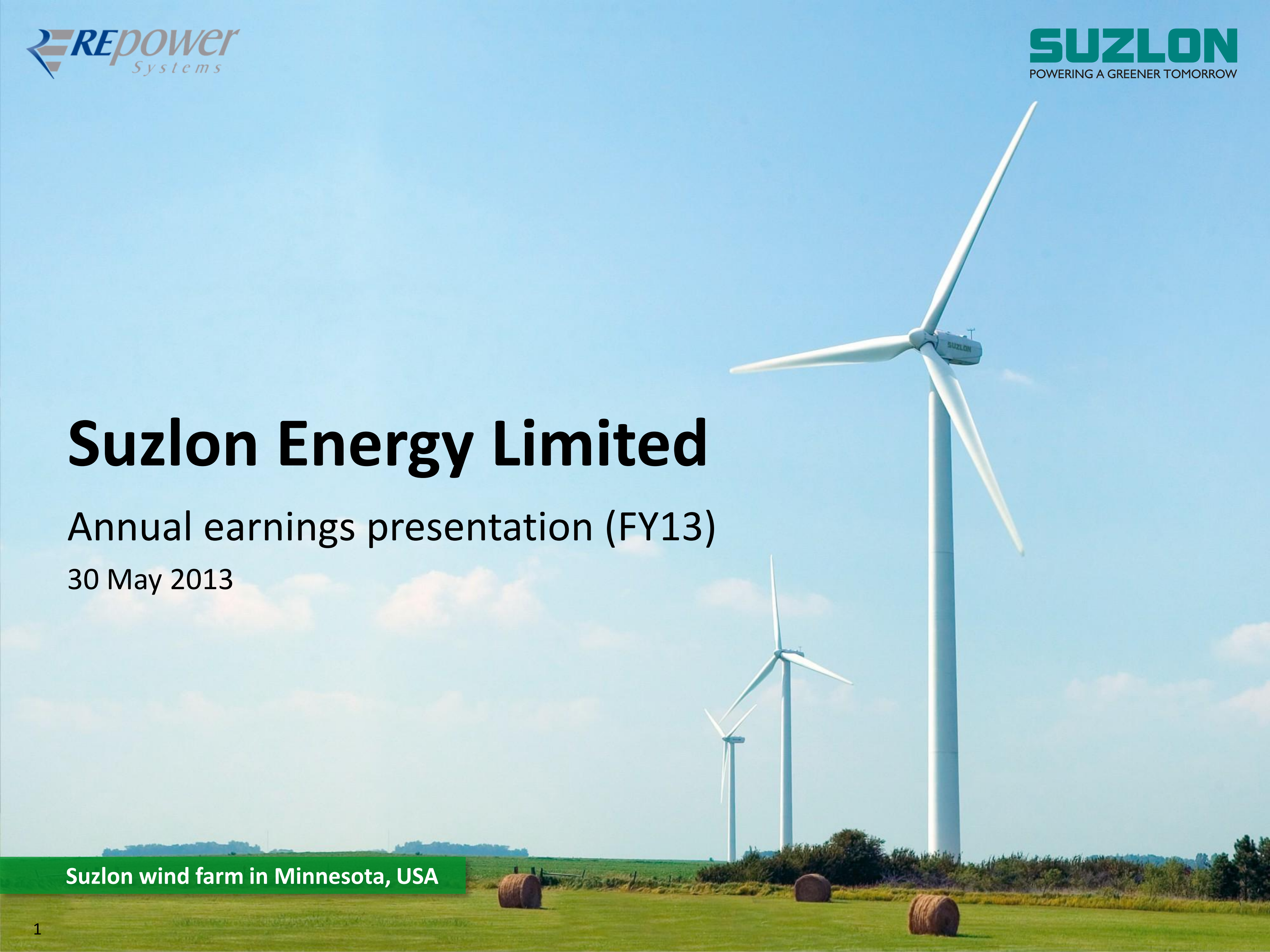
Suzlon Energy Limited

Annual earnings presentation (FY13)

30 May 2013



Suzlon wind farm in Minnesota, USA

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Key Takeaways – FY13

Suzlon wind farm in Kutch, India

Key highlights - FY13

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What went right?

Liability Management

1. **CDR implemented** – Domestic bank loans restructured
2. **Credit enhanced bond issued** - Refinanced overseas FX loans for 5 years

Project Transformation

1. Working capital **rationalized to ~12%**
2. Headcount **reduced by >2,000** (Suzlon Wind)
3. **~20% reduction on quarterly run-rate basis in fixed opex** (Suzlon Wind)

High Order Book

1. **High order book of ~5.9GW**
2. **~3.5GW** of **order intake** in FY13

REpower continues robust growth

1. Compounded annual growth of **35% from FY11-FY13**

What went wrong?

FCCB default

1. **Successfully repaid $360mn to June FCCB**
2. Defaulted on ~$209mn Oct FCCB, after 4 months extension was denied

Operations in Suzlon Wind almost stalled in FY13, now stabilizing post CDR

1. Primary focus on liability management & constrained working capital facilities
2. Hence, delayed project execution and lower volumes
3. High non-routine expenses (Impairments, FX loss etc)

Despite challenges, Suzlon Group is world's 5th largest WTG manufacturer

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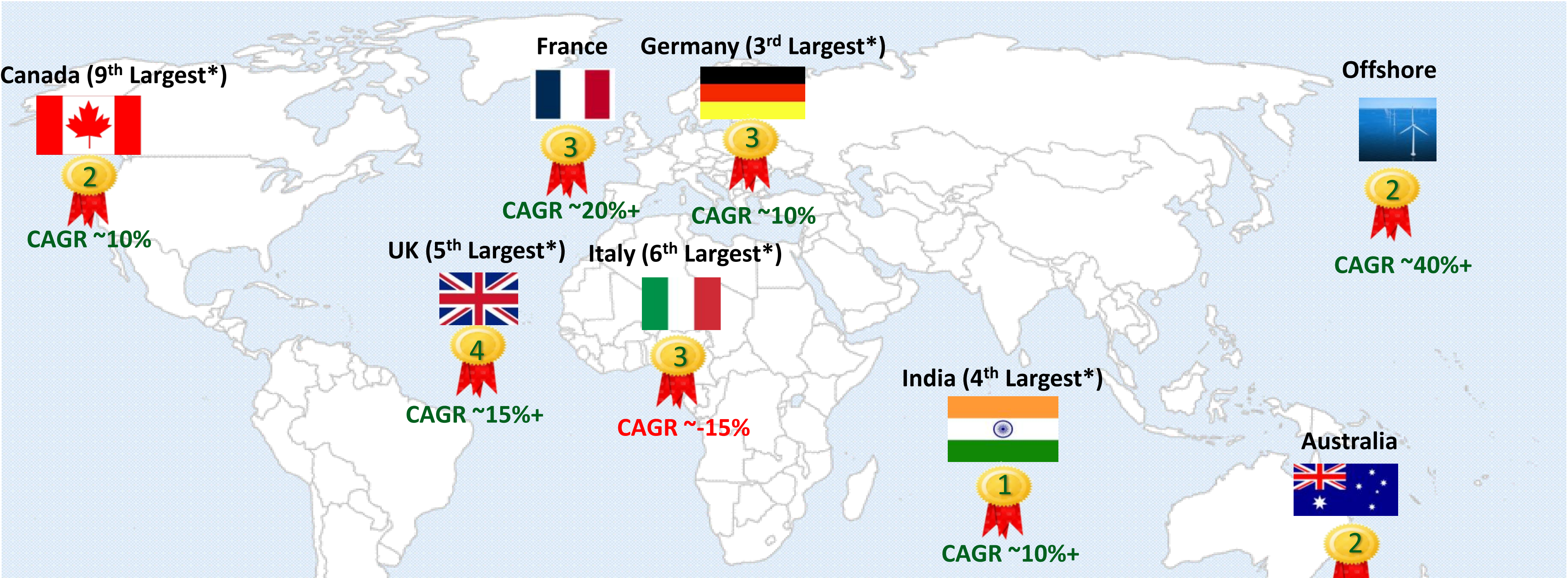
5th largest in Europe	5th largest in APAC	5th largest in America	2nd largest in Offshore



Group ranking in terms of annual installations as per BTM, 2012

*Country ranking in world's top 10 markets by annual installation in 2012 as per BTM, 2012

CAGR - Expected growth rate for 2012 - 2017E as per various industry reports

2012-17 Global Wind Market CAGR - ~5%

Entrenched position in key profitable & fast growing markets

Significant progress achieved under Comprehensive Liability Management exercise

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Status Update

CDR

- CDR approved and implemented
  - Extended maturity profile
  - Moratorium on interest and principal
  - Reduced interest rate
- Additional working capital support
  - Enables execution of our large order book

DONE

Overseas FX Facilities

- Refinanced out of proceeds of new credit enhanced bond
  - Bullet maturity in 2018
  - Backed by SBI SBLC
  - Annual interest cost ~6% p.a. (including SBLC charges)

DONE

FCCB Restructuring

- In active dialogue with bondholders and their advisors
- Broad structure of solution being discussed with secured lenders, bondholders and advisors
- Hopeful of achieving a resolution shortly

In Process

Enables business operations to be stabilised

- **Last remaining step**
- **Resolution to remove overhang**

Key priorities: FY14

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Strategic

Asset light / Debt light

- ✓ Asset sales
  - ~$400mn targeted from non-critical assets
- ✓ Working capital optimization
  - Focus on realization of sticky receivables
- ✓ Optimize asset base and reduce debt

Products / Orders

- ✓ Continued R&D focus to optimize yield and reduce cost of energy
- ✓ Investing in project pipeline in India
- ✓ Sustaining quality and profitability of orders
- ✓ Focus on core and profitable markets

Long Term Sustainability

Operational

- ✓ Improve liquidity and drive execution
- ✓ Reducing project cycle time
- ✓ Optimize cash cycle
- ✓ Enhancing service profitability

Business Efficiency

- ✓ Improving contribution margin
- ✓ 'Make vs Buy' analysis for critical components
- ✓ Rationalizing headcount / fixed costs

Reduced Breakeven

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Liability Management Update – FY13

Suzlon Manufacturing unit in Dhule, India

CDR update

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29 Oct 2012
Referred to CDR

31 Dec 2012
Final proposal was approved by CDR Cell

April 2013
MRA signed, process complete

October 2012 → **November 2012** → **December 2012** → **April 2013**

8 Nov 2012
Admitted to CDR Cell

Facilities approved under CDR

Rupee Term Loan **~Rs. 3,720 crs**	Working Capital Term Loan **~Rs. 2,530 crs (New)**	Working Capital **~Rs. 5,800 crs** (Incl Rs. 3,100 crs NFB)	Other Key Terms
• Existing term loan rolled over	• Dues up to Jun'13 converted into long term loan	• Fund Based — ~Rs. 2,200 crs (Existing) — **Rs. ~500 crs (New – fungible NFB)** — Reduced interest rate **~11%** — 6 months interest moratorium • Non-Fund Based — Rs. ~1,800 crs (Existing) — **Rs. ~1,300 crs (New)**	• Interest during moratorium to be equitized - *Rs.~1,500 Cr* • Rs 250 crs of promoters' contribution – *Rs ~125 Cr already infused*

For Rupee Term Loan and Working Capital Term Loan:

- 10 year repayment plan till Sep'22
- 2 year principal and interest moratorium
- Reduced interest rate of 11%

Implementation of CDR process to enable full focus on business performance

Successful credit enhanced bond issue

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Key Terms	
Issue Size	$647M
Coupon	~4.969%
Maturity	5 years (2018)
Ratings	Baa2 (Moody's)
Credit enhancement	Standby and irrevocable SBLC from SBI
Listing	SGX
Use of Proceeds	Refinancing erstwhile FX facilities from Indian banks and transaction costs

Benefits for the company

- ✓ Near term maturing debt refinanced with long term bonds
- ✓ 5 yr bullet maturity
- ✓ Achieved lower interest cost

First ever credit enhanced US$ bond of this size out of India

Liability management to allow focus on operations

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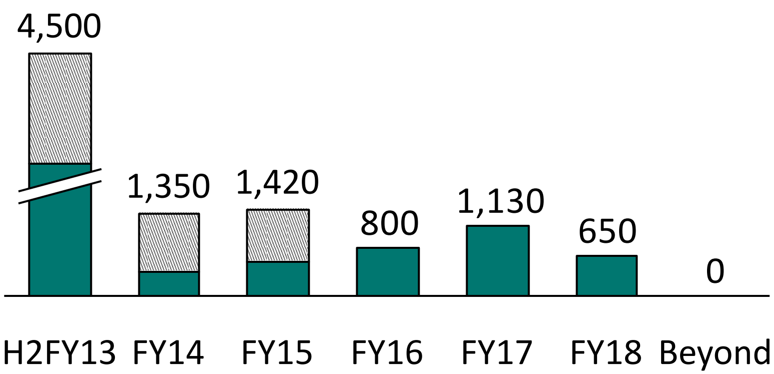
Back-ended maturity profile…

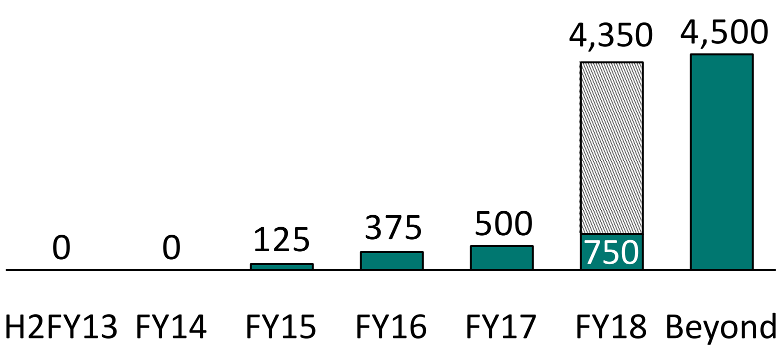
Credit enhanced Bonds / FX Loans   Debt Under CDR

Pre-Restructuring

Rs Crs



Post-Restructuring



…leading to significant cash flow relief

- **Back-ended debt maturity profile**
  - ~Rs. 3,720 crs - Existing term loan expiring by FY18 **rolled over to FY22**
  - ~Rs. 2,530 crs – Short-term working capital dues converted into **long-term 10 year loan**
  - FX loans refinanced through Credit enhanced bonds, with a **bullet repayment in FY18**
- **Debt moratorium**
  - 2 yr moratorium on term debt repayment and interest expenses (Oct 12 - Sept 14)
  - 6 months interest moratorium on working capital interest (Oct 12 - March 13)
- **Partial equitisation**
  - Amortized interest of **~Rs. 1,500 crs** being equitized
- **Interest reduced** to 11%

Enables us to prioritise project execution & meet business obligations

1) Maturity profile does not include working capital limits as they are revised annually. 2) FCCB restructuring options are under discussion, hence not considered. 3) Figures are rounded off

FCCB: Status update

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- Paid the first tranche of FCCBs of $360mn in July 2012 after 45 days extension
- Prior to maturity had officially sought four months extension for October series with intention to meet our obligations in their entirety
  - Extension did not achieve required super-majority, resulting in non payment
- Continue to be in active and constructive dialogue with our bond holders
- Select bondholders, representing significant majority across all series, have formed an ad hoc committee and have engaged financial and legal advisors to fast track the process to arrive at a consensual solution for the benefit of all stakeholders
- Active negotiations with bondholders and their advisors in an organized process is a conscious effort on part of the Company and its key stakeholders to facilitate an efficient and consensual solution finding process

Stakeholders are aligned for preserving business value and need for a quick resolution

Business Update – FY13

Manufacturing unit in Daman, India

Financial snapshot

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Rs Crs

Particulars	Q4 FY13 Audited	Q4 FY12 Unaudited	FY13 Audited	FY12 Audited
Consolidated Revenue	**4,281**	**6,699**	**18,743**	**21,082**
Consolidated EBITDA	**-594**	**403**	**-1,296**	**1,821**
Consolidated EBIT	**-786**	**202**	**-2,037**	**1,160**
Consolidated Net working capital			**2,182**	**4,861**
Consolidated Net debt			**13,003**	**11,129**

Key takeaways:

- FY13 results impacted due to:
  - Lower volumes at Suzlon Wind - 251 MW
    - Management's full focus on liability management affected business operations
    - Constrained working capital facilities impacted volumes and project execution
    - Indian market collapsed by ~50% due to non availability of key incentives – **GBI now reinstated**
- REpower continues to outperform industry – Revenues grew 33% YOY in FY13

Completion of CDR process and working capital facilities to support operations in F14

FY13 results impacted by non-routine expenses

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FX Loss	Rs Crs	Comments
FX Loss	307	FX fluctuations primarily due to two major FX loan repayments

Breakup of exceptional items	Rs Crs	Comments
Asset impairments	587	Impairments in assets in China, USA, Australia and US receivables
Refinance cost	100	Refinance costs of earlier Debt Consolidation and Refinancing exercise now fully amortised on completion of CDR
Profit on sale of subsidiaries	-43	Profit on wind assets sold in Q2 FY13
Total	**643**	

Taxes	Rs Crs	Comments
MAT credit and tax reversals	156	Reversal of MAT credit due to non utilisation possibility in stipulated time frame

REpower : Robust growth continues

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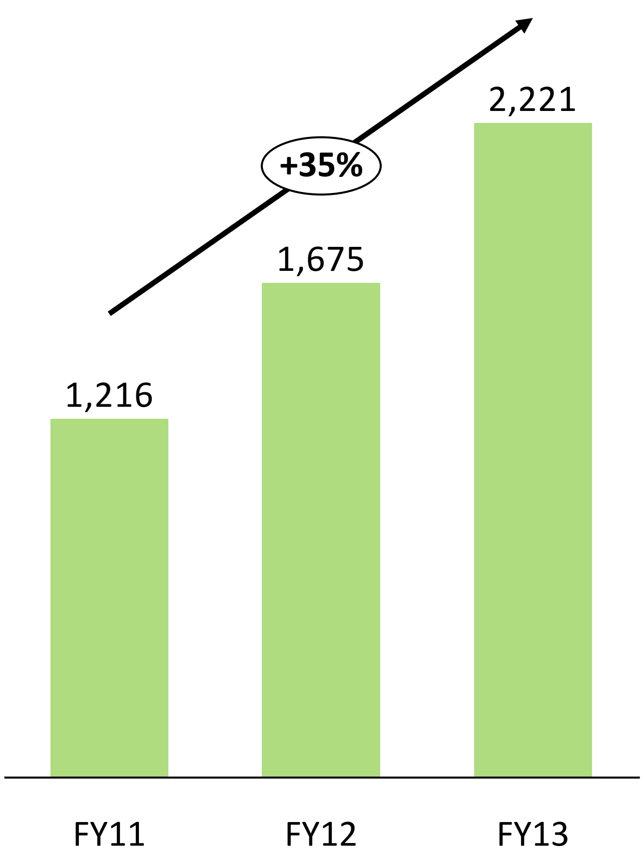
REpower revenues (€M)



Highlights of FY13

✓ **Continues to grow at a healthy pace**

— With support from Group on markets and project execution synergies and cost reductions

✓ **Improved market position**

— 4.7% in CY2012 (2.4%, CY2011)*

✓ **Highest ever annual installations in FY13**

— Over 2.2 GW of installations in FY13

— Crossed 1 GW mark installations in UK and USA

✓ **Marquee orders received**

— 359 MW Canada Order – Largest contract to date

— 131 MW order – Largest contract for REpower in Australia

✓ **Expanded product portfolio**

— Launched 3.0M122 for low wind sites

— Upgraded 3.4M and 3.2M to suit all wind classes

Consistently posting one of the best operating performance in the wind space

* - Source: based on installations in BTM, 2012

Service Business: Global installed fleet and availability

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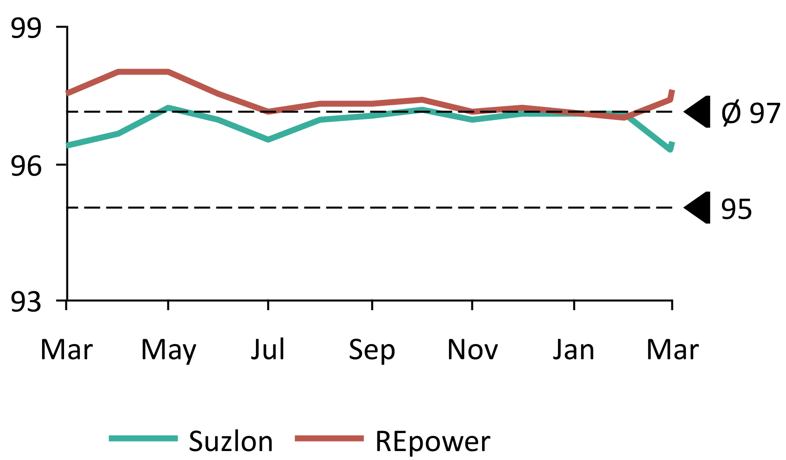
MW Under Service

	Suzlon	REpower	Total
Europe	428	4,949	5,377
America	2,716	994	3,710
Asia pacific^	8,710	914	9,624
Offshore	0	408	408
Others	452	0	452
Total	**12,306**	**7,265**	**19,571**

^ - ~765MW of Suzlon turbines under REpower OMS, post Australia market alignment

Global Turbine Availability

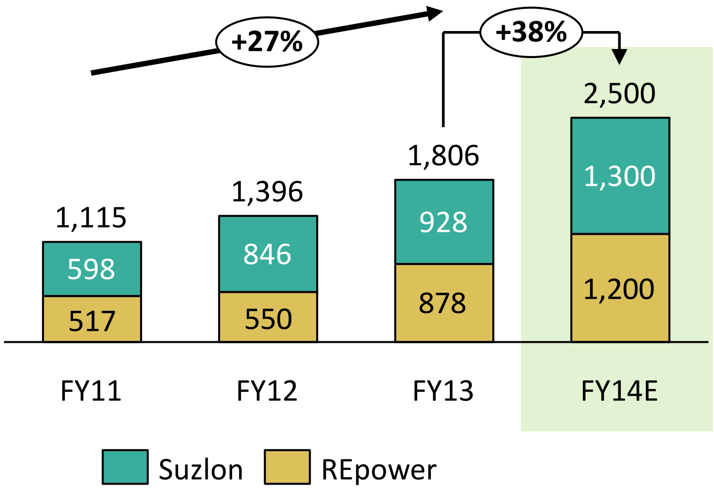


Key Highlights

- **Annuity like cash flows**
  - Every MW installed, generates 20 yrs of service income potential
  - Total 22 GW of actual installations, of which 90%+ under service contracts
  - Further installations will generate incremental revenue
- **Highly efficient vertical**
  - Best-in-class after sales performance and service
  - Turbine availability consistently above par
  - Employs more than 4,000 service employees

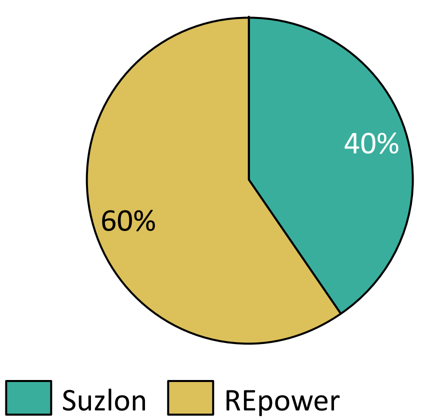
Service Business: High margins, stable cash flow

Stable Revenues(Rs. Crs)



FY14 figures are preliminary estimates based on current installation plans
*Revenues do not include internal provisions

Service Order Backlog - $3.4bn

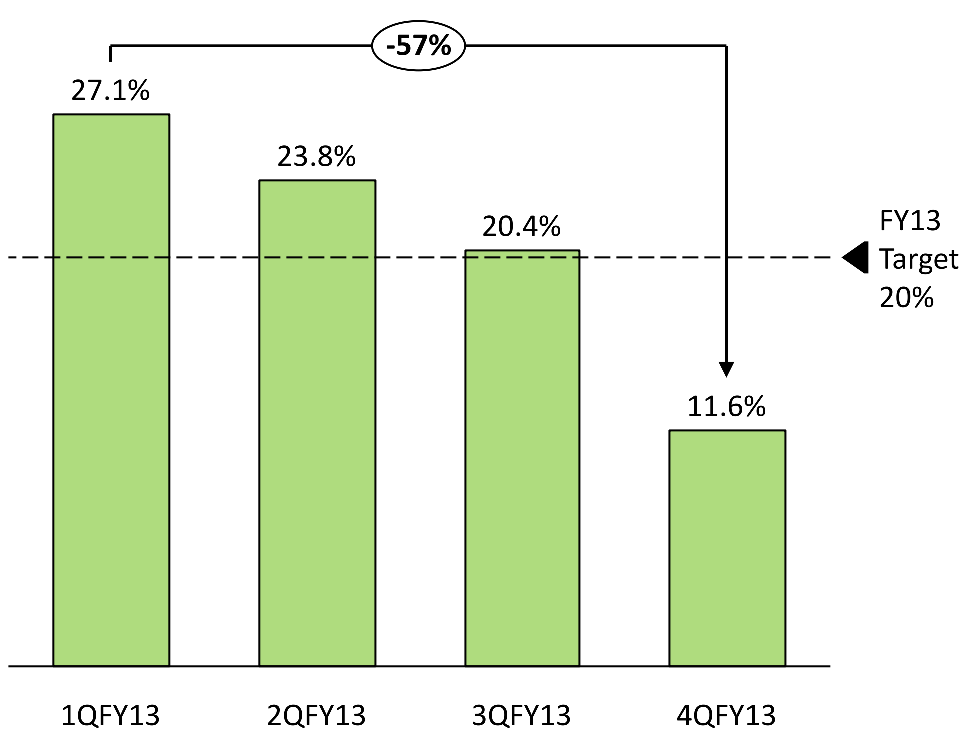


Key Highlights

- **FY14 OMS revenue estimate – ~Rs. 2,500 crs**
  - — Based on actual installation plans
- **High margin business**
  - — EBITDA margins of ~25%+
  - — In built price escalation clause to account for inflation
- **Large service order backlog**
  - — $3.4bn spread over 5+ year horizon
  - — Service order backlog stable, with potential renewal of expiring contracts

Optimizing working capital

Net Working Capital Ratio*



* - Net Working Capital/Trailing twelve months

Key actions taken:

- Controlled procurement
- Project prioritisation for better receivables management
- Focus on realizations

Plan for further reductions:

- Expedite order execution in Brazil and South Africa to reduce inventory
- Monetize and prioritize project pipeline
- Achiever leaner inventory cycle
- Clearing up of commissioning pipeline

Project Transformation: Rationalizing employee headcount

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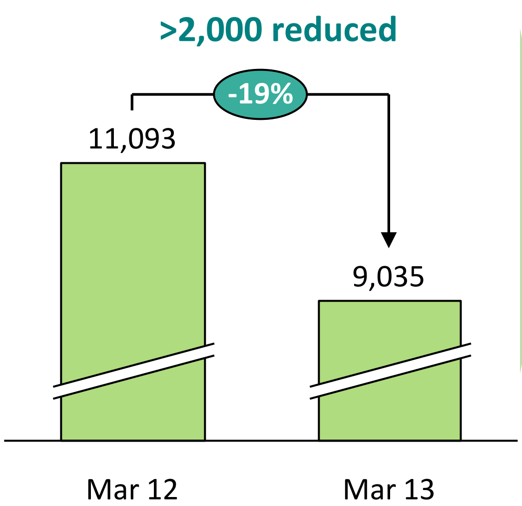
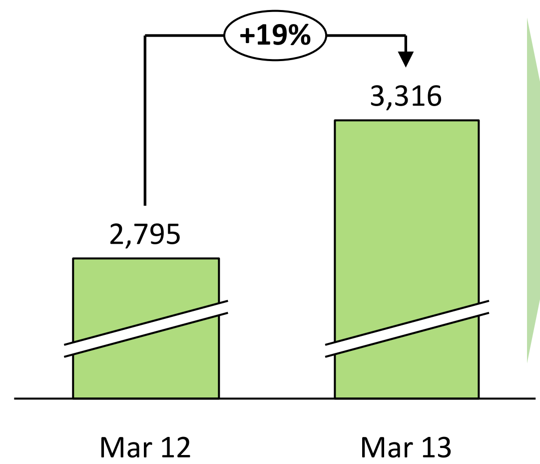
Employee Headcount

Suzlon Wind



FY14
Further reductions planned

REpower



FY14
Up to 750 Reductions planned *

(550 permanent + 200 temporary)

Reductions are net of increase in service business headcount

Employee cost rationalisation (On annual run rate basis based on Q4 FY13)

~36% YoY decrease in manpower cost

~10% YoY increase in manpower cost

Right-sizing employee base across business verticals

Project Transformation: Rationalizing fixed expenses

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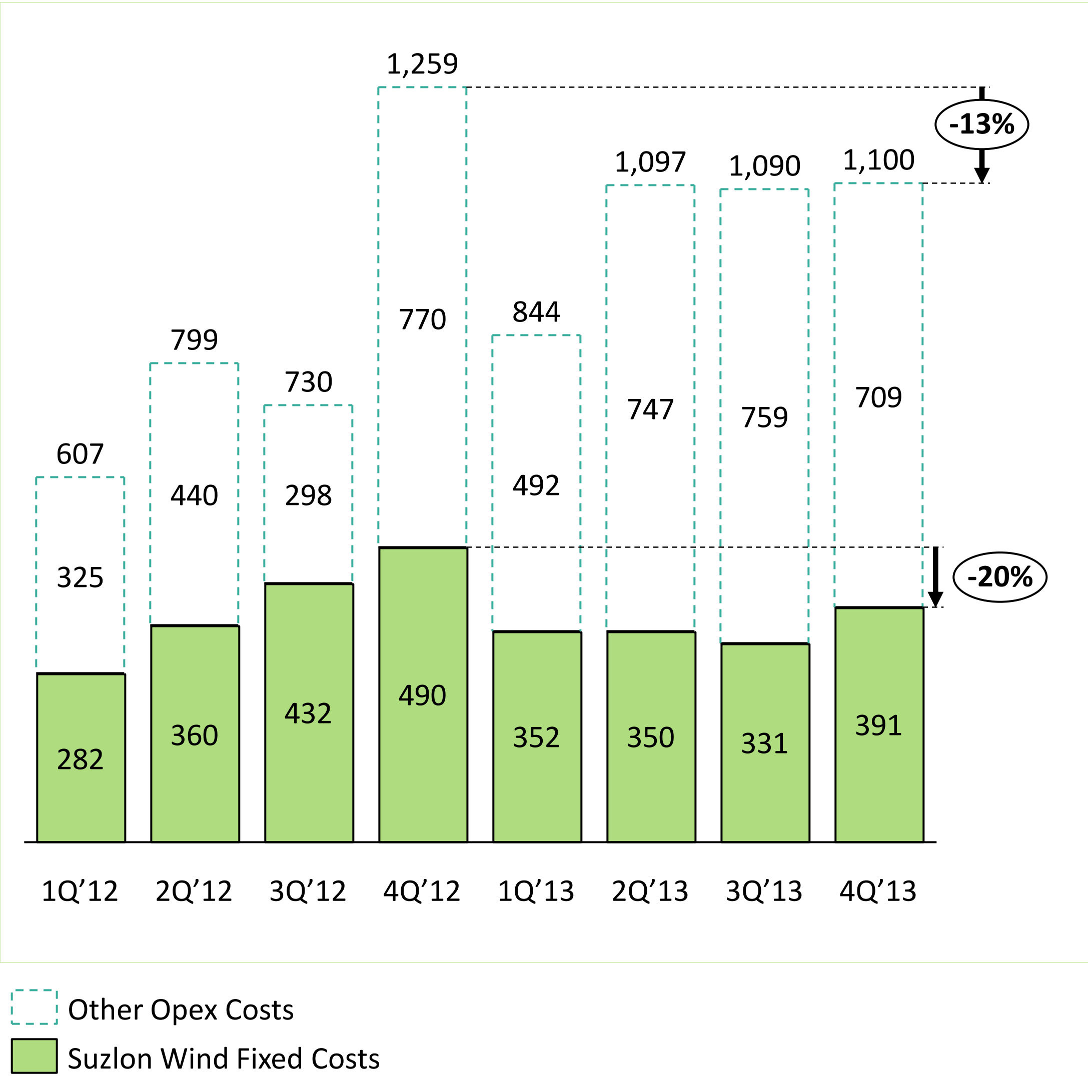
Consolidated Opex (Rs. Crs)



Key actions taken:

- Reduced headcount
- Stringent cost control measures in place
- Rationalizing travel and consulting expenses
- Rationalized office and factory space

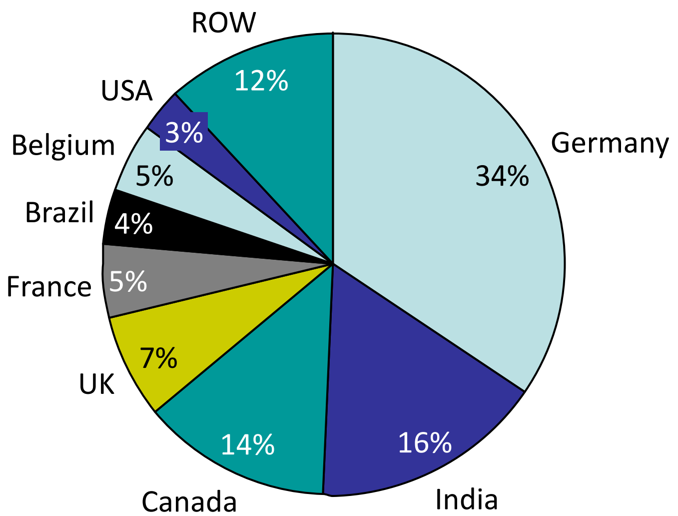
Plan for further reductions:

- ~€100 mn cost reduction plan initiated at REpower
    - ✓ Savings targeted in purchase, production, employee costs and opex
- Reducing headcount further

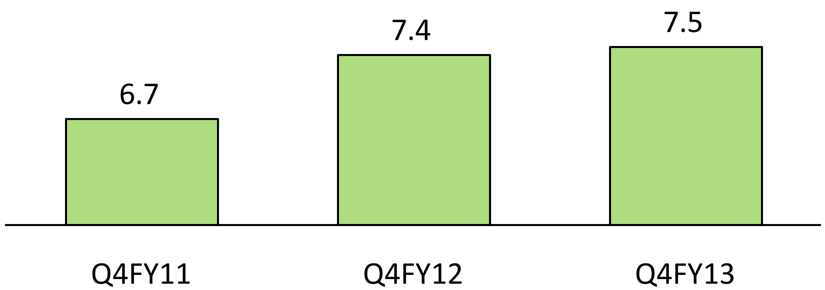
Robust order book position

Total value of US$7.5 bn

Order book by geography – US$7.5bn



Order book evolution (US$ bn)



- **Order book at ~5.9 GW**
- **Order book value: US$ 7.5bn**
  - Onshore markets:
    - Emerging : ~US$1.7bn (India, Brazil and South Africa)
    - Developed : ~US$4.5bn
  - Offshore: US$1.3bn
- **Strong order book spread up to FY16**

Strong order backlog in home markets, India and Germany

As on 30th May 2013. FY13 Exchange rate – USD/EUR – 1.29, INR/EUR – 72.55, INR/USD – 56.29

Order book for the quarter reflects orders booked between two board meetings and does not net off sales of the next quarter

Launching new products to continuously improve yields

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Expansive product portfolio covering all wind classes

	Class I	Class II	Class III
<1.5 MW		S52	S66, S86.5, S82, S89
1.5 – 2.5 MW	MM82, MM92	MM100, S88, S95, New: S97 AEP ⬆ 12-18% (Vs S88)	MM100, S97, New: **S111** AEP ⬆ 20% (Vs S97)
Multi MW	New: **3.4M** Upgraded to wind class I	3.4M, New: **3.2M** AEP ⬆ 8.5% (Vs 3.4M)	3.2M, New: **3.0M** AEP ⬆ 4-6% (Vs 3.2M)
Offshore	5M, 6M, New: **6M+** AEP ⬆ 16% (Vs 6M)		

Red dashed box: New Product Launches in FY13
Green dashed box: Upgraded products in FY13

AEP = Average Energy Production

Warranty provisions consistently below 2%

Detailed Financials – FY13

Suzlon wind farm in Penamacor, Portugal

Consolidated financial results

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Rs Crs.

Particulars	Q4 FY13 Audited	Q4 FY12 Unaudited	Q3 FY13 Unaudited	FY13 Audited	FY 12 Audited
Revenue from operations	4,281	6,699	4,014	18,743	21,082
Less: COGS	-3,185	-4,622	-2,673	-13,640	-14,074
Gross Profit	**1,095**	**2,077**	**1,341**	**5,104**	**7,009**
Gross Profit %	***25.6%***	***31.0%***	***33.4%***	***27.2%***	***33.2%***
Employee benefits expense	-501	-530	-553	-2,133	-2,009
Other expenses	-1,100	-1,259	-1,087	-4,131	-3,396
Exchange Loss / (Gain)	-144	0	-47	-307	-59
Other Operating Income	56	116	34	170	277
EBITDA	**-594**	**403**	**-313**	**-1,296**	**1,821**
EBITDA %	***-13.9%***	***8.3%***	***-7.8%***	***-6.9%***	***8.6%***
Less: Depreciation	-192	-202	-203	-740	-661
EBIT	**-786**	**202**	**-516**	**-2,037**	**1,160**
EBIT %	***-18.4%***	***5.3%***	***-12.9%***	***-10.9%***	***5.5%***
Finance costs	-487	-424	-457	-1,855	-1,655
Finance Income	23	40	26	152	126
Profit / (Loss) before tax	**-1249**	**-182**	**-946**	**-3,740**	**-369**
Less: Exceptional Items	-604	0	-82	-643	227
Less: Tax	-58	-117	-128	-349	-331
Less: Associates	0	0	0	0	-33
Less: Minority	-1	-1	2	8	27
Net Profit / (Loss) after tax	**-1,913**	**-300**	**-1,155**	**-4,724**	**-479**

Consolidated net working capital

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Rs Crs

Particulars	As on 31st Mar '13	As on 31st Dec '12	As on 30th Sept'12	As on 30th June'12	As on 31st Mar'12
Inventories	5,264	5,928	5,421	5,960	5,580
Trade receivables	6,382	6,990	8,584	8,265	8,201
Short-term loans and advances	2,185	2,375	2,549	2,677	2,368
Other current assets	443	491	577	677	645
Total (A)	**14,274**	**15,785**	**17,132**	**17,579**	**16,794**
Sundry Creditors	4,651	4,916	5,739	5,761	5,807
Advances from Customers	4,168	3,517	3,206	3,060	3,432
Other Current Liabilities	1,715	1,449	1,421	1,428	1,091
Provisions	1,558	1,591	1,488	1,499	1,603
Total (B)	**12,092**	**11,473**	**11,853**	**11,748**	**11,932**
Net Working Capital (A-B)	**2,182**	**4,311**	**5,278**	**5,831**	**4,861**

Financial leverage[a]

Debt type	As on (Rs. Crs)				
	31st Mar 13	31st Dec 12	30th Sept. 12	30th Jun. 12	31st Mar. 12
Suzlon Wind Debt					
FX term loans*	3,513	3,555	3,475	2,053	1,920
FCCBs	2,211	2,239	2,152	3,641	3,327
W.Cap, Capex and other loans	8,701	8,383	8149	7,783	7,895
Gross debt (A)	**14,425**	**14,177**	**13,775**	**13,477**	**13,142**
Cash (B)	502	608	512	455	1,037
Net Debt (A-B)	**13,924**	**13,569**	**13,264**	**13,022**	**12,105**
Suzlon Consol^ Group Debt					
Gross Debt	**15,191**	**15,040**	**14,568**	**14,389**	**14,034**
Cash (B)	2,188	1,453	964	1,372	2,905
Net Debt (A-B)	**13,003**	**13,587**	**13,604**	**13,017**	**11,129**

(a) Unaudited
(b) Cash balance includes cash and cash equivalents and non current bank balances
(c) Debt includes short term loans, long term loans, current maturities of long term borrowings and interest accrued and due

•- FX term loan as on 31st March 2013 pertains to credit enhanced bonds issued in the quarter, whereas for all other quarters it includes acquisition loan and loan taken from domestic banks to pay June FCCBs
^- Suzlon Consol includes SE Forge and REpower in addition to Suzlon Wind

FCCBs: Status update

FCCBs	Outstanding amount (US$ mn)	Conversion price (Rs)	Maturity date	Coupon rate	Maturity value with redemption premium
October 2012 – Old	121.4	97.26	October 2012	0%	144.88%
October 2012 – Exchange	20.8	76.68	October 2012	7.5%	157.72%
July 2014 – New issuance	90.0	90.38	July 2014	0%	134.20%
April 2016 – New issuance	175.0	54.01	April 2016	5.0%	108.70%

Suzlon consolidated balance sheet

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Rs Crs.

Liabilities	FY 2013	FY 2012
Shareholders' Fund		
a) Share Capital	355	355
b) Reserves and Surplus	-35	4,623
	320	**4,978**
Share application money	**582**	**0**
Preference Shares	6	6
Minority Interest	78	83
Non Current Liabilities		
a) Long Term Borrowings	10,858	7,365
b) Other Non Current Liabilities	912	866
	11,770	**8,231**
Current Liabilities		
a) Short Term Borrowings	2,835	3,584
b) Trade Payables	4,651	5,807
c) Other Current Liabilities	6,950	7,156
d) Due to customers	342	309
e) Short Term Provisions	1,473	2,274
	16,251	**19,129**
Total equity and liabilities	**29,007**	**32,427**

Assets	FY 2013	FY 2012
Non Current Assets		
a) Fixed Assets	12,382	12,602
b) Non Current Investments	36	33
c) Deferred Tax Asset (Net)	10	22
d) Long Term Loans & Advances	672	904
e) Trade Receivables	0	25
e) Other Non Current Assets	503	368
	13,603	**13,954**
Current Assets		
a) Current Investments	0	64
b) Inventories	5,264	5,580
c) Trade Receivables	3,445	5,315
d) Cash and bank balances	1,959	2,632
e) Short Term Loans & Advances	1,549	1,664
f) Due from customers	2,936	2,861
g) Other Current Assets	250	357
	15,403	**18,473**
Total Assets	**29,007**	**32,427**

SUZLON
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Thank you

Suzlon wind farm in Paracuru, Brazil