

9th November, 2012

For immediate release

Suzlon Group H1 FY13 update

- H1 revenues of Rs 10,449 cr / US\$ 1.92 bn, 11.2% growth YoY
- Working capital constraints and liability management impacts performance adversely
- Orderbook of ~Rs 37,290 cr / ~US\$ 6.84 bn; quarter order intake of ~1.1 GW / US\$ 1.3 bn
- CDR process initiated with domestic secured lenders

Pune: Suzlon Group, the world's fifth largest* wind turbine maker, on Friday announced its results for the first half (H1) of the financial year 2012-13.

Mr Tulsi Tanti, Chairman – Suzlon Group said: “The first half of FY2012-13 has been disappointing for the Suzlon Group. Our performance was affected by macro-economic headwinds and policy uncertainties in some key markets; as well as by our internal challenges around liability management, and sub-optimal capital allocation to business operations.

“Despite this, key metrics point in the right direction: we have continued to grow revenues year-on-year; our product offerings are highly competitive in the marketplace; our firm orderbook stands at an extremely robust US\$ 6.84 bn; and, REpower continues to maintain a solid growth trajectory.

“Looking ahead, we have taken concrete steps to sustain our mid-to-long term business performance. These steps will enhance our liquidity position and enable us to normalize our business operations and deliver on stakeholder commitments. We continue to work very hard on consolidation within the Group and maximizing all our operational synergies”.

Mr Kirti Vagadia, Chief Financial Officer – Suzlon Group said: “Allocation of cash towards addressing financial liabilities, combined with working capital constraints, acted as a significant limiter on our performance in H1 FY2012-13. Addressing this is now the central focus of our change agenda. We have launched several key initiatives – including Project Transformation – to bring down fixed costs, reduce working capital intensity, and continue our sale of non-critical assets as we right-size the business.

“We have also started the process to comprehensively address our liabilities, inter alia, through the CDR mechanism and balance our long-term capital structure.

"As part of this exercise we are also working with our lenders to enhance our working capital facilities to match our business outlook. We believe this is the right path to stabilize the business. In parallel, the ongoing engagement with our bondholders continues to be constructive".

Key Updates:

- **Market outlook:** Independent estimates project 2012 to be a record year for wind installations despite macroeconomic headwinds and policy uncertainties. However, policy deterioration in some parts of Europe, such as Spain and Italy and the expiry of PTC in the US, is expected to result in a temporary dip 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 grew 50 per cent, year-on-year, between H1 CY11 and H1 CY12, and is expected to grow at 46 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 and 10 GW, respectively. **

- **Orders:** The Suzlon Group orderbook stood at approximately 5.4 GW (~Rs ~Rs 37,290 cr / ~US\$ 6.84 bn) as on 9th November, 2012; with new firm orders of 1,070 MW signed during Q2 FY13.
- **Technology:** The Group expanded its successful 3 MW-class offerings with the introduction of two upgraded turbines in the REpower 3XM offering, and the launch of a brand new variant. Together, the three types offer a customized solution for high, medium and low wind sites and have seen over 1 GW of new orders since launch.

The REpower 3.2M114 and REpower 3.4M104 were successfully certified for use at sites with higher wind speeds, the new type, the 3.0M122, is specially designed to offer a cost-effective solution at sites with lower wind speeds – was added to the portfolio and will be available starting in early 2013.

- **Fleet performance:** The Group is operating a turbine fleet of approximately 20,000 MW in 32 countries delivering availability (uptime) levels between 97 and 99 per cent, consistently meeting and exceeding the industry average. The new S9X – 2.1 MW turbine family has over 100 turbines installed in Canada, USA, and India has demonstrated availability levels of over 97 per cent 'out of the box.'

- **Financials:** The company initiated a comprehensive debt restructuring exercise under the CDR mechanism. The company has also sent a notice to the bondholders, through the Trustee, communicating its intent to find a consensual solution that addresses its convertible bonds as soon as possible. The company, with its advisors, seeks to engage constructively with all of its bondholders with the goal of achieving a solution that will receive the support of its senior lenders and other stakeholders.

Taking into account the liquidity constraints over the first half of the fiscal, a volatile market environment, and the timeline of the CDR process, the Management Team also decided to suspend guidance for the current fiscal. This was announced on 29th October, 2012.

Notes to the Editor:

- **CDR:** *is a mechanism evolved by Reserve Bank of India to help a viable company, banking with multiple institutions under consortium arrangement. This is usually done to reduce the debt burden either by decreasing the interest rates it has to pay or by extending the repayment period of loans or both. It helps the company to increase its ability to meet the obligations over the mid-term.*
- US\$ 1 = Rs 54.5
- * BTM Consult ApS – A part of Navigant Consulting – World Market Update 2012
- ** MAKE Consulting

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 approximately 20,000 MW of wind energy capacity installed in 32 countries, operations across 33 countries and a workforce of over 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 commercial 6.15 MW offshore turbine – 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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