

Suzlon Energy Limited

Q1 FY 2020

14 August 2019



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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*

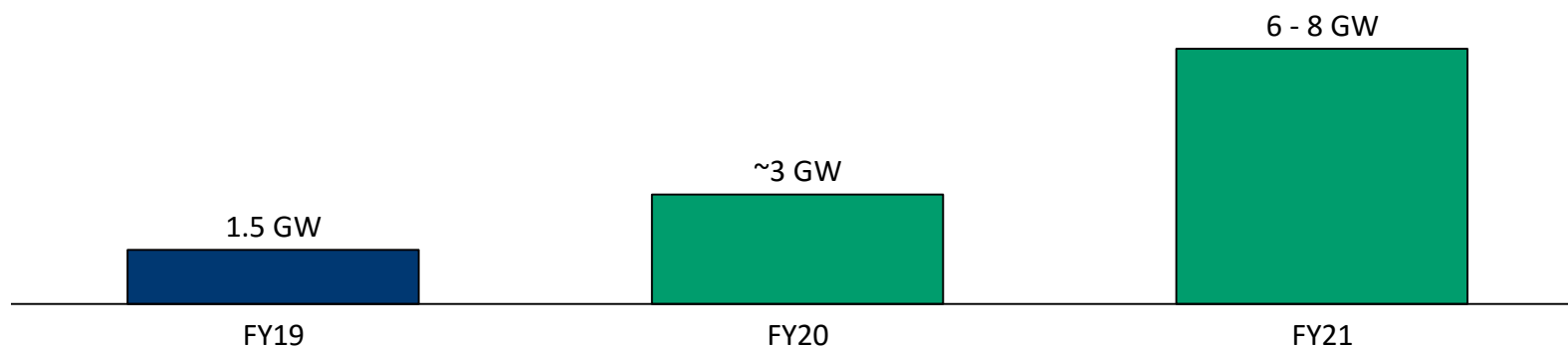
24% market share **2.0+ GW**

in bidding regime[^]

More orders under discussion

FY20 & Onwards: Volume Visibility in India

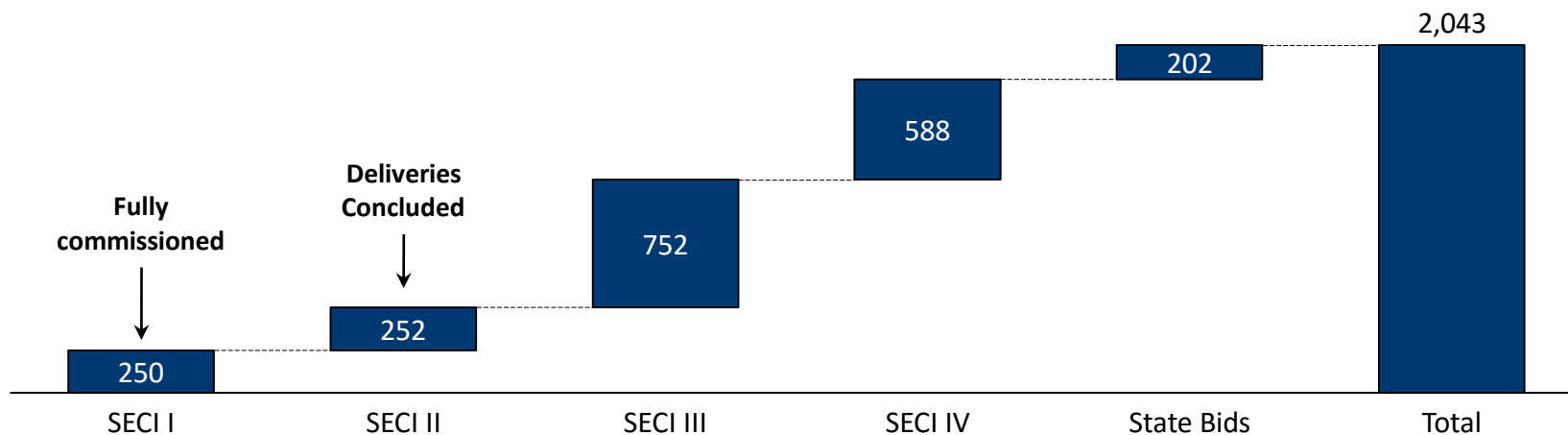
Visibility for next two years – For India Wind Market



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

Volume Share in Auctions Concluded Till Date

Auction Wise Order Wins for Suzlon (MW)



→ Over **24%** of auctioned and tied up orders

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

Debt Reduction Program

Debt Reduction Program	In Progress
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Focus areas:

- ❑ Continues to work on significant debt reduction through strategic initiatives
- ❑ Wholesome approach towards liability management
- ❑ Medium to long term outlook for wind continues to remain positive

Steps Taken:

- ✓ Lenders* have entered Intercreditor Agreement (ICA) under the Reserve Bank of India (Prudential Framework for resolution of stressed assets) Direction, 2019 issued by Reserve Bank of India (RBI) for resolution on June 07, 2019
- ✓ A One Time Settlement (OTS) proposal with the lenders has been filed

Financial Performance

Debt Overview

Industry Outlook

Technology

Suzlon Strengths

Detailed Financials

Q1 FY20 Financial Metrics

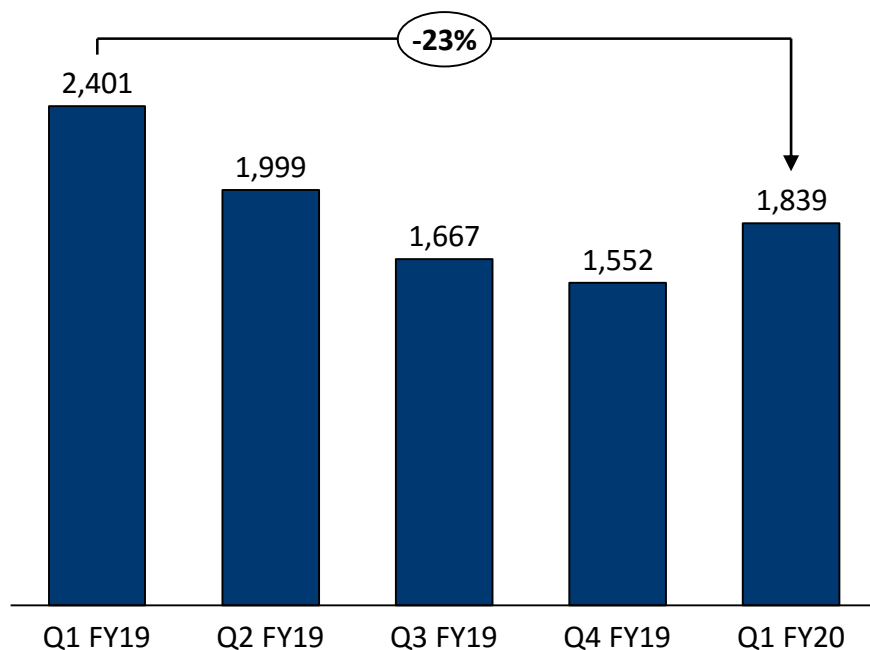
(₹ Cr.)

Particulars	Q1 FY20 Unaudited	Q1 FY19 Unaudited	Remarks
Net Volumes (MW)	19	155	
Net Revenue	833	1,272	Primarily due to low volume
Gross Profit	437	489	Primarily due to revenue mix
Gross Margin	52.5%	38.5%	
Employee Expenses	208	194	
Other Expenses (net)	167	218	Includes partly variable cost
EBITDA (Pre FX)	61	77	Primarily due to lower operating leverage
EBITDA Margin (Pre FX)	7.4%	6.1%	
Depreciation	73	84	
Net Finance Cost	296	316	
Taxes	1	-3	
Share of (Profit) / Loss of Associates / JV	0	2	
Net Profit (Pre Fx and Ex. Items)	-309	-321	
Exchange Loss / (Gain)	20	254	Primarily <ul style="list-style-type: none"> • Translational impact • Non cash in nature
Exceptional Loss / (Gain)	8	0	
Reported Net Profit	-337	-575	
Non Controlling Interest	-2	-2	
Net Profit attributable to Shareholders	-335	-573	

EBITDA maintained despite of thin volumes

Net Working Capital

Fig. in ₹ Cr.

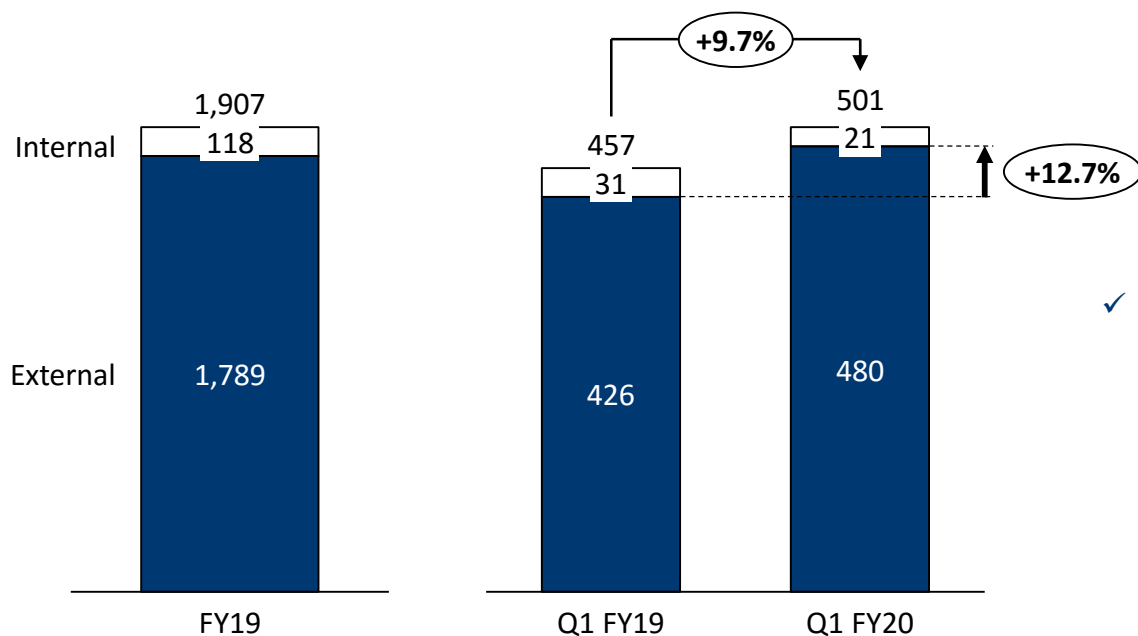


Working Capital to optimize under Auction regime

- ✓ 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

Annuity like business; Steady cash generation

Order Backlog

Particulars	Capacity	Remarks
Central Auctions	1,289 MW	All orders backed by signed PPA’s
State Auctions	164 MW	
Retail, Captive, PSU & IPP	84 MW	Backed by advance, Not dependent on PPAs
Wind Firm Order Book	1,537 MW	
Value of Order Book	₹ 8,304 Cr.	
+		
Framework Agreements / PPA in hand	>700 MW	✓ PPA Signed, Ratification Awaited

SEFL and Service orders over and above this order book

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Term Debt Profile

	30 th Jun'19	31 st Mar'19
SBLC Backed AERH Loans	US\$ 569 M (₹ 3,917 Crs.)	US\$ 569 M (₹ 3,924 Crs.)
FCCB	US\$ 172 M (₹ 1,219 Crs.)	US\$ 172 M (₹ 1,205 Crs.)
Other FX Term Debt	US\$ 55 M (₹ 379 Crs.)	US\$ 55 M (₹ 379 Crs.)
Rupee Term Debt	₹ 2,650 Cr.	₹ 2,665 Cr.
Gross Term Debt	₹ 8,165 Cr.	₹ 8,172 Cr.
Net Term Debt	₹ 7,751 Cr.	₹ 7,761 Cr.
Working Capital Debt	₹ 4,000 Cr.	₹ 3,380 Cr.

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Key Developments in Industry

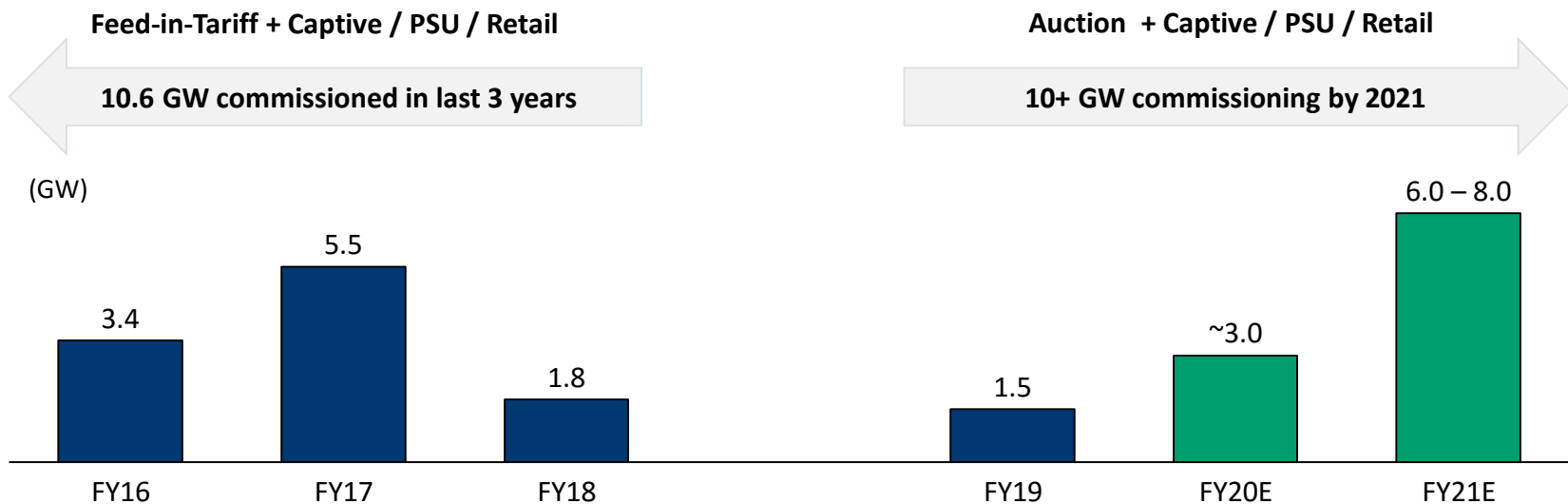
Key Changes in SECI Bidding Guidelines

- ✓ Land to be secured by SCOD, not by Financial Closure (Extended period from 7 months to 18 months)
- ✓ Requirement of “Ownership of land” changed to “possession of land”
- ✓ SCOD 18 months from the date of PPA or PSA signing whichever is earlier
- ✓ Part commissioning also eligible for full tariff
- ✓ Window for revision of declared CUF of wind power project has been increased to three years

MNRE Focus Areas / Directives

- ✓ Enhanced payment security for PPAs through Letter of Credit
- ✓ Improve administration of RPO / RGO obligations
- ✓ Reinforcement of “Must Run” Status of Wind and Solar energy projects

Strong Visibility On Growth For India Wind Market



Source: MNRE

Source: Internal Estimates

Key Challenges:

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

Key Drivers:

- ✓ 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

Financial Performance

Debt Overview

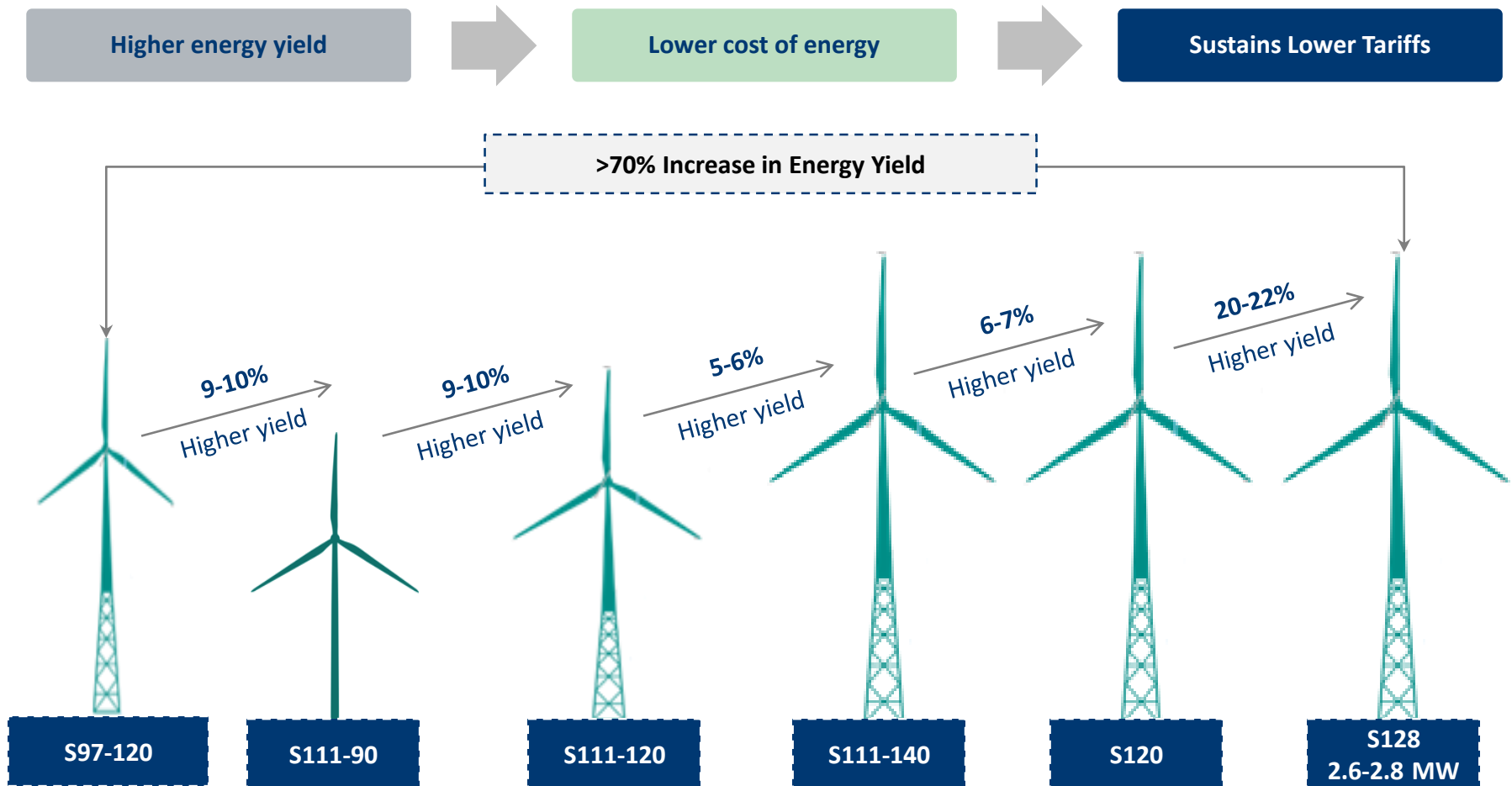
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Focus On Reducing LCOE



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

Continued focus on Value Engineering & readiness for Ramp-Up

Product Developments

S128: New Products



S128 – 140 HLT



S128 – 105 TT

SB 63 – Won SKOCH award for Corporate Excellence



- ✓ RLMM Listing completed
- ✓ All Testing & Measurement completed
- ✓ Multiple Tower Options (Hybrid Lattice, Steel Tubular)

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**



24+ Years Track Record

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

SUZLON
POWERING A GREENER TOMORROW

Accolades



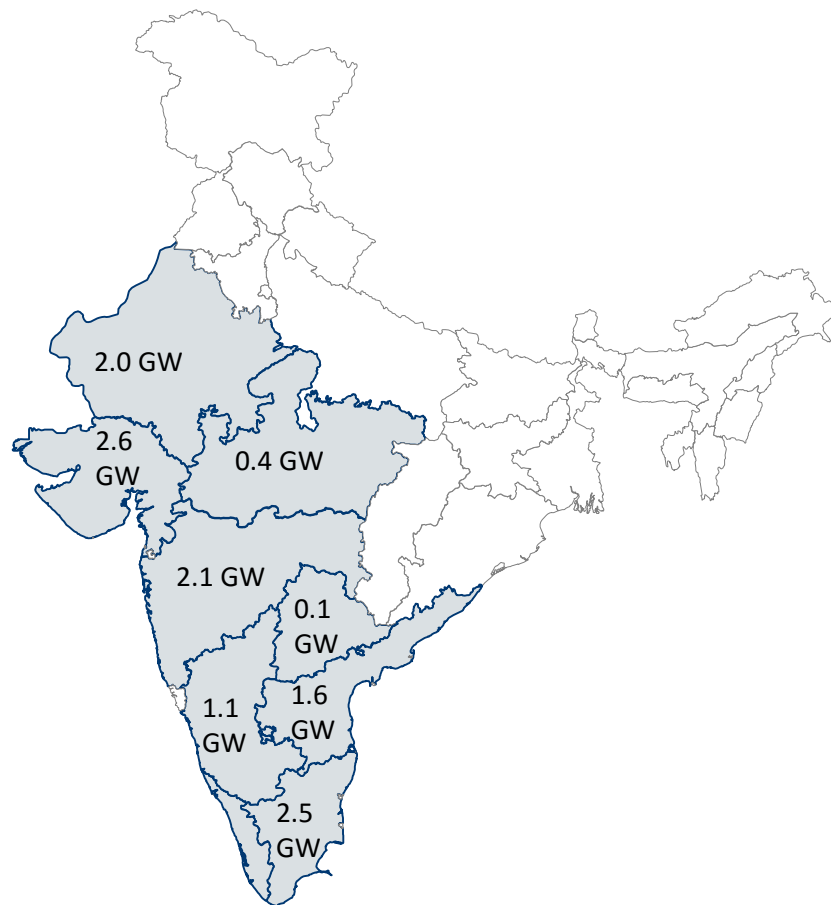
- **World's 1st solar project quality certification for Suzlon's 100 MW project**
 - DNV GL confirms safety features and technical compliance
 - Testament of our commitment to high quality standards
- **Coimbatore Generator Unit wins CII Southern Region 13th Kaizen Competition**
 - For uniform profile 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



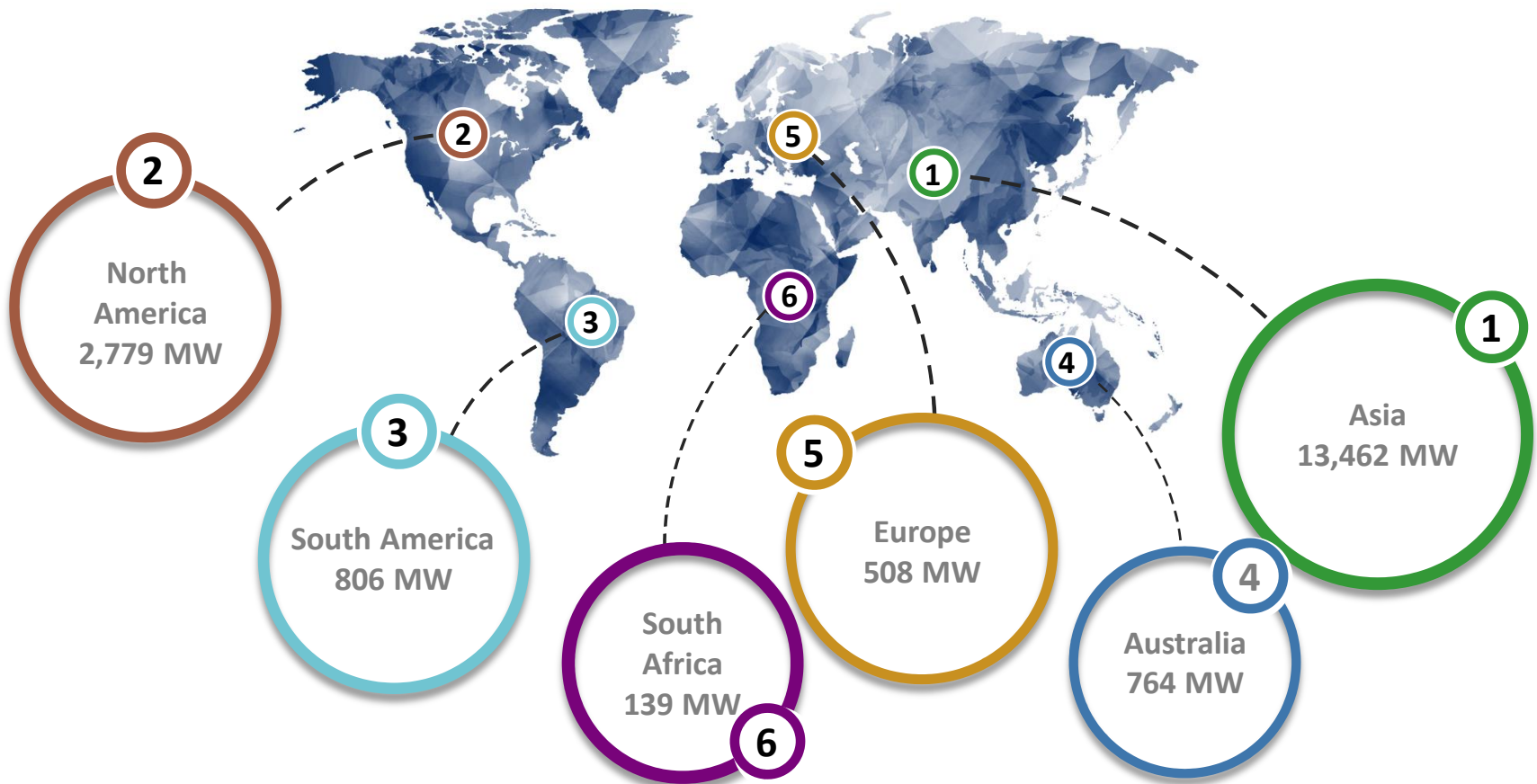
(31 st Mar'19)	# of Turbines	MW
<= 1 MW	1,678	777
>1 MW < 2 MW	4,268	5,774
=>2 MW	2,834	5,950
Total	8,780	12,501

- **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

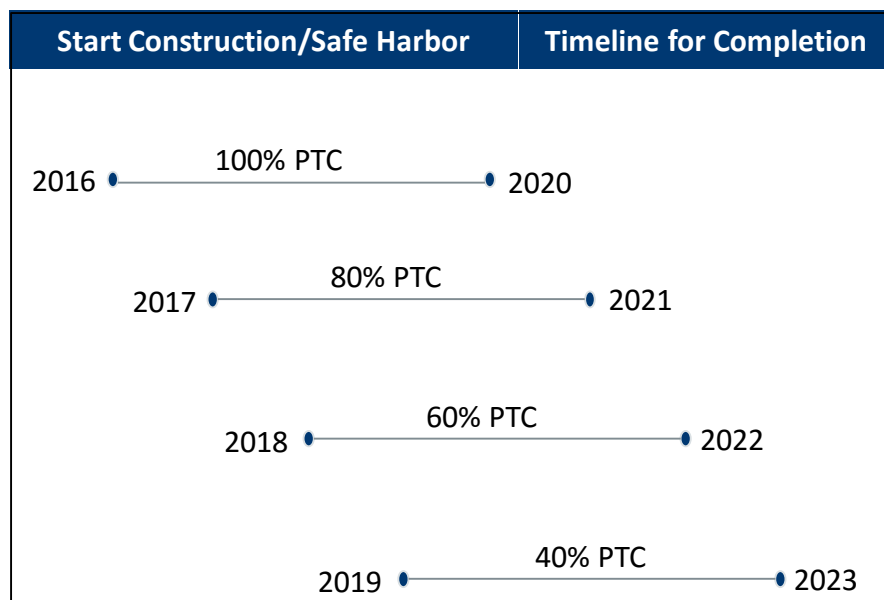
As on 31st Mar 2018



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	Q1 FY20 Unaudited	Q4 FY19 Unaudited	Q1 FY19 Unaudited	FY19 Audited
Revenue from operations	833	1,421	1,272	4,978
Less: COGS	396	953	783	2,998
Gross Profit	437	469	489	1,980
Margin %	52.5%	33.0%	38.5%	39.8%
Employee benefits expense	208	249	194	874
Other expenses (net)	167	205	218	826
Exchange Loss / (Gain)	20	-93	254	288
EBITDA	42	108	-177	-9
EBITDA (Pre-FX Gain / Loss)	61	15	77	280
Margin %	7.4%	1.0%	6.1%	5.6%
Less: Depreciation	73	87	84	342
EBIT	-32	21	-261	-351
EBIT (Pre-FX Gain / Loss)	-12	-72	-7	-62
Margin %	-1.4%	-5.1%	-0.5%	-1.3%
Net Finance costs	296	276	316	1,220
Profit / (Loss) before tax	-327	-256	-576	-1,571
Less: Exceptional Items Loss / (Gain)	8	33	0	-28
Less: Share of (Profit) / Loss of Associates & JV	0	1	2	6
Less: Taxes	1	5	-3	-12
Net Profit / (Loss) after tax	-337	-295	-575	-1,537
Less: Non-Controlling Interest	-2	-2	-2	-10
Net Profit Attributable to Shareholders	-335	-293	-573	-1,527

Consolidated Balance Sheet

(₹ Cr.)

Liabilities	Jun-19	Mar-19
Shareholders' Fund	-8,805	-8,498
Non controlling interest	-7	-5
	-8,812	-8,503
Non-Current Liabilities		
(a) Financial Liabilities		
(i) Long Term Borrowings	6,029	6,244
(ii) Other Financial Liabilities	113	50
(b) Provisions	120	118
(c) Deferred Tax Liabilities	0	0
(d) Other Non-Current Liabilities	7	12
	6,268	6,425
Current Liabilities		
(a) Financial Liabilities		
(i) Short-term borrowings	4,000	3,380
(ii) Trade payables	1,757	2,175
(iii) Other financial liabilities	3,351	3,061
(b) Other current liabilities		
(i) Contract Liabilities	1,034	1,478
(ii) Other non-financial liabilities	185	116
(c) Short-term provisions	746	740
	11,074	10,949
Total Equity and Liabilities	8,530	8,871

Assets	Jun-19	Mar-19
Non Current Assets		
(a) Property, Plant and Equipment	1,257	1,147
(b) Intangible assets	326	335
(c) Investment property	37	37
(d) Capital work-in-progress	223	229
	1,843	1,748
(e) Investments in an associate and JVs	20	20
(f) Financial assets		
(i) Investments	0	0
(ii) Loans	0	0
(iii) Trade receivables	0	0
(iv) Other Financial Assets	466	484
(g) Other non-current assets	42	104
	529	608
Current Assets		
(a) Inventories	2,775	2,914
(b) Financial Assets		
(i) Investments	0	0
(ii) Trade receivables	1,741	1,881
(iii) Cash and bank balances	98	75
(iv) Loans	22	12
(v) Other financial assets	338	316
(c) Other current assets	1,134	1,228
	6,108	6,425
Assets held for sale (net)	51	89
Total Assets	8,530	8,871

Consolidated Net Working Capital

(₹ Cr.)

	30-Jun-19	31-Mar-19	30-Jun-18
Inventories	2,775	2,914	2,923
Trade receivables	1,741	1,881	2,720
Loans & Advances and Others	1,684	1,806	1,749
Total (A)	6,200	6,601	7,392
Sundry Creditors	1,757	2,175	2,627
Advances from Customers	1,041	1,490	935
Provisions and other liabilities	1,563	1,384	1,429
Total (B)	4,361	5,049	4,991
Net Working Capital (A-B)	1,839	1,552	2,401



THANK YOU