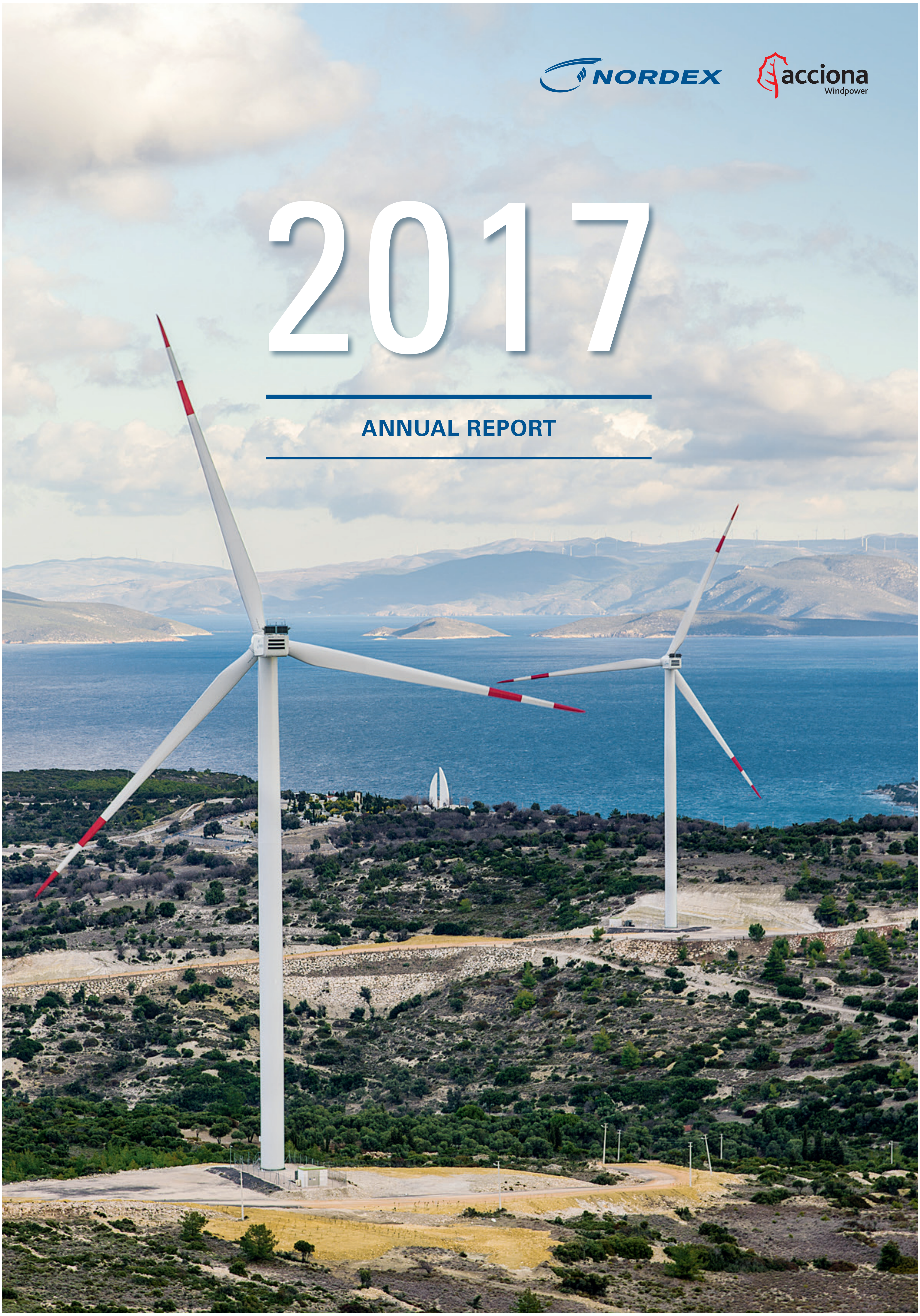
NORDEX

acciona Windpower

2017

ANNUAL REPORT



KEY FIGURES AT A GLANCE

Key figures Nordex

		2016	2017	Change
Earnings				
Sales	EUR million	3,395.0	3,077.8	–9.3%
Gross revenue	EUR million	3,395.4	3,127.4	–7.9%
EBITDA [1]	EUR million	285.5	242.0	–15.2%
EBIT	EUR million	168.6	43.4	–74.3%
Cash flow [2]	EUR million	114.4	–10.8	–109.4%
Capital expenditure	EUR million	102.4	144.3	–40.9%
Consolidated net profit for the year	EUR million	95.4	0.3	–99.7%
Earnings per share [3]	EUR	1.03	0.00	–100.0%
EBITDA margin [1]	%	8.4	7.9	–0.5 pp
Working capital raio	%	4.1	5.3	1.2 pp
Statement of financial position				
Total assets as at 31 Dec.	EUR million	2,994.2	2,807.6	–6.2%
Equity as at 31 Dec.	EUR million	940.0	919.0	–2.2%
Equity ratio	%	31.4	32.7	1.2 pp
Employees				
Employees as at 31 Dec.		5,129	5,260	2.6%
Staff costs [1]	EUR million	289.9	359.2	23.9%
Staff cost ratio	%	8.5	11.7	3.2 pp
Company-specific performance indicators				
Order intake	EUR million	3,302.2	2,216.1	–32.9%
Installed capacity	MW	2,622	2,699	+2.9%

[1] adjusted for non-recurring restructuring costs for 2017
[2] Cash flow = change in cash and cash equivalents
[3] Earnings per share = basic, based on average weighted shares for 2017: 96.982 million shares (2016: 92.792 million shares)

3 FIGURES
FOR THE FINANCIAL YEAR 2017

2.7
Gigawatts

INSTALLED CAPACITY
IN 16 COUNTRIES

280
Service locations

EXTENSIVE PRODUCT
AND SERVICE PORTFOLIO

45-BY-18
Cost efficiency

REDUCTION OF
STRUCTURAL COSTS

NORDEX acciona Windpower

FIND OUT MORE ONLINE
www.nordex-online.com/en

3 PATHS TO SUCCESS
THE NORDEX VALUE CHAIN

Nordex is an integrated, global supplier of innovative, multi-megawatt onshore wind turbine systems. The core of its business is the development of complete systems, including the control software and central components, as well as wind turbine-related services. The supply chain consists of a balanced mix of in-house production and sourcing from third parties. Nordex's relatively limited vertical integration allows it to ideally manage its capital commitments and react flexibly to new market trends.

1 SALES AND PRODUCTION

The heart of Nordex

Sales are conducted based on successful product development (R&D). Nordex assists and supports its customers (primarily wind farm developers and operators) with their planning from an early stage. Production begins once a contract has been awarded. In-house manufacturing focuses on the assembly of nacelles and hubs as well as the production of a significant part of the rotor blades. Supply parts are purchased via a global network.

Line production for turbine assembly, efficient processes in rotor blade production and an intensified common parts strategy ensure lean manufacturing.

2 SUPPLIER LOGISTICS

Sophisticated system integration concept

Nordex involves suppliers in product development at an early stage. Development partners supply the majority of wind turbine components (gearboxes, generators, converters). Independent blade producers supply additional rotor blades manufactured according to Nordex specifications to supplement in-house core production.

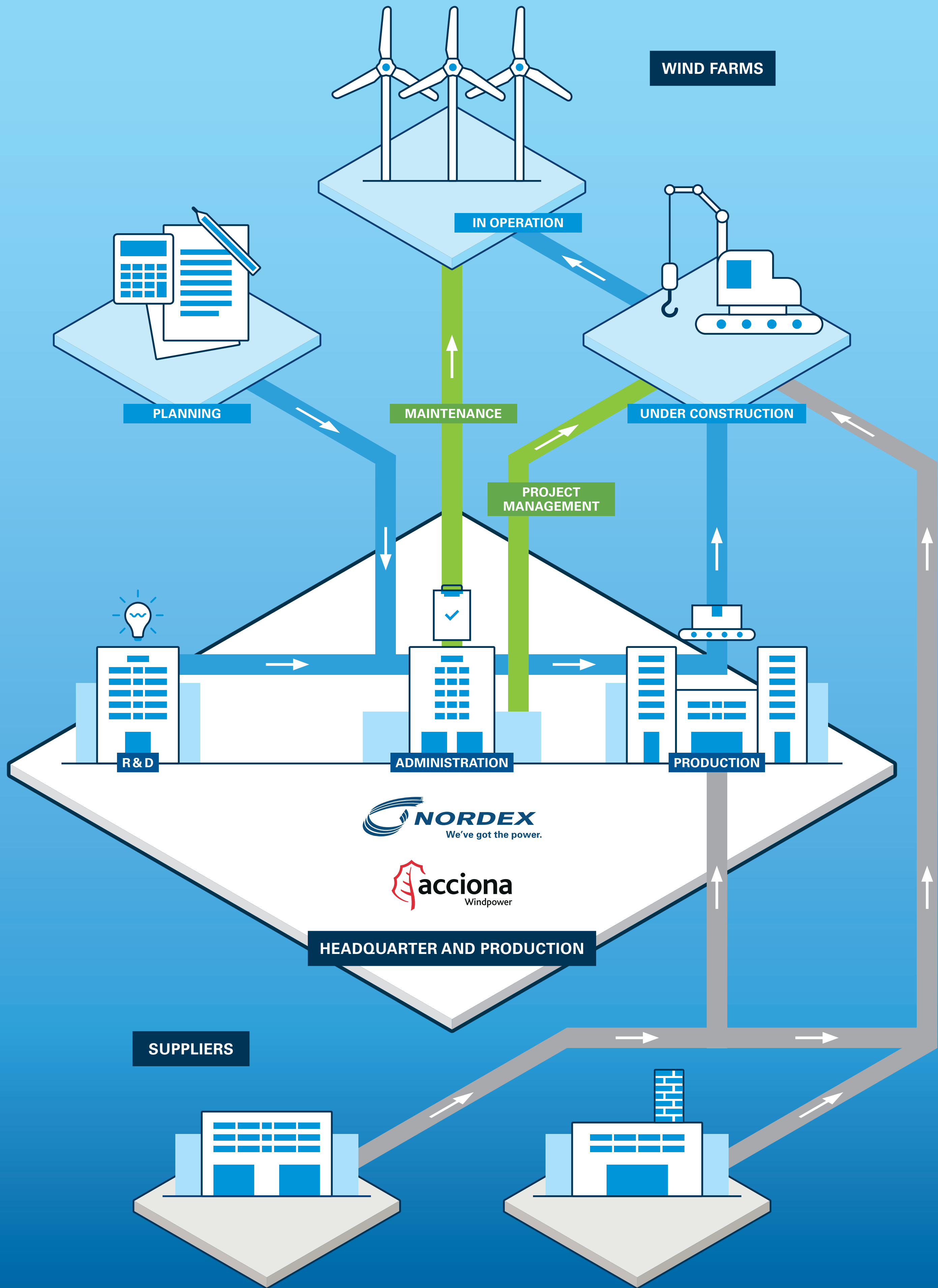
Optimizing the supply chain for new wind farms on all continents to fit the exact requirements of specific projects becomes increasingly important in a highly competitive environment.

3 MAINTENANCE AND PROJECT MANAGEMENT

Extensive services for customers

If requested and instructed to do so by the customer, Nordex manages and supports the entire project from planning and design and the coordination of all activities connected with assembly all the way to (turnkey) handover and commissioning of wind turbines. Yet this is far from the end of the process!

Nordex provides an extensive service with complete technical support for the ongoing operation of installed wind turbines. Service contracts are generally entered into over a period of several years and are an important factor in customer relationships.


WIND FARMS
IN OPERATION
PLANNING
MAINTENANCE
UNDER CONSTRUCTION
PROJECT MANAGEMENT
R & D
ADMINISTRATION
PRODUCTION
NORDEX
We've got the power.
acciona
Windpower
HEADQUARTER AND PRODUCTION
SUPPLIERS

CONTENT

To our shareholders

Combined Group Management Report

Consolidated financial statements

Notes

LETTER TO THE SHAREHOLDERS

JOSÉ LUIS BLANCO
Chief Executive Officer

Dear Shareholders and Business Partners,

The far-reaching changes in the wind industry impacted Nordex in the 2017 financial year. The stiff competition unleashed mainly by the replacement of feed-in tariffs with auctioning systems is making itself felt. Although we lifted the nominal output of the newl installed wind turbines to 2.7 GW in 2017 and increased production by 16 percent or 426 more MW, our sales declined. Still, we finished the financial year now ended in line with expectations.

Wind power is becoming increasingly competitive and is already the cheapest source of power in most of the markets! This trend will have a long-term, positive impact on our industry. However, it is also true that our profitability as a manufacturer is down temporarily during this transition phase, as a result of intensified competition. In the coming years, it will be progressively possible to fully compensate for the price pressure at the auctions with a correspondingly lower cost of energy.

We initiated important developments and actions in 2017 to make our company weatherproof for 2018. Our top priority is new products, whose market launch we accelerated and which will make Nordex a technology frontrunner in its sector once again. Of this I am certain. The new top-of-the line Delta4000 4 MW one of the highest nameplate platform is designed to have a low cost of energy from the outset and is now being marketed around the world. The same applies to the new AW 132/3300 and AW 140/3000, which are some of the highest capacity factor turbines in the market.

By implementing the “45-by-18” program, we significantly and sustainably reduced our structural costs. However, this inevitably involved job cuts, mostly at our headquarters in Hamburg. I am happy that we managed to do this in a socially acceptable manner, in agreement with the parties concerned and with the bodies and committees. While these measures aimed at achieving savings of EUR 45 million from 2018 onward were fully implemented in 2017, we naturally continue to keep a close eye on our cost base. We also put our financing situation for the coming years on an even firmer footing. With the bond we issued at the beginning of 2018 for refinancing purposes, we significantly extended the maturity profile of our borrowings. Moreover, in 2018 we will benefit considerably from our actions to reduce working capital, which will give a boost to our cash flow and liquidity.

Steps like cost-cutting, refinancing and the working capital program will allow us to focus all our efforts on our core operations in 2018. We are customer-driven and exploit all of the opportunities that arise in existing markets and promising new markets. We are continuing to systematically implement our successful cost of energy measures and are pushing ahead with the start of production for our new turbines.

All the same, 2018 will remain a year of transition in which both revenue and profit margins will decrease in line with expectations. In our forecasts we project sales of between EUR 2.4 and EUR 2.6 billion with an EBITDA margin of 4–5 percent. The slump in demand in Germany is essentially responsible for the drop in sales. Orders for civic wind farms, which accounted for virtually the entire volume of last year’s auctions, are not expected to be placed for quite some time due to the four-and-a-half-year implementation periods for these projects. This year we aim to bring our working capital ratio down to below 5 percent; at around EUR 110 million, capital expenditure will be lower than in 2017, as announced.

I firmly believe we have tremendous opportunities, because wind energy has finally progressed beyond the nursery stage and is becoming a mainstream source of energy. For us it’s all about making our customers’ projects a success, thereby ensuring a sustainable supply of clean energy in industrialized countries and emerging economies. The demand is there and provides considerable potential.

Now the implementation of all our projects, programs and efforts is in the hands of our employees on all continents, who are tackling the challenges with great passion and commitment and are embracing the rapid, lasting change. I would like to extend warm thanks to my colleagues for this.

Our objective is that you, our shareholders, will also benefit once we finalize our transformation program of creating a top global competitive player with a positive long term outlook. Thank you for your confidence in our work.

Yours sincerely,

José Luis Blanco
Chief Executive Officer

Hamburg, March 2018

MANAGEMENT BOARD

SINCE 1 APRIL 2017

Managers and wind experts – The top management of Nordex SE is characterized by many years of international experience in the power industry. Their specialty: wind power know-how.

JOSÉ LUIS BLANCO

Chairman of the Management Board (CEO)

Mr Blanco was born in 1970. He began his professional career in 1993 at Industrias Ferri, later going on to join Gamesa, where he assumed various executive positions and roles within the Management Board from 1997 to 2002. Among these were the roles of Managing Director at Gamesa Eolica USA, of COO at Gamesa USA, and of Engineering Director, CEO and Gamesa Offshore Director at Gamesa Solar. In 2011, he was appointed to the position of Chief Customer Officer and member of the Management Board of Gamesa. José Luis Blanco joined the Management Board of Acciona Windpower in 2012. He has been a member of the Management Board of Nordex SE since the Company took over Acciona Windpower in April 2016, and in this capacity is currently responsible for operations (COO). Subsequent to Lars Bondo Krogsgaard's withdrawal from the position, José Luis Blanco was appointed Chairman of the Management Board on 17 March 2017.

- PADE Senior Management Program, IESE Business School, Madrid, Spain
- Management Program in Strategy & Operations Management, Caixavigo Business School, Vigo, Spain
- Degree in Industrial Engineering (and an MSc in Mechanical Engineering), Vigo University, Spain

CHRISTOPH BURKHARD

Chief Financial Officer (CFO)

Mr Burkhard was born in 1964. He began his career as an analyst for the European Commission in Luxembourg before going on to join BHF Bank in Frankfurt. Later roles included positions with BHF Bank in the Czech Republic (Prague) and at the European Bank for Reconstruction and Development (EBRD) in Russia (Samara and Togliatti). In 1998, he relocated to Munich to take up a job at Siemens Financial Services, where he spent six years structuring and negotiating project and export financing for Siemens' operational units. In 2004 he took on an executive position within major project operations at what was then Siemens Mobile Networks, before later moving to Siemens' headquarters to work within corporate strategy. In 2008, he was appointed CFO for the EMEA region of Siemens Wind Power's onshore unit. In 2011, he became CFO of the offshore wind unit at Siemens AG, assuming global responsibility for this business area until his departure from the company to join Nordex on 1 September 2016.

– Master of Science, London School of Economics (LSE)
– Diplom-Kaufmann (equivalent to a Master's degree in Business Administration), Universität Tübingen

PATXI LANDA

Chief Sales Officer (CSO)

Patxi Landa was born in 1972. His career began with positions at engine manufacturer Guascor and technology group Azkoyen. In 2002, he joined the Acciona Group, where he served as Managing Director of Acciona Energy Australia and of Acciona Solar Power in the US. In 2007, he went on to become Business Development Director and member of the Management Board at Acciona Windpower. He has been a member of the Management Board of Nordex SE since April 2016, and in this capacity is responsible for Sales.

– Degree in Economics and Business Sciences, University of Navarra, Spain
– Master of Business Administration (MBA), EOI Business School, Spain
– PDG, General Management Program, IESE Business School, Navarra University, Navarra, Spain

SUPERVISORY BOARD

DR WOLFGANG ZIEBART, STARNBERG / GERMANY

Chairman of the Supervisory Board, Chairman of the Management Committee and member of the Strategy and Engineering Committee

Dr Wolfgang Ziebart studied Mechanical Engineering, later also completing a doctorate in the subject at the Technical University of Munich. He joined BMW AG in 1977, assuming numerous positions over the course of his career there, ultimately advancing to that of Management Board member responsible for development and procurement. In 2000, he was appointed to the Management Board of Continental AG, where he was initially responsible for the company's brake and electronics business and later advanced to become Deputy Chairman of the Management Board. Between 2004 and 2008, Dr Ziebart was Chief Executive Officer at Infineon AG, where his responsibilities included overseeing the spin-off of the company's memory chip business. He later moved to Jaguar Land Rover Automotive to assume the position of Director Group Engineering.

Dr Ziebart is Chairman of the Supervisory Board, Chairman of the Management Committee and member of the Strategy and Engineering Committee. He is also a member of the Supervisory Boards of ASML Holding N.V. in the Netherlands and of Autoliv, Inc. in Sweden.

JUAN MURO-LARA, MADRID / SPAIN

Deputy Chairman of the Supervisory Board, member of the Management Committee and member of the Audit Committee; Head of Corporate Development & Investor Relations Acciona S.A.

Juan Muro-Lara holds a degree in Business Administration & Management from the Colegio Universitario de Estudios Financieros (CUNEF) in Madrid, Spain. He began his career working in accounting for Banco de España. Between 1990 and 1992, he served as Assistant to the CFO of Afisa S.A. He then went on to join the Investment Bank UBS, working at its London and Madrid offices before being appointed to the role of Executive Director. In 2005, he assumed his current position at the Acciona Group.

Mr Muro-Lara is Deputy Chairman of the Supervisory Board and a member of both the Management Committee and the Audit Committee. He is also a member of the Supervisory Boards of the following Spanish companies: Compañía Trasmediterranea S.A., Acciona Energía Internacional S.A., Hijos de Antonio Barceló S.A., Acciona Global Renewables S.A., Bestinver Pensiones Entidad Gestora de Fondos de Pensiones S.A. and Bestinver Sociedad de Valores S.A.

JAN KLATTEN, MUNICH / GERMANY

Member of the Management Committee, Chairman of the Strategy and Engineering Committee; Managing Shareholder of momentum Beteiligungsgesellschaft mbH

Jan Klatten studied Marine Engineering at the University of Hamburg and Business Administration at the MIT Sloan School of Management. He held management positions in the automotive industry over a period of 15 years before setting up his own business in 1991. Mr Klatten is Managing Director of momentum Beteiligungsgesellschaft mbH, momentum-capital Vermögensverwaltungsgesellschaft mbH, momentum infra2 GmbH, momentum infra 4 Verwaltungs GmbH and Ventus Fonds Verwaltungs GmbH. He is also Chairman of the Strategy and Engineering Committee and a member of the Supervisory Board's Management Committee. Furthermore, Mr Klatten is Chairman of the Supervisory Board of asturia Automotive Systems AG.

CONNIE HEDEGAARD, COPENHAGEN / DENMARK

Member of the Audit Committee; Chairperson of the OECD Round Table on Sustainable Development

Connie Hedegaard holds a Master of Science degree in History and Literature. She was a member of the Danish Parliament between 1984 and 1990 and between 2005 and 2010, and also served as Danish Minister for the Environment (2004 – 2007), then as Minister of Climate and Energy (2007 – 2009). From 2010 to 2014 she was the European Commissioner for Climate Action. She is currently Chairperson of the OECD Round Table on Sustainable Development and, since 2015, has also chaired the KR Foundation, an international environmental organization. Since fall 2016, she has been a member of the Volkswagen AG Sustainability Advisory Board- Since February 2017, she has also chaired the Management Board of Aarhus University and the Administrative Council of CONCITO, a Copenhagen-based think tank working in the field of greenhouse gas reduction.

Ms Hedegaard is a member of the Supervisory Board's Audit Committee and a member of the Administrative Council of Danish company Danfoss A / S.

RAFAEL MATEO, TERUEL / SPAIN

Member of the Strategy and Engineering Committee; CEO Acciona Energía S.A.U.

Rafael Mateo studied Industrial Engineering at the School of Industrial Engineering of the University of Zaragoza, Spain, gaining a degree with distinction in 1982. In 1987, he went on to additionally complete a General Management Programme at the IESE Business School and, in 1995, a Management Programme at the INSEAD Business School. He began his professional career in 1982 at the Spanish utility company Endesa, holding numerous management positions until his departure in 2009. Among these was the role of Managing Director of endesa Chile, which he assumed in 2005, and that of CEO of endesa latinoamerica S.A, which he assumed subsequently and held until 2009. In 2010, he joined the Acciona Group. He began his career with the company as Managing Director of Acciona Energía and, in 2013, was appointed CEO of the Acciona Group, a position he still holds today.

Mr Mateo is a member of the Supervisory Board's Strategy and Engineering Committee. He is also Chairman of the Supervisory Board of Acciona Energía International, Spain, and a member of several administrative bodies of other Acciona Group subsidiaries.

MARTIN REY, TRAUNSTEIN / GERMANY

Chairman of the Audit Committee; lawyer and managing shareholder of Maroban GmbH and Babcock & Brown GmbH

Martin Rey studied Law in Bonn and Business Administration at the University of Hagen. He then joined Bayerische Vereinsbank AG, later to become Bayerische Hypo- und Vereinsbank AG, where he was to hold numerous management positions, most recently that of member of the Group Executive Management Board. Thereafter, Mr Rey was appointed member of the Board of Directors, responsible for the European region, at Sydney-based global investment and consulting company Babcock & 11 Brown. He was also a member of the board at Knight Infrastructure B.V. and the Chairman of Sword Infrastructure I B.V., a Board Member of Brisa AutoEstradas de Portugal S.A., the Chairman of Renerco Renewable Energy Concepts AG, a Board Member of debis AirFinance B.V. and Deputy Chairman of the export credit agency AKA Ausfuhrkredit-Gesellschaft mbH. Today, he also works as an Industrial Advisor for EQT Partners Infrastructure Fund, Sweden, and as member of the Investment Committee at IST Investmentstiftung für Personalvorsorge, Switzerland. He is also lawyer and managing shareholder of the companies Maroban GmbH and Babcock & Brown GmbH, both based in Traunstein.

Mr Rey is Chairman of the Supervisory Board's Audit Committee. He is also a member of the Supervisory Board of Kommunalkredit Austria AG and of the Board of Directors of BayWa r.e. LLC, USA.

NORDEX SHARES

Nordex SE's share price was adversely affected in 2017 by the muted growth and profit outlook of the Company. In addition, skepticism regarding the performance of the wind energy sector increased on the capital markets during the year in view of the stiff competition in the industry. During the year, Nordex shares gave up 56.5% of its value and, on the last trading day of the year (29 December 2017), closed at EUR 8.87 in Xetra trading (30 December 2016: EUR 20.39). The guidance for the year published at the end of February 2017 was a particular disappointment to the markets and put pressure on the Company's share price. One of the goals pursued by the subsequent change in the Company's leadership in late March 2017 was to restore the confidence of investors and analysts in Nordex.

The TecDAX, Germany's technology index, which is the most important benchmark for Nordex shares and on which the Company is listed, gained 39.7%, reaching 2,529 points in 2017 (30 December 2016: 1,812 points). The RENIXX, a global stock index for renewable energy companies, where Nordex is also listed, grew 11.9% to 463 points in 2017 (30 December 2016: 414 points).

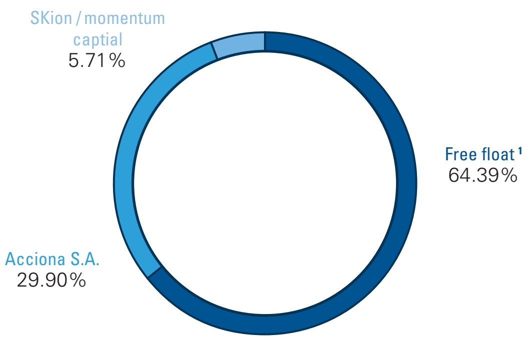
Nordex SE's ownership structure continues to be dominated by a high percentage of shares in free float. In addition to the strategic anchor shareholder Acciona S.A., which holds an interest amounting to 29.9%, only the SKion/momentum investor group continues to hold a share that at 5.71% exceeds the reporting threshold of 3%.

Nordex reorganized the Investor Relations department in the past year. It is now an independent unit reporting to CFO Christoph Burkhard. Felix Zander joined the team staffed by Tobias Vossberg and Rolf Becker as Head of Investor Relations in August. The goal is to continue to professionalize capital market communications and step up dialog with investors and analysts. Felix Zander's background includes many years of experience in investor relations and corporate communications at stock exchange-listed companies.

In 2017, Nordex again participated in numerous investor conferences and road shows in key financial centers. The intention was to inform the capital markets about the Company's business performance and strategic direction as well as generally about the wind energy industry. Currently, Nordex is covered by 16 analysts, most from international research firms. They regularly report on Nordex and make recommendations regarding Nordex stock. According to financial data provider Bloomberg, in mid-March 2018, four banks were in favor of buying Nordex shares, four believed investors should hold the shares, and eight issued a sell recommendation.

Shareholder structure

as at 31 December 2017



[1] Free float as defined by Deutsche Börse

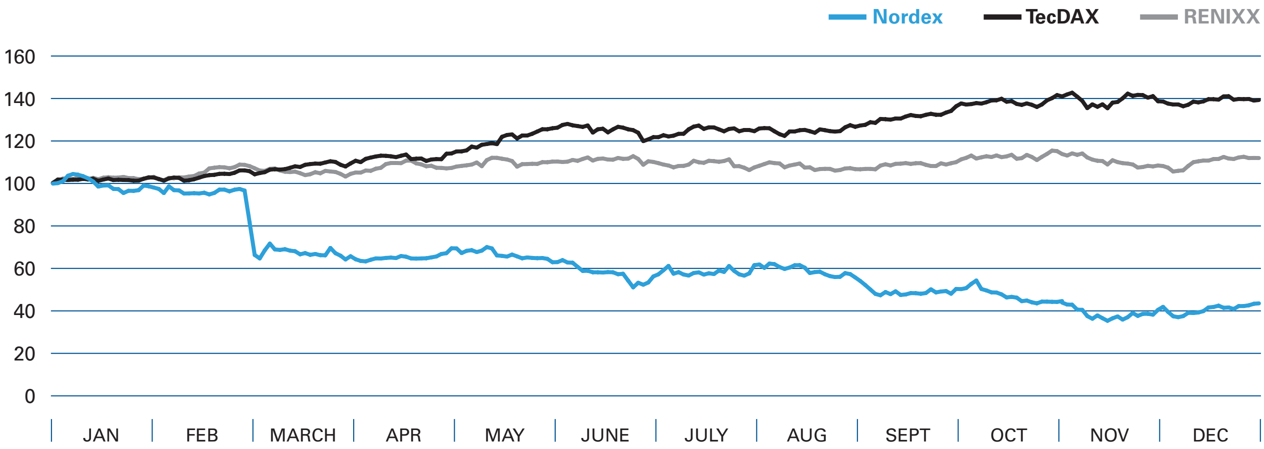
Nordex shares key data

Class of shares	No-par-value ordinary bearer shares
Market segment	Prime Standard / Regulated Market
Trading venue	Frankfurt Stock Exchange
Indices	TecDAX, ÖkoDAX, HASPAX, RENIXX
ISIN	DE000A0D6554
WKN (German securities identification number)	A0D655
Ticker symbol	NDX1

Nordex shares key figures

		2017	2016
Total number of shares as at 31 Dec.	Units	96,982,447	96,982,447
Share capital as at 31 Dec.	EUR	96,982,447.00	96,982,447.00
Opening price for the year	EUR	20.44	33.19
Year-end closing price	EUR	8.87	20.39
High	EUR	21.33	33.21
Low	EUR	7.18	17.40
Market capitalization as at 31 Dec.	EUR million	696.3	1,977.5
Earnings per share	EUR	0.00	1.03

Nordex share price performance, 2017 (indexed, 30.12.2016 = 100)



REPORT OF THE SUPERVISORY BOARD

From left to right

Rafael Mateo, Jan Klatten, Martin Rey, Juan Muro-Lara, Connie Hedegaard, Dr Wolfgang Ziebart

The past financial year at the Company was dominated by significant external factors, specifically the effects of legislative measures that led to massively increased global competition and price pressures. The market turbulence resulting from factors such as the introduction of auction systems in important markets like Germany and India had a lasting impact on the entire sector and the Nordex Group in particular and impaired business development across the Group. From an operating perspective, this forced the Company to adapt to market conditions that were changing much faster than expected. As a result, measures were taken during the financial year ended to significantly and sustainably reduce structural costs in the Group via a cost reduction program and to introduce new, more efficient products to the market more quickly. As part of these measures, a reduction in the workforce was unavoidable, particularly in Germany and the Group's European companies.

The Supervisory Board of Nordex SE performed its duties in accordance with applicable law, the Articles of Incorporation and Rules of Procedure during the reporting period. As required by law, the Supervisory Board advised and monitored the Management Board in its management of the Company. The Supervisory Board was therefore directly involved in all decisions of fundamental importance for the Company and maintained an ongoing dialog with the Management Board. Supervisory Board members are provided with comprehensive written and oral reports about the condition, development and all significant business transactions of Nordex SE and its affiliated companies on a regular basis and in a timely manner.

CHANGES TO THE SUPERVISORY BOARD AND MANAGEMENT BOARD

The composition of the Supervisory Board remained unchanged during the reporting year.

The following change was made to the composition of the Management Board:

At the Supervisory Board meeting on 17 March 2017, José Luis Blanco was appointed as Chief Executive Officer (CEO) of Nordex SE with immediate effect. He succeeded Lars Bondo Krogsgaard, whose resignation from the Management Board after six-and-a-half years was agreed with effect from 31 March 2017.

COMMITTEES

During the 2017 financial year, the Supervisory Board committees of Nordex SE comprised, and continue to comprise, the following members:

Management Committee
(Personnel and Nomination Committee):
Dr. Ziebart (chairman), Mr Klatten, Mr Muro-Lara

Audit Committee:
Mr Rey (chairman), Ms Hedegaard, Mr Muro-Lara

Strategy and Engineering Committee:
Mr Klatten (chairman), Mr Mateo, Dr. Ziebart

SUPERVISORY BOARD MEETINGS AND CONTENT

During the 2017 financial year, the Supervisory Board held a total of four face-to-face meetings as well as meeting three times in each of its committees (Management Committee, Audit Committee, Strategy and Engineering Committee). The Supervisory Board also held meetings as telephone conferences and an additional meeting with a Supervisory Board member listening in via telephone. The regular face-to-face Supervisory Board meetings were held on 17 March 2017, 29 May 2017, 14 September 2017 and 24 November 2017. Telephone conferences were held on 24 January 2017, 10 April 2017 and 7 November 2017, with some of these meetings convened at short notice.

During the 2017 financial year, all Supervisory Board members participated in more than half of the meetings of the Supervisory Board and the committees to which they belong (Article 5.4.7 of the German Corporate Governance Code).

In addition to auditing the annual and consolidated financial statements of Nordex SE for the 2016 financial year at its financial statements approval meeting on 17 March 2017 and the budget and corporate planning for the 2018 financial year at the fourth ordinary Supervisory Board meeting on 24 November 2017, meetings focused on the following key issues during the year under review: (i) on 24 January 2017, resolutions concerning (a) the disclosure of selected company financial information to Acciona S.A. for a specific purpose, (b) the acquisition of specific items of value and transfer of employees from the insolvent SSP Technology, and (c) the sale and lease of the extension at the Group headquarters in Hamburg; (ii) continuous monitoring of the status of the integration of Acciona Windpower and the “30-by-18” (later “45-by-18”) cost reduction program; (iii) ongoing Management Board matters, particularly the remuneration and target setting and attainment for Management Board members, the resignation of Mr Krogsgaard from the Management Board and the appointment of a new CEO, the reorganization of the Management Board’s schedule of responsibilities and changes to the Rules of Procedure for the Management Board adopted on 17 March 2017; as well as (iv) Management Board information on planned refinancing measures at an extraordinary meeting on 7 November 2017. Additional topics included proposed resolutions for the Annual General Meeting, reports from each of the committees, the tendering process for the 2018 audit and, at the ordinary meeting on 24 November 2017, the resolution concerning submission of the declaration of conformity with the German Corporate Governance Code.

CORPORATE GOVERNANCE

Potential conflicts of interest are also reported at this point in accordance with Article 5.5.2 and Article 5.5.3 sentence 1 of the German Corporate Governance Code. Supervisory Board members of Nordex SE should disclose conflicts of interest to the full Supervisory Board, particularly those that may arise due to an advisory or board role for customers, suppliers or lenders of Nordex SE.

There were no indications of conflicts of interest during the 2017 financial year.

In principle, the Supervisory Board follows the recommendations of the Government Commission on the German Corporate Governance Code published on 7 February 2017. The most recent declaration of conformity required in accordance with Section 161 of the German Stock Corporation Act (AktG) was submitted by the Supervisory Board and Management Board on 24 November 2017 (www.nordex-online.com/de/investor-relations/corporate-governance.html). Further details on this topic can be found in the corporate governance report that is part of the corporate governance declaration included in the management report.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT

The annual financial statements of Nordex SE and consolidated financial statements as at 31 December 2017, as well as the combined management report of Nordex SE and the Group for the 2017 financial year, together with the accounting system, were audited and issued with an unqualified audit opinion by the auditing firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, appointed by the Annual General Meeting on 30 May 2017 and engaged by the Supervisory Board to audit the annual and consolidated financial statements.

The audit report to the annual financial statements confirmed that the Management Board took the early risk detection measures required in accordance with Section 91 (2) AktG and that the Company has an effective internal control system.

The annual financial statements, consolidated financial statements and combined management report for Nordex SE and the Group, the auditor's report, non-financial report, proposal for the appropriation of profits and draft Supervisory Board report were handed out to all Supervisory Board members before the financial statements approval meeting. The Audit Committee and Supervisory Board discussed these documents in detail; the Audit Committee prepared the examination by the full Supervisory Board and reported on this preparation in the financial statements approval meeting on 23 March 2018 in the presence of the auditor, who was also available to answer questions. Following intensive discussions, the Supervisory Board and Audit Committee approved the conclusions of the audit conducted by the auditor.

In accordance with the final conclusions of this audit by the Audit Committee and its own audit, the Supervisory Board determined that there were no grounds for objections and approved the 2017 annual and consolidated financial statements prepared by the Management Board as at 31 December 2017 as well as the combined management report. The 2017 Annual Report of Nordex SE has therefore been adopted. On this basis, the Supervisory Board supported the Management Board's proposal for the appropriation of net retained profit.

The Audit Committee and Supervisory Board also addressed the separate consolidated non-financial report (sustainability report) prepared by the Management Board as at 31 December 2017. The Management Board explained the documents in detail in the meetings and answered additional questions from Supervisory Board members. The Supervisory Board had no objections after carrying out its audit.

SUPERVISORY BOARD ACKNOWLEDGMENTS

The Supervisory Board of Nordex SE would like to sincerely thank all Nordex Group employees, employee representatives and management for their dedicated contribution to a challenging 2017 financial year. This year, our particular thanks and appreciation go to the Nordex Group employees who left the Company as part of the cost reduction program.

The Supervisory Board would also like to thank Mr. Krogsgaard for his hard work and dedication. As a Management Board member since 1 October 2010 and CEO since 1 June 2015, Mr. Krogsgaard was instrumental in driving forward the development of Nordex SE until his resignation.

Hamburg, March 2018

Dr Wolfgang Ziebart
Chairman of the supervisory board

COMBINED GROUP MANAGEMENT REPORT

OF THE NORDEX GROUP AND MANAGEMENT REPORT OF NORDEX SE

COMBINED GROUP MANAGEMENT REPORT

OF THE NORDEX GROUP AND MANAGEMENT REPORT OF NORDEX SE

FUNDAMENTAL INFORMATION ABOUT THE GROUP

- **Global specialist in onshore wind turbines**
- **Focus on sustainably reducing the cost of energy**
- **Steadily growing service business**

OPERATING ACTIVITIES

Business model

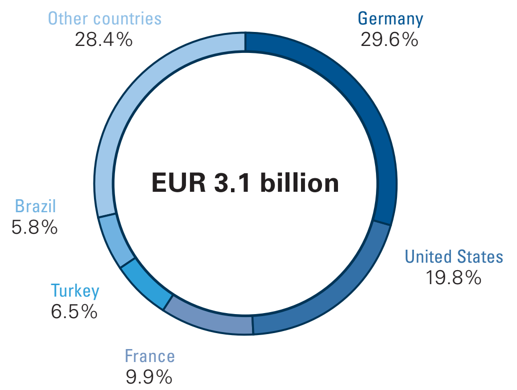
Nordex (unless otherwise described, the terms "Nordex", "Nordex Group" and "Group" are used as synonyms) is an integrated, global supplier of innovative, multi-megawatt onshore wind power systems. The Group concentrates on developing and producing complete systems, including the control software as well as the main core components, and on offering related services. Services rendered by Nordex for a specific project range from the mere delivery of the wind turbines to turnkey construction of a complete project (Turnkey contracts). Founded in 1985, Nordex has more than 30 years of industry experience. Its products regularly shape the technological development of the wind energy industry.

At its own facilities, Nordex predominantly produces nacelles and hubs for wind turbines as well as a substantial share of the required rotor blades. A dedicated sales organization supports customers in each core market. Nordex provides assembly services for the wind turbines it supplies as well as after-sales services for their entire operational lifecycle, thus concentrating on establishing long-term customer support and relationships. Due to the high number of installations, the Nordex Group now looks after more than 6,800 wind turbines, largely under its own Nordex and Acciona Windpower brands and usually as part of long-term maintenance agreements. Services such as spare part deliveries and customer training are also offered separately. In selected markets, particularly France, the Nordex Group also operates as a project developer for wind farms.

Nordex is a focused specialist with the corporate philosophy of a medium-sized company. Its core business is onshore wind turbines with large systems suitable for sites with strong, moderate and light wind conditions. Nordex is competitively positioned within both the wind energy industry and in relation to companies involved in other forms of both renewable and conventional power generation. For strategic reasons, Nordex does not operate in the offshore wind energy sector. Offshore wind turbines and projects differ significantly from their onshore equivalents, particularly in technical terms. In addition, the onshore segment represents well over 90% of the global wind energy market. Nordex is active in all important wind markets with the exception of China. This strong international presence was recently expanded by integrating Acciona Windpower into the Group in 2016. The domestic market of Germany remained the largest sales market for the Group in recent years due to its large volumes. Business is currently continuing to shift into foreign markets both inside and outside Europe, which comprised approximately 89% of order intake in 2017 (2016: 64%). Nordex withdrew from the Chinese market, which is dominated by local suppliers, several years ago. However, the Company continues to be represented in China, particularly on the purchasing side.

Sales by region in 2017

in %



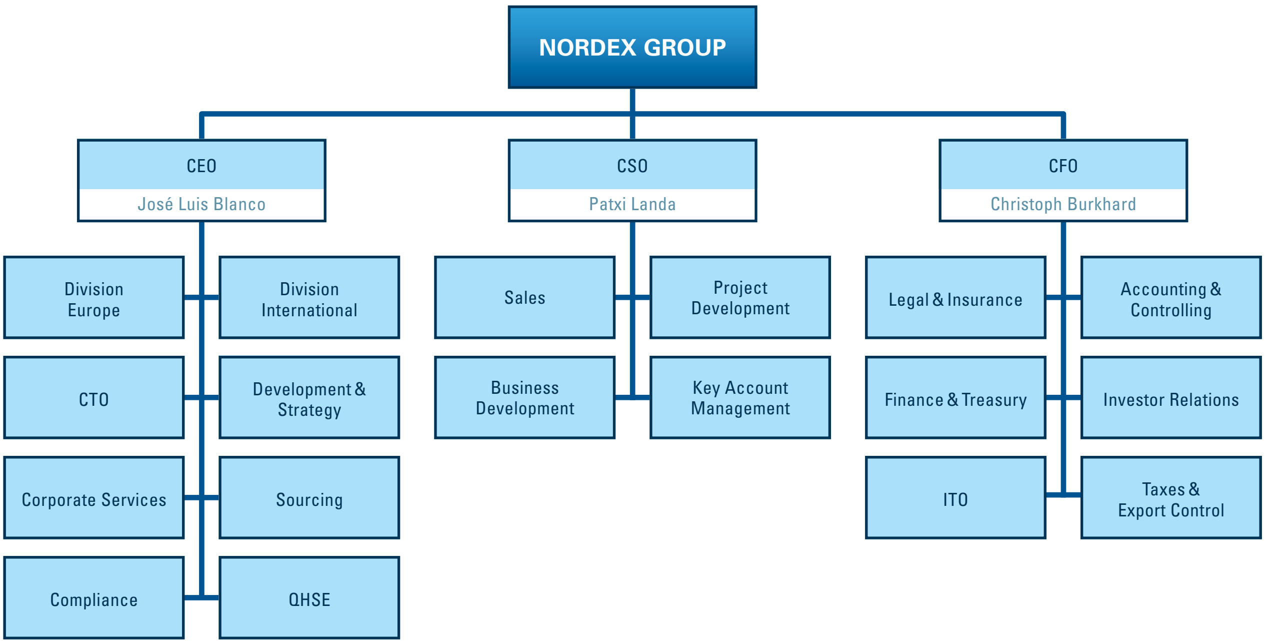
From a technical perspective, Nordex is focused on developing wind turbines for onshore sites that allow operators to produce environmentally friendly electricity at the lowest possible cost (Cost of Energy – COE) in their respective regions. (Further information can be found in the "Corporate Strategy" section.)

Legal and organizational structure

Nordex SE is a listed European stock corporation. Its shares are admitted for trading on the Regulated Market of the Frankfurt Stock Exchange, Prime Standard segment, and quoted on the TecDAX®. Together with its German and foreign subsidiaries, it forms the Nordex Group. The governing bodies of the Company are the Management Board, composed of three individuals, and the Supervisory Board, comprising six individuals. Nordex SE has its registered office in Rostock; its headquarters are located in Hamburg.

In 2017, Nordex introduced a new organizational structure to enable it to operate even closer to local markets and meet their specific requirements even more effectively.

Future organizational structure of the Nordex Group

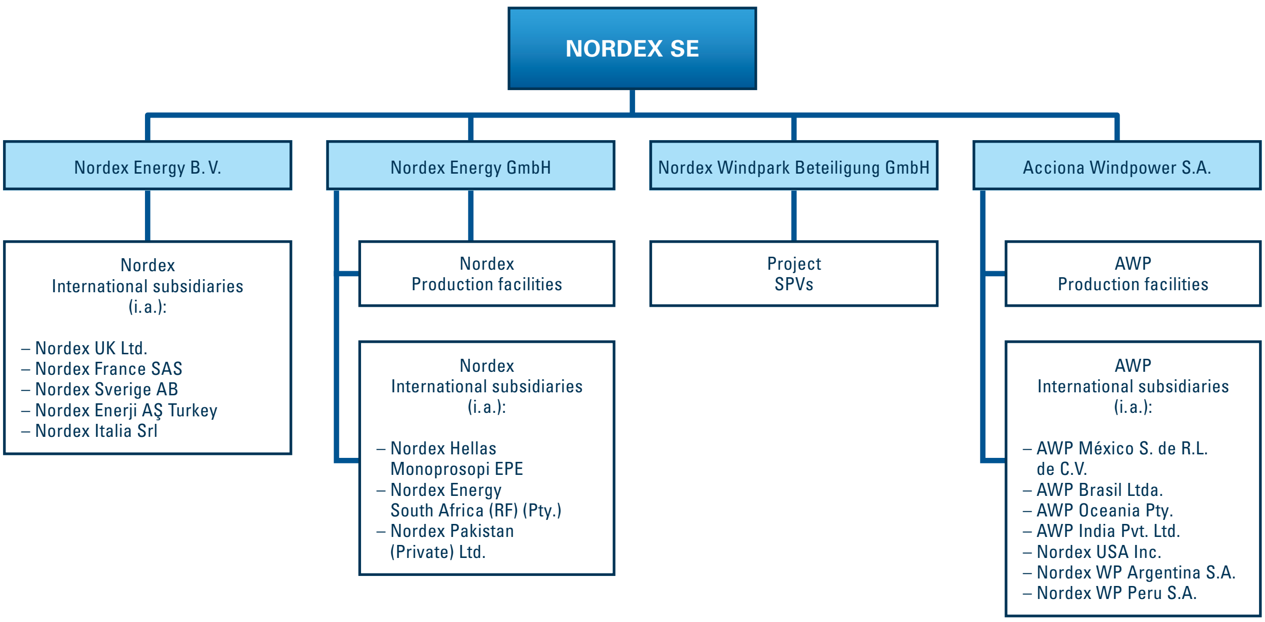


The Management Board manages the Group via Nordex SE as the strategic management holding company. Additional administrative services in the areas of controlling, finance, IT, investor relations, communications, human resources, legal matters and insurance are also performed by Nordex SE. From an organizational standpoint, the Nordex Group's operating business is managed via two divisions: International and Europe. The North America division will be integrated into the International division in 2018 to further streamline the Company's organizational structure.

The chairman of the Management Board (Chief Executive Officer – CEO) is in charge of the Europe and International divisions and staff functions. All customer-related functions are assigned to the Chief Sales Officer (CSO), as is project development. The Chief Financial Officer (CFO) is responsible for finance, accounting, controlling, investor relations, IT, legal matters, insurance and tax.

The divisions manage the legally independent national companies. Specifically, they are responsible for customer relationship management, sales, project management and services, as well as project development in selected markets. Significant consolidated companies and their respective subsidiaries are Nordex Energy GmbH and Acciona Windpower S.A., which also include the production facilities, and Nordex Energy BV.

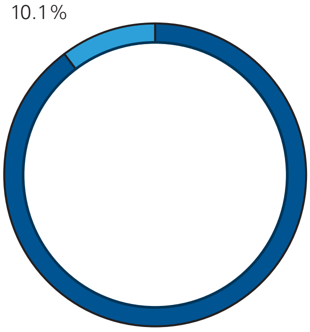
Legal structure of the Nordex Group (simplified presentation)



The Group's two reporting segments are Projects and Service. Projects includes all activities associated with the development, production, assembly and commissioning of wind turbines, as well as the project development business. The Service segment encompasses services and products for existing turbines after their handover to customers. In particular, this includes technical services such as maintenance and remote monitoring of wind farms as well as technical enhancements for existing turbines.

Sales by segment

in %, before consolidation 2017

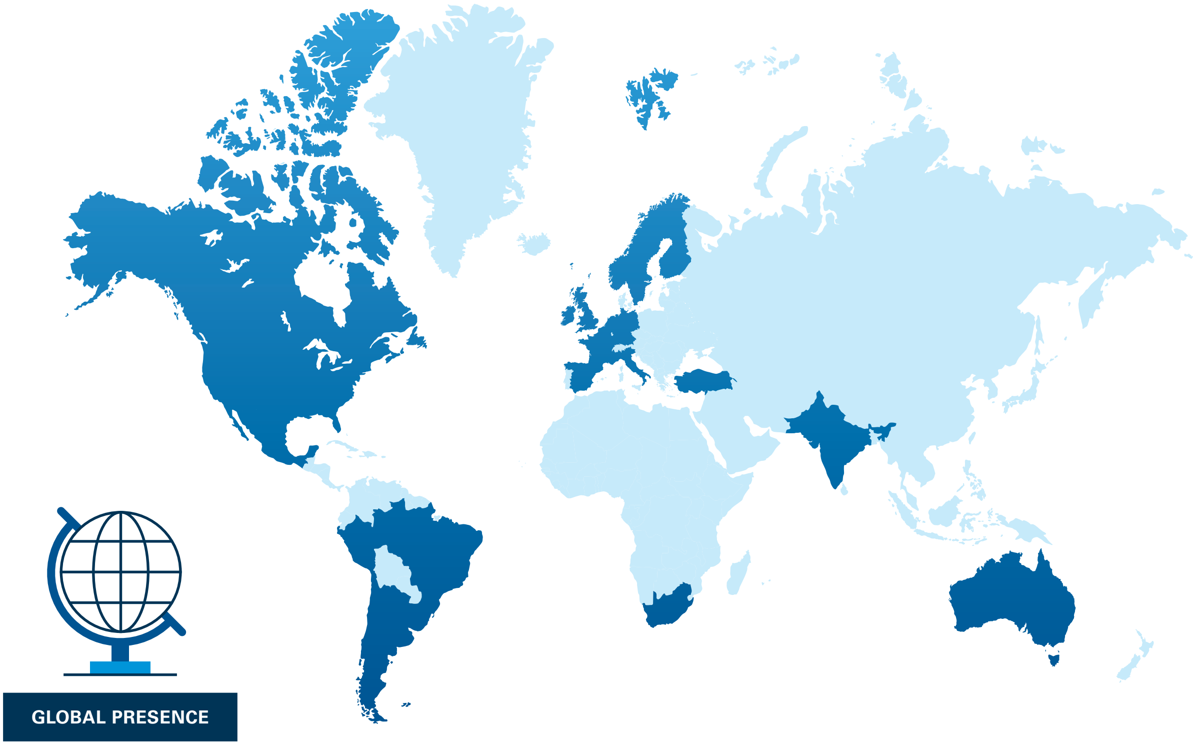


Sales markets and competition

Climate change and a shortage of resources are shaping the renewable energy markets. Market growth is driven by global efforts to reduce CO_2 and improve air quality in major conurbations. In addition, demand for power from renewable resources and natural, environmentally friendly sources of energy is also rising substantially as a result of the now rapidly increasing significance of e-mobility. In many parts of the world, wind energy is a key technology in this regard. Wind power is increasingly establishing itself due to its very low cost of energy in locations with strong wind conditions but also in technology-neutral competition with conventional and other renewable power generation capacities. Growth in the wind energy sector is primarily fueled by the construction of new wind turbines and farms. Legacy turbines that have already reached the end of their lifecycle are also being replaced by modern, efficient and more economical products and models. This "repowering" is already playing an important role in onshore farms and will become increasingly significant, as more and more wind farms are being replaced and need to be updated, starting with those in pioneering wind energy countries in Central and Northern Europe.

The Nordex Group as it is set up today has already produced wind turbines with a nominal output of more than 22 gigawatt (GW), generating 'green' energy in more than 50 countries. The Group considers itself to be well positioned on the internationally most attractive wind markets, while its selling strategy mainly focuses on more than 20 key markets. These countries with their own sales and service organizations are mainly located in Europe and North and South America but they also include attractive markets such as India and South Africa. Nordex is also permanently active in a large number of other countries, implementing projects in Spain and Australia, for example. The central sales organization continually reviews opportunities on new markets not yet served by Nordex.

Important markets of the Nordex Group



On the supply side, the market for wind turbines is relatively highly fragmented and despite consolidation in recent years has a polypolistic structure. In addition to major companies or parts of large corporations operating internationally and sometimes in both the onshore and offshore sectors, additional medium-sized and local players are also active in the Nordex Group's target markets. Among the most significant competitors in the overall market (without China) are Vestas, Siemens Gamesa, General Electric, Enercon and Senvion in particular. According to the Bloomberg New Energy Finance (BNEF) ranking, Nordex in 2017 again was the world's fifth largest manufacturer outside China.

Company size is not the only key to market success. Factors such as strong technical expertise and quality as part of an intelligent product strategy, efficient production structures and processes, an established and competitive supply chain, good services and solid customer relationships, and above all the cost-effectiveness of wind turbines, are far more vital.The latter is measured based on the cost of energy (COE). Nordex is focused squarely on high-quality technology, low production costs and constant innovations to reduce COE. (Further information can be found in the "Research and Development" and "Corporate Strategy" sections.) In its strategically defined market (onshore, global excluding China), the Nordex Group achieved a global market share of approximately 9% (2017) measured in terms of installations. With a few exceptions, the Company has a double-digit market share in the approximately 20 focus markets in which it consistently installs wind turbines. Nordex regularly carries out more than 10% of new installations in its key markets of Germany and France. In some countries, market share is as much as 30%.

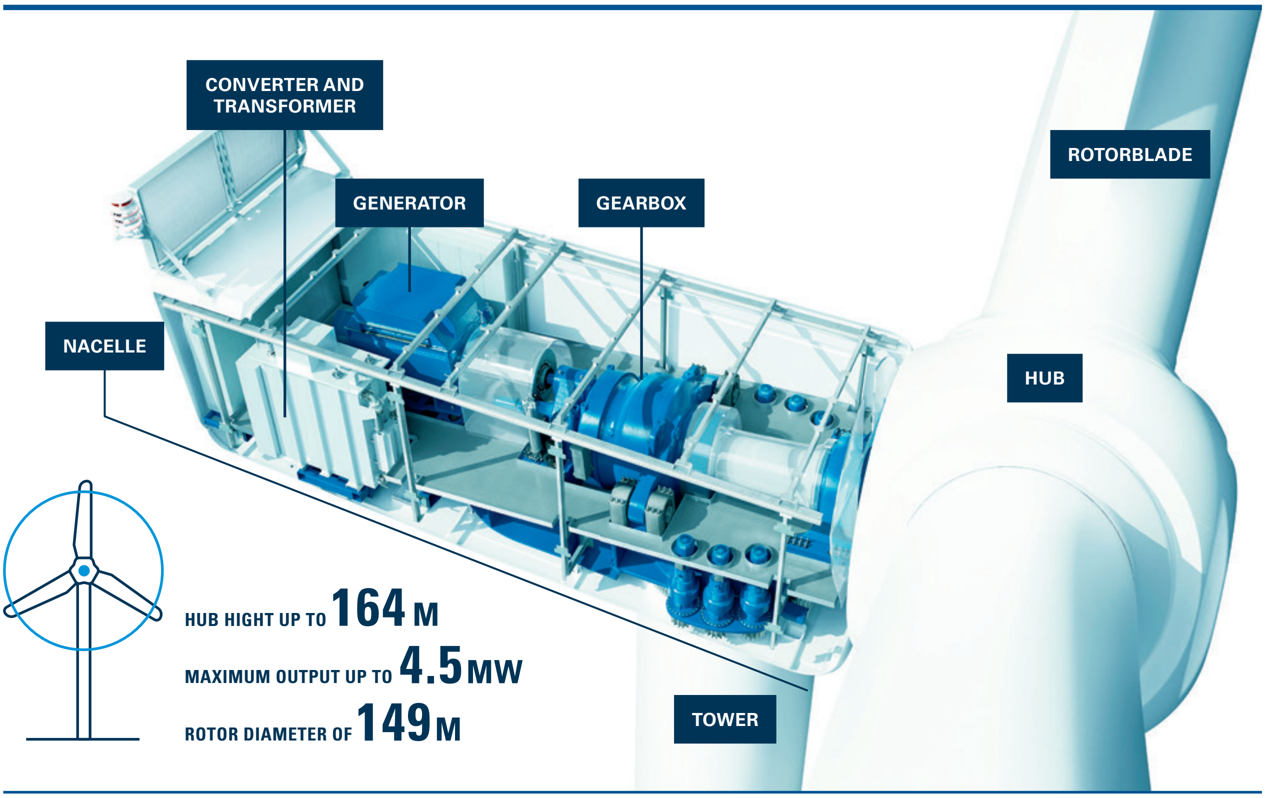
Sites, services and products

The Nordex Group offers its customers worldwide technically and financially suitable multi-megawatt onshore wind turbines for every wind strength and climate zone. The Group's product range enables it to provide solutions for markets with both limited grid availability and limited land availability. The Company's main services are project management (everything from assembling turbines and wind farms to turnkey solutions) and comprehensive services for ongoing operations. Nordex is also involved in upstream project development in selected markets. In support of the sales activities, the Nordex Group's finance department also advises customers in their efforts to raise project finance via national and international commercial banks. The Company is therefore positioned as an integrated full-service provider.

The Nordex Group's head office in Hamburg is where the Group's core functions, but also parts of development, procurement, project management, services and German sales are located.

Nacelles and rotor blades are developed and produced at the Group's site in Rostock. In Spain, the Group operates two factories for the assembly of nacelles (Barásoain and La Vall d'Uixó) and one for the production of rotor blades (Lumbier). In addition, nacelles are also produced in Brazil (Simoes Filho) and India (Chennai). Another assembly plant, which is currently inactive, is located in the United States (West Branch). In 2017, Nordex operated its own concrete tower factory in Brazil. Subcontractors also produce concrete towers in further countries. Nordex provides the molds for these activities.

Nordex wind turbines (Example: Delta4000)



The Nordex brand's Gamma and Delta platform turbines have been designed to meet to the requirements of markets with limited land availability. In their specific configurations, they offer a high degree of efficiency for light, moderate and strong wind speeds and ensure the turbines' eligibility for operating permits, even in densely populated areas. The acoustic power of these wind turbines are often best-in-class and, depending on customer requirements, the manufacturer also offers the Nordex's proprietary anti-icing system or need-based aviation obstruction lighting system. These turbines are also increasingly used in repowering projects.

The AW3000 platform offers reliable, innovative turbines, which have been optimized for markets with limited grid availability. It is already used in many major projects run by international energy companies. The AW132/3000 model has been engineered for moderate wind sites and is one of the systems with the lowest cost of energy in its segment. Just like the Gamma and Delta turbines, the AW3000 platform is continually enhanced and optimized. October 2017, for example, saw the market launch of the AW140/3000 model with a 140-meter rotor.

Nordex launched the next stage of development in the established Delta platform with the Delta4000 product range at the Husum Wind trade fair in September 2017. The N149/4.0-4.5 is a highly efficient turbine designed particularly for light wind conditions, enabling Nordex to become one of the first suppliers in the 4 MW class. Orders for the Delta4000 platform are expected as early as the current 2018 financial year, with series production scheduled to start in 2019.

The Nordex Group develops and tests the rotor blades of its wind turbines in-house, has them certified and also produces a substantial proportion of their components, or has them produced by its built-to-print partners. The rotor blades are characterized by particularly low noise emissions across the entire range.

Nordex offers several tower variants (steel tube towers, hybrid towers from steel and concrete, or concrete towers) with hub heights of up to 164 meters to achieve optimum energy yields in the global wind markets.

Nordex product overview

Wind Class	AW3000	Generation Gamma	Generation Delta	Delta4000
IEC 1	AW70/1500			
	AW100/3000	N90/2500	N100/3300	
IEC 2	AW77/1500			
	AW82/1500			
	AW116/3000			
	AW125/3000[1]		N117/3000	
	AW132/3000[1]	N100/2500	N117/3600	
IEC 3			N131/3000	
			N131/3300	
			N131/3600	
	AW140/3000	N117/2400	N131/3900	N149/4,0-4,5 (IEC S)
Tower heights according to type of turbine (ground-to-hub height)	80 – 137.5 meters	65 – 141 meters	75 – 164 meters	105 – 164 meters

IEC 1 = High wind; IEC 2 = Medium wind; IEC 3 = Low wind

[1] Uprating option to 3,300 KW

The system codes state the rotor diameter in meters before the forward slash followed by the nominal output in kilowatts (KW) or, for the Delta4000 system, in megawatts (MW).

A large portion of the components used in wind turbines such as gearboxes, generators or converters are supplied by development partners, many of whom the Nordex Group has been working with for many years. Nordex pursues a system integration approach, incorporating the expertise of its suppliers in its own internal processes at an early stage – particularly during product development. To ensure efficient production, Nordex is committed to line production in turbine assembly and partial automation in rotor blade production as well as more extensive standardization of its products at individual factories as part of a common parts strategy.

In addition to efficient wind power systems, the Nordex Group also offers after-sales services for its products. The Group operates around 280 service points worldwide. Services are rendered via this network of service locations directly at the wind farms after they were installed and handed over to the customer. The corresponding service contracts secure and optimize the electricity production yields achieved by Nordex customers through a combination of maximized availabilities, technical improvements and improvements to service efficiency. Nordex offers customers a wide range of different services. These encompass all-in solutions containing services such as 24/7 remote monitoring, preventive maintenance and full modernisation of Nordex wind power systems.

Depending on the market, the Nordex Group offers standardized contract models with different levels of service (currently Basic, Premium Light, Premium, Premium Plus), which customers can enter into for a term that usually extends up to 20 years. The following products and services are available to customers mainly within the scope of the four contract products, but also individually if requested:

- Production-based or time-based availability warranty
- Customer services provided by a personal Nordex point of contact
- 24/7 remote monitoring and remote diagnosis
- Regular maintenance and inspection
- Condition monitoring
- Repair of all parts and components incl. large components exchange
- Supply of all kinds of spare parts and components incl. large components
- Modernization and upgrades to boost the yield, availability and safety of existing installations
- Individual training for operators, system managers and technicians
- Additional options

Customers and value chain

Nordex's customers are primarily wind farm developers and operators. They include both large and medium-sized, and often international, utility companies and independent power producers (IPP) as well as additional customer groups such as medium-sized project developers, public utility companies and citizens' wind farms or energy cooperatives. The Group's customers also include an increasing number of industrial captive producers and financial investors such as insurance companies and pension funds. These groups invest in the development and acquisition of wind farms to cover the electricity demand of their ongoing operations (industry, trade) or to generate economical returns on their investment (financial investors). This means that the Nordex Group has a broad customer base. The five largest individual customers by 2017 order intake represent approximately half of total order volume. This includes several of the world's largest operators and developers in the field of renewable energy. Nordex expects the international significance of these key customers, for whom the Company implements products worldwide, to continue increasing in the future. This successful and close cooperation is also attributable to the newly established key account management team that addresses large energy producers and financial investors in particular. The remaining order volume is distributed among a variety of customers in the different aforementioned customer groups. This illustrates the strong regional positioning of Nordex sales.

At the start of the value chain is product development (further information on this can be found in the "Research and Development" section), which lays the foundations for competitive new products and is a key driver in reducing the cost of energy, and sales. New wind farm projects around the world are increasingly being tendered via auction processes, which means that wind farm projects with the lowest cost of energy and thus the lowest electricity subsidies offered have the highest chances of successfully being awarded contracts. Nordex assists and supports its customers ahead of these auctions to define promising projects and facilitate individual solutions.

Once a contract has been awarded, production marks the next step in the Nordex value chain. In-house manufacturing focuses on the assembly of nacelles and hubs as well as the production of a significant part of the rotor blades; the remaining part is manufactured by independent blade producers according to Nordex designs and specifications. Nordex produces concrete towers in mobile production units, particularly for major projects in emerging countries. This system offers logistical advantages, ensures high-quality, cost-effective towers and enables local added value and employment. Most turbine components, including gearboxes, converters and generators in particular, are supplied and purchased via a global procurement network. It usually takes approximately nine to twelve months to construct a wind farm, depending on the size of the farm, local conditions and a multitude of other factors. The Nordex Group has a flexible, comparatively less capital intensive production system when carrying out these installations.

The coordination of all activities connected with assembly all the way to (turnkey) handover and commissioning of wind turbines is the next step in the value chain after production, with Nordex carrying out the necessary project management.

As in plant engineering, an advance payment is made to the Nordex Group when the contract is awarded due to the long period of time from the awarding of the contract to the handover of the turbine to the customer. Additional payment flows are based on milestones in the production and installation process.

The next step in the value chain is the service for installed wind turbines. The Group provides extensive technical support services for the ongoing operation of the turbines. As service agreements are generally signed for a term of many years, this area is also an important factor in customer relationships and a stabilizing factor compared to the less predictable project business. This added value is also supplemented by upstream project development, particularly in France at present. In this area, Nordex is developing its own portfolio of wind farm projects, including some from the first stage of development onwards ("greenfield development"). The projects are sold on to customers or investors. The project development pipeline currently has a volume of over 2 GW. This means that projects implemented exclusively with the Group's own turbines represent an additional sales channel.

The Nordex value chain

3 PATHS TO SUCCESS

1

SALES AND PRODUCTION

The heart of Nordex

Sales and production are conducted based on product development. In-house manufacturing focuses on the assembly of nacelles and hubs as well as the production of a significant part of the rotor blades.

2

SUPPLIER LOGISTICS

Sophisticated system integration concept

Development partners supply the majority of wind turbine components (gearboxes, generators, converters). Independent blade producers supply additional rotor blades manufactured according to Nordex specifications.

3

MAINTENANCE AND PROJECT MANAGEMENT

Extensive services for customers

Nordex manages and supports the entire project from planning and assembly all the way to commissioning and offers a comprehensive service for the ongoing operation of installed wind turbines.

A detailed presentation with summarizing explanations on the Nordex value chain can be found on page 02 of this annual report.

CORPORATE STRATEGY AND MANAGEMENT

Vision and mission

Few technologies in the energy sector have made as much progress in recent years as wind energy generation. Nordex is one of the pioneers of this industry. Constant new technological innovations and digitalization will continue to drive development in the future. Together with Acciona Windpower (AWP), Nordex has pooled its decades of experience in the development, production, installation and maintenance of wind turbines. The integration of AWP is complete, sustainably strengthening the Group's international market presence. Nordex is keen to take advantage of selected opportunities created by the global positioning of the Group while maintaining the corporate culture of a medium-sized company and to grow profitably as an innovative supplier of onshore wind turbine systems.

The Management Board of the Group continues to consistently pursue its strategy of focusing not only on innovative products and concepts in the onshore wind turbine segment, its international focus markets excluding China and close customer relationships but also, most importantly, on extensive measures to reduce the cost of energy (COE). The Nordex Group serves the sustainable power production market with its products and services and is committed to fulfilling its corporate responsibility for the sustainable management and development of the Group.

Corporate strategy

Nordex's key goal is to further improve its strategic competitive position and become one of the top four global manufacturers of wind turbine systems (excluding China). In order to achieve this goal, the Company has focused its strategy on the following pillars:

Leverage global market presence to further strengthen its position in existing markets

Following the merger with AWP, the Nordex Group is active in approximately 90% of global markets for onshore wind turbine systems (excluding China). The Company aims to leverage its global footprint to boost sales by further expanding its dedicated key account management for global customers. In particular, Nordex will use its position with key accounts to expand business in growth markets. Global customers are increasingly looking to partner with global suppliers that can serve them in all of their markets, enabling them to benefit from scale effects and reduce total cost of energy. As more markets shift towards auction-based systems, the key to succeeding in these auctions and, therefore increasing market share, is to be able to offer the lowest cost of energy (COE) project coupled with the best aftersales service offering. Against this backdrop, Nordex is further enhancing its sales strategy and optimizing its range of services by moving the focus from project business to auction business. The Company consequently strives to partner with its trusted customers early in auction processes in an open, collaborative and integrated approach, for example by sharing technology insights and know-how with the goal of offering the lowest COE. In addition, offering optimum service solutions supports the reduction of COE and strengthens customer relationships over the lifetime of the respective project.

In addition, Nordex has created an additional sales channel in selected markets through its in-house project development business. Nordex continues to develop projects across all stages of development. The Company strives to capitalize on its project development portfolio to further enhance wind turbine system sales going forward.

Develop a comprehensive and COE-optimized product portfolio

Nordex strives to systematically and continually reduce COE of its products. In its efforts to reduce COE, Nordex focuses on all key elements of wind turbine systems and on services.

Nordex aims to achieve a reduction in COE by a further 6% by the end of 2018, representing an overall 18% reduction in COE since 2015. A key driver of the further reduction in COE will be additional technological improvements in the Company's product portfolio. For example, the N149/4.0-4.5 turbine has been designed to achieve double digit COE reductions compared to the N131/3600 turbine and has a variable power output of 4.0 to 4.5 MW. Nordex is committed to continuously and efficiently invest into R&D.

Due to its decades of experience, in-depth technical development know-how and continuous development of new products, Nordex will be in a position to improve its existing product portfolio to meet the evolving technical requirements of its customers. Nordex aims to further build on its existing core expertise in the field of blade design and innovative tower solutions to differentiate its products from its competitors. Moreover, Nordex is currently researching new growth areas, such as improved grid integration and battery energy storage systems.

Transform the supply chain to further lower the cost of wind turbine systems

The Nordex supply chain consists of a strategic balance of in-house production and sourcing from third parties. Its limited vertical integration permits the Company to efficient manage its capital commitments and respond flexibly to market changes. Nordex intends to further optimize its procurement strategy in order to be able to react even faster to market developments going forward. Key to this optimization is to retain control over business-critical components and processes. This will continue to help the Nordex Group increase its profitability while reducing leverage.

To further improve its competitive position, Nordex strives to lower the costs of its wind turbine systems by increasing the share of components it procures from low cost countries. Nordex is implementing a "smart logistics" strategy, which aims to source completed sub-modules (such as the drive trains) at lowest cost without neglecting quality requirements. This will simplify procurement and logistics in the global supply chain, reduce transport times and thus result in lower material and assembly costs.

Continue to focus on operational cost efficiencies

The Nordex Group is continuously identifying and implementing measures to reduce the costs of its products and services. This also includes reducing its European headcount and optimizing its working capital requirements. In financial year 2017, Nordex initiated and implemented its "45-by-18" program. Together with the structural changes to the Company's operating cost base, reducing the number of full-time jobs among salaried employees enables Nordex to achieve cost savings of EUR 45 million by the end of 2018 compared to its 2017 cost base. In order to avoid jeopardizing the development of sales, sales staff, key account management and the service business are excluded from these measures.

Nordex is actively improving its working capital management systems by implementing a number of measures, particularly in respect of improving the management of finished goods and receivables. Nordex is also working on early payment reductions and enhancing supplier payment terms to manage its liabilities. In addition, with respect to its inventory, the Company is enhancing its supply chain flexibility and reducing its component and raw material inventory, while optimizing the management of spare parts.

Grow sales from services business

Nordex is committed to significantly expanding its Services business, which generates stable, predictable and "annuity-like" cash flows and which, because of its limited capital expenditure and R&D requirements, results in higher cash flow conversion. The Company's Services business comprises the provision of an extensive range of services to onshore wind power system operators from a global service network of approximately 280 service points in 28 countries worldwide.

In September 2017, the Nordex Group completed a strategic review of the services offered under its contracts. Following the AWP Merger, the Company had two separate services package portfolios for the respective customers. In the future, it will be offering "premium," "premium plus" and "premium light" service contracts. The "premium" service contract will include scheduled and unscheduled maintenance services, remote monitoring and an availability warranty. The "premium plus" contract will include the "premium" service entitlements, plus a production based availability warranty, while the "premium light" contract will exclude corrective maintenance for certain key wind turbine components and spare parts supply. The Nordex Group will roll out its new service contract portfolio globally to benefit even more from the growing services demand of its customers.

Nordex believes that its focused service and sales efforts, supported by its dedicated key account management system, which is focused on large utilities, IPPs and other important customers, such as financial investors, will allow it to reduce cost for its customers while improving sales, profitability and capital allocation.

Financial strategy

The paramount goals of financial management at the Nordex Group are to secure liquidity, protect its credit rating and ensure access to the necessary funding. Working capital is a key parameter in this regard. The Company aims to regularly use current operating cash flow to finance the ordinary course of business and part of its investments in property, plant and equipment in normal years. At the end of the 2017 financial year, the Group had cash of EUR 623.2 million.

The Company also has access to a syndicated loan provided by international commercial banks ("multi-currency guarantee facility") totaling EUR 1.2 billion that, in addition to bank guarantees in key currencies for the Company, also includes lines for the ordinary course of business.

The medium and long-term debt financing of the Nordex Group currently comprises a promissory note, an investment loan from the European Investment Bank (EIB) and a fixed-interest bond issued in early 2018. The promissory note issued in 2016 (EUR 550 million) and the bond placed in January 2018 are both certified as "green" financial instruments by the Climate Bonds Initiative.

With an equity ratio of more than 32% and high liquidity, Nordex has a robust balance sheet. This, combined with the secured short, medium and long-term financing, ensures that the Group can operate in a challenging market environment.

Internal management system

Nordex SE's internal management system entails financial and non-financial key figures for managing the Company as a whole and its operating units. All performance indicators jointly form the basis of reporting to management, the Management Board, the Supervisory Board and the shareholders and are used for incentive-based remuneration.

The key performance indicators at Group level are:

- Sales
- EBITDA margin
- Working capital ratio
- Capital expenditure (CAPEX)

Concentrating on these performance indicators reflects both the current and the future performance of the Group and provides a comprehensive overview of the Group's capital requirements. Nordex is seeking to achieve steady, long-term profitable growth.

The Company also uses specific financial key figures that highlight order development as well as earnings and balance sheet performance. Specific non-financial performance indicators are also used for production (turbine and rotor blade performance output), project management (installed capacity) and service (turbine availability). While these additional key figures help to manage the Company and inform stakeholders about its current performance, they do not form part of the externally published guidance.

Additional financial and non-financial key performance indicators

Group	Transaction
Cost of materials ratio	Production output turbines
Consolidated net profit	Production output rotor blades
Free cash flow	Installed capacity
Net debt/liquidity	Turbine availability
Equity ratio	Order intake/order book, projects
	Order intake/order book, services

Management is also responsible for sustainable corporate governance and development. The relevant targets and key performance indicators (KPIs) are set out in the Nordex sustainability strategy.

The Company provides detailed information about this strategy in a **separate sustainability report** prepared in accordance with the core option of the G4 guidelines issued by the Global Reporting Initiative (GRI). The following section ("Corporate Responsibility", only parts of which are based on this separate report) therefore does not constitute a comprehensive non-financial declaration. Instead, it aims to summarize selected aspects – particularly employee structure – to facilitate understanding the management report at this point. An analysis of the value creation of the Company is also provided.

CORPORATE RESPONSIBILITY

Corporate culture and rules

Nordex is committed to the ecologically and economically responsible use of resources and respectful treatment of all people employed by Nordex or with whom the Company works as customers, suppliers, service providers or shareholders, as well as with its neighbors and local communities. As early as 2015, the Management Board adopted a sustainability strategy for 2015 – 2018 and identified specific action areas, targets and key performance indicators.

Nordex's corporate culture is based on the values, principles and standards of conduct set out in the general Nordex guidelines, sector and subject-specific company guidelines and, in particular, the Nordex Group Code of Conduct. This is binding for the entire Nordex Group and must be signed by every employee in the form of a declaration of consent. In accordance with the Code of Conduct, the ethical guidelines of the UN Global Compact and the OECD guide all of the Company's activities. Furthermore, all decisions at Nordex are subject to respect for international human rights. Global compliance, measures for tackling corruption and discrimination and promoting diversity are firmly enshrined within the Company.

Aspects of responsibility

As part of its sustainability strategy, Nordex prioritizes the following aspects of sustainability management based on a materiality analysis:

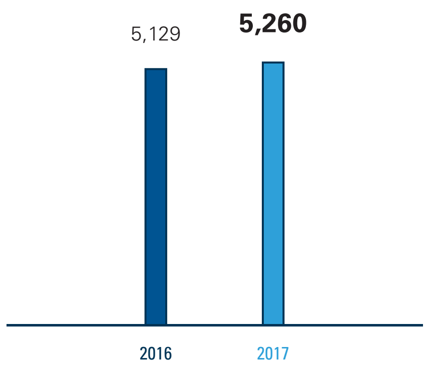
- Economy (cost of energy, sustainable product development, supply chain)
- People (health and safety, corporate culture, social engagement)
- Environment (ecological footprint, disassembly and recycling, environmental conduct)

Employee structure

At the end of the 2017 financial year, 5,260 employees were permanently employed within the Nordex Group (2016: 5,129 employees). There were also 156 temporary employees (2016: 462). The average number of full-time employees was 5,221 (2016: 4,645). In the previous year's figure, it should be noted that Acciona Windpower was not included until 1 April 2016.

Employee figures

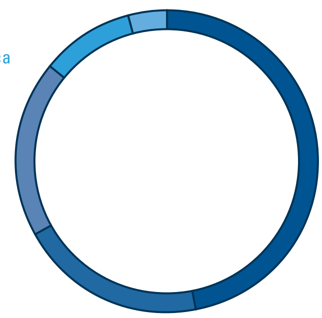
as at 31. Dec.



At the end of 2017, roughly half of Nordex staff (47%) was employed in Germany (2016: 48%). Spain accounted for 20% (2016: 17%) and the rest of Europe for a further 19% (2016: 18%) of the workforce. 10% of employees were based in North and South America (2016: 12%). The remaining approx. 4% of employees worked in Asia (China, India, Pakistan), Australia and South Africa (2016: 5%).

Distribution of employees by region 2017

in %



A total of 37% of employees worked in the production and purchasing divisions for blades, nacelles and towers in 2017 (2016: 38%), with 31% in the service and sales departments (2016: 30%). Research and development (engineering, project management) accounted for a total of 17% of Nordex employees in 2017 (2016: 20%). 16% of employees worked in administration (2016: 12%). This distribution across functions reflects the Company's strong focus on technology and close customer relationships, particularly in the service business.

Of all Nordex employees, 2,776 are classified as salaried employees (31 December 2016: 2,689) and 2,484 as hourly paid workers (2016: 2,440). With a total share of 94%, the majority of permanent employees were employed on a full-time basis in 2017 (2016: 95%). Permanent staff comprised 90% of the workforce in 2017 (2016: 88%). In 2017, 17% of employees within the Nordex Group were women (2016: 18%). In administration, the proportion of female employees totaled 36% (2016: 45%).

Employee structure (selected figures)

	2017	2016
Total workforce	**5,260**	**5,129**
By working hour model		
Full-time	4,969	4,867
Part-time	291	262
By type of contract		
Permanent staff	4,717	4,509
Temporary staff	543	620
By gender		
Male	83%	82%
Female	17%	18%
By age		
Under 30 years of age	29%	21%
Between 30 and 50 years of age	61%	66%
Over 50 years of age	10%	13%

Value creation in the Nordex Group

Business activities such as those of the international Nordex Group are not only subject to extensive external influencing factors. They also trigger various internal effects in the different roles within the Company that impact its stakeholders. As a business partner to suppliers, utility companies and other customers, Nordex plays an important role in their value creation. Internationally, the Group is also an important employer – particularly in Germany and Spain – and taxpayer. Nordex manufactures products and offers services that enable sustainable, environmentally-friendly energy production. Nevertheless, the Company consumes resources in all of its own processes, such as the production and assembly of wind turbines. As a result, all of the Company's activities focus on the environmentally responsible use of resources in order to keep its impact on the environment and society to a minimum.

Stakeholder-oriented sustainability at Nordex is primarily based on economic responsibility. Without commercial success, the Company cannot create value for its various stakeholders. Nordex can only serve its suppliers and customers as a commercially successful and reliable company. Furthermore, fair and performance-based remuneration also creates measurable added value for the Company's employees. Lenders are rewarded with interest; shareholders can also benefit from dividends in the case of sustainable commercial success. By paying corporation tax, a profitable Nordex Group also makes a monetary contribution to society.

As well as considering profit from a purely economic perspective, the value creation analysis also shows business performance – in other words, the absolute added value Nordex has generated as a result of its own efforts along its value chain. The distribution of value creation also shows the specific monetary value contribution that has been generated for each stakeholder.

The Nordex Group created net added value of EUR 403 million in the 2017 year (2016: EUR 458 million), which is distributed as follows among the various stakeholders: A portion of 89% of value added is attributable to the employees. The share of the lenders was 8%. A total of 3% of Nordex's net value added was attributable to the state and thus indirectly to society.

Value added statement of the Nordex Group (continued on page 36)

EUR million	2017	2016	Change
Generation			
Sales	3,078	3,395	–9.3%
Changes in inventories and other own work capitalized	50	0	
Gross revenue	**3,127**	**3,395**	**–7.9%**
Cost of materials	2,295	2,559	–10.3%
Depreciation/amortization/impairment losses	157	117	34.5%
Other income and expenses	273	261	4.6%
Input	**2,725**	**2,937**	**–7.2%**
Value added	**403**	**458**	**–12.2%**

Value added statement of the Nordex Group (continued from page 35)

EUR million	2017	2016	2017 share
Distribution			
Employees	359	290	89%
Company	0	95	0%
Lenders	31	27	8%
Shareholders	0	0	0%
Government	12	46	3%
Value added	**403**	**458**	**100%**

RESEARCH AND DEVELOPMENT

Efficient wind turbines that enable cost-effective power production for their entire operational lifecycle allow the Nordex Group to maintain its competitive strength. Product development therefore focuses on the systematic and comprehensive reduction of the cost of energy of wind turbines for all wind classes and target markets. Development activities also play an important part in continuously monitoring and ensuring the market viability of the products in terms of their eligibility for operating permits and grid connections in Nordex's target markets. In addition to series production, project specific solutions and adjustments are developed in some cases. The Group's R&D activities also include innovations in the production and logistics process. Nordex is also involved in projects concerning the grid integration of renewable energies.

ORGANIZATION AND KEY R&D INDICATORS

At the end of 2017, the Nordex Group had a global headcount of 578 employees in engineering (2016: 625 employees). The platforms for markets with limited space such as those in Europe (Gamma, Delta and Delta4000 platform) are developed and supported in the Europe division, primarily at the Rostock and Hamburg sites. The International division, headquartered in Pamplona, Spain, is responsible for enhancing the AW platform. Since the start of 2017, the Group has had a competence center in the Nordex Blade Technology Centre in Kirkeby, Denmark, that focuses particularly on production technology for innovative rotor blades. The teams responsible for the various product platforms maintain a very close dialog in order to maximize technological synergies. Due to the platform strategy, developments in areas such as control electronics can be transferred between and within turbines in both Generation Delta and Delta4000 as well as Generation Gamma. The same applies within the AW3000 platform. All activities aimed at reducing cost of energy (COE) are combined in centrally managed COE programs for the two platforms Delta and AW3000. A total of around 400 team members from different parts of the Group are currently working on these programs. Their objective is to reduce cost of energy of all wind turbines produced by the Group by at least 18% by 2018 compared to 2015.

As at the reporting date, R&D expenses of EUR 220.0 million (2016: EUR 219.7 million) were recognized. In the 2017 financial year, R&D expenses worth EUR 48.2 million were capitalized, EUR 1.5 million of which concern the initial consolidation of Nordex Blade Technology Centre ApS. In 2016, R&D expenses of EUR 183.1 million were capitalized, of which EUR 149.3 million resulted from the initial consolidation of Acciona Windpower.

Other additions of EUR 46.8 million (2016: EUR 33.8 million) in financial year 2017 comprise in particular the enhancement of the current wind turbine types and the development of the new wind turbine type N149/4.0-4.5. They comprise borrowing costs of EUR 0.9 million (2016: EUR 1.1 million) at a funding rate of 1.89% (2016: 2.16%). Other R&D expenses occurring during the 2017 financial year amounting to EUR 29.3 million (2016: EUR 43.9 million) did not meet the criteria for capitalization and were therefore expensed. The capitalization ratio therefore amounted to 61.4% (2016: 43.5%). In the reporting period, amortization of capitalized R&D expenses was recognized in the amount of EUR 47.9 million (2016: EUR 41.3 million).

PRODUCT DEVELOPMENT

During the 2017 financial year, the Group's development activities focused on the Delta4000 platform and the AW140/3000 turbine. Both products were presented to the market in autumn 2017. During the current financial year, prototypes are being installed and the first incoming orders are expected. Series production will begin in 2019.

The N149/4.0-4.5 in the Delta4000 product line is Nordex's highest yielding wind turbine for sites with low to moderate wind speeds. The turbine has a variable output of 4.0 to 4.5 MW. Compared with the successful N131/3300 model (Generation Delta), the new turbine has a 30% larger rotor sweep, enabling it to generate an increased yield of up to 32%. Delta4000 is the next stage of development in the proven Generation Delta mechanical engineering model. Nordex developers took the proven design of the Delta platform and transferred it to the 4 MW class with the help of performance-enhancing design adaptations. The main focus here was on achieving maximum cost-effectiveness by consistently reducing the cost of energy. The N149/4.0-4.5 uses the one-piece NR74.5 rotor blade developed by Nordex with a rotor sweep measuring 17,460m². The hub heights of 105m, 125m or 164m for low to moderate wind sites help to maximize yield. The different operating modes of the N149/4.0-4.5 also enable it to be used in particularly challenging sites. It is the quietest turbine in its class, with acoustic power of 103.6 dB(A) to 106.1 dB(A) depending on maximum output. If it is operated at a lower output, it reaches a maximum of 96.5 dB(A)). The turbine is designed for a service life of 20 years, although an operating life of up to 25 years can be achieved depending on the location.

The AW3000 platform range was expanded in the past year to include a 140m rotor diameter option. The AW140/3000 promises lower cost of energy, particularly in locations with lower wind speeds, giving it one of the highest capacity factors in its class. The design of the AW140/3000 is particularly well suited for markets such as India and other low wind regions. The turbine is an enhancement of the AW132/3000 and uses an innovative concept in which the root of the rotor blade is extended. The 12% larger rotor sweep increases annual energy production by 4.5-6.5% while at the same time minimizing production costs and time to market.

REPORT ON ECONOMIC POSITION

- Nordex completes 2017 within its adjusted guidance
- Installed capacity in 2017 at prior-year level
- Market environment dominated by highly competitive wind energy auctions
- "45-by-18" cost reduction program successfully completed

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

Macroeconomic environment: global economic recovery

Global economic growth accelerated and broadened in 2017. Political risks relating to the persistent lack of clarity surrounding US government policy, Brexit negotiations, geopolitical crises (including Iran and North Korea) and increasing protectionism have not slowed the brisk economic development. Industrial activity improved during the year, particularly in industrialized nations, prompting the investment climate to brighten in these countries. According to the International Monetary Fund (IMF), global gross domestic product (GDP) increased by 3.7% in real terms in 2017. The overall growth rate in industrialized nations accelerated to 2.3%. Developing and emerging markets expanded by 4.7% overall.

BIP growth in 2017 (selected countries and regions)

in %	Source	2017	2016
World	**a**	**3.7**	**3.2**
Industrialized countries	**a**	**2.3**	**1.7**
USA	a	2.3	1.5
Canada	a	3.0	1.4
Eurozone	b	2.5	1.8
Germany	c	2.2	1.9
France	b, d	1.9	1.2
Spain	b, d	3.0	3.3
Italy	b, d	1.6	0.9
United Kingdom	a	1.7	1.9
Developing / emerging countries	**a**	**4.7**	**4.4**
India	a	6.7	7.1
Turkey	e	6.7	3.2
Latin America	a	1.3	–0.7
Brazil	a	1.1	–3.5

Sources: a) IWF, b) Eurostat, c) Destatis, d) Institute for the World Economy (IfW) e) World Bank

Economic development was also positive in the Nordex Group's focus markets in 2017. In Germany, GDP grew by 2.2% and by as much as 2.5% on a calendar-adjusted basis. In addition to robust private consumption and buoyant construction investments, companies' capital expenditure for equipment and machinery picked up considerably. Both the eurozone and EU experienced stronger growth than in the previous year at 2.5%. The pace of growth accelerated in France and Italy. Although Spain missed out on some of this momentum, its growth rate of 3.0% was still higher than the eurozone average.

In the USA and Canada, the upturn accelerated markedly due to a pickup in industrial production. The United Kingdom's economy expanded disproportionately slowly compared to the EU in 2017 due to Brexit pressures. Renewed dynamic growth in India was temporarily dampened by adjustments to special factors (cash reform, national VAT). Turkey experienced strong growth due to government stimulus. The Brazilian economy emerged from recession with moderate expansion in 2017. This also had a positive overall effect on development in Latin America.

In this environment, the US Federal Reserve (Fed) raised key interest rates in three moderate steps to 1.25% to 1.50%. By contrast, the European Central Bank (ECB) left the main refinancing rate at 0.00%, continued to collect penalty interest of 0.40% for deposits and continued its bond purchases. Although the monetary policies of the Fed and ECB are becoming increasingly divergent as expected, the euro made significant gains against the US dollar. Based on the 2017 year-end exchange rate of USD 1.2005, the appreciation of the euro totaled 14.2% during the reporting year, fueled primarily by uncertainties regarding US policy and the increasingly positive economic trend in the eurozone.

Commodity prices increased as part of the global economic recovery. According to the IMF, prices of non-oil commodities were up 6.5% on average (2016: -1.6%). Prices of the commodities predominantly necessary for the construction of wind turbines also rose on a US dollar basis in 2017. Prices for aluminum rose by 34.0%, copper by 30.9% and steel (hot rolled coils) by 4.6%. In each case, Nordex secures the price for the necessary commodities immediately following the signing of a contract, meaning that fluctuations in commodity prices have a minor impact on its profit margins.

The prices of fossil fuels and the electricity prices specific to each country may, in general, have an impact on investment decisions regarding new wind farms or on the shape that any national framework conditions might take. Oil prices had already stabilized in the previous year after their massive collapse. This trend continued worldwide in 2017 due to reinvigorated industrial activity. The weak US dollar also pushed oil prices up. In 2017, this was primarily driven by a cap on crude oil production agreed and implemented by OPEC and other producers. According to the IMF, the price of oil increased by approximately 23% to USD 52.70 on average for the year in 2017 (UK Brent, Dubai Fateh, WTI). At the end of 2017, the price of a barrel of reference Brent crude was USD 66.87 (end of 2016: 56.82).

In the Central European electricity market, wholesale prices for base load electricity in 2017 continued their upward trend from the previous year. At the end of 2017, the Phelix-Baseload index for base load electricity in Germany and Austria was 37.15 EUR / MWh. On the first trading day of the year, the index was 30.08 EUR / MWh.

Political, legal and regulatory environment: auction process continues to gain momentum

The main underlying political conditions for the Nordex Group's business are determined by climate protection goals, specific national regulations and expansion plans depending on the region and country. These conditions provide the framework for the expansion of renewable energy power stations. Government stimulus, whether in the form of subsidies, tax breaks and other benefits as well as legal specifications for the use of renewable energy production and the reduction of harmful emissions caused by the use of fossil fuels, were also the main driver in establishing wind power in recent years. As of 2014, more than 140 countries had installed such systems. One milestone in promoting renewable energy production was the Paris Climate Change Conference in December 2015. For the first time, almost 200 countries signed a legally binding agreement and set themselves an action plan for limiting the temperature increase to a maximum of 2°C above preindustrial levels. The agreement became effective on 4 November 2016, and 172 countries have officially ratified it.

Onshore wind energy is established in the market as a technology for sustainable power production and is on the threshold of grid parity, as its cost of energy is comparable with that of fossil power stations. However, the prospects vary depending on the specific energy policies and political and financial frameworks in the individual sales regions. Among the key Nordex markets, Germany and India saw significant amendments to legislation promoting wind energy in 2017. On 1 January 2017, Germany changed its wind energy subsidy system from fixed feed-in tariffs to an auction system with capped tender volumes. A total of approximately 2.8 GW was awarded in three rounds of tenders in 2017; the average price awarded in each round was 5.71 ct / kWh, 4.28 ct / kWh and 3.82 ct / kWh respectively. Significantly more than 90% of the contract volume in each round of bidding was awarded to citizens' energy companies who, unlike normal bidders, were not required to produce a valid building permit to participate in the auctions and have an implementation period of four-and-a-half years instead of two-and-a-half years. India also introduced its first wind energy auctions in 2017. The first auction, held in February 2017, attracted a successful bid of 3.46 INR / kWh, below the previously valid feed-in tariff of 3.82 INR / kWh.

Auction processes in their different forms are thus becoming standard practice, having already replaced fixed feed-in tariffs in many countries. The Nordex Group strategically and operationally focuses on consistently lowering the cost of energy (COE), as a low cost of energy is a prerequisite for successful auction bids among its customers. According to data from Bloomberg New Energy Finance (BNEF), 101.9 GW of cumulative renewable energy capacity had already been allocated via auction processes worldwide by the first half of 2017. Latin America and Asia led this trend, accounting for 35.7 GW and 34.6 GW of the total volume respectively. At the end of 2015, the cumulative volume of auctioned renewable power generation capacity totaled just 54.7 GW.

Industry-specific environment: decline in new installations

Initially, the wind energy sector was on a growth path in 2017. According to the WWEA (World Wind Energy Association), the increase in global installed capacity reached 24.7 GW in the period from 1 December to 1 June, significantly exceeding expansion in the same period last year (20.6 GW). However, regulatory changes meant the environment deteriorated significantly during the course of 2017. New projects are increasingly being awarded as part of auctions. According to Global Wind Energy Council (GWEC) data, new installations reached a level of 52.6 GW (–3.7%) in the full year 2017. In the previous year, 54.6 GW of new capacity was installed worldwide, with 63.6 GW installed in the record year of 2015. As a result, total global installed capacity increased to 539.6 GW in 2017 (+10.6%). When looking at cumulative installed capacity, China, USA and Germany are by far the most dominant. These markets continue to boast the large share of worldwide growth, accounting for 63% of all new installations in 2017. When evaluating this data, it should be noted that gains in the offshore sector have overshadowed developments in the onshore sector in some cases.

Development of the wind power market (onshore and offshore)

Newly installed capacity in MW

Region / Country	2017	2016	Change in %
Asia	24,447	27,680	–11.7
Europe	16,845	13,926	21.0
America	10,414	12,438	–16.3
Total	**52,573**	**54,600**	**–3.7**
Top 5 markets			
China	19,500	23,328	–16.4
USA	7,017	8,203	–14.5
Germany	6,581	5,443	20.9
United Kingdom	4,270	736	480.2
India	4,148	3,612	14.8

Source: GWEC Global Wind Statistics 2017

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

NORDEX GROUP ACQUIRES SSP TECHNOLOGY A/S

In February 2017, the Nordex Group acquired SSP Technology A/S, a developer and manufacturer of rotor blade molds. Nordex uses this transaction to further expand its leading technological position in the development of ever bigger and more efficient turbines. The deeper vertical integration in construction molds and prototypes will enable Nordex to react even more flexibly in the future to the fast paced market conditions. SSP Technology today operates as Nordex Blade Technology Centre ApS.

JOSÉ LUIS BLANCO BECOMES NEW CEO OF NORDEX SE

The Supervisory Board of Nordex SE appointed José Luis Blanco as its new Chief Executive Officer (CEO) on 17 March 2017. He succeeded Lars Bondo Krogsgaard, who left the Company on 31 March 2017. As Chief Technology Officer (CTO), Blanco has been a member of the Management Board since the merger of Nordex and Acciona Windpower on 1 April 2016.

CLOSER COOPERATION WITH FRENCH ENERGY SUPPLIER

The Nordex Group signed two groundbreaking new contracts with French energy provider EDF Energies Nouvelles in July 2017. Nordex sees these projects as the starting point for a closer partnership with EDF Energies Nouvelles, with the aim of also providing international support for EDF Energies Nouvelles’ commitment to wind power.

NORDEX ENTERS 4 MW CLASS WITH POWERFUL TURBINE

The Nordex Group launched the next stage of development in the established Delta platform with the Delta4000 product range at the Husum Wind trade fair in September 2017. The N149/4.0-4.5 turbine, designed particularly for light wind conditions, has a 30% larger rotor sweep and a variable output of 4.0 to 4.5 MW, making it the most profitable light wind turbine currently available in the 4.0 – 4.5 MW class of the onshore sector. Nordex plans to start series production in 2019. The first test turbines will be installed in 2018 to gather the system parameters required for certification.

"45-BY-18" COST REDUCTION PROGRAM AGREED AND IMPLEMENTED

In September 2017, due to declining demand and significant changes to market conditions in the core market of Germany as well as in other European countries, the Nordex Group provided further details of the cost reduction program announced at the start of the year. In addition to planned savings in other operating expenses, the Group also planned to reduce staff costs. Overall, cost reductions in Europe of EUR 45 million were planned for 2018. Of this total, EUR 21 million relates to material costs and other operating expenses and EUR 24 million to staff costs. The successful implementation of this program triggered non-recurring expenses of EUR 41.4 million in the 2017 financial year.

BRANCH OFFICE OPENED IN AUSTRALIA

The Nordex Group opened an Australian branch in Melbourne in October 2017. Demand in Australia is expected to rise in the year ahead after the Australian government set itself the target of increasing the proportion of renewable energy in the state of Victoria from 25% to 40% between 2020 and 2025. Nordex is currently delivering turbines for the 132 MW Mount Gellibrand wind farm, a project for customer Acciona Energia.

HIGH ORDER INTAKE IN FOURTH QUARTER

After very restrained new business activity in the first nine months of the year under review, the fourth quarter of 2017 was once again the busiest. Orders with a total volume of 1,599 MW were finalized in the months from October to December, more than the first nine months of the year put together. The US business was particularly strong, with three major orders for wind farms with total capacity of 820 MW secured in this market. The Group also recorded important successes in Europe with projects such as the 180 MW Wieringermeer project for Vattenfall in the Netherlands. In the revitalized Spanish market, Nordex is delivering 58 turbines with a total output of 191 MW at six wind farms for new customer Gas Natural Fenosa Renovables.

OVERVIEW OF THE FINANCIAL YEAR

PRODUCTION

The Nordex Group increased its production capacity compared to the previous year in 2017 in both nacelles (turbines) and rotor blades. A decline in production in Germany and Brazil was offset by significant growth at the Spanish plants. The implementation of major projects in markets such as the USA that are supplied from Spain had an impact here. The consolidation of Acciona Windpower was also reflected in the full-year results for 2017. In the previous year, the Company was included for nine months from the date of acquisition on 1 April 2016.

During the reporting year, the Nordex Group produced a total of 1,057 turbines (2016: 1,004 turbines) with a combined nominal output of 3,152.0 MW (2016: 2,726.0 MW). There was a very clear trend towards the 3 MW platform. The Delta and AW3000 platform accounted for 833 wind turbines, while just 215 2 MW class Generation Gamma turbines were produced. Nine AW1500 turbines were also manufactured.

In 2017, a total of 353 rotor blades were produced at the Rostock plant (2016: 495 blades). The year-on-year decline in volumes partly reflected lower levels of activity on the Gamma platform. By the end of the year, preparations were also underway at the plant for production of the new blade type of the N149/4.0-4.5 turbine. Rotor blade production at the Lumbier plant in Spain for the AW3000 platform increased from 189 blades in 2016 to 436 blades in 2017.

Production output

Production	Turbines (MW)		Rotor blades (units)	
	2017	2016	2017	2016
Germany	1,469.3	1,982.0	353	495
Spain	1,547.7	459.0	436	189
Brazil	105.0	225.0	–	–
India	30.0	60.0	–	–
Total	**3,152.0**	**2,726.0**	**789**	**684**

INSTALLATIONS

During the 2017 financial year, Nordex installed a total of 932 wind turbines (2016: 985 turbines) in 16 countries (2016: 15 countries) with a combined nominal output of 2,699.1 MW (2016: 2,622.2 MW). 57% of the systems were installed in Europe – after 67% the previous year. The importance of this region thus decreased. 27% of the turbines were installed in North America (2016: 5%), 12% in Latin America (2016: 19%). 4% of the turbines were installed in the rest of the world (2016: 10%).

In terms of the most important individual markets, the USA was in first place with 770.3 MW of installed capacity, ahead of Germany with 724.0 MW. They were followed by Turkey, Brazil, France, Ireland and Finland, with Nordex installing more than 100 MW of output in each of these markets.

Installations

Country	Installed capacity (MW)	
	2017	2016
USA	770.3	123.0
Germany	724.0	690.9
Turkey	226.4	351.7
Brazil	180.0	228.0
France	170.2	161.6
Ireland	139.8	155.8
Finland	101.4	129.0
Mexico	90.0	129.0
Peru	75.6	0
India	75.0	3.0
United Kingdom	65.0	237.5
South Africa	32.5	129.0
Greece	31.4	0
Netherlands	9.0	19.5
Australia	6.0	0
Portugal	2.5	0
Uruguay	0	139.2
Pakistan	0	122.5
Norway	0	2.5
Total	**2,699.1**	**2,622.2**

This installed capacity enabled Nordex to maintain its global market position. In the onshore wind energy market excluding China, the Group had market share of 9.0% in 2017 (2016: 9.3%; source: internal calculations based on GWEC and WindEurope statistics). Nordex remained in sixth place in the 2017 world wind turbine manufacturer rankings produced by Bloomberg New Energy Finance (BNEF).

In most countries, where Nordex assembled wind turbines in 2017, the Company achieved double-digit onshore market share. In the USA, where Nordex recorded its highest installation capacity in 2017, the Company increased its market share from 1.5% in 2016 to 11%. In the German market, Nordex provided 14% of new wind energy output in 2017 after 15% the previous year. The Company's other market shares in 2017 were 30% in Turkey, 9% in Brazil, 10% in France, 33% in Ireland, 20% in Finland, 19% in Mexico, 100% in Peru, 2% in India, 3% in the United Kingdom, 5% in South Africa, 11% in Greece, 11% in the Netherlands and 2% in Australia.

ORDER INTAKE AND ORDER BOOK

During the 2017 financial year, the Nordex Group received wind turbine orders from 17 countries (2016: 16 countries) for a total volume of EUR 2,216.1 million (2016: EUR 3,302.2 million). These orders are recorded in the Projects segment. The year-on-year decline in orders of approximately 33% is primarily attributable to the downturn in the German market. In its domestic market, the Group only received orders totaling EUR 237.3 million in 2017, compared with EUR 1,173.1 million during the 2016 financial year. This is due to changes in the wind energy subsidy system in Germany as of 1 January 2017 from fixed feed-in tariffs to an auction system with capped tender volumes. Almost the entire contract volume in the three auctions conducted in 2017 was awarded to citizens' energy companies. These projects do not require any prior approval in accordance with the German Federal Pollution Control Act (BImSchG) and thus have a 54-month implementation period. In contrast, approved projects have an implementation period of 24 months. As a result, Nordex did not receive any significant orders from auctions in

2017, as the successful citizens' energy companies first need to develop their projects further before any contracts can be awarded to a turbine supplier.

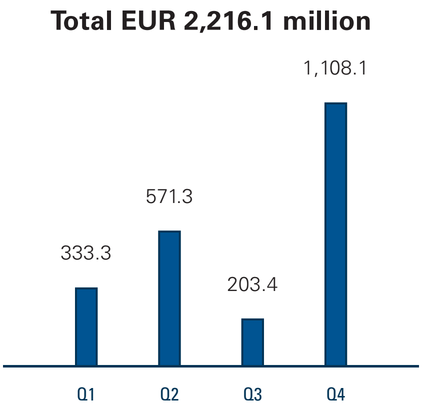
Regulatory changes have also led to upheaval in other markets such as India. There have also been delays in awarding contracts on several major individual projects. This meant that the first nine months of the 2017 financial year was weak, with order intake of EUR 1,108.0 million. The order situation then improved significantly in the fourth quarter of 2017, also recording order intake of EUR 1,108.1 million. Three projects in the USA with a combined output of 820 MW contributed significantly to this figure, together with major projects in countries such as Spain and the Netherlands. In the full year 2017, 51% of orders came from Europe, 30% from North America and 17% from Latin America. 2% of order intake related to Australia and thus the "Rest of the World" region.

The total capacity of the turbines ordered in the 2017 financial year was 2,741.3 MW, down 21.7% on the previous year (2016: 3,499.1 MW). In particular, the decline in the average turbine price per megawatt from EUR 0.94 million / MW in 2016 to EUR 0.81 million / MW reflects regional order distribution, price competition and the higher average nominal output of the turbines sold.

The book-to-bill ratio in the Projects segment (order intake to sales ratio excluding the service business) amounted to 0.80 for the 2017 financial year (2016: 1.05).

Order intake, turbines – 2017

EUR million



As at the reporting date of 31 December 2017, the Projects segment had a confirmed order book of EUR 1,670.2 million, down 25.2% on the previous year due to lower order intake (31 December 2016: EUR 2,233.3 million). The order book was regionally diversified once again, with Europe accounting for 50% (2016: 55%), North America 24% (2016: 14%), Latin America 22% (2016: 26%) and the Rest of the World 4% (2016: 6%).

In the Service segment, Nordex achieved an order intake of EUR 556.8 million in the 2017 financial year (2016: EUR 518.0 million). This order intake figure includes both service contracts for new turbines and extensions for expired contracts. As at 31 December 2017, the order book for this segment totaled EUR 1,979.6 million (31 December 2016: EUR 1,693.0 million). This figure includes contracts for turbines that were active at the end of the year. Contracts taking effect after this point are not yet included in this performance indicator.

At the end of 2017, the Nordex Group supported 6,858 wind turbines in the Service segment with a total volume of 16.4 GW (31 December 2016: 5,496 turbines and 12.9 GW respectively). The system availability for the wind turbines managed by Nordex via service agreements improved across all platforms to an average of 97.8% in 2017, meaning unscheduled downtimes of the turbines under management remained very low. In 2016, availability was 97.5% for Nordex-brand turbines and 97.6% for turbines on the AW platform.

SEGMENT PERFORMANCE

The Projects segment, which primarily includes the new wind turbine business and wind farm development as part of Nordex Development, accounted for EUR 2,776.8 million in sales (2016: EUR 3,139.8 million), while Service segment sales amounted to EUR 310.8 million (2016: EUR 271.6 million). During the year under review, the Projects segment accounted for 89.9% of sales and the Service segment was responsible for 10.1%. As a result, the Service segment's contribution to overall sales increased. Prior to the consolidation within the Group, the ratio in the previous year was 92.0% to 8.0%. The items pertaining to the financial result (interest income and expenses) are not broken down by segment.

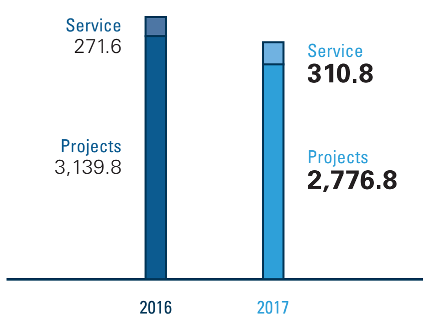
As a result, consolidated sales during the financial year were EUR 3,077.8 million (–9.3%) while earnings before interest and taxes (EBIT) of the Nordex Group amounted to EUR 43.4 million (–74.3%).

Segment performance key data

	Projects		Service		Consolidation		Total	
EUR million	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Order intake	2,216.1	3,302.2	556.8	518.0	–	–	–	–
Order book	1,670.2	2,233.3	1,979.6	1,693.0	–	–	–	–
Sales	2,776.8	3,139.8	310.8	271.6	–9.8	–16.4	3,077.8	3,395.4
EBIT	23.5	130.8	19.9	37.8	0	0	43.4	168.6

Sales by segment

EUR million, before consolidation 2017



COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

On 23 February 2017, Nordex published the most important outlook figures for the 2017 financial year. The Management Board predicted sales between EUR 3.1 billion and EUR 3.3 billion. The year-on-year decline in sales was due to lower expectations for the business in individual core markets. Despite reduced utilization of the structures compared to 2016, the EBITDA margin was expected to remain almost stable within a range between 7.8% and 8.2%. This was due to the anticipated cost of energy reduction to offset price pressure, positive synergy effects from the acquisition of Acciona Windpower and the elimination of most adverse non-recurring effects on earnings.

Additional details of the outlook for the 2017 financial year were announced as part of the presentation of the provisional figures on 2016 on 1 March 2017.

The working capital ratio was expected to be between 5.0% and 7.0%, with investments (capex) at around EUR 150 million. The introduction of cost reduction measures was announced at the same time. The previously announced unchanged EBITDA margin forecast thus applied to earnings adjusted for non-recurring expenses associated with cost reduction measures.

In light of low order intake, particularly in the third quarter of 2017, the Management Board adjusted its sales forecasts to slightly below EUR 3.1 billion upon publication of the nine-month figures in mid-November 2017. The remaining key outlook figures were confirmed.

The Nordex Group's audited figures for 2017 are fully in line with its guidance. With sales of EUR 3,077.8 million, the Company achieved an adjusted EBITDA margin (before non-recurring expenses associated with cost reduction measures) of 7.9%. As at 31 December 2017, the working capital ratio was 5.3%, with investments (capex) totaling EUR 144.3 million.

Overview of forecast and actual business performance in 2017

Key figure	March 2017 guidance	Guidance adjusted in November 2017	2017 actual
Sales in EUR billion	3.1 – 3.3	slightly below 3.1	3.078
Adjusted EBITDA margin in %[1]	7.8 – 8.2	7.8 – 8.2	7.9
Working capital ratio in %	5.0 – 7.0	5.0 – 7.0	5.3
Capital expenditure in EUR million	approx. 150	approx. 150	144.3

[1] Before non-recurring expenses in connection with the cost reduction program

MANAGEMENT ASSESSMENT OF THE COMPANY'S ECONOMIC PERFORMANCE

The Nordex Group is establishing itself in a highly competitive and globalized market environment. During the 2017 financial year, Nordex increased its installed capacity by 3% to a new record high of 2,699 MW. The average decline in wind turbine prices and project delays caused sales to fall by 9% to EUR 3,077.8 million in the past financial year. The adjusted EBITDA margin was 7.9% in 2017 after reaching 8.4% in 2016.

The Nordex Group can only remain successful in these conditions as a result of the merger with Acciona Windpower in 2016. The Company is increasingly benefiting from the complementary strengths with regard to markets, customer groups, products and technologies, giving it a broad position in numerous high volume and growth markets and enabling it to withstand and, in some cases, offset upheaval such as that currently underway in Germany.

Overall, the Nordex Group's Management Board considers 2017 to have been a satisfactory year and believes the Company is well equipped to meet its anticipated challenges in the current financial year 2018.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

Sales

In 2017, the Nordex Group generated sales of EUR 3,077.8 million, down 9.3% on the previous year's level (2016: EUR 3,395.0 million). This declining trend in the 2017 financial year was apparent from the start of 2017 and was reflected in the guidance, despite the strong order book of EUR 2,233.3 million as of 31 December 2016. This was primarily due to regulatory changes in important markets such as Germany, as well as project delays.

As with installed capacity, the regional sales breakdown shows a particularly strong emphasis on North America. When looking at the Company's five most important individual markets, Germany remains in first place, albeit with a decreased weighting. Sales in this market fell to EUR 910.2 million (2016: EUR 1,115.8 million), followed by the USA with a substantial increase in sales to EUR 610.5 million (2016: EUR 319.2 million). The third most important sales market was France with EUR 305.0 million (2016: EUR 205.2 million). In Turkey, the Nordex Group generated sales of EUR 200.0 million (2016: EUR 315.3 million). Brazil followed in fifth place with sales of EUR 176.9 million (2016: EUR 283.1 million).

Earnings

Gross revenue of the Nordex Group fell in the year under review by 7.9% to EUR 3,127.4 million (2016: EUR 3,395.4 million). Structural costs before depreciation and amortization climbed by 14.8% to EUR 631.8 million (2016: EUR 550.5 million). This disproportionately high increase was attributable to both higher staff costs, which grew by 23.9% to EUR 359.2 million (2016: EUR 289.9 million) and higher other operating expenses net of other operating income, which climbed by 4.6% to EUR 272.6 million (2016: EUR 260.6 million).

Structural costs before depreciation and amortization

EUR million	2017	2016
Staff cost	359.2	289.9
Other operating expenses less other operating income	272.6	260.6
Total	**631.8**	**550.5**

The cost of materials ratio was reduced again in 2017, falling by 2.0 percentage points to 73.4% (2016: 75.4%). The lower material costs reflected both measures aimed at reducing the cost of energy (COE) and the successful project execution.

The rise in other operating income to EUR 45.6 million (2016: EUR 35.7 million) is primarily attributable to a further increase in the proportion of foreign sales. Currency option transactions were carried out for hedging purposes, this generating the majority of the aforementioned income.

Earnings before interest, taxes, depreciation and amortization (EBITDA) saw a stronger decrease than sales, falling 29.7% to EUR 200.7 million (2016: EUR 285.5 million). This put the EBITDA margin at 6.5% (2016: 8.4%). Excluding non-recurring expenses connected with the "45-by-18" cost reduction program totaling EUR 41.4 million, the EBITDA margin was 7.9% and thus within the guidance range.

Depreciation and amortization was significantly higher than the previous year at EUR 157.3 million (2016: EUR 117.0 million). Of this total, EUR 61.0 million (2016: EUR 39.5 million) can be traced back to the purchase price allocation (PPA) in connection with the acquisition of Acciona Windpower.

Earnings before interest and taxes (EBIT) were thus also lower due to the higher PPA depreciation and the above mentioned one-time expenses related to the cost-cutting program, declining by 74.3% to EUR 43.4 million (2016: EUR 168.6 million). The EBIT margin thus amounted to 1.4% (2016: 5.0%).

Primarily as a result of impairment of financial assets, the financial result decreased by a total of 15.7% to EUR –30.9 million (2016: EUR –26.7 million). The impairment of financial assets item concerns the impairment of long-term receivables from project companies.

Net profit/loss from ordinary activities (EBT) stood at EUR 12.5 million, 91.2% down on the previous year's result (2016: EUR 141.8 million). After deducting income taxes of EUR 12.2 million (2016: EUR 46.5 million), consolidated profit decreased to EUR 0.3 million (2016: EUR 95.4 million). Earnings per share decreased accordingly to EUR 0.00 compared to EUR 1.03 in the previous year.

FINANCIAL POSITION AND NET ASSETS

Capital structure

On the equity and liabilities side of the balance sheet, current liabilities decreased. Trade payables saw 18.4% growth to EUR 446.6 million (31 December 2016: EUR 377.3 million). Other current non-financial liabilities, which mostly include customer prepayments, fell considerably, however, by 30.2% to EUR 359.1 million (31 December 2016: EUR 514.3 million). Overall, total current liabilities, at EUR 1,104.1 million, were down 11.1% year-on-year (31 December 2016: EUR 1,242.2 million). Non-current liabilities were down significantly on the previous year's value at EUR 784.5 million (31 December 2016: EUR 812.0 million). This was primarily due to the decline in non-current liabilities to banks and lower deferred tax liabilities.

The Nordex Group has access to a syndicated loan ("multicurrency guarantee facility") provided by international commercial banks totaling EUR 1.2 billion that, in addition to bank guarantees in key currencies for the Company, also includes lines for the ordinary course of business.

The medium and long-term debt financing of the Nordex Group currently comprises a Schuldschein loan (promissory note), an investment loan from the European Investment Bank (EIB) and a fixed-interest bond issued in early 2018. Approximately half of the EUR 550 million promissory note issued in 2016 with terms of three, five, seven and ten years was placed with national and international investors. Depending on the tranche, the interest rate at the time of issue was between 1.5% and 3.0%. As the first "green Schuldschein", this financial instrument could also be taken up by investors emphasizing binding environmental and social standards. The EUR 275 million bond placed in early 2018 with a term of five years and a coupon of 6.5% enables the Company to repay the variable Schuldschein tranches due in 2019 ahead of schedule and the proportional repayment of the tranche due in 2021. Redemption of the Schuldschein tranches is planned for April 2018. Like the Schuldschein, this bond was also certified as "green" by the Climate Bonds Initiative. Nordex also took up a loan from EIB with an original volume of EUR 100 million that is amortized annually. At the end of 2017, the outstanding loan amount and accumulated interest totaled EUR 78.7 million.

Net liquidity, meaning cash and fixed-term deposits less interest-bearing liabilities, decreased significantly to EUR –60.1 million (31 December 2016: EUR 6.1 million) due to the overall increase in liabilities to banks and the decline in liquid assets.

Liabilities to banks (including future interest payments) of the Nordex Group

EUR thousand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31.12.2017	**59,299**	**16,666**	**596,516**	**42,593**	**715,074**
31.12.2016	7,354	16,775	606,182	56,323	686,634

Further disclosures on trade payables, liabilities to banks and other financial liabilities can be found in the notes to the consolidated financial statements.

At EUR 919.0 million, equity as at 31 December 2017 was down 2.2% on the previous year (31 December 2016: EUR 940.0 million). Total assets decreased by 6.2% to EUR 2,807.6 million (31 December 2016: EUR 2,994.2 million), prompting a slight increase in the equity ratio to 32.7% as at the reporting date (31 December 2016: 31.4%).

Capital reserves again amounted to EUR 597.6 million (31 December 2016: EUR 597.6 million).

Other disclosures regarding changes to the individual equity items can be found in the consolidated statement of changes in equity.

Asset structure

Lower business volumes and the decline in prepayments due to lower order intake led to a slight decline in liquid assets at the end of the year under review, by 4.0% to EUR 623.2 million (31 December 2016: EUR 649.5 million), despite effective working capital management. These also include fixed-term deposits, i.e. sight deposits, with notice periods of up to twelve months.

Inventories continued to drop due to the falling project volume, down 1.0% to EUR 195.6 million (31 December 2016: EUR 197.5 million). Trade receivables and future receivables from construction contracts declined by 15.2% to EUR 593.3 million (31 December 2016: EUR 699.4 million). This was primarily attributable to decreases in procurement, production, logistics and installation. Major projects in North and South America with deviating payment conditions also had an impact on receivables.

Overall, current assets fell by 10.2% to EUR 1,543.1 million (31 December 2016: EUR 1,719.1 million).

The decrease in non-current assets was significantly lower. Compared to the previous year, this figure fell by 0.8% to EUR 1,264.5 million (31 December 2016: EUR 1,275.1 million). Whereas property, plant and equipment rose by 6.4% to EUR 283.4 million (31 December 2016: EUR 266.4 million), goodwill remained constant at EUR 547.8 million (31 December 2016: EUR 547.8 million) and capitalized R&D expense increased by 0.1% to EUR 220.0 million, other intangible assets saw a strong decline to EUR 72.2 million (31 December 2016: EUR 114.6 million).

Financial position and liquidity

Operating cash flow declined by 36.7% to EUR 91.4 million (2016: EUR 144.4 million). While inventories and trade receivables decreased in the period under review, there was an increase in future receivables from construction contracts in particular. This was the main effect contributing to the reduction in operating cash flow.

The working capital ratio was 5.3% (2016: 4.1%), well within the target range set as part of the annual guidance (5.0% to 7.0%). In addition to further improvements in working capital management – such as optimized turnaround and order times – customer prepayments were an important factor in this context.

Cash flow from investing activities amounted to EUR –146.1 million (2016: EUR –399.2 million). Cash flow from financing activities was significantly below the previous year's figure at EUR 43.9 million (2016: EUR 369.2 million). The acquisition of Acciona Windpower and the respective purchase price funding in the previous year had a particularly strong impact here. This was also apparent in the negative free cash flow, which amounted to EUR –54.7 million at year-end (2016: EUR –254.8 million).

Changes in cash and cash equivalents from ongoing operations stood at EUR –10.8 million, down on the previous year (2016: EUR 114.4 million). Cash and cash equivalents at the end of the period fell by a total of 4.0% to EUR 623.2 million (31 December 2016: EUR 649.5 million). The Nordex Group was able to satisfy its payment obligations at all times in the period under review.

Capital expenditure

In the year under review, capital expenditure of the Nordex Group came to a total of EUR 144.3 million (2016: EUR 102.4 million), a 40.9% increase over the previous year. Of this, intangible assets accounted for EUR 53.3 million or around 36.9% (2016: EUR 40.4 million).

The majority of this, EUR 46.8 million, was capitalized R&D expense, similar to the previous year (2016: EUR 33.8 million). The 38.5% growth shows that the Nordex Group continues to be committed firmly to innovation. Other additions to intangible assets amounted to EUR 6.5 million (2016: EUR 6.7 million).

Investments in property, plant and equipment in 2017 were at EUR 91.0 million, representing an increase of 46.8% (2016: EUR 62.0 million). Within property, plant and equipment, technical equipment and machinery accounted for the largest share (EUR 56.6 million; 2016: EUR 13.7 million), followed by other fixtures and fittings, tools and equipment (EUR 15.7 million; 2016: EUR 17.9 million), prepayments made and assets under construction (EUR 11.8 million; 2016: EUR 20.5 million) and land and buildings (EUR 6.9 million; 2016: EUR 9.9 million).

Capital expenditure (development and structure)

EUR million	2017	2016
Property, plant and equipment	91.0	62.0
Intangible assets	53.3	40.4
Total	**144.3**	**102.4**

OPPORTUNITIES AND RISK REPORT

GENERAL INFORMATION ON THE RISK MANAGEMENT SYSTEM

Accounting

Nordex's internal control system comprises a component that is integrated into its business processes as well as a process-independent component. Guidelines and instructions are issued and internal controls implemented to handle and manage risks and to ensure compliance with formal criteria. The necessary instruments are mostly defined and applied by the specialist functions. In addition, internal auditing tracks risk independently of processes. It examines the existing rules applicable to processes and ensures that they are complied with in practice. In addition, internal auditing reports on risks arising from discernible deviations and issues recommendations concerning the adjustments to be made. Nordex's existing risk management system also undergoes regular external auditing in the interests of continuous improvement.

Nordex takes a number of precautions to ensure proper accounting for the purposes of the annual and consolidated financial statements. Thus, for example, the Group has a central accounting and financial statements structure which is implemented on the basis of uniform accounting rules and instructions. This ensures that Group accounting is reliable and orderly and that transactions are recorded in full and on a timely basis in accordance with the statutory requirements and the provisions of the company's Articles of Incorporation. In addition, accounting rules and instructions are issued to ensure that stock- taking is completed correctly and assets and liabilities are recognized, measured and reported free of any errors or omissions in the consolidated financial statements. Controlling activities include analyses of facts and trends on the basis of performance indicators.

Transactions are recorded in the separate financial statements of the Group companies. For this purpose, a uniform chart of accounts is used throughout the Group. The consolidated financial statements of Nordex SE and its subsidiaries are prepared in accordance with Section 315e of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRSs). A structured process as well as a schedule are used in the preparation of the consolidated financial statements. If any non- accounting information is required to prepare the consolidated financial statements, it under-goes careful analysis and plausibility checks prior to being used. The financial statements are consolidated at the level of Nordex SE.

Various controls, such as the separation of functions, the double sign-off principle and approval and release processes are applied to both payments and contracts.

Goals, organization and function of the risk management system

As a company with international business activities, Nordex is exposed to various risks as a result of its operations. For this reason, the Group has implemented a comprehensive risk management system designed to detect potential negative deviations (risks) at an early stage so that suitable precautions can be taken to avert any harm to Nordex and to avoid any impairment of its going-concern status. Positive deviations in the form of opportunities are not included in this system as other structures and processes are available for tracking them (e.g. the "Cost of Energy" program). In addition, risk management seeks to provide adequate assurance that the Nordex Group's operating and strategic goals in particular can be achieved as planned. The risk management system includes numerous control mechanisms and forms an important element of the corporate decision-making process. Accordingly, it is implemented as an integral part of corporate governance throughout the entire Nordex Group. A uniform Group-wide management approach has been implemented for reporting corporate risks to safeguard the efficacy of risk management, to permit the aggregation of risks and to ensure transparent reporting.

The Nordex Group's risk management system addresses all strategic, operating, legal and financial risks along the value chain with the aim of ensuring that they are detected at an early stage, monitored and managed in accordance with the targeted risk profile. This process is supported by risk management software.

The risk management policy adopted by the Management Board governs the approach to be taken to addressing risks within the Nordex Group and defines a uniform methodology applicable to all parts of the Group. This sets out responsibilities for the execution of risk management tasks as well as reporting and monitoring functions. Group risk management holds central methodological and system responsibility for the separate Group-wide standardized risk management system and related reporting structures. It is responsible for regularly updating and implementing the risk management policy. In addition, it is in charge of Group-wide standardized risk reporting to the Management Board.

Risk owners are appointed across the entire Nordex Group (on a national, regional, divisional and Group level). Accordingly, risk management is implemented consistently on all levels and across all departments. Risks arising from operating business are monitored and tracked continuously. The risk owners are responsible for identifying and evaluating risks arising from all main business activities on at least a quarterly basis by applying a consistent methodological approach and for documenting the results in a central risk database. This is followed by a decision on the specific response (e.g. risk mitigation). The resulting plan of action is evaluated, recorded, implemented and continuously monitored. All steps are repeated in recurring intervals and adjusted in the light of current trends and decisions.

Any risk potential identified is analyzed and assessed using quantitative parameters. Substantial risks to the company's status as a going concern are reported on an immediate risk escalation basis. Risk management findings are regularly incorporated in planning and control analyses as well as the forecast for future business performance. The statutory auditor reviews the processes and procedures implemented for this as well as the appropriateness of the documentation on an annual basis. Nordex is willing to take entrepreneurial risks (risk appetite) but only in so far this business activities and the out of it resulting additional income opportunities can be expected to make a reasonable contribution towards increasing the shareholder value of the Nordex Group. The core risks, in particular, the risks from the market (e.g. fluctuations in demand) and the development of new products are borne by Nordex itself. Nordex intends to transfer to third parties all risks that are not part of the core activities (e.g. currency and property damage risks).

Updating of risk documentation

Assessments of overall risk potential are updated on the basis of the risk owners' input and documented in a central database. The period under review consists of the remaining current as well as the following two years. Risk management coordinates the quarterly updating of risk and counter-action documentation.

Risk evaluation
Risks are classified as potential target achievement according to their estimated probability and impact to determine which ones are most likely to pose a danger to the Nordex Group's going-concern status and are recorded as a gross figure (prior to risk counter-actions). The risk counter-actions are evaluated and recorded separately. Only completely implemented risk counter-actions reduce then the risk value from a gross figure to a net figure. The scales for measuring these two risk value criteria are set out in the following tables:

Risk classification – probability

Probability	Brief description
0–5%	Very unlikely
6–25%	Possible
26–50%	Conceivable
51–100%	Likely

On the basis of this scale, Nordex defines a very unlikely risk as one, which would arise only under extraordinary circumstances and a likely risk as one, which is likely to occur within a defined period of time.

In comparison with the previous year, the impact quantification range changed for the category "low" from "EUR 0.25–2 m" to "EUR 0.5–3 m" and for the category "medium" from "EUR 2–10 m" to "EUR 3–10 m".

Extent of the risk – impact

Impact	Quantification	Brief description
Minor negative impact on activities as well as on financial and earnings situation	EUR 0.5–3 m	Low
Appreciable negative impact on activities as well as on financial and earnings situation	EUR 3–10m	Medium
Strong negative impact on activities as well as on financial and earnings situation	EUR 10–25 m	High
Critical negative impact on activities as well as on financial and earnings situation	> EUR 25m	Critical

We classify risks as "low", "medium", "high" or "critical" in accordance with their estimated probability and impact. This produces the following risk matrix:

Risk matrix

Risk matrix	Risk			
Critical	C	C	C	C
High	M	H	H	C
Medium	M	M	H	H
Low	L	L	M	M
Probability	0–5% Very unlikely	6–25% Possible	26–50% Conceivable	51–100% Likely

C = Critical Risk H = High Risk M = Medium Risk
L = Low Risk

During 2017 the Group risk matrix has been updated and as a result, the following risk categories have been modified:

1) Critical impact/very unlikely probability changes from "Medium" to "Critical" risk status.
2) Critical impact/possible probability changes from "High" to "Critical" risk status.
3) Critical impact/conceivable probability changes from "High" to "Critical" risk status.
4) High impact/possible probability changes from "Medium" to "High" risk status.
5) High impact/likely probability changes from "High" to "Critical" risk status.
6) Medium impact/very unlikely probability changes from "Low" to "Medium" risk status.
7) Medium impact/Conceivable probability changes from "Medium" to "High" risk status.

Risk response and monitoring

Risks can be either mitigated by means of active precautions or – under certain circumstances – accepted. Necessary precautions are immediately taken and their expected risk reduction effect evaluated and recorded. The company uses selected derivative hedge instruments to reduce its exposure to financial market risks. In addition, insurance is taken out to cover risks where this is economically viable and possible.

The risk owners are responsible for continuously monitoring risks and the efficacy of the precautions taken and are supported by their supervisors and managers. In addition, risks are monitored by the appropriate bodies at the various corporate levels comprising management staff from various parts of the company including the Management Board and the Supervisory Board. The responsible employees at the country, regional, divisional and Group level have permanent access to the details of the risks and precautions documented in the central database. Risk owners at divisional and Corporate Group level regularly discuss risks and precautions together with the Management Board and monitor the effects of the risk-mitigation efforts. In addition, the Management Board receives a quarterly report on individual risks, which are classified as "high" or "critical" on the basis of a risk analysis. Substantial risks to the company's status as a going concern are reported to the Management Board immediately on an immediate risk escalation basis.

This report takes the form of a general description of the risks together with a quantitative evaluation and their effect on the profit and loss account. All commercial risk information (expected risk values, counter-action effects and costs, provisions and contingencies) are consolidated in an Expected net risk forecast. This makes transparent to which extent the risks are covered by already reserved amounts and still to be implemented risk counter-actions. In addition, the Management Board notifies the Supervisory Board on a quarterly basis of any new or existing risks classified as "high" or "critical".

Continuous monitoring and refinement

Internal auditing satisfies itself of the proper functioning and efficacy of the risk management system in regular intervals. Risk reports are checked on a sample basis for their plausibility and appropriateness via interviews conducted by Internal Audit with the units and companies concerned.

The risk management system undergoes constant optimization as part of the continuous monitoring and improvement process. In this context, equal allowance is made for internal and external requirements. The purpose of the monitoring activities and improvements is to safeguard the efficacy of the risk management system.

The statutory auditor assessed the efficacy of the risk early detection system on the basis of this data and is satisfied that the risk identified has been appropriately described. Accordingly, the risk early detection system complies with the statutory requirements and is consistent with the German Corporate Governance Code.

Description of the main areas of risk and individual risks

Unless otherwise stated, the following descriptions and evaluation of individual risks apply to 2018 until 2020. The risks identified and possible effects resulting from such risks on the financial performance are calculated as a net risk figure. This includes risk counter-actions which have been completely implemented and those which still need to be implemented. This relates only to those counter actions which have been decided upon, are in the implementation phase or established as continuous actions.

Macroeconomic risks

Nordex is exposed to macroeconomic and geo-political risks, particularly a general decline in global economic growth or a slowdown or recession in individual focus markets. Nordex ability to operate and expand into international markets could be harmed also by foreign exchange restrictions, economic, political and social instability, compliance risks, among several other market related risks. As a result of the merger with Acciona Windpower and the considerably higher business volume in the emerging and developing countries, the risk of unforeseen developments in the macroeconomic situation of such countries has become more relevant.

Sector-specific risks

Sector-specific risks comprise general market risks, price risks and legislative risks.

General market risks – particularly the loss of market potential and planned projects – may arise as a result of political or economic factors or changes in the energy industry.

The risk of changing governmental policies towards an auction based model is a key market risk affecting the wind industry nowadays. Historically, governments have been providing financial incentive schemes to the owners of renewable energy systems, primarily through preferential tariffs or regulated feed-in tariffs on power generated by renewable sources, including wind energy. However, many countries are increasingly replacing fixed feed-in tariffs with an auction model. This change reduces margins and returns for wind energy investors and intensify price pressure and competition within the industry, thus contributing to make the market for wind turbines highly competitive. Wind industry manufacturers are competing mainly on price, performance, reliability track record and quality, suitability for specific projects, among others. Competition in the wind industry has intensified in recent years as a result of international expansion by existing wind industry manufacturers and technical innovation. This fact has led to an increasing pressure on prices, particularly in those markets, which are changing to auction-based incentive schemes.

Changes in regulations could lead to a period of uncertainty regarding the application of the new rules. This uncertainty could negatively affect the order intake due to the reluctance of customers to invest in new wind projects or take part in tenders.

Nordex addresses the sector-specific risks by means of strong sales diversification and as a consequence, the Group is currently operating in more than 50 different markets across Europe, America, Asia, Africa and Australia. In addition, enterprise-wide processes have been implemented to evaluate and address potential markets quickly.

To address the price risk, the Group is fully committed to the COE program, which is aimed at achieving a continuous reduction in the Cost of Energy produced by its wind turbines.

In 2017 the Group has implemented a cost saving program to reduce structural cost as a reaction to face the decline of the market volume in Europe due to the ongoing conversion to the auction systems.

As a result of the merger with Acciona Windpower and the considerably higher business volume in the emerging and developing countries, the sector-specific risk, for example, of unforeseen changes to the legislation has generally increased.

Aside from factors already known, the probability of sector-specific risks is currently considered to be conceivable. They would still have a critical impact on the order intake planned for 2018 and for subsequent years, but also on the financial position in 2018.

Product development risks
As the wind turbine manufacturing industry is highly innovative and competitive, the ability to stay in the market depends strongly on designing, developing and marketing new and more cost efficient wind turbine systems. However, the development of new more efficient and higher-yielding turbine models as well as product modifications involves considerable investments in some cases. These capital expenditures must be recouped via successful sales across the entire product life cycle.

Key determinants for successful turbine engineering particularly comprise the availability of time and financial resources, the secure transition from the prototype phase to series production, the issue of the necessary operating certificates and permits and the date of market launch. Development risks arise if one or more of these factors are unexpectedly jeopardized and R&D expense is higher than expected.

Nordex addresses these factors during development, prototyping and series production by means of simultaneous engineering and a Group-wide production development process. Development of a new turbine is preceded by a market analysis and preparations in close consultation between sales and engineering. In addition, the platform strategy ensures that proven technology is used and specifically enhanced up until certification and the ensuing series production.

The wind power systems assembled by Nordex must comply with the applicable local grid codes. Considerable resources are required to implement the growing number of national grid codes. If grid codes are not observed in a given market, this expense cannot be recouped nor can market potential be tapped. Nordex addresses this risk with organizational structures and a corresponding engineering focus. In addition, internal overarching workgroups have been established. This is supplemented with Nordex's activities in external bodies aimed at achieving maximum international grid-code harmonization.

The probability of development risks is perceived as possible with a medium impact in the results planned.

Project development risks
In the project development business, the Group develops and sells wind farm projects. The project development activities include conducting feasibility studies, securing permits and land rights and power purchase agreements and arranging financing for the intended project.

The wide scope of project development is associated with several risks. For example, not receiving a building permit or not being successful in auctions, not receiving Power Purchase Agreements for a project can lead to cancellation and write off of the project.

The probability of project development risks is classed as conceivable with a low impact in the results of the Group in case of occurrence.

Sourcing and purchasing risks

The main purchasing risks include supply shortages on the part of suppliers, supplier default as a result of insolvency, unexpectedly high inventories, price and quality risks and minimum local manufacturing content requirements.

There are currently no material supply shortages in the market for the main components used in wind power systems. Unexpected project delays may result in temporarily increased stockpiling at Nordex, thus impairing its liquidity. Nordex therefore endeavors to keep inventories as low as possible by means of just-in-time deliveries without sacrificing schedule compliance. If order intake falls substantially short of expectations this year, suppliers, some of whom have spent heavily on extending their capacity or have had a change of owner, could be lost for economic reasons, reducing the number of potential suppliers.

In contrast, an unexpected surplus of demand could result in supply shortages for some components – particularly for the newer blade types and high towers – leading to delays in the completion of projects. Nordex addresses the risk of supplier default by qualifying further suppliers in order to reduce the single-sourcing risk. Moreover, this risk is partially covered by insurance. Nordex purchases components worldwide that are largely subject to price fluctuations in the commodities markets. As it offers its customers turbines at prices fixed for specific projects, components are sourced as quickly as possible after the order intake, thus reducing the risk of price fluctuations on the purchasing side.

Nordex guarantees the quality of its turbines and also certain performance and availability parameters. In order to avoid any penalties for failure to meet these performance guarantees, all components and the complete system undergo thorough testing and quality inspections under the quality management system. Even so, it is not possible to completely exclude the risk of faulty components, e.g. externally sourced rotor blades, and this risk cannot be fully passed on to suppliers and sub-suppliers.

Local manufacturing content requirements are growing in importance in new markets in the emerging and developing countries. Failure to furnish proof of the company's ability to meet these requirements may have an adverse effect on project finance and execution. Nordex addresses this risk by searching for local contractors at an early stage and by working closely with customers and authorities in the countries concerned.

The probability of sourcing and purchasing risks is classed as very unlikely and may have a critical impact on the company's margins.

Production risks

Over the last few years, Nordex has revised its production system, adopting line production for turbine assembly and partially automated processes for rotor blade production. Accordingly, the main production risk is a standstill in the production facilities. Standstills may arise when deliveries by upstream suppliers are delayed or fail to meet the agreed quality, the commencement of volume production of new types of turbines is delayed or key production resources such as cranes, assembly line systems, or molds fail.

A further specific risk refers to the ramp-up phases for new products and components, particularly new blade types or blade types, which are produced by external contractors. In addition to training new employees in this field, it is necessary to ensure the necessary quality of the carbon-fiber-reinforced blades to avoid any unplanned cost overruns.

Nordex addresses production risks by means of quality management and the defined processes as well as supply chain management, which covers the interfaces linking procurement, production and project management.

The probability of production risks is classed as likely and may have a low impact on performance indicators.

Project and assembly risks

The locations at which Nordex assembles wind turbines and wind farms each exhibit unique topographic, climatic and regional characteristics. A technical evaluation and commercial appraisal are conducted prior to project execution. Deviations from the predefined process chain may be caused by weather risks, which may lead to delays in the assembly and commissioning schedules. Nordex addresses these risks by including risk-sharing provisions in the relevant contracts between manufacturer and customer and by means of active deviation management. Even so, the possibility of cost overruns, e.g. for cranes and assembly work, as well as transportation and logistics, cannot be completely ruled out. Further possible risks include insufficient component availability due to delays on the part of suppliers or capacity bottlenecks in external resources (e.g. crane services and special transporters) and internal resources. This risk may arise if, for example, it is necessary to delay original schedules.

One material area of risk within project management concerns quality and technology. Despite prior quality management measures, technical errors or quality shortfalls in individual components may only become evident at the site, making remedial activity or replacements necessary. In addition to the aforementioned delays, this may result in failure of acceptance by the customer or – after the completion of remedial work – delayed acceptance, resulting in delayed payment by the customer. In individual cases, there is a risk of compensation payments or a reduction in the purchase price being demanded.

Project and assembly risks may cause unplanned cost overruns, resulting in a reduction in the budgeted margin contribution for the project. The probability of these risks is classified as likely with a low impact on the financial position.

Technical risks

Wind turbines are complex machines comprised of a number of sophisticated systems, modules and individual components that need to operate in sync and largely autonomously in very diverse environments in order to perform reliably. As such, our wind turbines are subject to various technical risks over their life cycle, the exposure to which varies with the materials and technologies employed to manufacture these components and is highly dependent on the components meeting the required design and quality standards of the product. Deviations from these standards may limit the use of wind turbines or may render them inoperable and may require repairs, replacements or full reinstatement, which, in turn, could result in considerable additional expenses for us. These expenses are particularly high in cases of recurring defects affecting a sizeable number of products. The warranties in the sales contracts for new wind turbines customarily have a duration of two to five years, with any replaced spare parts or components benefiting from up to a further two years of warranty cover from the date of repair or replacement within the warranty or defects notification period. In addition, Nordex typically undertakes to provide operation and maintenance services for its wind turbines for extended terms of up to 15 years or more post sale which often includes an unlimited or at least extensive replace or repair obligation for components failing for reasons other than force majeure or owner intervention. Accordingly, for many wind turbines the responsibility for remedial action in case of wind turbine failure often extends beyond the warranty period. Additionally, Nordex typically warrants certain performance criteria of its wind turbines such as noise (emission) levels and power curve during the warranty period and, usually in connection with the service contract, the availability of the wind turbines for operation or some other measure of the wind turbines' ability to produce. In case of failing to meet these performance criteria the Group would have to compensate its customers for the diminished use of their wind turbines or lost production, which in turn may cause to incur extremely high unplanned expenses.

To deal with technical risks, in addition to the insurance coverage and supplier recourse available, the Group has recorded provisions to cover potential costs and customer claims related to technical issues.

Technical risks are classed as possible but with a critical impact on the financial position. Nordex has set aside appropriate provisions for existing risks.

Financial risks

With respect to financial risks, the Nordex Group is exposed to foreign currency risks, interest risks, credit risks, unplanned depreciation and amortization expense, liquidity risks and the risk of limited possibilities to carry unused tax losses forward.

The Group's business is exposed to fluctuations in exchange rates as a result of its international orientation as not all transactions are executed on a euro basis. The currency translation risk appears when the results of operations and the financial position in foreign subsidiaries are translated into euros at the applicable exchange rates for inclusion in the consolidated financial statements. These exchange rates may fluctuate significantly affecting the comparability of the results between periods. The currency transaction risks occurs when the Group enters into projects with a mismatch of outflow and inflow currencies. To avoid this risk, Nordex tries to create a natural hedge by entering into contracts with customers that match the currency of the contracts with suppliers. In addition, Nordex also enters into derivative hedge instruments to reduce any remaining foreign currency risk.

The Group is exposed to interest risks from the promissory note (Schuldschein) issued in 2016, part of which is subject to variable interest rates. These risks, however, are largely hedged via interest caps.

The Group has further issued a "Green Bond" at the beginning of 2018. The funds raised will be used for repayment of the three-year and partially of the five-year variable interest Schuldschein and consequentially optimize the Group's debt maturities.

To minimize credit risks, the Nordex Group enters into business with third parties whose creditworthiness is regularly monitored. All main new customers wishing to enter into business on credit terms undergo a credit check. As a matter of principle, credit risks or the risk of counterparties failing to comply with their payment obligations are addressed ahead of acceptance of the order by means of a standardized approval procedure. In particular, the order is not accepted unless the project finance is guaranteed by a bank and/or a bank guarantee or a parent company guarantee has been issued in Nordex favor. In addition, the contracts provide for pre-payments to be made when certain milestones are reached. In addition, receivables are monitored on an ongoing basis to avert all material credit risks.

Impairment losses constitute a further financial risk, which may affect obsolete inventories and spare parts as well as the recoverability of receivables (bad debts) and intangible assets arising from research and development or project development. Nordex addresses this risk by increasingly adopting "just-in-time" sourcing and via regular reassessment of its intangible assets. There is no pronounced clustering of credit risks within the Group. Receivables from construction contracts and trade receivables are additionally secured by means of sureties, guarantees, stand-by letters of credit or retained ownership rights.

The liquidity risk is the risk of not being able to meet current or future payment obligations due to a lack of funds. Treasury therefore monitors and coordinates Group liquidity on an ongoing basis. To this end, it tracks payments made and received in the light of the settlement periods of the financial investments and assets as well as expected payment flows from operating activities. The Group seeks to achieve a balance between current incoming and outgoing payments. In some cases, Nordex uses cash pooling or other inhouse financing mechanisms to enhance the efficiency of liquidity management within the Group. Any surplus liquidity is invested cautiously with domestic and non-domestic commercial banks. For this purpose, limits and counterparty risks are monitored permanently. Additionally, the Nordex Group is financed by advance project payments made by customers. With all projects, the payments are invoiced in line with the progress of work on the basis of the agreed contractual schedule. The Group's external funding is mainly based on a guarantee facility from a banking syndicate, a promissory note, a "Green Bond" and a loan from the European Investment Bank.

Overall, the probability of financial risks is considered to be conceivable with a critical impact in the results of the Group in case of occurrence. Nordex has set aside appropriate provisions for existing risks.

Legal risks

As described in the above sections, the Nordex Group's operating business is exposed to various risks. Legal risks primarily cover liability risks arising from possible warranty or compensation claims under delivery and service contracts. In addition, liability risks may have a legislative basis, e.g. product liability, infringements of patents or industrial property rights, requirements under tax law – particularly at an international level – and failure to fully observe certification requirements or other statutory stipulations. Among other things, there is a rule in all EU member states stipulating that all technical equipment must comply with the Machinery Directive. Although Nordex has established appropriate organizational structures to ensure compliance with the relevant contractual and statutory obligations in the performance of its business activities, such liability risks as well as litigation risks can never be excluded. Internal precautions are taken and processes implemented across the entire value chain to avert legal risks.

The probability of these risks is classed as conceivable; the impact on the financial performance indicators is considered medium. Nordex has set aside appropriate provisions for existing risks.

Human resource risks

In the development and implementation of business strategies, Nordex is strongly dependent on its ability to recruit, retain and train highly qualified employees, particularly in those areas that demand a solid technical background and knowledge of the particulars of wind turbine manufacturing. However, the main Human Resource risks are related with the shortages of skilled or management staff, inappropriate or insufficient qualifications, as well as staff and management fluctuation in key positions.

In order to reduce risks arising from a shortage of skilled or management staff, Nordex improved its recruitment processes and realigned the related activities in the period under review. Similarly, the courses offered by the Group's own training facility, the Nordex Academy, have been extended to ensure that staff receive the qualifications required on an ongoing basis. In an effort to limit fluctuation, particularly in key positions, Nordex is continuing to improve internal career development prospects, identify young potentials at an early stage and prepare corresponding replacements, e.g. via the "Upwind" young potentials development program.

Overall, the probability of human resource risks is considered to be very unlikely and their impact is considered to be low.

IT risks
IT-based business processes are fundamentally exposed to the risks arising from electronic information processing, particularly system failures, compromised data security and data loss. Accordingly, Nordex permanently updates and monitors the security of the information technology, which it uses to safeguard information confidentiality, availability and integrity. This is done by training staff as well as by means of regular internal and external auditing of the IT system landscapes used. The systems are kept up to date in accordance with vendor specifications and general security recommendations (e.g. BSI, CERT).

The IT systems could be subject to breaches of security. Such breaches of security may be caused by hackers using programs able to uncover remote monitoring login data or by carrying out denial-of-service or ransomware attacks. While such breaches of security may not immediately affect the structural integrity and/or operational safety of our wind turbines, they may cause temporary suspensions in our ability to remotely monitor wind turbines, which is a key part of the services offering.

Nordex has taken a series of precautions to minimize the risk of system failures and to protect its business data. For this purpose, modern data encryption technology, access restrictions and controls as well as firewall systems, virus protection programs and monitoring systems are implemented. Confidential technical information is shared with customers and suppliers in specially protected data rooms. In addition, Nordex's data is secured through the use of fail-proof high-availability central server systems. For this purpose, all Nordex IT systems are operated by external partners at certified state-of-the-art data centers. Personal data is processed strictly in accordance with the German Federal Data Protection Act (BDSG). This is monitored and overseen jointly by IT management and the data privacy officer. Systematic IT processes ensure the necessary sustainability of all the aforementioned measures.

After the merger with Acciona Windpower, Nordex keeps on working on the integration of the IT systems in all the Group subsidiaries in order to streamline and unify processes and improve the flow of information within the Group. This includes as well the migration to SAP.

Overall, the probability of IT risks is considered to be possible with a medium impact on results.

Other risks
Beyond the risks described above, there are factors or events such as citizens' protests and initiatives against wind power, epidemics, natural catastrophes, terror attacks and acts of war, which cannot be foreseen and are therefore difficult to control. Any such events would be liable to adversely affect Nordex's business performance.

Overall risk
The Management Board regularly reviews the risks to which the Nordex Group is exposed. In the assessment of the Management Board, there are currently no significant individual risks that are liable to compromise the Nordex Group's going-concern status. The same is also true with respect to an overall consideration of all risks.

OPPORTUNITIES

Opportunities arising from political decisions
Opportunities arising from political and industry decisions on the expansion of renewable energies, particularly onshore wind power, constitute a material driver for the sector. This particularly relates to the political adoption of installation goals in countries which have previously shown little or no commitment to renewable energies and the implementation of the necessary legislative framework. Both aspects exert a favorable influence on the investment decisions of project developers, utilities and, subsequently, power plant operators. As part of its selling activities, Nordex keeps these trends under continuous observation and is able to quickly open up new markets using its market evaluation process. Political decisions can still significantly influence installation figures even in established wind markets. At the start of 2018, there have been specific discussions in Germany about significantly increasing auction volumes in the upcoming rounds of tenders. The Clean Energy Package being finalized by the EU in 2018 could provide the market with a boost on an international level in the medium term. In addition, medium and long-term opportunities could arise in Africa from the "G20 Compact with Africa" investment partnership launched by Germany as part of its G20 presidency.

Opportunities arising from research and development
In research and development, Nordex is continuously working on the enhancement of its products, especially in terms of system efficiency. The resulting decline in the cost of energy steadily improves the Company's competitive position – also relative to conventional power production technologies. In this way, Nordex is continuously reducing dependence on national incentive schemes. Current activities and product development work are described in the "Research and Development" section.

Opportunities arising from selling activities
Material opportunities can particularly be harnessed by entering new markets and targeting new customer groups. New markets are regularly analyzed by the international sales and service organization using a structured process. If suitable potential is identified and the project pipeline is considered to be viable, it is duly addressed and harnessed provided that valid wind power targets have been defined. Over the last few years, Nordex has achieved sales success in new markets such as South Africa and Uruguay. Selling activities have been stepped up in other potential markets in Latin America and, in particular, in Asia to participate in the planned expansion of wind power in these markets in the medium term. In this context, Nordex always seeks to gain significant project volumes and to sign corresponding contracts at an early stage to ensure that the cost of establishing customer-focused organizational structures for project management and service can be recouped quickly.

In its efforts to tap new target groups, Nordex has identified additional opportunities in business with industrial captive producers and financial investors such as insurance companies and pension funds alongside medium-sized utilities and project developers. Nordex's global positioning created by the merger with Acciona Windpower enables it to follow major international wind farm operators, i.e. energy suppliers and independent power producers (IPPs), in their respective markets. The reinforced key customer management team focuses on realizing these market opportunities.

Opportunities arising from project development and service
Moreover, the Nordex management is seeking to seize further income and margin potential beyond straight equipment sales. In addition to marketing turnkey wind farms, Nordex makes use of the opportunities arising from the wind farms which it develops itself in selected markets such as France and India in order to generate higher margin sales particularly with private-equity investors.

Further opportunities are also generated by service business with its stronger margins. In addition to service contract renewals and the introduction of additional services, this particularly entails additions to the range of rotor blades and solutions for modernizing and optimizing legacy turbines. Furthermore, related business models are explored in all customer-oriented areas.

Opportunities arising from strategy implementation and successful operational excellence measures
The Company's medium-term strategy mainly addresses the opportunities mentioned above. Above and beyond the Company's strategy, quality and operational excellence continue to be core issues for the Nordex Group, as they continuously offer opportunities for margin improvement if cost overruns resulting, for instance, from project delays and the effects of the aforementioned project and assembly risks can be reduced further.

Overall assessment of opportunities
Nordex faces numerous opportunities in the light of the prevailing conditions and on the basis of the business performance and installation forecasts described in this report. Looking forward, it plans to make optimum use of the opportunities as they present themselves. Future opportunities are evaluated on an ongoing basis in all departments and the Management Board. Such evaluation forms a fundamental part of Nordex's corporate strategy.

REPORT ON POST-BALANCE SHEET DATE EVENTS

At the end of January 2018, the Nordex Group successfully placed a fixed-interest unsecured euro bond with a volume of EUR 275 million with investors both inside and outside Germany. This five-year bond carries a 6.5% coupon. Proceeds from the placement are being used to repay existing liabilities ahead of schedule. As a result, all of the three-year and some of the five-year variable interest tranches of the promissory note issued in 2016 are expected to be repaid ahead of schedule in April 2018. As a result, Nordex has significantly extended the maturity profile of its borrowings.

REPORT ON EXPECTED DEVELOPMENTS

- Guidance for 2018 determined by competition and weak German market
- Nordex prepared operationally and financially for challenging 2018
- Transition year primarily serves to safeguard future growth opportunities

FUTURE ENVIRONMENT

Anticipated macroeconomic environment: global economy continues upward trend

The International Monetary Fund (IMF) once again raised its forecast for the development of the world economy in January. It expects the economy to continue its powerful upswing worldwide and grow at a faster rate of 3.9% in 2018. According to the latest forecast, industrialized economies will once again expand strongly by 2.3%. Developing and emerging countries are expected to gain economic momentum overall, despite flatter growth in China. However, this positive global economic trend assumes that existing risks will not escalate and spread into the real economy. These risks include increasing protectionism, the uncertain progress and outcome of Brexit negotiations and unresolved geopolitical flashpoints in North Korea, Iran, the Middle East and North Africa. Furthermore, sharply rising bond yields and significant valuation adjustments at equities or crypto-currencies, for example, could lead to turbulence in the foreign exchange and capital markets.

Expected BIP growth in 2018 (selected countries and regions)

in %	Sources	2017	2018e
World	**a**	**3.7**	**3.9**
Industrialized countries	**a**	**2.3**	**2.3**
USA	a	2.3	2.7
Canada	a	3.0	2.3
Eurozone	b, a	2.5	2.2
Germany	c, a	2.2	2.3
France	d	1.9	2.0
Spain	d	3.0	2.6
Italy	d	1.6	1.5
United Kingdom	a	1.7	1.5
Developing / emerging countries	**a**	**4.7**	**4.9**
India	a	6.7	7.4
Turkey	e	6.7	3.5
Latin America	a	1.3	1.9
Brazil	a	1.1	1.9

Sources: a) IWF, b) Eurostat, c) Destatis, d) Institute for the World Economy (IfW), e) World Bank

The economic picture for the Nordex Group's core markets is generally positive in 2018. Germany will also grow broadly in the current year. The eurozone is also expected to grow significantly in 2018, albeit at a slightly reduced pace. The upturn is continuing in France, and while Spain is likely to expand at a slightly slower rate than in recent years, it will still grow faster than the eurozone as a whole. However, the Catalonia conflict could put a damper on economic development.

The USA will continue its upturn at an accelerated rate in 2018 as a result of massive tax cuts, making it a driving force for global economic development. The United Kingdom is expected to continue losing momentum due to Brexit, with restraint primarily increasing in investments. India's economy will return to its highly dynamic growth trajectory after adjusting to the reforms. By contrast, Turkey is unlikely to be able to maintain the high rate of expansion experienced in the previous year after its numerous state-backed economic stabilization programs come to an end. Economies in Brazil and Latin America continued to recover overall.

The general assessment is that the US Federal Reserve will continue to raise interest rates in line with economic recovery in the USA – potentially faster and stronger than previously anticipated. The European Central Bank is scaling back its bond purchase program in 2018. Although the eurozone is nearing the end of its zero interest rate phase, the key interest rate is initially expected to remain low.

Fundamentals are improving in favor of the US currency relative to the euro. However, the resulting US dollar appreciation against the euro could be overshadowed or distorted by changes in currency movements (many emerging markets have debt in US dollars) or political effects triggered by crises and turbulences. Most of the agreements with customers and suppliers entered into by the Nordex Group companies are denominated in either euro or US dollar. Split agreements are common, in which the currency is based on the relevant section of the project value chain or supply chain. Remaining transaction currency risks are, for the most part, minimized via hedging. Further information can be found in the notes in the section entitled "Financial risk management".

The IMF is currently forecasting divergent trends in the commodities market for 2018. While funds for non-oil commodities are broadly subject to stagnation (–0.5% after +6.5% in the previous year), the IMF anticipates that oil prices will rise by almost 12% on average. For 2018, the price of a barrel of oil (average price for UK Brent, Dubai Fateh, WTI) is expected to rise to USD 59.90 on average for the year (2016 average: USD 52.70). In an environment of rising oil prices, a trend of higher natural gas prices is also expected.

Political, legal and regulatory environment: new and more ambitious targets provide fresh momentum

The shift towards renewable power generation in most regions of the world is a key trend for 2018 and beyond. This trend is driven particularly by the momentum of e-mobility, which it makes sense to supply with "green electricity". Established onshore wind technology plays a key role, having already reached grid parity depending on local circumstances. In light of this, important political debates and agenda-setting events will take place in 2018.

In Germany, this includes the Berlin Energy Transition Dialogue in April 2018, which will address grid integration and energy storage. At EU level, the Clean Energy Package is expected to be finalized in 2018. Its key elements are to increase the target for the share of renewable energy production in the EU to 35% by 2030 and determine the national targets required in each individual EU member state.

In the USA, the picture is mixed given the current direction of the government, which is once again providing stronger backing to the oil and coal industry. However, this focus is only impacting power generation to a limited extent. In particular, individual US states continue to set ambitious climate targets and are also promoting the development and expansion of wind energy. Latin America has already seen a swift expansion of renewable energies at low prices, which means that grid integration could become a focus issue for policymakers. Brazil has also announced an end to its mega-dam projects on the Amazon and will instead increasingly promote wind energy. India's government has decided to increase the share of electricity generated by renewable sources to 60% by 2027, as a result of which it should see continuous growth in added wind energy capacity even under the new auction system.

With regard to national regulations, attention in Germany is turning to an overhaul of the Renewable Energy Act (EEG) in 2018. Last year's practice of treating bidders unequally in the newly introduced tendering process could change in 2018 as a result of an urgently needed amendment to the awarding procedure. Organizations including the German Wind Energy Association (BWE) are also advocating an overhaul of the tender design for all future projects. Four rounds of tenders, each for 700 MW, are planned for onshore wind energy projects in 2018. The first two rounds of bidding in February and May 2018 are only open to projects where approval under the German Federal Pollution Control Act has already been granted. As a result, every bidder has the same starting position for these tendering processes.

Industry-specific environment: growth prospects depressed short-term

As an established and efficient technology for generating renewably produced electricity, wind energy accounts for the majority of renewable energy production. However, the market has been concentrated in relatively few countries up to now. The Top 10 represents at least 80% of capacity, with China, the USA and Germany leading the way, followed by India, Spain and the UK. In addition to high levels of investment in new onshore wind farms, repowering (replacement of old turbines) is also becoming increasingly significant. This will continue to drive the market for onshore wind turbine systems in the medium and long term.

According to the Global Wind Energy Council (GWEC), the cumulative global wind energy capacity is expected to grow by at least 10% per year to 817 GW by 2021. This means the absolute volume of new installations will grow steadily to approximately 75 GW per year in 2021 (+6–8% p.a.). The previous GWEC forecast for global new installations in 2018 was 61 GW. However, Nordex believes that the market may be hampered by the transition of many countries to auction systems in the short term. As in 2017, this may temporarily result in flatter development in 2018. Such a scenario is also reflected in the current estimates by MAKE Consulting. In their MAKE Q4/2017 Onshore Market Outlook issued in November 2017, the market researchers expect the volume of added capacity to reach 54.8 GW in 2018, of which 50.9 GW is attributable to onshore systems. This means that the industry is expected to see further growth globally in 2018, but growth will be slower than previously forecast.

Wind power onshore market outlook for the top 10 countries by expected new installations in 2018

in MW	2017	2018e	2019e
China	19,500	18,805	21,300
USA	6,987	8,900	10,788
Germany	5,334	3,120	1,500
India	4,148	2,010	3,020
Brazil	2,022	1,900	1,425
Australia	245	1,464	700
France	1,692	1,300	1,400
Mexico	478	925	1,435
Spain	96	725	2,570
United Kingdom	2,590	715	203

Source: Actual: GWEC Global Wind Statistics 2017; Forecasts: MAKE Consulting Q4/2017 Onshore Market Outlook

GUIDANCE OF THE NORDEX GROUP IN 2018

The year-end order book provides an important basis for company guidance. As at 31 December 2017, the order book totaled EUR 1,670.2 million, 25.2% down on the previous year's figure (31 December 2016: EUR 2,233.3 million). This performance is largely due to lower order intake in 2017 triggered by the introduction of the auction system in Germany.

The wind industry as a whole is currently undergoing fundamental structural change caused by the transition from feed-in tariffs guaranteed by the state to auction systems (market prices). This is leading to intense competition in many markets worldwide. However, wind is increasingly emerging as a competitive alternative form of power production. From the Company's perspective, the challenging market conditions will persist throughout 2018.

The assessment of the Nordex Group's key markets paints a mixed picture overall. In Germany, the auction system has now stabilized, which means all participants in the first two auctions of 2018 must produce a valid building permit in accordance with the Federal Pollution Control Act (BImSchG). This decision is still pending for the two auctions in the second half of the year. Citizens' wind farms, as they are known, were excluded from this provision in 2017. As these farms secured contracts in the majority of tender processes, significantly lower installed capacity is expected in Germany in 2018. With higher volumes anticipated for the third and fourth auction of new wind farms in 2018. The positive trend in France and Ireland is also expected to continue, while Sweden and Turkey will also play a key role in the development of Nordex. In addition, Nordex should continue to perform well in the Spanish market.

From a Nordex perspective, major markets such as India and South Africa were primarily characterized by project delays in 2017. With both markets demonstrating plenty of potential, it is currently difficult to determine how they will develop over time.

Nordex is anticipating positive performance in Latin American markets such as Mexico, Brazil and Argentina. The Company is expected to record good order volumes in this region during 2018. The USA will also remain an important market for the Nordex Group, one that is characterized by both large volumes and fierce competition.

The Nordex Group used 2017 to adapt to the challenging market environment. This work focused on four key Management Board initiatives.

Firstly, the Company accelerated the development of its new Delta4000 product range and introduced it to the market in September 2017. Designed to ensure the lowest possible cost of energy, this new machine is highly competitive and will be sold globally. The first incoming orders are expected in mid-2018.

Secondly, the Management Board launched a cost reduction program to reduce structural costs and increased its original cost savings target of EUR 30 million to EUR 45 million during 2017. Having successfully completed this program, the Company can save EUR 24 million in staff costs and EUR 21 million in operating costs in 2018. The non-recurring expenses of EUR 41.4 million incurred during this process were recorded in 2017.

In a third initiative, the Nordex Group optimized and significantly shifted its refinancing profile in a timely manner amid a challenging market environment. The Company also issued a Green Bond totaling EUR 275 million with a term of five years and a coupon of 6.5%.

The Management Board also introduced a program to significantly improve working capital. This program includes a marked reduction in inventories and further flexibilization of the supply chain. Contract management is also being optimized to improve the volume of trade receivables. The Company also plans to optimize supplier payment terms.

Applying the new IFRS 15 accounting standard, the time at which revenue is recognized is no longer based on the percentage of completion (ratio of incurred to expected costs) but is instead based on milestones from the customer's perspective. This pushes back recognition of a portion of planned sales from 2017 to 2018 and from 2018 to 2019. Based on today's knowledge, these effects largely offset each other – although a final assessment cannot be made at this time.

The Management Board of Nordex SE expects to generate consolidated sales of EUR 2.4 to 2.6 billion during the 2018 financial year. The EBITDA margin is expected to come in within the range of 4.0 to 5.0%. These 2018 estimates are significantly below the figures for the 2017 financial year. This is due primarily to weak order intake in Germany in 2017 and fierce competition in the market. The Management Board is also striving for a working capital ratio of less than 5% relative to consolidated sales. Capital expenditure totaling EUR 110 million is planned.

OVERALL ASSESSMENT OF EXPECTED DEVELOPMENTS BY THE MANAGEMENT BOARD

The Company's Management Board has taken steps to prepare Nordex for a challenging 2018 that will see a further decline in sales and earnings, by focusing on four projects: the accelerated launch of the 4 MW N149/4.0-4.5 turbine, a reduction in structural costs with the "45-by-18" program, an elongation of the maturity profile for the Company's liabilities by placing a EUR 275 million bond, and the implementation of a comprehensive working capital optimization program. By already largely implementing these projects, Nordex is fostering further confidence in the Company's strengths among customers, suppliers, financing partners and shareholders. This means that the Management Board and employees can focus entirely on the Company's operational challenges and lay a foundation for success in 2019, 2020 and beyond.

The measures to reduce the cost of energy are being consistently pursued, allowing the Group to offset the majority of its price pressures and thus stabilize its profit margins. According to present estimates, the lower turbine prices will be offset fully from 2020 onwards. Lower structural costs, which do not need to be materially adjusted in order to process higher volumes in the medium term, are also having a positive effect on profit margins. Additional efficiency improvement options within the organization are constantly being identified and refined.

The ongoing development of the service business will have a stable impact on the 2018 financial year. This predictable business is growing organically at a rate of around 10% per year with a margin level significantly above that of the overall Group. The Management Board also expects project development to bolster business performance, particularly in France, where the Nordex Group is benefiting from working on a project pipeline in the GW range at different stages of development.

In particular, Nordex will use the transitional year of 2018, in which the full effects of the auction-based tendering system will impact the sector for the first time, to secure future growth opportunities.

BUSINESS PERFORMANCE OF THE PARENT COMPANY NORDEX SE

In its function as the Group parent, Nordex SE is the holding company. One of Nordex SE's key tasks is to finance the Group companies by providing loans and guarantees. In addition to this, Nordex SE provides management services for various subsidiaries in the areas of controlling, finance, IT, investor relations, communications, Group strategy, people & culture, legal matters and insurance. There are profit and loss transfer agreements in force between Nordex SE and its consolidated domestic subsidiaries with the exception of Nordex Employee Holding GmbH, Nordex Forum II GmbH & Co. KG, Nordex Forum II Verwaltungs GmbH, Nordex Offshore GmbH and NPV Dritte Windpark GmbH & Co. KG with a corresponding effect on the Group's tax situation, whereas there are no profit and loss transfer agreements in force between Corporación Acciona Windpower S.L. and the consolidated Spanish subsidiaries of Acciona Windpower. Further, no profit and loss transfer agreement is in force between Nordex SE and Corporación Acciona Windpower S.L.

In the year under review, Nordex SE's sales increased by 41.3% to EUR 53.4 million (2016: EUR 37.8 million). Staff costs rose by 29.3% to EUR 20.3 million (2016: EUR 15.7 million). Other operating income net of other operating expenses came to EUR –13.4 million (2016: EUR –46.7 million).

Net profit before tax increased significantly to EUR 94.8 million (2016: EUR 44.6 million), as did the net profit for the year which rose to EUR 78.3 million (2016: EUR 34.7 million). In addition to an increase in sales, the positive result is mainly attributable to other operating income of EUR 52.8 million and a substantially higher level of other interest and similar income of EUR 17.1 million.

A portion of EUR 13.8 million of Nordex SE's net profit for 2017 determined in accordance with the German Commercial Code totaling EUR 78.3 million was allocated to other retained earnings. The Management Board intends to propose to the Annual General Meeting to allocate the remaining net profit of EUR 64.5 million to other retained earnings. In 2016, Nordex SE's net profit for the year determined in accordance with the German Commercial Code totaling EUR 34,698,129.43 was fully transferred to other retained earnings.

Equity as at 31 December 2017 amounted to EUR 843.1 million, a 10.2% increase over the previous year (31 December 2016: EUR 764.7 million). Total assets increased by 5.0% to EUR 1,747.9 million (31 December 2016: EUR 1,665.0 million). The equity ratio thus increased to 48.2% (31 December 2016: 45.9%).

TAKEOVER-RELATED DISCLOSURES

DISCLOSURES IN ACCORDANCE WITH SECTIONS 289A (1), 315A (1) OF THE GERMAN COMMERCIAL CODE (HGB) AND EXPLANATORY NOTES IN ACCORDANCE WITH SECTION 176 (1) SENTENCE 1 PART 2 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The following disclosures are required in the management report pursuant to Sections 289a (1) and 315a (1) of the German Commercial Code:

Composition of subscribed capital

The Company's subscribed capital stood at EUR 96,982,447.00 as at the reporting date and is divided into 96,982,447 no-par-value bearer shares. One share equals EUR 1.00 of the Company's share capital. There are no restrictions on the exercise of voting rights or the transfer of shares. The same rights attach to all shares except for treasury shares for which no voting rights may be exercised. Each share equals one vote and, possibly with the exception of recently issued shares which are not dividend-entitled, represents the same share in the dividend distribution approved by the shareholders at the Annual General Meeting. The rights and obligations arising from the shares are governed by the applicable statutory provisions, particularly Sections 12, 53a ff, 118 ff and 186 of the German Stock Corporation Act (AktG). Nordex did not hold any treasury shares as at 31 December 2017.

Restrictions on the exercise of voting rights or the transfer of shares

No rights accrue to the Company from treasury shares. In the cases provided for in Section 136 of the German Stock Corporation Act, voting rights on treasury shares are excluded. The terms of the Performance Share Unit Plan require members of the Management Board to use 33% of the net payment amount after taxes received as part of their performance-related remuneration component with a long-term incentive for investment in Nordex shares with a holding period of two years.

Direct or indirect shares in capital of more than 10% of the voting rights

As at the 2017 reporting date, the following companies directly or indirectly held more than 10% of the voting rights with respect to Nordex SE: Acciona S.A. Madrid (Spain) held 28,997,752 shares and, hence, more than 29.90% of the voting rights.

Statutory provisions and provisions of the Articles of Incorporation on the appointment and dismissal of members of the Management Board and amendments to the Articles of Incorporation

The appointment and dismissal of members of the Management Board is governed by Sections 84 and 85 of the German Stock Corporation Act (AktG) and Article 46 of the Council Regulation on the Statute for a European company (SE). Under Article 7 of the Company's Articles of Incorporation, the Management Board has at least two members, who are appointed by the Supervisory Board, which also determines the number of members. Under Article 7 (3) of the Company's Articles of Incorporation, the members of the Management Board are appointed for a period of five years.

In accordance with Section 179 of the German Stock Corporation Act (AktG), the Company's Articles of Incorporation may only be amended with a resolution passed at the Annual General Meeting. In accordance with Article 20 (4) Sentence 2 of the Articles of Incorporation in conjunction with Article 59 (1) and (2) of the Council Regulation on the Statute for a European company (SE), amendments to the Articles of Incorporation require a majority of two-thirds of the votes cast or, if half of the share capital is represented, a simple majority of the votes cast. In cases in which the German Stock Corporation Act (AktG) or the German Transformation Act (UmwG) stipulates a majority of three quarters of the votes cast, this also applies to Nordex SE in accordance with the reservation in Article 59 of Council Regulation on the Statute for a European company (SE). However, this is not based on the capital represented but on the number of votes cast. Article 26 of the Articles of Incorporation of Nordex SE in conjunction with Section 179 (1) sentence 2 of the AktG authorize the Supervisory Board to change the Articles of Incorporation.

Authorization of the Management Board to issue or buy back shares

The following specific authorization has been granted:

Authorized Capital I

As at 31 December 2017 and as in the previous year, the Company had Authorized Capital I of EUR 19,376,489.00 equivalent to 19,376,489 shares and Contingent Capital I of EUR 19,376,489.00, equivalent to 19,376,489 shares, each with a notional value of EUR 1.00 per share. In accordance with a resolution passed at the Annual General Meeting on 10 May 2016, the Management Board is authorized subject to the Supervisory Board's approval to utilize Authorized Capital I to increase the Company's share capital once or repeatedly on or before 9 May 2021. The Management Board is additionally authorized with the Supervisory Board's approval to exclude the shareholders' subscription rights.

Contingent Capital I

Until 9 May 2021, Contingent Capital I serves on one or more occasions, once or repeatedly, as a whole or in tranches or simultaneously in several tranches, to issue both bearer bonds with conversion rights and / or conversion obligations (convertible bonds) and bonds with warrants (together and individually "bonds") and to grant conversion / option rights for the Company's bearer shares to the holders or creditors of bonds in line with the resolution passed by the shareholders at the Annual General Meeting held on 10 May 2016. To date, no conversion or option rights have been issued.

Material agreements subject to a change-of-control provision

The Company AG has entered into the following material agreements that contain clauses relating to a change of control which could occur as a result of a takeover offer:

– Syndicated guarantee facility for EUR 1,210 million

The guarantee facility contains a provision that entitles the lenders to terminate the facility in the event that a person acquires more than 50% of the share capital or voting rights of Nordex SE.

– EIB loan for EUR 100 million

The loan granted by the European Investment bank, which has been drawn down, contains a provision that entitles the bank to terminate the loan in the event that a person acquires more than 50% of the share capital or voting rights of Nordex SE.

– promissory note for EUR 550 million

The promissory note contains a provision that entitles the lenders to terminate the loan in the event that a person or a group of persons acting in concert gain direct or indirect control over more than 50% of the issued shares or voting rights of Nordex SE and / or Nordex Energy GmbH.

CORPORATE GOVERNANCE REPORT

INCLUDING THE CORPORATE GOVERNANCE DECLARATION OF NORDEX SE

The corporate governance declaration to be published in accordance with Section 289f and 315d of the German Commercial Code (HGB) (including the corporate governance report in accordance with Article 3.10 of the German Corporate Governance Code is a component of the combined management report. Pursuant to Section 317 (2) sentence 6 HGB, the auditor's review of the disclosures made in accordance with Section 289f (2) and (5) and Section 315d HGB is restricted to the question of whether the disclosures have been made.

CORPORATE GOVERNANCE DECLARATION BY NORDEX SE PURSUANT TO SECTION 289F AND SECTION 315D HGB

1. Declaration of conformity by the Management Board and the Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG)

Under Section 161 of the German Stock Corporation Act, the Management Board and Supervisory Board of Nordex SE as a listed company are required to issue a declaration once a year confirming conformity with the recommendations of the Government Commission on the German Corporate Governance Code issued by the German Federal Ministry of Justice (BMJV) and published in the official part of the Federal Gazette (Bundesanzeiger) and stating which recommendations have not been implemented in the past and are currently not being implemented. This declaration must be made permanently available to the shareholders. The Company published its declarations of conformity for the past few years online at www.nordex-online.com/en/investor-relations. The current declaration of conformity from 24 November 2017 reads as follows:

Since the last declaration of conformity on 29 November 2016, the Management Board and Supervisory Board of Nordex SE followed the recommendations of the Government Commission on the German Corporate Governance Code (GCGC) published in the official section of the Federal Gazette on 5 May 2015 until 24 April 2017 and the version dated 7 February 2017 with effect from 25 April 2017 with the exceptions listed below. This will also continue to be the case in the future, unless otherwise outlined below.

3.8 D&O Insurance
Since 2009, Section 93 (2) Sentence 3 of the German Stock Corporation Act stipulates a mandatory minimum deductible for members of the Management Board for contracting D&O insurance cover. Since 1 July 2010 the Management Board of Nordex SE has complied with this statutory obligation when taking out and/or renewing any existing D&O policy. However, with respect to the members of the Supervisory Board the Management Board of Nordex SE has not followed the recommendation of the DCGK to also determine deductibles for members of the Supervisory Board.

The Management Board and the Supervisory Board of the Company are convinced that the members of the Supervisory Board are doing everything to avert potential harm to the Company. Responsibility towards the Company and a sense of motivation are not encouraged by imposing a deductible under the D&O cover maintained by the Company. Moreover, providing for a reasonable deductible would not have any effect on the insurance premium.

4.1.3 Whistleblower System
The Company has not yet installed a digital safe channel affording employees the opportunity to report anonymously suspected breaches of the law within the Company. Also in view of the recent introduction of this new recommendation effective as of 25 April 2017, the installation of the system is, however, planned and currently being prepared.

4.1.5 Appointments to Management Positions – Diversity
The Management Board does not comply with the recommendation in Article 4.1.5 because appointments to management positions in the Company are made regardless of gender and exclusively guided by the qualifications of the individuals available. For this reason, the target quota for women at management level 1 and 2 to the Management Board determined by the Management Board of Nordex SE, does currently and until further notice only amount to percentage below the 30%-threshold desired by the law. However, in case of equal qualification the Supervisory Board will consider the underrepresented gender in any of its appointments.

5.1.2 and 5.4.1 Profile of Skill and Expertise, Maximum Term and Fixed Age Limits
The Supervisory Board of Nordex SE has not determined fixed age limits for the membership of the Management Board and the Supervisory Board. Moreover, the Supervisory board has neither prepared a profile of skills and expertise for the entire board nor defined a maximum time limit for membership in the Supervisory Board.

Neither age nor the term of membership in the Supervisory Board are in themselves decisive for the capabilities, suitability and independence of a current or potential member of the Company's corporate bodies. Therefore, the Supervisory Board of Nordex SE does not consider rigid restrictions on age, term or skill and expertise profiles to be a sensible measure given that these would also limit the Company's flexibility in making personnel decisions and the number of possible candidates.

Hamburg, 24 November 2017
Nordex SE

2. Disclosures on corporate governance practices

Corporate compliance
The Compliance department helps departments, supervisors and employees to promote risk awareness and integrity and act in accordance with their obligations and guidelines. The main basis for these compliance management efforts is the Group Code of Conduct for employees introduced globally in 2011 and the Supplier Code of Conduct. The main areas of activity during the year under review were the reorganization of corporate compliance outside the Legal department in the middle of the year and personnel reinforcements that came into effect in the first quarter of 2018, while the Company also laid the foundations for updating and expanding the compliance program. There was also a renewed focus on training and raising awareness among employees and managers, particularly those in high-risk roles. In addition to the existing e-learning format for corruption prevention, an additional course on competition law was also developed and will be introduced in 2018.

Sustainability
As a company, Nordex SE is committed to the ecologically and economically responsible use of resources and respectful treatment of all people employed by Nordex or with whom we work as customers, suppliers, service providers or shareholders. Detailed information on the underlying sustainability strategy of Nordex SE can be found in the 2017 Sustainability Report published in March 2018.

3. Disclosures on working practices of the Management Board, the Supervisory Board and the Committees

Working practices of the Management Board
The Management Board manages the Company – a strategic holding company, which also performs administrative service functions – at its own discretion with the aim of achieving sustained improvements in enterprise value and of attaining the agreed targets. It conducts the Company's business in accordance with statutory provisions and the provisions of the Company's Articles of Incorporation and Rules of Procedure for the Management Board. In addition, it works in a spirit of trust with the Company's other governing bodies.

The Management Board defines the long-term goals and strategies for the entire Nordex Group and determines the principles for the corporate policy derived from these. It coordinates and supervises all significant activities. It determines the range of products, develops and deploys executive staff, allocates resources and makes decisions on financial management and Group reporting.

The members of the Management Board are jointly responsible for the entire management of the Company. Notwithstanding this joint responsibility, the individual members of the Management Board manage the business areas assigned to them at their own discretion in accordance with the resolutions passed.

The allocation of duties to the members of the Management Board is recorded in a schedule of responsibilities, which is approved by the Supervisory Board.

The Management Board makes decisions on all matters of fundamental and material importance as well as in the cases prescribed by law or elsewhere.

Shared responsibility
Meetings of the Management Board are held regularly. They are convened by the Chief Executive Officer. In addition, each member of the Management Board may request that a meeting be convened. Resolutions of the Management Board are passed with a simple majority of votes cast except where a unanimous vote is prescribed by law. In the event of an even vote, the chairman has the casting vote.

Changes were made to the organization of the Management Board during the 2017 reporting year. There was a change in Chief Executive Officer and the Management Board was reduced by one member; the areas of responsibility were rearranged accordingly. In line with a reorganization of management structures, which became effective in April 2017, the operating activities have been split into the three divisions Europe, International and North America, reflecting the Company's markets.

In accordance with the Management Board's Rules of Procedure, the Chairman (Chief Executive Officer; CEO) is responsible for coordinating all of the Management Board's activities, reporting to the Supervisory Board and representing the Company and the Group vis-à-vis third parties. In his capacity as a member of the Management Board, he is responsible for the Europe and International divisions as well as for People & Culture, Health, Safety & Environment (HSE), Compliance, Strategy and Communication.

The Chief Financial Officer (CFO) is responsible for Accounting & Controlling, Investor Relations, IT, Legal & Insurance, Finance & Treasury and Taxes & Export Control.

The Chief Sales Officer (CSO) is responsible for the North America division and the customer-oriented areas of Product Strategy, Sales, Project Development, Key Account Management, and Service & PM Excellence.

The Management Board has not established any committees.

Supervisory Board: monitoring and control activities
The Supervisory Board is responsible for monitoring and advising the Management Board. In accordance with the Articles of Incorporation, it comprises six members who are elected by the shareholders at the Annual General Meeting. The Supervisory Board is directly involved in all decisions of fundamental significance for the Company; it also consults with the Management Board on the Company's strategic orientation and regularly discusses with it the progress being made on implementing business strategy.

The Chairman of the Supervisory Board coordinates the Board activities and presides over the meetings. The Supervisory Board is kept informed of the Company's business policy, corporate planning and strategy at all times via regular meetings with the Management Board. The Supervisory Board approves the budget and the annual financial statements of Nordex SE and the Nordex Group as well as the combined management report in the light of the statutory auditor's report.

Supervisory Board committees
The Supervisory Board currently has the following committees: the Management Committee, the Audit Committee and the Strategy and Engineering Committee.

Management Committee:
This Supervisory Board committee has three members. It is chaired by Dr Wolfgang Ziebart, the other two members are Jan Klatten and Juan Muro-Lara. The Management Committee has the function of a permanent personnel committee. In addition, it is responsible for passing urgent resolutions on decisions made by the Management Board which require the Supervisory Board's approval in accordance with the German Stock Corporation Act (AktG), the provisions of the Company's Articles of Incorporation or the Rules of Procedure, unless a resolution passed by the entire Supervisory Board is required. In addition, it performs the task of a nomination committee and submits recommendations for suitable candidates to the Supervisory Board with respect to voting proposals for the Annual General Meeting.

Audit Committee:
The Audit Committee comprises three members; in the year under review, it was chaired by Martin Rey, while the other two members were Connie Hedegaard and Juan Muro-Lara. All three members satisfy the statutory requirements imposed on members of a supervisory board and an audit committee with respect to expertise in the areas of accounting and auditing. As the other members of the Supervisory Board, all of them are familiar with the sector in which the Company is active. The Audit Committee is responsible for matters relating to accounting and risk management, the necessary independence of the statutory auditor, the mandating of the statutory auditor, the determination of the main aspects of the audit and the fee agreement with the statutory auditor. In addition, it addresses matters relating to controlling and contracting and particularly also for decisions made by the Management Board which require the Supervisory Board's approval in accordance with the German Stock Corporation Act (AktG), the provisions of the Company's Articles of Incorporation or the Rules of Procedure. The Audit Committee is also responsible for monitoring the financial reporting process, the efficacy of the internal control system and corporate compliance, the risk management system and the internal auditing system.

Strategy and Engineering Committee:
This Supervisory Board committee comprises Jan Klatten (chairman), Dr Wolfgang Ziebart and Rafael Mateo. It is responsible for technical and strategic matters of relevance for the Nordex Group.

4. Disclosures on the definition of the proportion of women

The targets of 0% for the Management Board and 16.67% for the Supervisory Board set by the Supervisory Board in 2016 with respect to the proportion of women to be achieved by 31 December 2020 in accordance with Section 111 (5) of the German Stock Corporation Act (AktG) were again met in the year under review. In accordance with Section 76 (4) of the German Stock Corporation Act (AktG), the Management Board in 2016 set a target for the proportion of women on the first two management levels below the Management Board of Nordex SE and Nordex Energy GmbH at 21% (previously 15%) to be achieved by 31 December 2020. The share of women in the first two management levels was 19% (21% in 2016).

5. Description of the diversity concept for the Management Board and Supervisory Board

The Supervisory Board, together with the Management Board as required, addresses long-term succession planning by seeking to appoint to the Management Board internal or external candidates who are best suited in terms of their qualification and personality. Selecting the most suitable internal candidates is based on the systematic human resources development of internal managers that comprises the following elements:

– Identifying suitable candidates with different specialties, nationalities and genders at an early stage of the search process.
– Systematically developing internal managers by enabling them to take on roles with increasing responsibility, preferably in different business areas, regions and functions. In this context, managers are fostered particularly through personalized measures such as coaching or systematic human resources development programmes.
– Training of internal managers with regard to material company values to ensure that they act as a role model when upholding and implementing them.

This should enable the Supervisory Board to ensure sufficient diversity in terms of professional background and experience, cultural context, internationality, gender and age when appointing Management Board members. Irrespective of these individual criteria, the Supervisory Board is confident that only an all-encompassing assessment of individual candidates can ultimately determine appointments to the Management Board of Nordex SE. Overall, this is intended to ensure that the Management Board as a whole currently has the following basic desirable profile in terms of the diversity concept:

– Extensive management experience in technical and commercial areas of work
– International experience based on origin and/or professional activity
– Balanced age structure to ensure the continuity of the Management Board's work and enable smooth succession planning

The Supervisory Board of Nordex SE also strives to ensure sufficient diversity in terms of character, gender, internationality, professional background, expertise and experience as well as age distribution when appointing its own members. Specifically, the Supervisory Board has already met the following criteria:

– 16.67% of its members are female
– More than 30% of members have international experience due to their origin or professional activity
– More than 50% of members have different training and professional experience
– Three members are under 60 years old.

Generally speaking, additional diversity targets include ensuring the personal reliability and integrity of every Supervisory Board member as well as their availability; in accordance with the recommendations of the German Corporate Governance Code, every Supervisory Board member must ensure that they can dedicate the time required to properly fulfill their mandate. Statutory restrictions and the recommendations of the German Corporate Governance Code must be observed when taking on additional mandates. However, the Supervisory Board has refrained from setting a fixed age limit for membership of the Management Board and Supervisory Board and a regular limit for the term of membership of the Supervisory Board.

During the 2017 financial year, the Management Board and Supervisory Board fulfilled the diversity concept outlined here.

Further corporate governance report
The total number of shares held by all members of the Management Board and the Supervisory Board of the Company exceeds 1% of the shares issued by Nordex. No stock option plans are in place.

Detailed information on the remuneration of the Management Board and Supervisory Board members is presented in the remuneration report.

Directors' dealings
Members of the Management Board and the Supervisory Board and parties related to them in accordance with Section 19 Market Abuse Regulation must disclose any and all transactions involving shares in Nordex SE or related financial instruments ("directors' dealings") to the German Federal Financial Supervisory Authority (BaFin) and Nordex SE. The following notifications on directors' dealings in accordance with Section 19 Market Abuse Regulation were received by the Company in financial year 2017:

Directors' Dealings

Date	Person Position	Number of units Transaction	ISIN Stock Exchange	Price per share Total volume
11.05.2017	José Luis Blanco Diéguez Chief Executive Officer	5,750 Purchase	DE000A0D6554 Xetra	EUR 13.4031 EUR 77,068.09

Detailed reporting
To achieve the greatest possible transparency, Nordex SE keeps shareholders, financial analysts, shareholder groups, the media and the public at large regularly informed on a timely basis of the Company's position and main changes in its business. The Company's reporting is therefore in line with the principles of the German Corporate Governance Code: the Company informs its shareholders four times a year of its business performance, net assets, financial position and results of operations as well as its risk exposure.

In accordance with the statutory requirements, the members of the Company's Management Board confirm to the best of their knowledge that the annual financial statements, consolidated financial statements and combined management report provide a true and fair view of the Company's position.

The annual financial statements of Nordex SE, the Nordex Group's consolidated financial statements and the combined management report are published within three months of the end of the year to which they relate. During the year, shareholders and third parties are informed of the Company's performance in the half-yearly report and, in the first and third quarters, in quarterly management statements.

In addition, the Company publishes information at press and analyst conferences. It particularly also uses the Internet as a publication platform. The Group's website sets out the main financial dates such as the dates of publication of the annual report, the half-yearly report and the interim management statements and the date of the Annual General Meeting.

Any material new information is made available to the general public without delay.

In addition to regular reporting, Nordex SE discloses relevant inside information pursuant to Section 17 Market Abuse Regulation in the form of ad hoc releases.

REMUNERATION REPORT

MANAGEMENT BOARD AND SUPERVISORY BOARD REMUNERATION

Change in presentation

Nordex has decided to present its Management Board and Supervisory Board remuneration reporting as a separate chapter in the Group management report with effect from the Nordex Group's 2017 Annual Report. This report previously was part of the consolidated financial statements. The content, statements and elements of the Management Board and Supervisory Board remuneration report have not changed to ensure reporting continuity.

By making this change, Nordex is reflecting the trend in the capital markets. Positioning the remuneration report in this way is now standard practice for a growing number of listed companies in order to take account of investors' increased demand for remuneration information. As a result, Nordex is increasing its transparency and comparability with other listed companies.

General information

The remuneration report describes the principles of the remuneration system for the members of the Management Board and the Supervisory Board as well as the individual amounts paid. The disclosures comply with the requirements of the German Commercial Code (HGB) and the principles of German Accounting Standard No. 17 (GAS 17), the recommendations set out in the German Corporate Governance Code (GCGC) and the International Financial Reporting Standards (IFRS).

Management Board

In accordance with the provisions of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code, the Supervisory Board decides on the structure of remuneration and the remuneration system for the Management Board as well as the remuneration amounts and performs regular reviews. In determining the remuneration, the Supervisory Board is guided by the size and complexity of Nordex SE, its economic and financial position and the amount and structure of the management remuneration system of comparable companies as well as internal salary structures. Further criteria include the duties and performance of the individual members of the Management Board.

Principles of the remuneration system

The remuneration paid to the Management Board comprises not performance-related (fixed) and performance-related (variable) components reflecting the Company's business performance in a given year as well as its long-term business performance.

The fixed components comprise an annual base salary paid out in monthly installments and fringe benefits as usual in the market. These include the provision of a company car, which may also be used privately, insurance for private and company accidents covering invalidity and death.

Performance-related remuneration consists of two components: a bonus and a long-term incentive instrument.

The performance-related component, which is paid out as a bonus and reflects the Company's short-term performance, depends on the achievement of one financial and several non-financial targets. The financial target is defined as earnings before tax (EBT) generated in the year under review. The Supervisory Board of Nordex SE defines the non-financial targets at the beginning of each financial year and assesses their achievement after the end of each financial year. In the calculation of the bonuses, equal weighting is placed on the achievement of the financial target and the non-financial targets. In addition, the Supervisory Board uses a factor between 0.8 and 1.2 to adjust the payment amount thus calculated on the basis of a comprehensive assessment of the Company's performance and the individual performance of the respective Management Board member.

The amount of the bonuses to be paid is always limited to 200% of the target bonus amount as stipulated in the employment contract. In the event that targets are not met, the bonus amount can also fall short of the target amount or be cancelled completely.

The variable component with a long-term incentive component is calculated using a contractually agreed target for the performance share unit plan, which is converted into performance share units on the basis of the price of the Nordex shares on the date on which they are granted. In addition, the minimum and maximum target achievement rate is defined on the basis of the gross return on the Nordex shares (in terms of total shareholder return) compared with the arithmetic mean of the performance indices DAX, MDAX and TecDAX. The final number of performance share units achieved is calculated after the end of the three-year performance period on the basis of the number of virtual Nordex shares and the actual target achievement rate. The final number of performance share units achieved for a plan tranche ranges between 50% and 200% of the initially calculated number of virtual Nordex shares. The final number of performance share units is multiplied by the price at which the Nordex shares are trading at the end of the performance period, thus yielding the gross amount to be paid out. This amount is capped at 300% of the contractually agreed target amount for the performance share unit plan. Each member of the Management Board has to invest 33% of the net payment amount in Nordex shares with a holding period of two years.

In the event of an early termination of the employment contract by the Company without good cause, the Company commits in the employment contracts entered into with members of the Management Board to a severance payment in the amount of the target remuneration due for the remaining duration of the employment contract but a maximum value of two annual target remuneration amounts.

The employment relationship with Lars Bondo Krogsgaard, which had originally been planned to end on 31 December 2018, was terminated by mutual consent with effect from 31 March 2017. A severance payment of EUR 2,550,000 was agreed as part of the severance agreement as compensation for obligations associated with fixed and variable remuneration components. As part of the resulting reorganization of responsibilities within the Management Board and the appointment of José Luis Blanco as Chief Executive Officer, the basic remuneration and variable target remuneration for José Luis Blanco and Patxi Landa has also been adjusted.

The remuneration payable to the members of the Management Board in 2017 in accordance with GAS 17 can be seen in the following table. Performance-related remuneration components with a long-term incentive effect are allocated to the individual years on a pro rata temporis basis:

Remuneration payable to the members of the Management Board in accordance with GAS 17

	Non performance-related component		Performance-related (bonus) component		Performance-related long-term incentive component		Total	
EUR	2017	2016	2017	2016	2017	2016	2017	2016
José Luis Blanco	489,564	313,740	340,290	321,881	65,556	195,566	895,410	831,187
Patxi Landa	293,888	197,680	96,145	182,093	40,332	121,462	430,365	501,235
Christoph Burkhard	358,370	319,283	242,400	66,667	113,320	86,481	714,090	472,431
Lars Bondo Krogsgaard	154,063	585,947	112,500	691,849	0	593,061	266,563	1,870,857
Bernard Schäferbarthold	0	413,077	0	295,830	–151,832	259,020	-151,832	967,927

In contrast to GAS 17, the remuneration granted pursuant to the German Corporate Governance Code (GCGC) in the year under review shows the fair value for the long-term variable remuneration components at the time they were granted. In addition, the minimum and maximum achievable amounts for 2017 are listed. These figures are all presented in the following table:

Benefits granted pursuant to GCGC (continued on page 83)

	José Luis Blanco				Patxi Landa			
EUR	2017	**2016**	Min. 2017	Max. 2017	2017	**2016**	Min. 2017	Max. 2017
Fixed remuneration	475,000	300,000	475,000	475,000	280,000	187,500	280,000	280,000
Fringe benefits	14,564	13,740	14,564	14,564	13,888	10,180	13,888	13,888
Fixed income	**489,564**	**313,740**	**489,564**	**489,564**	**293,888**	**197,680**	**293,888**	**293,888**
Bonus	**300,000**	**187,500**	**0**	**600,000**	**175,000**	**112,500**	**0**	**350,000**
Performance share units 2017–2019	417,435	0	0	900,000	238,534	0	0	525,000
Performance share units 2016–2018	0	167,982	0	0	0	100,789	0	0
Integration bonus 2016–2018	0	729,824	0	0	0	456,140	0	0
Multi-year variable remuneration	**417,435**	**897,806**	**0**	**900,000**	**238,534**	**556,929**	**0**	**525,000**
Total remuneration	**1,206,999**	**1,399,046**	**489,564**	**1,989,564**	**707,422**	**867,109**	**293,888**	**1,168,888**

	Christoph Burkhard				Lars Bondo Krogsgaard			
EUR	2017	**2016**	Min. 2017	Max. 2017	2017	**2016**	Min. 2017	Max. 2017
Fixed remuneration	350,000	316,667	350,000	350,000	150,000	570,000	150,000	150,000
Fringe benefits	8,370	2,616	8,370	8,370	4,063	15,947	4,063	4,063
Fixed income	**358,370**	**319,283**	**358,370**	**358,370**	**154,063**	**585,947**	**154,063**	**154,063**
Bonus	**200,000**	**66,667**	**0**	**400,000**	**112,500**	**397,500**	**0**	**125,000**
Performance share units 2017–2019	238,534	0	0	600,000	486,332	0	0	1,350,000
Performance share units 2016–2018	0	117,689	0	0	0	366,241	0	0
Integration bonus 2016–2018	0	666,671	0	0	0	1,094,736	0	0
Multi-year variable remuneration	**238,534**	**784,360**	**0**	**600,000**	**486,332**	**1,460,977**	**0**	**1,350,000**
Total remuneration	**796,904**	**1,170,310**	**358,370**	**1,358,370**	**752,895**	**2,444,424**	**154,063**	**1,629,063**

Benefits granted pursuant to GCGC (continued from page 82)

	Bernard Schäferbarthold			
EUR	**2017**	**2016**	**Min. 2017**	**Max. 2017**
Fixed remuneration	0	401,500	0	0
Fringe benefits	0	11,577	0	0
Fixed income	**0**	**413,077**	**0**	**0**
Bonus	**0**	**180,000**	**0**	**0**
Performance share units 2017–2019	0	0	0	0
Performance share units 2016–2018	0	188,093	0	0
Integrations bonus 2016–2018	0	0	0	0
Multi-year variable remuneration	**0**	**188,093**	**0**	**0**
Total remuneration	**0**	**781,170**	**0**	**0**

The fixed and single-year variable remuneration components shown in the following table prepared in accordance with GCGC are equivalent to the inflows shown for the year under review. The table also states the amount paid as multi-year variable remuneration in cases in which the agreed period expires in the year under review:

Benefits received pursuant to GCGC (continued on page 84)

	José Luis Blanco		Patxi Landa		Christoph Burkhard	
EUR	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Fixed remuneration	475,000	300,000	280,000	187,500	350,000	316,667
Fringe benefits	14,564	13,740	13,888	10,180	8,370	2,616
Fixed income	**489,564**	**313,740**	**293,888**	**197,680**	**358,370**	**319,283**
Bonus	**340,290**	**321,881**	**96,145**	**182,093**	**242,400**	**66,667**
Performance share units 2015–2017	0	0	0	0	0	0
Performance share units 2014–2016	0	0	0	0	0	0
Multi-year variable	**0**	**0**	**0**	**0**	**0**	**0**
Total remuneration	**829,854**	**635,621**	**390,033**	**379,773**	**600,770**	**385,950**

Benefits received pursuant to GCGC (continued from page 83)

	Lars Bondo Krogsgaard		Bernard Schäferbarthold	
EUR	2017	2016	2017	2016
Fixed remuneration	150,000	570,000	0	401,500
Fringe benefits	4,063	15,947	0	11,577
Fixed income	**154,063**	**585,947**	**0**	**413,077**
Bonus	**112,500**	**691,849**	**0**	**295,830**
Performance share units 2015–2017	0	0	29,784	0
Performance share units 2014–2016	0	540,000	0	510,000
Multi-year variable	**0**	**540,000**	**29,784**	**510,000**
Total remuneration	**266,563**	**1,817,796**	**29,784**	**1,218,907**

The Company pays the premium for the D&O liability insurance (pecuniary loss liability insurance) for members of the Management Board where this exceeds the excess amount provided by law. The D&O liability insurance amount is determined by the Supervisory Board. The premium paid for the D&O liability insurance cannot be broken down by individual Management Board members as the sum insured covers all governing bodies and executives.

The Company did not extend any loans to members of the Management Board nor has it assumed any sureties or guarantees on their behalf.

Supervisory Board

Under the Articles of Incorporation, all members of the Supervisory Board are entitled to fixed remuneration of EUR 30,000 (2016: EUR 30,000) in consideration of the performance of their duties for each full financial year in which they are members of the Supervisory Board plus reimbursement of all costs incurred in the performance of their duties.

The chairman of the Supervisory Board receives twice this amount and his deputy one-and-a-half times this amount.

Each member of the Supervisory Board who is a member of a committee established by the Supervisory Board receives additional fixed remuneration of EUR 3,000 (2016: EUR 3,000) for each full financial year in which he or she is a member of the committee.

The chairman of a committee receives twice this amount.

Persons joining or leaving the Supervisory Board or one of its committees during the year receive one twelfth of this amount for each full or partial month of service.

Any value added tax incurred on the reimbursement of expenses and remuneration is likewise reimbursed in accordance with Article 18 (1) to (4) of the Articles of Incorporation. The Company also pays the premiums for the D&O liability insurance of the members of the Supervisory Board.

The remuneration paid to the Supervisory Board breaks down as follows in accordance with GAS 17:

Remuneration of the Supervisory Board in accordance with GAS 17

	Non performance-related component		Performance-related (bonus) component		Performance-related long-term incentive component		Total	
EUR	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Dr Wolfgang Ziebart	69,000	69,000	0	0	0	0	69,000	69,000
Juan Muro-Lara	51,000	34,000	0	–	0	–	51,000	34,000
Jan Klatten	39,000	45,250	0	0	0	0	39,000	45,250
Connie Hedegaard	33,000	22,000	0	–	0	–	33,000	22,000
Rafael Mateo	33,000	22,000	0	–	0	–	33,000	22,000
Martin Rey	36,000	37,250	0	0	0	0	36,000	37,250
Dr Heinz van Deelen (retired in 2016)	0	13,750	0	0	0	0	0	13,750
Frank Lutz (retired in 2016)	0	13,750	0	0	0	0	0	13,750
Annette Stieve (retired in 2016)	0	13,750	0	0	0	0	0	13,750
	261,000	**270,750**	**0**	**0**	**0**	**0**	**261,000**	**270,750**

No remuneration had been paid to the members of the Supervisory Board as at 31 December 2017.

BENEFITS FOR FORMER MEMBERS OF THE MANAGEMENT BOARD

Pension provisions of EUR 400 thousand (2016: EUR 415 thousand) had been set aside as at the reporting date to cover the vested pension rights of two former members of the Management Board.

Nordex SE
Rostock, 23 March 2018

José Luis Blanco
Chairman of the Management Board

Christoph Burkhard
Member of the Management Board

Patxi Landa
Member of the Management Board


STAHL

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 2017 FINANCIAL YEAR

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2017

Assets

EUR thousand	Note	31.12.2017	31.12.2016
Cash and cash equivalents	1	623,179	649,464
Trade receivables and future receivables from construction contracts	2	593,260	699,427
Inventories	3	195,578	197,478
Income tax receivables	4	8,517	8,405
Other current financial assets	5	14,674	41,210
Other current non-financial assets	6	107,872	123,157
Current assets		**1,543,080**	**1,719,141**
Property, plant and equipment	7	283,367	266,369
Goodwill	8	547,758	547,758
Capitalized R & D expenses	9	220,042	219,701
Other intangible assets	10	72,205	114,615
Financial assets	11	4,799	2,425
Investments in associates	12	5,165	6,689
Other non-current financial assets	13	17,149	3,403
Other non-current non-financial assets	14	13,166	38
Deferred tax assets	15	100,858	114,075
Non-current assets		**1,264,509**	**1,275,073**
Assets		**2,807,589**	**2,994,214**

Equity and liabilities

EUR thousand	Note	31.12.2017	31.12.2016
Current liabilities to banks	16	68,667	16,652
Trade payables	17	446,567	377,323
Income tax payables	4	28,556	31,526
Other current provisions	18	151,350	163,245
Other current financial liabilities	19	49,827	139,161
Other current non-financial liabilities	20	359,131	514,297
Current liabilities		**1,104,098**	**1,242,204**
Non-current liabilities to banks	16	614,638	626,673
Pensions and similar obligations	21	2,035	1,866
Other non-current provisions	18	55,540	43,564
Other non-current financial liabilities	22	2,597	3,148
Other non-current non-financial liabilities	23	11,163	2,197
Deferred tax liabilities	15	98,528	134,551
Non-current liabilities		**784,501**	**811,999**
Subscribed capital		96,982	96,982
Capital reserves		597,626	597,626
Other retained earnings		37,501	23,694
Cash flow hedges		991	2,187
Foreign currency adjustment item		–10,482	9,686
Consolidated net profit carried forward		196,372	209,836
Consolidated net profit		0	0
Share in equity attributable to parent company's shareholders		918,990	940,011
Equity	**24**	**918,990**	**940,011**
Equity and liabilities		**2,807,589**	**2,994,214**

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017

Consolidated income statement

EUR thousand	Note	01.01.2017–31.12.2017	01.01.2016–31.12.2016
Sales	26	3,077,788	3,395,033
Changes in inventories and other own work capitalized	27	49,617	408
Gross revenue		**3,127,405**	**3,395,441**
Other operating income	28	45,622	35,701
Cost of materials	29	–2,294,925	–2,559,378
Staff costs	30	–359,235	–289,875
Depreciation/amortization	31	–157,300	–116,966
Other operating expenses	32	–318,210	–296,348
Earnings before interest and taxes	36	**43,357**	**168,575**
Income from investments		660	525
Profit/loss from equity-accounting method		–1,524	19
Impairment of financial assets and securities classified as current assets		–2,472	–14
Other interest and similar income		6,194	7,404
Interest and similar expenses		–33,715	–34,676
Financial result	33	**–30,857**	**–26,742**
Net profit/loss from ordinary activities		**12,500**	**141.833**
Income tax	34	–12,171	–46,480
Consolidated net profit		**329**	**95,353**
Of which attributable to			
shareholders of the parent		329	95,353
Earnings per share (in EUR)	35		
Basic [1]		0.00	1.03
Diluted [2]		0.00	1.03

1 Based on a weighted average of 96.982 million shares (previous year: 92.792 million shares)
2 Based on a weighted average of 96.982 million shares (previous year: 92.792 million shares)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017

Consolidated statement of comprehensive income

EUR thousand	01.01.2017–31.12.2017	01.01.2016–31.12.2016
Consolidated net profit	**329**	**95,353**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation difference	–20,168	4,035
Cash flow hedges	–1,764	673
Deferred taxes	568	–216
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	22	–63
Deferred taxes	–8	20
Consolidated comprehensive income	**–21,021**	**99,802**
Of which attributable to		
Shareholders of the parent	–21,021	99,802

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017

Consolidated cash flow statement

	EUR thousand	01.01.2017–31.12.2017	01.01.2016–31.12.2016
	Operating activities		
	Consolidated net profit	329	95,353
+	Depreciation / amortization of non-current assets	159,771	116,980
=	**Consolidated net profit plus depreciation / amortization**	**160,100**	**212,333**
+	Decrease in inventories	1,900	146,835
+/–	Decrease / increase in trade receivables and future receivables from construction contracts	106,167	–289,945
+	Increase in trade payables	69,244	50,745
–	Decrease in prepayments received	–193,843	–50,594
=	**Payments made from changes in working capital**	**–16,532**	**–142,959**
+/–	Decrease / increase in other assets not attributed to investing or financing activities	39,208	–26,861
+	Increase in pensions and similar obligations	169	135
+/–	Increase / decrease in other provisions	81	–3,199
–/+	Decrease / increase in other liabilities not attributed to investing or financing activities	–110,817	69,988
+	Loss from the disposal of non-current assets	484	2,705
–	Other interest and similar income	–6,194	–7,404
+	Interest received	5,133	5,571
+	Interest and similar expenses	33,715	34,676
–	Interest paid	–32,386	–38,979
+	Income tax	12,171	46,480
–	Taxes paid	–9,176	–1,985
+/–	Other non-cash expenses / income	15,449	–6,103
=	**Payments made / received from other operating activities**	**–52,163**	75,024
=	**Cash flow from operating activities**	**91,405**	**144,398**

	Investing activities		
+	Payments received from the disposal of property, plant and equipment/intangible assets	2,691	7,168
–	Payments made for investments in property, plant and equipment/intangible assets	–151,097	–105,030
–	Payments made for the acquisition of Acciona Windpower	0	–305,833
+	Payments received from the disposal of long-term financial assets	2,173	3,937
–	Payments made for investments in long-term financial assets	–2,954	–2,081
+	Payments received from investment grants	3,057	2,599
=	**Cash flow from investing activities**	**–146,130**	**–399,240**
	Financing activities		
–	Costs from capital increases	0	–737
+	Bank loans received	56,389	599,842
–	Bank loans repaid	–12,500	–9,375
–	Payments from repaying bonds	0	–150,000
_	Redemption of working capital loan	0	–70,500
=	**Cash flow from financing activities**	**43,889**	**369,230**
	Net change in cash and cash equivalents	**–10,836**	**114,388**
+	Cash and cash equivalents at the beginning of the period	649,464	528,973
–/+	Exchange rate-induced change in cash and cash equivalents	–15,449	6,103
=	**Cash and cash equivalents at the end of the period (Cash and cash equivalents as shown in the consolidated statement of financial position)**	**623,179**	**649,464**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017

Consolidated statement of changes in equity 2017

EUR thousand	Subscribed capital	Capital reserves	Other retained earnings
01.01.2017	**96,982**	**597,626**	**23,694**
Consolidated comprehensive income	0	0	14
Consolidated net loss	0	0	0
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation difference	0	0	0
Cash flow hedges	0	0	0
Deferred taxes	0	0	0
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	0	0	22
Deferred taxes	0	0	–8
Appropriation of profit and consolidated net profit/loss carried forward	0	0	13,793
31.12.2017	**96,982**	**597,626**	**37,501**

	Cash flow hedges	Foreign currency adjustment item	Consolidated net profit carried forward	Consolidated net profit	Share in equity attributable to shareholders of the parent	Total
	2,187	**9,686**	**209,836**	**0**	**940,011**	**940,011**
	–1,196	–20,168	0	329	–21,021	–21,021
	0	0	0	329	329	329
	0	–20,168	0	0	–20,168	–20,168
	–1,764	0	0	0	–1,764	–1,764
	568	0	0	0	568	568
	0	0	0	0	22	22
	0	0	0	0	–8	–8
	0	0	–13,464	–329	0	0
	991	**–10,482**	**196,372**	**0**	**918,990**	**918,990**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

Consolidated statement of changes in equity 2016

EUR thousand	Subscribed capital	Capital reserves	Other retained earnings
01.01.2016	**80,882**	**229,114**	**–10,961**
Capital increase			
Payments received from capital increase	16,100	369,012	0
Costs from capital increase	0	–737	0
Income tax	0	237	0
Accounting for the employee stock option plan	0	0	0
Consolidated comprehensive income	0	0	–43
Consolidated net profit	0	0	0
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation difference	0	0	0
Cash flow hedges	0	0	0
Deferred taxes	0	0	0
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	0	0	–63
Deferred taxes	0	0	20
Appropriation of profit and consolidated net profit/loss carried forward	0	0	34,698
31.12.2016	**96,982**	**597,626**	**23,694**

Cash flow hedges	Foreign currency adjustment item	Consolidated net profit carried forward	Consolidated net profit	Share in equity attributable to shareholders of the parent	Total
1,730	**5,651**	**149,181**	**0**	**455,597**	**455,597**
0	0	0	0	385,112	385,112
0	0	0	0	–737	–737
0	0	0	0	237	237
0	0	0	0	0	0
457	4,035	0	95,353	99,802	99,802
0	0	0	95,353	95,353	95,353
0	4,035	0	0	4,035	4,035
673	0	0	0	673	673
–216	0	0	0	–216	–216
0	0	0	0	–63	–63
0	0	0	0	20	20
0	0	60,655	–95,353	0	0
2,187	**9,686**	**209,836**	**0**	**940,011**	**940,011**

NOTES

TO THE 2017 CONSOLIDATED FINANCIAL STATEMENTS

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR FROM 1 JANUARY UNTIL 31 DECEMBER 2017

GENERAL INFORMATION

Nordex SE, a listed Societas Europaea, and its subsidiaries in Germany and in other countries develop, manufacture and distribute wind power systems, particularly large multi-megawatt-class turbines. Nordex SE is domiciled in Rostock, Germany. However, the Company's head office is located at Langenhorner Chaussee 600, 22419 Hamburg, Germany.

The shares of Nordex SE are admitted to regulated trading subject to the advanced admission obligations (TecDAX) stipulated by Deutsche Börse. Its nominal capital as at 31 December 2017 stands at EUR 96,982,447 (2016: EUR 96,982,447) and is divided into 96,982,447 (2016: 96,982,447) fully paid-up no-par-value shares, each with a notional share in capital of EUR 1.

Nordex SE's consolidated financial statements for 2017 were approved for publication in a resolution passed by the Management Board on 27 February 2018 and subsequent submittal to the Supervisory Board.

ACCOUNTING POLICIES

BASIS OF PREPARATION

The general significant accounting policies applied in preparing the consolidated financial statements are described below, whilst, for reasons of clarity, the accounting policies relating to a concrete element of the financial statements within the scope of the International Accounting Standards Board's (IASB) disclosure initiative are explained in the corresponding section. In order to apply the accounting policies, management sometimes has to make assumptions and estimates or evaluations, especially in connection with the items future receivables from construction contracts, inventories, goodwill, capitalized R&D expense, deferred tax liabilities and deferred tax assets and other provisions. Unless otherwise stated, these policies have been consistently applied to all the accounting periods presented.

The consolidated financial statements were prepared in accordance with Section 315e of the German Commercial Code (HGB) using the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. Therefore, all International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretation Committee (IFRIC) binding for the 2017 reporting year were applied.

With the exception of Acciona Windpower India Private Limited, whose finanical year ends on 31 March, the financial year of Nordex SE and all of its subsidiaries included in the consolidated financial statements generally corresponds to the calendar year. However, the calendar year is used Group-wide as the basis for preparing the consolidated financial statements.

The current / non-current classification of liabilities and assets provided for in IAS 1 is applied.

The consolidated financial statements are prepared in thousands of euros.

EFFECTS OF NEW ACCOUNTING STANDARDS

The new and revised standards to be applied in 2017 as a result of endorsement by the European Union

Standard / Interpretation		Published by the IASB	Mandatory application stipulated by the IASB
IAS 7	Statement of Cash Flows	29.01.2016	01.01.2017
IAS 12	Income Tax	19.01.2016	01.01.2017
Annual IFRS improvements cycle 2014–2016, amendments to IFRS 12		08.12.2016	01.01.2017

The application does not have any material effect on the consolidated financial statements.

New and revised standards and interpretations which were not yet mandatory in 2017 and have not been adopted early by the Group

Standard / Interpretation		Published by the IASB	Mandatory application stipulated by the IASB
IAS 40[1]	Investment Property	08.12.2016	01.01.2018
IFRS 2[1]	Share-based Payment	20.06.2014	01.01.2018
IFRS 9	Financial Instruments	24.07.2014	01.01.2018
IFRS 15	Revenue from Contracts with Customers	28.05.2014 / 11.09.2015	01.01.2018
IFRS 16	Leases	13.01.2016	01.01.2019
IFRS 17[1]	Insurance Contracts	18.05.2017	01.01.2021
IFRIC 22[1]	Foreign Currency Transactions and Advance Consideration	08.12.2016	01.01.2018
Annual IFRS improvements cycle 2014–2016, amendments to IAS 28 and IFRS 1[1]		08.12.2016	01.01.2018

[1] The application is not expected to have any material effect on the consolidated financial statements.

The future amendments that are of importance for the Group concern the following standards:

IFRS 9 – Financial Instruments was published in July 2014 by the IASB, and it is mandatory that IFRS 9 be applied to financial years starting on or after 1 January 2018.

IFRS 9 was issued as a complete standard that combines the requirements previously issued and the additional amendments to introduce a new expected loss impairment model for receivables and changes to the classification and measurement requirements for financial assets. In addition, the accounting treatment of hedging relationships has been changed to improve the presentation of operational risk management. The introduction of the expected credit loss model is not expected to result in additional impairments of receivables due to their collateralization with guarantees, sureties and standby letters of credit. Any resulting impairment will be presented by Nordex by way of a restatement presentation in 2018. The change in the classification and measurement of financial assets is not expected to have any material effect on Nordex's consolidated financial statements. The majority of Nordex's financial assets are debt instruments, which will be measured at amortized cost, as previously. Nordex only holds equity instruments as financial assets. Their subsequent measurement, however, will continue to be recognized in other comprehensive income as the Company avails itself of the corresponding option. In accordance with the excemption rule of IFRS 9, Nordex will continue to account for hedges pursuant to IAS 39 because at Nordex this only affects forward exchange transactions and a switch to IFRS 9 is therefore not expected to have any significant effects.

The IASB published IFRS 15 - Revenue from Contracts with Customers in May 2014. An amendment to IFRS 15 published in September 2015 delays the effective date for mandatory first-time adoption of IFRS 15 to financial years beginning on or after 1 January 2018. The standard regulates across all industries the timing and the amount of the revenue recognition from contracts with customers. Under the new guidance, the amount of revenue recognized in many cases no longer matches the amount invoiced to the customer particularly in connection with multi-component transactions involving several different contractual services. As a result, changes may arise with respect to the timing and amount of revenue recognition among other things. This particularly refers to installation and service contracts, which were previously accounted for independently. In the case of installation contracts, the percentage of completion will no longer be recognized on the basis of the ratio of actual to planned cost but instead measured using milestones. This will shift the timing of revenue recognition. In the meantime, the cost will be reported in inventories. In the case of service contracts, the revenue generated will be distributed across the years covered by the contract in line with a schedule based on the planned service. In addition, a review is conducted to determine whether the prices for the installation and service portion conform to market conditions. If the price is lower than a defined minimum margin, portions of the revenue will be transferred accordingly. Applying IFRS 15 in 2017 would have meant that revenue within the range of EUR 635,000 thousand to EUR 675,000 thousand and a contribution to earnings within a range of EUR 90,000 thousand to EUR 110,000 thousand would not have been realized until 2018. Since the contract assets pursuant to IFRS 15 would have been lower than the receivables from construction contracts, the deduction of prepayments received from future receivables from construction contracts would have been reduced accordingly by EUR 450,000 thousand to EUR 500,000 thousand. Nordex expects an offsetting effect on revenue and earnings contribution to occur in 2018, which should largely compensate for the effect of the changeover – although a final assessment cannot be made based on today's knowledge. The effects of the application of IFRS 15 on revenue and on earnings in 2018 have already been incorporated into the forecast for 2018. Additional information on the forecast can be found in the Group management report.

In January 2016, the IASB published IFRS 16 - Leases. On the part of the lessee, IFRS 16 eliminates the former classification of leases as either operating leases or finance leases. Instead, IFRS 16 introduces a single lessee accounting model according to which the lessee is obliged to recognize assets for the right-of-use under lease contracts in the amount of the lease liability plus costs that are initially directly attributable, and liabilities in the amount of the present value of future lease payments. The right of use is amortized during the term of the lease contract and the lease liability is depreciated using the actuarial method. The standard simplifies accounting for short-term leases with a term of up to twelve months, low value assets and portfolios of leases. As a result, leases previously not recognized in the statement of financial position are in the future recognized in a manner similar to finance leases pursuant to IAS 17 today. In contrast, there are no significant changes to the regulations governing accounting of lessors. This standard is mandatory for periods starting on or after 1 January 2019. Nordex has started analyzing IFRS 16. As of the reporting date, there are operating leases relating to real estate and to property, plant and equipment. IFRS 16 leads to higher earnings before interest, taxes, depreciation and amortization in particular, as certain leasing expenses will have to be shown under depreciation and amortization and in the interest result.

COMPANIES CONSOLIDATED

Subsidiaries are defined as all entities which are controlled by the Group. The Group controls an investee if it has power over it or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Group's returns. An investee is consolidated from the day on which the investor gains control of it and ends when the investor loses control over it. Acquired subsidiaries are accounted for using the acquisition method. Upon initial consolidation, identifiable assets, liabilities and contingent liabilities are measured at their fair values at the acquisition date.

The companies consolidated comprise the following nine (2016: nine) domestic and 45 (2016: 46) non-domestic companies:

Companies consolidated (continued on page 104)

Name	Share in capital / voting rights 31.12.2017 in %	Share in capital / voting rights 31.12.2016 in %
Nordex SE, Rostock (Group parent)	–	–
Acciona Blades S.A., Barasoain / Spain	100.0	100.0
Acciona Towers S.L., Barasoain / Spain	100.0	100.0
Acciona - Vjetroelektrane d.o.o., Split / Croatia	100.0	100.0
Acciona Windpower Brasil - Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda., Sao Paulo / Brazil	100.0	100.0
Acciona Windpower Chile S.A., Santiago / Chile	100.0	100.0
Acciona Windpower India Private Limited, Bangalore / India	100.0	100.0
Acciona Windpower Internacional S.L., Barasoain / Spain	100.0	100.0
Acciona Windpower Mexico S. de R.L. de C.V., Mexico City / Mexico	100.0	100.0
Acciona Windpower Oceania Pty. Ltd., Melbourne / Australia	100.0	100.0
Acciona Windpower Rüzgar Enerjisi Sistemleri Anonim Şirketi, Istanbul / Turkey	100.0	100.0
Acciona Windpower S.A., Barasoain / Spain	100.0	100.0
Acciona Windpower Southafrica (Pty.) Ltd., Cape Town / South Africa	100.0	100.0
Alfresco Renewable Energy Private Limited, Bangalore / India	100.0	–
Corporación Acciona Windpower S.L., Barasoain / Spain	100.0	100.0
Eólicos R4E S.A. de C.V., Tegucigalpa / Honduras	100.0	100.0
Industria Toledana de Energías Renovables S.L., Barasoain / Spain	100.0	100.0

Companies consolidated (continued from page 103)

Name	Share in capital / voting rights 31.12.2017 in %	Share in capital / voting rights 31.12.2016 in %
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Beijing / PR China	100.0	100.0
Nordex Blade Technology Centre ApS, Kirkeby / Denmark[1]	100.0	100.0
Nordex (Chile) SpA, Santiago / Chile	100.0	100.0
Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., Dongying / PR China	100.0	100.0
Nordex Education Trust, Cape Town / South Africa	100.0	100.0
Nordex Employee Holding GmbH, Hamburg[2]	100.0	100.0
NordexEnergy Uruguay S.A., Montevideo / Uruguay	100.0	100.0
Nordex Energy B.V., Rotterdam / Netherlands	100.0	100.0
Nordex Energy GmbH, Hamburg	100.0	100.0
Nordex Energy Ibérica S.A., Barcelona / Spain	100.0	100.0
Nordex Energy Ireland Ltd., Dublin / Ireland	100.0	100.0
Nordex Energy Romania S.r.l., Bucharest / Romania	100.0	100.0
Nordex Energy South Africa RF (Pty.) Ltd., Johannesburg / South Africa	100.0	100.0
Nordex Enerji A.S., Istanbul / Turkey	100.0	100.0
Nordex Forum II GmbH & Co. KG, Hamburg	100.0	100.0
Nordex Forum II Verwaltungs GmbH, Hamburg	100.0	100.0
Nordex France S.A.S., Paris / France	100.0	100.0
Nordex Grundstücksverwaltung GmbH, Hamburg	100.0	100.0
Nordex Hellas Monoprosopi EPE, Athens / Greece	100.0	100.0
Nordex Italia S.r.l., Rome / Italy	100.0	100.0
Nordex Offshore GmbH, Hamburg	100.0	100.0
Nordex Pakistan (Private) Ltd., Islamabad / Pakistan	100.0	100.0
Nordex Polska Sp. z o.o., Warsaw / Poland	100.0	100.0
Nordex Singapore Equipment Private Ltd., Singapore / Singapore	100.0	100.0
Nordex Singapore Service Private Ltd., Singapore / Singapore	100.0	100.0
Nordex Sverige AB, Uppsala / Sweden	100.0	100.0
Nordex UK Ltd., Manchester / United Kingdom	100.0	100.0
Nordex USA Inc., Chicago / United States[3]	100.0	100.0

Companies consolidated (continued from page 104)

Name	Share in capital / voting rights 31.12.2017 in %	Share in capital / voting rights 31.12.2016 in %
Nordex USA Management LLC, Chicago / United States	100.0	100.0
Nordex Windpark Beteiligung GmbH, Hamburg	100.0	100.0
Nordex Windpower Peru S.A., Lima / Peru	100.0	100.0
Nordex Windpower S.A., Buenos Aires / Argentina	100.0	100.0
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia / PR China	100.0	100.0
NPV Dritte Windpark GmbH & Co. KG, Hamburg	100.0	100.0
Parque Eólico Llay-Llay SpA, Santiago / Chile	100.0	100.0
Shanghai Acciona Windpower Technical Service Co. Ltd., Shanghai / PR China	100.0	100.0
Way Wind, LLC, Delaware / United States	100.0	100.0

[1] Formerly SSP Technology A/S, Kirkeby / Denmark
[2] Formerly Acciona Windpower Deutschland GmbH, Frankfurt am Main
[3] Acciona Windpower North America LLC, West Branch / United States was merged into Nordex USA Inc., Chicago / United States effective 1 January 2017

The following companies were consolidated for the first time in financial year 2017:

Companies initially consolidated in 2017

Name		Date of incorporation / acquisition
Alfresco Renewable Energy Private Limited, Bangalore / India [1]	Incorporation	31.08.2016
Nordex Blade Technology Centre ApS, Kirkeby / Denmark [2]	Acquisition	01.02.2017

[1] Consolidated for the first time effective 30 November 2017.
[2] Consolidated for the first time effective 1 February 2017.

The following companies were deconsolidated for the first time in financial year 2017:

Companies deconsolidated in 2017

Name		Date of liquidation / disposal
Beebe Wind LLC, Delaware / United States [1]	Liquidation	01.07.2017
Green Hills Wind LLC, Delaware / United States [1]	Liquidation	01.07.2017

[1] Deconsolidated effective 31 July 2017.

Neither the initial consolidation of Alfresco Renewable Energy Private Limited and Nordex Blade Technology Centre ApS nor the deconsolidation of Beebe Wind LLC and Green Hills Wind LLC had a material effect on the net assets, financial position and results of operations of the Nordex Group.

Consolidated companies do not include investees that are insignificant both in view of the quantitative criteria net profit/loss, equity, total assets and employees as well as in view of the qualitative criteria concerning the type of business activities.

For the purposes of liability consolidation, all receivables and liabilities as well as gains and losses on internal Group transactions between consolidated companies of EUR 2,382,010 thousand (2016: EUR 2,876,575 thousand) have been offset against each other.

In connection with the consolidation of expenses and income, internal Group deliveries of services and goods, expenses and income arising from transfer transactions and profit and loss from internal Group transactions of EUR 921,695 thousand (2016: EUR 948,940 thousand) were eliminated.

There are profit and loss transfer agreements in force between Nordex SE and its consolidated domestic subsidiaries with the exception of Nordex Employee Holding GmbH, Nordex Forum II GmbH & Co. KG, Nordex Forum II Verwaltungs GmbH, Nordex Offshore GmbH and NPV Dritte Windpark GmbH & Co. KG with a corresponding effect on the Group's tax situation, whereas there are no profit and loss transfer agreements in force between Corporación Acciona Windpower S.L. and the consolidated Spanish subsidiaries of Acciona Windpower. Further, no profit and loss transfer agreement is in force between Nordex SE and Corporación Acciona Windpower S.L.

Corporate tax and trade tax groups have been established between Nordex SE and Nordex Energy GmbH, Nordex Grundstücksverwaltung GmbH as well as Nordex Windpark Beteiligung GmbH. A VAT tax group has been established between Nordex SE and Nordex Energy GmbH, Nordex Forum II Verwaltungs GmbH, Nordex Grundstücksverwaltung GmbH and Nordex Windpark Beteiligung GmbH. Moreover, a corporate tax group has been established between Corporación Acciona Windpower S.L. and the consolidated Spanish subsidiaries of Acciona Windpower and between Nordex USA Inc. and Nordex USA Management LLC and Way Wind, LLC.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Concerning financial assets, IAS 39 prescribes that the following measurement classifications are used:

- Financial assets at fair value through profit or loss
- Available for sale financial assets
- Loans and receivables
- Held to maturity investments

Financial Assets at Fair Value through Profit or Loss are in turn divided into financial assets that are voluntarily allocated to this measurement classification and financial assets that are held for trading. Financial assets held for trading include all derivatives that have a positive market value (except for those designated to be a hedge instrument).

IAS 39 has two measurement classifications for financial liabilities:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost

Financial liabilities at fair value through profit or loss are in turn divided into financial liabilities that are voluntarily allocated to this measurement classification and financial liabilities that are held for trading. Financial liabilities held for trading include all derivatives that have a negative market value (except for those designated to be a hedge instrument).

The Group has no relevant held to maturity investments and does not make use of a voluntary allocation to the financial assets or financial liabilities at fair value through profit or loss categories.

Regular way purchase or sale of financial assets can be recognized or derecognized as at the day of trading or as at the date of settlement method. The method applied must be applied consistently for all purchases and sales of financial assets that belong to the same measurement category. The Nordex Group uses settlement date accounting.

Upon initial recognition, financial assets and liabilities must be measured at fair value (taking into consideration any transaction costs for assets and liabilities that are not measured at fair value through profit or loss).

For subsequent measurement, financial assets and liabilities (including derivatives) must also be measured at fair value. However, loans and receivables, held to maturity investments and financial liabilities at amortized cost must be measured at amortized cost using the effective interest method.

Financial assets are only impaired and impairment is recognized if there is objective evidence of impairment resulting from one or several events, e.g. default or delay in making payments for interest or repayment, that take place after initial recognition of the financial assets. A check must be conducted on each reporting date whether there is objective evidence of impairment. If such evidence exists, a detailed calculation of the impairment must be carried out to determine whether an impairment charge must be recognized.

Financial assets and liabilities that are designated as hedged items or hedge instruments are subject to measurement under the hedge accounting requirements in IAS 39, which stipulate that hedge accounting is possible only if the clear hedging relationship between the hedged item and the hedge is documented and its efficacy is proved.

Hedges against exchange rate risks of future cash flows that are highly probable to occur as per the budget or planning of individual customer specific projects that satisfy these conditions are measured at fair value (cash flow hedges). Any changes in the fair value of the effective part of the cash flow hedges are initially recognized in the cash flow hedge reserve and only reclassified to profit or loss when the hedged item is realized or does not come to pass; the ineffective part of the cash flow hedge is taken to profit or loss immediately. The ineffective part of cash flow hedges comprises income and expense arising from any changes in the fair value of the forward exchange transactions exceeding the changes in the fair value of the hedged items for which, however, efficacy within the permissible range of between 80% and 125% has been determined overall.

Gains and losses on hedged project contracts are reported in the income statement under other operating income or other operating expenses as the case may be, whereas gains and losses on hedged procurement contracts are reported within cost of materials.

Forward exchange transactions that do not satisfy the strict criteria of IAS 39 for the application of hedge accounting are classified as financial assets held for trading or financial liabilities held for trading. Gains or losses from these forward exchange transactions designated as fair value hedges are recognized within other operating income or other operating expenses, as the case may be, in the income statement for the period in which they arise.

LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made relating to an operating lease are recognized in the income statement under other operating expenses.

Leases in which the Group holds the material risks and rewards from ownership of the leased assets are classified as finance leases. Assets under a finance lease are capitalized under property, plant and equipment and depreciated. A lease liability of the same amount is recognized within non-current liabilities. The interest component of the lease payment is recognized within the interest result in the income statement and spread evenly over the term of the lease.

FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in euros, which is Nordex SE's functional and reporting currency.

Foreign-currency transactions are translated into the functional currency using the relevant exchange rates prevailing on the date of the transaction. Gains and losses resulting from the transaction-date translation are recognized through profit or loss.

Assets and liabilities of all Group companies with a functional currency other than euro are translated to euro on each reporting date using the exchange rate on such date, while income and expenses in each of the income statements are translated to euro using the monthly average exchange rate. If the use of the monthly average exchange rate does not result in a reasonable approximation of the cumulative effects that would have arisen had the exchange rate applicable on the dates of the individual transactions been applied, income and expenses are translated at the rates prevailing on the transaction dates. Any exchange differences are recognized as a separate item in other reserves in equity (foreign currency adjustment item).

The following table sets out the exchange rates against the euro of the Group's most important foreign currencies:

The most important exchange rates for the Group

Exchange rate EUR 1.00 equals	Average exchange rates for the financial year		Year-end exchange rate as at 31.12.	
	2017	2016	2017	2016
ARS	18.7071	16.3221	22.9840	16.7898
AUD	1.4742	1.4866	1.5340	1.4600
BRL	3.6093	3.8352	3.9695	3.4336
CLP	733.9019	745.5041	736.8111	703.7793
GBP	0.8743	0.8148	0.8873	0.8570
HRK	7.4591	7.5351	7.4340	7.5500
INR	73.2989	73.9759	76.0000	71.2002
MXN	21.3181	20.5444	23.5900	21.8500
NOK	9.3297	9.2836	9.8150	9.0875
PEN	3.6769	3.7343	3.8814	3.5431
PKR	118.5467	115.6767	132.6594	110.1103
SEK	9.6306	9.4498	9.8250	9.5760
TRY	4.0928	3.3169	4.5380	3.7280
USD	1.1286	1.1046	1.1990	1.0555
UYU	32.2676	33.2954	34.5304	30.6937
ZAR	15.0118	16.1816	14.7493	14.4509

FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT – PURPOSES AND METHODS

As an enterprise acting on an international level, the Nordex Group is exposed to financial risks in its operating business and financial transactions. These are primarily market, credit and liquidity risks. The purpose of financial risk management is to limit these risks by means of ongoing operating and finance-oriented activities. The Treasury department is responsible for implementing the financial strategy and for ongoing risk management.

MARKET RISK

Foreign currency risk

The Group's business is exposed to fluctuations in exchange rates as a result of its international orientation. The main risks are associated with the US dollar. Foreign currency risks arise from expected future transactions and from assets and liabilities recognized in the statement of financial position. Currency risks arise as a result of financial instruments denominated in a currency other than the Group's functional currency and of a monetary nature; differences as a result of exchange rates in the translation of single-entity financial statements for inclusion in the consolidated financial statements are ignored.

Foreign currency risks are mostly avoided by concluding contracts with customers that match the currencies of the corresponding contracts with suppliers (natural hedge). In order to hedge the remaining foreign currency risk, derivative and non-derivative hedge instruments are used. Derivative financial instruments are used solely for hedging purposes and are not utilized for trading or speculative purposes. These transactions are executed on a central basis by Nordex SE as the parent company. Contracts for derivative financial instruments are taken out only with domestic and foreign banks whose ratings are permanently monitored. Nordex also mitigates risk by diversifying its trading partners. All transactions with derivative financial instruments are executed and monitored in accordance with the applicable provisions of the European Market Infrastructure Regulation (EMIR). Moreover, certain transactions require the prior approval of the Management Board, which is additionally kept regularly informed of the extent and value of the outstanding risk positions. As at 31 December 2017, most forward exchange transactions were denominated in US-dollar. The notional repayment amounts for outstanding forward exchange transactions stand at EUR 196,876 thousand (2016: EUR 252,799 thousand), particularly due to the business volume in the United States and Argentina; however, opposing currency flows cancel each other out.

Thanks to this, the Nordex Group's operating activities were not exposed to any material foreign currency risks as at the reporting date.

For the purpose of describing foreign currency risks, a currency sensitivity analysis is performed to determine the effects of hypothetical changes in relevant risk variables on the Company's net profit (after income tax) and equity. The relevant risk variables comprise all nonfunctional currencies in which the Nordex Group transacts financial instruments.

In the event of 10% appreciation / depreciation in the respective foreign currency against the reporting currency, the measurement of the primary monetary financial instruments (cash and cash equivalents, trade receivables and payables, future receivables from construction contracts, liabilities to banks and prepayments received) would result in the following effects on post-tax profit:

Non-derivative monetary financial instruments

2017	+10% EUR thousand	–10% EUR thousand
EUR/USD	2,904	–2,376

2016	+10% EUR thousand	–10% EUR thousand
EUR/USD	2,339	–1,913

In the event of 10% appreciation / depreciation in the respective foreign currency against the reporting currency, the measurement of the forward exchange transactions entered into for hedging purpose but not included in hedge accounting would result in the following effects on post-tax profit:

Forward exchange transactions (affecting net profit / loss after income tax)

2017	+10% EUR thousand	–10% EUR thousand
EUR/USD	–4,137	3,388

2016	+10% EUR thousand	–10% EUR thousand
EUR/USD	–11,069	9,057

In the event of 10% appreciation / depreciation in the respective foreign currency against the reporting currency, the measurement of the forward exchange transactions entered into for hedging purpose and included in hedge accounting would result in the following effects on the post-tax profit and hedge accounting reserve within equity:

Forward exchange transactions (affecting net profit / loss after income tax and the hedge accounting reserve in equity)

2017 EUR/USD	+10% EUR thousand	–10% EUR thousand
Net profit/loss after income tax	14	–6
Hedge accounting reserve in equity	–15,677	7,091

2016 EUR/USD	+10% EUR thousand	–10% EUR thousand
Net profit/loss after income tax	0	0
Hedge accounting reserve in equity	–1,424	5,813

Interest risk

Nordex SE has issued a promissory note that is also subject to variable interest. The resulting interest rate risk is largely hedged via interest caps. The market value of the interest caps is EUR 318 thousand at the reporting date (2016: EUR 711 thousand). If the euro interest rate curve were to move by 1 percentage point, this would have the following effects on measurement:

Interest risk

2017	+1 pp. EUR thousand	–1 pp. EUR thousand
Market value interest cap	1,403	–247

2016	+1 pp. EUR thousand	–1 pp. EUR thousand
Market value interest cap	1,768	–464

A 1 percentage point increase of the 6M-Euribor would increase cumulative interest expense until maturity of the promissory notes by EUR 6,521 thousand (2016: EUR 10,937 thousand), while a decrease in 6M-Euribor would not reduce interest expense because of the contractually agreed interest floor.

The Group has no assets subject to variable interest rates entailing a material interest rate risk exposure.

Credit risk

The Group enters into business solely with creditworthy third parties. All main new customers wishing to enter into business with the Group on credit terms undergo a credit check. As a matter of principle, a standardized approval procedure is carried out to address any credit risks before the order is accepted. In particular, the order is not accepted unless the project finance is guaranteed by a bank and / or a bank guarantee or group bond has been issued. In addition, the contracts provide for prepayments to be made when certain milestones are reached. In addition, receivables are monitored on an ongoing basis to avert all material credit risks. There is no pronounced clustering of credit risks within the Group. The maximum credit risk is limited to the carrying amount in question. Trade receivables and future receivables from construction contracts are additionally secured by means of guarantees, sureties and standby letters of credit of EUR 3,812,661 thousand (2016: EUR 3,834,060 thousand) or by means of retained ownership rights of EUR 205,658 thousand (2016: EUR 269,617 thousand).

Liquidity risk

The aim of the Group is to achieve a balance between incoming and outgoing payments. To this end, it tracks payments made and received in the light of the maturities of the financial investments and assets as well as expected payment flows from operating activities and permanently manages Group liquidity.

As a matter of principle, the Nordex Group finances projects via prepayments made by customers. With all projects, the payments are invoiced in line with the progress of work on the basis of the agreed contractual schedule.

In some cases, Nordex uses cross-border cash pooling mechanisms or other in-house banking instruments to enhance the efficiency of liquidity management within the Group. Group Treasury invests remaining liquidity positions conservatively with domestic and non-domestic banks. For this purpose, limits and counterparty risks are permanently monitored.

DEBT INSTRUMENTS

Promissory note

On 6 April 2016, Nordex SE placed a promissory note with a volume of EUR 550,000 thousand for which Nordex Energy GmbH is jointly and severally liable with national and international investors. The promissory note has terms of three, five, seven and ten years, each subject to fixed or variable interest. Depending on the tranche, the interest rate is between 1.5% and 3.0%. Utilization as at 31 December 2017 under the loan agreement including accrued interest amounted to EUR 552,514 thousand (2016: EUR 552,044 thousand).

Research and development loan

In addition, the Group has been granted a long-term research and development facility of up to EUR 100,000 thousand by the European Investment Bank. Nordex intends to use this loan to finance the development of increasingly more efficient technical solutions to additionally extend its competitive lead. The loan has a term of eight years from the date on which it is drawn and is repaid in installments. The borrower is Nordex Energy GmbH, with the main Nordex Group companies holding joint and several liability. Utilization as at 31 December 2017 under the loan agreement including accrued interest amounted to EUR 78,686 thousand (2016: EUR 91,281 thousand).

Multi-currency guarantee facility

Nordex SE also has a syndicated multi-currency guarantee facility with a volume of EUR 1,210,000 thousand in which the main Nordex Group companies hold joint and several liability. The facility was renewed on 15 December 2015 for another five years until 15 December 2020 and was increased by EUR 260,000 thousand on 1 April 2016. As at 31 December 2017, EUR 539,257 thousand (2016: EUR 734,227 thousand) of the multi-currency guarantee facility had been drawn down in the form of cash and guarantees.

Ancillary credit facilities have been set up under the multi-currency guarantee facility for Acciona Windpower Brasil - Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda. and Acciona Windpower India Private Limited. As of 31 December 2017, the cash drawdowns plus accrued interest on these facilities amounted to EUR 52,105 thousand (2016: EUR 0 thousand).

None of the financing instruments is collateralized and they are all subject to the same representations and undertakings.

The loan by the European Investment Bank and the syndicated multi-currency guarantee facility are further subject to uniform and agreed financial covenants such as equity ratio, leverage and interest coverage, compliance with which is confirmed in quarterly reports to the banks. As in the previous year, the financial covenants were met in 2017.

Effective 5 December 2017 (syndicated multi-currency guarantee facility) or 12 January 2018 (research and development loan), financial covenants relating to future business performance and the placement of the bond were amended.

More detailed information on the bond is provided in the section on events after the reporting date.

The banks may only terminate the existing facilities for good cause, which includes breach of the financial covenants.

CAPITAL RISK MANAGEMENT

The main aims of capital risk management are to ensure sustained growth in enterprise value and to safeguard the Group's liquidity and credit rating. Equity stood at EUR 918,990 thousand as at 31 December 2017 (2016: EUR 940,011 thousand). The Group monitors its capital by means of the working capital employed. Working capital is defined as the sum total of trade receivables, future receivables from construction contracts and inventories less trade payables and prepayments received:

Working capital ratio

EUR thousand	31.12.2017	31.12.2016
Trade receivables	181,944	160,193
Future receivables from construction contracts	411,316	539,234
Inventories	195,578	197,478
Trade payables	–446,567	–377,323
Prepayments received	–179,053	–372,895
	163,218	**146,687**
Sales	3,077,788	3,582,867 [1]
Working capital ratio	**5.3%**	**4.1%**

[1] Including sales of Acciona Windpower between January and March 2016

GROUP SEGMENT REPORTING

The Nordex Group is essentially a single-product company. The Group's activities cover the development, production, servicing and marketing of wind power systems. In order to support the marketing activities, it provides preliminary project development services, acquires rights and creates the infrastructure required to construct wind power systems at suitable locations. In line with business activities, the reportable segments are the Projects and Service segments. The prices of deliveries between the individual segments are determined on an arm's length basis. Segment reporting follows the internal reports submitted to the chief operating decision maker, the Management Board of Nordex SE, on the basis of the accounting principles applied to the consolidated financial statements.

Group segment reporting

	Projects		Service	
EUR thousand	2017	2016	2017	2016
Sales	2,776,802	3,139,840	310,813	271,580
Changes in inventories and other own work capitalized	51,582	–2,333	–1,965	2,741
Cost of materials	–2,154,720	–2,468,062	–150,032	–107,703
Other income and expenses	–650,232	–538,661	–138,891	–128,827
Earnings before interest and taxes	23,432	130,784	19,925	37,791
Other interest and similar income	0	0	0	0
Interest and similar expenses	0	0	0	0

	Not allocated		Consolidation		Total	
	2017	2016	2017	2016	2017	2016
	0	0	–9,827	–16,387	3,077,788	3,395,033
	0	0	0	0	49,617	408
	0	0	9,827	16,387	–2,294,925	–2,559,378
	0	0	0	0	–789,123	–667,488
	0	0	0	0	43,357	168,575
	6,194	7,404	0	0	6,194	7,404
	–33,715	–34,676	0	0	–33,715	–34,676

Non-current assets and sales break down by region as follows:

Non-current assets and sales by region

	Non-current assets[1]		Sales[2]	
EUR thousand	**31.12.2017**	**31.12.2016**	**2017**	**2016**
Europe	481,586	472,306	1,838,088	2,338,124
North America	17,296	33,653	610,510	319,176
Latin America	33,810	56,046	529,681	433,595
Rest of world	42,922	38,681	99,509	304,138
	575,614	**600,686**	**3,077,788**	**3,395,033**

[1] Non-current assets include property, plant and equipment, capitalized R&D expenses and other intangible assets.
[2] The calculation of sales by region in 2017 differs from that in 2016 due to improved data availability.

Further information can be found in the Group management report.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

(1) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and sight deposits as well as fixed-term deposits with a rolling original term of between three and twelve months. Utilized current account overdrafts are netted with cash and cash equivalents.

Deposits which are immediately callable are subject to variable interest rates, while fixed-term deposits are invested over terms of between three and twelve months on a roll-over basis depending on the Group's cash requirements and are subject to fixed interest rates.

Cash and cash equivalents amount to EUR 623,179 thousand (2016: EUR 649,464 thousand), EUR 40,550 thousand of which pertains to fixed-term deposits (2016: EUR 10,000 thousand).

Pursuant to IAS 39, cash and cash equivalents are classified as loans and receivables, and pursuant to IFRS 7, as financial assets, measured at (amortized) historical cost. Given the short residual terms to maturity, amortized cost would equal the fair value as in the previous year.

(2) TRADE RECEIVABLES AND FUTURE RECEIVABLES FROM CONSTRUCTION CONTRACTS

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected within one year or less (or within the normal operating cycle of the business if longer), they are classified as current assets.

Future receivables from construction contracts refer to unfinished orders recognized in accordance with the percentage of completion method provided for in IAS 11. The item comprises the order costs incurred up to the reporting date and the prorated profit on orders realized in accordance with the cost-to-cost method (Nordex) or the milestone concept (Acciona Windpower). Prepayments received are deducted. Nordex has installed a project monitoring system, which reports to project management, to oversee project costs. In addition to initial pricing, this system observes pricing changes during the performance of the contract as well as the final pricing activities.

Receivables break down as follows:

Receivables

EUR thousand	31.12.2017	31.12.2016
Trade receivables (gross)	195,688	166,433
Less impairment	–13,744	–6,240
Trade receivables (net)	181,944	160,193
Future receivables from construction contracts	411,316	539,234
	593,260	**699,427**

Trade receivables are not subject to interest and are generally due for settlement within 30 to 90 days.

As at 31 December 2017, trade receivables had the following maturity structure:

Maturity structure of trade receivables

EUR thousand	31.12.2017	31.12.2016
Receivables neither overdue nor impaired	98,899	71,333
Receivables not impaired but overdue by		
less than 30 days	44,689	42,891
31–90 days	11,771	10,062
91–180 days	6,074	8,516
181–360 days	8,131	22,801
361 days and more	11,521	3,994
Total receivables overdue but not impaired	82,186	88,264
Receivables partially impaired	859	596
	181,944	**160,193**

The following impairment was recognized on trade receivables in the year under review and in the previous year:

Impairment losses on trade receivables

EUR thousand	2017	2016
Impairment as at 01.01.	6,240	1,830
Utilization	–2,780	–431
Reversals	–196	–1,184
Additions	10,480	6,025
Impairment as at 31.12.	**13,744**	**6,240**

The impairments were determined based on an individual risk assessment.

In financial year 2017, unimpaired receivables amounting to EUR 52 thousand (2016: EUR 0 thousand) were derecognized.

Future receivables from construction contracts changed as follows:

Future receivables from construction contracts

EUR thousand	31.12.2017	31.12.2016
Accrued contract costs and pro-rated realized order profits	2,182,543	2,865,615
Less prepayments received	–1,771,227	–2,326,381
	411,316	**539,234**

The maximum credit exposure on the reporting date equals the carrying amount of the receivables.

Retentions by customers are usually associated with punch lists not yet completed and largely refer to final payments outstanding for more than 60 days. Such retentions amount to EUR 33,005 thousand (2016: EUR 17,702 thousand).

As in the previous year, no impairment was recognized in 2017 on future receivables from construction contracts in the scope of measuring long-term construction contracts.

Pursuant to IAS 39, trade receivables and future receivables from construction contracts are classified as loans and receivables, and pursuant to IFRS 7, as financial assets measured at (amortized) cost. Amortized cost would equal the fair value, as in the previous year.

(3) INVENTORIES

Generally, the average method is used to calculate historical cost. The production costs include full costs calculated on the basis of normal capacity utilization.

Suitable adjustments are made to allow for any inventory risks in connection with reduced merchantability.

Inventories break down as follows:

Inventories

EUR thousand	31.12.2017	31.12.2016
Raw materials and supplies	136,268	141,261
Work in progress	26,875	27,594
Prepayments made	32,435	28,623
	195,578	**197,478**

Raw materials and supplies primarily comprise production and service material.

Work in progress relates to wind power systems components under construction as well as advance outlays for project development, rights and infrastructure of EUR 537 thousand (2016: EUR 1,640 thousand) not due for completion until after 2018.

The carrying amount of the inventories includes the following impairment adjustments:

Impairment adjustments on inventories

EUR thousand	2017	2016
Impairment as at 01.01.	53,988	31,277
Utilization	–7,381	–3,485
Reversals	–290	–964
Additions	2,012	27,160
Impairment as at 31.12.	**48,329**	**53,988**

Utilization of impairment is related specifically to reductions in aged inventories, while additions refer primarily to inventories with limited usability. The carrying amount of the impaired inventories stands at EUR 10,465 thousand (2016: EUR 9,031 thousand).

(4) INCOME TAX RECEIVABLES AND PAYABLES

Receivables from income tax of EUR 8,517 thousand (2016: EUR 8,405 thousand) mainly come from Acciona Windpower Brasil - Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda. and Nordex Energy South Africa RF (Pty.) Ltd. and in both cases result from excessive prepayments, while the income tax payable of EUR 28,556 thousand (2016: EUR 31,526 thousand) mainly comes from the companies included in the domestic tax group, Nordex SE and Nordex Energy GmbH, as well as Nordex France S.A.S. and Nordex Enerji A.S.

(5) OTHER CURRENT FINANCIAL ASSETS

Other current financial assets break down as follows:

Other current financial assets

EUR thousand	31.12.2017	31.12.2016
Insurance and compensation claims	4,369	11,291
Forward exchange transactions	3,018	6,630
Creditors with debit accounts	2,157	3,394
Deposits/collateral	1,970	2,665
Receivables from non-consolidated affiliated companies, associates and investments	970	13,720
Bonus claims against suppliers	0	293
Other	2,190	3,217
	14,674	**41,210**

Pursuant to IAS 39, receivables recognized in other current financial assets are classified as loans and receivables, and pursuant to IFRS 7, as financial assets measured at (amortized) cost. Given the short residual terms to maturity, amortized cost amounting to EUR 11,656 thousand (2016: EUR 34,580 thousand) would equal the fair value as in the previous year.

Pursuant to IAS 39, the forward exchange transactions (fair value hedges) reported in other current financial assets are classified as financial assets held for trading, and pursuant to IFRS 7, as financial assets measured at fair value. The fair value amounts to EUR 1,559 thousand (2016: EUR 928 thousand). The forward rates and prices are calculated on the basis of the spot price on the reporting date in the light of any discounts or premiums for the remaining term of the contract.

The forward exchange transactions reported in other current financial assets in the scope of hedge accounting (cash flow hedges) are not subject to the measurement categories as per IAS 39. Pursuant to IFRS 7, they are classified as effective hedges measured at fair value. The fair value amounts to EUR 1,459 thousand (2016: EUR 5,702 thousand).

(6) OTHER CURRENT NON-FINANCIAL ASSETS

Other current non-financial assets break down as follows:

Other current non-financial assets

EUR thousand	31.12.2017	31.12.2016
Current tax assets	97,667	108,282
Prepaid expenses	6,951	11,046
Transportation equipment	271	2,343
Other	2,983	1,486
	107,872	**123,157**

The current tax assets primarily concern current input tax assets of Acciona Windpower S.A. in the amount of EUR 36,112 thousand (2016: 13,252 thousand), of Acciona Windpower Brasil - Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda. in the amount of EUR 20,996 thousand (2016: EUR 28,835 thousand), of Nordex Energy GmbH in the amount of EUR 11,487 thousand (2016: EUR 21,874 thousand), of Nordex Enerji A.S. in the amount of EUR 9,093 thousand (2016: EUR 11,242 thousand) and of Nordex-Energy Uruguay S.A. in the amount of EUR 7,647 thousand (2016: EUR 8,610 thousand).

Prepaid expenses chiefly comprise costs pertaining to other periods for the multi-currency guarantee facility.

(7) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at historical cost and, where subject to wear and tear, depreciated. Historical cost includes costs directly attributable to acquisition or construction.

In accordance with IAS 20.24, government grants and assistance received for the purpose of acquiring non-current assets are deducted from historical cost.

Depreciation is calculated on a straight-line basis over the expected useful life of the asset. For this purpose, the historical cost is written down to the residual carrying amount over the expected useful life of the assets as follows:

Depreciation of property, plant and equipment

	Useful life	Depreciation rate
Land and buildings (depreciation calculated for buildings only]	10–33 years	3%–10%
Technical equipment and machinery	3–25 years	4%–33.33%
Tools and equipment	2–18 years	5.56%–50%

Property, plant and equipment breaks down as follows:

Composition of property, plant and equipment

EUR thousand	31.12.2017	31.12.2016
Land and buildings	94,502	93,582
Technical equipment and machinery	120,695	113,743
Other fixtures and fittings, tools and equipment	39,442	38,005
Prepayments made and assets under construction	28,728	21,039
	283,367	**266,369**

In 2014, Nordex received a government grant to expand its facility in Rostock. The assets for which the grant is provided must be retained in the facility in question for a period of five years after the completion of the expansion project. In addition, an annual average of around 1,126 jobs must be maintained permanently during this period. Both the grant and the general conditions will be adjusted in connection with the "45-by-18" cost reduction program. The government grant of EUR 1,735 thousand (2016: EUR 993 thousand) received in 2017 was deducted from the historical cost.

For a detailed overview of movements in property, plant and equipment we refer to the statement of changes in property, plant and equipment and intangible assets attached to the notes to the consolidated financial statements.

(8) GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired company on the date of acquisition.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. Once per year at year-end the Group tests whether goodwill is impaired at the level of the Projects and Service segments (impairment only approach).

The recoverable amount or the fair value less cost of sale for these two segments is calculated based on the budget for 2018 as well as four subsequent budget years derived from the Company's medium-term forecasts. As in the previous year, income beyond the five-year period has been extrapolated based on a steady growth rate of 1.00%. The fair value determined for both segments is assigned to Level 3 in the fair value hierarchy.

The discount rate before tax is 8.30% (2016: 8.92%) for the Projects segment and 9.19% (2016: 9.55%) for the Service segment and is calculated on the basis of the weighted average cost of capital (WACC). The discount rate is based on a risk-free interest rate of 1.25% (2016: 0.66%), a market risk premium of 6.50% (2016: 6.50%) and a beta factor of 1.13 (2016: 1.39). The beta factor and the ratio of the market value of equity capital to the market value of debt capital were determined using a segment-specific peer group.

As in the previous year, goodwill amounts to EUR 547,758 thousand, with EUR 504,595 thousand in the Projects segment and EUR 43,163 thousand in the Service segment. EUR 537,798 thousand thereof results from the purchase price allocation for Acciona Windpower.

As in the previous year, no impairment losses were recognized in 2017 as the recoverable value of the Projects and Service segments was higher than the carrying amount of their assets plus the carrying amount of the goodwill of both segments.

An increase or decrease in the WACC by 0.5 percentage points as well as an increase or decrease by 0.5 percentage points of the growth discount would not lead to any impairment in either the Projects segment or the Service segment.

For a detailed overview of goodwill we refer to the statement of changes in property, plant and equipment and intangible assets attached to the notes to the consolidated financial statements.

(9) CAPITALIZED R&D EXPENSES

The cost of production for such assets includes all costs directly attributable to the production process as well as the production-related overheads and borrowing costs. Borrowing costs that are directly attributable to the production of a qualifying asset are capitalized until all work required to ready the asset for its intended use has been largely completed; otherwise they are recognized as expense in the period, in which they accrue. A qualifying asset is one whose production takes more than one year. Furthermore, R&D expenses may only be capitalized if the Company is in a position to and intends to complete and use the asset, and is able to prove how the asset will in future generate an economic benefit. The capitalized R&D expenses acquired in connection with the Acciona Windpower merger were measured at fair value.

Capitalized R&D expenses are written down on a straight line basis over the period in which the project is expected to generate sales, but no longer than five years. Furthermore, the Group reviews the recognized value of the capitalized R&D expenses once a year; an impairment is recognized for any R&D measures that are found to be technically outdated.

As at the reporting date, R&D expenses of EUR 220,042 thousand (2016: EUR 219,701 thousand) were capitalized. In the 2017 financial year, R&D expenses worth EUR 48,244 thousand (2016: EUR 183,095 thousand) were capitalized, EUR 1,480 thousand of which concern the initial consolidation of Nordex Blade Technology Centre ApS. Other additions of EUR 46,764 thousand (2016: EUR 33,768 thousand) comprise in particular the enhancement of the current Generation Delta wind turbine types N117 and N131 and the development of the new Generation Delta wind turbine type N149. The additions include borrowing costs of EUR 916 thousand (2016: EUR 1,117 thousand) at a borrowing rate of 1.89% (2016: 2.16%). Additional R&D expenses of EUR 29,372 thousand also arising in 2017 (2016: EUR 43,867 thousand) did not meet the criteria for capitalization and were therefore recognized in profit or loss. The capitalization ratio therefore amounts to 61.42% (2016: 43.50%).

For a detailed overview of capitalized development costs we refer to the statement of changes in property, plant and equipment and intangible assets attached to the notes to the consolidated financial statements.

(10) OTHER INTANGIBLE ASSETS

Assets that have defined useful lives are reported at historical cost less cumulative amortization.

Amortization is calculated on a straight-line basis over the expected useful life of the assets, which are deemed to end no later than upon the expiry of the corresponding right. The following useful lives are assumed for this purpose:

Other intangible assets

	Useful life	Amortization rate
Licenses, software and similar rights	2–5 years	20%–50%

Other intangible assets amount to EUR 72,205 thousand (2016: EUR 114,615 thousand) as at the reporting date.

For a detailed overview of other intangible assets we refer to the statement of changes in property, plant and equipment and intangible assets attached to the notes to the consolidated financial statements.

(11) FINANCIAL ASSETS

The financial assets include investments in affiliated non-consolidated companies and investments. Investments in affiliated non-consolidated companies refers to companies that are controlled by the Group but are insignificant. Investments refers to companies that are not controlled by the Group. They are valued at historical cost as there is no active market and it is therefore not possible to determine a reliable fair value.

Financial assets break down as follows:

Financial assets

EUR thousand	31.12.2017	31.12.2016
Investments in affiliated non-consolidated companies	4,637	2,264
Other shares	162	161
	4,799	**2,425**

Shares are held in the following affiliated non-consolidated companies:

Investments in affiliated non-consolidated companies

EUR thousand	31.12.2017	31.12.2016
Project companies	4,587	2,214
natcon7 GmbH, Hamburg	25	25
Nordex Windpark Verwaltung GmbH, Hamburg	25	25
	4,637	**2,264**

The project companies hold various rights in connection with internally developed wind power projects, in particular construction permits and power purchase agreements. Five project companies were established in 2017 (2016: 17) and six project companies were sold (2016: two). Impairment adjustments amounted to EUR 1 thousand (2016: EUR 14 thousand).

The purpose of natcon7 GmbH is to develop, structure and market operations management, control and visualization systems for decentralized energy production equipment including related services.

The purpose of Nordex Windpark Verwaltung GmbH is to acquire and manage investments in trading companies whose purpose is particularly to acquire, develop, install and operate wind farms and to assume personal liability and management responsibility for such entities.

Other shares are held in the following entities:

Equity investments

EUR thousand	31.12.2017	31.12.2016
K/S Whitewater Wind Power Invest I, Fredensborg / Denmark, Komplementarselskabet Whitewater Invest I ApS, Helsinge / Denmark	91	91
K/ S Whitewater Wind Power Invest VII, Fredensborg / Denmark, Komplementarselskabet Whitewater Invest VII ApS, Helsinge / Denmark	37	37
K/ S Whitewater Wind Power Invest VIII, Fredensborg / Denmark, Komplementarselskabet Whitewater Invest VIII ApS, Helsinge / Denmark	31	31
Éoliennes de la Vallée S.A.S., Amiens / France	1	1
Fond du Moulin, Pontarme / France	1	0
Vent d'est S.à r.l., Paris / France	1	1
	162	**161**

The purpose of K / S Whitewater Wind Power Invest I, Komplementarselskabet Whitewater Invest I ApS, K / S Whitewater Wind Power Invest VII, Komplementarselskabet Whitewater Invest VII ApS and K / S Whitewater Wind Power Invest VIII, Komplementarselskabet Whitewater Invest VIII ApS is to operate wind farms.

Éoliennes de la Vallée S.A.S., Fond du Moulin und Vent d'est S.à r.l. have no noteworthy business operations.

None of the shares are listed. There was no intention to sell as at 31 December 2017.

For further details on shareholdings we refer to the list of shareholdings as at 31 December 2017 attached to the notes to the consolidated financial statements.

Pursuant to IAS 39, financial assets are classified as financial assets available for sale, and pursuant to IFRS 7, as financial assets measured at (amortized) cost. As in the previous year, the fair value cannot be determined reliably as there is no active market, therefore they are measured at cost.

(12) INVESTMENTS IN ASSOCIATES

Associates are all entities over which the Group has a significant influence but not control, generally accompanied by a shareholding of between 20% and 50% of the voting rights. They are measured using the equity method of accounting.

Investments in associates break down as follows:

Investments in associates

EUR thousand	31.12.2017	31.12.2016
KNK Wind GmbH, Frankfurt am Main	3,015	3,243
C&C Wind Sp. z o.o., Natolin / Poland	1,742	2,682
GN Renewable Investments S.à r.l., Luxembourg / Luxembourg	408	764
	5,165	**6,689**

The purpose of KNK Wind GmbH is to plan, develop, install and operate offshore wind power plants, particularly the offshore wind power project Arcadis Ost 1.

The purpose of C & C Wind Sp. z o.o. is to install and operate a wind farm in Poland.

GN Renewable Investments S.à r.l. is responsible for arranging the funding of project companies.

The following table sets out the financial information on the non-listed associates:

Financial information on associates

2017 EUR thousand	KNK Wind GmbH	C&C Wind Sp. z o.o.	GN Renewable Investments S.à.r.l.
Current assets [1]	12	4,443	14,106
Non-current assets [1]	16,612	49,661	40
Current liabilities [1]	15,861	3,953	11,020
Non-current liabilities [1]	0	34,256	763
Revenue [1]	4	10,610	242
Profit / loss [1]	–567	–2,126	–181
Shareholding	38.89%	40.00%	30.00%

2016 EUR thousand	KNK Wind GmbH	C&C Wind Sp. z o.o.	GN Renewable Investments S.à.r.l.
Current assets [2]	244	3,589	15,114
Non-current assets [2]	15,711	51,720	3
Current liabilities [2]	14,606	2,194	11,641
Non-current liabilities [2]	0	36,110	931
Revenue [2]	378	9,426	12,577
Profit / loss [2]	–531	–1,331	3,575
Shareholding	38.89%	40.00%	30.00%

[1] Provisional financial statements as at 31.12.2017.
[2] Provisional financial statements as at 31.12.2016.

This financial information is reconciled with the carrying amounts of the investments as follows:

Reconciliation

2017 EUR thousand	KNK Wind GmbH	C&C Wind Sp. z o.o.	GN Renewable Investments S.à.r.l.
Net assets as at 01.01. [1]	1,349	17,005	2,545
Profit/loss [2]	–567	–2,126	–181
Other changes in net assets [2]	–19	1,016	–1
Net assets as at 31.12. [2]	763	15,895	2,363
Shareholding in %	38.89%	40.00%	30.00%
Shareholding in EUR thousand	297	6,358	709
Goodwill	6,124	0	0
Elimination of Intra-group transactions	0	–4,616	–301
Impairment	–3,406	0	0
Carrying amount as at 31.12.	**3,015**	**1,742**	**408**

2016 EUR thousand	KNK Wind GmbH	C&C Wind Sp. z o.o.	GN Renewable Investments S.à.r.l.
Net assets as at 01.01. [3]	1,560	19,157	7,033
Profit/loss [1]	–531	–1,331	3,575
Other changes in net assets [1]	320	–821	–8,063
Net assets as at 31.12. [1]	1,349	17,005	2,545
Shareholding in %	38.89%	40.00%	30.00%
Shareholding in EUR thousand	525	6,802	764
Goodwill	6,124	0	0
Elimination of Intra-group transactions	0	–4,120	0
Impairment	–3,406	0	0
Carrying amount as at 31.12.	**3,243**	**2,682**	**764**

[1] Provisional financial statements as at 31.12.2016
[2] Provisional financial statements as at 31.12.2017
[3] Provisional financial statements as at 31.12.2015

Other changes in net assets comprise equity transactions, differences between the provisional and audited annual financial statements and translation differences.

There are no contingent liabilities in connection with the investments in associates.

For further details on shareholdings we refer to the list of shareholdings as at 31 December 2017 attached to the notes to the consolidated financial statements.

(13) OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets break down as follows:

Other non-current financial assets

EUR thousand	31.12.2017	31.12.2016
Receivables from non-consolidated affiliated companies, associates and investments	16,024	2,481
Deposits	994	791
Loans	131	131
	17,149	**3,403**

Receivables from non-consolidated affiliated companies, associates and investments concern the financing of project companies in particular.

Pursuant to IAS 39, receivables recognized in other non-current financial assets are classified as loans and receivables, and pursuant to IFRS 7, as financial assets measured at (amortized) cost; there are no forward exchange transactions. Given the fact that interest is imposed at market rate as in the previous year, amortized cost would equal the fair value.

(14) OTHER NON-CURRENT NON-FINANCIAL ASSETS

Other non-current non-financial assets amount to EUR 13,166 thousand (2016: EUR 38 thousand). They concern prepaid expenses, which mainly comprise prepayments on license fees.

(15) DEFERRED TAX ASSETS AND TAX LIABILITIES

As the parent company, Nordex SE recognizes deferred tax assets on unused tax losses. Deferred tax assets are calculated on the basis of medium-term forecasts for the German part of the Nordex Group. The forecast period for the probability of unused tax losses being utilized continues to be five years.

The non-domestic subsidiaries within the Nordex Group recognize deferred tax assets for unused tax losses in the light of the national tax rates and make allowance for any restrictions in the length of time in which the tax losses may be utilized. Deferred tax assets are calculated on the basis of the medium-term forecasts for the subsidiary in question.

Deferred tax assets and liabilities are netted in cases in which there is an enforceable netting right and the deferred tax assets and liabilities are levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

As at 31 December 2017, a rounded tax rate of 32.00% (2016: 21.12%) was applied for the purpose of calculating domestic taxes. For information on the change in the tax rate, please see the disclosures in the section on income taxes.

The deferred tax assets and liabilities arising in connection with recognition and measurement differences in the following items of the statement of financial position and unused tax losses break down as follows:

Deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
EUR thousand	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Future receivables from construction contracts	0	0	43,110	87,479
Property, plant and equipment/ Intangible assets	4,312	5,265	88,820	104,473
Other assets	11,397	4,571	2,204	13,952
Provisions	38,111	39,870	5,100	1,341
Other liabilities	62,984	70,127	19,132	12,306
Unused tax losses and tax credits	43,892	79,242	0	0
	160,696	**199,075**	**158,366**	**219,551**
Netting	–59,838	–85,000	–59,838	–85,000
	100,858	**114,075**	**98,528**	**134,551**

The Management Board currently estimates that unused corporate tax losses of EUR 11.453 thousand (2016: EUR 82,652 thousand) and unused trade tax losses of EUR 1.595 thousand (2016: EUR 75,872 thousand) will be fully utilized by Nordex SE. The relevant legislation does not stipulate any maximum period in which losses must be utilized in Germany.

The Nordex Group has the following unused tax losses for which no deferred income tax assets have been set aside.

Unused tax losses for which no deferred income tax assets have been recognized

EUR thousand	31.12.2017	31.12.2016
Forfeitable in less than 1 year	5,869	17,280
Forfeitable within 2 to 5 years	29,533	51,929
Forfeitable within 6 to 9 years	2,783	6,919
Forfeitable in more than 9 years	6,600	0
Non-forfeitable	87,999	85,031
	132,784	**161,159**

Deferred tax assets of EUR 31,999 thousand (2016: EUR 79,270 thousand) have been recognized for subsidiaries which sustained losses in the previous year or the period under review as they are likely to be realized on the basis of future tax result planning.

No deferred tax liabilities were recognized on temporary differences of EUR 24,447 thousand (2016: EUR 14,686 thousand) in connection with shares in subsidiaries as these temporary differences are unlikely to reverse in the foreseeable future.

The deferred tax assets include non-current deferred tax assets before netting of EUR 52,659 thousand (2016: EUR 55,024 thousand). Of the deferred tax liabilities, an amount of EUR 90,459 thousand (2016: EUR 105,323 thousand) is attributable to the non-current portion of the deferred tax liabilities before netting.

The changes in deferred tax break down as follows:

Changes in deferred taxes

EUR thousand	2017	2016
Amount on 01.01.	–20,476	–20,257
Assumed in the acquisition of Acciona Windpower	0	52,380
From the purchase price allocation of Acciona Windpower	0	–54,648
Recognized through profit or loss	25,913	3,441
Recognized in other comprehensive income	560	–196
Currency translation	–3,667	–1,196
Amount on 31.12.	**2,330**	**–20,476**

(16) LIABILITIES TO BANKS

Liabilities to banks are measured at amortized cost less transaction costs using the effective interest method.

More detailed information on the liabilities to banks is provided in the section on debt instruments.

Maturity schedule including interest due in the future

EUR thousand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31.12.2017	**59,299**	**16,666**	**596,516**	**42,593**	**715,074**
31.12.2016	7,354	16,775	606,182	56,323	686,634

Pursuant to IAS 39, liabilities to banks are classified as financial liabilities at amortized cost, and pursuant to IFRS 7, as financial liabilities measured at amortized cost. The fair value would amount to EUR 634,796 thousand (2016: EUR 648,690 thousand), of which EUR 23,084 thousand (2016: EUR 20,490 thousand) would be classified as current.

(17) TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

Trade payables amount to EUR 446,567 thousand (2016: EUR 377,323 thousand).

Since Acciona Windpower has also adopted project-based calculation of outstanding invoices in 2017, these are no longer shown under other current financial liabilities but under trade payables.

Maturity schedule

EUR thousand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31.12.2017	**446,567**	**0**	**0**	**0**	**446,567**
31.12.2016	372,505	4,818	0	0	377,323

Pursuant to IAS 39, trade payables are classified as financial liabilities at amortized cost, and pursuant to IFRS 7, as financial liabilities measured at amortized cost. Given the short residual terms to maturity, amortized cost would equal the fair value as in the previous year.

(18) OTHER PROVISIONS

Provisions are recognized if the Group has a present legal or actual obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be necessary to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are calculated on the basis of prudent estimates accounting for all discernible risks at the level of their probable occurrence. Provisions are recognized at the present value of the expenditure expected to be required to settle the obligation discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Movements in other provisions break down as follows:

Other provisions

EUR thousand	01.01.2017	Utilization	Reversals	Additions	31.12.2017
Individual guarantees	144,594	–11,961	–12,285	1,090	121,438
Warranties, service, maintenance	46,150	–14,314	–638	28,795	59,993
Others	16,065	–2,055	0	11,449	25,459
	206,809	**–28,330**	**–12,923**	**41,334**	**206,890**

The provisions for individual guarantees predominantly cover risks arising from possible claims for damages.

The warranty provisions are utilized in accordance with statutory or contractual periods.

Other provisions chiefly concern legal risks, the “45-by-18” cost reduction program and the cost of preparing the annual financial statements. For further information on the “45-by-18” cost reduction program we refer to the section on the “45-by-18” cost reduction program.

Other provisions comprise other non-current provisions of EUR 55,540 thousand (2016: EUR 43,564 thousand), which are expected to be utilized after the end of the 2018 financial year. The amount derived from discounting the non-current provisions of EUR 320 thousand (2016: EUR –3,340 thousand) is reported within the additions.

(19) OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities break down as follows:

Other current financial liabilities

EUR thousand	31.12.2017	31.12.2016
Invoices outstanding	44,056	120,110
Liabilities to non-consolidated affiliated companies	1,876	4,069
Debtors with credit balances	1,406	1,939
Loans	557	707
Forward exchange transactions	291	10,678
Finance leasing	0	501
Other	1,641	1,157
	49,827	**139,161**

Since Acciona Windpower has also adopted project-based calculation of outstanding invoices in 2017, these are no longer shown under other current financial liabilities but under trade payables.

Maturity schedule including interest due in the future (without forward exchange transactions)

EUR thousand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31.12.2017	**48,786**	**750**	**0**	**0**	**49,536**
31.12.2016	126,796	1,687	0	0	128,483

Pursuant to IAS 39, liabilities recognized under other current financial liabilities are classified as financial liabilities at amortized cost, and pursuant to IFRS 7, as financial liabilities measured at amortized cost. Given the short residual terms to maturity, amortized cost amounting to EUR 49,536 thousand (2016: EUR 128,483 thousand) would equal the fair value as in the previous year.

Pursuant to IAS 39, the forward exchange transactions (fair value hedges) reported in other current financial liabilities are classified as financial liabilities held for trading, and pursuant to IFRS 7, as financial liabilities measured at fair value. The fair value amounts to EUR 291 thousand (2016: EUR 7,983 thousand). The forward rates and prices are calculated on the basis of the spot price on the reporting date in the light of any discounts or premiums for the remaining term of the contract.

The forward exchange transactions reported in other current financial liabilities in the scope of hedge accounting (cash flow hedges) are not subject to the measurement categories as per IAS 39. Pursuant to IFRS 7, they are classified as effective hedges measured at fair value. The fair value amounts to EUR 0 thousand (2016: EUR 2.695 thousand).

(20) OTHER CURRENT NON-FINANCIAL LIABILITIES

Other current non-financial liabilities break down as follows:

Other current non-financial liabilities

EUR thousand	31.12.2017	31.12.2016
Prepayments received	179,053	372,895
Accruals	103,973	75,790
Deferred income	34,900	33,881
Other tax payables	34,677	26,793
Liabilities for social security	3,808	2,826
Other	2,720	2,112
	359,131	**514,297**

Accruals primarily comprise liabilities in connection with staff of EUR 61,032 thousand (2016: EUR 38,880 thousand) and trailing project costs of EUR 28,292 thousand (2016: EUR 24,144 thousand).

Deferred income chiefly entails income received in advance under service contracts concluded with customers.

The tax payable mainly comprises value added tax of EUR 28,336 thousand (2016: EUR 20,474 thousand) and outstanding church and payroll tax of EUR 4,160 thousand (2016: EUR 3,150 thousand).

(21) PENSIONS AND SIMILAR OBLIGATIONS

Pension provisions are set aside to cover defined benefit obligations towards eligible active and former employees at Nordex SE and Nordex Energy GmbH. A defined benefit plan determines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The benefits are based on individual commitments. The employees are not required to make any contribution of their own. The provisions on the statement of financial position for defined benefit plans correspond to the present value of the defined benefit obligation (DBO) as at the reporting date. The DBOs are calculated annually by independent actuarial experts using the projected unit credit method. The present value of the DBOs is calculated by discounting the expected future outflows of funds with the interest rate of investment-grade corporate bonds. The corporate bonds are denominated in the currencies in which the benefits are paid and with maturities matching those of the pension obligations. Actuarial gains and losses based on historical adjustments and changes to actuarial assumptions are recognized in other comprehensive income in the period in which they arise. Pension provisions are not externally funded.

They are shown on the statement of financial position as follows:

Shown in the statement of financial position

EUR thousand	2017	2016
Obligation as at 01.01.	1,866	1,731
Current service cost	219	94
Interest expense	18	24
Retirement benefit payments	–46	–46
Actuarial gains/losses	–22	63
of which from changes in demographic assumptions	0	0
of which from changes in actuarial assumptions	–30	98
of which adjustments based on historical data	8	–35
	2,035	**1,866**

The obligation as at 31 December equals the amount shown on the statement of financial position.

The following amounts were recognized in the income statement:

Amounts recognized in the income statement

EUR thousand	2017	2016
Current service cost	219	94
Interest expense	18	24
	237	**118**

Other comprehensive income breaks down as follows:

Other comprehensive income

EUR thousand	2017	2016
Actuarial gains/losses	–22	63
	–22	**63**

Annual retirement benefit payments of EUR 46 thousand (2016: EUR 46 thousand) are expected in future years.

The calculation is based on the following actuarial assumptions:

Actuarial assumptions

EUR thousand	2017	2016
Applied interest rate	1.81%	1.60%
Wage and salary trend	n/a	n/a
Pension trend	2.00%	2.00%

If the interest rate applied were 0.5 percentage points higher, the obligation would drop to EUR 1,969 thousand (2016: EUR 1,793 thousand). If the interest rate applied were 0.5 percentage points lower, the obligation would increase to EUR 2,109 thousand (2016: EUR 1,947 thousand).

The obligations have terms between 12 and 14 years (2016: between 13 and 15 years).

The statistical probability data set out in the Prof. Dr. Heubeck 2005 G mortality tables was used as the biometric basis for calculations.

Pensions and similar obligations are not subject to IAS 39. They are measured at fair value.

(22) OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities break down as follows:

Other non-current financial liabilities

EUR thousand	2017	2016
Loans	2,591	3,143
Other	6	5
	2,597	**3,148**

Maturity schedule

EUR thousand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31.12.2017	**0**	**0**	**1,933**	**664**	**2,597**
31.12.2016	0	0	3,148	0	3,148

Pursuant to IAS 39, liabilities recognized in other non-current financial liabilities are classified as financial liabilities at amortized cost, and pursuant to IFRS 7, as financial liabilities measured at amortized cost; there are no forward exchange transactions. Given the fact that interest is imposed at market rate as in the previous year, amortized cost would equal the fair value.

(23) OTHER NON-CURRENT NON-FINANCIAL LIABILITIES

Other non-current non-financial liabilities break down as follows:

Other non-current non-financial liabilities

EUR thousand	31.12.2017	31.12.2016
Deferred income	6,867	1,385
Other tax payables	4,296	0
Accruals	0	812
	11,163	**2,197**

Deferred income pertains to income received in advance under service contracts concluded with customers.

The other tax liabilities concern liabilities to tax authorities in Brazil.

(24) EQUITY

Equity breaks down as follows:

Equity

EUR thousand	31.12.2017	31.12.2016
Subscribed capital	96,982	96,982
Capital reserves	597,626	597,626
Other retained earnings	37,501	23,694
Cash flow hedges	991	2,187
Foreign currency adjustment item	–10,482	9,686
Consolidated net profit carried forward	196,372	209,836
Consolidated net profit	0	0
Share in equity attributable to parent company's shareholders	918,990	940,011
	918,990	**940,011**

Subscribed capital amounts to EUR 96,982,447 (2016: EUR 96,982,447) and is divided into 96,982,447 (2016: 96,982,447) fully paid-up no-par-value shares, each with a notional share in capital of EUR 1.

The capital reserves stand at EUR 597,626 thousand (2016: EUR 597,626 thousand) and contain premiums from capital increases amounting to EUR 481,416 thousand (2016: EUR 481,416 thousand).

The following table shows the changes in the cash flow hedge reserve:

Cash flow hedge reserve

EUR thousand	31.12.2017	31.12.2016
Amount on 01.01.	2,187	1,730
Reversals	–4,048	–1,466
Additions	2,284	2,139
Deferred tax	568	–216
Amount on 31.12.	**991**	**2,187**

In the year under review, the cumulative gains of EUR 21,454 thousand (2016: EUR 3,580 thousand) from the effective part of cash flow hedges for project business previously included within other comprehensive income as at the date on which the hedged items were realized were reclassified to other operating income. The cumulative gains from the effective part of cash flow hedges for procurement business recognized in other comprehensive income were reclassified to cost of materials as at the date on which the hedged items were realized and stand at EUR 1,983 thousand (2016: EUR 675 thousand).

The ineffective part of the cash flow hedges directly recognized through profit and loss amounts to a profit of EUR 0 thousand (2016: gain of EUR 1 thousand).

A portion of EUR 13,793,094.07 of Nordex SE’s net profit for the year determined in accordance with the German Commercial Code totaling EUR 78,315,362.84 was allocated to other retained earnings in financial year 2017. The Management Board intends to propose to the Annual General Meeting to allocate the remaining net retained profits of EUR 64,522,268.77 to other retained earnings as well. Nordex SE’s net profit for 2016 determined in accordance with the German Commercial Code totaling EUR 34,698,129.43 was recognized in full in other retained earnings.

Further details of the changes in the individual equity items can be found in the attached consolidated statement of changes in equity.

As in the previous year, at 31 December 2017 the Company had Authorized Capital I of EUR 19,376,489, equivalent to 19,376,489 shares and Contingent Capital I of EUR 19,376,489, equivalent to 19,376,489 shares, each with a notional share in capital of EUR 1.

In accordance with a resolution passed at the Annual General Meeting on 10 May 2016, the Management Board is authorized subject to the Supervisory Board's approval to utilize Authorized Capital I to increase the Company's share capital once or repeatedly on or before 9 May 2021. The Management Board is further authorized with the Supervisory Board's approval to exclude the shareholders' subscription rights. Authorized Capital I has not yet been utilized.

Contingent Capital I is used to grant conversion rights and/or to establish conversion obligations for the holders of the convertible bonds issued by the Company on or before 9 May 2021 in accordance with the resolution passed by the shareholders at the annual general meeting held on 10 May 2016 and in accordance with the terms of the convertible bond in question and to grant option rights to holders of the option bonds issued by the Company on or before 9 May 2021 in accordance with the resolution passed by the shareholders at the annual general meeting held on 10 May 2016 and in accordance with the terms of the option bond in question. To date, no conversion or option rights have been issued.

(25) ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table shows the financial assets and liabilities as well as their fair values and their allocation to the fair value hierarchy defined in IFRS 13 that should be applied when determining the fair value of a financial instrument:

Financial assets and financial liabilities (fair values)

2017 EUR thousand	Level 1	Level 2	Level 3	Total
Financial assets				
Forward exchange transactions (financial assets held for trading, fair value hedges)	–	1,559	–	1,559
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)	–	1,459	–	1,459
Financial liabilities				
Liabilities to banks	–	634,796	–	634,796
Forward exchange transactions (financial liabilities held for trading, fair value hedges)	–	291	–	291
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)	–	0	–	0

2016 EUR thousand	Level 1	Level 2	Level 3	Total
Financial assets				
Forward exchange transactions (financial assets held for trading, fair value hedges)	–	928	–	928
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)	–	5,702	–	5,702
Financial liabilities				
Liabilities to banks	–	648,690	–	648,690
Forward exchange transactions (financial liabilities held for trading, fair value hedges)	–	7,983	–	7,983
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)	–	2,695	–	2,695

Assets and liabilities, the fair value of which is derived from the market values in active markets, are assigned to Level 1. A market is assumed to be active if market values are calculated regularly and are based on actual recurring transactions.

Fair values which cannot be determined by reference to active markets are derived from measurement models, which primarily take account of observable market data and generally do not include specific company estimates. These financial instruments are assigned to Level 2.

Liabilities to banks as part of financial liabilities are allocated to Level 2. The same applies to forward exchange transactions.

If material assumptions underlying the measurement are not based on observable market data, the financial instruments concerned are classified as Level 3.

There were no reclassifications between levels, neither in comparison with the previous year nor during the year under review.

Net gains and losses from financial instruments break down by category as follows:

Net gain from financial instruments

2017 EUR thousand	Interest	Other net gain / loss	Total
Loans and receivables	6,194	–52,391	–46,197
Financial liabilities at amortized cost	–33,715	14,386	–19,329
Financial assets held for trading / Financial liabilities held for trading	0	21,454	21,454
	–27,521	**–16,551**	**–44,072**

2016 EUR thousand	Interest	Other net gain / loss	Total
Loans and receivables	7,404	19,912	27,316
Financial liabilities at amortized cost	–34,676	–20,739	–55,415
Financial assets held for trading / Financial liabilities held for trading	0	–3,580	–3,580
	–27,272	**–4,407**	**–31,679**

The net gains and losses were otherwise mostly due to foreign currency translation effects.

The maturities of the derivative financial instruments are structured as follows:

Maturity structure of derivative financial instruments

2017 EUR thousand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Receivables from derivatives with gross settlement					
Cash inflow	102,136	109,265	0	0	211,401
Cash outflow	–100,506	–107,877	0	0	–208,383
	1,630	**1,388**	**0**	**0**	**3,018**
Liabilities from derivatives with gross settlement					
Cash inflow	2,640	4,416	0	0	7,056
Cash outflow	–2,681	–4,455	0	0	–7,136
	–41	**–39**	**0**	**0**	**–80**

2016 EUR thousand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Receivables from derivatives with gross settlement					
Cash inflow	54,581	47,933	0	0	102,514
Cash outflow	–51,208	–44,676	0	0	–95,884
	3,373	**3,257**	**0**	**0**	**6,630**
Liabilities from derivatives with gross settlement					
Cash inflow	170,068	98,396	0	0	268,464
Cash outflow	–178,295	–100,847	0	0	–279,142
	–8,227	**2,451**	**0**	**0**	**–10,678**

NOTES TO THE INCOME STATEMENT

(26) SALES

Sales comprise income from the completion of construction contracts for customers, the sale of wind power systems and from service contracts.

In the case of production for customers, sales are generally recognized using the percentage of completion method if

a) a legally binding contract has been signed,
b) all necessary construction permits have been issued,
c) a connection has been established with the grid or a grid-connection agreement has been signed,
d) the customer has obtained the necessary finance and
e) the customer has remitted the agreed prepayment.

Nordex records the percentage of completion on the basis of the ratio of actual to planned cost, whereas Acciona Windpower measures it on the basis of milestones.

Revenue from service contracts is recognized upon the service being provided.

Sales break down to the Projects and Service segments as follows:

Sales by segment

EUR thousand	2017	2016
Projects	2,776,802	3,139,840
Service	310,813	271,580
Intrasegment consolidation	–9,827	–16,387
	3,077,788	**3,395,033**

Sales in the Projects segment as determined by means of the percentage of completion method amount to EUR 1,464,409 thousand (2016: EUR 2,327,196 thousand).

(27) CHANGES IN INVENTORIES AND OTHER OWN WORK CAPITALIZED

Own work capitalized is valued at EUR 50,336 thousand (2016: EUR 35,668 thousand) and, as in the previous year, relates to capitalized expenses for developing and enhancing new and existing wind turbines.

Changes in inventories stand at EUR –719 thousand (2016: EUR –35,260 thousand).

(28) OTHER OPERATING INCOME

Other operating income breaks down as follows:

Other operating income

EUR thousand	2017	2016
Forward exchange transactions	21,454	0
Currency translation gains	14,386	24,753
Non-cash benefits and cafeteria food	1,502	1,241
Investment grants	1,322	742
Indemnity and damages paid	1,233	3,931
Gains from the disposal of assets	563	338
Reversal of impairment losses	196	1,184
Others	4,966	3,512
	45,622	**35,701**

(29) COST OF MATERIALS

The cost of materials breaks down as follows:

Cost of materials

EUR thousand	2017	2016
Cost of raw materials and other supplies	1,750,101	1,972,058
Cost of services purchased	544,824	587,320
	2,294,925	**2,559,378**

Cost of raw materials and other supplies mainly comprise expenses for construction components. The cost of services purchased primarily results from external freight services, commission and externally sourced order-handling services as well as changes in order provisions.

(30) STAFF COSTS

Staff costs break down as follows:

Staff costs

EUR thousand	2017	2016
Wages and salaries	299,863	240,680
Social security and expenditure on retirement benefits and support	59,372	49,195
	359,235	**289,875**

Staff costs include expense of EUR 219 thousand (2016: EUR 94 thousand) for defined benefit plans and EUR 124 thousand (2015: EUR 114 thousand) for defined contribution plans.

The Group headcount was as follows:

Headcount (Group)

	2017	2016	Change
Reporting date			
Office staff	2,776	2,689	87
Technical staff	2,484	2,440	44
	5,260	**5,129**	**131**
Average			
Office staff	2,759	2,630	129
Technical staff	2,462	2,391	71
	5,221	**5,021**	**200**

The increase in the number of employees is mainly due to the acquisition of Nordex Blade Technology Centre ApS and the expansion of blade production in Spain.

The “45-by-18” will not have a material effect on the number of employees until 2018.

(31) DEPRECIATION / AMORTIZATION

Depreciation and amortization breaks down as follows:

Depreciation / amortization

EUR thousand	2017	2016
Depreciation of property, plant and equipment	65,192	48,368
Amortization of capitalized R&D expenses	47,710	39,150
Amortization of other intangible assets	44,398	29,448
	157,300	**116,966**

(32) OTHER OPERATING EXPENSES

Other operating expenses break down as follows:

Other operating expenses

EUR thousand	2017	2016
Currency translation losses	42,055	20,739
Legal and consulting costs	30,723	41,692
Other leased personnel services	30,347	18,717
Rental and lease expenses	25,889	23,532
Travel expenses	25,549	26,839
Maintenance	23,187	21,033
Settlements	22,683	15,960
IT costs	18,184	16,299
Loss of income	16,005	31,378
Security service, occupancy and building costs	12,065	6,042
Impairment of receivables	10,480	6,025
External services	9,162	16,530
Patent fees	6,417	2,831
Training	6,119	5,416
Insurance	5,490	4,983
Other staff costs	4,863	721
Telecommunications	4,054	4,006
Advertising	3,994	4,356
Other taxes	3,441	3,444
Office supplies	1,737	1,591
Losses from the disposal of assets	1,047	3,043
Bank fees	1,037	577
Forward exchange transactions	0	3,580
Others	13,682	17,014
	318,210	**296,348**

(33) FINANCIAL RESULT

The financial result breaks down as follows:

Financial result

EUR thousand	2017	2016
Income from investments	660	525
Profit / loss from equity-accounting method	–1,524	19
Impairment of financial assets	–2,472	–14
Net profit / loss from investments	**–3,336**	**530**
Other interest and similar income	6,194	7,404
Interest and similar expenses	–33,715	–34,676
Interest result	**–27,521**	**–27,272**
	–30,857	**–26,742**

Income from investments comprises dividend payouts.

Net gains / losses from valuation using the equity method reflect the share of profit of associates.

The impairment of financial assets item concerns the impairment of long-term receivables from project companies.

Interest income and expense arises primarily from deposits with banks and from guarantee commissions and bank loans.

(34) INCOME TAX

As at 31 December 2017, a tax rate of 31.82% (2016: 32.12%) was applied for the purpose of calculating domestic current taxes. The above tax rate was calculated using a rate of 15.83% (2016: 15.83%) including the solidarity surcharge for corporate tax and 15.99% (2016: 16.29%) for trade tax. The change in the trade tax rate compared with the previous year results from a different allocation of trade income to the eligible municipalities.

Income tax breaks down as follows:

Income tax

EUR thousand	2017	2016
Domestic income tax	–17,270	–8,904
Foreign income tax	–20,814	–41,017
Actual income tax expense	**–38,084**	**–49,921**
Deferred income tax	**25,913**	**3,441**
Total income tax expense	**–12,171**	**–46,480**
of which actual income tax for other periods	6,813	–7,088
of which deferred taxes for other periods	**–3,280**	**22,306**

Tax income from deferred taxes in the amount of EUR 25,913 thousand is attributable to changes in temporary balance sheet differences and to unused tax losses.

The expected income tax expense that results from applying the tax rate of 31.82% (2016: 32.12%) on the net profit/loss from ordinary activities of EUR 12,500 thousand (2016: EUR 141,833 thousand), differs from the total income tax expense as follows:

Income tax expense

EUR thousand	2017	2016
Expected income tax expense	**–3,978**	**–45,557**
Differences in non-domestic tax rates	–2,487	–4,806
Tax-free income	1,318	1,109
Tax effects from equity-accounted investments	2,249	–533
Changes in tax rates and tax legislation	–10,626	–285
Non-deductible expenses	–11,920	–2,472
Tax effects from previous years	3,946	16,100
Effects of inclusion of unused tax losses arising in earlier years	5,091	5,655
Changes from impairment/ effects of non-inclusion of unused tax losses	4,325	–10,688
Other tax effects	–89	–5,003
Total income tax expense	**–12,171**	**–46,480**

(35) EARNINGS PER SHARE

Basic

Basic earnings per share (EPS) are calculated by dividing profit or loss attributable to the shareholders by the average number of shares outstanding:

Earnings per share (basic)

EUR thousand	2017	2016
Consolidated net profit	329	95,353
of which shareholders of the parent	329	95,353
Weighted average number of shares	96,982,447	92,792,036
Basic earnings per share (EUR)	**0,00**	**1.03**

Diluted

Diluted earnings per share are calculated, in contrast to basic earnings per share, by adding all conversion rights and options to the average number of ordinary shares outstanding. Diluted earnings per share also stand at EUR 0.00 (2016: EUR 1.03).

(36) "45-BY-18" COST REDUCTION PROGRAM

Due to a decline in demand and major changes in the market conditions in Nordex's core market of Germany and in other European countries, the Nordex Group adopted the "45-by-18" cost reduction program in 2017. In addition to planned savings in other operating expenses, the program calls primarily for lowering staff costs. This resulted in non-recurring items of EUR 41,377 thousand in 2017:

Cost reduction program

EUR thousand	2017
Earnings before interest and taxes	**43,357**
Non-recurring items	
Staff costs	28,195
Other operating expenses	13,182
	41,377
Adjusted earnings before interest and taxes	**84,734**

Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) thus rose from EUR 200,657 thousand to EUR 242,034 thousand, excluding the non-recurring items in the amount of EUR 41,377 thousand.

OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

Contractual obligations of EUR 3,993 thousand (2016: EUR 11,814 thousand) apply as at the reporting date with respect to investments in property, plant and equipment for obligations which have not yet been settled.

The Nordex Group has not entered into any obligations for the acquisition of intangible assets as at the reporting date.

Obligations under rental contracts and operating leases amount to EUR 88,206 thousand (2016: EUR 58,228 thousand) and have the following maturities:

Maturity of obligations under rental contracts and operating lease

EUR thousand	Less than 1 year	1 to 5 years	More than 5 years	Total
31.12.2017	**17,490**	**48,819**	**21,897**	**88,206**
31.12.2016	14,580	29,409	14,239	58,228

Obligations under rental contracts and operating leases relate to real estate assets of EUR 78,546 thousand (2016: EUR 49,968 thousand) and equipment and machinery of EUR 9,660 thousand (2016: EUR 8,260 thousand).

Some of the contracts include renewal options and price adjustment clauses.

The Nordex Group has contingent liabilities arising from pending litigation in connection with its operating business; as the probability of an outflow of resources as of the reporting date was not sufficiently determinable, no provisions have been set aside in this connection.

RELATED PARTY DISCLOSURES

As at the reporting date, Acciona S.A. held a 29.9% share in Nordex SE. As such, Nordex SE is an associated company of Acciona S.A.

The balances and transactions with companies from the Acciona Group are set out in the following table:

Balances and transactions with companies from the Acciona Group

	Balances outstanding Receivables (+) / liabilities (–)		Transaction amount Income (+) / expense	
EUR thousand	**31.12.2017**	**31.12.2016**	**2017**	**2016 [1]**
Acciona Energia S.A.	1,750/–4,218	1,674/–4,286	3,784/–3,035	938/–2,263
Acciona Energia Servicios Mexico S. de R.L. de C.V.	125,279/–88,869	104/–12	102,908/0	256/0
Acciona Energy Global Poland Sp. z o.o.	475/0	42/–6	387/–6	340/0
Acciona Energy Oceania Construction Pty Ltd.	70,283/–60,797	0/0	70,240/–2	0/0
Acciona Energy USA Global LLC	553/–328	195/–268	27,415/0	0/0
Acciona Facility Services S.A.	48/–441	15/–320	45/–2,326	7/–1,739
Acciona Forwarding do Brasil Logistica e Transporte Multimodal S.A.	0/0	0/–1,999	0/0	0/0
Acciona Forwarding S.A.	59/–34	25/0	0/–1,129	0/–438
Acciona Green Energy Developments S.L.	0/–145	0/–255	0/–897	0/–547
Acciona S.A.	0/1,428	0/–1,692	0/–1,025	0/–1,182
Acciona Servicios Administrativos S.A. de C.V.	0/0	0/–39	0/0	0/–280
Ceolica Hispania S.L.	0/–302	16/–302	0/0	15/–92
Consorcio Eolico Chiripa S.A.	681/–324	737/–352	0/0	0/0
Desarrollo Energia Renovables de Navarra S.A.	0/0	155/0	0/0	369/0
Oakleaf Investment Holding 86 Pty. Ltd	572/0	572/0	0/0	0/0
San Roman Wind LLC	428/0	268/0	0/0	36,540/0
Sun Photo Voltaic Energy India Pvt. Ltd.	10,332/0	0/0	5,658/0	46,270/0
Valdivia Energia Eolica S.A.	4/0	374/0	13/0	504/0
Other	15/–407	10/–559	136/–395	133/–776

[1] Transactions refers to transactions between Acciona Windpower and companies within the Acciona Windpower Group in the period from April to December 2016.

During the year under review, four contracts to deliver and assemble wind power systems in Australia, Chile, Mexico and Spain amounting to EUR 69,917 thousand (2016: EUR 301,211 thousand) were won by Acciona Energia S.A.

In addition, the Nordex Group holds a 75% interest in natcon7 GmbH, which is therefore a non-consolidated affiliated company.

In 2014, Supervisory Board member Jan Klatten indirectly acquired an interest of 44.20% in the Polish wind farm company C&C Wind Sp. z o.o. in a market-wide tender process. The Nordex Group holds a 40.00% share of this company. Accordingly, C&C Wind Sp. z o.o. is classed as an associated company. As in the previous year, there were no business transactions with Mr. Klatten or Nordex companies attributable to him.

In addition, the shares in GN Renewable Investments S.àr.l. (30.00%) and KNK Wind GmbH (38.89%) are also classified as associated companies.

The balances and transactions with these companies are set out in the following table:

Balances and transactions with associates

	Balances outstanding Receivables (+) / liabilities (–)		Transaction amount Income (+) / expense (–)	
EUR thousand	31.12.2017	31.12.2016	2017	2016
natcon7 GmbH	0/–1,444	2,354/–3,626	698/–8,790	566/–9,315
C&C Wind Sp. z o.o.	0/0	0/0	498/–1,198	1,200/–759
GN Renewable Investments S.à.r.l.	0/0	3,032/0	93/–319	691/0
KNK Wind GmbH	0/0	0/0	192/–419	192/–274

The business relations with natcon7 GmbH refer to systems for decentralized energy production, while those with C & C Wind Sp. z o.o. and GN Renewable Investments S.à r.l. result from the project business, and business relations with KNK Wind GmbH relate mainly to a loan.

For further details on shareholdings we refer to the list of shareholdings as at 31 December 2017 attached to the notes to the consolidated financial statements.

IAS 24.17 requires that key management personnel remuneration in the Company is disclosed; this includes remuneration of the members of the Management Board and the Supervisory Board appointed during the year under review. This is shown in the following table:

Management remuneration

EUR thousand	2017	2016
Short-term employee benefits	2,348	3,542
Post-employment benefits	0	0
Other long-term benefits	0	0
Termination benefits	2,550	117
Share-based payment	1,163	3,888
	6,061	**7,547**

CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement analyses changes in the cash and cash equivalents in the course of the year as a result of cash inflows and outflows. The changes in the items of the statement of financial position used for determining changes in the consolidated cash flow statement cannot be directly derived from the statement of financial position as currency translation effects, changes to the companies consolidated and non-cash transactions are eliminated.

Cash flow from operating activities is calculated using the indirect method, i.e. net profit is adjusted for non-cash income and expenses. The cash flow from operating activities in the amount of EUR 91,405 thousand (2016: EUR 144,398 thousand) results primarily from the consolidated profit including depreciation / amortization of EUR 159,771 thousand (2016: EUR 212,333 thousand) and, on the other hand, an increase in working capital of EUR 16,532 thousand (2016: EUR 142,959 thousand).

Cash flow from investing activities in the financial year ended amounted to EUR –146,130 thousand (2016: EUR –399,240 thousand). Investments of EUR 91,002 thousand (2016: EUR 61,968 thousand) were made in property, plant and equipment, mainly related to the expansion of production capacity in India and Spain and the construction of the Nordex Forum II. Development projects of EUR 46,764 thousand (2016: EUR 33,768 thousand) were capitalized.

Cash flow from financing activities amounts to EUR 43,889 thousand (2016: EUR 369,230 thousand) and is primarily attributable to cash drawdowns of the syndicated multi-currency guarantee facility and repayment of the research and development loan from the European Investment Bank.

The reconciliation of cash flow from financing activities to changes in liabilities from financing activities is as follows:

Reconciliation of cash flow from financing activities

EUR thousand	2017
Cash flow from financing activities	**43,889**
Accrued interest	1,331
Foreign currency translation	–5,240
Changes in liabilities from financing activities	39,980

EVENTS AFTER THE REPORTING DATE

On 2 February 2018, the Nordex Group successfully placed a "green" bond in the amount of EUR 275,000 thousand with a coupon of 6.50%. This bond was admitted to trading on the International Stock Exchange. The issuer of the unsecured, five-year bond is Nordex SE, with the main Nordex Group companies holding joint and several liability. The funds generated will be used to repay the three-year, and in part the five-year, floating-rate tranches of the promissory note.

Any further events occurring after the reporting date caused by economic factors arising prior to 31 December 2017 are included in the consolidated financial statements as at 31 December 2017.

CORPORATE GOVERNANCE CODE DECLARATION PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Management Board and the Supervisory Board issued the required declaration for 2017 pursuant to Section 161 of the Stock Corporation Act on 24 November 2017 and made it available to the shareholders on the Internet at www.nordex-online.com/en/ investor-relations/ corporate-governance.html.

UTILIZATION OF RELIEF PROVISIONS

Nordex Energy GmbH as well as Nordex Grundstücksverwaltung GmbH and Nordex Windpark Beteiligung GmbH are exempt from disclosure requirements in accordance with Section 325 of the German Commercial Code (HGB) due to the application of the provisions contained in Section 264 (3) of the German Commercial Code.

NORDEX SE MANAGEMENT BOARD AND SUPERVISORY BOARD

Management Board

José Luis Blanco, Madrid / Spain
Chief Executive Officer (Chairman of the Management Board) (since 17 March 2017)
Chief Operating Officer (until 17 March 2017)

Christoph Burkhard, Hamburg / Germany
Chief Financial Officer

Patxi Landa, Pamplona / Spain
Chief Sales Officer

Lars Bondo Krogsgaard, Hamburg / Germany
Member of the Management Board (until 31 March 2017)
Chief Executive Officer (Chairman of the Management Board) (until 17 March 2017)

Supervisory Board

Dr. Wolfgang Ziebart, Starnberg / Germany
Chairman of the Supervisory Board, chairman of the Management Committee and member of the Strategy and Engineering Committee
- Self-employed consultant
- Member of the supervisory board of ASML Holding N.V.
- Member of the board of directors of Autoliv Inc.

Juan Muro-Lara, Madrid / Spain
Deputy chairman of the Supervisory Board, member of the Management Committee and member of the Audit Committee
- Head of Corporate Development & Investor Relations Officer of Acciona S.A.
- Member of the board of directors of Acciona Energia Internacional S.A.
- Member of the board of directors of Acciona Global Renewables S.A.
- Member of the board of directors of Bestinver Pensiones EGFP S.A.
- Member of the board of directors of Bestinver Sociedad de Valores S.A.
- Member of the board of directors of Compañia Trasmediterranea S.A.
- Member of the board of directors of Hijos de Antonio Barcelo S.A.

Jan Klatten, Munich / Germany
Member of the Management Committee and chairman of the Strategy and Engineering Committee
- Managing shareholder of momentum Beteiligungsgesellschaft mbH
- Chairman of the supervisory board of asturia Automotive AG

Connie Hedegaard, Copenhagen / Denmark
Member of the Audit Committee
- Chairwoman of the board of the KR Foundation
- Chairwoman of the board of the University of Aarhus
- Chairwoman of the Danish green think tank CONCITO
- Chairwoman of the OECD Round Table on Sustainable Development
- Member of the board of directors of Danfoss A/S

Rafael Mateo, Teruel / Spain
Member of the Strategy and Engineering Committee
- Chairman of the management board of Acciona Energía S.A.U.
- Chairman of the board of directors of Acciona Energía Internacional S.A.
- Member of the board of directors of Acciona Energy Australia Global Ltd.
- Member of the board of directors of Acciona Energy Oceania Construction Pty. Ltd.
- Member of the board of directors of Acciona Energy Oceania Pty. Ltd.
- Member of the board of directors of Acciona Global Renewables S.A.
- Member of the board of directors of Acciona Termosolar S.L.
- Member of the board of directors of Aleph Solar Fields Mexico S.A.P.I. de C.V.
- Member of the board of directors of Aleph Solar Fields S.A.P.I. de C.V.
- Member of the board of directors of Aleph Solar Fields I S.A.P.I. de C.V.
- Member of the board of directors of Aleph Solar Fields II S.A.P.I. de C.V.
- Member of the board of directors of Bioetanol Energetico S.A.
- Member of the board of directors of Corporacion Acciona Energia Renovables S.L.
- Member of the board of directors of Desarrollo Energia Renovables de Navarra S.A.
- Member of the board of directors of Energias Renovables Mediterraneas S.A.
- Member of the board of directors of Eolicas Mare Nostrum S.L.
- Member of the board of directors of Iniciativas Energeticas Renovables S.L.
- Member of the board of directors of Operador del Mercado Iberico Espanol S.A.
- Member of the board of directors of Tuto Energy I S.A.P.I. de C.V.
- Member of the board of directors of Tuto Energy II S.A.P.I. de C.V.

Martin Rey, Traunstein / Germany
Chairman of the Audit Committee
- Attorney at law and managing shareholder of Maroban GmbH
- Managing shareholder of Babcock & Brown GmbH
- Member of the board of directors of BayWa r.e. LLC
- Member of the supervisory board of Kommunalkredit Austria AG

AUDITOR’S FEE

The following fees were incurred for services provided by the auditor of the financial statements, PricewaterhouseCoopers:

Honorare des Abschlussprüfers

EUR thousand	2017	2016
Auditing services	765	521
Other assurance services	405	11
Tax advisory services	90	219
Other services	1,144	2,442
	2,404	**3,193**

The auditing services include the fees for the audit of the consolidated financial statements and the statutory audit of Nordex SE and its subsidiaries. Other assurance services mainly comprise fees for letters of comfort and statutory or contractually agreed assurance services. Tax advisory services primarily include fees for tax advice on the posting of employees, while other services mainly concern fees paid for project-related consultancy services.

Nordex SE
Rostock, 23 March 2018

José Luis Blanco
Chairman of the Management Board

Christoph Burkhard
Member of the Management Board

Patxi Landa
Member of the Management Board

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017

Statement of changes in property, plant and equipment and intangible assets 2017

	Cost						
EUR thousand	Opening balance 01.01.2017	Additions	Initial con-solidation	Disposals	Reclassi-fications	Currency translation	Closing balance 31.12.2017
Property, plant and equipment							
Land and buildings	159,320	6,907	0	85	1,851	–3,235	164,758
Technical equipment and machinery	280,996	56,578	2,277	18,958	921	–9,602	312,212
Other fixtures and fittings, tools and equipment	91,674	15,680	0	10,163	98	–2,463	94,826
Prepayments made and assets under construction	22,667	11,837	0	320	–2,870	–983	30,331
Total	**554,657**	**91,002**	**2,277**	**29,526**	**0**	**–16,283**	**602,127**
Intangible assets							
Goodwill	552,259	0	0	0	0	0	552,259
Capitalized R&D expenses	362,612	46,764	1,480	0	0	1	410,857
Other intangible assets	178,910	6,517	0	2,971	0	–8,720	173,736
Total	**1,093,781**	**53,281**	**1,480**	**2,971**	**0**	**–8,719**	**1,136,852**

Depreciation / amortization								Carrying amount
Opening balance 01.01.2017	Additions	Initial consolidation	Disposals	Reclassifications	Currency translation	Closing balance 31.12.2017		31.12.2017
65,738	6,506	0	69	0	–1,919	70,256		94,502
167,253	46,683	0	17,205	0	–5,214	191,517		120,695
53,669	11,913	0	9,264	0	–934	55,384		39,442
1,628	0	0	0	0	–25	1,603		28,728
288,288	**65,102**	**0**	**26,538**	**0**	**–8,092**	**318,760**		**283,367**
4,501	0	0	0	0	0	4,501		547,758
142,911	47,904	0	0	0	0	190,815		220,042
64,295	44,294	0	2,784	0	–4,274	101,531		72,205
211,707	**92,198**	**0**	**2,784**	**0**	**–4,274**	**296,847**		**840,005**

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

Statement of changes in property, plant and equipment and intangible assets 2016

	Cost						
EUR thousand	Opening balance 01.01.2016	Additions	Initial con-solidation	Disposals	Reclassi-fications	Currency translation	Closing balance 31.12.2016
Property, plant and equipment							
Land and buildings	88,785	9,865	60,257	539	329	623	159,320
Technical equipment and machinery	123,095	13,683	147,937	9,665	944	5,002	280,996
Other fixtures and fittings, tools and equipment	66,560	17,924	8,209	1,626	24	583	91,674
Prepayments made and assets under construction	2,794	20,496	612	0	–1,295	60	22,667
Total	**281,234**	**61,968**	**217,015**	**11,830**	**2**	**6,268**	**554,657**
Intangible assets							
Goodwill	14,461	0	537,798	0	0	0	552,259
Capitalized R&D expenses	179,522	33,768	149,327	5	0	0	362,612
Other intangible assets	23,994	6,695	140,320	809	–2	8,712	178,910
Total	**217,977**	**40,463**	**827,445**	**814**	**–2**	**8,712**	**1,093,781**

	Depreciation / amortization								Carrying amount
	Opening balance 01.01.2016	Additions	Initial con-solidation	Disposals	Reclassi-fications	Currency translation	Closing balance 31.12.2016		31.12.2016
	36,525	5,251	24,532	503	–3	–64	65,738		93,582
	58,949	32,463	76,309	1,293	0	825	167,253		113,743
	38,504	10,655	5,811	1,304	6	–3	53,669		38,005
	1,642	0	0	0	0	–14	1,628		21,039
	135,620	**48,369**	**106,652**	**3,100**	**3**	**744**	**288,288**		**266,369**
	4,501	0	0	0	0	0	4,501		547,758
	68,589	41,289	33,033	0	0	0	142,911		219,701
	18,198	27,308	18,290	34	–3	536	64,295		114,615
	91,288	**68,597**	**51,323**	**34**	**–3**	**536**	**211,707**		**882,074**

LIST OF SHAREHOLDINGS

AS AT 31 DECEMBER 2017

List of shareholdings (continued on page 155)

	Currency	Share in capital in %	Net profit / loss 01.01.–31.12.2017	Equity 01.01.–31.12.2017	Equity investment via
Consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Nordex SE, Rostock (Group parent)[1]	EUR	—	78,315,362.84	843,057,877.33	—
Acciona Blades S.A., Barasoain / Spain[2]	EUR	100.00	–2,741,677.22	2,519,826.61	Acciona Windpower S.A.
Acciona Towers S.L., Barasoain / Spain[2]	EUR	100.00	–77,668.54	157,794.24	Acciona Windpower S.A.
Acciona - Vjetroelektrane d.o.o., Split / Croatia[2]	EUR	100.00	–34,762.10	831,117.07	Acciona Windpower Internacional S.L.
Acciona Windpower Brasil - Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda., Sao Paulo / Brazil[2]	EUR	99.00/1.00	3,991,924.84	44,328,866.63	Acciona Windpower Internacional S.L. / Acciona Windpower S.A.
Acciona Windpower Chile S.A., Santiago / Chile[2]	EUR	99.00/1.00	–1,029,631.30	608,078.42	Acciona Windpower Internacional S.L. / Acciona Windpower S.A.
Acciona Windpower India Private Limited, Bangalore / India[2]	EUR	99.99/0.01	–7,357,241.62	13,296,291.15	Acciona Windpower Internacional S.L. / Acciona Windpower S.A.
Acciona Windpower Internacional S.L., Barasoain / Spain[2]	EUR	100.00	–161,099.79	119,841,641.17	Acciona Windpower S.A.
Acciona Windpower Mexico S. de R.L. de C.V., Mexico-Stadt / Mexico[2]	EUR	99.97/0.03	2,281,304.25	17,456,284.17	Acciona Windpower Internacional S.L. / Acciona Windpower S.A.

[1] Profit transfer agreement; net profit / loss and equity after transfer of profits or profit and loss pooling pursuant to national law
[2] Provisional financial statements as at 31.12.2017. / [3] Formerly SSP Technology A/S, Kirkeby / Denmark
[4] Formerly Acciona Windpower Deutschland GmbH, Frankfurt am Main / [5] Acciona Windpower North America LLC, West Branch / United States was merged into Nordex USA Inc., Chicago / United States effective 1 January 2017 / [6] Financial statements as at 31.12.2016. / [7] Financial statements as at 31.12.2014.

List of shareholdings (continued on page 156)

	Currency	Share in capital in %	Net profit / loss 01.01.–31.12.2017	Equity 01.01.–31.12.2017	Equity investment via
Consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Acciona Windpower Oceania Pty. Ltd., Melbourne/Australia [2]	EUR	100.00	185,217.99	4,741,961.93	Acciona Windpower Internacional S.L.
Acciona Windpower Rüzgar Enerjisi Sistemleri Anonim Şirketi, Istanbul/Turkey [2]	EUR	100.00	–901,217.48	–621,409.18	Acciona Windpower Internacional S.L.
Acciona Windpower S.A., Barasoain/Spain [2]	EUR	100.00	10,854,426.06	78,014,948.33	Corporación Acciona Windpower S.L.
Acciona Windpower Southafrica (Pty.) Ltd., Kapstadt/South Africa [2]	EUR	100.00	–4,953,812.64	490,427.16	Nordex Energy South Africa RF (Pty.) Ltd.
Alfresco Renewable Energy Private Limited, Bangalore/India [2]	EUR	99.99/0.01	–61,338.46	–60,042.73	Nordex Windpark Beteiligung GmbH/Acciona Windpower Internacional, S.L.
Corporación Acciona Windpower S.L., Barasoain/Spain [2]	EUR	100.00	–58,901.42	95,518,844.96	Nordex SE
Eólicos R4E S,A, de C.V., Tegucigalpa/Honduras [2]	EUR	100.00	–1,088,582.83	–5,890,540.53	Nordex USA Management LLC
Industria Toledana de Energías Renovables S.L., Barasoain/Spain [2]	EUR	100.00	–45,497.85	670,838.03	Acciona Windpower S.A.
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Peking/VR China [2]	EUR	100.00	–2,704,411.03	–10,478,427.01	Nordex Energy GmbH
Nordex Blade Technology Center ApS. Kirkeby/Denmark [2 3]	EUR	100.00	–1,749,854.05	1,742,715.01	Nordex SE
Nordex (Chile) SpA. Santiago/Chile [2]	EUR	100.00	–90,330.26	–2,997,382.66	Nordex Windpark Beteiligung GmbH
Nordex (Dongying) Wind Power Equipment Manufacturing Co.Ltd., Dongying/VR China [2]	EUR	100.00	249,055.82	–1,527,414.26	Nordex Energy GmbH

[1] Profit transfer agreement; net profit/loss and equity after transfer of profits or profit and loss pooling pursuant to national law
[2] Provisional financial statements as at 31.12.2017. / [3] Formerly SSP Technology A/S, Kirkeby/Denmark
[4] Formerly Acciona Windpower Deutschland GmbH, Frankfurt am Main / [5] Acciona Windpower North America LLC, West Branch/United States was merged into Nordex USA Inc., Chicago/United States effective 1 January 2017 / [6] Financial statements as at 31.12.2016. / [7] Financial statements as at 31.12.2014.

List of shareholdings (continued on page 157)

	Currency	Share in capital in %	Net profit / loss 01.01.–31.12.2017	Equity 01.01.–31.12.2017	Equity investment via
Consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Nordex Education Trust, Kapstadt/South Africa[2]	EUR	100.00	–331,139.25	–1,699,401.17	Nordex Energy South Africa RF (Pty.) Ltd.
Nordex Employee Holding GmbH, Hamburg[4]	EUR	100.00	50,250.74	94,691.68	Nordex SE
NordexEnergy Uruguay S.A., Montevideo/Uruguay[2]	EUR	100.00	–18,732,909.60	39,031,973.44	Nordex Energy B.V.
Nordex Energy B.V., Rotterdam/Netherlands[2]	EUR	100.00	–765,979.41	21,753,813.35	Nordex SE
Nordex Energy GmbH, Hamburg[1]	EUR	100.00	0.00	7,607,762.18	Nordex SE
Nordex Energy Ibérica S.A., Barcelona/Spain[2]	EUR	100.00	339,024.17	9,623,486.56	Nordex Energy B.V.
Nordex Energy Ireland Ltd., Dublin/Irland[2]	EUR	100.00	2,024,477.41	7,030,710.50	Nordex Energy B.V.
Nordex Energy Romania S.r.l., Bucharest/Romania[2]	EUR	99.98/0.02	959,088.00	–675,354.90	Nordex Energy B.V./ Nordex Energy GmbH
Nordex Energy South Africa RF (Pty.) Ltd., Johannesburg/South Africa[2]	EUR	80.00/20.00	1,284,648.96	13,239,645.00	Nordex Energy GmbH/ Nordex Education Trust
Nordex Enerji A,S,. Istanbul/Turkey[2]	EUR	17.15/82.31/ 0.18/0.18/ 0.18	6,220,682.74	38,764,731.21	Nordex Energy B.V./Nordex SE/ Nordex Energy GmbH/Nordex Windpark Beteiligung GmbH /Nordex Grundstücksverwaltung GmbH
Nordex Forum II GmbH & Co, KG, Hamburg[2]	EUR	100.00	–671,194.00	–957,744.77	Nordex Energy GmbH
Nordex Forum II Verwaltungs GmbH, Hamburg[2]	EUR	100.00	1,705.18	23,623.02	Nordex Energy GmbH
Nordex France S.A.S., Paris/France[2]	EUR	100.00	18,679,372.29	46,167,131.32	Nordex Energy B.V.
Nordex Grundstücksverwaltung GmbH, Hamburg[1 2]	EUR	100.00	0.00	52,000.00	Nordex SE
Nordex Hellas Monoprosopi EPE, Athens/Greece[2]	EUR	100.00	614,653.54	2,317,819.99	Nordex Energy GmbH
Nordex Italia S.r.l., Rome/Italy[2]	EUR	100.00	193,786.79	25,857,413.07	Nordex Energy B.V.
Nordex Offshore GmbH, Hamburg[2]	EUR	100.00	–224,954.32	–9,917,030.42	Nordex SE

[1] Profit transfer agreement; net profit/loss and equity after transfer of profits or profit and loss pooling pursuant to national law
[2] Provisional financial statements as at 31.12.2017. / [3] Formerly SSP Technology A/S, Kirkeby/Denmark
[4] Formerly Acciona Windpower Deutschland GmbH, Frankfurt am Main / [5] Acciona Windpower North America LLC, West Branch/United States was merged into Nordex USA Inc., Chicago/United States effective 1 January 2017 / [6] Financial statements as at 31.12.2016. / [7] Financial statements as at 31.12.2014.

List of shareholdings (continued on page 158)

	Cur-rency	Share in capital in %	Net profit / loss 01.01.–31.12.2017	Equity 01.01.–31.12.2017	Equity investment via
Consolidated affiliated companies **(figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)**					
Nordex Pakistan (Private) Ltd., Islamabad / Pakistan [2]	EUR	100.00	–2,292,344.02	–7,313,490.49	Nordex Energy GmbH
Nordex Polska Sp. z o.o., Warsaw / Poland [2]	EUR	99.00/1.00	117,751.47	12,405,358.21	Nordex Energy B.V. / Nordex Energy GmbH
Nordex Singapore Equipment Private Ltd., Singapore / Singapore [2]	EUR	100.00	–52,205.41	–6,126,889.44	Nordex Energy GmbH
Nordex Singapore Service Private Ltd., Singapore / Singapore [2]	EUR	100.00	357,764.87	–3,334,108.64	Nordex Energy GmbH
Nordex Sverige AB. Uppsala / Sweden [2]	EUR	100.00	–4,311,840.72	–10,019,079.30	Nordex Energy B.V.
Nordex UK Ltd., Manchester / United Kingdom [2]	EUR	100.00	5,757,006.25	10,842,474.74	Nordex Energy B.V.
Nordex USA Inc,. Chicago / USA [2 5]	EUR	78.35/21.65	39,767,672.02	66,416,187.89	Acciona Windpower Internacional S.L. / Nordex Energy B.V.
Nordex USA Management LLC. Chicago / USA [2]	EUR	100.00	0.00	84,662.29	Nordex USA Inc.
Nordex Windpark Beteiligung GmbH, Hamburg [1]	EUR	100.00	0.00	74,825.00	Nordex SE
Nordex Windpower Peru S.A., Lima / Peru [2]	EUR	99.99/0.01	–1,317,720.96	945,215.41	Acciona Windpower Internacional S.L. / Acciona Windpower S.A.
Nordex Windpower S,A,. Buenos Aires / Argentina [2]	EUR	97.00/3.00	–143,578.46	1,626.97	Acciona Windpower International S.L. / Acciona Windpower S.A.
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia / VR China [2]	EUR	100.00	71,580.25	–6,169,765.53	Nordex Energy GmbH
NPV Dritte Windpark GmbH & Co. KG, Hamburg [2]	EUR	100.00	–7,168.39	7,975.56	Nordex Grundstücks-verwaltung GmbH
Parque Eólico Llay-Llay SpA, Santiago / Chile [2]	EUR	100.00	–261,830.81	–2,725,036.81	Nordex (Chile) SpA
Shanghai Acciona Windpower Technical Service Co. Ltd., Shanghai / VR China [2]	EUR	100.00	–43,473.66	89,664.37	Acciona Windpower Internacional S.L.
Way Wind, LLC, Delaware/USA [2]	EUR	100.00	0.00	0.00	Nordex USA Inc.

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[2] Provisional financial statements as at 31.12.2017. / [3] Formerly SSP Technology A/S, Kirkeby / Denmark
[4] Formerly Acciona Windpower Deutschland GmbH, Frankfurt am Main / [5] Acciona Windpower North America LLC, West Branch / United States was merged into Nordex USA Inc., Chicago / United States effective 1 January 2017 / [6] Financial statements as at 31.12.2016. / [7] Financial statements as at 31.12.2014.

List of shareholdings (continued on page 159)

	Currency	Share in capital in %	Net profit/loss 01.01.–31.12.2017	Equity 01.01.–31.12.2017	Equity investment via
Non-consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Cololaca Wind Energy, S.A. de C.V., Tegucigalpa/Honduras	EUR	100.00	0.00	0.00	San Marcos Colon Holding, Inc.
Éoles Futur Eurowind France S.A.S., Paris/France[2]	EUR	100.00	141,694.97	579,626.13	Nordex France S.A.S.
Farma Wiatrowa Liw Sp. z o.o., Warsaw/Poland[2]	EUR	99.00/1.00	–10,358.85	–91,586.20	Nordex Windpark Beteiligung GmbH/Nordex Energy GmbH
Farma Wiatrowa NXD 1 Sp. z o.o., Warsaw/Poland[2]	EUR	100.00	–12,534.56	–580,217.81	Nordex Windpark Beteiligung GmbH
Farma Wiatrowa NXD V Sp. z o.o., Warsaw, Poland[2]	EUR	99.00/1.00	–14,049.48	–67,949.82	Nordex Windpark Beteiligung GmbH/Nordex Energy GmbH
Farma Wiatrowa Rozdrazew Sp, z o,o,. Warsaw/Poland[2]	EUR	99.00/1.00	–52,519.52	–338,556.18	Nordex Windpark Beteiligung GmbH/Nordex Energy GmbH
Farma Wiatrowa Wymyslów Sp, z o,o,. Warsaw/Poland[2]	EUR	99.00/1.00	–29,952.15	–125,502.45	Nordex Windpark Beteiligung GmbH/Nordex Energy GmbH
Gregal Power Private Limited, Bangalore/India	EUR	99.99/0.01	0.00	0.00	Nordex Windpark Beteiligung GmbH/Acciona Windpower Internacional, S.L.
Leveche Energy Private Limited, Bangalore/India	EUR	99.99/0.01	0.00	0.00	Nordex Windpark Beteiligung GmbH/Acciona Windpower Internacional, S.L.
natcon 7 GmbH, Hamburg[2]	EUR	75.00	805,785.10	1,670,802.71	Nordex SE
Nordex Windpark Verwaltung GmbH, Hamburg	EUR	100.00	3,872.38	49,318.15	Nordex SE
Nouvions poste de raccordement, Paris/France[2]	EUR	100.00	–2,058.31	2,500.76	Parc Eolien Nordex LXIV
Parc Eolien Nordex 71 S.A.S., Paris/France[3]	EUR	100.00	–3,830.94	32,732.85	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex 72 S.A.S., Paris/France[3]	EUR	100.00	–3,356.40	33,202.67	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex 73 S.A.S., Paris/France[3]	EUR	100.00	–3,256.90	33,302.17	Nordex Windpark Beteiligung GmbH

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List of shareholdings (continued on page 160)

	Currency	Share in capital in %	Net profit/loss 01.01.–31.12.2017	Equity 01.01.–31.12.2017	Equity investment via
Non-consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Parc Eolien Nordex 74 S.A.S., Paris/France[3]	EUR	100.00	–3,206.37	33,352.70	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex 75 S.A.S., Paris/France[3]	EUR	100.00	–3,319.90	33,243.89	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex 76 S.A.S., Paris/France[3]	EUR	100.00	–3,035.60	33,528.19	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex 77 S.A.S., Paris/France[3]	EUR	100.00	–3,196.87	33,366.92	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex 78 S.A.S., Paris/France[3]	EUR	100.00	–3,036.84	33,526.95	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex 79 S.A.S., Paris/France[3]	EUR	100.00	–3,346.90	33,212.17	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex 80 S.A.S., Paris/France[3]	EUR	100.00	–3,258.59	33,305.20	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex 81 S.A.S., Paris/France[3]	EUR	100.00	–3,252.42	33,311.37	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex 82 S.A.S., Paris/France[3]	EUR	100.00	–3,492.66	33,071.13	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex 83 S.A.S., Paris/France[3]	EUR	100.00	–3,036.84	33,526.95	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex I S.A.S., Paris/France[3]	EUR	100.00	–2,319.64	12,487.60	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex III S.A.S., Paris/France[3]	EUR	100.00	–9,909.82	–10,248.54	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex IV S.A.S., Paris/France[3]	EUR	100.00	–3,759.99	–13,380.84	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex V S.A.S., Paris/France[3]	EUR	100.00	–43,302.82	–29,643.27	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex VII S.A.S., Paris/France[3]	EUR	100.00	–2,754.12	14,228.66	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex X S.A.S., Paris/France[3]	EUR	100.00	–2,471.33	12,954.30	Nordex Windpark Beteiligung GmbH

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List of shareholdings (continued on page 161)

	Currency	Share in capital in %	Net profit/loss 01.01.–31.12.2017	Equity 01.01.–31.12.2017	Equity investment via
Non-consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Parc Éolien Nordex XVIII S.A.S., Paris/France[3]	EUR	100.00	–10,301.13	–9,992.10	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XX S.A.S., Paris/France[3]	EUR	100.00	–20,416.84	–8,441.77	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXII S.A.S., Paris/France[3]	EUR	100.00	–2,748.98	14,410.16	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXIV S.A.S., Paris/France[3]	EUR	100.00	–4,700.49	12,733.07	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXVI S.A.S., Paris/France[3]	EUR	100.00	–13,022.88	4,122.39	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXIX S.A.S., Paris/France[3]	EUR	100.00	–2,962.75	14,294.19	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXX S.A.S., Paris/France[3]	EUR	100.00	–14,265.88	–367.04	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXXI S.A.S., Paris/France[3]	EUR	100.00	–2,471.33	14,454.30	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXXII S.A.S., Paris/France[3]	EUR	100.00	–22,897.61	–13,585.58	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LII S.A.S., Paris/France[3]	EUR	100.00	–45,835.76	–50,225.84	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LIII S.A.S., Paris/France[3]	EUR	100.00	–66,254.25	–78,142.07	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LV S.A.S., Paris/France[3]	EUR	100.00	–1,856.94	29,380.45	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LVI S.A.S., Paris/France[3]	EUR	100.00	–26,284.40	–2,248.96	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LVII S.A.S., Paris/France[3]	EUR	100.00	–2,044.07	29,191.72	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LVIII S.A.S., Paris/France[3]	EUR	100.00	–1,863.12	29,594.81	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LIX S.A.S., Paris/France[3]	EUR	100.00	–13,727.71	17,518.90	Nordex Windpark Beteiligung GmbH

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List of shareholdings (continued on page 162)

	Currency	Share in capital in %	Net profit/loss 01.01.–31.12.2017	Equity 01.01.–31.12.2017	Equity investment via
Non-consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Parc Éolien Nordex LX S.A.S., Paris/France[3]	EUR	100.00	–1,877.99	29,580.14	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXI S.A.S., Paris/France[3]	EUR	100.00	–2,225.46	29,232.67	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXII S.A.S., Paris/France[3]	EUR	100.00	–1,775.19	31,582.21	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXIII S.A.S., Paris/France[3]	EUR	100.00	–1,832.96	31,524.44	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXIV S.A.S., Paris/France[3]	EUR	100.00	–70,766.93	–59,902.08	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXV S.A.S., Paris/France[3]	EUR	100.00	–6,391.53	26,985.61	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXVI S.A.S., Paris/France[3]	EUR	100.00	–1,832.26	31,728.66	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXVII S.A.S., Paris/France[3]	EUR	100.00	–1,971.54	31,589.38	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXVIII S.A.S., Paris/France[3]	EUR	100.00	–1,898.50	31,662.42	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXIX S.A.S., Paris/France[3]	EUR	100.00	–3,774.71	32,784.36	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXX S.A.S. Paris/France[3]	EUR	100.00	–4,018.65	32,540.42	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex Belgique I (SPRC). Brüssel/Belgien[2]	EUR	99.00/1.00	–6,503.51	–31,125.22	Nordex Windpark Beteiligung GmbH/Nordex Energy GmbH
Parc Éolien Nordex Belgique II (SPRC). Brüssel/Belgien[2]	EUR	99.00/1.00	–5,390.25	–20,119.00	Nordex Windpark Beteiligung GmbH/Nordex Energy GmbH
Parque Eólico Hacienda Quijote SpA. Santiago/Chile	EUR	100.00	0.00	0.00	Nordex (Chile) SpA
Qingdao Huawei Wind Power Co, Ltd,. Qingdao/VR China	EUR	66.70	553,361.31	1,782,533.44	Nordex Energy GmbH
San Marcos Colon Holding. Inc,. Chicago/USA	EUR	100.00	0.00	0.00	Nordex Windpark Beteiligung GmbH

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List of shareholdings (continued on page 163)

	Currency	Share in capital in %	Net profit / loss 01.01. – 31.12.2017	Equity 01.01. – 31.12.2017	Equity investment via
Non-consolidated affiliated companies **(figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)**					
Sechste Windpark Support GmbH & Co. KG, Hamburg	EUR	100.00	–8,033.74	–43,061.29	Nordex Grundstücks-verwaltung GmbH
Shri Saai Pasumai Private Limited, Bangalore / India	EUR	99.99/0.01	0.00	0.00	Nordex Windpark Beteiligung GmbH / Acciona Windpwoer Internacional S.L.U.
South Kinetic Wind Energy Private Limited, Bangalore / India	EUR	99.99/0.01	0.00	0.00	Nordex Windpark Beteiligung GmbH / Acciona Internacional, S.L.
Terral Energy Private Limited, Bangalore / India	EUR	99.99/0.01	0.00	0.00	Nordex Windpark Beteiligung GmbH / Acciona Internacional, S.L.
Ventus Kwidzyn Sp. z o.o., Górki, Poland	EUR	50.00	–23,545.06	–113,370.59	Farma Wiatrowa NXD 1 Sp. z o.o.
Vientos de Chinchayote, s.A. de C.V., Tegucigalpa / Honduras	EUR	99.20/0.80	0.00	0.00	Nordex Windpark Beteiligung GmbH / Nordex Energy B.V
Vientos de la Baranquilla, s.A. de C.V., Tegucigalpa / Honduras	EUR	99.20/0.80	0.00	0.00	Nordex Windpark Beteiligung GmbH / Nordex Energy B.V
Vientos de la Cahuasca, s.A. de C.V., Tegucigalpa / Honduras	EUR	99.20/0.80	0.00	0.00	Nordex Windpark Beteiligung GmbH / Nordex Energy B.V
Vientos de la Quesera, s.A. de C.V., Tegucigalpa / Honduras	EUR	99.20/0.80	0.00	0.00	Nordex Windpark Beteiligung GmbH/Nordex Energy B.V
Vientos de la Roble, s.A. de C.V., Tegucigalpa / Honduras	EUR	99.20/0.80	0.00	0.00	Nordex Windpark Beteiligung GmbH / Nordex Energy B.V
Vientos de San Juan, s.A. de C.V., Tegucigalpa / Honduras	EUR	99.20/0.80	0.00	0.00	Nordex Windpark Beteiligung GmbH / Nordex Energy B.V
Vindkraftpark Aurvandil AB, Uppsala / Sweden [3]	EUR	100.00	–569.67	6,319.29	Nordex Windpark Beteiligung GmbH
Vindkraftpark Brynhild AB, Uppsala, Sweden [3]	EUR	100.00	–569.77	8,476.34	Nordex Sverige AB
Vindkraftpark Dieser AB, Uppsala / Sweden [3]	EUR	100.00	–569.77	3,358.78	Nordex Windpark Beteiligung GmbH
Vindkraftpark Embla AB, Uppsala / Sweden [3]	EUR	100.00	–569.77	3,358.78	Nordex Windpark Beteiligung GmbH
Vindkraftpark Freja AB, Uppsala / Sweden [3]	EUR	100.00	–569.77	3,362.34	Nordex Windpark Beteiligung GmbH

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[4] Formerly Acciona Windpower Deutschland GmbH, Frankfurt am Main / [5] Acciona Windpower North America LLC, West Branch / United States was merged into Nordex USA Inc., Chicago / United States effective 1 January 2017 / [6] Financial statements as at 31.12.2016. / [7] Financial statements as at 31.12.2014.

List of shareholdings (continued from page 162)

	Currency	Share in capital in %	Net profit / loss 01.01. – 31.12.2017	Equity 01.01. – 31.12.2017	Equity investment via
Associates **(figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)**					
C&C Wind Sp. z o.o., Natolin / Poland[2]	EUR	40.00	–2,126,346.87	15,895,327.01	Nordex Windpark Beteiligung GmbH
GN Renewable Investments S.à.r.l., Luxembourg / Luxembourg[2]	EUR	30.00	–181,913.48	2,362,824.33	Nordex Windpark Beteiligung GmbH
KNK Wind GmbH, Frankfurt am Main[2]	EUR	38.89	–566,956.49	762,159.36	Nordex Offshore GmbH
Other shareholdings (non-consolidated) **(figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)**					
Eoliennes de la Vallée S.A.S., Amiens / France[6]	EUR	50.00	–2,205.00	–7,088.00	Nordex France S.A.S.
Fond du Moulin, Pontarme / France[2]	EUR	25.00	–13,639.67	–12,639.67	Nordex Windpark Beteiligung GmbH
K/S Whitewater Wind Power Invest I, Fredensborg / Denmark, Komplementarselskabet Whitewater Invest I ApS, Helsinge / Denmark[7]	EUR	33.33	20,559.56	–203,959.22	Nordex Energy GmbH
K/S Whitewater Wind Power Invest VII. Fredensborg / Denmark, Komplementarselskabet Whitewater Invest VII ApS, Helsinge / Denmark[7]	EUR	11.11	–28,617.86	–229,959.88	Nordex Energy GmbH
K/S Whitewater Wind Power Invest VIII. Fredensborg / Denmark, Komplementarselskabet Whitewater Invest VIII ApS, Helsinge / Denmark[7]	EUR	11.11	49,250.06	–229,839.66	Nordex Energy GmbH
Vent d'est S.á.r.l., Paris / France[2]	EUR	50.00	–1.393,43	–8.394,15	Nordex France S.A.S.
Way Wind, LLC, Nebraska / USA	EUR	50.00	0.00	0.00	Nordex USA Inc.

[1] Profit transfer agreement; net profit / loss and equity after transfer of profits or profit and loss pooling pursuant to national law
[2] Provisional financial statements as at 31.12.2017. / [3] Formerly SSP Technology A/S, Kirkeby / Denmark
[4] Formerly Acciona Windpower Deutschland GmbH, Frankfurt am Main / [5] Acciona Windpower North America LLC, West Branch / United States was merged into Nordex USA Inc., Chicago / United States effective 1 January 2017 / [6] Financial statements as at 31.12.2016. / [7] Financial statements as at 31.12.2014.

RESPONSIBILITY STATEMENT

RESPONSIBILITY STATEMENT IN ACCORDANCE WITH SECTIONS 297 (2) 4 AND 315 (1) 6 OF THE GERMAN COMMERCIAL CODE

To the best of our knowledge, and in accordance with the applicable reporting principles for nancial reporting, the consolidated nancial statements give a true and fair view of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Nordex SE
Rostock, 23 March 2018

José Luis Blanco
Chairman of the Management Board

Christoph Burkhard
Member of the Management Board

Patxi Landa
Member of the Management Board

INDEPENDENT AUDITOR'S REPORT

To Nordex SE, Rostock

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Nordex SE, Rostock, and its subsidiaries (the Group), comprising the consolidated statement of financial position as at December 31, 2017, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year from January 1 to December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Nordex SE, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2017. We have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e paragraph 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2017, and of its financial performance for the financial year from January 1 to December 31, 2017, and
– the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to Section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the

EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

Based on our knowledge obtained, the following audit matters were of most significance in our audit:

1 Impairment of Goodwill
2 Valuation of Warranty provisions
3 Accounting of construction contracts
4 Cost reduction program provision – "45 by 18"

We have structured our presentation of these particularly important audit matters as follows:

1 Audit matter and problem
2 Audit approach and findings
3 Reference to further information

Below we present the most important items of the audit:

1 Impairment of Goodwill

1 In the consolidated financial statements of the Company, goodwill totaling EUR 547.8 million (19.5% of total assets) is reported under the balance sheet item "Goodwill". Goodwill is tested for impairment by the Company once a year or on an ad-hoc basis in order to determine a possible need for impairment. The impairment test is carried out at the level of the group of cash-generating units to which the respective goodwill is allocated. As part of the impairment test, the carrying amount including the respective goodwill of the cash-generating unit is compared with the corresponding recoverable amount. The recoverable amount is generally determined on the basis of the fair value less costs to sell. The valuation is based on the present value of future cash flows of the respective group of cash-generating units. The present values are determined using discounted cash flow models. The starting point is the approved medium-term planning of the Group, which is amended by assumptions about long-term growth rates. This also takes into account expectations about future market developments and assumptions about the development of macroeconomic factors. The discounting of cash flows is done by using the weighted average cost of capital of the respective group of cash-generating units. As a result of the impairment test, no impairment requirement was identified.

The outcome of these valuations depends to a large extent on how the legal representatives assess the future cash inflows of the respective group of cash-generating units and on the discount rates used. The valuation is therefore subject to considerable uncertainty. Against this background and due to the high complexity of the evaluation, this issue was of particular importance during our audit.

2 We reviewed the methodological procedure for carrying out the impairment test as part of our audit. After comparing the future cash inflows used in the calculation with the approved medium-term planning of the Group, we were convinced of the appropriateness of the calculation, in particular by agreeing with general and industry-specific market expectations. Supplementary adjustments to the medium-term planning for the purposes of the impairment test were discussed by us with the responsible employees of the Company. In addition, we have also convinced ourselves that expenses related to group functions have been considered appropriately. With the knowledge that relatively small changes in the discount rate used can have a significant impact on the determined enterprise value, we have been intensively involved in the determination process of the applied parameters that have been used in determining the discount rate and that were applied in the calculation. In order to take into account the uncertainties in the forecast, we have reviewed the sensitivity analyzes as prepared by the Company. In doing so, we determined that the carrying amounts of the cash-generating units, including the allocated goodwill, are sufficiently covered by the discounted future cash flows, taking into account the available information. Overall, the valuation parameters and assumptions used by the legal representatives are in line with our expectations and are within an acceptable range.

3 The information provided by the Company on goodwill can be found in note (8) in the section "Notes to the Balance Sheet" of the notes to the consolidated financial statements.

2 Valuation of Warranty provisions

1 Nordex SE, as a global manufacturer of wind turbines, is exposed to various risks. The valuation of warranty risks in the consolidated financial statements of Nordex SE in the amount of EUR 24.8 million is based to a large extent on the estimates and assumptions of the legal representatives with respect to the timing of the usage during the warranty period. Against this background and the resulting uncertainty of estimates and the amount of these significant items, we believe that this issue was of particular importance for our audit.

2 With the knowledge that estimates are associated with an increased risk of accounting error and that the valuation decisions of the legal representatives have a direct impact on the consolidated net income, we have assessed the appropriateness of the provisions for warranty provisions. Among other things, we have assessed the underlying cost estimates, especially on the basis of historical warranty expenses, with respect to valuation of the provisions. In doing so, we were able to convince ourselves that the estimates and assumptions made by the legal representatives are sufficiently documented and justified in order to justify the recognition and measurement of the amounts of provisions.

3 The information provided by the Company on warranty provisions is included under other provisions in note (18) in the section "Notes to the Balance Sheet" of the notes to the consolidated financial statements.

3 Accounting of construction contracts

1 Of the revenue reported in the consolidated financial statements of Nordex SE, EUR 2,776.8 million are attributable to production of wind turbines. Revenue is recognized in accordance with the performance progress, whereby the estimate of performance at the consolidated Nordex companies is based on the ratio of costs incurred and planned costs. For the Acciona Windpower Group companies that were acquired in 2016, revenue is recognized on the basis of milestones due to the difference project structures. The impact of cost estimates and the allocation of order backlog costs to revenues reported in the consolidated financial statements is based on estimates and assumptions made by the legal representatives. Against this background and the resulting estimation uncertainties, as well as the complexity of the accounting, this issue was of particular importance during our audit.

2 Taking into account the fact that due to the complexity, estimates and assumptions to be made there is an increased risk of incorrect accounting, we have assessed the processes and controls set up by the Group to record revenue from the production of wind turbines taking into account the percentage of completion. In addition, we assessed the determination of both the planned costs and milestones as well as the actual costs incurred and the milestones achieved. Furthermore, we have gained understanding regarding the consistency of the procedures used to determine the costs incurred and the milestones achieved. In addition, we have ensured consistent audit procedures across the Group by sending appropriate instructions to the component auditors to address the inherent audit risk in this specific field. In doing so, we were able to convince ourselves that the estimates and assumptions made by the legal representatives regarding the recognition and measurement of revenues were sufficiently documented in accordance with the profit recognition method and that the assessments and assumptions made by the legal representatives were derived consistently.

3 The information provided by the Company on the revenue from customer-related production of wind turbines is contained in Note (26) in the section "Information on the Income Statement" of the notes to the consolidated financial statements.

4 Cost reduction program provision - "45 by 18"

1 The Nordex Group has announced its cost reduction program "45 by 18" during financial year 2017. One of the measures in the program is to reduce the number of full-time equivalent employees by approximately 248 members of staff throughout the group. Provisions are formed for uncertain liabilities when it meets the criteria set out in IAS 37.10. According to this, the general recognition and measurement criteria for provisions and the further criteria from IAS 37.70ff are to be assessed. The companies have created a provision of EUR 25.3 million in the consolidated financial statements for the measures with respect to the reduction of members of staff that have not yet been settled as of the balance sheet date. This provision is reported under the balance sheet item "Other current non-financial liabilities". From our point of view, this issue was of particular importance for our audit because the recognition of restructuring provisions is based to a large extent on the assessments and assumptions of the legal representatives.

2 Taking into account the fact that due to the complexity, estimates and assumptions to be made there is an increased risk of incorrect accounting, we assessed the existence of the individual recognition criteria for a restructuring provision. Among other things, we obtained and audited corresponding evidence of the communication with employee representatives and the calculation of severance payments submitted by the legal representatives of the Company. The subject of our assessment was also the state of negotiations of the legal representatives with the employee representatives. We were able to convince ourselves that the estimates and assumptions made by the legal representatives for the recognition and measurement of a restructuring provision as of December 31, 2017 are sufficiently documented and substantiated.

3 The information provided by the Company is contained in note (20) in the section "Notes to the Balance Sheet" and in note (36) in the section entitled "Notes to the income statement" of the notes to the consolidated financial statements.

Other Information

The legal representatives are responsible for the other information. The other information comprises the following components of the group management report of which the content was not audited:

- The declaration on corporate governance contained in section "Corporate Governance Declaration by Nordex SE pursuant to Section 289f and Section 315d HGB" of the management report in accordance with Section 289f HGB and Section 315d HGB,

- The Corporate Governance Report according to No. 3.10 of the German Corporate Governance Code and

- The separate non-financial report in accordance with Section 289b (3) HGB and Section 315b (3) HGB.

The other information also includes the other parts of the annual report - without further cross references to external information - with the exception of the audited consolidated financial statements, the audited group management report and our audit opinion, and

- The sustainability report and

- The responsibility statement in accordance with Section 297 (2) sentence 4 HGB on the consolidated financial statements and the insurance pursuant to Section 315 (1) sentence 5 HGB on the group management report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- Is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- Otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 30, 2017. We were engaged by the supervisory board with engagement letter dated September 20, 2017. We have been the group auditor of Nordex SE, Rostock, without interruption since the financial year 2008.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Claus Brandt.

Hamburg, 23 March 2018

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Claus Brandt	ppa. Benjamin Mechel
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

FINANCIAL CALENDAR, IMPRINT AND CONTACT

FINANCIAL CALENDAR

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

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Disclaimer

This Annual Report contains forward-looking statements that relate to macroeconomic developments, the business and the net assets, financial position and results of operations of the Nordex Group. Forwardlooking statements by definition do not depict the past and are in some instances indicated by words such as "believe", "anticipate", "predict", "plan", "estimate", "aim", "expect", "assume" and similar expressions. Forward-looking statements are based on the Company's current plans, estimates, projections and forecasts, and are therefore subject to risks and uncertainties that could cause actual development or the actual results or performance to differ materially from the development, results or performance expressly or implicitly assumed in these forward-looking statements. Readers of this Annual Report are expressly cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Annual Report. Nordex SE does not intend and does not undertake any obligation to revise these forward-looking statements. The English version of the Group Annual Report constitutes a translation of the original German version. Only the German version is legally binding.

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