Nordex SE

Conference Call 9M 2012

Hamburg,
13/11/2012

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AGENDA

1.	**Highlights 9M 2012**	**Dr. J. Zeschky**
2.	**Financials 9M 2012**	**B. Schäferbarthold**
3.	**Guidance 2012 and market outlook**	**B. Schäferbarthold**
4.	**Strategy implementation – Update**	**Dr. J. Zeschky**
5.	**Concluding remarks**	**Dr. J. Zeschky**

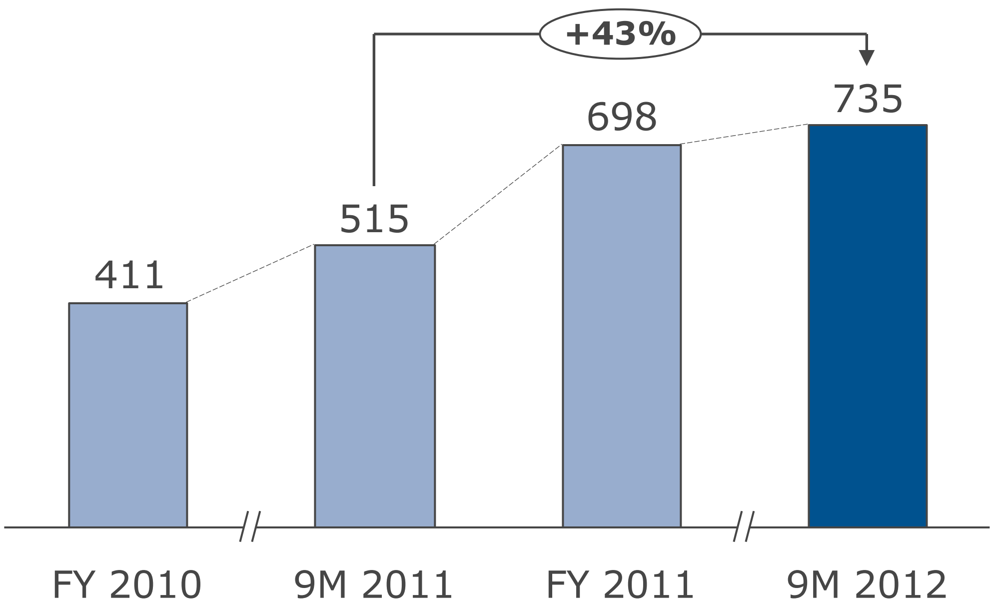
APPENDIX: **Financial calendar 2013**
Shareholder structure

HIGHLIGHTS

- **Q3 2012 in line with expectations** – back to black
  - 7 % increase in sales up to EUR 715.5 Mio YoY
  - Net profit Q3 EUR 7.7 mn
- **Order intake at previous year´s level**
- **Confirmation of guidance** for sales and operating cash flow
- **Order intake expectation** for 2012 at the **upper end** of the EUR 1 – 1.1 bn range
- **EBIT expectation** for 2012 at the **lower end** of the 1-3% EBIT margin range
- **Reset of strategy completed** in September – **implementation** underway

ORDER BACKLOG DEVELOPMENT AND ORDER BOOK

Development of firm order backlog 2010 – 9M 2012 in EUR mn



- **Order backlog** decreased compared to H1 (EUR 837 m) but still **43 % above 9M 2011**
- **Promising order intake in Q4 – order intake level of 2011** slightly topped per October (+1.7%; EUR 721 m per Oct 2012 vs. EUR 709 m per Oct 2011)
- **European business** accounts for **90 %** of the order book - minor exposure to weak Euro-countries (<10%)
- **Conditional order backlog** increased by EUR 153 m and now stands at **EUR 1.6 bn**

INCOME STATEMENT 9M 2012

In EUR mn

	9M 2012	Q3 2012	9M 2011	Q3 2011
Sales	715.5	294.4	668.2	264.9
Total revenues	**750.4**	**315.0**	**695.0**	**252.3**
Cost of materials	(576.0)	(236.7)	(505.9)	(187.2)
Gross profit	**174.4**	**78.3**	**189.1**	**65.1**
Personnel costs	(103.6)	(36.4)	(102.6)	(36.0)
Net other oper. expenses	(45.7)	(18.2)	(55.8)	(12.6)
EBITDA	**25.1**	**23.7**	**30.7**	**16.5**
Depreciation	(22.8)	(8.3)	(19.7)	(7.1)
EBIT	**2.3**	**15.4**	**11.0**	**9.4**
Net financial result	(17.9)	(6.8)	(10.5)	(3.1)
EBT	**(15.6)**	**8.6**	**0.5**	**6.3**
Tax	(0.1)	(0.9)	(1.1)	(2.9)
Net Profit	**(15.7)**	**7.7**	**(0.6)**	**3.4**

- **7 % increase in sales** YoY up to EUR 715.5 m
- **Reduction in structural costs**
- **Significant EBIT** (EUR 15.4 m) and **net profit** (EUR 7.7 m) in Q3
- **Back to black** – positive 9M EBIT of EUR 2.3 m

CASH FLOW STATEMENT 9M 2012

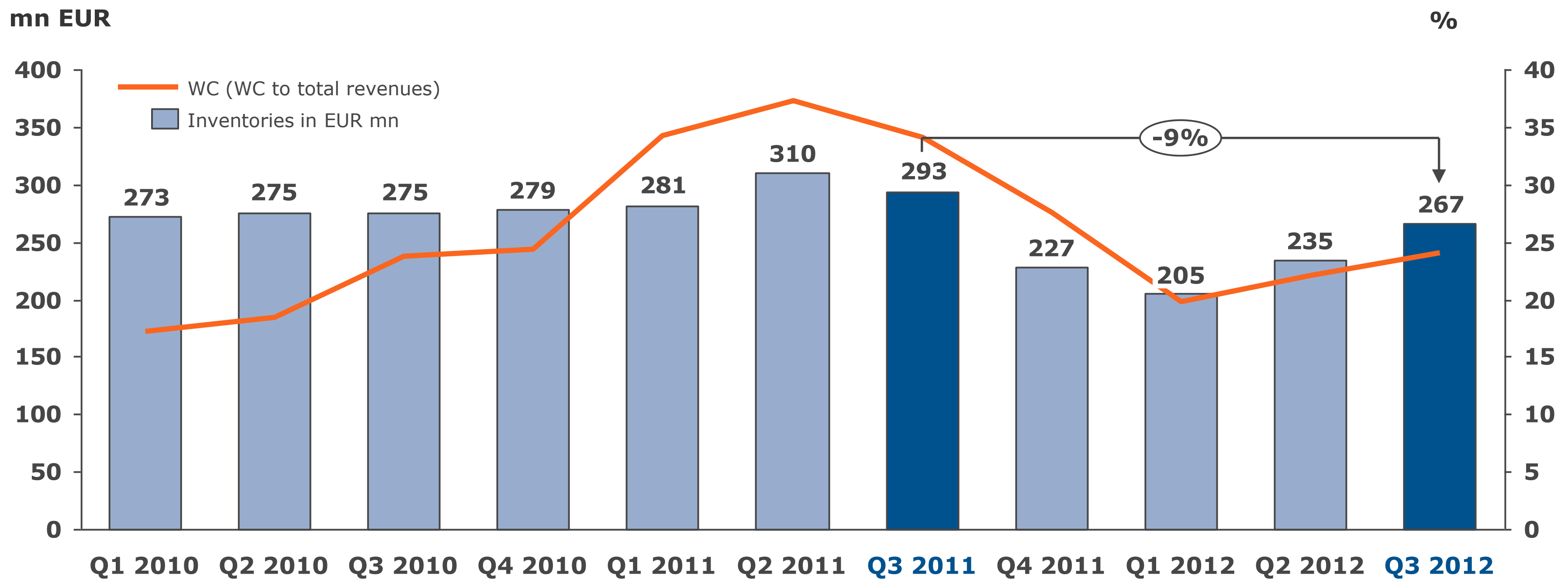
In EUR mn

	9M 2012	Q3 2012	9M 2011	Q3 2011
Net result	(15.6)	7.7	(0.6)	3.4
Depreciation	22.9	8.3	19.7	7.1
Change in provisions	(8.0)	(10.0)	(18.0)	(1.3)
Change in working capital	(2.9)	(22.0)	(73.7)	58.4
Other cash outflow from operating activities	(29.1)	(12.8)	9.8	(8.0)
Cash flow from operating activities	**(32.7)**	**(28.8)**	**(62.8)**	**59.6**
Cash flow from investing activities	**(40.0)**	**(19.0)**	**(34.4)**	**(10.7)**
Cash flow from financing activities	**(20.2)**	**(7.0)**	**167.8**	**(24.3)**
Change in liquidity from cash flows	(92.9)	(54.8)	70.6	24.6
Liquidity beginning of period	212.0	175.1	141.1	184.2
Other	1.2	0	(0.7)	2.2
Liquidity end of period	**120.3**	**120.3**	**211.0**	**211.0**

- **Liquidity outflow** due to planned production and installation peak in H2
- **Improved operating cash flow YoY**

INVENTORIES AND WORKING CAPITAL DEVELOPMENT

Development of inventories and working capital ratio 2010 – Q3 2012



- Strict working capital management resulted in a **working capital ratio of 24 %** (FY 2011: 27.7 %)
- **Increase in working capital in Q3** due to procurement for the production and installation peak in H2 2012 but still below the level of Q3 2011

BALANCE SHEET 9M 2012

In EUR mn

	30.09.12	31.12.11		30.09.12	31.12.11
Liquid funds	120.3	212.0	Current bank borrowings	29.0	76.2
Trade receivables and future receivables	320.3	260.1	Trade payables	175.0	109.7
Net inventories	266.8	227.4	Other current liabilities	275.4	407.5
Other current assets	74.8	60.7	Current liabilities	479.4	593.4[1]
Current assets	782.2	760.2	Non-current bank borrowings	27.4	0
Capitalized dev. expense	74.1	62.1	Deferred tax liabilities	14.0	16.8
Deferred tax assets	41.8	40.7	Bond[2]	152.6	-[1]
Other non-current assets	166.4	166.0	Other non-current liabilities	33.9	42.2
			Non-current liabilities	227.9	59.0
			Shareholders‛ equity	357.2	376.6
Total assets	**1.064.5**	**1,029.0**	**Total liabilities**	**1,064.5**	**1,029.0**

[1]Bond disclosed under current liabilities/ short-term debt in FY 2011 in the amount of EUR 154.6 mn
[2] incl. accrued interest

- **Equity ratio at 33.6 %** (9M 2011: 38.9 %)
- Re-financing/ syndicated loan negotiations under way

GUIDANCE 2012

Sales	**EUR 1 – 1.1 bn** →**Confirmed** due to high visibility of project execution
Firm order intake	**EUR 1 – 1.1 bn** →**Narrowed** to the **upper end** of the range due to recent and expected orders (e.g. South Africa, Germany, France)
EBIT	**1 – 3% margin** →**Narrowed** to the **lower end** of the range due to supplier issues and temporary market freeze in France
Cash flow	**Positive operating cash flow** → **Confirmed**

CURRENT WIND MARKET SITUATION

EMEA

- Temporary demand high in Germany; likely due to EEG 2.0 discussion
- Northern and Eastern markets stable – Southern Europe still weak
- Change of legal framework initiated or expected for major markets
- First major order from South Africa after initial delays in the tender
- **Nordex: Encouraging customer interest in N117/2400, good production capacity utilization on single-shift basis; strong order book in Northern Europe and Germany**

Americas

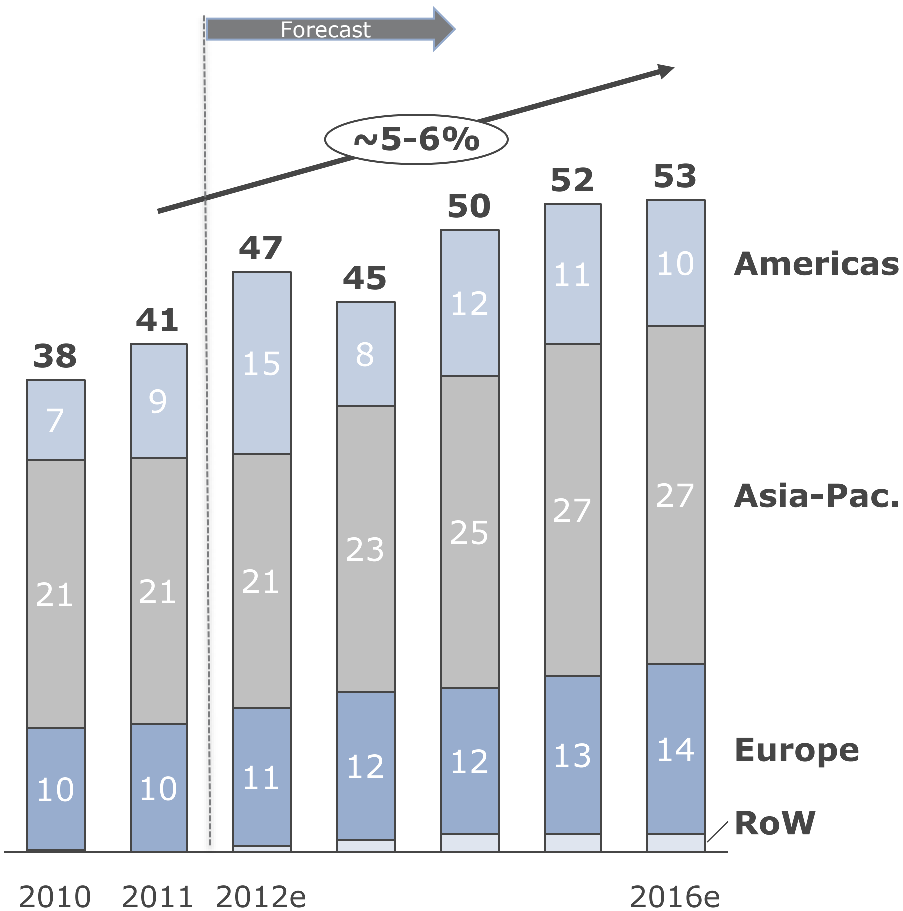
- US expecting a record year in wind installations – 4.7 GW installed during Q1-3, a further 8.4 GW under construction
- BUT: Pending ITC / PTC-extension will lead to a sharp decline in 2013
- **Nordex: Lack of orders in the US, production capacity underutilized; project development activities intensified in other parts of Americas (300 MW pipeline in Honduras; Chile)**

APAC

- China will remain the largest wind market in the world but dynamics are slowing down – only 5.6 GW newly installed in H1 2012 (H1 2011: 8 GW)
- Tier II markets such as Pakistan, Philippines or Thailand developing
- **Nordex: Difficult access to Chinese customers, capacities underutilized; first project in Pakistan (49.5 MW) fully commissioned**

MARKET OUTLOOK UNTIL 2016

Regional development



Assumptions

- MAKE forecast for 2012-16 slightly downgraded but **global WTG installations** to grow with a CAGR of ~5-6%
- Demand in **Northern** (CAGR +9%) **and Eastern Europe** (CAGR +11%) above average
- **Southern Europe** held back by the credit crisis, but still stable thanks to Turkey (CAGR +19 %) and France (CAGR +8 %)
- **USA:** Main reason for global market decline in 2013 due to policy uncertainty even after the elections
- **Asian** volume still driven by China but currently affected by grid constraints
- **RoW:** South Africa and selected countries in North Africa are new emerging markets

Sources: 2010/ 2011 - GWEC; 2012-2016 - MAKE Consulting, November 2012; AWEA

1 **Strategic Targets & Action Items**

2 **Organisation & Regional Structure**

3 **Improvement in Key Performance Drivers**

1 STRATEGIC TARGETS AND ACTION ITEMS

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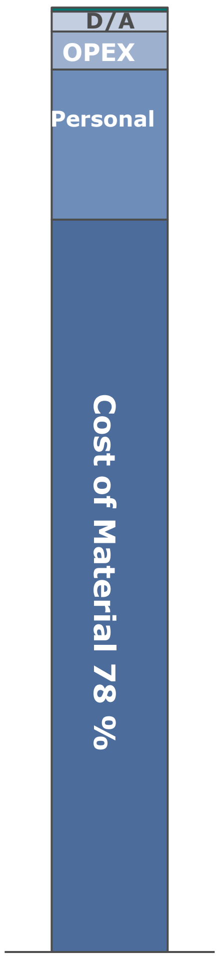
2012 targets:

EBIT 1-3%
Sales
EUR 1 – 1.1 bn



P&L 2012

- **Mid-term sales target EUR 1.5 bn; EBIT ≥5%, will define**
  - **R&D spending of EUR 50 mn p.a.**
  - **Project size 100 - 150 MW**

1. Sales Strategy

- **Focus**
- **Differentiation**

2. Operational Excellence needed

- **In project execution**
- **Huge impact on costs**

3. Reduction in cost of materials essential

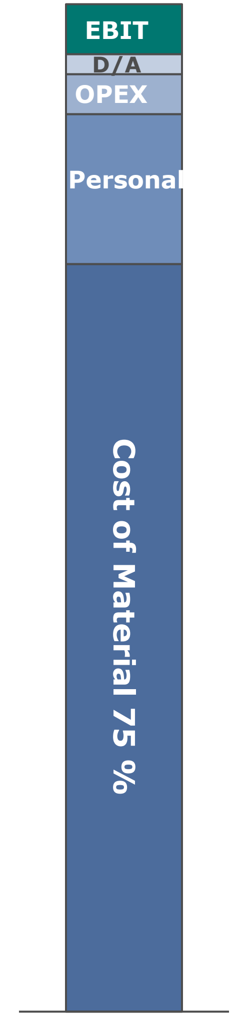
- **Improve materials cost ratio from 78% to 75%**
- **Further slight decline in turbine prices expected**

4. Nordex has some excellent products

- **Focus on N117, next generation of MMW-turbines (NXT-8)**
- **Improvement in towers and blades required**

2015/17 targets:

EBIT ≥ 5%
Sales EUR ~1.5 bn



P&L 2015/17

STRATEGY IMPLEMENTATION – UPDATE ON THE ACTION ITEMS CEO

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Projects

- **NXT 8.1** and **NXT 8.2**
- **Optimization** of Engineering and Purchasing
- **Blade & Tower excellence** project
- **WTG EUR 100k cost down**

First Milestones

TrAction
Tracking & Action

- Development projects **NXT 8.1 and 8.2 on time and budget** for launch in 2013
- **WTG EUR 100k cost down in 2013:**
  - Project is running with **150 tasks** (e.g. workshops with suppliers, finding suppliers in low cost countries in China and Eastern Europe, reduction in number of suppliers)
  - 50% achievable by mid 2013, 100% by end 2013

STRATEGY IMPLEMENTATION – UPDATE ON THE ACTION ITEMS CFO

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Projects

- **Global Planning Office** (GPO)
- **Working Capital** Management
- Relationship **project finance** / ECA
- Interface to sales:
  - Cash flow training
  - Windmoney education
  - Bridge finance NXD
  - Support complex tenders

First Milestones

TrAction Tracking & Action

- **Global Planning Office** staffed and established
- **Project Management Office (PMO)** set up including core team, work guidelines and web-based database tool "TrAction" to follow up on the strategic initiatives and its >50 measures
- **Bridge finance vehicle** for Nordex project development set up; signing for a French project pipeline

1 STRATEGY IMPLEMENTATION – UPDATE ON THE ACTION ITEMS CCO

Projects

- Ramp up **Sales Germany**
- Expand **Service** sales
- Ramp up **Nordex project development (NXD)** organisation
- **Turn-key** excellence centre
- Fixed sales team
- Joint **P&L responsibility** for Sales and Project Management
- **Processes** (Windmoney, Gate process, SMEEP)

First Milestones

TrAction
Tracking & Action

- **Germany initiative** started – reallocation of internal sales staff and new recruitment to take advantage of the current market momentum
- **Project pipelines for NxD** widened (e.g. Honduras, Chile)
- **Turn-key excellence:** South African project "Dorper" confirmed – set up of subsidiary Nordex Energy South Africa Pty. Ltd.

2 STRATEGIC IMPLEMENTATION - REGIONAL STRUCTURE

		2012e	Trend 2013	Trend 2014
Asia	Turnover	EUR 50 mn	↗	No visibility
	EBIT	EUR -9 mn	↗	
Americas	Turnover	EUR 170 mn	↘	No visibility
	EBIT	Break even	→	

- **Stable situation for Asia and Americas in 2013 based on expected order intake**
- **BUT: strategy for sustainable profitability in both regions required**
- **Strategic review of Nordex´operations in China and in the US underway**

3 STRATEGIC IMPLEMENTATION – IMPROVEMENT IN KEY PERFORMANCE DRIVERS

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Broad market access

Technology and R&D

Cost position

Financial resources

- **Nordex is focusing on its key performance drivers with a strategy reset and organizational adjustments**

CONCLUDING REMARKS

- **Strategy being implemented as our top priority**
- **Strategic review of Nordex´operations in China and in the US underway**
- **Guidance 2012 confirmed (sales, operating cash flow) and narrowed (Order Intake, EBIT) before one off items**
- **Order intake promising so far in Q4**

ANY QUESTIONS?

Q&A?!

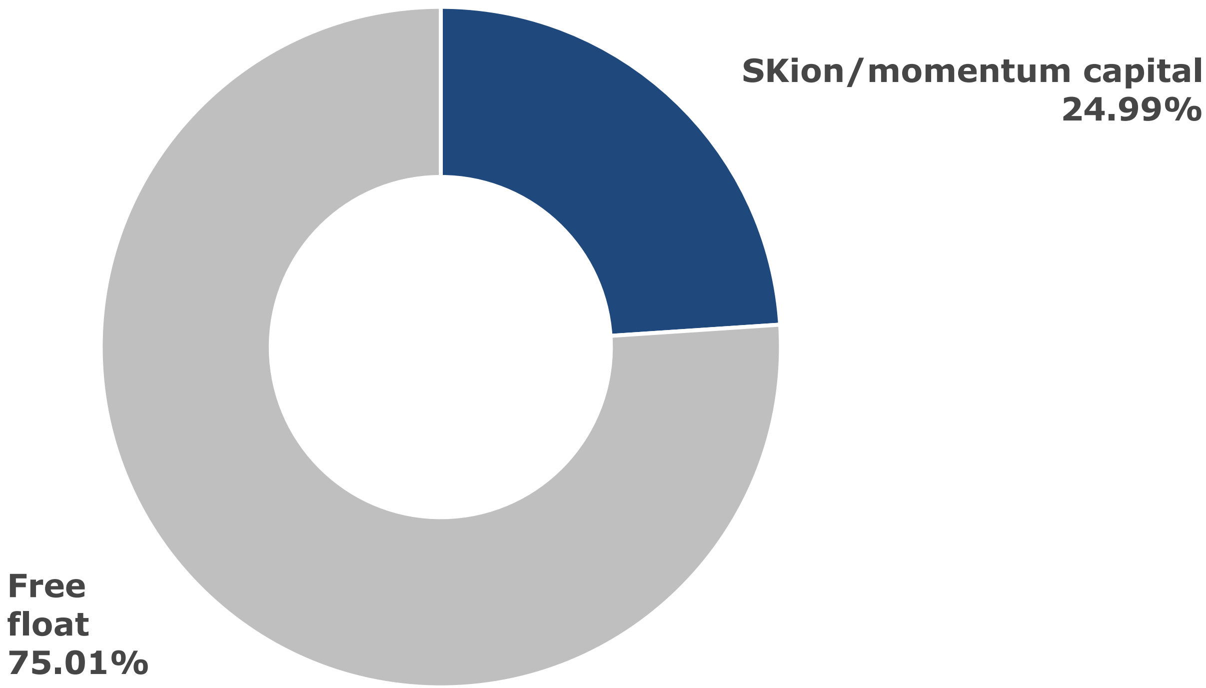
Impressions of Beebe Wind Farm (USA) – largest N117/2400 project to date

APPENDIX: FINANCIAL CALENDAR 2013

11 March 2013	Publication of **preliminary figures** for the 2012 financial year*
25 March 2013	Publication of the **Annual Report** for the 2012 financial year; Press and analyst conference in Frankfurt/Main*
15 May 2013	Interim report for the **first quarter** 2013; Telephone conference
04 June 2013	**Annual General Meeting** in Rostock
15 August 2013	Interim report for the **first half** 2013; Telephone conference
14 November 2013	Interim report for the **third quarter** 2013; Telephone conference

*March dates prior to final statement from the external auditor

APPENDIX: SHAREHOLDER STRUCTURE OF NORDEX SE



On the basis of 73.529 mn shares, as of November 2012

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The targeted goals in this document reflect forward looking statements which are based solely on estimates and not on predictable risks.

Should the estimates with regard to the successful integration of acquisitions and the future internal growth of the company not to be realized or if other unpredictable risks should arise, it cannot be ruled out that the actual financial results of the company will differ substantially from the targeted goals as laid out in this document.

In this respect Nordex SE is unable to give a guarantee that the actual financial results of the company will not differ from any forecasts or guidance given.

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