Nordex Group

Nordex SE – Financial-year figures 2022

31st March 2023

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- All financial figures within this presentation are final and audited.
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› Classification: Public

Agenda

Introduction	**José Luis Blanco**
Markets and orders	Patxi Landa
Financials	Dr Ilya Hartmann
Sustainability	Dr Ilya Hartmann
Operations and technology	José Luis Blanco
Guidance and Outlook	José Luis Blanco
Q&As	All
Key takeaways	José Luis Blanco

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Executive summary FY 2022

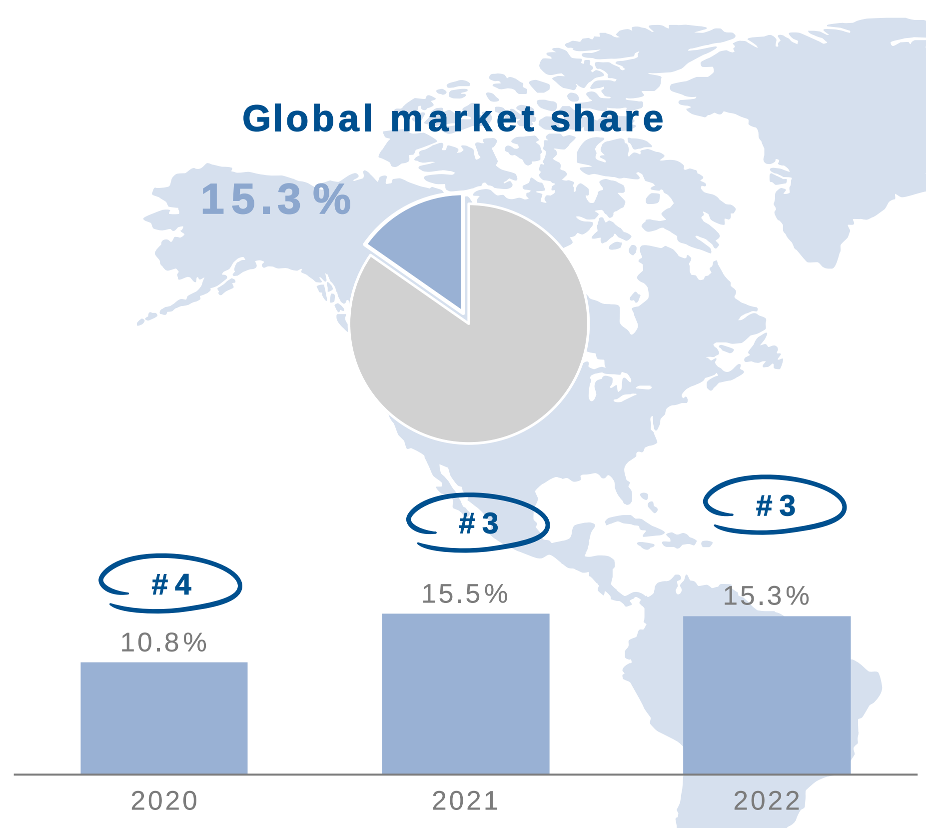
FY 2022 RESULTS

Sales	EBITDA margin	Working capital ratio
EUR 5,694m	-4.3%	-10.2%

- Healthy order intake of 1.9 GW in Q4/2022 with around 20% increase in ASP to EUR 0.89m/MW (EUR 0.74m/MW in the previous year quarter).
- Sales amounted to EUR 5.7bn in FY 2022; up around 5% versus previous year of EUR 5.4bn.
- Annual installations of 5,221 MW for FY 2022 (6,679 MW in 2021).
- Annual EBITDA margin of -4.3% in line with revised guidance; Q4/2022 EBITDA margin of -2.4%, impacted by installation delays, additional warranty provisions, partly offset by income from project development activities.
- Strong working capital ratio at -10.2%.
- Launch of the highly efficient turbine type N175/6.X of the Delta4000 series.
- High yield bond repaid and process for converting the shareholder loans into equity initiated with the approval in the EGM in Q1/2023.
- Nordex taking early initiatives in the green hydrogen space with the signing of two joint ventures.
- Improving margin outlook within 2023 guidance while maintaining mid term EBITDA target of 8%.

Nordex makes top 3 worldwide in 2022 for installations

ONSHORE MARKET SHARE EX CHINA (BASED ON MW INSTALLATIONS)

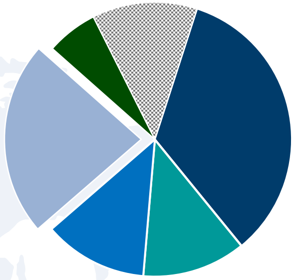


Europe

placed 2nd

Nordex Group

22.9 %

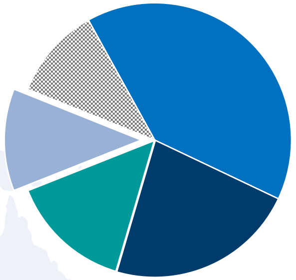


Americas

placed 4th

Nordex Group

12.0 %



NORDEX acciona Windpower

Source: Wood Mackenzie 2023, Global Wind Power Project Installation Database Q4/2022.

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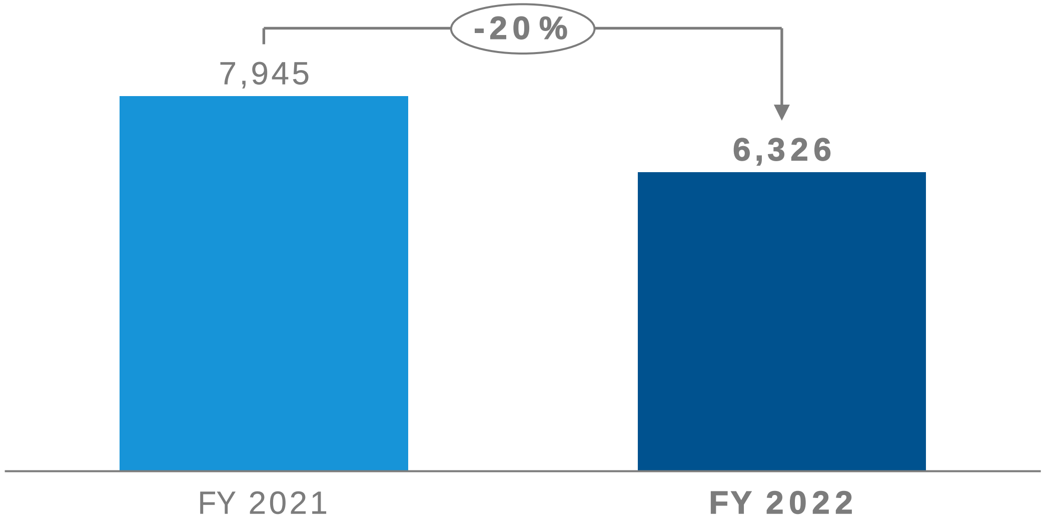
Order intake FY 2022

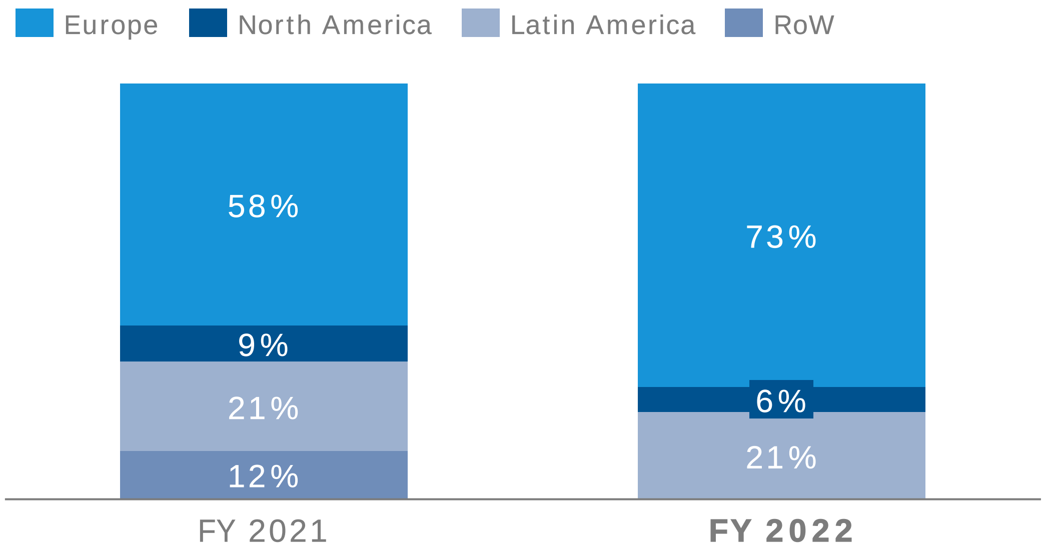
Order intake turbine* (in MW)



› Order intake in Q4/2022: 1,902 MW (3,335 MW in the previous-year quarter)

› Healthy increase of over 20 percent in ASP** in Q4/2022 to EUR 0.89m/MW (FY 2022: 0.84m/MW) compared to EUR 0.74m/MW in Q4/2021 (FY 2021: 0.72m/MW)

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



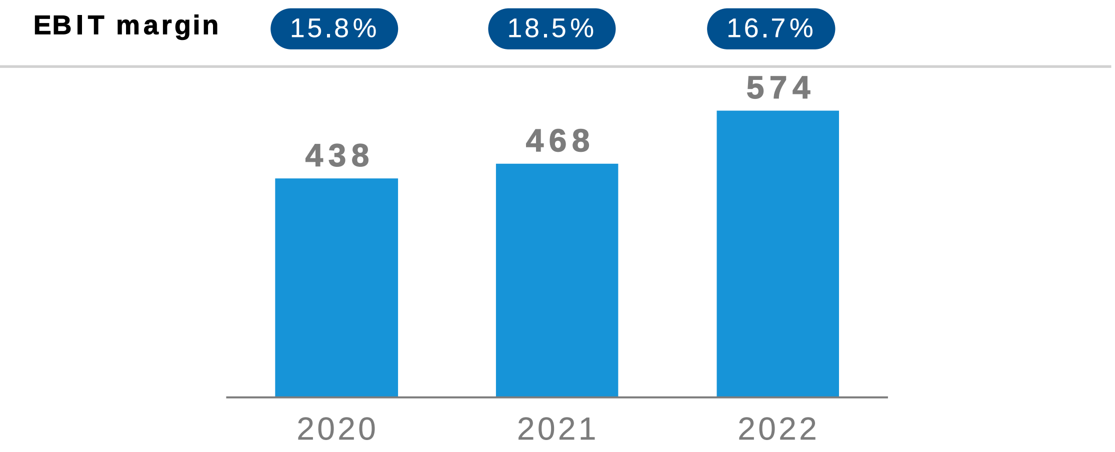
› Orders received from 20 different countries in FY 2022 showing diversified footprint

› Largest single markets in FY 2022: Germany, Brazil, Finland, Turkey and Poland

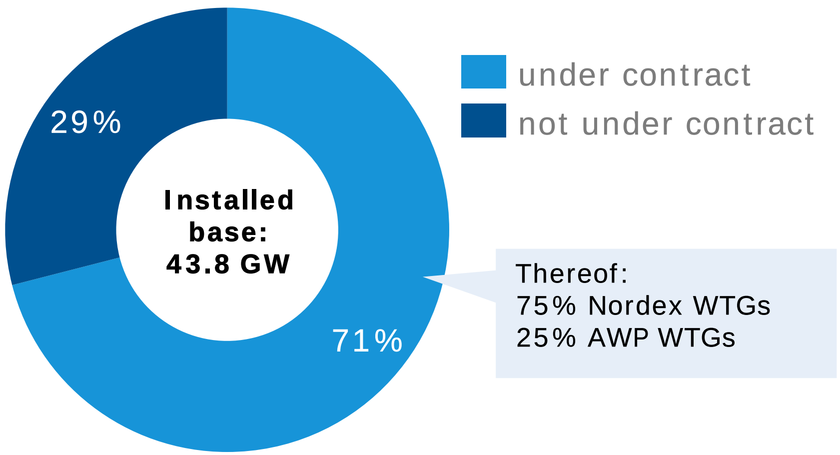
*Group segment „Projects".
** Average Selling Price.

Service business FY 2022

Development of service revenues (EUR m) and EBIT margin



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

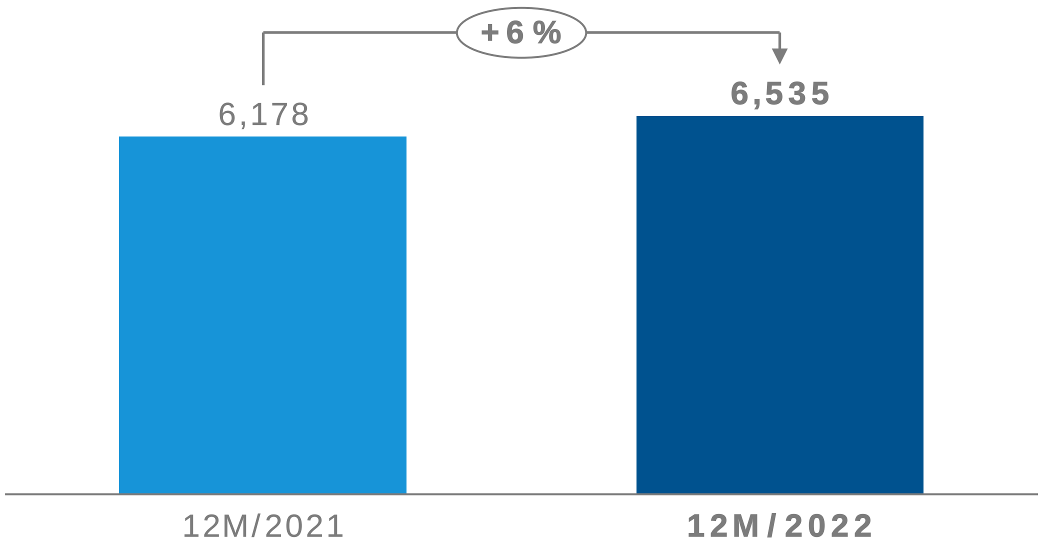


Comments

- Service sales share totaled around 10% of group sales in the reporting period
- Service EBIT margin of 16.7% in FY 2022, temporarily impacted by inflationary pressures and spare parts availability
- Approx. 97% average availability of WTGs under service
- Service order book remains strong with almost EUR 3.3bn at the end of FY 2022
- Around 31 GW of installed base are under service agreement

Combined order book of almost EUR 9.8bn at the end of FY 2022

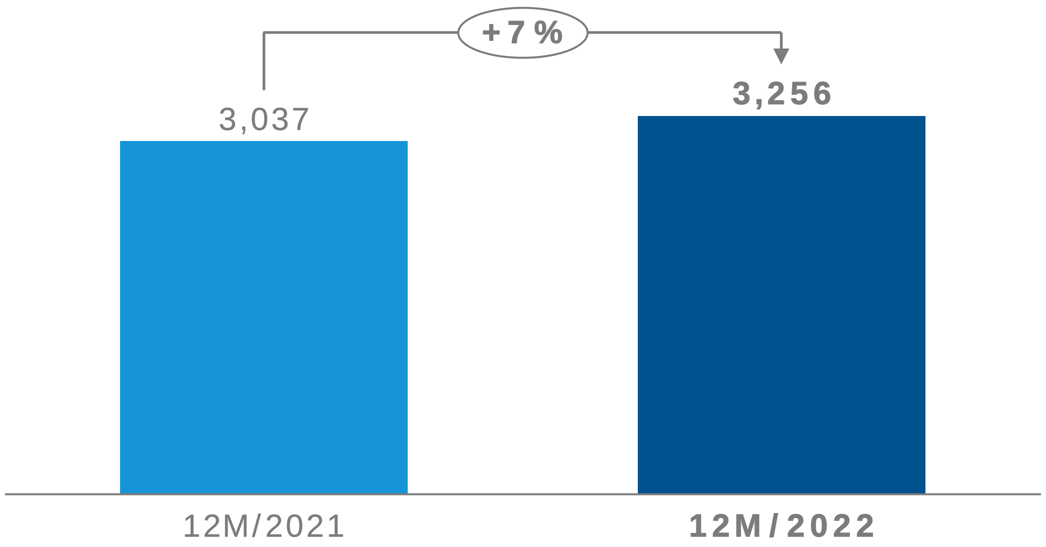
Order book turbines (EUR m)



› Turbine order book of around EUR 6.5bn reflects consistently strong order intake momentum in FY 2022

› Geographical distribution on Nordex focus markets: Europe (71%), Latin America (22%), North America (4%) and RoW (2%)

Order book service (EUR m)



› 10,599 WTGs under service contract corresponding to around 31 GW at the end of FY 2022

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Shareholder loans conversion update: Continued strong commitment from largest shareholder Acciona

Significantly positive impact on key financials

- ✓ **Equity ratio increasing** substantially to 26% on a pro forma basis*
- ✓ **Around EUR 46m interest costs savings p.a.** directly from the conversion of shareholder loans
- ✓ **Conversion at a much higher price** vs. 2022 rights issue, showing strong commitment of Acciona

Key transaction terms

- **Shareholder loans:**
  - EUR 346mn (incl. interest up to 26 March 2023)
- **Capital increase for conversion:**
  - Issue / conversion price: – EUR 14.15
  - New shares to be issued: 24.5m
  - approx. EUR 346m equivalent value
- **Impact on Acciona's shareholding:**
  - Increase from 41% to around 47%

Likely timeline

27 Mar 2023

- EGM was held on 27th March 2023
- Resolution for converting the shareholder loans via direct capital increase was successfully passed

Sep 2023

- Long stop date

* Pro forma equity ratio assuming EUR 346m conversion of the shareholder loans as of 31st December 2022.

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Income statement FY 2022

in EUR m (rounded figures)	FY 2022	FY 2021	abs. change
Sales	**5,694**	**5,444**	**250**
Total revenues	5,991	5,052	939
Cost of materials	-5,505	-4,225	-1,280
Gross profit	**486**	**827**	**-341**
Personnel costs	-588	-474	-114
Other operating (expenses)/income	-143	-301	158
EBITDA	**-244**	**53**	**-297**
Depreciation/amortization	-182	-160	-22
EBIT	**-427**	**-107**	**-319**
Net profit	**-498**	**-230**	**-268**
Gross margin*	**8.5%**	**15.2%**	
EBITDA margin	**-4.3%**	**1.0%**	
EBIT margin w/o PPA	**-7.4%**	**-1.8%**	

Comments

- Solid sales growth of EUR 5,694m in FY 2022 due to ongoing good order intake momentum
- EBITDA margin of -4.3% in line with revised guidance - impacted by
  - Inflationary pressures, supply chain disruptions, project delays due to cyber security incident in H1/2022, partly offset by income from project development activities
- PPA depreciation amounted to EUR 4.9m in FY 2022 (EUR 8.6m in the previous year)

*Gross profit in relation to sales.

› Classification: Public

Income statement Q4/2022

in EUR m (rounded figures)	**Q4/2022**	Q4/2021	abs. change
Sales	**1,820**	**1,488**	**332**
Total revenues	2,099	1,467	632
Cost of materials	-2,052	-1,316	-736
Gross profit	**47**	**150**	**-103**
Personnel costs	-162	-126	-36
Other operating (expenses)/income	71	-72	143
EBITDA	**-44**	**-48**	**4**
Depreciation/amortization	-52	-50	-2
EBIT	**-96**	**-98**	**2**
Net profit	**-126**	**-127**	**1**
Gross margin*	**2.6%**	**10.1%**	
EBITDA margin	**-2.4%**	**-3.2%**	
EBIT margin w/o PPA	**-5.2%**	**-6.5%**	

Comments

- Q4/2022 gross margin mainly influenced by
  - Installation delays and other project issues leading to higher LDs
  - Additional provisions made to address some legacy issues in an older discontinued machine type
- EUR 133m profit booked on sale of 50% stake in Nordex H2 to Acciona Group
- PPA depreciation in Q4/2022 totaled EUR 1.3m (EUR 1.0m in previous-year quarter)

*Gross profit in relation to sales.

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Balance sheet FY 2022

in EUR m (rounded figures)	**31.12.22**	31.12.21	abs. change	Δ in %
Non-current assets	1,795	1,608	187	11.6
Current assets	2,961	2,500	462	18.5
Total assets	**4,757**	**4,108**	**649**	**15.8**
Equity	878	1,062	-184	-17.3
Non-current liabilities	452	716	-264	-36.8
Current liabilities	3,427	2,330	1,097	47.1
Equity and total liabilities	**4,757**	**4,108**	**649**	**15.8**
*Net cash**	**244**	**424**		
*Working capital ratio***	**-10.2%**	**-10.2%**		
Equity ratio	**18.5%**	**25.9%**		

Comments

- Healthy liquidity level of EUR 714m at the end of FY 2022 including cash facility under MGF
- Increase in current liabilities mainly driven by reclassification of corporate bond – repayment of bond completed in Q1/2023

*Cash and cash equivalents less bank borrowings, bond and shareholder loan.
**Based on actual sales figures.

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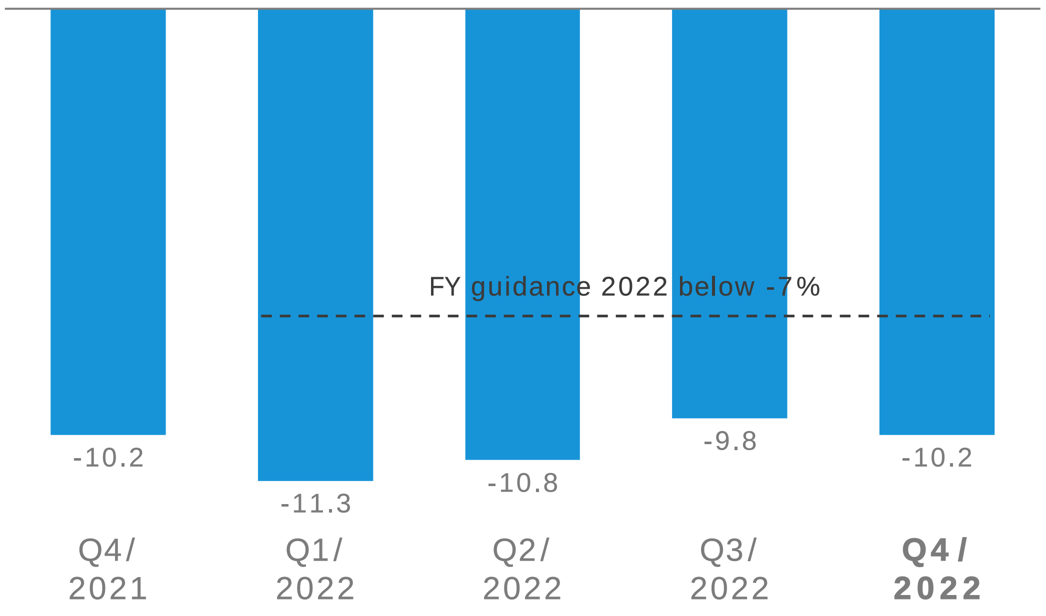
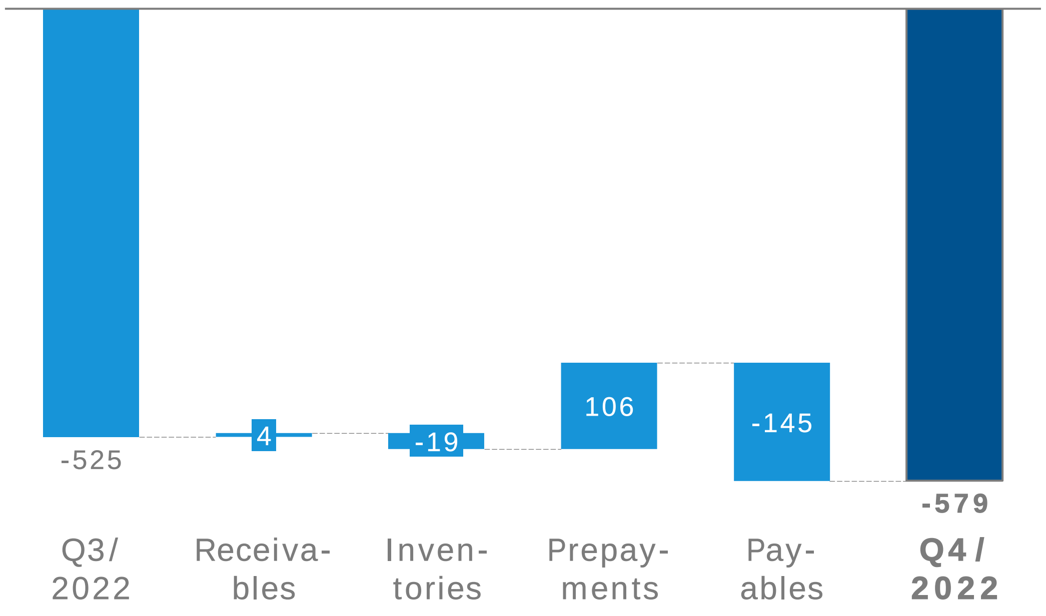
Working capital development FY 2022

Working capital ratio (in % of sales)*



Working capital development (in EUR m)*



› Despite challenging environment working capital ratio consistent under guidance level throughout FY 2022

*Based on last twelve months sales.

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Cash flow statement FY 2022

in EUR m (rounded figures)	FY 2022	FY 2021
Cash flow from operating activities before net working capital	-374	-135
Cash flow from changes in working capital	23	263
Cash flow from operating activities	-351	128
Cash flow from investing activities	-164	-152
Free cash flow	-515	-25
Cash flow from financing activities	346	62
Change in cash and cash equivalents*	-168	38

Comments

- Cash flow from operating activities mainly influenced by lower margin development throughout the year
- Cash flow from investing activities reflects ongoing investment levels throughout the year
- Cash flow from financing activities mainly influenced by cash inflows from rights issue in July 2022

*Including FX effects.

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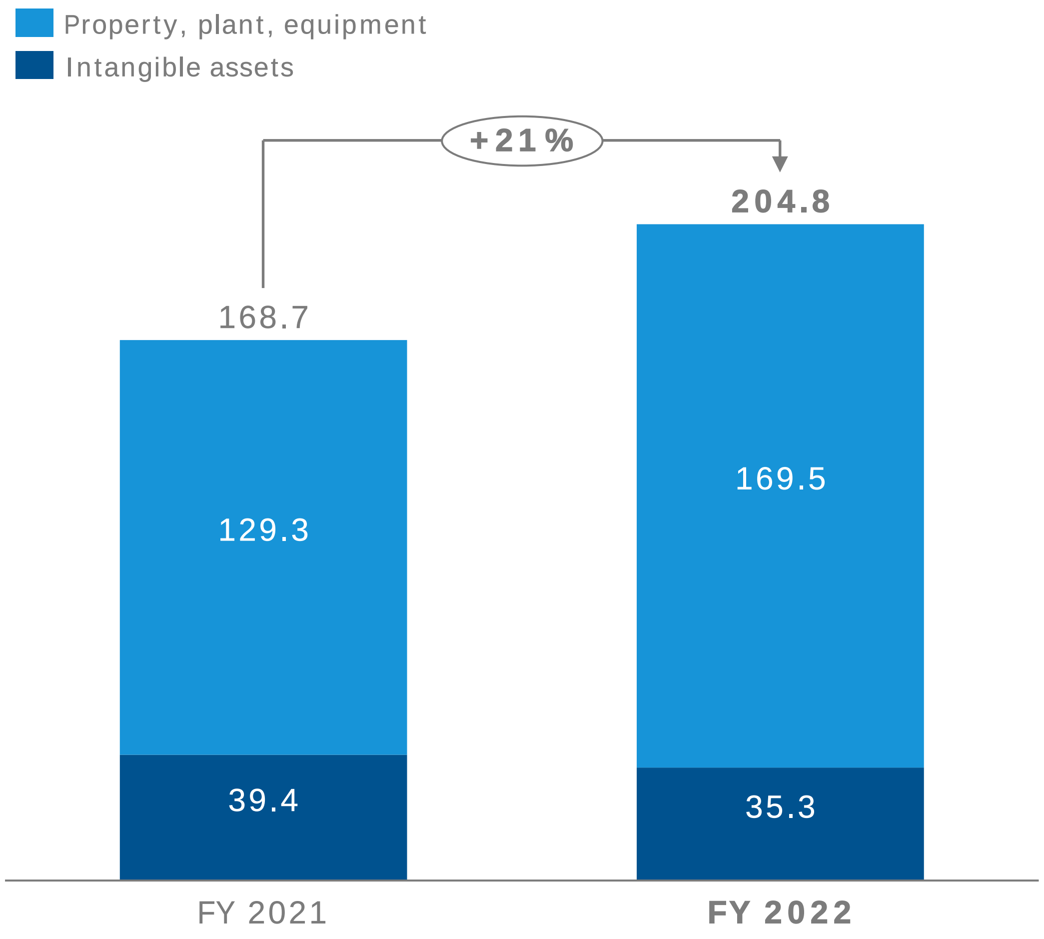
Total investments FY 2022

CAPEX (in EUR m)



Comments

- Investments in FY 2022 above guided level, mainly consists of:
  - Investments in expansion of blade production facilities and moulds in India, Spain and Mexico
  - Investments in installation and transport tooling and equipment for projects
  - Investments in moulds and factory tooling for concrete tower factories
- Intangible assets largely stable compared to previous year

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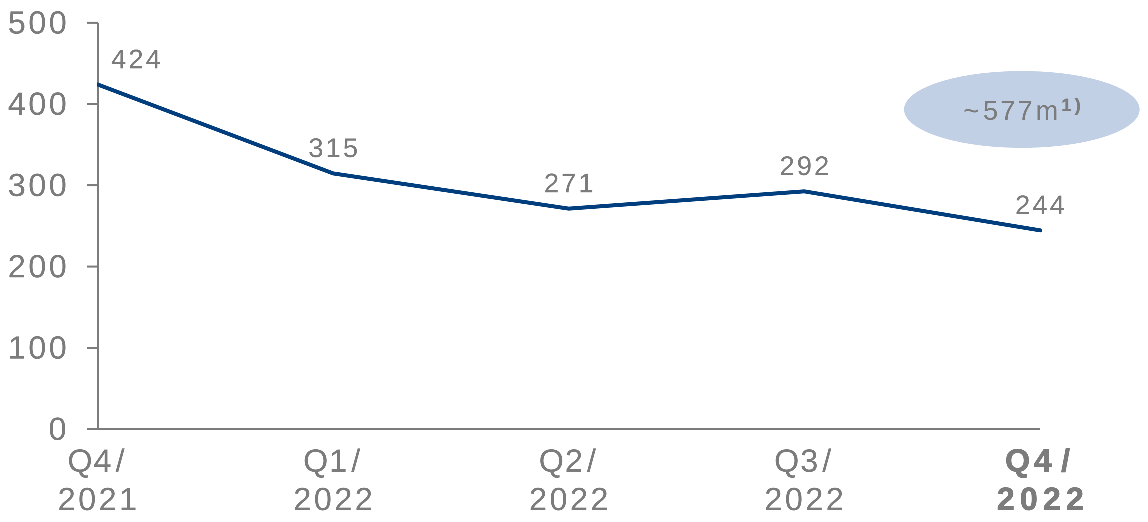
Capital structure FY 2022

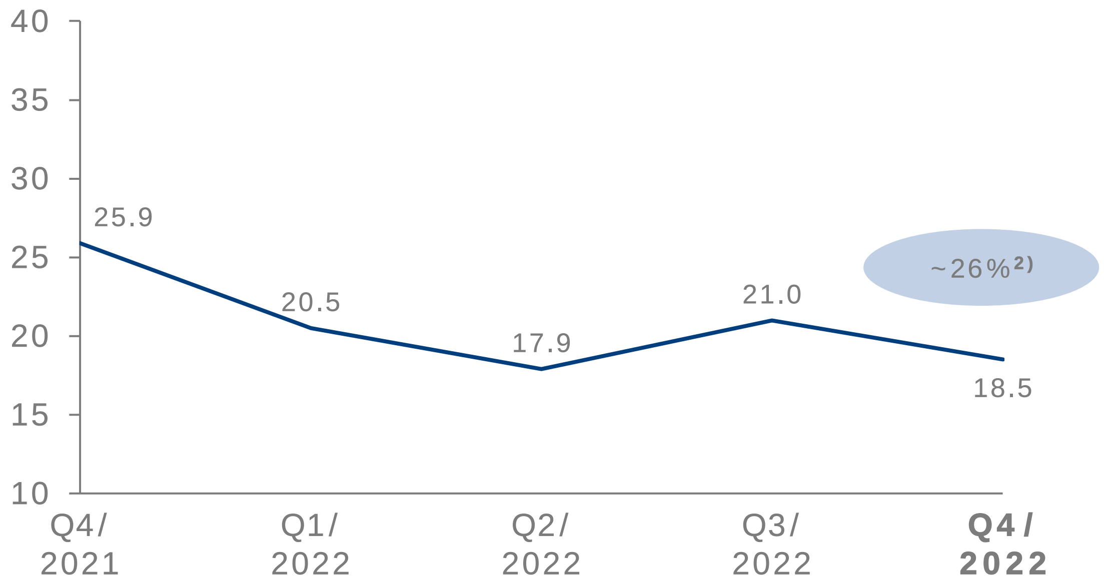
(Net debt) / net cash*



› Healthy net cash levels throughout the year

› Includes high yield bond of EUR 275m, which has been repaid by shareholder loan in February this year

Equity ratio (in %)



› Equity ratio expected to increase post completion of debt-to-equity swap

* Bank borrowings, bond, employee bond and shareholder loan less cash and cash equivalents.
1) Pro forma net cash assuming conversion/repayment of the shareholder loan and high yield bond as of 31st December 2022.
2) Pro forma equity ratio assuming EUR 346m conversion of the shareholder loans/high yield bond as of 31st December 2022.

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Nordex sustainability strategy 2025 was developed in 2021 based on comprehensive materiality analysis; first targets achieved in 2022

Together for change – Wind for a sustainable future

Main targets

- Provide fully recyclable blades by 2032
- Decrease carbon footprint of our turbines by 25% ✓

- Define science-based targets in line with the 1.5°C target ambition
- Achieve climate neutrality by 2023 (Scope 1+2) and continuously improve climate impact

- Reduce accidents to a lost time injury frequency of <1.5 ✓
- Achieve a minimum of 25% female representation in management positions

- Promote responsible and ethical business conduct internally and with our business partners
- Engage with and positively impact the supply chain

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Nordex activities have a very high EU Taxonomy-alignment; sustainability ratings above industry average

EU Taxonomy Eligibility and Alignment

Nordex contributes to objectives climate change mitigation and climate change adaptation with two main EU Taxonomy activities*:

- 4.3 Electricity generation from wind power
- 7.6 Installation, maintenance and repair of renewable energy technologies

	Taxonomy-eligible economic activities		Taxonomy-aligned economic activities	
	mio EUR	%	mio EUR	%
Turnover	5,681.85	99.79	5,681.85	99.79
CapEx	293.35	97.59	224.40	74.65
OpEx	62.14	93.38	62.14	93.38

ESG Rating Scores

	Scale	Nordex Group
ISS ESG Corporate ESG Performance Prime	A+ (best) to D-	B Prime**
CDP	A (best) to D	B
MSCI ESG Ratings	AAA (best) to CCC	A
Sustainalytics Rated	Risk Rating 0 (best) to 100	25.0 / 100 – Medium
EcoVadis Gold 2021 Sustainability Rating	1-100 (best)	71 / 100 Gold

* In 2021 activities were allocated to 3.1 Manufacture of renewable energy technologies and 7.6 Installation, maintenance and repair of renewable energy technologies. The change for the 2022 disclosures was made upon recommendation from PwC.
** Awarded to companies with an ESG performance above the sector-specific Prime threshold, which means that they fulfil ambitious absolute performance requirements.

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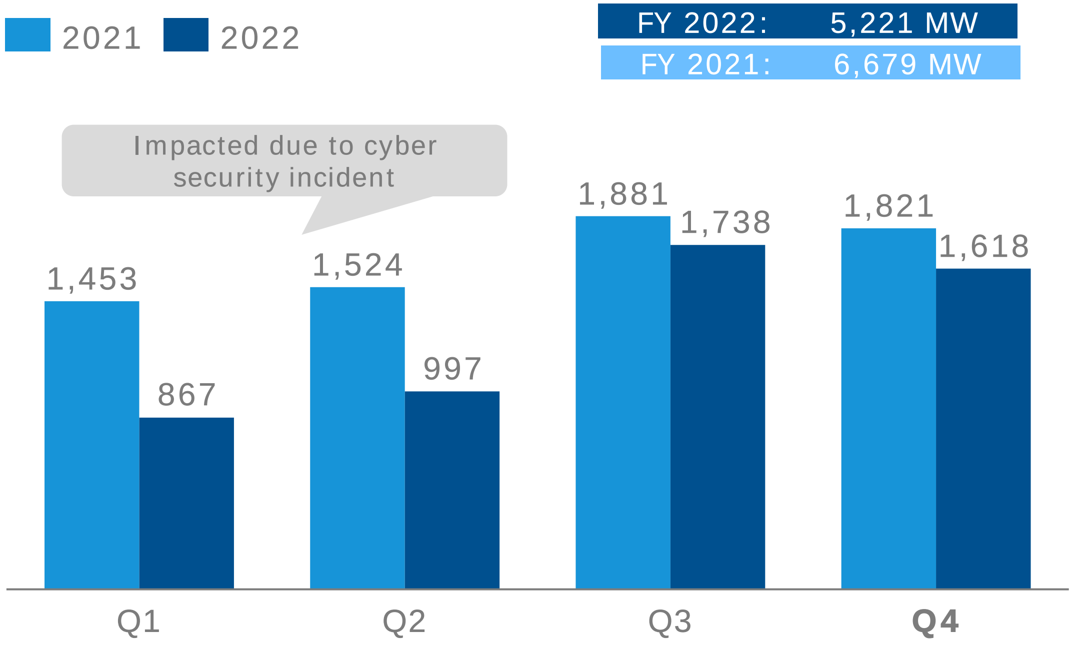
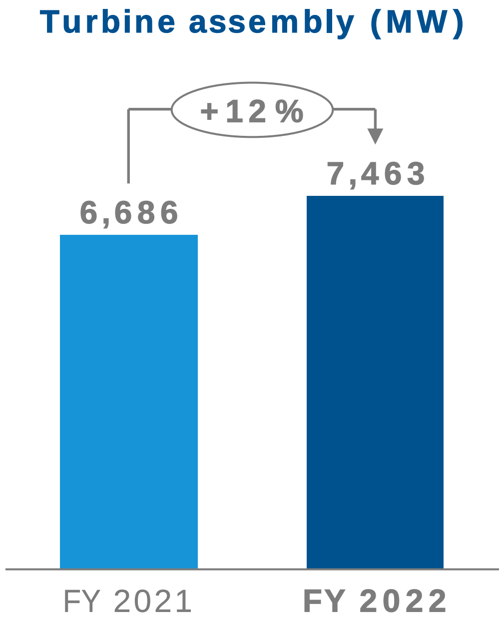
Operational performance in FY 2022

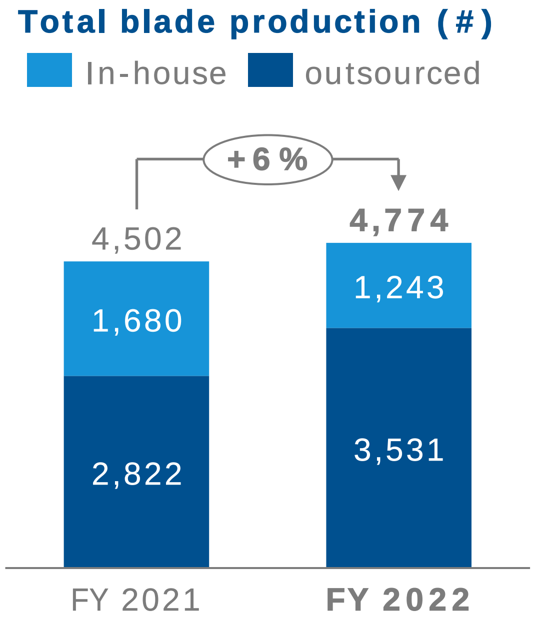
Installations (MW)



- Total installations of 1,129 WTGs in 19 countries in FY 2022 (FY 2021: 1,619 WTGs)
- Geographical split (in MW): 75% Europe, 14% Latin America, 10% North America and RoW 1%
- Run rate back to normal levels, but not sufficient enough to cover for delays in H1/2022

Production





- Output turbines amounts to 1,502 units in FY 2022: 710 GER, 335 IND, 230 ESP, 204 BRA and 23 CHN
- In-house blade production of 1,243 units in FY 2022: 819 IND, 216 GER, 199 ESP and 9 MEX
- Outsourced blade production of 3,531 units in FY 2022

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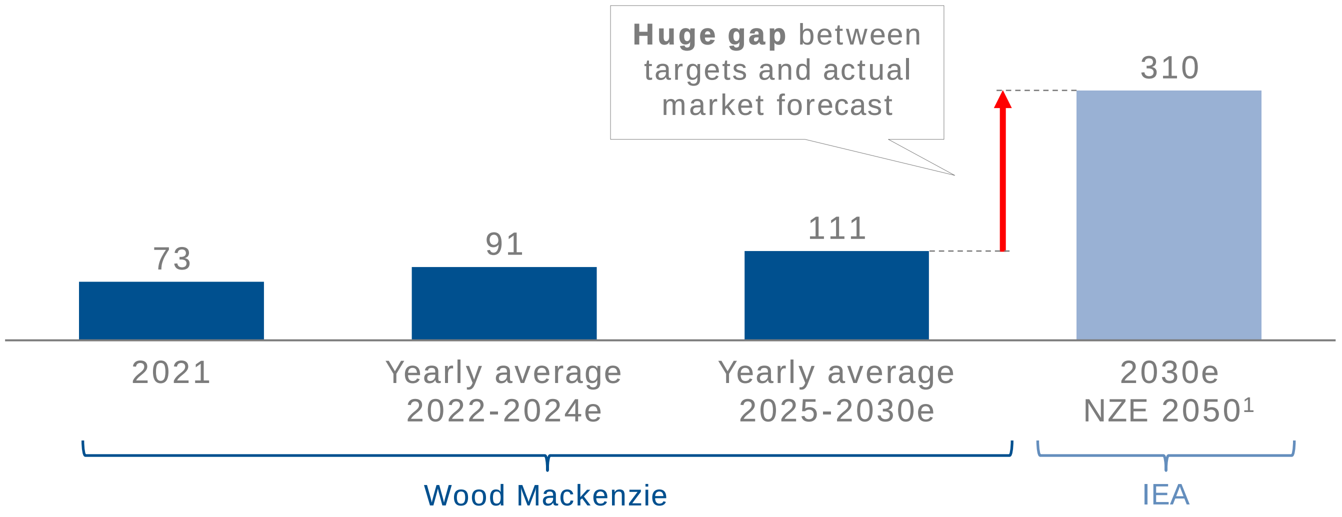
FY 2022 performance compared with the guidance

	2022 Guidance	2022A*
Sales:	EUR 5.2bn – 5.7bn	**EUR 5.7bn**
EBITDA margin:	Around -4%	**-4.3%**
Working capital ratio:	Below -7%	**-10.2%**
CAPEX:	Approx EUR 180m	**EUR 205m**

* For clarity: figures include all exceptional and one-off effects including reconfiguration costs, any profits from project development operations, costs from cyber security incident and so on.

Long term outlook continues to be positive

Annual global onshore capacity additions (GW)



- At current rate of installations, we will have **>2/3 of the wind capacity** required for 1.5°C and net zero pathway, condemning us to miss our climate goals (Source: GWEC)
- Long-term demand expected to rise:
  - **Policy momentum** strengthening on the back of energy security concerns and NZE 2050 ambitions
  - Growing support for **green hydrogen**
  - Onshore is one of the **cheapest** sources of renewable energies today

Near term → **Medium term** → **Long term**

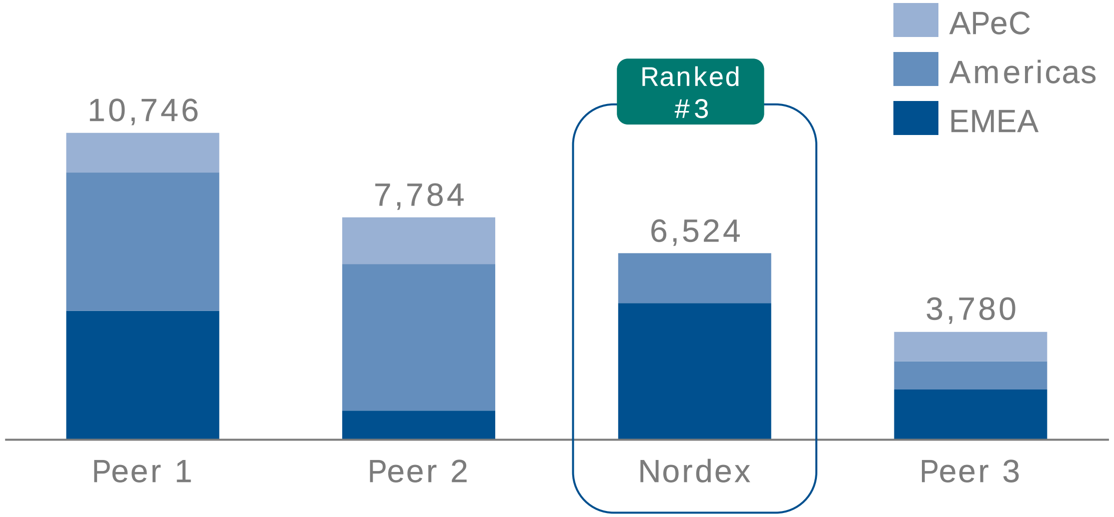
Ongoing development and maturing of international **PPA markets**	**Repowering:** Newer efficient models replacing old wind turbines	**Inflation Reduction Act:** $369bn investment to drive de-carbonization	**Government targets set by RePowerEU:** Ambitious renewable energy extension targets	**Integration of storage systems,** e.g. wind energy combined with battery storage systems	**Green Hydrogen** production by 2050 will need over 20TW[2] of renewable energy capacity	**European Green Deal:** Aiming for net zero emissions by 2050

Sources: Wood Mackenzie, Global Wind Market Outlook Update Q4 2022; IEA November 2021; BNEF New Energy Outlook 2021; IRA.
Notes: [1]NZE 2050 = IEA's 'Net Zero Emissions by 2050' scenario, [2]Bloomberg's best case scenario assuming 1,318 mt of hydrogen demand by 2050.

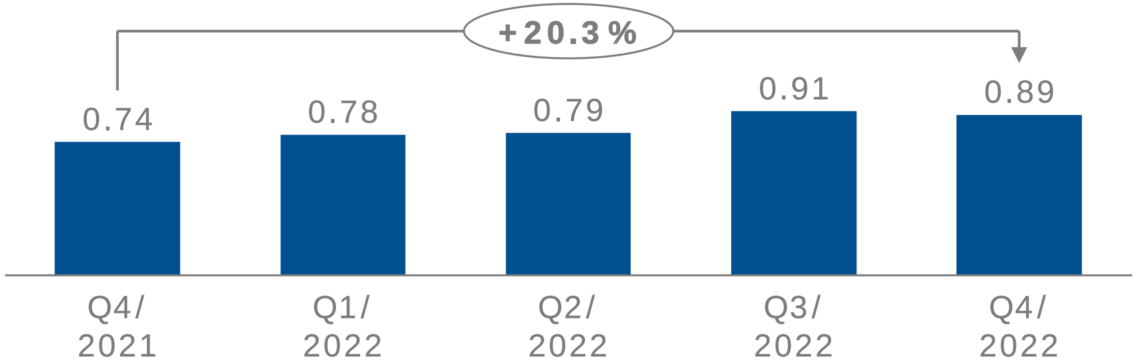
Classification: Public

While near term outlook of the core operations improving on the back of better quality order intake

2022 onshore order intake (MW) by turbine OEM*



Nordex ASP steadily improving



Key takeaways

- ✓ Continued momentum in order intake supports 2023 revenues
- ✓ Double digit growth in turbine prices supports margin recovery in 2023 and beyond
- ✓ Sale contracts amended for better risk protection
- × Lingering supply chain disruption and geo-political uncertainty continue to remain a key risk

* Wood Mackenzie (2023). Global Wind Turbine Order Database, January 2023.

Guidance for FY 2023

	2023 guidance
Sales:	EUR 5.6 - 6.1bn
EBITDA margin:	-2% to +3%
Working capital ratio:	below -9%
CAPEX:	approx. EUR 200m

Please note the assumptions underlying the guidance are subject to greater uncertainties than normal

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Mid-term outlook

Period of volatility (2021-2022)

- × Ukraine and Russia conflict
- × Supply chain disruptions
- × Extreme price rises
- × Logistics challenges
- × Cyber security incident

Period of stabilisation (2023-2024)

- ✓ **Turbine prices improving**
- ✓ Costs stabilising in China, but remain a challenge in Europe
- × Supply chain reliability risks continue

Period of growth (2025 and beyond)

- ✓ **Policy momentum and demand for green hydrogen** to drive onshore wind demand
- ✓ **Better quality order intake and stable supply chain** environment to underpin margin recovery

8 % EBITDA margin

Mid-term target maintained

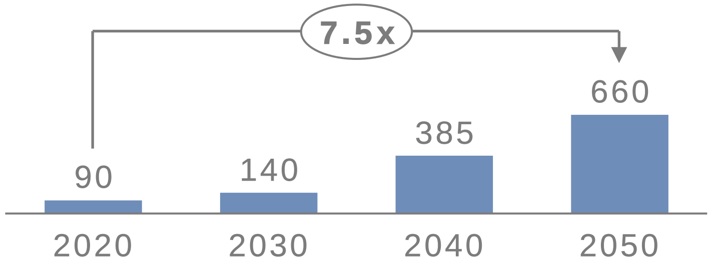
Green hydrogen initiatives to provide an extra layer of safety

NORDEX acciona Windpower

Nordex taking early initiatives in the green hydrogen market to complement its core business

Demand for green hydrogen likely to take off

Global hydrogen demand (Mtpa)



- Global hydrogen demand likely to grow by **7x** over the next 30 years
- Green hydrogen production expected to grow to **c.40mtpa by 2030** from <1mtpa in 2020.
- This requires **c.750GW** of new renewables and **c.400 GW** of electrolyzer capacity by 2030
- Ample policy support offered under **US IRA 2022; 10mtpa** of green hydrogen import targeted under **REPowerEU by 2030**

Hydrogen initiatives

1 Project development initiatives

- **Large pipeline** of projects in early stage of development
- Number of agreements in place with **local credible developers**
- Efforts focused on **off-grid onshore windy sites** across south and north America and Middle eastern regions
- **Joint venture with Acciona** to support the investments for the next four years

2 Electrolyzers

- In-house development at an early stage
- Based on proven and cost-effective **alkaline technology**
- 50kw prototype ready and tested
- **500kw** prototype to be ready within **2023**
- Collaboration with **Sodena**, a Spanish private equity fund founded by the local government
- Investments jointly covered with Sodena and govt grants

Source: Hydrogen for Net-Zero Hydrogen Council, McKinsey, 2021, REPowerEU document.

1 Joint Venture with Acciona Group to develop the hydrogen projects

Strategic partnership to benefit both parties

- ✓ **Pipeline of green hydrogen projects** in attractive geographies
- ✓ **Technology solutions** for large-scale off-grid projects
- ✓ Leading **equipment supplier**
- ✓ Developing **in-house electrolyzer capacity**

- ✓ One of the **largest project developers** with a much bigger financial capabilities
- ✓ **EPC capabilities** for large infrastructure projects, incl. water desalination
- ✓ Aligned interest with Nordex as an **anchor shareholder**

Key terms

- › **50:50** Joint Venture
- › Objective – to further the hydrogen assets development
- › Equity value of the Joint Venture – **EUR 136m**
- › The purchase price to be paid over next four years, covers forecasted capex commitments for Nordex

2 Joint Venture with Sodena to develop the electrolyzers

Strategic partnership to benefit both parties

NORDEX + SODENA DESARROLLO DE NAVARRA NAFARROAKO GARAPENA

- ✓ **Pipeline of green hydrogen projects** already available
- ✓ Large scale manufacturing experience
- ✓ Control of the **linkage to turbines for customisation**

- ✓ Owned by the **Govt of Navarra, Spain**
- ✓ Experience of investing in **over 120 business projects**, supporting plans to promote innovative startups, growth and expansion projects

Key terms

- › **85:15*** Joint Venture
- › Objective – to develop a commercial prototype and industrial deployment of **alkaline electrolyzers**
- › Both parties commit to **EUR 15m** capex over the next 5 years in the Joint Venture
- › **EUR 11.6m** grant from 'Important Project of Common European Interest (IPCEI)', approved by the European Commission and called Hy2Tech

* 85% held by Nordex Group.

› Classification: Public

Time for your questions

› Classification: Public

Key takeaways

1. › Focus on **energy security** and **energy independence** strengthening the case for the wind industry given it is one of the most competitive sources of energy today.

2. › Short term challenges remain due to **geopolitical uncertainty** and lingering supply chain disruptions.

3. › **Making steady progress** with better quality order intake and improved risk mitigation approach.

4. › In parallel, Nordex taking early initiatives in green hydrogen with a much favourable risk reward profile via two partnerships already in place.

5. › Improving electricity prices, coupled with potential demand growth could be a great platform for successful costs pass-through and hence helping us towards our mid-term **EBITDA margin target of 8%.**

Thank you for your attention

Contact details

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