

2nd August, 2013

For immediate release

Suzlon Group Q1 FY14: Trending towards normalization

- Revenues of Rs 3,851 cr / ~US\$ 649 mn
- Consolidated EBIT of Rs (482) cr / US\$ (81) mn
- Operations ramping up at Suzlon Wind: 219 MW sold in Q1 FY14, against 250 MW for full-year FY13
- Continuing progress on Project Transformation
 - Group OpEx down by 31% Q-o-Q
 - Manpower rationalization continues
 - Working capital reduced to 11.4% from 13.6% at Q4 FY13
 - Aggressive focus on further optimization continues

Pune: Suzlon Group, the world's fifth largest* wind turbine maker, on Friday, August 2nd 2013, announced its results for the first quarter (Q1) of financial year 2013-14.

Mr Tulsi Tanti, Chairman – Suzlon Group, said: "This has been a progressive quarter for the Suzlon Group. We regained some of our lost momentum and began to see results from the Group's ongoing focus on key priorities. This is reflected in the uptick in performance at the Suzlon Wind level, and REpower continuing to deliver a respectable performance despite a very challenging marketplace.

"Looking at the markets, India continues to regain momentum, returning from a 50 per cent drop in the last fiscal. In other key emerging as well as developed markets, for example Australia, Canada, Europe, South Africa, we continue to see positive movement.

"While we expect this year to continue to be challenging, we are confident that our mid-to-long-term outlook remains strong."

Mr Kirti Vagadia, Group Head of Finance, said: "On the operational front I am pleased to note that real progress has been achieved. While our financial performance was impacted by the exceptional depreciation of the Rupee, and we incurred one-time costs related to restructuring at REpower, we achieved steady progress on key operating indicators.

"With a total focus on execution we delivered near-normal volumes, compared to historic performance, at the Suzlon Wind-level. However, as Q1 is also the lowest volume quarter in a fiscal for our business, resulting in an under-absorption of fixed costs having a negative impact on the bottom-line.

“It is important to note that we continue to bring down fixed costs, and therefore our break-even point. We have achieved a 31 per cent reduction in our operating expenses as compared to the last quarter, we continue to bring down the working capital-to-sales ratio to 11.4 per cent at the end of Q1, from 13.6 per cent in the last quarter. Our non-critical asset divestment program continues to be on track.

“There remains a lot of work to be done but this performance gives us the confidence that, with the continuing support of our lenders, customers, suppliers and key stakeholders, we are on the right road to business normalization.”

Key updates

- **Suzlon Wind** delivered an improved performance, with 219 MW sold over the first quarter of FY14, a 46 per cent increase over volumes in Q1 of the last fiscal and a full 88 per cent of total volumes achieved in FY13. The business saw continuing traction in core markets including India, Brazil and South Africa, and significant interest from other emerging markets.
- **REpower** completed key projects over the quarter including the 122 MW Zuidlob windfarm, REpower’s largest onshore project till date, and the 325 MW ‘Thornton Bank’ offshore windfarm. The successful completion of the ‘Thornton Bank’ offshore project, one of the world’s largest offshore windfarms, underscores REpower’s leadership position in the offshore space. The Company maintained its focus on cost reduction and improving efficiency through right-sizing, improving production efficiency, eliminating cost redundancies and maximizing synergies.
- **Global Service (OMS):** The vertical continued its strong growth, delivering 53 per cent growth in Q1 FY14 compared to the same period in the last fiscal. With best-in-class availability and a near 100 per cent renewal track record, the vertical secured a service order backlog of US\$ 4 bn over a five-year horizon.
- **Business efficiency:** The company, under ‘Project Transformation’, further reduced working capital to 11.4 per cent of sales, operating expenditure by 31 per cent quarter-on-quarter, and continued to rationalize manpower at the Group-level.
- **One-time costs:** The Company’s financial performance was impacted by non-routine costs, including notional foreign exchange losses totalling approximately Rs 155 cr / US\$ 26 mn, due to the extraordinary depreciation of the Rupee against the US Dollar and the Euro. The Company also booked exceptional costs for its restructuring program of Rs 136 cr / US\$ 23 mn.
- **Orderbook:** The consolidated Group orderbook stood at 5.36 GW, approximately INR 41,947 cr / US\$ 7.1 bn in value, with an intake of 356 MW over Q1 FY14.

The management of the Company, as a precautionary measure, excluded from the orderbook a US project totalling 200 MW due to non-movement of this order.

- **Non-critical asset sale:** This previously announced initiative to divest approximately US\$ 400 mn of non-critical assets continues to be on track.
- **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:

- **BTM Consult ApS – A part of Navigant Consulting – World Market Update*
- US\$ 1 = INR 59.33
- 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 32 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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