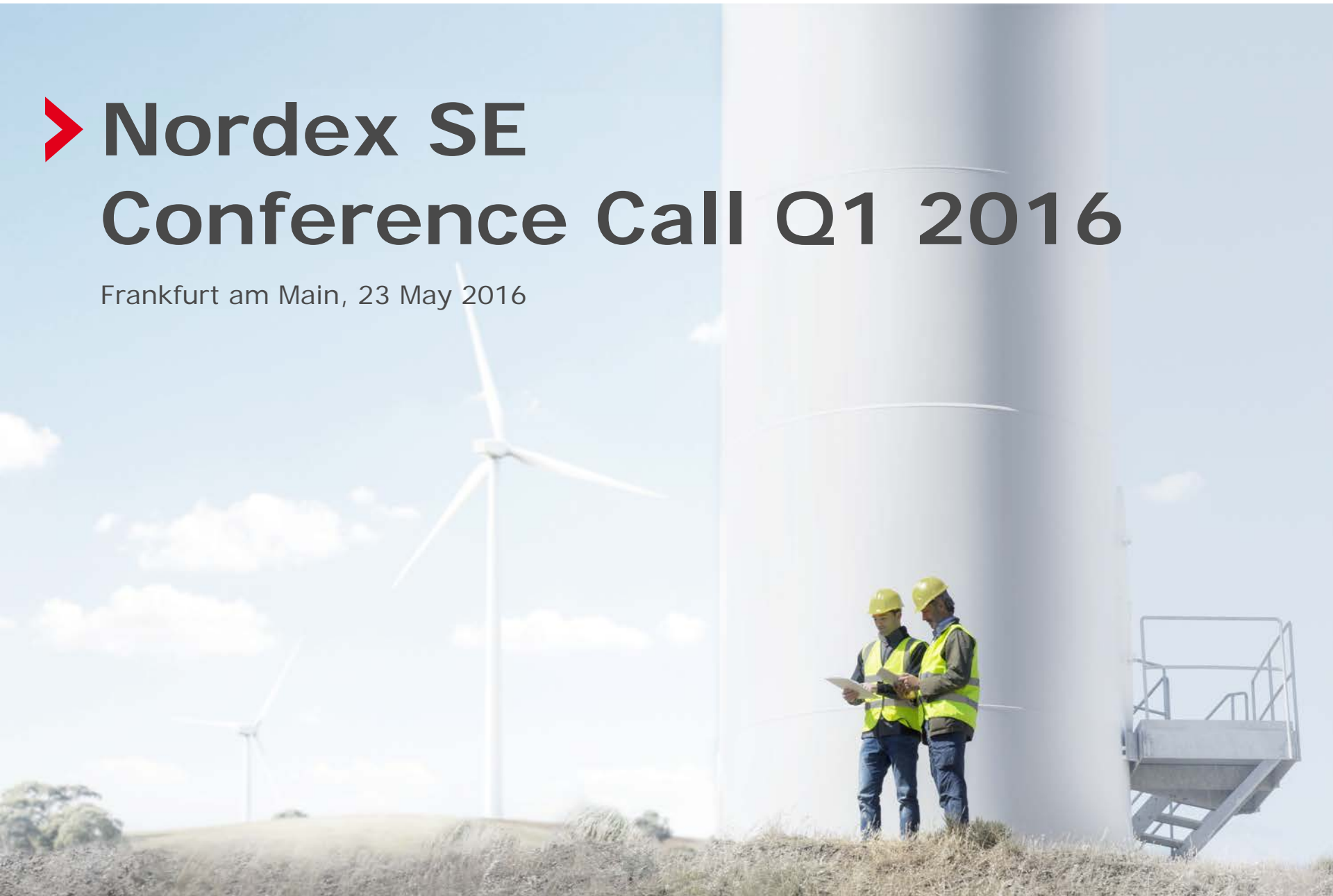


# > Nordex SE Conference Call Q1 2016

Frankfurt am Main, 23 May 2016



- 1** **Highlights Q1 2016**
- 2** Financials Q1 2016
- 3** Relevant market developments
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# Financial and operational highlights Q1 2016



**EBITDA margin: 9.3%,  
EBIT margin: 7.1 %**



**Consolidated net profit:  
EUR 25.5 mn**



**WTG production up by more  
than 24% to 574 MW**



**Blade production up by >100%  
to 159 blades**



**Installed capacity of 490.5 MW  
in nine countries**



**Sales increase of 28% to  
EUR 637 mn**



**Order intake: EUR 541 mn**

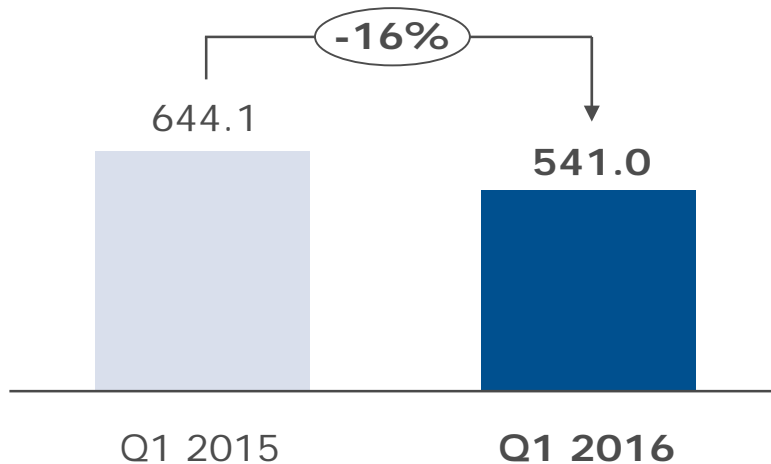


**Order backlog: EUR 1,638 mn**

## Turbine orders characterized by small and mid-sized projects during the first three months of 2016

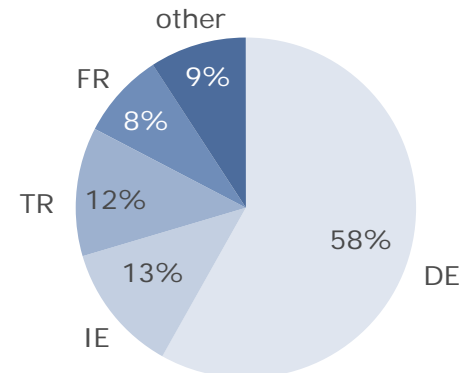
### Turbine Orders 3M 2016 vs. 3M 2015 (in EUR mn)

- Stable order intake from European core markets such as Germany, Turkey, Ireland and France
- Overall turbine orders down 16% compared to Q1 2015 – previous year's order intake supported by signing of a major contract (in RSA)



### Order Intake (turbines) by country (based on EUR)

- Strong order intake from Germany supported by upcoming changes in regulation and product fit in IEC III class
- 37% (based on MW) attributable to Generation Delta turbines, including the first two contracts for the light-wind N131/3300 turbine specifically designed for the German market
- Generation Gamma turbine N117/2400 accounts for almost one third of turbine sales

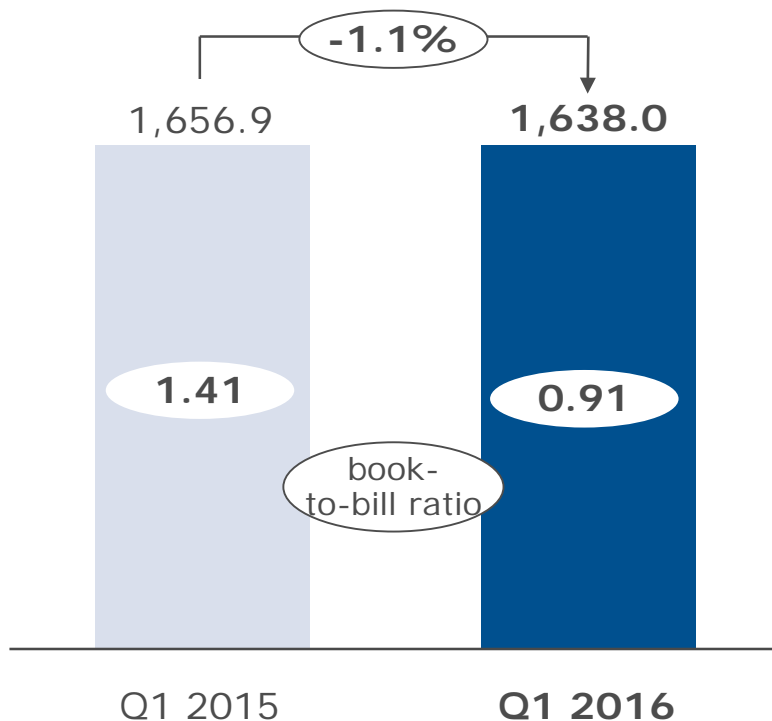




# Stable order backlog of Nordex (stand alone) remains a good basis for successful FY 2016

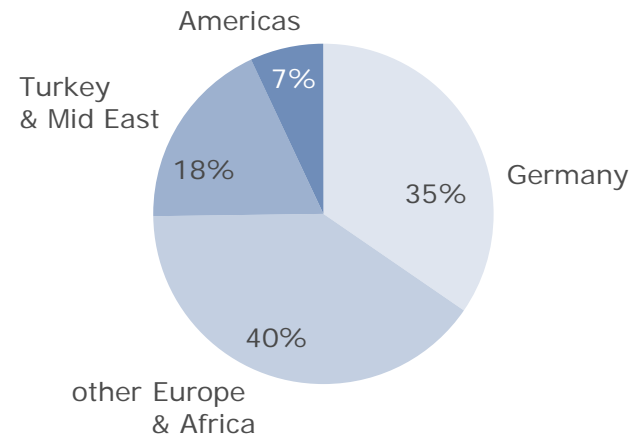
## Order Backlog turbine business (in EUR mn)

- Firm order backlog (turbines, excluding service business) almost stable vs. Q1 2015



## Order Backlog turbine business by regions (based on EUR)

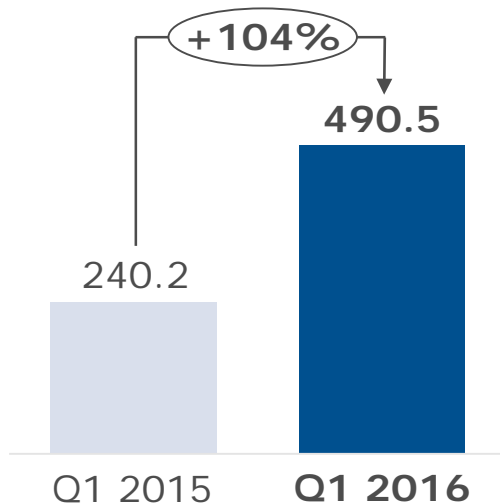
- Order Backlog of Nordex without AWP business dominated by Europe with share of 75% (incl. business in RSA)



## Production and installation figures show substantial increase backed by enhanced operational excellence

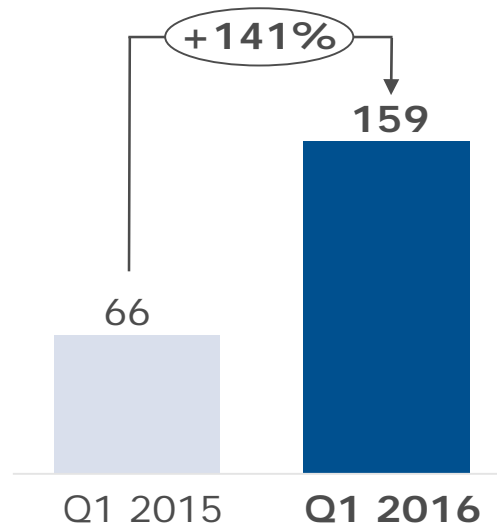
### Installations (MW)

- Newly-installed capacity up by more than 100% vs. Q1 2015
- Installations in nine countries with Germany (147 MW), Pakistan (95 MW) and France (72 MW) as main markets



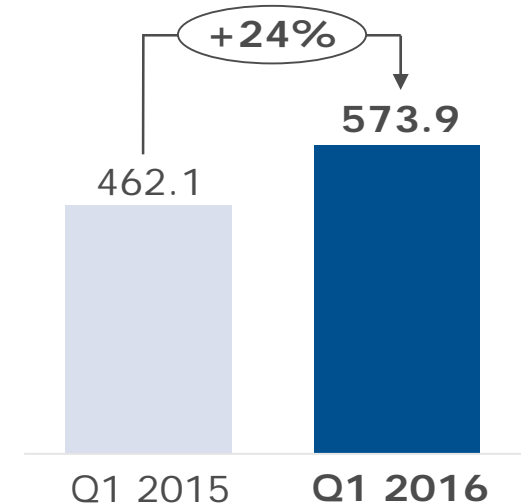
### Blade production (#)

- Strong increase in rotor blade production of 141% vs. Q1 2015
- Rostock blade facility benefited from more-efficient production processes



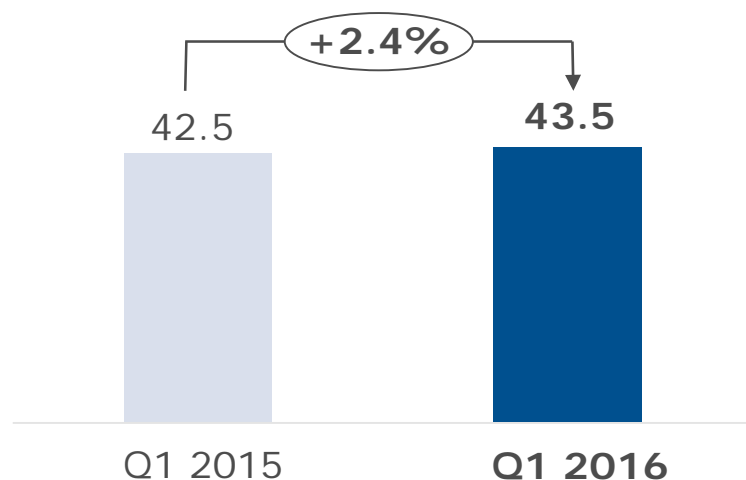
### Turbine assembly (MW)

- Turbine production output up more than 24% in line with higher demand
- Production of Gamma and Delta series in Rostock on one line



## Increasing service business, lower renewal rate in Q1 2016 due to non-renewal of economically-unattractive contracts

### Service Sales (in EUR mn)



### Service KPIs

KPI	Q1 2016	Q1 2015
Renewal rate	72.5%	97.4%
Availability	97.4%	97.2%
Order backlog	EUR 997 mn as of Dec 2015	

Stable TOP4-position in BWE customer satisfaction survey for the German market

- ▶ **Service Sales** expanded by 2% to EUR 43.5 mn in Q1 2016; high single digit growth expected for FY2016
- ▶ **Renewal Rate** of expired service contracts declined to 72.5% (Q1 2015: 97.4%) as Nordex choose to not extend economically-unattractive contracts in the US and Italy
- ▶ **Availability of WTGs** under service recovered

## Acciona Windpower part of the Nordex Group since April 2016 just after reporting date

**New corporate governance and organizational structure in place, all financing and capital measures successfully completed**

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- 1** José Luis Blanco (COO, deputy CEO) and Patxi Landa (CSO) joined the Management Board from beginning of April 2016
- 2** Capital increase of 16.1 mn new shares, Acciona S.A. new strategic shareholder (29.9%); "Green Schuldschein" of EUR 550 mn issued
- 3** Juan Muro-Lara (Head of Corporate Development & IR at Acciona S.A.) and Rafael Mateo (CEO of Acciona Energia S.A.U) elected as new Supervisory Board members by Nordex' AGM on 10 May 2016
- 4** Good progress in the integration of both companies, announced synergies confirmed to be realized



## AWP with muted start into 2016 due to phasing of projects

Acciona Windpower is consolidated from April 2016 onwards –  
short view on AWP's Q1 2016

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**Order Backlog:** EUR 1.2 bn

**Sales:** EUR 187 mn

**EBITDA:** EUR 8.6 mn

**EBIT:** EUR 3.4 mn

**Net Profit:** EUR 2.2 mn

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## Consolidated income statement: Strong topline growth, significantly increased margins

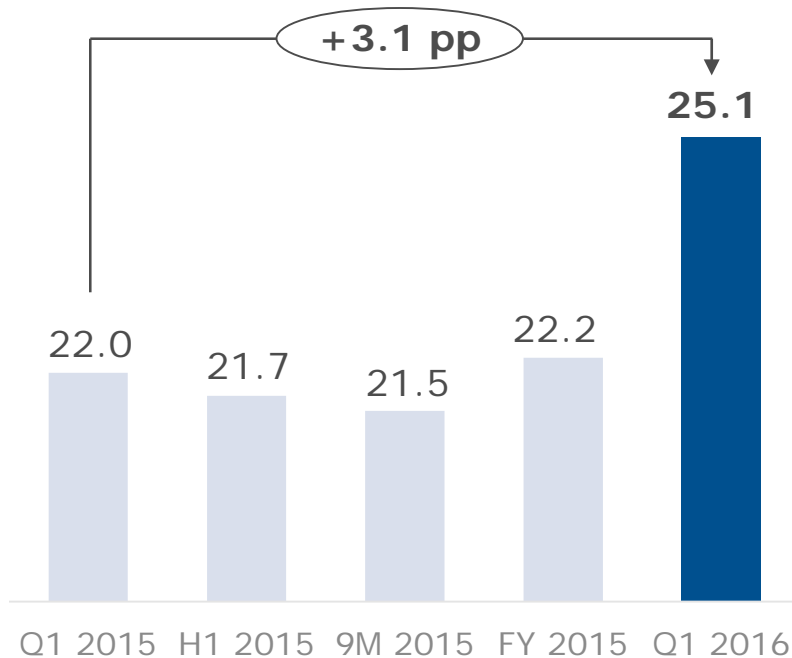
	in EUR mn	1.1.-31.3.2016	1.1.-31.3.2015	Δ in %
<b>Sales</b>		<b>637.0</b>	496.5	28.3
Total revenues		<b>639.7</b>	492.9	29.8
Cost of materials		<b>-479.3</b>	-384.2	24.8
<b>Gross profit</b>		<b>160.4</b>	108.7	47.5
Personal costs		<b>-52.8</b>	-44.8	17.9
Other operating (expenses)/income		<b>-48.5</b>	-26.2	85.1
<b>EBITDA</b>		<b>59.1</b>	37.7	56.8
Depreciation		<b>-14.1</b>	-12.9	9.1
<b>EBIT</b>		<b>45.0</b>	24.8	81.4
Net financial result		<b>-5.8</b>	-4.1	41.8
<b>EBT</b>		<b>39.2</b>	20.7	89.4
Tax		<b>-13.7</b>	-5.9	232.0
<b>Net profit</b>		<b>25.5</b>	14.8	72.2

- **Sales** up by 28% based on high increase in installations and production
- **EBITDA margin** of 9.3% (Q1 2015: 7.6%) shows efficiency improvements and good order execution especially in the important European core markets, EBIT margin of 7.1% (Q1 2015: 5.0%)
- **Net profit** of EUR 25.5 mn (+72.2% YOY) resulting in an EPS of EUR 0.31 (Q1 2015: EUR 0.18) calculated on the basis of 80.9 mn shares (before capital increase of 16.1 mn shares became effective in April/May 2016)

## Substantial increase of gross margin and productivity

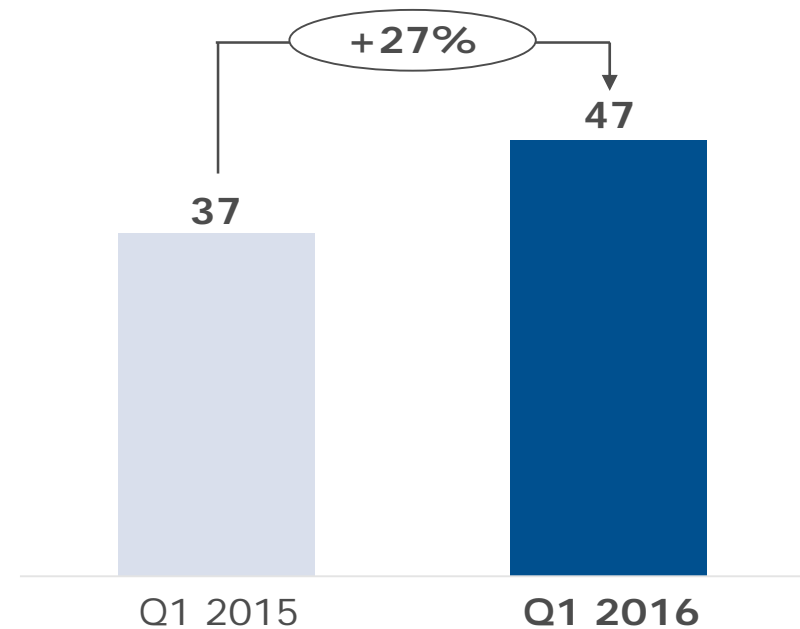
### Development of gross margin (%)

- Gross margin benefits particularly from scale effects along with growing business and smooth order execution



### Gross profit per employee (EUR k)

- Average gross profit per employee up 27% EUR 47 k in Q1 2016
- Average headcount of 3,392 in period under review (Q1 2015: 2,951)

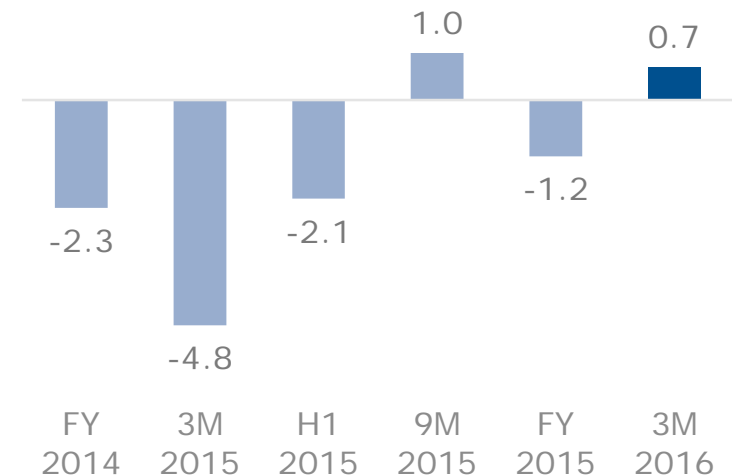


## Negative FCF due to increased working capital

### Key figures cash flow statement (in EUR mn)

in EUR mn	1.1.- 31.3.16	1.1.- 31.3.15
Cash flow from performance	39.6	27.7
Cash flow from changes in WC	-48.3	47.1
Cash flow from other operating activities	-17.9	-12.6
Cash flow from operating activities	-26.6	62.3
Cash flow from investing activities	-14.3	-16.0
Free cash flow	-40.9	46.2
Cash flow from financing activities	46.9	0.0

### Working capital ratio (in % of sales)



- **Cash flow from performance** up 43%
- **Free cash flow** turned negative due to increased working capital
- **Working capital quota** at a level of 0.7% (Q1 2015: -4.8%), below target of 5%

## Balance sheet remains solid and mainly unchanged vs FY2015

in EUR mn	31.3.16	31.12.15		31.3.16	31.12.15
Liquid funds	<b>532.7</b>	529.0	Trade payables	<b>329.3</b>	254.9
Trade receivables and future receivables	<b>352.2</b>	275.5	Current bank borrowings	<b>12.6</b>	6.6
Net inventories	<b>200.6</b>	218.6	Other financial liabilities incl. bond	<b>180.7</b>	184.2
Other Current assets	<b>143.3</b>	115.9	Other current liabilities	<b>364.4</b>	431.9
<b>Current assets</b>	<b>1,228.8</b>	1,139.0	<b>Current liabilities</b>	<b>887.0</b>	877.6
Property, plant, equipment	<b>147.4</b>	145.6	Bond	<b>0</b>	0
Capitalized R&D exp.	<b>109.6</b>	110.9	Deferred tax liabilities	<b>67.5</b>	55.4
Deferred tax assets	<b>36.4</b>	35.1	Other non-current liabilities	<b>113.0</b>	71.5
Other non-current assets	<b>28.7</b>	29.5			
<b>Non-current assets</b>	<b>322.1</b>	321.1	<b>Non-current liabilities</b>	<b>180.5</b>	126.9
			<b>Shareholder´s equity</b>	<b>483.4</b>	455.6
<b>Total assets</b>	<b>1,550.9</b>	1,460.1	<b>Total liabilities</b>	<b>1,550.9</b>	1,460.1

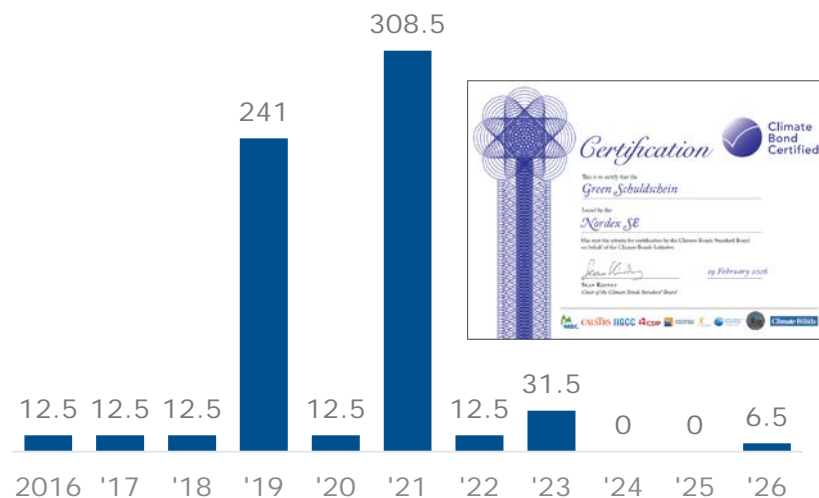
- › **Balance sheet without substantial changes** compared to FY 2015
- › **Important capital and financing measures** after reporting date
- › **Equity ratio stable** at 31.2% (31.12.2015: 31.2%)

## Finance structure largely changed in April 2016 with capital increase, Schuldscheindarlehen and repayment of bond

### Financing of company and projects long-term secured

- First “Green Schuldschein” (SSD) worth **EUR 550 mn** issued by Nordex end of March with settlement in April
- SSD tranches of 3, 5, 7 and 10 years with fixed and variable **coupons between 1.5% and 3.0%** (on issue date)
- **EUR 150 mn bond repaid** mid of April
- Capital increase with issuance of 16.1 mn New Shares completely subscribed by Acciona S.A.; new **number of shares at 96,982,447**
- Securities prospectus for stock exchange listing of the new shares approved and published on 12 May 2016
- Effective 1 April, major AWP Banks have joined the syndicated guarantee facility with EUR 65 mn commitment each using the increase option
- **New facility amount: EUR 1.2 bn**

### Debt maturity profile as of May 2016 (in EUR mn)



- Debt profile currently consisting of two elements:
  - EUR 50 mn drawn down of EUR 100 mn R&D loan (EIB)
  - Promissory note („Green Schuldschein“) of EUR 550 mn recently closed, tranches of 3-10 years, average maturity ~5 yrs.

## Purchase Price Allocation (PPA) on AWP transaction now determined – impact on 2016 EBIT of roughly EUR 44 mn

1 Identified Assets of EUR 292 mn + identified contingent liabilities/ deferred taxes of EUR 135 mn result in Goodwill of EUR 505 mn

2 2/3 of the total amortization effect of EUR 292 mn on EBIT will materialize within the next 3 years

3 Short amortization period relates to short useful lifetimes of marketing, technology, customer and contract related assets (3 to 5 years)

4 Gross effect in 2016 on EBIT of EUR ~44 mn, EBIT margin in 2016 therefore calculated at >4% (guidance >7,5% EBITDA margin)

5 Impact on net profit (overall P&L effect) is partly compensated by relief from taxes (deferred tax effect)

6 Detailed explanation of PPA within the admission prospectus for the new shares (available on website, German language only)



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## Market update on Germany and US

### Decision on future German market design postponed



- The Bundesländer and the Federal Government have not found an agreement on the EEG reform so far; next meeting is scheduled for 31 May
- **The renewable energy target** of 40 - 45% (gross consumption) share by 2025 seems very likely to remain unchanged
- Nordex' view on status quo of discussion:
  - **Auction volume of 2.5 GW p.a.** for **onshore wind** energy for the auctions
  - Future **auctions** may exclude or **limit** bids from **regions with grid bottlenecks**
  - The Government seems to aim for a law being made before the parliamentary summer break
- **Nordex is well prepared** for upcoming changes and will continue to grow in 2017

### More visibility on details of US market after PTC prolongation



- The IRS (Internal Revenue Service, US tax authority) issued a **favourable PTC guidance** on beginning of May
- This **guidance for the Wind Production Tax Credit allows a four year window** to complete construction in order to be eligible for production tax credits (vs. just two years in the prior guidance)
- Regardless, **developers still need to start the construction before end of 2016** to qualify for full PTC credits of USD 23 per MWh (developers starting construction in 2017 only receive USD 18 per MWh and so on)
- US remain global **#2 market** for wind energy offering **big opportunities for AWP as well as for Nordex products**

## Nordex Group with new grip on promising markets

### India aims for leadership in renewable energy



- **Indian government with ambitious targets** on future energy generation: 175 GW of installed renewable energy by 2022, thereof **60 GW wind power**
- MAKE Consulting expects a total **market volume 2016 – 2020 of 14.4 GW** for India (Market Outlook Update Q1/2016)
- **Nordex and Acciona Energia** are establishing a Joint Venture for wind farm development
- **Nordex nacelle plant** in India to start production in second half of 2016 with a capacity of up to 150 WTG per annum
- **First project** in India in execution

### Mexico – Latin America's second largest market



- Large country with **population of ~120 mn people and good wind resources**
- Electricity market dominated by **state utility CFE** which controls transmission, distribution, power marketing and most of the generation
- System of **auctions complemented by private PPA**
- MAKE Consulting expects a total **market volume 2016 – 2020 of 6.3 GW** for India (Market Outlook Update Q1/2016)
- AWP's experience: **988.5 MW of installed or contracted capacity** since 2008
- **First auction in March 2016: Acciona Energia** won the biggest project (168 MW) using AWP technology (AW125/3000)

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## 2016 to be a further step in reaching 2018 targets

### Outlook for 2016\*

**Order Intake:** EUR >3.4 bn

**Sales:** EUR >3.4 bn

**EBITDA margin:** >7.5%

**W/C ratio:** <5%

**CAPEX:** EUR 80-90 mn

- › Change of profitability KPI towards **EBITDA** due to PPA of AWP assets
- › **Order Intake outlook** based on orders from Germany, South Africa, USA as well as from India and Mexico
- › Sales assumption based on the combined **order backlog**
- › Stringent **working capital management** for the combined entity remains
- › **CAPEX** driven by ongoing R&D efforts to lower COE
  
- › **Nordex 2018 targets:**
  - › Sales EUR 4.2 - 4.5 bn
  - › EBITDA margin >10%

\*based on consolidation of AWP for 9 months from April 2016 onwards

## Executive summary

1

Nordex counters challenging markets by taking advantage of current **momentum of German market** while preparing for **enlarged business in emerging markets** in the future

2

A **fast and smooth integration** of Acciona Windpower has the top priority beside consistent market development; the announced **synergy targets are confirmed**

3

In terms of R&D, every effort is dedicated to Nordex' **ambitious COE program** to provide WTGs ahead of the competition also in the coming years

4

Nordex now accompanied by one of the **most renowned experts** in renewable energy: **Connie Hedegaard** (Chair of the OECD Round Table on Sustainable Development) elected as new Supervisory Board member



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## Management Board with around 50 years of experience in the wind industry



› **Lars Bondo Krogsgaard**  
› **CEO**

- › Candidatus Juris, Master of Laws (LL.M.), MBA
- › formerly with DONG Energy, Siemens Wind Power



› **José Luis Blanco Diéguez**  
› **COO, Deputy CEO**

- › MSc Mechanical Engineering; Senior Management Program (PADE)
- › formerly with Gamesa



› **Bernard Schäferbarthold**  
› **CFO**

- › Degree in economics; Tax consultant; Accountant
- › formerly with Warth & Klein



› **Patxi Landa**  
› **CSO**

- › Degree in Economics and Business Sciences; MBA
- › formerly with Guascor, Azkoyen, Acciona Energy



## Financial Calendar 2016 (status: May 2016)

Date	Event
7-8 January	Investor Conference Lyon (Oddo)
19 January	Investor Conference Frankfurt (Kepler)
2 February	Investor Conference Frankfurt (HSBC)
16 February	Investor Conference Frankfurt (Oddo Seydler)
26 February	Preliminary Results 2015
21 March	Press Conference Annual Accounts 2015 and analyst call
10 May	Interim announcement Q1 2016
10 May	Annual General Meeting in Rostock (AGM)
12-13 May	Investor Conferences London (Goldman Sachs; HSBC)
<b>23 May</b>	<b>Interim report Q1 2016 and analyst call</b>
8-10 June	Investor Conference Berlin (Deutsche Bank)
15 June	Investor Conference London (BoAML)
30 June	Investor Conference Hamburg (Warburg)
<b>28 July</b>	<b>Interim Results H1 2016 and analyst call</b>
30 August	Investor Conference Frankfurt (Commerzbank)
19-21 September	Investor Conference Munich (Goldman Sachs & Berenberg)
<b>28 September</b>	<b>Capital Markets Day (Hamburg; during EWEA)</b>
8 November	Investor Conference Paris (SocGen)
<b>10 November</b>	<b>Interim Results Q3 2016 and analyst call</b>

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# Together on the same course

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