

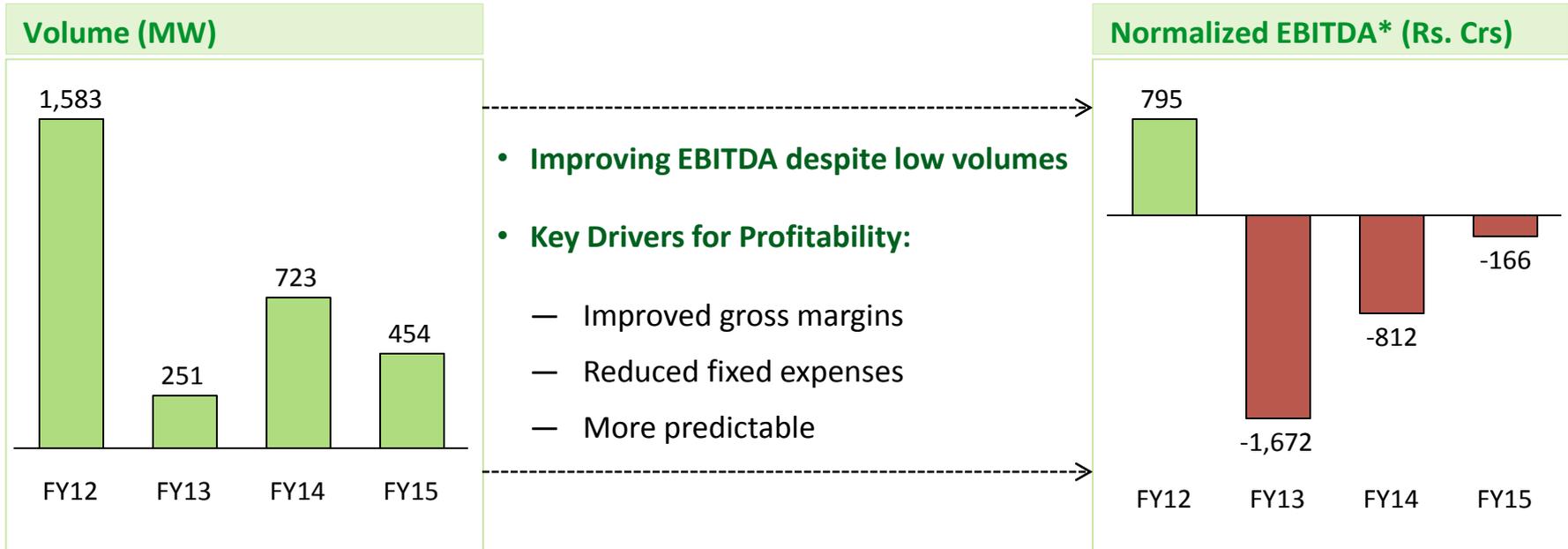


# Suzlon Energy Limited

FY15 Earnings Presentation

29th May 2015

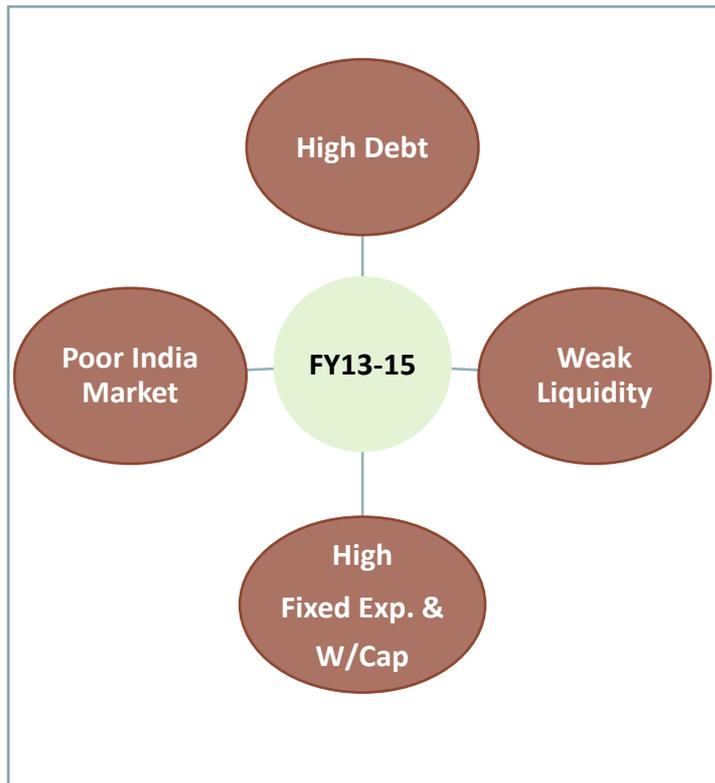
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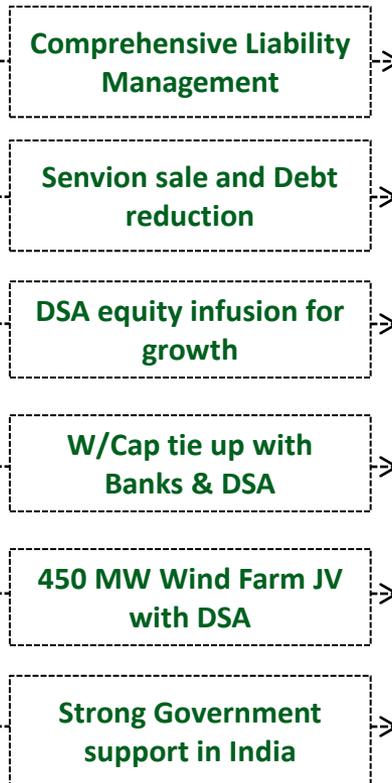
**Volume ramp up to boost profitability; operating leverage to kick in**

\*Normalized EBITDA is Before Fx impact and Liquidated damages Charges  
Suzlon Wind excludes Servion and SE Forge

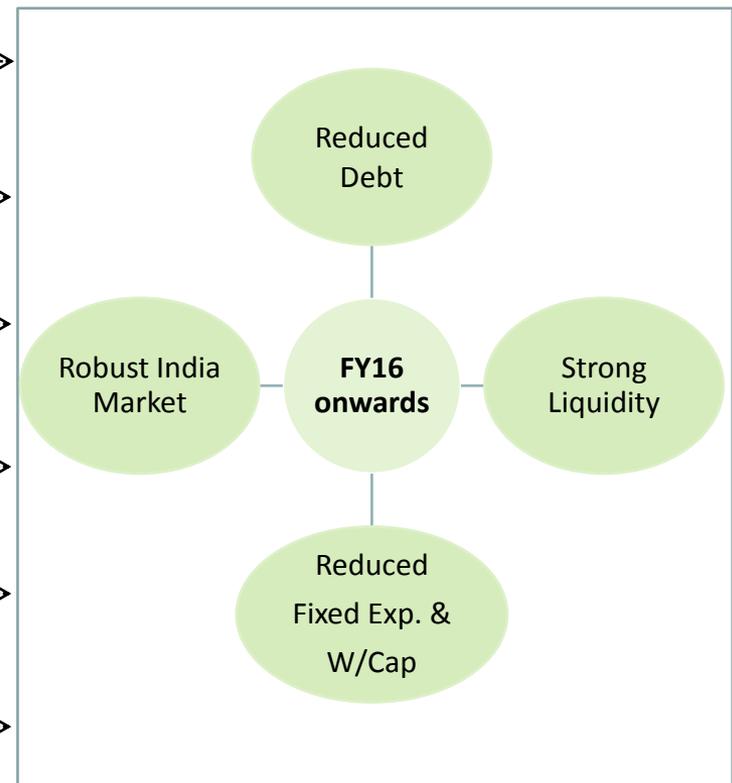
## Past 3 years



## Initiatives / Changes



## Now (FY16 Onwards)



- × Significantly lower volumes
- × Huge losses incurred

- ✓ Volume Ramp up
- ✓ Profitability Boost

# Long Term Strategic Initiatives Status Update

Suzlon wind farm in Cookhouse, South Africa

## Deal Specifics

Total Consideration	
Immediate Cash	EUR 1 bn
Earn Out	EUR 50 mn (Subject to conditions)
Licensing Arrangements	
India - Offshore	Suzlon to get Offshore technology license for India market
US - S111	Senvion to get Suzlon's S111 license for US Market



- **Reduced debt**
- **Reduced interest**
- **Reduced repayments**

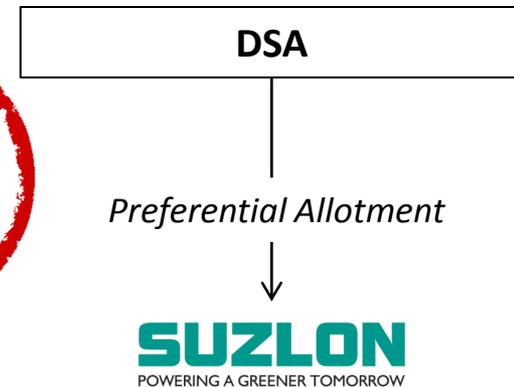
- **Fund raised to be primarily utilized for deleveraging;**
- **Increased Lender's confidence to enable timely availability of working capital facilities**

- Funds received on 29<sup>th</sup> April 2015

**Suzlon turnaround story begins**

## Preferential Allotment

Fund Raised		
No. of Shares	100 crs	
Allotment Price	Rs. 18 / share	
<b>Total Size</b>	<b>Rs. 1,800 crs</b>	
Shareholding	New Investor	Promoter
Post Allotment	20.7%	21.8%
Diluted	16.7%	17.5%



To accelerate growth, invest in wind farm and technology

- Funds received on 15<sup>th</sup> May 2015

Equity infusion to further improve balance sheet and bolster growth plans

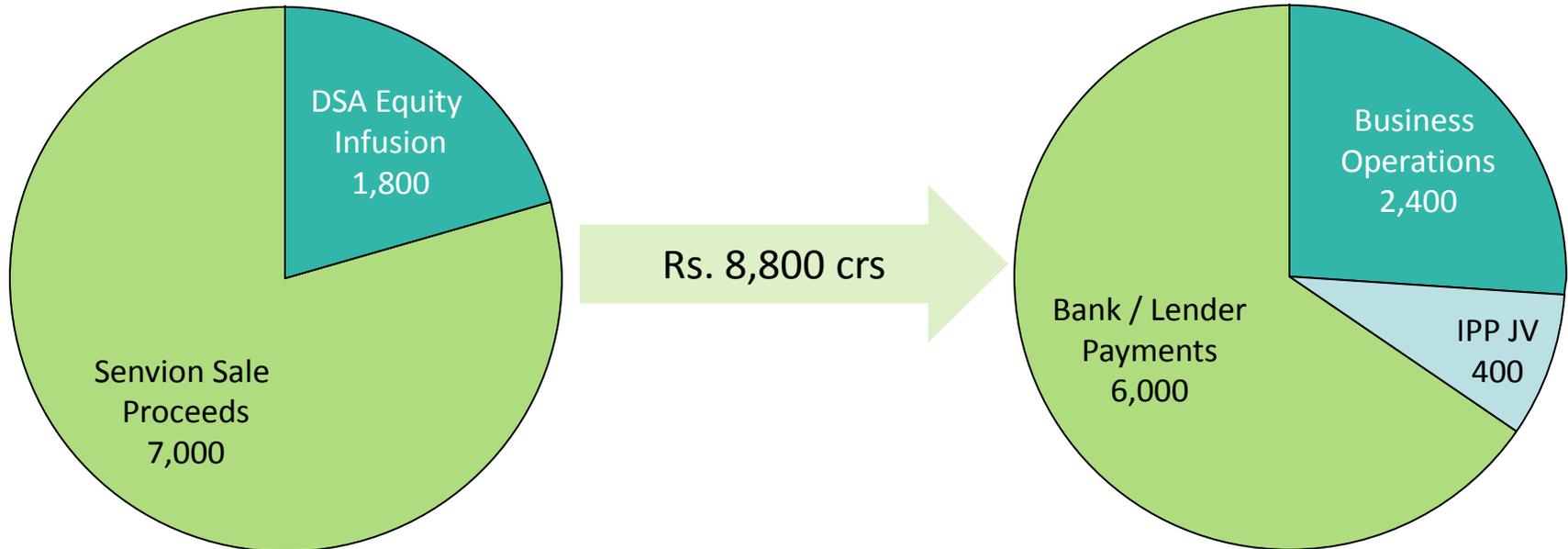
## Strong Liquidity and Business Support

- **Working capital lines from DSA (through credit enhancements)**
  - To be provided over 2 years period
  - Over and above the normal working capital lines sanctioned by lender group
- **450 MW Wind Farm JV – DSA & Suzlon to partner via Wind Farm JV for a 450 MW wind farm**
  - To be built over a period of 2 years
  - Both JV partners will contribute Rs. 405 crs each
  - DSA to provide incremental working capital facilities to Suzlon execution of orders received from JV



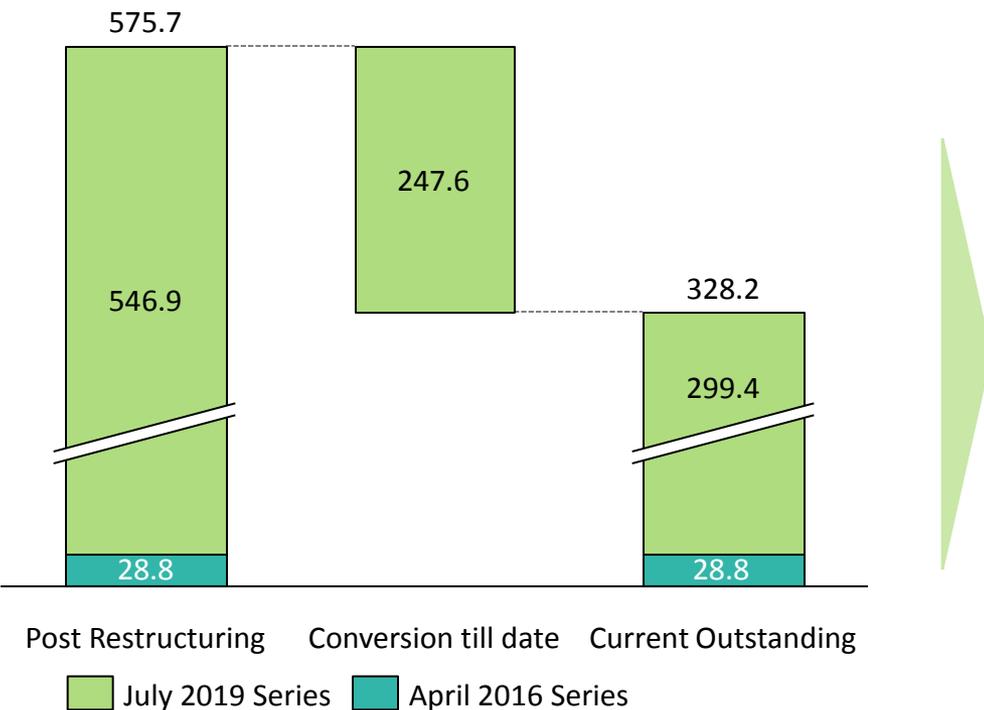
**Ensuring requisite liquidity for volume ramp up**

## Fund Raising and Utilization (Estimates) (Rs. Crs.)



**Achieves debt reduction as well as adequate liquidity for growth**

## FCCB Principal Value\* (US\$ Mn)



Conversion Details	
Conversion Price	Rs. 15.46 per share
Exchange Rate	Rs. 60.225

\* Includes notices received and shares allotted until 29<sup>th</sup> May

**Assuming full conversion debt to reduce and equity increase - Rs. 2000 crs**

# FY15 Performance Update

Suzlon wind farm in Brazil

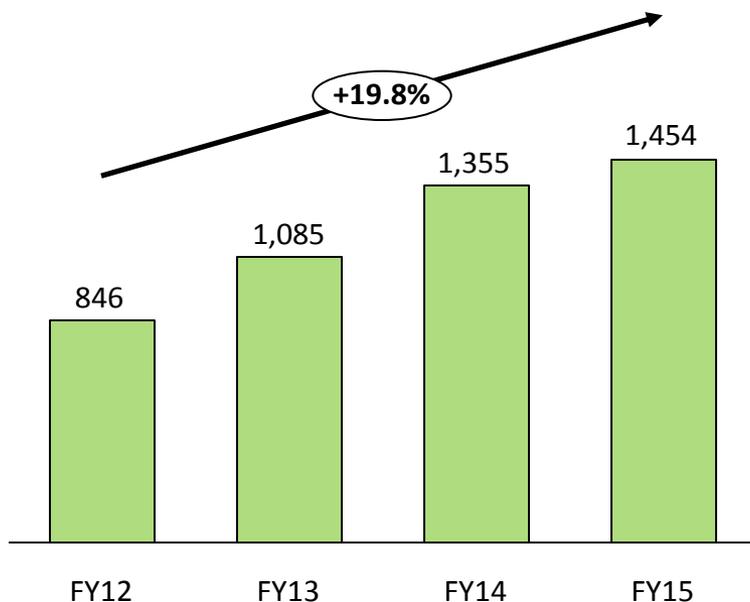
*Rs Crs*

Suzlon Wind	Q4 FY15	Q4 FY14	FY15	FY14
Revenue	926	1,493	4,883	5,627
EBITDA (Before Special Items)	-224	-255	-166	-812
EBIT (Before Special Items)	-322	-339	-542	-1187
Net Loss (Before Special Items)	-790	-819	-2,376	-2,989

## Key takeaways:

- **Business performance**
  - Volume adversely impacted due to liquidity constraints
  - Key drivers for future growth
    - Liquidity boost from strategic initiatives
    - Strong India market
  - Service vertical continues to show resilient growth and margins
  
- **Special Items impacting FY15 Net results after tax:**
  - Before EBITDA
    - Forex losses due to unfavorable currency fluctuations – **Rs 495 Crs**
    - Liquidated Damages – **Rs. 173 crs**
  - After EBITDA
    - One time exceptional costs – **Rs. 6,312 Crs**

## External Service Revenues (Rs. Crs.)



- Strong Growth at ~20% CAGR
- 50+% Contribution margin
- ~100% renewal track record
- Annuity-like cash flows
- Non cyclical business in nature

**Growing into a sizeable & profitable business**

**Annuity like business with high cash generation**

## Order Book as on 31<sup>st</sup> Mar 2015

Particulars	Amount
<b>Order Book Volume</b>	<b>~1,123 MW</b>
Order Book Value	Rs. 6,886 crs.

Additional upside to Order book:	
Inflow post 31 <sup>st</sup> Mar'15	~103 MW
Wind Farm JV (Potential)	450 MW
<b>Total</b>	<b>~553 MW</b>

- **New Products gaining traction (S111 and Hybrid Tower)**
  - >350 MW orders received
- **Service order backlog is over and above this**

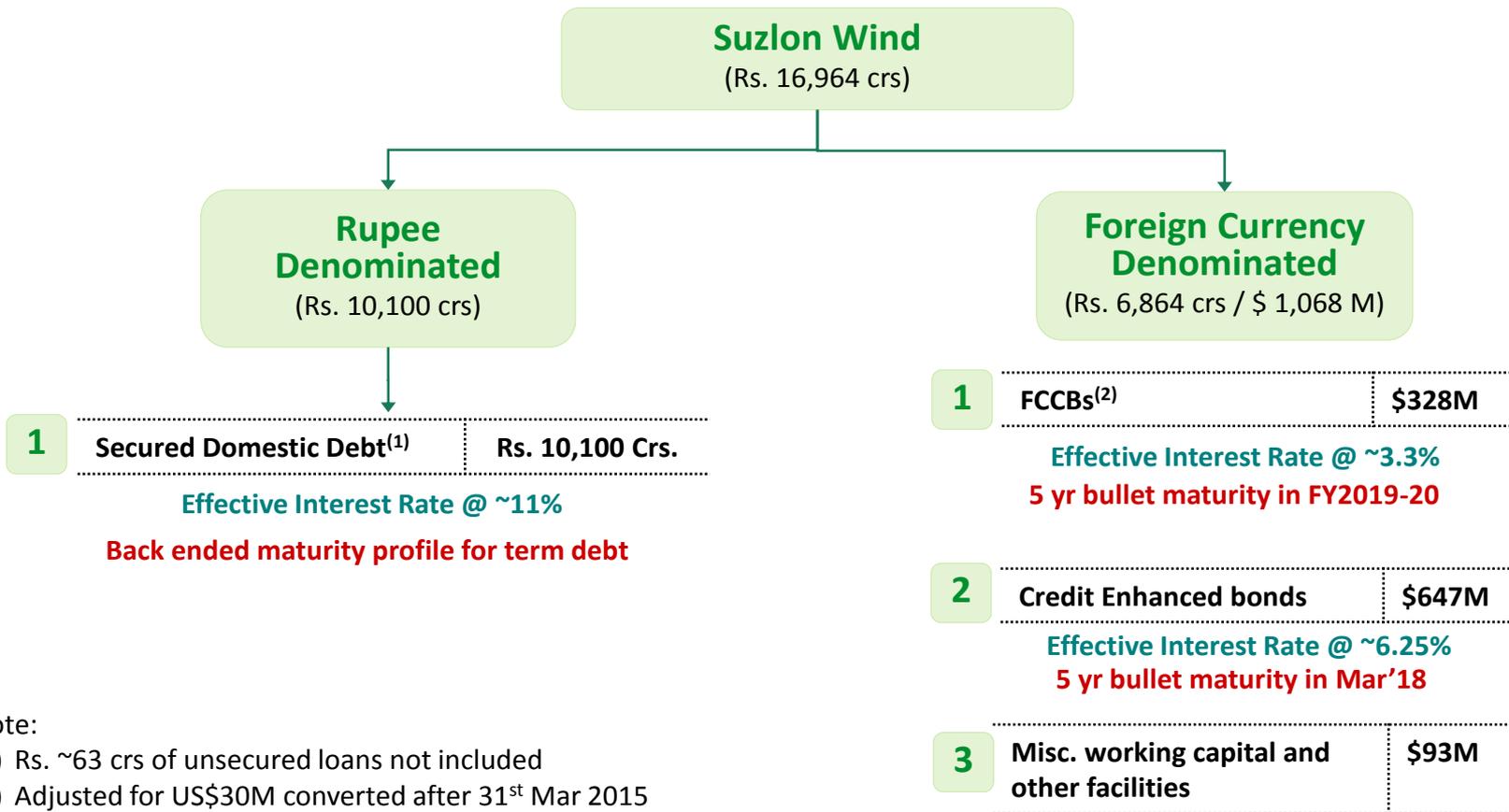
**Huge traction seen, especially in India market**

**Sizeable current order book and orders in pipeline for FY16**

# Debt Profile and Shareholding Structure

Suzlon Wind Farm in Uruguay

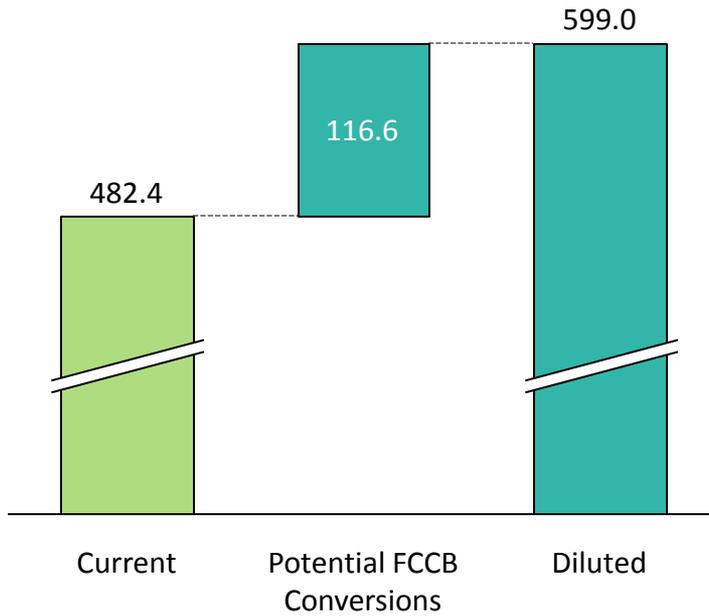
As on 31<sup>st</sup> March 2015



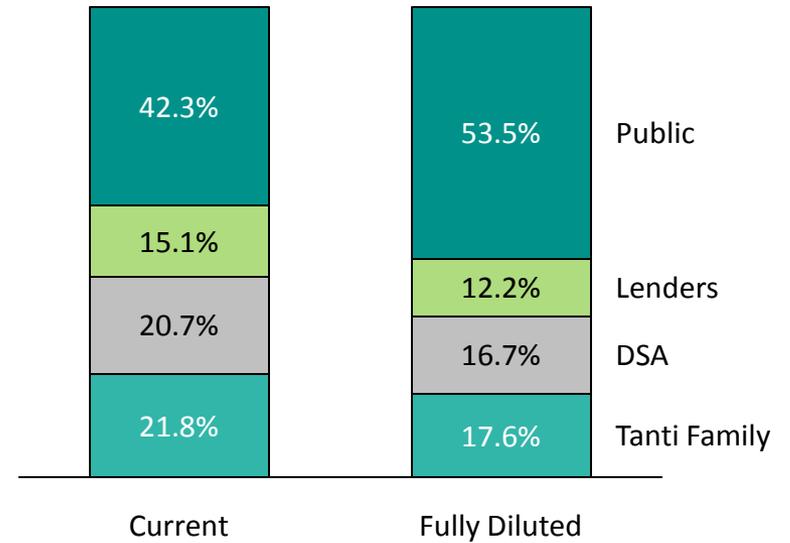
**Debt reduction from strategic initiatives in Q1 FY16**

As on 29<sup>th</sup> May 2015

No. of shares in Crs.



% Holding

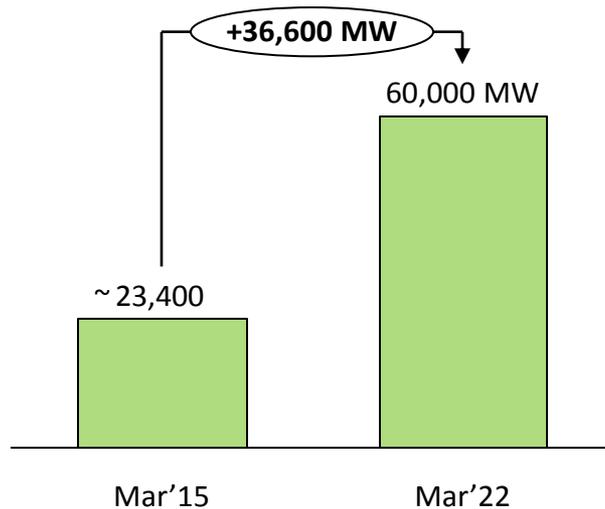


# Industry Opportunities



Suzlon windfarm at Dhule, India

## India plans to increase wind capacity to 60,000 MW by March 2022

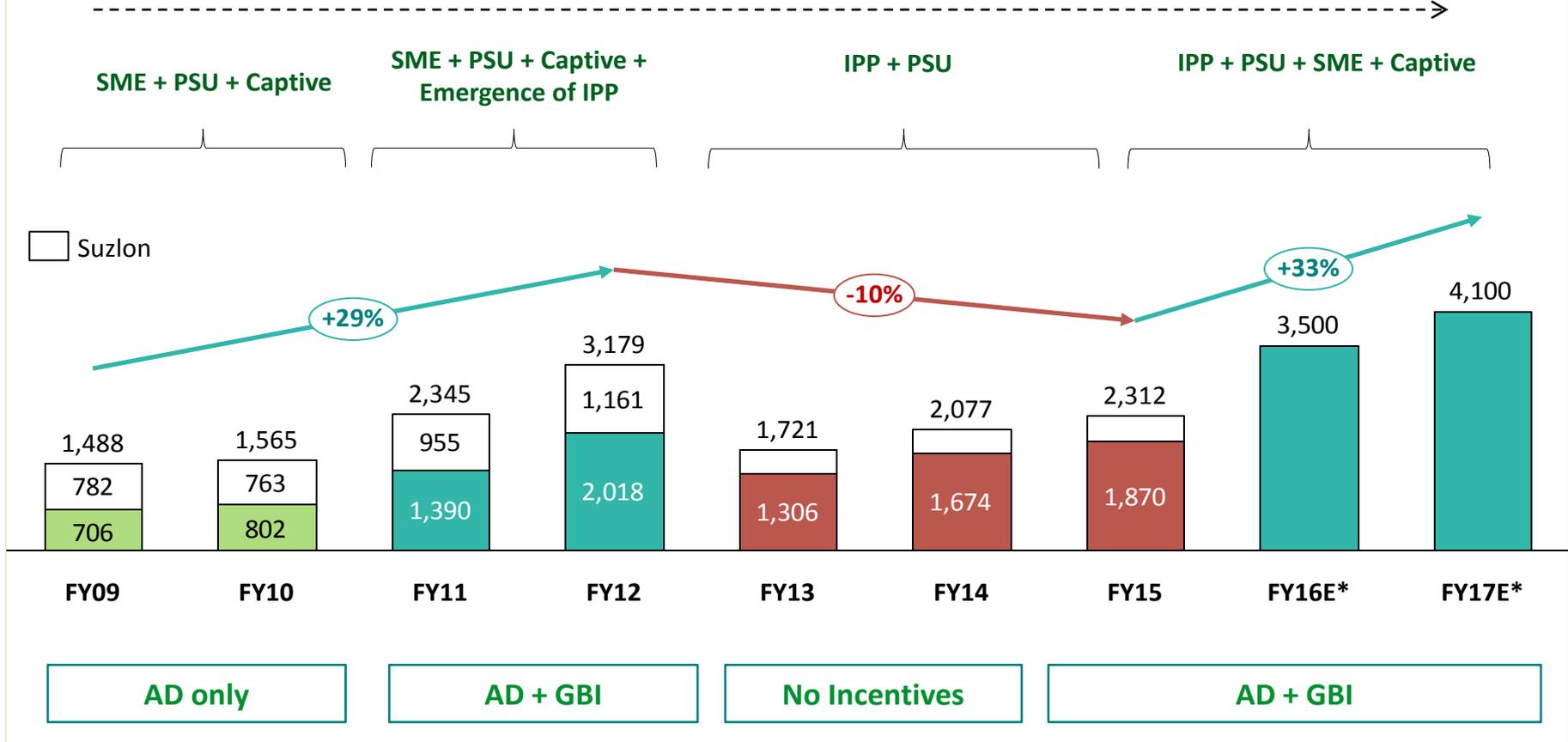


- **Translates into > 5,000 MW of annual market size**
  - More than double the size of FY15 market (~2,300 MW)
- **Key Initiatives taken:**
  - Reinstatement of key incentives
  - Green Corridor initiative in key states
  - Clean energy classified as Prior Sector Lending
  - Recent Supreme court judgment will result in strict RPO compliance

**Targets ~36,600 MW of incremental capacity in 7 years**

## Annual Wind Installations (MW) - India

Growing wind competitiveness and increasing preferential tariffs →

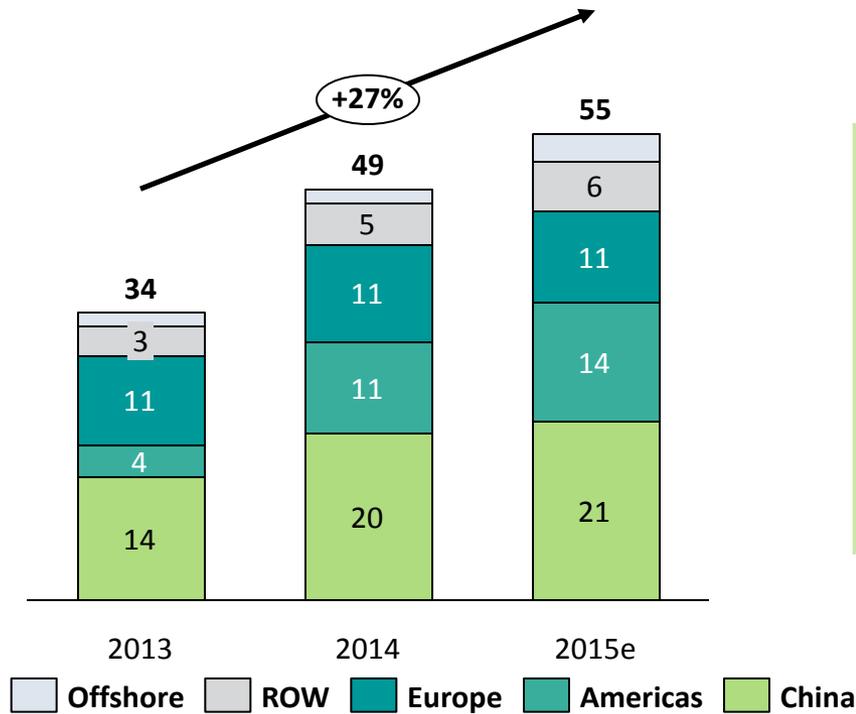


Favorable incentive structure for all customer segments

\*Source: Crisil



## Global Wind Industry Installations (GW)



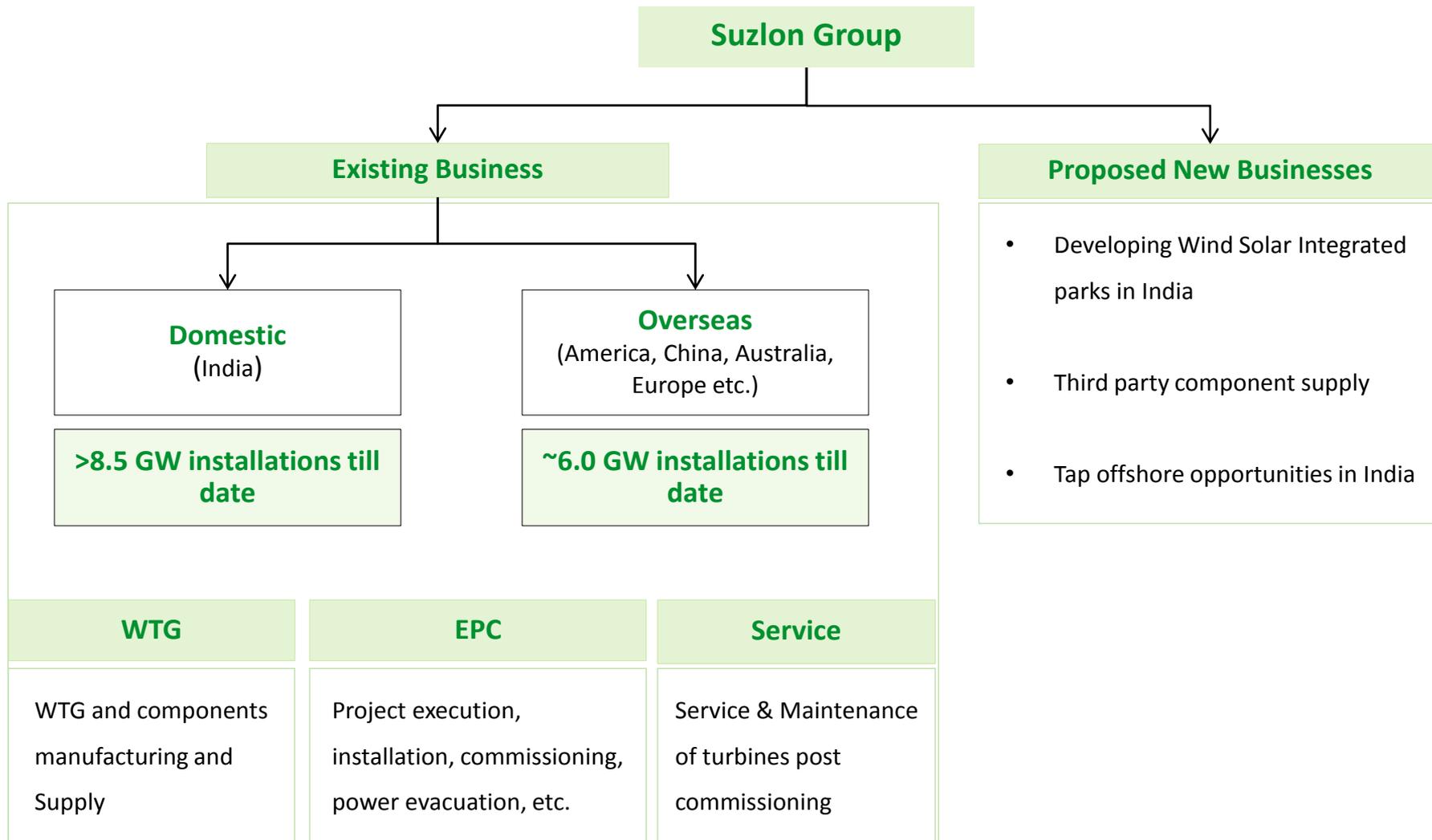
- **Wind approaching grid parity**
  - Wind energy not linked to oil
  - Oil contributes only 4% of world power
- **Installations to reach record high in 2015**
  - US, China, and India to drive the growth

**Our focus is on markets like India, America, China, Turkey etc.**

# Suzlon Wind Overview



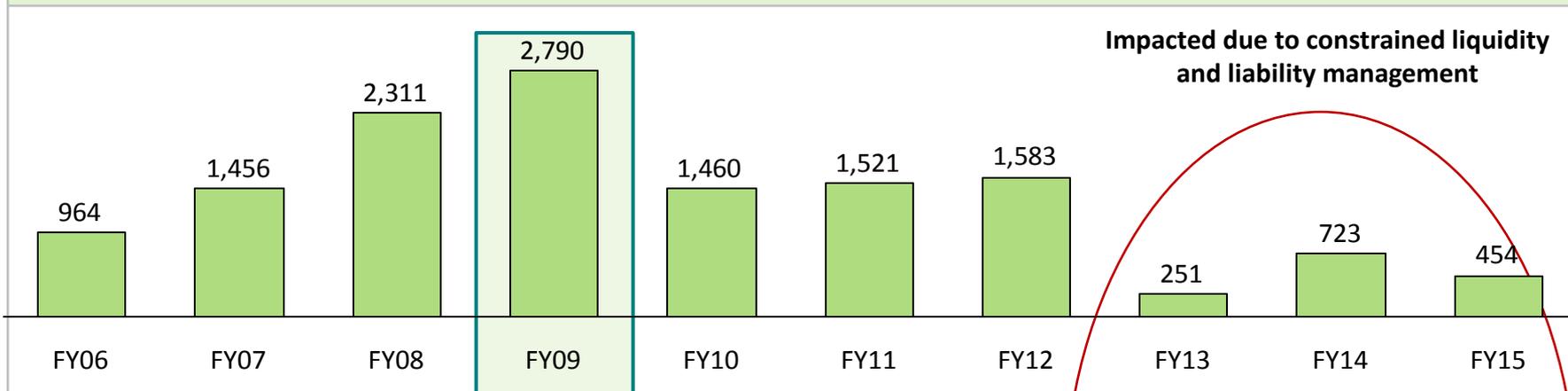
Suzlon Manufacturing unit in Dhule, India



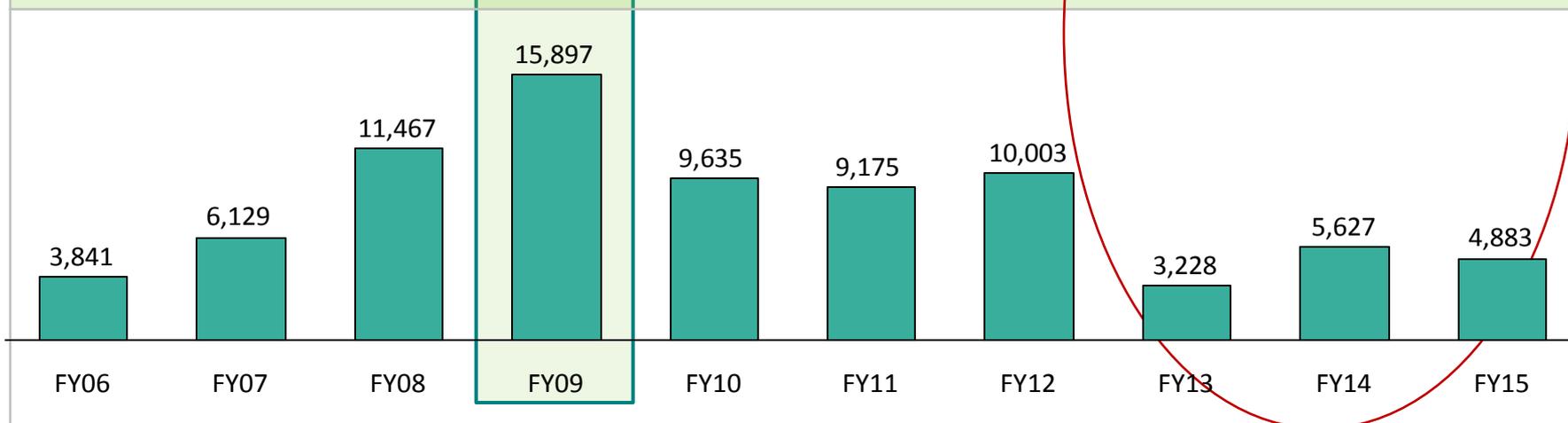
**Sizeable domestic and international installed base**

# Proven Capability and Track Record

## MW Volumes



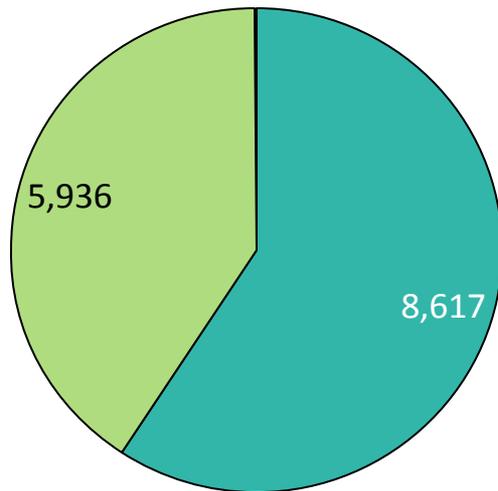
## Revenues (Rs. Crs.)



Have generated sizeable revenue in the past; only last couple of years impacted

## 14+ GW Installations

As on 31<sup>st</sup> March 2015



India Overseas

Country	MW
India	8,617
North America	2,716
China	929
Australia	764
Brazil	741
Spain	233
South Africa	139
Portugal	103
Turkey	88
Uruguay	65
Nicaragua	63
Romania	44
Sri Lanka	31
Others	19

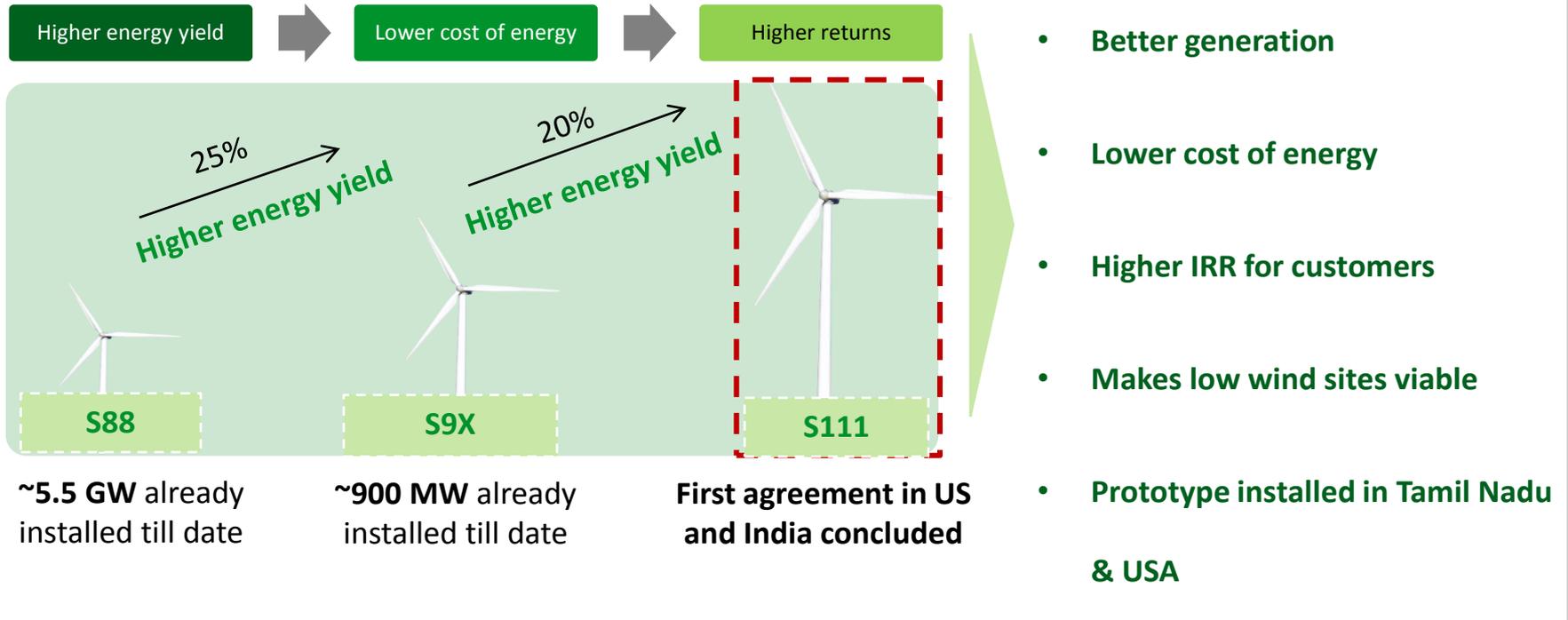
**Geographically well diversified player; present across 6 continents**

# Suzlon Wind Technology

Manufacturing unit in Daman, India



## 2MW series evolution



**Maximizes energy output for low wind sites in India and abroad**

Note: AEP increase are approximate and under certain conditions

## Hybrid Tower: Combination of lattice and tubular



- Prototype installed in Jan'14
- >1 year of operational performance



- **Higher hub height (120 M) at optimized cost**
- **10-12% increase in annual generation**
- **Optimized logistical solution**
- **Available in S97 and S111 product suite**
- **Over 300MW orders already received**

**3-4 years of head start in this technology**

**Optimizing cost and generation for low wind sites**

# Strategic Focus



Suzlon wind farm in Kutch, India

## Focus on markets like India, America, China, Turkey etc.

- High growth, High volume, Better margin markets only



## Superior Technology

- Continued focus on R&D aimed at reducing cost of energy



## Best in Class Service; Growing Service business

- Aimed at maximising energy yield



## Asset Light / Debt Light

- Minimize fixed expenses
- Reduction in interest cost
- Optimization of facility and resources

**Increasing  
Market  
Competitiveness**

# Detailed Financials



Suzlon wind farm in Rajasthan, India

# Suzlon Wind Income Statement

Rs Crs.

Particulars	Q4 FY15	Q4 FY14	FY15	FY14
Revenue from operations	926	1,493	4,883	5,627
Less: COGS	662	1,194	3,138	4,335
<b>Gross Profit</b>	<b>264</b>	<b>299</b>	<b>1,745</b>	<b>1,292</b>
<b>Gross Profit %</b>	<b>28.5%</b>	<b>20.0%</b>	<b>35.7%</b>	<b>23.0%</b>
Employee benefits expense	161	162	747	787
Other expenses (net)	273	532	1,336	1,587
Exchange Loss / (Gain)	384	-58	495	233
<b>EBITDA</b>	<b>-554</b>	<b>-336</b>	<b>-833</b>	<b>-1,316</b>
<b>EBITDA %</b>	<b>-59.8%</b>	<b>-22.5%</b>	<b>-17.1%</b>	<b>-23.4%</b>
Less: Depreciation	97	83	376	375
<b>EBIT</b>	<b>-651</b>	<b>-420</b>	<b>-1,209</b>	<b>-1,690</b>
<b>EBIT %</b>	<b>-70.3%</b>	<b>-28.1%</b>	<b>-24.8%</b>	<b>-30.0%</b>
Net Finance costs	474	467	1,766	1,785
<b>Profit / (Loss) before tax</b>	<b>-1,125</b>	<b>-887</b>	<b>-2,976</b>	<b>-3,475</b>
Less: Exceptional Items	218	-35	6,312	179
Less: Taxes and Minority	-6	12	68	17
<b>Net Profit / (Loss) after tax</b>	<b>-1,337</b>	<b>-864</b>	<b>-9,355</b>	<b>-3,671</b>
<b>Before Special Items</b>				
EBITDA	-224	-255	-166	-812
EBIT	-322	-339	-542	-1187
<b>Net Profit / (Loss) after tax</b>	<b>-790</b>	<b>-819</b>	<b>-2,376</b>	<b>-2,989</b>

# Suzlon Wind Income Statement

Rs Crs.

Particulars	FY15	FY14	FY13	FY12
Revenue from operations	4,883	5,627	3,228	10,003
Less: COGS	3,138	4,335	2,616	6,392
<b>Gross Profit</b>	<b>1,745</b>	<b>1,292</b>	<b>611</b>	<b>3,611</b>
<b>Gross Profit %</b>	<b>35.7%</b>	<b>23.0%</b>	<b>18.9%</b>	<b>36.1%</b>
Employee benefits expense	747	787	833	1,027
Other expenses (net)	1,336	1,587	1,598	1,889
Exchange Loss / (Gain)	495	233	250	43
<b>EBITDA</b>	<b>-833</b>	<b>-1,316</b>	<b>-2,070</b>	<b>652</b>
<b>EBITDA %</b>	<b>-17.1%</b>	<b>-23.4%</b>	<b>-64.1%</b>	<b>6.5%</b>
Less: Depreciation	376	375	428	389
<b>EBIT</b>	<b>-1,209</b>	<b>-1,690</b>	<b>-2,498</b>	<b>263</b>
<b>EBIT %</b>	<b>-24.8%</b>	<b>-30.0%</b>	<b>-77.4%</b>	<b>2.6%</b>
Net Finance costs	1,766	1,785	1,532	1,374
<b>Profit / (Loss) before tax</b>	<b>-2,976</b>	<b>-3,475</b>	<b>-4,030</b>	<b>-1,111</b>
Less: Exceptional Items	6,312	179	643	-227
Less: Taxes and Minority	68	17	189	76
<b>Net Profit / (Loss) after tax</b>	<b>-9,355</b>	<b>-3,671</b>	<b>-4,863</b>	<b>-960</b>
<b>Before Special Items</b>				
EBITDA	-166	-812	-1,672	795
EBIT	-542	-1187	-2,100	406
<b>Net Profit / (Loss) after tax</b>	<b>-2,376</b>	<b>-2,989</b>	<b>-3,822</b>	<b>-1,044</b>

Rs Crs.

Particulars	As on				
	31st Mar 2015	31st Dec 2014	31st Mar 2014	31st Mar 2013	31st Mar 2012
Inventories	1,639	1,630	2,018	3,597	3,258
Trade receivables	1,614	1,796	1,745	2,883	5,315
Loans & Advances and Others	1,809	1,897	2,008	2,023	2,070
<b>Total (A)</b>	<b>5,061</b>	<b>5,323</b>	<b>5,770</b>	<b>8,502</b>	<b>10,643</b>
Sundry Creditors	2,469	2,672	2,796	2,673	3,342
Advances from Customers	1,125	1,179	1,184	2,601	1,431
Provisions and other liabilities	2,125	2,305	2,331	1,827	1,671
<b>Total (B)</b>	<b>5,719</b>	<b>6,156</b>	<b>6,311</b>	<b>7,101</b>	<b>6,443</b>
<b>Net Working Capital (A-B)</b>	<b>-658</b>	<b>-833</b>	<b>-541</b>	<b>1,401</b>	<b>4,201</b>
<b>NWC as % of sales</b>	<b>-13.5%</b>	<b>-15.3%</b>	<b>-9.6%</b>	<b>43.4%</b>	<b>42.0%</b>

# Consolidated Balance Sheet

Rs Crs.

Liabilities	Mar-15	Mar-14
<b>Shareholders' Fund</b>		
a) Shareholder's Fund	-9,122	-544
b) Share application money	1,800	162
	<b>-7,322</b>	<b>-382</b>
<b>Preference Shares</b>	<b>6</b>	<b>6</b>
<b>Minority Interest</b>	<b>64</b>	<b>58</b>
<b>Non Current Liabilities</b>		
a) Long Term Borrowings	10,787	11,641
b) Other Non Current Liabilities	1,040	1,147
	<b>11,827</b>	<b>12,788</b>
<b>Current Liabilities</b>		
a) Short Term Borrowings	4,576	3,523
b) Trade Payables	4,556	5,285
c) Other Current Liabilities	6,321	6,625
d) Due to customers	131	211
e) Short Term Provisions	1,574	2,201
	<b>17,158</b>	<b>17,844</b>
<b>Total Equity and Liabilities</b>	<b>21,731</b>	<b>30,315</b>

Assets	Mar-15	Mar-14
<b>Non Current Assets</b>		
a) Fixed Assets	6,200	13,948
b) Non Current Investments	15	4
c) Long Term Loans & Advances	368	518
d) Other Non Current Assets	464	375
	<b>7,046</b>	<b>14,844</b>
<b>Current Assets</b>		
a) Current Investments	250	703
b) Inventories	3,361	4,033
c) Trade Receivables	2,754	2,687
d) Cash and bank balances	2,543	2,448
e) Short Term Loans & Advances	1,392	1,845
f) Due from customers	2,091	3,259
g) Other Current Assets	2,294	496
	<b>14,685</b>	<b>15,470</b>
<b>Total Assets</b>	<b>21,731</b>	<b>30,315</b>

**Thank You**

**Suzlon wind farm in Texas, USA**