



# Nordex SE Full year figures 2018

26/27 March 2019

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# Agenda

1	Introduction	<i>José Luis Blanco</i>
2	Markets and orders	<i>Patxi Landa</i>
3	Financials	<i>Christoph Burkhard</i>
4	Operations and technology	<i>José Luis Blanco</i>
5	Strategy	<i>José Luis Blanco</i>
6	Guidance 2019	<i>José Luis Blanco</i>
7	Key structural patterns	<i>José Luis Blanco</i>
8	Q&As	<i>All</i>
9	Key takeaways	<i>José Luis Blanco</i>

## FY 2018 in line with guidance

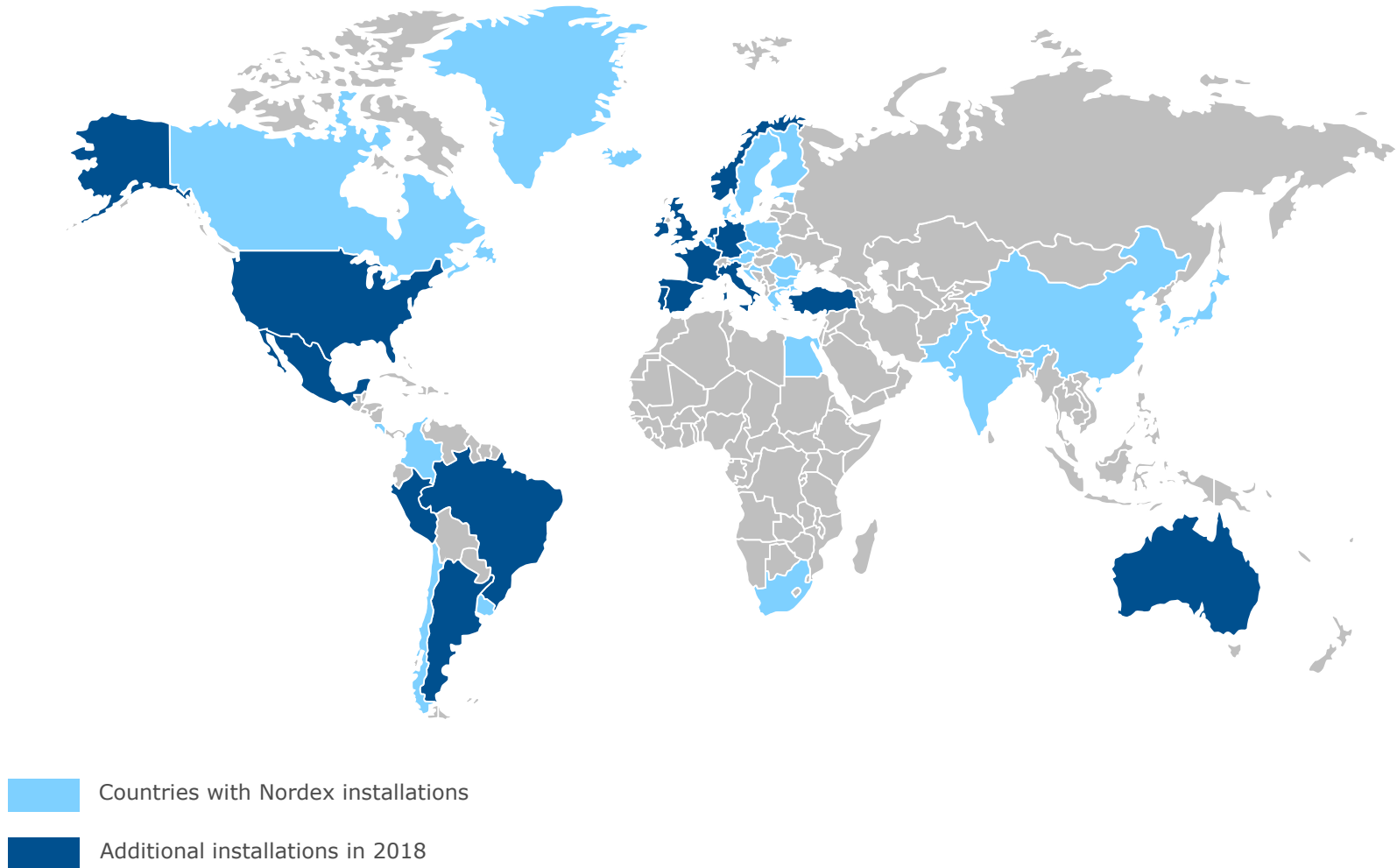
<b>Sales:</b>	<b>EUR 2.46bn</b>
<b>EBITDA margin:</b>	<b>4.1%</b>
<b>Working capital ratio:</b>	<b>-3.8%</b>
<b>CAPEX:</b>	<b>EUR 112.9m</b>



- In FY 2018 order intake increased by 73% to 4.75 GW compared to previous year.
- Strong order intake in Q4 2018 with a volume of 1.7 GW (1.6 GW in Q4 2017).
- Book-to-bill-ratio increased to 1.71 (2017: 0.80) signalling future growth.
- Visible price stabilization: ASP level of EUR 0.77m/MW in FY 2018.
- Around 40% of 1.7 GW order intake in Q4 2018 refers to new Delta4000 turbines.
- Largest ever turnkey order intake for N149/4.0-4.5 of new Delta4000 platform with 475 MW received from Sweden.
- Large order intake in India with 100 of new AW140/3000 turbines.
- N149/4.0-4.5 of new Delta4000 platform awarded "turbine of the year" by magazine Windpower Monthly.

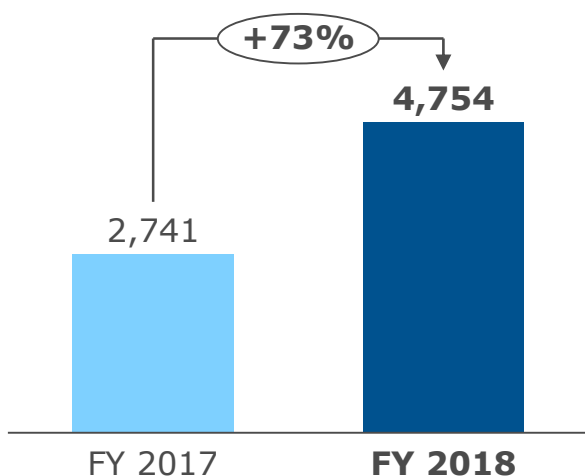


# Track record of installations reached over 25 GW

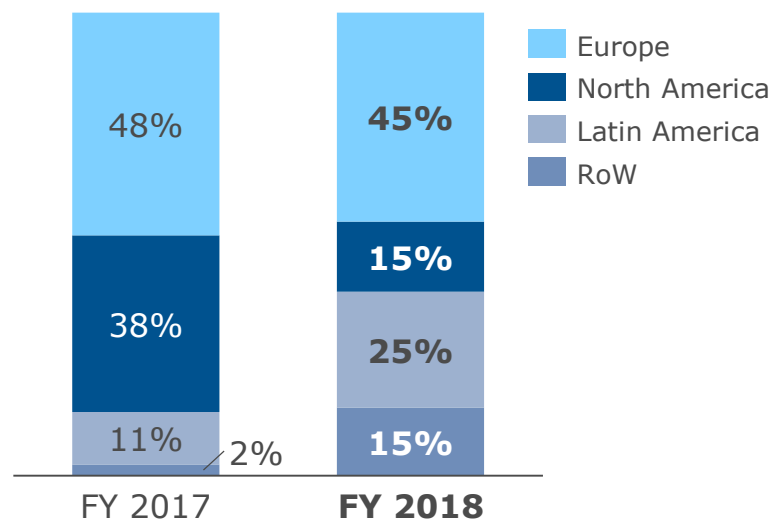


# Strong order intake of 4.75 GW in FY 2018

Order intake turbine\* (in MW)



Order intake turbine\* by regions (in %)

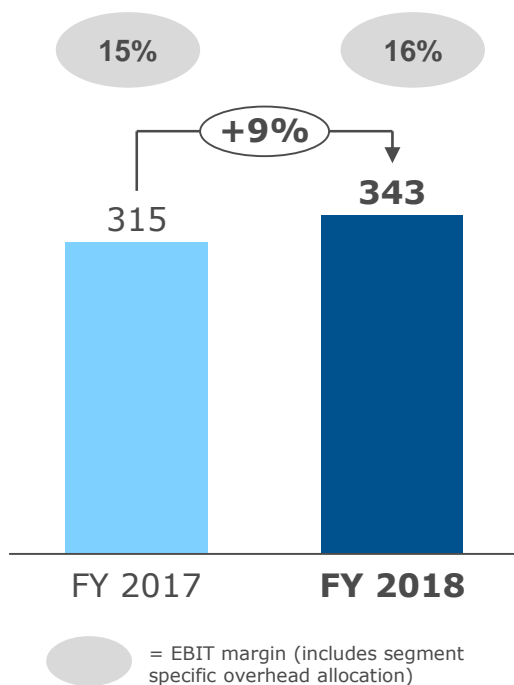


- Strong order intake increase in FY 2018: EUR 3.6bn (FY 2017: EUR 2.2bn)
- Visible price stabilization: ASP level of EUR 0.77m/MW in FY 2018
- New turbines Delta4000 and AW140/3000 with first significant orders in FY 2018
- Well balanced regional mix underlines Nordex global footprint
- USA, Brazil and Sweden were largest single markets in FY 2018

\*Group segment „Projects“.

# Strong growth and contribution of service business

## Service Sales (in EUR m)



## Key highlights 2018

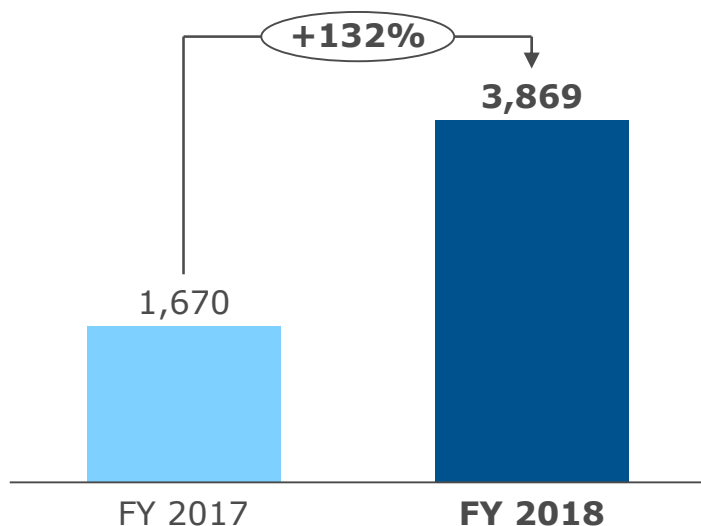
- > **NXG serves over 7,500 wind turbines** / 18.5 GW worldwide (31.12.18)
- > **Renewal rate** of service contracts **above 85%**
- > Strong Service **order backlog (EUR 2.2bn)**
- > **EBIT improvement** program launched in 2018

## Strategic approach 2019ff

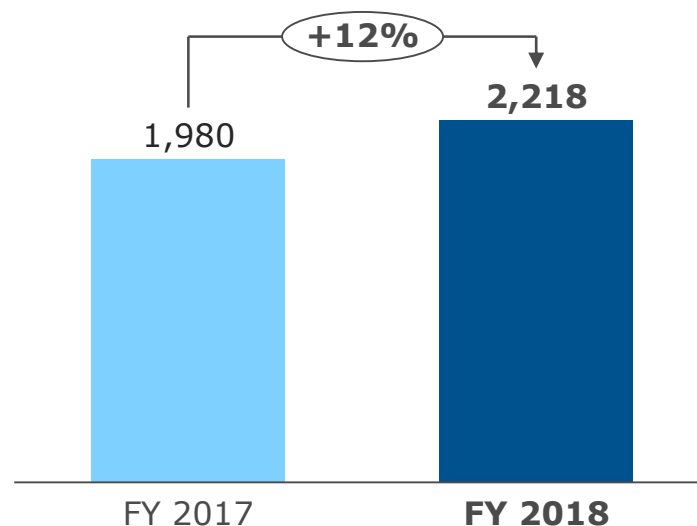
- > **Excellence in Operations** to maximize production
- > **Predictive maintenance:** Repair planned & when required
- > **Technology Management** to minimize cost & ensure sustainable improvements
- > **COE focus** to support profitability
- > **Products** to cater for customer needs

# Combined order backlog of over EUR 6bn at the end of 2018

## Order backlog turbines (EUR m)



## Order backlog service (EUR m)



- Turbine order backlog reflects high order intake in FY 2018
- Distribution on Nordex' focus markets: Europe (46%), North America (11%), Latin America (25%), RoW (18%)
- Order backlog provides high visibility on revenues in FY 2019
- Good order intake in service secures future service growth
- At the end of FY 2018 more than 7.500 WTG under service, corresponding to 18.5 GW



# Income statement FY 2018

in EUR m	FY 2018	FY 2017	abs. change
<b>Sales</b>	<b>2,459.1</b>	<b>3,077.8</b>	-618.7
Total revenues	2,364.2	3,127.4	-763.2
Cost of materials	-1,710.2	-2,294.9	584.7
<b>Gross profit</b>	<b>654.1</b>	<b>832.5</b>	<b>-178.4</b>
Personnel costs	-325.9	-359.2	33.3
Other operating (expenses)/income	-226.5	-272.6	46.1
<b>EBITDA</b>	<b>101.7</b>	<b>200.7</b>	<b>-99.0</b>
Depreciation/amortization	-155.8	-157.3	1.5
<b>EBIT</b>	<b>-54.2</b>	<b>43.4</b>	<b>-97.6</b>
<b>Net profit</b>	<b>-83.9</b>	<b>0.3</b>	<b>-84.2</b>
<b>Gross margin</b>	<b>26.6%*</b>	<b>26.6%</b>	
<b>EBITDA margin</b>	<b>4.1%</b>	<b>6.5%</b>	
<b>EBIT margin w/o PPA</b>	<b>0.3%</b>	<b>3.4%</b>	

## Comments

- Stable gross margin of 26.6% at the end of FY 2018
- EBITDA margin within guidance range for FY 2018
- Targets of "45-by-18" cost cutting program exceeded
- PPA depreciation totaled EUR 62.6m in FY 2018 (EUR 61m in 2017)

\*Gross profit in relation to sales.

# Income statement Q4 2018

## Comments

in EUR m	Q4 2018	Q4 2017**	abs. change
<b>Sales</b>	<b>686.3</b>	<b>758.3</b>	-71.4
Total revenues	611.0	762.6	-151.0
Cost of materials	-428.7	-553.0	126.5
<b>Gross profit</b>	<b>182.3</b>	<b>209.6</b>	<b>-24.5</b>
Personnel costs	-87.7	-111.6	23.0
Other operating (expenses)/income	-64.3	-79.1	13.4
<b>EBITDA</b>	<b>30.3</b>	<b>18.7</b>	<b>12.0</b>
Depreciation/amortization	-45.4	-38.6	6.7
<b>EBIT</b>	<b>-15.2</b>	<b>-20.0</b>	<b>5.3</b>
<b>Net profit</b>	<b>-27.7</b>	<b>-31.2</b>	<b>1.2</b>
<b>Gross margin</b>	<b>26.6%*</b>	<b>27.6%</b>	
<b>EBITDA margin</b>	<b>4.4%</b>	<b>2.5%</b>	
<b>EBIT margin w/o PPA</b>	<b>0.3%</b>	<b>-0.9%</b>	

- PPA depreciation in Q4 2018 amounted to EUR 17.1m

\*Gross profit in relation to sales.

\*\*Q4 2017 results were driven by one off costs related to cost cutting program „45-by-18“.

## Solid balance sheet FY 2018

in EUR m	<b>31.12.18</b>	31.12.17	abs. change	Δ in %
Non-current assets	1,277.6	1,264.5	13.1	1.0
Current assets	1,781.0	1,543.1	237.9	15.4
<b>Total assets</b>	<b>3,058.5</b>	<b>2,807.6</b>	<b>250.9</b>	<b>8.9</b>
Equity	697.3	919.0	-221.7	-24.1
Non-current liabilities	822.9	784.5	38.4	4.9
Current liabilities	1,538.3	1,104.1	434.2	39.3
<b>Equity and total liabilities</b>	<b>3,058.5</b>	<b>2,807.6</b>	<b>250.9</b>	<b>8.9</b>
<i>Net debt*</i>	<i>32.5</i>	<i>60.1</i>		
<i>Working capital ratio**</i>	<i>-3.8%</i>	<i>5.3%</i>		
<i>Equity ratio</i>	<i>22.8%</i>	<i>32.7%</i>		

### Comments

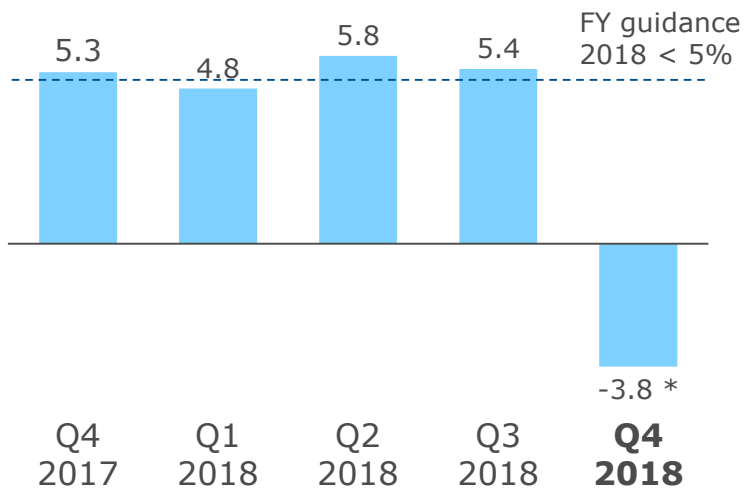
- Again strong cash position of EUR 610m at year-end 2018 (FY 2017: EUR 623m)
- Current assets and current liabilities as well as equity have been significantly impacted by IFRS 15 transition in FY 2018

\*Cash and cash equivalents less bank borrowings and bond.

\*\* Based on actual sales figures.

## Working capital development FY 2018

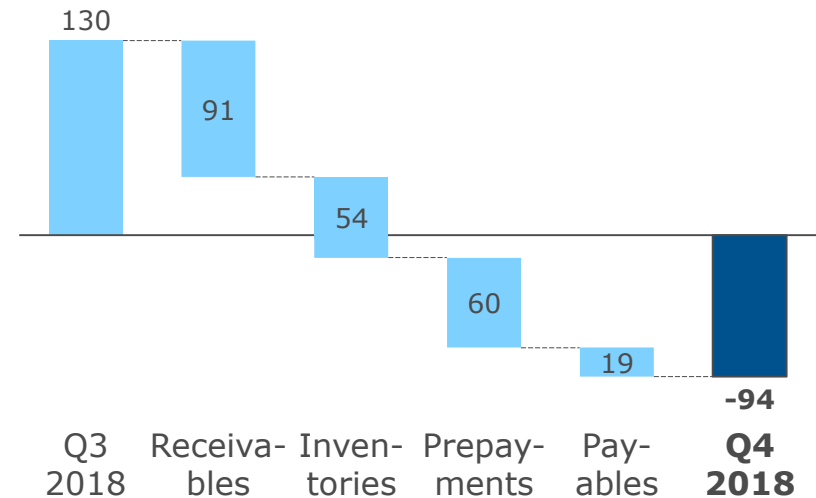
### Working capital ratio (in % of sales)



- After peak in Q2 2018 working capital ratio significantly declined to -3.8% at the end of Q4 2018
- Strong focus on working capital management has paid out in FY 2018

\* Based on actual sales figures.

### Working capital development (in EUR m)



- Decrease in working capital mainly driven by:
  - stringent accounts receivable management
  - high prepayments related to strong order intake

## Cash flow statement FY 2018

in EUR m	<b>FY 2018</b>	FY 2017
Cash flow from operating activities before net working capital	-31.4	107.9
Cash flow from changes in WC	156.3	-16.5
Cash flow from operating activities	124.9	91.4
Cash flow from investing activities	-80.9	-146.1
Free cash flow	44.0	-54.7
Cash flow from financing activities	-46.4	43.9
Change in cash and cash equivalents*	-2.4	-10.8

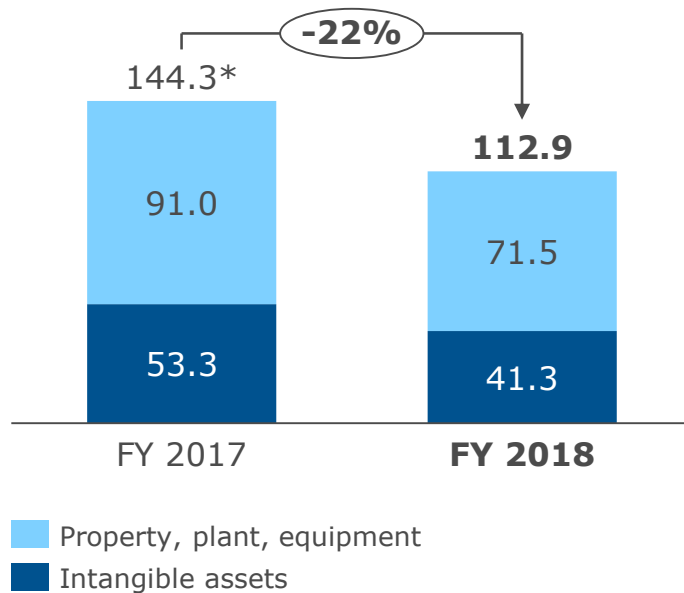
### Comments

- Cash flow from operating activities positively influenced by successful working capital management and strong order intake
- Free cash flow turned into positive EUR 44m improving by EUR 98.7m compared to previous year
- Cash flow from financing activities results from the repayment of bank loans and the net effect of the refinancing of SSD by a bond; repayment of SSD tranches (February, April) totaled EUR 266m

\*Including FX effects.

# Total investments FY 2018

## CAPEX (in EUR m)



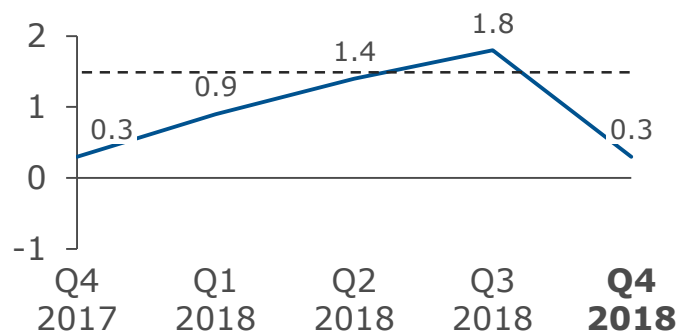
## Comments

- Investments in FY 2018 mainly comprised
  - Investments in tooling and equipment in Spain
  - Ramping up new production facility in India and Mexico
  - Investments in product development
- Decrease in intangible assets due to lower level of development costs compared to previous year

\*Excluding first time consolidation of acquisition of Nordex Blade Technology Centre 2017.

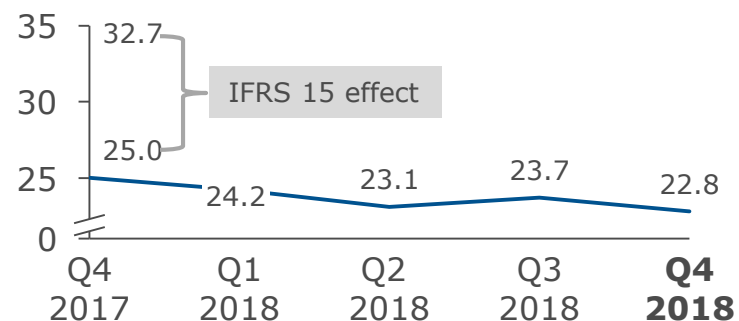
## Capital structure FY 2018

### Net debt\*/EBITDA\*\*



- In Q4 2018 again well below the ambition level of 1.5 as expected

### Equity ratio (in %)



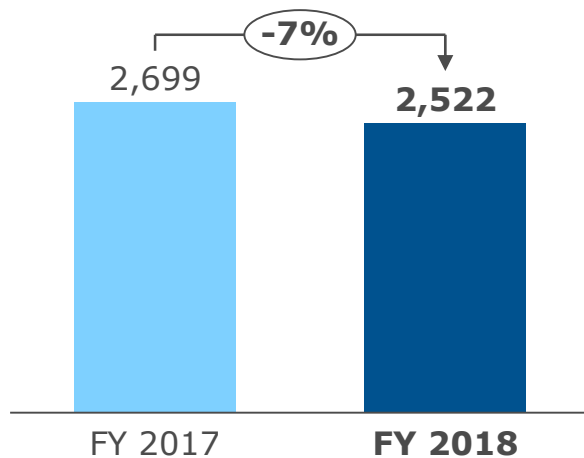
- After elimination of the IFRS 15 effect adjusted equity ratio remained on a solid level during FY 2018

\*Cash and cash equivalents less bank borrowings and bond.

\*\* Last twelve months.

## Operations in FY 2018

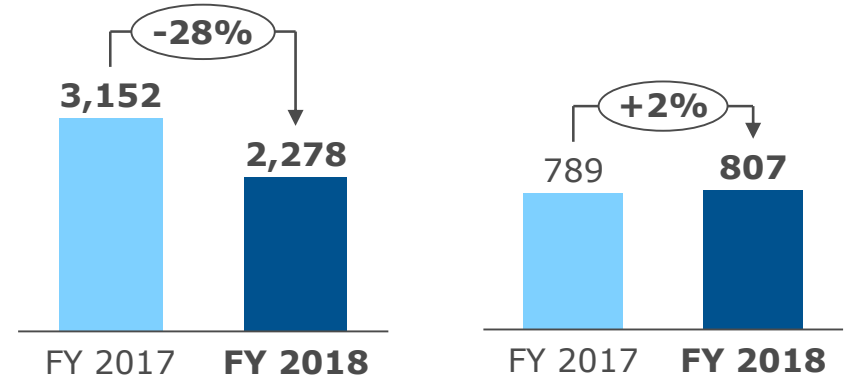
### Installations (MW)



- Total installations of 828 WTGs in 17 countries in FY 2018: 44% Europe, 17% Latin America, 34% North America, 5% RoW
- High focus on project execution in order to secure project revenues in FY 2019

### Production

#### Turbine assembly (MW)    Blade production (#)

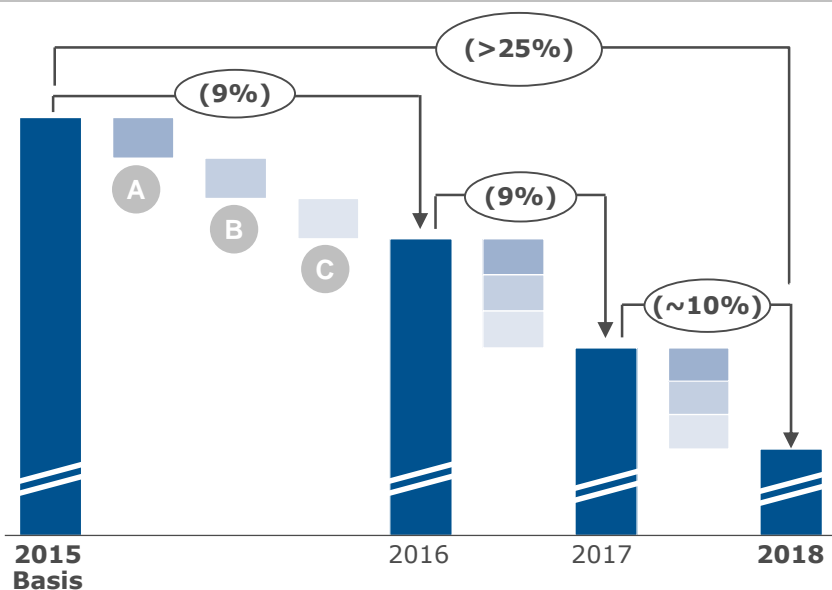


- Output turbines of 727 units in FY 2018: 368 GER, 304 ESP, 37 BRA, 18 IND
- Inhouse output blades of 807 units in FY 2018: 207 GER, 600 ESP



# Strong track record in COE reduction

## COE achievements 2015-2018



### A Yield

- Turbine performance increase and performance over lifetime

### B Capex

- All turbine components, product related processes

### C OPEX

- Service and O&M over lifetime

- 25% COE target 2015-2018 has already been overachieved by delivering COE reduction
- COE target in the future will be high single digit annually

**Integrated product and supply chain evolution will further drive COE program after 2018**

# Delta4000 ramp-up is gaining speed due to high market demand

## Delta4000 product series

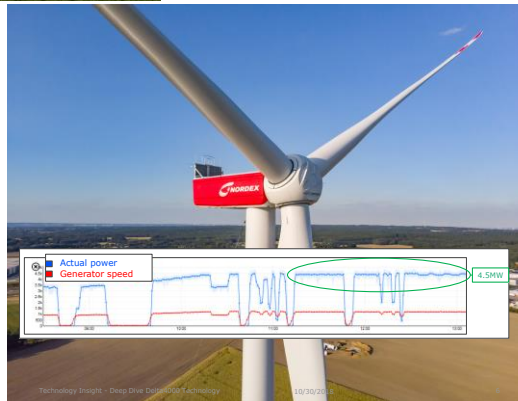
- 149m rotor
- 105m to 164m hub heights
- >4MW rating
- Utilization of merger synergies
- Suitable in core low-to-medium wind speed sites



## First prototype in operation



- Installed & commissioned in Sept. 2018
- Performance as expected (4.5MW max. rating)
- First prototype of it's class in market



## Series start already in Q1 2019

- First orders signed, strong interest in Germany, Northern Europe, Australia, South and North America
- High market demand for New product
- All certificates obtained according to time plan
- Already awarded:



**Nordex is delivering Delta4000 product series as planned and promised to the market**

# ➤ Strategy roadmap further strengthens our competitive position

**We are:**

**Global | COE Leader | Sustainable**

**We focus on:**

**Speed | COE | Flexibility**

**We deliver:**

<p><b>1</b></p> <p><b>Global market presence</b></p>	<p><b>2</b></p> <p><b>COE optimized product portfolio</b></p>	<p><b>3</b></p> <p><b>Supply chain transformation</b></p>	<p><b>4</b></p> <p><b>Operational cost efficiencies</b></p>	<p><b>5</b></p> <p><b>Service business</b></p>
<p>OI increase by 73% to 4.75 GW across all regions ✓</p>	<p>Strong demand for Delta4000 platform globally ✓</p>	<p>New blade plants in Mexico and India for global demand ✓</p>	<p>Positive Free cash flow; W/C-ratio improved ✓</p>	<p>Strong renewal rate of service contracts ✓</p>

**Leading global onshore wind turbine supplier**

 **Guidance 2019**

Sales: EUR 3.2-3.5bn

EBITDA margin: 3.0-5.0%

Working capital ratio: <2%

CAPEX: approx. EUR 120m\*

\* Depending on order intake momentum for Delta4000 in the course of 2019.

## Key structural patterns in 2019

- 1 Back-ended installation and hence revenue recognition - low H1 revenues versus very strong H2 revenues expected
- 2 Dense execution activities in Q3 and Q4
- 3 Steep manufacturing ramp-up towards 100% utilization rate in H2
- 4 Demanding working capital management

# Time for your questions

Questions

Answers

## Key takeaways

1

Global footprint pays out: strong performance despite volatile market environment

2

Accelerating transformation of supply chain to best cost countries

3

Successful introduction of new technology (Delta4000) triggering already significant orders with key customers globally

4

Strong working capital management and free cash flow generation

## 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 2019

<b>2019</b>	<b>Event</b>
<b>26 March</b>	<b>Publication of Annual Report 2018</b>
14 May	Interim statement Q1 2019
4 June	Annual General Meeting (Rostock)
14 August	Interim report H1 2019
13 November	Interim statement Q3 2019

## Contact details

**IF YOU HAVE ANY QUESTIONS  
PLEASE DO NOT HESITATE TO CONTACT:**

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