

NORDEX SE
Annual General Meeting
5 June 2018 in Rostock

Speech:

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Chief Executive Officer of Nordex SE

Please check against delivery.

Dear Shareholders,
Ladies and gentlemen,

On behalf of the entire Management Board, I would like to welcome you to the Annual General Meeting of Nordex SE.

2017 was a very challenging year for Nordex as the wind industry is undergoing profound and lasting structural change. These changes had a major impact on our business performance in the past year and put a heavy strain on the resources of management and all members of staff. For me personally, this means that I have not been able to improve my language skills enough to speak to you in German today, ladies and gentlemen. Please understand that I will therefore give my report in English.

Let me explain in a little more detail the changes within our industry I mentioned before. The switch from a system of feed-in tariffs to auction markets has led to intense competition, which has put sustained pressure on prices as well. Although we were able to slightly increase the nominal output of newly installed wind turbine systems to 2.7 gigawatts in 2017 and lift our turbine production by around 16 percent, intense competition and persistent pressure on prices resulted in a year-on-year decline in sales. What matters, however, is the fact that, despite these trends, we managed to meet our full-year targets for the 2017 financial year.

Our strategy in 2017 focused on kicking off important developments and actions and making Nordex weatherproof for 2018 and the years to come.

Our first measure was to accelerate our product development, which enabled us to launch our new, competitive four-megawatt Delta4000 platform in September 2017. We firmly believe that we will reclaim our technology leadership within the industry with this product. The Delta4000 system has been designed to have a low cost of energy from the outset and is now being marketed globally. Since we have been receiving plenty of positive feedback from our customers, we in principle expect the first orders to be placed from mid-year.

We have invested as well in upgrading our best-selling platform with two new products for our global markets: the new AW132/3300 and AW140/3000, which feature market-leading capacity factors and rank in the top 3 best-selling products in the 3-4 MW segment.

Let me emphasize at this point that we are focusing exclusively on the onshore markets, where we continue to see good long-term growth prospects.

Our second focus was on initiating and implementing cost-cutting measures. One year ago, we presented our "30 by 18" program aimed at a sustainable reduction in our cost base. During 2017, we decided to expand the program with the goal of permanently saving 45 million euros annually in structural costs. We fully implemented the measures required for this in the past year. However, this inevitably involved job cuts, which primarily affected our headquarters in Hamburg. I am very pleased that we managed to do this in a socially acceptable manner, in agreement with the employees concerned and the respective committees. I would like to express my sincere thanks and respect to all those involved.

We also started work on our third important building block in the year under review, namely improving planning security and transparency in our funding. We completed this project in early 2018 by issuing our bond for refinancing. We prematurely repaid a tranche of our Schuldschein loan due in 2019, thus significantly extending our maturity profile. The bottom line is: We secured our funding for the next few years, which gives us mid-term financial stability until 2020.

We also successfully set up our internal program for optimizing working capital and will complete this program in the current year. Our goal is to achieve a sustainable improvement in cash flow. One of our objectives in this context is to secure better payment terms with our suppliers. In terms of inventory, we are enhancing our supply chain flexibility and reducing our component and raw material inventory, while optimizing the management of spare parts.

Our company is increasingly benefiting from the merger of the "old" Nordex with Acciona Windpower. Integration has been successfully completed, the processes of both companies are delivering synergies, and we are benefiting from the expertise of both companies. Today, we have a global presence in all of our relevant growth and volume markets. Our key objective is to continuously lower the cost of generating energy with wind power. In doing so, we aim for sustainable, annual cost reductions in the high single-digit percentage range. Our team comprises almost 300 members of staff who are steadily working on improvements ranging from the optimization of production processes to efficiency gains in technology.

The last important ongoing initiative was the supply chain transformation for our company. In our project business, it is

particularly important to adapt our capacities to demand while remaining as flexible as possible. The capacity follows the demand in size and in location. Demand for our products is global, which requires global procurement as well. For this reason, we continue to increase our focus on international procurement and production – primarily in Asia. In India we are starting to produce nacelles and blades for local and global demand. At the same time we are ramping up China as a second source of blades as we had to phase out our biggest European supplier for blades due to lower demand in Europe and especially in Germany. This enables us not only to lower costs across the entire supply chain, but also to optimize project lead times for the benefit of our customers. The requirements and wishes of our customers always determine the direction of our business. We want to enable our customers to win auctions and successfully complete projects.

Now I would like to turn briefly to market trends and then to business performance in 2017. After that, I will summarize the developments in the first quarter and present our expectations for the 2018 financial year.

Market development in 2017/2018

For Nordex SE, the financial year 2017 was dominated in Germany by the switch from fixed electricity feed-in tariffs to an auction based system with limited tender volumes. In all three auctions that we saw in Germany in 2017, more than 95 percent of the tendered volume was awarded to so-called civic energy companies. Two facts apply to these projects: to participate in the tenders they do not require a building permit under the German Federal Immission Control Act, and

construction may take up to 54 months instead of the usual 24 months granted for implementation. Civic energy companies first need to develop and obtain approve for their projects before they can award a contract to a turbine supplier like us. An application for a building permit alone can easily take up to twelve months, sometimes even longer. We therefore do not expect to win any contracts from these tenders in Germany during this period. In summary, this means that this year's installation volume will be significantly lower than in 2017. As we already reported, we expect a drop of approx. 600 million euros on our sales in 2018.

Four auctions, each for 700 MW, are planned for 2018. Requirements for participation in the auctions have been changed so that all participants in the first two auctions in 2018 had to present a valid building permit. However, this decision is still pending for the auctions planned in the second half of the year. Moreover, additional volumes totaling 1.4 gigawatts are anticipated for the third and fourth auction. A decision is expected to be made shortly.

Overall, we believe that the German market will remain challenging in 2018 and 2019. We are convinced that our new Delta4000 turbine will have a positive impact on our business performance from 2020 onward. We also expect the German market to recover significantly starting in 2020, with the outlook remaining positive in the medium to long term as well. The new federal government reaffirmed its intention to lift the share of total electricity generation attributable to renewables to 65 percent by 2030.

Outside Germany, positive growth prospects are already emerging in a number of markets. The Spanish market, for example, made a

comeback in 2017 with the tender for four gigawatts after it had seen no significant new installations in previous years. Overall, we at Nordex see good opportunities for benefiting from the recovery of our second home market.

France is and remains an important market to us, in which we are also involved in upstream project development. This means that we are developing our own portfolio of wind farm projects, which we then resell to customers or investors. The project development pipeline currently comprises more than two gigawatts.

Also Sweden and Turkey continue to play an important role for us.

I would now like to discuss markets outside Europe. At last year's annual general meeting, I talked about changes in our business in South Africa, where our positive performance had stalled due to the lack of signatures for power purchase agreements from the state-owned energy supplier Eskom. Only after President Zuma resigned in early 2018 and a new government was formed, were the outstanding contracts signed by the new government on 4 April 2018. At the end of April, we were therefore able to announce our first order received, the "Roggeveld" project with a volume of 147 megawatts. Projects with a total volume of some 250 megawatts are still outstanding, and we expect these to come online in the second half of the year.

India is going to be one of the biggest markets worldwide and will also be an important market for Nordex, with large tender volumes expected in the upcoming years. Australia, where we have opened a branch in 2017, is also emerging as a market with growth potential. There we are connecting our first project to the grid.

Finally, I would like to briefly discuss our assessment of the markets in North and South America.

The US will remain a key market for us. Our market share in the world's second largest market is currently around 11 percent. We anticipate a high level of activity for us this year, with an installation volume matching last year's figure of more than 700 megawatts. This assessment is based on the contribution made by three major projects, the construction of which will begin in summer. High volumes and intense competition remain the two main characteristics of the US market.

We also expect positive trends in Canada, Mexico, Chile and Argentina, which are likely to put significant volumes out to tender during the year, thus demonstrating their medium-term potential.

And last but not least, there is also positive news to announce from Brazil. After Brazil had initially canceled its tenders in December 2016, a volume of 1.4 gigawatts has been tendered in the meantime. This will create strong momentum for the market and ensure a high level of activity. The next tender is announced to take place by the end of August 2018.

We believe that the medium-term outlook for our industry and thus for Nordex is positive. Wind energy has increasingly proven to be an established and efficient source of energy. While turbine output in the mid-1980s was just 55 kilowatts, we have now entered the four-megawatt class. Structural changes have also given a major boost to competitiveness. As a result, wind power today is one of the most cost-efficient sources of energy in most of our markets when it comes to new production capacity. We will make a great effort to continue pursuing this course because price remains a key competitive factor in addition to

solid, long-term relationships with customers, the right product strategy and a suitable range of services. This also applies when comparing wind energy to traditional energy sources such as coal or nuclear energy.

As already demonstrated the challenge for our customers, for our industry and for Nordex is not any longer the cost of energy. New installed onshore wind energy is the most competitive source of energy. The challenge today is to show the value of the renewable energy, especially wind energy, for society. Policy, especially in carbon pricing, price stabilization mechanism to protect existing and new investments, proper auction design, not only price but price over 24 hours, benefits for a more efficient grid deployment, installing onshore wind energy close to the consumers etc. are very important for our customers and subsequently for us. So we need to do an extra effort as industry to properly communicate the great value that our industry brings to society. Recognising the support received in the past we are very competitive today, and we can bring back great value. This great accomplishment at the same time can be very challenging for other sectors, so we need to be persistent in our communication efforts.

Ladies and gentlemen, I would now like to discuss our business performance in 2017.

Business performance in 2017

Last year we – my fellow board members CFO Christoph Burkhard, CSO Patxi Landa and myself - joined forces to weatherproof Nordex for challenges in 2018 and 2019 as well. As already mentioned, we can look back on what has been a successful year operationally, which saw the introduction of the new Delta4000, the completion of the cost reduction

program, the refinancing of our company and the launch of the working capital program. Overall, we closed the 2017 financial year in line with our expectations, despite the sweeping structural changes in the wind industry.

At this point, I would like to take the opportunity to thank our employees for their great dedication, their passion and their excellent work.

In 2017, we generated sales of just under 3.1 billion euros, compared with 3.4 billion euros in the previous year. Almost 2.8 billion euros in sales were attributable to the turbine business and nearly 311 million euros to the service sector. Overall, we met our sales expectations announced in November 2017, although we adjusted our estimates slightly downwards due to project postponements.

The gross profit margin improved by two hundred basis points to 26.6 percent. A major reason for this improvement is the reduction in cost of materials, which is attributable both to measures we introduced to reduce energy generation costs and the successful implementation of projects.

Earnings before interest, taxes, depreciation and amortization (EBITDA) came to 200.7 million euros after 285.5 million euros in the previous year. This translates to an EBITDA margin of 6.5 percent after 8.4 percent in the previous year. Let me take this opportunity to discuss an exceptional item. I already outlined our program to lower structural costs. Implementing these measures resulted in one-off costs of just over 41 million euros. Excluding these costs, both EBITDA at 242 million

euros and the EBITDA margin at 7.9 percent are within our guidance range.

Earnings before interest and taxes (EBIT) amounted to 43.4 million euros as a result of the non-recurring items I just described, and higher depreciation and amortization. Excluding these items, EBIT would have amounted to 106.3 million euros compared to 168.3 million euros in the previous year. We closed the year with a consolidated profit of 0.3 million euros on group level.

Our balance sheet structure was solid at the end of the year, demonstrating the stability of our company. The equity ratio increased from 31.4 percent to 32.7 percent. Nordex also had a strong cash position of 623 million euros.

In our project business, capital tied up is of particular importance. This is especially true for working capital in operations. At the beginning of my presentation, I spoke about the program we initiated, including the measures taken. We intend to complete this program by the end of this year. The working capital ratio at the end of the year 2017 was 5.3 percent, which is within our guidance corridor.

In the financial year 2017, we accelerated product development, mainly of the Delta4000, the AW132/3300 and the AW140/3000, all of which were launched on the market. We also invested in optimizing our supply chain, in our nacelles and rotor blade production in India and in China as second source of blades.

Overall, capital expenditure amounted to 144.3 million euros. While this figure was significantly higher than in the previous year, it remained in

line with our guidance. We will continue to invest going forward, but not as much as in 2017.

Let me now discuss some key operating figures: As I mentioned at the beginning of my presentation, we were able to slightly increase our newly installed capacity from 2.6 gigawatts to 2.7 gigawatts in 2017. This means that we constructed 932 new turbines in 16 countries. Our global share of the onshore market – excluding China – was 9.0 percent after 9.3 percent in the previous year. As in 2016, this puts us in fifth place worldwide.

The order book in the turbine business contracted from 2.2 billion euros in 2016 to just under 1.7 billion euros in the reporting year. This trend is mainly attributable to the lack of orders from Germany, which resulted from the switch to the auction method. Our portfolio is regionally diversified and reflects the global positioning of our company, with Europe accounting for 50 percent, North America for 24 percent and Latin America for 22 percent.

Order intake in the turbine business ran up to 2.2 billion euros compared to 3.3 billion euros in the previous year for the reasons mentioned before.

Services are a strategically important component of our business, as they are characterized by a high level of stability, attractive margins and long-term contracts. Our service business also ensures that we remain in close contact with our customers. In 2017, its share of sales already exceeded 10 percent, with sales from the service business increasing by 14 percent from just under 272 million euros at the end of 2016 to just under 311 million euros. At the end of 2017, our service contracts covered some 6,860 turbines with a total output of 16.4 gigawatts – and

this figure is trending upwards. Service contracts have a high renewal rate of 84 percent. We will continue to emphasize our service business going forward.

Order intake in the service business increased from 518 million euros in the previous year to 557 million euros at the end of 2017, resulting in current service contracts with a volume of just under two billion euros.

We started 2018 with a total order book for new turbines and maintenance contracts amounting to 3.7 billion euros, which was just below the previous year.

Outlook on 2018

We used 2017 to prepare ourselves specifically for the challenging year 2018, and we are confident that we will achieve our goals. We expect the Nordex Group's consolidated sales for 2018 to come in at 2.4 to 2.6 billion euros. This year-on-year decline in sales is mainly due to the temporary dip in orders in the German market. We reported that we expect a drop in sales in Germany of approx. 600 million euro in 2018. We expect Germany to recover, probably in 2020.

We have been following our competitors announcing price stabilization, so we expect to see the same trend for us in the next quarters.

This environment is also having an impact on our expectations regarding the EBITDA margin. In general, the volume of business also plays a significant role in this context. Taking this into account, we

expect the EBITDA margin to reach a target corridor of four to five percent.

In addition, our program to improve working capital will have a positive impact given the measures we have initiated. We therefore expect a working capital ratio of less than five percent by the end of 2018.

I already told you about the high level of capital expenditure for new products in the past year. Our 2018 budget therefore anticipates lower capital expenditure of around 110 million euros.

Q1/2018

On 15 May 2018, we presented our figures for the first quarter of the current year and reported on our start to the new financial year.

With sales of just under 490 million euros, we made a solid start to 2018 that was in line with our expectations. Sales were down year-on-year due to the low order intake in 2017, which I already mentioned. Just under 79 million euros of sales was attributable to services, which saw an eight percent increase compared to the previous year. At 4.1 percent, the EBITDA margin is within the target corridor, despite the decline in sales.

In the first quarter of 2018, we generated an order intake for projects of just over one gigawatt, most of which will be realized in 2019. Europe accounts for just over 520 megawatts and the Americas for 486 megawatts of this figure.

Production output in the first quarter was fairly low given the order situation. We have a flexible production model and always manage production in line with our binding delivery obligations and expect it to increase as the year continues.

We also bolstered our product portfolio with the launch of the N133/4.8 turbine from the Delta4000 product series. This turbine has been specially designed to operate at sites with high winds and generates 39 percent more yield than its predecessor. It features a flexible control system that takes customer requests and location-specific conditions into account.

Overall, we expect performance to vary from quarter to quarter in 2018. Installation and sales figures will be higher in the second half of the year than in the first two quarters.

Please let me finish by once again summarizing the most important aspects of our business development:

- We are pursuing the right product strategy and have strengthened our portfolio with the new Delta4000 N133/4.8 turbine for high-wind sites.
- Refinancing in time successfully completed.
- Nordex is a global player with a presence in all important growth and volume markets.
- The enhancement and transformation of the supply chain aimed at boosting competitiveness is progressing as planned.
- The wind industry's long-term growth prospects are attractive and favor Nordex's business model.
- The bottom line is: Nordex is well prepared for 2018.

At this point, I would like to briefly mention that this year we published our second sustainability report, which describes our sustainable corporate governance.

I would also like to thank you for placing your trust in us. I am aware that the changes in the industry and the performance of our share price are putting your patience to the test. We are working to ensure that you as shareholders also benefit from the fundamentally positive outlook for our industry and Nordex in the long term.

I would also like to thank our business partners, employees and employee representatives.

I now look forward to your questions and the discussion with you. Thank you very much for your attention.

Thank you