

Nordex SE Capital Markets Day 2016

Hamburg, 28 September 2016



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The management team

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Products

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Status of merger transition

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Update on FY 2016: confirming guidance

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Pathway to 2018

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Wrap-up and key take-aways

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The management team



Lars Bondo Krogsgaard
CEO

- › Chief Customer Officer Nordex
- › CEO EMEA onshore wind Siemens Wind Power
- › VP Renewables DONG Energy



José Luis Blanco
COO,
Deputy CEO

- › CEO Acciona Windpower
- › Various Sen. Mgmt & Chief Officer positions at Gamesa



Christoph Burkhard
CFO from 1/9/2016

- › CFO Siemens Wind Power Offshore
- › Various other positions at Siemens
- › BHF Bank, EBRD



Bernard Schäferbarthold
CFO until 30/9/2016

- › Head of Finance Nordex
- › Certified public accountant at Warth & Klein
- › Certified public accountant



Patxi Landa
CSO

- › Business Development Director and Executive Committee member at Acciona Windpower
- › Various Mgmt. & Chief Officer Positions at Acciona

Creating a global leader in the wind industry

Our new CFO: Christoph Burkhard



Christoph Burkhard (52) **New CFO as of September 2016**

- › CFO Siemens Wind Power Offshore
- › CFO Siemens Wind Power Onshore EMEA
- › Various other positions at Siemens:
 - › Corporate Strategy
 - › Mobile Networks Division
 - › Siemens Financial Services
- › BHF Bank (Frankfurt & Prague), EBRD (Russia)
- › Degree in Business Administration, Master of Science (M.Sc.) London School of Economics

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Great products, example: N131/3300 PH164

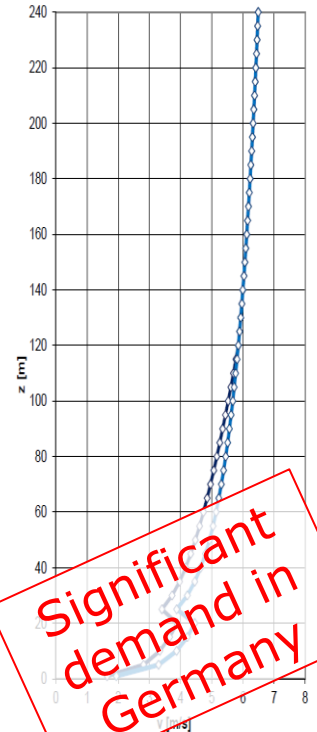
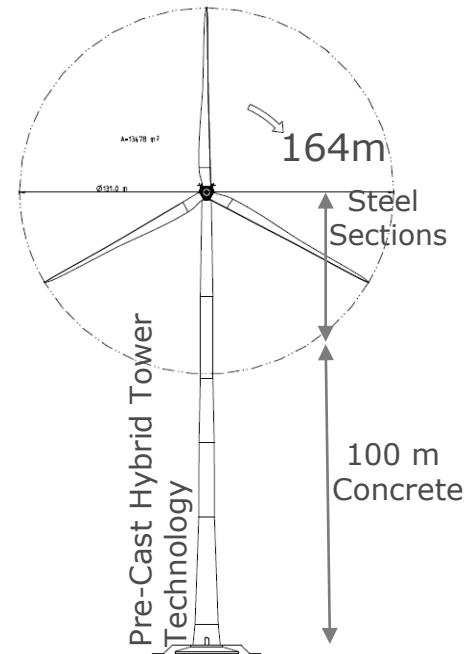
CHALLENGE

Generating value at very low wind sites

SOLUTION

World's tallest wind turbine capturing more wind through additional height

Bickenbach II, Germany, first N131/3300 on 164m tower



30m additional height -> 5-7% added yield

Great products, example: concrete towers

CHALLENGE

Meet local content requirements and provide the lowest cost of energy in emerging markets

SOLUTION

Concrete towers manufactured locally in mobile factories at highly competitive costs

The Ventika Wind Farm in Mexico, 84x AW116/3000 on 120m concrete towers



**Sold! Over
2.3GW
globally**

Secure local supply on a low cost base

Great products, example: anti-icing aystem

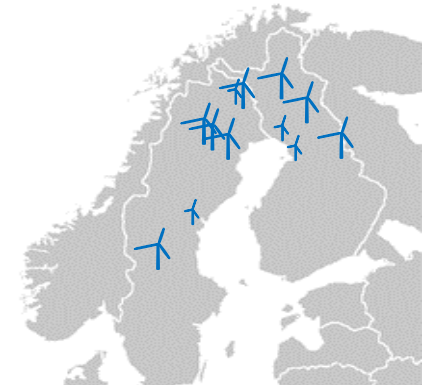
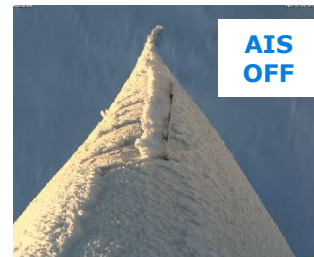
CHALLENGE

Generating value at sites with moderate to severe icing conditions

SOLUTION

An industry-leading Anti Icing System, which improves power generation during icing periods

Nordex anti-icing system



Guaranteed Performance

**Sold: 540 MW
Tested, certified
and proven**



■ Summer ■ Active Icing

8-12% improvement on AEP in icing conditions

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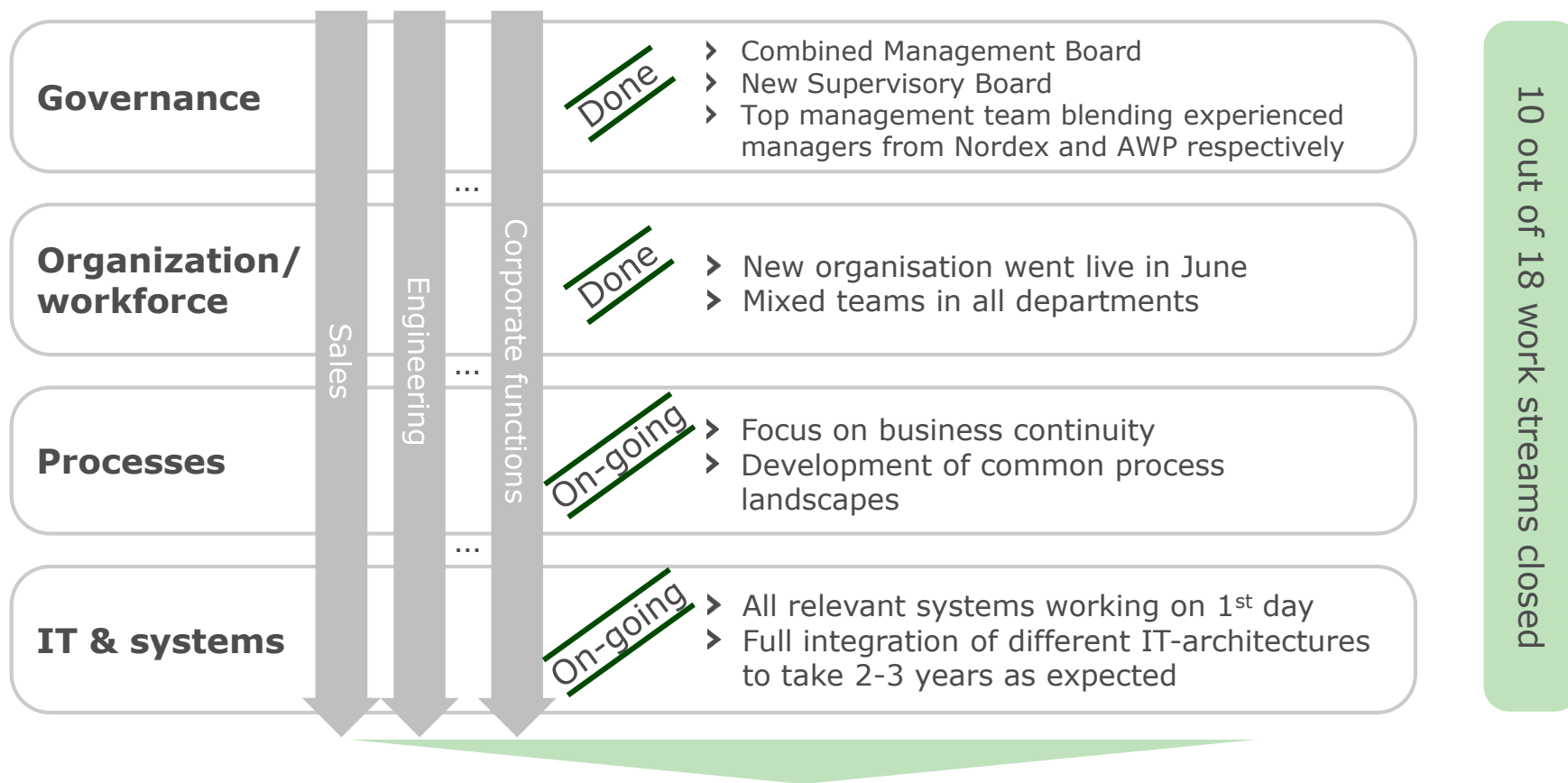
The strategic rationale for combining the businesses of Nordex and Acciona Windpower remains valid

Minimal overlap, no cannibalization – a strong fit

	MARKET FOCUS	CUSTOMER FOCUS	PRODUCT FOCUS	TECHNOLOGY FOCUS	
AWP	Emerging Markets	Large developers and IPPs	Projects without land constraints	Concrete towers	➔ CREATING A STRONGER AND MORE COMPETITIVE COMPANY
	+	+	+	+	
Nordex	Europe	Small & medium-sized customers	Complex and land constrained projects	Blades	
	=	=	=	=	
	TRULY GLOBAL	BROAD CUSTOMER BASE	DIFFERENT PROJECTS	COMPLEMENT. TECHNOLOGIES	

> We have become one company with a fully integrated workforce

Merger status 6 months after closing



Functioning as one company – internally and towards our customers

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> 2016 guidance remains unchanged

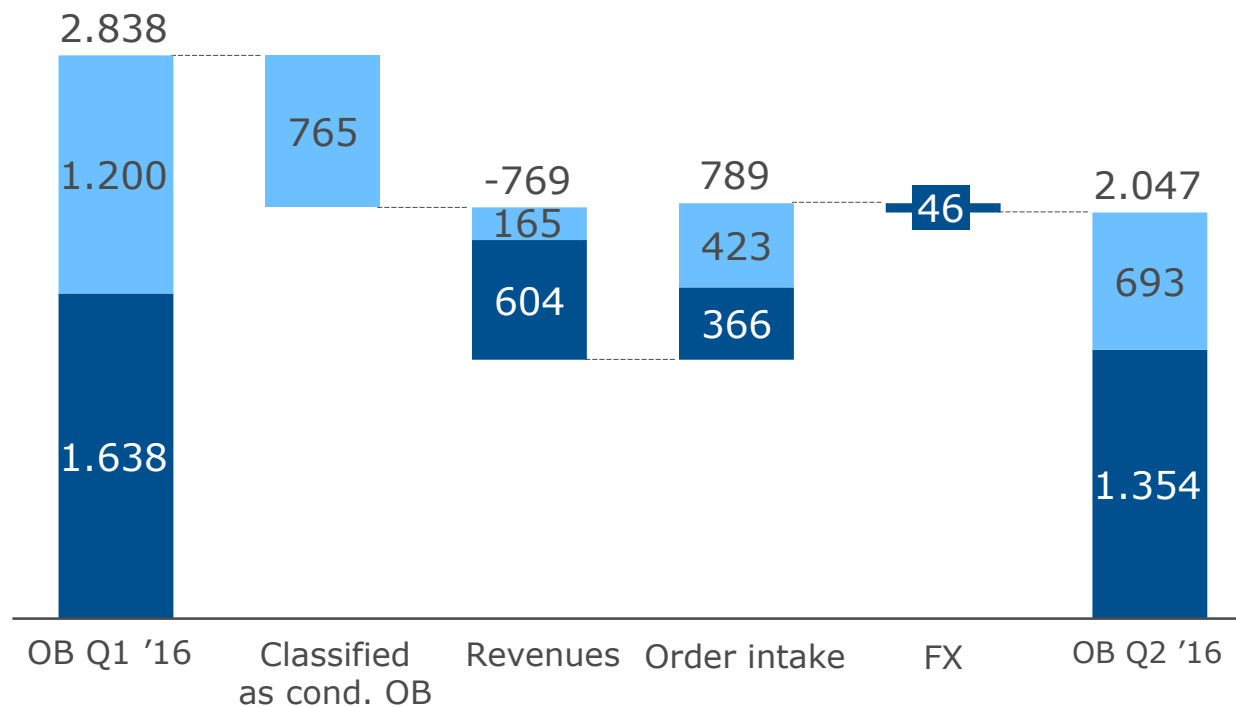
2016 H1 actual and full year guidance

KPI	2016 H1	FY guidance
Order intake (EUR bn)	1.33	>3.4
Sales (EUR bn)	1.48	3.35-3.45
EBITDA margin (in %)	9.2	8.3-8.7
Working capital ratio (in %)	4.4	<5
CAPEX (EUR mn)	37	80-90

> Clarification around classification of orders after closing

Post closing EUR 765 mn of AWP order backlog reclassified as conditional orders

Firm order backlog development H1/2016 (EUR mn)

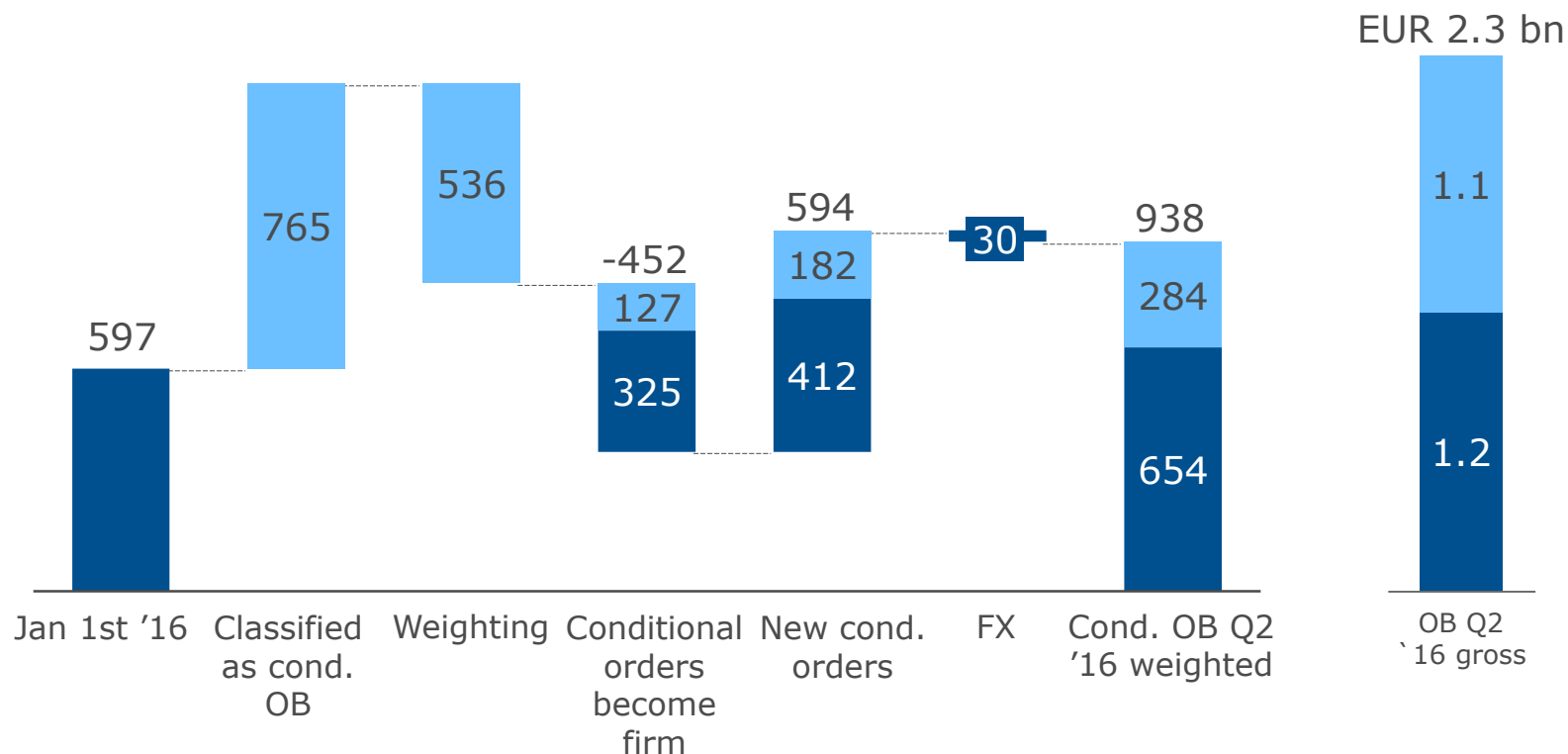


AWP Nx

> Clarification around classification of orders after closing

Conversion of conditional into firm orders is at a high rate

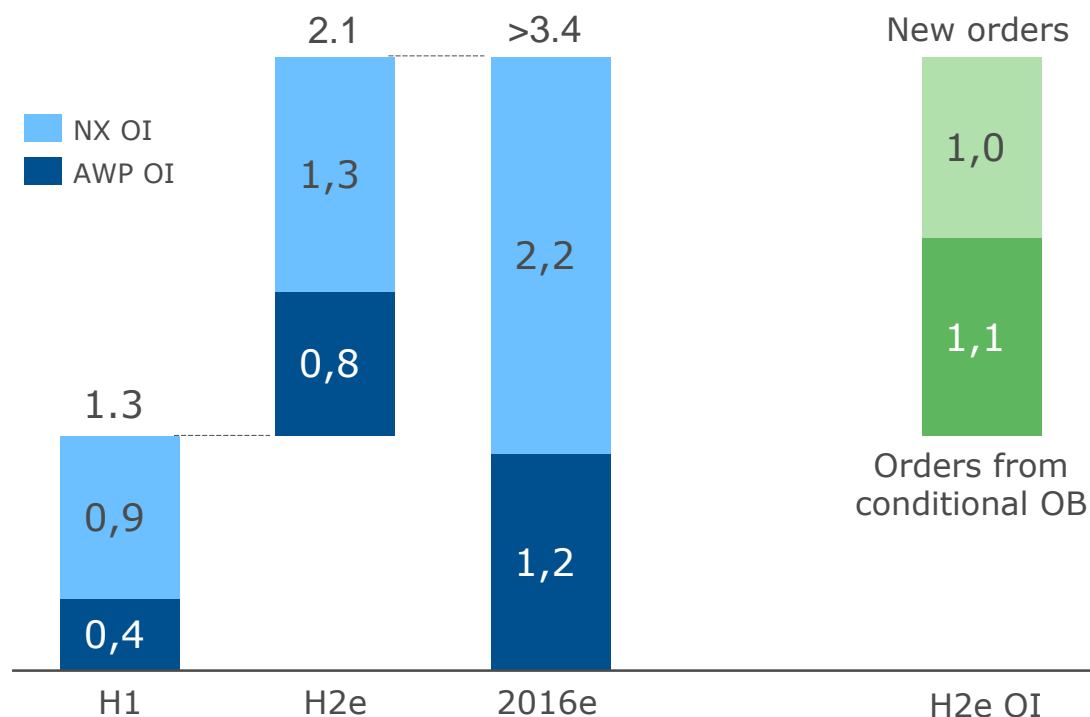
Conditional order backlog development H1/2016 (EUR mn)



AWP Nx

> Staircase to achieve planned H2/2016 order intake

A back-loaded year, planned order intake in H2/2016 (EUR bn)



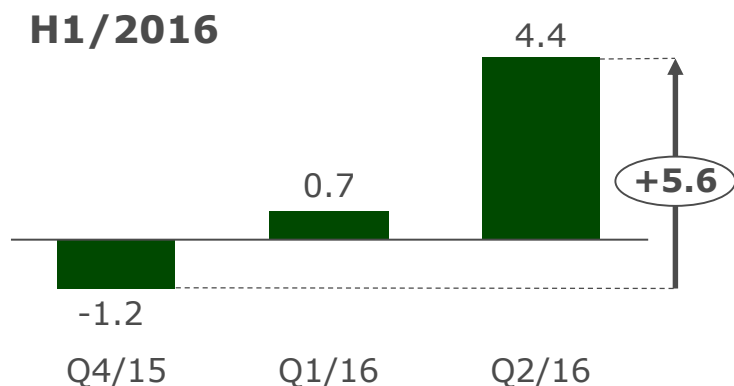
2016 H2

- Robust pipeline
- Q4 will be stronger than Q3
- EUR 1.1 bn conversion of conditional orders into firm orders expected in H2
- Expected 60/40 NX/AWP split on orders in H2

On track to meet 2016 guidance for order intake EUR >3.4 bn

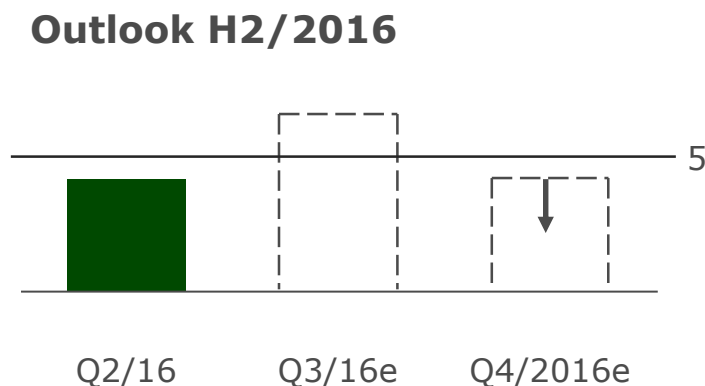
Working capital increase expected in Q3, then decrease in Q4

Working capital ratio (in % of sales)



Working capital ratio increased due to

- Higher share of big overseas projects with long transportation times
- Payment delays from Brazilian projects
- US safe harbor rules, support future project pipeline
- Back-loaded order intake



Further increase in Q3, decrease in Q4

- US safe harbor volume will further increase in Q3
- Preparation for high activity level in Q4 will increase working capital in Q3

On track to meet 2016 guidance for working capital of <5%

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2018 targets remain unchanged

2016 guidance and 2018 targets

KPI	2016 guidance	2018 targets
Sales (EUR bn)	3.35-3.45	4.2-4.5
EBITDA margin (in %)	8.3-8.7	>10
Working capital ratio (in %)	<5	<5

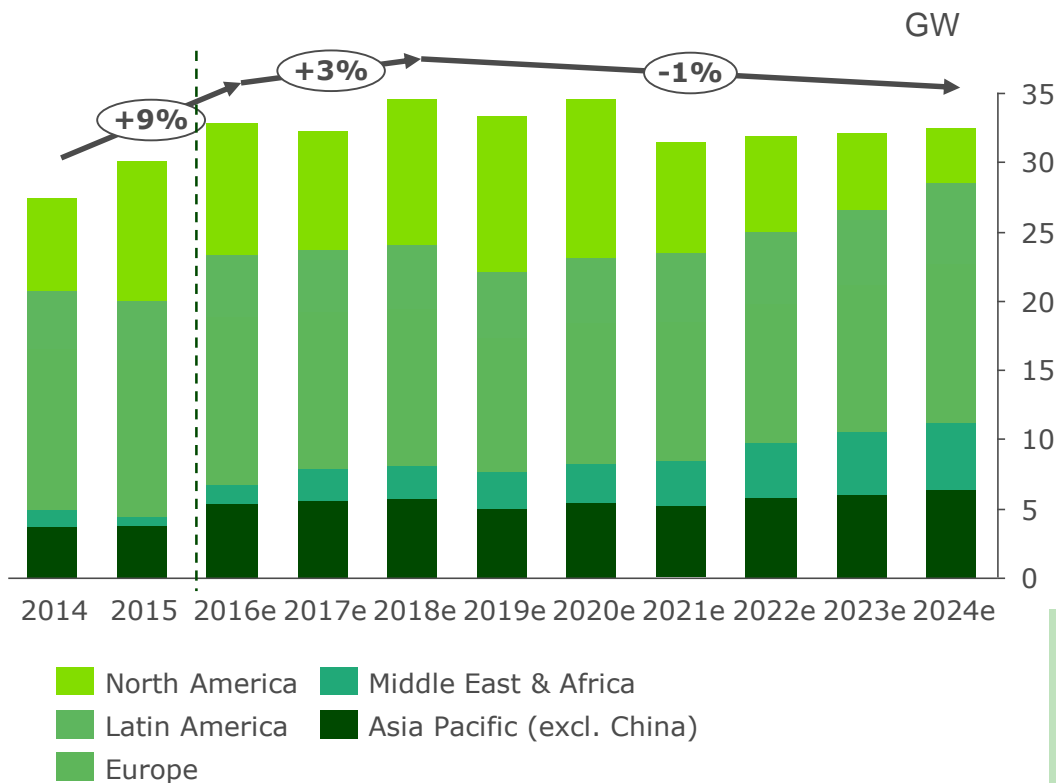
Overview : Pathway to meet the 2018 EBITDA target

EBITDA „bridge“ 2016-2018 (in EUR mn)

	EBITDA target 2016	≥ 280
1	Volume growth, turbines	40-60
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1 The market: long-term growth driven by economics rather than policy

2014-24: global onshore grid connected capacity, excl. PRC



- **2016:** ~32 GW installations
- **2017: stagnation** as Europe & US drop (auctions, safe harboring effects)
- **2018-2020:** volumes increase in US and emerging markets
- **Post 2021:** dip as PTC expires, then grid-parity driven growth

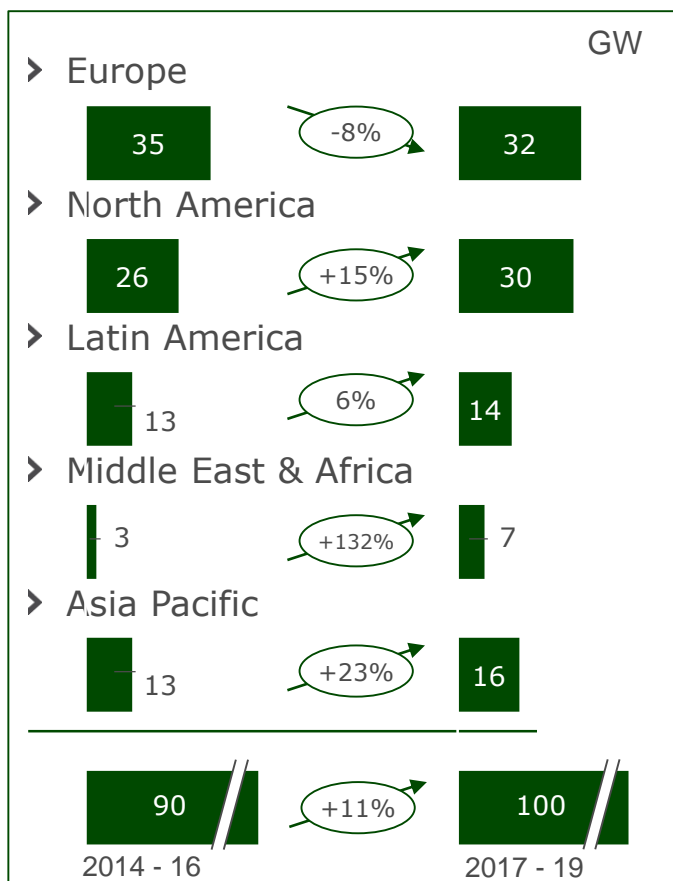
A long-term blue sky scenario?

Effects of the Paris Accord not reflected in global volume forecasts

Source: MAKE Q3 2016

1 The market: medium-term volume will swing towards US and emerging markets

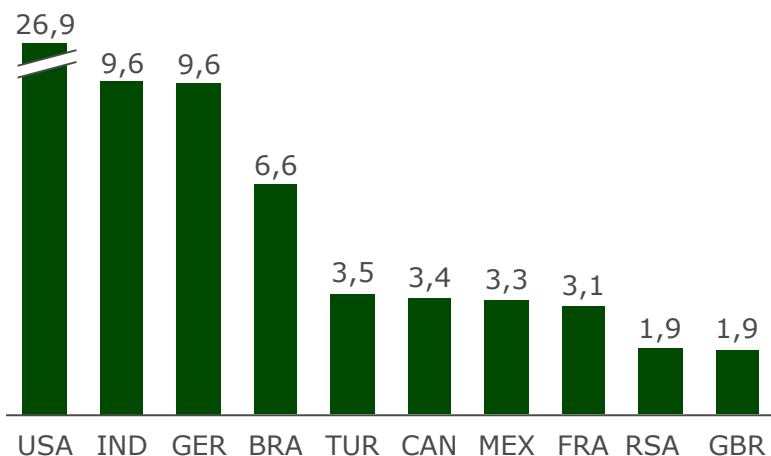
2014-2019: global onshore grid connected capacity, excl. PRC (3 year cum.)



Source: MAKE Q3 2016

- Europe expected to slow down
- Drop in 2017
- Total global installations will continue to grow
- Drivers are US and emerging markets

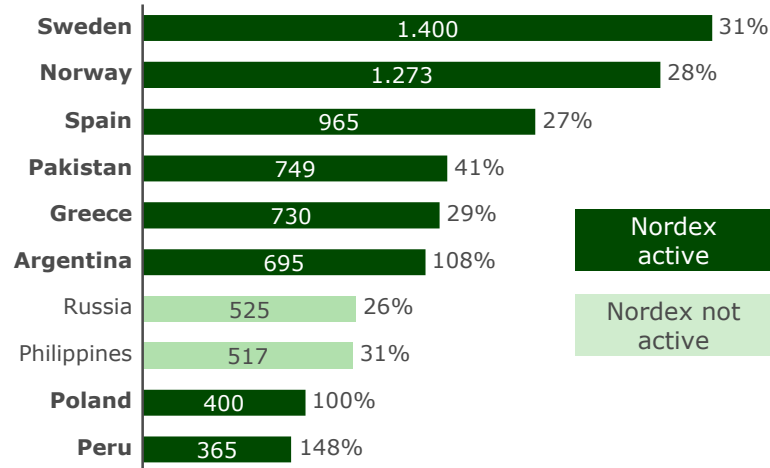
TOP 10 volume markets 2017e-2019e – excl. PRC (cum. GW)



- Medium-term volume centers around a few markets
- Top 10 volume markets contribute 70% of installations

Positioned for volume:
Nordex active in all volume markets

TOP 10 growth markets (by % CAGR) 2017e-2019e – ordered by cum. GW



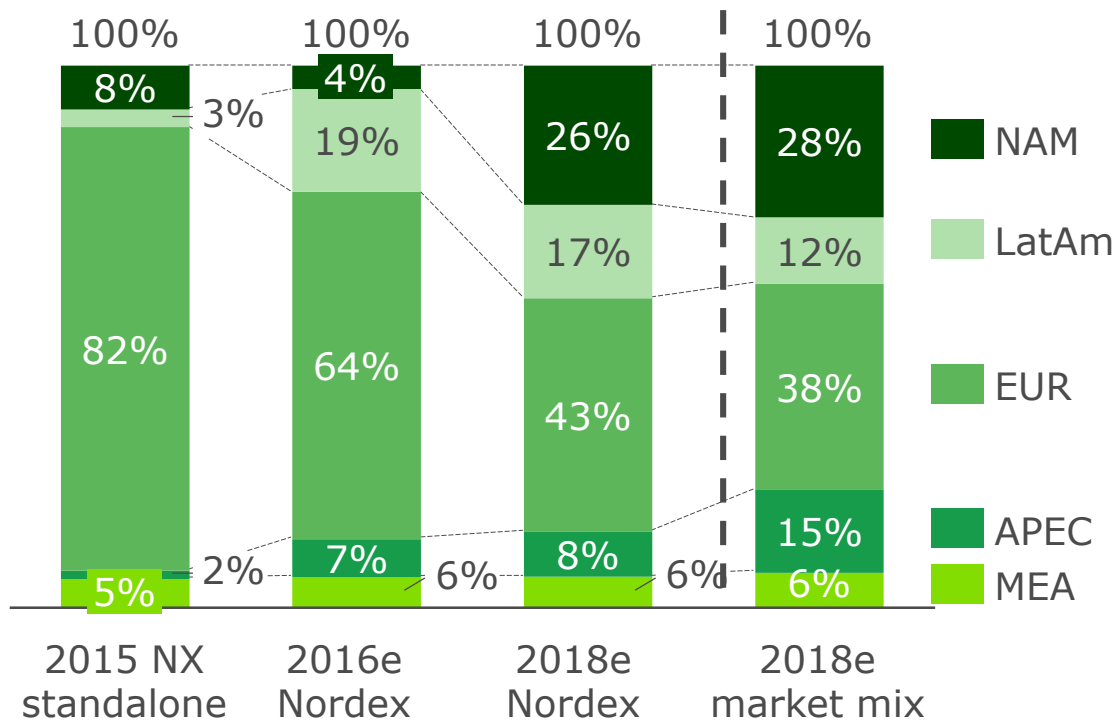
- High growth opportunities in new markets and some old markets
- Top 10 growth markets represent 7.6 GW of volume and CAGRs of 26% to >100%

Positioned for growth:
Nordex active in 8 of 10 growth markets

Source: MAKE market outlook Q3/2016

1 The market: Nordex with wider footprint after acquisition of Acciona Windpower

Regional split Nordex vs. global volume mix (% based on MW installed)



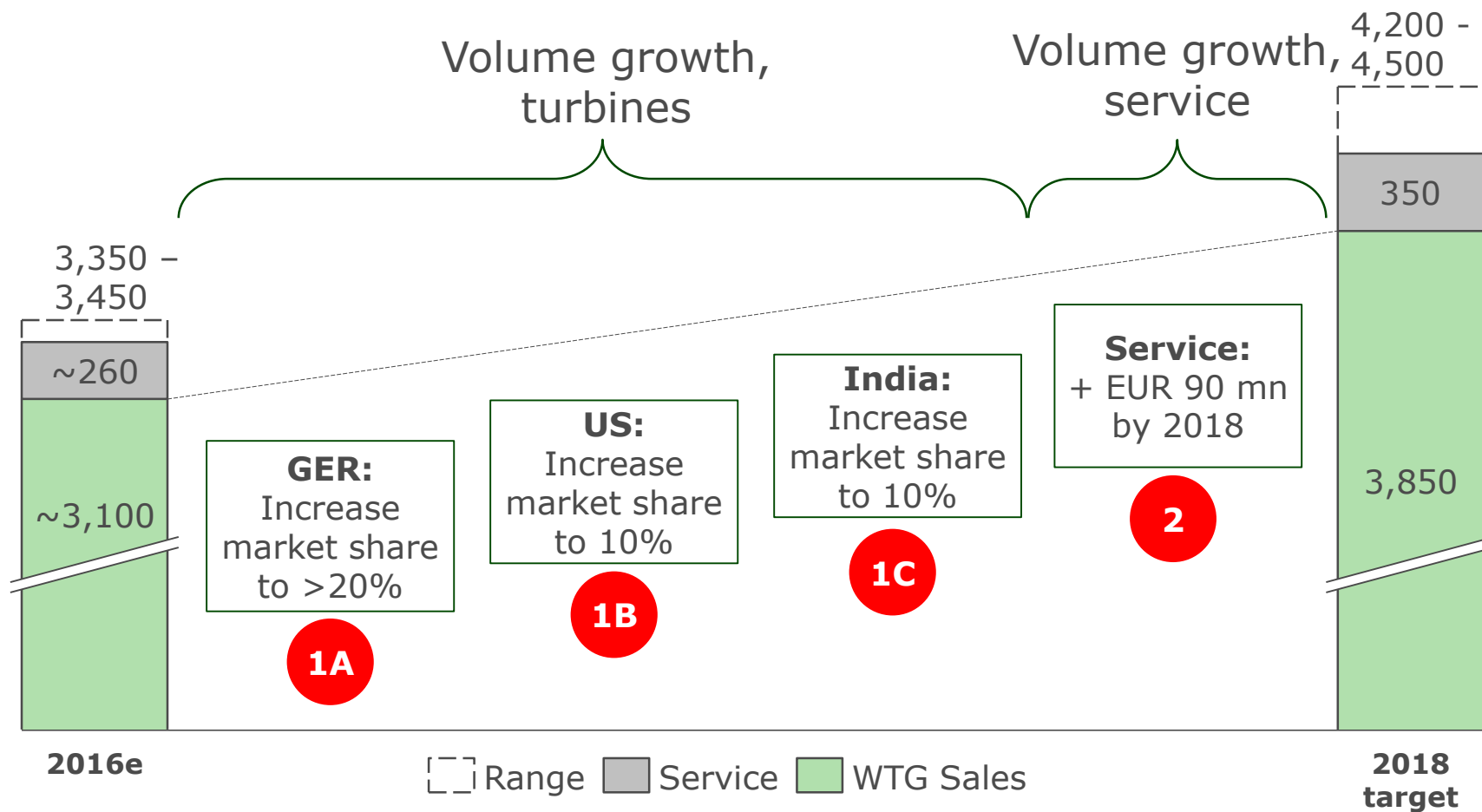
- Market penetration 2015: 64%**
- Market penetration 2016: 86%**
- "Europe heavy" sales volume composition replaced by diversified global footprint
- 2018 sales split expected to reflect market shift
- Products to match both capacity and land constrained market requirements

*Source: MAKE **excl. PRC

More diversified market footprint allows flexible response to shifting markets

1 Reaching the 2018 revenue target

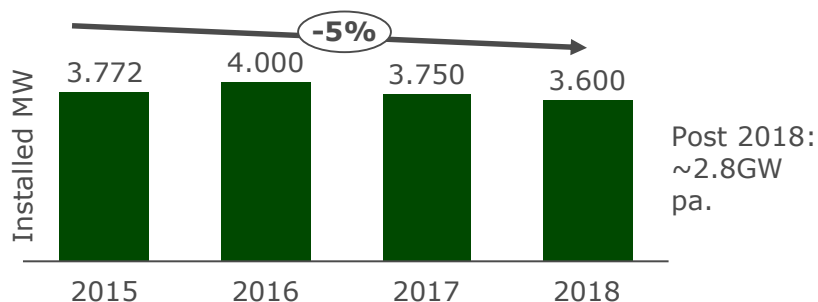
Revenue bridge 2016 – 2018 (in EUR mn)



1A Volume growth, turbines: increase market share in Germany to >20%

The market

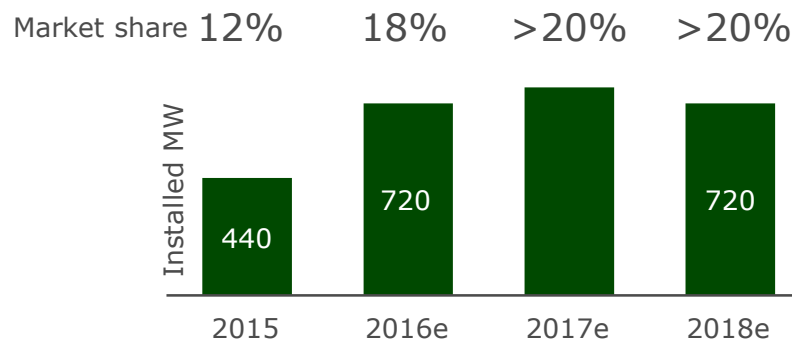
- 2018 market drop not as significant as previously anticipated



Source: MAKE Q3 2016

Our target

- Increase of market share to >20% to mitigate volume drop



Sales enablers

- Track record – 3.6GW installed – market share improvement from 2011 3.5% to 2016 H1 17%
- Customer access - well established, broad sales network & market position
- Nordex turbines included in many building permit applications made by customers – N131/3300 & N117/3600 – ready for auctions
- Very efficient products combining highly competitive yield/noise levels
- World 's tallest turbine N131/3300 PH164 – best machine for German low wind sites

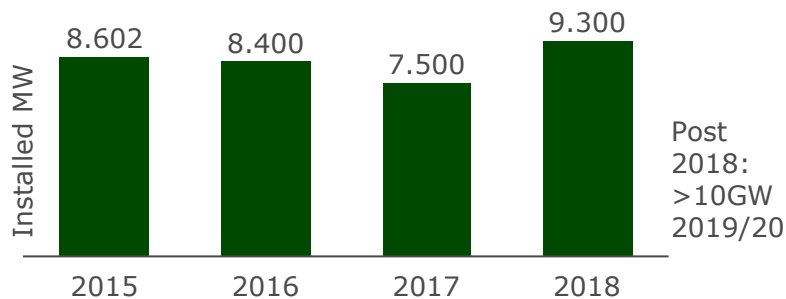


1B

Volume growth, turbines: increase market share in US to 10%

The market

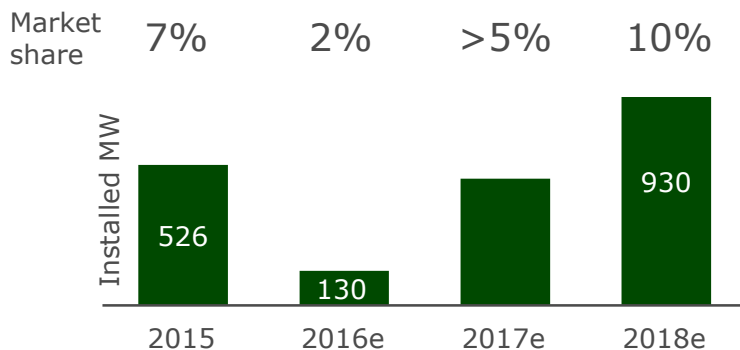
- Stable >8GW market for the foreseeable future



Source: MAKE Q3 2016

Our target

- Grow market share to 10% in 2018



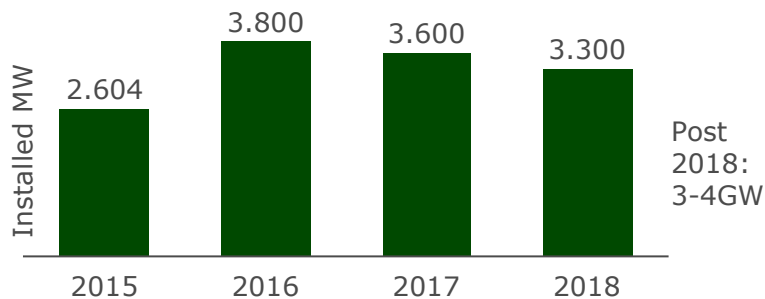
Sales enablers

- Track record and broad service network – 2.2GW installed and regionally well spread service operation
- PTC will boost the market above 8 GW
- Strengthened balance sheet broadens customer access
- Safe Harbor contracts will deliver significant volume through 2020
- Competitive product range for all US market environments (land & capacity constrained)
- Upcoming launch: New AW turbine designed for capacity constrained markets a perfect fit for the US market

1C Volume growth, turbines: increase market share in India to 10%

The market

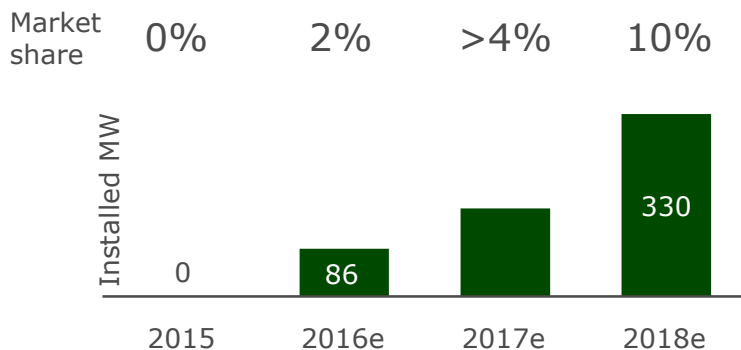
- World's 3rd largest market - stable 3-4 GW volume p.a.



Source: MAKE Q3 2016

Our target

- Increase market share to 10% in 2018



Sales enablers

- Solid pipeline – 1 GW development pipeline earmarked for AWP turbines
- Nordex passed high market entry barrier
- One of 3 premium OEMs in the country
- Certified production and products for Indian market
- Product advantage – AW125/3000 largest WTG available in Indian market
- Show-case project online in October 2016
- Proprietary concrete tower to reduce cost and gain local social acceptance



1C

First AWP wind turbines manufactured in India, mobile concrete tower plant running

Chennai plant in September 2016



Mobile tower factory at Bannur project



Overview: pathway to meet the 2018 EBITDA target

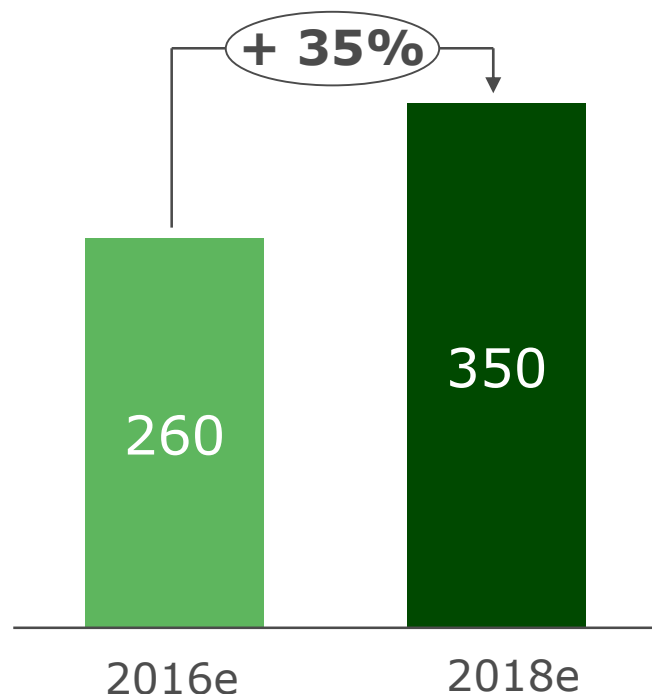
EBITDA „bridge“ 2016-2018 (in EUR mn)

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4	Merger synergies	60
5	Operational excellence	10-30
	Non-recurring and merger costs	25-35
	EBITDA drivers	155-215
EBITDA target 2018		435-495

2 Volume growth – increase service revenues by EUR 90 mn

Service business expected to deliver EUR 350 mn revenues by 2018 and an EBITDA improvement of EUR 20-30 mn

Service revenues (EUR mn)



Growth & profitability levers

- **Organic service growth as a result of new unit sales**
- **Additional after-sales opportunities:**
 - Vortex Generators
 - Xtended Power
 - Trailing Edge Serrations
- **Increased service efficiency:**
 - Digitalization
 - Advanced data analytics to improve fleet reliability
 - Optimized technical support to solve failures more quickly

2 Additional after-sales, examples of current products

Vortex Generators for blades

- Improved power production at medium-wind speeds when turbines are not producing at full capacity
- **Average increase in annual energy production of approx. 1.5%**



Trailing Edge Serrations

Reduced sound emissions



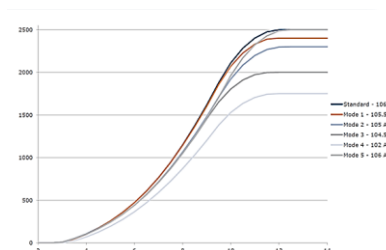
Xtended Power

- Optimized pitch control to increase turbine performance
- Intelligent turbine control for yield increase at medium wind speed
- **Up to 2% yield increase**



Sound Power Modes

Higher yields at constant sound power levels



> Overview: pathway to meet the 2018 EBITDA target

EBITDA „bridge“ 2016-2018 (in EUR mn)

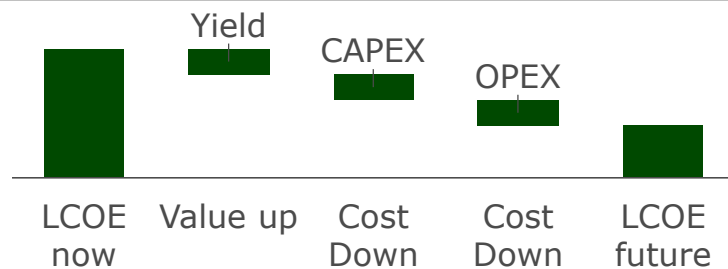
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Addressing price pressure, ensuring competitiveness: the COE programme

Terminology

$$\text{LCOE} = \frac{\text{CAPEX} + \text{OPEX}_{\text{Life}}}{\text{AEP}_{\text{Life}}}$$

Levers



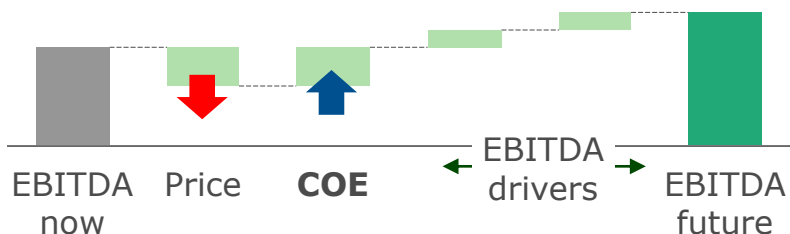
The tool: our COE programme

- One COE programme running per platform
- 280 experts directly involved
- >900 active measures to reduce COE



Target

- Compensate, at a minimum, the price pressure



Nordex confirms 18% COE reduction through 2018 (vs 2015)

3 Our COE programme

Examples of COE initiatives

Re-design nacelle cover

- Change design from round to square
- Reduce number of parts
- Cost reduction in:
 - Materials
 - Labour

0.25% COE reduction

Flexible moulds for variable blade lengths

- Same mould for three different turbine types
- Lower CAPEX
- Shorter time to market

1.1% COE reduction

Reducing gearbox cost

- Higher tip speeds create less torque
- Smaller gearbox possible

0.7% COE reduction

Capacity constrained markets



Emerging markets, USA

1.5-3MW

COE driven

AW3000

Land constrained markets



Europe

>3MW

COE & Technology driven

Delta generation

Beating market leader in the heart of Texas

Specific product solutions for market with significant restrictions

Short term

1 year

- Boost existing product portfolio

Medium term

3 years

- Optimize existing platforms by technology exchange
- „Specialized“ product portfolio

Long term

5 years

- Segment-based strategy with common: suppliers system architecture design elements

3 The product portfolio

Sales Release

	2014 and before	2015	2016	2017	Strategy
AW3000	AW125/3000	AW132/3000	AW125/3150	to be announced soon	specialize on capacity constrained projects
NX Delta	N117/3000 N131/3000	N131/3300	N117/3600 N131/3600	to be announced soon	specialize on land constrained projects

COE-focused evolutionary product development based on proven technology

TOWERS



Tower portfolio

- › **Proven AWP tower technology** to complement existing tower portfolio
- › **Most competitive** tower solution for specific markets

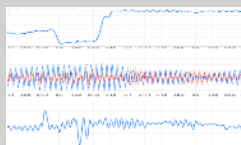
BLADES



New blade geometries

- › Utilizing combined knowledge to improve **blade geometry/performance** and production processes

TOOLS CONTROLS STANDARDS



Control strategies

- › Exchange on **control & load algorithms**
- › **Power curve** improvement and optimization

SUPPLIERS



Supplier base

- › Harmonizing supplier base
- › Leveraging **economies of scale**

TECHNOLOGY & DESIGN



Serrations

- › **Serrations** for AW platform
- › Already **prototyped on AW125**

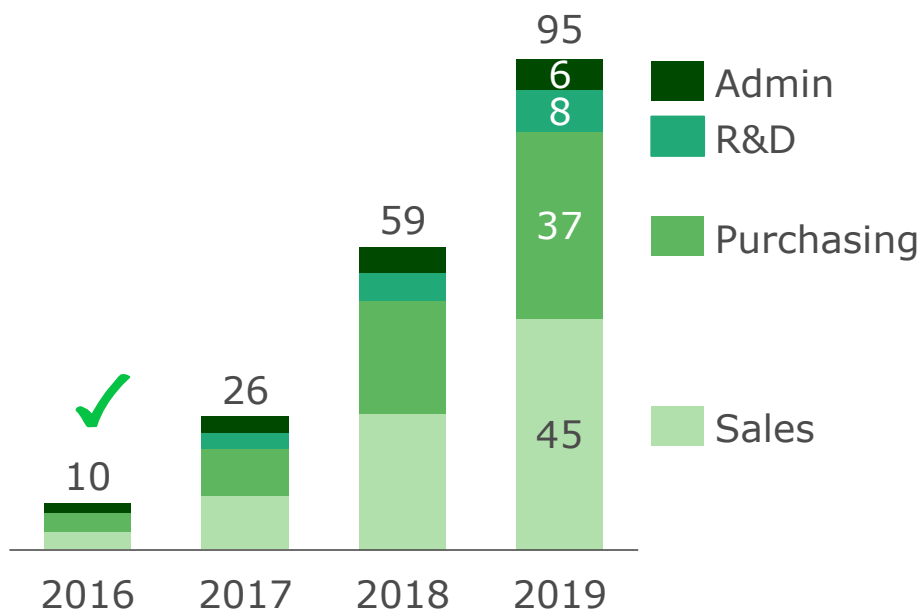
COE programme as synergy accelerator

Overview: pathway to meet the 2018 EBITDA target

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Pre-closing synergy targets EBITDA impact in EUR mn*



Update on synergies

- Work on synergies realization started immediately after closing
- 2016 synergies will reach the target
- In 2017 synergies expected to reach EUR 25-28 mn
- Full potential of EUR 95 mn in 2019 confirmed

* One-off merger transition cost not included. Rounded values.

Merger synergies examples

Sales

Example: sale of 200+ MW project with AWP technology to a Nordex customer

Purchasing

Example: volume bundling (castings, forgings)

R&D

Example: applying Nordex pre-bent blade technology on AWP WTGs

Admin

Example: consolidation of office space in the US, China, RSA etc.

**On track
to generate
EUR 95 mn
synergies
in 2019**

Overview: pathway to meet the 2018 EBITDA target

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5 Potential for profitability improvement through operational excellence

Quality issues cost more than EUR 40 mn over last 18 months

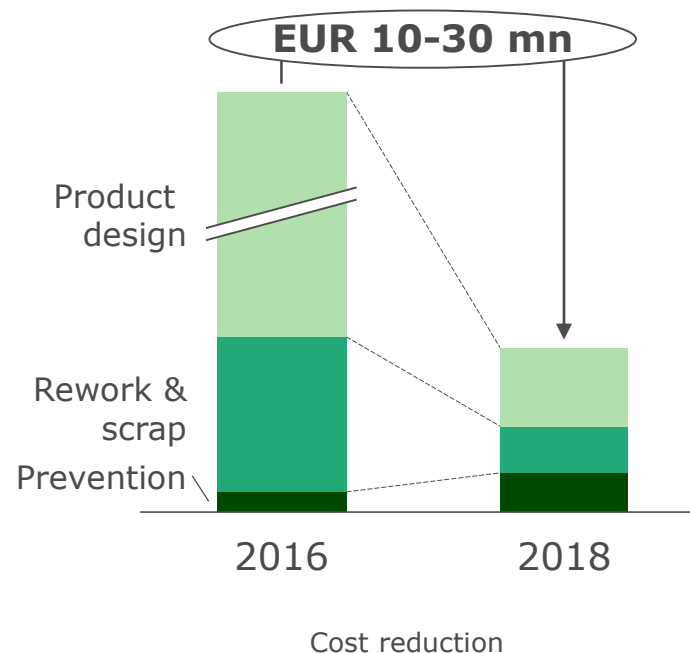
- Supplier ramp-up for N117
- Blade ramp-up of N131
- Cable assembly process
- Quality control of bolts

We understand the root causes

Sustainable process improvements deployed

- Design phase:
 - More testing of prototype components
 - Development process implemented, stricter adherence to deadlines
- Ramp-up phase:
 - More Nordex quality specialists on supplier shop-floor
 - Less aggressive volume uplift for blades

Operational excellence aims at EUR 10-30 mn EBITDA improvement



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Key take-aways: all elements for success in place

The integration process is fully on track

- Nordex and AWP operate as one company
- A combined experienced Management Team
- Merger synergies confirmed

Our 2016 guidance is confirmed

- A back-loaded order year, but robust pipeline to reach target
- Working capital to peak in Q3, but back on track in Q4

We have a clear plan to achieve our 2018 targets

- Top-line and EBITDA growth through more turbine and service business
- Success in Germany, US and India will be important
- Significant synergy benefits
- COE programme to address price pressure
- Opportunities for profitability improvements through operational excellence

Nordex and AWP: complementary strengths, a diversified global presence and competitive products



Any questions?

Questions

Answers

**> Thanks for
joining today's CMD**



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Together on the same course

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