



Nordex Group

Nordex SE – Financial-year figures 2020

23rd March 2021

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 **Agenda**

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Financials	Dr Ilya Hartmann
Operations and technology	José Luis Blanco
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Drivers strategic targets	José Luis Blanco
Strategic targets FY 2022	José Luis Blanco
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Executive summary FY 2020

FY 2020 SUCCESSFULLY COMPLETED IN LINE WITH REINSTATED GUIDANCE

Sales
EUR 4,651m

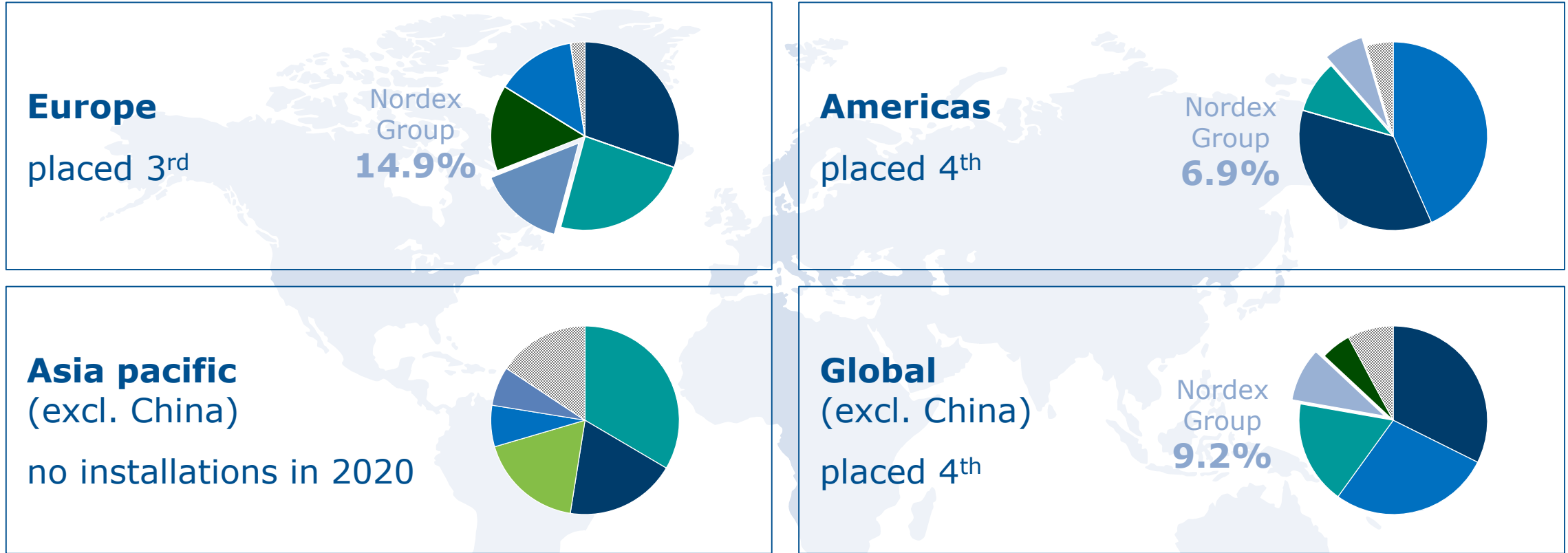
EBITDA margin
2.0%

Working capital ratio
-6.3%

- > Order intake amounted to around 6 GW in FY 2020 despite Covid-19 pandemic
 - > 81% accounts for latest Delta4000 turbine series.
 - > Q4/2020 with 2.3 GW strongest quarter.
- > FY 2020 sales totaled around EUR 4.6bn up 42% versus previous year (EUR 3.3bn).
 - > Record of installations and production despite Covid-19 pandemic (5,461 MW installed, increase 77% yoy) and record turbine assembly (5,786 MW produced, increase 24% yoy).
- > EBITDA margin in line with guidance, but affected by Covid-19 costs of EUR 240m and additional one-off costs due to a Nordics EPC project in FY 2020.
- > Extensive financing measures successfully implemented in FY 2020.
- > Sale of European project development portfolio to RWE for around EUR 400m before costs and taxes successfully completed in Q4/2020.
- > Strategic targets for FY 2022 in place: sales of approx. EUR 5.0bn and an EBITDA margin of 8%.

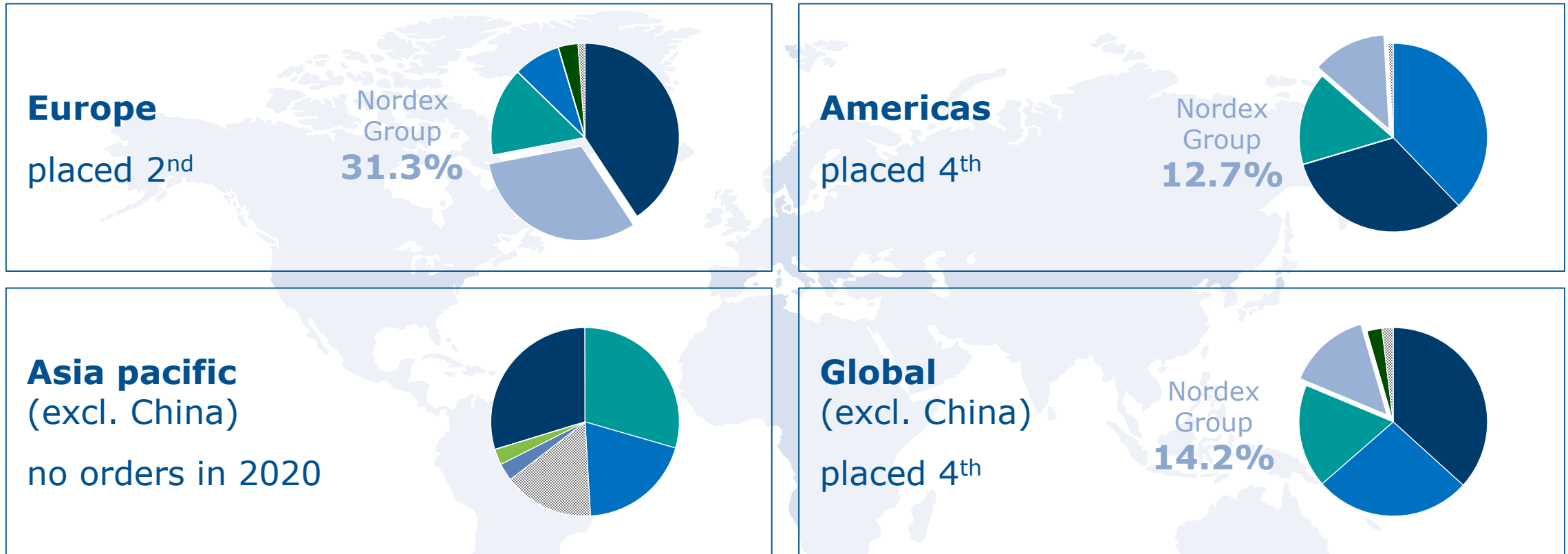
> Nordex remains top 4 worldwide in FY 2020

> ONSHORE MARKET SHARES (BASED ON MW INSTALLED)



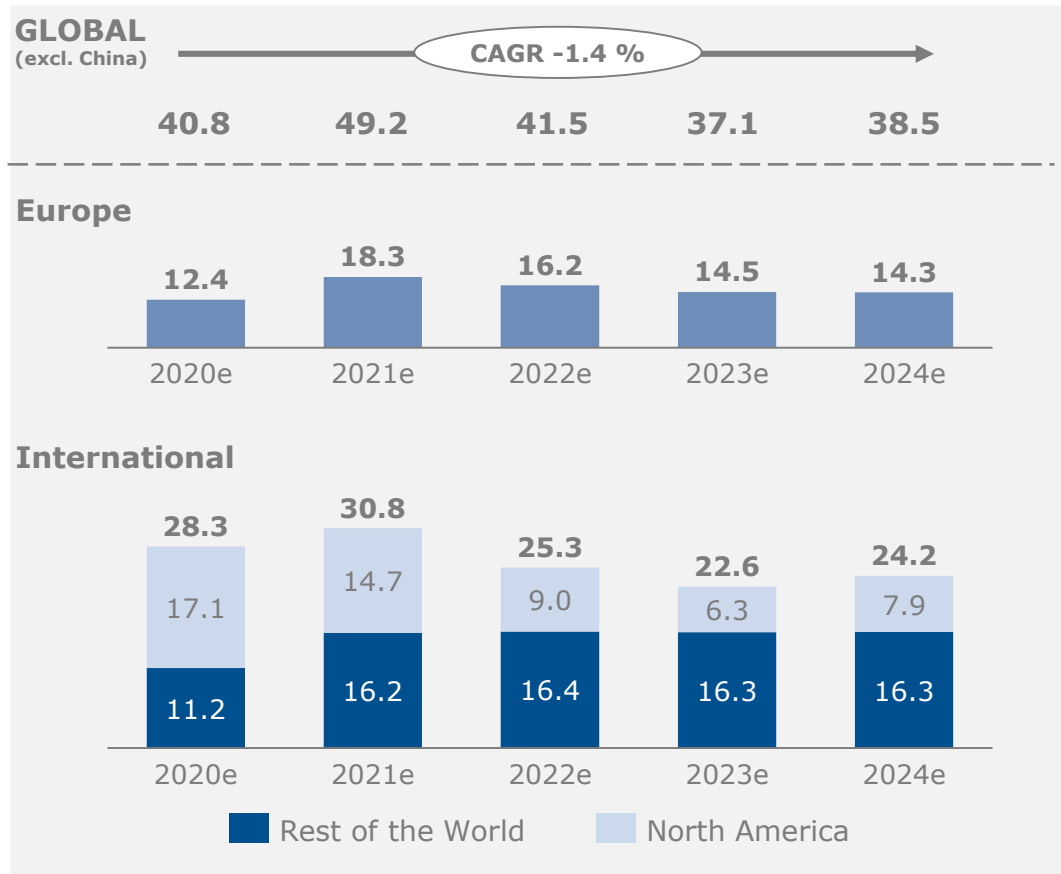
> Nordex approaching top 3 worldwide in FY 2020

> ONSHORE MARKET SHARES (BASED ON ORDER INTAKE MW)



➤ Global onshore wind market (excl. China) expected to peak in 2021; CAGR 2020 to 2024 at -1.4%

Capacity addition (GW)



Key highlights

Europe

- > German market slowly recovering fueled by permitting support
- > Positive near-term momentum in Finland and Sweden
- > New FIT announced in Turkey at higher than expected pricing, enabling continuity in the market
- > New auction held in Spain with disappointing pricing level. Solar PV beat wind
- > Italy: Tech-neutral auction hosted in 2020 undersubscribed by 45% as developers struggle with permitting projects in time

North America

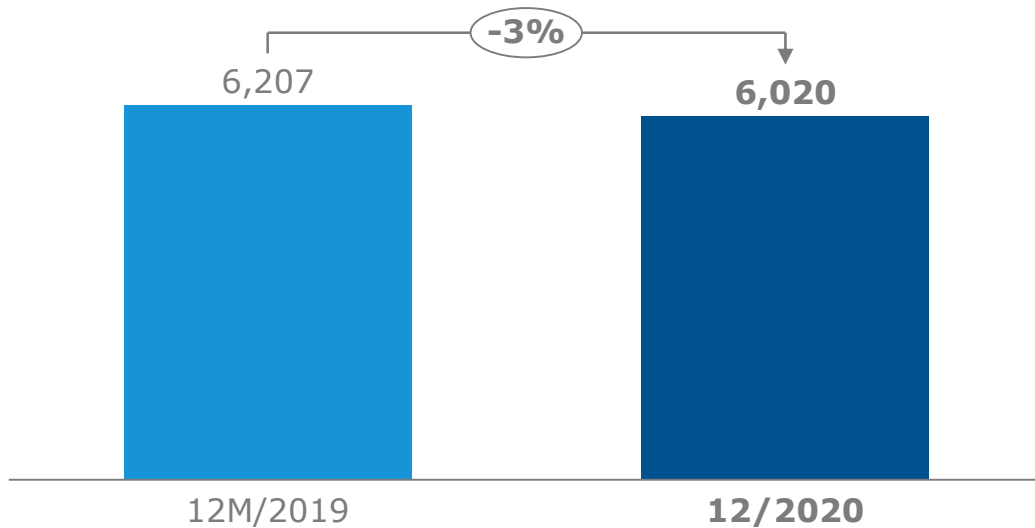
- > USA: One year prolongation of PTC value and project spillover from 2020 will support market volumes in 2021. Biden's win expected to improve regulation

Rest of the world

- > Positive market momentum in Brazil and Chile continued fueled by PPA demand
- > Negative momentum in Mexico continues with very limited activity in the market
- > South Africa held the accelerated round auction
- > Delays in Federal and State auctions in India with increasing focus on hybrid projects

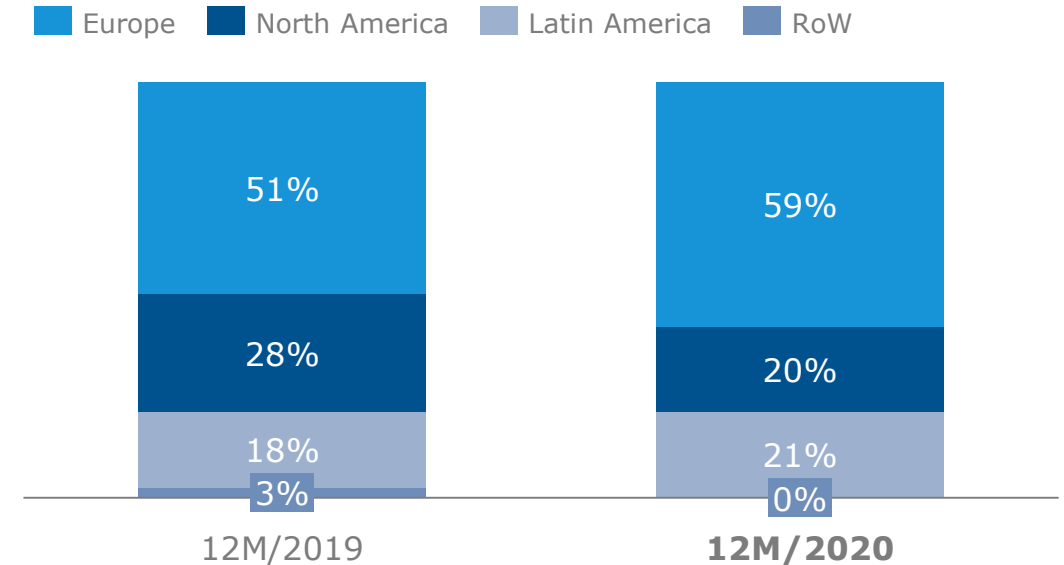
> Order intake FY 2020

Order intake turbine* (in MW)



- > Again strong order intake in FY 2020: EUR 4,218m (EUR 4,415m in the previous year)
- > Thereof in Q4/2020: EUR 1,576m (EUR 1,102m in prior-year quarter)
- > Stable ASP of EUR 0.70m/MW in FY 2020

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



- > Largest orders came from USA, Brazil, Germany, Norway and Great Britain in FY 2020
- > Order intake for Delta4000 generation increased to 81% in FY 2020 compared to 44% in FY 2019
- > Order intake received from 20 different countries in FY 2020

> Service business FY 2020

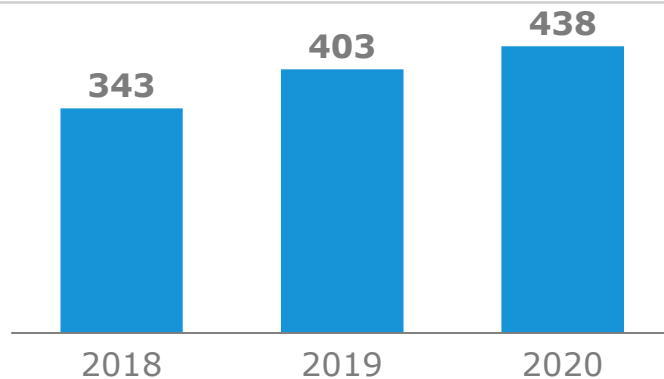
Development of service revenues (EUR m) and EBIT margin

EBIT margin

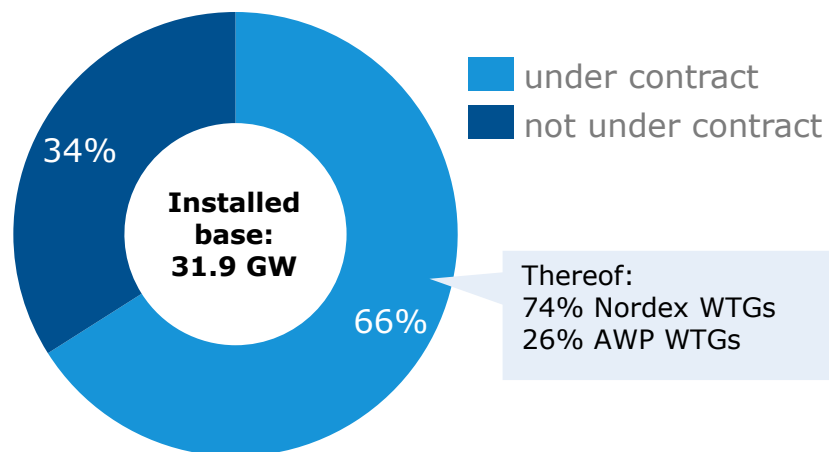
16.1%

17.7%

15.8%



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

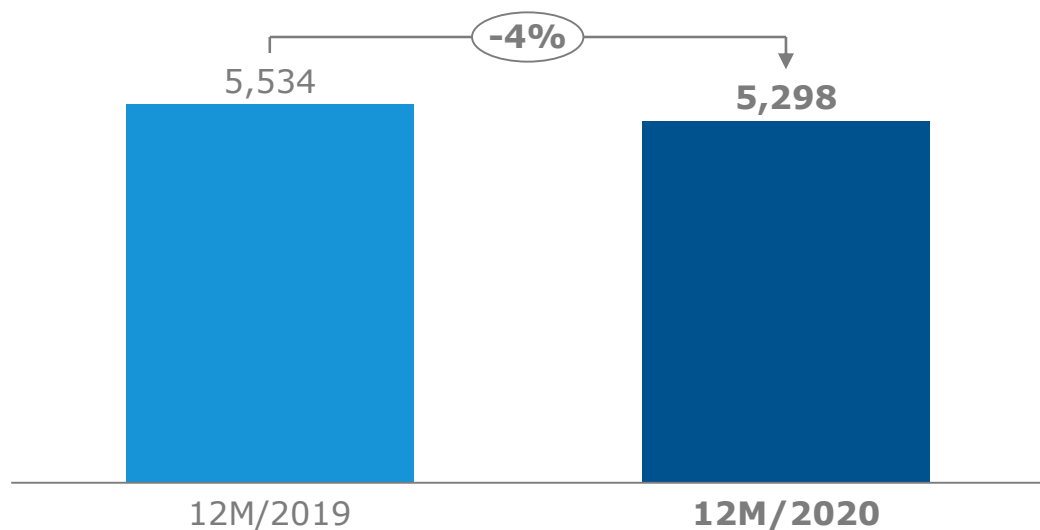


Comments

- > Service sales share amounted to 9.4% of group sales in FY 2020
- > Service EBIT margin of 15.8% in FY 2020
- > 97.3% average availability of WTGs under service
- > Service order book remains strong of around EUR 2.8bn at the end of FY 2020
- > 21 GW of installed base are under service contracts representing a coverage of around 66%
- > Average service contract duration of around 11 years

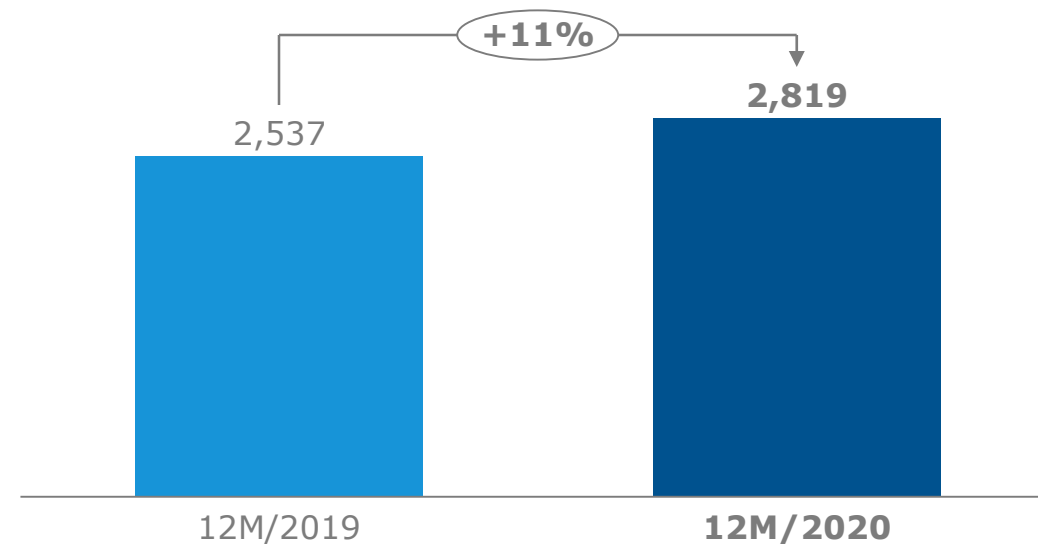
> Combined order book of over EUR 8.1bn at the end of FY 2020

Order book turbines (EUR m)



- > Turbine order book of around EUR 5.3bn at the end of FY 2020 reflects consistent high order intake over the previous quarters
- > Distribution on Nordex focus markets in FY 2020: Europe (62%), North America (16%), Latin America (16%), Rest of World (6%)

Order book service (EUR m)



- > 8,383 wind turbines under service – corresponding to around 21 GW at the end of FY 2020

> Comprehensive financing activities in FY 2020

Extention of Multi-Currency Guarantee Facility (MGF)

- > Amount: EUR 1.24bn
- > Tenor: 3 years with 1+1 renewal option
- > Purpose: Guarantees and up to EUR 100m in ancillary facilities
- > Specialties: Closed in April 2020, ESG-linked

State-guaranteed Revolving Credit Facility (RCF)

- > Amount: EUR 350m (EUR 100m already paid back)
- > Tenor: Due in April 2022
- > Purpose: General corporate purposes
- > Specialties: Closed in August 2020, ESG-linked, 90% German federal- and state-guaranteed

Secured refinancing of SSD

- > EUR 215m of SSD up for refinancing in April 2021
- > Nordex already secured the upcoming refinancing in the context of the RCF
- > Replacing loan has a tenor of 5 years, the proceeds of which have been received and will be used for the SSD repayment next month

Equity capital increase by way of ABB

- > Successful capital increase of EUR 200m by way of Accelerated Book Building (ABB) on December 1st, 2020
- > Very strong interest from investors with transaction being 3.5x oversubscribed
- > Key shareholder placed significant order during the placement process

> Income statement FY 2020

in EUR m (rounded figures)	FY 2020	FY 2019	abs. change
Sales	4,651	3,285	1,366
Total revenues	4,346	3,871	474
Cost of materials	-3,798	-3,096	-702
Gross profit	547	775	-228
Personnel costs	-434	-361	-73
Other operating (expenses)/income	-19	-291	272
EBITDA	94	124	-30
Depreciation/amortization	-156	-143	-12
EBIT	-62	-20	-42
Net profit	-130	-73	-57
Gross margin*	11.8%	23.6%	
EBITDA margin	2.0%	3.8%	
EBIT margin w/o PPA	-0.8%	0.1%	

Comments

- > Sales figures of EUR 4,651m showing strong growth despite Covid-19 pandemic in FY 2020
- > EBITDA margin of 2.0% in line with guidance for FY 2020
- > EBITDA strongly impacted by Covid-19 and non-recurring costs, offset by inflows from RWE pipeline sale
- > PPA depreciation amounted to around EUR 24m in FY 2020 (EUR 24m in the previous year)

> Income statement Q4/2020

in EUR m (rounded figures)	Q4/2020	Q4/2019	abs. change
Sales	1,483	1,342	132
Total revenues	1,237	1,352	-115
Cost of materials	-1,034	-1,092	58
Gross profit	203	260	-56
Personnel costs	-120	-96	24
Other operating (expenses)/income	-61	-101	40
EBITDA	22	64	-41
Depreciation/amortization	-41	-41	0
EBIT	-19	23	-41
Net profit	-22	4	-53
Gross margin*	13.8%	19.4%	
EBITDA margin	1.6%	4.7%	
EBIT margin w/o PPA	-0.9%	2.1%	

Comments

- > Sales figures of EUR 1,483m showing high execution level in the last quarter 2020 as expected
- > PPA depreciation in Q4/2020 totaled EUR 5.3m (EUR 5.7m in previous-year quarter)

> Balance sheet FY 2020

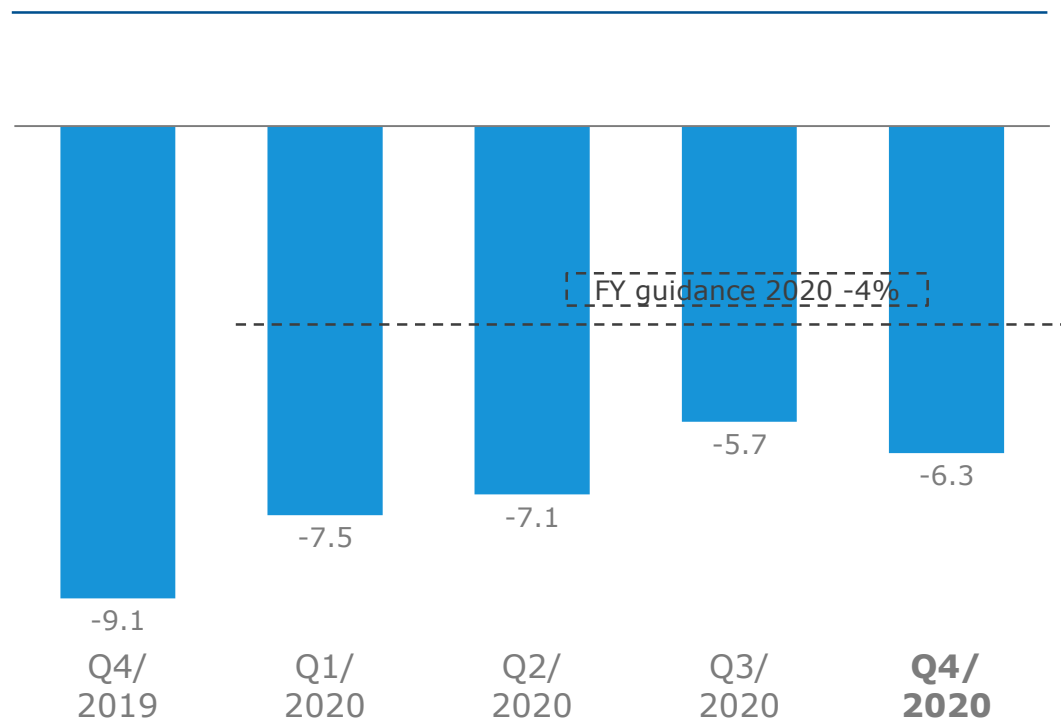
in EUR m (rounded figures)	31.12.20	31.12.19	abs. change	Δ in %
Non-current assets	1,526	1,489	37	2.5
Current assets	2,884	2,514	371	14.7
Total assets	4,410	4,003	407	10.2
Equity	774	745	29	3.9
Non-current liabilities	653	914	-261	-28.6
Current liabilities	2,984	2,343	641	27.3
Equity and total liabilities	4,410	4,003	407	10.2
<i>Net debt*</i>	-41	-84		
<i>Working capital ratio**</i>	-6.3%	-9.1%		
<i>Equity ratio</i>	17.5%	18.6%		

Comments

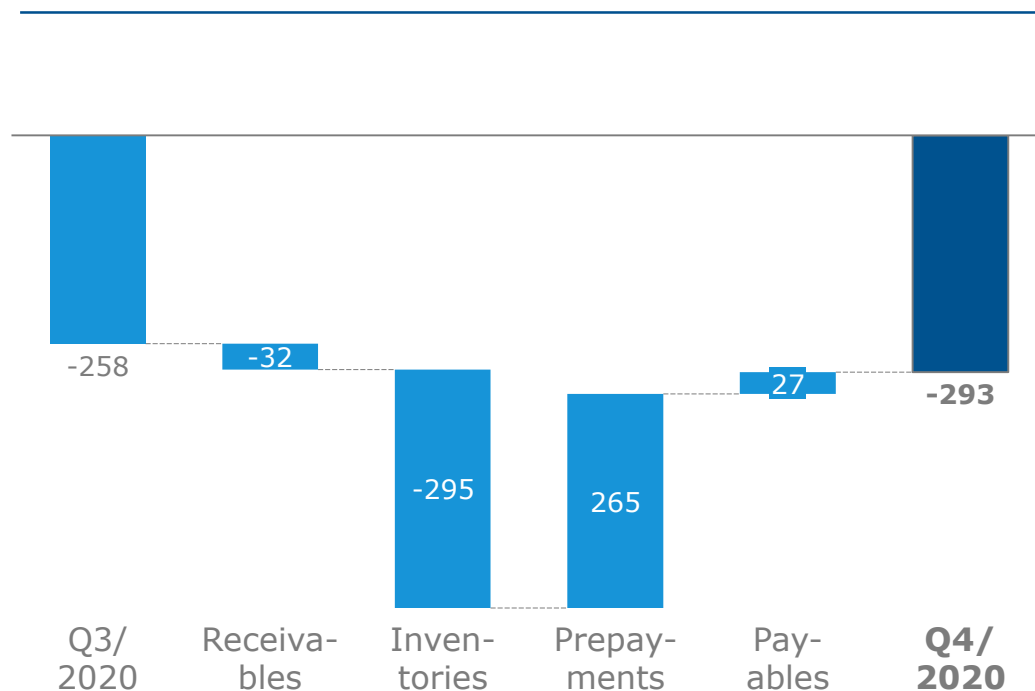
- > Strong cash position of EUR 778m at the end of FY 2020 (EUR 510m year-end 2019)
- > Reclassification of promissory notes (SSD) into current liabilities due to maturity in April 2021
- > Refinancing of promissory notes (SSD) of EUR 215m already been secured

> Working capital development FY 2020

Working capital ratio (in % of sales)*



Working capital development (in EUR m)*



- > Despite impact from Covid-19 working capital well below guided figure of -4% for FY 2020
- > Working capital development supported by stringent working capital management throughout the year

- > Decrease in inventories driven by high installation level in the last quarter 2020

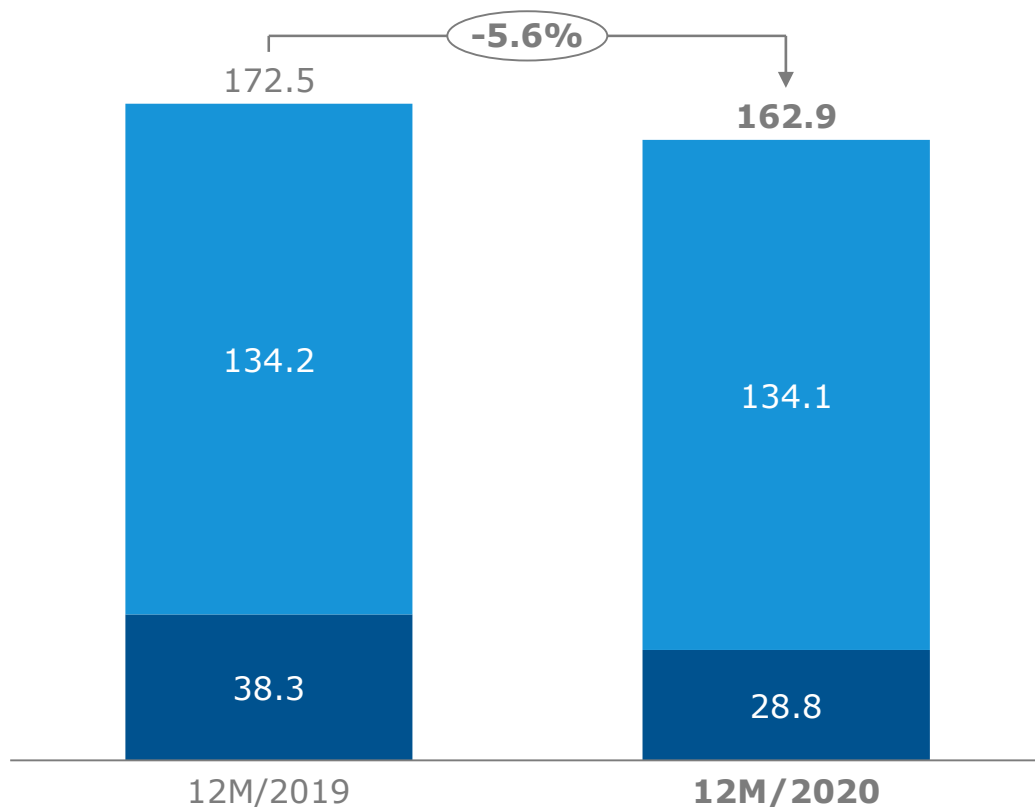
> Cash flow statement FY 2020

in EUR m (rounded figures)	FY 2020	FY 2019	Comments
Cash flow from operating activities before net working capital	-346	-157	> Cash flow from operating activities mainly influenced by the negative net result
Cash flow from changes in working capital	-6	195	> Cash flow from investing activities reflecting cash inflow from RWE deal received 2 nd November 2020
Cash flow from operating activities	-352	38	> Cash flow from investing activities also driven by ongoing expansion of supply chain and blade production
Cash flow from investing activities	232	-164	> Cash flow from financing activities largely impacted by capital increase in December 2020 and funds received from RCF and outflows from leasing payments, partial repayment of RCF and EIB facility
Free cash flow	-120	-126	
Cash flow from financing activities	406	31	
Change in cash and cash equivalents*	285	-95	

> Total investments FY 2020

CAPEX (in EUR m)

- Property, plant, equipment
- Intangible assets

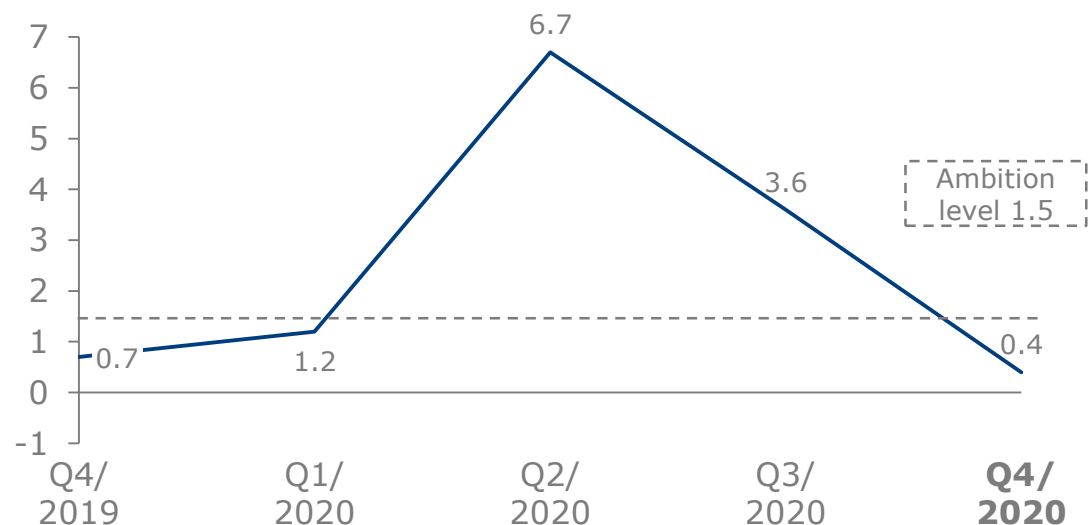


Comments

- > Investments in FY 2020 mainly consists of:
 - Investments in blade production facilities in Mexico, India and Brazil
 - Investments in installation and transport tooling and equipment
 - Investments in product development
- > Decrease in intangible assets because of lower level of development costs compared to previous year

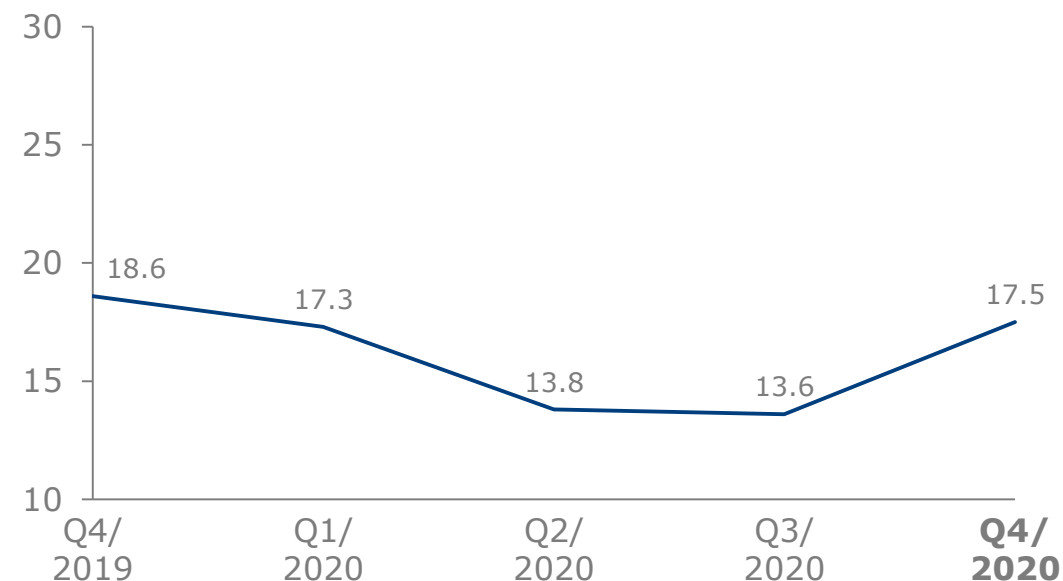
> Capital structure FY 2020

Net debt*/EBITDA**



- > At the end of FY 2020 leverage ratio well below own ambition level of 1.5 as expected

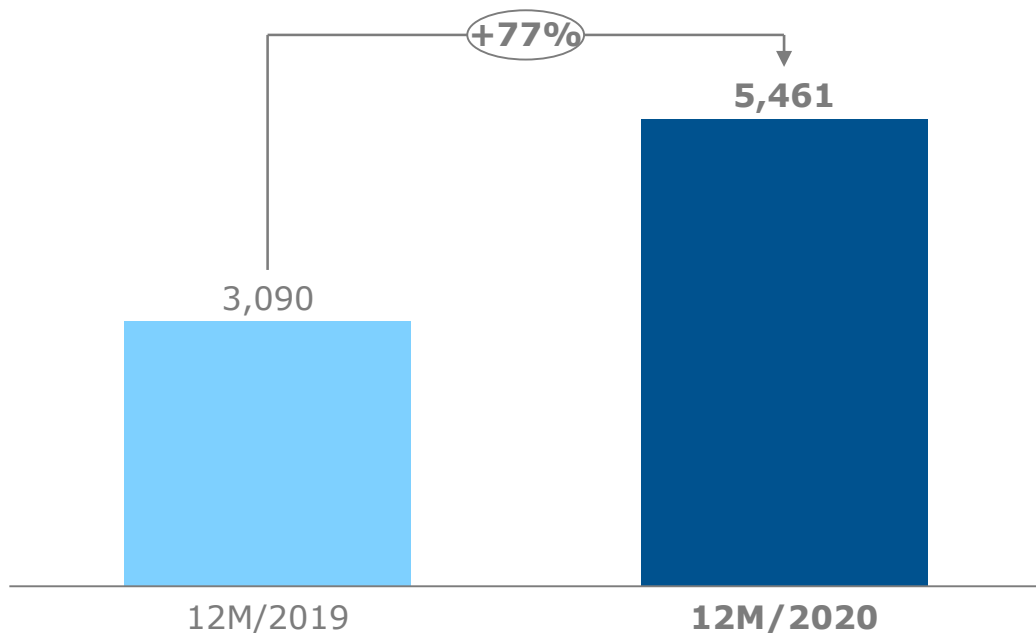
Equity ratio (in %)



- > Equity ratio increased towards year-end primarily driven by successful capital increase in December 2020

> Strong ramp-up in operations in FY 2020

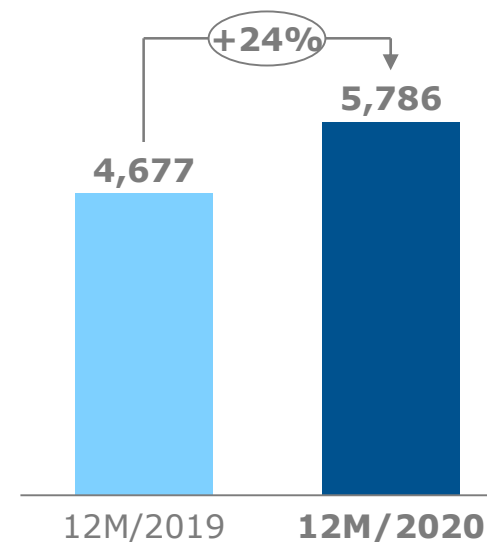
Installations (MW)



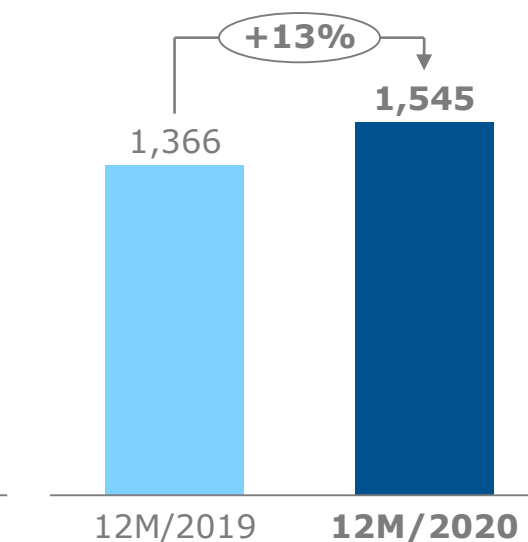
- > Total installations of 1,492 WTGs in 23 countries in FY 2020 (938 WTGs in previous year)
- > Geographical split: 46% Europe, 30% North America, 19% Latin America and 5% Rest of World

Production

Turbine assembly (MW)



Inhouse blade production (#)

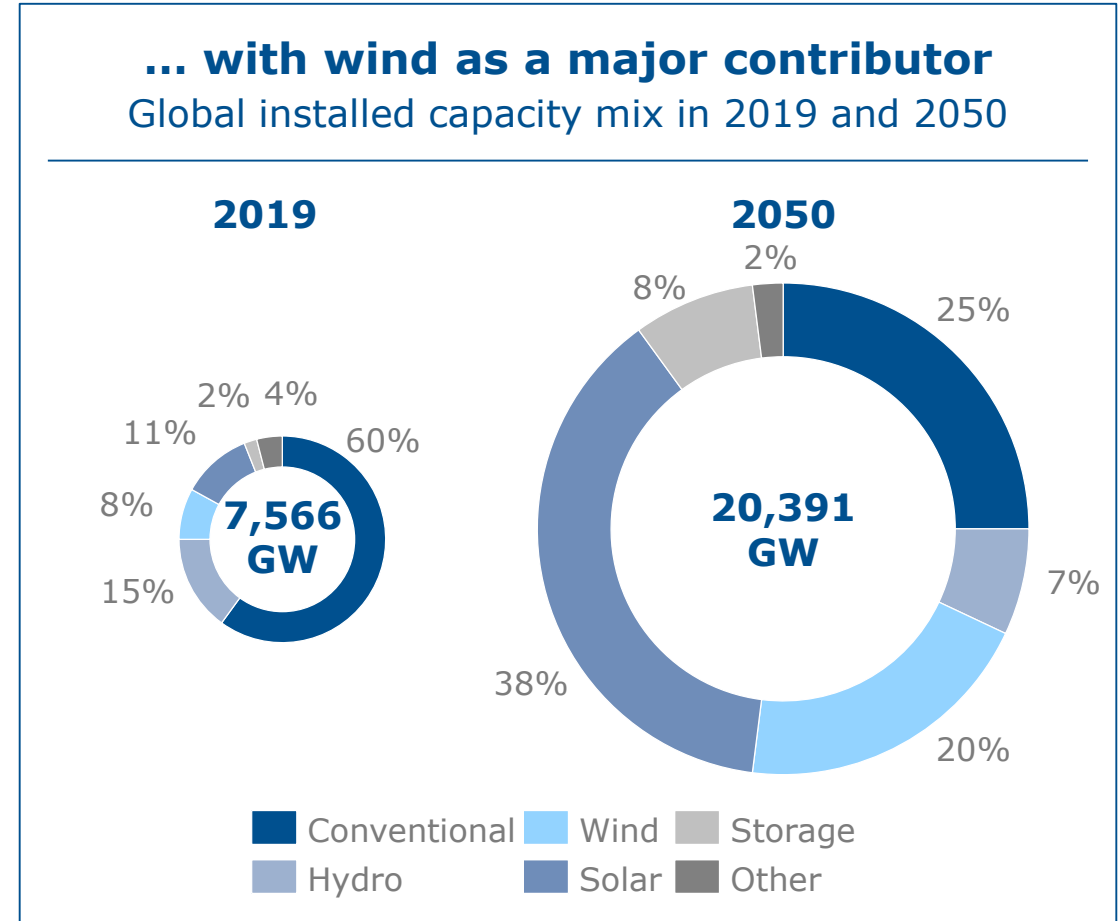
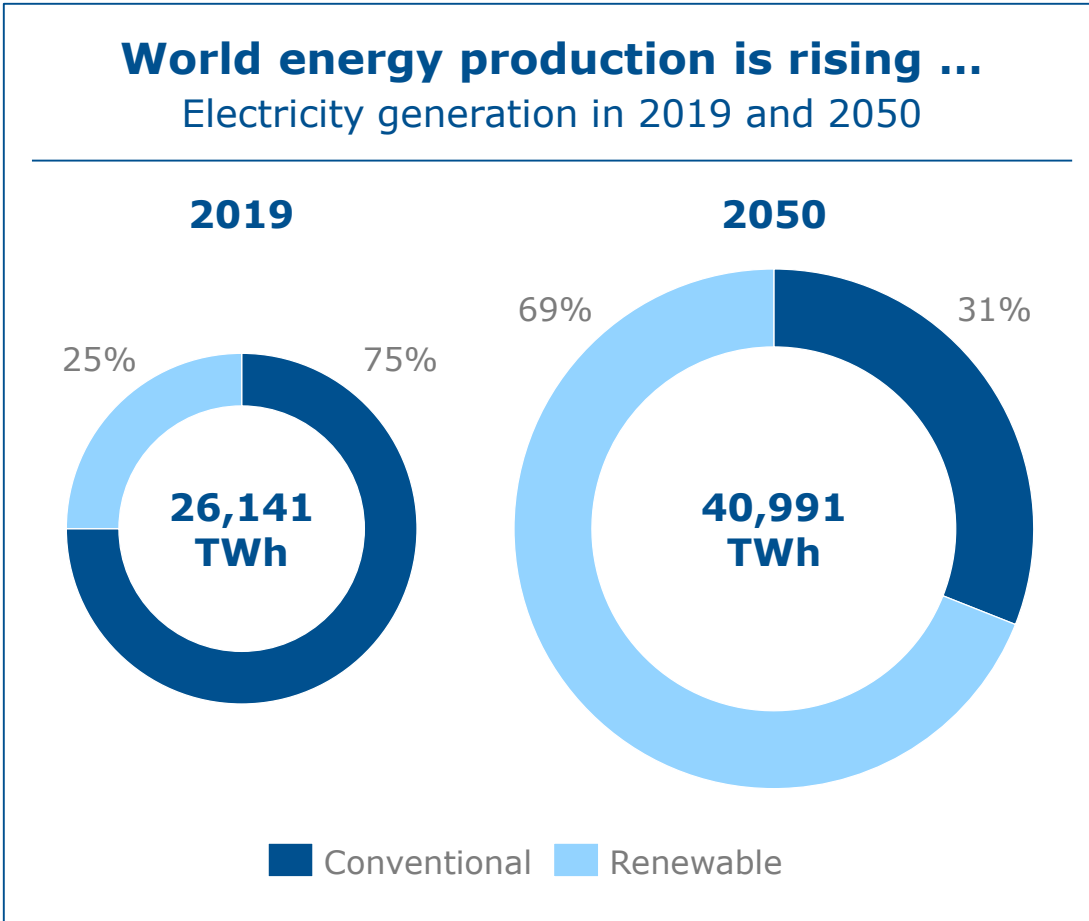


- > Output turbines totaled 1,488 units in FY 2020: 802 GER, 437 ESP, 160 IND, 79 BRA and 10 ARG
- > Inhouse blade production of 1,545 units in FY 2020: 724 GER, 369 MEX, 289 IND and 163 ESP
- > Outsourced blade production of 2,816 units in FY 2020 (previous-year period: 2,556 units)

> Guidance for FY 2021*

Sales:	EUR 4.7 – 5.2bn
EBITDA margin:	4.0 – 5.5%
Working capital ratio:	below -6%
CAPEX:	approx. EUR 180m

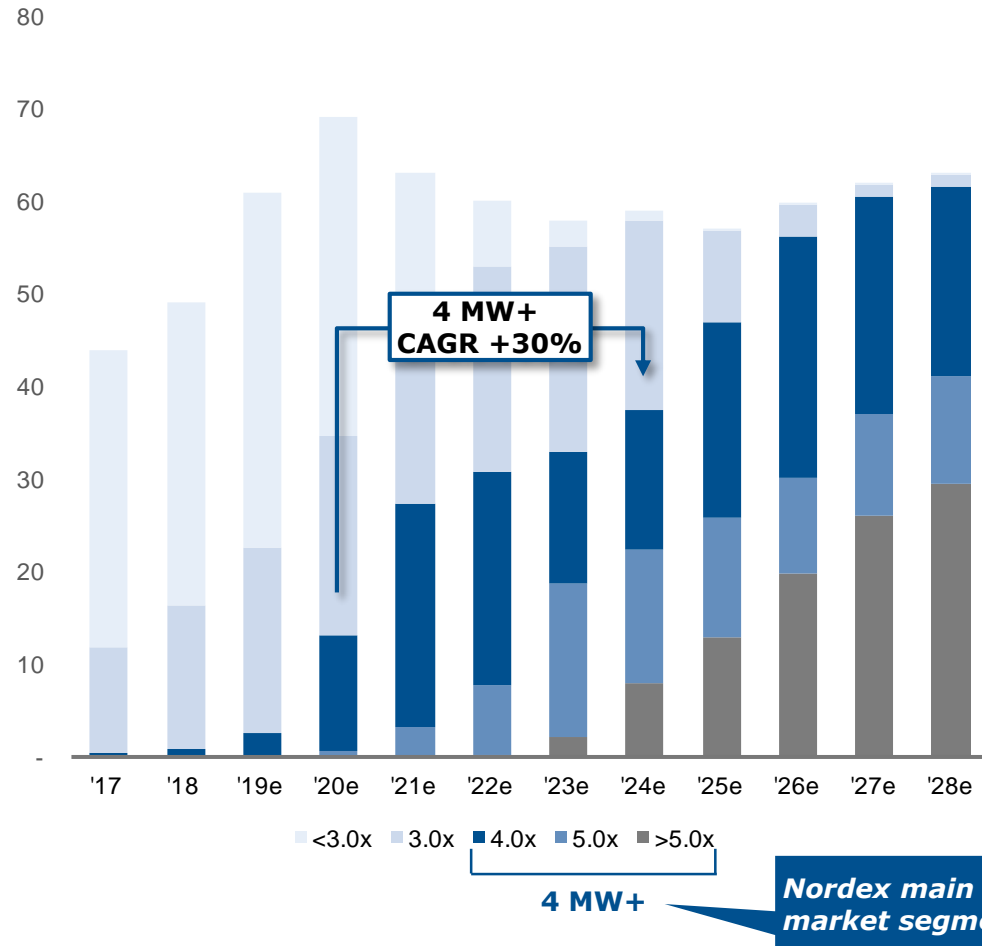
> Wind will be a prominent source as global energy production rises



Strong, continuous growth of onshore wind in the medium term expected

➤ Strong demand in 4 MW+ segment, driving revenue growth for Nordex

Woodmac Global Onshore Installation Forecast (GW)



Comments

- > Demand for 4 MW+ turbines expected to be very strong, growing at a CAGR of 30% from 2020 to 2024.
- > Nordex's Delta4000 is one of the most competitive 4 MW+ platforms in the market with the second highest cumulative order intake in 2020.*
- > Furthermore, Nordex order intake in 2020 consisted of 81% generated with the latest Delta4000 turbines.
- > Commercial success of the Delta4000 and forecasted strong demand for 4 MW+ turbines will support the revenue and profit profile of Nordex over the next 4 years.

➤ Strategic capacity expansion as part of comprehensive company program - India for Global Initiative

India for Global (I4G) marks **Nordex strategic initiative** to leverage its existing local expertise to increase Delta4000 production capacity in best cost countries.



- > Production from India is planned for export only and will support Nordex ambitions to grow further and to gain market share in the wind onshore segment globally.
- > Components from additional Indian capacity expected to create a significant cost advantage compared to other currently operating production locations.
- > Ramp-up of new capacity is going to benefit from existing infrastructure and staff.
- > Quality of products secured through European suppliers delivering their components also locally from India.
- > Well experienced management to run the initiative (COO and Head of Purchase Department both from India).
- > Additional new blade facility* starts operations in 2021. Existing blade and nacelle facilities already converted to produce Delta4000 platform. Necessary Capex considered in 2021 budget.

> Strategic targets for FY 2022

Sales: approx. EUR 5.0bn

EBITDA margin: 8%

Capacity: 6 GW+



Key takeaways

> Business performance in Q1/2021 still impacted by the ongoing Covid-19 pandemic and volatility in the market, expecting recovery in Q2/2021.

> Demand for new turbine Delta4000 platform remains on a promising level with strong focus on Europe and the Americas.

> Comprehensive company programme on track.

> Confirmation of strategic targets of around 6 GW+, approx. 5bn sales with 8% EBITDA margin by the end of 2022.

 **Contact details**

**IF YOU HAVE ANY QUESTIONS PLEASE
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