2013

Annual Report Nordex SE

Nordex SE: Key figures at a glance

Earnings							
		2009	2010	2011	2012	2013	Δ 13/12
Sales[1]	EUR million	1,182.8	972.0	920.8	1,075.3	1,429.3	32.92%
Total revenues[1]	EUR million	1,144.2	1,007.9	927.0	1,100.9	1,502.3	36.46%
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	40.0	40.1	–29.7	–61.1	44.3	>100%
EBITDA[1]	EUR million	57.9	62.6	–2.0	8.2	83.6	>100%
Cash flow[1, 2]	EUR million	47.7	–22.1	69.1	64.0	67.9	6.09%
Capital spending	EUR million	51.1	72.0	46.1	58.5	71.6	22.39%
Consolidated net profit/loss[1]	EUR million	24.2	21.2	–49.5	–94.4	10.3	>100%
Earnings/loss per share[3]	EUR	0.36	0.31	–0.67	–1.28	0.14	>100%
EBIT margin[1]	%	3.5	4.0	–3.2	–5.5	3.0	8.5 pp
Return on sales[1]	%	3.3	4.1	–3.2	–5.7	3.1	8.80 pp
Working capital ratio[4]	%	17.8	25.2	27.7	8.7	2.2	–6.5 pp

Balance sheet							
		2009	2010	2011	2012	2013	Δ 13/12
Total assets as of 31.12	EUR million	840.4	987.0	1,028.9	1,066.1	1,191.4	11.75%
Equity as of 31.12	EUR million	347.8	370.8	376.6	279.0	368.0	31.90%
Equity ratio	%	41.4	37.6	36.6	26.2	30.9	4.2 pp

Employees							
		2009	2010	2011	2012	2013	Δ 13/12
Employees[5]	Ø	2,207	2,379	2,643	2,536	2,543	0.28%
Staff costs[1]	EUR million	105.8	119.4	147.4	140.2	153.2	9.27%
Sales[1] per employee	EUR thousand	536	409	348	424	562	32.55%
Staff cost ratio[1]	%	9.2	11.8	15.9	12.7	10.2	–2.50 pp

Company performance indicators							
		2009	2010	2011	2012	2013	Δ 13/12
Order intake	EUR million	734.0	836.0	1,107.0	1,268.0	1,502.9	18.5%
Installed capacity	MW	837	889	970	919	1,254	36%
Non-domestic proportion of turbine construction[1]	%	97.0	93.0	85.4	83.2	75.4	–7.8 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 74,196 million shares in 2013 (2012: 73,529 million shares)
[4]Relative to sales
[5]2011: still including employees affected by the reorganisation programme

Nordex is one of the world's leading mid-size 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.

2013


NORDEX

About us

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Our business performance in 2013

Dear shareholders and business associates,

In 2013, we well and truly achieved our goal to return to profitability. As well as this, we reached other financial and non-financial goals which we had set ourselves. We are thus able to look back on a successful reorientation of the Group.

What does this mean in detail? Nordex is back in the black! That was our main target. Compared with the previous year, Nordex substantially improved its operating margin by executing more profitable projects on the one hand and simultaneously keeping costs closely in check on the other. This latter comment particularly refers to two aspects – our structural expenses and product costs. Thus, we have adjusted our business in Asia and America to the level of demand in those regions. At the same time, Nordex has invested selectively in markets in which we are now active for our customers at a higher level. One example is our core EMEA region, where our sales rose by over 50%.

With respect to product costs, we have completed the first phase in our two-year "CORE 15" programme and saved some EUR 100,000 per turbine. By 2015, these costs are to be reduced by a total of 15% compared with 2012 levels. The basis of these steps have consistently been provided by the good collaboration with our suppliers – some of whom are new – coupled with more inexpensive technical solutions which have been developed in conjunction with our partners.

Optimised project execution processes have also made a material contribution to our earnings turnaround. The close intermeshing and favourable cooperation among our operating units ensured that, with only a few exceptions, wind farm construction was within budget in 2013. This is very important given that our output in this area rose by more than 36%. What is more, Nordex has specifically entered a number of new markets around the world, such as Uruguay and South Africa.

Furthermore, the success that we achieved with our products was very encouraging, impressively underscoring the fact once more that we understand and are able to address our market – and our customers' requirements. Nearly every second turbine sold was an N117/2400. Meanwhile, we are already registering growing interest in our Generation Delta turbine, which we only launched in spring 2013 and which has already contributed some 10% to our record order intake of EUR 1.5 billion. The N131/3000, unveiled in the first quarter of 2013, will supplement the range.

This turbine has found many fans – not only on the part of customers who are interested in our turbines but also with our investors. The successful equity issue in November 2013 was seen by many investors as confirmation of the trust which they have placed in Nordex SE's future. This is due not least to the N131/3000, which testifies to the Group's technical innovative strength. Looking forward, we will continue to step up this development.

The equity issue provided an important basis for securing Nordex's long-term financial stability. As a result, we have created the foundations for ensuring that the Company is fully funded until 2017.

Further elements of group financing include the new guarantee facility with substantially higher limits, a longer term and more favourable conditions. As well as this, Nordex sucessfully negotiated a large-scale loan agreement which it will be signing in the near future to fund its research and development expense at the beginning of 2014. Consequently, we are able to finance our strategically important product development activities and growth in new markets. At the same time, we have reduced our borrowing costs.

What we have little influence on, however, are the environmental and energy policies of our markets. And this worries some shareholders. Is this concern justified? To be sure, there is no reason for undue concern. Although political factors are an important determinant of our business, Nordex is currently active in over 20 markets and is thus not overly exposed to individual countries in the medium to long term. This also applies to the German market, in which Nordex performed well in the year under review. Without doubt, sales will need to consolidate after further growth in 2014 before aiming for new heights. However, after that, the German federal government plans to implement a growth plan unparalleled in Europe as part of its new non-nuclear energy policy.

The upshot of all this is that our goal of engineering turbines which produce electricity at the same cost as conventional power stations is more important than ever. And we are well on the way to achieving this. It is not least of all because of this that I expect a promising future with profitable growth for Nordex.

The success which we achieved in the year under review as well as my expectations for the future are founded quite materially in the people who work for Nordex. Their dedication and sense of responsibility form the basis for our business. Our task on the Management Board and in the senior management is to motivate our employees to give their best. I would like to take this opportunity to thank all our staff for their great commitment and the successes which we jointly achieved in 2013. I say this in full awareness of the fact that far more people were involved in turning Nordex around. This success would barely have been possible without the trust and active contributions of our customers, investors and business partners. I thank them all for their active support in our successful reorientation.

Kind regards,

Dr. Jürgen Zeschky
Chief Executive Officer

Management Board of Nordex SE

Lars Bondo Krogsgaard
Chief Customer Officer

Dr. Jürgen Zeschky
Chief Executive Officer

Bernard Schäferbarthold
Chief Financial Officer


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11 08
Hamburg

Corporate governance bodies

Management Board

Dr. Jürgen Zeschky
Chief Executive Officer
Responsible for production, procurement, supply chain management, engineering, product management, health & safety and quality

Dr. Zeschky was born in 1960. With a doctorate in mechanical engineering, he commenced his career in 1991 as a product manager at Mannesmann Demag Verdichter and held various management positions up until 2003, most recently as Director of Operations at Mannesmann Demag Delaval in Trenton, United States. Thereupon, he joined Voith Turbo, where he held the position of Executive Vice President. In this position, he was in charge of the company's entire industrial business, i.e. drive technologies for energy production, oil and gas, mining and the chemicals industry, up until 2012. Dr. Zeschky was appointed Chief Executive Officer of Nordex SE effective 1 March 2012.

Lars Bondo Krogsgaard
Chief Customer Officer
Responsible for sales and marketing, project development and management, service, foreign companies.

Mr. Krogsgaard was born in 1966. He studied law and holds a master's degree in business administration (MBA). He worked as an attorney in Denmark and the US 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. In October 2010, Mr. Krogsgaard was appointed to the Management Board of Nordex SE.

Bernard Schäferbarthold
Chief Financial Officer
Responsible for finance and controlling, accounting, taxes, risk management, internal auditing, IT, communications, corporate development, 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;
Group Engineering Director of 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. Today he is Group Engineering Director of Jaguar Land Rover Automotive PLC.

Jan Klatten, Munich
Deputy Chairman of the Supervisory Board, member of the management committee, chairman of the strategy and technology committee, member of the audit committee (until 4 June 2013);
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.

Dr. Heinz van Deelen, München
Member of the audit committee (since 4 June 2013);
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.

Dr. Dieter G. Maier, Reutlingen

Member of the strategy and engineering committee;
Management Chairman of UKM Fahrzeugteile GmbH, Managing Director of MABET Beteiligungen GmbH

Dr. Maier studied physics at Birmingham University, completing his doctorate at the Max Planck Institute in Stuttgart. He held numerous management positions at Robert Bosch GmbH and Rodenstock GmbH, most recently as a shareholder and Chief Operations Officer. In addition, he was a shareholder of the MOHR Group. He is currently Management Chairman of UKM Fahrzeugteile GmbH and Managing Director of MABET Beteiligungen GmbH.

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. Today he is Managing Shareholder of Maroban GmbH.

Annette Stieve, Wennigsen

Member of the audit committee;
Member of the management board 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 a Member of the management board of Faurecia Automotive GmbH.

The stock

Upbeat equities markets

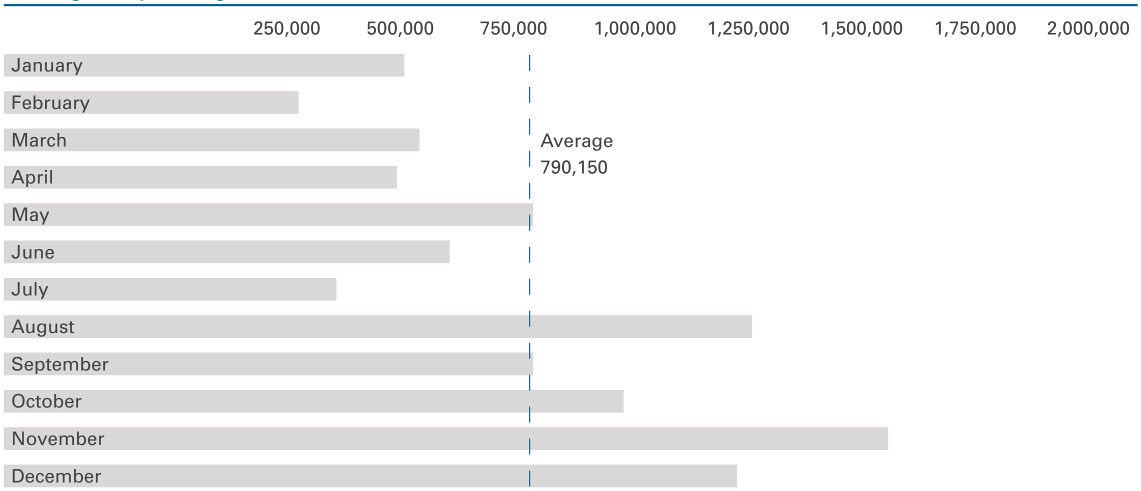
Despite the persistent macroeconomic uncertainties and the sagging momentum of the global economy in the course of the year, the main global equities markets all performed well, mostly hitting historical highs during the year. This was chiefly due to the base rates in key industrialised nations, which remained at historically low levels, thus boosting demand for equities as an asset class in 2013.

At 16,577 points, the US bellwether Dow Jones index closed the year 26.5% up on the previous year (13,104 points), while the European EUROSTOXX 50 advanced by just under 18% over the end of the previous year, closing at 3,109 points (2012: 2,634 points). The German blue-chip index DAX exceeded the 9,000 point mark in 2013 for the first time since its establishment in 1988, reaching an all-time high of just under 9,600 points in December. The DAX closed the year at 9,556 points, up 25.5% on the end of 2012 (7,612 points), marking the third consecutive year in which year-end gains were recorded.

The benchmarks of particular relevance for Nordex SE, the TecDAX, which tracks the 30 largest listed German technology companies outside the DAX, and the RENIXX, the global index for listed companies in the renewable energies segment, performed even more dynamically. In the course of the year, the TecDAX climbed over the 1,000 point mark, closing at an all-time high of 1,167 points on 30 December 2013, equivalent to a gain of more than 38% over the end of the previous year (843 points).

The RENIXX performed even more favourably, closing the year at 320 points, up just under 84% over the previous year (174 points). This index strongly reflects the renewed strength of "green shares" and heightened investor interest in this sector. In addition to Northern American

Average daily trading volumes of Nordex stock in 2013 (Xetra, in units)



photovoltaic shares, the equities of wind power system makers in particular recorded considerable gains. Of the five producers included in the index, four were able to at least double their share price.

Nordex SE stock was one of the driving forces behind the advances recorded in the RENIXX. It rose from its low for the year of EUR 3.11 on 2 January 2013 to a high for the year of EUR 14.42 on 6 November 2013, reaching its highest level since May 2009. Thereafter, the stock retreated particularly in the wake of political discussion surrounding the new non-nuclear energy policy in Germany as well as tariff adjustments for wind-power feed-ins in the United Kingdom. On 30 December 2013, Nordex stock closed the year at EUR 9.60, up roughly 221% on the final day of trading in 2012 (EUR 2.99). This was the best performance of any of the 160 DAX stocks in the German Prime Standard segment last year.

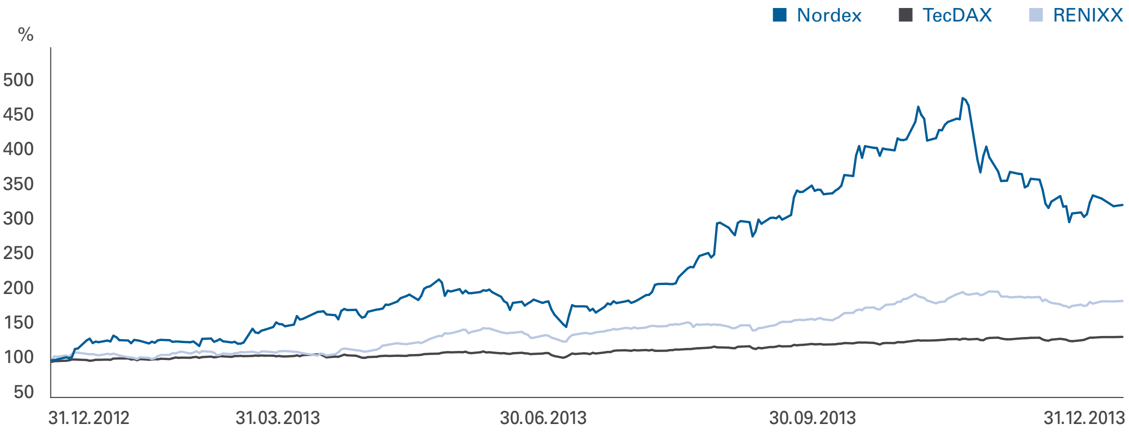
Nordex stock at a multi-year high

The market capitalisation amounted to over EUR 776 million at the end of the year and was thus significantly higher than the year's figure of EUR 220 million.

Average daily trading volumes on the Xetra electronic trading platform exceeded 790,000 shares in the year under review, substantially more than in 2012 (258,200 shares). In addition to Nordex SE's successful turnaround and the generally more upbeat sentiment towards the sector, this also reflects the effects of an equity issue.

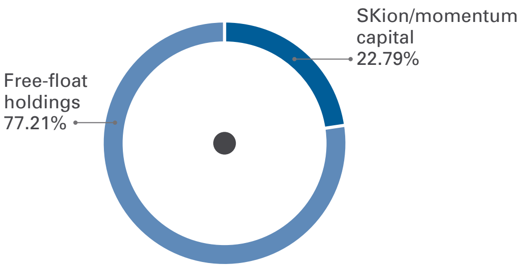
On 27 November 2013, Nordex SE increased its capital by issuing 7,352,948 new bearer shares on a cash basis, which were entered in the commercial register and admitted to trading on 28 November 2014. As a result, the Company's share capital increased from EUR 73,529,499 to EUR 80,882,447 subject to the exclusion of shareholders' pre-emptive

Performance of Nordex stock 2013

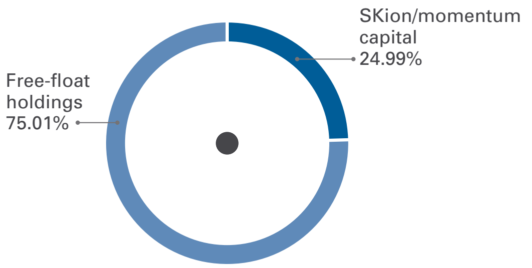


Sources: Deutsche Börse; International Economic Forum Renewable Energies (IWR)

Shareholder structure as of 31.12.2013



Shareholder structure as of 31.12.2012



subscription rights. The new shares were placed with institutional investors at a price of EUR 10.00 per share in an accelerated book-building process. Gross proceeds from the issue, which was substantially oversubscribed, came to around EUR 73.5 million.

There were no material changes in Nordex SE's shareholder structure as a result of the transaction. SKion/momentum capital remains the principal shareholder with 22.79% of the Company's share capital, while the free float accounted for the remaining 77.21% on 31 December 2013. Prior to this, US bank JPMorgan Chase had temporarily exceeded the 3% reporting threshold (3.10% on 21 August 2013) and the 5% reporting threshold (5.26% on 14 November 2013). However, as of 20 December 2013, its ownership had dropped back below the 3% threshold.

Nordex SE's investor relations activities seek to pursue open and active communications with all capital market participants. The Management Board and the investor relations team took part in roadshows in Frankfurt am Main, London, Paris and Luxembourg as well as international capital market conferences in 2013. As well as this, they were available to investors in the form of one-on-ones over the telephone or in person. In addition, the Management Board provided a detailed update on the implementation of Nordex SE's strategy at a capital market day held in Frankfurt am Main, discussing the latest trends in the wind power industry together with renowned external sector experts.

Proceeds of EUR 73.5 million from the issue of new equity

Regular coverage by the research departments of ten renowned banks and investment companies ensures that Nordex SE's business performance remains transparent at all times. A regularly updated list of Nordex analysts, information on the Company's stock and bond as well as news, financial reports and corporate presentations are available from the Investor Relations section of Nordex SE's website at www.nordex-online.com. Nordex SE plans to continue its investor relations activities in 2014 by taking part in various investor conferences and holding road shows and one-on-ones. Backed by a stable shareholder structure thanks to institutional investors, Nordex SE is seeking to maximise the liquidity of its stock. To this end, it is committed to keeping the capital markets informed of the Company's activities and business performance comprehensively and promptly.

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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			
		2013	2012
Number of shares issued as of 31 December	million	80.882	73.529
Share capital as of 31 December	EUR million	80.882	73.529
Price at the beginning of the year	EUR	3.11	4.03
Closing price for the year	EUR	9.60	2.99
High for the year	EUR	14.42	5.38
Low for the year	EUR	3.11	2.63
Market capitalisation on 31 December	EUR million	776.47	220.07
Earnings per share	EUR	0.14	–1.28
Price/earnings ratio on 31 December		45.7	–2.3

STRAIGHT FORWARD

On the up and up: strategy spurring business success

WE'RE HEADED IN THE RIGHT DIRECTION

New structures, innovative products, a good team

"All that glitters is not gold yet but things are certainly better than they used to be. Our business was even more successful than we had expected in important areas in 2013," says Nordex CEO Dr. Jürgen Zeschky. Nordex is well on course towards achieving its medium-term goal of sales of at least EUR 1.5 billion and an EBIT margin of 5% by 2015. The return to profitability in the year under review was a crucial step in this direction as it creates confidentiality on the part of business partners, banks and investors.

Costs under control

The key factors for continued success are obvious – lower costs and higher output is the motto. Zeschky explains: "With our low vertical integration, it is vital for us to reduce the cost of materials incrementally and permanently." It is with this in mind that Nordex is currently executing its second comprehensive programme for reducing product costs, after generating savings of some 15% between 2010 and 2012. It wants to achieve the same results again with the current "CORE 2015" programme. And the odds are not bad – of the planned 15%, Nordex was already able to achieve one third or EUR 100,000 per turbine last year.

Return to being a medium-sized company

However, Nordex also has regained a firm grip on costs in other areas as well, structural expense being a case in point. Over the last two years, the Nordex Group has adjusted its corporate structures to changed market conditions. "After a thorough review, we opted for a systematic return to being a medium-sized company. The model of a group with three separate fully integrated subsidiaries in Europe, Asia and America was no longer viable in view of the current surplus production capacities across the industry and the difficult market conditions in the United States and China," explains Zeschky, also alluding to the full capacity utilisation at the German plants: "If you want to be flexible in the market place, you're better off with a tailored approach. Today, Nordex is appropriately positioned for the market and does not have to carry any unnecessary ballast around with it."

Wind power at market prices

In the wind power industry, improvements to the gross margin are always combined with the aim of achieving further cuts in the cost of electricity. "We want to largely free ourselves of any dependence on government subsidies in the foreseeable future. However, this is possible only if our turbines produce electricity at increasingly lower prices, ideally equalling the market price of conventional energy," explains CEO Zeschky. "What is more, the development of new, more efficient turbines always har-

bours opportunities for harnessing technical advantages with which we are able to extend our competitive lead and execute new projects more profitably."

Record-breaking order intake

The stepped-up product development at Nordex in 2013 is reflected in an increased capital spending budget of more than EUR 70 million. At the same time, it has generated strong impetus in new business. Indeed, according to Zeschky, the still relatively young N117/2400 accounted for almost half of the record-breaking order intake. Another aspect of the success story is the fact that the Delta platform, which was unveiled only in spring 2013, is already contributing more than 10% to new orders. And there is more to come: "At the end of 2013, Nordex announced a further turbine with additionally improved performance. The N131/3000 again assures us of a leading technological position

in onshore sites characterised by lighter wind speeds. And this is a particularly attractive segment in established markets."

Intelligent solutions required

What does the future hold, technologically speaking? Given the size of the current wind turbines, Zeschky, who holds a doctorate in engineering, does not feel that the future lies in further growth in size but in intelligent solutions aimed at avoiding excess loads, e.g. the turbine management system. At the same time, Nordex is committed to conducting research into new tower and rotor blade solutions, as this is where it sees the future key to success.

"The N131/3000 again assures us of a leading technological position for onshore sites characterised by lower wind speeds."

Dr. Jürgen Zeschky

"Without underestimating the importance of costs, efficiency and technical excellence, I think that it is important not to lose sight of one truly decisive point," Zeschky says: "Success always begins with people." He adds that the earnings turnaround,is obviously also the product of the structural realignment. However, turning Nordex into a really good company which performs profitably on a sustained basis calls for more. It is a question of clearly structured goals in which everyone within the Company knows what is expected of them and assumes responsibility for results – and a management culture in which everybody gives their best. Zeschky explains: "We embarked on this route almost two years ago and are already passing the first milestones. I am convinced that there remains great potential of us".

POSITIONED TO WIN

Nordex has found its place in the market

"It is the market and no one else that decides whether a sales and marketing strategy is successful or not," says Nordex CCO Lars Bondo Krogsgaard, going on to admit that he is saying this from a very comfortable position – Nordex's new business is growing swiftly, going from record to record. In fact, the Group recently bettered its previous record that it had achieved during the period of virtually unfettered demand.

Successful repositioning

Says Krogsgaard: "This is particularly gratifying for me because we have been working on a new profile for around two years. We started off by asking ourselves what we can really do better than our peers and also what areas of business we should withdraw from as a medium-sized company. Today, Nordex has found its place in the market and is sought-after by numerous smallish and medium-sized customers who attach great importance to intensive and flexible support.

"We are not driven solely by volume but also focus strongly on the profitability of the projects and the potential risks for our company." In saying this, Krogsgaard alludes to Nordex's withdrawal from the offshore segment, explaining that this business was not a good fit for Nordex in view of the scale of the projects. What is more, it is deliberately avoiding the battle for low-margin large-scale onshore projects. On the other hand, the complexity of the projects which it has sold has risen. Nordex is increasingly offering turn-key wind farms and extended after-sales onsite service.

Customers seeking reliability

Smallish and medium-sized customers in particular possess very specific skills but are not able to cover the entire wind power value chain. Nordex assists them by offering supplementary – mostly technical – services. As Krogsgaard explains, Nordex works with its customers as a team, executing the projects and thus making its cut. Good examples are the projects in the new markets of South Africa and Uruguay: "Investors are very interested in reliability especially in new markets. OEMs with a strong technical track record offering comprehensive service packages and acting a little like pioneers are particularly sought after."

Trend-defying growth

In 2013, Nordex demonstrated that growth was possible even in temporarily flat markets. Thus, the Group increased its share of the European (onshore) market from 6% to just under 11% although the number of new installations in the wind power industry as a whole dropped by some 6% over 2012 in this region. One trend observed in most focus markets was that Nordex secured a double-digit share of the market in nearly a dozen countries. "Without a doubt this was not due solely to sales and marketing efforts. Such a feat is not possible if you don't have the right

THE NORDEX RANGE

Turbine type/wind class	IEC 1	IEC 2	IEC 3
N90/2500			
N100/3300			
N100/2500			
N117/3000			
N117/2400			
N131/3000			

products. This is particularly evident in our strong activities in Scandinavia, where we gained numerous customers due to our products and solutions specifically targeted for this region with its low temperatures," explains Krogsgaard.

Yet, an engineering company's success is not only reflected in its sales figures. Says Krogsgaard: "Sales and marketing are not truly successful until we turn new customers into repeat customers. We're not just talking about the proposal phase but also about the execution of customer projects on time and with the planned quality." A respectable 36% increase in installed capacity speaks for itself. But these figures do not tell the whole story. Last year, Nordex had major construction projects in 16 countries around the world as far afield as Uruguay, South Africa and Finland. Importantly, the Company adhered to all main deadlines. Krogsgaard attributes this to new internal project management processes and systems as well as the efficient integration of related departments.

Profitability through greater customer benefits

Of at least equal significance is customer satisfaction with the way their turbines are looked after out in the field. Here as well, hard numbers paint a positive picture. The best indication of this is the fact that Nordex was able to increase its portfolio of service contracts by around 27% and customers renewed three out of four expiring service contracts. This resulted in a further double-digit increase in service business. Says Krogsgaard: "Looking forward, we expect things to remain much the same. At the same time, we want to make our business even more profitable by offering "smart" services which give customers clear benefits, such as technical enhancements to their turbines or services for critical components such as the rotor blade."

"A respectable 36% increase in installed capacity speaks for itself."

Lars Bondo Krogsgaard

PEAK PERFORMANCE

IN THE FIELD AND IN THE ACCOUNTS

Still relatively new in the market and already running at high speed: the light wind turbine N117/2400 is a best-seller, accounting for almost half of order intake. 150 turbines installed, 350 sold, in seven countries across the globe. This is a real success story, which will continue. A complementary turbine, the N131/3000 is already waiting in the wings, with the first installation planned for late 2014. An increase of 25% in nominal output with noise emissions of up to 104.5dB (A) – these are just two of the performance specifications of a new turbine, which is designed to prove, once again: technical innovation capability gets more wind power.

ON TRACK

The Nordex Group's funding is secured through to 2017

"Sometimes, an old adage expresses things most succinctly: Good and secure funding is not everything in our business but without it everything can soon become nothing." Nordex CFO Bernard Schäferbarthold knows exactly what he is talking about. He has been responsible for the Group's finances since 2007 and Nordex has not always been in a strong a position as it is today. "With a substantially reinforced equity base and net liquidity well in excess of EUR 100 million, of course there is greater scopethan in times when cash is scarce."

Target achieved: EBIT margin

3%

Successful equity issue

These favourable conditions are due to the Company's return to the black, which became increasingly evident during 2013 before Nordex decided to issue fresh capital in November. Without the turnaround in operating earnings, it would not have been possible to issue around 7.4 million new shares at a price of EUR 10 each and to convince more than enough investors to subscribe to the issue. This was a crucial element of the successful refinancing for the Group.

Day-to-day management decisive

Yet, this special measure would not have led to success on its own. Schäferbarthold explains that what is decisive is day-to-day management, specifically working capital management, i.e. controlling committed capital by reducing inventories and receivables but also by effective project management. Says Schäferbarthold: "Encouragingly, we were able to achieve more that we had expected. At 2.2%, the working capital ratio is outstanding given the current market situation and is at a level which we had previously only achieved in the period before the financial market crisis. And – most importantly – we generated cash of almost EUR 100 million from operating activities."

According to the CFO, this gave Nordex a strong bargaining position in the renegotiation of its syndicated guarantee facility. The result was an outstanding success. The facility has been substantially extended to EUR 550 million and now has a longer term expiring in mid 2017. Says Schäferbarthold: "The conditions were also decisive

for us. Our goal was to adjust our borrowing costs to bring them into line with our new stronger balance sheet. And this is what we were able to achieve."

Greater flexibility thanks to credit facilities

Nordex took a further hurdle in 2013 to place its finances on a solid long-term basis. It conducted negotiations with the European Investment Bank (EIB) for a facility of up to EUR 100 million to fund its future research and development activities. Summing up, Schäferbarthold says: "With this contract, we have now optimised our funding and placed it on a solid footing until 2017. This gives us the scope we require for the planned capital spending on the development of new products and for securing our continued growth in the future."


www.nordex-online.com
March 2014

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, promptly 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 13 May 2013. 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 March 2013 (www.nordex-online.com/en/investor-relations/corporate-governance.html). Further information can be found in the corporate governance report.

@ 77

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),
Dr. van Deelen, Ms. Stieve,
Strategy and engineering committee:
Mr. Klatten (chairman), Dr. Maier, Dr. Ziebart

The following changes to the composition of the Supervisory Board arose in the year under review:

Dr. Heinz van Deelen was elected to the Supervisory Board at the annual general meeting held on 4 June 2013; as a result, it now has its full number again following the retirement of Mr. Uwe Lüders in 2012.

In the course of 2013, the Supervisory Board held six meetings; in addition, its committees (management committee, audit committee, strategy and engineering committee) met on repeated occasions. The first meeting of the Supervisory Board was held on 18 January 2013 in the form of a telephone conference. The ordinary meetings of the Supervisory Board were held on 22 March 2013, 4 June 2013, 23 August 2013 and 22 November 2013. In addition, a further telephone conference took place on 24 October 2013.

At the telephone conference held on 18 January 2013, the Supervisory Board deliberated and passed resolutions on funding matters and the guarantee facility agreement.

At its second meeting on 22 March 2013, the Supervisory Board chiefly examined the annual and consolidated financial statements of Nordex SE for 2012. The statutory auditors PwC (PricewaterhouseCoopers), who had been duly appointed at the annual general meeting, were also in attendance during part of the meeting. In addition to hearing reports from the strategy and engineering committee and the audit committee, the Supervisory Board discussed and agreed on the proposed resolutions for the annual general meeting.

The third meeting of the Supervisory Board was held on 4 June 2013, the day of the annual general meeting. The main items on the agenda concerned the report on the Company's business performance and preparations for the annual general meeting. Following the annual general meeting, Ms. Annette Stieve and Mr. Heinz van Deelen were elected to the audit committee.

Held on 23 August 2013, the Supervisory Board's fourth meeting for the year concentrated on the Group's current business performance as well as reports from the audit committee and the strategy and engineering committee.

The fifth meeting was held on 24 October 2013 as a telephone conference. The main aspects considered were funding for the Company as well as discussion on the issue of 7,352,948 new bearer shares and the corresponding resolutions.

In the sixth and final meeting for the year on 22 November 2013, 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 2014. After detailed deliberation, the budget and the Group forecast were approved by the Supervisory Board of Nordex SE. In addition, it adopted revised signing power rules.

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 2013 as well as the combined management report of Nordex SE and the Nordex Group for 2013 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 3 June 2013 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 21 March 2014 at which the financial statements were to be approved. At this 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

from left: Dr. Heinz van Deelen, Martin Rey, Jan Klatten, Annette Stieve, Dr. Wolfgang Ziebart, Dr. Dieter G. Maier

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 2013. Accordingly, they are deemed to have been duly adopted as of 31 December 2013.

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 commitment and the work performed in 2013.

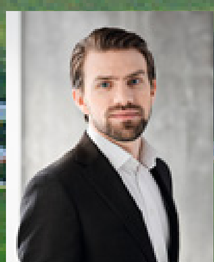
Hamburg, 20 March 2014

Dr. Wolfgang Ziebart
Chairman of the Supervisory Board


DELTA
N117/3000
NORDEX

Loaded with energy

All systems go. Generation Delta business is gaining momentum. In 2013 we received the highest recognition for these turbines, which are based on proven principles: shortly after their market launch wind farm developer O2 decided to execute a major project in Northern Sweden comprising 24 N117/3000 turbines. Further proof of the great confidence in our product development came when the farm was purchased by the Allianz Group, the largest insurer in the wind power market. This successful launch for Generation Delta not only justifies our confidence in our future but serves to motivate and encourage our engineering department to work with top priority on developing even better products.



“The N117/300 combines leading-edge technology with a proven design – just one of the many criteria on which our decision in favour of the Maevaara project was based.”

Paul Stormoen, Managing Director of O2 Vindkompaniet

Sustainability

Nordex's future viability hinges materially on its ability to react flexibly and swiftly to new underlying conditions, to develop high-quality products and to maximise cost efficiency. In addition to economic sustainability, however, social and ecological factors are increasingly also coming to the fore in this era of globalisation and climate change. In this connection, it is becoming more and more important for companies to voluntarily assume responsibility towards society as a whole. Nordex is taking these challenges seriously with the aim of creating a basis for sustained economic growth which impacts natural surroundings to the least possible extent and offers people in all markets and regions new prospects of prosperity. When awarding their contracts, a large number of our customers attach particular importance to the implementation of best practices in the observance of health, safety and environmental standards. In order to optimally position the Company in this area, Nordex decided to implement an HSE (health, safety and environment) management system and to obtain certification in accordance with DIN EN ISO 14001:2009 and the BS OHSAS 18001:2007 international standards. Certification has been achieved for Europe and for all operations in the United States.

Ecological factors

Wind power will be forming an important element in the future energy mix in all large energy markets. A megawatt/hour of electricity generated using the wind avoids roughly one ton of the CO_2 emitted when electricity is produced from coal, for example. As a result, Nordex prevents the emission of many millions of tons of environmental pollutants every year. Each turbine recoups the energy consumed in producing it after only around seven months. This calculation includes the energy used throughout the entire production process as well as transportation to the site of deployment. Once in operation, each turbine provides clean energy for around 20 years. Even a single Nordex multi-megawatt turbine can supply enough energy to cover the requirements of up to 3,000 four-person homes (assuming average consumption of around 5,000 kWh per home and year). Today, over 5,900 Nordex wind turbines are in operation worldwide, helping to provide clean and secure energy supplies in almost 40 countries around the globe.

However, environmental protection at Nordex does not merely entail the product but already commences in the production phase. In Rostock, the Company has one of the most modern and environmental-friendly facilities for the production of wind power turbines and rotor blades. The demanding emission limits set by the authorities for dust, solvents, odours and waste water are not only met but significantly bettered. When it comes to building installation management, Nordex is also focusing on environmental protection by ensuring that all its buildings comply with low energy-consumption standards as far as possible. With respect to building installation management, Nordex is also focusing on environmental protection by ensuring that all its buildings comply with the low energy standards as far as possible. The Hamburg head office – the "Nordex Forum" – was awarded a "Gold" certificate by the German Association of Sustainable Building when it was completed in 2011. Thanks to the use of energy-efficient building technology, the Nordex Forum exceeds the requirements stipulated in the Energy Savings

Ordinance by more than 20%. During the year under review, Nordex put into operation its own heat-controlled combined heat and power plant (CHP) with a thermal output of 500 kW. In this way, the process heat required for the production of rotor blades can be generated efficiently and with a minimum environment impact. Powered by gas, the CHP supplies heat and electricity for the Company's own production, uses the warmth given off by the plant to heat the rotor blade moulds and halls and feeds excess electricity into the public grid on a remunerated basis. With their high efficiency, CHPs are considered to be the optimum solution for such requirements.

In addition, the German Nordex facilities use electricity from renewable sources. This is guaranteed by the utility in question in electricity supply contracts awarded an ecological electricity certificate in accordance with TÜV certification of facilities for the production of electricity using renewable energies. In conjunction with a partner, all printers in use at Nordex facilities in Germany have been replaced by low-emission printing and copying systems. Looking forward, Nordex will be buying emission certificates from a certified reforesting programme in Mozambique with the assistance of its project partner to offset the remaining unavoidable CO_2 emissions. In addition to reducing the volume of CO_2 emissions, this project aims at improving local living conditions.

Employees

With the expansion of its business activities in the course of its more than 28-year history, Nordex's employee numbers have also grown. Today, we have over 2,500 employees around the world. Top performance is possible only with satisfied and qualified staff. Among other things, this calls for fair and motivating remuneration. Nordex has created the foundations for achieving this goal in previous years. Thus, it established a uniform remuneration system in Germany in 2007 that assigns employees to a particular remuneration group based on their specific job requirements. This ensures that employees with comparable job requirements also receive comparable wages and salaries. This system creates transparency and also abolishes the distinction between Western and Eastern Germany as well as between technical and office staff. In addition, the Company offers voluntary benefits such as training support, an advance towards the cost of using public transport and a subsidised in-company pension scheme (income deferral).

Nordex pursues the goal of encouraging and developing staff in accordance with their capabilities and potential. A standardised "compass dialogue" is used as a basis for planning systematic upskilling activities and career development. During the period under review, the "compass dialogue" was revised and rolled out in a global top-down process. In the year under review, "compass dialogues" were performed for all management functions and for around 85% of staff. In 2014, the "compass dialogue" is to be implemented as an annual assessment and review instrument for all countries and employee groups across the entire Company. On the basis of the results, management is to be integrated in all basic decisions pertaining to upskilling and career development.

In 2011, Nordex launched a global development programme for young potentials to achieve a significant increase in the proportion of internally filled vacancies at all management levels. In a preliminary step, 30 young potentials were identified, systematically assessed and admitted to the programme. These employees were allocated to two groups – the leadership programme for young potentials with preliminary management experience and the Upwind programme for young management staff. They attend various seminars and participate in different types of project work over a period of 15 months to prepare for their future management duties and growing responsibilities. Both groups have since successfully completed their respective programme. At the end of 2013 the “Upwind” program was relaunched with 13 participants from nine Group companies for a period of 15 months, i.e. until the beginning of 2015.

The preference given to internal appointments applies to all vacancies arising within the Nordex Group with the purpose of offering staff attractive prospects even in times of strategic realignment. To this end, the internal job market has also been optimised and expanded. At Nordex, preparing for the future also involves training young people in order to obtain qualified specialists for the Company. As of the end of 2013, the Nordex Group had 54 apprentices in four different trades.

A further key element of staff development is the Nordex Academy, which acts as a central unit for technical and commercial training for Nordex employees as well as for customers and partner companies. In addition to testing beds, it provides large-scale components for various types of technical, service and safety training aimed at developing and broadening expertise ultimately with the aim of additionally strengthening the high standards of quality of the Nordex brand.

Moreover, key importance is attached to the employee suggestion system, which gives all employees and temporary staff at Nordex SE the opportunity of suggesting improvements. If these suggestions result in savings and/or improvements to safety or help to reduce the risk of injury or environmental impact, a monetary reward is paid depending on the benefits. In the year under review, the reporting process was optimised under the terms of a company agreement signed in 2012 with shorter response times and greater organisational proximity to production. At 405, the number of proposals fell only slightly short of the previous year in which 430 ideas had been submitted. The benefits arising from the proposed improvements were valued at around EUR 350,000.

Workplace conditions also play a decisive role in the satisfaction of employees. In this connection, on-site safety enjoys top priority at Nordex. The Health and Safety department ensures strict observance and further development of internationally acknowledged standards. Nordex had previously pioneered a PPE (personal protective equipment) database in 2010 for tracking employee training and upskilling requirements as well as for identifying any replacement requirements for individual protective equipment. More recently, HSE activities have been focusing on preventive work. Thus, these activities are incorporated in all new projects. At the same time, Nordex has intensified its auditing activities at its main suppliers in order to define HSE measures in conjunction with them. Currently, training activities are being prepared for all employees aimed at additionally heightening their awareness of hazards in particular. In addition, the HSE department participates in helping to shape the regulatory framework for the wind energy industry via its presence in working groups for the Association of German Safety Engineers (VDSI).

Economic factors

Over the past two years, Nordex has boosted its economic output substantially thanks to its strategic realignment. Sales have risen from just under EUR 920 million to substantially over EUR 1,400 million; at the same time the key profitability ratios – earnings before interest and tax (EBIT) and consolidated earnings – have improved significantly from EUR –27 million and EUR –49.5 million, respectively, to EUR 44.3 million and EUR 10.3 million, respectively. Despite extensive capital spending of just under EUR 72 million, Nordex had cash and cash equivalents of around EUR 333 million and an equity ratio of more than 30% at the end of 2013.

Nordex's long-term business success is chiefly derived from its research and development efforts. In 2013, it again worked intensively on developing and launching new products as well as enhancements and improvements to the existing range. Line nacelle assembly was further optimised and supplementary processes in rotor blade production automated to render production more efficient.

One key factor driving further continuous development of the turbines and the production process is the minimisation of electricity production costs. Nordex's product strategy includes the clear goal of achieving grid parity. This means that the investor in or operator of a Nordex wind power system can generate electricity at the same price as operators of conventional power stations or even less. To date, this has been achieved at individual sites characterised by good wind conditions. In the short to medium term, the updated Delta generation range will achieve broad-based grid parity at IEC I and IEC II wind-class locations.

Nordex represents an important economic factor for its locations and its business partners. It views its sell-side markets as centres for the creation of value. Thus, the Group maintains production facilities in Europe and establishes the necessary supply-side structures in the local markets. It generates employment and income through the construction and maintenance of wind farms. Working with Institut für ökologische Wirtschaftsforschung (IÖW), Nordex has analysed these effects for its domestic German market. To this end, the Berlin-based institute evaluated the value-creation and employment effects arising in connection with Nordex wind power systems in Germany in the planning, production, installation and operation phases. According to the results of this analysis, annual value creation in Germany came to an average of just under EUR 450 million in 2010 and 2011, while the number of full-time jobs created both within the Company and by its partners – averaged over 4,600. Both figures were substantially higher for the year under review thanks to the currently higher utilisation of production capacity and rising installation numbers. IÖW projects value creation of over EUR 700 million and a good 8,200 full-time jobs in Germany in 2020.

As an internationally active enterprise, Nordex is exposed to business and sector risks. It is therefore vital in the interests of the Company's continued existence for it to identify and assess risks as early as possible and, where necessary, to take the necessary precautions to avert them and to curtail their effects. Nordex has a risk management system which includes the measures required to recognise and manage risk on a timely basis.

Corporate compliance structures

Corporate compliance structures were additionally extended at Nordex in the year under review. In accordance with the proposal of the Company-wide compliance team, the Management Board adopted a code of conduct in 2011 to be applied across Nordex's international operations comprising five core principles binding on the entire Nordex Group; the code of conduct was duly implemented step by step. In December 2011, the code was initially presented in person to management staff and announced generally on the Group's Intranet. In the meantime, most employees have signed the code of conduct. The team is keeping staff at the Nordex companies regularly abreast of all current activities and developments by means of online communications as well as a newsletter and dedicated training.

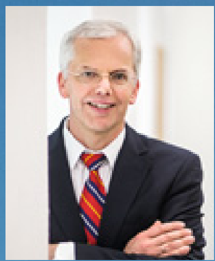
Responsibility as a corporate citizen

In their business activities, enterprises also hold social responsibility. Nordex bases its activities on the principles set out in "UN Global Impact" in its relations with its own employees as well as the third parties with whom it interacts. Within the Company's sphere of influence, this entails the principles of human rights and anti-discrimination as well as initiatives to encourage environmental awareness and to create equal opportunities for education.

In connection with its entry into the Pakistan market, Nordex has participated in a corporate social responsibility project with its customer over the last few years. At the same time as assembling the country's largest wind farm, the two partners sought to improve general living conditions in the Jahmpir region. The main focus was on water supplies for the local population. Nordex fitted out four towns with water filters and pumps and modernised the water system in the region's only hospital. In addition to this, three schools were renovated.

In South Africa, Nordex is flanking its entry into this market with the establishment of a foundation known as the Nordex Education Trust, in which Nordex Energy South Africa holds a 20% stake. The Nordex Education Trust is mandated with assisting disadvantaged groups of the South African population. In one of its first aid projects, Nordex has been supporting physically and mentally handicapped children as part of the "Hope in Motion" campaign. Here as well as in the other three projects which have been initiated to date, the focus is on education to help people improve their opportunities and prospects.

As well as this, Nordex is supporting research activities in its home city of Rostock. This chiefly entails the funding of a foundation professorship at the University of Rostock, which was established in 2013 at the Faculty of Mechanical Engineering for a preliminary period of five years. In addition to research at the university, the funding also supports teaching activities. Moreover, Nordex provides direct support for students at the university in the form of assistance within the German federal government's scholarship scheme.



“In our core regions, Middle and Southern Germany, the Nordex N117/2400 often proves to be the optimum turbine. The successful long-standing relationship with Nordex contribute to our company’s success.”

Dr. Jochen Ahn, member of the Management Board of ABO Wind AG

High yields

Win-win-win. With the N117/2400 we have developed one of the most efficient turbines for weak-wind locations. That's good for our customers who look for optimum energy yield. It's good for Germany which requires solutions for an affordable exit from nuclear power. And it's also good for Nordex SE, which is striving for – and achieving – sustainable success for the benefit of the Company and its shareholders. To quote specific figures, this turbine type accounted for almost 50% of our order intake in 2013 while new business surged by 190% in our domestic German market – chiefly driven this turbine. This is supplemented by other types of gains: for example, the "Turbine of the Year" title for the N117/2400 in its class awarded by "Windpower Monthly" and – far more significantly – highly satisfied customers, who turn into regular customers, such as ABO Wind AG.

Combined Group management report

of the Nordex Group and management report of Nordex SE

Activities

Nordex is an integrated supplier of modern multi-megawatt onshore wind turbines for locations characterised by strong, medium and light wind conditions. Nordex 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 – the upstream wind farm project development and sale of turnkey solutions. In addition, Nordex assembles wind turbines and provides the necessary after-sales service. The Group's finance department also supports customers in their efforts to raise project finance via national and international commercial banks.

In technical terms, Nordex concentrates on producing efficient wind turbines allowing operators to generate "green" electricity at low cost in various areas of operation. For this reason, the Company has stepped up product development and, with its Generation Delta, has launched a new wind power platform featuring an optimised rotor output ratio, a low specific head mass and an optimised sound power curve. The product strategy chiefly revolves around engineering new larger and more innovative rotor blades, which Nordex tests and, to a certain extent, produces itself. The second main technical focus concerns 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 the integration of wind power systems into electricity grids.

Focus on 20 wind power markets

After restructuring its foreign activities in the United States and China, Nordex now has its main production activities in Germany. Nacelles are assembled and rotor blades produced at two sites in Rostock, Germany, while 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 and partial automation as well as broad-based standardisation of its products and services so as to generate economies of scale as far as possible for a medium-sized company.

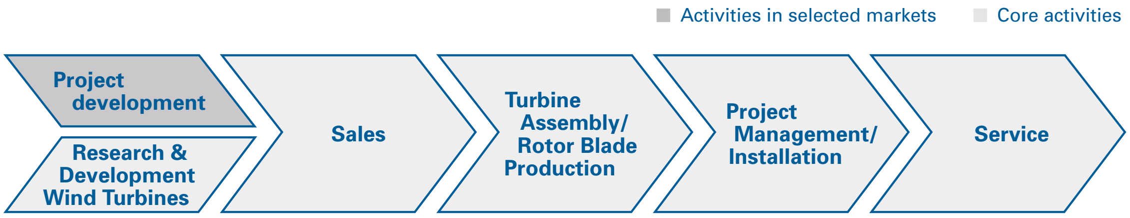
For this reason, the product policy is oriented towards a comprehensive platform strategy. This currently comprises Generation Gamma with turbines in the 2.4 to 2.5 MW class and rotor diameters of 90 metres, 100 metres and 117 metres as well as Generation Delta, which was launched step by step in 2013 with a nominal output of 3.0 MW and 3.3 MW and rotor diameters of 100 metres, 117 metres and 131 metres, respectively. Nordex offers different types of towers for both platforms, thus making a further contribution to achieving optimum energy yields in the global wind power markets.

Overview of products

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

With more than 75% of its sales generated by exports, Nordex has a very strong international orientation, focusing on more than 20 wind markets, predominantly in Europe. However, it is also increasingly active in Asian, American and African growth markets such as Pakistan, Uruguay and South Africa.

Nordex SE's value chain



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, human resources, legal and insurance. Operating business is largely performed by the fully 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.

Further key markets such as Finland, Denmark and Benelux are addressed locally by sales branches of Nordex Energy GmbH, while the markets of Central and South America, particularly Uruguay, are looked after by the US subsidiary Nordex USA Inc.

In addition, the Company has a regional segmentation comprising EMEA (Europe, Middle East, Africa), America and Asia. In addition, the core EMEA markets are divided into Germany, EMEA North, EMEA East and EMEA South for sales purposes and managed accordingly.

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

The Company is managed by the three members of the Management Board, who have clearly defined strategic, operational and administrative functions, which are set out in rules of procedure approved by the Supervisory Board. Further information on the allocation of duties and the Management Board's rules of procedure can be found in the section entitled "Governance practices". 79

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 and developed jointly with senior managers. During the period under review, the main focus was on implementing the newly defined strategy and executing the corresponding measures.

The goal of the overall strategy is to further reinforce Nordex's position as an efficient and profitable supplier of onshore turbines and to achieve a double-digit share of the focus markets. One key factor in this respect is the cost of energy, which Nordex is seeking to optimise further on the basis of highly efficient turbines, efficient production processes and continuous cuts in the cost of materials.

Low cost of energy a success factor

The sales target stands at around EUR 1.5 billion together with a cost-of-materials ratio of 75% and a target EBIT margin of 5%. In defining this strategy, the Management Board and other senior managers assumed that these goals would be achieved in the period from 2015 to 2017. However, thanks to the swift implementation of the strategy and the completion of significant measures in the year under review, it should now be possible for these sales and profitability goals to be reached in 2015.

The strategy as a whole comprises four sub-strategies: the sales strategy, operational excellence, reductions in the cost of materials and product development as well as an adjusted corporate structure and solid funding:

1. Sales strategy

The sales organisation addresses some 20 established markets in EMEA, Asia and America and also seeks to swiftly open up interesting growth markets such as South Africa and, most recently, Uruguay. Nordex's target customers are primarily medium-sized and small companies wishing to make extensive use of the Group's services. Under the new strategy, large-scale customers such as internationally active utilities will remain important but are no longer the main target group. In addition, further focus is placed on financial investors, who are interested in turnkey solutions, upstream project development activities and comprehensive services for example. Nordex has continued expanding and optimising these areas as they offer good prospects of above-average profitable growth.

The same applies to service, which offers further growth potential particularly in connection with the modernisation of Nordex's existing fleet of wind power systems and additional rotor blade services.

2. Operational excellence

Generation Delta unveiled

In 2012 in particular, Nordex experienced considerable cost overruns on account of shortcomings in the coordination with its suppliers and partner companies. This particularly concerned externally sourced components such as rotor blades and towers as well as logistic services. Nordex has been able to substantially reduce such unexpected expense 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. Nordex will continue to use 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.

3. Reduced cost of materials

Nordex wind power systems are particularly characterised by their economic efficiency and reliability; however, achieving this frequently entails significant material costs. As Nordex operates as a system integrator with only a low degree of vertical integration, the cost of materials has 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 systematically uses suppliers based in countries which have a favourable cost structure for Nordex. In 2013, it was possible to further reduce the turbine product costs. Under this strategy, the aim is to cut costs by a total of 15% by 2015 relative to 2012 levels ("CORE 15" – "Cost Reduction of 15% by 2015").

4. Product development

Nordex pursues the goal of developing onshore wind turbines which are able to produce clean electricity at competitive prices. In this way, it is seeking to reduce further dependence on political incentive systems and to increase the profitability of its products. A further step towards grid parity – i.e. the cost of energy at the same level as conventional power stations – was achieved with the launch of Generation Delta in February 2013 (wind classes IEC 1 and IEC 2) and November 2013 (IEC 3). The 3 MW class turbines will generate an additional yield of up to 31% at strong and medium-wind locations and of up to 25% at light-wind locations with unchanged or lower noise emissions. The first turbines for wind classes IEC 1 (N100/3300) and IEC 2 (N117/3000) have already been installed and commissioned, while the first installation in wind class IEC 3 (N131/3000) is scheduled for the fourth quarter of 2014. All told, Nordex plans to reduce product innovation cycles to 18–24 months and, thus, to launch new products which will improve further its competitiveness over its peers as well as other conventional forms of energy production in the medium term.

Adjustments to corporate structure

The purpose of the strategy is to structure all parts of the Company in such a way that they are able to operate at sustained full capacity and permanently make a positive contribution to earnings. In line with the Company's commitment to returning to being a healthy medium-sized company ("Mittelstand"), the Management Board was reduced to three members and one management level was eliminated in 2012. In addition, leaner operating and administrative structures have been implemented, primarily in Europe.

One major aspect of the strategy was the reorganisation of the companies in the United States and China in the period under review, for which Nordex had already recognised the necessary impairment charges and provisions totalling EUR 75.0 million in the previous year. Organisational structures and production capacities were adjusted in both regions to allow for the volumes expected in the coming years. In this connection, the plants in Jonesboro (Arkansas, United States) and Yinchuan (China) are increasingly to be used as service and maintenance depots.

Projects in American and Asian markets will primarily be handled by the main facility in Rostock and by regional or local component suppliers. Nordex will no longer pursue active sales activities in the Chinese wind power market on account of the sustained pressure on prices but will make specific use of the potential offered by the supplier structure and keep in place a corresponding procurement organisation.

Finance

Solid funding is an essential prerequisite to ensure the confidence of customers and banks in the Company. During the period under review, the guarantee credit facility of EUR 475 million was initially renewed until 30 June 2014 including an option for a renewal by a further year. The issue of 7,352,948 new shares on 28 November 2013 was one major measure to reinforce the Company's capital base. Gross proceeds of some EUR 73.5 million generated from this issue led to an increase to 30.9% in the equity ratio (31 December 2012: 26.2%). This in turn placed Nordex in a good position for the early renegotiations of the guarantee credit facility of EUR 550 million and a loan of up to EUR 100 million from the European Investment Bank (EIB) to fund research and development activities.

Return to being a mid-size company

Management process system

Nordex SE's management process system includes financial and non-financial performance indicators for managing 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 EBIT margin, cash flow from operating activities and the working capital ratio. The focus on these five parameters arises from the Company's project-based turbine business, its low level of vertical integration and the correspondingly high proportion of the cost of materials in total output.

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

Specific non-financial indicators include the number of patents and industrial property rights (engineering), turbine/rotor blade production output (production), installation output (project management) and turbine availability and service contract renewal rate (service).

All performance indicators jointly form the basis of reporting to management, the Management Board and the Supervisory Board and are used to determine 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
Cash flow from operating activities	EUR	Finance
Net debt	EUR	Finance
Working capital ratio	%	Finance
Equity ratio	%	Finance
Non-financial performance indicators		
Patents and industrial property rights	Number	Research and development
Turbine production output	MW	Production
Rotor blade production output	Units	Production
Installed capacity	MW	Project management
Turbine availability	%	Service
Service contract renewal rate	%	Service

Research and development

Organisation and main R&D indicators

As of the reporting date, Nordex had 405 employees (2012: 420 employees) in all engineering and product management areas around the world responsible for all aspects of wind power technology from basic research through to product and process development, product management as well as support for sales and service. 379 engineering employees (2012: 380) were based in Europe, a further 15 (2012: 21) in Asia and 11 (2012: 19) in America as of the reporting date.

In the year under review, Nordex applied for a total of 24 patents and other industrial property rights – chiefly for rotor blades. This is roughly 64% down on the previous year (2012: 66) chiefly as a result of the reduced patent activities in China and the United States.

Development spending substantially raised

Total development expense amounted to EUR 51.0 million, up 10.4% on the previous year (2012: EUR 46.2 million). Of this, an amount of EUR 35.9 million (2012: EUR 29.7 million) was capitalised. In 2013, total capitalised development expense thus rose by just under 22% to EUR 94.3 million (2012: EUR 77.5 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. These testing facilities, which currently number 15, 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. The main activities for expanding the testing centre in 2013 included the installation of a larger climate chamber and the introduction of a grid simulator for “what if?” analyses covering different grid frequencies and voltages.

Product development

During the period under review, product development activities revolved around the reduction of the cost of energy in all wind classes in order to boost the competitiveness of Nordex turbines. To this end, the main thrust of engineering activities was further enhancements to the Generation Gamma products as well as the development and market launch of Generation Delta.

Generation Gamma

Known as Generation Gamma, the third-generation Nordex multi-megawatt platform comprises the N90/2500 turbine for strong-wind locations (IEC1), the N100/2500 turbine for medium winds (IEC2) and the N117/2400 turbine for light winds (IEC3).

With respect to further enhancements to Generation Gamma, including the highly efficient N117/2400 for light-wind locations (IEC3), the main focus in the period under review was on lowering equipment costs by means of further design optimisation of the nacelle, rotor blade and tower as well as additions to the pool of suppliers for the principal components. Another key activity entailed preparations for certification of the N117/2400, which has since been achieved in full. Following German DIBt (Deutsches Institut für Bautechnik) certification, the turbine was subsequently certified in accordance with IEC (International Electrotechnical Commission) in July 2013.

Generation Delta

Generation Delta is the fourth-generation Nordex multi-megawatt platform comprising the N100/3300 turbine for strong winds (IEC1), the N117/3000 turbine for medium winds (IEC2) and the N131/3000 for light winds (IEC3). Part of the new-generation platform was unveiled in February (N100/3300, N117/3000) and part in November (N131/3000) and was available for immediate ordering. The Generation Delta turbines are characterised by larger rotor diameters and an increased nominal output, resulting in gains of up to 31% in annual energy yield, together with additionally optimised noise emissions.

Extensive system and component testing was completed as part of ongoing development work on this model. In addition, Nordex engineers oversaw the assembly and installation of the first turbines in Germany, Denmark and Finland as well as successful international IEC certification. This means that all relevant documents are available for the N100/3300 and the N117/3000, allowing customers to apply for building permits for five different hub height between 75 metres and 141 metres.

Cold-climate version and anti-icing system

In order to protect its competitive lead with turbines for use in cold regions, Nordex continued to optimise its anti-icing system and the cold-climate version (CCV). The system is to be implemented for the rotor fitted to the N131/3000 with a diameter of 131 metres.

Site compatibility

Engineering is working steadily on improving the two existing turbine generations, allowing Nordex turbines to satisfy a wide range of different grid requirements all around the world. Thus, a project involving compliance with grid connection requirements in existing and new target markets was successfully completed last year.

Cost-cutting

Engineering activities remain closely integrated into the Group-wide "CORE 15" cost-cutting programme. Further measures affecting the design of the tower, nacelle and rotor blade were defined and adopted to harness further potential for optimising costs in order to meet the targets by 2015.

Generation Delta providing an additional annual yield of up to 31%

Quality management

Quality management a firm part of the sales process

Nordex's quality 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 skills development in the light of constantly growing requirements.
3. Continuous improvements to quality as a firm part of the Company's day-to-day activities.
4. High safety and environmental standards.
5. Work in clearly delineated organisational structures with defined processes.

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). The integrated audit system adopted in the year under review for the first time at offices in Germany, France, Italy and the United States helped to optimise time and resource requirements for auditing activities. Further facilities within the Nordex Group will follow within the customary three-year cycle.

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 activities for assuring quality are defined for the individual development projects and systematically worked through 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 installation phase.

As quality is of crucial importance for the Nordex Group's customers, quality management has been entrenched as a firm element (gate process) in the sales organisation. 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.

Quality management is additionally coordinated by intensive controlling measures to ensure that our suppliers deliver the main components in the necessary quality. Thus, it has in particular been possible to eliminate previous shortcomings with respect to schedule adherence and quality on the part of tower suppliers over the last few years.

A total of 405 suggestions were received in the Nordex Group's in-company suggestion system in the year under review, a decline of just under 6% over the previous year (2012: 430). The proposals, which produced benefits valued at just under EUR 0.35 million (2012: EUR 0.79 million), largely came from production and sporadically also from engineering, service and supply chain management.

Employees and remuneration system

Employees

The Nordex Group's workforce remained almost unchanged in the year under review, growing slightly by 1.4% or 35 employees to a total of 2,592 (31 December 2012: 2,557 employees). The effects of the personnel adjustments in the United States and China were offset by new recruitment in service and rotor blade production in EMEA and the establishment of new national companies. All told, the restructuring of the businesses in America and Asia resulted in a clear shift in the distribution of employees towards EMEA. At the end of the year under review some 90% of Nordex's employees were based in Europe and South Africa, (31 December 2012: 78%), just over 5% in America (31 December 2012: 8%) and just under 5% in Asia (31 December 2012: 14%).

In the year under review, the proportion of women working in the Nordex Group contracted minimally by 0.4 percentage points to 17.9% (31 December 2012: 18.3%). The share of women in the top three management levels amounted to 7.8% and was also down on the previous year (31 December 2012: 8.6%). The number of apprentices stood at 54 at year-end (31 December 2012: 59).

At 37 years, the average age in the Nordex Group was unchanged over the previous year, with the average length of service rising slightly to 4.3 years (31 December 2012: 4.2 years).

Slight rise in length of service

Percentage breakdown of Nordex staff by segment

Segment	31.12.2013 %	31.12.2012 %
Production	28	29
Service	31	28
Engineering	16	16
Project management	6	6
Administration	12	12
Sales	4	5
Procurement	3	3

Percentage breakdown of Nordex staff by length of service

Length of service	Proportion of employees 31.12.2013 %	Proportion of employees 31.12.2012 %
Less than 1 year	18	13
1 to 3 years	22	25
3 to 5 years	15	24
5 to 10 years	32	27
More than 10 years	13	11

In the period under review, the number of incoming job applications stood at around 10,000, down around 17% on the previous year (2012: 12,000). According to the 2013 “trendence Absolventenbarometer” study, Nordex continues to be rated as one of the most popular employers in Germany for engineering graduates, ranking 91st in the latest survey (2012: 58th).

Remuneration system

The Group’s employees 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, Nordex employees (excluding management staff) 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 for 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 not make any distinction between Eastern and Western Germany or between technical and administrative staff; instead, it is based on the 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. The remuneration paid to individual Management Board members and its basis for calculation are reported in detail in the notes to the consolidated financial statements. 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 insurance deductible retained by the Management Board members. Other than this, there are no material fringe benefits. 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 compensation paid to individual members of the Supervisory Board are set out in the Company's Articles of Incorporation. Each member of the Supervisory Board is entitled to fixed remuneration of 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 double and the deputy chairman one-and-a-half times this amount.

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

Macroeconomic environment

Economies of the industrialised nations and emerging markets slightly weaker

Global economic growth slowed only marginally by 0.1 percentage points during the period under review compared with the previous year, with real gross domestic product (GDP) amounting to 3.0% (2012: 3.1%) according to the International Monetary Fund (IMF). This slight decline was evident in both the industrialised nations (down 0.1 percentage points over 2012) and in the emerging markets (down 0.2 percentage points over 2012).

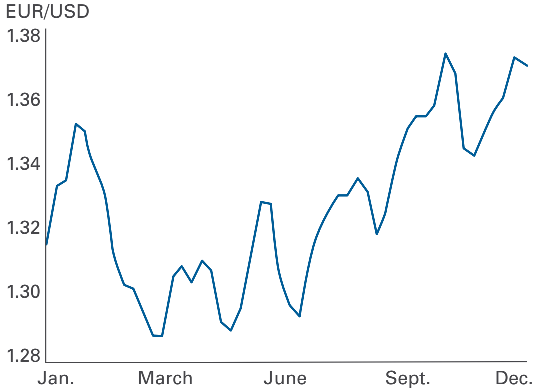
With economic growth of 7.7% (2012: 7.7%), China remained the world's most dynamic economy, followed by other Asian countries with growth rates of over 4%. The main industrialised nations in Europe, North America and Asia (Japan) rose by 1.3%, i.e. largely unchanged over the previous year (2012: 1.4%). However, the United States (1.9%), Japan, Canada and the United Kingdom (each 1.7%) proved to be more buoyant. With contraction of 0.4% (2012: contraction of 0.7%), the Eurozone remained caught in recession due to the persistent weakness of the crisis-ridden periphery member states. The German economy was able to buck this trend – albeit only just – with slight growth of 0.5% (2012: 0.9%).

Mirroring macroeconomic conditions, inflation rates in the industrialised nations were also down, dropping by another 0.6 percentage points to 1.4% (2012: 2.0%). On the other hand, inflation of 6.1% (2012: 6.0%) was recorded in the emerging markets.

Given the relatively muted state of the global economy, the leading central banks continued and strengthened their accommodative monetary policies in the year under review. Whereas base rates remained unchanged in the United States (0.25%), the European Central Bank (ECB) lowered its main refinancing rate in two steps in 2013 to 0.25% currently.

Nordex SE enters into a large part of its contracts on a euro basis. In addition, the US dollar (USD) and the South African rand (ZAR) were of importance during the reporting period. The euro was very volatile against the US dollar, fluctuating in a range of just under EUR 9 ct in the year under review and standing at USD 1.37 at the end of the year, up 4.2% on the beginning of the year (USD 1.315). In the course of the year, the euro almost continuously appreciated against the South African rand, rising by over 25% from ZAR 11.33 to ZAR 14.21.

Movement in the EUR/USD exchange rate in 2013



Source: Oanda; February 2014

Movement in the EUR/ZAR exchange rate in 2013

Source: Oanda; February 2014

Prices of the main commodities used for building wind power systems – aluminium, iron and copper – dropped slightly in the period under review. Declines were between 9% and 15% depending on the type of metal, meaning that Nordex was not exposed to any additional price rises.

Disparate trends were evident in the reporting period in the markets for other commodities of relevance for the economy as a whole – particularly oil, gas and electricity as material investment drivers for new power station capacity. The global market price of crude oil rose by around 9% in the course of the year, standing at USD 99.19 per barrel at the end of the year (end of 2012: USD 90.80 per barrel). Gas prices rose substantially more quickly in the United States. At the Henry Hub, gas cost USD 4.43/MMBTU (BTU = British thermal unit), over 27% more than in the previous year (end of 2012: USD 3.47/MMBTU). On the other hand, gas prices in Europe declined marginally. According to the German Federal Office of Economics and Export Control (BAFA), the cross-border price of gas initially stood at EUR 2.90 ct/kWh in January but dropped by just under 7% to EUR 2.70 ct/kWh at the end of the year (end of 2012: EUR 2.90 ct/kWh).

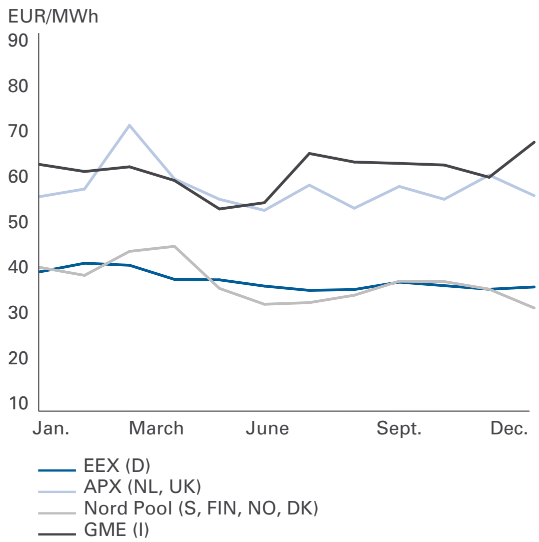
Disparate trends in electricity prices

Electricity prices also presented a mixed picture in Europe. Whereas base load electricity prices sagged by 11% and by just under 17% at the exchanges in Germany (EEX – European Energy Exchange) and Italy (GME – Gestore Mercati Energetici), respectively, wholesale prices (excluding final consumer levies, transfer prices and taxes) in Scandinavia (Nord Pool), the United Kingdom and the Netherlands (APX – Amsterdam Power Exchange) rose by an annual average of just under 22% and 25%, respectively.

The highest electricity prices continued to be recorded in the Italian wholesale market and were at times substantially over EUR 60/MWh, closing the year at EUR 69.28/MWh. The market in the United Kingdom also reached a similarly high level with a year-end price of EUR 57.78/MWh (end of 2012: EUR 52.13/MWh).

Prices in the EEX electricity exchange in Leipzig, which plays a key role in Central Europe, moved almost completely in sync with prices in the Scandinavian Nord Pool market. Both markets exhibited only minor volatility around the EUR 40/MWh mark in the course of the year. All told, EEX prices closed the year 17% down on the previous year at EUR 37.30/MWh (end of 2012: EUR 45.07/MWh) and the Nord Pool prices down just under 24% at EUR 32.66/MWh (end of 2012: EUR 42.94/MWh).

Movements in electricity prices in Europe in 2013

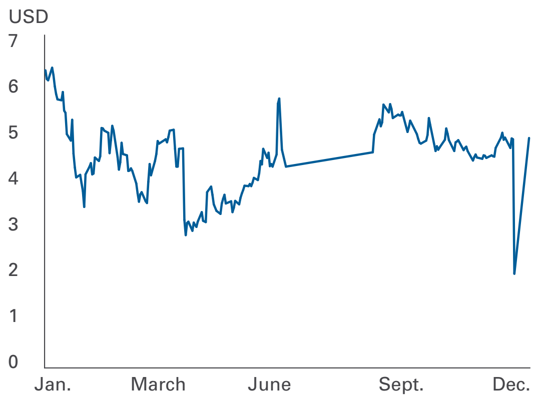


Sources: EEX, APX, Nord Pool, GME, January 2014

US wholesale electricity prices were at times highly volatile in the main markets and exchanges but generally trended upwards in line with the Henry Hub gas price. Compared with European wholesale prices, average prices were, however, mostly below USD 40/MWh, thus continuing to form the main price-setting factor for decisions on new power station capacity.

In the course of the year, prices of EU emission certificates weakened on account of sustained weak demand. Nor did the EU Commission's decision to auction a total of 900 million fewer certificates between 2013 and 2015 exert any material impact on prices and thus generate incentives for investing in low-emission production technologies. The price of a European Union Allowance (EUA) providing for entitlement to emit one ton of CO2 even slid at times below the EUR 2.00 mark. At the end of the year under review, the price stood at EUR 5.03 per EUA, down a further 22% on the previous year (end of 2012: EUR 6.45/EUA).

Movements in prices of CO_2 emission allowances (EUA) 2013



Source: Finanzen.net January 2014

Conditions in the wind power industry

Global new installations of 35.5 GW

New wind power installations were down 21% in 2013. After the record figure of 44.8 GW achieved in 2012, new installations amounted to 35.5 GW in the year under review according to the Global Wind Energy Council (GWEC), of which the onshore segment accounted for just under 34 GW or 95%. All told, the global installed wind power base has a production capacity of 318 GW, equivalent to an increase of more than 12% over the previous year (2012: 283 GW). Of the total capacity, Europe accounts for 121 GW or over 38%, Asia-Pacific for just under 120 GW or around 38% and America for just under 75 GW or over 24%.

As in earlier years, the largest market for wind power systems was China, where new installations amounted to 16.1 GW, of which domestic products for more than 80% . Within Asia-Pacific, substantial new capacity went on line in India (1,729 MW) and Australia (655 MW). Total new installations in Asia amounted to 18.8 GW, just under 20% more than in the previous year (2012: 15.8 GW).

The American market contracted sharply. Only 1.1 GW were installed in the year under review due to the very late renewal of the US production tax credit (PTC) and investment tax credit (ITC) incentive schemes, down from 13.1 GW in the previous year. This translates into a decline of just under 92%. Thus, with 1,599 MW, Canada became the largest wind power market in this region in terms of new construction capacity for the first time. There was also significant volume in Brazil (948 MW) and Mexico (623 MW). Total new installations in America amounted to just under 4.5 GW, 72% less than in the previous year (2012: 16.1 GW).

In Europe, total new wind power capacity came to 12.0 GW (2012: 12.7 GW) in the period under review. With a share of around 87% (2012: 92%), the onshore segment remained the dominant technology in Europe, achieving total capacity of 10.5 GW (2012: 11.1 GW). All told, the European market thus contracted by just under 6%. In addition, capacity of 90 MW was installed in other EMEA countries, primarily in Africa.

Germany Nordex's largest single market

The largest single market within Nordex's core EMEA region and the second largest market worldwide for new installations was Germany. Compared with the previous year (2012: 2,439 MW), the domestic market widened by just under one third to 3,238 MW, with the onshore segment contributing 2,998 MW or just under 93%. The greatest increases in new capacity were registered in the German states of Schleswig-Holstein (428 MW), Rhineland-Palatinate (406 MW) and Mecklenburg-West Pomerania (401 MW). All told, there are currently just under 24,000 wind power systems with a combined capacity of around 34.7 MW in operation in Germany; of these more than 97% are onshore systems.

With a new installed capacity of 1,883 MW (including onshore of 1,150 MW; previous year: 1,897 MW), the United Kingdom remained a multi-megawatt market alongside Germany. New installations were also stable or higher compared with the previous year on Nordex's focus markets Poland (894 MW, up 2%), Turkey (646 MW, up 28%), the Netherlands (303 MW; up 155%), Ireland (288 MW, up 138 MW) and Finland (162 MW; up 82%).

The Southern Eurozone countries, which were severely afflicted by the sovereign debt crisis, such as Italy (444 MW, down 64%) and Spain (175 MW; down 84%) experienced market contraction. New installations were also down in Romania (695 MW; down 25%), France (631 MW; down 23%) and Sweden (724 MW, down 14%) compared with the previous year.

All told, installed wind power capacities stand at more than 121 GW in Europe; according to the European Wind Energy Association (EWEA), this is sufficient to cover up to 8% of electricity requirements in the EU.

The Bloomberg New Energy Finance (BNEF) research institute reports that funding volumes in the renewable energies segment were down for the second consecutive year in 2013, with a global figure of USD 254 billion, down 12% on the previous year (2012: USD 289 billion). This was chiefly due to protracted uncertainties concerning the regulatory framework in major markets such as the United States and a number of European markets as well as heavy price erosion in the photovoltaic segment. The wind power industry was affected by this to varying degrees. Whereas capital spending volume dropped by a slightly above-average 13% for major power station projects, particularly in the offshore segment, onshore wind farm projects were largely unaffected. According to BNEF, capital spending volume in the onshore segment shrank only marginally from USD 80.9 billion to USD 80.3 billion.

The COP 19 global climate conference, held in Warsaw at the end of 2013, did not generate any new impetus for climate policy as a basis for expansion in production technologies for renewable energies. All it did was to create the basis for the ratification of a global climate protection treaty by 2015.

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

In Asia-Pacific, China and India are the two main volume markets but are still very difficult for Western producers to access. China in particular will presumably reach its 2015 target of 100 GW as early as in 2014. The installation of further high-voltage lines has boosted installations, allowing a greater number of previously installed wind farms to be connected to the grid. In addition, China launched a preliminary pilot emissions trading project in the year under review to provide further incentives for investment. Despite an attractive feed-in tariff, the Japanese market is currently faltering, meaning that substantial market potential in the region is primarily to be found in Australia and, in the medium term and assuming that political conditions stabilise, in Thailand, the Philippines and Pakistan.

In America, the United States remains the most important market in spite of the absence of any nationwide framework for renewable energies. The delayed renewal of the PTC and ITC incentive programmes triggered a sharp slump in the market during the period under review, although the American Wind Energy Association (AWEA) reports that a further 12 GW were under construction as of the end of 2013 and will be going on line in 2014 and 2015. However, the industry has hitherto not had any reliable basis for planning. As stringent requirements with respect to local content and production apply in the other volume markets of Canada and Brazil, Nordex is focusing on potential markets in Latin America such as Uruguay and Chile. These countries have recently executed tenders (in the case of Uruguay) for renewable production capacity and announced new targets (doubling of the target installed basis in Chile).

The 27 countries of the European Union are still committed to lowering emissions by 20% by 2020, relative to 1990 levels, in accordance with a corresponding EU directive. The European Parliament raised this goal again at the beginning of February 2014 and is now aiming to lower emissions by 40% by 2030. In addition, the proportion of renewable energies in the individual member countries is to equal 30%. Trade in EU emission certificates is an important price-setting instrument in this connection and has gained some weight again following the reduction by 900 million in the number of emission rights available – the so called backloading.

Sector focus on Germany and the UK

The targets defined by the individual countries vary depending on local energy policy structures and existing production capacity. In the period under review, Germany and the United Kingdom attracted particular attention. In Germany, the Renewable Energies Act is to be amended by mid-2014 as a basis for the implementation of the new non-nuclear energy policy. In order to keep energy prices in check, the governing coalition has decided to lower the guaranteed feed-in tariff but is still planning for renewable energies to account for 40–45% of total energy consumption by 2025 and 55–60% by 2035. In the United Kingdom, a bill was passed last year providing for the incremental transition from a certificate-based incentive system to feed-in tariffs by 2017. At the same time, the tariffs were lowered by around 5%. Expansion in Spain, Portugal, Greece and Italy, which are all heavily affected by the sovereign debt crisis, has been reduced sharply or even halted. In some cases, the incentive systems have been suspended (Portugal, Spain), taxes on electricity income raised (Greece) and a cap on annual expansion imposed (Italy).

In South Africa, which Nordex includes its EMEA region, the third tender process for production capacity from renewable energies has been completed. Wind power remains the dominant technology on account of the relatively low cost of energy. Nordex is well positioned in this region with its products and successful market entry and expects to receive further orders in the near future beyond the 314 MW for which firm orders have been placed.

Breakdown of the wind power market in 2013

Region/country	New installed capacity (MW) in 2013	New installed capacity (MW) in 2012	Change %
Asia-Pacific	18,883	15,868	+19.0
Europe	12,031	12,744	–5.6
America	4,464	16,085	–72.2
Others	90	102	–11.8
Total	35,467	44,799	–20.8
China	16,100	12,960	+24.2
Germany	3,238	2,439	+34.1
UK	1,883	1,889	–0.3
United States	1,084	13,124	–97.7
France	631	757	–16.6

Sources: EWEA; GWEC February 2014

Top 5 new installed capacity in 2013

Country	Share of world market %
China	45.4
Germany	9.1
UK	5.3
India	4.9
Canada	4.5

Sources: EWEA; GWEC February 2014

TOP 5 cumulative installed capacity in 2013

Country	Share of world market %
China	28.7
United States	19.2
Germany	10.8
Spain	7.2
India	6.3

Sources: EWEA; GWEC February 2014

Nordex Group's business performance

Installations

The turbine capacity installed by Nordex in 2013 exceeded the 1 GW mark for the second time since 2008 (1,075 MW). At 1,254.4 MW, new installations were up a substantial 36.4% on the previous year (2012: 919.7 MW). This marks the highest figure reached in any single year in the Company's history.

New installations at an all time high

This performance was materially underpinned by the strong increase in the core EMEA markets. The wind markets in Europe and South Africa accounted for just under 94% (2012: 70.8%) or 1,177 MW (2012: 651.1 MW), America for 4% (2012: 23.8%) or 50.4 MW (2012: 219.1 MW) and Asia for just over 2% (2012: 5.4%) or 27 MW (2012: 49.5 MW).

All told, 506 wind power systems were installed in 16 countries, marking a new record for the Company. This translates into an increase of more than 28% over the previous year, when 394 turbines were installed. New installations are dominated by the Gamma Generation, which contributed more than 98%. In China, a few 1.5 MW turbines were also installed. In addition, the first five Generation Delta multi-megawatt turbines went into operation as planned. Average capacity per installed turbine amounted to just under 2.5 MW.

The largest single market in the core EMEA region was Germany with an installed capacity of 251.1 MW (2012: 86.4 MW). The success in the domestic market was chiefly underpinned by the N117/2400 onshore turbine, which accounted for nearly 80 units, equivalent to more than 180 MW, were installed. New installations in the United Kingdom (162.5 MW; 2012: 117.2 MW) and in Turkey (162.5 MW; 2012: 57.5 MW) also easily exceeded 100 MW. Whereas a major project was successfully completed in the Netherlands, major projects were being executed for the first time in Romania, South Africa and Uruguay. On the other hand, Nordex did not execute any new installations in the United States, Italy and Spain, all of which had been relevant markets in the previous year, due to local investment uncertainties.

According to the installation statistics of the international associations GWEC (Global Wind Energy Council) and EWEA (European Wind Energy Association), Nordex was able to substantially widen its share of a number of markets. It achieved what was substantially double-digit market share in the overall European onshore market (10.5%; up 4.7 percentage points over 2012) as well as in nearly all European focus markets. Market share in Norway (52%; up 20.7 percentage points over 2012), the Netherlands (26%; no installations in the previous year) and in Turkey (25%; up 13.8 percentage points over 2012) widened substantially. However, Nordex has also developed very strong market positions in Ireland (19%; down 16.9 percentage points on 2012), Finland (17%; no installations in the previous year), the United Kingdom (14%; up 2.3 percentage points over 2012), France (13%, down 2.3 percentage points on 2012), Romania (12%, no installations in the previous year) and Sweden (10%; up 1.6 percentage points on 2012). The same applies to the German domestic market, in which Nordex continued to make headway in 2013 with a share of more than 8% of the onshore segment (up 4.9 percentage points over 2012)

Substantial gains in market share

Installed Nordex capacity

	2013 MW	2012 MW
Germany	251.1	86.4
UK	162.5	117.2
Turkey	162.5	57.5
France	80.0	62.5
Romania	80.0	0
South Africa	77.5	0
Netherlands	77.5	0
Sweden	75.0	80.0
Poland	60.0	20.0
Norway	57.5	52.5
Ireland	55.0	45.0
Uruguay	50.4	0
Finland	27.6	0
China	27.0	0
Greece	7.5	0
Denmark	3.3	0
United States	0	219.1
Italy	0	77.5
Pakistan	0	49.5
Spain	0	35.0
Belgium	0	17.5
Total	1,254.4	919.7

Production

In the period under review, the Nordex Group achieved a very substantial increase in turbine production output, while rotor blade production rose slightly. At 1,342 MW, turbine production reached its highest ever level in the Company's history and was up 48% on the previous year (2012: 909 MW). Of this, the core production facility in Rostock accounted for just under 93%, equivalent to a total output of 1,243 MW (2012: 695 MW). The plants in Jonesboro (United States) and Yinchuan (China) generated only a small production output of 68 MW (2012: 176.5 MW) and 31 MW (2012: 37.5 MW), respectively. Both facilities will now be increasingly operating as service and maintenance centres. The non-recurring effects and expense arising from the restructuring of these two plants were recorded in the financial statements in 2012.

326 rotor blades were produced, up just under 6% on the previous year (2012: 309). The slower increase compared with turbine assembly is due to the fact that, following the retooling of the plant in the fourth quarter of 2012, blade type NR 58.5 first had to undergo a ramp-up phase, which resulted in a corresponding reduction in output. Looking forward, output is expected to rise.

Output

	2013 MW	2012 MW
Turbine production Europe	1,243.0	695.0
Turbine production United States	68.0	176.5
Turbine production China	31.0	37.5
Total turbine production	1,342.0	909.0
	Number	Number
Rotor blade production	326	309

Sales

Sales rose by 32.9% in 2013 to EUR 1,429.3 million (2012: EUR 1,075.3 million), thus significantly bucking the sector trend. This performance was materially due to the considerable increase in order books to EUR 1,049 million (as of 31 December 2012, up from EUR 698 million as of 31 December 2011) with which Nordex had entered the year under review, the successful execution and billing of large-scale projects as well as the sustained strong order intake.

Sales in the EMEA region rose by an above average 50.3% to EUR 1,306.3 million (2012: EUR 868.9 million). Accordingly, Nordex's core region contributed over 91% of the sales recorded in 2013. Sales in America slumped substantially by 57.3% to EUR 81.7 million (2012: EUR 191.6 million) due to a cyclical downtrend in the US market; this is equivalent to a share of just under 6% of total sales. Business in Asia recovered sharply, with sales rising from EUR 14.8 million in the previous year to EUR 41.3 million. As a result, the share in total sales doubled over the previous year to just under 3%.

Sales by segment

	2013 EUR million	2012 EUR million
EMEA	1,306.3	868.9
America	81.7	191.6
Asia	41.3	14.8
Total	1,429.3	1,075.3

New turbine business accounted for 89.4% (2012: 85.9%) of total sales, while the service business expanded by 17.3% to EUR 139.6 million (2012: EUR 119.0 million), contributing 10.2% (2012: 11.1%) to total sales. Other business accounted for 0.4% of sales (2012: 3.0%).

Order intake

Turbine order intake came to EUR 1,502.9 million in 2013, up 18.5% on the previous all-time high of EUR 1,268.4 million achieved in the previous year. In contrast to 2012, in which the fourth quarter alone (fourth quarter of 2012: EUR 628.6 million) contributed almost half of new orders, order intake was spread a good deal more evenly over the year in the year under review. In all four quarters, new orders amounted to over EUR 300 million per quarter, with the highest order intake achieved in the second quarter (EUR 511.5 million), due to a large project in South Africa (134.4 MW).

The top-selling product was the N117/2400 for light-wind areas with a share of 48% of all turbines sold. With sales of 115 units, this efficient IEC3 turbine was particularly successful in Germany but was also sold for projects in Ireland, Finland, Turkey, South Africa, Uruguay and the United States. The first orders were also received for Generation Delta turbines in the second half of the year and these accounted for a total of more than 10% of all new turbines sold.

The EMEA region accounted for the largest proportion of order intake at 82% (2012: 94%) or EUR 1,238.5 million (2012: EUR 1,192.2 million); this marked a further increase of just under 4% over the previous year. Business in Europe and Africa (EMEA) is divided into four sales regions: Germany, EMEA North, EMEA South and EMEA East. The most important markets in terms of order intake were Germany, South Africa, Turkey, Finland and Sweden.

The focused sales strategy and the superior light-wind turbine for onshore locations led to a further increase in the domestic market of Germany. At EUR 480.6 million, order intake more than doubled over the previous year (2012: EUR 181.4 million). In EMEA North, new business picked up substantially in Sweden and Finland in particular. In both markets, Nordex recorded order intake of over EUR 100 million and also sold its first Generation Delta projects there. With respect to EMEA South, markets such as Spain, Portugal and Italy continued to feel the effects of the sovereign debt crisis. However, the region contributed 33% to total order intake thanks to continuing good business in Turkey, project development business in France with the sale of three turnkey projects and a large-scale project in South Africa. On the other hand, there was no new turbine business in the focus markets of Poland and Romania or in EMEA East due to current investment uncertainties in the wake of political discussion about incentives for renewable energies.

Record order intake

Massive rise in firm orders

Business in the Americas was dominated by discussions about the renewal of the PTC and ITC incentive programmes in the United States, the largest market in this region. The programme was not renewed until the beginning of the year under review. As a result, Nordex was able to begin or conclude project negotiations with some delay towards the end of the year and the beginning of 2014. Even so, order intake in the Americas rose by over 180% to EUR 160.0 million (2012: EUR 56.9 million) because a further major project (67.2 MW) was awarded in Uruguay in addition to the US projects. In addition to its activities in these two markets, Nordex stepped up its selling and project development efforts in potential markets such as Chile, which offer greater margin potential compared with the low-price US market.

In percentage terms, the growth was even stronger in Asia, where order intake rose more than five-fold from EUR 19.2 million (2012) to EUR 104.3 million. Aside from China with two minor projects, Pakistan was the main market in Asia with two 50 MW projects. In addition, Nordex stepped up selling activities in Thailand and the Philippines.

Turbine order intake by region

	2013 EUR million	2012 EUR million
Europe/Africa (EMEA)	1,238.5	1,192.2
of which Germany	480.6	181.4
of which South Africa	191.9	225.1
of which Turkey	132.2	143.9
of which Finland	107.0	26.6
of which Sweden	104.0	0
America	160.0	56.9
Asia	104.3	19.2
Total	1,502.9	1,268.4

At 1.17, the book-to-bill ratio in the turbine business – i.e. excluding service – was below the previous year (2012: 1.33) due to the sharp rise in sales but continues to reflect the Nordex Group’s market success and the steady rise in firm orders.

At the end of the year under review, firm orders amounted to EUR 1,258.7 million, up just under 20% over the previous year (2012: EUR 1,049 million). The very small proportion (less than 5%) of orders from countries overly affected by the euro crisis as well as the greater regional diversification compared with the previous year were pleasing signs.

Nordex gained further contingent contracts valued at EUR 935 million (31 December 2012: EUR 1,367 million) as of the reporting date. This decline reflects the disproportionately strong conversion of contingent orders into firm orders in the course of the year under review. Contingent orders comprise delivery contracts or corresponding framework contracts which do not yet satisfy all criteria (e.g. grid connection contract, building permit, receipt of prepayment) for immediate commencement of production and assembly. At EUR 2,193 million, order books were down around 9% compared with the end of the previous year (31 December 2012: EUR 2,416 million). Nevertheless, this still offers Nordex a continued solid basis for planning its business.

Service orders amounted to EUR 626.1 million as of 31 December 2013 and were thus up just under 27% on the previous year (31 December 2012: EUR 493.7 million). One key reason for the improvement in service business is the renewal rate for expiring service contracts. In the year under review, 77% of all expiring contracts were renewed, translating into a substantial increase of 6 percentage points (2012: 71%) in the renewal rate. The availability of the turbines covered by Nordex service contracts also improved in the year under review, rising by 0.3 percentage points from 97.66% in the previous year to 97.96%, meaning that even less unplanned down time arose than in the previous year.

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 companies 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, human resources, 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 companies.

In the year under review, Nordex SE's sales rose by 24.7% to EUR 36.4 million (2012: EUR 29.2 million). Staff costs climbed by around 9% to EUR 10.6 million (2012: EUR 9.7 million). Other operating income net of other operating expense amounted to EUR 12.5 million, i.e. substantially lower than in the previous year (2012: EUR 22.5 million). This was materially due to the reduction in other operating expenses such as legal and consulting costs.

A loss from ordinary business activities of EUR 0.9 million (2012: loss of EUR 25.6 million) was recorded, with the net loss for the year amounting to EUR 1.4 million (2012: net loss of EUR 25.8 million). The net loss for 2013 sustained by Nordex SE in accordance with accounting under the German Commercial Code was covered by a withdrawal of an equivalent amount from the share premium. Following the issue of new equity in November, equity stood at EUR 323.6 million at the end of the year (31 December 2012: EUR 251.4 million). Total assets widened slightly to EUR 580.6 million (31 December 2012: EUR 548.6 million); the equity ratio stood at a substantially improved 55.7% (31 December 2012: 45.8%).

Results of operations and earnings situation

The Nordex Group's total revenues rose by 36.5% in 2013 to EUR 1,502.3 million (2012: EUR 1,100.9 million), reflecting the substantial growth in business along the entire value chain, particularly production and installation. The basis for this was the large volume of firmly financed orders of EUR 1,049 million with which Nordex had entered the year.

The sharp improvement in earnings is due to the increased production output and the decline of 1.2 percentage points in the cost-of-materials ratio to 77.4% (2012: 78.6%). The improvement in this indicator is attributable to the reduction in product costs as a result of the "Core 15" cost-cutting programme and substantially improved project execution compared with the previous year. Thanks to more efficient management and coordination of upstream suppliers, it was possible to reduce delivery delays and quality shortfalls considerably in comparison to the previous year. Moreover, in contrast to 2012, in which impairments had been recognised on inventories, there were no reorganisation-linked factors affecting the cost of materials.

Almost one third increase in added value

Value added, measured as sales per employee grew significantly by 32.6% from EUR 424,014 to EUR 562,053. On the other hand, structural costs before depreciation rose by a substantially lower 12.5% to EUR 255.8 million (2012: EUR 227.4 million). The 9.3% rise in personnel expenses was due to adjustments in pay-scale arrangements in Europe as well as a change in the personnel structure. Personnel cuts in China, where salaries are relatively low, were accompanied by new recruitment in the EMEA growth markets with the result that, while the total headcount was almost unchanged, personnel expenses as a whole were higher. Other operating income net of other operating expenses rose by 17.7% to EUR 102.6 million. Whereas other operating expenses held virtually steady at EUR 116.8 million (2012: 116.0 million), other operating income fell by 49.3% to EUR 14.2 million (2012: EUR 28.8 million). In contrast to the previous year, Nordex did not generate any material income from currency forward trading, exchange rate gains or the sale of project entities. Similarly, insurance claims paid dropped by around half from EUR 3.5 million to EUR 1.7 million.

Structural costs before depreciation		
	2013 EUR million	2012 EUR million
Personnel expenses	153.2	140.2
Other operating expense net of other operating income	102.6	87.2
Total	255.8	227.4

At EUR 39.2 million, depreciation and amortisation expense was substantially down on the previous year (2012: EUR 69.2 million), which had been affected by impairments of EUR 38.8 million on property, plant and equipment and intangible assets as a result of the restructuring of business in the United States and China.

All told, earnings before interest and taxes, improved considerably, rising to EUR 44.3 million (2012: EUR 14.0 million before discontinued operations and non-recurring expense; loss of EUR 61.1 million after discontinued operations and non-recurring expense). This translates into a significant improvement in the EBIT margin to 3.0% (2012: 1.3% before discontinued operations and non-recurring expense; –5.5% after discontinued operations and non-recurring expense), thus testifying to the Company's successful turnaround.

Significant improvement in the EBIT margin

Net financial expense increased due to the increased volume of business and higher utilisation of the guarantee facility, rising by 8.7% over the previous year to EUR 26.1 million (2012: EUR 24.0 million).

The profit from ordinary business activities of EUR 18.2 million (previous year: loss of EUR 85.1 million) reflects the successful completion of the turnaround and, after income taxes of EUR 7.9 million (2012: EUR 2.8 million), resulted in consolidated net profit of EUR 10.3 million (2012: consolidated net loss of EUR 94.4 million). Earnings per share amounted to EUR 0.14, compared with a loss per share of EUR 1.28 recorded in 2012.

Comparison of actual and forecast business performance

In its first two full-year forecasts in March and May, the Management Board had projected sales in a range of between EUR 1.2 billion and EUR 1.3 billion and order intake of around EUR 1.2 billion. In addition, a net cash inflow from operating activities, a working capital ratio of 15% and an improvement in the EBIT margin over the previous year to 2–3% 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 production, installation and cost-of-materials ratio – the Management Board raised all main elements of this forecast when it presented the first-half figures in August. The adjusted forecast indicated a range of EUR 1.3–1.4 billion for order intake and sales, improved profitability of 2.5–3.5% (EBIT margin) and a working capital ratio of 10–15%. In November, this forecast was largely confirmed, although the projection for order intake was raised again by EUR 100 million to EUR 1.4–1.5 billion.

Nordex SE ultimately reported sales of EUR 1,429.3 million in 2013, order intake of EUR 1,502.9 million and an EBIT margin of 3.0%. Accordingly, the main performance indicators came in at the upper edge (order intake, sales) or in the middle of the forecast range (EBIT margin).

The working capital ratio stood at 2.2% as of 31 December 2013 and was thus well below the Management Board's original forecast of 10–15% due to high customer prepayments at the end of the year as well as successful working capital management. At EUR 98.1 million, the high net cash inflow from operating activities also exceeded the original expectations.

Forecast and actual business performance						
Indicator		March 2013	May 2013	August 2013	November 2013	31.12.2013
Order intake	EUR billion	1.2	1.2	1.3–1.4	1.4–1.5	1.503
Sales	EUR billion	1.2–1.3	1.2–1.3	1.3–1.4	1.3–1.4	1.429
EBIT margin	%	2–3	2–3	2.5–3.5	2.5–3.5	3.0
Cash flow from operating activities	EUR billion	Positive	Positive	Positive	Positive	98.1
Working capital ratio	%	No forecast	15	10–15	10–15	2.2

Financial condition and net assets

The paramount goals of financial management at the Nordex Group are to secure liquidity and ensure access to the necessary funding. Working capital and the equity ratio are key parameters in this regard.

The main corporate measure in the year under review was a syndicate guarantee facility for EUR 475 million, which was increased to EUR 550 million on 24 February 2014 and whose term was extended until 30 June 2017. In addition, 7,352,948 new shares were issued. On the basis of an allocation price of EUR 10 per share, gross proceeds from the issue amounted to around EUR 73.5 million, which made a material improvement to the equity base. The consolidated net profit for the year also had a favourable effect on equity, which stood at EUR 368.0 million on 31 December 2013, up 31.9% on the previous year (31 December 2012: EUR 279.0 million). As total assets simultaneously rose by 11.8% to EUR 1,191.4 million (31 December 2012: EUR 1,066.1 million), the equity ratio stood at 30.9% as of the reporting date (31 December 2012: 26.2%).

The equity issue, the sustained higher order intake with corresponding customer prepayments and strict working capital management resulted in an increase of 21.2% to EUR 333.0 million (31 December 2012: EUR 274.8 million) in cash and cash equivalents. Inventories grew by 17.7% to EUR 263.9 million (31 December 2012: EUR 224.3 million) to accommodate the project volumes expected in the first quarter of 2014, while trade receivables and future receivables from construction contracts contracted by 13% to EUR 214.0 million (31 December 2012: EUR 245.9 million). All told, current assets rose by a proportionate 10.5% to EUR 899.5 million (31 December 2012: EUR 813.8 million).

Non-current assets climbed by 15.7%, standing at EUR 291.9 million, up from EUR 252.2 million at the end of the previous year. This was materially driven by the 21.7% increase in capitalised development expense to EUR 94.3 million (31 December 2012: EUR 77.5 million) and the deferred income tax assets of EUR 50.9 million (31 December 2012: EUR 42.6 million).

Syndicated guarantee facility increased

On the other side of the balance sheet, other current non-financial liabilities rose by 28.5% to EUR 320.4 million (31 December 2012: EUR 249.4 million) due to the increased volume of customer prepayments. However, other current provisions dropped by 30.3% to EUR 45.3 million (31 December 2012: EUR 65.0 million). Current liabilities amounted to EUR 585.2 million in the year under review and were thus 5.4% up on the previous year (31 December 2012: EUR 555.1 million). Non-current liabilities increased by 2.6% over the previous year to EUR 238.0 million (31 December 2012: EUR 232.0 million). Material changes arose from the discharge of loans in China, which were reported in the previous year as non-current bank borrowings. The sum total of current and non-current bank borrowings including interest contracted by 48.4% from EUR 58.0 million to EUR 28.1 million.

Bank borrowings (including interest) of the Nordex Group

	Up to 3 months EUR million	3 to 12 months EUR million	1 to 5 years EUR million	More than 5 years EUR million
2013	2.5	7.4	18.2	0.0
2012	15.6	14.3	28.1	0.0

All told, net liquidity – i.e. cash and cash equivalents less interest-bearing liabilities – amounted to EUR 119.4 million at the end of the year under review (31 December 2012: EUR 29.6 million).

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 98.1 million (2012: EUR 141.1 million) from operating activities. This 30.5% decline is chiefly due to two working capital items: firstly, the EUR 39.6 million increase in inventories and, secondly, trade payables, which had risen considerably more sharply in the previous year due to the strong order intake in the fourth quarter (2012: EUR 79.1 million). All told, the working capital ratio dropped again substantially in the period under review by 6.5 percentage points to 2.2% (2012: 8.7%). In addition to further improvements in working capital management – such as optimised turnaround and order times – this was materially driven by customer prepayments, which were up more than 37% on the previous year at the end of 2013.

Net cash outflow from investing activities amounted to EUR 74.3 million (2012: net cash outflow of EUR 56.1 million), while a net cash inflow of EUR 44.1 million was recorded from financing activities due to the equity issue (2012: net cash outflow of EUR 21.0 million). Free cash flow amounted EUR 23.8 million (2012: EUR 85.0 million).

Free cash flow of EUR 23.8 million

Cash changes in cash and cash equivalents amounted to EUR 67.9 million, up 6.1% on the previous year (2012: EUR 64.0 million). 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 substantially to EUR 1,429.3 million last year (2012: EUR 1,075.3 million), reaching the highest level in the Company's history. 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 onshore turbine, during the year. Moreover, in contrast to the previous year, there were no major project delays. Regionally, Europe was the most important market with respect to sales with the result that Nordex was able to achieve what in some cases were substantial gains in market share in its core region. New orders showed stronger diversification towards South Africa, South America and Asia.

In the year under review, operating earnings were not affected by any non-recurring factors and, with an EBIT margin of 3.0%, were in line with expectations. The improved profitability in spite of the continuing pressure on prices in the wind power industry is chiefly due to improved project execution, reduced product costs and the completion of more profitable projects.

Following the reorganisation of business in China and the United States, Nordex is aiming for further improvement in profitability by concentrating production more on Europe. The key element here is the new product range with efficient turbines for each wind class. Nordex's capital spending will therefore continue to focus on research and development in order to protect its competitiveness.

Part of the funds required for this will come from the November 2013 equity issue. In addition, negotiations have been commenced with banks at an early stage to modify the syndicated guarantee facility and to refinance the corporate bond, which will be maturing in April 2016.

Capital spending

In the year under review, capital spending by the Nordex Group amounted to a total of EUR 71.6 million. Of this, intangible assets accounted for EUR 37.4 million, i.e. more than half, (2012: EUR 31.8 million), up 17.6% on the previous year.

The bulk of the intangible assets of EUR 35.9 million (2012: EUR 29.7 million) comprised capitalised development expense. Accordingly, capitalised research and development expense was up just under 21% on the previous year, reflecting the sustained high importance with Nordex attaches to product development. Other additions to intangible assets – particularly software and licences – amounted to EUR 1.5 million (2012: EUR 2.1 million).

Spending on property, plant and equipment amounted to EUR 34.2 million in 2013 and was thus 28.1% up on the previous year (2012: EUR 26.7 million). Within property, plant and equipment, the greatest proportion was accounted for by technical equipment and machinery (EUR 15.5 million; 2012: EUR 13.7 million), followed by prepayments made and assets under construction (EUR 9.0 million; 2012: EUR 2.2 million), other equipment and business and operating equipment (EUR 8.0 million; 2012: EUR 7.4 million) and land and buildings (EUR 1.7 million; 2012: EUR 3.4 million).

The bulk of capital spending on technical equipment and machinery of EUR 9.8 million was for moulds and models for rotor blade production in Rostock as well as for a partner who will be producing NR 58.5 rotor blades in Turkey in accordance with Nordex's specifications and plans in the future. In addition, a sum of EUR 5.1 million was spent on expanding the German production facilities, e.g. to prepare for production of the Generation Delta turbines. Further main items concerned engineering; in addition to further testing facilities, this particularly included the initial Generation Delta test turbines to ensure that the range would be ready for series production on schedule. In addition, there was spending on project management, service and project development.

The regional focus of capital spending was on the EMEA region, which accounted for EUR 70.8 million (2012: EUR 52.0 million). Due to the new organisation in the United States and in Asia only small amounts of EUR 0.6 million (2012: EUR 1.4 million) and EUR 0.2 million (2012: 5.1 million), respectively, were spent.

Total capital spending of EUR 71.6 million

Capital spending

	2013 EUR million	2012 EUR million	Change %
Property, plant and equipment	34.2	26.7	28.1
Intangible assets	37.4	31.8	17.6
Total	71.6	58.5	22.4

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 main turbine assembly and rotor blade production facilities in Rostock. In view of its market position and the heterogeneous market conditions, EMEA is subdivided into four sales regions (Germany, North, South, 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.

Last year, the share of sales in Europe widened by 10.6 percentage points to 91.4% (2012: 80.8%) or EUR 1,306.3 million (2012: EUR 868.9 million). America accounted for 5.7% (2012: 17.8%) or EUR 81.7 million (2012: 191.6 million) and Asia 2.9% (2012: 1.4%) or EUR 41.3 million (2012: EUR 14.8 million). Equally, EMEA made the greatest contribution to EBIT (EUR 49.6 million; 2012: EUR 7.3 million). With an EBIT of EUR 0.8 million (2012: loss of EUR 34.2 million including non-recurring effects), the turnaround is already evident in America, whereas Asia is still in a transitional phase with a further net segment loss of EUR 6.1 million (2012: loss of EUR 40.0 million including non-recurring effects). However, the growing importance which the emerging markets will have in the future is already evident in the substantial improvement in order intake in both regions. Thanks to concentrated sales efforts, order intake in America rose by over 181% to EUR 160.0 million (2012: EUR 56.9 million), whereas order intake in Asia rose five-fold over the previous year to EUR 104.3 million (2012: EUR 19.2 million). Markets outside Europe and Africa – primarily Uruguay, Pakistan and the United States thus contributed 18% to new business. Looking forward, the Company will pay particular attention to these and other growth markets such as Chile and the Philippines and supplying them with efficient wind power systems directly from Europe or in co-operation with regional and local partners.

America and Asia accounting for 18% of new business

Summarised segment report

		EMEA		America		Asia	
		2013	2012	2013	2012	2013	2012
Order intake	EUR million	1,239	1,192	160	57	104	19
Installations	MW	1,177	651.1	50.4	219.1	27	49.5
Sales	EUR million	1,306.3	868.9	81.7	191.6	41.3	14.8
EBIT	EUR million	49.6	7.3	0.8	–34.2	–6.1	–40.0
Capital spending	EUR million	70.8	52.0	0.6	1.4	0.2	5.1
Employees as of 31 December		2,329	1,979	138	211	125	367

Important events after the reporting date

On 6 February, Nordex reported a further call-off on the framework contract with Finnish asset management company Taaleritehdas. Nordex will supply 19 cold-climate N117/2400 turbines for the “Myllykangas” wind farm from autumn 2014.

On 7 February, Deutsche Bank reported as the parent company in accordance with Section 21 (1) and (24) of the German Securities Trading Act that the share of voting rights held by Deutsche Asset & Wealth Management Investment GmbH in Nordex SE exceeded 3% on 5 February 2014 and stood at 3.06%, equivalent to 2,476,202 voting rights, as of that date.

On 17 February, Nordex announced that it has been awarded a contract for 20 new Generation Delta turbines by its customer Eneco. The N100/3300 turbines will be produced, delivered and installed for the “Moy” project near the Scottish city of Inverness by late summer 2016.

On 21 February, BlackRock Inc. reported as the parent company in accordance with Section 22 (1) Sentence 1 No. 6 of the German Securities Trading Act that the share of voting rights held by BlackRock Inc., BlackRock Holdco 2 Inc. and BlackRock Financial Management Inc. in Nordex SE exceeded 3% on 5 February 2014 and stood at 3.02%, equivalent to 2,443,639 voting rights, as of that date.

In an agreement dated 24 February 2014, the Nordex Group renewed its guarantee facility on substantially more favourable terms. A sum of EUR 550 million is now available for securing existing and future guarantee obligations. The guarantee facility runs until 30 June 2017. In addition, the KfW loan of EUR 25 million was renewed until September 2017. As well as this, the Nordex Group nearly completed its negotiations with EIB and will obtain a facility of up to EUR 100 million to fund its research and development activities. As a result, the Company has optimised its funding arrangements.

The events reported here do not have any material additional impact on the Nordex Group's results of operations, financial condition or net assets, which differs from the forecasts made in the section entitled "Outlook".

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Risks and opportunities

Accounting

Nordex's internal control system comprises a segment, which is integrated into its business processes as well as a segment, which is process-independent. 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.

Nordex uses various measures to ensure proper accounting for the purposes of the annual and consolidated financial statements. Thus, for example, the company has a central accounting and financial reporting organisation which works 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. Checks 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 prevent any harm to Nordex and to avoid any risk to 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 includes 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.

Risk management in the interests of sufficient security

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 issued 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.

All levels of the Company integrated in risk management

Risk management officers are appointed across the entire Nordex Group (on a national, regional and Group level). Accordingly, risk management is implemented consistently at 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 reduction). The resulting 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

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 considered comprises the current year 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. 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.

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.

Documentation in a central database

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".

Macroeconomic risks seen as low

Continuous monitoring and refinement

Internal Auditing satisfies itself of the proper functioning and efficacy of the risk management system in regular intervals. As part of the audit of the annual financial statements and consolidated financial statements, the statutory auditor determines whether the early risk 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 risks identified have been appropriately described. Accordingly, the early risk detection system complies with the statutory requirements and is consistent with the German Corporate Governance Code.

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 the forecast period, i.e. 2014.

Macroeconomic risks

Nordex is exposed to macroeconomic 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 and the multi-month lead times, they would at most have only a small impact on the Company's business in 2014.

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 energy industry. In this case, planned order intake may not materialise. In addition, low energy prices and the sustained global surplus supply of wind power systems are exerting pressure on prices. 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, price pressure is still evident. Nordex addresses the price risk by means of a focused selling strategy which includes permanent observation and analysis of current and potential sell-side markets. In addition, differentiated 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 (e.g. most recently in Germany and in Eastern Europe) and amendments to the legislation governing feed-in tariffs or incentives for renewable energies (e.g. recently in the United Kingdom) may precipitate investment uncertainty and a decline in demand in the short or medium term. 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 strong 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.

Aside from factors already known – e.g. the amendments to the Renewable Energies Act in Germany – 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 small impact on the order intake planned for 2014.

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.

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 cross-departmental working groups have been established. This is supplemented with Nordex's participation in external bodies aimed at achieving maximum international grid-code harmonisation.

Despite the extensive quality-assurance measures taken in procurement, production and installation, technical problems and, hence, technical risks culminating in serial damage may occur only later on in the product life cycle. In this case, the turbines have already been delivered 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.

Nordex Service has the right solutions

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 material purchasing risks include delivery shortfalls on the part of suppliers, supplier default as a result of insolvency, unexpectedly high inventories, price risks and quality risks.

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 increased temporary stockpiling at Nordex, thus impairing its liquidity. Nordex therefore endeavours to keep inventories as low as possible by means of just-in-time deliveries without sacrificing schedule compliance. If order intake were to fall substantially short of expectations this year, suppliers, some of whom have spent heavily on expanding their capacity or who have had a change of owner, could be lost for economic reasons, thus reducing the number of potential suppliers.

Conversely, an unexpected surplus of demand in 2014 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 addressing the risk of delivery default, in particular 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 order intake, thus reducing the risk of price fluctuations in raw materials on the purchasing side.

Addressing production risks effectively

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 and this risk cannot be fully passed on to suppliers.

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

Production risks

Over the last few years, Nordex has changed 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. A standstill may arise especially in the event of any delays or quality shortfalls on the part of the upstream suppliers 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. In addition to training for new employees, it is necessary to ensure the necessary quality of the carbon-fibre-reinforced blades.

Nordex addresses production risks by means of quality management and the defined processes as well as supply chain management, which covers the interface between 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 installation risks

The locations at which Nordex installs wind turbines and wind farms each exhibit unique topographic, climatic and regional characteristics. Despite intensive technical and commercial evaluation ahead of project execution, project and installation risks may arise in the course of the project. This starts with weather risks, which may lead to delays in the installation and start-up schedule. Nordex addresses these risks by including risk-sharing provisions in the relevant contracts. Even so, the possibility of cost overruns, e.g. for cranes and installation 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.

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

The probability of these risks is classed 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, 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 contracts are based in euros. The primary risks arise from changes in the value of the euro (EUR) against the US dollar (USD), pound sterling (GBP) and the South African rand (ZAR). Exchange-rate fluctuations may impact items of the balance sheet. Currency forward transactions are used to hedge these foreign-currency transaction risks.

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 creditworthy third parties. All significant 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 guarantee 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.

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).

Business only with customers with a good credit rating

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%

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. This chiefly comprises liability risks arising from possible claims under guarantees or the recovery of damages under contracts for the supply of goods and services as well as in other legal areas, e.g. product liability, patent law and industrial property rights, or tax law as well as the breach of statutory rules. There is a rule in all EU member states stipulating that all technical equipment must comply with the Machinery Directive.

Organization for avoiding legal risks

The possibility of risks from legal disputes can never be ruled out. Nordex has established appropriate structures to ensure that all these requirements are observed. In addition, other internal precautions are taken and processes implemented to avert legal risks.

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

Human resource risks

The main human resource 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 responsible organisational unit. Similarly, the courses offered by the Group's own training facility, the Nordex Academy, have been widened 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, identifies young potentials at an early stage and prepares corresponding replacements.

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).

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.

Other risks
Beyond the risks described above, there are factors or events such as epidemics, natural catastrophes or terror attacks 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

Opportunities arising from political decisions
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 definition of goals in countries which have previously not expressed any 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 with the market evaluation process described below is able to quickly open up new markets. The possibility of short-term, overarching decisions on climate policy is not considered to be particularly probable either at the EU level or globally (UN Climate Conference COP 20 in Lima, Peru, in December 2014). However, if they do occur they may also have a positive effect on business in the medium to long term.

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 resulting decline in electricity production costs ensures 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 relevant activities and product development work 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) and, if suitable potential is identified, it is duly addressed and harnessed provided that valid wind power targets have been defined. In the year under review, material sales successes were achieved in Finland, 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 short to 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-oriented organisational structures for project management and service can be recouped quickly.

New customer groups offering potential

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. 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 in order to generate higher-margin sales particularly with financial investors.

High-margin service business

Further opportunities are also generated by higher-margin service business. In addition to service contract renewals and the introduction of additional services, this particularly entails additions to the service offering for rotor blades and solutions for modernising and optimising legacy turbines. As well as this, related business models, such as licensing business, are explored in all customer-oriented areas.

Opportunities arising from strategy implementation

Alongside product development and focused selling activities, cuts in the costs of materials as well as operational excellence form further components of the medium-term corporate strategy. The latter two aspects 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 degree of vertical integration, Nordex has significant 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 50 and NR 58.5 rotors.

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 installation risks.

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

Overall assessment of opportunities

Nordex has 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

The International Monetary Fund (IMF) expects the global economy to expand by 3.7% in 2014. This constitutes an increase of 0.7 percentage points over the previous year's forecast, which the IMF revised during the year, and will be chiefly underpinned by the industrialised nations. The advanced economies of Europe, North America and Asia are set to grow by 2.2%, up 0.9 percentage points on 2013 (1.3%).

At 2.8%, the IMF sees the United States as being the main driver of this trend, while the Eurozone should expand by 1% after a recessionary phase (2013: –0.4%). With growth of 1.6%, Germany stands out favourably, whereas the Southern European markets such as Italy and Spain will expand by a below-average 0.6%. In the emerging markets, China will be leading the field with forecast growth of 7.5%; however, the markets of relevance for Nordex – South Africa (forecast for 2014: 2.8%), Eastern Europe (forecast for 2014: 2.8%) and Latin America (forecast for 2014: 3.0%) – should grow substantially more quickly again.

Looking forward, the IMF sees very disparate macroeconomic trends. Whereas oil prices should remain largely constant (down 0.3%), prices of other commodities are expected to decline by 6.1%. This is reflected in correspondingly low forecast inflation rates for the industrialised nations (1.7%) and for the emerging markets (5.6%).

At the beginning of February 2014, electricity prices in the European markets were relatively low. At the German electricity exchange EEX in Leipzig, futures contracts for base load electricity were trading at between EUR 36 for 2015 and 2016 and at EUR 46–47/MWh for peak load electricity. EU emission certificates were trading at just over EUR 6 per EUA for 2015.

The German Mechanical and Plant Engineering Association VDMA forecasts real growth in production output of 3% in its affiliated segments in 2014. Other leading indicators, such as the ifo business confidence index for Germany, and various purchasing manager indices are pointing even more firmly upwards. The ifo business confidence index rose for the third consecutive month in January 2014, reaching its highest level since June 2012. German industry has optimistic expectations, especially for the coming months.

With respect to international sales of wind turbines, market analysts forecast a substantial increase in new installations due to a new upswing in the persistently cyclical US market. Following a very weak year in 2013 with installations of only 1.1 GW, a figure of around 10 GW is regarded as possible. Accordingly, Danish consulting company MAKE Consulting expects installations to rise by over 40% to just under 50 GW, with a medium-term growth rate of 4% per year. MAKE projects above-average expansion in the growth markets of Central and South America (19% per year), Asia (9% per year) and Africa (38% per year), whereas the core European markets are expected to grow by 3% per year and, thus, slightly below the average. On the other hand, North America is seen as contracting by a net 8% per year on account of the heavy market fluctuation.

Of the new installations of 50 GW projected for 2014, 95% will continue to be accounted for by the onshore segment, which is the relevant segment for Nordex. Looking forward into the medium term – up until 2020 – the proportion of onshore turbines is expected to remain steady at around 90%.

After bucking the market trend last year with a substantial increase in production and installation output and, in a couple of markets, higher order intake, Nordex had an order backlog of EUR 1,258.7 million as of 31 December 2013 (31 December 2012: EUR 1,049 million), providing a basis for further steady growth in production, installation and sales. The greater diversification of orders across EMEA, America and Asia compared with the previous year will also result in a broader regional distribution of sales this year. Even so, the core European markets and South Africa will continue to contribute the bulk of sales. The Management Board projects full year sales of EUR 1.4–1.5 billion on the strength of a slight increase in production and installation figures. 80% of the forecast sales are thus already covered by production and service contracts. Accordingly, new orders worth EUR 300–400 million will be required in the first few months of the current year in order to achieve the sales target.

Further increase in sales expected

Nordex forecasts new turbine orders of EUR 1.4–1.6 billion. This wide range particularly reflects investment uncertainties in the focus markets of Germany and the United States. In both countries, a large volume of projects is in the pipeline. However, the current legislative process in the Germany and the uncertainties surrounding the renewal of the PTC/ITC initiatives in the United States have reduced forward visibility as to which projects will be ready for the permit phase this year and secure firm financing in order to be recognised as firm order intake.

The Management Board also expects to make further progress in enhancing profitability this year. For one thing, the strategic measures defined under the Operational Excellence initiative and the “CORE 15” programme will have a positive impact on the cost-of-materials ratio. For another, a greater number of projects for more recent turbine types are being executed, which are expected to generate wider margins. Further contributions to earnings will come from the service business and the marketing of internally developed projects. Including the effects of economies of scale from a slight increase in production volumes, particularly in rotor blade production, Nordex forecasts an EBIT margin of 3.5–4.5%.

EBIT margin of 3.5–4.5% forecast

In addition to a further improvement in operating earnings, the development of cash flow is a key priority for Nordex. Thus, the Management Board has made the generation of net cash inflow from operating activities as one of the targets for 2014 on the basis of continued stringent working capital management, with a working capital ratio of under 10%.

Furthermore, the assembly of a first test turbine of the N131/3000 turbine is planned for the period under review. As the 64.4-m long rotor blade fitted to the Generation Delta light-wind turbine is a new development, high research and development expense will be required in the current year. Accordingly, the Management Board projects slightly increased capital spending, predominantly for development activities and production resources such as moulds for the new NR 65.5 blades.

Forecast of main performance indicators for 2014

Performance indicator		Forecast for 2014
Order intake	EUR billion	1.4–1.6
Sales	EUR billion	1.4–1.5
Cost-of-materials ratio		Improved over 2013
EBIT margin	%	3.5–4.5
Cash flow from operating activities		positiv
Working capital ratio	%	<10
Capital spending		slightly increased over 2013

The Management Board assumes that the above forecast on 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 2014 will form the basis for the achievement of the medium-term goals defined in 2012. For 2015, these are sales of EUR 1.5 billion, a cost-of-materials ratio of 25% and an EBIT margin of 5%. Further goals include a working capital ratio of less than 10% and net cash inflow from operating activities.

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

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

On 27 November 2013, Nordex SE increased its subscribed capital by EUR 7,352,948 by issuing new bearer shares on a cash basis. Following the issue of the new shares, the Company's share capital now stands at EUR 80,882,447 and is divided into 80,882,447 shares with a notional share of EUR 1 each in the share capital. The premium achieved from the issue price of EUR 10 per share net of the transaction costs arising from the transaction was allocated to the share premium.

As of 31 December 2013, the Company had Authorised Capital I of EUR 7,347,052, equivalent to 7,347,052 shares, Contingent Capital I of EUR 15,086,250, equivalent to 15,086,250 shares, and Contingent Capital II of EUR 1,500,000, equivalent to 1,500,000 shares, each with a notional value of EUR 1 per share.

In accordance with a resolution passed at the annual general meeting on 7 June 2011 the Management Board is authorised, with 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 2016. The Management Board is additionally authorised, with the Supervisory Board's approval, to exclude the shareholders' subscription rights.

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 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 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.

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.

As of the 2013 reporting date, the following companies 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.

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. Article 7 of the Company's Articles of Incorporation conforms to the legal requirements, with Paragraph 3 of this Section 7 implementing the provisions of the Statute for a European Company (SE) according to which the members of the Management Board of an SE are appointed for a period specified in the Company's articles of incorporation, which may not exceed six 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.

The Management Board is permitted to issue new shares using Contingent Capital I and II. In accordance with a resolution passed by the shareholders at the annual general meeting on 7 June 2011, Authorised Capital I was replenished following the equity issue executed at that time, the authorisation period extended until 31 May 2016 and Article 4 (2) of the articles of incorporation revised. Similarly, Contingent Capital I was created. In accordance with the statutory provisions in connection with Article 4 of the Company's Articles of Incorporation, this permission granted to the Management Board entails the following:

Authorised Capital I

In accordance with Article 4 (2) of the Company's Articles of Incorporation, the Management Board is authorised with the Supervisory Board's approval to raise the Company's capital once or repeatedly by up to a total of EUR 7,347,052 by issuing new bearer shares on a cash or non-cash basis on or before 31 May 2016 (Authorised Capital I).

Share capital can be increased by up to EUR 7,347,052

The Management Board is additionally authorised with the Supervisory Board's approval to exclude the shareholders' pre-emptive subscription rights including but not limited to in the following cases:

- in the event of cash equity issues particularly for the purpose of acquiring companies, parts of companies or equity interests;
- if, in the case of a cash equity issue for which the pre-emptive subscription rights are excluded, the total share of the capital does not exceed 10% of the share capital in existence on the date on which the resolution to utilise Authorised Capital I is passed and the issue price of the new shares is less than the market price of the shares of the same class and rights already listed as of the date on which the final issue price is determined by the Management Board as defined in Section 203 (1) and (2) in connection with Section 186 (3) 4 of the German Stock Corporation Action,
and
- fractional amounts.

The Management Board is authorised with the Supervisory Board's approval to determine the details of the execution of the equity issue using Authorised Capital I including but not limited to the specific rights attached to the shares and the other conditions of the issue.

Contingent Capital I

Contingent capital increase possible

In accordance with Section 192 (2) No. 1 of the German Stock Corporation Act, the Company's share capital may be increased on a contingent basis by up to EUR 15,086,250 through the issue of up to 15,086,250 new bearer shares (Contingent Capital I; see Article 4 (3) of the Articles of Incorporation). The contingent equity issue is to be used to grant conversion rights and/or to establish conversion obligations in accordance with the terms of the convertible – 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 and to grant options in accordance with the terms of the option bond in question for holders of 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. The shares are issued at the conversion/option price fixed in accordance with the resolution passed at the annual general meeting held on 7 June 2011. New share capital is issued on a contingent basis only to the extent that the holders of 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 make use of their conversion or option rights or the holders of convertible bonds under an obligation of conversation observe this obligation of conversion and no other forms of settlement are utilised. The new shares are dividend-entitled as of the beginning of the financial year for which no resolution on the allocation of the Company's unappropriated surplus has yet been passed as of the date on which the conversion or option rights are exercised or the obligation of conversion is fulfilled.

Contingent Capital II

The Management Board is authorised (see Article 4 (4) of the Company's Articles of Incorporation) with the Supervisory Board's approval to issue up to 1,500,000 subscription rights for shares in Nordex SE in accordance with the following terms ("stock option plan") on or before 31 December 2012. In accordance with Section 4 (4) of the Company's Articles of Incorporation, the Management Board is authorised with the Supervisory Board's approval to raise the Company's capital once or repeatedly by up to EUR 1,500,000.00 provided that this is no more than the contingent capital created in accordance with Section 4 (4) of Nordex Aktiengellschaft's Articles of Incorporation and in existence as of the date on which Nordex Aktiengesellschaft was converted into a European Company (SE) in accordance with the conversion schedule of April 6, 2009 (Authorised Capital I).

Corporate governance

Disclosures pursuant to Section 289a of the German Commercial Code

German Corporate Governance Report in accordance with Article 3.10 of the German Corporate Governance Code

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

In 2013, the Management Board and the Supervisory Board of Nordex SE 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 13 May 2013 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

Nordex again waived a deductible on the D&O insurance (directors and officers third party liability insurance) for members of the Supervisory Board in 2013. This is because it is convinced that the members of the Supervisory Board are doing everything to avert potential harm to the Company. Responsibility towards the Company and a sense of motivation are not encouraged by imposing a deductible on D&O cover. In any case, the inclusion of a reasonable deductible would not have any effect on the insurance premium.

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 renewed the existing D&O cover, which took effect on 1 July 2010. A deductible will continue to be waived for the members of the Supervisory Board for the reasons set out above.

4.1.5 Appointments to management positions – diversity

The Management Board does not comply with the recommendation in Article 4.1.5 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 a matter of priority in the decision-making process.

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 of the German Corporate Governance Code, Nordex SE has no fixed age limit for membership of the Management Board and Supervisory Board. Age alone is 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 age limits, which also limit the company's flexibility in making personnel decisions and the number of possible candidates, to be a sensible measure.

5.1.2 and 5.4.1 Aim of achieving an appropriate consideration of women; designating concrete goals for the composition of the Supervisory Board

The Supervisory Board does not comply with the recommendation in Article 5.1.2 in that the filling of positions on the Management Board is 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. The Company also deviates from Article 5.4.1 of the German Corporate Governance Code. The Supervisory Board takes the view that the current method for filling positions on the Supervisory Board is sensible and appropriate in the light of the Company's current situation. Any further designation of concrete goals for the composition of the Supervisory Board is not considered sensible and this therefore represents a clear deviation from the German Corporate Governance Code. The Supervisory Board has been exclusively guided in the selection of its proposed candidates, in accordance with the relevant legal regulations, by the interests and requirements of Nordex SE and the individual qualifications of the candidates. A report on objectives in terms of diversity in the corporate governance report is therefore superfluous.

5.4.6 Performance-tied remuneration of the Supervisory Board
Contrary to Article 5.4.6 (2) Sentence 2 of the GCGC, the members of the Supervisory Board receive fixed remuneration which is not tied to performance. The Company considers a reasonable fixed remuneration to constitute more appropriate recompense for the Supervisory Board's duty to monitor the Company independently of its business performance.

Further details pertaining to the compensation paid to members of the Supervisory Board can be found in the Company's Articles of Incorporation (www.nordex-online.com/en/investor-relations/veroeffentlichungen.html)

Earlier declarations of compliance by Nordex SE that are no longer currently valid can be found at www.nordex-online.com/en/investor-relations/corporate-governance.html.

Directors' dealings

Disclosures on directors' dealings in accordance with Section 15a of the German Securities Trading Act

Date	Person/entity Position	Number Action	ISIN Stock market	Price per share Total volume EUR
27.11.2013	Momentum-capital Vermögensverwaltungsgesellschaft mbH Legal entity closely related to a member of the Supervisory Board	3,657 Buy	DE000A0D6554 Acquired over the counter in connection with the equity issue	10.00 36,570.00
27.11.2013	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity closely related to a member of the Supervisory Board	46,343 Buy	DE000A0D6554 Acquired over the counter in connection with the equity issue	10.00 463,430.00

Governance practices

Disclosure of the governance practices and how the Management Board, the Supervisory Board and the Committees function

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.

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) 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. He is responsible for production, procurement, supply chain management, engineering, product management, health & safety and quality.

Following the reduction in the size of the Management Board in 2012, the other two members of the Management Board are assigned specific tasks and duties in accordance with the business allocation plan.

The Chief Financial Officer is responsible for finance and controlling, accounting, taxes, risk management, internal auditing, IT, communications, corporate development, legal and human resources.

Shared responsibility

The Chief Customer Officer is responsible for sales, project development, project management, service and foreign companies.

The Management Board has not established any committees.

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 Dr. Heinz van Deelen. 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. Dieter G. Maier. It is responsible for technical and strategic matters.

Corporate compliance
The corporate compliance policy of Nordex was developed further at Nordex in the year under review. The global code of conduct, which became effective in 2011 and applies to the entire Nordex Group, continued to be intensified in the year under review with specific compliance training. In addition, the Nordex Group's Intranet was supplemented 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.

Detailed reporting
To achieve the greatest possible transparency, Nordex keeps shareholders, financial analysts, shareholder groups, the media and the public at large informed on a regular and 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: four times a year Nordex informs its shareholders about its business performance, net assets, financial condition, the results of operations and 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-yearly 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 and the quarterly 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, 20. March 2014

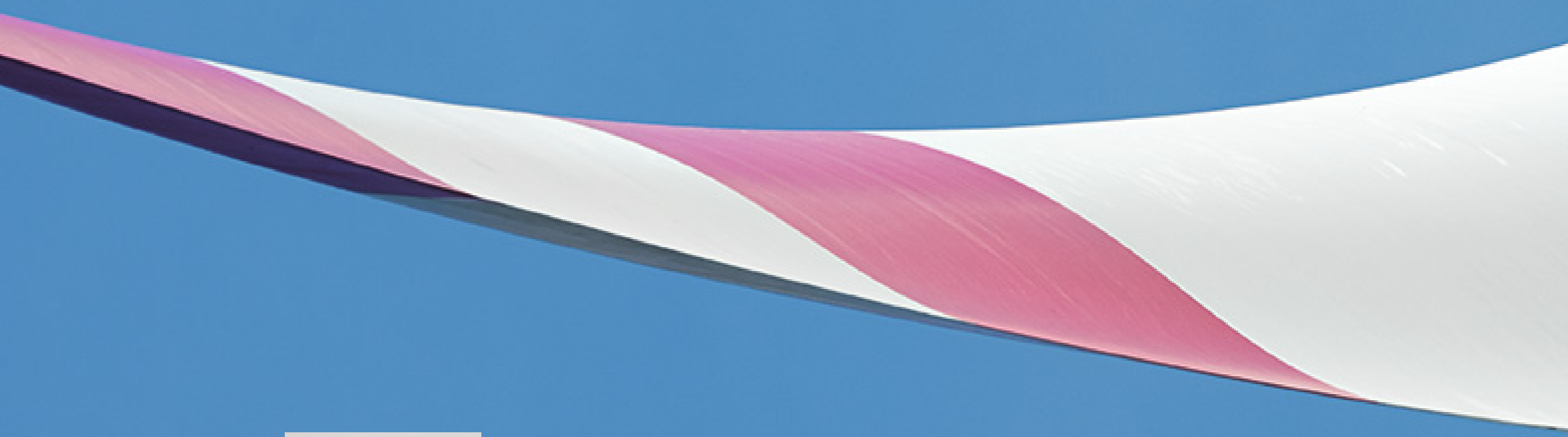
Dr. J. Zeschky
Chairman of the
Management Board (CEO)

L. Krogsgaard
Member of the
Management Board

B. Schäferbarthold
Member of the
Management Board

Strong service

Worthwhile commitment. When it comes to their list of requirements, customers put efficiency and reliability right at the top. Alongside engineering, after-sales service also plays a crucial role in this respect. Top performance such as 98% availability relies on extensive knowledge of the turbines. As an OEM, we are ideally positioned to offer precisely this. Customers increasingly appreciate the quality of our service. Indeed their satisfaction has given us double-digit growth rates over the past three years and a 17% increase in sales in 2013. In addition to new business, existing customers who renew their service contracts are very important to us. A case in point is Iberwind, which recently extended its contract for more than 130 turbines in Portugal.



“For me, Nordex is currently the benchmark for responsiveness, quality and the implementation of industry best practice.”

Rui Maia, Iberwind Operations and Maintenance Manager

Consolidated balance sheet

as of 31 December 2013

Assets	Notes	31.12.2013 EUR thousand	31.12.2012[1] EUR thousand
Cash and cash equivalents	(1)	332,963	274,779
Trade receivables and future receivables from construction contracts	(2)	214,028	245,879
Inventories	(3)	263,905	224,303
Income tax refund claims		50	89
Other current financial assets	(4)	33,444	20,593
Other current non-financial assets	(5)	55,111	48,161
Current assets		899,501	813,804
Property, plant and equipment	(6)	117,369	103,026
Goodwill	(7)	9,960	11,648
Capitalised development expense	(8)	94,315	77,491
Other intangible assets	(9)	3,203	4,090
Financial assets	(10)	4,681	4,473
Investments in associates	(11)	7,852	7,773
Other non-current financial assets	(12)	3,522	1,128
Other non-current non-financial assets	(13)	101	39
Deferred income tax assets	(14)	50,855	42,580
Non-current assets		291,858	252,248
Assets		1,191,359	1,066,052

[1]The figures for the previous year were adjusted to allow for the first-time application of IAS 19 (revised 2011).

Equity and liabilities	Notes	31.12.2013 EUR thousand	31.12.2012[1] EUR thousand
Current bank borrowings	(15)	8,408	27,531
Trade payables	(16)	190,250	189,366
Income tax liabilities	(17)	179	978
Other current provisions	(18)	45,319	64,955
Other current financial liabilities	(19)	20,658	22,843
Other current non-financial liabilities	(20)	320,423	249,437
Current liabilities		585,237	555,110
Non-current bank borrowings	(21)	16,916	25,316
Pensions and similar obligations	(22)	1,442	1,196
Other non-current provisions	(18)	17,138	17,432
Other non-current financial liabilities	(23)	167,614	169,459
Other non-current non-financial liabilities	(24)	1,955	2,063
Deferred income tax liabilities	(14)	32,922	16,485
Non-current liabilities		237,987	231,951
Subscribed capital		80,882	73,529
Share premium		242,888	179,256
Other retained earnings		–10,920	–10,877
Cash flow hedges		6,163	–1,419
Foreign-currency adjustment item		3,344	3,836
Consolidated net profit carried forward		45,778	34,391
Consolidated net profit		0	0
Share in equity attributable to parent company's equity holders		368,135	278,716
Non-controlling interests		0	275
Equity	(25)	368,135	278,991
Equity and liabilities		1,191,359	1,066,052

[1]The figures for the previous year were adjusted to allow for the first-time application of IAS 19 (revised 2011).

Consolidated income statement

for the period from 1 January to 31 December 2013

	Notes	01.01–31.12.2013 EUR thousand	01.01–31.12.2012 EUR thousand
Sales	(27)	1,429,276	1,075,271
Changes in inventories and other own work capitalised	(28)	73,008	25,603
Total revenues		1,502,284	1,100,874
Other operating income	(29)	14,188	28,838
Cost of materials	(30)	–1,162,875	–865,328
Staff costs	(31)	–153,237	–140,162
Depreciation/amortisation	(32)	–39,235	–69,241
Other operating expenses	(33)	–116,793	–116,044
Earnings before interest and taxes (EBIT)		44,332	–61,063
Income from investments		254	471
Net profit/loss from at-equity valuation		–463	–1,178
Other interest and similar income		1,847	1,758
Interest and similar expenses		–27,769	–25,099
Net finance expense	(34)	–26,131	–24,048
Net profit/loss from ordinary activity		18,201	–85,111
Income taxes	(35)	–7,938	–2,813
Consolidated net profit/loss from continuing operations		10,263	–87,924
Consolidated net profit/loss from discontinued operations		0	–6,491
Consolidated net profit/loss		10,263	–94,415
Of which attributable to:			
Parent company's equityholders		10,243	–93,878
Non-controlling interests	(36)	20	–537
Earnings/loss per share (in EUR)	(37)		
Basic[1]		0.14	–1.28
Diluted[2]		0.14	–1.28

[1]Based on a weighted average of 74.196 million shares (previous year 73.529 million shares)
[2]Based on a weighted average of 74.321 million shares (previous year 73.529 million shares)

Consolidated statement of comprehensive income

for the period from 1 January to 31 December 2013

	01.01–31.12.2013 EUR thousand	01.01–31.12.2012[1] EUR thousand
Consolidated net profit/loss from continuing operations	10,263	–87,924
Consolidated net profit/loss from discontinued operations	0	–6,491
Consolidated net profit/loss	10,263	–94,415
Other comprehensive income		
Items which may be recycled to profit and loss		
Foreign currency translation difference	–492	664
Cash flow hedges	10,831	–2,027
Deferred income taxes	–3,249	608
Items which are not recycled to profit and loss		
Remeasurement of defined benefit pension plans	–60	–128
Deferred income taxes	17	38
Consolidated comprehensive income	17,310	–95,260
Of which attributable to:		
Parent company's equityholders	17,290	–94,798
Non-controlling interests	20	–462

[1] The figures for the previous year were adjusted to allow for the first-time application of IAS 19 (revised 2011).

Consolidated cash flow statement

for the period from 1 January to 31 December 2013

		01.01– 31.12.2013 EUR thousand	01.01– 31.12.2012[1] EUR thousand
	Operating activities:		
	Consolidated net profit/loss	10,263	–87,924
+	Depreciation on non-current assets	39,235	69,241
=	Consolidated net profit/loss plus depreciation/amortisation	49,498	–18,683
–/+	Increase/decrease in inventories	–39,397	3,743
+	Decrease in trade receivables and future receivables from construction contracts	31,734	13,718
+	Increase in trade payables	933	79,136
+	Increase in prepayments received – liabilities –	67,305	65,002
=	Payments received from changes in working capital	60,575	161,599
–	Increase in other assets not allocated to investing or financing activities	–24,731	–18,061
+	Increase in pension provisions	246	207
–/+	Decrease/increase in other provisions	–19,904	7,744
+/–	Increase/decrease in other liabilities not allocated to investing or financing activities	13,522	–2,080
+	Losses from the disposal of non-current assets	1,651	3,947
–	Other interest and similar income	–1,847	–1,756
+	Interest received	1,618	1,475
+	Interest and similar expenses	27,769	25,099
–	Interest paid	–27,250	–24,621
+	Income taxes	7,938	2,813
–/+	Taxes paid/refunded	–852	1,176
+	Other non-cash expenses	9,856	2,270
=	Payments made from remaining operating activities	–11,984	–1,787
=	Cash flow from operating activities from continuing operations	98,089	141,129
	Investing activities:		
+	Payments received from the disposal of property, plant and equipment/intangible assets	567	1,286
–	Payments made for investments in property, plant and equipment/intangible assets	–73,357	–54,553
+	Payments received from the disposal of financial assets	1,088	1,615
–	Payments made for investments in financial assets	–4,308	–4,685
+	Payments received from investment grants	1,733	188
=	Cash flow from investing activities from continuing operations	–74,277	–56,149

[1]The figures for the previous year were adjusted to allow for the first-time application of IAS 19 (revised 2011).

		01.01–31.12.2013 EUR thousand	01.01–31.12.2012[1] EUR thousand
	Financing activities:		
+	Payments received from equity issues	71,783	0
–	Bank loans repaid	–27,689	–20,995
=	Cash flow from financing activities from continuing operations	44,094	–20,995
	Cash change in cash and cash equivalents from continuing operations	67,906	63,985
	Cash flow from operating activities from discontinued operations	0	6,288
	Cash flow from investing activities from discontinued operations	0	–4,131
	Cash flow from financing activities from discontinued operations	0	–2,455
	Cash change in cash and cash equivalents from discontinued operations	0	–298
+	Cash and cash equivalents at the beginning of the period	274,779	211,977
+	Cash and cash equivalents from additions to companies consolidated	56	0
–	Exchange rate-induced change in cash and cash equivalents	–9,778	–885
=	Cash and cash equivalents at the end of the period[2] (Cash and cash equivalents carried on the face of the consolidated balance sheet)	332,963	274,779

[1] The figures for the previous year were adjusted to allow for the first-time application of IAS 19 (revised 2011).
[2] Trustee account TEUR 111 (2012: TEUR 144)

Consolidated statement of changes in equity

	Subscribed capital	Share premium	Other retained earnings	Cash flow hedges
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
01.01.2013	73,529	179,256	–10,877	–1,419
Changes in the companies consolidated	0	0	0	0
Capital increase				
Payments received from issue of new equity	7,353	66,177	0	0
Cost of issuing new equity	0	–1,747	0	0
Income taxes	0	524	0	0
Employee stock option programme	0	79	0	0
Consolidated comprehensive income	0	0	–43	7,582
Consolidated net profit/loss	0	0	0	0
Other comprehensive income				
Items which may be recycled to profit and loss				
Foreign currency translation difference	0	0	0	0
Cash flow hedges	0	0	0	10,831
Deferred income taxes	0	0	0	–3,249
Items which are not recycled to profit and loss				
Remeasurement of defined benefit pension plans	0	0	–60	0
Deferred income taxes	0	0	17	0
Utilisation of profit and consolidated net profit/loss carried forward Consolidated net profit carried forward	0	–1,401	0	0
31.12.2013	80,882	242,888	–10,920	6,163

Foreign currency adjustment item EUR thousand	Consolidated net profit/loss carried forward EUR thousand	Consolidated net profit/loss EUR thousand	Capital attributable to the parent company's equity holders EUR thousand	Non-controlling interests EUR thousand	Total equity EUR thousand
3,836	34,391	0	278,716	275	278,991
0	–177	–80	–257	–295	–552
0	0	0	73,530	0	73,530
0	0	0	–1,747	0	–1,747
0	0	0	524	0	524
0	0	0	79	0	79
–492	0	10,243	17,290	20	17,310
0	0	10,243	10,243	20	10,263
–492	0	0	–492	0	–492
0	0	0	10,831	0	10,831
0	0	0	–3,249	0	–3,249
0	0	0	–60	0	–60
0	0	0	17	0	17
0	11,564	–10,163	0	0	0
3,344	45,778	0	368,135	0	368,135

Consolidated statement of changes in equity

	Subscribed capital	Share premium	Other retained earnings	Cash flow hedges
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
01.01.2012	73,529	204,798	–10,530	0
Effects of retroactive application of IAS 19 revised 2011	0	0	–89	0
01.01.2012 after retroactive application of IAS 19 revised 2011	73,529	204,798	–10,619	0
Purchase of non-controlling interests	0	0	–1,021	0
Employee stock option programme	0	235	0	0
Consolidated comprehensive income	0	0	–90	–1,419
Consolidated net loss	0	0	0	0
Other comprehensive income				
Items which may be recycled to profit and loss				
Foreign currency translation difference	0	0	0	0
Cash flow hedges	0	0	0	–2,027
Deferred income taxes	0	0	0	608
Items which are not recycled to profit and loss				
Remeasurement of defined benefit pension plans	0	0	–128	0
Deferred income taxes	0	0	38	0
Utilisation of profit and consolidated net profit/loss carried forward Consolidated net profit carried forward	0	–25,777	853	0
31.12.2012	73,529	179,256	–10,877	–1,419

Foreign currency adjustment item EUR thousand	Consolidated net profit/loss carried forward EUR thousand	Consolidated net profit/loss EUR thousand	Capital attributable to the parent company's equity holders EUR thousand	Non-controlling interests EUR thousand	Total equity EUR thousand
3,247	103,318	0	374,362	2,191	376,553
0	0	0	–89	0	–89
3,247	103,318	0	374,273	2,191	376,464
0	0	0	–1,021	–1,454	–2,475
0	0	0	235	0	235
589	0	–93,878	–94,798	–462	–95,260
0	0	–93,878	–93,878	–537	–94,415
589	0	0	589	75	664
0	0	0	–2,027	0	–2,027
0	0	0	608	0	608
0	0	0	–128	0	–128
0	0	0	38	0	38
0	–68,927	93,878	27	0	27
3,836	34,391	0	278,716	275	278,991

Notes

General disclosures

Notes on the balance sheet

Notes on the income statement

Other disclosures

Key

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Notes on the consolidated financial statements

for the year from 1 January until 31 December 2013

General information

Nordex SE, a listed Societas Europaea, and its subsidiaries develop, manufacture and distribute wind power systems, particularly large megawatt-class turbines. 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 additional admission obligations (TecDAX) stipulated by Deutsche Börse. Its nominal capital as of 31 December 2013 stands at EUR 80,882,447 (2012: EUR 73,529,499) and is divided into 80,882,447 (2012: 73,529,499) no-par-value shares with a notional value of EUR 1 each.

Nordex SE's consolidated financial statements for 2013 were approved for publication in a resolution passed by the Management Board on 27 February 2014.

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 2013 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". 116

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 2013.

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 2013 are as follows:

- IAS 1, Presentation of Financial Statements – The items of other comprehensive income are divided into amounts which are recycled to the income statement and those which are not.

- IAS 19, Employee Benefits – The corridor method has been abolished and funding expenses are calculated on a net basis. It requires net interest expense to be calculated as the product of liabilities under defined-benefit plans (net) and the discount rate as determined at the beginning of the year.
- IFRS 7, Financial instruments: Disclosures – New disclosure requirements have been introduced for netting assets and liabilities to simplify the comparison between companies which apply IFRS and those which apply US GAAP.
- IFRS 13, Fair Value Measurement – Against the backdrop of improved measurement continuity and reduced complexity, this standard describes how fair value is to be defined and measured and which disclosures are to be made.

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Reference should be made to the statement of comprehensive income and the statement of changes in equity for details of the effects of the revised IAS 19. There is no influence on basic and diluted earnings per share. Reference should also be made to Note 22. Other than this, 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 are not yet mandatory in 2013 but have been early adopted by the Group:

Early voluntary application of the following five standards is permitted provided that they are all adopted at the same time:

- IAS 27 revised 2011, Separate Financial statements – provides guidance on the separate financial statements after the guidance on control in IFRS 10 has been applied.
- IAS 28 revised 2011, Shares in associates and joint ventures – provides guidance on joint ventures and associated companies recognised at equity after the publication of IFRS 11
- IFRS 10, Consolidated Financial Statements – This introduces a new consolidation model for all companies based on the concept of control by the parent of subsidiaries.
- IFRS 11, Joint Arrangements – Joint arrangements are accounted for more realistically on the basis of the rights and obligations rather than the contractual arrangement. The possibility of proportionate consolidation has been abolished.
- IFRS 12, Disclosures of interests in other entities – Combines the revised disclosure obligations on joint arrangements with those in IAS 27, IFRS 10, IAS 31, IFRS 11 and IAS 28 in a single standard.

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 are not yet mandatory in 2013 and have not been early adopted by the Group:

- IAS 32, Financial Instruments: Presentation – This revision clarifies a number of rules pertaining to the netting of financial assets and financial liabilities in the balance sheet.
- IAS 36, Impairment of Assets – Disclosures in the notes concerning value in use and fair value less cost to sell are to be harmonised.
- IFRS 9, Financial Instruments – In the future financial assets which are recognised for the first time must be measured at their fair value or at amortised cost.

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, exposure 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 following companies are consolidated:

Name	Share in capital/ voting rights 31.12.2013 %	Share in capital/ voting rights 31.12.2012 %
Nordex SE, Rostock (Group parent)	–	–
Beebe Wind LLC, Delaware, United States	100.0	100.0
Big Berry Wind Farm LLC, Delaware, United States	100.0	100.0
Eólicos R4E S.A. de C.V., Tegucigalpa, Honduras	100.0	100.0
Flat Rock Wind LLC, Delaware, United States	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	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
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	0
Nordex Energy South Africa (Pty.) Ltd., Illovo, South Africa	100.0	100.0
NordexEnergy Uruguay S.A., Montevideo, Uruguay	100.0	0
Nordex Enerji A.S., Istanbul, Turkey	100.0	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, Melissia, 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
Nordex Polska Sp. z o.o., Warsaw, Poland	100.0	100.0
Nordex Singapore Equipment Private Ltd., Singapore, Singapore	100.0	100.0
Nordex Singapore Service Private Ltd., Singapore, Singapore	100.0	100.0
Nordex Sverige AB, Uppsala, Sweden	100.0	100.0
Nordex UK Ltd., Didsbury, 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
Republic Wind LLC, Delaware, United States	100.0	100.0
Way Wind, LLC, Delaware, United States	100.0	100.0

The following companies were included in Nordex SE's consolidated financial statements for the first time in the year under review:

Name		Date of acquisition/ incorporation
Nordex (Chile) SpA, Santiago, Chile[1]	Incorporation	23.12.2012
Nordex Energy Romania S.r.l., Bucharest, Romania[1]	Incorporation	09.04.2012
NordexEnergy Uruguay S.A., Montevideo, Uruguay[1]	Acquisition[2]	04.12.2012

[1] Consolidated for the first time on 1 January 2013 on the basis of the values prevailing on the date of incorporation/acquisition.
[2] The company did not previously engage in any operating business and did not have any material assets or liabilities. No goodwill was generated from the acquisition.

The following company was deconsolidated in the year under review:

Name		Date of sale
WPS Windrad Power Systems, Bad Doberan[1]	Disposals	25.06.2013

[1] Previously named Nordex Advanced Development GmbH, Bad Doberan. Deconsolidated effective 30 June 2013.

On the basis of the sales price of EUR 1, the deconsolidation loss stands at EUR 1,253 thousand and is reported within other operating expenses. As of the date of deconsolidation, the company did not hold any cash and cash equivalents, meaning that the disposal of assets and liabilities did not exert any effect on cash flow.

There are management and profit-transfer agreements in force between Nordex SE and its consolidated domestic companies with the exception of Nordex Offshore GmbH with a corresponding effect on the Group's tax situation. A tax unity for corporate, trade and value added tax is in force with Nordex SE for the domestic subsidiaries. The list of shareholdings as of 31 December 2013 is attached to these notes.

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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 1,669,404 thousand (2012: EUR 1,380,496 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 487,185 thousand (2012: EUR 421,333 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.

Investments in associates 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 settlement of such transactions as well as 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, as the case may be.

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 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.	
	2013	2012	2013	2012
CNY	8.1652	8.1456	8.3341	8.2352
GBP	0.8498	0.8108	0.8333	0.8155
PLN	4.2105	4.1682	4.1520	4.0920
SEK	8.6625	8.6762	8.8200	8.5780
TRY	2.5537	2.3135	2.9460	2.3540
USD	1.3295	1.2917	1.3769	1.3188
UYU	27.1739	26.1301	29.1206	25.2462
ZAR	12.9216	10.5441	14.4907	11.1794

Cash and cash equivalents

Cash and cash equivalents include cash in hand and short-term bank deposits due for settlement in less than three months. Current account overdrafts are reported within current bank borrowings on the balance sheet.

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 recognised initially 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. 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 reporting 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, trade receivables and future receivables under construction contracts as well as other current financial assets or other non-current financial assets, as the case may be.

- 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 amortized 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 recognized in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. 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 increse 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 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. 116

Capitalized development costs

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	Amortisation rate
Licenses, software and similar rights	2–5 years	20%–50%

Current and deferred income taxes

Income tax expense for the period comprises current and deferred income taxes. 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 in the countries in which the consolidated companies are active and generate taxable income as of the reporting date.

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 (temporary valuation differences) in the future. 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 and there is reasonable certainty that they will be realised within a period of five years.

Deferred income tax is 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. Where discounting is applied, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as interest expense.

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 pension provision on the balance sheet for defined benefit plans corresponds to the present value of the defined benefit obligation (DBO) as of the reporting date adjusted for the fair value of unrecognised past service costs. 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

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.

Stock option plan

Nordex SE grants selected persons, who are executives or employees of Nordex SE or any companies affiliated with it as defined in Section 15 et seq. of the Stock Corporation Act in which Nordex holds a majority stake and which themselves are not listed, as well as members of the management of companies of the Nordex Group and members of the Management Board of Nordex SE the right free of charge to acquire shares in Nordex SE. 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 latter are included in assumptions about the number of options that are expected to vest. The total expense is recognised proportionately 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 recognized 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 and recorded within other operating income or other operating expenses, as the case may be. 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.

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 in 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. Each 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

Revenues 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.

Revenues 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 using the effective interest method in accordance with the principles of accrual accounting.

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 involving derivative financial instruments are subject to stringent monitoring, which is particularly ensured by a strict separation of trading, back-office and supervisory functions. 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) and the South African rand (ZAR). 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 2013, these were primarily US-dollar, pound sterling and South African rand currency forwards. The notional repayment amounts for outstanding currency forwards stand at EUR 208,699 thousand as of 31 December 2013 (2012: EUR 244,383 thousand) particularly due to business in the United States and South Africa; 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 2013, post-tax profit would – all other variables being equal – have increased by EUR 4.5 million (2012: increased by EUR 7.4 million) for the year as a whole as a result of the change in the originated 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 3.7 million lower (2012: EUR 6.0 million lower). Appreciation/depreciation by 10% in the exchange rate of the US dollar would have resulted in a decrease in post-tax profit of EUR 6.1 million (2012: EUR 10.0 million) and an increase of EUR 5.0 million (2012: EUR 8.2 million), 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 2013, post-tax profit would – all other variables being equal – have increased by EUR 0.05 million (2012: increased by EUR 0.3 million) for the year as a whole as a result of the change in the originated 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 0.04 million lower (2012: EUR 0.2 million lower).

If the exchange rate of the South African rand had appreciated against the euro by 10% on 31 December 2013, post-tax profit would – all other variables being equal – have increased by EUR 1.8 million (2012: increased by EUR 0.1 million) for the year as a whole as a result of the change in the originated 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 1.5 million lower (2012: EUR 0.1 million lower).

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 million	–10% EUR million
EUR/USD		
Hedge accounting reserve	–3.3	2.7
Profit/loss after tax	0	0
EUR/GBP		
Hedge accounting reserve	–2.9	2.5
Profit/loss after tax	0	0
EUR/ZAR		
Hedge accounting reserve	–2.3	1.9
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 2,522.1 million (2012: EUR 1,881.9 million) or by means of retained ownership rights of EUR 76.1 million (2012: EUR 73.6 million).

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) 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 at www.nordex-online.com/en/investor-relations/anleihen.html.

Multi-currency guarantee facility

The Nordex Group has a syndicated multi-currency credit facility of EUR 475,000 thousand, which was renewed on 18 March 2013. As of 31 December 2013, it had unutilised guarantee facilities of EUR 87,795 thousand (2012: EUR 38,013 thousand).

In an agreement of 24 February 2014, the Nordex Group renewed its syndicated multi-currency guarantee credit facility on substantially more favourable terms. Looking forward, a sum of EUR 550,000 thousand will be available for existing and future guarantee obligations. The facility expires on 30 June 2017.

In addition, the Nordex Group has very largely completed its negotiations with the European Investment Bank for a long-term facility of up to EUR 100,000 thousand to fund research and development activities. In this way, Nordex is able to additional optimise its funding.

Collateral was provided in the form of land changes as well as pledges on assets. The borrowers and guarantors are Nordex SE and other main Nordex Group companies.

Syndicated loan

A syndicated loan for EUR 75,000 thousand was raised in November 2009. It was lowered to EUR 50,000 thousand in 2011 to reflect reduced capital spending. This investment loan was provided via funds from the KfW "large companies" programme. The loan expires on 30 September 2017 and may be used solely for financing the extensions to the rotor-blade and nacelle production facility in Rostock. The borrower is Nordex SE, which is jointly and severably liable with Nordex Energy GmbH as the guarantor. As of 31 December 2013, this loan was valued at EUR 25,316 thousand (2012: EUR 33,716 thousand). Scheduled repayments of EUR 2,100 thousand are made at the end of each quarter. Collateral has been provided in the form of a land charge entered in the land registry of the City of Rostock. In addition, it is being secured by pledges on the machinery and equipment located on the land in question.

Covenants

In 2013, facilities/loans were subject to uniform and agreed financial and non-financial covenants such as EBITDA, equity ratio, leverage, interest cover and order receipts, compliance with which is confirmed in quarterly reports to the banks. All covenants applicable in 2013 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 2013, the Group's originated financial liabilities including future interest broke down by maturity as follows:

Year ending 31.12.2013	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	2,534	7,367	0	0	9,901
Non-current liabilities to banks	0	0	18,207	0	18,207
Trade payables	181,976	8,274	0	0	190,250
Other financial liabilities	19,214	16,111	171,744	8,695	215,764

Year ending 31.12.2012	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	15,550	14,250	0	0	29,800
Non-current liabilities to banks	0	0	28,100	0	28,100
Trade payables	185,239	4,127	0	0	189,366
Other financial liabilities	21,233	15,056	182,196	9,890	228,375

As of 31 December 2013, derivative financial instruments had the following age structure:

Year ending 31.12.2013	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	154,258	29,766	0	0	184,024
Cash outflow	–147,845	–24,985	0	0	–172,830
	6,413	4,781	0	0	11,194
Liabilities from derivatives with gross settlement					
Cash inflow	13,946	12,915	30,639	0	57,500
Cash outflow	–14,250	–13,153	–31,292	0	–58,695
	–304	–238	–653	0	–1,195

Year ending 31.12.2012	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	48,460	84,911	0	0	133,371
Cash outflow	–47,905	–82,317	0	0	–130,222
	555	2,594	0	0	3,149
Liabilities from derivatives with gross settlement					
Cash inflow	43,867	57,523	44,062	0	145,452
Cash outflow	–44,364	–58,270	–44,995	0	–147,629
	–497	–747	–933	0	–2,177

Capital risk management

Equity stood at EUR 368,135 thousand as of 31 December 2013 (2012: EUR 278,991 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.

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Inventories	263,905	224,303
Receivables from construction contracts	152,287	147,263
Trade receivables	61,741	98,616
Prepayments received	–256,794	–187,313
Trade payables	–190,250	–189,366
	30,889	93,503
Revenues	1,429,276	1,075,271
Working capital ratio	2.2%	8.7%

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 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 2014 as well as the following two years derived from the Company's medium-term forecasts. Cash flows beyond the three-year period were extrapolated using a consistent growth rate of 1.0% p.a. The discount rate before tax is 9.71% (2012: 7.47%) and is based on the weighted average cost of capital (WACC). The discount rate is based on a risk-free interest rate of 2.00% (2012: 1.87%), a market risk premium of 6.0% (2012: 5.0%) and a beta factor of 1.35 (2012: 1.20). 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.

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 capitalized 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 capitalized development costs are allocated. Past development costs which have become technically antiquated are written off.

The Group capitalised development expense with a residual carrying amount of EUR 94,315 thousand as of 31 December 2013 (2012: EUR 77,491 thousand).

Guarantee provisions

Provisions for guarantees, warranty claims, service and maintenance stood at EUR 52,564 thousand as of the reporting date (2012: EUR 66,538 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 recognised 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 an unchanged tax rate of 15.83% including the solidarity surcharge in the case of corporate tax and 15.96% 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 2013, the deferred income tax assets on unused tax losses came to EUR 69,811 thousand (2012: EUR 58,614 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. Revenues and margin contributions 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 individual regions (internal sales). The prices of

Group segment report	Europe		Asia	
	2013 EUR thousand	2012 EUR thousand	2013 EUR thousand	2012 EUR thousand
Sales	1,348,058	917,153	41,302	14,825
Depreciation/amortisation	–35,726	–25,125	–793	–18,968
Interest income	2,632	740	127	231
Interest expenses	–23,092	–18,141	–2,107	–1,694
Income taxes	–22,666	–5,178	169	–2,768
Earnings before interest and taxes (EBIT); segment earnings	75,844	40,006	–6,061	–40,032
Investments in property, plant and equipment and intangible assets	70,321	55,857	195	5,096
Cash and cash equivalents	56,603	65,676	7,756	6,939

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 8.32 and reconciles segment earnings with earnings before interest and tax (EBIT) and segment assets with consolidated assets:

	America		Central units		Consolidation		Total group	
	2013 EUR thousand	2012 EUR thousand	2013 EUR thousand	2012 EUR thousand	2013 EUR thousand	2012 EUR thousand	2013 EUR thousand	2012 EUR thousand
	81,690	191,609	0	0	–41,774	–48,222	1,429,276	1,075,365
	–1,087	–23,734	–1,629	–2,509	0	0	–39,235	–70,336
	161	214	13,304	15,882	–14,377	–15,171	1,847	1,896
	–3,793	–4,022	–13,154	–16,539	14,377	15,171	–27,769	–25,225
	5,209	260	9,350	4,227	0	0	7,938	–3,459
	803	–34,204	12,334	–3,535	–38,588	–29,157	44,332	–66,922
	633	1,369	474	1,017	0	–4,842	71,623	58,497
	26,611	37,642	241,993	164,522	0	0	332,963	274,779

Notes on the balance sheet

(1) Cash and cash equivalents

This item comprises almost exclusively bank balances. Of this sum, EUR 111 thousand (2012: EUR 144 thousand) has been deposited in a trust account with a bank subject to withdrawal restrictions.

Cash at banks is subject to floating interest rates for accounts available on call. Short-term deposits have been made for different periods depending on the Group's short-term liquidity requirements. They are subject to interest at the applicable rates for short-term deposits.

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:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Trade receivables (gross)	63,590	102,359
less adjustments	–1,849	–3,743
Trade receivables (net)	61,741	98,616
Future receivables from construction contracts	152,287	147,263
	214,028	245,879

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:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Impairments on 1 January	3,743	4,782
Additions recognised as expense	1,069	1,115
Utilisation	–227	–1,283
Reversed	–2,736	–871
Impairments on 31 December	1,849	3,743

As of 31 December 2013, trade receivables had the following age structure:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Receivables not overdue or adjusted	33,461	63,110
Receivables not adjusted but overdue by		
up to 30 days	10,203	12,616
31–90 days	8,709	2,465
91–180 days	1,542	4,269
181–360 days	3,954	8,197
361 days and more	3,297	4,817
Total of overdue but non-adjusted receivables	27,705	32,364
Partially adjusted receivables	575	3,142
	61,741	98,616

In the year under review, no non-impaired receivables (2012: EUR 233 thousand) were derecognised. There is no evidence of any impairment of the receivables which have not been adjusted.

Adjustments primarily comprise delayed payments by customers.

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, adjustments of EUR 74 thousand were made to future receivables from construction contracts in 2013 (2012: EUR 841 thousand).

Receivables from construction contracts broke down as follows:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Accrued contract costs and proportionate realised profits on orders	1,178,663	699,830
less prepayments received	–1,026,376	–552,567
	152,287	147,263

The maximum credit exposure on the reporting date equals the carrying amount of the receivables.

(3) Inventories

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Raw materials, supplies and consumables	144,632	138,387
Work in progress	117,315	80,923
Advance payments made	1,958	4,993
	263,905	224,303

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 575 thousand (2012: EUR 700 thousand) not due for completion until after 2014.

The carrying amount of the inventories includes the following adjustments:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Impairments on 1 January	22,597	7,593
Utilisation	–9,564	–630
Reversed	–965	0
Additions recognised as expense	16,714	15,634
Impairments on 31 December	28,782	22,597

Utilisation of the adjustments is particularly related to the reduction in aged inventories.

The carrying amount of the impaired inventories stands at EUR 18,985 thousand (2012: EUR 28,751 thousand).

(4) Other current financial assets

Other current financial assets break down as follows as of the reporting date:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Receivables from non-consolidated affiliated companies, investments and associates	17,838	11,615
Currency forwards	11,194	3,149
Deposits/collateral	1,514	2,181
Creditors with debit accounts	395	431
Loans to non-consolidated affiliated companies	214	0
Insurance claims	158	766
Bonus claims against suppliers	100	172
Adjustments	–10	–10
Miscellaneous	2,041	2,289
	33,444	20,593

Receivables from affiliated companies entail the delivery of goods and services to non-consolidated foreign companies and particularly also finance project companies. As in the previous year, they are due for settlement in less than one year.

In the year under review, no impairments were utilised (2012: EUR 0 thousand) or added (2012: EUR 5 thousand).

(5) Other current non-financial assets

Other current non-financial assets break down as follows:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Tax reimbursement claims	39,996	34,472
Transportation equipment	7,849	4,700
Prepaid expenses	5,075	5,619
Government grants	1,091	1,891
Claims against suppliers	338	618
Miscellaneous	762	861
	55,111	48,161

Tax reimbursement claims primarily relate to the input tax reimbursement claim held by Nordex Energy GmbH of EUR 9,722 thousand (2012: 5,889 thousand), Nordex Enerji A.S.of EUR 7,324 thousand (2012: EUR 7,134 thousand) and Nordex Energy South Africa (Pty.) Ltd. of EUR 4,627 thousand (2012: EUR 197 thousand).

Prepaid expenses chiefly comprise prepayments for guarantees and insurance policies. As in the previous year, the settlement periods are less than one year.

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. In addition, around 650 jobs must be maintained permanently during this period.

The claims against suppliers of EUR 338 thousand (2012: EUR 618 thousand) relate to prepayments in connection with the purchase of transmissions and rotor blades which are expected to be delivered next year. The payments made are safeguarded by guarantees provided by the suppliers.

Other current non-financial assets include impairments of EUR 947 thousand (2012: EUR 0 thousand).

(6) Property, plant and equipment

Property, plant and equipment including finance leases recognised on the face of the balance sheet break down as follows:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Land and buildings	41,799	41,418
Technical equipment and machinery	46,425	36,079
Other equipment, operating and business equipment	19,046	19,778
Prepayments made and assets under construction	10,099	5,751
	117,369	103,026

Government grants for the procurement of additional production assets at the Rostock site in an amount of EUR 832 thousand (2012: EUR 461 thousand) have been deducted from the cost of the assets in question in accordance with IAS 20.24.

A senior-ranking land charge on a property in Rostock valued at EUR 75,000 thousand was provided as collateral for a syndicated loan. Moreover, technical equipment and machinery as well as other equipment were pledged as collateral.

Property, plant and equipment include the following assets held by the Nordex Group under finance leases.

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Land and buildings	530	1,756
Technical equipment and machinery	1,205	1,443
	1,735	3,199

The lease expires on 25 September 2025.

Movements in property, plant and equipment are set out in the statement of changes in property, plant and equipment and intangible assets.

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(7) Goodwill

Goodwill decreased by EUR 1,688 thousand to EUR 9,960 thousand (2012: EUR 11,648 thousand) following the deconsolidation of WPS Windrad Power Systems. 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. No impairment losses were recorded in 2013 as the recoverable value of the Europe segment was higher than the carrying amount of the segment's assets plus the carrying amount of the goodwill.

(8) Capitalised development costs

As of the reporting date, development costs net of amortisation of EUR 94,315 thousand (2012: EUR 77,491 thousand) were capitalised. In 2013, development expense of EUR 35,875 thousand (2012: EUR 29,717 thousand) was capitalised. The additions entail borrowing costs of EUR 2,388 thousand (2012: EUR 1,286 thousand) at a rate of 6.68% (2012: 6.68%). Further development expenses of EUR 15,152 thousand also arising in 2013 (2012: EUR 16,450 thousand) did not meet the criteria for capitalisation and were therefore recorded in profit and loss.

146 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:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Concessions, trade and similar rights	24,309	25,128
Cumulative depreciation	–21,106	–21,038
	3,203	4,090

Amortisation expense calculated for other intangible assets came to EUR 2,061 thousand in 2013 (2012: EUR 3,512 thousand).

The Nordex Group has not accepted any obligations for the acquisition of intangible assets as of the reporting date.

Movements in other intangible assets are set out in the statement of changes in property, plant and equipment and intangible assets. 146

(10) Financial assets

Financial assets break down as follows:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Investments in affiliated non-consolidated companies	4,311	4,103
Investments	370	370
	4,681	4,473

Shares are held in the following affiliated non-consolidated companies:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Qingdao Huawei Wind Power Co. Ltd.	2,506	2,506
Project companies	1,755	1,535
natcon 7 GmbH	25	25
Nordex Windpark Verwaltung GmbH	25	25
Nordex Energy Romania S.r.l.	0	12
	4,311	4,103

Qingdao Huawei Wind Power Co. Ltd. is planning, developing, installing and operating a wind farm in China.

The project companies hold various rights in connection with proprietary wind farm projects.

The purpose of natcon 7 GmbH is to develop, structure and market operations management, control and visualisation systems for decentralised energy production facilities including the provision of services.

Nordex Windpark Verwaltung GmbH engages in the acquisition and management of shares in trading companies for the acquisition, development, installation and operation of wind farms and assumes unlimited liability and management responsibility for these companies.

Three project companies were sold and six established in 2013. No impairments were recognised in 2013 (2012: EUR 0 thousand).

Investments are held in the following entities:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Vent Local S.A.S.	201	201
Komplementarselskabet Whitewater Invest I ApS	91	91
Komplementarselskabet Whitewater Invest VII ApS	37	37
Komplementarselskabet Whitewater Invest VIII ApS	31	31
C&C Wind Sp. z o.o.	5	2
Parc d'Energie de Conlie P.E.C. S.à r.l.	1	1
Société Éolienne de Roussée-Vassé S.E.R.V. S.à r.l.	1	1
Sameole Bois du Goulet	1	1
Vent d'est S.à r.l.	1	1
Eoliennes de la Vallée	1	1
GN Renewable Investments S.à r.l.	0	3
	370	370

Vent Local S.A.S., Komplementarselskabet Whitewater Invest I APS, Komplementarselskabet Whitewater Invest VII APS and Komplementarselskabet Whitewater Invest VIII APS operate wind farms.

The other companies 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 2013.

148 Reference should also be made to the list of shareholdings as of 31 December 2013 attached to these notes.

(11) Investments in associates

Investments in associates break down as follows:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
KNK Wind GmbH	7,368	7,157
Beebe Renewable Energy 2, LLC	298	302
Way Wind LLC	186	211
Seneca Mountain Wind LLC	0	103
GN Renewable Investments S.à r.l.	0	0
	7,852	7,773

The purpose of KNK Wind GmbH is to plan, develop, install and operate offshore wind power stations, particularly the offshore wind power project Arcadis Ost 1.

Beebe Renewable Energy 2, LLC and Way Wind LLC plan, develop and install wind power projects in the United States.

GN Renewable Investments S.à r.l. finances project companies.

The sale of Seneca Mountain Wind LLC resulted in a loss of EUR 281 thousand.

The following table sets out the financial information on the non-listed associates:

2013		KNK Wind GmbH EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	Way Wind LLC EUR thousand	GN Renewable Investments S.à r.l. EUR thousand
Current assets		104	530	11	8,087
Non-current assets		7,948	0	0	473
Current liabilities		150	0	0	7,781
Non-current liabilities		4,704	0	0	0
Revenues		0	61	0	5,193
Profit/loss		–1,007	–5	–207	550
Share	%	38.89	49.13	35.76	30.00

2012		KNK Wind GmbH EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	Way Wind LLC EUR thousand	Seneca Mountain Wind LLC EUR thousand
Current assets		232	548	176	120
Non-current assets		7.128	0	0	0
Current liabilities		141	0	0	82
Non-current liabilities		3.610	0	0	0
Revenues		0	17	0	0
Profit/loss		–800	–17	358	–877
Share	%	38.89	55.17	32.34	98.80

This financial information is reconciled with the carrying amount in the following table:

2013	KNK Wind GmbH EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	Way Wind LLC EUR thousand	Seneca Mountain Wind LLC EUR thousand	GN Renewable Investments S.à r.l. EUR thousand	Total EUR thousand
Carrying amount 1.1.	7,157	302	211	103	0	7,773
Reclassification as an associate	0	0	0	0	3	3
Contributions to share premium	600	0	0	0	0	600
Shares sold	0	0	0	–209	0	–209
Share of profit or loss (including netting of at-equity measurement in 2012)	–389	–2	–69	0	–3	–463
Currency translation differences	0	–13	–8	–2	0	–23
Carrying amount 31.12.	7,368	298	186	0	0	7,852

2012	KNK Wind GmbH EUR thousand	Beebe Renewable Energy 2, LLC EUR thousand	Way Wind LLC EUR thousand	Seneca Mountain Wind LLC EUR thousand	GN Renewable Investments S.à r.l. EUR thousand	Total EUR thousand
Carrying amount 1.1..	6,359	0	58	205	641	7,263
Contributions to share premium	1,200	318	39	785	0	2,342
Shares sold	0	0	0	0	–640	–640
Share of profit or loss (including netting of at-equity measurement in 2011)	–402	–10	118	–884	0	–1,178
Currency translation differences	0	–6	–4	–3	–1	–14
Carrying amount 31.12.	7,157	302	211	103	0	7,773

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:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Loans to non-consolidated affiliated companies and investments	3,126	407
Deposits	265	269
Miscellaneous	131	452
	3,522	1,128

(13) Other non-current non-financial assets

The other non-current non-financial assets of EUR 101 thousand (2012: EUR 39 thousand) chiefly 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:

	31.12.2013		31.12.2012	
	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	4,489	29,985	3,565	25,173
Receivables from construction contracts	0	29,935	0	19,955
Other assets	3,283	7,746	4,284	2,323
Used tax losses	69,811	0	58,614	0
Provisions	7,859	0	6,913	0
Other assets and liabilities	1,378	1,221	1,077	907
Total	86,820	68,887	74,453	48,358
Netting	–35,965	–35,965	–31,873	–31,873
Amount shown on balance sheet	50,855	32,922	42,580	16,485

The deferred income tax assets include non-current deferred income tax assets before netting for unused tax losses of EUR 71.3 million (2012: EUR 58.3 million). Of the deferred income tax liabilities, an amount of EUR 41.7 million (2012: EUR 20.7 million) 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 197 million (2012: EUR 194 million) and the unused trade tax losses of EUR 196 million (2012: EUR 194 million), a figure of EUR 192 million (2012: EUR 172 million) and EUR 196 million (2012: EUR 192 million), 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.

Deferred income tax assets of EUR 18 million (2012: EUR 26 million) 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. Deferred income tax assets are calculated on the basis of the medium term forecasts for the tax unit in question.

The non-domestic subsidiaries of the Nordex Group hold the following unused tax losses for which no deferred tax assets have been recognised:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Unused tax losses not recognised		
of which forfeitable in more than five years	64,592	45,280
of which non-forfeitable	40,205	27,447
Total	104,797	72,727

The main unused tax losses not recognised relate to Nordex USA Inc. (EUR 15,485 thousand; 2012: EUR 13,086 thousand) Nordex Sverige AB (EUR 15,728 thousand; 2012: EUR 4,013 thousand) and Nordex UK Ltd. (EUR 11,483 thousand; 2012: EUR 19,006 thousand).

The unused tax losses not recognised can be carried forward free of any restrictions in France and the United Kingdom. The unrecognised unused tax losses expire after three years in Honduras; the unused tax losses expire after five years in Greece, Turkey, and China, after seven yeas in Romania, after nine years in the Netherlands and after twenty years in the United States.

The taxable temporary differences from shares in subsidiaries for which no deferred income tax assets have been recognised came to EUR 3,199 thousand on the reporting date (2012: EUR 1,433 thousand).

The changes in deferred income taxes break down as follows:

	2013 EUR thousand	2012 EUR thousand
Amount on 1 January	26,095	23,943
Income/expense recognised through profit and loss	–4,619	1,469
Income/expense recorded within other comprehensive income	–3,232	646
Currency translation	–311	37
Amount on 31 December	17,933	26,095

(15) Current bank borrowings

The current bank borrowings of EUR 8,408 thousand (2012: EUR 27,531 thousand) primarily relate to the repayments due in 2014 towards the syndicated loan of a total of EUR 8,400 thousand (2012: EUR 8,400 thousand). The cash credit facilities reported in the previous year and utilised by Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd. (EUR 14,147 thousand) and Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd. (EUR 4,979 thousand) were repaid in full in May and June 2013.

(16)) Trade payables

The settlement periods for trade payables are set out in Note (26).

(17) Income taxes payable

The income tax liabilities of EUR 179 thousand (2012: EUR 978 thousand) chiefly relate to Nordex SE and Nordex Energy GmbH, which are included in the domestic fiscal unity.

(18) Other provisions

Movements in other provisions break down as follows:

	01.01. 2013 EUR thousand	Utilised EUR thousand	Reversed EUR thousand	Added EUR thousand	31.12. 2013 EUR thousand
Individual guarantees	39,375	21,370	4,172	12,453	26,286
Warranties, service, maintenance	27,163	11,799	428	11,343	26,279
Others	15,849	2,567	6,006	2,616	9,892
	82,387	35,736	10,606	26,412	62,457

The provisions for individual warranties predominantly cover risks arising from possible claims for damages.

The warranty provisions are utilised in accordance with statutory or contractual periods.

The other provisions chiefly cover the remaining risks in connection with the restructuring of business in China and the United States in the previous year as well as litigation costs.

The other provisions comprise other non-current provisions of EUR 17,138 thousand (2012: EUR 17,432 thousand) which are expected to be utilised in periods after the end of 2014.The amount derived from discounting the non-current provisions of EUR –65 thousand (2012: EUR –533 thousand) is reported within the additions; adjustments to the discount rate resulted in an effect of EUR –172 thousand.

(19) Other current financial liabilities

Other current financial liabilities break down as follows:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Outstanding invoices	16,570	14,784
Liabilities to non-consolidated affiliated companies	1,532	3,721
Debtors with credit balances	606	82
Currency forwards	542	1,244
Finance leases	416	426
Miscellaneous	992	2,586
	20,658	22,843

The non-current part of liabilities from finance leases is reported within other non-current financial liabilities.

(20) Other current non-financial liabilities

Other current non-financial liabilities break down as follows:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Prepayments received	256,795	187,313
Accruals	30,461	27,751
Deferred income	15,910	16,078
Other tax payables	15,149	15,819
Liabilities for social security	877	988
Miscellaneous	1,231	1,488
	320,423	249,437

Accruals primarily comprise personnel liabilities of EUR 15,659 thousand (2012: EUR 13,545 thousand) and trailing project costs of EUR 11,028 thousand (2012: EUR 11,437 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 12,675 thousand (2012: EUR 13,603 thousand) and outstanding payroll and church tax of EUR 2,276 thousand (2012: EUR 2,004 thousand).

(21) Non-current bank borrowings

In addition to the corporate bond, a syndicated multi-currency guarantee facility and a syndicated 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. 111

(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:

	2013 (IAS 19 revised 2011) EUR thousand	2012 (IAS 19 revised 2011) EUR thousand	2012 (IAS 19) EUR thousand
Settlement obligation on 1 January	1,196	989	989
Non-amortised actuarial losses on 1 January (IAS 19)	0	0	–128
Current service cost	195	49	49
Interest expense	32	36	36
Retirement benefit payments	–24	–23	–23
Actuarial losses (IAS 19 revised 2011)	43	145	0
Amortisation of actuarial losses (IAS 19)	0	0	17
	1,442	1,196	940

Following the abolition of the corridor method under IAS 19 (revised 2011), the liabilities equal the amount reported on the face of the balance sheet as of 31 December.

The following amounts were reported in the income statement:

	2013 (IAS 19 revised 2011) EUR thousand	2012 (IAS 19 revised 2011) EUR thousand	2012 (IAS 19) EUR thousand
Current service cost	195	49	49
Interest expense	32	36	36
Amortisation of actuarial losses (IAS 19)	0	0	17
	227	85	102

Other comprehensive income breaks down as follows:

	2013 (IAS 19 revised 2011) EUR thousand	2012 (IAS 19 revised 2011) EUR thousand	2012 (IAS 19) EUR thousand
Actuarial losses	43	145	0
Amortisation of actuarial losses 2012	17	–17	0
	60	128	0

Actuarial losses of EUR 17 thousand were amortised in accordance with IAS 19 (revised 2011) in 2012 chiefly for materiality reasons in the year under review.

Changes in obligations and adjustments based on historical experience are set out in the following table:

	2013 EUR thousand	2012 EUR thousand
Obligations as of 31 December	1,442	1,196
Adjustments to obligations based on historical experience	31	6

Pension payments of EUR 25 thousand (2012: EUR 24 thousand) are expected in the following year.

The principal actuarial assumptions used are as follows:

	2013	2012
Interest rate	3,40% p.a.	3,50% p.a.
Wage and salary trend	n/a	n/a
Pension trend	2,00% p.a.	2,00% p.a.

The obligations are assumed to have a duration of between 12 and 15 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

Other non-current financial liabilities break down as follows:

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Bond	155,645	155,128
Finance leases	11,301	12,234
Currency forwards	654	933
Miscellaneous	14	1,164
	167,614	169,459

Liabilities from finance leases break down as follows:

Lease payments in future years – 31.12.2013	Less than 1 year EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Lease and remaining payments	994	4,764	10,735	16,493
Discount amounts	578	2,158	2,040	4,776
Present values	416	2,606	8,695	11,717

Lease payments in future years – 31.12.2013	Less than 1 year EUR thousand	1 to 5 years EUR thousand	More than 5 years EUR thousand	Total EUR thousand
Lease and remaining payments	1,039	4,674	12,546	18,259
Discount amounts	613	2,329	2,657	5,599
Present values	426	2,345	9,889	12,660

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.

(24) Other non-current non-financial liabilities

Other non-current non-financial liabilities chiefly comprise non-current income received in advance under service contracts entered into with customers.

(25) Equity capital

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Subscribed capital	80,882	73,529
Share premium	244,288	179,256
Other retained earnings	–10,920	–10,877
Cash flow hedges	6,163	–1,419
Foreign-currency adjustment item	3,344	3,836
Consolidated net profit carried forward	45,778	34,391
Consolidated net profit	0	0
Equity attributable to the parent company's equity holders	368,135	278,716
Non-controlling interests	0	275
	368,135	278,991

On 28 November 2013, Nordex SE increased its subscribed capital by EUR 7,352,948 by issuing new bearer shares on a cash basis. Following this issue, its share capital now stands at EUR 80,882,447 and comprises 80,882,447 no-par-value shares with a notional proportion in the issued capital of EUR 1 each. The premium on the placement price of EUR 10.00 per share net of the transaction costs arising from the equity issue has been allocated to the share premium.

As of 31 December 2013, the Company had Authorized Capital I of EUR 7,347,052 (2012: EUR 14,700,000.00), equivalent to 7,347,052 shares (2012: 14,700,000), Contingent Capital I of EUR 15,086,250 (2012: EUR 15,086,250), equivalent to 15,086,250 shares (2012: EUR 15,086,250), and Contingent Capital II of EUR 1,500,000 (2012: EUR 1,500,000.00), equivalent to 1,500,000 shares (2012: 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 7 June 2011 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 2016. The Management Board is additionally authorised with the Supervisory Board's approval to exclude the shareholders' subscription rights.

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.

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.

The share premium of EUR 244,288 thousand (2012: EUR 179,256 thousand) includes the premium on the issues of fresh equity of EUR 112,404 thousand (2012: EUR 47,450 thousand) and additions of EUR 79 thousand (2012: EUR 235 thousand), which are not reduced by any reversals (2012: EUR 0 thousand) and which were added in connection with the recognition of the employee stock option programme concluded in 2008 (see also Note 31). In addition, the net loss for the year of a total of EUR 1,401,269.68 (2012: EUR 25,777,464.92) recorded by Nordex SE in accordance with the German Commercial Code was covered by a withdrawal of a corresponding amount from the share premium in 2013.

Following the deconsolidation of WPS Windrad Power Systems, there were no non-controlling interests as of 31 December 2013 (2012: EUR 275 thousand).

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

(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	31.12.2013 Carrying amount EUR thousand	31.12.2013 Fair value EUR thousand	31.12.2012 Carrying amount EUR thousand	31.12.2012 Fair value EUR thousand
Financial assets					
Financial assets recognised at historical or amortised cost					
1. Cash and cash equivalents	LaR	332,963	332,963	274,779	274,779
2. Trade receivables payables	LaR	61,741	61,741	98,616	98,616
3. Receivables from construction contracts	LaR	152,287	152,287	147,263	147,263
4. Other current financial assets – receivables	LaR	22,250	22,250	17,444	17,444
5. Financial assets – investments[1]	AfS	4,681	–	4,473	–
6. Other non-current financial assets – receivables	LaR	3,522	3,522	1,128	1,128
Financial assets at fair value through profit and loss					
1. Other current financial assets currency forwards	FAHfT	1,343	1,343	2,871	2,871
Effective hedges measured at fair value					
1. Other current financial assets currency forwards		9,851	9,851	278	278

[1]As there is no active market, it was not possible to reliably determine the fair value

	Category in accordance with IAS 39	31.12.2013 Carrying amount EUR thousand	31.12.2013 Fair value EUR thousand	31.12.2012 Carrying amount EUR thousand	31.12.2012 Fair value EUR thousand
Financial liabilities					
Financial liabilities recognised at historical cost or amortised cost					
1. Current bank borrowings	FLAC	8,408	8,408	27,531	27,531
2. Trade payables	FLAC	190,250	190,349	189,366	189,366
3. Other current financial liabilities[1]	FLAC	19,700	19,700	21,173	21,173
4. Non-current bank borrowings	FLAC	16,916	16,916	25,316	25,316
5. Other non-current financial liabilities[2]	FLAC	155,659	177,064	156,292	171,344
Financial liabilities at fair value through profit and loss					
1. Other current financial liabilities – currency forwards	FLHfT	24	24	342	342
Effective hedges measured at fair value					
1. Other current financial liabilities – currency forwards		518	518	902	902
2. Other non-current financial liabilities – currency forwards		654	654	933	933

[1] excluding current liabilities from finance leases of EUR 416 thousand (2012: EUR 426 thousand)
[2] excluding non-current liabilities from finance leases of EUR 11,301 thousand (2012: EUR 12,234 thousand)

Cash and cash equivalents, trade receivables and other current financial assets have short settlement periods. The carrying amounts on 31 December 2013 therefore come close to equaling the fair values. The carrying amount of the non-current financial assets matches their fair value on account of the discount taken.

The loans reported within financial assets are measured at historical cost less impairment losses. Derivative financial instruments are measured at their fair value. The forward 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 liabilities have short settlement periods. The carrying amounts correspond to their fair values. The fair value of the bond equals its market price of 106.3% (2012: 101.25%) as of the reporting date. The carrying amount of the liabilities from future lease payments included in other financial liabilities equals their fair value due to the discounts taken.

The following table analyses the financial assets and liabilities, which were measured at their fair value on 31 December 2013:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss Currency forwards (held for trading)		1,343		1,343
Financial assets (derivatives) measured at fair value in hedge accounting Currency forwards (Cash flow hedge)		9,851		8,688
Financial liabilities at fair value through profit and loss Currency forwards (held for trading)		24		24
Financial liabilities (derivatives) measured at fair value in hedge accounting Currency forwards (Cash flow hedge)		1,172		971

The following table analyses the financial assets and liabilities, which were measured at their fair value on 31 December 2012:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss Currency forwards (held for trading)		2,871		2,871
Derivatives measured at fair value in hedge accounting Currency forwards (Cash flow hedge)		278		278
Financial liabilities at fair value through profit and loss Currency forwards (held for trading)		342		342
Derivatives measured at fair value in hedge accounting Currency forwards (Cash flow hedge)		1,835		1,835

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.

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.

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:

2013	Interest EUR thousand	Other net gain/loss EUR thousand	Total EUR thousand
Loans and receivables (LaR)	1,847	472	2,319
Available for sale (AfS)	0	0	0
Financial liabilities at amortised cost (FLAC)	–27,769	–8,680	–36,449
Financial assets held for trading (FAHfT)/Financial liabilities held for trading (FLHfT)	0	529	529
	–25,922	–7,679	–33,601

2012	Interest EUR thousand	Other net gain/loss EUR thousand	Total EUR thousand
Loans and receivables (LaR)	1,758	–12,796	–11,038
Available for sale (AfS)	0	0	0
Financial liabilities at amortised cost (FLAC)	–25,099	2,121	–22,978
Financial assets held for trading (FAHfT)/Financial liabilities held for trading (FLHfT)	0	8,348	8,348
	–23,341	–2,327	–25,668

Categorisation of financial instruments in accordance with IFRS 7

Financial assets

31.12.2013	Financial assets at amortised cost EUR thousand	Financial assets at fair value EUR thousand	Financial assets outside the scope of IFRS 7 EUR thousand	Total EUR thousand
Cash and cash equivalents	332,963	0	0	332,963
Trade receivables	61,741	0	0	61,741
Receivables from construction contracts	152,287	0	0	152,287
Other current financial assets	22,250	11,194	0	33,444
Financial assets	4,681	0	0	4,681
Investments in associates	0	0	7,852	7,852
Other non-current financial assets	3,522	0	0	3,522
	577,444	11,194	7,852	596,490

31.12.2012	Financial assets at amortised cost EUR thousand	Financial assets at fair value EUR thousand	Financial assets outside the scope of IFRS 7 EUR thousand	Total EUR thousand
Cash and cash equivalents	274,779	0	0	274,779
Trade receivables	98,616	0	0	98,616
Receivables from construction contracts	147,263	0	0	147,263
Other current financial assets	17,444	3,149	0	20,593
Financial assets	4,473	0	0	4,473
Investments in associates	0	0	7,773	7,773
Other non-current financial assets	1,128	0	0	1,128
	543,703	3,149	7,773	554,625

Financial liabilities

31.12.2013	Financial liabilities at amortised cost EUR thousand	Financial liabilities at fair value EUR thousand	Financial liabilities outside the scope of IFRS 7 EUR thousand	Total EUR thousand
Current bank borrowings	8,408	0	0	8,408
Trade payables	190,250	0	0	190,250
Other current financial liabilities[1]	20,116	542	0	20,658
Non-current bank borrowings	16,916	0	0	16,916
Pensions and similar obligations	0	0	1,442	1,442
Other non-current financial liabilities[1]	166,960	654	0	167,614
	402,650	1,196	1,442	405,288

[1] including liabilities from finance leases

31.12.2012	Financial liabilities at amortised cost EUR thousand	Financial liabilities at fair value EUR thousand	Financial liabilities outside the scope of IFRS 7 EUR thousand	Total EUR thousand
Current bank borrowings	27,531	0	0	27,531
Trade payables	189,366	0	0	189,366
Other current financial liabilities[1]	21,599	1,244	0	22,843
Non-current bank borrowings	25,316	0	0	25,316
Pensions and similar obligations	0	0	1,196	1,196
Other non-current financial liabilities[1]	168,526	933	0	169,459
	432,338	2,177	1,196	435,711

[1] including liabilities from finance leases

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 stringent 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 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.

	31.12.2013 EUR thousand	31.12.2012 EUR thousand
Amount on 1 January	–1,419	0
Added	9,455	–2,027
Recycled to profit and loss	1,376	0
Deferred income taxes	–3,249	608
Amount on 31 December	6,163	–1,419

In the year under review, there were no ineffective parts in cash flow hedges necessitating immediate recycling of the cumulative gains and losses recognised within equity to profit and loss.

As of 31 December 2013 there were hedges coming within the definition of IAS 39 with a term of up to three years (2012: two years). The hedged cash flows from future transactions are similarly expected to be recognised in profit and loss within a period of three years (2012: two years).

The fair value of the financial instruments designated as hedges is set out in the following table:

	31.12.2013		31.12.2012	
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
	Receivables	Liabilities	Receivables	Liabilities
Cash flow hedges Currency forwards	9,851	1,172	278	1,835
	9,851	1,172	278	1,835

Notes on the income statement

(27) Sales

Sales break down by region as follows:

	2013 EUR thousand	2012 EUR thousand
Europe	1,306,284	868,932
America	81,690	191,609
Asia	41,302	14,730
	1,429,276	1,075,271

Of this item, sales of EUR 872,791 thousand (2012: EUR 551,659 thousand) arose from the application of the percentage-of-completion method for construction contracts.

Sales break down by category as follows:

	2013 EUR thousand	2012 EUR thousand
Sales of new wind power systems	1,278,214	923,583
Service	145,245	119,018
Miscellaneous	5,817	32,670
	1,429,276	1,075,271

(28) Changes in inventories and other own work capitalised

Own work capitalised is valued at EUR 36,616 thousand (2012: EUR 29,373 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 36,392 thousand (2012: EUR -3,770 thousand).

(29) Other operating income

Other operating income breaks down as follows:

	2013 EUR thousand	2012 EUR thousand
Settlements	5,652	6,894
Reversal of impairment losses	2,735	871
Insurance claims indemnified	1,704	3,498
Currency forwards	529	8,348
Derecognition of liabilities	289	368
Gains from the disposal of assets	35	629
Gains on the sale of project companies	0	3,438
Currency translation gains	0	2,063
Others	3,244	2,729
	14,188	28,838

(30) Cost of materials

The cost of materials breaks down as follows:

	2013 EUR thousand	2012 EUR thousand
Cost of raw materials and Supply materials	900,547	683,748
Cost of goods benefits	262,328	181,580
	1,162,875	865,328

The cost of services bought results from external freight services, changes in order provisions, commission and externally sourced order-handling services.

(31) Personnel costs

	2013 EUR thousand	2012 EUR thousand
Total wages and salaries	130,229	119,104
Social security and expenditure on retirement benefits and support	23,008	21,058
	153,237	140,162

The Group headcount was as follows:

	2013	2012	Change
Balance sheet date			
Office staff	1,473	1,493	–20
Technical staff	1,119	1,064	55
	2,592	2,557	35
Average			
Office staff	1,466	1,497	–31
Technical staff	1,077	1,039	38
	2,543	2,536	7

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 2013, a total of 229,695 stock options (2012: 457,343) were outstanding; of these 154,695 (2012: 332,343) have vested:

Stock options granted	Exercise price EUR	Average stock price EUR	Issue date	Expiry date	Outstanding stock options End of 2013	Outstanding stock options End of 2012
2008	23.10	16.52	01.09.2008	31.08.2013	0	211,610
2009	12.84	11.77	01.09.2009	31.08.2014	104,695	120,733
2010	5.26	5.01	25.11.2010	24.11.2015	50,000	50,000
2012	3.12	3.52	01.06.2012	31.05.2017	75,000	75,000
Total					229,695	457,343

As in the previous year, no stock options were exercised.

In 2013, the stock options granted in 2008 and 16,038 stock options (2012: 55,376) held by employees leaving the Company in 2013 were forfeited.

The expense thus calculated in the period under review came to EUR 41 thousand (2012: EUR 26 thousand) for the 2012 tranche and EUR 38 thousand (2012: EUR 41 thousand) for the 2010 tranche. The exercise period for the 2009 tranche had already been reached in 2012.

(32) Depreciation/amortisation

Depreciation/amortisation breaks down as follows:

	2013 EUR thousand	2012 EUR thousand
Depreciation of property, plant and equipment	18,126	54,980
Amortisation of capitalised development expenditure	19,048	10,933
Amortisation of other intangible assets	2,061	3,328
	39,235	69,241

In 2012, impairments of EUR 41,734 had been included in depreciation and amortisation expense on account of the re-organisation of business in China and the United States in the previous year.

(33) Other operating expenses

Other operating expenses break down as follows:

	2013 EUR thousand	2012 EUR thousand
Travel expenses	15,565	15,092
Rental and lease expenses	14,991	14,636
Legal and consulting costs	10,407	11,366
Exchange rate losses	8,928	12,310
Loss of revenues	8,592	4,258
External services	6,946	2,169
Other leased personnel services	6,809	5,038
Maintenance	6,562	5,501
IT costs	6,120	4,552
Insurance	3,082	2,915
Advertising	2,785	2,273
Telecommunications	2,126	2,576
Impairment of receivables	2,016	1,115
Training	2,011	2,009
Losses from the disposal of assets	1,688	4,576
Other taxes	1,361	1,776
Settlements	1,119	0
Bank fees	510	888
Reorganisation of Chinese and US business	0	10,535
Others	15,175	12,459
	116,793	116,044

(34)) Net finance income/expense

	2013 EUR thousand	2012 EUR thousand
Income from investments	254	471
Net profit/loss from at-equity valuation	–463	–1,178
Share of profit/loss of associates	–209	–707
Other interest and similar income	1,847	1,758
Interest and similar expenses	–27,769	–25,099
Net borrowing costs	–25,922	–23,341
	–26,131	–24,048

Income from investments comprises dividend payouts. Net profit/loss from at-equity valuation constitutes the share of profit of associates provided that this does not result in any negative carrying amounts at equity. 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:

	2013 EUR thousand	2012 EUR thousand
Domestic income taxes	–352	–17
Non-domestic income taxes	–2,967	–4,910
Actual income tax expense	–3,319	–4,927
Deferred income tax assets/ liabilities	–4,619	1,469
Total tax expense	–7,938	–3,458
of which deferred income taxes for other periods	–3,032	0
of which actual income taxes for other periods	–83	–17
of which from continuing operations	–7,938	–2,813

Current income tax expense is calculated on the basis of the tax legislation applicable or enacted in the countries in which the subsidiaries are active and generate taxable income as of the reporting date. 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.

Income taxes include the income taxes (paid or owed) in the individual countries as well as deferred taxes. Deferred 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 2013, a tax rate of 31.79% (2012: 31.79%) 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% (2012: 15.83%) including the solidarity surcharge in the case of corporate tax and 15.96% (2012: 15.96%) in the case of trade tax.

The taxes on pre-tax profit differ from the theoretical amount derived from applying the weighted average Group tax rate of 31.79% (2012: 31.79%) to pre-tax profit as follows:

	2013 EUR thousand	2012 EUR thousand
Net profit/loss before tax from continuing operations	18,201	–85,111
Net profit/loss before tax from discontinued operations	0	–5,846
Net profit/loss before tax	18,201	–90,957
Expected tax expense	–5,786	28,915
Differences in non-domestic tax rates	–2,583	–8,613
Tax-free income	2,595	3,497
Changes in tax rates and tax legislation	–1,187	511
Non-deductible expenses	–4,172	–1,634
Tax effects from previous years	3,032	1,081
Effects of inclusion of unused tax losses arising in earlier years	12,870	6,332
Changes from impairments/ effects of non-inclusion of unused tax losses	–13,727	–32,334
Other tax effects	1,020	–1,212
Actual tax expense	–7,938	–3,458
of which from continuing operations	–7,938	–2,813
of which from discontinued operations	0	–645

(36) Non-controlling interests

Non-controlling interests in consolidated net profit stand at EUR 20 thousand (2011: EUR -537 thousand) and constitute solely third-party interests in WPS Windrad Power Systems prior to deconsolidation.

(37) 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:

		2013	2012
Consolidated net profit/loss for the year	EUR thousand	10,263	–94,415
of which parent company equity holders	EUR thousand	10,243	–93,878
of which non-controlling interests	EUR thousand	20	–537
Weighted average number of shares		74,196,112	73,529,499
Earnings/loss per share	EUR	0,14	–1,28

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 0.14.

Other financial obligations and contingent liabilities

Contractual obligations of EUR 144 thousand (2012: EUR 1,409 thousand) apply with respect to capital spending on property, plant and equipment but have not yet been realised.

Other financial obligations relate to operating lease and rental obligations of EUR 39,389 thousand (2012: EUR 40,641 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
31.12.2013	6,507	15,197	17,685
31.12.2012	6,751	14,120	19,770

Obligations under rental contracts and operating leases relate to equipment and machinery of EUR 4,356 thousand (2012: EUR 3,817 thousand) and real estate assets of EUR 35,033 thousand (2012: EUR 36,824 million).

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

No parties related to the Nordex Group as defined in IAS 24.9 exercised management functions for business partners or held shares in such a party in 2013. There were no conflicts of interests.

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 include cash in hand and short-term bank deposits. Cash in hand and bank deposits are due for settlement in less than three months. 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 98,089 thousand (2012: EUR 141,129 thousand) This is chiefly due to the reduction in working capital of EUR 60,575 thousand (2012: EUR 161,599 thousand) and the consolidated net profit including depreciation/amortisation of EUR 49,498 thousand (2012: net loss of EUR 18,683 thousand).

Net cash outflow from investing activities decreased in the year under review to EUR 74,277 thousand (2012: EUR 56,149 thousand). Development projects of EUR 35,875 (2012: EUR 29,717) were capitalised. Spending on property, plant and equipment of EUR 34,267 thousand (2012: 26,732) chiefly comprises rotor blade production.

The net cash inflow from financing activities stands at EUR 44,094 thousand (2012: net cash outflow of EUR 20,995) and relates to the repayment of bank loans as well as the November 2013 equity issue.

Events after the reporting date

On 24 February 2014, Nordex SE's syndicated multi-currency guarantee facility was renewed with the participating banks until 30 June 2017. The guarantee facility available now stands at EUR 550,000 thousand.

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 2013 pursuant to Section 161 of the Stock Corporation Act on 20 March 2014 and made it available for examination by the shareholders on the Internet at www.nordex-online.com/en/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 Supervisory Board and Management Board

Supervisory Board

During 2013 and as of the date on which the financial statements for 2013 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
- Group Engineering Director of Jaguar Land Rover Automotive PLC, United Kingdom
- Former CEO of BMW AG
- Former CEO of Continental AG
- Former CEO of Infineon AG
- Member of the Supervisory Board of ASML Holding N.V., Netherlands

Jan Klatten, Munich
Deputy Chairman of the Supervisory Board, member of the management committee, chairman of the strategy and technology committee and member of the audit committee (until 4 June 2013)
- Managing Shareholder of momentum Beteiligungsgesellschaft mbH
- Chairman of the Supervisory Board of asturia Automotive Systems AG

Dr. Heinz van Deelen, Munich
Member of the audit committee (since 4 June 2013)
- Chairman of the management board of Consline AG

Dr. Dieter G. Maier, Reutlingen
Member of the strategy and technology committee
- Managing Director of MABET Beteiligungen GmbH
- Management Chairman of UKM Fahrzeugteile GmbH
- Chairman of the Advisory Board of Richard Bergner Holding GmbH

Martin Rey, Traunstein
Member of the management committee, 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 Faurecia Automotive GmbH

Management Board
Dr. Jürgen Zeschky, Hamburg
Chief Executive Officer

Lars Bondo Krogsgaard, Hamburg
Chief Customer Officer

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 2013:

Name	Position	Shares
Dr. Wolfgang Ziebart	Supervisory Board	10,000 held directly
Jan Klatten	Supervisory Board	18.432.000 via a share in momentum-capital Vermögensverwaltungsgesellschaft mbH and Ventus Venture Fund GmbH & Co. Beteiligungs KG

175,000 Nordex SE stock options have been granted to members of the Management Board.

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. The review in 2013 resulted in modifications to the remuneration system. In determining the target and actual 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.

In implementing the new remuneration system, the Supervisory Board particularly sought to achieve a reasonable balance between opportunities and risks from the point of view of shareholders and the Management Board, to reinforce the principle of sustainability and to ensure broad-based compliance with the requirements of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code.

The new remuneration system was applied to Mr. Krogsgaard for the first time in 2013. The previous remuneration system continued to apply to Dr. Zeschky and Mr. Schäferbarthold throughout all of 2013.

Principles of the previous remuneration system up until 31 December 2013
Under the previous system, the remuneration paid to the Management Board comprises fixed and performance-related variable components. This combination rewards the performance and responsibility of the individual members of the Management Board in the light of general economic conditions and the Company's success.

The fixed components include a monthly fixed salary, the provision of a company car for private use and premiums for D&O cover where this exceeds the deductible provided by law for members of the Management Board.

The variable components are calculated as a percentage of earnings before tax (EBT). With the exception of contractual advance payments, variable compensation is due for payment at the end of the annual general meeting at which a resolution to accept and approve the annual financial statements for the year in question is passed.

Individual three-year target agreements were entered into between the Management Board and the Supervisory Board to ensure a reasonable long-term remuneration system. In addition, the grant of stock options constitutes a component with a long-term incentive effect oriented to the Company's future business performance.

Principles of the new remuneration system from 1 January 2014

The new remuneration system was applied solely to Mr. Krogsgaard in 2013.

It continues to provide for 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 installments 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 amount of the variable component (bonus) is based on the achievement of financial and non-financial goals 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 in their entirety is determined by the Supervisory Board at the end of the performance period. Financial and non-financial targets have an equal weighting in the calculation of the bonuses.

The variable component with a long-term incentive effect is calculated using a target amount determined annually by the Supervisory Board, 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. At the end of the performance period of three years, the final number of performance share units achieved is calculated on the basis of the target amount 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.

With the adoption of the new remuneration system, each Management Board member is able to defer part of the base annual salary and invest it in a defined-amount pension plan (deferred compensation). Mr. Krogsgaard did not make use of this option in 2013 following the adoption of the new remuneration system.

The individualised and total remuneration paid to the members of the Management Board breaks down as follows:

2013	Fixed components EUR	Variable components EUR	Long-term incentive components[1] EUR	Total EUR
Dr. J. Zeschky	379,199	212,795	240,500	832,494
L. Krogsgaard	377,229	344,925	217,736	939,890
B. Schäferbarthold	331,539	64,957	120,000	516,496
	1,087,967	622,677	578,236	2,288,880

[1]prorated amount recorded on an annual basis in profit and loss

Of the variable remuneration components earned in 2012, an amount of EUR 200,000 was paid out to Dr. Zeschky and an amount of EUR 80,000 to Mr. Krogsgaard.

The remuneration components with a long-term incentive effect comprise the parts of the three-year target agreements earned in 2013, equalling EUR 200,000 in the case of Dr. Zeschky and EUR 120,000 in the case of Mr. Schäferbarthold. The fair value of the performance share unit plan for Mr. Krogsgaard stood at EUR 352,255 on the date on which it was granted; of this, an amount of EUR 180,000 as well as the additions to the stock option plans for Dr. Zeschky and Mr. Krogsgaard of EUR 40,500 and EUR 37,736, respectively, were recorded as long-long-term remuneration.

As of 31 December 2013, the total number of stock options granted to the Management Board stood at 175,000, of which 100,000 had vested, with Mr. Krogsgaard and Dr. Sielemann each holding 50,000. No new stock options were granted in 2013. The stock options granted to Mr. Schäferbarthold and Dr. Voß in earlier years (50,000 each) were not exercised as of the expiry date.

In 2013, the fully vested long-term remuneration claims were paid out to Mr. Krogsgaard (EUR 240,000) and Mr. Schäferbarthold (EUR 300,000).

2012	Fixed components EUR	Variable components EUR	Long-term incentive components[1] EUR	Total EUR
Dr. J. Zeschky	307,328	170,000	193,625	670,953
L. Krogsgaard	350,889	0	111,167	462,056
B. Schäferbarthold	343,774	24,000	90,000	457,774
Dr. M. Sielemann	1,243,244	60,000	63,889	1,367,133
	2,245,235	254,000	458,681	2,957,916

[1]prorated amount recorded on an annual basis in profit and loss

Of the variable remuneration components earned in 2011, an amount of EUR 168,000 was paid out to Mr. Krogsgaard in 2012. In addition, an advance of EUR 24,000 on the bonus payable to Mr. Schäferbarthold was made in 2012.

The remuneration components with a long-term incentive effect comprise the parts of the three-year target agreements earned in 2012, equalling EUR 170,000 in the case of Dr. Zeschky, EUR 70,000 in the case of Mr. Krogsgaard and EUR 90,000 in the case of Mr. Schäferbarthold. In 2012, Dr. Zeschky was awarded 75,000 stock options with a fair value of EUR 121,500, in connection with which an amount of EUR 23,625 was recorded through profit and loss. As well as this, the long-term remuneration components include additions of EUR 41,167 to the stock option plan for Mr. Krogsgaard.

As of 31 December 2012, the total number of stock options granted to the Management Board stood at 275,000, of which 150,000 had vested, with Mr. Schäferbarthold, Dr. Sielemann and Dr. Voß each holding 50,000.

Dr. Sielemann, who stood down from Nordex SE's Management Board effective 6 November 2012, continued to receive the agreed monthly salary in accordance with this service contract until its expiry on 31 December 2012 in an amount of EUR 313,244. In addition, a settlement of EUR 930,000 was agreed. The long-term bonus entitlement earned in the current and previous years was settled with the payment of an amount of EUR 350,000, which was netted with the advance payments of the variable annual bonuses of EUR 24,000 for 2012. In addition, a lump-sum settlement of EUR 36,000 was agreed. The remuneration components with a long-term incentive effect include additions of EUR 63,889 to the stock option plan.

Mr. Richterich, whose office as Chairman of the Management Board of Nordex SE expired on 29 February 2012, continued to receive the agreed monthly salary in accordance with his service contract until the expiry of that contract in an amount of EUR 184,052. The long-term bonus entitlement was settled with the payment of EUR 450,000. This remuneration had already been included in the 2011 remuneration report.

Supervisory Board

The resolution passed at the annual general meeting for 2012 amended the Articles of Incorporation such that each member of the Supervisory Board is entitled to fixed remuneration of EUR 25,000 from June 2012 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.

Persons joining or leaving the Supervisory Board during the year receive one twelfth of this amount for each full or partial month of service. Value added tax continues to be paid on the reimbursement of expenses in accordance with Articles 17 (1) through (3) 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:

2013	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	14,585	0	0	14,585
Dr. D. Maier	25,000	0	0	25,000
M. Rey	25,000	0	0	25,000
A. Stieve	25,000	0	0	25,000
	177,085	0	0	177,085

2012	Fixed components EUR	Variable components EUR	Long-term incentive components EUR	Total EUR
Dr. W. Ziebart	33,334	0	0	33,334
U. Lüders	20,834	0	0	20,834
J. Klatten	31,250	0	0	31,250
Dr. D. Maier	20,834	0	0	20,834
C. Pedersen	12,500	0	0	12,500
M. Rey	20,834	0	0	20,834
A. Stieve	4,167	0	0	4,167
	143,753	0	0	143,753

Benefits/pension provisions for former members of the Management Board

Pension provisions of EUR 326 thousand (2012: EUR 289 thousand) had been set aside as of 31 December 2013 to cover entitlement vesting to two former members of the Management Board.

Auditor's fee

The fee payable in 2013 to the statutory auditors stands at EUR 296 thousand (2012: EUR 258 thousand). A fee of EUR 132 thousand (2012: EUR 116 thousand) was paid for tax consulting services. Fees of EUR 2 thousand were paid for other services (2012: EUR 0)

Nordex SE
Rostock, 20 March 2014

Dr. J. Zeschky
Chairman of the
Management Board (CEO)

L. Krogsgaard
Member of the
Management Board

B. Schäferbarthold
Member of the
Management Board

Statement of changes in property, plant and equipment and intangible assets

	Historical cost						
	Initial amount 01.01.2013 EUR thousand	Additions EUR thousand	Disposals EUR thousand	De-consoli-dation EUR thousand	Reclass-currency EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2013 EUR thousand
Property, plant and equipment							
Land and buildings	85,637	1,736	137	44	1,064	–916	87,340
Technical equipment and machinery	77,969	15,531	4,355	0	3,873	–1,270	91,748
Other equipment, operating and business equipment	46,673	8,004	4,268	30	–380	–533	49,466
Prepayments made and assets under construction	6,109	8,996	113	0	–4,194	–345	10,453
Total property, plant and equipment	**216,388**	**34,267**	**8,873**	**74**	**363**	**–3,064**	**239,007**
Intangible assets							
Goodwill	16,149	0	0	1,688	0	0	14,461
Capitalised development expense	120,377	35,875	18,969	0	0	0	137,283
Other intangible assets	25,128	1,482	1,708	168	–363	–62	24,309
Total intangible assets	**161,654**	**37,357**	**20,677**	**1,856**	**–363**	**–62**	**176,053**

	Historical cost					
	Initial amount 01.01.2012 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classifica-tion EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2012 EUR thousand
Property, plant and equipment						
Land and buildings	82,298	3,414	986	1,297	–386	85,637
Technical equipment and machinery	63,179	13,698	1,820	3,094	–182	77,969
Other equipment, operating and business equipment	41,745	7,407	2,398	8	–89	46,673
Prepayments made and assets under construction	8,384	2,213	99	–4,399	10	6,109
Total property, plant and equipment	**195,606**	**26,732**	**5,303**	**0**	**–647**	**216,388**
Intangible assets						
Goodwill	16,149	0	0	0	0	16,149
Capitalised development expense	99,139	29,717	8,479	0	0	120,377
Other intangible assets	24,780	2,048	1,691	0	–9	25,128
Total intangible assets	**140,068**	**31,765**	**10,170**	**0**	**–9**	**161,654**

Depreciation/amortisation						Carrying amount	
Initial amount 01.01.2013 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classifica-tion EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2013 EUR thousand	31.12.2013 EUR thousand	31.12.2012 EUR thousand
44,219	2,347	134	0	–891	45,541	41,799	41,418
41,890	7,814	4,185	332	–528	45,323	46,425	36,079
26,895	7,965	4,083	–57	–300	30,420	19,046	19,778
358	0	0	0	–4	354	10,099	5,751
113,362	18,126	8,402	275	–1,723	121,638	117,369	103,026
4,501	0	0	0	0	4,501	9,960	11,648
42,886	19,048	18,966	0	0	42,968	94,315	77,491
21,038	2,061	1,658	–275	–60	21,106	3,203	4,090
68,425	21,109	20,624	–275	–60	68,575	107,478	93,229

Depreciation/amortisation						Carrying amount
Initial amount 01.01.2012 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Re-classifica-tion EUR thousand	Foreign currency EUR thousand	Closing amount 31.12.2012 EUR thousand	31.12.2012 EUR thousand
14,810	30,589	719	28	–489	44,219	41,418
25,025	17,728	672	1	–192	41,890	36,079
21,856	7,212	2,108	–29	–36	26,895	19,778
0	362	0	0	–4	358	5,751
61,691	55,891	3,499	0	–721	113,362	103,026
4,501	0	0	0	0	4,501	11,648
36,999	10,933	5,046	0	0	42,886	77,491
19,248	3,512	1,691	0	–31	21,038	4,090
60,748	14,445	6,737	0	–31	68,425	93,229

List of shareholdings

as of 31 December 2013

	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
Big Berry Wind Farm LLC, Delaware, United States	EUR
Eólicos R4E S.A. de C.V., Tegucigalpa, Honduras	EUR
Flat Rock Wind LLC, Delaware, United States	EUR
Green Hills Wind LLC, Delaware, United States	EUR
Nordex Education Trust, Cape Town, South Africa	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 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 South Africa (Pty.) Ltd., Illovo, South Africa	EUR
NordexEnergy Uruguay S.A., Montevideo, Uruguay	EUR
Nordex Enerji A.S., Istanbul, Turkey	EUR
Nordex France S.A.S., La Plaine Saint-Denis, France[3]	EUR
Nordex Grundstücksverwaltung GmbH, Hamburg[1]	EUR
Nordex Hellas Monoprosopi EPE, Melissia, Greece	EUR
Nordex Italia S.r.l., Rome, Italy	EUR
Nordex Offshore GmbH, Hamburg	EUR
Nordex Energy Romania S.r.l., Bucharest, Romania	EUR
Nordex Pakistan (Private) Ltd., Islamabad, Pakistan[4]	EUR
Nordex Polska Sp. z o.o., Warsaw, Poland	EUR
Nordex Singapore Equipment Private Ltd., Singapore, Singapore	EUR
Nordex Singapore Service Private Ltd., Singapore, Singapore	EUR
Nordex Sverige AB, Uppsala, Sweden	EUR
Nordex UK Ltd., Didsbury, 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
Republic Wind LLC, Delaware, United States	EUR
Way Wind, LLC, Delaware, United States	EUR

Share in capital (%)	Net profit/loss 01.01–31.12.2013	Equity capital 01.01–31.12.2013	Share held via
–	–1,401,269.68	323,569,790.44	–
100.00	–2,737,955.54	252,449.22	Nordex USA Management LLC
100.00	–6,656.99	–87,130.13	Nordex USA Inc.
99.67/0.33	–579,239.09	847,483.56	Nordex USA Management LLC/ Big Berry Wind Farm LLC
100.00	–406,686.69	548,499.37	Nordex USA Management LLC
100.00	–151,194.08	306,062.37	Nordex USA Inc.
100.00	–39,195.76	–34,944.64	Nordex Energy South Africa (Pty.) Ltd.
100.00	–5,596,469.14	1,362,931.13	Nordex Energy GmbH
100.00	–645,432.98	–412,467.79	Nordex Windpark Beteiligung GmbH
100.00	–10,868,965.45	3,217,805.29	Nordex Energy GmbH
100.00	–1,077,398.63	–30,765,745.25	Nordex SE
100.00	0.00	7,607,762.18	Nordex SE
100.00	302,237.81	8,756,654.21	Nordex Energy B.V.
100.00	–1,254,073.73	550,072.02	Nordex Energy B.V.
80.00	–1,174,248.27	–1,634,005.28	Nordex Energy GmbH
100.00	1,733,671.52	–1,608,010.00	Nordex Energy B.V.
82.31/17.15/ 0.18/0.18/ 0.18	–3,664,551.42	–1,718,032.09	Nordex SE/Nordex Energy B.V./ Nordex Energy GmbH/Nordex Windpark Beteiligung GmbH/Nordex Grundstücks-verwaltung GmbH
100.00	3,865,314.59	5,340,074.85	Nordex Energy B.V.
100.00	0.00	52,000.00	Nordex SE
100.00	–567,232.79	–317,850.70	Nordex Energy GmbH
100.00	2,219,542.00	20,278,787.72	Nordex Energy B.V.
100.00	–197,164.82	257,855.86	Nordex SE
99.98/0.02	–456,383.93	–570,140.40	Nordex Energy B.V./Nordex Energy GmbH
100.00	141,861.88	23,985.30	Nordex Energy GmbH
99.00/1.00	181,357.23	3,496,809.07	Nordex Energy B.V./Nordex Energy GmbH
100.00	–6,330,364.50	–7,203,111.00	Nordex Energy GmbH
100.00	–1,150,391.36	–2,018,503.33	Nordex Energy GmbH
100.00	–8,817,253.33	–1,174,102.27	Nordex Energy B.V.
100.00	–2,641,187.93	1,411,841.51	Nordex Energy B.V.
100.00	–40,381,131.82	45,121,109.20	Nordex Energy B.V.
100.00	–1,433,539.89	1,505,715.82	Nordex USA Inc.
100.00	0.00	74,825.12	Nordex SE
100.00	–2,939,846.72	–745,751.26	Nordex Energy GmbH
100.00	–8,983.88	43,381.27	Nordex Grundstücksverwaltung GmbH
100.00	–234,674.01	598,664.47	Nordex USA Management LLC
100.00	–9,698.56	27,682.41	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 Rozdrazew Sp. z o.o., Warsaw, Poland (ex. Belzyce)	EUR
Farma Wiatrowa Liw Sp. z o.o., Warsaw, Poland	EUR
Farma Wiatrowa NDX1 Sp. z o.o., Warsaw, Poland[3]	EUR
Farma Wiatrowa Wymyslów Sp. z o.o., Warsaw, Poland	EUR
Farma Wiatrowa NXD V Sp. z o.o., Warsaw, Poland	EUR
natcon 7 GmbH, Hamburg[3]	EUR
Nordex Windpark Verwaltung GmbH, Hamburg	EUR
Parc Éolien Aubigeon S.A.S., Paris, France	EUR
Parc Éolien des Pelures Blanches S.A.S., Paris, France[3]	EUR
Parc Éolien de Zondrange S.A.S., Paris, France[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 VIII 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 XI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XIV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XV S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XVI S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XVII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XVIII S.A.S., Paris, France[3]	EUR
Parc Éolien Nordex XIX 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 XXIII 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

Share in capital (%)	Net profit/loss 01.01–31.12.2013	Equity capital 01.01–31.12.2013	Share held via
100.00	190,517.00	281,039.00	Nordex France S.A.S.
99.00/1.00	–110,215.88	–110,897.90	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99.00/1.00	–20,413.82	–19,882.09	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
55.00	–133,372.92	–138,279.96	Nordex Windpark Beteiligung GmbH
99.00/1.00	–3,509.62	–2,739.74	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
99.00/1.00	–3,512.29	–2,742.45	Nordex Windpark Beteiligung GmbH/ Nordex Energy GmbH
75.00	409,545.32	1,265,763.99	Nordex SE
100.00	–769.63	4,893.24	Nordex SE
100.00	–40,206.73	–99,228.85	Nordex France S.A.S.
100.00	–66,388.65	–71,434.34	Nordex Windpark Beteiligung GmbH
100.00	–9,298.76	5,367.27	Nordex Windpark Beteiligung GmbH
100.00	–1,982.24	22,296.23	Nordex Windpark Beteiligung GmbH
100.00	–2,025.62	24,056.59	Nordex Windpark Beteiligung GmbH
100.00	–4,903.07	23,724.69	Nordex Windpark Beteiligung GmbH
100.00	–1,981.49	24,305.22	Nordex Windpark Beteiligung GmbH
100.00	–2,041.49	24,245.22	Nordex Windpark Beteiligung GmbH
100.00	–2,012.41	21,498.74	Nordex Windpark Beteiligung GmbH
100.00	–2,147.49	24,228.44	Nordex Windpark Beteiligung GmbH
100.00	–18,491.64	8,029.09	Nordex Windpark Beteiligung GmbH
100.00	–1,982.13	24,567.32	Nordex Windpark Beteiligung GmbH
100.00	–1,831.49	22,762.60	Nordex Windpark Beteiligung GmbH
100.00	–43,734.26	–24,122.93	Nordex Windpark Beteiligung GmbH
100.00	10,069.90	36,433.45	Nordex Windpark Beteiligung GmbH
100.00	–13,727.96	12,844.72	Nordex Windpark Beteiligung GmbH
100.00	–17,123.99	9,402.55	Nordex Windpark Beteiligung GmbH
100.00	14,711.94	41,130.89	Nordex Windpark Beteiligung GmbH
100.00	15,800.57	36,398.30	Nordex Windpark Beteiligung GmbH
100.00	15,023.16	41,446.34	Nordex Windpark Beteiligung GmbH
100.00	–2,166.06	17,995.36	Nordex Windpark Beteiligung GmbH
100.00	–25,675.41	–3,059.52	Nordex Windpark Beteiligung GmbH
100.00	–2,072.24	24,500.84	Nordex Windpark Beteiligung GmbH
100.00	–2,072.34	24,509.20	Nordex Windpark Beteiligung GmbH
100.00	–2,072.24	24,453.39	Nordex Windpark Beteiligung GmbH
100.00	–2,177.74	24,394.04	Nordex Windpark Beteiligung GmbH
100.00	–2,072.13	24,637.91	Nordex Windpark Beteiligung GmbH
100.00	–2,071.49	24,505.37	Nordex Windpark Beteiligung GmbH
100.00	–2,071.49	24,504.92	Nordex Windpark Beteiligung GmbH
100.00	–2,071.49	24,504.76	Nordex Windpark Beteiligung GmbH
100.00	–2,225.68	24,481.35	Nordex Windpark Beteiligung GmbH
100.00	–2,071.49	24,581.79	Nordex Windpark Beteiligung GmbH
100.00	–2,071.49	24,509.00	Nordex Windpark Beteiligung GmbH
100.00	–2,071.49	24,722.22	Nordex Windpark Beteiligung GmbH
100.00	–2,071.49	24,703.42	Nordex Windpark Beteiligung GmbH
100.00	–2,567.89	18,463.84	Nordex Windpark Beteiligung GmbH

	Currency
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
Qingdao Huawei Wind Power Co. Ltd., Qingdao, China[3]	EUR
Ringneck Prairie Wind LLC, Delaware, United States	EUR
Sechste Windpark Support GmbH & Co. KG, Hamburg	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
KNK Wind GmbH, Frankfurt am Main[3]	EUR
Way Wind LLC, Nebraska, United States	EUR
GN Renewable Investments S.à r.l., Luxembourg, Luxembourg	EUR
Other investments (non-consolidated)	
(figures in accordance with statutory financial statements)	
C&C Wind Sp. z o.o., Natolin, Poland	EUR
K/S Whitewater Wind Power Invest I, Komplementarselskabet Whitewater Invest I ApS, Fredriksværk, Denmark[2]	EUR
K/S Whitewater Wind Power Invest VII, Komplementarselskabet Whitewater Invest VII ApS, Hjallerup, Denmark[2]	EUR
K/S Whitewater Wind Power Invest VIII, Komplementarselskabet Whitewater Invest VIII ApS, Roskilde, Denmark[2]	EUR
Parc d'Energie de Conlie P.E.C. S.à r.l., La Martyre, France[3]	EUR
Parque Eólico Llay-Llay SpA, Chile	EUR
Parque Eólico Hacienda Quijote SpA, Chile	EUR
Sameole Bois du Goulet, Caen, France[2]	EUR
Société Éolienne de Roussée-Vassé S.E.R.V. S.à r.l., Rouesse Vasse, France[3]	EUR
Vent d'est S.à r.l., Paris, France[3]	EUR
Vent Local S.A.S., Vienne, France[2]	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 Chinchayote, s.A. de C.V., Honduras	EUR
Vientos de San Juan, s.A. de C.V., Honduras	EUR
Eoliennes de la Vallée S.A.S.[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 31.12.2012
[3]Preliminary financial statements as of 31.12.2013
[4]Financial year from 1 July 2013 to 30 June 2014, financial statements as of 30 June 2013

Share in capital (%)	Net profit/loss 01.01–31.12.2013	Equity capital 01.01–31.12.2013	Share held via
100.00	–2,666.90	18,929.01	Nordex Windpark Beteiligung GmbH
100.00	–2,729.90	18,614.61	Nordex Windpark Beteiligung GmbH
100.00	36,555.50	17,752.30	Nordex Windpark Beteiligung GmbH
66.70	–831,173.03	2,793,765.66	Nordex Energy GmbH
100.00	–105,187.09	–67,794.96	Nordex USA Management LLC
100.00	–430.00	–4,084.49	Nordex Grundstücksverwaltung GmbH
100.00	–2,019.29	1,701.59	Nordex Windpark Beteiligung GmbH
100.00	–865.11	4,073.81	Nordex Windpark Beteiligung GmbH
100.00	–865.11	4,073.81	Nordex Windpark Beteiligung GmbH
100.00	–865.11	4,073.81	Nordex Windpark Beteiligung GmbH
100.00	–865.11	4,073.81	Nordex Windpark Beteiligung GmbH
49.13	–1,852.72	298,453.35	Nordex USA Management LLC
38.89	–1,006,802.88	3,198,123.49	Nordex Offshore GmbH
35.76	–67,201.17	188,984.18	Way Wind, LLC, Delaware, United States
30.00	558,998.17	571,498.17	Nordex Windpark Beteiligung GmbH
36.80	–90,970.39	–103,364.17	Nordex Windpark Beteiligung GmbH
33.33	–420,590.37	–445,756.10	Nordex Energy GmbH
11.11	–374,642.28	–389,950.01	Nordex Energy GmbH
11.11	–362,076.28	–495,486.35	Nordex Energy GmbH
50.00	–28.35	901.17	Nordex France S.A.S.
100.00	–	–	Nordex (Chile) SpA
100.00	–	–	Nordex (Chile) SpA
50.00	695.00	530.00	Nordex France S.A.S.
50.00	–28.35	–1,604.84	Nordex France S.A.S.
50.00	–766.80	–4,224.59	Nordex France S.A.S.
9.00	82,970.00	919,687.00	Nordex France S.A.S.
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
50.00	–453.00	447.00	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, 20 March 2014

Dr. J. Zeschky
Chairman of the
Management Board (CEO)

L. Krogsgaard
Member of the
Management Board

B. Schäferbarthold
Member of the
Management Board

Auditor's Report

We have audited the consolidated financial statements prepared by the Nordex SE, Rostock, comprising the statement of financial position, income statement and statement of comprehensive income, statement of changes in equity, cash flow statement and the 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 1 January to 31 December 2012. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) and supplementary provisions of the articles of incorporation 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, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and supplementary provisions of the articles of incorporation 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, 20 March 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Niklas Wilke	ppa. Dr. Thomas Ull
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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).

Cash flow
A business parameter defining the net inflow of cash and cash equivalents from sales and other operating activities in a given period.

CCV (cold climate version)
Adaption of a wind turbine to extreme climatic conditions, in this case very low ambient temperatures.

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.

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
Erneuerbare-Energien-Gesetz. Das EEG regelt seit 1.04.2000 die Einspeisung von Strom aus Erneuerbaren Energien in das deutsche Stromnetz. The Renewable Energies Act was last 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. 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).

ITC Cash Grant
Incentive programme in the USA for projects in the area of alternative energies, which grants a subsidy in the amount of 30% of the capital costs.

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.

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 2014

28 February 2014	Publication of preliminary figures
24 March 2014	Publication of the Annual Report for the 2013 financial year Press conference, telephone conference, Frankfurt am Main
14 May 2014	Interim report for the first quarter 2014 Telephone conference
3 June 2014	Annual General Meeting, Rostock
13 August 2014	Interim report for the first half-year 2014 Telephone conference
13 November 2014	Interim report for the third quarter 2014 Telephone conference

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