



Suzlon Energy Limited

Q1 FY16 Earnings Presentation

31st July 2015

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Strategic Focus

Detailed Financials

Q1 FY16 - Key Performance Highlights

 **205 MW** – Domestic Sales Volume

 **15.3%** - Normalized EBITDA Margin

 **Rs. 7,010 crs** - Consolidated Net Debt (Excl. FCCB); From Rs. 14,821 crs QoQ

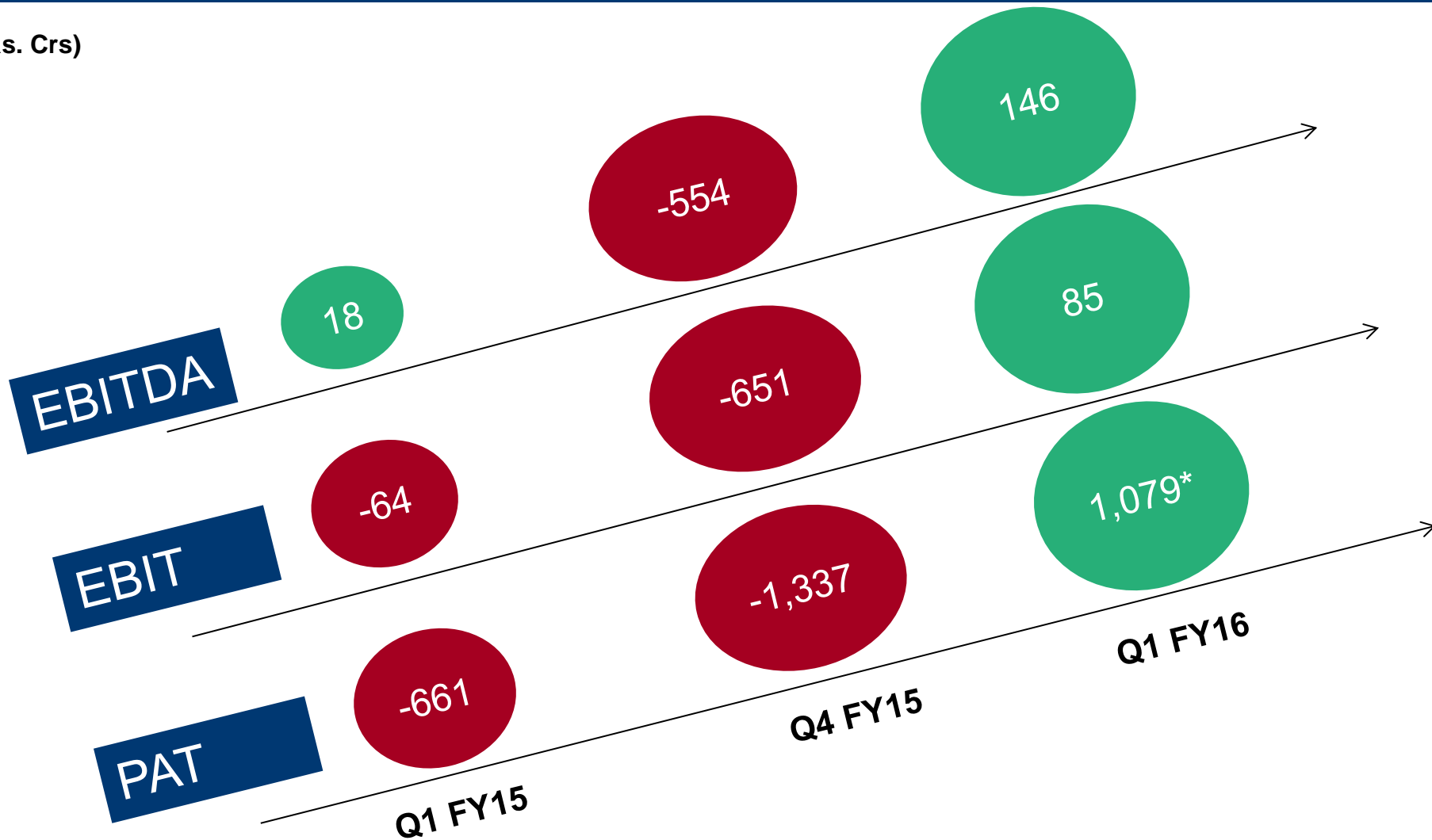
 **>1,107 MW** - Strong Order Book

 **Rs. 3,070 crs** – Strong liquidity position to capitalize growth opportunity

Note: 1. Information pertains to Suzlon Wind unless otherwise stated;
2. Consolidated Results includes one month of Servion's performance, hence not comparable
3. Normalised EBITDA adjusted for LD and Foreign Exchange fluctuations

Business Turnaround

(Rs. Crs)



*PAT includes one time exceptional gain of Rs. 1,289 crs (below EBIT line item)

Turnaround Commences

Note: 1. Information pertains to Suzlon Wind unless otherwise stated;

2. Consolidated Results includes one month of Servnion's performance, hence not comparable

Volume:

- Highest quarterly volume (205 MW) in India in last 3 years

Financial Performance:

- Highest quarterly normalized EBITDA and Margin at 15.3% in last 3 years
- Quarterly EBIT break even after 3 years

Order Intake:

- Net Order Intake up 28% YoY, 69% QoQ;

Leverage:

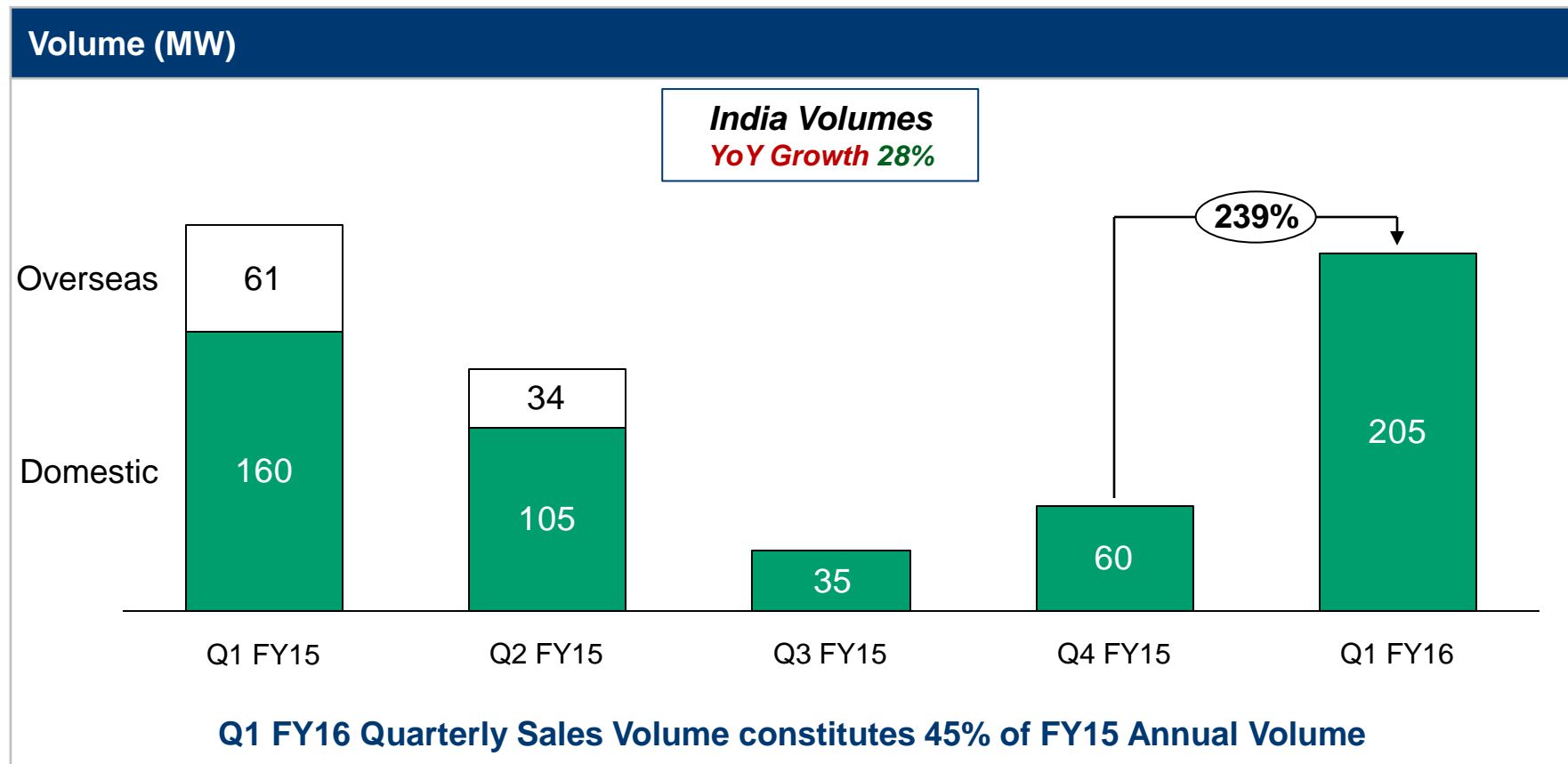
- Consolidated Net Debt (Excl. FCCB) down at Rs. 7,010 crs from Rs. 14,821 crs
- Interest expenses down 36% QoQ;

**Demonstrates
Turnaround**

Delivers best quarterly performance in last 3 years

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Domestic Volume Gains Traction



Delivers highest quarterly volumes in India since FY12

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Reduced Debt Balance

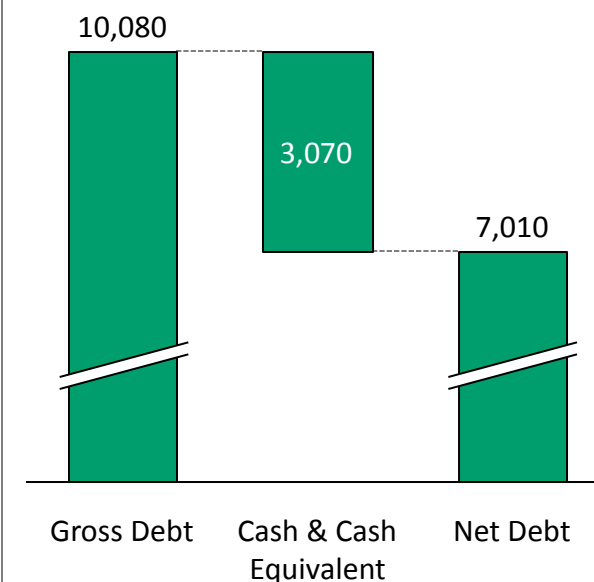
As on 30th June 2015

Suzlon Consolidated Debt Overview

Particulars	Amount	Rate	Maturity
Rupee Term Debt (Rs. Crs)	Rs. 3,322 Crs.	~11%	Back Ended Next 3 years - Nil
\$ Denominated Term Debt	\$689M		
Credit Enhanced Bonds (\$M)	\$647M	~6.25%	Mar'18 (Bullet)
Others (\$M)	\$42M	~6.25%	Until FY21
FCCBs (\$M)	\$299M	~3.25%	Jul'19 (Bullet)
	\$28.8M	~5%	Apr'16 (Bullet)
Working Capital (Rs. Crs)	Rs. 2,375 crs	~11%	Annual Renewal

Total Debt (Excluding FCCB)

(Rs. Crs)



- Deleveraging completed in May'15
- Interest cost down 36% QoQ; To reduce further in next quarter

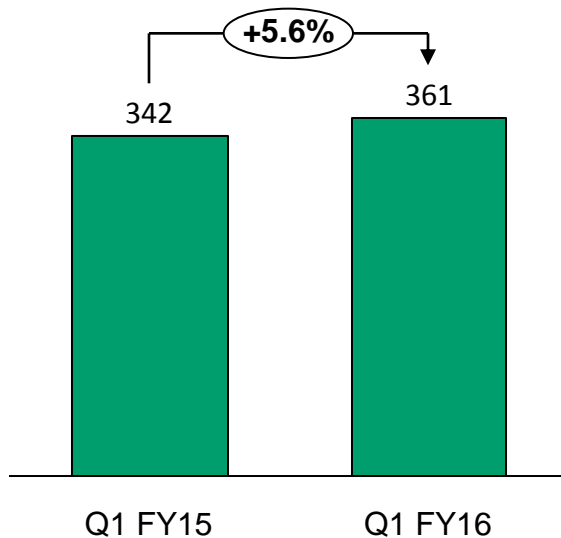
Deleveraging from strategic initiatives complete

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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 high cash generation

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Result Snapshot

<i>Rs Crs</i>	Q1 FY16	Q4 FY15	Q1 FY15
MW Sales	205	60	221
Revenue	1,542	926	1,698
Gross Profit	694	264	599
<i>Gross Margin</i>	45.0%	28.5%	35.3%
Normalized EBITDA	237	-224	57
<i>EBITDA Margin</i>	15.3%	-24.2%	3.3%
Normalized EBIT	175	-322	-25
<i>EBIT Margin</i>	11.3%	-34.8%	-1.5%
Net Profit/Loss	1,079	-1,337	-661

Gross Profit

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

Operating Profit

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

Net Profit

- Interest cost down 36% QoQ
- Nil Tax
- Special Items
 - FX Loss: Rs.66 crs; LD: Rs.24 crs (Before EBITDA)
 - Servion Related Reversals (Gain): Rs.1,289 crs

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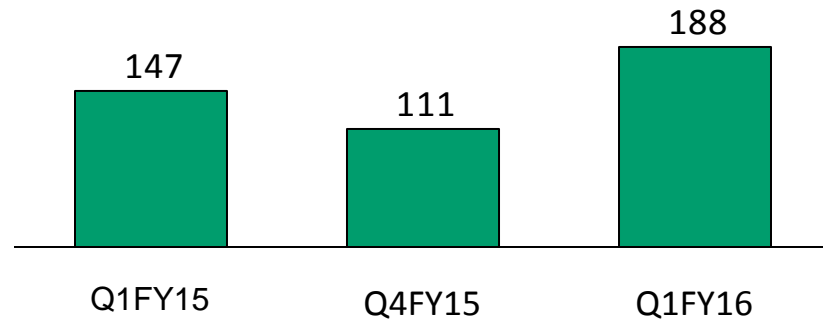
Order Book

Order Book as on 30th June 2015

Particulars	Amount
Order Book Volume	~1,107 MW
Order Book Value	Rs. 6,839 crs.



India Net Order Intake
QoQ Growth 69% ; YoY Growth 28%



- Huge traction seen, especially in India market
- Service order backlog is over and above this

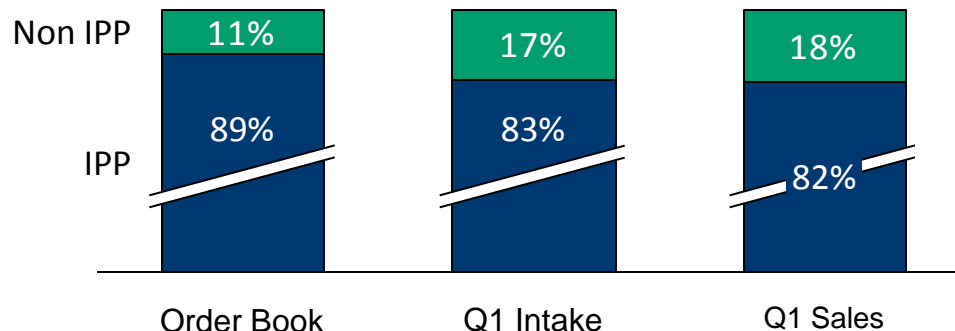
Sizeable current order book and orders in pipeline for FY16

Strong Momentum Across Customer Segments

Customer Segment Wise Break-up - Order Book, Q1 Order Intake and Q1 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 period

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

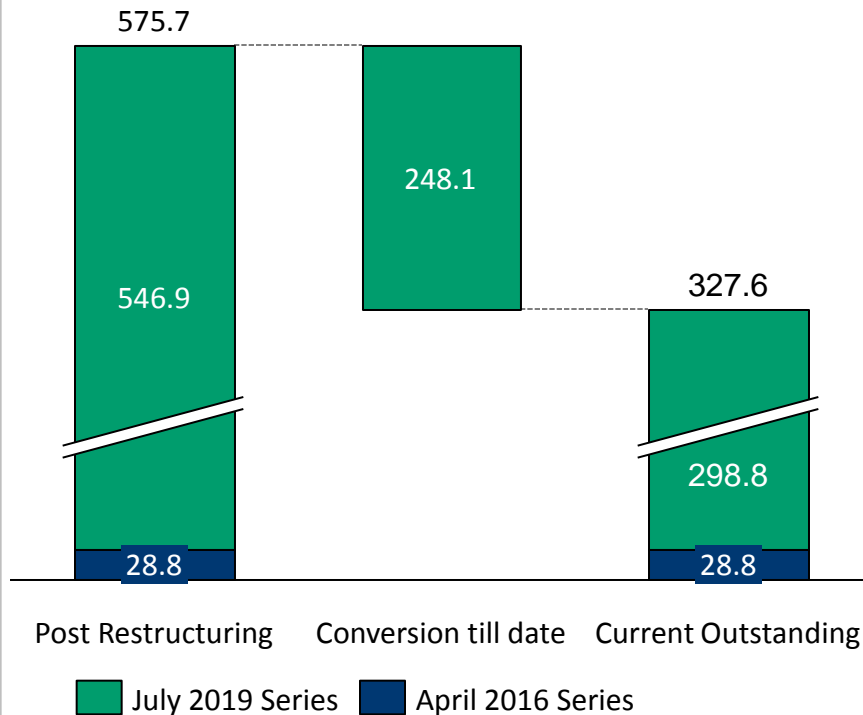
As on 31st Mar' 15

	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

FCCB Conversion to Equity

FCCB Principal Value* (US\$ Mn)



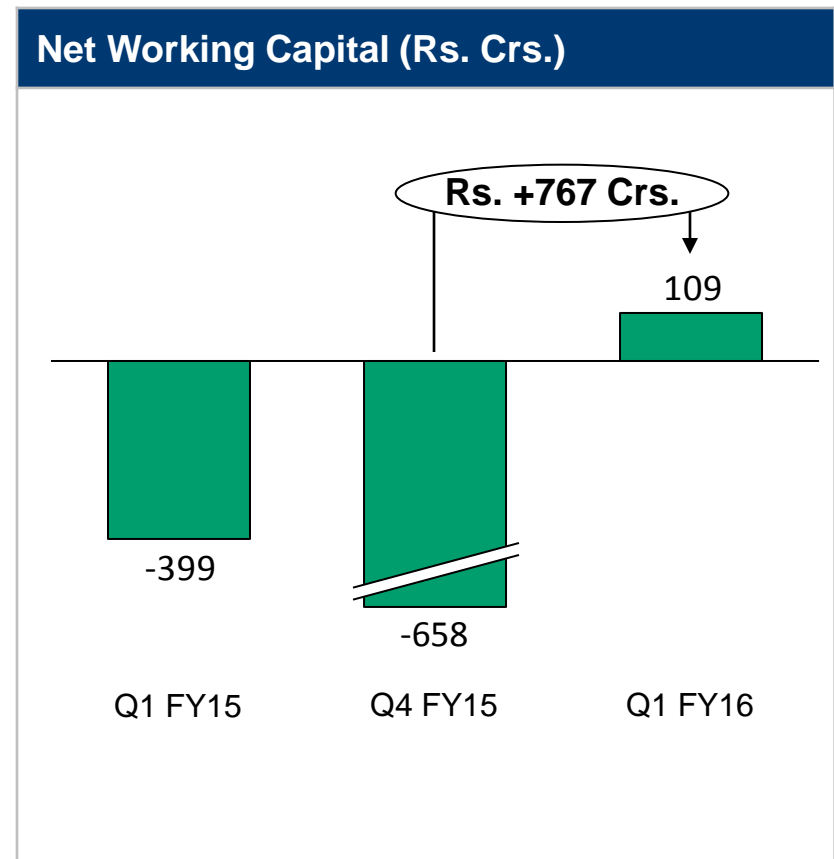
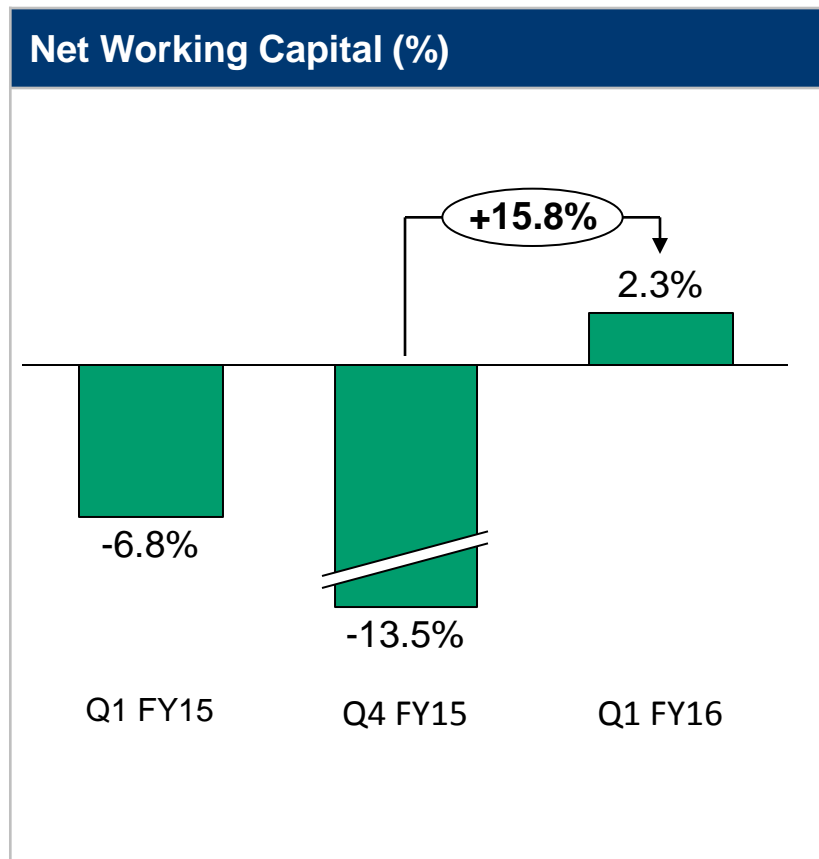
Current and Diluted No. of Shares (Crs)	
Current Outstanding	483
Pending Conversion (Jul'19 series)	116
Post Full Conversion	599

Jul'19 Series Conversion Details	
Price	Rs. 15.46 per share
Exchange Rate	Rs. 60.225

* Includes conversions until 31st Jul

Assuming full conversion, debt to reduce and equity to increase by Rs. 2000 crs

Net Working Capital



- Increase in NWC primarily due to decrease in current liabilities

Business cycle getting normalized

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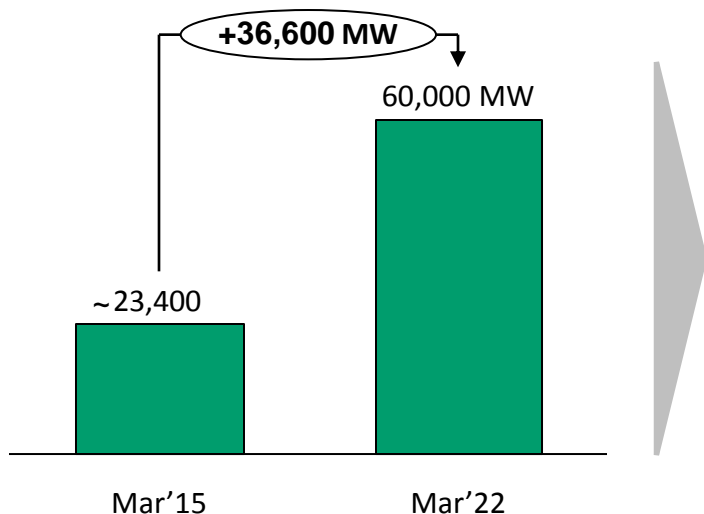
Products & Technology

Strategic Focus

Detailed Financials

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

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

India Market: A Huge Opportunity

Annual Wind Installations (MW) - India

Growing wind competitiveness and increasing preferential tariffs →

SME + PSU + Captive

SME + PSU + Captive +
Emergence of IPP

IPP + PSU

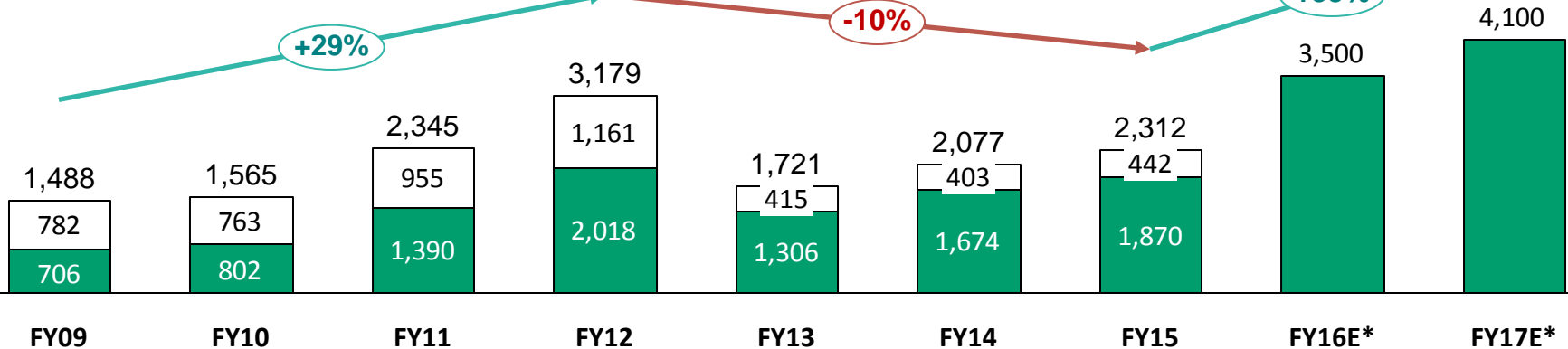
IPP + PSU + SME + Captive

□ Suzlon

+29%

-10%

+33%



AD only

AD + GBI

No Incentives

AD + GBI

Favorable incentive structure for all customer segments

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 to maintain competitive edge

03

End-to-End Solution Provider

- One stop total solution for customers

04

Best in Class Service

- Custodian of 8+ GW assets
- 24X7 online tracking system

05

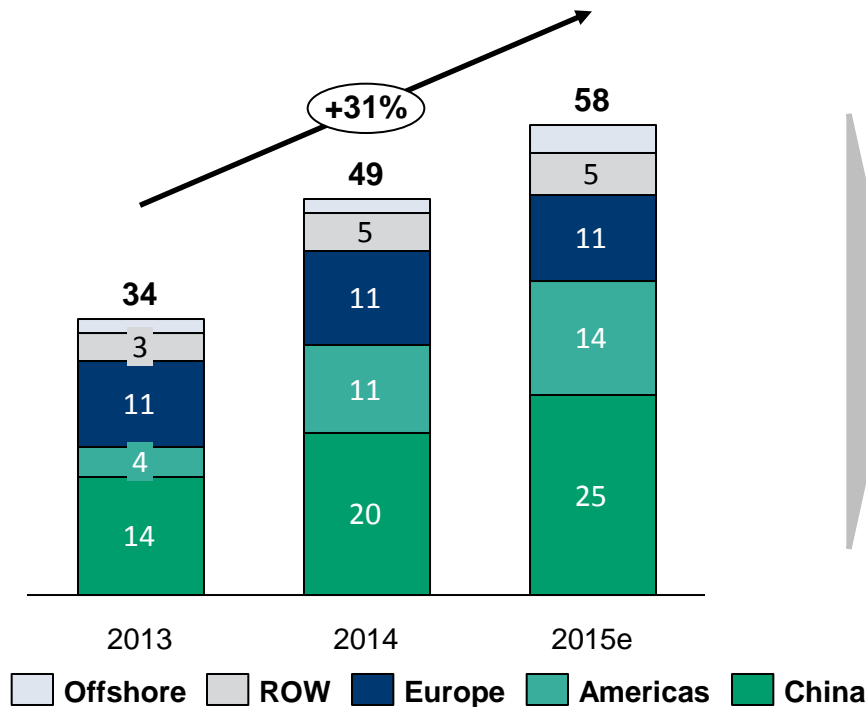
Strong Track Record

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



Global Industry Overview

Global Wind Industry Installations (GW)



- **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.

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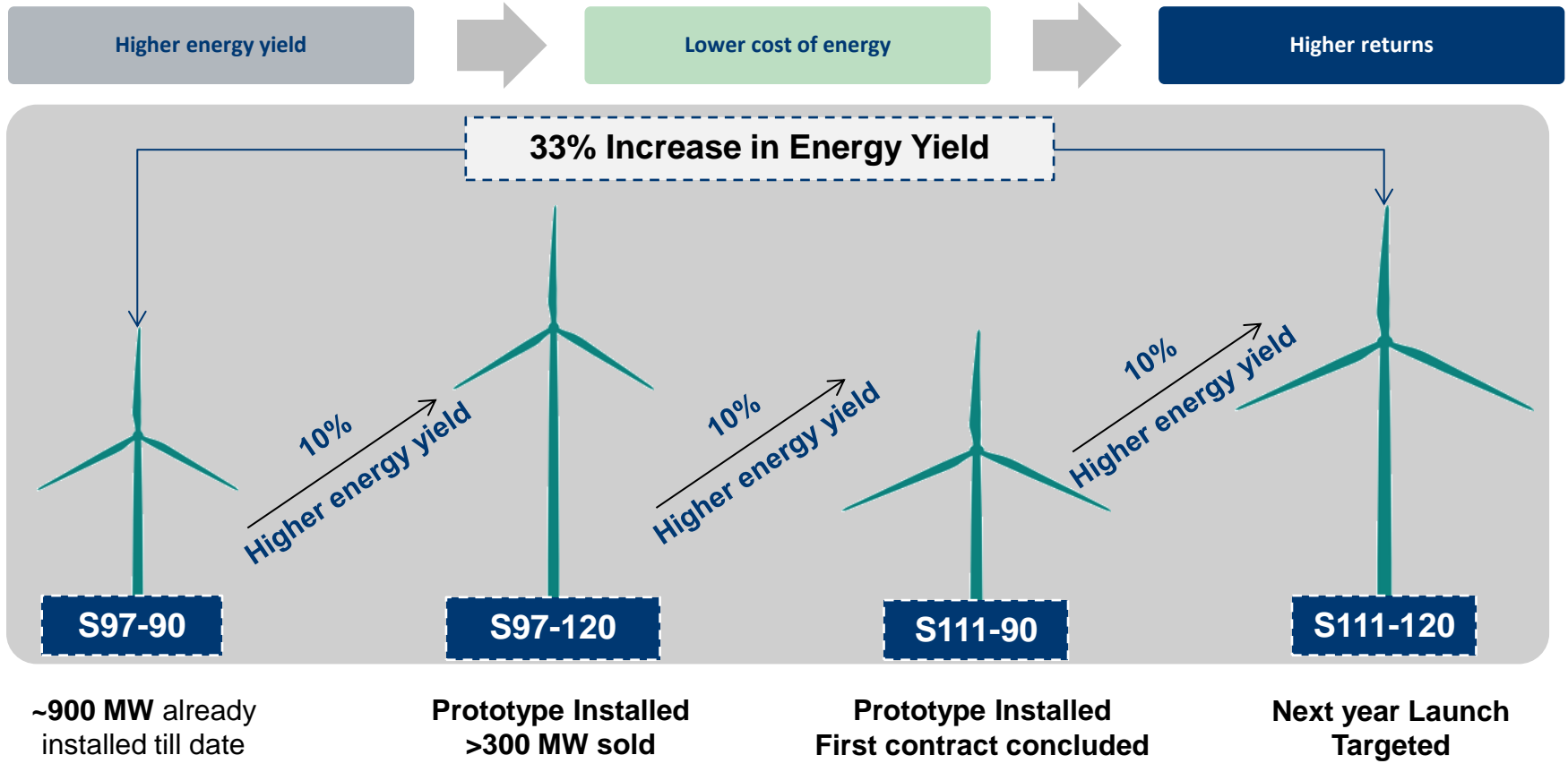
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S111: Moving Towards Bigger Turbines and Better Yields

2MW series evolution



Maximizes energy output for low wind sites in India and abroad

Note: AEP increase are approximate and under certain conditions

Hybrid Towers: 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 300MW 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



Superior 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.

Particulars	Q1 FY16	Q1 FY15	Q4 FY15	FY15
Revenue from operations	1,542	1,698	926	4,883
Less: COGS	848	1,099	662	3,138
Gross Profit	694	599	264	1,745
Margin %	45.0%	35.3%	28.5%	35.7%
Employee benefits expense	192	198	161	747
Other expenses (net)	289	411	273	1,336
Exchange Loss / (Gain)	66	-28	384	495
EBITDA	146	18	-554	-833
Normalized EBITDA	237	57	-224	-166
Margin %	15.3%	3.3%	-24.2%	-3.4%
Less: Depreciation	62	82	97	376
EBIT	85	-64	-651	-1,209
Normalized EBIT	175	-25	-322	-542
Margin %	11.3%	-1.5%	-34.8%	-11.1%
Net Finance costs	293	474	474	1,766
Profit / (Loss) before tax	-209	-538	-1,125	-2,976
Less: Exceptional Items	-1,289	103	218	6,312
Less: Taxes and Minority	2	20	-6	68
Net Profit / (Loss) after tax	1,079	-661	-1,337	-9,355

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One Time Exceptional Gain – Senvion Related

Exceptional gain primarily pertains to release of foreign currency translation reserve (FCTR) due to currency impact

Reversal on account of Senvion Impairment Provision	1,289
Release on account of investment, Sale and deconsolidation of Senvion	

Rationale for release

- FCTR was getting accumulated in reserve and surplus
- Release of FCTR allowed only on loss of control on subsidiary
- Since loss of control was established in current quarter, entire release is now recognised
- Net Worth neutral

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Working Capital

Rs Crs.

Particulars	As on				
	30 th Jun 2015	31st Mar 2015	31st Dec 2014	30th Sep 2014	30th June 2014
Inventories	1,699	1,639	1,630	1,683	1,734
Trade receivables	1,665	1,614	1,796	1,928	1,985
Loans & Advances and Others	1,630	1,809	1,897	2,184	2,184
Total (A)	4,995	5,061	5,323	5,795	5,902
Sundry Creditors	2,169	2,469	2,672	2,931	2,946
Advances from Customers	879	1,125	1,179	784	852
Provisions and other liabilities	1,838	2,125	2,305	2,260	2,504
Total (B)	4,886	5,719	6,156	5,975	6,302
Net Working Capital (A-B)	109	-658	-833	-180	-399
NWC as % of sales	2.3%	-13.5%	-15.3%	-3.2%	-6.8%

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THANK YOU

S111 Turbine, USA

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