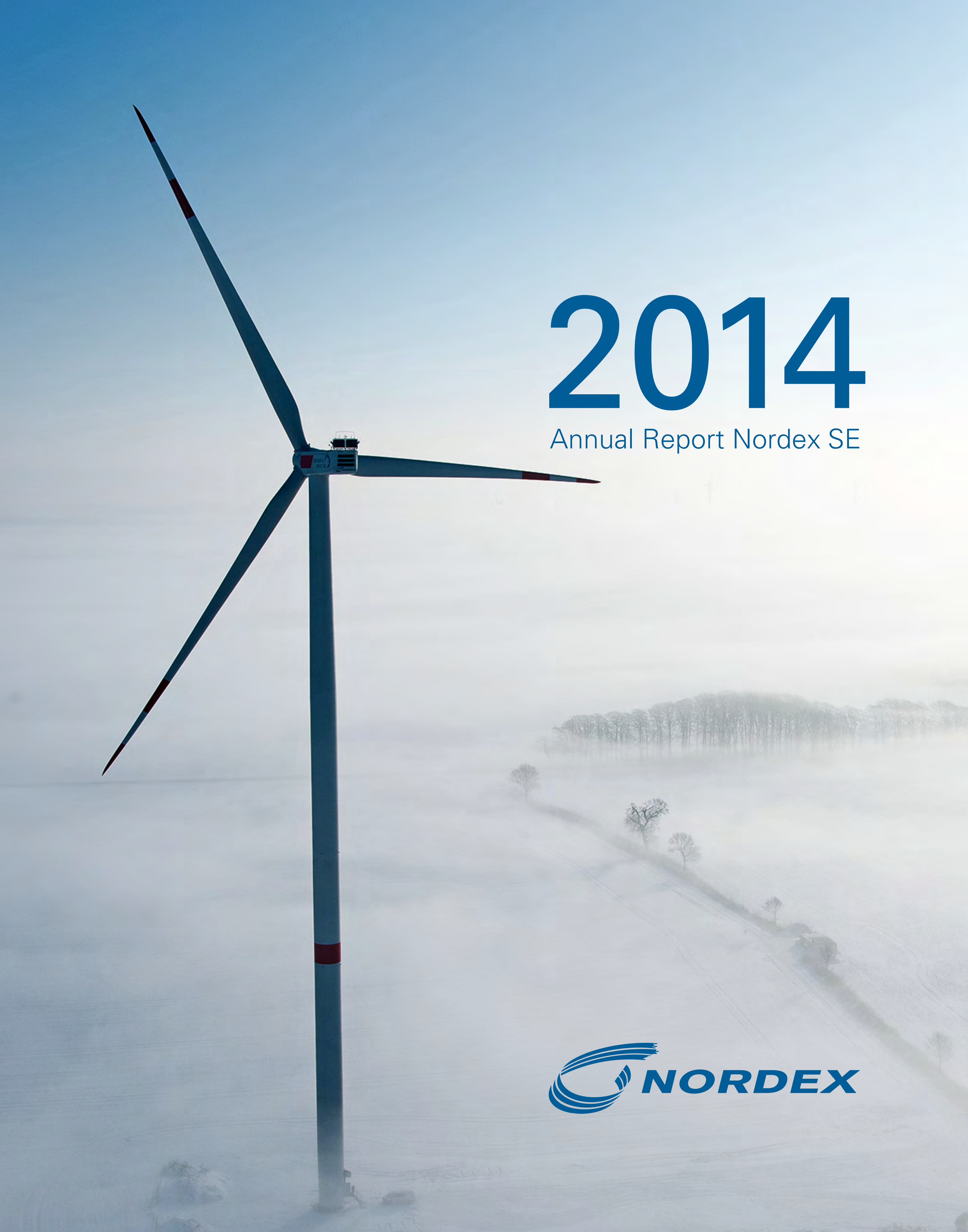
2014

Annual Report Nordex SE



Nordex SE: Key figures at a glance

Earnings		2010	2011	2012	2013	2014	Δ 14/13
Sales[1]	EUR million	972.0	920.8	1,075.3	1,429.3	1,734.5	21.35%
Total revenues[1]	EUR million	1,007.9	927.0	1,100.9	1,502.3	1,739.5	15.79%
EBIT[1] before exceptionals/ non-recurring effects	EUR million	–	–10.3	14.0	–	–	–
Exceptionals/ non-recurring effects	EUR million	–	–19.4	–75.0	–	–	–
EBIT[1]	EUR million	40.1	–29.7	–61.1	44.3	78.0	76.07%
EBITDA[1]	EUR million	62.6	–2.0	8.2	83.6	121.0	44.74%
Cash flow[1, 2]	EUR million	–22.1	69.1	64.0	67.9	–24.6	<100%
Capital spending	EUR million	72.0	46.1	58.5	71.6	76.3	6.56%
Consolidated net profit/loss[1]	EUR million	21.2	–49.5	–94.4	10.3	39.0	>100%
Earnings/loss per share[3]	EUR	0.31	–0.67	–1.28	0.14	0.48	>100%
EBIT margin[1]	%	4.0	–3.2	–5.5	3.1	4.5	1.40 pp
Working capital ratio[4]	%	25.2	27.7	8.7	2.2	–2.3	–4.50 pp

Balance sheet		2010	2011	2012	2013	2014	Δ 14/13
Total assets as of 31.12	EUR million	987.0	1,028.9	1,066.1	1,191.4	1,239.9	4.07%
Equity as of 31.12	EUR million	370.8	376.6	279.0	368.0	396.0	7.61%
Equity ratio	%	37.6	36.6	26.2	30.9	31.9	1.00 pp

Employees		2010	2011	2012	2013	2014	Δ 14/13
Employees[5]	Ø	2,379	2,643	2,536	2,543	2,800	10.11%
Staff costs[1]	EUR million	119.4	147.4	140.2	153.2	167.7	9.46%
Sales[1] per employee	EUR thousand	409	348	424	562	619	10.14%
Staff cost ratio[1]	%	11.8	15.9	12.7	10.2	9.6	–0.60 pp

Company performance indicators		2010	2011	2012	2013	2014	Δ 14/13
Order intake	EUR million	836.0	1,107.0	1,268.0	1,502.9	1,753.9	16.7%
Installed capacity	MW	889	970	919	1,254	1,489	18.7%
Non-domestic proportion of turbine construction[1]	%	93.0	85.4	83.2	75.4	65.8	–9.6 pp

[1] Excluding discontinued operations in 2012
[2] Cash flow = change in cash and cash equivalents
[3] Earnings/loss per share = basic, calculated using the weighted average of 80.882 million shares in 2014 (2013: 74.196 million shares)
[4] Relative to sales
[5] 2011: still including employees affected by the reorganisation programme

Nordex is one of the world's leading mid-size producers of onshore wind power systems. Our guiding principle is to harness the wind intelligently. This we achieve by never ceasing in our search for new and better technical solutions. Looking forward, we are seeking to produce electricity at market prices with our wind power systems. At the same time, we utilise the cost advantages which the international market offers us. Our skills include the development and production of wind turbines, project development and the construction of turn-key wind farms as well as maintenance and service.

2014

About us

For our shareholders

Straight forward

Our responsibility

Key

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Our business performance in 2014

Combined Group management report

Consolidated financial statements

Further information

Dear shareholders and business associates,

2014 was a very successful year for our Company, characterised not only by double-digit growth in our business volumes but also by a disproportionately strong improvement in earnings. We were able to achieve most of the goals which we had set for 2015 earlier than expected and even managed to exceed some of them. This is true of sales, for example, which amounted to EUR 1.7 billion, thus reaching the target which we had defined in 2012 for 2015. We owe this strong performance to the favourable response which our products and services have been enjoying with our customers. Thus, new business also exceeded our own benchmark, likewise reaching a figure of over EUR 1.7 billion as of the reporting date.

In this connection, it is gratifying for us to note the sustained success of our N117/2400 turbine, which remained our top seller in the year under review thanks to the high efficiency which it provides in low-wind conditions. At the same time, the increased share accounted for by the still young Delta Generation provides grounds for optimism, contributing some 20% to our record order intake in 2014 – even before the range was completed with the commencement of series production of the N131/3000 this year. We expect this product, which has already been named best turbine in the "over 3MW" class, to generate a lot of tail wind for us.

Needless to say, success has many fathers at our Company, too. Thus, Nordex attracts its customers not only with efficient and mature products, which lower the cost of producing electricity from wind power more and more, but also with a broad range of attractive services. Among other things, this is reflected in our service business, which increased by 15% and made a sizeable contribution to our increased earnings. We see the purchase of a wind power system or a wind farm as a long-term investment and therefore offer our customers services to ensure that they achieve a reasonable return on their investment. For this reason, our range also includes support during the construction phase of the turnkey projects developed by Nordex.

This profile sets us apart from many of our peers and explains the success which we have achieved in new markets in particular. In emerging markets such as Latin America and South Africa, financing banks look for partners with international experience to reduce project risks. This is why we have been able to achieve higher sales in the Americas as well as in EMEA South, which includes South Africa.

Let me also highlight a further important project which we were able to complete around the turn of the year. I refer to our blade strategy, with which we are seeking to eliminate the occasional shortfalls in the supply chain for large and complex rotor blades. For this purpose, we have expanded our Rostock facility into a "lead factory" and implemented a built-to-print strategy with three international partners. This will secure volumes, prices and quality for this core component in our supply chain over the next few years.

On this basis, we will once more be able to concentrate more closely on product development to safeguard our Company's future. This means that our capital spending budget will return to normal levels of EUR 50–60 million over the next few years. One of the positive effects of this is that, looking forward, it will be easier for Nordex to continue generating a positive free cash flow. This will be additionally aided by a further improvement in the profitability of our core business. We have taken specific measures to achieve further growth in earnings, which will gradually show their full effect over the next few years. This year, we expect to achieve an EBIT margin of 5–6%.

We are aware that this favourable business performance would not have been possible without the people who play a crucial role in our business – our investors, our customers, our staff and other important business partners. We are committed to treating them fairly at all times and to ensuring that the benefits of our activities are shared appropriately. I would like to take this opportunity to thank the entire Nordex team for their successful work last year as well as all other partners for the confidence which they have shown in our Company. I look forward to a further successful year in 2015 together with you.

Kind regards,

Dr. Jürgen Zeschky
Chief Executive Officer
Nordex SE

Management Board of Nordex SE

Lars Bondo Krogsgaard
Chief Customer Officer

Dr. Jürgen Zeschky
Chief Executive Officer

Bernard Schäferbarthold
Chief Financial Officer

Corporate governance bodies

Management Board

Dr. Jürgen Zeschky
Chief Executive Officer
Responsible for production, procurement, supply chain management, engineering, product management, health & safety and quality

Dr. Zeschky was born in 1960. With a doctorate in mechanical engineering, he commenced his career in 1991 as a product manager at Mannesmann Demag Verdichter and held various management positions up until 2003, most recently as Director of Operations at Mannesmann Demag Delaval in Trenton, United States. Thereupon, he joined Voith Turbo, where he held the position of Executive Vice President. In this position, he was in charge of the company's entire industrial business, i.e. drive technologies for energy production, oil and gas, mining and the chemicals industry, up until 2012. Dr. Zeschky was appointed Chief Executive Officer of Nordex SE effective 1 March 2012.

Lars Bondo Krogsgaard
Chief Customer Officer
Responsible for sales and marketing, project development and management, service, foreign companies

Mr. Krogsgaard was born in 1966. He studied law and holds a masters degree in business administration (MBA). He worked as an attorney in Denmark and America from 1993 to 1998 and then became Chief Operating Officer at the Young & Rubicam Denmark Group. From 2000, Mr. Krogsgaard was employed by Brandts Ventures, where he also held the position of Chief Operating Officer. Between 2002 and 2006, he was Vice President for Renewables at DONG Energy and was later responsible for the EMEA Region as Chief Executive Officer at Siemens Wind Power from 2006 to 2010. In October 2010, Mr. Krogsgaard was appointed to the Management Board of Nordex SE.

Bernard Schäferbarthold
Chief Financial Officer
Responsible for finance and controlling, accounting, taxes, risk management, internal auditing, IT, communications, corporate development, legal and human resources

Born in 1970, Mr. Schäferbarthold studied economics. From 1996 until 2005 he was an auditor and accountant with accounting company Warth & Klein. Thereafter, he joined Nordex SE initially as Head of Accounting and was appointed to the Management Board in April 2007.

Supervisory Board

Dr. Wolfgang Ziebart, Starnberg
Chairman of the Supervisory Board, chairman of the management committee, member of the strategy and engineering committee;
Group Engineering Director at Jaguar Land Rover Automotive PLC

Dr. Ziebart studied mechanical engineering, completing his doctorate at the Munich Technical University. He joined BMW AG in 1977, where he held various positions including head of electronics development and head of body development. Most recently, he was a member of BMW AG's Management Board responsible for development and procurement. In 2000, he was appointed to the Management Board of Continental AG, where he was responsible for brake and electronics business. He was then named Deputy Chief Executive Officer. Between 2004 and 2008, Dr. Ziebart was Chief Executive Officer at Infineon AG and, among other things, oversaw the spin-off of that company's memory chip business. He is currently Group Engineering Director at Jaguar Land Rover Automotive and a member of the supervisory board of ASML Holding N.V., Netherlands.

Jan Klatten, Munich
Deputy Chairman of the Supervisory Board, member of the management committee, chairman of the strategy and engineering committee;
Managing Shareholder of momentum Beteiligungsgesellschaft mbH

Mr. Klatten, M. Sc. studied ship engineering at the University of Hamburg and business management at the Sloan School of Management at the M.I.T. He held management positions in the automotive industry over a period of 15 years, before going into business on his own in 1991. In addition, Mr. Klatten is chairman of the supervisory board of asturia Automotive Systems AG.

Dr. Heinz van Deelen, Munich
Member the audit committee (until 9 January 2015) and the engineering committee (from 9 January 2015);
Chairman of the management board of Consline AG

Mr. van Deelen studied business management and psychology at the Technical University of Berlin. After graduating, he held management positions in marketing, sales and product development in the automotive industry over a period of 14 years before establishing Consline, a consulting company for enterprise-wide information management, in 1999. Today he is the Chairman of the management board of Consline AG.

Frank Lutz, Munich
Member of the audit committee (from 9 January 2015);
Member of the management board of Bayer MaterialScience AG

Mr. Lutz studied business administration and economics at the University of St. Gallen in Switzerland. Thereafter, he commenced his career in 1995 with US investment bank Goldman Sachs. After a further two years in investment banking at Deutsche Bank, Mr. Lutz was appointed to the position of senior vice president finance at MAN SE, becoming chief financial officer of MAN SE, Munich, in 2009. In May 2013, he was appointed to the coordination board of the Aldi Süd Group, Mühlheim an der Ruhr, in his function as Chief Financial Officer. Since 1 October 2014, he has been Chief Financial Officer at Bayer MaterialScience AG in Leverkusen.

Dr. Dieter G. Maier, Reutlingen
Member of the strategy and engineering committee (until 31 December 2014);
Chairman of the management of UKM Fahrzeugteile GmbH, managing director of MABET Beteiligungen GmbH

Dr. Maier studied physics at Birmingham University, completing his doctorate at the Max Planck Institute in Stuttgart. He held numerous management positions at Robert Bosch GmbH and Rodenstock GmbH, most recently as a shareholder and Chief Operations Officer. In addition, he was a shareholder of the MOHR Group. He is currently Management Chairman of UKM Fahrzeugteile GmbH and Managing Director of MABET Beteiligungen GmbH. In addition, he is chairman of the advisory board of Richard Bergner Holding GmbH.

Martin Rey, Traunstein
Member of the management committee, chairman of the audit committee;
Attorney at law and Managing Shareholder of Maroban GmbH.

Mr. Rey studied law in Bonn and business management at the Hagen Remote University. He held numerous management positions at Bayerische Hypo- und Vereinsbank, most recently as a member of the division board. After this, Mr. Rey was a member of the management board of Babcock & Brown, a global investment and consulting company, responsible for European business. Today, he is an attorney at law and managing shareholder of Maroban GmbH. As well as this, he is a board member of BayWa r.e. USA LLC, United States, and of Knight Infrastructure B.V., Netherlands.

Annette Stieve, Wennigsen
Member of the audit committee;
Member of the management of Faurecia Automotive GmbH

Ms. Stieve studied law in Bielefeld and business administration in Bonn. After graduating, she spent several years with accounting company Arthur Andersen in Hannover. Since 1996, she has held various management positions within the Faurecia Group and is currently the Managing Director of Faurecia Automotive GmbH and Chief Financial Officer for North East Europe.

The stock

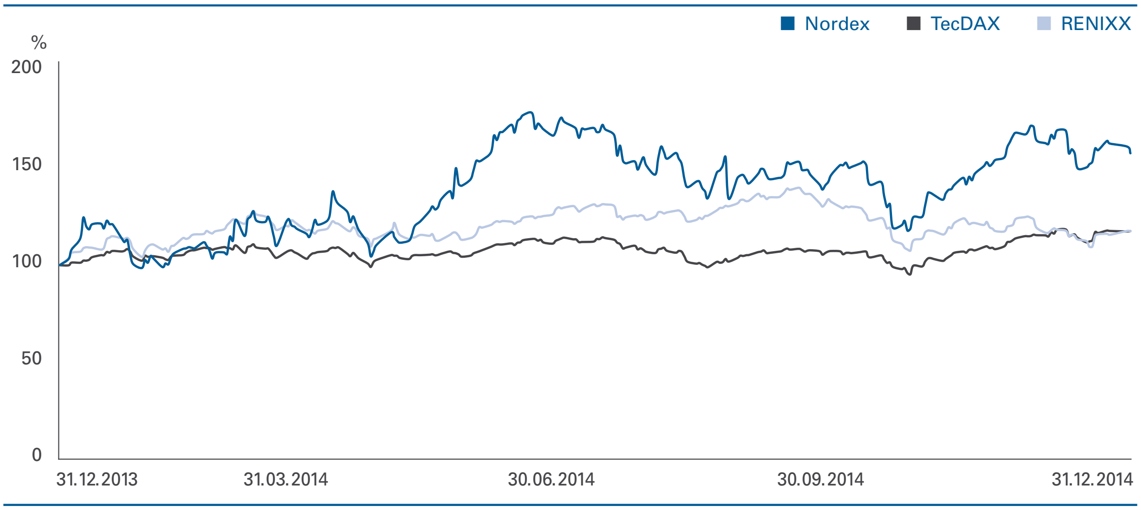
Despite the persistent macroeconomic uncertainties and heightened geopolitical risks, the main global equities markets performed well across the board, reaching all-time highs in some cases. This was chiefly due to the base rates in the key industrialised nations, which remained at historically low levels. Consequently, demand for equities as an asset class remained consistently strong in 2014.

At 17,823 points, the US benchmark Dow Jones index closed the year 7.5% up on the previous year (16,577 points), while the European EUROSTOXX 50 advanced by 1.2% over the end of the previous year, closing at 3,146 points (2013: 3,109 points). The German blue chip index DAX exceeded the 10,000 mark in 2014 for the first time since its establishment in 1988, but closed the year somewhat lower at 9,806 points. Even so, this was a gain of 2.6% over the end of 2013 (9,556 points). The DAX thus closed higher for the third consecutive year.

The benchmark indices of particular relevance for Nordex SE, the TecDAX, which tracks the 30 largest listed German technology companies outside the DAX, and the RENIXX, the global index for listed companies in the renewable energies segment, performed far more dynamically. Thus, the TecDAX closed the year at 1,371 points on 30 December 2014, equivalent to a gain of 17.5% over the end of the previous year (1,167 points).

The RENIXX performed similarly in 2014, closing the year at 375 points, up 17.2% over the previous year (320 points). This index reflects increased confidence in “green shares” and persistently strong investor interest in this sector. The shares of listed wind power system producers outperformed the rest of the index, with Nordex’s share faring better than any of the other western producers.

Performance of Nordex stock 2014



Sources: Deutsche Börse; International Economic Forum Renewable Energies (IWR)

The Nordex share entered the year under review at EUR 9.60, closing the year at EUR 15.01 on 30 December 2014, equivalent to a gain of 56.4%. This made it one of the top performers not only in the RENIXX but also in the TecDAX. The share reached both a high for the year and a multi-year high of EUR 16.95 on 9 June 2014. The low for the year of EUR 9.46 was reached on 27 January 2014.

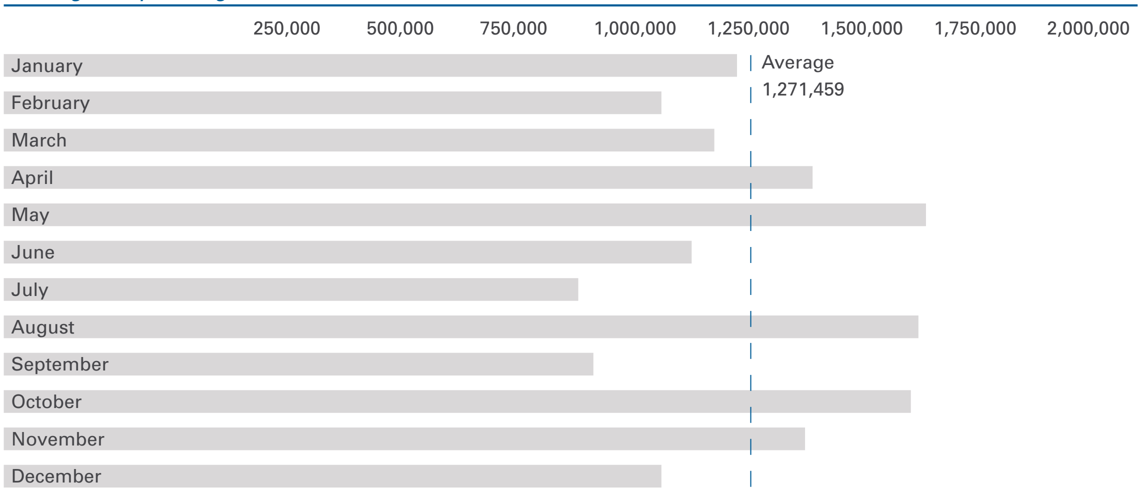
The market capitalisation amounted to over EUR 1,214 million at the end of the year and was thus significantly higher than the year's figure of EUR 776 million.

Driven by the Company's continuing good business performance, average daily trading volumes on the Xetra electronic trading platform exceeded 1.27 million shares in the year under review, substantially more than in 2013 (790,000 shares). Consequently, trading volumes of Nordex shares were also at the top of the TecDAX.

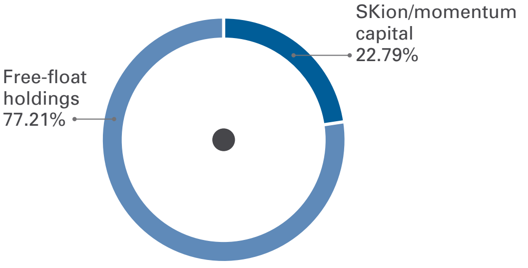
There were no material changes in Nordex SE's shareholder structure in 2014. SKion/momentum capital remains the principal shareholder with 22.79% of the Company's share capital, while the free float accounted for the remaining 77.21% on 31 December 2014. Prior to this, Norwegian public-sector bank Norges Bank (3.01%) and Deutsche Asset & Wealth Management Investment GmbH (3.06%), Deutsche Bank's investment arm, temporarily exceeded the 3% reporting threshold during the year under review. However, as of 31 December 2014, both investors were below the 3% threshold again.

Nordex SE's investor relations activities seek to pursue open and active communications with all capital market participants. The Management Board and the investor relations team took part in roadshows in London, Zurich, Geneva and Copenhagen as well as in international capital markets conferences in 2014.

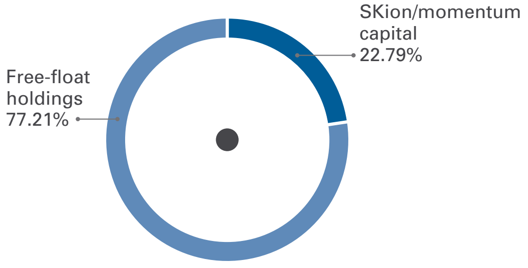
Average daily trading volumes of Nordex stock in 2014 (Xetra, in units)



Shareholder structure as of 31.12.2014



Shareholder structure as of 31.12.2013



As well as this, they maintained a dialogue with investors in the form of one-on-ones over the telephone or in person. In addition, the Management Board presented its new strategy and the medium-term targets for 2017 at a capital markets day held during WindEnergy Hamburg. Private investors had an opportunity of gaining direct contact with the investor relations team at the 19th Stock Market Day at the Hamburg Chamber of Commerce, in which Nordex participated for the first time.

In addition, regular coverage by the research departments of thirteen renowned banks and investment companies ensures that Nordex SE's business performance remains transparent at all times. In addition to US investment banks Goldman Sachs and Bank of America Merrill Lynch, Frankfurt securities trading bank Steubing AG also added Nordex to its universe in the year under review. A regularly updated list of Nordex analysts, information on the Company's share and bond as well as news, financial reports and corporate presentations are available from the Investor Relations section of Nordex SE's website at www.nordex-online.com.

Nordex SE plans to continue its investor relations activities in 2015 by taking part in various investor conferences, road shows and one-on-ones. Backed by a stable shareholder structure thanks to institutional investors, Nordex SE is seeking to maximise the liquidity of its stock. To this end, it is committed to keeping the capital markets informed of the Company's activities and business performance promptly and comprehensively.

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Nordex stock

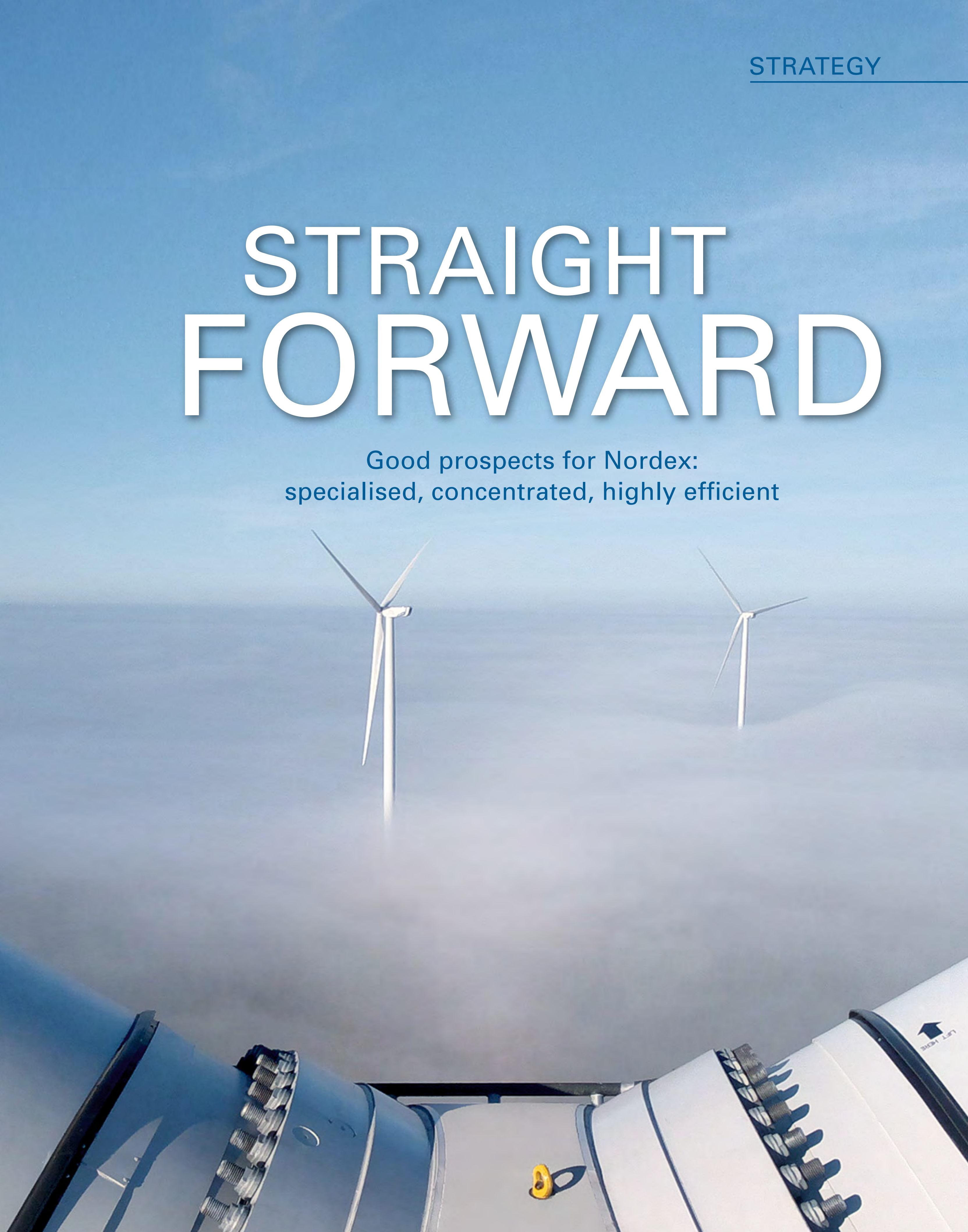
Stock type	No-par-value ordinary bearer shares
Market segment	Prime Standard/regulated market
Trading venue	Frankfurt stock exchange
Indices	TecDax, HASPAX, Renixx, GCI
ISIN	DE000A0D6554
WKN	A0D655
Ticker	NDX1

Nordex stock – key figures

		2014	2013
Number of shares issued as of 31 December	million	80.882	80.882
Share capital as of 31 December	EUR million	80.882	80.882
Price at the beginning of the year	EUR	9.69	3.11
Closing price for the year	EUR	15.01	9.60
High for the year	EUR	16.95	14.42
Low for the year	EUR	9.46	3.11
Market capitalisation on 31 December	EUR million	1.214.0	776.5
Earnings per share	EUR	0.54	0.14
Price/earnings ratio on 31 December		27.8	68.6

STRAIGHT FORWARD

Good prospects for Nordex:
specialised, concentrated, highly efficient



FOCUS ON PROFITABILITY – FORGING AHEAD FROM A STRONGER POSITION

Good growth potential in sales and earnings in the medium term

In 2012, the newly appointed Management Board defined a new strategy for the Nordex Group. Under the motto “Back to our roots as a mid-size company”, the Group streamlined its structures and concentrated on its core skills. The stated aim was to increase sales to around EUR 1.5 billion and to widen the EBIT margin to 5% by 2015. At the same time, a number of strategic and operational measures were defined to return the Group to profitability.

The team wins

By the end of 2014 and, thus, one year earlier than planned, Nordex had already achieved nearly all of its specific goals, even exceeding some of them. “This is a great success for the entire Nordex team. The management and all other employees pursued the new course with determination, achieving very good results. This fills me with pride,” says Dr. Jürgen Zeschky, CEO of Nordex SE.

Ambitious medium-term targets

Needless to say, the Management Board’s goals looking further down the road are even more ambitious. Thus, Nordex announced its new medium-term targets for 2015 through 2017 in September 2014. With a focus on more profitable project execution against the backdrop of more moderate growth, the operating margin is targeted to widen to 7–8%.

Focus on earnings quality

This forecast assumes that demand will grow at a less dynamic pace over the next few years. Explains Zeschky: “The strong double-digit growth of the past few years cannot last forever. Yet, it is difficult to predict when demand will slow down.“ Indeed, the strong momentum emerging in many parts of Europe in 2014 took many experts by surprise. With gains of almost 17%, Nordex’s new business also expanded at an unexpectedly swift rate. “This year, sales will also continue to rise at an above-average speed. We are still exploring our options for medium-term growth. Fundamentally speaking, however, we primarily want to improve our earnings quality and execute economically attractive projects for our customers, generating sustainable income for both parties.”

"We want to improve our earnings quality and execute economically attractive projects for our customers, generating sustainable income for both parties."

Dr. Jürgen Zeschky

"We are well on the way to achieving our target in 2015, particularly with respect to nacelles and rotors."

Dr. Jürgen Zeschky

Award-winning products

The strong competitiveness of Nordex's products provides the main basis for its good business performance. A year ago, the Company unveiled the N131/3000 to its customers for the first time. Explains Zeschky: "Depending on the configuration, the turbine can generate between 21% and 28% more electricity from wind power than its predecessor. This has met with a favourable market response, generating a number of new orders." This trend has been additionally reinforced by the increasingly strong reputation which the Company and its products enjoy in the market place. Thus, for example, "Windpower Monthly" has named the N131/3000 the best onshore wind turbine in the multi-MW segment.

Headed towards grid parity

However, the substantial improvement in turbine productivity is only one important aspect. "Ultimately, we are seeking greater efficiency. This means reducing the cost of generating electricity from wind power. We must never lose sight of the fact that we have only limited scope to increase the costs of our new turbines even when, for example, the N131/3000 has a rotor diameter which is 14 metres larger and thus requires substantially more material. This calls for intelligent solutions," says Zeschky. Nordex has set itself the goal of lowering levelized cost of energy from wind power by up to 15% through 2017. By making strides towards grid parity, the Company wants to achieve greater independence from political subsidisation of the sector and, thus, offer customers an attractive proposition.

Cost strategy working out

At the same time as the gains in productivity and efficiency, product costs have also been developing as planned: the target is to cut costs by 15% by the end of the current year, compared with 2012. "We are well on the way to achieving our target in 2015, particularly with respect to nacelles and rotors. In addition to operating measures, the engineering partnerships which we have forged with important suppliers have particularly paid off here. What is more, we have achieved a breakthrough with the implementation of our new rotor blade strategy," says Zeschky. Nordex has turned its rotor blade production in Rostock into a "lead factory", which coordinates work with external contractors. Today, three international partners produce rotor blades for Nordex using the "built-to-print" process. With this network, Nordex is able to secure the planned volumes, quality and costs.

Customer projects as process driver

Nordex wants to achieve a further decisive reduction in the cost of materials through systematic project-oriented management of its value chain. Explains Zeschky: "Last year, we installed around 600 turbines for our customers. Only a very few of these turbines had exactly the same configuration. Each of our projects is highly specific. This means that our internal processes must be oriented towards customer projects rather than volume production. This is precisely what we must do to perfection as it is the only way of optimising costs at the construction site."

CONVINCING THE MARKET WITH PERFORMANCE

Nordex benefits from the growing confidence which customers place in it.

As a mid-size company, Nordex has made a good name for itself in the market since 2012, earning a great deal of trust. “We are able to swiftly respond to our customers’ wishes. Our hierarchies are flat, which gives us an enormous advantage in terms of speed. In addition, we offer strong performance, including the execution of large-scale projects.” This is how Nordex CCO Lars Bondo Krogsgaard explains the Company’s strong growth since 2012. Moreover, the Company is able to differentiate itself from its peers through a wide range of services which only few other OEMs offer. These include the turnkey installation of wind farms and long-term comprehensive after-sales service for the turbines.

Large-scale customers expressing interest

Says Krogsgaard: “We are once again receiving more inquiries from large independent power producers and utilities. They are also planning projects for which an OEM with our profile is a good fit.” This development started in new markets such as Uruguay and South Africa, where many customers place store by Nordex’s international experience.

Investment in markets with sustained opportunities

Looking forward, Nordex plans to hone this profile. “The proverb according to which the early bird catches the worm still holds true. However, we do not want to lose our focus and we will only develop new markets in which we are able to generate a consistently high volume of project and service business,” Krogsgaard explains succinctly. This is because Nordex needs to invest in local structures in order to look after its customers. A good example of this is Lithuania, where the Company has secured two contracts, thus ensuring utilisation of the necessary service capacity.

Gaining ground with flexibility

Continues Krogsgaard: “Latin America is at the very top of our list of new growth markets. And in addition to South Africa, we see further opportunities in Africa, particularly in the north of the continent.” Yet, even apparently saturated markets such as Germany displayed an impressive rebound in 2014. “We must respond to changes in regulatory requirements in the established markets. This calls for speed and pragmatism. There is still plenty of potential in Europe provided that we are willing to adjust our business,” explains Krogsgaard.

Project development paying off

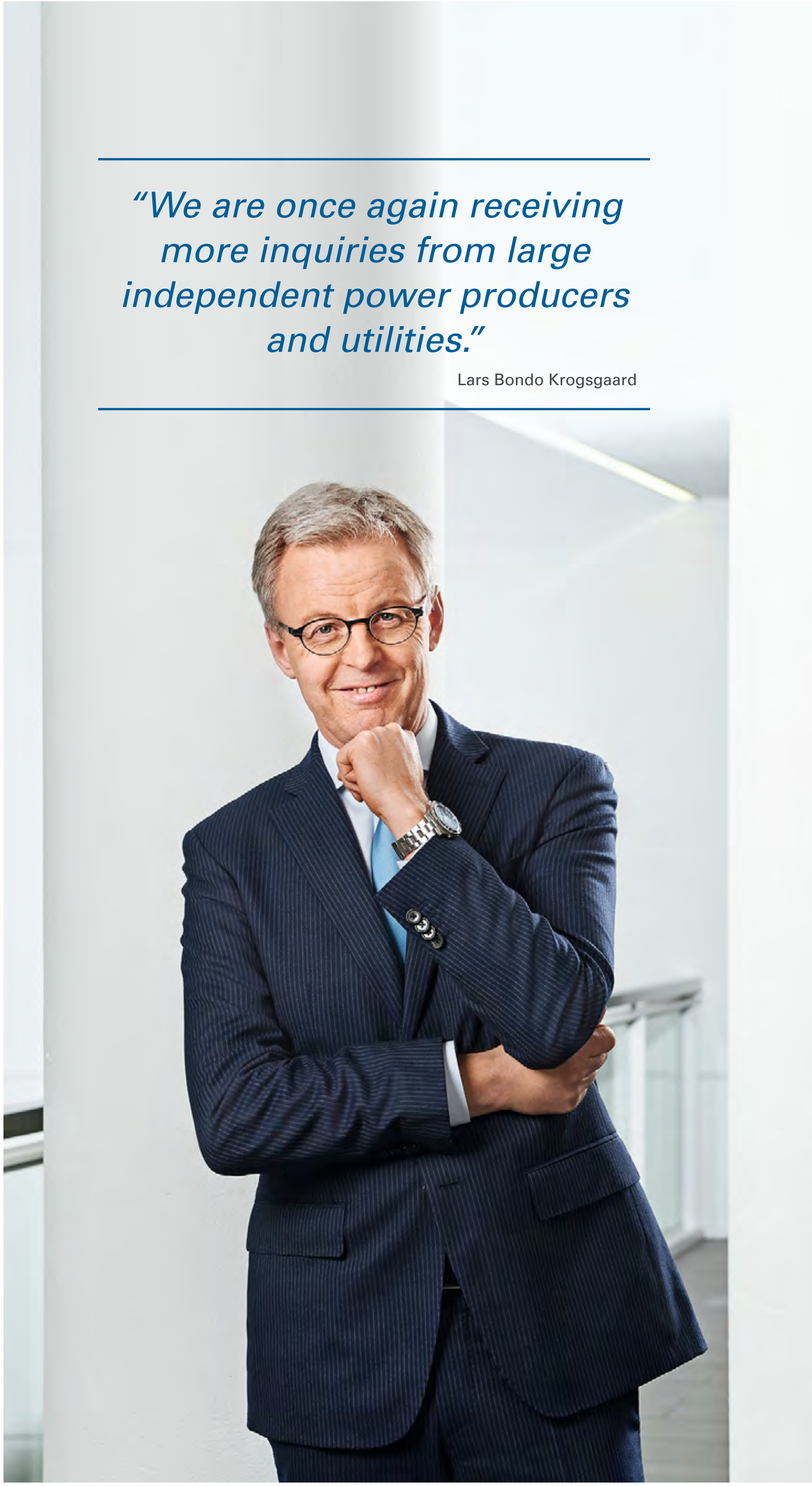
After a phase of reorganisation, the Group has broadened its project development activities. “In particular, we have been concentrating on markets with a good balance of opportunities and risks. By strengthening the commercial units within the Company, we have been able to further improve our profitability,” adds Krogsgaard. The focus of profitable project development activities is now on France and Poland.

Service business offering high potential

Nordex sees further potential in the service business. According to Krogsgaard, this segment is growing steadily; at the same time, it is more profitable than other Group activities. “The trend is pointing upwards here. For one thing, many contracts have a dynamic component. And, for another, we are currently working on other services which are also of interest to premium-contract customers.”

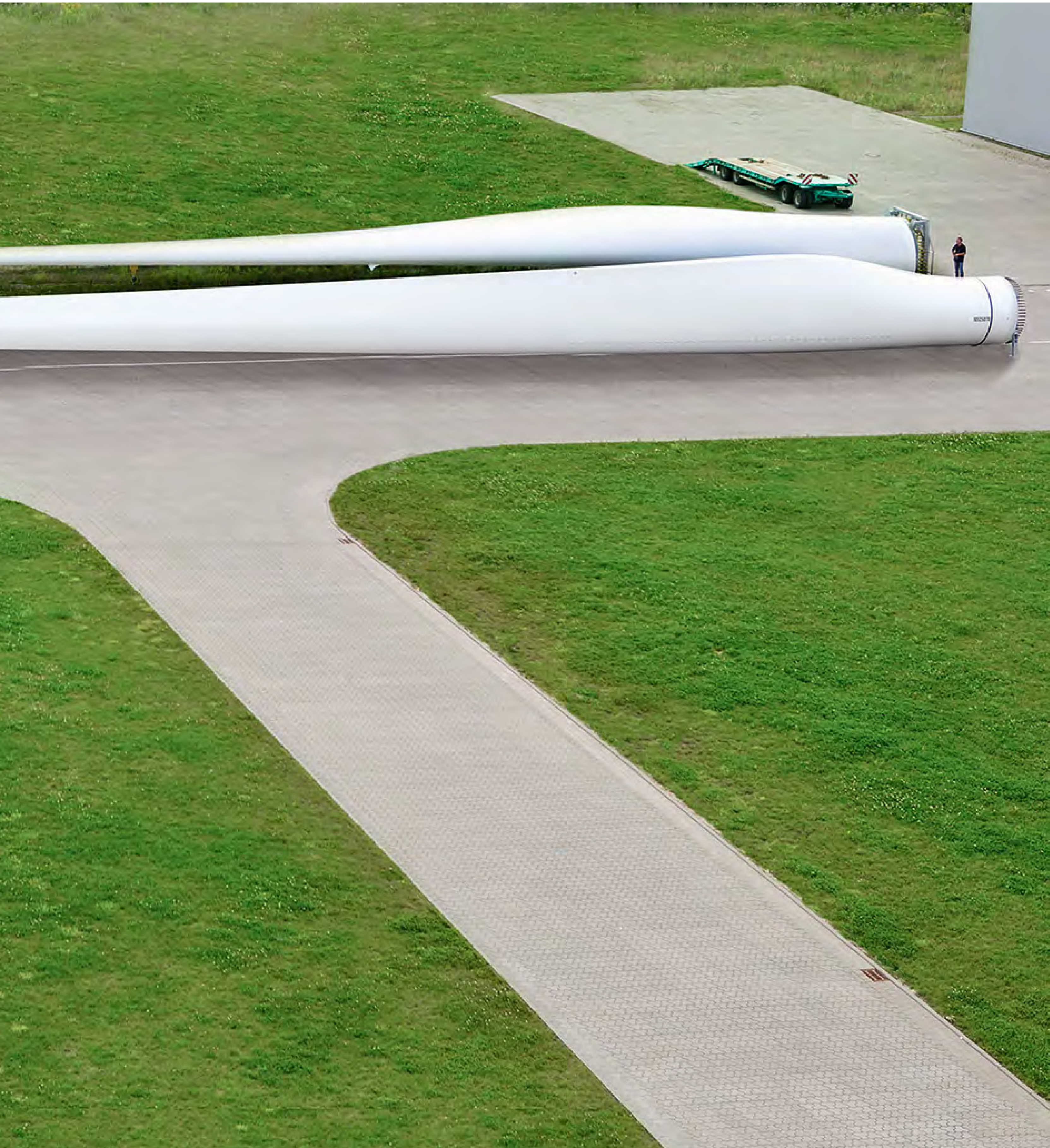
“We are once again receiving more inquiries from large independent power producers and utilities.”

Lars Bondo Krogsgaard



EFFICIENCY BY THE METRE

They are the latest “stars” amongst the Nordex rotor blades – and simultaneously the largest ones: The NR 65.5 and NR 58.5 far exceed their predecessors in every respect. With an increase of 7 and 8.50 metres, respectively, in the rotor span, resulting in an increase of 25% and 37% in the sweep, they ensure that the latest-generation turbines for low and moderate winds can produce up to 31% more output . Not a bad feat at all – presented by us and welcomed by the market.



ON A SOLID FINANCIAL FOOTING

Creation of a basis for funding further growth

A profitable core business, positive cash flows and a solid balance sheet are the characteristics of Nordex SE's financial position in 2014. All this is the result of the successful reorientation of the last three years. "This positive performance is strengthening our business as our customers seek stable long-term partners on which they can rely for many years to come," explains Nordex CFO Bernard Schäferbarthold. This is clearly reflected in the almost undiminished inflow of new orders and the interest expressed by new customer groups in working with Nordex.

> *"Our customers seek stable longterm partners on which they can rely for many years to come."*
>
> Bernard Schäferbarthold

Further improvement in earnings

Despite – or perhaps even because of this – many new projects are being initiated to further improve earnings. Says Schäferbarthold: "We continue to invest in our future, particularly in the development of even more efficient products. At the same time, we are working on solutions to assist our customers even more effectively against the backdrop of changing market conditions." For example, several European countries plan to adopt tender systems and other forms of marketing systems. Nordex is responding proactively.

"In this context, we are able to rely on our positive experience with the funding instrument which we use for our internally developed projects," says Schäferbarthold. "Over the last few years, Nordex has provided bridge finance for a number of mid-size wind farms via a joint venture during the construction phase before handing them over to private-equity investors."

Efficient processes

A further aspect of the initiatives improve earnings is directed at lowering the cost of materials. The targets which have been defined for turbine costs are very clear and Schäferbarthold says that Nordex is heading in the right direction. Says Schäferbarthold: "That is why I am very confident that we will be able to widen our margin incrementally. However, looking ahead over the next few years, an even bigger task facing us will be to establish new business processes allowing us to execute projects more efficiently." This involves increasing the value of the project for the customers and executing the more complex manufacturing input smoothly across all interfaces. Says Schäferbarthold: "It is precisely because we execute very specific projects for our customers that we must work with great precision in the installation of wind farms and take into account at an early stage the particular characteristics of the contract in question. At the same time, we want to leverage economies of scale wherever possible, of course. All this calls for intelligent processes."

Securing the necessary funding

In 2014, Nordex generated a higher net free cash flow for the third consecutive year. "Moving forward, it is also important for us to be able to fund all necessary capital spending internally. That is why we want to continue on this course," explains Schäferbarthold, going on to say that this hinges decisively on the Group's ability to organise its cash management as successfully as it has done in the past.

He adds that the currently planned normalisation of capital spending to EUR 50–60 million per year is definitely a step in the right direction in this respect. By comparison, capital spending exceeded EUR 76 million in 2014 due to the expansion of the rotor blade production facility and amounts spent on moulds in the production network. Looking ahead over the next few years, Nordex once again wants to concentrate more firmly on product development.


NORDEX
www.nordex-online.com

Report of the Supervisory Board

In the year under review, the Supervisory Board of Nordex SE performed the duties imposed on it by statute, the Company's Articles of Incorporation and its rules of conduct. It monitored and advised the Management Board in matters relating to the governance of the Company in compliance with its applicable statutory obligations. The Supervisory Board was directly involved in all decisions of fundamental importance for the Company. For this purpose, it maintained ongoing contact with Nordex SE's Management Board and was briefed regularly, promptly and comprehensively in both written and oral reports on the condition and performance of Nordex SE and its subsidiaries as well as all material business transactions.

As a matter of principle, the Supervisory Board observes the recommendations published by the Government Commission on the German Corporate Governance Code in the version dated 24 June 2014. The declaration of conformance specified by Section 161 of the German Stock Corporation Act was most recently issued by the Supervisory Board and the Management Board on 21 November 2014 (www.nordex-online.com/en/investor-relations/corporate-governance.html). Further information can be found in the corporate governance report. 79

The committees established by Nordex SE's Supervisory Board have the following members:

Management committee (nomination committee):
Dr. Ziebart (chairman), Mr. Klatten, Mr. Rey
Audit committee:
Mr. Rey (chairman), Mr. Lutz, Ms. Stieve
Strategy and engineering committee:
Mr. Klatten (chairman), Dr. van Deelen, Dr. Ziebart

One change to the composition of the Supervisory Board arose in the year under review: Dr. Dieter G. Maier resigned down from the Supervisory Board effective 31 December 2014. The Supervisory Board of Nordex SE wishes to express its gratitude to Dr. Maier for the many years of fruitful collaboration and for his contribution to trustful the Company's success.

In a ruling of the Local Court of Rostock – Commercial Register – of 9 January 2015, Mr. Frank Lutz was appointed to the Supervisory Board with immediate effect to replace Dr. Maier. Mr. Lutz is also a member of the audit committee.

In the course of 2014, the Supervisory Board held four ordinary meetings; in addition, its committees (management committee, audit committee, strategy and engineering committee) convened on repeated occasions. The ordinary meetings of the Supervisory Board were held on 21 March 2014, 2 June 2014, 18 September 2014 and 21 November 2014.

At its first meeting on 21 March 2014, the Supervisory Board chiefly examined the annual and consolidated financial statements of Nordex SE for 2013. In addition to hearing reports from the strategy and engineering committee and the audit committee, the Supervisory Board discussed the Company's current business performance.

The second meeting of the Supervisory Board was held on 2 June 2014, one day before the annual general meeting. The main items on the agenda concerned the report on the Company's business performance, preparations for the annual general meeting and a resolution approving the sale of the production facility in Jonesboro (United States).

At the third meeting on 18 September 2014, the Management Board presented the Group's current business performance. This was followed by reports from the audit committee and the strategy and engineering committee. In addition, the Management Board presented its medium-term strategy and the goals for 2017.

At the fourth and final meeting for the year on 21 November 2014, the Management Board outlined the Group's current business performance. Following reports from the strategy and engineering committee and the audit committee, the main business dealt with included the presentation of the budget and Group forecast for 2015. After detailed deliberation, the budget and the Group plans were approved by the Supervisory Board of Nordex SE. Further matters included corporate actions in connection with foreign subsidiaries and an update on the implementation of the medium-term strategy for 2017.

In accordance with Articles 4.3.4 and 5.5.2 of the German Corporate Governance Code, the Supervisory Board deliberated on potential conflicts of interests. In one case, Mr. Klatten in his capacity as a party related to the Nordex Group as defined in IAS 24.9 exercised governance functions for one of its business partners and held shares in this party in 2014. The momentum group, via which Mr. Klatten holds shares in Nordex SE, holds 40% of the Polish wind farm company C&C Wind Sp. z o.o. through its company momentum infra 1 GmbH; the Nordex Group also holds a 40% share in this company via Nordex Windpark Beteiligung GmbH. The participation was acquired by momentum infra 1 GmbH in a market-wide tender process, in which it was the most successful bidder. Accordingly, a potential conflict of interests can be ruled out.

Disclosures pursuant to Section 171 (2) Sentence 2 of the German Stock Corporation Act in connection with Sections 289 (4) and 315 (4) of the German Commercial Code and Article 61 of the SE Regulation.

The Supervisory Board deliberated with the Management Board on disclosures in accordance with Sections 289 (4) and 315 (4) of the German Commercial Code and was satisfied that these disclosures are true and complete.

The financial statements of Nordex SE and the consolidated financial statements for the Nordex Group for the year ending 31 December 2014 as well as the combined management report of Nordex SE and the Nordex Group for 2014 including the bookkeeping were audited and granted an unqualified auditors' report by PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Hamburg, which had been appointed at the annual general meeting on 3 June 2014 and engaged by the Supervisory Board.

The report on the statutory audit of the annual financial statements confirmed that the Management Board has taken the measures stipulated in Section 91 (2) of the German Stock Corporation Act to ensure early detection of risks and that an effective internal control system is in operation.

from left: Dr. Heinz van Deelen, Dr. Wolfgang Ziebart, Jan Klatten, Annette Stieve, Frank Lutz, Martin Rey (taken in January 2015)

The annual financial statements, the consolidated financial statements and the combined management report for Nordex SE and the Nordex Group, the annual report and the statutory auditor's report were presented to all members of the Supervisory Board prior to the meeting of 20 March 2015 at which the financial statements were to be approved. At this meeting, the Supervisory Board deliberated at length on these documents in the presence of the statutory auditor's, who were available to answer any questions. The Supervisory Board and its audit committee concurred with the statutory auditor's findings.

The Supervisory Board examined in detail the financial statements of Nordex SE and the consolidated financial statements as well as the combined management report for Nordex SE and the Nordex Group prepared by the Management Board. No objections were raised on the basis of the final results of its examination. The Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Management Board as of 31 December 2014. Accordingly, they are deemed to have been duly adopted as of 31 December 2014.

The Supervisory Board of Nordex SE thanks the Management Board for the constructive collaboration and expresses its gratitude to all employees as well as the employee representatives for their strong dedication and the successful work performed in 2014.

Hamburg, 20 March 2015

Dr. Wolfgang Ziebart
Chairman of the Supervisory Board


NORDEX

30 YEARS EVOLUTION OF WIND POWER.

A key role for wind power

Wind power has left its infancy. After once making negligible contributions to electricity supplies, it is today assuming "system responsibility" in more and more countries, providing an essential pillar for energy supply.

For this reason, wind power systems must now meet entirely different requirements. They need to stabilise the system and support the electricity grid. For this purpose, it must be possible to adjust their effective and idle output to stabilise frequency and voltage.

Nordex turbines are already able to withstand any voltage drops or even help to eliminate them and provide reliable forecasts for day-ahead production. Looking forward, wind turbines will also be fully equipped to perform grid-balancing activities.

After once accounting for less than 1% of the world's energy supplies, wind power is set to reach lofty heights in the future. In Germany, for example, the proportion of electricity from renewable energies is to increase from a current 28% to at least 80% by 2050. And onshore wind power will be the main contributor to this.

Sustainability

Nordex's future viability depends materially on its ability to react flexibly and swiftly to new underlying conditions, to develop efficient high-quality products and to maximise cost awareness. In addition to economic sustainability, however, social and ecological factors are increasingly also coming to the fore in this era of globalisation and climate change. In this connection, it is becoming more and more important for companies to voluntarily assume responsibility towards society as a whole. Nordex is taking these challenges seriously, with the aim of creating a basis for sustained economic growth which minimizes the impact on nature and offers people in all markets and regions new prospects of prosperity. In awarding their contracts, a large number of our customers are increasingly attaching particular importance to the implementation of best practices in the observance of health, safety and environmental standards. In order to optimally position the Company in this area, Nordex has introduced an HSE (health, safety and environment) management system and obtained certification in accordance with DIN EN ISO 14001:2009 and the BS OHSAS 18001:2007 international standards. Certification has been achieved for EMEA and the United States.

In addition, Nordex has established a unit responsible for all aspects of sustainability. This unit coordinates the numerous sustainability-related activities and addresses the growing information requirements of the Company's various stakeholders.

Ecological factors

Wind power will form an increasingly important element in the future energy mix in all of the world's large energy markets. A megawatt hour of electricity generated using wind avoids roughly one ton of the CO_2 emitted when electricity is produced from lignite, for example. As a result, Nordex prevents the emission of many millions of tons of environmental pollutants every year. According to industry calculations, each turbine recoups the energy consumed in producing it after only around seven months of operation. This calculation includes the energy used throughout the entire production process as well as transportation to the site of deployment and installation. Once in operation, each turbine provides clean energy for around 20 years. Even a single Nordex multi-megawatt turbine can supply enough energy to cover the requirements of up to 3,000 four-person households (assuming average consumption of around 5,000 kWh per households and year). Today, over 6,000 Nordex wind turbines are in operation worldwide, helping to provide clean and secure energy supplies in 40 countries around the globe.

However, environmental protection at Nordex is not simply about the product itself but already commences in the product development phase and subsequently in production. In Rostock, the Company has one of the most modern facilities for the production of wind power turbines and rotor blades. The plant meets and even stays significantly below the demanding emission limits set by the authorities for dust, solvents, odours and waste water.

In response to the rising volume of decommissioned old wind power systems, Nordex has implemented preliminary measures for recycling large components. In conjunction with environmental service providers, it recycles used rotor blades to generate thermal power and to salvage materials. This is currently particularly being done in the cement industry which recycles the glass fibre and is able to utilise the thermal energy released by the high-calorific plastics during this process.

Nordex also attaches particular importance to heat conservation and recovery as a means of reducing emissions of hazardous substances. When it comes to building management, Nordex is also mindful of environmental protection by ensuring that all its buildings comply with low energy standards as far as possible. The Hamburg head office – the "Nordex Forum" – was awarded a "Gold" certificate by the German Association of Sustainable Building when it was completed in 2011. Thanks to the use of energy-efficient building services, the Nordex Forum exceeds the requirements stipulated in the Energy Savings Ordinance by more than 20%. In 2013, Nordex put into operation its own heat-controlled combined heat and power plant (CHP) with a thermal output of 500 kW. In this way, the process heat required for the production of rotor blades can be generated efficiently and with minimum environment impact. Powered by gas, the CHP supplies heat and electricity for the Company's own production, uses the heat given off by the plant to heat the rotor blade moulds and production halls and feeds excess electricity into the public grid on a remunerated basis. With their high efficiency, CHPs are considered to be the optimum solution for such requirements.

In addition, the German Nordex facilities use electricity from renewable sources. This is guaranteed by the utility in question in electricity supply contracts awarded an ecological electricity certificate in accordance with TÜV certification of facilities for the production of electricity using renewable energies.

Nordex's extensive array of activities and the underlying energy management system was certified by TÜV Rheinland in accordance with DIN EN ISO 50001 in the period under review. The energy management system is responsible for systematically tracking all energy flows and for identifying further potential for reducing energy consumption.

In collaboration with a partner, all printers in use at Nordex facilities in Germany have been replaced by low-emission printing and copying systems. Nordex will buy emission certificates from a certified reforesting programme in Mozambique with the assistance of its project partner to offset the remaining unavoidable CO_2 emissions. In addition to reducing the volume of CO_2 emissions, this project aims at improving local living conditions.

Finally, the company car policy factors in the emissions of the vehicles used. Nordex also offers allowances towards the cost of local public transport for employees at some locations.

Employees

With the expansion of Nordex's business activities in the course of its 30-year history, its employee numbers have also grown. Today, we have some 2,900 employees around the world.

Personnel development within the Nordex Group is supported by a high-quality recruitment process, which also differentiates the Company from its competitors.

Nordex draws attention to its attractive employer brand for professionals, post-graduates and under-graduates using various specific employer branding activities directed at target groups of interest to the Company (e.g. engineers, service technicians etc.). This ensures that the Company will continue to be in a position to fill vacancies with qualified candidates in the medium to long term.

In the period under review, Nordex acquitted itself well in independent surveys of the various target groups, ranking high in "Europe's Top 500" and "Germany's Top 100" employer list as well as in the "Focus Top Employer" list. In addition, Nordex has been named a fair company guaranteeing reasonable employment conditions and remuneration for interns.

Nordex pursues the goal of encouraging and developing staff in accordance with their capabilities and potential. A standardised "compass dialogue" with employees is used as a basis for planning systematic upskilling activities and career development. The "compass dialogue" has been implemented gradually in a global top-down process around the world since 2010 and underwent further optimization in 2014. In the year under review, "compass dialogues" were performed for all management functions and for just under 90% of staff. In 2015, the "compass dialogue" is to be implemented as an annual assessment and development instrument for all countries and employee groups across the entire Company. On the basis of the results, management will be involved in all major decisions pertaining to upskilling and career development.

A further key element of staff development is the Nordex Academy, which acts as a central unit for technical and specialist training for Nordex employees as well as for customers and partner companies. In addition to testing beds, it provides large-scale components for various types of technical, service and safety training aimed at developing and broadening expertise, with the ultimate aim of additionally strengthening the high standards of quality of the Nordex brand.

With regard to further training, particular attention is paid to the development of young executives. In 2011, Nordex launched two global programmes for developing young potentials, attended by 30 people in its first iteration. These employees were allocated to two groups – the leadership programme for young potentials with previous management experience and the Upwind programme for young management staff. They attended various modular training sessions and participated in different types of project work over a period of 15 months to prepare for their future management duties and growing responsibilities. Both groups have since completed their respective programmes. At the end of 2013 a second "Upwind" programme was launched with 13 participants from nine Group companies. The programme again continued over 15 months during the period under review and was successfully completed in early 2015.

In 2014, an international training programme titled "Trust. Listen. Lead." was launched for all Nordex management staff at all levels with the aim of developing a uniform understanding of leadership and social competence within the Company and of enhancing the management culture at Nordex.

At Nordex, preparing for the future also involves training young people in order to obtain qualified specialists for the Company. The best proof of the Company's success in this area is the "TOP Training Enterprise" award which Nordex received for the second consecutive year in 2014 from the Chamber of Commerce and Industry in Rostock. As of the end of 2014, the Nordex Group had 59 apprentices in four different trades.

Moreover, key importance is attached to the employee suggestion system, which gives all employees and temporary staff at Nordex SE the opportunity to suggest improvements. If these suggestions result in savings and/or improvements to safety or help to reduce the risk of injury or the environmental impact, a monetary reward is paid depending on the benefits gained. In the year under review, the reporting process was optimised under the terms of a company agreement signed in 2012 with shorter response times and greater organisational proximity to production. The benefits arising from the 290 proposed improvements were valued at around EUR 420,000.

Safety

Workplace conditions have a decisive influence on employee satisfaction. Therefore, on-site safety is a top priority at Nordex. The HSE (health, safety, environment) department ensures strict observance and further development of internationally acknowledged standards. Further emphasis is on preventive work aimed at detecting and averting potential accident risks as early as possible. The goal is to avoid all accidents so as to make Nordex a safe place to work everywhere and at all times.

Nordex had previously pioneered a database in 2010 for tracking employee training and upskilling requirements as well as for identifying any replacement requirements for individual protective equipment. More recently, HSE activities have continued to focus on preventive work. Thus, these activities are incorporated in all new projects. At the same time, Nordex has intensified auditing of its main suppliers in order to define joint HSE measures in collaboration with them.

Extensive training is currently being offered to all managers and numerous employees as part of the "Safety First" campaign. The aim is to increase awareness of the risk of accidents in all parts of the Company, from production and project execution to administration, as a means of preventing them.

In addition, the HSE department helps to shape the regulatory framework for the wind energy industry through its presence in working groups for the Association of German Safety Engineers (VDSI).

Economic factors

Over the past four years, Nordex has boosted its economic output substantially thanks to its strategic realignment. Sales have risen from just under EUR 920 million to substantially more than EUR 1,700 million; at the same time, the key profitability ratios – earnings before interest and tax (EBIT) and consolidated net profit – have improved significantly from EUR –27 million and EUR –49.5 million, respectively, to EUR 78 million and just under EUR 43 million. Despite extensive capital spending of EUR 71 million, Nordex had net liquidity of around EUR 206 million and an equity ratio of substantially more than 30% at the end of 2014.

Nordex's long-term business success is chiefly derived from its research and development efforts. In 2014, Nordex again worked intensively on developing and launching new products as well as on enhancing and improving the existing range in order to reduce the cost of clean electricity produced from wind power. These R&D efforts not only yielded measurable sales success but also received independent awards. The two on-shore N117/2400 and N131/3000 turbines were each named "turbine of the year" in their respective categories in 2014 and 2015, while business magazine "EURO" awarded Nordex SE the title of "most innovative industrial enterprise in Germany" in 2014. Nordex was rated particularly highly in the categories "innovation" and "continuity" in a comparison of 100 companies. Line nacelle assembly was further optimised and significant expansion spending channelled into rotor blade production to render production more efficient. Looking forward, the most modern blade types are to be produced for the range to ensure that the Company is fully in control of rotor blade technology as well as the production processes.

One key factor driving continuous further development of the turbines and the production process is the minimisation of electricity production costs. Nordex's product strategy has set a clear goal of achieving grid parity and of reducing electricity production costs by a further 12–15% by 2017. This means that the investor in or operator of a Nordex wind power system can generate electricity at the same price as operators of conventional power stations or even less. To date, this has been achieved at individual sites characterised by good wind conditions. In the short to medium term, the updated Delta Generation range will achieve broad-based grid parity at IEC 1 and IEC 2 wind-class locations.

Nordex represents an important economic driver for its locations and its business partners. It views its markets as centres for the creation of value added. Thus, the Group maintains production facilities in Europe and establishes the necessary supply-side structures in the local markets.

It generates employment and income through the construction and maintenance of wind farms. Working with the Institut für ökologische Wirtschaftsforschung (IÖW), Nordex has analysed these effects for its domestic German market. To this end, the Berlin-based institute evaluated the creation of value added and employment effects arising in connection with Nordex wind power systems in Germany in the planning, production, installation and operation phases.

According to the results of this analysis, annual value added in Germany amounted to an average of just under EUR 450 million in 2010 and 2011, while the number of full-time jobs created – both within the Company and by its partners – averaged over 4,600. Both figures were substantially higher for the year under review due to the currently greater utilisation of production capacity and rising installation numbers. IÖW projects value added of over EUR 700 million and more than 8,200 full-time jobs in Germany in 2020.

As an internationally active enterprise, Nordex is exposed to business and sector risks. It is therefore vital in the interests of the Company's continued existence for it to identify and assess risks as early as possible and, where necessary, to take the necessary precautions to avert them and to limit their effects. Nordex has a risk management system which includes the measures required to recognise and manage risk on a timely basis.

Corporate compliance structures

Corporate compliance structures were additionally extended at Nordex in the year under review. In accordance with the proposal of the Company-wide compliance team, the Management Board adopted a code of conduct in 2011 to be applied across Nordex's international operations comprising five core principles binding for the entire Nordex Group; the code of conduct was duly implemented step by step. In the meantime, the majority employees have signed the code of conduct. The team keeps staff at the Nordex companies regularly abreast of all current activities and developments by means of online communications as well as a newsletter and dedicated training.

Responsibility as a corporate citizen

In their business activities, enterprises also hold social responsibility. Nordex bases its activities on the principles set out in "UN Global Impact" in its relations with its own employees as well as the third parties with whom it interacts. Within the Company's sphere of influence, this includes the principles of human rights and antidiscrimination as well as initiatives to encourage environmental awareness and to create equal opportunities for education.

In connection with its entry into the Pakistan market, Nordex has participated in a corporate social responsibility project with its customer over the last few years. At the same time as assembling the country's largest wind farm, the two partners sought to improve general living conditions in the Jhampir region. The main focus was on water supplies for the local population. Nordex fitted out four towns with water filters and pumps and modernised the water system in the region's only hospital. In addition to this, three schools were renovated.

In South Africa, Nordex is flanking its entry into this market with the establishment of a foundation known as the Nordex Education Trust, which holds a 20% stake in Nordex Energy South Africa. The Nordex Education Trusts assists groups of the population which are at a disadvantage particularly by sponsoring projects in the areas of schooling, sports, culture, charity and church work. In one of its first aid projects, Nordex has supported physically and mentally handicapped children as part of the "Hope in Motion" campaign. Here as well as in the other projects which have been initiated to date, the focus is on education to help people improve their opportunities and prospects.

As well as this, Nordex is supporting research activities in its two largest domestic locations of Hamburg and Rostock. This chiefly involves the funding of a foundation professorship at the University of Rostock, which was established in 2013 at the Faculty of Mechanical Engineering for a preliminary period of five years. In addition to research at the university, the funding also supports teaching activities. Moreover, Nordex provides direct support for students at the University in Rostock in the form of assistance within the German federal government's scholarship scheme. Four students on different courses receive support in the 2014/2015 academic year.

In Hamburg, Nordex contributes to the Energy Campus Hamburg technology centre within the Centre of Competence for Renewable Energies and Energy Efficiency (CC4E). To this end, it has forged a partnership with the Hamburg University of Applied Sciences to specifically encourage research into storage solutions. A wind farm comprising 5 Nordex turbines is to be installed in the immediate vicinity of the Bergedorf campus in order to enable "hands-on" teaching and research under real conditions.

YEARS EVOLUTION
OF WIND POWER.

Breaking one efficiency record after the other

We would never have thought it possible 30 years ago: in our early days, it took up to eight years to develop a new-generation turbine – these days, we launch a new product every 18 to 24 months, each of them achieving outstanding levels of efficiency. Here's an example: in 2014, we again surpassed the 2012 record which we had achieved with the N117/2400 low-wind turbine, which had already exceeded the energy output of its predecessor by up to 30%. The N131/3000 provides a further 20–30% increase in output for our customers in low wind conditions.

We will continue to drive this process until we have achieved for low-wind regions what we have already attained for high-wind conditions, namely grid parity, the full competitiveness compared to electricity from conventional power stations. And we don't have far to go. In fact, compared with what we have already achieved, this goal is just around the corner.

Combined Group management report

of the Nordex Group and management report of Nordex SE

Activities

Nordex is an integrated supplier of modern multi-megawatt onshore wind turbines for locations characterised by strong, medium and weak wind conditions. In this connection, it concentrates on developing and producing the entire system including the control software as well as the main core components and on offering related services. This particularly applies to the sale of wind power systems and – in selected markets – upstream wind farm project development and turnkey solutions. In addition, Nordex assembles wind turbines and provides the necessary after-sales service, concentrating in particular on long-term customer-relationship management. The Group's finance department also supports customers in their efforts to raise project finance via national and international commercial banks.

In technical terms, Nordex concentrates on producing efficient wind turbines allowing operators to generate "green" electricity at low cost in each location. For this reason, the Company has stepped up product development and, with the Generation Delta, offers a new wind power platform featuring an optimised rotor output ratio, a low specific head mass and an optimised sound power curve. This product strategy chiefly entails engineering new larger and more innovative rotor blades, which Nordex tests and, to a large extent, produces itself or sources from its "built-to-print" partners. The second main technical aspect concerns the optimisation of turbine operations management and system control. In this way, Nordex is addressing the growing requirements stipulated by electricity grid operators with respect to electricity grid integration. In addition, load-reducing operations management forms a key element in the development of even more powerful turbines.

Most of the Company's own production operations are based in Germany. Nacelles are assembled and rotor blades produced at two sites in Rostock, Germany. In this connection, a large proportion of the components used are sourced externally. Nordex pursues a system integration approach, incorporating the skills provided by its vendors in its own internal processes at an early stage – particularly during product development. The Group is committed to line production and partial automation as well as broad-based standardisation of its products (identical parts) so as to generate economies of scale as far as possible for a mid-size company.

The product policy is based on a comprehensive platform strategy. This currently comprises Generation Gamma with turbines in the 2.4 MW and 2.5 MW class and rotor diameters of 90, 100 and 117 metres as well as Generation Delta, which was launched in incremental steps in 2013 with a nominal output of 3.0 and 3.3 MW and rotor diameters of 100, 117 and 131 metres.

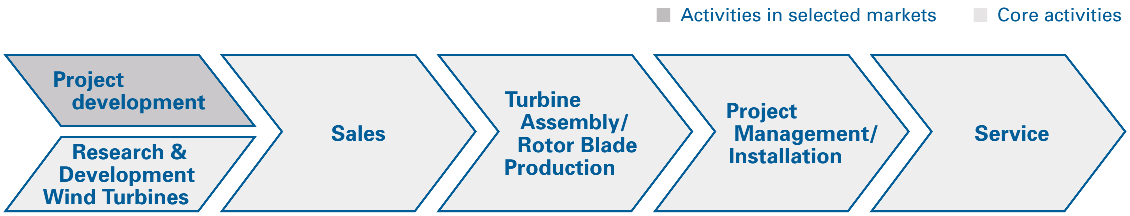
Nordex offers various towers with hub heights of up to 141 metres to achieve optimum energy yields in the global wind markets.

Overview of products

Wind class*	Generation Gamma	Generation Delta
IEC 1	N90/2500	N100/3300
IEC 2	N100/2500	N117/3000
IEC 3	N117/2400	N131/3000

*IEC 1 = strong wind
IEC 2 = moderate wind
IEC 3 = low wind

Nordex SE's value chain



With more than 65% of its sales generated by exports, Nordex has a strong international orientation, focusing on more than 20 wind markets, predominantly in Europe. However, it is increasingly also operating in growth markets outside Europe, such as Uruguay, South Africa and Pakistan as well as in emerging wind markets in Europe such as Finland and Lithuania. Measured in terms of order intake and market share, it has entered each of these markets successfully over the last few years.

Corporate structure

The Management Board manages the Group via Nordex SE as the strategic management holding company. In addition, Nordex SE performs additional administrative functions in controlling, finance, IT, communications, human resources, legal and insurance. The operating business is largely performed by the consolidated company Nordex Energy GmbH and the legally independent national companies. The latter are particularly responsible for customer relationship management, sales and marketing, project management, service and, in selected markets, project development. Engineering, procurement, production as well as central coordination and administrative activities and customer-related tasks in the German market are handled by Nordex Energy GmbH.

Additional markets such as Finland and Benelux are addressed locally by sales branches of Nordex Energy GmbH, while the markets of Central and South America, particularly Uruguay and Chile, are served by the US subsidiary Nordex USA Inc.

The Group is managed on the basis of a regional segmentation comprising EMEA (Europe, Middle East, Africa), the Americas and Asia. In addition, the core EMEA markets are divided into Germany, EMEA North, EMEA East and EMEA South for sales and marketing purposes and managed accordingly.

Details of the legal entities and other subsidiaries can be found in the list of shareholdings. The Company is managed by the three members of the Management Board, who have clearly defined strategic, operational and administrative functions, which are set out in rules of procedure approved by the Supervisory Board. Further information on the allocation of duties and the Management Board's rules of procedure can be found in the section titled "Management practices" 152 81

Goals and strategy

Nordex SE's goals and strategy are derived from internal strategy processes which were initiated by the Management Board in 2012 and 2014 and developed jointly with senior managers. During the period under review, the main focus was on the continued implementation of the newly defined strategy and execution of the corresponding measures.

The goal of the overall strategy is to additionally reinforce Nordex's position as an efficient and profitable vendor of onshore turbines and to achieve a double-digit share of its focus markets. One key success factor in this respect is the cost of energy, which Nordex is seeking to further optimise on the basis of highly efficient turbines, efficient production processes and steady cuts in the cost of materials. The target corridor for lowering the cost of energy is between 12% and 15% by 2017, compared with 2014. To this end, Nordex is concentrating on the low-wind segment as this is currently still the furthest away from grid parity.

When it first adopted the corporate strategy in 2012, the Management Board and senior management targeted annual sales of EUR 1.5 billion and an EBIT margin of 5% for the period from 2012 to 2015. However, thanks to the swift implementation of the strategy and the completion of significant measures in the last two years, a large part of the defined targets were already achieved in 2014. For this reason, the strategic goals for the second phase of implementation were adjusted in the period under review. The focus is now on improving margin quality by leveraging existing growth potential. The following targets have been set for 2017:

Medium-term strategic goals

Performance indicator	2017 target
Sales	EUR 2.0 billion
EBIT margin	7–8%
Working capital ratio	<5%
Free cash flow	Positive

Nordex has divided its overall strategy into four sub-strategies to facilitate implementation and coordination: “sales and service”, “operational excellence”, “reduced cost of materials” and “product development”. A further element was added in the year under review, namely “project-oriented organisation”. In addition, solid funding remains a basic prerequisite for the Company’s continued success.

1. Sales and marketing sub-strategy

The sales and marketing organisation addresses more than 20 established markets in EMEA, the Americas and Asia and also seeks to swiftly open up growth markets offering scope for sustained high sales volumes. Nordex’s target customers are primarily medium-sized and small companies wishing to make extensive use of the Group’s products and services. However, the new strategic orientation also places a renewed focus on large-scale customers such as internationally active utilities and independent power station operators. For one thing, this reflects the fact that Nordex has now reached the critical mass required to supply these customers. For another, this customer group is of key importance in certain foreign markets and contributes to strong demand for corresponding after-sales services. In addition, focus is being placed on financial investors interested in turnkey solutions, upstream project development activities – particularly in France and Poland – and comprehensive service packages for example. Nordex has allocated more resources to these areas as they offer good prospects of above-average profitable growth.

This also applies to the service business, which offers further growth and earnings potential particularly in connection with contract optimisation with a focus on premium contracts for existing Nordex turbines.

2. Operational excellence sub-strategy

In the past, Nordex sustained considerable cost overruns due to shortcomings in the coordination with its suppliers and partner companies. This particularly concerned externally sourced components such as rotor blades and towers as well as logistic services. The Company was able to reduce such unexpected expense in the year under review by means of detailed supplier audits, the termination of unsatisfactory supplier relationships, the definition of higher quality standards and closer collaboration with its business partners. Nordex will continue these activities in 2015. It will retain cross-sectional teams comprising employees from procurement, project management and engineering in order to maintain the level achieved and to continuously improve it. In addition, a special organisational unit – the Global Planning Office (GPO) – coordinates the various stages along Nordex’s value chain.

3. Reduced cost of materials sub-strategy

Nordex wind power systems are particularly characterised by their economic efficiency and reliability; however, achieving this frequently entails high material costs. As Nordex operates as a system integrator with only a low level of vertical integration, the cost of materials exerts a material influence on its profitability. In this respect, procurement and engineering play a crucial role as – together with the suppliers in some cases – they initiate the development of “more intelligent” components without compromising product reliability or life expectancy. To this end, “design-to-cost” and “design-to-value” methods are applied. In addition, procurement systematically uses suppliers based in countries which have a favourable cost structure for Nordex. Under this strategy, the aim is to cut costs by a total of 15% this year relative to 2012 levels and to make a material contribution to the goal of reducing the cost of electricity.

4. Product development sub-strategy
Nordex pursues the goal of developing onshore wind power systems which are able to produce "green" electricity at competitive prices. In this way, it is seeking to further reduce dependence on political incentive systems, to improve the profitability of its products and thus to increase its appeal for investors. A further step towards grid parity – i.e. cost of energy at the same level as that of conventional power stations – was achieved with the launch of Generation Delta in February 2013 and November 2013. The 3 MW turbines are to generate an additional yield of up to 31% at strong and moderate-wind locations and of up to 25% at low-wind locations, together with unchanged or lower noise emissions. Around 50 turbines for wind classes IEC 1 (N100/3300) and IEC 2 (N117/3000) have already been installed and placed in operation in four countries. To date, Nordex customers have ordered more than 120 Generation Delta turbines, including the first few N131/3000 turbines for IEC-3 wind conditions.

Overall, Nordex remains committed to shorter product innovation cycles of 18 to 24 months to launch new products which improve its competitiveness not only against its peers' products but in the medium term also against other conventional methods of power production. The cost of electricity is to be reduced by 12–15% by 2017, compared with 2014, by means of R&D activities.

5. Project-oriented organisation
Specific measures and initiatives have been launched to address project business more effectively by additionally optimising business processes – beginning with the signing of a contract through to the hand-over of the final product to the customer – at the critical interfaces between the individual parts of the Company. In addition to personnel and organisational measures, this also entails greater IT support.

6. Funding
A solid financial position is an essential prerequisite to ensure confidence of customers and banks in the Company. On 24 February 2014, the syndicated guarantee facility of EUR 550 million was successfully renewed on more favourable terms. The guarantee facility runs until 30 June 2017. In addition, Nordex SE obtained a loan of up to EUR 100 million from the European Investment Bank (EIB) to fund research and development activities. As a consequence, the Company is fully funded until well into 2017 and is now receiving inquiries from a substantially greater number of large customers about potentially becoming a supplier.

Management control system and performance indicators

The Nordex Group's management control system includes financial and non-financial performance indicators for managing the Company as a whole and its operating units.

The most important financial ratios for the Company as a whole form a regular part of the forecasts included in the quarterly interim reports. These are sales, the EBIT margin, order intake and the working capital ratio. The focus on these parameters arises from the Company's project-based turbine business and its low level of vertical integration.

The other financial indicators, on which no quarterly forecasts are published, are the cost-of-materials ratio, free cash flow, order intake and order books in turbine business and order books in service business. These are also important parameters for guiding the customer-oriented units and resultant procurement and production processes. In addition, net debt and the equity ratio are relevant indicators for assessing the balance sheet.

Specific non-financial indicators are additionally applied to production (turbine/rotor blade production output), project management (installation output) and service (turbine availability and service contract renewal rate).

All performance indicators jointly form the basis of reporting to management, the Management Board and the Supervisory Board. They are used for incentive-based remuneration and constitute an integral part of reporting to the capital markets.

No additional performance indicators have been defined for the parent company Nordex SE in its holding function.

Performance indicators

Indicator	Unit	Relevant for
Financial performance indicators		
Turbine order intake	EUR	Sales
Turbine order books	EUR	Sales
Service order books	EUR	Service
Sales	EUR	Finance
Cost-of-materials ratio	%	Finance
EBIT margin	%	Finance
Consolidated net profit	EUR	Finance
Free cash flow	EUR	Finance
Net debt	EUR	Finance
Working capital ratio	%	Finance
Equity ratio	%	Finance
Non-financial performance indicators		
Patents and industrial property rights	Number	Research and development
Turbine production output	MW	Production
Rotor blade production output	Units	Production
Installed capacity	MW	Project management
Turbine availability	%	Service
Service contract renewal rate	%	Service

Research and development

Organisation and main R&D indicators

As of the reporting date, Nordex had 431 employees (2013: 405 employees) in all worldwide engineering and project management areas responsible for all aspects of wind power technology from basic research through to product and process development as well as product management and sales and service support. 411 engineering employees (2013: 379) were based in Europe, a further 11 (2013: 15) in Asia and 9 (2013: 11) in the Americas as of the reporting date.

In the year under review, Nordex applied for a total of 26 patents and other industrial property rights, chiefly for rotor blades. This is over 8% more than in the previous year (2013: 24).

Total development expense amounted to EUR 53.4 million, up just under 5% on the previous year (2013: EUR 51.1 million). Of this, an amount of EUR 30.7 million (2013: EUR 35.9 million) was capitalised. In 2014, reported capitalised development expense thus rose by just under 13% to EUR 106.1 million (2013: EUR 94.3 million).

Testing facilities

In the period under review, system testing facilities were optimised at the Rostock testing centre in order to reduce development expense, increase development speed and further improve product quality. These facilities, which currently number 15, are used to test individual components such as the azimuth system, the pitch system and the rotor blade together with related systems in varying mechanical and climatic conditions. In this way, it is possible to simulate strain within a short space of time in a manner which would take several years in the field. In 2014, activities performed at the Engineering Centre focused on optimising the testing facilities with the aim of meeting current testing requirements even more effectively.

Product development

During the period under review, product development activities revolved around the reduction of the cost of energy in all wind classes in order to boost the competitiveness of Nordex turbines. To this end, the main thrust of engineering activities was to t further enhance Generation Gamma products as well as to work on the development, market launch and series start of Generation Delta.

Generation Gamma

Known as Generation Gamma, the third-generation Nordex multi-megawatt platform comprises the N90/2500 turbine for strong-wind locations (IEC 1), the N100/2500 turbine for moderate winds (IEC 2) and the N117/2400 turbine for low winds (IEC 3).

With respect to further enhancements to Generation Gamma, including the highly efficient N117/2400 for low-wind locations (IEC 3), the main focus in the period under review was on lowering equipment costs by means of further design optimisation of the nacelle, rotor blade and tower as well as additions to the pool of suppliers for the principal components.

Generation Delta

Generation Delta is the fourth-generation Nordex multi-megawatt platform comprising the N100/3300 turbine for strong winds (IEC 1), the N117/3000 turbine for moderate winds (IEC 2) and the N131/3000 turbine for low winds (IEC 3). The Generation Delta turbines are characterised by larger rotor diameters and increased nominal output, resulting in gains of up to 31% in annual energy yield in tandem with additionally optimised noise emissions.

As part of ongoing development work on this model, extensive system and component testing was carried out during the reporting period in order to secure the start of volume production and to ensure that it would be possible for construction permits to be obtained for all the turbines with minimum delay. The relevant documentation is available for all Generation Delta turbines, allowing our customers to apply for building permits for ten different hub heights between 75 metres and 144 metres. In addition, comprehensive testing and measuring was performed to certify Generation Delta in accordance with the international IEC standard. In particular, it was demonstrated that the turbines achieve the calculated output curves and even remain below the guaranteed noise emission levels.

A further major activity entailed the development of the N131/3000 turbine and particularly the new NR 65.5 blade. Unveiled at the international "WindEnergy Hamburg" exhibition, this rotor blade also successfully underwent static testing in the period under review. In the fourth quarter, type testing in accordance with the DIBt (Deutsches Institut für Bautechnik) standards was completed for the N131/3000 with hub heights of 99, 114 and 134 metres for the German market.

Cold-climate version and anti-icing system

In order to protect its competitive lead with turbines for use in cold regions, Nordex continued to optimise its anti-icing system and the cold-climate version (CCV). The anti-icing system went into volume production for the Generation Delta N117/3000 during the reporting period. The system is currently being prepared for the rotor to be fitted to the N131/3000 with a diameter of 131 metres.

Site compatibility and grid conformity

Engineering is working steadily on improving the two existing turbine generations and allowing Nordex turbines to satisfy a wide range of different grid requirements all around the world. This is a decisive success factor particularly in connection with the development of new markets. These activities also involve further enhancements to the electrical systems.

Cost-cutting

Engineering activities remain heavily integrated in the Group-wide "CORE 15" cost-cutting programme. In order to meet the targets for further cost reductions in the current year additional measures impacting the design of the tower, nacelle and rotor blade were defined and adopted.

Quality management

Nordex's quality policy was revised in 2014, particularly with respect to HSE (health, safety, environment) aspects. It rests on five pillars:

1. Encouragement of employees to develop a keen awareness of quality and a customer-oriented approach.
2. Regular and systematic training and briefing of employees to take account of constantly growing and changing requirements.
3. Continuous improvements to quality as a firm part of the Company's day-to-day activities.
4. Broader focus on high safety and environmental standards.
5. Work in clearly delineated organisational structures with defined business processes.

In order to meet high quality requirements worldwide, the Nordex Group is certified globally by TÜV Rheinland for quality (ISO 9001), environmental protection (ISO 14001) and safety (OHSAS 18001). In the year under review, Nordex again passed the audit without any negative findings. In addition, the German facilities in Hamburg and Rostock were certified by TÜV Rheinland in accordance with ISO 50001 and thus meet the requirements of the energy management standard.

Furthermore, the local South African company, which had only been established in 2012, was audited in accordance with all three ISO standards last year and was thus included in Nordex's overall certificate.

The quality management plan is an important basis for quality management along Nordex SE's entire value chain. This plan systematically and transparently documents all quality checks. The quality management plan covers the turbine engineering phase as well as prototyping and series release together with quality assurance for services. Cross-functional plans and activities for assuring quality are defined for the individual development projects and are systematically worked through on the basis of specified work packages and milestones. Thereafter, specific quality matters are monitored on a continuous basis and addressed in close collaboration with production and also during the on-site assembly phase.

Following the adjustments made to quality management in 2014, all the experience gained with the products in the field is being fed back into the development process by the Quality Management department, thus helping to additionally improve the next-generation Nordex wind power systems.

Nordex and its customers attach a great deal of importance to quality. For this reason, quality management has been established as a firm element in the sales organisation. This ensures that alongside internal experience from prior projects any customer feedback can also be taken into account promptly so as to comply with market requirements in full.

A total of 290 (2013: 405) suggestions were received in the Nordex Group's in-company suggestion system in the year under review. The suggestions which were implemented in the year under review yielded benefits valued at EUR 0.42 million (2013: EUR 0.35 million) and largely came from production and sporadically also from engineering, service and supply chain management.

Employees and remuneration system

Employees

The Nordex Group's workforce grew at a slower rate than sales (21.2%) in the year under review, rising by 12.6% to a total of 2,919 employees (31 December 2013: 2,592 employees). Additional recruitment particularly concentrated on production and service and, to a lesser extent, on growing markets such as Finland and South Africa. Following the completion of restructuring in America and Asia and given the distribution of business volume, there was a slight shift in the distribution of employees towards EMEA. At the end of the year under review some 93% of Nordex's employees were based in Europe and South Africa (31 December 2013: 90%), more than 4% in the Americas (31 December 2013: 5%) and just under 3% in Asia (31 December 2013: 5%).

In the year under review, the proportion of women working in the Nordex Group contracted minimally by 0.4 percentage points to 17.5% (31 December 2013: 17.9%). The share of women in the top three management levels was unchanged at 7.8% compared with the previous year. The number of apprentices stood at 59 at year-end (31 December 2013: 54).

At 38 years, the average age in the Nordex Group was slightly higher than in the previous year (31 December 2013: 37 years), with the average length of service rising to 4.5 years (31 December 2013: 4.3 years).

Percentage breakdown of Nordex staff by segment

Segment	31.12.2014 %	31.12.2013 %
Service	32	31
Blade production and procurement*	16	19
Nacelle and tower production and procurement*	16	12
Engineering	15	16
Administration	12	12
Project management	5	6
Sales and marketing	4	4

*Procurement now forms part of the two production units and in contrast to earlier years is no longer reported separately.

Percentage breakdown of Nordex staff by length of service

Service period	31.12.2014 %	31.12.2013 %
Less than 1 year	18	18
1 to 3 years	24	22
3 to 5 years	16	15
5 to 10 years	30	32
Over 10 years	12	13

In the year under review, the number of job applications received stood at around 14,000, up 40% on the previous year (2013: around 10,000). According to the 2014 “trendence Absolventenbarometer” study, Nordex continues to be rated as one of the most popular employers in Germany for engineering graduates, advancing by nine ranks to 82nd position in the latest survey (2013: 91st). It was also listed among the top 500 companies in the Europe-wide “trendence” survey in 2014 (313th place).

Remuneration system

Employees in Germany receive an annual salary paid in twelve monthly instalments. Technical staff receive a basic wage plus night, weekend and holiday allowances. These allowances have been fixed in an in-company agreement entered into with the employee representatives. In addition, flexible working models are possible, meaning that overtime can be offset by free time. As well as this, some Nordex employees receive a performance-tied annual bonus contingent on certain predefined enterprise-wide EBIT goals being achieved. This is also set out in an in-company agreement.

The service contracts for management staff provide for a basic salary and generally also performance-tied variable components based on individual target agreements and the Nordex Group’s business performance. In individual cases, Nordex may also grant non-cash benefits to employees such as a company car or training allowances.

In 2007, Nordex implemented a uniform compensation system for the staff at its German facilities which does make any distinction between Eastern and Western Germany or between technical and administrative staff; instead, it is based on the profile of requirements for the position in question. All positions are assigned to a compensation scale comprising a total of 13 levels plus a further four for specialists and managers. In this way, Nordex is seeking to enhance the transparency of the remuneration system on the one hand while boosting staff motivation on the other. Furthermore, it offers its employees a company pension scheme in the form of deferred compensation which it tops up by a further amount and grants allowances for public transport at certain facilities, thus encouraging the use of environment-friendly transportation.

The compensation paid to the Management Board comprises fixed and performance-tied components. The individual remuneration paid to the Management Board and the basis of calculation is set out in 145 detail in the notes to the consolidated financial statements. In addition to a company car, which may also be used privately, Nordex covers the cost of premiums for D&O liability insurance exceeding the uninsured deductible retained by the Management Board members. Other than this, there are no material fringe benefits. The service contracts entered into with the members of the Management Board have a term of between three and five years.

Details of the individual compensation paid to members of the Supervisory Board are set out in the Company's Articles of Incorporation. Each member of the Supervisory Board is entitled to fixed remuneration of EUR 25,000 in consideration of the performance of their duties for each full year in which they are members of the Supervisory Board plus reimbursement of all costs incurred in the performance of their duties. The chairman of the Supervisory Board receives double and the deputy chairman one-and-a-half times this amount. The individual remuneration paid to the Supervisory Board is set out in the notes to the 148 consolidated financial statements.

Underlying conditions in the economy as a whole and in the wind power industry

Macroeconomic environment

Global economic growth remained stable during the period under review, with real gross domestic product (GDP) of 3.3% according to the International Monetary Fund (IMF) (2013: 3.3%). At the same time, the emerging markets contracted by 0.3 percentage points over 2013, whereas the industrialised nations grew by 0.5 percentage points over the previous year, driven by the upswing in North America.

With economic growth of 7.4% (2013: 7.8%), China remained the most dynamic economy according to the IMF analyses, followed by other Asian countries (particularly India) with growth rates of over 5% in some cases. The main industrialised nations in Europe, North America and Asia (Japan) expanded by 1.8% (2013: 1.3%). However, the United States (2.4%), Canada (2.4%) and the United Kingdom (2.6%) proved to be a good deal more buoyant. With growth of 0.8%, the Eurozone fell short of the overall trend but was still able to overcome the recession which had arisen in 2013 (–0.5%). The German economy performed somewhat better with moderate growth of 1.5% (2013: 0.2%).

Reflecting macroeconomic trends and the further decline in energy prices, inflation remained persistently low in the industrialised nations, with the IMF calculating a rate of 1.4% (2013: 1.4%) On the other hand, average inflation of 5.4% was recorded in the emerging markets, a decline of 0.5 percentage points over the previous year (2013: 5.9%).

Given the relatively muted state of the global economy, the leading central banks continued and or even strengthened their accommodative monetary policies in the year under review. Whereas base rates remained in a range of between 0% and 0.25% in the United States, the European Central Bank (ECB) lowered its main refinancing rate in two steps from 0.25% to 0.05% in 2014. In addition, it decided to reduce the interest paid on commercial banks' deposits to –0.1%, thus effectively introducing a penalty rate.

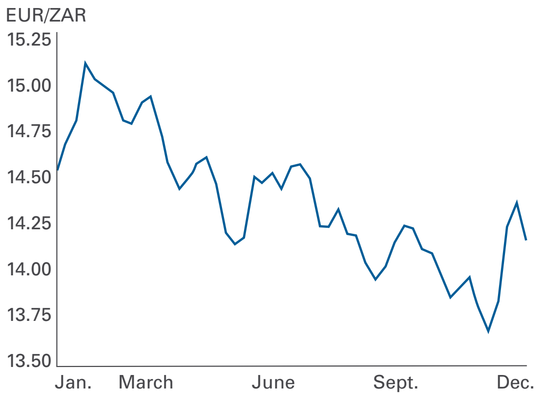
Nordex SE enters into a large part of its contracts on a euro basis. In addition, the US dollar (USD) and the South African rand (ZAR) had a bearing on project execution during the reporting period. The euro was very volatile against the US dollar, fluctuating in a range of just under 17 euro cents in the year under review. At the end of the year, it was trading at USD 1.22 per euro and thus just under 12% below the rate at the start of the year (USD 1.38). This was primarily due to disparate macroeconomic trends in the two regions.

Although the euro fluctuated against the South African rand over the course of the year, the year-end rate of ZAR 14.10 per euro was only 2.3% down on the beginning of the year (ZAR 14.43 per euro).

EUR/USD exchange rate in 2014

Source: OANDA; February 2015

EUR/ZAR exchange rate in 2014



Source: OANDA; February 2015

Prices of the main commodities used for building wind power systems – aluminium, iron and copper – were generally very volatile in the period under review. Whereas aluminium prices remained constant over the year as a whole, copper prices dropped by 9% and iron ore prices by just under 40%. However, as Nordex sources its components shortly after a contract is signed, these trends did not have any significant impact on individual project budgets.

Disparate trends were evident in the reporting period in the markets for other commodities of relevance for the economy as a whole – particularly oil, gas and electricity as material investment drivers for new power station capacity. The global price of oil dropped sharply in the course of the year. Declining demand in some industrialised nations, the development of unconventional sources in North America as well as an expansionary supply policy by OPEC (Organisation of the Petroleum Exporting Countries) caused prices to slide by over 45% to USD 53.81 per barrel (end of 2013: USD 99.19 per barrel).

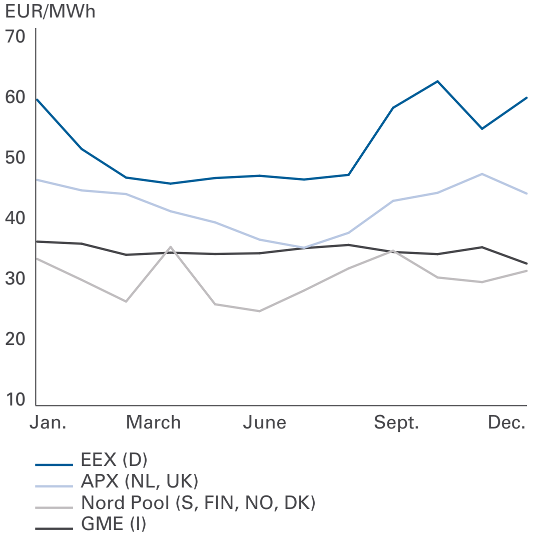
Gas prices exhibited a similar trend in the United States. At the Henry Hub, gas cost USD 2.92/MMBTU (BTU = British thermal unit – the Anglo-American measure of thermal energy), just under 31% down on the beginning of the year (1 January 2014: USD 4.23/MMBTU). In Europe, gas prices also dropped significantly. According to the German Federal Office of Economics and Export Control (BAFA), the cross-border price of gas initially stood at EUR 2.77 ct/kWh in January but fell by just under 13% to EUR 2.41 ct/kWh at the end of the year (end of 2013: EUR 2.70 ct/kWh).

Wholesale electricity prices also presented a mixed picture in Europe. Whereas prices of base load electricity dropped slightly in the exchanges in Germany (EEX – European Energy Exchange) and Scandinavia (Nord Pool) by just under 12% and 3%, respectively, they remained steady in Italy and Great Britain compared with the previous year.

The Italian wholesale market continued to exhibit the highest electricity prices in 2014. In this market, prices exceeded EUR 60/MWh at times during the year, closing the year at EUR 59.58/MWh. In the UK wholesale market, electricity was also traded at prices equivalent to over EUR 50/MWh. On the APX Power Spot Exchange, base load electricity reached a peak of EUR 58.64/MWh in November 2014.

Prices were substantially lower on the two largest Europe electricity exchanges, EEX in Leipzig and the Scandinavian Nord Pool. Both markets exhibited moderate volatility around EUR 35/MWh (EEX) and EUR 30/MWh (Nord Pool) in the course of the year. Wholesale prices in Scandinavia dropped to as low as EUR 25.19/MWh in summer 2014. All told, EEX prices closed the year 12% down on the previous year at EUR 32.87/MWh (end of 2013: EUR 37.30/MWh) and the Nord Pool prices down 3% at EUR 31.67/MWh (end of 2013: EUR 32,66/MWh) due to mild weather conditions.

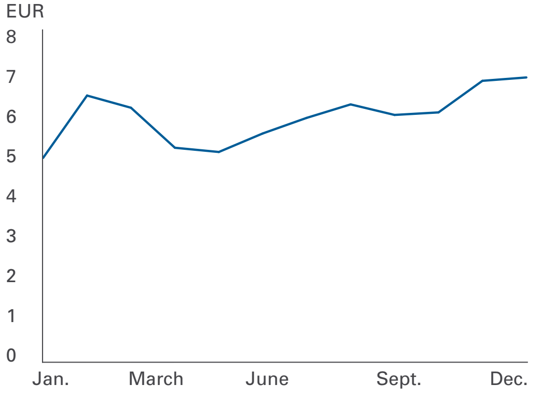
Electricity prices in Europe in 2014



Sources: ZfK, EEX, APX, Nord Pool, GME, January 2015

Prices of EU emission allowances stabilised compared with earlier years. Thus, the price of a European Union Allowance (EUA) providing for entitlement to emit one ton of CO_2 rose from EUR 4.97 in January to EUR 6.88 at the end of the year, equivalent to an increase of just under 37% over the previous year (end of 2013: EUR 5.03 per EUA).

Prices of CO_2 emission allowances (EUA) in 2014



Source: EEX, January 2015

Conditions in the wind power industry

According to data released by the GWEC (Global Wind Energy Council), new installations of wind power systems rose sharply in 2014. With global new production capacity amounting to just under 51.5 GW, the wind power industry achieved a new record and substantial growth of 45% over the previous year (2013: 35.5 GW).

Onshore systems were again the dominant technology, accounting for just under 97% or some 50 GW of new installed capacity.

GWEC reports that global installations now stand at just under 370 GW, an increase of 16% in the base over the previous year (2013: 318 GW). Of this total capacity, Asia Pacific accounts for just under 147 GW or around 40%, Europe for 134 GW or 36% and North, Central and South America for just under 87 GW or 23%.

As in earlier years, the largest market for wind power systems was China, where installed capacity rose by just under 23.4 GW or around 45% in 2014 over the fairly subdued previous year (2013: 16.1 GW). Further volume markets in this region were India (2014: 2.3 GW) and Australia (2014: 0.6 GW).

In the Americas, the United States was again the largest market. This market recovered significantly following the very late renewal of the local production tax credit (PTC) and investment tax credit (ITC) incentive schemes in 2013. New installations rose four-fold from 1.1 GW in 2013 to 4.8 GW but fell short of the record achieved in 2012, when new capacity of 13.1 GW went on line in the United States. According to AWEA (American Wind Energy Association), a further 12 GW was under construction at the end of 2014.

With new installations of 1.9 GW, Canada registered a new record in the year under review. Brazil (2.5 MW) and Mexico (0.5 MW) also asserted themselves as volume markets. Total new installations in the Americas amounted to just under 11 GW, more than double compared with the previous year (2013: 4.5 GW).

In Europe, Nordex's core region, total new wind power capacity amounted to 12.8 GW in the period under review (2013: 12.0 GW). With a share of around 88% (2013: 87%), the onshore segment remained the dominant technology in Europe, contributing total capacity of 11.3 GW (2013: 10.5 GW). All in all, the European market thus expanded by just under 7%. In addition, capacity of 0.9 MW was installed in other EMEA countries, particularly Africa. The main markets here were South Africa (0.6 GW) and Morocco (0.3 GW).

The largest single market within Nordex's core EMEA region and the world's third largest market for new installations was Germany. The German market expanded by almost 60% over the previous year to 4,750 MW (2013: 2,998), thus reaching a new record. One quarter of this volume was accounted for by repowering, i.e. the replacement of old systems with new, more powerful turbines (gross installations: 1,148 MW). The largest increases in new capacity were registered in the German states of Schleswig-Holstein (1,303 MW), Lower Saxony (627 MW) and Brandenburg (498 MW). All told, there are currently around 24,800 wind power systems with a combined capacity of some 38.1 GW in operation in Germany.

Along Germany, the United Kingdom was once again an important multi-megawatt market, with a new installed capacity of 1,736 MW (including onshore capacity of 1,207 MW; previous year: 1,883 MW). Sweden (1,050 MW) and France (1,042 MW) exceeded the 1,000 MW mark, thus demonstrating the clear upward trajectory in new installations compared with the previous year – the French market grew by 65% and the Swedish market by 45%. Significant growth was also seen in Turkey (804 MW; up 24%) and Finland (184; up 14%).

The southern Eurozone countries, such as Italy (108 MW, down 76%) and Spain (28 MW; down 84%) experienced market contraction. These countries in particular were strongly affected by the sovereign debt crisis and have adjusted their funding systems as part of their austerity efforts. New installations in the year under review were also down in Romania (354 MW; down 49%), Ireland (222 MW; down 23%) and Norway (48 MW, down 56%) compared with the previous year.

Thanks to further technological progress, a number of European countries reached new wind power production records last year. Thus, for example, 8.9 billion kWh of wind-produced electricity was fed into the German power grid in December 2014. Over the year as a whole, production rose by 9% to 51.5 billion kWh (2013: 47.2 billion), accounting for more than 8% of total electricity production. In the United Kingdom, wind power contributed over 9%, while in Denmark no less than 39% of electricity requirements were supplied by wind power systems.

All told, installed wind power capacities stand at more than 134 GW in Europe; according to the European Wind Energy Association (EWEA), this is sufficient to cover more than 10% of electricity requirements in the EU.

The research institute Bloomberg New Energy Finance (BNEF) reports that, after contracting for two years, funding volumes in the renewable energies segment rose significantly once again in 2014. At USD 310 billion, global investments were up around 16% over the previous year (2013: USD 268.1 billion). Regionally, Asia and North America registered a substantial increase in investments in environment-friendly technologies; broken down by technology, all relevant segments were up. Wind power attracted investments of USD 99.5 billion, up 11% over the previous year (2013: USD 89.6 billion), reaching a record for this technology.

Held in Warsaw at the end of 2014, The COP 20 global climate conference held in Lima (Peru) at the end of 2014 did not generate any material impetus for climate policy as a basis for expansion in production technologies for renewable energies. It merely agreed on arrangements to serve as a basis for ratifying a global climate protection treaty to take effect from 2020 at the next conference scheduled for December 2015 in Paris. Among other things, the countries participating in the conference must submit their national climate protection goals to the Climate Secretariat organising the conference for review in the first quarter of 2015.

Accordingly, national legislation, climate protection goals and expansion plans continue to form the main underlying political conditions for expansion in regenerative energy production. In this respect, onshore wind power, which is on the verge of reaching the grid parity threshold – i.e. a cost of energy comparable to that of fossil power stations – is in a very good position. However, prospects vary greatly against the backdrop of the specific energy policies and political and financial frameworks in the individual sales regions.

In the Asia-Pacific region, China and India were the two main volume markets but are still very difficult for Western producers to access. With a cumulative output of 115 GW in 2014, China in particular has already reached its 2015 target of 100 GW. The installation of further high-voltage lines has particularly boosted installations and allowed a greater number of previously installed wind farms to be connected to the grid. On the other hand, the Japanese wind power market is moving at only a faltering pace despite the attractive feed-in tariff. Japan is currently more successful in the development of solar energy. In contrast, Australia has based its energy policy more closely on fossil fuels, particularly local pit coal. Accordingly, notable potential in the Asia-Pacific onshore market is primarily to be found in Thailand, Vietnam, the Philippines and Pakistan, where incentive systems for the development of renewable energies have been implemented or are being prepared.

In the Americas, the United States remains the most important market in spite of the absence of any nationwide framework for renewable energies. However, the delays in the renewal of the PTC and ITC incentive programmes are causing persistently strong market fluctuation. Thus, new installations in the last three years amounted to 13.1 GW (2012), then only 1.1 GW (2013) and finally 4.8 GW in the year under review. Market participants have difficulty adapting to this volatility as the current underlying conditions make it almost impossible for the industry – and particularly mid-sized operators such as Nordex – to plan their business reliably. As stringent requirements with respect to local content and production apply in the other volume markets of Canada (varies according to province) and Brazil, Nordex is focusing on potential markets in Latin America such as Uruguay and Chile. These countries have recently executed tenders (in the case of Uruguay) for regenerative production capacity or announced new targets (doubling of the target installed base in Chile).

The 27 countries of the European Union are still committed to lowering emissions by 20% relative to 1990 levels by 2020 in accordance with a corresponding EU directive. At the beginning of February 2014, the European Parliament raised this goal again in its “Policy Framework for Climate and Energy in the Period from 2020 to 2030” and now aims to lower emissions by 40% by 2030. Under this policy framework, the proportion of renewable energies in the individual member countries should be at least 27%, although the EU has so far not defined any specific capacity target. Rather, the Commission has stressed again that national incentive systems – particularly for more mature technologies – must be structured on a more market-oriented basis.

Trade in EU emission allowances is a further important pricing tool. Following a reduction in the available emission allowances ("backloading"), certificate prices have stabilised to some degree. The 900 million allowances which were held back in 2014 will not be released for auctioning again until 2019/2020.

The targets defined by the individual countries vary, depending on their local energy policy structures and existing production capacity. In the period under review, Germany and the United Kingdom attracted particular attention. In Germany, the Renewable Energies Act has been amended as a basis for the implementation of the new non-nuclear energy policy. The governing coalition has lowered the guaranteed feed-in tariffs moderately and defined expansion limits in an effort to cap energy prices. The expansion limit for wind power stands at 2.5 GW per year plus repowering capacity. If this limit is exceeded, the feed-in tariff will be adjusted within defined tight margins. In the United Kingdom, a bill was passed last year providing for the incremental transition from a certificate-based incentive system to feed-in tariffs by 2017. At the same time, the tariffs were lowered by around 5%. Moreover, France, Poland and Ireland have embarked on legislative procedures to incorporate the European Union's targets to a greater extent in the medium term. The EU plans to implement more market-oriented incentive systems – such as tender processes as in Italy – by 2017.

In South Africa, which Nordex includes in its EMEA region, a further tender process for production capacity from renewable energies was completed and Nordex qualified as a supplier. Wind power remains the dominant technology on account of the relatively low cost of energy. After its successful entry to this market, in which it holds just under 20%, Nordex is well positioned in this region with its products and expects to receive further orders beyond the 314 MW for which firm orders have already been received.

Breakdown of the wind power market 2014 (onshore and offshore)

Region/country	New installed capacity MW 2014	New installed capacity MW 2013	Change %
Asia-Pacific	26,728	18,883	+42
Europe	12,820	12,031	+7
The Americas	10,996	4,464	+146
Others	934	90	+938
Total	51,478	35,467	+45
China	23,351	16,100	+45
Germany	5,279	3,238	+63
United States	4,850	1,084	+347
UK	1,736	1,883	–8
France	1,042	631	+65

Source: GWEC, February 2015

Top 5 new installed capacity 2014

Country	Share of world market %
China	45
Germany	10
United States	9
India	5
UK	4

Source: GWEC, February 2015

TOP 5 cumulative capacity 2014

Country	Share of world market %
China	31
Germany	10
United States	9
Brazil	5
India	4

Source: GWEC, February 2015

Nordex Group's business performance

Installations

At 1,488.7 MW, the turbine capacity installed by Nordex in 2014 was up 18.7% on the previous year (2013: 1,254.4 MW). This marks the highest figure reached in any single year in the Company's history.

This development was underpinned by all regions. The wind markets in Europe and South Africa accounted for roughly 79% (2013: 94%) or 1,181.6 MW (2013: 1,177 MW), the Americas 11% (2013: 4%) or 157.7 MW (2013: 50.4 MW) and Asia 10% (2013: 2%) or 149.5 MW (2013: 27 MW).

All told, 603 wind power systems were installed in 18 countries, marking a new record for the Company. This translates into an increase of more than 19% over the previous year, when 506 turbines were installed. New installations were dominated by the Gamma Generation, which contributed over 88%, with the N117/2400 once again proving to be the top seller (37%). At the same time, new installations of the Generation Delta turbines increased ten-fold to 50 units, reflecting customers' favourable response. Moreover, 23 1.5 MW turbines went on line in China. Average capacity per installed turbine was unchanged over the previous year, amounting to just under 2.5 MW.

The largest single market in the core EMEA region was Germany with an installed capacity of 412.5 MW (2013: 251.1 MW). This success which the Company enjoyed in its home market was materially underpinned by the N117/2400 onshore turbine, of which just under 135 units alone, equivalent to more than 324 MW, were installed. 100 MW or more were installed in Turkey (145.2 MW), Ireland (103.5 MW), South Africa (102.5 MW) and Pakistan (100 MW). Nordex also increased installation volume in its focus markets Finland (up 165%), Uruguay (up 33%), Sweden (up 26%) and France (up 18%). What is more, it was also able to complete projects in Italy and the United States again after a one-year interruption. On the other hand, there were no material new installations in the Netherlands, Norway or Romania due to the absence of any large-scale projects.

According to the installation statistics of the international associations GWEC (Global Wind Energy Council) and EWEA (European Wind Energy Association), Nordex was able to defend its share of a number of markets. Thus, it achieved close to or, in some cases, a substantial double-digit share of the persistently fragmented EMEA onshore market (9.6%, down 0.9 percentage points over 2013) as well as of several focus markets, thus figuring amongst the Top 3 OEMs in these markets. These particularly included Ireland (46.6%, up 27.6 percentage points), Finland (39.8%, up 22.8 percentage points), Turkey (18.1%, down 6.9 percentage points) and Italy (16.2%, no installations in the previous year). In South Africa, Nordex reached a market share of 18.3% and is thus one of the Top 4 OEMs in this market, as it is in Uruguay (13.3%) and Pakistan (market leader with 66.7%). This also applies to the German domestic market, in which Nordex continued to assert itself well in 2014 with a share of just under 9% of the onshore segment (up 0.3 percentage points over 2013).

In addition, Nordex enjoys a share of the market and position comparable to its domestic German market in France (9.1%), Sweden (9.0%) and the United Kingdom (7.3%).

Installed Nordex capacity

	2014 MW	2013 MW
Germany	412.5	251.1
Turkey	145.2	162.5
Ireland	103.5	55.0
South Africa	102.5	77.5
Pakistan	100.0	0
France	94.5	80.0
Sweden	94.5	75.0
United States	90.4	0
Finland	73.2	27.6
UK	67.5	162.5
Uruguay	67.2	50.4
China	49.5	27.0
Poland	22.5	60.0
Greece	20.0	7.5
Italy	17.5	0
Netherlands	13.2	77.5
Belgium	12.5	0
Romania	2.5	80.0
Norway	0	57.5
Denmark	0	3.3
Total	1,488.7	1,254.4

Production

In the year under review, the Nordex Group achieved a very substantial increase in output, particularly in rotor blade production. At 1,417 MW, turbine production reached the highest level ever in the Company's history and exceeded last year's record by just under 6% (2013: 1,342 MW). For the first time, the core Rostock facility accounted for 100% of production output. In the previous year, a combined total of 99 MW was produced in China and the United States.

A total of 519 rotor blades were produced, up 59% on the previous year (2013: 326). This increase was due to the completion of the ramp-up phase for the NR 58.5 rotor blade. A further increase in output is planned following the completion of the final construction phase of the rotor blade facility in 2015. Under the new rotor blade production system, the core Rostock facility will increasingly assemble complex blades such as the NR 65.5 or blades fitted with the anti-icing system. Nordex assumes that, after full implementation of the rotor blade strategy, the risk of any shortfall in the delivery of large rotor blades will have been eliminated.

Output

	2014 MW	2013 MW
Turbine production in Europe	1,417	1,243
Turbine production in the Americas	0	68
Turbine production in China	0	31
Total turbine production	1,417	1,342
	Number of blades	Number of blades
Rotor blade production	519	326

Sales

Sales in 2014 rose by over 21% to EUR 1,734.5 million (2013: 1,429.3 million). This performance was materially due to the considerable increase in the order book to EUR 1,258.7 million (as of 31 December 2013, up from EUR 1,049 million as of 31 December 2012) with which Nordex had entered the year under review as well as the execution and billing of large-scale projects and the sustained strong order intake, particularly for the low-wind N117/2400 turbine.

The EMEA region remained consistently strong, with sales climbing by just under 12% to EUR 1,461.6 million (2013: EUR 1,306.3 million). Accordingly, Nordex's core region accounted for more than 84% of the sales recorded in 2014. Sales in the Americas rose by 145% to EUR 200.7 million (2013: EUR 81.7 million), due to projects in the United States and Uruguay; this equals just under 12% of total sales. Business in Asia generated sales of EUR 72.2 million (2013: EUR 41.3 million), equivalent to over 4% of the total.

Sales by segment

	2014 EUR million	2013 EUR million
EMEA	1,461.6	1,306.3
The Americas	200.7	81.7
Asia	72.2	41.3
Total	1,734.5	1,429.3

New turbine business accounted for 89.8% (2013: 89.4%) of total sales, while the service business expanded by just under 15% over the previous year to EUR 166.4 million (2013: EUR 145.2 million) contributing 9.6% (2013: 10.2%) to total sales. Miscellaneous activities generated 0.6% or EUR 10.9 million (2013: 0.4%).

Order intake

Turbine order intake amounted to EUR 1,753.9 million in 2014, up 16.7% on the previous all-time high of EUR 1,502.9 million achieved in the previous year. The strongest order intake was recorded in the first quarter (EUR 561.8 million) and the fourth quarter (EUR 500.6 million). The fourth quarter also saw the strongest order intake of any single month in the Company's history, namely November 2014, in which contracts worth EUR 325.9 million were signed.

The top-selling product was the N117/2400 for low-wind areas with a share of 42% of all turbines sold. With sales of 164 units (2013: 115 units), the efficient IEC3 turbine was particularly successful in Germany but was also sold for projects in Finland, France, Italy, Lithuania, Turkey and the United States. The Generation Delta turbines also started up successfully, achieving a share of over 19% of order intake (2013: 10%). The new-generation turbine was sold for projects in Germany, Finland, Italy, Lithuania, the Netherlands, Turkey and the United Kingdom.

Regionally, EMEA contributed the largest proportion of order intake with just under 89% (2013: 82%) or EUR 1,557.6 million (2013: EUR 1,238.5 million); this marked a further increase of just under 26% over the previous year. Business in Europe and Africa (EMEA) is divided into four sales regions: Germany, EMEA North, EMEA South and EMEA East. The most important markets in terms of order intake in 2014 were Germany, Turkey, France, Finland and the United Kingdom.

The focused sales and marketing strategy and the superior low-wind turbine for onshore locations led to a further increase in new orders in Nordex's domestic German market. At EUR 614.1 million, they rose by just under 28% over the previous year (2013: EUR 480.6 million).

Although EMEA South remained under pressure as a result of the sovereign debt crises afflicting Spain and Portugal, it contributed over 28% to Nordex's total order intake particularly due to consistently good business in Turkey, the recovery in the French market and individual projects in the Netherlands and Italy.

In EMEA North, new business picked up substantially in Finland and the United Kingdom in particular. In both markets, Nordex recorded order intake substantially in excess of EUR 100 million. In addition, contracts for two projects in Lithuania were sold for the first time. EMEA North contributed around 25% to total order intake.

In EMEA East, which include Romania and Poland as focus markets, the Polish market at least recovered slightly. After the absence of any new business in the prior year, an internally developed project, among other business, was marketed in the year under review.

Business in the Americas was dominated by discussion surrounding the renewal of the PTC and ITC incentive programmes in the United States, the largest market in this region. The programme was not renewed until the end of the year under review. Despite this, Nordex successfully completed negotiations for new projects, registering order intake of EUR 182.1 million in the United States and Uruguay together – up just under 14% on the previous year when firm orders of EUR 160.0 million were booked. . In addition to its activities in the United States and Uruguay, Nordex stepped up its efforts in potential markets such as Chile.

Business in Asia was down, with Nordex registering order intake of only EUR 14.2 million (2013: EUR 104.3 million). This consisted of one of the last projects in China, while in contrast to the previous year no new firm orders were received in Pakistan.

Turbine order intake by region

	2014 EUR million	2013 EUR million
Europe/Africa (EMEA)	1,557.6	1,192.2
of which Germany	614.1	480.6
of which Turkey	221.3	132.2
of which France	184.7	61.2
of which Finland	163.1	107.0
of which the United Kingdom	122.4	77.1
The Americas	182.1	160.0
Asia	14.2	104.3
Total	1,753.9	1,502.9

At 1.13, the book-to-bill ratio in the turbine business – i.e. excluding the service business – was slightly below the previous year (2013: 1.17) but continues to reflect the Nordex Group's market success and its continued growth.

At the end of the year under review, firm orders amounted to EUR 1,461.6 million, up 16% on the previous year (2013: EUR 1,258.7 million). EMEA accounted for 88% of the order book, followed by the Americas with 10% and Asia with 2%. Looking ahead over the next few years, Nordex's strategy includes plans for further diversification across existing focus markets and new growth markets.

Nordex gained further contingent contracts valued at EUR 755 million (31 December 2013: EUR 935 million) as of the reporting date. This decline reflects the disproportionately strong conversion of contingent into firm orders in the course of the year under review.

However, they rose by just under 15% compared with the third quarter of 2013 (30 September 2014: EUR 659 million). Contingent orders comprise delivery contracts or corresponding master contracts which do not yet satisfy all criteria (e.g. grid connection contract, building permit, receipt of prepayment) for immediate commencement of production and assembly.

Taken together, the order books were virtually unchanged over the final day of the previous year at EUR 2,216 million, (31 December 2013: EUR 2,193 million). This provides Nordex with a continued solid basis for planning its medium-term business.

Service contracts were valued at EUR 771.3 million as of 31 December 2014 and were thus up more than 23% on the previous year (31 December 2013: EUR 626.1 million). These are active service contracts for existing turbines and do not include price scales and variable fees among other things. One key reason for the improvement in service business is the renewal rate for expiring service contracts. In the year under review, the service organisation was able to renew 90% of all expiring contracts, translating into a substantial increase of 13 percentage points (2013: 77%) in the renewal rate. The availability of the turbines covered by Nordex service contracts remained very high at 97.89% in 2014 (2013: 97.96%). This means that unscheduled downtime of the turbines subject to service contracts remained very low. This is also reflected in the latest independent service surveys. Thus, despite the strong growth in its service structures and the resultant increase in order books in Germany, Nordex achieved a further slight improvement in its rating to "good" in the survey conducted by industry association Bundesverband WindEnergie (BWE).

Business performance of the parent company Nordex SE

In its function as the Group parent, Nordex SE is the holding company. One of Nordex SE's key tasks is to finance the Group members by providing loans and guarantees. In addition to this, it provides management services for various subsidiaries in the areas of controlling, finance, IT, communications, human resources, legal matters and insurance. Nordex SE has entered into profit transfer agreements with Nordex Energy GmbH as the main German Group company as well as with Nordex Grundstücksverwaltung GmbH and Nordex Windparkbeteiligung GmbH as further German Group members.

In the year under review, Nordex SE's sales rose by 9% to EUR 39.7 million (2013: EUR 36.4 million). Staff costs climbed by around 17% to EUR 12.3 million (2013: EUR 10.6 million). Other operating expenses net of other operating income dropped to EUR 14.4 million, down from EUR 12.5 million in 2013.

A profit of EUR 6.3 million (2013: loss of EUR 0.9 million) was recorded from ordinary business activities, with the net profit for the year coming to EUR 3.2 million (2013: net loss of EUR 1.4 million). The net profit for 2014 recorded by Nordex SE in accordance with accounting under the German Commercial Code was allocated to retained earnings. Equity stood at EUR 326.8 million as of the end of the year (31 December 2013: EUR 323.6 million). Total assets widened by over 10% to EUR 636.7 million (31 December 2013: EUR 580.6 million); the equity ratio stood at 51.3% (31 December 2013: 55.7%).

Results of operations and earnings situation

The Nordex Group's total revenues rose by just under 16% in 2014 to EUR 1,739.5 million (2013: EUR 1,502.3 million), reflecting further growth in business along the entire value chain, particularly production and installation. The basis for this was the large volume of firmly financed orders of EUR 1,259 million with which Nordex had entered 2014.

Manufacturing input measured in terms of sales per employee thus grew by 10% from EUR 562,053 to EUR 619,464. Structural costs before depreciation and amortisation expense rose by a below-average 3.0% to EUR 275.7 million (2013: EUR 267.6 million). Staff costs also rose more slowly than sales, climbing by just under 10% from EUR 153.2 million to EUR 167.7 million. This reflects trends in industry-wide pay-scale agreements in Europe, further changes to personnel structure as a result of new hires in EMEA and capacity-induced new recruitment in the service business and production areas.

Other operating expense net of other operating income dropped by just under 6% to EUR 108.0 million (2013: EUR 114.4 million). Whereas other operating expenses climbed to EUR 130.7 million (2013: 121.2 million), other operating income rose to EUR 22.7 million (2013: EUR 6.8 million), driven by positive currency-translation effects and the sale of the production facility in the United States.

Structural costs (before depreciation)

	2014 EUR million	2013 EUR million
Staff costs	167.7	153.2
Other operating expense net of other operating income	108.0	114.4
Total	275.7	267.6

At EUR 43.0 million, depreciation and amortisation expense was just under 10% up on the previous year (2013: EUR 39.2 million). This increase was primarily due to the expansion of the blade production facility and the procurement of additional production moulds for the supplier network.

The cost-of-materials ratio widened by 0.6 percentage points from 76.6% to 77.2%. In addition to the costs incurred for the ramp-up phase for Generation Delta (zero series), this was caused by cost overruns in the execution of wind farm projects. Looking forward, these inefficiencies are to be controlled by means of a more systematic integration and linking of the value chain. Further factors included the low-margin sell-off of the final 1.5 MW turbines in China. On the other hand, the currency-related cost overruns on turnkey projects in South Africa were compensated by currency hedges, meaning that the added expense was offset in other operating income.

All told, earnings before interest and taxes climbed by 76% to EUR 78.0 million (2013: EUR 44.3 million), giving an improved EBIT margin of 4.5% (2013: 3.1%). This reflects the continued successful implementation of the strategy.

Net finance expense also improved despite the growth in business, dropping by 13% to EUR 22.7 million in the year under review (2013: EUR 26.1 million) thanks to optimised funding. This was mainly driven by the decline in interest expense from EUR 27.8 million (2013) to EUR 20.5 million.

Profit from ordinary business activities increased more than three-fold to EUR 55.3 million (2013: EUR 18.2 million). After income tax of EUR 16.3 million (2013: EUR 7.9 million), consolidated net profit amounted to EUR 39.0 million (2013: EUR 10.3 million). Earnings per share amounted to EUR 0.48, up from EUR 0.14 in 2013.

Comparison of actual and forecast business performance

In its first full-year forecast in March 2014, the Management Board had projected sales in a range of between EUR 1.4 billion and EUR 1.5 billion and order intake of between EUR 1.4 billion and EUR 1.6 billion. In addition, positive cash flow from operating activities, a working capital ratio of under 10% and an improvement in the EBIT margin over the previous year to 3.5%–4.5% had been forecast.

On the strength of the strong business development in the first quarter – particularly with respect to order intake – the Management Board raised all the main elements of this forecast when it presented the figures for the first quarter in May. The adjusted forecast indicated a range of EUR 1.5–1.6 billion for sales, EUR 1.4–1.6 billion for order intake, improved profitability of 4.0–5.0% (EBIT margin) and a working capital ratio of under 5%. This forecast was adjusted again in November. The guidance range for sales was

Forecast and actual business performance

Indicator		March 2014	May 2014	August 2014	November 2014	31.12.2014
Order intake	EUR billion	1.4–1.6	1.5–1.7	1.5–1.7	1.5–1.7	1.75
Sales	EUR billion	1.4–1.5	1.5–1.6	1.5–1.6	1.65–1.75	1.73
EBIT margin	%	3.5–4.5	4.0–5.0	4.0–5.0	4.5–5.0	4.5
Cash flow	EUR million	Positive cash flow from operating activities	Positive cash flow from operating activities	Positive cash flow from operating activities	Free cash flow	88.7
Working capital ratio	%	<10	<5	<5	0	–2.3

Adjusted performance indicators

raised to EUR 1.65–1.75 billion accompanied by an EBIT margin of 4.5–5%. Moreover, a net free cash inflow (previously positive cash flow from operating activities) and a working capital ratio of 0% were forecast.

The Group actually achieved sales of EUR 1,734.5 million in 2014, order intake of EUR 1,753.9 million and an EBIT margin of 4.5%. Accordingly, the main performance indicators came in at the upper end of the range (order intake, sales) while the EBIT margin was at lower of end of the forecast range.

The working capital ratio stood at –2.3% on 31 December 2014 and was thus 4.5 percentage points down on the previous year (31 December 2013: 2.2%). This is due to prepayments made by customers at the end of the year together with successful working capital management. Consequently, the figure was substantially better than originally expected. In line with the forecast, free cash flow of EUR 88.7 million was recorded.

Financial condition and net assets

The paramount goals of financial management at the Nordex Group are to secure liquidity and ensure access to the necessary funding. Key indicators related to this include working capital and the equity ratio.

The main capital measures in the year under review included the renewal of the syndicated guarantee facility of EUR 550 million until 30 June 2017 on substantially better terms on 24 February 2014, and the granting of an R&D loan of up to EUR 100 million from the European Investment Bank (EIB).

Equity rose to EUR 396.0 million as of 31 December 2014 and was therefore up just under 8% on the previous year (31 December 2013: EUR 368.1 million). As total assets rose by 4% to EUR 1,239.9 million (31 December 2013: EUR 1,191.4 million), the equity ratio stood at 31.9% as of the reporting date (31 December 2013: 30.9%).

The sustained high order intake connected with corresponding customer prepayments and working capital management caused cash and cash equivalents including fixed-term deposits to climb by just under 17% to EUR 388.4 million in the year under review (31 December 2013: EUR 333.0 million). The fixed-term deposits are monies which a term of up to twelve months. Inventories grew by only just under 4% to EUR 273.9 million (31 December 2013: EUR 263.9 million) despite the continued growth in project volumes, while trade receivables and future receivables from construction contracts shrank by more than 13% to EUR 185.5 million (31 December 2013: EUR 214.0 million).

In total, current assets rose by over 2% to EUR 921.2 million (31 December 2013: EUR 899.5 million).

Non-current assets climbed by 9% over 2013, standing at EUR 318.6 million as of the reporting date, up from EUR 291.9 million at the end of the previous year. Material changes within non-current assets related to property, plant and equipment (16% increase from EUR 117.4 million to EUR 136.2 million) and capitalised development activities (13% increase from EUR 94.3 million to EUR 106.1 million).

On the liabilities side of the balance sheet, other current non-financial liabilities rose by 22% to EUR 391.1 million (31 December 2013: EUR 320.4 million) due to the increased volume of customer prepayments. However, other current provisions dropped by 31% to EUR 31.1 million (31 December 2013: EUR 45.3 million). Current liabilities amounted to EUR 629.2 million in total in the year under review and were thus more than 8% up on the previous year (31 December 2013: EUR 585.2 million). Non-current liabilities contracted by EUR 23.4 million or just under 10% to EUR 214.6 million (31 December 2013: EUR 238.0 million).

Overall, net liquidity – i.e. cash and cash equivalents less interest-bearing liabilities – rose by a further 65% to EUR 232.2 million at the end of the year under review (31 December 2013: EUR 140.3 million).

Bank borrowings (including interest) of the Nordex Group

	Less than 3 months EUR million	3 to 12 months EUR million	1 to 5 years EUR million	beyond 5 years EUR million
2014	0	0	0	0
2013	2.5	7.4	18.2	0.0

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Further disclosures on trade payables, bank borrowings and other financial liabilities can be found in the notes to the consolidated financial statements.

In the period under review, Nordex generated cash flow of EUR 160.3 million from operating activities (2013: EUR 98.1 million). This 63% increase was primarily due to reduced working capital and the consolidated net profit for the year including depreciation/amortisation expense.

Overall, the working capital ratio dropped substantially by another 4.5 percentage points to –2.3% in the period under review (2013: 2.2%). In addition to further improvements in working capital management – such as optimised turnaround and order times – this was driven by customer prepayments.

The cash outflow from investing activities fell slightly by just under 4% to EUR 71.6 million (2013: EUR 74.3 million). There was a substantial decline in cash flow from financing activities due to repayment of a bank loan and the investment of EUR 75.0 million in a fixed-term deposit. In the year under review, a cash outflow from financing activities of EUR 113.3 million was recorded. By comparison, a net cash inflow from financing activities of EUR 44.1 million had been generated in the previous year due to the issue of new share capital.

Free cash flow as a key financial performance indicator amounted to EUR 88.7 million at the end of the year and was thus more than three times higher than in the previous year (2013: EUR 23.8 million).

At a negative EUR 24.6 million, cash changes in cash and cash equivalents were down on the previous year (2013: EUR 67.9 million) as this item does not include the fixed-term deposits of EUR 75 million. The Nordex Group was able to satisfy its payment obligations at all times in the period under review.

Management assessment of the Company's economic performance

The Nordex Group's sales rose substantially to EUR 1,734.5 million last year (2013: EUR 1,429.3 million), reaching the highest level in the Company's history. The main driver was the large order backlog with which the Company had entered the year under review together with sustained strong demand, particularly for the N117/2400 low-wind turbine, during the year. In total, a record 603 turbines were installed in the year under review. Regionally, Europe was the most important market with respect to sales, allowing Nordex to achieve what in some cases were substantial gains in market share in its core region. With respect to new orders, the Company entered the Lithuanian market for the first time and completed a project in Italy under the new incentive system (tender process). In addition, a further large-scale project was secured in the United States.

With an EBIT margin of 4.5%, operating earnings were in line with the expectations which had been most recently revised in November 2014. At the beginning of the year, the Management Board had originally forecast a margin of 3.5–4.5%. The improved profitability in spite of the continued pressure on prices in the wind power industry is chiefly due to the execution of projects with higher margins and economies of scale arising from continued growth. All in all, the Management Board is satisfied with the Company's performance in the year under review.

After concentrating its production facilities in Europe, Nordex is now seeking to additionally improve its profitability on the basis of moderate growth. The key elements here are the new product range with efficient turbines for each wind class, a further reduction in the cost of energy and the steady expansion of the high-margin service business. Nordex's capital spending will therefore continue to focus on research and development in order to protect its competitiveness.

Capital spending

In the year under review, capital spending by the Nordex Group amounted to a total of EUR 76.3 million, up roughly 7% on the previous year (2013: EUR 71.6 million). Of this, intangible assets accounted for a large part, EUR 32.0 million (2013: EUR 37.4 million).

The bulk of the intangible assets, in turn, comprised capitalised development expense of EUR 30.7 million (2013: 35.9 million). Consequently, capitalised research and development expense remained at a high level, reflecting the sustained high importance with Nordex attaches to product development. The 14% decline is due to the fact that the new Generation Delta was initially launched with two turbine models in 2013, whereas R&D activities in the year under review focused on one new turbine, namely the low-wind N131/3000 turbine. Other additions to intangible assets – particularly software and licences – amounted to at EUR 1.3 million (2013: EUR 1.5 million).

Spending on property, plant and equipment amounted to EUR 44.3 million in 2014 and was thus just under 30% up on the previous year (2013: EUR 34.3 million). Within property, plant and equipment, the greatest proportion was accounted for by technical equipment and machinery (EUR 16.2 million; 2013: EUR 15.5 million), followed by prepayments made and assets under construction (EUR 14.2 million; 2013: EUR 9.0 million), other equipment and business and operating equipment (EUR 11.4 million; 2013: EUR 8.0 million) and land and buildings (EUR 2.5 million; 2013: EUR 1.7 million).

At EUR 32.3 million, the largest part of capital spending was for production and procurement. The main focus here was on expansion of the Rostock rotor blade centre, for which capital spending amounted to EUR 24.3 million. As part of the new rotor blade strategy, the core facility in Rostock will produce the more complex NR 65.5 and 58.5 blades, which can be fitted with the anti-icing system as an optional extra. A further hall was constructed for this purpose during the period under review. As well as this, new moulds and tooling were acquired for the new NR 65.5 blade. In addition, there was significant capital spending in project management (EUR 6.7 million), service (EUR 1.8 million) and engineering (EUR 1.5 million).

The regional focus of capital spending was on the EMEA region, which accounted for EUR 75.7 million (2013: EUR 70.8 million). At EUR 0.4 million (2013: EUR 0.8 million), capital spending in the United States and Asia involved only minor amounts following the organisational restructuring.

Capital spending

	2014 EUR million	2013 EUR million	Change %
Property, plant and equipment	44.3	34.2	29.8
Intangible assets	32.0	37.4	–15.0
Total	76.3	71.6	6.4

Segments

The Nordex Group's business is segmented by region. The three regions are EMEA (Europe/Africa), America and Asia.

EMEA is the segment with the highest sales and is also home to the two main turbine assembly and rotor blade production facilities in Rostock. In view of its market position and the heterogeneous market conditions, EMEA is subdivided into four sales regions (Germany, North, South, East). In addition, a distinction is drawn between “focus markets” and “potential markets”. In this way, Nordex is able to respond to the individual regulatory environments and energy policies in these countries, while concentrating on high-volume and high-growth markets as well as on various types of investor with attractive project portfolios on the customer side.

Last year, the share of sales in Europe dropped by 7.2 percentage points to 84.3% (2013: 91.4%) but rose in absolute terms to EUR 1,461.6 million (2013: EUR 1,306.3 million). The Americas accounted for 11.6% (2013: 5.7%) or EUR 200.7 million (2013: 81.7 million) and Asia 4.1% (2013: 2.9%) or EUR 72.2 million (2013: EUR 41.3 million).

Accordingly, EMEA also made the greatest contribution to EBIT (EUR 69.8 million; 2013: EUR 49.6 million). The Americas contributed EUR 7.8 million and Asia EUR 0.4 million to EBIT. However, Asia remains slightly subcritical as new orders of only EUR 14 million were received. On the other hand, the order intake of EUR 182 million for which Nordex has signed firm contracts in the United States and Uruguay forms a solid basis for 2015. In addition to orders from the aforementioned two focus markets. Nordex also expects to generate new business in the growth market of Chile. Accordingly, markets outside Europe and Africa – primarily Uruguay, Pakistan and the United States – contributed over 11% to new business. Looking forward, the Company be pay particular attention to these and other growth markets and supply them with efficient wind power systems directly from Europe or in collaboration with regional and local partners.

Summarised segment report

		EMEA		The Americas		Asia	
		2014	2013	2014	2013	2014	2013
Order intake	EUR million	1,558	1,239	182	160	14	104
Installations	MW	1,181.6	1,177	157.7	50.4	149.5	27
Sales	EUR million	1,461.6	1,306.3	200.7	81.7	72.2	41.3
EBIT	EUR million	69.8	49.6	7.8	0.8	0.4	–6.1
Capital spending	EUR million	76.0	70.8	0.3	0.6	0.0	0.2
Employees (31 December)		2,715	2,329	117	138	87	125

Important events after the reporting date

On 9 January 2015, the Local Court of Rostock – Commercial Register – appointed Mr. Frank Lutz to the Supervisory Board with immediate effect. He replaces Dr. Dieter G. Maier, who resigned from the Supervisory Board effective 31 December 2014.

On 12 January, Nordex reported that it had received a contract to deliver seven low-wind N117/2400 turbines to its customer RWE Innogy. The Polish “Opalenica” project is to be executed in the Posen region in summer 2015.

On 27 January, Nordex announced that it had signed a contract with US utility Exelon for the delivery of twelve N100/2500 turbines for the “Fair Wind” project. Designed for moderate-wind conditions, the turbines will be installed in the US state of Maryland by autumn 2015, after which they will be covered by Nordex premium services for a period of 20 years from the date on which they are connected to the grid.

In its January issue, “Windpower Monthly” named the new low-wind N131/3000 turbine wind power system of the year 2014 in the 3 MW or more performance class.

Nordex reported two contracts received in Turkey on 5 February. Dost Enerji will add a further N90/2500 turbine to its existing “Geres” wind farm, while Sancak Enerji has ordered 22 N117/2400 turbines for its “Yahyali” project in Central Anatolia.

On 11 February, Nordex announced that it had received its first order for the new N131/3000 low-wind turbine. Finnish private equity company Taaleritehdas will add two of these turbines together with one N117/2400 to its “Myllykangas” project.

On 24 February, Nordex announced that it will deliver nine N117/3000 turbines for the French “Onze Muids” project. In addition to the turbines, the customer STEAG New Energies GmbH has opted for a 15-year premium service contract.

The events reported here did not exert any material additional effect on the Nordex Group’s results of operations, financial condition or net assets differing from the forecasts made in the section entitled “Outlook”. 75

Risks and opportunities

Accounting

Nordex’s internal control system comprises a segment integrated into its business processes as well as a process-independent segment. Guidelines and instructions are issued and internal controls implemented to handle and manage risks and to ensure compliance with formal criteria. The definition and application of the necessary instruments is primarily overseen by the specialist functions. In addition, Internal Auditing tracks risk on a cross-process basis. To this end, it examines the existing rules applicable to processes and ensures that they are complied with in practice. In addition, Internal Auditing reports on risks arising from discernible deviations and issues recommendations concerning the adjustments to be made. Nordex’s existing risk management system also undergoes regular external auditing in the interests of continuous improvement.

It takes a number of precautions to ensure proper accounting for the purposes of the annual and consolidated financial statements. Thus, for example, it has a central accounting and financial statements structure which is implemented on the basis of uniform accounting rules and instructions. This ensures that Group accounting is reliable and orderly and that transactions are recorded in full and on a timely basis in accordance with the statutory requirements and the provisions of the Company’s articles of incorporation. In addition, accounting rules and instructions are issued to ensure that stock-taking is completed correctly and assets and liabilities are recorded, measured and reported free of any errors or omissions in the consolidated financial statements. Controlling activities include analyses of facts and trends on the basis of performance indicators.

Transactions are recorded in the separate financial statements of the Group companies. For this purpose, a uniform chart of accounts is used throughout the Group. The consolidated financial statements of Nordex SE and its subsidiaries are prepared in accordance with Section 315a of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRS). A structured process as well as a calendar schedule are used in the preparation of the consolidated financial statements. If any non-accounting information is required to prepare the consolidated financial statements, it undergoes careful analysis and plausibility checks prior to being used. The financial statements are consolidated at the level of Nordex SE.

Various controls, such as the separation of functions, the double sign-off principle and approval and release processes are applied to both payments and contracts.

Goals, organisation and function of the risk management system

As an internationally active company, Nordex is exposed to various risks as a result of its business operations. For this reason, it has implemented a comprehensive risk management system designed to detect potential negative deviations (risks) at an early stage so that suitable precautions can be taken to avert any harm to Nordex and to avoid any impairment of its going-concern status. Positive deviations in the form of opportunities are not included here as other structures and processes are available for tracking them. In addition, risk management seeks to provide adequate assurance that the Nordex Group's operating and strategic goals in particular can be achieved as planned. The risk management system entails numerous control mechanisms and forms an important element of the corporate decision-making process. Accordingly, it is implemented as an integral part of corporate governance throughout the entire Nordex Group. A uniform Group-wide management approach has been implemented for reporting corporate risks to safeguard the efficacy of risk management, to permit the aggregation of risks and to ensure transparent reporting.

The Nordex Group's risk management system addresses all strategic, operating, legal and financial risks along the value chain with the aim of ensuring that they are detected at an early stage, monitored and managed in accordance with the targeted risk profile. This process is supported by risk management software.

The risk management policy adopted by the Management Board governs the approach to be taken to addressing risks within the Nordex Group and defines a uniform methodology applicable to all parts of the Group. This sets out responsibilities for the execution of risk management tasks as well as reporting and monitoring functions. Group Risk Management holds central methodological and system responsibility for the separate Group-wide standardised risk management system and related reporting structures. It is responsible for regularly updating and implementing the risk management policy. In addition, it is in charge of Group-wide standardised risk reporting to the relevant bodies at different hierarchical levels including the Management Board.

Risk management officers are appointed across the entire Nordex Group (on a national, regional and Group level). Accordingly, risk management is implemented consistently on all levels and across all departments. Risks arising from operating business are monitored and tracked continuously. The risk officers are responsible for identifying and evaluating local risks arising from all main business activities on at least a quarterly basis by applying a consistent methodological approach and for identifying the results in a central risk database. This is followed by a decision on the specific response (e.g. risk reduction). The resultant plan of action is implemented, evaluated and continuously monitored. All steps are repeated in recurring intervals and adjusted in the light of current trends and decisions.

Any risk potential identified is analysed and assessed using quantitative parameters. Substantial risks to the Company's status as a going concern are reported on an ad hoc basis. Risk management findings are regularly incorporated in planning and control analyses as well as the forecast for future business performance. The statutory auditor reviews the processes and procedures implemented for this as well as the appropriateness of the documentation on an annual basis. Nordex is willing to accept risks with a minor impact provided that they are reasonable in the light of the expected benefits of the business activity.

Updating of risk documentation

Assessments of overall risk potential are updated on the basis of the risk officers' input and documented in a central database. The probability and impact are estimated for each material risk identified, while the precautions already implemented or planned are documented. The period reviewed covers the current as well as the following three years. Risk management coordinates the quarterly updating of risk documentation.

Risk evaluation

Risks are classified according to their estimated probability and impact to determine which ones are most likely to pose a danger to the Nordex Group's going-concern status in the light of its goals and are recorded as a gross figure. The scales for measuring these two criteria are set out in the following tables.

Risk classification – probability

Probability	Description
0%– 5%	Unlikely
6%– 25%	Possible
26%– 50%	Foreseeable
51%–100%	Probable

On the basis of this scale, Nordex defines an unlikely risk as one which would arise only under extraordinary circumstances and a probable one as one which is likely to occur within a defined period of time:

Risk classification – impact

Impact	Brief description
Minor negative impact on business, financial position or earnings	Low
Appreciable negative impact on business, financial position or earnings	Appreciable
Strong negative impact on business, financial position or earnings	High
Critical to harmful negative impact on business, financial position or earnings	Critical

We classify risks as "low", "medium", "high" or "critical" in accordance with their estimated probability and impact. This produces the following risk matrix:

Risk matrix

Impact				
Critical	M	H	H	C
High	M	M	H	H
Medium	L	M	M	H
Low	L	L	M	M
	0–5%	6–25%	26–50%	51–100%
	Unlikely	Possible	Foreseeable	Probable
		Probability		

C = critical risk
H = high risk
M = medium risk
L = low risk

Risk response and monitoring

Risks can be either mitigated by means of active precautions or – under certain circumstances – accepted. Necessary precautions are immediately taken and their expected impact evaluated. The Company uses selected derivative and non-derivative hedging instruments to reduce its exposure to financial market risks. In addition, insurance is taken out to cover risks where this is economically viable.

The risk officers are responsible for continuously monitoring risks and the efficacy of the precautions taken and are supported by their supervisors and managers in this connection. In addition, risks are monitored by the appropriate bodies at the various corporate levels comprising management staff from various parts of the Company including the Management Board and the Supervisory Board. The responsible employees at the country, regional and group level have permanent access to the details of the risks and precautions documented in the central database. Quarterly area meetings are held at the regional level and business areas meetings at the functional Group level; the participants regularly discuss risks and precautions together with the Management Board and monitor the effects of the risk-mitigation efforts. In addition, the Management Board receives a quarterly report on individual risks which are classified as "high" or "critical" on the basis of a risk analysis. Substantial risks to the Company's status as a going concern are reported to the Management Board immediately on an ad hoc basis.

This report takes the form of a general description of the risk together with a quantitative evaluation. In addition, the Management Board notifies the Supervisory Board on a quarterly basis of any new or existing risks classified as "high" or "critical".

Continuous monitoring and refinement

Internal Auditing satisfies itself of the proper functioning and efficacy of the risk management system in regular intervals. It performed its last audit in 2014 and did not have any negative findings. As part of the audit of the annual financial statements and consolidated financial statements, the statutory auditor determines whether the risk early detection system is fundamentally suitable for identifying risks and developments liable to impair the Company's going-concern status at an early stage. Risk reports are checked on a sample basis for their plausibility and appropriateness via interviews conducted by the auditor with the units and companies concerned. The statutory auditor has assessed the efficacy of the risk early detection system on the basis of this data and is satisfied that the risks identified have been appropriately described. Accordingly, the early risk detection system complies with the statutory requirements and is consistent with the German Corporate Governance Code.

The risk management system undergoes constant optimisation as part of the continuous monitoring and improvement process. In this connection, equal allowance is made for internal and external requirements. The purpose of the monitoring activities and improvements is to safeguard the efficacy of the risk management system.

Description of the main areas of risk and individual risks

Unless otherwise stated, the following descriptions of individual risks apply to the forecast period, i.e. 2015.

General economic risks

Nordex is exposed to macroeconomic and geopolitical risks, particularly a general decline in global economic growth or a slowdown or recession in individual focus markets. Macroeconomic risks also include fluctuation in commodity prices and interest rates in the broader sense. Nordex classifies these as sourcing or financial risks and applies appropriate instruments in the responsible units to avert such risks. These instruments are described in the following sections. Macroeconomic risks are currently seen as having a low probability. Given the nature of the project business in this sector with its multi-month lead times and the order book amounting to EUR 1,462 million, they would at most have only a low impact on the Company's business in 2015.

Sector-specific risks

Sector-specific risks entail general market risks, price risks and legislative risks. Nordex's sales organisation is the unit which is initially confronted by sector-specific risks.

General market risks – particularly the loss of market potential and planned projects – may arise as result of political or economic factors or changes in the economic industry. In this case, planned order intake may not materialize. In addition, low energy prices and the sustained global surplus supply of wind power systems exert pressure on prices at an annual rate of 2–3%. Although the situation has eased somewhat compared with earlier years as a result of plant closures by various market participants and the withdrawal of smaller operators, the price pressure is still evident. Nordex addresses the price risk by means of a focused selling strategy which entails permanent observation and analysis of current and potential sell-side markets. In addition, enhanced goods and services allow it to set itself apart from the competition, thus providing some pricing scope.

The legislative risk is also highly relevant. Announcements of legislative reforms (e.g. most recently in France, Poland and Ireland) and amendments to the legislation governing feed-in tariffs or incentives for renewable energies (e.g. recently in Germany and the United Kingdom) may precipitate investment uncertainty and a decline in demand in the short or medium term. The impact is all the greater the more dependent the planned order intake and resulting sales are on individual markets. Nordex addresses this risk by means of heavy sales diversification and by operating in more than 20 different markets across Europe, America and Asia. In addition, enterprise-wide processes have been implemented to evaluate and address potential markets quickly.

Aside from factors already known, the probability of sector-specific risks is currently considered to be low. Given the nature of the project business in this sector and the multi-month lead times, they would have only a minor impact on the order intake planned for 2015.

Development risks/technical risks

The development of new technologies and more efficient and higher-yielding turbine models as well as product modifications involves considerable investments in some cases. These expenses must be recouped via successful sales across the entire product life cycle. In addition, there is a grid connection risk with respect to turbine engineering.

Key determinants for successful turbine engineering particularly comprise the availability of time and financial resources, the secure transition from the prototype phase to series production, the issue of the necessary operating certificates and permits and the date of market launch. Development risks arise if one or more of these factors are unexpectedly jeopardised and R&D expense is higher than expected.

Nordex addresses these factors during development, prototyping and series production by means of simultaneous engineering and a Group-wide production development process. Development of a new turbine is preceded by a market analysis and preparations in close consultation between sales and engineering. In addition, the platform strategy ensures that proven technology is used and specifically enhanced up until certification and the ensuing series production.

The wind power systems assembled by Nordex must comply with the applicable local grid codes. Considerable resources are required to implement the growing number of national grid codes. If grid codes are not observed in a given market, this expense cannot be recouped and nor can market potential be tapped.

Nordex addresses this risk with organisational structures and a corresponding engineering focus. In addition, internal overarching workgroups have been established. This is supplemented with Nordex's activities in external bodies aimed at achieving maximum international grid-code harmonisation.

Despite the extensive quality-assurance measures taken in procurement, production and assembly, technical problems culminating in serial loss affecting multiple turbines may occur only at a later stage of the product life cycle. In this case, the turbines have already been handed over to the customers and are largely covered by Nordex service contracts. The Nordex service department identifies and rectifies damage and, in serious cases, replaces faulty components.

The probability of development and technical risks is classed as possible and may have an appreciable impact on the Company's earnings and margins.

Sourcing and purchasing risks

The main purchasing risks include delivery shortfalls on the part of suppliers, supplier default as a result of insolvency, unexpectedly high inventories, price and quality risks and minimum local manufacturing content requirements.

There are currently no material supply shortfalls in the market for the main components used in wind power systems. Unexpected project delays may result in temporarily high inventories at Nordex, with a negative impact on its liquidity. Nordex therefore endeavours to keep inventories as low as possible by means of just-in-time deliveries without sacrificing schedule compliance. If order intake fall substantially short of expectations this year, suppliers, some of whom have spent heavily on extending their capacity or have had a change of owner, could be lost for economic reasons, reducing the number of potential suppliers.

Conversely, an unexpected surplus of demand in 2015 could result in delivery shortfalls for some components – particularly for the newer blade types and high towers – leading to delays in the completion of projects. Nordex is addressing the risk of delivery default, in particular by qualifying further suppliers in order to reduce the single-sourcing risk. Moreover, this risk is partially covered by insurance. Nordex purchases components worldwide that are largely subject to price fluctuations in the raw materials markets. As it offers its customers turbines at prices fixed for specific projects, components are sourced as quickly as possible after order intake, thus reducing the risk of price fluctuations in raw materials on the purchasing side.

Nordex guarantees the quality of its turbines and also certain performance and availability parameters. In order to avoid any penalties for failure to meet these performance guarantees, all components and the complete system undergo thorough testing and quality inspections under the quality management system. Even so, it is not possible to completely exclude the risk of faulty components and this risk cannot be fully passed on to suppliers and sub-suppliers.

Local manufacturing content requirements are growing in importance in new markets such as South Africa and Uruguay. Failure to furnish proof of the Company's ability to meet these requirements may have an adverse effect on project finance and execution. Nordex addresses this risk by searching for local contractors at an early stage and by working closely with customers and authorities in the countries concerned.

The probability of purchasing risks is classed as unlikely to possible and may have an appreciable impact on the Company's margins.

Production risks
Over the last few years, Nordex has revised its production system, adopting line production for turbine assembly and partially automated processes for rotor blade production. Accordingly, the main production risk is a standstill in the production facilities. Standstills particularly arise in the event of any delays or quality shortfalls on the part of the upstream suppliers, delays in the commencement of volume production of new types of turbines or any failure in key production resources such as crane tracks, conveyor belt systems, moulds or painting robots.

A further specific risk concerns the ramp-up phases for new products and components, particularly new blade types or blade types which are produced by external contractors. In addition to training for new employees, it is necessary to ensure the necessary quality of the carbon-fibre-reinforced blades to avoid any unplanned cost overruns.

Nordex addresses production risks by means of quality management and the defined processes as well as supply chain management, which covers the interfaces linking procurement, production and project management.

The probability of production risks is unlikely to possible and may have a high to critical impact on nearly all of the Company's main performance indicators.

Project and assembly risks
The locations at which Nordex assembles wind turbines and wind farms each exhibit unique topographic, climatic and regional characteristics. Project execution is preceded by a detailed technical and commercial appraisal. Deviations from the predefined process chain may be caused by weather risks, which may lead to delays in the assembly and start-up schedule. Nordex addresses these risks by including risk-sharing provisions in the relevant contracts and by means of active deviation management. Even so, the possibility of cost overruns, e.g. for cranes and assembly work, as well as transportation and logistics, cannot be completely ruled out. Further possible risks include insufficient component availability due to delays on the part of suppliers or capacity shortfalls in external resources (e.g. crane services and special transporters) and internal resources. This risk may arise if, for example, it is necessary to delay original schedules.

One material area of risk within project management concerns quality and technology. Despite prior quality management measures, technical errors or quality shortfalls in individual components may only become evident at the site, meaning that remedial activity or replacements become necessary. In addition to the aforementioned delays, this may result in failure of acceptance by the customer or – after the completion of remedial work – delayed acceptance, resulting in delayed payment by the customer. In individual cases, there is a risk of compensation payments or a reduction in the purchase price being demanded.

Project and assembly risks may cause unplanned cost overruns, resulting in a reduction in the budgeted margin contribution for the project.

The probability of these risks is classified as possible; the impact may be low and could be appreciable in individual cases.

Financial risks
With respect to financial risks, the Nordex Group is exposed to foreign-currency risks, interest risks, credit risks, unplanned depreciation and amortisation expense, liquidity risks and the risk of restricted availability of unused tax losses.

The Group's business is exposed to fluctuations in exchange rates as a result of its international orientation as not all transactions are executed on a euro basis. The primary risks arise from changes in the value of the euro (EUR) against the US dollar (USD) and the South African rand (ZAR). Exchange-rate fluctuations may impact items of the balance sheet. Currency forwards are transacted to hedge these foreign-currency transaction risks.

Interest risks are currently not relevant as Nordex SE does not have any material floating-rate assets or liabilities on its balance sheet.

To minimise credit risks, the Group enters into business solely with investment-grade rated third parties. All main new customers wishing to enter into business on credit terms undergo a credit check. As a matter of principle, default risks or the risk of counterparties failing to comply with their payment obligations are addressed ahead of acceptance of the order by means of a standardised approval procedure. In particular, the order is not accepted unless the project finance is guaranteed by a bank and/or a bank guarantee or group bond has been issued. In addition, the contracts provide for payment to be made upon certain milestones being reached. In addition, receivables are monitored on an ongoing basis to avert all material risks of default.

Unplanned depreciation and amortisation expense constitutes a further financial risk, which may affect obsolete inventories and spare parts as well as intangible assets arising from research and development or project development. Nordex addresses this risk by increasingly adopting "just-in-time" deliveries and by means of regular remeasurement of its intangible assets.

The maximum default risk is limited to the carrying amount in question. There is no pronounced clustering of default risks within the Group. Receivables under construction contracts and trade receivables are also partly secured by means of guarantees, stand-by letters of creditor or retained ownership rights.

The liquidity risk is defined as the risk of not being able to meet current or future payment obligations due to a lack of funds. Treasury therefore monitors and coordinates Group liquidity on an ongoing basis. To this end, it tracks payments made and received in the light of the settlement periods of the financial investments and assets as well as expected payment flows from operating activities. The Group seeks to achieve a balance between current incoming and outgoing payments. In some cases, Nordex uses cross-border cash pooling or internal banking mechanisms to enhance the efficiency of liquidity management within the Group. Any surplus liquidity is invested cautiously with domestic and non-domestic commercial banks. For this purpose, limits and counterparty risks are monitored permanently. As a matter of principle, the Nordex Group is financed by advance project payments made by customers. With all projects, the payments are called down in accordance with the progress of work on the basis of the agreed contractual schedule. External Group funding is primarily based on a guarantee facility, a syndicated loan and a corporate bond.

Section 8c of the Corporate Tax Act stipulates that in the event of a transfer of shares of more than 25% and up to 50% during a period of five years the tax losses accrue to the acquiring party on a proportionate basis and, in the event of a transfer of over 50%, are forfeited in full over the five-year period. However, the tax losses are not forfeited if they do not exceed the prorated unrealised reserves within the entity's domestic assets in the case of an acquisition of between 25% and 50%, or all unrealised reserves within the company's domestic assets in the case of an acquisition of more than 50%

All told, the probability of financial risks is considered to be low, although the impact would be high.

Legal risks

As described in the above sections, the Nordex Group's operating business is exposed to various risks. This chiefly comprises liability risks arising from possible claims under guarantees or the recovery of damages under contracts for the supply of goods and services as well as in other legal areas, e.g. product liability, patent law and industrial property rights, or tax law particularly at an international level as well as the breach of statutory rules. There is a rule in all EU member states stipulating that all technical equipment must comply with the Machinery Directive.

The possibility of risks from legal disputes can never be ruled out. Nordex has established appropriate structures to ensure that all these requirements are observed. In addition, other internal precautions are taken and processes implemented to avert legal risks.

The probability of these risks is classed as possible; the impact on performance indicators could be low to appreciable in individual cases.

Human resource risks

The main human resource risks include shortages of skilled or management staff, inappropriate or insufficient qualifications, as well as staff and management fluctuation in key positions.

In order to reduce risks arising from a shortage of skilled or management staff, Nordex has improved its recruitment processes and realigned the responsible organisational unit. Similarly, the courses offered by the Group's own training facility, the Nordex Academy, have been broadened to ensure that staff receive the qualifications required on an ongoing basis. In an effort to limit fluctuation, particularly in key positions, Nordex is continuing to improve internal career development prospects, identifies young potentials at an early stage and prepares appropriate replacements.

All told, the probability of human resource risks is considered to be low; similarly, the impact would also be low.

IT risks

IT-based business processes are fundamentally exposed to the risks arising from electronic information processing, particularly system failures, compromised data security and data loss. Accordingly, Nordex permanently updates and monitors the security of the information technology which it uses to safeguard information confidentiality, availability and integrity. This is done by training staff as well as by means of regular internal and external auditing of the IT system landscapes used. The systems are kept up to date in accordance with vendor specifications and general security recommendations (e.g. BSI, CERT).

Nordex has taken a number of precautions to minimise the risk of system failures and to protect its business data. For this purpose, modern data encryption technology, access restrictions and controls as well as firewall systems, virus protection programs and monitoring system systems are implemented. Confidential technical information is shared with customers and suppliers in specially protected data rooms. In addition, Nordex's data is secured through the use of failproof high-availability central server systems. For this purpose, all Nordex IT systems are operated by external partners at certified state-of-the-art data centres. Personal data is processed strictly in accordance with the German Federal Data Privacy Act. This is monitored and overseen jointly by IT management and the data privacy officer.

Systematic IT processes ensure the necessary sustainability of all the aforementioned measures. In the year under view, the IT business continuity management was updated and IT reporting and risk management processes revised.

All told, the probability of IT risks is considered to be low; similarly, the impact would also be low.

Other risks
Beyond the risks described above, there are factors or events such as protests and citizens' initiatives against wind power, epidemics, natural catastrophes or terror attacks which cannot be foreseen and are therefore difficult to control. Any such events would be liable to adversely affect Nordex's business performance.

Overall risk

The Management Board regularly reviews the risks to which the Nordex Group is exposed. In the assessment of the Management Board, there are currently no significant individual risks that are liable to compromise the Nordex Group's going-concern status. The same is also true with respect to an overall consideration of all risks.

Opportunities

Opportunities arising from political decisions
Opportunities arising from political and industry decisions on the expansion of renewable energies, particularly onshore wind power, constitute a material driver for the sector. This particularly relates to the political adoption of goals in countries which have previously shown little or no commitment to renewable energies and the implementation of the necessary legislative framework. Both aspects exert a favourable influence on the investment decisions of project developers, energy suppliers and, subsequently, power plant operators. As part of its selling activities, Nordex keeps these trends under continuous observation and, using the market evaluation process described below, is able to quickly open up new markets. The possibility of short-term overarching decisions on climate policy is not considered to be particularly probable either at the EU level or globally (UN Climate Conference COP 21 in France, in December 2015). However, if they do occur they may also have a positive effect on business in the medium to long term.

Opportunities arising from research and development
In the research and development area, Nordex is working continuously on enhancing the efficiency of its products, individual major components and the turbine management system and moving towards grid parity. The resultant decline in electricity production costs is ensuring a steady improvement in the Company's competitive position – also relative to conventional power production technologies. In this way, Nordex is continuously reducing dependence on national incentive schemes. The activities and product development work which this entails are described in detail in "Research and Development". 46

Opportunities arising from selling activities
Material opportunities can particularly be harnessed by entering new markets and targeting new customer groups. New markets are regularly analysed by the international sales and service organisation using a structured process (SMEEP = Strategic Market Entry Evaluation Process). If suitable potential is identified and the project pipeline is considered to be viable, it is duly addressed and harnessed provided that valid wind power targets have been defined. Following its sales successes in Finland, South Africa and Uruguay, Nordex entered the Lithuanian market in the year under review. Selling activities have been stepped up in other potential markets in Latin America (e.g. Chile) and Asia (e.g. the Philippines, Thailand and Vietnam) to participate in the planned expansion of wind power in these markets in the medium term. In this context, Nordex always seeks to gain significant project volumes and to sign corresponding contracts at an early stage to ensure that the cost of establishing customer-proximate organisational structures for project management and service can be recouped quickly. The declared aim of the Company's strategy is to enter one to two new markets each year.

In its efforts to tap new target groups, Nordex has identified additional opportunities in business with industrial autoproducers and financial investors such as insurance companies and pension funds alongside medium-sized energy producers and project developers. Larger utilities are now increasingly including Nordex turbines in their tender processes following the Company's successful turnaround and thanks to its efficient product range. Thus, contracts were recently signed with the second largest German utility RWE as well as the US utility Exelon. All customer contacts and project opportunities are structured by the selling unit, recorded in a customer relationship management (CRM) system and followed up on in accordance with their probability of success.

Opportunities arising from project development and service
Moreover, management seeks to harness further income and margin potential beyond straight equipment sales. In addition to marketing turn-key wind farms, Nordex makes use of the opportunities arising from the wind farms which it develops itself in selected markets such as France and Poland in order to generate higher-margin sales particularly with private-equity investors.

Further opportunities are also generated by service business with its wider margins. In addition to service contract renewals and the introduction of additional services, this particularly entails additions to the range of rotor blades and solutions for modernising and optimising legacy turbines. As well as this, related business models are explored in all customer-proximate areas.

Opportunities arising from strategy implementation
Alongside product development and focused selling activities, cuts in the costs of materials and operational excellence form further components of the medium-term corporate strategy. The latter two aspects seek to improve the cost-of-materials ratio. Additional opportunities will particularly arise if the target costs per wind power system are achieved more quickly or the product costs can be reduced more sharply than originally planned. With its low real net output ratio, Nordex has material potential in procurement and supplier management. Within its own production activities, following the completion of expansion rotor blade production in particular offers additional cost-cutting potential in the form of economies of scale for newer blade types, especially in the case of the NR 58.5 and NR 65.5 rotors.

In the case of operational excellence, there are also opportunities for margin improvement if it is possible to additionally reduce unplanned cost overruns of the type resulting from project delays and the effects of the aforementioned project and assembly risks.

The measures for implementing all sub-strategies are executed by the operating units subject to the supervision of the Project Management Office (PMO), which reports to management.

Overall assessment of opportunities
Nordex enjoys numerous opportunities on the basis of the prevailing conditions and on the basis of the business performance and installation forecasts described in this report. Looking forward, it plans to make optimum use of the opportunities as they present themselves. Future opportunities are evaluated on an ongoing basis by all departments and the Management Board. Such evaluation forms a fundamental part of Nordex's corporate strategy.

Outlook

The International Monetary Fund (IMF) expects the global economy to expand by 3.5% in 2015. This is a decline of 0.2 percentage points since the last forecast. The developed economies of Europe, North America and Asia are set to grow by 2.4%, up 0.6 percentage points on 2013 (1.8%).

With 3.6%, the IMF sees the United States as being the main driver of this trend, while the Eurozone economies are expected to expand by only 1.2%. With expected growth of 1.3%, Germany will be in line with this trend, while individual Southern European markets such as France (0.9%), Italy and Spain (each 0.4%) will fall well short of it. In the emerging markets, China remain the measure of all things, with forecast growth of 6.8%, but it will lose substantial momentum compared with earlier years. The markets of relevance for Nordex – South Africa (forecast for 2015: 2.1%), Eastern Europe (forecast for 2015: 2.9%) and Latin America (forecast for 2015: 1.3%) – are expected to vary in terms of growth.

Looking forward, the IMF sees very mixed macroeconomic signals. Aside from oil (forecast for 2015: down 41%), prices of other commodities are likely to drop by 9.3%. This is reflected in correspondingly low forecast inflation rates for the industrialised nations (1.0%) and for the emerging markets (5.7%).

At the beginning of February 2015, electricity prices in the European markets were relatively low. On the German electricity exchange EEX in Leipzig, futures contracts for 2016 and 2017 for base load electricity were trading at around EUR 32–33/MWh and at EUR 39–42/MWh for peak load electricity. Base load prices were even lower in the Scandinavian market. One-year contracts were being traded at EUR 27–30/MW in the Nord Pool wholesale market. EU emission allowances for 2016 were trading at EUR 6.91 per EUA for 2016.

The German Mechanical and Plant Engineering Association VDMA forecasts real growth in production output of 2% in its segments in 2015. Other leading indicators, such as the ifo business confidence index for Germany and various purchasing manager indices, are pointing somewhat more firmly upwards. The ifo business confidence index rose for the third consecutive month in January 2015, with most of German industry optimistic particularly with respect to expectations for the coming months.

With regard to international sales of wind turbines, market analysts forecast a further increase in new installations this year. This is attributed to a further upswing in the cyclical US market, in which new installations are expected to reach 8.8 GW in 2015, up from 4.8 GW in the year under review. In total, Danish consulting company MAKE Consulting expects global new installations to remain largely unchanged in the short term with a minimal increase to just under 51.7 GW and a long-term growth rate of 7% through 2023. MAKE projects above-average expansion in the growth markets of Africa (22% per year), Central and South America (17% per year) and Asia (8% per year), whereas the core European markets are expected to expand at a below-average 2% per year.

Of the new installations of 51.7 GW projected for 2015, 93% will continue to be accounted for by the onshore segment of relevance to Nordex. Looking forward into the medium term (2023), the proportion of onshore turbines is expected remain steady at over 85%.

After achieving a substantial increase in production and installation output as well as in order intake, Nordex had an order backlog of EUR 1,462 million as of 31 December 2014 (31 December 2013: EUR 1,259 million) and, hence, a basis for further substantial growth in production, installations and sales. In this connection, the core European markets as well as South Africa will continue to contribute the bulk of sales.

The Management Board projects full year sales of EUR 1.9–2.1 billion for 2015. This is based on a double-digit increase in production and installation figures over the previous year as well as double-digit growth in service business together with sustained high turbine availability and a contract renewal rate on a par with the previous year's level. Accordingly, 80% of the forecast sales are already covered by production and service contracts. The remainder is to be generated from projects and expiring service contracts, negotiations of which will be finalised in the first quarter of 2015. The Management Board expects to see substantial momentum in Germany, France and Turkey in particular.

Nordex forecasts new turbine orders of EUR 1.8–2.0 billion. This range reflects investment uncertainties caused by political discussion in a number of European countries such as Ireland, Poland and France. Moreover, some large-scale projects in growth markets, which will exert a significant impact on final order intake and backlog figures, are in the final phase of negotiation. All told, Nordex projects a steady order backlog for turbines and an increase in order backlog in the service business.

The Management Board also expects to make further headway in enhancing profitability this year. The strategic measures defined under the Operational Excellence initiative, the "CORE 15" programme and "project-oriented organisation" will have a positive impact on the cost-of-materials ratio and, hence, profitability. Further contributions to earnings will come from the service business and the marketing of internally developed projects, particularly in France. Including the effects of economies of scale gained from higher production volume, particularly in rotor blade production, Nordex forecasts an EBIT margin of 5–6%.

In addition to a further improvement in operating earnings and consolidated net profit, Nordex attaches key importance to boosting cash flow. Accordingly, the Management Board is targeting a working capital ratio of under 5% on the basis of continued strict working capital management for 2015. At the same time, the equity ratio is targeted to remain at the previous year's level.

Furthermore, volume production of the low-wind N131/3000 turbine is to commence this year. Accordingly, the Management Board projects capital spending of EUR 50–60 million predominantly for development activities and production resources such as moulds for the new NR 65.5 blades as well as for the completion of expansion work at the Rostock rotor blade production facility.

Overview of the main performance indicators for 2015

Performance indicator		Forecast
Order intake	EUR billion	1.8–2.0
Sales	EUR billion	1.9–2.1
EBIT margin	%	5–6
Working capital ratio	%	<5
Capital spending	EUR million	50–60

The Management Board assumes that the above forecast on the Group's business performance will be reflected in the earnings and financial condition of the parent company Nordex SE and also in a further improvement in profit from ordinary business activities together with a higher net profit for the year.

Disclosures in accordance with Sections 289 (4); 315 (4) of the German Commercial Code

The following disclosures are required pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code:

Authorised Capital I

As of 31 December 2014, the Company had Authorised Capital I of EUR 16,100,000 (31 December 2013: EUR 7,347,052), equivalent to 16,100,000 shares (2013: 7,347,052), Contingent Capital I of EUR 15,086,250 (2013: EUR 15,086,250), equivalent to 15,086,250 shares (2013: EUR 15,086,250), and Contingent Capital II of EUR 1,500,000 (2013: 1,500,000.00), equivalent to 1,500,000 shares (2013: 1,500,000), each with a notional value of EUR 1 per share.

In accordance with a resolution passed at the annual general meeting on 3 June 2014 the Management Board is authorised subject to the Supervisory Board's approval to utilise Authorised Capital I to increase the Company's share capital once or repeatedly on or before 31 May 2019. The Management Board is additionally authorised with the Supervisory Board's approval to exclude the shareholders' subscription rights.

Contingent Capital I

Contingent Capital I is used to grant conversion rights and/or to establish conversion obligations in accordance with the terms of the convertible bond in question for the holders of the convertible bonds issued by the Company on or before 30 April 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011 and to grant options in accordance with the terms of the option bond in question for holders of the option bonds issued by the Company on or before 31 May 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011.

Contingent Capital II

Contingent Capital II is used solely to settle subscription rights under the stock options granted to executives and employees of the Company and the domestic and non-domestic members of the Nordex Group, members of the management of the Nordex Group companies and members of the Company's Management Board granted on or before 31 December 2012 in accordance with the authorisation granted by the shareholders at the annual general meeting on 27 May 2008.

The share premium of EUR 242,624 thousand in 2014 (2013: EUR 244,288 thousand) includes the premium on the issues of fresh equity of EUR 112,404 thousand (2013: EUR 112,404 thousand) and additions of EUR 264 thousand (2013: EUR 79 thousand), which are not reduced by any reversals (2013: EUR 0 thousand) and which were added in connection with the recognition of the employee stock option programme concluded in 2008 (see also Note 31 to the Consolidated Financial Statements).

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Nordex SE's net profit for 2014 determined in accordance with German GAAP in a total amount of EUR 3,201,014.98 was allocated in full to retained earnings in accordance with Article 24 of Nordex SE's Articles of Incorporation. In 2013, the net loss determined in accordance with German GAAP of a total of EUR 1,401,269.68 had been covered by a withdrawal of the same amount from the share premium.

Further details of the changes in the individual equity items can be found in the consolidated statement of changes in equity.

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As of the 2014 reporting date, the following companies held more than 10 percent of the voting rights with respect to Nordex SE:

Ventus Venture Fund GmbH & Co. Beteiligungs KG, Bad Homburg v .d. Höhe, held 17,500,930 shares and, hence, more than 20% of the voting rights.

The appointment and dismissal of members of the Management Board is governed by Sections 84 and 85 of the German Stock Corporation Act and Article 46 of the Statute for a European Company (SE) for the legal form of SE. Article 7 of the Company's Articles of Incorporation conforms to the legal requirements, with Paragraph 3 of this Section 7 implementing the provisions of the Statute for a European Company (SE) according to which the members of the Management Board of an SE are appointed for a period specified in the Company's articles of incorporation, which may not exceed six years.

In accordance with Section 179 of the German Stock Corporation Act, the Company's articles of incorporation may only be amended with a resolution passed by the shareholders. In accordance with Article 20 (4) of the Articles of Incorporation in connection with Article 59 (1) and (2) of the Statute for a European Company (SE), amendments to the Articles of Incorporation require a majority of two-thirds of the votes cast or, if half of the share capital is represented, a simple majority of the votes cast. In cases in which the German Stock Corporation Act stipulates a majority of three quarters of the votes cast, this also applies to Nordex SE in accordance with the overriding provisions in Article 59 of the Statute for a European Company (SE). However, this is not based on the capital represented but the number of votes cast.

Article 26 of the Company's Articles of Incorporation makes use of the statutory option of authorising the Supervisory Board to make amendments to the version of the articles of incorporation.

Corporate governance

Disclosures pursuant to Section 289a of the German Commercial Code

German Corporate Governance Report in accordance with Article 3.10 of the German Corporate Governance Code

Under Section 161 of the German Stock Corporation Act, the Management Board and Supervisory Board of a listed company are required to issue a declaration once a year confirming conformity to the recommendations of the Government Commission on the German Corporate Governance Code issued by the German Federal Ministry of Justice and published in the official part of the electronic Bundesanzeiger and stating which recommendations have not been implemented in the past and are currently not being implemented. This declaration must be made permanently available to the shareholders. Nordex has published its declarations of conformity for the past few years on the Internet at www.nordex-online.com/en/investor-relations.

Declaration of conformity by the Management Board and the Supervisory Board in accordance with Section 161 of the German Stock Corporation Act:
In 2014, the Management Board and the Supervisory Board of Nordex SE conformed to the recommendations set out in the German Corporate Governance Code ("GCGC") published in the official part of the electronic Bundesanzeiger by the Government Commission on the German Corporate Governance Code in the version amended on 13 May 2013 and then in the version amended on 24 June 2014 save for the exceptions described below. This will also continue to be the case in the future unless planned changes in the individual segments are announced.

3.8 D&O insurance
Nordex again waived a deductible on the D&O insurance (directors and officers third party liability insurance) for members of the Supervisory Board in 2014. This is because it is convinced that the members of the Supervisory Board are doing everything to avert potential harm to the Company. Responsibility towards the Company and a sense of motivation are not encouraged by imposing a deductible on D&O cover. In any case, the inclusion of a reasonable deductible would not have any effect on the insurance premium.

The "Act on Appropriate Management Board Compensation" (VorstAG), which came into effect on 5 August 2009, adds to Section 93 (2) of the German Stock Corporation Act a new provision (Sentence 3), stipulating a mandatory minimum deductible for members of the Management Board. Nordex complied with this statutory obligation when it took out and renewed the existing D&O cover, which took effect on 1 July 2010.

A deductible will continue to be waived for the members of the Supervisory Board for the reasons set out above.

4.1.5 Appointments to management positions – diversity
The Management Board does not comply with the recommendation in Article 4.1.5 in that the appointments to management positions within the Company are exclusively guided by the qualifications of the persons available and the gender of the candidates is not given a position of priority in the decision-making process.

5.1.2 and 5.4.1 Fixed aged limits for the Management Board and Supervisory Board
Contrary to the recommendations in both Article 5.1.2 (2) Sentence 3 and Article 5.4.1 (2) Sentence 1 of the German Corporate Governance Code, Nordex SE has no fixed age limit for membership of the Management Board and Supervisory Board. Age alone is no indication of the capabilities of a current or potential member of the Management Board or Supervisory Board. Therefore, Nordex SE does not consider rigid age limits, which also limit the company's flexibility in making personnel decisions and the number of possible candidates, to be a sensible measure.

5.1.2 and 5.4.1 Aim of achieving an appropriate consideration of women; designating concrete goals for the composition of the the Management Board and the Supervisory Board

The Supervisory Board does not comply with the recommendation in Article 5.1.2 in that the filling of positions on the Management Board is exclusively guided by the qualifications of the persons available and the gender of the candidates is not given a position of priority in the decision-making process.

The Company also deviates from Article 5.4.1 of the German Corporate Governance Code. The Supervisory Board takes the view that the current method for filling positions on the Supervisory Board is sensible and appropriate in the light of the Company's current situation. Any further designation of concrete goals for the composition of the Supervisory Board is not considered sensible and this therefore represents a clear deviation from the German Corporate Governance Code. The Supervisory Board has been exclusively guided in the selection of its proposed candidates, in accordance with the relevant legal regulations, by the interests and requirements of Nordex SE and the individual qualifications of the candidates. A report on objectives in terms of diversity in the corporate governance report is therefore superfluous.

Directors' dealings

Disclosures on directors' dealings in accordance with Section 15a of the German Securities Trading Act

Date	Person/entity Position	Number Action	ISIN Stock market	Price per share Total volume EUR
26.06.2014	Dieter G. Meier Member of the Supervisory Board	2.000 Sale	DE000A0D6554 Xetra	16.20 32,400.00
15.04.2014	Dieter G. Meier Member of the Supervisory Board	2.000 Buy	DE000A0D6554 Xetra	10.10 20,200.00

Governance practices

Disclosure of the governance practices and how the Management Board, the Supervisory Board and the Committees function

How the Management Board functions
The Management Board manages the Company – a strategic holding company, which also performs administrative service functions – at its own discretion with the aim of achieving sustained improvements in enterprise value and of attaining the agreed targets. It conducts the Company's business in accordance with statutory provisions and the provisions of the Company's Articles of Incorporation and rules of conduct for the Management Board. In addition, it works in a spirit of trust with the Company's other corporate governance bodies.

The Management Board defines the long-term goals and strategies for the entire Nordex Group and determines the principles for the corporate policy derived from these. It coordinates and supervises all significant activities. It determines the range of products, develops and deploys executive staff, allocates resources and makes decisions on financial management and Group reporting.

The members of the Management Board are jointly responsible for the entire management of the Company. Notwithstanding this, the individual members of the Management Board perform the duties assigned to them in accordance with the resolutions passed at their own discretion.

The allocation of duties to the members of the Management Board is recorded in a business allocation plan, which is approved by the Supervisory Board.

The Management Board makes decisions on all matters of fundamental and material importance as well as in the cases prescribed by law or elsewhere. Meetings of the Management Board are held regularly. They are convened by the chairman of the Management Board. In addition, each member of the Management Board may request that a meeting be convened. Resolutions of the Management Board are passed with a simple majority except where a unanimous vote is prescribed. In the event of an even vote, the chairman has the casting vote.

In accordance with the Management Board's rules of conduct, the Chairman (Chief Executive Officer) is responsible for coordinating all of the Management Board's activities, reporting to the Supervisory Board and representing the Company and the Group towards third parties. He is responsible for production, procurement, supply chain management, engineering, product management, health & safety and quality.

Following the reduction in the size of the Management Board in 2012, the other two members of the Management Board are assigned specific tasks and duties in accordance with the business allocation plan:

The Chief Financial Officer is responsible for finance and controlling, accounting, taxes, risk management, internal auditing, IT, communications, corporate development, legal and human resources.

The Chief Customer Officer is responsible for sales and marketing, project development and management, service and foreign companies.

The Management Board has not established any committees.

Supervisory Board: supervisory and monitoring activities
The Supervisory Board is responsible for monitoring and advising the Management Board. In accordance with the Articles of Incorporation, it comprises six members who are elected by the shareholders at the annual general meeting. The Supervisory Board is directly involved in all decisions of fundamental significance for the Company; it also consults with the Management Board on the Company's strategic orientation and regularly discusses with it the progress being made on implementing business strategy.

The chairman of the Supervisory Board coordinates its activities and presides over the meetings. The Supervisory Board is kept informed of the Company's business policy, corporate planning and strategy at all times via regular meetings with the Management Board. The Supervisory Board approves the budget and the annual financial statements of Nordex SE and the Nordex Group as well as the combined management report in the light of the statutory auditors' report.

Supervisory Board committees
The Supervisory Board currently has the following committees: The management committee, the audit committee and the strategy and engineering committee:

Management committee:
This committee has three members. The chairman is Dr. Wolfgang Ziebart, the other two members are Jan Klatten and Martin Rey. The management committee has the function of a permanent personnel committee. In addition, it is responsible for passing urgent resolutions on decisions made by the Management Board which require the Supervisory Board's approval in accordance with corporate law, the provisions of the Company's Articles of Incorporation or the rules of conduct, unless a resolution passed by the entire Supervisory Board is prescribed. In addition, it performs the task of a nomination committee and submits recommendations to the Supervisory Board with respect to voting proposals for the annual general meeting.

Audit committee:
The audit committee comprises three members; in the year under review, the chairman was Martin Rey, while the other two members were Annette Stieve and Frank Lutz. All three members satisfy the statutory requirements imposed on members of a supervisory board and an audit committee with respect to independence and expertise in the areas of accounting and auditing. The audit committee is responsible for matters relating to accounting and risk management, the necessary independence of the statutory auditor, the mandating of the statutory auditor, the determination of the main aspects of the audit and the fee agreement with the statutory auditor. In addition, it addresses matters relating to controlling and contracting and particularly also for decisions made by the Management Board which require the Supervisory Board's approval in accordance with corporate law, the provisions of the Company's Articles of Incorporation or the rules of conduct. The audit committee is also responsible for monitoring the accounting process, the efficacy of the internal control system and corporate compliance, the risk management system and the internal auditing system.

Strategy and engineering committee:
This committee comprises Jan Klatten (chairman), Dr. Wolfgang Ziebart and Dr. Heinz van Deelen. It is responsible for technical and strategic matters.

Corporate compliance
Corporate compliance policy was additionally extended at Nordex in the year under review. The global code of conduct, which was implemented globally in 2011 and applies to the entire Nordex Group, continued to be rolled out in the year under review with specific compliance training. In addition, the Nordex Group's Intranet was supplemented with additional information on compliance. The compliance team is keeping staff at all Nordex companies regularly abreast of all current activities and developments on a regular basis by means of dedicated newsletters, online communications and training.

Detailed reporting
To achieve the greatest possible transparency, Nordex keeps shareholders, financial analysts, shareholder groups, the media and the public at large regularly informed on a timely basis of the Company's condition and main changes in its business. In this way, the Company's reports comply with the rules defined in the Code: Nordex informs its shareholders four times a year of its business performance, net assets, financial condition and results of operations as well as its risk exposure.

In accordance with the statutory requirements, members of the Company's Management Board confirm that the annual financial statements, consolidated financial statements and combined management report provide a true and fair view of the Company's condition.

The annual financial statements of Nordex SE, the Nordex Group's consolidated financial statements and the combined management report are published within three months of the end of the year to which they relate. During the year, shareholders and third parties are informed of the Company's performance in the half-yearly report and, in the first and third quarters, in quarterly reports.

In addition, Nordex publishes information at press and analyst conferences. It particularly also uses the Internet as a publication platform. The Group's website sets out the main financial dates such as the dates of publication of the annual report and the quarterly interim reports and the date of the annual general meeting.

Any material new information is made available to the broad public without delay.

In addition to regular reporting, ad-hoc bulletins are released to disclose all facts not publicly known which are liable to materially affect the price of Nordex stock upon becoming known.

Nordex SE
Rostock, 19 March 2015

Dr. J. Zeschky
Chairman of the
Management Board (CEO)

L. Krogsgaard
Member of the
Management Board

B. Schäferbarthold
Member of the
Management Board

YEARS EVOLUTION
OF WIND POWER.

In the long term, listening to the customer closely is what counts

Experience shows that success comes from perseverance. And this also applies to our markets, where a sustainable volume which makes full use of the necessary service structures is decisive. This marks a clear departure from the "flash-in-the-pan" successes and "youthful follies" of the past.

However, perseverance is equally important for our customer relations. Nordex is appreciated not only for its products but also for its unusually broad range of services with which we create value for our customers – from support for optimum wind park design and turn-key installations to long-term maintenance of the turbines, thus ensuring the greatest possible availability.

In this context, our customer-oriented approach takes us much further than "only" the satisfaction of an individual customer. This approach to new solutions generating sustained business success for Nordex. One example is the anti-icing system for rotors for cold regions where we are currently the market leader. With the experience we have gained, we have a good eye for such opportunities.

Consolidated balance sheet

as of 31 December 2014

Assets	Notes	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Cash and cash equivalents	(1)	313,420	332,963
Fixed-term deposits	(1)	75,000	0
Trade receivables and future receivables from construction contracts	(2)	185,461	214,028
Inventories	(3)	273,880	263,905
Income tax refund claims		1,720	50
Other current financial assets	(4)	27,513	33,444
Other current non-financial assets	(5)	44,211	55,111
Current assets		921,205	899,501
Property, plant and equipment	(6)	136,193	117,369
Goodwill	(7)	9,960	9,960
Capitalised development expense	(8)	106,118	94,315
Other intangible assets	(9)	2,866	3,203
Financial assets	(10)	2,211	4,681
Investments in associates	(11)	13,320	7,852
Other non-current financial assets	(12)	3,131	3,522
Other non-current non-financial assets	(13)	13	101
Deferred income tax assets	(14)	44,833	50,855
Non-current assets		318,645	291,858
Assets		1,239,850	1,191,359

Equity and liabilities	Notes	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Current bank borrowings	(15)	0	8,408
Trade payables	(16)	177,479	190,250
Income tax liabilities	(17)	3,905	179
Other current provisions	(18)	31,130	45,319
Other current financial liabilities	(19)	25,679	20,658
Other current non-financial liabilities	(20)	391,052	320,423
Current liabilities		629,245	585,237
Non-current bank borrowings	(21)	0	16,916
Pensions and similar obligations	(22)	1,786	1,442
Other non-current provisions	(18)	21,430	17,138
Other non-current financial liabilities	(23)	156,771	167,614
Other non-current non-financial liabilities	(24)	3,775	1,955
Deferred income tax liabilities	(14)	30,844	32,922
Non-current liabilities		214,606	237,987
Subscribed capital		80,882	80,882
Share premium		242,624	242,888
Other retained earnings		–7,951	–10,920
Cash flow hedges		–2,901	6,163
Foreign-currency adjustment item		1,762	3,344
Consolidated net profit carried forward		81,583	45,778
Consolidated net profit		0	0
Share in equity attributable to parent company's equity holders		395,999	368,135
Equity	(25)	395,999	368,135
Equity and liabilities		1,239,850	1,191,359

Consolidated income statement

for the period from 1 January to 31 December 2014

	Notes	01.01–31.12.2014 EUR thousand	01.01–31.12.2013 EUR thousand
Sales	(27)	1,734,531	1,429,276
Changes in inventories and other own work capitalised	(28)	4,934	73,008
Total revenues		1,739,465	1,502,284
Other operating income	(29)	22,671	6,832
Cost of materials	(30)	–1,342,707	–1,151,066
Personnel expenses	(31)	–167,728	–153,237
Depreciation/amortisation	(32)	–43,024	–39,235
Other operating expenses	(33)	–130,652	–121,246
Earnings before interest and taxes (EBIT)		78,025	44,332
Income from investments		330	254
Net profit/loss from at-equity valuation		–2,477	–463
Impairment of financial assets and securities held as current assets		–2,506	0
Other interest and similar income		2,429	1,847
Interest and similar expenses		–20,458	–27,769
Net finance expense	(34)	–22,682	–26,131
Net profit/loss from ordinary activity		55,343	18,201
Income taxes	(35)	–16,337	–7,938
Consolidated profit		39,006	10,263
Of which attributable to:			
Parent company's equity holders		39,006	10,243
Non-controlling interests		0	20
Earnings/loss per share (in EUR)	(36)		
Basic[1]		0.48	0.14
Diluted[2]		0.48	0.14

[1]Based on a weighted average of 80.882 million shares (previous year 74.196 million shares)
[2]Based on a weighted average of 80.957 million shares (previous year 74.321 million shares)

Consolidated statement of comprehensive income

for the period from 1 January to 31 December 2014

	01.01–31.12.2014 EUR thousand	01.01–31.12.2013 EUR thousand
Consolidated net profit	39,006	10,263
Other comprehensive income		
Items which may be recycled to profit and loss		
Foreign currency translation difference	–1,582	–492
Cash flow hedges	–13,071	10,831
Deferred income taxes	4,007	–3,249
Items which are not recycled to profit and loss		
Remeasurement of defined benefit pension plans	–341	–60
Deferred income taxes	109	17
Consolidated comprehensive income	28,128	17,310
Of which attributable to:		
Parent company’s equityholders	28,128	17,290
Non-controlling interests	0	20

Consolidated cash flow statement

for the period from 1 January to 31 December 2014

		01.01–31.12.2014 EUR thousand	01.01–31.12.2013 EUR thousand
	Operating activities		
	Consolidated profit	39,006	10,263
+	Depreciation/amortisation of non-current assets	45,530	39,235
=	Consolidated profit plus depreciation/amortisation	84,536	49,498
–	Increase in inventories	–9,975	–39,397
+	Decrease in trade receivables and future receivables from construction contracts	28,567	31,734
–/+	Decrease/increase in trade payables	–12,771	933
+	Increase in prepayments received – liabilities –	65,176	67,305
=	Payments received from changes in working capital	70,997	60,575
+/–	Decrease/increase in other assets not allocated to investing or financing activities	20,552	–24,731
+	Increase in pension provisions	344	246
–	Decrease in other provisions	–9,897	–19,904
–/+	Decrease/increase in other liabilities not allocated to investing or financing activities	–8,970	13,522
–/+	Profit/loss from the disposal of non-current assets	–6,023	1,651
–	Other interest and similar income	–2,429	–1,847
+	Interest received	2,328	1,618
+	Interest and similar expenses	20,458	27,769
–	Interest paid	–19,916	–27,250
+	Income taxes	16,337	7,938
–	Taxes paid	–2,728	–852
–/+	Other non-cash income/expenses	–5,299	9,856
=	Payments received/made from remaining operating activities	4,757	–11,984
=	Cash flow from operating activities	160,290	98,089
	Investing activities		
+	Payments received from the disposal of property, plant and equipment/intangible assets	9,842	567
–	Payments made for investments in property, plant and equipment/intangible assets	–77,048	–73,357
+	Payments received from the disposal of financial assets	3,057	1,088
–	Payments made for investments in financial assets	–8,201	–4,308
+	Payments received from investment grants	760	1,733
=	Cash flow from investing activities	–71,590	–74,277

		01.01–31.12.2014 EUR thousand	01.01–31.12.2013 EUR thousand
	Financing activities		
+	Payments received from equity issues	0	71,783
–	Bank loans repaid	–25,316	–27,689
–	Amounts invested in fixed-term deposits	–75,000	0
–	Repayment of finance leases	–12,963	0
=	Cash flow from financing activities	–113,279	44,094
	Cash change in cash and cash equivalents	–24,579	67,906
+	Cash and cash equivalents at the beginning of the period	332,963	274,779
+	Changes due to additions to companies consolidated	0	56
+/–	Exchange rate-induced change in cash and cash equivalents	5,036	–9,778
=	Cash and cash equivalents at the end of the period[1] (Cash and cash equivalents carried on the face of the consolidated balance sheet)	313,420	332,963

[1] Trustee account TEUR 392 (2013: TEUR 111)

Consolidated statement of changes in equity

for the period from 1 January to 31 December 2014

	Subscribed capital EUR thousand	Share premium EUR thousand	Other retained earnings EUR thousand
01.01.2014	80,882	242,888	–10,920
Employee stock option programme	0	–264	0
Consolidated comprehensive income	0	0	–232
Consolidated net profit/loss	0	0	0
Other comprehensive income			
Items which may be recycled to profit and loss			
Foreign currency translation difference	0	0	0
Cash flow hedges	0	0	0
Deferred income taxes	0	0	0
Items which are not recycled to profit and loss			
Remeasurement of defined benefit pension plans	0	0	–341
Deferred income taxes	0	0	109
Utilisation of profit and consolidated net profit/loss carried forward Consolidated net profit carried forward	0	0	3,201
31.12.2014	80,882	242,624	–7,951

Cash flow hedges EUR thousand	Foreign currency adjustment item EUR thousand	Consolidated net profit carried forward EUR thousand	Consolidated net profit/loss EUR thousand	Capital attributable to the parent company's equity holders EUR thousand	Total equity EUR thousand
6,163	3,344	45,778	0	368,135	368,135
0	0	0	0	–264	–264
–9,064	–1,582	0	39,006	28,128	28,128
0	0	0	39,006	39,006	39,006
0	–1,582	0	0	–1,582	–1,582
–13,071	0	0	0	–13,071	–13,071
4,007	0	0	0	4,007	4,007
0	0	0	0	–341	–341
0	0	0	0	109	109
0	0	35,805	–39,006	0	0
–2,901	1,762	81,583	0	395,999	395,999

Consolidated statement of changes in equity

for the period from 1 January to 31 December 2013

	Subscribed capital	Share premium	Other retained earnings	Cash flow hedges
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
01.01.2013	73,529	179,256	–10,877	–1,419
Changes in the companies consolidated	0	0	0	0
Capital increase				
Payments received from issue of new equity	7,353	66,177	0	0
Cost of issuing new equity	0	–1,747	0	0
Income taxes	0	524	0	0
Employee stock option programme	0	79	0	0
Consolidated comprehensive income	0	0	–43	7,582
Consolidated profit	0	0	0	0
Other comprehensive income				
Items which may be recycled to profit and loss				
Foreign currency translation difference	0	0	0	0
Cash flow hedges	0	0	0	10,831
Deferred income taxes	0	0	0	–3,249
Items which are not recycled to profit and loss				
Remeasurement of defined benefit pension plans	0	0	–60	0
Deferred income taxes	0	0	17	0
Utilisation of profit and consolidated net profit/loss carried forward Consolidated net profit carried forward	0	–1,401	0	0
31.12.2013	80,882	242,888	–10,920	6,163

Foreign currency adjustment item EUR thousand	Consolidated net profit/loss carried forward EUR thousand	Consolidated net profit/loss EUR thousand	Capital attributable to the parent company's equity holders EUR thousand	Non-controlling interests EUR thousand	Total equity EUR thousand
3,836	34,391	0	278,716	275	278,991
0	–177	–80	–257	–295	–552
0	0	0	73,530	0	73,530
0	0	0	–1,747	0	–1,747
0	0	0	524	0	524
0	0	0	79	0	79
–492	0	10,243	17,290	20	17,310
0	0	10,243	10,243	20	10,263
–492	0	0	–492	0	–492
0	0	0	10,831	0	10,831
0	0	0	–3,249	0	–3,249
0	0	0	–60	0	–60
0	0	0	17	0	17
0	11,564	–10,163	0	0	0
3,344	45,778	0	368,135	0	368,135

Notes

General disclosures

Notes on the balance sheet

Notes on the income statement

Other disclosures

Key

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Notes on the consolidated financial statements
for the year from 1 January until 31 December 2014

General information

Nordex SE, a listed Societas Europaea, and its subsidiaries develop, manufacture and distribute wind power systems, particularly large megawatt-class turbines, in Germany and in other countries. Nordex SE is domiciled in Rostock, Germany. However, its headquarters are located at Langenhorner Chaussee 600, 22419 Hamburg, Germany.

Nordex SE stock is admitted to regulated trading subject to the advanced admission obligations (TecDAX) stipulated by Deutsche Börse. Its nominal capital as of 31 December 2014 stands at EUR 80,882,447 (2013: EUR 80,882,447) and is divided into 80,882,447 (2013: 80,882,447) no-par-value shares with a notional value of EUR 1 each.

Nordex SE's consolidated financial statements for 2014 were approved for publication in a resolution passed by the Management Board on 25 February 2015.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the accounting periods presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Nordex SE and its subsidiaries were prepared in accordance with Section 315a of the German Commercial Code using the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. In this connection, all International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) binding for the 2014 reporting year were applied.

The consolidated financial statements were prepared using the historical cost method supplemented with fair-value measurement of the financial assets classified as available for sale and the assets and liabilities at fair value through profit and loss (including derivative financial instruments).

The consolidated financial statements are prepared in thousands of euros.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the section entitled "Critical accounting estimates and assumptions".

As in the previous year, Nordex SE applied the current/non-current distinction provided for in IAS 1 for accounting for assets and liabilities in 2014.

At Nordex SE and all its consolidated companies, the fiscal year is identical to the calendar year.

Effects of new accounting standards

The new and revised standards to be applied in 2014 are as follows:

- IAS 27, Separate Financial Statements – guidance is provided on the separate financial statements remaining after the guidance on consolidated financial statements contained in IFRS 10 has been applied.
- IAS 28, Investments in Associates and Joint Ventures – provides guidance on accounting for joint ventures and associated companies measured using the equity method after the publication of IFRS 11.
- IAS 32, Financial Instruments: Presentation – This revision clarifies a number of rules pertaining to the netting of financial assets and financial liabilities in the balance sheet.
- IAS 36, Impairment of Assets – Disclosures in the notes concerning value in use and fair value less cost to sell are to be harmonised.
- IAS 39, Financial Instruments: Recognition and Measurement – clarifies that the novation of a derivative does not lead to the dissolution of the hedge provided that certain conditions are cumulatively satisfied.
- IFRS 10, Consolidated Financial Statements – This introduces a new consolidation model for all companies based on the concept of control by the parent of subsidiaries.
- IFRS 11, Joint Arrangements – joint arrangements are accounted for more realistically on the basis of the rights and obligations rather than the contractual arrangement. The possibility for proportionate consolidation has been abolished.
- IFRS 12, Disclosures of interests in other entities – combines the revised disclosure obligations on joint arrangements with those in IAS 27, IFRS 10, IAS 31, IFRS 11 and IAS 28 in a single standard.

The application of the new and revised standards and interpretations does not have any material effects on the consolidated financial statements.

New and revised standards and interpretations which were not yet mandatory in 2014 and have not been early adopted by the Group:

- IAS 1, Presentation of the Financial Statements – removes obstacles in the exercise of the discretionary rights by preparers with respect to the presentation of the financial statements. Application is still subject to endorsement by the European Union.
- IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets – clarifies which methods are to be used for calculating depreciation and amortisation expense on property, plant and equipment and intangible assets. Application is still subject to endorsement by the European Union.
- IAS 19, Employee Benefits – stipulates that for the purpose of accounting for defined benefit plans the preparer must allocate contributions made by employees (or third parties) which are linked to the service period as a reduction in service cost.
- IAS 27, Separate Financial Statements – the amendments now permit the use of the equity method as an option for accounting for shares in subsidiaries, joint ventures and associated companies in an investor's separate financial statements. Application is still subject to endorsement by the European Union.
- IAS 28, Investments in Associates and Joint Ventures and IFRS 10 Consolidated Financial Statements – clarifies that the profit or loss derived from transactions with a joint venture or associate depends on whether the assets are sold or constitute a business operation. Application is still subject to endorsement by the European Union.
- IFRS 9, Financial Instruments – describes the new model for expected losses arising from impairments and limited changes in the classification and measurement rules for financial assets. IFRS 9 replaces IAS 39 in full. Application is still subject to endorsement by the European Union.

- IFRS 11, Joint Arrangements – states that the purchase of shares in a joint arrangement constituting a business operation as defined in IFRS 3 must apply all the principles for accounting for business combinations stated in IFRS 3 and the other IFRSs provided that they do not conflict with the guidance provided in IFRS 11. Application is still subject to endorsement by the European Union.
- IFRS 15, Revenue from Contracts with Customers – replaces IAS 11, IAS 18 and a number of revenue-related interpretations, providing guidance on how and when revenue from contracts with customers is to be recognised using a five-stage model. It applies to nearly all contracts with customers with the exception of leases, financial instruments and insurance contracts. Application is still subject to endorsement by the European Union.
- IFRIC 21, Levies – provides guidance on when a liability is to be recognised for a levy imposed by a government.
- Annual improvements to the IFRS, 2010–2012 cycle – this is the fifth collective standard containing various amendments to six existing IFRS.
- Annual improvements to the IFRS, 2011–2013 cycle – this is the sixth collective standard containing various amendments to four existing IFRS.
- Annual improvements to the IFRS, 2012–2014 cycle – this is the seventh collective standard containing various amendments to four existing IFRS. Application is still subject to endorsement by the European Union.

No use was made of the possibility for early adoption. The effects of the new and revised standards are being examined in detail.

Moreover, there are no changes in the accounting and measurement methods used compared with the previous year.

Consolidation

Subsidiaries

Subsidiaries are defined as all entities (including structured companies) which are controlled by the Group. The Group controls an investee if it has power over it, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Group's returns.

An investee is consolidated from the day on which the investor gains control of it and ends when the investor loses control over it.

Subsidiaries acquired are accounted for using the acquisition method. The acquisition costs equal the fair value of the assets acquired, equity instruments issued and the liabilities arising or assumed as of the date of exchange. In addition, the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any transaction costs are reported within profit and loss when they arise. For the purpose of accounting for business combinations, identifiable assets, liabilities and contingent liabilities are consolidated for the first time at their fair value as of the date of acquisition.

The Group makes an individual decision for each business combination whether the non-controlling interests in the acquiree are measured at fair value or on the basis of the proportionate share of the acquiree's net assets.

Goodwill is recognised as the excess of the costs of the business combination, the amount of the non-controlling interests in the acquiree and the fair value of any previously held shares as of the date of acquisition over the Group's shares in the net assets measured at their fair value. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Internal Group transactions, balances as well as unrealised gains and losses from internal Group transactions are eliminated. Where necessary, the accounting policies applied by the subsidiaries have been modified to ensure consistent Group-wide accounting practices.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence over a company, any retained interest in the company is remeasured at its fair value, with the change in carrying amount recognised in profit or loss.

The fair value is defined as the initial fair value of an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that company are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are recycled to profit or loss where appropriate.

The companies consolidated comprise the following six (2013: six) domestic and 27 (2013: 30) non-domestic companies:

Name	Share in capital/ voting rights 31.12.2014 %	Share in capital/ voting rights 31.12.2013 %
Nordex SE, Rostock (Group parent)	–	–
Beebe Wind LLC, Delaware, United States	100.0	100.0
Eólicos R4E S.A. de C.V., Tegucigalpa, Honduras	100.0	100.0
Green Hills Wind LLC, Delaware, United States	100.0	100.0
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Peking, China	100.0	100.0
Nordex (Chile) SpA, Santiago, Chile	100.0	100.0
Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., Dongying, China	100.0	100.0
Nordex Education Trust, Capetown, South Africa	100.0	100.0
NordexEnergy Uruguay S.A., Montevideo, Uruguay	100.0	100.0
Nordex Energy B.V., Rotterdam, Netherlands	100.0	100.0
Nordex Energy GmbH, Hamburg	100.0	100.0
Nordex Energy Ibérica S.A., Barcelona, Spain	100.0	100.0
Nordex Energy Ireland Ltd., Dublin, Ireland	100.0	100.0
Nordex Energy Romania S.r.l., Bucharest, Romania	100.0	100.0
Nordex Energy South Africa RF (Pty.) Ltd., Illovo, South Africa	100.0	100.0
Nordex Enerji A.S., Istanbul, Turkey	100.0	100.0
Nordex France S.A.S., La Plaine Saint-Denis, France	100.0	100.0
Nordex Grundstücksverwaltung GmbH, Hamburg	100.0	100.0
Nordex Hellas Monoprosopi EPE, Athens, Greece	100.0	100.0
Nordex Italia S.r.l., Rome, Italy	100.0	100.0
Nordex Offshore GmbH, Hamburg	100.0	100.0
Nordex Pakistan (Private) Ltd., Islamabad, Pakistan	100.0	100.0
Nordex Polska Sp. z o.o., Warsaw, Poland	100.0	100.0
Nordex Singapore Equipment Private Ltd., Singapore, Singapore	100.0	100.0
Nordex Singapore Service Private Ltd., Singapore, Singapore	100.0	100.0
Nordex Sverige AB, Uppsala, Sweden	100.0	100.0
Nordex UK Ltd., Manchester, United Kingdom	100.0	100.0
Nordex USA Inc., Chicago, United States	100.0	100.0
Nordex USA Management LLC, Chicago, United States	100.0	100.0
Nordex Windpark Beteiligung GmbH, Hamburg	100.0	100.0
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia, China	100.0	100.0
NPV Dritte Windpark GmbH & Co. KG, Hamburg	100.0	100.0
Way Wind, LLC, Delaware, United States	100.0	100.0

No companies were consolidated for the first time in the year under review.

The following companies were deconsolidated in the year under review:

Name		Date of sale
Big Berry Wind Farm LLC, Delaware, United States[1]	Liquidated	03.11.2014
Flat Rock Wind LLC, Delaware, United States[2]	Sold	25.03.2014
Republic Wind LLC, Delaware, United States[2]	Sold	25.03.2014

[1] Deconsolidated effective 30 November 2014.
[2] Deconsolidated effective 31 March 2014.

The deconsolidation of Big Berry Wind Farm LLC, Flat Rock Wind LLC and Republic Wind LLC did not have any effect on profit and loss. As of the date of deconsolidation, none of the companies held any cash and cash equivalents, meaning that the disposal of assets and liabilities did not exert any effect on cash flow.

There are management and profit-transfer agreements in force between Nordex SE and its consolidated domestic companies with the exception of Nordex Offshore GmbH with a corresponding effect on the Group's tax situation. A tax unity for corporate, trade and value added tax is in force with Nordex SE for the domestic subsidiaries. The list of shareholdings as of 31 December 2014 is attached to these notes.

For the purposes of liability consolidation, all receivables and liabilities as well as unrealised gains and losses on internal Group transactions between consolidated companies of EUR 2,277,785 thousand (2013: EUR 1,669,404 thousand) are netted against each other.

Internal Group transactions as well as unrealised gains and losses from internal Group transactions are eliminated. In connection with the consolidation of expenses and income, internal Group deliveries of services and goods, expenses and income arising from transfer transactions and unrealised profit and loss from internal Group transactions of EUR 690,754 thousand (2013: EUR 487,185 thousand) were eliminated.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanied by a shareholding of between 20% and 50% of the voting rights.

They are accounted for using the equity method of accounting and initially recognised at cost. The Group's investments in associates include goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share in its associates' profits or losses is recognised in the income statement as of the date of acquisition and its share in changes in reserves is recognised in consolidated reserves. The accumulated post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise any further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, the accounting policies applied by the associates have been modified to ensure consistent Group-wide accounting. Dilution gains and losses arising from shares held in associates are recorded in profit and loss.

Foreign-currency translation

Functional currency and reporting currency

The items included in the financial statements of each consolidated company are measured on the basis of the currency which corresponds to the currency of the primary economic environment in which it operates (functional currency). The consolidated financial statements are presented in euros, which is Nordex SE's functional and presentation currency.

Transactions and balances

Foreign-currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Gains and losses from the transaction-date translation of monetary assets and liabilities held in a foreign currency are taken to the income statement.

Foreign exchange gains and losses resulting from the translation of cash, cash equivalents and other financial assets or liabilities are presented in the income statement under other operating income or other operating expenses.

Group enterprises

The assets and liabilities of all consolidated companies with a functional currency other than the euro are translated using the exchange rate prevailing on each reporting date.

The income and expenses of all consolidated companies with a functional currency other than the euro are translated into euro at the average exchange rate for each income statement (unless the use of the average exchange rate does not result in a reasonable approximation of the cumulative effects which would have arisen had the exchange rate applicable on the dates of the individual transactions been applied; in this case, income and expenses are translated at the rates prevailing on the transaction dates).

Any translation differences are recorded as a separate item in other reserves in equity (foreign currency adjustment item).

The following table sets out the main exchange rates against the euro of importance to the Group:

Exchange rates EUR 1.00 equals	Average exchange rates for the year		End-of-year exchange rate as of 31.12.	
	2014	2013	2014	2013
CNY	8.1090	8.1652	7.4437	8.3341
GBP	0.8028	0.8498	0.7789	0.8333
PKR	133.0902	134.7673	122.1493	144.8205
PLN	4.1924	4.2105	4.2820	4.1520
RON	4.4379	4.4138	4.4865	4.4600
SEK	9.1160	8.6625	9.3800	8.8200
TRY	2.8923	2.5537	2.8300	2.9460
USD	1.3189	1.3295	1.2155	1.3769
UYU	30.6466	27.1739	29.1715	29.1206
ZAR	14.3102	12.9216	14.0292	14.4907

Cash and cash equivalents and fixed-term deposits

Cash and cash equivalents include cash in hand and short-term bank deposits due for settlement in less than three months. Utilised current account overdrafts are netted with cash and cash equivalents. Fix-term deposits comprise bank deposits callable subject to notice of more than three months.

Trade receivables and future receivables from construction contracts

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or within the normal operating cycle of the business if longer), they are classified as current assets. Otherwise they are classified as non-current.

Trade receivables are categorised as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost, less any impairment losses, which are calculated on the basis of an individual risk assessment.

Future receivables from construction contracts are amounts due from services performed within the framework of specific customer construction contracts, which are recorded using the percentage-of-completion method (POC method) after deducting expected losses. Future receivables from construction contracts are classified as loans and receivables.

Inventories

Inventories are reported at historical cost. Generally speaking, the average method is used to calculate historical cost. The production costs include full costs calculated on the basis of normal capacity utilisation. Specifically, the production costs include directly attributable costs as well as material and production overheads including production-related charges and pension expenses. In addition, production-related administrative overheads are assigned to production costs. Borrowing costs which are directly attributable to the construction of wind power systems and their components as well as advance outlays for project development, rights and infrastructure are included in construction costs.

Suitable adjustments are made to allow for any inventory risks in connection with reduced merchantability. If the net recoverable amount of the inventories on the balance-sheet date is less than their book value, they are written down accordingly. In the event of an increase in the net realisable value of inventories for which impairment expense has previously been recognised, the resultant reversal amount is deducted from the cost of materials or recognised as an increase in inventories.

Financial assets

Classification

Financial assets are allocated to the following categories: at fair value through profit and loss, loans and receivables and available for sale. The held to maturity category is not dealt with in any detail due to its lack of relevance for the Group.

Classification depends on the purpose for which the financial assets were acquired. Management determines the category of the financial asset upon initial recognition.

- Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets which are held for trading. In addition, a financial asset is assigned to this category if it has principally been acquired for the purpose of being sold in the near term. Derivatives are also assigned to this category unless they are designated as hedges. Assets in this category are recognised as current assets provided that they are due for settlement in less than twelve months; otherwise they are reported as non-current assets.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date. Otherwise they are classified as non-current. The Group's loans and receivables are reported in the balance sheet within cash and cash equivalents, fixed-term deposits, trade receivables and future receivables under construction contracts as well as other current financial assets.

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments that are either designated in this category or not classified in any of the other categories. They are reported within non-current assets unless management intends to dispose of the investment within twelve months of the reporting date and the asset does not fall due for settlement during this period.

Recognition and measurement

All purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Company assumes an obligation to buy or sell the asset in question. Financial assets not designated as at fair value through profit and loss are initially recognised at their fair value plus transaction costs. Financial assets assigned to this category are initially recognised at their fair value; any transaction costs are recorded in profit and loss. Financial assets are derecognised when the rights to payment under the financial assets expire or they have been transferred to third parties together with substantially all risks and opportunities arising from ownership.

After initial recognition, available-for-sale financial assets and financial assets at fair value through profit and loss are measured at their fair value.

Gains or losses from financial assets at fair value through profit and loss are recognised in other operating income or other operating expenses in the income statement in the period in which they arise.

As a general rule, gains and losses from available-for-sale financial assets are recorded within equity in the period in which they arise with the exception of interest income arising from the application of the effective interest method and foreign-currency translation differences arising from monetary securities, which are reported in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the group's right to receive payments is established. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement. Securities classified as available-for-sale financial assets are measured at historical cost less impairment if there is no active market for them and their fair value cannot be reliably determined.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Interest income arising from the application of the effective interest method is reported within other interest and similar income in the income statement.

Impairment of financial assets

- Assets measured at amortised cost

A test is performed at each reporting date to identify any evidence of impairment in a financial asset. A financial asset is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence of impairment may include evidence of financial difficulties on the part of a customer, failure to pay interest or capital amounts, the probability of insolvency or other composition proceedings and discernible facts indicating a measurable reduction in estimated future cash flows such as detrimental changes in the payment situation of the customer or borrower or in the economic situation tantamount to a delay in the performance of obligations.

In the "loans and receivables" category, the extent of the impairment is deemed to equal the difference between the carrying amount of the asset and the present value of the expected future cash flows (with the exception of possible future credit defaults) discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the loss taken to profit and loss.

If the amount of the impairment declines in a subsequent period and this decline is due to circumstances arising after the initial recognition of the impairment (e.g. a rating upgrade), the impairment is reversed through profit and loss.

- Assets classified as available for sale

A test is performed at each reporting date to identify any evidence of impairment in a financial asset. In the case of debt instruments, the criteria stated above are applied. In the case of equity instruments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the instrument below its cost is viewed as an indicator that the instruments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Any impairment losses on equity instruments recognised in profit or loss may not be reversed through profit or loss. If the fair value of a debt instrument which is classified as an available-for-sale financial asset rises in a subsequent period and this increase is due to circumstances arising after the initial recognition of the impairment, the impairment is reversed through profit and loss.

Property, plant and equipment

Property, plant and equipment are reported at cost and, where subject to wear and tear, written down on a scheduled basis.

Historical cost includes the directly attributable transaction costs. Any additional cost, e.g. as a result of extensions or replacements, is only assumed to constitute part of the historical cost of the asset in question or – where applicable – reported as a separate asset if future economic benefits are likely to flow to the Group as a result and the costs of the asset can be reliably determined.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until all work has been materially completed required to ready the assets for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

In accordance with IAS 20.24, government grants and assistance received for the purposes of acquiring assets are deducted from historical cost.

Expenditure on repairs and maintenance which do not constitute material replacement spending is recognised in profit and loss in the year in which it arises.

Depreciation is calculated on a straight-line basis. For this purpose, the historical cost is written down to the residual carrying amount over the expected useful lives of the assets as follows:

	Useful life	Depreciation rate
Land and buildings (depreciation calculated for buildings only)	10–33 years	3%–10%
Technical equipment and machinery	3–16 years	6.25%–33.33%
Operating and business equipment	2–18 years	5.56%–50%

The assets' residual values and useful lives are reviewed and, if appropriate, adjusted at each reporting date.

If there is any evidence indicating impairment in the value of the asset and the realisable amount is less than the amortised acquisition or production costs, the asset is written down on a non-scheduled basis. If the reasons for the impairment no longer apply, the impairment loss is reversed.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill arising from a business combination is recorded separately within intangible assets. The goodwill recognised is subject to an annual impairment test and subsequently measured at historical cost less any accumulated impairment losses. Impairment losses on goodwill are not reversed.

Gains and losses from the sale of a company encompass the carrying amount of the goodwill attributable to the entity being sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose in accordance with the business segments identified. Reference should be made to the section on critical accounting estimates and assumptions for details of goodwill impairment testing.

Capitalised development expense

Development costs are capitalised if the technical feasibility of completing the intangible asset so that it is available for use or sale and the intention for the intangible asset to be completed, used or sold can be demonstrated. In addition, Nordex SE must be able to demonstrate the generation of a future economic benefit as a result of the asset and the availability of the resources to complete the asset and reliably measure the expenditure attributable to the intangible asset during its development.

The cost of production for such assets includes all costs directly attributable to the production process as well as the production-related overheads and borrowing costs. Capitalised development costs are written down on a straight line over the period in which the project is expected to generate sales, however no longer than five years.

If there is any evidence pointing to impairment in the value of the asset and the realisable amount is below the amortised acquisition or production costs, the asset is written down on a non-scheduled basis. If the reasons for the impairment no longer apply, the impairment loss is reversed.

Other intangible assets

Other intangible assets include licenses acquired, software and similar rights.

The assets are recognised at historical cost. They have defined useful lives and are reported at historical cost less cumulative amortisation. Amortisation is calculated on a straight-line basis over the expected useful lives of the assets, which are deemed to expire no later than upon the right extinguishing. The following useful lives are assumed for this purpose:

	Useful life	Amortisation rate
Licenses, software and similar rights	2–5 years	20%–50%

Actual and deferred income taxes

The income tax expense comprises current and deferred income taxes. Income taxes are recorded in the income statement unless they refer to items reported directly in equity or other comprehensive income. In this case, they are also recorded in equity or other comprehensive income.

Current income tax expense is calculated on the basis of the tax legislation applicable or enacted in the countries in which the subsidiaries are active and generate taxable income as of the reporting date. Management regularly checks tax declarations particularly with respect to matters open to interpretation and, if necessary, sets aside provisions based on the amounts which are likely to be payable in tax.

Deferred income taxes are recognised for all temporary differences between the tax base of the assets/liabilities and their carrying amounts in the IFRS financial statements (liability method), which thus result in higher (deferred income tax liabilities) or lower (deferred income tax assets) taxable income (temporary valuation differences) in the future. No deferred income taxes liabilities are recognised upon the initial recognition of goodwill. Deferred income taxes are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income taxes are determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. They also include tax reimbursement claims arising from the expected future utilisation of existing tax losses if there is reasonable certainty that they will be realised within a period of five years.

Deferred income tax liabilities are provided on temporary differences arising on investments in non-consolidated subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are netted in cases in which there is an enforceable netting right and the deferred taxes are levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Financial liabilities

Classification

- Financial liabilities held for trading

This category exclusively includes the negative fair value of derivatives that are not included in hedge accounting. All changes to the fair value of the financial liabilities in this category are directly recognised in the income statement.

- Financial liabilities at amortised cost

The "financial liabilities at amortised cost" category includes all non-derivatives and those financial liabilities not subsequently recognised at their fair value. Amortised costs are calculated using the effective interest method.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise they are classified as non-current.

Trade payables are initially measured at their fair value and subsequently remeasured at amortised cost using the effective interest method.

Financial liabilities

Financial liabilities are initially recognised at their fair value net of transaction costs. In the ensuing periods, they are remeasured at amortised cost; any difference between the payment made (net of transaction costs) and the repayment received is included in the income statement over the term of the loan using the effective interest method.

Other provisions

Provisions are recognised if the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be necessary to settle the obligation and a reliable estimate can be made of the amount of the obligation. Values are calculated on the basis of prudent estimates in the light of all discernible risks at the level of their probable occurrence.

If a number of similar obligations exist, as is the case with guarantee and warranty provisions, the probability of the burden on assets as a result of this group of obligations is determined.

Provisions are recognised at the present value of the expenditure expected to be required to settle the obligation discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Increases in provisions resulting solely from interest costs are recorded as interest expense in the income statement.

Pensions and similar obligations

The Group has both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a non-Group separate entity (fund). In the case of defined contribution plans, the Group pays contributions to public or private pension insurance schemes on the basis of a statutory or contractual obligation or on a voluntary basis. The Group has no further payment obligations beyond the payment of these contributions. The contributions are recorded as personnel costs when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

By contrast, a defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The provisions on the balance sheet for defined benefit plans correspond to the present value of the defined benefit obligation (DBO) as of the reporting date. The DBOs are calculated annually by independent actuarial experts using the projected unit credit method. The present value of the DBOs is calculated by discounting the expected future outflows of funds with the interest rate of investment-grade corporate bonds. The corporate bonds are denominated in the currencies in which the benefits are paid and with maturities matching those of the pension obligations. Actuarial gains and losses based on historical adjustments and changes to actuarial assumptions are recorded in other comprehensive income in the period in which they arise.

Equity capital

Ordinary shares are classified as equity capital. Incremental costs which are directly attributable to the issue of new shares or options are recognised in equity as a deduction net of tax from the proceeds of the issue.

Stock option plan

Nordex SE grants the Management Board of Nordex SE the right free of charge to acquire shares in Nordex SE. Nordex SE may also make a cash settlement in lieu of delivery of shares. As there is currently no obligation to make a cash settlement and this is not planned in the future, stock options are accounted for as equity-settled obligations.

The employee services received in exchange for the grant of the options are recognised as expense. This expense is determined by reference to the fair value of the options granted, including market-based plan conditions and exclusive non-market-based plan conditions, as well as “non-vesting conditions”. The latter are included in assumptions about the number of options that are expected to vest. The total expense is recognised proportionately over the vesting period.

The Company monitors the expected number of options that are likely to be exercised during the vesting period at the end of every reporting period. Deviations from earlier estimates are adjusted and recorded in the income statement. A corresponding adjustment is then made to equity.

Derivative financial instruments and hedges

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. The method for recording profits and losses depends on whether the derivative financial statement has been designated as a hedge and the nature of the hedged item.

Currency forwards

Currency forwards are used to hedge items of the balance sheet and future cash flows ("hedged item") with a high probability of occurrence. The Group applies the hedge-accounting rules set out in IAS 39, which stipulate that hedge accounting is possible only if the clear hedging relationship between the hedged item and the hedge is documented and its efficacy is proved.

Like other derivative financial instruments, cash flow hedges satisfying these requirements are measured at fair value. Any changes in the fair value of the effective part of the derivative are initially recorded in the cash flow hedge reserve and only recycled to profit and loss when the hedged item is realised; the ineffective part of the cash-flow hedge is taken to profit and loss immediately and recorded within other operating income or other operating expenses, as the case may be. The ineffective part of cash flow hedges comprises income and expense arising from any changes in the fair value of the currency forwards exceeding the changes in the fair value of the hedged items for which, however, efficacy within the permissible range of between 80% and 125% has been determined.

If a hedge expires, is sold or no longer qualifies for hedge accounting, the cumulative profit or loss hitherto recorded within equity is not recycled to profit and loss until the originally hedged transaction is realised. If the future transaction is no longer expected to be realised, the cumulative profit and loss recognised within equity must be immediately recycled to profit and loss.

Currency forwards which are used within the Group for hedging foreign currency risks in accordance with business criteria but which do not satisfy the strict criteria of IAS 39 for the application of hedge accounting are classified as assets and liabilities at fair value through profit and loss and classed as held for held for trading. Gains or losses from these currency forwards designated as fair-value hedges are recognised within other operating income or other operating expenses, as the case may be, in the income statement in the period in which they arise.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease and reported within other operating expenses.

Leases in which the Group holds the material risks and benefits from ownership of the leased assets are classified as finance leases. Assets leased under finance leases are recognised at the lower of their fair value and the present value of the minimum lease payment at the beginning of the lease.

A lease liability of the same amount is recorded within non-current liabilities. Each lease payment is divided into an interest and a repayment component to ensure that a constant interest rate is applied to the lease liability. The net lease liability is reported within non-current liabilities. The interest component of the lease payment is recorded within net interest income/expense in the income statement and spread evenly over the term of the lease. Assets under finance leases are written off over the shorter of their expected useful life and the term of the lease.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Otherwise they are recognised through profit and loss in the period in which they arise.

A qualifying asset is one whose construction or assembly takes more than one year.

Revenue recognition

Sales

Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. They are shown net of value added tax, returns, rebates and discounts as well as after eliminating sales within the Group.

Revenues comprise income from the completion of construction contracts for customers, the sale of wind power systems and from service contracts.

In the case of production for customers, sales are recognised using the percentage-of-completion method on the basis of the ratio of actual to planned costs if

a) a legally binding contract has been signed,
b) all necessary construction permits have been issued,
c) a connection has been established with the grid or a grid-connection agreement has been signed,
d) the customer has obtained the necessary finance, and
e) the customer has remitted the agreed prepayment.

For this purpose, profit is recognised on a prorated basis in accordance with the percentage of completion provided that the percentage of completion, total costs and total revenues from the orders in question can be reliably calculated. Contract costs comprise the costs directly attributable to the contract as well as production overheads.

If circumstances arise that may change the original estimates of revenues, costs or the percentage of completion, then these estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known to management. Revenues from service contracts are recognised upon the service being provided.

Interest income

Interest income is recorded in the period in which it arises.

Financial risk management

Financial risk management – purposes and methods

As an enterprise acting on an international level, the Nordex Group is exposed to financial risks in its operating business and financial transactions. These are primarily market, credit and liquidity risks. The purpose of financial risk management is to limit these market risks by means of ongoing operating and finance-oriented activities. For this purpose, derivative and non-derivative hedge instruments are used. Derivative financial instruments are used solely for hedging purposes and are not utilised for trading or speculative purposes. These transactions are executed on a central basis by Nordex SE as the parent company.

All transactions involving derivative financial instruments are subject to stringent monitoring, which is particularly ensured by a strict separation of trading, back-office and supervisory functions. Moreover, certain transactions require the prior approval of the Management Board, which is additionally kept regularly informed of the extent and value of the outstanding risk positions. The Treasury department is responsible for implementing the financial strategy and for ongoing risk management. All of Nordex's counterparties in contracts for derivative financial instruments are domestic and foreign banks whose ratings are permanently monitored. Nordex is able to mitigate risk by diversifying its trading partners.

Market risk

Foreign-currency risk

The Group's business is exposed to fluctuations in exchange rates as a result of its international orientation. The main risks are primarily to be found in the exchange rate between the euro (EUR), the US dollar (USD), pound sterling (GBP) and the South African rand (ZAR). Foreign-currency risks arise from expected future transactions, assets and liabilities recognised on the face of the balance sheet. Currency forwards are used only to hedge transaction exchange rate risks.

The Group's risk management policy provides for contractually agreed future transactions as well as existing assets and liabilities to be hedged. As of 31 December 2014, these were primarily US-dollar, pound sterling and South African rand currency forwards. The notional repayment amounts for outstanding currency forwards stand at EUR 107,546 thousand as of 31 December 2014 (2013: EUR 208,699 thousand) particularly due to business in the United States and South Africa; however, the opposing currency flows cancel each other out. The Nordex Group's operating activities were not exposed to any material transaction currency risks as of the reporting date thanks to these hedging activities.

For the purpose of describing market risks, a currency sensitivity analysis is performed to determine the effects of hypothetical changes in relevant risk variables on the Company's earnings and equity. Currency risks arise as a result of financial instruments denominated in a currency other than the Group's functional currency and of a monetary nature; differences as a result of exchange rates in the translation of single-entity financial statements for inclusion in the consolidated financial statements are ignored. As a matter of principle, the relevant risk variables comprise all non-functional currencies in which the Nordex Group transacts financial instruments.

If the exchange rate of the US dollar had appreciated against the euro by 10% on 31 December 2014, post-tax profit would – all other variables being equal – have decreased by EUR 3.5 million (2013: increased by EUR 4.5 million) for the year as a whole as a result of the change in the originated financial instruments (cash and cash equivalents, fixed-term deposits, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of the US dollar had depreciated by 10%, post-tax profit would have been EUR 2.8 million higher (2013: EUR 3.7 million lower). Appreciation/depreciation by 10% in the exchange rate of the US dollar would have resulted in a decrease in post-tax profit of EUR 0.9 million (2013: EUR 6.1 million) and an increase of EUR 0.7 million (2013: EUR 5.0 million), respectively, as a result of the currency forwards entered into for hedging purposes but not qualifying for hedge accounting.

If the exchange rate of pound sterling had appreciated by 10% against the euro on 31 December 2014, post-tax profit would – all other variables being equal – have decreased by EUR 0.3 million (2013: increased by EUR 0.05 million) for the year as a whole as a result of the change in the originated financial instruments (cash and cash equivalents, fixed-term deposits, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of pound sterling had depreciated by 10%, post-tax profit would have been EUR 0.3 million higher (2013: EUR 0.04 million lower). Appreciation/depreciation by 10% in the exchange rate of pound sterling would have resulted in a decrease in post-tax profit of EUR 0.1 million (2013: EUR 0.05 million) and an increase of EUR 0.08 million (2013: EUR 0.03 million), respectively, as a result of the currency forwards entered into for hedging purposes but not qualifying for hedge accounting.

If the exchange rate of the South African rand had appreciated against the euro by 10% on 31 December 2014, post-tax profit would – all other variables being equal – have increased by EUR 0.1 million (2013: increased by EUR 1.8 million) for the year as a whole as a result of the change in the originated financial instruments (cash and cash equivalents, fixed-term deposits, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of the South African rand had depreciated by 10%, post-tax profit would have been EUR 0.09 million lower (2013: EUR 1.5 million lower). Appreciation/depreciation by 10% in the exchange rate of the South African rand would have resulted in a decrease in post-tax profit of EUR 0.5 million (2013: EUR 0.2 million) and an increase of EUR 0.4 million (2013: EUR 0.4 million), respectively, as a result of the currency forwards entered into for hedging purposes but not qualifying for hedge accounting.

In the event of 10% appreciation/depreciation in the respective foreign currency against the Group currency, the measurement of the currency forwards entered into for hedging purpose and qualifying for hedge accounting would have resulted in the following effects on the hedge accounting reserve within equity and post-tax profit:

Currency parity	+10% EUR million	–10% EUR million
EUR/USD		
Hedge accounting reserve	–3.0	2.0
Profit/loss after tax	0	0
EUR/GBP		
Hedge accounting reserve	–2.5	2.0
Profit/loss after tax	0	0

Interest risk

Nordex SE does not have any material floating-rate assets or liabilities exposed to interest rate risks as of the reporting date.

Credit risk

The Group enters into business solely with investment-grade rated third parties. All main new customers wishing to enter into business with the Group on credit terms undergo a credit check. As a matter of principle, default risks or the risk of counterparties failing to comply with their payment obligations are addressed ahead of acceptance of the order by means of a standardised approval procedure. In particular, the order is not accepted unless the project finance is guaranteed by a bank and/or a bank guarantee or group bond has been issued. In addition, the contracts provide for payment to be made upon certain milestones being reached. Moreover, receivables are monitored on an ongoing basis to avert all material risks of default.

The maximum default risk is limited to the carrying amount in question. There is no pronounced clustering of default risks within the Group. Receivables from construction contracts and trade receivables are additionally secured by means of bonds, guarantees and stand-by letters of credit of EUR 3,397.8 million (2013: EUR 2,522.1 million) or by means of retained ownership rights of EUR 63.3 million (2013: EUR 76.1 million).

Liquidity risk

Nordex SE monitors and coordinates Group liquidity on a continuous basis, tracking payments made and received in the light of the settlement periods of the financial investments and assets as well as expected payment flows from operating activities.

The Group seeks to achieve a balance between current incoming and outgoing payments. In some cases, Nordex uses cross-border cash pooling mechanisms or other in-house banking instruments to enhance the efficiency of liquidity management within the Group. Group treasury invests remaining liquidity positions conservatively with domestic and non-domestic banks. For this purpose, limits and counterparty risks are permanently monitored.

As a matter of principle, the Nordex Group finances projects via prepayments made by customers. With all projects, the payments are called down in accordance with the progress of work on the basis of the agreed contractual schedule.

The Group’s external funding is primarily based on the debt instruments described below.

Corporate bond

In April 2011, Nordex SE issued a bond (ISIN: XS0601426538) with a fixed coupon of 6.375% and a tenor of five years. The coupon is due annually on 12 April. The full issuing prospectus is available to the general public on the Internet at www.nordex-online.com/en/investor-relations/anleihen.html.

Multi-currency guarantee facility

The Nordex Group has a syndicated multi-currency credit facility of EUR 550,000 thousand, which was renewed on 24 February 2014 on substantially improved terms and expires on 30 June 2017. As of 31 December 2014, it had unutilised guarantee facilities of EUR 183,999 thousand (2013: EUR 87,795 thousand).

Collateral was provided in the form of land changes of EUR 55,000 thousand (2013: EUR 90,000 thousand) as well as pledges on assets in the form of a storage assignment. The borrowers and guarantors are Nordex SE and other main Nordex Group companies.

Research and development loan

On 22 April 2014, Nordex raised a research and development loan of EUR 100,000 thousand with the European Investment Bank. It intends to use this loan to finance the development of increasingly more efficient technical solutions to additionally extend its competitive lead. The loan has a term of eight years from the date on which it is drawn and is repaid in instalments. The borrower is NORDEX Energy GmbH with the main Nordex Group companies holding joint and several liability. In addition, the European Investment Bank is providing collateral for the multi-currency guarantee facility. As of 31 December 2014, the loan had not yet been drawn upon.

Syndicated loan

The adjusted syndicated loan entered into in November 2009 under the KfW "Large Corporates" programme was prematurely repaid in full on 29 August 2014 (2013: EUR 25,316 thousand) due to Nordex's good liquidity position as well as the decision to optimise debt capital structure and interest expense.

Covenants

In 2014, all facilities/loans were subject to uniform and agreed financial and non-financial covenants such as equity ratio, leverage, interest cover and order receipts, compliance with which is confirmed in quarterly reports to the banks. As in the previous year, all covenants applicable in 2014 were satisfied in full.

The banks may only terminate the existing facilities for good cause, which includes the breach of the financial covenants.

Maturity structure of financial liabilities

As of 31 December 2014, the Group's originated financial liabilities including future interest broken down by maturity as follows:

Year ending 31.12.2014	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Current bank borrowings	0	0	0	0	0
Non-current bank borrowings	0	0	0	0	0
Trade payables	173,378	4,101	0	0	177,479
Other financial liabilities	19,497	16,022	152,683	0	188,202

Year ending 31.12.2013	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Current bank borrowings	2,534	7,367	0	0	9,901
Non-current bank borrowings	0	0	18,207	0	18,207
Trade payables	181,976	8,274	0	0	190,250
Other financial liabilities	19,214	16,111	171,744	8,695	215,764

As of 31 December 2014, derivative financial instruments had the following age structure:

Year ending 31.12.2014	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Receivables from derivatives with gross settlement					
Cash inflow	21,448	9,864	0	0	31,312
Cash outflow	–20,448	–9,297	0	0	–29,745
	1,000	567	0	0	1,567
Liabilities from derivatives with gross settlement					
Cash inflow	34,299	72,286	10,401	0	116,986
Cash outflow	–35,855	–76,642	–10,983	0	–123,480
	–1,556	–4,356	–582	0	–6,494

Year ending 31.12.2013	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Receivables from derivatives with gross settlement					
Cash inflow	154,258	29,766	0	0	184,024
Cash outflow	–147,845	–24,985	0	0	–172,830
	6,413	4,781	0	0	11,194
Liabilities from derivatives with gross settlement					
Cash inflow	13,946	12,915	30,639	0	57,500
Cash outflow	–14,250	–13,153	–31,292	0	–58,695
	–304	–238	–653	0	–1,195

Capital risk management

Equity stood at EUR 395,999 thousand as of 31 December 2014 (2013: EUR 368,135 thousand). The main aims of financial management are to ensure sustained growth in enterprise value and to safeguard the Group's liquidity and credit rating.

The Group monitors its capital by reference to the working capital employed. Working capital is defined as the sum total of inventories, receivables from construction contracts and trade receivables less advance payments received and trade payables.

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Inventories	273,880	263,905
Receivables from construction contracts	126,663	152,287
Trade receivables	58,798	61,741
Advance payments received	–321,971	–256,794
Trade payables	–177,479	–190,250
	–40,109	30,889
Sales	1,734,531	1,429,276
Working capital ratio	–2.3%	2.2%

Critical accounting estimates and judgements

The most important assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date giving rise to a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year concern the following items:

Goodwill impairment testing

The Group tests goodwill for impairment at least annually at the end of each year ("impairment only" approach). This necessitates the calculation of the value in use of the cash generating units to which the goodwill has been assigned. To estimate the value in use, the Group must estimate the likely future cash flows from the cash generating unit and additionally select an appropriate discount rate to calculate the present value of this cash flow.

Goodwill is assigned to the Europe segment. The value in use for the Europe segment is calculated by reference to the budget for 2015 as well as the following two years derived from the Company's medium-term forecasts. Cash flows beyond the three-year period were extrapolated using a consistent growth rate of

10.0% p.a. (2013: 10.0% p.a.). The discount rate before tax is 10.86% (2013: 9.71%) and is based on the weighted average cost of capital (WACC). The discount rate is based on a risk-free interest rate of 1.01% (2013: 2.00%), a market risk premium of 5.6% (2013: 6.0%) and a beta factor of 1.98 (2013: 1.46). The beta factor and the ratio of the market value of equity capital to the market value of debt capital were determined by reference to a segment-specific peer group.

Capitalised development costs

The Group reviews the fair value of the capitalised development costs at least once a year. In doing so, the Management Board assumes a useful life of five years for the purpose of calculating depreciation expense on capitalised development costs. In addition, the likely economic benefit of the development is determined by estimating the values in use of the cash generating units to which capitalised development costs are allocated. Past development costs which have become technically antiquated are written off.

The Group capitalised development costs with a residual carrying amount of EUR 106,118 thousand as of 31 December 2014 (2013: EUR 94,315 thousand).

Guarantee provisions

Provisions for guarantees, warranty claims, service and maintenance stood at EUR 52,560 thousand as of the reporting date (2013: EUR 62,457 thousand). Provisions are recognised and measured on the basis of estimates which, among other things, may incorporate historical data particularly with respect to the expected costs. Actual costs may differ from the provisions due to the inherent uncertainties.

Deferred income taxes

As the parent company, Nordex SE recognises deferred income tax assets on unused tax losses. Deferred income tax assets are calculated on the basis of a medium-term forecast for the German part of the Nordex Group. The forecast period for the probability of unused tax losses being utilised is unchanged at five years. Deferred income tax assets for domestic unused tax losses were calculated using an unchanged tax rate of 15.83% including the solidarity surcharge in the case of corporate tax and 16.18% in the case of trade tax.

The non-domestic subsidiaries within the Nordex Group recognise deferred income tax assets for unused tax losses in the light of the national tax rates and make allowance for any restrictions in the length of time in which the tax losses may be utilised. Deferred income tax assets are calculated on the basis of the medium term forecasts for the subsidiary in question.

As of 31 December 2014, the deferred income tax assets on unused tax losses came to EUR 66,259 thousand (2013: EUR 69,811 thousand).

Receivables from construction contracts

Nordex records receivables under construction contracts in accordance with IAS 11. In this connection, the proceeds from fixed-price contracts are compared with the planned contract costs from the wind farm projects. Nordex has installed a project monitoring system, which reports to project management, to oversee project costs. In addition to initial pricing, this system observes pricing changes during the performance of the contract as well as the final pricing activities. Revenues and margin contributions are recorded in accordance with the percentage of completion of the contract up until final acceptance by the customer.

Group segment report

The Nordex Group is engaged in the development, production, servicing and marketing of wind power systems. In addition to development and production, it provides preliminary project development services to support marketing, acquires rights and creates the infrastructure required to construct wind power systems at suitable locations. The Nordex Group is essentially a single-product company. Segment reporting follows the internal reports submitted to the chief operating decision maker.

Nordex SE's Management Board has been identified as the chief operating decision maker. Three reportable segments which are based on the geographic markets and managed separately have been designated. Nordex SE operates solely as a holding company and can therefore not be allocated to any of the three segments.

Internal reporting is based on the accounting policies applied to the consolidated financial statements. Segment sales comprise sales with third parties (external sales) as well as internal sales between the

Group segment report	Europe		Asia	
	2014 EUR thousand	2013 EUR thousand	2014 EUR thousand	2013 EUR thousand
Sales	1,598,319	1,348,058	72,194	41,302
Depreciation/amortisation	–40,311	–35,726	–325	–793
Interest income	1,401	2,632	157	127
Interest expenses	–14,339	–23,092	–147	–2,107
Income taxes	50,401	–22,666	–374	169
Earnings before interest and taxes (EBIT); segment earnings	95,500	75,844	453	–6,061
Investments in property, plant and equipment and intangible assets	75,751	70,321	39	195
Cash and cash equivalents	75,744	56,603	14,037	7,756

individual regions (internal sales). The prices of deliveries between the individual segments are determined on an arm's length basis. External sales are assigned in accordance with the sales destination. Segment earnings are consolidated on the basis of external sales. The following table sets out the disclosures required by IFRS 8.32:

America		Central units		Consolidation		Total group	
2014 EUR thousand	2013 EUR thousand	2014 EUR thousand	2013 EUR thousand	2014 EUR thousand	2013 EUR thousand	2014 EUR thousand	2013 EUR thousand
200,719	81,690	0	0	–136,701	–41,774	1,734,531	1,429,276
–972	–1,087	–1,416	–1,629	0	0	–43,024	–39,235
12	161	7,825	13,304	–6,966	–14,377	2,429	1,847
–1,239	–3,793	–11,699	–13,154	6,966	14,377	–20,458	–27,769
618	5,209	–66,982	9,350	0	0	–16,337	–7,938
7,775	803	14,236	12,334	–39,939	–38,588	78,025	44,332
268	633	230	474	0	0	76,288	71,623
13,044	26,611	210,595	241,993	0	0	313,420	332,963

Notes on the balance sheet

(1) Cash and cash equivalents and fixed-term deposits

This item primarily comprises bank balances.

Of this sum, EUR 392 thousand (2013: EUR 111 thousand) has been deposited in a trust account with a bank subject to withdrawal restrictions.

Deposits which are immediately callable are subject to variable interest rates, while fixed-term deposits are invested over different terms depending on the Group's funding requirements and are subject to fixed rates.

Cash and cash equivalents equal the cash and cash equivalents set out in the cash flow statement.

(2) Trade receivables and future receivables from construction contracts

Receivables break down as follows:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Trade receivables (gross)	61,151	63,590
Less impairment	–2,353	–1,849
Trade receivables (net)	58,798	61,741
Future receivables from construction contracts	126,663	152,287
	185,461	214,028

Trade receivables are not subject to interest and are generally due for settlement within 30 to 90 days.

Adjustments to trade receivables were as follows in the year under review as well as in the previous year:

	2014 EUR thousand	2013 EUR thousand
Impairments on 1 January	1,849	3,743
Additions recognised as expense	1,446	1,069
Utilised	–49	–227
Released	–893	–2,736
Impairments on 31 December	2,353	1,849

As of 31 December 2014, trade receivables had the following age structure:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Receivables not overdue or adjusted	20,150	33,461
Receivables not adjusted but overdue by		
up to 30 days	20,293	10,203
31–90 days	7,131	8,709
91–180 days	3,470	1,542
181–360 days	4,314	3,954
361 days and more	3,146	3,297
Total of overdue but non-adjusted receivables	38,354	27,705
Partially adjusted receivables	294	575
	58,798	61,741

In the year under review, non-impaired receivables of a total of EUR 169 thousand (2013: EUR 0 thousand) were derecognised. There is no evidence of any impairment of the receivables which have not been adjusted.

Impairments were recognised for receivables from customers with whom payment delays had occurred in the past or which must be expected on the light of historical experience.

Future receivables from construction contracts also comprise unfinished orders recognised in accordance with the percentage-of-completion method provided for in IAS 11. The item comprises the order costs incurred as of the reporting date and the prorated profit on orders realised in accordance with the cost-to-cost method. Prepayments received were deducted.

For the purpose of measuring non-current construction contracts, impairments of EUR 1,737 thousand were recognised on future receivables from construction contracts in 2014 (2013: EUR 74 thousand).

Receivables from construction contracts broke down as follows:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Accrued contract costs and proportionate realised profits on orders	1,846,005	1,178,663
Less prepayments received	–1,719,342	–1,026,376
	126,663	152,287

The maximum credit exposure on the reporting date equals the carrying amount of the receivables.

(3) Inventories

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Raw materials and supplies	176,024	144,632
Work in progress	94,128	117,315
Prepayments made	3,728	1,958
	273,880	263,905

Raw materials and supplies primarily comprise production and service material. Work in progress relates to wind power systems under construction as well as advance outlays for project development, licenses and infrastructure of EUR 1,354 thousand (2013: EUR 575 thousand) not due for completion until after 2015.

The carrying amount of the inventories includes the following adjustments:

	2014 EUR thousand	2013 EUR thousand
Impairments on 1 January	28,782	22,597
Utilised	–9,030	–9,564
Released	–778	–965
Additions recognised as expense	9,088	16,714
Impairments on 31 December	28,062	28,782

Utilisation of the impairments is particularly related to the reduction in aged inventories, while allocations are primarily for advance outlays in connection with project development.

The carrying amount of the impaired inventories stands at EUR 8,500 thousand (2013: EUR 18,985 thousand).

(4) Other current financial assets

Other current financial assets break down as follows as of the reporting date:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Receivables from non-consolidated affiliated companies, investments and associates	15,671	17,838
Insurance claims	3,872	158
Deposits/collateral	3,000	1,514
Creditors with debit accounts	1,586	395
Currency forwards	1,567	11,194
Bonus claims against suppliers	187	100
Loans to non-consolidated affiliated companies	150	214
Adjustments	–2	–10
Other	1,482	2,041
	27,513	33,444

Receivables from non-consolidated affiliated companies, investees and associates entail the delivery of goods and services and particularly also finance for project entities. As in the previous year, they are due for settlement in less than one year.

In the year under review, impairments of EUR 7 thousand were utilised (2013: EUR 0 thousand). There were no additions (2013: EUR 0 thousand).

(5) Other current non-financial assets

Other current non-financial assets break down as follows:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Tax reimbursement claims	31,155	39,996
Prepaid expenses	8,487	5,075
Transportation equipment	1,863	7,849
Government grants	1,091	1,091
Claims against suppliers	749	338
Other	866	762
	44,211	55,111

Tax reimbursement claims primarily relate to the input tax reimbursement claims held by Nordex Energy GmbH of EUR 13,851 thousand (2013: EUR 9,722 thousand) and Nordex Enerji A.S. of EUR 7,934 thousand (2013: EUR 7,324 thousand).

Prepaid expenses chiefly comprise prepayments for guarantees and licences.

Government grants have been received for the acquisition of further productive assets. The assets for which the grants have been received must remain at the designated sites within the restricted five-year period, which commences upon completion of the investment activity. In addition, around 650 jobs must be maintained permanently during this period.

The claims against suppliers of EUR 749 thousand (2013: EUR 338 thousand) relate to receivables in connection with the purchase of transmissions and rotor blades.

(6) Property, plant and equipment

Tangible fixed assets break down as follows:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Land and buildings	42,478	41,799
Technical equipment and machinery	58,022	46,425
Other equipment, operating and business equipment	21,807	19,046
Prepayments made and assets under construction	13,886	10,099
	136,193	117,369

In the year under review, Nordex received a government grant to expand its facility in Rostock. The assets for which the grant is provided must be retained in the facility in question for a period of five years after the completion of the expansion project. In addition, an annual average of around 1,126 jobs must be maintained permanently during this period. The government grant of EUR 760 thousand received in 2014 was deducted from the cost of the assets in question in accordance with IAS 20.24.

The finance lease in existence since 2010 for the production facility in the United States was terminated in connection with the sale of this facility on 20 May 2014. Property, plant and equipment include the following assets held by the Nordex Group under finance leases in the previous year:

	31.12.2013 EUR thousand
Land and buildings	530
Technical equipment and machinery	1,205
	1,735

Movements in property, plant and equipment are set out in the statement of changes in property, plant and equipment and intangible assets

(7) Goodwill

It is unchanged over the previous year at EUR 9,960 thousand. Goodwill is assigned to the Europe segment.

Goodwill impairment testing

Goodwill undergoes annual impairment testing (impairment only approach) at the end of each year at the level of the Europe segment; reversals are not permitted. As in the previous year, no impairment losses were recorded in 2014 as the recoverable value of the Europe segment was higher than the carrying amount of the segment's assets plus the carrying amount of the goodwill.

(8) Capitalised development costs

As of the reporting date, development costs net of amortisation of EUR 106,118 thousand (2013: EUR 94,315 thousand) were capitalised. In 2014, development costs of EUR 30,694 thousand (2013: EUR 35,875 thousand) were capitalised. The additions entail borrowing costs of EUR 2,705 thousand (2013: EUR 2,388 thousand) at a rate of 6.68% (2013: 6.68%). Further development costs of EUR 22,734 thousand also arising in 2014 (2013: EUR 15,152 thousand) did not meet the criteria for capitalisation and were therefore recorded in profit and loss.

150 Movements in capitalised development costs are set out in the statement of changes in property, plant and equipment and intangible assets.

(9) Other intangible assets

Other intangible assets break down as follows:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Concessions, trade and similar rights	20,200	24,309
Cumulative depreciation	–17,334	–21,106
	2,866	3,203

Amortisation expense calculated for other intangible assets came to EUR 1,640 thousand in 2014 (2013: EUR 2,061 thousand).

The Nordex Group has not accepted any obligation for the acquisition of intangible assets as of the balance sheet date.

150 Movements in other intangible assets are set out in the statement of changes in property, plant and equipment and intangible assets

(10) Financial assets

Financial assets break down as follows:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Investments in affiliated non-consolidated companies	1,846	4,311
Investments	365	370
	2,211	4,681

Shares are held in the following affiliated non-consolidated companies:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Project companies	1,796	1,755
natcon 7 GmbH	25	25
Nordex Windpark Verwaltung GmbH	25	25
Qingdao Huawei Wind Power Co. Ltd.	0	2,506
	1,846	4,311

The project entities hold various rights in connection with internally developed wind power projects.

The purpose of natcon 7 GmbH is to develop, structure and market operations management, control and visualisation systems for decentralised energy production equipment including related services.

The purpose of Nordex Windpark Verwaltung GmbH is to acquire and manage investments in trading companies whose purpose is particularly to acquire, develop, install and operate wind farms and to assume personal liability and management responsibility for such entities.

Qingdao Huawei Wind Power Co. Ltd. is responsible for planning, developing, installing and operating a wind power project in China.

Eight project entities were sold and nine established in 2014.

In the year under review, impairments of EUR 2,506 thousand were recognised (2013: EUR 0 thousand).

Investments are held in the following entities:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Vent Local S.A.S.	201	201
K/S Whitewater Wind Power Invest I, Komplementar-selskabet Whitewater Invest I ApS	91	91
K/S Whitewater Wind Power Invest VII, Komplementar-selskabet Whitewater Invest VII ApS	37	37
K/S Whitewater Wind Power Invest VII, Komplementar-selskabet Whitewater Invest VIII ApS	31	31
Eoliennes de la Vallée S.A.S.	1	1
Parc d'Energie de Conlie P.E.C. S.à r.l.	1	1
Sameole Bois du Goulet	1	1
Société Éolienne de Roussée-Vassé S.E.R.V. S.à r.l.	1	1
Vent d'est S.à r.l.	1	1
C&C Wind Sp. z o.o.	–	5
	365	370

The purpose of Vent Local S.A.S., K/S Whitewater Wind Power Invest I, Komplementarselskabet Whitewater Invest I APS, K/S Whitewater Wind Power Invest VII, Komplementarselskabet Whitewater Invest VII APS and K/S Whitewater Wind Power Invest VIII, Komplementarselskabet Whitewater Invest VIII APS is to operate wind farms.

The other entities do not engage in any material business activities.

None of the shares are listed in a securities exchange. There was no intention to sell as of 31 December 2014.

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Reference should also be made to the list of shareholdings as of 31 December 2014 attached to these notes.

(11) Investments in associates

Investments in associates break down as follows.

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
KNK Wind GmbH	7,157	7,368
C&C Wind Sp. z o.o.	5,953	–
Way Wind LLC	182	186
Beebe Renewable Energy 2, LLC	28	298
GN Renewable Investments S.à r.l.	0	0
	13,320	7,852

The purpose of KNK Wind GmbH is to plan, develop, assemble and operate offshore wind power stations, particularly the offshore wind power project Arcadis Ost 1.

C&C Wind Sp. z o.o is responsible for installing and operating a wind farm in Poland.

Way Wind LLC and Beebe Renewable Energy 2, LLC plan, develop and install wind power projects in the United States.

GN Renewable Investments S.à r.l. is responsible for arranging the finance of project entities.

The following table sets out the financial information on the non-listed associates:

2014	KNK Wind GmbH EUR thousand	C&C Wind Sp. z o.o EUR thousand	Way Wind LLC EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	GN Renewable Investments S.à r.l. EUR thousand
Current assets	132	8,299	0	0	18,703
Non-current assets	12,985	27,241	0	0	170
Current liabilities	10,461	15,927	0	0	18,274
Non-current liabilities	0	0	0	0	0
Revenues	469	0	0	1	746
Profit/loss	–533	–537	–11	–61	–65
Share	38.89%	40.00%	36.15%	50.00%	30.00%

2013	KNK Wind GmbH EUR thousand	Way Wind LLC EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	GN Renewable Investments S.à r.l. EUR thousand
Current assets	104	11	530	8,087
Non-current assets	7,948	0	0	473
Current liabilities	4,854	0	0	7,781
Non-current liabilities	0	0	0	0
Revenues	0	0	61	5,193
Profit/loss	–1,007	–207	–5	550
Share	38.89%	35.76%	49.13%	30.00%

This financial information is reconciled with the carrying amount of the investment in question as follows:

2014	KNK Wind GmbH EUR thousand	C&C Wind Sp. z o.o EUR thousand	Way Wind LLC EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	GN Renewable Investments S.à r.l. EUR thousand	Total EUR thousand
Carrying amount on 1 January	7,368	0	186	298	0	7,852
Investments reclassified as associates	0	6	0	0	0	6
Shares acquired	0	8,179	0	0	0	8,179
Shares sold	0	0	0	–240	0	–240
Proportionate profit/loss (including adjustments for measurement at equity in 2013)	–211	–2,232	–4	–30	0	–2,477
Carrying amount on 31 December	7,157	5,953	182	28	0	13,320

2013	KNK Wind GmbH EUR thousand	Way Wind LLC EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	GN Renewable Investments S.à r.l. EUR thousand	Total EUR thousand
Carrying amount on 1 January	7,157	211	302	0	7,670
Investments reclassified as associates	0	0	0	3	3
Additions to share premium	600	0	0	0	600
Shares acquired	0	52	11	0	63
Proportionate profit/loss (including adjustments for measurement at equity in 2012)	–389	–69	–2	–3	–463
Currency translation differences	0	–8	–13	0	–21
Carrying amount on 31 December	7,368	186	298	0	7,852

As there is no active market, it was not possible to reliably determine the fair value.

There are no contingent liabilities in connection with the investments held by the Group in associated companies.

(12) Other non-current financial assets

Other non-current financial assets break down as follows:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Loans to non-consolidated affiliated companies and investments	2,831	3,126
Deposits	169	265
Loans	131	131
	3,131	3,522

(13) Other non-current non-financial assets

Other non-current non-financial assets of EUR 13 thousand (2013: EUR 101 thousand) relate to prepayments for leased vehicles.

(14) Deferred income tax assets and liabilities

The deferred income tax assets and liabilities arising in connection with recognition and measurement differences in the following items of the balance sheet as well as the tax losses break down as follows:

	31.12.2014		31.12.2013	
	Deferred income tax assets EUR thousand	Deferred income tax liabilities EUR thousand	Deferred income tax assets EUR thousand	Deferred income tax liabilities EUR thousand
Intangible assets/ property, plant and equipment	5,825	34,030	4,489	29,985
Receivables from construction contracts	0	21,944	0	29,935
Other assets	4,396	11,385	3,283	7,746
Used tax losses	66,259	0	69,811	0
Provisions	9,058	3,185	7,859	0
Other assets and liabilities	2,386	3,391	1,378	1,221
Total	87,924	73,935	86,820	68,887
Netting	–43,091	–43,091	–35,965	–35,965
Amount shown on balance sheet	44,833	30,844	50,855	32,922

The deferred income tax assets include non-current deferred income tax assets before netting of EUR 70.1 million (2013: EUR 71.3 million). Of the deferred income tax liabilities, an amount of EUR 39.1 million (2013: EUR 41.7 million) is attributable to the non-current portion of the deferred income tax liabilities before netting.

The Management Board currently assumes that of the existing unused corporate tax losses of EUR 178 million (2013: EUR 197 million) and the unused trade tax losses of EUR 172 million (2013: EUR 196 million), a figure of EUR 178 million (2013: EUR 192 million) and EUR 172 million (2013: EUR 196 million), respectively, should be available for utilisation at the level of Nordex SE. The relevant legislation does not stipulate any maximum period in which tax losses must be utilised in Germany.

Deferred income tax assets of EUR 14 million (2013: EUR 18 million) have been recognised for companies which sustained losses in the period under review as they are likely to be utilised on the basis of tax planning.

The subsidiaries recognise deferred income tax assets for tax losses in the light of the national tax rates and take account of any restrictions in the length of time in which they may be utilised. Deferred income tax assets are calculated on the basis of the medium term forecasts for the tax unit in question.

The non-domestic subsidiaries of the Nordex Group hold the following unused tax losses for which no deferred tax assets have been recognised:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Unused tax losses not recognised		
of which forfeitable in more than 3 years	3,109	588
of which forfeitable in more than 5 years	84,011	64,004
of which non-forfeitable	57,625	40,205
Total	144,745	104,797

The main unused tax losses not recognised relate to Nordex USA Inc. (EUR 26,077 thousand; 2013: EUR 15,485 thousand), Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd (EUR 24,685 thousand; 2013: EUR 14,150 thousand), Nordex Sverige AB (EUR 18,111 thousand; 2013: EUR 15,728 thousand) and Nordex UK Ltd. (EUR 11,513 thousand; 2013: EUR 11,483 thousand).

The unused tax losses not recognised can be carried forward free of any restrictions in Chile, the United Kingdom, Norway, Sweden and Singapore. The unused tax losses not recognised expire after three years in Honduras, after five years in China, Greece, Turkey, and Uruguay, after seven years in Romania, after nine years in the Netherlands, after ten years in Finland and after twenty years in the United States.

No deferred income tax liabilities are recognised on temporary differences in connection with shares in subsidiaries of EUR 7,571 thousand (2013: EUR 3,199 thousand) as these temporary differences are unlikely to reverse in the foreseeable future.

The changes in deferred income taxes break down as follows:

	2014 EUR thousand	2013 EUR thousand
Amount on 1 January	17,933	26,095
Recognised through profit and loss	–9,084	–4,619
Recognised within other comprehensive income	4,116	–3,232
Currency translation	1,024	–311
Amount on 31 December	13,989	17,933

(15) Current bank borrowings

As the syndicated loan was repaid in the year under review, there are no longer any bank borrowings (2013: EUR 8,408 thousand). Further details can be found in the disclosures on financial risk management. 113

(16) Trade payables

The settlement periods for trade payables are set out in Note (26). 133

(17) Income taxes payable

The income tax liabilities of EUR 3,905 thousand (2013: EUR 179 thousand) chiefly relate to Nordex SE and Nordex Energy GmbH, which are included in the domestic fiscal unity.

(18) Other provisions

Movements in other provisions break down as follows:

	01.01. 2014 EUR thousand	Utilised EUR thousand	Reversed EUR thousand	Added EUR thousand	31.12. 2014 EUR thousand
Individual guarantees	26,286	12,065	2,828	8,614	20,007
Warranties, service, maintenance	26,279	4,783	1,700	4,643	24,439
Others	9,892	2,586	1,338	2,146	8,114
	62,457	19,434	5,866	15,403	52,560

The provisions for individual warranties predominantly cover risks arising from possible claims for damages.

The guarantee provisions are utilised in accordance with statutory or contractual periods.

The other provisions chiefly cover the remaining risks in connection with business in China, project risks in Pakistan, litigation costs and the cost of preparing the annual financial statements.

The other provisions comprise other non-current provisions of EUR 21,430 thousand (2013: EUR 17,138 thousand), which are expected to be utilised in periods after the end of 2015. The amount derived from discounting the non-current provisions of EUR 446 thousand (2013: EUR –65 thousand) is reported within the additions.

(19) Other current financial liabilities

Other current financial liabilities break down as follows:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Outstanding invoices	15,880	16,570
Currency forwards	5,912	542
Liabilities to non-consolidated affiliated companies	2,550	1,532
Debtors with credit balances	95	606
Finance leases	0	416
Other	1,242	992
	25,679	20,658

The finance lease was terminated upon the sale of the US production facility on 20 May 2014. A breakdown of the liabilities from finance leases can be found in Note (23).
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(20) Other current non-financial liabilities

Other current non-financial liabilities break down as follows:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Advance payments received	321,971	256,795
Accruals	31,090	30,461
Prepaid expenses	18,283	15,910
Other tax payables	17,986	15,149
Liabilities for social security	1,049	877
Other	673	1,231
	391,052	320,423

Accruals primarily comprise personnel liabilities of EUR 15,617 thousand (2013: EUR 15,659 thousand) and trailing project costs of EUR 12,984 thousand (2013: EUR 11,028 thousand).

Deferred income chiefly entails income received in advance under service contracts entered into with customers.

The tax liabilities mainly comprise value added tax of EUR 14,599 thousand (2013: EUR 12,675 thousand) and outstanding payroll and church tax of EUR 2,804 thousand (2013: EUR 2,276 thousand).

(21) Non-current bank borrowings

In addition to the corporate bond, a syndicated multicurrency guarantee facility and a research and development loan are available for the long-term funding of the Company's activities. The syndicated loan was discharged in 2014. Further details can be found in the disclosures on financial risk management.
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(22) Pensions and similar obligations

Pension provisions are set aside to cover defined benefit obligations towards eligible active and former employees at Nordex SE and Nordex Energy GmbH. The benefits are based on individual commitments generally based on the length of service and remuneration of the employees concerned. The employees are not required to make any contribution of their own. Pension provisions are not externally funded.

They are reported on the face of the balance sheet as follows:

	2014 EUR thousand	2013 EUR thousand
Settlement obligation on 1 January	1,442	1,196
Current service cost	103	195
Interest expense	34	32
Retirement benefit payments	–25	–24
Actuarial losses	232	43
	1,786	1,442

The obligations as of 31 December equal those reported on the face of the balance sheet.

The following amounts were reported in the income statement:

	2014 EUR thousand	2013 EUR thousand
Current service cost	103	195
Interest expense	34	32
	137	227

Other comprehensive income breaks down as follows:

	2014 EUR thousand	2013 EUR thousand
Actuarial losses	232	43
Amortisation of actuarial losses 2012	0	17
	232	60

The amortisation of actuarial losses of EUR 17 thousand in 2012 required in 2013 in accordance with IAS 19 (revised 2011) was included chiefly for materiality reasons in the previous year.

Changes in obligations and adjustments based on historical experience are set out in the following table:

	2014 EUR thousand	2013 EUR thousand
Obligations as of 31 December	1,786	1,442
Adjustments to obligations based on historical experience	14	31

Annual pension payments of EUR 48 thousand (2013: EUR 25 thousand) are expected for future years.

The principal actuarial assumptions used are as follows:

	2014	2013
Interest rate	1,92% p.a.	3,40% p.a.
Wage and salary trend	n/a	n/a
Pension trend	2,00% p.a.	2,00% p.a.

The obligations are assumed to have a duration of between 13 and 16 years.

The statistical probability data set out in the Prof. Dr. Heubeck 2005 G mortality tables was used as the biometric basis for calculations.

(23) Other non-current financial liabilities

Other non-current financial liabilities break down as follows:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Bond	156,189	155,645
Currency forwards	582	654
Finance leases	0	11,301
Other	0	14
	156,771	167,614

The finance lease was terminated upon the sale of the US production facility on 20 May 2014. Liabilities from finance leases in the previous year break down as follows:

Lease payments in future years – 31.12.2013	Less than 1 year EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Lease and remaining payments	994	4,764	10,735	16,493
Discount amounts	578	2,158	2,040	4,776
Present values	416	2,606	8,695	11,717

Corporate bond

Issued on 12 April 2011, the bond is valued at EUR 150,000 thousand and has a fixed coupon of 6.375% p.a. and a tenor of five years.

The initial issue price stood at 99.841%. The coupon is due annually on 12 April.

(24) Other non-current non-financial liabilities

Other non-current non-financial liabilities break down as follows:

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Accruals	1,940	0
Prepaid expenses	1,835	1,927
Other	0	28
	3,775	1,955

Accruals relate to trailing project costs.

Deferred income entails income received in advance under service contracts entered into with customers.

(25) Equity capital

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Subscribed capital	80,882	80,882
Share premium	242,624	244,288
Other retained earnings	–7,951	–10,920
Cash flow hedges	–2,901	6,163
Foreign-currency adjustment item	1,762	3,344
Consolidated net profit carried forward	81,583	45,778
Consolidated net profit	0	0
Equity attributable to the parent company's equity holders	395,999	368,135
	395,999	368,135

As of 31 December 2014, the Company had Authorised Capital I of EUR 16,100,000 (2013: EUR 7,347,052), equivalent to 16,100,000 shares (2013: 7,347,052), Contingent Capital I of EUR 15,086,250 (2013: EUR 15,086,250), equivalent to 15,086,250 shares (2013: EUR 15,086,250) and Contingent Capital II of EUR 1,500,000 (2013: 1,500,000), equivalent to 1,500,000 shares (2013: 1,500,000), each with a notional value of EUR 1 per share.

In accordance with a resolution passed at the annual general meeting on 3 June 2014 the Management Board is authorised subject to the Supervisory Board's approval to utilise Authorised Capital I to increase the Company's share capital once or repeatedly on or before 31 May 2019. The Management Board is additionally authorised with the Supervisory Board's approval to exclude the shareholders' subscription rights.

Contingent Capital I is used to grant conversion rights and/or to establish conversion obligations in accordance with the terms of the convertible bond in question for the holders of the convertible bonds issued by the Company on or before 30 April 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011 and to grant options in accordance with the terms of the option bond in question for holders of the option bonds issued by the Company on or before 31 May 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011.

Contingent Capital II is used solely to settle subscription rights under the stock options granted to executives and employees of the Company and the domestic and non-domestic members of the Nordex Group, members of the management of the Nordex Group companies and members of the Company's Management Board granted on or before 31 December 2012 in accordance with the authorisation granted by the shareholders at the annual general meeting on 27 May 2008.

The share premium of EUR 242,624 thousand (2013: EUR 244,288 thousand) includes the premium on the issues of new share capital of EUR 112,404 thousand (2013: EUR 112,404 thousand) and allocations of EUR 264 thousand (2013: EUR 79 thousand), which are not reduced by any reversals (2013: EUR 0 thousand) and which were added in connection with the recognition of the employee stock option programme concluded in 2008 (see also Note 31).

Nordex SE's net profit for 2014 determined in accordance with German GAAP in a total amount of EUR 3,201,014.98 was allocated in full to retained earnings in accordance with Article 24 of Nordex SE's Articles of Incorporation. In 2013, the net loss determined in accordance with German GAAP of a total of EUR 1,401,269.68 had been covered by a withdrawal of the same amount from the share premium.

92 Further details of the changes in the individual equity items can be found in the consolidated statement of changes in equity.

(26) Additional disclosures on financial instruments

Nordex categorises its financial assets as loans and receivables (LaR), financial assets held for trading (FAhfT) and available for sale (AfS) Financial liabilities are classified as financial liabilities at amortised cost (FLAC) or as financial liabilities held for trading (FLHfT).

The following table sets out the carrying amounts and fair values of the individual financial assets and liabilities for each financial instrument category:

		31.12.2014		31.12.2013	
	Category in accordance with IAS 39	Amortised cost EUR thousand	Fair value EUR thousand	Amortised cost EUR thousand	Fair value EUR thousand
Financial assets					
Financial assets recognised at historical or amortised cost					
1. Cash and cash equivalents	LaR	313,420	313,420	332,963	332,963
2. Fixed-term deposits	LaR	75,000	75,000	0	0
3. Trade receivables payables	LaR	58,798	58,798	61,741	61,741
4. Receivables from construction contracts	LaR	126,663	126,663	152,287	152,287
5. Other current financial assets – receivables	LaR	25,946	25,946	22,250	22,250
6. Financial assets – investments[1]	AfS	2,211	–	4,681	–
7. Other non-current financial assets – receivables	LaR	3,131	3,131	3,522	3,522
Financial assets at fair value through profit and loss					
1. Other current financial assets – currency forwards	FAHfT	0	0	1,343	1,343
Effective hedges measured at fair value					
1. Other current financial assets – currency forwards		1,567	1,567	9,851	9,851

[1] As there is no active market, it was not possible to reliably determine the fair value.

	Category in accordance with IAS 39	31.12.2014 Amortised cost EUR thousand	31.12.2014 Fair value EUR thousand	31.12.2013 Amortised cost EUR thousand	31.12.2013 Fair value EUR thousand
Financial liabilities					
Financial liabilities recognised at historical cost or amortised cost					
1. Current bank borrowings	FLAC	0	0	8,408	8,408
2. Trade payables	FLAC	177,479	177,479	190,250	190,250
3. Other current financial liabilities[1]	FLAC	19,767	19,767	19,700	19,700
4. Non-current bank borrowings	FLAC	0	0	16,916	16,916
5. Other non-current financial liabilities[2]	FLAC	156,189	163,521	155,659	177,064
Financial liabilities at fair value through profit and loss					
1. Other current financial liabilities – currency forwards	FLHfT	685	685	24	24
Effective hedges measured at fair value					
1. Other current financial liabilities – currency forwards		5,227	5,227	518	518
2. Other non-current financial liabilities – currency forwards		582	582	654	654

[1] Excluding current liabilities from finance leases of EUR 0 thousand (2013: EUR 416 thousand).
[2] Excluding non-current liabilities from finance leases of EUR 0 thousand (2013: EUR 11,301 thousand).

Cash and cash equivalents, fixed-term deposits, trade receivables and other current financial assets have short settlement periods. The carrying amounts on 31 December 2014 therefore come close to equalling the fair values.

The carrying amount of the non-current financial assets matches their fair value on account of the discount taken.

Derivative financial instruments are measured at their fair value. The forward prices of currency forwards are calculated on the basis of the spot price on the reporting date in the light of any discounts or premiums for the remaining term of the contract.

Trade payables and other financial liabilities have short settlement periods. The carrying amounts correspond to their fair values. The fair value of the bond equals its market price of 104.5% (2013: 106.3%) as of the reporting date.

The following table analyses the financial assets and liabilities, which were measured at their fair value on 31 December 2014:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Currency forwards (held for trading)		0		0
Financial assets (derivatives) measured at fair value in hedge accounting				
Currency forwards (Cash flow hedge)		1,567		1,567
Financial liabilities at fair value through profit and loss				
Currency forwards (held for trading)		685		685
Financial liabilities (derivatives) measured at fair value in hedge accounting				
Currency forwards (Cash flow hedge)		5,809		5,809

The following table analyses the financial assets and liabilities, which were measured at their fair value on 31 December 2013:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Currency forwards (held for trading)		1,343		1,343
Derivatives measured at fair value in hedge accounting				
Currency forwards (Cash flow hedge)		9,851		8,688
Financial liabilities at fair value through profit and loss				
Currency forwards (held for trading)		24		24
Derivatives measured at fair value in hedge accounting				
Currency forwards (Cash flow hedge)		1,172		971

Assets and liabilities whose fair value is derived from the market values in active markets are assigned to Level 1. A market is assumed to be active if market values are calculated regularly and are based on actual recurring transactions.

Fair values which cannot be determined by reference to active markets are derived from measurement models, which primarily take account of observable market data and generally do not include specific company estimates. These financial instruments are assigned to Level 2.

If material assumptions underlying the measurement are not based on observable market data, the financial instruments concerned are classified as Level 3.

There were no reclassifications either compared with the previous year or during the year under review.

Net gains and losses from financial instruments break down by category as follows:

2014	Interest EUR thou-sand	Other net gain/loss EUR thousand	Total EUR thousand
Loans and receivables (LaR)	2,429	6,569	8,998
Available for sale (AfS)	0	0	0
Financial liabilities at amortised cost (FLAC)	–20,458	1,848	–18,610
Financial assets held for trading (FAHfT)/Financial liabilities held for trading (FLHfT)	0	–2,921	–2,921
	–18,029	5,496	–12,533

2013	Interest EUR thou-sand	Other net gain/loss EUR thousand	Total EUR thousand
Loans and receivables (LaR)	1,847	472	2,319
Available for sale (AfS)	0	0	0
Financial liabilities at amortised cost (FLAC)	–27,769	–8,680	–36,449
Financial assets held for trading (FAHfT)/Financial liabilities held for trading (FLHfT)	0	529	529
	–25,922	–7,679	–33,601

Categorisation of financial instruments in accordance with IFRS 7

Financial assets

31.12.2014	Financial assets at amortised cost EUR thousand	Financial assets at fair value EUR thousand	Financial assets outside the scope of IFRS 7 EUR thousand	Total EUR thousand
Cash and cash equivalents	313,420	0	0	313,420
Fixed-term deposits	75,000	0	0	75,000
Trade receivables	58,798	0	0	58,798
Receivables from construction contracts	126,663	0	0	126,663
Other current financial assets	25,946	1,567	0	27,513
Financial assets	2,211	0	0	2,211
Investments in associates	0	0	13,320	13,320
Other non-current financial assets	3,131	0	0	3,131
	605,169	1,567	13,320	620,056

31.12.2013	Financial assets at amortised cost EUR thousand	Financial assets at fair value EUR thousand	Financial assets outside the scope of IFRS 7 EUR thousand	Total EUR thousand
Cash and cash equivalents	332.963	0	0	332.963
Fixed-term deposits	0	0	0	0
Trade receivables	61.741	0	0	61.741
Receivables from construction contracts	152.287	0	0	152.287
Other current financial assets	22.250	11.194	0	33.444
Financial assets	4.681	0	0	4.681
Investments in associates	0	0	7.852	7.852
Other non-current financial assets	3.522	0	0	3.522
	577.444	11.194	7.852	596.490

Financial liabilities

31.12.2014	Financial liabilities at amortised cost EUR thousand	Financial liabilities at fair value EUR thousand	Financial liabilities outside the scope of IFRS 7 EUR thousand	Total EUR thousand
Current bank borrowings	0	0	0	0
Trade payables	177,479	0	0	177,479
Other current financial liabilities	19,767	5,912	0	25,679
Non-current bank borrowings	0	0	0	0
Pensions and similar obligations	0	0	1,786	1,786
Other non-current financial liabilities	156,189	582	0	156,771
	353,435	6,494	1,786	361,715

31.12.2013	Financial liabilities at amortised cost EUR thousand	Financial liabilities at fair value EUR thousand	Financial liabilities outside the scope of IFRS 7 EUR thousand	Total EUR thousand
Current bank borrowings	8,408	0	0	8,408
Trade payables	190,250	0	0	190,250
Other current financial liabilities[1]	20,116	542	0	20,658
Non-current bank borrowings	16,916	0	0	16,916
Pensions and similar obligations	0	0	1,442	1,442
Other non-current financial liabilities[1]	166,960	654	0	167,614
	402,650	1,196	1,442	405,288

[1] Including liabilities from finance leases.

Hedge accounting

The Group uses currency forwards to hedge future cash flows which are very likely to occur against exchange rate risks. The budget or plans for individual customer project are used for this purpose.

These transactions were recorded as cash flow hedges under hedge accounting in the year under review provided that they satisfied the stringent criteria defined in IAS 39 Financial Instruments: Recognition and Measurement. The effective part of the profit or loss from the hedges is reported directly within equity and recycled to profit and loss in the period in which the hedged item is settled and reported through profit and loss or if a hedged future cash flow does not arise.

The following table reconciles the cash flow hedge reserve.

	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Amount on 1 January	6,163	–1,419
Added	–8,439	9,455
Reversed	–4,632	1,376
Deferred income taxes	4,007	–3,249
Amount on 31 December	–2,901	6,163

In the year under review, the cumulative gains and losses previously included within other comprehensive income arising from hedges terminated due to inefficiency were recycled to profit and loss on the dates on which the hedged item was settled.

As of 31 December 2014 there were hedges coming within the definition of IAS 39 with a term of up to two years (2013: three years). The hedged cash flows from future transactions are expected to be recognised in profit and loss within a period of three years (2013: three years).

The fair value of the financial instruments designated as hedges is set out in the following table:

	31.12.2014 EUR thousand	EUR thousand	31.12.2013 EUR thousand	EUR thousand
	Receivables	Liabilities	Receivables	Liabilities
Cash flow hedges Currency forwards	1,567	5,809	9,851	1,172
	1,567	5,809	9,851	1,172

Notes on the income statement

(27) Sales

Sales break down by region as follows:

	2014 EUR thousand	2013 EUR thousand
Europe	1,461,618	1,306,284
America	200,719	81,690
Asia	72,194	41,302
	1,734,531	1,429,276

Of this item, sales of EUR 1,235,063 thousand (2013: EUR 872,791 thousand) arose from the application of the percentage-of-completion method for construction contracts.

Sales break down by category as follows:

	2014 EUR thousand	2013 EUR thousand
Sales of new wind power systems	1,557,278	1,278,214
Service	166,354	145,245
Other	10,899	5,817
	1,734,531	1,429,276

(28) Changes in inventories and other own work capitalised

Own work capitalised is valued at EUR 28,121 thousand (2013: EUR 36,616 thousand) and, as in the previous year, relates in full to expenses for developing and enhancing new and existing wind turbines.

Changes in inventories equal EUR –23,187 thousand (2013: EUR 36,392 thousand).

(29) Other operating income

Other operating income breaks down as follows:

	2014 EUR thousand	2013 EUR thousand
Currency translation gains	9,139	0
Gains from the disposal of assets	6,787	35
Reversal of impairment losses	893	2,735
Derecognition of liabilities	153	289
Currency forwards	0	529
Others	5,699	3,244
	22,671	6,832

Gains from disposals of property, plant and equipment chiefly relate to the sale of the production facilities in the United States.

(30) Cost of materials

The cost of materials breaks down as follows:

	2014 EUR thousand	2013 EUR thousand
Cost of raw materials and supply materials	1,027,440	888,738
Cost of services bought	315,267	262,328
	1,342,707	1,151,066

The cost of services bought results from external freight services, changes in order provisions, commission and externally sourced order-handling services.

(31) Personnel costs

	2014 EUR thousand	2013 EUR thousand
Wages and salaries	141,394	130,229
Social security and expenditure on retirement benefits and support	26,334	23,008
	167,728	153,237

Personnel costs include expense of EUR 127 thousand for defined contribution plans and EUR 103 thousand for defined benefit plans.

The Group headcount was as follows:

	2014	2013	Change
Balance sheet date			
Office staff	1,614	1,473	141
Technical staff	1,305	1,119	186
	2,919	2,592	327
Average			
Office staff	1,566	1,466	100
Technical staff	1,234	1,077	157
	2,800	2,543	257

Stock option plan

Maximum number of options granted

This option plan expired on 31 December 2012. Under the terms of the option plan, a maximum of 1,500,000 options were to be granted during the option period. Of these options

(a) a maximum of 550,000 were for members of management and employees of the Company and domestic and non-domestic Nordex Group companies who are not members of a management body of the Company or the Nordex Group companies,

(b) a maximum of 100,000 were for members of management of domestic and non-domestic Nordex Group companies who are not members of the Company's Management Board, and

(c) a maximum of 850,000 were for members of the Company's Management Board

Vesting conditions

Subject to an adjustment as a result of a capital measure, one option entitles the holder to acquire one bearer share issued by Nordex SE. When the option is exercised, an exercise price per share is paid.

The exercise price equals the arithmetic mean of the XETRA closing prices over the ten trading days preceding the date on which the subscription right is allocated as quoted on the Frankfurt stock exchange (or any replacement system comparable in terms of its function) for voting-entitled ordinary voting shares with full participation in the Company's profit and assets.

The options vest no earlier than three years upon being granted and are forfeited if the employment contract expires within this period. The options may only be exercised during two windows per year ("exercise period") in the following two years.

The options may only be exercised if the price of Nordex ordinary shares on the ten trading days preceding the date on which the option is exercised exceeds the exercise price of the option in question by at least 20%.

Calculation of the fair value of stock options
As of 31 December 2014, a total of 75,000 stock options (2013: 229,695) were outstanding; of these none (2013: 154,695) had vested:

Stock options granted	Exercise price EUR	Average stock price EUR	Issue date	Expiry date	Outstanding stock options End of 2014	Outstanding stock options End of 2013
2008	23.10	16.52	01.09.2008	31.08.2013	0	0
2009	12.84	11.77	01.09.2009	31.08.2014	0	104,695
2010	5.26	5.01	25.11.2010	24.11.2015	0	50,000
2012	3.12	3.52	01.06.2012	31.05.2017	75,000	75,000
Total					75,000	229,695

Stock options granted	Exercise price EUR	Average stock price EUR	Issue date	Expiry date	Outstanding stock options End of 2013	Outstanding stock options End of 2012
2008	23.10	16.52	01.09.2008	31.08.2013	0	211,610
2009	12.84	11.77	01.09.2009	31.08.2014	104,695	120,733
2010	5.26	5.01	25.11.2010	24.11.2015	50,000	50,000
2012	3.12	3.52	01.06.2012	31.05.2017	75,000	75,000
Total					229,695	457,343

In 2014, 104,695 of the stock options granted in 2009 were forfeited. The stock options granted in 2010 were exercised in full in 2014.

The expense thus calculated in the period under review came to EUR 41 thousand for the 2012 tranche (2013: EUR 41 thousand). The exercise period for the 2010 tranche had already been reached in 2013.

(32) Depreciation/amortisation

Depreciation/amortisation breaks down as follows:

	2014 EUR thousand	2013 EUR thousand
Depreciation of property, plant and equipment	22,894	18,126
Amortisation of capitalised development costs	18,490	19,048
Amortisation of other intangible assets	1,640	2,061
	43,024	39,235

(33) Other operating expenses

Other operating expenses break down as follows:

	2014 EUR thousand	2013 EUR thousand
Rental and lease expenses	19,826	16,844
Travel expenses	16,741	15,565
Other leased personnel services	13,769	6,809
Legal and consulting costs	11,277	10,407
External services	9,756	6,946
Maintenance	9,660	6,562
IT costs	8,039	6,120
Settlements	5,224	1,119
Training	3,313	2,011
Currency forwards	2,921	0
Insurance	2,906	3,082
Advertising	2,398	2,785
Telecommunications	2,290	2,126
Other taxes	2,220	1,361
Loss of revenues	2,166	8,592
Impairments of receivables	1,446	2,016
Losses from the disposal of assets	764	1,688
Bank fees	318	510
Exchange rate losses	0	8,928
Others	15,618	17,775
	130,652	121,246

(34) Net finance income/expense

	2014 EUR thousand	2013 EUR thousand
Income from investments	330	254
Net profit/loss from at-equity valuation	–2,477	–463
Depreciation of financial assets	–2,506	0
Share of profit/loss of associates	–4,653	–209
Other interest and similar income	2,429	1,847
Interest and similar expenses	–20,458	–27,769
Net borrowing costs	–18,029	–25,922
	–22,682	–26,131

Income from investments comprises dividend payouts. Net profit/loss from valuation using the equity method constitutes the share of profit of associates except where it gives rise to negative carrying amounts. Depreciation of financial assets results from the impairment recognised on the share in Qingdao Huawei Wind Power Co. Ltd. Interest income and expense arises solely from deposits with banks and the utilisation of cash credit facilities or bank loans, respectively, and from guarantee commissions and deferred interest on the corporate bond.

(35) Income taxes

Income taxes break down as follows:

	2014 EUR thousand	2013 EUR thousand
Domestic income taxes	–3,430	–352
Non-domestic income taxes	–3,823	–2,967
Actual income tax expense	–7,253	–3,319
Deferred income tax liabilities	–9,084	–4,619
Total income tax expense	–16,337	–7,938
of which deferred income taxes for other periods	–3,043	–3,032
of which actual income taxes for other periods	396	–83

Income taxes include the income taxes (paid or owed) in the individual countries as well as deferred income taxes. Deferred income taxes were measured on the basis of the tax rates applicable or expected to be applicable in the individual countries on the date on which they are realised.

As of 31 December 2014, a tax rate of 32.01% (2013: 31.79%) was applied for the purpose of calculating the domestic deferred income taxes. Deferred income tax assets for domestic unused tax losses were calculated using a tax rate of 15.83% (2013: 15.83%) including the solidarity surcharge in the case of corporate tax and 16.18% (2013: 15.96%) in the case of trade tax. The change in the trade tax rate is due to a difference in the split in trade income compared with the previous year.

The taxes on pre-tax profit differ from the theoretical amount derived from applying the Group tax rate of 32.01% (2013: 31.79%) to pre-tax profit as follows:

	2014 EUR thousand	2013 EUR thousand
Net profit/loss before tax	55,343	18,201
Expected tax expense	–17,715	–5,786
Differences in non-domestic tax rates	–5,293	–2,583
Tax-free income	160	3,123
Shares in associates carried at equity	–793	–528
Changes in tax rates and tax legislation	301	–1,187
Non-deductible expenses	–2,121	–4,172
Tax effects from previous years	3,043	3,032
Effects of inclusion of unused tax losses arising in earlier years	1,122	12,870
Changes from impairments/ effects of non-inclusion of unused tax losses	4,581	–13,727
Other tax effects	378	1,020
Actual income tax expense	–16,337	–7,938

(36) Earnings per share

Basic

Basic earnings per share are calculated by dividing profit or loss attributable to the ordinary equity holders by the average number of ordinary shares outstanding during the year:

		2014	2013
Consolidated net profit for the year	EUR thousand	39,006	10,263
of which parent company equity holders	EUR thousand	39,006	10,243
of which non-controlling interests	EUR thousand	0	20
Weighted average number of shares		80,882,447	74,196,112
Earnings/loss per share	EUR	0.48	0.14

Diluted

Diluted earnings/loss per share are calculated by adding all conversion rights and options to the average number of ordinary shares outstanding. Diluted earnings per share also stand at EUR 0.48.

Other financial obligations and contingent liabilities

Contractual obligations of EUR 3,485 thousand (2013: EUR 144 thousand) apply with respect to capital spending on property, plant and equipment for obligations which have not yet been settled.

Other financial obligations relate to operating lease and rental obligations of EUR 39,258 thousand (2013: EUR 39,389 thousand) with the following settlement periods:

Year	Due for settlement in less than 1 year EUR thousand	Due for settlement in 1 to 5 years EUR thousand	Due for settlement in more than 5 years EUR thousand
31.12.2014	9,282	14,080	15,896
31.12.2013	6,507	15,197	17,685

Obligations under rental contracts and operating leases relate to equipment and machinery of EUR 4,548 thousand (2013: EUR 4,356 thousand) and real estate assets of EUR 34,710 thousand (2013: EUR 35,033 million).

The Nordex Group has contingent liabilities arising from pending litigation in connection with its operating business; as the probability of an outflow of resources as of the reporting date was not sufficiently determinable, no provisions were set aside in this connection.

Related parties disclosures

Jan Klatten, a member of Nordex SE's Supervisory Board holds a 40% share of the Polish wind farm company C&C Wind Sp. z o.o. via momentum infra 1 GmbH; the Nordex Group also holds a 40% share in this company via Nordex Windpark Beteiligung GmbH. The majority of the shares in momentum infra 1 GmbH, of which Mr. Klatten is also managing director, are held by momentum-capital Verwaltungsgesellschaft mbH. The share was acquired by momentum infra 1 GmbH in a market-wide tender process, in which it was the most successful bidder. Accordingly, a potential conflict of interests can be ruled out. As in the previous year, there were no business transactions with Mr. Klatten or momentum infra 1 GmbH.

In addition, the Nordex Group holds a 75% interest in natcon 7 GmbH via Nordex SE. Accordingly, natcon 7 GmbH is a non-consolidated affiliated company. The purpose of natcon 7 GmbH is to develop, structure and market operations management, control and visualisation systems for decentralised energy production equipment including related services. The transactions executed are set out in the following table.

Related parties	Amount concerned 01.01.–31.12.2014 EUR thousand	Amount concerned 01.01.–31.12.2013 EUR thousand	Outstanding balances Receivables (+)/ liabilities (–) 31.12.2014 EUR thousand	Outstanding balances Receivables (+)/ liabilities (–) 31.12.2013 EUR thousand
natcon7 GmbH	7,881	4,811	–2,325	–970

Other than this, there were not material transactions with related parties.

Consolidated cash flow statement

The consolidated cash flow statement analyses changes in the cash flow in the course of the year as a result of cash inflows and outflows. In accordance with IAS 7, cash flows are broken down into those from operating activities, those from investing activities and those from financing activities. The cash and cash equivalents reported in the consolidated cash flow statement include cash in hand and short-term bank deposits. Cash in hand and bank deposits are due for settlement in less than three months. Fixed-term deposits with an original maturity of more than three months are not included. The changes in the items of the balance sheet used for determining changes in the cash flow statement cannot be directly derived from the balance sheet as currency translation effects, changes to the companies consolidated and non-cash transactions are eliminated.

Cash flow from operating activities is calculated using the indirect method, i.e. earnings after tax are not adjusted for cash expenses and income. After allowing for changes in working capital and additional receivables and liabilities as well as deferred income taxes, the net cash inflow from operating activities comes to EUR 160,290 thousand (2013: EUR 98,089 thousand) This is chiefly due to the reduction in working capital of EUR 70,997 thousand (2013: EUR 60,575 thousand) and the consolidated net profit including depreciation/amortisation of EUR 84,536 thousand (2013: EUR 49,498 thousand).

Net cash outflow from investing activities decreased in the year under review to EUR 71,590 thousand (2013: EUR 74,277 thousand). Development projects of EUR 30,694 thousand (2013: EUR 35,875 thousand) were capitalised. Spending on property, plant and equipment of EUR 44,287 thousand (2013: EUR 34,267 thousand) chiefly comprises rotor blade production and extensions to the production facility in Rostock.

The net cash outflow from financing activities stands at EUR 113,279 thousand (2013: net cash inflow of EUR 44,094 thousand) and relates to the repayment of bank loans and the termination of a finance lease.

Events after the reporting date

Any events occurring after the balance sheet date caused by economic factors arising prior to 31 December 2014 are included in the consolidated financial statements as of December 31, 2014.

Corporate Governance Code declaration pursuant to Section 161 of the German Stock Corporation Act

The Management Board and the Supervisory Board issued the declaration of conformance for 2014 pursuant to Section 161 of the Stock Corporation Act on 19 March 2015 and made it available for examination by the shareholders on the Internet at www.nordex-online.com/en/investor-relations/corporate-governance.html.

Utilisation of relief provisions

Nordex Energy GmbH, Hamburg, Nordex Grundstücksverwaltung GmbH, Hamburg, and Nordex Windpark Beteiligung GmbH, Hamburg, are exempt from disclosure duties in accordance with Section 325 of the German Commercial Code due to the application of the provisions contained in Section 264 (3) of the German Commercial Code.

Nordex SE Management Board and Supervisory Board

Supervisory Board

During 2014 and as of the date on which the financial statements for 2014 were prepared, the Supervisory Board comprised the following members:

Dr. Wolfgang Ziebart, Starnberg
Chairman of the Supervisory Board, chairman of the management committee and member of the strategy and engineering committee
- Group engineering director of Jaguar Land Rover Automotive PLC, United Kingdom
- Former chairman of the management board of Infineon AG
- Former member of the management board of BMW AG
- Former member of the management board of Continental AG
- Member of the supervisory board of ASML Holding N.V., Netherlands

Jan Klatten, Munich
Deputy chairman of the Supervisory Board, member of the management committee, chairman of the strategy and engineering committee
- Managing shareholder of momentum Beteiligungsgesellschaft mbH
- Chairman of the supervisory board of asturia Automotive AG

Dr. Heinz van Deelen, Munich
Member of the audit committee (until 9 January 2015) and member of the strategy and engineering committee (from 9 January 2015)
- Chairman of the management board of Consline AG

Frank Lutz, Munich
Member of the audit committee (from 9 January 2015)
- Member of the management board of Bayer MaterialScience AG

Dr. Dieter G. Maier, Reutlingen
Member of the strategy and engineering committee (until 31 December 2014)
- Managing director of MABET Beteiligungen GmbH
- Chairman of the management of UKM Fahrzeugteile GmbH
- Chairman of the advisory board of Richard Bergner Holding GmbH

Martin Rey, Traunstein
Member of the management committee, chairman of the audit committee

- Attorney at law and managing shareholder of maroban GmbH
- Member of the board of BayWa r.e. USA LLC, United States
- Member of the board of Knight Infrastructure B.V., Netherlands

Annette Stieve, Wennigsen
Member of the audit committee

- Member of the management of Faurecia Automotive GmbH, chief financial officer North East Europe of Faurecia Group

Management Board

Dr. Jürgen Zeschky, Hamburg
Chief Executive Officer

Lars Bondo Krogsgaard, Hamburg
Chief Customer Officer

Ulric Bernard Schäferbarthold, Hamburg
Chief Financial Officer

The members of the Supervisory Board and the Management Board held the following shares in the Company as of 31 December 2014:

Name	Position	Shares
Dr. Wolfgang Ziebart	Supervisory Board	10,000 held directly
Jan Klatten	Supervisory Board	18,482,000 via a share in momentum-capital Vermögensverwaltungsgesellschaft mbH and Ventus Venture Fund GmbH & Co. Beteiligungs KG

75,000 Nordex SE stock options have been granted to members of the Management Board.

Remuneration report

Management Board

In accordance with the provisions of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code, the Supervisory Board decides on the amount and structure of remuneration and the remuneration system for the Management Board and performs regular reviews. In determining the remuneration, the Supervisory Board is guided by the size and complexity of Nordex SE, its economic and financial position and the amount and structure of the Management Board remuneration system of comparable companies as well as internal salary structures. Further criteria include the duties and performance of the individual members of the Management Board.

The remuneration report describes the principles of the remuneration system for the members of the Management Board and the Supervisory Board as well as the individual amounts paid. The disclosures comply with the requirements of the German Commercial Code in the light of the principles of German Accounting Standard No. 17 (DRS 17), the recommendations set out in the German Corporate Governance Code (GCGC) and the International Financial Reporting Standards (IFRS).

Principles of the remuneration system

The remuneration paid to the Management Board comprises fixed and variable components reflecting the Company's business performance in a given year as well as its long-term business performance.

The fixed components comprise an annual salary paid out in monthly installments and the usual benefits. These include the provision of a company car, which may also be used privately, insurance for private and company accidents covering invalidity and death and premiums for D&O cover where this exceeds the deductible provided by law for members of the Management Board.

The amount of the bonus is based on the achievement of financial and non-financial targets as well as a discretionary factor which is determined by the Supervisory Board. The financial target is the EBT generated by the Company each year. The non-financial targets are defined at the beginning of each year by the Supervisory Board of Nordex SE. Achievement of the criteria is determined by the Supervisory Board at the end of the performance period. Achievement of financial and non-financial targets has an equal weighting in the calculation of the bonuses.

The variable component with a long-term incentive effect is calculated using a contractually agreed target, which is converted into performance share units on the basis of the price of Nordex stock on the date on which they are granted. In addition, the target achievement rate is defined on the basis of the gross return on Nordex stock (in terms of total shareholder return) compared with the arithmetic mean of the performance indices DAX, MDAX and TecDAX. The final number of performance share units achieved is reviewed on the basis of the target amount and the target achievement rate. The final number of performance share units is multiplied by the price at which Nordex stock is trading at the end of the performance period, thus yielding the amount to be paid out. A third of the net payment under the performance share unit plan must be invested by the Management Board member for a holding period of two years.

As of 2014, the performance share units replace the three-year target agreements in full as the remuneration system. However, in the year under review, this still results in inflows which are set out in the table of inflows under the GCGC.

The remuneration payable to the members of the Management Board in 2014 in accordance with DRS 17 can be seen in the following table. The variable components are recognised on a time-proportionate basis from the date on which the share-based payment is received or allocations are made in the case of non-share-based remuneration.

Remuneration in accordance with Section 314 (1) No. 6 of the German Commercial Code in connection with DRS 17	Fixed components		Bonus		Long-term incentive components		Total	
	2014 EUR	2013 EUR	2014 EUR	2013 EUR	2014 EUR	2013 EUR	2014 EUR	2013 EUR
Dr. J. Zeschky	445,265	375,265[1]	460,000	211,005[1]	171,112	240,500[1]	1,076,377	826,770
L. Krogsgaard	374,182	373,410[1]	360,000	344,925[1]	286,453	267,046[1]	1,020,635	985,381
B. Schäferbarthold	355,392	327,969[1]	293,000	63,704[1]	87,075	120,000[1]	735,467	511,673

[1] Differs from previous year due to changes in the statutory requirements.

As of 31 December 2014, the total number of stock options granted to the Management Board stood at 75,000 (2013: 125,000), all of which were held by Dr. Zeschky (2013: Dr. Zeschky 75,000 and Mr. Krogsgaard 50,000). In 2014, Mr. Krogsgaard exercised his 50,000 stock options. No new stock options were granted in the year under review.

In contrast to DRS 17, the following table in accordance with GCGC setting out the remuneration (including ancillary benefits) granted for the year under review additionally shows the targets for the variable components as of the date of allocation. In addition, the minimum and maximum amounts are shown:

Incentives granted according to GCGC	Dr. J. Zeschky				L. Krogsgaard				B. Schäferbarthold			
	2014 EUR	2013 EUR	Min. 2014 EUR	Max. 2014 EUR	2014 EUR	2013 EUR	Min. 2014 EUR	Max. 2014 EUR	2014 EUR	2013 EUR	Min. 2014 EUR	Max. 2014 EUR
Fixed remuneration	430,000	360,000	430,000	430,000	360,000	360,000	360,000	360,000	341,500	307,500	341,500	341,500
Ancillary benefits	15,265	15,265	15,265	15,265	14,182	13,410	14,182	14,182	13,892	20,469	13,892	13,892
Total fixed component	445,265	375,265	445,265	445,265	374,182	373,410	374,182	374,182	355,392	327,969	355,392	355,392
Bonus	230,000[1]	211,005	–	460,000	180,000[1]	344,925	–	360,000	146,500[1]	63,704	–	293,000
Multi-year variable remuneration	391,835	–	0	810,000	261,224	540,000	0	540,000	261,224	376,648	0	540,000
Three-year target agreement 2013–2015	–	–	–	–	–	–	–	–	–	376,648	–	–
Performance share units 2014–2016	391,835[1]	–	0	810,000	261,224[1]	–	0	540,000	261,224[1]	–	0	540,000
Performance share units 2013–2015	–	–	–	–	–	540,000	–	–	–	–	–	–
Total remuneration	1,067,100	586,270	445,265	1,715,265	815,406	1,258,335	374,182	1,274,182	763,116	768,321	355,392	1,188,392

[1] The amount shown represents the value for 100% target achievement in a medium-probability scenario as of the date of grant.

The fixed and single-year variable remuneration components shown in the table prepared in accordance with GCGC are equivalent to the inflows shown for the current year. The table also states the amount paid as multi-year variable remuneration in cases in which the agreed period expires in the year under review:

Inflows according to GCGC	Dr. J. Zeschky		L. Krogsgaard		B. Schäferbarthold	
	2014 EUR	2013 EUR	2014 EUR	2013 EUR	2014 EUR	2013 EUR
Fixed remuneration	430,000	360,000	360,000	360,000	341,500	307,500
Ancillary benefits	15,265	15,265	14,182	13,410	13,892	20,469
Total fixed component	445,265	375,265	374,182	373,410	355,392	327,969
Bonus	460,000	211,005	360,000	344,925	293,000	63,704
Multi-year variable remuneration	–	366,666	300,750	–	–	120,000
Stock options 2010–2013	–	–	300,750	–	–	–
Three-year target agreement 2013–2015[1]	–	–	–	–	–	120,000
Three-year target agreement 2012–2014[1]	–	366,666	–	–	–	–
Total remuneration	905,265	952,936	1,034,932	718,335	648,392	511,673

[1]The three-year target agreements were prematurely replaced by the performance share unit plan. The actual period was 22 months for Dr. Zeschky and 12 months for Mr. Schäferbarthold.

Supervisory Board

Under the Articles of Incorporation, all members of the Supervisory Board are entitled to fixed remuneration of EUR 25,000 in consideration of the performance of their duties for each full year in which they are members of the Supervisory Board plus reimbursement of all costs incurred in the performance of their duties.

The chairman of the Supervisory Board receives twice this amount and his deputy one-and-a-half times this amount.

Persons joining or leaving the Supervisory Board during the year receive one twelfth of this amount for each full or partial month of service. Value added tax was paid on the reimbursement of expenses in accordance with Articles 17 (1) through (3) of the Articles of Incorporation. The Company pays the premium on liability insurance (D&O insurance) if such cover also includes the members of the Supervisory Board.

The remuneration paid to the Supervisory Board breaks down as follows:

2014	Fixed compo-nents EUR	Variable compo-nents EUR	Long-term incentive compo-nents EUR	Total EUR
Dr. W. Ziebart	50,000	0	0	50,000
J. Klatten	37,500	0	0	37,500
Dr. H. van Deelen	25,000	0	0	25,000
Dr. D. G. Maier	25,000	0	0	25,000
M. Rey	25,000	0	0	25,000
A. Stieve	25,000	0	0	25,000
	187,500	0	0	187,500

2013	Fixed compo-nents EUR	Variable compo-nents EUR	Long-term incentive compo-nents EUR	Total EUR
Dr. W. Ziebart	50,000	0	0	50,000
J. Klatten	37,500	0	0	37,500
Dr. H. van Deelen	14,585	0	0	14,585
Dr. D. G. Maier	25,000	0	0	25,000
M. Rey	25,000	0	0	25,000
A. Stieve	25,000	0	0	25,000
	177,085	0	0	177,085

Benefits/pension provisions for former members of the Management Board

Pension provisions of EUR 427 thousand (2013: EUR 326 thousand) had been set aside as of 31 December 2014 to cover entitlement vesting to two former members of the Management Board.

Auditor's fee

The fee payable in 2014 to the statutory auditors stands at EUR 320 thousand (2013: EUR 296 thousand). A fee of EUR 63 thousand (2013: EUR 132 thousand) was paid for tax consulting services. Fees of EUR 3 thousand were paid for other services (2013: EUR 2 thousand).

Nordex SE
Rostock, 19 March 2015

Dr. J. Zeschky
Chairman of the
Management Board (CEO)

L. Krogsgaard
Member of the
Management Board

B. Schäferbarthold
Member of the
Management Board

Statement of changes in property, plant and equipment and intangible assets

for the period from 1 January to 31 December 2014

	Historical cost					
	Initial amount 01.01.2014 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classifica-tions EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2014 EUR thousand
Property, plant and equipment						
Land and buildings	87,340	2,499	17,535	720	2,461	75,485
Technical equipment and machinery	91,748	16,212	8,332	8,981	1,959	110,568
Other equipment, operating and business equipment	49,466	11,408	3,373	–691	1,226	58,036
Prepayments made and assets under construction	10,453	14,168	134	–9,010	31	15,508
Total property, plant and equipment	239,007	44,287	29,374	0	5,677	259,597
Intangible assets						
Goodwill	14,461	0	0	0	0	14,461
Capitalised development expense	137,283	30,694	19,344	0	0	148,633
Other intangible assets	24,309	1,307	5,958	0	542	20,200
Total intangible assets	176,053	32,001	25,302	0	542	183,294

	Historical cost						
	Initial amount 01.01.2013 EUR thousand	Additions EUR thousand	Disposals EUR thousand	De-consoli-dation EUR thousand	Re-classifica-tions EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2013 EUR thousand
Property, plant and equipment							
Land and buildings	85,637	1,736	137	44	1,064	–916	87,340
Technical equipment and machinery	77,969	15,531	4,355	0	3,873	–1,270	91,748
Other equipment, operating and business equipment	46,673	8,004	4,268	30	–380	–533	49,466
Prepayments made and assets under construction	6,109	8,996	113	0	–4,194	–345	10,453
Total property, plant and equipment	216,388	34,267	8,873	74	363	–3,064	239,007
Intangible assets							
Goodwill	16,149	0	0	1,688	0	0	14,461
Capitalised development expense	120,377	35,875	18,969	0	0	0	137,283
Other intangible assets	25,128	1,482	1,708	168	–363	–62	24,309
Total intangible assets	161,654	37,357	20,677	1,856	–363	–62	176,053

Depreciation/amortisation						Carrying amount
Initial amount 01.01.2014 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classifica-tions EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2014 EUR thousand	31.12.2014 EUR thousand
45,541	1,789	16,913	199	2,391	33,007	42,478
45,323	12,383	6,598	–45	1,483	52,546	58,022
30,420	7,497	2,455	–154	921	36,229	21,807
354	1,225	0	0	43	1,622	13,886
121,638	22,894	25,966	0	4,838	123,404	136,193
4,501	0	0	0	0	4,501	9,960
42,968	18,490	18,943	0	0	42,515	106,118
21,106	1,640	5,948	0	536	17,334	2,866
68,575	20,130	24,891	0	536	64,350	118,944

Depreciation/amortisation						Carrying amount
Initial amount 01.01.2013 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classifica-tions EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2013 EUR thousand	31.12.2013 EUR thousand
44,219	2,347	134	0	–891	45,541	41,799
41,890	7,814	4,185	332	–528	45,323	46,425
26,895	7,965	4,083	–57	–300	30,420	19,046
358	0	0	0	–4	354	10,099
113,362	18,126	8,402	275	–1,723	121,638	117,369
4,501	0	0	0	0	4,501	9,960
42,886	19,048	18,966	0	0	42,968	94,315
21,038	2,061	1,658	–275	–60	21,106	3,203
68,425	21,109	20,624	–275	–60	68,575	107,478

List of shareholdings

as of 31 December 2014

	Currency
Consolidated affiliated companies	
(figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)	
Nordex SE, Rostock (parent company)[1]	EUR
Beebe Wind LLC, Delaware, United States	EUR
Eólicos R4E S.A. de C.V., Tegucigalpa, Honduras	EUR
Green Hills Wind LLC, Delaware, United States	EUR
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Beijing, China	EUR
Nordex (Chile) SpA, Santiago, Chile	EUR
Nordex (Dongying) Wind Power Equipment Manufacturing Co.Ltd., Dongying, China	EUR
Nordex Education Trust, Capetown, South Africa	EUR
NordexEnergy Uruguay S.A., Montevideo, Uruguay	EUR
Nordex Energy B.V., Rotterdam, Netherlands	EUR
Nordex Energy GmbH, Hamburg[1]	EUR
Nordex Energy Ibérica S.A., Barcelona, Spain	EUR
Nordex Energy Ireland Ltd., Dublin, Ireland	EUR
Nordex Energy Romania S.r.l., Bucharest, Romania	EUR
Nordex Energy South Africa RF (Pty.) Ltd., Illovo, South Africa	EUR
Nordex Enerji A.S., Istanbul, Turkey	EUR
Nordex France S.A.S., La Plaine Saint-Denis, France	EUR
Nordex Grundstücksverwaltung GmbH, Hamburg[1]	EUR
Nordex Hellas Monoprosopi EPE, Athens, Greece	EUR
Nordex Italia S.r.l., Rome, Italy	EUR
Nordex Offshore GmbH, Hamburg	EUR
Nordex Pakistan (Private) Ltd., Islamabad, Pakistan	EUR
Nordex Polska Sp. z o.o., Warsaw, Poland	EUR
Nordex Singapore Equipment Private Ltd., Singapore, Singapore	EUR
Nordex Singapore Service Private Ltd., Singapore, Singapore	EUR
Nordex Sverige AB, Uppsala, Sweden	EUR
Nordex UK Ltd., Manchester, United Kingdom	EUR
Nordex USA Inc., Chicago, United States	EUR
Nordex USA Management LLC, Chicago, United States	EUR
Nordex Windpark Beteiligung GmbH, Hamburg[1]	EUR
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia, China	EUR
NPV Dritte Windpark GmbH & Co. KG, Hamburg	EUR
Way Wind, LLC, Delaware, United States	EUR

Non-consolidated affiliated companies	
(figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)	
Éoles Futur Eurowind France S.A.S., Paris, France	EUR

Share in capital (%)	Net profit/loss 01.01–31.12.2014	Equity capital 01.01–31.12.2014	Share held via
–	3,201,014.98	326,770,805.42	–
100.00	–18,474.13	–306,016.63	Nordex USA Inc.
100.00	–2,465,654.70	4,698.64	Nordex USA Management LLC
100.00	319,530.85	0.00	Nordex USA Inc.
100.00	–3,286,632.01	–1,760,670.29	Nordex Energy GmbH
100.00	–1,333,613.95	1,315,178.81	Nordex Windpark Beteiligung GmbH
100.00	855,379.86	–450,200.11	Nordex Energy GmbH
100.00	–210,850.50	–426,194.49	Nordex Energy South Africa (Pty.) Ltd.
100.00	–8,364,881.06	3,428.00	Nordex Energy B.V.
100.00	–65,022,054.51	47,052,486.47	Nordex SE
100.00	0.00	7,607,762.18	Nordex SE
100.00	139,941.26	8,896,595.47	Nordex Energy B.V.
100.00	–3,917,557.08	2,132,514.94	Nordex Energy B.V.
99.98/0.02	–817,887.39	–1,431,602.78	Nordex Energy B.V./Nordex Energy GmbH
100.00	–546,389.27	–2,245,088.41	Nordex Energy GmbH
17.15/82.31/ 0.18/0.18/ 0.18	–1,331,605.74	6,599,057.80	Nordex Energy B.V./Nordex SE/ Nordex Energy GmbH/ NordexWindpark Beteiligung GmbH/ Nordex Grundstücksverwaltung GmbH
100.00	1,762,612.61	7,117,420.30	Nordex Energy B.V.
100.00	0.00	52,000.00	Nordex SE
100.00	1,098,406.52	247,245.56	Nordex Energy GmbH
100.00	1,913,033.75	22,191,821.47	Nordex Energy B.V.
100.00	–224,420.07	–482,275.93	Nordex SE
100.00	–2,088,138.08	–2,303,609.10	Nordex Energy GmbH
99.00/1.00	4,069,169.46	7,686,384.55	Nordex Energy B.V./Nordex Energy GmbH
100.00	3,160,505.02	–4,708,895.51	Nordex Energy GmbH
100.00	–411,646.80	–2,290,989.24	Nordex Energy GmbH
100.00	–3,508,317.96	7,746,540.28	Nordex Energy B.V.
100.00	–3,049,318.27	2,861,198.34	Nordex Energy B.V.
100.00	13,364,237.62	83,917,242.71	Nordex Energy B.V.
100.00	–84,940.72	–1,818,596.10	Nordex USA Inc.
100.00	0.00	74,825.12	Nordex SE
100.00	–409,869.59	–1,244,825.84	Nordex Energy GmbH
100.00	–474.57	42,906.70	Nordex Grundstücksverwaltung GmbH
100.00	–23,912.28	–93,279.38	Nordex USA Inc.
100.00	210,186.89	374,648.78	Nordex France S.A.S.

	Currency
Farma Wiatrowa Liw Sp. z o.o., Warsaw, Poland	EUR
Farma Wiatrowa NDX1 Sp. z o.o., Warsaw, Poland[2]	EUR
Farma Wiatrowa NXD V Sp. z o.o., Warsaw, Poland	EUR
Farma Wiatrowa Rozdrazew Sp. z o.o., Warsaw, Poland (ex. Belzyce)	EUR
Farma Wiatrowa Wymyslów Sp. z o.o., Warsaw, Poland	EUR
natcon 7 GmbH, Hamburg[3]	EUR
Nordex Windpark Verwaltung GmbH, Hamburg	EUR
Parc Éolien des Pelures Blanches S.A.S., Paris, France[3]	EUR
Parc Éolien de Zondrange S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex Belgique I (SPRC), Brussels, Belgium[3]	EUR
Parc Éolien Nordex Belgique II (SPRC), Brussels, Belgium[3]	EUR
Parc Éolien Nordex I S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex II S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex III S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex IV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex V S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex VI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex VII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex IX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex X S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XIV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XVIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXIV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXVI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXVII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXVIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXIX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXXI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXXII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LIV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LVI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LVII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LVIII S.A.S., Paris, France[3]	EUR

Share in capital (%)	Net profit/loss 01.01–31.12.2014	Equity capital 01.01–31.12.2014	Share held via
99.00/1.00	–19,305.84	–38,591.60	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
55.00	–90,368.33	–190,844.90	Nordex Windpark Beteiligung GmbH
99.00/1.00	–2,997.25	–5,656.44	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99.00/1.00	–64,465.55	–170,928.32	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99.00/1.00	–2,944.88	–5,601.44	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
75.00	1,791,673.58	2,649,945.57	Nordex SE
100.00	–995.63	3,897.32	Nordex SE
100.00	–27,669.60	–86,792.98	Nordex Windpark Beteiligung GmbH
100.00	–10,159.89	–4,792.62	Nordex Windpark Beteiligung GmbH
99.00/1.00	–10,946.73	7,653.27	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99.00/1.00	–4,171.14	14,428.86	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
100.00	–2,680.70	19,615.53	Nordex Windpark Beteiligung GmbH
100.00	–2,889.00	21,167.59	Nordex Windpark Beteiligung GmbH
100.00	–7,030.24	16,694.45	Nordex Windpark Beteiligung GmbH
100.00	–2,692.11	21,613.11	Nordex Windpark Beteiligung GmbH
100.00	–2,742.64	21,502.58	Nordex Windpark Beteiligung GmbH
100.00	–18,728.44	2,770.30	Nordex Windpark Beteiligung GmbH
100.00	–2,725.70	21,502.74	Nordex Windpark Beteiligung GmbH
100.00	–2,682.64	21,884.68	Nordex Windpark Beteiligung GmbH
100.00	–2,682.64	20,079.96	Nordex Windpark Beteiligung GmbH
100.00	–30,589.60	–17,744.88	Nordex Windpark Beteiligung GmbH
100.00	–38,115.24	–28,712.69	Nordex Windpark Beteiligung GmbH
100.00	–2,625.33	15,370.03	Nordex Windpark Beteiligung GmbH
100.00	–2,745.33	21,755.51	Nordex Windpark Beteiligung GmbH
100.00	–2,939.07	21,570.13	Nordex Windpark Beteiligung GmbH
100.00	–2,745.53	21,707.86	Nordex Windpark Beteiligung GmbH
100.00	–9,799.59	14,594.45	Nordex Windpark Beteiligung GmbH
100.00	–2,702.47	21,935.44	Nordex Windpark Beteiligung GmbH
100.00	–2,702.47	21,802.90	Nordex Windpark Beteiligung GmbH
100.00	–2,702.27	21,802.65	Nordex Windpark Beteiligung GmbH
100.00	–2,702.27	21,802.49	Nordex Windpark Beteiligung GmbH
100.00	–5,433.44	19,047.91	Nordex Windpark Beteiligung GmbH
100.00	–2,745.33	21,836.46	Nordex Windpark Beteiligung GmbH
100.00	–2,702.27	21,806.73	Nordex Windpark Beteiligung GmbH
100.00	–3,018.94	21,703.28	Nordex Windpark Beteiligung GmbH
100.00	–2,745.33	21,958.09	Nordex Windpark Beteiligung GmbH
100.00	–3,202.67	15,261.17	Nordex Windpark Beteiligung GmbH
100.00	–3,240.50	15,688.51	Nordex Windpark Beteiligung GmbH
100.00	–3,258.90	15,355.71	Nordex Windpark Beteiligung GmbH
100.00	–3,155.33	14,596.97	Nordex Windpark Beteiligung GmbH
100.00	–140.73	36,859.27	Nordex Windpark Beteiligung GmbH
100.00	–152.57	–152.57	Nordex Windpark Beteiligung GmbH
100.00	–135.37	–135.37	Nordex Windpark Beteiligung GmbH
100.00	–1,194.87	35,805.13	Nordex Windpark Beteiligung GmbH

	Currency
Parc Éolien Nordex LIX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LXI S.A.S., Paris, France[3]	EUR
Parque Eólico Hacienda Quijote SpA, Chile	EUR
Parque Eólico Llay-Llay SpA, Chile	EUR
Qingdao Huawei Wind Power Co. Ltd., Qingdao, China[3]	EUR
Ringneck Prairie Wind LLC, Delaware, United States	EUR
Sechste Windpark Support GmbH & Co. KG, Hamburg	EUR
Vientos de Chinchayote, s.A. de C.V., Honduras	EUR
Vientos de la Baranquilla, s.A. de C.V., Honduras	EUR
Vientos de la Caguasca, s.A. de C.V., Honduras	EUR
Vientos de la Quesera, s.A. de C.V., Honduras	EUR
Vientos de la Roble, s.A. de C.V., Honduras	EUR
Vientos de San Juan, s.A. de C.V., Honduras	EUR
Vindkraftpark Aurvandil AB, Uppsala, Sweden	EUR
Vindkraftpark Brynhild AB, Uppsala, Sweden	EUR
Vindkraftpark Dieser AB, Uppsala, Sweden	EUR
Vindkraftpark Embla AB, Uppsala, Sweden	EUR
Vindkraftpark Freja AB, Uppsala, Sweden	EUR
Investments in associates (not consolidated)	
(figures in accordance with statutory financial statements)	
Beebe Renewable Energy 2, LLC, Delaware, United States	EUR
C&C Wind Sp. z o.o., Natolin/Polen[3]	EUR
GN Renewable Investments S.à r.l., Luxembourg, Luxembourg[3]	EUR
KNK Wind GmbH, Frankfurt am Main[3]	EUR
Way Wind LLC, Nebraska, United States	EUR
Other investments (non-consolidated)	
(figures in accordance with statutory financial statements)	
Eoliennes de la Vallée S.A.S.	EUR
K/S Whitewater Wind Power Invest I, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest I ApS, Helsinge, Denmark[2]	EUR
K/S Whitewater Wind Power Invest VII, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest VII ApS, Helsinge, Denmark[2]	EUR
K/S Whitewater Wind Power Invest VIII, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest VIII ApS, Helsinge, Denmark[2]	EUR
Parc d'Energie de Conlie P.E.C. S.à r.l., La Martyre, France[3]	EUR
Sameole Bois du Goulet, Caen, France[2]	EUR
Société Éolienne de Roussée-Vassé S.E.R.V. S.à r.l., Rouesse Vasse, France[3]	EUR
Vent d'est S.à r.l., Paris, France[3]	EUR
Vent Local S.A.S., Vienne, France[3]	EUR

[1]Profit transfer agreement; net profit/loss and equity after profit transfer agreement in accordance with local rules
[2]Financial statements as of 31 December 31.12.2013
[3]Preliminary financial statements as of 31.12.2014

Share in capital (%)	Net profit/loss 01.01–31.12.2014	Equity capital 01.01–31.12.2014	Share held via
100.00	–1,194.87	35,805.13	Nordex Windpark Beteiligung GmbH
100.00	–1,194.87	35,805.13	Nordex Windpark Beteiligung GmbH
100.00	–1,194.87	35,805.13	Nordex Windpark Beteiligung GmbH
100.00	–	–	Nordex (Chile) SpA
100.00	–	–	Nordex (Chile) SpA
66.70	–1,391,386.84	1,740,004.29	Nordex Energy GmbH
100.00	141,299.25	0.00	Nordex USA Management LLC
100.00	463.14	–4,547.63	Nordex Grundstücksverwaltung GmbH
99.20/0.80	–	–	Nordex Windpark Beteiligung GmbH/ Nordex Energy B.V
99.20/0.80	–	–	Nordex Windpark Beteiligung GmbH/ Nordex Energy B.V
99.20/0.80	–	–	Nordex Windpark Beteiligung GmbH/N ordex Energy B.V
99.20/0.80	–	–	Nordex Windpark Beteiligung GmbH/ Nordex Energy B.V
99.20/0.80	–	–	Nordex Windpark Beteiligung GmbH/ Nordex Energy B.V
99.20/0.80	–	–	Nordex Windpark Beteiligung GmbH/ Nordex Energy B.V
100.00	–1,709.08	3,668.23	Nordex Windpark Beteiligung GmbH
100.00	–645.35	3,203.41	Nordex Windpark Beteiligung GmbH
100.00	–645.35	3,203.41	Nordex Windpark Beteiligung GmbH
100.00	–645.35	3,203.41	Nordex Windpark Beteiligung GmbH
100.00	–645.35	3,203.41	Nordex Windpark Beteiligung GmbH
50.00	–61,136.96	90,191.63	Nordex USA Management LLC
40.00	–536,633.35	–723,223.16	Nordex Windpark Beteiligung GmbH
30.00	–65,246.55	383,749.09	Nordex Windpark Beteiligung GmbH
38.89	–532,842.67	2,656,489.11	Nordex Offshore GmbH
36.15	–11,373.45	306,897.75	Way Wind, LLC, Delaware, United States
50.00	–2,199.00	–2,313.00	Nordex France S.A.S.
33.33	–44,348.87	–158,946.77	Nordex Energy GmbH
11.11	–29,333.49	–143,849.52	Nordex Energy GmbH
11.11	–61,156.03	–180,471.95	Nordex Energy GmbH
50.00	–68.95	799.42	Nordex France S.A.S.
50.00	–870.00	–340.00	Nordex France S.A.S.
50.00	0.00	–1,631.76	Nordex France S.A.S.
50.00	–855.02	–5,123.61	Nordex France S.A.S.
9.00	–36,042.00	61,557.00	Nordex France S.A.S.

Responsibility Statement

Responsibility statement in accordance with Sections 297 (2) 4 and 315 (1) 6 of the German Commercial Code

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Nordex SE
Rostock, 19 March 2015

Dr. J. Zeschky
Chairman of the
Management Board (CEO)

L. Krogsgaard
Member of the
Management Board

B. Schäferbarthold
Member of the
Management Board

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Nordex SE for the business year from 01 January 2014 to 31 December 2014. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Hamburg, March 19, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Niklas Wilke	ppa. Dr. Thomas Ull
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Glossary

Accelerated bookbuilding
A method for placing securities in which investors are able to bid in a predefined price range within a certain period in the absence of any issuing prospectus.

Acoustic power
An acoustic measure of the volume of source of noise.

Anti-Icing System
Technology for reducing the accumulation of ice on the surface of rotor blades. The Anti-Icing System can increase turbine yields by up to 25% in the winter months of climatically cold regions.

Azimuth system
Adjustment system to position the nacelle in the horizontal plane to ensure that the rotor is always exactly facing the direction from which the wind is coming.

Baseload
Terms used in electricity trading to refer to the minimum volume of electrical power required by electricity consumers in a given market region in a defined period (hour, week, month, quarter, year).

Book-to-bill ratio
Ratio of new business to sales.

Built-to-print
Method of producing rotor blades. Vendors produce the blade types at their own facilities in accordance with Nordex's design instructions.

Cash flow
A business parameter defining the net inflow of cash and cash equivalents from sales and other operating activities in a given period.

CCV (cold climate version)
Adaption of a wind turbine to extreme climatic conditions, in this case very low ambient temperatures.

Certification
Wind power systems are certified according to certain guidelines. This ensures that they are constructed correctly and can be operated safely. In Germany, Germanische Lloyd (GL) and TÜV Nord are the main certifying agents.

Convertible bond
Interest-bearing security issued by a company generally with a nominal coupon which grants the bearer the right to exchange it for shares in the company within a certain period and subject to a predefined ratio.

Corporate compliance
The entirety of all measures (e.g. code of conduct, compliance team) aimed at ensuring that a company, its management and supervisory bodies and its employees act in accordance with all legal requirements.

Covenants
The individually negotiated terms of a loan which, if breached, entitle the lender to terminate the loan under certain circumstances.

Design-to-cost/design-to-value
Basic principle of mechanical engineering which takes account of the cost factors for the producer and the return factors for investors.

D&O insurance
Short for "directors and officers liability insurance". D&O insurance covers liability for financial loss and protects the members of the Supervisory Board and the Management Board from the consequences of manager liability.

EBIT
Earnings before interest and tax or operating earnings.

EEG
German acronym for the Renewable Energies Act. This Act has regulated the feed-in of electricity from renewable sources into the German power grid since April 1, 2000. The Renewable Energies Act was last revised extensively on 1 August 2014 and guarantees the operators of onshore wind turbines initial remuneration of 8.9 euro-cents per kWh in the period under review. A further amendment is currently in the legislative phase.

Electricity generation costs
The cost of converting one form of energy (e.g. wind) into electrical power.

Emission trade
Trade in certificates, e.g. permitting the emission of a certain quantity of a hazardous substances (CO_2 certificates), or representing a certain quantity of renewable energy ("green certificates"). Certificates are climate policy instruments combining government intervention with market-economy instruments.

Equity ratio
Proportion of equity in total assets. Considered to be the benchmark for determining the intrinsic value of a company's assets in the balance sheet.

Free float
Refers to all the shares issued by a company, which are freely traded in the market and not held by strategic or financial investors on a long-term basis.

Full-load hours
The yield of a wind turbine depends on the wind speed. Wind turbines reach their maximum output at speeds of 13 to 15 m/s. The number of theoretical full-load hours per year characterises the quality of wind-farm sites. This varies from around 1,800 hours in Germany to approx. 2,900 hours in the UK.

Futures contract
Term used in electricity trading; a futures contract is a contract defining the volume, period and price of wholesale business.

Gearbox
The gearbox is located between the slow rotor shaft and the fast generator shaft. It causes the generator shaft to rotate up to one hundred times faster than the rotor shaft.

Generator
The generator of a wind turbine converts mechanical energy into electrical energy.

German Corporate Governance Code
In 2002, the German government's Corporate Governance Commission drew up a code to regulate nationally and internationally recognised standards for fair and responsible corporate governance.

Grid parity
Grid parity is achieved if the cost of conventionally produced electricity equals that of electricity produced from renewable sources.

Gross profit
Gross profit is an indicator of cost efficiency and is defined as revenues net of the cost of sales.

Head mass
Refers to the weight of the nacelle and rotor of a wind power system.

IEC
International Electrotechnical Commission. Independent institution which sets the standards for electrical devices and equipment. The IEC has defined three wind classes: IEC I (average wind speeds of 10m/s), IEC II (average wind speeds of 8.5 m/s) and IEC III (average wind speeds of 7.5 m/s).

ITC Cash Grant
Incentive programme in the USA for projects in the area of alternative energies, which grants a subsidy in the amount of 30% of the capital costs.

Kilowatt
Output is defined as energy per time unit and is measured in watts. One kilowatt (kW) equals 1,000 watts.

Leverage
The analysis of the share of a listed company by an investment bank, which is performed on a regular basis.

Margin contribution
Contract value less project-related cost of materials.

Megawatt
One megawatt (MW) equals 1,000 kilowatts.

New business
Order intake; all contingent conditions must be satisfied before Nordex can place a firm order on its books. These include purchase contracts signed by both sides, guaranteed finance commitments, building permts, grid connection permit, electricity sales contract, leases. If the conditions are not satisfied in full, the order is classified as contingent.

Offshore systems
Wind turbines operated in coastal waters.

Onshore systems
Wind turbines erected on land.

Operational Excellence
A combination of various procurement, production and installation methods and processes to structure and optimise the value chain such that sparing use is made of resources and it operates efficiently and hence on an economically viable basis.

Performance curve
The performance curve of a wind power system describes the ratio of electricity generated to wind speed.

Pitchsystem
System for controlling the wind turbine by rotating the rotor blade around the longitudinal axis.

POC (percentage of completion)
The method stipulated by international accounting rules for recognising revenues.

Profit and loss transfer agreement
Company agreement governing the transfer of profit or loss from one entity to another.

PTC (production tax credit)
The production tax credit (PTC) guarantees a tax credit on the income tax to be paid in the USA for companies operating wind power systems there.

REA
Renewable Energies Act. The REA has regulated the feeding of renewable energy into the German power grid since 1 April 2000. The Renewable Energies Act was revised extensively on 1 January 2012 and guarantees the operators of onshore wind turbines initial remuneration of at least 8.93 euro-cents per kWh in the period under review.

RENIXX
Equities index calculated by International Economic Forum Renewable Energies (IWR) for 30 leading international listed companies in the renewable energies sector.

Reporting threshold
Under the German Securities Trading Act, a shareholder must submit a report to the issuer, i.e. the listed company, and the German Federal Financial Supervisory Authority (BaFin) if its share of the company's voting rights exceeds or drops below certain percentages (3, 5, 10, 15, 20, 25, 30, 50, 75).

Rotor
The rotor of a wind turbine comprises the blades and the hub. The rotor is mounted on the main shaft.

Simultaneous Engeineering
Simultaneous completion of engineering tasks to shorten the time to market.

Stock options
Options are derivative financial instruments, which entitle the holder to buy or sell securities at a later date at a predefined price.

Syndicated loan
Loans granted jointly by several banks.

TecDAX
Technology index of the Frankfurt Stock Exchange for the 30 largest German technology stocks.

Turnkey solution
The installation of a wind farm for immediate use including access routes, grid infrastructure, cabling and other services going beyond the standard delivery of wind farm projects.

Unused tax losses
A tax loss is the total of all losses incurred in past financial years, which it is not possible to net against profits. These losses can be carried forward to later financial years. In tax terms, this involves the intention to offset these losses against profits expected to arise in the future.

Wind farm
Wind farms consist of several wind turbines operated in tandem.

Working capital
The supplier's capital used during the implementation phase of an order.

Xetra
Electronic securities trading system operated by Deutsche Börse.

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Financial calendar 2015

27 February 2015	Publication of preliminary figures
23 March 2015	Publication of the Annual Report for the 2014 financial year Press conference, telephone conference, Frankfurt am Main
13 May 2015	Interim report for the first quarter 2015 Telephone conference
2 June 2015	Annual General Meeting, Rostock
13 August 2015	Interim report for the first half-year 2015 Telephone conference
12 November 2015	Interim report for the third quarter 2015 Telephone conference

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