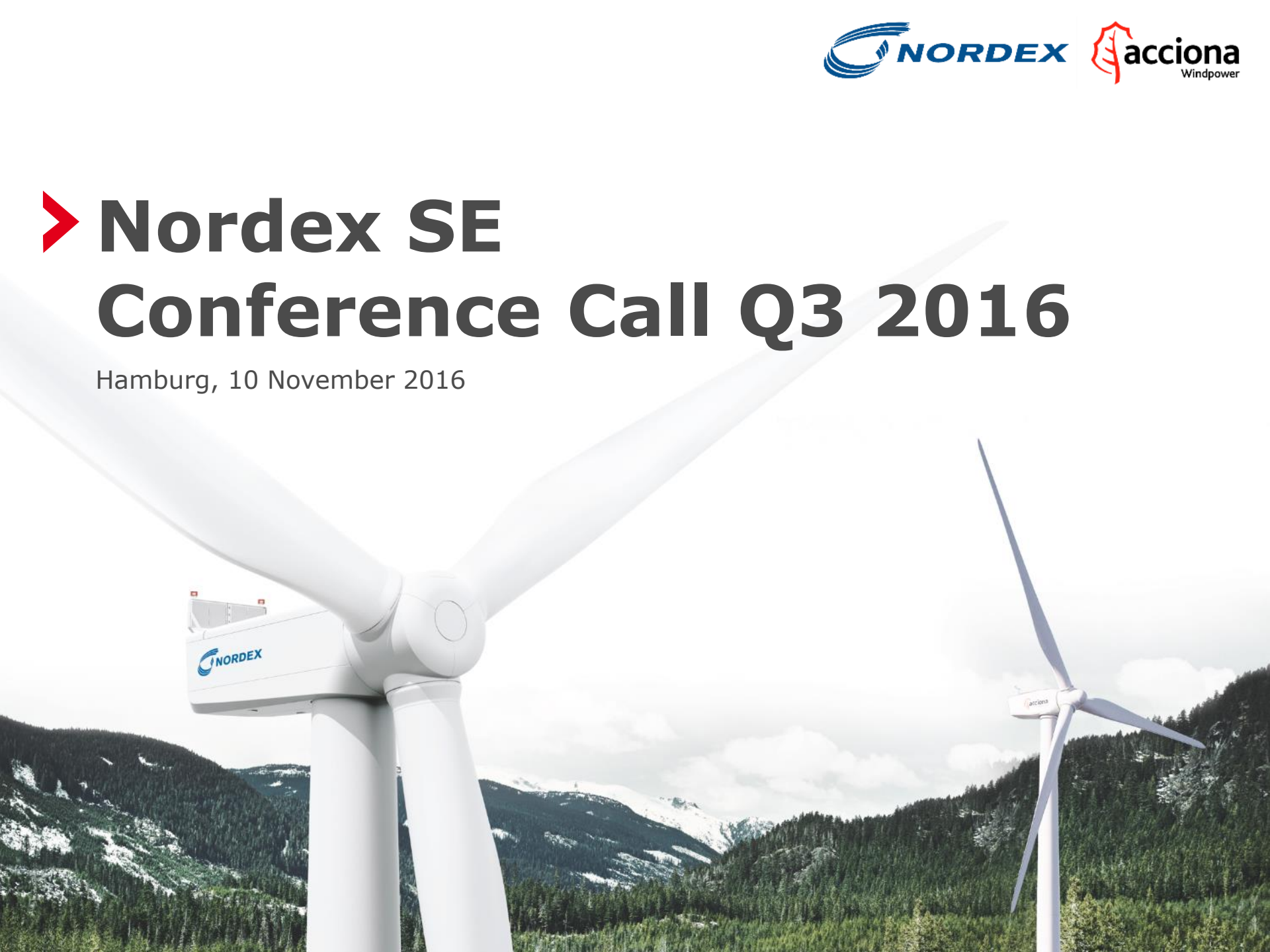




# > Nordex SE Conference Call Q3 2016

Hamburg, 10 November 2016



- 1** **Key messages**
- 2** **Operating performance**
- 3** **Financials 9M 2016**
- 4** **Market developments, outlook and guidance**
- 5** **Q&A**

## Today's key messages

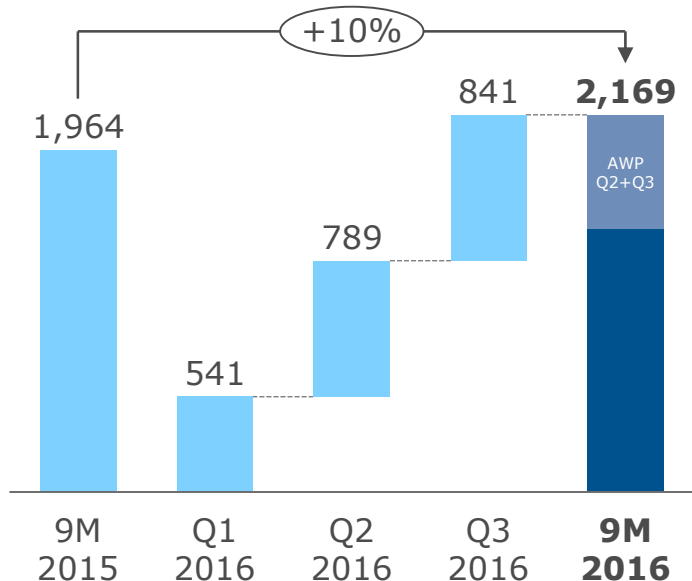
- Order intake: good momentum in Q3. Challenging Q4 but doable
- Revenues: delayed order intake resulting in top-line shift to 2017

- **Order intake guidance remains unchanged**
- **Revenues and EBITDA narrowed to lower end of guided range**
- **2018 plan remains unchanged**

# Good order momentum in Q3

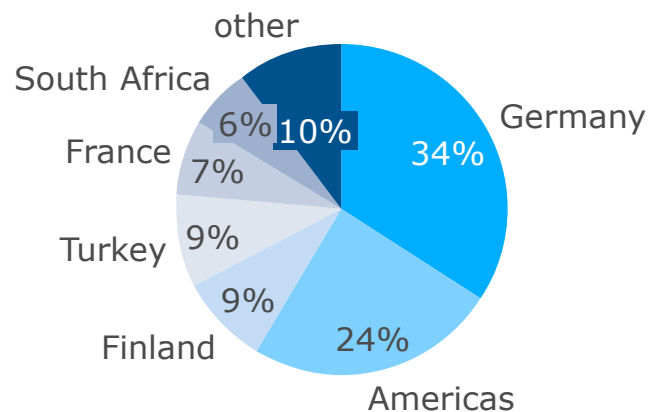
## Turbine orders 9M 2016 vs. 9M 2015 (in EUR mn)

- 30% of order intake attributable to AW brand
- Non-recurring large orders from URU and RSA in H1/2015



## Order intake (Projects segment) by country 9M 2016

- Strong German demand (EUR 741 mn order intake)
- Q3: Positive development in Latin America through Peruvian market entry and large Mexican deal
- Share of order intake from Americas rose to 24% (vs. 13% in 9M 2015)



(based on EUR)

## Significant orders in Q3, examples



**Project size:** 168 MW order, 56 x AW125/3000  
**Customer:** Acciona Energia (IPP)  
**Country:** Mexico



**Project size:** 126 MW order, 42 x AW 125/3000  
**Customer:** Utility  
**Country:** Peru

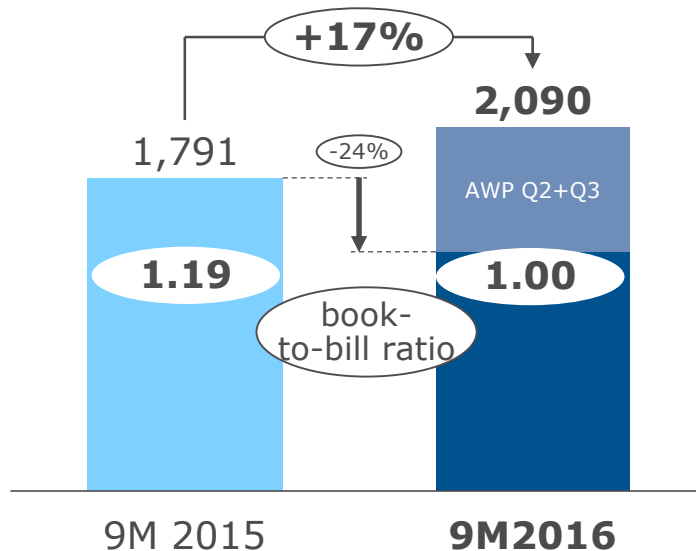


**Project size:** 111 MW order, 37 x N117/3000  
**Customer:** Eksim (IPP)  
**Country:** Turkey

## Shift in order backlog to the Americas

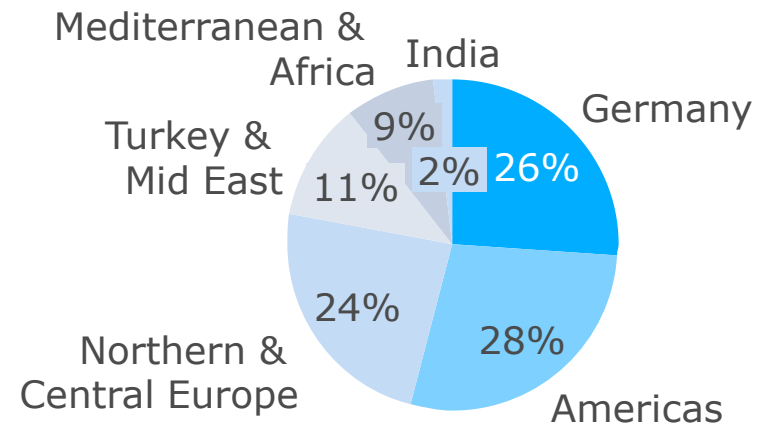
### Order backlog Projects segment (in EUR mn)

- Book-to-bill ratio of 1.0 indicates stable business
- Realization of Q4 order intake plan will drive book-to-bill above 1



### Order backlog Projects segment by regions

- Americas share of order backlog increases from 12% to 28% yoy (30.9.2015 vs. 30.9.2016), with North America accounting for 7%
- European/Non-European order book balanced

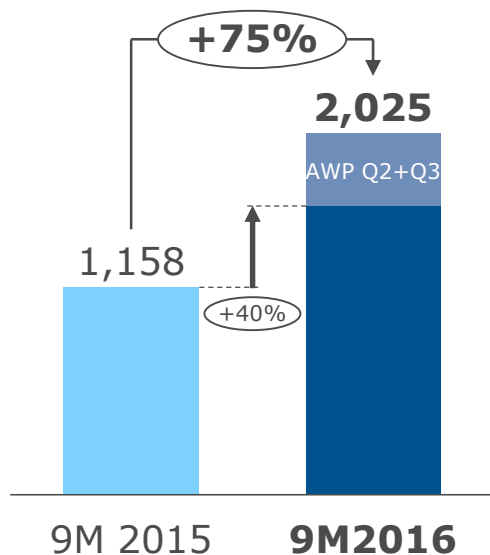


(based on EUR)

## New installation record

### Installations (in MW)

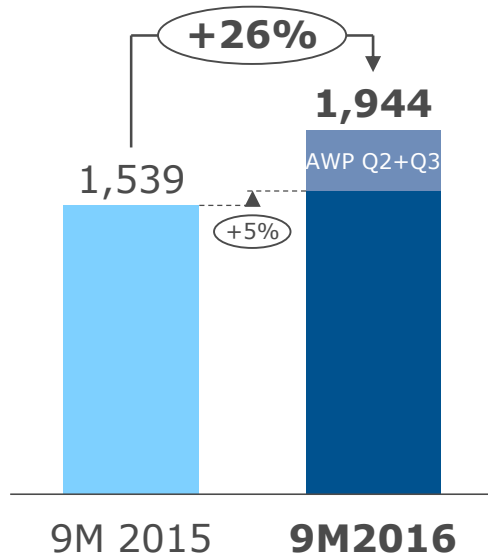
- Gamma: 60%, Delta: 20%, AW3000: 20%
- Installation of 764 WTG in 13 countries
- Main markets: GER (522 MW), TUR (238 MW) and BRA (180 MW)



## Increased activity level in Spanish factories

### Turbine assembly (in MW)

- Partial stop of Spanish factories during summer used to increase efficiency (~20% improvement in man-hours per turbine)
- Also Rostock (GER) with improved processes, e.g. at hub line
- Production of first WTGs in Chennai (IND)

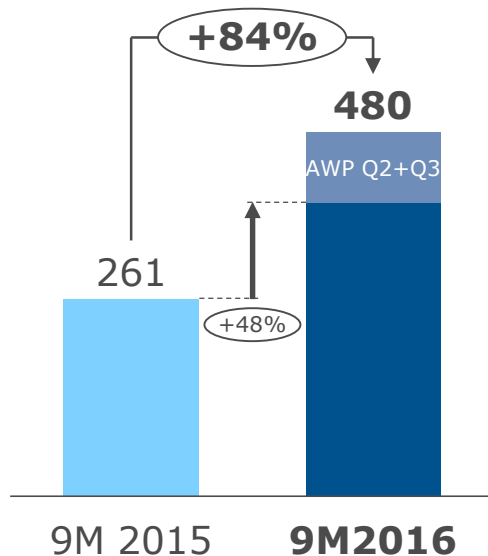




## Spanish blade production driven by strong demand in Americas

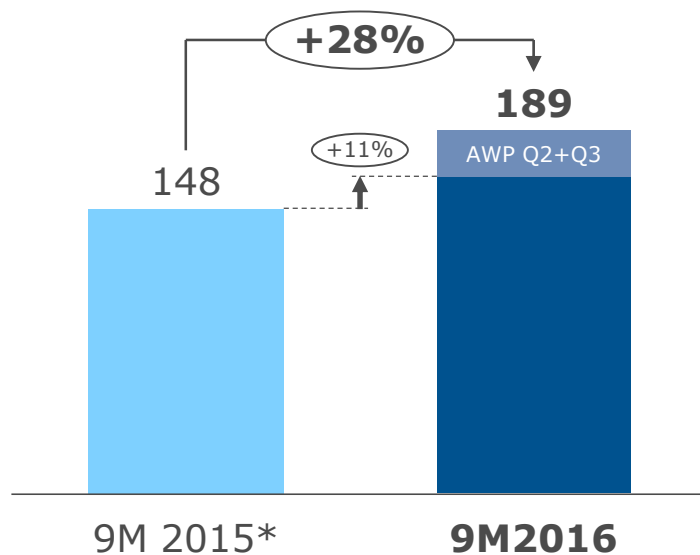
### Blade production (in #)

- Increasing production of NR 65.5 blades in Rostock (GER) blade facility
- Blade production in Lumbier (ESP) increased by 58% qoq in Q3 in line with project execution



## Service revenues grow by 28%

### Service sales (in EUR mn)



\*adjusted after change in segment reporting

### Service KPIs

KPI	30.09.2016	30.09.2015
Renewal rate (LTM)	<b>67%</b>	95%
Availability (LTM)	<b>97.4%</b>	97.7%
Order backlog	<b>EUR 1.6 bn*</b>	n/a

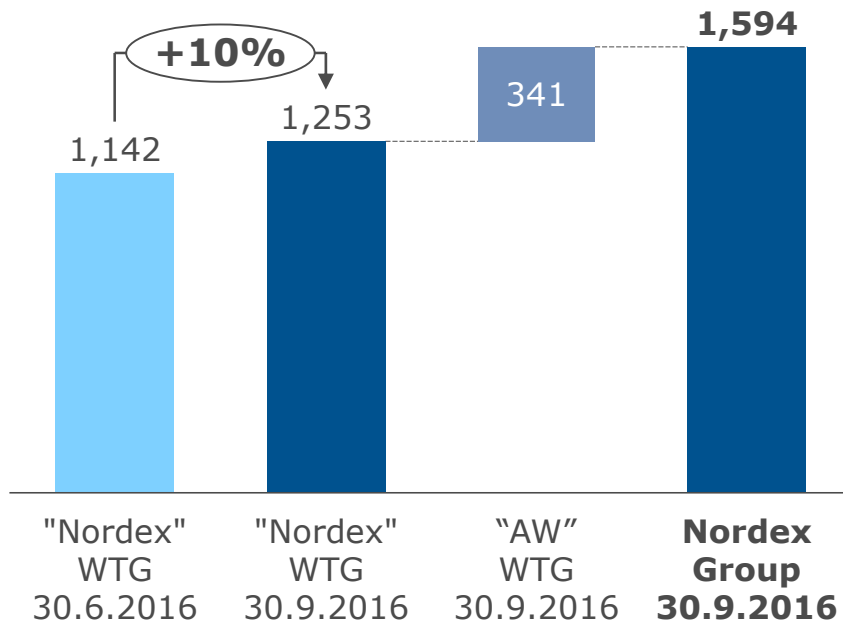
LTM – Last Twelve Months

\*including "AW" service fleet for the 1<sup>st</sup> time

- › **Service sales** rose by 28% to EUR 189 mn in 9M 2016. Service sales of Nordex turbines accounted for EUR 165 mn, leading to 11 % organic growth
- › **Renewal Rate** of expired service contracts declined to 67% (30.09.2015: 95%) especially due to low-margin contracts for old turbine types not being extended

## Service order backlog of EUR 1.6 bn

### Service order backlog (in EUR mn)



### Development

- 1<sup>st</sup> time consolidation of "AW" turbines service order backlog of EUR 341 mn leads to overall number of EUR 1,594 mn
- Service order backlog for "Nordex" brand fleet increased by 10 % qoq
- Nordex Group with >12 GW fleet under service contracts

## Income statement: margin improvement in 9M 2016

in EUR mn	1.1.-30.9.2016	1.1.-30.9.2015	Δ in %
<b>Sales</b>	<b>2,339.5</b>	1,786.1	31.0
Total revenues	2,360.7	1,769.9	33.3
Cost of materials	-1,788.9	-1,389.0	28.7
<b>Gross profit</b>	<b>571.8</b>	380.8	50.1
Personal costs	-205.2	-143.4	43.1
Other operating (expenses)/income	-162.7	-99.3	63.8
<b>EBITDA</b>	<b>203.9</b>	138.0	46.7
Depreciation	-78.1	-40.4	93.3
<b>EBIT</b>	<b>125.8</b>	97.6	28.9
Net financial result	-23.8	-15.1	57.6
<b>EBT</b>	<b>102.0</b>	82.4	23.7
Tax	-37.6	-37.1	1.3
<b>Net profit</b>	<b>64.4</b>	45.4	41.9
<b>Gross margin</b>	<b>24.4%</b>	21.3%	
<b>Structural cost ratio</b>	<b>15.7%</b>	13.6%	
<b>EBITDA margin</b>	<b>8.7%</b>	7.7%	

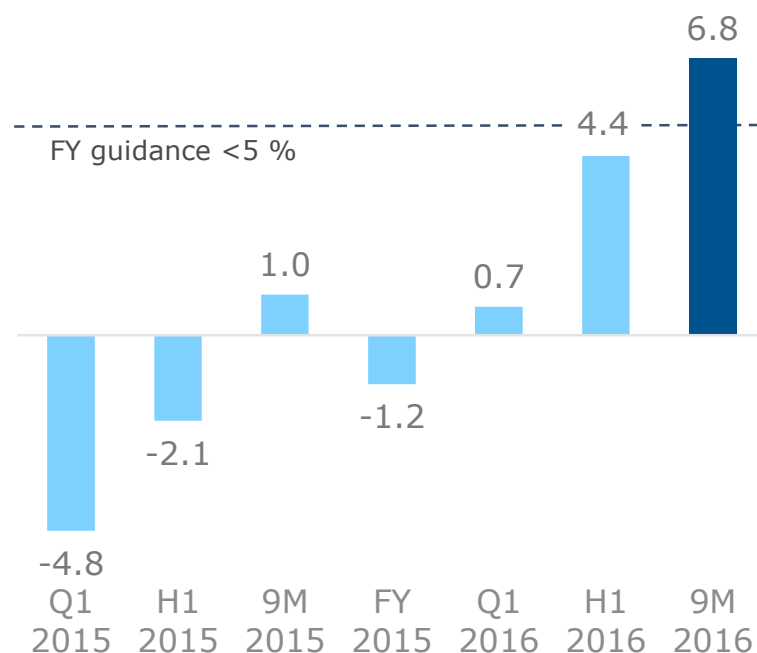
- **Sales** increase is largely a result of the merger. Organic growth amounted to 10.6% (AWP sales: EUR 363 mn)
- **Gross margin** increased due to higher productivity and improvements in order execution
- **EBITDA margin** impacted vs. H1 2016 by growing sales volume to Latin America but on track to reach lower end of guidance range

## Cash flow statement: negative FCF due to acquisition of AWP and increased working capital

### Key figures cash flow statement

in EUR mn	1.1.- 30.9.16	1.1.- 30.9.15
Net profit plus dep./amortization	142.5	85.8
Cash flow from changes in WC	-223.6	-61.9
Cash flow from other operating activities	-34.0	43.3
Cash flow from operating activities	-115.1	67.3
Cash flow from investing activities	-383.6	-48.8
Free cash flow	-498.8	18.5
Cash flow from financing activities	372.8	50.0

### Working capital ratio (in % of sales)



- **Working capital** increased due to payment delays from some emerging markets customers and safe harbor production in the USA
- **Free cash flow** turned negative mainly due to the acquisition of AWP (cash component of EUR 333 mn, financed by a promissory note)

## Balance sheet: remains strong after consolidation of AWP

in EUR mn	30.9.16	31.12.15		30.9.16	31.12.15
Liquid funds	430.6	528.9	Trade payables	428.9	254.9
Trade receivables and future receivables	596.3	275.4	Current bank borrowings	12.8	6.6
Net inventories	338.1	218.6	Other financial liabilities incl. bond	88.5	184.2
Other current assets	217.1	116.0	Other current liabilities	557.8	431.9
<b>Current assets</b>	<b>1,582.1</b>	1,138.9	<b>Current liabilities</b>	<b>1,088.0</b>	877.6
Goodwill	515.7	0	Promissory note	550.0	0
Property, plant, equipment	254.6	145.6	Deferred tax liabilities	140.7	55.4
Capitalized R&D exp.	221.0	110.9	Other non-current liabilities	137.0	71.5
Deferred tax assets	68.4	35.1			
Other non-current assets	178.1	29.5			
<b>Non-current assets</b>	<b>1,237.8</b>	321.1	<b>Non-current liabilities</b>	<b>827.7</b>	126.9
			<b>Shareholder´s equity</b>	<b>904.2</b>	455.6
<b>Total assets</b>	<b>2,819.9</b>	1,460.1	<b>Total liabilities</b>	<b>2,819.9</b>	1,460.1

- **Balance sheet** reflects consolidation of AWP, a significant temporary increase in W/C requirements as well as important capital and financing measures
- **Equity ratio** stable at 32.1% (31.12.2015: 31.2%)
- Open guarantee facilities of EUR 665 mn
- **Net debt** EUR 217 mn (31.12.2015: net liquidity EUR 322 mn)

## Update on our US and German businesses

### Focus on "Safe Harbor" deals to tap 2016 PTC



- Good momentum towards "Safe Harbor" transactions since CMD
- "Safe Harbor" demand for both NDX and AWP WTGs
- Negotiating "Safe Harbor" volume >2.5 GW of installations through 2020
- Well-established relationships with solid "Safe Harbor" customers
- In addition to "Safe Harbor" deals, one US order expected in Q4
- President Donald Trump, preliminary view: limited short to medium term consequences

### Rally to exploit current renewable energy legislation



- Market characterized by high activity – installation record in 2016, and likely an "EEG Rush" in 2017
- 2016 order intake expected to exceed EUR 1 bn
- Limited exposure to grid restricted areas
- Building permits required for 2016 orders coming along well
- First installation of the new 3.6 MW turbine N117/3600

## Relevant developments in other markets

### Europe



- **France:** Renewables energy target 2018/23 of 27% confirmed but implementation is lagging behind plan, need for further action
- **UK:** Onshore business expected to be slow, but corporates increasingly interested in power purchase agreements for renewables

### Argentina



- More than 700 MW wind power projects awarded in the first auction round (original plan: 600 MW)
- Next round in November 2016 will include 400 MW wind power

**PARIS2015**  
UN CLIMATE CHANGE CONFERENCE  
**COP21·CMP11**

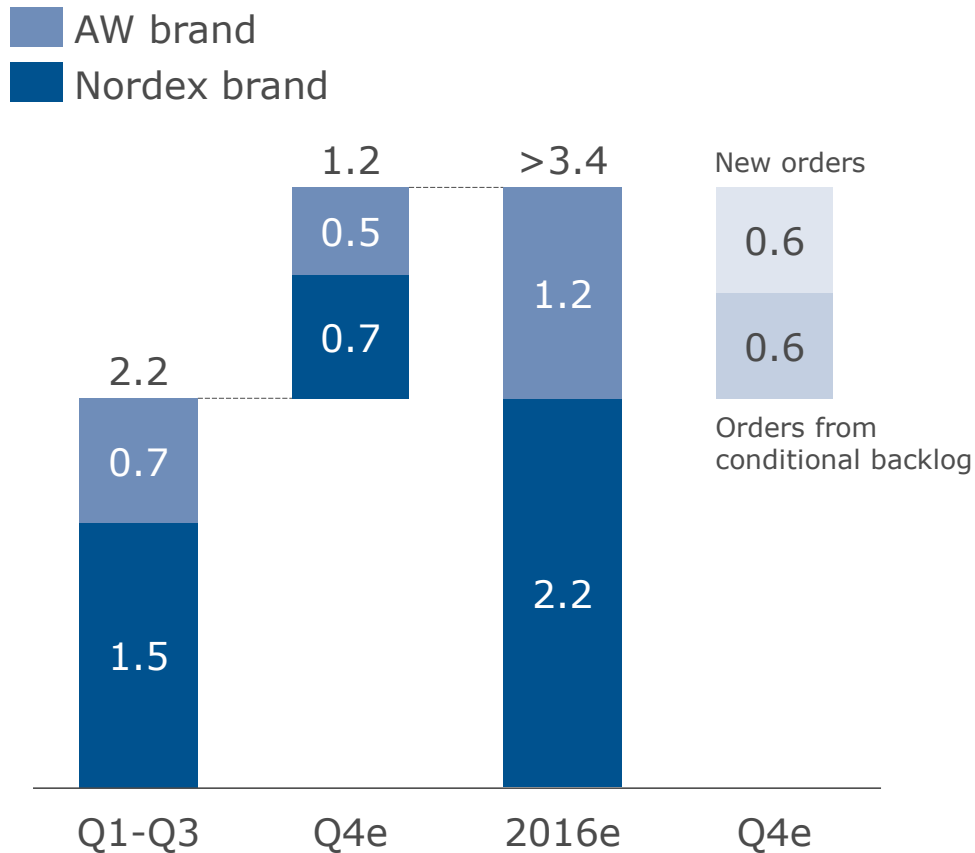
**Global:** Paris climate accord will benefit Nordex in the long run





# A back-end loaded order year – full year target EUR >3.4 bn – challenging but doable

## Staircase to achieve planned Q4 order intake (in EUR bn)



## Q4 2016

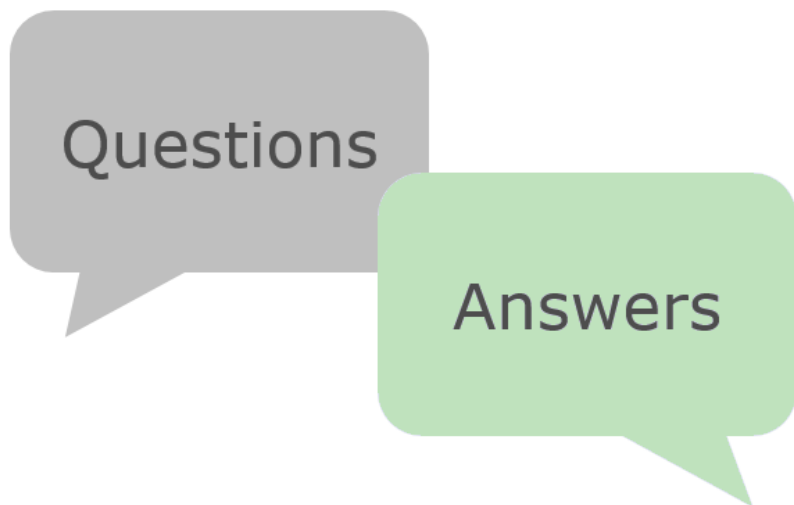
- EUR 1.2 bn order intake targeted in Q4
- Order pipeline remains robust
- South African orders move to 2017
- Expected EUR 0.6 bn conversion of conditional orders in Q4

## Guidance confirmed but narrowed

### Outlook for 2016

EUR	Old	New	
<b>Order intake</b>	<b>&gt;3.4bn</b>	<b>&gt;3.4bn</b>	<ul style="list-style-type: none"> <li>› Some delays in RSA, partially compensated by other markets</li> <li>› Positive impact from Safe Harbor transactions in US</li> </ul>
<b>Sales</b>	<b>3.35-3.45bn</b>	<b>3.35bn</b>	<ul style="list-style-type: none"> <li>› Order delays will shift some project revenues to 2017</li> </ul>
<b>EBITDA margin</b>	<b>8.3-8.7%</b>	<b>8.3%</b>	<ul style="list-style-type: none"> <li>› Lower end expected due to lower sales level</li> </ul>
<b>W/C ratio</b>	<b>&lt;5%</b>	<b>&lt;5%</b>	<ul style="list-style-type: none"> <li>› Close to 5%</li> <li>› Qoq decrease expected due to high Q4 order level (prepayments)</li> </ul>
<b>CAPEX</b>	<b>80-90mn</b>	<b>100mn</b>	<ul style="list-style-type: none"> <li>› Additional investment in HQ before sale and lease back of the new building</li> </ul>

# Time for your questions



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# The management team – Creating a global leader in the wind industry



**Lars Bondo Krogsgaard**  
 > **CEO**

- > Chief Customer Officer Nordex
- > CEO EMEA onshore wind Siemens Wind Power
- > VP Renewables DONG Energy



**José Luis Blanco**  
 > **COO, Deputy CEO**

- > CEO Acciona Windpower
- > Various Sen. Mgmt & 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 2016 (status: October 2016)

Date	Event
7-8 January	Investor Conference Lyon (Oddo)
19 January	Investor Conference Frankfurt (Kepler)
2 February	Investor Conference Frankfurt (HSBC)
16 February	Investor Conference Frankfurt (Oddo Seydler)
26 February	Preliminary Results 2015
21 March	Press Conference Annual Accounts 2015 and analyst call
10 May	Interim announcement Q1 2016
10 May	Annual General Meeting in Rostock (AGM)
12-13 May	Investor Conferences London (Goldman Sachs; HSBC)
<b>23 May</b>	<b>Interim report Q1 2016 and analyst call</b>
8-10 June	Investor Conference Berlin (Deutsche Bank)
15 June	Investor Conference London (BoAML)
30 June	Investor Conference Hamburg (Warburg)
<b>28 July</b>	<b>Interim Results H1 2016 and analyst call</b>
31 August	Investor Conference Frankfurt (Commerzbank)
19 September	Investor Conference Munich (Goldman Sachs & Berenberg)
<b>28 September</b>	<b>Capital Markets Day (Hamburg; during EWEA)</b>
<b>10 November</b>	<b>Interim Results Q3 2016 and analyst call</b>
30 November	Goldman Sachs Renewable Conference (London)

# > **Together** on the same course

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(Head of Corporate Communications)

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