

Suzlon Energy Limited

FY19

30 May 2019

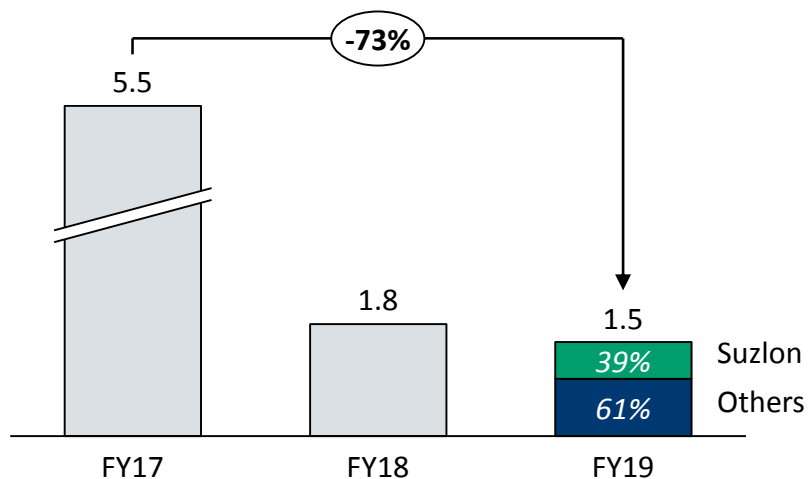


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FY19: Another Challenging Year

India Commissioning (GW)



- 1.5 GW commissioned in FY19
 - 806 MW of auctioned projects
 - Balance by Captive/PSU/Retail
- **Challenges faced in FY18 & FY19:**
 - Delay in central and state bidding guidelines
 - Delay in evacuation approvals
 - Delay in Ministry of Defence approvals
 - Delay in land allocation
 - Delay in approvals for state PPAs
- **Suzlon retains leadership with 39% market share**
 - Despite difficult market conditions
 - First player to fully commission 250 MW SECI 1 project

Milestones Achieved

Annual Market Share (FY19)

~39%

Market share gains for 4th consecutive year

Cumulative Market Share

~35%

Market leadership maintained for over two decades

Largest fleet under maintenance

of **12.5 GW** in India

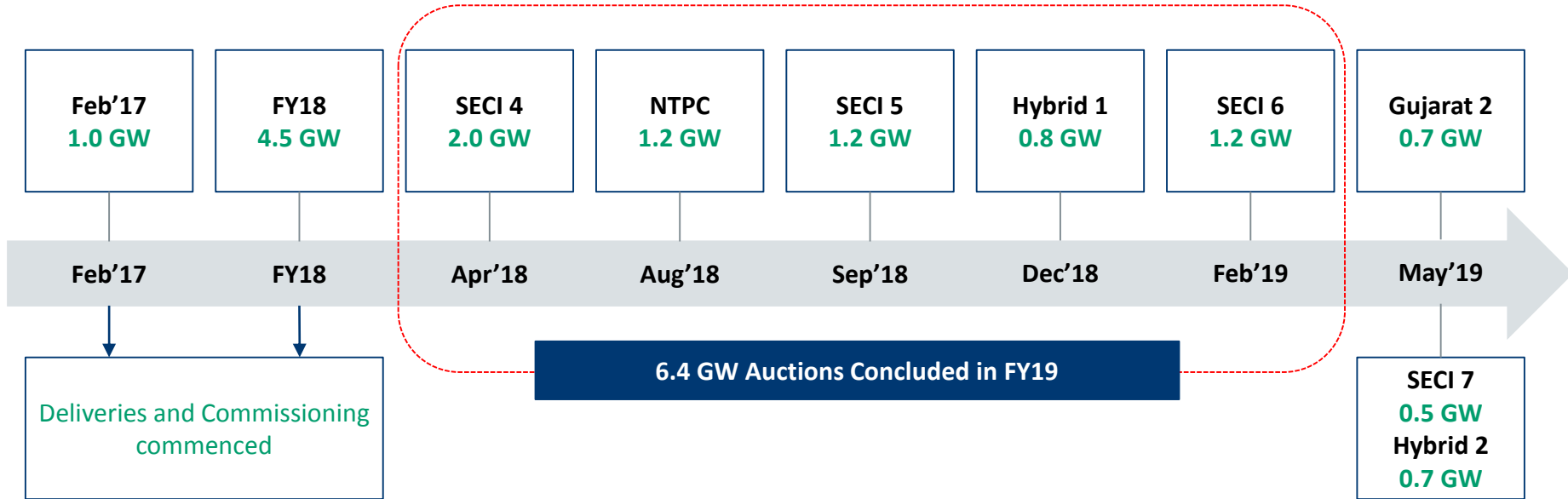
*2nd largest O&M Company in India
Power Sector*

~22% market share **~1.8 GW**

of orders closed in auctions

More orders under discussion

Traction In Auctions In FY19

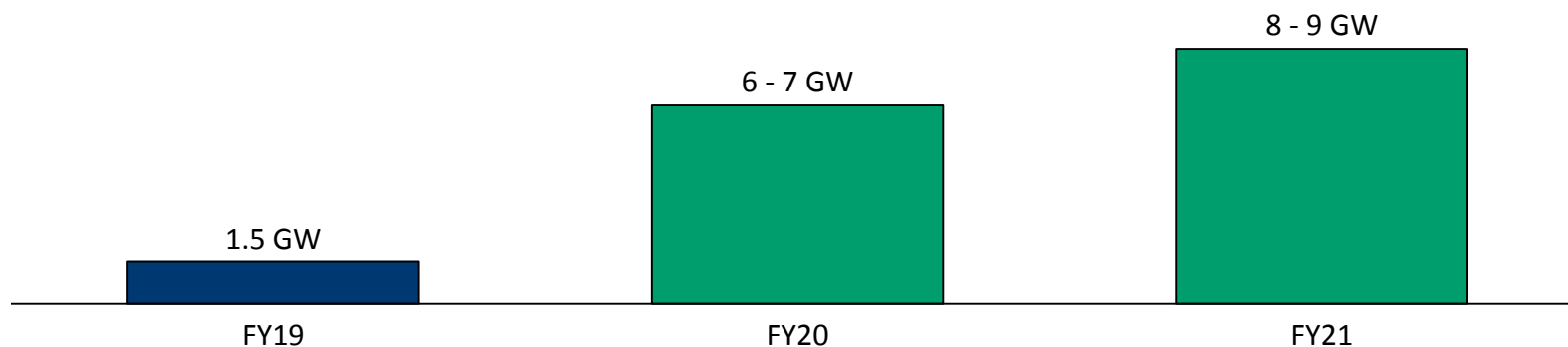


✓ Initial teething issues in Gujarat, **getting resolved**

- Land allocation policy framed in Gujarat, eases execution for ~7 GW of auctioned capacity
- Land earmarked for wind and wind-solar hybrid projects auctioned by centre and state
- Earmarked land for ~30 GW of which ~20 GW will be for central projects

FY20 & Onwards: Strong Uptick In Volumes

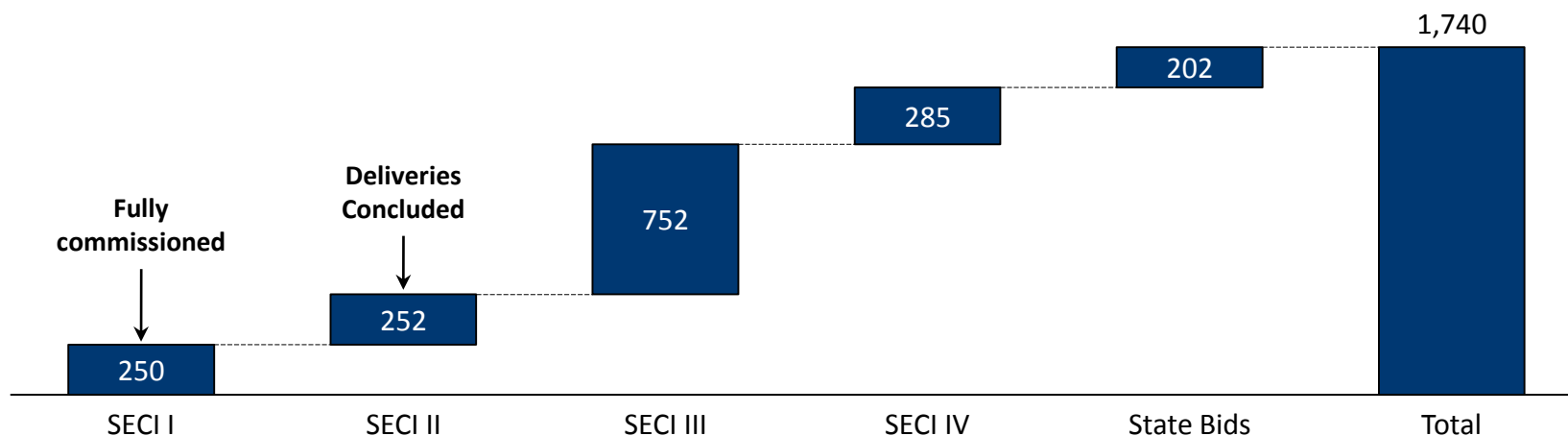
Strong visibility for next two years



Challenges	Resolution
Delays in evacuation approvals	Evacuation approvals granted most of the auctioned capacity PGCIL working on creation of evacuation infrastructure, Defined roadmap for next two years SECI mandated to apply for connectivity to PGCIL
Delays in land allocation	MNRE directed states to identify and set aside land for development Gujarat framed land policy for renewable energy

Largest Order Volume Share In SECI Auctions Concluded Till Date

Auction Wise Order Wins for Suzlon (MW)



→ Over **22%** of auctioned and tied up orders

→ **Top Quality Customer Profile:** Orders from marquee Utility and IPP Companies

Over 44% of 13.8 GW auctioned capacity is still open in market – *Incremental Potential for Suzlon*

Wind Solar Hybrid Gaining Momentum

2 Wind Solar Hybrid Auctions Concluded

1.5 GW Auctioned in 2 tranches

Tariff Discovered between **₹ 2.67 - 2.70/unit**

Commissioning Date **18 months from PPA**

Andhra Pradesh Wind Solar Hybrid Policy 2018

- Target to add 5 GW over the next five years
- Project to achieve minimum CUF of 40%
- No additional connectivity charges for hybridisation of existing wind or solar projects
- 100% banking permitted
- Must run status accorded to wind solar hybrid projects

Key Positives of Wind Solar Hybrid

- Efficient utilisation of transmission infrastructure and land
- Reduce variability in renewable power generation
- Improved grid stability

Project Specs

- Min 200 MW; Max 600 MW
- Either component to be >25% of rated capacity of other component
- Effective capacity utilisation factor to be >30%

Maharashtra Wind Solar Hybrid Tender

- 25 year PPA with tariff ceiling of ₹ 2.75 / unit
- Minimum 100 MW by single bidder
- Max bid capacity quoted will be seized as bid capacity
- Land of 277.32 hectares identified
- Declared effective CUF shall not be less than 20.5%
- Bids submitted

Debt Reduction Program

Debt Reduction Target	30% - 40%
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In process to reduce debt through strategic initiatives

Medium to long term outlook for wind continues to remain positive

Financial Performance

Debt Overview

Industry Outlook

Technology

Suzlon Strengths

Detailed Financials

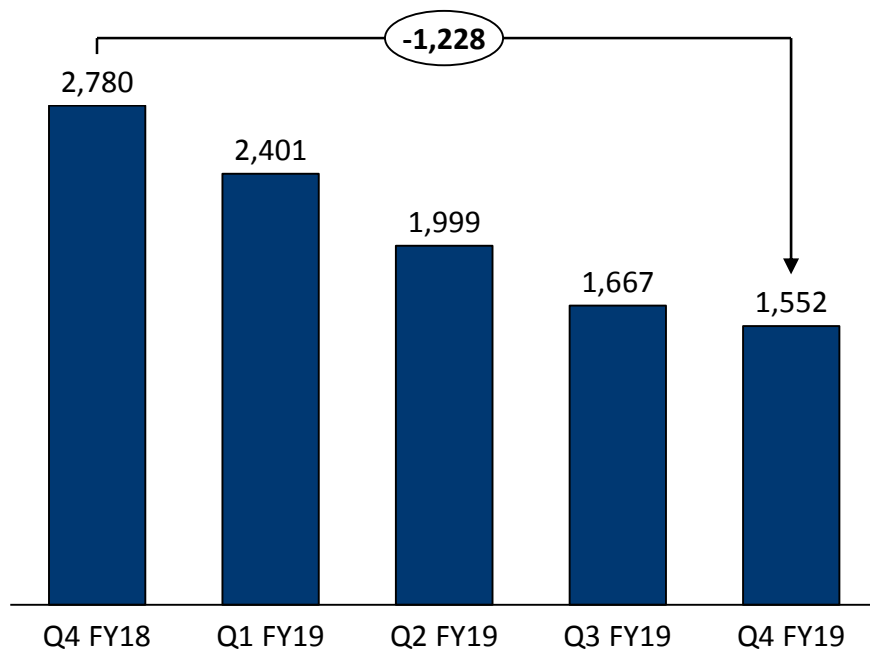
FY19 Financial Highlights

(₹ Cr.)

Particulars	FY19 Audited	FY18 Audited	Remarks
Net Volumes (MW)	496	1,104	
Net Revenue	4,978	8,075	Primarily due to low volume
Gross Profit	1,980	2,959	Primarily due to revenue mix
Gross Margin	39.8%	36.6%	
Employee Expenses	874	805	
Other Expenses (net)	826	1,006	Includes partly variable cost
EBITDA (Pre FX)	280	1,149	Primarily due to lower operating leverage
EBITDA Margin (Pre FX)	5.6%	14.2%	
Depreciation	342	342	
Net Finance Cost	1,220	1,502	Primarily due to: <ul style="list-style-type: none"> Refund of penal interest, reduction in cost of fund for CC and one time impact of ROR provision in Q4 FY18
Taxes	-12	-2	
Share of (Profit) / Loss of Associates / JV	6	-5	
Net Profit (Pre Fx and Ex. Items)	-1,276	-688	
Exchange Loss / (Gain)	288	146	Primarily <ul style="list-style-type: none"> Translational impact Non cash in nature
Exceptional Loss / (Gain)	-28	-450	
Reported Net Profit	-1,537	-384	
Non Controlling Interest	-10	-7	
Net Profit attributable to Shareholders	-1,527	-377	

Consistent Reduction In Net Working Capital

Fig. in ₹ Cr.

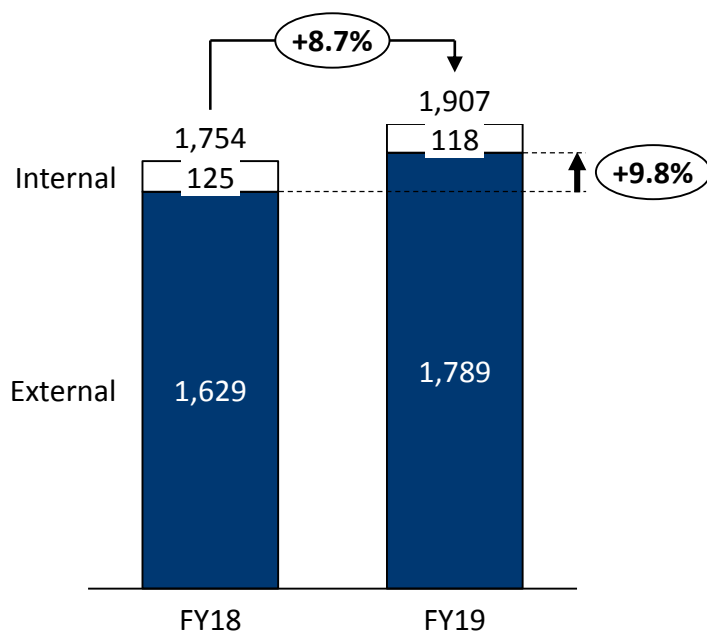


Working Capital to optimize under Auction regime

- Reduced regulatory uncertainty
- Elongated execution schedule
- Smoothened out quarterly volumes
- Large scale project size
- Make to Order

Stable Service Revenue Insulated From Business Cycles

Operations and Maintenance Revenues (₹ Cr.)



✓ ~15 GW of Assets under Management (AUM)

- 12+ GW in India; ~3 GW Overseas
- 2nd Largest O&M player in India Power Sector, after NTPC

✓ Nearly 100% renewal track record in India

- Almost all turbine sold by us in India are under our Service fold
- Custodian of 12+ GW of assets in India
- 23 years of track record in India

✓ External OMS revenue is ~36% FY19 revenue

Largest Backlog In India Wind Industry

		Particulars	Capacity	Remarks
~2.0 GW Backlog		Central Auctions	1,006 MW	All orders backed by signed PPA's
		State Auctions	164 MW	
		Retail, Captive, PSU & IPP	150 MW	Backed by advance, Not dependent on PPAs
	→	Wind Firm Order Book	1,320 MW	
		Value of Order Book	₹7,557 Cr.	
	+			
	→	Framework Agreements / PPA in hand	>700 MW	✓ PPA Signed, Ratification Awaited
	+			
	Letter of Intent (LOI)	~100 MW	✓ Contract finalisation in progress	

SEFL and Service orders over and above this order book

Financial Performance

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Suzlon Strengths

Detailed Financials

Term Debt Profile

(Excl. FCCB)	31 st Mar'19	31 st Dec'18	Maturity Profile
SBLC Backed AERH Loans	US\$ 569 M (₹ 3,924 Crs.)	US\$ 569 M (₹ 3,958 Crs.)	<div>(₹ Cr.)</div> <div><div><div>1,928</div><div>835</div><div>926</div><div>4,483</div></div><div><div>FY20*</div><div>FY21</div><div>FY22</div><div>FY23 & Beyond\$</div></div></div>
FCCB	US\$ 172 M (₹ 1,205 Crs.)	US\$ 172 M (₹ 1,234 Crs.)	
Other FX Term Debt	US\$ 55 M (₹ 379 Crs.)	US\$ 62 M (₹ 427 Crs.)	
Rupee Term Debt	₹ 2,665 Cr.	₹ 2,688 Cr.	
			<div>* Includes FCCB maturing in July 2019</div> <div>\$ Includes SBLC maturing in 2023</div>
Gross Term Debt	₹ 8,172 Cr.	₹ 8,307 Cr.	
Net Term Debt	₹ 7,761 Cr.	₹ 7,658 Cr.	
Working Capital Debt	₹ 3,380 Cr.	₹ 3,354 Cr.	

Financial Performance

Debt Overview

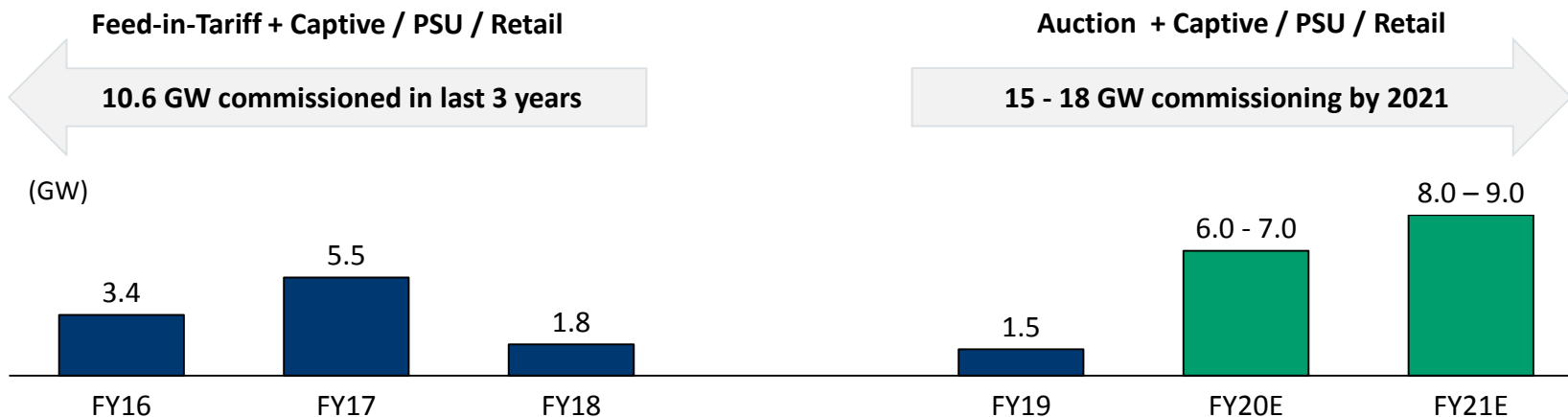
Industry Outlook

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Strong Visibility On Growth For India Wind Market



Source: MNRE

Source: Internal Estimates

Key Drivers:

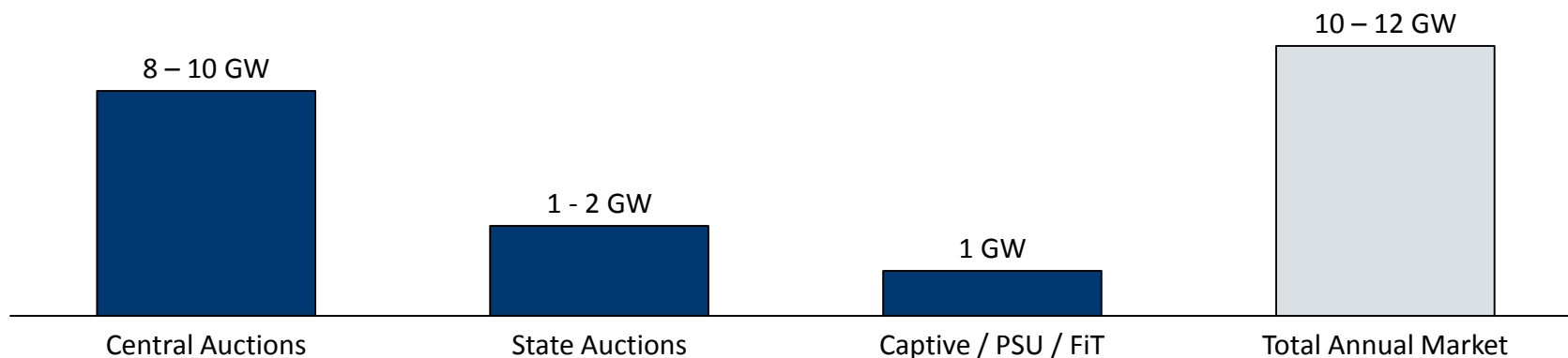
- ✓ Increasing power demand with supply only from renewables
- ✓ Push for clean, affordable and scalable power source
- ✓ Wind most competitive source of power in India
- ✓ Large untapped potential
- ✓ Auction based procurement
 - Market expanding from 8 wind states to pan India
 - Making wind subsidy free
- ✓ Unlocking emerging areas potential
 - Wind solar hybrid, offshore, repowering

Key Challenges:

- X Infrastructure constraints
- X Land allocation delays
- X Delays in permissions from Ministry of Defence
- X Auction delays & sector uncertainties

Poised To Become A 10+ GW Annual Market

India Annual Wind Market Potential Size and Segmentation



“India plans to auction 10 GW of wind energy for the next 10 years”, MNRE Secretary, Anand Kumar

Power Grid working on creation of transmission infrastructure

- Rolled out capacity augmentation roadmap to seamlessly transmit renewable energy
- Increasing inter-regional capacity
 - Laying new high capacity lines
 - Upgrading exiting substation facilities
- Work commenced on connecting southern, western and northern regions
- KfW Development Bank and Asian Development Bank to finance these projects

Nearing The End Of Transition Phase

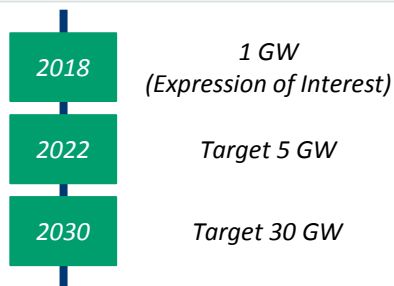
Parameter	Upto FY17	Apr'17 – Mar'19	FY20 and Onwards
PPA Mechanism	Feed-in-Tariff	Transition from FiT to Auction impacted turbine sales due to no clarity on PPA, initial teething issues in execution	Competitive Bidding
Wind Tariff	₹ 4.0 – 5.0 /unit		₹ 2.5 – 3.0 /unit
Annual Market Size	3 – 4 GW		10 – 12 GW
Order Book Coverage	3 – 6 months		12 months
Execution Timeline	6 – 9 months		18 – 21 months
Commissioning	Back-ended, Q4 heavy		Equally spread
Project Size	50 – 100 MW		200 – 300 MW

Aspects supporting tariffs in competitive bidding

Pan India Demand	Technology	Reduced Regulatory Risk
Wind + Non Wind States	Newer turbines offer better yield, Lower LCoE	Upfront signing of PPAs and tariff determination

Other Emerging Opportunities For Growth

Offshore



- National offshore policy already notified
- Suzlon has commissioned 1st Offshore Met Station
- Offshore Advantage: Higher PLF due to high wind power density and shallow water depth enables lower cost in terms of project execution
- 35 participants evinced interest for 1 GW Expression of Interest

Repowering

3 GW

Estimated Potential
of < 1,000 kw turbines

- Policy already announced and notified in 2016
- Repowering is replacing old technology low capacity wind turbines with the latest large sized wind turbines
- Govt. keen on harnessing this potential and working on right set of policies incentivizing Repowering

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S120: Four Variants Launched



S120 – 140 HLT
(Dec '18)
Hybrid Lattice Tower



S120 – 140 HCT
(Sep '18)
Hybrid Concrete Tower



S120 – 120 STT
(Jan '19)
Smart Tubular Tower



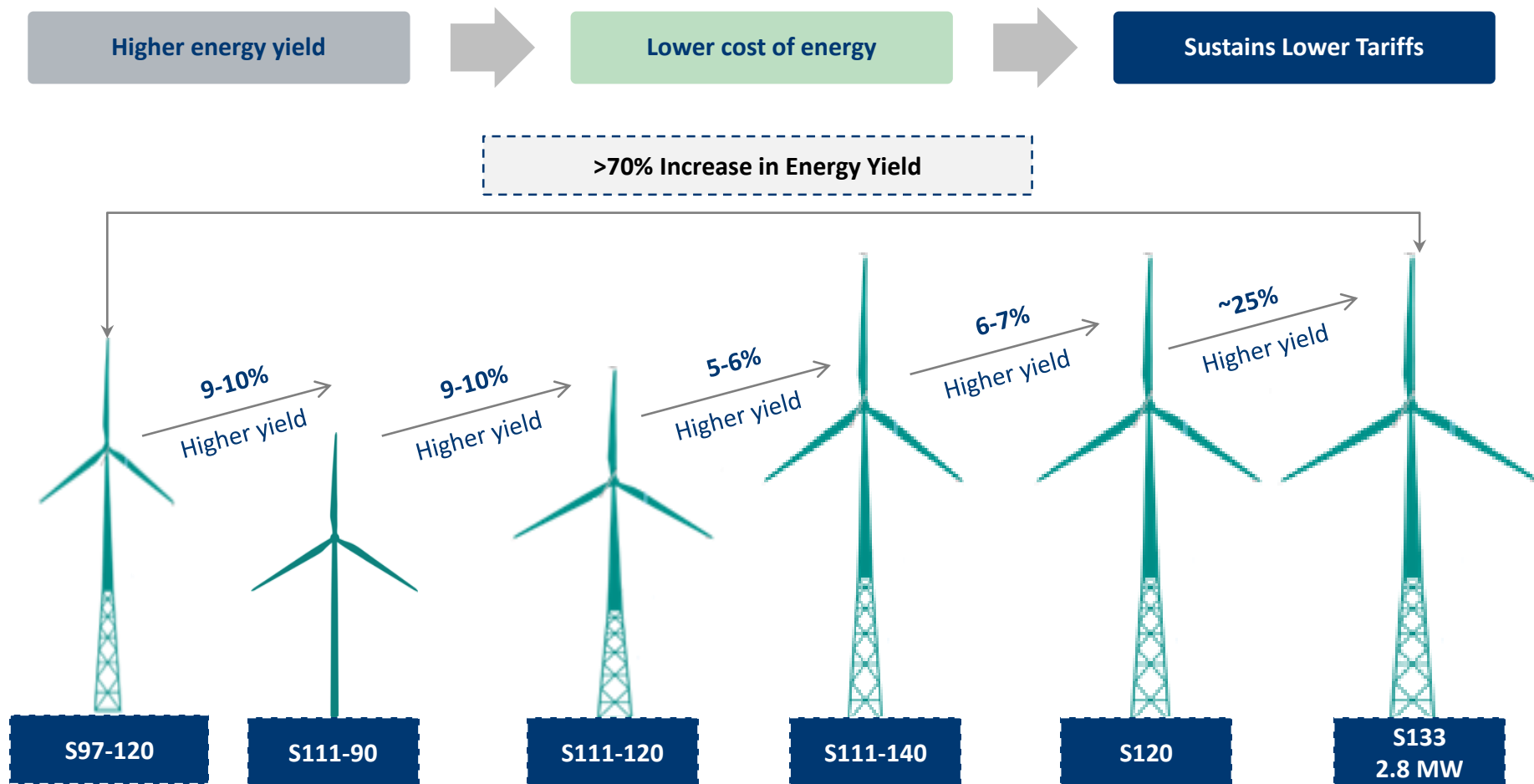
S120 – 105 TT
(Jun '18)
Tubular Tower

Reduces LCoE and improves ROI for customers

>1,100 MW orders already booked

Enables us to reach untapped wind sites in challenging terrains

Focus On Reducing LCOE



Pioneer In India Offshore

Support Platform



Offshore LiDAR



Powered Through Solar



- **India's 1st Private Far Offshore Met Station**
 - Opportunity to harness India's 7,600km coastline
 - Government plans to auction 5 GW of Offshore project next year
- **State of Art Installation**
 - 16km from the Shore
 - 11m Water depth
 - 14m support platform height above water level
 - LiDAR based met station
 - Remote monitoring

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
	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

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Suzlon Strengths In India Wind Market



**Full Turnkey Solution
Provider**



Pan India Presence



Technology Leadership

SUZLON
POWERING A GREENER TOMORROW



Strong Customer Relationship



**Best In Class Service
Capabilities**



23+ Years Track Record

End-to-end service provider with strong presence across value chain & customer segments

SUZLON
POWERING A GREENER TOMORROW

Accolades



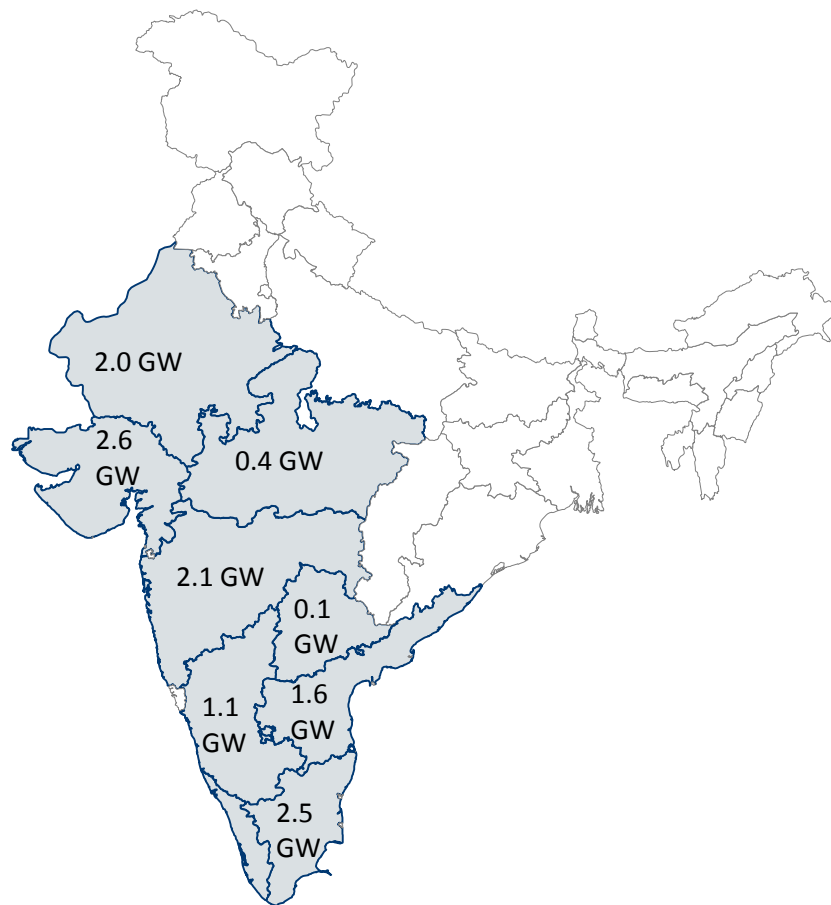
- **World's 1st solar project quality certification for Suzlon's 100 MW project**
 - DNV GL confirms safety features and technical compliance
 - Testament of our commitment to high quality standards
- **Coimbatore Generator Unit wins CII Southern Region 13th Kaizen Competition**
 - For uniform profile of copper bar with higher productivity
- **Suzlon's Generator Unit wins award at Manufacturing Today Summit**
 - Quality Improvement Project competition won on Cost Optimization
 - Evaluated across cost optimization, quality, tech., safety and sustainability
- **SKOCH Corporate Excellence Silver Award**
 - SB63 Full Carbon Girder Blade, Order of Merit certificate for S128
 - Award for Innovative two fold transport system
- **Team Wins IMC RBNQA 2018: Symbol Of Business Excellence**
 - 1st prize for SGSL in service category, recognition of high service standards
 - 360 degree evaluation including interactions with all stakeholders
- **ICERP – JEC Innovation Award as “Outstanding Innovation in Composites”**
 - Awarded by FRP Institute, India and JEC Composites, France
 - Testament of Suzlon's innovation in nacelle cover composites structure
- **Certified as 'Great Place to Work' by the Great Place to Work® Institute**
- **Daman unit won Gold award by International Research Institute for Manufacturing**

12.5 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



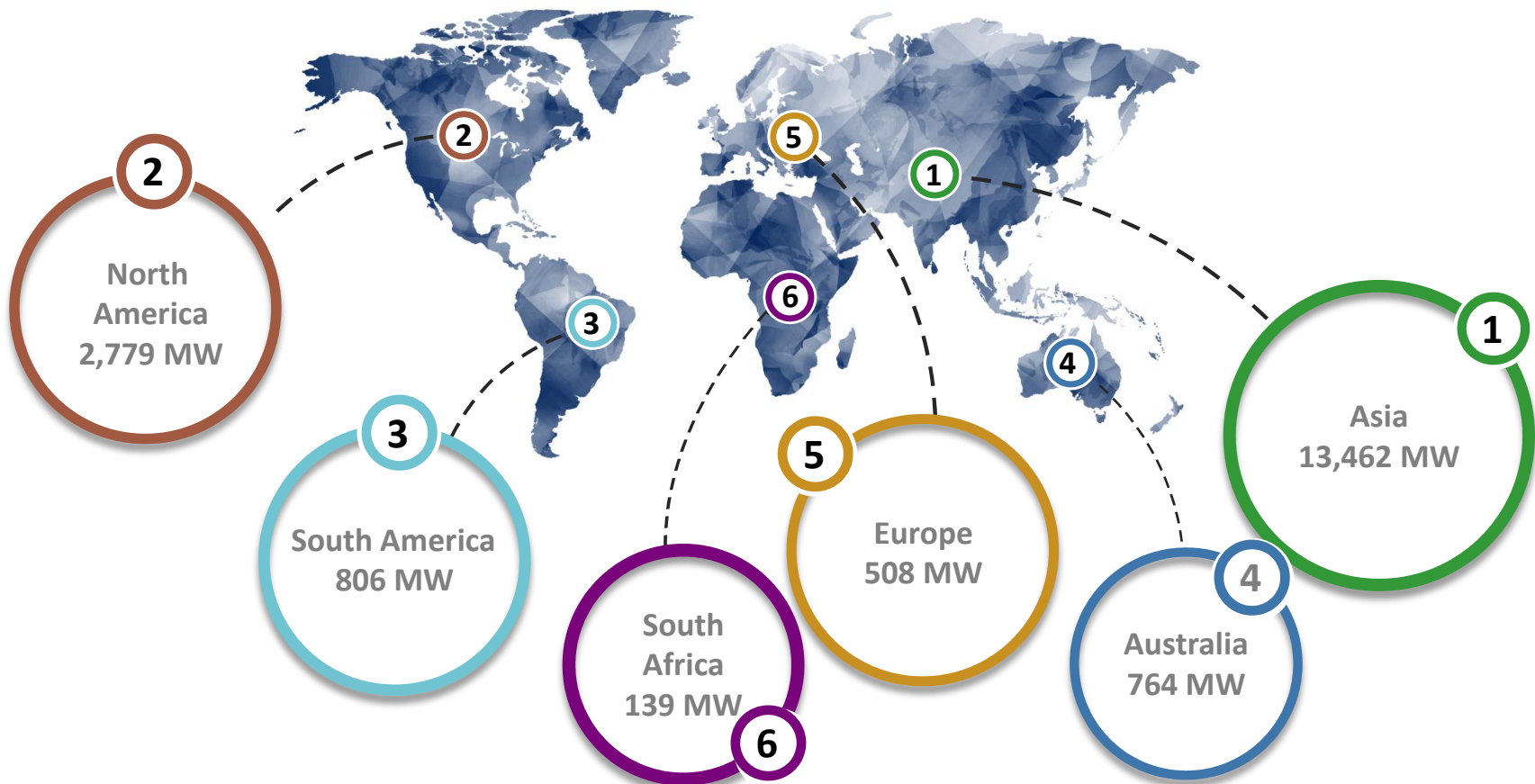
(31 st Mar'18)	# of Turbines	MW
<= 1 MW	1,678	777
>1 MW < 2 MW	4,268	5,774
=>2 MW	2,834	5,950
Total	8,780	12,501

- **35% - All India installed wind capacity**
- **~16% - All India installed renewable capacity**
- **~1,800 customer relationships**
- **23 years of operating track record**
- **27 TWh estimated of annual clean energy;**
 - =2,229 mn trees planting p.a.
 - =~20.2 mn tonnes coal avoidance p.a.
 - =~26.7 mn tonnes CO2 emission savings p.a.

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

Suzlon's Global Presence

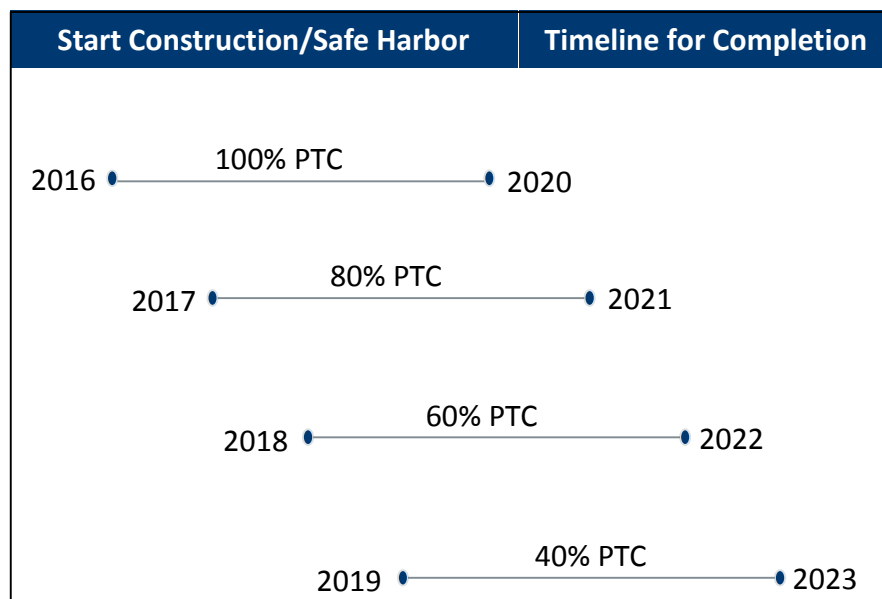
As on 31st Mar 2018



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

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Consolidated Income Statement

(₹ Cr.)

Particulars	Q4 FY19 Audited	Q3 FY19 Unaudited	Q4 FY18 Audited	FY19 Audited	FY18 Audited
Revenue from operations	1,421	1,091	2,166	4,978	8,075
Less: COGS	953	607	1,404	2,998	5,116
Gross Profit	469	484	762	1,980	2,959
Margin %	33.0%	44.3%	35.2%	39.8%	36.6%
Employee benefits expense	249	219	203	874	805
Other expenses (net)	205	193	240	826	1,006
Exchange Loss / (Gain)	-93	-220	101	288	146
EBITDA	108	292	218	-9	1,003
EBITDA (Pre-FX Gain / Loss)	15	73	319	280	1,149
Margin %	1.0%	6.7%	14.8%	5.6%	14.2%
Less: Depreciation	87	82	101	342	342
EBIT	21	210	117	-351	661
EBIT (Pre-FX Gain / Loss)	-72	-10	218	-62	807
Margin %	-5.1%	-0.9%	10.1%	-1.3%	10.0%
Net Finance costs	276	320	605	1,220	1,502
Profit / (Loss) before tax	-256	-111	-488	-1,571	-840
Less: Exceptional Items Loss / (Gain)	33	-61	0	-28	-450
Less: Share of (Profit) / Loss of Associates & JV	1	1	-14	6	-5
Less: Taxes	5	-11	-4	-12	-2
Net Profit / (Loss) after tax	-295	-40	-470	-1,537	-384
Less: Non-Controlling Interest	-2	-2	-4	-10	-7
Net Profit Attributable to Shareholders	-293	-38	-466	-1,527	-377

Consolidated Balance Sheet

(₹ Cr.)

Liabilities	Mar-19	Mar-18
Shareholders' Fund	-8,498	-6,967
Non controlling interest	-5	10
	-8,503	-6,957
Non-Current Liabilities		
(a) Financial Liabilities		
(i) Long Term Borrowings	6,244	7,716
(ii) Other Financial Liabilities	50	55
(b) Provisions	118	120
(c) Deferred Tax Liabilities	0	0
(d) Other Non-Current Liabilities	12	30
	6,425	7,921
Current Liabilities		
(a) Financial Liabilities		
(i) Short-term borrowings	3,380	3,889
(ii) Trade payables	2,175	2,527
(iii) Other financial liabilities	3,061	1,598
(b) Other current liabilities		
(i) Contract Liabilities	1,478	902
(ii) Other non-financial liabilities	116	134
(c) Short-term provisions	740	819
	10,949	9,869
Total Equity and Liabilities	8,871	10,834

Assets	Mar-19	Mar-18
Non Current Assets		
(a) Property, Plant and Equipment	1,147	1,267
(b) Intangible assets	335	155
(c) Investment property	37	41
(d) Capital work-in-progress	229	353
	1,748	1,816
(e) Investments in an associate and JVs	20	67
(f) Financial assets		
(i) Investments	0	0
(ii) Loans	0	1
(iii) Trade receivables	0	5
(iv) Other Financial Assets	484	581
(g) Other non-current assets	104	139
	608	793
Current Assets		
(a) Inventories	2,914	3,026
(b) Financial Assets		
(i) Investments	0	0
(ii) Trade receivables	1,881	2,985
(iii) Cash and bank balances	75	581
(iv) Loans	12	50
(v) Other financial assets	316	266
(c) Other current assets	1,228	940
	6,425	7,849
Assets held for sale (net)	89	375
Total Assets	8,871	10,834

Consolidated Net Working Capital

(₹ Cr.)

	31 st Mar'19	31 st Dec'18	31 st Mar'18
Inventories	2,914	3,233	3,026
Trade receivables	1,881	1,925	2,990
Loans & Advances and Others	1,806	1,962	1,620
Total (A)	6,600	7,120	7,636
Sundry Creditors	2,175	2,966	2,527
Advances from Customers	1,490	1,138	932
Provisions and other liabilities	1,384	1,349	1,397
Total (B)	5,049	5,453	4,856
Net Working Capital (A-B)	1,552	1,667	2,780



THANK YOU