

A photograph of an offshore wind farm at sunset. The sky is a mix of blue and orange, with the sun low on the horizon. Several wind turbines are visible, with one in the foreground being larger and more prominent than the others in the distance.

Suzlon Energy Limited

Q1 FY18

11 August 2017

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Agenda

FY18 Q1 Highlights

Debt Overview

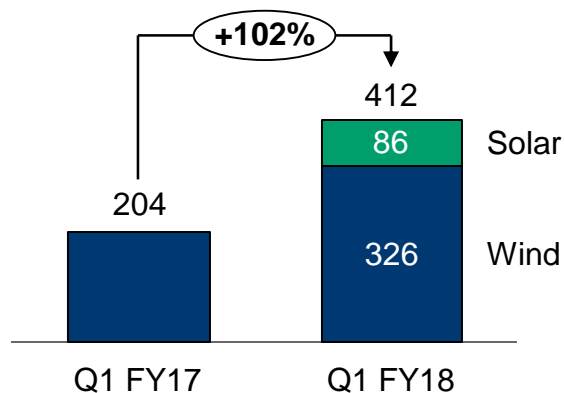
Technology Update

Industry Opportunity

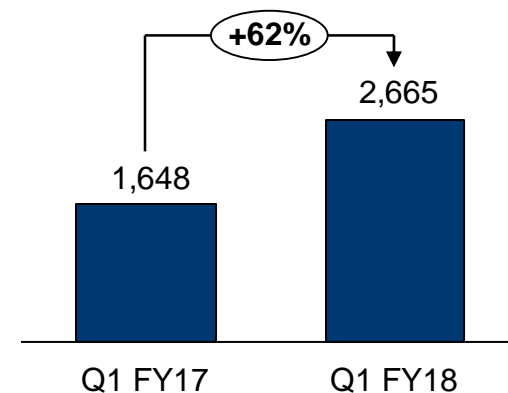
Detailed Financials

Robust Financial Performance

Delivery Volume (MW)



Revenue (₹ Crs.)



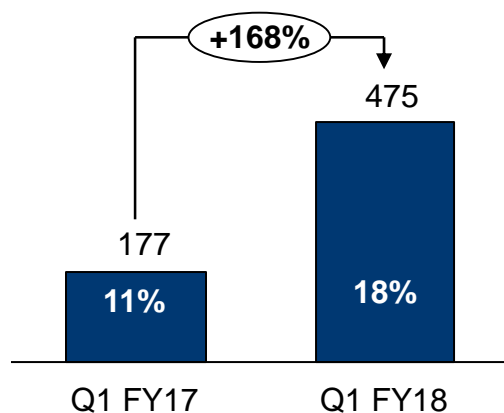
Q1 YoY Growth

+102% Volumes
(Wind + Solar)

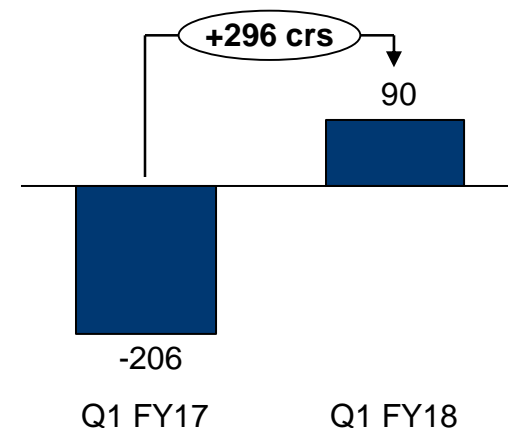
+62% Revenue

+168% EBITDA

EBITDA (₹ Crs.)

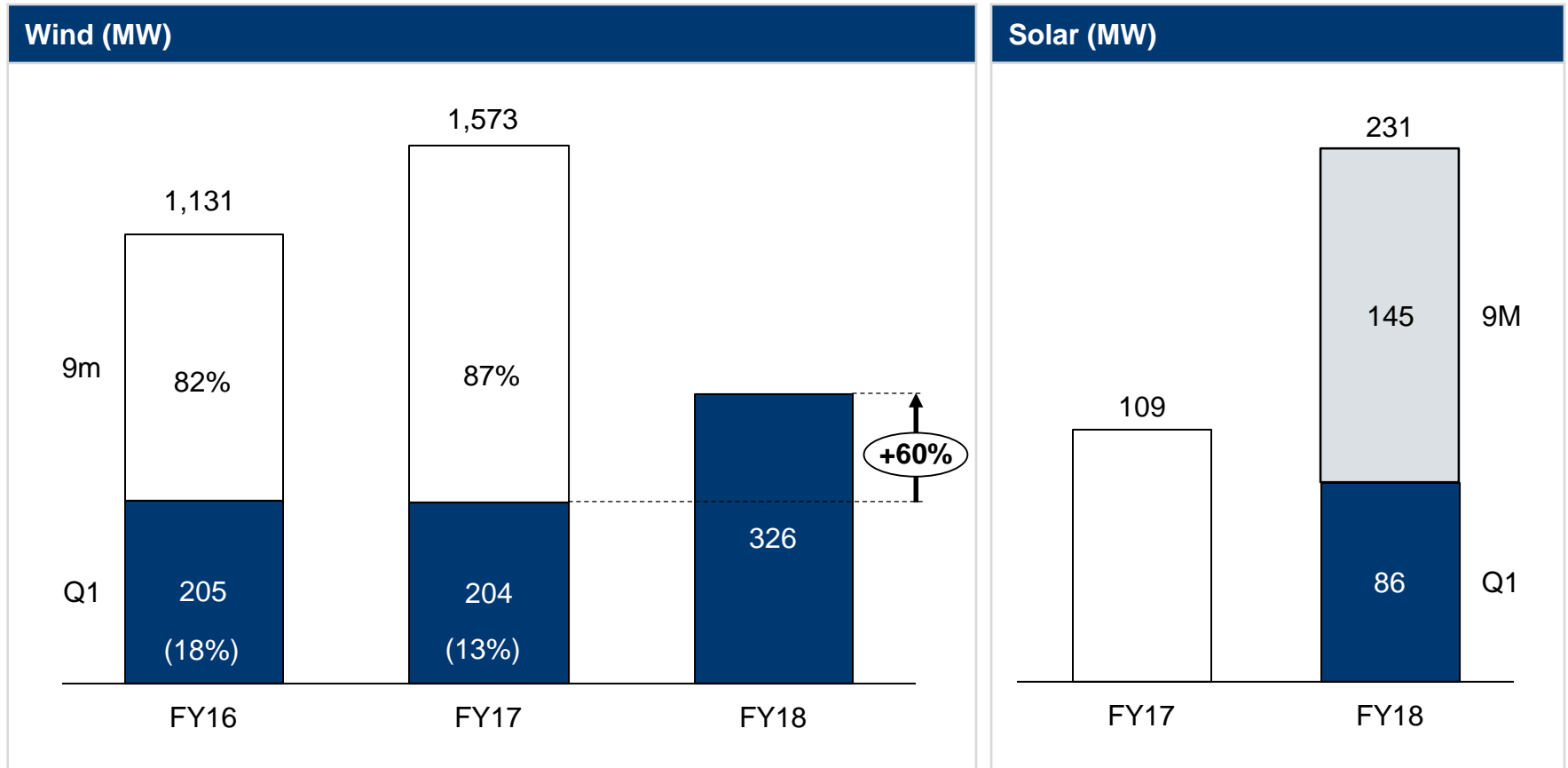


Net Profit (₹ Crs.)



Continued growth and profitability

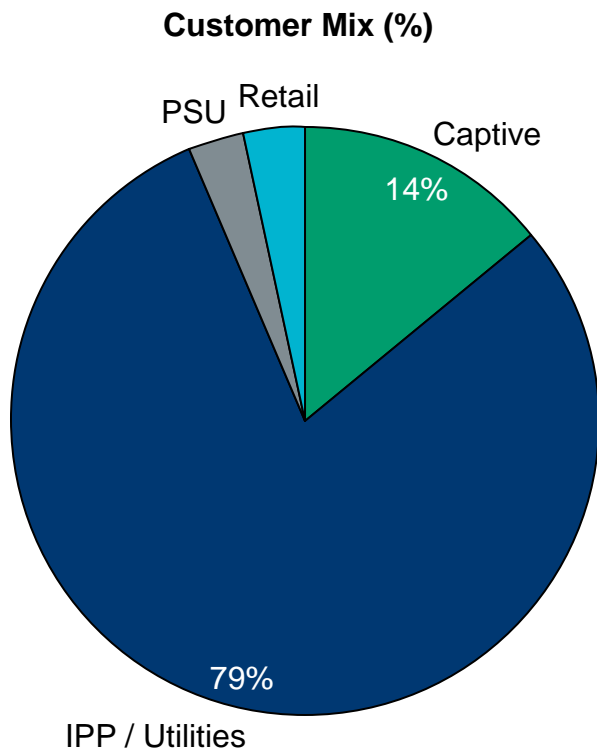
Strong Q1 Volumes



Additional up to 175 MW solar execution opportunity in FY18, subject to PPA signing

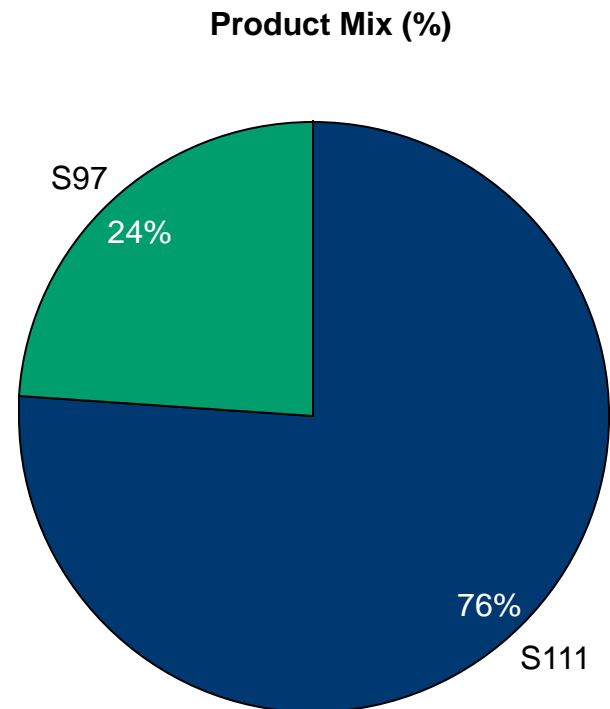
Wind Volume Mix

MW Delivered



14% from Captive (Not dependent on PPA)

(Hedge against PPA uncertainty)



Newer products are gaining traction

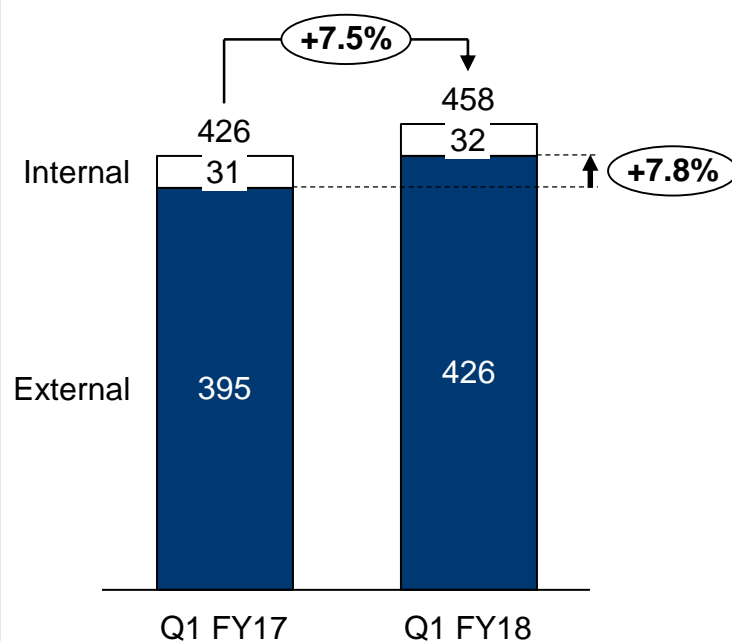
(Supports margin in declining tariff regime)

Right customer and product mix supports volume and profitability

Steady Growth of Service Business

(₹ Crs.)

Operation and Maintenance Revenues



✓ Growing into a sizeable & profitable business

- External OMS revenue is ~16% of total revenue (Q1 FY18)

✓ Annuity like business

- Non cyclical (Annuity) nature of business
- Steady cash flow generation

✓ 100% renewal track record in India

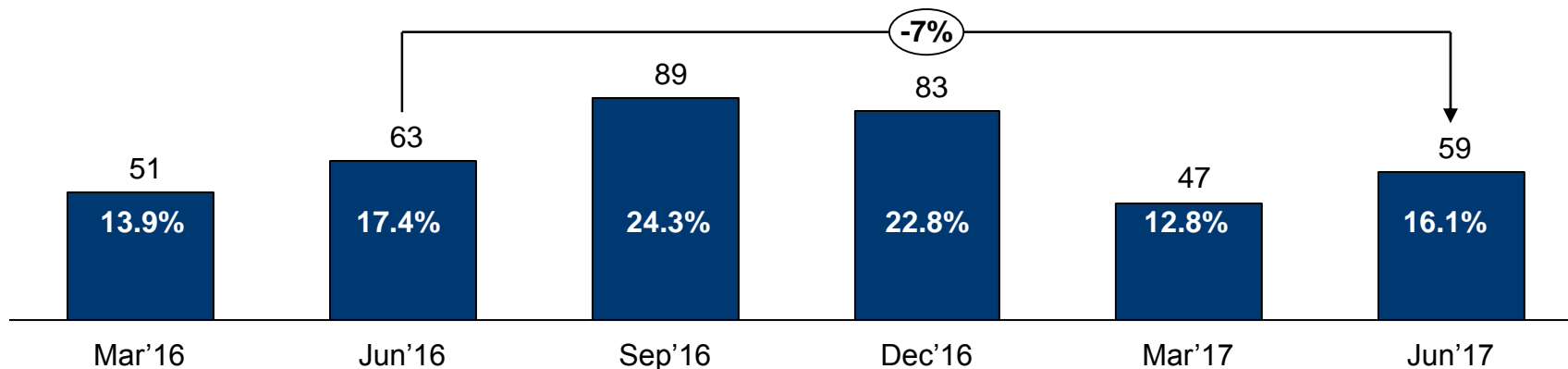
- Every turbine sold by us in India is under our Service fold
- Custodian of >11 GW of assets (US\$ 11 bn) in India
- 22 years of track record in India

Stable cash generation

Net Working Capital

Net Working Capital (NWC) Days

[(NWC / LTM Revenues) X 365]



Amount (₹ Crs.)	
NWC as on 31st Mar'17	1,619
Inventory Built-up	+483
Net Decrease in Debtors	-141
Increase in Customer Advances	-151
Reduction in creditors	+218
Others	+184
NWC as on 30th Jun'17	2,212

Q1 Customer Collections
Rs. ~3,000 crs

Note: NWC % calculated on last 12 months (LTM) Revenue

7% YoY improvement in NWC intensity

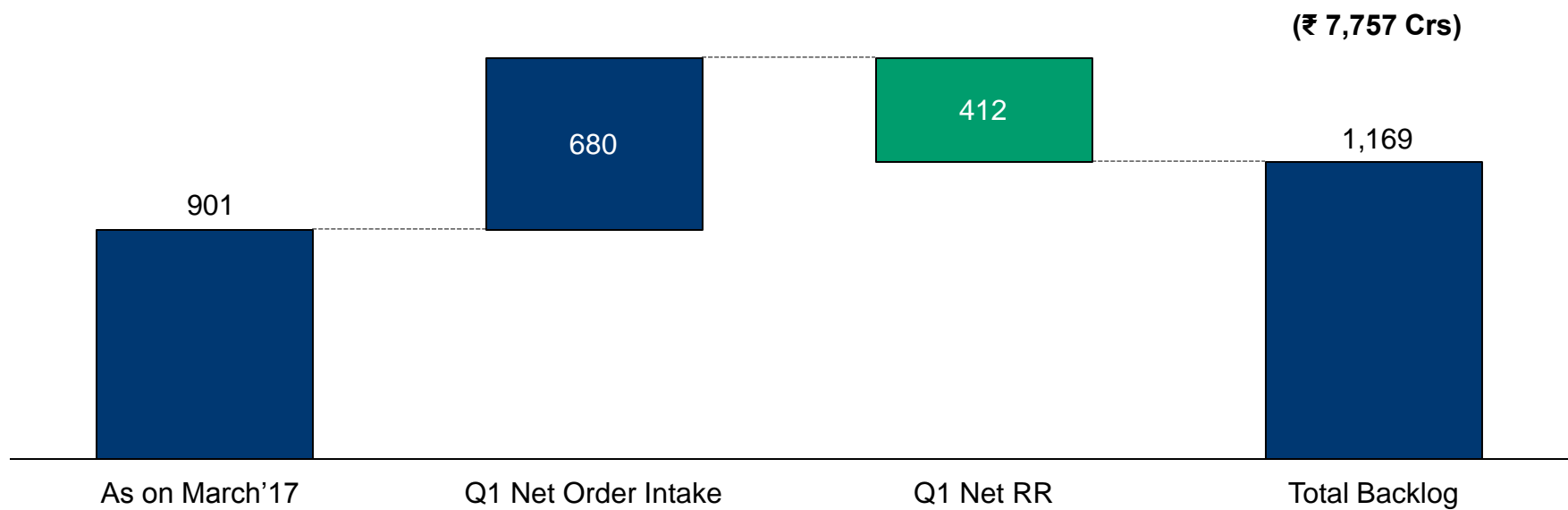
Result Snapshot (Consolidated)

(₹ Crs.)

Particulars	Q1 FY18 Unaudited	Q1 FY17 Unaudited	FY17 Audited
Revenue	2,665	1,648	12,693
Gross Profit	1,102	727	5,150
Gross Margin	41.3%	44.1%	40.6%
Employee Expenses	201	257	1,046
Other Expenses (net)	426	293	1,901
EBITDA (Pre FX)	475	177	2,203
EBITDA Margin (Pre FX)	17.8%	10.7%	17.4%
Depreciation	82	81	389
Net Finance Cost	286	292	1,199
Taxes, Non Controlling Interest & Others	17	10	69
Net Profit (Pre Fx and Ex. Items)	90	-206	546
Exchange Loss / (Gain)	42	57	(297)
Exceptional Items	0	0	0
Reported Net Profit	48	-263	843

Order Book (Wind + Solar)

(Fig. in MW)



Almost half is
PPA backed + Captive

Strategy for FY18: Year of Transition for India Wind Market

Volume Uncertainty

Suzlon USP

- Existing PPA backed orders
- Execution of solar backlog
- Capitalizing the strength of captive customer base
- Stable revenue base from 14+GW fleet under service
- Third party component sale in SE Forge

Suzlon Strategy

- Target high market share of bid volumes through
 - Strategic customer tie ups
 - Best in class technology and project pipeline
- Targeting >50% market share of Captive Market
- Selectively exploring international markets

Declining Tariff, Increased Competition

Suzlon USP

- Best in class technology and service
- Turnkey and end-to-end solution provider
- Strong project pipeline across windy states
- Strong & diverse pan India customer base
- Vertically integrated manufacturing
- 22+ years of leadership track record

Suzlon Strategy

- 10% LCOE reduction through technology
- Accelerate project pipeline investment
- COGS optimization through value engineering
- Focus on fixed cost optimization
- Interest cost reduction by refinancing high cost debt

Opportunities from short term adversities

- FY19 volumes expected to be 6 GW
- Increase in Suzlon market share

Agenda

FY18 Q1 Highlights

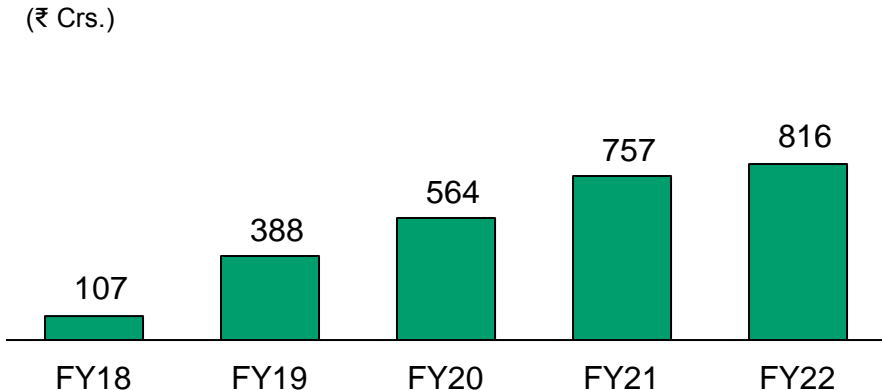
Debt Overview

Technology Update

Industry Opportunity

Detailed Financials

Term Debt Profile

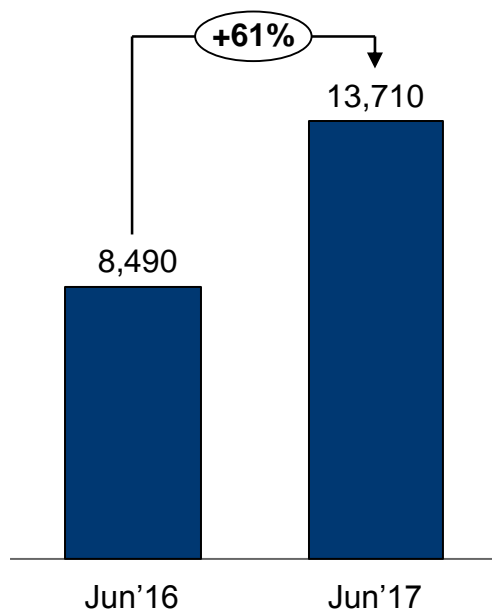
(Excl. FCCB)	30 th June'17	5 year Maturity Profile												
SBLC Backed AERH Debt	₹ 4,022 Crs.* (US\$ 626 M)	<ul style="list-style-type: none">Current bullet maturity of March 2018SBLC facility lenders consented to SBLC extension till 2023RBI approval received												
Other FX Term Debt	₹ 464 Crs. (US\$ 72 M)	<div>(₹ Crs.)</div>  <table><caption>5 year Maturity Profile (₹ Crs.)</caption><thead><tr><th>Fiscal Year</th><th>Amount (₹ Crs.)</th></tr></thead><tbody><tr><td>FY18</td><td>107</td></tr><tr><td>FY19</td><td>388</td></tr><tr><td>FY20</td><td>564</td></tr><tr><td>FY21</td><td>757</td></tr><tr><td>FY22</td><td>816</td></tr></tbody></table>	Fiscal Year	Amount (₹ Crs.)	FY18	107	FY19	388	FY20	564	FY21	757	FY22	816
Fiscal Year	Amount (₹ Crs.)													
FY18	107													
FY19	388													
FY20	564													
FY21	757													
FY22	816													
Rupee Term Debt	₹ 2,859 Crs.													
Gross Term Debt	₹ 7,345 Crs.													
Net Term Debt	₹ 6,270 Crs.													

Back ended maturity profile; Sufficient headroom for operations

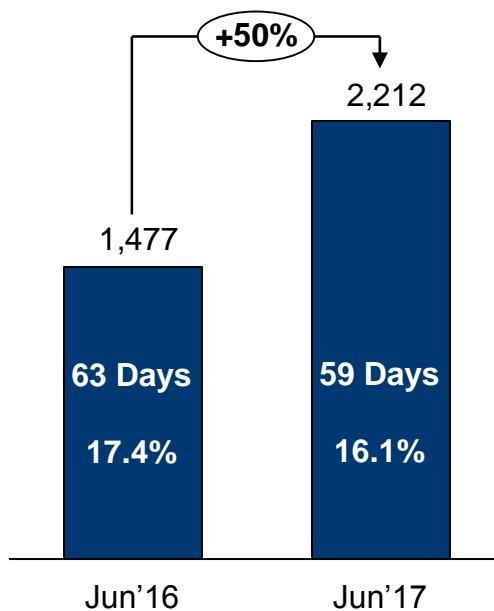
Note: 1 US\$ = ₹ 64.58; *Numbers post impact of Ind-AS

Working Capital

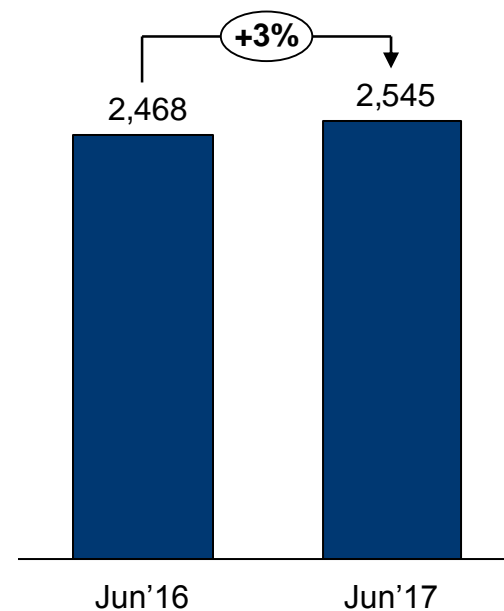
LTM Revenues (₹ Crs)



Net Working Capital (₹ Crs.)



Working Capital Debt (₹ Crs.)

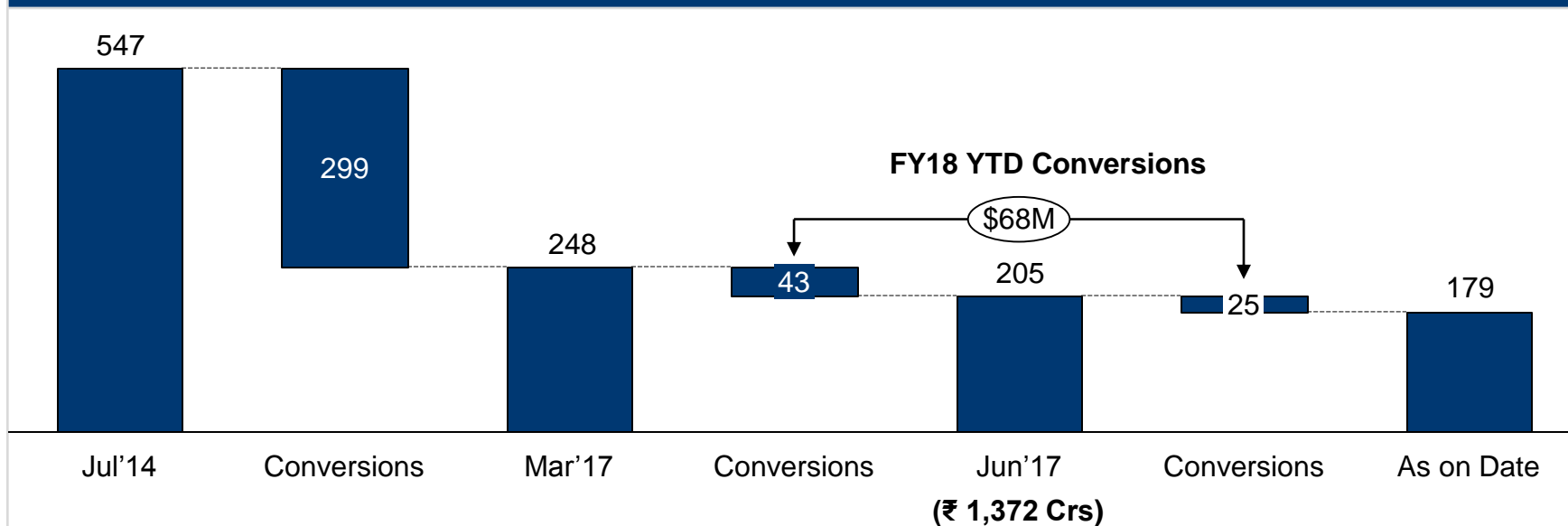


Note: NWC % and no. of days calculated on trailing 12 months Revenue

July 2019 FCCB Series Overview

(US\$ Mn)

FCCB Principal Value



No. of Shares (Crs.)	
Current Outstanding	529
Pending Conversion	70
Post Full Conversion	599

Conversion Details	
Price (Per Share)	₹ 15.46
Exchange Rate	₹ 60.225

>25% of FCCBs outstanding (as on 31st Mar'17) already converted till date

67% FCCBs already converted till date

Note: 1 US\$ = ₹ 64.58

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FY18 Q1 Highlights

Debt Overview

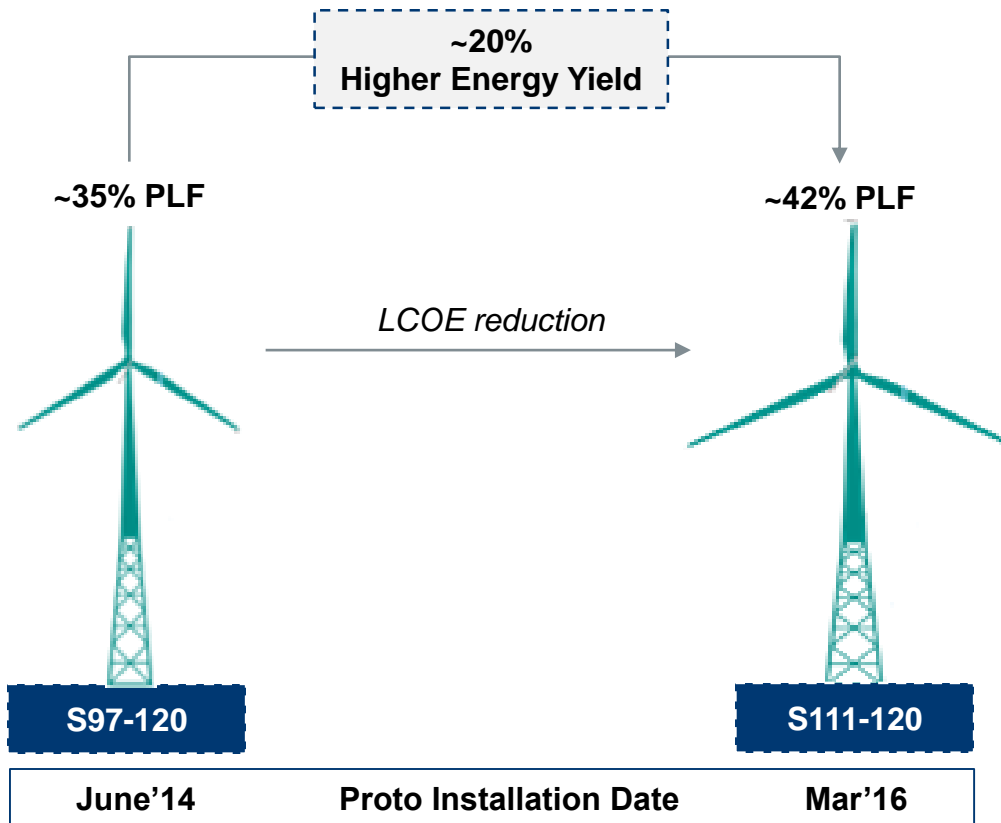
Technology Update

Industry Opportunity

Detailed Financials

Commercialized S111-120: “Industry Game Changer”

First 12 Months PLF Measured on Same Site Location



Proven Technology

S111-120
(>1 year generation track record)
(~475 MW already Sold)

=

S97-120
(>1 GW already Installed)

+

S111-90
(>630 MW already Installed)

Generated 42% PLF at Class III wind site

Making lower wind tariffs feasible

S111-140: Most Competitive Across Suzlon 2.1 MW Series



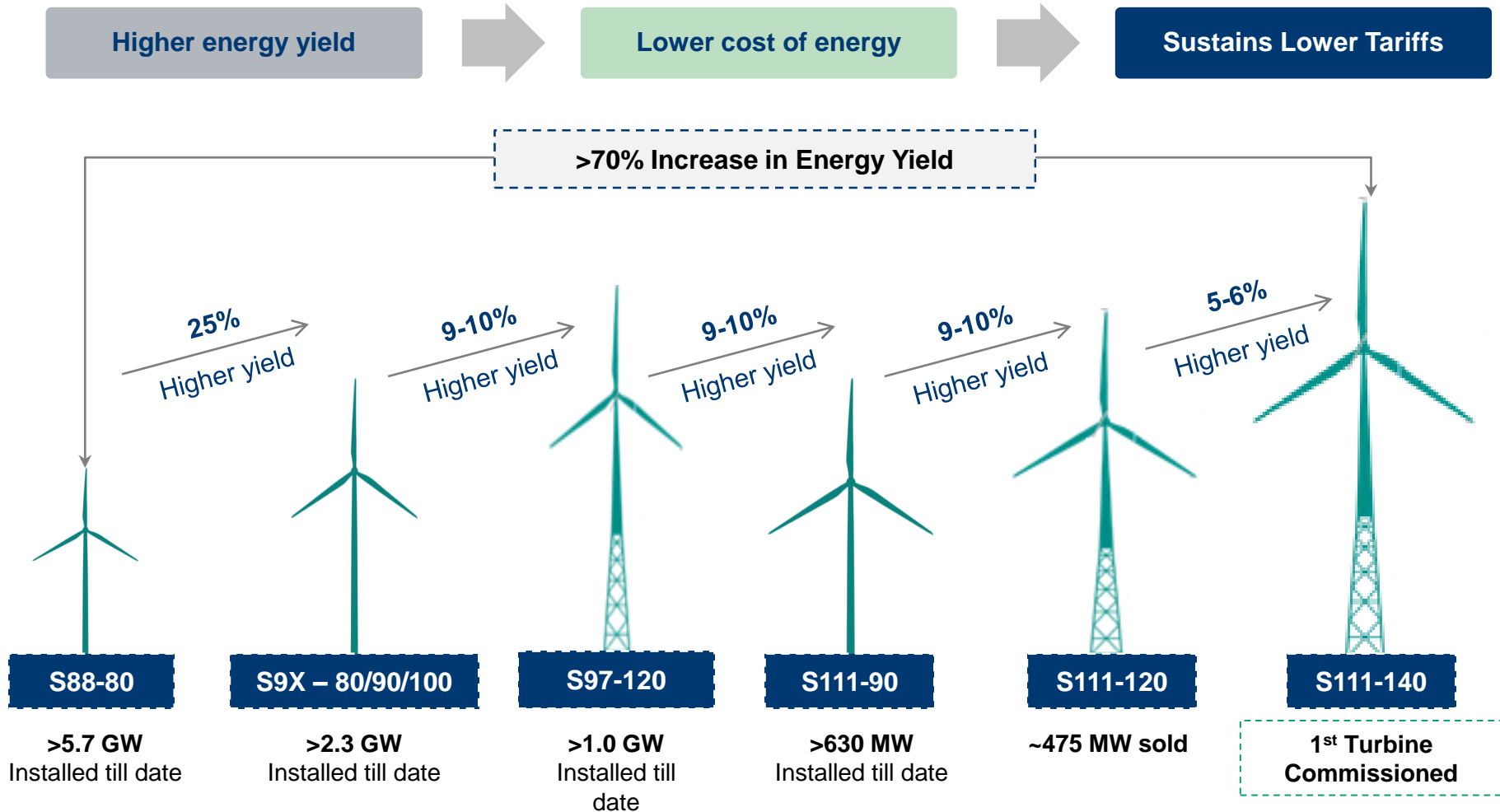
- **17% higher hub height enables:**
 - Accessing better wind profile;
 - Increasing the attractiveness / viability of the low wind sites
 - Unlocking unviable sites
- **Award winning tubular-lattice tower:**
 - Enables to achieve higher hub height at optimized cost
 - Reduced steel requirement; reduced overall weight
 - Lower foundation cost
 - Simplified logistics
 - 24 sq. m. base enhances stability and strength of the structure
- **Product Development Update**
 - Received Type Certification from TUV NORD
 - First turbine commissioned at the Gujarat

Surpassing its own benchmark of installing the highest 120 M tower

Tower height greater than 40 storey building

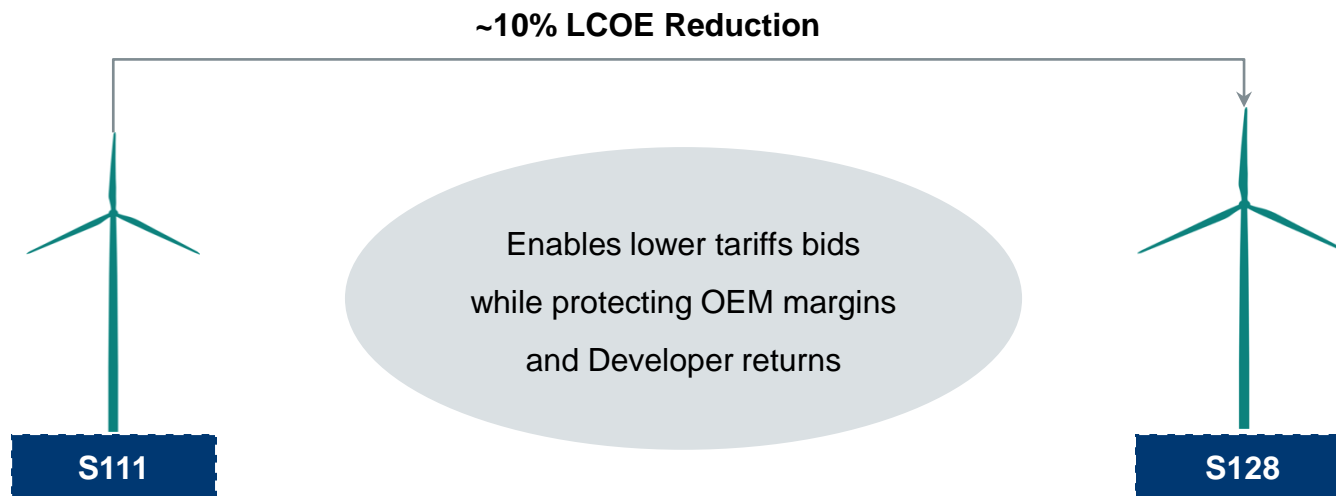
Lowers LCOE further; Strong competitive edge

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



Over 4,500 turbines of 2.1 MW platform across 17 countries

Next Generation Products



Product	S128 – 2.6 MW	S128 – 3.X MW
Rotor Diameter	128 meters	128 meters
Tower Height	120 m - 140 m	86 m - 140 m
Wind Class	IEC III (Low Wind)	IEC II
Focus Markets	Domestic	International
Time to Market	2018	2019

Global 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 - 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

Agenda

FY18 Q1 Highlights

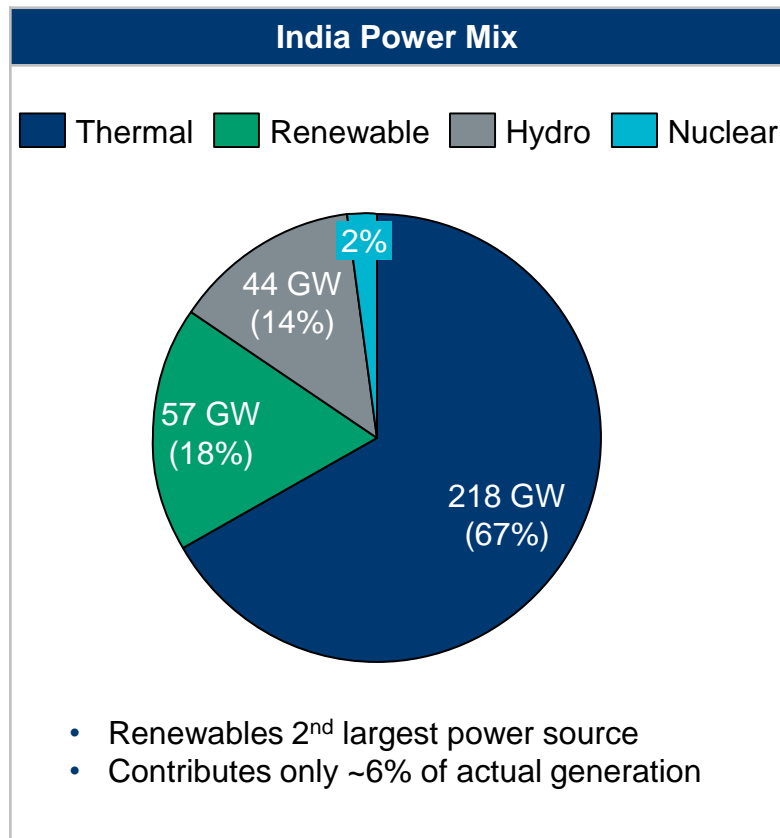
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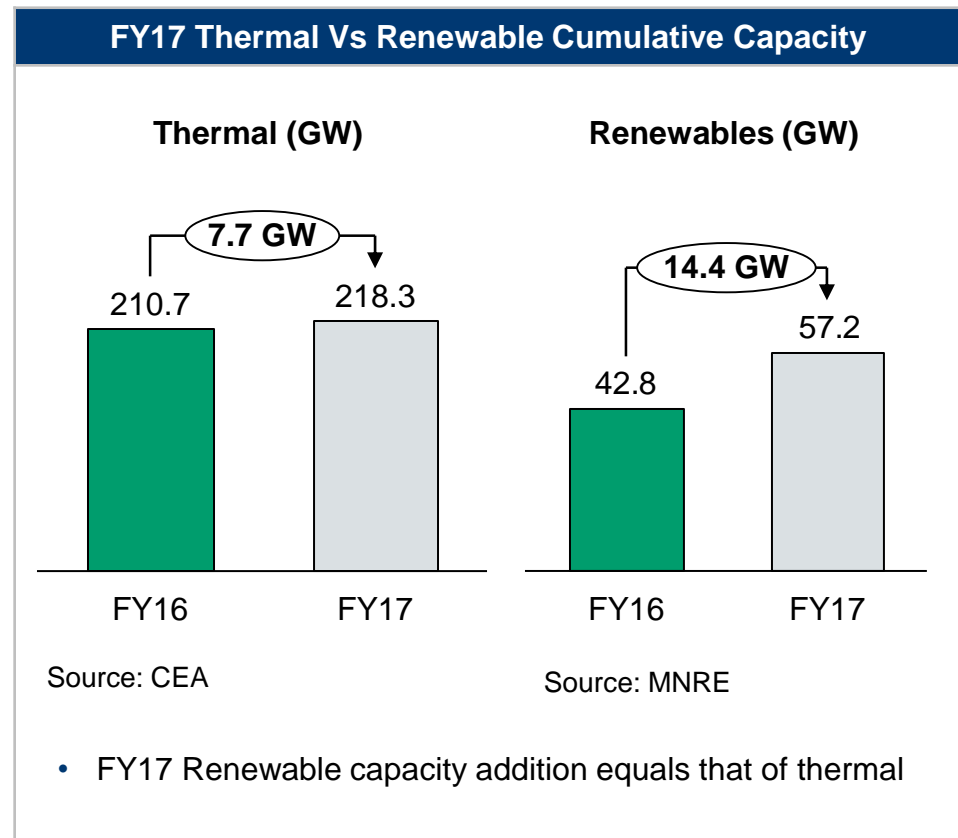
Industry Opportunity

Detailed Financials

India Renewables Exceeds Thermal Capacity Addition in FY17



Source: CEA



India's COP 21 commitment: To reduce 33-35% carbon emissions by 2030

No new thermal capacity addition is being planned at least until 2022

Poised To Become A 10 GW Market

Demand for Wind Power

Demand from Non Wind States

2.2 GW of SECI auctions already announced

- Procurement through central auctions
- Driven by large backlog of RPO

**5 - 6 GW
p.a.**

Demand from Wind States

1 GW state auctions already announced

- FY18 procurement through FiT / auction route (Transition Year)
- All states to move to auctions by FY19

**3 - 4 GW
p.a.**

Captive Markets

- Widening gap of industrial power tariffs and wind LCOE
- Freezing power costs for entire life cycle

**1 GW
p.a.**

Investors for Wind Power projects

Utilities: Domestic + Foreign

- Emerging customer group
- Mainstream investment from domestic utilities
- Global utilities now entering the market

IPP

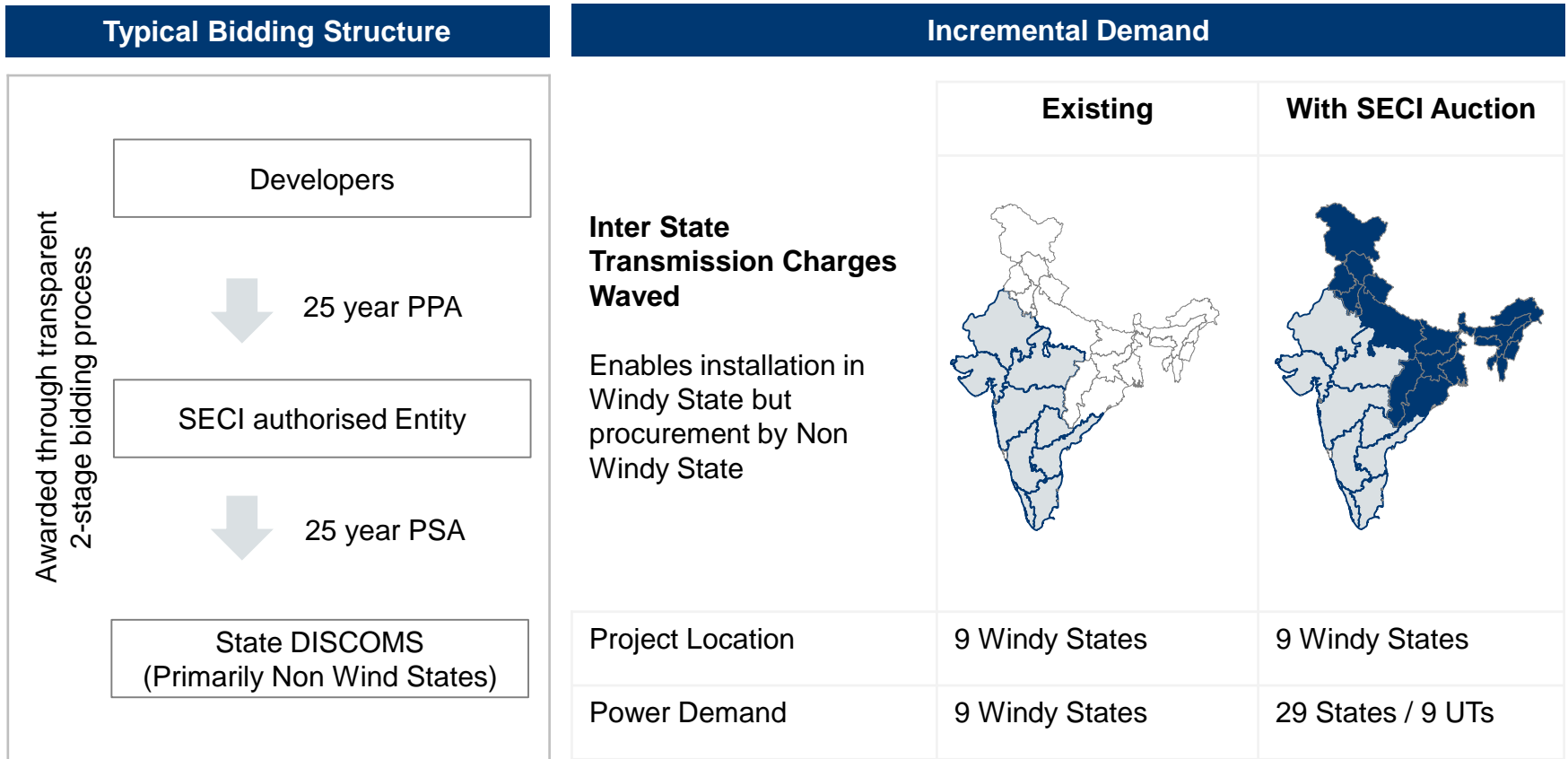
- ~6-7 years of presence now in India
- Grown into large sized IPPs
- Continues to actively invest in renewables

PSU: CPSE + SPSE

- 10% Greenshoe option for CPSE in central bidding
- SPSE to buy under state auctions / FiT scheme

Strong Outlook for FY19 (6 GW) and beyond

SECI Wind Bidding: Central Level Auctioning



MNRE target 5-6 GW p.a. of central level reverse auction for non-wind states

LOWER POWER COSTS + PAN INDIA OFFTAKE = INCREASE IN MARKET SIZE

Sustainable Reduction In Wind Tariff

OEM

Strong Technology (Lower LCOE)
+
Vertical Integration
+
Operating Leverage due to Volume
+
Tighter Control on Cost



Reduced Equipment Pricing

But with margin protection

Developer / Bidder

Low Cost of Capital
+
Long Tenure Debt
+
Change in Investor Profile
+
Lower IRR Expectations



Reasonable Project Returns

But above the required threshold

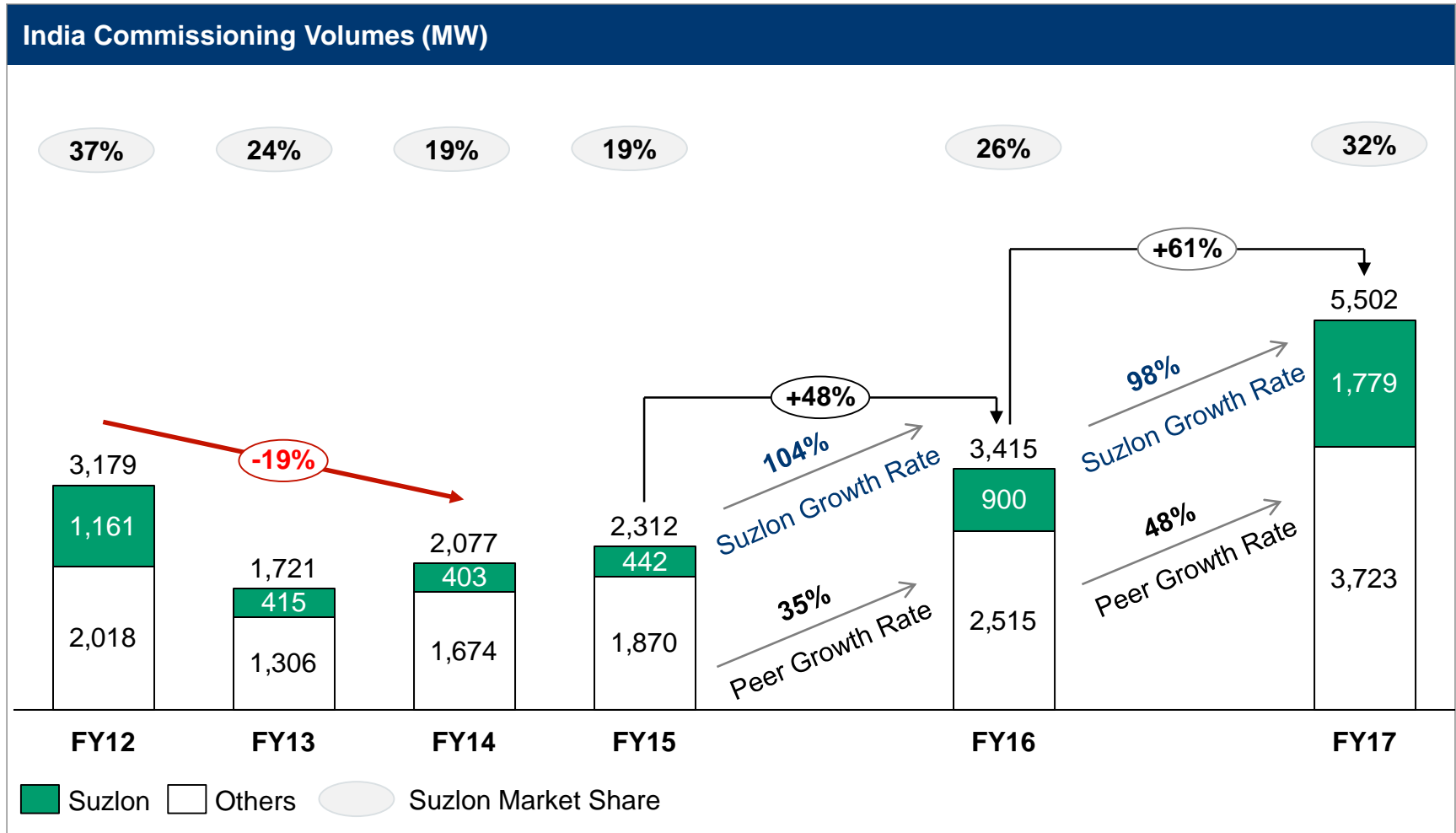
Increasing Wind Competitiveness Vs Solar

Increasing Turbine Efficiency
+
Level Playing Field
(GST Impact + Potential Anti-dumping Duty)

Suzlon Strengths in India Wind Market



Increasing Market Share in Growing India Market



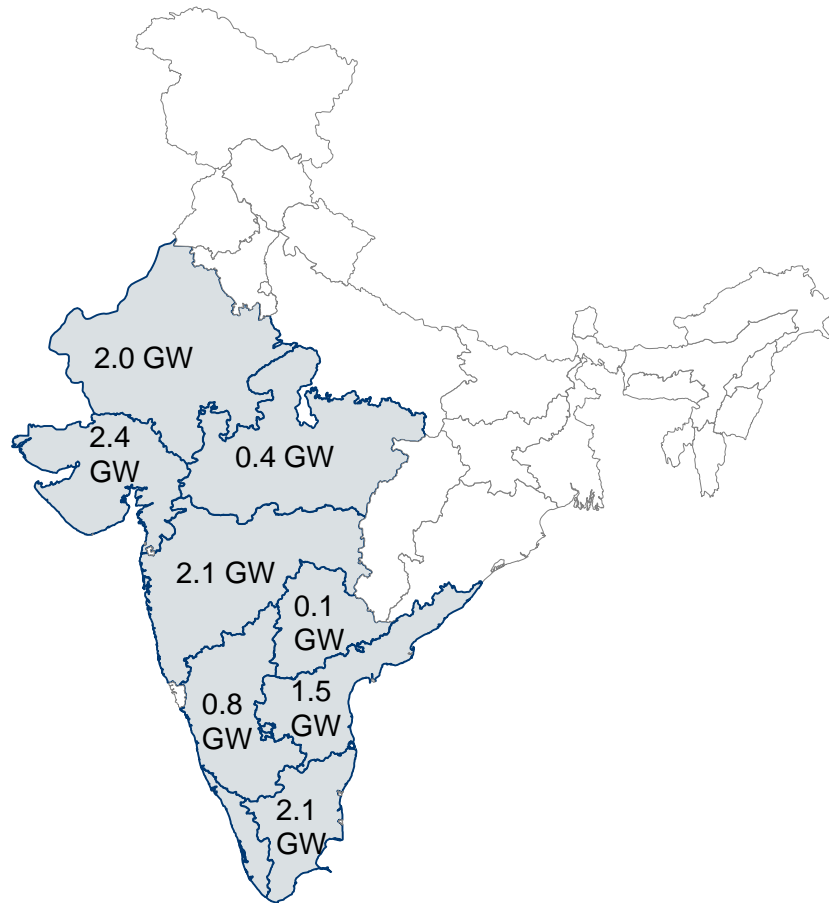
Source: MNRE

Growing faster than market and peer group

Surpassed 11 GW Wind Energy Installations In India

Ranked **No. 1** in Renewables Sector
Ranked **No. 2** in Power Sector

Largest fleet under Operation and Maintenance fold in India



(31 st Mar'17)	# of Turbines	MW
<= 1 MW	1,678	777
>1 MW < 2 MW	4,268	5,774
=>2 MW	2,258	4,742
Total	8,204	11,293

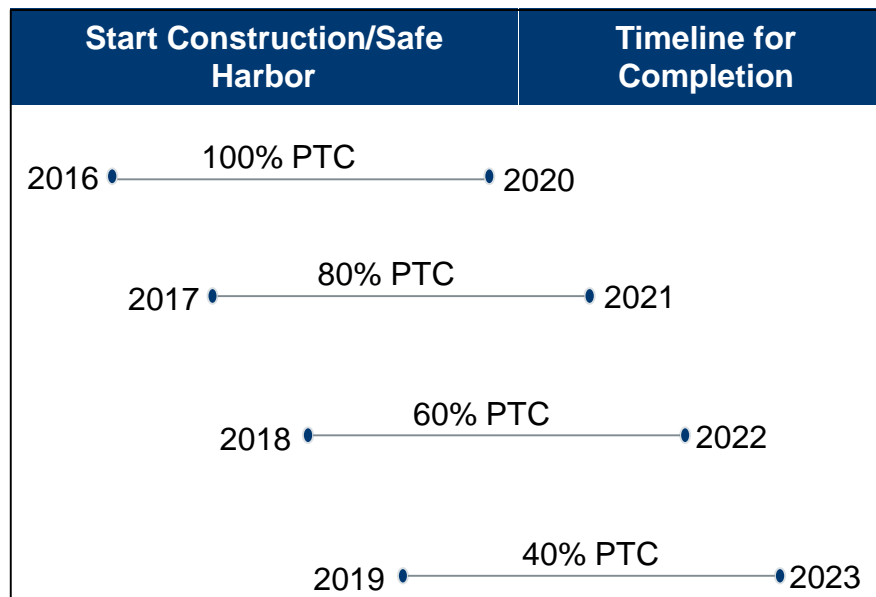
- **35% - All India installed wind capacity**
- **~20% - All India installed renewable capacity**
- **~1,800 customer relationships**
- **22 years of operating track record**
- **25 TWh estimated of annual clean energy;**
 =2,030 mn trees planting p.a.
 =~18.5 mn tonnes coal avoidance p.a.
 =~24.4 mn tonnes CO2 emission savings p.a.

Custodian of 2nd highest installed power capacity (from all sources) in India

USA PTC Volume: ~500 MW Pipeline Created for 100% PTC Projects

Production Tax Credit (PTC) Extension: Huge Volume Opportunity

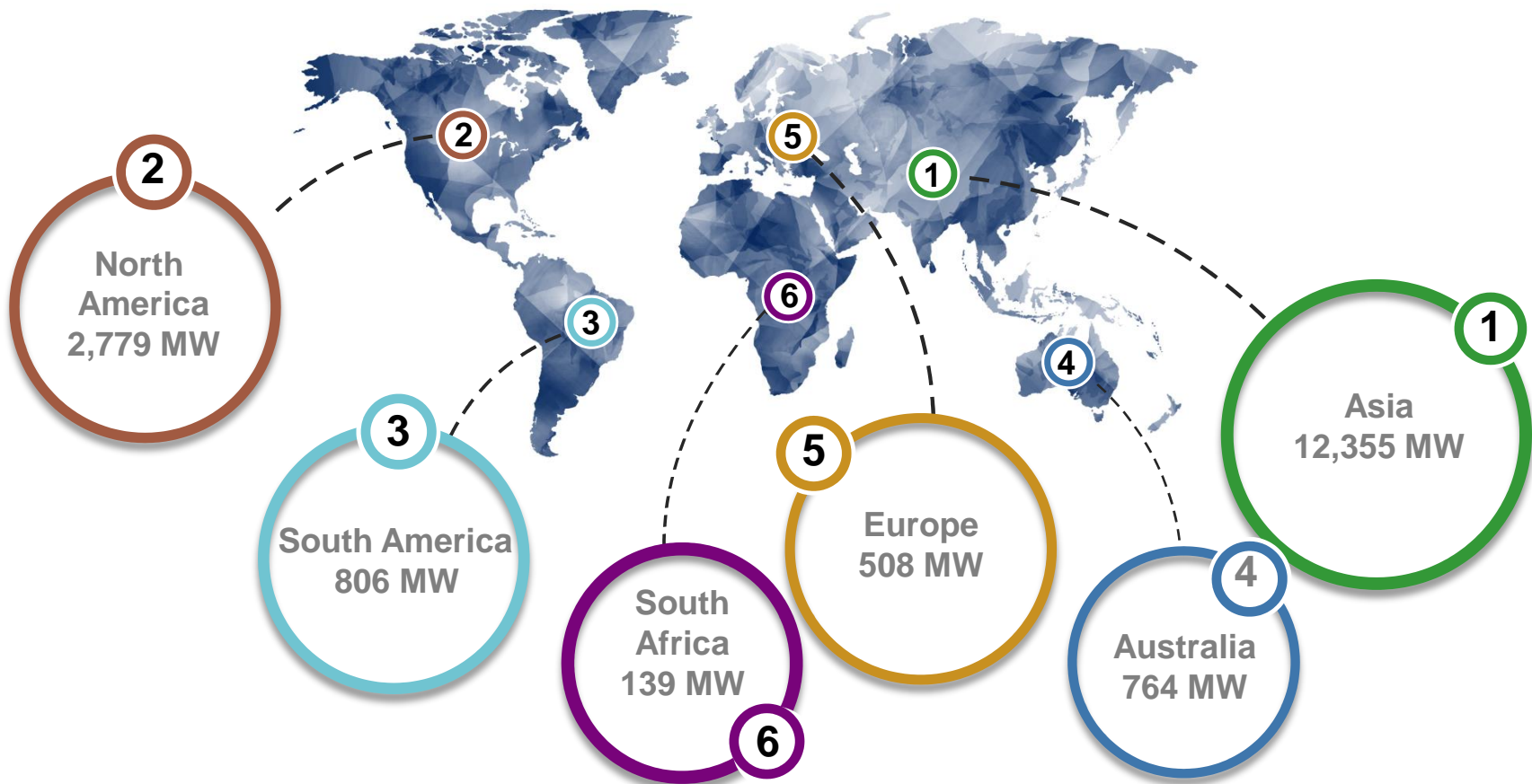
- PTC in USA extended until 2019 with benefits stepping down every year before phase out
- In order to qualify, projects only need to start construction and make a minimum 5% investment (“Safe Harbour Investments”)
- Thus projects which meet safe harbour investments in 2016, will be eligible for 100% PTC benefit, while projects which meet safe harbour investments in 2017 will be eligible for 80% PTC benefit
- Timeline for completion of the projects is 4 years from the start of construction



Suzlon Strategy
<ul style="list-style-type: none">Established SPVs to implement Safe Harbor Projects and develop project pipeline~500 MW Pipeline created of projects eligible for 100% PTCTo translate into firm orders for execution over the next couple of years

Suzlon's Global Presence

As on 30th June 2017



Suzlon's strong relationships across regions positions it well

SUZLON
POWERING A GREENER TOMORROW

Map not to scale. All data, information, and map is provided "as is" without warranty or any representation of accuracy, timeliness or completeness.

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Consolidated Income Statement

(₹ Crs.)

Particulars	Q1 FY18 Unaudited	Q1 FY17 Unaudited	FY17 Audited
Revenue from operations	2,665	1,648	12,693
Less: COGS	1,563	921	7,543
Gross Profit	1,102	727	5,150
Margin %	41.3%	44.1%	40.6%
Employee benefits expense	201	257	1,046
Other expenses (net)	426	293	1,901
Exchange Loss / (Gain)	42	57	(297)
EBITDA	433	120	2,499
EBITDA (Pre-FX Gain / Loss)	475	177	2,203
Margin %	17.8%	10.7%	17.4%
Less: Depreciation	82	81	389
EBIT	351	39	2,110
EBIT (Pre-FX Gain / Loss)	393	96	1,813
Margin %	14.8%	5.8%	14.3%
Net Finance costs	286	292	1,199
Profit / (Loss) before tax	64	-254	912
Less: Exceptional Items	0	0	0
Less: Taxes and Non Controlling Interest	17	10	69
Net Profit / (Loss) after tax	48	-263	843

Consolidated Net Working Capital

(₹ Crs.)

	30 th Jun'17	31 st Mar'17	30 th Jun'16
Inventories	3,952	3,469	3,044
Trade receivables	3,532	3,673	2,073
Loans & Advances and Others	2,051	1,764	1,708
Total (A)	9,535	8,906	6,825
Sundry Creditors	4,594	4,812	2,560
Advances from Customers	945	793	1,141
Provisions and other liabilities	1,784	1,681	1,648
Total (B)	7,323	7,287	5,349
Net Working Capital (A-B)	2,212	1,619	1,477

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

