Nordex SE
Full year figures 2017

27th/28th March 2018

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Agenda

1	Introduction	*José Luis Blanco*
2	Markets, orders & installations	*Patxi Landa*
3	Financials	*Christoph Burkhard*
4	Strategy	*José Luis Blanco*
5	Guidance 2018	*José Luis Blanco*
6	Q&As	*All*
7	Key takeaways	*José Luis Blanco*

Executive Summary

FY 2017 results in line with guidance

Sales:	EUR 3.08bn
EBITDA margin*:	7.9%
Working capital ratio:	5.3%
CAPEX:	EUR 144.3m

- 1.6 GW order intake in Q4 2017 – strongest quarter in FY 2017
- Cost reduction program "45-by-18" successfully completed in 2017
- Refinancing prepared and successfully accomplished with bond placement in 2018

Guidance 2018

Sales:	EUR 2.4-2.6bn
EBITDA margin:	4-5%
Working capital ratio:	<5%
CAPEX:	approximately EUR 110m

*Excluding one off costs related to „45-by-18"

Market developments

Europe

- With France holding its first wind auction in December 2017, most of the relevant European markets had transitioned into auction based mechanisms.
- Spain awarded over 4 GW of wind in 2017 auctions, that will revive activity in the market.
- Turkey, with old FIT licenses rushing to be installed in 2020, held new auctions that will enable the market to further develop.
- Germany expected to regain activity at normalized levels from 2020 onwards.

America

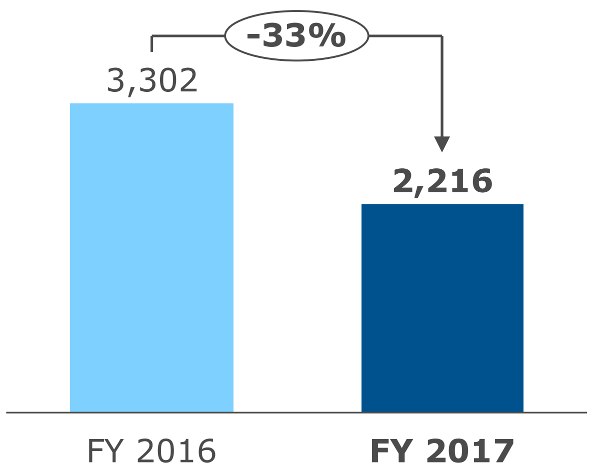
- PTC cycle in full swing in the US, with increased activity expected in 2019 and 2020.
- Brazil awarded 1.4 GW of wind that will increase market activity levels 2020 onwards.
- Mexico, Argentina and Canada held sizeable auctions during the year underpinning their mid term potential.

Rest of World

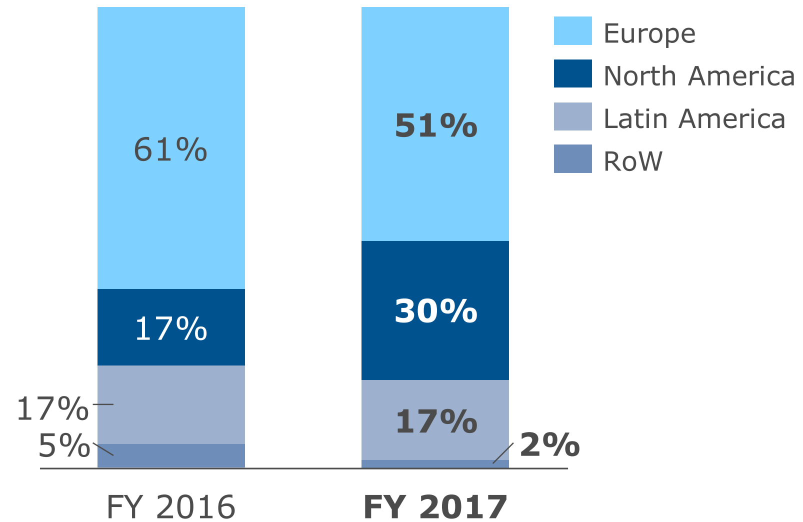
- Transition to auction based systems created short term uncertainty in India – big volumes expected to be awarded during the next two years.
- Expectation for the projects awarded in round 4 to reach financial close during 2017 in South Africa was not met. Commitment from new government to enable closing within 2018.

Order intake of EUR 2.2bn in FY 2017

Order intake turbine* (in EUR m)



Order intake turbine* by regions (in %)



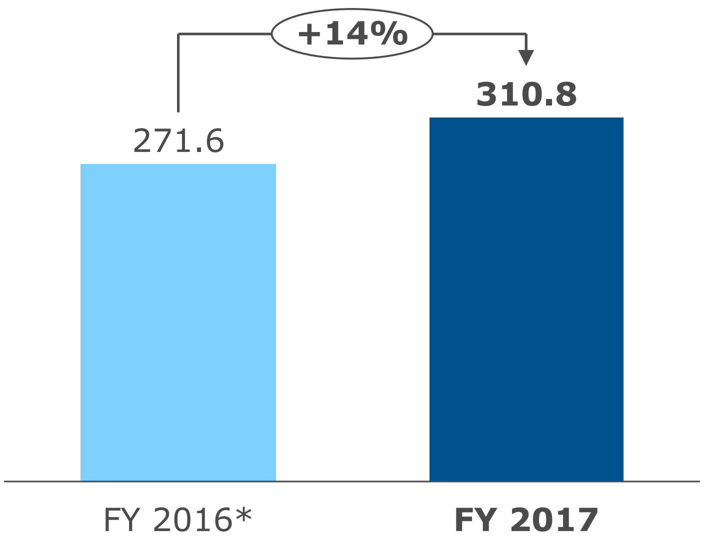
- EUR 1,108m order intake in Q4 - strongest quarter in FY 2017
- Decrease mainly driven by German market

- Nordex follows growth markets while increasing global footprint

*Excluding service

Service segment with promising development in 2017

Service sales (in EUR m)



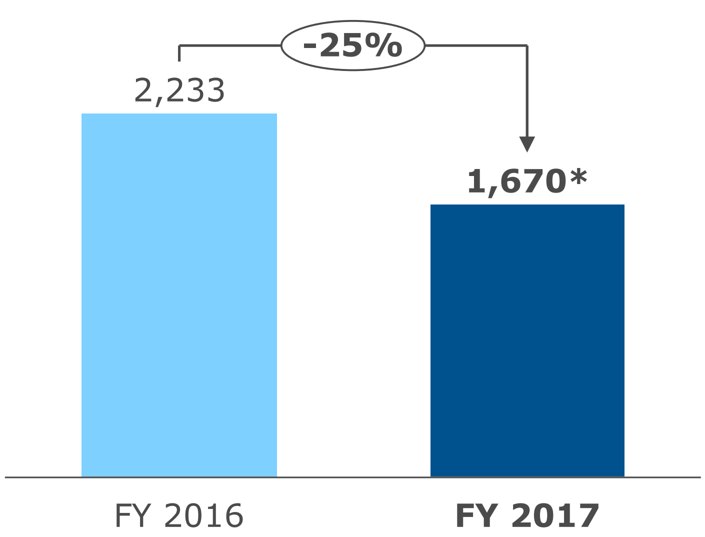
Comments

- Service share of over 10% of total sales in 2017
- 97.8% average availability of WTG under service reflects high reliability of turbines and performance of service business
- Around 6.860 WTG under service, corresponding to 16.4 GW (12.9 GW at YE 2016)
- Renewable rate of 84% in 2017

*Adjusted after change in segment reporting

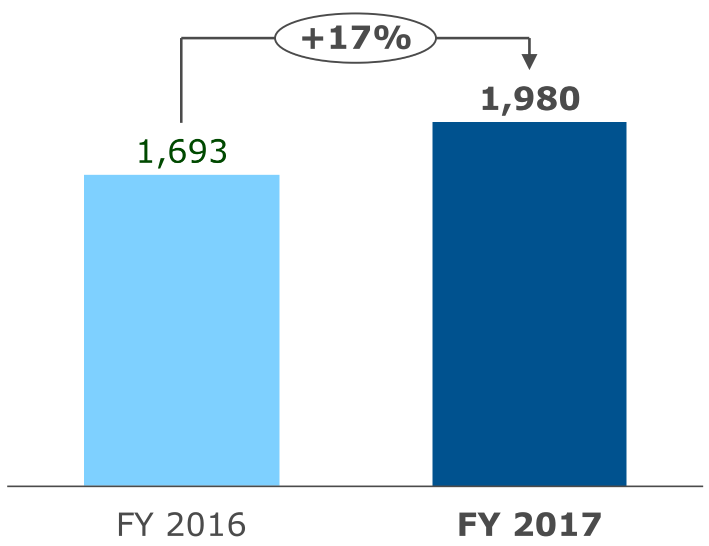
Combined order backlog stands at EUR 3.7bn at the end of 2017

Order backlog turbines (EUR m)



- Turbine order backlog reflecting low order intake in Germany
- Distributed on Nordex' focus markets: Europe (50%), North America (24%), Latin America (22%), RoW (4%)

Order backlog service (EUR m)

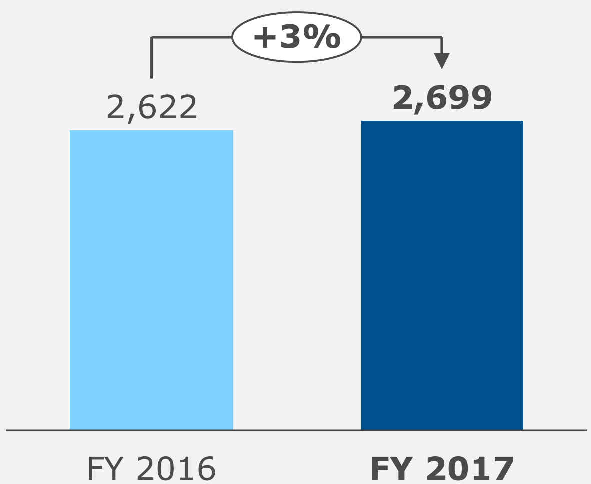


- Order intake service increased by around 10% to EUR 557m in 2017 (2016: EUR 518m) securing future service growth

*Prior to IFRS 15 adjustments

Increase in installations and production in FY 2017

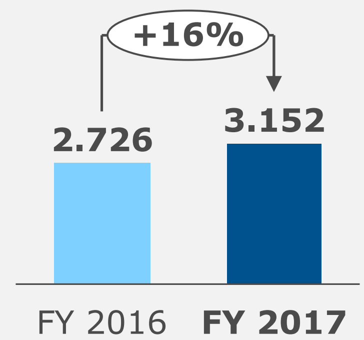
Installations (MW)



- Installations of 932 WTGs in 17 countries in total: 57% Europe, 27% North America, 12% Latin America, 4% RoW
- In Q4 2017 installations in MW increased by 55% from 453 to 702

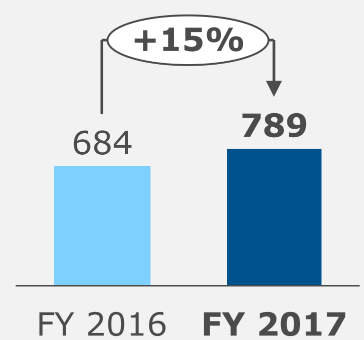
Production

- Turbine assembly (MW)



- Output of 1.057 units in 2017:
  - 511 GER
  - 501 ESP
  - 35 BRA
  - 10 IND

- Blade production (#)



- Inhouse output of 789 units in 2017:
  - 353 GER
  - 436 ESP

Income statement FY 2017

in EUR m	FY 2017	FY 2016*	Δ in %
Sales	**3,077.8**	**3,395.0**	-9.3
Total revenues	3,127.4	3,395.4	-7.9
Cost of materials	-2,294.9	-2,559.4	-10.3
Gross profit	**832.5**	**836.1**	**-0.4**
Personnel costs	-359.2	-289.9	23.9
Other operating (expenses)/income	-272.6	-260.6	4.6
EBITDA	**200.7**	**285.5**	**-29.7**
Depreciation/amortization	-157.3	-117.0	34.4
EBIT	**43.4**	**168.6**	**-74.3**
Net profit	**0.3**	**95.4**	**-99.7**
Gross margin	***26.6%***	***24.6%***	
EBITDA margin	***6.5%***	***8.4%***	
EBIT margin w/o PPA	***3.4%***	***6.1%***	

Comments

- Adjusted EBITDA before one off costs totalled EUR 242m with respective margin of 7.9%
- One off costs related to “45-by-18” amounted to EUR 41m in FY 2017
- PPA depreciation came to EUR 61m in FY 2017 (EUR 39.5m in 2016)
- Tax rate of 30.81% at YE 2017 excluding special effect from US tax reform

*Excluding AWP in first quarter 2016

Income statement Q4 2017

in EUR m	Q4 2017	Q4 2016	Δ in %
Sales	**758.3**	**1,055.5**	-28.2
Total revenues	762.6	1,034.7	-26.3
Cost of materials	-553.0	-770.4	-28.2
Gross profit	**209.6**	**264.3**	**-20.7**
Personnel costs	-111.6	-84.7	31.8
Other operating (expenses)/income	-79.2	-98.0	-19.2
EBITDA	**18.7**	**81.7**	**-77.1**
Depreciation/amortization	-38.7	-38.9	-0.5
EBIT	**-20.0**	**42.8**	**-146.7**
Net profit	**-27.6**	**31.0**	**-189.0**
Gross margin	***27.5%***	***25.5%***	
EBITDA margin	***2.5%***	***7.7%***	
EBIT margin w/o PPA	***-0.9%***	***5.6%***	

Comments

- Q4 2017 results were driven by one off costs related to "45-by-18"
- PPA depreciation in Q4 2017 amounted to EUR 13.5m

Solid balance sheet FY 2017

in EUR m	**31.12.17**	31.12.16	abs. change	Δ in %
Non-current assets	1,264.5	1,275.1	-10.6	-0.8
Current assets	1,543.1	1,719.1	-176.0	-10.2
Total assets	**2,807.6**	**2,994.2**	**-186.6**	**-6.2**
Equity	919.0	940.0	-21.0	-2.2
Non-current liabilities	784.5	812.0	-27.5	-3.4
Current liabilities	1,104.1	1,242.2	-138.1	-11.1
Equity and total liabilities	**2,807.6**	**2,994.2**	**-186.6**	**-6.2**
*Net debt**	*60.1*	*-6.1*		
*Working capital ratio***	*5.3%*	*4.1%*		
Equity ratio	*32.7%*	*31.4%*		

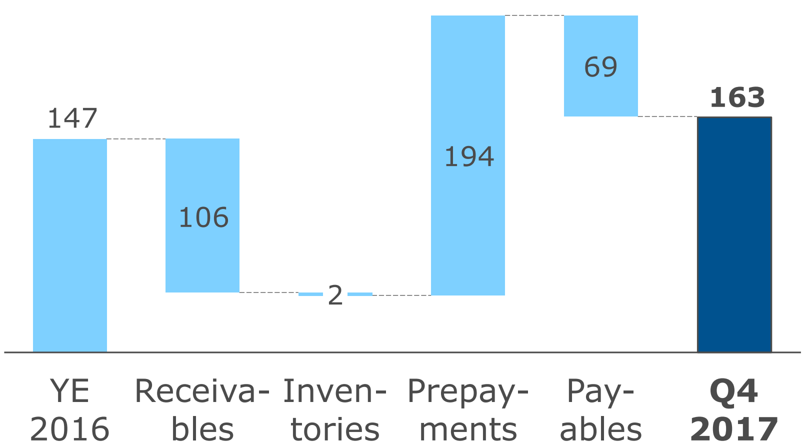
*Cash and cash equivalents less bank borrowings
**Based on last twelve months

Comments

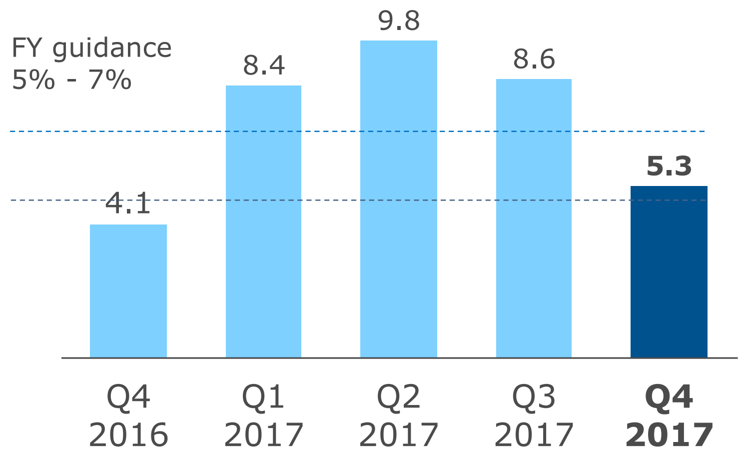
- Cash position amounted to EUR 623.2m at year-end (2016: 649.5m)
- Equity ratio increased to 32.7% compared to 31.4% in 2016
- Trade receivables decreased by EUR 106.2m to EUR 593.3m
- Current liabilities decreased by EUR 126.6m due to lower prepayments

Working capital FY 2017

Working capital development (in EUR m)



Working capital ratio (in % of sales*)



- Increase in working capital due to lower prepayments caused by weak order intake in 2017 compared to previous year
- Working capital programme contributed positively to the reduction of receivables

- Working capital ratio decreased in Q4 2017 due to high prepayments related to strong order intake

*Based on last twelve months

Cash flow statement FY 2017

in EUR m	FY 2017	FY 2016
Cash flow from operating activities before net working capital	+107.9	287.4
Cash flow from changes in WC	-16.5	-143.0
Cash flow from operating activities	91.4	144.4
Cash flow from investing activities	-146.1	-399.2
Free cash flow	-54.7	-254.8
Cash flow from financing activities	+43.9	+369.2
Change in cash and cash equivalents*	-10.8	114.4

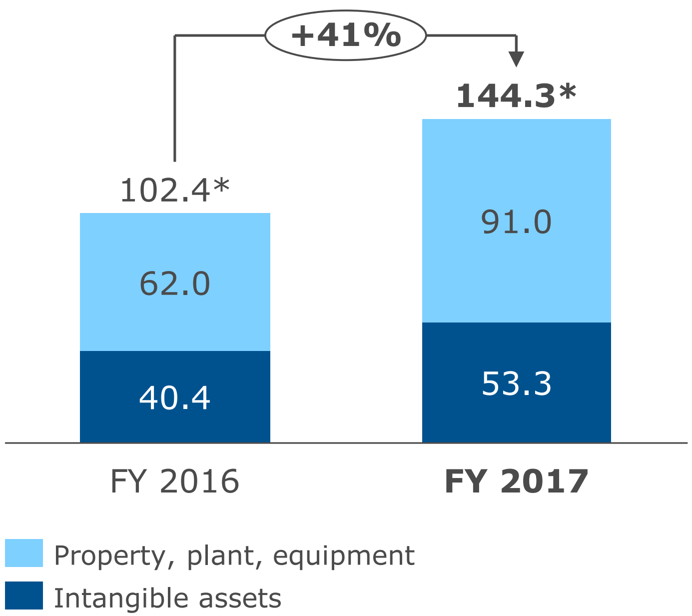
Comments

- Free cash flow improved in Q4 2017 by more than EUR 150m driven by significant reduction of working capital

*Including FX effects

Total investments FY 2017

CAPEX (in EUR m)



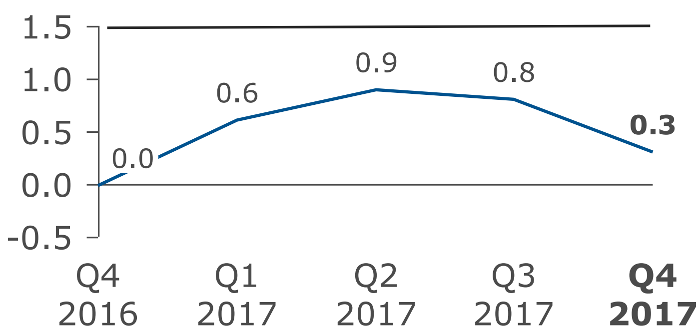
Comments

- Investments in property, plant, equipment mainly driven by:
  - Investments in new products (e.g. Delta4000) and supply chain for new product generation with substantial COE reduction
  - Activity increase on AW platform
  - Indian blade production to support global volume
- Increased intangible assets related to development of new products for land and grid constrained markets

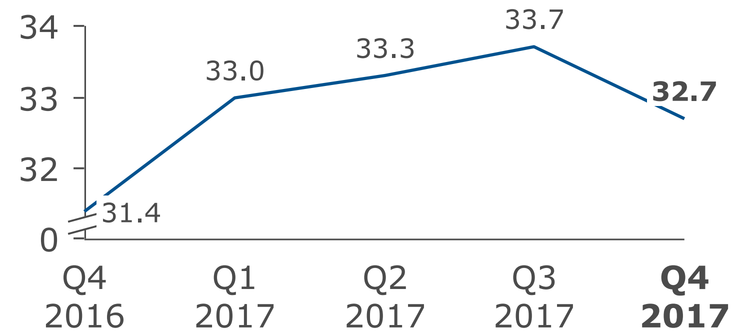
*Excluding first time consolidation of acquisition of Nordex Blade Technology Centre 2017 respectively of AWP 2016

Solid capital structure in FY 2017

Net debt*/EBITDA



Equity ratio (in %)



- Stable leverage ratio in 2017
- Ambition level to always stay below 1.5 in FY 2018

- Solid equity ratio of 32.7 % at the end of 2017

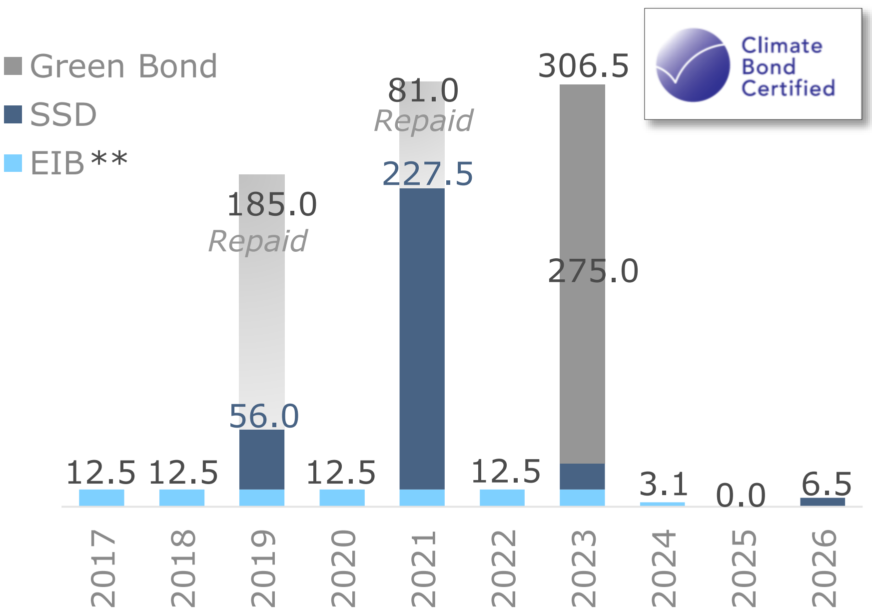
*Cash and cash equivalents less bank borrowings

Effect of mandatory IFRS 15 introduction as per January 1st 2018

- IFRS 15 revenue recognition is depending on physical delivery and installation of turbines instead of percentage of completion of projects under previous IAS 11
- Therefore revenues and related EBITDA will be recognized later leading to a spill-over effect from 2017 to 2018 and a corresponding effect from 2018 to 2019
- The exact total IFRS 15 transition effect in 2018 will depend on project installation timing at year end 2018
- Spill over effect will also increase order backlog turbines in the first quarter of 2018. The effect will be offset throughout 2018
- Prepayments received from customers cannot be offset against works performed until installation. This leads to a balance sheet prolongation *(Work in Progress)* lowering as a result the equity ratio
- IFRS 15 introduction has no influence on cash flow

Refinancing: New debt maturity profile significantly extended until 2021

Debt maturity profile after bond issuance and repayment SSD* (in EUR m)



Successful refinancing at a glance

- Effective 2nd February 2018 issuance of unsecured Green Bond of EUR 275m with maturity of 5 years and coupon of 6.5%
- Nordex could refinance debt despite critical transformation phase of industry
- Rating: B stable (S&P) / B3 stable (Moody`s)
- Early redemption from 2nd February 2020
- Using the positive HY market environment Nordex refinanced in time, thus being well prepared for 2018 onwards

*Fixed Schuldscheindarlehen/loan against borrower`s note
**European Investment Bank

Strategic rationale for merger Nordex and AWP

A strong fit benefitting from complementary approaches

	MARKET FOCUS	CUSTOMER FOCUS	PRODUCT FOCUS	TECHNOLOGY FOCUS
AWP	Emerging Markets	Large developers and IPPs	Projects without land constraints	Concrete towers
	+	+	+	+
Nordex	Europe	Small & medium-sized customers	Complex and land constrained projects	Blades
	=	=	=	=
	TRULY GLOBAL	**BROAD CUSTOMER BASE**	**DIFFERENT PROJECTS**	**COMPLEMENTARY TECHNOLOGIES**

CREATING A STRONGER AND MORE COMPETITIVE COMPANY

Strategy

1 **Leverage global market presence**	…to further strengthen our business with key global accounts and increase sales in growth markets	✓
2 **Develop a comprehensive and COE optimized product portfolio**	…through new products and additional technological improvements in the existing product portfolio	✓
3 **Transform supply chain**	…to further lower the cost of wind turbine systems	✓
4 **Continue to focus on operational cost efficiencies**	…through implementing the "45-by-18" program and improving the working capital management systems	✓
5 **Grow sales from Services business**	…by rolling out new attractive Services offering globally	✓

Product development to address all key markets and trends

	Established proven products	Product evolution (deliveries in 2018-19)	New platforms launched (deliveries in 2019+)
Land constrained markets (e.g. European countries) – **Delta platform** – **Light Wind**	**N131/3600** Tip heights from 150-200m	**Power upgrade** → **N131/3900** Tip heights from 150-200m	**Delta4000 platform N131/4.0-4.5** *Entering the >140m rotor segment for low-wind sites* ✓
Med. Wind	**N117/3600** Tip heights from 135-200m	**Class upgrade** → **N131/3600** Tip heights from 135-200m	› ***>20% AEP increase*** › ***Double digit COE reductions*** › ***Sales release started in September 2017 as planned***
Grid constrained markets (e.g. USA, India, LatAm) – **AW platform** – **Light Wind**	**AW132/3000** Steel and concrete towers from 84-137.5m	**Class upgrading** → **AW132/3300** Steel and concrete towers from 84-137.5m	**AW140/3000 with rotor size ≥ 140m** *Enhancing competitiveness in the light-wind segment* ✓
Med. Wind	**AW125/3000** **AW125/3150** Steel and concrete towers from 87.5-137.5m	**Power upgrading** → **AW132/3300**; >7% AEP increase	› ***High single-digit COE improvements for low-wind sites*** › ***Sales release started in September 2017 as planned***

New blade and sound reduction packages created due to merger synergies

Strategic outlook confirmed: 2018 remains challenging, 2019 to be a transitioning year, 2020 recovery expected

	2018e	2019e	2020e
Volume effect	Sales in Germany expected to drop by around EUR 600m due to auction delayed projects ↘	German market volume stays low due to delayed auction projects; growth in other markets leads to revenue recovery; introduction of Delta4000 supports positive development ↗	German market recovers; Delta4000 and new AWP in serial delivery ↗
Price effect	COE programme improvements cannot fully mitigate price pressure leading to a negative 3-5% net effect on GP margin ↘	Continuing price pressure will be reduced by COE programme to 1-3% net effect on GP margin ↘	Substantial COE improvement from new products compensate margin pressure →
Structural costs	Structural cost reduction of EUR 45m as planned, not compensating volume effect ↘	Organizational efficiencies allow additional volume vs 2018 at similar structural costs ↗	Continue efforts for organizational efficiencies and keep structural cost flat despite volume growth ↗

- **Service business expected to profitably grow at around 10% p.a.**
- **Solid pipeline for project development business expected to positively contribute to overall group results**
- **Continuous proactive working capital management targeting WC ratio sustainably below 5%**

Guidance 2018

Sales	**EUR 2.4-2.6bn**
EBITDA margin	**4-5%**
Working capital ratio	**<5%**
CAPEX	**approx. EUR 110m**

Time for your questions

Questions

Answers

Nordex well prepared for upcoming challenging years

- 2017 projects successfully addressed in time:
  - New Delta and AW platform for land and grid constrained markets launched in September 2017
  - Structural cost base sustainably reduced by EUR45m („45-by-18" program)
  - Refinancing in place with extended maturity profile
  - Working capital programme

- Nordex as global player diversified across both volume and growth markets with clear onshore focus

- Competitive and best-in-class product portfolio strengthens significant barriers to entry

- Clear focus on working capital and balance sheet

- Further transforming supply chain and efficient capex spending

- Attractive long-term growth perspective of wind energy market supports Nordex business development

Financial calendar 2018

	Event
27 March	Publication of Annual Report 2017
15 May	Interim statement Q1 2018
5 June	Annual General Meeting (Rostock)
14 August	Interim report H1 2018
6 November	Interim statement Q3 2018

Together on the same course

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