



Nordex Group

# Nordex SE – Nine-month financial figures 2020

13<sup>th</sup> November 2020

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# Agenda 9M/2020

Executive summary José Luis Blanco

Covid-19 operational impact José Luis Blanco

Markets and orders Patxi Landa

Financials Christoph Burkhard

Operations and technology José Luis Blanco

Guidance FY 2020 José Luis Blanco

Strategic targets FY 2022 José Luis Blanco

Drivers strategic targets José Luis Blanco

Modules of company program José Luis Blanco

Q&As All

Key takeaways José Luis Blanco

# > Executive summary

## > 9M/2020 RESULTS

**Sales**  
**EUR 3,167m**

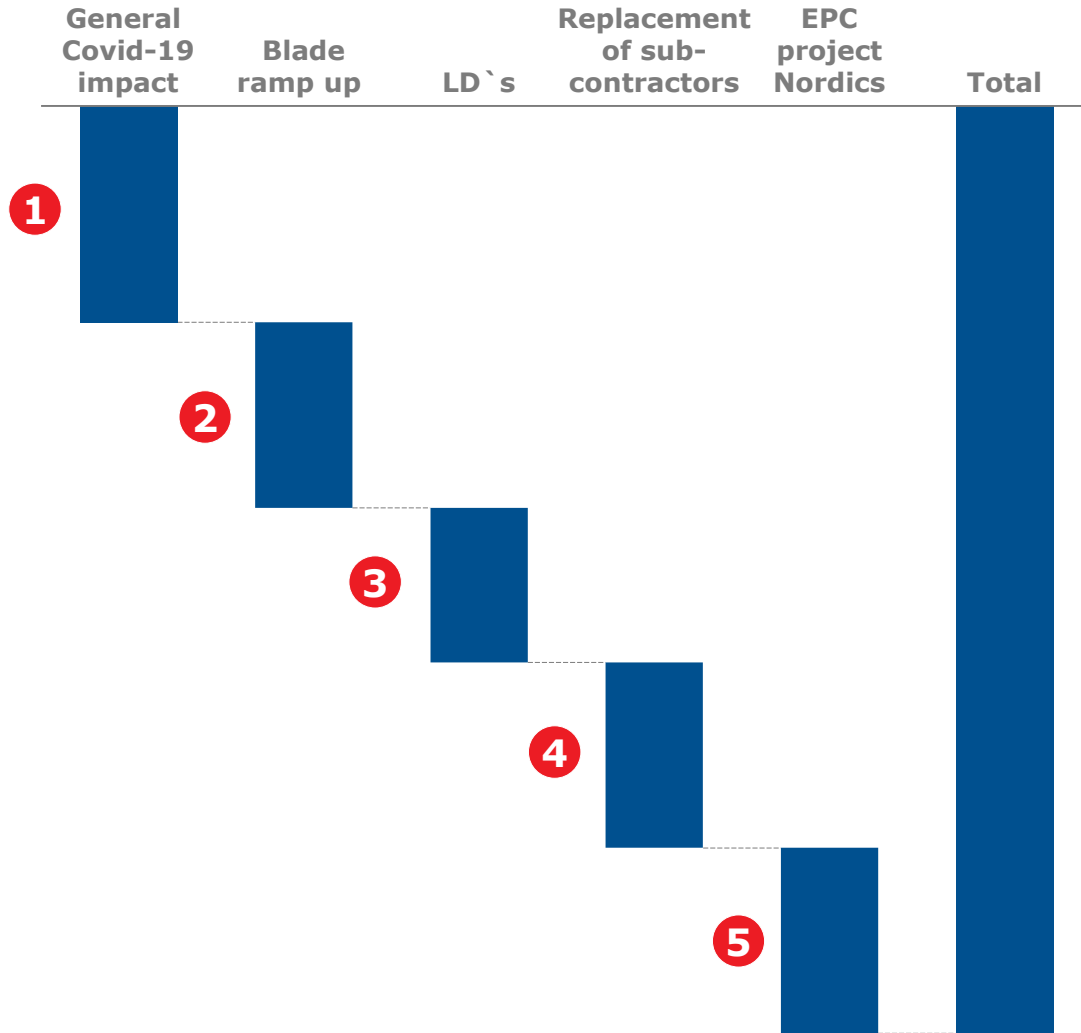
**EBITDA margin**  
**2.2%**

**Working capital ratio**  
**-5.7%**

- > Order intake amounted to 3,759 MW in 9M/2020 with a share of 81% coming from turbine generation Delta4000.
- > 9M/2020 sales of EUR 3.2bn up 63% versus 9M/2019 (EUR 1.9bn).
- > EBITDA of EUR 71m versus EUR 60m (3.1%) in 9M/2019 and despite Covid-19 slightly better working capital ratio at minus 5.7% (9M/2019: minus 5.2%).
- > 9M/2020 results negatively impacted by Covid-19 and major non-recurring events accounting for approximately EUR 300m in FY 2020.
- > Sale of Nordex European project development pipeline to RWE for around EUR 400m successfully completed.
- > Nordex scored a share of 31% in Germany's latest auction in October sharing top position with Vestas.
- > Reinstated new guidance for FY 2020 with sales of approx. EUR 4.4bn and an EBITDA margin of 2%.
- > Strategic targets set for FY 2022: Sales of approx. EUR 5bn with an EBITDA margin of 8%.
- > Comprehensive company program in implementation in order to secure performance in FY 2021 and fulfillment of strategic targets for FY 2022.



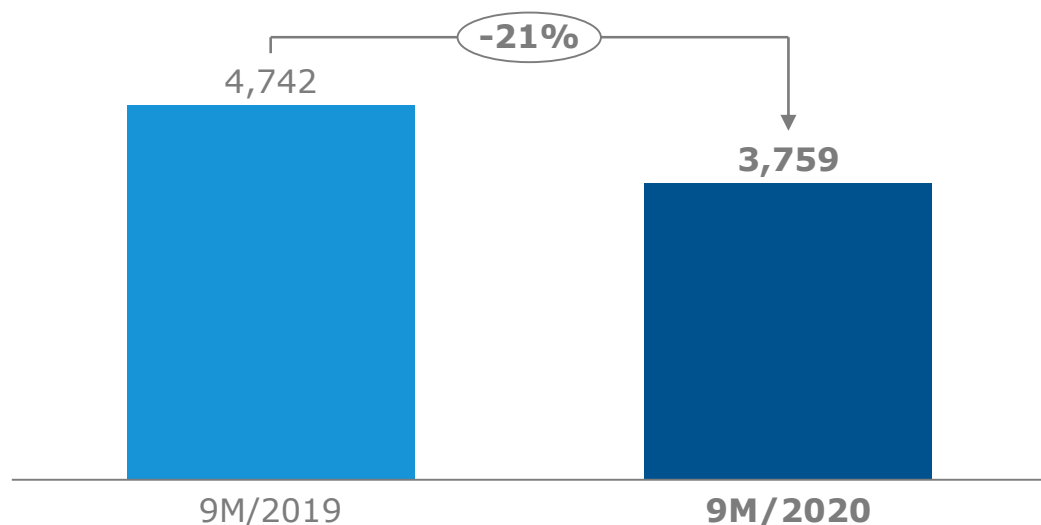
# ➤ COVID-19 and major non-recurring events impacting EBITDA in 2020



- 1** Productivity impacts on production and projects due to supply disruption and restricted movement of goods and people
  - ✓ Covid-19 containment measures defined and executed
  - ✓ Catch-up measures in place: Operations back to normal
- 2** Limited availability of manpower in blade factories led to delayed blades, projects and underutilization costs
  - ✓ Keep the production running to mitigate further project delays
  - ✓ Output now increasing and stable, back on track expected in Q1/2021
- 3** Reduced deliveries leading to project delays and causing LD`s
  - ✓ Upgraded and stronger production ensures reliable future deliveries
  - ✓ Second Covid-19 wave did NOT cause supply chain delays
- 4** Replacement of suppliers and subcontractors severely affected by Covid-19 in Latin America and South Africa was difficult
  - ✓ New business in Argentina stopped for the time being and execution in South Africa turned around
  - ✓ Increased on-site supervision and acceleration measures
- 5** Geotech issues in large Nordic EPC project leading to delays and cost overruns
  - ✓ Increased quality and contract management
  - ✓ Lessons learned and reorganisational measures implemented
  - ✓ No spill over risk in other markets due to nature of business

## > Order intake 9M/2020

### Order intake turbine\* (in MW)

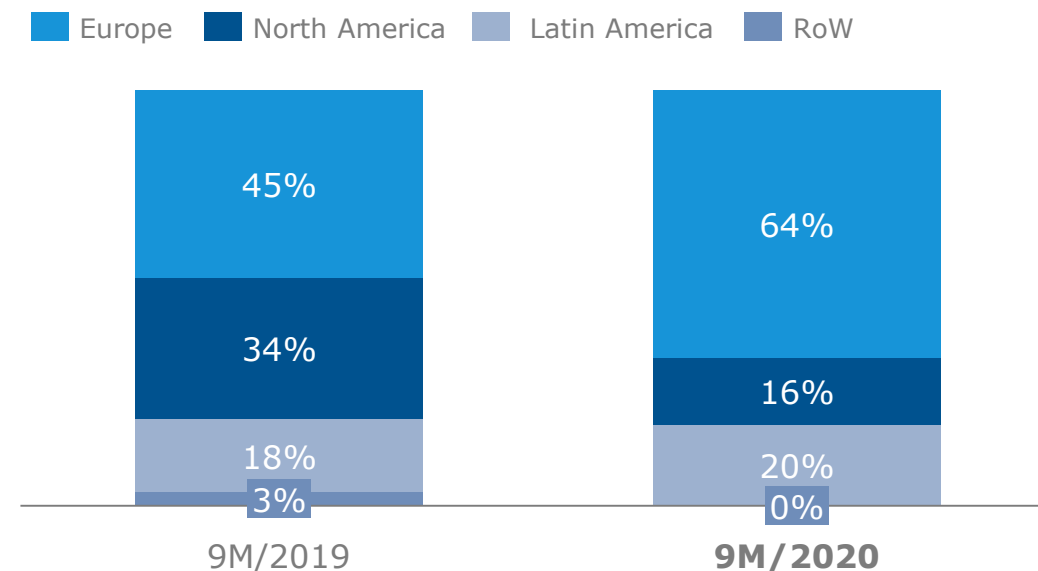


- > Order intake in 9M/2020: EUR 2,642m (EUR 3,314m in previous year period)

thereof in Q3/2020:  
EUR 836m (EUR 1,199m in Q3/2019)

- > ASP remains stable of EUR 0.70m/MW in 9M/2020

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



- > Largest orders received from USA, Norway, Great Britain, Spain and Chile in 9M/2020
- > 86% of order intake accounts for Delta4000 generation in Q3/2020 and 81% for the first nine months 2020
- > Order intake received from 20 different countries in 9M/2020 showing well balanced footprint

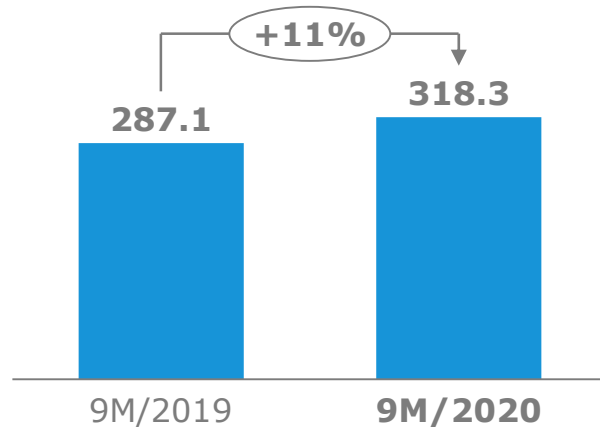
# > Service 9M/2020

## Development of service revenues (EUR m) and EBIT margin

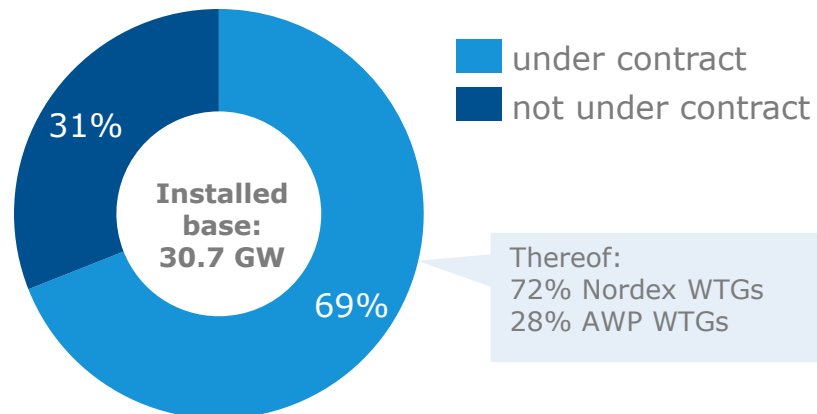
EBIT margin

17.6%

14.8%



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

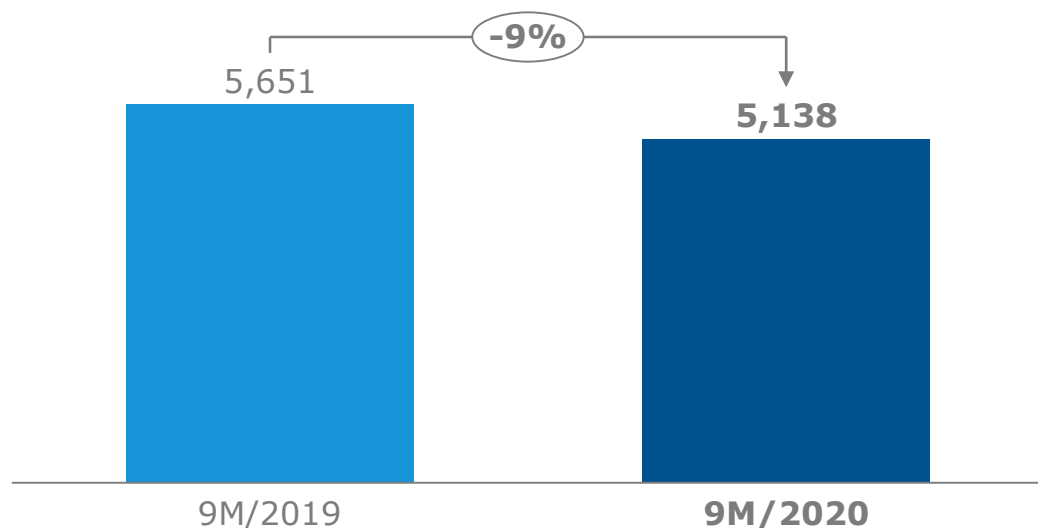


## Comments

- > Service sales share accounts for 10.0% of group sales in the first nine months 2020
- > Service EBIT margin of 14.8% at the end of 9M/2020
- > 97.4% average availability of WTGs under service
- > Strong service order backlog of around EUR 2.8bn at the end of 9M/2020

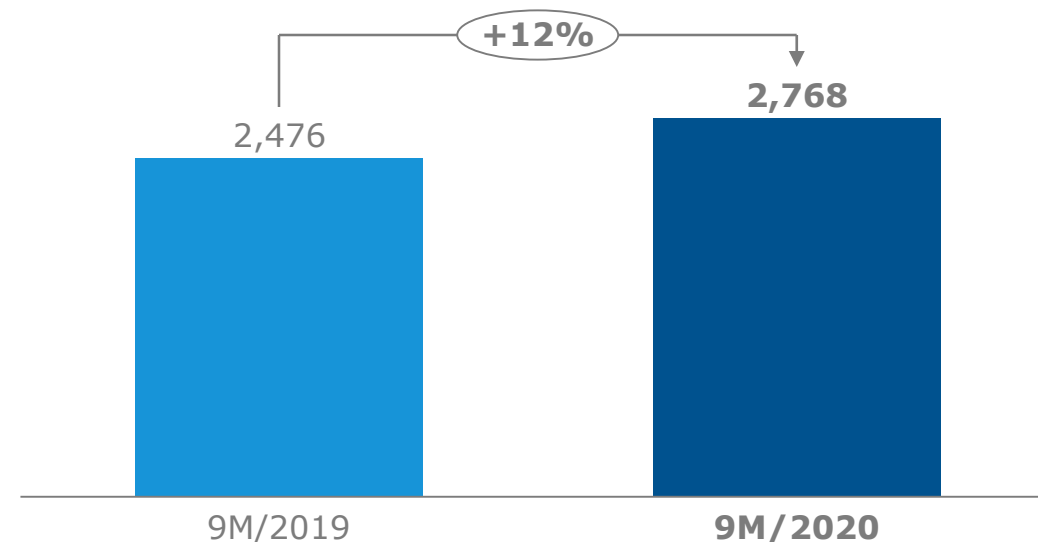
## > Order backlog remains on high level: EUR 7.9bn at the end of 9M/2020

### Order backlog turbines (EUR m)



- > Turbine order backlog of EUR 5,138m at the end of 9M/2020 remains on a high level
- > Distribution on Nordex focus markets: Europe (62%), Latin America (16%), North America (15%), RoW (7%)

### Order backlog service (EUR m)



- > 8,192 wind turbines under service corresponding to 21.1 GW at the end of 9M/2020



# > Income statement 9M/2020

in EUR m	9M/2020	9M/2019	abs. change
<b>Sales</b>	<b>3,167.4</b>	<b>1,943.0</b>	1,224.4
Total revenues	3,107.6	2,519.7	587.9
Cost of materials	-2,764.2	-2,004.3	-759.9
<b>Gross profit</b>	<b>343.4</b>	<b>515.4</b>	<b>-172.0</b>
Personnel costs	-313.7	-264.9	-48.8
Other operating (expenses)/income	41.2	-190.3	231.5
<b>EBITDA</b>	<b>70.8</b>	<b>60.2</b>	<b>10.6</b>
Depreciation/amortization	-114.7	-102.4	-12.3
<b>EBIT</b>	<b>-43.9</b>	<b>-42.2</b>	<b>-1.7</b>
<b>Net profit</b>	<b>-107.5</b>	<b>-76.5</b>	<b>-31.0</b>
<b>Gross margin*</b>	<b>10.8%</b>	<b>26.5%</b>	
<b>EBITDA margin</b>	<b>2.2%</b>	<b>3.1%</b>	
<b>EBIT margin w/o PPA</b>	<b>-0.8%</b>	<b>-1.2%</b>	

## Comments

- > Sales figures of EUR 3,167m at the end of Q3/2020 reflecting overall growth of Nordex despite the pandemic
- > EBITDA carry significant Covid-19 impact and non-recurring costs counter-balanced by proceeds from the pipeline sale to RWE
- > RWE transaction has been recognized as Other operating income
- > PPA depreciation amounted to EUR 19m in 9M/2020 (EUR 18m in 9M/2019)

## > Balance sheet 9M/2020

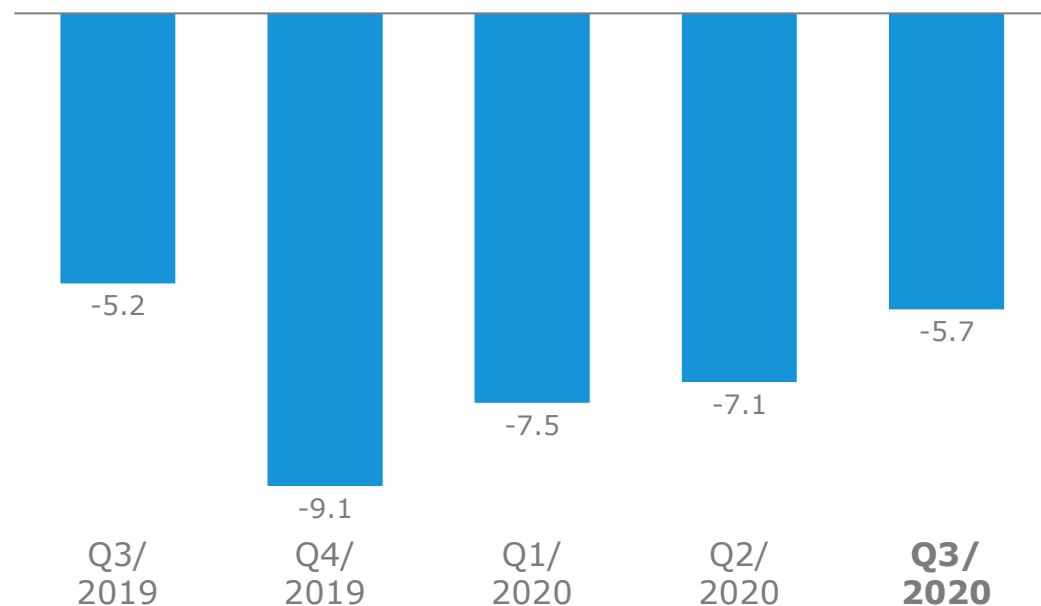
in EUR m	30.09.20	31.12.19	abs. change	Δ in %
Non-current assets	1,494.8	1,488.9	5.9	0.4
Current assets	3,170.6	2,513.8	656.8	26.1
<b>Total assets</b>	<b>4,665.4</b>	<b>4,002.7</b>	<b>662.7</b>	<b>16.6</b>
Equity	635.2	745.4	-110.2	-14.8
Non-current liabilities	849.5	914.2	-64.7	-7.1
Current liabilities	3,180.7	2,343.2	837.5	35.7
<b>Equity and total liabilities</b>	<b>4,665.4</b>	<b>4,002.7</b>	<b>662.7</b>	<b>16.6</b>
<i>Net debt*</i>	<i>492.8</i>	<i>84.0</i>		
<i>Working capital ratio**</i>	<i>-5.7%</i>	<i>-9.1%</i>		
<i>Equity ratio</i>	<i>13.6%</i>	<i>18.6%</i>		

### Comments

- > Cash position of EUR 408m at the end of 9M/2020 (EUR 334m end of Q2/2020)
- > Increase in current assets due to recognition of transaction, i.e. sale of European project development business to RWE
- > Reclassification of promissory notes (SSD) into current liability
- > Refinancing of promissory notes of EUR 215m due in April 2021 already been secured in the context of the state-guaranteed RCF

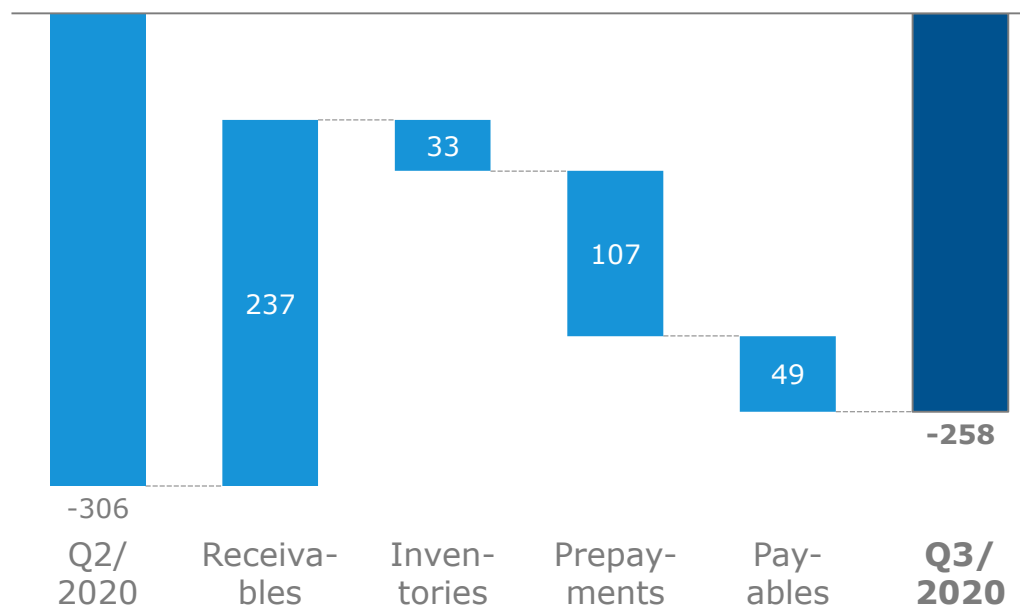
# > Working capital development 9M/2020

**Working capital ratio (in % of sales)\***



> Working capital ratio impacted by Covid-19 but still on a very acceptable level

**Working capital development (in EUR m)\***



> Temporary increase of receivables due to Covid-19 related project delays

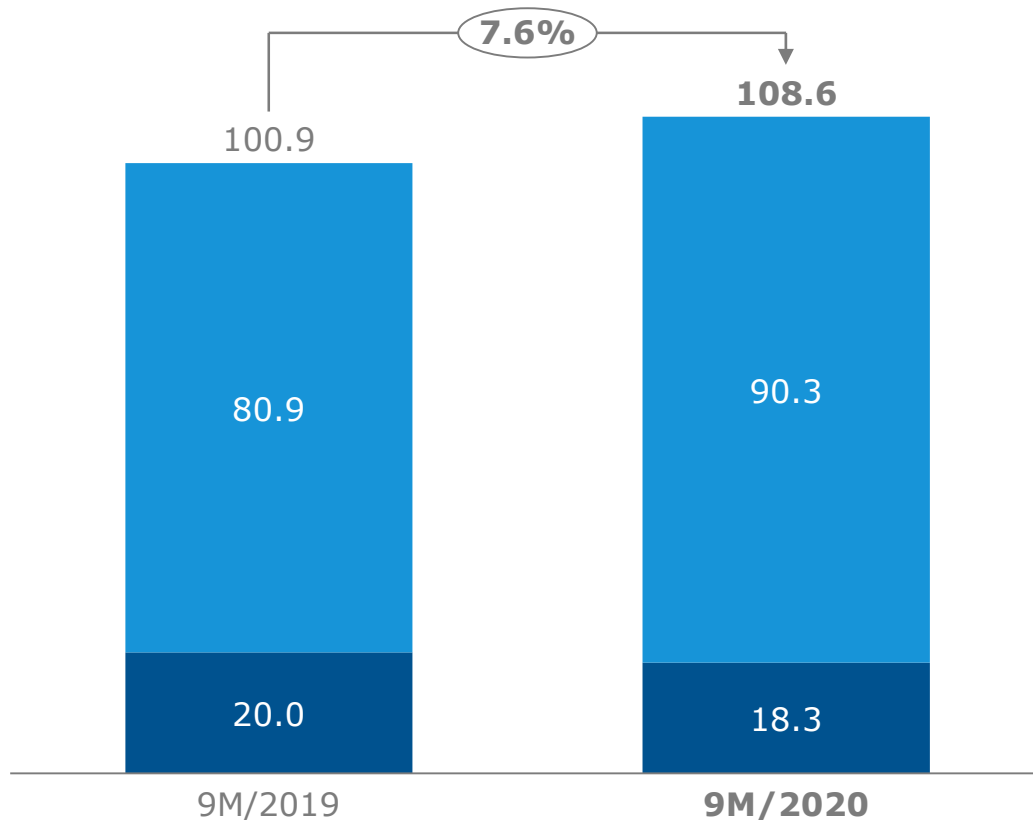
## > Cash flow statement 9M/2020

in EUR m	9M/2020	9M/2019	Comments
Cash flow from operating activities before net working capital	<b>-238.5</b>	-93.6	> Negative cash flow from operating activities not yet reflecting cash from RWE transaction (received on November 2nd)
Cash flow from changes in WC	<b>-42.5</b>	30.8	
Cash flow from operating activities	<b>-281.0</b>	-62.8	> Cash flow from investing activities mainly reflects ongoing expansion of supply chain and blade production facilities
Cash flow from investing activities	<b>-97.2</b>	-93.2	
Free cash flow	<b>-378.2</b>	-156.0	> Cash flow from financing activities largely determined by funds received from new RCF and outflows from leasing payments and repayment under EIB facility
Cash flow from financing activities	<b>298.2</b>	-62.5	
Change in cash and cash equivalents*	<b>-80.0</b>	-218.4	

## > Total investments 9M/2020

### CAPEX (in EUR m)

■ Property, plant, equipment ■ Intangible assets

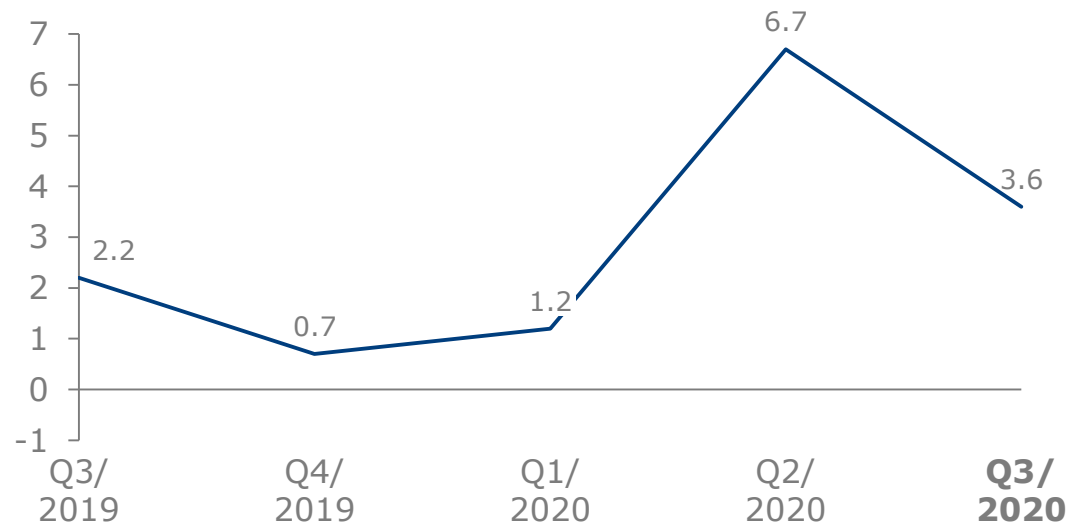


### Comments

- > Investments in 9M/2020 primarily comprise:
  - Investments in blade production facilities in Mexico, India and Brazil
  - Investments in installation and transport tooling and equipment for international projects
  - Investments in product development
- > Slight decrease in intangible assets due to lower level of development costs compared to previous year period

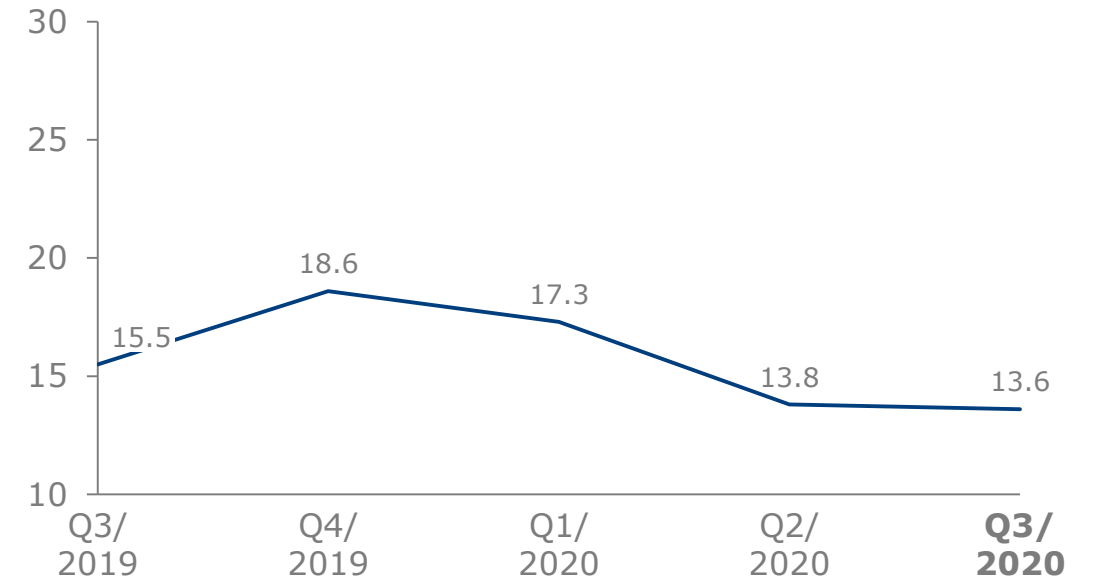
## > Capital structure 9M/2020

### Net debt\*/EBITDA\*\*



- > Leverage ratio in Q3/2020 decreased as expected due to EBITDA contribution from RWE transaction

### Equity ratio (in %)

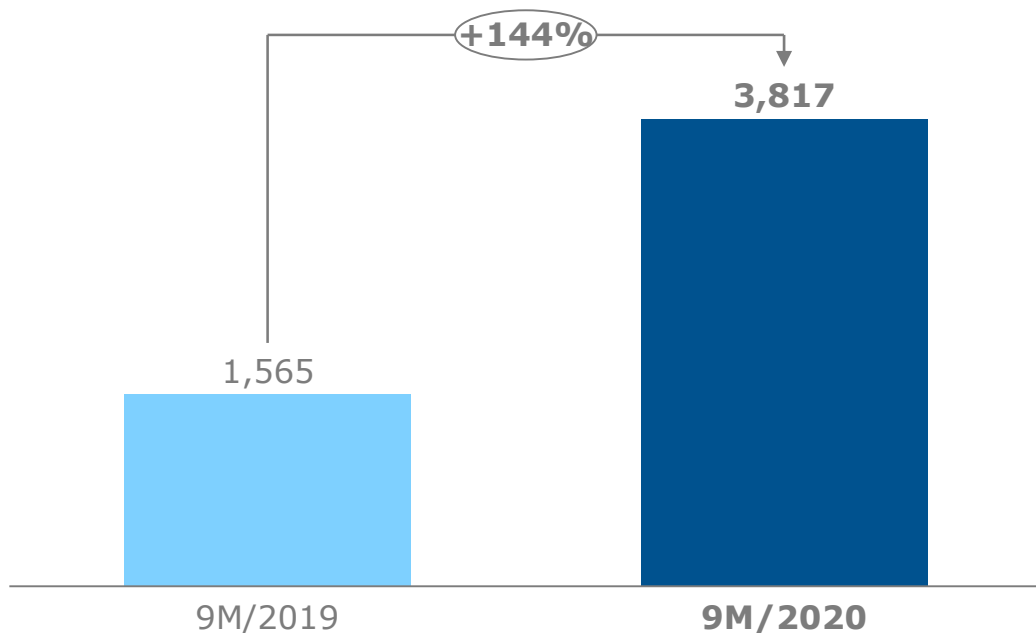


- > Equity ratio remains on a similar level compared to Q2/2020



# > Operations 9M/2020

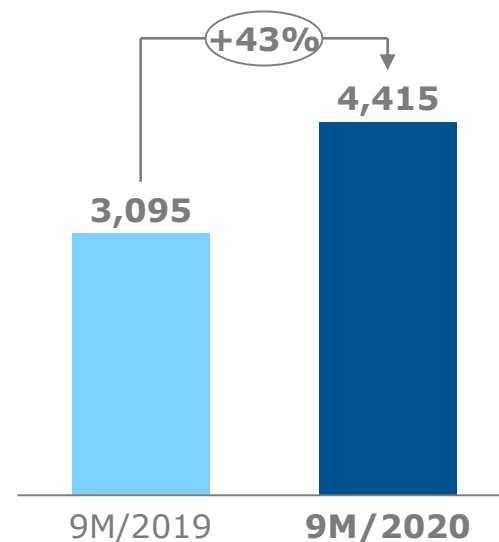
## Installations (MW)



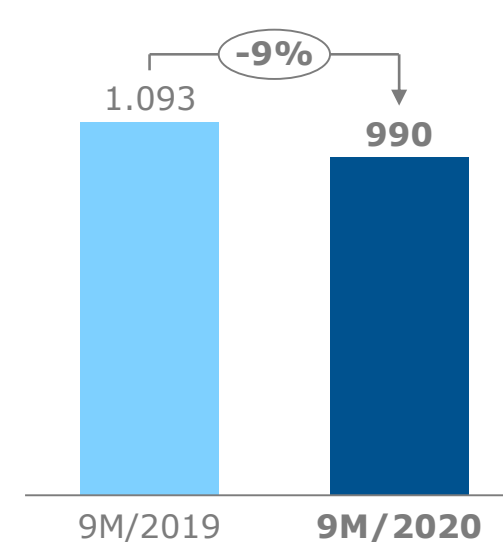
- > Total installations of 1,052 WTGs in 21 countries in the first nine months 2020: 43% Europe, 33% North America, 18% Latin America and 6% Rest of world

## Production

### Turbine assembly (MW)



### Blade production (#)



- > Output turbines amounts to 1,154 units in 9M/2020: 594 GER, 332 ESP, 154 IND, 64 BRA and 10 ARG
- > Inhouse blade production of 990 units in 9M/2020: 521 GER, 220 MEX, 194 IND and 55 ESP
- > Outsourced blade production of 2,065 units in 9M/2020 (9M/2019: 1,695 units)

## > New guidance FY 2020 reinstated

Sales: approx. EUR 4.4bn

EBITDA margin: 2%

Working capital ratio: below -4%

CAPEX: approx. EUR 170m



## > Strategic targets for FY 2022

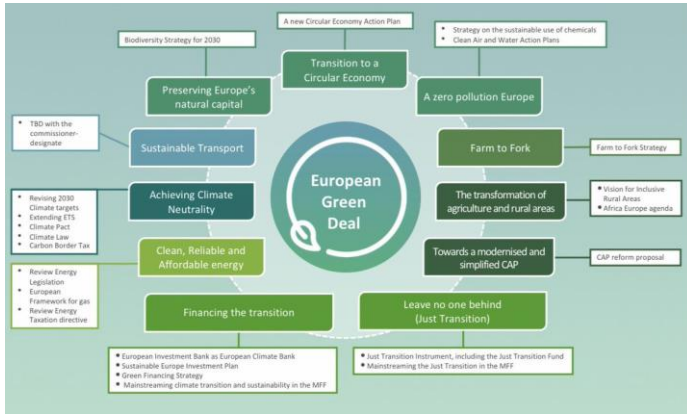
Sales: approx. EUR 5bn

EBITDA margin: 8%

Capacity: 6 GW+



# ➤ Macro & long-term drivers: the trend to renewables is irrevocable



The European Green Deal as a multilayer regulatory package



On its way to an economy with net-zero GHG emissions: EU aims for climate neutrality by 2050



10,000 WTGs running out alone within the next three years in Germany. Further repowering potential coming from the US, Denmark, Spain, India

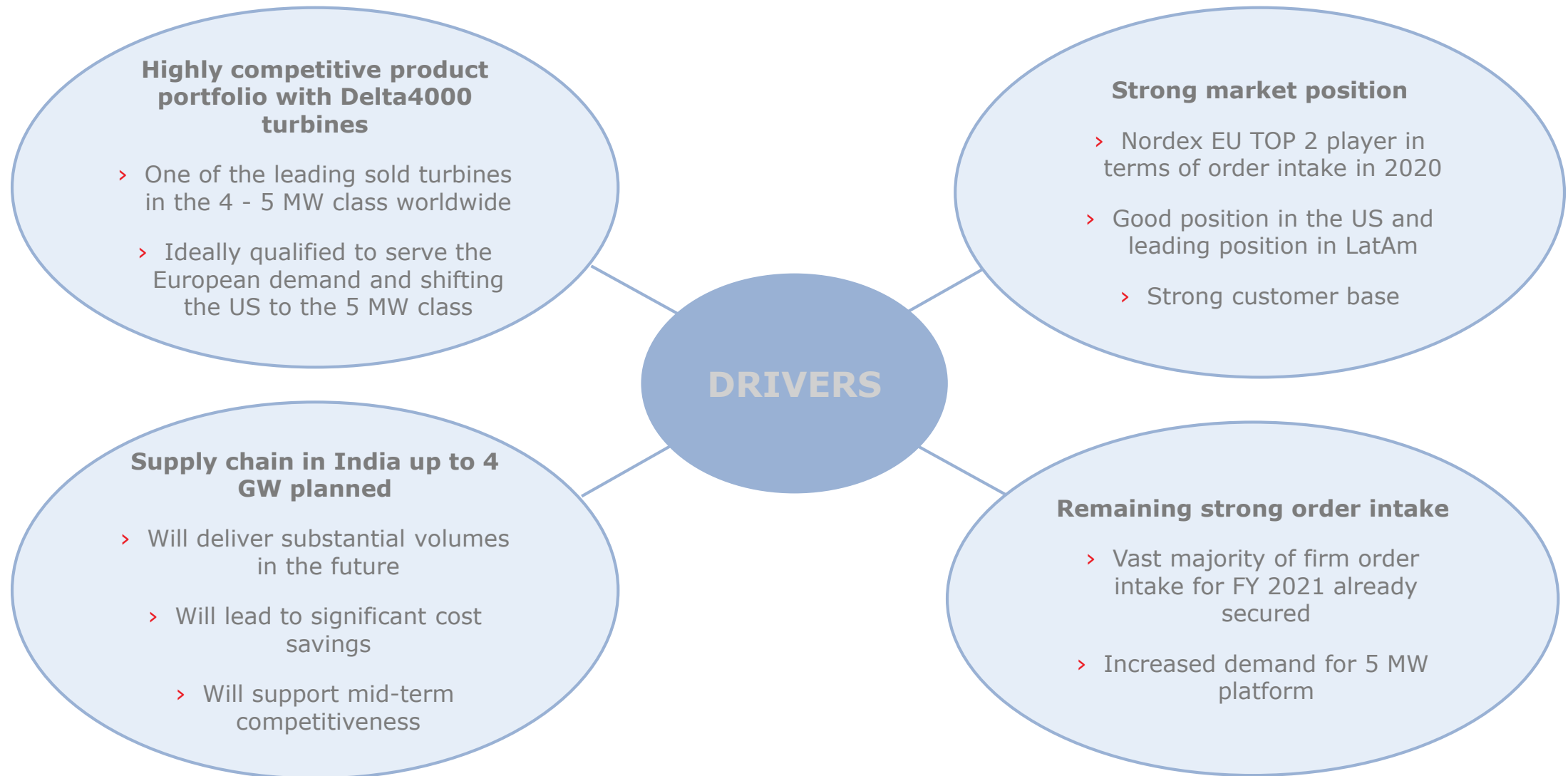


Draft of upcoming EEG amendment for Germany passed in September 2020: strong political signal of change - expansion path onshore wind is targeted at 71 GW by 2030

German Investitionsbeschleunigungsgesetz: will support wind power projects in Germany, e.g. improving permitting processes

Regional projects: **NEW 4.0** Norddeutsche EnergieWende  
100% electricity from renewables for federal state Schleswig-Holstein and Hamburg until 2035

# ➤ Drivers to keep the order intake momentum to support strategic targets for FY 2022

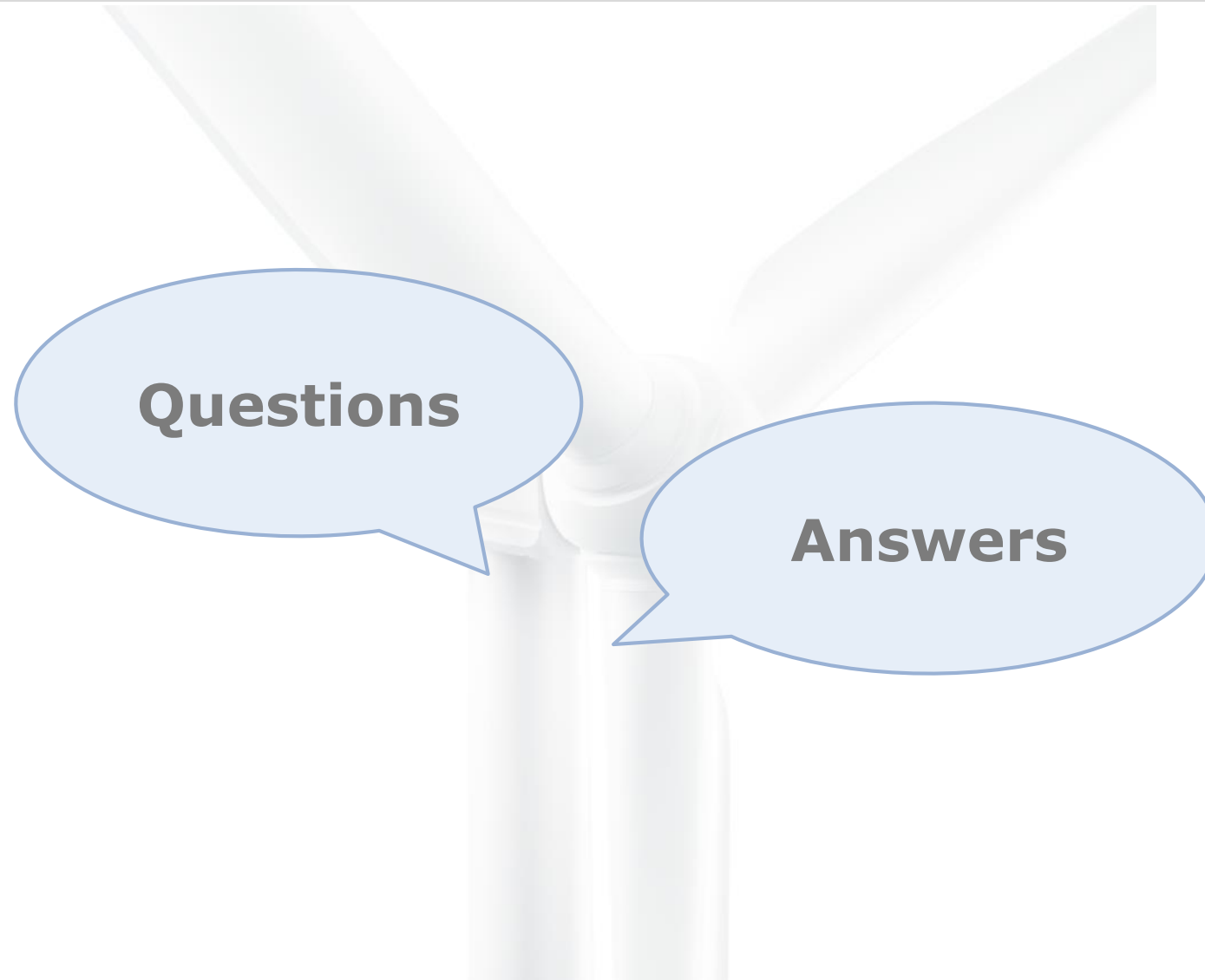


# > Modules of company program

Initiative clusters	Initiative targets	Overall project status
<ol style="list-style-type: none"> <li><b>1 Supply chain transformation</b></li> <li><b>2 Productivity enhancement</b></li> <li><b>3 Increase service profitability</b></li> <li><b>4 PM/EPC excellence</b></li> <li><b>5 Product delivery</b></li> <li><b>6 Continuation of the sales success story</b></li> <li><b>7 Expanding engineering further</b></li> </ol>	<ul style="list-style-type: none"> <li>&gt; Setting up 4 GW supply chain in India and moving current EU partners to India</li> <li>&gt; Safer, stronger ramp-up and focus on efficiency and productivity</li> <li>&gt; Building a global service unit to further improve the margin profile</li> <li>&gt; Using experience of examples of excellence from high-performance countries for new markets</li> <li>&gt; Stay at the curve of the market benchmark for products</li> <li>&gt; Stay in top 3 position in onshore business, as already shown over the last 5 to 6 quarters</li> <li>&gt; Expand presence and competency depth with a new engineering office in India to secure new supplies</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Supply chain topics starting to mature into contracting stage already</li> <li>&gt; 2021 and 2022 costs being negotiated show material improvement compared to current base levels</li> <li>&gt; Further initiatives beyond procurement being integrated to allow sustainable transformation into 2022 and beyond</li> <li>&gt; Sales in the onshore wind industry continue to reach or approach the second highest pace</li> </ul>



# > Time for your questions



## Key takeaways

> Business performance in 2020 significantly affected by Covid-19 pandemic. However, main impacts already reflected in the current financial figures.

> Solid order backlog of nearly 8 GW (majority with the more profitable Delta 4000 platform), growing at one of the strongest pace in the onshore wind industry primarily coming from Europe and North America.

> Financial year 2021 shows materially better risk and margin profile compared to 2020 execution book. Installation plan in 2021: 60% Europe, 20% US.

> Comprehensive company programme in place, starting to yield upsides from mid financial year 2021.

> Strategic targets: around 6 GW+, approx. 5bn sales with 8% EBITDA margin by financial year 2022 – more details will follow in 2021.

# > Capital Markets Day coming soon

Nordex  
will hold a  
**Capital Markets  
Day\***  
in spring 2021



## Preliminary financial calendar 2021\*

2021	Event
March	Publication of preliminary figures FY 2020
23 March	Publication of Annual Report 2020
Spring	Capital Markets Day
11 May	Interim Statement Q1/2021
1 June	Annual General Meeting
12 August	Interim Report H1/2021
15 November	Interim Statement 9M/2021

 **Contact details****IF YOU HAVE ANY QUESTIONS PLEASE  
CONTACT THE INVESTOR RELATIONS TEAM:****Felix Zander**

Phone: +49-40-30030-1116

Email: [fzander@nordex-online.com](mailto:fzander@nordex-online.com)**Tobias Vossberg**

Phone: +49-40-30030-2502

Email: [tvossberg@nordex-online.com](mailto:tvossberg@nordex-online.com)**Rolf Becker**

Phone: +49-40-30030-1892

Email: [rbecker@nordex-online.com](mailto:rbecker@nordex-online.com)

Nordex SE  
Langenhorner Chaussee 600  
22419 Hamburg / Germany  
[www.nordex-online.com](http://www.nordex-online.com)