 GW of auction already announced)

(1.05 GW completed in Mar'17, another 1.10 GW to be completed in Jun'17)

LOWER POWER COSTS + PAN INDIA OFFTAKE = INCREASE IN MARKET SIZE

Direct Bidding Vs Pre-Bid Tie Up for Bidding Volumes

Pre Bid Tie Up

Customer Confidence
+
Strong Project Pipeline
+
Strong Technology
+
Execution Capabilities

Low Risk Approach

SUZLON
POWERING A GREENER TOMORROW

(Strategy)

Direct Bidding

51% mandatory to be held until 1 year from COD

Riskier Approach

- Financial Criteria only for the Bidding Entity
- Suzlon Group has lot of well capitalized subsidiaries which qualifies for bidding
- **Suzlon prefers pre bid tie ups**

Direct Bidding restricts potential for pre-bid tie-ups due to conflict of interest

Sustainable reduction in Wind Tariff

OEM

Strong Technology (Lower LCOE)
+
Vertical Integration
+
Operating Leverage due to Volume
+
Tighter Control on Cost



Reduced Equipment Pricing

But with margin protection

Developer / Bidder

Low Cost of Capital
+
Long Tenure Debt
+
Change in Investor Profile
+
Lower IRR Expectations



Reasonable Project Returns

But above the required threshold

Expanded Customer Base

Demand for Wind Power

Demand from Non Wind Sates

- Procurement through central auctions
- 2 GW already initiated
- Driven by large backlog of RPO

**5 - 6 GW
p.a.**

Demand from Wind Sates

- Procurement through FiT / auction route
- FY17 saw 4-5 GW of execution based on demand from wind states alone

**3 - 4 GW
p.a.**

Captive Markets

- Widening gap of industrial power tariffs and Wind LCOE
- Freezing power costs for entire life cycle with huge saving on power costs

**1 GW
p.a.**

Investors for Wind Power projects

Utilities: Domestic + Foreign

- Emerging customer group
- Mainstream investment from domestic utilities
- Global utilities now entering the market

IPP

- ~6-7 years of presence now in India
- Grown into large sized IPPs
- Continues to actively invest in renewables

PSU: CPSE + SPSE

- All central level auctions have 10% participation from CPSE
- SPSE to incrementally buy from State auctions / FiT scheme

New Wind Capacity Cost cheaper than New Coal

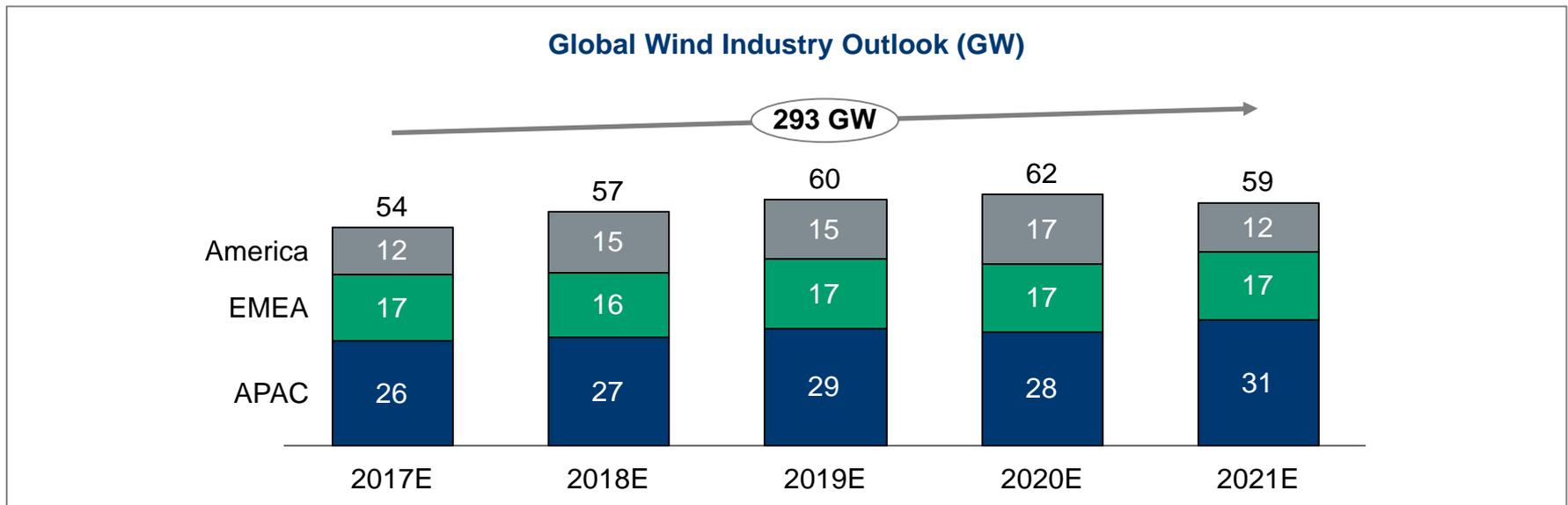
Favourable risk return profile compared to other investments

Strong Volume Drivers in Place

Suzlon Strengths in India Wind Market



International Market Roadmap



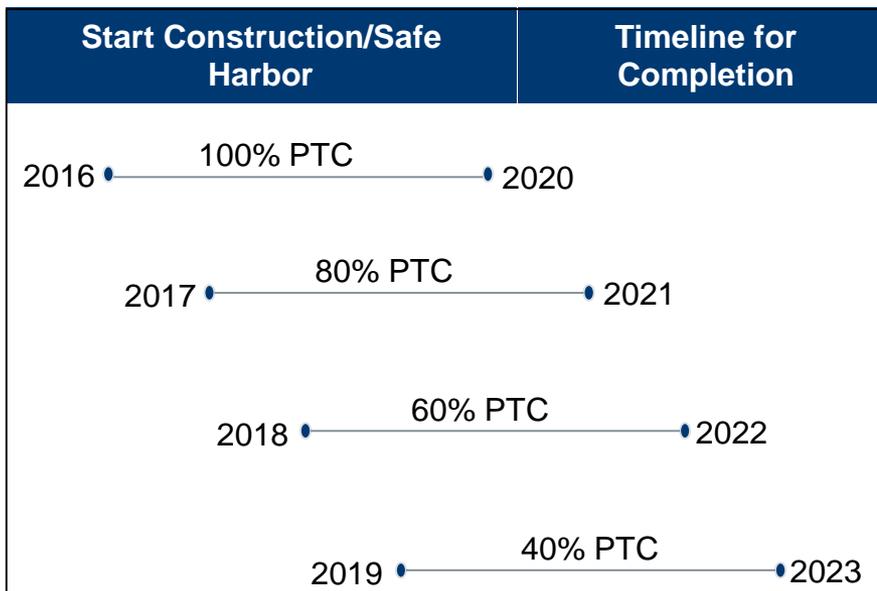
Source: MAKE Q1 2017 Market Outlook Update

Prioritizing markets based on opportunity, sustainability and ease of access

USA PTC Volume: ~500 MW Pipeline Created for 100% PTC Projects

Production Tax Credit (PTC) Extension: Huge Volume Opportunity

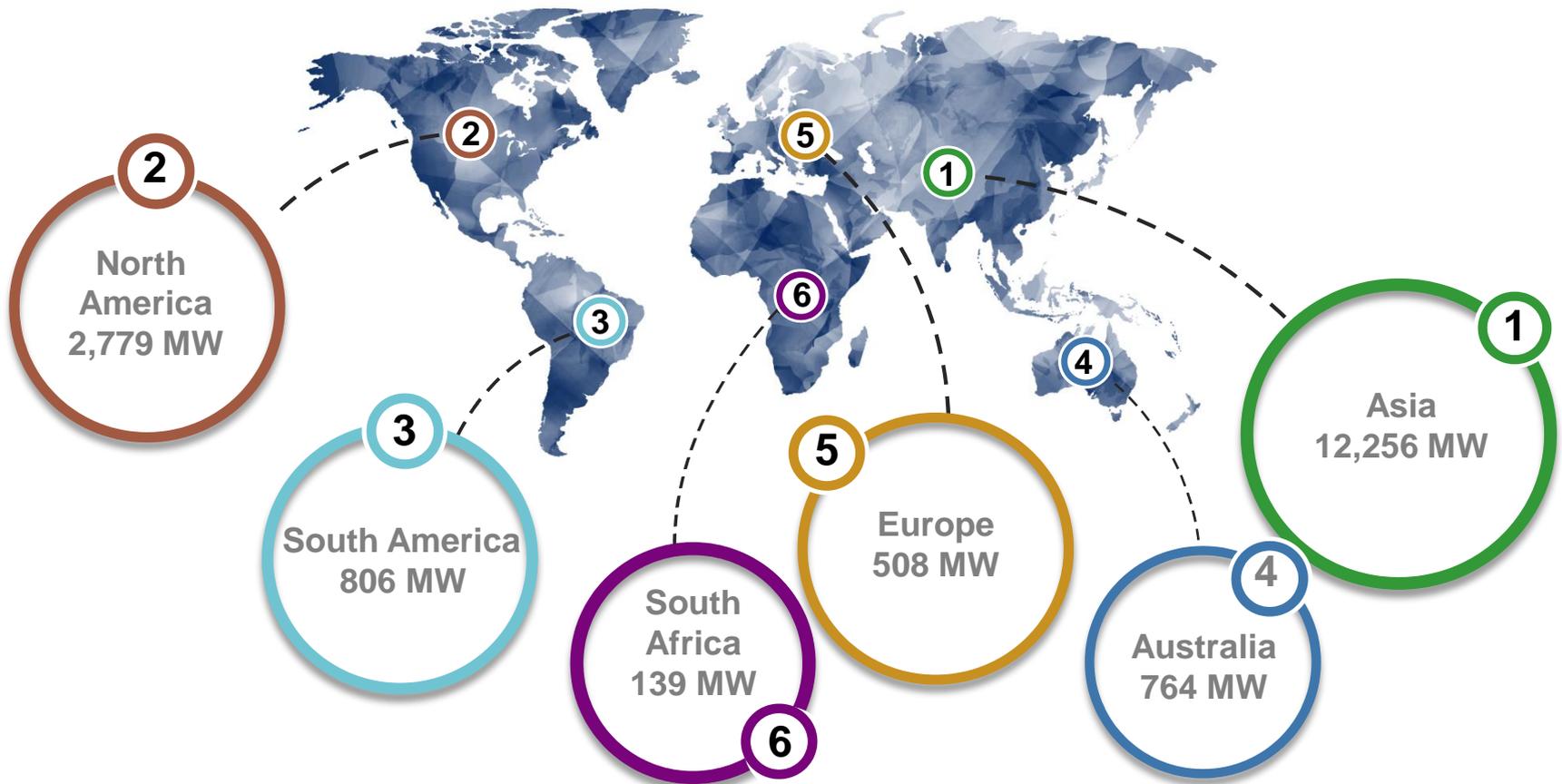
- PTC in USA extended until 2019 with benefits stepping down every year before phase out
- In order to qualify, projects only need to start construction and make a minimum 5% investment (“Safe Harbour Investments”)
- Thus projects which meet safe harbour investments in 2016, will be eligible for 100% PTC benefit, while projects which meet safe harbour investments in 2017 will be eligible for 80% PTC benefit
- Timeline for completion of the projects is 4 years from the start of construction



Suzlon Strategy

- Established SPVs to implement Safe Harbor Projects and develop project pipeline
- ~500 MW Pipeline created of projects eligible for 100% PTC
- To translate into firm orders for execution over the next couple of years

Suzlon's Global Presence



Suzlon's strong relationships across regions positions it well

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Consolidated Income Statement

(Rs. Crs.)

Particulars	Q4 FY17	Q4 FY16	Q3 FY17	FY17	FY16
	Audited	Audited	Unaudited	Audited	Audited
Revenue from operations	4,993	3,219	3,316	12,693	9,430
Less: COGS	-3,295	-2,066	-1,859	-7,543	-5,604
Gross Profit	1,698	1,153	1,457	5,150	3,826
Margin %	34.0%	35.8%	43.9%	40.6%	40.6%
Employee benefits expense	-279	-232	-253	-1,046	-959
Other expenses (net)	-697	-476	-459	-1,901	-1,523
Exchange (Loss) / Gain	311	-82	-17	297	-242
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EBITDA (Pre-FX Gain / Loss)	722	444	745	2,203	1,343
Margin %	14.5%	13.8%	22.5%	17.4%	14.2%
Less: Depreciation	-110	-116	-108	-392	-392
EBIT	923	246	620	2,107	710
EBIT (Pre-FX Gain / Loss)	612	328	637	1,810	951
Margin %	12.3%	10.2%	19.2%	14.3%	10.1%
Net Finance costs	-321	-300	-310	-1,199	-1,206
Profit / (Loss) before tax	603	-53	310	908	-496
Less: Exceptional Items	0	-267	0	0	1,080
Less: Taxes and Minority	-24	-13	-28	-69	-14
Net Profit / (Loss) after tax	579	-334	282	839	570

Note: Servion was fully divested by Suzlon group on 29th April 2015. Accordingly FY16 consolidated results include 1 month of Servion performance, hence not directly comparable

Consolidated Balance Sheet

(Rs. Crs.)

Liabilities	Mar-17	Mar-16	Assets	Mar-17	Mar-16
Shareholders' Fund	-6,810	-7,499	Non Current Assets		
Non controlling interest	9	0	(a) Property, Plant and Equipment	1,464	1,282
	-6,801	-7,499	(b) Intangible assets	211	339
			(c) Investment property	34	33
			(d) Capital work-in-progress	206	233
				1,915	1,886
Non-Current Liabilities			(e) Financial assets		
(a) Financial Liabilities			(i) Investments	189	93
(i) Long Term Borrowings	4,841	9,225	(ii) Loans	6	2
(ii) Other Financial Liabilities	225	129	(iii) Trade receivables	46	78
(b) Provisions	127	219	(iv) Other Financial Assets	712	775
(c) Deferred Tax Liabilities	13	13	(f) Other non-current assets	166	105
(d) Other Non-Current Liabilities	40	22		1,118	1,053
	5,246	9,608	Current Assets		
			(a) Inventories	3,469	2,525
Current Liabilities			(b) Financial Assets		
(a) Financial Liabilities			(i) Investments	481	267
(i) Short-term borrowings	2,076	1,895	(ii) Trade receivables	3,628	2,515
(ii) Trade payables	4,812	2,970	(iii) Cash and bank balances	336	627
(iii) Other financial liabilities	4,927*	741	(iv) Loans	49	96
(b) Other current liabilities			(v) Other financial assets	149	112
(i) Due to customers	17	46	(c) Other current assets	1,059	690
(ii) Other non-financial liabilities	1,105	1,451		9,171	6,831
(c) Short-term provisions	822	558			
	13,759	7,661	Total Assets	12,204	9,770
Total Equity and Liabilities	12,204	9,771			

**Includes SBLC backed debt due current maturity in March / April 2018. However, lender's consent as well as RBI approval for extending the SBLC and Debt until 2023 already obtained.*

Consolidated Net Working Capital

(Rs. Crs.)

	31 st Mar'17	31 st Dec'16	31 st Mar'1`6
Inventories	3,469	3,747	2,525
Trade receivables	3,673	3,517	2,593
Loans & Advances and Others	1,764	1,989	1,520
Total (A)	8,906	9,253	6,638
Sundry Creditors	4,812	3,823	2,970
Advances from Customers	793	1,427	1,123
Provisions and other liabilities	1,681	1,519	1,383
Total (B)	7,287	6,769	5,476
Net Working Capital (A-B)	1,619	2,485	1,162

Key Accounting Policies – Revenue Recognition and Order Booking

Opening Order Book	
<p>(-) Sales during the period</p>	<ul style="list-style-type: none"> • Sales (WTG Revenue Recognition) <ul style="list-style-type: none"> – WTG revenue is recognised upon transfer of risks and rewards to the buyer of complete WTG viz: Nacelle, Blade and Tower.
<p>(+) Order Intake during the period</p>	<ul style="list-style-type: none"> • Order Intake during the period <ul style="list-style-type: none"> – Only firm orders backed by threshold advance is added to order book
<p>Closing Order Book</p>	<ul style="list-style-type: none"> • Closing Order Book <ul style="list-style-type: none"> – Represents MW value of contract against which no revenue is recognized in the income statement

Key Accounting Policy: Maintenance Warranty Provisions

Maintenance Warranty Provisions

✓ **Accounting Policy:**

- Comprise of provisions created against maintenance warranty issued in connection with WTG sale
 - Created when revenue from sale of wind turbine is recognized
- Provisions estimated based on past experience
- Reversals of unused provision on expiry of Maintenance warranty period

✓ **Global Wind Industry Standard Practice:**

- Followed by top listed global industry leaders
- Despite Insurance and back to back warranty from suppliers



THANK YOU

