



Nordex Group

Nordex SE – Financial-year figures 2019

24th March 2020

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Agenda

Introduction	<i>José Luis Blanco</i>
Markets and orders	<i>Patxi Landa</i>
Financials	<i>Christoph Burkhard</i>
Operations and technology	<i>José Luis Blanco</i>
Sustainability	<i>José Luis Blanco</i>
<i>Covid-19</i>	<i>José Luis Blanco</i>
<i>Guidance 2020</i>	<i>José Luis Blanco</i>
Q&As	<i>All</i>
Key takeaways	<i>José Luis Blanco</i>

> The Nordex Group

Innovative global manufacturer of onshore wind turbine systems: Among the **Top 4*** industry leaders worldwide

Highly attractive and resilient Service business with: **19.6 GW under service**

Leading product in new 4MW+ turbine segment: **Leading-edge product portfolio**

More than **30 years** of industry experience: At the forefront of the technological development



> Executive summary

> FY 2019 RESULTS FULLY IN LINE WITH GUIDANCE

Sales
EUR 3,285m

EBITDA margin
3.8%

Working capital ratio
-9.1%

- > Strongest ever order intake of 6.2 GW in FY 2019 - increase of 31% compared to previous year 2018.
- > 44% of the 6.2 GW order intake in FY 2019 accounts for latest turbine generation Delta4000.
- > Book-to-bill-ratio of 1.53 signalling further growth in the future.
- > Delta4000 product portfolio with five different product variants covering all customer requirements.
- > On October 8th cash capital increase of EUR 99m through private placement to anchor shareholder Acciona.

> Economics and decarbonisation support global mid-term demand

Capacity addition (GW)

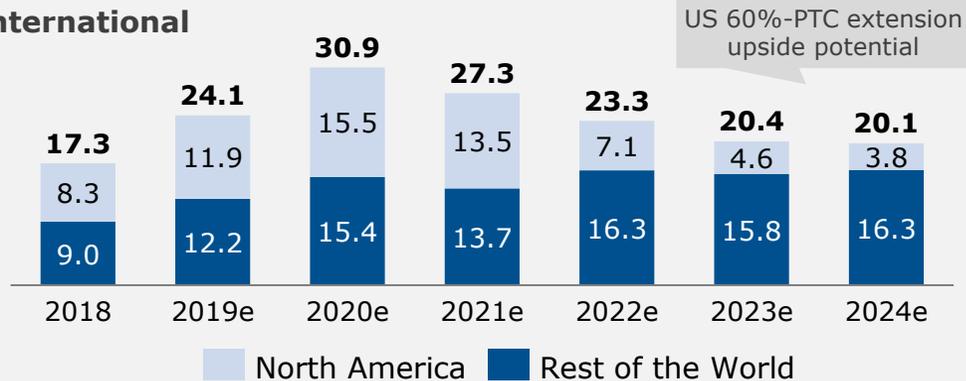
Global



Europe



International



Key highlights

Europe:

- > PPAs and merchant projects keep driving Northern Europe
- > Permitting difficulties continue to affect auctions in Germany
- > Auctions in Poland and FIT phase-out in Ukraine lead to increased activity
- > Newly announced auction rounds expected to increase volume in Italy

North America:

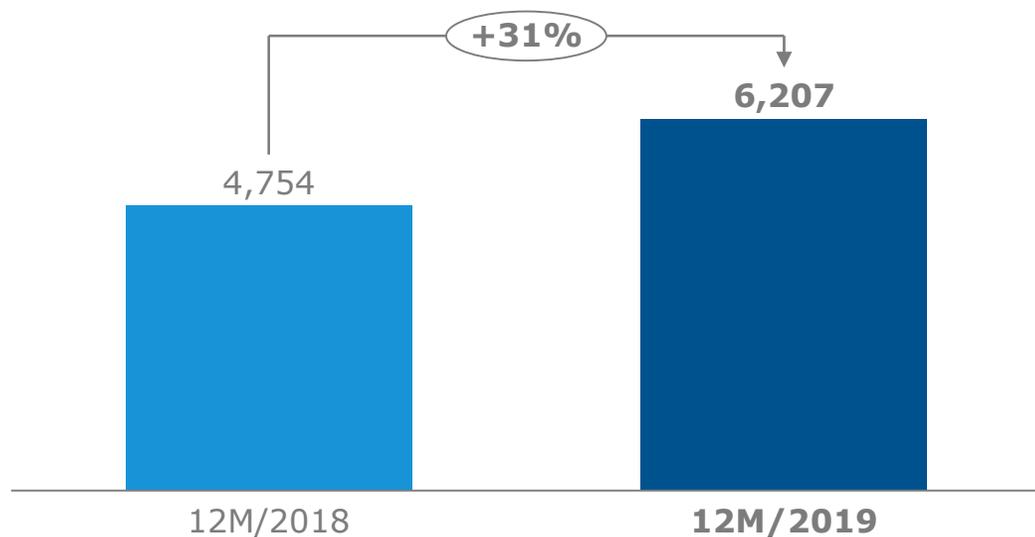
- > 100%-PTC demand unstopped and continues to increase 2020 volume
- > 2021 supported by strong 80%-PTC demand and delayed 100%-PTC projects shifting from 2020 to 2021
- > Introduction of 60%-PTC extension expected to lift volume in 2023 and 2024

International:

- > Latin America outlook:
 - > Brazil and Colombia continue to show good momentum
 - > Increased activity in Chile and Mexico; but political uncertainties remain
- > Activity in India slowly recovering, as awarded auction projects are starting to come online; undersubscription concerns remain
- > Africa mainly driven by South Africa

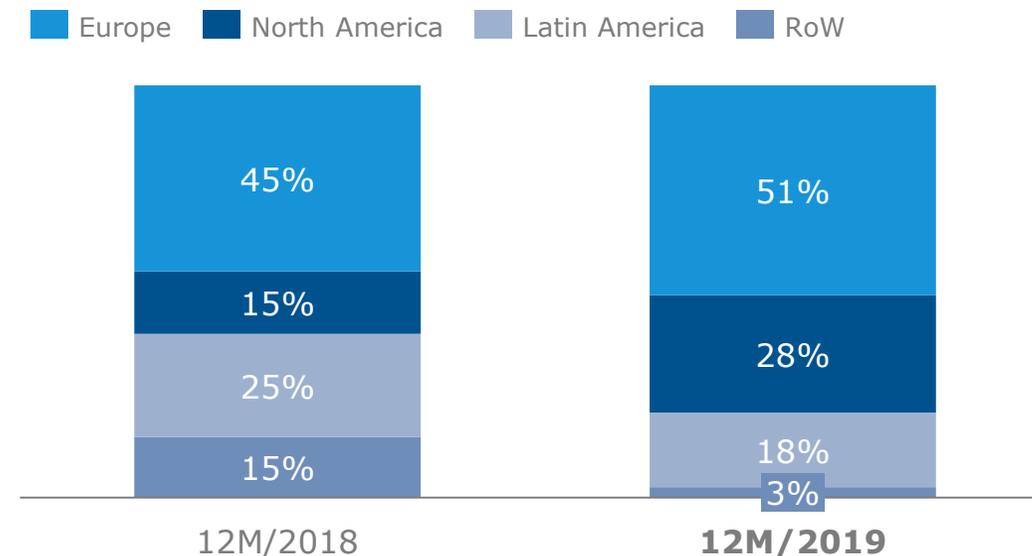
> Order intake FY 2019

Order intake turbine* (in MW)



- > Strong order intake in FY 2019: EUR 4,415m (EUR 3,637m in the previous year)
- > Thereof in Q4/2019: EUR 1,102m (EUR 1,290m in prior-year quarter)
- > Stable ASP of EUR 0.71m/MW in FY 2019

Order intake turbine* by regions (in %)



- > Large orders from USA, Turkey, Mexico, Sweden and Brazil in FY 2019
- > 44% of order intake for new Delta4000 generation in FY 2019
- > Share of Delta4000 generation was 49% in Q3 and increased to 57% in Q4/2019 indicating transition to 4/5 MW class products

> Growing service business generates steady cash flows

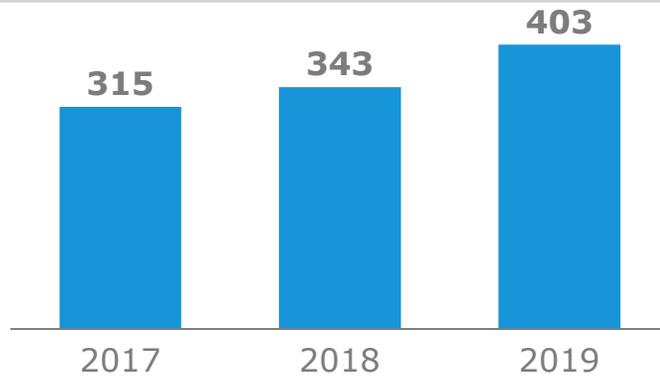
Development of service revenues (EUR m) and EBIT margin

EBIT margin

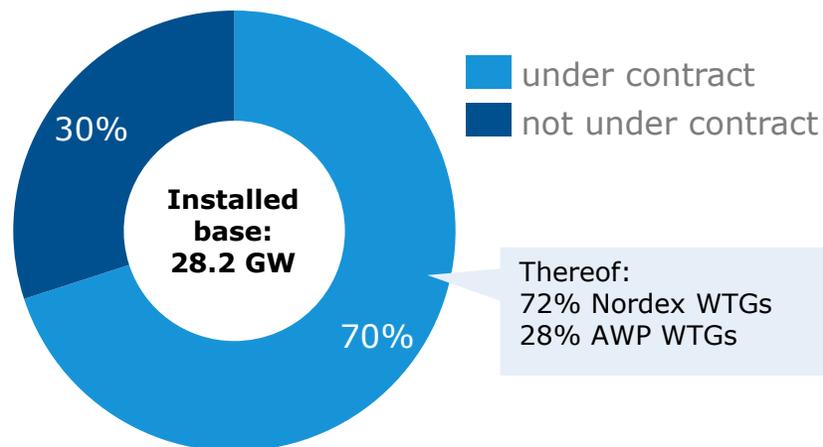
15.1%

16.1%

17.7%



Share of fleet under contract (as % of installed base)



Comments

- > Service sales share amounted to 12.3% of group sales in FY 2019
- > Service EBIT margin of 17.7% in FY 2019
- > 97.5% average availability of WTGs under service
- > Strong service order backlog of around EUR 2.5bn at the end of FY 2019
- > 19.6 GW of installed base are under service agreement – this represents a coverage of around 70%
- > Average service contract duration is over 10 years

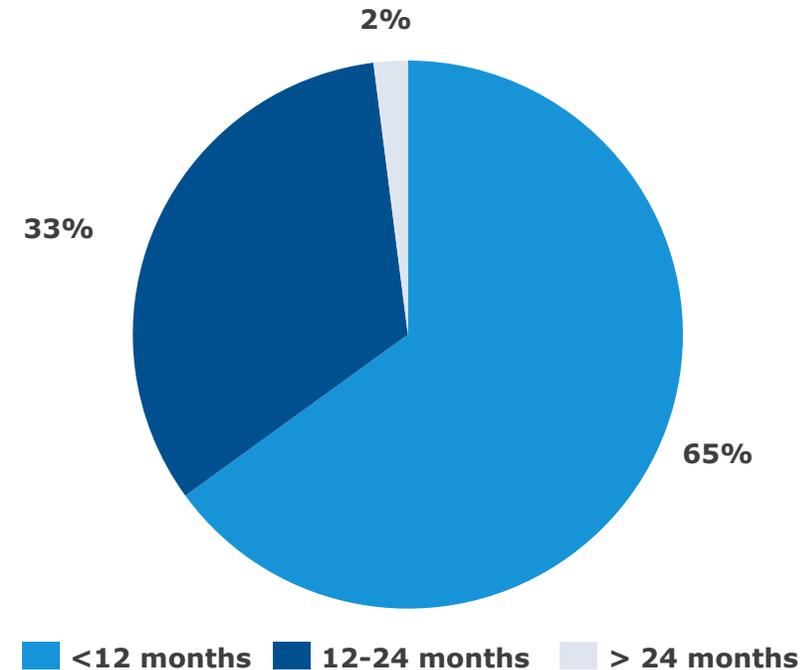
> Strict policies for order recognition and healthy age profile of order backlog

Strict policies for order recognition

- > A **legally binding contract** has been signed
- > **All necessary construction permits** have been issued
- > A connection has been established with the grid or a **grid-connection** agreement has been signed
- > The customer has obtained the necessary **financing and payment security was exchanged**
- > The customer has remitted the agreed **prepayment**

Nordex does not recognize "conditional" orders

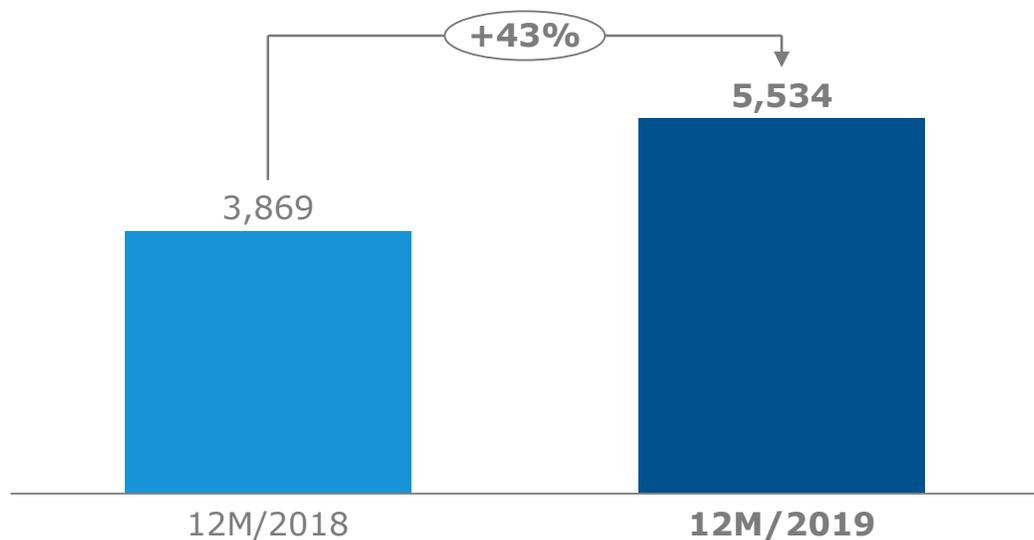
Age profile of turbine order backlog* as of year end 2019



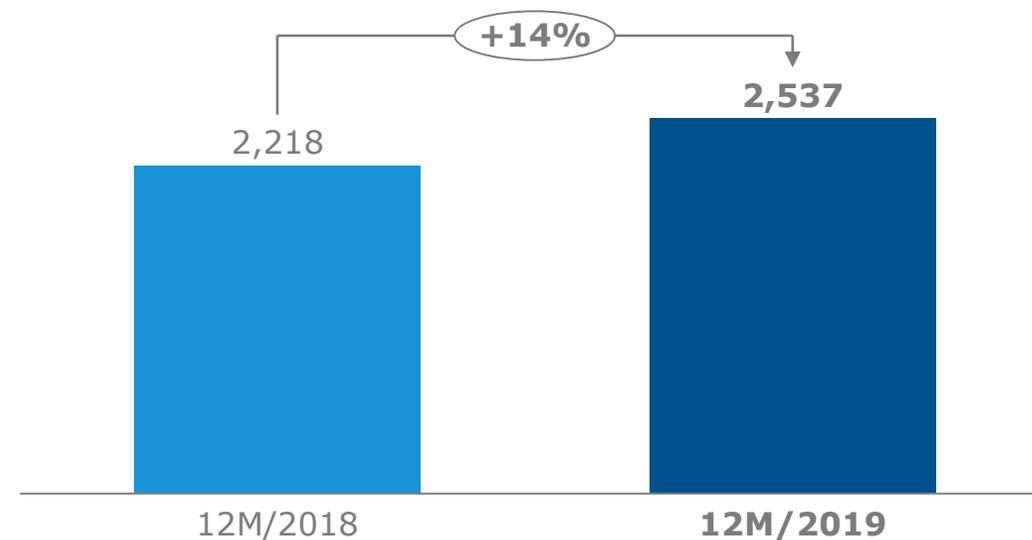
- > Order backlog provides good visibility for next two years
- > Majority of orders older than 24 months are mostly completed with only final invoicing outstanding

> Combined order backlog of around EUR 8.1bn at the end of FY 2019

Order backlog turbines (EUR m)



Order backlog service (EUR m)



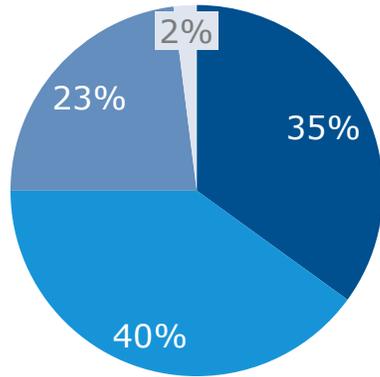
- > Order backlog of EUR 5,534m at the end of FY 2019 reflects consistent high order intake over the last quarters
- > Distribution on Nordex focus markets: Europe (52%), North America (19%), Latin America (17%), Rest of World (12%)

- > At the end of FY 2019: 7,760 wind turbines under service – corresponding to 19.6 GW

> Order backlog well-balanced across platforms, markets and customers

Order backlog (EUR m) as of year end 2019

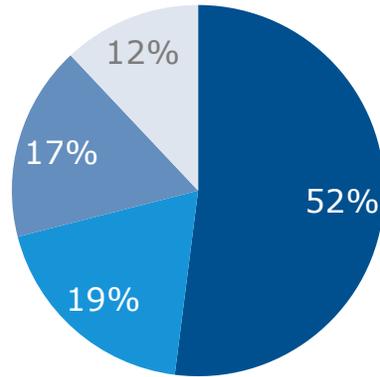
Platforms



■ AW ■ Delta4000 ■ Delta ■ Gamma

- > Order backlog well-balanced between platforms, with Delta4000 already reaching 40% by the end of FY 2019.
- > Gamma platform soon to be phased out. Other legacy platforms to be phased out gradually in line with customer and market demands.

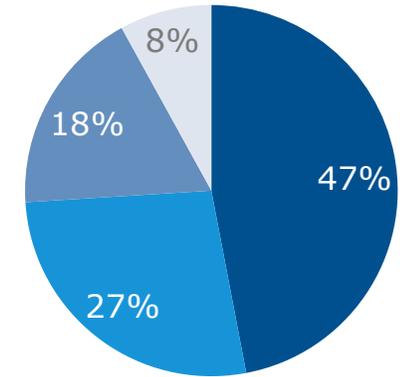
Markets



■ Europe ■ Latin America
■ North America ■ Rest of World

- > Nordex with strong base in European home markets.
- > No dependence on one single market or region.

Customer type



■ Utility ■ Developer
■ IPP ■ Other

- > Nordex successfully managed to achieve a shift in its customer base from regional project developers to global utility customers.
- > Utilities with strong ratings and defined requirements, many of which are global key players.

> Income statement FY 2019

in EUR m	FY 2019	FY 2018	abs. change
Sales	3,284.6	2,459.1	825.5
Total revenues	3,871.4	2,364.2	1,507.2
Cost of materials	-3,096.0	-1,710.2	-1,385.8
Gross profit	775.4	654.1	121.3
Personnel costs	-360.7	-325.9	-34.8
Other operating (expenses)/income	-290.9	-226.5	-64.4
EBITDA	123.8	101.7	22.1
Depreciation/amortization	-143.4	-155.8	12.4
EBIT	-19.6	-54.2	34.6
Net profit	-72.6	-83.9	11.3
Gross margin*	23.6%	26.6%	
EBITDA margin	3.8%	4.1%	
EBIT margin w/o PPA	0.1%	0.3%	

Comments

- > Sales figures of EUR 3,285m and EBITDA margin of 3.8% in line with expectations and guidance
- > High total revenues signal further sales growth in FY 2020
- > PPA depreciation amounted to EUR 24m in FY 2019 (EUR 62.6m in the previous year)

> Income statement Q4/2019

in EUR m	Q4/2019	Q4/2018	abs. change
Sales	1,341.6	686.3	655.3
Total revenues	1,351.7	611.0	722.3
Cost of materials	-1,091.6	-428.7	-662.9
Gross profit	260.1	182.3	77.8
Personnel costs	-95.8	-87.7	-8.1
Other operating (expenses)/income	-100.7	-64.3	-36.4
EBITDA	63.6	30.3	33.3
Depreciation/amortization	-41.0	-45.4	4.4
EBIT	22.6	-15.2	37.8
Net profit	4.0	-32.0	36.0
Gross margin*	19.4%	26.6%	
EBITDA margin	4.7%	4.4%	
EBIT margin w/o PPA	2.1%	0.3%	

Comments

- > Sales figures of EUR 1,342m in Q4/2019 show high order execution as expected
- > PPA depreciation in Q4/2019 totaled EUR 5.7m

> Balance sheet FY 2019

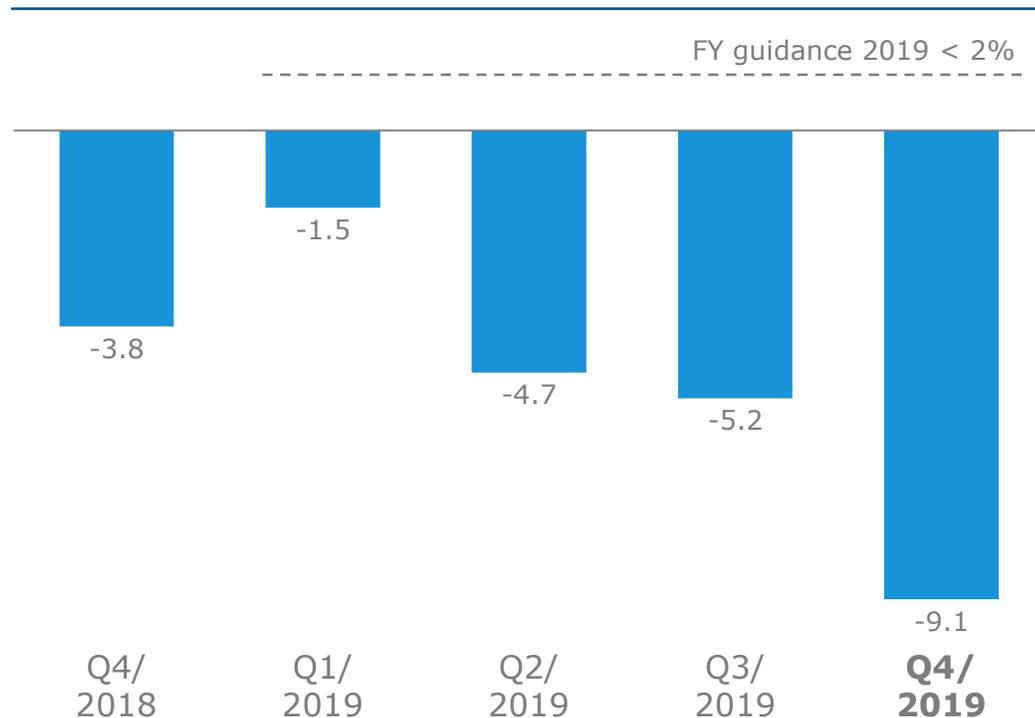
in EUR m	31.12.19	31.12.18	abs. change	Δ in %
Non-current assets	1,488.9	1,277.6	211.3	16.5
Current assets	2,513.8	1,781.0	732.8	41.1
Total assets	4,002.7	3,058.5	944.2	30.9
Equity	745.4	697.3	48.1	6.9
Non-current liabilities	914.2	822.9	91.3	11.1
Current liabilities	2,343.2	1,538.3	804.9	52.3
Equity and total liabilities	4,002.7	3,058.5	944.2	30.9
<i>Net debt*</i>	<i>-84.0</i>	<i>-32.5</i>		
<i>Working capital ratio**</i>	<i>-9.1%</i>	<i>-3.8%</i>		
<i>Equity ratio</i>	<i>18.6%</i>	<i>22.8%</i>		

Comments

- > Cash position of EUR 510m at year-end 2019 (EUR 610m year-end 2018)
- > Increase in current assets and current liabilities reflects preparation for high installation activity in 2020
- > Balance sheet prolongation compared to 2018 is also a result of significantly increased project pipeline

> Working capital development FY 2019

Working capital ratio (in % of sales)*



Working capital development (in EUR m)*



> Low working capital ratio also supported by continuous stringent working capital management throughout FY 2019

> Decrease in inventories driven by high installation level in Q4/2019

> Receivables management mirrors strong cash focus

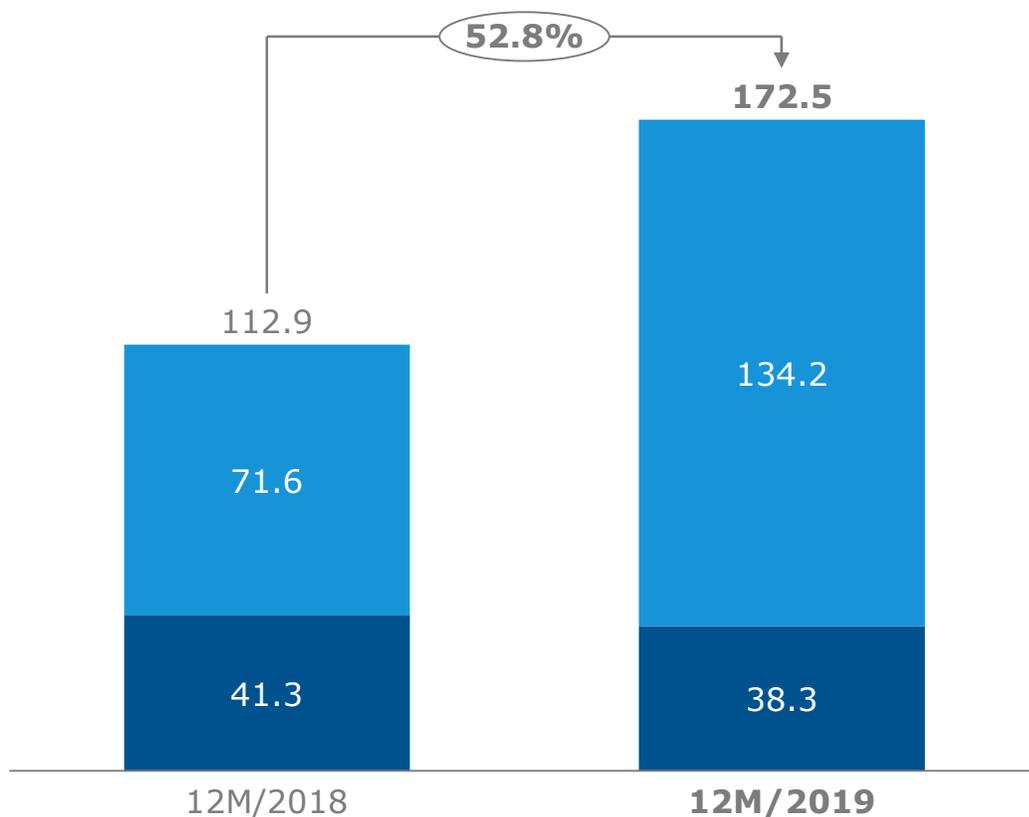
> Cash flow statement FY 2019

in EUR m	FY 2019	FY 2018	Comments
Cash flow from operating activities before net working capital	-156.9	-31.4	> Cash flow from operating activities impacted by working capital changes and at the same time by net loss and outflows related to VAT phasing effects
Cash flow from changes in working capital	194.9	156.3	
Cash flow from operating activities	38.0	124.9	
Cash flow from investing activities	-163.9	-80.9	> Cash flow from investing activities reflects global SCM expansion
Free cash flow	-126.0	44.0	> Cash flow from financing activities mainly impacted by capital increase in October and repayment of SSD tranche in April last year
Cash flow from financing activities	30.6	-46.4	
Change in cash and cash equivalents*	-95.3	-2.4	

> Total investments FY 2019

CAPEX (in EUR m)

- Property, plant, equipment
- Intangible assets

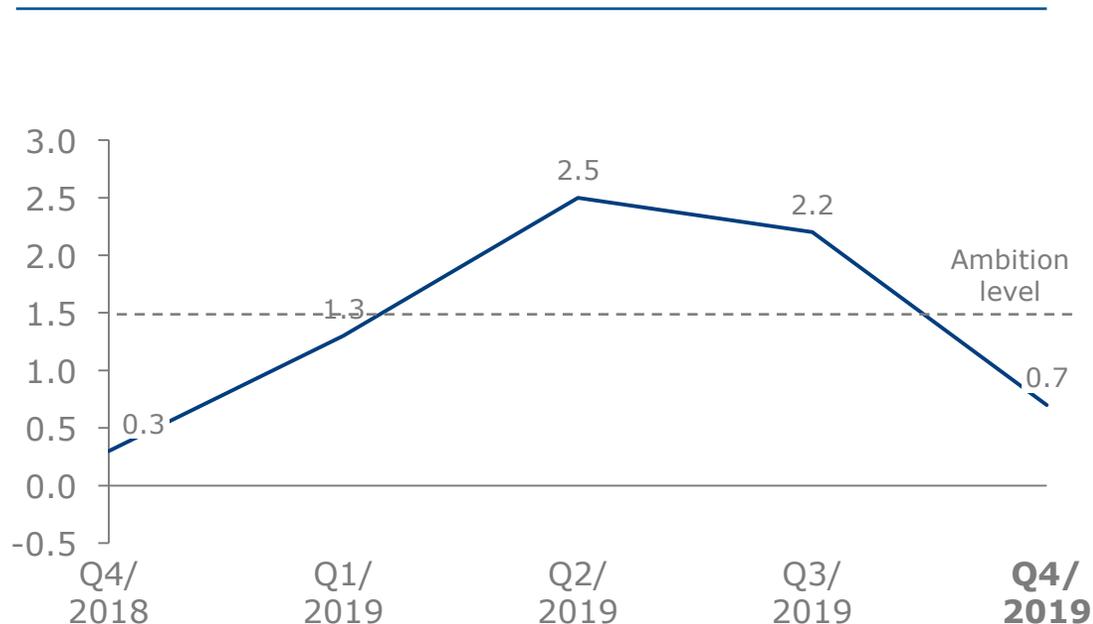


Comments

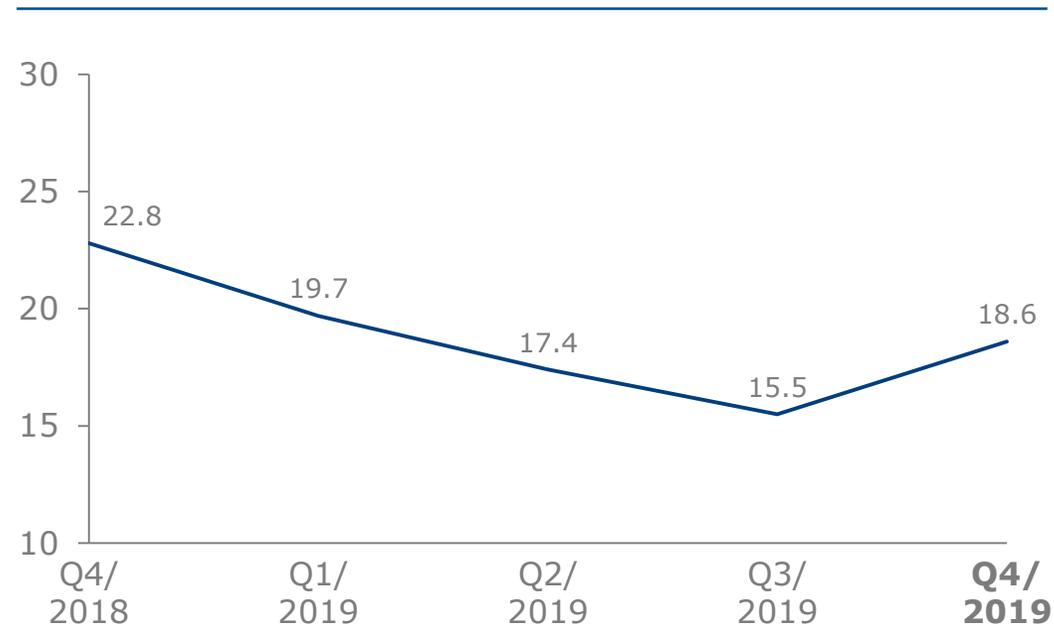
- > Investments in FY 2019 mainly consists of:
 - Investments in blade production facilities in Mexico and Spain
 - Investments in nacelle production facility in India
 - Investments in tooling and equipment for international projects
 - Investments in product development
- > Slight decrease in intangible assets due to lower level of development costs compared to previous year

> Capital structure FY 2019

Net debt*/EBITDA**



Equity ratio (in %)

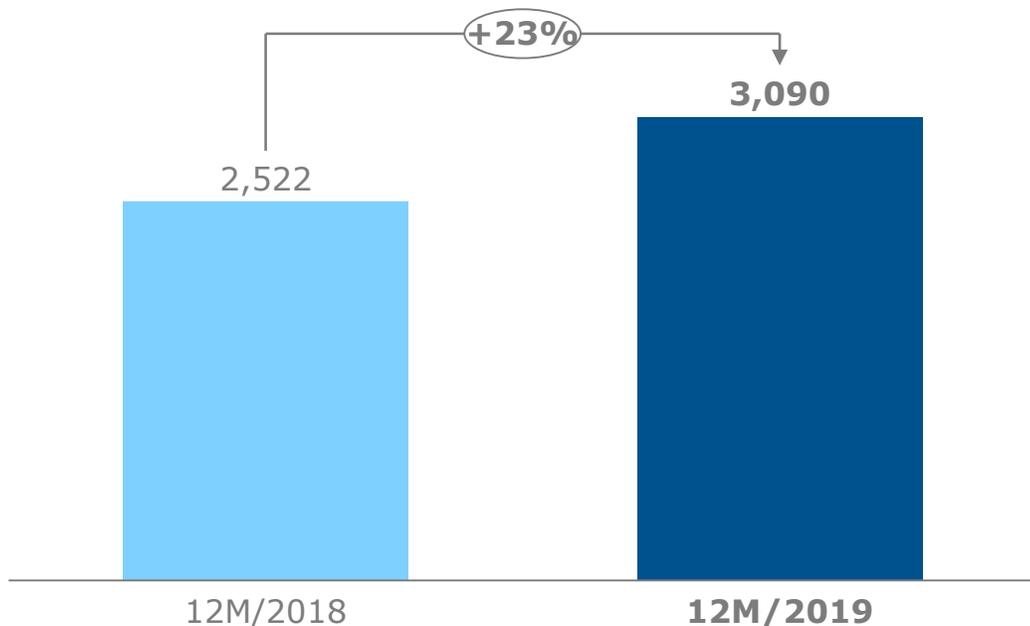


- > Leverage ratio significantly declined towards the end of FY 2019 as communicated
- > In Q4/2019 leverage ratio well below own ambition level of 1.5 as expected

- > Equity ratio improved towards year end 2019 as a result of the capital increase in October 2019

> FY 2019 a year of significant ramp-up in operations

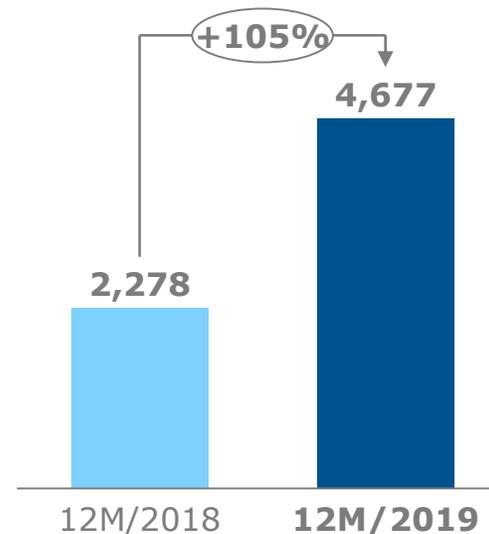
Installations (MW)



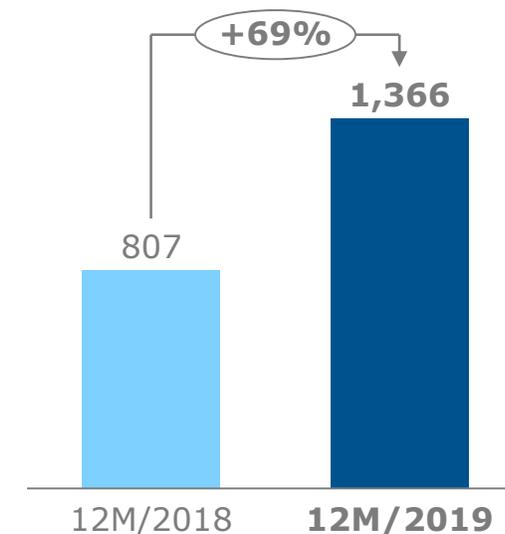
- > Total installations of 938 WTGs in 21 countries in FY 2019
- > Geographical split: 44% Europe, 29% Latin America, 23% North America and 4% Rest of World

Production

Turbine assembly (MW)



Inhouse blade production (#)

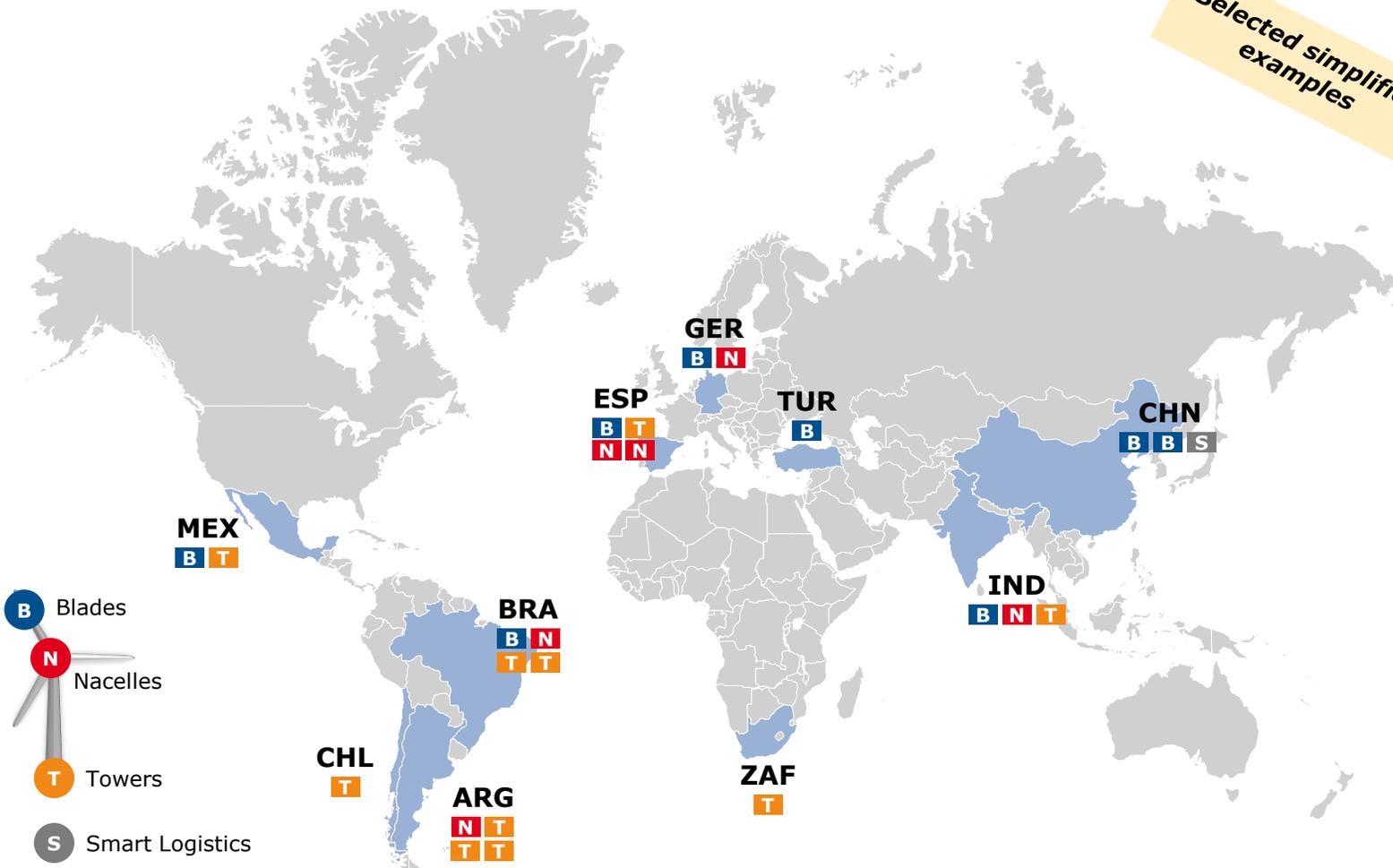


- > Output turbines totaled 1,388 units in FY 2019: 536 GER, 526 ESP, 234 IND, 49 BRA and 43 ARG
- > Inhouse blade production of 1,366 units in FY 2019: 600 ESP, 465 GER, 234 IND and 67 MEX
- > Outsourced blade production of 2,556 units in FY 2019

> Nordex supply chain – global, flexible and scalable

Overview of production and workflows (selected simplified examples)

Selected simplified examples



Blades

- > approx. 35% in-house capacity, 65% outsourced (as per Q4/2019)
- > Own production sites in Germany, Spain, Mexico and India
- > Third party sites in Turkey, Brazil and China
- > Global network of blade production necessary to ensure best landed cost in all regions

Nacelles

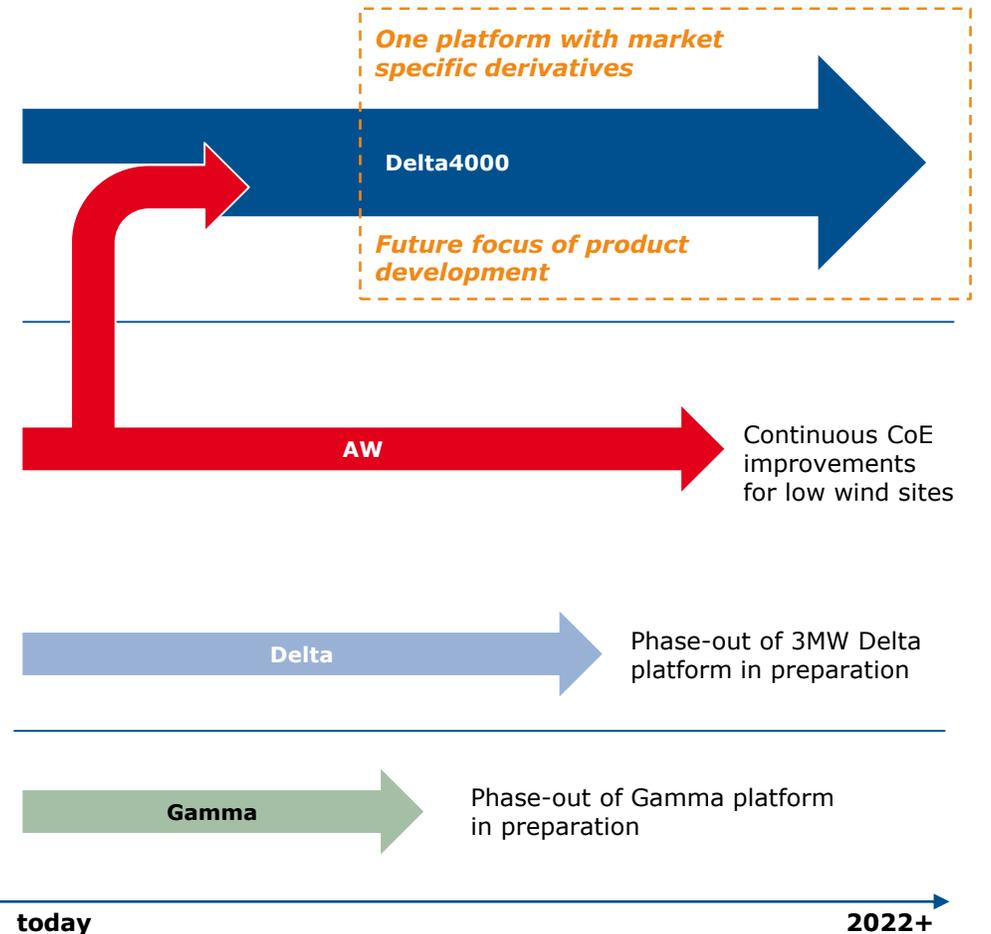
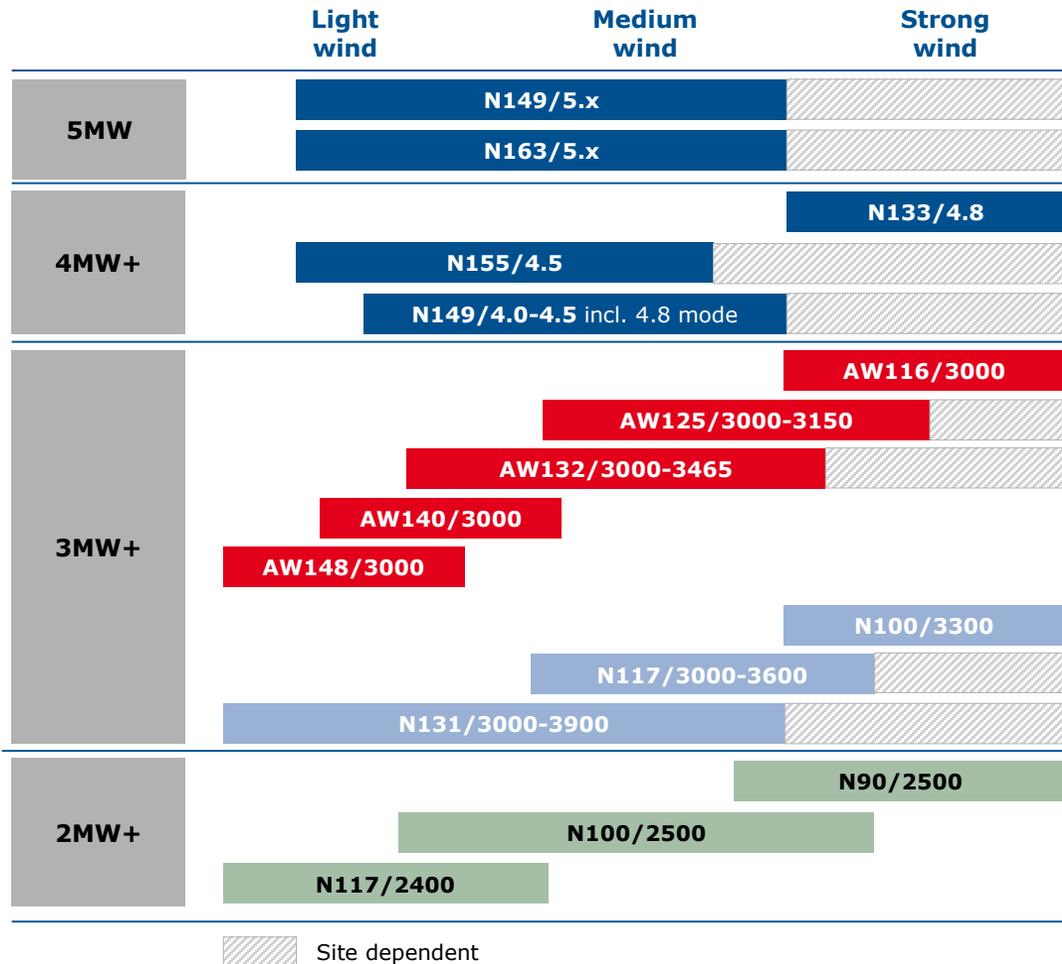
- > Own nacelle production in Rostock, two sites in Spain, one in India and one in Brazil. India producing for global markets, Brazil only for local market
- > Own production site in US mothballed and available if needed due to tariff conflicts
- > Nacelle production in Argentina (subcontracted assembly)

Towers

- > All steel towers sourced externally
- > Concrete towers are fully in-house (~700 concrete towers next year), track record of >1,000 concrete towers produced in-house

> Product portfolio with highly efficient products for all different sites

Development of product portfolio & pipeline

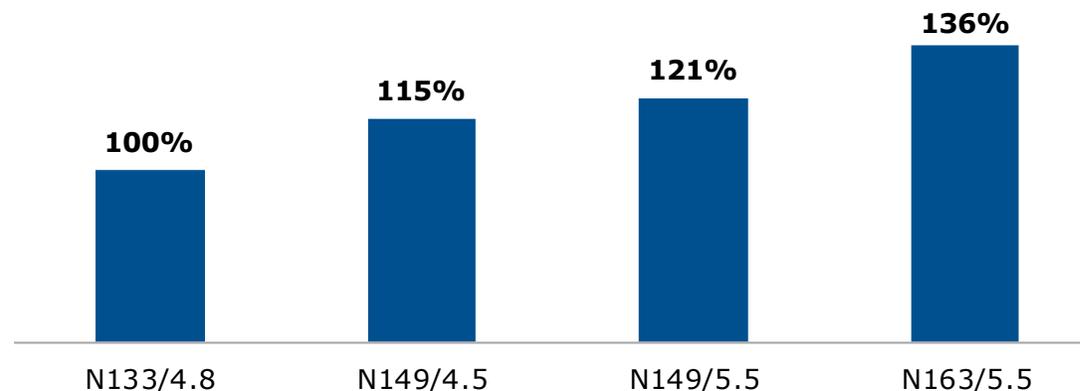


> Delta4000 products: range for the right fit for all sites

Product launches within Delta4000 platform

<p>Sept- ember 2017</p>		<p>N149/4.0-4.5</p> <ul style="list-style-type: none"> > Transformer and converter in nacelle > Adaptable to various site conditions > Maximum yield for light and medium wind sites
<p>April 2018</p>		<p>N133/4.8</p> <ul style="list-style-type: none"> > Tip height limitation > Very restricted transportation > Maximum yield for high wind sites
<p>April 2019</p>		<p>N149/5.X</p> <ul style="list-style-type: none"> > 6-17 % higher AEP than the N149/4.0-4.5 > Increased suitability in low and medium wind sites
<p>May 2019</p>		<p>N155/4.5</p> <ul style="list-style-type: none"> > Improves park AEP in MW-constrained applications without sound constraints > Similar hub components to AW3000 to capture supply chain and O&M synergies
<p>August 2019</p>		<p>N163/5.X</p> <ul style="list-style-type: none"> > Maximizing turbine AEP – up to 20% higher than the N149/4.0-4.5 > Optimized for low wind sites via 20% increase in swept area

AEP* on typical low wind site in land constrained markets



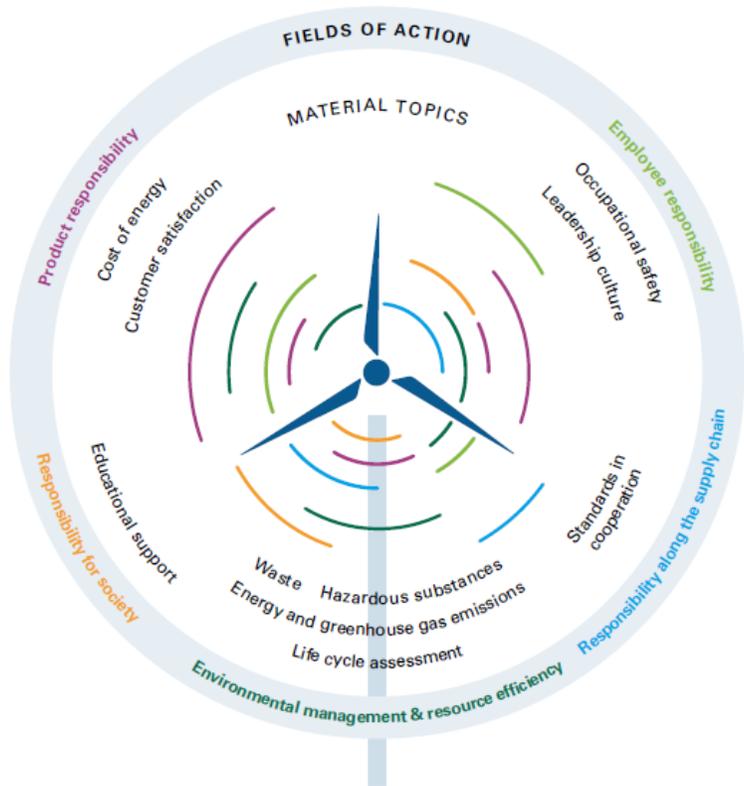
AEP* on typical site in grid-constrained markets



> Sustainability strategy 2019 to 2021

SUSTAINABILITY STRATEGY 2019–2021

Moving forward together for an efficient and sustainable energy production



Sustainability objectives 2019-2021

Fields of action	Material topics	Specific objectives
 Product responsibility	<ul style="list-style-type: none"> ■ Cost of energy ■ Customer satisfaction 	<ul style="list-style-type: none"> Reduce cost of energy continuously Achieve a high recommendation rate
	<ul style="list-style-type: none"> ■ Occupational safety 	<ul style="list-style-type: none"> Reduce accidents to a lost time injury frequency (LTIF) of less than 5 per 1 million working hours
 Employee responsibility	<ul style="list-style-type: none"> ■ Leadership culture 	<ul style="list-style-type: none"> Further strengthen leadership culture and values Continue established programs & processes for employee development Promote diversity in the company
	<ul style="list-style-type: none"> ■ Standards in cooperation 	<ul style="list-style-type: none"> Optimize the supplier due diligence process
 Responsibility along the supply chain	<ul style="list-style-type: none"> ■ Waste 	<ul style="list-style-type: none"> Avoid and reduce waste by -10 %
	<ul style="list-style-type: none"> ■ Hazardous substances 	<ul style="list-style-type: none"> Reduce hazardous substances and minimize their hazard potential
	<ul style="list-style-type: none"> ■ Energy and greenhouse gas emissions 	<ul style="list-style-type: none"> Procure 100% of the electricity we consume from renewable energy sources
 Environmental management & resource efficiency	<ul style="list-style-type: none"> ■ Life cycle assessment 	<ul style="list-style-type: none"> Improve the environmental balance of wind turbines
	<ul style="list-style-type: none"> ■ Educational support 	<ul style="list-style-type: none"> Support education initiatives in the region of our sites
 Responsibility for society	<ul style="list-style-type: none"> ■ Educational support 	<ul style="list-style-type: none"> Support education initiatives in the region of our sites

> Sustainability key facts

Product

Lifecycle assessment of wind farm with Delta4000 turbines shows:
only 6.4 g CO₂e
 are emitted per kilowatt-hour electricity generated

A single Nordex large-scale turbine¹ covers the average annual electricity demand of about
3,000
 four-person households².

474 g of CO₂
 are saved per kWh generated by wind turbines (compared to the German electricity mix 2018³).
 Projection for one Delta4000 at medium wind speed: savings of approx.
6,300 t CO₂ per year.

Employees

Lost time injury frequency (LTIF) lowered to
4.6 in FY 2019 (FY 2018: 5.6)

73
 nationalities were working at Nordex in FY 2019

Environment

73.5%
 of the overall amount of purchased electricity in 2019 was generated by the use of
renewables

> Overall business impact assessment of Covid-19 is too early to judge

Management focus

- Health & safety of all Nordex employees is top priority
- Global cross-functional Covid-19 taskforce established to assess the situation closely
- Special health related measures implemented
- Ensure business continuity at all possible options
- Strong focus on working capital and cash flow management

Challenges

- New and complex situation due to continuous measures by authorities, e.g. travel restrictions
- Evaluation of impact on the business development in 2020 ongoing
- Possible delays in project execution and installations
- Impact on sourcing activities (components) along the entire supply chain
- Delays in ramping up and enlarging the supply chain

> Guidance 2020 - subject to the unforeseeable extent and duration of the measures taken globally to contain COVID-19

Sales: EUR 4.2 - 4.8bn

EBITDA: EUR 160 - 240m

Working capital ratio: <0%

CAPEX: min. EUR 140m*

> Time for your questions

Questions

Answers

 **Key takeaways**

Expected sales growth in FY 2020 will show an increase of 75% to nearly 100% compared to FY 2018.

Order momentum expected to remain strong with increasing share of Delta4000.

Business performance and ramp-up in FY 2020 are subject to significant uncertainties due to COVID-19.

 Thank you for your attention



 **Contact details**

**IF YOU HAVE ANY QUESTIONS PLEASE
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