Nordex Group

Nordex SE – Financial-year figures 2021

29th March 2022

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Agenda

Introduction, operations & technology	José Luis Blanco
Markets and orders	Patxi Landa
Financials	Dr Ilya Hartmann
Sustainability	Dr Ilya Hartmann
Strategy and Outlook	José Luis Blanco
Q&As	All
Key takeaways	José Luis Blanco

Executive summary FY 2021

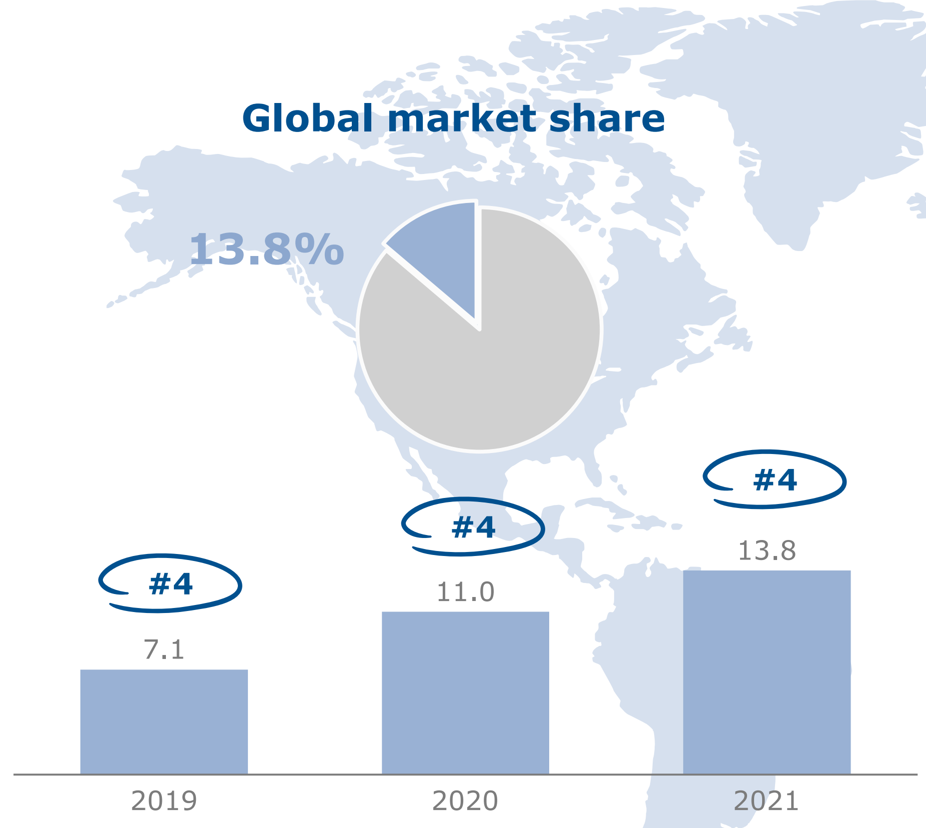
SUCCESSFUL COMPLETION OF FY 2021 IN LINE WITH REVISED GUIDANCE

Sales	EBITDA margin	Working capital ratio
EUR 5,444m	**1.0%**	**-10.2%**

- Strong order intake momentum in FY 2021 – 7.95 GW of order intake (+32% yoy) despite challenging environment.
- 83% of the order intake accounts for latest Delta4000 series in FY 2021.
- Q4/2021 with record high order intake volume of 3.3 GW (+48% yoy).
- FY 2021 sales amounted to EUR 5.4bn up 17% versus previous year (EUR 4.7bn).
- Strong installations and production in FY 2021 (6,679 MW installed, +20% yoy) and turbine assembly (6,686 MW produced, +16% yoy).
- EBITDA margin of 1.0% in line with revised guidance; severely impacted by continuously high commodity prices and further increase of freight costs in the second-half of FY 2021.
- Nordex winner of the gold medal for the N163/5.X as “Turbine of the Year” published by Windpower Monthly.

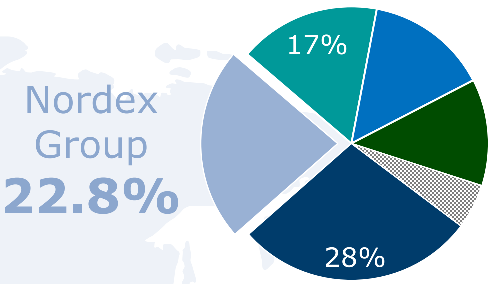
Nordex remains top 4 worldwide in 2021

ONSHORE MARKET SHARE EX CHINA (BASED ON MW INSTALLATIONS)



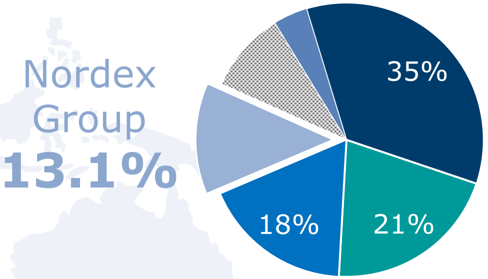
Europe

placed 2nd



Americas

placed 4th

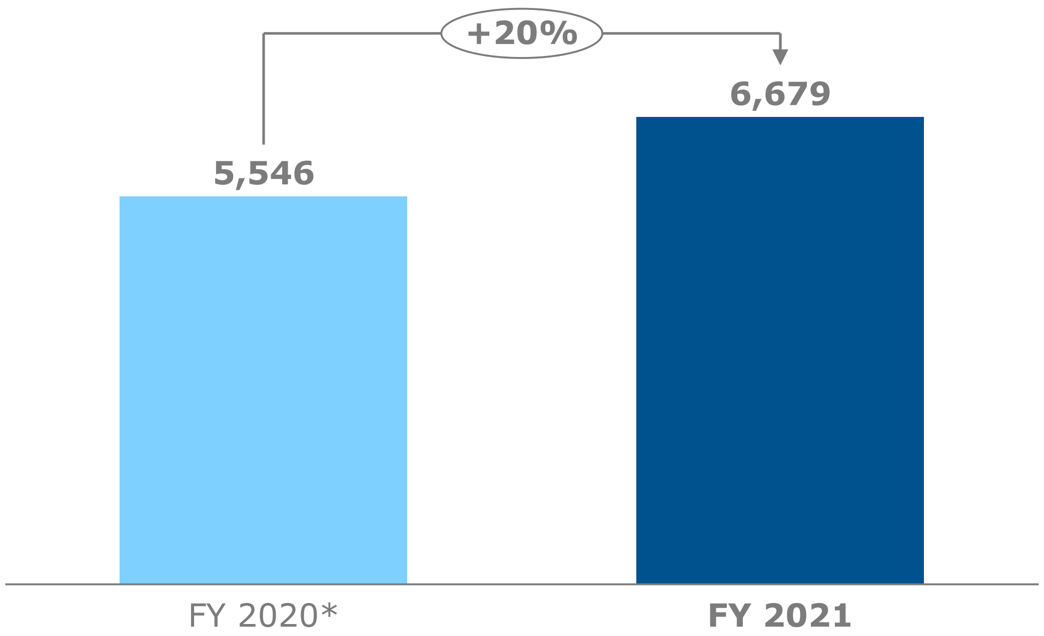


NORDEX acciona Windpower

Source: Wood Mackenzie 2022, Global Wind Power Project Installation Database Q4 2021 (Jan-Nov).

Strong ramp-up in operations in FY 2021

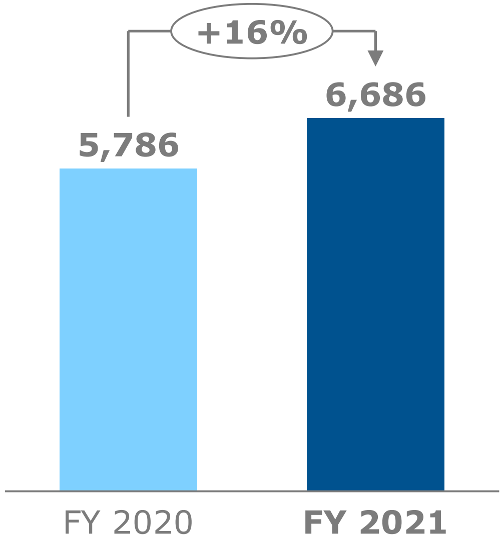
Installations (MW)



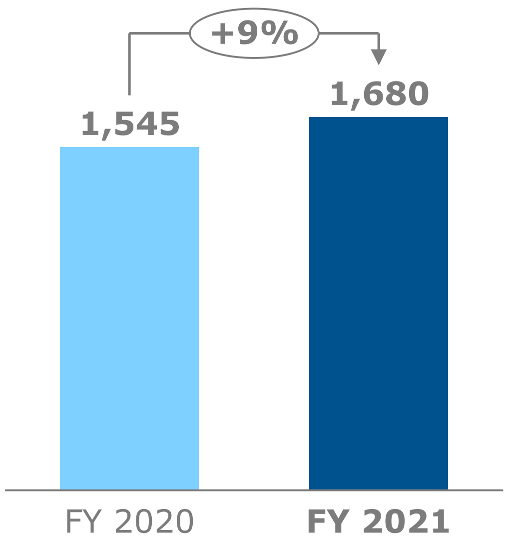
- Total installations of 1,619 WTGs in 22 countries in FY 2021 (1,533 WTGs in previous year)
- Geographical split (in terms of MW): 58% Europe, 23% North America, 10% Latin America and 9% Rest of World

Production

Turbine assembly (MW)



Inhouse blade production (#)



- Output turbines totaled 1,480 units in FY 2021: 790 GER, 553 ESP, 100 IND, 37 BRA
- Inhouse blade production of 1,680 units in FY 2021: 665 GER, 466 ESP, 298 IND and 251 MEX
- Outsourced blade production of 2,822 units in FY 2021

* Figures adjusted.

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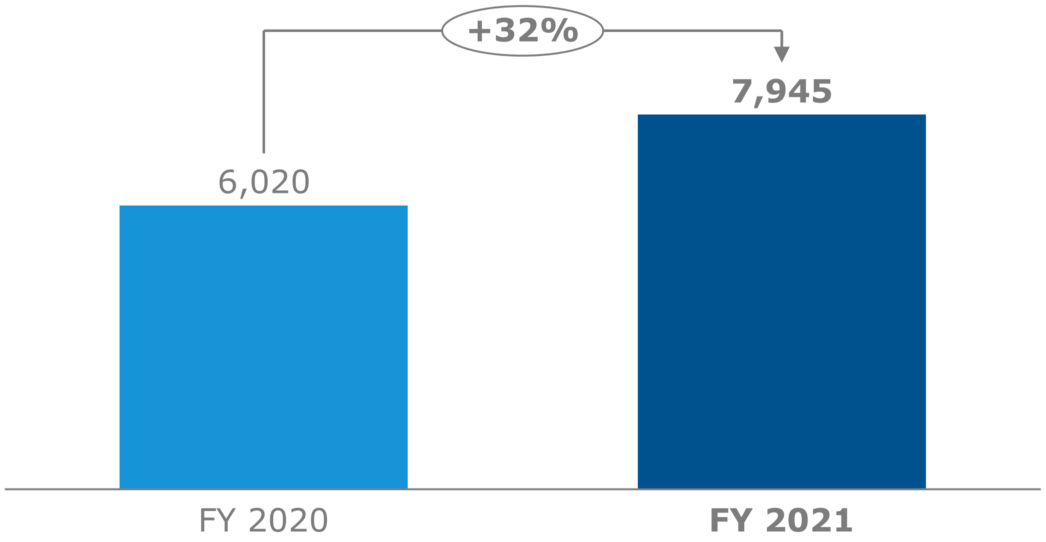
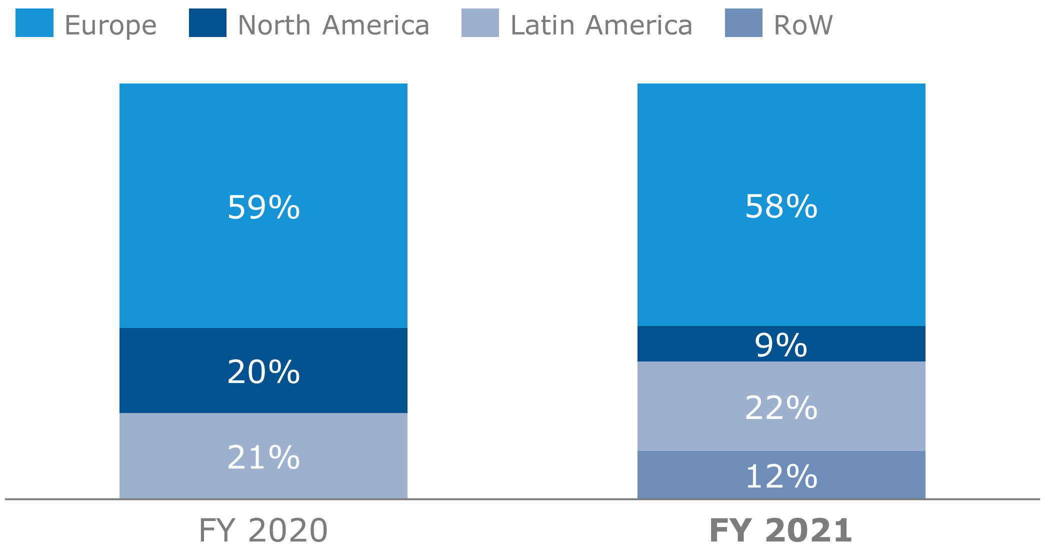
Order intake FY 2021

Order intake turbine* (in MW)



- Strong order intake in FY 2021: EUR 5,681m (EUR 4,218m in the previous year)
- Thereof in Q4/2021: EUR 2,462m (EUR 1,576m in prior-year quarter)
- Increased ASP of EUR 0.72m/MW in FY 2021 (0.70m/MW in previous year period); in Q4/2021 ASP of EUR 0.74m/MW (0.70m/MW in Q4/2020)

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

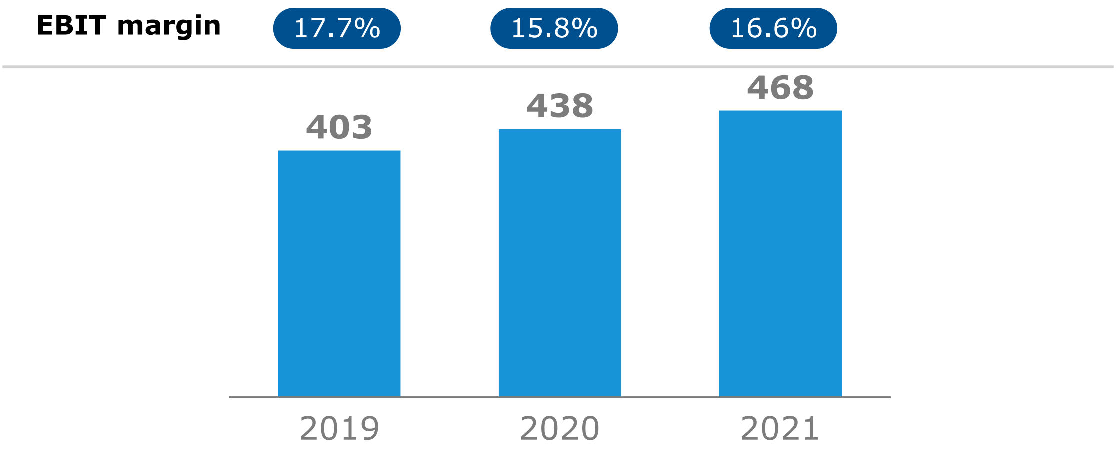


- Orders received from 22 different countries in FY 2021
- Largest single markets in FY 2021: Brazil, Germany, Australia, Finland and USA
- Order intake for Delta4000 series increased to 83% in FY 2021 compared to 81% in the previous year (share in Q4/2021: 88%)

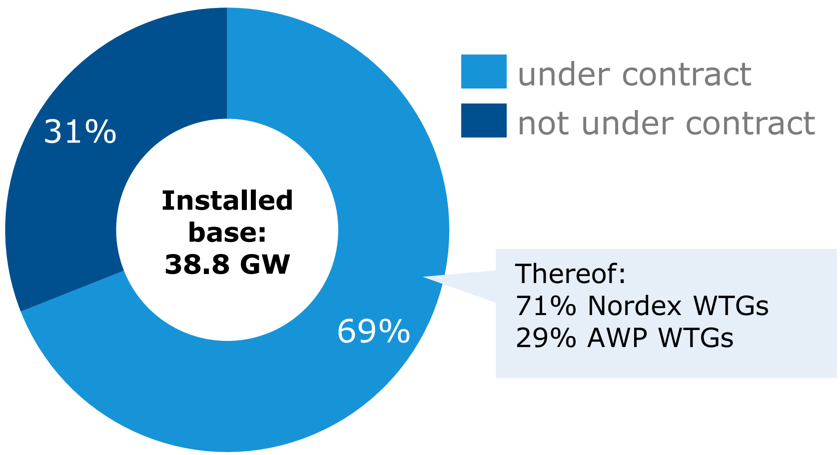
*Group segment „Projects".

Service business FY 2021

Development of service revenues (EUR m) and EBIT margin



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

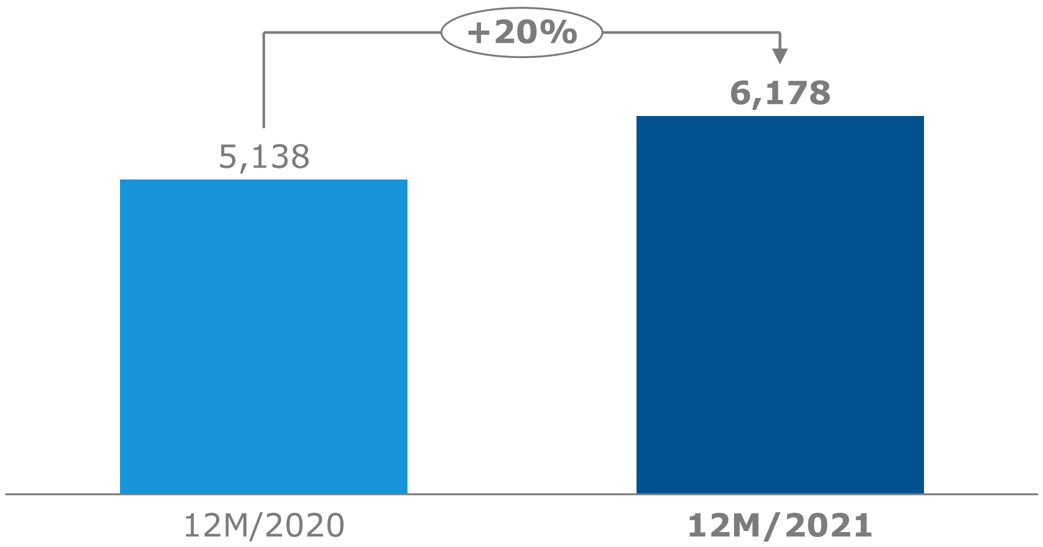


Comments

- Service sales share accounts for 8.6% of group sales in the reporting period
- Strong Service EBIT margin of 16.6% in FY 2021
- 97.1% average availability of WTGs under service
- Service order book remains strong with EUR 3.0bn at the end of FY 2021
- Around 27 GW of installed base are under service agreement

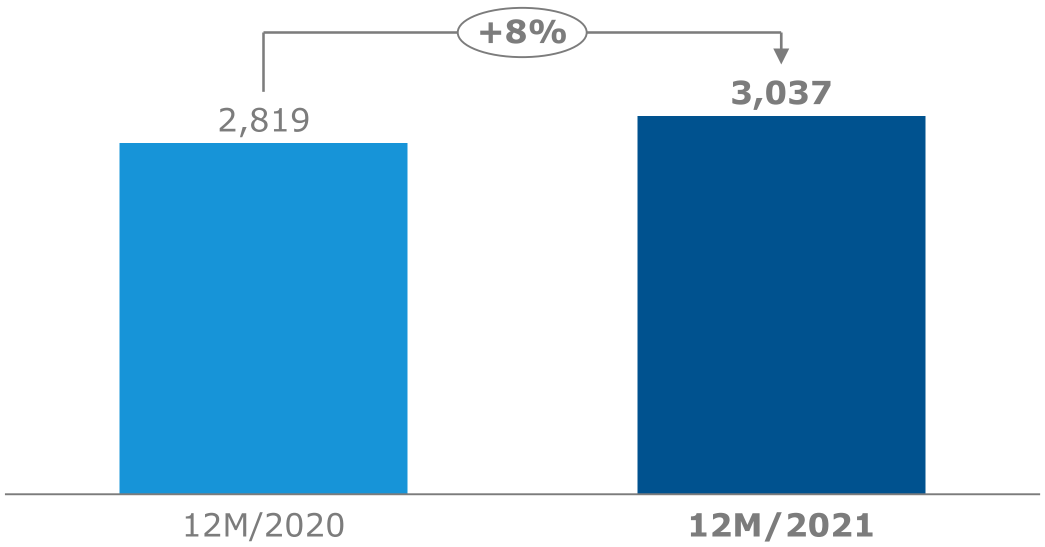
Combined order book of over EUR 9.2bn at the end of FY 2021

Order book turbines (EUR m)



- Turbine order book of around EUR 6.2bn reflects very strong order intake momentum in FY 2021
- Geographical distribution on Nordex focus markets: Europe (61%), North America (6%), Latin America (24%), Rest of World (8%)

Order book service (EUR m)



- 9,765 wind turbines under service corresponding to around 27 GW at the end of FY 2021

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Income statement FY 2021

in EUR m (rounded figures)	FY 2021	FY 2020	abs. change
Sales	**5,444**	**4,651**	**793**
Total revenues	5,052	4,345	707
Cost of materials	-4,225	-3,798	-427
Gross profit	**827**	**547**	**280**
Personnel costs	-474	-434	-40
Other operating (expenses)/income	-301	-19	-281
EBITDA	**53**	**94**	**-41**
Depreciation/amortization	-160	-156	-4
EBIT	**-107**	**-62**	**-45**
Net profit	**-230**	**-130**	**-100**
Gross margin*	**15.2%**	**11.8%**	
EBITDA margin	**1.0%**	**2.0%**	
EBIT margin w/o PPA	**-1.8%**	**-0.8%**	

Comments

- Strong sales growth of EUR 5,444m in FY 2021 due to continuously high order intake momentum
- EBITDA margin hampered by high inflationary pressures, increased raw material and shipping costs and supply chain disruptions
- PPA depreciation amounted to EUR 8.6m in FY 2021 (EUR 24.3m in the previous year)

*Gross profit in relation to sales.

Income statement Q4/2021

in EUR m (rounded figures)	**Q4/2021**	Q4/2020	abs. change
Sales	**1,488**	**1,483**	**5**
Total revenues	1,467	1,238	229
Cost of materials	-1,316	-1,034	-282
Gross profit	**150**	**204**	**-54**
Personnel costs	-126	-120	-6
Other operating (expenses)/income	-72	-61	-11
EBITDA	**-48**	**23**	**-71**
Depreciation/amortization	-50	-41	-9
EBIT	**-98**	**-18**	**-80**
Net profit	**-127**	**-22**	**-105**
Gross margin*	**10.1%**	**13.8%**	
EBITDA margin	**-3.2%**	**1.6%**	
EBIT margin w/o PPA	**-6.5%**	**-0.9%**	

Comments

- Strong sales of EUR 1,488m in the last quarter of 2021 on the back of high execution level
- PPA depreciation in Q4/2021 totaled EUR 1.0m (EUR 5.3m in previous-year quarter)

*Gross profit in relation to sales.

Balance sheet FY 2021

in EUR m (rounded figures)	**31.12.21**	31.12.20	abs. change	Δ in %
Non-current assets	1,608	1,526	82	5.4
Current assets	2,500	2,884	-384	-13.3
Total assets	**4,108**	**4,410**	**-302**	**-6.8**
Equity	1,062	774	289	37.3
Non-current liabilities	716	653	63	9.6
Current liabilities	2,330	2,984	-654	-21.9
Equity and total liabilities	**4,108**	**4,410**	**-302**	**-6.8**
*Net debt/(net cash)**	**(424)**	**41**		
*Working capital ratio***	**-10.2%**	**-6.3%**		
Equity ratio	**25.9%**	**17.5%**		

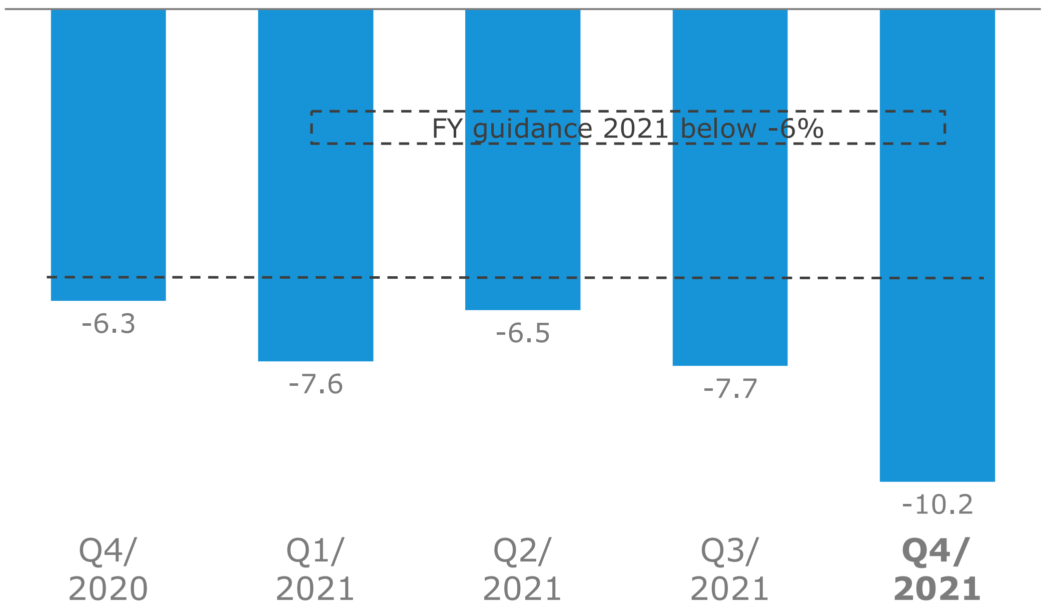
Comments

- Very healthy cash level of EUR 784m at the end of FY 2021 (EUR 778m year-end 2020)
- Strong equity ratio on the back of EUR 586m due to rights issue in Q3/2022
- Current liabilities decreased mainly due to repayment of promissory note and cancellation of state backed RCF in Q3/2022

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

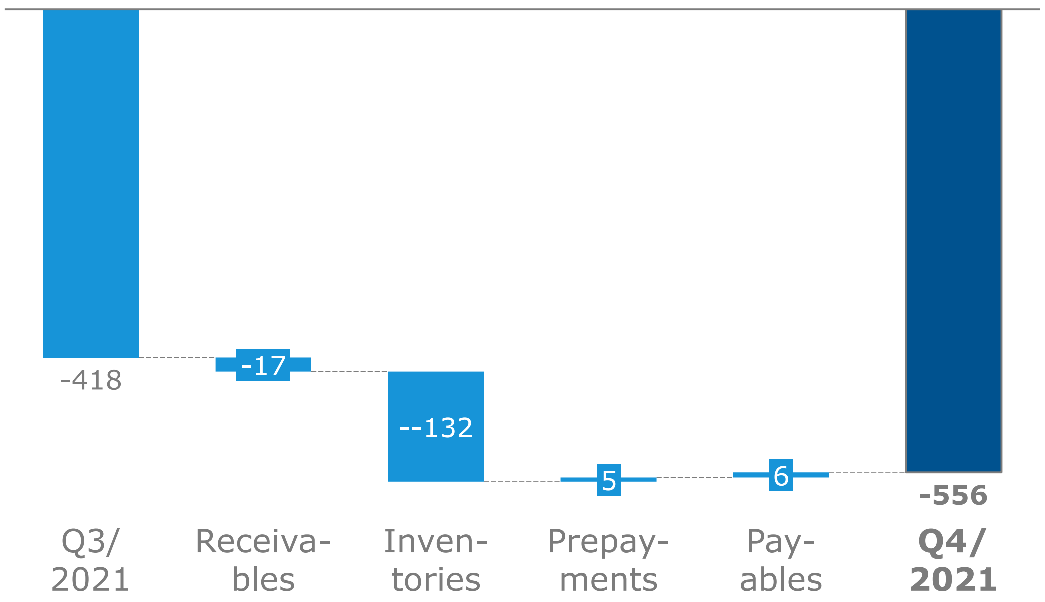
Working capital development FY 2021

Working capital ratio (in % of sales)*



- Despite challenging environment working capital ratio consistently well below guided figure for FY 2021

Working capital development (in EUR m)*



- Decrease in inventories primarily driven by high installation level in the last quarter of FY 2021

*Based on last twelve months sales.

Cash flow statement FY 2021

in EUR m (rounded figures)	FY 2021	FY 2020
Cash flow from operating activities before net working capital	-136	-346
Cash flow from changes in working capital	263	-6
Cash flow from operating activities	127	-352
Cash flow from investing activities	-152	232
Free cash flow	-25	-120
Cash flow from financing activities	62	406
Change in cash and cash equivalents*	38	285

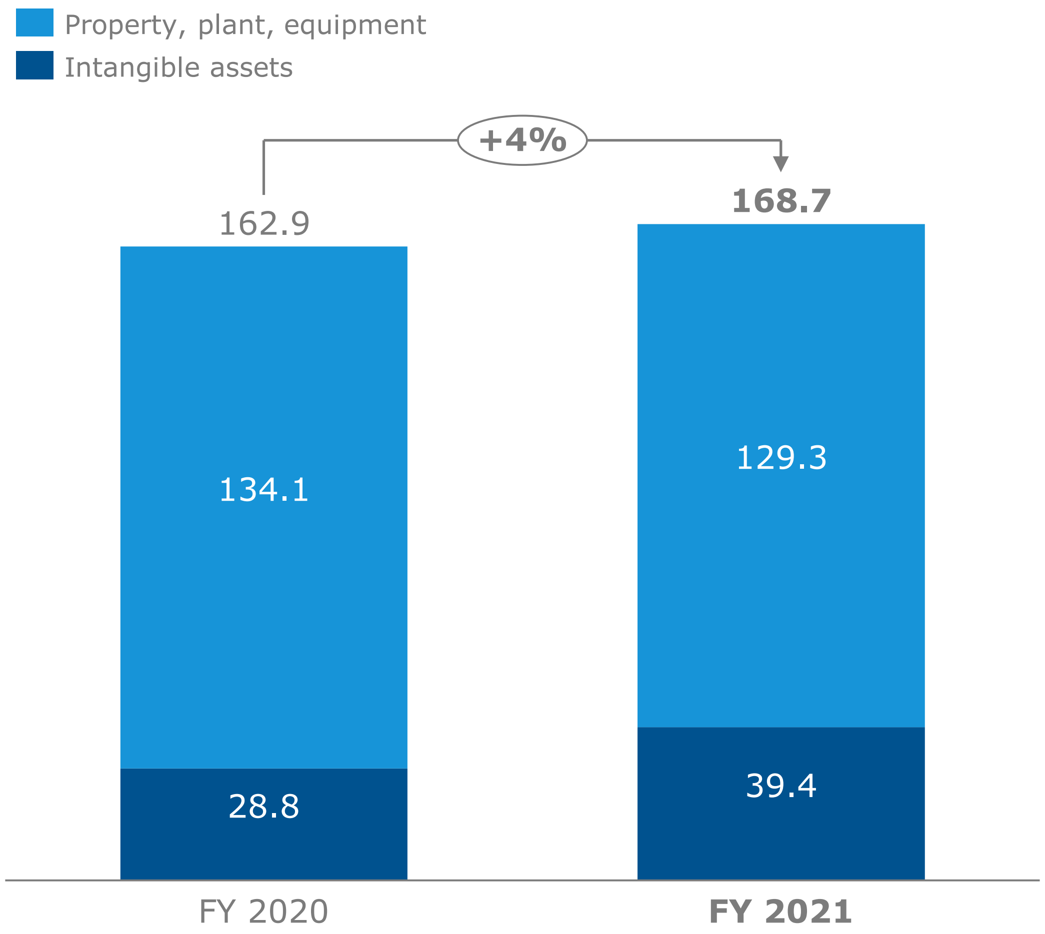
Comments

- Cash flow from operating activities mainly influenced by consistent positive working capital development throughout the year
- Cash flow from investing activities reflects ongoing optimization of supply chain and expansion of blade production facilities
- Cash flow from financing activities largely determined by cash inflows from rights issue

*Including FX effects.

Total investments FY 2021

CAPEX (in EUR m)

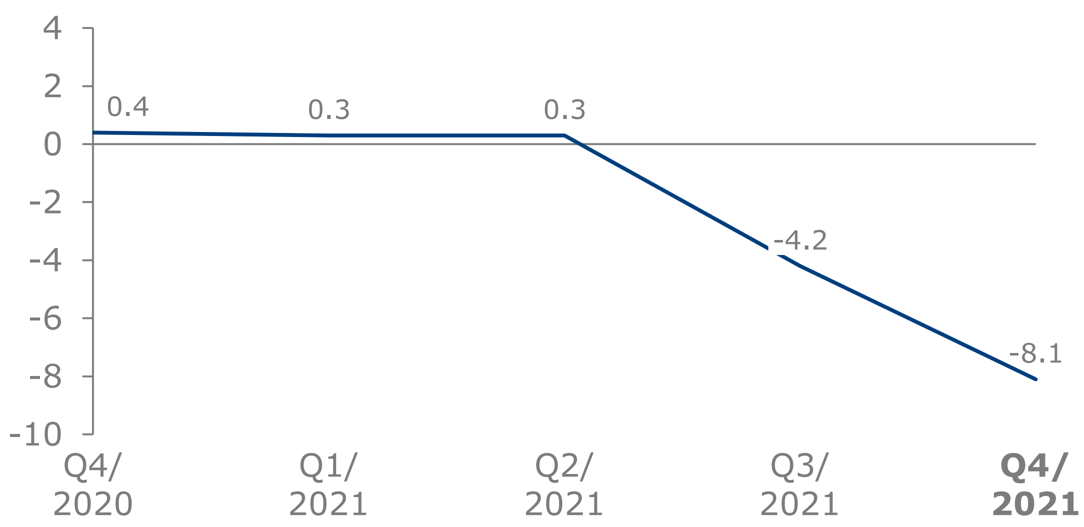


Comments

- Investments in FY 2021 mainly consists of:
  - Investments in expansion of blade production facilities, moulds and tooling
  - Investments in transport and installation equipment for international projects
- Increase in intangible assets due to higher level of development costs compared to previous year

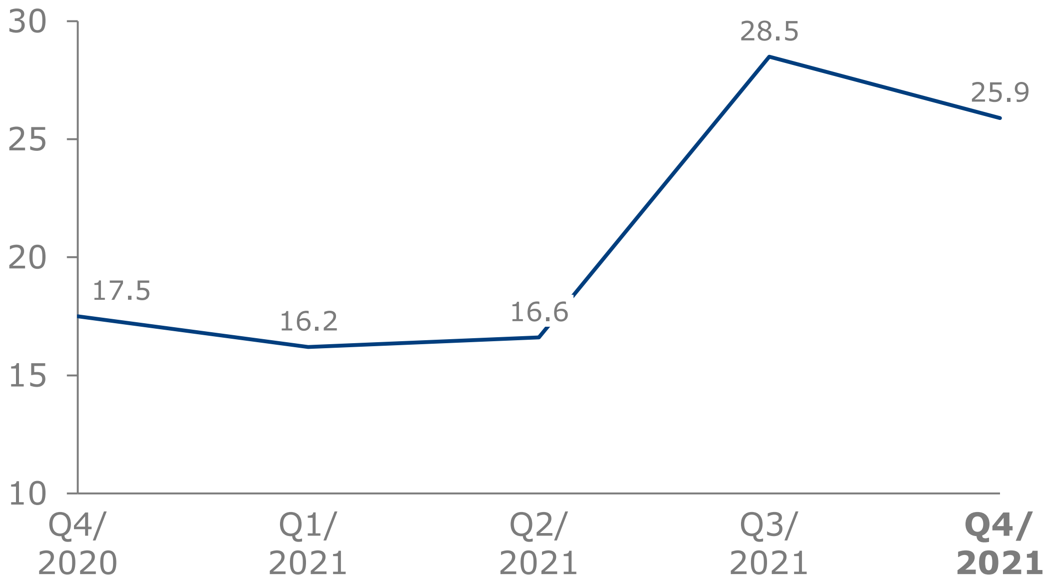
Capital structure FY 2021

Net debt*/EBITDA**



- Leverage ratio as per end of FY 2021 materially improved due to cash proceeds from rights issue

Equity ratio (in %)



- Strong equity ratio as expected due to inflows from rights issue; improvement by 8.4%-pts compared to previous-year end

* Bank borrowings, bond, employee bond and shareholder loan less cash and cash equivalents.
** Based on last twelve months.

Agenda

Sustainability strategy 2022 - 2025

Together for change – Wind for a sustainable future

Main targets:

- Provide fully recyclable blades by 2032
- Decrease carbon footprint of all turbines by 25%, by 2025

- Define Science-based targets in line with the 1.5°C target ambition, in 2022
- Achieve climate neutrality by 2023 (Scope 1+2) and continuously improve climate impact

- Reduce accidents to a lost time injury frequency of <1.5, by 2025
- Achieve a minimum of 25% female representation in management positions, by 2025

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

EU Taxonomy and ESG-Rating Scores

EU Taxonomy Eligibility

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

- 3.1 Manufacture of renewable energy technologies
- 7.6 Installation, maintenance and repair of renewable energy technologies

	Total (in EUR m)	Proportion of Taxonomy-eligible economic activities (in %)
Turnover	5,444	99.99
CapEx	221	94.86
OpEx	75	92.40

ESG-Rating Scores

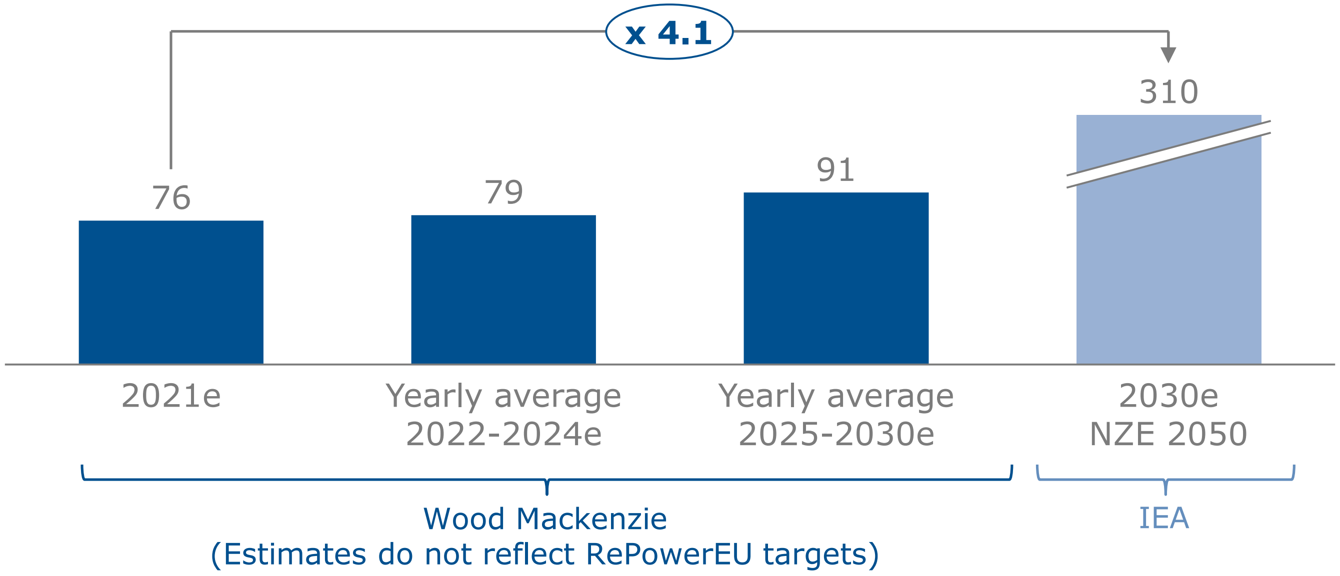
	Scale	Nordex Group
Corporate ESG Performance Prime RATED BY ISS ESG	A+ (best) to D-	B Prime[1)]
CDP DISCLOSURE INSIGHT ACTION	A (best) to D	B-
MSCI ESG RATINGS (CCC B BB BBB A AA AAA)	AAA (best) to CCC	A
SUSTAINALYTICS a Morningstar company RATED	Risk Rating 0 (best) to 100	24.8/100 – Medium
GOLD 2021 ecovadis Sustainability Rating	1-100 (best)	66/100 Gold

1) Awarded to companies with an ESG performance above the sector-specific Prime threshold, which means that they fulfil ambitious absolute performance requirements

Agenda

Strong long-term demand outlook for onshore wind

Annual onshore capacity additions (GW)



- **Net Zero Emissions by 2050** would require more than 4x the current level of wind capacity additions by 2030
- Long-term demand expected to soar:
  - **Energy security** and **independency in EU** are back on the agenda due to Russian invasion of Ukraine – ambitions set in RePowerEU could mean EU market size doubling from 15-20 GW to 40-50GW
  - **Decarbonization commitments** with rapidly increasing electrification and exploding demand for green hydrogen

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

- Ongoing development and maturing of international **PPA markets**
- **Repowering:** Newer efficient models replacing old wind turbines
- **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 12TW of renewable energy capacity
- **European Green Deal:** Aiming for net zero emissions (NZE) by 2050

Sources: Wood Mackenzie 2021, Global Wind Market Outlook Update Q4 2021; IEA November 2021
Notes: NZE 2050 = IEA's 'Net Zero Emissions by 2050' scenario

But, our margins in the short term are exposed due to ongoing geo-political events

Known direct impacts

- **Financial impact**
  - Up to **EUR 2m** service revenues at risk
  - Potential risk to the revenues due to unclear status of **120 MW** firm order and ~**160 MW** order in pipeline with planned revenue in 2022 in Ukraine now lost
  - **Minor impact on working capital** possible mainly due to one late stage project hand-over
  - **>1% cash balance** in Ukrainian bank accounts
- **Operational impact**
  - Possible supply chain disruptions due to **small number of suppliers** based in **Ukraine** and **Russia**
  - Risks of Russian vessels/chartering agents within our supply chain could add extra costs

Further risks

- **General slow down in order intake**
- Another bout of **extreme volatility** in specific commodities, impacting material and logistics costs
- **Disruptions in supply chain** due to **indirect dependence on affected countries**
- Potential **LD risks**
- **Cash flow risks**, **inventory risks** or any other unforeseen expenses

Nordex response

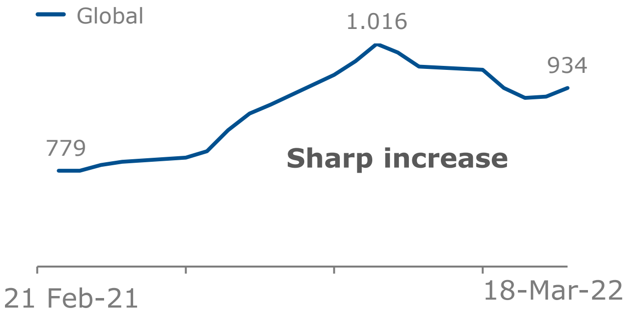
Fast response to evolving crisis - Crisis task force set up to identify the risks and contain them

Difficult to forecast full impact under current conditions today - Analysis of margins and possible mitigants under constant evaluation

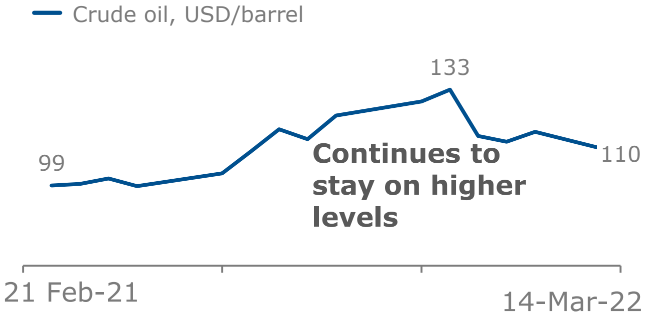
Heightened volatility in certain commodities in the current environment

Extreme volatility again in last few weeks since the invasion

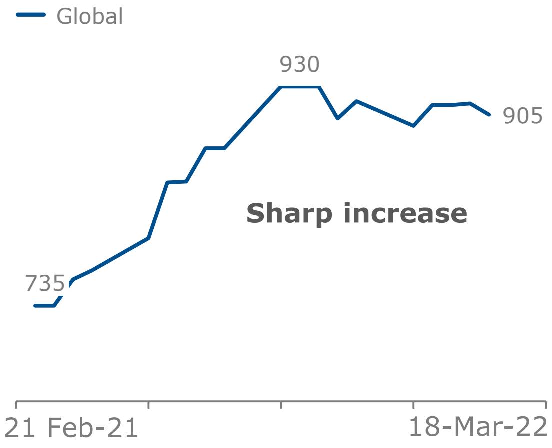
Bunker fuel (USD/barrel)[1]



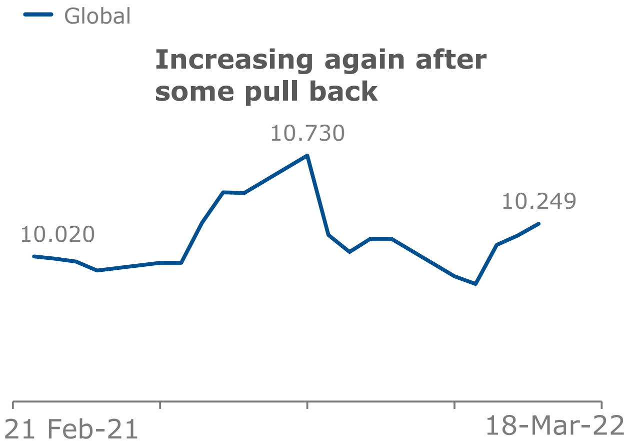
Crude oil[2]



Reinforcing steel (USD/t)[3]



Copper (USD/t)[4]



Comments

- Price volatility reduced post Q3/2021 across key commodities and shipping markets before the Ukraine-Russia conflict
- However, global metals market and oil are showing higher volatility again in the past few weeks
- Difficult to assess the full effect of these trends on our margins today

Our mitigants

- **Price increases/cost plus contracts** – however, turbine prices usually flow through the financials with a 12-month time lack
- **Escalation clauses** in customer contracts
- **Back-to-back contracts**, where possible
- **Longer term shipping contracts**
- **Hedge commodities**, where possible
- **Leaner scope –** Reduce the exposure by limiting scope of the projects

1) Global average bunker prices (VLSFO =Very low sulphur fuel oil) 2) source EIA (crude oil) 3) Commonly called 'rebar', used for reinforcing concrete – 3 months 4) LME prices

In parallel, we continue to reconfigure our production footprint to adapt to the global demand and cost base

Nordex' global production network

Background

- Nordex continuously evaluates its production and procurement process to combat the price pressure in the current market environment
- Transition towards turbines with 163m-diameter and expansion of Delta4000 series production across the world is well on track
- In order to gain further synergies and cost efficiency, the company plans to discontinue production in factories in Germany (Blades) and Spain (Nacelles)
- This will have a one-off effect on our margins in 2022, with expected savings across next two to three years

Striving for flexible global network for key components to ensure best landed costs in all regions.

Guidance for FY 2022

	2021		2022 guidance *Before any costs related to footprint reconfiguration and geopolitical events*
Sales:	EUR 5.4bn	→	**EUR 5.4 – 6.0bn**
EBITDA margin:	1.0%	→	**1.0 - 3.5%**
Working capital ratio:	-10.2%	→	**below -7%**
CAPEX:	EUR 168.7m	→	**approx. EUR 180m**

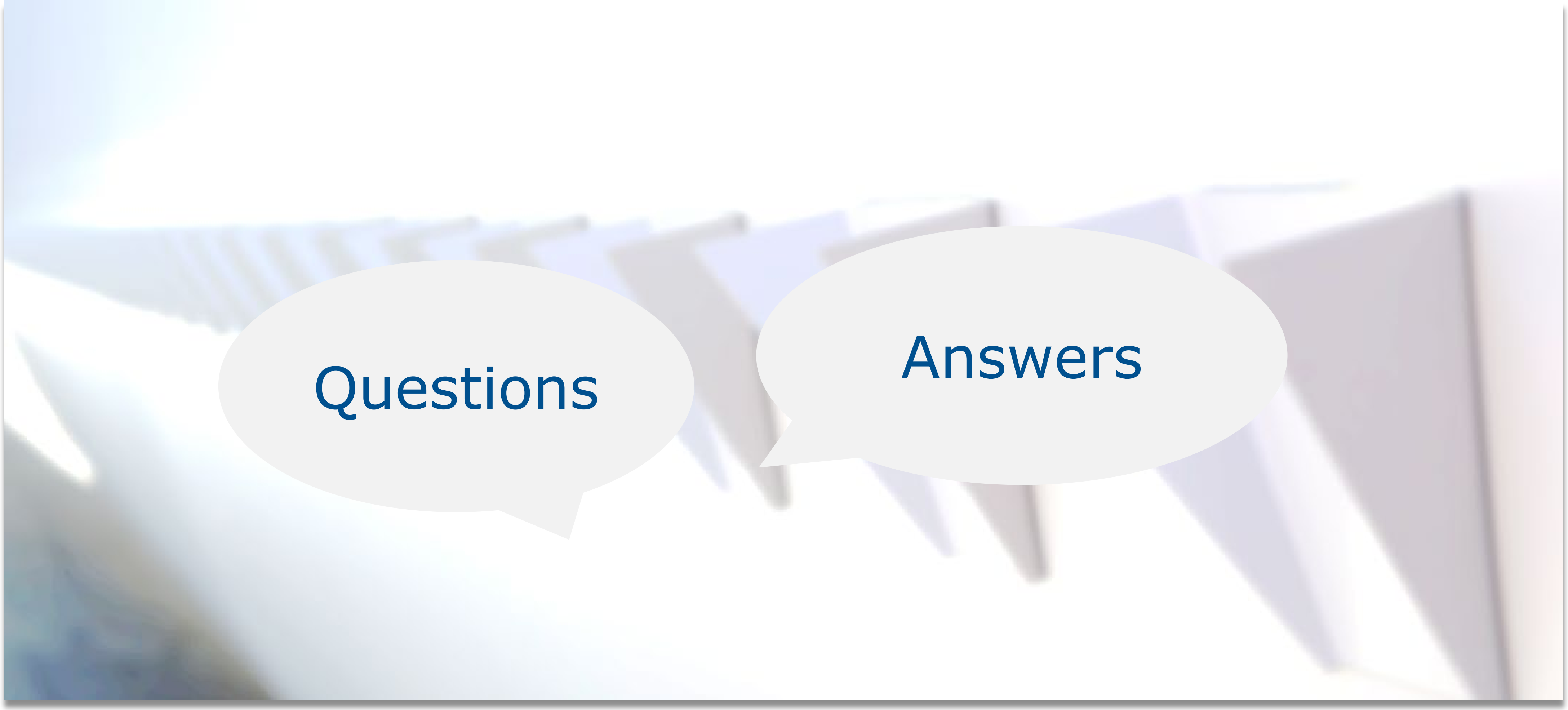
Please note the assumptions underlying the guidance are subject to greater uncertainties than normal.

Mid-term strategic targets

Sales:	~ EUR 5.0bn (in the short-term)	✓
EBITDA margin:	8% in the mid-term	
Capacity:	6 GW+	✓

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

Time for your questions



Key takeaways

- 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.
- Although, short term challenges remain due to **war induced volatility** and inflationary pressures with potentially larger unknown effects during the year.
- Nordex **making steady progress** from last year`s levels based on healthy order intake and margin improvements before the war broke out.
- **Task force** already set up to manage the external risks and preserve margins and cash flows.
- 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 strategic **EBITDA margin target of 8%**.

Thank you for your attention

Contact details

IF YOU HAVE ANY QUESTIONS PLEASE CONTACT INVESTOR RELATIONS:

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