

9M/2016

Nordex Group
Interim Statement as of
30 September 2016

Order intake of
EUR 841 million
in the 3rd quarter

Sales up
31 % to
EUR 2.3 billion

2,025 MW
installed in
13 countries

EBITDA
margin of
8.7 %





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Key figures

Earnings		01.01.– 30.09.2016	01.01.– 30.09.2015
Sales	EUR million	2,339.5	1,786.1
Total revenues	EUR million	2,360.7	1,769.9
EBITDA	EUR million	203.9	138.1
EBIT	EUR million	125.8	97.6
Free cash flow	EUR million	–498.8	18.5
Capital spending ¹	EUR million	55.0	50.9
Consolidated net profit	EUR million	64.4	45.4
Earnings per share ²	EUR	0.70	0.56
EBITDA margin	%	8.7	7.7

Balance sheet		30.09.2016	31.12.2015
Total assets	EUR million	2,819.9	1,460.1
Equity	EUR million	904.2	455.6
Equity ratio	%	32.1	31.2
Working capital ratio	%	6.8	–1.2

Employees		01.01.– 30.09.2016	01.01.– 30.09.2015
Employees	30.09.	5,199	3,213
Personnel expenses	EUR million	205.2	143.4
Personnel expense ratio	%	8.7	8.1

Company performance indicators		01.01.– 30.09.2016	01.01.– 30.09.2015
Order intake	EUR million	2,168.7	1,964.0
Installed capacity	MW	2,024.7	1,157.9

¹Excluding investment in the acquisition of Acciona Windpower

²On the basis of a weighted average of 91.380 million shares (2015: 80.882 million shares)

Dear shareholders and business partners,

In our report on the first half of 2016 I described to you the changes that our market faces. During the period under review some of these developments started to leave traces.

Examples of this include the strong demand from regions such as the United States and Latin America, which now account for almost a quarter of our new orders. This trend is being driven by our ability to offer a substantially wider product range and to address a larger customer base compared with the "old" Nordex.

At the same time, we are on the verge of the transition phase ahead of a tendering process in our domestic German market. This is motivating our customers in the short term to award contracts for projects remunerated under the old system.

Order intake increased to a good EUR 840 million in the third quarter. We are expecting a substantially larger volume in the current quarter, with the aforementioned markets set to play an important role. This year, our business is being dominated by the fourth quarter to an unusually strong degree. This, of course, is exerting pressure on our entire organisation. At the same time, however, it places us in a good position to achieve our full-year business target for 2016.

All in all, I am satisfied with our performance in the first three quarters of 2016. And I am confident that we will be able to overcome the challenges facing us and reach our full-year targets as this is largely in our own hands.

You may possibly also be wondering about the long-term outlook. Obviously, a projection over several years into the future is much less certain. Yet, one event has strengthened my confidence in the growing importance of our industry: the Paris international climate protection treaty took effect on 4 November. The next step is now to implement specific measures. This will be good for our environment. And it will also be good for our business.

Yours sincerely,



Lars Bondo Krogsgaard
Chief Executive Officer
Nordex SE

Industry conditions

Sector analysts forecast very strong growth in renewable energies in the medium and long term particularly given that the Paris climate protection agreement came into effect at the beginning of November 2016. This prompted the International Energy Agency (IEA) to raise its outlook for the sector at the end of October. Consequently, it now expects the share of renewable production technologies in total electricity production to widen from 23% in 2015 to 28% by 2021. In addition to the substantial decline in costs, it has identified heightened political support in countries such as the United States, China, India and Mexico as the reasons for this.

In a study published at the end of September 2016, market researcher MAKE Consulting assumes that new installations in the European onshore wind sector will reach 12.1 GW (including repowering) in 2016. New onshore installations look set to decline by 6% to 11.4 GW in 2017, with rising volumes in Eastern and Southern Europe unable to fully offset contraction in Northern Europe. Looking ahead over the following years through to 2025, annual new installations are also expected to remain at a high level of between around 10 GW and 12 GW.

In the North American onshore market, MAKE projects new installations of 9.5 GW this year and 8.5 GW in 2017, while figures well in excess of 10 GW are expected for the years from 2018 to 2020. Annual installations in Latin America are estimated at around 4.5 GW in 2016 and 2017, with slight annual growth expected in the following years. MAKE also projects stable to slightly increasing new onshore installations in the forecast period until 2025 in India and South Africa, two individual markets of importance to Nordex. Annual new installations are expected to come to between 3 GW and 4 GW in India and between 550 MW and 800 MW in South Africa.

Business performance

Since the second quarter of 2016, Nordex has had two reportable segments - "Projects" and "Service" - in line with the changed internal reporting system following the acquisition of Acciona Windpower. Prior to this, segment reporting had been based on regions.

Segment overview

	Projects		Service		Group	
	01.01.– 30.09.2016 EUR million	01.01.– 30.09.2015 EUR million	01.01.– 30.09.2016 EUR million	01.01.– 30.09.2015 EUR million	01.01.– 30.09.2016 EUR million	01.01.– 30.09.2015 EUR million
Order intake	2,168.8	1,964.0	424.1	n/a	–	–
Order backlog	2,090.4	1,791.2	1,594	n/a	–	–
Sales	2,162.7 ¹	1,647.5 ¹	188.7 ¹	148.0 ¹	2,339.5	1,786.1

¹Before consolidation

Operating performance indicators

Order intake in the Projects segment was valued at EUR 841.0 million in the third quarter of 2016 (previous year: EUR 610.5 million). Of this, Nordex brand products accounted for EUR 606.2 million and AW brand products for EUR 234.8 million. Nordex thus recorded order intake of EUR 2,168.8 million in the first nine months of 2016, equivalent to an increase of 10.4% over the previous year (EUR 1,964.0 million). Adjusted for the AW brand turbines of EUR 655.8 million, order intake declined by 23.0%. This was primarily due to the fact that no major contracts comparable to those gained in the previous year were awarded for Nordex brand turbines.

Around one third of the orders received in the first three quarters of 2016 came from Germany (EUR 741.2 million or 34.2%), while the United States was the second largest individual market (EUR 204.5 million and 9.4%, respectively). It was followed by Finland with new turbine orders of EUR 195.8 million or 9.0% of the total. At EUR 193.8 million, Turkey made a similar contribution, with France accounting for EUR 158.4 million. All told, the greatest share of new orders in the Project segment came to EUR 1,645.6 million or 75.9% of the total. In North and South America, new orders worth a total of EUR 523.2 million were generated in the United States, Brazil, Mexico and Peru. With the project in Peru, in which 42 AW wind power systems are to be installed, the Nordex Group entered a new market in Latin America.

Measured in terms of megawatts, 34% of orders were for Generation Gamma and 30% for Generation Delta wind power systems in the first three quarters of 2016. The proportion of AW brand 3MW turbines in order intake stands at 36%.

Firm orders in Nordex's Projects segment were valued at EUR 2,090.4 million as of 30 September 2016 (30 September 2015: EUR 1,791.2 million). Of these, the Nordex brand accounted for EUR 1,370.4 million and the AW brand for EUR 720.0 million. The book-to-bill ratio in the Projects segment came to 1.00 as of 30 September 2016.

Order backlog of current contracts in the Service segment stood at EUR 1.594 million as of 30 September 2016. For the first time, the order backlog of current contracts for AW turbines was included in this number (EUR 341 million as of 30 September 2016). New orders equalled EUR 424.1 million in the first nine months of 2016.

Production output

	Turbine assembly		Blades	
	01.01.– 30.09.2016 MW	01.01.– 30.09.2015 MW	01.01.– 30.09.2016 Units	01.01.– 30.09.2015 Units
Germany	1,619.5	1,538.9	387	261
Spain	126.0 ¹	–	93 ¹	–
Brazil	186.0 ¹	–	–	–
India	12.0 ²	–	–	–
Total	1,943.5	1,538.9	480	261

¹Q2 and Q3 2016 only

²production commenced in August

Installed capacity	01.01.– 30.09.2016 MW	01.01.– 30.09.2015 MW	Change %
EMEA	1,483.5	1,038.0	+42.9
North and South America	541.2	119.9	+>100
Total	2,024.7	1,157.9	+74.9

In the first three quarters of 2016, the Nordex Group produced turbines with a total nominal output of 1,943.5 MW (previous year: 1,538.9 MW). Turbine production output in Germany came to 1,619.5 MW, translating into organic growth of 5.2% over the same period in the previous year. The plants operated by Acciona Windpower, which has been consolidated since the second quarter of 2016, in Spain, Brazil and India registered an output of 324 MW.

In the first three quarters of 2016, the Nordex Group produced a total of 480 rotor blades (previous year: 261), equivalent to 160 sets, in its own plants. The Spanish blade production facility in Lumbier, which was consolidated from the second quarter, contributed 93 rotor blades. Organic growth, i.e. the increase in production output at the blade facility in Rostock, came to 48.3%, underpinned in particular by efficiency gains in the production of the NR 65.5 series.

In the first nine months of 2016, Nordex installed 764 wind power systems with a combined capacity of 2,024.7 MW (previous year: 1,157.9 MW) for customers in 13 countries. 73% of the new installations were in EMEA and 27% in North and South America (by MW). In the third quarter on its own, most installations were in Germany, Mexico, the United States and Brazil.

Financial performance indicators

Indicator		01.01.– 30.09.2016	01.01.– 30.09.2015	Change
Sales	EUR million	2,339.5	1,786.1	+31.0%
EBITDA margin	%	8.7	7.7	+1.0 pp
EBIT margin	%	5.4	5.5	–0.1 pp
Capital spending ¹	EUR million	55.0	50.9	+8.1%
Net finance expense	EUR million	–23.8	–15.2	–
Consolidated net profit	EUR million	64.4	45.4	+41.9%
Earnings per share ²	EUR	0.70	0.56	–
Working capital ratio (as of 30 September)	%	6.8	1.0	+5.8 pp
Free cash flow	EUR million	–498.8	18.5	–
Equity ratio (as of 30 September)	%	32.1	30.3	+1.8 pp

¹Excluding investment in the acquisition of Acciona Windpower

²On the basis of a weighted average of 91.380 million shares (2015: 80.882 million shares)

In the first three quarters of 2016, the Nordex Group registered consolidated sales of EUR 2,339.5 million, equivalent to an increase of 31.0% over the end of the same period in the previous year (EUR 1,786.1 million). This reflects the Nordex Group's increased activities on a like-for-like basis as well as the contribution made by Acciona Windpower, which was consolidated on April 1, 2016 for the first time. Adjusted for consolidation effects, the Nordex Group achieved organic growth of 10.6% in the first three quarters of the current year.

The Projects segment contributed sales of EUR 2,162.7 million (previous year: EUR 1,647.5 million), while the Service segment registered sales of EUR 188.7 million (previous year: EUR 148.0 million), thus accounting for around 8.0% of total sales (before consolidation in both cases).

The gross margin came to 24.4% in the first three quarters of the current year, widening by 3.1 percentage points over the previous year's figure of 21.3%. This favourable performance was due to improved productivity and efficiency gains in project execution. The structural cost ratio (includes personnel expenses and other operating income net of other operating expenses) rose from 13.6% to 15.7% for consolidation-related reasons. Earnings before interest, taxes, depreciation and amortisation (EBITDA) came to EUR 203.9 million in the first three quarters of 2016, equivalent to 8.7% of sales (previous year: EUR 138.1 million, or 7.7%). After depreciation and amortisation expense of EUR 78.1 million, which included effects of EUR 23.4 million from purchase price allocation in connection with the acquisition of Acciona Windpower, earnings before interest and taxes (EBIT) came to EUR 125.8 million, marking an increase of 28.9% over the previous year (EUR 97.6 million). In the first three quarters of 2016, Nordex generated consolidated net profit of EUR 64.4 million, an increase of 41.9% over the previous year's figure of EUR 45.4 million.

The working capital ratio came to 6.8% as of 30 September 2016 (31 December 2015: -1.2%). This particularly reflects the work commenced on projects in the order backlog and efforts to secure an order pipeline in the United States via "safe harbour" projects. US customers wishing to make use of a production tax credit (PTC) for a project at the rate applicable in 2016 must commence work on the project by the end of 2016. This entails purchasing the necessary components at a value of around 5% of the total project value.

In addition to a cash outflow from the change in working capital, investments in the acquisition of Acciona Windpower (cash component of EUR 333 million) in the first nine months of 2016 resulted in negative free cash of EUR 498.8 million, reversing the positive free cash flow of EUR 18.5 million recorded in the same period of the previous year.

As of 30 September 2016, Nordex had cash and cash equivalents of EUR 431 million, with net debt standing at EUR 217 million (31 December 2015: net liquidity of EUR 322 million). The equity ratio stood at 32.1% as of the end of the quarter, up from 31.2% at the end of 2015.

Outlook

In the course of the year, delays arose in individual orders. As it should be possible to offset these effects through new orders in the fourth quarter, Nordex reaffirms its order intake target of over EUR 3.4 billion.

As a result of these delays, reported sales in 2016 will be somewhat lower than originally planned. This is also the main reason why we now project sales at the lower end of the previously defined range of EUR 3.35 - 3.45 billion. Accordingly, the Management Board now forecasts full-year sales of around EUR 3.35 billion in 2016.

This will also have a volume effect on the EBITDA margin. In addition, the greater proportion of projects in the emerging markets in the current quarter with somewhat lower margins will cause the full-year EBITDA margin to shrink. Accordingly, Nordex projects an EBITDA margin for 2016 of around 8.3%.

The working capital ratio should drop to below 5% at the end of the fourth quarter due to the expected large order intake and related prepayments.

Capital spending will increase by around EUR 10 million over the previous outlook to as much as EUR 100 million. This is attributable to the funding for the extensions to Nordex's head office in Hamburg which no longer offers sufficient space for all corporate functions. Thus, all Nordex employees are to work in a single building complex again in around two years' time. The funding for this project is based on a sale-and-lease-back transaction to be completed in 2017.

Material events after the end of the quarter

No events of particular importance affecting the Nordex Group's net assets, financial condition and results of operation occurred after the end of the first nine months of 2016.

The interim review and the interim financial statements have not been audited or reviewed by independent auditors.

Consolidated balance sheet

as of 30 September 2016

Assets	30.09.2016	31.12.2015
	EUR thousand	EUR thousand
Cash and cash equivalents	430,604	528,973
Trade receivables and future receivables from construction contracts	596,316	275,466
Inventories	338,118	218,609
Income tax refund claims	37,928	4,837
Other current financial assets	52,304	42,112
Other current non-financial assets	126,789	68,956
Current assets	1,582,059	1,138,953
Property, plant and equipment	254,593	145,614
Goodwill	515,716	9,960
Capitalised development expense	221,053	110,933
Other intangible assets	166,234	5,796
Financial assets	1,882	2,179
Investments in associates	5,894	8,699
Other non-current financial assets	3,901	2,866
Other non-current non-financial assets	168	28
Deferred income tax assets	68,355	35,100
Non-current assets	1,237,796	321,175
Assets	2,819,855	1,460,128
Equity and liabilities	30.09.2016	31.12.2015
	EUR thousand	EUR thousand
Current bank borrowings	12,854	6,572
Trade payables	428,869	254,926
Income tax liabilities	22,532	11,900
Other current provisions	124,208	66,491
Other current financial liabilities	88,550	184,202
Other current non-financial liabilities	410,927	353,495
Current liabilities	1,087,940	877,586
Non-current bank borrowings	634,287	43,750
Pensions and similar obligations	1,731	1,731
Other non-current provisions	43,407	22,617
Other non-current financial liabilities	3,158	0
Other non-current non-financial liabilities	4,330	3,490
Deferred income tax liabilities	140,788	55,357
Non-current liabilities	827,701	126,945
Subscribed capital	96,982	80,882
Share premium	597,626	229,114
Other retained earnings	-10,961	-10,961
Cash flow hedges	753	1,730
Foreign-currency adjustment item	6,252	5,651
Consolidated net profit carried forward	149,181	149,181
Consolidated net profit	64,381	0
Share in equity attributable to parent company's equity holders	904,214	455,597
Equity	904,214	455,597
Equity and liabilities	2,819,855	1,460,128

Consolidated income statement

for the period from 1 January to 30 September 2016

	01.01.- 30.09.2016 EUR thousand	01.01.- 30.09.2015 EUR thousand	01.07.- 30.09.2016 EUR thousand	01.07.- 30.09.2015 EUR thousand
Sales	2,339,506	1,786,146	855,564	685,828
Changes in inventories and other own work capitalised	21,207	-16,263	2,106	269
Total revenues	2,360,713	1,769,883	857,670	686,097
Other operating income	27,598	7,572	17,347	-6,092
Cost of materials	-1,788,985	-1,389,014	-659,107	-541,122
Personnel expenses	-205,156	-143,412	-78,518	-50,030
Depreciation/amortisation	-78,110	-40,463	-33,501	-14,110
Other operating expenses	-190,288	-106,931	-70,074	-38,649
Earnings before interest and taxes (EBIT)	125,772	97,635	33,817	36,094
Income from investments	525	1,043	0	0
Net profit/loss from at-equity valuation	-2,372	-1,723	-745	-163
Other interest and similar income	3,924	1,757	1,504	509
Interest and similar expenses	-25,833	-16,232	-8,435	-5,242
Net finance expense	-23,756	-15,155	-7,676	-4,896
Net profit/loss from ordinary activity	102,016	82,480	26,141	31,198
Income taxes	-37,635	-37,105	-12,757	-22,729
Consolidated profit	64,381	45,375	13,384	8,469
Of which attributable to:				
Parent company's equity holders	64,381	45,375	13,384	8,469
Earnings per share (in EUR)				
Basic ¹	0.70	0.56	0.15	0.10
Diluted ²	0.70	0.56	0.15	0.10

¹based on a weighted average of 91.380 million shares (previous year 80.882 million shares)

²based on a weighted average of 91.380 million shares (previous year 80,882 million shares)

Consolidated statement of comprehensive income

for the period from 1 January to 30 September 2016

	01.01.- 30.09.2016 EUR thousand	01.01.- 30.09.2015 EUR thousand
Consolidated profit	64,381	45,375
Other comprehensive income		
Items which may be recycled to profit and loss		
Foreign currency translation difference	601	3,815
Cash flow hedges	-1,440	7,064
Deferred income taxes	463	-2,261
Consolidated comprehensive income	64,005	53,993
Of which attributable to:		
Parent company's equity holders	64,005	53,993

Consolidated cash flow statement

for the period from 1 January to 30 September 2016

	01.01.- 30.09.2016 EUR thousand	01.01.- 30.09.2015 EUR thousand
Operating activities:		
Consolidated profit	64,381	45,375
+ Depreciation/amortisation of non-current assets	78,110	40,463
= Consolidated profit plus depreciation/amortisation	142,491	85,838
+ Decrease in inventories	6,195	50,600
- Increase in trade receivables and future receivables from construction contracts	-186,836	-159,502
+ Increase in trade payables	102,291	131,376
- Decrease in prepayments received - recognised as liabilities -	-145,214	-84,379
= Payments made from changes in working capital	-223,564	-61,905
- Increase in other assets not allocated to investing or financing activities	-20,688	-56,136
+ Increase in pension provisions	0	41
-/+ Decrease/increase in other provisions	-42,394	28,956
+ Increase in other liabilities not allocated to investing or financing activities	5,183	36,431
+ Losses from the disposal of non-current assets	763	931
- Other interest and similar income	-3,924	-1,757
+ Interest received	738	1,194
+ Interest and similar expenses	25,833	16,232
- Interest paid	-29,693	-18,234
+ Income taxes	37,635	37,105
- Taxes paid	-6,522	-2,516
-/+ Other non-cash income/expenses	-998	1,138
= Payments received/made from remaining operating activities	-34,067	43,385
= Cash flow from operating activities from continuing operations	-115,140	67,318
Investing activities:		
+ Payments received from the disposal of property, plant and equipment/ intangible assets	655	242
- Payments made for investments in property, plant and equipment/ intangible assets	-387,290	-50,932
+ Payments received from the disposal of financial assets	3,703	2,182
- Payments made for investments in financial assets	-714	-329
= Cash flow from investing activities from continuing operations	-383,646	-48,837
Financing activities:		
- Cost of issuing new share capital	-737	0
+ Bank loans raised	603,369	50,000
- Bank loans repaid	-9,375	0
- Payments made for the redemption of bonds	-150,000	0
- Repayment of working capital loan	-70,500	0
= Cash flow from financing activities from continuing operations	372,757	50,000
Cash change in cash and cash equivalents from continuing operations	-126,029	68,481
+ Cash and cash equivalents at the beginning of the period	528,973	388,420
+ Changes due to additions to companies consolidated	26,661	0
+/- Exchange rate-induced change in cash and cash equivalents	999	-2,522
= Cash and cash equivalents at the end of the period (Cash and cash equivalents carried on the face of the consolidated balance sheet)	430,604	454,379

Financial calendar 2016

10 November 2016

Interim management report for the third quarter of 2016
Telephone conference

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Disclaimer

This interim management report contains forward-looking statements which refer to general economic trends as well as the Nordex Group's business performance and its net assets, financial condition and results of operations. Forward-looking statements are not statements describing past facts and may be used in connection with words such as "believe", "estimate", "anticipate", "plan", "predict", "may", "hope", "can", "will", "should", "expect", "intend", "is designed to", "with the intent", "potential" and similar terms. Forward-looking statements are based on the Company's current plans, estimates, forecasts and expectations and are therefore subject to risks and uncertainty, as a result of which actual performance or the income and sales achieved may differ significantly from the trends, income or sales expressly or implicitly reflected in the forward-looking statements. Readers of this interim management report are expressly asked to note that they should not place any undue confidence in these forward-looking statements, which are valid only as of the date of this interim management report. Nordex SE does not intend to and assumes no obligation to update the forward-looking statements.