Nordex SE
Preliminary Results 2016

Frankfurt am Main, 1 March 2017

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Agenda

1	Key highlights	*Lars Bondo Krogsgaard*
2	Financials	*Christoph Burkhard*
3	Installations and orders	*Patxi Landa*
4	Market trends and developments	*Lars Bondo Krogsgaard*
5	Outlook	*Lars Bondo Krogsgaard*
6	Summary	*Lars Bondo Krogsgaard*
7	Q&A	

2016 delivered according to plan. Measures being taken to address volume and price pressure in 2017 and 2018

2016

- **Financial performance in line with guidance**
  - **Revenues** of EUR 3.4bn (guidance EUR 3.35bn)
  - **EBITDA** margin 8.4% (guidance 8.3%)
  - **Working capital** at 4.1% of sales (guidance <5%)
  - **Order intake** of EUR 3.3bn (guidance EUR >3.4bn)
  - **CAPEX** of EUR 102m (guidance EUR 100m)
- **Strong operational performance**
  - **Installations** up 55% to 2.6 GW
  - **Nacelle / blade production** output increased by 44%/77% respectively
  - **Service fleet** increased to >13 GW

2017-2018

- **Pressure on volume**
- **Increasing price pressure**
- **New measures to improve profitability**
  - “30-by-18” cost reduction programme
  - Reorganization of the business
  - Increased investment in technology

Integration of Nordex and Acciona Windpower progressing well

Benefits of the merger

- Synergy benefits for 2016 of EUR 10m as planned
- Synergy benefits for 2017 expected to reach cumulative EUR 25–28m
- Significantly improved global market footprint
- Access to important US and high growth emerging markets secured

Merger transition process on track: working as one company

Agenda

Income statement FY 2016

in EUR m	FY 2016	FY 2015	Δ in %
Sales	**3,395.0**	**2,430.1**	39.7
Total revenues	3,395,4	2,416.1	40.5
Cost of materials	-2,559.4	-1,879.8	36.2
Gross profit	**836.0**	**536.3**	55.9
Personal costs	-289.9	-197.3	47.0
Other operating (expenses)/income	-260.6	-156.7	66.3
EBITDA	**285.5**	**182.3**	**56.6**
Depreciation	-117.0	-56,1	108.6
EBIT	**168.5**	**126.2**	**33.5**
Net profit	**95.4**	**52.3**	**82.4**
Gross margin	***24.6 %***	***22.2 %***	
EBITDA margin	***8.4 %***	***7.5 %***	
EBIT margin w/o PPA	***6.1 %***	***5.2 %***	

Comments

- **Sales** includes EUR 726m from AWP for 9 months
- **Gross profit** up by 55.9% mainly driven by higher revenues
- **Depreciation** includes EUR 39.5m from PPA
- **Financial result** reduced by EUR 1.4m due to improved financing conditions
- **Tax rate** at 32.8%

Income statement Q4 2016

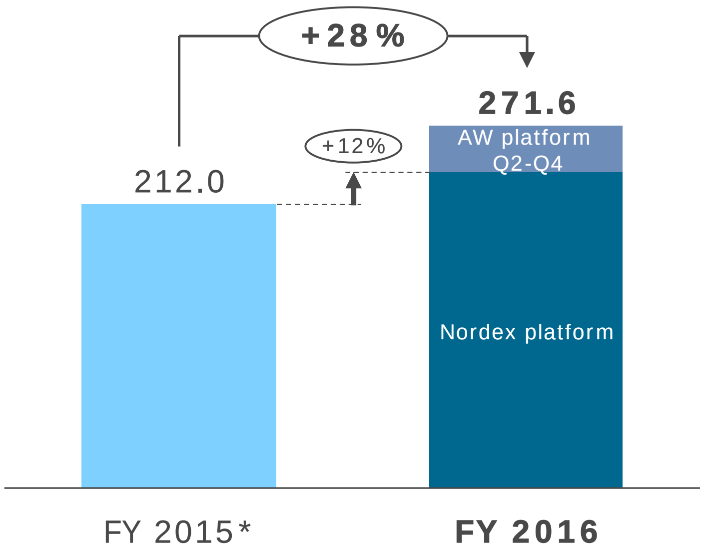
in EUR m	Q4 2016	Q4 2015	Δ in %
Sales	**1,055.5**	**644.0**	63.9
Total revenues	1,034.7	646.2	60.1
Cost of materials	-770.4	-490.8	57.0
Gross profit	**264.3**	**155.4**	70.1
Personal costs	-84.7	-53.8	57.4
Other operating (expenses)/income	-98.0	-57.3	71.0
EBITDA	**81.6**	**44.3**	**84.2**
Depreciation	-38.9	-15.7	147.8
EBIT	**42.8**	**28.6**	**49.7**
Net profit	**31.0**	**6.9**	**349.3**
Gross margin	***25.5%***	***24.0%***	
EBITDA margin	***7.7%***	***6.9%***	
EBIT margin w/o PPA	***5.6%***	***4.4%***	

Comments

- **Sales** increased by 63.9%
- **Integration costs** amount to EUR 5m
- **Full year synergies** of EUR 10m were realized
- **FX effects normalized** in Q4; FY 2016 effect of EUR 0.4m

Service segment performing well in 2016

Service sales (in EUR m)



*Adjusted after change in segment reporting

Comments

- **Organic growth** on Nordex platform of 12%
- **Order backlog** increased from EUR 997m to EUR 1,693m
- **Service margin** at 16% EBITDA

Balance sheet FY 2016

in EUR m	FY 2016	FY 2015	abs. change	Δ in %
Non-current assets	1,253.3	321.2	932.1	290.2
Current assets	1,740.9	1,138.9	602.0	52.9
Total assets	**2,994.2**	**1,460.1**	**1,534.1**	**105.1**
Shareholder´s equity	940.0	455.6	484.4	106.3
Non-current liabilities	812.0	126.9	685.1	539.9
Current liabilities	1,242.2	877.6	364.6	41.5
Total liabilities	**2,994.2**	**1,460.1**	**1,534.1**	**105.1**
*Net liquidity**	*6.2*	*322.0*		
*Working capital ratio***	*4.1%*	*-1.2%*		
Equity ratio	*31.4%*	*31.2%*		

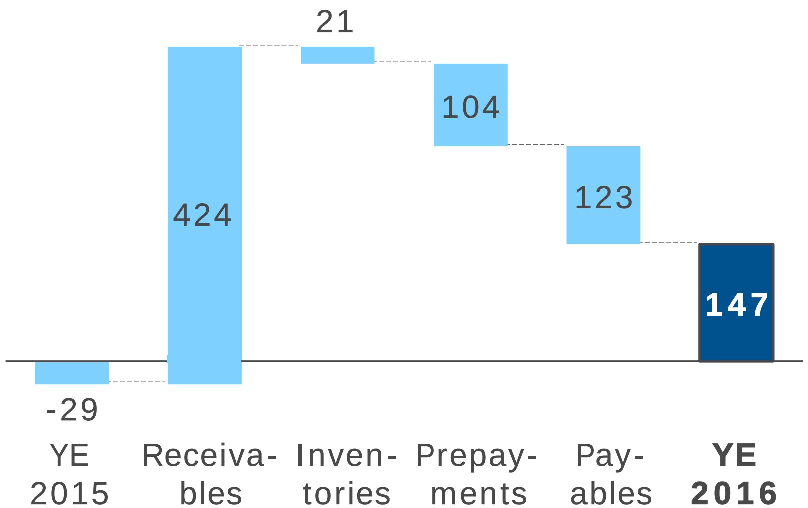
*Cash and cash equivalents less bank borrowings and bond
**Based on full year AWP sales (Q1/2016: EUR 187.8m)

Comments

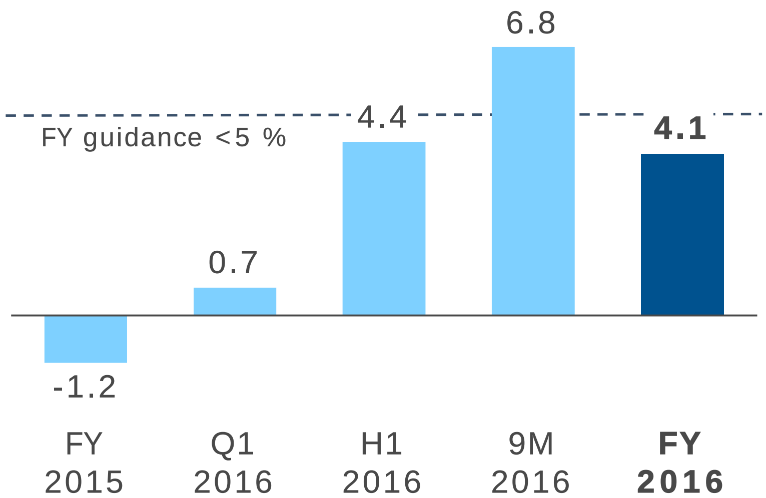
- **Non-current assets** increased mainly driven by PPA effect on goodwill, capitalized R&D and sales pipeline
- **Equity** increase due to share component of AWP acquisition
- **Non-current liabilities** contains „Green Schuldscheindarlehen“ of EUR 550m

Working capital development 2016

Changes in working capital 2016 (in EUR m)



Working capital ratio (in % of sales*)



- **High activity level** on both platforms, accompanied by high production output and increased receivables
- Positive development in Q4 driven by high order intake and corresponding **customer prepayments/ US Safe Harbor** transactions

*Based on full year AWP sales (Q1/2016: EUR 187.8m)

Cash flow statement FY 2016

Key figures cash flow statement

in EUR m	FY 2016	FY 2015
Cash flow from operating activities before net working capital	287.4	178.9
Cash flow from changes in WC	-143.0	-10.9
Cash flow from operating activities	144.4	168.0
Cash flow from investing activities	-399.2	-73.4
Free cash flow	-254.8	94.6
Cash flow from financing activities	369.2	50.0
Change in cash and cash equivalents*	120.5	140.6

Comments

- Without the cash component** of the AWP transaction, **free cash flow** of EUR 51.0m
- **Cash flow from investing activities** w/o AWP acquisition EUR -93.4m
- **Cash flow from financing activities** includes cash in from „Green Schuldschein“ EUR 550m and repayment of bond EUR 150m

*Including FX effects

**Cash component adjusted for net debt and cash acquired from AWP

Cash flow statement Q4 2016

Key figures cash flow statement

in EUR m	Q4 2016	Q4 2015
Cash flow from operating activities before net working capital	178.9	49.6
Cash flow from changes in WC	80.6	51.1
Cash flow from operating activities	259.5	100.7
Cash flow from investing activities	-42,3	-24.6
Free cash flow	217.2	76.1
Cash flow from financing activities	-3.5	0.0
Change in cash and cash equivalents*	218.9	74.6

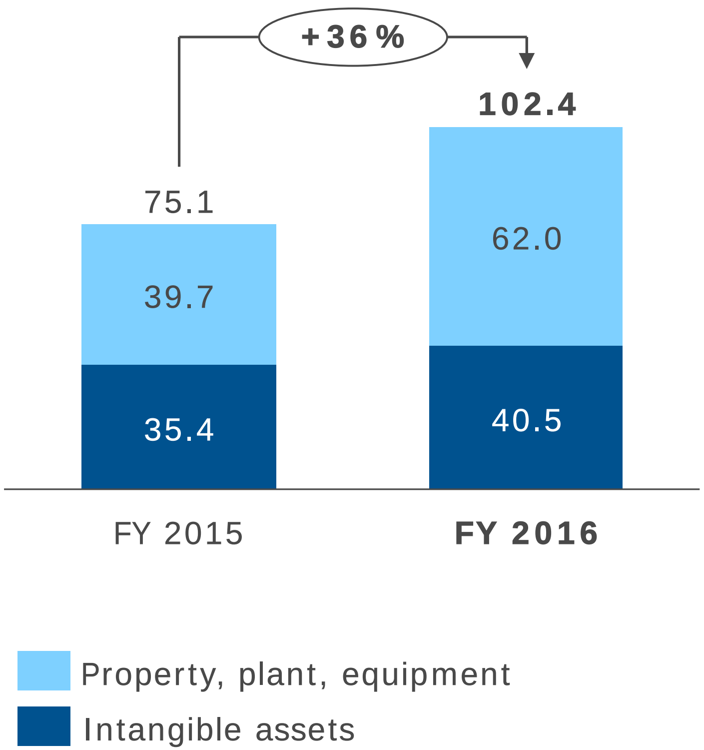
*Including FX effects

Comments

- **Free cash flow** nearly tripled due mainly to the high activity level combined with a positive change in working capital in December
- **Cash flow from investing activities** contains payments of EUR 16.4m for the new office building in Hamburg
- **Cash and cash equivalents** increased by EUR 218.9m

Total investments

CAPEX* (in EUR m)



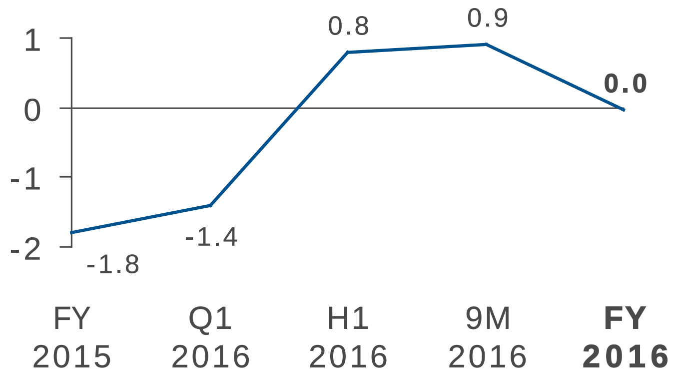
*Adjusted for the first-time consolidation of Acciona Windpower

Comments

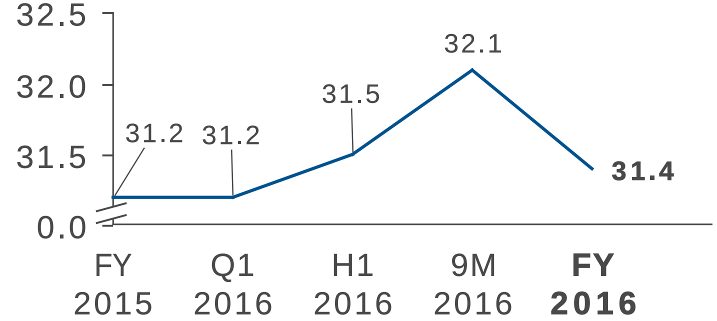
- **Investments** in 2016 largely consist of capitalized R&D and CAPEX for production facilities
- Increase compared to 2015 mainly driven by **construction of HQ extension** (sale-and-lease-back transaction planned in 2018)

Capital structure

Net debt* to EBITDA (xEBITDA)



Equity ratio (in %)



- **Leverage** decreased to -0.02 in Q4 reflecting strong net cash position
- **Net debt position** in Q2 and Q3 due to AWP acquisition funding
- Solid **equity ratio** of 31.4% YE 2016

*Cash and cash equivalents less bank borrowings and bond

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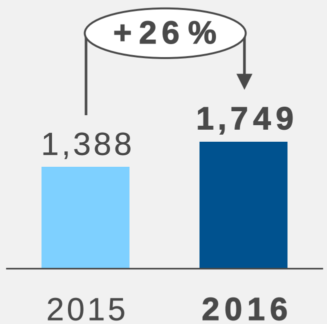
Global market share* increased from 5.8% to 9.3% in 2016

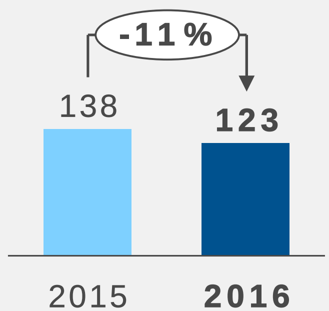
New installation record of 2.6 GW – up 55% vs 2015

Europe



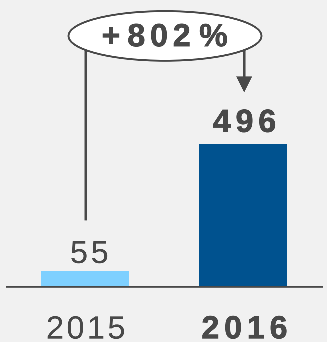
- Increased market share to >14% (+1.2ppt)
- Strong performance in Germany: 15% market share, up from 12% in 2015

North America



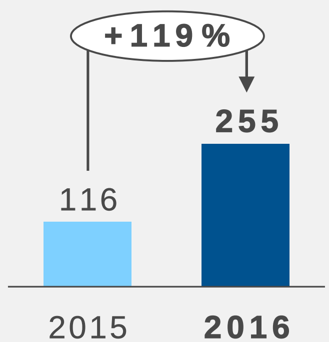
- Small decrease in installations
- Strong growth expected in 2017

Latin America



- AWP acquisition pays off
- Significant market share increase to >17% (2015: 1.2%)

Rest of World



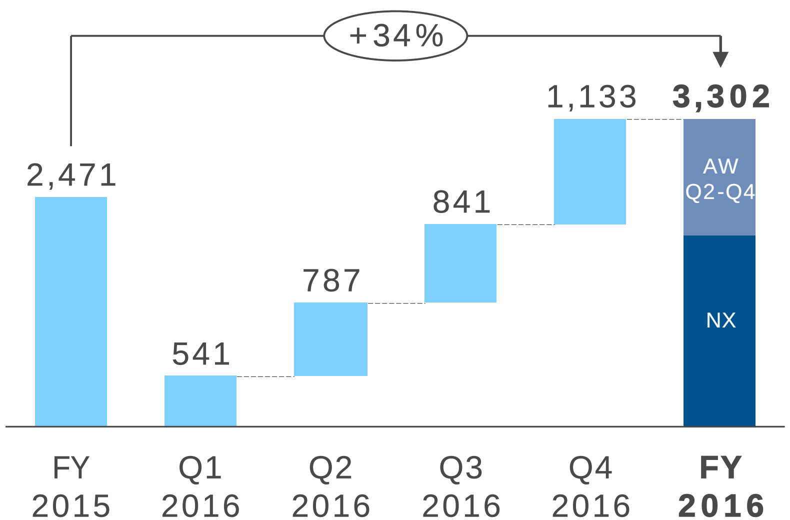
- Strong growth in South Africa: Market share +13ppt to >30%

(Installations in MW)

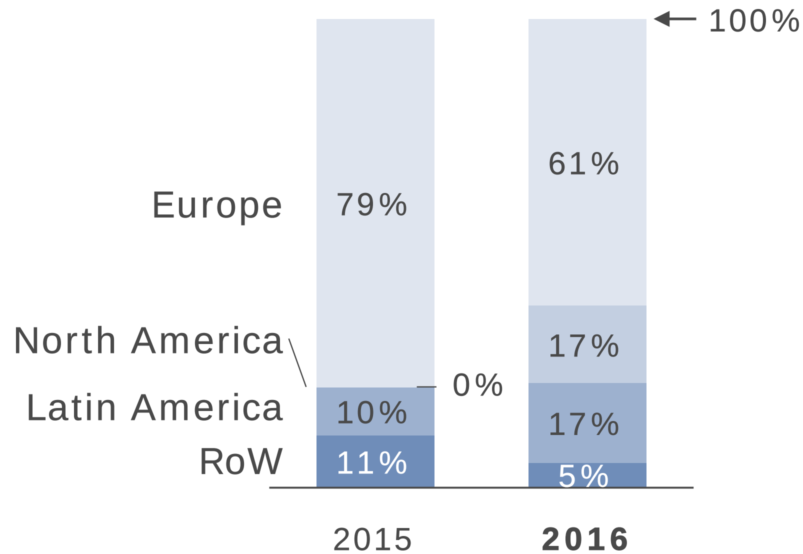
*Full year incl. Q1/2016 AWP, excluding PRC; preliminary market shares calculated by Nordex on GWEC/ WindEurope statistics

Order intake of EUR 3.3bn with a balanced global distribution

Order intake by quarters (in EUR m)



Order intake by regions (in %)

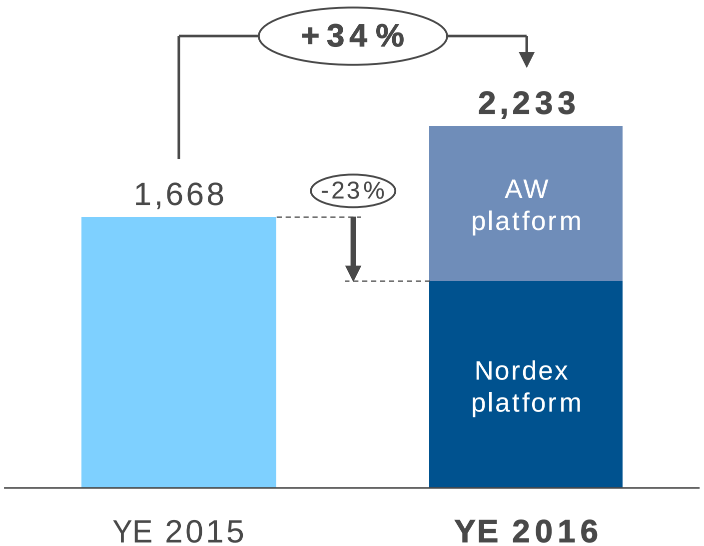


- **Strong Q4/2016** order intake (up 124% vs. Q4/2015)
- **AW platform** accounts for 38% of order intake
- YE 2016 **book-to-bill** at 1.05 (2015: 1.11)

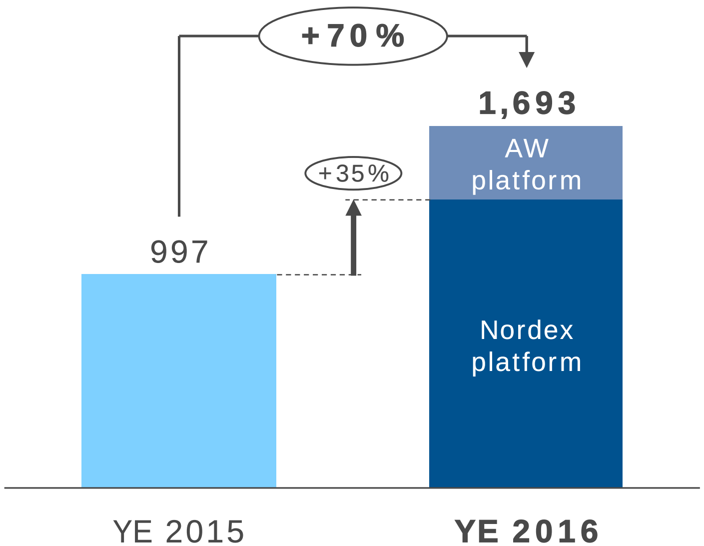
- **Reduced dependency on European markets** through AWP acquisition
- **Orders from 16 countries** on all continents
- Successful **market entry** in Argentina and Peru
- **Order delays** in Brazil, RSA and India

Postitive Book-to-bill, year end turbine and service backlog stands at EUR 3.9bn

Order backlog turbines (EUR m)



Order backlog service (EUR m)



- **Turbine order backlog** distributed across Europe (EUR 1,221m), North America (EUR 316m), Latin America (EUR 572m) and RoW (EUR 124m)

- **Service backlog** increased by EUR 696m
- Organic growth of 35% plus contribution of EUR 346m service backlog for AW brand turbines
- ~5,900 WTG or **13.3 GW under service**

COE programme running well, but will not fully compensate higher than anticipated price pressure

Intensifying competition, **prices** for 2018 deliveries particularly **under pressure**

2017	2018
COE programme will almost mitigate price pressure on 2017 deliveries	Price pressure expected to increase significantly beyond COE programme targets for 2018 deliveries

Profitability impact

Small effect

Significant effect

Agenda

The long-term trend for wind energy is positive, driven by several macro factors

Drivers for wind energy

Increasingly competitive LCOE

- Wind **LCOE reduced** by >50% over last 10 years, further >30% reduction expected by 2025
- Onshore at or close to **grid parity** in several markets

Need for replacement of conventional power plants

Capacities likely to require **replacement by 2030**:

- Ca. **40% of coal** and **80% of nuclear** power
- **>50% of oil** and **25% of natural gas** power

Growing demand for wind energy in emerging markets

- **Power consumption** in non-OECD countries to grow ~50% by 2030
- EM with 12.5% CAGR **for onshore wind installations** by 2025

Decarbonization / need to reduce CO2 emissions

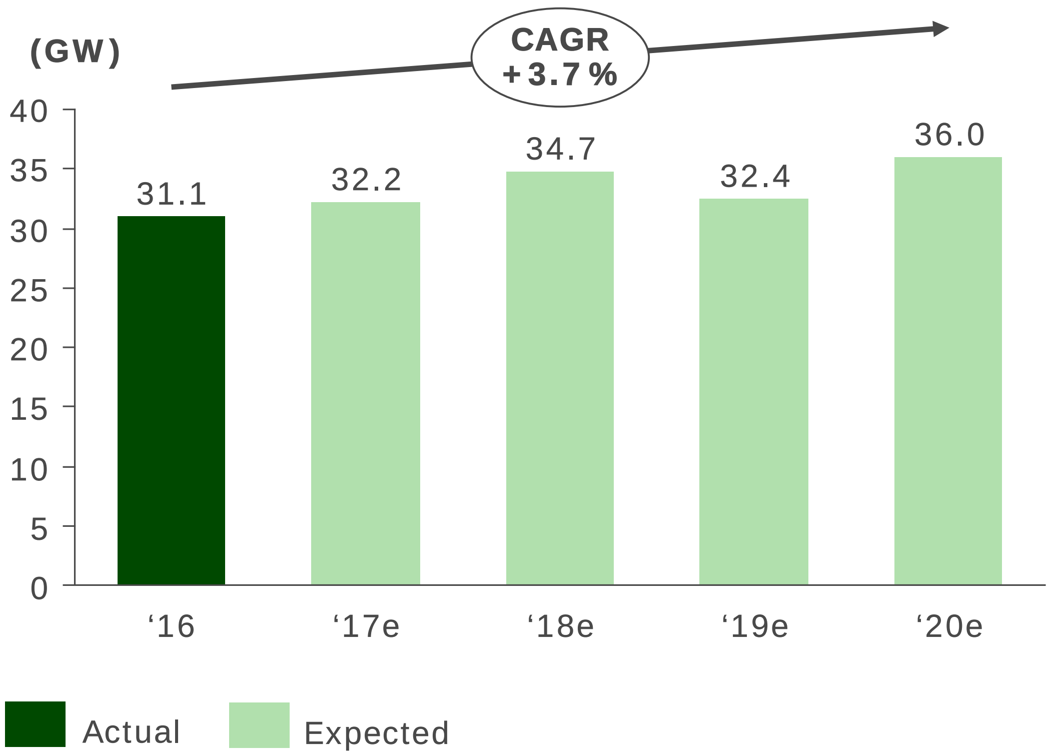
- **COP21** target to restrict global warming increase to 1.5°C
- **EU** target to cut greenhouse gas emissions by 40% by 2030

Source: Bloomberg NEF, MAKE, IRENA, Thinkstockphotos, others

Onshore wind installations

New installations CAGR through 2020 (excl. PRC)

Global onshore wind market 2016-2020



Stable overall growth, but some volatility in individual markets likely as countries transition to auctions (Germany, France, Spain) and macroeconomic issues in some emerging markets

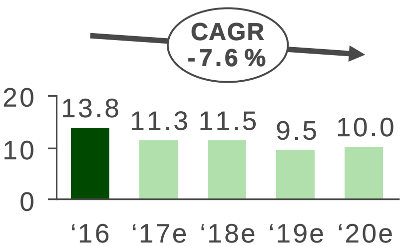
Source: GWEC, BNEF, MAKE 2016 Q4 Market Outlook Update

Growth in new installations shifts away from mature European markets towards emerging markets and the Americas

Onshore wind market in regions '16-'20 (in GW)

EUROPE:

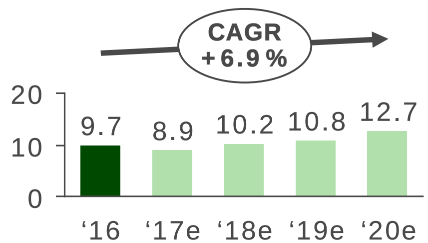
Significant volume, but negative growth



- Transition to auction systems in progress
- New EU renewable energy directive could give impetus to more repowering
- Germany to drop below 3 GW/p.a. – price pressure intensifying
- Political uncertainties in a number of markets

NORTH AMERICA

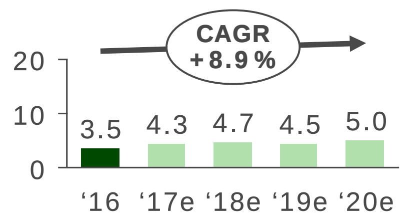
Growth driven by the U.S.



- Continuing support for PTC despite statements from new US president
- Canada relatively stable at 0.8 GW/p.a.

LATAM

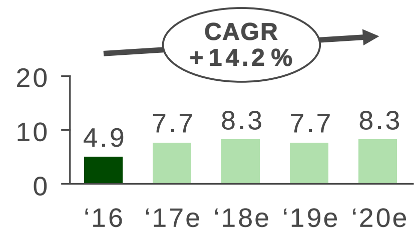
Uncertainty in Brazil, growth opportunities in other markets



- Cancelled auctions in Brazil will impact near/mid-term volume, but long-term potential remains
- Good growth potential outside Brazil (CAGR of ca. 20 % in LATAM excl. Brazil)

REST OF WORLD (excl. PRC)

Volume centres around a few new markets



- India with highest volume in ROW and expected to see stable demand of ca. 3 GW/p.a.
- Australia, Japan and South Africa with stable demand of ca. 0.5 GW/p.a. each

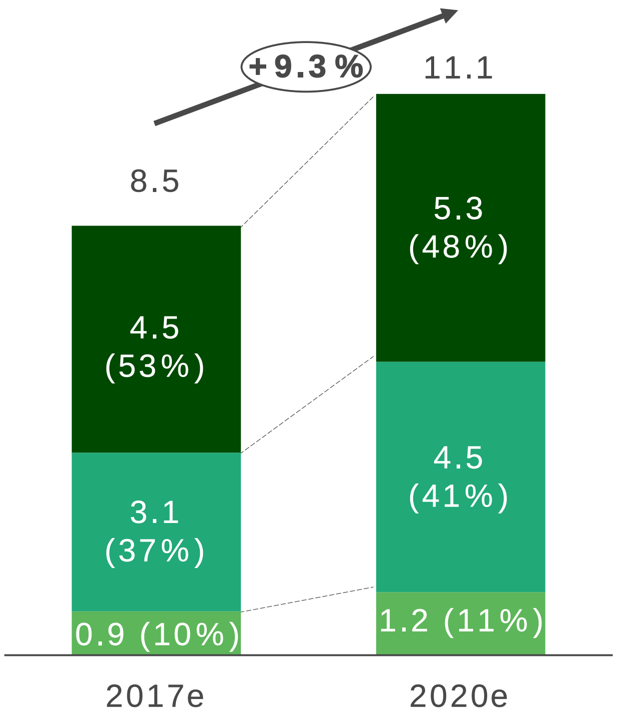
Actual Expected

Global CAGR of 3.7% (excl. PRC)

Source: GWEC, BNEF, MAKE 2016 Q4 Market Outlook Update, desktop research

Service business growth expected to outpace growth in turbine sales, providing a recurring revenue and profit opportunity

Wind turbine O&M Revenues 2017-2020* (bn EUR),



Development of regional O&M markets

- Growth will be driven by continued MW additions and the ageing fleet as the basis for higher service revenues

CAGR **EMEA** ’17e-’20e: **5.7% ***

CAGR **AMER** ’17e-’20e: **13.2% ***

CAGR **APAC** ’17e-’20e: **12.9% ***

*Source: MAKE Global Wind Turbine O&M 2016 – Note: Exchange rate USD / EUR as per 31.12.2016 = 1:0.949. All figures are rounded

Agenda

2017 guidance

	2017e	
Sales	**EUR 3.1-3.3bn**	Market driven revenue drop and delayed Indian business
EBITDA margin*	**7.8–8.2 %**	2017 EBITDA margin reflecting volume effect and price pressure vs. 2016. 2017 EBITDA margin supported by solid German business and merger synergies
W/C ratio	**5.0–7.0 %**	Absence of Safe Harbor prepayments in 2017 plus increased competition
CAPEX	**approx. EUR 150m**	Investment in new technology and improvement of existing platforms

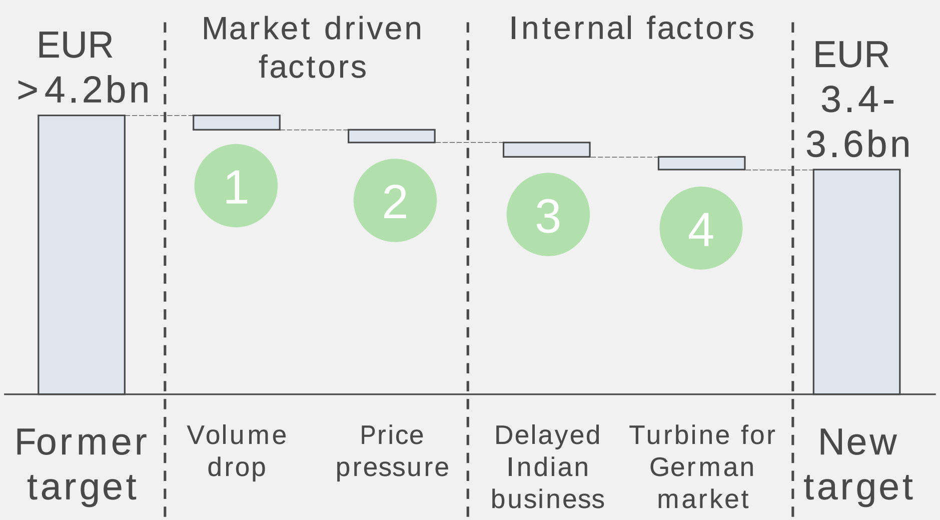
*Excluding costs relating to “30-by-18” programme

NB: Order intake will no longer be guided. Orders will be announced as usual.

Adjustment of 2018 revenue and profitability target

Market driven and internal factors trigger adjustment of 2018 targets

Revenues: EUR 3.4-3.6bn



1. Reduced volumes and uncertainty in some key markets
2. Intensifying competition resulting in price pressure
3. Slower than anticipated progress in project pipeline development
4. Decision to go for “Game Changer” WTG

EBITDA margin

stable vs. 2017

Margin stability secured through volume growth, merger synergies, absence of non-recurring costs

Improving long-term profitability and competitiveness

New measures are now being taken to strengthen the company

Current core activities

- **Continue growing the wind turbine business**
  - Leverage top-class footprint and customer access plus own development business to continue growth path to gain scale

- **Continue growing attractive service business**
  - Continue turbine driven organic growth to increase service top-line by >10% p.a.

- **Expand attractive project development business**
  - Increase project development business top-line by EUR 75-100m p.a. (excl. India) by 2019, expansion in existing and new markets

- **Improve operational excellence**
  - Continue operational excellence programme to reduce quality costs with EUR 10-30m EBITDA effect by 2018

New measures to improve profitability

- **Introduce “30-BY-18” cost reduction programme**
  - Implementation of programme targeting 2018 structural cost reductions of EUR 30m vs. 2017

- **Reorganization of the business**
  - Reorganization of the business around three full-value-chain divisions to increase efficiency

- **Investments to strengthen post 2018 product offering**
  - EUR 30m increase in investments in new products vs. 2016 to improve competitiveness of products hitting the market in 2019

30-by-18: Cost reduction programme to decrease overhead costs by EUR 30m in 2018

The four identified areas of overhead cost reduction

SGA & Project Management	Sales & Project Engineering	Corporate Functions	Sourcing

EUR 30m cost reduction potential compared to 2017;
0.8% EBITDA potential

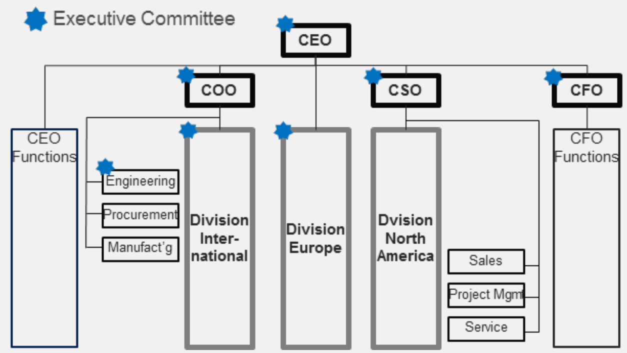
The consultation process with the workers' council has started

Reorganization of the business towards a more powerful and efficient set-up

The reorganization completes the integration process

- **Reduced complexity**
  - Fewer P&Ls and reduced matrix interference
- **Lean and efficient top management**
  - Reduction of executive committee from 18 to 7 members
- **Clear and extensive business ownership**
  - Divisions with full-value-chain responsibility
- **Reflecting market reality and priorities**
  - Divisions split around land and grid constrained platforms + important NAM business

Three full-value-chain divisions



- **New Executive Committee**
  - Management Board: Lars Bondo Krogsgaard (CEO), José Luis Blanco (COO), Christoph Burkhard (CFO), Patxi Landa (CSO) +
  - Bo Moerup (CEO, Division Europe), Jörg Scholle (CTO) and CEO Division International (tba)

- **No impact of reorganization on expected merger synergies**
- **New set-up currently in consultation process with workers' representatives**

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Challenging times, but a good foundation

Nordex, a strong company

Strong market footprint
Global player with one of the best market footprints in the industry

Proven technology & track record
30+ years of wind experience, >21 GW installations in grid and land constrained markets

Competitive product portfolio
providing sustained reductions in the LCOE in both grid and land constrained markets

Growing market share

Target to become a Top-5-Player achieved

1 - Vestas
2 - GE
3 - Enercon
4 - Gamesa
5 - Nordex

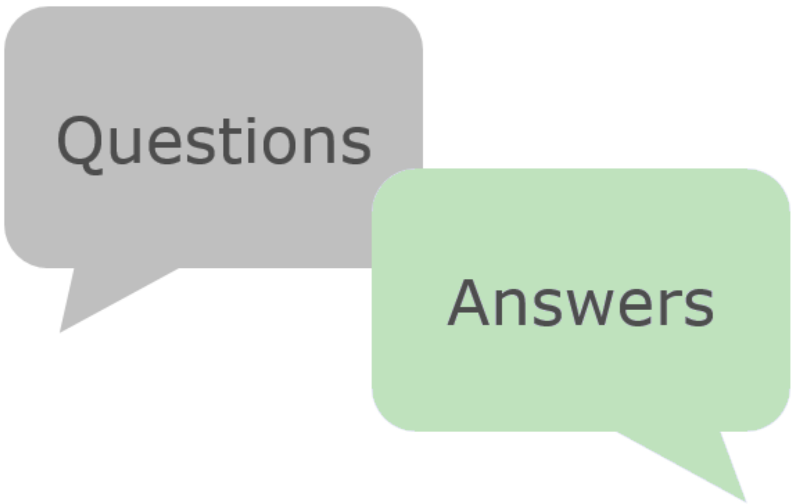
Source: BNEF Top Global Onshore Wind Turbine Manufacturers Ex-China Capacity 2016

Summary

- 2016 was delivered according to plan
- Reduced revenue expectations for 2017 and 2018…
- …but we expect stable margins in both years
- Our focus will be on
  - Growing market share
  - Improving profitability through scale, growth in high-margin activities and operational excellence measures
- Furthermore, we are implementing new measures to address pressure on profits
  - Increased investments to strengthen our products
  - A cost reduction programme targeting EUR 30m savings by 2018
  - A reorganization of our business towards a more efficient set-up

We are committed to improving our financial performance!

Time for your questions



Financial calendar 2017

Date	Event
1 March	Publication of Preliminary Results 2016 and Outlook 2017 – Frankfurt
30 March	Publication of Annual Report 2016
11 May	Interim statement Q1 2017
30 May	Annual General Meeting (Rostock)
3 August	Interim report H1 2017
14 November	Interim statement Q3 2017

The management team – Creating a global leader in the wind industry

Lars Bondo Krogsgaard

- **CEO**

- Chief Customer Officer Nordex
- CEO EMEA onshore wind Siemens Wind Power
- VP Renewables DONG Energy

José Luis Blanco

- **COO, Deputy CEO**

- CEO Acciona Windpower
- Various Sen. Mgmt & Chief Officer positions at Gamesa

Christoph Burkhard

- **CFO**

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

Patxi Landa

- **CSO**

- Business Development Director and Executive Committee member at Acciona Windpower
- Various Chief Officer Positions at Acciona

Together
on the same course

Ralf Peters
(Head of Corporate Communications)

Ingo Middelmenne
(Investor Relations)

Rolf Becker
(Investor Relations)

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