



# Nordex SE Conference Call 9M 2015



Frankfurt  
11 November  
2015



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|---|--------------------------------|
| <b>1. Highlights</b>                            | <b>Lars Bondo Krogsgaard</b>   |
| <b>2. Operational progress and order intake</b> | <b>Lars Bondo Krogsgaard</b>   |
| <b>3. Financials 9M 2015</b>                    | <b>Bernard Schäferbarthold</b> |
| <b>4. Market update and outlook</b>             | <b>Lars Bondo Krogsgaard</b>   |
| <b>5. Appendix</b>                              |                                |

# 1. HIGHLIGHTS 9M 2015



- **Business well on track**
- **Book-to-bill-ratio of 1.2** indicating further growth
  
- **Strong sales** and **strong order intake**
- **EBIT margin** in line with forecast
- **Positive free cash flow**
- **Increase** in sales and order intake **guidance**
  
- Signing of **Acciona Windpower acquisition**

# 1. HIGHLIGHTS – MERGER WITH ACCIONA WINDPOWER



- **Business Combination Agreement** (BCA) signed on October 4, 2015



- **Acquisition of Acciona Windpower** to form a global player
- Transaction **volume of EUR 785 mn**
- **Acciona S.A.** to become **strategic shareholder** with a stake of 29.9%
  
- **Merger control process** initiated – deal closure expected in Q1 2016
  
- Further details to be announced during our **Capital Markets Day** tomorrow

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## 2. BUSINESS PERFORMANCE ALONG THE VALUE CHAIN



### Production – Installations – Service



**Turbine assembly:** 1,539 MW (+43% yoy) – assembly of turbines for installations in Q4

**Blade production:** 261 blades (-33% yoy) – lagging behind budget due to delays related to the expansion of facility in Rostock and ramp-up of NR 65.5



**Installations:** 1,158 MW (+8% yoy) – large installations scheduled for Q4

**448 turbines installed in 13 countries** – main markets Germany, Turkey, Finland and France

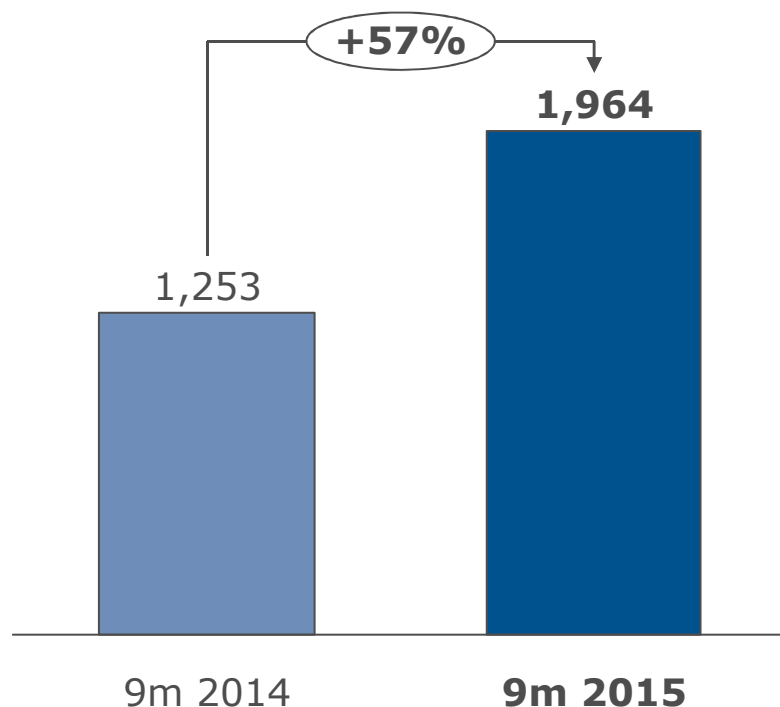


**Service sales:** EUR 138.4 mn (+17% yoy)

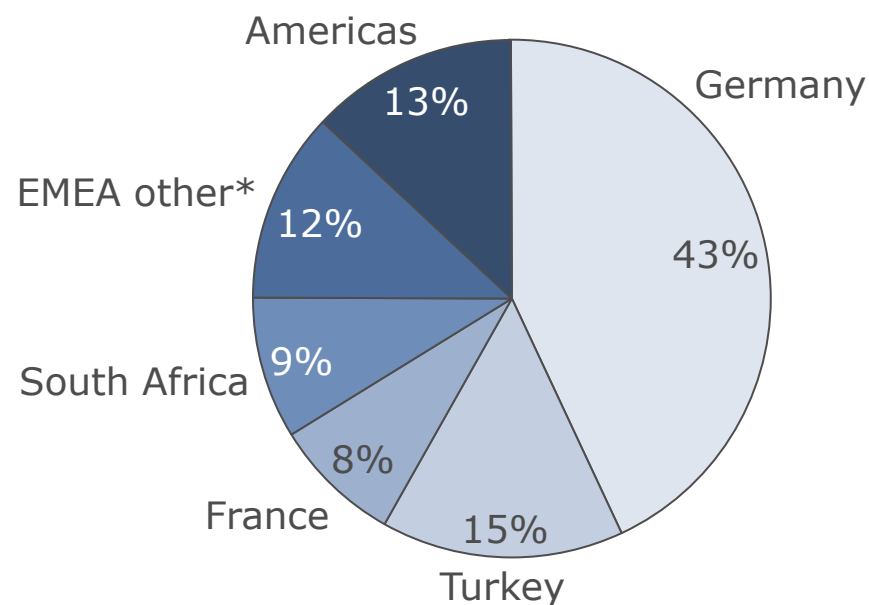
**Renewal rate: 95%** (-3 ppt)

## 2. ORDER INTAKE

### Order intake 9M/15 vs. 9M/14 (in EUR mn)



### Order intake by countries/regions 9M/15

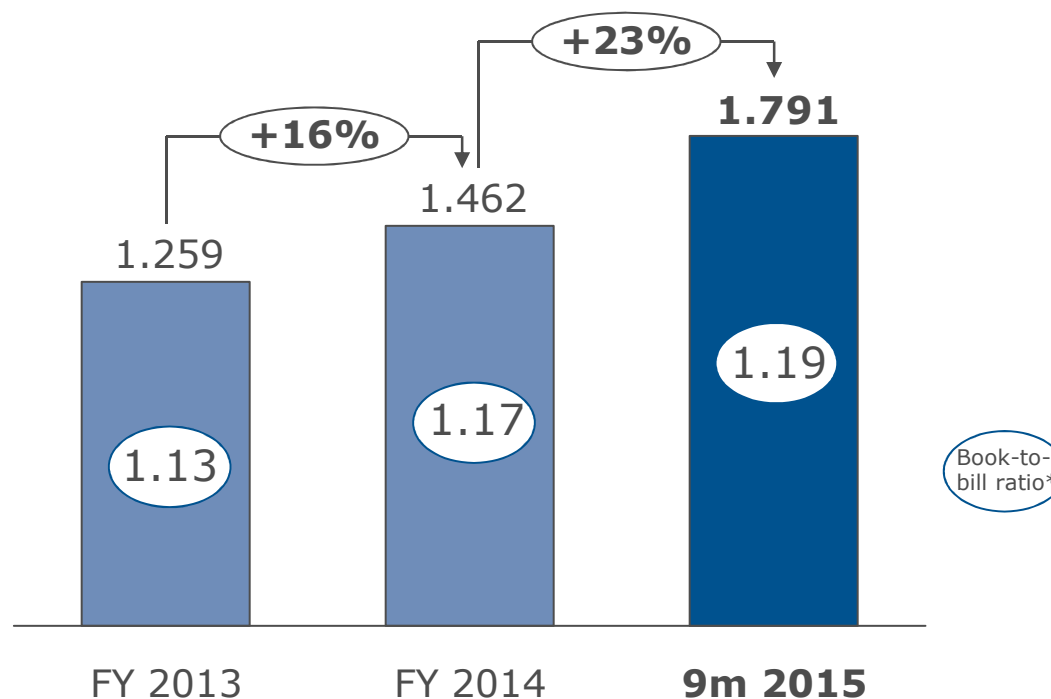


\*incl. Pakistan

- **Order intake** of almost EUR 2 bn
- **Generation Delta** accounts for more than 20% of new orders; **N117/2400** remains bestselling WTG with 40% of new orders from six countries
- One third of OI stems from **emerging markets** such as South Africa, Uruguay and Pakistan

## 2. ORDER BOOK

### Development of the firm order book\* 2013 – 9M 2015 (in EUR mn)



- EMEA (including Pakistan) currently accounts for 88% of the firm order book, the Americas stand at 12%
- **Book-to-bill ratio\*** of 1.19 indicating further growth
- **Conditional order back-log** at EUR 562 mn (9M 2014: EUR 935 mn; -40% after high conversion rate and signing of large projects in RSA, UY, PK)

\* Turbine business, excluding service



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### 3. GROUP INCOME STATEMENT 9M 2015



#### In EUR millions

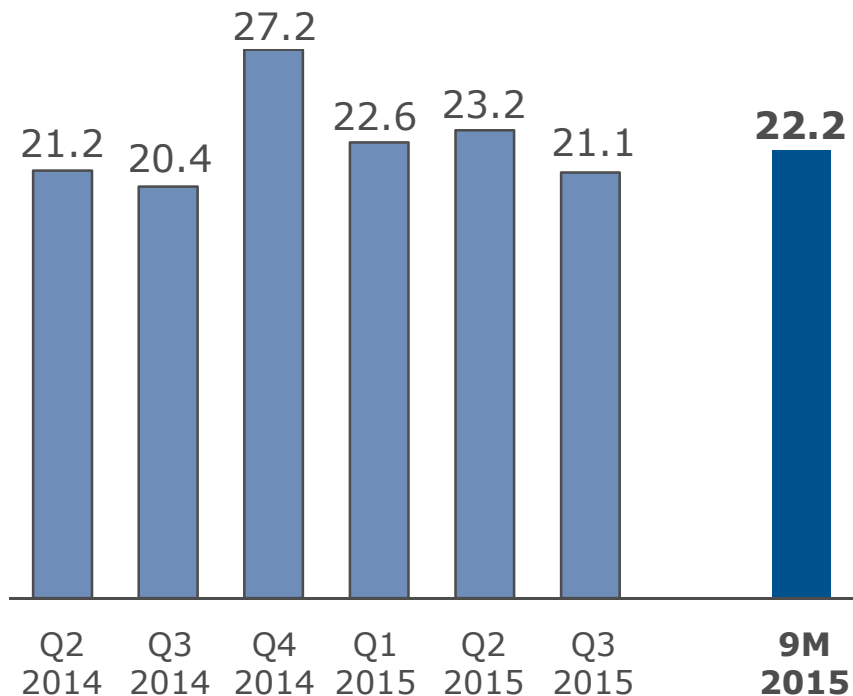
	9M 2015	9M 2014	Δ in %
Sales	1,786.2	1,266.6	41.0
<b>Total revenues</b>	<b>1,769.9</b>	<b>1,288.6</b>	<b>37.3</b>
Cost of materials	(1,389.0)	(1,008.2)	37.8
<b>Gross profit</b>	<b>380.9</b>	<b>280.4</b>	<b>35.8</b>
Personnel costs	(143.4)	(124.0)	15.6
Other operating (expenses)/income	(99.4)	(66.9)	48.6
<b>EBITDA</b>	<b>138.1</b>	<b>89.5</b>	<b>54.3</b>
Depreciation	(40.5)	(29.7)	36.4
<b>EBIT</b>	<b>97.6</b>	<b>59.9</b>	<b>62.9</b>
Net financial result	(15.2)	(17.8)	(14.6)
<b>EBT</b>	<b>82.5</b>	<b>42.1</b>	<b>95.7</b>
Tax	(37.1)	(14.2)	>100
<b>Net profit</b>	<b>45.4</b>	<b>28.0</b>	<b>62.2</b>

- **Sales increase** reflects strong orders in previous quarters and increased production volume
- **Net profit** increased by 62 % especially due to lower structural cost ratio; higher **tax rate** in Q3 results from the fact that potential future tax benefits of Nx entities could not yet been realized
- **9M EBIT margin** of 5.5 % well in the target range; EBIT margin in Q3 at 5.3 % due to quality issues with supplied blades – root cause identified, quality initiative started

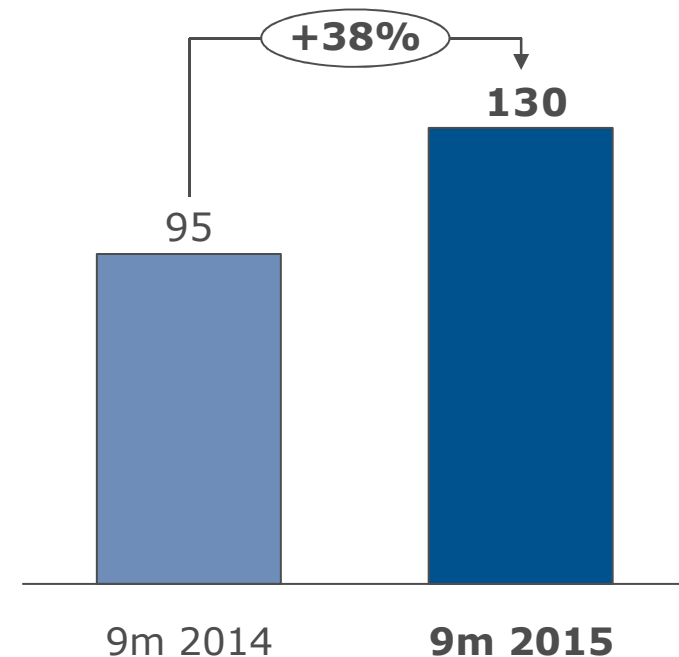
### 3. DEVELOPMENT OF GROSS MARGIN AND PRODUCTIVITY



**Development of gross margin\***  
**Q1 2014 – 9M 2015 (in %)**



**Gross profit per employee (in TEUR)\***



\*Based on sales

- Some volatility of **gross margin** during the year, with 22 – 23 % expected for the full year
- Q3 affected by quality issues relating to supplied blades – quality measures initiated
- Value added measured as **gross profit/employee** significantly above last year
- Organization well utilized – staff increase (+11 % yoy) well below sales increase (+41 %)

### 3. OPERATING CASH FLOW AND FREE CASH FLOW



#### Key figures cash flow statement

in EUR mn	9M 2015	9M 2014
Cash flow from operating activities	67.3	162.7
Cash flow from investing activities	(48.8)	(43.0)
Free cash flow	18.5	119.7

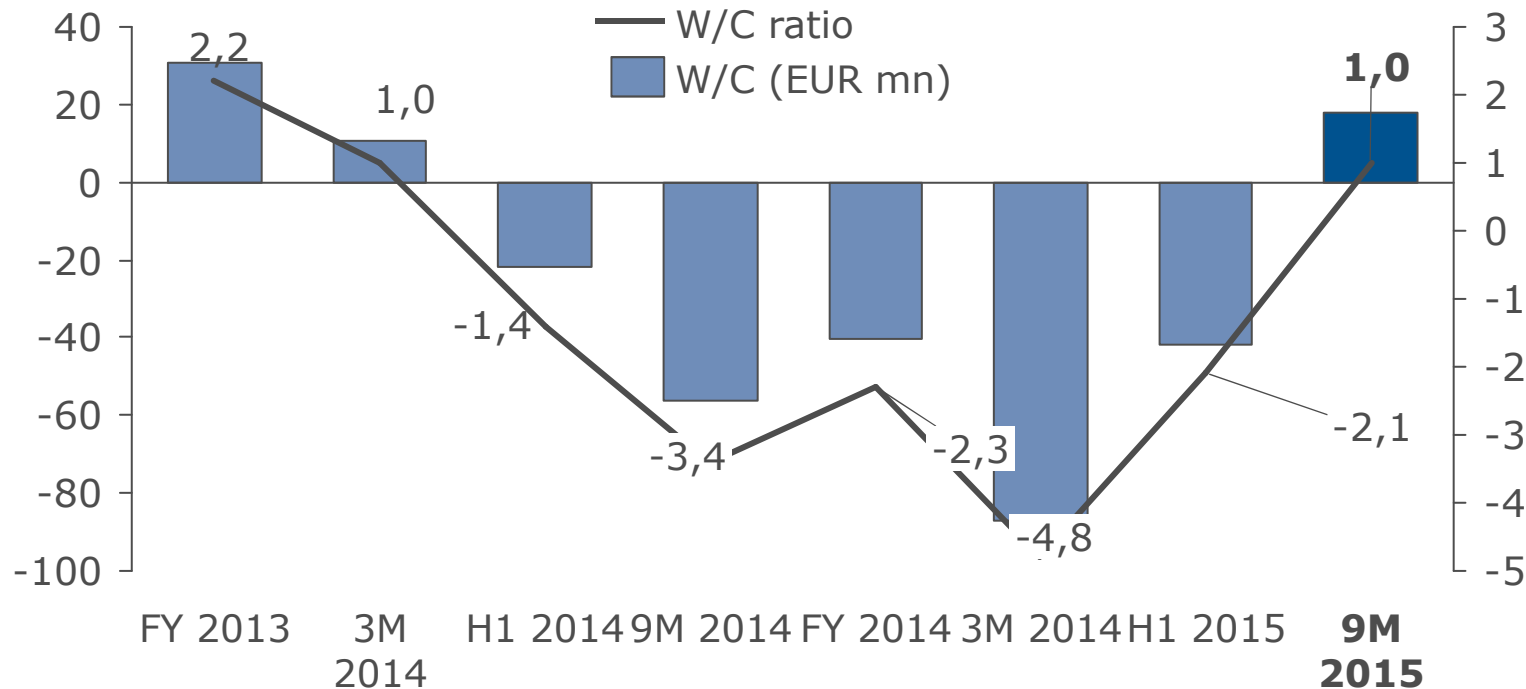
#### Changes in working capital

in EUR mn	9M 2015	9M 2014
Consolidated profit + d/a	85.8	57.7
+ Decrease in inventories	50.6	7.3
-/+ Change in trade receivables	-159.5	16.7
+ Increase in trade payables	131.4	69.9
- Decrease in prepayments received (non-capitalised)	-84.4	-6.7
<b>= Payments from changes in working capital</b>	<b>-61.9</b>	<b>87.2</b>

- **Decreased operating cash flow** because of higher production/installation activities leading to increased working capital (especially in terms of trade receivables)
- **Investing activities** in 9M 2015 mainly for:
  - capitalized product development
  - expansion of the blade center in Rostock – project almost completed

### 3. WORKING CAPITAL

#### Development of working capital 2013 – 9M 2015



- **Working capital ratio** well within target range (<5 %)
- Volatility reflects production and installation activity
- Continuing stringent **working capital management** with:
  - Optimised turnaround and order times
  - Prepayments and cash flow-optimized milestone payments

### 3. GROUP BALANCE SHEET 9M 2015



#### In EUR millions

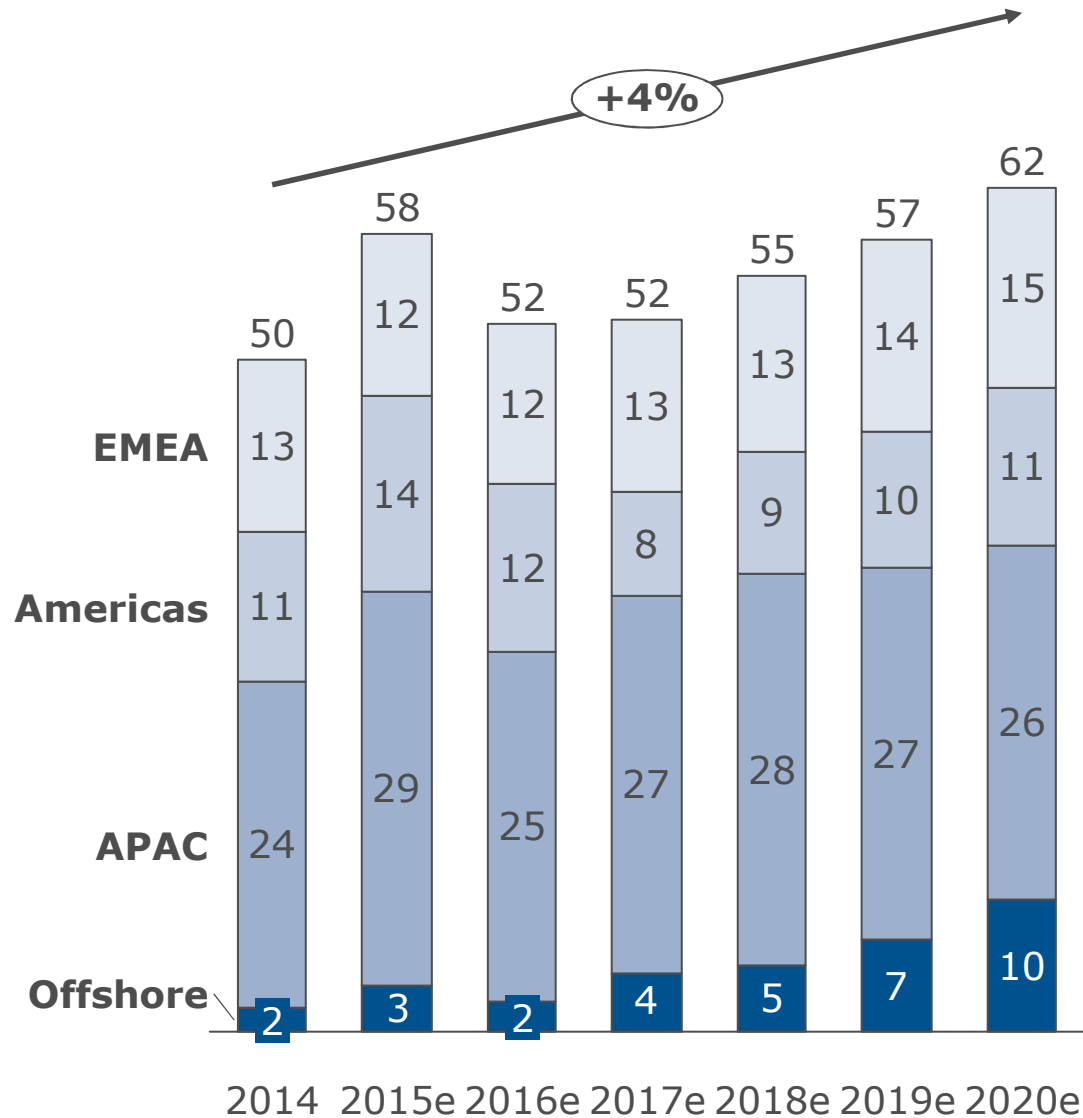
	30.09.15	31.12.14		30.09.15	31.12.14
Liquid funds & fixed-term deposits	454.4	388.4	Trade payables	308.9	177.5
Trade receivables and future receivables	345.0	185.5	Current bank borrowings, esp. Bond <sup>1</sup>	182.4	0
Net inventories	223.3	273.9	Other current liabilities	402.3	451.8
Other current assets	122.9	73.4			
<b>Current Assets</b>	<b>1,145.6</b>	<b>921.2</b>	<b>Current liabilities</b>	<b>893.6</b>	<b>629.3</b>
Property, plant, equipment	144.1	136.2	Bond <sup>1</sup>	0	156.2
Capitalized R&D expenses	106.4	106.1	Deferred tax liabilities	65.6	30.8
Deferred tax assets	52.8	44.8	Other non-current liabilities	71.0	27.6
Other non-current assets	29.9	31.6			
<b>Non-current assets</b>	<b>333.2</b>	<b>318.7</b>	<b>Non-current liabilities</b>	<b>136.6</b>	<b>214.6</b>
			<b>Shareholders' equity</b>	<b>448.6</b>	<b>396.0</b>
<b>Total assets</b>	<b>1,478.9</b>	<b>1,239.9</b>	<b>Total liabilities</b>	<b>1,478.9</b>	<b>1,239.9</b>

- **Balance sheet** strengthened:
  - **Net liquidity** increased to EUR 250 mn (31.12.2014: 232 mn)
  - Current bank borrowings include **bond** (maturity in 4/2016), first tranche of **EIB loan** drawn
  - **Total assets** up 19 % to EUR 1.5bn; **equity ratio** 30.3 % (31.12.2014: 31.9 %)

<sup>1</sup> Bond incl. interest

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## 4. DEMAND OUTLOOK IN GW PER REGION



### 2014-2016:

- **Global** onshore growth of ~16 % expected in 2015. Clean energy spending still at a high level
- 2016 dip mainly caused by China and the US

### Through 2020:

- **Germany:** continues at a high level (~3 GW p.a.) after 2017
- **Northern Europe:** Nordex core markets provide stable basis for our business – gains in market share targeted in focus markets
- **Southern Europe:** High demand in Turkey and France
- **Eastern Europe:** Some recovery in EMEA East due to new regulations in Poland
- **Emerging Markets:** Continuing growth opportunities in the MEA-region, Latin America and selected markets in Asia

Source: MAKE Q3 outlook as of 9/2015



## 4. RECENT TRENDS IN REGULATORY CHANGES

### Germany

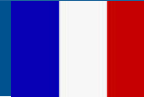


- Consultation on BMWi green paper on auctions in progress
- Draft Law expected at the end of 2015 / beginning of 2016
- Auctions will become effective by 2017



- Target corridor for new-build on-shore wind is expected to be 2,400 to 2,600 megawatts per year + repowering

### France



- New decree introduces market premium for offshore
- Introduction for onshore expected at some point in time for the future

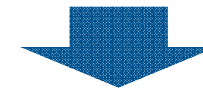


- Impact can only be estimated once it becomes clear when and how the market premium will become effective for onshore

### UK



- New system in place: Contracts for difference
- Maximum budget allocation for onshore is: GBP 50mn for projects commissioning from 2015/16, and an additional GBP 15mn for projects commissioning 2016/17



- Transition period until March 2017
- No impact on projects already registered under ROCs

## 4. GUIDANCE 2015



	2014A	2015 old (H2)	2015 update (9M)
<b>Order intake</b>	EUR 1.75 bn	EUR 2.1 – 2.3 bn	➔ EUR 2.3 – 2.4 bn
<b>Sales</b>	EUR 1.73 bn	EUR 2.0 – 2.2 bn	➔ EUR 2.3 – 2.4 bn
<b>EBIT margin</b>	4.5 %	5 – 6 %	5 – 6 %
<b>Working capital ratio</b>	- 2.3 %	<5 %	<5 %
<b>Investment</b>	EUR 76.3 mn	~EUR 60 – 65 mn	➔ ~EUR 65 – 70 mn

- **Guidance update** based on strong order intake momentum
- High **installation volume for Q4** expected
- Additional **investments** driven by high activity level (e.g. project management, logistics, tools)

**Capital Markets Day 2015**  
**Hotel Intercontinental Frankfurt am Main**  
**10 am – 4 pm**

**Main topics:**

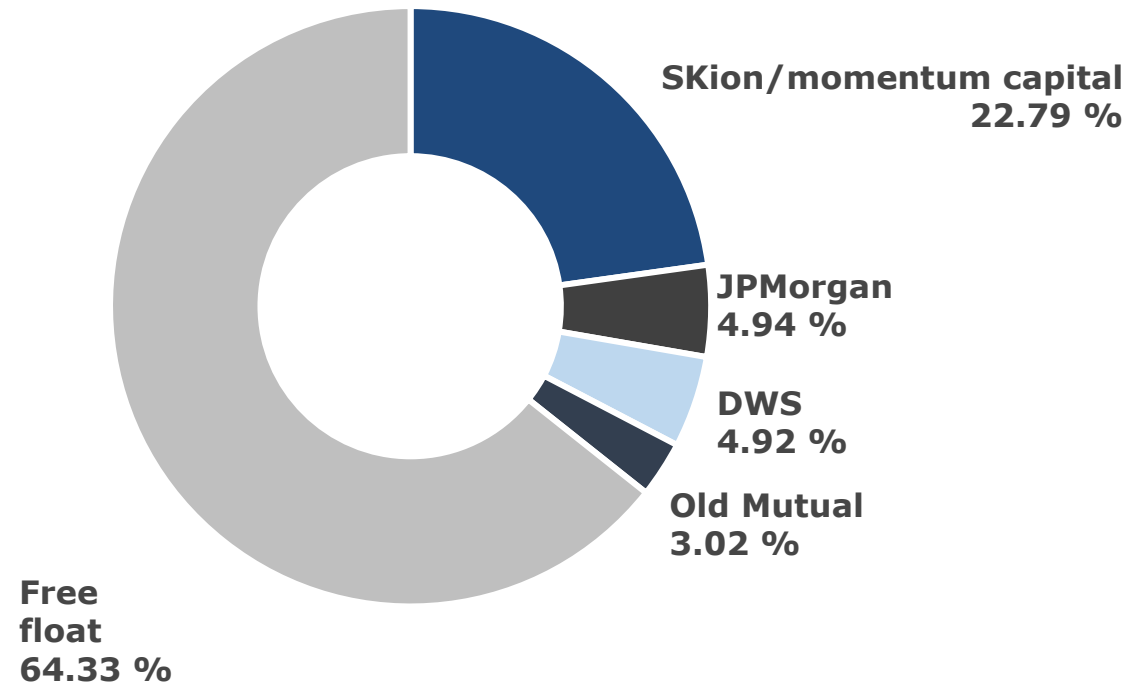
- Medium-term targets
- Introduction to AWP and our future board members
- Update and additional details on AWP merger
- Update on markets & customers
- Update on products & technology

**The presentation will be published on our website after the event**

# TIME FOR YOUR QUESTIONS



## 5. APPENDIX: SHAREHOLDER STRUCTURE NORDEX SE



Based on 80.882.447 shares, as of November 2015; before closure of AWP merger

## 5. APPENDIX: FINANCIAL CALENDAR 2015

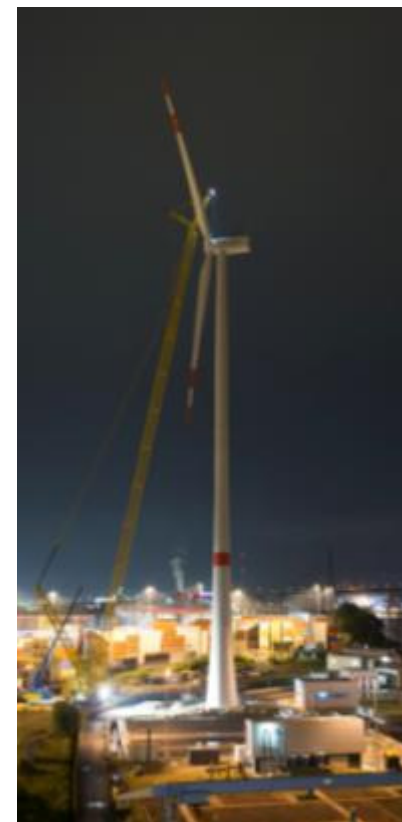


Date	Event
11 November	Q3 2015 results and analyst call
12 November	Capital Markets Day (Frankfurt am Main)
13 November	Roadshow London
16 November	Roadshow Paris
17-20 November	EWEA fair (Paris)
19 November	Roadshow Munich
23 November	Goldman Sachs Renewable Conference (London)
24 November	Roadshow Edinburgh
26 November	HSBC Zurich Conference
2-3 December	Roadshow Boston & New York
3 December	HSBC Luxembourg Conference

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