Nordex Group

Nordex SE – Financial figures Q1/2022

21st June 2022

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Agenda

Introduction	José Luis Blanco
Markets and orders	Patxi Landa
Financials	Dr Ilya Hartmann
Operations and technology	José Luis Blanco
Guidance FY 2022	José Luis Blanco
Outlook	José Luis Blanco
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Executive summary Q1/2022

Q1/2022 RESULTS

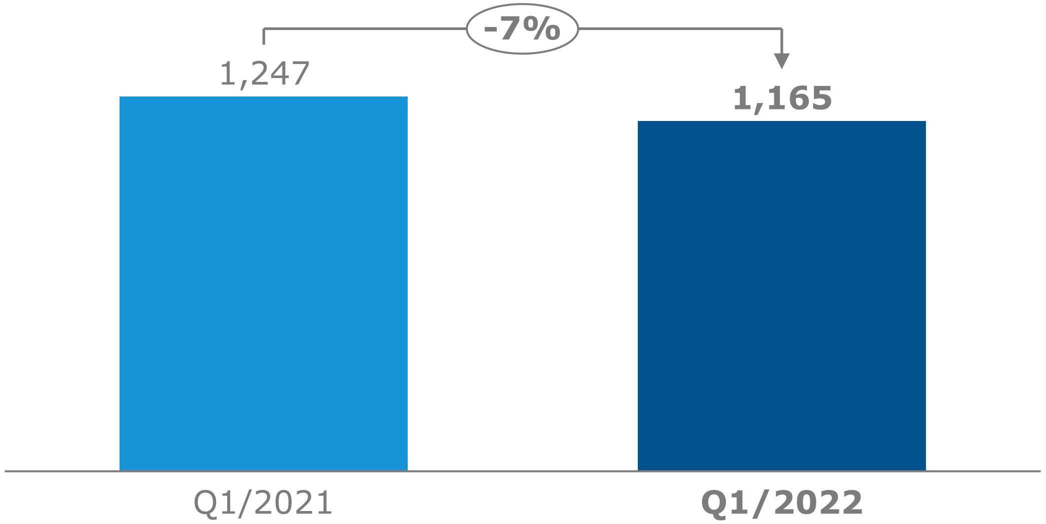
Sales	Adjusted EBITDA margin*	Working capital ratio
EUR 933m	-5.6%	-11.3%

- Order intake of 1.2 GW in Q1/2022 shows a good start into the year with 91% orders for Delta4000 series.
- Q1/2022 sales stood at EUR 933m (EUR 1,251m same period last year), in line with expectations partly on account of lower scheduled installations. Sales likely to step up in the coming quarters.
- Adjusted EBITDA margin before footprint reconfiguration costs of -5.6% in Q1/2022 due to lower sales, higher cost provisioning from Ukraine conflict and other macro-economic headwinds.
- Strong working capital development in Q1/2022.
- Update on cyber security incident at the end of March – making significant progress in restoring full functionality.
- Entering the 6 MW class successful installation of world`s first N163/6.X turbine.
- FY 2022 guidance updated on 24 May reflects footprint reconfiguration costs, impact from cyber security incident and extra costs from macro-economic headwinds.
- Target of 8% EBITDA margin in the mid-term confirmed once macro-economic environment has stabilized.

*Before footprint reconfiguration costs.

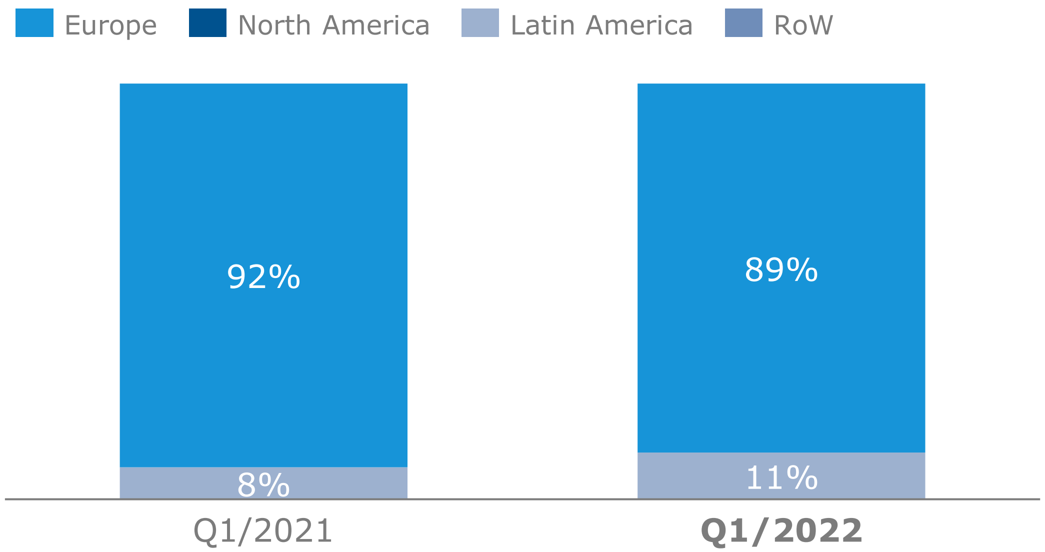
Order intake Q1/2022

Order intake turbine* (in MW)



- Order intake totaled EUR 903m in Q1/2022 (EUR 911m in the previous year period)
- Further increase in ASP** to EUR 0.78m/MW in Q1/2022 compared to EUR 0.74m/MW in Q4/2021 and EUR 0.69m/MW in Q3/2021

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

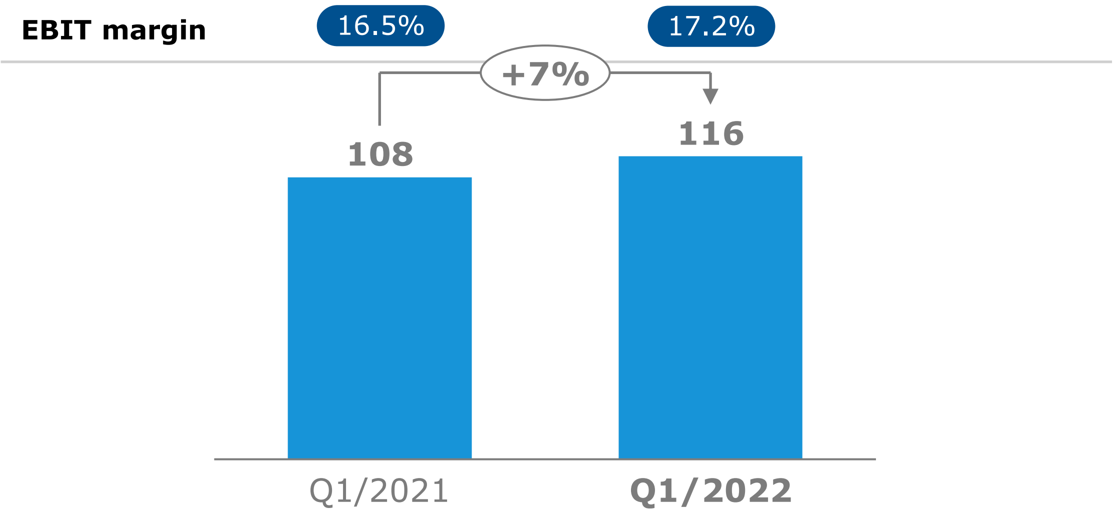


- Orders received from 11 different countries in Q1/2022
- Largest European single markets were Finland, Germany and Croatia
- Over 90% of the order intake accounts for Delta4000 series in Q1/2022 (73% previous year period)

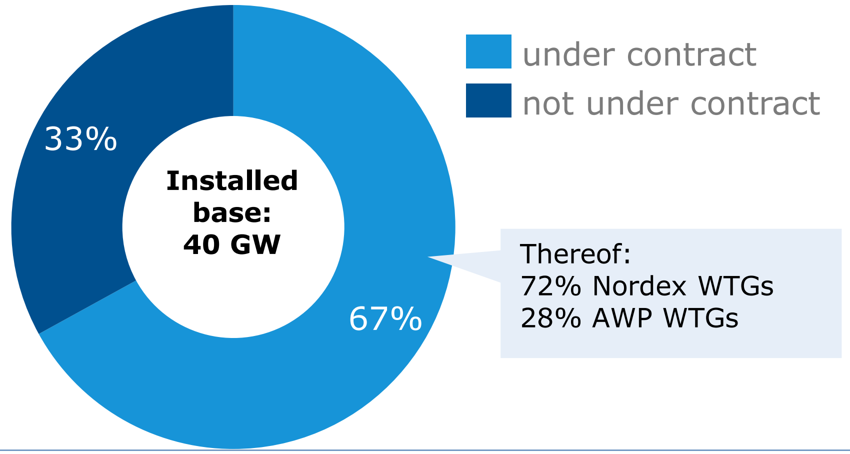
*Group segment „Projects".
** Average Selling Price.

Growth in service business Q1/2022

Development of service revenues (EUR m) and EBIT margin



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

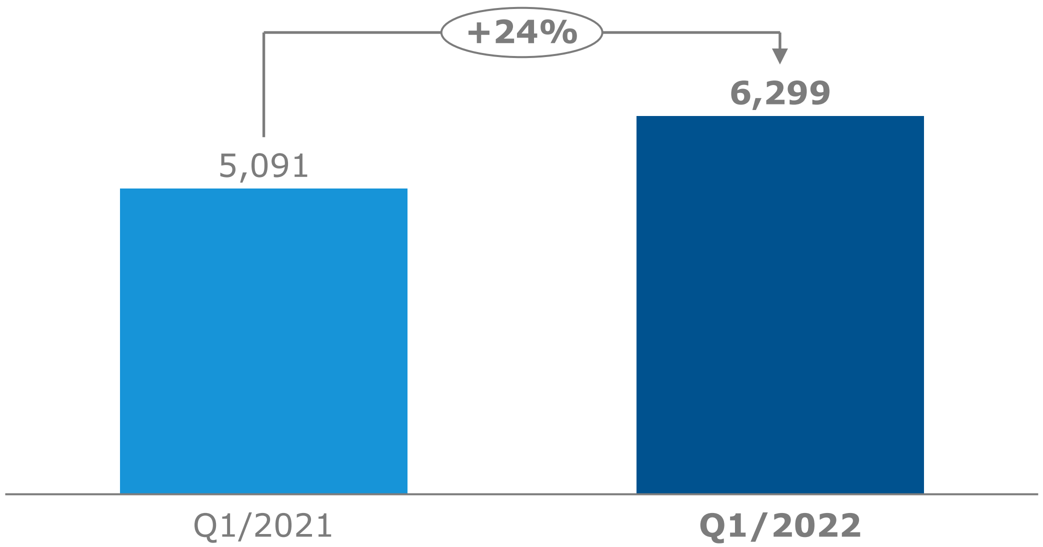


Comments

- Share of service sales amounted to 12.4% of group sales in Q1/2022
- Strong service EBIT margin of 17.2% in the first three months 2022
- 97% average availability of WTGs under service in Q1/2022
- Service order book remains strong of over EUR 3.0bn at the end of Q1/2022

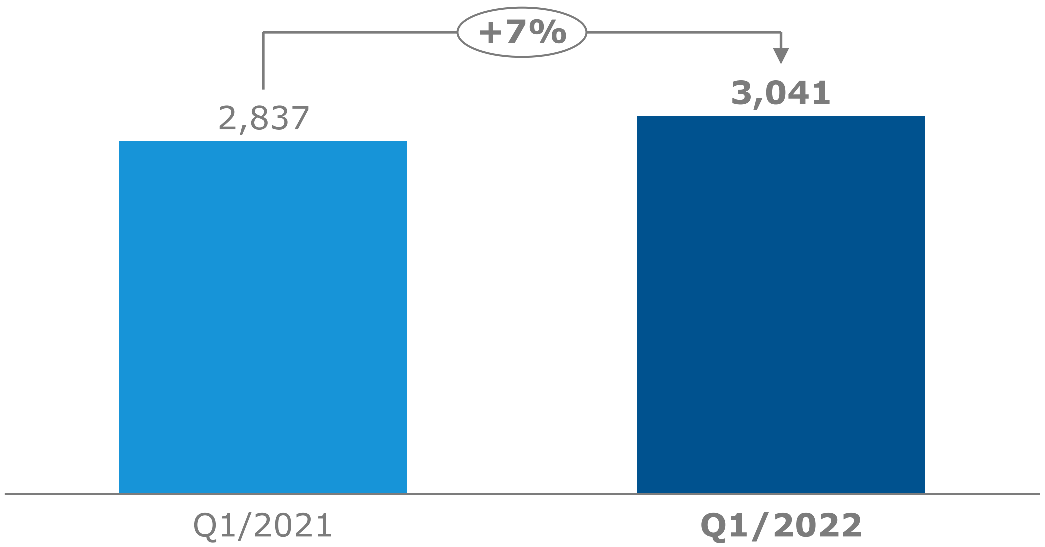
Combined order book remains at over EUR 9.3bn at the end of Q1/2022

Order book turbines (EUR m)



- Order book of around EUR 6.3bn at the end of Q1/2022 due to good order intake momentum
- Geographical distribution of the order book in Q1/2022: Europe (64%), Latin America (23%), Rest of World (8%) and North America (5%)

Order book service (EUR m)



- 9,766 wind turbines under service agreement - corresponding to around 27 GW at the end of Q1/2022

Income statement Q1/2022

in EUR m (rounded figures)	Q1/2022	Q1/2021	abs. change
Sales	**933**	**1,251**	**-318**
Total revenues	1,133	1,121	12
Cost of materials	-1,012	-905	-107
Gross profit	**121**	**216**	**-95**
Personnel costs	-128	-118	-10
Other operating (expenses)/income	-45	-88	43
Adjusted EBITDA before footprint reconfiguration costs	**-52**	**---**	**---**
Footprint reconfiguration costs	-37	---	---
EBITDA	**-89**	**10**	**-99**
Depreciation/amortization	**-42**	-38	-4
EBIT	**-131**	**-28**	**-102**
Net profit	**-151**	**-55**	**-96**
Gross margin*	***12.9%***	***17.3%***	
Adjusted EBITDA margin before footprint reconfiguration costs	***-5.6%***	***---***	
EBITDA margin	***-9.5%***	***0.8%***	
EBIT margin w/o PPA	***-13.9%***	***-1.8%***	

Comments

- Sales of EUR 933m at the end of Q1/2022 mainly due to lower scheduled installations
- Adjusted EBITDA margin before footprint reconfiguration costs of -5.6% primarily driven by higher costs from multiple macro-economic headwinds
- PPA depreciation amounted to EUR 1.2m in Q1/2022 (EUR 5.4m in previous year quarter)

*Gross profit in relation to sales.

Balance sheet Q1/2022

in EUR m (rounded figures)	**31.03.22**	31.12.21	abs. change	Δ in %
Non-current assets	1,654	1,608	46	2.9
Current assets	2,533	2,500	33	1.3
Total assets	**4,187**	**4,108**	**79**	**1.9**
Equity	858	1,062	-204	-19.2
Non-current liabilities	452	716	-264	-36.9
Current liabilities	2,877	2,330	547	23.5
Equity and total liabilities	**4,187**	**4,108**	**79**	**1.9**
*Net debt/(net cash)**	**(315)**	**(424)**		
*Working capital ratio***	**-11.3%**	**-10.2%**		
Equity ratio	**20.5%**	**25.9%**		

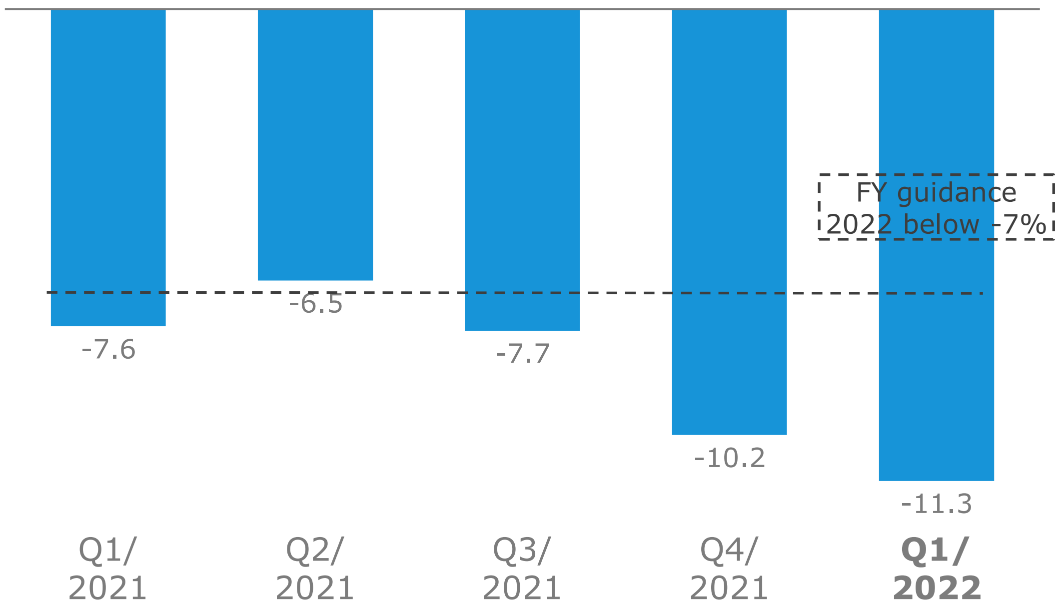
Comments

- Healthy liquidity levels of around EUR 771m
- Solid cash level of EUR 681m at the end of Q1/2022 (EUR 743m previous-year quarter) on the back on tighter working capital levels
- Current liabilities increased mainly due to reclassification of corporate bond

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

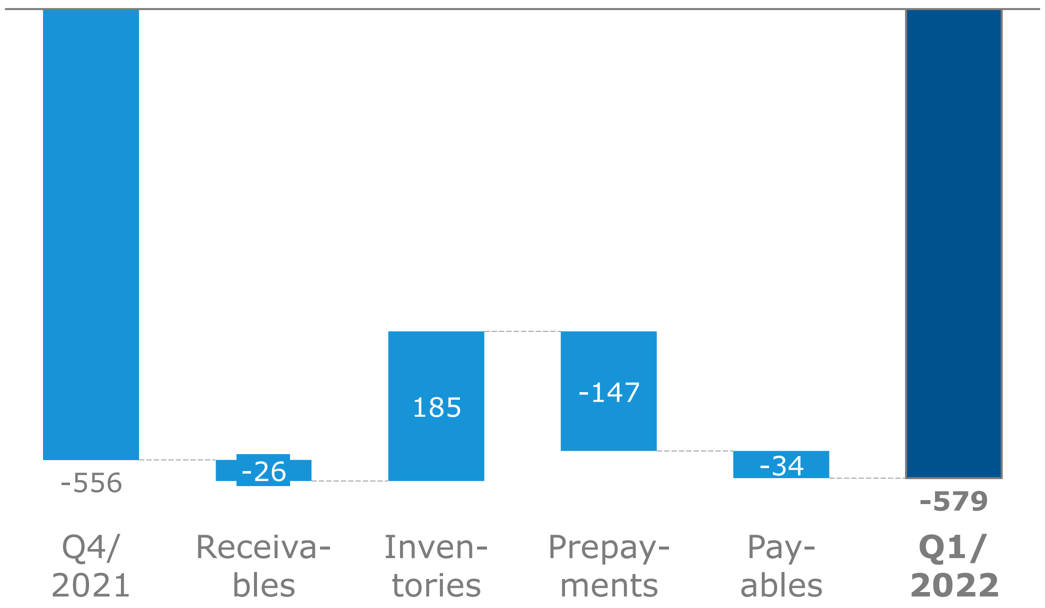
Working capital development Q1/2022

Working capital ratio (in % of sales)*



› Working capital ratio remains at a very strong level at the end of Q1/2022 despite multiple headwinds

Working capital development (in EUR m)*



› Increase in inventories largely compensated by strong milestone payments in Q1/2022

*Based on last twelve months sales.

Cash flow statement Q1/2022

in EUR m	Q1/2022	Q1/2021
Cash flow from operating activities before net working capital	**-103.8**	**-37.3**
Cash flow from changes in working capital	**22.9**	**82.7**
Cash flow from operating activities	**-80.9**	**45.5**
Cash flow from investing activities	**-32.6**	**-35.1**
Free cash flow	**-113.5**	**10.4**
Cash flow from financing activities	**2.1**	**-45.9**
Change in cash and cash equivalents*	**-111.5**	**-35.4**

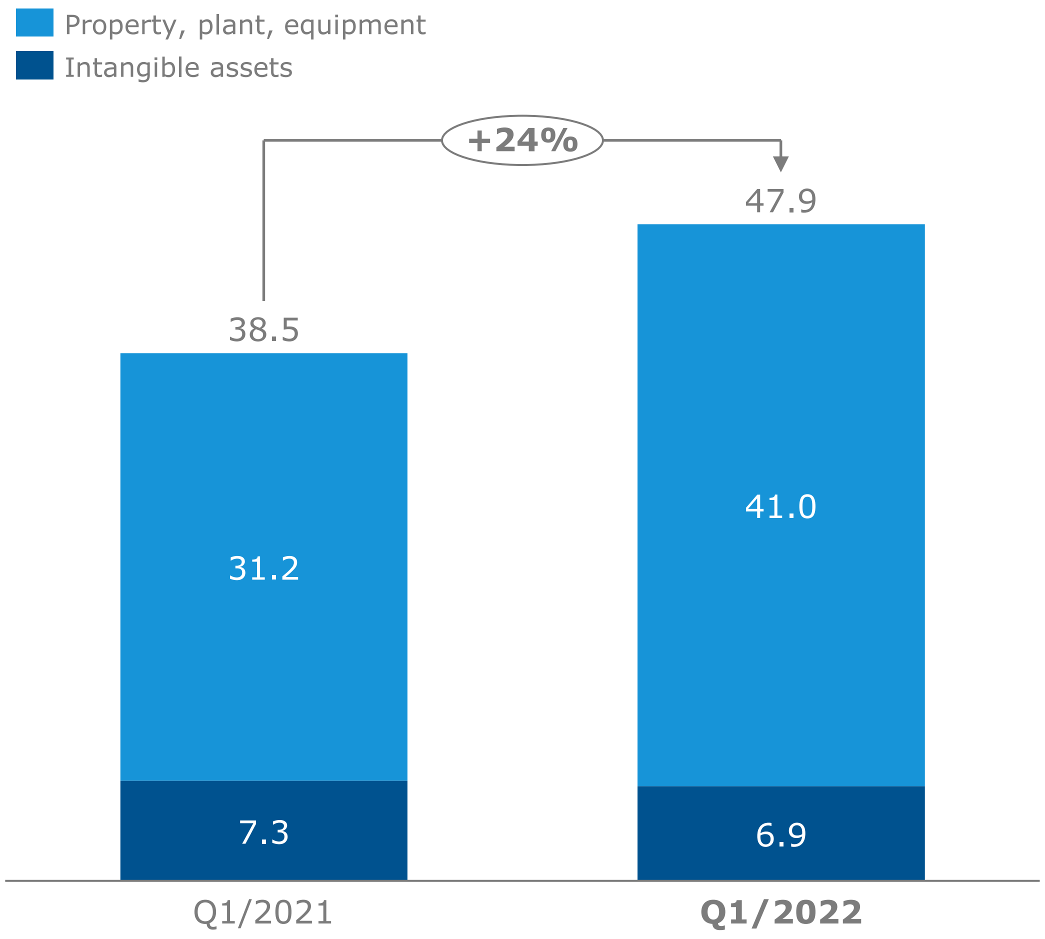
Comments

- Cash flow from operating activities impacted by lower margins, partially offset by inflows from working capital
- Cash flow from investing activities reflects ongoing optimization of supply chain and expansion of blade production facilities, partially offset by a disposal of our stake in a Polish windfarm
- Cash flow from financing activities mainly determined by cash drawdowns under the MGF

*Including FX effects

Total investments in Q1/2022

CAPEX (in EUR m)

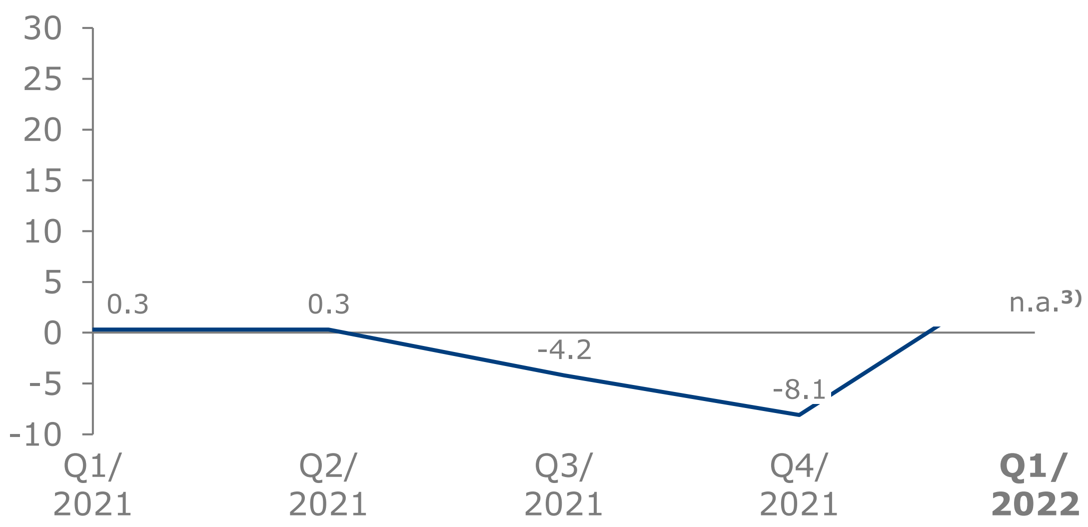


Comments

- Investments in Q1/2022 mainly comprises:
  - Investments in blade production facilities, moulds and tooling in India
  - Investments in installation and transport tooling and equipment for projects
- Intangible assets on a similar level compared to previous year quarter

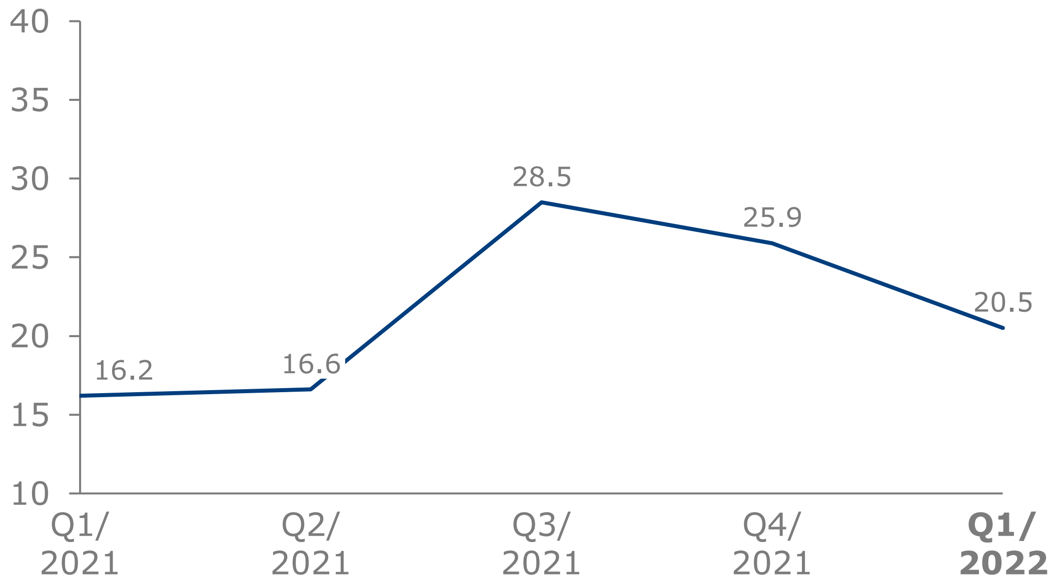
Capital structure Q1/2022

Net debt[1])/EBITDA[2])



- Leverage ratio impacted due to booking of extra cost provisions on account of multiple market headwinds in the last couple of quarters

Equity ratio (in %)

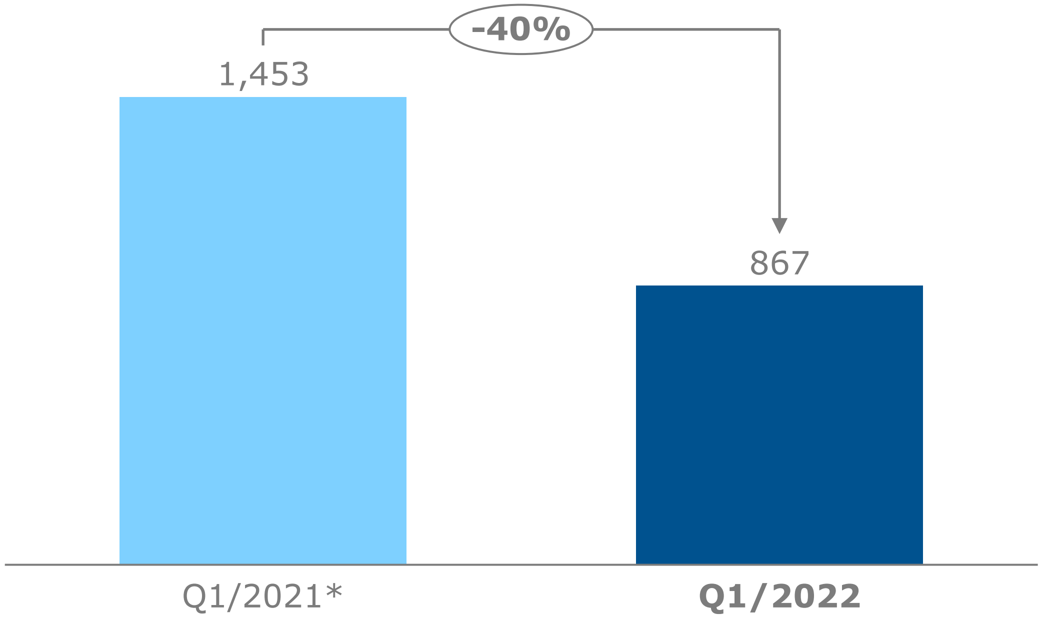


- Equity ratio impacted due to short term margin declines on account of short-term effects from multiple market headwinds

1) Bank borrowings, bond, employee bond and shareholder loan less cash and cash equivalents.
2) Based on last twelve months.
3) Leverage ratio cannot be calculated due to negative EBITDA in the trailing twelve-month period.

Operational performance Q1/2022

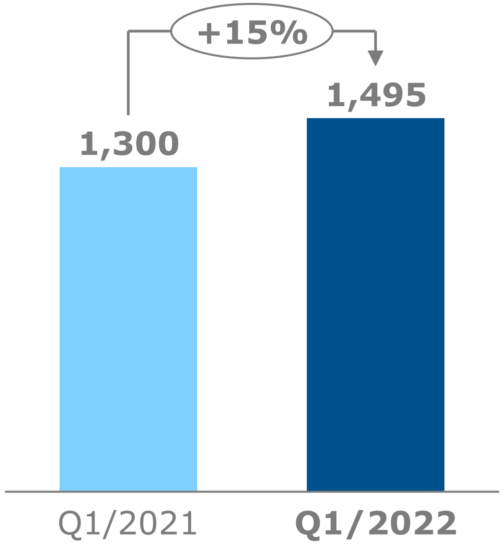
Installations (MW)



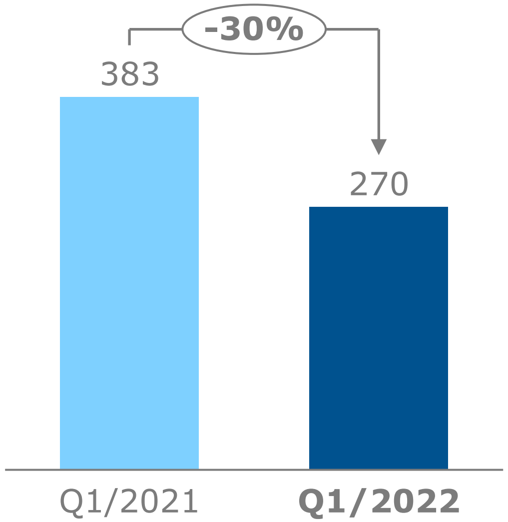
- Total installations of 197 WTGs in 12 countries in Q1/2022 (Q1/2021: 381 WTGs)
- Geographical split (MW) in Q1/2022: 82% Europe, 10% North America, 8% Latin America

Production

Turbine assembly (MW)



Inhouse blade production (#)



- Output turbines amounted to 304 units in Q1/2022: 175 GER, 61 IND, 40 ESP and 28 BRA
- Inhouse blade production of 270 units: 147 IND, 114 GER and 9 MEX
- Outsourced blade production of 702 units

* Figures adjusted based on what is now a standardized counting method.

FY 2022 guidance

	2021	Guidance 2022
Sales:	EUR 5.4bn	**EUR 5.2 – 5.7bn**
EBITDA margin:	1.0%	**-4% - 0%**
Working capital ratio:	-10.2%	**below -7%**
CAPEX:	EUR 168.7m	**approx. EUR 180m**

Includes footprint reconfiguration costs and impact from cyber security incident, in addition to other one-off impacts from macro-economic headwinds

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

New orders in 2022 benefit from new pricing environment with normal margins

Reset in electricity prices support new pricing enviroment[1)]

	Germany	UK
Jan 20 - peak	709%	592%

Improved pricing on new orders in 2022 and going forward

- Turbine prices improving in 2022 based on the updated cost structure, taking into account the latest cost increases and to revert to normal margins
- Improved electricity prices across Europe and continued baseload forward prices – help industry case for increasing turbine prices
  - Higher electricity pricing improves expected economies of wind farms and their willingness to accept increased ASP[2)]
- Despite price increases, order intake momentum continues to be robust
- Contracts now incorporate terms that improve the risk mitigation and risk sharing with customers covering:
  - Escalation clauses
  - Back-to-back contracts / cost pass through
  - Long-term shipping contracts
  - Hedge commodities
  - Leaner scope of projects

Source: Wood Mackenzie, Bloomberg.
[1)] Wood Mackenzie – historical monthly average day-ahead power prices; Bloomberg – baseload forwards as of 10 June 2022 in EUR/MWh.
[2)] Average Selling Price.

Mid-term strategic targets

Short-term challenges

1 Inflationary pressures

- Mitigants implemented to partially hedge against increasing prices
- But, in the short term, a negative impact on margins likely

2 Increased cost pass-through in new orders

- Costs increasing faster than the corresponding sales price increases due to multiple adverse macro events
- But turbine prices for new orders continue to improve via elevated cost pass-through rates – a positive indicator for future profitability

Mid-term drivers

1 Wind is one of the cheapest sources of energy today

- Easier for wind energy prices to absorb extra costs due to favourable comparison with other sources of energy

2 Massive demand scenarios if net zero emission targets have to be achieved

- 2-3x wind installations would be required over the next decade

3 Energy security and independence are driving governmental support for wind energy

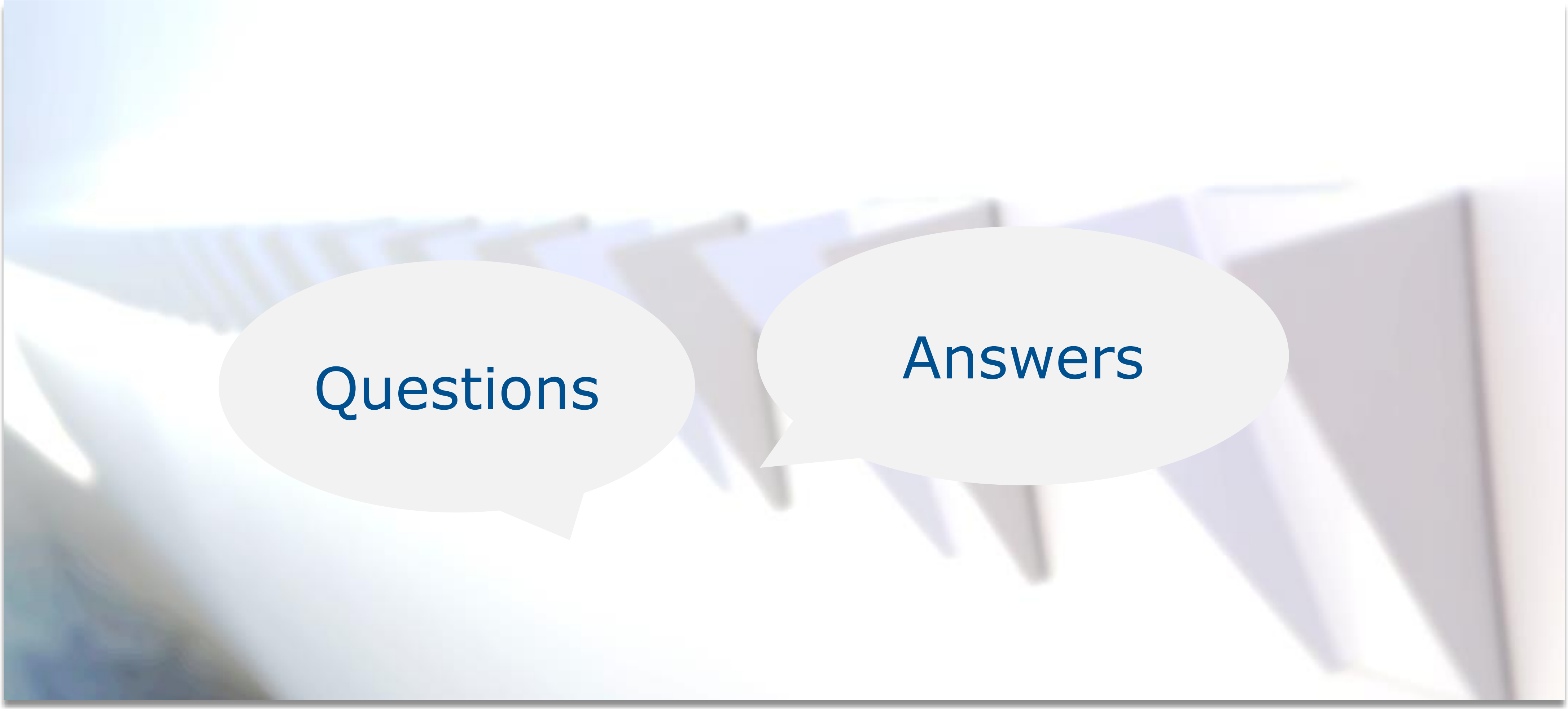
- Ambitious targets set by Europe and Germany

Mid-term strategic target

EBITDA margin of 8%

Once macro-economic environment has stabilized

Time for your questions



Key takeaways

1. › Demand for Delta4000 series remains strong especially for all new rotor variants.

2. › Margins in the short term severely affected by Ukraine conflict and recent macroeconomic events like many other industries.

3. › However, turbine prices already improving in new orders, paving way for margin recovery from 2023 onwards as the 2021 order book runs out.

4. › Improving electricity prices, coupled with potential demand growth offers opportunities for costs pass-through and hence helping to reach mid-term strategic target of 8% EBITDA margin once macro-economic environment has stabilized.

5. › Guidance for FY 2022 includes impacts from macro-economic headwinds and footprint reconfiguration confirmed.

Thank you for your attention

Contact details

IF YOU HAVE ANY QUESTIONS PLEASE CONTACT THE INVESTOR RELATIONS TEAM:

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