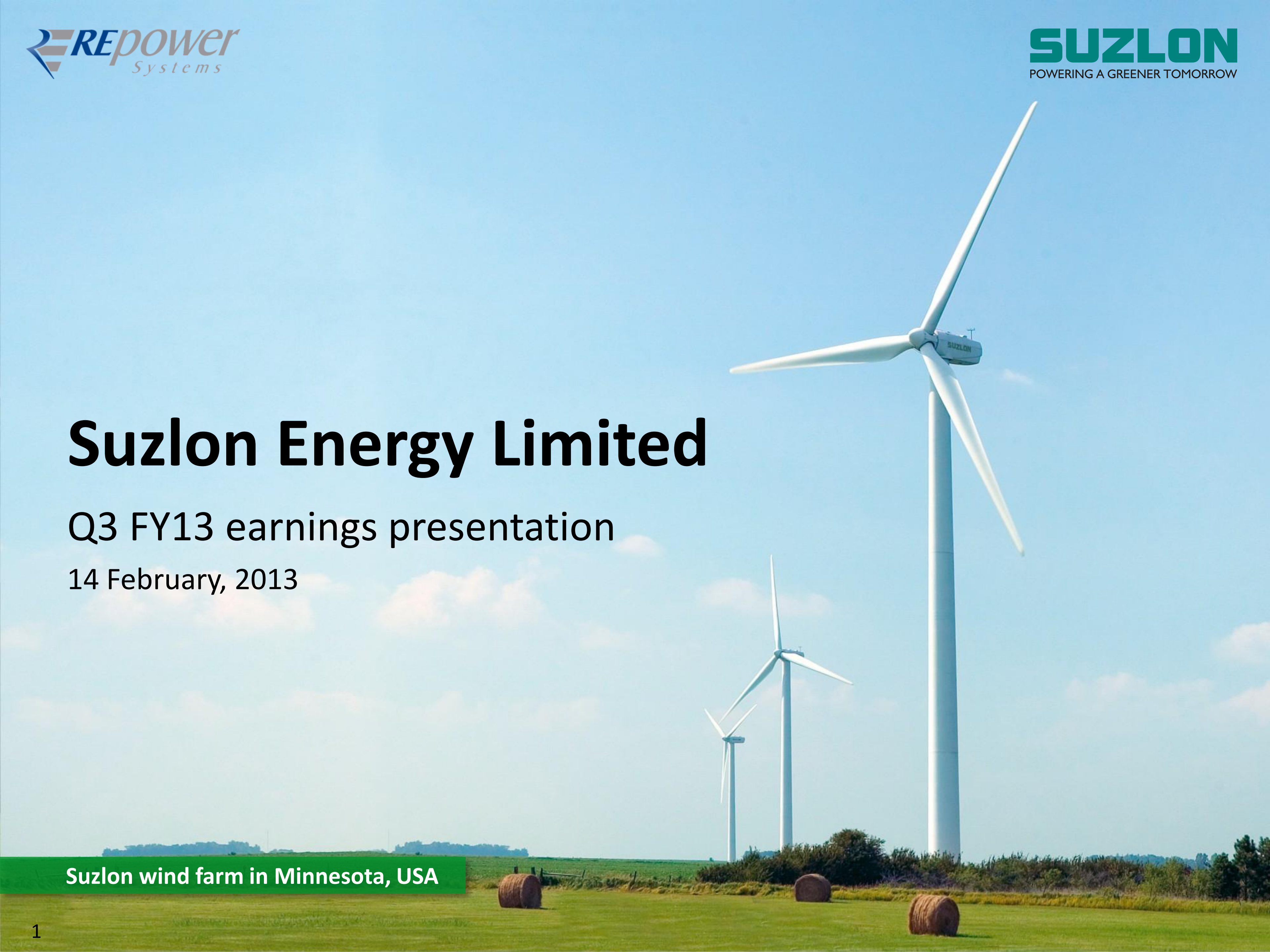
Suzlon Energy Limited

Q3 FY13 earnings presentation

14 February, 2013



Suzlon wind farm in Minnesota, USA

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Contents

- **Q3FY13 update – Key highlights**
  - Significant progress made under Comprehensive Liability Management process
  - Continued order booking momentum along with progress in debt restructuring
  - Further optimized working capital
  - Financial snapshot
- **Industry outlook**
  - Industry estimates suggests 5.5%+ growth over next five years
  - Offshore – bright spots on the wind map
  - Uncertainty around key incentives in India to impact demand outlook
- **Specific priorities for FY14**
  - Reducing debt through various ongoing deleveraging initiatives
  - Realizing group level synergies
  - Rationalizing Opex and Manpower cost
  - Continuing the order intake momentum and maintaining a high order book
  - Focus on execution and generating cash flows
- **Detailed financials**

Suzlon Group - Key highlights : Q3 FY13

Suzlon windfarm at Arataci, Brazil

Q3FY13 – Key takeaways

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Financial

- **Proposal under Corporate Debt Restructuring (CDR) mechanism approved**
  - Proposal include requests for moratorium, longer repayment profile, interest concessions and working capital support
- **Negotiations with the FCCB holders and their advisors continue**
  - Bondholders / Advisors are aligned and understand the need for quicker resolution

Operational

- **Q3 impacted due to liquidity constraints: revenues at Rs 4,014 cr and EBIT margin of (12.9)%**
- **REpower continues to outperform the industry**
- **Strong uptick in order momentum post CDR approval**
  - 1,104MW of order inflow in Q3 –**728 MW post CDR approval**
- **Robust Order book position of ~US$ 7.7 bn**
  - Accords good visibility for FY14
- **Working capital further optimized to 20.4% - On target to achieve 20% by FY13**
- **Continuing efforts to rationalize fixed cost**

Crosses 20 GW in installations across the world…..

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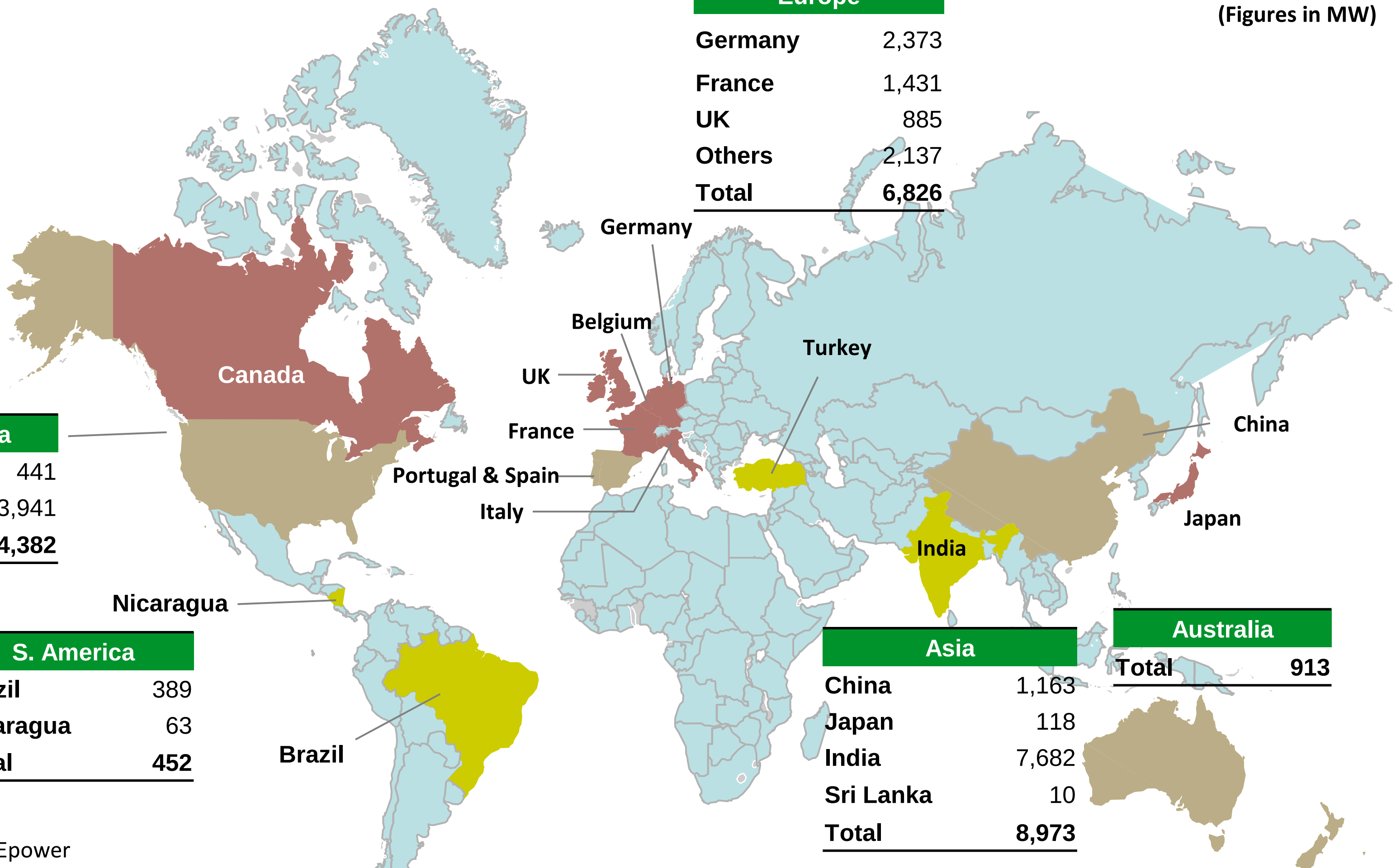
>21 GW of global installations backed by robust sales infrastructure

(Figures in MW)



Europe	
Germany	2,373
France	1,431
UK	885
Others	2,137
Total	**6,826**

N. America	
Canada	441
USA	3,941
Total	**4,382**

S. America	
Brazil	389
Nicaragua	63
Total	**452**

Asia	
China	1,163
Japan	118
India	7,682
Sri Lanka	10
Total	**8,973**

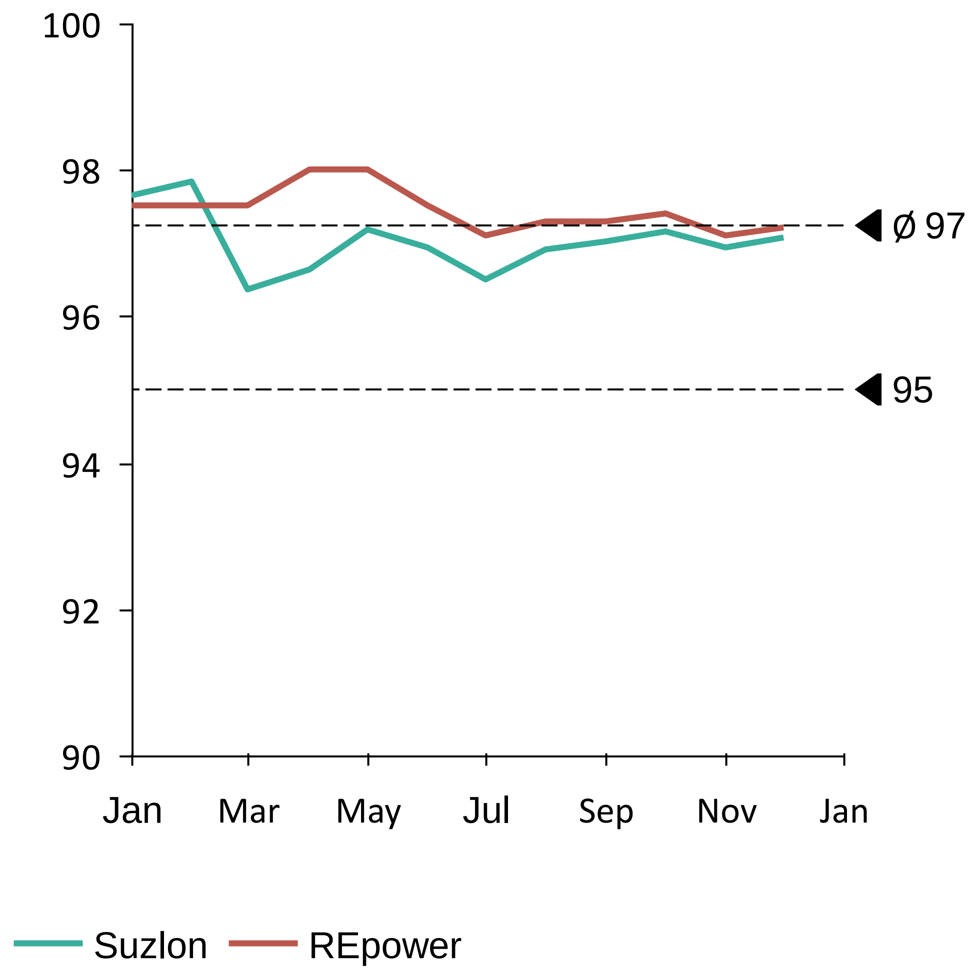
Australia	
Total	**913**

Source for strong and growing long term secured annuity income

1: As on Dec 2012; Includes all installed and SCADA connected systems; 2. REpower installation from 2001 onwards

Group fleet availability

Global Turbine Availability



Best-in-class after sales performance and service

Turbine availability consistently above industry average

Undertaking Comprehensive Liability management

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Holistic Liability Management

1. **Long term debt restructuring through CDR**
2. **Additional working capital**
3. **FCCB resolution**

- Extended maturity profile
- Lower interest burden
- Equitization of debt
- Reduced pressure on cash flows
- Enhanced liquidity

- Alleviates liability overhang
- Enables complete focus on operations
- Liquidity to help cash flow generation

CDR Update

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29 Oct 2012
Referred to CDR

8 Nov 2012
Admitted to CDR Cell

31 Dec 2012
Final proposal was approved by CDR Cell

End of Mar 2013
Likely timeline for proposal implementation

October 2012 → **November 2012** → **December 2012** → **March 2013**

- **Final proposal has following major contours, which would support the business**
  - 2 years moratorium on Debt repayments
  - 2 years moratorium on term interest
  - 6 months moratorium on Working capital interest

  Provides cash flow relief in excess of $1bn

  - Interest during moratorium to be converted to equity – Details under finalization
  - Reduction in Interest rates by 300 bps
  - Extended debt maturities with up to 10 years door to door maturities
  - Additional working capital support of ~ Rs 1800 Crs

Fast implementation of CDR process to translate into improved performance

FCCB: Status update

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- 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
  - In active dialogue with over 80% of bondholders
  - Confident of achieving a consensual resolution at the earliest
  - Finalization of the CDR process is an important milestone
- 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

All stakeholders fully aligned for preserving business value and need for quicker resolution

Financial snapshot

Rs Crs

Particulars	Q3 FY13 Unaudited	Q3 FY12 Unaudited	FY12 Audited	FY11 Audited
Consolidated Revenue	**4,014**	**4,985**	**21,082**	**17,879**
Consolidated EBITDA	**-313**	**406**	**1,821**	**1,047**
Consolidated EBIT	**-516**	**236**	**1,160**	**390**
EBIT Margin	***-12.9%***	***4.7%***	***5.5%***	***2.2%***
Consolidated Net working capital	**4,311**	**5,503**	**4,861**	**3,788**
Consolidated net debt	**13,587**	**11,790**	**11,129**	**9,142**

Key takeaways: Q3 FY13

- Marginal activity in Suzlon Wind due to working capital constraints and ongoing liability management exercise
- Lower margins:
  - Adverse geographic mix : higher volumes in low margin geographies like Americas
  - Higher one time penalties due to delayed execution in Indian market
- REpower continues to outperform industry

REpower : Robust growth continues

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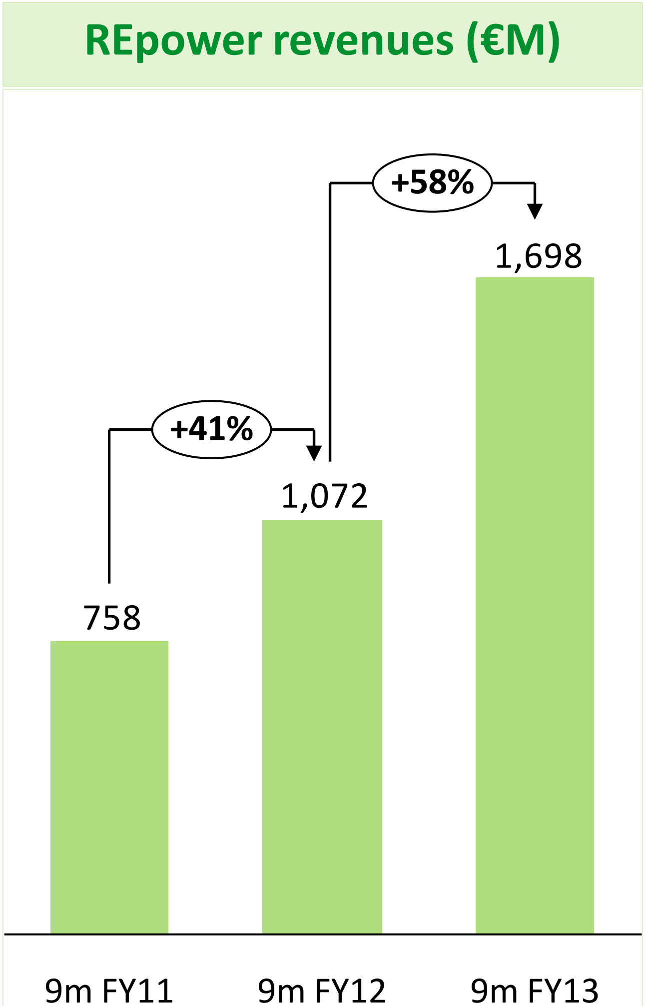

- **Continues to grow at a healthy pace**
  - With support from Group on markets and project execution synergies and cost reductions
  - Consistently posting the best operating metrics
  - Robust order intake momentum and best in class order coverage ratio
- **Most reliable product portfolio with high service standards**
- **Highlights of first YTD FY13**
  - 359 MW – Largest onshore contract to date
  - Crossed 1 GW mark in contract signatures in UK
  - Entry in Romania with 25 MW order
  - Launched 3.0M122 for low wind sites
  - Crossed 1 GW installations in USA
  - Erected 481 turbines in North America in 2012

Consistently posting best operating metrics in the wind space

Optimizing Working Capital

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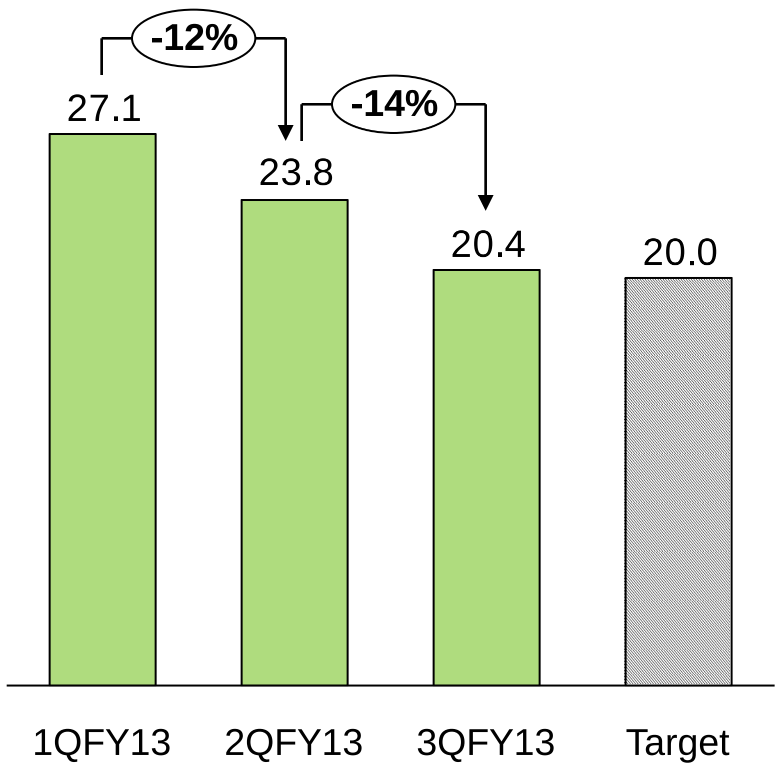
Net Working Capital Ratio*



* - Net Working Capital/Trailing twelve months

- Working Capital to further improve by:
  - **Liquidity support from under CDR and uptick in order momentum**
  - **Facilitates execution of orders and cash flows generation**
  - **Clearing up of commissioning pipeline**
  - **Reduced inventory levels**

Project Transformation: Rationalizing Employee headcount

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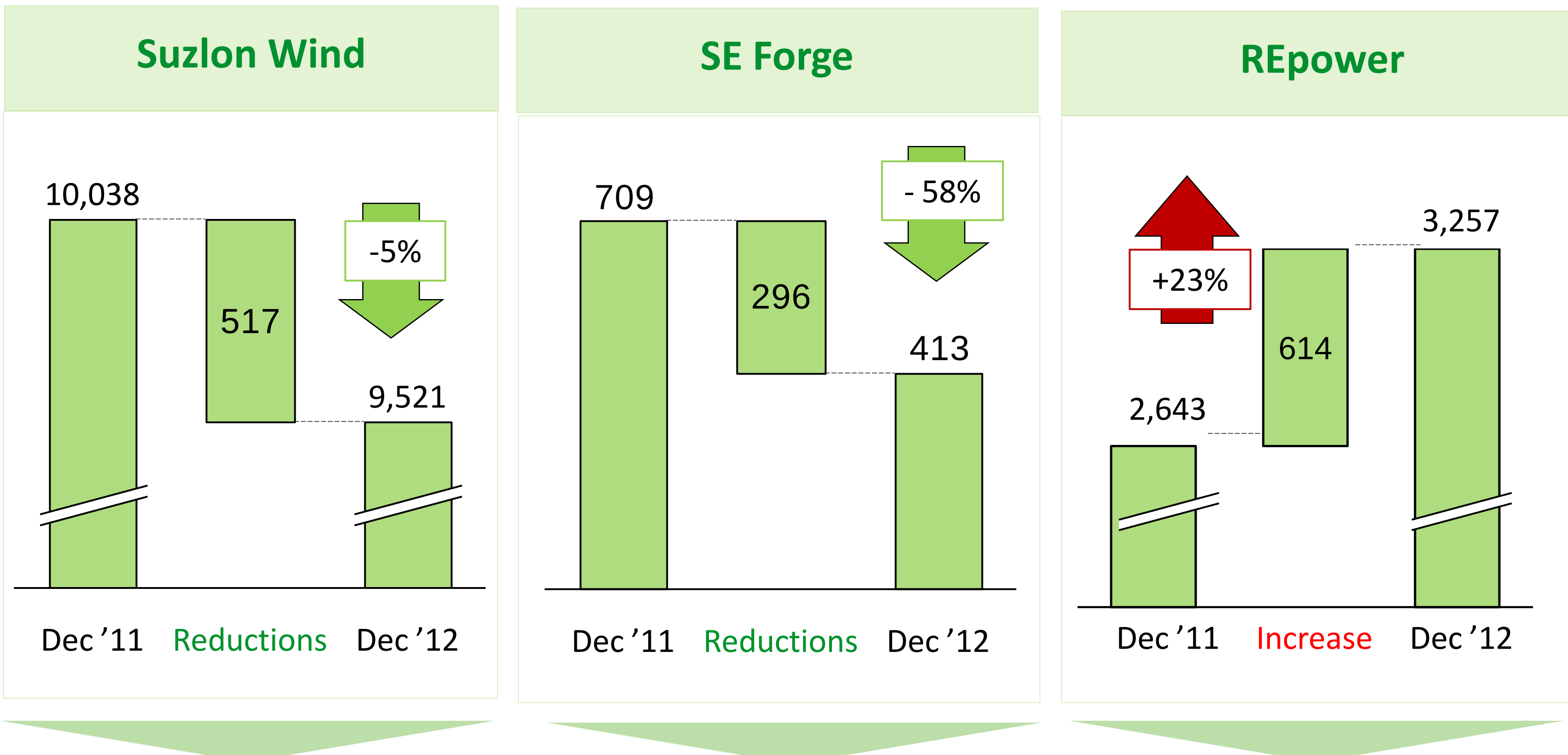
Employee Headcount



Employee Cost rationalisation (On quarterly run rate basis)

~19% YOY decrease in manpower cost

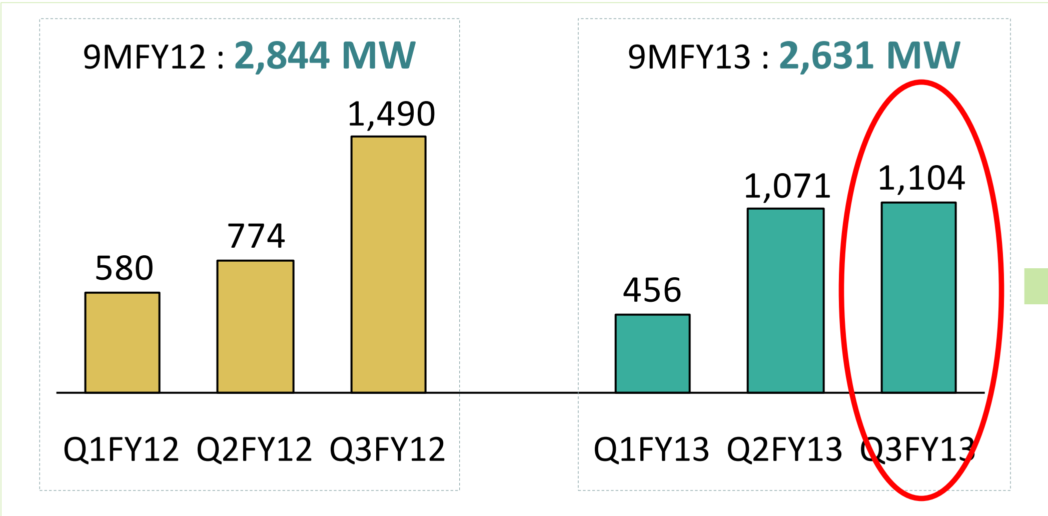
~26% YOY decrease in manpower cost

~21% YOY increase in manpower cost

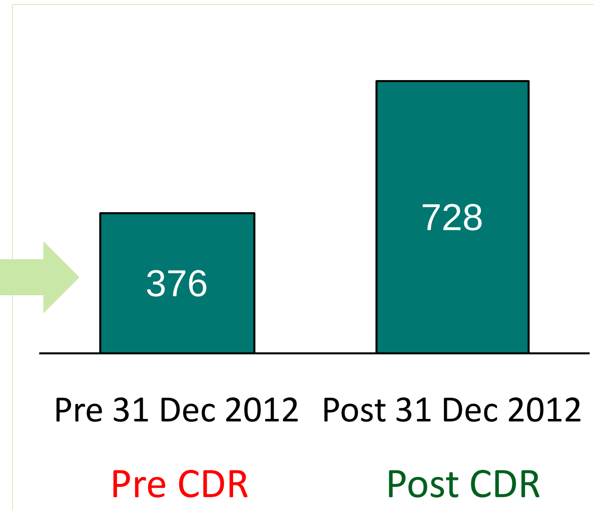
Realigning employees base across business verticals

Order intake momentum continues in Q3

Quarterly order intake (MW)



3QFY13 Order Intake (MW)



- **Strong uptick in order momentum post CDR approval**
  - 728 MW of order intake post CDR approval
- **Significant orders in Quarter**
  - Cookhouse, South Africa (138.6MW) + EDF, Canada (~359MW)

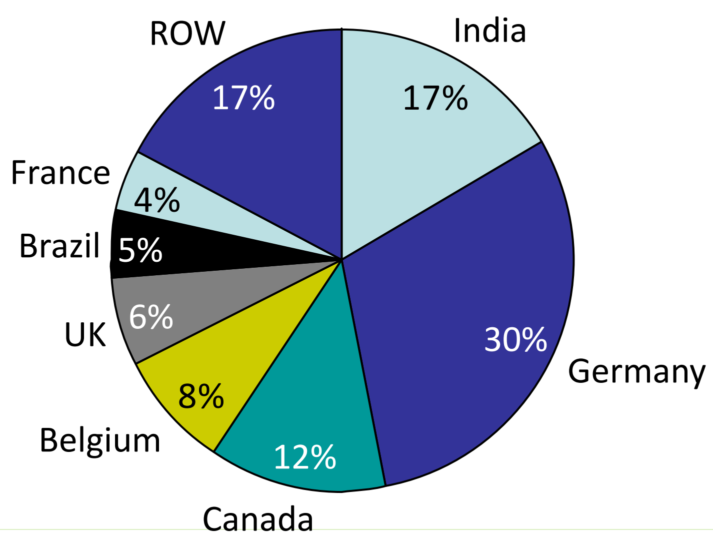
~2,631 MW of YTD FY13 firm order intake despite tough operating environment

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

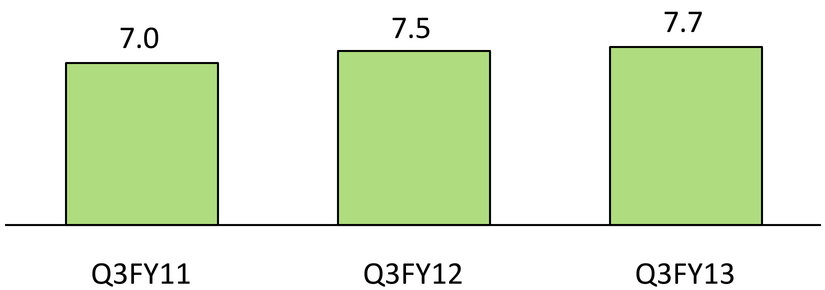
Robust order book position

Total value of US$7.7 bn

Order book by geography – US$7.7bn



Order book evolution (US$ bn)



- **Order book at ~5.7 GW**
- **Order book value: US$ 7.7bn**
  - Onshore markets:
    - Emerging : ~US$1.8bn (India, Brazil and South Africa)
    - Developed : ~US$4.3bn
  - Offshore: US$1.6bn
- **Strong order book with deliveries up to FY15**
- **Well supported by additional framework contracts for 4.5 GW**

Strong order backlog position in home markets, India and Germany

As on 14th Feb 2013. FY13 Exchange rate – USD/EUR – 1.34, INR/EUR – 71.64, INR/USD – 54.5

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

Announced framework contracts of ~4.5 GW

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Developed markets	~3.5 GW

1. **RWE Innogy for up to 250 units of 5 MW / 6 MW offshore turbines** — **1,500 MW**
   - 627 MW already converted to firm orders
2. **Frame contract with EDF Energies Nouvelles for onshore turbines** — **954 MW**
   - Total 902 MW converted to orders
3. **Frame agreement with Juwi to be commissioned between H2 CY11 and CY14** — **720 MW**
   - Total 89 MW converted to orders so far
4. **Framework with Maia Eolis in France** — **300 MW**
   - Total 12 MW converted to orders so far

Announced framework contracts of ~4.5 GW

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Emerging markets	~1.0 GW
1. **Frame agreement for up to 200 wind turbines in South Africa with 'African Clean Energy Developments'**	**420 MW**
• 138 MW converted into firm order in Feb 2013	
2. **Business agreement with Techno Electric in India**	**300 MW**
3. **Framework with Cennergi, South Africa**	**138 MW**
• South African Dept of Energy awarded PPA for 138 MW to the client in May 12	
4. **Frame agreement with ReNew Power in India**	**200 MW**

Total frame agreements of ~4.5 GW , of which ~40% already converted into firm orders

Q3 FY13 industry update and outlook

Suzlon windfarm at Jaisalmer, India

Wind market to recover after a blip in 2013

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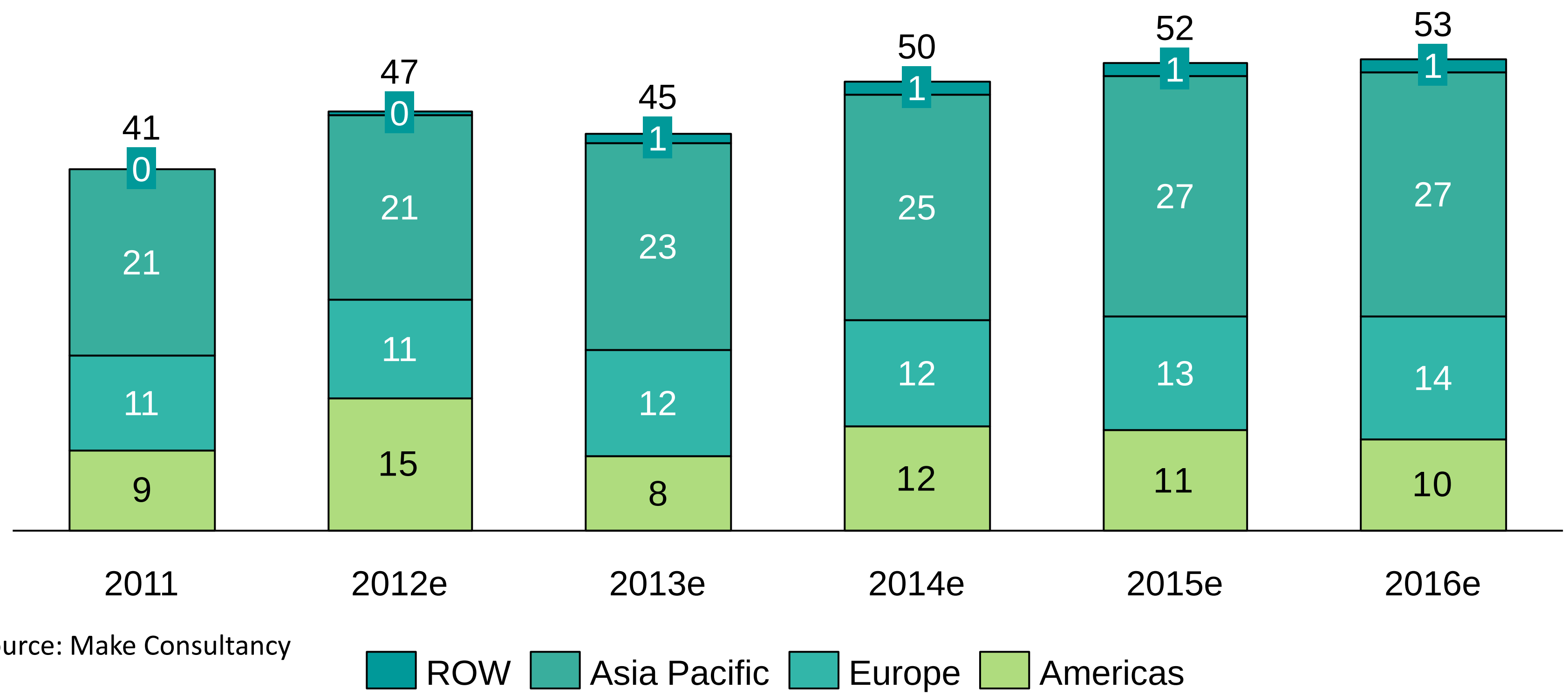
Industry estimates for annual installations (GW)



Source: Make Consultancy

- Global new order intake plummeted in 2012
- 2013 dip is expected mainly on account of late PTC extension in USA
- Despite policy rollbacks in some parts of Europe, the market is still holding the fort
- Wind market in China set to grow again with 12^{th} Five year plan of national grid connected target of 104GW

Offshore segment to grow at a rapid pace

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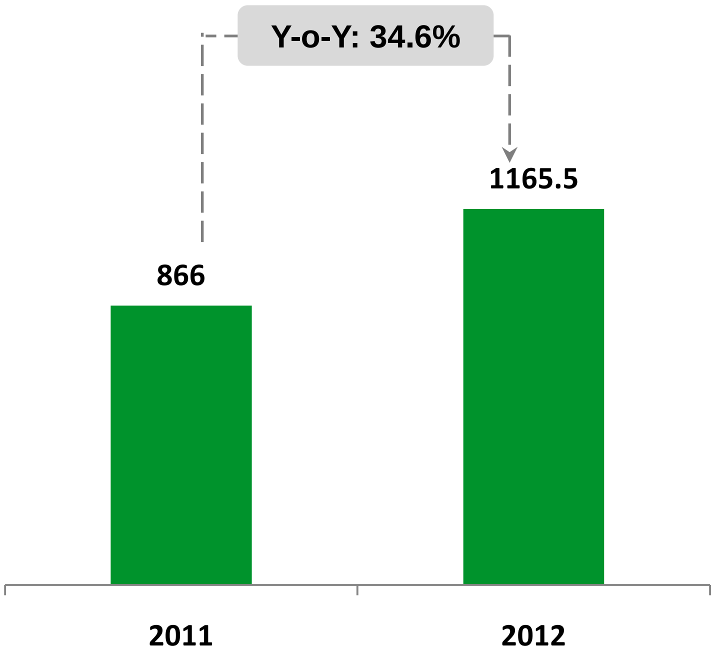
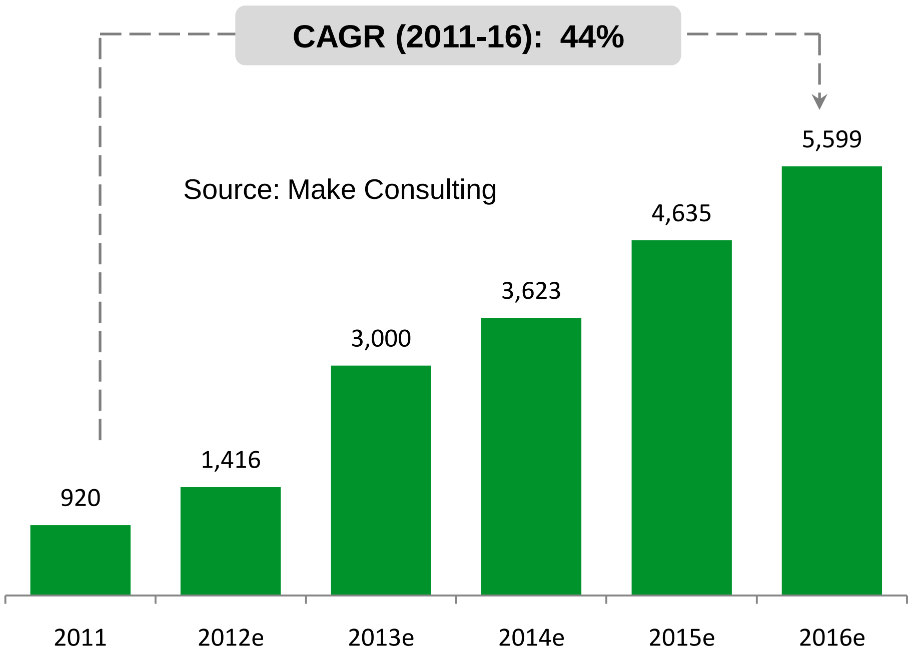
Grid connected installation in Europe (MW)



Source: EWEA

Global annual offshore outlook (MW)

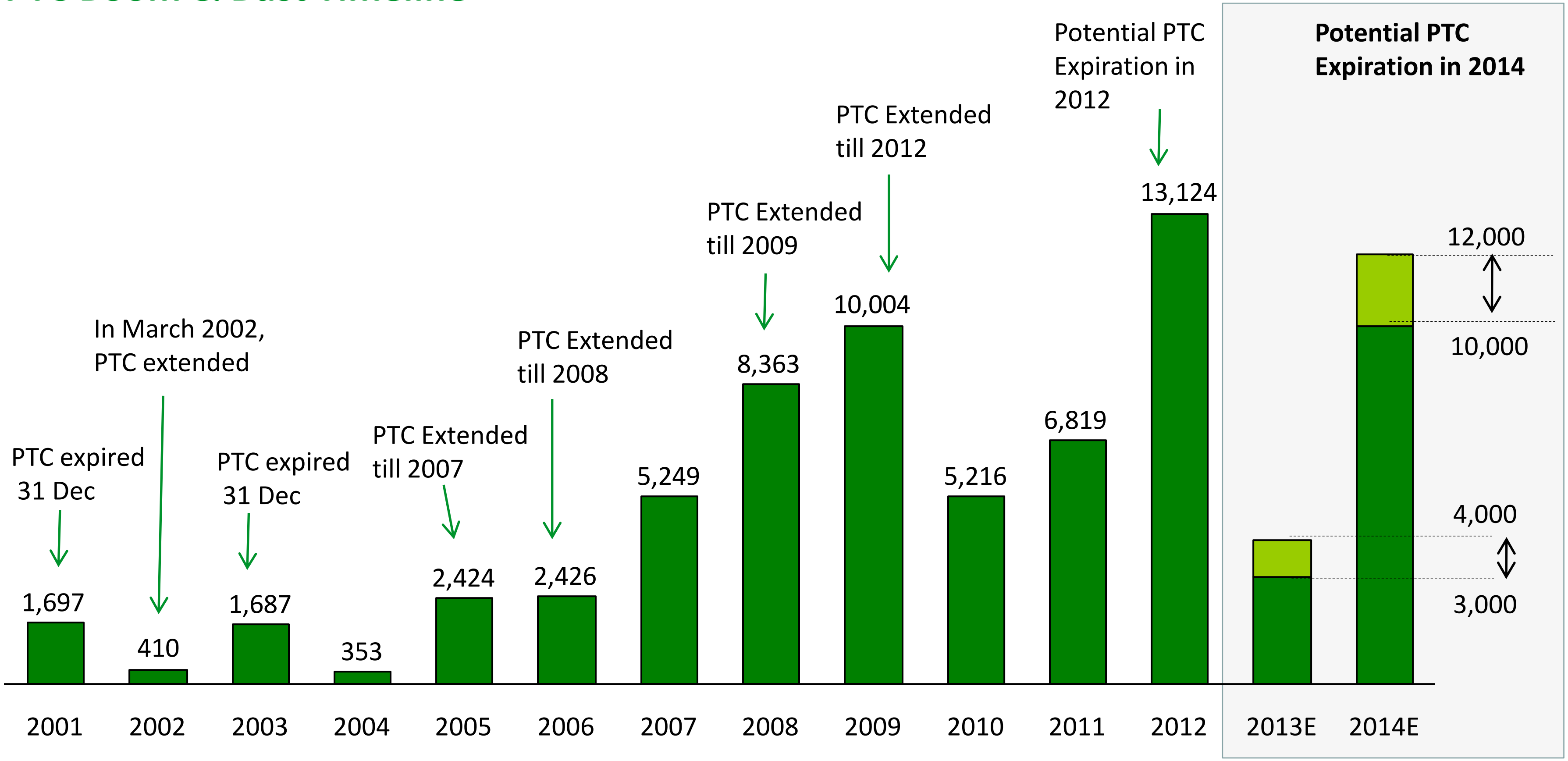


The UK and Germany will continue to dominate the European market throughout the period, supported by strong incentive schemes, including offshore targets of 18 and 10 GW, respectively

Suzlon Group market share in 2012 offshore installations in Europe - 19%

USA : Onset of another boom cycle

PTC Boom & Bust Timeline



Source: AWEA, Suzlon estimates

US PTC renewal to bring spike in new order intake in 2013 for installation in 2014

Policy uncertainty has dampened Indian growth story

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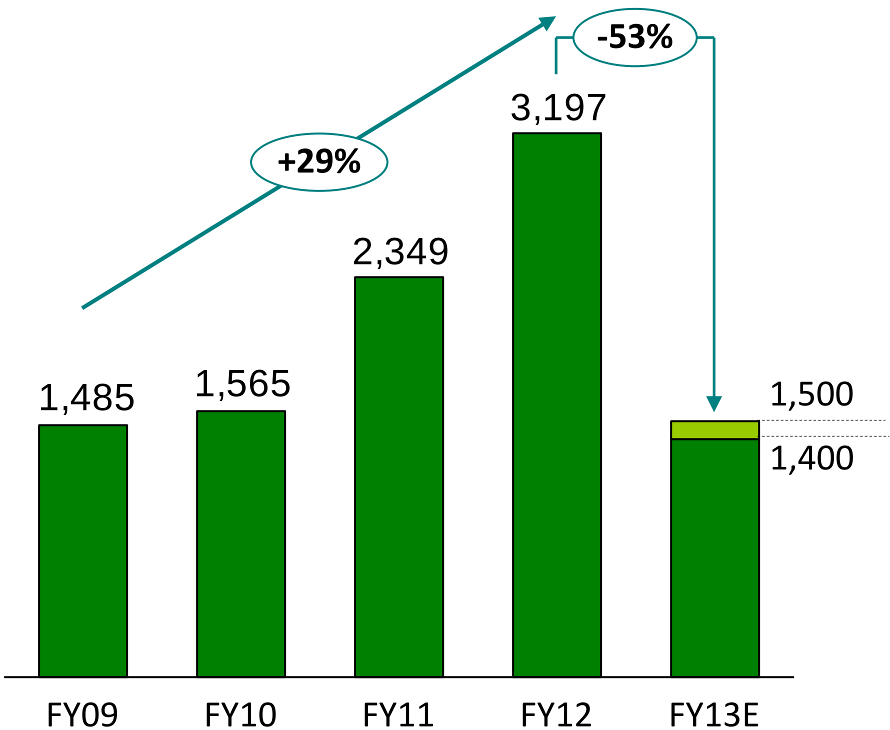
Annual Installations (MW)



Source: MNRE, Internal estimate

- **Key Concerns**
  - Withdrawal of key policy initiatives like GBI and AD benefits
  - Reduced investments from Retail and captive SMEs
  - Concerns over implementation of RPO targets impacting demand of RECs
- **Encouraging Updates**
  - Preferential Tariffs revised upwards in many states
  - IPPs continue to target large installation pipeline
  - Increasing investments from PSUs

Revival of key policy framework essential to support market growth

IPP + REC: Elevated Indian market

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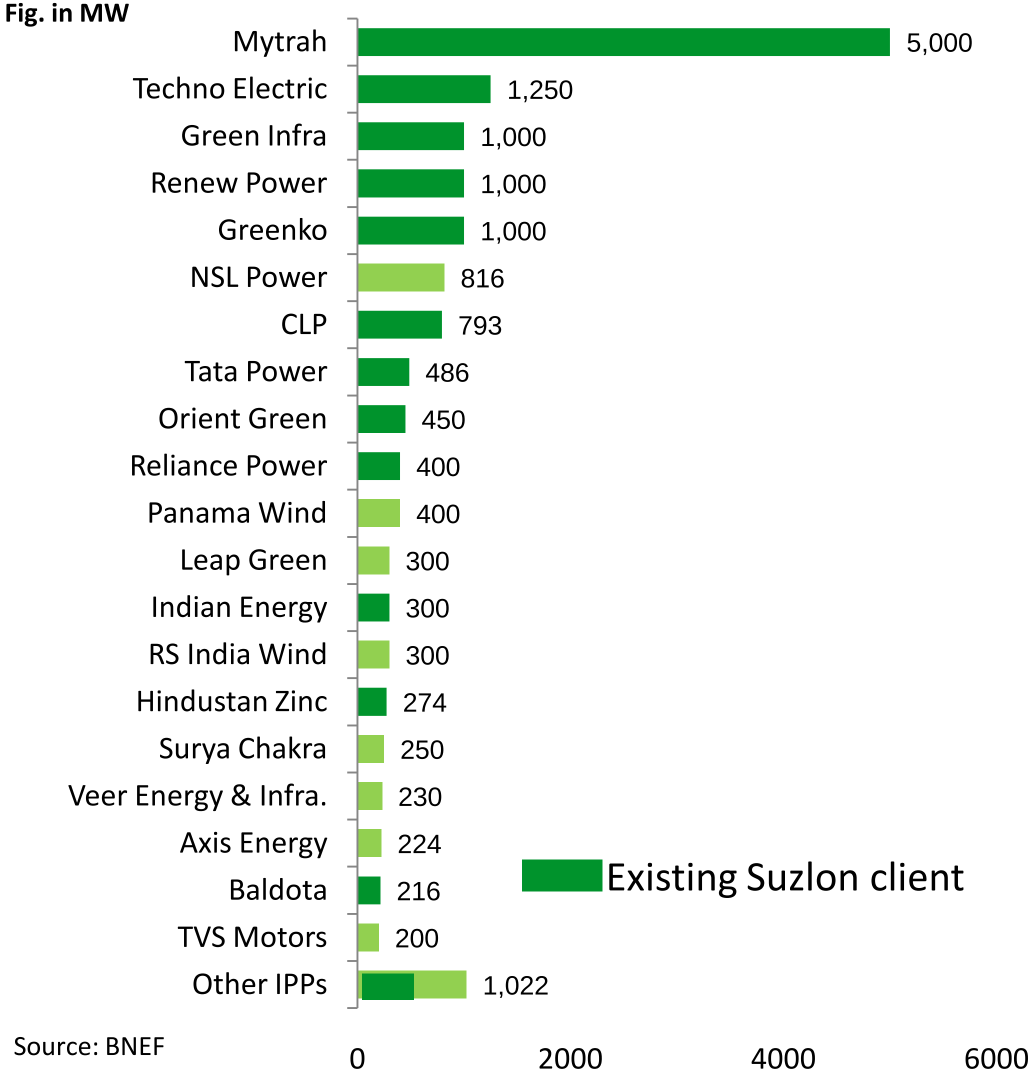
Expanding IPP activity to ensure sector growth



Source: BNEF

~15 GW of installation plans from IPPs

IPPs, covering 80% of the pipeline – **ARE ALREADY SUZLON CLIENTS**

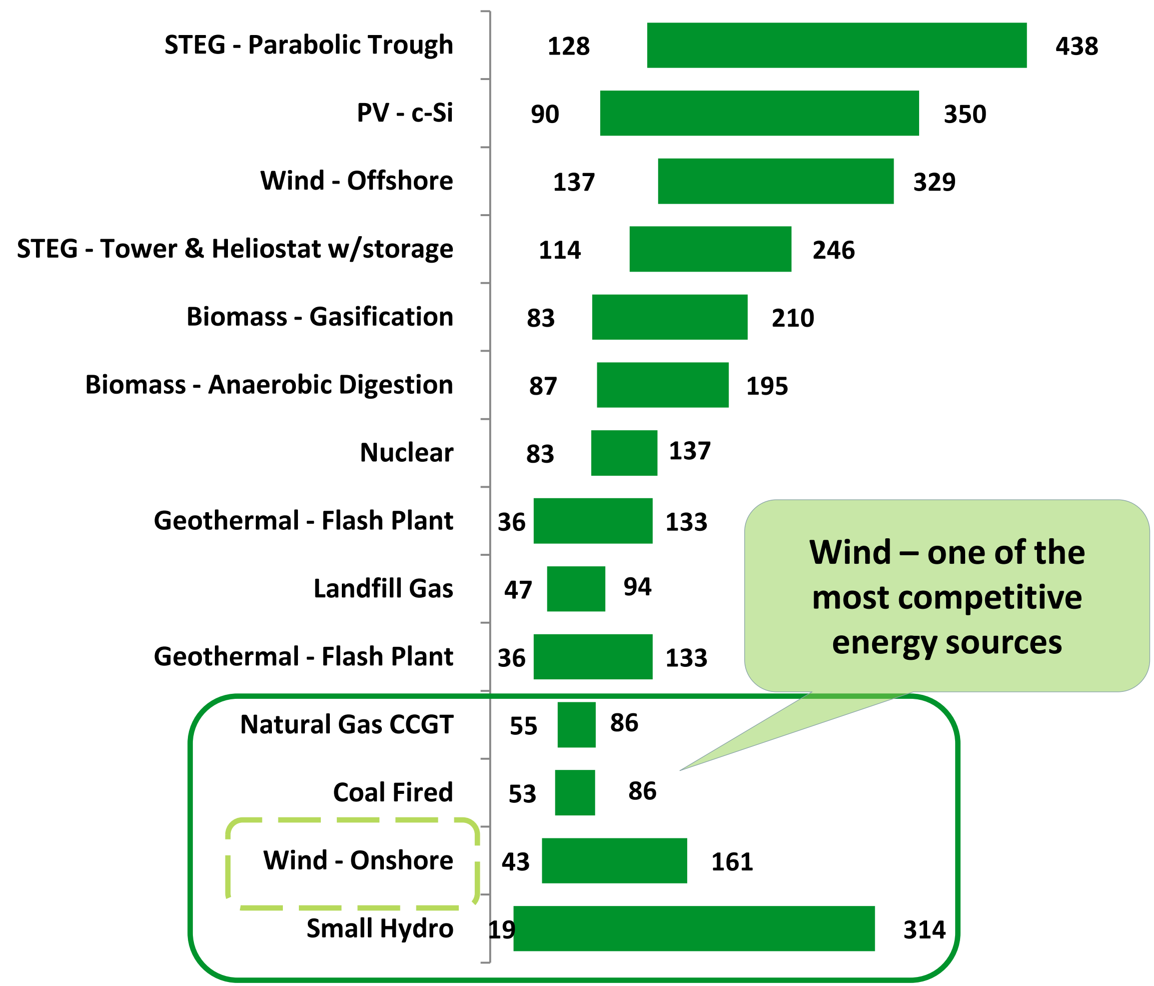
Wind competing with conventional energy

"Wind energy top source for USA new generation capacity in 2012"

Australia LCOE : Wind cheaper than coal and gas

Brazil LCOE : Wind cheaper than gas

Life cycle cost of energy, $/MWh, Q4'12



Source: BNEF

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Focus areas for FY14

Suzlon wind farm in Paracuru, Brazil

Specific Priorities for FY14

Priority # 1

- **Debt reduction**
  - Through sale of non critical assets and working capital reduction
  - Through equitization of debt

Priority # 2

- **Reduce break even point**
  - Improved contribution margin through material cost reduction by 5%
  - Partly through reduction in manpower headcount and Opex by 20%

Priority # 3

- **Execution of orders and continue order book momentum**
  - Focus on execution of our large order book
  - Ensure enough order wins to maintain a healthy order book

Priority # 4

- **Group level synergies**
  - Accelerate synergies on the supply chain side
  - Ensure increase in contribution margins by capitalizing on synergies

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Debt reduction efforts to continue

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- **Ongoing assets sale**
  - About $400-500m of non critical assets identified for sale
- **Working capital rationalization**
  - Target to reduce working capital to 20% of sales
  - Focus on realization of sticky receivables
- **Equitization of debt as part of ongoing comprehensive liability management exercise**

Target to improve gearing ratio at the earliest

2 Focus on reducing break even

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Cost reduction	Reduced break even
Target material cost reduction by 5% **Project Transformation:** • Ongoing rationalization of fixed cost — Reduce employee headcount by 20% and fixed expenses by 20% — Rationalizing capacities to match demand in select geographies **Reduced cash interest outflow post CDR** • Through lower interest costs and • Interest moratorium — 2 year on term debt and — 6 month on working capital debt	• Lower fixed cost structure • Reduced cash interest burden on debt facilities after Liability Management exercise • Reduced interest burden from deleveraging initiatives

FY14 = Focus transforming into a leaner organization

3 Focus on execution and continue order book momentum

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Orders with shorter delivery schedules

- Majority orders in the order book with short term delivery requirements
- Strong uptick in order intake post CDR approval
- Focus on continuing order booking momentum in FY14

Strong liquidity for FY14

- Enhanced working capital under CDR
    - Rs 1,800 Crs of additional working capital support
- Internal cash flows
    - Debt and interest moratorium for 2 years
    - Minimal outflow pressure on cash flows
    - Internal cash generated can be channeled to operations

Drive execution

- Ramp up S9X production
- Focus on reducing commissioning pipeline
- Execution to result in working capital release and cash flow generation

FY14 = Focus on executing our large order book

4

Group synergy realization and consolidation on accelerated track

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Key initiatives being executed/targeted

Markets

- Streamline market SBUs – One organization, one team & one product portfolio
- Suzlon Australia and Europe operations realigned with REpower
- Leverage Suzlon infrastructure to increase sales for the Group

Supply chain synergies

- Realign vendor base to Asia
- Drive joint strategic procurement
- Supply of components, to start from FY14 in full fledge
- Leverage Suzlon manufacturing facilities for REpower

Overheads

- Consolidate organization in over-lapping functions / geographies
- Realign organization capacity to optimize fixed costs
- Align technology efforts across both companies
- Establish integrated highly efficient OMS

Key outcomes in FY14:

- Increase global market share
- Improve contribution margins
- Rationalise Group fixed costs

Detailed financials – Q3 FY13

Suzlon wind farm in Utah, USA

Consolidated financial results

Rs Crs.

Particulars	Q3 FY13 Unaudited	Q3 FY12 Unaudited	Q2 FY13 Unaudited
Revenue from operations	4,014	4,985	5,702
Less: COGS	2,673	3,334	4,226
Gross Profit	**1,341**	**1,651**	**1,476**
Gross Profit %	***33%***	***33%***	***26%***
Employee benefits expense	553	528	541
Other expenses	1,087	730	1,099
Exchange Loss / (Gain)	47	34	24
Other Operating Income	34	48	56
EBITDA	**-313**	**406**	**-132**
EBITDA %	***-8%***	***8%***	***-2%***
Less: Depreciation	203	170	168
EBIT	**-516**	**236**	**-300**
EBIT %	***-13%***	***5%***	***-5%***
Finance costs	457	441	418
Finance Income	26	30	26
Profit / (Loss) before tax	**-946**	**-176**	**-692**
Less: Exceptional Items	82	-8	1
Less: Tax	128	134	116
Less: Associates	0	0	0
Less: Minority	2	15	2
Net Profit / (Loss) after tax	**-1,155**	**-286**	**-808**

Consolidated financial results

Rs Crs.

Particulars	9M FY13 Unaudited	9M FY12 Unaudited	FY 12 Audited	FY11 Audited
Revenue from operations	14,463	14,383	21,082	17,879
Less: COGS	10,454	9,452	14,074	12,454
Gross Profit	**4,008**	**4,931**	**7,009**	**5,425**
Gross Profit %	***28%***	***34%***	***33%***	***30%***
Employee benefits expense	1,632	1,479	2,009	1,676
Other expenses	3,031	2,137	3,396	2,966
Exchange Loss / (Gain)	163	59	59	-53
Other Operating Income	114	161	277	211
EBITDA	**-702**	**1,418**	**1,821**	**1,047**
EBITDA %	***-5%***	***10%***	***9%***	***6%***
Less: Depreciation	549	459	661	657
EBIT	**-1,251**	**958**	**1,160**	**390**
EBIT %	***-9%***	***7%***	***6%***	***2%***
Finance costs	1,368	1,231	1,655	1,375
Finance Income	129	86	126	107
Profit / (Loss) before tax	**-2,490**	**-187**	**-369**	**-878**
Less: Exceptional Items	39	-227	-227	253
Less: Tax	291	214	331	185
Less: Associates	0	-33	-33	-28
Less: Minority	9	29	27	21
Net Profit / (Loss) after tax	**-2,811**	**-178**	**-479**	**-1,324**

Consolidated Net Working Capital

Rs Crs

Particulars	As on 31st Dec '12	As on 30th Sept'12	As on 30th June'12	As on 31st Mar'12	As on 31st Dec'11
Inventories	5,928	5,421	5,960	5,580	6,152
Trade receivables	6,990	8,584	8,265	8,201	7,323
Short-term loans and advances	2,375	2,549	2,677	2,368	2,533
Other current assets	491	577	677	645	479
Total (A)	**15,785**	**17,132**	**17,579**	**16,794**	**16,487**
Sundry Creditors	4,916	5,739	5,761	5,807	4,641
Advances from Customers	3,517	3,206	3,060	3,432	3,473
Other Current Liabilities	1,449	1,421	1,428	1,091	1,533
Provisions	1,591	1,488	1,499	1,603	1,338
Total (B)	**11,473**	**11,853**	**11,748**	**11,932**	**10,985**
Net Working Capital (A-B)	**4,311**	**5,278**	**5,831**	**4,861**	**5,503**

Group Financial Leverage[a]

Rs Crs.

Particulars	As at 31st Dec 12		As at 30th Sept 12		As at 30th Jun 12		As at 31st Mar 12		As at 31st Dec 11	
	SEL Wind (a)	Consol. Group	SEL Wind (a)	Consol. Group	SEL Wind (a)	Consol. Group	SEL Wind (a)	Consol. Group	SEL Wind (a)	Consol. Group (a)
Gross Debt (A)	14,177	15,040	13,711	14,568	13,477	14,389	13,142	14,034	12,750	13,705
Cash (B)	608	1,453	512	964	455	1,372	1,037	2,905	678	1,915
Net Debt (A-B)	13,569	13,587	13,199	13,604	13,022	13,017	12,105	11,129	12,072	11,790

(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

Suzlon Wind: Financial leverage[(a)]

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Rs Crs.

Debt type	Balance as on 31st Dec 12	Balance as on 30th Sept. 12	Balance as on 30th Jun. 12	Balance as on 31st Mar. 12	Balance as on 31st Dec. 11
FX term loans*	3,555	3,475	2,053	1,920	2,004
FCCBs	2,239	2,152	3,641	3,327	3,473
W.Cap, Capex and other loans	8,383	8,084	7,783	7,895	7,273
Gross debt (A)	14,177	13,711	13,477	13,142	12,750
Cash (B)	608	512	455	1,037	678
Net Debt (A-B)	**13,569**	**13,199**	**13,022**	**12,105**	**12,072**

(a) Unaudited

* - FX term loan includes acquisition loan and loan taken from domestic banks to pay June FCCBs

FCCBs: Status update

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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%

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Thank you

Suzlon windfarm at Texas, USA