



Suzlon Energy Limited

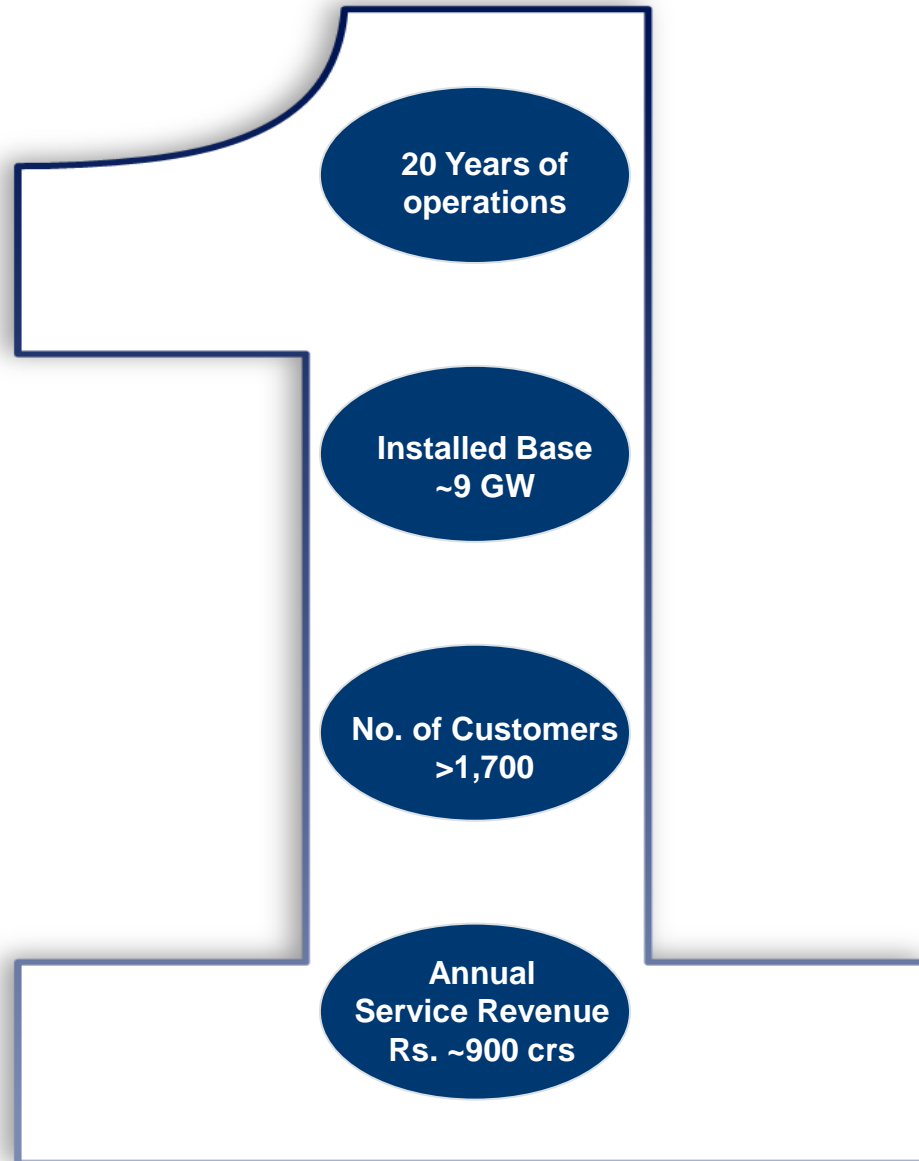
H1 FY16 Earnings Presentation

30th October 2015

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Suzlon in India



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Q2 FY16 – Delivers Another Strong Quarter

 **227 MW** – Sales Volume; *11% QoQ growth; 64% YoY Growth*

 **18.0%** - Normalized EBITDA Margin; *increase by 262 bps QoQ**

 **Rs. 233 crs** – Net Interest Cost; *21% QoQ decline*, 47% YoY decline**

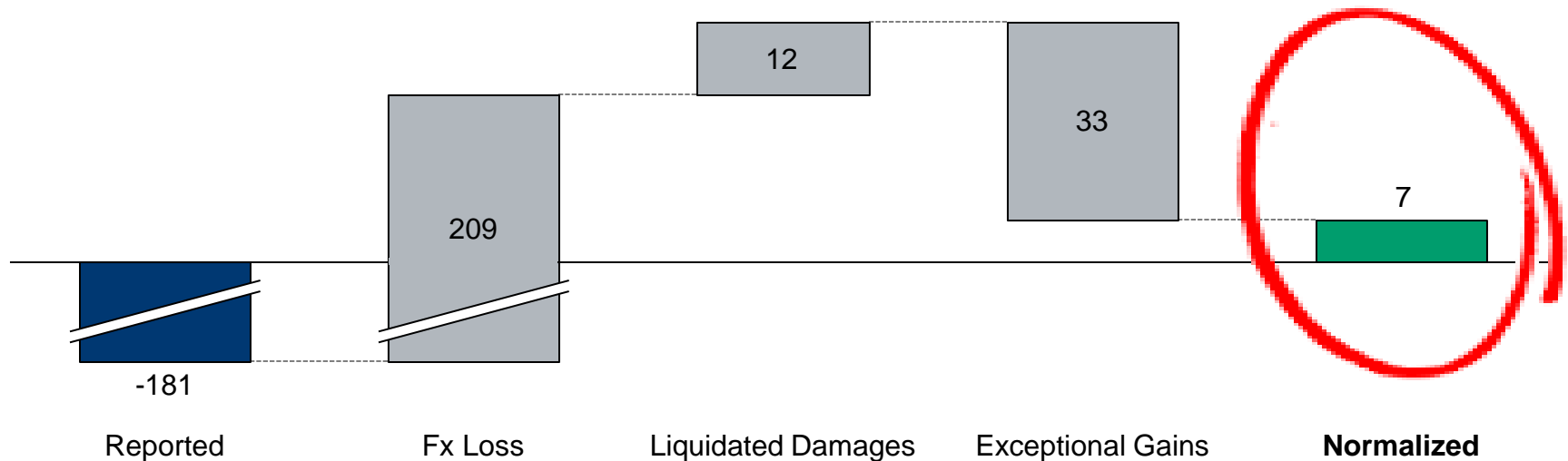
 **Rs. 963 Crs.** – QoQ Consolidated Gross Debt Reduction

Note (*): 1. Q2 FY16 Consolidated numbers are compared against Suzlon Wind numbers for prior periods
2. Prior quarters consolidated results include Senvion performance, hence not comparable
3. Suzlon Wind for Prior quarters equals Consolidated minus Senvion and SE Forge
4. Normalised EBITDA refers to reported EBITDA adjusted for FX loss and Liquidated Damages

Momentum continues

Q2 FY16 – Back to Profit

Consolidated Net Profit (Rs. Crs.)



- **Fx Loss (Rs. 209 crs) – Primarily Notional (Non Cash) in nature;**
 - Primarily due to \$ denominated debt
 - FCCBs - Loss reversals upon conversions
 - Others – Non cash / notional in nature until maturity;

Improved profitability and operational leverage enabled robust financial performance

H1FY16 Performance Highlights

431 MW

20.2% y-o-y

Volume



Rs. **3,251** Cr

5.0% y-o-y

Revenues



Rs. **1,467** Cr

Margin 45.1%

Gross Profit



Rs. **530** Cr

Margin 16.3%

EBITDA⁽²⁾



Rs. **508** Cr

(44.2%) y-o-y

Net Interest



Rs. **7,597** Cr

30th Sep (YoY)

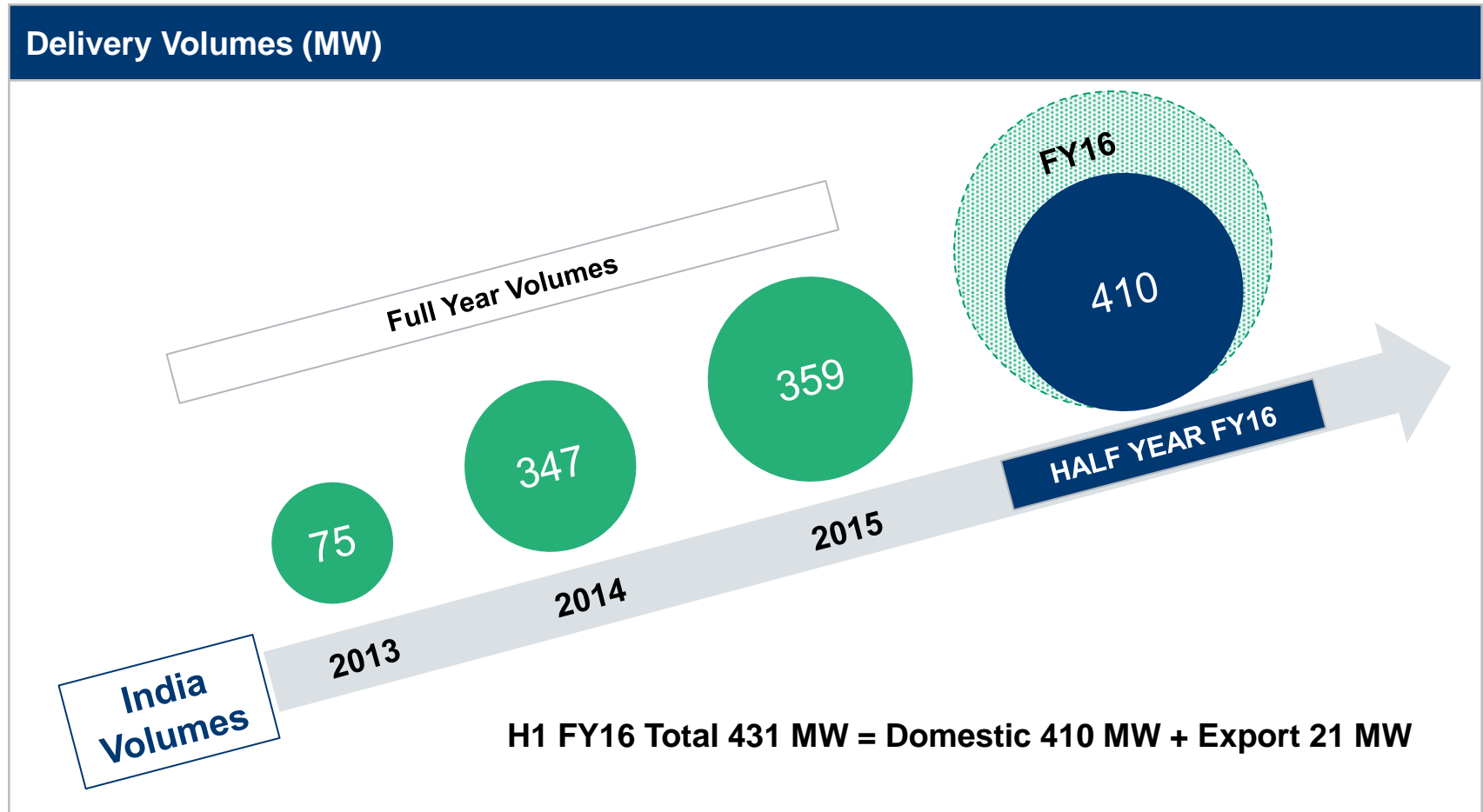
Net Debt Reduction



Note: 1. All Information pertains to Suzlon Wind

2. Refers to Normalised EBITDA i.e. after adjusting Reported EBITDA for FX loss and Liquidated Damages

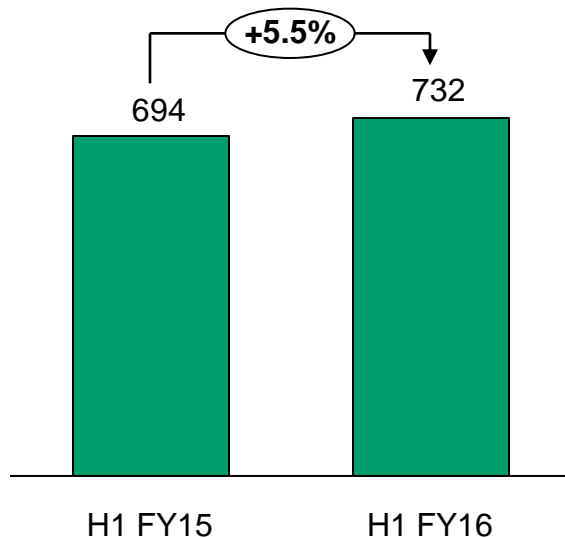
India Volume Continues Traction



India Half Year volume higher than annual domestic volume of past 3 years

Service Business

External Service Revenues (Rs. Crs.)



- **Growing into a sizeable & highly profitable business**

- Reduces turbine volume break even level

- **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 >8.6 GW of Assets
- 20 years of track record in India

Annuity like business with cash generation

Result Snapshot

Rs Crs	Consol.	Suzlon Wind	Suzlon Wind			
	Q2 FY16		Q1 FY16	Q2 FY15	H1 FY16	H1 FY15
MW Sales	227	227	205	138	431	359
Revenue	1,768	1,709	1,542	1,397	3,251	3,095
Gross Profit	827	773	694	499	1,467	1,098
<i>Gross Margin</i>	<i>46.8%</i>	<i>45.2%</i>	<i>45.0%</i>	<i>35.7%</i>	<i>45.1%</i>	<i>35.5%</i>
Normalized EBITDA	318	293	237	-23	530	34
<i>EBITDA Margin</i>	<i>18.0%</i>	<i>17.2%</i>	<i>15.3%</i>	<i>-1.6%</i>	<i>16.3%</i>	<i>1.1%</i>
Normalized EBIT	240	230	175	-112	405	-137
<i>EBIT Margin</i>	<i>13.6%</i>	<i>13.4%</i>	<i>11.3%</i>	<i>-8.0%</i>	<i>12.4%</i>	<i>-4.4%</i>

Gross Profit

- India volume ramp up
- Improved service profitability
- Execution of current orders primarily
- Favorable product mix and scope

Operating Profit

- After considering provisions ~3-4%
- Operating Leverage
- Lower freight
- Fixed cost optimization

Note: For Q2 FY16, Consolidated Results equals Suzlon Wind and SE Forge

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Reinstatement of Investment Grade Rating

Facilities	Amount (Rs Crs)	CARE Rating
Long Term Facilities		
Rupee Term Loans	2,744	
Fund Based Working Capital	2,192	BBB-
SBLC (Non Fund Based)	3,928	
Short Term Facilities		
Non Fund Based	5,622	A3
Total Facilities	14,486	
Proposed Commercial Paper	1,000	A3

Rationale for Investment Grade

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

Big credibility boost in front of stakeholders

Current Debt Profile and Interest Costs

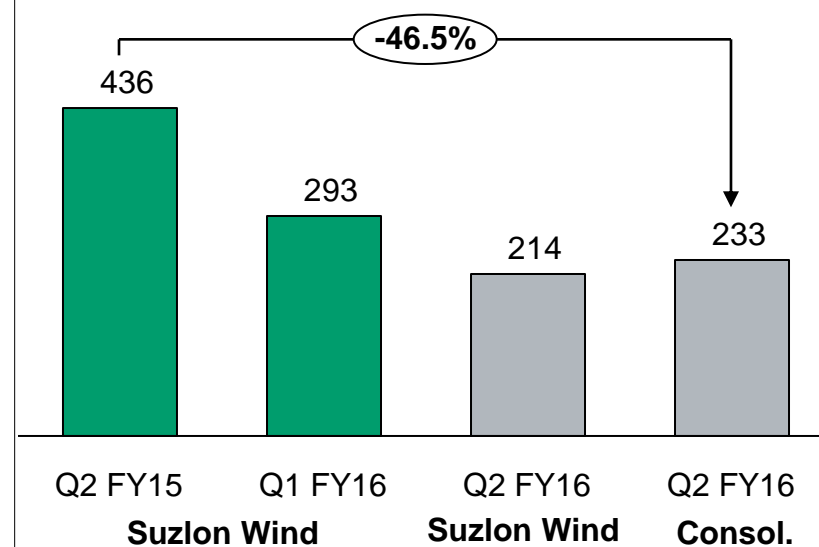
As on 30th Sep 2015

Suzlon Consolidated Debt Overview

Particulars	Q2 FY16	Q1 FY16	Maturity
Rupee Term Debt (Rs. Crs)	3,305	3,322	Back Ended Next 3 years - Nil
\$ Term Debt	688	689	
Credit Enhanced Bonds	647	647	Mar'18 (Bullet)
Others	41	42	Until FY21
FCCBs (\$M)	278*	299	Jul'19 (Bullet)
	28.8	28.8	Apr'16 (Bullet)
Working Capital (Rs. Crs)	1,377	2,375	Annual Renewal

Net Interest Cost

(Rs. Crs)



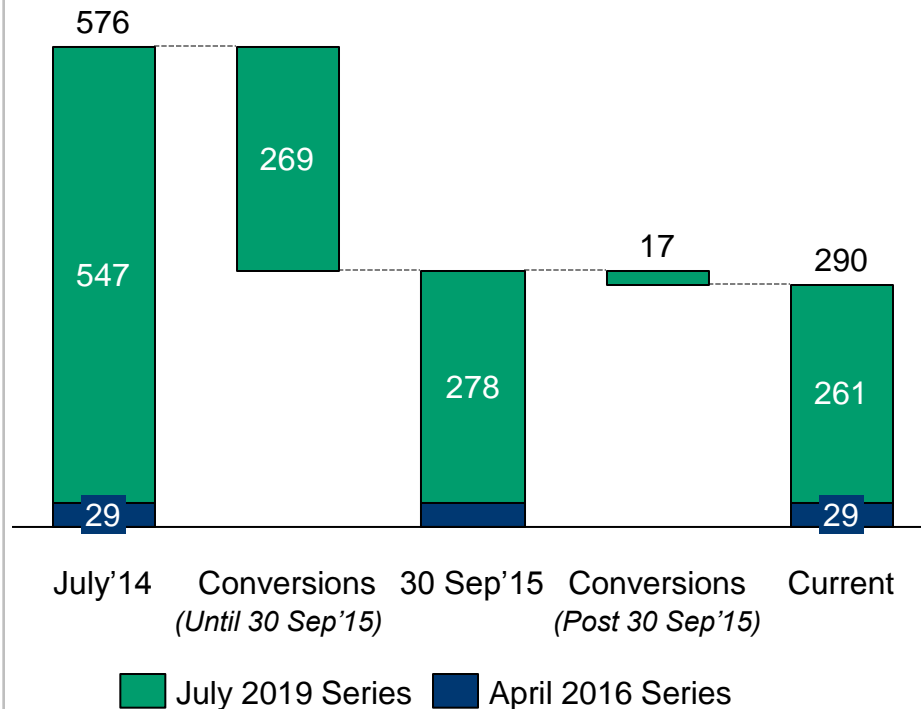
*The value is as on 30th Sep'15. Does not take into account \$16.75M worth of conversions post 30th Sep'15

Substantial savings in Interest Cost

Note: For Q2 FY16, Consolidated Results equals Suzlon Wind and SE Forge

FCCB Overview

FCCB Principal Value* (US\$ Mn)



Current and Diluted No. of Shares (Cr)

Current Outstanding	497
Pending Conversion (Jul'19 series)	102
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

FCCB - Mandatory Conversion / Redemption Option

Key Terms of July 2019 Bonds

- **Option 1: Dependant on Share Price Performance**
 - Up to \$~183M Bonds can be converted in a single tranche
 - Can be exercised post 16 July 2016
 - Subject to meeting with Share Price Performance Criteria

- **Option 2: If Bonds Outstanding is < \$54.7M**
 - i.e. < 10% of the Original Issue Size
 - Bonds can be redeemed at par value subject to RBI approval

- **Current Outstanding \$261M**

FCCBs likely to be converted into equity sooner than later

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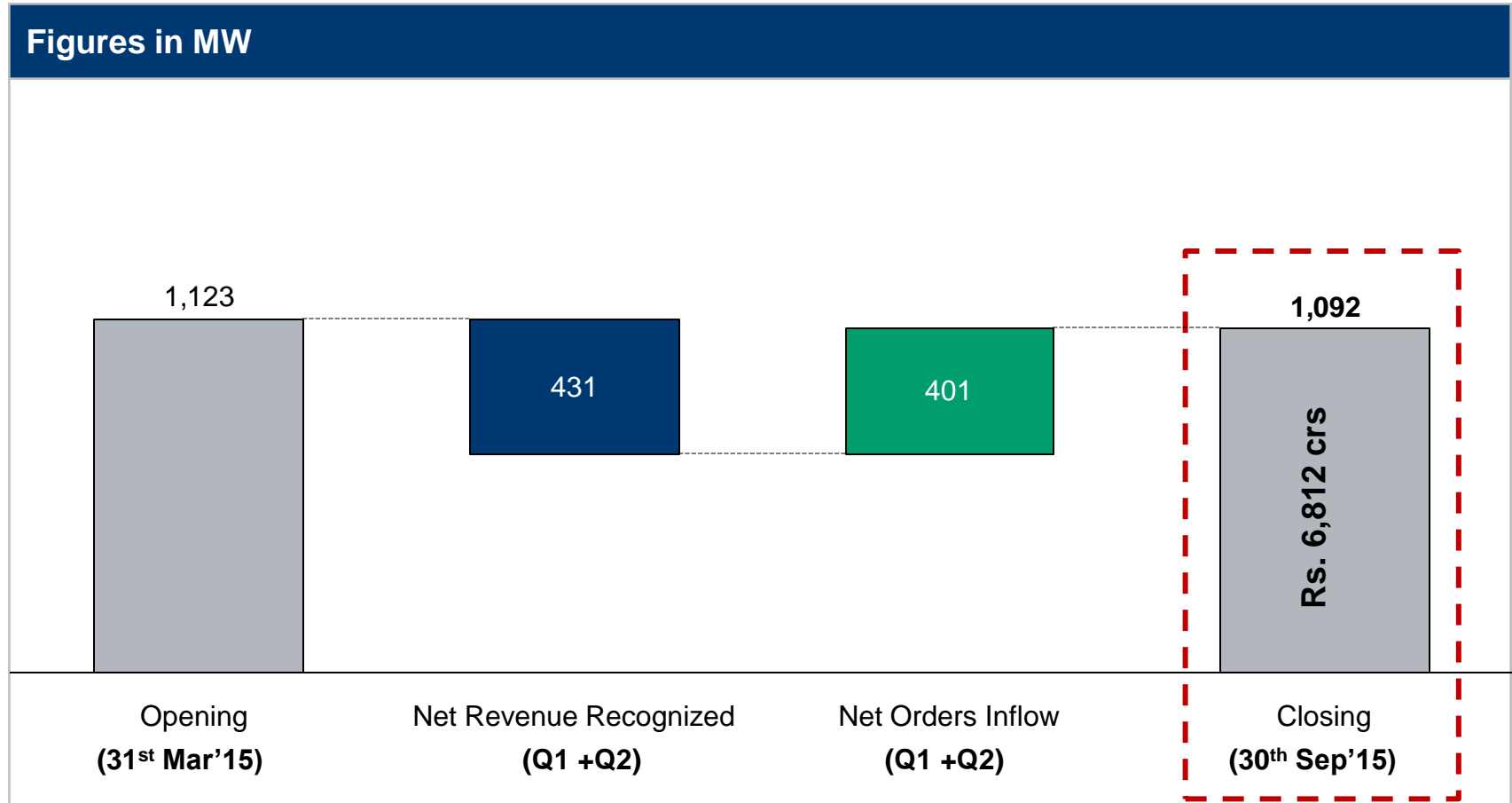
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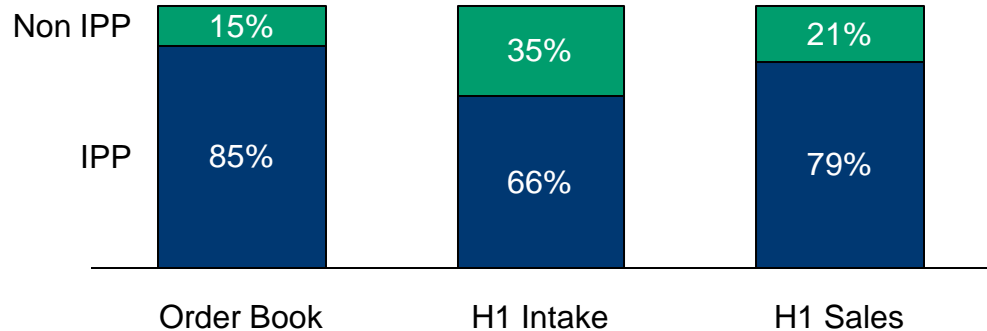
Strong pipeline to drive future performance

Strong Momentum Across Customer Segments

Customer Segment Wise Break-up - Order Book, H1 Order Intake and H1 Sales

Our Key Strength in India

- >20 years of operating history
- Strong & diversified customer base
- Pan India presence
- Proven & reliable technology
- Land sites and execution expertise
- Best in class service capabilities



Customer Segment wise seasonality analysis

	H1		H2	
	IPP	NON IPP	IPP	NON IPP
Order Intake	Moderate	Low	High	High
Execution	Moderate	Low	High	High

- H2 typically High Order Inflow and High execution

Suzlon strongly positioned in all customer segments; Poised to gain market share

Only Player with Pan India Presence



States with Dominant IPP demand

Key Drivers of Demand

- Remunerative FiTs
- Conducive state policies

Reason for Low Non IPP Demand

- Low level of industrialization

States with Dominant Non IPP demand

Key Drivers for Non IPP Demand

- Moderate FiTs
- Good Industrialization Level
- Conducive Captive Policy
- TN / KN (Group Captive)

Reasons for Low IPP Demand

- Low FiT in GJ / TN
- Lack of conducive policy in MH

As on 31st Mar' 15

	States with Dominant IPP Demand	States with Dominant Non IPP demand	Total India
Total Installation (MW)	7,773	15,582	23,355
Suzlon Share (%)	36%	37%	37%

Pan India presence key to cater across customer segments

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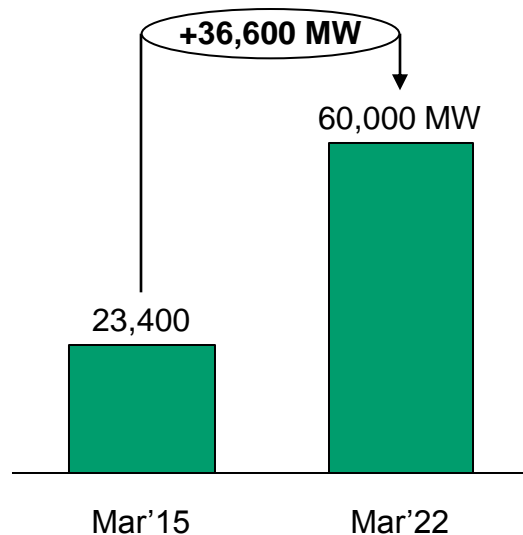
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India Market: Government Target

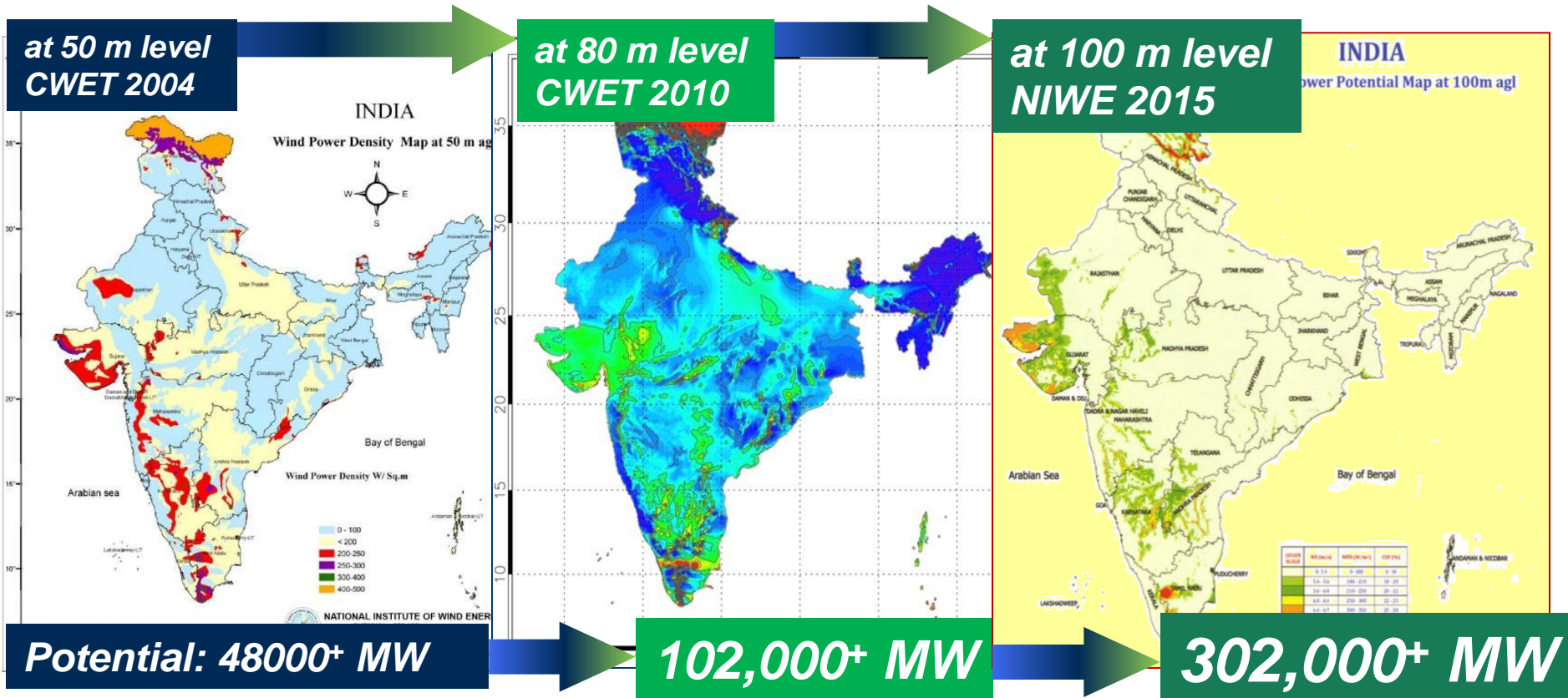
India Plans to Increase Wind Capacity to 60,000 MW by March 2022



- **Translates into > 5,000 MW of annual market size**
 - More than double the size of FY15 market (~2,300 MW)
- **Key Initiatives taken:**
 - Reinstatement of key incentives (AD, GBI)
 - Green Corridor initiative in key states
 - Clean energy classified as Priority Sector Lending
 - Renewable energy is an eligible investment under CSR
 - Proposed amendment in EA 2003; Recent supreme court judgment
 - to lead to RGO and better RPO compliance
 - increased market for REC and captive/open access
 - Proposed Renewable Energy Act ; Priority to renewables;
 - CERC to finalize forecasting & scheduling of wind projects for inter-state transactions

Targets ~36,600 MW of incremental capacity in 7 years

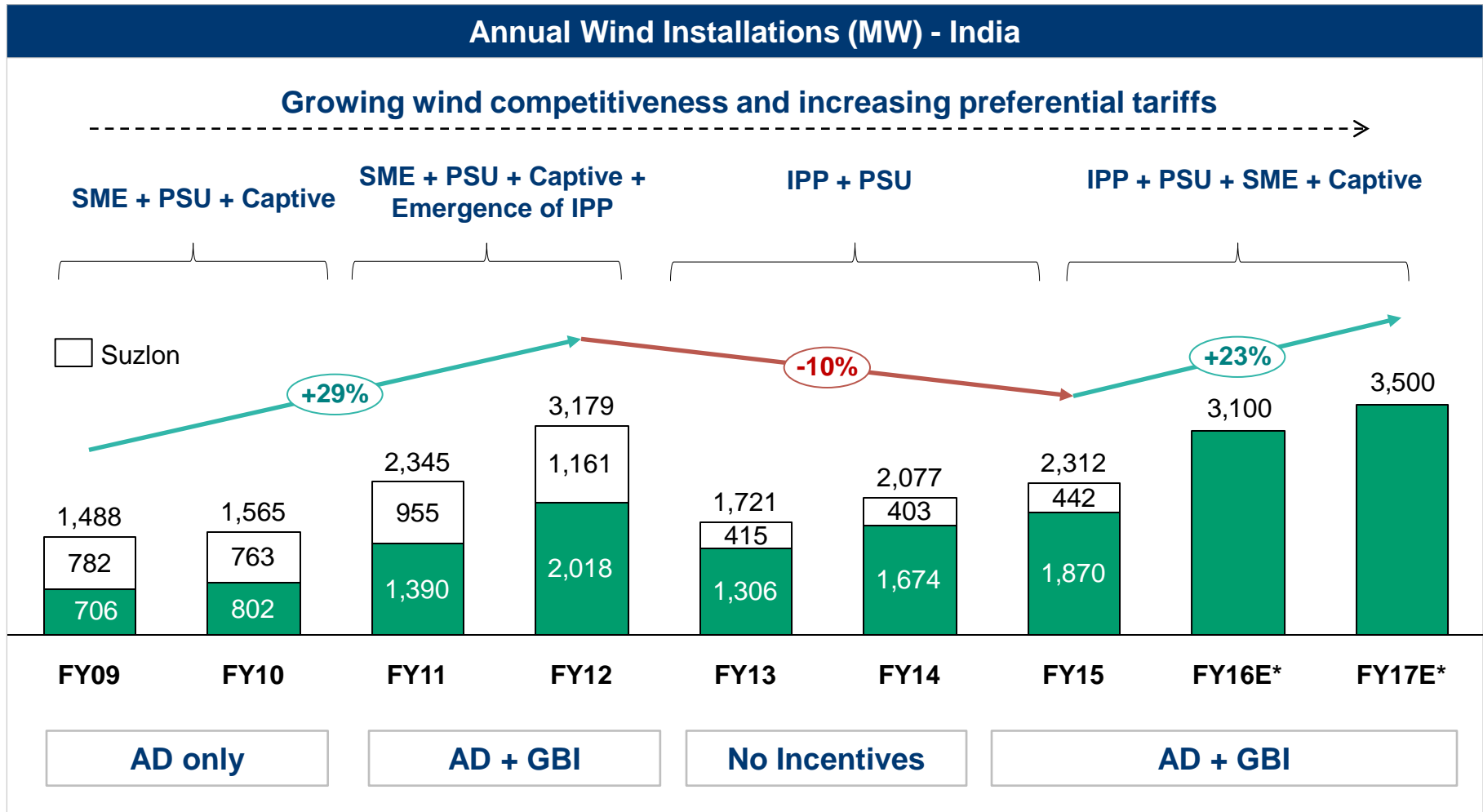
India Market: Revised Estimate of Wind Power Potential



- Recent mapping done by NIWE at 100 meter reference height
- India's estimated wind power potential revised from earlier 102+ GW to 302+ GW
- More than 92% of this potential is still untapped

Source: NIWE

India Market: A Huge Opportunity



Favorable incentive structure for all customer segments

Source: Crisil

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
- Enables competitive edge

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

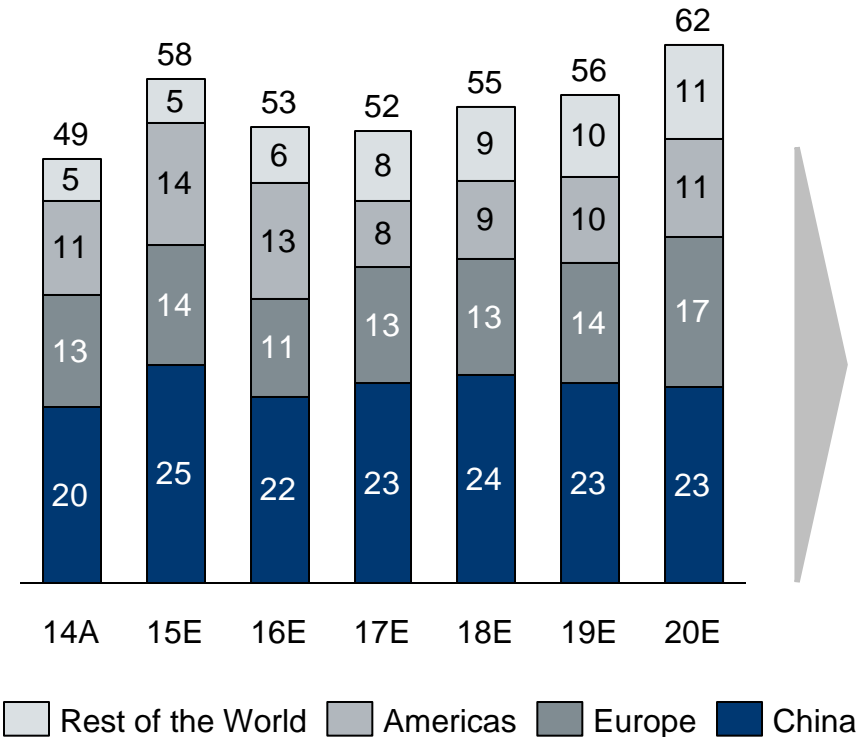
Strong Track Record

- 18+ years of leadership in India
- Proven execution capabilities
- ~9 GW cumulative installations



Global Industry Overview

Global Wind Industry Installations (GW)



- **Long term growth story remains intact**
 - Climate change mitigation
 - Energy security
 - Lower cost of energy and
 - Energy accessibility for all
- **Wind approaching grid parity**
 - Wind energy not linked to oil
 - Oil contributes only 4% of world power
- **Installations to reach record high in 2015**
 - US, China and India to drive the growth

Our focus is on markets like India, North America, China, Brazil etc.

Source: MAKE, Q3/2015 Total Market Outlook, 2012-2024e

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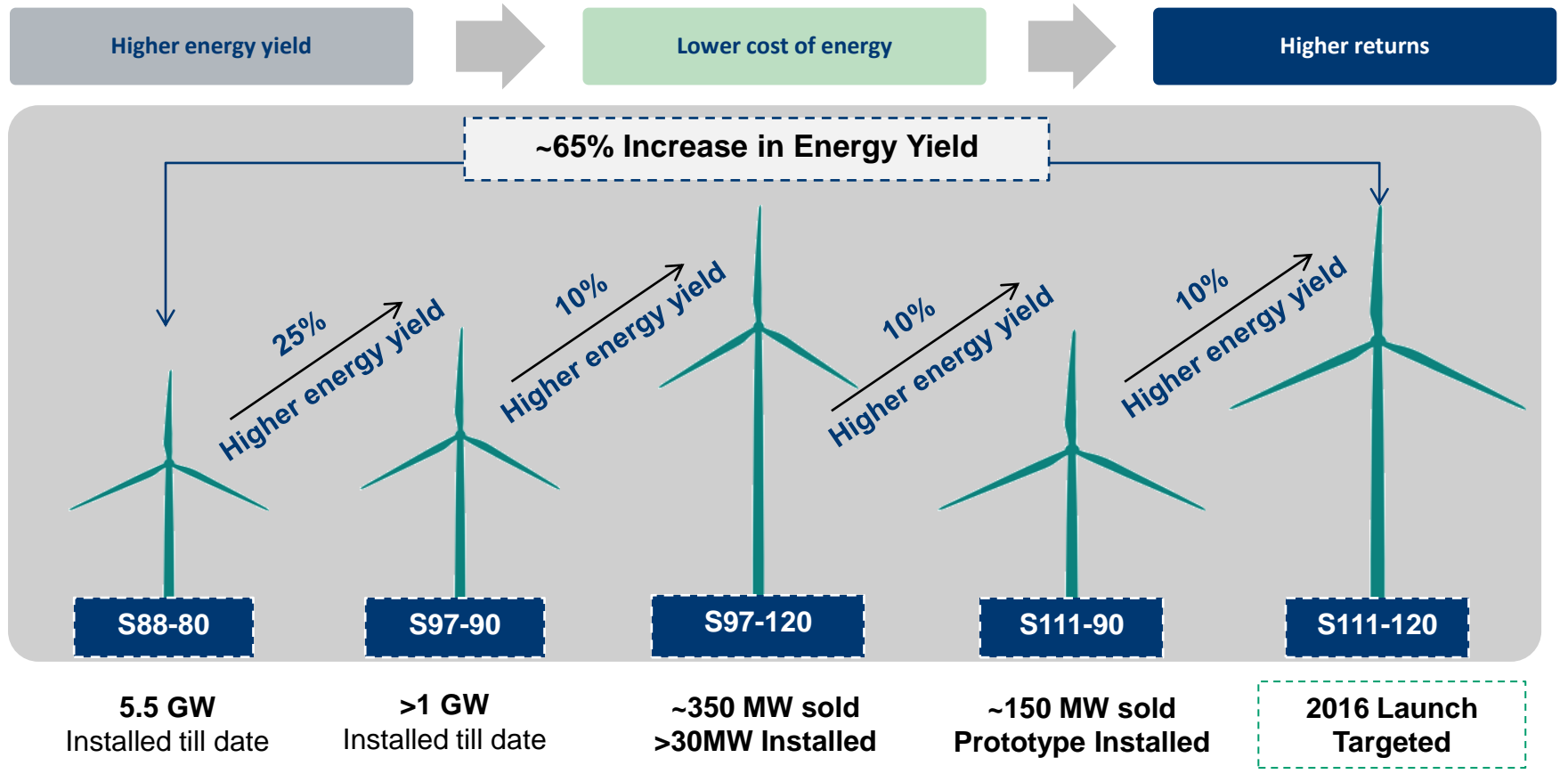
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S111: Moving Towards Bigger Turbines and Better Yields

2MW Series Evolution



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
- 10-12% increase in annual generation
- Optimized logistical solution
- Available in S97 and S111 product suite
- Over 350MW orders already received

- Prototype installed in Jan'14
- >1 year of operational performance
- 3-4 years of head start in this technology

Optimizing cost and generation for low wind sites

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Strategic Focus

High growth, High volume, Better margin markets only

- Focus on the Indian market as well as North America, China and Brazil



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

Rs Crs.

	Consolidated	Suzlon Wind	Suzlon Wind				
	Q2 FY16		Q1 FY16	Q2 FY15	H1 FY16	H1 FY15	FY15
Revenue from operations	1,768	1,709	1,542	1,397	3,251	3,095	4,883
Less: COGS	941	936	848	898	1,784	1,998	3,138
Gross Profit	827	773	694	499	1,467	1,098	1,745
Margin %	46.8%	45.2%	45.0%	35.7%	45.1%	35.5%	35.7%
Employee benefits expense	199	194	192	199	387	398	747
Other expenses (net)	322	297	289	417	586	828	1,336
Exchange Loss / (Gain)	209	210	66	80	276	52	495
EBITDA	97	72	146	-198	218	-180	-833
Normalized EBITDA	318	293	237	-23	530	34	-166
Margin %	18.0%	17.2%	15.3%	-1.6%	16.3%	1.1%	-3.4%
Less: Depreciation	78	64	62	90	126	171	376
EBIT	19	8	85	-287	93	-351	-1,209
Normalized EBIT	240	230	175	-112	405	-137	-542
Margin %	13.6%	13.4%	11.3%	-8.0%	12.4%	-4.4%	-11.1%
Net Finance costs	233	214	293	436	508	910	1,766
Profit / (Loss) before tax	-214	-206	-208	-723	-415	-1,261	-2,976
Less: Exceptional (Gain) / Loss	-33	-33	-1,289	0	-1,322	103	6,312
Less: Taxes and Minority	0	0	2	3	2	23	68
Net Profit / (Loss) after tax	-181	-173	1,079	-726	905	-1,387	-9,355

Note: For Q2 FY16, Consolidated Results equals Suzlon Wind and SE Forge

Working Capital

Rs Crs.

Particulars	Consolidated	Suzlon Wind	Suzlon Wind			
	30 th Sep 2015		30 th Jun 2015	31st Mar 2015	31st Dec 2014	30th Sep 2014
Inventories	2,088	2,000	1,699	1,639	1,630	1,683
Trade receivables	2,030	1,989	1,665	1,614	1,796	1,928
Loans & Advances and Others	1,679	1,765	1,630	1,809	1,897	2,184
Total (A)	5,797	5,754	4,995	5,061	5,323	5,795
Sundry Creditors	2,447	2,384	2,169	2,469	2,672	2,931
Advances from Customers	1,045	1,044	879	1,125	1,179	784
Provisions and other liabilities	1,759	1,734	1,838	2,125	2,305	2,260
Total (B)	5,251	5,162	4,885	5,719	6,156	5,975
Net Working Capital (A-B)	546	592	109	-658	-833	-180
NWC as % of sales	10.3%	11.7%	2.3%	-13.5%	-15.3%	-3.2%

Note: For Q2 FY16, Consolidated Results equals Suzlon Wind and SE Forge

Consolidated Balance Sheet

Rs Crs.

Liabilities	Sep-15	Mar-15	Assets	Sep-15	Mar-15
Shareholders' Fund	-7,191	-7,322*	Non Current Assets		
Preference Shares	6	6	a) Fixed Assets	1,878	6,200
Minority Interest	18	64	b) Non Current Investments	13	15
	-7,167	-7,253	c) Long Term Loans & Advances	281	368
			d) Other Non Current Assets	702	463
Non Current Liabilities				2,874	7,046
a) Long Term Borrowings	9,424	10,787	Current Assets		
b) Other Non Current Liabilities & Provisions	357	1,040	a) Current Investments	539	250
	9,781	11,827	b) Inventories	2,088	3,361
Current Liabilities			c) Trade Receivables	2,030	2,754
a) Short Term Borrowings	1,377	4,576	d) Cash and bank balances	718	2,543
b) Trade Payables	2,447	4,556	e) Short Term Loans & Advances	838	1,392
c) Other Current Liabilities	2,195	6,321	f) Due from customers	0	2,091
d) Due to customers	14	131	g) Other Current Assets	226	2,294
e) Short Term Provisions	666	1,574		6,439	14,685
	6,699	17,158			
Total Equity and Liabilities	9,313	21,731	Total Assets	9,313	21,731

Note (*) Includes Share Application Money from DSA group, against which the shares were allotted in May'15

THANK YOU

S111 Turbine, USA

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