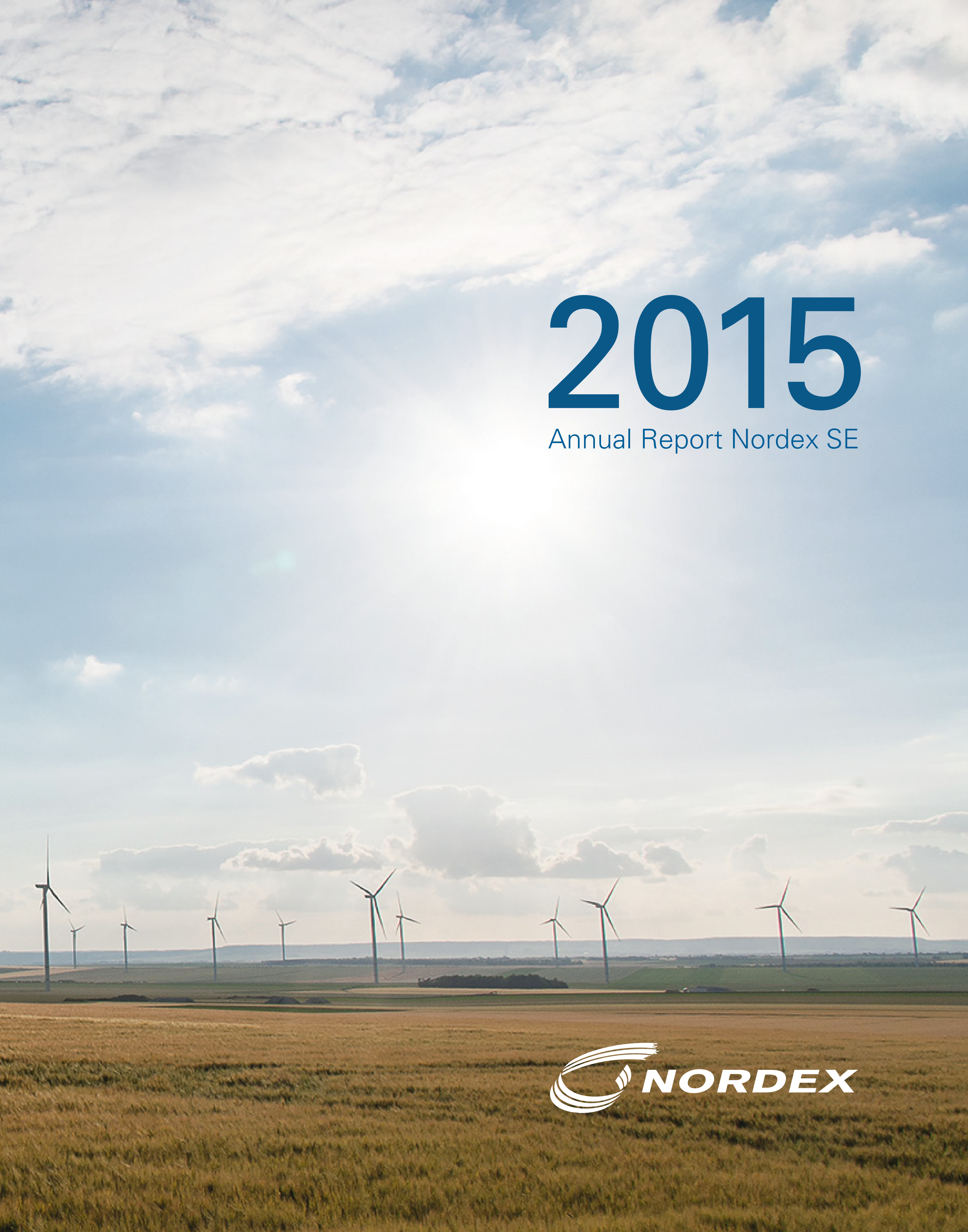
2015

Annual Report Nordex SE



NORDEX

Nordex SE: Key figures at a glance

Earnings							
		2011	2012	2013	2014	2015	Δ 15/14
Sales[1]	EUR million	920.8	1,075.3	1,429.3	1,734.5	2,430.1	40.10%
Total revenues[1]	EUR million	927.0	1,100.9	1,502.3	1,739.5	2,416.1	38.90%
EBIT[1] before exceptionals/ non-recurring effects	EUR million	–10.3	14.0	–	–		–
Exceptionals/ non-recurring effects	EUR million	–19.4	–75.0	–	–		–
EBIT[1]	EUR million	–29.7	–61.1	44.3	78.0	126.2	61.79%
EBITDA[1]	EUR million	–2.0	8.2	83.6	121.0	182.4	50.74%
Cash flow[1, 2]	EUR million	69.1	64.0	67.9	–24.6	144.6	>100%
Capital spending	EUR million	46.1	58.5	71.6	76.3	75.1	–1.57%
Consolidated net profit/loss[1]	EUR million	–49.5	–94.4	10.3	39.0	52.3	34%
Earnings/loss per share[3]	EUR	–0.67	–1.28	0.14	0.48	0.65	35%
EBIT margin[1]	%	–3.2	–5.5	3.1	4.5	5.2	0.70 pp
Working capital ratio[4]	%	27.7	8.7	2.2	–2.3	–1.2	1.10 pp

Balance sheet							
		2011	2012	2013	2014	2015	Δ 15/14
Total assets as of 31.12	EUR million	1,028.9	1,066.1	1,191.4	1,239.9	1,460.1	17.76%
Equity as of 31.12	EUR million	376.6	279.0	368.0	396.0	455.6	15.05%
Equity ratio	%	36.6	26.2	30.9	31.9	31.2	–0.70 pp

Employees							
		2011	2012	2013	2014	2015	Δ 15/14
Employees[5]	Ø	2,643	2,536	2,543	2,800	3,148	12.43%
Staff costs[1]	EUR million	147.4	140.2	153.2	167.7	197.3	17.65%
Sales[1] per employee	EUR thousand	348	424	562	619	772	24.72%
Staff cost ratio[1]	%	15.9	12.7	10.2	9.6	8.2	–1.40 pp

Company performance indicators							
		2011	2012	2013	2014	2015	Δ 15/14
Order intake	EUR million	1,107.0	1,268.0	1,502.9	1,753.9	2,470.9	40.9%
Installed capacity	MW	970	919	1.254	1.489	1.697	14.0%
Non-domestic proportion of turbine construction[1]	%	85.4	83.2	75.4	65.8	68.5	–2.7 pp

[1] Excluding discontinued operations in 2012
[2] Cash flow = change in cash and cash equivalents
[3] Earnings/loss per share = basic, calculated using the weighted average of 80.882 million shares in 2015 (2014: 80.882 million shares)
[4] Relative to sales
[5] 2011: still including employees affected by the reorganisation programme

Highlights in 2015 of the Nordex Group

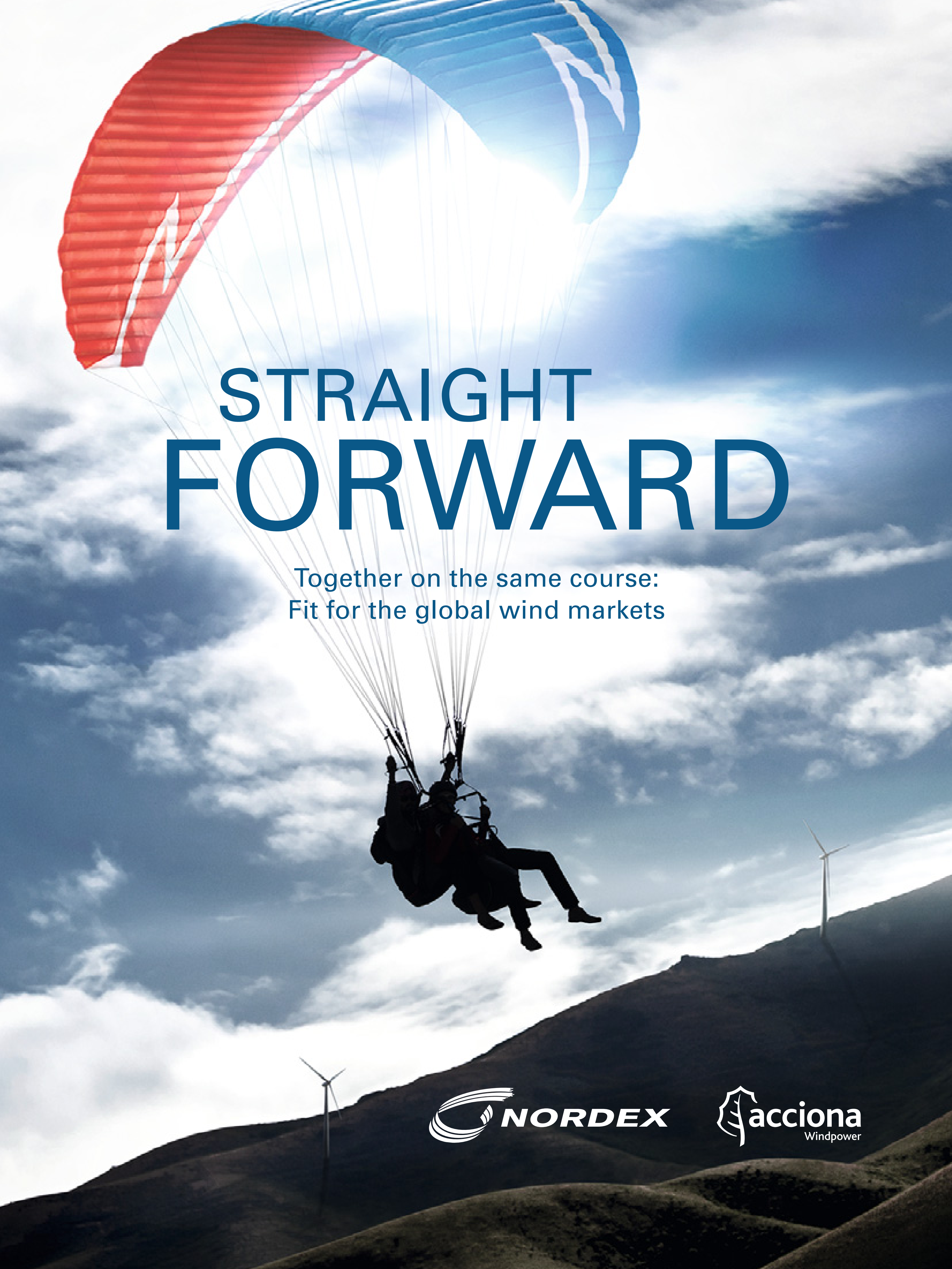
March 2015
Right in the first quarter, the Nordex Group was awarded two major contracts from emerging markets: In Uruguay it will be installing the 142 MW "Pampa" project with 59 low-wind N117/2400 turbines for the government-owned utility UTE by mid 2016. With a capacity of 111 MW produced by 37 N117/3000 turbines, the turnkey project "Gibson Bay" in South Africa is also one of the largest projects in the Company's history.

May 2015
Lars Bondo Krogsgaard, hitherto CCO of Nordex SE, replaced Dr. Jürgen Zeschky as Chief Executive Officer following the latter's resignation at the end of the month. After his appointment in March 2012, Dr. Zeschky had successfully guided the Nordex Group through the turnaround and realigned it.

September 2015
At "Husum Wind", Nordex unveiled the N131/3300 turbine, a model specially designed for German inland locations. With a hub height of up to 164 metres, it achieves a reduction in the cost of energy.

October 2015
The Nordex Group and Spanish infrastructure group Acciona announced an agreement on the acquisition of Corporación Acciona Windpower S.L. (AWP). With this merger, the Nordex Group will be increasing its activities in growth and emerging markets and is seeking a position within the global top five onshore wind turbine sellers by 2018.

December 2015
With the arrangement of a syndicated guarantee facility of EUR 950 million with 14 national and international banks, Nordex has secured its funding for the coming years. Following the completion of the AWP transaction, this facility can be increased to EUR 1.2 billion to finance continued growth.



STRAIGHT FORWARD

Together on the same course:
Fit for the global wind markets

NORDEX

acciona Windpower

Joining forces to lead the wind power industry

Proactively addressing challenging markets

Over the last few years, Nordex has developed technologically leading solutions, widened its share of the market and entered new markets. The Company is growing not only dynamically but also profitably, accompanied by rising margins. "Our strategy of operating in the market as a focused niche player with the structures of a mid-size company has been a success," explains CEO Lars Bondo Krogsgaard. "Yet, the global wind power industry is evolving rapidly. New challenges are calling for new answers from us. I am convinced that with the merger with Acciona Windpower we are taking the right step towards a successful future."

Utilising new opportunities

Together, Acciona Windpower and Nordex form a truly global supplier of wind power systems which can be used on a broad basis. The goal is to secure a leading position in all the markets addressed – and, moving forward, these will account for over 80% of the global market outside China. Wind power systems are becoming technically more and more complex and sophisticated. At the same time, however, the various customer groups – ranging from government-owned utilities to citizen-run wind farms – expect to receive individualised offers. "Looking forward, our customers will benefit from one of the widest ranges of onshore products and the combined expertise of two companies which have a deep understanding of the wind power industry," says Lars Bondo Krogsgaard. "Nordex and Acciona Windpower would not have been able to achieve this strong position on their own. We now want to harness the new opportunities and achieve a leading position in our industry in every respect."

Leaving the niche

Wind power already forms an important part of electricity production across the globe. Growth has been impressive in recent years and will continue. At the same time competition in the industry is tough with constant pressure on manufacturers to reduce the cost of energy. Together Nordex and Acciona Windpower are well positioned to be part of the future growth. "Our niche strategy worked well in the past, but the future will favour scale players with a broader geographical footprint than Nordex and Acciona Windpower would have on their own", so Lars Bondo Krogsgaard.

"We now want to make use of the new opportunities and achieve a leading position in our industry in every respect."

Lars Bondo Krogsgaard
(CEO)

Nordex and Acciona Windpower – a perfect fit

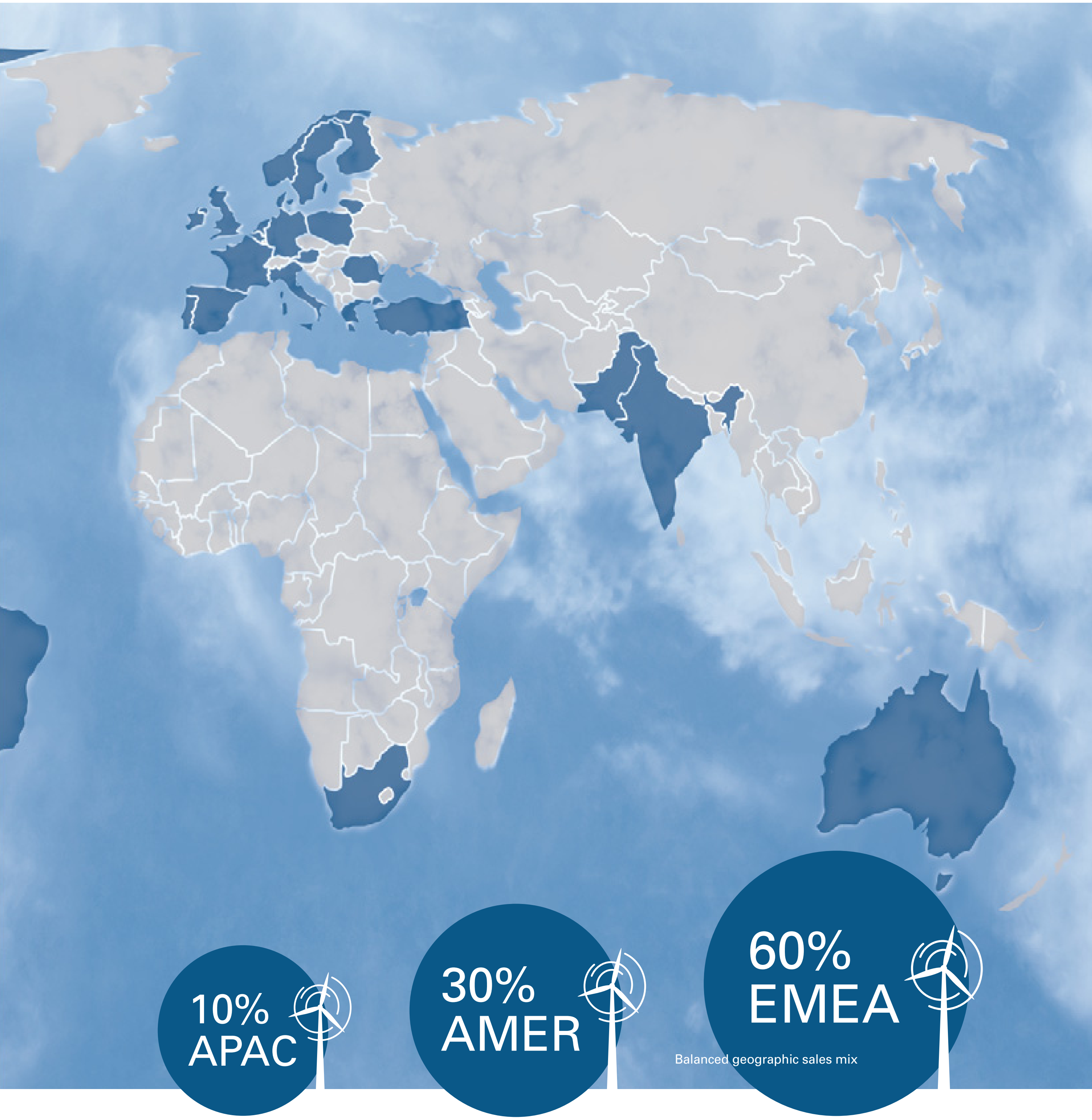
Acciona Windpower and Nordex are the perfect fit for each other. This also applies to their customer groups, markets, products and technologies – and particularly also to their employees on four continents. The success of each individual project as well as the success of Nordex as a whole hinges on the commitment of its staff. Together, Nordex and Acciona Windpower will be offering the advantages of a multinational company, however one which is still compact enough to really care about its employees. This is what constitutes an attractive employer.

Explains Lars Bondo Krogsgaard: "All the staff at Acciona Windpower and Nordex are looking forward to finally being able to release the brakes with the receipt of the final outstanding approvals from the competition authorities and to forge ahead together towards the future." Nordex is on its way to becoming one of the world's most capable and customer-centric wind power companies.

New reach:
85% of the addressable onshore market

"We are growing bigger as a result of the merger, but we intend to maintain our culture of a mid-size company: easy accessibility and personal business relationships geared to the long term."

Lydia Schulz, Service Communication Manager, Nordex Hamburg



Balanced geographic sales mix

Cost-efficient electricity production a determinant of success

Sharing knowledge to achieve a joint goal

"This will result in many joint new approaches for Nordex and Acciona Windpower aimed at lowering the cost of energy." José Luis Blanco (designated COO)

All Nordex employees are driven by one goal, namely to lower the cost of energy in the utilisation of wind power. "By pooling our strengths, we will be taking the development of wind power technology to a whole new level," says designated COO José Luis Blanco. In a few years' time, locations characterised by moderate or low winds will be achieving what is already possible at coastal sites, namely the production of electricity as the same price as conventional power stations.

Networking knowledge

This goal can only be reached by taking a broad-based view of the utilisation of wind power. Nordex and Acciona Windpower are already setting standards in all areas such as wind farm design, optimum technologically leading wind power systems and efficient and reliable service throughout the entire duration of the project. Looking forward, the two companies will be pooling their knowledge and jointly expanding it.

"There are considerable differences between a wind farm in Finland fitted with Nordex turbines and an Acciona Windpower project in Mexico. This applies not only to the turbines used but also to the entire execution of the project. In the future, this unique expertise will be united within the Nordex Group. This will help us to offer even more efficient solutions in all the markets we target," explains José Luis Blanco. In this connection, the additional potential offered by Acciona Windpower's concrete tower technology will play just as large a role around the world as Nordex's leading-edge rotor blade capabilities, which will be a decisive criterion in the selection of the supplier at more and more locations in the future.

Holistic approach to costs

Yet, efforts to lower the cost of energy not only serve to achieve an optimum yield from wind power. For customers, it is just as important for projects to be completed on time and in budget. Low operating and service costs that can be reliably budgeted throughout the entire life cycle of a wind farm are an equally important determinant of success. "Reducing the cost of energy plays a key role in our entire approach and in all our activities. This will result in many joint new advantages for Nordex and Acciona Windpower," the future COO adds. "An integrated turbine design as a platform for established and new markets, for example, offers strategic purchasing benefits. And with our production network, we are able to achieve the highest possible flexibility in our response to orders received from customers."

Clear goals defined

In this way, each turbine can be assembled at the best possible location and offered at extremely competitive prices. In view of this and numerous other measures, the declared goal being pursued by Nordex and Acciona Windpower is to lower the cost of energy achieved by their products by at least 15–18% by 2018. Explains designated COO José Luis Blanco: "Everyone stands to benefit from this: we will continue contributing to the global breakthrough of environment-friendly wind power. Our customers will be able to depend on having one of the most experienced suppliers with the right products by their side. And our shareholders and employees will be part of one of the most competitive companies in the sector."

New strength:
No.1 in special solutions and the cost of energy

"As a manufacturer of wind turbines, we are a green company. We want to embody awareness for the environment and society – and put it into practice."

Kepa Sainz, HR Director, Acciona Windpower Barásoain

Even closer to the customer – all around the world

Decentralized structures for long-term partnerships

Nordex and Acciona Windpower have always been known for their particularly customer-centric approach combined with a deep understanding of what customers require. The joint goal is as clear as it is ambitious: to become one of the world's most capable and customer-centric wind power companies. "Customers appreciate the reliability and stability of the Nordex Group. But that's not everything. We are also known as a particularly flexible and uncomplicated producer. Looking forward, we will be maintaining and building on these strengths worldwide in our new formation," explains the designated Chief Sales Officer Patxi Landa.

New markets and customer groups

Together with Acciona Windpower, Nordex has access to more than 80% of the global wind power market outside China. The European countries, in which Nordex holds a strong position with a double-digit market share, will now be joined by key emerging and developing markets. At the same time, its market position in the United States and Canada will be expanded significantly. Moreover, the two companies will be jointly tapping new customer groups: Nordex's traditional focus on small and mid-size companies and project developers will now be widened with Acciona Windpower's business relations with utilities and large independent power producers. This also includes Nordex's future anchor shareholder Acciona, which is one of the world's largest wind farm operators and announced in December 2015 that it would be investing a further USD 2.5 billion in renewable energies over the coming five years. In addition to promising prospects as a turbine supplier, this strategic alliance offers the Nordex Group a deep insight into the needs of one of the leading players in the industry to the benefit of all customers.

Strong regions

The new enlarged Nordex Group is committed to continuity particularly in the customer-side areas. "We will be retaining our decentralised structures with strong regional operations as this is the only way of ensuring uncomplicated sharing in both directions," explains Patxi Landa. "Our sales and service activities will align withcustomer wishes to offer optimised cost of energy solutions meeting their requirements at a local and global level. This applies equally to individual municipal wind farms as it does to projects for large utilities spread across several continents."

Flexible and entrepreneurial

In this way, Nordex will remain true to its mid-size structures in key areas and, looking forward, will still be compact enough to truly attend to each customer individually. Nordex sees this as providing a key competitive edge in an increasingly complex environment for electricity producers. The remuneration systems for wind power are changing and vary from country to country. Yet, there is a clear trend in favour of auction-based systems rather than fixed feed-in tariffs. "Moving forward, it will therefore be even more important to apply value engineering to each specific project, flexibly and with a business-oriented approach, to ensure its success in the auction environment", says the future Chief Sales Officer Patxi Landa.

"We will be assisting our customers flexibly and with a business-oriented approach to ensure their success in auction environments." Patxi Landa (designated CSO)

More than cross-selling

Nordex and Acciona Windpower are already operating successfully in tender markets and hold combined project experience in around 40 countries. Together, they are able to address a wide range of customer requirements. As far as Nordex and Acciona Windpower are concerned, climatic conditions in Scandinavia are no more of an obstacle for project success than the local manufacturing content requirements in South America, Turkey and South Africa are. By working together, the two companies will be operating successfully in increasingly diverse markets around the world.

New positioning:
100% opportunities

"This merger is an exceptional chance for us to benefit from each side's strengths to improve our processes. Personally, I find this new challenge highly motivating."

Carlos Andre Niederbacher, Fleet Data Analyst, Nordex Hamburg

On a profitable growth trajectory

Leveraging new scale-based opportunities

"We want to continue our strong growth and leverage all the advantages which our new scale will be offering us."

Bernard Schäferbarthold (CFO)

Nordex is growing into a new size class. With sales of EUR 4.2–4.5 billion targeted for 2018, business volumes will almost double over 2015. This will be driven by the merger with Acciona Windpower and joint efforts to generate growth in this new formation. At the same time, Nordex plans to improve profitability significantly.

Focus on medium-term goals

A margin of more than 10% before interest, taxes, depreciation and amortisation (EBITDA margin) is to be achieved by 2018, while post-2019 synergistic effects worth at least EUR 95 million per year are being targeted. "We primarily want to continue our strong growth and leverage all the advantages which our new scale will be offering us," explains Nordex Chief Financial Officer (CFO) Bernard Schäferbarthold. By far the greatest cost-cutting potential will be derived from joint procurement as well as shared research and development and other areas. "However, the main focus will be on utilising opportunities for growth. At the same time, we will be relying more than ever on our experienced and motivated employees in all areas."

Resilience through scale

In addition, the Company's structural resilience will improve as it will be less exposed to the effects of fluctuating demand in individual markets. "Despite annual capital spending of over USD 100 billion in the global wind power industry, demand in the individual markets can still be very volatile. This makes it all the more important for us to shield ourselves from these effects via a broad base in around 40 countries in the future." The joint production network with plants in Germany, Spain, Brazil, India and the United States will also make it

possible to reliably absorb ordering spikes, utilise logistic advantages and also avert any currency-translation volatility.

Transparency paying off

Together, Nordex and Acciona Windpower want to advance to become one of the leading international suppliers of wind power systems. This means that it will be even more important for the new company to act responsibly and in accordance with the principles of sustainability and also to document this. "We want to become steadily more transparent and will, for example, be broadening our sustainability reporting to this end," explains Bernard Schäferbarthold. "This transparency will convince our customers and society as a whole and particularly also motivate our employees." And this will also pay off for Nordex in the capital market. "We are a reliable partner for our shareholders and lenders. The confidence that we have earned over the last few years has also been very helpful for us in the acquisition of Acciona Windpower." Thus, Nordex was able to secure the bridge finance for the cash component of the purchase prices swiftly. In addition, the issue process for a Schuldschein (promissory note) is currently ongoing, providing Nordex with long-term finance on favourable terms. And this Schuldschein issue is not only a premiere for Nordex: for the first time ever, the instrument is being issued as a "Green Schuldschein" in accordance with the principles of the "Climate Bonds Initiative", targeting investors interested solely in acknowledged ecological and ethical financial products.

2015

Nordex is one of the world's leading producers of onshore wind power systems. Our guiding principle is to harness the wind intelligently. This we achieve by never ceasing in our search for new and better technical solutions. Looking forward, we are seeking to produce electricity at market prices with our wind power systems. At the same time, we utilise the cost advantages which the international market offers us. Our skills include the development and production of wind turbines, project development and the construction of turn-key wind farms as well as maintenance and service.

About us

For our shareholders

Our responsibility

Key

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Reference to Internet @

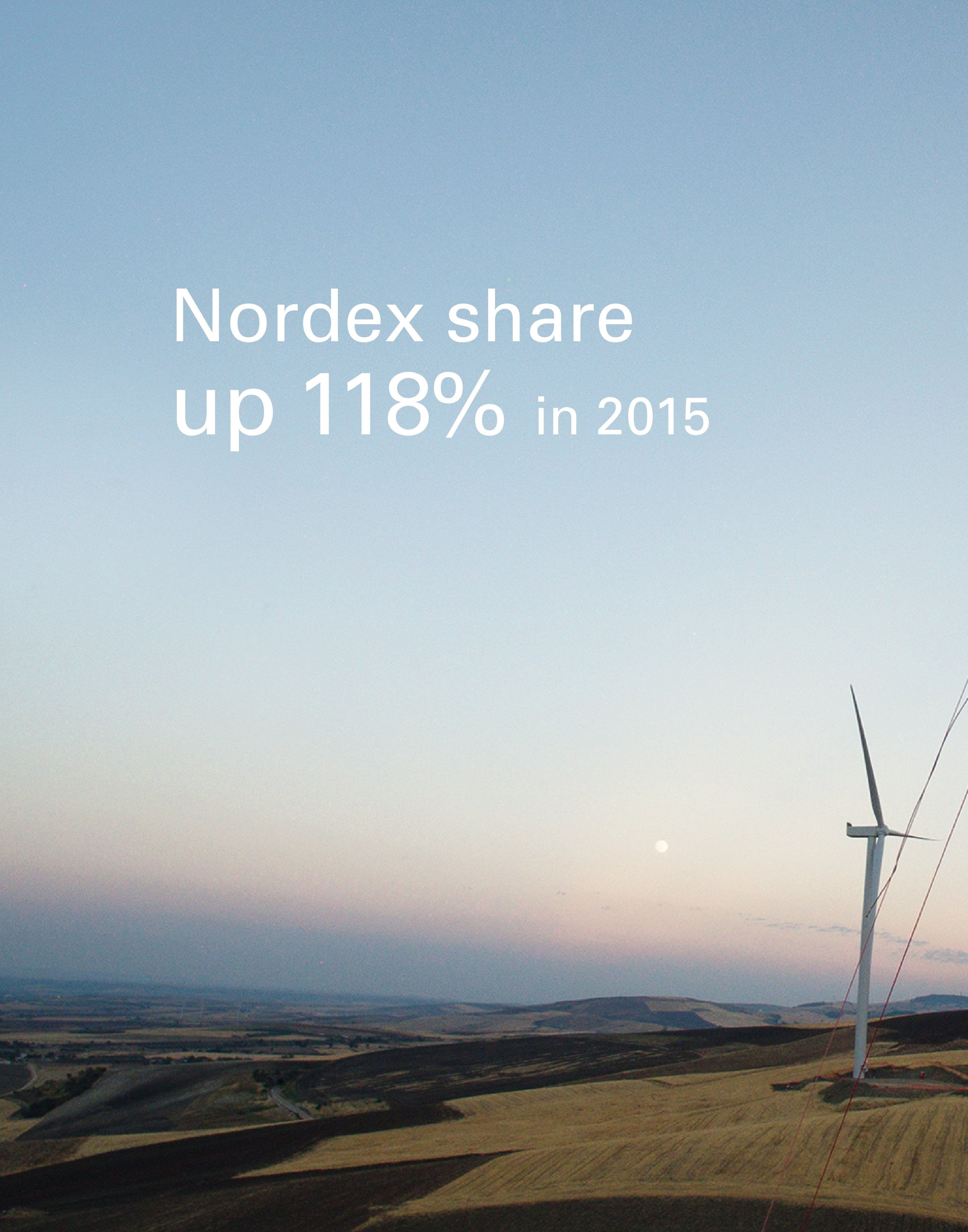
Our business performance in 2015

Combined Group management report

Consolidated financial statements

Further information

Nordex share up 118% in 2015



For our shareholders

Our responsibility

Dear shareholders and business partners,

2015 was the year in which we could proudly celebrate Nordex' 30 year anniversary in a relatively young industry. It was also a successful and eventful year for our company throughout.

We installed more wind turbines than ever before, setting a new sales record at EUR 2.4 billion, and we paved the way for continued growth with the highest ever order intake at EUR 2.5 billion.

Our profitability improved and the EBIT margin landed at 5.2%. This is satisfactory considering where Nordex has come from, although it has to be said that we are still some way from the mid-term profitability target that we have set for ourselves.

Nordex typically generates two thirds of its sales in Europe. Against this backdrop, it was positive that we grew the European market share to 13%. Also, despite a drop in overall market volume in Germany, Nordex continued to increase its market share in the important home market to 12%.

In early October 2015, we announced the acquisition of our Spanish competitor, Acciona Windpower (AWP), and were immediately pleased to see both the financial market and our customers react positively to the news.

The AWP transaction marks a strategic milestone for Nordex. The deal transforms our company from a mid-sized player, with a primarily European footprint, into a truly global manufacturer, with scale to drive out costs and stem technology investments in an increasingly competitive industry, without defendable niches. Moreover, the two companies fit together excellently in terms of markets, technology and customers, and the new company will sport an exciting and broad product range spanning mature as well as high-growth emerging markets like Mexico, Brazil and India.

The planning of the integration of Nordex and AWP has been going on since the deal was announced, and many employees from both companies have been involved. We are humble about the challenges that come with merging companies and cultures, but nevertheless feel comfortable that the new company will get off to a good start when the deal closes in April 2016.

Not everything went well for Nordex in 2015. With high growth come challenges, and inefficiencies during product ramp-ups, as well as project delays, hurt our profitability. Furthermore, a manufacturing fault in a batch of blades procured externally affected a number of projects across the globe. The elimination of the problem and partial exchange of affected blades triggered significant costs.

In the future, we will focus even more on managing and assuring quality, and efforts towards coping better with the increased business volume, through process and system improvements, are being made. If we do our job well and reduce the number of "stumbling blocks", this will be an important lever by which to increase profitability.

Nordex constantly strives to reduce the cost of energy, i.e. the cost per kWh of electricity generated by our wind turbines, as this is the decisive parameter upon which customers make decisions regarding which wind turbine to buy. Our strong 2015 order intake also bares proof that we deliver competitive products, and we will continue investing in technology to stay at the forefront of the industry. We have set ourselves an ambitious goal of 18% by 2018. We are targeting no less than this reduction in the cost of energy by 2018 – versus 2015 – and structures to drive us towards this goal are already in place.

2015 also brought change on the management front. I succeeded Jürgen Zeschky as Chief Executive Officer of Nordex, when my good colleague chose to leave the company for personal reasons in May.

Soon, when the AWP transaction closes, new colleagues will join Bernard Schäferbarthold, our CFO, and myself on the Management Board. José Luis Blanco (currently Chief Executive Officer at AWP) and Patxi Landa (currently Head of Business Development at AWP) will become Chief Operating Office and Chief Sales Officer respectively.

The Management Board will be supported by an experienced management circle within an organization comprising more than 4,800 dedicated employees across on 5 continents. There is a lot to do, but we have a very strong team in place to write the next chapter of our company's history!

Yours sincerely,

Lars Bondo Krogsgaard
Chief Executive Officer
Nordex SE

Management Board of Nordex SE

Bernard Schäferbarthold
Chief Financial Officer

Lars Bondo Krogsgaard
Chief Executive Officer

Corporate governance bodies

Management Board

Lars Bondo Krogsgaard
Chief Executive Officer/Chairman of the Management Board
Responsible for country organisations, service, project development, quality, HSE, corporate development, corporate communications

Mr. Krogsgaard was born in 1966. He studied law and holds a masters degree in business administration (MBA). He worked as an attorney in Denmark and America from 1993 to 1998 and then became Chief Operating Officer at the Young & Rubicam Denmark Group. From 2000, Mr. Krogsgaard was employed by Brandts Ventures, where he also held the position of Chief Operating Officer. Between 2002 and 2006, he was Vice President for Renewables at DONG Energy and was later responsible for the EMEA Region as Chief Executive Officer at Siemens Wind Power from 2006 to 2010. Lars Bondo Krogsgaard joined the Management Board of Nordex SE in October 2010. He was appointed Chief Executive Officer of Nordex SE effective 1 March 2015, replacing Dr. Jürgen Zeschky, who left the Company on 31 May 2015 for personal reasons.

Bernard Schäferbarthold
Chief Financial Officer
Responsible for: production, procurement, sales, project management, engineering, finance and controlling, accounting, taxes, risk management, internal auditing, IT, legal and human resources

Born in 1970, Mr. Schäferbarthold studied economics. From 1996 until 2005 he was an auditor and accountant with accounting company Warth & Klein. Thereafter, he joined Nordex SE initially as Head of Accounting and was appointed to the Management Board in April 2007.

Supervisory Board

Dr. Wolfgang Ziebart, Starnberg

Chairman of the Supervisory Board,
chairman of the management committee,
member of the strategy and engineering committee; management consultant
Group Engineering Director at Jaguar Land Rover Automotive PLC

Dr. Ziebart studied mechanical engineering, completing his doctorate at the Munich Technical University. He joined BMW AG in 1977, where he held various positions including head of electronics development and head of body development. Most recently, he was a member of BMW AG's Management Board responsible for development and procurement. In 2000, he was appointed to the Management Board of Continental AG, where he was responsible for brake and electronics business. He was then named Deputy Chief Executive Officer. Between 2004 and 2008, Dr. Ziebart was Chief Executive Officer at Infineon AG and, among other things, oversaw the spin-off of that company's memory chip business. Until the end of March 2015, he was group engineering director at Jaguar Land Rover Automotive. Dr. Ziebart is currently a management consultant and a member of the supervisory board of ASML Holding N.V. Veldhoven, Netherlands.

Jan Klatten, Munich

Deputy Chairman of the Supervisory Board,
member of the management committee,
chairman of the strategy and engineering committee;
Managing Shareholder of momentum Beteiligungsgesellschaft mbH

Mr. Klatten, M. Sc. studied ship engineering at the University of Hamburg and business management at the Sloan School of Management at the M.I.T. He held management positions in the automotive industry over a period of 15 years, before going into business on his own in 1991. In addition, Mr. Klatten is chairman of the supervisory board of asturia Automotive Systems AG.

Dr. Heinz van Deelen, Munich

Member the audit committee (until 9 January 2015) and the engineering committee (from 9 January 2015);
Chairman of the management board of Consline AG

Mr. van Deelen studied business management and psychology at the Technical University of Berlin. After graduating, he held management positions in marketing, sales and product development in the automotive industry over a period of 14 years before establishing Consline, a consulting company for enterprise-wide information management, in 1999. Today he is the Chairman of the management board of Consline AG.

Frank Lutz, Munich
Member of the audit committee (from 9 January 2015)
Member of the Management Board of Covestro AG

Mr. Lutz studied business administration and economics at the University of St. Gallen in Switzerland. Thereafter, he commenced his career in 1995 with US investment bank Goldman Sachs. After a further two years in investment banking at Deutsche Bank, Mr. Lutz was appointed to the position of senior vice president finance at MAN SE, becoming chief financial officer of MAN SE, Munich, in 2009. In May 2013, he was appointed to the coordination board of the Aldi Süd Group, Mühlheim an der Ruhr, in his function as chief financial officer. Since 1 October 2014, he has been chief financial officer at Bayer MaterialScience AG in Leverkusen. Bayer MaterialScience AG was renamed Covestro AG in September 2015 and has been listed as a separate company in Germany since October 2015.

Martin Rey, Traunstein
Member of the management committee, chairman of the audit committee;
Attorney at law and Managing Shareholder of Maroban GmbH.

Mr. Rey studied law in Bonn and business management at the Hagen Remote University. He held numerous management positions at Bayerische Hypo- und Vereinsbank, most recently as a member of the division board. After this, Mr. Rey was a member of the management board of Babcock & Brown, a global investment and consulting company, responsible for European business. He is currently working as an attorney at law and is managing shareholder of Maroban GmbH and Babcock & Brown GmbH (both Traunstein) and a board member of BayWa r.e. USA LLC, United States, and Knight Infrastructure B.V., Netherlands.

Annette Stieve, Wennigsen
Member of the audit committee;
Member of the management of Faurecia Automotive GmbH

Ms. Stieve studied law in Bielefeld and business administration in Bonn. After graduating, she spent several years with accounting company Arthur Andersen in Hannover. Since 1996, she has held various management positions within the Faurecia Group and is currently the Managing Director of Faurecia Automotive GmbH and Chief Financial Officer for North East Europe.

Nordex stock

Economic and political crises and uncertainties triggered heavy volatility in equity markets around the world in 2015. After repeatedly reaching multi-year or all-time highs, most of the main global indices closed the year largely unchanged over the previous one. The European equity markets took their cues from developments in the Greek crisis and discussion of a possible exit of the country from the Eurozone in the first half of 2015 in particular. In addition, the geopolitical crises in Syria and Ukraine left traces, while concerns over the outlook for the Chinese economy also exerted a particularly strong effect. Against this backdrop, the European Central Bank again eased its monetary policy, leaving its base rate unchanged at a historically low 0.05% and implementing a bond-buying programme worth EUR 60 billion a month in March 2015. In the United States, however, the Federal Reserve Bank raised its rates moderately to a range of 0.25–0.5% for the first time in nine years in December 2015.

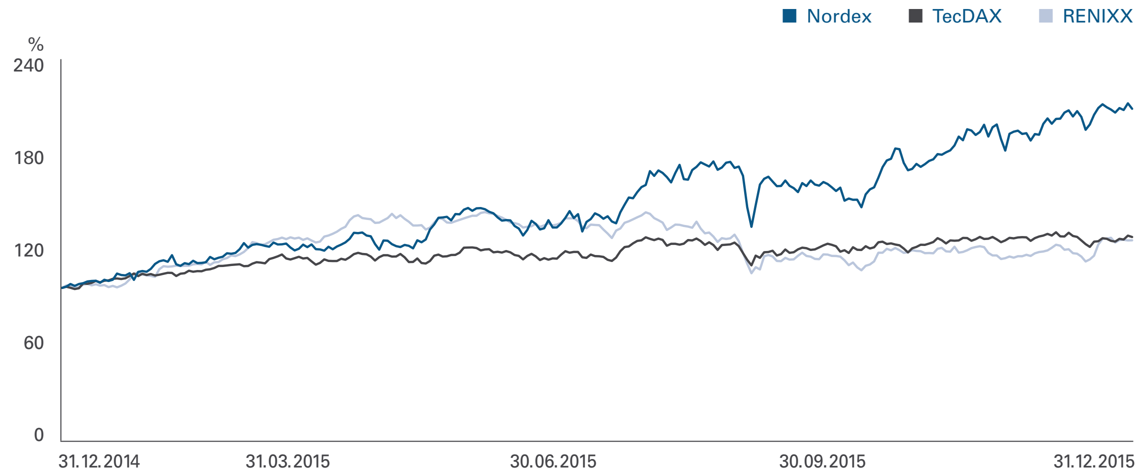
DAX over 10,000 points

The US Dow Jones blue chip index closed the year at 17,425 points, down 2.2% on the previous year (31 December 2014: 17,823 points). The European EUROSTOXX 50 advanced by 3.9% from 3,146 points on 31 December 2014 to 3,268 points at the end of 2015, peaking at 3,829 points in April 2015. Accompanied by heavy volatility, the German blue chip DAX index also advanced by 9.6% last year to 10,743 points, closing higher for the fourth consecutive year.

German mid and small caps performed a good deal more dynamically, something which is reflected in the corresponding indices. Thus, the TecDAX, which includes Nordex SE as one of the 30 largest German listed technology companies outside the DAX, closed 2015 at 1,831 points, exceeding the previous year by 33.6% (30 December 2014: 1,371 points).

The RENIXX, a global equity index tracking the renewable energies industry, in which Nordex SE

Performance of Nordex stock 2015



Sources: Deutsche Börse; International Economic Forum Renewable Energies (IWR) is also listed, also made strong headway in 2015, climbing by 31.2% to 492 points (December 30, 2014: 375 points). Nordex was the top performer of the 30 companies included in the index, followed by two other European wind power system producers.

The positive performance achieved by the Nordex stock in earlier years gained momentum in 2015. After closing the previous year at EUR 15.01, it hit a low for the year of EUR 15.09 as early as on 5 January 2015. It reached a high for the year of EUR 33.30 on the penultimate day of trading in 2015, closing the year at EUR 32.75 on 30 December 2015. Consequently, it advanced by 118.2% in 2015 and thus ranked fifth out of all the TecDAX companies (2014: fourth) in terms of full-year performance.

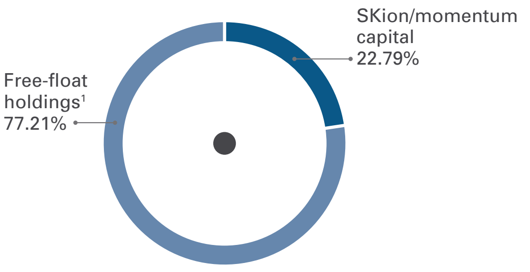
This was also reflected in Nordex SE's market capitalisation, which reached a figure of around EUR 2,649 million at the end of 2015, up from EUR 1,214 million at the end of the previous year. Daily trading volumes in Nordex stock on the Xetra trading platform came to almost 857,000 shares in the year under review, down from 1.27 million in the previous year.

In 2015, SKion/momentum was again Nordex SE's only strategic principal shareholder with an unchanged share of 22.79% of its capital. In addition, a number of investors exceeded or dropped below the reporting thresholds of 3% and 5% of the Company's share capital in the course of the year. According to their most recent voting right notifications, JPMorgan Chase Bank held 5.85% and Deutsche Bank AG 4.92% of Nordex SE's voting rights at the end of 2015. In connection with the acquisition of Acciona Windpower by Nordex announced in October 2015, SKion/momentum entered into an agreement with Acciona S.A. for the sale of shares in Nordex to Acciona. Consequently, Acciona S.A. reported on 6 October 2015 in accordance with Section 25a (1) of the German Securities Trading Act that it held instruments for the acquisition of 15.95% of the voting rights in Nordex SE.

Market capitalisation in excess of EUR 2.6 billion

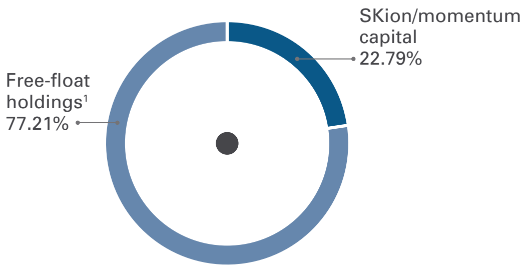
Nordex SE's investor relations activities seek to pursue open and active communications with

Shareholder structure as of 31.12.2015



[1] Free float in accordance with Deutsche Börse definition

Shareholder structure as of 31.12.2014



[1] Free float in accordance with Deutsche Börse definition

all capital market participants. In 2015, the Management Board and the investors relations team attended several road shows and capital market conferences in New York, Boston, London, Paris, Zurich, Luxembourg, Frankfurt and Munich. In addition, an intensive dialogue was maintained with analysts and investors over the phone or in person, while numerous talks with international investors were also held at the Company's head office in Hamburg. In addition, the Nordex Capital Markets Day in November 2015 met with strong interest on the part of analysts and investors. During this event, the Management Board as well as several department managers outlined the Company's future outlook following the planned merger with Acciona Windpower. It was also attended by the designated Management Board members José Luis Blanco and Patxi Landa, who presented Acciona Windpower. As in 2014, private investors including many Nordex shareholders visited the Nordex booth at the stock market conference taking place in the building of the Hamburg Chamber of Commerce. In addition, the investor relations team presented Nordex SE and its strategic goals at several functions for retail investors, including one organised by Deutsche Schutzvereinigung für Wertpapierbesitz (DSW).

Further additions to analyst coverage

17 analysts at established German and international banks and investment companies covered Nordex SE in their research as of the end of 2015. Last year, Citigroup, KeplerCheuvreux, Bankhaus Metzler, Oddo Seydler and Société Générale added Nordex to their universe for the first time. This ensures that investors received a high degree of transparency and access to a large number of independent opinions. As well as this, Exane BNP Paribas and Barclays commenced coverage of the share at the beginning of 2016. Reflecting this, investor relations activities at Nordex SE also pay particular attention to maintaining and expanding coverage by analysts. A regularly updated list of analysts and all other information for investors can be found in the Investor Relations section of Nordex SE's website at www.nordex-online.com.

Looking forward to 2016, Nordex SE will again be focusing on a direct dialogue with investor groups in its investor relations activities. To this end, it will be taking part in numerous capital market conferences, events for retail investors, road shows and one-on-ones. It remains committed to keeping the capital markets informed of the Company's activities and business performance transparently, comprehensively and with minimum delay.

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Nordex stock	
Stock type	No-par-value ordinary bearer shares
Market segment	Prime Standard/regulated market
Trading venue	Frankfurt stock exchange
Indices	TecDax, HASPAX, Renixx, GCI
ISIN	DE000A0D6554
WKN	A0D655
Ticker	NDX1

Nordex stock – key figures

		2015	2014
Number of shares issued as of 31 December	million	80.882	80.882
Share capital as of 31 December	EUR million	80.882	80.882
Price at the beginning of the year	EUR	15.60	9.69
Closing price for the year	EUR	32.75	15.01
High for the year	EUR	33.30	16.95
Low for the year	EUR	15.09	9.46
Market capitalisation on 31 December	EUR million	2,646.9	1,214.0
Earnings per share	EUR	0.65	0.48
Price/earnings ratio on 31 December		50.4	31.3

Report of the Supervisory Board

In the year under review, the Supervisory Board of Nordex SE performed the duties imposed on it by statute, the Company's Articles of Incorporation and its rules of conduct. It monitored and advised the Management Board in matters relating to the governance of the Company in compliance with its applicable statutory obligations. The Supervisory Board was directly involved in all decisions of fundamental importance for the Company. For this purpose, it maintained ongoing contact with Nordex SE's Management Board and was briefed regularly, with minimum delay and comprehensively in both written and oral reports on the condition and performance of Nordex SE and its subsidiaries as well as all material business transactions.

As a matter of principle, the Supervisory Board observes the recommendations published by the Government Commission on the German Corporate Governance Code of 5 May 2015. The declaration of conformance specified by Section 161 of the German Stock Corporation Act was issued by the Supervisory Board and the Management Board on 20 November 2015 (www.nordex-online.com/de/investor-relations/corporate-governance.html). Further information can be found in the corporate governance report.

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The committees established by Nordex SE's Supervisory Board have the following members:

Management committee (nomination committee):
Dr. Ziebart (chairman), Mr. Klatten, Mr. Rey
Audit committee:
Mr. Rey (chairman), Mr. Lutz, Ms. Stieve
Strategy and engineering committee:
Mr. Klatten (chairman), Dr. van Deelen, Dr. Ziebart

There were no changes to the composition of the Supervisory Board in the year under review. However, there was a change in the position of Chief Executive Officer (Chairman of the Management Board). The outstanding event of the year under review was the acquisition of Corporación Acciona Windpower S.L.

In the course of 2015, the Supervisory Board held four ordinary meetings; in addition, its committees (management committee, audit committee, strategy and engineering committee) convened on repeated occasions. In addition, seven meetings were held as telephone conferences and one circulatory resolution was passed in written form. The ordinary meetings of the Supervisory Board were held on 20 March 2015, 1 June 2015, 15/16 September 2015 and 20 November 2015. Some of the telephone conferences in connection with matters requiring the Supervisory Board's approval such as the appointment of the new Chief Executive Officer in May 2015, the acquisition of a plot of land and the acquisition of Corporación Acciona Windpower S.L. were convened at short notice. They were held on 12 May 2015, 19 May 2015, 20 May 2015, 9 July 2015, 29 July 2015, 15 October 2015 and 11 December 2015. The written circulatory resolution was passed on 29 September 2015.

At its first meeting on 20 March 2015, the Supervisory Board chiefly examined the annual and consolidated financial statements of Nordex SE for 2014. In addition to hearing reports from the strategy and engineering committee and the audit committee, the Supervisory Board discussed the Company's current business performance and the HSE (health, safety, environment) report.

The second, third and fourth meetings were held on 12 May 2015, 19 May 2015 and 20 May 2015 as telephone conferences and dealt with Dr. Jürgen Zeschky's withdrawal from the position of Chief Executive Officer (Chairman of the Management Board) and the resultant changes to the management structure of the Nordex Group, while the final of the three conferences appointed Lars Bondo Krogsgaard as new Chief Executive Officer (Chairman of the Management Board).

The fifth meeting of the Supervisory Board was held on 1 June 2015, one day before the annual general meeting. The main items on the agenda concerned the report on the Company's business performance, preparations for the annual general meeting and the Company's future orientation.

At the sixth meeting held on 9 July 2015 in the form of a further telephone conference, a motion for the acquisition of a plot of land for an extension to Nordex's headquarters was discussed. A resolution was duly passed authorizing the Management Board to acquire the land adjacent to the Nordex Forum.

At the seventh meeting on 29 July 2015 in the form of a telephone conference, the Supervisory Board received a progress report on the talks with the Acciona Group concerning the acquisition of Corporación Acciona Windpower S.L. Thereupon, the Supervisory Board recommended that the Management bring the negotiations for the purchase of Corporación Acciona Windpower S.L. to a successful end.

The eighth meeting was held on 15 and 16 September 2015 and entailed the presentation of the results of the due diligence exercise for the acquisition of Corporación Acciona Windpower S.L. The Supervisory Board was briefed on the results of the financial, commercial, tax, operating, technical and legal due dilligence. After detailed discussion, a final resolution approving the acquisition of the Spanish company was passed.

The ninth meeting was held on 29 September 2015 in the form of a written circulatory resolution to define a target for the proportion of women in management positions. In conjunction with the Supervisory Board, the Nordex Group has defined 15% as the target for the proportion of women holding management positions beneath the Management Board.

In the tenth meeting held on 15 October 2015 as a telephone conference, the Supervisory Board approved the acquisition of a plot of land for the planned extensions to Nordex's head office.

At the eleventh meeting on 20 November 2015, the Management Board outlined the Group's current business performance. Following reports from the strategy and engineering committee and the audit committee, the main business dealt with entailed the presentation of the budget and Group forecast for 2016. After detailed deliberation, the budget and the Group plans were approved by the Supervisory Board of Nordex SE. Further items on the agenda included the current status of the merger with Corporación Acciona Windpower S.L and the declaration of conformity under the German Corporate Governance Code (GCGC).

At the twelfth meeting held on 11 December 2015 in the form of a telephone conference, the Supervisory Board made decisions on various loan agreements, particularly the bridge finance of EUR 450 million for the acquisition of Corporación Acciona Windpower S.L. and the syndicated guarantee facility of up to EUR 950 million.

In accordance with Articles 5.5.2 of the German Corporate Governance Code, the Supervisory Board deliberated on potential conflicts of interests. In one case, Mr. Klatten in his capacity as a party related to the Nordex Group as defined in IAS 24.9 exercised governance functions for one of its business partners and held shares in this party in 2015. The momentum group, via which Mr. Klatten holds shares in Nordex SE, holds 44.2% of the Polish wind farm company C&C Wind Sp. z o.o. through its company momentum infra 1 GmbH; the Nordex Group also holds a 40% share in this company via Nordex Windpark Beteiligung GmbH. The share had been acquired by momentum infra 1 GmbH in 2014 in a market-wide tender process, in which it was the most successful bidder. A 15-year premium service contract came into effect following the completion of the step-by-step transfer to the Orla wind farm to the operator, Windparkgesellschaft C&C Wind Sp. z o.o., on 30 November 2015. This service contract was entered into on arm's length terms. Accordingly, a potential conflict of interests can be ruled out.

Disclosures pursuant to Section 171 (2) Sentence 2 of the German Stock Corporation Act in connection with Sections 289 (4) and 315 (4) of the German Commercial Code and Article 61 of the SE Regulation.

The Supervisory Board deliberated with the Management Board on disclosures in accordance with Sections 289 (4) and 315 (4) of the German Commercial Code and was satisfied that these disclosures are true and complete.

The financial statements of Nordex SE and the consolidated financial statements for the Nordex Group for the year ending 31 December 2015 as well as the combined management report of Nordex SE and the Nordex Group for 2015 including the bookkeeping were audited and granted an unqualified auditors' report by PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Hamburg, which had been appointed at the annual general meeting on 2 June 2015 and engaged by the Supervisory Board.

The report on the statutory audit of the annual financial statements confirmed that the Management Board had taken the measures stipulated in Section 91 (2) of the German Stock Corporation Act to ensure early detection of risks and that an effective internal control system was in operation.

The annual financial statements, the consolidated financial statements and the combined management report for Nordex SE and the Nordex Group, the annual report and the statutory auditor's report were presented to all members of the Supervisory Board prior to the meeting of 18 March 2016 at which the financial statements were to be approved. At this

from left: Dr. Heinz van Deelen, Dr. Wolfgang Ziebart, Annette Stieve, Jan Klatten, Martin Rey, Frank Lutz

meeting, the Supervisory Board deliberated at length on these documents in the presence of the statutory auditor, who was available to answer any questions. The Supervisory Board and its audit committee concurred with the statutory auditor's findings.

The Supervisory Board examined in detail the financial statements of Nordex SE and the consolidated financial statements as well as the combined management report for Nordex SE and the Nordex Group prepared by the Management Board. No objections were raised on the basis of the final results of its examination. The Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Management Board as of 31 December 2015. Accordingly, they are deemed to have been duly adopted as of 31 December 2015.

The Supervisory Board of Nordex SE thanks the Management Board for the constructive collaboration and expresses its gratitude to all employees as well as the employee representatives for their strong dedication and the successful work performed in 2015.

Hamburg, 18 March 2016

Dr. Wolfgang Ziebart
Chairman of the Supervisory Board

Sustainability

Sustainability at Nordex

Sustainability strategy adopted

At Nordex we are well aware of our responsibilities and we are a company that proactively tackles the challenges posed by globalisation and climate change. Our Sustainability Strategy forms the foundation for our actions: “Use wind intelligently – live sustainability”.

For us and for the majority of our shareholders, the sustainability performance of our business partners is becoming increasingly important. When selecting partners for a project, or making investment decisions, the professionalism of our partners regarding environmental as well as occupational health and safety standards plays an ever-greater role. To meet these requirements, in the following Nordex reports on its performance in the areas of Product Responsibility, Environment, Employees, Supply Chain, and Society. We have orientated our reporting towards the G4 Guidelines of the Global Reporting Initiative (GRI) for the first time. The reporting framework comprises information and key figures for our main business locations in Hamburg and Rostock, and will be progressively expanded over the coming reporting years. Deviations from the reporting framework are indicated in the relevant places. Information on the development of the main business-performance indicators of the Nordex Group is provided in the Group Management Report.

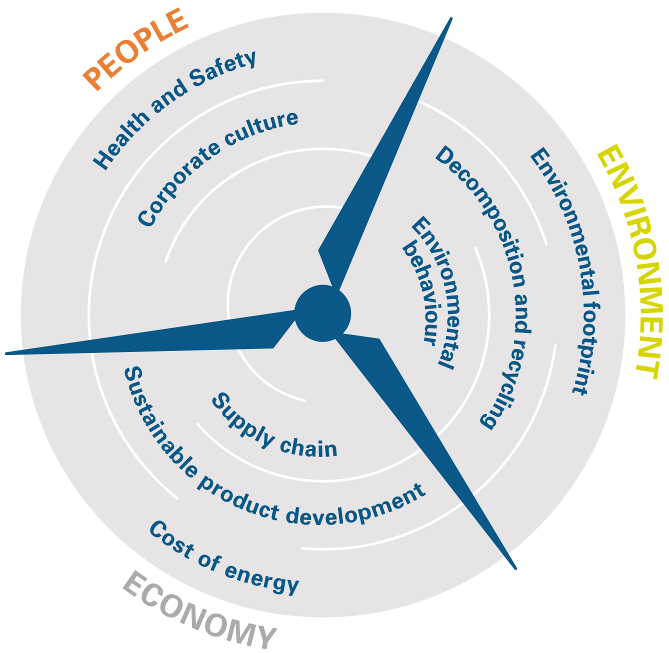
Sustainability Strategy

At the end of 2015 the Nordex Management Board approved the Group’s Sustainability Strategy entitled: “Use wind intelligently – live sustainability”. The strategy comprises the People, Environment and Economy fields of action and tackles a total of eight priority sustainability topics for which specific targets and key figures were developed and approved. The implementation of the measures required to achieve these targets was launched in 2015 and is currently planned to last until 2018.

In this regard our approach foresees step-by-step target achievement across all Company areas and at all our locations. The aim is to bring our employees, our suppliers and our service providers to live by sustainability principles.

The development of our Sustainability Strategy was based on an integrative process which closely involved key Company functions in the process of identifying sustainability-relevant topics for Nordex, as well as in the development of the strategy itself. The Working Group we formed for this mission consisted of representatives from a broad spectrum of Company areas. The Working Group’s goal was to identify and prioritise key sustainability topics for Nordex from a Company-internal as well as a stakeholder perspective.

Strategy 2018: Use wind intelligently – Live sustainability



Health and Safety

LTIF < 5

Corporate culture

High employer attractiveness

Engagement in at least one social project in each focus market

Environmental footprint

Improvement of the environmental balance of wind turbines

Reduction of energy use and waste per wind turbine produced

Decomposition and recycling

85% recyclability of wind turbines

Environmental behaviour

100% of purchased power for Nordex consumption from renewable energy

Cost of energy

–18%

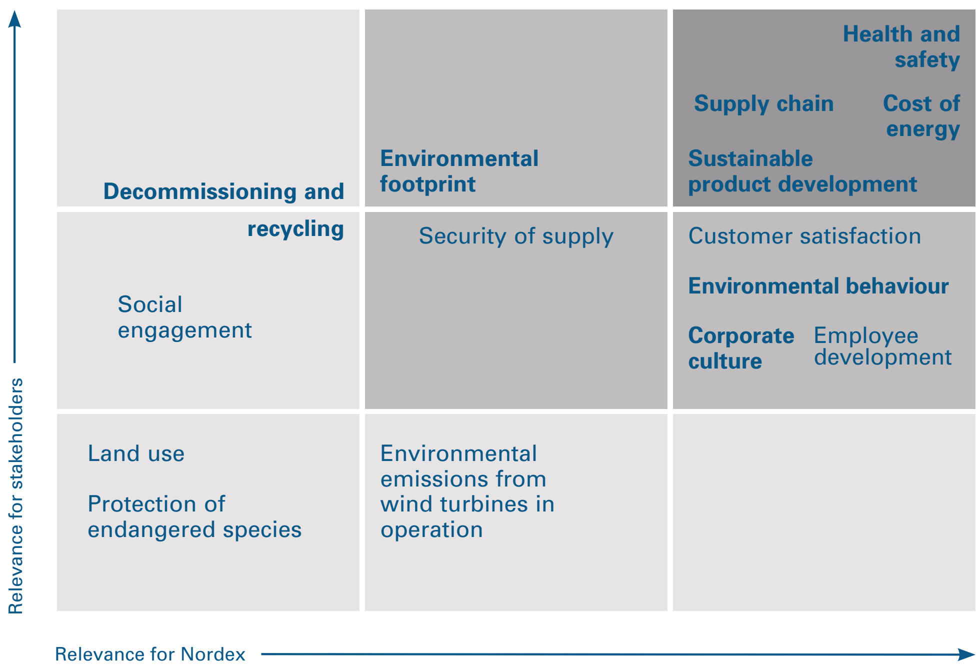
Sustainable product development

Market-specific product development in Nordex target markets

Supply chain

Integration of sustainability requirements into the procurement process

Materiality Matrix of Nordex



Sustainable product development

The result is presented here as the Nordex Materiality Matrix, which indicates 15 highly relevant sustainability topics for our Company from the Economy, Environment and Society fields of action. These topics originated from an initial pool of over 100 identified sustainability topics. We are planning a Key Stakeholder Survey in the period up to 2018 to test and confirm the relevance of these topics.

One of our core topics is “sustainable product development”. Within this we constantly strive to optimise material recyclability and to use sustainable materials, while working to reduce noise emissions from our systems in operation. Further focus areas are building sustainable supply-chain management, as well as the calculation of reliable energy break-even points and specific CO_2 emissions per megawatt of electricity generated. Furthermore we are currently concentrating on selecting data and information-collation software for our internal and external sustainability reporting.

Sustainability Management

Nordex has established a Sustainability Management organisational unit, which holds responsibility for the entire topic area of Sustainability for the Nordex Group. Sustainability Management is supported by representatives from various Company areas to ensure the efficient, goal-orientated coordination of the numerous and highly varied measures within the Sustainability area, and to meet the rising requirements of our various stakeholders.

The tasks handled by the Sustainability Department include the management and communication of both internal and external processes, as well as the coordination of the differing departments, with the overriding goal of implementing the Nordex Sustainability Strategy efficiently. In 2015 the tasks in focus were primarily to prepare and execute the Sustainability Strategy process, and to accompany this through to formal approval by the Management Board.

Compliance

The Corporate Compliance organisational unit has executive and independent authority for the Compliance topic area. It consists of differing Compliance functions; the Chief Compliance Officer and the Compliance Team are supported by the managers of the subsidiaries and division heads in carrying out their Compliance-related responsibilities.

Our Code of Conduct is binding for the whole Nordex Group and all employees are required to sign it. The Code forms the basis for the work of the Corporate Compliance Department and consists of five core Compliance Principles: Compliance with applicable law; Avoiding conflicts of interest; Protecting Company property; Upholding the Code of Conduct; Orientation towards ethical standards.

Sustainability Management established

If our employees suspect a breach of these Compliance Principles they can approach the Chief Compliance Officer as well as the Compliance Team. Our suppliers can also contact this department via the Nordex Procurement Department.

We inform our employees regularly by means of a newsletter on Compliance topics. In 2015 we introduced the Compliance Team and the Compliance Strategy, and provided information on the basic principles of anti-trust law.

In the 2015 reporting year we expanded our Compliance Guidelines to include a Code of Conduct for Suppliers and Contractual Partners. Besides this we carried out Compliance training for employees, specifically for Procurement staff, on the topics of the Code of Conduct, Combatting Corruption, Anti-Trust Law, and Working in Associations. We currently plan to introduce an Index of Legal Provisions and roll out a Compliance e-learning tool as the next measures.

Product responsibility

Sustainability aspects play a very significant role in all lifecycle phases of our wind-energy systems – from the development phase, through procurement, production and operation, to decommissioning and recycling. In view of this we have set ourselves a range of targets within the framework of our Sustainability Strategy: these include sustainable product development, an improved environmental balance, 85% recyclability of our wind power systems, and a reduction in electricity production costs (COE, Cost of Energy) of 18% by 2018 compared to the 2015 base year. Based on the above we intend to develop sustainable, high-quality wind power systems, raise the safety of these systems, and reduce their environmental impact.

Large volumes of emissions avoided

At the same time we want to raise the level of our customers' satisfaction with our products and our service. To achieve this we have carried out Customer Surveys regularly since 2007; customer participation has climbed steadily and reached approximately 65% in 2015. In the reporting year this survey indicated that the majority of our customers approve of our products and our service, and are willing to recommend Nordex further as a producer of wind power systems.

Nordex wind power systems

Renewable energies – and above all wind power, as a particularly low-cost source of environmentally friendly energy – are gaining in importance worldwide. Wind power avoids the climate-damaging carbon dioxide (CO_2) emissions produced by combustion-based power plants. Generating electricity from brown coal releases around a metric tonne of CO_2 per megawatt-hour of power generated. Therefore, Nordex turbines ensure the elimination of millions of tonnes of greenhouse gas (GHG) emissions, year after year. According to sector calculations, the energy scorecard of an installed wind power system is balanced after an operating period of just five to twelve months. This calculation includes the use of energy during the entire lifecycle of the system, from the production phase through the operating phase to the recycling of a decommissioned wind turbine. Once connected to the power grid, each wind power system can generate clean electricity for around twenty years. A single large Nordex wind-turbine system can cover the electricity requirements of up to 3,000 four-person households (with an average consumption of around 5,000 kWh per household per annum). Over 7,000 Nordex-brand wind turbines are currently spinning worldwide, with a combined generating capacity of more than 13,000 MW, providing clean, safe energy in over 40 countries around the globe.

Sustainability of wind power systems

In view of the high significance of sustainability aspects in the development and production of wind power systems, Nordex regularly reviews its core processes and use of materials for optimisation potential.

In the 2015 financial year, amongst other initiatives a range of different working safety measures were implemented at our production facilities, such as the construction of lateral fall barriers in nacelles. Besides this, by replacing pressurized air bolt-fasteners with battery powered fasteners in production processes we were able to reduce noise levels per exchanged aggregate by around 30 db.

Furthermore, in view of the constant waste increase in decommissioning old wind turbines, Nordex has introduced initial recycling measures for large components. The challenge in decommissioning and recycling wind power systems lies in the dismantling and separation of the individual construction parts and materials. In cooperation with environmental service providers Nordex disposes of used rotor blades thermally and through material recycling. This currently takes place above all in the cement industry, which recycles the glass fibres as base material and is able to use the heat from the high-calorie synthetic materials.

Health and safety

Wind power system safety and minimising the health impacts these cause take equal top priority for Nordex. Thanks to continual market monitoring we are able to identify new or altered statutory and norming requirements in our relevant target markets at an early stage. Alongside other measures this provides the basis for a continual improvement process in our products.

Further improvements to safety

Effective management systems ensure Nordex complies with all key national and international norms regarding emission requirements as well as working safety in wind power-system production, project planning, construction, commissioning and operation. In addition to this, the Nordex-own market-entry process SMEEP (Strategic Market Entry Evaluation Process) ensures that local requirements are also taken into account and fulfilled when entering new markets.

Nordex takes additional measures to raise safety levels and target-group acceptance of wind power systems. These not only include fitting synchronised as well as visual-range, individually calculated air-traffic warning lights on nacelles and pylons, but also installing low-noise wind power systems, particularly for use in low-wind areas. With its current generation of wind power systems, Nordex numbers among the market leaders in terms of low-noise systems operation.

Environmental impacts of wind power systems

Avoiding and reducing the environmental impacts caused by the transportation, installation and use of our wind power systems are high priorities for Nordex. By optimising the necessary transport routes in the construction phase of wind power systems we contribute to limiting construction and grubbing-up measures to an absolutely necessary minimum. Already today, the development of new technologies and methods for mounting individual rotor blades ensures that if required, the full turbine rotor assembly comprising the rotor blades and the hub need not be carried out on the ground. Furthermore, in the period from 2013 to 2015 we successfully reduced the surface area required for the crane and wind-turbine system assembly by more than 750 m² (38%) compared to conventional figures. In addition, Nordex offers wind power systems with a ground-to-hub height of up to 164 metres; on the one hand this serves to optimise wind conditions at hub level, and on the other it reduces the required grubbing-up measures to a minimum.

Ecological electricity supply

Nordex implements targeted nature-protection systems to protect bats and birds in ecologically sensitive areas. Depending on the applicable regulations stipulated by the Environmental Protection and / or Building and Development authorities, we define and apply operation downtimes or limitations to fulfil the species-protection requirements. For instance, we shut down the respective wind power systems at specific times of day or in specific seasons, or depending on temperature or wind speeds.

Environment

At Nordex, environmental protection does not start with the product but is already considered in the product development phase and in the subsequent production processes.

Our Health, Safety and Environment (HSE) Department has executive responsibility for the area of operational environmental protection. It has implemented an Environmental Management System (EMS) which is certified to the globally recognised OHSAS 18001 Occupational Health and Safety and ISO 14001 EMS standards. In the reporting year the Nordex Group successfully passed its second monitoring audit; this was complemented by an ISO 50001 Energy Management System at our Hamburg and Rostock locations, as well as by numerous Company guidelines that stipulate a continual improvement in environmental performance at Nordex. In 2016 Nordex will be subjected to a comprehensive recertification to these ISO standards by the TÜV Rheinland institute, in order to extend our certificate for integrated management systems for a further three years.

Nordex has set itself the strategic objective of powering all its locations by 2018 with 100% renewable energies. We also plan to reduce our greenhouse gas (GHG) emissions as well as our energy and water consumption – and where possible, to avoid these altogether.

In Rostock our Company can already count on a cutting-edge production facility for nacelles and rotor blades. We not only meet but clearly undercut demanding statutory emissions limits for dust, solvents, odors, and waste water.

Greenhouse gas emissions

To drive the targeted reduction of the GHG emissions resulting from our business activities and products we are currently implementing GHG emissions-calculation measures covering the entire lifecycle of our wind power systems – from the production and construction phase, through the operating phase (maintenance, repair and exchange of aggregates), to the decommissioning and recycling phase. Initial results indicate that supply-chain processes in particular cause a very significant percentage of GHG emissions.

Furthermore, Nordex also plans to raise employees' awareness of more environmentally friendly behaviour, amongst other initiatives through subsidising the cost of public transport in the metropolitan Hamburg area for its employees. In 2015 around 600 employees took advantage of this mobility offer. Moreover, in certain regions providing the necessary infrastructure, our Service Technicians use electric vehicles for transport when carrying out maintenance on wind power systems; Nordex has provided these vehicles since September 2015.

Working with a specialist partner Nordex has switched over to low-emission printers and copier systems across all its locations in Germany. We neutralise the remaining unavoidable CO_2 emissions with the support of our project partner, which purchases emissions certificates in a certified reforestation programme in Mozambique. Besides reducing atmospheric CO_2 this project also helps drive societal improvements in the locality.

Energy

The efficient use of energy is a fundamental goal for us at Nordex, both for protecting the environment and for economic reasons. Accordingly, in our management of administration and production buildings, at Nordex we implement low energy-consumption standards and procure our electrical power from renewable energy sources. Today already, all our German locations are fully powered by hydroelectric energy.

In the 2015 reporting year, as a consequence of our high production-capacity utilisation, our growing number of employees, the construction of a new production hall and the completion of extensive refurbishment measures, our overall energy consumption rose by approx. 19% to around 41,000 MWh.

Own combined heat and power plant

Since 2013 Nordex has operated its own Combined Heat and Power (CHP) plant at our Rostock location, with a thermal output of 387 kW. This makes the process heat required for the production of rotor blades available in an efficient and environmentally friendly way. The CHP plant is driven by natural gas, and provides heat and electricity for the Company's own production process, using the thermal discharge from the power plant for heating the rotor blade moulds and the production halls. Thanks to their high overall thermal efficiency levels CHP plants are the ideal solution for such applications.

Further measures are planned for reducing the energy requirement during the tempering process in our production processes in the coming year. This will further reduce the electricity requirement for each rotor blade produced. Tempering leads to changes in the properties of the material through controlled heating of materials over a long period.

Water

Water is mainly used for cleaning and cooling processes in our production processes and in our administrative offices. In production, the main share of the cooling water requirement is driven in a circuit through our central cooling-water supply system. A special feature is the use of rainwater for parts of the sanitation facilities at the Nordex Forum in Hamburg. To do this, rainwater is collected in cisterns and supplemented with drinking water in bottleneck situations. In 2015, water consumption increased from almost 18,000 m^3 to around 20,000 m^3 compared with the previous year. This can be attributed largely to the increased number of employees and the associated additional water consumption.

Employees

Our People & Culture Department manages and supports the further development of our common corporate culture, a professional recruitment process, the cultivation of diversity as well as a systematic leadership and employee-development programme.

Employer awards received

These measures increase the satisfaction of our more than 3,300 employees worldwide – and employee satisfaction is one of the most important Nordex values. They also contribute to the attractiveness of Nordex as an employer brand. The success is evident: In 2015 Nordex was again ranked among Germany's Top 100 employers and repeatedly recognized as a "TOP National Employer" and as a "Fair Company". Additionally, Nordex was distinguished as one of Hamburg's Best Employer Brands for the first time.

Recruitment

At Nordex we set great store by our professional recruitment process for keeping and extending its required range of qualified employees over the medium to long term. Our Company also relies on targeted personnel and university marketing measures that enable us to address our target recruitment groups such as Engineers and Service Technicians directly.

In the reporting year, our focus was on employing technical professionals. In our Recruitment Programme in 2016 our Company will be concentrating on raising the overall share of women in particular in managerial positions.

For Nordex, securing the future also means training young people. At the end of 2015, Nordex employed 41 vocational trainees in four different recognized professions. These were in Industrial Management (m/f), Process Mechanics (m/f), Mechatronics (m/f) and Specialist IT for Systems Integration (m/f).

In France we offer career-starters the option of internships lasting at least one year at our 14 service support centres. We have also entered into partnerships with local technical colleges, mainly to improve the quality of the internships and support such colleges in preparing people for internships. This way, 15 to 20 career starters are introduced to Service Technicians' work every year.

Since 2015, new employees have been taking part in Welcome Days as part of their induction programme. In these two-day events, the new employees are introduced to the various areas of the Company and have the opportunity to visit our production plants, network with each other and gain a clearer understanding of their new employer.

Employee feedback and development

At Nordex we consider our employees' further development to be particularly important. Our standardized annual Compass Dialog for appraisal interviews is designed to systematically assess performance and potential, and is now carried out in 13 different languages. All the most important career path choices are defined in terms of further training and development on the basis of the results of the Performance Review and in agreement with the management.

Further training

Employee development

The Nordex Academy is a central element in employee development. It ensures that our employees are trained in terms of technology and security, and also offers a training portfolio for the further training of Nordex employees across different disciplines. Our customers and subcontractors are also among the target groups for the technical training courses at the Nordex Academy. Besides the test rigs, various large components are available for technology, service and safety training, to develop and further extend our people's know-how, and ultimately to secure the high quality standards of the Nordex brand. The range of Nordex Academy training offerings is constantly being developed and extended through specialist courses by external providers. Nordex doubled the number of participants and courses within the reporting period.

In 2016 we will also be setting up a Nordex e-learning platform. This will make online-supported learning formats available to our employees on various topics, such as HSE and Compliance.

Management development

Nordex has the objective of promoting and further developing a holistic view on people and understanding of leadership in the Company. To achieve this, we launched our international "Trust. Listen. Lead." training programme for all managers in 2014. In 2015, 42 two-day training courses took place, in which 372 managers took part. Ten follow-up workshops were also been carried out to further consolidate what was learnt and to reflect on how this can be applied. Additionally, all new managers undergo obligatory training programmes on subjects such as Management Culture, Interview Skills and Employment Law.

International training programme

Nordex intends to increase the number of vacant management positions occupied by internal candidates. To achieve this, we are relaunching our "Upwind" programme for up-and-coming management staff. Since 2011, 43 talented people have already absolved this demanding 15-month programme, which consists of various activities including training modules and project assignments.

Employee surveys and involvement

At the end of 2015 Nordex carried out its first global Employee Survey in a total of 20 different languages. The contents of the survey included areas such as cooperation and working atmosphere, your own workplace, communication and information, as well as the main focus on management and leadership culture. Participation was very high, with a total of 76% of the employees taking part. From February 2016 onwards the results will be communicated internally in a cascade through the Company and measures will subsequently be initiated to further develop our strengths and to work purposefully on any areas that we identify as requiring action. For the future, Nordex plans to hold a global Employee Survey every two years.

Nordex employees and temporary employees have the chance to submit proposals for improvements as part of the Company's Proposal Scheme. If cost and/or material savings are realised thanks to a suggestion, or there is an improvement in safety at work, or health hazards and environmental pollution are reduced, this will be acknowledged with a monetary award related to the value generated. Altogether 159 proposals were submitted in 2015 (290 in 2014), of which 146 were implemented with a value of around EUR 178,000 (EUR 420,000 in 2014). This means that the number of ideas for improvement submitted in the Proposal Scheme declined in the reporting year. In the light of this, the Continuous Improvement Department has critically examined our Ideas Management scheme and will be re-establishing this topic area after the successful conclusion of some pilot projects. We are convinced that our employees can provide vital know-how and can contribute considerable value to the sustainable revitalization of the Group.

Inclusion

Nordex understands inclusion as one of our Company values. Men and women of different ages with varied cultural backgrounds, different attitudes and lifestyles enrich our company and contribute to its success.

The topic of advancement for women will play a larger role in 2016. The proportion of women in the first two management levels rose from 7.8% to 10.8% in 2015. For a prospective 15% of the positions in the upper two management levels to be occupied by women, we will implement various measures to promote women more strongly within our Company, and to recruit more women externally than before. We aim to offer training courses, for example, which purposefully support women in their technical and management development.

Occupational health and safety

The subjects of health and safety at work take highest priority at Nordex. The Health, Safety and Environment (HSE) Department strictly monitors compliance with internationally recognized standards and their further development. An additional focus of activity is on carrying out preventive measures to identify the risk of accidents at an early stage, then analyse and eliminate them.

At Nordex we use the Lost Time Injury Frequency (LTIF) index to review our occupational health and safety measures. As part of our Sustainability Strategy, we have set ourselves the objective of achieving an LTIF value of less than 5 by 2018. In 2015 our LTIF sank from 8.58 to 8.15.

Nordex uses an automated database to monitor the training and courses necessary for our employees, as well as any possible requirement for updating the protective equipment. For example, this system automatically reminds employees to extend their course and training certificates before their validity expires. The Nordex Academy also ensures that all employees are able to plan the renewal of their certificates in good time by attending the relevant seminar or course.

Safety first training

In 2015 around 600 employees took part in our strategic Safety First courses. These help raise our employees' awareness of any risks of accidents in all areas of the Company, from Production and Project Development right through to Administration. In the reporting year our safety instructions for visitors were also extended, management responsibilities for occupational safety were updated, and all managers were further trained in occupational safety topics. Every meeting begins with an obligatory "SafetyContact", involving relevant safety topics from employees" professional and private lives.

In 2015 Nordex increased its commitment to the worldwide protection of our employees and our business activities with the foundation of a separate Group Corporate Security Function. With the support of a worldwide Security and Crisis Management organisation, Corporate Security coordinates all activities for the preventive and reactive protection of our Company's own employees, as well as any employees working for our subcontractors, the locations under Nordex management, our Company intellectual property and know-how, and our excellent reputation. This includes proactive, systematic approaches with crisis-management situations to protect employees and safeguard the Company's ability to function in all business activities.

Supply chain

An essential strategic objective for Nordex is to establish stronger environmental and social standards in our procurement process and in our supply-chain management. The basis for this is compliance with the Nordex Group Code of Conduct, which is also required of all subcontractors and suppliers for the entire duration of their business relationship with our Company. The UN Global Compact Principles regarding human rights, labour conditions, protecting the environment and combating corruption provide fundamental guidance for our business activities.

Nordex subjects its suppliers to a regular assessment programme involving announced and unannounced visits and audits. Alongside occupational health and safety, the main focus is on compliance with human rights, product and process quality standards, and increasingly on sustainability aspects such as management of waste and hazardous substances. In the 2015 financial year we carried out a total of more than 150 supplier audits, in which no material incidents were registered.

150 supplier audits

We are now reviewing our Procurement Department existing management tools and are developing sustainability criteria for the planning, control and implementation of further measures.

As a manufacturer of wind power systems, Nordex naturally has a globally structured value-creation chain. However, a good 80% of our purchasing volume is with suppliers that have their main locations, or production locations, in Germany or other parts of Europe. They supply us directly to our construction locations, or to the two production facilities at our Rostock location.

Corporate Social Responsibility (CSR)

Nordex is a dynamic company active in over 20 countries worldwide. Exercising our local responsibility is part of the way we see and understand ourselves. Consequently we want to appear as a responsible member of society in the locations where we are active, and make our contribution to regional development. As part of our Sustainability Strategy we also intend to take on greater social responsibility in our key markets.

Pakistan project

In the course of our entry into the market in Pakistan, Nordex has implemented a CSR project together with its customers over the last few years. In the Jhampir region, during the construction of the country’s largest wind park, the parties involved ensured that there was an improvement in people’s general living conditions. The focus of attention was the water supply for the local inhabitants. Nordex equipped four locations with water-filter systems and pumps, and modernised the water system in the only hospital in the region. Besides this we renovated three local schools.

Currently the renovation of more schools in the Jhampir region is being planned, along with the development of a CSR health-promotion project in the Gharo region.

South Africa project

Nordex is supporting its entry into the South African market with the Nordex Education Trust, a foundation in which Nordex Energy South Africa has a 20% participation. The Nordex Education Trust mainly promotes projects that involve school education, sports, culture and community work, as well as supporting disadvantaged demographic groups. As part of the Hope in Motion campaign, Nordex supported one of the first charitable projects for physically and mentally handicapped South African children. In the reporting year, we also supported five students in participating in a preparation course which could significantly increase their chances of university admission. We are delighted to report that all these scholarship holders can now pursue their objective and undertake a recognized university degree course in Engineering or Environmental Sciences. Targeted further education plays a key role here, as well as in other projects. The goal is to improve students' chances and consequently their prospects of a better life.

Since 2012 the Nordex Education Trust has been able to support numerous non-governmental organisations (NGOs), schools and universities, as well as sports and cultural associations. The foundation has also entered into strategic partnerships with the Stellenbosch University and the Nelson Mandela Metropolitan University. For the future, the promotion of current and further education projects in mathematics is planned. Additionally, people with disabilities are to be better supported through the assistance of various specialist establishments and personnel training.

Promoting science in Hamburg and Rostock

Nordex is also committed to the promotion of research in its largest home-country locations of Hamburg and Rostock. This mainly concerns financing a Professorship at the University of Rostock, which we endowed in 2013 within the Faculty of Mechanical Engineering. Alongside university research, the funds are also intended to support the delivery of academic instruction.

Awarding scholarships

For several years now, Nordex has awarded "Deutschlandstipendium" ("German Grant") scholarships at our Rostock location. In the 2015/2016 academic year another four scholarships were awarded. For the first time in 2016, we also supported four students at the University of Hamburg with a Deutschlandstipendium. As well as providing purely financial support, developing early contact with the students is also an important aspect for Nordex.

HAW Hamburg

Nordex is also actively involved in Hamburg in the Technology Centre Energy Campus Hamburg, part of the Competence Centre for Renewable Energy and Energy Efficiency (CC4E). To do this, we agreed a cooperation with the Hamburg University of Applied Sciences (HAW Hamburg) specifically for supporting research into energy-storage solutions. To support the practical relevance of the teaching and research under real-life conditions, the construction of a wind park with five Nordex turbines is planned by the end of 2016 in the immediate vicinity of the Bergedorf Campus.

Outlook

In the face of globalisation and climate change, companies' voluntary adoption of social responsibility is becoming increasingly more important. Nordex is taking up the challenge with our strategy of "Use wind intelligently – live sustainability". This way we are pursuing our shared objective of creating the basis for sustainable, economic growth, hand-in-hand with the lowest possible impact on the environment and new prospects for the prosperity of people in all markets and regions.

Sustainability strategy

Measures for 2016

To realise our Sustainability Strategy we intend to implement suitable measures and tools to ensure that we achieve our strategic and operative targets. These measures and tools will also enable us to gather, test and steer the necessary data and information for generating our internal and external reports.

2016 Sustainability Report to GRI standards

Nordex is planning to publish its first independent Sustainability Report for the 2016 financial year. In doing so, we not only intend to take increasing stakeholder requirements for information into account with regard to our sustainability performance; we also want to show that sustainability is a core concern for Nordex. This Sustainability Report will follow the internationally recognised G4 Guidelines of the Global Reporting Initiative (GRI).

Stakeholder Survey by 2018

By 2018 Nordex is planning to involve selected stakeholders in our sustainability process by means of a Stakeholder Survey. We want to find out our key stakeholders' expectations with respect to sustainability at Nordex, in which areas of activity our Company is perceived as having special responsibility, and how they assess our sustainability performance so far.

Key figures

Employee indicators

The presentation is based on the G4 Global Reporting Initiative (GRI).

Total employees	2015	2014
Total number of employees	3,336	2,919
of whom female	17%	17%
of whom aged over 50 years	12%	12%
of whom aged 30–50 years	65%	66%
of whom aged under 30 years	23%	22%
Service employees	1,164	937
of whom female	8%	7%
of whom aged over 50 years	6%	5%
of whom aged 30–50 years	65%	69%
of whom aged under 30 years	28%	26%
Blade production and procurement employees	437	465
of whom female	12%	12%
of whom aged over 50 years	21%	18%
of whom aged 30–50 years	59%	58%
of whom aged under 30 years	21%	25%
Nacelle and tower production and procurement employees	538	469
of whom female	16%	16%
of whom aged over 50 years	23%	22%
of whom aged 30–50 years	50%	51%
of whom aged under 30 years	27%	26%
Engineering employees	483	431
of whom female	18%	19%
of whom aged over 50 years	10%	9%
of whom aged 30–50 years	75%	78%
of whom aged under 30 years	15%	13%
Administration employees	407	361
of whom female	45%	45%
of whom aged over 50 years	13%	14%
of whom aged 30–50 years	73%	72%
of whom aged under 30 years	14%	15%
Project management employees	190	156
of whom female	20%	20%
of whom aged over 50 years	6%	6%
of whom aged 30–50 years	78%	80%
of whom aged under 30 years	16%	13%
Sales and marketing employees	117	100
of whom female	36%	36%
of whom aged over 50 years	5%	5%
of whom aged 30–50 years	66%	70%
of whom aged under 30 years	29%	25%

Employees by region

	2015	2014
Germany	2,247	1,997
of whom female	423	362
Africa	44	34
of whom female	8	9
Asia	55	77
of whom female	21	30
Europe (excluding Germany)	844	693
of whom female	106	94
North America	109	100
of whom female	15	12
South America	37	18
of whom female	5	3

Commentary: Asia = China, Africa = South Africa, South America = Chile and Uruguay, Europe including Pakistan (same as in segment reporting).

Employees with disabilities in Germany

	2015	2014
Employees with disabilities	46	43
of whom service employees	4	1
of whom blade production and procurement employees	16	19
of whom nacelle and tower production and procurement employees	14	12
of whom engineering employees	3	2
of whom administration employees	8	8
of whom project management employees	1	1
of whom sales and marketing employees	0	0

Employees by employment contract

	2015	2014
Employees	3,336	2,919
of whom female	578	510
Temporary employees	248	Not recorded
of whom female	46	Not recorded

Commentary: Technical temporary employees outside the production sides in Rostock are not reported.

New employees and employee fluctuation

	2015	2014
Newly recruited employees	796	728
Ratio of newly recruited employees	24%	25%
Employee exits	141	117
Fluctuation rate	4%	4%

Commentary: Employee exits refer to employees who leave the company at their own initiative; not including interns, studies, temporary staff and apprentices. The fluctuation rate is calculated on the basis of the average number of employees.

Employees by employment type

	2015	2014
Full-time employees	3,146	2,764
of whom female	460	417
Part-time employees	190	155
of whom female	118	93

Environmental indicators

The presentation is based on the G4 Global Reporting Initiative (GRI).

Energy consumption (MWh)	2015 MWh	2014 MWh
Total energy consumption	40,957	34,368
Total direct energy consumption	29,955	24,959
Gas	21,616	19,298
Heating oil	91	324
Diesel	8,248	5,337
Total indirect energy consumption	11,002	9,409
Electricity	9,825	8,321
District heating	1,177	1,088
Total energy sold	0.1	2.6
Electricity sold	0.1	2.6

Commentary: The key figures refer to the main business locations in Hamburg and Rostock. Direct energy consumption comprises only the consumption of fuel from non-renewable sources. Heating oil and district heating data refers only to the Rostock site. Nordex commissioned a combined heat and power plant in Rostock at the beginning of 2014.

Water consumption by source and sewage (m^3)	2015 m^3	2014 m^3
Total water used	19,811	17,995
of which rain water	1,913	1,684
of which from municipal water supplies	17,898	16,311
Total sewage	19,811	17,995
of which discharged into public sewerage system	19,811	17,995

Commentary: Data on rain water refers to only a part of the sanitary facilities in Hamburg.

Increased order books providing the basis for further growth

Combined Group management report

Combined Group management report

of the Nordex Group and management report of Nordex SE

Basis of Company

Activities

Nordex is an integrated supplier of modern multi-megawatt onshore wind turbines for locations characterised by strong, moderate and low wind conditions. In this connection, it concentrates on developing and producing the entire system including the control software as well as the main core components and on offering related services. This particularly applies to the sale of wind power systems and – in selected markets – upstream wind farm project development and turnkey solutions. In addition, Nordex assembles wind turbines and provides the necessary after-sales service, concentrating in particular on long-term customer-relationship management. The Group's finance department also supports customers in their efforts to raise project finance via national and international banks.

In technical terms, Nordex focuses on the continuous development and enhancement of efficient wind turbines allowing operators to generate "green" electricity at low cost in the locations at which they are installed while also forming the basis for securing and expanding the Company's profitability. In this way, it will be possible for it to remain competitive within the wind power industry in the short to medium term and also relative to other conventional and renewable sources of energy in the long term.

Exports just under 70%

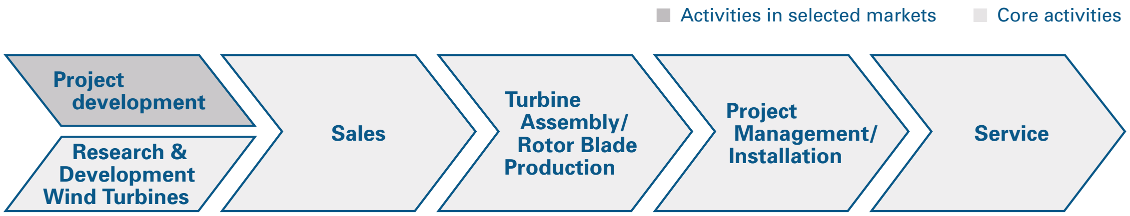
During the period under review, the Company therefore stepped up product development, which is based on proven technology, and, with its Generation Delta, is offering a wind power platform for all wind classes featuring an optimised rotor output ratio, a low specific head mass and an optimised sound power curve. One key component is the innovative rotor blade, which Nordex develops itself, tests, has certified and, to a large extent, produces itself or sources from its "built-to-print" partners. The rotor blades are characterised by low noise emissions across the entire range. The guaranteed maximum noise emission for the low-wind N131/3000 turbine stands at a low 104.5 db(A).

The second main technical aspect in 2015 again concerned the optimisation of turbine operations management and system control. In this way, Nordex is addressing the growing requirements stipulated by electricity grid operators with respect to electricity grid integration.

Nordex's internally-sourced production activities were based in Germany in the period under review. Nacelles are assembled and rotor blades produced at two sites in Rostock, Germany. In this connection, a large proportion of the components used are sourced externally. Nordex pursues a system integration approach, incorporating the skills provided by its vendors in its own internal processes at an early stage – particularly during product development. The Group is committed to line production in turbine assembly and partial automation as well as broad-based standardisation of its products (identical parts) so as to generate economies of scale as far as possible for a mid-size company.

With just under 70% of its sales generated by exports, Nordex has a strong international orientation, focusing on more than 20 wind markets, predominantly in Europe. However, it is increasingly also operating in growth markets in the Americas, Africa and Asia, such as Uruguay, South Africa and Pakistan as well as in emerging wind markets in Europe such as Turkey and Finland. Measured in terms of order intake and market share, it has entered each of these markets successfully over the last few years.

Nordex SE's value chain



Product range – wind turbines

The product policy is oriented towards a comprehensive platform strategy. This currently comprises Generation Gamma with turbines in the 2.4 and 2.5 MW class and rotor diameters of 90, 100 and 117 metres as well as Generation Delta, which has been launched in incremental steps since 2013 with nominal outputs of 3.0 and 3.3 MW and rotor diameters of 100, 117 and 131 metres.

Nordex offers various towers with hub heights of up to 164 metres to achieve optimum energy yields in the global wind markets.

Overview of products

Wind class[1]	Generation Gamma	Generation Delta
IEC 1	N90/2500	N100/3300
IEC 2	N100/2500	N117/3000
IEC 3	N117/2400	N131/3000 N131/3300[2]

[1] IEC 1 = strong wind
IEC 2 = moderate wind
IEC 3 = low wind
[2] Turbine specially designed for the German market

Product range – service

In addition to efficient wind power systems, the Nordex Group also offers after-sales service for its products. This service is provided by the Global Service organisational unit directly at the wind farms installed and handed over to the customer. The corresponding service contracts secure and optimise the electricity production yields achieved by Nordex customers through a combination of maximised availabilities, technical improvements and improvements to service efficiency. Nordex offers customers a wide range of different services. These encompass all-in solutions containing such services as 7/24 remote monitoring, preventive maintenance and full modernisation of Nordex wind power systems.

In addition to the four standardised contract models offering different levels of service (Basic, Extended, Premium Light, Premium) which customers are able to sign for up to 15 years, Nordex also provides the following products and services:

- Inspection and maintenance of wind power systems
- Inspection of safety equipment
- Elimination of any disruptions
- Spare part deliveries
- Modernisation
- Technical enhancements
- Condition monitoring system
- Customer training
- Remote monitoring and remote management

Goals and strategy

Nordex SE's goals and strategies are derived from an internal strategy process, which was initiated by the Management Board in 2012 for the first time and developed jointly with senior managers in the following year. During the period under review, the main focus was on the continued implementation of the strategy, the execution of the corresponding measures and the signing of a business combination agreement (BCA) with Acciona SA for the acquisition of Corporación Acciona Windpower S.L.

Agreement signed for the acquisition of AWP

The goal of the overall strategy is to additionally reinforce Nordex's position as an efficient and profitable producer of onshore turbines and to achieve sustainable business with a double-digit share in its focus markets. One key factor in this respect is the low cost of energy, which Nordex is seeking to additionally optimise on the basis of highly efficient turbines, effective production processes and steady cuts in the cost of materials. The target corridor for lowering the cost of energy is 18% by 2018, compared with 2015.

The most recent adjustment to the strategy in 2014 provides for moderate growth in sales to EUR 2.0 billion and an EBIT margin of 7–8% for 2017. Thanks to good market conditions and the implementation of the strategy together with its main elements, a number of these targets was reached at an early stage and, in some cases, during the year under review. The Management Board most recently adjusted its order intake and sales goals in November 2015, defining a range of EUR 2.3–2.4 billion.

The Management Board of the Nordex Group expects persistently strong competition in the industry and assumes that looking forward economies of scale will play a greater role. Moreover, growth is likely to shift more towards the emerging and developing markets. In 2015, the Management Board therefore commenced talks with Acciona SA and AWP to arrange a merger as a basis for establishing a competitive and globally active turbine producer. Under the terms of the business combination agreement, Acciona S.A. will be transferring the wind power business which it operates directly or indirectly via its 100% subsidiary Acciona Windpower S.L. to Nordex SE in the form of a combined cash/non-cash capital contribution. The transaction of up to EUR 785 million will be financed through the exercise of the capital authorised in accordance with Nordex SE's Articles of Incorporation in order to issue 16.1 million new shares subject to the exclusion of shareholders' pre-emptive subscription rights and to grant Acciona new shares at an issue amount of EUR 26.00 per share plus cash of EUR 366.4 million – adjusted for net financial liabilities. Execution of the business combination agreement including the issue of new share capital is expected for the beginning of the second quarter of 2016 subject to the discharge of the customary conditions precedent as provided for in the business combination agreement (particularly antitrust clearance).

16.1 million shares issues

With the acquisition of AWP, the Nordex Group will in the future be present in large-volume emerging and developing markets such as Brazil, India and Mexico, partially also with local production units of its own. Looking forward, the markets of India, South Africa and Mexico particularly offer promising potential which can be suitably addressed with the AWP range. In addition, Nordex will be gaining access to expertise in tower technology and the execution of large projects. Moreover, Acciona Energia as one of the world's largest onshore wind farm operators will be a potential customer for the Company in the future.

In November 2015, the Company held a capital markets day at which it outlined the AWP activities and provided guidance on possible new medium-term targets. Looking forward, the EBITDA margin (instead of EBIT margin as before) will be used as the profitability indicator due to the fact that it will not be possible to quantify purchase price allocation effects precisely until after the transaction has been completed.

Medium-term strategic goals

Performance indicator	2018 target
Sales	EUR 4.2–4.5 billion
EBITDA margin	>10%
Working capital ratio	<5%
Capital spending	<2.5% of sales
Cost of energy	18% reduction compared with 2015

To facilitate implementation and coordination, the overall strategy is broken down into a number of sub-strategies:

- Sales & service
- Product development
- Operational excellence and quality management
- Reduction in the cost of materials
- Project-driven organisation

As well as this, solid funding remains a basic prerequisite for the Company's continued success. To this end, the Nordex Group renegotiated and expanded its syndicated credit facilities in December 2015.

Sub-strategies

1. Sales and marketing sub-strategy

The sales and marketing organisation addresses a good 20 established markets in EMEA, the Americas and Asia and also seeks to swiftly open up growth markets offering scope for sustained high sales volumes. Nordex's target customers are primarily medium-sized and small companies that wish to make extensive use of the Group's services and are increasingly also willing to enter into long-term comprehensive service contracts. However, against the backdrop of the Nordex Group's sustained business success, the new strategic orientation also places a greater focus on large-scale customers such as internationally active utilities and independent power station operators again. For one thing, this reflects the fact that Nordex has now reached the critical mass required to supply these customers. For another, this customer group is of key importance in certain foreign markets, additionally displaying strong demand for corresponding after-sales services. In addition, a further focus is being placed on financial investors interested in turnkey solutions, upstream project development activities and – particularly in France and Poland – comprehensive services, for example. Nordex has continued to optimise these areas as they offer good prospects for above-average profitable growth.

2. Product development sub-strategy

Nordex pursues the goal of developing onshore wind power systems which are able to produce clean electricity at competitive prices. In this way, it is seeking to additionally reduce dependence on political incentive systems and to increasingly prepare for the auction processes which are now being introduced. Moreover, a lower cost of energy boosts the profitability of Nordex products, thus additionally enhancing their appeal for investors. A further step towards grid parity – i.e. cost of energy at the same level as that of conventional power stations – was achieved in summer 2015 with the commencement of volume production of the N131/3000. This Generation Delta turbine has been designed for IEC-3 regions and is able to boost energy yields by over 25% compared with the previous N117/2400 Generation Gamma model. It was named "Turbine of the Year 2014" by industry magazine Windpower Monthly at the beginning of the year under review. To date, Nordex has sold more than 50 models of this type and already installed 18 in Germany and Finland. At end of 2015, Nordex launched the N131/3300, a version specifically modified for the German market in order to address the local market more effectively. The first version went on line in December 2015, achieving yield gains of 5% compared with the N131/3000 and more than 30% compared with the N117/2400 at the same hub height. Accordingly, this model will be making a significant contribution to lowering the cost of energy.

N131/3300 with additional yield

All told, Nordex remains committed to short product innovation cycles of 18 to 24 months to launch new products which improve its competitiveness not only against its peers' products but also against other types of conventional and renewable power production in the medium term. Driven by R&D activities, the cost of electricity is to be reduced by 18% compared with 2015 levels by 2018.

3. Operational excellence and quality management sub-strategy

The Company was able to substantially reduce unexpected expense in the year under review by means of detailed supplier audits, the termination of unsatisfactory delivery relationships, the definition of higher quality standards and closer collaboration with its business partners and will be continuing these activities in the future. It will be retaining cross-sectional teams comprising employees from procurement, project management and engineering in order to maintain the level achieved and to continuously improve it. In addition, a special organisational unit – the Global Planning Office (GPO) – coordinates the various stages along Nordex's value chain.

4. Reduced cost of materials sub-strategy

As Nordex operates as a system integrator with only a low internal sourcing ratio, the cost of materials exerts a material influence on its profitability. In this respect, procurement and engineering play a crucial role as they initiate the development of "more intelligent" components – together with the suppliers in some cases – without compromising product reliability or life expectancy. To this end, "design-to-cost" and "design-to-value" methods are applied. In addition, procurement uses suppliers based in countries which have a favourable cost structure for Nordex. Under this strategy, the aim was to cut costs by a total of 15% by 2015 relative to 2012 levels ("CORE 15" –

"Cost Reduction of 15% by 2015"). This goal was achieved and, in some cases, exceeded in the case of the Generation Gamma reference turbines. In addition to efficiency gains in turbine technology, other costs of materials also provide a crucial lever for lowering the cost of energy (target: 18% cut by 2018).

5. Project-driven organisation sub-strategy

Specific measures and initiatives have been launched to address project business more effectively by additionally optimising processes – from the contract-signing phase through to the hand-over of the final product to the customer – at the critical interfaces between the individual parts of the Company. In addition to personnel and organisation measures, this also entails greater IT support.

6. Funding

Solid funding as a basis for ensuring the necessary confidence of customers and banks in the Company.

Guarantee facility of EUR 950 million

On 15 December 2015, the syndicated guarantee facility of EUR 950 million was successfully renewed. The new facility replaces the agreement signed in the previous year for a volume of EUR 550 million. The new guarantee facility runs until 15 December 2020 and accommodates the Group's expected growth. If necessary, the facility can be increased to up to EUR 1.2 billion.

In addition, Nordex SE obtained a cash facility of EUR 450 million, divided into two parts: a cash limit of EUR 300 million with a term of 18 months and a facility for EUR 150 million for a five-year period. This amount covers the cash component of the AWP transaction (see also "Targets and strategy", "Outlook and expectations" and "Risks and opportunities") and may also temporarily be used to repay a corporate bond maturing in April 2016. The Nordex Group is currently preparing a "green" bonded loan issue (Schuldschein) to discharge this cash facility, i.e. the instrument will be certified as a sustainable investment in accordance with the Climate Bond Initiative (CBI) standards.

Looking ahead over the next few years, the Group is solidly financed, something which heightens its appeal as a potential turbine supplier for significantly more large-scale customers.

Corporate structure

The Management Board manages the Group via Nordex SE as the strategic management holding company. In addition, Nordex SE performs additional administrative functions in controlling, finance, IT, communications, people & culture (formerly human resources), legal and insurance. Operating business is largely performed by the consolidated company Nordex Energy GmbH and the legally independent national companies, which are particularly responsible for customer relationship management, sales and marketing, service and, in selected markets, project development. Engineering, procurement, production as well as central coordination and administrative activities and customer-related tasks in the German market are handled by Nordex Energy GmbH.

During the period under review, the Group was managed on the basis of regional segmentation comprising EMEA (Europe, Middle East, Africa), the Americas and Asia. Pakistan was assigned to EMEA in the period under review for the first time.

Details of the legal entities and other subsidiaries can be found in the list of shareholdings. 162

The Company is managed by the two members of the Management Board, who have clearly defined strategic, operational and administrative functions, which are set out in rules of procedure.

Further information on the allocation of duties and the Management Board's rules of procedure can be found in the section entitled "Management practices".

Management process system and performance indicators

Nordex SE's management process system entails financial and non-financial performance indicators for steering the Company as a whole and its operating units.

The main financial indicators for the Company as a whole are sales, the cost-of-materials ratio, the EBITDA margin (previously EBIT), free cash flow and the working capital ratio. The focus on these five parameters arises from the Company's project-based turbine business, its low real net output ratio and the correspondingly high proportion of the cost of materials in total output.

The other financial indicators, namely order intake and order books in turbine business and order books in service business, are also important parameters for guiding the customer-proximate units and resultant procurement and production processes.

Specific non-financial indicators are additionally applied to production (turbine/rotor blade production output), project management (installation output) and service (turbine availability and service contract renewal rate).

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In 2014, the Management Board decided to systematically align Nordex towards sustainability. To this end, an organisational unit was established in 2015 with responsibility for these matters. Its primary purpose in the current year is to develop a sustainability strategy with goals and key performance indicators (KPIs) and to define the requirements for implementation.

The Company has set itself the goal of publishing a separate sustainability report for 2016 based on the GRI (Global Reporting Initiative) G4 guidelines for the first time. Reporting on the non-financial performance indicators is currently being established.

Main performance indicators

All performance indicators jointly form the basis of reporting to management, the Management Board, the Supervisory Board and the shareholders as well as incentive-based remuneration and constitute an integral part of capital market reporting.

Performance indicators

Indicator	Unit	Relevant for
Financial performance indicators		
Turbine order intake	EUR	Sales
Turbine order books	EUR	Sales
Service order books	EUR	Service
Sales	EUR	Finance
Cost-of-materials ratio	%	Finance
EBIT margin	%	Finance
Consolidated net profit	EUR	Finance
Free cash flow	EUR	Finance
Net debt	EUR	Finance
Working capital ratio	%	Finance
Equity ratio	%	Finance
Non-financial performance indicators		
Turbine production output	MW	Production
Rotor blade production output	Units	Production
Installed capacity	MW	Project management
Turbine availability	%	Service
Service contract renewal rate	%	Service

*From 2016 onwards the profitability KPI will be measured in terms of EBITDA.

Research and development

Organisation and main R&D indicators

At the end of 2015, Nordex had 483 employees (2014: 431 employees) in all engineering and project management areas around the world responsible for all aspects of wind power technology from basic research through to product and process development as well as operating and strategic product management together with sales and service support. As of the reporting date, Engineering had a workforce of 469 employees in Europe (2014: 411), a further 5 in Asia (2014: 11) and 9 in the Americas (2014: 9).

In the year under review, Nordex applied for a total of 25 patents and other industrial property rights – chiefly for rotor blades. This is roughly the same number as in the previous year (2014: 26).

Development expense up 11%

Total development expense came to EUR 59.4 million, up 11% on the previous year (2014: EUR 53.4 million). Of this, an amount of EUR 30.9 million (2014: EUR 30.7 million) was capitalised. In 2015, reported capitalised development expense thus rose by just under 4.5% to EUR 110.9 million (2014: EUR 106.1 million).

Testing facilities

In the period under review, system testing facilities were optimised at the Rostock testing centre in order to reduce development expense, increase development speed and improve product quality. The currently 15 facilities – some of which have been developed internally – are used to test individual components such as the azimuth system, the pitch system and the rotor blade together with related systems in varying mechanical and climatic conditions. In this way, it is possible to simulate strain within a short space of time in a manner which would otherwise take several years in the field. In 2015, activities performed at the Engineering Centre focused on further modifications to the testing facilities with the aim of meeting current testing requirements even more effectively. In addition, load and wear tests were performed on slewing rings – in some cases also in conjunction with suppliers – to improve the quality of the gearbox and the camshaft. Testing facilities for slip rings were also extended, with research and development activities culminating in the application of a patent for data transmission via the slip ring.

Product development

Under the Company's strategy, research and development activities are targeted at achieving a systematic and broad-based reduction in the cost of energy for our products. During the development of Nordex turbines and wind farms, the main focus is on continuously lowering the cost of energy across the entire life cycle. A further key aspect involves efforts to monitor and ensure the market viability of the products in terms of their eligibility for operating permits and grid connections in Nordex's target market.

In the period under review, product development primarily entailed further work on and the standardisation of the Generation Delta wind power systems. The Generation Delta range encompasses dedicated solutions for locations with strong (N100/3300), moderate (N117/3000) and low (N131/3000) wind speeds as well as a solution specifically developed for wind and ambient conditions in Nordex's important German market (N131/3300). A prototype of the latter model was installed for the first time in the period under review, going into operation at Krampfer/Plattenberg in the German state of Brandenburg.

The Generation Delta turbines are characterised by larger rotor diameters and a heightened nominal output, resulting in gains of up to 30% in annual energy yield compared with their predecessors and thus achieving a significant reduction in the cost of energy. Full documentation and certification including the German type testing is available for all Generation Delta turbines. This ensures that customers and investors are able to apply for construction permits for eleven different hub heights between 75 and 164 metres as well as three different climate versions.

In the period under review, testing and measuring activities were continued on the first N131/3000 turbines to be installed and are also necessary for type certification in accordance with the international IEC standard. The measurements recorded confirm that, as expected, the turbines meet or even exceed the very stringent noise emission requirements. This means that the N131/3000 and the N131/3300 are particularly suitable for non-coastal locations. In many cases, noise emission requirements are met even without the use of output-reduced operation modes.

Product development is working intensively on the series launch of the N131/3000 and the N131/3300 as part of a standardised product platform.

With respect to further enhancements to Generation Gamma, particularly the top-selling N117/2400 for low-wind locations (IEC3), the main focus in 2015 was on measures to additionally lower product costs by widening the pool of suppliers for the main components as well as further optimisation of the nacelle and various tower types.

Thanks to the intelligent platform strategy for the product range, further developments of the Generation Delta turbines can also be applied to Generation Gamma. For example, improvements were made to the control and regulation system as well as operations management and monitoring of wind power systems and wind farms during the period under review.

As well as this, work on optimising the Nordex Anti-Icing System (AIS) continued in 2015. Plans to transfer the system to the N131 rotor blades have now made considerable progress. As planned, preliminary turbines were installed in Scandinavia at the end of the period under review for testing and measuring in 2016.

In addition, work successfully continued on projects for satisfying the updated grid connection requirements in existing target markets and for ensuring grid conformance in new markets and corresponding modifications to the electrical systems.

Quality management

Revised in 2014 particularly in the light of HSE (health, safety, environment) aspects, Nordex's quality management policy rests on five pillars:

1. Encouragement of employees to develop a keen awareness of quality and a customer-centric approach.
2. Regular and systematic training and briefing of employees in the light of constantly growing and changing requirements.
3. Continuous improvements to quality as a firm part of the Company's day-to-day activities.
4. High standards and a broader focus on high safety and environmental standards.
5. Work in clearly delineated organisational structures with defined processes.

N131/3000, N131/3300 launched

In line with its global orientation, Nordex Group is certified globally by TÜV Rheinland for quality (ISO 9001), environmental protection (ISO 14001) and safety (OHSAS 18001) and underwent its second re-audit in the year under review. In addition, the German facilities in Hamburg and Rostock have been certified by TÜV Rheinland in accordance with ISO 50001 and thus meet the requirements of the energy management standard.

In 2016, Nordex will be undergoing extensive re-certification by TÜV Rheinland under all four ISO standards to renew its certification for the integrated management system for a further three years.

A material basis for quality management along Nordex SE's entire value chain is the quality management plan, which systematically and transparently systematises and documents all quality checks. The quality management plan covers the turbine engineering phase as well as prototyping and series release together with quality assurance for services. Cross-functional plans and quality assurance activities are defined for the individual development projects and systematically executed and documented on the basis of specified work packages and milestones. Thereafter, special quality matters are overseen on a continuous basis and addressed in close collaboration with production and also during the on-site assembly phase.

Following the adjustments made to quality management in 2014 and its establishment in 2015, all the experience gained with the products on the field is ploughed back into the development process by the Quality Management department, thus helping to additionally improve the next-generation Nordex wind power systems.

Nordex and its customers attach a great deal of attention to quality. For this reason, quality management forms a firm part of the sales process. This ensures that alongside internal experience from prior projects any customer feedback can also be addressed with minimum delay so as to comply with market requirements in full.

A total of 159 (2014: 290) suggestions were received via the Nordex Group's in-company suggestion system in the year under review. The suggestions which were implemented in the year under review yielded pecuniary benefits valued at EUR 0.18 million (2014: EUR 0.42 million). The number of ideas for improvements thus dropped in 2015. Against this backdrop, the ideas management system is being reviewed and will be restructured after the successful completion of pilot projects. Nordex is convinced that its employees possess crucial information which can make a considerable contribution to the sustained reinforcement of the Group.

Employees and remuneration system

Employees

14.3% increase in employee numbers

The Nordex Group's workforce grew at a slower rate than sales (40.0%) in the year under review, rising by 14.3% to a total of 3,336 employees as of the reporting date (31 December 2014: 2,919 employees).

Of the 3,336 employees, 1,864 are classified as office staff (31 December 2014: 1,614) and 1,472 as technical staff (31 December 2014: 1,305).

In absolute terms, new additions to the Group's headcount concentrated on service (227 employees), nacelle production (69 employees) and engineering (52 employees). New recruiting by market was as follows: Germany 251 employees, Turkey 39 employees, France 30 employees and Finland 25 employees. On the other hand, the number of employees in China was reduced by a further 21.

Following the redefinition of the regions to reflect the distribution of business volumes – as a result of which Pakistan and South Africa are allocated to EMEA – there was a slight shift in the distribution of employees towards EMEA. At the end of the year under review, some 94% of Nordex's employees were based in Europe, South Africa and Pakistan (31 December 2014: 93%), a good 4% in the Americas (31 December 2014: 4%) and 2% in Asia (31 December 2014: 3%).

In the year under review, the proportion of women working in the Nordex Group contracted minimally by 0.2 percentage points to 17.3% (31 December 2014: 17.5%). On the other hand, the proportion of women in the top two management levels widened to 10.8% (31 December 2014: 7.8%).

The number of apprentices in Germany stood at 41 at year-end and was thus only marginally below the previous year's figure (31 December 2014: 43).

At 37.4 years, the average age in the Nordex Group was slightly lower than in the previous year (31 December 2014: 38 years), with the average length of service dropping marginally to 4.4 years (31 December 2014: 4.5 years) due to the effects of additional recruiting.

Percentage breakdown of Nordex staff by segment

Segment	31.12.2015 %	31.12.2014 %
Service	35	32
Blade production and procurement	13	16
Nacelle and tower production and procurement	16	16
Engineering	14	15
Administration	12	12
Project management	6	5
Sales and marketing	4	4

Percentage breakdown of Nordex staff by length of service

Service period	31.12.2015 %	31.12.2014 %
Less than 1 year	20	18
1 to 2 years	27	24
3 to 4 years	13	16
5 to 10 years	29	30
More than 10 years	11	12

In the year under review, the number of incoming job applications stood at around 17,500, up 25% on the previous year (2014: around 14,000). The 2015 "trendence Absolventenbarometer" study continues to rate Nordex as one of the most popular employers in Germany for engineering graduates. However, the Company fell by nine ranks to 90th position in the latest survey (2014: 82nd).

25% increase in job applications

Remuneration system

Employees in Germany receive an annual salary paid in twelve monthly instalments. Technical staff receive a basic wage plus night, weekend and holiday bonuses. These bonuses have been fixed in an in-company agreement entered into with the employee representatives. In addition, flexible working hour models are possible, meaning that overtime can be offset by non-working time. As well as this, certain Nordex employees receive a performance-tied annual bonus contingent on certain predefined enterprise-wide EBIT goals being achieved. This is also set out in an in-company agreement.

The service contracts for management staff provide for a basic salary and generally also performance-tied variable components based on individual target agreements and the Nordex Group's business performance. In individual cases, Nordex may also grant non-cash benefits to employees such as a company car or training allowances.

In 2007, Nordex implemented a uniform compensation system for the staff at its German facilities which does make any distinction between Eastern and Western Germany or between technical and administrative staff; instead, it is based on the profile of requirements for the position in question. All positions are assigned to a compensation scale comprising a total of 13 levels plus a further four for specialists and managers. In this way, Nordex is seeking to enhance the transparency of the remuneration system on the one hand while boosting staff motivation on the other. At the same time, it offers its employees a company pension scheme in the form of deferred compensation which it tops up by a further amount and grants allowances for public transport at certain facilities, thus encouraging the use of environment-friendly transportation.

The compensation paid to the Management Board comprises fixed and performance-tied components. Total remuneration paid to the Management Board in accordance with Section 314 (1) No. 6 of the German Commercial Code came to EUR 3.38 million in the year under review (2014: EUR 2.82 million). The remuneration paid to the Management Board is individualised and presented in accordance with the recommendations of the German Corporate Governance Code in the notes to the consolidated financial statements. In addition, the basis for calculating this remuneration is described there. In addition to a company car, which may also be used privately, Nordex covers the cost of premiums for D&O liability insurance exceeding the uninsured portions retained by the Management Board members. Other than this, there are no material fringe benefits. As a rule, the service contracts entered into with the members of the Management Board have a term of between three and five years.

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Details of the individualised remuneration paid to members of the Supervisory Board is set out in the Company's Articles of Incorporation. Under the Articles of Incorporation, all members of the Supervisory Board are entitled to fixed remuneration of EUR 30,000 (2014: EUR 25,000) in consideration of the performance of their duties for each full year in which they are members of the Supervisory Board plus reimbursement of all costs incurred in the performance of their duties.

The chairman of the Supervisory Board receives twice this amount and his deputy one-and-a-half times this amount.

Each member of the Supervisory Board who is a member of a committee established by the Supervisory Board receives additional fixed remuneration of EUR 3,000 (2014: EUR 0) for each full year in which he or she is a member of the committee. The chairman of a committee receives twice this amount.

Persons joining or leaving the Supervisory Board or one of its committees during the year receive one twelfth of this amount for each full or partial month of service.

Business report

Underlying conditions in the economy as a whole and in the wind power industry

Macroeconomic environment

3.1% increase in global GDP

According to the International Monetary Fund (IMF), the global economy softened slightly in 2015, with global real gross domestic product (GDP) expanding by 3.1%, down from 3.4% in 2014. This was due to slower growth in the developing and emerging markets, which at a rate of 4.0% (2014: 4.6%) still expanded twice as quickly as the industrialised nations, which grew by 1.9% (2014: 1.8%).

The United States (2.5%) and Germany (1.5%) continued at a similar pace on the upward trajectory which had emerged in earlier years, while momentum slowed in the United Kingdom (2.2%) and Canada (1.2%). Matching the Eurozone as a whole (1.5%, up from 0.9% in 2014), the economies of France (1.1%), Italy (0.8%) and Spain (3.2%) expanded at significantly faster rates than in 2014. At 6.9%, growth in China, the world's second largest economy, fell short of the previous year's figure of 7.3%, while expansion in India held steady at 7.3%. In Latin America (down 0.3%), the two largest economies performed disparately: whereas Brazil contracted by 3.8%, thus sliding into a recession, Mexico continued on its path of stable growth (2.5%).

Consumer price inflation was very subdued in the industrialised nations in 2015, dropping by a significant 0.9 percentage points over the previous year to 0.3%. Inflation in the developing and emerging markets accelerated slightly to 5.6% (2014: 5.1%). The decline in the prices of oil and other commodities placed a damper on inflation in the industrialised nations in particular in 2015. In other markets, currency shifts primarily spurred inflation. This was particularly the case in Russia, where inflation surged from 8.1% in 2014 to 15.9%.

Against the backdrop of generally muted economic conditions and low inflation rates, the main central banks continued their accommodative monetary policy in 2015, although interest rates were raised in the United States for the first time in more than seven years. Thus, the US Fed increased its main rates by 0.25 percentage points to a range of 0.25–0.5% in December 2015. On the other hand, the European Central Bank (ECB) left its main refinancing rate unchanged at 0.05% last year and lowered to –0.3% the deposit rate at which commercial banks are able to deposit cash with it, which had already entered negative territory in 2014. In addition, the ECB launched a bond purchasing programme with a monthly volume of EUR 60 billion in March 2015. Although it was initially intended for it to expire in September 2016, it was renewed until at least March 2017 in December 2015. In doing this, the ECB is seeking to nudge inflation in the Eurozone up towards 2%.

Nordex SE enters into a large part of its contracts on a euro basis. In addition, the US dollar (USD) and sporadically also the South African rand (ZAR) had a bearing on project execution during the reporting period.

Euro lower against the dollar

In the year under review, the euro depreciated again against the US dollar, dropping by just under 10% from EUR 1.21 per euro on 31 December 2014 to USD 1.09 per euro on 31 December 2015. The currency particularly came under pressure in the spring on fears of a possible exit by Greece from the Eurozone, while the signs of an imminent hike in US interest rates exerted strain later on in the year.

The South African rand lost around 20,7% of its value against the euro in 2015. On 31 December 2015 it was trading at ZAR 16.95 per euro, up from ZAR 14.04 per euro at the end of 2014.

119 Further information can be found in the notes in the section entitled "Financial risk management".

EUR/USD exchange rate in 2015

Source: Deutsche Börse

EUR/ZAR exchange rate in ZAR 2015

Source: Deutsche Börse

Prices of aluminium, copper and steel, all of which play an important role in the production of wind power systems, dropped in the course of 2015. Traded in US dollars, aluminium declined by around 19%, copper by around 25% and steel (hot rolled coils) by more than 40%. The fluctuation in these commodity prices had only a minor effect on Nordex as components are sourced at short notice for specific projects after a contract has been awarded.

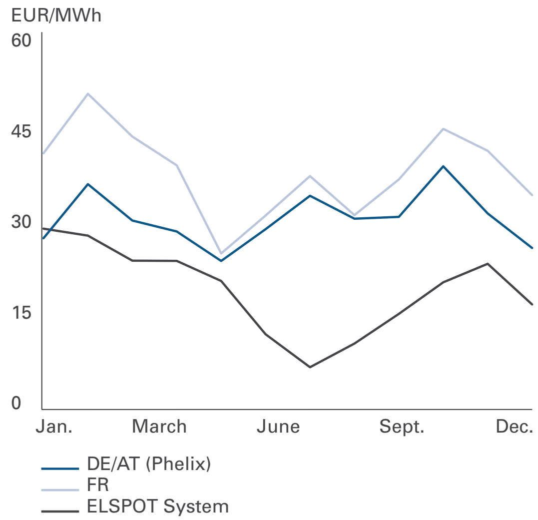
The prices of oil, gas and electricity, all of which exert a crucial influence on the economy as a whole and also form a basis for decisions on future power station capacity, declined to differing degrees in the period under review. High production volumes in the large oil-producing countries combined with shale oil production in the United States and Canada in tandem with the muted momentum of the global economy sent oil prices sharply downwards in the course of the year. Thus, the price of Brent oil, which plays an important role in Europe, fell by around 35% at the end of 2015 to USD 37.60 per barrel (end of 2014: USD 57.56 per barrel).

US gas prices as measured at the Henry Hub likewise fell sharply. At the end of 2015, the spot prices stood at USD 2.28/MMBTU (BTU = British thermal unit), around 25% lower than in the previous year (end of 2014: USD 3.14/MMBTU). In Europe, gas prices were also down. According to the German Federal Office of Economics and Export Control (BAFA), the cross-border price of gas fell by just under 27% in the period from January to December 2015 from EUR 6,519.51/TJ (terajoule) in the same period of the previous year to EUR 4,892.25/TJ.

Electricity wholesale prices on the decline

Wholesale electricity prices also declined at differing rates in Europe in 2015. At EUR 27.28/MWh in December 2015, the mean monthly EPEX spot price for base load electricity in Germany and Austria (day-ahead auction) was down roughly 5% on January 2015. In France, the mean monthly price of base load electricity stood at EUR 35.13 in December 2015, around 15% below the January figure. The ELSPOT system price for the Scandinavian market fell even more sharply by almost 40%, standing at an average of around EUR 19 in 2015. At the equivalent of around EUR 45/MWh, UK wholesale prices as quoted on the APX Power Spot Exchange at the end of the year under review were down on the end of 2014.

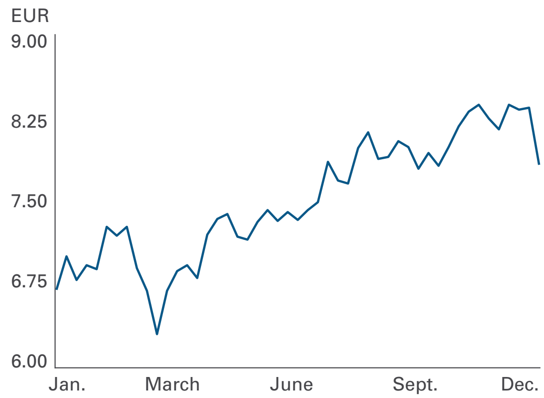
Electricity prices in Europe in 2015



Sources: EEX; EPEX Spot; ELSPOT

The prices listed on the EEX for EU allowances (EUA) permitting the emission of one ton of CO_2 increased relatively continuously in the course of the year, rising from EUR 6.71 per EUA at the first January auction for Germany to EUR 7.98 per EUA at the final December auction. This translates into an increase of around 19% during the year.

Prices of CO_2 emission allowances (EUA) in 2015



Source: EEX

Conditions in the wind power industry

According to data released by GWEC (Global Wind Energy Council), new installations of wind power systems rose again sharply in 2015. With global new production capacity coming to just under 63 GW, the wind power industry reached a new record again, exceeding the previous year (2014: 51.7 GW) by just under 22%.

Onshore systems were again the dominant technology, accounting for just under 95% or some 59.6 GW of new installed capacity.

GWEC reports that total global installations now stand at a cumulative 432 GW, an increase of 17% in the installation base over the previous year (2014: 370 GW). Of this total capacity, Asia Pacific accounts for around 180 GW or just under 42%, EMEA for 35% or 151 GW and North, Central and South America for 23% or 101 GW.

As in earlier years, the largest market for wind power systems was China, where installed capacity rose by around 30% over the fairly subdued previous year to 30.5 GW (2014: 23.4 GW). Another volume market in the region was India with new installations of 2.6 GW (2014: 2.3 GW).

In the Americas, the United States was again the largest market. This market recovered significantly again in the year under review following the renewal of the local production tax credit (PTC) and investment tax credit (ITC) incentive schemes in 2013. Installations increased from 4.8 GW (2014) to 8.6 GW. According to AWEA (American Wind Energy Association), a further 9.4 GW was under construction at the end of 2015.

Following the previous year's record installations (2014: 1.9 GW), Canada reported a decline of almost 21% to 1.5 GW. Brazil (2.8 MW) and Mexico (0.7 MW) also asserted themselves as volume markets. Total new installations in the Americas came to 14.5 GW, almost a third more than in the previous year (2014: 11 GW).

In Europe, Nordex's core region, total new wind power capacity came to 13.8 GW in the period under review (2014: 12.8 GW). With a share of around 78% (2014: 88%), the onshore segment remained the dominant technology in Europe, contributing total capacity of 10.8 GW (2014: 11.3 GW). All in all, the European market thus expanded by just under 8%. In addition, capacity of just under 0.8 MW was installed in other EMEA countries, particularly Africa (2014: 0.9 GW). The main market here was South Africa with new installations of 0.5 MW (2014: 0.6 GW).

New wind production capacity of 63 GW

The largest single market within Nordex's core EMEA region and the world's third largest market for new installations was Germany. However, new installations in this market contracted by almost 21.5% over the previous year to 3,731 MW (2014: 4,750 MW). The greatest increases in new capacity were registered in the German states of Schleswig-Holstein (888 MW), North Rhine-Westphalia (422 MW), Lower Saxony (413 MW) and Brandenburg (398 MW). All told, there are currently 25,980 wind power systems with a combined capacity of some 41.7 MW in operation in Germany.

Alongside Germany, Poland (1,266 MW) and France (1,073 MW) also emerged as "gigawatt" markets. Further significant installations were recorded in the United Kingdom (975 MW including offshore turbines of 566 MW), Turkey (956 MW) and Sweden (615 MW). However, the Swedish market contracted by more than 41% over the previous year (2014: 1,050 MW).

Whereas the Irish market was virtually unchanged at 224 MW (2014: 213 MW), Finland (379; up 106% over 2014), Italy (295 MW, up 174% over 2014) and the Netherlands (586 MW, including 180 MW of offshore capacity; up 235% over 2014) expanded, in some cases substantially so.

On the other hand, installations were down in the Southern and Eastern EU countries such as Portugal (132 MW; down 41% on 2014) and Romania (23 MW, down 94% on 2014), while there were no new installations at all in Spain.

Driven by further technological progress and the expansion path for wind power, a number of European countries reported new wind power production records last year. In Germany, for example, onshore wind power systems contributed 12.0% (2014: 8.9%) to national electricity production in 2015. This means that onshore wind power is the most important renewable energy technology in Germany. All told, wind, photovoltaics, biomass and hydropower already account for almost one third of the German electricity balance. In Italy, wind power contributed a virtually unchanged 5.4% (2014: 5.6%), while the United Kingdom recorded a small increase to 11% (2014: 9%). By contrast, Denmark is already covering 42% of its electricity requirements (2014: 39%) from wind power systems.

All told, installed wind power capacities currently stand at just under 148 GW in Europe; according to the European Wind Energy Association (EWEA), this is sufficient to cover more than 10% of EU electricity requirements.

Research institute Bloomberg New Energy Finance (BNEF) reports that capital spending in the renewable energies segment rose for the second consecutive year in 2015. At USD 329 billion, global investments were up a good 4% over the previous year (2014: USD 316 billion). Regionally, Asia and North America registered an increase in investments in environment-friendly technologies; broken down by technology, all relevant segments were up. Wind power attracted investments of USD 107.8 billion, up around 8% over the previous year (2014: USD 99.5 billion), reaching a further record for this technology

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COP 21 generating impetus for climate policy

Held in Paris at the end of 2015, the COP 21 Global Climate Conference generated new impetus for climate policy as a basis for the expansion of production technologies for renewable energies. All countries (195 countries plus the EU with its 28 members) signed a global climate treaty. The main aspects are as follows:

- Global warming compared to the preindustrial era is to be capped at well under 2 degrees Celsius
- The temperature increase is to be halted at 1.5 degrees Celsius as far as possible
- National climate protection goals are to be reviewed and revised every five years from 2023
- An agreement on joint reporting obligations and transparency rules is to be prepared
- A climate fund of USD 100 billion per year is to be established for emerging and developing countries to improve climate protection

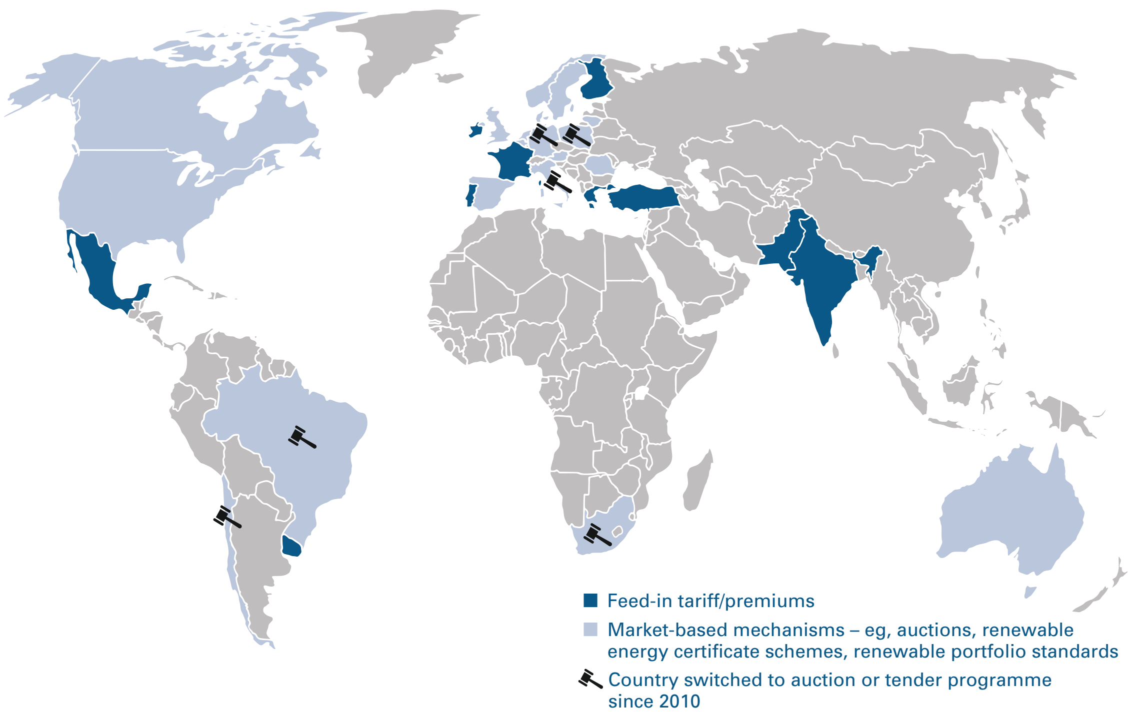
Pending earnest global implementation, national legislation, climate protection goals and expansion plans will continue to form the main underlying political conditions for expansion in regenerative energy production. In this respect, onshore wind power, which is on the verge of reaching the grid parity threshold – i.e. a cost of energy comparable to that of fossil power stations – is in a very good position. However, the prospects vary greatly against the backdrop of the specific energy policies and political and financial frameworks in the individual sales regions.

In the Asia-Pacific region, China and India are the two main volume markets but are still very difficult for Western producers to access without local production or project development resources. With a cumulative output of 115 GW, China in particular reached its 2015 target of 100 GW as early as in 2014. This was followed in 2015 by the installation of a further 30.5 GW. In India, total new wind power capacity came to 2.6 GW (2014: 2.4 GW) in the period under review.

In addition, further potential in the Asia-Pacific onshore market can be sporadically found in Japan, South Korea, Thailand, the Philippines and Pakistan, where incentive systems for the development of renewable energies have been implemented or are being prepared at the political level.

In North America, the United States remains the most important market. The renewal of the PTC and ITC incentive programmes in December 2015 for a further five years will improve market stability. The ITC incentive, which is relevant for the onshore market, initially stands at USD 2.3 ct/kWh but will be reduced incrementally in steps of 20% between 2017 and 2019. This gradual phasing-out of incentives substantially improves forward planning visibility,

Market mechanisms in selected markets



Source: Bloomberg New Energy Finance

prompting Danish consulting company MAKE Consulting to identify additional market potential of 14.5 GW between 2016 and 2021.

As stringent requirements with respect to local content and production apply in the other American volume markets, particularly Canada (varies according to province) and Brazil, Nordex focused on potential markets in Latin America such as Uruguay and Chile in the period under review, i.e. prior to the addition of
41 AWP's production capacities (see also "Targets and
79 strategy", "Outlook and expectations" and "Risks and
67 opportunities"). These countries have executed tender processes (in the case of Uruguay) for regenerative production capacity and announced new targets (doubling of the target installed basis in Chile).

The 28 countries of the European Union are still committed to lowering emissions in the energy balance (electricity, heating, transport) by 27 percent relative to 1990 levels by 2030 in accordance with a corresponding EU directive. In addition, the EU has undertaken to reduce its CO_2 emissions by at least 40% compared with 1990 by 2030, recording this in its policy framework for climate and energy in the period from 2020 to 2030. In this policy, the Commission has additionally stressed that national incentive systems – particularly for more mature technologies such as onshore wind power – should be structured on a more market-oriented basis.

Incentive systems with a greater market orientation

The targets defined by the individual countries vary depending on their local energy policy structures and existing production capacity. The EU plans to implement more market-oriented incentive systems – such as tender processes as in Italy and the Netherlands – by 2017. The introduction of such a process for the German market as well is currently in the legislative process. New production capacity is to be awarded in three auctions per year in 2017, after which four auctions a year will be held from 2018 to ensure the continued expansion of renewable production technologies. However, the feed-in tariff under the Renewable Energies Act also applies in the following year to projects already approved in 2016.

Moreover, the United Kingdom, France, Poland and Ireland have embarked on legislative procedures to incorporate the European Union's targets to a greater extent in the medium term.

Trade in EU emission allowances is a further important pricing tool. Following a reduction in the available emission allowances ("backloading"), certificate prices stabilised to some degree in 2014, rising to over EUR 8.00 per EUA at times in the year under review. The 900 million allowances which were held back in 2014 will not be available for auctioning again until 2019/2020.

Fourth round of bidding in South Africa

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In South Africa, which Nordex continued to allocate to its EMEA sales region in the period under review, the fourth tender process for production capacity from renewable energies (676 MW) has been completed. Whereas Nordex did not qualify as a supplier, AWP was successful (see also "Targets and strategy", "Outlook and expectations" and "Risks and opportunities"), securing notable volume. Wind power remains the dominant technology in South Africa on account of the relatively low cost of energy. Following its successful entry into this market and the installation of more than 100 turbines with a cumulative capacity of more than 250 MW, Nordex is well positioned and expects to receive additional contract awards particularly in conjunction with AWP (see also "Targets and strategy", "Outlook and expectations" and "Risks and opportunities").

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Breakdown of the wind power market 2015 (onshore and offshore)

Region/country	New installed capacity MW 2014	New installed capacity MW 2013	Change %
Asia-Pacific	33,986	26,728	27.2
EMEA	14,558	13,754	5.8
The Americas	14,469	10,996	31.6
Total	63,013	51,746	21.8
China	30,500	23,351	30.6
United States	8,598	4,850	77.3
Germany	6,013	5,279	13.9
France	1,073	1,042	3.0
United Kingdom	975	1,736	–43.8
South Africa	483	570	–15.3

Source: GWEC, EWA February 2016

Top 5 new installed capacity 2015 (onshore and offshore)

Country	Share of world market %
China	48
United States	10
Germany	9
Brazil	5
India	4

Source: GWEC February 2016

TOP 5 cumulative capacity 2015 (onshore and offshore)

Country	Share of world market %
China	34
United States	14
Germany	10
Brazil	6
Spain	5

Source: GWEC February 2016

Nordex Group's business performance

Order intake

Turbine order intake came to EUR 2,470.9 million in 2015, up 40.9% on the previous all-time high of EUR 1,753.9 million achieved in the previous year. The strongest order intake was recorded in the first quarter (EUR 644.1 million) and the second quarter (EUR 709.4 million), which was also the best quarter in the Company's history in terms of order intake. During this quarter, Nordex gained the "Pampa" turnkey project in one of the largest orders which it had ever received. Nordex will be installing the 141.6 MW wind farm for the government-owned Uruguayan utility UTE.

The top-selling product was the N117/2400 for low-wind areas with a share of 39% of all turbines sold. With sales of 186 units (2014: 164 units), the efficient IEC3 turbine was particularly successful in Germany but was also sold in Finland, France, the Netherlands, Poland, Turkey and Uruguay. The Generation Delta turbines continued a successful ramp-up phase, achieving a share of just 24% of order intake or 189 units in the year under review (2014: 19% and 125 units). The new-generation turbine was sold for projects in Germany, Finland, France, South Africa and Turkey as firm order intake.

Regionally, EMEA contributed the largest proportion of order intake of 90% (2014: 89%) or EUR 2,215.6 million (2014: EUR 1,557.6 million); this marked a further increase of 42% over the previous year. Business in Europe and Africa (EMEA) also included Pakistan in the period under review. The most important markets in terms of order intake were Germany, Turkey, France and the United Kingdom.

The focused sales and marketing strategy and the superior low-wind turbine for non-coastal locations caused a further increase in the domestic market of Germany. At EUR 915.5 million, order intake rose by more than 49% over the previous year (2014: EUR 614.1 million).

Order intake in Southern Europe was underpinned by the regained strength of the French market. Driven by the Company's own project development activities and preliminary sales success with new models, order intake in France rose by more than 6%.

Order receipts up more than 40%

In Northern Europe, business was up in Ireland and the United Kingdom, with Nordex registering double-digit growth rates for order intake in both markets. New orders rose by 67% in the United Kingdom and by 16% in Ireland. In addition, significant new business substantially in excess of EUR 100 million was recorded again in Finland.

Of the Eastern Europe EU member states, which include Romania and Poland as focus markets, the Polish market recovered slightly. Whereas no new contracts were awarded in Romania, new business rose by just under 30% in Poland.

Turkey and the Middle East – primarily comprising the focus markets Turkey and Pakistan (formerly APAC) – contributed 19% to the Group's order intake particularly thanks to the strong Turkish market (growth of 56% over 2014).

Whereas no new business was generated in the other Asian markets, order intake in the Americas widened by a good 40% to EUR 255.3 million.

Turbine order intake in the main markets by region

	2015 EUR million	2014 EUR million
Europe/Africa (EMEA)*	2,215.6	1,557.6
of which Germany	915.5	614.1
of which Turkey	345.6	221.3
of which United Kingdom	204.1	122.4
of which France	195.7	184.7
of which Finland	149.9	163.1
of which Pakistan	128.2	0
The Americas	255.3	182.1
Asia	0	14.2
Total	2,470.9	1,753.9

* Including Pakistan since 2015; beforehand reported in APAC region

At 1.11, the book-to-bill ratio in turbine business – i.e. excluding service business and sales – remained almost on a par with the previous year (2014: 1.13) and thus continues to reflect the Nordex Group's market success and its continued growth.

Order books worth EUR 1,668.0 million

At the end of the year under review, firm orders were valued at EUR 1,668.0 million, up 14% on the previous year (2014: EUR 1,461.6 million). EMEA including Pakistan accounted for 91% of order books, followed by the Americas with 9%. Looking ahead over the next few years, Nordex's strategy together with the merger of its business activities with those of AWP (see also "Targets and strategy", "Outlook and expectations" and "Risks and opportunities") provides for further diversification across existing focus markets as well as new growth markets.

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In addition, contingent orders – weighted by the probability of a contract award – of EUR 597.0 billion (31 December 2014: EUR 755 million) had been secured as of the reporting date. This decline reflects the disproportionately strong conversion of contingent into firm orders in the course of the year under review. However, they rose during the year by almost 6% over the third quarter of 2015 (30 September 2015: EUR 562.1 million). Contingent orders comprise delivery contracts or corresponding master contracts which do not yet satisfy all criteria (e.g. grid connection contract, building permit, receipt of downpayment) for immediate commencement of production and assembly.

At EUR 2,265 million, order books were up more than 2% compared with the final day of the previous year (31 December 2014: EUR 2,216 million). This provides Nordex with continued forward planning visibility for its medium-term business especially as it will be joined by AWP's project pipeline in the coming year (see also "Targets and strategy", "Outlook and expectations" and "Risks and opportunities").

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Service contracts were valued at EUR 997.0 million as of 31 December 2015 and were thus up almost 29% on the previous year (31 December 2014: EUR 771.3 million). These are service contracts for existing turbines which were active as of the reporting date, i.e. 31 December 2015. Contracts taking effect after that date are not yet included in this indicator. The main drivers were new turbine business as well as concerted efforts to open up the market for service business with a corresponding renewal rate for expiring service contracts. In the year under review, it was possible to renew 93% of all expiring contracts, translating into a further increase of 3 percentage points (2014: 90%) in the renewal rate.

As well as this, the availability of the turbines covered by Nordex service contracts remained very high in the year under review, coming to 97.4% in 2015 (2014: 97.9%). This means that unscheduled downtimes of the turbines under management remained very low. The slight decline in availability is due to increased ad-hoc safety-related inspections.

The success of the service organisation is also reflected in the latest independent surveys. Thus, despite the strong growth in its service structures and the resultant increase in the portfolio in Germany, Nordex was again awarded a grade of 2.8 in the survey conducted by industry association Bundesverband WindEnergie (BWE).

Production

In the year under review, the Nordex Group achieved a substantial increase in output, particularly in turbine production. At 1,899.3 MW, turbine production reached the highest level ever in the Company's history, exceeding the previous year's record figure (2014: 1,417 MW) by another 34%. This is equivalent to an output of 744 turbines, including 610 in the 2 MW class and 134 in the 3 MW class.

366 rotor blades were produced, around 29% down on the previous year (2014: 519). This decline was due to conversion and expansion work at the Rostock blade centre as well as the production start-up for the NR 65.5 blade, which is fitted to the N131/3000 and N131/3300 turbines. Under the rotor blade production strategy, the Rostock facility will be increasingly assembling complex blades such as the NR 65.5 or blades fitted with the anti-icing system. As the conversion and expansion has now been completed, Nordex expects an increase in production output.

Output

	2015 MW	2014 MW
Turbine production	1,899	1,417
	Number of blades in 2015	Number of blades in 2014
Rotor blade production	366	519

Installations

At 1,697.0 MW, the turbine capacity installed by Nordex in 2015 was just under 14% up on the previous year (2014: 1,488.7 MW), reaching a new record.

This performance was particularly driven by EMEA, which also includes South Africa and Pakistan for segment reporting purposes. The EMEA wind markets accounted for roughly 89% (2014: 86.1%) or 1,504.7 MW (2014: 1,281.6 MW) and the Americas for around 11% (2014: 10.6%) or 192.3 MW (2014: 157.6 MW). There were no new turbine installations in Asia. In the previous year, 3.3% or 49.5 MW had been installed in China.

All told, 657 wind power systems were installed in 14 countries (2014: 18 countries), marking a new record for the Company. This translates into an increase of just under 9% over the previous year, when 603 turbines were installed. New installations were dominated by the Gamma Generation, which contributed over 78%, with the N117/2400 once again proving to be the top seller (45%). At 144, the number of Generation Delta turbines installed increased almost three-fold (2014: 50 turbines), reflecting the very favourable response on the part of customers. Average capacity per installed turbine was up slightly on the previous year, coming to 2.58 MW (2014: 2.47 MW).

The largest single market in the core EMEA region was Germany with an installed capacity of 437.2 MW (2014: 412.5 MW). The success which the Company enjoyed in its home market was materially underpinned by the N117/2400 non-coastal turbine, of which 141 units alone, equivalent to more than 338.4 MW, were installed. 100 MW or more were installed in Turkey (278.2 MW), France (154.8 MW), Finland (152.4 MW), the United States (137.5 MW) and the United Kingdom (131.0 MW). Nordex also increased installation volumes in its focus markets Netherlands (up 275%), Italy (up 65%) and Poland (up 41%). In addition, it completed two projects in Lithuania with a total of 27 turbines (69.6 MW). Installations contracted in Pakistan (down 72.5%), Uruguay (down 18.5%), Ireland (down 46.9%) and South Africa (down 13.3%). In contrast to 2014, no new turbines were installed in Belgium, China, Greece, Romania and Sweden in the year under review.

New record for installed capacity

According to the installation statistics of the international associations GWEC (Global Wind Energy Council) and EWEA (European Wind Energy Association), Nordex was able to maintain or even widen its position in a number of markets. Thus, it achieved close to or, in some cases, a substantially double-digit share of the EMEA onshore market (12.9%, up 3.4 percentage points) as well as in several focus markets.

EWEA and GWEC report that Nordex achieved a double-digit share of the market in eleven out of the 14 countries in which it had installed turbines in the year under review. These were Lithuania (48%), Finland (40%), the United Kingdom (32%), Turkey (29%), Ireland (25%), South Africa (18%), Uruguay (17%), France (14%), the Netherlands (12%), Germany (12%) and Italy (10%). Nordex widened its share of the domestic German market by around 3 percentage points, thus bucking the trend which saw a decline of more than 21% in onshore installations from 4,750 MW in 3,730 MW in this country.

Installed Nordex capacity per country	2015 MW	2014 MW
Germany	437.2	412.5
Turkey	278.2	145.2
France	154.8	94.5
Finland	152.4	73.2
United States	137.5	90.4
United Kingdom	131.0	67.5
South Africa	88.9	102.5
Lithuania	69.6	0
Ireland	55.0	103.5
Uruguay	54.8	67.2
Netherlands	49.5	13.2
Poland	31.8	22.5
Italy	28.8	17.5
Pakistan	27.5	100.0
China	0	49.5
Sweden	0	94.5
Greece	0	20.0
Belgium	0	12.5
Romania	0	2.5
Total	1,697.0	1,488.7

Sales

Sales up a good 40%

Sales in 2015 rose by around 40% to EUR 2,430.1 million (2014: 1,734.5 million). This performance was materially due to the considerable increase in order books to EUR 1,461.6 million (as of 31 December 2014, up from EUR 1,258.7 million as of 31 December 2013) with which Nordex had entered the year under review, the assembly of turbines, the execution and final billing of large-scale projects as well as the sustained strong order intake, particularly for the low-wind N117/2400 turbine.

EMEA remained persistently strong, with sales climbing by just under 42% to EUR 2,142.6 million (2014: EUR 1,513.8 million). Accordingly, Nordex's core region contributed more than 88% of the sales recorded in 2015. Sales in the Americas rose by just under 43% to EUR 286.1 million (2014: EUR 200.7 million) thanks to projects in the United States and Uruguay, accounting for just under 12% of total sales. Business in Asia generated sales of EUR 1.4 million (2014: EUR 20.0 million), thus making only a negligible contribution to the Group's top line.

Sales by segment	2015 EUR million	2014 EUR million
EMEA	2,142.6	1,513.8
The Americas	286.1	200.7
Asia	1.4	20.0
Total	2,430.1	1,734.5

Broken down by country, Germany accounted for EUR 1,016.0 (2014: 707.4 million), the United States for EUR 255.5 million (2014: 191.8 million), France for EUR 219.2 million (2014: EUR 156.0 million), South Africa for EUR 177.7 million (2014: EUR 67.7 million) and Finland for EUR 172.4 million (2014: EUR 123.9 million).

New turbine business contributed 91.3% (2014: 89.8%) of total sales, while service business expanded by just under 18% over the previous year to EUR 196.5 million (2014: EUR 166.4 million) contributing 8.1% (2014: 9.6%) of total sales. Miscellaneous activities accounted for 0.6% (2014: 0.6%) or EUR 14.5 million (2014: EUR 10.9 million).

Results of operations and earnings situation

The Nordex Group's total revenues rose by just under 39% in 2015 to EUR 2,416.1 million (2014: EUR 1,739.5 million), reflecting further growth in business along the entire value chain, particularly production and assembly. The basis for this was the large volume of firmly financed orders of EUR 1,461.6 million as of 31 December 2014 with which Nordex had entered 2015.

Sales per employee grew significantly by 24.6% from EUR 619,464 to EUR 771,952. Structural costs before depreciation and amortisation rose by 28.4% to EUR 353.9 million (2014: EUR 275.7 million) and hence more slowly than sales. Likewise, personnel costs climbed less quickly than sales, increasing by 17.7% from EUR 167.7 million to EUR 197.3 million. This reflects trends in wages in Europe as well as further changes to personnel structures as a result of additions in EMEA and capacity-induced new recruiting in the service and production areas.

Other operating income net of other operating expenses increased by 45.0% to EUR 156.6 million (2014: EUR 108.0 million). Whereas other operating expenses climbed by 36.3% to EUR 178.1 million (2014: 130.7 million), other operating income dropped by 5.4% to EUR 21.4 million (2014: EUR 22.7 million). This item includes currency translation gains as well as insurance claims indemnified.

Structural costs (before depreciation and amortisation)

	2015 EUR million	2014 EUR million
Personnel costs	197.3	167.7
Other operating expense net of other operating income	156.6	108.0
Total	353.9	275.7

At EUR 56.1 million, depreciation and amortisation expense was 30.5% up on the previous year (2014: EUR 43.0 million). This reflects the increase of almost 24% in depreciation charges on property, plant and equipment from EUR 22.9 million to 28.6 million and the increase of 40.5% in the amortisation of capitalised development costs from EUR 18.5 million to EUR 26.1 million.

The cost-of-materials ratio remained at a level of 77.4%. This was caused by quality issues on the part of one supplier of externally sourced NR 58.5 rotor blades. Adjusted for these quality issues, the Nordex Group would have achieved a significantly lower cost-of-materials ratio as the measures for lowering the cost of energy are taking effect.

The currency-induced cost overruns on turnkey projects in South Africa, for example, were hedged, meaning that the added expense was offset by corresponding effects in other operating income.

All told, earnings before interest and taxes climbed by 61.8% to EUR 126.2 million (2014: EUR 78.0 million), producing an improved EBIT margin of 5.2% (2014: 4.5%).

Net finance expense widened by 24.2% from EUR 22.7 million in the previous year to EUR 28.2 million. The 13.8% increase in interest expense from EUR 20.5 million to EUR 23.3 million was due to larger business volumes and greater utilisation of the syndicated guarantee facility. Moreover, impairments of financial assets and securities held as current assets were valued at EUR 7.1 million, thus rising by just under EUR 4.6 million over the previous year (2014: EUR 2.5 million) as a result of the impairment recognised on the associated company KNK Wind GmbH in which the Nordex Group holds a share of 38.89%.

Consequently, profit from ordinary business activities increased by 77.2% to EUR 98.1 million in the year under review (2014: EUR 55.3 million). After income tax of EUR 45.8 million (2014: EUR 16.3 million), consolidated net profit came to EUR 52.3 million (2014: EUR 39.0 million). Earnings per share rose by 35% to EUR 0.65, up from EUR 0.48 in 2014.

Financial condition and net assets

The paramount goals of financial management at the Nordex Group are to secure liquidity, protect its credit rating and ensure access to the necessary funding. Key parameters used for achieving this include working capital and the equity ratio.

The main capital measures in the year under review included a new syndicated guarantee facility of EUR 950 million, which was signed with 14 banks on 15 December 2015 for a period of five years plus a cash facility of EUR 450 million divided into two parts: a cash limit of EUR 300 million with a term of 18 months and a further facility for EUR 150 million for a five-year period. Whereas the guarantee facility is required to accommodate the expected growth and can be expanded to up to EUR 1.2 billion with the addition of Spanish syndicate banks, the main purpose of the cash limit is to finance the cash component of the AWP transaction (see also "Targets and strategy", "Outlook and expectations" and "Risks and opportunities") and to repay the corporate bond which expires in April 2016. The Nordex Group is currently preparing a "green" bonded loan

Operating profit up more than 60%

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Preparations for "green" bonded loan

issue to discharge this cash facility, i.e. the instrument will be certified as a sustainable investment in accordance with the Climate Bond Initiative (CBI) standards.

Equity rose to EUR 455.6 million as of 31 December 2015 and was therefore up 15% on the previous year (31 December 2014: EUR 396.0 million). As total assets simultaneously rose by 17.8% to EUR 1,460.1 million (31 December 2014: EUR 1,239.9 million), the equity ratio stood at 31.2% as of the reporting date, 0.7 percentage points down on the previous year (31 December 2014: 31.9%).

The share premium stands at EUR 229.1 thousand (2014: EUR 242.6 thousand). It dropped by EUR 12.1 million in the year under review due to the carried-forward consolidated earnings and by EUR 1.4 million as a result of the recognition of the employee option programme completed in 2008.

Of the net loss for the year of EUR 15.3 million recorded by Nordex SE in 2015 (2014: net profit of EUR 3.2 million) in accordance with the German Commercial Code, an amount of EUR 3.2 million was settled using withdrawals from retained earnings and an amount of EUR 12.1 million using the share premium.

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Further details of the changes in the individual equity items can be found in the consolidated statement of changes in equity.

The sustained high order intake connected with corresponding customer prepayments and working capital management caused cash and cash equivalents to climb by just under 37% to EUR 529.0 million in the year under review (31 December 2014: EUR 388.4 million). Cash and cash equivalents also include fixed-term deposits with notice periods of up to twelve months. Despite the continued increase in project volumes, inventories declined by 20.2% to EUR 218.6 million (31 December 2014: EUR 273.9 million), while trade receivables and future receivables from construction contracts rose by 48.5% to EUR 275.5 million (31 December 2014: EUR 185.5 million). This reflects the substantial increase in procurement, production, logistics and installation activities.

All told, current assets rose by 23.6% to EUR 1,139.0 million (31 December 2014: EUR 921.2 million).

Non-current assets climbed by a small 0.8% over 2014, standing at EUR 321.2 million as of the reporting date, up from EUR 318.6 million at the end of the previous year. Material changes within non-current assets related to property, plant and equipment (7% increase from EUR 136.2 million to EUR 145.6 million) and deferred income tax assets, which dropped by 21.7% to EUR 35.1 million (31 December 2014: EUR 44.8 million).

On the other side of the balance sheet, other current financial liabilities rose as the bond due for repayment in April 2016 was classified as current for the first time. Accordingly, current financial liabilities rose from EUR 25.7 million to EUR 184.2 million. Reflecting the heightened business activity, trade payables climbed by 43.6% to EUR 254.9 million (31 December 2014: EUR 177.5 million). Current liabilities came to a total of EUR 877.6 million in the year under review and were thus almost 39.5% up on the previous year (31 December 2014: EUR 629.2 million). Non-current liabilities contracted by EUR 87.7 million or 40.8% to EUR 126.9 million (31 December 2014: EUR 214.6 million). The main drivers were non-current bank borrowings (R&D loan provided by the European Investment Bank) and the increase in deferred income tax liabilities.

All told, net liquidity – i.e. cash and cash equivalents less interest-bearing liabilities – rose by a further 38.7% to EUR 322.0 million at the end of the year under review (31 December 2014: EUR 232.2 million).

Bank borrowings (including interest) of the Nordex Group

	Less than 3 months EUR million	3 to 12 months EUR million	1 to 5 years EUR million	beyond 5 years EUR million
2015	3.8	3.8	28.3	19.6
2014	0	0	0	0

Further disclosures on trade payables, bank borrowings and other financial liabilities can be found in the notes to the consolidated financial statements.

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In the period under review, Nordex generated a net cash inflow of EUR 168.0 million from operating activities (2014: EUR 160.3 million). The increase of 4.8% is due to heightened business activity, which impacted various parts of the consolidated cash flow statement. In particular, there was an increase in inventories and a decline in trade receivables and future receivables from construction contracts.

At –1.2% in the period under review (2014: –2.3%), the working capital ratio remained at a very low level beneath the target (< 5%). In addition to further improvements in working capital management – such as optimised turnaround and order times – this was driven by customer prepayments.

The net cash outflow from investing activities widened slightly by 2.5% to EUR 73.4 million (2014: net outflow of EUR 71.6 million). The net cash outflow from financing activities increased from EUR 38.3 million to EUR 50.0 million due to the partial utilisation of a loan granted by the European Investment Bank (EIB) of EUR 50 million.

Free cash flow almost 7% higher

Free cash flow as a key financial performance indicator came to EUR 94.6 million at the end of the year and was, thus, 6.7% higher than in the previous year (2014: EUR 88.7 million).

Cash changes in cash and cash equivalents came to EUR 144.6 million, well up on the previous year (2014: EUR 50.4 million). As a result, cash and cash equivalents at the end of the period were up 36%, rising from EUR 388.4 million (31 December 2014) to EUR 529.0 million (31 December 2015). The Nordex Group was able to satisfy its payment obligations at all times in the period under review.

Management assessment of the Company's economic performance

The Nordex Group's sales rose for the fourth consecutive year, climbing substantially to EUR 2,430.1 million in 2015 (2014: EUR 1,734.5 million) and reaching the highest level in the Company's history of more than 30 years. The main driver was the large order backlog with which the Company had entered the year under review together with sustained strong demand, particularly for the N117/2400 low-wind turbine, in various focus markets during the year. Moreover, in contrast to the previous year, there were no major project delays. Consequently, a new record number of 657 turbines were installed in the year under review.

Regionally, Europe was the most important market in terms of sales. Thus, Nordex was able to widen its share of the market in some parts of its core region, achieving a share of just under 13% in the European onshore market. In its domestic European market, the Nordex Group recorded a double-digit share of the onshore market of just under 12% for the first time again after a number of years. In Europe, new contracts were received in eleven markets, with around 35% of new business coming from emerging and developing markets (including Turkey).

EBIT margin of 5.2% in line with forecast

With the EBIT margin standing at 5.2%, operating earnings were in line with the expectations which had been revised most recently in November 2015. At the beginning of the year, the Management Board had originally forecast a margin of 5–6%. Adjusted for the effects of the quality issues referred to in “Results of operations and earnings situation” in connection with externally sourced rotor blades, the Nordex Group would have exceeded its margin forecast in 2015. The improved profitability in spite of the protracted pressure on prices in the wind power industry is chiefly due to the execution of projects with wider margins and economies of scale arising from continued growth. All in all, the Management Board is satisfied with the Company’s performance in the year under review.

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The planned merger with AWP (see also “Targets and strategy”, “Outlook and expectations” and “Risks and opportunities”) will result in a further increase in sales and, following the completion of integration, heightened profitability. The key elements here are the competitive product range with efficient turbines for each wind class, a further reduction in the cost of energy and the steady expansion of high-margin service business. Even after the merger, Nordex’s capital spending will therefore continue to focus on research and development in order to preserve its competitiveness.

Comparison of actual and forecast business performance

In its first full-year forecast in March 2015, the Management Board had projected sales in a range of between EUR 1.9 billion and EUR 2.1 billion and order intake of between EUR 1.8 billion and EUR 2.0 billion. In addition, a net cash inflow from operating activities, a working capital ratio of less than 5% and an improvement in the EBIT margin over the previous year to 5–6% had been forecast.

On the strength of the Company’s good operating business in the first half of the year – particularly as reflected in the performance indicators order intake and production – the Management Board raised all the main elements of this forecast when it presented the first-half figures in August 2015. The adjusted forecast indicated a range of EUR 2.0–2.2 billion for sales, EUR 2.1–2.3 billion for order intake, unchanged profitability of 5–6% (EBIT margin) and a working capital ratio of under 5%. This forecast was corrected again in November 2015, with the range for sales and order intake increased to EUR 2.3–2.4 billion. Similarly, a net free cash inflow (previously net cash inflow from operating activities) and a working capital ratio of under 5% were forecast. When it presented the interim figures in November, the Management Board confirmed the projected EBIT margin of 5–6% as economies of scale had been adversely affected by non-recurring expense required to remedy faults in a three-digit number of externally sourced rotor blades.

Nordex SE ultimately achieved sales of EUR 2,430.1 million in 2015, order intake of EUR 2,470.9 million and an EBIT margin of 5.2%. Accordingly, the main performance indicators came in at the upper (order intake, sales) and lower (EBIT margin) edge of the forecast range adjusted in November 2015.

The working capital ratio stood at –1.2% on 31 December 2015 and was thus 1.1 percentage points up on the previous year (31 December 2014: –2.3%). The continued low ratio is due to the Group’s persistently strict working capital management. Consequently, the figure was substantially better than originally expected. In line with the forecast, a net free cash inflow of EUR 94.6 million was recorded.

Forecast and actual business performance						
Indicator		March 2015	May 2015	August 2015	November 2015	31.12.2015
Order intake	EUR billion	1.8–2.0	1.8–2.0	2.1–2.3	2.3–2.4	2.471
Sales	EUR billion	1.9–2.1	1.9–2.1	2.0–2.2	2.3–2.4	2.430
EBIT margin	%	5–6	5–6	5–6	5–6	5.2
Capital spending	EUR million	50–60	50–60	60–65	65–70	75.1
Working capital ratio	%	<5	<5	<5	<5	–1.2

Performance indicators adjusted by the Management Board

Capital spending

Capital spending of EUR 75.1 million

In the year under review, capital spending by the Nordex Group came to a total of EUR 75.1 million, and was thus 1.6% down on the previous year (2014: EUR 76.3 million). Of this, intangible assets accounted for EUR 35.4 million or around 47% (2014: EUR 32.0 million).

The bulk of the intangible assets, in turn, comprised capitalised development expense of EUR 30.9 million (2014: 30.7 million). The increase of just under 1% in capitalised research and development expense reflects the sustained high importance with Nordex attaches to product development. In the year under review, R&D activities focused on modifications to the low-wind N131/3000 turbine as a basis for producing the N131/3300, a new turbine and tower solution designed specifically for the German market. Other additions to intangible assets – particularly software and licences of EHR 3.3 million – were valued at EUR 4.5 million (2014: EUR 1.3 million).

Spending on property, plant and equipment came to EUR 39.7 million in 2015 and thus fell short of the previous year (2014: EUR 44.3 million). Within property, plant and equipment, the greatest proportion was accounted for by technical equipment and machinery (EUR 18.8 million; 2014: EUR 16.2 million), followed by other equipment and business and operating equipment (EUR 14.7 million; 2014: EUR 11.4 million), land and buildings (EUR 5.8 million; 2014: EUR 2.5 million) and prepayments made and assets under construction (EUR 0.5 million; 2014: EUR 14.2 million).

At EUR 23.0 million, production accounted for the bulk of capital spending. As in the previous year, the main focus here was on the extensions to the Rostock rotor blade centre which have since been completed and for which capital spending came to EUR 20.5 million. Under the new rotor blade strategy, the core facility in Rostock will be producing the more complex NR 65.5 and 58.5 blades, which are optionally fitted with the anti-icing system. Work on expanding a production hall was completed during the period under review. As well as this, new moulds and tooling were sourced for the new NR 65.5 blade. In addition, there were major spending budgets for project management, service and engineering.

The regional focus of capital spending was on EMEA, which accounted for EUR 72.6 million (2014: EUR 76.0 million). At EUR 2.5 million (2014: EUR 0.3 million), capital spending in the United States and Asia involved only minor amounts.

Capital spending	2015 EUR million	2014 EUR million	Change %
Property, plant and equipment	39.7	44.3	–10.4
Intangible assets	35.4	32.0	+10.6
Total	75.1	76.3	–1.6

Segments

The Nordex Group's business is segmented regionally. The three regions are EMEA (Europe/Africa), America and Asia.

EMEA is the segment with the greatest sales and is also home to the two turbine assembly and rotor blade production facilities in Rostock. Reflecting its market position and the heterogeneous market conditions, EMEA is subdivided into five sales regions (Germany, North, South, East, Turkey/Middle East). In addition, a distinction is drawn between "focus markets" and "potential markets". In this way, Nordex is able to respond to the individual regulatory environment and energy policies in these countries, while concentrating on high-volume and high-growth markets as well as various investor classes on the customer side with attractive project portfolios.

Increase in share of EMEA sales to 88%

Last year, the share of sales in Europe contracted slightly by 0.9 percentage points to 88.1% (2014: 87.3%) but rose in absolute terms by 41.5% to EUR 2,142.6 million (2014: EUR 1,513.8 million). The Americas accounted for 11.8% (2014: 11.5%) or EUR 286.1 million (2014: 200,7 million) and Asia just under 0.1% (2014: 1.2%) or EUR 1.4 million (2014: EUR 20.0 million).

Summarised segment report

		EMEA[1]		The Americas		Asia	
		2015	2014	2015	2014	2015	2014
Order intake[1]	EUR million	2,215.6	1,558	255.3	182	0	14
Installations[1]	MW	1,504.7	1,281.6	192.3	157.6	0	49.5
Sales[1]	EUR million	2,142.6	1,513.8	286.1	200.7	1.4	20.0
EBIT[1]	EUR million	140.5	68.7	–11.7	7.8	–2.5	1.6
Capital spending[1]	EUR million	72.6	76.0	2.4	0.3	0.1	0.0
Employees (31 December)[1]		3,136	2,715	133	117	67	87

[1] Including Pakistan as of 1 January 2015; 2014 restated

Accordingly, EMEA also made the sole contribution to EBIT (EUR 140.5 million; 2014: EUR 68.7 million). The Americas and Asia made a negative contribution of EUR 11.7 million and EUR 2.5 million, respectively, to EBIT. Following the reorganisation of the Turkey/Middle East region, Asia plays only a minor role. Pakistan has been assigned to the EMEA region to facilitate market penetration. Within Asia, opportunities are currently being pursued in markets such as the Philippines, Thailand and Vietnam. On the other hand, the order intake of EUR 255.3 million for which Nordex has signed firm contracts in the Americas forms a solid basis for 2016. In addition to orders from the aforementioned two focus markets in the United States and Uruguay, Nordex also expects to generate new business in the growth market of Chile and, looking further forward, also Canada.

Markets outside Europe and Africa – primarily Uruguay, Pakistan and the United States – contributed over 21% to new business. Moving forward, the markets of Central and South America as well as India will be addressed more intensively via AWP's local production facilities and products (see also "Targets and strategy", "Outlook and expectations" and "Risks and opportunities").

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Business performance of the parent company Nordex SE

In its function as the Group parent, Nordex SE is the holding company. One of Nordex SE's key tasks is to finance the Group members by providing loans and guarantees. In addition to this, it provides management services for various subsidiaries in the areas of controlling, finance, law, IT, communications, people & culture, legal matters and insurance. Nordex SE has entered into profit transfer agreements with Nordex Energy GmbH as the main German Group company as well as Nordex Grundstücksverwaltung GmbH and Nordex Windparkbeteiligung GmbH as further German Group members.

In the year under review, Nordex SE's sales rose by 18% to EUR 47.0 million (2014: EUR 39.7 million). Personnel costs climbed by 19.5% to EUR 14.7 million (2014: EUR 12.3 million). Other operating expense net of other operating income came to EUR 26.2 million, i.e. substantially higher than in the previous year (2014: EUR 14.4 million).

A loss from ordinary business activities of EUR 14.5 million (2014: profit of EUR 6.3 million) was recorded, with the net loss for the year coming to EUR 15.3 million (2014: net profit of EUR 3.2 million). This is due to an impairment of EUR 9.6 million recognised on the investment in associated company KNK Wind GmbH and the absorption of the losses of EUR 4.3 million of Nordex Energy GmbH. Of the net loss for the year of EUR 15.3 million recorded by Nordex SE in 2015 in accordance with the German Commercial Code, an amount of EUR 3.2 million was settled using withdrawals from retained earnings and an amount of EUR 12.1 million settled using the share premium. Nordex SE's net profit for 2014 determined in accordance with German GAAP in a total amount of EUR 3.2 million was retained in full.

Equity stood at EUR 311.4 million as of the end of the year (31 December 2014: EUR 326.8 million). Total assets widened by 19.5% to EUR 761.1 million (31 December 2014: EUR 636.7 million); the equity ratio stood at 40.9% (31 December 2014: 51.3%).

Important events after the reporting date

On 7 January 2016, Nordex issued an ad-hoc bulletin announcing that Chief Financial Officer Bernard Schäferbarthold would not be renewing his contract upon its expiry on 31 December 2016 for personal reasons.

On 14 January 2016, Nordex reported that it had been awarded a contract for a project in Ireland. It will be supplying twelve turbines, including five N90/2500 and seven N100/3300 turbines, for the "Glencarbry" wind farm for its customer John Laing Investments in October 2016. In addition, the customer has signed a 15-year premium service contract.

On 26 January 2016, Nordex announced that it had entered into a new master contract with Finnish asset management company Taaleritehdas for 216 MW in the form of 72 N131/3000 turbines. The projects are to be executed in 2016 and 2017.

Clearance by competition authorities

On 11 February 2016, the Nordex Group obtained the fourth out of the five necessary anti-trust clearances from Turkey for the merger with AWP. Prior to this, the approval had already been obtained from the United States, the EU and Pakistan for the merger between Nordex and AWP free of any restrictions.

The events reported here do not exert any material additional effect on the Nordex Group's results of operations, financial condition or net assets for 2016 differing from the forecasts made in the section entitled "Outlook".

Risk and opportunities

Accounting

Nordex's internal control system comprises a segment integrated into its business processes as well as a process-independent segment. Guidelines and instructions are issued and internal controls implemented to handle and manage risks and to ensure compliance with formal criteria. The definition and application of the necessary instruments is primarily overseen by the specialist functions. In addition, Internal Auditing tracks risk on a cross-process basis.

To this end, it examines the existing rules applicable to processes and ensures that they are complied with in practice. In addition, Internal Auditing reports on risks arising from discernible deviations and issues recommendations concerning the adjustments to be made. Nordex's existing risk management system also undergoes regular external auditing in the interests of continuous improvement.

Comprehensive risk management system

It takes a number of precautions to ensure proper accounting for the purposes of the annual and consolidated financial statements. Thus, for example, it has a central accounting and financial statements structure which is implemented on the basis of uniform accounting rules and instructions. This ensures that Group accounting is reliable and orderly and that transactions are recorded in full and on a timely basis in accordance with the statutory requirements and the provisions of the Company's articles of incorporation. In addition, accounting rules and instructions are issued to ensure that stock-taking is completed correctly and assets and liabilities are recorded, measured and reported free of any errors or omissions in the consolidated financial statements. Controlling activities include analyses of facts and trends on the basis of performance indicators.

Transactions are recorded in the separate financial statements of the Group companies. For this purpose, a uniform chart of accounts is used throughout the Group. The consolidated financial statements of Nordex SE and its subsidiaries are prepared in accordance with Section 315a of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRS). A structured process as well as a schedule are used in the preparation of the consolidated financial statements. If any non-accounting information is required to prepare the consolidated financial statements, it undergoes careful analysis and plausibility checks prior to being used. The financial statements are consolidated at the level of Nordex SE.

Various controls, such as the separation of functions, the double sign-off principle and approval and release processes are applied to both payments and contracts.

Goals, organisation and function of the risk management system

As an internationally active company, Nordex is exposed to various risks as a result of its business operations. For this reason, it has implemented a comprehensive risk management system designed to detect potential negative deviations (risks) at an early stage so that suitable precautions can be taken to avert any harm to Nordex and to avoid any impairment of its going-concern status. Positive deviations in the form of opportunities are not included here as other structures and processes are available for tracking them. In addition, risk management seeks to provide adequate assurance that the Nordex Group's operating and strategic goals in particular can be achieved as planned. The risk management system entails numerous control mechanisms and forms an important element of the corporate decision-making process. Accordingly, it is implemented as an integral part of corporate governance throughout the entire Nordex Group. A uniform Group-wide management approach has been implemented for reporting corporate risks to safeguard the efficacy of risk management, to permit the aggregation of risks and to ensure transparent reporting.

The Nordex Group's risk management system addresses all strategic, operating, legal and financial risks along the value chain with the aim of ensuring that they are detected at an early stage, monitored and managed in accordance with the targeted risk profile. This process is supported by risk management software.

The risk management policy adopted by the Management Board governs the approach to be taken to addressing risks within the Nordex Group and defines a uniform methodology applicable to all parts of the Group. This sets out responsibilities for the execution of risk management tasks as well as reporting and monitoring functions. Group Risk Management holds central methodological and system responsibility for the separate Group-wide standardised risk management system and related reporting structures. It is responsible for regularly updating and implementing the risk management policy. In addition, it is in charge of Group-wide standardised risk reporting to the relevant bodies at different hierarchical levels including the Management Board.

Risk management officers are appointed across the entire Nordex Group (on a national, regional and Group level). Accordingly, risk management is implemented consistently on all levels and across all departments. Risks arising from operating business are monitored and tracked continuously. The risk officers are responsible for identifying and evaluating local risks arising from all main business activities on at least a quarterly basis by applying a consistent methodological approach and for identifying the results in a central risk database. This is followed by a decision on the specific response (e.g. risk mitigation). The resultant plan of action is implemented, evaluated and continuously monitored. All steps are repeated in recurring intervals and adjusted in the light of current trends and decisions.

Any risk potential identified is analysed and assessed using quantitative parameters. Substantial risks to the Company's status as a going concern are reported on an ad hoc basis. Risk management findings are regularly incorporated in planning and control analyses as well as the forecast for future business performance. The statutory auditor reviews the processes and procedures implemented for this as well as the appropriateness of the documentation on an annual basis. Nordex is willing to accept risks with a minor impact provided that they are reasonable in the light of the expected benefits of the transaction.

Updating of risk documentation

Risk documentation updated

Assessments of overall risk potential are updated on the basis of the risk officers' input and documented in a central database. The probability and impact are estimated for each material risk identified, while the precautions already implemented or planned are documented. The period reviewed entails the current as well as the following three years. Risk management coordinates the quarterly updating of risk documentation.

Risk evaluation

Risks are classified according to their estimated probability and impact to determine which ones are most likely to pose a danger to the Nordex Group's going-concern status in the light of its goals and are recorded as a gross figure. The scales for measuring these two criteria are set out in the following tables.

Risk classification – probability

Probability	Description
0%– 5%	Unlikely
6%– 25%	Possible
26%– 50%	Foreseeable
51%–100%	Probable

On the basis of this scale, Nordex defines an unlikely risk as one which would arise only under extraordinary circumstances and a probable one as one which is likely to occur within a defined period of time:

Risk classification – impact

Impact	Brief description
Minor negative impact on business, financial position or earnings	Low
Appreciable negative impact on business, financial position or earnings	Appreciable
Strong negative impact on business, financial position or earnings	High
Critical to harmful negative impact on business, financial position or earnings	Critical

We classify risks as "low", "medium", "high" or "critical" in accordance with their estimated probability and impact. This produces the following risk matrix:

Risk matrix

Impact				
Critical	M	H	H	C
High	M	M	H	H
Medium	L	M	M	H
Low	L	L	M	M
	0–5%	6–25%	26–50%	51–100%
	Unlikely	Possible	Foreseeable	Probable
		Probability		

C = critical risk
H = high risk
M = medium risk
L = low risk

Risk response and monitoring

Risks can be either mitigated by means of active precautions or - under certain circumstances - accepted. Necessary precautions are immediately taken and their expected impact evaluated. The Company uses selected derivative and non-derivative hedging instruments to reduce its exposure to financial market risks. In addition, insurance is taken out to cover risks where this is economically viable and possible.

The risk officers are responsible for continuously monitoring risks and the efficacy of the precautions taken and are supported by their supervisors and managers in this connection. In addition, risks are monitored by the appropriate bodies at the various corporate levels comprising management staff from various parts of the Company including the Management Board and the Supervisory Board. The responsible employees at the country, regional and group level have permanent access to the details of the risks and precautions documented in the central database. Quarterly area meetings are held at the regional level and business areas meetings at the Group level; the participants regularly discuss risks and precautions together with the Management Board and monitor the effects of the risk-mitigation efforts. In addition, the Management Board receives a quarterly report on individual risks which are classified as "high" or "critical" on the basis of a risk analysis. Substantial risks to the Company's status as a going concern are reported to the Management Board immediately on an ad hoc basis.

This report takes the form of a general description of the risk together with a quantitative evaluation. In addition, the Management Board notifies the Supervisory Board on a quarterly basis of any new or existing risks classified as "high" or "critical".

Continuous monitoring and refinement

Internal Auditing satisfies itself of the proper functioning and efficacy of the risk management system in regular intervals. It performed its last audit in 2014 and did not have any negative findings. As part of the audit of the annual financial statements and consolidated financial statements, the statutory auditor determines whether the risk early detection system is fundamentally suitable for identifying risks and developments liable to impair the Company's going-concern status at an early stage. Risk reports are checked on a sample basis for their plausibility and appropriateness via interviews conducted by the auditor with the units and companies concerned. The statutory auditor has assessed the efficacy of the risk early detection system on the basis of this data and is satisfied that the risk identified has been appropriately described. Accordingly, the risk early detection system complies with the statutory requirements and is consistent with the German Corporate Governance Code.

Risk management system optimised

The risk management system undergoes constant optimisation as part of the continuous monitoring and improvement process. In this connection, equal allowance is made for internal and external requirements. The purpose of the monitoring activities and improvements is to safeguard the efficacy of the risk management system.

Description of the main areas of risk and individual risks

Unless otherwise stated, the following descriptions of individual risks apply to 2016.

Macroeconomic risks

Nordex is exposed to macroeconomic and geopolitical risks, particularly a general decline in global economic growth or a slowdown or recession in individual focus markets. Macroeconomic risks also include fluctuation in commodity prices and interest rates in the broader sense. Nordex classifies these as sourcing or financial risks and applies appropriate instruments in the responsible units to avert such risks. These instruments are described in the following sections. Macroeconomic risks are currently seen as having a low probability. Given the nature of the project business in this sector with its multi-month lead times and the high volume of turbine orders worth EUR 1,668.0 million, they would at most have only a small impact on the Company's business in 2016 as far as can be stated at this stage.

Sector-specific risks

Sector-specific risks entail general market risks, price risks and legislative risks. Nordex's sales organisation is the unit which is initially confronted by sector-specific risks.

General market risks – particularly the loss of market potential and planned projects – may arise as result of political or economic factors or changes in the economic industry. In this case, planned order intake may not arise. In addition, low energy prices and intense competition are exerting persistent pressure on prices at an annual rate of 2–4%. Although the situation has eased somewhat compared with earlier years as a result of plant closures by various market participants and the withdrawal of smaller operators, the price pressure is still evident. Nordex addresses the price risk by means of a focused selling strategy which entails permanent observation and analysis of current and potential sell-side markets. In addition, enhanced goods and services allow it to set itself apart from the competition, thus providing some pricing scope.

The legislative risk is also highly relevant. Announcements of legislative reforms and amendments to the legislation governing feed-in tariffs or incentives for renewable energies may precipitate investment uncertainty and a decline in demand in the short or medium term. A planned legislative amendment is currently attracting heightened debate in the member states of the EU. The EU Commission is stepping up the implementation of market-based systems such as auction-based bidding. A bidding process is to be introduced in Germany, for example, in 2017. The impact is all the greater the more dependent the planned order intake and resulting sales are on individual markets. Nordex addresses this risk by means of heavy sales diversification and by operating in more than 20 different markets across Europe, America and Asia. In addition, enterprise-wide processes have been implemented to evaluate and address potential markets quickly.

Focus on more than 20 markets

Aside from factors already known, the probability of sector-specific risks is currently considered to be small. Given the nature of the project business in this sector and the multi-month lead times, they would have only a minor impact on the order intake planned for 2016.

Development risks/technical risks

The development of new technologies and more efficient and higher-yielding turbine models as well as product modifications involves considerable investments in some cases. These expenses must be recouped via successful sales across the entire product life cycle. In addition, there is a grid connection risk with respect to turbine engineering.

Key determinants for successful turbine engineering particularly comprise the availability of time and financial resources, the secure transition from the prototype phase to series production, the issue of the necessary operating certificates and permits and the date of market launch. Development risks arise if one or more of these factors are unexpectedly jeopardised and R&D expense is higher than expected.

Nordex addresses these factors during development, prototyping and series production by means of simultaneous engineering and a Group-wide production development process. Development of a new turbine is preceded by a market analysis and preparations in close consultation between sales and engineering. In addition, the platform strategy ensures that proven technology is used and specifically enhanced up until certification and the ensuing series production.

Production-synchronised delivery

The wind power systems assembled by Nordex must comply with the applicable local grid codes. Considerable resources are required to implement the growing number of national grid codes. If grid codes are not observed in a given market, this expense cannot be recouped and nor can market potential be tapped. Nordex addresses this risk with organisational structures and a corresponding engineering focus. In addition, internal overarching workgroups have been established. This is supplemented with Nordex's activities in external bodies aimed at achieving maximum international grid-code harmonisation.

Despite the extensive quality-assurance measures taken in procurement, production and assembly, technical problems culminating in serial loss and affecting multiple turbines may occur only at a later stage of the product life cycle. This particularly applies to suppliers producing rotor blades under the "built-to-print" system. This was the case last year with a large number of externally sourced rotor blades. Many of the turbines have already been handed over to the customers and are largely covered by Nordex service contracts. The Nordex service department identifies and rectifies damage and, in serious cases, replaces faulty components.

The probability of development and technical risks is classed as possible and may leave appreciable traces on the Company's earnings and margins.

Sourcing and purchasing risks

The main purchasing risks include delivery shortfalls on the part of suppliers, supplier default as a result of insolvency, unexpectedly high inventories, price and quality risks and minimum local manufacturing content requirements.

There are currently no material delivery shortfalls in the market for the main components used in wind power systems. Unexpected project delays may result in heightened temporary stockpiling at Nordex, thus impairing its liquidity. Nordex is therefore endeavouring to keep inventories as low as possible by means of just-in-time deliveries without sacrificing schedule compliance. If order intake falls substantially short of expectations this year, suppliers, some of whom have spent heavily on extending their capacity or have had a change of owner, could be lost for economic reasons, reducing the number of potential suppliers.

Conversely, an unexpected surplus of demand in 2016 could result in delivery shortfalls for some components – particularly for the newer blade types and high towers – leading to delays in the completion of projects. Nordex is particularly addressing the risk of delivery default by qualifying further suppliers in order to reduce the single-sourcing risk. Moreover, this risk is partially covered by insurance. Nordex purchases components worldwide that are largely subject to price fluctuations in the raw materials markets. As it offers its customers turbines at prices fixed for specific projects, components are sourced as quickly as possible after the order intake, thus reducing the risk of price fluctuations in raw materials on the purchasing side.

Nordex guarantees the quality of its turbines and also certain performance and availability parameters. In order to avoid any penalties for failure to meet these performance guarantees, all components and the complete system undergo thorough testing and quality inspections under the quality management system. Even so, it is not possible to completely exclude the risk of faulty components, e.g. externally sourced rotor blades, and this risk cannot be fully passed on to suppliers and sub-suppliers.

Local manufacturing content requirements are growing in importance in new markets such as South Africa and Uruguay. Failure to furnish proof of the Company's ability to meet these requirements may have an adverse effect on project finance and execution. Nordex addresses this risk by searching for local contractors at an early stage and by working closely with customers and authorities in the countries concerned.

The probability of purchasing risks is classed as unlikely to possible and may leave appreciable traces on the Company's margins.

Production risks

Over the last few years, Nordex has revised its production system, adopting line production for turbine assembly and partially automated processes for rotor blade production. Accordingly, the main production risk is a standstill in the production facilities. Standstills particularly arise in the event of any delays or quality shortfalls on the part of the upstream suppliers, delays in the commencement of volume production of new types of turbines or any failure in key production resources such as cranes, conveyor belt systems, moulds or painting robots.

A further specific risk entails the ramp-up phases for new products and components, particularly new blade types or blade types which are produced by external contractors. In addition to training for new employees, it is necessary to ensure the necessary quality of the carbon-fibre-reinforced blades to avoid any unplanned cost overruns.

Nordex addresses production risks by means of quality management and the defined processes as well as supply chain management, which covers the interfaces linking procurement, production and project management.

The probability of production risks is unlikely to possible and may have a high to critical impact on nearly all of the Company's main performance indicators.

Project and assembly risks

The locations at which Nordex assembles wind turbines and wind farms each exhibit unique topographic, climatic and regional characteristics. Project execution is preceded by an detailed technical and commercial appraisal. Deviations from the predefined process chain may be caused by weather risks, which may lead to delays in the assembly and start-up schedule. Nordex addresses these risks by including risk-sharing provisions in the relevant contracts and by means of active deviation management. Even so, the possibility of cost overruns, e.g.

Suppliers sought in consultation with customer for cranes and assembly work, as well as transportation and logistics, cannot be completely ruled out. Further possible risks include insufficient component availability due to delays on the part of suppliers or capacity shortfalls in external resources (e.g. crane services and special transporters) and internal resources. This risk may arise if, for example, it is necessary to delay original schedules.

One material area of risk within project management concerns quality and technology. Despite prior quality management measures, technical errors or quality shortfalls in individual components may only become evident at the site, meaning that remedial activity or replacements become necessary. In addition to the aforementioned delays, this may result in failure of acceptance by the customer or – after the completion of remedial work – delayed acceptance, resulting in delayed payment by the customer. In individual cases, there is a risk of compensation payments or a reduction in the purchase price being demanded.

Project and assembly risks may cause unplanned cost overruns, resulting in a reduction in the budgeted margin contribution for the project.

The probability of these risks is classified as possible; the impact is small to appreciable in individual cases.

Financial risks

With respect to financial risks, the Nordex Group is exposed to foreign-currency risks, interest risks, credit risks, unplanned depreciation and amortisation expense, liquidity risks and the risk of restricted availability of unused tax losses.

The Group's business is exposed to fluctuations in exchange rates as a result of its international orientation as not all transactions are executed on a euro basis. The primary risks arise from changes in the value of the euro (EUR) against the US dollar (USD) and the South African rand (ZAR). Exchange-rate fluctuations may impact items of the balance sheet. Currency forwards are transacted to hedge these foreign-currency transaction risks.

Currency forwards used for hedging purposes

Interest risks are currently not relevant as Nordex SE does not have any material floating-rate assets or liabilities on its balance sheet.

To minimise credit risks, the Group enters into business solely with investment-grade rated third parties. All main new customers wishing to enter into business on credit terms undergo a credit check. As a matter of principle, default risks or the risk of counterparties failing to comply with their payment obligations are addressed ahead of acceptance of the order by means of a standardised approval procedure. In particular, the order is not accepted unless the project finance is guaranteed by a bank and/or a bank guarantee or group bond has been issued. In addition, the contracts provide for payment to be made upon certain milestones being reached. In addition, receivables are monitored on an ongoing basis to avert all material risks of default.

Unplanned depreciation and amortisation expense constitutes a further financial risk, which may affect obsolete inventories and spare parts as well as intangible assets arising from research and development or project development. Nordex is addressing this risk by increasingly adopting "just-in-time" deliveries and via regular remeasurement of its intangible assets.

The maximum default risk is limited to the carrying amount in question. There is no pronounced clustering of default risks within the Group. Receivables under construction contracts and trade receivables are additionally secured by means of guarantees, stand-by letters of creditor or retained ownership rights.

The liquidity risk is defined as the risk of not being able to meet current or future payment obligations due to a lack of funds. Treasury therefore monitors and coordinates Group liquidity on an ongoing basis. To this end, it tracks payments made and received in the light of the settlement periods of the financial investments and assets as well as expected payment flows from operating activities. The Group seeks to achieve a balance between current incoming and outgoing payments. In some cases, Nordex uses cross-border cash pooling or internal banking mechanisms to enhance the efficiency of liquidity management within the Group. Any surplus liquidity is invested cautiously with domestic and non-domestic commercial banks. For this purpose, limits and counterparty risks are monitored permanently. As a matter of principle, the Nordex Group is financed by advance project payments made by customers. With all projects, the payments are called down in accordance with the progress of work on the basis of the agreed contractual schedule. External Group funding is primarily based on a guarantee facility, a syndicated loan and a corporate bond.

Incoming and outgoing payments balanced

Section 8c of the Corporate Tax Act stipulates that in the event of a transfer of shares of more than 25% and up to 50% during a period of five years the tax losses accrue to the acquiring party on a proportionate basis and, in the event of a transfer of over 50%, are forfeited in full over the five-year period. However, the tax losses are not forfeited if they do not exceed the prorated unrealised reserves within the entity's domestic assets in the case of an acquisition of between 25% and 50%, or all unrealised reserves within the company's domestic assets in the case of an acquisition of more than 50% Accordingly, the available unused tax losses will be reduced as a result of the AWP transaction in 2016.

All told, the probability of financial risks is considered to be small, although the effects would be high.

Legal risks

As described in the above sections, the Nordex Group's operating business is exposed to various risks. Legal risks primarily entail liability risks arising from possible warranty or compensation claims under delivery and service contracts. In addition, liability risks may have a legislative basis, e.g. product liability, the violation of patents or industrial property rights, requirements under tax law – particularly at an international level – and failure to fully observe certification requirements or other statutory stipulations. Among other things, there is a rule in all EU member states stipulating that all technical equipment must comply with the Machinery Directive.

Although Nordex has established appropriate organisational structures to ensure compliance with the relevant contractual and statutory obligations in the performance of its business activities, such liability risks as well as litigation risks can never be excluded. Internal precautions are taken and processes implemented across the entire value chain to avert legal risks.

The probability of these risks is classed as possible; the impact on the performance indicators is small to appreciable.

Human resource risks

The main people & culture risks include shortages of skilled or management staff, inappropriate or insufficient qualifications, as well as staff and management fluctuation in key positions.

In order to reduce risks arising from a shortage of skilled or management staff, Nordex has improved its recruitment processes and realigned the related activities. Similarly, the courses offered by the Group's own training facility, the Nordex Academy, have been broadened to ensure that staff receive the qualifications required on an ongoing basis. In an effort to limit fluctuation, particularly in key positions, Nordex is continuing to improve internal career development prospects, identify young potentials at an early stage and prepare corresponding replacements, e.g. via the "Upwind" young potentials development programme.

All told, the probability of human resource risks is considered to be small; similarly, the impact is also small.

IT risks

IT-based business processes are fundamentally exposed to the risks arising from electronic information processing, particularly system failures, compromised data security and data loss. Accordingly, Nordex permanently updates and monitors the security of the information technology which it uses to safeguard information confidentiality, availability and integrity. This is done by training staff as well as by means of regular internal and external auditing of the IT system landscapes used. The systems are kept up to date in accordance with vendor specifications and general security recommendations (e.g. BSI, CERT).

Extensive safety measures

Nordex has taken a series of precautions to minimise the risk of system failures and to protect its business data. For this purpose, modern data encryption technology, access restrictions and controls as well as firewall systems, virus protection programs and monitoring system systems are implemented. Confidential technical information is shared with customers and suppliers in specially protected data rooms. In addition, Nordex's data is secured through the use of fail-proof high-availability central server systems.

For this purpose, all Nordex IT systems are operated by external partners at certified state-of-the-art data centres. Personal data is processed strictly in accordance with the German Federal Data Privacy Act. This is monitored and overseen jointly by IT management and the data privacy officer.

Systematic IT processes ensure the necessary sustainability of all the aforementioned measures. In the year under view, the IT business continuity management was updated and IT reporting and risk management processes revised.

All told, the probability of IT risks is considered to be small; similarly, the impact is also small.

AWP integration risk

The main operating risks, particularly technical, procurement and purchasing, production, project and installation risks as well as legal risks to which AWP is exposed as a turbine producer and vendor and provider of services (see also "Targets and strategy", "Outlook and expectations" and "Risks and opportunities") are similar in terms of their nature and structure to those to which Nordex is exposed. Prior to signing the business combination agreement, Nordex completed a detailed due diligence review with the assistance of external legal and accounting experts.

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However, the merger with AWP results in a material change in the aforementioned sector-specific risk to which the Nordex Group is exposed as a substantial volume of business will now be arising in the emerging and developing markets. Legislative risks in particular as well as unexpected macroeconomic trends in these countries will be of heightened relevance. The effects and probability of these risks are assessed in the corresponding parts of the risk report and addressed by taking the precautions described there.

In addition, integration risks arise from the fact that the planned synergistic effects of EUR 95 million p.a. in the period to 2019 may be delayed or not achieved in full, that the integration costs may exceed the budgeted total of up to EUR 25 million and that management and personnel resources may be unexpectedly tied up and unable to perform their original functions.

The integration activities are being performed by the operating units and planned, structured and coordinated by the Merger and Transition Office (MTO), which regularly reports to management. In this way, the Nordex Group is addressing the aforementioned integration risks. The probability of these risks is considered to be small, although their impact would be appreciable.

Other risks
Beyond the risks described above, there are factors or events such as epidemics, protests, citizens' initiatives, natural catastrophes, terror attacks and acts of war which cannot be foreseen and are therefore difficult to control. Any such events would be liable to adversely affect Nordex's business performance.

Overall risk

The Management Board regularly reviews the risks to which the Nordex Group is exposed. In the assessment of the Management Board, there are currently no significant individual risks that are liable to compromise the Nordex Group's going-concern status. The same is also true with respect to an overall consideration of all risks.

Opportunities

Synergistic effects of EUR 95 million sought

Opportunities arising from political decisions
Opportunities arising from political and industry decisions on the expansion of renewable energies, particularly onshore wind power, constitute a material driver for the sector. This particularly relates to the political adoption of goals in countries which have previously shown little or no commitment to renewable energies and the implementation of the necessary legislative framework. Both aspects exert a favourable influence on the investment decisions of project developers, energy suppliers and, subsequently, power plant operators. As part of its selling activities, Nordex keeps these trends under continuous observation and, using the market evaluation process described below, is able to quickly open up new markets. The possibility of fundamental decisions being made in the short term on climate policy going beyond the scope of the COP 21 resolutions referred to in the section of the management report entitled "Conditions in the wind power industry" is not considered to be particularly great either at the EU level or globally (UN Climate Conference COP 22 in Marrakesh, Morocco, in November 2016). However, if they do occur they may also have a positive effect on business in the medium to long term.

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Opportunities arising from research and development
In the research and development area, Nordex is working continuously on enhancing the efficiency and grid parity of its products, individual major components and the turbine management system. The resultant decline in electricity production costs is ensuring a steady improvement in the Company's competitive position - also relative to conventional power production technologies. In this way, Nordex is continuously reducing dependence on national incentive schemes. The activities and product development work which this entails are described in detail in "Research and Development".

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Opportunities arising from selling activities

Material opportunities can particularly be harnessed by entering new markets and targeting new customer groups. New markets are regularly analysed by the international sales and service organisation using a structured process (SMEEP = Strategic Market Entry Evaluation Process). If suitable potential is identified and the project pipeline is considered to be viable, it is duly addressed and harnessed provided that valid wind power targets have been defined. Over the last few years, Nordex has achieved sales success in new markets such as Finland, Lithuania, South Africa and Uruguay. Selling activities have been stepped up in other potential markets in Latin America (e.g. Chile) and Asia (e.g. the Philippines, Thailand and Vietnam) to participate in the planned expansion of wind power in these markets in the medium term. In this connection, Nordex always seeks to gain significant project volumes and to sign corresponding contracts at an early stage to ensure that the cost of establishing customer-proximate organisational structures for project management and service can be recouped quickly. The declared aim of the Company's strategy is to enter one to two new markets each year.

New customers targeted

In its efforts to tap new target groups, Nordex has identified additional opportunities in business with industrial captive producers and financial investors such as insurance companies and pension funds alongside medium-sized energy producers and project developers. Larger utilities are now increasingly including Nordex turbines in their tender processes following the Company's successful turnaround and thanks to its efficient product range. All customer contacts and project opportunities are structured by the selling unit, recorded in a customer relationship management (CRM) system and followed up on in accordance with their probability of success.

Opportunities arising from project development and service

Moreover, management is seeking to harness further income and margin potential beyond straight equipment sales. In addition to marketing turn-key wind farms, Nordex makes use of the opportunities arising from the wind farms which it develops itself in selected markets such as France and Poland in order to generate higher-margin sales particularly with private-equity investors.

Further opportunities are also generated by service business with its wider margins. In addition to service contract renewals and the introduction of additional services, this particularly entails additions to the range of rotor blades and solutions for modernising and optimising legacy turbines. As well as this, related business models are explored in all customer-proximate areas.

Opportunities arising from strategy implementation

Alongside product development and focused selling activities, quality management, operational excellence and cuts in the costs of materials form further components of the medium-term corporate strategy. The last three sub-strategies seek to improve the cost-of-materials ratio. Additional opportunities will particularly arise if the target costs per wind power system are achieved more quickly or the product costs can be reduced more sharply than originally planned. With its low real net output ratio, Nordex has material potential in procurement and supplier management. Within its own production activities, rotor blade production in particular offers additional cost-cutting potential in the form of economies of scale for the NR 58.5 and NR 65.5 rotors in particular following the completion of expansion.

In the case of operational excellence, there are also opportunities for margin improvement if it is possible to additionally reduce unplanned cost overruns of the type resulting from project delays and the effects of the aforementioned project and assembly risks.

The measures for implementing all sub-strategies are executed by the operating units subject to the supervision of the Project Management Office (PMO), which reports to management.

Opportunities from the merger with AWP

Following anti-trust clearance, the merger with Spanish wind power system producer AWP (see also "Targets and strategy", "Outlook and expectations" and "Risks and opportunities") offers the Nordex Group additional growth potential in the global markets in the medium term. The joint company has set itself the goal of achieving sales of between EUR 4.2 billion and EUR 4.5 billion by 2018. Assuming synergistic effects of EUR 95 million in the period to 2019, the Nordex Group is confident of achieving an EBITDA margin of more than 10%.

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In its future constellation including AWP's production facilities, the Nordex Group will have the two production facilities in Rostock as well as plants in Spain (Pamplona, Navarra), Brazil (Simões Filho, Bahia), the United States (West Branch, Iowa, currently idle) and India (Chennai, under construction). Nacelles and rotor hubs will be assembled in Spain and Brazil and rotor blades produced in Spain.

With the integration of AWP, the Nordex Group will gain access to high-volume/high-growth emerging and developing markets such as Brazil, Mexico and India. In this way, it will advance to become a global vendor of efficient wind power systems.

Achievement of the medium-term goals will be driven by activities in large-volume growth markets such as Brazil, India and Mexico in which Nordex was not previously active, business with large utilities and the sale of wind power systems to Acciona Energy, Acciona's energy division, which is a major operator of onshore wind farms and has announced a large spending programme for new projects. In addition, Nordex and AWP will be striving for further cuts in the cost of energy to heighten the competitiveness of the joint product range.

Looking forward, the Nordex Group's range will be supplemented with the addition of AWP's AW3000 lineup. Specially designed for emerging and developing markets, this robust wind power system has a nominal output of 3.0 MW and is available with rotor diameters of 100 to 132 metres plus six different tower types (hub heights of between 84 and 137.5 metres).

The integration activities are being performed by the operating units and planned, structured and coordinated by the Merger and Transition Office (MTO), which regularly reports to management.

EBITDA margin of over 10% in 2018

Overall assessment of opportunities

Nordex faces numerous opportunities in the light of the prevailing conditions and on the basis of the business performance and installation forecasts described in this report. Looking forward, it plans to make optimum use of the opportunities as they present themselves. Future opportunities are evaluated on an ongoing basis in all departments and the Management Board. Such evaluation forms a fundamental part of Nordex's corporate strategy.

Outlook and expectations for the Nordex Group

The International Monetary Fund (IMF) expects the global economy to expand by a real 3.4% in 2016 (2015: 3.1%). The moderate growth in the industrialised nations is likely to increase slightly thanks to a small pick-up in Japan, the Eurozone and Canada. The United States and the United Kingdom should be able to retain the solid rate of expansion recorded in 2015.

Despite the recent softening of growth in China, the developing and emerging markets are likely to accelerate marginally, with hopes being pinned to India, the countries of the Association of Southeast Asian Nations (ASEAN) and Africa. The economies of Russia and Brazilian are unlikely to emerge from the recession in 2016. For Brazil, which has become a relevant market for Nordex following the acquisition of AWP (see also "Targets and strategy", "Outlook and expectations" and "Risks and opportunities"), the IMF projects a 3.5% decline in economic output in 2016, after contraction of 3.8% in 2015. On the other hand, Mexico, where AWP is also active, should achieve solid growth of 2.6% in 2016, up from 2.5% in the previous year. The IMF projects economic growth of only 0.7% for South Africa in 2016 (2015: 1.3%).

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According to the IMF, inflation will vary from region to region. Reflecting the moderate growth expectations, consumer prices in the industrialised nations should rise by 1.2% in 2016, up from 1.0% in 2015. By contrast, the IMF forecasts slightly slower inflation of 5.1% in the developing and emerging markets compared with 2015 (5.6%).

US market expected to pick up

At the beginning of February 2016, electricity prices in the European markets were low. On the German electricity exchange EEX in Leipzig, futures contracts were trading at around EUR 21–22/MWh for base load electricity and at EUR 26–28/MWh for peak load electricity for 2016 and 2017.

Industry association VDMA assumes that the production output of the German mechanical and plant engineering sector will hold steady in 2016 despite the many negative factors expected to be generated by global demand. Although the decline in many commodity prices is spurring consumption, prices have now fallen so sharply that many producing countries face massive problems with the result that demand for capital goods in these countries has contracted sharply.

While the depreciation of the euro has initially had a positive effect on the Eurozone economy, the negative aspects of the changed exchange-rate parities are now emerging. Thus, the US manufacturing industry is coming under strain, something that applies not only to exports but also sales in the local market. This is having a correspondingly adverse effect on capital spending in US industry. VDMA no longer expects the continued low interest rates to have any expansionary effects on capital spending. The many geopolitical uncertainties and crises together with the absence of any clear growth trend are prompting restraint on the part of many potential investors. VDMA assumes that orders received from many major developing and emerging markets, which had caused strong export growth in the German mechanical and plant engineering sector, will be lower than in earlier years. One positive exception is the Indian market, which Nordex plans to enter this year following the acquisition of AWP. According to VDMA, India is the only BRIC nation in which machinery imports from Germany are likely to rise.

Market analysts forecast a dip in the growth of international wind turbine sales this year due to lower installations. Following the record volume of installations of 59.6 GW in the onshore segment in 2015, Danish consulting company MAKE Consulting projects new onshore installations of 53.7 MW in the short term, although this figure does not yet factor in a recovery in the US market following the renewal of the ITC/PTC program. A long-term growth rate of 2% is assumed for the period to 2024. MAKE projects above-average expansion in the growth markets of Africa (16% per year) and Central and South America (4% per year), which Nordex will be addressing more keenly in the future in conjunction with AWP.

After achieving another substantial increase in production and installation output as well as in order intake last year, Nordex has an order backlog of EUR 1,668.9 million as of 31 December 2015 (31 December 2014: EUR 1,462 million) and, hence, a basis for further steady growth in production, installation and sales. In this connection, the core European markets as well as South Africa and Uruguay will continue to contribute the bulk of sales. Moreover, the sales and earnings contributed by AWP will play a role in 2016 for the first time.

Management's sales forecast for this year for the Nordex Group in its current form is slightly above the current stand-alone figure. Likewise, the sales of the future Nordex Group including the AWP activities are expected to be slightly higher than the pro-forma figures (Nordex on its own in 2015: EUR 2.4 billion; AWP on its own in 2015: EUR 0.95 million). This marks a preliminary step towards achieving the target defined for 2018 (EUR 4.2–4.5 billion). This expectation is based on the estimated share of sales which AWP will be contributing after the completion of the merger as well as the assumed further increase in production and installation output. In addition, service business will continue to rise steadily in view of the large installed base, with a further increase in contract renewals spurring sales. A large part of the forecast sales is already covered by turbine production and service contracts. The remainder is to be generated from projects and expiring service contracts, negotiations of which are expected to be finalised in the first quarter of 2016. The Management Board expects to see further new order intake in the focus markets of Germany, France and Turkey in particular.

Nordex forecasts new turbine orders slightly above the present level. Including the AWP activities, the Management Board expects new orders to be slightly higher than the consolidated pro-forma figures (Nordex on its own in 2015: EUR 2.4 billion; AWP on its own in 2015: EUR 0.96 billion). The Management Board projects consistently high order intake from the established markets of Germany, South Africa and the United States, with additional impetus coming from AWP's project pipeline, particularly in Mexico and India.

The Management Board also expects to make further headway in enhancing profitability this year. In addition to ongoing strategic measures relating to operational excellence, project-oriented organisation and quality management, service business and internal project development, particularly in the focus market of France, will have a positive impact on earnings.

Accordingly, the Management Board anticipates a slight improvement in the EBITDA margin over 2015 (Nordex on its own 2015: 7.5%) for 2016, which should move towards the medium-term target (EBIT margin of over 10% in 2018).

Slight improvement in EBITDA margin

In addition to a further improvement in operating earnings and consolidated net profit, Nordex attaches very strong importance to strengthening cash flow. Consequently, the Management Board expects a working capital ratio of well below 5%.

In addition, volume production of the low-wind N131/3300 turbine, which has been designed especially for the German market, is to commence this year. As the NR 65.5 rotor blade fitted to the Generation Delta low-wind turbine was a completely new development in 2014 and the anti-icing system is to be fitted to the blade, further research and development expense will be necessary in the current year. Additional R&D activities in the engineering segment aimed at optimising the current range will also involve corresponding capitalised expense.

Moreover, development activities will be pooled with those of AWP in the current year. For this reason, the Management Board expects a slight increase in capital spending predominantly for development measures and production resources.

Overview of the main performance indicators for the future Nordex Group including AWP in 2016

Performance indicator		Outlook
Order intake	EUR billion	>3.4
Sales	EUR billion	>3.4
EBITDA margin	%	Slightly improved; >7.5%
Working capital ratio	%	<5%
Capital spending	EUR million	Slight increase; 80–90

On the date on which this management report as of 31 December 2015 was prepared, Nordex was aware that the scope of its business activities would undergo material change with the completion of the AWP transaction – particularly with respect to the focus markets. Given various uncertainties, e.g. with respect to the precise timing of the execution of the business combination and full consolidation, it is not possible to provide a full and detailed outlook and forecast for 2016 as a whole. For this reason, the management report as of 31 December 2015 only provides an outlook for 2016 instead of a forecast.

Consistently upbeat outlook

The Management Board assumes that the above outlook for the Group's business performance will be reflected in the earnings and financial condition of the parent company Nordex SE and also in a further improvement in profit from ordinary business activities in tandem with a higher net profit for the year.

Accordingly, the consolidated earnings expected for 2016 will form the basis for the achievement of the medium-term goals defined in 2015 in connection with the merger with AWP. These provide for sales in a range of EUR 4.2 billion to EUR 4.5 billion in 2018 and an EBITDA margin of over 10%. In addition, a working capital ratio of under 5%, a capital spending rate of less than 2.5% of sales and positive free cash flow are being sought.

Disclosures in accordance with Sections 289 (4); 315 (4) of the German Commercial Code and ancillary report

The following disclosures are required pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code:

Composition of subscribed capital

The Company's subscribed capital stood at EUR 80,882,447 as of the reporting date and is divided into 80,882,447 no-par-value bearer shares. One share equals EUR 1 of the Company's share capital. There are no restrictions on the exercise of voting rights or the transfer of shares. The same rights attach to all shares except for treasury stock for which no voting rights may be exercised. Each share equals one vote and, possibly with the exception of recently issued shares which are not dividend-entitled, represents the same share in the dividend distribution approved by the shareholders at the annual general meeting. The rights and obligations arising from the shares are governed by the applicable statutory provisions particularly Sections 12, 53a ff, 118 ff and 186 of the German Stock Corporation Act. Nordex did not hold any treasury stock as of 31 December 2015.

Restrictions on the exercise or voting rights or the transfer of shares.

No rights accrue to the Company from treasury stock. In the cases provided for in Section 136 of the German Stock Corporation Act, voting rights on treasury stock are excluded.

Direct or indirect shares in capital of more than 10% of the voting rights

As of the 2015 reporting date, the following companies directly or indirectly held more than 10 percent of the voting rights with respect to Nordex SE: Ventus Venture Fund GmbH & Co. Beteiligungs KG, Bad Homburg v .d. Höhe, held 17,500,930 shares and, hence, more than 20% of the voting rights. Otherwise, reference should be made to the list of direct and indirect shareholdings in the Company included in the notes to the consolidated financial statements.

Statutory provisions and provisions of the Articles of Incorporation on the appointment and dismissal of members of the Management Board and amendments to the Articles of Incorporation

The appointment and dismissal of members of the Management Board is governed by Sections 84 and 85 of the German Stock Corporation Act and Article 46 of the Statute for a European Company (SE) for the legal form of SE. Under Article 7 of the Company's Articles of Incorporation, the Management Board has at least two members, who are appointed by the Supervisory Board, which also determines the number of members. Under Article 7 (3) of the Company's Articles of Incorporation, which implement the requirements of the Statute for a European Company (SE), the members of the Management Board are appointed for a period of five years.

In accordance with Section 179 of the German Stock Corporation Act, the Company's articles of incorporation may only be amended with a resolution passed by the shareholders. In accordance with Article 20 (4) of the Articles of Incorporation in connection with Article 59 (1) and (2) of the Statute for a European Company (SE), amendments to the Articles of Incorporation require a majority of two-thirds of the votes cast or, if half of the share capital is represented, a simple majority of the votes cast. In cases in which the German Stock Corporation Act stipulates a majority of three quarters of the votes cast, this also applies to Nordex SE in accordance with the overriding provisions in Article 59 of the Statute for a European Company (SE). However, this is not based on the capital represented but on the number of votes cast. Article 26 of the Company's Articles of Incorporation makes use of the statutory option of authorising the Supervisory Board to make amendments to the version of the Articles of Incorporation.

Authorisation of the Management Board to issue or buy back shares

The following specific authorisation has been granted:

Authorised Capital I

As of 31 December 2015, the Company had Authorised Capital I of EUR 16,100,000 (2014: 16,100,000), equivalent to 16,100,000 shares (2014: 16,100,000), Contingent Capital I of EUR 15,086,250 (2014: EUR 15,086,250), equivalent to 15,086,250 shares (2014: EUR 15,086,250), and Contingent Capital II of EUR 1,500,000 (2014: 1,500,000), equivalent to 1,500,000 shares (2014: 1,500,000), each with a notional value of EUR 1 per share. In accordance with a resolution passed at the annual general meeting on 3 June 2014 the Management Board is authorised subject to the Supervisory Board's approval to utilise Authorised Capital I to increase the Company's share capital once or repeatedly on or before 31 May 2019. The Management Board is additionally authorised with the Supervisory Board's approval to exclude the shareholders' subscription rights.

In an ad-hoc bulletin issued on 4 October 2015 on the business combination agreement with the Acciona Group, the Company announced that it would be using Authorised Capital I of 16,100,000 shares to finance part of the transaction.

Contingent Capital I

Contingent Capital I is used to grant conversion rights and/or to establish conversion obligations in accordance with the terms of the convertible bond in question for the holders of the convertible bonds issued by the Company on or before 30 April 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011 and to grant options in accordance with the terms of the option bond in question for holders of the option bonds issued by the Company on or before 31 May 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011. No conversion or option rights have been issued to date.

Contingent Capital II

Contingent Capital II is used solely to settle subscription rights under the stock options granted to executives and employees of the Company and the domestic and non-domestic members of the Nordex Group, members of the management of the Nordex Group companies and members of the Company's Management Board granted on or before 31 December 2012 in accordance with the authorisation granted by the shareholders at the annual general meeting on 27 May 2008. Such subscription rights no longer exist.

Further information concerning the Management Board's authorisation to issue shares can be found in the section on equity capital in the notes to the consolidated financial statements. 138

Material agreements subject to a change-of-control provision

The Company does not have any material agreements subject to a change-of-control provision which would be invoked in the event of a take-over bid. Likewise, the Company has not entered into any agreement providing for compensation to be paid to members of the Management Board or employees in the event of a take-over bid.

Corporate governance

Disclosures pursuant to Section 289a of the German Commercial Code

The activities of the Management Board and Supervisory Board are guided by the principles of responsible corporate governance. This report contains the corporate governance declaration in accordance with Section 289a of the German Commercial Code and the corporate governance report in accordance with Article 3.10 of the German Corporate Governance Code.

Authorised Capital I to be utilised

Under Section 161 of the German Stock Corporation Act, the Management Board and Supervisory Board of a listed company are required to issue a declaration once a year confirming conformity to the recommendations of the Government Commission on the German Corporate Governance Code issued by the German Federal Ministry of Justice and published in the official part of the electronic Bundesanzeiger and stating which recommendations have not been implemented in the past and are currently not being implemented. This declaration must be made permanently available to the shareholders. Nordex has published its declarations of conformity for the past few years on the Internet at www.nordex-online.com/en/investor-relations.

Declaration of conformity by the Management Board and the Supervisory Board in accordance with Section 161 of the German Stock Corporation Act

Since the last declaration of conformity of 20 November 2015, The the Management Board and the Supervisory Board of Nordex SE have conformed to the recommendations set out in the German Corporate Governance Code published in the official part of the electronic Bundesanzeiger by the Government Commission on the German Corporate Governance Code as amended on 5 May 2015 save for the exceptions described below. This will also continue to be the case in the future unless planned changes in the individual segments are announced.

3.8 D&O insurance

The "Act on Appropriate Management Board Compensation" (VorstAG), which came into effect on 5 August 2009, adds to Section 93 (2) of the German Stock Corporation Act a new provision (Sentence 3), stipulating a mandatory minimum deductible for members of the Management Board. Nordex complied with this statutory obligation when it took out and renewed the existing D&O cover, which took effect on 1 July 2010. On the other hand, Nordex has not arranged for any deductible to be included in the Directors & Officers (D&O) insurance for members of the Supervisory Board.

Nordex takes the view that the members of the Supervisory Board will do everything in their powers to avert any harm from the Company. A deductible does not serve to promote their responsibility and motivation in this respect. In any case, the inclusion of a reasonable deductible would not have any effect on the insurance premium.

4.1.5 Appointments to management positions – diversity

The Management Board does not comply with the recommendation in Article 4.1.5 of the GCGC in that the appointments to management positions within the Company are exclusively guided by the qualifications of the persons available and the gender of the candidates is not given a position of priority in the decision-making process. In addition, the Management Board of Nordex SE/management of Nordex Energy GmbH have defined a target of 15% for the share of women in management positions for the two levels immediately below the Management Board/top-level management. Achievement of this target will be disclosed as of 31 December 2016 for the first time.

5.1.2 and 5.4.1 Fixed aged limits for the Management Board and Supervisory Board

Contrary to the recommendations in both Article 5.1.2 (2) Sentence 3 and Article 5.4.1 (2) Sentence 1 , Nordex SE has no fixed age limit for membership of the Management Board and Supervisory Board. Moreover, Nordex has not defined any limit for the length of service on the Supervisory Board notwithstanding Article 5.4.1.

Age or length of service are no indication of the capabilities of a current or potential member of the Management Board or Supervisory Board. Therefore, Nordex SE does not consider rigid limits, which also limit the company's flexibility in making personnel decisions and the number of possible candidates, to be a sensible measure.

Summary of significant accounting policies

Corporate compliance
Corporate compliance policy was additionally extended at Nordex in the year under review. The global code of conduct, which was implemented in 2011 and applies to the entire Nordex Group, continued to be rolled out in the year under review with specific compliance training on matters such as anti-corruption precautions, competition law and association work. In addition, the Nordex Group's Intranet was continually updated with additional information on compliance. The compliance team is keeping staff at all Nordex companies regularly abreast of all current activities and developments on a regular basis by means of dedicated newsletters, online communications and training. The compliance policy has been expanded with the inclusion of a code of conduct for external suppliers and contractors.

Disclosures on work procedures of the Management Board, the Supervisory Board and the Committees

How the Management Board functions
The Management Board manages the Company – a strategic holding company, which also performs administrative service functions - at its own discretion with the aim of achieving sustained improvements in enterprise value and of attaining the agreed targets. It conducts the Company's business in accordance with statutory provisions and the provisions of the Company's Articles of Incorporation and rules of conduct for the Management Board. In addition, it works in a spirit of trust with the Company's other corporate governance bodies.

The Management Board defines the long-term goals and strategies for the entire Nordex Group and determines the principles for the corporate policy derived from these. It coordinates and supervises all significant activities. It determines the range of products, develops and deploys executive staff, allocates resources and makes decisions on financial management and Group reporting.

The members of the Management Board are jointly responsible for the entire management of the Company. Notwithstanding this, the individual members of the Management Board perform the duties assigned to them in accordance with the resolutions passed at their own discretion.

The allocation of duties to the members of the Management Board is recorded in a business allocation plan, which is approved by the Supervisory Board.

The Management Board makes decisions on all matters of fundamental and material importance as well as in the cases prescribed by law or elsewhere.

Shared responsibility

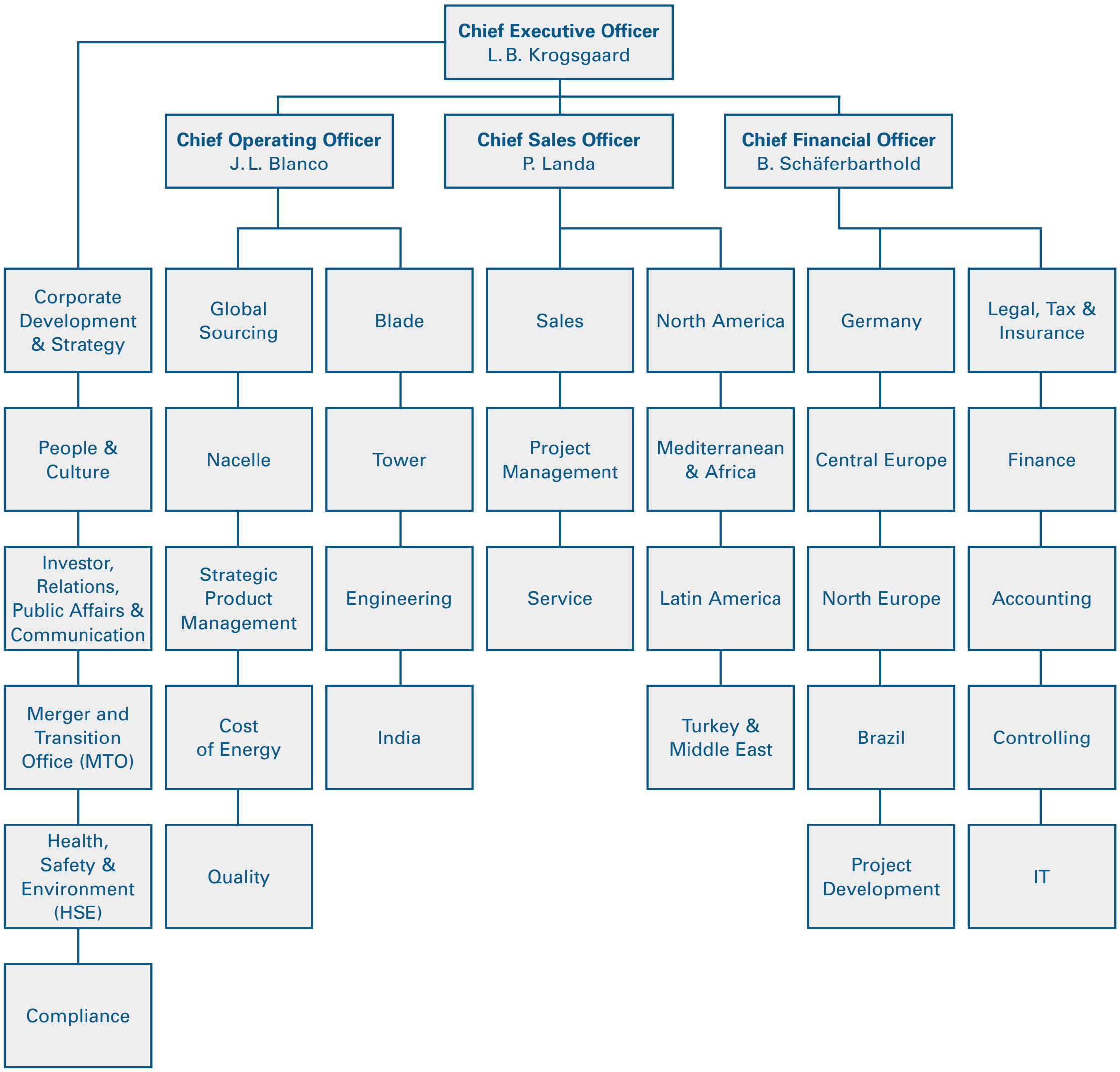
Shared responsibility
Meetings of the Management Board are held regularly. They are convened by the chairman of the Management Board. In addition, each member of the Management Board may request that a meeting be convened. Resolutions of the Management Board are passed with a simple majority except where a unanimous vote is prescribed. In the event of an even vote, the chairman has the casting vote.

In accordance with the Management Board's rules of conduct, the Chairman (Chief Executive Officer; CEO) is responsible for coordinating all of the Management Board's activities, reporting to the Supervisory Board and representing the Company and the Group towards third parties. In the period under review, he was responsible for global service, quality management, HSE, project development, communications, corporate development and the regions Germany, EMEA East, EMEA South, EMEA North, Turkey and the Middle East, Asia-Pacific and the Americas.

During the period under review, the Chief Financial Officer (CFO) was responsible for project management, product line management, engineering, global sales, the nacelle and tower centre, the blade centre, finances, controlling, accounting, risk management, internal auditing, IT, law and taxes and people & culture.

The Management Board has not established any committees.

Future organisational structure of the Nordex Group



Regions and segments reorganised

Following the merger with AWP, there will be several changes in 2016. Among other things, the Management Board is to be expanded with the addition of two new positions, namely Chief Operating Officer (COO) and Chief Sales Officer (CSO); in addition, the regions and reporting segments are to be restructured.

Under the new structure, the CEO will be responsible for people & culture, communications, corporate development & strategy, HSE, Compliance and MTO. The CFO will be responsible for legal, tax, insurance, finance, accounting, controlling, IT and project development as well as the regions of Germany, Central Europe, Northern Europe and Brazil. The COO will be responsible for purchasing, nacelle, rotor blade and tower production, engineering, quality management, strategic product management (including Cost of Energy) and India. The CSO will be responsible for all customer-related matters such as sales, project management and service as well as North America,

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Latin America, the Mediterranean and Africa as well as Turkey and the Middle East. Further changes and reporting lines are reflected in the organisational chart.

Supervisory Board: supervisory and monitoring activities
The Supervisory Board is responsible for monitoring and advising the Management Board. In accordance with the Articles of Incorporation, it comprises six members who are elected by the shareholders at the annual general meeting. The Supervisory Board is directly involved in all decisions of fundamental significance for the Company; it also consults with the Management Board on the Company's strategic orientation and regularly discusses with it the progress being made on implementing business strategy.

The chairman of the Supervisory Board coordinates its activities and presides over the meetings. The Supervisory Board is kept informed of the Company's business policy, corporate planning and strategy at all times via regular meetings with the Management Board. The Supervisory Board approves the budget and the annual financial statements of Nordex SE and the Nordex Group as well as the combined management report in the light of the statutory auditors' report.

Supervisory Board committees
The Supervisory Board currently has the following committees: the management committee, the audit committee and the strategy and engineering committee.

Management committee:
This committee has three members. The chairman is Dr. Wolfgang Ziebart, the other two members are Jan Klatten and Martin Rey. The management committee has the function of a permanent personnel committee. In addition, it is responsible for passing urgent resolutions on decisions made by the Management Board which require the Supervisory Board's approval in accordance with corporate law, the provisions of the Company's Articles of Incorporation or the rules of conduct, unless a resolution passed by the entire Supervisory Board is prescribed. In addition, it performs the task of a nomination committee and submits recommendations to the Supervisory Board with respect to voting proposals for the annual general meeting.

Audit committee:
The audit committee comprises three members; in the year under review, the chairman was Martin Rey, while the other two members were Annette Stieve and Frank Lutz. All three members satisfy the statutory requirements imposed on members of a supervisory board and an audit committee with respect to independence and expertise in the areas of accounting and auditing. The audit committee is responsible for matters relating to accounting and risk management, the necessary independence of the statutory auditor, the mandating of the statutory auditor, the determination of the main aspects of the audit and the fee agreement with the statutory auditor. In addition, it addresses matters relating to controlling and contracting and particularly also for decisions made by the Management Board which require the Supervisory Board's approval in accordance with corporate law, the provisions of the Company's Articles of Incorporation or the rules of conduct. The audit committee is also responsible for monitoring the accounting process, the efficacy of the internal control system and corporate compliance, the risk management system and the internal auditing system.

Strategy and engineering committee:
This committee comprises Jan Klatten (chairman), Dr. Wolfgang Ziebart and Dr. Heinz van Deelen. It is responsible for technical and strategic matters.

Disclosures on the definition of the proportion of women
In accordance with Section 111 (5) of the German Stock Corporation Act, the Supervisory Board set a target of 0% for the Management Board and a target of 16.67% for the Supervisory Board with respect to the proportion of women to be achieved by 31 December 2016; these targets were reached in the year under review.

In accordance with Section 76 (4) of the German Stock Corporation Act, the Management Board set the target for the proportion of women on the two management levels below the Management Board at 15% to be achieved by 31 December 2016; this figure has currently not been reached. The cumulative share of women in the first two management levels of Nordex SE and the Nordex Group companies stood at 9% in the year under review.

Target of 15%

Further Corporate Governance Report

The total number of shares held by all members of the Management Board and the Supervisory Board of the Company exceeds 1% of the shares issued by Nordex. Details on the shares held by the members of the Supervisory Board and the Management Board
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can be found in the notes to the consolidated financial statements. The stock option programmes have since lapsed. The 2008 stock option programme has expired and all subscription rights have been exercised or forfeited.

Details on the remuneration for the Management Board and the Supervisory Board can be found in the
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remuneration report, which is included in the notes to the consolidated balance sheet of Nordex SE.

Directors' dealings

Members of the Management Board and the Supervisory Board and parties related to them in accordance with Section 15a of the Securities Trading Act must disclose any transactions involving shares in Nordex SE or related financial instruments ("directors' dealings") to the German Federal Financial Supervisory Authority and Nordex SE. The following disclosures on directors' dealings in accordance with Section 15a of the German Securities Trading Act were received by the Company in 2015:

Date	Person/entity Position	Number Action	ISIN Stock market	Price per share Total volume EUR
07.10.2015	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity with a close relationship to a member of the Supervisory Board	11,954,382 Sale	DE000A0D6554 Over the counter	26.00 310,813,932.00
07.10.2015	momentum-capital Vermögensverwaltungsgesellschaft mbH Legal entity with a close relationship to a member of the Supervisory Board	943,370 Sale	DE000A0D6554 Over the counter	26.00 24,527,620.00

Detailed reporting

To achieve the greatest possible transparency, Nordex keeps shareholders, financial analysts, shareholder groups, the media and the public at large regularly informed on a timely basis of the Company's condition and main changes in its business. In this way, the Company's reports comply with the rules defined in the Code: Nordex informs its shareholders four times a year of its business performance, net assets, financial condition and results of operations as well as its risk exposure.

In accordance with the statutory requirements, members of the Company's Management Board confirm that the annual financial statements, consolidated financial statements and combined management report provide a true and fair view of the Company's condition.

The annual financial statements of Nordex SE, the Nordex Group's consolidated financial statements and the combined management report are published within three months of the end of the year to which they relate. During the year, shareholders and third parties are informed of the Company's performance in the half-year report and, in the first and third quarters, in quarterly reports.

In addition, Nordex publishes information at press and analyst conferences. It particularly also uses the Internet as a publication platform. The Group's website sets out the main financial dates such as the dates of publication of the annual report, the half-year report and the interim reports and the date of the annual general meeting.

Any material new information is made available to the broad public without delay.

In addition to regular reporting, ad-hoc bulletins are released to disclose all facts not publicly known which are liable to materially affect the price of Nordex stock upon becoming known.

Nordex SE
Rostock, 18 March 2016

L. Krogsgaard
Chief Executive Officer

B. Schäferbarthold
Management Board

Increase in
free cash flow to
EUR 94.6 million

40% increase in sales
to over
EUR 2.4 billion

Consolidated financial statements

Further information

Consolidated balance sheet

as of 31 December 2015

Assets	Notes	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Cash and cash equivalents	(1)	528,973	388,420
Trade receivables and future receivables from construction contracts	(2)	275,466	185,461
Inventories	(3)	218,609	273,880
Income tax refund claims		4,837	1,720
Other current financial assets	(4)	42,112	27,513
Other current non-financial assets	(5)	68,956	44,211
Current assets		1,138,953	921,205
Property, plant and equipment	(6)	145,614	136,193
Goodwill	(7)	9,960	9,960
Capitalised development expense	(8)	110,933	106,118
Other intangible assets	(9)	5,796	2,866
Financial assets	(10)	2,179	2,211
Investments in associates	(11)	8,699	13,320
Other non-current financial assets	(12)	2,866	3,131
Other non-current non-financial assets	(13)	28	13
Deferred income tax assets	(14)	35,100	44,833
Non-current assets		321,175	318,645
Assets		1,460,128	1,239,850

Equity and liabilities	Notes	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Current bank borrowings	(15)	6,572	0
Trade payables	(16)	254,926	177,479
Income tax liabilities	(17)	11,900	3,905
Other current provisions	(18)	66,491	31,130
Other current financial liabilities	(19)	184,202	25,679
Other current non-financial liabilities	(20)	353,495	391,052
Current liabilities		877,586	629,245
Non-current bank borrowings	(21)	43,750	0
Pensions and similar obligations	(22)	1,731	1,786
Other non-current provisions	(18)	22,617	21,430
Other non-current financial liabilities	(23)	0	156,771
Other non-current non-financial liabilities	(24)	3,490	3,775
Deferred income tax liabilities	(14)	55,357	30,844
Non-current liabilities		126,945	214,606
Subscribed capital		80,882	80,882
Share premium		229,114	242,624
Other retained earnings		–10,961	–7,951
Cash flow hedges		1,730	–2,901
Foreign-currency adjustment item		5,651	1,762
Consolidated net profit carried forward		149,181	81,583
Consolidated net profit		0	0
Share in equity attributable to parent company's equity holders		455,597	395,999
Equity	(25)	455,597	395,999
Equity and liabilities		1,460,128	1,239,850

Consolidated income statement

for the period from 1 January to 31 December 2015

	Notes	01.01–31.12.2015 EUR thousand	01.01–31.12.2014 EUR thousand
Sales	(27)	2,430,105	1,734,531
Changes in inventories and other own work capitalised	(28)	–14,016	4,934
Total revenues		2,416,089	1,739,465
Other operating income	(29)	21,444	22,671
Cost of materials	(30)	–1,879,829	–1,342,707
Personnel expenses	(31)	–197,260	–167,728
Depreciation/amortisation	(32)	–56,139	–43,024
Other operating expenses	(33)	–178,069	–130,652
Earnings before interest and taxes (EBIT)		126,236	78,025
Income from investments		1,043	330
Net profit/loss from at-equity valuation		–1,216	–2,477
Depreciation of financial assets		–7,087	–2,506
Other interest and similar income		2,360	2,429
Interest and similar expenses		–23,275	–20,458
Net finance expense	(34)	–28,175	–22,682
Net profit/loss from ordinary activity		98,061	55,343
Income taxes	(35)	–45,789	–16,337
Consolidated profit		52,272	39,006
Of which attributable to:			
Parent company's equity holders		52,272	39,006
Earnings per share (in EUR)	(36)		
Basic[1]		0.65	0.48
Diluted[2]		0.65	0.48

[1]Based on a weighted average of 80.882 million shares (previous year 80.882 million shares)
[2]Based on a weighted average of 80.882 million shares (previous year 80.957 million shares)

Consolidated statement of comprehensive income

for the period from 1 January to 31 December 2015

	01.01–31.12.2015 EUR thousand	01.01–31.12.2014 EUR thousand
Consolidated profit	52,272	39,006
Other comprehensive income		
Items which may be recycled to profit and loss		
Foreign currency translation difference	3,889	–1,582
Cash flow hedges	6,815	–13,071
Deferred income taxes	–2,184	4,007
Items which are not recycled to profit and loss		
Remeasurement of defined benefit pension plans	281	–341
Deferred income taxes	–90	109
Consolidated comprehensive income	60,983	28,128
Of which attributable to:		
Parent company's equity holders	60,983	28,128

Consolidated cash flow statement

for the period from 1 January to 31 December 2015

		01.01–31.12.2015 EUR thousand	01.01–31.12.2014[1] EUR thousand
	Operating activities:		
	Consolidated profit	52,272	39,006
+	Depreciation/amortisation of non-current assets	63,226	45,530
=	Consolidated profit plus depreciation/amortisation	115,498	84,536
+/–	Decrease/increase in inventories	55,271	–9,975
–/+	Increase/decrease in trade receivables and future receivables from construction contracts	–90,005	28,567
+/–	Increase/decrease in trade payables	77,447	–12,771
–/+	Decrease/increase in prepayments received – liabilities –	–53,567	65,176
=	Payments made/received from changes in working capital	–10,854	70,997
–/+	Increase/decrease in other assets not allocated to investing or financing activities	–36,029	20,552
–/+	Decrease/increase in pension provisions	–55	344
+/–	Increase/decrease in other provisions	36,548	–9,897
+/–	Increase/decrease in other liabilities not allocated to investing or financing activities	16,387	–8,970
+/–	Loss/gain from the disposal of non-current assets	1,222	–6,023
–	Other interest and similar income	–2,360	–2,429
+	Interest received	2,337	2,328
+	Interest and similar expenses	23,275	20,458
–	Interest paid	–22,462	–19,916
+	Income taxes	45,789	16,337
–	Taxes paid	–3,972	–2,728
+/–	Other non-cash expenses/income	2,663	–5,299
=	Payments received from remaining operating activities	63,343	4,757
=	Cash flow from operating activities	167,987	160,290
	Investing activities:		
+	Payments received from the disposal of property, plant and equipment/intangible assets	168	9,842
–	Payments made for investments in property, plant and equipment/intangible assets	–78,747	–77,048
+	Payments received from the disposal of financial assets	3,774	3,057
–	Payments made for investments in financial assets	–2,229	–8,201
+	Payments received from investment grants	3,647	760
=	Cash flow from investing activities	–73,387	–71,590

[1]The previous year has been restated due to the inclusion of fixed-term deposits in cash and cash equivalents.

		01.01–31.12.2015 EUR thousand	01.01–31.12.2014[1] EUR thousand
	Financing activities:		
+	Bank loans raised	50,000	0
–	Bank loans repaid	0	–25,316
–	Repayment of finance leases	0	–12,963
=	Cash flow from financing activities	50,000	–38,279
	Cash change in cash and cash equivalents	144,600	50,421
+	Cash and cash equivalents at the beginning of the period	388,420	332,963
–/+	Exchange rate-induced change in cash and cash equivalents	–4,047	5,036
=	Cash and cash equivalents at the end of the period[2] (Cash and cash equivalents carried on the face of the consolidated balance sheet)	528,973	388,420

[1] The previous year has been restated due to the inclusion of fixed-term deposits in cash and cash equivalents.
[2] Escrow account EUR 0 (2014: EUR 392 thousand)

Consolidated statement of changes in equity

for the period from 1 January to 31 December 2015

	Subscribed capital EUR thousand	Share premium EUR thousand	Other retained earnings EUR thousand
01.01.2015	80,882	242,624	–7,951
Employee stock option programme	0	–1,385	0
Consolidated comprehensive income	0	0	191
Consolidated net profit	0	0	0
Other comprehensive income			
Items which may be recycled to profit and loss			
Foreign currency translation difference	0	0	0
Cash flow hedges	0	0	0
Deferred income taxes	0	0	0
Items which are not recycled to profit and loss			
Remeasurement of defined benefit pension plans	0	0	281
Deferred income taxes	0	0	–90
Utilisation of profit and consolidated net profit/loss carried forward Consolidated net profit carried forward	0	–12,125	–3,201
31.12.2015	80,882	229,114	–10,961

Cash flow hedges EUR thousand	Foreign currency adjustment item EUR thousand	Consolidated net profit carried forward EUR thousand	Consolidated net profit/loss EUR thousand	Capital attributable to the parent company's equity holders EUR thousand	Total equity EUR thousand
–2,901	1,762	81,583	0	395,999	395,999
0	0	0	0	–1,385	–1,385
4,631	3,889	0	52,272	60,983	60,983
0	0	0	52,272	52,272	52,272
0	3,889	0	0	3,889	3,889
6,815	0	0	0	6,815	6,815
–2,184	0	0	0	–2,184	–2,184
0	0	0	0	281	281
0	0	0	0	–90	–90
0	0	67,598	–52,272	0	0
1,730	5,651	149,181	0	455,597	455,597

Consolidated statement of changes in equity

for the period from 1 January to 31 December 2014

	Subscribed capital	Share premium	Other retained earnings
	EUR thousand	EUR thousand	EUR thousand
01.01.2014	80.882	242.888	–10.920
Employee stock option programme	0	–264	0
Consolidated comprehensive income	0	0	–232
Consolidated profit	0	0	0
Other comprehensive income			
Items which may be recycled to profit and loss			
Foreign currency translation difference	0	0	0
Cash flow hedges	0	0	0
Deferred income taxes	0	0	0
Items which are not recycled to profit and loss			
Remeasurement of defined benefit pension plans	0	0	–341
Deferred income taxes	0	0	109
Utilisation of profit and consolidated net profit/loss carried forward Consolidated net profit carried forward	0	0	3.201
31.12.2014	80.882	242.624	–7.951

Cash flow hedges EUR thousand	Foreign currency adjustment item EUR thousand	Consolidated net profit carried forward EUR thousand	Consolidated net profit EUR thousand	Capital attributable to the parent company's equity holders EUR thousand	Total equity EUR thousand
6.163	3.344	45.778	0	368.135	368.135
0	0	0	0	–264	–264
–9.064	–1.582	0	39.006	28.128	28.128
0	0	0	39.006	39.006	39.006
0	–1.582	0	0	–1.582	–1.582
–13.071	0	0	0	–13.071	–13.071
4.007	0	0	0	4.007	4.007
0	0	0	0	–341	–341
0	0	0	0	109	109
0	0	35.805	–39.006	0	0
–2.901	1.762	81.583	0	395.999	395.999

Notes

General disclosures

Notes on the balance sheet

Notes on the income statement

Other disclosures

Key

Cross-reference with page number 00

Reference to Internet @

Notes on the consolidated financial statements

for the year from 1 January until 31 December 2015

General information

Nordex SE, a listed Societas Europaea, and its subsidiaries develop, manufacture and distribute wind power systems, particularly large multimegawatt-class turbines, in Germany and in other countries. Nordex SE is domiciled in Rostock, Germany. However, its headquarters are located at Langenhorner Chaussee 600, 22419 Hamburg, Germany.

Nordex SE stock is admitted to regulated trading subject to the advanced admission obligations (TecDAX) stipulated by Deutsche Börse. Its nominal capital as of 31 December 2015 stands at EUR 80,882,447 (2014: EUR 80,882,447) and is divided into 80,882,447 (2014: 80,882,447) fully paid-up no-par-value shares with a notional value of EUR 1 each.

Nordex SE's consolidated financial statements for 2015 were approved for publication in a resolution passed by the Management Board on 24 February 2016.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the accounting periods presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Nordex SE and its subsidiaries were prepared in accordance with Section 315a of the German Commercial Code using the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. In this connection, all International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) binding for the 2015 reporting year were applied.

The consolidated financial statements were prepared using the historical cost method supplemented with fair-value measurement of the financial assets classified as available for sale and the assets and liabilities at fair value through profit and loss (including derivative financial instruments).

The consolidated financial statements are prepared in thousands of euros.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the section entitled "Critical accounting estimates and assumptions".

As in the previous year, Nordex SE applied the current/non-current distinction provided for in IAS 1 for accounting for assets and liabilities in 2015.

At Nordex SE and all its consolidated companies, the fiscal year is identical to the calendar year.

Effects of new accounting standards

The new and revised standards to be applied in 2015 as a result of endorsement by the European Union are as follows:

Standard/Interpretation		Published by IASB	Mandatory application stipulated by IASB
IAS 19	Employee benefits	21.11.2013	01.07.2014
Annual IFRS improvements cycle 2010–2012		12.12.2013	01.07.2014
Annual IFRS improvements cycle 2011–2013		12.12.2013	01.07.2014

The application of the new and revised standards and interpretations does not have any material effects on the consolidated financial statements.

New and revised standards and interpretations which were not yet mandatory in 2015 and have not been early adopted by the Group:

Standard/Interpretation		Published by IASB	Mandatory application stipulated by IASB
IAS 1	Presentation of the financial statements	18.12.2014	01.01.2016
IAS 16	Property, plant and equipment	12.05.2014/ 30.06.2014	01.01.2016
IAS 27	Separate financial statements	12.08.2014	01.01.2016
IAS 28	Investment in associated companies and joint ventures	11.09.2014/ 18.12.2014	01.01.2016
IAS 38	Intangible assets	12.05.2014	01.01.2016
IAS 41	Agriculture	30.06.2014	01.01.2016
IFRS 9	Financial instruments	24.07.2014	01.01.2018
IFRS 10	Consolidated financial statements	11.09.2014/ 18.12.2014	01.01.2016
IFRS 11	Joint arrangements	06.05.2014	01.01.2016
IFRS 12	Disclosures of interests in other entities	18.12.2014	01.01.2016
IFRS 14	Regulatory deferral accounts	30.01.2014	01.01.2016
IFRS 15	Revenue from contracts with customers	11.09.2015	01.01.2018
IFRS 16	Leases	13.01.2016	01.01.2019
Annual IFRS improvements cycle 2012–2014		25.09.2014	01.01.2016

IFRS 9 introduces new guidance for the classification and measurement of financial assets among other things. Categorisation is based on the company's business model and the characteristics of the contractual payment flows under the financial asset in question. Further changes over the previous accounting practice concern the guidance on hedge accounting and the recognition of impairments.

Under the new guidance provided by IFRS 15, the amount of revenue recognised in many cases no longer matches the amount invoiced to the customer particularly in connection with multi-component transactions involving several different contractual services. As a result, changes may arise with respect to the amount and timing of revenue recognition among other things. This particularly refers to installation and service contracts, which were previously accounted for independently.

No use was made of the possibility for early adoption. The effects of the new and revised standards are being examined in detail.

Moreover, there are no changes in the accounting and measurement methods used compared with the previous year.

Consolidation

Subsidiaries

Subsidiaries are defined as all entities (including structured companies) which are controlled by the Group. The Group controls an investee if it has power over it or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Group's returns.

An investee is consolidated from the day on which the investor gains control of it and ends when the investor loses control over it.

Subsidiaries acquired are accounted for using the acquisition method. The acquisition costs equal the fair value of the assets acquired, equity instruments issued and the liabilities arising or assumed as of the date of exchange. In addition, the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any transaction costs are reported within profit and loss when they arise. For the purpose of accounting for business combinations, identifiable assets, liabilities and contingent liabilities are consolidated for the first time at their fair value as of the date of acquisition.

The Group makes an individual decision for each business combination whether the non-controlling interests in the acquiree are measured at fair value or on the basis of the proportionate share of the acquiree's net assets.

Goodwill is recognised as the excess of the costs of the business combination, the amount of the non-controlling interests in the acquiree and the fair value of any previously held shares as of the date of acquisition over the Group's shares in the net assets measured at their fair value. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Internal Group transactions, balances as well as unrealised gains and losses from internal Group transactions are eliminated. Where necessary, the accounting policies applied by the subsidiaries have been modified to ensure consistent Group-wide accounting practices.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence over a company, any retained interest in the company is remeasured at its fair value, with the change in carrying amount recognised in profit or loss.

The fair value is defined as the initial fair value of an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that company are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognised in other comprehensive income are recycled to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are recycled to profit or loss where appropriate.

The companies consolidated comprise the following eight (2014: six) domestic and 27 (2014: 27) non-domestic companies:

Name	Share in capital/ voting rights 31.12.2015 %	Share in capital/ voting rights 31.12.2014 %
Nordex SE, Rostock (Group parent)	–	–
Beebe Wind LLC, Delaware, United States	100.0	100.0
Eólicos R4E S.A. de C.V., Tegucigalpa, Honduras	100.0	100.0
Green Hills Wind LLC, Delaware, United States	100.0	100.0
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd, Beijing, China	100.0	100.0
Nordex (Chile) SpA, Santiago, Chile	100.0	100.0
Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., Dongying, China	100.0	100.0
Nordex Education Trust, Capetown, South Africa	100.0	100.0
NordexEnergy Uruguay S.A., Montevideo, Uruguay	100.0	100.0
Nordex Energy B.V., Rotterdam, Netherlands	100.0	100.0
Nordex Energy GmbH, Hamburg	100.0	100.0
Nordex Energy Ibérica S.A., Barcelona, Spain	100.0	100.0
Nordex Energy Ireland Ltd., Dublin, Ireland	100.0	100.0
Nordex Energy Romania S.r.l., Bucharest, Romania	100.0	100.0
Nordex Energy South Africa RF (Pty.) Ltd., Illovo, South Africa	100.0	100.0
Nordex Enerji A.S., Istanbul, Turkey	100.0	100.0
Nordex Forum II GmbH & Co. KG, Hamburg	100.0	–
Nordex Forum II Verwaltungs GmbH, Hamburg	100.0	–
Nordex France S.A.S.,La Plaine Saint-Denis, France	100.0	100.0
Nordex Grundstücksverwaltung GmbH, Hamburg	100.0	100.0
Nordex Hellas Monoprosopi EPE, Athens, Greece	100.0	100.0
Nordex Italia S.r.l., Rome, Italy	100.0	100.0
Nordex Offshore GmbH, Hamburg	100.0	100.0
Nordex Pakistan (Private) Ltd., Islamabad, Pakistan	100.0	100.0
Solar Polska Sp. z o.o., Warsaw, Poland	100.0	100.0
Nordex Singapore Equipment Private Ltd., Singapore	100.0	100.0
Nordex Singapore Service Private Ltd., Singapore	100.0	100.0
Nordex Sverige AB, Uppsala, Sweden	100.0	100.0
Nordex UK Ltd., Manchester, United Kingdom	100.0	100.0
Nordex USA Inc., Chicago, United States	100.0	100.0
Nordex USA Management LLC, Chicago, United States	100.0	100.0
Nordex Windpark Beteiligung GmbH, Hamburg	100.0	100.0
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia, China	100.0	100.0
NPV Dritte Windpark GmbH & Co. KG, Hamburg	100.0	100.0
Way Wind, LLC, Delaware, United States	100.0	100.0

The following companies were consolidated for the first time in the year under review:

Name		Date of acquisition/ incorporation
Nordex Forum II GmbH & Co. KG, Hamburg[1]	Incorporation	04.10.2015
Nordex Forum II Verwaltungs GmbH, Hamburg[1]	Incorporation	28.09.2015

[1] Consolidated for the first time effective 30 November 2015.

No companies were deconsolidated in the period under review.

On 4 October 2015, the Management Board of Nordex SE decided with the approval of the Supervisory Board to acquire Corporación Acciona Windpower S.L. (Acciona Windpower) from Acciona S.A. (Acciona).

The merger of the activities of Nordex and Acciona Windpower will give rise to a globally positioned company capable of addressing 85% (excluding China) of the global onshore market. Nordex and Acciona Windpower complement each other in a number of key business areas. Whereas Nordex has a strong presence in the European market, Acciona Windpower is well positioned in North and South America as well as in the emerging markets. Nordex wind power systems are particularly suitable for complex projects requiring sophisticated technological solutions. By contrast, Acciona Windpower turbines can be used primarily in large-scale projects in simpler surrounding conditions.

Under the terms of the business combination agreement of 4 October 2015, Acciona will be transferring the wind power business which it operates directly or indirectly via its 100% subsidiary Acciona Windpower to Nordex SE in the form of a combined cash/non-cash capital contribution. In return, Nordex SE will be utilising the capital authorised in accordance with its articles of incorporation to issue 16.1 million new shares subject to the exclusion of shareholders' pre-emptive subscription rights to grant Acciona new shares at an issue amount of EUR 26.00 per share. In addition, Acciona is to receive a cash payment of EUR 366.4 million adjusted for an amount equalling the net financial liabilities held by Acciona Windpower. The agreed purchase price before adjustments for net financial liabilities stands at EUR 785.0 million. Execution of the business combination agreement including the issue of new share capital is expected for the second quarter of 2016 subject to the discharge of the customary conditions precedent as provided for in the agreement (particularly antitrust clearance). In connection with the transaction, Nordex mandated its banks to underwrite a bonded loan issue in December 2015. The proceeds from the issue are to be used to finance the payment of the purchase price. The bridge facility of 15 December 2015 is also available as a backup.

Following the completion of the transaction, Acciona will hold 16.6% of Nordex SE's shares. Furthermore, Nordex SE's principal shareholders, SKion GmbH and momentum-capital Vermögensverwaltungsgesellschaft mbH, have announced that they have entered into a contract on the same arm's length terms as those provided for in the business combination agreement to sell part of their (in)directly held shares in Nordex SE to Acciona subject to execution of the business combination agreement. Accordingly, Acciona will hold a total of around 29.9% of Nordex SE's shares after the completion of the acquisition. At the same time, the share held by SKion GmbH/momentum-capital Vermögensverwaltungsgesellschaft mbH will be reduced to around 5.7%.

Nordex had not yet gained control over Acciona Windpower as of the reporting date or during the period in which these financial statements were prepared. A business combination as defined in IFRS 3 will not arise until the transaction has been completed and antitrust clearance has been received.

There are management and profit-transfer agreements in force between Nordex SE and its consolidated domestic companies with the exception of Nordex Offshore GmbH, der Nordex Forum II GmbH & Co. KG, der Nordex Forum II Verwaltungs GmbH and NPV Dritte Windpark GmbH & Co. KG H with a corresponding effect on the Group's tax situation. Corporate tax and trade tax groups have been established between Nordex SE and Nordex Energy GmbH, Nordex Grundstücksverwaltung GmbH as well as Nordex Windpark Beteiligung GmbH. A value added tax group has been established between Nordex SE and Nordex Energy GmbH, Nordex Forum II Verwaltungs GmbH, Nordex Grundstücksverwaltung GmbH and Nordex Windpark Beteiligung GmbH. The list of shareholdings as of 31 December 2015 is attached to these notes. 162

For the purposes of liability consolidation, all receivables and liabilities as well as unrealised gains and losses on internal Group transactions between consolidated companies of EUR 2,727,001 thousand (2014: EUR 2,277,785 thousand) are netted against each other.

Internal Group transactions as well as unrealised gains and losses from internal Group transactions are eliminated. In connection with the consolidation of expenses and income, internal Group deliveries of services and goods, expenses and income arising from transfer transactions and unrealised profit and loss from internal Group transactions of EUR 857,220 thousand (2014: EUR 690,754 thousand) were eliminated.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanied by a shareholding of between 20% and 50% of the voting rights.

They are accounted for using the equity method of accounting and initially recognised at cost. The Group's investments in associates include goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share in its associates' profits or losses is recognised in the income statement as of the date of acquisition and its share in changes in reserves is recognised in consolidated reserves. The accumulated post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise any further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, the accounting policies applied by the associates have been modified to ensure consistent Group-wide accounting. Dilution gains and losses arising from shares held in associates are recorded in profit and loss.

Foreign-currency translation

Functional currency and reporting currency

The items included in the financial statements of each consolidated company are measured on the basis of the currency which corresponds to the currency of the primary economic environment in which it operates (functional currency). The consolidated financial statements are presented in euros, which is Nordex SE's functional and presentation currency.

Transactions and balances

Foreign-currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Gains and losses from the transaction-date translation of monetary assets and liabilities held in a foreign currency are taken to the income statement.

Foreign exchange gains and losses resulting from the translation of cash, cash equivalents and other financial assets or liabilities are presented in the income statement under other operating income or other operating expenses.

Group enterprises

The assets and liabilities of all consolidated companies with a functional currency other than the euro are translated using the exchange rate prevailing on each reporting date.

The income and expenses of all consolidated companies with a functional currency other than the euro are translated into euro at the monthly average exchange rate for each income statement (unless the use of the average exchange rate does not result in a reasonable approximation of the cumulative effects which would have arisen had the exchange rate applicable on the dates of the individual transactions been applied; in this case, income and expenses are translated at the rates prevailing on the transaction dates).

Any translation differences are recorded as a separate item in other reserves in equity (foreign currency adjustment item).

The following table sets out the main exchange rates against the euro of importance to the Group:

Exchange rates EUR 1.00 equals	Average exchange rates for the year		End-of-year exchange rate as of 31.12.	
	2015	2014	2015	2014
CNY	6.9145	8.1090	7.0767	7.4437
GBP	0.7195	0.8028	0.7357	0.7789
PKR	112.8172	133.0902	114.2296	122.1493
PLN	4.2717	4.1924	4.2670	4.2820
SEK	9.1925	9.1160	9.1800	9.3800
TRY	3.1315	2.8923	3.1884	2.8300
USD	1.0728	1.3189	1.0895	1.2155
UYU	31.9489	30.6466	32.6264	29.1715
ZAR	16.0436	14.3102	17.0010	14.0292

Cash and cash equivalents

Cash and cash equivalents include cash in hand and sight deposits as well as fixed-term deposits with a rolling original term of between three and twelve months. Utilised current account overdrafts are netted with cash and cash equivalents.

Trade receivables and future receivables from construction contracts

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or within the normal operating cycle of the business if longer), they are classified as current assets. Otherwise they are classified as non-current.

Trade receivables are categorised as loans and receivables. They are initially recognised at fair value and subsequently measured at amortised cost, less any impairment losses, which are calculated on the basis of an individual risk assessment.

Future receivables from construction contracts are amounts due from services performed within the framework of specific customer construction contracts, which are recorded using the percentage-of-completion method (POC method) after deducting expected losses. They are netted with prepayments received. Future receivables from construction contracts are classified as loans and receivables.

Inventories

Inventories are reported at historical cost. Generally speaking, the average method is used to calculate historical cost. The production costs include full costs calculated on the basis of normal capacity utilisation. Specifically, the production costs include directly attributable costs as well as material and production overheads including production-related charges and pension expenses. In addition, production-related administrative overheads are assigned to production costs. Borrowing costs which are directly attributable to the construction of wind power systems and their components as well as advance outlays for project development, rights and infrastructure are included in construction costs.

Suitable adjustments are made to allow for any inventory risks in connection with reduced merchantability. If the net recoverable amount of the inventories on the balance-sheet date is less than their book value, they are written down accordingly. In the event of an increase in the net realisable value of inventories for which impairment expense has previously been recognised, the resultant reversal amount is deducted from the cost of materials or recognised as an increase in inventories.

Financial assets

Classification

Financial assets are allocated to the following categories: “at fair value through profit and loss”, “loans and receivables” and “available for sale”. The “held to maturity” category is not dealt with in any detail due to its lack of relevance for the Group.

Classification depends on the purpose for which the financial assets were acquired. Management determines the category of the financial asset upon initial recognition.

- Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets which are held for trading. In addition, a financial asset is assigned to this category if it has principally been acquired for the purpose of being sold in the near term. Derivatives are also assigned to this category unless they are designated as hedges. Assets in this category are recognised as current assets provided that they are due for settlement in less than twelve months; otherwise they are reported as non-current assets.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date. Otherwise they are classified as non-current. The Group’s loans and receivables are reported in the balance sheet within cash and cash equivalents, fixed-term deposits, trade receivables and future receivables under construction contracts as well as other current financial assets.

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments that are either designated in this category or not classified in any of the other categories. They are reported within non-current assets unless management intends to dispose of the investment within twelve months of the reporting date and the asset does not fall due for settlement during this period.

Recognition and measurement

All purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Company assumes an obligation to buy or sell the asset in question. Financial assets not designated as at fair value through profit and loss are initially recognised at their fair value plus transaction costs. Financial assets assigned to this category are initially recognised at their fair value; any transaction costs are recorded in profit and loss. Financial assets are derecognised when the rights to payment under the financial assets expire or they have been transferred to third parties together with substantially all risks and opportunities arising from ownership.

After initial recognition, available-for-sale financial assets and financial assets at fair value through profit and loss are measured at their fair value.

Gains or losses from financial assets at fair value through profit and loss are recognised in other operating income or other operating expenses in the income statement in the period in which they arise.

As a general rule, gains and losses from available-for-sale financial assets are recorded within equity in the period in which they arise with the exception of interest income arising from the application of the effective interest method and foreign-currency translation differences arising from monetary securities, which are reported in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the group's right to receive payments is established. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement. Securities classified as available-for-sale financial assets are measured at historical cost less impairment if there is no active market for them and their fair value cannot be reliably determined.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Interest income arising from the application of the effective interest method is reported within other interest and similar income in the income statement.

Impairment of financial assets

Assets measured at amortised cost

A test is performed at each reporting date to identify any evidence of impairment in a financial asset. A financial asset is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence of impairment may include evidence of financial difficulties on the part of a customer, failure to pay interest or capital amounts, the probability of insolvency or other composition proceedings and discernible facts indicating a measurable reduction in estimated future cash flows such as detrimental changes in the payment situation of the customer or borrower or in the economic situation tantamount to a delay in the performance of obligations.

In the "loans and receivables" category, the extent of the impairment is deemed to equal the difference between the carrying amount of the asset and the present value of the expected future cash flows (with the exception of possible future credit defaults) discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the loss taken to profit and loss.

If the amount of the impairment declines in a subsequent period and this decline is due to circumstances arising after the initial recognition of the impairment (e.g. a rating upgrade), the impairment is reversed through profit and loss.

Assets classified as available for sale

A test is performed at each reporting date to identify any evidence of impairment in a financial asset. In the case of debt instruments, the criteria stated above are applied. In the case of equity instruments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the instrument below its cost is viewed as an indicator that the instruments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Any impairment losses on equity instruments recognised in profit or loss may not be reversed through profit or loss. If the fair value of a debt instrument which is classified as an available-for-sale financial asset rises in a subsequent period and this increase is due to circumstances arising after the initial recognition of the impairment, the impairment is reversed through profit and loss.

Property, plant and equipment

Property, plant and equipment are reported at cost and, where subject to wear and tear, written down on a scheduled basis.

Historical cost includes the directly attributable transaction costs. Any additional cost, e.g. as a result of extensions or replacements, is only assumed to constitute part of the historical cost of the asset in question or – where applicable – reported as a separate asset if future economic benefits are likely to flow to the Group as a result and the costs of the asset can be reliably determined.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until all work has been materially completed required to ready the assets for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

In accordance with IAS 20.24, government grants and assistance received for the purposes of acquiring assets are deducted from historical cost.

Expenditure on repairs and maintenance which do not constitute material replacement spending is recognised in profit and loss in the year in which it arises.

Depreciation is calculated on a straight-line basis. For this purpose, the historical cost is written down to the residual carrying amount over the expected useful lives of the assets as follows:

	Useful life	Depreciation rate
Land and buildings (depreciation calculated for buildings only)	10–33 years	3%–10%
Technical equipment and machinery	3–16 years	6,25%–33,33%
Operating and business equipment	2–18 years	5,56%–50%

The assets' residual values and useful lives are reviewed and, if appropriate, adjusted at each reporting date.

If there is any evidence indicating impairment in the value of the asset and the realisable amount is less than the amortised acquisition or production costs, the asset is written down on a non-scheduled basis. If the reasons for the impairment no longer apply, the impairment loss is reversed.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill arising from a business combination is recorded separately within intangible assets. The goodwill recognised is subject to an annual impairment test and subsequently measured at historical cost less any accumulated impairment losses. Impairment losses on goodwill are not reversed.

Gains and losses from the sale of a company encompass the carrying amount of the goodwill attributable to the entity being sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose in accordance with the business segments identified. Reference should be made to the section on critical accounting estimates and assumptions for details of goodwill impairment testing.

Capitalised development expense

Development costs are capitalised if the technical feasibility of completing the intangible asset so that it is available for use or sale and the intention for the intangible asset to be completed, used or sold can be demonstrated. In addition, Nordex SE must be able to demonstrate the generation of a future economic benefit as a result of the asset and the availability of the resources to complete the asset and reliably measure the expenditure attributable to the intangible asset during its development.

The cost of production for such assets includes all costs directly attributable to the production process as well as the production-related overheads and borrowing costs. Capitalised development costs are written down on a straight line over the period in which the project is expected to generate sales, however no longer than five years.

If there is any evidence pointing to impairment in the value of the asset and the realisable amount is below the amortised acquisition or production costs, the asset is written down on a non-scheduled basis. If the reasons for the impairment no longer apply, the impairment loss is reversed.

Other intangible assets

Other intangible assets include licenses acquired, software and similar rights.

The assets are recognised at historical cost. They have defined useful lives and are reported at historical cost less cumulative amortisation. Amortisation is calculated on a straight-line basis over the expected useful lives of the assets, which are deemed to expire no later than upon the right extinguishing. The following useful lives are assumed for this purpose:

	Useful life	Depreciation rate
Licenses, software and similar rights	2–5 years	20%–50%

Current and deferred income taxes

The income tax expense comprises current and deferred income taxes. Income taxes are recorded in the income statement unless they refer to items reported directly in equity or other comprehensive income. In this case, they are also recorded in equity or other comprehensive income.

Current income tax expense is calculated on the basis of the tax legislation applicable or enacted as of the reporting date in the countries in which the subsidiaries are active and generate taxable income. Management regularly checks tax declarations particularly with respect to matters open to interpretation and, if necessary, sets aside provisions based on the amounts which are likely to be payable in tax.

Deferred income taxes are recognised for all temporary differences between the tax base of the assets/liabilities and their carrying amounts in the IFRS financial statements ("liability method"), which thus result in higher (deferred income tax liabilities) or lower (deferred income tax assets) taxable income in the future. No deferred income taxes liabilities are recognised upon the initial recognition of goodwill. Deferred income taxes are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income taxes are determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. They also include tax reimbursement claims arising from the expected future utilisation of existing tax losses if there is reasonable certainty that they will be realised within a period of five years.

Deferred income tax liabilities are provided on temporary differences arising on investments in non-consolidated subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are netted in cases in which there is an enforceable netting right and the deferred taxes are levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Financial liabilities

Classification

- Financial liabilities held for trading

This category exclusively includes the negative fair value of derivatives that are not included in hedge accounting. All changes to the fair value of the financial liabilities in this category are directly recognised in the income statement.

- Financial liabilities at amortised cost

The "financial liabilities at amortised cost" category includes all non-derivatives and those financial liabilities not subsequently recognised at their fair value. Amortised costs are calculated using the effective interest method.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise they are classified as non-current.

Trade payables are initially measured at their fair value and subsequently remeasured at amortised cost using the effective interest method.

Financial liabilities
Financial liabilities are initially recognised at their fair value net of transaction costs. In the ensuing periods, they are remeasured at amortised cost; any difference between the payment made (net of transaction costs) and the repayment received is included in the income statement over the term of the loan using the effective interest method.

Other provisions
Provisions are recognised if the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be necessary to settle the obligation and a reliable estimate can be made of the amount of the obligation. Values are calculated on the basis of prudent estimates in the light of all discernible risks at the level of their probable occurrence.

If a number of similar obligations exist, as is the case with guarantee and warranty provisions, the probability of the burden on assets as a result of this group of obligations is determined.

Provisions are recognised at the present value of the expenditure expected to be required to settle the obligation discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Increases in provisions resulting solely from interest costs are recorded as interest expense in the income statement.

Pensions and similar obligations
The Group has both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a non-Group separate entity (fund). In the case of defined contribution plans, the Group pays contributions to public or private pension insurance schemes on the basis of a statutory or contractual obligation or on a voluntary basis. The Group has no further payment obligations beyond the payment of these contributions. The contributions are recorded as personnel costs when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

By contrast, a defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The provisions on the balance sheet for defined benefit plans correspond to the present value of the defined benefit obligation (DBO) as of the reporting date. The DBOs are calculated annually by independent actuarial experts using the projected unit credit method. The present value of the DBOs is calculated by discounting the expected future outflows of funds with the interest rate of investment-grade corporate bonds. The corporate bonds are denominated in the currencies in which the benefits are paid and with maturities matching those of the pension obligations. Actuarial gains and losses based on historical adjustments and changes to actuarial assumptions are recorded in other comprehensive income in the period in which they arise.

Equity capital
Ordinary shares are classified as equity capital. Incremental costs which are directly attributable to the issue of new shares or options are recognised in equity as a deduction net of tax from the proceeds of the issue.

Performance share units

Since 2014, the variable component of the Management Board remuneration with a long-term incentive effect has been calculated using a contractually agreed target, which is converted into performance share units on the basis of the price of Nordex stock on the date on which they are granted. In addition, the target achievement rate is defined on the basis of the gross return on Nordex stock (in terms of total shareholder return) compared with the arithmetic mean of the performance indices DAX, MDAX and TecDAX. The final number of performance share units achieved is calculated on the basis of the number of virtual Nordex shares and the target achievement rate. The final number of performance share units is multiplied by the price at which Nordex stock is trading at the end of the performance period, thus yielding the amount to be paid out. A third of the net payment under the performance share unit plan must be invested by the Management Board member for a holding period of two years.

The fair value of the performance share units was calculated using an acknowledged financial-mathematical procedure for accounting in accordance with IFRS 2 (Share-based payments). This entails the use of a Monte Carlo simulation model to calculate on a random basis a large number of different trajectories for Nordex stock (including re-invested dividends) and the benchmark DAX, MDAX and TecDAX indices. The volatility and correlations underlying the measurements were derived from historical volatility and correlation data. The risk-free interest rate was determined on the basis of yields on government bonds.

Stock option plan

In the past, Nordex SE granted the Management Board of Nordex SE the right free of charge to acquire shares in the Company as a long-term incentive-based remuneration component. Nordex SE may also make a cash settlement in lieu of delivery of shares. As there is currently no obligation to make a cash settlement and this is not planned in the future, stock options are accounted for as equity-settled obligations.

The employee services received in exchange for the grant of the options are recognised as expense. This expense is determined by reference to the fair value of the options granted, including market-based plan conditions and exclusive non-market-based plan conditions, as well as “non-vesting conditions”. The fair value is calculated using an acknowledged binomial model. Non-vesting conditions are included in assumptions about the number of options that are expected to vest. In this connection, a non-vesting ratio of 0% is assumed. The total expense is recognised on a time-proportionate basis over the vesting period.

The Company monitors the expected number of options that are likely to be exercised during the vesting period at the end of every reporting period. Deviations from earlier estimates are adjusted and recorded in the income statement. A corresponding adjustment is then made to equity.

Derivative financial instruments and hedges

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. The method for recording profits and losses depends on whether the derivative financial statement has been designated as a hedge and the nature of the hedged item.

Currency forwards

Currency forwards are used to hedge items of the balance sheet and future cash flows (“hedged item”) with a high probability of occurrence. The Group applies the hedge-accounting rules set out in IAS 39, which stipulate that hedge accounting is possible only if the clear hedging relationship between the hedged item and the hedge is documented and its efficacy is proved.

Like other derivative financial instruments, cash flow hedges satisfying these requirements are measured at fair value. Any changes in the fair value of the effective part of the derivative are initially recorded in the cash flow hedge reserve and only recycled to profit and loss when the hedged item is realised; the ineffective part of the cash-flow hedge is taken to profit and loss immediately. The ineffective part of cash flow hedges comprises income and expense arising from any changes in the fair value of the currency forwards exceeding the changes in the fair value of the hedged items for which, however, efficacy within the permissible range of between 80% and 125% has been determined.

If a hedge expires, is sold or no longer qualifies for hedge accounting, the cumulative profit or loss hitherto recorded within equity is not recycled to profit and loss until the originally hedged transaction is realised. If the future transaction is no longer expected to be realised, the cumulative profit and loss recognised within equity must be immediately recycled to profit and loss.

Gains and losses on hedged project contracts are reported in the income statement under other operating income or other operating expenses as the case may be, whereas gains and losses on hedged procurement contracts are reported within cost of materials. In the previous year, all such gains and losses had been reported within the cost of materials.

Currency forwards which are used within the Group for hedging foreign currency risks in accordance with business criteria but which do not satisfy the strict criteria of IAS 39 for the application of hedge accounting are classified as assets and liabilities at fair value through profit and loss and classed as held for held for trading. Gains or losses from these currency forwards designated as fair-value hedges are recognised within other operating income or other operating expenses, as the case may be, in the income statement for the period in which they arise.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease and reported within other operating expenses.

Leases in which the Group holds the material risks and benefits from ownership of the leased assets are classified as finance leases. Assets leased under finance leases are recognised at the lower of their fair value and the present value of the minimum lease payment at the beginning of the lease.

A lease liability of the same amount is recorded within non-current liabilities. Every lease payment is divided into an interest and a repayment component to ensure that a constant interest rate is applied to the lease liability. The net lease liability is reported within non-current liabilities. The interest component of the lease payment is recorded within net interest income/expense in the income statement and spread evenly over the term of the lease. Assets under finance leases are written off over the shorter of their expected useful life and the term of the lease.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Otherwise they are recognised through profit and loss in the period in which they arise.

A qualifying asset is one whose construction or assembly takes more than one year.

Revenue recognition

Sales

Sales comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. They are shown net of value added tax, returns, rebates and discounts as well as after eliminating sales within the Group. Sales comprise income from the completion of construction contracts for customers, the sale of wind power systems and from service contracts.

In the case of production for customers, sales are recognised using the percentage-of-completion method on the basis of the ratio of actual to planned costs if

a) a legally binding contract has been signed,
b) all necessary construction permits have been issued,
c) a connection has been established with the grid or a grid-connection agreement has been signed,
d) the customer has obtained the necessary finance, and
e) the customer has remitted the agreed prepayment.

For this purpose, profit is recognised on a prorated basis in accordance with the percentage of completion provided that the percentage of completion, total costs and total revenues from the orders in question can be reliably calculated. Contract costs comprise the costs directly attributable to the contract as well as production overheads.

If circumstances arise that may change the original estimates of revenues, costs or the percentage of completion, then these estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known to management. Revenues from service contracts are recognised upon the service being provided.

Interest income

Interest income is recorded in the period in which it arises.

Financial risk management

Financial risk management – purposes and methods

As an enterprise acting on an international level, the Nordex Group is exposed to financial risks in its operating business and financial transactions. These are primarily market, credit and liquidity risks. The purpose of financial risk management is to limit these market risks by means of ongoing operating and finance-oriented activities. For this purpose, derivative and non-derivative hedge instruments are used. Derivative financial instruments are used solely for hedging purposes and are not utilised for trading or speculative purposes. These transactions are executed on a central basis by Nordex SE as the parent company.

All transactions with derivative financial instruments are executed and monitored in accordance with the applicable provisions of the European Market Infrastructure Regulation (EMIR). Moreover, certain transactions require the prior approval of the Management Board, which is additionally kept regularly informed of the extent and value of the outstanding risk positions. The Treasury department is responsible for implementing the financial strategy and for ongoing risk management. All of Nordex's counterparties in contracts for derivative financial instruments are domestic and foreign banks whose ratings are permanently monitored. Nordex is able to mitigate risk by diversifying its trading partners.

Market risk

Foreign-currency risk

The Group's business is exposed to fluctuations in exchange rates as a result of its international orientation. The main risks are primarily to be found in the exchange rate between the euro (EUR), the US dollar (USD), pound sterling (GBP), the South African rand (ZAR), the Polish zloty (PLN) and the Chinese renminbi (CNY). Foreign-currency risks arise from expected future transactions, assets and liabilities recognised on the face of the balance sheet. Currency forwards are used only to hedge transaction exchange rate risks.

The Group's risk management policy provides for contractually agreed future transactions as well as existing assets and liabilities to be hedged. As of 31 December 2015, these were primarily US-dollar and pound sterling currency forwards. The notional repayment amounts for outstanding currency forwards stand at EUR 106,390 thousand as of 31 December 2015 (2014: EUR 107,546 thousand) particularly due to business in the United States; however, the opposing currency flows cancel each other out. The Nordex Group's operating activities were not exposed to any material transaction currency risks as of the reporting date thanks to these hedging activities.

For the purpose of describing market risks, a currency sensitivity analysis is performed to determine the effects of hypothetical changes in relevant risk variables on the Company's earnings and equity. Currency risks arise as a result of financial instruments denominated in a currency other than the Group's functional currency and of a monetary nature; differences as a result of exchange rates in the translation of single-entity financial statements for inclusion in the consolidated financial statements are ignored. As a matter of principle, the relevant risk variables comprise all non-functional currencies in which the Nordex Group transacts financial instruments.

If the exchange rate of the US dollar had appreciated against the euro by 10% on 31 December 2015, post-tax profit would – all other variables being equal – have been EUR 1,284 thousand higher (2014: EUR 3,456 thousand lower) for the year as a whole as a result of the change in the originated monetary financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of the US dollar had depreciated by 10%, post-tax profit would have been EUR 1,050 thousand lower (2014: EUR 2,828 thousand higher). Appreciation/depreciation by 10% in the exchange rate of the US dollar would have resulted in a decrease in post-tax profit of EUR 1,593 thousand (2014: EUR 942 thousand) and an increase of EUR 1,330 thousand (2014: EUR 715 thousand), respectively, as a result of the currency forwards entered into for hedging purposes but not qualifying for hedge accounting.

If the exchange rate of pound sterling had appreciated by 10% against the euro on 31 December 2015, post-tax profit would – all other variables being equal – have been EUR 124 thousand lower (2014: EUR 333 thousand lower) for the year as a whole as a result of the change in the originated monetary financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of pound sterling had depreciated by 10%, post-tax profit would have been EUR 102 thousand higher (2014: EUR 273 thousand higher).

If the exchange rate of the South African rand had appreciated against the euro by 10% on 31 December 2015, post-tax profit would - all other variables being equal – have been EUR 59 thousand lower (2014: EUR 111 thousand higher) for the year as a whole as a result of the change in the originated monetary financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of the South African rand had depreciated by 10%, post-tax profit would have been EUR 49 thousand higher (2014: EUR 91 thousand lower). Appreciation/depreciation by 10% in the exchange rate of the South African rand would have resulted in a decrease in post-tax profit of EUR 89 thousand (2014: EUR 572 thousand) and an increase of EUR 72 thousand (2014: EUR 365 thousand), respectively, as a result of the currency forwards entered into for hedging purposes but not qualifying for hedge accounting.

If the exchange rate of the Polish zloty had appreciated against the euro by 10% on 31 December 2015, post-tax profit would – all other variables being equal –

have been EUR 478 thousand higher (2014: EUR 150 thousand lower) for the year as a whole as a result of the change in the originated monetary financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of the Polish zloty had depreciated by 10%, post-tax profit would have been EUR 391 thousand lower (2014: EUR 127 thousand higher).

If the exchange rate of the Chinese renminbi had appreciated against the euro by 10% on 31 December 2015, post-tax profit would – all other variables being equal – have been EUR 730 thousand lower (2014: EUR 0 thousand) for the year as a whole as a result of the change in the originated monetary financial instruments (cash and cash equivalents, receivables from construction contracts, trade receivables and payables, prepayments received and bank borrowings). If the exchange rate of the Chinese renminbi had depreciated by 10%, post-tax profit would have been EUR 597 thousand higher (2014: EUR 0 thousand). Appreciation/depreciation by 10% in the exchange rate of the Chinese renminbi would have resulted in a decrease in post-tax profit of EUR 1,398 thousand (2014: EUR 353 thousand) and an increase of EUR 1,117 thousand (2014: EUR 290 thousand), respectively, as a result of the currency forwards entered into for hedging purposes but not qualifying for hedge accounting.

In the event of 10% appreciation/depreciation in the respective foreign currency against the Group currency, the measurement of the currency forwards entered into for hedging purpose and qualifying for hedge accounting would have resulted in the following effects on the hedge accounting reserve within equity and post-tax profit:

Currency parity	+10% EUR thousand	–10% EUR thousand
EUR/USD		
Hedge accounting reserve	–2,472	2,023
Profit/loss after tax	0	0
EUR/GBP		
Hedge accounting reserve	–1,925	1,575
Profit/loss after tax	0	0

Interest risk
Nordex SE does not have any material floating-rate assets or liabilities exposed to interest rate risks as of the reporting date.

Credit risk
The Group enters into business solely with investment-grade rated third parties. All main new customers wishing to enter into business with the Group on credit terms undergo a credit check. As a matter of principle, default risks or the risk of counterparties failing to comply with their payment obligations are addressed ahead of acceptance of the order by means of a standardised approval procedure. In particular, the order is not accepted unless the project finance is guaranteed by a bank and/or a bank guarantee or group bond has been issued. In addition, the contracts provide for payment to be made upon certain milestones being reached. Moreover, receivables are monitored on an ongoing basis to avert all material risks of default.

The maximum default risk is limited to the carrying amount in question. There is no pronounced clustering of default risks within the Group. Receivables from construction contracts and trade receivables are additionally secured in part by means of bonds, guarantees and stand-by letters of credit of EUR 4,810 thousand (2014: EUR 3,398 thousand) or by means of retained ownership rights of EUR 90,979 thousand (2014: EUR 63,332 thousand).

Liquidity risk
Nordex SE monitors and coordinates Group liquidity on a continuous basis, tracking payments made and received in the light of the settlement periods of the financial investments and assets as well as expected payment flows from operating activities.

The Group seeks to achieve a balance between current incoming and outgoing payments. In some cases, Nordex uses cross-border cash pooling mechanisms or other in-house banking instruments to enhance the efficiency of liquidity management within the Group. Group treasury invests remaining liquidity positions conservatively with domestic and non-domestic banks. For this purpose, limits and counterparty risks are permanently monitored.

As a matter of principle, the Nordex Group finances projects via prepayments made by customers. With all projects, the payments are called down in accordance with the progress of work on the basis of the agreed contractual schedule.

The Group's external funding is primarily based on the debt instruments described below.

Corporate bond

In April 2011, Nordex SE issued a bond (ISIN: XS0601426538) of a nominal amount of EUR 150,000 thousand with a fixed coupon of 6.375% and a tenor of five years. The coupon is due annually on 12 April. The full issuing prospectus is available to the general public on the Internet at www.nordex-online.com/de/investor-relations/anleihen.html. The bond will be repaid in full on 12 April 2016 as planned using the Company's own liquidity.

Multi-currency guarantee facility

On 15 December 2015, the Nordex Group entered into a contract for the provision of a multi-currency credit facility of EUR 950,000 thousand expiring on 15 December 2020 on substantially improved terms to replace its existing credit facility. There is also an option to increase the guarantee facility by EUR 260,000 thousand to include further of Acciona Windpower S.A.'s banks. As of 31 December 2015, the Group had unutilised guarantee facilities of EUR 463,191 thousand (2014: EUR 183,999 thousand).

The existing collateral was released in full in connection with the refinancing operation.

Syndicated bridge facility

The Nordex Group obtained a cash facility of EUR 450,000 thousand as backing for the acquisition of Acciona S.A.'s wind power business announced on 4 October 2015 and the related cash price payment. No collateral was required. The facility comprises a bullet tranche of EUR 300,000 thousand with a term of 18 months and a tranche of EUR 150,000 thousand with a five-year repayment structure. It may only be paid out upon closure of the acquisition. Accordingly, it had not yet been drawn upon as of 31 December 2015.

Research and development loann

On 22 April 2014, Nordex raised a research and development loan of EUR 100,000 thousand with the European Investment Bank. It intends to use this loan to finance the development of increasingly more efficient technical solutions to additionally extend its competitive lead. The loan has a term of eight years from the date on which it is drawn and is repaid in instalments. The borrower is Nordex Energy GmbH, with the main Nordex Group companies holding joint and several liability. Participation in the collateral was discontinued in connection with the general refinancing operation. As of 31 December 2015, an amount of EUR 50,000 thousand had been drawn upon under the loan agreement.

Covenants

In 2015 as in 2014, all facilities/loans were subject to uniform and agreed financial and non-financial covenants such as equity ratio, leverage, interest cover and order receipts, compliance with which is confirmed in quarterly reports to the banks. As in the previous year, all covenants applicable in 2015 were satisfied in full.

The banks may only terminate the existing facilities for good cause, which includes the breach of the financial covenants.

Maturity structure of financial liabilities

As of 31 December 2015, the Group's originated financial liabilities including future interest broken down by maturity as follows:

Year ending 31.12.2015	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Current liabilities to banks	3,763	3,723	0	0	7,486
Non-current liabilities to banks	0	0	28,349	19,587	47,936
Trade payables	248,973	5,953	0	0	254,926
Other financial liabilities	24,059	160,420	0	0	184,479

Year ending 31.12.2014	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Current liabilities to banks	0	0	0	0	0
Non-current liabilities to banks	0	0	0	0	0
Trade payables	173,378	4,101	0	0	177,479
Other financial liabilities	19,497	16,022	152,683	0	188,202

As of 31 December 2015, derivative financial instruments had the following age structure:

Year ending 31.12.2015	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Receivables from derivatives with gross settlement					
Cash inflow	30,518	25,707	0	0	56,225
Cash outflow	–29,103	–23,608	0	0	–52,711
	1,415	2,099	0	0	3,514
Liabilities from derivatives with gross settlement					
Cash inflow	34,898	15,268	0	0	50,166
Cash outflow	–37,060	–15,711	0	0	–52,771
	–2,162	–443	0	0	–2,605

Year ending 31.12.2014	Less than 3 months EUR thousand	3–12 months EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Receivables from derivatives with gross settlement					
Cash inflow	21,448	9,864	0	0	31,312
Cash outflow	–20,448	–9,297	0	0	–29,745
	1,000	567	0	0	1,567
Liabilities from derivatives with gross settlement					
Cash inflow	34,299	72,286	10,401	0	116,986
Cash outflow	–35,855	–76,642	–10,983	0	–123,480
	–1,556	–4,356	–582	0	–6,494

Capital risk management

Equity stood at EUR 455,597 thousand as of 31 December 2015 (2014: EUR 395,999 thousand). The main aims of financial management are to ensure sustained growth in enterprise value and to safeguard the Group's liquidity and credit rating.

The Group monitors its capital by reference to the working capital employed. Working capital is defined as the sum total of inventories, receivables from construction contracts and trade receivables less advance payments received and trade payables:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Inventories	218,609	273,880
Receivables from construction contracts	181,958	126,663
Trade receivables	93,508	58,798
Advance payments received	–268,402	–321,971
Trade payables	–254,926	–177,479
	–29,253	–40,109
Sales	2,430,105	1,734,531
Working capital ratio	–1.2%	–2.3%

Critical accounting estimates and judgements

The most important assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date giving rise to a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year concern the following items:

Goodwill impairment testing

The Group tests goodwill for impairment at least annually at the end of each year ("impairment only" approach). This necessitates the calculation of the value in use of the cash generating units to which the goodwill has been assigned. To estimate the value in use, the Group must estimate the likely future cash flows from the cash generating unit in the light of corporate costs and additionally select an appropriate discount rate to calculate the present value of this cash flow.

Goodwill is assigned to the Europe segment. The value in use for the Europe segment is calculated by reference to the budget for 2016 as well as the following four budget years derived from the Company's medium-term forecasts.

The discount rate before tax is 11.29% (2014: 10.86%) and is based on the weighted average cost of capital (WACC). The discount rate is based on a risk-free interest rate of 0.73% (2014: 1.01%), a market risk premium of 6.5% (2014: 5.6%) and a beta factor of 1.81 (2014: 1.98). The beta factor and the ratio of the market value of equity capital to the market value of debt capital were determined by reference to a segment-specific peer group.

No goodwill was assigned to any other segments. No impairment test was performed as there was no evidence of any impairment.

Capitalised development costs

The Group reviews the fair value of the capitalised development costs at least once a year. In doing so, the Management Board assumes a useful life of five years for the purpose of calculating depreciation expense on capitalised development costs. In addition, the likely economic benefit of the development is determined by estimating the values in use of the cash generating units to which capitalised development costs are allocated. Past development costs which have become technically antiquated are written off.

The Group capitalised development costs with a residual carrying amount of EUR 110,933 thousand as of 31 December 2015 (2014: EUR 106,118 thousand).

Guarantee provisions

Provisions for guarantees, warranty claims, service and maintenance stood at EUR 89,108 thousand as of the reporting date (2014: EUR 52,560 thousand). Provisions are recognised and measured on the basis of estimates which, among other things, may incorporate historical data particularly with respect to the expected costs. Actual costs may differ from the provisions due to the inherent uncertainties.

Deferred income taxes

As the parent company, Nordex SE recognises deferred income tax assets on unused tax losses. Deferred income tax assets are calculated on the basis of a medium-term forecast for the German part of the Nordex Group. The forecast period for the probability of unused tax losses being utilised is unchanged at five years. Deferred income tax assets for domestic unused tax losses were calculated using a tax rate of 15.83% (2014: 15.83%) including the solidarity surcharge in the case of corporate tax and 16.29% (2014: 16.18%) in the case of trade tax.

The non-domestic subsidiaries within the Nordex Group recognise deferred income tax assets for unused tax losses in the light of the national tax rates and make allowance for any restrictions in the length of time in which the tax losses may be utilised. Deferred income tax assets are calculated on the basis of the medium term forecasts for the subsidiary in question.

As of 31 December 2015, the deferred income tax assets on unused tax losses came to EUR 69,145 thousand (2014: EUR 66,259 thousand).

Receivables from construction contracts

Nordex records receivables under construction contracts in accordance with IAS 11. In this connection, the proceeds from fixed-price contracts are compared with the planned contract costs from the wind farm projects. Nordex has installed a project monitoring system, which reports to project management, to oversee project costs. In addition to initial pricing, this system observes pricing changes during the performance of the contract as well as the final pricing activities. Sales are recorded in accordance with the percentage of completion of the contract up until final acceptance by the customer.

Group segment report

The Nordex Group is engaged in the development, production, servicing and marketing of wind power systems. In addition to development and production, it provides preliminary project development services to support marketing, acquires rights and creates the infrastructure required to construct wind power systems at suitable locations. The Nordex Group is essentially a single-product company. Segment reporting follows the internal reports submitted to the chief operating decision maker.

Nordex SE's Management Board has been identified as the chief operating decision maker. Three reportable segments which are based on the geographic markets and managed separately have been designated. Nordex SE operates solely as a holding company and can therefore not be allocated to any of the three segments.

Internal reporting is based on the accounting policies applied to the consolidated financial statements. Segment sales comprise sales with third parties (external sales) as well as internal sales between the

Group segment report	Europe		Asia	
	2015 EUR thousand	2014 EUR thousand	2015 EUR thousand	2014 EUR thousand
Sales	2,310,888	1,609,595	1,383	19,996
Depreciation/amortisation	–54,054	–40,472	–162	–164
Interest income	1,430	1,397	124	157
Interest expenses	–13,836	–14,424	–320	–58
Earnings before interest and taxes (EBIT); segment earnings	188,416	94,373	–2,554	1,580
Investments in property, plant and equipment and intangible assets	70,711	75,753	80	37
Cash and cash equivalents	56,401	77,209	10,903	12,572

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Further information can be found in the management report.

individual regions (internal sales). Consolidated sales chiefly relate to the Europe segment. The prices of deliveries between the individual segments are determined on an arm's length basis. External sales are assigned in accordance with the sales destination. Segment earnings are consolidated on the basis of external sales. The following table sets out the disclosures required by IFRS 8.23:

America		Central units		Consolidation		Total group	
2015 EUR thousand	2014 EUR thousand	2015 EUR thousand	2014 EUR thousand	2015 EUR thousand	2014 EUR thousand	2015 EUR thousand	2014 EUR thousand
286,088	200,719	0	0	–168,254	–95,779	2,430,105	1,734,531
–972	–972	–951	–1,416	0	0	–56,139	–43,024
2	12	5,701	7,825	–4,897	–6,962	2,360	2,429
–1,518	–1,239	–12,498	–11,699	4,897	6,962	–23,275	–20,458
–11,730	7,775	–1,690	14,236	–46,206	–39,939	126,236	78,025
2,430	268	1,879	230	0	0	75,100	76,288
27,145	13,044	434,524	285,595	0	0	528,973	388,420

Notes on the balance sheet

(1) Cash and cash equivalents

This item primarily comprises bank balances.

Deposits which are immediately callable (EUR 348,669 thousand, 2014: 313,420 thousand) are subject to variable interest rates, while fixed-term deposits (EUR 180,304 thousand, 2014: EUR 75,000 thousand) are invested over terms of between three and twelve months on a roll-over basis depending on the Group's funding requirements and are subject to fixed rates.

Cash and cash equivalents equal the cash and cash equivalents set out in the cash flow statement.

(2) Trade receivables and future receivables from construction contracts

Receivables break down as follows:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Trade receivables (gross)	95,338	61,151
Less impairment	–1,830	–2,353
Trade receivables (net)	93,508	58,798
Future receivables from construction contracts	181,958	126,663
	275,466	185,461

Trade receivables are not subject to interest and are generally due for settlement within 30 to 90 days.

Adjustments to trade receivables were as follows in the year under review as well as in the previous year:

	2015 EUR thousand	2014 EUR thousand
Impairments on 1 January	2,353	1,849
Additions recognised as expense	825	1,446
Utilised	–422	–49
Reversed	–926	–893
Impairments on 31 December	1,830	2,353

As of 31 December 2015, trade receivables had the following age structure:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Receivables not overdue or adjusted	51,884	20,150
Receivables not adjusted but overdue by		
up to 30 days	16,863	20,293
31–90 days	3,150	7,131
91–180 days	6,802	3,470
181–360 days	9,806	4,314
361 days and more	4,813	3,146
Total of overdue but non-adjusted receivables	41,434	38,354
Partially adjusted receivables	190	294
	93,508	58,798

In the year under review, non-impaired receivables of a total of EUR 926 thousand (2014: EUR 169 thousand) were derecognised. There is no evidence of any impairment of the receivables which have not been adjusted.

Impairments were recognised on receivables due from customers with whom payment delays had occurred in the past or were expected in the future in the light of past experience.

Future receivables from construction contracts also comprise unfinished orders recognised in accordance with the percentage-of-completion method provided for in IAS 11. The item comprises the order costs incurred as of the reporting date and the prorated profit on orders realised in accordance with the cost-to-cost method. Prepayments received were deducted.

For the purpose of measuring non-current construction contracts, impairments of EUR 14,515 thousand were recognised on future receivables from construction contracts in 2015 (2014: EUR 1,737 thousand).

Receivables from construction contracts broke down as follows:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Accrued contract costs and proportionate realised profits on orders	2,341,077	1,846,005
Less prepayments received	–2,159,119	–1,719,342
	181,958	126,663

The maximum credit exposure on the reporting date equals the carrying amount of the receivables.

(3) Inventories

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Raw materials and supplies	159,397	176,024
Work in progress	49,861	94,128
Prepayments made	9,351	3,728
	218,609	273,880

Raw materials and supplies primarily comprise production and service material. Work in progress relates to wind power systems under construction as well as advance outlays for project development, licenses and infrastructure of EUR 872 thousand (2014: EUR 1,354 thousand) not due for completion until after 2016.

The carrying amount of the inventories includes the following adjustments:

	2015 EUR thousand	2014 EUR thousand
Impairments on 1 January	28,062	28,782
Utilised	–519	–9,030
Reversed	–1,054	–778
Additions recognised as expense	4,788	9,088
Impairments on 31 December	31,277	28,062

Utilisation of the impairments is particularly related to the reduction in aged inventories, while allocations are primarily for advance outlays in connection with project development. The carrying amount of the impaired inventories stands at EUR 9,175 thousand (2014: EUR 8,500 thousand).

(4) Other current financial assets

Other current financial assets break down as follows as of the reporting date:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Insurance and compensation claims	19,559	3,872
Receivables from non-consolidated affiliated companies, investments and associates	12,051	15,671
Currency forwards	3,514	1,567
Deposits/collateral	1,913	3,000
Creditors with debit accounts	1,379	1,586
Bonus claims against suppliers	268	187
Loans to non-consolidated affiliated companies and investments	259	150
Adjustments	–2	–2
Other	3,171	1,482
	42,112	27,513

Receivables from non-consolidated affiliated companies, investees and associates entail the delivery of goods and services and particularly also finance for project entities. As in the previous year, they are due for settlement in less than one year.

In the year under review, no impairments were recognised (2014: EUR 7 thousand). Similarly, there were no additions (2014: EUR 0).

(5) Other current non-financial assets

Other current non-financial assets break down as follows:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Tax reimbursement claims	51,114	31,155
Prepaid expenses	11,526	8,487
Transportation equipment	3,364	1,863
Government grants	1,091	1,091
Claims against suppliers	158	749
Other	1,703	866
	68,956	44,211

Tax reimbursement claims primarily relate to the input tax reimbursement claim held by Nordex Energy GmbH of EUR 17,329 thousand (2014: 13,851 thousand), Nordex Enerji A.S. of EUR 13,806 thousand (2014: EUR 7,934 thousand) and Nordex Energy SE of EUR 9,562 thousand (2014: EUR 1,552 thousand).

Prepaid expenses chiefly comprise prepayments towards the cost of guarantees.

Government grants have been received for the acquisition of further productive assets. The assets for which the grants have been received must remain at the designated sites within the restricted five-year period, which commences upon completion of the investment activity.

(6) Property, plant and equipment

Tangible fixed assets break down as follows:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Land and buildings	52,260	42,478
Technical equipment and machinery	64,146	58,022
Other equipment, operating and business equipment	28,056	21,807
Prepayments made and assets under construction	1,152	13,886
	145,614	136,193

In 2014, Nordex received a government grant to expand its facility in Rostock. The assets for which the grant is provided must be retained in the facility in question for a period of five years after the completion of the expansion project. In addition, an annual average of around 1,126 jobs must be maintained permanently during this period. The government grant of EUR 2,692 thousand (2014: EUR 760 thousand) received in 2015 was deducted from the historical cost of the assets in question in accordance with IAS 20.24.

Movements in property, plant and equipment are set out in the statement of changes in property, plant and equipment and intangible assets. 160

(7)) Goodwill

It is unchanged over the previous year at EUR 9,960 thousand. Goodwill is assigned to the Europe segment.

Goodwill impairment testing

Goodwill undergoes annual impairment testing ("impairment only" approach) at the end of each year at the level of the Europe segment. Impairment losses on goodwill are not reversed. As in the previous year, no impairment losses were recorded in 2015 as the recoverable value of the Europe segment was higher than the carrying amount of its assets plus the carrying amount of the goodwill.

(8) Capitalised development costs

As of the reporting date, development costs net of amortisation of EUR 110,933 thousand (2014: EUR 106,118 thousand) were capitalised. In 2015, development costs of EUR 30,949 thousand (2014: EUR 30,694 thousand) were capitalised. The additions entail borrowing costs of EUR 1,952 thousand (2014: EUR 2,705 thousand) at a borrowing rate of 6.37% (2014: 6.68%). Further development costs of EUR 28,452 thousand also arising in 2015 (2014: EUR 22,734 thousand) did not meet the criteria for capitalisation and were therefore recorded in profit and loss.

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Movements in capitalised development costs are set out in the statement of changes in property, plant and equipment and intangible assets.

(9) Other intangible assets

Other intangible assets break down as follows:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Concessions, trade and similar rights	23,994	20,200
Cumulative depreciation	–18,198	–17,334
	5,796	2,866

Amortisation expense calculated for other intangible assets came to EUR 1,511 thousand in 2015 (2014: EUR 1,640 thousand). The Nordex Group has not accepted any obligation for the acquisition of intangible assets as of the balance sheet date.

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Movements in other intangible assets are set out in the statement of changes in property, plant and equipment and intangible assets.

(10) Financial assets

Financial assets break down as follows::

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Investments in affiliated non-consolidated companies	1,817	1,846
Investments	362	365
	2,179	2,211

Shares are held in the following affiliated non-consolidated companies:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Project companies	1,767	1,796
natcon7 GmbH, Hamburg	25	25
Nordex Windpark Verwaltung GmbH, Hamburg	25	25
	1,817	1,846

The project entities hold various rights in connection with internally developed wind power projects.

The purpose of natcon7 GmbH is to develop, structure and market operations management, control and visualisation systems for decentralised energy production equipment including related services.

The purpose of Nordex Windpark Verwaltung GmbH is to acquire and manage investments in trading companies whose purpose is particularly to acquire, develop, install and operate wind farms and to assume personal liability and management responsibility for such entities.

Four project companies were sold and eight established in 2015.

No impairments were recognised in the year under review (2014: EUR 2,506 thousand).

Investments are held in the following entities:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Vent Local S.A.S., Vienne/ France	201	201
K/S Whitewater Wind Power Invest I, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest I ApS, Helsinge, Denmark	91	91
K/S Whitewater Wind Power Invest VII, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest VII ApS, Helsinge, Denmark	37	37
K/S Whitewater Wind Power Invest VIII, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest VIII ApS, Helsinge, Denmark	31	31
Eoliennes de la Vallée S.A.S., Amiens, France	1	1
Vent d'est S.à r.l., Paris, France	1	1
Parc d'Energie de Conlie P.E.C. S.à r.l., La Martyre, France	0	1
Sameole Bois du Goulet, Caen, France	0	1
Société Éolienne de Roussée-Vassé S.E.R.V. S.à r.l., Rouesse Vasse, France	0	1
	362	365

The purpose of Vent Local S.A.S., K/S Whitewater Wind Power Invest I, Komplementarselskabet Whitewater Invest I APS, K/S Whitewater Wind Power Invest VII, Komplementarselskabet Whitewater Invest VII APS, K/S Whitewater Wind Power Invest VIII and Komplementarselskabet Whitewater Invest VIII APS is to operate wind farms.

The other entities do not engage in any material business activities.

None of the shares are listed in a securities exchange. There was no intention to sell as of 31 December 2015.

162 Reference should also be made to the list of shareholdings as of 31 December 2015 attached to these notes.

(11) Investments in associates

Investments in associates break down as follows.

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
C&C Wind Sp. z o.o., Natolin, Poland	3,432	5,953
KNK Wind GmbH, Frankfurt am Main	3,325	7,157
GN Renewable Investments S.à r.l., Luxembourg, Luxembourg	1,732	0
Way Wind LLC, Nebraska, United States	182	182
Beebe Renewable Energy 2, LLC, Delaware, United States	28	28
	8,699	13,320

The purpose of KNK Wind GmbH is to plan, develop, assemble and operate offshore wind power stations, particularly the offshore wind power project Arcadis Ost 1.

C&C Wind Sp. z o.o is responsible for installing and operating a wind farm in Poland.

GN Renewable Investments S.à r.l. is responsible for arranging the finance of project entities.

Way Wind LLC and Beebe Renewable Energy 2, LLC plan, develop and install wind power projects in the United States.

The following table sets out the financial information on the non-listed associates:

2015	C&C Wind Sp. z o.o EUR thousand	KNK Wind GmbH EUR thousand	GN Renewable Investments S.à r.l. EUR thousand	Way Wind LLC EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand
Current assets[1]	5,946	81	29,058	0	0
Non-current assets[1]	65,530	13,961	78	0	0
Current liabilities[1]	29,946	12,482	22,103	0	0
Non-current liabilities[1]	22,373	0	0	0	0
Revenues[1]	6,121	5	7,509	0	0
Profit/loss[1]	92	–1,096	6,437	0	0
Share	40.00%	38.89%	30.00%	36.15%	50.00%

[1] Provisional financial statements as of 31 December 2015

2014	C&C Wind Sp. z o.o EUR thousand	KNK Wind GmbH EUR thousand	GN Renewable Investments S.à r.l. EUR thousand	Way Wind LLC EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand
Current assets[2]	8,299	132	18,703	0	0
Non-current assets[2]	27,241	12,985	170	0	0
Current liabilities[2]	15,927	10,461	18,274	0	0
Non-current liabilities[2]	0	0	0	0	0
Revenues[2]	0	469	746	0	1
Profit/loss[2]	–537	–533	–65	–11	–61
Share	40.00%	38.89%	30.00%	36.15%	50.00%

[2] Provisional financial statements as of 31 December 2014

This financial information is reconciled with the carrying amount of the investment in question as follows:

2015	C&C Wind Sp. z o.o EUR thousand	KNK Wind GmbH EUR thousand	GN Renewable Investments S.à r.l. EUR thousand	Way Wind LLC EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	Total EUR thousand
Net assets 1 January[1]	19,613	2,656	599	0	0	22,868
Profit/loss[2]	92	–1,096	6,437	0	0	5,433
Other changes in net assets[2]	–548	0	–3	0	0	–551
Net assets 31 December[2]	19,157	1,560	7,033	0	0	27,750
Share (%)	40.00%	38.89%	30.00%	36.15%	50.00%	n.a.
Share (EUR thousands)	7,663	607	2,110	0	0	10,380
Goodwill	0	6,124	0	182	28	6,334
Elimination of intragroup transactions	–4,231	0	–378	0	0	–4,609
Impairment	0	–3,406	0	0	0	–3,406
Carrying amount on 31 December	3,432	3,325	1,732	182	28	8,699

[1] Provisional financial statements as of 31 December 2014
[2] Provisional financial statements as of 31 December 2015

Other changes in net assets comprise equity transactions, differences between the provisional and audited annual financial statements and exchange-rate differences.

There were no cumulative non-recognised losses as of 31 December 2015 (2014: EUR 329 thousand). In the previous year, shares of a total of EUR 101 thousand in the losses of GN Renewable Investments S.á.r.l. had not been recognised.

2014	C&C Wind Sp. z o.o EUR thousand	KNK Wind GmbH EUR thousand	GN Renewable Investments S.à r.l. EUR thousand	Way Wind LLC EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	Total EUR thousand
Net assets 1 January[1]	–204	3,198	779	11	530	4,314
Profit/loss[2]	–537	–533	–65	–11	–61	–1,207
Other changes in net assets[2]	20,354	–9	–115	0	–469	19,761
Net assets 31 December[2]	19,613	2,656	599	0	0	22,868
Share (%)	40.00%	38.89%	30.00%	36.15%	50.00%	n.a.
Share (EUR thousands)	7,845	1,033	180	0	0	9,058
Goodwill	0	6,124	0	182	28	6,334
Elimination of intragroup transactions	–1,892	0	–180	0	0	–2,072
Carrying amount on 31 December	5,953	7,157	0[3]	182	28	13,320

[1] Provisional financial statements as of 31 December 2013
[2] Provisional financial statements as of 31 December 2014
[3] The calculated value of the shares dropped below zero due to the elimination of intragroup transactions. In accordance with IAS 28.38 no further shares of losses are recognised.

As there is no active market, it was not possible to reliably determine the fair value.

There are no contingent liabilities in connection with the investments held by the Group in associated companies.

(12) Other non-current financial assets

Other non-current financial assets break down as follows:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Loans to non-consolidated affiliated companies and investments	2,426	2,831
Deposits	309	169
Loans	131	131
	2,866	3,131

Other non-current financial assets include impairments of EUR 3,681 thousand (2014: EUR 0).

(13) Other non-current non-financial assets

Other non-current non-financial assets of EUR 28 thousand (2014: EUR 13 thousand) relate to prepayments for leased vehicles.

(14) Deferred income tax assets and liabilities

The deferred income tax assets and liabilities arising in connection with recognition and measurement differences in the following items of the balance sheet as well as the tax losses break down as follows:

	31.12.2015		31.12.2014	
	Deferred income tax assets EUR thousand	Deferred income tax liabilities EUR thousand	Deferred income tax assets EUR thousand	Deferred income tax liabilities EUR thousand
Intangible assets/ property, plant and equipment	3,078	36,322	5,825	34,030
Receivables from construction contracts	0	50,462	0	21,944
Other assets	8,370	14,862	4,396	11,385
Used tax losses	69,145	0	66,259	0
Provisions	5,329	1,527	9,058	3,185
Other assets and liabilities	13,523	16,529	2,386	3,391
Total	99,445	119,702	87,924	73,935
Netting	–64,345	–64,345	–43,091	–43,091
Amount shown on balance sheet	35,100	55,357	44,833	30,844

The deferred income tax assets include non-current deferred income tax assets before netting of EUR 60,410 thousand (2014: EUR 70,074 thousand). Of the deferred income tax liabilities, an amount of EUR 38,529 thousand (2014: EUR 39,094 thousand) is attributable to the non-current portion of the deferred income tax liabilities before netting.

The Management Board currently assumes that of the existing unused corporate tax losses of EUR 125,322 thousand (2014: EUR 177,919 thousand) and the unused trade tax losses of EUR 120,783 thousand (2014: EUR 172,334 thousand), a figure of EUR 125,322 thousand (2014: EUR 177,919 thousand) and EUR 120,783 thousand (2014: EUR 172,334 thousand), respectively, should be available for utilisation at the level of Nordex SE. The relevant legislation does not stipulate any maximum period in which tax losses must be utilised in Germany.

The calculation of the aforementioned unused tax losses already takes account of the acquisition of Acciona Windpower and the related purchase of shares from Acciona, which under Section 8c of the German Corporate Tax Act results in the elimination of unused corporate tax and trade tax losses of 29.9%.

Deferred income tax assets of EUR 31,467 thousand (2014: EUR 13,514 thousand) have been recognised for companies which sustained losses in the period under review as they are likely to be utilised on the basis of tax planning.

The subsidiaries recognise deferred income tax assets for tax losses in the light of the national tax rates and take account of any restrictions in the length of time in which they may be utilised.

The non-domestic subsidiaries of the Nordex Group hold the following unused tax losses for which no deferred tax assets have been recognised:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Unused tax losses not recognised	111,165	144,745
of which forfeitable in more than 3 years	10,955	3,109
of which forfeitable in more than 5 years	14,388	84,011
of which non-forfeitable	45,286	57,625

The main unused tax losses not recognised relate to Nordex Sverige AB (EUR 27,426 thousand; 2014: EUR 18,111 thousand), Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd (EUR 24,077 thousand; 2014: EUR 24,685 thousand) and Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd. (EUR 11,527 thousand; 2014: EUR 10,614 thousand).

The unused tax losses not recognised can be carried forward free of any restrictions in Chile, Denmark, Norway, Sweden, Singapore and South Africa (Nordex Education Trust). The unused tax losses not recognised expire after three years in Honduras, after five years in China, after nine years in the Netherlands and after ten years in Finland.

No deferred income tax liabilities are recognised on temporary differences of EUR 11,887 thousand (2014: EUR 7,571 thousand) in connection with shares in subsidiaries as these temporary differences are unlikely to reverse in the foreseeable future.

The changes in deferred income taxes break down as follows:

	2015 EUR thousand	2014 EUR thousand
Amount on 1 January	13,989	17,933
Expense recognised through profit and loss	–32,338	–9,084
Income recorded within other comprehensive income	–2,274	4,116
Currency translation	366	1,024
Amount on 31 December	–20,257	13,989

(15) Current bank borrowings

The current bank borrowings of EUR 6,572 thousand refer to the utilisation of the loan granted by the European Investment Bank (2014: EUR 0). Further details
119 can be found in the disclosures on financial risk management.

(16) Trade payables

The settlement periods for trade payables are set out
140 in Note (26).

(17) Income taxes payable

The income taxes payable of EUR 11,900 thousand (2014: EUR 3,905 thousand) chiefly relate to Nordex SE and Nordex Energy GmbH, which are included in the domestic tax group, as well as Nordex France S.A.S. and Nordex Energy South Africa RF (Pty.) Ltd.

(18) Other provisions

Movements in other provisions break down as follows:

	01.01.2015 EUR thousand	Utilised EUR thousand	Reversed EUR thousand	Added EUR thousand	31.12.2015 EUR thousand
Individual guarantees	20,007	5,025	2,673	51,790	64,099
Warranties, service, maintenance	24,439	5,796	7,628	8,122	19,137
Others	8,114	1,398	3,480	2,636	5,872
	52,560	12,219	13,781	62,548	89,108

The provisions for individual warranties predominantly cover risks arising from possible claims for damages.

The guarantee provisions are utilised in accordance with statutory or contractual periods.

The other provisions chiefly cover the remaining risks in connection with business in China, project risks in Pakistan and the cost of preparing the annual financial statements.

The other provisions comprise other non-current provisions of EUR 22,617 thousand (2014: EUR 21,430 thousand), which are expected to be utilised in periods after the end of 2016. The amount derived from discounting the non-current provisions of EUR –714 thousand (2014: EUR 446 thousand) is reported within the additions.

(19) Other current financial liabilities

Other current financial liabilities break down as follows:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Bond	156,681	0
Outstanding invoices	20,164	15,880
Liabilities to non-consolidated affiliated companies	2,756	2,550
Currency forwards	2,605	5,912
Debtors with credit balances	6	95
Other	1,990	1,242
	184,202	25,679

Corporate bond

Issued on 12 April 2011, the bond is valued at EUR 150,000 thousand and has a fixed coupon of 6.375% p.a. and a tenor of five years.

The initial issue price stood at 99.841%. The coupon is due annually on 12 April.

The bond will be repaid in full in 2016 as planned from the Company's own liquidity.

(20) Other current non-financial liabilities

Other current non-financial liabilities break down as follows:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Advance payments received	268,402	321,971
Accruals	44,115	31,090
Prepaid expenses	23,785	18,283
Other tax payables	15,274	17,986
Liabilities for social security	1,104	1,049
Other	815	673
	353,495	391,052

Accruals primarily comprise personnel liabilities of EUR 19,853 thousand (2014: EUR 15,617 thousand) and trailing project costs of EUR 16,788 thousand (2014: EUR 12,984 thousand).

Deferred income chiefly entails income received in advance under service contracts entered into with customers.

The tax liabilities mainly comprise value added tax of EUR 14,048 thousand (2014: EUR 14,599 thousand) and outstanding payroll and church tax of EUR 2,657 thousand (2014: EUR 2,804 thousand).

(21) Non-current bank borrowings

In addition to the corporate bond, a syndicated multi-currency guarantee facility, a syndicated bridge facility and a research and development loan are available for the long-term funding of the Company's activities. Further details can be found in the disclosures on financial risk management. 119

(22) Pensions and similar obligations

Pension provisions are set aside to cover defined benefit obligations towards eligible active and former employees at Nordex SE and Nordex Energy GmbH. The benefits are based on individual commitments generally based on the length of service and remuneration of the employees concerned. The employees are not required to make any contribution of their own. Pension provisions are not externally funded.

They are reported on the face of the balance sheet as follows:

	2015 EUR thousand	2014 EUR thousand
Settlement obligation on 1 January	1,786	1,442
Current service cost	112	103
Interest expense	24	34
Retirement benefit payments	–48	–25
Actuarial gains/losses	–143	232
of which from changes in demographic assumptions	0	0
of which from changes in actuarial assumptions	–54	218
of which adjustments based on historical data	–89	14
	1,731	1,786

The obligation as of 31 December equals that reported on the face of the balance sheet.

The following amounts were reported in the income statement:

	2015 EUR thousand	2014 EUR thousand
Current service cost	112	103
Interest expense	24	34
	136	137

Other comprehensive income breaks down as follows:

	2015 EUR thousand	2014 EUR thousand
Actuarial gains/losses	–143	232
	–143	232

Pension payments of EUR 46 thousand (2014: EUR 48 thousand) are expected in future years.

The principal actuarial assumptions used are as follows:

	2015	2014
Interest rate	2.28% p.a.	1.92% p.a.
Wage and salary trend	n/a	n/a
Pension trend	2.00% p.a.	2.00% p.a.

If the interest rate applied were 0.5% p.a. higher, the obligation would drop to EUR 1,661 thousand (2014: EUR 1,704 thousand). If the interest rate applied were 0.5% p.a. lower, the obligation would increase to EUR 1,807 thousand (2014: EUR 1,875 thousand).

The obligations are assumed to have an average duration of 13 years.

The statistical probability data set out in the Prof. Dr. Heubeck 2005 G mortality tables was used as the biometric basis for calculations.

(23) Other non-current financial liabilities

There are no other non-current financial liabilities (2014: EUR 156,771 thousand).

(24) Other non-current non-financial liabilities

Other non-current non-financial liabilities break down as follows:

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Accruals	1,771	1,940
Deferred income	1,719	1,835
	3,490	3,775

Accruals relate to trailing project costs.

Deferred income entails income received in advance under service contracts entered into with customers.

(25) Equity capital

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Subscribed capital	80,882	80,882
Share premium	229,114	242,624
Other retained earnings	–10,961	–7,951
Cash flow hedges	1,730	–2,901
Foreign-currency adjustment item	5,651	1,762
Consolidated net profit carried forward	149,181	81,583
Consolidated net profit	0	0
Equity attributable to the parent company's equity holders	455,597	395,999
	455,597	395,999

As of 31 December 2015, the Company had Authorised Capital I of EUR 16,100,000 (2014: EUR 16,100,000), equivalent to 16,100,000 shares (2014: 16,100,000), Contingent Capital I of EUR 15,086,250 (2014: EUR 15,086,250), equivalent to 15,086,250 shares (2014: EUR 15,086,250) and Contingent Capital II of EUR 1,500,000 (2014: 1,500,000), equivalent to 1,500,000 shares (2014: 1,500,000), each with a notional value of EUR 1 per share.

In accordance with a resolution passed at the annual general meeting on 3 June 2014 the Management Board is authorised subject to the Supervisory Board's approval to utilise Authorised Capital I to increase the Company's share capital once or repeatedly on or before 31 May 2019. The Management Board is additionally authorised with the Supervisory Board's approval to exclude the shareholders' subscription rights. In an ad-hoc bulletin dated 4 October 2015 concerning the business combination agreement signed with the Acciona Group, the Copmany announced that it would be utilising authorised capital of 16,100,000 in part settlement of the transaction.

Contingent Capital I is used to grant conversion rights and/or to establish conversion obligations in accordance with the terms of the convertible bond in question for the holders of the convertible bonds issued by the Company on or before 30 April 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011 and to grant options in accordance with the terms of the option bond in question for holders of the option bonds issued by the Company on or before 31 May 2016 in accordance with the resolution passed by the shareholders at the annual general meeting held on 7 June 2011. To date, no conversion or option rights have been exercised.

Contingent Capital II is used solely to settle subscription rights under the stock options granted to executives and employees of the Company and the domestic and non-domestic members of the Nordex Group, members of the management of the Nordex Group companies and members of the Company's Management Board granted on or before 31 December 2012 in accordance with the authorisation granted by the shareholders at the annual general meeting on 27 May 2008. These subscription rights have since lapsed.

The share premium of EUR 229,114 thousand (2014: EUR 242,624 thousand) includes the premium on the issues of new share capital of EUR 112,404 thousand (2014: EUR 112,404 thousand) and allocations of EUR 16 thousand (2014: EUR 41 thousand) less reversals of EUR 1,402 thousand (2014: EUR 305 thousand), which were added in connection with the recognition of the employee stock option programme concluded in 2008 (see also Note 31). 147

Of the net loss for the year of EUR 15,326,420.36 recorded by Nordex SE in 2015 in accordance with the German Commercial Code, an amount of EUR 3,201,014.98 was settled using withdrawals from retained earnings and an amount of EUR 12,125,405.38 settled using the share premium. Nordex SE's net profit for 2014 determined in accordance with German GAAP in a total amount of EUR 3,201,014.98 was retained in full in accordance with Article 24 of Nordex SE's Articles of Incorporation.

Further details of the changes in the individual equity items can be found in the consolidated statement of changes in equity. 98

(26) Additional disclosures on financial instruments

Nordex categorises its financial assets as loans and receivables (LaR), financial assets held for trading (FAhfT) and available for sale (AfS) Financial liabilities are classified as financial liabilities at amortised cost (FLAC) or as financial liabilities held for trading (FLHfT).

The following table sets out the carrying amounts and fair values of the individual financial assets and liabilities for each financial instrument category:

	Category in accordance with IAS 39	31.12.2015 Amortised cost EUR thousand	31.12.2015 Fair value EUR thousand	31.12.2014 Amortised cost EUR thousand	31.12.2014 Fair value EUR thousand
Financial assets					
Financial assets recognised at historical or amortised cost					
1. Cash and cash equivalents	LaR	528,973	528,973	388,420	388,420
2. Trade receivables payables	LaR	93,508	93,508	58,798	58,798
3. Receivables from construction contracts	LaR	181,958	181,958	126,663	126,663
4. Other current financial assets – receivables	LaR	38,598	38,598	25,946	25,946
5. Financial assets – investments[1]	AfS	2,179	–	2,211	–
6. Other non-current financial assets – receivables	LaR	2,866	2,866	3,131	3,131
Financial assets at fair value through profit and loss					
1. Other current financial assets – currency forwards	FAHfT	88	88	0	0
Effective hedges measured at fair value					
1. Other current financial assets – currency forwards		3,426	3,426	1,567	1,567

[1] As there is no active market, it was not possible to reliably determine the fair value.

	Category in accordance with IAS 39	31.12.2015 Amortised cost EUR thousand	31.12.2015 Fair value EUR thousand	31.12.2014 Amortised cost EUR thousand	31.12.2014 Fair value EUR thousand
Financial liabilities					
Financial liabilities recognised at historical cost or amortised cost					
1. Current bank borrowings	FLAC	6,572	7,415	0	0
2. Trade payables	FLAC	254,926	254,926	177,479	177,479
3. Other current financial liabilities	FLAC	181,597	183,472	19,767	19,767
4. Non-current bank borrowings	FLAC	43,750	43,322	0	0
5. Other non-current financial liabilities	FLAC	0	0	156,189	162,939
Financial liabilities at fair value through profit and loss					
1. Other current financial liabilities – currency forwards	FLHfT	699	699	685	685
Effective hedges measured at fair value					
1. Other current financial liabilities – currency forwards		1,906	1,906	5,227	5,227
2. Other non-current financial liabilities – currency forwards		0	0	582	582

Cash and cash equivalents, trade receivables and other current financial assets have short settlement periods. The carrying amounts as of 31 December 2015 therefore come close to equalling the fair values.

The carrying amount of the non-current financial assets matches their fair value on account of the discount taken.

Derivative financial instruments are measured at their fair value. The prices of currency forwards are calculated on the basis of the spot price on the reporting date in the light of any discounts or premiums for the remaining term of the contract.

Trade payables and other financial liabilities have short settlement periods. The carrying amounts correspond to their fair values. The fair value of the bond equals its market price of 101.25% (2014: 104.5%) as of the reporting date.

The following table analyses the financial assets and liabilities which were measured at their fair value on 31 December 2015, and their allocation to the fair-value hierarchy required under IFRS 13:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit and loss				
Currency forwards (held for trading)		88		88
Financial assets (derivatives) measured at fair value in hedge accounting				
Currency forwards (cash flow hedge)		3,426		3,426

	Level 1	Level 2	Level 3	Summe
Financial liabilities				
Financial liabilities recognised at historical cost or amortised cost				
Liabilities due to banks		50,737		50,737
Bond	158,556			158,556
Financial liabilities at fair value through profit and loss				
Currency forwards (held for trading)		699		699
Financial liabilities (derivatives) measured at fair value in hedge accounting				
Currency forwards (cash flow hedge)		1,906		1,906

The following table analyses the financial assets and liabilities, which were measured at their fair value on 31 December 2014, and their allocation to the fair value hierarchy required by IFRS 13:

	Level 1	Level 2	Level 3	Summe
Financial assets				
Financial assets at fair value through profit and loss				
Currency forwards (held for trading)		0		0
Financial assets (derivatives) measured at fair value in hedge accounting				
Currency forwards (cash flow hedge)		1,567		1,567

	Level 1	Level 2	Level 3	Summe
Financial liabilities				
Financial liabilities recognised at historical cost or amortised cost				
Bond	162,939			162,939
Financial liabilities at fair value through profit and loss				
Currency forwards (held for trading)		685		685
Financial liabilities (derivatives) measured at fair value in hedge accounting				
Currency forwards (cash flow hedge)		5,809		5,809

Assets and liabilities whose fair value is derived from the market values in active markets are assigned to Level 1. A market is assumed to be active if market values are calculated regularly and are based on actual recurring transactions. The bond issued by Nordex SE is assigned to Level 1 as it is listed in the open market on the Frankfurt stock exchange (entry standard) in the prime standard for corporate bonds and actively traded. The fair value of the bonds is oriented to the market price.

Fair values which cannot be determined by reference to active markets are derived from measurement models, which primarily take account of observable market data and generally do not include specific company estimates. These financial instruments are assigned to Level 2. Liabilities due to banks as part of financial liabilities are allocated to Level 2. The same thing applies to currency forwards.

If material assumptions underlying the measurement are not based on observable market data, the financial instruments concerned are classified as Level 3.

There were no reclassifications either compared with the previous year or during the year under review.

Net gains and losses from financial instruments break down by category as follows:

2015	Interest EUR thousand	Other net gain/loss EUR thousand	Total EUR thousand
Loans and receivables (LaR)	2,360	10,314	12,674
Available for sale (AfS)	0	0	0
Financial liabilities at amortised cost (FLAC)	–23,275	4,378	–18,897
Financial assets held for trading (FAHfT)/Financial liabilities held for trading (FLHfT)	0	–16,741	–16,741
	–20,915	–2,049	–22,964

2014	Interest EUR thousand	Other net gain/loss EUR thousand	Total EUR thousand
Loans and receivables (LaR)	2,429	6,569	8,998
Available for sale (AfS)	0	0	0
Financial liabilities at amortised cost (FLAC)	–20,458	1,848	–18,610
Financial assets held for trading (FAHfT)/Financial liabilities held for trading (FLHfT)	0	–2,921	–2,921
	–18,029	5,496	–12,533

The net gains and losses were otherwise mostly due to foreign currency translation effects.

Financial instruments are categorized as follows in accordance with IFRS 7:

Financial assets

31.12.2015	Financial assets at amortised cost EUR thousand	Financial assets at fair value EUR thousand	Financial assets not assigned to any IAS 39 category EUR thousand	Total EUR thousand
Cash and cash equivalents	528,973	0	0	528,973
Trade receivables	93,508	0	0	93,508
Receivables from construction contracts	181,958	0	0	181,958
Other current financial assets				
Currency forwards (held for trading)	0	88	0	88
Currency forwards (cash flow hedge)	0	0	3,426	3,426
Miscellaneous other current financial assets	38,598	0	0	38,598
Financial assets	2,179	0	0	2,179
Investments in associates	0	0	9,574	9,574
Other non-current financial assets				
Currency forwards (held for trading)	0	0	0	0
Currency forwards (cash flow hedge)	0	0	0	0
Miscellaneous other non-current financial assets	2,866	0	0	2,866

31.12.2014	Financial assets at amortised cost EUR thousand	Financial assets at fair value EUR thousand	Financial assets not assigned to any IAS 39 category EUR thousand	Total EUR thousand
Cash and cash equivalents	388,420	0	0	388,420
Trade receivables	58,798	0	0	58,798
Receivables from construction contracts	126,663	0	0	126,663
Other current financial assets				
Currency forwards (held for trading)	0	0	0	0
Currency forwards (cash flow hedge)	0	0	1,567	1,567
Other current financial assets	25,946	0	0	25,946
Financial assets	2,211	0	0	2,211
Investments in associates	0	0	13,320	13,320
Other non-current financial assets				
Currency forwards (held for trading)	0	0	0	0
Currency forwards (cash flow hedge)	0	0	0	0
Other non-current financial assets	3,131	0	0	3,131

Financial liabilities

31.12.2015	Financial assets at amortised cost EUR thousand	Financial assets at fair value EUR thousand	Financial assets not assigned to any IAS 39 category EUR thousand	Total EUR thousand
Current bank borrowings	6,572	0	0	6,572
Trade payables	254,926	0	0	254,926
Other current financial liabilities				
Currency forwards (held for trading)	0	699	0	699
Currency forwards (cash flow hedge)	0	0	1,906	1,906
Miscellaneous other current financial assets	181,597	0	0	181,597
Non-current bank borrowings	43,750	0	0	43,750
Pensions and similar obligations	0	0	1,731	1,731
Other non-current financial liabilities	0	0	0	0

31.12.2014	Financial assets at amortised cost EUR thousand	Financial assets at fair value EUR thousand	Financial assets not assigned to any IAS 39 category EUR thousand	Total EUR thousand
Current bank borrowings	0	0	0	0
Trade payables	177,479	0	0	177,479
Other current financial liabilities				
Currency forwards (held for trading)	0	685	0	685
Currency forwards (cash flow hedge)	0	0	5,227	5,227
Miscellaneous other current financial assets	19,767	0	0	19,767
Non-current bank borrowings	0	0	0	0
Pensions and similar obligations	0	0	1,786	1,786
Other non-current financial liabilities				
Currency forwards (held for trading)	0	0	0	0
Currency forwards (cash flow hedge)	0	0	582	582
Miscellaneous other current financial assets	156,189	0	0	156,189

Hedge accounting

The Group uses currency forwards to hedge future cash flows which are very likely to occur against exchange rate risks. The budget or plans for individual customer project are used for this purpose.

These transactions were recorded as cash flow hedges under hedge accounting in the year under review provided that they satisfied the strict criteria defined in IAS 39 Financial Instruments: Recognition and Measurement. The effective part of the profit or loss from the hedges is reported directly within equity and recycled to profit and loss under "other operating income" or "other operating expenses" in the case of hedged project transactions or under "cost of materials" in the case of hedged procurement transactions in the period in which the hedged item is settled and reported through profit and loss or if a hedged future cash flow does not arise.

The following table reconciles the cash flow hedge reserve.

	31.12.2015 EUR thousand	31.12.2014 EUR thousand
Amount on 1 January	–2,901	6,163
Added	2,030	–8,439
Reversed	4,785	–4,632
Deferred income taxes	–2,184	4,007
Amount on 31 December	1,730	–2,901

In the year under review, the cumulative losses of EUR 10,898 thousand from project business previously included within other comprehensive income as of the date on which the underlying transactions were settled were reclassified as other operating expenses. The cumulative gains from procurement business recorded within other comprehensive income were reclassified as cost of materials as of the date on which the underlying transactions were settled and stand at EUR 3,455 thousand. In 2014, cumulative gains of EUR 4,219 thousand recorded in other comprehensive income upon the settlement of the underlying transactions had been reported within the cost of materials.

As of 31 December 2015 there were hedges coming within the definition of IAS 39 with a term of up to one year (2014: two years). The hedged cash flows from future transactions are expected to be recognised in profit and loss within a period of two years (2014: three years).

The fair value of the financial instruments designated as hedges is set out in the following table:

	31.12.2015 EUR thousand	EUR thousand	31.12.2014 EUR thousand	EUR thousand
	Receivables	Liabilities	Receivables	Liabilities
Cash flow hedges				
Currency forwards	3,426	1,906	1,567	5,809
	3,426	1,906	1,567	5,809

Notes on the income statement

(27) Sales

Sales break down by region as follows:

	2015 EUR thousand	2014 EUR thousand
Europe	2,142,635	1,513,816
America	286,087	200,719
Asia	1,383	19,996
	2,430,105	1,734,531

Of this item, sales of EUR 1,841,557 thousand (2014: EUR 1,235,063 thousand) arose from the application of the percentage-of-completion method for construction contracts.

Sales break down by category as follows:

	2015 EUR thousand	2014 EUR thousand
Sales of new wind power systems	2,219,164	1,557,278
Service	196,479	166,354
Other	14,462	10,899
	2,430,105	1,734,531

(28) Changes in inventories and other own work capitalised

Own work capitalised is valued at EUR 30,250 thousand (2014: EUR 28,121 thousand) and, as in the previous year, relates in full to expenses for developing and enhancing new and existing wind turbines.

Changes in inventories equal EUR –44,266 thousand (2014: EUR –23,187 thousand).

(29) Other operating income

Other operating income breaks down as follows:

	2015 EUR thousand	2014 EUR thousand
Currency translation gains	15,492	9,139
Insurance claims indemnified and damages	496	0
Reversal of impairment losses	926	893
Gains from the disposal of assets	157	6,787
Derecognition of liabilities	21	153
Others	4,352	5,699
	21,444	22,671

(30) Cost of materials

The cost of materials breaks down as follows:

	2015 EUR thousand	2014 EUR thousand
Cost of raw materials and Supply materials	1,455,215	1,027,440
Cost of services bought	424,614	315,267
	1,879,829	1,342,707

The cost of services bought results from external freight services, changes in order provisions, commission and externally sourced order-handling services.

(31) Personnel costsd

	2015 EUR thousand	2014 EUR thousand
Wages and salaries	167,210	141,394
Social security and expenditure on retirement benefits and support	30,050	26,334
	197,260	167,728

Personnel costs include expense of EUR 117 thousand (2014: EUR 127 thousand) for defined contribution plans and EUR 112 thousand (2014: EUR 103 thousand) for defined benefit plans.

The Group headcount was as follows:

	2015	2014	Change
Balance sheet date			
Office staff	1,864	1,614	250
Technical staff	1,472	1,305	167
	3,336	2,919	417
Average			
Office staff	1,746	1,566	180
Technical staff	1,402	1,234	168
	3,148	2,800	348

Stock option plan

Maximum number of options granted
This option plan expired on 31 December 2012. Under the terms of the option plan, a maximum of 1,500,000 options were to be granted during the option period. Of these options

(a) a maximum of 550,000 were for members of management and employees of the Company and domestic and non-domestic Nordex Group companies who are not members of a management body of the Company or the Nordex Group companies,

(b) a maximum of 100,000 were for members of management of domestic and non-domestic Nordex Group companies who are not members of the Company's Management Board, and

(c) a maximum of 850,000 were for members of the Company's Management Board

Vesting conditions
Subject to an adjustment as a result of a capital measure, one option entitles the holder to acquire one bearer share issued by Nordex SE. When the option is exercised, an exercise price per share is paid.

The exercise price equals the arithmetic mean of the XETRA closing prices over the ten trading days preceding the date on which the subscription right is allocated as quoted on the Frankfurt stock exchange (or any replacement system comparable in terms of its function) for voting-entitled ordinary voting shares with full participation in the Company's profit and assets.

The options vest no earlier than three years upon being granted and are forfeited if the employment contract expires within this period. The options may only be exercised during two windows per year ("exercise period") in the following two years.

The options may only be exercised if the price of Nordex ordinary shares on the ten trading days preceding the date on which the option is exercised exceeds the exercise price of the option in question by at least 20%.

Calculation of the fair value of stock options
As of 31 December 2015 there were no stock options (2014: 75,000 stock options):

Stock options granted	Exercise price EUR	Average stock price EUR	Issue date	Expiry date	Outstanding stock options End of 2015	Outstanding stock options End of 2014
2008	23.10	16.52	01.09.2008	31.08.2013	0	0
2009	12.84	11.77	01.09.2009	31.08.2014	0	0
2010	5.26	5.01	25.11.2010	24.11.2015	0	0
2012	3.12	3.52	01.06.2012	31.05.2017	0	75,000
Total					0	75,000

Stock options granted	Exercise price EUR	Average stock price EUR	Issue date	Expiry date	Outstanding stock options End of 2014	Outstanding stock options End of 2013
2008	23.10	16.52	01.09.2008	31.08.2013	0	0
2009	12.84	11.77	01.09.2009	31.08.2014	0	104,695
2010	5.26	5.01	25.11.2010	24.11.2015	0	50,000
2012	3.12	3.52	01.06.2012	31.05.2017	75,000	75,000
Total					75,000	229,695

The 2012 tranche was exercised in full in 2015.

The expense for the 2012 tranche came to EUR 17 thousand in the period under review (2014: EUR 41 thousand).

(32) Depreciation/amortisation

Depreciation/amortisation breaks down as follows:

	2015 EUR thousand	2014 EUR thousand
Depreciation of property, plant and equipment	28,553	22,894
Amortisation of capitalised development costs	26,075	18,490
Amortisation of other intangible assets	1,511	1,640
	56,139	43,024

(33) Other operating expenses

Other operating expenses break down as follows:

	2015 EUR thousand	2014 EUR thousand
Travel expenses	19,603	16,741
Rental and lease expenses	18,892	19,826
Loss of revenues	18,571	2,166
Currency forwards	16,741	2,921
Other leased personnel services	13,601	13,769
Legal and consulting costs	13,341	11,277
External services	12,957	9,756
Maintenance	12,262	9,660
IT costs	11,618	8,039
Training	4,769	3,313
Advertising	4,260	2,398
Insurance	3,909	2,906
Settlements	3,042	5,224
Telecommunications	2,692	2,290
Other taxes	1,494	2,220
Losses from the disposal of assets	1,380	764
Bank fees	921	318
Impairments of receivables	800	1,446
Others	17,216	15,618
	178,069	130,652

(34) Net finance income/expense

	2015 EUR thousand	2014 EUR thousand
Income from investments	1,043	330
Net profit/loss from at-equity valuation	–1,216	–2,477
Depreciation of financial assets	–7,087	–2,506
Share of profit/loss of associates	–7,260	–4,653
Other interest and similar income	2,360	2,429
Interest and similar expenses	–23,275	–20,458
Net borrowing costs	–20,915	–18,029
	–28,175	–22,682

Income from investments comprises dividend payouts. Net gains/losses from valuation using the equity method constitute the share of profit of associates except where they give rise to negative carrying amounts. Impairments of financial assets result from the impairment recognised on the shares in KNK Wind and a loan granted to KNK Wind. Interest income and expense arises solely from deposits with banks and the utilisation of cash credit facilities or bank loans, respectively, and from guarantee commissions and deferred interest on the corporate bond.

(35) Income taxes

Income taxes break down as follows:

	2015 EUR thousand	2014 EUR thousand
Domestic income taxes	–768	–3,430
Non-domestic income taxes	–12,684	–3,823
Actual income tax expense	–13,452	–7,253
Deferred income tax liabilities	–32,337	–9,084
Total income tax expense	–45,789	–16,337
of which deferred income taxes for other periods	–8,242	–3,043
of which actual income taxes for other periods	–765	–396

Income taxes include the income taxes (paid or owed) in the individual countries as well as deferred income taxes. Deferred income taxes were measured on the basis of the tax rates applicable or expected to be applicable in the individual countries on the date on which they are realised.

As of 31 December 2015, a tax rate of 32.12% (2014: 32.01%) was applied for the purpose of calculating the domestic deferred income taxes. Deferred income tax assets for domestic unused tax losses were calculated using a tax rate of 15.83% (2014: 15.83%) including the solidarity surcharge in the case of corporate tax and 16.29% (2014: 16.18%) in the case of trade tax. The change in the trade tax rate is due to a difference in the split in trade income accruing to the eligible municipalities compared with the previous year.

The taxes on pre-tax profit differ from the theoretical amount derived from applying the Group tax rate of 32.12% (2014: 32.01%) to pre-tax profit as follows:

	2015 EUR thousand	2014 EUR thousand
Net profit/loss before tax	98,061	55,343
Expected tax expense	–31,497	–17,715
Differences in non-domestic tax rates	–95	–5,293
Tax-free income	813	160
Shares in associates carried at equity	148	–793
Changes in tax rates and tax legislation	–262	301
Non-deductible expenses	–1,344	–2,121
Tax effects from previous years	–9,070	3,043
Effects of inclusion of unused tax losses arising in earlier years	–7,485	1,122
Changes from impairments/ effects of non-inclusion of unused tax losses	4,538	4,581
Other tax effects	–1,535	378
Actual income tax expense	–45,789	–16,337

The item "Effects of inclusion of unused tax losses arising in earlier years" includes an effect of a negative EUR 17,144 thousand arising from the forfeiture of unused corporate tax and trade tax losses in Germany.

(36) Earnings per share

Basic

Basic earnings per share are calculated by dividing profit or loss attributable to the ordinary equity holders by the average number of ordinary shares outstanding during the year:

		2015	2014
Consolidated net profit for the year	EUR thousand	52,272	39,006
of which parent company equity holders	EUR thousand	52,272	39,006
Weighted average number of shares		80,882,447	80,882,447
Earnings/loss per share	EUR	0.65	0.48

Diluted

Diluted earnings/loss per share are calculated by adding all conversion rights and options to the average number of ordinary shares outstanding. Diluted earnings per share also stand at EUR –0.65 (2014: EUR 0.48).

Other financial obligations and contingent liabilities

Contractual obligations of EUR 445 thousand (2014: EUR 3,485 thousand) apply with respect to capital spending on property, plant and equipment for obligations which have not yet been settled.

Other financial obligations relate to operating lease and rental obligations of EUR 50,999 thousand (2014: EUR 39,258 thousand) with the following settlement periods:

Year	Due for settlement in less than 1 year EUR thousand	Due for settlement in 1 to 5 years EUR thousand	Due for settlement in more than 5 years EUR thousand
31.12.2015	10,619	22,672	17,708
31.12.2014	9,282	14,080	15,896

Obligations under rental contracts and operating leases relate to equipment and machinery of EUR 6,591 thousand (2014: EUR 4,548 thousand) and real estate assets of EUR 44,408 thousand (2014: EUR 34,710 thousand).

The Nordex Group has contingent liabilities arising from pending litigation in connection with its operating business; as the probability of an outflow of resources as of the reporting date was not sufficiently determinable, no provisions were set aside in this connection.

Related parties disclosures

Jan Klatten, a member of Nordex SE's Supervisory Board, has held a 44.2% share of the Polish wind farm company C&C Wind Sp. z o.o. via momentum infra 1 GmbH, of which he is also managing director, since 2014. The share was acquired by momentum infra 1 GmbH as the most successful bidder in a market-wide tender process. The majority of the shares in momentum infra 1 GmbH are held by momentum-capital Verwaltungsgesellschaft mbH. The Nordex Group also holds 40% of the capital of C&C Wind Sp. z o.o. via Nordex Windpark Beteiligung GmbH. Accordingly, the former company is classed as an associated company. As in the previous year, there were no business transactions with Mr. Klatten or momentum infra 1 GmbH.

In addition, the Nordex Group holds a 75% interest in natcon7 GmbH, which is therefore a non-consolidated affiliated company. . In addition to C&C Wind Sp. z o.o., the shares in Beebe Renewable Energy 2 LLC (50 %), KNK Wind GmbH (38,89%), Way Wind LLC (36,15%) and GN Renewable Investments S.á.r.l. (30 %) are classified as associated companies. Further details can be found in the enclosed list of shareholders as of 31 December 2015. .

The transactions executed are set out in the following table.

Related parties	Amount concerned 01.01.–31.12.2015 EUR thousand	Amount concerned 01.01.–31.12.2014 EUR thousand	Outstanding balances Receivables (+)/ liabilities (–) 31.12.2015 EUR thousand	Outstanding balances Receivables (+)/ liabilities (–) 31.12.2014 EUR thousand
natcon7 GmbH	7,441	7,881	–1,539	–2,325
C&C Wind Sp. z o.o.	38,644	7,466	2,294	9,940
KNK Wind GmbH	189	189	879	6,897
GN Renewable Investments S.á.r.l.	129	87	6,622	5,465

In 2015, C&C Wind Sp. z o.o. awarded a contract for the delivery and installation of wind power systems worth EUR 14,894 to extend the wind farm operated by that company.

The transactions and outstanding balances between the Nordex Group and natcon7 GmbH result from the development, project organization and marketing of operations management, control and visualisation systems for decentralised energy production.

The transactions and outstanding balances with C&C Wind Sp. z o.o. and GN Renewable Investments S.á.rl. result from project business

The transactions and outstanding balances with KNK Wind GmbH concern interest on a loan on which an impairment was recognised in 2015.

As in the previous year, there were no business transactions with Beebe Renewable Energy 2 and Way Wind LLC.

Consolidated cash flow statement

The consolidated cash flow statement analyses changes in the cash flow in the course of the year as a result of cash inflows and outflows. In accordance with IAS 7, cash flows are broken down into those from operating activities, those from investing activities and those from financing activities. The cash and cash equivalents reported in the consolidated cash flow statement equal the cash and cash equivalents reported on the face of the balance sheet. The inclusion of fixed-term deposits clarifies the information provided in the cash flow statement as they are also current in nature; the figures for the previous year have been adjusted accordingly. The changes in the items of the balance sheet used for determining changes in the cash flow statement cannot be directly derived from the balance sheet as currency translation effects, changes to the companies consolidated and non-cash transactions are eliminated.

Cash flow from operating activities is calculated using the indirect method, i.e. earnings after tax are not adjusted for cash expenses and income. After allowing for changes in working capital and additional receivables and liabilities as well as deferred income taxes, the net cash inflow from operating activities comes to EUR 167,987 thousand (2014: EUR 160,290 thousand) This is chiefly due to the increase in working capital of EUR 10,854 thousand (2014: decline of EUR 70,997 thousand) and the consolidated net profit including depreciation/amortisation of EUR 115,498 thousand (2014: EUR 84,536 thousand).

Net cash outflow from investing activities increased in the year under review to EUR 73,387 thousand (2014: net cash outflow of EUR 71,590 thousand). Development projects of EUR 30,949 thousand (2014: EUR 30,694 thousand) were capitalised. Spending on property, plant and equipment of EUR 39,690 thousand (2014: EUR 44,287 thousand) chiefly comprises rotor blade production and extensions to the production facility in Rostock.

Net cash inflow from financing activities stands at EUR 50,000 thousand (2014: net cash outflow of EUR 38,279 thousand) and relates to the utilisation of the loan provided by the European Investment Bank.

Events after the reporting date

Any events occurring after the balance sheet date caused by economic factors arising prior to 31 December 2015 are included in the consolidated financial statements as of December 31, 2015.

Corporate Governance Code declaration pursuant to Section 161 of the German Stock Corporation Act

The Management Board and the Supervisory Board issued the declaration of conformance for 2015 pursuant to Section 161 of the Stock Corporation Act on 18 March 2016 and made it available for examination by the shareholders on the Internet at www.nordex-online.com/de/ investor-relations/ corporate-governance.html.

Utilisation of relief provisions

Nordex Energy GmbH, Hamburg, Nordex Grundstücksverwaltung GmbH, Hamburg, and Nordex Windpark Beteiligung GmbH, Hamburg, are exempt from disclosure duties in accordance with Section 325 of the German Commercial Code due to the application of the provisions contained in Section 264 (3) of the German Commercial Code.

Nordex SE Management Board and Supervisory Board

Supervisory Board

During 2015 and as of the date on which the financial statements for 2015 were prepared, the Supervisory Board comprised the following members:

Dr. Wolfgang Ziebart, Starnberg
Chairman of the Supervisory Board, chairman of the management committee and member of the strategy and engineering committee
- Former group engineering director of Jaguar Land Rover Automotive PLC, United Kingdom
- Former chairman of the management board of Infineon AG
- Former member of the management board of BMW AG
- Former member of the management board of Continental AG
- Member of the supervisory board of ASML Holding N.V., Netherlands
- Member of the Board of Directors of Autoliv Inc., Stockholm

Jan Klatten, Munich
Deputy chairman of the Supervisory Board, member of the management committee, chairman of the strategy and engineering committee
- Managing shareholder of momentum Beteiligungsgesellschaft mbH
- Chairman of the supervisory board of asturia Automotive AG

Dr. Heinz van Deelen, Munich
Member of the strategy and engineering committee (from 9 January 2015) and the audit committee (until 9 January 2015)
- Chairman of the management board of Consline AG

Frank Lutz, Munich
Member of the audit committee (from 9 January 2015)
- Member of the management board of Covestro AG and Covestro Deutschland AG

Martin Rey, Traunstein
Member of the management committee and chairman of the audit committee
- Attorney at law and managing shareholder of maroban GmbH
- Member of the board of BayWa r.e. USA LLC, United States
- Member of the board of Knight Infrastructure B.V., Netherlands

Annette Stieve, Wennigsen
Member of the audit committee
- Member of the management of Feurecia Automotive GmbH, chief financial officer North East Europe of Faurecia Group
- Member of the Regional Advisory Committee Middle of Commerzbank AG

Management Board

Lars Bondo Krogsgaard, Hamburg
Chief Executive Officer (from 1 June 2015)
Chief Customer Officer (until 31 May 2015)

Dr. Jürgen Zeschky, Hamburg
Chief Executive Officer (until 31 May 2015)

Ulric Bernard Schäferbarthold, Hamburg
Chief Financial Officer

The members of the Supervisory Board and the Management Board held the following shares in the Company as of 31 December 2015:

Name	Position	Shares
Dr. Wolfgang Ziebart	Supervisory Board	10,000 held directly
Jan Klatten	Supervisory Board	18,482,000 held via a share in momentum-capital Vermögensverwaltungsgesellschaft mbH and Ventus Venture Fund GmbH & Co. Beteiligungs KG

No Nordex SE stock options have been granted to members of the Management Board (2014: 75,000).

Remuneration report

Management Board

In accordance with the provisions of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code, the Supervisory Board decides on the amount and structure of remuneration and the remuneration system for the Management Board and performs regular reviews. In determining the remuneration, the Supervisory Board is guided by the size and complexity of Nordex SE, its economic and financial position and the amount and structure of the Management Board remuneration system of comparable companies as well as internal salary structures. Further criteria include the duties and performance of the individual members of the Management Board.

The remuneration report describes the principles of the remuneration system for the members of the Management Board and the Supervisory Board as well as the individual amounts paid. The disclosures comply with the requirements of the German Commercial Code in the light of the principles of German Accounting Standard No. 17 (DRS 17), the recommendations set out in the German Corporate Governance Code (GCGC) and the International Financial Reporting Standards (IFRS).

Principles of the remuneration system

The remuneration paid to the Management Board comprises fixed and variable components reflecting the Company's business performance in a given year as well as its long-term business performance.

The fixed components comprise an annual salary paid out in monthly instalments and the usual benefits. These include the provision of a company car, which may also be used privately, insurance for private and company accidents covering invalidity and death and premiums for D&O cover where this exceeds the deductible provided by law for members of the Management Board. The premium paid for the D&O insurance cannot be broken down by individual Management Board member as the sum insured covers all governance bodies and executives.

The size of the bonus is based on the achievement of financial and non-financial targets as well as a discretionary factor which is determined by the Supervisory Board. The financial target is the EBT generated by the Company each year. The non-financial targets are defined at the beginning of each year by the Supervisory Board of Nordex SE. Achievement of the criteria is determined by the Supervisory Board at the end of the performance period. The achievement of financial and non-financial targets has an equal weighting in the calculation of the bonuses.

The variable component with a long-term incentive effect is calculated using a contractually agreed target, which is converted into performance share units on the basis of the price of Nordex stock on the date on which they are granted. In addition, the target achievement rate is defined on the basis of the gross return on Nordex stock (in terms of total shareholder return) compared with the arithmetic mean of the performance indices DAX, MDAX and TecDAX. The final number of performance share units achieved is calculated on the basis of the number of virtual Nordex shares and the target achievement rate. The final number of performance share units is multiplied by the price at which Nordex stock is trading at the end of the performance period, thus yielding the amount to be paid out. A third of the net payment under the performance share unit plan must be invested by the Management Board member for a holding period of two years.

The fair value of the performance share units was calculated using an acknowledged financial-mathematical procedure for accounting in accordance with IFRS 2 (Share-based payments). This entails the use of a Monte Carlo simulation model to calculate on a random basis a large number of different trajectories for Nordex stock (including re-invested dividends) and the benchmark DAX, MDAX and TecDAX indices. The volatility and correlations underlying the measurements were derived from historical volatility and correlation data. The risk-free interest rate was determined on the basis of yields on government bonds.

The remuneration payable to the members of the Management Board in 2015 in accordance with DRS 17 can be seen in the following table. Performance-tied remuneration components with a long-term incentive effect are allocated to the individual years on a time-proportionate basis.

Remuneration in accordance with Section 314 (1) No. 6 of the German Commercial Code in connection with DRS 17	Fixed components		Bonus		Long-term incentive components		Total	
	2015 EUR	2014 EUR	2015 EUR	2014 EUR	2015 EUR	2014 EUR	2015 EUR	2014 EUR
L. Krogsgaard	415,871	374,182	400,833	343,712	582,272	286,453	1,398,976	1,004,347
Dr. J. Zeschky	296,292	447,413	230,000	460,000	382,875	171,112	909,167	1,078,525
B. Schäferbarthold	357,144	357,144	332,083	293,000	381,450	87,075	1,070,677	737,219

The members of the Management Board did not hold any stock options as of 31 December 2015 (2014: 75,000 stock options). Dr. Zeschky exercised the last remaining 75,000 stock options in 2015 at a strike price of EUR 26.69. No new stock options were granted in the year under review.

Disclosures in accordance with IAS 24.17 and IAS 24.18 break down as follows:

	2013		2014		2015	
	Expense EUR	Provisions EUR	Expense EUR	Provisions EUR	Expense EUR	Provisions EUR
a) Short-term benefits	1,696,278	619,634	2,287,840	1,113,000	2,014,183	732,916
b) Post-employment benefits	3,900	0	3,900	3,900	1,752	0
c) Other long-term benefits	320,000	320,000	0	0	0	0
d) Termination benefits	0	0	0	0	0	0
e) Share-based payment	220,500	180,000	554,764	556,774	1,225,726	1,433,365

In contrast to DRS 17, the following table in accordance with GCGC setting out the incentives (including ancillary benefits) granted for the year under review additionally shows the targets for the one-year variable remuneration components. In the case of multi-year variable remuneration, the fair value at the end of the year in which the incentive was granted is shown. In addition, the minimum and maximum amounts are reported:

Incentives granted according to GCGC	L. Krogsgaard				Dr. J. Zeschky				B. Schäferbarthold			
	2015 EUR	2014 EUR	Min. 2015 EUR	Max. 2015 EUR	2015 EUR	2014 EUR	Min. 2015 EUR	Max. 2015 EUR	2015 EUR	2014 EUR	Min. 2015 EUR	Max. 2015 EUR
Fixed remuneration	400,833	360,000	400,833	400,833	286,667	430,000	286,667	286,667	341,500	341,500	341,500	341,500
Ancillary benefits	15,038	14,182	15,038	15,038	9,625	17,413	9,625	9,625	15,644	15,644	15,644	15,644
Total fixed component	415,871	374,182	415,871	415,871	296,292	447,413	296,292	296,292	357,144	357,144	357,144	357,144
Bonus	200,417	343,712	0	400,833	230,000[1]	460,000	n.a.[1]	n.a.[1]	166,042	293,000	0	332,083
Multi-year variable remuneration	422,386	261,224	0	601,251	–	391,835	n.a.[1]	n.a.[1]	379,357	261,224	0	540,000
Performance share units 2015–2017	422,386	–	0	601,251	–	–	–	–	379,357	–	0	540,000
Performance share units 2014–2016	–	261,224	–	–	–	391,835	–	–	–	261,224	–	–
Total remuneration	1,038,674	979,118	415,871	1,417,955	526,292	1,299,248	n.a.[1]	n.a.[1]	902,543	911,368	357,144	1,229,227

[1]Paid out in accordance with the termination agreement.

The fixed and single-year variable remuneration components shown in the following table prepared in accordance with GCGC are equivalent to the inflows shown for the current year. The table also states the amount paid as multi-year variable remuneration in cases in which the agreed period expires in the year under review:

Inflows according to GCGC	L. Krogsgaard		Dr. J. Zeschky		B. Schäferbarthold	
	2015 EUR	2014 EUR	2015 EUR	2014 EUR	2015 EUR	2014 EUR
Fixed remuneration	400,833	360,000	286,667	430,000	341,500	341,500
Ancillary benefits	15,038	14,182	9,625	17,413	15,644	15,644
Total fixed component	415,871	374,182	296,292	447,413	357,144	357,144
Bonus	400,833	343,712	230,000	460,000	332,083	293,000
Multi-year variable remuneration	540,000	300,750	1,767,750	–	–	–
Stock options	–	300,750	1,767,750	–	–	–
Performance share units 2013–2015	540,000		–	–		
Total remuneration	1,356,704	1,018,644	2,294,042	907,413	689,227	650,144

As of the reporting date, the 2013, 2014 and 2015 tranches of the performance share units and the 2015 short-term incentives had not yet been paid out to Mr. Krogsgaard. As of 31 December 2015, Mr. Schäferbarthold had not yet received the 2014 and 2015 tranches of the performance share units and the 2015 short-term incentives.

Supervisory Board

Under the Articles of Incorporation, all members of the Supervisory Board are entitled to fixed remuneration of EUR 30,000 (2014: EUR 25,000) in consideration of the performance of their duties for each full year in which they are members of the Supervisory Board plus reimbursement of all costs incurred in the performance of their duties.

The chairman of the Supervisory Board receives twice this amount and his deputy one-and-a-half times this amount.

Each member of the Supervisory Board who is a member of a committee established by the Supervisory Board receives additional fixed remuneration of EUR 3,000 (2014: EUR 0) for each full year in which he or she is a member of the committee.

The chairman of a committee receives twice this amount.

Persons joining or leaving the Supervisory Board or one of its committees during the year receive one twelfth of this amount for each full or partial month of service.

Value added tax was paid on the reimbursement of expenses in accordance with Articles 18 (1) to (4) of the Articles of Incorporation. The Company pays the premium on liability insurance (D&O insurance) if such cover also includes the members of the Supervisory Board.

The remuneration paid to the Supervisory Board breaks down as follows:

2015	Fixed components EUR	Variable components EUR	Long-term incentive components EUR	Total EUR
Dr. W. Ziebart	69,000	0	0	69,000
J. Klatten	54,000	0	0	54,000
Dr. H. van Deelen	33,250	0	0	33,250
F. Lutz	33,000	0	0	33,000
M. Rey	39,000	0	0	39,000
A. Stieve	33,000	0	0	33,000
	261,250	0	0	261,250

2014	Fixed components EUR	Variable components EUR	Long-term incentive components EUR	Total EUR
Dr. W. Ziebart	50,000	0	0	50,000
J. Klatten	37,500	0	0	37,500
Dr. H. van Deelen	25,000	0	0	25,000
Dr. D. G. Maier	25,000	0	0	25,000
M. Rey	25,000	0	0	25,000
A. Stieve	25,000	0	0	25,000
	187,500	0	0	187,500

Disclosures in accordance with IAS 24.17 and IAS 24.18 break down as follows:

	2013		2014		2015	
	Expense EUR	Provisions EUR	Expense EUR	Provisions EUR	Expense EUR	Provisions EUR
a) Short-term benefits	177,085	0	187,500	0	261,250	0
b) Post-employment benefits	0	0	0	0	0	0
c) Other long-term benefits	0	0	0	0	0	0
d) Termination benefits	0	0	0	0	0	0
e) Share-based payment	0	0	0	0	0	0

No remuneration had been paid to the members of the Supervisory Board as of 31 December 2015.

Benefits/pension provisions for former members of the Management Board

Pension provisions of EUR 378 thousand (2014: EUR 427 thousand) had been set aside as of 31 December 2015 to cover entitlement vesting to two former members of the Management Board.

Auditor's fee

The fee payable in 2015 to the statutory auditors stands at EUR 459 thousand (2014: EUR 320 thousand). A fee of EUR 137 thousand (2014: EUR 63 thousand) was paid for tax consulting services. Fees of EUR 381 thousand were paid for other attestation services (2014: EUR 3 thousand).

Nordex SE
Rostock, 18 March 2016

L. Krogsgaard
Chief Executive Officer

B. Schäferbarthold
Management Board

Statement of changes in property, plant and equipment and intangible assets

for the period from 1 January to 31 December 2015

	Historical cost					
	Initial amount 01.01.2015 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classifica-tions EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2015 EUR thousand
Property, plant and equipment						
Land and buildings	75,485	5,789	223	6,853	881	88,785
Technical equipment and machinery	110,568	18,765	12,452	6,320	–106	123,095
Other equipment, operating and business equipment	58,036	14,665	6,770	0	629	66,560
Prepayments made and assets under construction	15,508	471	0	–13,173	–12	2,794
Total property, plant and equipment	259,597	39,690	19,445	0	1,392	281,234
Intangible assets						
Goodwill	14,461	0	0	0	0	14,461
Capitalised development expense	148,633	30,949	60	0	0	179,522
Other intangible assets	20,200	4,461	910	0	243	23,994
Total intangible assets	183,294	35,410	970	0	243	217,977

	Historical cost					
	Initial amount 01.01.2014 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classifica-tions EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2014 EUR thousand
Property, plant and equipment						
Land and buildings	87,340	2,499	17,535	720	2,461	75,485
Technical equipment and machinery	91,748	16,212	8,332	8,981	1,959	110,568
Other equipment, operating and business equipment	49,466	11,408	3,373	–691	1,226	58,036
Prepayments made and assets under construction	10,453	14,168	134	–9,010	31	15,508
Total property, plant and equipment	239,007	44,287	29,374	0	5,677	259,597
Intangible assets						
Goodwill	14,461	0	0	0	0	14,461
Capitalised development expense	137,283	30,694	19,344	0	0	148,633
Other intangible assets	24,309	1,307	5,958	0	542	20,200
Total intangible assets	176,053	32,001	25,302	0	542	183,294

Depreciation/amortisation					Carrying amount
Initial amount 01.01.2015 TEUR thousand	Additions EUR thousand	Disposals EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2015 EUR thousand	31.12.2015 EUR thousand
33,007	2,861	185	842	36,525	52,260
52,546	17,334	11,326	395	58,949	64,146
36,229	8,358	6,604	521	38,504	28,056
1,622	0	0	20	1,642	1,152
123,404	28,553	18,115	1,778	135,620	145,614
4,501	0	0	0	4,501	9,960
42,515	26,075	1	0	68,589	110,933
17,334	1,511	909	262	18,198	5,796
64,350	27,586	910	262	91,288	126,689

Depreciation/amortisation						Carrying amount
Initial amount 01.01.2014 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classifica-tions EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2014 EUR thousand	31.12.2014 EUR thousand
45,541	1,789	16,913	199	2,391	33,007	42,478
45,323	12,383	6,598	–45	1,483	52,546	58,022
30,420	7,497	2,455	–154	921	36,229	21,807
354	1,225	0	0	43	1,622	13,886
121,638	22,894	25,966	0	4,838	123,404	136,193
4,501	0	0	0	0	4,501	9,960
42,968	18,490	18,943	0	0	42,515	106,118
21,106	1,640	5,948	0	536	17,334	2,866
68,575	20,130	24,891	0	536	64,350	118,944

List of shareholdings

as of 31 December 2015

	Currency
Consolidated affiliated companies	
(figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)	
Nordex SE, Rostock (parent company)[1]	EUR
Beebe Wind LLC, Delaware, United States	EUR
Eólicos R4E S.A. de C.V., Tegucigalpa, Honduras	EUR
Green Hills Wind LLC, Delaware, United States	EUR
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Beijing, China	EUR
Nordex (Chile) SpA, Santiago, Chile	EUR
Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., Dongying, China	EUR
Nordex Education Trust, Kapstadt, South Africa	EUR
NordexEnergy Uruguay S.A., Montevideo, Uruguay	EUR
Nordex Energy B.V., Rotterdam, Netherlands	EUR
Nordex Energy GmbH, Hamburg[1]	EUR
Nordex Energy Ibérica S.A., Barcelona, Spain	EUR
Nordex Energy Ireland Ltd., Dublin, Ireland	EUR
Nordex Energy Romania S.r.l., Bucharest, Romania	EUR
Nordex Energy South Africa RF (Pty.) Ltd., Illovo, South Africa	EUR
Nordex Enerji A.S., Istanbul, Turkey	EUR
Nordex Forum II GmbH & Co. KG	EUR
Nordex Forum II Verwaltungs GmbH	EUR
Nordex France S.A.S., La Plaine Saint-Denis, France	EUR
Nordex Grundstücksverwaltung GmbH, Hamburg[1]	EUR
Nordex Hellas Monoprosopi EPE, Athens, Greece	EUR
Nordex Italia S.r.l., Rome, Italy	EUR
Nordex Offshore GmbH, Hamburg	EUR
Nordex Pakistan (Private) Ltd., Islamabad, Pakistan[3]	EUR
Nordex Polska Sp. z o.o., Warsaw, Poland	EUR
Nordex Singapore Equipment Private Ltd., Singapore, Singapore[3]	EUR
Nordex Singapore Service Private Ltd., Singapore, Singapore[3]	EUR
Nordex Sverige AB, Uppsala, Sweden	EUR
Nordex UK Ltd., Manchester, United Kingdom	EUR
Nordex USA Inc., Chicago, United States	EUR
Nordex USA Management LLC, Chicago, United States	EUR
Nordex Windpark Beteiligung GmbH, Hamburg[1]	EUR
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia, China	EUR
NPV Dritte Windpark GmbH & Co. KG, Hamburg	EUR
Way Wind, LLC, Delaware, United States	EUR

Share in capital (%)	Net profit/loss 01.01–31.12.2015	Equity capital 01.01–31.12.2015	Share held via
–	–15,326,420.36	311,444,385.06	–
100.00	346,705.53	0.00	Nordex USA Management LLC
100.00	–1,015,356.44	4,738,015.49	Nordex USA Management LLC
100.00	0.00	0.00	Nordex USA Inc.
100.00	–3,111,859.15	–4,963,838.25	Nordex Energy GmbH
100.00	–2,925,846.25	3,058,313.35	Nordex Windpark Beteiligung GmbH
100.00	–356,061.85	–829,609.45	Nordex Energy GmbH
100.00	–683,786.60	–1,358,005.47	Nordex Energy South Africa (Pty.) Ltd.
100.00	–3,373,669.97	10,051,212.16	Nordex Energy B.V.
100.00	–1,353,702.34	45,698,784.13	Nordex SE
100.00	0.00	7,607,762.18	Nordex SE
100.00	617,942.60	9,514,538.07	Nordex Energy B.V.
100.00	1,467,018.73	–3,599,533.67	Nordex Energy B.V.
99.98/0.02	502,639.68	–152,388.96	Nordex Energy B.V./Nordex Energy GmbH
100.00	6,553,944.15	4,590,798.47	Nordex Energy GmbH/ Nordex Education Trust
17.15/82.31/ 0.18/0.18/ 0.18	15,281,585.86	17,912,495.28	Nordex Energy B.V./Nordex SE/ Nordex Energy GmbH/Nordex Windpark Beteiligung GmbH/ Nordex Grundstücksverwaltung GmbH
100.00	–9,180.07	–9,180.07	Nordex Energy GmbH
100.00	–6,025.99	18,974.01	Nordex Energy GmbH
100.00	6,100,029.49	14,166,620.79	Nordex Energy B.V.
100.00	0.00	52,000.00	Nordex SE
100.00	545,944.27	1,337,307.53	Nordex Energy GmbH
100.00	3,398,793.40	25,590,614.87	Nordex Energy B.V.
100.00	–8,915,166.54	–9,397,442.47	Nordex SE
100.00	–3,216,125.20	–5,639,681.34	Nordex Energy GmbH
99.00/1.00	2,959,131.26	7,713,406.21	Nordex Energy B.V./Nordex Energy GmbH
100.00	–4,952,994.60	–10,130,715.52	Nordex Energy GmbH
100.00	–180,594.60	–2,280,618.13	Nordex Energy GmbH
100.00	–9,254,952.28	27,233.13	Nordex Energy B.V.
100.00	–2,952,485.75	141,730.22	Nordex Energy B.V.
100.00	–11,066,727.16	–17,095,408.16	Nordex Energy B.V.
100.00	2,140,455.88	–102,007.44	Nordex USA Inc.
100.00	0.00	74,825.12	Nordex SE
100.00	–3,796,203.24	–5,105,629.99	Nordex Energy GmbH
100.00	–22,112.24	20,794.46	Nordex Grundstücksverwaltung GmbH
100.00	412,627.22	–342,388.08	Nordex USA Inc.

	Currency
Non-consolidated affiliated companies	
(figures in accordance with statutory financial statements or the uniform Group guidelines for financial statements)	
Éoles Futur Eurowind France S.A.S., Paris, France	EUR
Farma Wiatrowa Liw Sp. z o.o., Warsaw, Poland[3]	EUR
Farma Wiatrowa NDX1 Sp. z o.o., Warsaw, Poland[3]	EUR
Farma Wiatrowa NXD V Sp. z o.o., Warsaw, Poland[3]	EUR
Farma Wiatrowa Rozdrazew Sp. z o.o., Warsaw, Poland (ex. Belzyce)[3]	EUR
Farma Wiatrowa Wymyslów Sp. z o.o., Warsaw, Poland[3]	EUR
natcon7 GmbH, Hamburg[3]	EUR
Nordex Windpark Verwaltung GmbH, Hamburg	EUR
Parc Éolien de Zondrange S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex Belgique I (SPRC), Brussels, Belgium[3]	EUR
Parc Éolien Nordex Belgique II (SPRC), Brussels, Belgium[3]	EUR
Parc Éolien Nordex I S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex II S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex III S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex IV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex V S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex VI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex VII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex IX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex X S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XVIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXIV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXVI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXVII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXVIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXIX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXXI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XXXII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LIV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LVI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LVII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LVIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LIX S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LX S.A.S., Paris, France[3]	EUR

Share in capital (%)	Net profit/loss 01.01–31.12.2015	Equity capital 01.01–31.12.2015	Share held via
100.00	250,314.18	508,385.69	Nordex France S.A.S.
99.00/1.00	–43,587.19	–62,919.26	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
100.00	–123,620.29	–355,982.83	Nordex Windpark Beteiligung GmbH
99.00/1.00	–29,907.54	–32,573.10	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99.00/1.00	–130,009.31	–236,727.69	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99.00/1.00	–29,907.54	–32,573.10	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
75.00	833,867.60	1,692,766.10	Nordex SE
100.00	37,141.78	41,039.10	Nordex SE
100.00	–2,836.75	7,629.37	Nordex Windpark Beteiligung GmbH
99.00/1.00	–17,443.00	1,157.00	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99.00/1.00	–9,472.00	9,128.00	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
100.00	–2,110.89	17,504.64	Nordex Windpark Beteiligung GmbH
100.00	–13,661.07	7,506.52	Nordex Windpark Beteiligung GmbH
100.00	–7,807.14	8,887.31	Nordex Windpark Beteiligung GmbH
100.00	–2,110.89	19,502.22	Nordex Windpark Beteiligung GmbH
100.00	–2,223.29	19,279.29	Nordex Windpark Beteiligung GmbH
100.00	–26,184.67	–23,414.37	Nordex Windpark Beteiligung GmbH
100.00	–2,159.13	19,343.61	Nordex Windpark Beteiligung GmbH
100.00	–2,140.56	19,744.12	Nordex Windpark Beteiligung GmbH
100.00	–2,110.89	17,969.07	Nordex Windpark Beteiligung GmbH
100.00	–5,288.19	10,081.84	Nordex Windpark Beteiligung GmbH
100.00	–32,365.63	–10,610.12	Nordex Windpark Beteiligung GmbH
100.00	–30,367.68	–8,797.55	Nordex Windpark Beteiligung GmbH
100.00	–2,187.73	19,520.13	Nordex Windpark Beteiligung GmbH
100.00	–2,141.09	19,794.35	Nordex Windpark Beteiligung GmbH
100.00	–2,110.89	19,692.01	Nordex Windpark Beteiligung GmbH
100.00	–2,110.89	19,691.76	Nordex Windpark Beteiligung GmbH
100.00	–2,253.09	19,549.40	Nordex Windpark Beteiligung GmbH
100.00	–10,597.09	8,450.82	Nordex Windpark Beteiligung GmbH
100.00	–2,218.53	19,617.93	Nordex Windpark Beteiligung GmbH
100.00	–2,171.59	19,635.14	Nordex Windpark Beteiligung GmbH
100.00	–2,416.70	19,286.58	Nordex Windpark Beteiligung GmbH
100.00	–2,293.03	19,665.06	Nordex Windpark Beteiligung GmbH
100.00	–3,555.85	11,705.32	Nordex Windpark Beteiligung GmbH
100.00	–2,898.27	12,790.24	Nordex Windpark Beteiligung GmbH
100.00	–3,024.26	12,331.45	Nordex Windpark Beteiligung GmbH
100.00	–2,832.43	11,764.54	Nordex Windpark Beteiligung GmbH
100.00	–3,281.09	33,578.18	Nordex Windpark Beteiligung GmbH
100.00	–3,287.25	33,560.18	Nordex Windpark Beteiligung GmbH
100.00	–3,287.05	33,577.58	Nordex Windpark Beteiligung GmbH
100.00	–2,006.21	33,798.92	Nordex Windpark Beteiligung GmbH
100.00	–2,006.21	33,798.92	Nordex Windpark Beteiligung GmbH
100.00	–2,006.21	33,798.92	Nordex Windpark Beteiligung GmbH

	Currency
Parc Éolien Nordex LXI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LXII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LXIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LXIV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LXV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LXVI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LXVII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex LXVIII S.A.S., Paris, France[3]	EUR
Parque Eólico Hacienda Quijote SpA, Chile	EUR
Parque Eólico Llay-Llay SpA, Chile	EUR
Qingdao Huawei Wind Power Co. Ltd., Qingdao, China[3]	EUR
Sechste Windpark Support GmbH & Co. KG, Hamburg	EUR
Vientos de Chinchayote, s.A. de C.V., Honduras	EUR
Vientos de la Baranquilla, s.A. de C.V., Honduras	EUR
Vientos de la Caguasca, s.A. de C.V., Honduras	EUR
Vientos de la Quesera, s.A. de C.V., Honduras	EUR
Vientos de la Roble, s.A. de C.V., Honduras	EUR
Vientos de San Juan, s.A. de C.V., Honduras	EUR
Vindkraftpark Aurvandil AB, Uppsala, Sweden	EUR
Vindkraftpark Brynhild AB, Uppsala, Sweden	EUR
Vindkraftpark Dieser AB, Uppsala, Sweden	EUR
Vindkraftpark Embla AB, Uppsala, Sweden	EUR
Vindkraftpark Freja AB, Uppsala, Sweden	EUR
Investments in associates (not consolidated)	
(figures in accordance with statutory financial statements)	
Beebe Renewable Energy 2, LLC, Delaware, United States	EUR
C&C Wind Sp. z o.o., Natolin, Poland[3]	EUR
GN Renewable Investments S.à r.l., Luxembourg, Luxembourg[3]	EUR
KNK Wind GmbH, Frankfurt am Main[3]	EUR
Way Wind LLC, Nebraska, United States	EUR
Other investments (non-consolidated)	
(figures in accordance with statutory financial statements)	
Eoliennes de la Vallée S.A.S., Amiens, France	EUR
K/S Whitewater Wind Power Invest I, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest I ApS, Helsinge, Denmark[2]	EUR
K/S Whitewater Wind Power Invest VII, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest VII ApS, Helsinge, Denmark[2]	EUR
K/S Whitewater Wind Power Invest VIII, Fredensborg, Denmark, Komplementarselskabet Whitewater Invest VIII ApS, Helsinge, Denmark[2]	EUR
Vent d'est S.à r.l., Paris, France[3]	EUR
Vent Local S.A.S., Vienne, France[2]	EUR

[1]Profit transfer agreement; net profit/loss and equity after profit transfer agreement in accordance with local rules
[2]Financial statements as of 31 December 2014
[3]Preliminary financial statements as of 31 December 2015

Share in capital (%)	Net profit/loss 01.01–31.12.2015	Equity capital 01.01–31.12.2015	Share held via
100.00	–2,006.21	33,798.92	Nordex Windpark Beteiligung GmbH
100.00	0.00	37,000.00	Nordex Windpark Beteiligung GmbH
100.00	0.00	37,000.00	Nordex Windpark Beteiligung GmbH
100.00	0.00	37,000.00	Nordex Windpark Beteiligung GmbH
100.00	0.00	37,000.00	Nordex Windpark Beteiligung GmbH
100.00	0.00	37,000.00	Nordex Windpark Beteiligung GmbH
100.00	0.00	37,000.00	Nordex Windpark Beteiligung GmbH
100.00	0.00	37,000.00	Nordex Windpark Beteiligung GmbH
100.00	–	–	Nordex (Chile) SpA
100.00	–	–	Nordex (Chile) SpA
66.70	–1,183,860.39	646,380.97	Nordex Energy GmbH
100.00	–25,198.02	–29,745.65	Nordex Grundstücksverwaltung GmbH
99.20/0.80	–	–	Nordex Windpark Beteiligung GmbH/ Nordex Energy B.V
99.20/0.80	–	–	Nordex Windpark Beteiligung GmbH/ Nordex Energy B.V
99.20/0.80	–	–	Nordex Windpark Beteiligung GmbH/ Nordex Energy B.V
99.20/0.80	–	–	Nordex Windpark Beteiligung GmbH/ Nordex Energy B.V
99.20/0.80	–	–	Nordex Windpark Beteiligung GmbH/ Nordex Energy B.V
99.20/0.80	–	–	Nordex Windpark Beteiligung GmbH/ Nordex Energy B.V
100.00	–2,716.90	8,077.67	Nordex Windpark Beteiligung GmbH
100.00	–6,226.29	7,933.99	Nordex Sverige AB
100.00	–541.64	2,730.83	Nordex Windpark Beteiligung GmbH
100.00	–541.64	2,730.83	Nordex Windpark Beteiligung GmbH
100.00	–541.64	2,730.83	Nordex Windpark Beteiligung GmbH
50.00	0.00	0.00	Nordex USA Inc.
40.00	2,188,003.18	8,780,244.66	Nordex Windpark Beteiligung GmbH
30.00	6,437,244.32	7,033,437.12	Nordex Windpark Beteiligung GmbH
38.89	–1,096,120.87	1,559,653.10	Nordex Offshore GmbH
36.15	0.00	0.00	Way Wind, LLC, Delaware/USA
50.00	–2,569.00	4,882.00	Nordex France S.A.S.
33.33	20,559.56	–203,959.22	Nordex Energy GmbH
11.11	–28,617.86	–229,959.88	Nordex Energy GmbH
11.11	49,250.06	–210,839.66	Nordex Energy GmbH
50.00	–1,081.10	–6,204.71	Nordex France S.A.S.
9.00	–36,042.00	61,557.00	Nordex France S.A.S.

Responsibility Statement

Responsibility statement in accordance with Sections 297 (2) 4 and 315 (1) 6 of the German Commercial Code

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Nordex SE
Rostock, 18 March 2016

L. Krogsgaard	B. Schäferbarthold
Chief Executive Officer	Management Board

Auditor's Report*

We have audited the consolidated financial statements prepared by the Nordex SE, comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the Nordex SE for the business year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, 18 March 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Claus Brandt	Dr. Thomas Ull
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

* Translation of the auditor's report issued in German on the consoli dated financial statements prepared in German by the management of Nordex SE.

Glossary

Accelerated bookbuilding
A method for placing securities in which investors are able to bid in a predefined price range within a certain period in the absence of any issuing prospectus.

Acoustic power
An acoustic measure of the volume of source of noise.

Anti-Icing System
Technology for reducing the accumulation of ice on the surface of rotor blades. The Anti-Icing System can increase turbine yields by up to 25% in the winter months of climatically cold regions.

Azimuth system
Adjustment system to position the nacelle in the horizontal plane to ensure that the rotor is always exactly facing the direction from which the wind is coming.

Baseload
Terms used in electricity trading to refer to the minimum volume of electrical power required by electricity consumers in a given market region in a defined period (hour, week, month, quarter, year).

Book-to-bill ratio
Ratio of order intake to sales (excluding services).

Built-to-print
Method of producing rotor blades. Vendors produce the blade types at their own facilities in accordance with Nordex's design instructions.

Cash flow
A business parameter defining the net inflow of cash and cash equivalents from sales and other operating activities in a given period.

Certification
Wind power systems are certified according to certain guidelines. This ensures that they are constructed correctly and can be operated safely. In Germany, Germanische Lloyd (GL) and TÜV Nord are the main certifying agents.

Convertible bond
Interest-bearing security issued by a company generally with a nominal coupon which grants the bearer the right to exchange it for shares in the company within a certain period and subject to a predefined ratio.

Corporate compliance
The entirety of all measures (e.g. code of conduct, compliance team) aimed at ensuring that a company, its management and supervisory bodies and its employees act in accordance with all legal requirements.

COE (Cost of Energy)
COE is another term for „electricity generation costs", see there.

Cost-of-materials ratio
A measure of cost efficiency, which expresses the cost of materials as a percentage of sales.

Covenants
The individually negotiated terms of a loan which, if breached, entitle the lender to terminate the loan under certain circumstances.

Design-to-cost/design-to-value
Basic principle of mechanical engineering which takes account of the cost factors for the producer and the return factors for investors.

D&O insurance
Short for "directors and officers liability insurance". D&O insurance covers liability for financial loss and protects the members of the Supervisory Board and the Management Board from the consequences of manager liability.

EBIT
Earnings before interest and tax or operating earnings.

EEG
German acronym for the Renewable Energies Act. This Act has regulated the feed-in of electricity from renewable sources into the German power grid since April 1, 2000. The Renewable Energies Act was last revised extensively on 1 August 2014 and guarantees the operators of onshore wind turbines initial remuneration of 8.9 euro-cents per kWh in the period under review. A further amendment is currently in the legislative phase.

Electricity generation costs
The cost of converting one form of energy (e.g. wind) into electrical power.

Emission trade
Trade in certificates, e.g. permitting the emission of a certain quantity of a hazardous substances (CO_2 certificates), or representing a certain quantity of renewable energy ("green certificates"). Certificates are climate policy instruments combining government intervention with market-economy instruments.

Equity ratio
Proportion of equity in total assets. Considered to be the benchmark for determining the intrinsic value of a company's assets in the balance sheet.

Free float
Refers to all the shares issued by a company, which are freely traded in the market and not held by strategic or financial investors on a long-term basis.

Full-load hours
The yield of a wind turbine depends on the wind speed. Wind turbines reach their maximum output at speeds of 13 to 15 m/s. The number of theoretical full-load hours per year characterises the quality of wind-farm sites. This varies from around 1,800 hours in Germany to approx. 2,900 hours in the UK.

Futures contract
Term used in electricity trading; a futures contract is a contract defining the volume, period and price of wholesale business.

Gearbox
The gearbox is located between the slow rotor shaft and the fast generator shaft. It causes the generator shaft to rotate up to one hundred times faster than the rotor shaft.

Generator
The generator of a wind turbine converts mechanical energy into electrical energy.

German Corporate Governance Code
In 2002, the German government's Corporate Governance Commission drew up a code to regulate nationally and internationally recognised standards for fair and responsible corporate governance.

Grid parity
Grid parity is achieved if the cost of conventionally produced electricity equals that of electricity produced from renewable sources.

Gross profit
Gross profit is an indicator of cost efficiency and is defined as revenues net of the cost of sales.

Head mass
Refers to the weight of the nacelle and rotor of a wind power system.

IEC
International Electrotechnical Commission. Independent institution which sets the standards for electrical devices and equipment. The IEC has defined three wind classes: IEC I (average wind speeds of 10m/s), IEC II (average wind speeds of 8.5 m/s) and IEC III (average wind speeds of 7.5 m/s).

Kilowatt
Output is defined as energy per time unit and is measured in watts. One kilowatt (kW) equals 1,000 watts.

Leverage
The analysis of the share of a listed company by an investment bank, which is performed on a regular basis.

Margin contribution
Contract value less project-related cost of materials and personnel costs.

Megawatt
One megawatt (MW) equals 1,000 kilowatts.

New business
Order intake; all contingent conditions must be satisfied before Nordex can place a firm order on its books. These include purchase contracts signed by both sides, guaranteed finance commitments, building permts, grid connection permit, electricity sales contract, leases. If the conditions are not satisfied in full, the order is classified as contingent.

Offshore systems
Wind turbines operated in coastal waters.

Onshore systems
Wind turbines erected on land.

Operational Excellence
A combination of various procurement, production and installation methods and processes to structure and optimise the value chain such that sparing use is made of resources and it operates efficiently and hence on an economically viable basis.

Performance curve
The performance curve of a wind power system describes the ratio of electricity generated to wind speed.

Pitchsystem
System for controlling the wind turbine by rotating the rotor blade around the longitudinal axis.

POC (percentage of completion)
The method stipulated by international accounting rules for recognising revenues.

Profit and loss transfer agreement
Company agreement governing the transfer of profit or loss from one entity to another.

PTC (production tax credit)
The production tax credit (PTC) guarantees a tax credit on the income tax to be paid in the USA for companies operating wind power systems there.

REA
Renewable Energies Act. The REA has regulated the feeding of renewable energy into the German power grid since 1 April 2000. The Renewable Energies Act was revised extensively on 1 January 2012 and guarantees the operators of onshore wind turbines initial remuneration of at least 8.93 euro-cents per kWh in the period under review.

RENIXX
Equities index calculated by International Economic Forum Renewable Energies (IWR) for 30 leading international listed companies in the renewable energies sector.

Reporting threshold
Under the German Securities Trading Act, a shareholder must submit a report to the issuer, i.e. the listed company, and the German Federal Financial Supervisory Authority (BaFin) if its share of the company's voting rights exceeds or drops below certain percentages (3, 5, 10, 15, 20, 25, 30, 50, 75).

Rotor
The rotor of a wind turbine comprises the blades and the hub. The rotor is mounted on the main shaft.

Simultaneous Engeineering
Simultaneous completion of engineering tasks to shorten the time to market.

Stock options
Options are derivative financial instruments, which entitle the holder to buy or sell securities at a later date at a predefined price.

Syndicated loan
Loans granted jointly by several banks.

TecDAX
Technology index of the Frankfurt Stock Exchange for the 30 largest German technology stocks.

Turnkey solution
The installation of a wind farm for immediate use including access routes, grid infrastructure, cabling and other services going beyond the standard delivery of wind farm projects.

Unused tax losses
A tax loss is the total of all losses incurred in past financial years, which it is not possible to net against profits. These losses can be carried forward to later financial years. In tax terms, this involves the intention to offset these losses against profits expected to arise in the future.

Wind farm
Wind farms consist of several wind turbines operated in tandem.

Working capital
The supplier's capital used during the implementation phase of an order.

Xetra
Electronic securities trading system operated by Deutsche Börse.

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Financial calendar 2016

26 February 2016	Publication of preliminary figures
21 March 2016	Publication of the Annual Report for the 2015 financial year Press conference, telephone conference, Frankfurt am Main
3 May 2016	Interim report for the first quarter 2016 Telephone conference
10 May 2016	Annual General Meeting, Rostock
28 July 2016	Interim report for the first half-year 2016 Telephone conference
10 November 2016	Interim report for the third quarter 2016 Telephone conference

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