30th October, 2013 **For immediate release**

Suzlon Group Q2: Operational performance improving

- Q-on-Q improvement:
    - Revenues at Rs 4,769 cr/~US$ 777.3 mn for Q2 FY14 vs. Rs 3,851 cr / ~US$ 627.7 mn for Q1 FY14
    - EBITDA at Rs (31) cr/~US$ (5) mn in Q2 FY14 vs. Rs (302) cr/~US$ (49.2) mn for Q1 FY14
    - Q2 FY14 EBITDA (excluding forex loss) at Rs 39 cr/~US$ 6.3 mn
- Project Transformation delivering: Opex reduced by 38% YoY; Net working capital down to 9.9% of sales
- China-subsidiary 75% divestment completed
- New market entry: Maiden order of 65 MW in Uruguay

Pune: Suzlon Group, the world's fifth largest* wind turbine maker, on Wednesday, October 30th 2013, announced its results for the second quarter (Q2) of financial year 2013-14.

Mr Tulsi Tanti, Chairman – Suzlon Group, said: "Despite significant challenges our business is improving steadily.

"As part of our strategic initiatives, we have strengthened our product portfolio, adding a new turbine variant designed specifically for low wind sites in developed economies; we secured entry into Uruguay, one of the most promising Latin American markets; and, divested 75 per cent of our China subsidiary, converting it into a joint venture which helps us maintain a foothold in the world's largest market.

"Looking ahead, we see an evolving – but promising – market for wind energy worldwide; and with the actions we are taking, we see a sustainable outlook for Group in the long term."

Mr Kirti Vagadia, Group Head of Finance, said: "While we continue to progress on the operational front, we reported a significant net loss primarily driven by lower volumes, the impact of the depreciating Rupee, and restructuring costs. We are, however, pleased to report a positive EBITDA (net of forex) in Q2 after five quarters.

"We continue our focus on increasing volumes while optimizing fixed costs, opex and working capital, which will enable us to improve our financial performance.

"We believe we are on the way to recovery, and while this has taken longer than envisaged, with the support of our key stakeholders we are on our way to achieve this."

Key updates

- **Performance:** Suzlon Wind achieved volumes of 220 MW for the second quarter for FY14, aggregating first half volumes of 440 MW. REpower achieved revenues of EUR 388.8 mn in Q2 FY14, compared with EUR 332.6 mn in Q1 FY14, with volumes impacted by lower demand from the US market. REpower also crossed a major milestone with the commissioning of its 5,000th turbine.

- **New product:** REpower launched a 60 Hz turbine variant – the 3.0M122 – designed specifically for low wind sites in developed economies. This turbine draws on the successful 3XM platform to deliver a lower cost of energy.

- **Business efficiency:** The company continued to work towards optimizing its Working Capital ratio, with a focus on realizations, leaner inventory cycles, and expediting order execution, taking the ratio down to 9.9 per cent of sales at Q2 FY14, compared to 13.6 per cent at Q4 FY12. Consolidated operating expenses were reduced by 38 per cent compared to Q2 FY13 with stringent cost control measures in place. Manpower optimization also continued under Project Transformation.

- **Exceptional / One-time costs:** One time Group-wide restructuring costs, under Project Transformation, stood at Rs. 67 cr / US$ 10.9 mn, and losses due to unfavourable currency fluctuations added Rs 70 cr / US$ 11.41 mn.

- **Orderbook:** The consolidated Group orderbook stood at 5.1 GW, approximately Rs 43,834 cr / US$ 7.1 bn in value, with an intake of 395 MW over Q2 FY14.

- **Global service (OMS):** The Group is operating a turbine fleet of over 22,500 MW, delivering availability (uptime) levels consistently meeting and exceeding the industry average. The vertical achieved 50 per cent year-on-year growth over H1, and secured a service order backlog of US$ 2.8 bn over a five-year horizon.

- **New market entry:** Suzlon Group won its first order in Uruguay – one of the most promising wind markets in Latin America – for 65 MW project. The project is being developed by Rouar S.A., a unique joint venture between UTE – Uruguay's state-owned utility, and Brazilian utility Eletrobras.

- **Asset sales:** Suzlon Group completed the divestment of 75 per cent stake in its China manufacturing subsidiary for US$ 28 mn. The joint venture model serves a dual strategy by allowing the company to migrate to an asset light model in China, while maintaining a presence in this important market.

- **FCCB:** The Company continues to be in active, solution-oriented dialogue with FCCB-holders, their advisors, and our senior secured lenders.

Notes to the Editor:

- The management of the Company, as a precautionary measure, excluded from the orderbook an India project totalling 86.1 MW due to non-movement of this order.
- **BTM Consult ApS – A part of Navigant Consulting – World Market Update*
- US$ 1 = INR 61.35
- Suzlon Group guidance remains suspended.

About Suzlon Group:

The Suzlon Group is ranked as the world's fifth largest* wind turbine supplier, in terms of cumulative installed capacity and marketshare, at the end of 2012. The company's global spread extends across Asia, Australia, Europe, Africa and North and South America with over 22,500 MW of wind energy capacity installed, operations across over 30 countries. The Group offers one of the most comprehensive product portfolios – ranging from sub-megawatt onshore turbines at 600 Kilowatts (KW), to the world's largest commercially-available offshore turbine at 6.15 MW – with a vertically integrated, low-cost, manufacturing base. The Group – headquartered at Suzlon One Earth in Pune, India – comprises Suzlon Energy Limited and its subsidiaries, including REpower Systems SE. Visit us at www.suzlon.com

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