

# Suzlon Energy Limited

Investor Presentation

Q3 FY20



12 February 2020

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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*

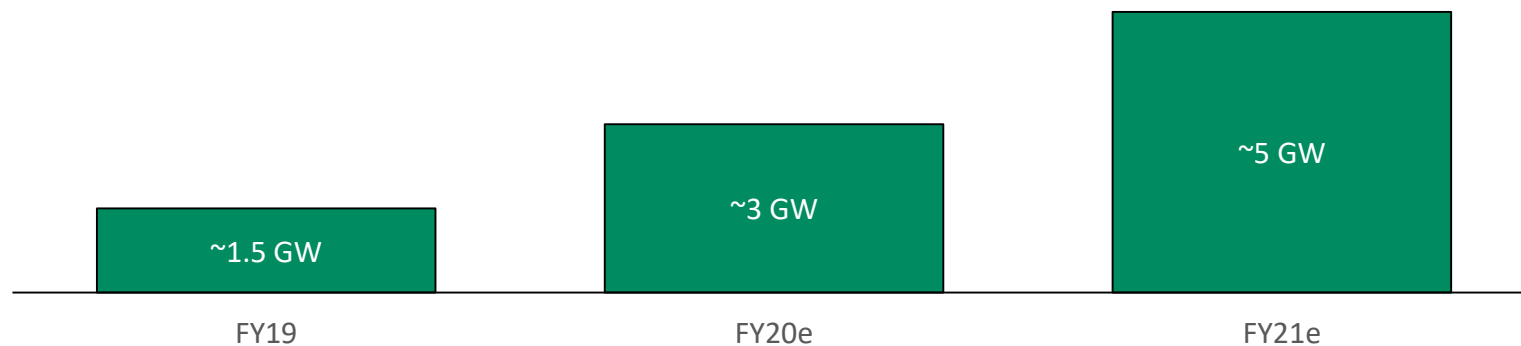
**Largest fleet under  
maintenance\* of**

**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

**Financial Performance**

Debt Overview

Industry Outlook

Technology

Suzlon Strengths

Detailed Financials

## Q3 FY20 Financial Metrics

(₹ Cr.)

Particulars	Q3 FY20 Unaudited	Q3 FY19 Unaudited	Remarks
Net Volumes (MW)	2	67	
Net Revenue	654	1,091	Primarily due to low volume
<b>Gross Profit</b>	<b>270</b>	<b>484</b>	Primarily due to revenue mix and provisions
<b>Gross Margin</b>	<b>41.2%</b>	<b>44.3%</b>	
Employee Expenses	187	219	
Other Expenses (net)	174	193	Includes partly variable cost
<b>EBITDA (Pre FX)</b>	<b>-92</b>	<b>73</b>	Primarily due to lower operating leverage
<b>EBITDA Margin (Pre FX)</b>	<b>-14.0%</b>	<b>6.7%</b>	
Depreciation	155	82	
Net Finance Cost	415	320	
Taxes	1	-11	
Share of (Profit) / Loss of Associates / JV	-0	1	
<b>Net Profit (Pre Fx and Ex. Items)</b>	<b>-663</b>	<b>-321</b>	
Exchange Loss / (Gain)	77	-220	
Exceptional Loss / (Gain)	3	-61	
<b>Reported Net Profit</b>	<b>-743</b>	<b>-40</b>	
Non Controlling Interest	-6	-2	
<b>Net Profit attributable to Shareholders</b>	<b>-737</b>	<b>-38</b>	

## 9M FY20 Financial Metrics

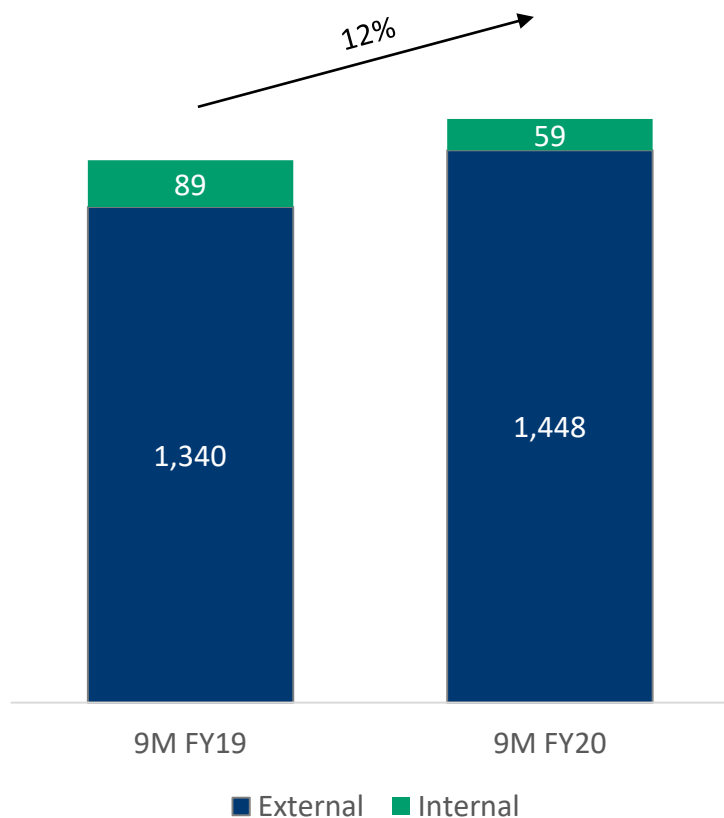
(₹ Cr.)

Particulars	9M FY20 Unaudited	9M FY19 Unaudited	Remarks
Net Volumes (MW)	49	349	
Net Revenue	2,290	3,557	Primarily due to low volume
<b>Gross Profit</b>	<b>840</b>	<b>1,512</b>	Primarily due to revenue mix and provisions
<b>Gross Margin</b>	<b>36.7%</b>	<b>42.5%</b>	
Employee Expenses	604	625	
Other Expenses (net)	509	622	Includes partly variable cost
<b>EBITDA (Pre FX)</b>	<b>-273</b>	<b>265</b>	Primarily due to lower operating leverage
<b>EBITDA Margin (Pre FX)</b>	<b>-11.9%</b>	<b>7.4%</b>	
Depreciation	305	255	
Net Finance Cost	1,002	944	
Taxes	2	-16	
Share of (Profit) / Loss of Associates / JV	0	5	
<b>Net Profit (Pre Fx and Ex. Items)</b>	<b>-1,583</b>	<b>-922</b>	
Exchange Loss / (Gain)	220	382	
Exceptional Loss / (Gain)	55	-61	
<b>Reported Net Profit</b>	<b>-1,858</b>	<b>-1,243</b>	
Non Controlling Interest	-39	-8	
<b>Net Profit attributable to Shareholders</b>	<b>-1,819</b>	<b>-1,235</b>	

Financial performance impacted due to low volumes

## Stable Service Revenue Insulated From Business Cycles

### Operations and Maintenance Revenues (₹ Cr.)



### ✓ ~15 GW of Assets under Management (AUM)

- 12.5+ 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 12.5+ 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	790 MW	All orders backed by signed PPA’s
State Auctions	57 MW	
Retail, Captive, PSU & IPP	10 MW	Not dependent on PPAs
Wind Firm Order Book	857 MW	
Value of Order Book	₹ 4,399 Cr.	
<div><div><div></div></div><div>+</div><div>SEFL and Service orders over and above this order book</div></div>		

1. During the Quarter, 632 MW has been considered as cancelled from the order book due to teething troubles of land, power evacuation and other constraints.
2. PPAs of > 700 MW, where ratification is awaited are not considered in above order backlog in view of regulatory uncertainties.

~20% of auctioned capacity is yet to be tied up

Financial Performance

**Debt Overview**

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Detailed Financials

## Debt Profile

	31 <sup>st</sup> Dec'19	30 <sup>th</sup> Sep'19
Rupee Debt (including SBLC back Loans)	₹ 11,463 Cr.	₹ 10,937 Cr.
FCCB	US\$ 172 M (₹ 1,263 Crs.)	US\$ 172 M (₹ 1,254 Crs.)
Other FX Term Debt	US\$ 50 M (₹ 357 Crs.)	US\$ 52 M (₹ 369 Crs.)
<b>Gross Debt (Fund based)</b>	<b>₹ 13,083 Cr.</b>	<b>₹ 12,560 Cr.</b>
Net Debt (Fund based)	₹ 12,906 Cr.	₹ 12,257 Cr.

# Debt Resolution Plan

**Debt Resolution Plan**

**In Progress**

## Key Considerations:

- ❑ Continues to work on resolution of unsustainable debt levels
- ❑ Focus of Government on Wind industry increased; several positive steps taken
- ❑ Medium to long term outlook for wind continues to remain fundamentally strong
- ❑ Wholesome approach towards liability management is best possible outcome for all stakeholders

## Steps Taken:

- ✓ Lenders\* have entered Intercreditor Agreement (ICA) under the Reserve Bank of India (Prudential Framework for resolution of stressed assets) Direction, 2019, which has expired on January 7, 2020. Lenders are in the process of executing amendment agreement for extending the period under the ICA till April 30, 2020.
- ✓ Company has submitted restructuring plan to achieve a sustainable debt levels. The proposed Restructuring Plan is under consideration by the lenders\*.
- ✓ Company is also in discussion with the FCCB holders for settlement of FCCB borrowing which includes a waiver of considerable amount.

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

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

Financial Performance

Debt Overview

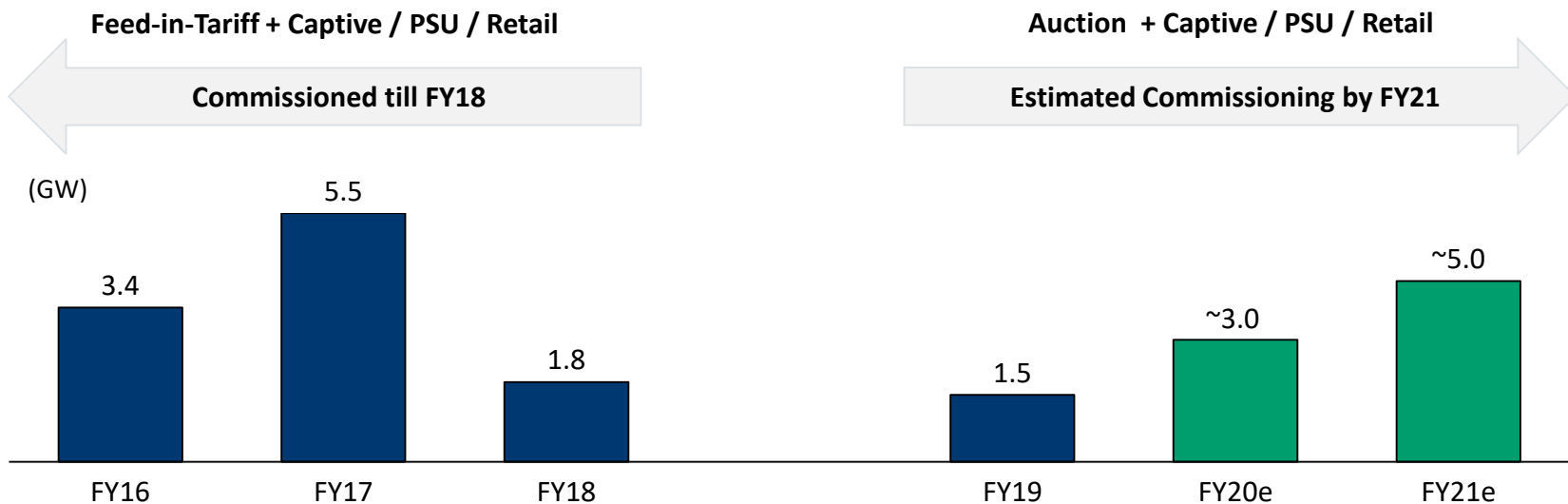
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## Strong Visibility On Growth For India Wind Market



Source: MNRE

Source: Internal Estimates

### Key Challenges faced during Transition:

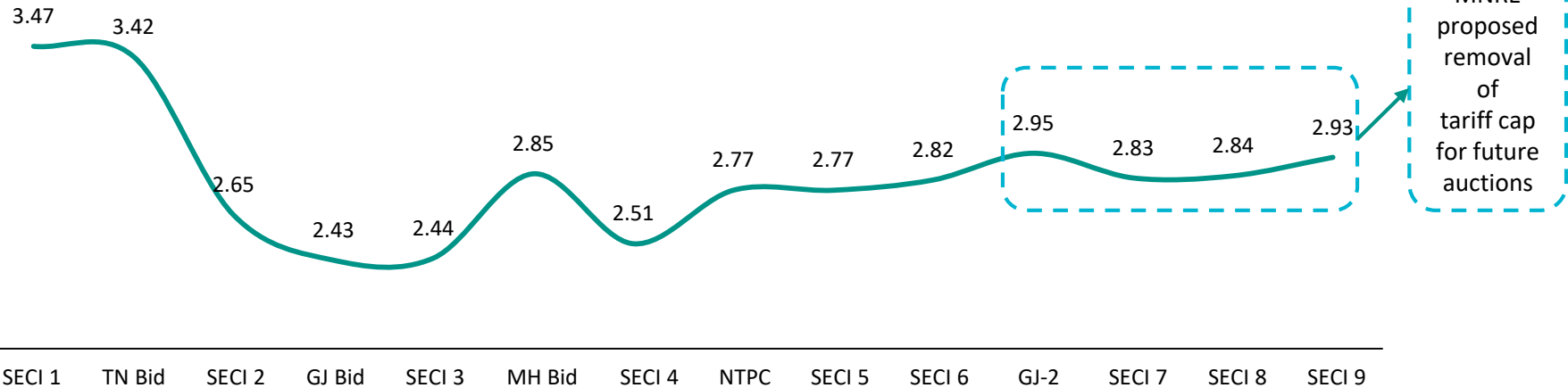
- X Infrastructure constraints
- X Land allocation delays
- X Delays in permissions from Ministry of Defence
- X Auction delays & sector uncertainties

### Key Drivers:

- ✓ Push for clean, affordable and scalable power source
- ✓ Wind most competitive source of power in India
- ✓ Market expanding from 8 wind states to pan India
- ✓ Tariff firming up; removal of tariff cap proposed
- ✓ Demand-supply rationalised and WTG prices firming up

## Tariffs are firming up since early Wind auctions in India

### Wind Auction Tariffs (Rs/Unit)



### Positive Aspect of Competitive Bidding

1

#### Pan India Demand

Wind + Non Wind States

2

#### Market Based pricing

Most competitive source of power- even better than Coal based plants

3

#### Predictable Volumes

Optimized Working Capital

4

#### Large Scale Orders

250-300 MW

5

#### Reduced Regulatory Risk

Upfront PPA signing and tariff determination

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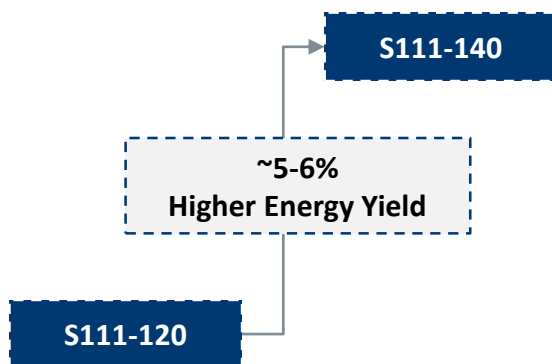
## Products optimized for market demands

### S111-140

**2.1 MW**

*India's Tallest Wind Turbine*

Proto	Commissioned
	Aug'17

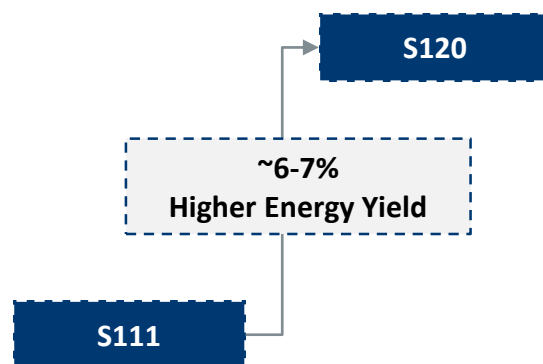


### S120-140

**2.1 MW**

*India's Largest 2.1 MW Turbine*

Proto	Status	Date
S120-105	Commissioned	Jun '18
S120-140	Commissioned	Dec'18

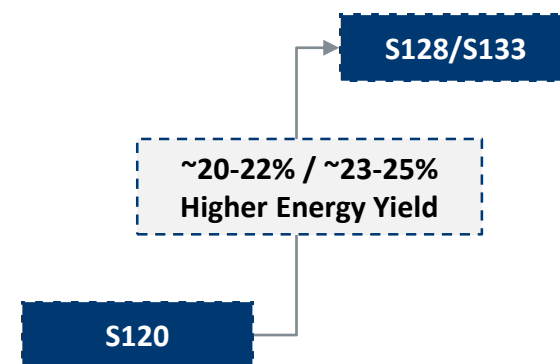


### S128/S133-140

**2.6 – 2.8 MW**

*India's Largest Rotor Diameter  
(Grown to S133)*

Proto	Status	Date
S128-105	Commissioned	Jan '18
S128-140	Commissioned	Jun'19
S133-105	Commissioned	Aug '19



# 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)

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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**

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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



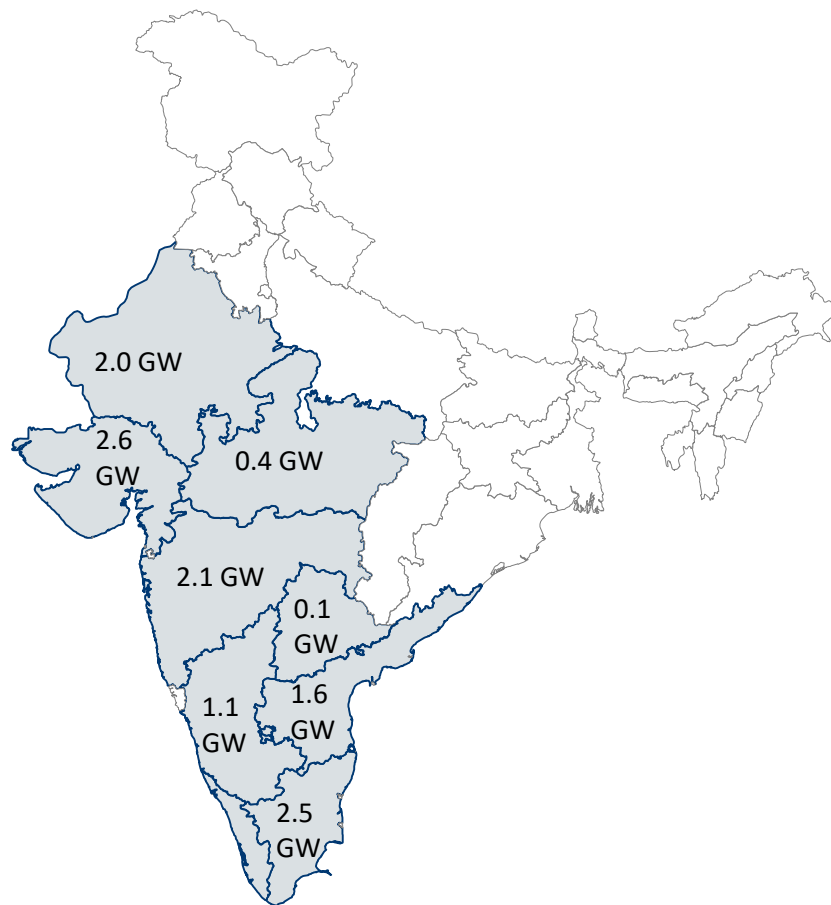
- **World's 1st solar project quality certification for Suzlon's 100 MW project**
  - DNV GL confirms safety features and technical compliance
  - Testament of our commitment to high quality standards
- **Coimbatore Generator Unit wins CII Southern Region 13th Kaizen Competition**
  - For uniform profile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



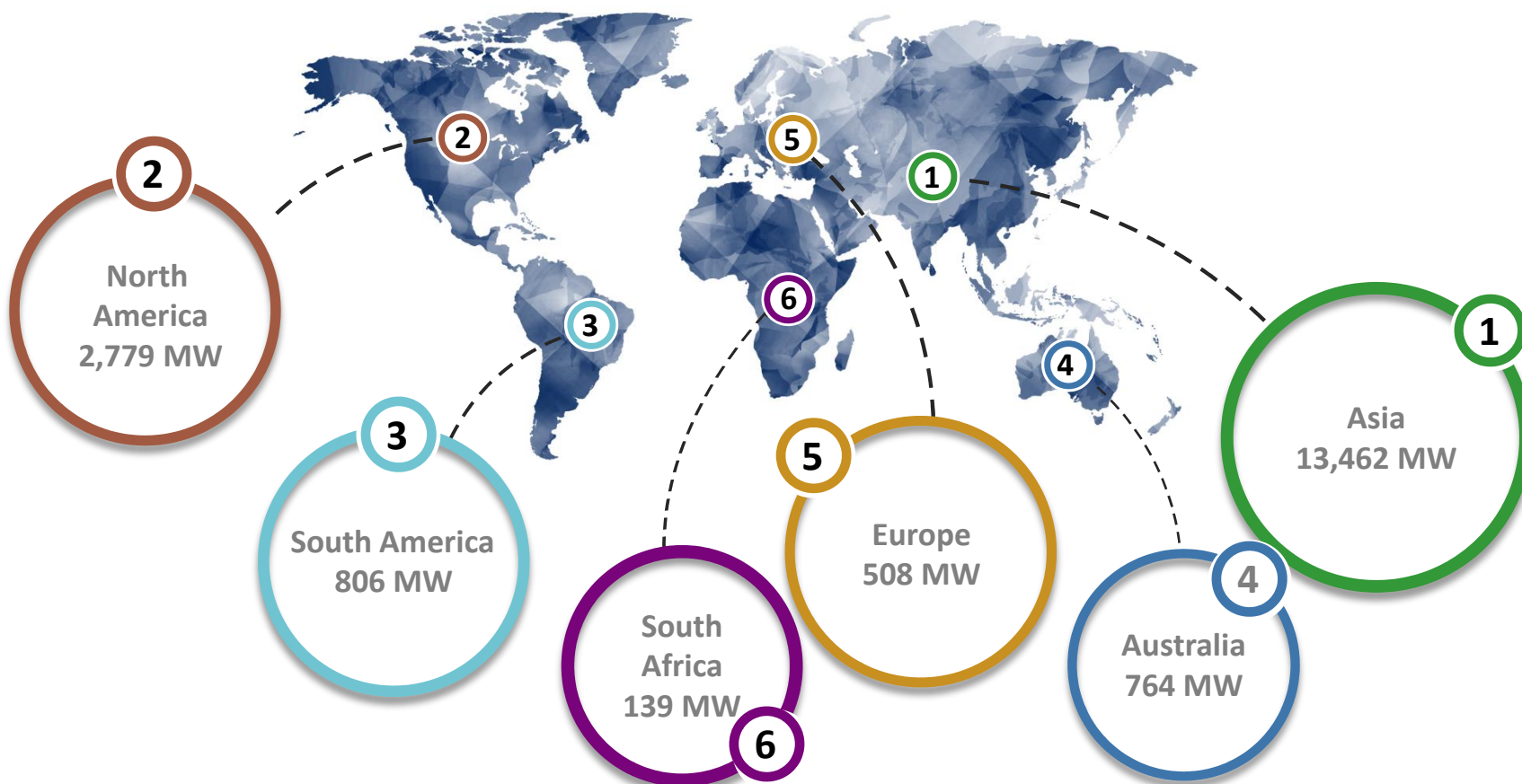
(31 <sup>st</sup> Mar'19)	# of Turbines	MW
<= 1 MW	1,678	777
>1 MW < 2 MW	4,268	5,774
=>2 MW	2,834	5,950
Total	8,780	12,501

- **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



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# Consolidated Income Statement

(₹ Cr.)

Particulars	Q3 FY20 Unaudited	Q2 FY20 Unaudited	Q3 FY19 Unaudited	FY19 Audited
Revenue from operations	654	803	1,091	4,978
Less: COGS	384	670	607	2,998
<b>Gross Profit</b>	<b>270</b>	<b>133</b>	<b>484</b>	<b>1,980</b>
<b>Margin %</b>	<b>41.2%</b>	<b>16.6%</b>	<b>44.3%</b>	<b>39.8%</b>
Employee benefits expense	187	209	219	874
Other expenses (net)	174	167	193	826
Exchange Loss / (Gain)	77	123	-220	288
<b>EBITDA</b>	<b>-169</b>	<b>-366</b>	<b>292</b>	<b>-9</b>
<b>EBITDA (Pre-FX Gain / Loss)</b>	<b>-92</b>	<b>-243</b>	<b>73</b>	<b>280</b>
<b>Margin %</b>	<b>-14.0%</b>	<b>-30.2%</b>	<b>6.7%</b>	<b>5.6%</b>
Less: Depreciation	155	76	82	342
<b>EBIT</b>	<b>-324</b>	<b>-442</b>	<b>210</b>	<b>-351</b>
<b>EBIT (Pre-FX Gain / Loss)</b>	<b>-247</b>	<b>-319</b>	<b>-10</b>	<b>-62</b>
<b>Margin %</b>	<b>-37.8%</b>	<b>-39.7%</b>	<b>-0.9%</b>	<b>-1.3%</b>
Net Finance costs	415	292	320	1,220
<b>Profit / (Loss) before tax</b>	<b>-739</b>	<b>-734</b>	<b>-111</b>	<b>-1,571</b>
Less: Exceptional Items Loss / (Gain)	3	44	-61	-28
Less: Share of (Profit) / Loss of Associates & JV	-0	0	1	6
Less: Taxes	1	-0	-11	-12
<b>Net Profit / (Loss) after tax</b>	<b>-743</b>	<b>-778</b>	<b>-40</b>	<b>-1,537</b>
Less: Non-Controlling Interest	-6	-31	-2	-10
<b>Net Profit Attributable to Shareholders</b>	<b>-737</b>	<b>-747</b>	<b>-38</b>	<b>-1,527</b>

# Consolidated Balance Sheet

(₹ Cr.)

Liabilities	Dec-19	Mar-19	Assets	Dec-19	Mar-19
Shareholders' Fund	-10,266	-8,498	<b>Non Current Assets</b>		
Non controlling interest	-45	-5	Property, plant and equipment	960	1,147
	<b>-10,311</b>	<b>-8,503</b>	Right-of-use assets	156	0
			Capital work-in-progress	144	218
			Investment property	35	37
			Goodwill	8	8
<b>Non-Current Liabilities</b>			Other intangible assets	285	327
<b>(a) Financial Liabilities</b>			Intangible assets under development	8	10
(i) Borrowings*	1,857	6,244	Investments in asso. and joint ventures	20	20
(ii) Lease Liabilities	57	0	<b>Financial assets</b>		
(iii) Other Financial Liabilities	29	50	(i) Other investment	0	0
<b>(b) Provisions</b>	114	118	(ii) Trade receivables	0	0
<b>(c) Other Non-Current Liabilities</b>	9	12	(iii) Loans	0	0
	<b>2,066</b>	<b>6,425</b>	(iv) Other financial assets	228	484
			Other non-current assets	50	104
				<b>1,893</b>	<b>2,357</b>
<b>Current Liabilities</b>			<b>Current Assets</b>		
<b>(a) Financial Liabilities</b>			(a) Inventories	2,204	2,914
(i) Borrowings	8,570	3,380	<b>(b) Financial assets</b>		
(ii) Trade payables	1,295	2,175	(i) Trade receivables	1,458	1,881
(iii) Other financial liabilities (incl. Lease Liabilities)	4333	3061	(ii) Cash and cash equivalents	94	75
Contract Liabilities	319	1,478	(iii) Loans	21	12
Other cur. liabilities (incl. held for sale)	137	116	(iv) Other Financial Assets	317	316
Provisions	687	740	(c) Current tax asset, net	16	16
	<b>15,341</b>	<b>10,949</b>	(d) Other curr. assets (incl. held for sale)	1,092	1,301
				<b>5,202</b>	<b>6,514</b>
<b>Total Equity and Liabilities</b>	<b>7,095</b>	<b>8,871</b>	<b>Total Assets</b>	<b>7,095</b>	<b>8,871</b>

## Consolidated Net Working Capital

(₹ Cr.)

	31-Dec-19	30-Sep-19	30-Jun-19
Inventories	2,204	2,357	2,775
Trade receivables	1,458	1,728	1,741
Loans & Advances and Others	1,587	1,676	1,684
<b>Total (A)</b>	<b>5,249</b>	<b>5,761</b>	<b>6,200</b>
Sundry Creditors	1,295	1,394	1,757
Advances from Customers	328	1,005	1,041
Provisions and other liabilities	1,885	1,718	1,562
<b>Total (B)</b>	<b>3,508</b>	<b>4,118</b>	<b>4,361</b>
<b>Net Working Capital (A-B)</b>	<b>1,741</b>	<b>1,643</b>	<b>1,839</b>



**THANK YOU**