

> Nordex SE Conference Call H1 2017

Hamburg, 3 August 2017



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Agenda

- 1 Introduction *José Luis Blanco*
- 2 Markets, orders & installations *José Luis Blanco*
- 3 Financials *Christoph Burkhard*
- 4 "30-by-18" *Christoph Burkhard*
- 5 Product development *José Luis Blanco*
- 6 Outlook *José Luis Blanco*
- 7 Q&A *All Board members*

Nordex is on track to meet the 2017 guidance

H1 2017

- › Order intake* of EUR 905m, thereof EUR 572m in second quarter
- › Revenues of EUR 1.5bn, thereof EUR 853m in second quarter
- › EBITDA margin of 7.8%
- › Increasing service business supports group results

* excl. Service

Priorities clearly set and key actions well under way



Priorities and key actions presented in Q1

Introduction

Strategic and operating priorities

Priorities	Key actions
<ul style="list-style-type: none"> › Improving the efficiency and profitability of the company › Continued improvement of COE › Lean and efficient organization › Focus on cost and CAPEX control › Major investment in technology and supply chain development to grow market share in the medium/long-term 	<ul style="list-style-type: none"> › Reorganization (only 3 divisions) › Adapt production capacity to demand › Reduce structure costs ("30-by-18") › Optimize supply chain in lead competitive countries › Leveraging our existing global footprint

Our goal: offer best-in-class products while further reducing cost base in order to improve profitability

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Status of key actions Q2

Key actions progressing according to plan

- 3 Divisions gone live
- Progressing according to plan
- Savings identified, implementation ongoing
- Ramp up India ongoing
- Share of installations in new markets increasing



Short term uncertainty as markets transition towards auction systems

Europe

- General trend in European markets transitioning towards auction based systems
- Short term uncertainty in Turkey as it transitions to auction based market mechanisms
- Spain is set to bounce back as a gigawatt-scale market. Over 4 GW of wind awarded in 2017 auctions

America

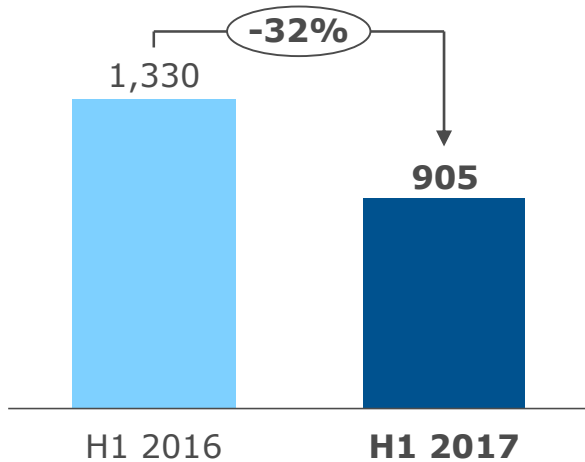
- US market demand driven by current PTC cycle shifting to outer years
- New auctions to be held in the second half of the year in Mexico, Argentina and Chile
- Uncertainty remains short term in Brazil as it is unclear whether a new auction will take place this year

Rest of World

- Transition to auction based systems creates uncertainty in India. Temporary downturn of volume pending the normalization of auctions
- Achieved wind energy competitiveness fuels new markets into setting renewable energy targets

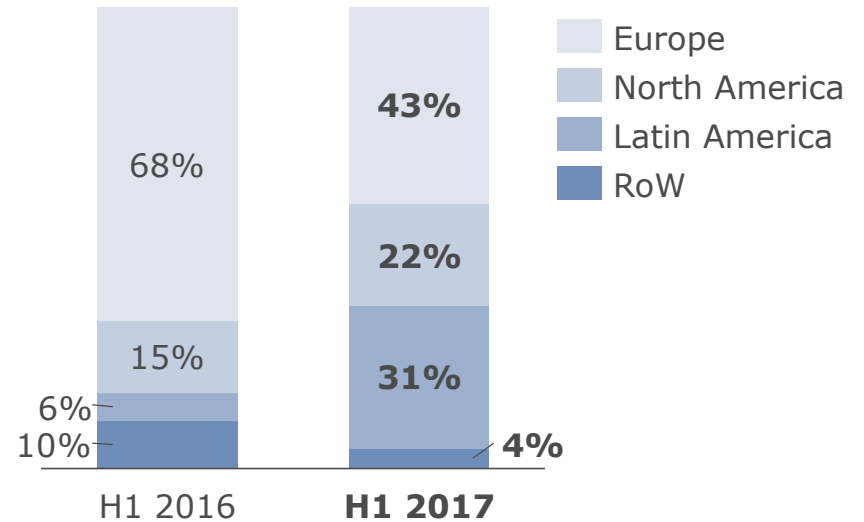
Q2 order intake of EUR 572m

Order intake* (in EUR m)



*excl. Service

Order intake by regions (in %)

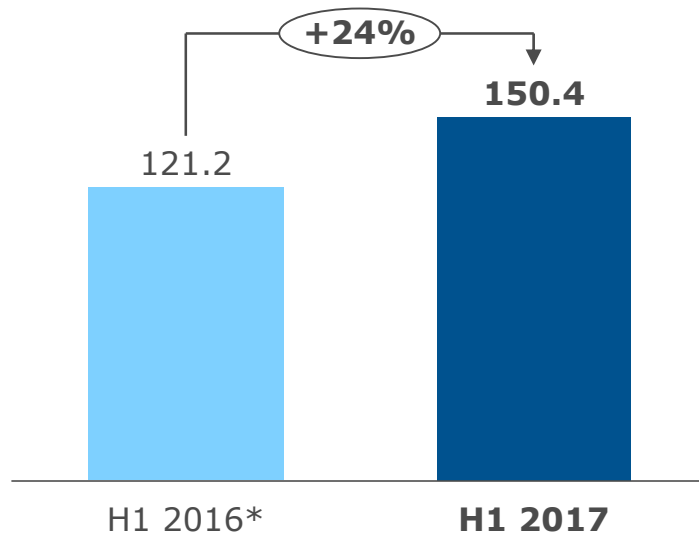


➤ Back-end loaded order intake expected for the second half of the year

➤ Distribution shows an increased global footprint

Solid growth of service segment

Service sales (in EUR m)



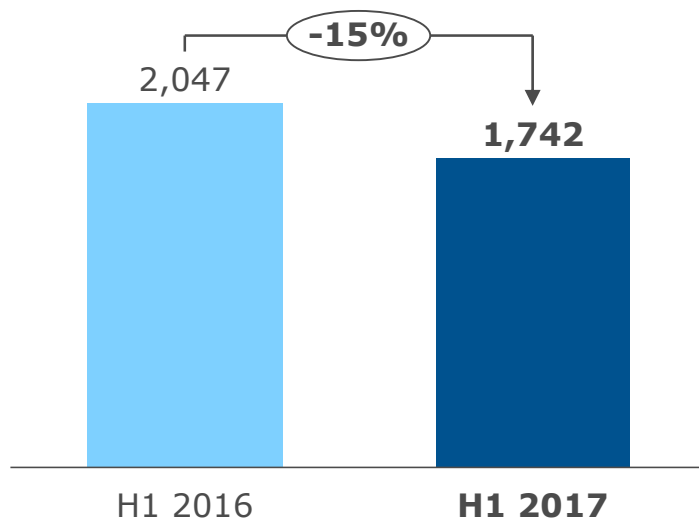
*Adjusted after change in segment reporting

Comments

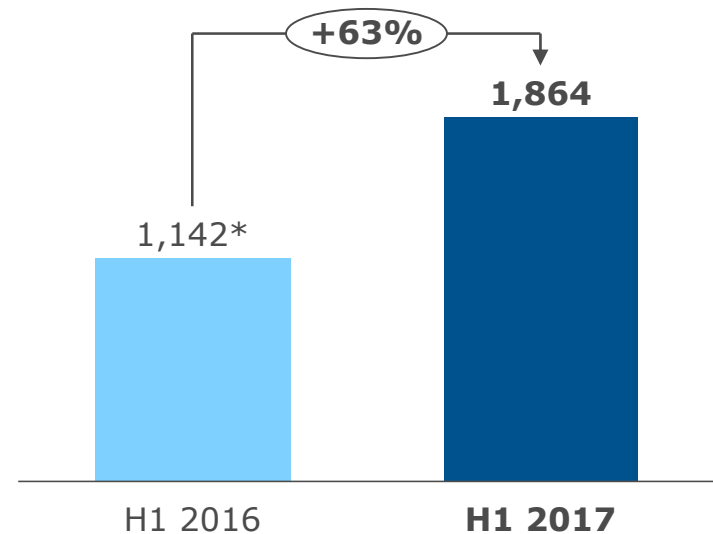
- Service share increased to around 11% of total sales at the end of H1 2017
- Service sales supported by inorganic growth (AWP included from Q2 2016 on)

Turbine and service order backlog stands at EUR 3.6bn

Order backlog turbines (EUR m)



Order backlog service (EUR m)



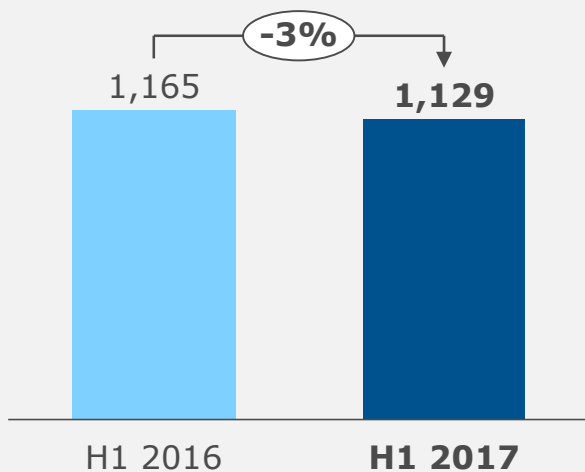
➤ Turbine order backlog shows in correlation with order intake increased global footprint: Europe (EUR 783m), North America (EUR 180m), Latin America (EUR 622m), RoW (EUR 157m)

➤ Service order backlog increased in Q2 versus Q1 2017 by around EUR 91m
 ➤ More than 14 GW under service

*Excluding AWP service backlog

Operational performance

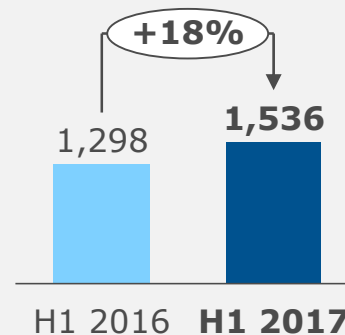
Installations (MW)



- 401 WTGs in 11 countries: 63% Europe, 8% RoW, 12% LatAM, 17% North America

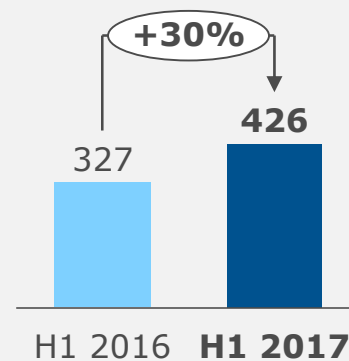
Production

➤ Turbine assembly (MW)



- Output of 535 units: GER 320, ESP 199, BRA 15, IND 1
- Preparing for higher installations

➤ Blade production (#)



- Output: 210 GER, 216 ESP

Income statement H1 2017

in EUR m	H1 2017	H1 2016	Δ in %
Sales	1,501.1	1,483.9	1.2
Total revenues	1,525.7	1,503.0	1.5
Cost of materials	-1,111.5	-1,129.8	-1.6
Gross profit	414.2	373.2	11.0
Personnel costs	-165.9	-126.6	31.0
Other operating (expenses)/income	-130.8	-110.0	18.9
EBITDA	117.5	136.6	-14.0
Depreciation/amortization	-68.1	-44.6	52.7
EBIT	49.4	92.0	-46.3
Net profit	22.6	51.0	-55.7
Gross margin	27.2%	24.8%	
EBITDA margin	7.8%	9.2%	
EBIT margin w/o PPA	4.9%	6.9%	

Comments

- Sales in line with expectations
- Increased gross profit margin due to favourable project mix
- Depreciation includes EUR 24.4m from PPA (EUR 10.8m H1 2016)
- Tax rate stands at 35%

Balance sheet H1 2017

in EUR m	30.06.17	31.12.16	abs. change	Δ in %
Non-current assets	1,273.7	1,275.1	-1.4	-0.1
Current assets	1,599.1	1,719.1	-120.0	-7.0
Total assets	2,872.8	2,994.2	-121.4	-4.1
Equity	957.6	940.0	17.6	1.9
Non-current liabilities	826.1	812.0	14.1	1.7
Current liabilities	1,089.1	1,242.2	-153.1	-12.3
Equity and total liabilities	2,872.8	2,994.2	-121.4	-4.1
<i>Net debt*</i>	232.7	-6.2		
<i>Working capital ratio**</i>	9.8%	4.1%		
<i>Equity ratio</i>	33.3%	31.4%		

Comments

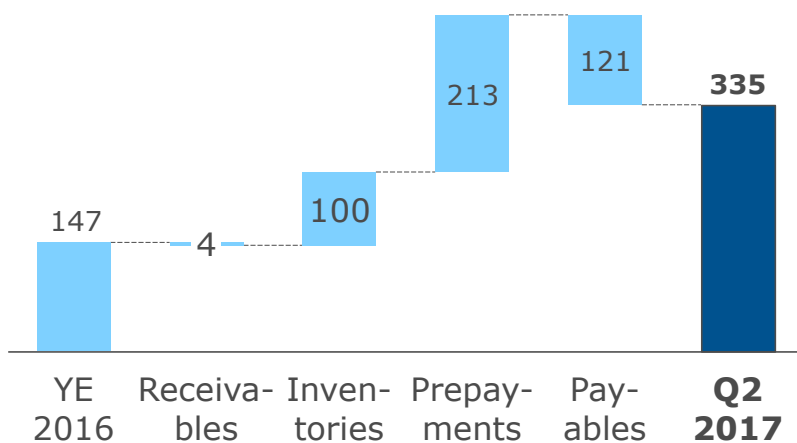
- Due to increased activity inventories remaining on a high level
- Decrease in current liabilities reflects lower customer prepayments

*Cash and cash equivalents less bank borrowings

**Based on last twelve months

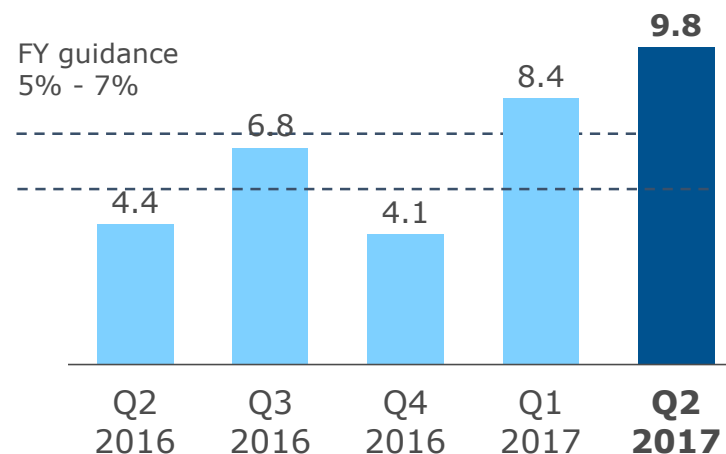
Working capital H1 2017

Working capital development (in EUR m)



- Increased working capital due to reduced prepayments and higher inventories
- Working capital will decline again during second half of the year

Working capital ratio (in % of sales*)



- As expected working capital ratio reached peak in Q2

*Based on last twelve months

Cash flow statement H1 2017

in EUR m	H1 2017	H1 2016
Cash flow from operating activities before net working capital	+28.7	+41.8
Cash flow from changes in WC	-188.7	-145.5
Cash flow from operating activities	-160.0	-103.7
Cash flow from investing activities	-75.7	-366.6
Free cash flow	-235.7	-470.3
Cash flow from financing activities	+30.8	+375.6
Change in cash and cash equivalents*	-204.9	-94.7

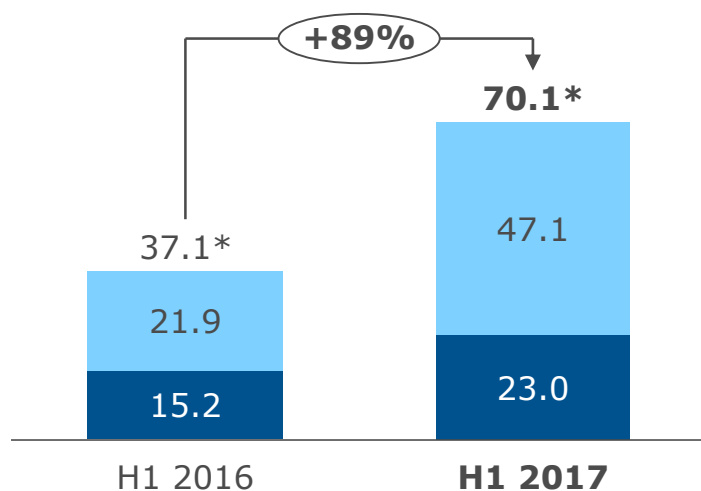
*Including FX effects

Comments

- As in Q1 2017 free cash flow impacted by high working capital
- Working capital improvement programme launched in Q2 2017

Total investments H1 2017

CAPEX (in EUR m)



- Property, plant, equipment
- Intangible assets

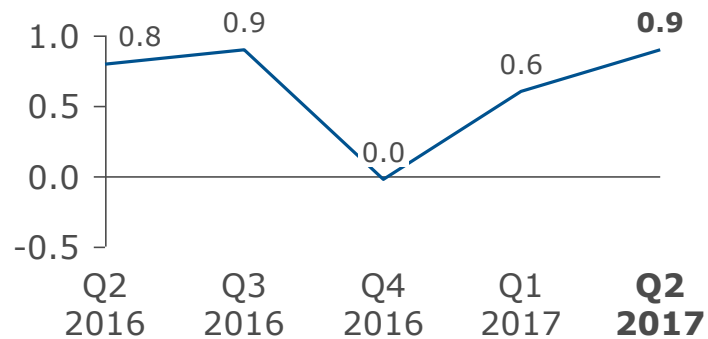
Comments

- Investments in property, plant, equipment mainly driven by:
 - Heavy investments in new products and supply chain for new product generation with substantial COE reduction
 - Activity increase on AW platform
 - Indian blade production to support global volume
- Increased intangible assets related to development of new product generation for land and grid constrained markets

*Excluding first time consolidation of acquisition of Nordex Blade Technology Centre 2017 respectively of AWP 2016

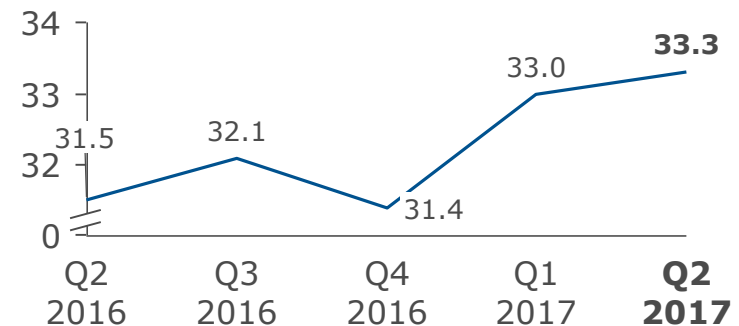
Capital structure H1 2017

Net debt* to EBITDA** (xEBITDA)



- Fairly stable leverage ratio over the past 12 months

Equity ratio (in %)



- Solid equity ratio of over 33% at the end of H1 2017

*Cash and cash equivalents less bank borrowings

** Last twelve months

“30-by-18” cost reduction programme to support long-term profitability

Programme is progressing well

Scope



- › **Target: EUR 30m** reduction in structural costs
- › **Focus area: Corporate functions and Division Europe**
 - ➔ Reductions represent **>15% of 2017 baseline costs despite increased** post-merger **scope**

Progress



- › **Identified potential reaching target of EUR 30m**
- › **80% of identified OPEX potential already firmed up** and further progress expected
- › **Headcount- related measures will be reviewed by HR** and negotiated with works council

No overlap or double-counting with ongoing COE activities and factory utilization adjustments

Product development in land-constrained markets (Delta platform)

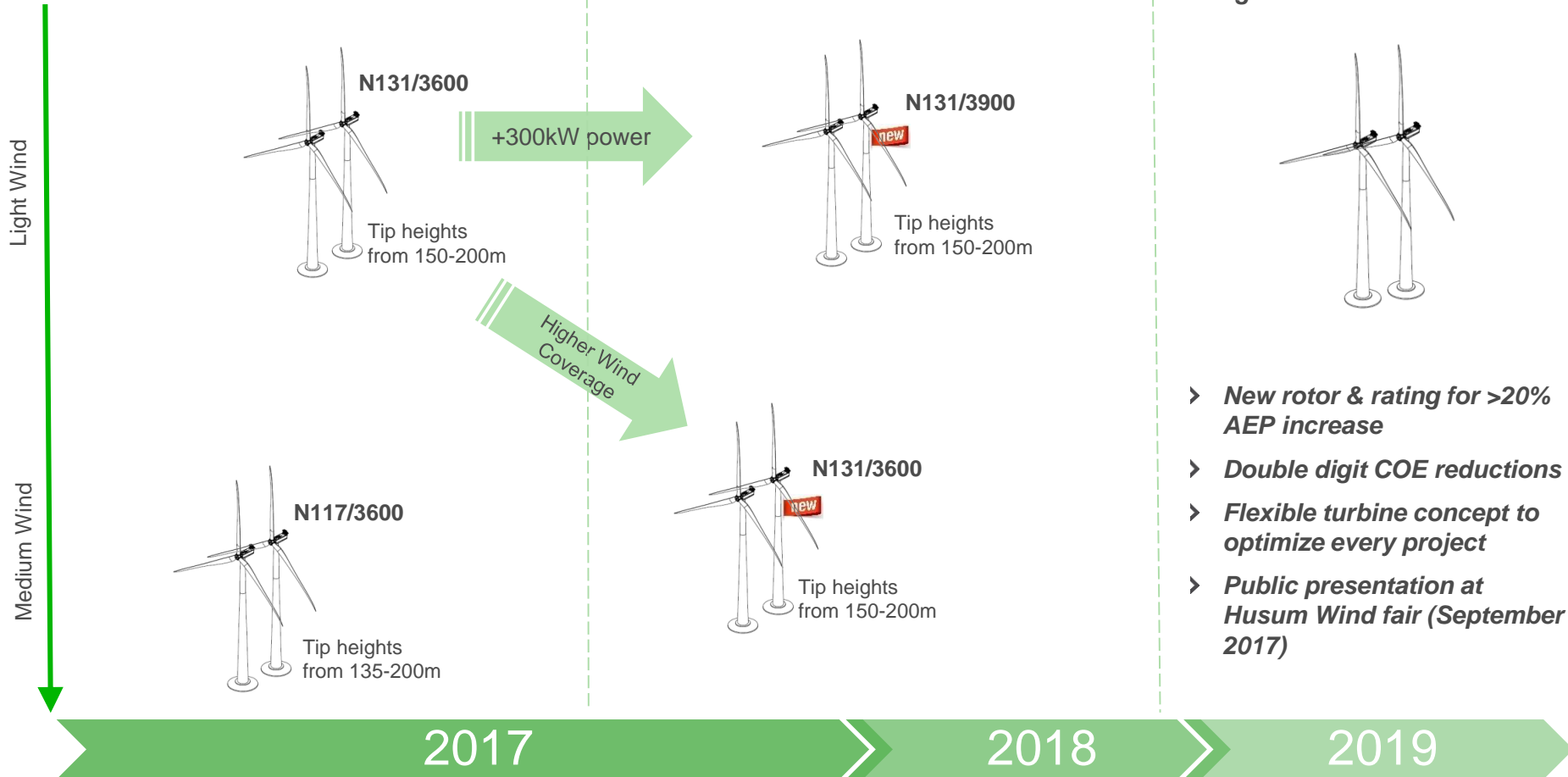
1. Step: Power Shift

2. Step: Wind Class & Power Shift

Next Product Move

Entering the >140m rotor segment for low-wind sites

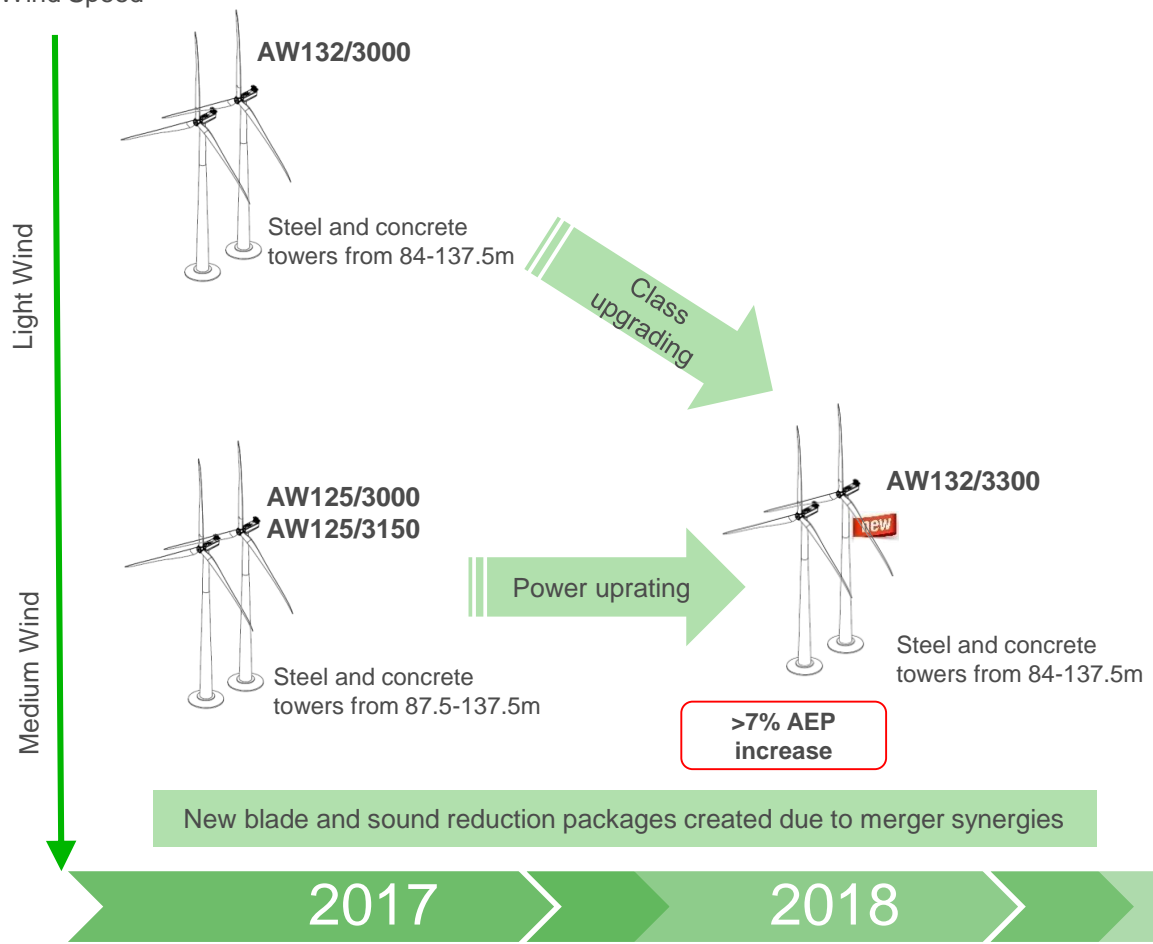
Ø Wind Speed



- *New rotor & rating for >20% AEP increase*
- *Double digit COE reductions*
- *Flexible turbine concept to optimize every project*
- *Public presentation at Husum Wind fair (September 2017)*

Product development in grid-constrained markets (AW platform)

Ø Wind Speed



Next Product Move

Enhancing competitiveness in the light-wind segment



- Targeting quick time to market
- Extending platform with limited additional investment
- Meaningful COE improvements for low-wind sites
- Sales release in September 2017

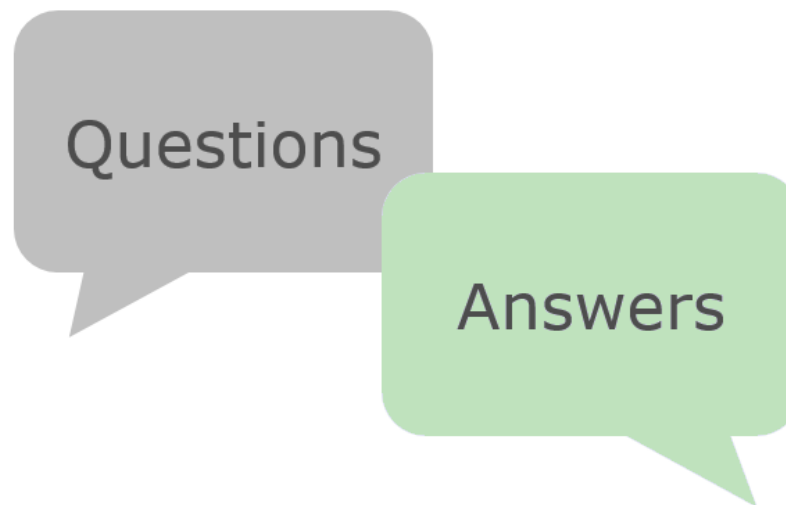
Start of Serial Production

 **Guidance 2017 confirmed****2017e****Sales** **EUR 3.1-3.3bn****EBITDA margin** **7.8-8.2%*****W/C ratio** **5.0-7.0%****CAPEX** **approx. EUR 150m**

*Excluding costs related to "30-by-18" programme

Guidance 2018 **published in Q1 2018**

Time for your questions



The management team



José Luis Blanco
› CEO

- › CEO Acciona Windpower
- › Various Senior Management & Chief Officer positions at Gamesa



Christoph Burkhard
› CFO

- › CFO Siemens Wind Power Offshore
- › Various other positions at Siemens
- › BHF Bank, EBRD



Patxi Landa
› CSO

- › Business Development Director and Executive Committee member at Acciona Windpower
- › Various Chief Officer Positions at Acciona

Financial calendar 2017

Date	Event
1 March	Publication of Preliminary Results 2016 and Outlook 2017 (Frankfurt)
30 March	Publication of Annual Report 2016
11 May	Interim statement Q1 2017
30 May	Annual General Meeting (Rostock)
3 August	Interim report H1 2017
14 November	Interim statement Q3 2017

> Together on the same course

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