

# Suzlon Energy Limited

## Q2 FY 2020

14 November 2019



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## Milestones Achieved

**Annual Market Share  
(FY19)**

**~39%**

*Market share gains for  
4<sup>th</sup> consecutive year*

**Cumulative Market  
Share\***

**~35%**

*Market leadership  
maintained for over two  
decades*

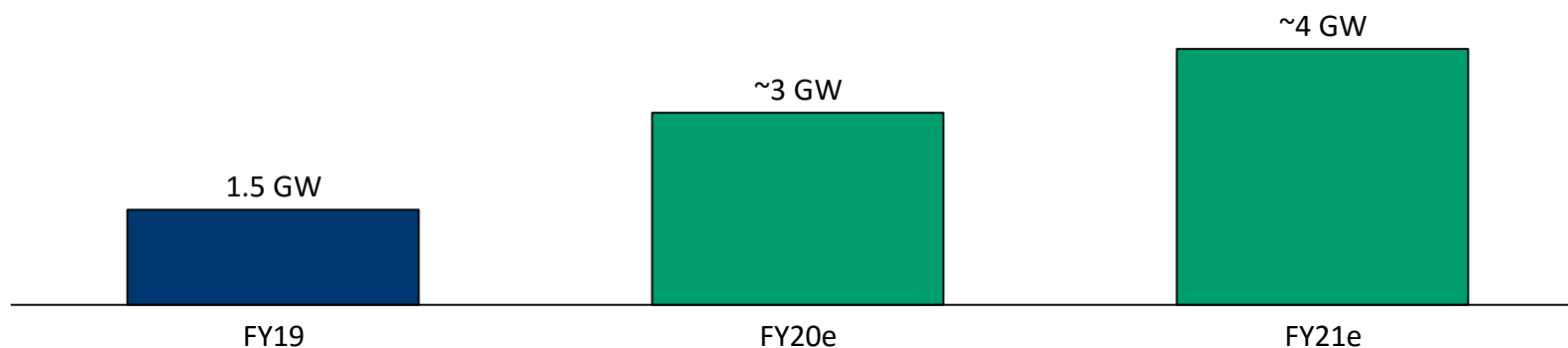
**Largest fleet under  
maintenance\* of**

**12.5 GW** in India

*2<sup>nd</sup> largest O&M  
Company in India Power  
Sector*

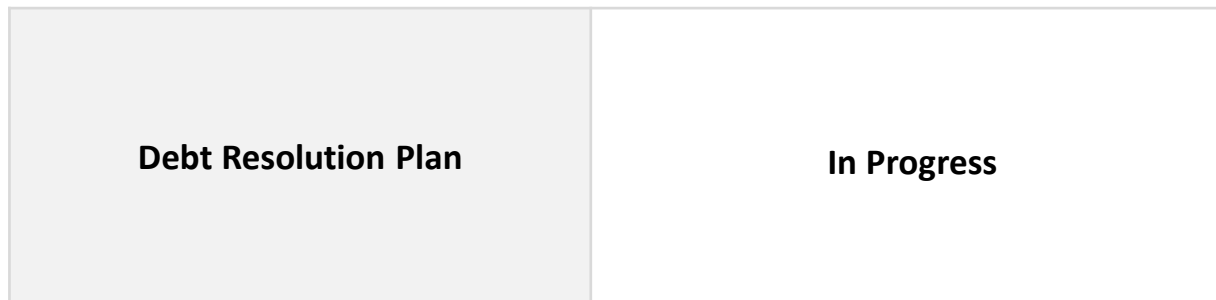
## FY20 & Onwards: Volume Visibility in India

### 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

# Debt Resolution Plan



## Focus areas:

- ❑ Continues to work on resolution of unsustainable debt levels
- ❑ 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
- ✓ Company has submitted restructuring plan to the lenders and is working to achieve a feasible resolution plan, which envisages segregating total debt into sustainable debt and unsustainable debt.

**Committed to correct capital structure to adapt with market reality**

*\*excluding lenders of certain subsidiaries and FCCB holders*

**Financial Performance**

Debt Overview

Industry Outlook

Technology

Suzlon Strengths

Detailed Financials

## Q2 FY20 Financial Metrics

(₹ Cr.)

Particulars	Q2 FY20 Unaudited	Q2 FY19 Unaudited	Remarks
Net Volumes (MW)	27	126	
Net Revenue	803	1,195	Primarily due to low volume
<b>Gross Profit</b>	<b>133</b>	<b>539</b>	Primarily due to revenue mix and provisions
<b>Gross Margin</b>	<b>16.6%</b>	<b>45.1%</b>	
Employee Expenses	209	213	
Other Expenses (net)	167	211	Includes partly variable cost
<b>EBITDA (Pre FX)</b>	<b>-243</b>	<b>115</b>	Primarily due to lower operating leverage
<b>EBITDA Margin (Pre FX)</b>	<b>-30.2%</b>	<b>9.6%</b>	
Depreciation	76	88	
Net Finance Cost	292	308	
Taxes	-0	-3	
Share of (Profit) / Loss of Associates / JV	0	2	
<b>Net Profit (Pre Fx and Ex. Items)</b>	<b>-610</b>	<b>-280</b>	
Exchange Loss / (Gain)	123	348	
Exceptional Loss / (Gain)	44	0	
<b>Reported Net Profit</b>	<b>-778</b>	<b>-627</b>	
Non Controlling Interest	-31	-3	
<b>Net Profit attributable to Shareholders</b>	<b>-747</b>	<b>-624</b>	

Business impact continues due to prolonged debt resolution

## H1 FY20 Financial Metrics

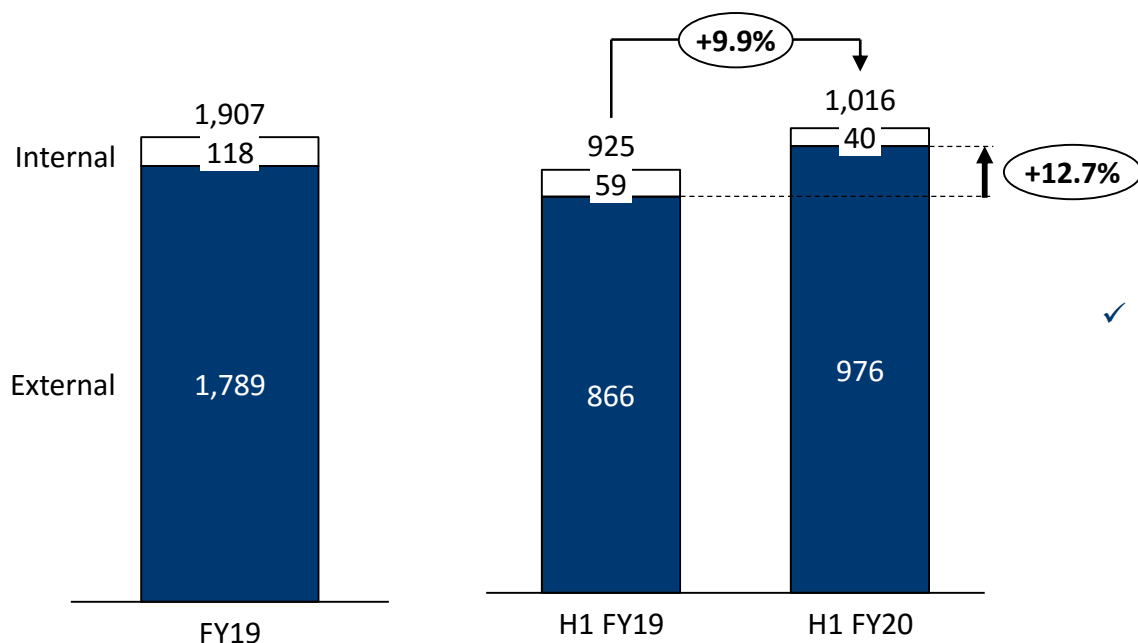
(₹ Cr.)

Particulars	H1 FY20 Unaudited	H1 FY19 Unaudited	Remarks
Net Volumes (MW)	47	281	
Net Revenue	1,636	2,467	Primarily due to low volume
<b>Gross Profit</b>	<b>570</b>	<b>1,028</b>	Primarily due to revenue mix and provisions
<b>Gross Margin</b>	<b>34.8%</b>	<b>41.7%</b>	
Employee Expenses	417	407	
Other Expenses (net)	334	429	Includes partly variable cost
<b>EBITDA (Pre FX)</b>	<b>-181</b>	<b>192</b>	Primarily due to lower operating leverage
<b>EBITDA Margin (Pre FX)</b>	<b>-11.1%</b>	<b>7.8%</b>	
Depreciation	149	172	
Net Finance Cost	587	623	
Taxes	1	-5	
Share of (Profit) / Loss of Associates / JV	0	3	
<b>Net Profit (Pre Fx and Ex. Items)</b>	<b>-919</b>	<b>-601</b>	
Exchange Loss / (Gain)	143	601	
Exceptional Loss / (Gain)	52	0	
<b>Reported Net Profit</b>	<b>-1,115</b>	<b>-1,202</b>	
Non Controlling Interest	-33	-5	
<b>Net Profit attributable to Shareholders</b>	<b>-1,082</b>	<b>-1,197</b>	



# 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
- 2<sup>nd</sup> 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	25 MW	Backed by advance, Not dependent on PPAs
Wind Firm Order Book	1,478 MW	
Value of Order Book	₹ 7,951 Cr.	
<div><div><div></div></div><div>+</div><div>SEFL and Service orders over and above this order book</div></div>		

1. Order worth 50.4MW to supply 24 units of S111-140m and S120-140m (rated capacity of 2.1 MW each) from Atria Power which was announced on 13<sup>th</sup> December, 2018 has been cancelled by the customer during Q2 FY20 (not included in above)
2. Framework agreement / PPAs of > 700 MW, where ratification is awaited are not considered in above order backlog in view of regulatory uncertainties.
3. While all the above orders are firm orders as on date, Advance Bank Guarantees amounting to Rs. 1,192 crores have been invoked by various customers

Financial Performance

**Debt Overview**

Industry Outlook

Technology

Suzlon Strengths

Detailed Financials

## Debt Profile

	30 <sup>th</sup> Sep'19	30 <sup>th</sup> Jun'19
SBLC Backed AERH Loans	US\$ 569 M (₹ 4,024 Crs.)	US\$ 569 M (₹ 3,917 Crs.)
FCCB	US\$ 172 M (₹ 1,254 Crs.)	US\$ 172 M (₹ 1,219 Crs.)
Other FX Term Debt	US\$ 52 M (₹ 369 Crs.)	US\$ 55 M (₹ 379 Crs.)
Rupee Debt (Term and Working Capital)	₹ 6,913 Cr.	₹ 6,650 Cr.
<b>Gross Debt (Fund based)</b>	<b>₹ 12,560 Cr.</b>	<b>₹ 12,165 Cr.</b>
Net Debt (Fund based)	₹ 12,257 Cr.	₹ 11,751 Cr.

Financial Performance

Debt Overview

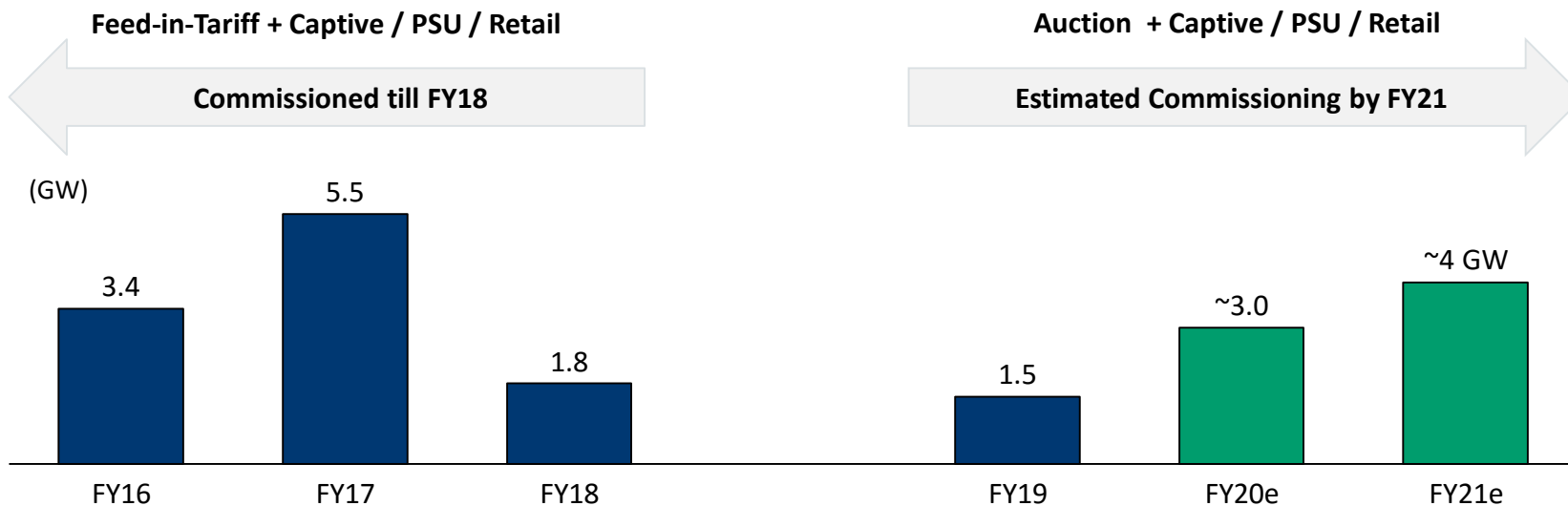
**Industry Outlook**

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## Strong Visibility On Growth For India Wind Market



Source: MNRE

Source: Internal Estimates

### Key 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

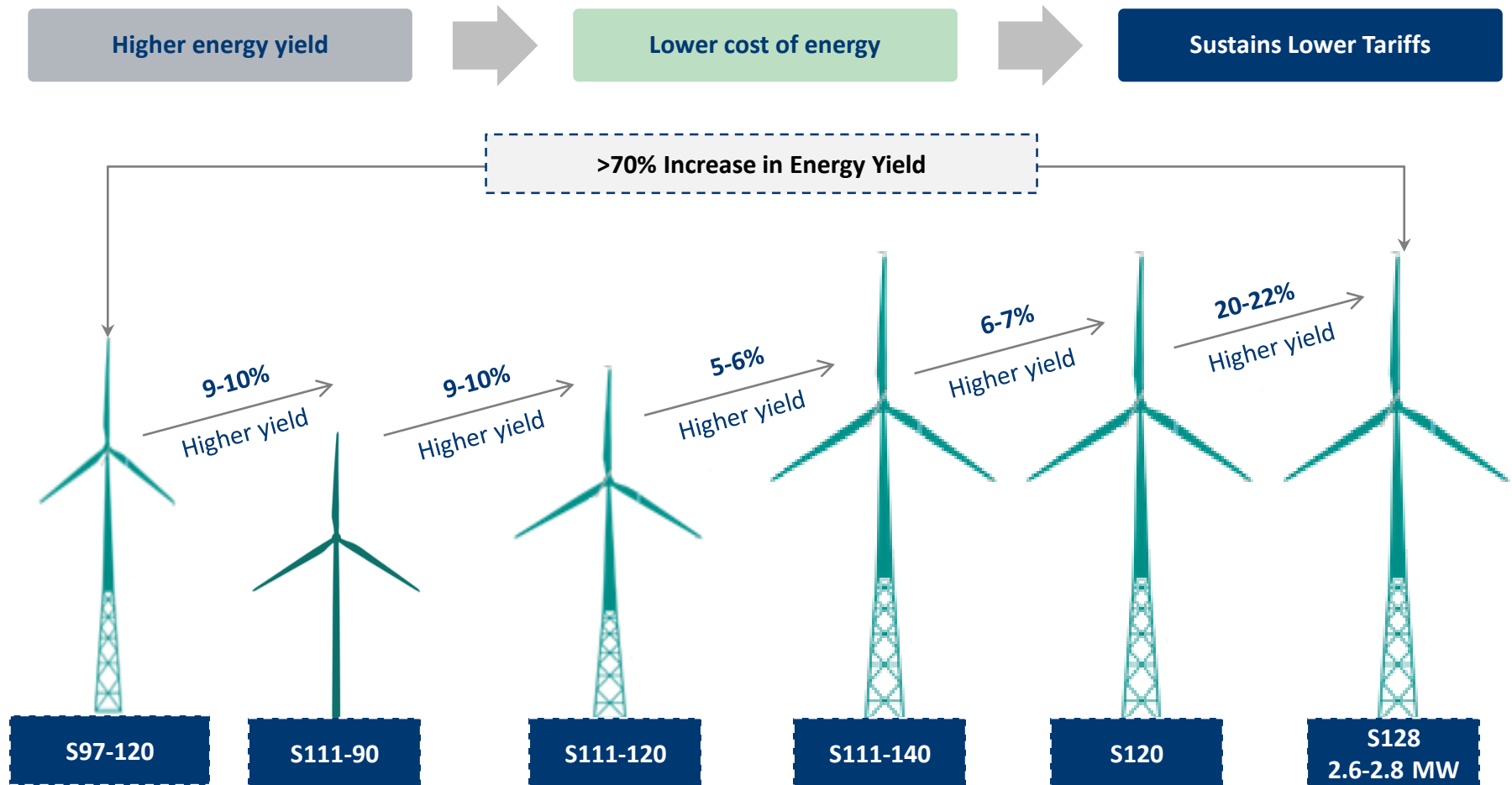
Industry Outlook

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Detailed Financials

## Focus On Reducing LCOE





## S120: Four Variants Launched



**S120 – 105 TT**  
**(Jun '18)**  
Tubular Tower



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



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



**S120 – 120 STT**  
**(Jan '19)**  
Smart 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)

# Global In-House R&D Capabilities

Suzlon Technology Locations:		
Germany	Hamburg	<ul style="list-style-type: none"> <li>- Development &amp; Integration</li> <li>- Certification</li> </ul>
	Rostock	<ul style="list-style-type: none"> <li>- Development &amp; Integration</li> <li>- Design &amp; Product Engineering</li> <li>- Innovation &amp; Strategic Research</li> </ul>
The Netherlands	Hengelo	<ul style="list-style-type: none"> <li>- Blade Design and Integration</li> </ul>
India	Pune	<ul style="list-style-type: none"> <li>- Design &amp; Product Engineering</li> <li>- Turbine Testing &amp; Measurement</li> <li>- Technical Field Support</li> <li>- Engineering</li> </ul>
	Vadodara	<ul style="list-style-type: none"> <li>- Blade Testing Center</li> </ul>
	Chennai	<ul style="list-style-type: none"> <li>- Design &amp; Product Engineering (Gear Box Team)</li> </ul>
Denmark	Aarhus Vejle	<ul style="list-style-type: none"> <li>- SCADA</li> <li>- Blade Science Center</li> </ul>



Hamburg



Rostock



Hengelo



Pune



Aarhus



Vejle

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

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**Suzlon Strengths**

Detailed Financials

## Suzlon Strengths In India Wind Market



**Full Turnkey Solution  
Provider**

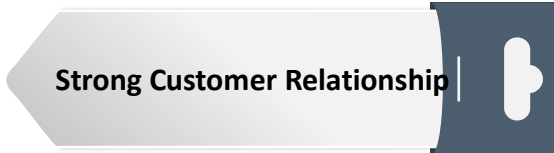


**Pan India Presence**



**Technology Leadership**

**SUZLON**  
POWERING A GREENER TOMORROW



**Strong Customer Relationship**



**Best In Class Service  
Capabilities**



**24+ Years Track Record**

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

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**SUZLON**  
POWERING A GREENER TOMORROW

# Accolades



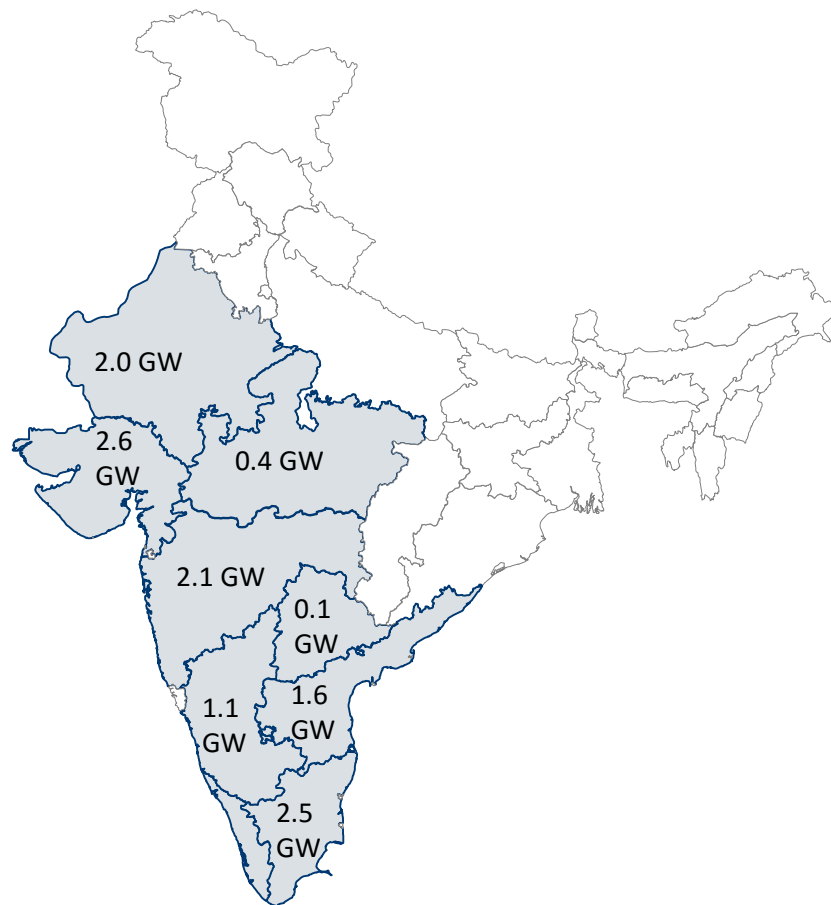
- **World's 1st solar project quality certification for Suzlon's 100 MW project**
  - DNV GL confirms safety features and technical compliance
  - Testament of our commitment to high quality standards
- **Coimbatore Generator Unit wins CII Southern Region 13th Kaizen Competition**
  - For uniform profile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



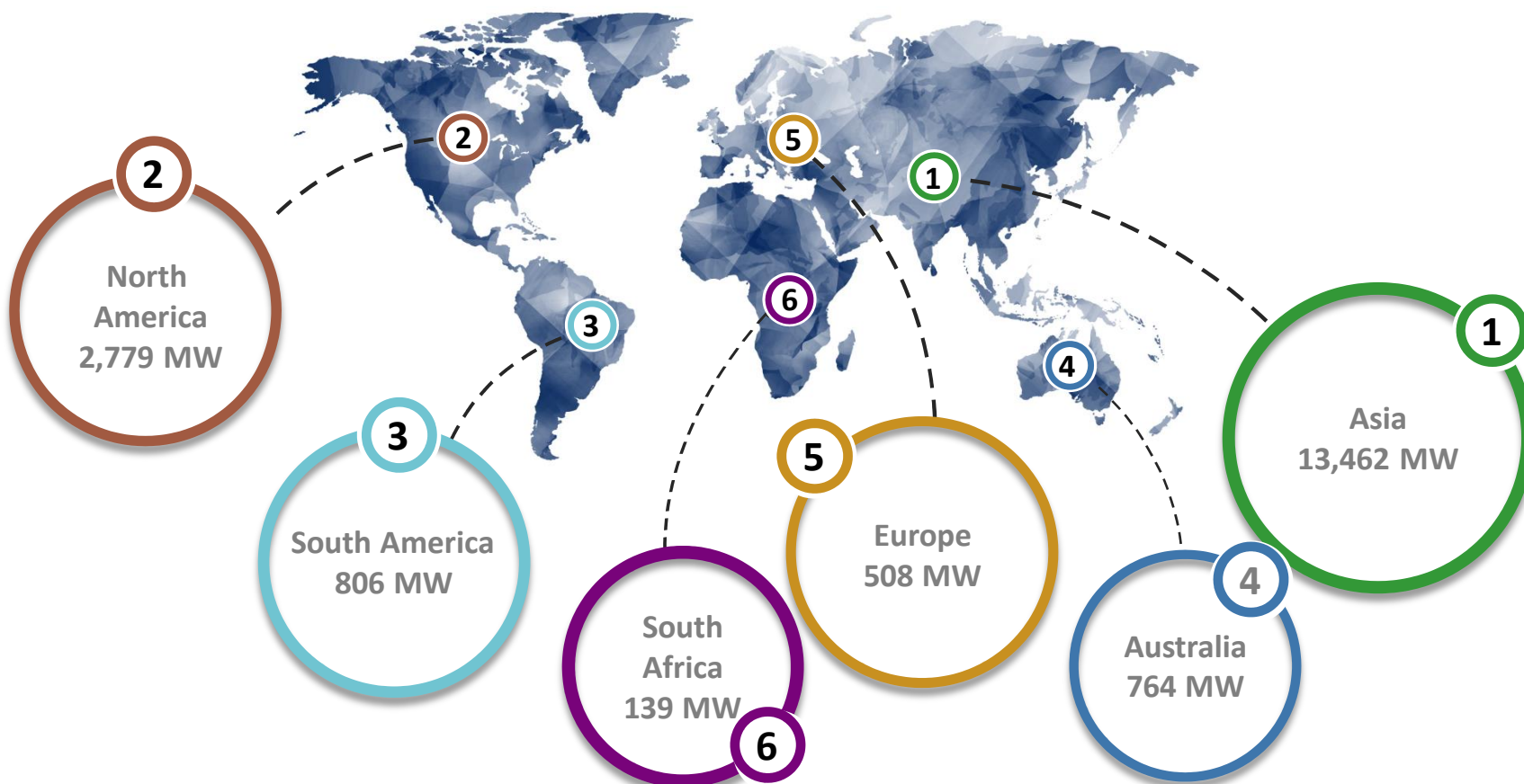
(31 <sup>st</sup> Mar'19)	# of Turbines	MW
<= 1 MW	1,678	777
>1 MW < 2 MW	4,268	5,774
=>2 MW	2,834	5,950
Total	8,780	12,501

- **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 31<sup>st</sup> Mar 2019





Financial Performance

Debt Overview

Industry Outlook

Technology

Suzlon Strengths

**Detailed Financials**

# Consolidated Income Statement

(₹ Cr.)

Particulars	Q2 FY20 Unaudited	Q1 FY20 Unaudited	Q2 FY19 Unaudited	FY19 Audited
Revenue from operations	803	833	1,195	4,978
Less: COGS	670	396	656	2,998
<b>Gross Profit</b>	<b>133</b>	<b>437</b>	<b>539</b>	<b>1,980</b>
<b>Margin %</b>	<b>16.6%</b>	<b>52.5%</b>	<b>45.1%</b>	<b>39.8%</b>
Employee benefits expense	209	208	213	874
Other expenses (net)	167	167	211	826
Exchange Loss / (Gain)	123	20	348	288
<b>EBITDA</b>	<b>-366</b>	<b>42</b>	<b>-232</b>	<b>-9</b>
<b>EBITDA (Pre-FX Gain / Loss)</b>	<b>-243</b>	<b>61</b>	<b>115</b>	<b>280</b>
<b>Margin %</b>	<b>-30.2%</b>	<b>7.4%</b>	<b>9.6%</b>	<b>5.6%</b>
Less: Depreciation	76	73	88	342
<b>EBIT</b>	<b>-442</b>	<b>-32</b>	<b>-321</b>	<b>-351</b>
<b>EBIT (Pre-FX Gain / Loss)</b>	<b>-319</b>	<b>-12</b>	<b>27</b>	<b>-62</b>
<b>Margin %</b>	<b>-39.7%</b>	<b>-1.4%</b>	<b>2.3%</b>	<b>-1.3%</b>
Net Finance costs	292	296	308	1,220
<b>Profit / (Loss) before tax</b>	<b>-734</b>	<b>-327</b>	<b>-628</b>	<b>-1,571</b>
Less: Exceptional Items Loss / (Gain)	44	8	0	-28
Less: Share of (Profit) / Loss of Associates & JV	0	0	2	6
Less: Taxes	-0	1	-3	-12
<b>Net Profit / (Loss) after tax</b>	<b>-778</b>	<b>-337</b>	<b>-627</b>	<b>-1,537</b>
Less: Non-Controlling Interest	-31	-2	-3	-10
<b>Net Profit Attributable to Shareholders</b>	<b>-747</b>	<b>-335</b>	<b>-624</b>	<b>-1,527</b>

# Consolidated Balance Sheet

(₹ Cr.)

Liabilities	Sep-19	Mar-19
Shareholders' Fund	-9,568	-8,498
Non controlling interest	-38	-5
	<b>-9,606</b>	<b>-8503</b>
<b>Non-Current Liabilities</b>		
<b>(a) Financial Liabilities</b>		
(i) Borrowings*	1,905	6,244
(ii) Lease Liabilities	57	0
(iii) Other Financial Liabilities	29	50
<b>(b) Provisions</b>	117	119
<b>(c) Other Non-Current Liabilities</b>	13	12
	<b>2,121</b>	<b>6,425</b>
<b>Current Liabilities</b>		
<b>(a) Financial Liabilities</b>		
(i) Borrowings	4,280	3,380
(ii) Trade payables	1,394	2,175
(iii) Other financial liabilities*	8,148	3,061
(b) Contract Liabilities	596	1,478
(c) Other cur. liabilities (incl. held for sale)	186	116
(d) Provisions	768	739
	<b>15,372</b>	<b>10,949</b>
<b>Total Equity and Liabilities</b>	<b>7,887</b>	<b>8,871</b>

Assets	Sep-19	Mar-19
<b>Non Current Assets</b>		
Property, plant and equipment	1,065	1,147
Right-of-use assets	160	0
Capital work-in-progress	173	218
Investment property	36	37
Goodwill	8	8
Other intangible assets	301	327
Intangible assets under development	9	10
Investments in asso. and joint ventures	20	20
<b>Financial assets</b>		
(i) Other investment	0	0
(ii) Trade receivables	0	0
(iii) Loans	0	0
(iv) Other financial assets	375	484
Other non-current assets	45	104
	<b>2,192</b>	<b>2,357</b>
<b>Current Assets</b>		
(a) Inventories	2,357	2,914
<b>(b) Financial assets</b>		
(i) Trade receivables	1,728	1,881
(ii) Cash and cash equivalents	70	75
(iii) Loans	26	12
(iv) Other Financial Assets	354	316
(c) Current tax asset, net	17	16
(d) Other curr. assets (incl. held for sale)	1,143	1,301
	<b>5,695</b>	<b>6,514</b>
<b>Total Assets</b>	<b>7,887</b>	<b>8,871</b>

\*SBL devolved and converted into Other Financial Liabilities

## Consolidated Net Working Capital

(₹ Cr.)

	30-Sep-19	30-Jun-19	30-Sep-18
Inventories	2,357	2,775	3,151
Trade receivables	1,728	1,741	2,297
Loans & Advances and Others	1,676	1,684	1,889
<b>Total (A)</b>	<b>5,761</b>	<b>6,200</b>	<b>7,336</b>
Sundry Creditors	1,394	1,757	2,902
Advances from Customers	1,005	1,041	992
Provisions and other liabilities	1,718	1,562	1,444
<b>Total (B)</b>	<b>4,118</b>	<b>4,361</b>	<b>5,337</b>
<b>Net Working Capital (A-B)</b>	<b>1,643</b>	<b>1,839</b>	<b>1,999</b>



**THANK YOU**