

# Nordex AG



## Nordex AG 2007 Results

April 9th, 2008



# Agenda



- 2007 Financial Results
- Sector trends and market outlook
- Our strategy
- Outlook for Nordex
- Q&A

## Key Figures P+L: 2007



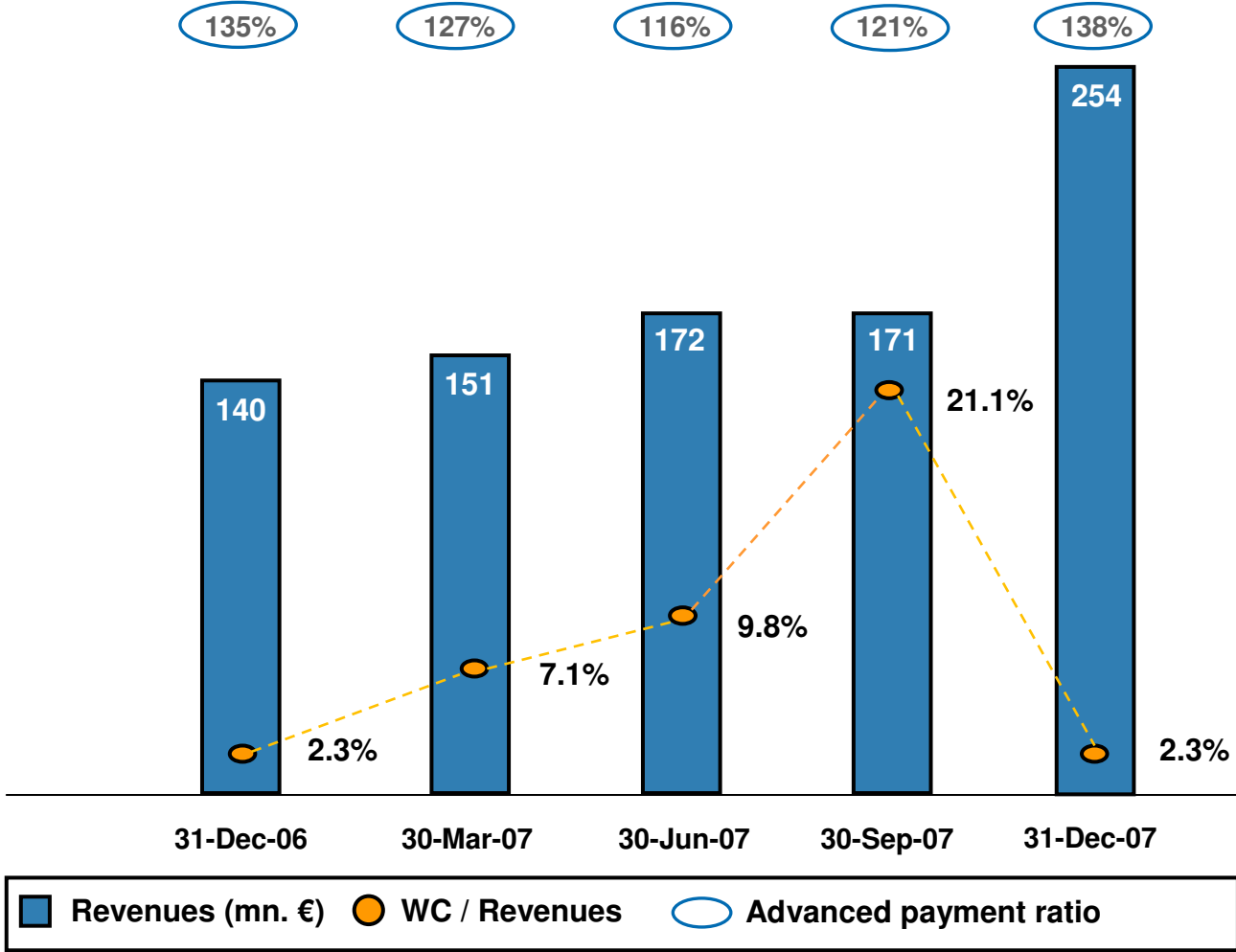
(€ million)	2007	YoY	Q4 2007	YoY
<b>Sales</b>	<b>747</b>	<b>+45%</b>	<b>254</b>	<b>+81%</b>
<b>Total Revenues</b>	<b>807</b>	<b>+46%</b>	<b>303</b>	<b>+84%</b>
<b>EBIT</b>	<b>40</b>	<b>+142%</b>	<b>17</b>	<b>+325%</b>
<i>% Margin</i>	<i>5.4%</i>		<i>6.7%</i>	
<b>Net Profit</b>	<b>48</b>	<b>+281%</b>	<b>27</b>	<b>+350%</b>
<i>% Margin</i>	<i>6.4%</i>		<i>10.6%</i>	
<b>EPS</b>	<b>0.74 €</b>	<b>+252%</b>	<b>0.42 €</b>	<b>+320%</b>

## Key Figures Balance Sheet: 2007



(€ millions)	31-Dec-2007	31-Dec-2006		31-Dec-2007	31-Dec-2006
Liquid funds	212.2	131.9	Trade payables	78.9	66.5
Trade receivables and future receivables	99.2	77.6	Provisions	37.0	32.9
Net inventories	231.8	141.2	Prepayments received	233.9	139.4
Other current assets	36.1	16.4	Other current liabilities	52.3	46.6
Current assets	579.3	367.1	Current liabilities	401.9	285.4
Non-current assets	74.2	58.6	Non-current liabilities	11.7	12.2
Deferred tax assets	50.3	31.7	Deferred tax liabilities	18.2	11.3
			Shareholders' equity	271.8	148.5
Total Assets	703.8	457.4	Total liabilities and equity	703.8	457.4

# Working Capital Development

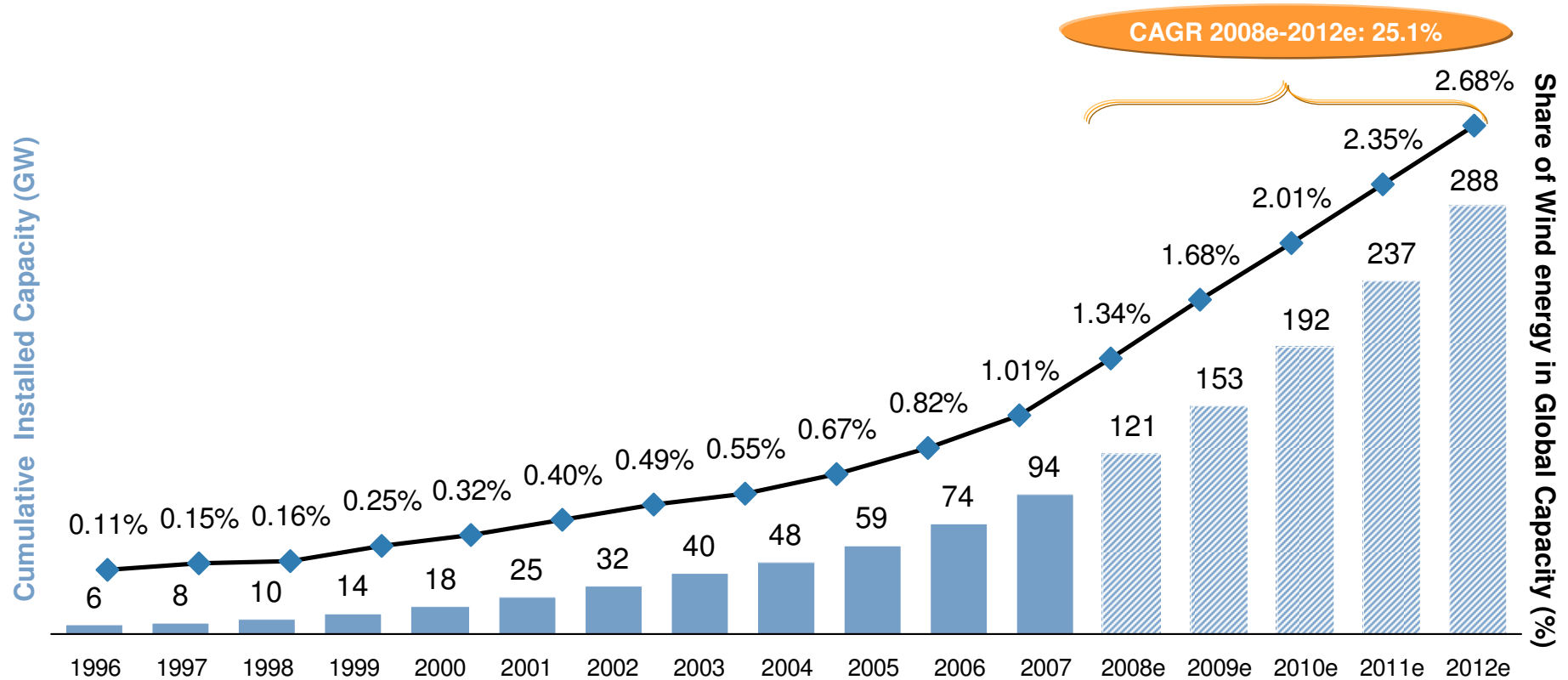


## Cash Flow Statement: 2007



(€ million)	2007	2006
Net profit/loss	48.0	12.6
Depreciation	15.0	14.9
Change in provisions	3.8	(19.8)
Change in inventories	(90.6)	(70.2)
Change in trade receivables and other assets	(47.8)	(34.4)
Change in trade payables and other liabilities	111.9	163.4
Change in deferred taxes	(11.6)	(1.3)
<b>Cash flow from operating activities</b>	<b>29.1</b>	<b>65.2</b>
<b>Cash flow from investing activities</b>	<b>(24.5)</b>	<b>(18.8)</b>
<b>Cash flow from financing activities</b>	<b>75.7</b>	<b>66.0</b>
Change in liquidity	80.3	112.4
Liquidity beginning of period	131.9	19.5
Liquidity end of period	212.2	131.9

# Sector Trends: Wind energy – a rapidly growing industry

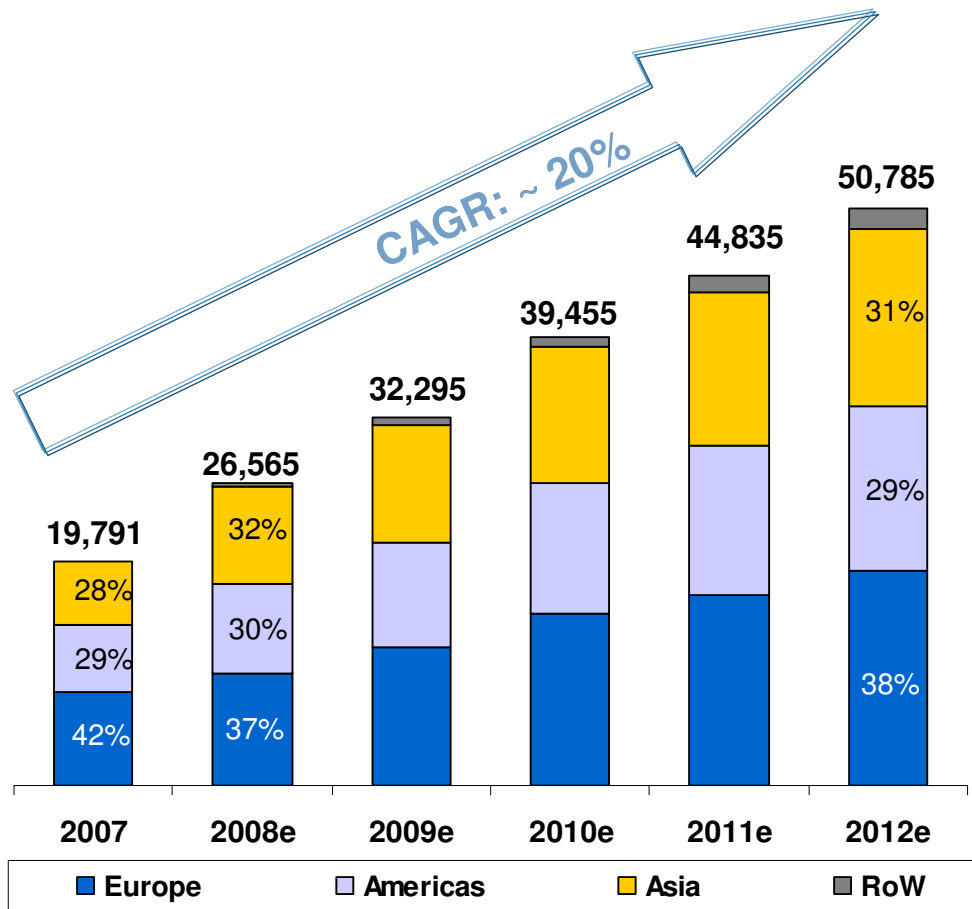


- Wind energy has been one of the fastest growing energy markets over the last past years, driven by large number of highly favorable macro factors (e.g. legislation, rising energy prices for conventional energy)
- Wind energy is expected to account for almost 3% of the global electricity generation by 2012, highlighting further long-term growth potential beyond 2012
- Denmark – with around 20% penetration rate – proves the long-term feasibility of double-digit penetration rates

# Strong market outlook



Growth Projection of new MW installed by Region

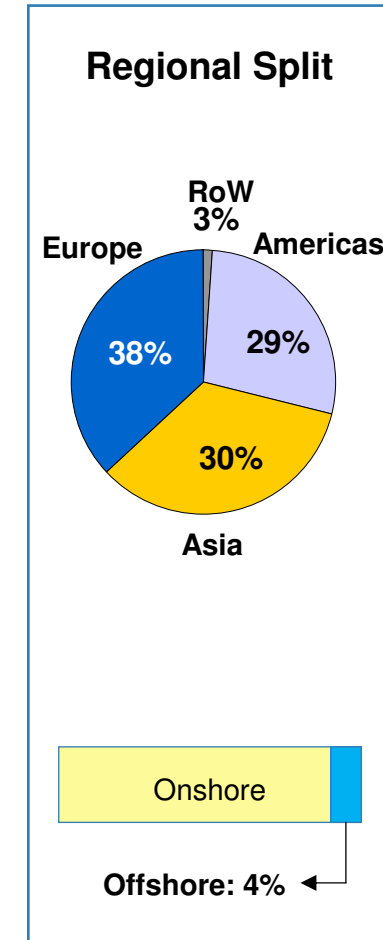


Source: BTM Consult (March-2008)

CAGR (2008-12e)

In Regions	
Asia:	23%
Americas:	20%
Europe:	17%
<i>of which:</i>	
Scandinavia	58%
Poland	48%
UK	42%
France	26%
Italy	25%
Germany	8%

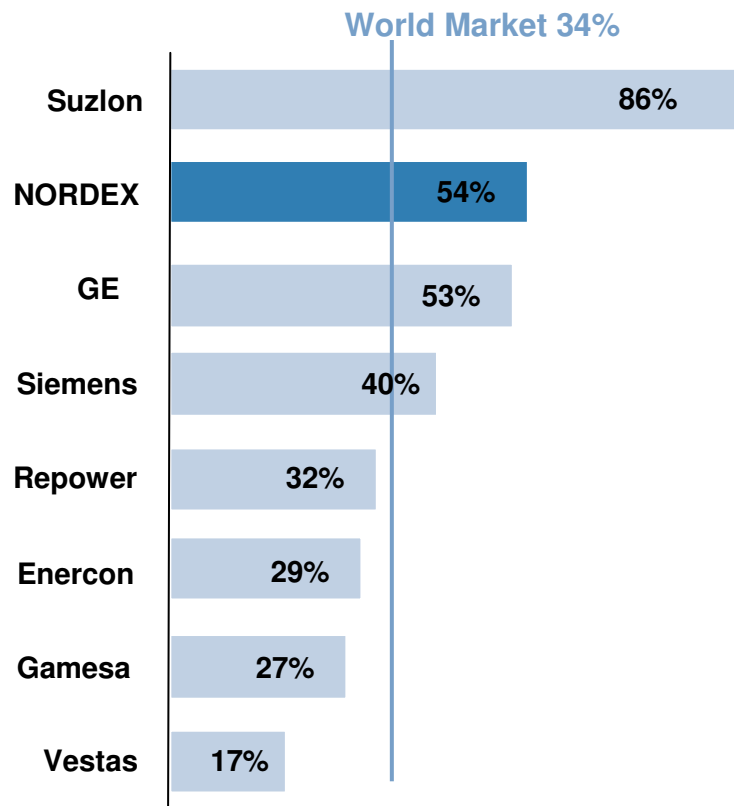
Cumulative new installations 2008-12e



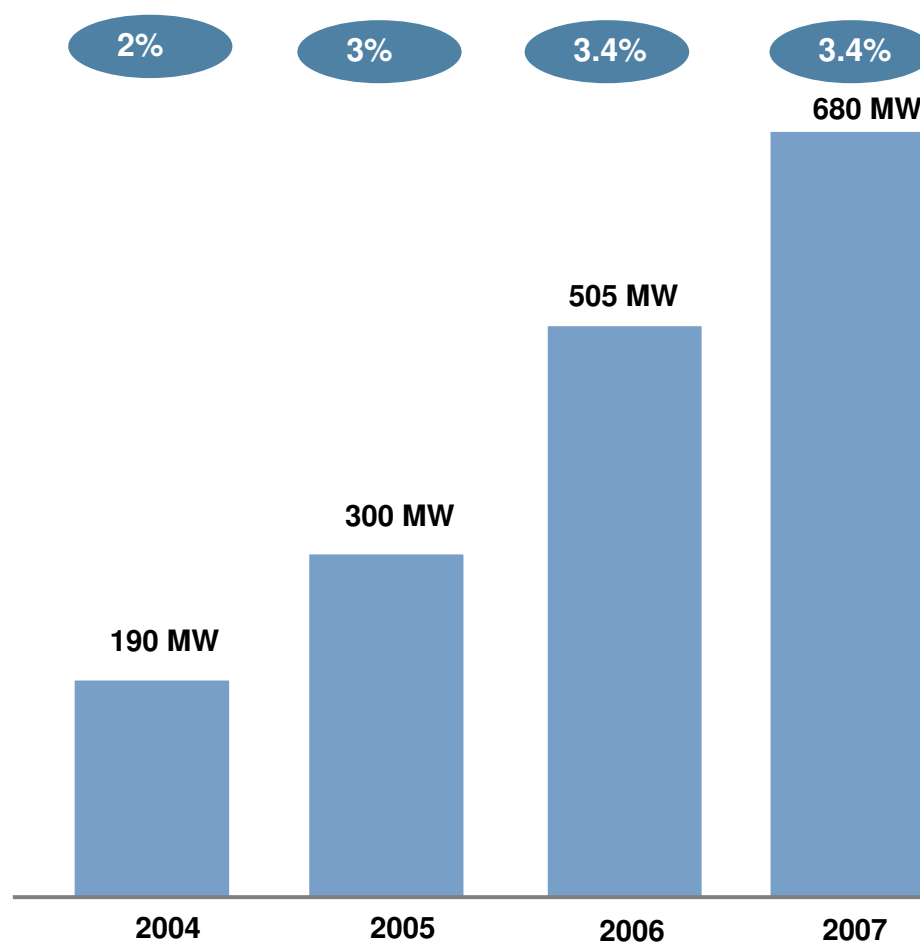
# Growing market share



## Average Growth in 2005-07



## Nordex' World Market Share / new installed MW

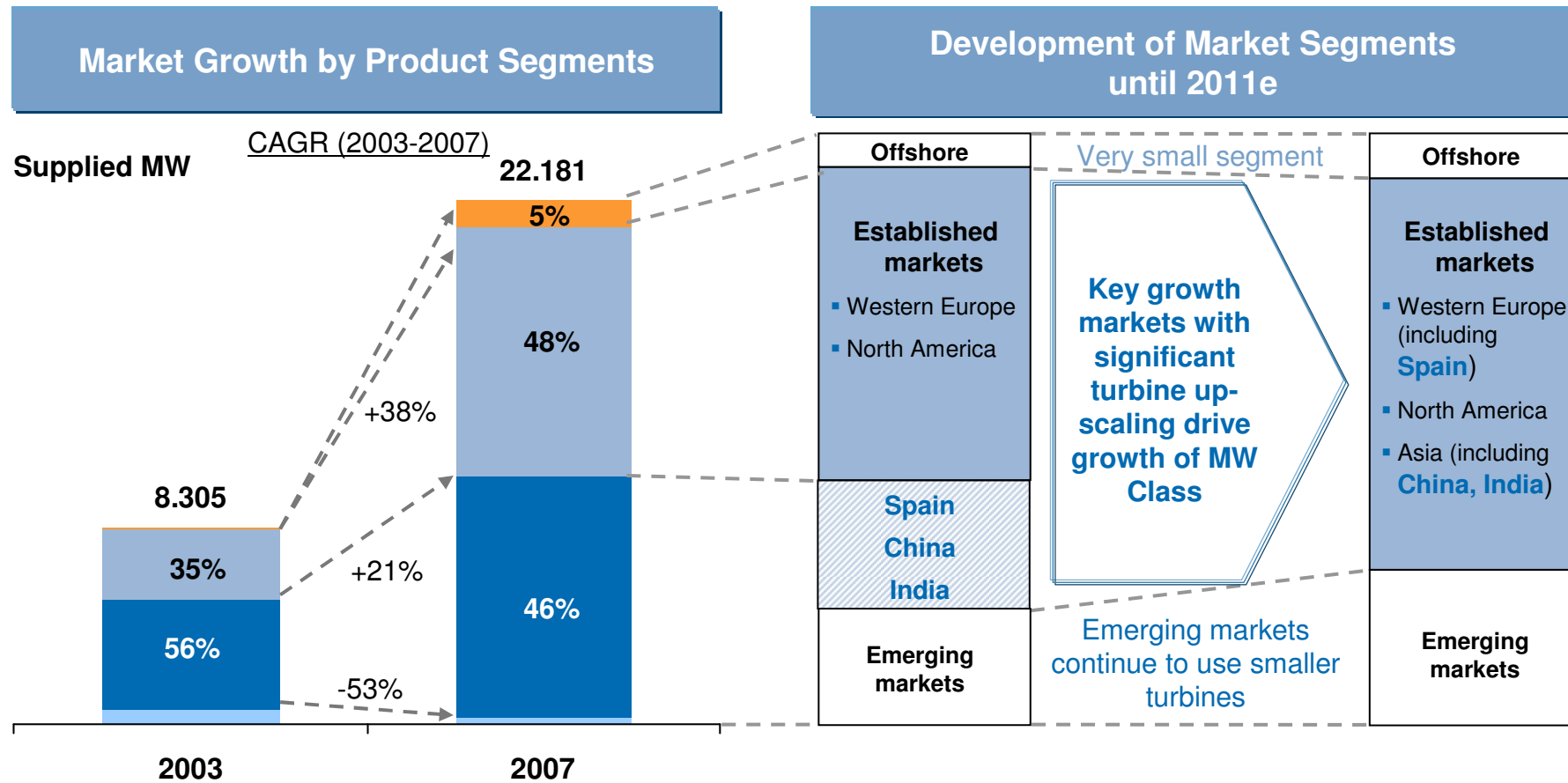


# Double Digit Market Share Strategy



	2004	→	2007	→	Target 2008-2011
<b>Europe</b>					
France	4%		22%		achieved ✓
UK	0%		27%		achieved ✓
Italy	0%		9%		> 10% in 2008
Poland	0%		0%		> 10% in 2009
Turkey	0%		22%		achieved ✓
<b>North America</b>					
USA	0%	→	0.1%	→	<b>5-10%</b>
Others (e.g. Canada)	0%		0.1%		5-10% production set-up in 2009 not in sales focus until 2011
<b>Asia</b>					
China	1%	→	1%	→	<b>5-10%</b>
Others (e.g. India)	4%		1%		~10%, extension of local production in 2008 not in sales focus until 2011

# MW class will increase in importance



- > 2,500 "Multi-MW class"
- 1,501 - 2,500 "Mainstream"
- 750 - 1,500 "One MW"
- < 750 kW "Small WTGs"

Source: BTM Consult (March-2008)

## Strong product offering in the high-growth MW class



Product Portfolio: Nordex vs. Competitors			
	<u>Low Winds</u>	<u>Medium Winds</u>	<u>Strong Winds</u>
N80/2.5			Nordex (2000)
N90/2.5		Nordex (2005)	Nordex (2005)
N90/2.3		Nordex (2002)	
N100/2.5	Nordex (2008)		
SWT82/2.3		Siemens (2003)	
V90/3.0		Vestas (2003)	
E70/2.3		Enercon (2005)	

- MW Class (1.5-2.5 MW) is the industry segment with highest actual growth rates as well as the highest medium-term growth potential and is increasingly becoming the “Mainstream Class”
- Nordex, with the most complete MW Class product offering, benefits from the “First Mover” advantage

# Offshore market is still at an early stage



## Technical Issues

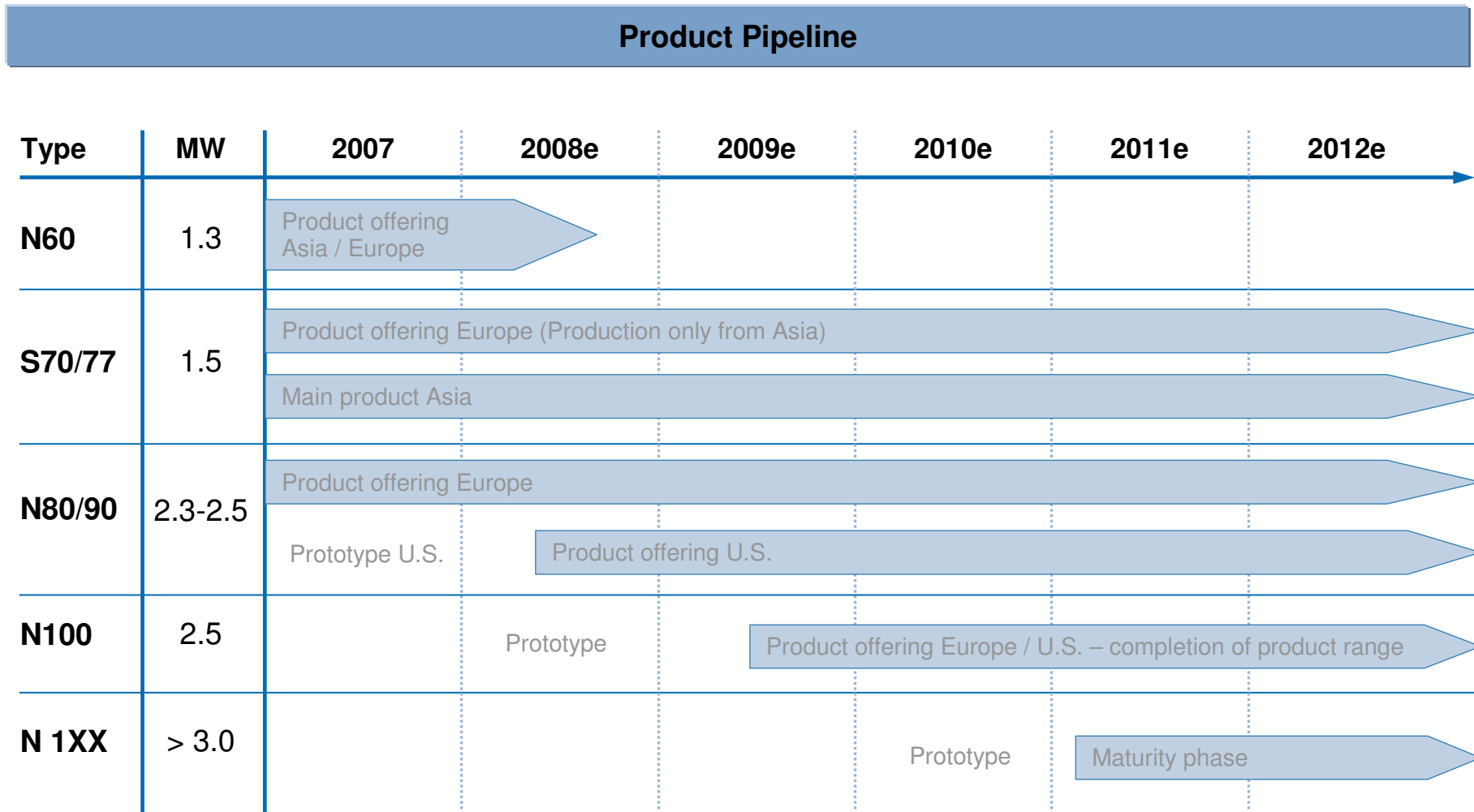
- Gearboxes, generators and transformers suffer more frequent defects due to weather conditions and high salt levels
- Repair and maintenance cost high due to the difficulties in accessing installations and performing required work in adverse weather conditions
- Offshore wind is more expensive to develop and operate than onshore wind
- Load factors for offshore wind have been lower than anticipated

## Market Constraints

- By end 2007 only 1,100 MW were installed with a total of 17 offshore projects operational globally
- Around 4% of new installed WTGs between 2008-2012 are estimated to be offshore
- Profitable sales only possible after reliable technology has been developed

- **Nordex is pursuing a fast follower strategy in the off-shore segment**

# Nordex leverages established products into a strong pipeline



# Supplier Market



	Demand-Side	Supply-Side
Market	<ul style="list-style-type: none"><li>Expected growth of ~20% per year 2008-2012</li><li>Vertical integration of turbine manufacturers of core components ranging between 0% to 100%</li></ul>	<ul style="list-style-type: none"><li>Most critical components are bearings, gearboxes, casting, forgings, alloys</li><li>Supply market will increase capacities by 40 to 50% until 2010</li><li>Start-up problems are underestimated</li><li>Increasing lead times for supply</li></ul>
Nordex	<ul style="list-style-type: none"><li>Nordex is aiming to grow by 50% per year</li><li>Increasing level of own blade production under construction</li><li>No further change in supply chain planned</li></ul>	<ul style="list-style-type: none"><li>Expansion of blades and assembly capacities well on track</li><li>2+1 supplier strategy</li><li>Long-term partnerships</li><li>Master agreements with suppliers cover projected demand for 2008 and 2009</li></ul>

Supply by third parties will be crucial also for the near future



## Recruitment

- HR Marketing Department established
- Cooperation with Universities and other education institutes

## Qualification

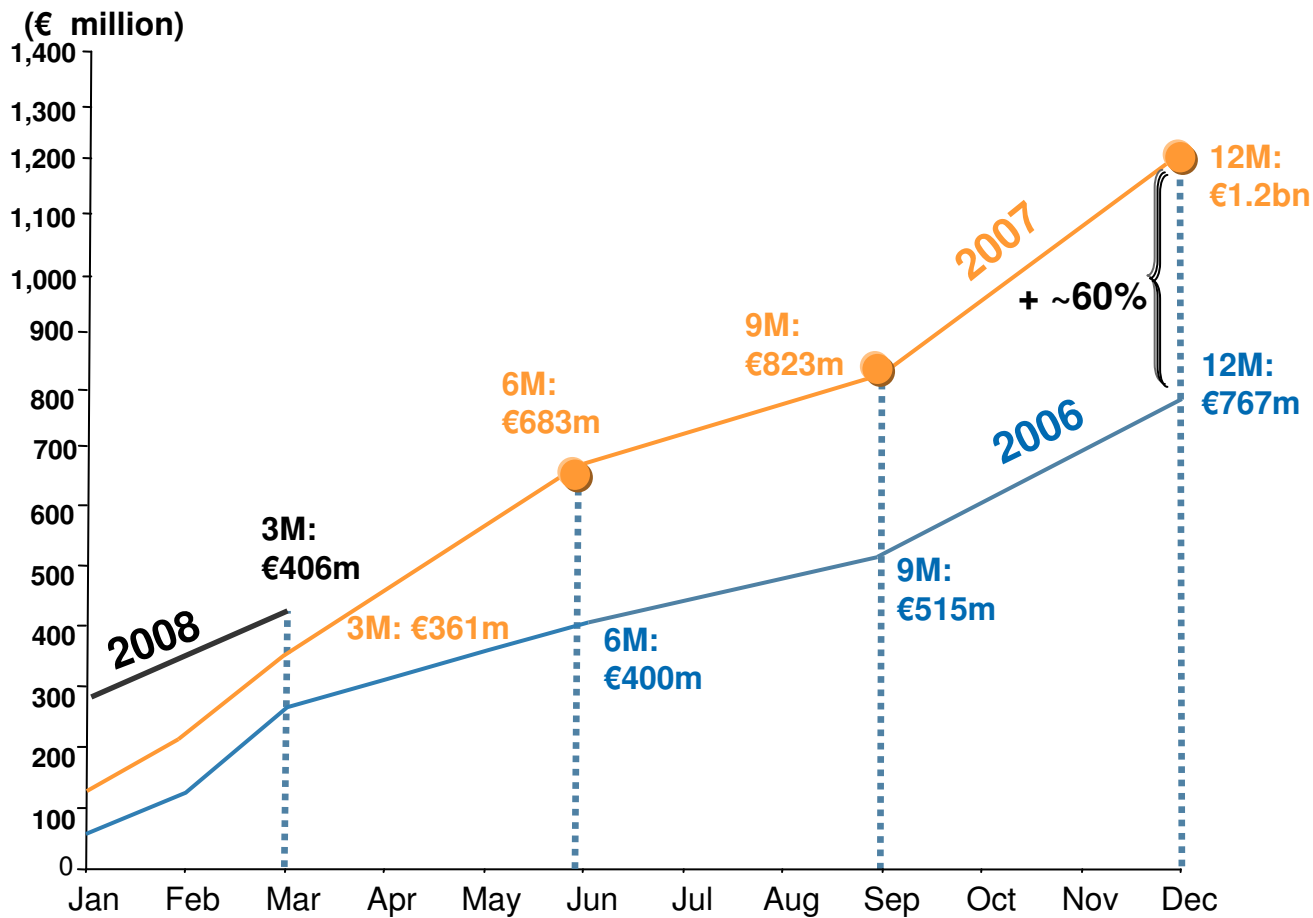
- New Nordex Academy founded in Germany
- Foundation of Academies in China and USA planned
- Management training and development program established

- **Headcount increased by 60% to 1,597 employees in 2007**
- **Recruitment of 4,000 additional employees until 2011 planned**

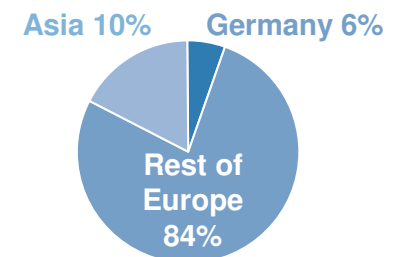
# Order intake continues to reach new highs



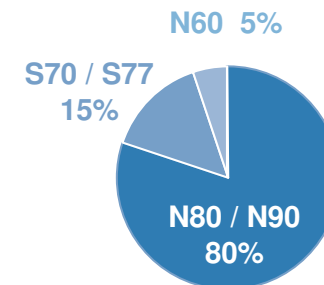
Cumulative Order Intake (2006, 2007 and Q1/ 2008)



Order Intake by Region in 2007

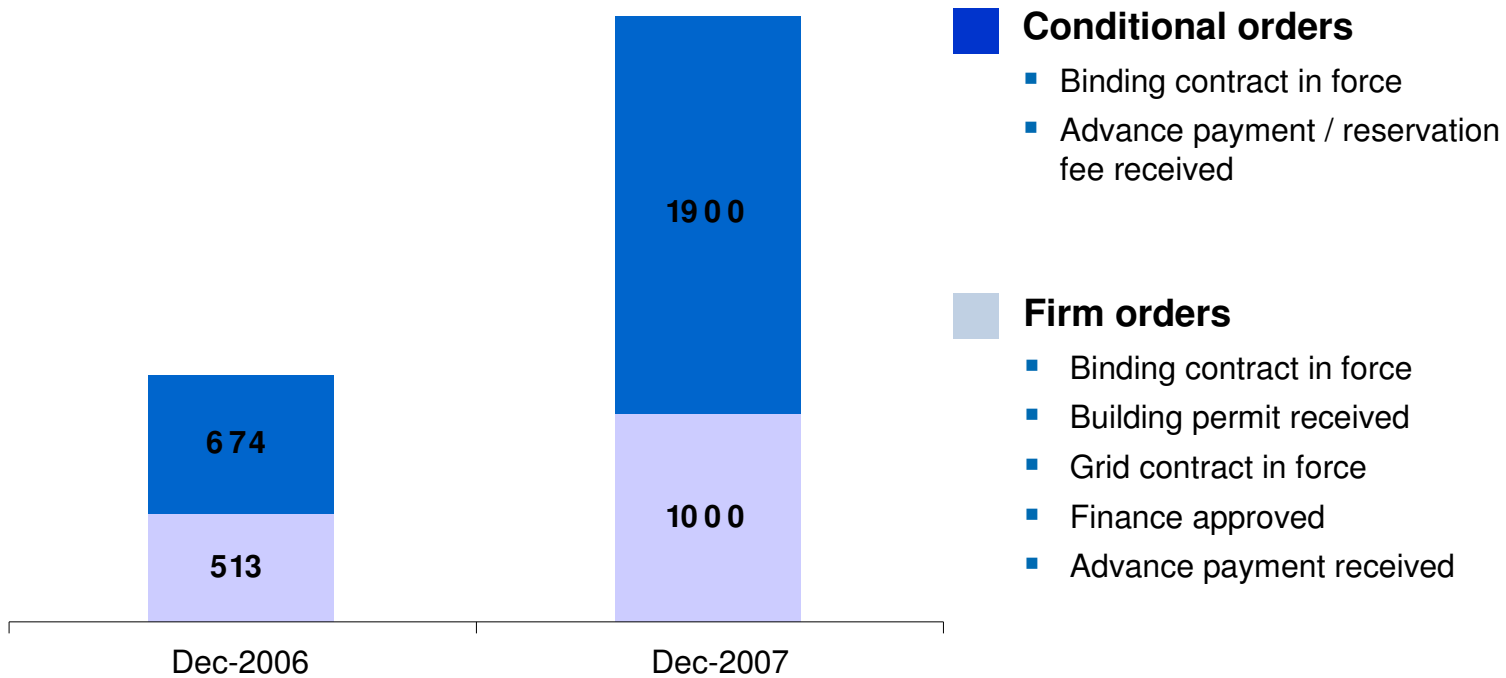


Order Intake by Product in 2007



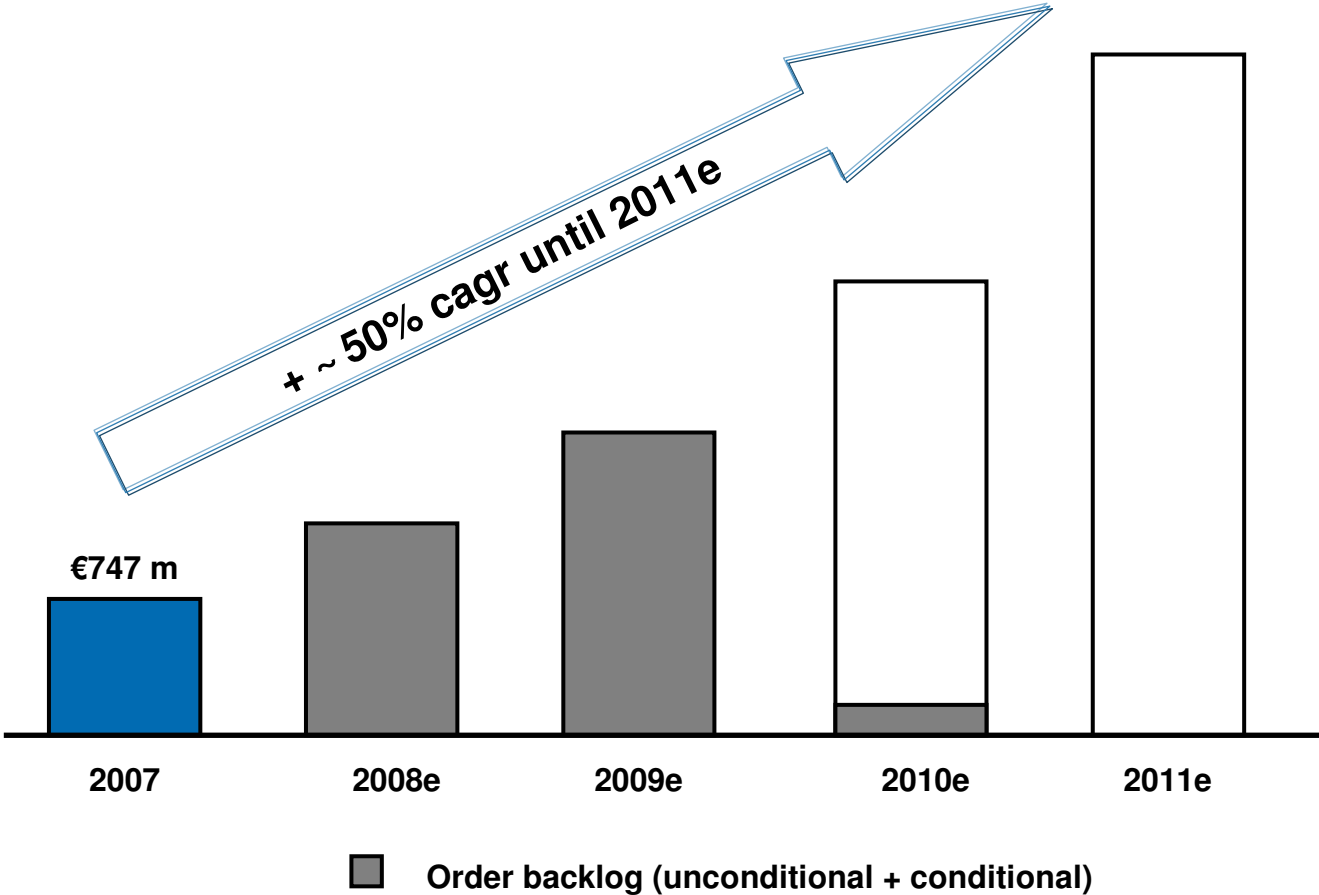
**Total: €1,220m**

# Order Backlog at All-Time-High (as of 31/12/07)



Further contracts of around €130m signed as of 31/12/07

# Revenue target secured until end of 2009



## Strong sales growth → Higher Margins



- The strong growth in sales will lead to higher margins in 2008 and beyond
- Higher gross margins in individual projects
  - ▶ Price increase per megawatt
  - ▶ Rising costs for raw material and components
- Economies of scale - personnel costs, depreciation and other costs only partly variable
  - ▶ Personnel costs not 100% variable – e.g. administration
  - ▶ Depreciation relative to sales will decrease
  - ▶ Other costs are only partly fixed
- Tax rate will normalise to around 35% during 2008



## ■ Fiscal year 2008

- ▶ Revenue target of €1.1 billion
  - ▶ Risk/opportunity of -€100 / + €100 million
- ▶ EBIT margin target of 7%
  - ▶ Risk/opportunity 6% / 8%
- ▶ Strong growth in orders in hand
- ▶ Significant economies of scale with rising revenue

## ■ Mid term 2011

- ▶ Expected revenue level of €2.5 to €4bn in 2011
- ▶ Target EBIT margin 9% to 12%



- Final 2007 numbers in line with provisional figures
- Sustainable strong market growth for wind turbines
  - ▶ 20% CAGR forecast until 2012
  - ▶ Appropriate products, particularly with strong offering in the 1.5-2.5 MW segment
  - ▶ Construction of sufficient production capacity in preparation
  - ▶ Framework agreements with suppliers will cover projected demand for 2008 and 2009
  - ▶ Nordex is on track to achieve turnover of above €1.0bn in 2008, with a target of €2.5 to €4bn in 2011
- Economies of scale and higher profitability of individual projects
  - Nordex confirms its previous EBIT margin guidance of around 7% for 2008
  - Aiming for an EBIT margin of 9 to 12% in 2011

# Appendix



# Nordex Management Team



<b>T. Richterich</b> <b>CEO</b>	<b>B. Schäferbarthold</b> <b>CFO</b>	<b>Dr. H. Müller</b> <b>COO</b>	<b>Dr. E. Voss</b> <b>CTO</b>	<b>C. Pedersen</b> <b>COO Sales</b>
<ul style="list-style-type: none"> <li>▪ Previous positions with MAN, Ferrostaal and Babcock Borsig</li> <li>▪ Nordex CFO 2002 - 2007 CEO since 2005</li> </ul>	<ul style="list-style-type: none"> <li>▪ Previous positions with Warth &amp; Klein as auditor and accountant</li> <li>▪ Since 6/2005 Head of Finance &amp; Accounting with Nordex AG Since 4/2007 Nordex CFO</li> </ul>	<ul style="list-style-type: none"> <li>▪ Previous positions with Siemens and Roland Berger</li> <li>▪ Since 2004 Nordex board member for Operations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Previous positions with WIND-consult</li> <li>▪ Since 2003 Head of R&amp;D and Managing Director of Nordex Energy GmbH</li> <li>▪ CTO since 3/2008</li> </ul>	<ul style="list-style-type: none"> <li>▪ Managing Director of Nordex Energy GmbH since 1987 and Board Member of Nordex</li> <li>▪ Responsible for Sales since 2001</li> </ul>



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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 AG is unable to give a guarantee that the actual financial results of the company may differ from those as shown herein.