

Suzlon Energy Limited

9MFY15 Earnings Presentation

Suzlon wind farm in Maharashtra, India

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Long Term Strategic Initiatives

Suzlon wind farm in Camocim, Brazil

Equity infusion by a Strong Investor

Preferential Allotment – Rs. 1,800 crs.

| Shareholding | New Investor | Promoter |
|----------------|--------------|----------|
| Post Allotment | 22.7% | 23.8% |
| Diluted | 16.7% | 17.5% |

Dilip Shanghvi Family and Associates (DSA)

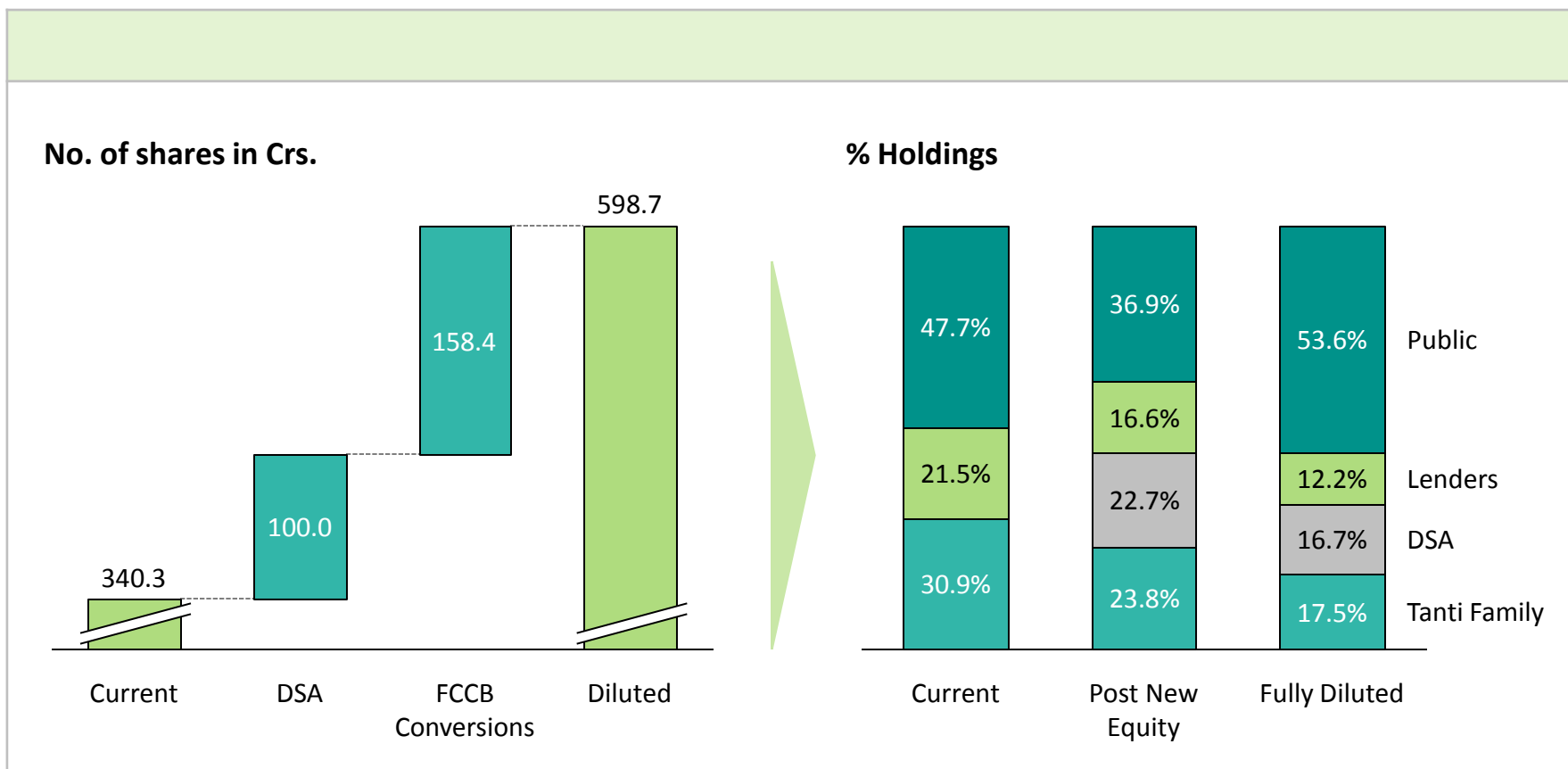
*Preferential Allotment of
100 crs. shares*

SUZLON
POWERING A GREENER TOMORROW

To accelerate growth, invest in wind farm and technology

- Subject to customary closing conditions, including shareholders and regulatory approval

Equity infusion to further improve balance sheet and bolster growth plans



Strong equity base

Proposed Wind Farm Joint Venture

Deal Specifics



**Dilip Shanghvi Family
and Associates**

Investment
50%

Investment
50%

Wind Farm JV

Debt funding

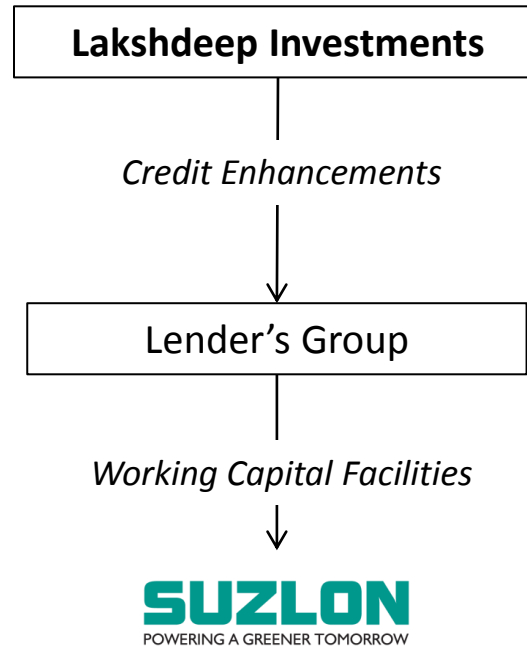
Lenders

Additional working capital facilities to Suzlon for execution of the project

- Subject to customary closing conditions

To develop 450 MW within 2 years

Deal Specifics



Demonstrates confidence in Suzlon capabilities and business model

- Subject to customary closing conditions

The facility is over and above provided to Suzlon from lenders

Deal Specifics

| Total Consideration | |
|------------------------|--|
| Immediate Cash | EUR 1 bn |
| Earn Out | EUR 50 mn (Subject to conditions) |
| Licensing Arrangements | |
| India - Offshore | Suzlon to get Offshore technology license for India market |
| US - S111 | Senvion to get Suzlon's S111 license for US Market |



Reduced debt



Reduced interest



Reduced repayments

Fund raised to be primarily utilized for deleveraging

- Subject to customary closing conditions; expected within this financial year

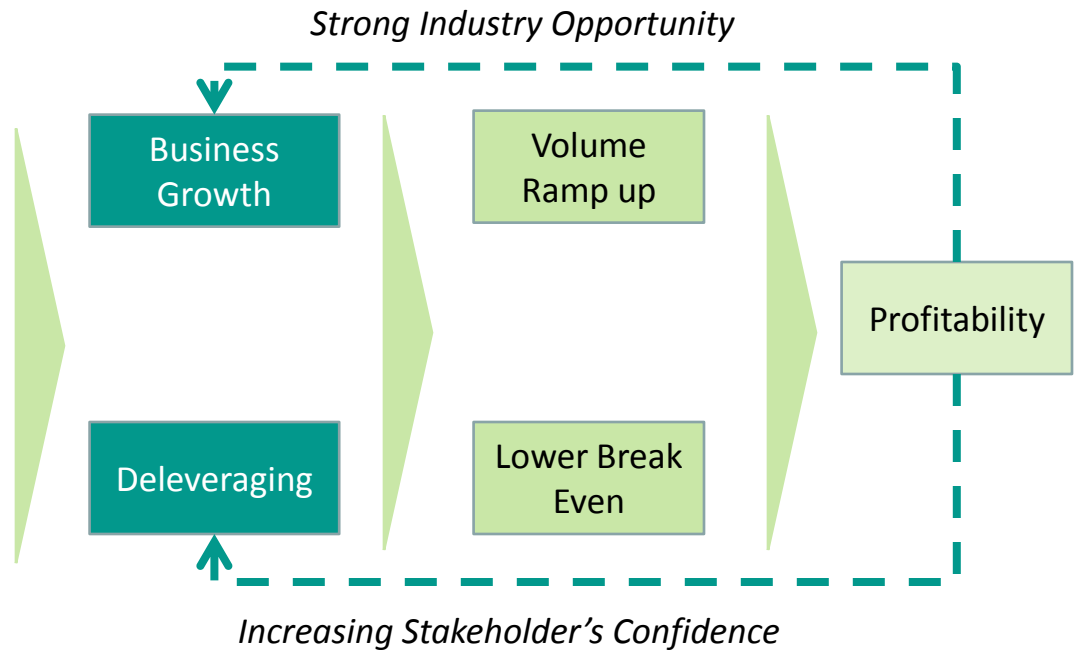
Landmark event in Suzlon turnaround story

Long Term Strategic Initiatives

Backing of Strong Investor

- Equity Investment in Suzlon
- Wind Farm JV with Suzlon
- Incremental Working Capital Facilities

Senvion Sale



Fixing the capital structure permanently

To enter FY16 with reduced debt, lower interest and strong liquidity position

Focus on markets like India, America, China, South Africa, Turkey etc.

- High growth, High volume, Better margin markets only



Superior Technology

- Continued focus on R&D aimed at reducing cost of energy



Best in Class Service; Growing OMS business

- Aimed at maximising energy yield

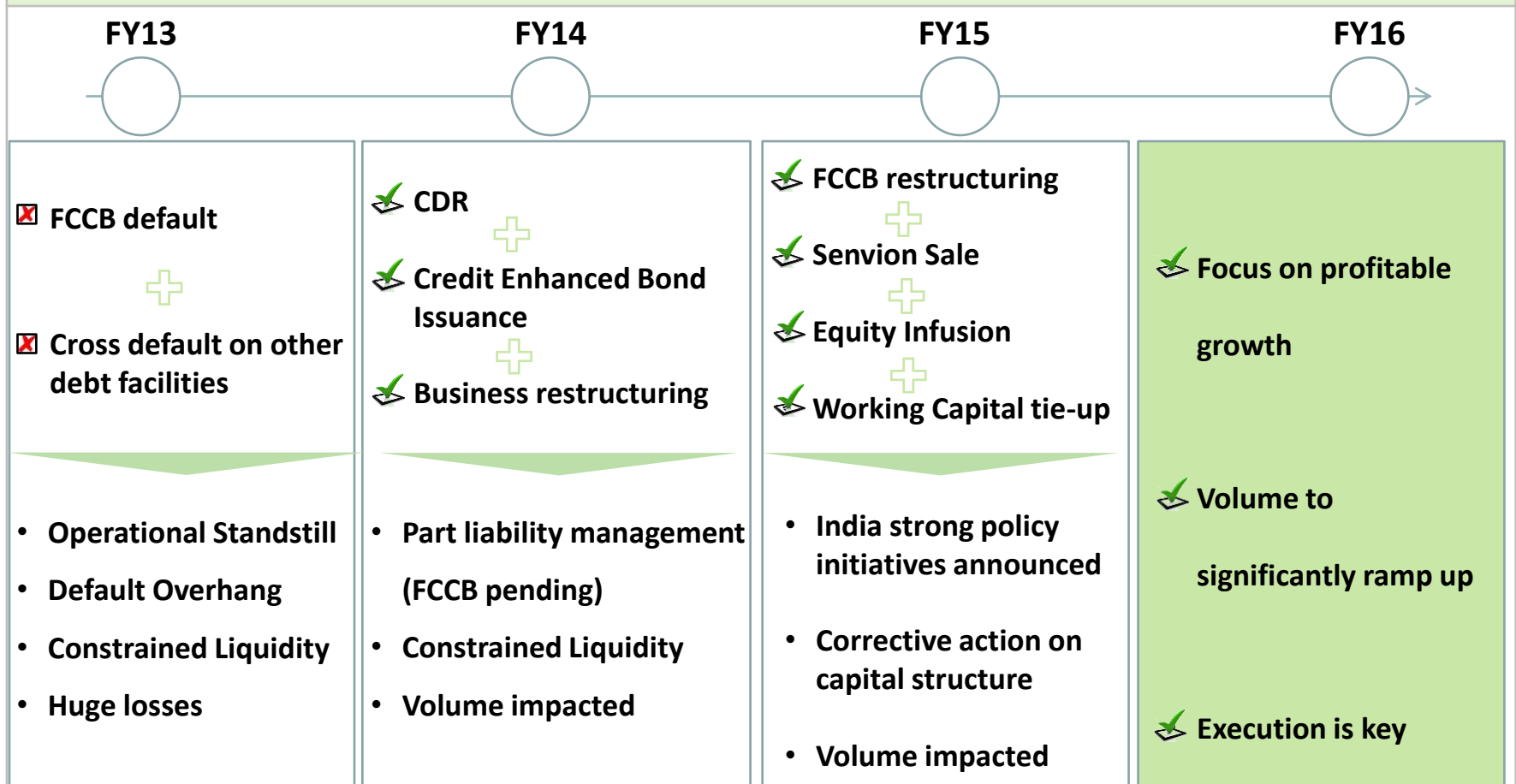


Asset Light / Debt Light

- Minimize fixed expenses
- Reduction in interest cost
- Optimization of facility and resources

**Increasing
Market
Competitiveness**

Multiple initiatives taken in last couple of years



Liability management, liquidity constraints, capital structure issues - all behind us

9M Performance Update

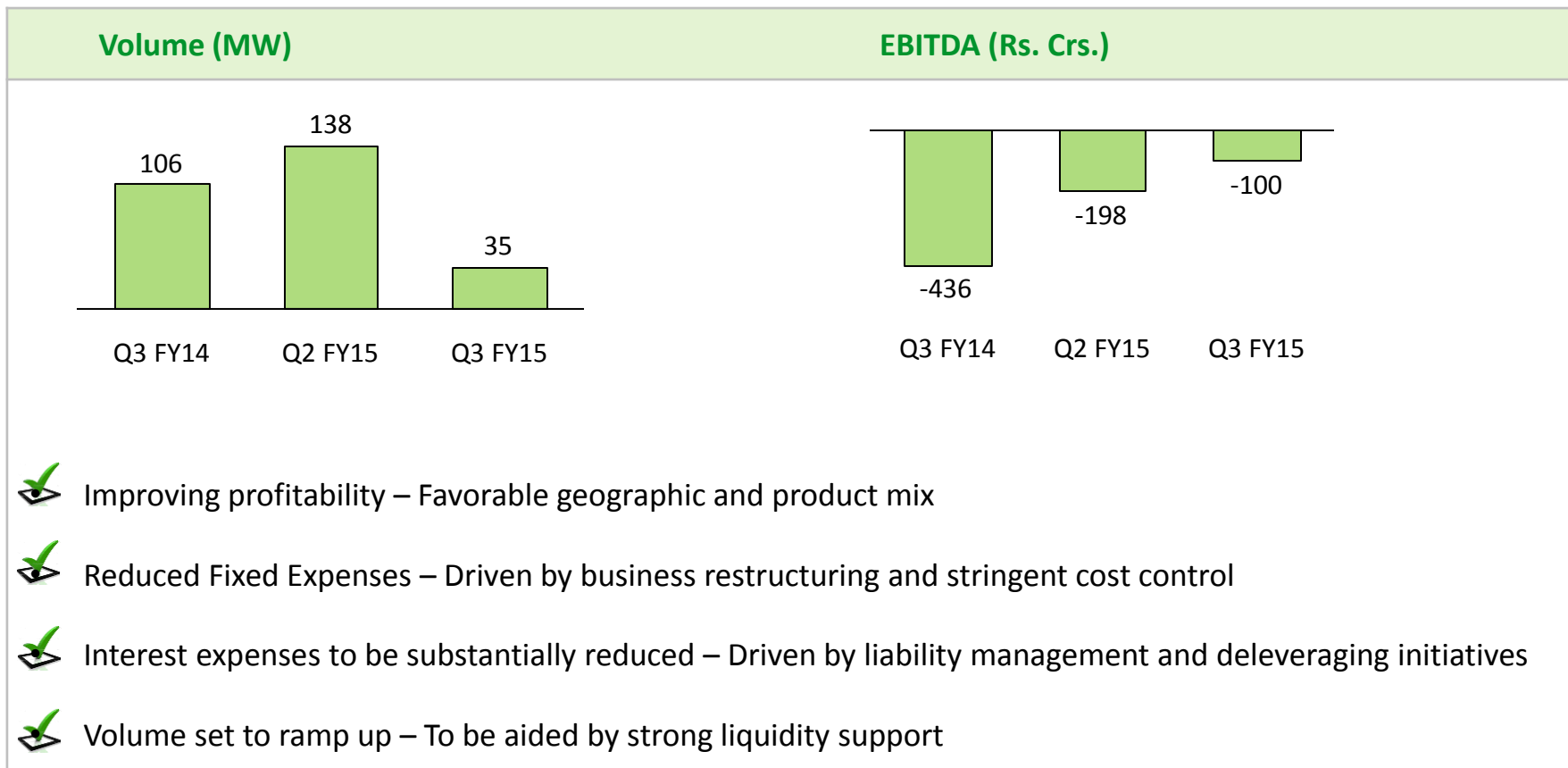
Suzlon wind farm in Aracati, Brazil

| Particulars | 9M FY15 Suzlon Wind | 9M FY15 Consolidated | 9M FY14 Suzlon Wind | 9M FY14 Consolidated |
|-------------|------------------------|-------------------------|------------------------|-------------------------|
| Revenue | 3,957 | 14,928 | 4,134 | 13,631 |
| EBITDA | -280 | 482 | -979 | -469 |
| EBIT | -558 | -141 | -1,270 | -1,034 |

Key takeaways:

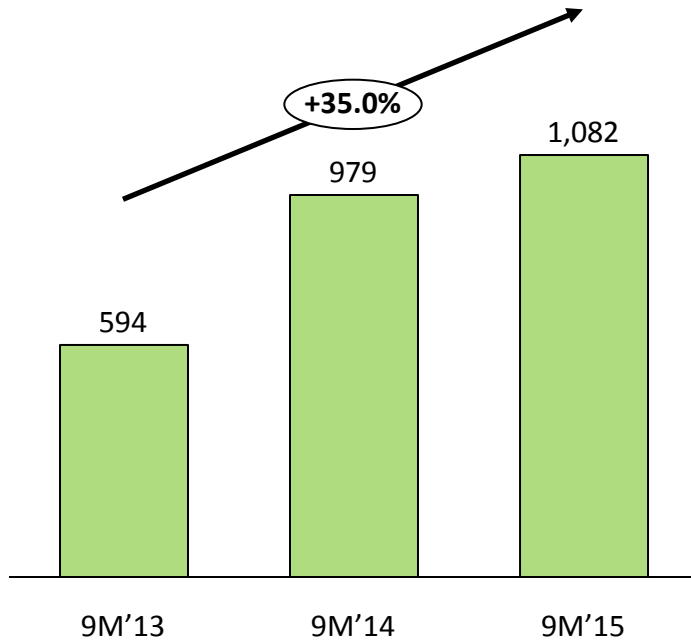
- 9M FY15 Consol EBITDA Rs. 482 crs vis-à-vis Rs. -469 crs YoY
- 9M FY15 Suzlon Wind EBITDA Rs. -280 crs vis-à-vis Rs. -979 crs YoY
- Lower volumes at Suzlon Wind due to constrained liquidity
- Suzlon Wind OMS business continued to grow in size; 9M revenues at Rs. 1,082 crs up 10% YoY
- Senvion continued with its stable performance; 9M revenues up 15% YoY

Liquidity boost from strategic initiatives to enable volume ramp up



Reduced loss despite lower volumes

Revenues (Rs. Crs.)



*External only

Growing into a sizeable business

- ✓ Strong Growth at 35% CAGR
- ✓ 50+% Contribution margin
- ✓ ~100% renewal track record
- ✓ Contractual, annuity-like, cash flows
- ✓ Non cyclical business in nature

Annuity like business with high cash generation

Order Book as on 31st Dec 2014

| Particulars | Amount |
|-------------------|----------------|
| Order Book Volume | 1,147.50 MW |
| Order Book Value | Rs. 7,250 crs. |
| Delivery Schedule | By Mar'16 |



- ✓ Deliveries within next 12 months
- ✓ 6-9 months execution cycle in India
- ✓ Spot orders not captured
- ✓ Strong order pipeline

Huge traction seen, especially in India market

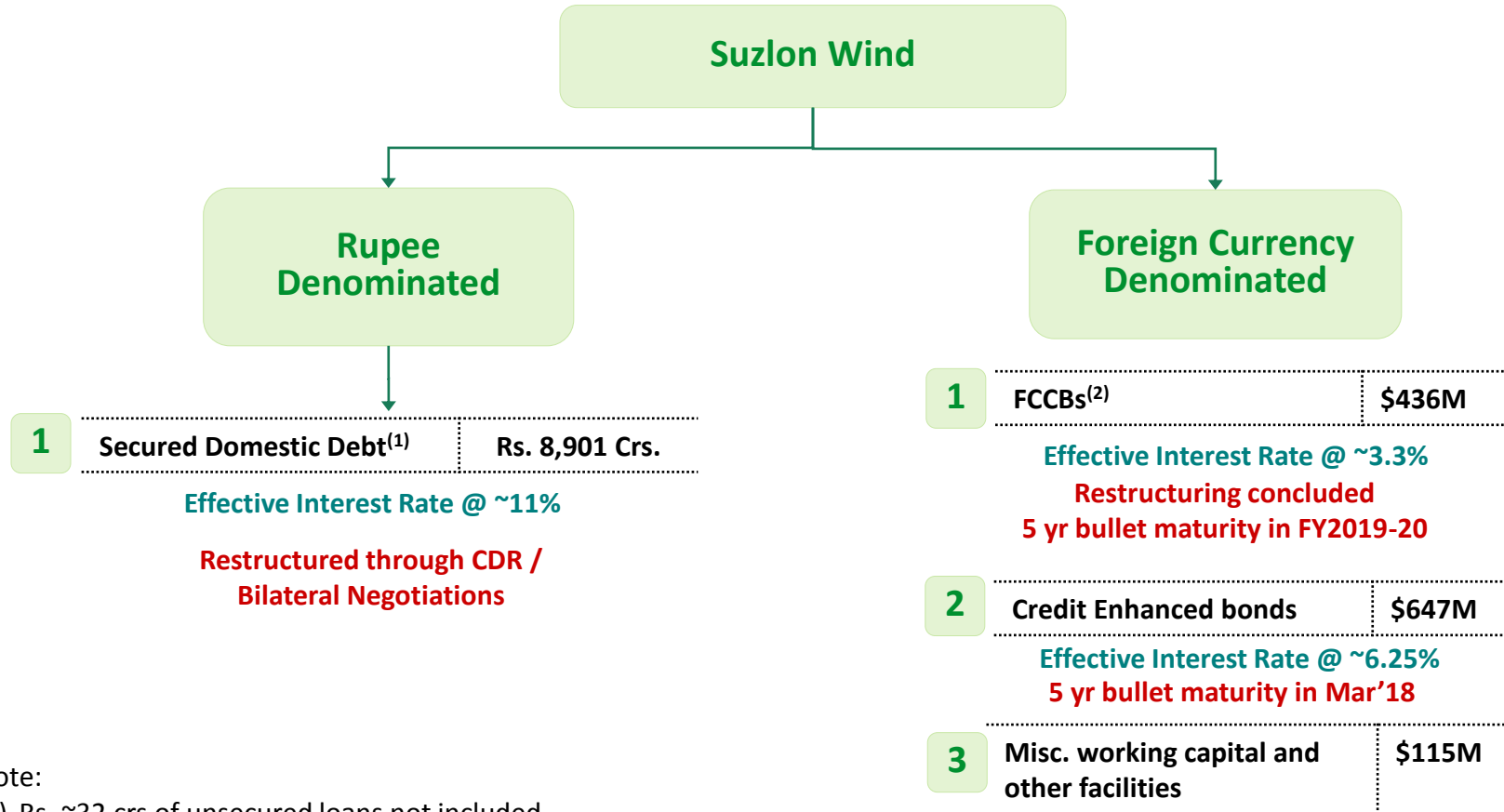
- Spot orders refers to orders received and completed within the same financial year

Sizeable current order book and orders in pipeline for FY16

Debt Profile

Suzlon wind farm in Rajasthan, India

As on 31st Dec 2014



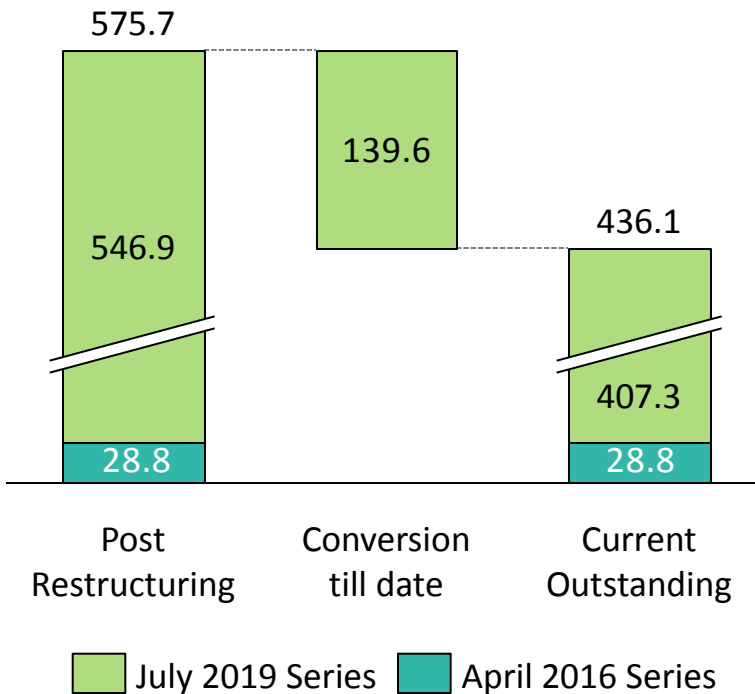
Note:

(1) Rs. ~32 crs of unsecured loans not included

(2) Adjusted for US\$48.3M converted after 31st Dec 2014

Significant reduction in debt post completion of strategic initiatives

FCCB Principal Value* (US\$ Mn)



• Conversion Details

- Debt Converted: US\$139.6M
- Exchange Rate: Rs. 60.225
- Conversion Price: Rs. 15.46 per share
- Issue of ~54+crs shares

• Strengthening Balance Sheet

- Debt reduced by ~Rs. 880 crs
- Debt equity ratio improves

• Assuming full conversion

- Debt to reduce by Rs. ~2,500 crs
- Equity to strengthen by Rs. ~2,500 crs

* Includes notices received and shares allotted until 5th February

Reduced debt obligation and strengthening equity base

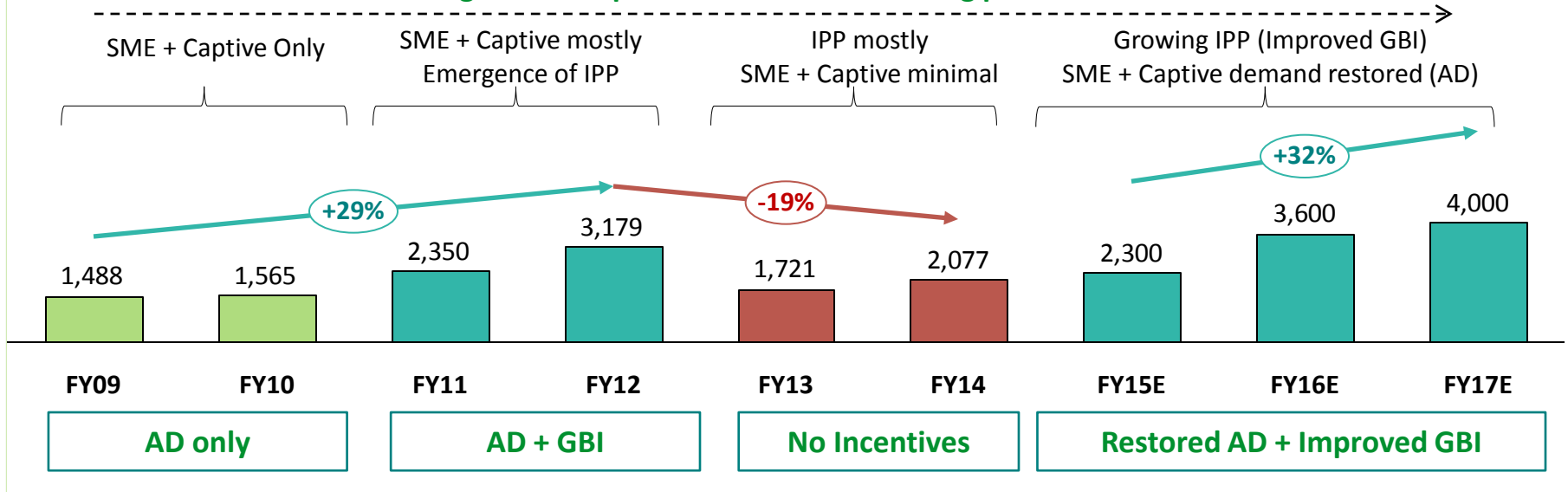
Industry Opportunities



Suzlon windfarm at Dhule, India

Annual Wind Installations (MW) - India

Growing wind competitiveness and increasing preferential tariffs



Suzlon's Unique Leadership Position to help capture market

- ✓ Pan – India presence with strong sales force in each state
- ✓ >1,700 satisfied SME and captive customer base with high repeat business potential
- ✓ End to end solution provider;
- ✓ Best in class service; custodian of 8+ GW assets
- ✓ Strong track record of 18+ years of leadership in India and proven execution capabilities

Government targets 100 GW by 2022

Key Incentives Driving Growth

Accelerated Depreciation (AD)

Overview and Policy

- Withdrawn in Mar 2012, reintroduced in July 2014 and notified in September 2014

Impact: Brings back SME interest, Captive demand

Generation Based Incentives (GBI)

Overview and Policy

- Withdrawn in March 2012, reintroduced in Mar 2013 and notified in Sep 2013
- Rs.0.50/unit incentive to generators with a cap of Rs.1 cr/MW, up from Rs.0.62 cr/MW for 4-10th year

Impact: IPPs to focus on setting up new capacities

Access to low cost funding

Overview and Policy

- National Clean Energy cess doubled to Rs.100/mt
- This Fund to be used for GBI, low cost funding and green corridors

Impact: Higher corpus available to facilitate growth

Mandatory CSR (Renewables)

Overview and Policy

- Under new Companies Act, eligible companies have to spend 2% of its average net profit on CSR activities
- Renewable energy / WTG qualifies under mandatory CSR spend

Impact: Demand from Corporates / PSUs to strengthen

Renewable Purchase Obligation

Overview and Policy

- Distribution companies are required to procure a percentage of all electricity from renewables

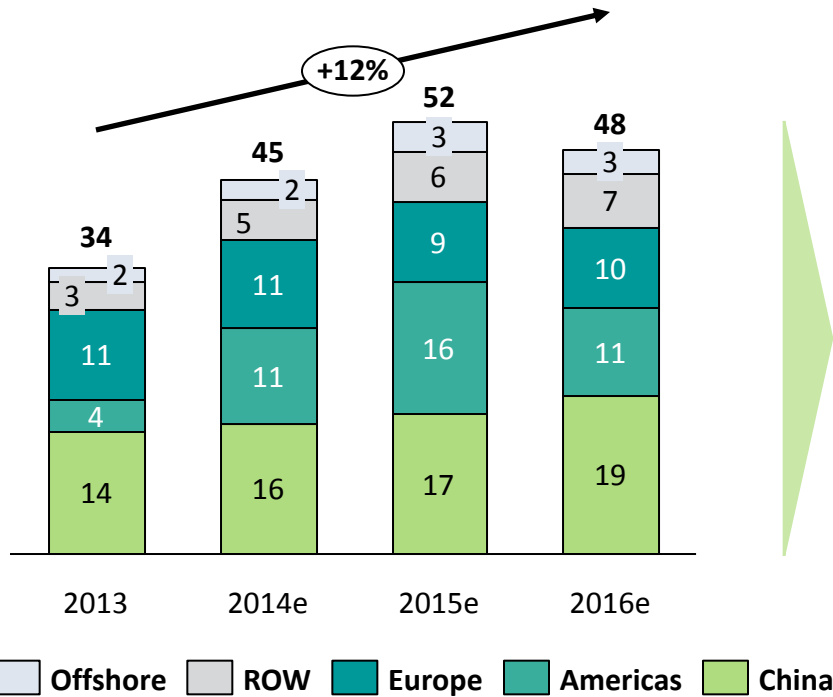
Impact: Aids to meet the renewable energy sourcing target of 15% by 2020

Other incentives

- Fast tracking of implementation of Green Corridor will address evacuation constraints
- Long term funding to infrastructure projects (Up to 25 years)
- 4% SAD on parts and raw material for WTG manufacturing removed

Suzlon, market leader in India, stands to be the biggest beneficiary

Global Wind Industry Installations (GW)



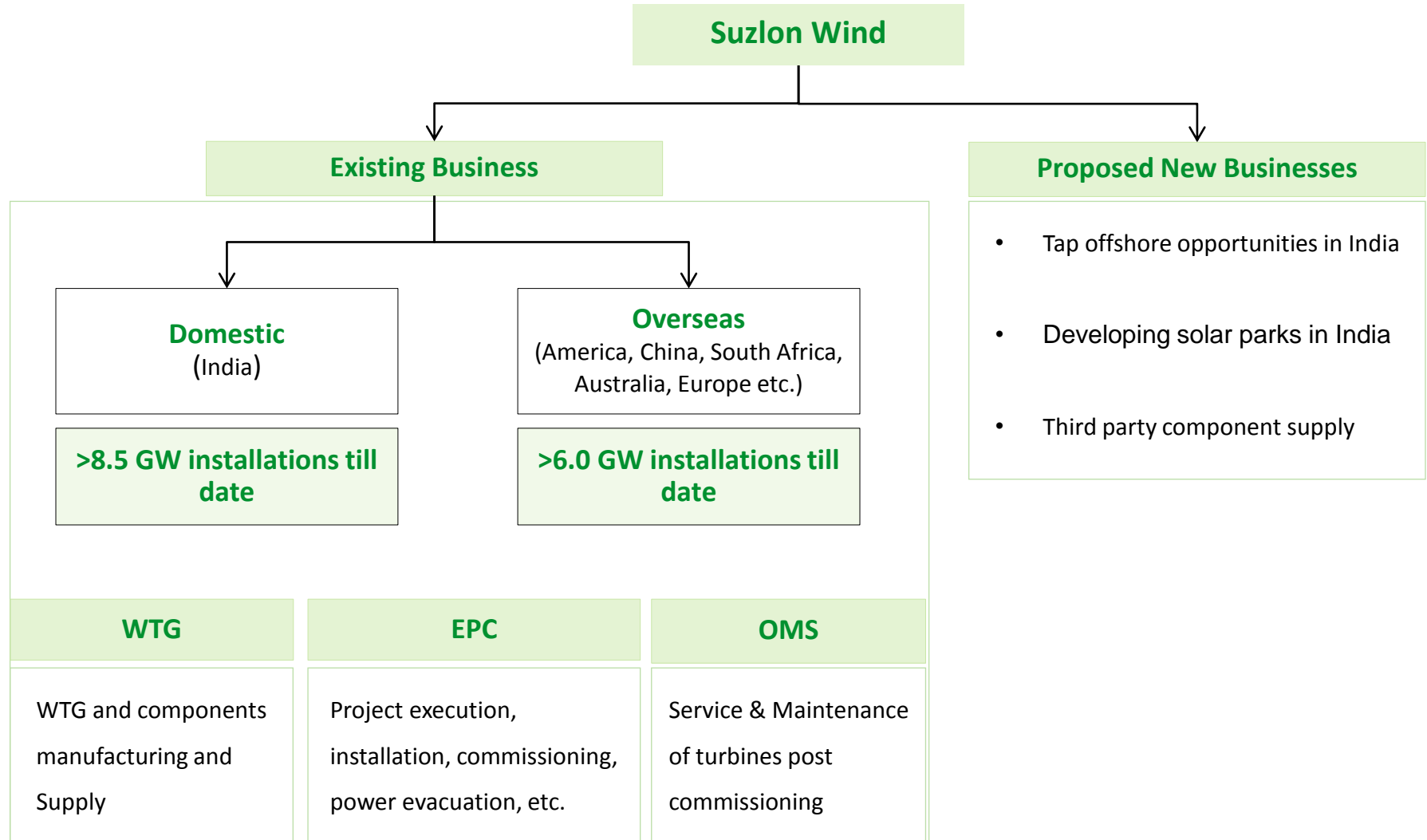
- ✓ Wind approaching grid parity
 - ✓ Installations to reach record high in 2015
 - ✓ US, China, and India to drive the growth
 - ✓ Wind energy not linked to oil
- Oil contributes only 4% of world power

Our focus is on markets like India, America, China, South Africa, Turkey etc.

Suzlon Wind Overview



Suzlon Manufacturing unit in Dhule, India



Sizeable domestic and international installed base

Global Wind Industry Installations (MW)

| Manufacturing Capacity | |
|------------------------|------------------|
| India based | ~ 3,600 MW |
| China JV * | ~600 MW |
| Total | ~4,200 MW |



Nacelle and Hub



Generators



Tower



Panels



Blades



Transformers



Largely India based



Most vertically integrated



Leading technology to drive
down cost

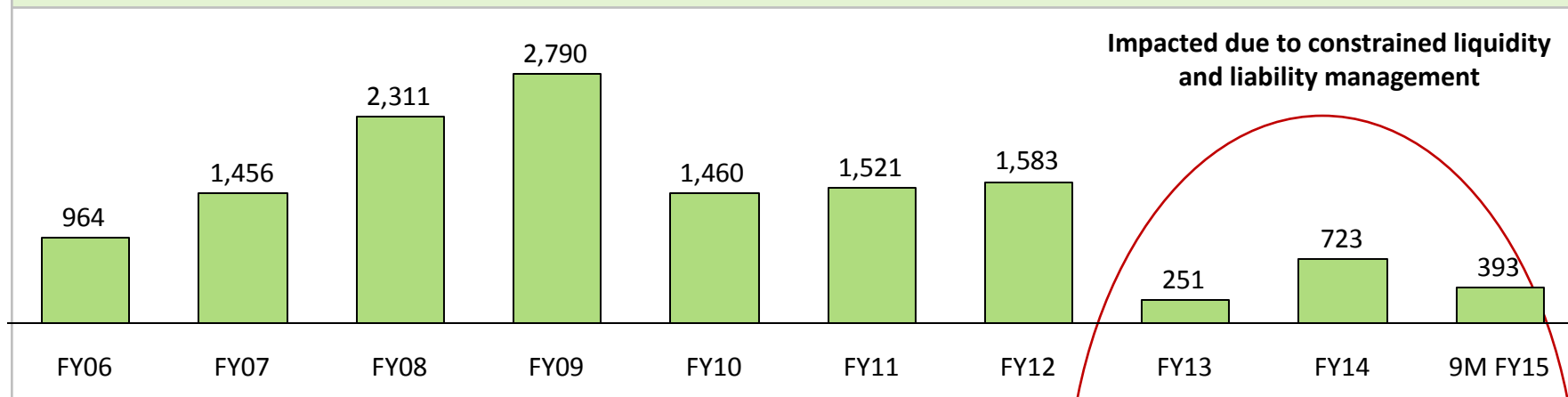
Existing India based capacity sufficiently large to cater to growth

* Holds only 25% stake in China JV

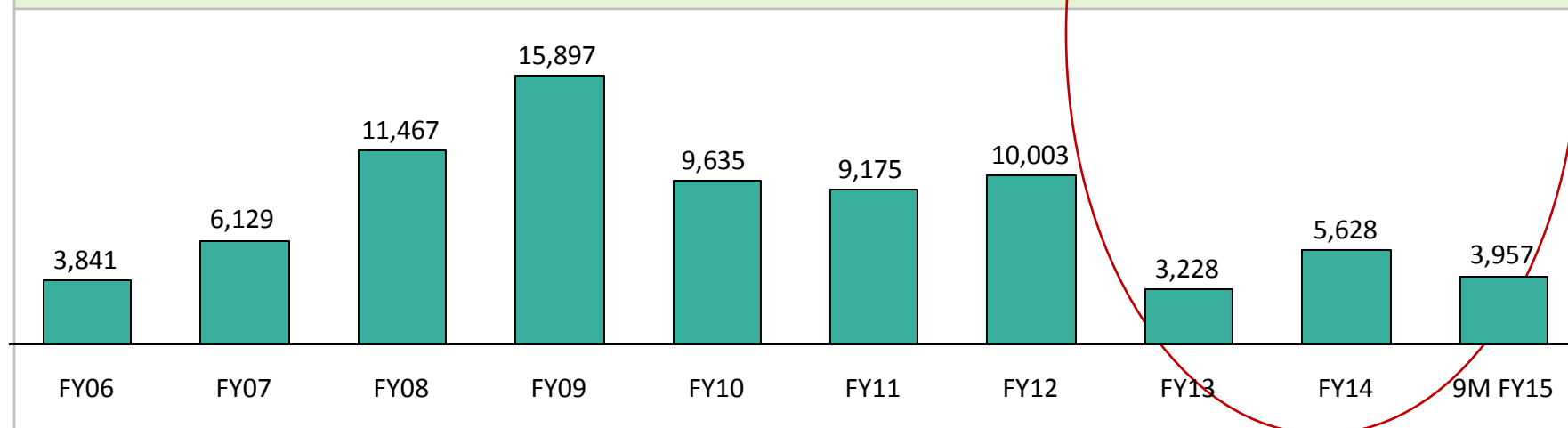
No expansion Capex required for growth

Suzlon Wind: Proven Capability and Track Record

MW Volumes



Revenues (Rs. Crs.)

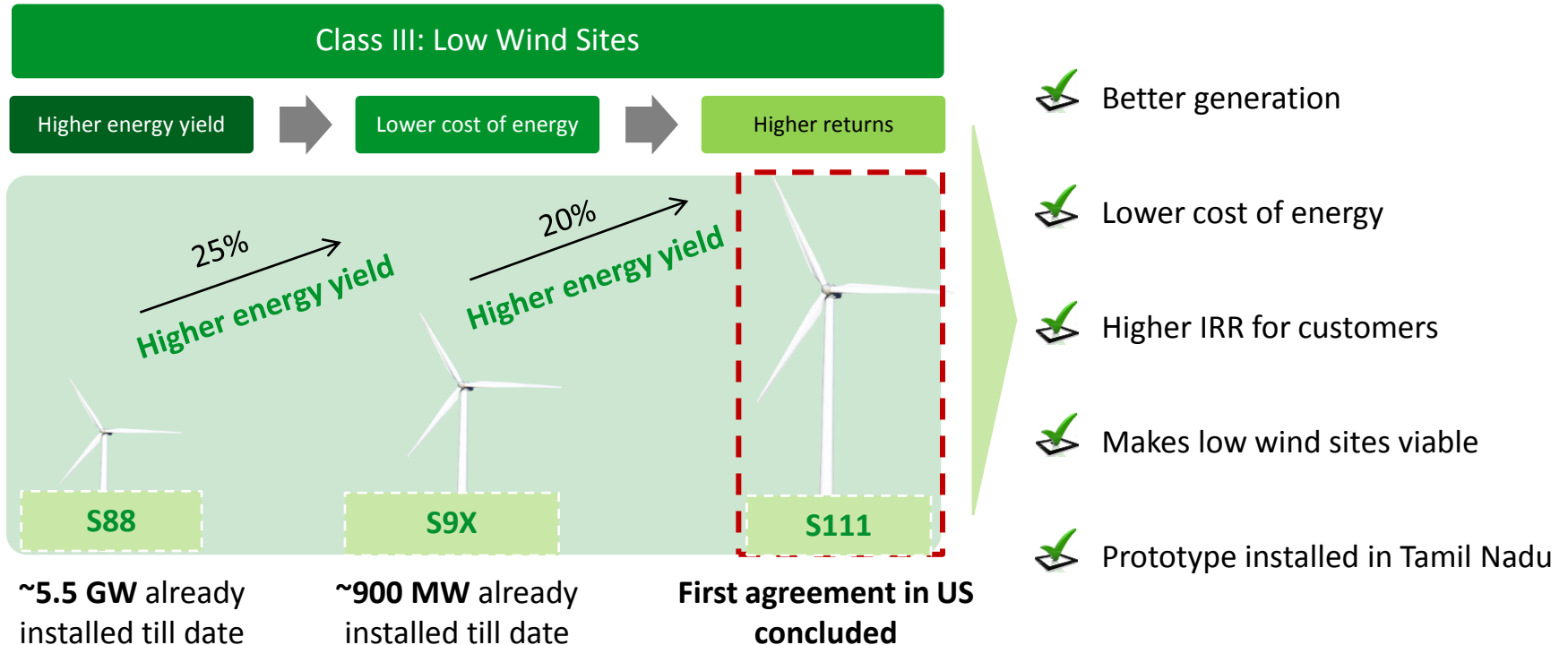


Have generated sizeable revenue in the past; only last couple of years impacted

Suzlon Wind Technology

Manufacturing unit in Daman, India

2MW series evolution



- Licensing by a European technology leader (Senvion) for catering to US market shows S111 competitiveness

Maximizes energy output for low wind sites in India and abroad

Note: AEP increase are approximate and under certain conditions

Hybrid Tower: Combination of lattice and tubular



- ✓ Higher hub height (120 M) at optimized cost
- ✓ 10-12% increase in annual generation
- ✓ Available in S97 and S111 product suite
- ✓ First order booked for 100MW

3-4 years of head start in this technology

- Prototype commissioned in June 2014 at Jamanwada, Gujarat

Optimizing cost and generation for low wind sites

Detailed Financials



Suzlon wind farm in Kutch, India

Financial results – Q3

Rs Crs.

| | Q3 FY15 | | Q2 FY15 | | Q3 FY14 | |
|--|---------------|-----------------|---------------|----------------|---------------|-----------------|
| Particulars | Suzlon Wind | Consol | Suzlon Wind | Consol | Suzlon Wind | Consol |
| Revenue from operations | 861.4 | 4,954.2 | 1,397.5 | 5,330.6 | 1,072.6 | 5,009.8 |
| Less: COGS | 478.4 | 3,388.2 | 898.5 | 3,649.2 | 803.9 | 3,430.2 |
| Gross Profit | 383.0 | 1,566.0 | 499.0 | 1,681.4 | 268.7 | 1,579.7 |
| Gross Profit % | 44.5% | 31.6% | 35.7% | 31.5% | 25.1% | 31.5% |
| Employee benefits expense | 188.3 | 566.7 | 199.5 | 550.9 | 205.8 | 583.4 |
| Other expenses | 240.3 | 685.9 | 431.3 | 979.3 | 432.2 | 1,084.1 |
| Exchange (Loss) / Gain | 59.2 | 41.2 | 79.9 | 85.4 | 74.2 | 91.5 |
| Other Operating Income | 5.2 | 22.9 | 13.9 | 48.3 | 7.4 | 42.4 |
| EBITDA | -99.6 | 295.1 | -197.8 | 114.1 | -436.0 | -136.8 |
| EBITDA % | -11.6% | 6.0% | -14.2% | 2.1% | -40.7% | -2.7% |
| Less: Depreciation | 107.2 | 266.2 | 89.7 | 178.2 | 85.9 | 186.3 |
| EBIT | -206.8 | 28.9 | -287.5 | -64.1 | -522.0 | -323.1 |
| EBIT % | -24.0% | 0.6% | -20.6% | -1.2% | -48.7% | -6.4% |
| Finance costs | 388.5 | 449.0 | 442.7 | 523.4 | 458.3 | 510.3 |
| Finance Income | 6.5 | 9.4 | 7.1 | 12.9 | 7.3 | 10.8 |
| Profit / (Loss) before tax | -588.8 | -410.8 | -723.1 | -574.6 | -973.0 | -822.6 |
| Less: Exceptional Items | | 5,990.3 | | 0.0 | | 252.2 |
| Less: Tax | | 132.5 | | 59.7 | | -8.2 |
| Less: Minority | | 5.1 | | 21.9 | | 8.7 |
| Net Profit / (Loss) after tax | | -6,538.7 | | -656.2 | | -1,075.2 |
| Net Profit / (Loss) after tax excluding Exceptional | | -548.4 | | -656.2 | | -823.1 |

Financial results – 9M

Rs Crs.

| Particulars | 9M FY15 | | 9M FY14 | | FY14 | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Suzlon Wind | Consol | Suzlon Wind | Consol | Suzlon Wind | Consol |
| Revenue from operations | 3,956.8 | 14,927.9 | 4,134.0 | 13,630.6 | 5,627.0 | 20,211.6 |
| Less: COGS | 2,476.0 | 10,124.2 | 3,140.9 | 9,694.6 | 4,335.1 | 14,435.4 |
| Gross Profit | 1,480.9 | 4,803.7 | 993.1 | 3,936.0 | 1,291.9 | 5,776.2 |
| Gross Profit % | 37.4% | 32.2% | 24.0% | 28.9% | 23.0% | 28.6% |
| Employee benefits expense | 586.2 | 1,701.0 | 625.8 | 1,689.6 | 787.4 | 2,231.4 |
| Other expenses | 1,084.3 | 2,623.2 | 1,094.4 | 2,526.9 | 1,638.2 | 3,621.4 |
| Exchange (Loss) / Gain | 111.2 | 97.4 | 290.7 | 316.2 | 232.6 | 255.8 |
| Other Operating Income | 21.3 | 100.2 | 38.7 | 127.2 | 50.8 | 191.3 |
| EBITDA | -279.6 | 482.3 | -979.2 | -469.5 | -1,315.6 | -141.1 |
| EBITDA % | -7.1% | 3.2% | -23.7% | -3.4% | -23.4% | -0.7% |
| Less: Depreciation | 278.4 | 623.1 | 291.1 | 564.2 | 374.5 | 776.9 |
| EBIT | -558.0 | -140.7 | -1,270.2 | -1,033.7 | -1,690.1 | -918.0 |
| EBIT % | -14.1% | -0.9% | -30.7% | -7.6% | -30.0% | -4.5% |
| Finance costs | 1,314.0 | 1,509.5 | 1,343.2 | 1,491.5 | 1,846.2 | 2,070.0 |
| Finance Income | 22.3 | 34.4 | 25.5 | 33.3 | 61.2 | 71.5 |
| Profit / (Loss) before tax | -1,849.7 | -1,615.9 | -2,588.0 | -2,491.9 | -3,475.2 | -2,916.5 |
| Less: Exceptional Items | | 6,093.7 | | 455.3 | | 487.3 |
| Less: Tax | | 208.9 | | -40.9 | | 144.4 |
| Less: Minority | | 27.2 | | 10.3 | | -28.2 |
| Net Profit / (Loss) after tax | | -7,945.6 | | -2,916.5 | | -3,520.0 |
| Net Profit / (Loss) after tax excluding Exceptional | | -1,851.9 | | -2,461.2 | | -3,032.7 |

Rs Crs.

| | As on 31st Dec 2014 | | As on 31st Dec 2013 | | As on 31st Mar 2014 | |
|----------------------------------|---------------------|-----------------|---------------------|-----------------|---------------------|-----------------|
| Particulars | Suzlon Wind | Consol | Suzlon Wind | Consol | Suzlon Wind | Consol |
| Inventories | 1,629.8 | 3,911.7 | 2,345.4 | 5,015.6 | 2,017.5 | 4,032.9 |
| Trade receivables | 1,796.4 | 4,554.8 | 2,106.2 | 5,725.1 | 1,744.9 | 5,945.5 |
| Loans & Advances and Others | 1,896.8 | 2,906.3 | 2,388.8 | 3,303.3 | 2,007.5 | 2,911.4 |
| Total (A) | 5,322.9 | 11,372.8 | 6,840.4 | 14,044.0 | 5,769.9 | 12,889.8 |
| Sundry Creditors | 2,671.9 | 5,245.3 | 2,883.5 | 5,243.4 | 2,795.6 | 5,284.7 |
| Advances from Customers | 1,179.3 | 2,486.2 | 1,314.3 | 3,295.1 | 1,184 | 2,620.1 |
| Provisions and other liabilities | 2,304.6 | 3,904.6 | 2,122.0 | 4,015.8 | 2,331.1 | 4,262.9 |
| Total (B) | 6,155.8 | 11,636.1 | 6,319.9 | 12,554.2 | 6,310.7 | 12,167.7 |
| Net Working Capital (A-B) | -832.9 | -263.2 | 520.6 | 1,489.8 | -540.8 | 722.1 |
| NWC as % of sales | -15.3% | -1.2% | 11.1% | 8.3% | -9.6% | 3.6% |

Thank You

Suzlon wind farm in Paracuru, Brazil