Nordex SE
Company presentation

January / February 2019

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The Nordex Group – a pioneer in wind with more than 30 years of experience

At a glance

- **Global manufacturer of wind energy systems** focused on turbines in the 2-4 MW class
- **WTG variants** for different wind and climate conditions, addressing the requirements of developed as well as emerging markets
- **Production sites** in Germany, Spain, Brazil, India and USA
- **Headquarter in Hamburg**; subsidiaries for sales and service in all core markets
- Listed company in the German **TecDax** and **SDAX**
- **Founded 1985** in Denmark, IPO in 2001
- **Acquisition** of Acciona Windpower (AWP) in 04/2016
- **Main shareholder** Acciona S.A. (29.9%)
- **Revenues 2017**: EUR 3.1bn
- Track record of around **24 GW** in more than **25 countries**

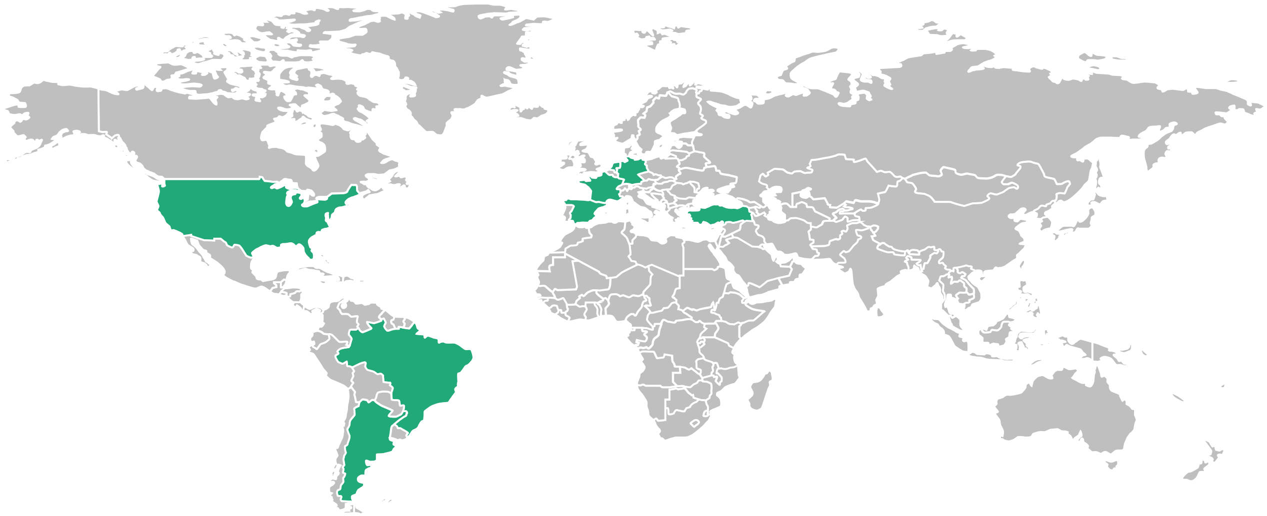
Strategic rationale for combining businesses of Nordex and AWP

	MARKET FOCUS	CUSTOMER FOCUS	PRODUCT FOCUS	TECHNOLOGY FOCUS
AWP	Emerging Markets	Large developers and IPPs	Projects without land constraints	Concrete towers
	+	+	+	+
Nordex	Europe	Small & medium-sized customers	Complex and land constrained projects	Blades
	=	=	=	=
	TRULY GLOBAL	**BROAD CUSTOMER BASE**	**DIFFERENT PROJECTS**	**COMPLEMENTARY TECHNOLOGIES**

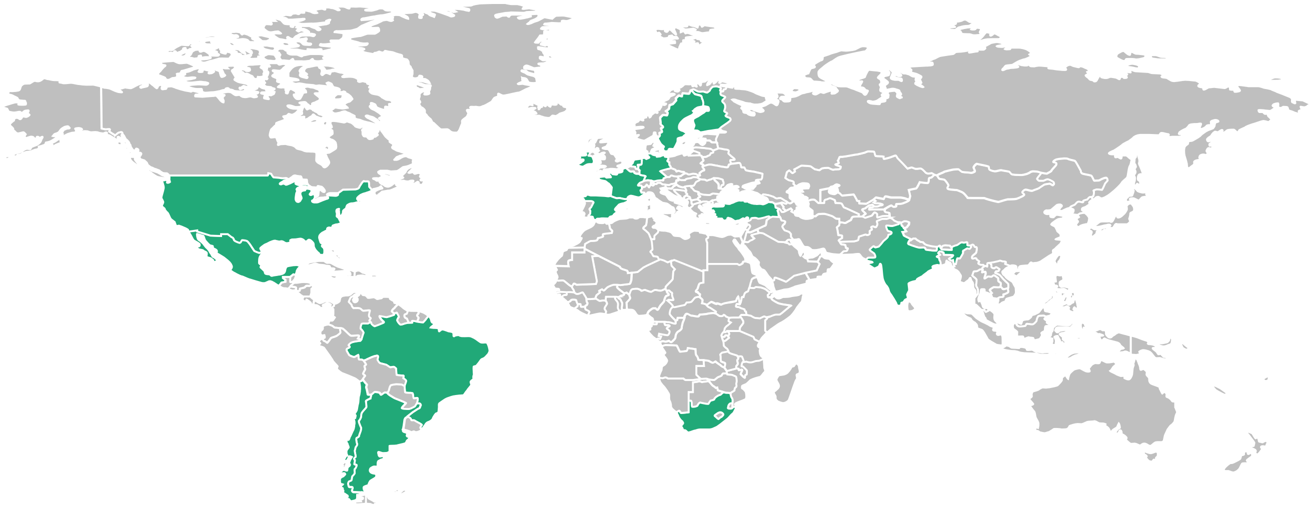
CREATING A STRONGER AND MORE COMPETITIVE COMPANY

Broader global foodprint reflected in increasing number of markets with order intake > EUR 50m

2017



2018



Who we are – we have come a long way

- **1985** – Founding of Nordex in Denmark
- **1995** – First company worlwide to produce a MW-class turbine
- **1999** – Installation of the 100th Nordex turbine
- **2000** – First AW 60/1300 prototype
- **2000** – Completion of the world´s first series multi-MV turbine
- **2001** – Commencement of industrial rotor blade production
- **2003** – Opening of the wind turbine assembly in Barásoain, Spain
- **2003** – Installation of the 2000th Nordex turbine
- **2005** – Start of the series production of the AW 1500
- **2007** – Opening of a turbine facility in the Americas
- **2008** – Introduction of the AW 3000
- **2010** – Launch of Gamma generation
- **2013** – Industrial implementation in Brazil with the opening of hub production plant
- **2013** – Launch of Delta generation
- **2014** – More than 2000 MW sold of the AW3000 platform
- **2016** – Nordex and Acciona Windpower become one company
- **2016** – Opening first assembly plant in India
- **2017** – Launch of 4 MW platform Delta4000 product series
- **2018** – Launch N133/4.8 turbine
- **2018** – First N149/4.0-4.5 and AW 140/3000 turbines installed

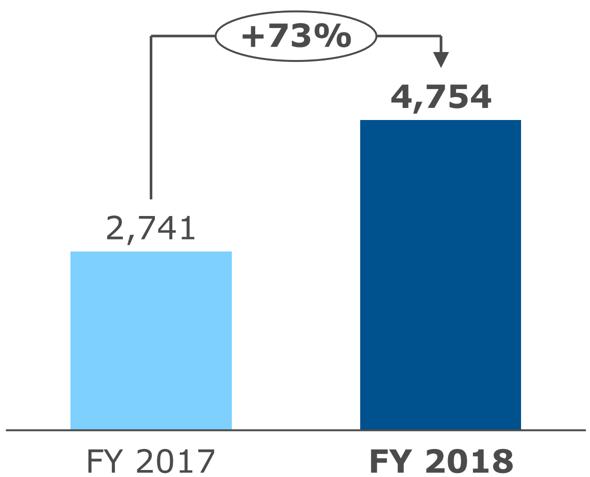
Executive summary

- Order intake of 4.75 GW in FY 2018. Increase of 73 % compared to previous year 2017.
- High order intake in Q4 2018 with a volume of 1.7 GW (1.6 GW in Q4 2017).
- Around 40 % of 1.7 GW order intake in Q4 2018 refers to new Delta4000 turbines.
- Largest ever turnkey order intake for N149/4.0-4.5 of new Delta4000 platform with 475 MW received from Sweden.
- Large order intake in India with 100 of new AW140/3000 turbines.
- Continuously good order momentum supports future volume growth.
- N149/4.0-4.5 of new Delta4000 platform awarded "turbine of the year" by magazine Windpower Monthly.
- FY 2018 guidance narrowed to the lower end of the range.

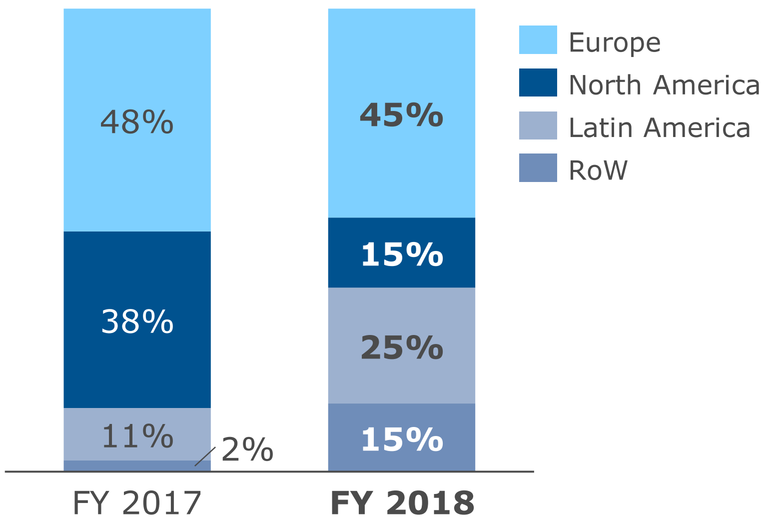
*Calculation excluding service

Order intake FY 2018

Order intake turbine* (in MW)



Order intake turbine* by regions (in %)



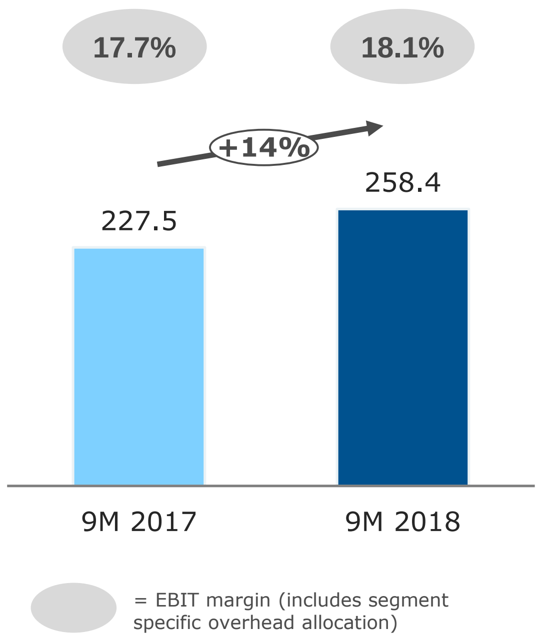
- Order Intake in FY 2018 on a quarterly basis:
  - Q1: 1,004 MW
  - Q2: 1,098 MW
  - Q3: 974 MW
  - Q4: 1,679 MW
- New turbines Delta4000 and AW140/3000 with first significant order intake in FY 2018

- Well balanced regional mix underlines global footprint
- USA, Brazil and Sweden were largest single markets in FY 2018

*Excluding service

Strong growth and contribution of service business

Service Sales (in EUR m)



Key highlights 2018

- NXG **serves over 7,400 wind turbines** / 18 GW worldwide (31.12.18)
- Share of **fleet under service** contracts increased from 65% prior year to **74%**
- Average **contract duration: 11 years**
- **Renewal rate** of service contracts **above 80%**
- Strong Service **order backlog**: **2.2 EUR bn** (30.09.18)

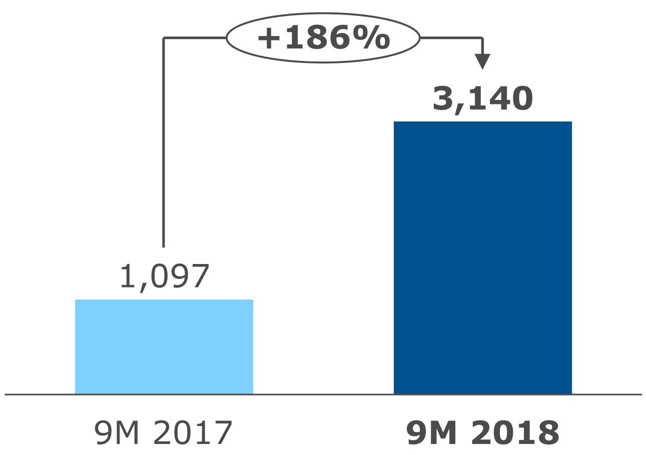
Strategic approach 2019ff

- **Excellence in Operations** to maximize production
- **Predictive maintenance**: Repair planned & when required
- **Technology Management** to minimize cost & ensure sustainable improvements
- **COE focus** to support profitability
- **Products** to cater for customer needs (PBA, self-maintainer offers, AEP increasing upgrades)
- **One team**: Strong HQ - Regions link for best solution to challenges & opportunities

2019 objective of Nordex Service is to keep high profitability.
Goal is to be the leader in optimizing production and cost per kWh.

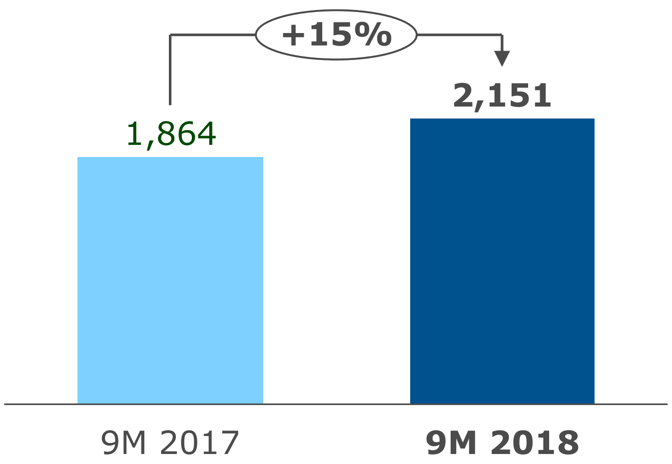
Combined order backlog of nearly EUR 5.3bn in 9M 2018

Order backlog turbines (EUR m)



- Order backlog increased by over EUR 2.0bn compared to corresponding previous year
- Order backlog distributed on Nordex focus markets reflects global footprint: Europe (38%), Latin America (33%), North America (13%), RoW (15%)

Order backlog service (EUR m)



- Almost 7.300 WTG under service, corresponding to 17.8 GW

Income statement 9M 2018

in EUR m	9M 2018	9M 2017	abs. change
Sales	**1,772.9**	**2,319.5**	-546.6
Total revenues	1,753.3	2,364.9	-611.6
Cost of materials	-1,281.5	-1,741.9	460.4
Gross profit	**471.8**	**622.9**	**-151.1**
Personnel costs	-238.1	-247.6	9.50
Other operating (expenses)/income	-162.3	-193.4	31.1
EBITDA	**71.4**	**181.9**	**-110.5**
Depreciation/amortization	-110.4	-118.6	-8.2
EBIT	**-39.0**	**63.3**	**-102.3**
Net profit	**-51.8**	**27.9**	**-79.7**
Gross margin	*26.6%**	*26.3%*	
EBITDA margin	*4.0%*	*7.8%*	
EBIT margin w/o PPA	*0.4%*	*4.8%*	

*Gross profit in relation to sales

Comments

- Peak in sales as expected in Q3 2018
- Gross margin normalized in 2018
- PPA depreciation amounted to EUR 45.5m in 9M 2018 (EUR 47.5m in 9M 2017)

Balance sheet 9M 2018

in EUR m	30.09.18	31.12.17	abs. change	Δ in %
Current assets	1,783.6	1,543.1	240.5	15.6
Non-current assets	1,277.7	1,264.5	13.2	1.0
Total assets	**3,061.3**	**2,807.6**	**253.7**	**9.0**
Equity	725.0	919.0	-194.0	-21.1
Current liabilities	1,459.2	1,104.1	355.1	32.2
Non-current liabilities	877.1	784.5	92.6	11.8
Total equity and liabilities	**3,061.3**	**2,807.6**	**253.7**	**9.0**
*Net debt**	*162.0*	*60.1*		
*Working capital ratio***	*5.4%*	*5.3%*		
Equity ratio	*23.7%*	*32.7%*		

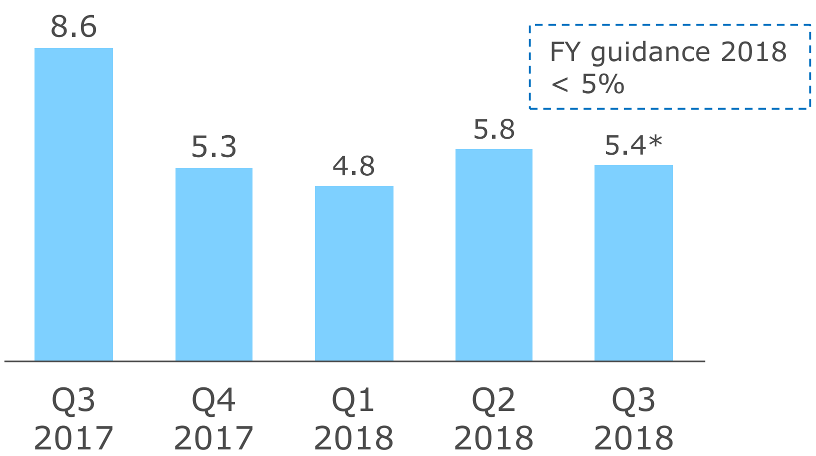
Comments

- Remaining stable cash position of EUR 476.9m at the end of 9M 2018 compared to previous quarter (EUR 484.2m)

* Cash and cash equivalents less bank borrowings and bond
** Based on lower end of FY sales guidance 2018

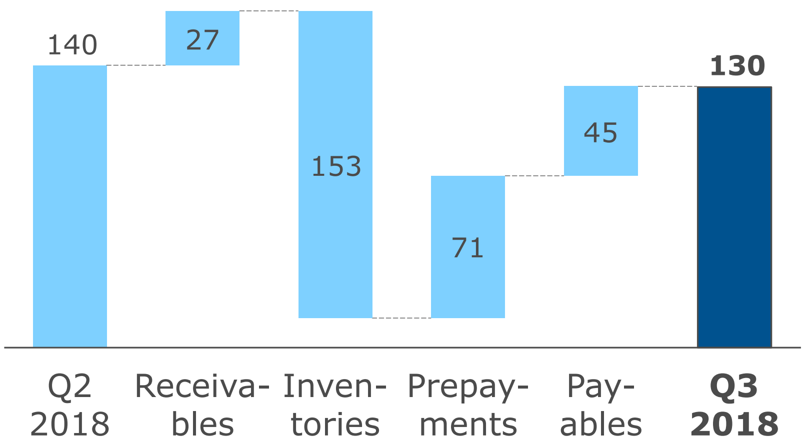
Working capital development 9M 2018

Working capital ratio (in % of sales)



- After peak in Q2 2018 working capital declined as expected to 5.4% in Q3 2018
- Further decrease of working capital depending on order intake in Q4 2018

Working capital development (in EUR m)



- Decrease in working capital is mainly driven by lower inventories following higher installations in Q3 2018

* Based on lower end of FY sales guidance 2018

Cash flow statement 9M 2018

in EUR m	9M 2018	9M 2017
Cash flow from operating activities before net working capital	9.9	47.9
Cash flow from changes in WC	-67.6	-143.4
Cash flow from operating activities	-57.7	-95.5
Cash flow from investing activities	-26.6	-110.1
Free cash flow	-84.3	-205.6
Cash flow from financing activities	-43.9	21.1
Change in cash and cash equivalents*	-128.2	-184.5

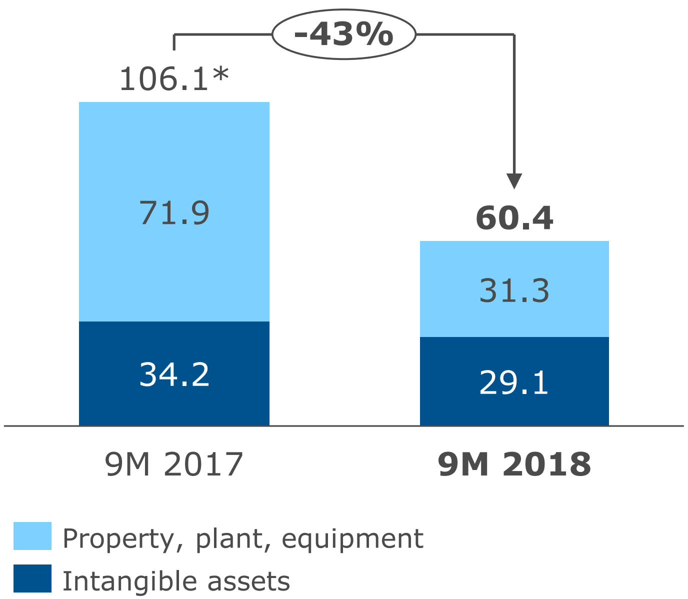
Comments

- Cash flow from changes in WC (EUR -67.6m) driven by higher business activities
- Free cash flow improved by EUR 121.3m compared to 9M 2017
- Cash flow from financing activities (EUR -43.9m) resulting from repayment of bank loans and the net effect from refinancing the SSD through a bond; repayment of SSD tranches in February and April 2018 (EUR 266m)
- Cash at the end of 9M 2018 slightly increased to EUR 477m compared to EUR 453m at the end of 9M 2017

*Excluding FX effects

Total investments 9M 2018

CAPEX* (in EUR m)



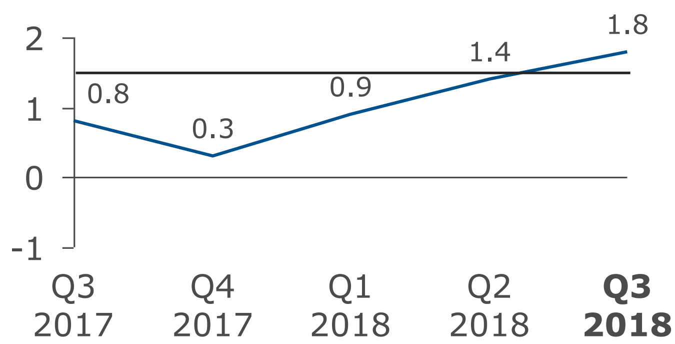
Comments

- Investments in 9M 2018 comprise
  - Investments in tooling and equipment in Spain and ramping up new production facility in India
  - Investments in product development
- Decrease in intangible assets due to lower level of development costs compared to previous year

*Excluding first time consolidations

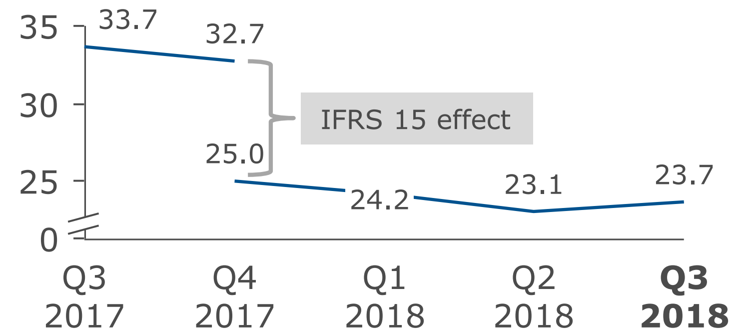
Capital structure 9M 2018

Net debt*/EBITDA**



- Leverage ratio further increased due to lower 12m rolling EBITDA but will decrease again in Q4 2018

Equity ratio (in %)

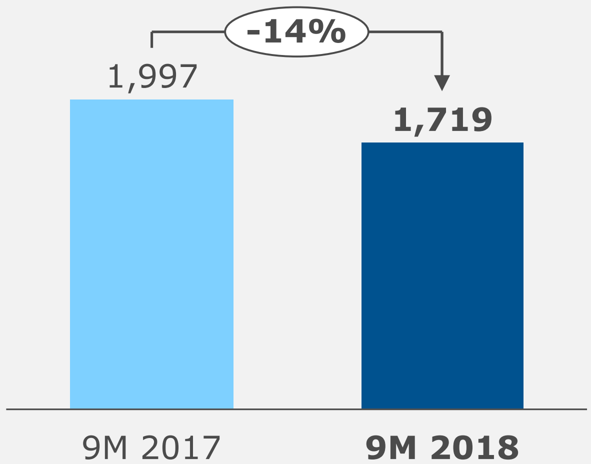


- After elimination of the IFRS 15 technical effect adjusted equity ratio amounts to 25% as of year end 2017
- Equity ratio remains on a stable level at the end of 9M 2018

*Cash and cash equivalents less bank borrowings and bond
** Last twelve months

Operations

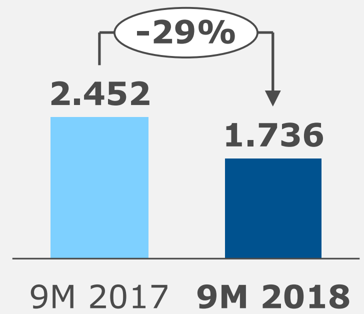
Installations (MW)



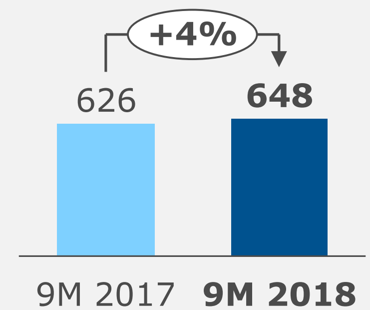
- Total installations of 564 WTGs in 17 countries at the end of 9M 2018: 44% Europe, 19% Latin America, 29% North America, 8% RoW
- High focus on project execution in order to secure project revenues in FY 2018

Production

Turbine assembly (MW)



Blade production (#)



- Output turbines of 561 units in 9M 2018: 278 GER, 248 ESP, 29 BRA, 6 IND
- Inhouse output blades of 648 units in 9M 2018: 156 GER, 492 ESP

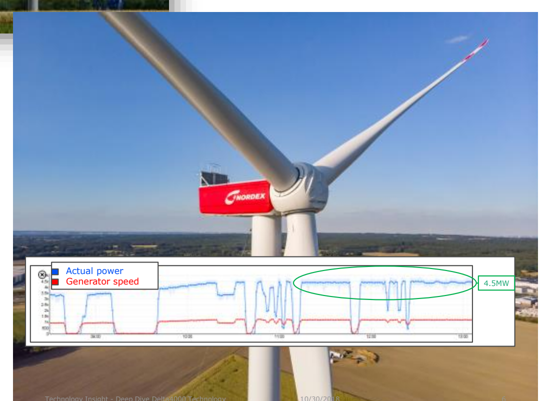
Delta4000 ramp-up is gaining speed due to high market demand

Delta4000 product series

- 149m rotor
- 105m to 164m hub heights
- >4MW rating
- Utilization of merger synergies
- Suitable in core low-to-medium wind speed sites

First prototype in operation

- Installed & commissioned in Sept. 2018
- Performance as expected (4.5MW max. rating)
- First prototype of it's class in market



Series start already in Q1 2019

- First orders signed, strong interest especially in Germany and Northern Europe, but also in Australia, South and North America
- High market demand for New product
- All certificates obtained according to time plan
- Already awarded:

Nordex is delivering Delta4000 product series as planned and promised to the market

AW140 – well on track for series supply

AW140 – prototype in Spain

AW140 – part of the AW3000 product family

- First 100 turbines are already sold in India (300 MW)
- 140m rotor turbine with 3.0 MW nominal rating introduced for low-wind sites
- Well-suited for large markets such as India and the USA
- Low specific rating of 195 W/m² ensures high capacity factors
- Based on existing AW3000 platform with minimal modifications
- Prototype installed in July 2018 and type certification obtained in November 2018 according to plan
- Series production available immediately

FY 2018 guidance narrowed to the lower end of the range

Sales	**EUR 2.4-2.6bn**
EBITDA margin	**4-5%**
Working capital ratio	**<5%**
CAPEX	**approx. EUR 110m**

Strategic outlook: 2018 remains challenging, 2019 to be a transitioning year, 2020 recovery expected

	2018e	2019e	2020e
Volume effect	Sales in Germany expected to drop by around EUR 600m due to auction delayed projects ↘	German market volume stays low due to delayed auction projects; growth in other markets leads to revenue recovery; introduction of Delta4000 supports positive development ↗	German market recovers; Delta4000 and new AWP in serial delivery ↗
Price effect	COE programme improvements cannot fully mitigate price pressure leading to a negative 3-5% net effect on GP margin ↘	Continuing price pressure will be reduced by COE programme to 1-3% net effect on GP margin ↘	Substantial COE improvement from new products compensate margin pressure →
Structural costs	Structural cost reduction of EUR 45m as planned, not compensating volume effect ↘	Organizational efficiencies allow additional volume vs 2018 at similar structural costs ↗	Continue efforts for organizational efficiencies and keep structural cost flat despite volume growth ↗

- **Service business expected to profitably grow at around 10% p.a.**
- **Solid pipeline for project development business expected to positively contribute to overall group results**
- **Continuous proactive working capital management targeting WC ratio sustainably below 5%**

Strategic Outlook - Q3 2018 update: 2018 as expected, 2019 to be a transitioning year, 2020 recovery expected

	2018e	2019e	2020e
Volume effect	As of November 13^{th}, 2018: FY 2018 as expected	High volume of global order intake is leading to significant revenue increase driven by existing technology and first Delta4000 deliveries ↗	German market recovers; Delta4000 and new AWP in serial delivery ↗
Price effect		Price pressure only partially compensated by COE programme leading to net effect on GP margin of approx. 5% ↘	Substantial COE improvements from new products compensate margin pressure →
Structural costs		Organizational efficiencies allow additional volume vs 2018 at similar structural costs ↗	Continue efforts for organizational efficiencies and keep structural cost flat despite volume growth ↗

- **Nordex is back in the market with growing top line and competitive technology supporting 2020 recovery**
- **Gross profit margin in 2019 affected by higher price pressure as well as less profitable product mix**
- **US import duties (legislation as of end September 2018) trigger supply chain reconfiguration costs impacting P&L in 2019 only**

The management team

José Luis Blanco
CEO

- CEO Acciona Windpower
- Various senior management & Chief Officer positions at Gamesa

Christoph Burkhard
CFO

- CFO Siemens Wind Power Offshore
- Various other positions at Siemens
- BHF Bank, EBRD

Patxi Landa
CSO

- Business development director and Executive Committee member at Acciona Windpower
- Various Chief Officer Positions at Acciona

Financial calendar 2019

2019	Event
26 March	Publication of Annual Report 2018
14 May	Interim statement Q1 2019
4 June	Annual General Meeting (Rostock)
14 August	Interim report H1 2019
13 November	Interim statement Q3 2019

Contact details

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