

Suzlon Energy Limited

Q2 FY 2020

14 November 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*

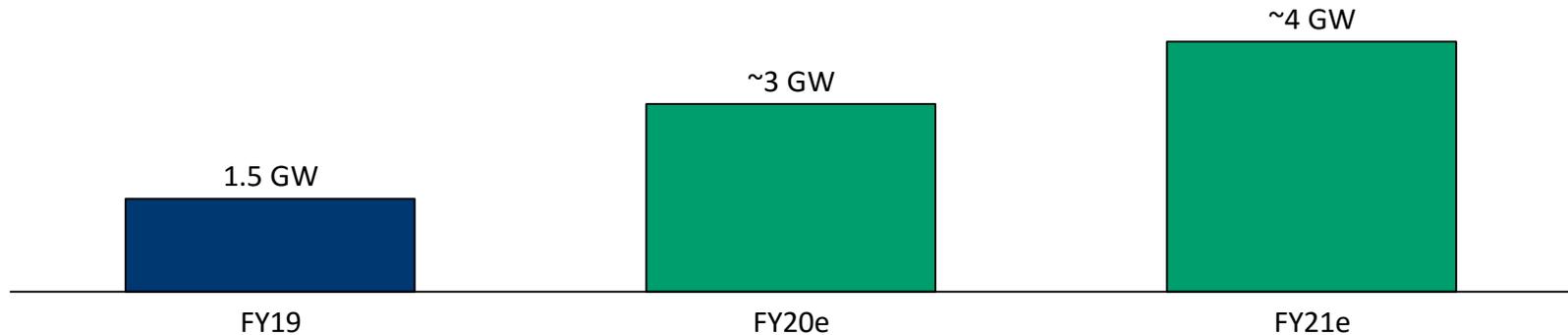
**Largest fleet under
maintenance* of**

12.5 GW in India

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

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.

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

Business impact continues due to prolonged debt resolution

H1 FY20 Financial Metrics

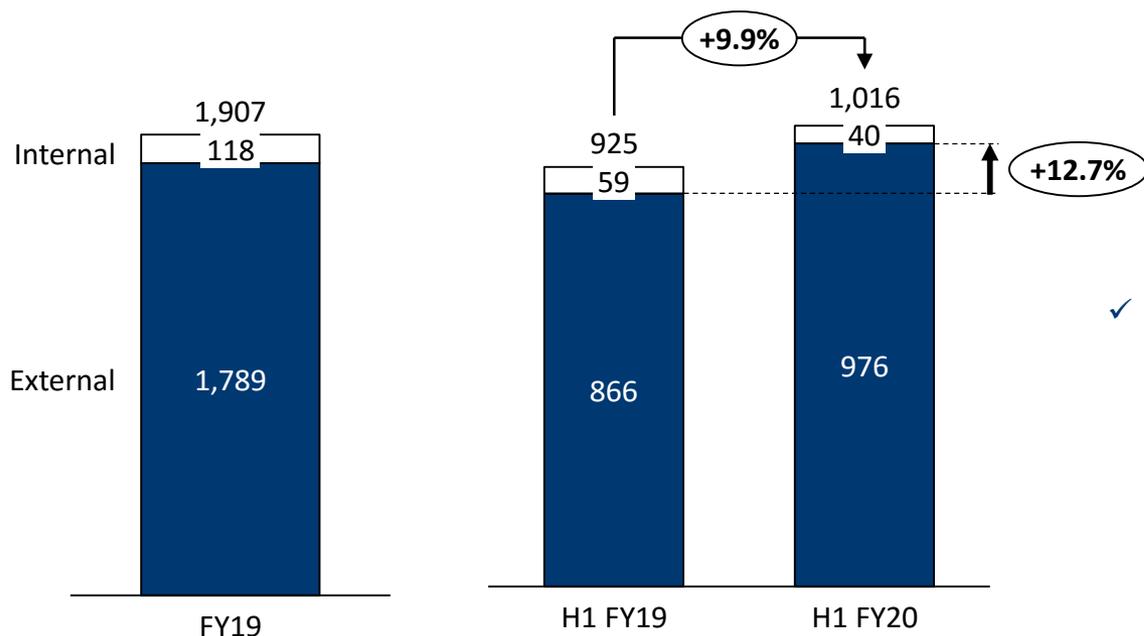
(₹ Cr.)

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

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+ 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	25 MW	Backed by advance, Not dependent on PPAs
Wind Firm Order Book	1,478 MW	
Value of Order Book	₹ 7,951 Cr.	
 SEFL and Service orders over and above this order book		

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 13th 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

30% of auctioned capacity is yet to be tied up

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Debt Profile

	30 th Sep'19	30 th 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.
Gross Debt (Fund based)	₹ 12,560 Cr.	₹ 12,165 Cr.
Net Debt (Fund based)	₹ 12,257 Cr.	₹ 11,751 Cr.

Financial Performance

Debt Overview

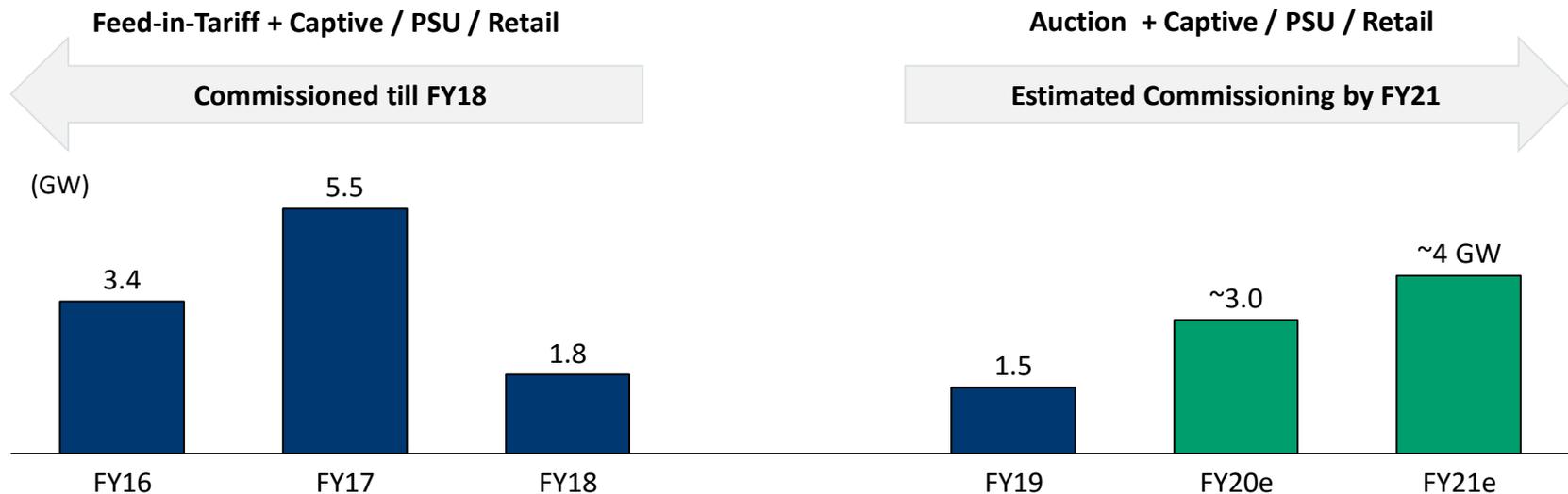
Industry Outlook

Technology

Suzlon Strengths

Detailed Financials

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

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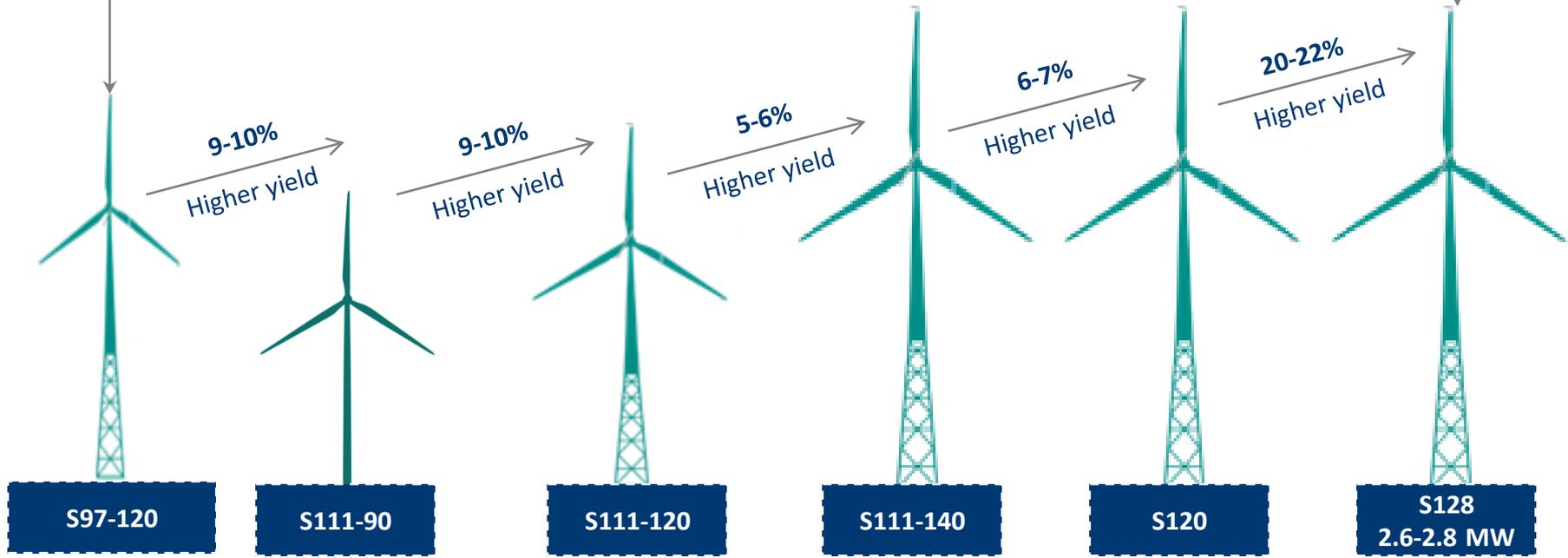
Suzlon Strengths

Detailed Financials

Focus On Reducing LCOE



>70% Increase in Energy Yield



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"> - 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



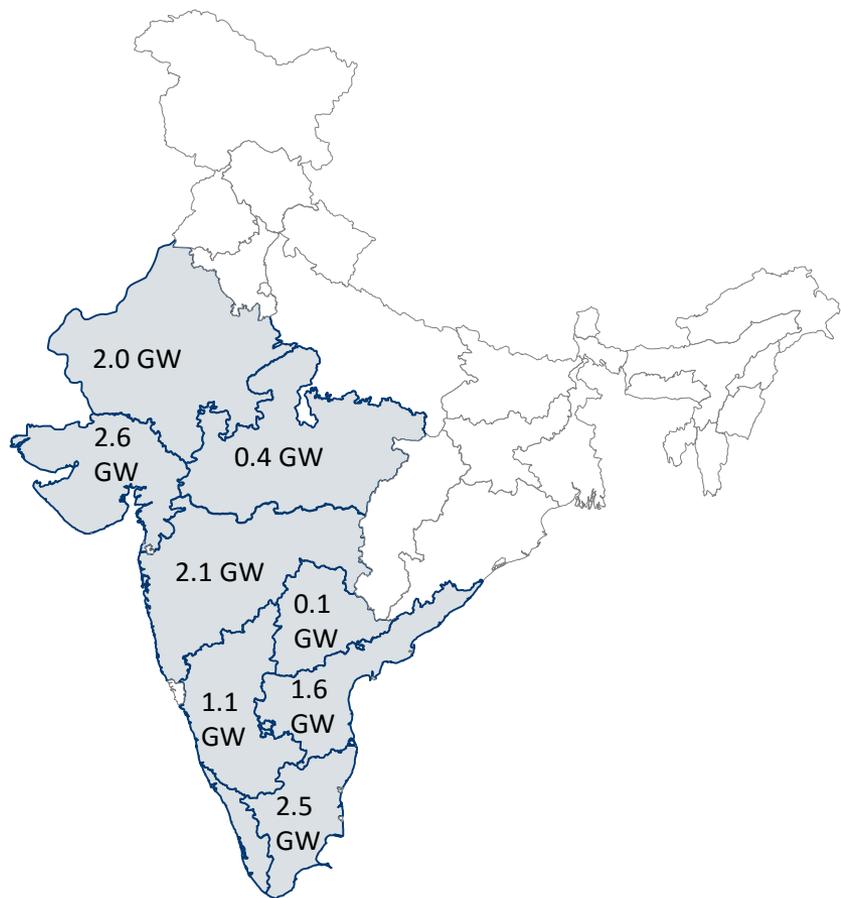
- **World's 1st solar project quality certification for Suzlon's 100 MW project**
 - DNV GL confirms safety features and technical compliance
 - Testament of our commitment to high quality standards
- **Coimbatore Generator Unit wins CII Southern Region 13th Kaizen Competition**
 - For uniform profile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



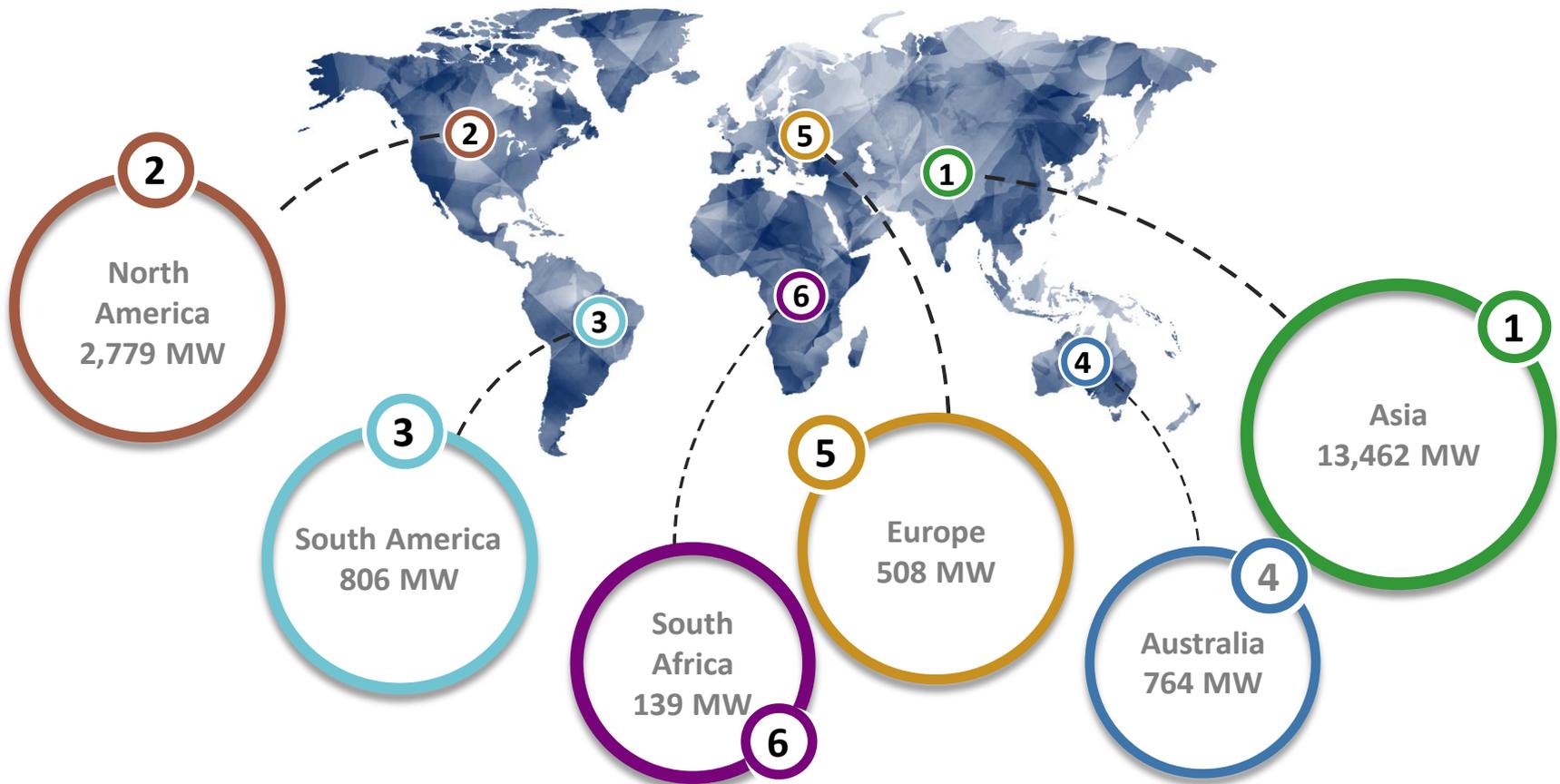
(31 st Mar'19)	# of Turbines	MW
<= 1 MW	1,678	777
>1 MW < 2 MW	4,268	5,774
=>2 MW	2,834	5,950
Total	8,780	12,501

- **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 2019



Financial Performance

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Detailed Financials

Consolidated Income Statement

(₹ Cr.)

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

Consolidated Balance Sheet

(₹ Cr.)

Liabilities	Sep-19	Mar-19	Assets	Sep-19	Mar-19
Shareholders' Fund	-9,568	-8,498	Non Current Assets		
Non controlling interest	-38	-5	Property, plant and equipment	1,065	1,147
	-9,606	-8503	Right-of-use assets	160	0
			Capital work-in-progress	173	218
Non-Current Liabilities			Investment property	36	37
(a) Financial Liabilities			Goodwill	8	8
(i) Borrowings*	1,905	6,244	Other intangible assets	301	327
(ii) Lease Liabilities	57	0	Intangible assets under development	9	10
(iii) Other Financial Liabilities	29	50	Investments in asso. and joint ventures	20	20
(b) Provisions	117	119	Financial assets		
(c) Other Non-Current Liabilities	13	12	(i) Other investment	0	0
	2,121	6,425	(ii) Trade receivables	0	0
			(iii) Loans	0	0
Current Liabilities			(iv) Other financial assets	375	484
(a) Financial Liabilities			Other non-current assets	45	104
(i) Borrowings	4,280	3,380		2,192	2,357
(ii) Trade payables	1,394	2,175	Current Assets		
(iii) Other financial liabilities*	8,148	3,061	(a) Inventories	2,357	2,914
(b) Contract Liabilities	596	1,478	(b) Financial assets		
(c) Other cur. liabilities (incl. held for sale)	186	116	(i) Trade receivables	1,728	1,881
(d) Provisions	768	739	(ii) Cash and cash equivalents	70	75
	15,372	10,949	(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
				5,695	6,514
Total Equity and Liabilities	7,887	8,871	Total Assets	7,887	8,871

*SBLIC 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
Total (A)	5,761	6,200	7,336
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
Total (B)	4,118	4,361	5,337
Net Working Capital (A-B)	1,643	1,839	1,999



THANK YOU