

14th February, 2013

For immediate release

Suzlon Group Q3: Performance negatively impacted by liquidity constraints

- Revenues of Rs 4,014 cr / ~US\$ 736 mn
- REpower revenues grow 58% YoY for nine month period
- Orderbook of ~Rs 41,546 cr / ~US\$ 7.7 bn
- Q3 order intake of ~1,104 MW, ~Rs 8,097 cr / ~US\$ 1.48 bn
- Corporate Debt Restructuring approved

Pune: Suzlon Group, the world's fifth largest* wind turbine maker, on Thursday 14th February 2013, announced its results for the third quarter (Q3) of the financial year 2012-13.

Mr Tulsi Tanti, Chairman – Suzlon Group said: "This has been a significant quarter for the Group; even as our operating performance was negatively impacted by liquidity constraints, we achieved the major positive step regarding the approval of our Corporate Debt Restructuring (CDR) package. This not only underscores the long-term viability of our business, but is a catalyst towards normalizing our operations.

"Looking back, 2012 was a challenging year for the wind energy sector at large; macro-economic conditions and policy challenges affected markets worldwide. While we anticipate that near-term challenges will continue to impact the industry over 2013, there are some green-shoots across global markets. For example, the continuation of the Production Tax Credit (PTC) program for wind energy in the US; the likely reinstatement of support mechanisms for renewables in India; a stable outlook for Europe; and, continued growth in the offshore segment. This, combined with our global presence and order book of US\$ 7.7 bn, gives us confidence in the medium-term outlook for the Group, and for the sector overall."

Mr Kirti Vagadia, Chief Financial Officer – Suzlon Group said: "Over FY13 we have faced a textbook conflict in allocation of resources between our business and our liabilities. While we have made tremendous progress on the liability management front, our business performance has been adversely hit due to our abnormal operating environment, leading to a significant loss for the quarter.

"Looking ahead, the approval of CDR is a major step in the right direction – this now gives us the headroom to focus on the execution of our order book, maintain and grow our order momentum, and to continue to deliver the right products and services to meet the needs of our global customer base.

“It is important to note that the long-term fundamentals of the business continue to be strong: our fleet of over 21,000 MW worldwide continues to deliver industry beating uptime levels; our order inflows remains strong – with a significant uptick after the approval of our CDR package; as well as strong growth momentum in certain key markets, and particularly at the REpower level. We have made solid progress under Project Transformation, and we continue to focus on reducing our opex and manpower costs, translating to a lower breakeven for the Group going forward.”

Market outlook: Independent estimates* project 2012 to be a record year for wind installations despite macroeconomic headwinds and policy uncertainties. However, lower order intake during 2012, due to policy deterioration in some parts of Europe, such as Spain and Italy, and uncertainty around the PTC in the US, is expected to result in a temporary dip in installation in CY13, followed by a sustained recovery through 2016, with industry CAGR projected to reach 5.5 per cent over the 2011-2016 period.

The offshore wind market in Europe grew 35 per cent, year-on-year, between CY11 and CY12, and is expected to grow at 31 per cent CAGR between 2011 and 2016. The UK and Germany will continue to dominate the European market throughout the period, supported by strong incentive schemes, including offshore targets of 18 GW and 10 GW, respectively.

Orders: The Suzlon Group orderbook stood at approximately 5.7 GW (~Rs 41,546 cr / ~US\$ 7.7 bn) as on 14th February, 2013; with new firm orders of 1,104 MW signed over the quarter. Significant orders over the period included Cookhouse, South Africa for 139 MW and EDF, Canada for 359 MW. The Group has secured firm order wins of approximately 2,631 MW YTD FY13 despite a very challenging operational environment.

REpower performance: The Group's wholly-owned German-subsiidiary, REpower Systems SE, continued to grow at a healthy pace with support from Group on markets, project execution synergies and cost reduction. Over the course of the year, REpower has consistently posted the best operating metrics in the industry, growing revenues by over 58 per cent compared to the first nine months of FY12, and achieved robust order intake momentum and best-in-class order coverage ratio.

REpower also signed its largest onshore contract till-date at 359 MW (as announced on 31st January, 2013); crossed 1 GW of orders for the UK; entered the Romanian market; launched the 3.0M122 turbine specifically for low wind sites; and crossed 1 GW of installations in the USA with 481 turbines erected in 2012 in North America.

Supply Chain update: The company is, as a part of Project Transformation, focusing on rapidly optimizing its global manufacturing footprint. This follows steps



underway to reduce opex and working capital intensity as well as to rationalize capacity in the company's supply chain.

Fleet performance: The Suzlon Global fleet stands at over 21,000 MW installed in 32 countries, generating the approximate equivalent of the power consumption of 70 million people. Suzlon's newest models - the S95 and S97 2.1 MW turbines - have achieved an installed base of approximately 400 MW, and along with the rest of the fleet are delivering 97 to 99 per cent availability. The North American market achieved a record year of installations as well for the Suzlon group with over 1 GW installed.

Financial: Suzlon Group on 24th January, 2013, announced the formal approval of its proposal for the restructuring of its domestic debt. The company's domestic lenders, a consortium of 19 banks, approved the company's CDR package of ~Rs 9,500 cr / US\$ 1.8 bn.

The package includes a two year moratorium on principal and interest payments on term loans; a three per cent reduction in interest rates; six month moratorium on working capital interest; as part of the package Rs 1,500 cr / US\$ 270 mn (two year's interest payment during moratorium) will be converted into equity / equity linked instrument over the next two years to bring stronger financial stability; and, a 10 year door-to-door back-ended repayment plan.

The package also includes an enhancement of working capital facilities, by approximately Rs 1,800 cr / US\$ 350 mn, allowing the company to accelerate the execution of its strong orderbook.

Source: * Provisional rankings based on market share issued by BTM Consult ApS – A part of Navigant Consulting

Conversion rate: US\$1 = Rs 54.5050

About Suzlon Group:

The Suzlon Group is ranked as the world's fifth largest* wind turbine supplier, in terms of cumulative installed capacity, at the end of 2011. The company's global spread extends across Asia, Australia, Europe, Africa and North and South America with installations of over 21,000 MW and operations across 32 countries and a workforce of approximately 13,000. The Group offers one of the most comprehensive product portfolios – ranging from sub-megawatt on-shore 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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