



Suzlon Energy Limited

Q3 & 9M FY17

10 Feb 2017

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Agenda

**Q3 & 9M FY17
Highlights**

Order Book

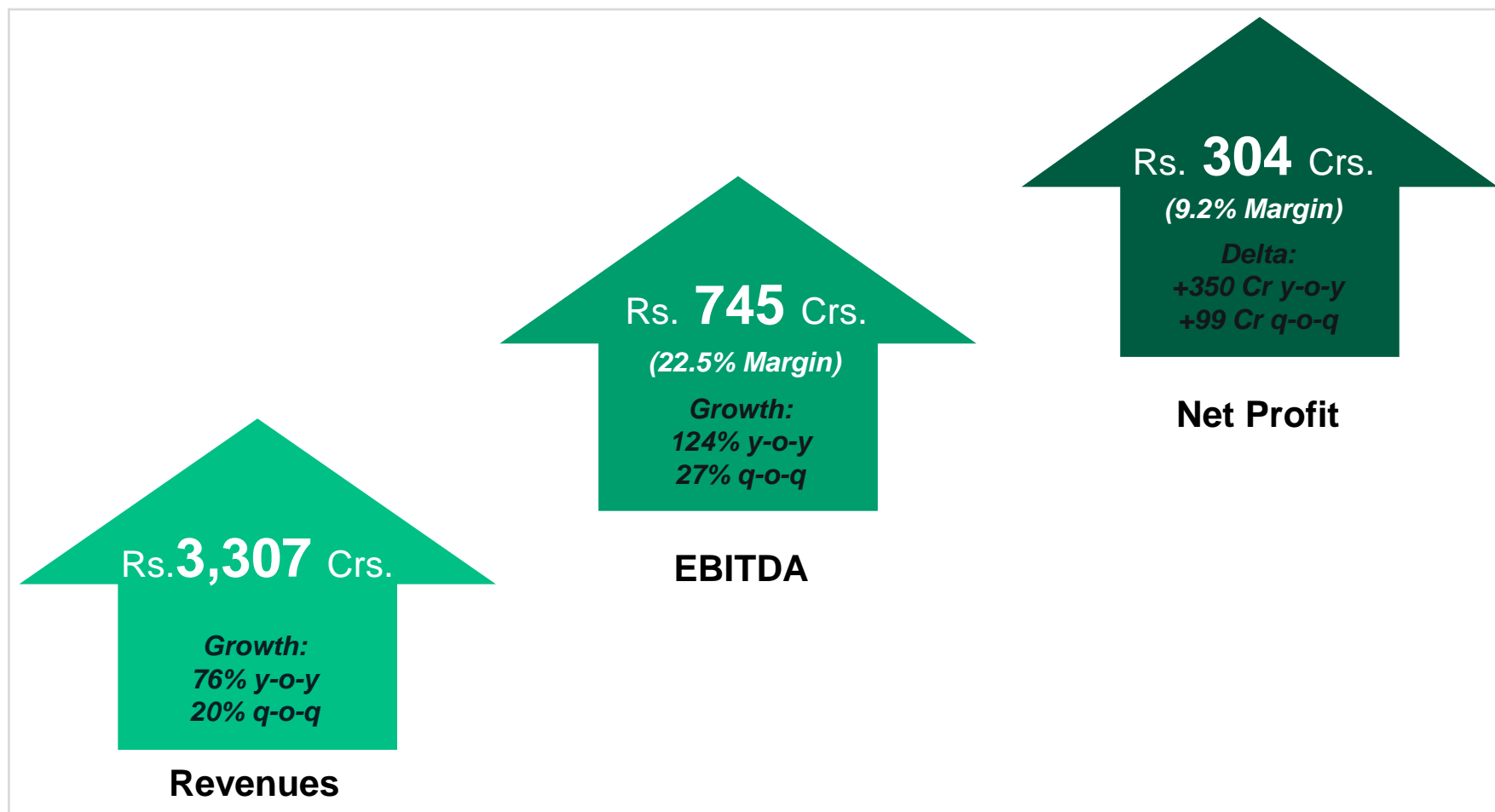
Debt Overview

Technology Update

Industry Opportunity

Detailed Financials

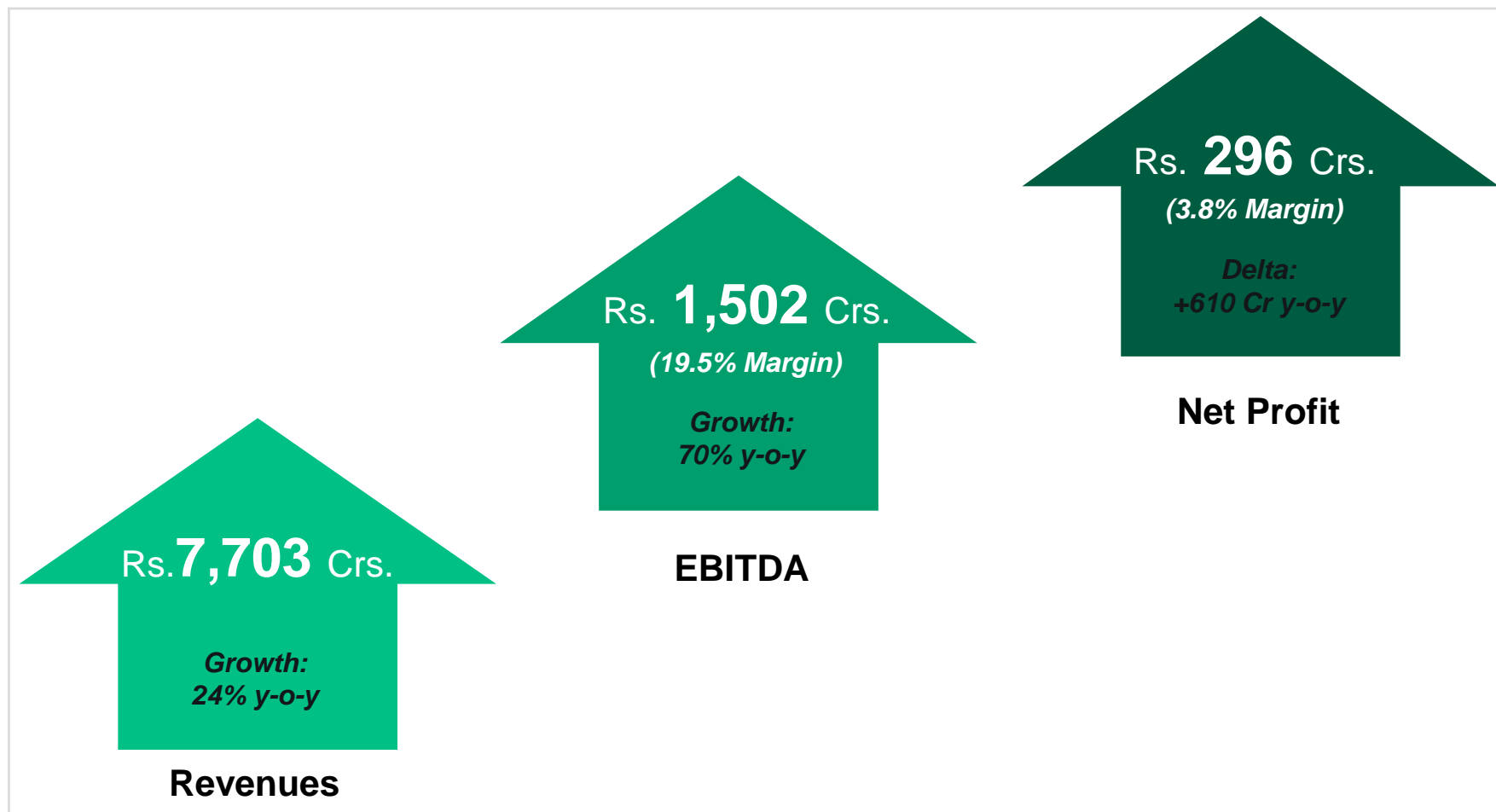
Q3 FY17 Financial Performance Highlights



Continuing strong growth and profitability

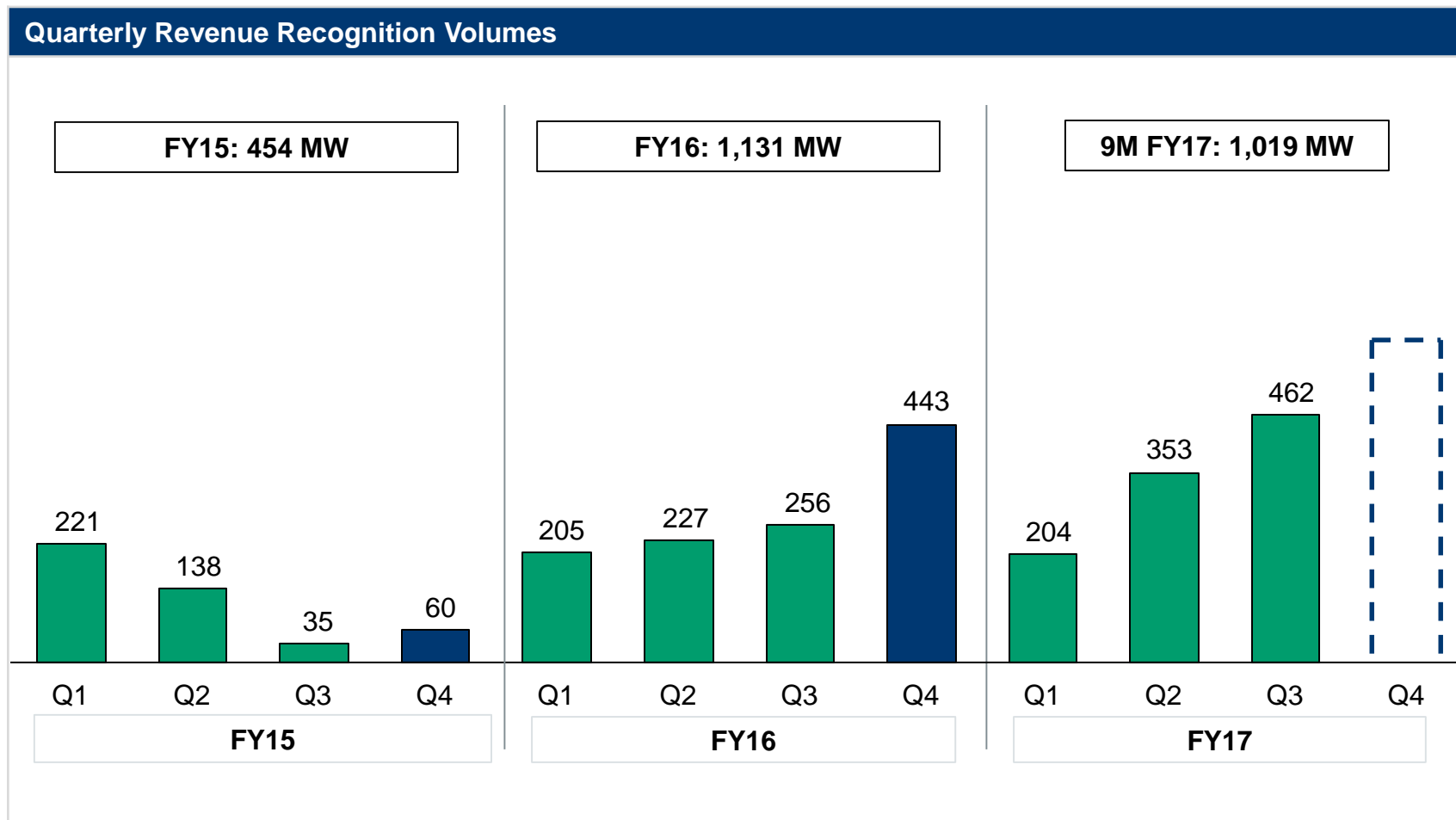
Note: EBITDA and Net Profit is pre FX and exceptional items

9M FY17 Financial Performance Highlights



Quarterly Volume Trend

(MW)



Result Snapshot (Consolidated)

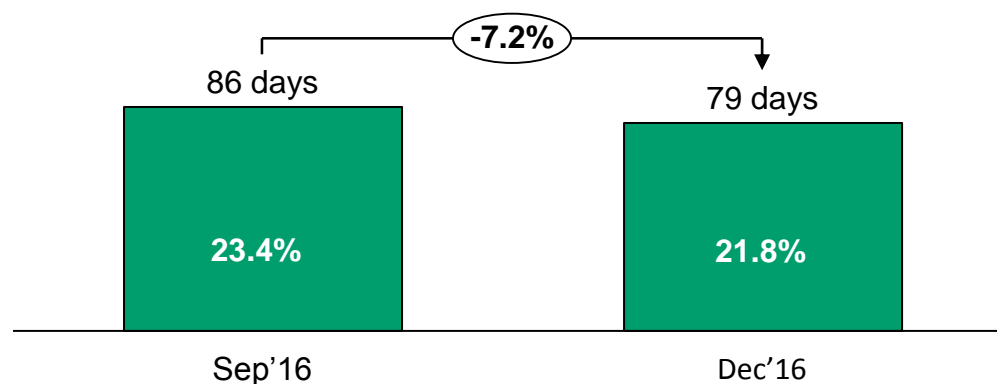
(Rs. Crs.)

Particulars	Q3 FY17 Unaudited	Q2 FY17 Unaudited	Q3 FY16 Unaudited	9M FY17 Unaudited	9M FY16 Unaudited
Revenue	3,307	2,746	1,883	7,703	6,216
Gross Profit	1,466	1,281	860	3,482	2,696
Gross Margin	44.3%	46.6%	45.7%	45.2%	43.4%
Employee Expenses	256	259	202	774	732
Other Expenses (net)	465	436	326	1,206	1,082
EBITDA (Pre FX)	745	586	332	1,502	882
EBITDA Margin (Pre FX)	22.5%	21.3%	17.6%	19.5%	14.2%
Depreciation	109	95	98	288	280
Net Finance Cost	314	281	272	885	912
Taxes, Minority and Others	19	6	9	33	3
PAT (Pre Fx and Ex. Items)	304	204	-46	296	-314
FX (Gain) / Loss	29	(33)	75	44	342
Exceptional Items	0	0	0	0	(1,347)
Reported PAT	274	238	-122	252	691

Other Key Highlights

- ✓ **Net working capital reduced** to 79 days as on Dec'16 compared to 86 days in Sep'16
- ✓ **Net term debt reduced** to Rs. 6,538 Crs. (excluding FCCB)
- ✓ **Credit rating upgraded** from BBB- to BBB for Suzlon and its domestic subsidiaries as well as SE Forge
 - SGSL (India OMS Division) rated A- (Provisional)
- ✓ **Strong quarterly order intake** of 557 MW; Closing order book at 1,231 MW
- ✓ **Solar project divestments completed** for 49% stake in 210 MW solar projects in Telangana
- ✓ **Surpasses 10 GW milestone in India**

Net Working Capital

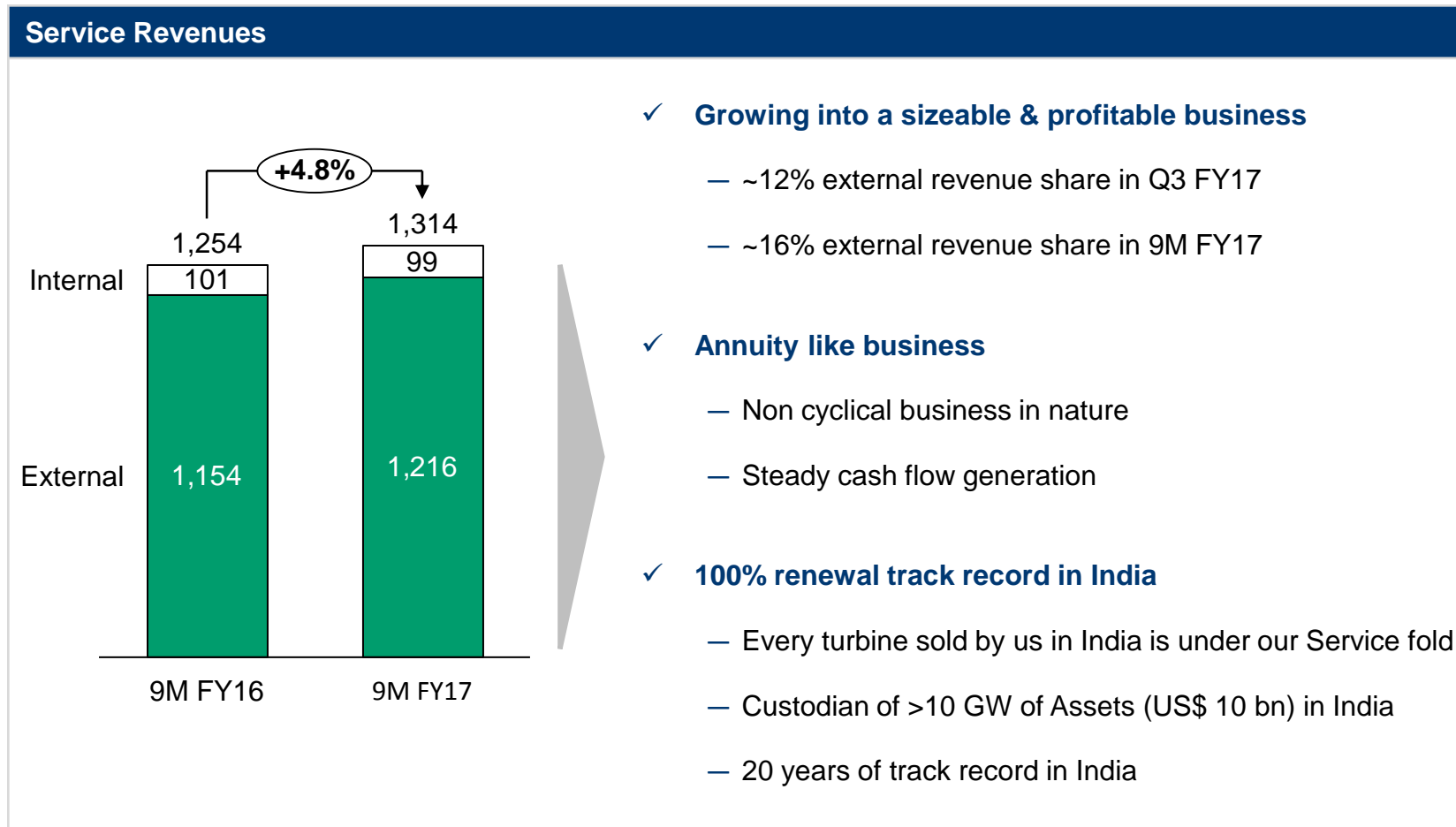


NWC as on Sep'16 (Rs. Crs.)	2,232	Remarks
Add: Inventories Build-up	294	Due to stronger expected Q4
Add: Increase in receivables	409	Increase due to 20% q-o-q Revenue Growth
Add: Loans, Advances & Others	181	Due to increase in volumes
Less: Increase in Creditors	(654)	Due to increase in volumes
Less: Increase in Customer Advances	(79)	Due to increased order inflow
NWC as on Dec'16 (Rs. Crs.)	2,383	

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

Operation and Maintenance Service Business

(Rs. Crs.)



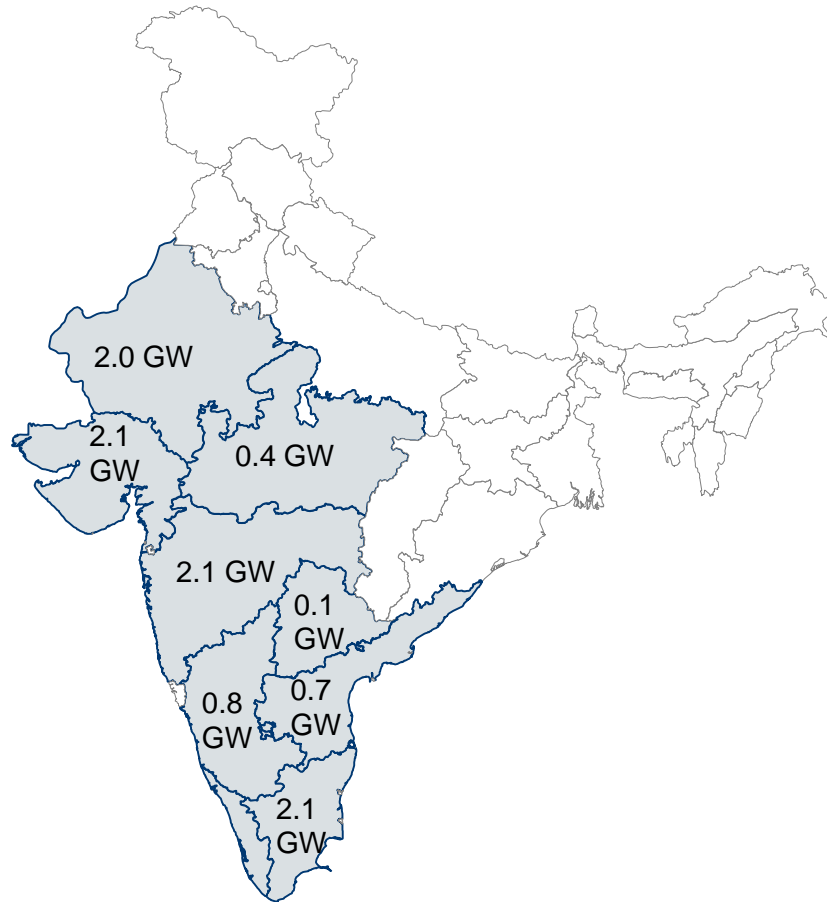
Note: All information pertaining to Suzlon Wind Only

Stable cash generation

Surpasses 10 GW wind energy installations in India

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

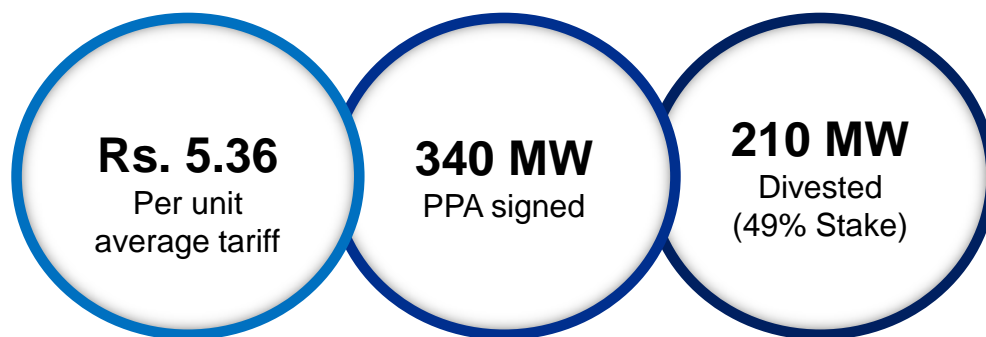
Largest fleet under Operation and Maintenance fold in India



	# of Turbines	MW
<= 1 MW	1,751	850
>1 MW < 2 MW	4,195	5,701
=>2 MW	1,697	3,564
Total	7,643	10,115

- **35% - All India installed Wind Capacity**
- **22% - All India installed renewable capacity**
- **~1,700 customer relationships**
- **22 years of operating track record**
- **22 TWh estimated of annual clean energy;**
 - =1,500 mn trees planting p.a.
 - =16.2 mn tonnes coal avoidance p.a.
 - =~21.5 mn tonnes CO2 emission savings p.a.

Solar Bidding Status Update



Summary of Divestments

SPV	Project Size	State	Investor	Cash Consideration	Stake Divested
SE Solar	100 MW	TL	CLP Wind Farms	Rs. 73.5 Crs.	49%
Prathmesh Solarfarms	50 MW	TL	Ostro Energy	Rs. 49.0 Crs.	49%
Vayudoot Solarfarms	15 MW	TL	Unisun Energy	Rs. 13.5 Crs.	49%
Amun Solarfarms	15 MW	TL	Canadian Solar	Rs. 26.4 Crs.	49%
Avighna Solarfarms	15 MW	TL	Canadian Solar		49%
Rudra Solarfarms	15 MW	TL	AMP Solar	Rs 13.7 Crs.	49%
Total	210 MW			Rs. 176.0 Crs.	

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

Advanced negotiations for further divestments

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Q3 & 9M FY17
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Debt Overview

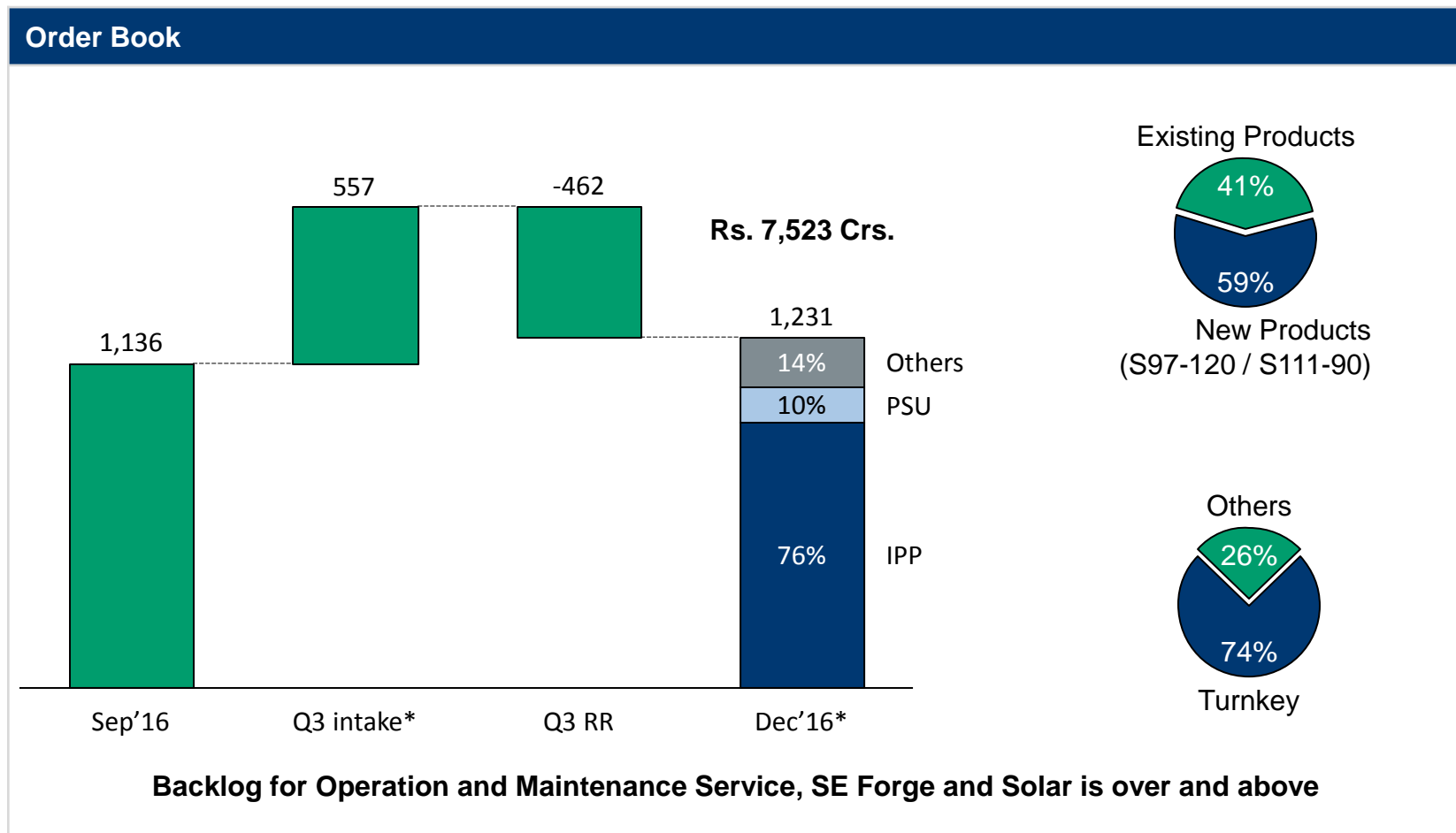
Technology Update

Industry Opportunity

Detailed Financials

Strong Wind Order Backlog

(MW)



Note: Q3 order intake and order book includes orders announced post quarter ending

Firm order book backed by customer advances of more than Rs. 1,000 Crs.

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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,</i> (Reflects stable cash flow profile)

Note: Issued by CARE Ratings for domestic bank facilities

Consolidated Debt Profile

(Excluding FCCB)	31 st Dec'16	5 year Maturity Profile												
SBLC Backed AERH Debt	Rs. 4,229 Crs. (US\$ 626 M)	<ul style="list-style-type: none">Current bullet maturity of March 2018SBLC facility lenders consented to SBLC extension till 2023;												
Other FX Term Debt	Rs. 570 Crs. (US\$ 85 M)	<div>(Rs. Crs.)</div>  <table><caption>5 year Maturity Profile (Rs. Crs.)</caption><thead><tr><th>Fiscal Year</th><th>Value (Rs. Crs.)</th></tr></thead><tbody><tr><td>FY17</td><td>23</td></tr><tr><td>FY18</td><td>134</td></tr><tr><td>FY19</td><td>387</td></tr><tr><td>FY20</td><td>572</td></tr><tr><td>FY21</td><td>764</td></tr></tbody></table>	Fiscal Year	Value (Rs. Crs.)	FY17	23	FY18	134	FY19	387	FY20	572	FY21	764
Fiscal Year	Value (Rs. Crs.)													
FY17	23													
FY18	134													
FY19	387													
FY20	572													
FY21	764													
Rupee Term Debt	Rs. 2,796 Crs.													
Gross Term Debt	Rs. 7,594 Crs.													
Net Term Debt	Rs. 6,538 Crs.													
Working Capital & Short Term Debt	Rs. 3,167 Crs.													

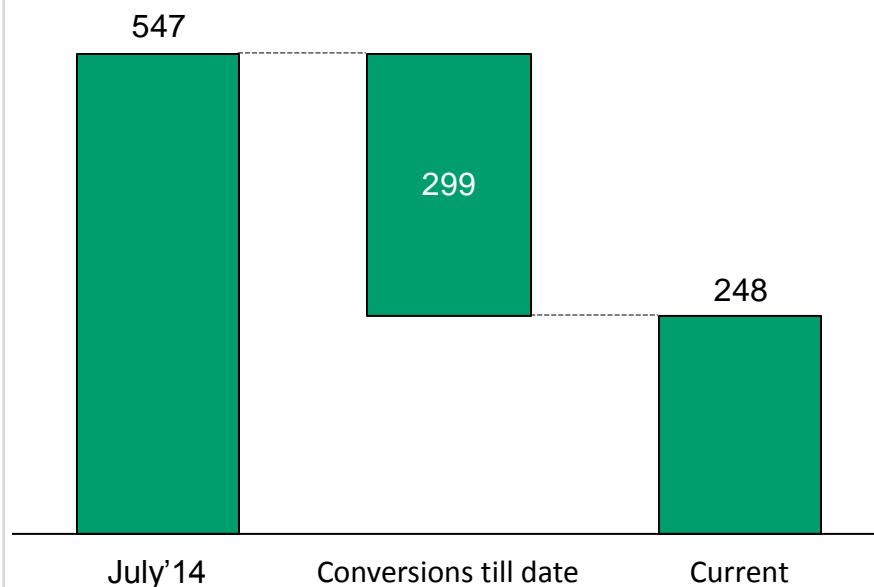
Back ended maturity profile; Sufficient headroom for operations

Note: 1 US\$ = Rs 67.93; Numbers post impact of Ind-AS

July 2019 FCCB Series Overview

(US\$ Mn)

FCCB Principal Value



Current and Diluted No. of Shares (Crs.)

Current Outstanding	502
Pending Conversion	97
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 by US\$ 248 Mn (~Rs 1,749 Crs.)

Note: 1 US\$ = Rs 67.93; Numbers post impact of Ind-AS

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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 Vejle	<ul style="list-style-type: none"> - SCADA - Blade Science Center



Hamburg



Rostock



Hengelo



Pune



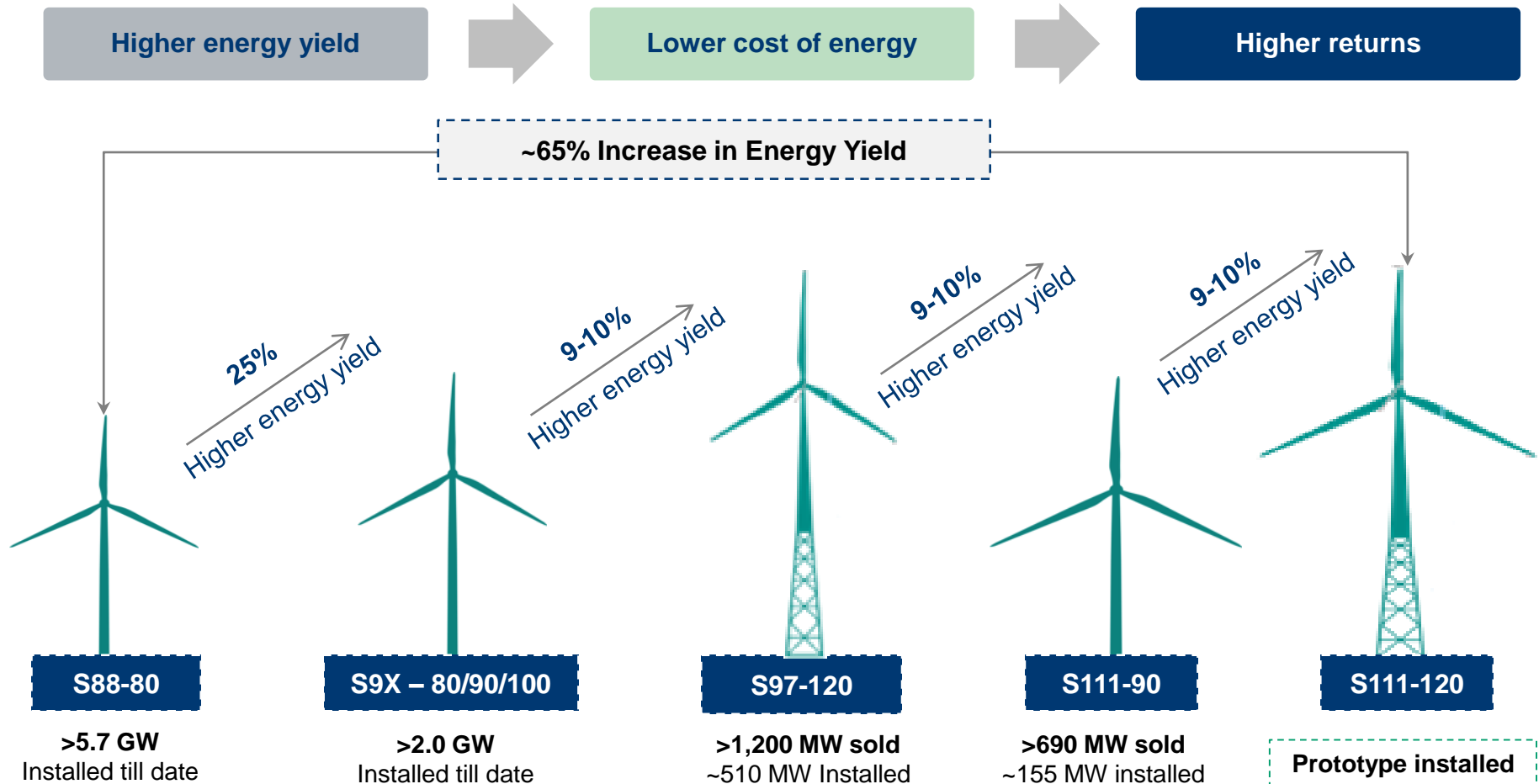
Aarhus



Vejle

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

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



Hybrid Towers – Innovation at Work

Accessing higher wind speed at higher altitude, increasing energy output



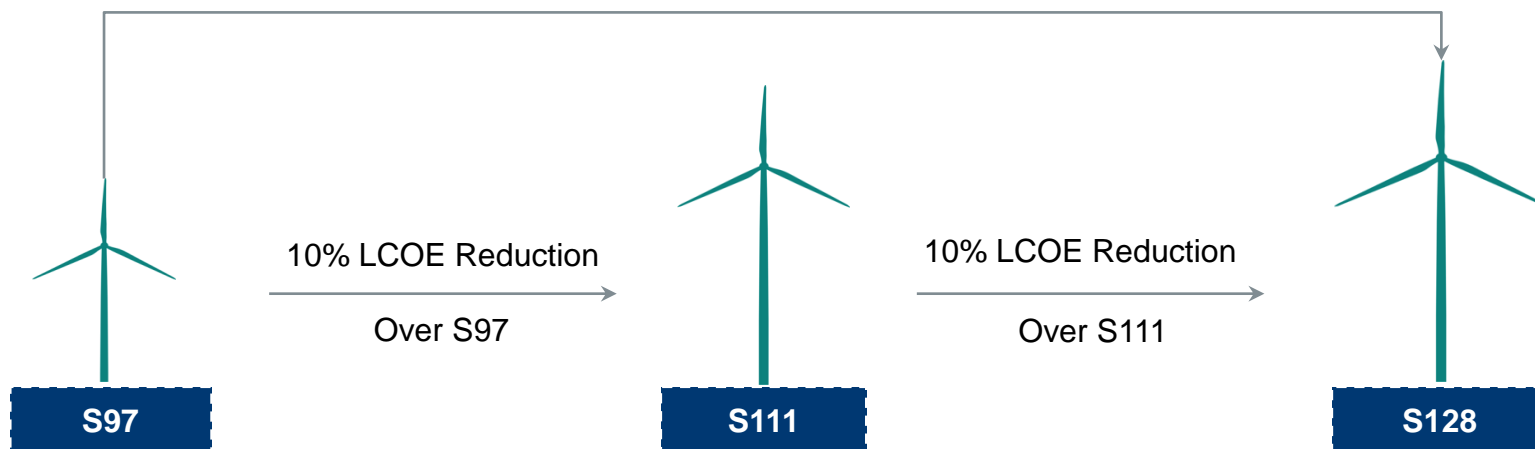
Advantage Hybrid

- 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
Prototype Installation Date	Jan'14	Mar'16
Prototype Location	Gujarat	Gujarat
Prototype 1 st Year PLF	~35%	~40% (E)

Global Coverage - Next Generation Products

~20% reduction in Wind Levelized Cost Of Electricity (LCOE)



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

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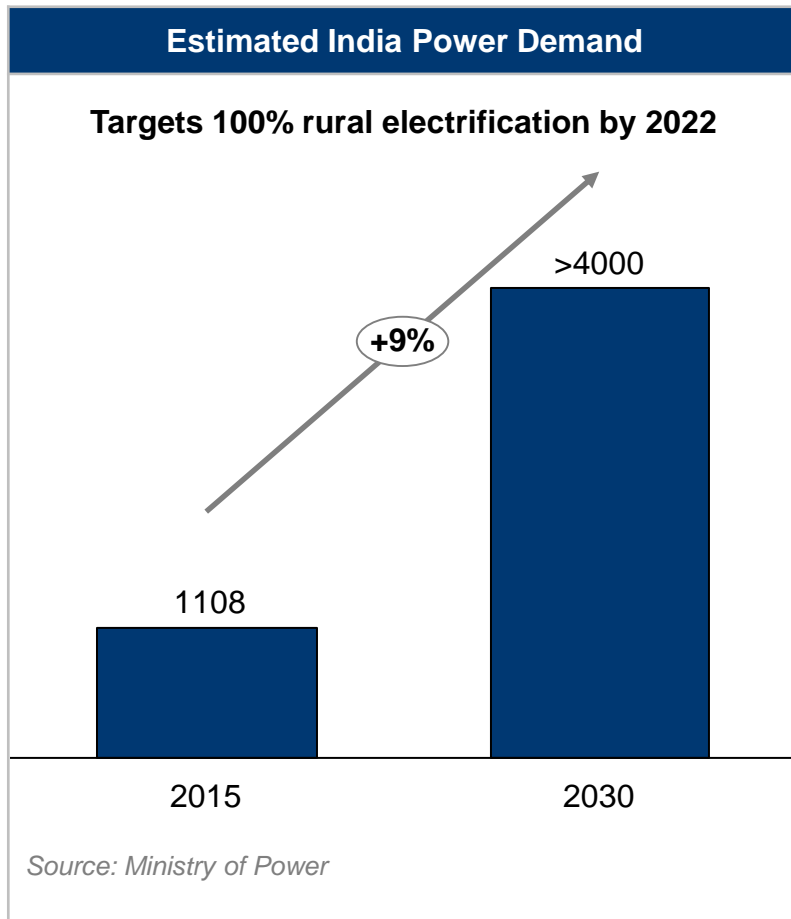
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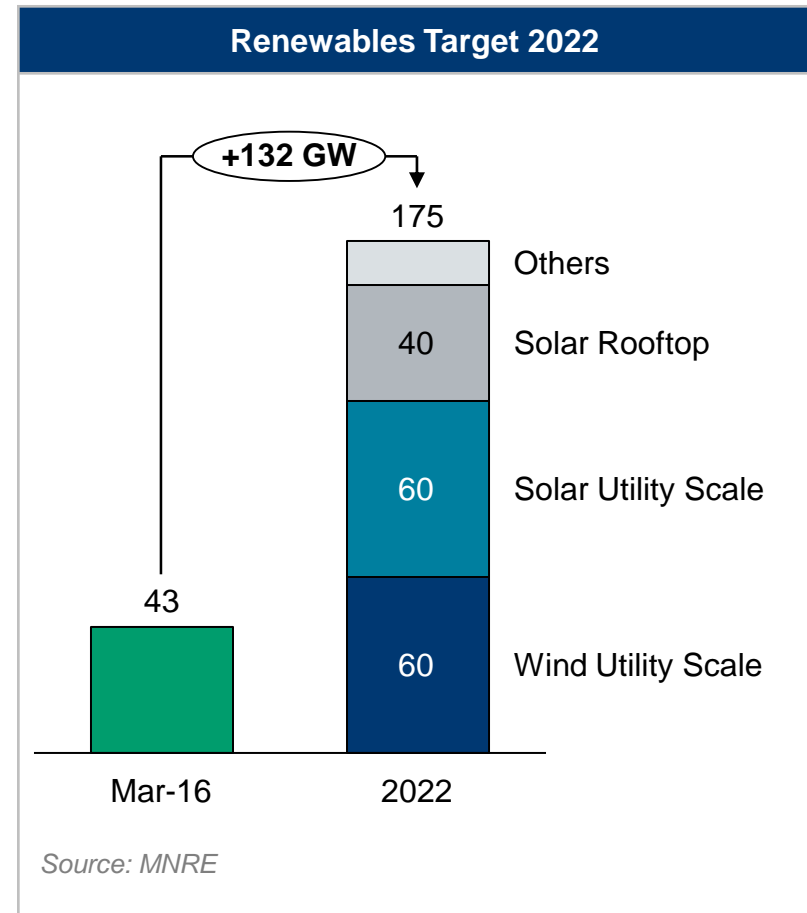
Detailed Financials

India: Strong Growth Fundamentals for Renewables

(Billion Units)



(GW)

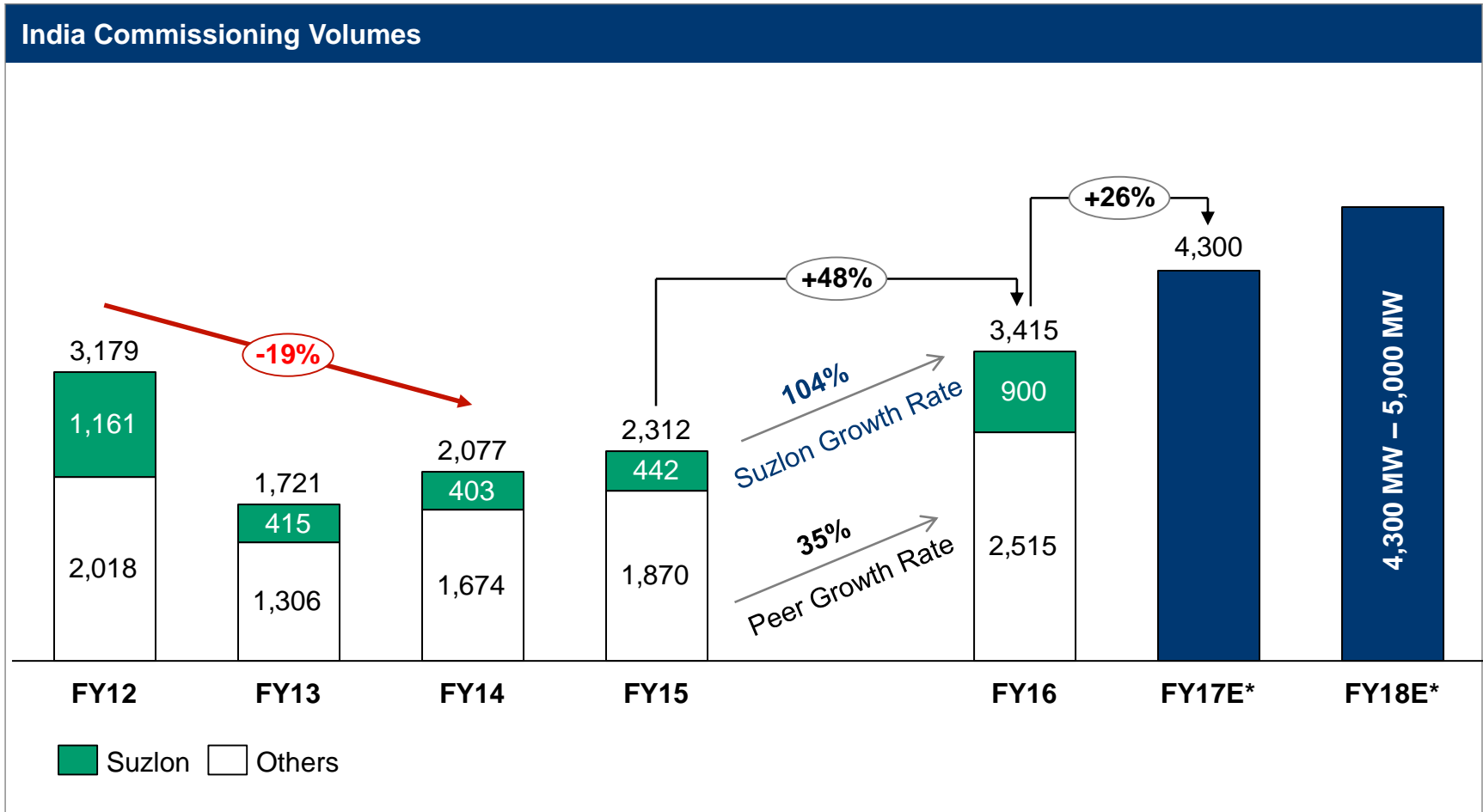


India's COP21 commitment: To reduce 33-35% carbon emissions by 2030

Renewables preferred for affordability, sustainability and security

Annual Wind Capacity Addition

(MW)

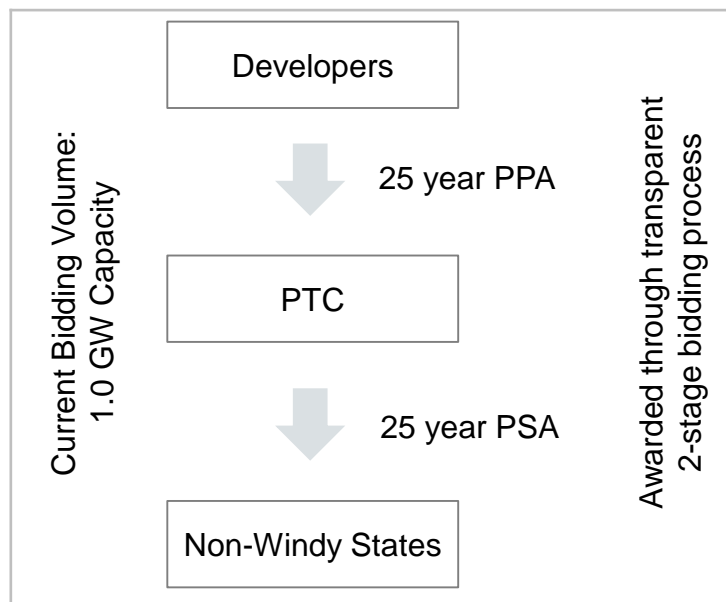


*Source: Internal Estimates

India now 4th largest market globally on cumulative basis

SECI Competitive Bidding Wind: Overview

Bidding Structure



Incremental Demand

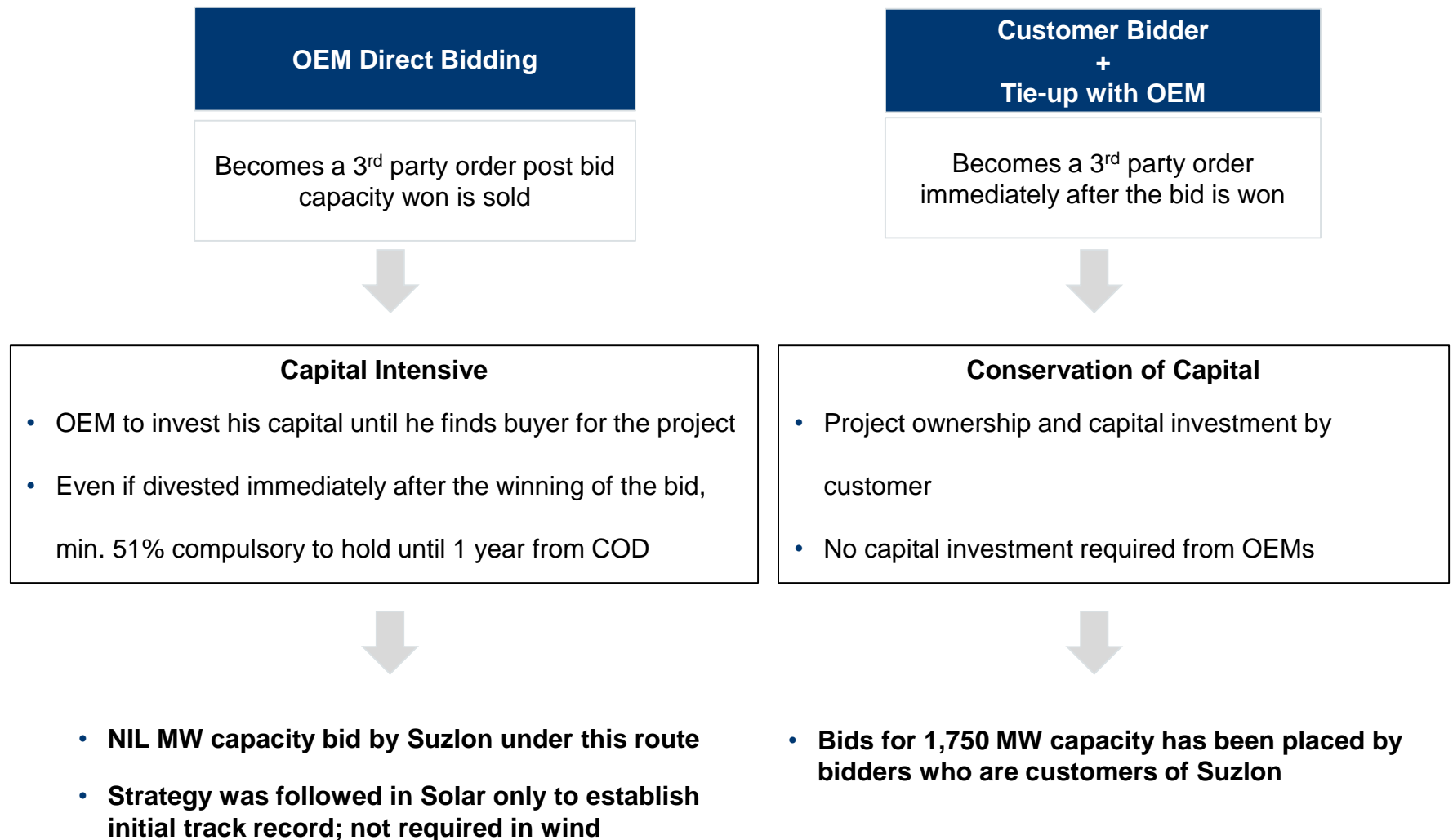
	Existing	With ISTS
4-5 GW p.a. (MNRE Target ISTS market)		
Project Location	8 Windy States	8 Windy States
Power Demand	8 Windy States	29 States / 9 UTs

Key Timelines








Developer Tariff Bidding	Completed
Reverse Auctioning and LOA with Developers	Feb'2017 (Expected)
Bidding Process and PSA with DISCOMS	To commence post LOA with developers
PPA with Developers	6 months from LOA
Project Commissioning	18 months from LOA

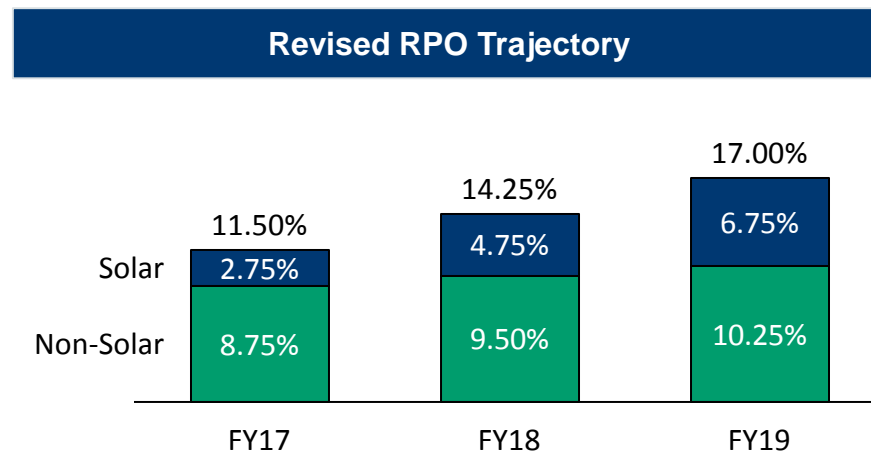
Market size = Wind states demand (FiT) + Non wind states ISTS market (Competitive Bidding)

SECI Wind Bidding: OEM Business Model



Stable Feed in Tariff (FiT) Regime and Revised RPO Trajectory

State	Control Period	Non AD Tariff (Rs./Unit)	
		FY17	FY16
AP	31 st March 2020	4.84 	4.83
GJ	31 st March 2019	4.19 	4.15
KN	31 st March 2018	4.50 	4.50
MP	31 st March 2019	4.78 	5.92
TN	31 st March 2018	4.16 	3.96
RJ	31 st March 2019	6.04-5.76 	5.74-6.02
MH	31 st March 2020	5.56-3.82 	5.71-3.92

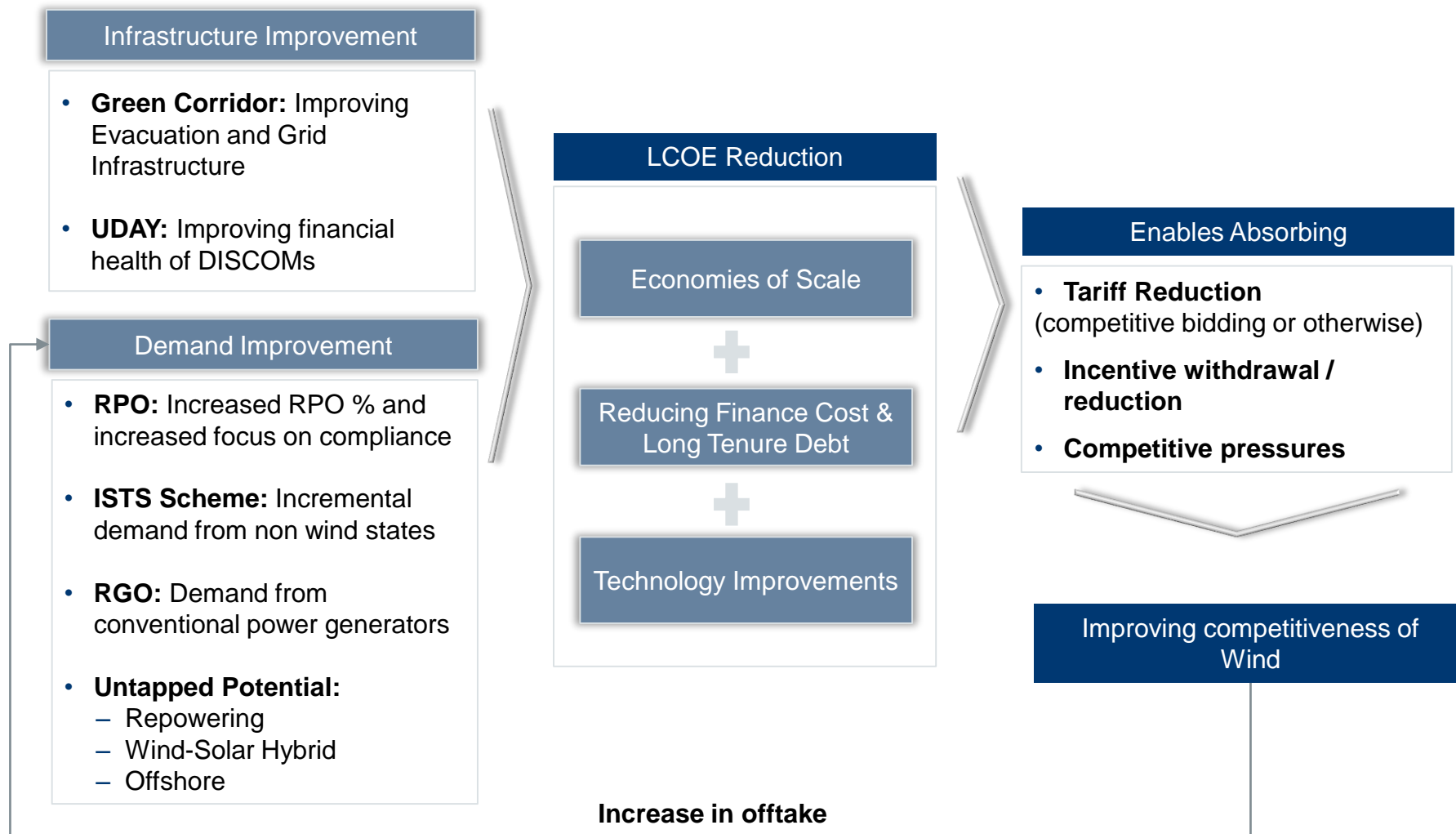


Source: Ministry of Power

- Applicable to open access and captive power generators
- Uniformly applicable to all states in India
- Draft RPO regulations for MP, RJ, KN and AP
- UDAY requires mandatory compliance with RPO norms

- **State Specific Uncertainties Averages Out on Pan India Basis**
- Every year only 2-3 states are major contributors to wind, while others go through slow down phase

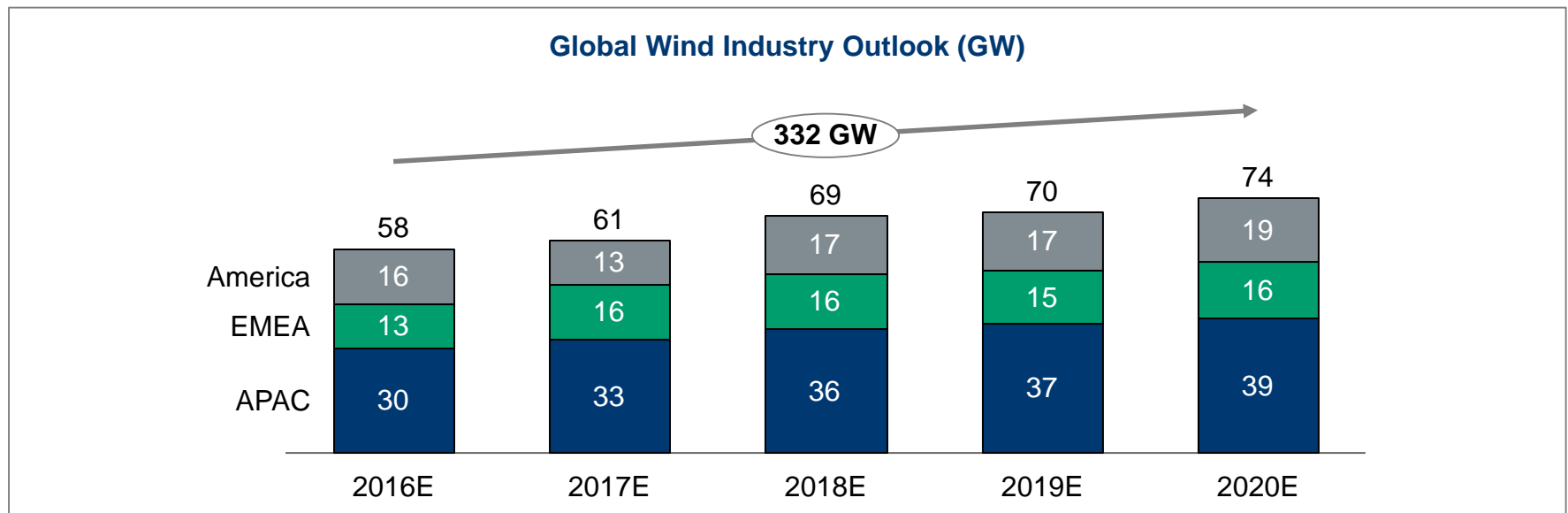
India Wind Industry Growth Triggers



Suzlon Strengths in India Wind Market



International Market Roadmap



Source: BENF Q2 2016 Wind Market Outlook

Prioritizing markets based on opportunity, sustainability and ease of access

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Consolidated Income Statement

(Rs. Crs.)

Particulars	Q3 FY17 Unaudited	Q2 FY17 Unaudited	Q3 FY16 Unaudited	9M FY17 Unaudited	9M FY16 Unaudited	FY16 Unaudited
Revenue from operations	3,307	2,746	1,883	7,703	6,216	9,461
Less: COGS	1,841	1,466	1,023	4,221	3,520	5,602
Gross Profit	1,466	1,281	860	3,482	2,696	3,859
Margin %	44.3%	46.6%	45.7%	45.2%	43.4%	40.8%
Employee benefits expense	256	259	202	774	732	965
Other expenses (net)	465	436	326	1,206	1,082	1,552
Exchange Loss / (Gain)	29	-33	75	44	342	373
EBITDA	716	619	257	1,458	539	969
EBITDA (Pre-FX Gain / Loss)	745	586	332	1,502	882	1,342
Margin %	22.5%	21.3%	17.6%	19.5%	14.2%	14.2%
Less: Depreciation	109	95	98	288	280	398
EBIT	607	524	159	1,170	259	571
EBIT (Pre-FX Gain / Loss)	636	491	235	1,215	601	943
Margin %	19.2%	17.9%	12.5%	15.8%	9.7%	10.0%
Net Finance costs	314	281	272	885	912	1,216
Profit / (Loss) before tax	293	243	(113)	285	(653)	(645)
Less: Exceptional Items	0	0	0	0	(1,347)	(1,080)
Less: Taxes and Minority	19	6	9	33	3	(5)
Net Profit / (Loss) after tax	274	238	(122)	252	691	439
Net Profit / (Loss) after tax (Pre-FX and Exceptional Items)	304	204	(46)	296	(314)	(268)

Note: Servion was fully divested by Suzlon group on 29th April 2015. Accordingly 9M FY16 and FY16 consolidated results include 1 month of Servion performance, hence not directly comparable

Reconciliation between IND GAAP and IND AS – Income Statement

(Rs. Crs.)

Net Profit	Q3 FY16	9M FY16	FY16
Reported Consolidated Profit / (Loss) as per IND GAAP	(113)	753	483
Effect of discounting long term liabilities	(6)	(17)	(24)
Acturial gain/ (loss) on defined benefit obligation recognised in other comprehensive income	(0)	(2)	1
Effect of Measuring ESOP at fair value	(3)	(14)	-17
Others	0	(30)	-3
Reported Profit / (Loss) as per IND AS	(122)	691	439

Consolidated Net Working Capital

(Rs. Crs.)

	31 st Dec'16	30 th Sep'16	30 th Jun'16	31 st Mar'16
Inventories	3,769	3,475	3,078	2,554
Trade receivables	3,518	3,109	2,060	2,616
Loans & Advances and Others	1,917	1,667	1,675	1,481
Total (A)	9,204	8,251	6,814	6,651
Sundry Creditors	3,613	2,959	2,540	2,813
Advances from Customers	1,433	1,354	1,116	1,130
Provisions and other liabilities	1,775	1,705	1,739	1,536
Total (B)	6,821	6,018	5,395	5,479
Net Working Capital (A-B)	2,383	2,232	1,419	1,172

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

