



Suzlon Energy Limited

9M FY16 Earnings Presentation

29th January 2016

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Key Performance Highlights

Order Book

Debt & Working Capital

Industry Opportunities

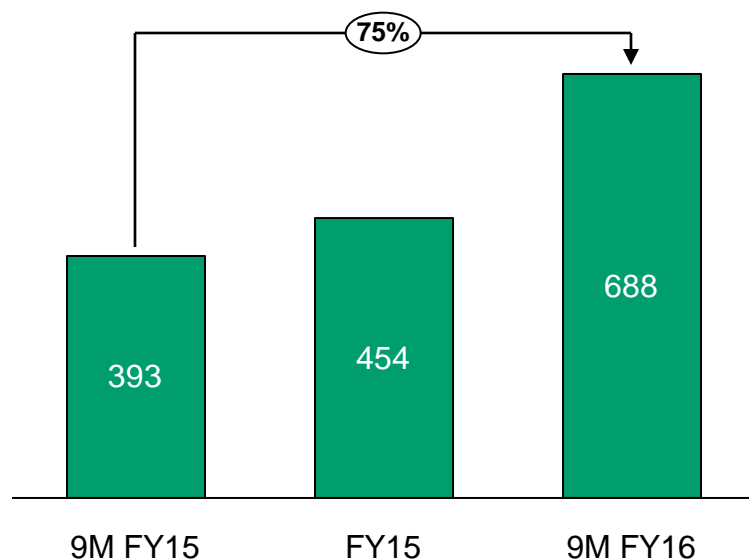
Products & Technology

Strategic Focus

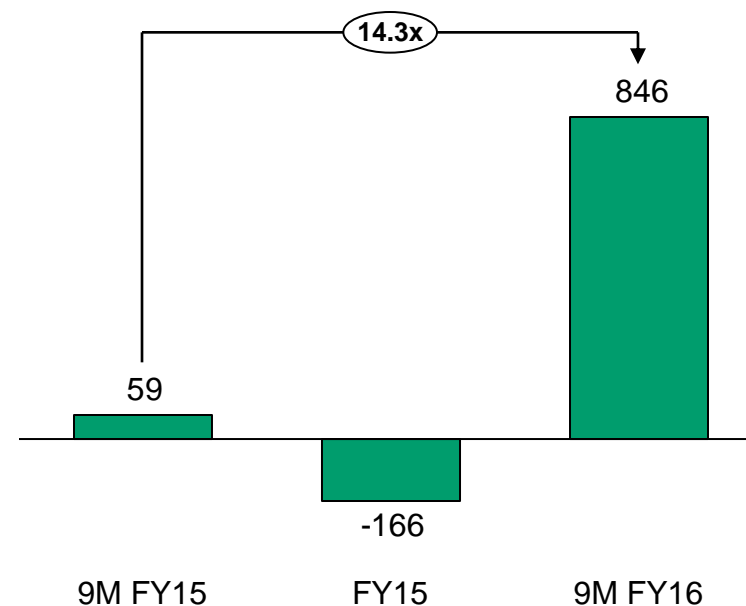
Detailed Financials

Turnaround Year

Volume (MW)



Normalized EBITDA (Rs. Crs)



75% YoY increase in volume translating to 14.3 times increase in EBITDA

Increased volume and strong profitability

Note: 1. All Information pertains to Suzlon Wind;

2. Normalised EBITDA = Reported EBITDA adjusted for FX loss and Liquidated Damages

9M FY16 Performance Highlights

688 MW

74.8% y-o-y

Volume



Rs. **5,083** Crs

28.5% y-o-y

Revenues



Rs. **846** Crs

Margin 16.6%

EBITDA⁽²⁾



Rs. **637** Crs

Margin 12.5%

EBIT⁽²⁾



Rs. **737** Crs

(35.4%) y-o-y

Net Interest



Rs. **6,469** Crs

31st Dec (YoY)

Net Debt Reduction



Note: 1. All Information pertains to Suzlon Wind;

2. Normalised EBITDA & EBIT = Reported adjusted for FX loss and Liquidated Damages

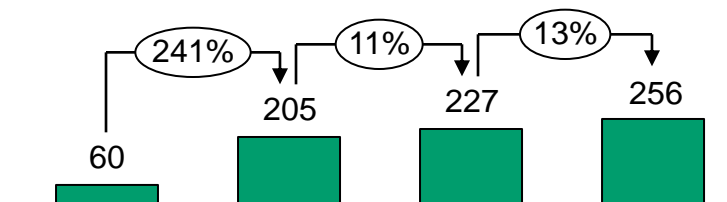
Q3 FY16 – Another Robust Quarter

Key Takeaways

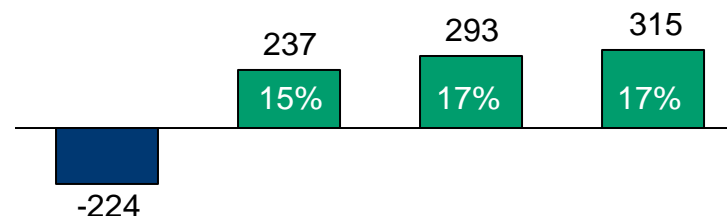
- ✓ **256 MW** – Sales Volume;
- ✓ **17%** - Normalized EBITDA Margin
- ✓ **13%** - Normalized EBIT Margin
- ✓ **210 MW** – Maiden Solar Foray

Quarterly Trend

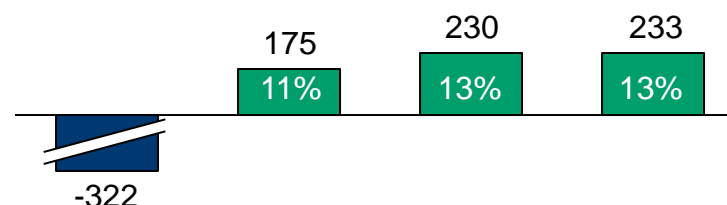
Volume (MW) and Growth (%)



Normalized EBITDA (Rs. Crs.) & Margins (%)



Normalized EBIT (Rs. Crs.) & Margins (%)



Q4 FY15 Q1 FY16 Q2 FY16 Q3 FY16

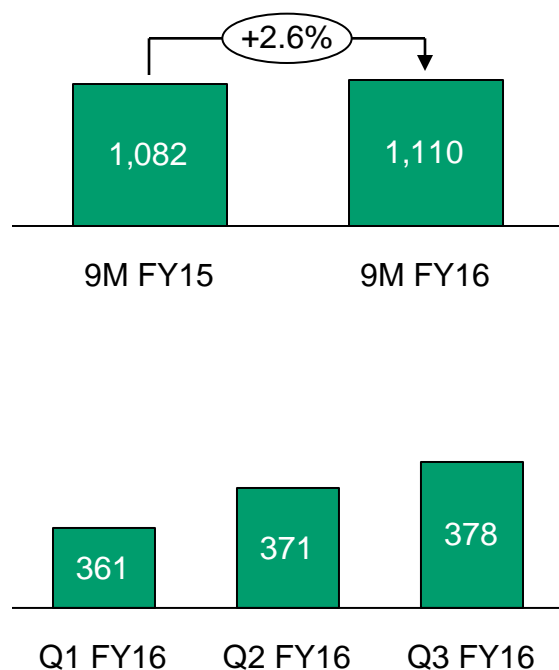
Consistent sequential growth and improving profitability

Note: 1. All Information pertains to Suzlon Wind;

2. Normalised EBITDA & EBIT = Reported adjusted for FX loss and Liquidated Damages

Service Business

External Service Revenues (Rs. Crs)



✓ Growing into a sizeable & highly profitable business

— % of total revenue in Q3 FY16 :

- 21% in Q3 FY16
- 22% in 9M FY16

✓ Annuity like cash flows

- Non cyclical business in nature
- ~100% renewal track record

✓ 100% track record in India

- Every turbine sold in India is under our Service Business
- Custodian of ~9.0 GW of Assets
- 20 years of track record in India

Annuity like business with cash generation

Result Snapshot

(Fig. Rs. Crs.)	Consolidated		Suzlon Wind					Key Comments
	Q3 '16	Q2'16	Q3 '16	Q2 '16	Q3 '15	9M '16	9M '15	
MW Sales (MW)	256	227	256	227	35	688	393	✓ Robust Operating Profit <ul style="list-style-type: none"> — India volume ramp up — Improved service profitability — Favourable product mix and scope — Lower freight — Fixed cost optimization — After considering provisions ~3-4% — Benefit of operating leverage
Revenue	1,889	1,768	1,832	1,709	861	5,083	3,957	
Normalized EBITDA	336	318	315	293	25	846	59	
<i>EBITDA Margin</i>	<i>17.8%</i>	<i>18.0%</i>	<i>17.2%</i>	<i>17.2%</i>	<i>2.9%</i>	<i>16.6%</i>	<i>1.5%</i>	
Normalized EBIT	237	240	233	230	-83	637	-220	
<i>EBIT Margin</i>	<i>12.6%</i>	<i>13.6%</i>	<i>12.7%</i>	<i>13.4%</i>	<i>-9.6%</i>	<i>12.5%</i>	<i>-5.6%</i>	

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Key Performance Highlights

Order Book

Debt & Working Capital

Industry Opportunities

Products & Technology

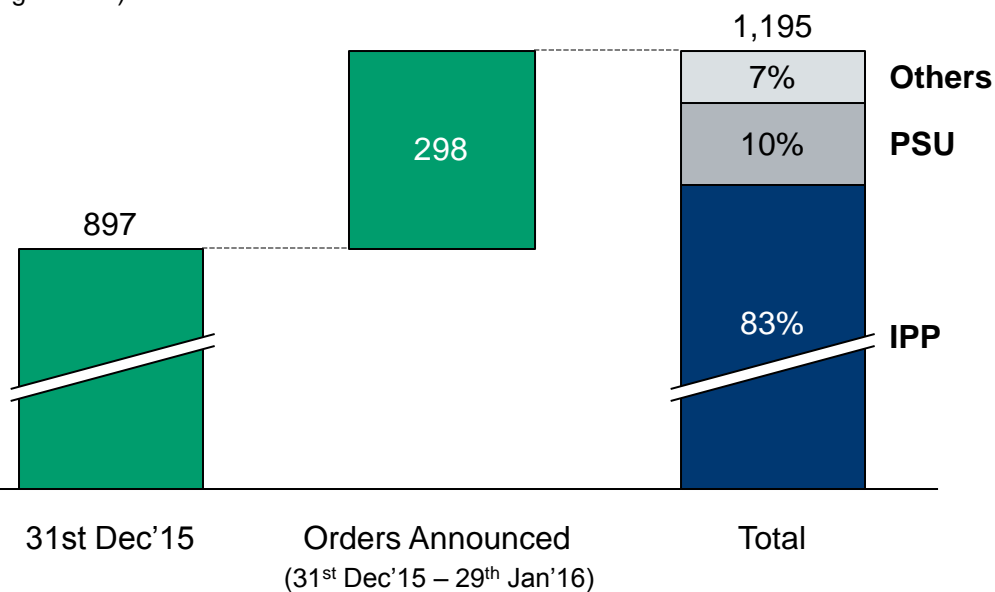
Strategic Focus

Detailed Financials

Continuing With Strong Wind Order Backlog

Order Book

(Fig. in MW)



Orders Announced Post 31st Dec'15

Independent Power Producer (IPP)

Leading IPP	197.4 MW
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Public Sector Undertakings (PSUs)

HPCL	50.4 MW
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NALCO	50.4 MW
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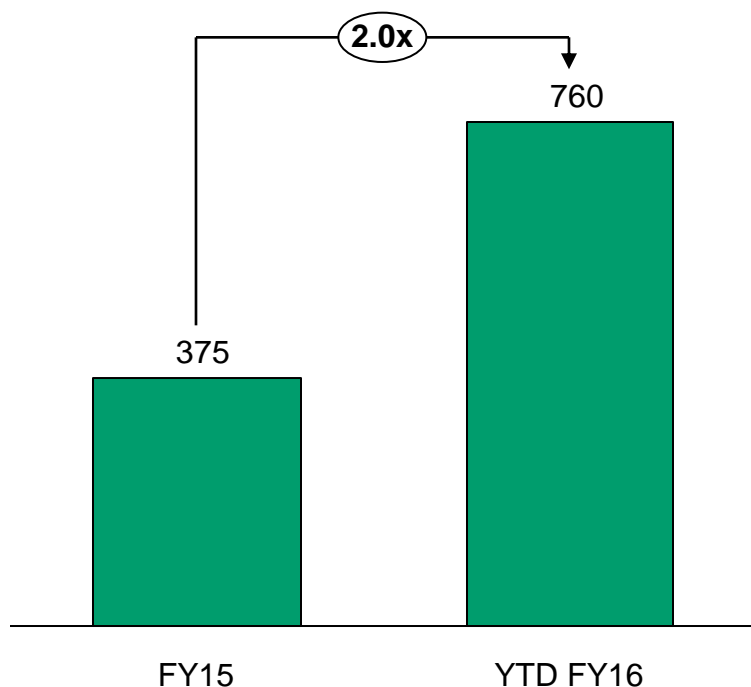
Total	298 MW
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Firm order book backed by advance

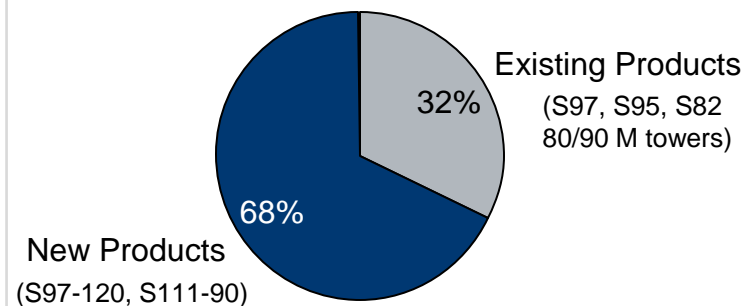
FY16 YTD Order Intake More Than Doubles Full Year FY15

Order Intake

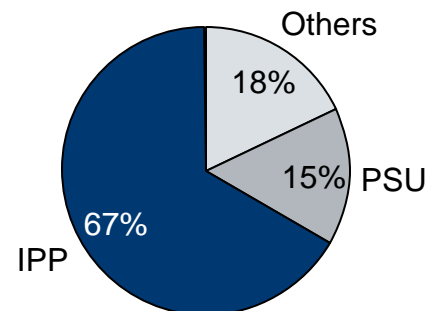
(Fig. in MW)



FY16 YTD Order Intake – Product Mix



FY16 YTD Order Intake – Customer Mix



Traction across customer segments and for new technology

Solar Foray

Projects Overview

Sl. No.	Site Name	District	Size (MW)	Tariff (Rs/unit)
1	Wanaparthi	Mahabubnagar	50 MW	5.5949
2	Veltoor	Mahabubnagar	100 MW	5.5949
3	Achampet	Mahabubnagar	15 MW	5.5999
4	Kamareddy	Nizamabad	15 MW	5.5459
5	Bhainsa	Adilabad	15 MW	5.5171
6	Ramannapet	Nalgonda	15 MW	5.4991
Total			210 MW	5.5794

✓ Maiden Solar Projects

- Likely PPA tenure: 25 years
- Average Tariff: Rs 5.50 - 5.60 / unit

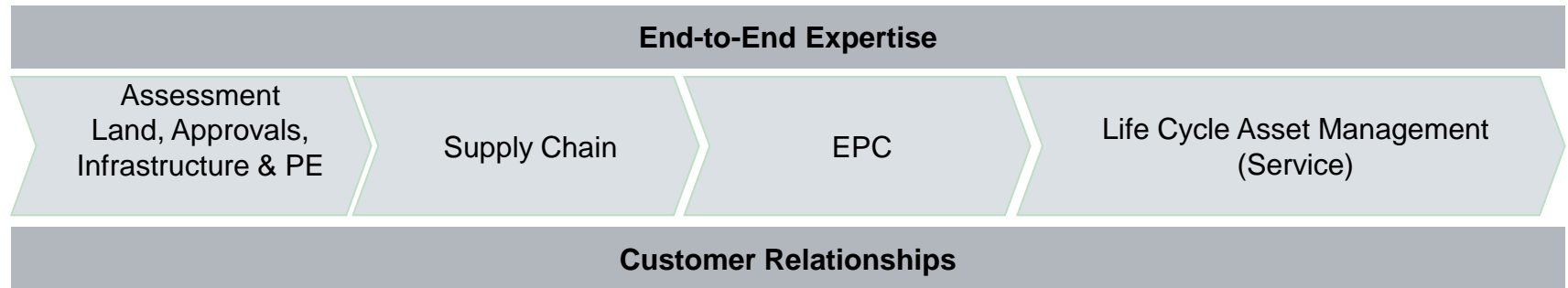
✓ Timelines:

- PPA Signing: Feb'16
- Completion: 12-15 Months

From “Wind Player” to “Renewable Player”

Suzlon: A Strong “Renewables” Partner

Leveraging Key Elements of Suzlon’s Existing Value Chain



✓ Suzlon’s Unique (Wind + Solar) Strengths

- Execution of Solar projects leveraging same resources, grid infrastructure and fixed cost structure
- Strong customer relationships (~1,700+) in renewable space built over the last 20 years
- Pan India Presence – Maintain strong credibility and relationships with Central and State Governments
- Demonstrated capability in the Service space over the past 20 years.
- Only player in market that can provide end-to-end solutions in both Solar and Wind
- Capable and experienced human capital

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Current Debt Profile

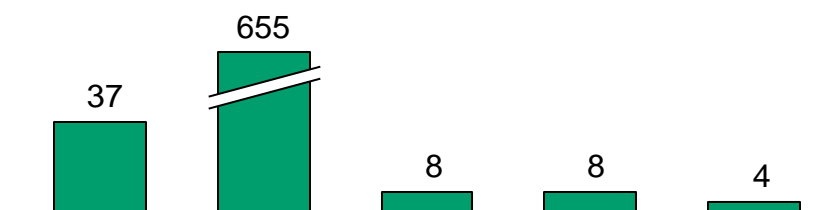
(As on 31st Dec 2015)

Consolidated (Suzlon Wind + SE Forge) Debt

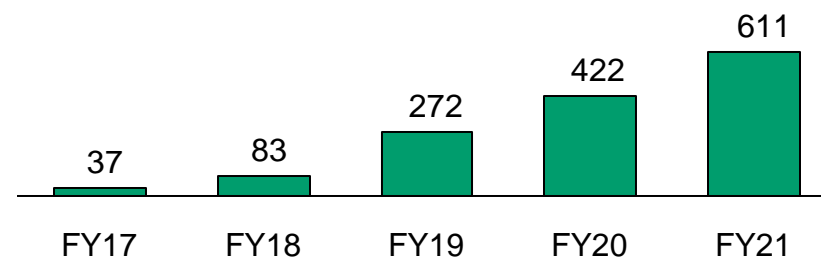
Particulars	Amount	Maturity
Rupee Term Debt (Rs. Crs)	3,103	Ballooning Repayment
FX Term Debt (\$Mn)		
Credit Enhanced Bonds	647	Mar'18 (Bullet)
Others	38	Until FY21
FCCBs (\$Mn)	257*	Jul'19 (Bullet)
	29	Apr'16 (Bullet)
Working Capital (Rs. Crs)	2,011	Annual Renewal
Total Debt (Excluding Jul'19 FCCBs; Fig in Rs. Crs.)		
Gross Debt		9,837
Net Debt		8,751

Next 5 Year's Maturity Profile

For \$ Term Debt (Fig. in \$Mn)**



For Rupee Term Debt (Fig. in Rs. Crs.)



*Does not take into account \$3M worth of conversions post 31st Dec'15

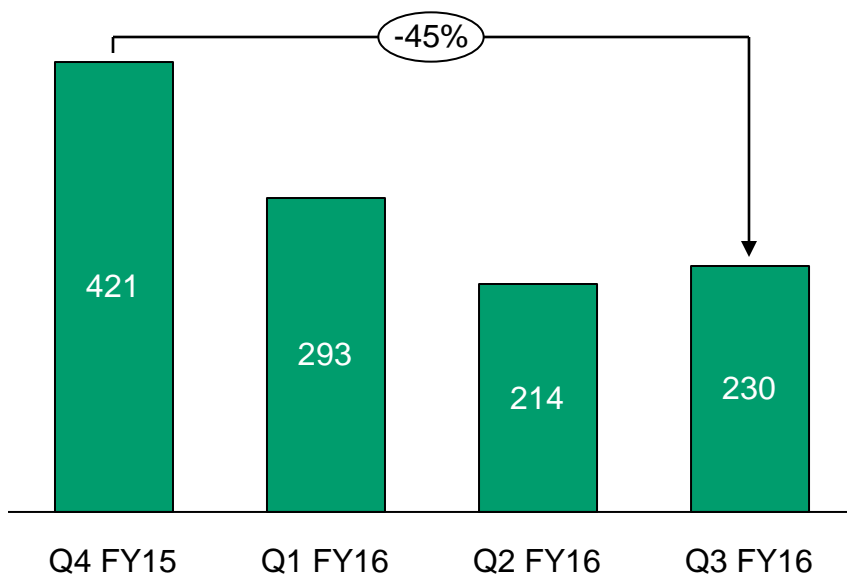
**Assuming full conversion of Jul'19 FCCBs series

Back ended maturity profile

Net Interest Cost

Net Interest

(Fig. in Rs. Crs.)



Marginal Increase in QoQ Net finance Cost

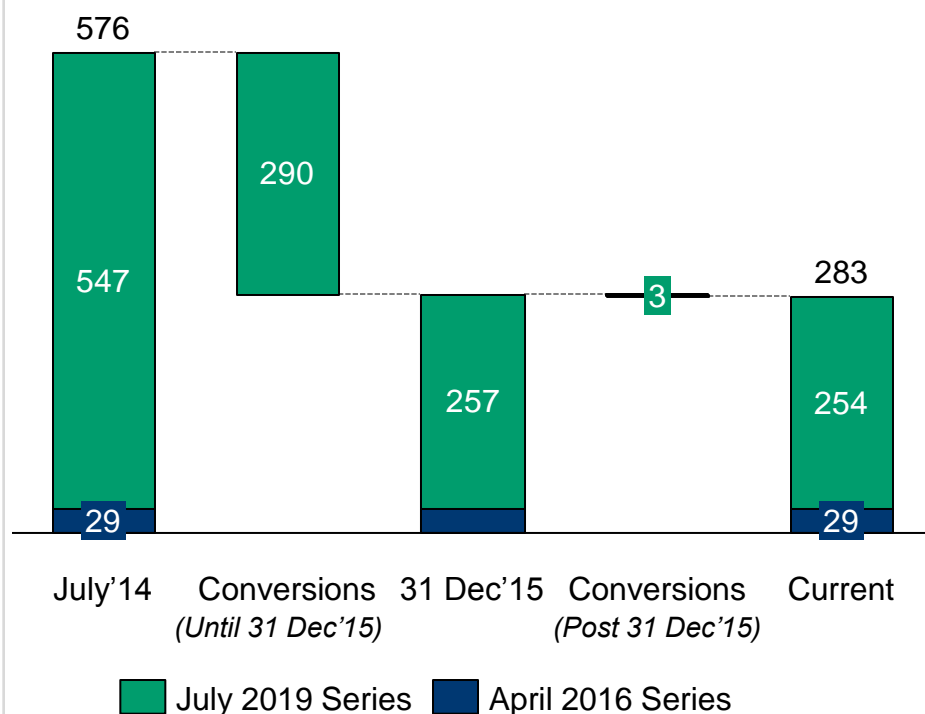
- Lower finance income
 - Due to cash being utilized for business
- Finance cost marginally higher
 - Due to higher working capital facility utilization to cater to high volume growth

Reducing interest cost to reduce PAT break-even

Note: Information pertains to Suzlon Wind

FCCB Overview

FCCB Principal Value* (US\$ Mn)



Current and Diluted No. of Shares (Crs)

Current Outstanding	500
Pending Conversion (Jul'19 series)	99
Post Full Conversion	599

Jul'19 Series Conversion Details

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

Assuming full conversion, debt to further reduce by ~Rs1,700 crs

Outlook with Financial Institutions Improving

Suzlon & Domestic Subsidiaries (other than SE Forge)	CARE Rating
Long Term Facilities	BBB-
Short Term Facilities	A3

✓ Strong confidence of Lenders

- Reduced debt
- Improved liquidity position
- Turnaround in operations
- Robust industry outlook

✓ Additional Working Capital facility of Rs. 2,300 crs

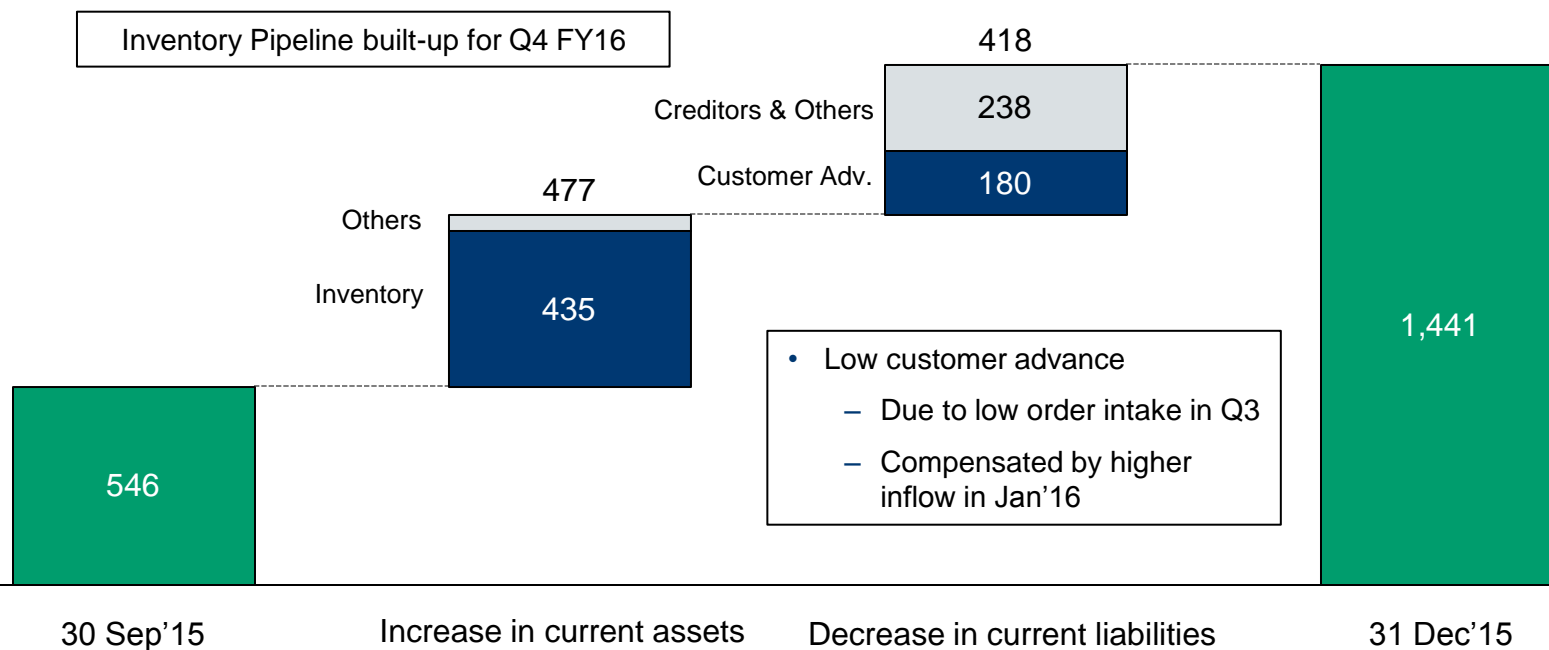
- On the back of improved credit rating
- Primarily non fund based
- Enables quick scale up in volumes

Catalyst to help Suzlon to tap growth opportunities

Net Working Capital

Consolidated Net Working Capital

(Fig. in Rs. Crs.)



Net Working Capital increase due to high growth period

Note: Consolidated = Suzlon Wind + SE Forge

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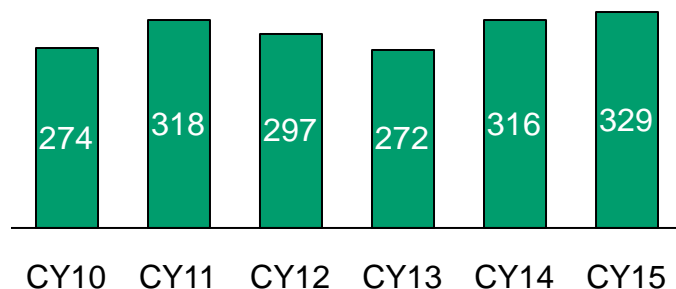
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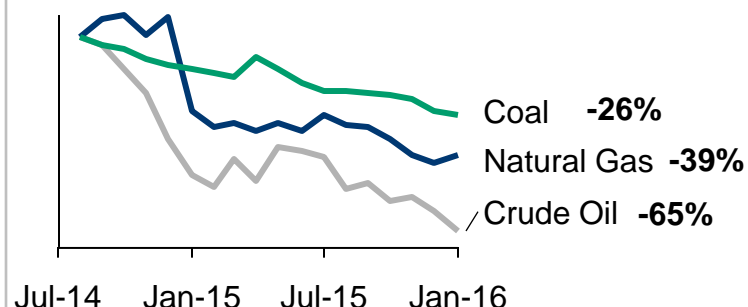
Record Clean Energy Investments Despite Fuel Price Crash

Global Clean Energy Investment Trend

(Fig. \$bn)



Despite Crash in Conventional Fuel Price



✓ Majority of Investments came from emerging market

✓ Increasing pie in generation mix

- Capacity Added in 2015
 - Wind (64 GW)
 - Solar (57 GW)
- Together constitutes about half of total power capacity added from all technologies (including conventional)

✓ Why Wind and Solar are being preferred?

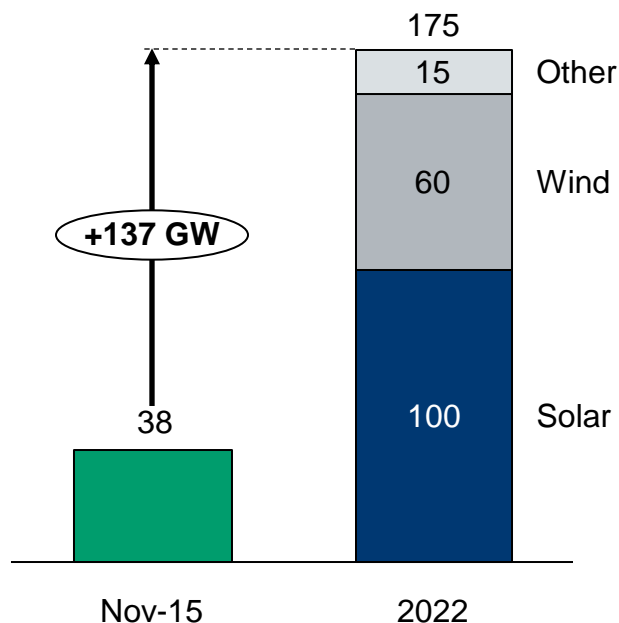
- Improving cost competitiveness
- Scalable; low gestation period
- No fuel price uncertainty
- Lowering carbon footprint

From “Alternative” to “Mainstream”

Source: Bloomberg New Energy Finance

India Renewable Market: Government Target

Government Target : 2022



Policy

- ✓ Incentives reinstated (AD, GBI)
- ✓ RE eligible investment under CSR
- ✓ Proposed amendment in EA 2003; RE Act; Recent supreme court judgment to lead to RGO and better RPO compliance
- ✓ CERC finalized forecasting & scheduling of wind projects for inter-state transactions
- ✓ National Tariff Policy amended to exempt transmission charges & losses for inter-state sales

Transmission & Distribution

- ✓ Green Corridor to enable smooth transmission of renewable energy
- ✓ Planning for evacuation through developing solar parks
- ✓ Facilitates intra state transmission of RE; Aids RPO compliance
- ✓ Introduced UDAY for improving financial health of DISCOMS

Financing

- ✓ Renewables classified under Priority sector lending
- ✓ Access to cheap funding through Green bonds / Masala bonds
- ✓ Increased financial commitment from various Financial Institutions

Unprecedented growth potential

Key Strengths in India: Unique Leadership Position

01

Pan India Presence

- Large project pipeline across states
- Presence across customer segments
- **>1,700 satisfied customer base**
- High repeat business potential

02

Technology Leadership

- In-house R&D team since 2000
- Based out of Europe, India and USA
- Vertically integrated supply chain

03

End-to-End Solution Provider

- One stop total solution for customers

04

Best in Class Service

- Custodian of ~9 GW assets
- 24X7 online tracking system

05

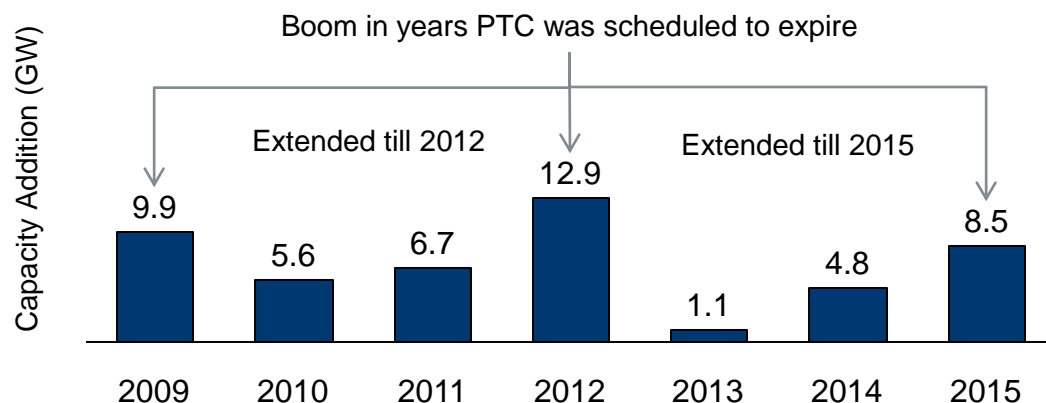
Strong Track Record

- 18+ years of leadership in India
- Proven execution capabilities



US Wind Market: Multi Year PTC Extension

Typically a Boom & Bust Market Due to PTC Uncertainty



PTC now extended for a block of 5 years

Construction Starting in:	Benefit*	Key Advantages
2016	100%	<ul style="list-style-type: none"> Long term certainty on federal policy Available benefit expiring each year; Benefit available next year to be lower Multi Year boom market expected
2017	80%	
2018	60%	
2019	40%	

* % of Benefit Available under current PTC

Suzlon Strengths in USA

- ✓ ~15 Years of Strong Presence
- ✓ ~2.7 GW of Cumulative Installations
- ✓ Proven Technology
- ✓ Strong customer relationships
- ✓ Proven execution track record
- ✓ Proven Service Capabilities
- ✓ Strong Brand Name
- ✓ Low cost manufacturing base

Strong ordering momentum expected in 2016

Source: MAKE

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S111: Moving Towards Bigger Turbines and Better Yields

2MW Series Evolution

Higher energy yield

Lower cost of energy

Higher returns

~65% Increase in Energy Yield

25%
Higher energy yield

10%
Higher energy yield

10%
Higher energy yield

10%
Higher energy yield

S88-80

S9X-90

S97-120

S111-90

S111-120

5.5 GW

Installed till date

>1.5 GW

Installed till date

>500 MW sold

~60 MW commissioned

>300 MW sold

2016 Launch
Targeted

Maximizes energy output for low wind sites in India and abroad

Note: AEP increase are approximate and under certain conditions

Hybrid Tower: First of its Kind

Hybrid Tower: Combination of Lattice And Tubular



- ✓ **Higher hub height (120 M) at optimized cost**
 - Reduced LOCE due to higher AEP
 - Reduced steel requirement and logistic friendly

- ✓ **Available in S97 and S111 product suite**
 - S97-120 : >500 MW orders received till date, ~60 MW commissioned
 - S111-120: Target launch in 2016

- ✓ **Prototype achieved 35% PLF**
 - Prototype installed in Jan'14;
 - At Nani Ber District of Kutch, Gujarat
 - Generated 64.28 lacs units (kWh) over last 12 months

Optimizing cost and generation for low wind sites

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Strategic Focus

Renewable Energy Player

- Tap huge opportunity in Solar, Wind and Wind-Solar hybrid



High growth, High volume, Better margin markets only

- Focus on the Indian market as well as North America, China & Latin America



Reliable Technology

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



Best in Class Service; Growing Service 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**

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Income Statement

(Fig. in Rs. Crs.)

	Consolidated		Suzlon Wind				
	Q3 FY16	Q2 FY16	Q3 FY16	Q3 FY15	9M FY16	9M FY15	FY15
Revenue from operations	1,889	1,768	1,832	861	5,083	3,957	4,883
Less: COGS	1,026	941	1,021	478	2,806	2,476	3,138
Less: Employee benefits expense	200	199	193	188	580	586	747
Less: Other expenses (net)	337	322	312	235	898	1,063	1,336
Less: Exchange Loss / (Gain)	86	209	86	59	361	111	495
EBITDA	241	97	220	-100	438	-280	-833
Normalized EBITDA	336	318	315	25	846	59	-166
Margin %	17.8%	18.0%	17.2%	2.9%	16.6%	1.5%	-3.4%
Less: Depreciation	99	78	83	107	208	279	376
EBIT	142	19	138	-207	230	-558	-1,209
Normalized EBIT	237	240	233	-83	637	-220	-542
Margin %	12.6%	13.6%	12.7%	-9.6%	12.5%	-5.6%	-11.1%
Net Finance costs	256	233	230	335	737	1,141	1,562
Profit / (Loss) before tax	-114	-214	-92	-542	-507	-1,699	-2,771
Less: Exceptional (Gain) / Loss	-	-33	-	5,990	-1,322	6,094	6,312
Less: Taxes and Minority	1	1	1	51	-1	74	68
Net Profit / (Loss) after tax	-113	-181	-92	-6,584	813	-7,867	-9,150

Note: For Q3 and Q2'16 Consolidated = Suzlon Wind + SE Forge

Consolidated Net Working Capital

(Fig. in Rs. Crs.)

Particulars	31 st Dec'15	30 th Sep'15	30 th Jun'15
Inventories	2,523	2,088	1,786
Trade receivables	2,042	2,030	1,692
Loans & Advances and Others	1,709	1,679	1,640
Total (A)	6,274	5,797	5,118
Sundry Creditors	2,328	2,447	2,267
Advances from Customers	865	1,045	881
Provisions and other liabilities	1,640	1,759	1,889
Total (B)	4,833	5,251	5,037
Net Working Capital (A-B)	1,441	546	81

THANK YOU

S111 Turbine, USA

S-111 | One of the largest commercially available rotor diameters in India