INTERIM REPORT

AS AT 31 MARCH 2017

KEY FIGURES

		REPORTING PERIOD 1.1.–31.3.2017	1.1.–31.3.2016	Change
Earnings development				
Sales	EUR million	648.4	637.0	1.8%
Total revenue	EUR million	663.6	639.7	3.7%
EBITDA	EUR million	51.2	59.1	–13.4%
EBIT	EUR million	17.1	44.9	–61.9%
Consolidated net profit	EUR million	7.1	25.5	–72.2%
Earnings per share [1]	EUR	0.07	0.31	–77.4%
Free cash flow	EUR million	–179.0	–40.9	n/a
Capital expenditure	EUR million	35.7	15.1	136.4%
EBITDA margin	%	7.9	9.3	–1.4%-pp.
Statement of financial position per 31.3.2017 respectively 31.12.2016				
Total assets	EUR million	2,872.1	2,994.2	–4.1%
Equity	EUR million	948.8	940.0	0.9%
Equity ratio	%	33.0	31.4	1.6%-pp.
Working capital ratio	%	8.4	4.1	4.3%-pp.
Employees				
Employees	ø	5,162	3,392	52.2%
Staff costs	EUR million	81.8	52.8	54.9%
Staff cost ratio	%	12.3	8.3	4.0%-pp.
Company performance indicators				
Order intake Projects	EUR million	333.3	541.0	–38.4%
Installed capacity	MW	415.6	490.5	–15.3%

1 Based on a weighted average of 96.982 million shares (previous year: 80.882 million shares)

DEAR SHAREHOLDERS AND BUSINESS PARTNERS,

OUR START INTO THE 2017 financial year was in line with expectations. Sales of around EUR 650 million meet our forecast. The business volume will gain momentum over the summer months and we continue to estimate sales between EUR 3.1 billion and EUR 3.3 billion for the full year. This entails one basic challenge: we need to adjust our costs to the business volume.

WE ARE CONSISTENTLY pursuing this objective. This concerns capacity utilisation of our production facilities, reducing our structural costs in line with the "30-by-18" initiative and, of course, our programme to continuously reduce the cost of energy "CoE". The latter is the crucial factor for returning to a growth path in the future.

I AIM TO SHAPE NORDEX into a manufacturer whose lean and efficient organisation increases its competitive position and profitability. Preparation work for the reorganisation is already underway and is a key element to enable this transformation. Lower production costs through optimised purchasing structures on the global market is another important element in this context.

WE SEE GOOD POTENTIAL for our volumes to gain momentum again. After long negotiations we closed a major contract in Brazil in April and half of the contract sum will count as sales in the current year. And we have secured long-term power purchase agreements for two Nordex projects in India. In other words: we can discern initial positive signs in the growth market of India.

In summary, we confirm our targets for 2017 and expect the activity level to be significantly higher in the coming quarters.

Yours sincerely

José Luis Blanco
Chief Executive Officer

Business performance

As at 1 April 2016 Nordex acquired Acciona Windpower (AWP), the Spanish wind turbine manufacturer, which has been consolidated accordingly in the Nordex Group since the second quarter of 2016. Thus, the comparable figures for the first quarter of 2016 do not include AWP business.

Since the second quarter of 2016, Nordex has been reporting the “Projects” and “Service” segments in line with the change in internal reporting resulting from the acquisition of Acciona Windpower. Segment reporting had previously been split by region.

Segment reporting

	Projects		Service		Group	
EUR million	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Order intake	333.3	541.0	40.5 [1]	n/a	–	–
Order book	1,988.1	1,638.0	1,773.0	1,053.0	–	–
Sales	577.7 [2]	593.1 [2]	74.0 [2]	47.1 [2]	648.4	637.0

1 without extension and adjustment of existing contracts
2 before Group consolidation

Operating performance indicators

In the first quarter of 2017, Nordex received firm orders in the Projects segment amounting to EUR 333.3 million (Q1 2016: EUR 541.0 million) from the United States, Germany, Finland and France. In the United States, Nordex has booked a 285-MW project with 95 AW3000 turbines. The project is the first follow-on order from a safe-harbour transaction that Nordex had negotiated in December 2016 with a large international utility. With this transaction, the customer secured itself the higher tax advantage that was valid in 2016.

Order intake declined in the first quarter and was 38% below the previous year’s level, which was mainly due to a reduced amount of new business in the European core markets, which accounted for 39% of order intake. Following the strong fourth quarter of 2016, the German market declined considerably and Nordex generated orders worth EUR 100.8 million in its home market. Some firm new orders were delayed because projects that are planned to use Nordex technology were approved subject to certain stipulations that have yet to be fulfilled.

Overall, Nordex expects the order intake to pick up considerably across all regions during the course of the year. At the beginning of the second quarter, for instance, the Company reported a major contract in Brazil to build eight wind farms.

As at 31 March 2017, Nordex had a firm order book in the Projects segment of EUR 1,988.1 million (31 March 2016: EUR 1,638.0 million). 49% of these orders relate to Europe, 27% to Latin America, 18% to North America and 6% to the region “rest of the world”.

In view of the low order intake, the book-to-bill ratio (ratio of order intake to recognised revenue in the Projects segment) in the first quarter of 2017 is 0.58 (Q1 2016: 0.91).

As at 31 March 2017, the Service segment had an order book of EUR 1,773.0 million (31 March 2016: EUR 1,053.0 million). In the first quarter, the Nordex Group managed more than 5,900 wind turbines or an installed capacity of 13.6 GW across the world. New orders in the Service segment reached a value of EUR 40.5 million in the first three months of 2017 (without extension and adjustment of existing contracts).

Production output

	Turbine assembly (in MW)		Rotor blades (in units)	
Production	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Germany	443.8	573.9	111	159
Spain	224.3	–	98	–
Brazil	33.0	–	–	–
India	3.0	–	–	–
Total	704.1	573.9	209	159

In the first quarter of 2017, the Nordex Group increased its production in both turbine assembly and rotor blade production thanks to the consolidation of Acciona Windpower. In the German production facilities, production remained below the previous year's quarter in line with the lower installation volume, particularly in Europe.

Overall, the Nordex Group produced 250 wind turbines, equivalent to nominal output of 704.1 MW in its production facilities in Germany, Spain, Brazil and India (Q1 2016: 573.9 MW in Germany). In its own rotor blade production plants in Germany and Spain, the Group produced 209 rotor blades (Q1 2016: 159 units in Germany).

	Installed capacity (in MW)		
Region/country	Q1 2017	Q1 2016	Change
Europe	274.6	309.1	–11.2%
North America	15.0	0.0	n/a
Latin America	51.0	40.8	25.0%
Rest of world	75.0	140.6	–46.7%
Total	415.6	490.5	–15.3%

In the first quarter of 2017, the Nordex Group installed 152 wind turbines in 11 countries with a total capacity of 415.6 MW (Q1 2016: 490.5 MW).

66% of the installed turbines are in Europe, with 18% of installations in India and South Africa in the region "rest of the world" and 12% in Latin America. Another 4% are located in North America, i.e. the United States.

Financial performance indicators

Indicator	REPORTING PERIOD 1.1.–31.3.2017	1.1.–31.3.2016	Change
Sales (in EUR million)	648.4	637.0	1.8%
EBITDA margin (in %)	7.9	9.3	–1.4%-pp.
EBIT margin [1] (in %)	4.6	7.1	–2.5%-pp.
Capital expenditure/CAPEX (in EUR million)	35.7	15.1	136.4%
Financial result (in EUR million)	–6.3	–5.8	n/a
Consolidated net profit (in EUR million)	7.1	25.5	–72.2%
Earnings per share [2] (in EUR)	0.07	0.31	–77.4%
Working capital ratio (in %, reporting date 31.3.)	8.4	0.7	7.7%-pp.
Free cash flow (in EUR million)	–179.0	–40.9	n/a
Equity ratio (in %, reporting date 31.3.)	33.0	31.4	1.6%-pp.

1 without depreciation and amortisation from the purchase price allocation (PPA) for Acciona Windpower
2 based on a weighted average of 96.982 million shares (previous year: 80.882 million shares)

In the first quarter of 2017, the Nordex Group generated group sales of EUR 648.4 million. This is equivalent to a slight increase of 1.8% compared to the first quarter of 2016, before Acciona Windpower was included in the Nordex Group (Q1 2016: EUR 637.0 million).

The Projects segment accounted for sales amounting to EUR 577.7 million (Q1 2016: EUR 593.1 million), while the Service segment generated sales of EUR 74.0 million (Q1 2016: EUR 47.1 million) and thus approximately 11.4% of total sales (each before group consolidation).

Gross income (total revenue less cost of materials) increased to EUR 192.2 million (Q1 2016: EUR 160.3 million). The gross margin thus amounted to 29.0% (Q1 2016: 25.1%), reflecting the growing service business.

Structural costs (personnel costs as well as other operating income net of other operating expenses) increased to EUR 141.0 million, which is equivalent to a ratio to sales of 21.7% (Q1 2016: 15.9%). It is primarily the higher personnel costs following the Acciona Windpower acquisition that are visible here.

In the first quarter of 2017, earnings before interest, tax, depreciation and amortisation (EBITDA) stood at EUR 51.2 million or 7.9% of sales (Q1 2016: EUR 59.1 million or 9.3%). The deduction of depreciation and amortisation amounting to EUR 34.1 million (EUR 12.5 million of which pertains to the purchase price allocation (PPA) in connection with the acquisition of Acciona Windpower) results in earnings before interest and tax (EBIT) of EUR 17.1 million, which is 61.9% lower than the previous year (Q1 2016: EUR 44.9 million). In the first quarter of 2017, the EBIT margin adjusted for depreciation and amortisation from the purchase price allocation was at 4.6%, compared to an EBIT margin of 7.1% in the first quarter of 2016. Consolidated profit of the Nordex Group amounted to EUR 7.1 million in the first quarter of 2017, 72.2% below the previous year (Q1 2016: EUR 25.5 million).

As at 31 March 2017, the working capital ratio increased to 8.4% (31 March 2016: 4.1%). This development was mainly due to higher inventories as well as lower prepayments for new orders. The increased working capital was the main driver leading to the negative free cash flow of EUR –179.0 million (Q1 2016: EUR –40.9 million).

As at 31 March 2017, Nordex had cash and cash equivalents in the amount of EUR 479.4 million, with net debt amounting to EUR 176.3 million (31 December 2016: net liquidity of EUR 6.2 million). As at the quarterly reporting date, the equity ratio amounted to 33.0%, compared to 31.4% at year-end 2016.

Outlook

On 23 February 2017, Nordex published benchmark figures for the 2017 financial year forecast. These figures were supplemented on 1 March 2017 when Nordex presented its preliminary 2016 financial figures. The Company expects sales in 2017 to be between EUR 3.1 billion and EUR 3.3 billion with an EBITDA margin between 7.8% and 8.2%. The 2017 year-end working capital ratio is expected to be between 5.0% and 7.0%. Capital expenditure (CAPEX) is forecast to be about EUR 150 million.

The 2017 forecast reflects the overall subdued estimates for the market with high price pressure, which in turn is visible in the sales and earnings figures. Furthermore, Nordex is experiencing a few order delays and a slower than initially expected business start in India.

Business performance in the first three months of 2017 confirms the Company’s internal planning. There are no new insights that have led to a change in the forecast; therefore, Nordex continues to expect business performance in 2017 to be in line with its previous forecasts.

The sales and earnings development for the rest of the financial year will be supported in particular by the start of major projects in North America and Latin America as well as in Australia. Order intake is expected to pick up significantly with orders coming in from North America and Latin America as well as from the European core markets. The working capital ratio will continue to climb until the middle of the year before being expected to meet the target corridor at year-end, supported primarily by prepayments for new orders.

The interim report and the interim financial statements have not been audited nor subjected to review by an auditor.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

Assets

EUR thousand	REPORTING DATE 31.3.2017	31.12.2016
Cash and cash equivalents	479,364	649,464
Trade receivables and future receivables from construction contracts	686,345	699,427
Inventories	273,942	197,478
Receivables from income tax	11,910	8,405
Other current financial assets	32,457	41,210
Other current non-financial assets	110,174	123,157
Current assets	1,594,192	1,719,141
Property, plant and equipment	278,101	266,369
Goodwill	547,758	547,758
Capitalised R&D expense	215,311	219,701
Other intangible assets	110,659	114,615
Financial assets	2,694	2,425
Investments in associates	6,460	6,689
Other non-current financial assets	4,014	3,403
Other non-current non-financial assets	40	38
Deferred tax assets	112,876	114,075
Non-current assets	1,277,913	1,275,073
Assets	2,872,105	2,994,214

Equity and liabilities

EUR thousand	REPORTING DATE 31.3.2017	31.12.2016
Current liabilities to banks	35,082	16,652
Trade payables	364,997	377,323
Income tax payable	29,513	31,526
Other current provisions	152,691	163,245
Other current financial liabilities	83,129	139,161
Other current non-financial liabilities	445,775	514,297
Current liabilities	1,111,187	1,242,204
Non-current liabilities to banks	620,540	626,673
Pensions and similar obligations	1,881	1,866
Other non-current provisions	51,191	43,564
Other non-current financial liabilities	3,106	3,148
Other non-current non-financial liabilities	1,993	2,197
Deferred tax liabilities	133,418	134,551
Non-current liabilities	812,129	811,999
Subscribed capital	96,982	96,982
Share premium	597,626	597,626
Other retained earnings	23,694	23,694
Cash flow hedges	1,620	2,187
Foreign currency adjustment item	11,963	9,686
Consolidated net profit carried forward	209,836	209,836
Consolidated net profit	7,068	0
Share in equity attributable to parent company's shareholders	948,789	940,011
Equity	948,789	940,011
Equity and liabilities	2,872,105	2,994,214

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2017

EUR thousand	REPORTING PERIOD 1.1.–31.3.2017	1.1.–31.3.2016
Sales	648,404	637,042
Changes in inventories and other own work capitalised	15,221	2,613
Total revenue	**663,625**	**639,655**
Other operating income	1,030	2,975
Cost of materials	–471,411	–479,335
Staff costs	–81,788	–52,813
Depreciation/amortisation	–34,091	–14,126
Other operating expenses	–60,238	–51,424
Earnings before interest and taxes	**17,127**	**44,932**
Profit/loss from equity accounting method	–229	–697
Impairment of financial assets	–8	–33
Other interest and similar income	1,262	206
Interest and similar expenses	–7,288	–5,294
Financial result	**–6,263**	**–5,818**
Net profit/loss from ordinary activities	**10,864**	**39,114**
Income tax	–3,796	–13,657
Consolidated net profit	**7,068**	**25,457**
of which attributable to		
parent company's shareholders	7,068	25,457
Earnings per share (in EUR)		
Basic [1]	0.07	0.31
Diluted [1]	0.07	0.31

1 based on a weighted average of 96,982 million shares (previous year: 80.882 million shares)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2017

EUR thousand	REPORTING PERIOD 1.1.–31.3.2017	1.1.–31.3.2016
Consolidated net profit	7,068	25,457
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation difference	2,277	893
Cash flow hedges	–835	2,159
Deferred taxes	268	–694
Consolidated comprehensive income	8,778	27,815
of which attributable to		
parent company’s shareholders	8,778	27,815

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2017

	EUR thousand	REPORTING PERIOD 1.1.–31.3.2017	1.1.–31.3.2016
	Operating activities		
	Consolidated net profit	7,068	25,457
+	Depreciation/amortisation of non-current assets	34,099	14,159
=	**Consolidated net profit plus depreciation and amortisation**	**41,167**	**39,616**
–/+	Increase/decrease in inventories	–76,464	17,969
+/–	Decrease/increase in trade receivables and future receivables from construction contracts	13,082	–76,743
–/+	Decrease/increase in trade payables	–12,326	74,413
–	Decrease in prepayments received	–63,776	–63,954
=	**Payments made from changes in working capital**	**–139,484**	**–48,315**
+/–	Decrease/increase in other assets not allocated to investing or financing activities	18,040	–28,360
+/–	Increase/decrease in pensions and similar obligations	15	–27
–	Decrease in other provisions	–2,927	–5,546
–	Decrease in other liabilities not allocated to investing or financing activities	–65,782	–2,279
–/+	Profit/loss from the disposal of non-current assets	–107	316
–	Other interest and similar income	–1,262	–206
+	Interest received	117	113
+	Interest and similar expenses	7,288	5,294
–	Interest paid	–5,096	–3,036
+	Income tax	3,796	13,657
–	Taxes paid	–669	–79
+	Other non-cash expenses	1,393	2,255
=	**Payments made for other operating activities**	**–45,194**	**–17,898**
=	**Cash flow from operating activities**	**–143,511**	**–26,597**

	EUR thousand	REPORTING PERIOD 1.1.–31.3.2017	1.1.–31.3.2016
	Investing activities		
+	Payments received from the disposal of property, plant and equipment/intangible assets	73	158
–	Payments made for investments in property, plant and equipment/intangible assets	–35,736	–15,124
+	Payments received from the disposal of financial assets	537	968
–	Payments made for investments in financial assets	–369	–313
=	**Cash flow from investing activities**	**–35,495**	**–14,311**
	Financing activities		
+	Bank loans received	16,550	50,000
–	Bank loans repaid	–6,250	–3,125
=	**Cash flow from financing activities**	**10,300**	**46,875**
	Change in cash and cash equivalents	**–168,706**	**5,967**
+	Cash and cash equivalents at the beginning of the period	649,464	528,973
–	Exchange rate-induced change in cash and cash equivalents	–1,394	–2,255
=	**Cash and cash equivalents at the end of the period (cash and cash equivalents as per consolidated statement of financial position)**	**479,364**	**532,685**

FINANCIAL CALENDAR

May 11, 2017	Interim statement Q1 2017
May 30, 2017	Annual General Meeting (Rostock)
August 3, 2017	Interim report H1 2017
November 14, 2017	Interim statement Q3 2017

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