Nordex Group

Nordex SE – Full year 2023

29th February 2024

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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

Executive summary FY 2023

FY 2023 Results

Sales:

6.5bn

EBITDA margin:

0%

Working capital ratio:

-11.5%

Commentary

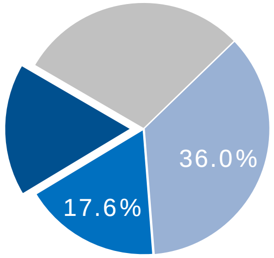
- Nordex consistently #1 in order intake (MW) in Europe in 2022 and 2023
  - Strong order intake of 2.5 GW in Q4/2023; +30% vs 1.9 GW Q4/2022
  - FY order intake of 7.4 GW; +16% vs 6.3 GW in FY 2022
- Sales amounted to EUR 6.5bn in FY 2023; +14% vs FY 2022
- 2023 EBITDA margin reaching break-even in line with our guidance and much better compared to -4.3% achieved in 2022; Q4/2023 EBITDA margin sequentially stepping up to 3.4% as expected
- Annual installations of 7.3 GW in FY 2023; +39% compared to previous year. However, installations in Q4 did not recover all the delays of 2023
- Strong working capital ratio of -11.5% at year-end
- Positive free cash flow of EUR 20m, mainly on the back of improving operating performance and tighter working capital
- Net cash level improved to EUR 631m as we converted two shareholder loans into equity and repaid high yield bonds during the last year
- 2024 guidance shows improving margin outlook year over year subject to managing near term challenges of inflation and shipping disruptions; mid term EBITDA target of 8% still intact

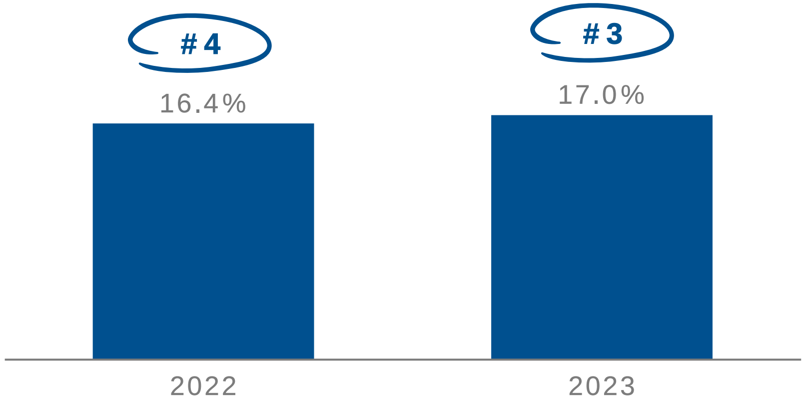
Nordex makes top 3 worldwide in 2023 for order intake (ex China)

ONSHORE MARKET SHARE BASED ON MW ORDERS

Global market share
(c.43 GW order intake)

Nordex Group
17 %





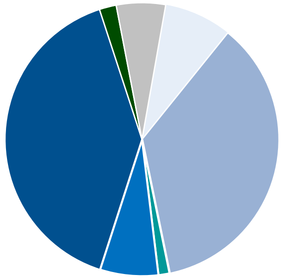
EMEA
(c.16 GW order intake)

2023: #1

2022: #1

Nordex Group
40 %

2023



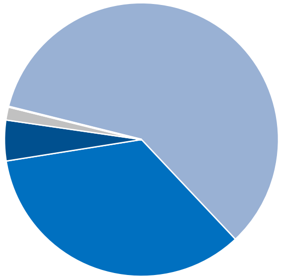
Americas
(c.16 GW order intake)

2023: #3

2022: #4

Nordex Group
4.8 %

2023



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

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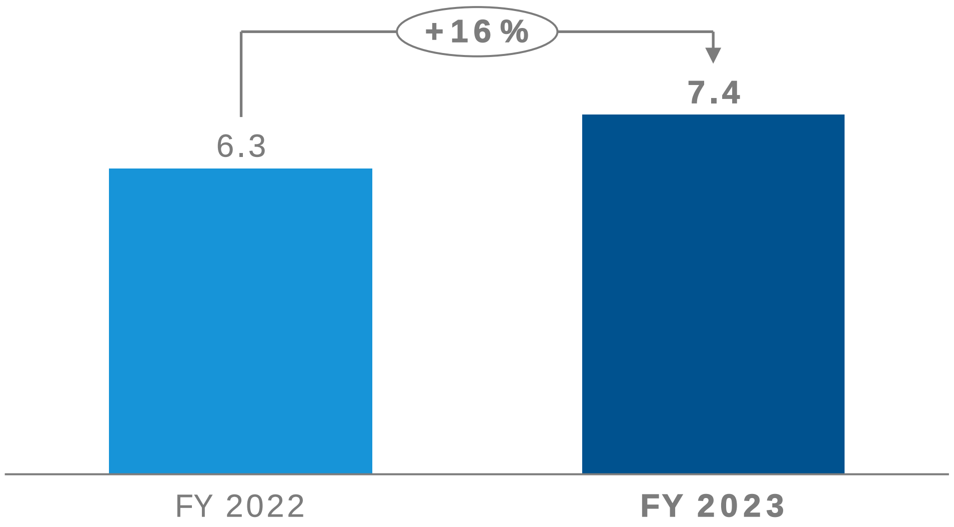
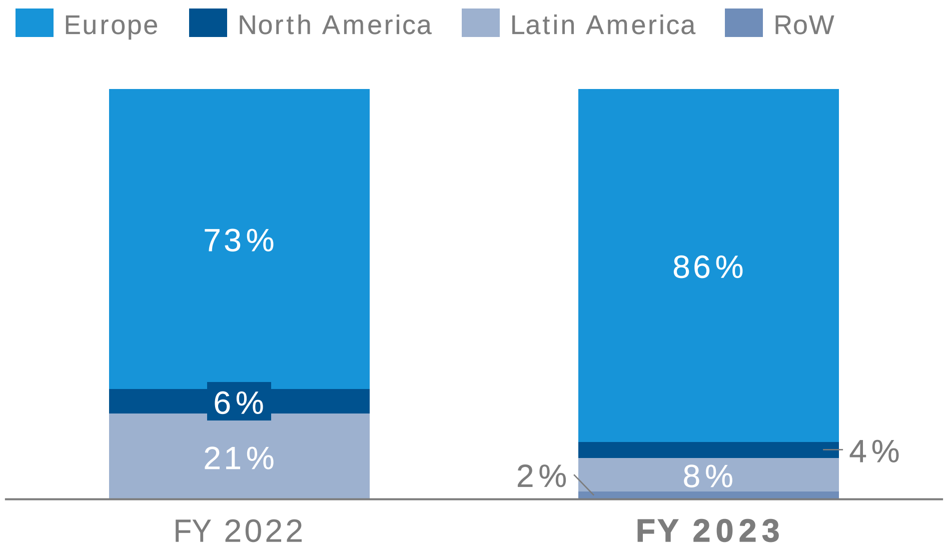
Order intake increased by 16% in 2023

Order intake turbine (in GW)



- Order intake in Q4/2023: 2.5 GW – increase of 30% compared to 1.9 GW in the previous-year quarter
- ASP* remains stable with of EUR 0.84m/MW in Q4/2023 and FY 2023 (0.84m/MW in the previous year)

Order intake turbine by regions (in GW in %)

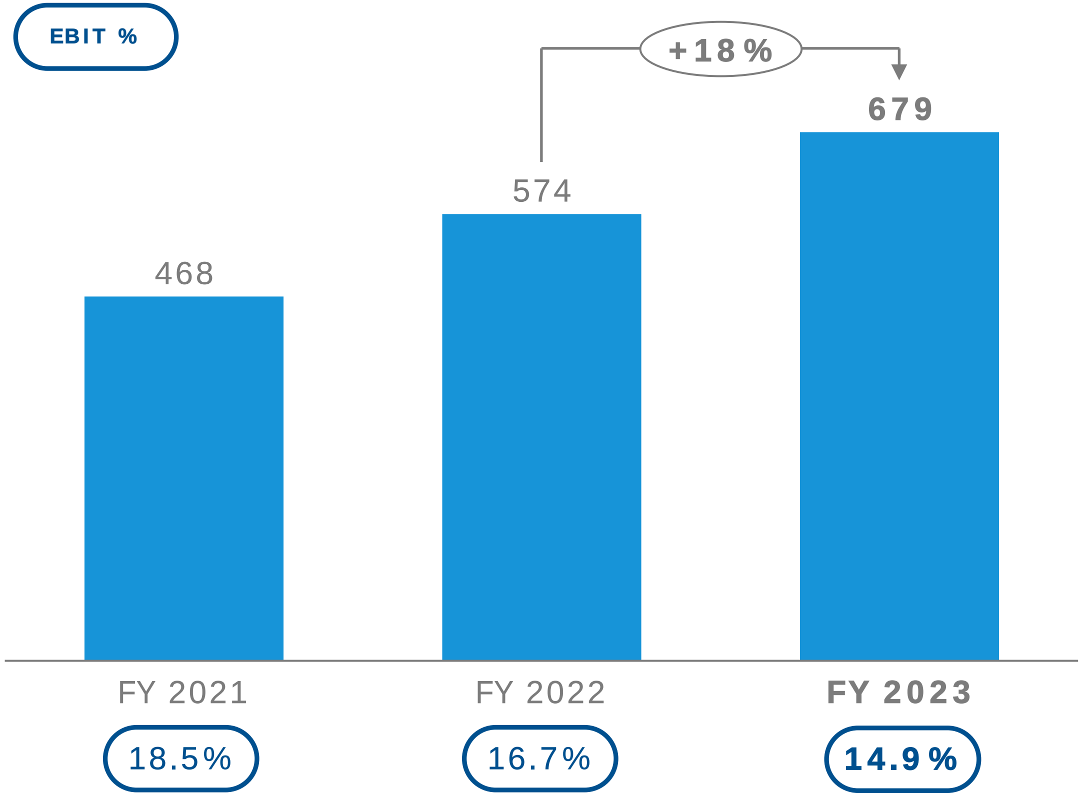


- Orders received from 23 different countries in FY 2023
- Largest single markets were Turkey, Spain, Sweden and Germany
- Germany with strong order intake of almost 1.5 GW in FY 2023 (+36% vs FY 2022)

* Average Selling Price.

Service business constantly growing

Service revenues (EUR m) and EBIT margin

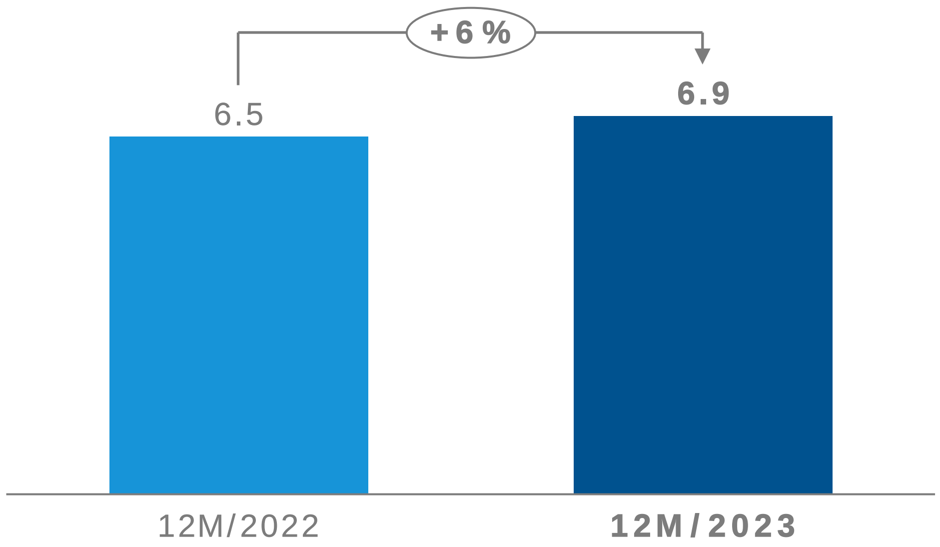


Comments

- Service sales aggregate to 10.5% of group sales in the reporting year
- Service EBIT margin sequentially improved in Q4 to 17.3%
- Full year EBIT margin temporarily influenced by inflationary pressures, regional and turbine mix
- Average service contract length of 12 years
- Service order book remains strong with EUR 3.6bn at the end of FY 2023
- Around 35 GW of installed base are under service agreement

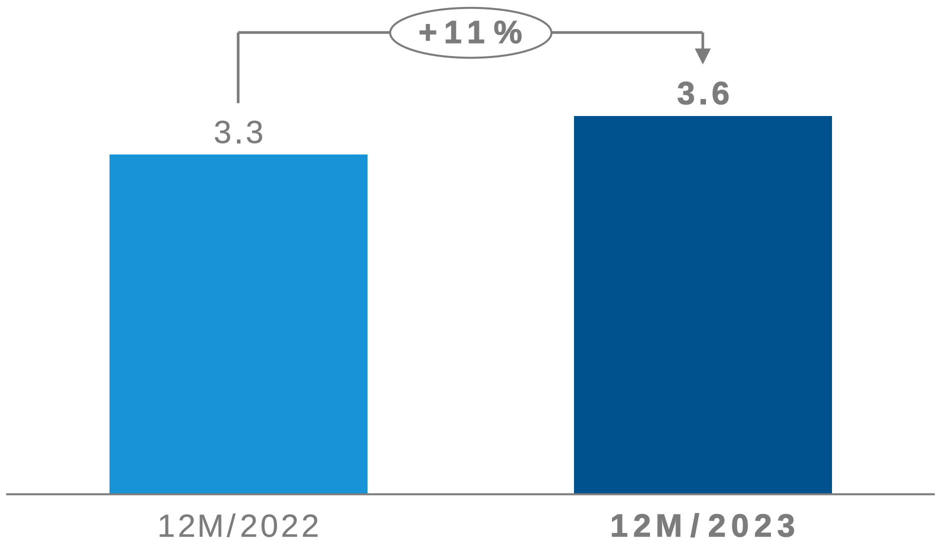
Increase of combined order book to EUR 10.5bn

Order book turbines (EUR bn)



- Healthy growth of the order book to EUR 6.9bn
- Majority of the orders coming from our key region Europe with EUR 5.8bn (84%)

Order book service (EUR bn)



- Growing fleet of 11,400 WTGs under service - accounting for around 35 GW at the end of FY 2023

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Income statement FY 2023

in EUR m (rounded figures)	**FY 2023**	FY 2022	abs. change
Sales	**6,489**	**5,694**	**795**
Total revenues	6,551	5,991	560
Cost of materials	-5,566	-5,505	61
Gross profit	**985**	**486**	**499**
Personnel costs	-630	-588	-42
Other operating (expenses)/income	-353	-143	-210
EBITDA	**2**	**-244**	**246**
Depreciation/amortization	-189	-182	-7
EBIT	**-187**	**-427**	**240**
Net profit	**-303**	**-498**	**195**
Gross margin*	**15.2%**	**8.5%**	
EBITDA margin	**0%**	**-4.3%**	
EBIT margin w/o PPA	**-2.8%**	**-7.4%**	

Comments

- Strong sales growth of 14% to EUR 6.5bn in FY 2023 due to consistent good order intake momentum
- Full year gross margins improving and likely to improve further in 2024 as share of legacy orders recede
- EBITDA reaching break even in the reporting year
- PPA depreciation amounted to EUR 5m in FY 2023 (EUR 4.9m in the previous year)

*Gross profit in relation to sales.

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Income statement Q4/2023

in EUR m (rounded figures)	Q4/2023	Q4/2022	abs. change
Sales	**2,012**	**1,820**	**192**
Total revenues	2,127	2,099	28
Cost of materials	-1,752	-2,052	300
Gross profit	**375**	**47**	**328**
Personnel costs	-170	-162	-8
Other operating (expenses)/income	-137	71	-208
EBITDA	**69**	**-44**	**113**
Depreciation/amortization	-50	-52	2
EBIT	**19**	**-96**	**115**
Net profit	**31**	**-126**	**157**
Gross margin*	**18.6%**	**2.6%**	
EBITDA margin	**3.4%**	**-2.4%**	
EBIT margin w/o PPA	**1.0%**	**-5.3%**	

Comments

- As anticipated, sales further improved to EUR 2bn in Q4/2023
- Q4 gross margins almost recovering to normal levels compared to last year
- Operating margins slightly impacted from cost increases due to lower installations compared to our planning
- PPA depreciation totaled EUR 1.2m in Q4/2023 (EUR 1.2m in previous-year quarter)

*Gross profit in relation to sales.

› Classification: Public

Balance sheet FY 2023

in EUR m (rounded figures)	**31.12.23**	31.12.22	abs. change
Non-current assets	1,869	1,795	74
Current assets	3,553	2,961	592
Total assets	**5,422**	**4,757**	**665**
Equity	978	878	100
Non-current liabilities	771	452	319
Current liabilities	3,673	3,427	247
Equity and total liabilities	**5,422**	**4,757**	**665**
*Net cash**	**631**	**244**	
*Working capital ratio***	**-11.5%**	**-10.2%**	
Equity ratio	**18.0%**	**18.5%**	

Comments

- Very robust liquidity levels of ~EUR 1bn including cash facility under MGF at the end of FY 2023
- During the year, balance sheet was further strengthened by two major transactions
  - EUR 347m shareholder loans were converted into equity at EUR 14.15 per share, leading to significant interest cost savings
  - EUR 333m of debut convertible bond issuance further strengthened the capital structure while optimising the finance costs

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

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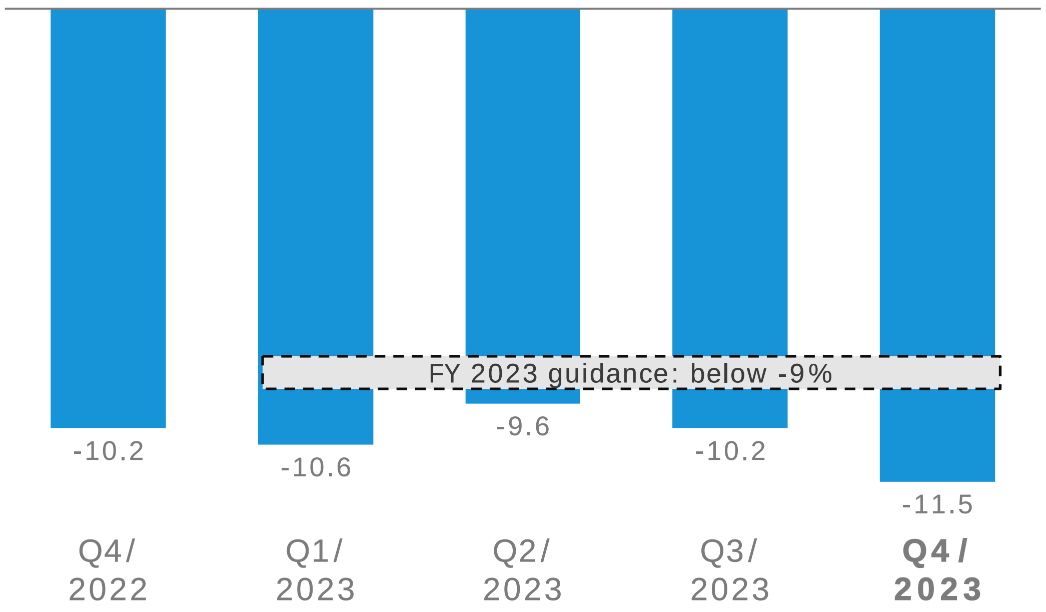
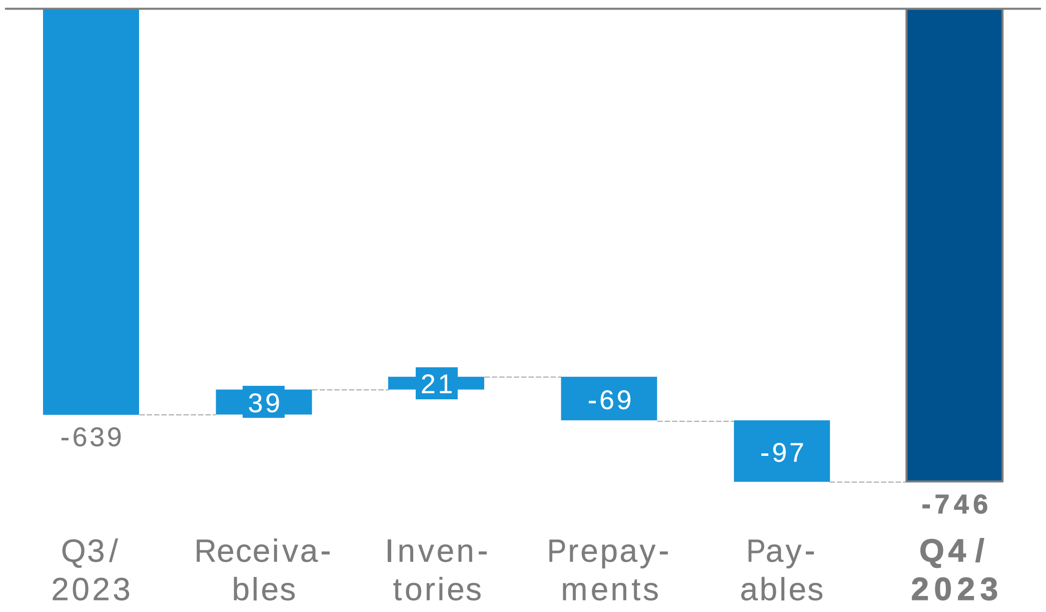
Working capital development FY 2023

Working capital ratio (in % of sales)*



› Working capital ratio improved towards year end 2023 remaining clearly below guidance of below -9%

Working capital development (in EUR m)*



› Higher payments due to strong order intake and better operating performance led to further improvement in Q4/2023

*Based on last twelve months sales.

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Cash flow statement FY 2023

in EUR m (rounded figures)	FY 2023	FY 2022
Cash flow from operating activities before net working capital	-6	-373
Cash flow from changes in working capital	167	23
Cash flow from operating activities	161	-350
Cash flow from investing activities	-141	-164
Free cash flow	20	-514
Cash flow from financing activities	286	346
Change in cash and cash equivalents*	306	-168

Comments

- Cash flow from operating activities positively influenced by strong working capital development
- Cash flow from investing activities reflects continuous level of investment during the year, but lower than initially planned
- Free cash flow of EUR 20m at the end of FY 2023 on the back of better operating performance and tighter working capital management
- Cash flow from financing activities mainly attributable to the proceeds from the convertible bond issuance in April 2023

*Including FX effects.

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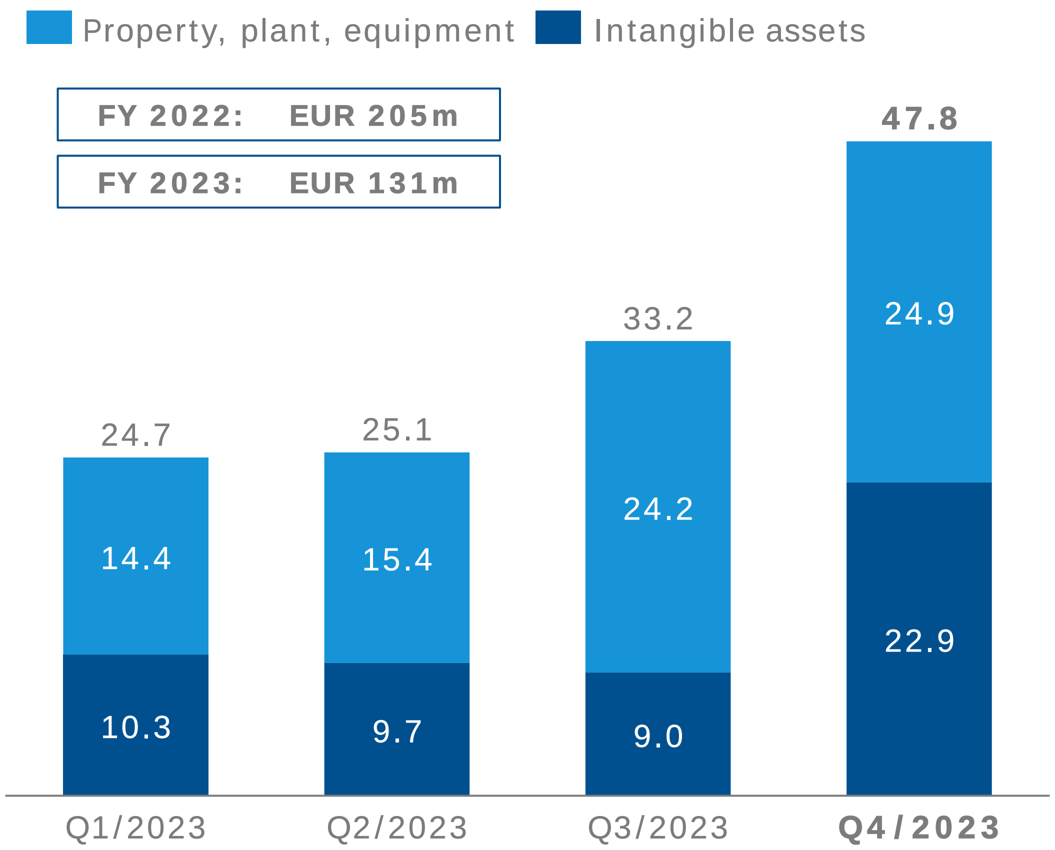
Total investments FY 2023

CAPEX (in EUR m)



Comments

- The overall capex spend was lower during the year mainly due to tighter capex management and partly due to some investments in the US being delayed
- The key investment priorities in FY 2023 included the following:
  - Investments in blade production facilities and moulds in India and Spain
  - Investments in installation and transport tooling and equipment for projects

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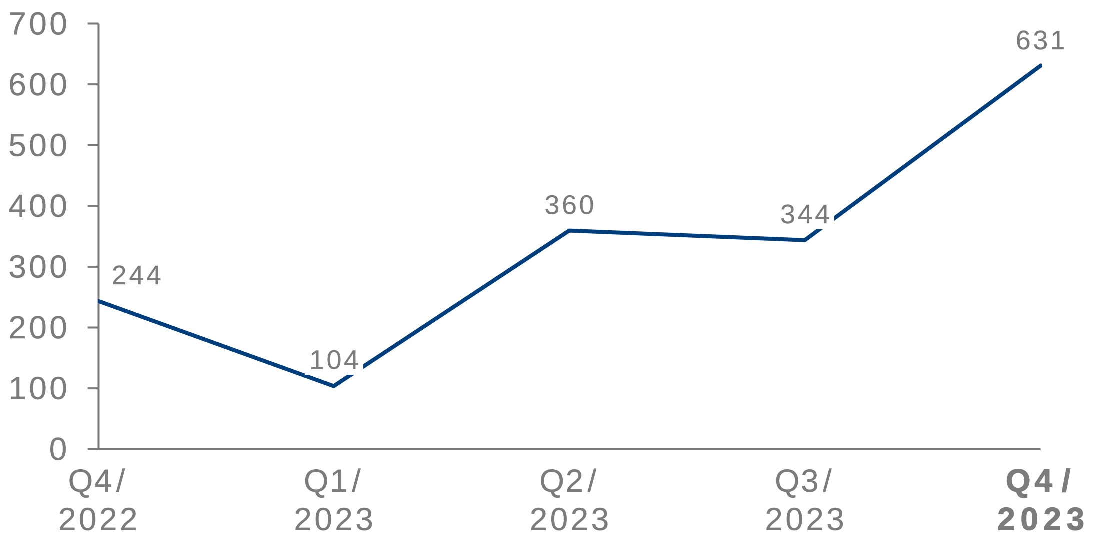
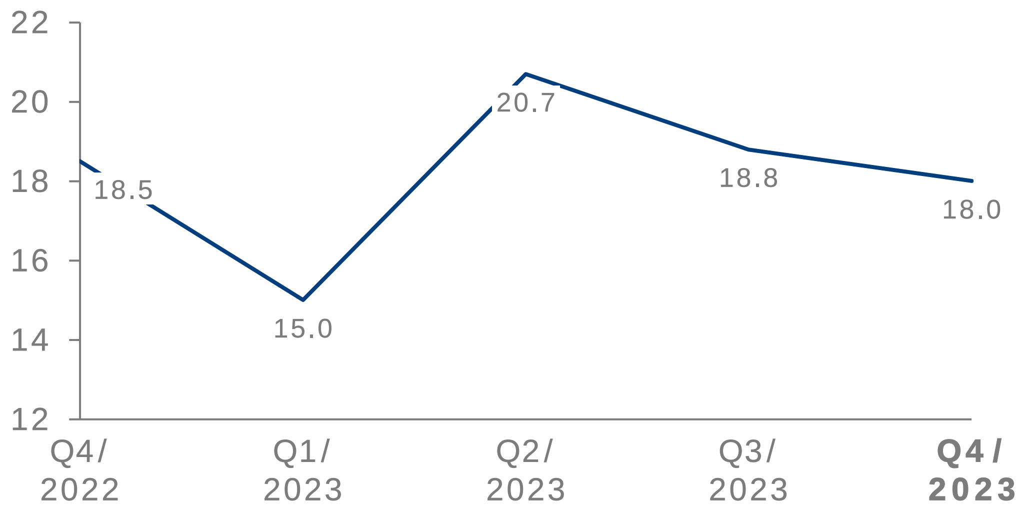
Capital structure FY 2023

(Net debt) / net cash*



› Strong net cash levels at the end of Q4/2023

Equity ratio (in %)



› Equity ratio at a comparable level to previous year end mainly influenced by the successful completion of the debt-to-equity swap in April 2023

* Bank borrowings, bond, employee bond and shareholder loan less cash and cash equivalents.

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Implementation of Nordex sustainability strategy 2025 on track

Together for change – Wind for a sustainable future

Main targets

- Provide fully recyclable blades by 2032 **"ongoing activity"**
- 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 **"ongoing activity"**

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

* Nordex has submitted science-based targets to the SBTi in December 2023. Validation is currently ongoing.
** Nordex will compensate remaining scope 1+2 for 2023 emissions via carbon offsets. The corresponding transaction will be carried out in Q1/2024.

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

EU Taxonomy Eligibility and Alignment

Nordex contributes to the environmental objective “climate change mitigation” with the following main economic 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	
	in EUR m	%	in EUR m	%
Turnover	6,485.89	**99.95**	6,485.89	**99.95**
CapEx	150.38	**93.25**	142.74	**88.51**
OpEx	85.61	**93.43**	84.35	**92.06**

Nordex ESG Rating Scores

Rating	Score
Corporate ESG Performance, Rated by ISS ESG (Prime)	B+ Prime
CDP – Disclosure Insight Action	B
MSCI ESG Ratings (CCC, B, BB, BBB, A, AA, AAA)	A
Sustainalytics, a Morningstar company – RATED	16.6 / 100 Medium
EcoVadis Gold 2021 Sustainability Rating	70 / 100 Gold

NORDEX acciona Windpower

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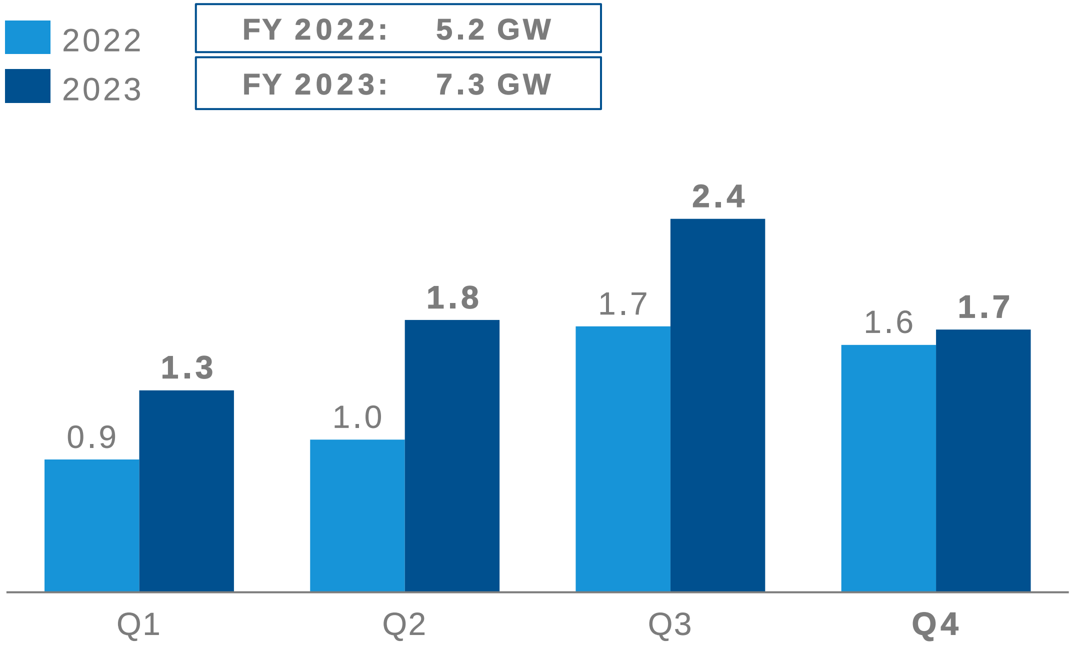
Installations increased by 39 % to 7.3 GW compared to previous year

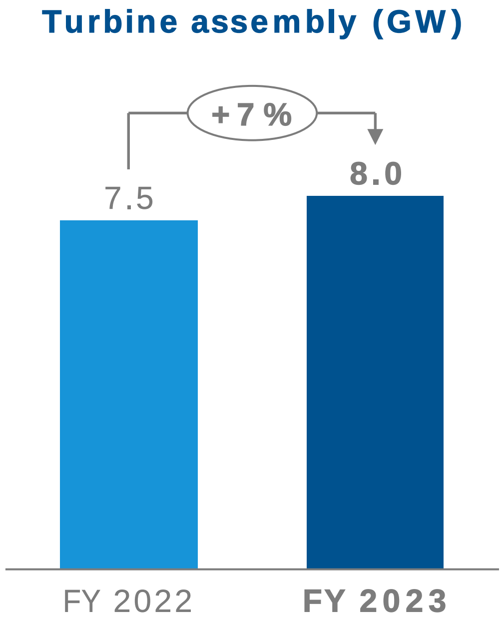
Installations (GW)

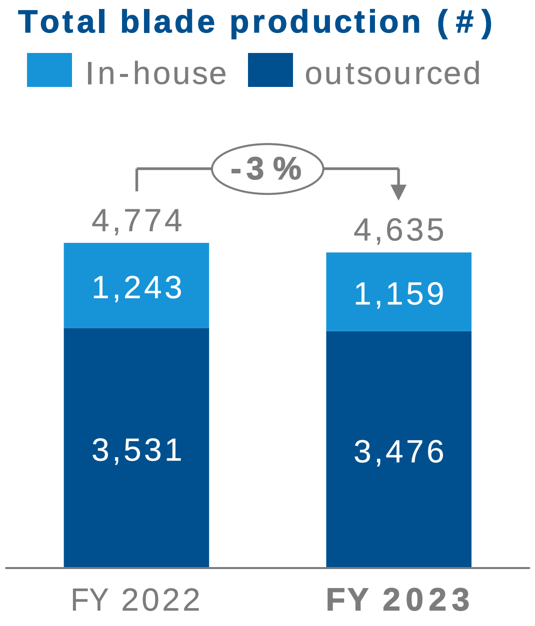
FY 2022:	5.2 GW
FY 2023:	7.3 GW



- Installations of 1,429 WTGs in 24 countries (FY 2022: 1,129 WTGs)
- Activity level in Q4/2023 was slightly behind our internal planning due to harsh weather conditions in parts of Europe

Production





- Output turbines of 1,520 units, the majority coming from Germany (711) and India (293) in FY 2023
- Total blade production splits into in-house of 25% and outsourced blade production of 75% in FY 2023

Classification: Public

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Guidance for FY 2023 delivered

	2023 Guidance	2023A
Sales:	EUR 5.6bn – 6.1bn	**EUR 6.5bn**
EBITDA margin:	-2% to +3%	**0%**
Working capital ratio:	Below -9%	**-11.5%**
CAPEX:	Approx EUR 200m	**EUR 131m**

Nordex is progressing as communicated

Our communication in 2022

Period of volatility (2021-2022)	Period of stabilisation (2023-2024)	Period of growth (2025 and beyond)	8% EBITDA margin
× Ukraine and Russia conflict × Supply chain disruptions × Extreme price rises × Logistics challenges × Cyber security incident	✓ **Turbine prices improving** ✓ Costs stabilising in China, but remain a challenge in Europe × Supply chain reliability risks continue	✓ **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	**Mid-term target maintained** **Green hydrogen initiatives to provide an extra layer of safety**

Mid-term drivers

1. **Europe is growing** with Nordex increasing its market share
2. **Order book quality improves** gradually, but substantially
3. **Growing Service business** with margins reverting to normal levels

Progress update

✓ **On track - margins steadily improving**

NORDEX acciona Windpower

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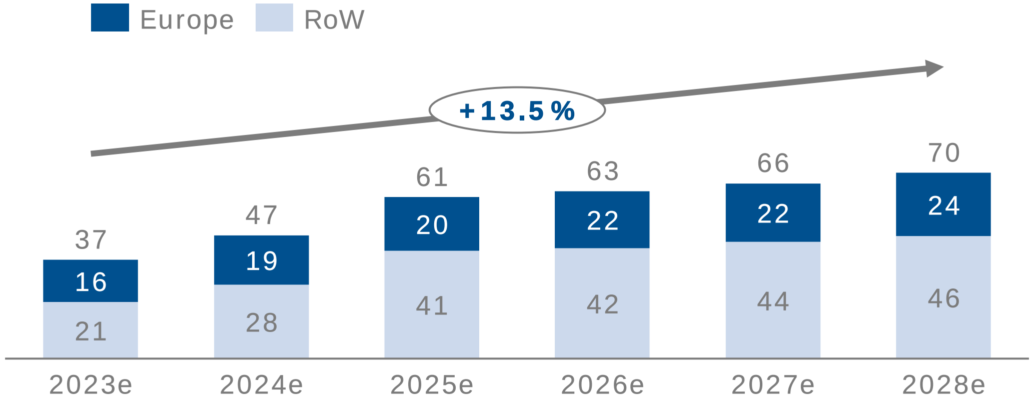
Key market Europe is growing

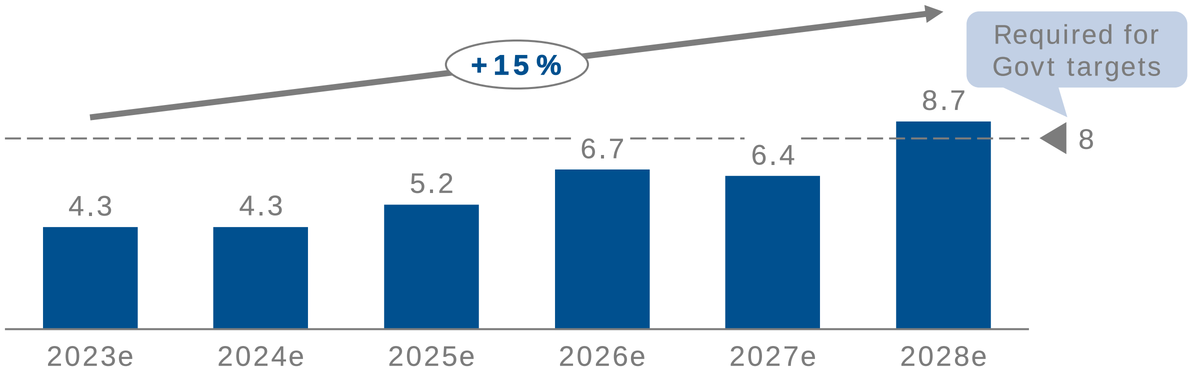
1 Onshore capacity addition – Global (ex China)[1]



Key takeaways

- Strong growth expected in onshore wind demand driven by Europe and the US
- EU onshore wind installations need to **double by 2030** to meet the REPowerEU target of 500 GW of total wind capacities[2]
- Outside Europe, North America will continue to drive future growth mainly driven by IRA
- In 2023, Nordex booked 6.3 GW order in Europe (+37 % vs 2022) and 7.4GW in total (+16% vs 2022)

Onshore wind installations – Germany



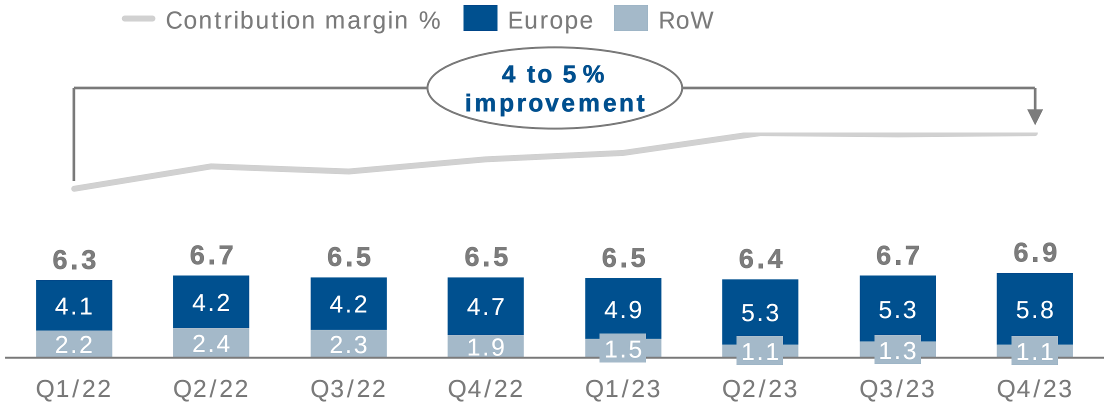
Key takeaways

- German onshore wind market posted strong growth in 2023
- Still a significant gap remains to reach 115 GW by 2030 (2023: 61 GW) with slow pace of transport permits becoming a near term drag
- Nordex order intake increased to **1.5 GW** in 2023 (+36% vs 2022) and also secured **1.8 GW** in the auctions in 2023 (+125% vs 2022)

1 Wood Mackenzie Global Onshore Wind Installation Database Q3/2023 in GW; Wood Mackenzie Global Wind Power Market Outlook Update Q4/2023, 2. Wood Mackenzie (2023) The EU's Wind Action Plan.

Better quality order book and improving service business to drive overall margin improvement

2 Improving order book margin (€bn)

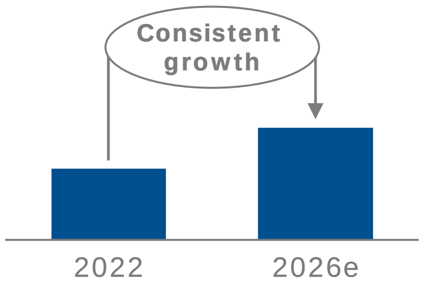


Key takeaways

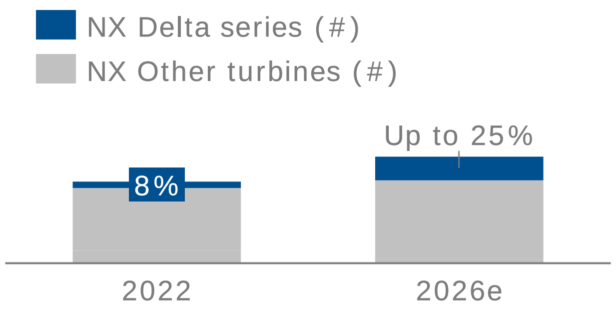
- Significant margin improvement in the order book as share of more profitable European orders grow
- Legacy orderbook to run down in 12-18 months, supporting overall expected margin improvement until 2026
- Supply chain risks and inflationary pressures continue to remain a key challenge in the near term

3 Growing service business

Service revenues (€m)



Turbines under contract



Key takeaways

- Consistent high growth expected in service business over the next few years due to increasing turbine sales
- At the same time, increasing share of delta series in the service fleet likely to benefit the overall margin improvement in the medium term

› Classification: Public

Guidance for FY 2024

	2024 guidance
Sales:	EUR 7.0 – 7.7bn
EBITDA margin:	2.0 % to 4.0 %
Working capital ratio:	below -9 %
CAPEX:	approx. EUR 175m

Mid-term target

8 %
EBITDA
margin

Update on green hydrogen initiatives

Long Term Trends

- 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
- Nordex is making inroads with a clear hydrogen strategy and with a minimal capital investment risk

Nordex Hydrogen initiatives

Project Development

- **ACCIONA & Nordex Green Hydrogen, S.L.** joint venture formed between Nordex and Acciona
- **Over 50 GW** under development in 6 countries (USA, Chile, Brazil, Morocco, Argentina, Mexico)
- Project development work on expected schedule

Electrolyzers

- **Nordex Electrolyzers S.L**. formed in December 2022 as a spin-off of Nordex
- **SODENA** participation for a 15% investment (EUR 15m) in the next 5 years signed in Feb 2023
- **New 50 kW stack prototype** built with the same design concepts planned for the larger-scale 500 kW
- **500 kW prototype** development on track

Source: Hydrogen for Net-Zero Hydrogen Council, McKinsey, 2021, REPowerEU document.
* Million tonne per annum.
** Memorandum of Understanding.

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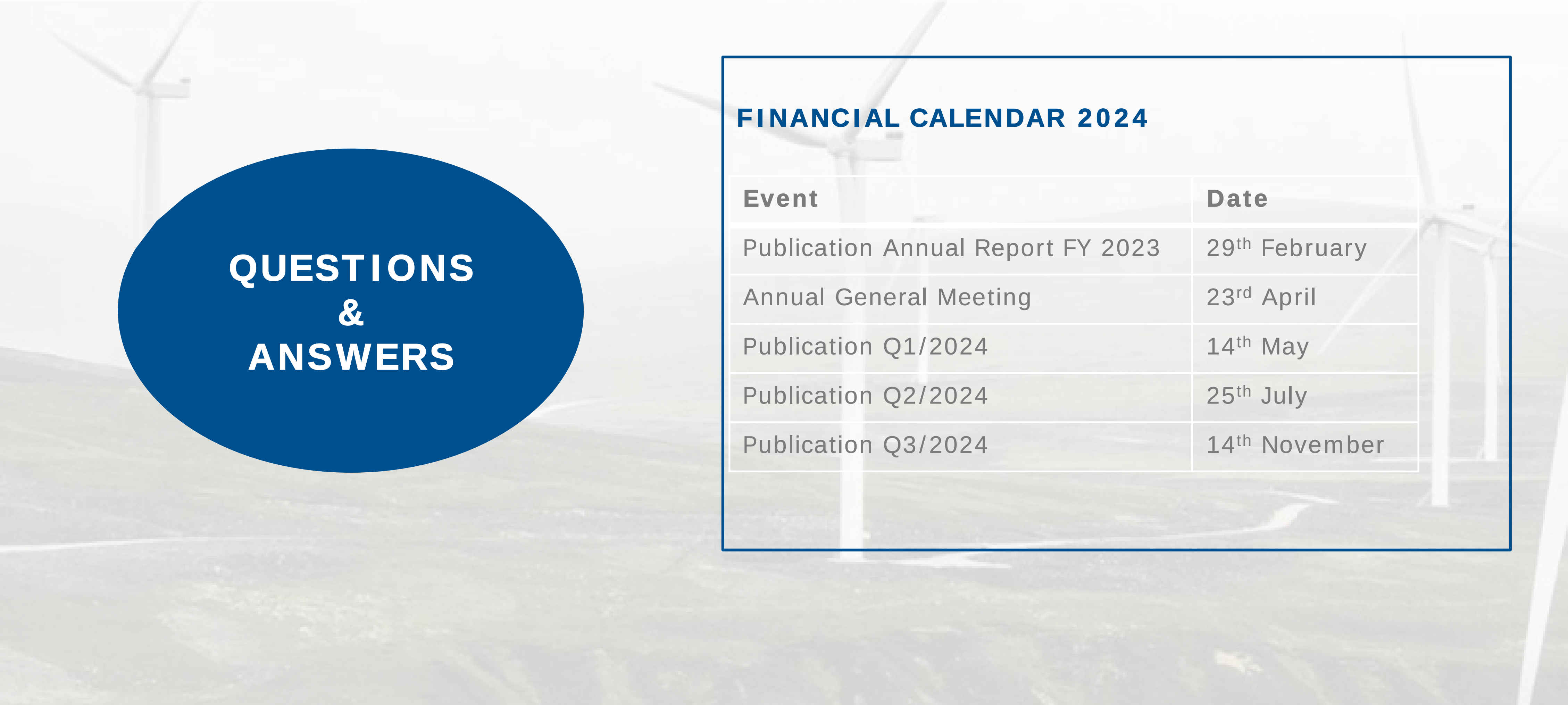
Your questions / Financial dates 2024



QUESTIONS & ANSWERS

FINANCIAL CALENDAR 2024

Event	Date
Publication Annual Report FY 2023	29^{th} February
Annual General Meeting	23^{rd} April
Publication Q1/2024	14^{th} May
Publication Q2/2024	25^{th} July
Publication Q3/2024	14^{th} November

Key takeaways

1. › Ambitious wind targets across **the EU** and our home market **Germany** in particular, keep strengthening the case for the wind industry over the medium term

2. › 2023 results show **steady and consistent progress** with stabilizing margins and positive free cash flow generation

3. › **A healthy balance sheet** structure in place with low debt levels and high cash balances

4. › Margin outlook improving further in 2024, despite the temporary challenges in the form of shipping disruptions and higher project costs in some cases

5. › Nordex setting the platform to achieve **EBITDA margin target of 8%,** on the back of potential demand growth and stable pricing

Contact details

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