Nordex SE
Q1 figures 2018

Conference Call, 15 May 2018

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Agenda

1	Introduction	*José Luis Blanco*
2	Markets, orders & installations	*Patxi Landa*
3	Financials	*Christoph Burkhard*
4	Product development	*José Luis Blanco*
5	Guidance 2018	*José Luis Blanco*
6	Q&As	*All*
7	Key takeaways	*José Luis Blanco*

Executive Summary

Q1 2018 results

Sales:	EUR 487.9m (EUR 648.4m in Q1 2017)
EBITDA margin:	4.1% (7.9% in Q1 2017)
Working capital ratio:	4.8% (8.4% in Q1 2017)

- Around 1 GW order intake in Q1 2018 reflects a solid start into FY 2018
- Guidance for FY 2018 confirmed

Recent developments

- Out of South African pipeline first contract was translated into order intake with 147 MW in April
- Successful launch of N133/4.8 for strong wind areas extends Delta4000 product series

Market developments

Europe

- With France holding its first wind auction in December 2017, most of the relevant European markets have transitioned into auction based mechanisms
- Significant activity in Spain as a result of the awarded 4 GW of wind in 2017 auctions
- Turkey, with old FIT licenses rushing to be installed in 2020, held new auctions that will enable the market to further develop
- Germany expected to regain activity at normalized levels from 2020 onwards

America

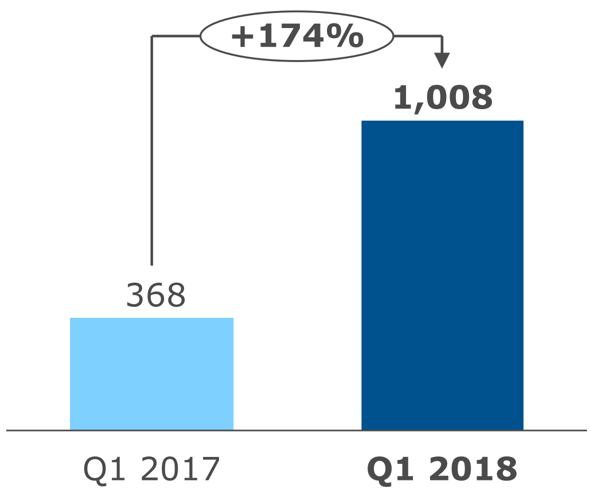
- PTC cycle in full swing in the US, with increased activity expected in 2019, 2020 and 2021
- Brazil awarded 1.4 GW of wind that will increase market activity levels 2020 onwards
- Mexico, Argentina and Canada held sizeable auctions during the year underpinning their mid term potential

Rest of World

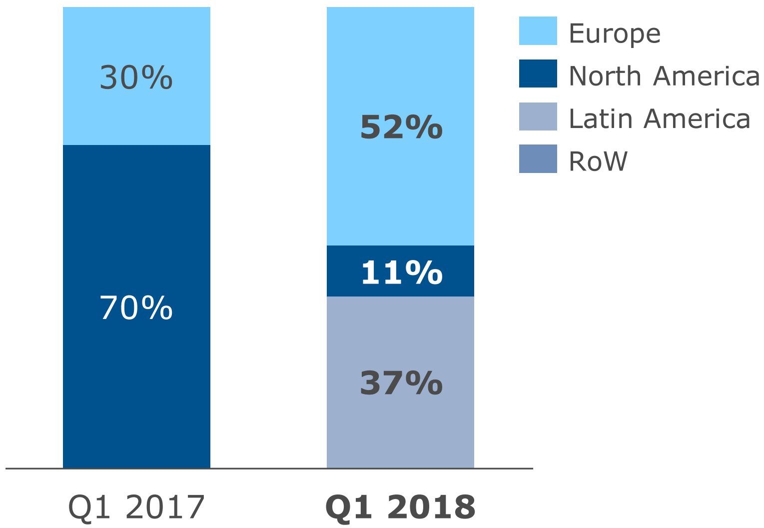
- Big volumes expected to be awarded in auctions during the next two years in India
- Awarded South African round 4 projects signed their PPAs with the local utility and are expected to reach financial close within 2018

Order intake Q1 2018

Order intake turbine* (in MW)



Order intake turbine* by regions (in %)

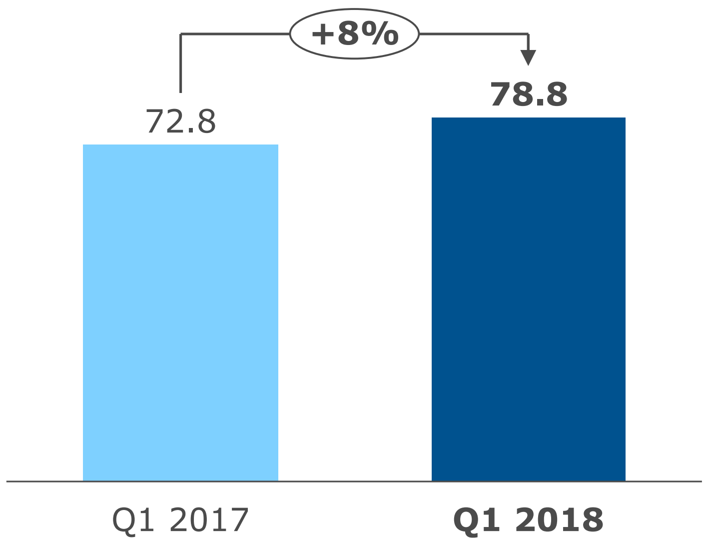


- Solid start into the year – EUR 820m order intake in Q1 2018 (EUR 333m in previous year)
- Order intake received from 13 different countries in Q1 2018
- Increase in Europe mainly driven by France, Sweden and Turkey

*Excluding service

Service segment in Q1 2018

Service sales (in EUR m)



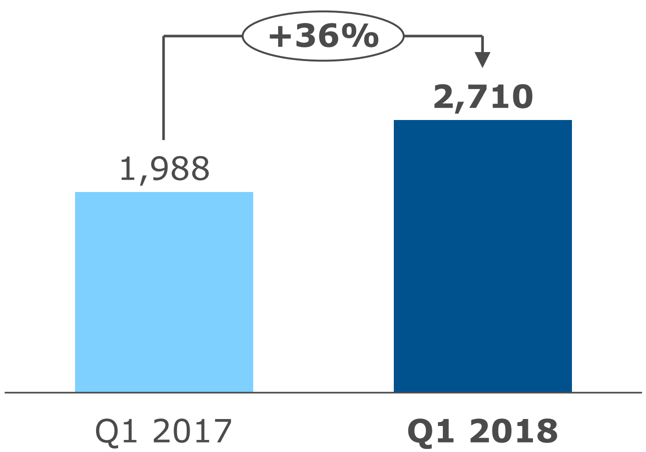
Comments

- Higher service share of over 16% in terms of group sales in Q1 2018
- Service EBIT margin of 17.3% in Q1 2018 based on aligned segment reporting*
- 97.6% average availability of WTG under service

*Segment specific overhead allocation

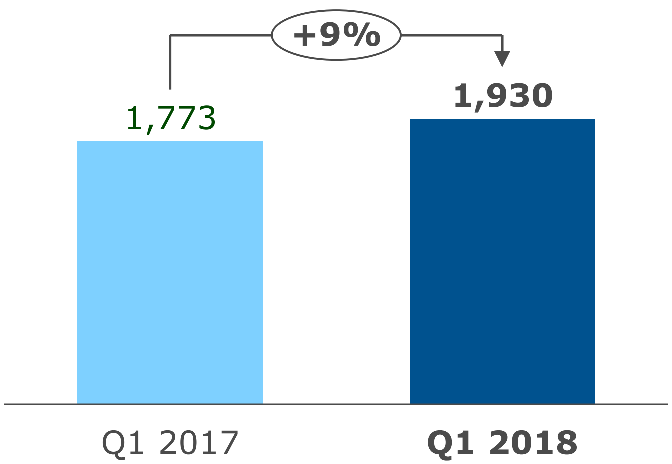
Combined order backlog at EUR 4.6bn at the end of Q1 2018

Order backlog turbines (EUR m)



- Order backlog before IFRS 15 transition effect increased by EUR 374m compared to year end 2017
- Order backlog includes EUR 666m related to IFRS 15 transition
- Order backlog supported by solid order intake in Q1 2018
- Order backlog distributed on Nordex focus markets: Europe (53%), North America (20%), Latin America (23%), RoW (4%)

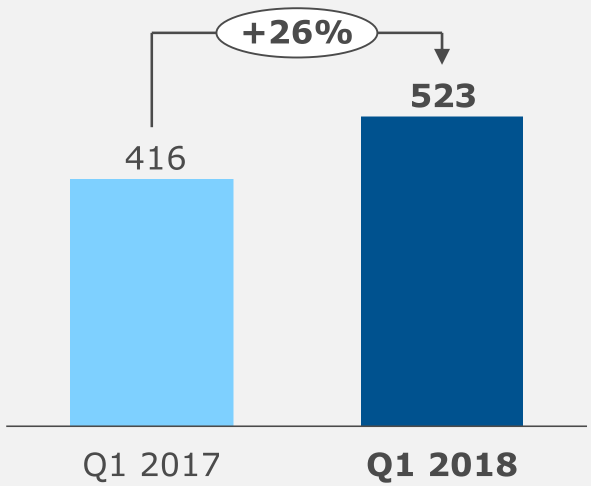
Order backlog service (EUR m)



- Around 6.900 WTG under service, corresponding to 16.5 GW

Operational performance in Q1 2018

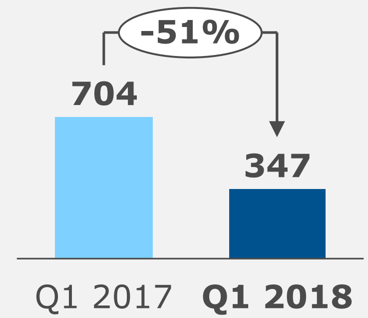
Installations (MW)



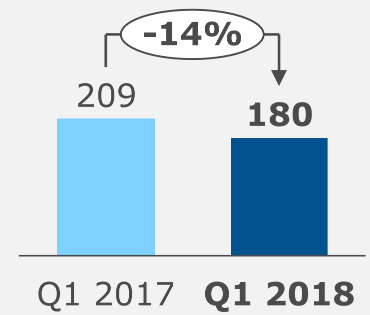
- Total installations of 171 WTGs in 8 countries at the end of Q1 2018: 41% Europe, 47% Latin America, 12% RoW
- High focus on project execution in order to secure project revenues in FY 2018

Production

Turbine assembly (MW)



Blade production (#)



- Output turbines of 114 units in Q1 2018: 78 GER, 25 ESP, 5 BRA, 6 IND
- Inhouse output blades of 180 units in Q1 2018: 51 GER, 129 ESP
- Level of production adapting continously to the demand
- High level of production planned for next quarters supported by firm orders

Income statement Q1 2018

in EUR m	Q1 2018	Q1 2017	abs. change
Sales	**487.9**	**648.4**	-157.2
Total revenues	384.3	663.6	-278.6
Cost of materials	-242.6	-471.4	-228.1
Gross profit	**141.7**	**192.2**	**-50.5**
Personnel costs	-79.6	-81.8	2.2
Other operating (expenses)/income	-42.1	-59.2	17.1
EBITDA	**20.0**	**51.2**	**-31.2**
Depreciation/amortization	-36.5	-34.1	-2.4
EBIT	**-16.5**	**17.1**	**-33.6**
Net profit	**-19.4**	**7.1**	**-26.5**
Gross margin*	*29.0*	*29.6*	
EBITDA margin	*4.1*	*7.9*	
EBIT margin w/o PPA	*-0.2*	*4.6*	

Comments

- Gross margin affected by high service share in Q1 2018
- EBITDA and sales as expected in Q1 2018
- "45-by-18" measures well on track leading to lower structural costs
- PPA depreciation totalled EUR 15.5m in Q1 2018 (EUR 12.5m in Q1 2017)
- Tax refund rate of 28.2%

*Gross profit in relation to sales

Balance sheet Q1 2018

in EUR m	31.03.18	31.12.17	abs. change	Δ in %
Current assets	1,915.3	1,543.1	387.2	25.1
Non-current assets	1,288.9	1,264.5	9.4	0.7
Total assets	**3,204,2**	**2,807.6**	**396.6**	**14.1**
Equity	776.9	919.0	-143.1	-15.6
Current liabilities	1,405.4	1,104.1	401.2	36.6
Non-current liabilities	1021.9	784.5	138.5	17.7
Equity and total liabilities	**3,204.2**	**2,807.6**	**396.6**	**14.1**
*Net debt**	*152.4*	*60.1*		
*Working capital ratio***	*4.8%*	*5.3%*		
Equity ratio	*24.2%*	*32.7%*		

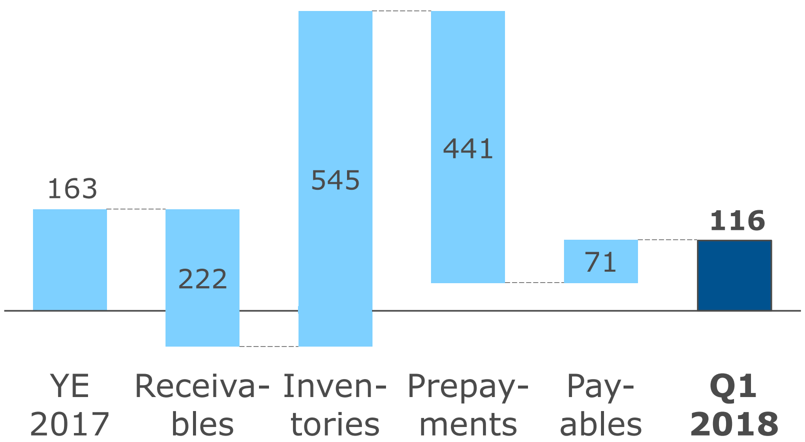
*Cash and cash equivalents less bank borrowings and bond
**Based on lower end of FY sales guidance 2018

Comments

- First repayment of SSD tranche in the amount of EUR 100m in February 2018 out of EUR 275m Bond proceeds is leading to temporarily increased cash and non current liabilities
- Cash position of EUR 676.2m (YE 2017: 623.2m) and non current liabilities will be reduced by second repayment of remaining SSD tranche of EUR 166m in April 2018
- Current assets and current liabilities as well as equity highly impacted by IFRS 15 transition

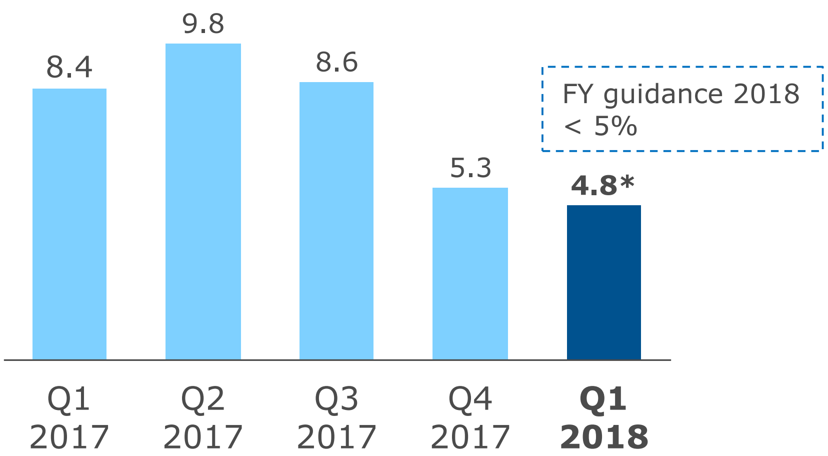
Working capital development Q1 2018

Working capital development (in EUR m)



- Working capital swings mainly related to IFRS 15 transition with no impact on cash

Working capital ratio (in % of sales)



- Working capital development in Q1 2018 after IFRS 15 transition positively impacted by lower inventories and increased prepayments overcompensated by higher trade receivables and decreased trade payables

* Based on lower end of FY sales guidance 2018

Cash flow statement Q1 2018

in EUR m	**Q1 2018**	Q1 2017
Cash flow from operating activities before net working capital	-14.6	-4.0
Cash flow from changes in WC	-51.0	-139.5
Cash flow from operating activities	-65.6	-143.5
Cash flow from investing activities	-18.8	-35.5
Free cash flow	-84.3	-179.0
Cash flow from financing activities	142.3	10.3
Change in cash and cash equivalents*	58.0	-168.7

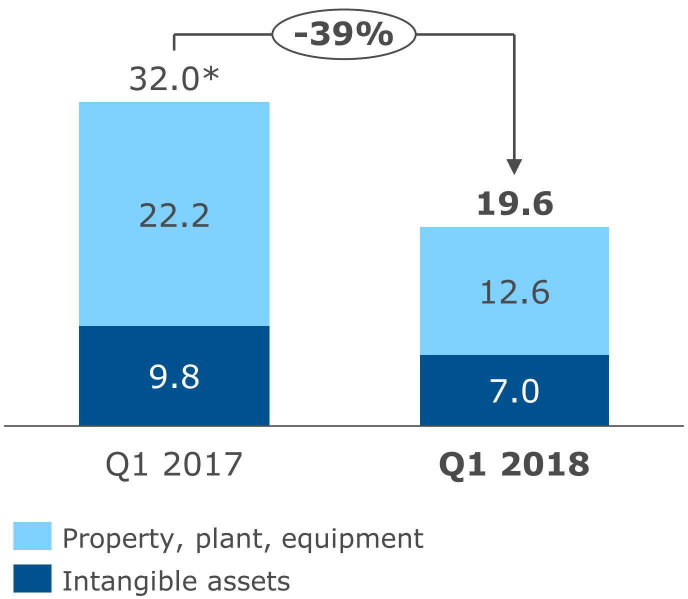
Comments

- Cash flow effects from changes in WC resulting from increased receivables and decreased payables compensated by lower inventories and higher prepayments received
- Free cash flow improved by EUR 94.7m compared to Q1 2017
- Cash flow from financing activities due to bond emission of EUR 275m. Repayment of SSD of EUR 100m in February 2018 and remaining SSD tranche of EUR 166m in April 2018
- Cash end of Q1 2018 EUR 510m - adjusted by repayment of SSD Tranche EUR 166m - increased by EUR 31m compared to end of Q1/2017 (EUR 479m)

*Excluding FX effects

Total investments Q1 2018

CAPEX* (in EUR m)



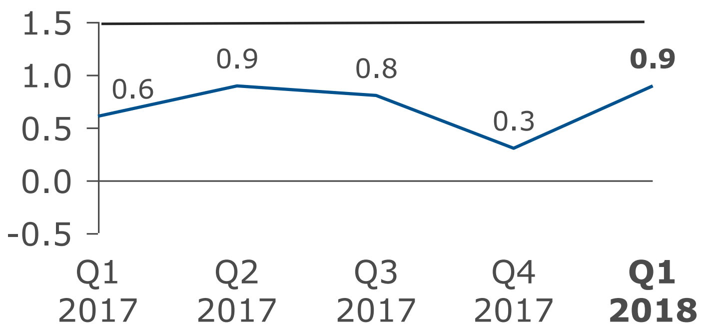
Comments

- Investments in property, plant, equipment mainly driven by:
  - Investments in new products for land and grid constrained markets (e.g. Delta4000)
  - Technical equipment for production
- Decrease in intangible assets because of lower level of development costs compared to previous year

*Excluding first time consolidations

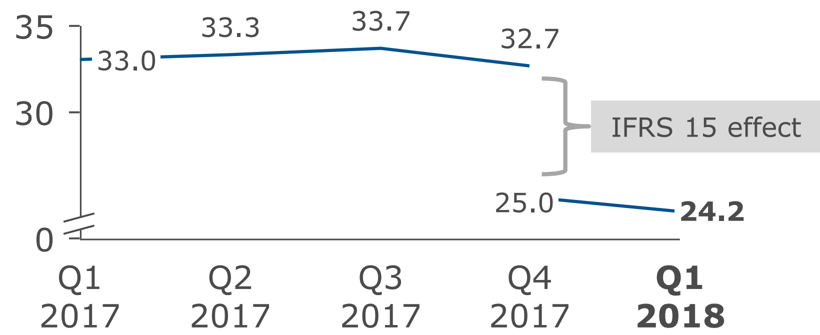
Capital structure Q1 2018

Net debt*/EBITDA**



- Leverage ratio partly increased due to lower cash - adjusted by repayment of SSD Tranche EUR 166m - compared to YE 2017

Equity ratio (in %)



- Equity ratio of 32.7% as of year end 2017 adjusted by 7.7%-points due to IFRS 15 transition effect
- After elimination of the IFRS 15 technical effect adjusted equity ratio amounts to 25% as of year end 2017

*Cash and cash equivalents less bank borrowings and bond
** Last twelve months

Launch of N133/4.8 for strong wind areas strengthens product portfolio

Pure COE-focus throughout the whole development

Highest yielding WTG in **strong wind segment**

Designed to **meet specific requirements** of our customers and key markets

Flexible ratings to **maximize AEP** at every site and every position

Competitive tower portfolio for all regions

Full documentation available

Proven technology where possible; changes where it brings large COE benefits

Guidance 2018

Sales	**EUR 2.4-2.6bn**
EBITDA margin	**4-5%**
Working capital ratio	**<5%**
CAPEX	**approx. EUR 110m**

Time for your questions

Questions

Answers

Key takeaways

- 2018 will see quarters showing different activity and result levels whereas the second half of the year is expected to be stronger than the first half of 2018
- Right product strategy in place: newly introduced N133/4.8 for strong wind areas strengthens product portfolio
- As global player Nordex is diversified across volume and growth markets
- Supply chain transformation to best competitive countries is ongoing
- Attractive long-term growth perspective of wind energy market promotes Nordex business development
- Nordex is well prepared for FY 2018

Financial calendar 2018

2018	Event
27 March	Publication of Annual Report 2017
15 May	Interim statement Q1 2018
5 June	Annual General Meeting (Rostock)
14 August	Interim report H1 2018
6 November	Interim statement Q3 2018

Contact details

If you have any questions please contact:

Nordex SE
Investor Relations
Langenhorner Chaussee 600
22419 Hamburg
Germany

Tel:	+49-40-30030-1000
Fax:	+49-40-30030-1333
Email:	investor-relations@nordex-online.com
Web:	www.nordex-online.com