

An aerial photograph of a wind farm. In the foreground, a large white wind turbine with three blades is prominent. The blades have red tips. The turbine is situated in a green field. In the background, several other wind turbines are visible, scattered across a landscape of green fields and brown plowed earth. The sky is clear and blue.

Nordex SE Half-year figures 2019

Conference Call
14 August 2019

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Agenda

1	Executive summary	<i>José Luis Blanco</i>
2	Markets and orders	<i>Patxi Landa</i>
3	Financials	<i>Christoph Burkhard</i>
4	Operations and technology	<i>José Luis Blanco</i>
5	Strategy	<i>José Luis Blanco</i>
6	Guidance 2019	<i>José Luis Blanco</i>
7	Q&As	<i>All</i>
8	Key takeaways	<i>José Luis Blanco</i>

H1/2019 in line with expectations

H1/2019 results

Sales:	EUR 991m
EBITDA margin:	1.7%
Working capital ratio:	-4.7%

- Another strong quarter with record order intake of 2 GW.
- Q2 order intake primarily driven by US orders.
- Book-to-bill-ratio of 2.61 in H1/2019 signaling future growth.
- Introduction of new N163/5.X: up to 20% more AEP on a typical low wind site for maximum flexibility and different modes in the 5 MW range.
- Key structural patterns for 2019 still remain valid as already presented.
- Guidance for FY 2019 confirmed.
- CAPEX for 2019 increased to around EUR 160m in order to support profitable growth in 2020 and beyond driven by additional demand for Delta4000.

Market developments

Europe

- EU approves a goal of 32% renewables by 2030.
- Permitting difficulties continue to result in undersubscribed auctions in Germany.
- Swedish and Finnish market with corporate PPAs. New decisions for large projects have resulted in an upgrade for 2020 and 2021.
- Spain rushing to get the awarded 4 GW of wind into the ground before end of 2019.
- Poland and Italy holding auctions in 2019.
- Activity in Ukraine for FIT projects to be installed in 2019 & 2020.

America

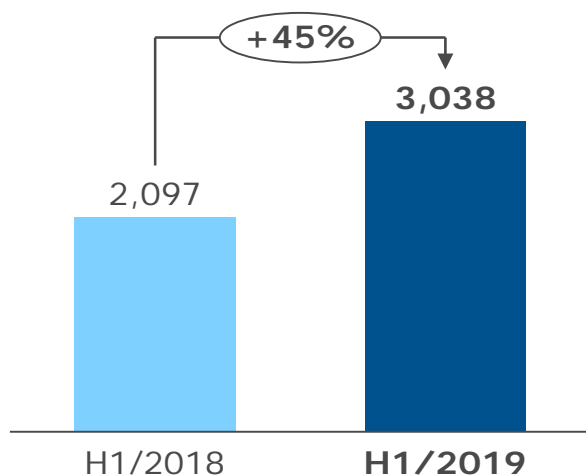
- PTC cycle still in full swing in the US. Very high activity level expected in 2020 and 2021 due to anticipated demand from new offtakers – especially in the commercial & industrial field.
- Change of government in Mexico creates uncertainties but market supported by corporate PPAs.
- Colombia and Brazil holding auctions still this year as expected.

Rest of World

- Federal and State policies supporting market activities in India in the long-term. Short term market uncertainty.
- South African round 5 expected to take place in the coming months.

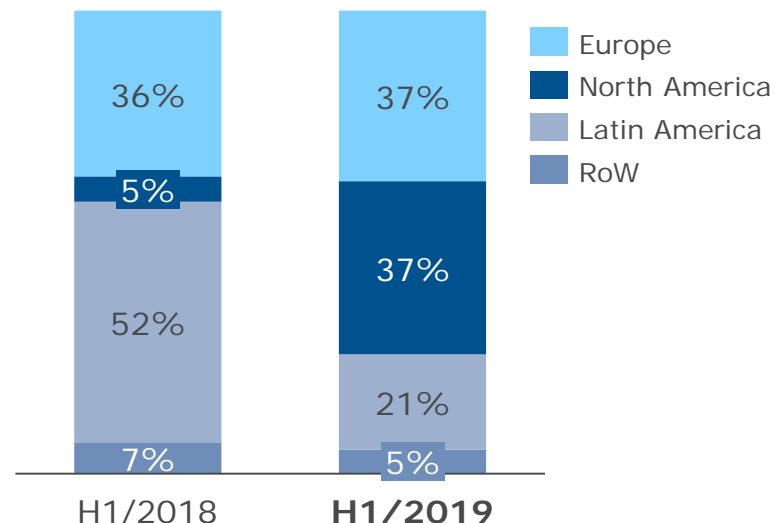
Order intake Q2/2019

Order intake turbine* (in MW)



- Strong order intake in H1/2019: EUR 2,112m (EUR 1,614m in H1/2018) thereof in Q2/2019: EUR 1,302m (EUR 794m in Q2/2018)
- ASP of EUR 0.70m/MW for H1/2019

Order intake turbine* by regions (in %)

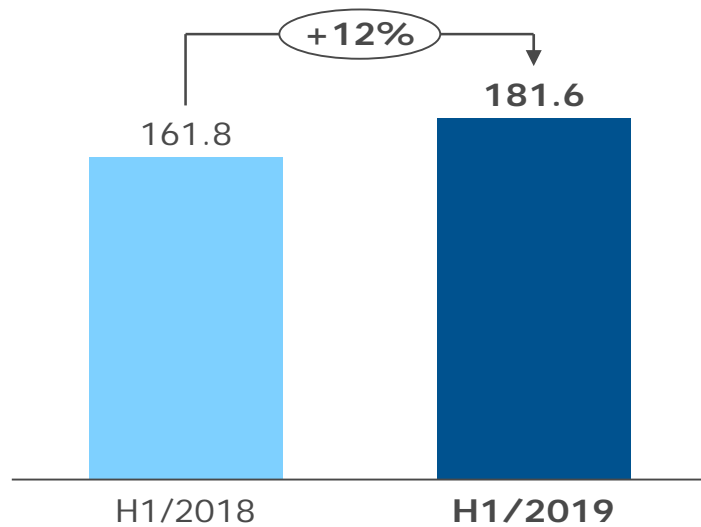


- USA with 1,135 MW most important single market in Q2/2019
- First orders from the US for new turbine generation Delta4000
- Order intake in Q2/2019 received from 12 different countries showing global footprint

*Group segment „Projects“

➤ Further growth of service business

Service sales (in EUR m)



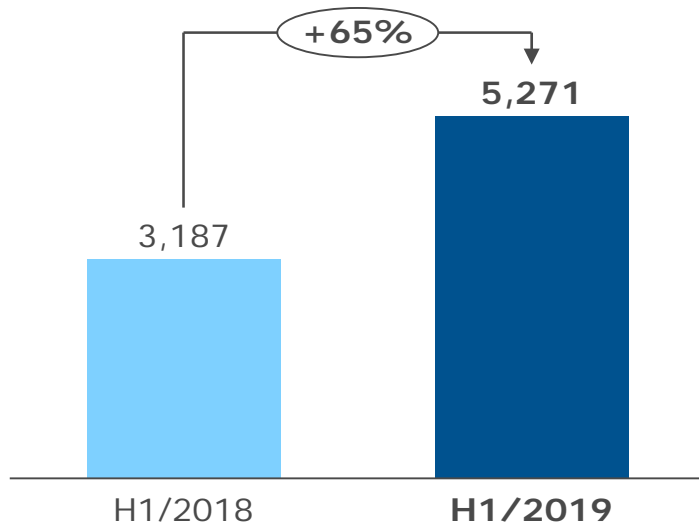
Comments

- Service sales share amounted to 18.3% of group sales in H1/2019
- Service EBIT margin* of 17.3% in H1/2019
- 97.4% average availability of WTG under service
- Strong Service order backlog (EUR 2.3bn)

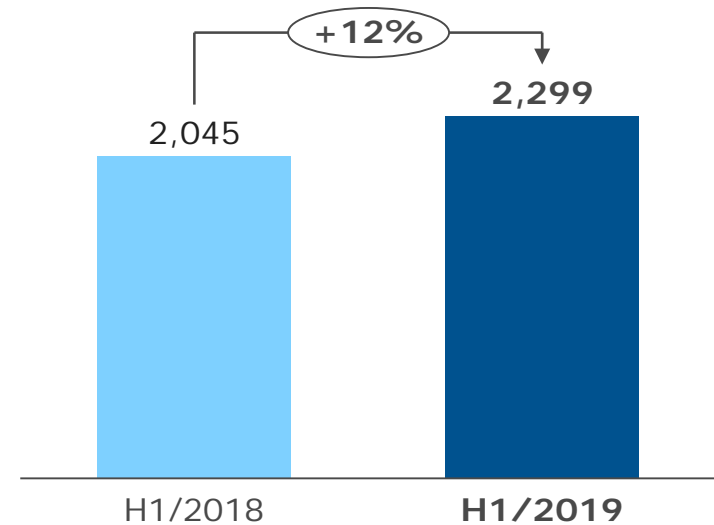
*Based on segment specific overhead allocation

Combined order backlog of almost EUR 7.6bn in H1/2019

Order backlog turbines (EUR m)



Order backlog service (EUR m)



- Turbine order backlog reflects strong order intake over the last quarters
- Well balanced geographical footprint on Nordex focus markets: Europe (44%), North America (18%), Latin America (23%), RoW (15%)
- Further increase in wind turbines under service to 7,786 – corresponding to around 19.5 GW at the end of H1/2019

Income statement H1/2019

in EUR m	H1/2019	H1/2018	abs. change
Sales	990.8	957.1	33.7
Total revenues	1,603.6	1,090.0	513.6
Cost of materials	-1,300.8	-782.9	-517.9
Gross profit	302.8	307.2	-4.4
Personnel costs	-172.9	-159.9	-13.0
Other operating (expenses)/income	-112.8	-108.9	-3.9
EBITDA	17.1	38.4	-21.3
Depreciation/amortization	-67.3	-74.2	6.9
EBIT	-50.2	-35.8	-14.4
Net profit	-55.4	-40.3	-15.1
Gross margin*	30.6%	32.1%	
EBITDA margin	1.7%	4.0%	
EBIT margin w/o PPA	-3.8%	-0.6%	

Comments

- H1 sales figures in line with expectations reflecting back-end loaded year
- Higher total revenues signal increasing sales in second half 2019
- Gross margin of 30.6% has started to normalize
- EBITDA margin impacted by low H1 sales figures but will further improve in second half 2019 in line with increasing business activities
- PPA depreciation totaled EUR 12.5m in H1/2019 (EUR 30m in H1/2018)

*Gross profit in relation to sales.

Balance sheet H1/2019

in EUR m	30.06.19	31.12.18	abs. change	Δ in %
Non-current assets	1,371.7	1,277.6	94.1	7.4
Current assets	2,359.0	1,781.0	578.0	32.5
Total assets	3,730.7	3,058.5	672.2	22.0
Equity	648.6	697.3	-48.7	-7.0
Non-current liabilities	870.4	822.9	47.5	5.8
Current liabilities	2,211.7	1,538.3	673.4	43.8
Equity and total liabilities	3,730.7	3,058.5	672.2	22.0
<i>Net debt*</i>	<i>204.1</i>	<i>32.5</i>		
<i>Working capital ratio**</i>	<i>-4.7%</i>	<i>-3.8%</i>		
<i>Equity ratio</i>	<i>17.4%</i>	<i>22.8%</i>		

Comments

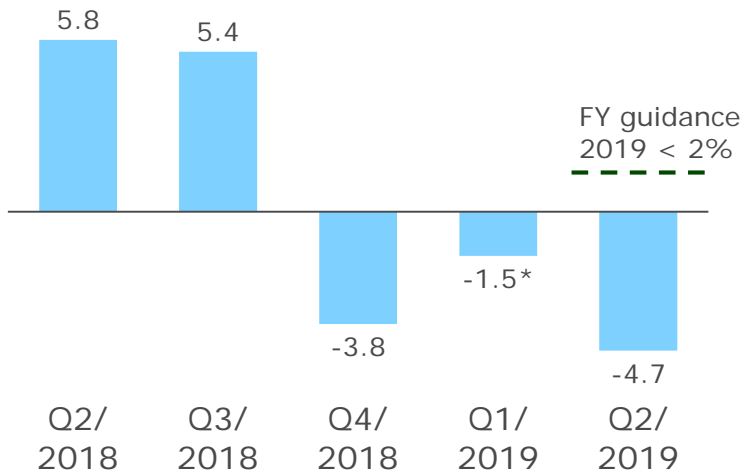
- Cash position of EUR 396m at the end of H1/2019
- Significant balance sheet prolongation in H1/2019 compared to previous year due to increased activity level
- Increase in current assets and liabilities due to preparation of strong installations in second half 2019

*Cash and cash equivalents less bank borrowings and bond.

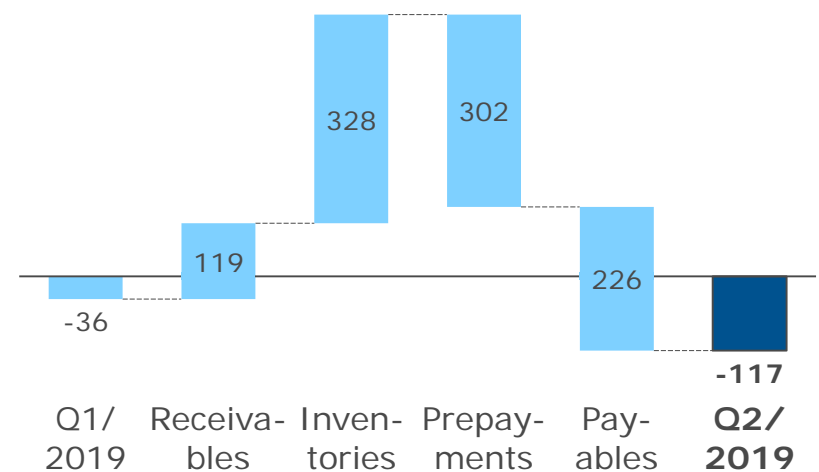
**Based on last twelve months sales (31.12.2018: actual sales figures).

Working capital development H1/2019

Working capital ratio (in % of sales)



Working capital development (in EUR m) *



➤ Ongoing low working capital ratio supported by prepayments due to high order intake

➤ Further increase of inventories in Q2/2019 reflecting preparation of high activity level in second half year

➤ Inventory ramp-up offset by prepayments and payables

* Based on last twelve months sales.

Cash flow statement H1/2019

in EUR m	H1/2019	H1/2018
Cash flow from operating activities before net working capital	-123.7	-18.2
Cash flow from changes in WC	23.1	-74.6
Cash flow from operating activities	-100.6	-92.8
Cash flow from investing activities	-60.7	-9.0
Free cash flow	-161.3	-101.7
Cash flow from financing activities	-50.6	-27.2
Change in cash and cash equivalents*	-211.9	-129.0

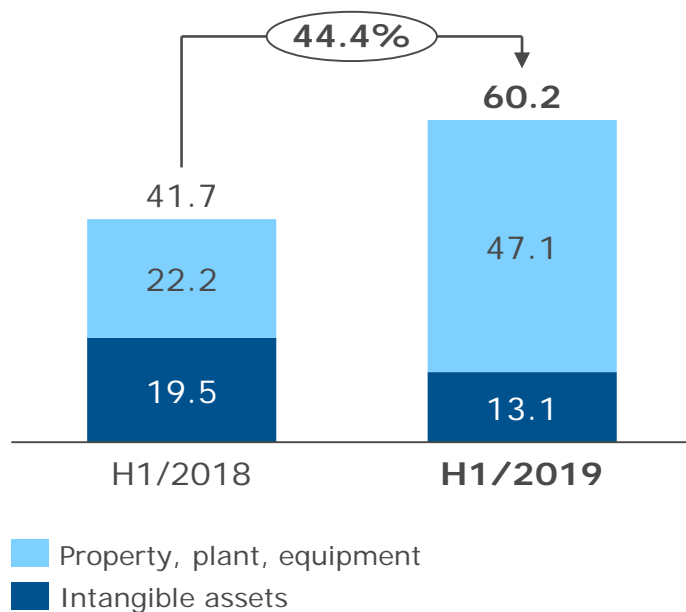
Comments

- Cash flow from operating activities amongst others influenced by net loss and phasing-related VAT outflows
- Cash flow from changes in WC (EUR 23.1m) positively impacted by strong order intake over the last quarters
- Cash flow from investing activities in line with expectations
- Cash flow from financing activities reflects repayment of SSD tranche in April

*Including FX effects.

Total investments H1/2019

CAPEX (in EUR m)

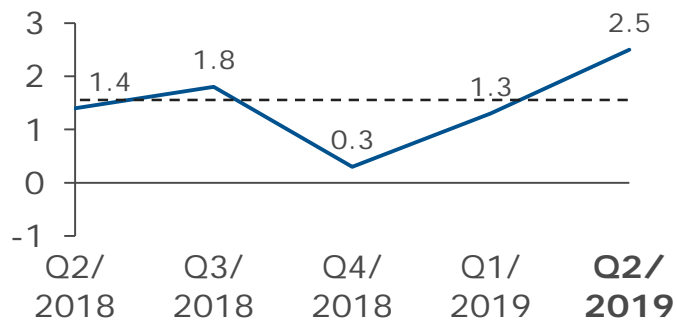


Comments

- Investments in H1/2019 primarily comprise:
 - Investments in blade production facilities in Mexico and Spain
 - Investments in tooling and equipment in Spain
 - Ramping up new production facility in India
 - Investments in product development
- Decrease in intangible assets due to lower level of development costs compared to prior-year quarter

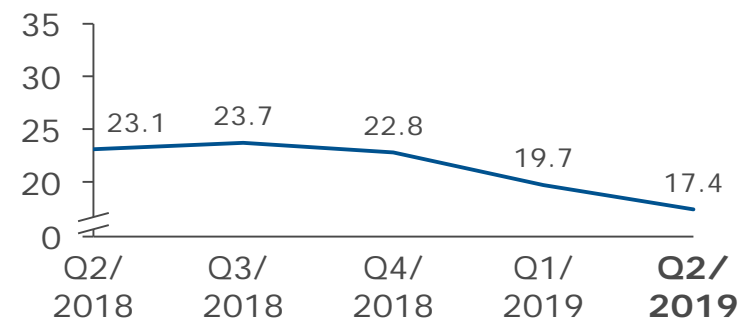
Capital structure H1/2019

Net debt*/EBITDA**



- Leverage ratio in Q2/2019 impacted by a decrease in cash but will decline again in the course of the year

Equity ratio (in %)



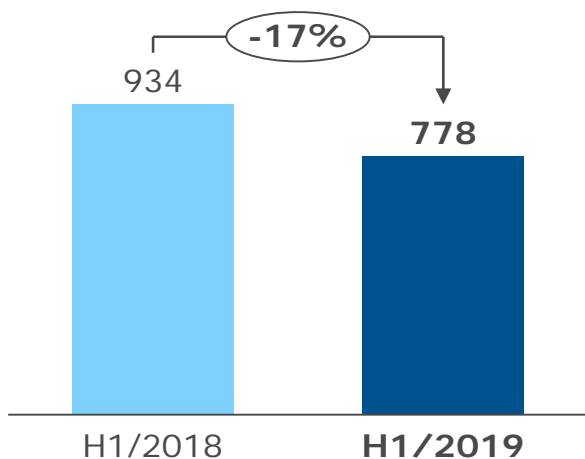
- Equity ratio decreased due to a continuous increase in total assets leading to a balance sheet prolongation
- Equity ratio will increase again in second half year 2019

*Cash and cash equivalents less bank borrowings and bond.

** Last twelve months.

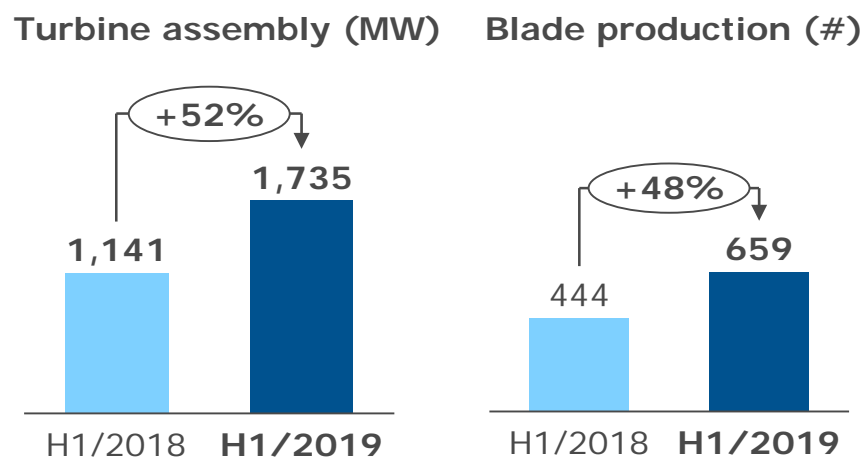
Operations H1/2019

Installations (MW)



- Total installations of 242 WTGs in 13 countries in H1/2019: 36% Europe, 24% Latin America and 40% North America
- Project execution will significantly increase in H2 2019 in order to secure revenues in FY 2019

Production



- Output turbines of 517 units in H1/2019: 182 GER, 222 ESP, 28 BRA, 80 IND and 5 ARG
- Inhouse blade production of 659 units in H1/2019: 188 GER and 471 ESP

N163/5.X – Key Facts

WTG design purely focused on lowest possible COE

Lifetime extension up to 25 years
Standard design lifetime of 20 years

Same nacelle as N149/5.X

163m rotor

IEC S class

N163/5.X

Suitable in core low-to-medium wind speed sites

various site-specific towers
up to 164m hub height

>5MW rating
utilizing site potential

Single-piece blade
based on N149 design

Numerous sound modes

Utilization of Delta4000 hardware

+20% AEP
(vs. N149/4.0-4.5)

Strategy roadmap further strengthens our competitive position

We are:

Sustainable | Global | COE Leader

We focus on:

COE | Speed | Flexibility

We deliver:

<p>1</p> <p>Global market presence</p>	<p>2</p> <p>COE optimized product portfolio</p>	<p>3</p> <p>Supply chain transformation</p>	<p>4</p> <p>Operational cost efficiencies</p>	<p>5</p> <p>Service business</p>
<p>3 GW order intake in H1/2019 regionally well balanced ✓</p>	<p>New product N163/5.X enlarges product portfolio ✓</p>	<p>Ramping up India and blade production in Turkey ✓</p>	<p>Successful W/C-management programme implemented ✓</p>	<p>Continuously growing with dedicated features as predictive maintenance ✓</p>

Leading global onshore wind turbine supplier

 **Guidance for 2019 confirmed – increase in CAPEX planned**

Sales: EUR 3.2-3.5bn

EBITDA margin: 3.0-5.0%

Working capital ratio: <2%

CAPEX: approx. EUR 160m

Time for your questions

Questions

Answers

Key takeaways

1

Nordex confirming guidance for 2019

2

Strong order intake momentum continues to support profitable growth in 2020 and beyond driven by additional demand for Delta4000

3

Delta4000 product portfolio with meanwhile five different product types is meeting customer requirements

An aerial photograph of a wind farm. In the foreground, a large white wind turbine with three blades is visible, casting a shadow on the green field below. The blades have red tips. In the background, several other wind turbines are scattered across a landscape of green fields and brown plowed earth under a clear blue sky.

Thank you
for your attention

Financial calendar 2019

2019	Event
26 March	Publication of Annual Report 2018
14 May	Interim statement Q1/2019
4 June	Annual General Meeting (Rostock)
14 August	Interim report H1/2019
13 November	Interim statement Q3/2019

Contact details

**IF YOU HAVE ANY QUESTIONS PLEASE
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