Nordex Group

Nordex SE – Financial figures 9M/2022

15th November 2022

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Agenda

Introduction	José Luis Blanco
Markets and orders	Patxi Landa
Financials	Dr Ilya Hartmann
Operations and technology	José Luis Blanco
Guidance FY 2022 and outlook	José Luis Blanco
Q&As	All
Key takeaways	José Luis Blanco

Executive summary 9M/2022

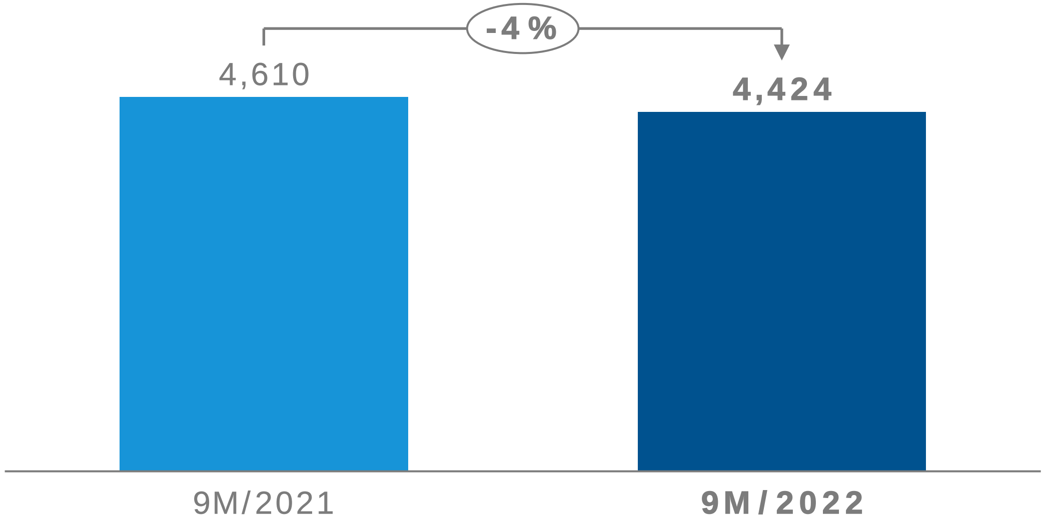
9M/2022 RESULTS

Sales	EBITDA margin	Working capital ratio
EUR 3,873m	-5.2%	-9.8%

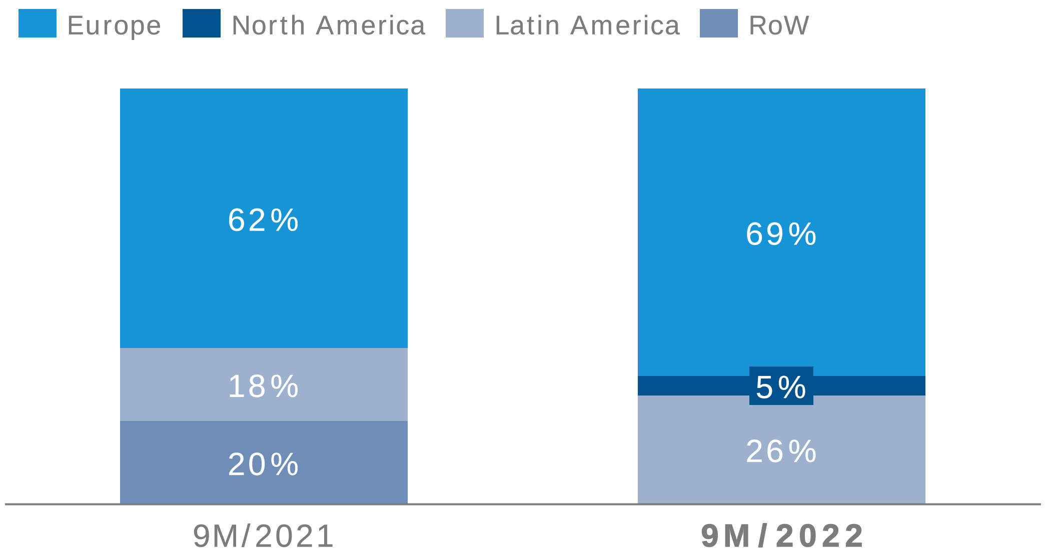
- Order intake remains healthy with 1.4 GW in Q3 with increasing ASP of EUR 0.91m/MW. Order intake for 9M/2022 stands at 4.4 GW (9M/2021: 4.6 GW).
- Sales reached to almost EUR 3.9bn in 9M/2022 in line with sequentially increasing installations in Q3 but below previous year's level.
- EBITDA margin at -5.2% in 9M/2022 reflects ongoing tough macro-economic environment with inflationary pressures, supply chain disruptions and resultant project delays.
- Working Capital level consistent at -9.8%.
- Pace of installations catching up in Q3, but still below expectations, leaving a heavy back-end loaded installations target for Q4/2022.
- Guidance for FY 2022: Margin guidance tightened at around -4% in light of the current market conditions.
- Mid-term outlook remains promising and target for EBITDA margin of 8% feasible to achieve assuming a sustainably stable macro economic environment.

Order intake 9M/2022

Order intake turbine* (in MW)



Order intake turbine* by regions (in MW in %)



- Order intake in 9M/2022: EUR 3,647m (EUR 3,219m in previous year period)

  thereof in Q3/2022: EUR 1,290m (EUR 1,257m in Q3/2021)

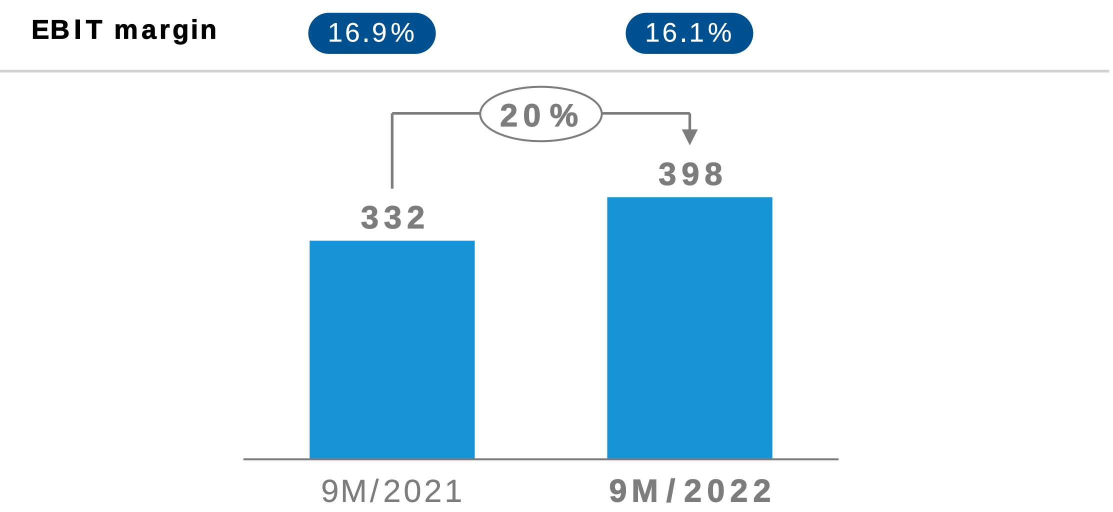
- Strong increase in ASP** in Q3/2022 to EUR 0.91/MW compared to 0.79m/MW in Q2/2022 and EUR 0.69m/MW in previous year quarter

- Orders received from 19 different countries in 9M/2022
- Largest single markets in Q3/2022: Brazil, Germany, Finland, Poland and Spain

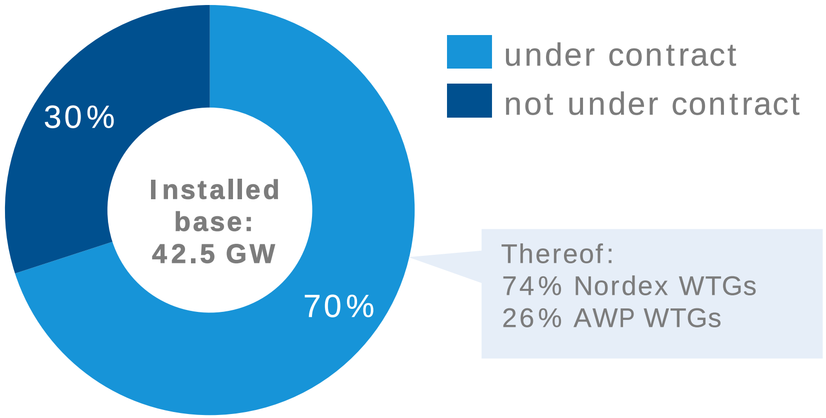
*Group segment „Projects".
** Average Selling Price.

Service 9M/2022

Development of service revenues (EUR m) and EBIT margin



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

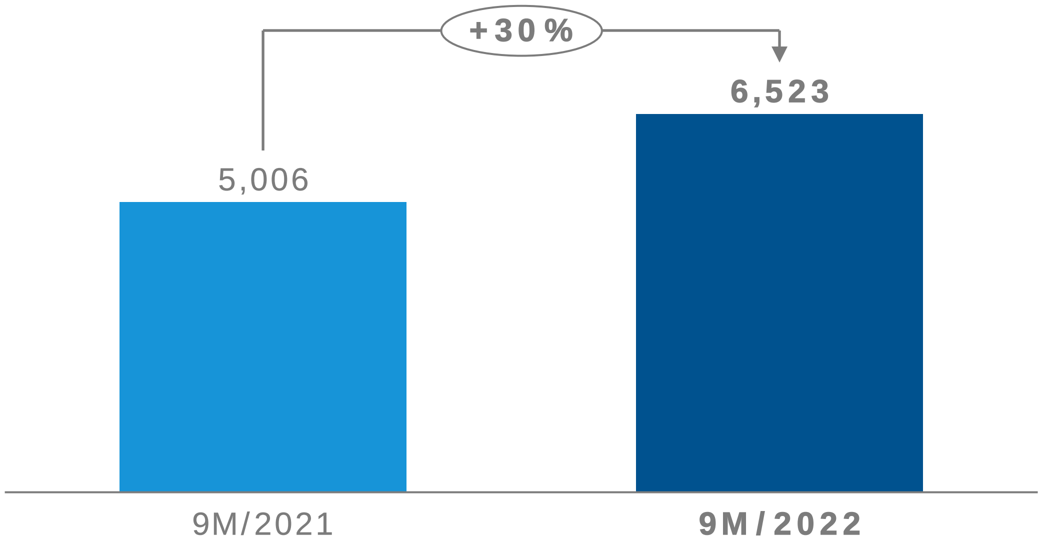


Comments

- Service sales share accounts for around 10% of group sales in the first nine months 2022
- Service EBIT margin of 16.1% at prior-year level
- 97.1% average availability of WTGs under service
- Strong service order book of almost EUR 3.2bn at the end of Q3/2022

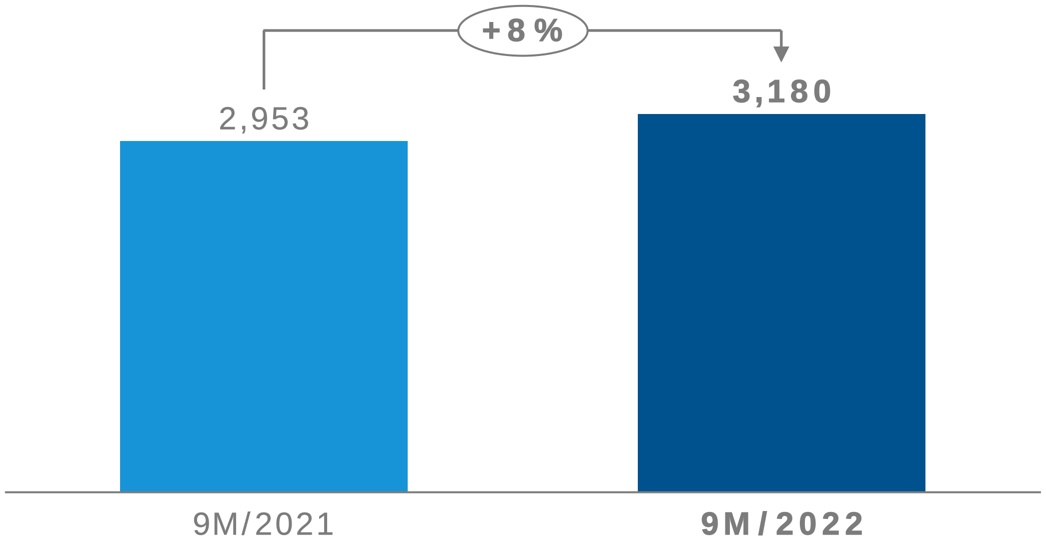
Combined order book at a high level of EUR 9.7bn at the end of 9M/2022

Order book turbines (EUR m)



- Turbine order book of EUR 6.5bn at the end of 9M/2022 shows ongoing strong order intake momentum
- Geographical footprint in 9M/2022: Europe (65%), Latin America (27%), Rest of World (5%) and North America (3%)

Order book service (EUR m)



- 10,426 wind turbines under service contract corresponding to 29.8 GW at the end of 9M/2022

Income statement 9M/2022

in EUR m (rounded figures)	**9M/2022**	9M/2021	abs. change
Sales	**3,873**	**3,956**	**-83**
Total revenues	3,893	3,585	308
Cost of materials	-3,453	-2,908	-545
Gross profit	**439**	**677**	**-237**
Personnel costs	-425	-348	-77
Other operating (expenses)/income	-214	-228	14
EBITDA	**-200**	**101**	**-301**
Depreciation/amortization	-131	-110	-21
EBIT	**-330**	**-10**	**-320**
Net profit	**-372**	**-104**	**-268**
Gross margin*	***11.3%***	***17.1%***	
EBITDA margin	***-5.2%***	***2.5%***	
EBIT margin w/o PPA	***-8.4%***	***-0.1%***	

Comments

- As anticipated, sales improving to EUR 1,747m in Q3/2022 compared to EUR 1,193m in previous quarter on account of higher project activities and installations
- EBITDA margin continues to be impacted by inflationary pressures and supply chain delays
- PPA depreciation amounted to EUR 3.6m in 9M/2022 (EUR 7.5m in previous year period)

*Gross profit in relation to sales.

Balance sheet 9M/2022

in EUR m	30.09.22	31.12.21	abs. change	Δ in %
Non-current assets	1,615	1,608	7	1.4
Current assets	3,018	2,500	518	20.4
Total assets	**4,632**	**4,108**	**525**	**12.8**
Equity	971	1,062	-91	-8.6
Non-current liabilities	360	716	-356	-49.7
Current liabilities	3,302	2,330	972	41.7
Equity and total liabilities	**4,632**	**4,108**	**525**	**12.8**
*Net debt/(net cash)**	**(292)**	**(424)**		
*Working capital ratio***	**-9.8%**	**-10.2%**		
Equity ratio	**21.0%**	**25.9%**		

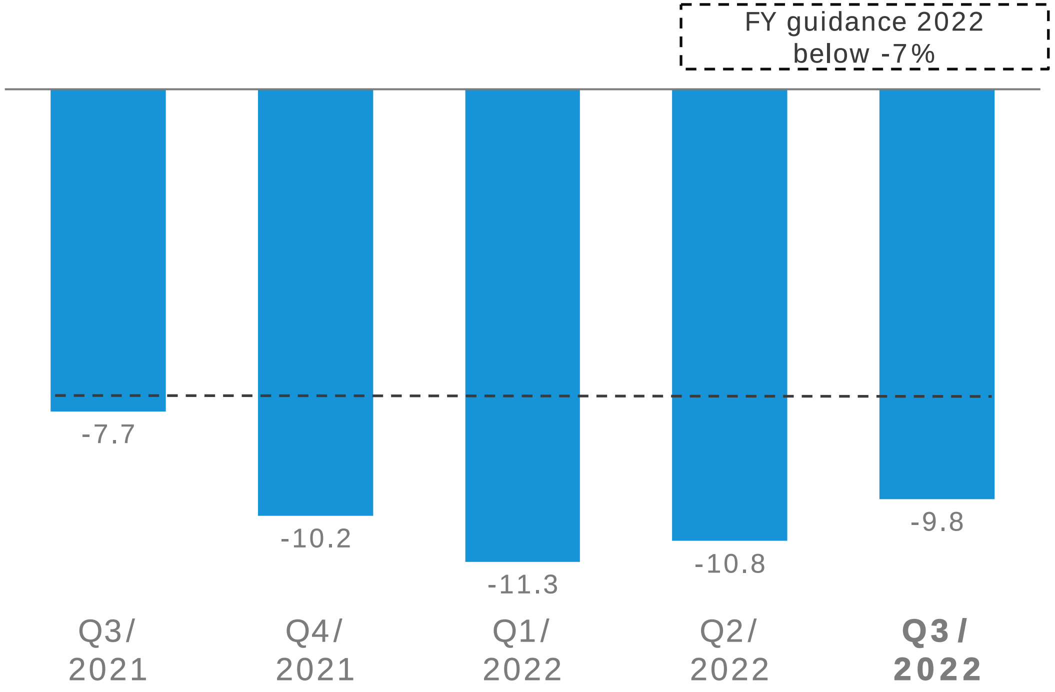
Comments

- Healthy liquidity level of EUR 762m at the end of Q3/2022 including cash facility under MGF
- Increase in current liabilities mainly driven by reclassification of the corporate bond in Q2/2022

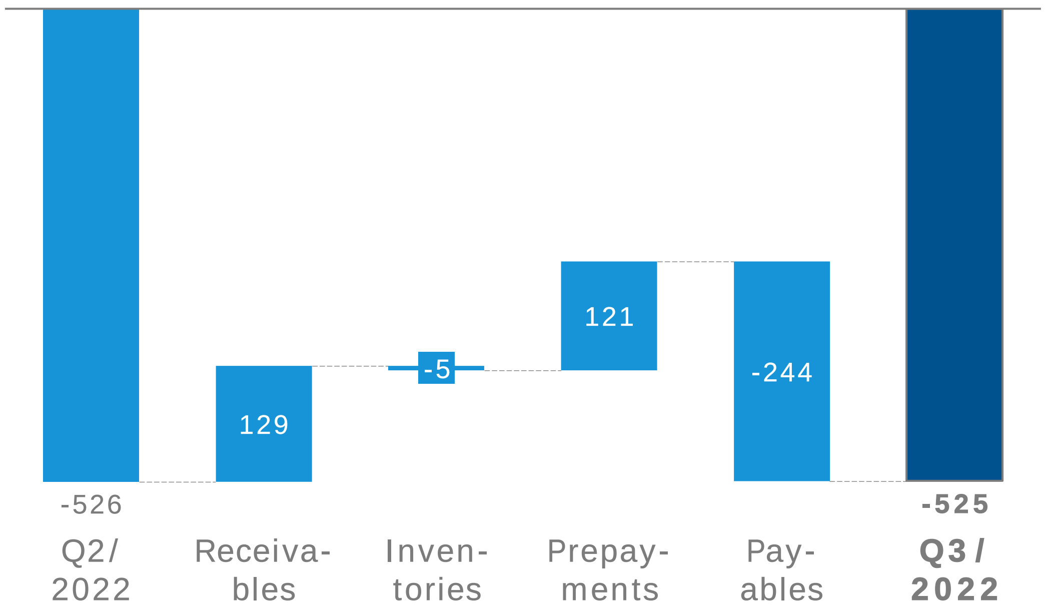
*Cash and cash equivalents less bank borrowings, bond and shareholder loan.
**Based on last twelve months sales.

Working capital development 9M/2022

Working capital ratio (in % of sales)*



Working capital development (in EUR m)*



- Working capital ratio remains consistently under the guidance level for FY 2022

*Based on last twelve months sales.

Cash flow statement 9M/2022

in EUR m	9M/2022	9M/2021
Cash flow from operating activities before net working capital	**-326.3**	2.3
Cash flow from changes in working capital	**-31.1**	125.2
Cash flow from operating activities	**-357.5**	127.5
Cash flow from investing activities	**-100.5**	-104.3
Free cash flow	**-458.0**	23.2
Cash flow from financing activities	**341.5**	73.0
Change in cash and cash equivalents*	**-116.4**	96.2

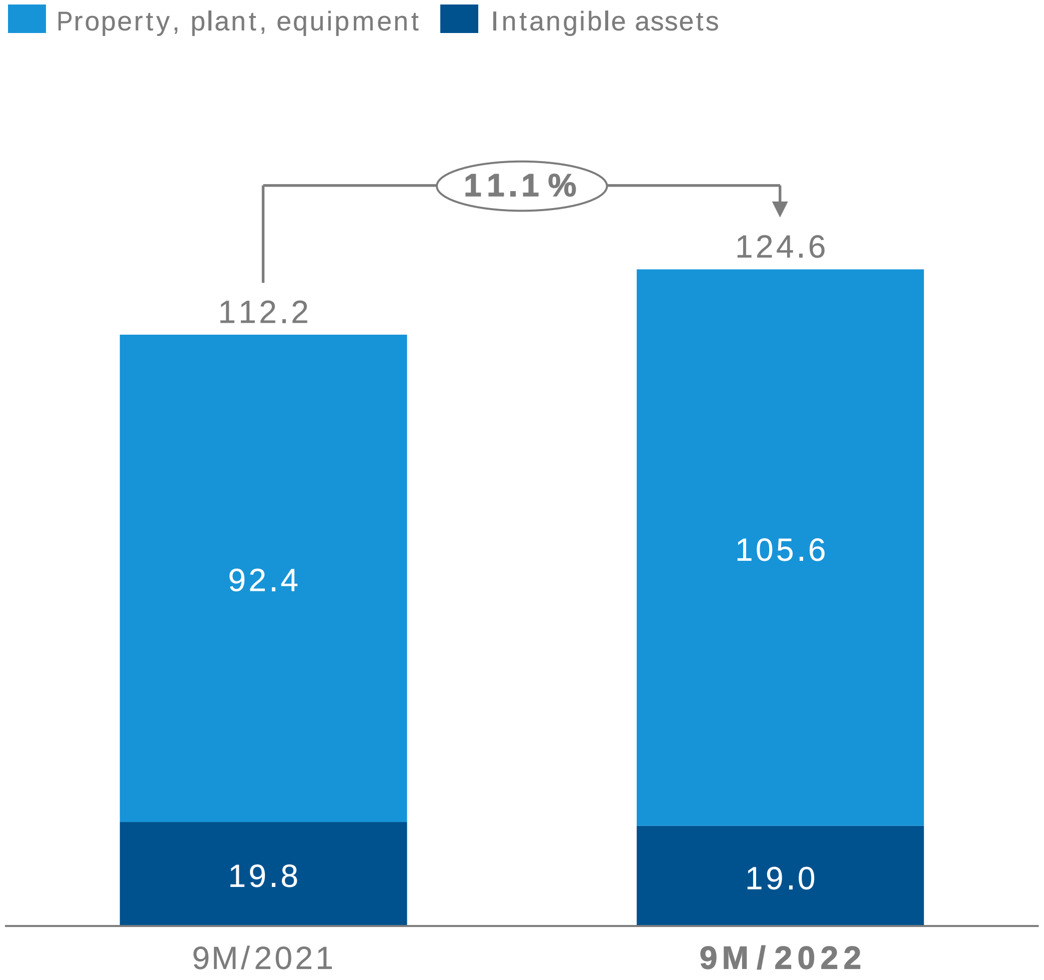
Comments

- Cash flow from operating activities mainly determined by lower margin development in 9M/2022
- Cash flow from investing activities in line with expected investment activities
- Cash flow from financing activities includes cash inflows from capital increase

*Including FX effects.

Total investments 9M/2022

CAPEX (in EUR m)

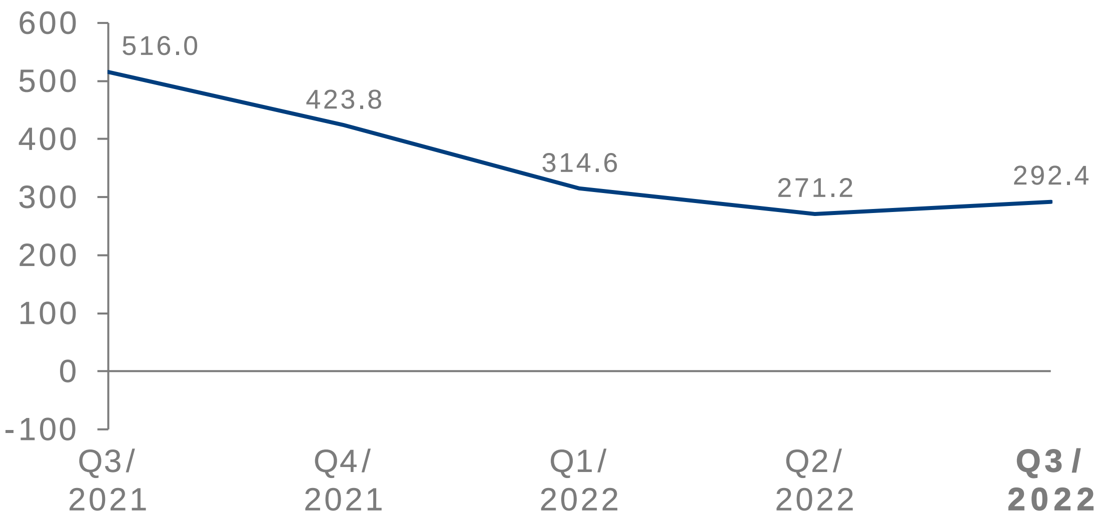


Comments

- Investments in 9M/2022 mainly comprises:
  - Investments in blade production facilities and moulds in India and Spain
  - Investments in installation and transport tooling and equipment for projects
- Intangible assets at comparable level compared with previous year period

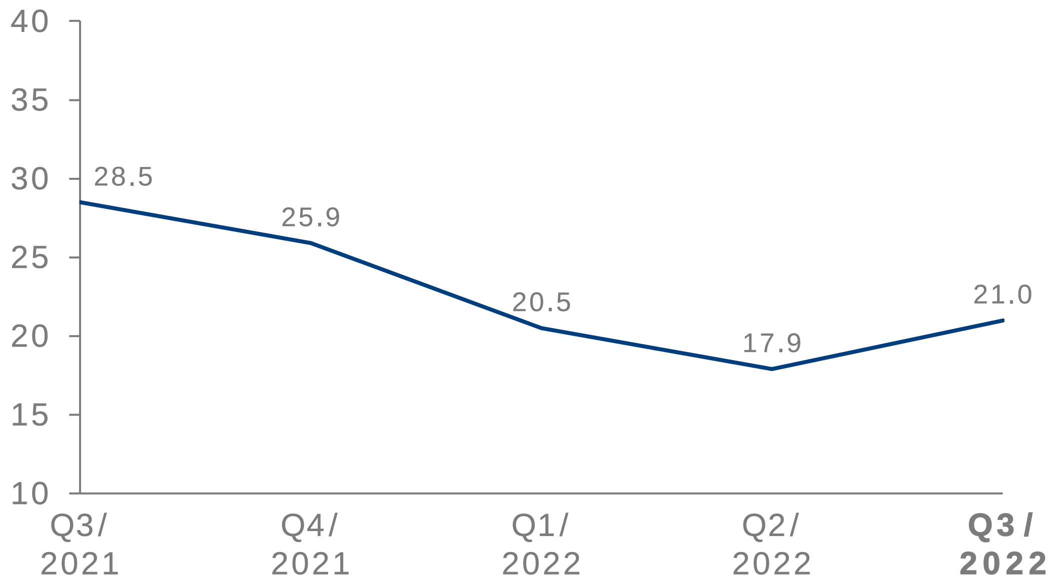
Capital structure 9M/2022

(Net debt) / Net cash[1)]



- Healthy net cash levels after the rights issue
- Includes high yield bond of EUR 275m, which will be repaid by a deeply subordinated shareholder loan early next year

Equity ratio (in %)

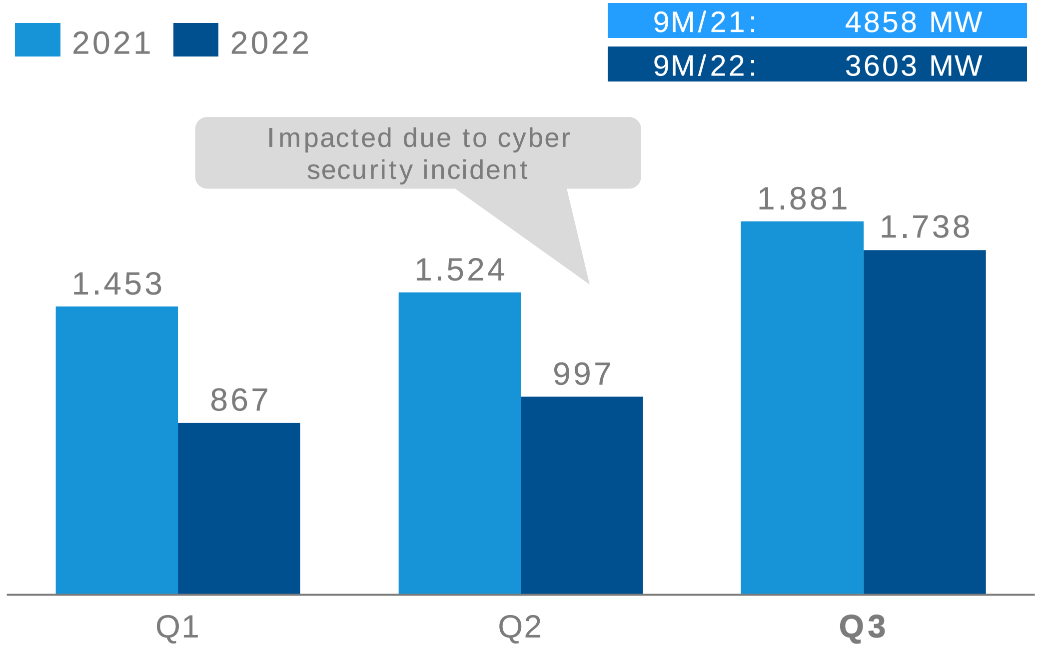


- Equity ratio improved in Q3 as expected on account of the proceeds from the rights issue

1) Bank borrowings, bond, employee bond and shareholder loan less cash and cash equivalents.

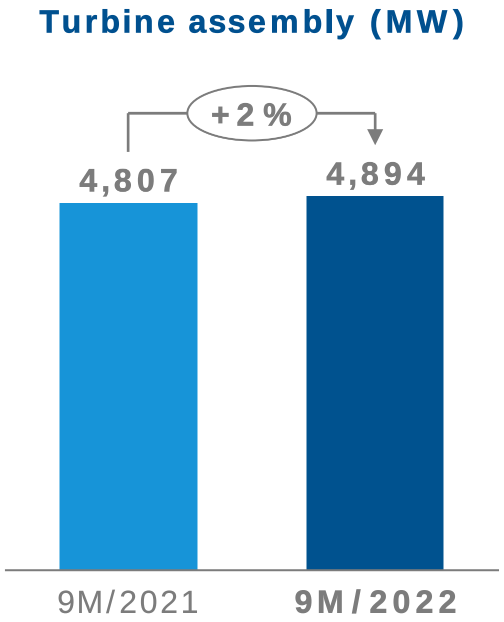
Operational performance in 9M/2022

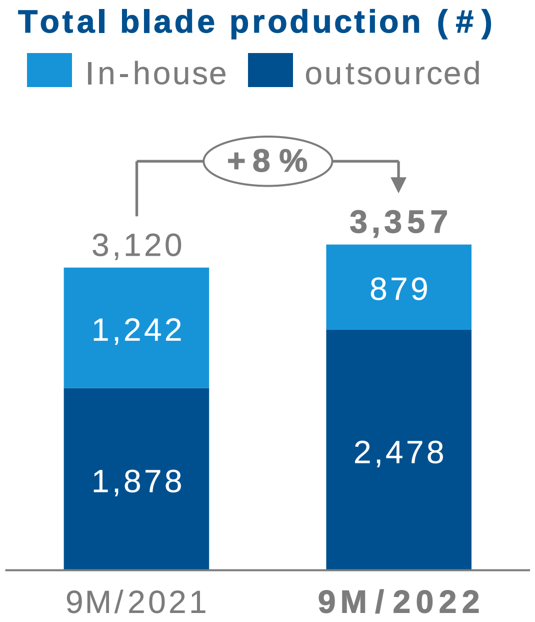
Installations (MW)



- Total installations of 791 WTGs in 17 countries in 9M/2022 (9M/2021: 1,216 WTGs)
- Geographical split (MW) in 9M/2022: 74% Europe, 14% Latin America and 12% North America
- Increasing risks from year-end installation delays, which were initially caused after the cyber security incident

Production





- Output turbines amounts to 1,003 units in 9M/2022: 525 GER, 238 IND, 123 BRA, 115 ESP and 2 CHN
- In-house blade production of 879 units in 9M/2022: 567 IND, 216 GER, 87 ESP and 9 MEX
- Outsourced blade production of 2,478 units in 9M/2022

* Figures adjusted.

Demand scenario improving while near term risks remain

Improving long term prospects

Germany

"Easter package"

- renewable energy target of 80% in total electricity consumption by 2030
- Increase of annual auction volume to 12.48 GW in 2023 and 10 GW p.a. for 2025-2028

"Summer package"

- Amendments beyond renewable energy law
- Aim is to ease permitting to ensure 2% land mass availability for wind onshore

USA

Climate bill

- 700bn USD economic package approved
- investment tax credit (ITC) and production tax credit (PTC) restored for 10 years
- Domestic content to boost ITC up to 50%

While, near term challenges to be addressed

Supply chain reliability

- Effects of cost inflation still coming through in some components with a lag even as shipping rates and commodities start to cool off
- Struggling smaller suppliers remain a key risk for supply reliability and price increases
- Component delays, shipping delays leading to project delays and LD discussions in some projects

Installations

- Heavy installations catch up plan for Q4 – Increasing risk of spill over into 2023
- Effects of cyber security incident in the first half not fully unwound

Improving quality of the order intake with the stronger demand backdrop to support mid term EBITDA target of 8%

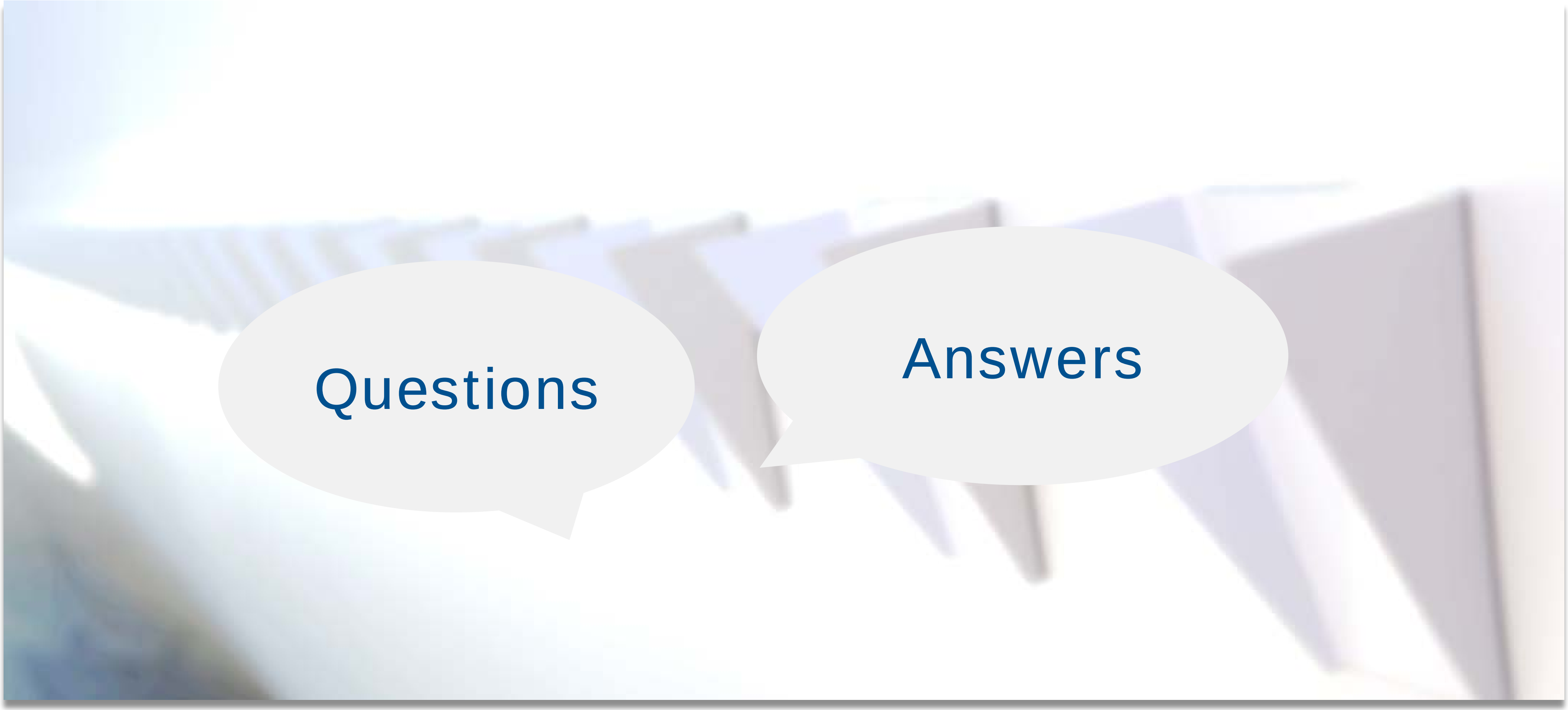
Guidance updated for FY 2022

	2022 guidance *All inclusive*	Updated 2022 guidance *All inclusive**
Sales:	EUR 5.2 – 5.7bn	**EUR 5.2 – 5.7bn**
EBITDA margin:	(4)% - 0%	**Around (4)%**
Working capital ratio:	below (7%)	**below (7%)**
CAPEX:	approx. EUR 180m	**approx. EUR 180m**

Please note the assumptions underlying the guidance are subject to greater uncertainties than normal

* For clarity, Nordex guidance includes all exceptional and one-off effects including reconfiguration costs, any profits from project development operations, costs from cyber security incident and so on.

Time for your questions



Key takeaways

1. › Support for renewables is growing stronger as a result of new regulatory updates in USA and Germany.

2. › Order intake continues to be healthy with improving pricing and margin profile.

3. › 9M/2022 operational performance shows sequential improvement, but near-term challenges continues to be a drag.

4. › High back end loaded performance along with the impacts from project delays remain a near term risk, going into the last quarter.

5. › Margin guidance for 2022 tightened to the lower end while mid-term strategic target of 8% EBITDA margin remains in place once macro economic environment has further stabilized.

Thank you for your attention

Contact details

IF YOU HAVE ANY QUESTIONS PLEASE CONTACT THE INVESTOR RELATIONS TEAM:

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