

2016

**GROW GLOBALLY
USE WIND INTELLIGENTLY**

16



KEY FIGURES

		2012	2013	2014	2015	REPORTING DATE 2016	Δ16/15
Earnings development							
Sales ¹	EUR million	1,075.3	1,429.3	1,734.5	2,430.1	3,395.0	39.7%
Total revenue ¹	EUR million	1,100.9	1,502.3	1,739.5	2,416.1	3,395.4	40.5%
EBITDA ¹	EUR million	8.2	83.6	121.0	182.4	285.5	56.5%
EBIT ¹	EUR million	-61.1	44.3	78.0	126.2	168.6	33.6%
Cash flow ^{1,2}	EUR million	64.0	67.9	-24.6	144.6	114.4	-20.9%
Capital expenditure	EUR million	58.5	71.6	76.3	75.1	102.4	36.4%
Consolidated net profit/ loss for the year ¹	EUR million	-94.4	10.3	39.0	52.3	95.4	82.4%
Earnings per share ³	EUR	-1.28	0.14	0.48	0.65	1.03	58.5%
EBITDA margin ¹	%	0.7	5.6	7.0	7.5	8.4	0.9%-pp.
Working capital ratio ⁴	%	8.7	2.2	-2.3	-1.2	4.1	5.3%-pp.
Statement of financial position							
Total assets as at 31 December	EUR million	1,066.1	1,191.4	1,239.9	1,460.1	2,994.2	>100%
Equity as at 31 December	EUR million	279.0	368.0	396.0	455.6	940.0	>100%
Equity ratio	%	26.2	30.9	31.9	31.2	31.4	0.2%-pp.
Employees							
Employees	Ø	2,536	2,543	2,800	3,148	4,645	47.6%
Staff costs ¹	EUR million	140.2	153.2	167.7	197.3	289.9	46.9%
Sales ¹ per employee	EUR thousand	424	562	619	772	731	-5.3%
Staff cost ratio ¹	%	12.7	10.2	9.6	8.2	8.5	0.3%-pp.
Company performance indicators							
Order intake	EUR million	1,268.0	1,502.9	1,753.9	2,470.9	3,302.2	33.6%
Installed capacity	MW	919	1,254	1,489	1,697	2,622	54.5%

¹ 2012 excluding discontinued operations

² Cash flow = change in cash and cash equivalent

³ Earnings per share = basic, based on average weighted shares for 2016: 92.792 million shares (2015: 80.882 million shares)

⁴ In relation to sales



GROW GLOBALLY. USE WIND INTELLIGENTLY.

Wind power has recently progressed at a much higher rate than any other technology – and Nordex is one of the drivers of this process. Through our merger with Acciona Windpower, we combine decades of experience in developing, installing and maintaining wind turbines.

WE ARE NORDEX



With Acciona Windpower and Nordex, two previously independent manufacturers of onshore wind power systems that perfectly complement each other have joined forces in the **Nordex Group**. While Acciona Windpower generated more than 70 percent of its revenues with major projects in growth markets, about 80 percent of Nordex's business activities focus on Europe. By bundling the activities, the Group now covers **around 90 percent** of the accessible wind markets for onshore systems. Due to the fact that the focus of two companies was very different in the past, the **diverse product portfolio** of Nordex Group now offers turbine systems for a wide range of requirements: for markets with limited land and for regions with limited grid capacities. The turbine manufacturer can also provide a wide variety of project services for the implementation of wind farms: from **clean sell**, i.e. mere delivery, via turnkey solutions to **complete wind farm development**. The Group thus covers the needs of all customer segments, ranging from large utility companies to medium-sized power plant operators. Nordex runs its own production facilities in Germany, Spain, Brazil, India and the United States. In addition, it has its own technology centre for rotor blade development in Denmark. Nordex Group's global service network with around **230 service points** in more than **30 countries** currently has systems with a total capacity of 13 GW under contract.



WE ARE GLOBAL*



EUROPE

Employees	_____	4,250
Installed capacity	_____	14.6 GW
Projects order book	_____	
	_____	EUR 1.221 million





21

Gigawatt

To date, Nordex and Acciona Windpower have realised more than 21 GW installed capacity.

* The map shows the current Nordex focus markets.

NORTH AMERICA

Employees _____ **200**
 Installed capacity _____ **2.5 GW**
 Projects order book _____
 _____ **EUR 316 million**

LATIN AMERICA

Employees _____ **450**
 Installed capacity _____ **2.3 GW**
 Projects order book _____
 _____ **EUR 572 million**

REST OF WORLD

Employees _____ **250**
 Installed capacity _____ **2.4 GW**
 Projects order book _____
 _____ **EUR 124 million**

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ABOUT OUR STRATEGY



ABOUT US



FOR OUR SHAREHOLDERS

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SUSTAINABILITY



More information on the Nordex Sustainability Strategy can be found in the Sustainability Report 2016 that will be published in April 2017.

ABOUT THE FINANCIAL YEAR 2016

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GUIDANCE FOR FAST READERS



Reference to text passages in the report or to other Nordex publications



Link to external internet sources



Key strategy statement on important Nordex topics



JOSÉ LUIS BLANCO
Chief Executive Officer of Nordex SE



DEAR SHAREHOLDERS AND BUSINESS PARTNERS,

RECENT EVENTS have led to a change in the CEO position in our company. My predecessor, Lars Bondo Krogsgaard, successfully managed our company in 2016 but there was strong criticism in connection with the outlook for our business. Mr Krogsgaard and the Supervisory Board therefore agreed to terminate his appointment, in order to rebuild confidence among investors.

IT IS A GREAT HONOUR to have been asked by the Supervisory Board to become the new CEO and I appreciate their trust in me.

ONE REASON FOR THIS IS my experience as CEO of Acciona Windpower over many years and as deputy CEO of the Nordex Group. It is very important to me to prove that this trust in me is justified. And that, together with the management team and the entire Nordex team, I am able to navigate Nordex through some choppy waters.

I WOULD NOW LIKE TO MOVE ON TO THE PAST FINANCIAL YEAR, which was marked by the most transformative event in the history of Nordex: the takeover of Acciona Windpower (AWP). This transaction significantly expands our sales territory, allowing us to venture further into global growth markets. At the same time, we will benefit from economies of scale, which are critical to an industry undergoing consolidation. The integration process ran smoothly and is almost complete, synergy benefits are fully on track and we have been working as a team – as one company – for several months.

2016 WAS ALSO SUCCESSFUL in terms of operating business, with new business and sales reaching a record high in our domestic market of

Germany. In the US, we were able to secure orders, which will allow us to expand our market share substantially in the current year. We met all the financial goals that we set about a year ago. Sales and new business were forecast to rise to more than EUR 3.4 billion, with an EBITDA margin in excess of 7.5% and working capital of less than 5%. We largely met or even slightly exceeded these targets. Sales rose by 40% to EUR 3.4 billion, of which a little more than one fifth is attributable to the first-time consolidation of AWP in the last nine months of the year. Operating earnings before interest, taxes and depreciation and amortisation (EBITDA) of 8.4% were within the target corridor that was increased in the course of the year. Working capital stood at 4.1%, while the order book saw a double digit rise to EUR 3.9 billion.

HOWEVER, WHILE REPORTING on our achievements, I do not want to neglect to mention the challenges that we are facing. The outlook for us and for our competitors has become somewhat less clear as energy policies in important markets proved to be less reliable than in the past. Tenders, for instance, are carried out with a delay or governments exercise direct or indirect influence on the remuneration systems. Although this is only true of a small portion of our markets, there will be noticeable impact including project delays and increasing price pressure in some countries where highly competitive auctions determine unit sales. In our domestic market of Germany, the introduction of a new auction system is also set to heavily impact prices in the current year, and our programme for reducing the cost of energy will not be able to fully compensate for this development. These are the reasons behind our very

cautious outlook for the current financial year and for 2018, which came as a disappointment to many of our shareholders.

WE NEED TO ADJUST to this increasingly tough environment, but what exactly does that mean? On the one hand, we will have to adhere to even stricter cost discipline with respect to structural costs as well as inventories and working capital. As business volumes become increasingly volatile, we will need to be able to react flexibly. At the same time, it is crucial to limit the capital tied up in the operating business without impairing our ability to deliver. Despite all this, our strategy continues to focus on investing in new, competitive products. We want to offer the best, highest-performance and most cost-efficient turbines.

WE SEE OURSELVES AS A TECHNOLOGY-FOCUSED producer of power generating plants. This, however, does not mean we only concentrate on building turbines even though the turbine is the starting point for all the downstream services, some of which are crucial to our future given their higher margins. In this respect, I draw your attention to wind farm servicing and project development.

THESE ACTIVITIES WILL BE EXPANDED as the further integration of the two companies progresses, paving the way for fully exploiting the synergies mentioned above and the strengths of both companies for the benefit of the Group. We have already set the stage for these improvements by reorganising the corporate structure, which is now leaner and more efficient. In addition, this approach allows for greater proximity to our markets.

CONTINUED EFFORTS WILL BE MADE IN THE FUTURE to defend and even expand our market position as one of the major manufacturers worldwide. We are well prepared, and boosting the confidence of our most important business partners is key to achieving this. I am personally committed to ensure a sound footing for the collaboration with our customers, suppliers, shareholders as well as the finance and insurance industries, with relationships based on transparency and openness.

I WOULD ALSO LIKE TO EXPRESS MY GRATITUDE to all the employees of the Nordex Group who make our business successful, thanks to whom we have generated profitable growth, and whose unflinching dedication to making the merger of the two companies a success. We all share the same vision: to transform the Nordex Group into an even larger technological leader and premium supplier in the wind power market. We will achieve this by maximising the strengths of both brands and utilising them for the benefit of the entire Group.

FINALLY, I would like to personally thank my predecessor, Lars Bondo Krogsgaard, for good collaboration during the period after signature of the business combination agreement of our two companies. I wish him every success for his future endeavours.

Yours sincerely,



José Luis Blanco
Chief Executive Officer of Nordex SE

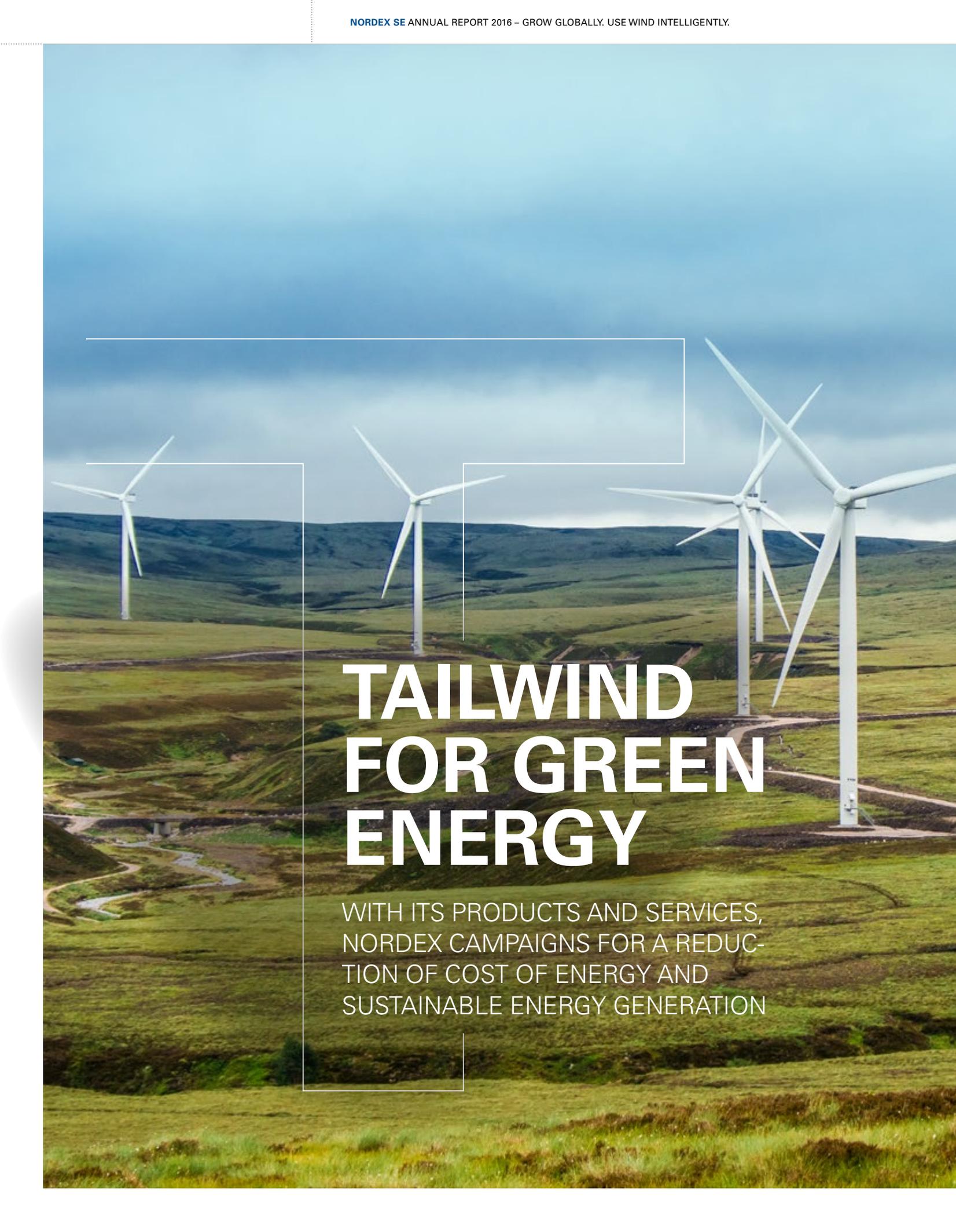
THE NORDEX GROUP MANAGEMENT BOARD



JOSÉ LUIS BLANCO
Chief Executive Officer

CHRISTOPH BURKHARD
Chief Financial Officer

PATXI LANDA
Chief Sales Officer



TAILWIND FOR GREEN ENERGY

WITH ITS PRODUCTS AND SERVICES,
NORDEX CAMPAIGNS FOR A REDUC-
TION OF COST OF ENERGY AND
SUSTAINABLE ENERGY GENERATION



Cost of Energy

Cost of energy (COE) refers to the cost associated with the transformation of wind into electricity.





Serrations

Serrations are components attached to the trailing edge of rotor blades. They reduce noise emission by up to 1.5 db(A) and allow for efficient operation.

FOCUS ON COST OF ENERGY

NORDEX IS A PIONEER IN REDUCING THE COST OF ENERGY

NORDEX SETTING THE STANDARD

Electricity generated from renewable energy sources is increasingly gaining importance as the German energy transition progresses. At the same time, deregulation and new auctioning systems create significant pricing pressure. The “Cost of Energy” programme (COE programme) is our answer to this challenge: we are continuously working on lowering the cost of energy associated with the exploitation of wind energy. For this purpose, Nordex not only develops more efficient turbines, but also focuses on a holistic exploitation of energy and a cost-efficient project execution across the entire life cycle of the wind farms.

A WIN-WIN INNOVATION: SERRATIONS

An example: serrations – turbulator tapes at the trailing edges of the rotor blade – are an optimum solution in the COE programme. Serrations serve to reduce noise radiation where operators would otherwise be obliged to reduce the rotation speed of their turbines to comply with noise emissions limits. As the speed of rotation is maintained, no revenue is lost and the cost of energy is lowered. Ultimately this also convinces more and more regions to support our mission and assume responsibility in leveraging [environmentally friendly](#) wind energy across the globe.



SUSTAINABILITY

More information on the Nordex Sustainability Strategy can be found in the Sustainability Report 2016.

3 questions

TO MELANIE VERHEYEN,
COST OF ENERGY MANAGER

How important is the reduction of cost of energy for Nordex and its customers?

It is downright essential, as the renewable energy sector has lately experienced strong growth and is getting less and less political support. Many regions are increasingly replacing fixed feed-in tariffs with auctioning systems. This means that the provider with the most favourable offer for power generation will get the deal. The reduction of cost of energy makes us independent from changing remuneration systems and helps our customers to get subsidies for wind farm construction.

What role does the merger with AWP play in this respect?

AWP has been successfully running a COE programme since 2012: cost of energy for projects with AW turbines where thus lowered by 28% in just three years. The initiative for the Nordex platform is similar to this programme, and we can adopt many of the ideas or implement them in a slightly different format.

How did the introduction of the COE initiative at Nordex go?

The COE programme for the Nordex platform was launched in May 2016, based on the AWP blueprint. We were able to dramatically reduce cost of energy up to the end of 2016, clearly exceeding our targets. In our programme, we managed to successfully transfer the COE culture already established at AWP.

GROWING WITH THE GLOBAL WIND

A MULTINATIONAL GROUP
STRUCTURE ENABLES
NORDEX TO ENTER THE
MOST DYNAMIC MARKETS
IN THE WORLD



Acciona Windpower

Acciona Windpower (AWP), a Spanish wind turbine producer, was merged with the Nordex Group on 1 April 2016.



FARSIGHTED EXPANSION

THE MERGER WITH AWP OPENS UP NEW GROWTH OPPORTUNITIES FOR NORDEX

NORDEX GROWING GLOBALLY

Wind energy is a core element of power generation and is growing strongly all around the world. As one of the globally leading wind turbine suppliers, we work together with thought-leaders from industry, politics and society to further increase the share of energy generated from renewable resources. Our focus is mainly on dynamic growth regions and markets with future potential for expansion such as South America, the US and Asia.

READY FOR THE POLE POSITION

With the Acciona Windpower merger in 2016, Nordex created ideal conditions for its expansion into additional markets. Thanks to our international group structure and collective expertise, we will in future be able to serve around 90 percent of the wind turbine markets outside of China with our comprehensive [on-shore portfolio](#) – and provide our customers with the right solutions for current and future challenges in the global wind industry.



INFORMATION

More information on the product range at www.nordex-online.com/00e106/produkte-service



3 questions

TO NORBERT DWENGER,
HEAD OF GLOBAL SALES

From Nordex's point of view, which markets will be the most interesting in the coming years?

The main markets worth mentioning here are the US, Germany and India, which are among the largest onshore markets worldwide. But there are also opportunities in Argentina, Australia and Canada, which we will be able to leverage. A constant level of significant new business is also expected in France and Turkey.

Which international growth opportunities has the merger with AWP created?

Valuable reference projects have been added, particularly in Brazil, Mexico, South Africa and India. We also see good opportunities for success in Texas, which is the American "wind power stronghold", and Spain. The excellent cooperation with Acciona Energía will further raise our performance.

What are the challenges Nordex will be facing in the expansion process?

The challenges are manifold. One of the main challenges is the provision of the lowest cost of energy, which we are working on continuously, using all the resources available. Together with a careful selection of markets, optimised product development and a competitive production chain, we intend to defend our strong positioning against larger market participants, conventional power plants and an aggressively expanding solar sector.





WTG for any region – and all winds

The Nordex onshore wind power systems rotate the world over, in regions with strong wind as well as in regions with average to low winds

An aerial photograph of a wind farm in a lush green landscape. The image is framed by a large white graphic element consisting of a rectangle with a diagonal cutout at the top-left and bottom-right corners. The text is overlaid on this frame. A horizontal line, possibly a blade or part of a tower, crosses the middle of the image.

NEAR TO THE MARKET – CLOSE TO THE CUSTOMER

NORDEX GREW RAPIDLY IN
2016 – WHILE REMAINING TRUE
TO ITS LONG-ESTABLISHED
COMPANY SPIRIT AND VALUES



◀ **Aiming high**

In the past year, Nordex built the world's highest wind turbine with a construction height of just under 230 metres.

FLEXIBILITY KNOWS NO LIMITS

NORDEX IS A RELIABLE PARTNER FOR ITS CUSTOMERS' WIND FARM PROJECTS ACROSS THE GLOBE

NORDEX REDEFINES CUSTOMER PROXIMITY

At Nordex, we have been developing a comprehensive understanding of the requirements of wind farm operators for more than 30 years and have lately expanded this knowledge-base with our alliance with AWP. It has always been and will always be our mission to continuously strengthen business relationships and find individual and uncomplicated solutions for each project. In an environment characterised by auction markets, we therefore manage to contribute directly to the success of our customers.

A GLOBAL PRODUCTION NETWORK

Nordex currently has own production facilities in Germany, Spain, India and Brazil. We will expand this presence together with strong service providers as well as in the form of mobile tower production units – which enables us to act extremely flexibly and produce core components such as towers directly on the production site. The objective of the systematic expansion of our global production network is to become one of the most effective and customer-friendliest wind energy companies in the world.



INFORMATION

More information on sites and markets can be found in the [cover](#).



3 questions

TO EUGENIO LUIS SOLLA FEIJOMIL,
HEAD OF NACELLE

What makes the Nordex production network stand out?

Given the fact that productivity in our production facilities is high, our core competence is both in production planning and in diligently and accurately managing the supply chain in order to meet our customers' requirements.

What role does local added value play for Nordex?

Local added value is important in all markets. We want to achieve the best result in each and every project and we keep to the respective regulations. In some regions this includes ensuring a fixed share of the services are provided locally, and we respond to this, e.g. in countries like Brazil and South Africa.

What has substantially shaped your business in 2016?

In addition to the pathbreaking merger with AWP, implementing the "Cost of Energy" programme was certainly a milestone. We understand that reducing the cost of energy is not only a tool but also an answer to future market trends.



**Rostock – Barásoain –
La Vall d'Uixó – Lumbier –
Chennai – Simões Filho**

Nordex has production facilities in almost all parts of the world. Depending on the requirement profile, the company also constructs key components directly on site at the wind farm.



1,004

Nacelles

were produced in the assembly plants in 2016.



Digitalisation

Nordex is using the opportunities offered by digitalisation in both its Service segment and in its components.

MORE THAN JUST AN OEM

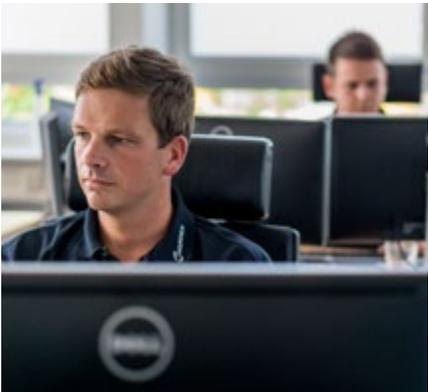
NORDEX IS NOT ONLY A
PRODUCER OF FIRST-CLASS
WIND TURBINES BUT ALSO
A RELIABLE AND INNOVATIVE
SERVICE PARTNER





> 1,400

employees
ensure an impeccable service quality
across the globe.



24/7-support

Nordex monitors the availability of each individual wind power system around the clock. The contact persons in the regional support centres ensure a fast and timely service.





SERVICE AT ITS BEST

NORDEX PROVIDES AN EXTENSIVE RANGE OF SERVICES TO WIND POWER SYSTEM OPERATORS

NORDEX PROVIDES ALL SERVICES UNDER ONE ROOF

Producing wind turbines is Nordex's core competence. However, the group also supports its customers with project development, turnkey projects and services – ranging from inspection and maintenance services to spare part deliveries and further technical development –, thus offering them the entire spectrum of our engineering know-how. Our employees work on site to ensure comprehensive services and smooth operations. After all, we are firmly convinced that nobody understands Nordex wind power systems better than our experts.

MORE INTELLIGENCE, MORE SERVICES

Our support services for wind turbines increasingly include uninterrupted remote monitoring and digital tools, for example as part of the SITE service project (Service, IT, Environment). This makes it possible to readout operating data at any point in time, suggest preventative measures and react more promptly in the event of technical problems. Our range of IT services enhances availability, life expectancy and productivity of the wind turbines – and also supports us on our profitable growth course.

3 questions

TO BO MØRUP, HEAD OF GLOBAL SERVICE

How does Nordex Service contribute to the overall success of the company?

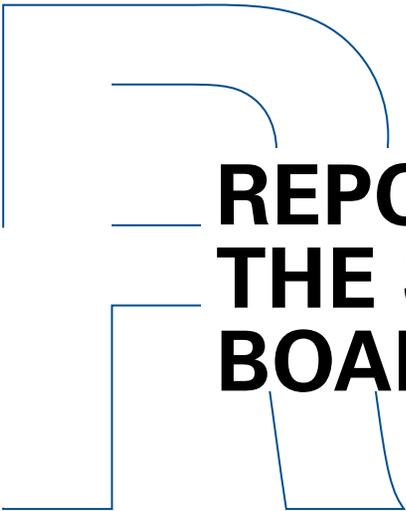
Nordex Service preserves long-term relationships with its customers and therefore a key driver of growth and profitability and one of the most important pillars of the business model. Our strong local network allows for short response times with respect to maintenance and repair services at the highest quality level for more than 5,800 wind turbines.

How does Nordex Service respond to the needs of its customers?

We offer our customers a contract portfolio that can be tailored to their specific needs – from a Basic package, to which optional elements can be added, to a Premium contract comprising the entire range of turbine-related services.

How significant is digitalisation for the Service segment?

Digitalisation will affect all aspects of wind energy in the future. Intelligent digital systems, for example with regard to condition monitoring or data management, will enhance process efficiency and contribute to avoiding downtimes. Our ongoing SITE digitalisation initiative serves to set the foundation for a future-oriented IT infrastructure in the Service segment.



REPORT OF THE SUPERVISORY BOARD

The acquisition of Corporación Acciona Windpower S.L. and its subsidiaries (“**Acciona Windpower**”), completed on 1 April 2016, and the successful integration of the new sub-group into the Nordex Group since then were of particular significance for the Company in the year under review. Based on these developments, we have entered the new financial year with confidence. The operating business was marked by a rise in order volumes in 2016. In an increasingly changing and dynamic market environment, this was not only achieved in the European and African core markets but thanks to the Acciona Windpower acquisition increasingly also in South and North America.

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 Procedure. It monitored and advised the Management Board in matters relating to the governance of the Company in compliance with its applicable statutory obligations. In this process, the Supervisory Board was directly involved in all decisions of fundamental importance for the Company and engaged in permanent dialogue with the Management Board. The members of the Supervisory Board were briefed regularly, with minimum delay and comprehensively in both written and oral reports on the situation and performance of all material business transactions of Nordex SE and its subsidiaries.

CHANGES IN THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

The following changes in the composition of the Supervisory Board and the Management Board have occurred in the year under review:

The period of office of Supervisory Board members Dr. Heinz van Deelen, Frank Lutz and Annette Stieve ended with the completion of the Annual General Meeting on 10 May 2016. The new members of the Supervisory Board Connie Hedegaard (Copenhagen, Denmark), Rafael Mateo (Teruel, Spain) and Juan Muro-Lara (Madrid, Spain) were newly elected. At the constituent Supervisory Board meeting, which was held after the General Meeting, Dr. Ziebart was re-elected as Chairman and Mr Muro-Lara as the Deputy Chairman of the Supervisory Board. At the same time with the acquisition of Acciona Windpower, the Supervisory Board appointed José Luis Blanco Chief Operating Officer and Patxi Landa Chief Sales Officer as additional members of the Management Board.

Longstanding Chief Financial Officer Bernard Schäferbarthold retired from his office on 30 September 2016; Christoph Burkhard was appointed his successor on 1 September 2016.

COMMITTEES

In 2016 and at present, the committees of the Supervisory Board of Nordex SE were and are composed as follows:

- Management Committee (HR and Nomination committee): Dr. Ziebart (Chairman), Mr Klatten, Mr Rey (until 10 May 2016), Mr Muro-Lara (from 10 May 2016)

THE NORDEX GROUP SUPERVISORY BOARD



- C Audit committee: Mr Rey (Chairman), Mr Lutz (until 10 May 2016), Ms Stieve (until 10 May 2016), Ms Hedegaard (from 10 May 2016), Mr Muro-Lara (from 10 May 2016)
- C Strategy and Engineering Committee: Mr Klatten (Chairman), Dr. van Deelen (until 10 May 2016), Mr Mateo (from 10 May 2016), Dr. Ziebart

SUPERVISORY BOARD MEETINGS AND CONTENTS

In the course of 2016, the Supervisory Board held a total of five ordinary meetings; in addition, its committees (Management committee, Audit committee, Strategy and Engineering committee) convened on repeated occasions. Two such committee meetings were held as conference calls, and five further resolutions

were adopted in writing (resolution by circulation). The ordinary meetings of the Supervisory Board were held on 18 March 2016, 9 and 10 May 2016, 14 September 2016 and 29 November 2016. Conference calls were held on 31 March 2016 and 15 April 2016, in part after being convened at short notice. Resolutions by circulation were passed on 3 April 2016, 28 April 2016, 25 May 2016, 27 May 2016 and 30 August 2016.

With one exception, all members of the Supervisory Board participated in more than half of all meetings of the Supervisory Board in the year under review as well as in the meetings of the committees they were members of (Article 5.4.7 German Corporate Governance Code). Ms Stieve was the only member who only

From left to right:
Rafael Mateo, Jan Klatten, Martin Rey, Juan Muro-Lara, Connie Hedegaard, Dr. Wolfgang Ziebart

participated in exactly half of all meetings during her term in the Supervisory Board in 2016. Apart from auditing the annual and consolidated financial statements of Nordex SE for financial year 2015 in the fifth ordinary Supervisory Board meeting in November 2016 to approve the financial statements in March 2016 as well as the budget and Group planning for financial year 2017, consultations in the year under review focused on the following key items: (i) the resolution passed on 31 March 2016 on the acquisition of Acciona Windpower including the increase in share capital from authorised capital by EUR 16.1 million in return for contribution in kind for the benefit of Acciona S.A. as well as the subsequent monitoring of the integration status of Acciona Windpower; (ii) ongoing matters of the Management Board, especially with regard to the expansion of the Management Board, the remuneration of the members of the Management Board, the search for a successor for Mr Schäferbarthold and the amendment of the Rules of Procedure for the Management Board; (iii) the new legal regulations imposed by the European Market Abuse Regulation before it entered into effect. Further topics were the proposed resolutions for the Annual General Meeting, the relevant reports from the committees, and the resolution on the issuing of a new declaration of conformity with the German Corporate Governance Code in the ordinary meeting in November 2016 as well as the determination of the target ratio for women in Management Board and Supervisory Board. In this regard, the Supervisory Board has carried forward, until further notice, the status quo for itself and the Management Board: the target ratios were kept at 16.67% (1/6) for the Supervisory Board and 0% for the Management Board; these determinations will continue to apply until 31 December 2020.

CORPORATE GOVERNANCE

In accordance with Articles 5.5.2 and 5.5.3 sentence 1 of the German Corporate Governance Code, the Supervisory Board deliberated on potential conflicts of interests. Member of the Supervisory Board Jan Klatten disclosed to the Supervisory Board the following potential conflict of interest, which is to be communicated at the Annual General Meeting: In parallel to the acquisition of Acciona Windpower, shares in Nordex SE, which were imputable to him according to the applicable security trading laws, were sold to the subscriber Acciona S.A. Mr Klatten was therefore not included in the vote on the non-cash capital increase from authorised capital on 31 March 2016, which was held in connection with the transaction.

As a matter of principle, the Supervisory Board observes the recommendations published by the Government Commission on the German Corporate Governance Code of 5 May 2015. The latest declarations of conformity specified by Section 161 of the German Stock Corporation Act (AktG) were issued by the Supervisory Board and the Management Board on 18 March 2016 and 29 November 2016 (www.nordex-online.com/de/investor-relations/corporate-governance.html). Further details are stated in the corporate governance report, which is part of the declaration of conformity included in the management report.

DISCLOSURES PURSUANT TO SECTION 171 (2) SENTENCE 2 OF THE GERMAN STOCK CORPORATION ACT (AKTG) IN CONNECTION WITH SECTIONS 289 (4) AND 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB) 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 (HGB) and was

satisfied that these disclosures are true and complete.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT

The financial statements of Nordex SE and the consolidated financial statements for the Nordex Group for the year ending 31 December 2016 as well as the combined management report of Nordex SE and the Nordex Group for 2016 including the bookkeeping were audited and granted an unqualified auditors' report by PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Hamburg, which had been appointed as the statutory auditor of Nordex at the Annual General Meeting on 10 May 2016 and engaged correspondingly by the Supervisory Board.

The report on the statutory audit of the annual financial statements confirmed that the Management Board did take the measures stipulated in Section 91 (2) of the German Stock Corporation Act (AktG) 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 17 March 2017, 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 and the Nordex Group prepared by the Management Board. No objections were raised on the basis of the final results of this examination. The Supervisory Board approved and adopted the annual financial statements and the consolidated financial statements prepared by the Management Board as at 31 December 2016. In the annual financial statements, the Company allocated its net profit for the financial year 2016 to other retained earnings. As a result, the Company did not generate any disposable profits in 2016 and consequently, there was no proposal for the appropriation of accumulated profit to be reviewed.

SUPERVISORY BOARD EXTENDS ITS GRATITUDE

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 representations for their strong dedication and the successful work performed in 2016. Specifically, the Supervisory Board expresses its gratitude and recognition for his many years of successful service to Mr Bernard Schäferbarthold, who joined Nordex SE in 2005 and was a member of the Management Board of the Company since 2007, before retiring from his office in the year under review.

Hamburg, March 2017



Dr. Wolfgang Ziebart
Chairman of the Supervisory Board



CORPORATE GOVERNANCE BODIES

MANAGEMENT BOARD (as of 1 April 2017)

JOSÉ LUIS BLANCO

Chairman of the Management Board (CEO)

Mr Blanco was born in 1970. He began his professional career in 1993 at Industrias Ferri, later going on to join Gamesa, where he assumed various executive positions and roles within the Management Board from 1997 to 2002. Among these were the roles of Managing Director at Gamesa Eolica USA, of COO at Gamesa USA, and of Engineering Director, CEO and Gamesa Offshore Director at Gamesa Solar. In 2011 he was appointed to the position of Chief Customer Officer and member of the Management Board of Gamesa. José Luis Blanco joined the Management Board of Acciona Windpower in 2012. He has been a member of the Management Board of Nordex SE since the company took over Acciona Windpower in April 2016, and in this capacity is currently responsible for the company's operations (COO). Subsequent to Lars Bondo Krogsgaard's withdrawal from the position, José Luis Blanco was appointed Chairman of the Management Board on 17 March 2017.

- PADE Senior Management Program, IESE Business School, Madrid, Spain
- Management Program in Strategy & Operations Management, Caixavigo Business School, Vigo, Spain
- Degree in Industrial Engineering (and an MSc in Mechanical Engineering), Vigo University, Spain

CHRISTOPH BURKHARD

Chief Financial Officer (CFO)

Mr Burkhard was born in 1964. He began his career as an analyst for the European Commission in Luxembourg before going onto join BHF Bank in Frankfurt. Later roles included positions with BHF Bank in the Czech Republic (Prague) and at the European Bank for Reconstruction and Development (EBRD) in Russia (Samara and Togliatti). In 1998, he relocated to Munich to take up a job at Siemens Financial Services, where he spent six years structuring and negotiating project and export financing for Siemens' operational units. In 2004 he took on an executive position within major project operations at what was then Siemens Mobile Networks, before later moving to Siemens' headquarters to work within corporate strategy. In 2008, he was appointed CFO for the EMEA region of Siemens Wind Power's onshore unit. In 2011, he became CFO of the offshore wind unit at Siemens AG, assuming global responsibility for this business area until his departure from the company to join Nordex on 1 September 2016.

- Master of Science, London School of Economics (LSE)
- Diplom-Kaufmann (equivalent to a Master's degree in Business Administration), Universität Tübingen

SUPERVISORY BOARD

PATXI LANDA

Chief Sales Officer (CSO)

Patxi Landa was born in 1972. His career began with positions at engine manufacturer Guascor and technology group Azkoyen. In 2002, he joined Acciona Group, where he served as Managing Director of Acciona Energy Australia and of Acciona Solar Power in the US. In 2007 he went on to become Business Development Director and member of the Management Board at Acciona Windpower. He has been a member of the Management Board of Nordex SE since April 2016, and in this capacity is responsible for Sales.

- Degree in Economics and Business Sciences, University of Navarra, Spain
- Master of Business Administration (MBA), EOI Business School, Spain
- PDG, General Management Program, IESE Business School, Navarra University, Navarra, Spain

DR. WOLFGANG ZIEBART, STARNBERG / GERMANY

Chairman of the Supervisory Board, Chairman of the Management Committee, member of the Strategy and Engineering Committee; Management Consultant

Dr. Wolfgang Ziebart studied Mechanical Engineering, later also completing a doctorate in the subject at the Technical University of Munich. He joined BMW AG in 1977, assuming numerous positions over the course of his career there, ultimately advancing to that of Management Board member responsible for development and procurement. In 2000, he was appointed to the Management Board of Continental AG, where he was initially responsible for the company's brake and electronics business and later advanced to become Deputy Chairman of the Management Board. Between 2004 and 2008, Dr. Ziebart was Chief Executive Officer at Infineon AG, where his responsibilities included overseeing the spin-off of the company's memory chip business. He later moved to Jaguar Land Rover Automotive to assume the position of Director Group Engineering.

Dr. Ziebart is Chairman of the Supervisory Board, Chairman of the Management Committee and member of the Strategy and Engineering Committee. He is also a member of the Supervisory Boards of ASML Holding N.V. in the Netherlands and of Autoliv, Inc. in Sweden.

JUAN MURO-LARA, MADRID / SPAIN

Deputy Chairman of the Supervisory Board (since 10 May 2016), member of the Management Committee (since 10 May 2016) and member of the Audit Committee (since 10 May 2016); Head of Corporate Development & Investor Relations Acciona S.A.

Juan Muro-Lara holds a degree in Business Administration & Management from the Colegio Universitario de Estudios Financieros (CUNEF) in Madrid, Spain. He began his career working in accounting for Banco de España. Between 1990 and 1992, he served as Assistant to the CFO of Afisa S.A. He then went on to join the Investment Bank UBS, working at its London and Madrid offices before being appointed to the role of Executive Director. In 2005, he assumed his current position at Acciona Group.

Mr Muro-Lara is Deputy Chairman of the Supervisory Board and a member of both the Management Committee and the Audit Committee. He is also a member of the Supervisory Boards of the following Spanish companies: Compañía Trasmediterránea S.A., Acciona Energía Internacional S.A., Hijos de Antonio Barceló S.A., Acciona Global Renewables S.A., Bestinver Pensiones Entidad Gestora de Fondos de Pensiones S.A. and Bestinver Sociedad de Valores S.A.

JAN KLATTEN, MUNICH

Member of the Management Committee, Chairman of the Strategy and Engineering Committee; Managing Shareholder of momentum Beteiligungsgesellschaft mbH

Jan Klatten studied Marine Engineering at the University of Hamburg and Business Administration at the MIT Sloan School of Management. He held management positions in the

automotive industry over a period of 15 years before setting up his own business in 1991. Mr Klatten is Managing Director of momentum Beteiligungsgesellschaft mbH, momentum-capital Vermögensverwaltungsgesellschaft mbH, momentum infra 1 GmbH, momentum infra 4 Verwaltungs GmbH and Ventus Fonds Verwaltungs GmbH.

He is also Chairman of the Strategy and Engineering Committee and a member of the Supervisory Board's Management Committee. Furthermore, Mr Klatten is Chairman of the Supervisory Board of asturia Automotive Systems AG.

CONNIE HEDEGAARD, COPENHAGEN / DENMARK

Member of the Audit Committee (since 10 May 2016); Chairperson of the OECD Round Table on Sustainable Development

Connie Hedegaard holds a Master of Science degree in History and Literature. She was a member of the Danish Parliament between 1984 and 1990 and between 2005 and 2010, and also served as Danish Minister for the Environment (2004–2007), then as Minister of Climate and Energy (2007–2009). From 2010 to 2014 she was the European Commissioner for Climate Action. She is currently Chairperson of the OECD Round Table on Sustainable Development and, since 2015, has also chaired the KR Foundation, an international environmental organization. Since February 2017, she has been a member of the Management Board of Aarhus University and chaired the Administrative Council of CONCITO, a Copenhagen-based think tank working in the field of greenhouse gas reduction.

Ms. Hedegaard has moreover been a member of the Supervisory Board's Audit Committee and a member of the Administrative Council of Danish company Danfoss A/S since 2016.

RAFAEL MATEO, TERUEL / SPAIN

Member of the Strategy and Engineering Committee (since 10 May 2016); CEO Acciona Energía S.A.U.

Rafael Mateo studied Industrial Engineering at the School of Industrial Engineering of the University of Zaragoza, Spain, gaining a degree with distinction in 1982. In 1987 he went on to additionally complete a General Management Programme at the IESE Business School and, in 1995, a Management Programme at the INSEAD Business School. He began his professional career in 1982 at the Spanish utility company Endesa, holding numerous management positions until his departure in 2009. Among these was the role of Managing Director of endesa Chile, which he assumed in 2005, and that of CEO of endesa latinoamerica S.A, which he assumed subsequently and held until 2009. In 2010 he joined Acciona Group. He began his career with the company as Managing Director of Acciona Energía and, in 2013, was appointed CEO of the Acciona Group, a position he still holds today.

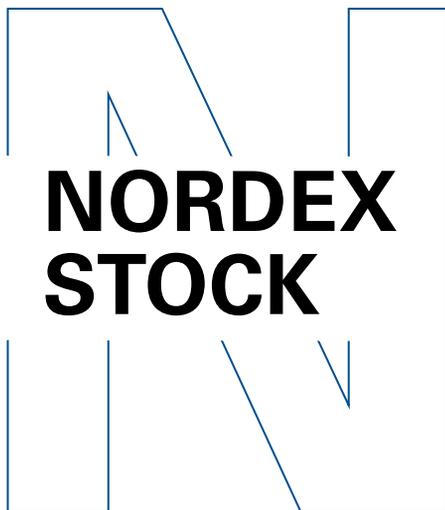
Mr Mateo is a member of the Supervisory Board's Strategy and Engineering Committee. He is also Chairman of the Supervisory Board of Acciona Energía International, Spain, and of other Acciona Group subsidiaries.

MARTIN REY, TRAUNSTEIN / GERMANY

Chairman of the Audit Committee; lawyer and managing shareholder of Maroban GmbH and Babcock&Brown GmbH

Martin Rey studied Law in Bonn and Business Administration at the University of Hagen. He then joined Bayerische Vereinsbank AG, later to become Bayerische Hypo- und Vereinsbank AG, where he was to hold numerous management positions, most recently that of member of the Group Executive Management Board. Thereafter, Mr Rey was appointed member of the Board of Directors, responsible for the European region, at Sydney-based global investment and consulting company Babcock&Brown. He was also a member of the board at Knight Infrastructure B.V. and the Chairman of Sword Infrastructure I B.V., a Board Member of Brisa AutoEstradas de Portugal S.A., the Chairman of Renerco Renewable Energy Concepts AG, a Board Member of debis AirFinance B.V. and Deputy Chairman of the export credit agency AKA Ausfuhrkredit-Gesellschaft mbH. Today, he also works as an Industrial Advisor for EQT Partners Infrastructure Fund, Sweden, and as member of the Investment Committee at IST Investmentstiftung für Personalvorsorge, Switzerland. He is also lawyer and managing shareholder of the companies Maroban GmbH and Babcock&Brown GmbH, both based in Traunstein.

Mr Rey is Chairman of the Supervisory Board's Audit Committee. He is also member of the Supervisory Board at BayWa r.e. USA LLC.



2016 WAS AN EXCEPTIONALLY TURBULENT YEAR ON THE INTERNATIONAL STOCK MARKETS. AS IN 2015, POLITICAL TOPICS CONTINUED TO IMPACT THE STOCK MARKET DEVELOPMENT TIME AND AGAIN IN 2016.

At the beginning of the year, global stock exchanges were still upset by the first increase in the US prime rate in nine years by the Federal Reserve Bank at the end of 2015 and a sense of scepticism, which had started to prevail concerning economic prospects in China. While stock prices started to recover again in February and this upswing lasted until far into the second quarter, market sentiment became more reluctant again in the months of April and May in the run-up to the Brexit referendum in the UK in June. The British voters' decision in favour of leaving the European Union on 29 June created strong levels of uncertainty and volatility on the stock exchanges that lasted several days.

During the subsequent recovery phase, the stock markets showed for the first time how quickly politically driven setbacks could be overcome in 2016. The global markets returned to

substantial growth, only to show pronounced sideways movements again in the run-up to the US elections. On 8 November, however, the election results appointed Donald Trump the 45th president of the United States, which marked the starting signal for a strong year-end rally which led to another increase in many leading indices around the globe.

The US lead index Dow Jones was one of the indices that benefited the most from the election result and closed the year 2016 with 19,780 points, up 12.3 percent compared to the previous year (30 December 2015: 17,610).

In Europe, EUROSTOXX 50 also managed to benefit from the positive market sentiment towards the end of the year, but only closed 0.1 percent above the previous year at 3,291 points (30 December 2015: 3,288).

At 11,481 points, the German lead index DAX closed the year 2016 with 6.9 percent growth (30 December 2015: 10,743), marking five consecutive years of growth. Based on the lowest point in mid-February of 8,699 points, the maximum variation in 2016 was 32.0 percent.

The German TecDAX technology stocks index, which is the primary benchmark for the Nordex shares, suffered a slight setback in 2016. With 1,812 points, the index was down by 1.0 percent (30 December 2015: 1,831).

RENIXX, as the global index for companies in the renewable energy sector, saw a much higher loss. With a fall of 15.9 percent, the index, in which the Nordex shares are also included, closed the year 2016 with 414 points (30 December 2015: 492).

The Nordex shares were not able to detach themselves from the negative overall sector trend and consolidated even more strongly since the beginning of 2016, after three years of significant share price increases. With an XET-RA closing price of EUR 20.39, the shares were traded 37.7 percent lower than at the close of the previous year (30 December 2015: 32.75). At this point in time, the shares had already moved 20 percent up from their annual low of EUR 17.23.

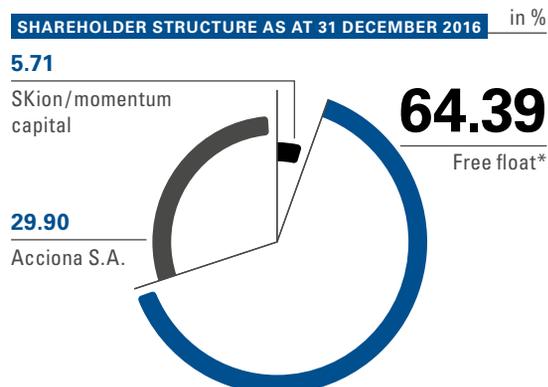
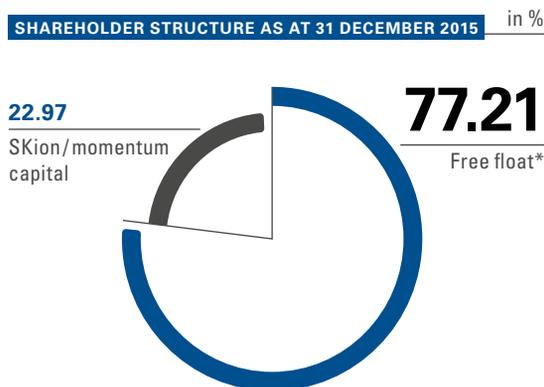
In the course of the merger with Acciona Windpower, Nordex increased its share capital at the beginning of April 2016 to partly finance the purchase price. In the transaction, a total of 16.1 million new shares were transferred to the former parent company Acciona S.A. The market capitalisation of Nordex SE was therefore EUR 1,977 million with 96,982,477 shares as at 31 December 2016. The average daily trading volume across all stock exchanges was 979,521 shares in 2016, compared to 1,083,253 in the previous year.

NORDEX SHARE PRICE PERFORMANCE 2016

in EUR



■ Nordex ■ RENIXX* ■ TecDAX*
Source: Bloomberg
*indexed



* free float as defined by the German Stock Exchange

The acquisition of Acciona Wind Power led to some changes in the shareholder structure in 2016. With a share of 29.90 percent, Acciona S.A. was Nordex's largest shareholder as at 31 December 2015, followed by SKion/momentum, which reduced its stake in Nordex to 5.71 percent when the shares were sold to Acciona. Among the non-strategic institutional investors with equity holdings above the regulatory reporting threshold, Deutsche Asset Management GmbH held the largest position with 5.13 percent, followed by Schroders plc with a stake of 3.51 percent.

One of the key objectives of Nordex Investor Relations is establishing transparent and proactive communication with investors. The Management Board and Investor Relations representatives of the company have continued in 2016 to participate in a large number of investor conferences, road shows and conference calls in Frankfurt, London, Lyon, Munich, Paris, Warsaw and Zurich, on the occasion of which they dealt in great detail with analyst and investor questions and gave a comprehensive overview of the current situation of the company. At the Capital Markets Day 2016, which was

held in Hamburg in September and was linked to visiting WindEnergy Hamburg, the world's leading trade fair for the sector, more than 40 analysts and investors took up Nordex's invitation. In addition, representatives of the Investor Relations team presented the company to private investors at the Hamburger Börsentag (Hamburg Stock Exchange Open Day) and in private investor events hosted by banks and securities protection associations.

At the end of 2016, a total of 18 banks and analyst firms had Nordex under coverage, producing regular analyses of the group's business performance. Please visit our website for an overview of analyst coverage as well as further information for interested investors.

29.9

percent

of Nordex SE shares are held by Accioa S.A.

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Stock data of the Nordex shares

Class of shares	No-par-value ordinary bearer shares
Market segment	Prime standard/regulated market
Trading venue	Frankfurt Stock Exchange
Index membership	TecDAX, ÖkoDAX, HASPAX, RENIXX
ISIN	DE000A0D6554
WKN (German securities identification number)	A0D655
Ticker symbol	NDX1

Key figures of the Nordex shares		REPORTING DATE	
		2016	2015
Total number of shares as at 31.12.	units	96,982,447	80,882,447
Share capital as at 31.12.	EUR	96,982,447.00	80,882,447.00
Opening price for the year	EUR	33.19	15.60
Closing price for the year	EUR	20.39	32.75
High	EUR	33.21	33.30
Low	EUR	17.40	15.09
Market capitalization as at 31.12.	EUR million	1,977.5	2,648.9
Earnings per share	EUR	1.03	0.65

Quotation: XETRA daily closing prices

Earnings per share: calculated on the basis of the weighted average number of shares for 2016 (90,792 million)

2016 REVIEW

JANUAR

At the beginning of the year, the Nordex Group receives four orders for projects in Turkey with a total volume of 100 MW. The customer John Laing Investments in Ireland orders the first twelve N100/3300 for the emerald island.

FEBRUARY

The official figures published by the professional associations show that the Nordex Group gained market shares in two European countries in 2015: in Germany, its market share increased from 8.7 to 12 percent and in France, from 9 to 14 percent.

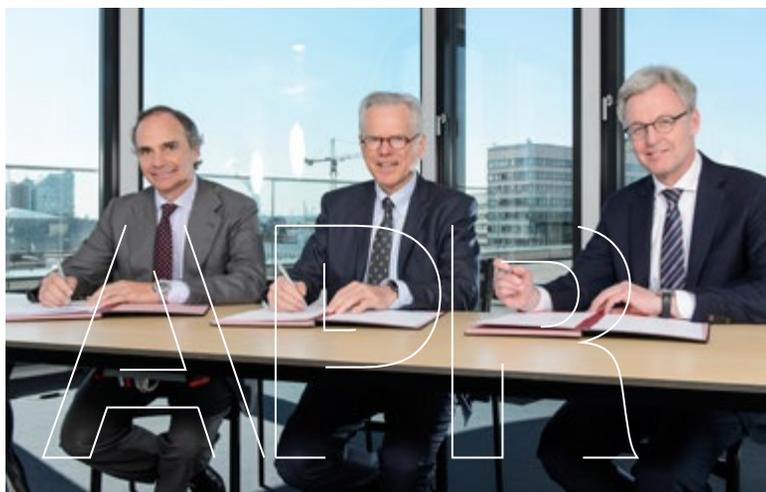
Nordex buys the neighbouring premises in Langenhorn, Hamburg, to expand its existing headquarters. The new building will offer space for around 600 employees on 12,000 sqm.

MARCH

The first green “Schuldschein” loan in the world is issued with a volume of EUR 550 million: an important pillar in the Acciona Windpower acquisition. Based on an assessment made by DNV GL Business Assurance, the Climate Bond Standard Executive Board had confirmed that the funds are exclusively used for purposes that have a positive impact on our climate and the environment. Previously, only conventional green bonds had received this certification.

APRIL

The Nordex Group gets the green light for its merger with Acciona Windpower. In addition to obtaining the approval of the competition authorities, additional contractual requirements for completing the transaction were met. Nordex and Acciona Windpower start operating as one company.



MAY

The order for the “Crockdun” project lifts the Nordex Group above the 2 GW threshold in terms of systems sold in the sales region of Ireland and the United Kingdom. The wind farm in Northern Ireland is the seventh order Nordex has received from the Irish power utility ESB International. Nordex has been active on the British Isles for around 15 years.

**JUNE**

The first half-year of the freshly consolidated Group closes successfully with a major order for 243 MW in the United States. For the “Chapman Ranch” wind farm, the Nordex Group makes its first delivery of 81 turbines of the AW125/3000 to Texas.

JULY

The Nordex Group sells the French wind farm “Mont d’Erny” via its distribution company Nordex Development (NXD), thus reaching a milestone in this business: an order intake of one billion from self-developed projects since 2002.

AUGUST

The “Amakhala Emoyeni” wind farm is connected to the grid in South Africa with 56 N117/2400 turbines. The Nordex Group has implemented this turnkey project for its customer Cennergi in the Eastern Cape region.

SEPTEMBER

Christoph Burkhard is the new Chief Finance Officer, succeeding Bernard Schäferbarthold, who has not extended his contract beyond 2016 for personal reasons. In his last position, Christoph Burkhard was CFO at Siemens Wind Power Offshore; he also has extensive experience in the banking sector.

OCTOBER

The Nordex Group starts the fourth quarter with a strong order intake in Turkey of 111 MW. A Turkish customer has ordered 37 N117/3000 systems at the same time for three projects.

**NOVEMBER**

Just two months after the official market launch, the first N117/3600, which the Nordex Group presented at the end of September together with the N131/3600 at the Wind Energy fair in Hamburg, starts operation in Germany, near the city of Rostock. The two new systems feature increased nominal output and thus enable operators to reduce cost of energy.

DECEMBER

Towards the end of the year, the Nordex Group makes a major sale in the United States. In addition to the “Bruenning’s Breeze” project for E.ON in Texas with a capacity of 228 MW, Nordex receives safe-harbor orders from four customers with a total value of EUR 170 million.



COMBINED GROUP MANAGEMENT REPORT



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COMBINED GROUP MANAGEMENT REPORT

OF THE NORDEX GROUP AND MANAGEMENT REPORT OF NORDEX SE

Basis of the Group

Business model

Nordex (unless otherwise described, the terms “Nordex”, “Nordex Group” and “Group” are used as synonyms) is an integrated, global supplier of innovative, multi-megawatt onshore wind power systems for locations with strong, moderate and light wind conditions. The Group concentrates on developing and producing complete systems, including the control software as well as the main core components, and on offering related services. In its own facilities, Nordex predominantly produces nacelles and hubs for wind power systems as well as a substantial share of the required rotor blades. Components such as gearboxes, generators or converters are supplied by development partners, many of whom the Nordex Group has been working with for many years. Other services provided by the Nordex Group include, in particular, the sale of wind turbines and – in selected markets – upstream wind farm project development and turnkey solutions. In addition, Nordex also provides assembly services for wind turbines as well as after-sales services, thus concentrating on building long-term and reliable customer relationships. In support of the sales activities, the Group’s finance department also supports customers in their efforts to raise project finance via national and international commercial banks.

Through the merger with the Spanish wind turbine manufacturer Corporación Acciona Windpower S.L. (“Acciona Windpower”), which Nordex acquired on 1 April 2016, the Group managed to significantly expand its geographical footprint and product range, becoming a global supplier. On a technical scale, the common goal of the companies is to develop wind turbines that allow operators to produce environmentally friendly electricity at the lowest possible cost (Cost of Energy – COE) in their respective regions. These products help to maintain the competitive strength of the Nordex Group in the wind energy sector and also in comparison with other conventional and renewable types of energy generation.

Together and in total, Nordex and Acciona Windpower have already produced wind turbines with a nominal output of more than 21 gigawatt (GW), producing ‘green’ energy in more than 50 countries. Beyond being merely producing environmentally friendly products, sustainability is a key priority of the Nordex Group. The Group therefore published its first independent Sustainability Report for the 2016 financial year. It follows the internationally recognised G4 Guidelines provided by the Global Reporting Initiative (GRI) and gives detailed information on the goals and status quo of the Nordex Group’s sustainability strategy 2018, which is guided by the mission statement “Use wind intelligently – live sustainability”.

Group structure

The Management Board manages the Group via Nordex SE as the strategic management holding company. Nordex SE also provides additional management services in the areas of controlling, finance, IT, communications, human resources, legal matters and insurance. The operating business is predominantly carried out by the consolidated companies Nordex Energy GmbH and Corporación Acciona Windpower S.L. and their subsidiaries as well as legally independent national companies in the individual countries, some of which are also subsidiaries of Nordex Energy BV. The national companies are specifically responsible for customer relationship management, sales, project management, services and, in selected markets, also for project development.

Locations

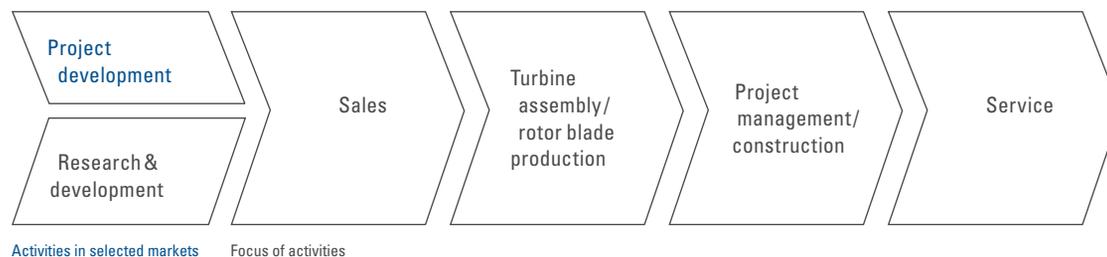
Nordex Group's head office is in Hamburg, where the Group's core functions, but also parts of development, procurement, project management, services and German sales are located. Nacelles and rotor blades are developed and produced at the Group's site in Rostock. The merger with Acciona Windpower means that the number of international sites of the Nordex Group has increased significantly. In Spain, the Group operates two factories for the assembly

of nacelles (in Barásoain and La Vall d'Uixó) and one for the production of rotor blades (Lumbier). In addition, nacelles are also produced in Brazil (Simoes Filho) and India (Chennai). Another assembly plant, which is currently inactive, is located in the United States (West Branch).

Nordex also operates mobile production units for the production of concrete tower components. They are used locally in the individual wind markets and in close vicinity to the wind farm projects during the construction and installation phase. In 2016, the Group had two concrete tower production factories in Brazil, and subcontractors used one factory in Brazil and one in India to produce concrete towers. Nordex supplied the moulds for these factories. In 2017, the Group plans to also outsource concrete tower production to subcontractors in Mexico and South Africa.

The Nordex Group has its own sales and service subsidiaries in Australia, Brazil, China, Chile, Denmark, Germany, Finland, France, the United Kingdom, Honduras, India, Ireland, Italy, Canada, the Netherlands, Norway, Mexico, Pakistan, Poland, Portugal, Romania, Sweden, Singapore, Spain, South Africa, Turkey, Uruguay and the United States.

THE VALUE-ADDED STRUCTURE OF NORDEX SE AT A GLANCE



Business processes

Production processes and value chain

A large proportion of the components used in the wind turbines is sourced externally. Nordex pursues a system integration approach, incorporating the competences of its vendors in its own internal processes at an early stage – particularly during product development. The Group is committed to line production in turbine assembly and partial automation as well as broad-based standardisation of its products (identical parts) so as to generate economies of scale as far as possible for a mid-size company.

Services rendered by Nordex for a specific project range from the mere delivery of the wind turbines to turnkey construction of a complete project.

Quality management

The core of Nordex's quality strategy is a comprehensive HSE (Health, Safety, Environment) concept that spans across all corporate divisions. This rests on five pillars:

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

In order to achieve its high-quality standards across the global organisation, the Nordex Group is certified globally by TÜV Rheinland for quality (ISO 9001), environmental protection (ISO 14001) and safety (OHSAS 18001). In addition, the German facilities in Hamburg and Rostock have been certified by TÜV Rheinland in accordance with ISO 50001 and thus meet the requirements of the energy management standard.

In 2016, Nordex underwent extensive recertification by TÜV Rheinland under all four ISO standards to renew its certification for its integrated management system for a further three years. All of the required measures were implemented in the process. All of the German production sites, the warehouse, several service facilities and the head office were audited in accordance with the applicable standards set out by the German Accreditation body DAkkS. In addition, sites and wind farms in Spain, Portugal and the United States were visited.

As part of the integration of Acciona Windpower into the Nordex Group, the quality management of the two companies was bundled in one organisational unit at the global level. Internal processes were largely adjusted to the new organisational structure. The main focus in 2016 was on ensuring the certification, which has successfully been achieved for the relevant Group entities.

Cross-functional quality planning and assurance activities are already defined during the project development phase and systematically executed and documented on the basis of specified work packages and milestones. Thereafter, special quality matters are monitored on a continuous basis and addressed in close collaboration with production and also during the on-site assembly phase.

Nordex collects all of the field experiences for each product in its quality management department, which provides the relevant feedback to the development departments. This contributes to the further optimisation of the next generation of Nordex wind turbines. At the same time, quality management forms an integral part of the sales process. This ensures that alongside internal experience from prior projects, any customer feedback can also be addressed on a timely basis so as to comply with market requirements in full.

A further important quality management feature is the Group's Proposal Scheme. A total of 142 proposals for improvement were submitted in 2016 (2015: 159) by employees of the Nordex Group. The implementation of proposals for improvement cut costs by EUR 0.27 million in the year under review (2015: EUR 0.18 million).

Nordex Group regards the knowledge pool of its workforce as the key to future success and believes it makes a substantial value contribution to the sustainable strengthening of the Group.

Sales markets

Together, Nordex and the newly acquired Acciona Windpower have installed wind turbines in more than 50 countries. The Group considers itself to be well positioned on the internationally most attractive wind markets, while its selling strategy mainly focuses on 20 key markets, which stand for roughly 90% of the global market (onshore market without China based on MAKE Consulting forecasts for 2017). These countries with their own sales and service organisations are mainly located in Europe and North and South America, but selected additional markets such as India and South Africa are also included.

FOCUS MARKETS OF NORDEX GROUP



Nordex is thoroughly reviewing international wind markets in America, Africa and Asia to find attractive growth opportunities. In 2016, the Group has successfully realised major projects in markets such as Brazil, India, Mexico and South Africa as well as in up-and-coming European markets such as Turkey. This is also driven by the merger with Acciona Windpower, as the focus of this company is largely on developing and emerging markets. Nordex managed to further expand its strong position in Germany and France.

Products and Services

Wind turbines

Together with the turbines provided by Acciona Windpower, Nordex is offering its customers a much wider range of products with solutions for markets with limited grid availability as well as for markets with a limited availability of land.

The turbines of the Gamma and Delta platform of the Nordex brand have been adjusted to the requirements of markets with a limited availability of land. In their specific configurations, they offer high degrees of efficiencies for light, moderate and strong wind speeds and ensure the turbines' eligibility for operating permits, also in densely populated areas. The noise levels of these wind turbines are often best-in-class and, depending on customer requirements, the Nordex Anti-Icing-System or needs-adjusted air-traffic warning lights can be added. These turbines are also increasingly used in repowering projects.

Nordex continually develops its turbine generations further. Generation Delta, which was launched in 2013, is suitable for all wind classes, featuring an improved rotor output ratio, a lower specific head mass and optimised noise levels. A version with nominal output of up to 3.6 MW was added in 2016, which can generate further revenue growth of up to 12% depending on the location compared to the 3.0 MW variant.

The AW3000 platform offers reliable, innovative turbines, which have been optimised for markets with limited grid availability. It is already used in many major projects run by international energy companies. AW132/3000 has been engineered for light wind conditions and is one of the systems with the lowest cost of energy in its segment.

The Nordex Group develops and tests the rotor blades of its wind turbines in-house, has them certified and also produces a substantial proportion of their components, or has them produced by its build-to-print partners. The rotor blades are characterised by particularly low noise emissions across the entire range.

Nordex offers several tower variants (steel tube towers, hybrid towers from steel and concrete, or concreted towers) with hub heights of up to 164 metres to achieve optimum energy yields in the global wind markets. Nordex installed a N131/3300 wind turbine on a 164 metre high hybrid tower in Rhineland-Palatinate in 2016, which is currently the highest wind turbine in the world, reaching a total height of just under 230 metres.

Overview of products

(the system codes state the rotor diameter in metres followed by the nominal output in KW)

Wind class ¹	Generation Gamma	Generation Delta	AW3000
IEC 1	N90/2500	N100/3300	AW100/3000
IEC 2	N100/2500	N117/3000	AW116/3000
		N117/3600	AW125/3000
IEC 3	N117/2400	N131/3000	AW132/3000
		N131/3300	
Tower heights (ground-to-hub height), according to the type of turbine	65 – 141 m	75 – 164 m	80 – 137.5 m

¹ IEC 1 = strong wind; IEC 2 = moderate wind; IEC 3 = light wind

Service

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

Depending on the market, the Nordex Group offers four standardised contract models with different levels of service (Basic, Extended, Premium Light, Premium), which customers are able to enter into for a term of up to 15 years; the service organisation also offers the following products and services individually, while they are largely included in the four contract variants:

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

Goals and strategy

Because of the integration of Acciona Windpower into the Nordex Group, the medium-term Group strategy was realigned in 2016, based on a defined strategy process. It is now based on the clearly expanded market coverage with the corresponding product range and takes into account the current and expected sector environment. The strategy has been realigned to help the Nordex Group reach its medium-term targets and ensure the long-term success of the business.

The implementation of this strategy is to additionally reinforce the position of the Nordex Group as an innovative and profitable supplier of onshore turbines and to facilitate the Group's business expansion with a sustainable double-digit share in its focus markets. One key factor in this respect is the low cost of energy, which Nordex is seeking to reduce further on the basis of highly efficient turbines, effective production processes and steady reductions in the cost of materials. The target for lowering the cost of energy is 18% by 2018, compared with 2015. Acciona Windpower's experience with systematic cost of energy reduction as well as economies of scale in the new Group with its grown structures should help reach this target.

With the integration of Acciona Windpower into the Nordex Group, local production sites in large-volume emerging and developing countries such as Brazil, India and Mexico have been added to the Group's footprint, enabling Nordex to benefit from the expected growth in these regions. The product ranges of the two companies

are a perfect match, allowing the Nordex Group to tailor its product offerings to customer requirements in markets with limited land availability and in markets with limited grid availability. The Nordex Group has moreover gained its own concrete tower technology and improved access to large utilities and independent power producers (IPPs).

Sub-strategies

The medium-term Group strategy announced in November 2016 comprises seven sub-strategies, the broad outline of which will be described in the following:

- Occupational safety
- Sales support
- Potential within the value chain
- Product development
- Cost of Energy reduction
- Quality & operational excellence
- Expansion of business model

The solid financing structure of the Nordex Group, which manifests itself in a stable equity ratio and a well-balanced funding profile, is one of the main prerequisites for the future success of the Group and the implementation of its strategy.

Occupational safety

Planning, implementing, controlling and optimising business processes in the area of health, safety and the environment (HSE management) is a key part of the Nordex Group’s occupational safety concept. This focuses mainly on the reduction of health risks in the work environment of employees and contractors. After training programmes were introduced that led to an improvement in LTIF ratios (lost time incident frequency), the Group has announced plans to extend this successful approach to its worldwide operations in 2017, planning to hold safety training classes in four different languages to further reduce the number of incidents.

STRATEGIC BACKGROUND TO THE ACCIONA WINDPOWER ACQUISITION

	Market Focus	Customer Focus	Product Focus	Technology Focus
AWP	Emerging markets	Large developers and IPPs	Project without land constraints	Concrete towers
	+	+	+	+
Nordex	Europe	Small & medium-sized customers	Complex and land constrained project	Blades
	=	=	=	=
	Truly global	Broad customer base	Different projects	Complementary technologies

Sales support

Sales opportunities arising from the merger of Nordex and Acciona Windpower are planned to lead to an even more balanced sales mix in the future. The Group focuses on selected markets that are especially attractive because of their size and/or their growth prospects. Germany, the United States and India are among these markets, but also smaller growth markets, in which the Group is usually already active today or has had its first successful sales. The regional sales split of the Nordex Group is therefore expected to align itself more to the regional distribution of the global market (outside of China) in the coming years.

A newly established key account management team is addressing larger energy producers and financial investors. The intensity with which market concentration among wind farm operators is expected to increase is exemplified by the US market. 59% of new installations were commissioned by the ten largest project developers already in 2015.

Nordex will devote particular attention to auction markets in the future, where the state regulates that energy generation capacities or energy supply volumes are commissioned to the bidders offering the lowest prices. In these markets, increasing competition will lead to a concentration on the customer side, i.e. wind farm developers and operators. Nordex considers itself well positioned with the right products and a good knowledge of the market to continue its success on auction markets. The company expects to generate more than half of its order intake in auction markets by 2018.

Potential within the value chain

Nordex is using profit potential along the value chain even more intensively than before. This pertains especially to the areas of project development and services.

In selected markets, Nordex is stepping up its involvement/engagement in project development in the initial phases of a project to gain access to a high-margin section of the value chain. To this end, the Group cooperates with the regional initiators of such projects. Nordex's expertise in this area and its close customer relationships in the initial stages of a project provide the Group with additional potential in its core business, the sale of turbines. The early involvement in projects is a crucial advantage, especially in markets with strong growth dynamics. In France, Nordex SEes good opportunities to further expand its leading market position. In Germany and Italy, Nordex plans to use a transaction platform to support customers in auction processes, which would eventually benefit its turbines sales.

In the area of services, Nordex is currently reviewing several options of expanding its own range of services. The Group could for example tailor specific services to the needs of large utilities which only outsource individual parts of their service needs to the producers. The range of services that makes existing systems more efficient or safer is continuously being expanded. Nordex already has a number of products in its range today that enable customers to enhance the efficiency of their turbines by several percent, and also to reduce noise emissions. Another driver of growth and efficiency is the increased digitalisation of the service business based on a more efficient IT infrastructure. This means that malfunctions can be identified and repaired faster, thus further reducing downtimes of the turbines.

Product development

With its innovative products, the Nordex Group is able to leverage competitive advantages, even in a more mature market environment. The Group wants to successfully introduce technological innovations in the market and thus expand its position as one of the most innovative suppliers. One such innovation is the Group's anti-icing system, which is one of the leading anti-icing systems in the market and enables revenue increases of 8% – GW 12% in periods of hard frost. And, the Group's own concrete tower technology lowers cost of energy, offers logistics and quality advantages and enables local added value particularly in developing and emerging countries.

The Nordex Group offers solutions that are tailored to the needs of their customers in individual market environments. The product range includes wind power systems that are perfect for markets with limited grid availability and others for markets with limited land availability.

Depending on the target market, Nordex concentrates on different requirement profiles when further developing the individual turbine models. In order to use the R&D budget as goal-oriented as possible, the Group identifies technological innovations and assesses their future prospects to then focus its R&D effort on the most promising areas. Further building blocks in the cost-efficient development strategy of the Nordex Group include successful talent management, cooperation with universities and research institutes, mainly for enabling technologies, as well as purposeful cooperation with external partners and suppliers.

The organisational structure and processes at Nordex are designed to ensure that the process of customising products to individual customer requirements can be standardised to the highest

extent possible. The Group thus achieves an ideal mix with regard to meeting customer requirements and cost-efficient production.

Cost of Energy

The continuous reduction of cost of energy is a core component of the Nordex strategy and paramount to competitive strength and successful sales. The medium-term target for lowering the cost of energy is 18% by 2018, compared with financial year 2015.

In order to achieve this target, 15 Group-wide, cross-functional working groups are looking at all relevant areas of the Group to develop systematic approaches that will help leverage cost reduction potential. As a producer, Nordex focuses on increasing the productivity of its systems, reducing capital expenditure and operating costs across the entire life cycle. Realising synergy effects from the merger of Nordex and Acciona Windpower is also an integral part of this process. At the end of 2016, about 280 team members worked on more than 2000 individual measures to continuously reduce cost of energy across the entire product range.

Quality & operational excellence

Nordex plans to introduce further measures to boost efficiency in production. This is to be achieved through measures such as streamlining supplier structures and optimising the use of the production network established through the Acciona Windpower acquisition on three continents. The Group does not currently plan any fundamental changes in the production and purchasing structures for the core components rotor, nacelles and tower, but individual measures have been identified in each of these areas that are also intended to generate appreciable increases in efficiency. Major cost savings are expected from synergy effects resulting from the merger with Acciona Windpower.

Significant improvements in project execution have already been achieved in recent years. Operational excellence measures will continue to be managed at Group level.

Expansion of business model

The digitalisation of process chains and intelligent use of large volumes of data, for instance generated in the ongoing operations of the systems, will mark the field of renewable energy in the future and open up new business opportunities. This development has already started in the operating areas such as development, sales, production, project management and services, and will be a crucial factor for future success.

In order to be able to analyse the data collected in internal and external processes of all Group divisions, Nordex is, amongst other things, investing in the analysis of large data volumes (big data). This can improve micro-siting activities, i.e. the optimisation of wind farm layouts to specific site conditions or cost savings through forecast-adjusted services. The Group has therefore established a big data team to further develop existing measures and to explore new projects.

The Nordex Group also continues to review a possible expansion of its business model in order to include radically new activities in the area of energy generation from renewable energy sources, weighing opportunities and risks against the background of required capital expenditure. The Group demonstrates its interest in topics beyond the wind energy sector with its involvement in the NEW 4.0 – Norddeutsche EnergieWende project, which has been initiated by the Federal Ministry for Economic Affairs and Energy. This major project is backed by an innovation alliance of 60 partners and aims to demonstrate within a time period of just four

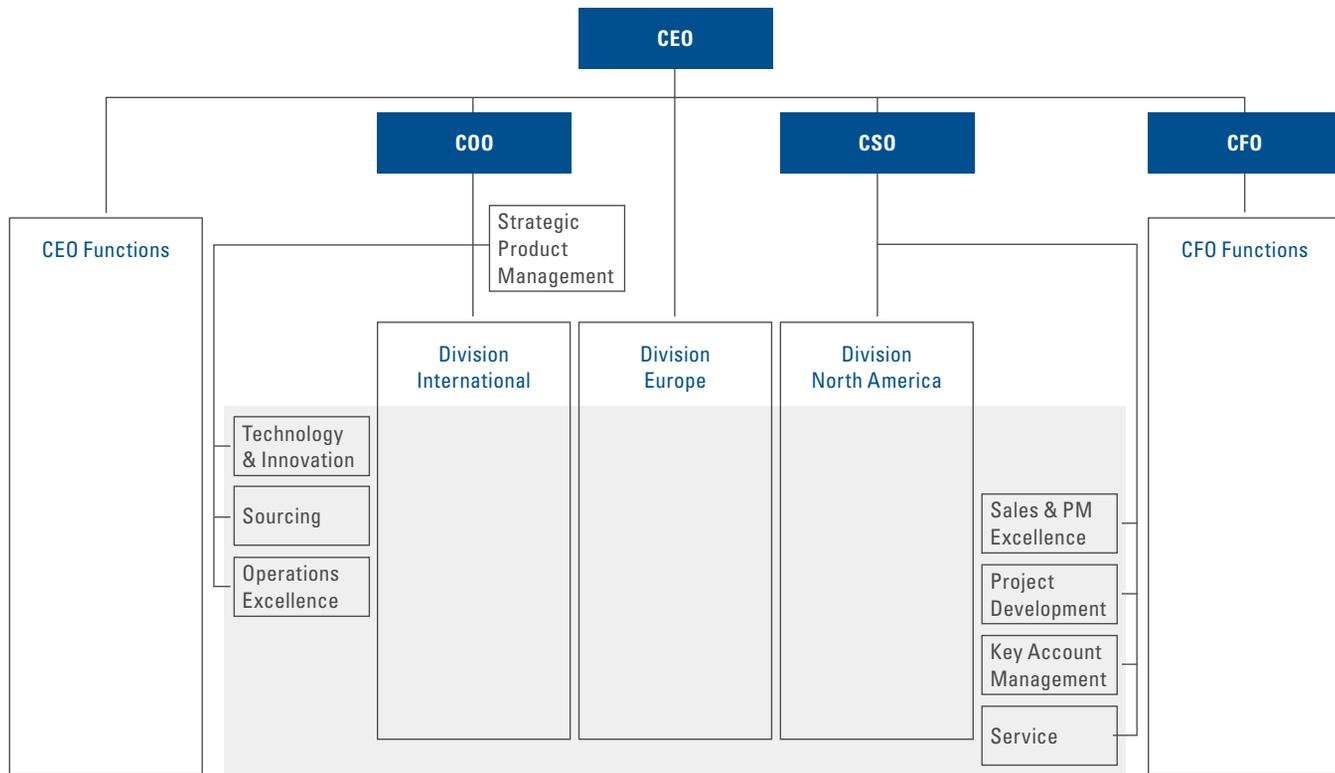
years that the federal states of Schleswig-Holstein and Hamburg with 4.5 million inhabitants can be supplied with 100% renewable energy by 2035. Nordex is the only producer of wind turbines in the project and therefore an exclusive partner in this field.

Management system

Group management

The Management Board of the Nordex Group manages the Group centrally via Nordex SE as the strategic management holding. Nordex SE also provides management services, while, according to the new organisational structure which becomes effective on 1 April 2017, the operating activities of the Group are mainly divided among the three divisions International, Europe and North America. Nordex is introducing the new structure to get even closer to local markets and to meet their specific requirements to an even higher degree. The previous structure was a more centralised matrix organisation.

ORGANISATIONAL STRUCTURE (IMPLEMENTATION FROM 1 APRIL 2017)



The Chief Executive Officer (CEO) is responsible for the Europe division as well as for the management services strategy, compliance, communication and human resources. The International division as well as the management services technology, sourcing and operations excellence are under the responsibility of the Chief Operating Officer (COO). The Chief Sales Officer is responsible for the North America division and the sales, project development, key account management and service departments. The Chief Financial Officer is exclusively responsible for the management services finance, investor relations and sustainability, IT, legal, insurance and tax matters.

The Nordex Group is managed according to three divisions: International, Europe and North America. In turn, the divisions manage the legally independent national companies.

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

Further information on the allocation of duties and the Management Board's rules of procedure can be found in the section Corporate Governance Report.

Financial and non-financial performance indicators

Nordex SE's management system entails financial and non-financial key figures for managing the company as a whole, its operating units and the expectations of the capital market.

The key performance indicators at Group level are sales, EBITDA margin, working capital ratio and capital expenditure (CAPEX). Concentrating on these performance indicators reflects both the current and the future performance of the Group and provides a comprehensive overview of the Group's capital requirements.

Until the end of 2016, the performance indicator "order intake projects" was also one of the Group's performance indicators. As this figure is highly exposed to reporting date effects, Nordex will now only utilize the performance indicators commonly reported in the industry.

Nordex has been consistently focusing on achieving sustainable operations in all areas of the Group since 2014. In 2015, it established an organisational unit that purely focuses on the Sustainability Strategy and related objectives and key performance indicators (KPIs), develops them further and determines the relevant implementation requirements needed to achieve these objectives. Along with the publication of the 2016 Annual Report, Nordex also publishes a separate Sustainability Report for the first time, which is based on the GRI (Global Reporting Initiative) G4 Guidelines.

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

Key performance indicators

- Sales
- EBITDA margin
- Working capital ratio
- Capital expenditure (CAPEX)

Additional key figures

- Production output (turbines)
- Production output (rotor blades)
- Installed capacity
- Turbine availability
- Order intake projects
- Order book projects
- Order intake services
- Order book services
- Cost of materials ratio
- Consolidated net profit
- Free cash flow
- Net debt/liquidity
- Equity ratio

Research and development

Organisation and key R&D indicators

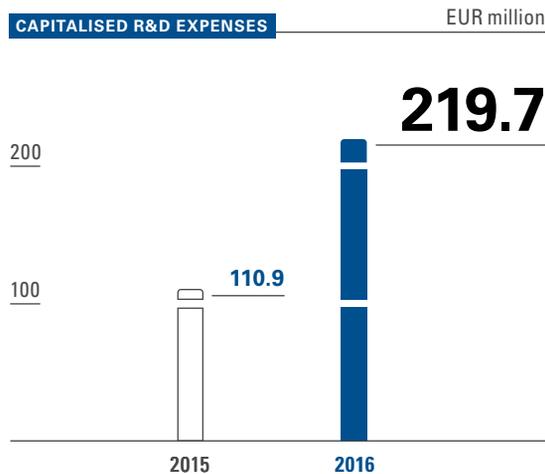
Product development focuses on the systematic and comprehensive reduction of cost of energy in products and services. The Nordex Group thus secures its position as a supplier of competitive wind power systems in all wind classes and for all target markets. During the development of turbines and wind farms, the main focus is on continuously reducing the cost of energy across the entire life cycle and over the entire project duration. Development activities also involve efforts to continuously monitor and ensure the market viability of the products in terms of their eligibility for operating permits and grid connections in Nordex's target markets. At the end of 2016, the Nordex Group had a global headcount of 746 employees in its engineering and product management areas (2015: 673 employees).

As at the reporting date, R&D expenses of EUR 219.7 million (2015: EUR 110.9 million) were capitalised. In 2016, R&D expenses of EUR 183.1 million were capitalised (2015: EUR 30.9 million), of which EUR 149.3 million resulted from the first-time consolidation of Acciona Windpower. Other additions of EUR 33.8 million comprise in particular the further development of the current Generation Delta wind turbine types N117 and N131. They comprise borrowing costs of EUR 1.1 million (2015: EUR 2.0 million) at a funding rate of 2.2% (2015: 6.4%). Amortisation of capitalized R&D expenses was recognized in the amount of EUR 41.3 million in the period under review (2015: EUR 26.1 million). Other R&D expenses occurring during the period under review amounting to EUR 43.9 million (2015: EUR 28.5 million) do not meet the criteria for capitalization and were therefore recorded through profit or loss. The capitalization ratio therefore amounted to 43.5% (2015: 52.0%).

Product development

Immediately after the merger with Acciona Windpower, cross-project development teams were put together to look for technological synergies between the product platforms of the two companies. They worked together on specific tasks that could be implemented in the short term and with relatively little effort and would lead to appreciable increases in efficiency. This includes, for example, taking over Nordex technology in the blade design of AW3000 rotor blades.

All activities of the newly established Group related to reducing cost of energy have been bundled in a centrally managed COE programme since the second quarter of 2016. Around 280 team members from different parts of the Group are currently working in this programme. Their objective is to reduce cost of energy of all wind turbines produced by the Group by at least 18% by 2018 compared to 2015.



The focus of product development in the year under review was on the further development and standardisation of the Generation Delta wind turbines and the AW3000 platform. The Generation Delta turbine range encompasses dedicated solutions for locations with strong (N100), moderate (N117) and light (N131) wind speeds as well as a solution specifically developed for wind and ambient conditions in Nordex’s important German market (N131/3300). The latter was installed in Germany (Rhineland-Palatinate) in June 2016 and is presently the highest wind turbine in the world. With a hybrid tower with ground-to-hub height of 164 metres and a rotor blade span of 65.5 metres, the N131/3300 turbine reaches an overall height of just under 230 metres. The tower makes it possible to use stronger winds prevailing at this altitude, especially in non-coastal locations.

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

In 2016, Nordex received the type certificate for its N131/3000 systems. The measurement results confirm that the turbines meet or even exceed expectations with regard to extremely low noise levels. This means that the N131 is particularly suitable for non-coastal locations. It allows operators in many cases to maintain desired output levels and still comply with sophisticated noise protection requirements. Product development is working intensively on the series launch of the N131/3000 and the N131/3300 as part of a standardised product platform.

Based on the Delta series, in autumn 2016 Nordex introduced the improved product versions N117/3600 for moderate wind conditions and N131/3600 for light wind conditions, the nominal output of which was increased to 3,600 KW each. First installations have already been completed in the year under review. The improved systems generate an increase in annual energy yield of up to 12% for the operators. Based on a requirements-oriented platform strategy, the new transformer and cooling concept, intelligent control functionalities and adjustments to the electronic design result in a higher energy yield, while material usage remains roughly the same. At the same time, these projects have again been developed for markets, in which a low noise level is a key requirement. This is where Nordex intends to maintain its best-in-class position.

Moreover, the reduction of noise emissions through so called serrations enables a more pronounced use of the turbine's potential.

Under normal operating conditions, the turbulent trailing edge noise has been identified as the main source of noise in a wind turbine. The serrations enable a reduction in noise levels of wind turbines across all wind speeds compared to wind turbines without serrations. The actual level of noise reduction depends on additional factors such as location and system. On average, measurements suggest a reduction in noise emissions of 1 – 2 dB. By applying these measures, resulting noise emissions of the N131/3600 can be reduced to up to 97.0 dB(A) in the noise-reduced operating mode.

In addition, comprehensive module and system tests were initiated in 2016, which will form the basis for future product validation and certification. At the same time, Nordex received the German Type Certification as well as the Design Evaluation Conformity Statements (DECS) in accordance with IEC 61400 for all hub heights. First Type Certificates for the wind turbine models N117/3600 and N131/3600 with a hub height of 106 metres in accordance with IEC 61400 have already been granted. The certificates for the additional hub heights are expected to be obtained in the course of the year.

With respect to further enhancements to Generation Gamma turbines, particularly the highly efficient N117/2400 for light-wind locations (IEC IIIa), the main focus in the year under review was on project-specific developments and measures to additionally reduce product costs by widening the pool of suppliers for the main components. Thanks to the platform strategy, further developments of the Generation Delta turbines can also be applied to Generation Gamma. For example, improvements were made to the control and regulation system as well as operations management and monitoring of wind power systems and wind farms during the period under review.

Further development work to optimise and validate the Nordex Anti-Icing System (AIS) continued in 2016. The system has now also been transferred to the N131 rotor blades. In the period under review, first turbines were installed and put into operation in Scandinavia as planned.

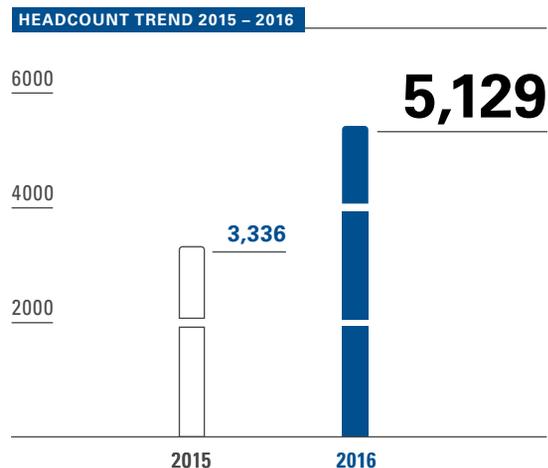
In addition, development work successfully continued on projects for satisfying the updated grid connection requirements in existing target markets, ensuring technical conformance in new markets and applying required modifications to the electrical systems. The electrical systems were modified, for instance, to meet the requirements resulting from the new TAB high voltage for grid connections in the German high voltage grid from 1 January 2017.

The AW3000 platform was also developed further in the year under review to optimise cost of energy and thus continuously improve competitive strength. Several turbine variants have received new certifications. A power boost of the AW3000 platform raises annual energy production (AEP) by 3%. In a next step, which is currently being reviewed in a feasibility study, AEP is intended to be boosted by 5%. A new concrete tower variant has been developed and already certified to reduce cost of energy under the specific wind conditions in Brazil.

In addition to the work on the above-stated turbine types, new development projects on the production of even more efficient wind turbines and cost-optimised towers as well as on innovations in production and logistics processes have been initiated.

Employees

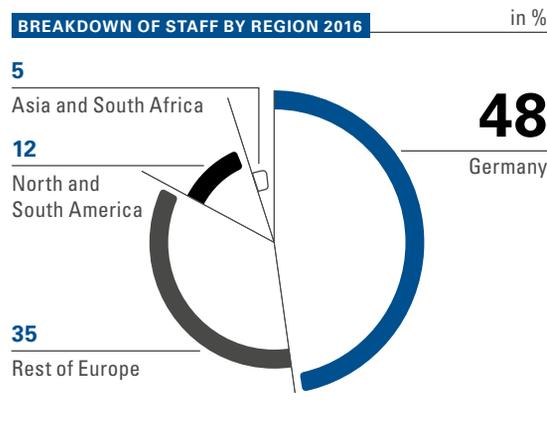
The headcount of the Nordex Group increased significantly in the year under review, mainly owed to the first-time consolidation of Acciona Windpower, by 53.7% to 5,129 employees (31 December 2015: 3,336 employees). In the month of the merger, Acciona Windpower counted a total of 1,364 employees as at 30 April 2016, compared to 3,444 employees at Nordex.



Of all employees, 2,689 are classified as office staff (31 December 2015: 1,864) and 2,440 as technical staff (31 December 2015: 1,472).

The merger of the two companies was also reflected in a slight shift in employee distribution across functions. At the end of 2016, 38% of employees worked in the production and procurement segments for blades, nacelles and towers (2015: 29%) and 28% in services (2015: 35%). The reason for the shift is the lower proportion of service employees in the overall headcount of Acciona Windpower.

As at 31 December 2016, roughly half of Nordex staff was employed in Germany (48.1%). 35.0% were employed in Europe, roughly half of which in Spain. A good 12.4% of Nordex staff was employed in North and South America and the remaining employees were in Asia (China, India, Pakistan) as well as in South Africa (4.5%).



In the year under review, the proportion of women working in the Nordex Group increased minimally by 0.2 percentage points to 17.5% (31 December 2015: 17.3%). The proportion of women in the top two management levels beneath the Management Board increased from 9% to 16% in the former Nordex organisation; however, because of the merger with Acciona Windpower, the value for the entire Group amounted to 10% in 2016. Since many business units without women holding management positions were integrated as part of the Acciona Windpower acquisition, the target proportion of women in the two highest management levels of 15% has yet not been reached. Talent programmes are paying particular attention to the promotion of women in order to improve this situation. Moreover, recruitment agencies have to present at least one female candidate for each vacant position.

As in the previous year, the number of apprentices in Germany stood at 41 at the end of 2016. In other countries, the Nordex Group also actively promotes consistent training and development of its employees.

Despite the integration of Acciona Windpower, the average age of Nordex employees remained roughly the same at 37.6 years (31 December 2015: 37.4 years).

Percentage breakdown of Nordex staff by segment

in %	REPORTING DATE	
	31.12.2016	31.12.2015
Segment		
Service	28	35
Production and procurement – blades	16	13
Production and procurement – nacelle and tower	22	16
Engineering	12	14
Administration	12	12
Project management	8	6
Sales	2	4

The number of applications received by the Nordex Group was 14,000 in 2016 and thus lower than in the previous year. However, as the match of candidates to open positions has improved, this is regarded as a positive development.

On a particularly positive note, Nordex managed to successfully raise the number of applicants in the key target group of engineers: in 2016, 35 applications were received for each engineering job advertised, a 40 percent increase compared to 2015 (25 applications per job advertised).

Nordex presents further information on its staff culture in its Sustainability Report for the 2016 financial year.

Employee remuneration system

A new, thoroughly modernised remuneration system was introduced for the employees in Germany, which became effective on 1 November 2016. The remuneration system was updated in collaboration with the general works council and an external consultancy in 2015 and introduced in 2016.

It differentiates between four abstract job types: qualified staff, specialist, team leader and manager, which can be further divided in up to six different levels. Additional descriptions of job families were designed for the qualified staff and specialist job types, which state more concrete tasks. All employee positions in Germany have been categorised according to the new remuneration system; this was performed by the managers in collaboration with the works council. The new remuneration system clarified specific requirements for the individual jobs and gave rise to the development of improved career prospects by establishing qualified career paths.

Beyond wages and salaries, Nordex offers all employees in Germany a company pension scheme in the form of deferred compensation and employer subsidies, and grants allowances for public transport at certain locations, thus encouraging the use of public and therefore environment-friendly transportation.

In addition, Nordex offers an employee participation scheme, which means that employees can receive bonus payments depending on the Group's performance. In Germany, this was agreed in an overall works agreement concluded with the works council. In addition, the Management Board decides once a year on a collective adjustment of wages and salaries for all employees, depending on the Group's business and financial performance. The exact distribution of the collective adjustment of salaries is coordinated with the general works council.

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

Remuneration of the employees in the national companies varies depending on the region. In the largest national company in Spain, for instance, the remuneration system is based on seven abstract job types, which are subdivided into up to five different levels.

The compensation paid to the Management Board comprises fixed and performance-related components. Pursuant to Section 314 (1) No. 6 German Commercial Code (HGB), the Management Board, which was expanded to four members in the year under review, received total compensation of EUR 4.64 million (2015: EUR 3.38 million). The remuneration paid to the Management Board is reported in detail and presented in accordance with the recommendations of the German Corporate Governance Code 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 excess amount for the Management Board members. Other than this, there are no material fringe benefits. As a rule, the employment contracts entered into with the members of the Management Board have a term of between three and five years.

The remuneration of the Supervisory Board is stated in detail in the Articles of Incorporation. Under the Articles of Incorporation, all members of the Supervisory Board are entitled to fixed remuneration of EUR 30,000 (2015: EUR 30,000) in consideration of the performance of their duties for each full financial year in which they are members of the Supervisory Board plus reimbursement of all costs incurred in the performance of their duties.

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

Each member of the Supervisory Board who is a member of a committee established by the Supervisory Board receives additional fixed remuneration of EUR 3,000 (2015: EUR 3,000) for each full financial year in which he or she is a member of the committee. The chairman of a committee receives twice this amount.

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

Business report

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

According to the International Monetary Fund (IMF), the global economic trend in 2016 was slightly weaker than in the previous year. The global real gross domestic product (GDP) increased by 3.1%, compared to 3.2% in 2015. The lower momentum is predominantly owed to a significant slow-down in growth in the industrialised nations, which, at 1.6%, was weaker than in the previous year (2015: 2.1%). Growth in the developing and emerging countries amounted to 4.1% thus on a par with the previous year.

One of the main reasons for the lower growth rate in the industrialised nations is significantly weaker growth in the United States (2016: 2.0%) as well as in the United Kingdom (1.8%) and in the eurozone (1.7%). In Germany (1.7%), however, growth momentum improved, while growth in France (1.3%), Italy (0.9%) and Spain (3.2%) stagnated or showed a slight slow-down compared to the previous year. Among the emerging countries, Russia (-0.6%) and Brazil (-3.5%) again showed a downward turn, albeit a slight one. In the Asian emerging countries,

on the other hand, China (6.7%) and India (6.6%) achieved the prior-year growth levels, while Mexico's growth rate (2.2%) fell slightly year-on-year. The region Middle East, North Africa, Afghanistan and Pakistan (3.8%) clearly improved growth momentum, although growth in Saudi Arabia (1.4%) fell short of the strong previous year and remained clearly below average.

The inflation rate in the industrialised nations climbed to 0.7% in 2016 (2015: 0.3%), while the high inflation rate in the developing and emerging countries (4.5%) went down slightly (2015: 4.7%). In the industrialised nations, the increase in inflation was mainly driven by the moderate increase in crude oil prices after the strong decline in the previous year, while most of the emerging countries benefited from more stable foreign exchange rates for their local currencies.

After the US Fed had raised its key interest rate in December 2015, for the first time in 9 years, uncertainties in the market in 2016 such as the Brexit referendum and the general elections in the US, prompted the bank to wait with another increase until December, when the key interest rate was lifted to a range of 0.50% to 0.75%. The European Central Bank (ECB), on the other hand, lowered its key interest rate for the first time to 0.00% in March, with a deposit rate of -0.4%. At the same time, the bond purchasing programme was increased to EUR 80 billion and expanded to also include corporate bonds. The ECB also announced at the end of 2016 that the bond purchasing programme would be extended until the end of 2017.

The euro continued to depreciate against the US dollar in 2016. Compared to the 2015 closing of USD 1.0865 per euro, the exchange rate fell by 3.1% to USD 1.0523 per euro. The further decline can be traced back to the sound US economic data, the expansion of the ECB's bond-buying programme, the election of Donald Trump as US president and the Federal Reserve's interest rate hike in December.

Most of the agreements with customers and suppliers concluded by the Nordex Group companies are denominated in either euro or US dollar. Split agreements are common, in which the currency is based on the relevant section of the project value chain or supply chain. Remaining transaction currency risks are, for the most part, minimised via hedging.

Further information can be found in the notes in the section entitled “Financial risk management”.

Commodity prices in large part continued to recover in 2016. The commodities mainly necessary for the construction of wind turbines also rose in price on a US dollar basis in the year under review: Aluminium became roughly 15% more expensive, the copper price rose by around 20% and the price of steel (hot rolled coils) climbed by approximately 62%. In each case, Nordex SE cures the price for the necessary commodities immediately following the conclusion of a contract, meaning that fluctuations in commodity prices have a very minor impact on its profit margins.

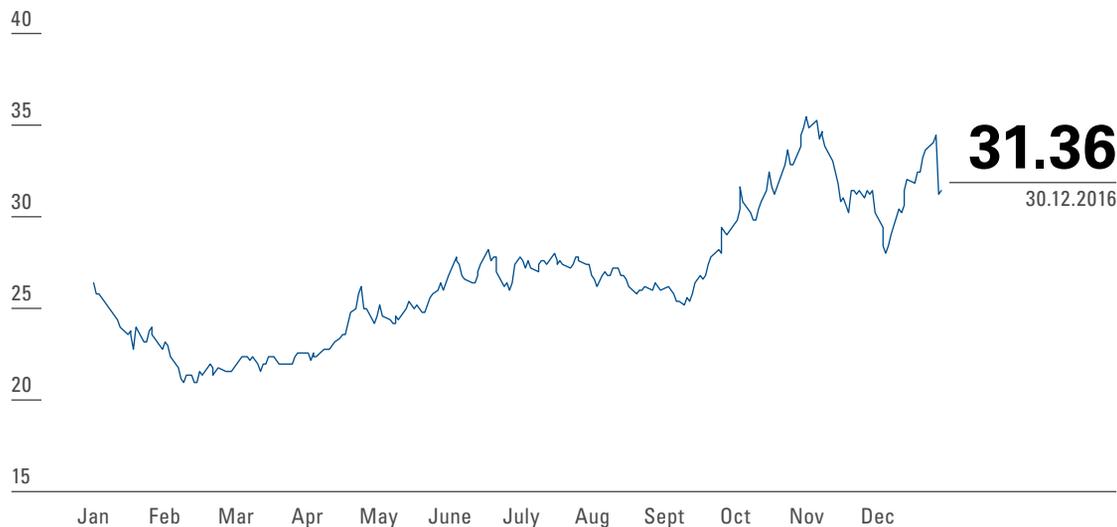
The prices of fossil fuels and the electricity prices specific to each country may, in general, have an impact on investment decisions regarding new wind farms or on the shape that any national framework conditions might take. Following the significant slump in oil prices in prior years, crude oil prices stabilised in 2016. The primary reason here is the reduction of extraction volumes agreed upon among OPEC. Brent, the most frequently used type of crude oil in Europe, rose in price by a good 51% year-on-year to USD 56.68 per barrel (31 December 2015: USD 37.45 per barrel).

Gas prices showed a mixed picture in the period under review. The price of gas in the United States, as measured by the reference product Henry Hub Natural Gas, rose to USD 3.72/MMBTU (BTU = British Thermal Unit – the Anglo-American unit for thermal energy) as at the end of 2016. This came out to a 64% increase over the previous year (31 December 2015: USD 2.28/MMBTU). The German cross-border price of natural gas dropped year-on-year according to statements by the Federal Office for Economic Affairs and Export Control (BAFA), namely by 3.9% to EUR 4,758.58/TJ (terajoules) (December 2015: EUR 5,087.61/TJ).

Electricity wholesale prices in Europe, which are generally subject to strong fluctuation, also climbed in 2016. The mean monthly spot price of base load electricity in Germany and Austria (day-ahead auction) on the European Power Exchange (EPEX) in December 2016 was EUR 37.48/MWh, approximately 37% above the monthly average of EUR 27.28/MWh for December 2015. The price in France saw a considerably stronger increase. The monthly mean price of base load electricity in December 2016 came out to EUR 59.26/MWh. This is nearly 69% higher than the mean monthly December 2015 figure of EUR 35.13/MWh. The price increases on the Scandinavian market were similar. The relevant ELSPOT system monthly mean price for December 2016 was EUR 31.79/MWh, thus equalling a 69% increase over the previous year’s figure of EUR 18.85/MWh.

ELECTRICITY PRICES IN EUROPE IN 2016, PHELIX BASELOAD DE/AT

in EUR/MWh



Prices of EU emission certificates (EUA = European Union Allowances) on the European Energy Exchange (EEX) fell in 2016. Each certificate authorises the emission of one metric tonne of CO₂. After some significant fluctuations, the price as at 30 December 2016 dropped to EUR 6.55/EUA after EUR 8.22/EUA as at 30 December 2015. This amounts to a good 20% drop in the price of EU emission certificates in the period under review.

PRICES OF CO₂ EMISSION ALLOWANCES (EUA) IN 2016

in EUR/t



Conditions in the wind power industry

With the new installation of wind turbines with a nominal output of 54.6 GW in 2016, the industry fell just short of the record figure from 2015 (63.6 GW) according to the figures published by the Global Wind Energy Council (GWEC) in February 2017. The onshore segment, which Nordex SE serves, accounted for 96% of installations, or 52.4 GW.

Cumulative global installations thus rose by 12% to 487 GW (2015: 433 GW). Some 161 GW of total capacity, corresponding to about 33%, pertain to Europe and 113 GW or 23% thereof to wind markets in North and South America. The world's largest individual market for wind turbines was still, by far, China with 23.3 GW of new installations, once again followed by the United States and Germany.

Development of the wind power market (onshore and offshore)

Region/ country	Newly installed capacity in MW		
	2016	2015	Change
Asia	27,680	33,606	-18
Europe	13,926	13,805	1
America	12,438	14,469	-14
Global total	54,600	63,013	-13
Top 5 markets			
China	23,328	30,500	-24
United States	8,203	8,598	-5
Germany	5,443	6,013	-9
India	3,612	2,623	38
Brazil	2,014	2,754	-27

Source: GWEC, February 2017

Top 5 newly installed capacity (onshore and offshore)

Country	Global market share in %
China	43
United States	15
Germany	10
India	7
Brazil	4

Source: GWEC, February 2017

Top 5 cumulative output (onshore and offshore)

Country	Global market share in %
China	35
United States	17
Germany	10
India	6
Spain	5

Source: GWEC, February 2017

Two underlying trends characterise the global market environment for renewable energy. The first is the international climate protection goals aimed at limiting the temperature increase to 1.5 to 2°C. The decarbonisation of the economy needed for this to happen will require a global energy reversal as a long-term trend. The second is the growing electricity demand, especially in the emerging and developing markets. When it comes to tender procedures, wind power is often in direct competition with other types of renewable power generation.

The record investments in renewable energy reached in 2015 were not reached again in 2016 according to investment data published by the economic information service Bloomberg New Energy Finance (BNEF). BNEF reports an 18% decline across all regions and segments, down from USD 348.5 billion to USD 287.5 billion. Broken down to the different types of energy generation, the most pronounced change was seen in the solar sector (decline by 32% to USD 116.0 billion),

while investments in the wind sector decreased by 11% to USD 110.2 billion. In terms of regions, the trend in China is especially noteworthy where investments in renewable energy dropped from USD 119.1 billion in 2015 to USD 88.2 billion (a decline of 26%) in the period under review.

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

Market outlook onshore wind power for the top 10 countries by Nordex's order intake in 2016 (in MW)

	REPORTING PERIOD	2017	2018
	2016		
Germany	4,000	3,750	3,600
United States	8,820	8,200	9,300
Turkey	1,050	1,070	1,170
France	1,190	1,100	1,200
Ireland	450	560	200
Finland	600	560	210
South Africa	500	550	698
Mexico	880	875	975
Chile	335	450	200
Argentina	0	45	354

Source: MAKE Consulting Q4/2016 Onshore Market Outlook

North America

The United States is an important market for the newly positioned Nordex Group in particular. The federal tax incentive programme (PTC – Production Tax Credit), which was extended at the end of 2015, has already had a

positive impact here. The current PTC programme grants operators of wind turbines installed or wind farm projects started in 2016 (“continuous construction”) a tax credit of USD 23/MWh. The incentive for the wind turbines installed from 2017 to 2019 will decline by 20 percentage points and then expire. However, the maximum tax credit can be secured if PTC qualifying components, which make up at least 5% of the entire project value (PTC Safe Harbour), were secured by the end of 2016 and these projects are completed by the end of 2022. In an analysis from the end of January 2017, MAKE Consulting assumes that PTC Safe Harbour components were ordered for 4.5 GW of output in 2016, which could result in wind farm projects with an output of 45 GW. Moreover, MAKE believes the construction of projects with an output of 10 GW was begun in 2016. Some turbines still need to be ordered for these projects. Overall, MAKE expects that these activities will significantly shape the wind power market in the United States in the next few years. Annual onshore additions of roughly 9 – 13 GW are forecast through 2020.

Latin America

Nordex has substantially expanded its presence in Latin America by merging with Acciona Windpower. In 2016, the markets in Central and South America were characterised by highly competitive tenders. Those in Mexico and Chile, for example, were technology-neutral. The cost of energy (COE) of onshore wind has proven to be competitive and is increasingly subjected to competition with other types of power generation. In Argentina, 2016 saw the first tender offers for wind power. Nordex has already benefited from these and believes it has the opportunity to win additional projects. National project developers, IPPs and utilities in particular are among the successful bidders. Observers trace the cautious stance of international project developers, IPPs and utilities back to international project finance in Argentina, as access to the international financial market is proving difficult for the country. Brazil dominates the South American market with 2.0 GW in new installations in 2016, and it

postponed and ultimately cancelled an announced tender at the end of 2016. The reason given by the government is that Brazil currently has sufficient capacities and liquidity on the electricity market. Experts also believe the country's tough economic situation plays a role. With local production there, Nordex is able to meet the high requirements regarding the share of the local value chain, leaving it in a good position for future rounds of bidding.

Europe

The European markets are seeing a gradual conversion of their incentive systems to tender procedures and more extensive market integration. The European Commission emphasised this in its Clean Energy Package, published at the end of 2016, which illustrates the underlying conditions for electricity markets and the incentive scheme for renewable energy after 2020.

With 4,630 MW worth of onshore installations in 2016, Germany is Europe's largest market. This was 25% higher than in the previous year (2015: 3.8 GW) and just slightly below the record year of 2014 (4.7 GW). In 2016 the government decided to change the incentive scheme. Starting in 2017, the rates for newly approved projects will be determined by way of tender procedures. An annual volume of 2,800 MW is to be tendered here. Projects that had received a construction permit by the end of 2016 in accordance with the Federal Pollution Control Act (BImSchG) and will go into operation by the end of 2018 may still take advantage of the valid feed-in tariff pursuant to the Renewable Energy Sources Act (EEG 2014). Industrial associations BWE and VDMA Power Systems also expect new installations totalling 4.5 – 5.0 GW in 2017 as a result of these transition projects.

In some important European markets such as France and Turkey, the governments have announced that they will convert their incentive schemes to tenders. However, we have yet to see any details on this so far in 2017. The Polish government also introduced and carried out tender procedures in 2016. Independent of tender procedures, regulations that have been introduced, for example, distance regulations, nearly brought the market to a halt in 2016. Poland, referred to as a "Gigawatt market", had previously been seen as a potential growth market in 2015. In addition to the incentive schemes already in place, Turkey plans to introduce tender procedures for major projects.

The United Kingdom converted its incentive model to Contracts for Difference (CfDs) back in 2015. The projects involved here can be built until 2019. There was no additional allocation round for onshore wind in 2016.

The French market grew by 45% to 1,561 MW in 2016. At the same time, the French government defined the incentives for 2017, thus leading to expectations of a market in the amount of 1,100 MW figures in 2017. Furthermore, the government is working on introducing tender procedures for the future promotion of onshore wind.

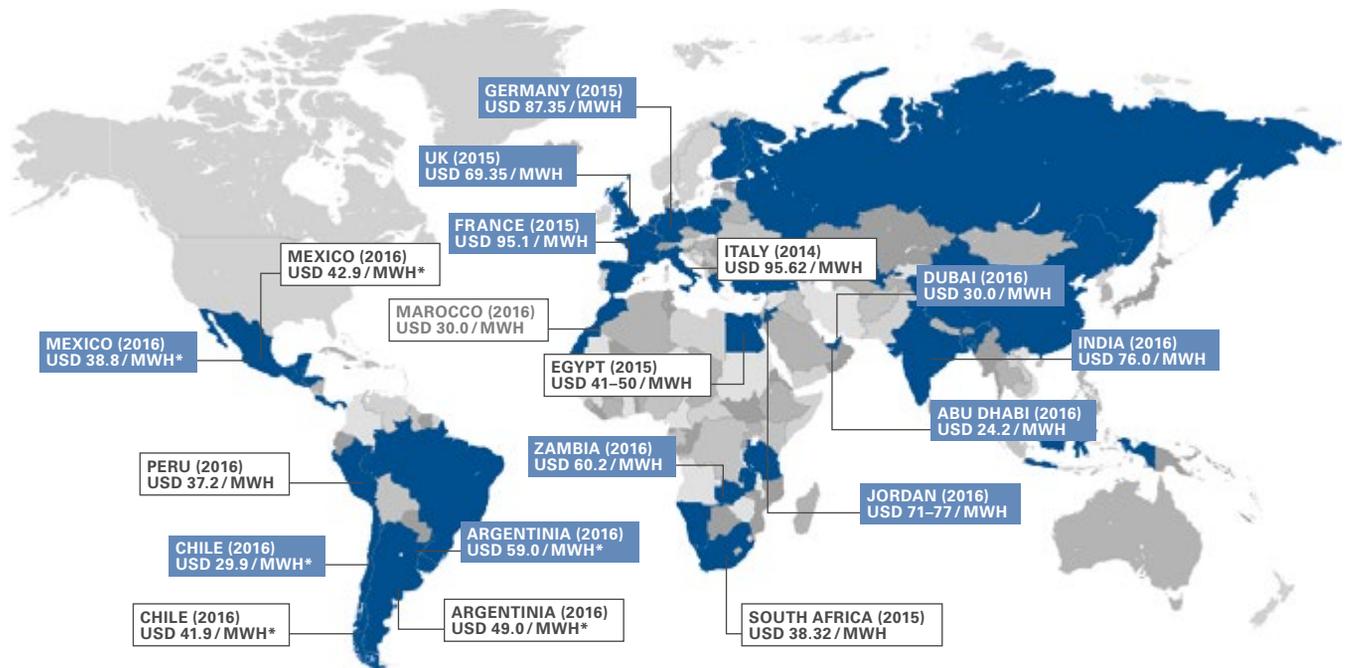
Wind power capacities amounting to some 161 GW are currently installed in Europe overall (2015: 148 GW). According to the wind power association WindEurope, the cumulative capacity of onshore turbines in the EU-28 amounted to 141 GW. Combined with offshore farms (13 GW), these generated roughly 296 TWh, thus covering 10.4% of Europe's electricity demand.

Rest of world

While Nordex does not serve the Chinese market, the company gained access to the Indian market in 2016 via Acciona Windpower. According to GWEC's figures, this is the fourth largest wind power market with installed capacity of 3.6 GW in 2016. MAKE Consult expects India to remain among the top five markets, with annual new installation of roughly 3 – 4 GW of onshore wind power. In the Asia-Pacific region, Nordex is also currently active in Pakistan (2016 installations: 282 MW) and Australia (2016: 140 MW).

In the South African market, a fourth round of tenders was carried out in 2015 to award production capacity for renewable energy. Acciona Windpower qualified as a turbine supplier in a number of successful projects. These projects were delayed in their implementation, however, as the necessary power purchase agreements (PPAs) had not yet been issued by the state utility Eskom. The company acquired only one project in 2016; this is currently being executed.

GLOBAL OVERVIEW OF RENEWABLE AUCTIONS



- Countries with auctions programmes or renewable energy tenders
- Onshore wind bids ■ Solar PV bids

* pay-as-bid auctions – price signal is lowest winning bids
Source: Bloomberg New Energy Finance, Q3 2016

Business performance

Following clearance by competition authorities, Nordex took over Corporación Acciona Windpower S.L. (“Acciona Windpower”) as at 1 April 2016. The company had previously been responsible for the production of wind turbines within the Spanish Acciona Group. The transaction volume amounted to EUR 785.0 million less EUR33.9 million for net financial liabilities assumed. The transaction was financed through the exercise of the authorised capital in accordance with Nordex SE’s Articles of Incorporation to issue 16.1 million new Nordex shares subject to the exclusion of shareholders’ preemptive subscription rights and to grant new Nordex shares at an issue amount of EUR 26.00 per share plus cash of EUR 332.5 million. Acciona Windpower is thus consolidated in the Nordex SE figures for 2016 starting 1 April 2016.

Production

The Nordex Group’s production output again rose substantially in 2016 as a result of the merger with Acciona Windpower. The number of production sites for nacelles grew by two in Spain, as well as one in Brazil and one in India. Turbine production overall climbed to 2,726.0 megawatts (MW), an increase of just under 44% over the previous year (2015: 1,899.3 MW). This was split up among a total of 1,004 turbines, 518 of which in the 2 MW class and 486 in the 3 MW class.

Under the rotor blade strategy, in 2016 the Rostock facility stepped up its assembly of complex rotor blades such as the NR 65.5 and rotor blades equipped with the anti-icing system. Once the restructuring and expansion at the Rostock rotor blade centre were completed, rotor blade production recovered. Together with the production output from the blade facility in Lumbier, Spain (which was acquired in the course of the acquisition of Acciona Windpower), total production rose by nearly 87% to 684 rotor blades (2015: 366 rotor blades).

Production	Turbines		Rotor blades	
	2016 (MW)	2015 (MW)	2016 (Units)	2015 (Units)
Germany	1,982.0	1,899.3	495	366
Spain	459.0	–	189	–
Brazil	225.0	–	–	–
India	60.0	–	–	–
Total	2,726.0	1,899.3	684	366

Installations

The total nominal output of turbines installed by the Nordex Group in 2016 rose sharply following the acquisition of Acciona Windpower, namely by 55% to a total of 2622.2 MW (2015: 1,697.0 MW). Taking into consideration the turbines installed by Acciona Windpower in Q1 2016 before the consolidation in the Nordex Group, a total of 2,730.2 MW was installed.

Most of the installations took place in Europe again in 2016, although these carried less weight in terms of percentage. The region accounted for 67% in the past financial year (2015: 81%) or 1,748.5 MW (2015: 1,388.3 MW). 123.0 MW or 5% (2015: 8%) was installed in North America in 2016, while the share of Latin America rose substantially to 19% (2015: 3%) or 496.2 MW. In the rest of the world, 254.5 MW were installed in 2016 in South Africa, Pakistan and India, equaling 10% of all turbines (2015: 7%).

The total installation count, at 985 wind turbines (2015: 657 turbines) in 15 countries (2015: 14 countries), was a good 50% higher than the previous year. The analysis of new installations by generator model clearly shows the diversification of the product programme that the acquisition of Acciona Windpower entailed. With a combined 161 turbines, every sixth installation was type AW125/3000. Generation Gamma accounted for 621 turbines, or just under 63% of total installations, whereas N117/2400 turbines,

with 304 installed, made up nearly 31% of the overall volume. With a total of 203 Delta generation turbines installed (2015: 144 turbines), the new generation of Nordex turbines was also met with continuously growing interest on the part of customers in the past year. Average capacity per installed turbine was once again up slightly on the previous year, coming to 2.66 MW (2015: 2.58 MW).

Germany was the most important single market yet again in 2016, with installed capacity of 690.9 MW (2015: 437.2 MW). The N117/2400 non-coastal turbine was again the most popular model, with 181 installed turbines or 434.4 MW. The number of countries with an installation volume of over 100 MW increased in the period under review, thus underscoring the trend towards increasingly diversified unit sales markets seen at the Nordex Group. At the top of the list is Turkey (351.7 MW), followed by the United Kingdom (237.5 MW), Brazil (228.0 MW), France (161.6 MW), Ireland (155.8 MW), Uruguay (139.2 MW), Finland (129.0 MW), Mexico (129.0 MW), South Africa (129.0 MW), the United States (123.0 MW) and Pakistan (122.5 MW). The role of the Dutch (19.5 MW) and Norwegian (2.5 MW) markets was less significant. The first turbine in India was installed in 2016 (3.0 MW).

Taking the installation statistics of the leading international associations GWEC (Global Wind Energy Council) and WindEurope (formerly EWEA) as a basis, the Nordex Group further expanded its economic significance around the world. In the first year of the merger with Acciona Windpower, the company already reached a global onshore market share (excluding PRC) of 9.3% (2015: 5.8%) (source: internal calculations based on statistics by GEWEC/WindEurope and others). Bloomberg New Energy Finance (BNEF) lists Nordex on rank six of all wind turbine manufacturers in 2016, whereas the company had not even been included in the top 10 of the manufacturer ranking in 2015.

Except for the United States and the new market Nordex has entered in India, the Nordex Group achieved double-digit onshore market shares in all the markets where it installed wind turbines in 2016. The market share in Germany, for instance, climbed to about 15% (2015: 12%), while the market shares came to 43% in Pakistan, 26% in Ireland, 38% in Uruguay, 10% in the United Kingdom, 31% in South Africa, 28% in Mexico, 25% in Turkey, 23% in Finland, 17% in Brazil, 16% in Norway, 10% in France and likewise 10% in the Netherlands. In the United States, the company's activities referred primarily to the completion of one project, taking Nordex's market share to 1.5%.

Region/country	Installed capacity of Nordex turbines (MW)	
	2016	2015
Germany	690.9	437.2
Turkey	351.7	278.2
Brazil	228.0	0
United Kingdom	237.5	131.0
France	161.6	154.8
Ireland	155.8	55.0
Uruguay	139.2	54.8
Finland	129.0	152.4
Mexico	129.0	0
South Africa	129.0	88.9
United States	123.0	137.5
Pakistan	122.5	27.5
Netherlands	19.5	49.5
India	3.0	0
Norway	2.5	0
Lithuania	0	69.6
Poland	0	31.8
Italy	0	28.8
Total	2,622.2	1,697.0

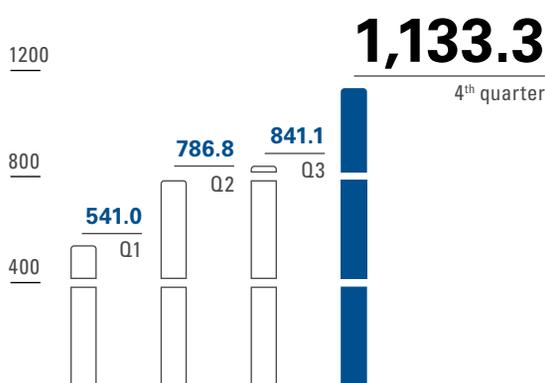
Financial condition and net assets

Results of operations

Order intake

The order intake for the turbine business rose to EUR 3,302.2 million in 2016 in light of the Acciona Windpower acquisition. This was a 33.6% increase over the previous year (2015: EUR 2,470.9 million). Looking at the figure over the course of the year, orders were still relatively low in the first quarter at EUR 541.0 million, but rose constantly after that. Order intake in the second quarter amounted to EUR 786.8 million and the third quarter was order intake at EUR 841.1 million. It reached its peak for a single quarter in the fourth quarter at EUR 1,133.3 million. The strong increase here was largely owed to a new order for a 228 MW project for E.ON in the United States, for which Nordex will equip the Bruenning’s Breeze wind farm in Texas with 76 type AW125/3000 turbines. In addition, Nordex received approximately EUR 170 million worth of safe harbour orders from the United States, which account for the necessary processing of at least 5% of the total value of future wind farm projects that customers use to secure a tax credit.

ORDER INTAKE BY QUARTER



The primary unit sales product in 2016 was AW3000 platform wind turbines, which account for 48% of the order intake. Delta platform turbines make up another 27%. This figure already included orders for 21 newly developed Delta generation N117/3600 and N131/3600 turbines. The remaining 25% are Nordex Gamma platform turbines, of which 13% alone are the N117/2400 low-wind turbine.

Regionally speaking, the order intake is increasingly appearing to be more diverse. The share of orders from Europe in the overall order intake fell to 61% (2015: 79%). The domestic market of Germany is showing its strength here: it was responsible for 36% (2015: 37%) of the entire order intake, followed by Turkey at 7% (2015: 14%) and France at 6% (2015: 8%). In particular, the order intake was dominated by the demand for Gamma and Delta generation turbines.

America is dominated by demand for the AW3000 turbines. The North American share in order intake amounted to 17% in 2016 (2015: 10%), while Latin America accounted for 17%, spread over Mexico, Chile, Argentina, Peru and Brazil, up from a share of 10% in 2015 that was generated entirely in Uruguay.

One special feature in 2016 included the order intakes of approximately EUR 170 million from the United States, in which customers ordered wind turbine components with the aim of securing the tax incentives applicable in 2016 for wind farm projects to be built in the future (PTC qualifying components, see PTC Safe Harbour in the section on the sector environment).

Order intake for turbines by region, each with top 3 markets in 2016 (EUR million)

EUR million	REPORTING PERIOD	
	2016	2015
Europe	2,149.4	2,215.6
Germany	1,173.1	915.5
Turkey	220.6	345.6
France	209.8	195.7
North America	548.9	0.0
United States	548.9	0.0
Latin America	559.8	255.3
Mexico	128.7	0.0
Chile	128.5	0.0
Argentina	112.7	0.0
Rest of world	176.6	274.9
South Africa	132.6	146.7
Australia	44.0	0.0
Total	3,302.2	2,470.9

The order intake to sales ratio in the turbine business (book-to-bill ratio excluding the service business) amounted to 1.05 at the end of 2016 (2015: 1.11), thus indicating future growth opportunities.

Order book

The order book secured for the Projects segment stood at EUR 2,233.3 million as at 31 December 2016, which equals a 33.9% increase over the previous year (31 December 2015: EUR 1,668.0 million). Of this, Europe accounted for 55%, Latin America for 26%, North America for 14% and the rest of the world for 6%.

The order book secured for the Service segment amounted to EUR 1,693.0 million as at the end of 2016, thus beating the previous year's figure by 70% (31 December 2015: EUR 997.0 million). The order book for AW3000 platform turbines

made up a total of EUR 346.0 million. This includes contracts for turbines that were active as at the reporting date, i.e. 31 December 2016. Contracts taking effect after that date are not yet included in this performance indicator. The key driving force was the growing focus on an expansion of the service business (see also goals and strategy section).

The wind turbines managed by Nordex via service agreements still showed high turbine availability. For Nordex brand turbines, this amounted to 97.5% in 2016 (2015: 97.4%), meaning unscheduled downtimes of the turbines under management remained very low. Availability of the AW platform turbines were on par with this at 97.6%.

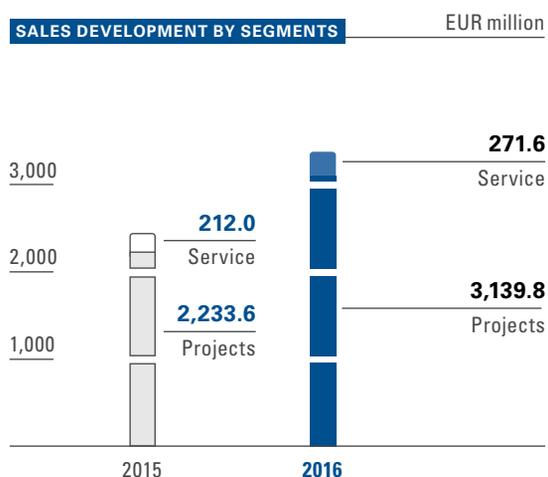
Sales

The Nordex Group's sales in 2016 climbed significantly year-on-year by 39.7% as a result of the merger with Acciona Windpower and came out to EUR 3,395.0 million (2015: EUR 2,430.1 million). The significantly broader regional distribution as a result of Acciona Windpower's strong market position in North and South America stands out here. Sales also got a boost from the high level of activity in markets such as Germany, Turkey and the United Kingdom.

A glimpse at the sales breakdown of the five most important individual markets reveals that Germany is still a core market in the new structure of the Nordex Group. Sales in Germany rose to EUR 1,115.8 million (2015: EUR 1,016.0 million), followed by the United States at EUR 319.2 million (2015: EUR 255.5 million), Turkey at EUR 315.3 million (2015: EUR 118.8 million) and, for the first time, Brazil at EUR 283.1 million (2015: EUR 0.0 million). The United Kingdom was on rank five with EUR 246.6 million (2015: EUR 163.5 million).

Nordex stopped breaking its sales down by region in the second quarter of 2016, and now lists the figure according to the Projects and Service

segments. The former brought in EUR 3,139.8 million in sales (2015: EUR 2,233.6 million) and the latter generated EUR 271.6 million (2015: EUR 212.0 million). Additional information on the two segments can be found in the section on segment reporting.



Earnings development

Total revenue of the Nordex Group rose further in the year under review by 40.5% to EUR 3,395.4 million (2015: EUR 2,416.1 million). The increase can be traced back to the merger with Acciona Windpower on the one hand, and the continuously high demand for Gamma, Delta and AW 3000 turbine generations on the other hand. The good performance in 2016 stood out due to the strong order book again as at 31 December 2015, at EUR 1,688.0 million.

Structural costs before depreciation and amortisation climbed by 55.6% to EUR 550.5 million (2015: EUR 353.9 million). The disproportionately high increase is likewise attributable to higher staff costs, which grew by 46.9% to EUR 289.9 million (2015: EUR 197.3 million) as well as the higher other operating expenses net of other operating income, which climbed by 66.4 to EUR 260.6 million (2015: EUR 156.6 million).

Structural costs before depreciation and amortisation

EUR million	REPORTING PERIOD	
	2016	2015
Staff costs	289.9	197.3
Other operating expense net of other operating income	260.6	156.6
Total	550.5	353.9

The cost-of-materials ratio reported a slight decline of 2.0 percentage points to 75.4% (2015: 77.4%). It should be noted that Nordex was faced with higher costs in 2015 arising from quality problems with externally procured rotor blades. The material costs are lower overall and measures aimed at reducing the cost of energy (COE) have also been successful.

The higher other operating income of EUR 35.7 million (2015: EUR 21.4 million) reflects the larger proportion of foreign sales in which currency option transactions are being carried out for the purpose of hedging, thus resulting in the income mentioned.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) grew at a rate disproportionate to sales, by 56.6% to EUR 285.5 million (2015: EUR 182.4 million). This put the EBITDA margin at 8.4% (2015: 7.5%).

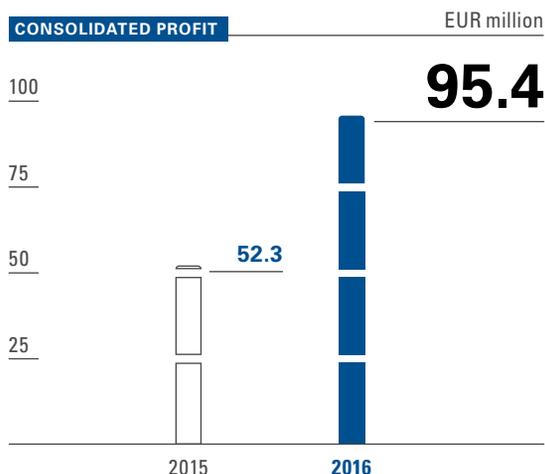
As expected, depreciation and amortisation at EUR 117.0 million was more than twice as high as in the previous year (2015: EUR 56.1 million). A large proportion of the increase, namely EUR 39.5 million, was traced back to the purchase price allocation in connection with the acquisition of Acciona Windpower.

The rise in earnings before interest and taxes (EBIT) was lower due to the significantly higher depreciation and amortisation. The figure increased by 33.6% to EUR 168.6 million (2015: EUR 126.2 million). The EBIT margin thus amounted to 5.0% (2015: 5.2%).

The financial result in the year under review deteriorated versus the previous year as a result of the higher interest expense due to funding for the acquisition of Acciona Windpower. At EUR –26.7 million, this was down by a total of 5.3% (2015: EUR –28.2 million).

Despite the the higher interest expense due to funding for the acquisition of Acciona Windpower, the financial result improved by a total of 5.3% to EUR –26.7 million (2015: EUR –28.2 million).

Net profit/loss from ordinary activities (EBT) stood at EUR 141.8 million, 44.5% above the previous year's result (2015: EUR 98.1 million). After deducting income taxes amounting to EUR 46.5 million (2015: EUR 45.8 million), consolidated profit grew by 82.4% to EUR 95.4 million (2015: EUR 52.3 million). Accordingly, earnings per share increased to EUR 1.03 compared to EUR 0.65 in 2016.



Segment reporting

Nordex changed its segment reporting as at the second quarter of 2016. The regional split was replaced with a breakdown by the Projects and Service segments. Its financial reporting will follow the internal reporting of the Nordex Group, which was adjusted in the course of the acquisition of Acciona Windpower.

Prior to the consolidation within the Group, the Projects segment accounted for 92.0% of sales in 2016 and the Service segment was responsible for 8.0%. The ratio in the previous year was similar, at 91.3% to 8.7%. The items pertaining to the financial result (interest income and expenses) are not broken down by segment.

EUR million	Projects		Service		Consolidation		Group	
	2016	2015	2016	2015	2016	2015	2016	2015
Order intake	3,302.2	2,470.9	518.0	n/a	–	–	–	–
Order book	2,233.3	1,688.3	1,693.0	n/a	–	–	–	–
Sales	3,139.8	2,233.6	271.6	212.0	–16.4	–15.5	3,395.0	2,430.1
EBIT	131.8	93.8	37.8	32.4	0	0	168.6	126.2

Order intake of the Projects segment nearly met expectations. At EUR 3,302.2 million, this surpassed the previous year's figure by 33.6% (2015: EUR 2,470.9 million) and fell 3.0% short of the forecast mark of EUR 3,400.0 million. This was owed to the delay of a major order for a project in South America.

Order intake in the Service segment amounted to EUR 518.0 million. Comparable figures from the previous year are not available due to the change in segment reporting for 2015.

Financial position and net assets

Financial management principles

The paramount goals of financial management at the Nordex Group are to secure liquidity, protect its credit rating and ensure access to the necessary funding. The working capital is a key parameter used here.

Capital structure

With the merger with Acciona Windpower, the Group's capital structure has, in large part, been restructured. A Schuldschein loan with a volume of EUR 550 million was taken up in April 2016. The financial instrument was certified as a "green" Schuldschein and a sustainable investment in accordance with the Climate Bonds Initiative (CBI) standards. It includes tranches of three, five, seven and ten years, with fixed and variable interest payments of 1.5 to 3.0%. The average term at the time of issue was approximately 4.3 years.

The inflow of funds from the Schuldschein loan was primarily used to fund the cash component of the AWP transaction and to repay the corporate bond maturing in April 2016 of EUR 150 million, as well as to repay the EUR 450 million cash facility agreed upon in December 2015 for interim financing for these purposes.

The guarantee facility totalling EUR 950 million agreed upon with 14 syndicate banks in December 2015 was expanded, as planned, to include previous principal banks of AWP effective 1 April 2016. This was broadened to EUR 1.2 billion and reflects the higher business volume as well as the Nordex Group's expanded geographic presence, for example in Latin America. Roughly 61% of the Group's available guarantee lines had been used as at the reporting date of 31 December 2016.

Another element of funding available to the company is a research and development loan by the European Investment Bank (EIB) with a volume of originally EUR 100 million. On the balance sheet date, EUR 90.6 million of the loan had been drawn upon under the loan agreement.

Equity as at 31 December 2016 amounted to EUR 940.0 million, a 106.3% increase over the previous year (31 December 2015: EUR 455.6 million). Total assets rose by 105.1% to EUR 2,994.2 million (31 December 2015: EUR 1,460.1 million). This prompted a marginal increase in the equity ratio to 31.4% as at the reporting date (31 December 2015: 31.2%).

The share premium amounted to EUR 597.6 million (31 December 2015: EUR 229.1 million). The EUR 368.5 million increase is owed to the net issue proceeds of the capital increase carried out in April 2016.

Other disclosures regarding changes to the individual equity items can be found in the consolidated statement of changes in equity.

Liquidity & asset structure

The increased business volume, higher order intakes along with the respective prepayments, and an effective working capital management have increased the cash and cash equivalents by 22.8% as at the end of the year under review to a figure of EUR 649.5 million (31 December 2015: EUR 529.0 million). These also include fixed-term deposits, i.e. sight deposits, with notice periods of up to twelve months.

Inventories continued to drop in spite of the rising project volume, namely by 9.7% to EUR 197.5 million (31 December 2015: EUR 218.6 million). Trade receivables and future receivables from construction contracts rose by 153.9% to EUR 699.4 million (31 December 2015: EUR 275.5 million). The main reason here was the merger with Acciona Windpower and, at the same time, the expansions in procurement, production, logistics and installation. Major projects in North and South America with deviating payment conditions also had an impact on receivables.

All told, current assets rose by 50.9% to EUR 1,719.1 million (31 December 2015: EUR 1,139.0 million).

The increase in non-current assets was much more significant, with 297.0% growth year-on-year to EUR 1,275.1 million (31 December 2015: EUR 321.2 million). This was due primarily to the merger with Acciona Windpower, leading to an 82.9% increase in property, plant and equipment to EUR 266.4 million (31 December 2015: EUR 145.6 million), a substantial rise in goodwill to EUR 547.8 million (31 December 2015: EUR 10.0 million) and a 98.0% increase in capitalised R&D expense to EUR 219.7 million. Other intangible assets exceeded the previous year's figure many times over at EUR 114.6 million (31 December 2015: EUR 5.8 million).

As for liabilities in the statement of financial position, the Acciona Windpower transaction caused a rise in current liabilities, as expected. Trade payables saw 48.0% growth to EUR 377.3 million (31 December 2015: EUR 254.9 million). Other current non-financial liabilities, which mostly include customer prepayments, rose to a similarly strong extent, by 45.5% to EUR 514.3 million (31 December 2015: EUR 353.5 million). Overall, total current liabilities, at EUR 1,242.2 million, were up 41.5% year-on-year (31 December 2015: EUR 877.6 million). Non-current liabilities amounting to EUR 812.0 million were well above the previous year's level (31 December 2015: EUR 126.9 million). For the most part, this was attributed to the increase in non-current liabilities to banks as a result of the green Schuldschein loan and higher deferred tax liabilities.

Net liquidity, meaning cash and cash equivalents and fixed-term deposits less interest-bearing liabilities, decreased to EUR 6.1 million (31 December 2015: EUR 322.0 million) due to the payment for the purchase price of Acciona Windpower with a cash component of approximately EUR 332,5 million at the end of the reporting year.

Liabilities to banks (including future interest payments) of the Nordex Group

EUR million	up to 3 months	3 to 12 months	1 to 5 years	more than 5 years
2016	7.4	16.8	606.2	56.3
2015	3.8	3.7	28.3	19.6

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

The cash flow is likewise shaped by the acquisition of Acciona Windpower. Operating cash flow declined by 14.0% to EUR 144.4 million (2015: EUR 168.0 million). Inventories decreased in the period under review, while the company particularly saw an increase in trade receivables and future receivables from construction awards (which mostly contributed to the reduction of the operating cash flow).

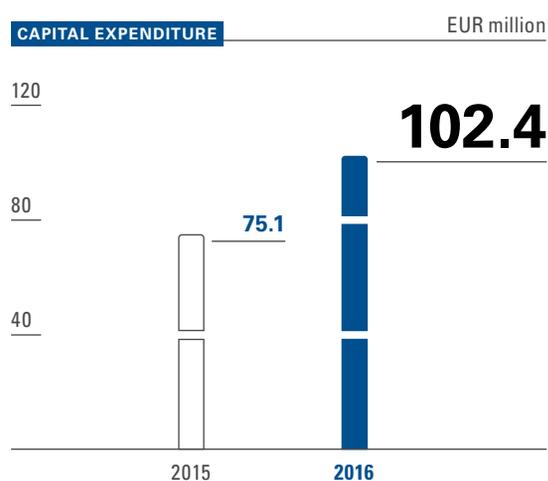
The working capital ratio was at 4.1% (2015: -1.2%) and was again within the target range (less than 5%). The calculation assumes full consolidation of Acciona Windpower over four quarters in 2016. In addition to further improvements in working capital management – such as optimised turnaround and order times – customer prepayments made are an important factor for this.

Cash flow from investing activities dropped significantly to EUR -399.2 million (2015: EUR -73.4 million). Cash flow from financing activities, on the other hand, easily exceeded the previous year, at EUR 369.2 million (2015: EUR 50.0 million). The acquisition of Acciona Windpower and the respective purchase price funding was clearly seen here. This was also apparent in the negative free cash flow, which amounted to EUR -254.8 million at year-end (2014: EUR 94.6 million).

Changes in cash and cash equivalents from ongoing operations stood at EUR 114.4 million, thus falling 20.9% short of the previous year (2015: EUR 144.6 million). Cash and cash equivalents at the end of the period rose by a total of 22.8% to EUR 649.5 million (31 December 2015: EUR 529.0 million). The Nordex Group was able to satisfy its payment obligations at all times in the period under review.

Capital expenditure

In the year under review, capital expenditure of the Nordex Group came to a total of EUR 102.4 million (2015: EUR 75.1 million), a 36.4% increase over the previous year. Of this, intangible assets accounted for EUR 40.5 million or around 39.5% (2015: EUR 35.4 million).



The majority of this, EUR 33.8 million, was capitalised R&D expense, similar to the previous year (2015: EUR 31.0 million). The 9.0% growth shows that the Nordex Group is continuing to

consistently invest in innovation. Other additions to intangible assets amounted to EUR 6.7 million (2015: EUR 4.5 million).

Investments in property, plant and equipment in 2016 were at EUR 62.0 million, thus equalling 56.2% growth (2015: EUR 39.7 million). Within property, plant and equipment, prepayments made and assets under construction accounted for the largest share (EUR 20.5 million; 2015: EUR 0.4 million), followed by other fixtures and fittings, tools and equipment (EUR 17.9 million; 2015: EUR 14.7 million), technical equipment and machinery (EUR 13.7 million; 2015: EUR 18.8 million) and land and buildings (EUR 9.9 million; 2015: EUR 5.8 million).

EUR million	REPORTING PERIOD		Change in %
	2016	2015	
Property, plant and equipment	62.0	39.7	+56.2
Intangible assets	40.4	35.4	+14.1
Total	102.4	75.1	+36.4

Management assessment of the company's economic performance

The merger between Nordex and Acciona Windpower to become the new Nordex Group was an important milestone in the company's development in 2016. It positioned Nordex as a global company, with a significant market position in the most important industrialised nations as well as attractive emerging and developing markets. The product portfolio being expanded to include AW turbines puts the Nordex Group in a good position in markets with both limited availability of land and limited grid availability.

The merger also boosted sales to a new peak figure of EUR 3,395.0 million (2015: EUR 2,430.1 million). N117/2400 series low-wind turbines were in heavy demand once again, followed by the

AW125/3000. The number of wind power system constructed, with a total of 985 installations, was a good 50% above the previous year's record figure overall.

Regionally speaking, Europe is still Nordex's most important market. Here, the Group achieved double-digit market shares in all markets where it installed turbines in 2016. Nordex also gained momentum in the domestic market of Germany with an onshore market share of 15%. The merger with Acciona Windpower has now given the Nordex Group significantly more weight in North and South America, as is seen in the sales figures in particular, but also in the order figures. Major orders were acquired in the United States, the largest Growth market. The group also significantly expanded its global presence, with new markets such as Brazil, Mexico, Argentina and Chile as well as Asian markets like India and Pakistan, thus putting it on par with its biggest rivals.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) were in line with the expectations (which were last revised in November 2016), with a margin of 8.4%. At the start of the year, the Management Board had already assumed an EBITDA margin of at least 7.5% for 2016. Despite the growing degree of pricing pressure on the market, the Nordex Group has held its ground and is seen as a reliable partner on the market. The Management Board is therefore essentially satisfied with the company's performance in the year under review.

At the same time, figures of leading market research companies and the company's own market analyses indicate that the global markets for wind turbines are increasingly cooling off. A growing degree of pricing pressure is also being felt in some markets due to underlying changes in some markets, such as the introduction of auction-based awarding systems. In principle, the Nordex Group is adapting to this change actively and early on.

Current estimates suggest that the general price pressure expected in the market cannot be entirely offset by reducing the cost of energy.

Comparison of actual and forecast business performance

With the 2015 annual report published in March 2016, the Nordex Group's Management Board gave an outlook on the full year 2016, which assumed sales of at least EUR 3,400 million and an order intake of no less than EUR 3,400 million as well. It also announced an EBITDA margin of at least 7.5% and a working capital ratio of less than 5%. Capital expenditure (CAPEX) is expected to climb slightly and range from EUR 80 – 90 million. The management report as at 31 December 2015 only includes an outlook on 2016, since a forecast was no longer possible due to varying degrees of uncertainty in connection with the AWP transaction (which had not yet been completed at the time the management report was prepared).

In light of the good operational performance in the first half of 2016 and better visibility regarding the business performance of the now consolidated AWP subsidiary, parts of the outlook were stated in more concrete terms in the scope of the half-year results published in July. The Management Board is now targeting sales between EUR 3.35 and 3.45 billion. As for the

EBITDA margin, a substantial improvement to 8.3 – 8.7% was announced. The assessment of the other major performance indicators remained unchanged.

Upon publication of the nine-month results in November 2016, the Management Board adjusted its sales and EBITDA margin expectations to the lower end of the given range. Accordingly, full-year sales should amount to EUR 3.35 billion and the EBITDA margin should see a level of 8.3%. This could be traced back to delays in order intakes in particular, meaning they were not fully reflected in sales in 2016. Earnings fell accordingly as well. Capital expenditure to expand the company's headquarters in Hamburg, Germany meant an increase in the total volume of expected CAPEX to EUR 100 million. The new building is later expected to be sold in the framework of a sale-and-leaseback transaction.

Based on the audited financial figures, the Nordex Group brought in EUR 3,395.0 million worth of sales in 2016 with an EBITDA margin of 8.4%. The order intake amounted to EUR 3,302.2 million, the working capital ratio was at 4.1% and capital expenditure came to EUR 102.0 million. The order intake was some 3% below expectations, while the other key performance indicators were in line with the November 2016 forecast.

Overview of forecast and actual business performance

Indicator	March 2016	July 2016	November 2016	31.12.2016
Sales in EUR billion	>3.4	3.35 – 3.45 *	3.35 *	3.395
EBITDA margin in %	>7.5	8.3 – 8.7 *	8.3 *	8.4
Order intake in EUR billion	>3.4	>3.4	>3.4	3.302
Working capital ratio in %	<5.0	<5.0	<5.0	4.1
Capital expenditure in EUR billion	80 – 90	80 – 90	100 *	102

* change in performance indicators by the Management Board

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, IT, communications, Group strategy, people & culture, legal matters and insurance. Nordex SE has entered into profit and loss transfer agreements with Nordex Energy GmbH and Corporación Acciona Windpower S.L. as the main Group companies as well as Nordex Grundstücksverwaltung GmbH and Nordex Windparkbeteiligung GmbH as further Group companies.

In the year under review, Nordex SE's sales reduced by 19.6% to EUR 37.8 million (2015: EUR 47.0 million). Staff costs climbed by 6.8% to EUR 15.7 million (2015: EUR 14.7 million). Other operating income net of other operating expense came to EUR -46.7 million, which was 78.2% lower than the figure from the previous year (2015: EUR -26.2 million).

Net profit before tax increased significantly to EUR 44.6 million (2015: loss of EUR -14.5 million), as did the net profit for the year which rose to EUR 34.7 million (2015: EUR -15.3 million). Following the losses in the previous year, the positive result is mainly due to income from the profit and loss transfer amounting to EUR 72.9 million and the substantially lower EUR 0.3 million impairment of financial assets. Nordex SE's net profit for 2016 determined in accordance with the German Commercial Code totalling EUR 34.7 million was recognised in retained earnings. Of the net loss for the year of EUR 15.3 million recorded by Nordex SE in the previous year, an amount of EUR 3.2 million was settled using withdrawals from retained earnings and an amount of EUR 12.1 million was

settled from the share premium. Equity as at 31 December 2016 amounted to EUR 764.7 million, a 145.5% increase over the previous year (31 December 2015: EUR 311.4 million). Total assets increased by 118.8% to EUR 1,665.0 million (31 December 2015: EUR 761.1 million). The equity ratio thus increased to 45.9% (31 December 2015: 40.9%).

Important events after the reporting date

On 1 February 2017, Nordex announced the acquisition of SSP Technology A/S, a Danish company which develops and manufactures rotor blade moulds and holds numerous patents for production processes of these components. The acquisition transaction shall include the transfer of some 70 employees, utility models and the 10,000 m² production facilities in Kirkeby (Denmark).

Forecast, risk and opportunities report

Forecast report Market forecast

The International Monetary Fund (IMF) expects the global economy to expand moderately by 3.4% in 2017 (2016: 3.1%). Uncertainties are expected due to the unforeseeable nature of US politics following the election of Donald Trump as President of the United States.

Stronger growth of 1.9% is expected in the industrialised nations (2016: 1.6%). Whilst much stronger growth of 2.3% is anticipated in the USA (2016: 1.6%), the IMF expects the euro area to see weaker growth of 1.6% (2016: 1.7%) with Germany at 1.5% (2016: 1.7%). Growth in the emerging and developing countries is expected to regain momentum, with growth reaching 4.5% (2016: 4.1%), whilst growth in China is expected to slow down slightly to 6.5% (2016: 6.7%).

According to the IMF, inflation will vary from region to region. Whilst inflation in the industrialised countries is expected to increase significantly to 1.7% (2016: 0.7%), the emerging and developing countries are expected to remain at a similar level of 4.5% (2016: 4.5%).

Experts of the industry association of German machine and plant manufacturers VDMA anticipate that business in the German machine and plant engineering industry will see a slight upturn in 2017. Overall, the association expects real growth of 1.0% in production, but continues to see other constraints on growth. The numerous unsolved geopolitical crises will have a negative impact on demand. Growth is driven primarily by consumption and the building sector.

Market analysts from the Danish consultancy firm, MAKE Consulting, consider the number of new installations of wind turbines across the globe to be declining again (Onshore Market Outlook Q4 2016). In 2017, a total of 51.7 GW is expected in the onshore segment (2016: 52.2 GW). The analysts see an average of zero growth until 2025 in contrast to the prior year's analysis, which assumed an average growth rate of 2%. However, excluding the Chinese market, growth is still expected to average at 1%.

Company guidance

The expected trend of the Nordex Group in the current year is usually based on the order book as at 31 December of the previous year. As at 31 December 2016, the order book increased by 33.8% to EUR 2,233.3 million following the merger with Acciona Windpower (31 December 2015: EUR 1,668.9 million).

Market studies conducted by MAKE Consulting assume that the outlook of the markets that are relevant for the Nordex Group's development will deteriorate in the 2017 financial year. This is the case for Brazil.

Internal Group forecasts also assume that sales in some growth markets that are important for Nordex will deteriorate. This particularly applies to unit sales volumes in South Africa, Brazil and India. In South Africa, other project postponements are looming that were previously included in the 2017 planning. The same applies to the Brazilian market where a contract conclusion that was scheduled for Q4 is still delayed. The progress in project development projects in India is much slower than previously expected. Accordingly, this region's sales contribution to overall sales 2017 will be lower.

In contrast to these developments, the company expects dynamic sales in the German and US markets. However, these will not be able to fully compensate for the above stated developments in South Africa, Brazil and India. The 2017 forecasts in Germany and United States are based on a very healthy order intake and already existing construction permits in Germany.

Furthermore, price pressure has been increasing in the market since mid-2016, meaning that any sales growth from planned increases in the number of installations (in terms of MW) are currently offset by declining average achievable megawatt prices.

Thanks to the successful programme to reduce the cost of energy (COE), the Nordex Group will be able to largely offset the price pressure expected in 2017. In addition, synergy effects from the merger with Acciona Windpower will help the company keep the EBITDA margin relatively stable year-on-year. This is not least due to the fact that a string of non-recurring expenses from 2016 are no longer expected in the current financial year.

The management of the Nordex Group thus assumes a drop in sales between EUR 3.1 and 3.3 billion for 2017 and an EBITDA margin target of 7.8 to 8.2%. Thus, the EBITDA margin is basically steady year-on-year, especially considering the merger with Acciona Windpower, whose slightly lower margin level was not included in the consolidated results until 1 April in 2016 and will be included in the Group figures for the full period of 12 months for the first time in 2017.

Forecast of key performance indicators in 2017

Performance indicator	Outlook
Sales in EUR billion	3.1 – 3.3
EBITDA margin in %	7.8 – 8.2
Working capital ratio in %	5.0 – 7.0
Capital expenditure in EUR million	approx. 150

The company's medium-term goals for 2018 published in the past will also be affected by the more difficult market conditions and the general price pressure in the market. Therefore, the Management Board now expects 2018 sales to be in the range of EUR 3.4 to 3.6 billion with an EBITDA margin at the same level as in 2017.

Risk and opportunities report

General information on the risk management system

Accounting

Nordex's internal control system comprises a component that is integrated into its business processes as well as a process-independent component. Guidelines and instructions are issued and internal controls implemented to handle and manage risks and to ensure compliance with formal criteria. The necessary instruments are mostly defined and applied by the specialist functions. In addition, internal auditing tracks risk independently of processes. 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.

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

Transactions are recorded in the separate financial statements of the Group companies. For this purpose, a uniform chart of accounts is used throughout the Group. The consolidated financial statements of Nordex SE and its subsidiaries are prepared in accordance with Section 315a of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRSs). 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 a company with international business activities, Nordex is exposed to various risks as a result of its operations. For this reason, the Group has implemented a comprehensive risk management system designed to detect potential negative deviations (risks) at an early stage so that suitable precautions can be taken to avert any harm to Nordex and to avoid any impairment of its going-concern status. Positive deviations in the form of opportunities are not included in this system 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.

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

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

Risk officers are appointed across the entire Nordex Group (on a national, regional and Group level). Accordingly, risk management is implemented consistently on all levels and across all departments. Risks arising from operating business are monitored and tracked continuously. The risk officers are responsible for identifying and evaluating local risks arising from all main business activities on at least a quarterly basis by applying a consistent methodological approach and for documenting the results in a central risk database. This is followed by a decision on the specific response (e.g. risk mitigation). 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 limited 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 for each material risk identified are estimated, while the precautions already implemented or planned are documented. The period under review consists of the current as

well as the following three years. Risk management coordinates the quarterly updating of risk documentation.

Risk evaluation

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

Risk classification – probability

Probability	Description
0% to 5%	unlikely
6% to 25%	possible
26% to 50%	definitely conceivable
51% to 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 risk as one which is likely to occur within a defined period of time.

Extent of the risk – impact

Impact	Brief description	Quantification
Minor negative impact on activities as well as on financial and earnings situation	low	EUR 0.25m – EUR 2m
Appreciable negative impact on activities as well as on financial and earnings situation	appreciable	EUR 2m – EUR 10m
Strong negative impact on activities as well as on financial and earnings situation	high	EUR 10m – EUR 25m
Critical negative impact on activities as well as on financial and earnings situation	critical	> EUR 25m

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

Risk matrix				
Impact				Risk
critical	A	H	H	C
high	A	A	H	H
appreciable	L	A	A	H
low	L	L	A	A
	0% – 5%	6% – 25%	26% – 50%	51% – 100%
Probability	unlikely	possible	definitely conceivable	probable

C = critical risk H = high risk A = appreciable 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 hedge instruments to reduce its exposure to financial market risks. In addition, insurance is taken out to cover risks where this is economically viable and possible.

The risk officers are responsible for continuously monitoring risks and the efficacy of the precautions taken and are supported by their supervisors and managers. In 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 area meetings at Group level; the participants regularly discuss risks and precautions

together with the Management Board and monitor the effects of the risk-mitigation efforts. In addition, the Management Board receives a quarterly report on individual risks which are classified as “high” or “critical” on the basis of a risk analysis. Substantial risks to the company’s status as a going concern are reported to the Management Board immediately on an ad hoc basis.

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

Continuous monitoring and refinement

Internal auditing satisfies itself of the proper functioning and efficacy of the risk management system in regular intervals. As part of the statutory audit of the annual financial statements and consolidated financial statements, the auditor determines whether the risk early detection system is fundamentally suitable for identifying

risks and developments liable to impair the company's going-concern status at an early stage. Risk reports are checked on a sample basis for their plausibility and appropriateness via interviews conducted by the auditor with the units and companies concerned. The statutory auditor assessed the efficacy of the risk early detection system on the basis of this data and is satisfied that the risk identified has been appropriately described. Accordingly, the risk early detection system complies with the statutory requirements and is consistent with the German Corporate Governance Code.

The risk management system undergoes constant optimisation as part of the continuous monitoring and improvement process. In this context, 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 2017. The risks identified and possible effects resulting from such risks on the financial performance have hardly changed year-on-year.

Macroeconomic risks

Nordex is exposed to macroeconomic and geopolitical risks, particularly a general decline in global economic growth or a slowdown or recession in individual focus markets. As a result of the merger with Acciona Windpower and the considerably higher business volume in the emerging and developing countries, the risk of unforeseen developments in the macroeconomic situation of such countries has become more relevant.

Nordex applies appropriate instruments in the responsible units to avert such risks. The probability of macroeconomic risks are currently seen as possible. They would at most have only a limited impact on the company's business in 2017 as far as can be stated at this stage.

Sector-specific risks

Sector-specific risks comprise 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 a result of political or economic factors or changes in the energy industry. In this case, planned order intake may not be achievable. In addition, low energy prices and intense competition are exerting persistent pressure on prices. Price pressure appears to be on the rise as even regulated markets are increasingly changing to auction-based incentive schemes. Price pressure remains at a high level in markets without a special incentive scheme. Nordex addresses the price risk by means of a focused selling strategy which combines permanent observation and analysis of current and potential sell-side markets. In addition, enhanced goods and services allow the Group to set itself apart from the competition, thus providing some pricing scope.

The legislative risk is also highly relevant. Announcements of legislative reforms and amendments to the legislation governing feed-in tariffs or incentives for renewable energies may precipitate investment uncertainty and a decline in demand in the short or medium term. There is increased talk in EU member states of a change in legislation towards auction-based incentive schemes. Implementing such a scheme is planned, for example, in Germany in 2017. The

impact is all the greater the more dependent the planned order intake and resulting sales are on individual markets.

Nordex addresses this risk by means of heavy sales diversification and by operating in more than 20 different markets across Europe, America and Asia. In addition, enterprise-wide processes have been implemented to evaluate and address potential markets quickly.

As a result of the merger with Acciona Windpower and the considerably higher business volume in the emerging and developing countries, the sector-specific risk, for example, of unforeseen changes to the legislation has generally increased.

Aside from factors already known, the probability of sector-specific risks is currently considered to be possible. They would still have an appreciable to high impact on the order intake planned for 2017 and for subsequent years due to the multi-month lead times, but also on the financial position in 2017.

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 nor can market potential be tapped. Nordex addresses this risk with organisational structures and a corresponding engineering focus. In addition, internal overarching workgroups have been established. This is supplemented with Nordex's activities in external bodies aimed at achieving maximum international grid-code harmonisation.

Despite the extensive quality-assurance measures taken in procurement, production and assembly, technical problems and a lack of component specifications culminating in technical risks even serial loss and affecting multiple turbines may occur only at a later stage of the product life cycle. This particularly applies to suppliers producing rotor blades under the “build-to-print” system.

Development and technical risks include risks which are classed as probable, but which may only have a low impact on the financial position, but also risks classed as having a low probability with an appreciable to high impact. Nordex has set aside appropriate provisions for existing risks

Sourcing and purchasing risks

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

There are currently no material supply shortages in the market for the main components used in wind power systems. Unexpected project delays may result in temporarily increased 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 falls substantially short of expectations this year, suppliers, some of whom have spent heavily on extending their capacity or have had a change of owner, could be lost for economic reasons, reducing the number of potential suppliers.

In contrast, an unexpected surplus of demand in 2017 could result in supply shortages for some components – particularly for the newer blade types and high towers – leading to delays in the completion of projects. Nordex addresses the risk of supplier default by qualifying further suppliers in order to reduce the single-sourcing risk. Moreover, this risk is partially covered by insurance. Nordex purchases components worldwide that are largely subject to price fluctuations in the commodities markets. As it offers its customers turbines at prices fixed for specific projects, components are sourced as quickly as possible after the order intake, thus reducing the risk of price fluctuations on the purchasing side.

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

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

The probability of sourcing and purchasing risks is classed as possible and may have a low to appreciable impact on the company's margins.

Production risks

Over the last few years, Nordex has revised its production system, adopting line production for turbine assembly and partially automated processes for rotor blade production. Accordingly, the main production risk is a standstill in the production facilities. Standstills may arise when deliveries by upstream suppliers are delayed or fail to meet the agreed quality, the commencement of volume production of new types of turbines is delayed or key production resources such as cranes, assembly line systems, moulds or painting robots fail.

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

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

The probability of production risks is classed as possible to definitely conceivable and may have an appreciable to high impact on nearly all of the company's main performance indicators.

Project and assembly risks

The locations at which Nordex assembles wind turbines and wind farms each exhibit unique topographic, climatic and regional characteristics. Project execution is preceded by a detailed technical and commercial appraisal. Deviations from the predefined process chain may be caused by weather risks, which may lead to delays in the assembly and commissioning schedules. Nordex addresses these risks by including risk-sharing provisions in the relevant contracts between manufacturer and customer and by means of active deviation management. Even so, the possibility of cost overruns, e.g. for cranes and assembly work, as well as transportation and logistics, cannot be completely ruled out. Further possible risks include insufficient component availability due to delays on the part of suppliers or capacity bottlenecks 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, making remedial activity or replacements necessary. In addition to the aforementioned delays, this may result in failure of acceptance by the customer or – after the completion of remedial work – delayed acceptance, resulting in delayed payment by the customer. In individual cases, there is a risk of compensation payments or a reduction in the purchase price being demanded.

Project and assembly risks may cause unplanned cost overruns, resulting in a reduction in the budgeted margin contribution for the project. The probability of these risks is classified as definitely conceivable with a low impact on the financial position. A high impact may occur in unlikely individual cases Nordex has limited the impact of realised risks by setting aside provisions.

Financial risks

With respect to financial risks, the Nordex Group is exposed to foreign currency risks, interest risks, credit risks, unplanned depreciation and amortisation expense, liquidity risks and the risk of limited possibilities to carry unused tax losses forward.

The Group's business is exposed to fluctuations in exchange rates as a result of its international orientation as not all transactions are executed on a euro basis. The primary risks arise from changes in the value of the US dollars (USD). Exchange-rate fluctuations may impact items of the statement of financial position. Forward exchange transactions are concluded to hedge these forward exchange transactions risks.

The Group is exposed to interest risks from the Schuldschein loan issued in 2016, part of which is subject to variable interest rates. These risks, however, are largely hedged via interest caps.

To minimise credit risks, the Nordex Group enters into business solely with investment-grade rated third parties. All main new customers wishing to enter into business on credit terms undergo a credit check. As a matter of principle, credit 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 pre-payments to be made when certain milestones are reached. In addition, receivables are monitored on an ongoing basis to avert all material credit risks.

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

The maximum credit risk is limited to the carrying amount in question. There is no pronounced clustering of credit risks within the Group. Receivables from construction contracts and trade receivables are additionally secured by means of sureties, guarantees, stand-by letters of credit 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 invoiced in line with the progress of work on the basis of the agreed contractual schedule. The Group's external funding is mainly based on a guarantee facility from a banking syndicate, a Schuldschein loan and a loan from the European Investment Bank.

Section 8c of the Corporate Tax Act (KStG) stipulates that in the event of a transfer of shares to an acquirer 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, unused 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%.

Overall, the probability of financial risks is considered to be unlikely to low, but may be probable in individual cases.

Legal risks

As described in the above sections, the Nordex Group's operating business is exposed to various risks. Legal risks primarily cover liability risks arising from possible warranty or compensation claims under delivery and service contracts. In addition, liability risks may have a legislative basis, e.g. product liability, infringements of patents or industrial property rights, requirements under

tax law – particularly at an international level – and failure to fully observe certification requirements or other statutory stipulations. Among other things, there is a rule in all EU member states stipulating that all technical equipment must comply with the Machinery Directive.

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

The probability of these risks is classed as possible; the impact on the financial performance indicators is appreciable to high, depending on the individual case.

Human resource risks

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

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

Overall, the probability of human resource risks is considered to be unlikely and their impact is considered to be low.

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 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 Protection Act (BDSG). 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.

Overall, the probability of IT risks is considered to be unlikely ; similarly, the impact is also low.

Other risks

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

The probability of these risks is considered to be unlikely, although their impact may be low to appreciable.

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

Opportunities arising from political and industry decisions on the expansion of renewable energies, particularly onshore wind power, constitute a material driver for the sector. This particularly relates to the political adoption of installation goals in countries which have previously shown little or no commitment to renewable energies and the implementation of the necessary legislative framework. Both aspects exert a favourable influence on the investment decisions of project developers, utilities and, subsequently, power plant operators. As part of its selling activities, Nordex keeps these trends under continuous observation and, using the market evaluation process described below, is able to quickly open up new markets. The possibility of fundamental decisions being made in the short

term on climate policy going beyond the scope of the climate conference resolutions referred to in the section of the management report entitled “Conditions in the wind power industry” is not considered to be particularly great either at the EU level or globally (UN Climate Conference COP 23 in Bonn, Germany, in November 2017). 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 large components and the turbine management system. The resulting decline in electricity production costs ensures 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 corresponding activities and product development work are described in detail in the “Research and Development” section.

Opportunities arising from selling activities

Material opportunities can particularly be harnessed by entering new markets and targeting new customer groups. New markets are regularly analysed by the international sales and service organisation using a structured process (SMEEP = Strategic Market Entry Evaluation Process). If suitable potential is identified and the project pipeline is considered to be viable, it is duly addressed and harnessed provided that valid wind power targets have been defined. Over the last few years, Nordex has achieved sales success in new markets such as Finland, India, Lithuania, South Africa and Uruguay. Selling activities have been stepped up in other potential markets in Latin America (e.g. Argentina, Chile, Mexico, Peru) and Asia (e.g. Pakistan)

to participate in the planned expansion of wind power in these markets in the medium term. In this connection, Nordex always seeks to gain significant project volumes and to sign corresponding contracts at an early stage to ensure that the cost of establishing customer-oriented organisational structures for project management and service can be recouped quickly.

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 utilities and project developers. Larger utilities are now increasingly including Nordex turbines in their tender processes following the company’s successful turnaround and thanks to its efficient product range. All customer contacts and project opportunities are structured by the selling team, 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 seize further income and margin potential beyond straight equipment sales. In addition to marketing turnkey wind farms, Nordex makes use of the opportunities arising from the wind farms which it develops itself in selected markets such as France and India in order to generate higher-margin sales particularly with private-equity investors.

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

Opportunities arising from strategy implementation

In addition to the increase in safety at work, product development and reducing the cost of energy, the medium-term company strategy is focused on the areas of promoting sales, expanding the value chain, efficiency and quality. Especially the latter two sub-strategies target improving the margins.

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 material potential in procurement and supplier management. Furthermore, synergies and economies of scale from the merger with Acciona Windpower will bring further opportunities.

Operational excellence, which continues to be a core issue at the Nordex Group, continuously offers opportunities for margin improvement if it is possible to additionally reduce unplanned cost overruns of the type resulting from project delays and the effects of the aforementioned project and assembly risks.

Overall assessment of opportunities

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

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

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

Composition of subscribed capital

The company's subscribed capital stood at EUR 96,982,447.00 as at the reporting date and is divided into 96,982,477 no-par-value bearer shares. One share equals EUR 1.00 of the company's share capital. There are no restrictions on the exercise of voting rights or the transfer of shares. The same rights attach to all shares except for treasury shares for which no voting rights may be exercised. Each share equals one vote and, possibly with the exception of recently issued shares which are not dividend-entitled, represents the same share in the dividend distribution approved by the shareholders at the Annual General Meeting. The rights and obligations arising from the shares are governed by the applicable statutory provisions, particularly Sections 12, 53a ff, 118 ff and 186 of the German Stock Corporation Act (AktG). Nordex did not hold any treasury shares as at 31 December 2016.

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

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

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

As at the 2016 reporting date, the following companies directly or indirectly held more than 10% of the voting rights with respect to Nordex SE: Acciona S.A. Madrid (Spain) held 28,997,752 shares and, hence, more than 29.90% of the voting rights. Otherwise, reference is made to the list of direct and indirect shareholdings in the company included in the notes to the consolidated financial statements.

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

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

In accordance with Section 179 of the German Stock Corporation Act (AktG), the company's Articles of Incorporation may only be amended with a resolution passed at the Annual General Meeting. In accordance with Article 20 (4) Sentence 2 of the Articles of Incorporation in conjunction with Article 59 (1) and (2) of the Council Regulation on 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 (AktG) stipulates a majority of three quarters of the votes cast, this also applies to Nordex SE in accordance with the reservation in Article 59 of Council Regulation on 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 Articles of Incorporation of Nordex SE makes use of the statutory possibility to authorise the Supervisory Board to make legally valid changes to the Articles of Incorporation.

Authorisation of the Management Board to issue or buy back shares

The following specific authorisation has been granted:

Authorised Capital I

As at 31 December 2016, the company had Authorised Capital I of EUR 19,376,489.00 (2015: EUR 16,100,000.00), equivalent to 19,376,489 shares (2015: 16,100,000 shares) and Contingent Capital I of EUR 19,376,489.00 (2015: EUR 15,086,250.00), equivalent to 19,376,489 shares (2015: 15,086,250), each with a notional value of EUR 1 per share. In accordance with a resolution passed at the Annual General Meeting on 10 May 2016, 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 9 May 2021. The Management Board is additionally authorised with the Supervisory Board's approval to exclude the shareholders' subscription rights.

Contingent Capital I

Until 9 May 2021, Contingent Capital I serves on one or more occasions, once or repeatedly, as a whole or in tranches or simultaneously in several tranches, to issue both bearer bonds with conversion rights and/or conversion obligations (convertible bonds) and bonds with warrants (together and individually “bonds”) and to grant conversion/option rights for the company’s bearer shares to the holders or creditors of bonds in line with the resolution passed by the shareholders at the Annual General Meeting held on 10 May 2016. To date, no conversion or option rights have been issued.

Material agreements subject to a change-of-control provision

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

CORPORATE GOVERNANCE REPORT

AND DECLARATION OF CONFORMITY OF NORDEX SE

The declaration of conformity and the Corporate Governance Report in accordance with the German Corporate Governance Code item 3.10 are a component of the combined management report; however, pursuant to Section 317 (2) 3 German Commercial Code (HGB) they do not form part of the audit.

Nordex SE's declaration of conformity pursuant to Section 289a of the German Commercial Code (HGB)

1. Declaration of Conformity by the Management Board and the Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG)

Under Section 161 of the German Stock Corporation Act, the Management Board and Supervisory Board of Nordex SE as a listed company are required to issue a declaration once a year confirming conformity with the recommendations of the Government Commission on the German Corporate Governance Code issued by the German Federal Ministry of Justice (BMJV) and published in the official part of the Federal Gazette (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. The company published its declarations of conformity for the past few years online at www.nordex-online.com/en/investor-relations. The current declaration of conformity from 29 November 2016 reads as follows:

Since the last declaration of conformity of 18 March 2016, the Management Board and the Supervisory Board of Nordex SE have conformed with the recommendations by the Government Commission on the German Corporate Governance Code as amended on 5 May 2015 and published by the German Federal Ministry of Justice (BMJV) in the official part of the Federal Gazette (Bundesanzeiger) save for the exceptions described below. This will also continue to be the case in the future, save for and to the extent not otherwise set out below.

3.8 D&O liability insurance – deductible for members of the Supervisory Board

Since 2009, Section 93 (2) 3 of the German Stock Corporation Act (AktG) stipulates a mandatory minimum deductible for members of the Management Board for D&O cover. Since 1 July 2010, the Management Board of Nordex SE complies with this statutory obligation when taking out and renewing the existing D&O policy. However, with respect to the members of the Supervisory Board, the Management Board of Nordex SE has not followed the recommendation of the GCGC to determine deductibles in the D&O liability insurance (directors and officers liability insurance) for members of the Supervisory Board as well.

The Management Board and the Supervisory Board take the view that the members of the Supervisory Board will do everything in their power to avert any harm from 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 potential inclusion of a reasonable deductible would not have an impact on the insurance premium.

4.1.5. Appointments to management positions – diversity

The Management Board does not comply with the recommendation in item 4.1.5 in that the appointments to management positions within the company are exclusively guided by the qualifications of the persons available and because the adequate representation of women is not given priority over other considerations in the decision-making process. For this reason, the target quota for women at the two management levels directly below the Management Board as determined by the Management Board of Nordex SE does and will not amount to the 30% desired by law, but to a lower percentage.

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 para (2) sentence 3 and Article 5.4.1 para (2) sentence 1, the Supervisory Board of Nordex SE has not determined fixed age limits for the membership of the Management Board and the Supervisory Board. Moreover, contrary to the recommendation pursuant to Article 5.4.1 (2) 1, the Supervisory Board has not defined a time limit for the membership of the Supervisory Board.

Neither age nor the term of the membership of the Supervisory Board are in themselves decisive for the capabilities, suitability and independence of a current or potential member of the Management Board or the Supervisory Board. Therefore, the Supervisory Board of Nordex SE does not consider rigid age or time limitations to be a sensible measure, which would also limit the company's flexibility in making personnel decisions and the number of possible candidates.

2. Summary of significant accounting policies

Corporate compliance

As part of the integration of Acciona Windpower, Nordex's Group Code of Conduct for employees and Supplier Code of Conduct, (together Compliance Guidelines), which were introduced in 2011 were updated in the year under review; a guideline on handling insider information was added for Nordex SE as the European Market Abuse Regulation (MAR) came into force. Employee awareness of this code across the entire Nordex Group was promoted in the year under review with specific compliance training on matters such as anti-corruption precautions, insider law, competition law and involvement in associations. In addition, the Nordex Group's intranet is updated with additional compliance information on a regular basis. E-learning modules were added to the training portfolio in the year under review. The compliance team keeps staff at all Nordex companies abreast of all current activities and developments on a regular basis by means of newsletters on specific subject matters, online communications and training.

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

How the Management Board functions

The Management Board manages the company – a strategic holding company, which also performs administrative service functions – at its own discretion with the aim of achieving sustained improvements in enterprise value and of attaining the agreed targets. It conducts the company's business in accordance with statutory provisions and the provisions of the company's Articles of Incorporation and Rules of Procedure for the Management Board. In addition, it works in a spirit of trust with the company's other governing 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 joint responsibility, the individual members of the Management Board manage the business areas assigned to them at their own discretion in accordance with the resolutions passed.

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

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

Shared responsibility

Meetings of the Management Board are held regularly. They are convened by the Chief Executive Officer. 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 of votes cast except where a unanimous vote is prescribed by law. In the event of an even vote, the chairman has the casting vote.

Since the acquisition of Acciona Windpower has been completed, several changes occurred in the year under review. Two new members were added to the Management Board and the areas of responsibility were rearranged accordingly. In line with a reorganisation of management structures, which will become effective in April 2017, the operating activities will be split into the three divisions Europe, International and North America reflecting the company's markets.

In accordance with the Management Board's Rules of Procedure, the Chairman (Chief Executive Officer; CEO) is responsible for coordinating all of the Management Board's activities, reporting to the Supervisory Board and representing the company and the Group towards third parties. In his capacity as a member of the Management Board he will be responsible for the Europe division as well as for People & Culture, Health, Safety & Environment (HSE), Compliance, Strategy & Business Development and Brand & Communication.

The Chief Financial Officer (CFO) will be responsible for Finance, Accounting, Taxes, Legal matters & Insurance, Controlling, IT and Investor Relations & Sustainability.

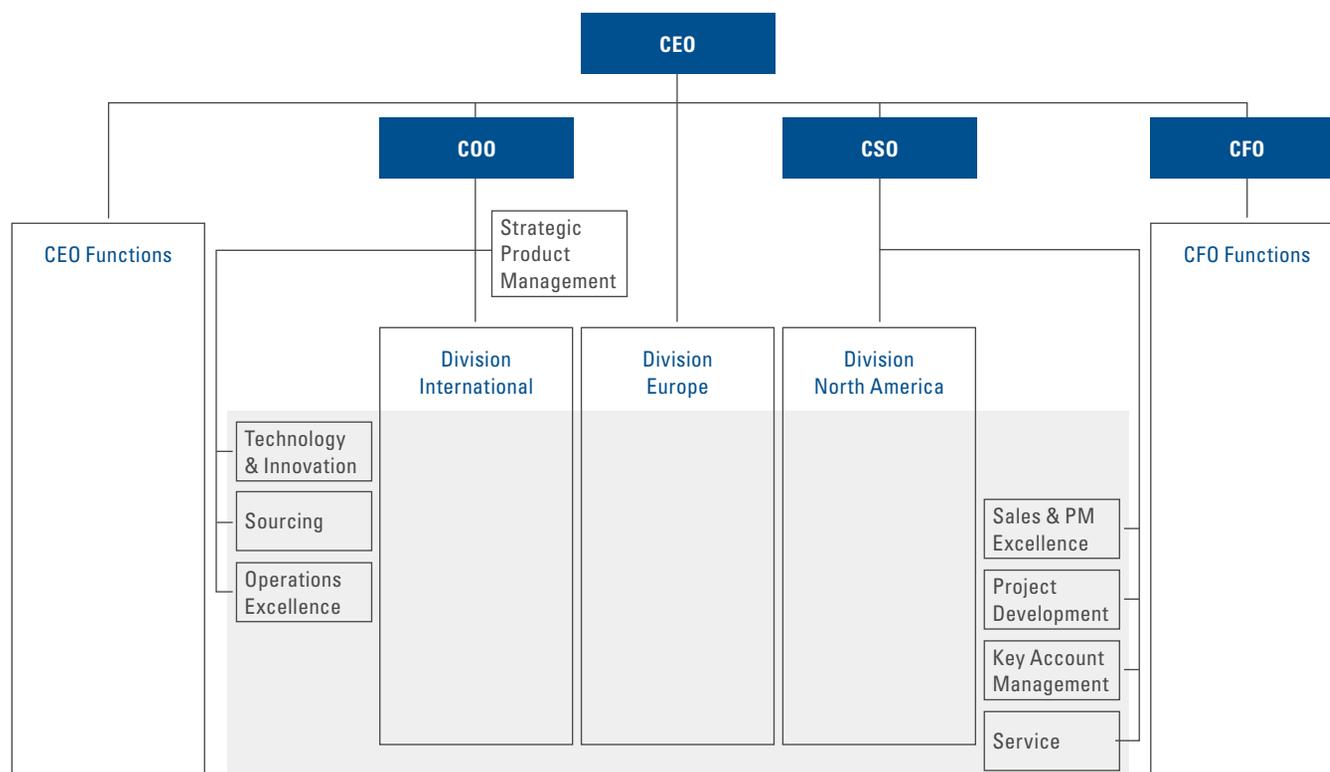
The Chief Sales Officer (CSO) will be responsible for the North America division and the customer-oriented areas of Sales, Project Management, Service and Project Development.

The Chief Operating Officer (COO) will be in charge of the International division as well as the areas of Technology, Production, Procurement, Strategic Product Development and the Cost of Energy programme.

Until the new organisational structure becomes effective, the members of the Management Board allocate the responsibility for the previous regions at their own discretion.

The Management Board has not established any committees.

FUTURE ORGANISATIONAL STRUCTURE



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 the board 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 auditor's 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 Supervisory Board committee has three members. The chairman is Dr. Wolfgang Ziebart, the other two members are Jan Klatten and Juan Muro-Lara. 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 the German Stock Corporation Act (AktG), the provisions of the company's Articles of Incorporation or the Rules of Procedure, unless a resolution passed by the entire Supervisory Board is prescribed. In addition, it performs the task of a nomination committee and submits recommendations for suitable candidates 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 Connie Hedegaard and Juan Muro-Lara. All three members satisfy the statutory requirements imposed on members of a supervisory board and an audit committee with respect to expertise in the areas of accounting and auditing. As the other members of the Supervisory Board, all of them are all familiar with the sector in which the company is active. 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 the German Stock Corporation Act (AktG), the provisions of the company's Articles of Incorporation or the Rules of Procedure. 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 Supervisory Board committee comprises Jan Klatten (chairman), Dr. Wolfgang Ziebart and Rafael Mateo. It is responsible for technical and strategic matters of relevance for the Nordex Group.

4. Disclosures on the definition of the proportion of women

The targets of 0% for the Management Board and 16.67% for the Supervisory Board with respect to the proportion of women to be achieved by 31 December 2020 in accordance with Section 111 (5) of the German Stock Corporation Act (AktG) were confirmed by the Supervisory Board and reached in the year under review. In accordance with Section 76 (4) of the German Stock Corporation Act (AktG), the Management Board set a new target for the proportion of women on the two management levels below the Management Board of Nordex SE at 21% (previously 15%) to be achieved by 31 December 2020; this target was reached in the year under review. The cumulative share of women in the first two management levels of Nordex SE was 21% in 2016 (12% in 2015) and 13% at Nordex Energy GmbH (9% in 2015). In Germany, the share amounted to 15% (9% in 2015) and in the remaining Nordex Group companies still to 9%.

Further corporate governance report

The total number of shares held by all members of the Management Board and the Supervisory Board of the company exceeds 1% of the shares issued by Nordex. Details on the shares held by the members of the Supervisory Board and the Management Board can be found in the notes to the consolidated financial statements. The stock option programmes have since lapsed.

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

Directors' dealings

Members of the Management Board and the Supervisory Board and parties related to them in accordance with Section 19 Market Abuse Regulation must disclose any and all transactions involving shares in Nordex SE or related financial instruments ("directors' dealings") to the German Federal Financial Supervisory Authority (BaFin) and Nordex SE. The following

notifications on directors' dealings in accordance with Section 19 Market Abuse Regulation were received by the company in financial year 2016:

Date	Person Position	Number of units Transaction	ISIN Stock exchange	Price per share Total volume
15.11.2016	Lars Bondo Krogsgaard Chief Executive Officer	2,773 Purchase	DE000A0D6554 Xetra	EUR 17,8864 EUR 49,599.09
29.7.2016	Lars Bondo Krogsgaard Chief Executive Officer	3,580 Purchase	DE000A0D6554 Xetra	EUR 24.96 EUR 89,366.89
21.3.2016	Lars Bondo Krogsgaard Chief Executive Officer	3,970 Purchase	DE000A0D6554 Xetra	EUR 24.94 EUR 99,011.80

Detailed reporting

To achieve the greatest possible transparency, Nordex SE keeps shareholders, financial analysts, shareholder groups, the media and the public at large regularly informed on a timely basis of the company's condition and main changes in its business. Thus the company's reporting is in line with the rules of the German Corporate Governance Code: the company informs its shareholders four times a year of its business performance, net assets, financial condition and results of operations as well as its risk exposure.

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

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

In addition, the company publishes information at press and analyst conferences. It particularly also

uses the Internet as a publication platform. The Group's website sets out the main financial dates such as the dates of publication of the annual report, the half-year report and the interim reports and the date of the Annual General Meeting.

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

In addition to regular reporting, Nordex SE discloses relevant insider information pursuant to Section 17 Market Abuse Regulation in the form of ad hoc notifications.

Nordex SE

Rostock, 17 March 2017



Lars Bondo Krogsgaard
Chairman of the
Management Board



José Luis Blanco
Member of the
Management Board



Patxi Landa
Member of the
Management Board



Christoph Burkhard
Member of the
Management Board



CONSOLIDATED FINANCIAL STATEMENT



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2016

ASSETS

EUR thousand	Notes	REPORTING DATE	
		31.12.2016	31.12.2015
Cash and cash equivalents	(1)	649,464	528,973
Trade receivables and future receivables from construction contracts	(2)	699,427	275,466
Inventories	(3)	197,478	218,609
Income tax receivables	(4)	8,405	4,837
Other current financial assets	(5)	41,210	42,112
Other current non-financial assets	(6)	123,157	68,956
Current assets		1,719,141	1,138,953
Property, plant and equipment	(7)	266,369	145,614
Goodwill	(8)	547,758	9,960
Capitalised R&D expense	(9)	219,701	110,933
Other intangible assets	(10)	114,615	5,796
Financial assets	(11)	2,425	2,179
Investments in associates	(12)	6,689	8,699
Other non-current financial assets	(13)	3,403	2,866
Other non-current non-financial assets	(14)	38	28
Deferred tax assets	(15)	114,075	35,100
Non-current assets		1,275,073	321,175
Assets		2,994,214	1,460,128

EQUITY AND LIABILITIES

EUR thousand	Notes	REPORTING DATE	
		31.12.2016	31.12.2015
Current liabilities to banks	(16)	16,652	6,572
Trade payables	(17)	377,323	254,926
Income tax payables	(4)	31,526	11,900
Other current provisions	(18)	163,245	66,491
Other current financial liabilities	(19)	139,161	184,202
Other current non-financial liabilities	(20)	514,297	353,495
Current liabilities		1,242,204	877,586
Non-current liabilities to banks	(16)	626,673	43,750
Pensions and similar obligations	(21)	1,866	1,731
Other non-current provisions	(18)	43,564	22,617
Other non-current financial liabilities	(22)	3,148	0
Other non-current non-financial liabilities	(23)	2,197	3,490
Deferred tax liabilities	(14)	134,551	55,357
Non-current liabilities		811,999	126,945
Subscribed capital		96,982	80,882
Share premium		597,626	229,114
Other retained earnings		23,694	-10,961
Cash flow hedges		2,187	1,730
Foreign currency adjustment item		9,686	5,651
Consolidated net profit carried forward		209,836	149,181
Consolidated net profit		0	0
Share in equity attributable to parent company's shareholders		940,011	455,597
Equity capital	(24)	940,011	455,597
Equity and liabilities		2,994,214	1,460,128

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR thousand	Notes	REPORTING PERIOD	
		1.1. – 31.12.2016	1.1. – 31.12.2015
Sales	(26)	3,395,033	2,430,105
Changes in inventories and other own work capitalised	(27)	408	-14,016
Total revenue		3,395,441	2,416,089
Other operating income	(28)	35,701	21,444
Cost of materials	(29)	-2,559,378	-1,879,829
Staff costs	(30)	-289,875	-197,260
Depreciation/amortisation	(31)	-116,966	-56,139
Other operating expenses	(32)	-296,348	-178,069
Earnings before interest and taxes		168,575	126,236
Income from investments		525	1,043
Profit/loss from equity accounting method		19	-1,216
Impairment of financial assets		-14	-7,087
Other interest and similar income		7,404	2,360
Interest and similar expenses		-34,676	-23,275
Financial result	(33)	-26,742	-28,175
Net profit/loss from ordinary activities		141,833	98,061
Income tax	(34)	-46,480	-45,789
Consolidated net profit		95,353	52,272
Of which attributable to			
Parent company's shareholders		95,353	52,272
Earnings per share (in EUR)	(35)		
Basic ¹		1.03	0.65
Diluted ²		1.03	0.65

¹ based on a weighted average of 92,792 million shares (previous year: 80,882 million shares)

² based on a weighted average of 92,792 million shares (previous year: 80,882 million shares)

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR thousand	REPORTING PERIOD	
	1.1. – 31.12.2016	1.1. – 31.12.2015
Consolidated net profit	95,353	52,272
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation difference	4,035	3,889
Cash flow hedges	673	6,815
Deferred income taxes	-216	-2,184
Items that are not reclassified to profit or loss		
Remeasurement of defined benefit plans	-63	281
Deferred income taxes	20	-90
Consolidated comprehensive income	99,802	60,983
Of which attributable to		
Parent company's shareholders	99,802	60,983

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR thousand	REPORTING PERIOD	
	1.1. – 31.12.2016	1.1. – 31.12.2015
Operating activities		
Consolidated net profit	95,353	52,272
+ Depreciation/amortisation of non-current assets	116,980	63,226
= Consolidated net profit plus depreciation and amortisation	212,333	115,498
+ Decrease in inventories	146,835	55,271
- Increase in trade receivables and future receivables from construction contracts	-289,945	-90,005
+ Increase in trade payables	50,745	77,447
- Decrease in prepayments received	-50,594	-53,567
= Payments made from changes in working capital	-142,959	-10,854
- Increase in other assets not allocated to investing or financing activities	-26,861	-36,029
+/- Increase/decrease in pensions and similar obligations	135	-55
-/+ Decrease/increase in other provisions	-3,199	36,548
+ Increase in other liabilities not allocated to investing or financing activities	69,988	16,387
+ Loss from the disposal of non-current assets	2,705	1,222
- Other interest and similar income	-7,404	-2,360
+ Interest received	5,571	2,337
+ Interest and similar expenses	34,676	23,275
- Interest paid	-38,979	-22,462
+ Income tax	46,480	45,789
- Taxes paid	-1,985	-3,972
-/+ Other non-cash income/expenses	-6,103	2,663
= Payments received from other operating activities	75,024	63,343
= Cash flow from operating activities	144,398	167,987

EUR thousand	REPORTING PERIOD	
	1.1. – 31.12.2016	1.1. – 31.12.2015
Investing activities		
+ Payments received from the disposal of property, plant and equipment/intangible assets	7,168	168
- Payments made for investments in property, plant and equipment/intangible assets	-105,030	-78,747
- Payments made for the acquisition of Acciona Windpower	-305,833	0
+ Payments received from the disposal of financial assets	3,937	3,774
- Payments made for investments in financial assets	-2,081	-2,229
+ Payments received from investment grants	2,599	3,647
= Cash flow from investing activities	-399,240	-73,387
Financing activities		
- Costs from capital increases	-737	0
+ Bank loans received	599,842	50,000
- Bank loans repaid	-9,375	0
- Payments from repaying bonds	-150,000	0
- Redemption of working capital loan	-70,500	0
= Cash flow from financing activities	369,230	50,000
Change in cash and cash equivalents	114,388	144,600
+ Cash and cash equivalents at the beginning of the period	528,973	388,420
+/- Exchange rate-induced change in cash and cash equivalents	6,103	-4,047
= Cash and cash equivalents at the end of the period (Cash and cash equivalents as per consolidated statement of financial position)	649,464	528,973

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR thousand	Subscribed capital	Share premium	Other retained earnings
1.1.2016	80,882	229,114	-10,961
Capital increase			
Payments received from capital increase	16,100	369,012	0
Costs from capital increase	0	-737	0
Income tax	0	237	0
Consolidated comprehensive income	0	0	-43
Consolidated net profit	0	0	0
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation difference	0	0	0
Cash-Flow-Hedges	0	0	0
Deferred taxes	0	0	0
Items that are not reclassified to profit or loss			
Remeasurement of defined benefit plans	0	0	-63
Deferred income taxes	0	0	20
Appropriation of profit and consolidated net profit/ loss carried forward	0	0	34,698
31.12.2016	96,982	597,626	23,694

					REPORTING DATE
Cash flow hedges	Foreign currency adjustment item	Consolidated net profit carried forward	Consolidated net profit	Share in equity attributable to the parent company's shareholders	Total
1,730	5,651	149,181	0	455,597	455,597
0	0	0	0	385,112	385,112
0	0	0	0	-737	-737
0	0	0	0	237	237
457	4,035	0	95,353	99,802	99,802
0	0	0	95,353	95,353	95,353
0	4,035	0	0	4,035	4,035
673	0	0	0	673	673
-216	0	0	0	-216	-216
0	0	0	0	-63	-63
0	0	0	0	20	20
0	0	60,655	-95,353	0	0
2,187	9,686	209,836	0	940,011	940,011

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015

EUR thousand	Subscribed capital	Share premium	Other retained earnings
1.1.2015	80,882	242,624	-7,951
Employee stock option programme	0	-1,385	0
Consolidated comprehensive income	0	0	191
Consolidated net profit	0	0	0
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation difference	0	0	0
Cash flow hedges	0	0	0
Deferred income taxes	0	0	0
Items that are not reclassified to profit or loss			
Remeasurement of defined benefit plans	0	0	281
Deferred income taxes	0	0	-90
Appropriation of profit and consolidated net profit/loss carried forward	0	-12,125	-3,201
31.12.2015	80,882	229,114	-10,961

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



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR FROM 1 JANUARY UNTIL 31 DECEMBER 2016

General information

Nordex SE, a listed *Societas Europaea*, and its subsidiaries in Germany and in other countries develop, manufacture and distribute wind power systems, particularly large multi-megawatt-class turbines. Nordex SE is domiciled in Rostock, Germany. However, the company's head office is located at Langenhorner Chaussee 600, 22419 Hamburg, Germany.

The shares of Nordex SE are admitted to regulated trading subject to the advanced admission obligations (TecDAX) stipulated by Deutsche Börse. Its nominal capital as at 31 December 2016 stands at EUR 96,982,447 (2015: EUR 80,882,447) and is divided into 96,982,447 (2015: 80,882,447) fully paid-up no-par-value shares, each with a notional share in capital of EUR 1.

Nordex SE's consolidated financial statements for 2016 were approved for publication in a resolution passed by the Management Board on 27 February 2017 and subsequent submittal to the Supervisory Board.

Accounting policies

Basis of preparation

The general significant accounting policies applied in preparing the consolidated financial statements are described below, whilst, for reasons of clarity, the accounting policies relating to a concrete element of the financial statements within the scope of the International Accounting Standards Board's (IASB) disclosure

initiative are explained in the corresponding section. In order to apply the accounting policies, management sometimes has to make assumptions and estimates or evaluations, especially in connection with the items future receivables from construction contracts, inventories, goodwill, capitalised R&D expense, deferred tax liabilities and deferred tax assets and other provisions. Unless otherwise stated, these policies have been consistently applied to all the accounting periods presented.

The consolidated financial statements were prepared in accordance with Section 315a of the German Commercial Code (HGB) using the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. Therefore, all International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretation Committee (IFRIC) binding for the 2016 reporting year were applied.

At Nordex SE and all its subsidiaries (excluding Acciona Windpower India Private Limited) included in the consolidated financial statements, the fiscal year is identical to the calendar year.

The current/non-current classification of liabilities and assets provided for in IAS 1 is applied.

The consolidated financial statements are prepared in thousands of euros.

Effects of new accounting standards

The new and revised standards to be applied in 2016 as a result of endorsement by the European Union

Standard/Interpretation	Published by the IASB	Mandatory application stipulated by the IASB
IAS 1 Presentation of the Financial Statements	18.12.2014	1.1.2016
IAS 16 Property, Plant and Equipment	12.5.2014/30.6.2014	1.1.2016
IAS 27 Separate Financial Statements	12.8.2014	1.1.2016
IAS 28 Investments in Associates and Joint Ventures	18.12.2014	1.1.2016
IAS 38 Intangible Assets	12.5.2014	1.1.2016
IAS 41 Agriculture	30.6.2014	1.1.2016
IFRS 10 Consolidated Financial Statements	18.12.2014	1.1.2016
IFRS 11 Joint Arrangements	6.5.2014	1.1.2016
IFRS 12 Disclosure of Interests in Other Entities	18.12.2014	1.1.2016
IFRS 14 Regulatory Deferral Accounts	30.1.2014	1.1.2016
Annual IFRS improvements cycle 2012 – 2014	25.9.2014	1.1.2016

The application does not have any material effect on the consolidated financial statements.

New and revised standards and interpretations which were not yet mandatory in 2016 and have not been adopted early by the Group

Standard/Interpretation		Published by the IASB	Mandatory application stipulated by the IASB
IAS 7 ¹	Statement of Cash Flows	29.1.2016	1.1.2017
IAS 12 ¹	Income Tax	19.1.2016	1.1.2017
IFRS 9	Financial Instruments	24.7.2014/12.9.2016	1.1.2018
IFRS 15	Revenue from Contracts with Customers	11.9.2015/12.4.2016	1.1.2018
IFRS 16	Leases	13.1.2016	1.1.2019
Annual IFRS improvements cycle 2014–2016		8.12.2016	1.1.2018

¹ The application is not expected to have any material effect on the consolidated financial statements.

The future amendments that are of importance for the Group concern the following standards:

IFRS 9 – Financial Instruments was published in July 2014 by the IASB, and it is mandatory that IFRS 9 be applied to financial years starting on or after 1 January 2018. It introduces new guidance for the classification and measurement of financial instruments among other things. Categorisation is based on the company's business model and on the characteristics of the contractual payment flows under the financial instrument in question. Further amendments over the previous accounting practice concern the guidance on hedge accounting and the recognition of impairments. Nordex does not expect the application of IFRS 9 to have any significant effects on the consolidated financial statements.

The IASB published IFRS 15 – Revenue from Contracts with Customers in May 2014. An amendment to IFRS 15 published in September 2015 delays the effective date for mandatory first-time adoption of IFRS 15 to financial years beginning on or after 1 January 2018. The standard regulates across all industries the timing and the amount of the revenue recognition from contracts with customers. Under the new guidance, the amount of revenue recognised in many cases no longer matches the amount invoiced to the customer particularly in connection with multi-component transactions involving several different contractual services. As a result, changes may arise with respect to the timing and amount of revenue recognition among other things. This particularly refers to installation and service contracts, which were previously accounted for independently.

Furthermore, the standard also specifies the accounting and measurement of gains and losses on the sale of certain non-financial assets such as property, plant and equipment or intangible assets whenever such sale is not part of the entity's ordinary course of business. Nordex has largely completed analysing IFRS 15 and is currently examining the effects of applying this standard.

In January 2016, the IASB published IFRS 16 – Leases. On the part of the lessee, IFRS 16 eliminates the former classification of leases as either operating leases or finance leases. Instead, IFRS 16 introduces a single lessee accounting model according to which the lessee is obliged to recognise assets for the right-of-use under lease contracts and liabilities in the amount of the present value of future lease payments plus directly attributable costs. The right of use is amortised on a scheduled basis during the term of the lease contract and the lease liability is depreciated using the actuarial method. The standard simplifies accounting for short-term leases with a term of up to twelve months, low value assets and portfolios of leases. As a result,

leases previously not recognised in the statement of financial position are in the future recognised in a manner similar to finance leases pursuant to IAS 17 today. In contrast, there are no significant changes to the regulations governing accounting of lessors. This standard is mandatory for periods starting on or after 1 January 2019. Early application is admissible as long as IFRS 15 is also applied. Nordex has started analysing IFRS 16 and will examine the effects of applying the standard after completing this analysis.

Companies consolidated

Subsidiaries are defined as all entities which are controlled by the Group. The Group controls an investee if it has power over it or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Group's returns. An investee is consolidated from the day on which the investor gains control of it and ends when the investor loses control over it. For the purpose of accounting for subsidiaries, identifiable assets, liabilities and contingent liabilities are consolidated for the first time at their fair value as of the date of acquisition.

The companies consolidated comprise the following nine (2015: eight) domestic and 46 (2015: 27) non-domestic companies:

Name	REPORTING DATE	Share in capital/ voting rights 31.12.2015
	Share in capital/ voting rights 31.12.2016	Share in capital/ voting rights 31.12.2015
	%	%
Nordex SE, Rostock (Group parent)	–	–
Acciona Blades S.A., Barasoain/Spain	100.0	–
Acciona Towers S.L., Barasoain/Spain	100.0	–
Acciona – Vjetroelektrane d.o.o., Split/Croatia	100.0	–
Acciona Windpower Brasil – Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda., Sao Paulo/Brazil	100.0	–
Acciona Windpower Chile S.A., Santiago/Chile	100.0	–
Acciona Windpower Deutschland GmbH, Frankfurt am Main	100.0	–
Acciona Windpower India Private Limited, Bangalore/India	100.0	–
Acciona Windpower Internacional S.L., Barasoain/Spain	100.0	–
Acciona Windpower Mexico S. de R.L. de C.V., Mexico City/Mexico	100.0	–
Acciona Windpower North America LLC, West Branch/United States	100.0	–
Acciona Windpower Oceania Pty. Ltd., Melbourne/Australia	100.0	–
Acciona Windpower Rüzgar Enerjisi Sistemleri Anonim Şirketi, Istanbul/Turkey	100.0	–
Acciona Windpower S.A., Barasoain/Spain	100.0	–
Acciona Windpower Southafrica (Pty.) Ltd., Cape Town/South Africa	100.0	–
Beebe Wind LLC, Delaware/United States	100.0	100.0
Corporación Acciona Windpower S.L., Barasoain/Spain	100.0	–
Eólicos R4E S.A. de C.V., Tegucigalpa/Honduras	100.0	100.0
Green Hills Wind LLC, Delaware/United States	100.0	100.0
Industria Toledana de Energías Renovables S.L., Barasoain/Spain	100.0	–
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Beijing/PR China	100.0	100.0
Nordex (Chile) SpA, Santiago/Chile	100.0	100.0
Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., Dongying/PR China	100.0	100.0
Nordex Education Trust, Cape Town/South Africa	100.0	100.0
NordexEnergy Uruguay S.A., Montevideo/Uruguay	100.0	100.0

Name	REPORTING DATE	Share in capital/ voting rights 31.12.2015
	Share in capital/ voting rights 31.12.2016	Share in capital/ voting rights 31.12.2015
	%	%
Nordex Energy B.V., Rotterdam/Netherlands	100.0	100.0
Nordex Energy GmbH, Hamburg	100.0	100.0
Nordex Energy Ibérica S.A., Barcelona/Spain	100.0	100.0
Nordex Energy Ireland Ltd., Dublin/Ireland	100.0	100.0
Nordex Energy Romania S.r.l., Bucharest/Romania	100.0	100.0
Nordex Energy South Africa RF (Pty.) Ltd., Johannesburg/South Africa	100.0	100.0
Nordex Enerji A.S., Istanbul/Turkey	100.0	100.0
Nordex Forum II GmbH&Co. KG, Hamburg	100.0	100.0
Nordex Forum II Verwaltungs GmbH, Hamburg	100.0	100.0
Nordex France S.A.S., Paris/France	100.0	100.0
Nordex Grundstücksverwaltung GmbH, Hamburg	100.0	100.0
Nordex Hellas Monoprosopi EPE, Athens/Greece	100.0	100.0
Nordex Italia S.r.l., Rome/Italy	100.0	100.0
Nordex Offshore GmbH, Hamburg	100.0	100.0
Nordex Pakistan (Private) Ltd., Islamabad/Pakistan	100.0	100.0
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., Manchester/United Kingdom	100.0	100.0
Nordex USA Inc., Chicago/United States	100.0	100.0
Nordex USA Management LLC, Chicago/United States	100.0	100.0
Nordex Windpark Beteiligung GmbH, Hamburg	100.0	100.0
Nordex Windpower Peru S.A., Lima/Peru	100.0	–
Nordex Windpower S.A., Buenos Aires/Argentina	100.0	–
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia/PR China	100.0	100.0
NPV Dritte Windpark GmbH&Co. KG, Hamburg	100.0	100.0
Parque Eólico Llay-Llay SpA, Santiago/Chile	100.0	–
Shanghai Acciona Windpower Technical Service Co. Ltd., Shanghai/PR China	100.0	–
Way Wind, LLC, Delaware/United States	100.0	100.0

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

Name		Date of acquisition/ incorporation
Parque Eólico Llay-Llay SpA, Santiago/Chile ¹	Acquisition	6.11.2012
Acciona Blades S.A., Barasoain/Spain ²	Acquisition	1.4.2016
Acciona Towers S.L., Barasoain/Spain ²	Acquisition	1.4.2016
Acciona – Vjetrolektrane d.o.o., Split/Croatia ²	Acquisition	1.4.2016
Acciona Windpower Brasil – Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda., Sao Paulo/Brazil ²	Acquisition	1.4.2016
Acciona Windpower Chile S.A., Santiago/Chile ²	Acquisition	1.4.2016
Acciona Windpower Deutschland GmbH, Frankfurt am Main ²	Acquisition	1.4.2016
Acciona Windpower India Private Limited, Bangalore/India ²	Acquisition	1.4.2016
Acciona Windpower Internacional S.L., Barasoain/Spain ²	Acquisition	1.4.2016
Acciona Windpower Mexico S. de R.L. de C.V., Mexico City/Mexico ²	Acquisition	1.4.2016
Acciona Windpower North America LLC, West Branch/United States ²	Acquisition	1.4.2016
Acciona Windpower Oceania Pty, LTD., Melbourne/Australia ²	Acquisition	1.4.2016
Acciona Windpower Rüzgar Enerjisi Sistemleri Anonim Şirketi, Istanbul/Turkey ²	Acquisition	1.4.2016
Acciona Windpower S.A., Barasoain/Spain ²	Acquisition	1.4.2016
Acciona Windpower Southafrica (Pty,) LTD., Cape Town/South Africa ²	Acquisition	1.4.2016
Corporación Acciona Windpower S.L., Barasoain/Spain ²	Acquisition	1.4.2016
Industria Toledana de Energías Renovables S.L., Barasoain/Spain ²	Acquisition	1.4.2016
Nordex Windpower Peru S.A., Lima/Peru ³	Incorporation	21.9.2016
Nordex Windpower S.A., Buenos Aires/Argentina ⁴	Incorporation	29.12.2016
Shanghai Acciona Windpower Technical Service Co, LTD., Shanghai/PR China ²	Acquisition	1.4.2016

¹ Consolidated for the first time effective 31.1.2016.

² Consolidated for the first time effective 1.4.2016.

³ Consolidated for the first time effective 31.10.2016.

⁴ Consolidated for the first time effective 31.12.2016.

Since the execution of the Business Combination Agreements between Nordex SE and Acciona S.A. (Acciona) on 1 April 2016, Corporación

Acciona Windpower S.L and its 16 subsidiaries (Acciona Windpower) have become part of the Nordex Group.

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

Under the terms of the Business Combination Agreement of 4 October 2015, Acciona transferred the wind power business which it operates directly or indirectly via its 100% subsidiary Acciona Windpower to Nordex SE. The transaction volume amounts to EUR 785,000 thousand less Acciona Windpower's net financial liabilities of EUR 33,905 thousand. The transaction was financed by issuing 16.1 million new Nordex shares to Acciona from a capital increase through the exercise of the authorised capital in accordance with the Articles of Incorporation subject to the exclusion of shareholders' preemptive subscription rights at an issue amount of EUR 26.00 per Nordex share; for the purpose of the first-time consolidation, the market price of EUR 23.92 per Nordex share at the date of the first consolidation was applied as the issue price. The capital increase is described in more detail in the section on equity. Furthermore, Acciona received a cash payment in the amount of EUR 332,495 thousand. On 6 April 2016, Nordex SE successfully placed a Schuldschein loan with a volume of EUR 550,000 thousand and with national and international investors in the scope of this transaction; the funds from this loan will be used primarily to finance the takeover of Acciona Windpower. More detailed information on the Schuldschein loan is provided in the section on debt instruments.

The transaction and the acquisition of further shares in SKion GmbH/momentum-capital Vermögensverwaltungsgesellschaft mbH increase Acciona's share in Nordex SE to 29.9%, while the share held by SKion GmbH/momentum-capital Vermögensverwaltungsgesellschaft mbH was reduced to 5.7%.

The following overview summarises the information on the purchase price of the transaction and the acquired net assets after purchase price allocation as well as the resulting goodwill:

EUR thousand	
Purchase price	
Share component at fair value	385,112
Cash component	332,495
	717,607
Acquired net assets after purchase price allocation	
Cash and cash equivalents	26,661
Trade receivables and future receivables from construction contracts	111,318
Inventories	125,704
Receivables from income tax	11,456
Property, plant and equipment	110,363
Capitalised R&D expense	116,294
Other intangible assets	122,030
Other assets	52,248
Deferred tax assets	80,609
Trade payables	-71,651
Income tax payable	-9,130
Other provisions	-120,900
Other liabilities	-292,316
Deferred tax liabilities	-82,877
	179,809
Goodwill¹	537,798

¹ Compared to the preliminary purchase price allocation of 30 June 2016, goodwill increased by EUR 32,042 to EUR 505,756.

The fair value of the acquired receivables would correspond to the values shown. The extent of value adjustments is insignificant. Contingent liabilities for possible risks from claims are included in other provisions.

Non-deductible goodwill is based on the expectation of positive effects on earnings. These result from the leverage of synergy effects, on the one hand, such as purchasing advantages, enhanced production and a higher flexibility in production, improved market access conditions and the pooling of research and development activities. On the other hand, business volume is expected to increase thanks to the opportunity to reach a higher penetration of existing markets and tap into new markets. At the same time, these developments build upon mature organisational structures.

From the date of first-time consolidation, Acciona Windpower generated revenue of EUR 725,678 thousand and net profit before the effects from the purchase price allocation of EUR 41,320 thousand in 2016.

No companies were deconsolidated in the period under review.

Consolidated companies do not include investees that are insignificant both in view of the quantitative criteria net profit/loss, equity, total assets and employees as well as in view of the qualitative criteria concerning the type of business activities.

For the purposes of liability consolidation, all receivables and liabilities as well as gains and losses on internal Group transactions between consolidated companies of EUR 2,876,575 thousand (2015: EUR 2,727,001 thousand) have been offset against each other.

In connection with the consolidation of expenses and income, internal Group deliveries of services and goods, expenses and income arising from transfer transactions and profit and loss from internal Group transactions of EUR 948,940 thousand (2015: EUR 857,220 thousand) were eliminated.

There are profit and loss transfer agreements in force between Nordex SE and its consolidated domestic subsidiaries with the exception of Nordex Offshore GmbH, Nordex Forum II GmbH & Co. KG, Nordex Forum II Verwaltungs GmbH and NPV Dritte Windpark GmbH & Co. KG with a corresponding effect on the Group's tax situation, whereas there are no profit and loss transfer agreements in force between Corporación Acciona Windpower S.L. and the consolidated Spanish subsidiaries of Acciona Windpower. Further, no profit and loss transfer agreement is in force between Nordex SE and Corporación Acciona Windpower S.L.

Corporate tax and trade tax groups have been established between Nordex SE and Nordex Energy GmbH, Nordex Grundstücksverwaltung GmbH as well as Nordex Windpark Beteiligung GmbH. A value added tax group has been established between Nordex SE and Nordex Energy GmbH, Nordex Forum II Verwaltungs GmbH, Nordex Grundstücksverwaltung GmbH and Nordex Windpark Beteiligung GmbH. Moreover, a corporate tax group has been established between Corporación Acciona Windpower S.L. and the Spanish subsidiaries of Acciona Windpower.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Concerning financial assets, IAS 39 prescribes that the following measurement classifications are used:

- Financial assets at fair value through profit or loss
- Available for sale financial assets
- Loans and receivables
- Held to maturity investments

Financial Assets at Fair Value through Profit or Loss are in turn divided into financial assets that are voluntarily allocated to this measurement classification and financial assets that are held for trading. Financial assets held for trading include all derivatives that have a positive market value (except for those designated to be a hedge instrument).

IAS 39 has two measurement classifications for financial liabilities:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss are in turn divided into financial liabilities that are voluntarily allocated to this measurement classification and financial liabilities that are held for trading. Financial liabilities held for trading include all derivatives that have a negative market value (except for those designated to be a hedge instrument).

The Group has no relevant held to maturity investments and does not make use of a voluntary allocation to the financial assets or financial liabilities at fair value through profit or loss categories.

Regular way purchase or sale of financial assets can be recognised or derecognised as at the day of trading or as at the date of settlement method. The method applied must be applied consistently for all purchases and sales of financial assets that belong to the same measurement category. The Nordex Group uses settlement date accounting.

Upon initial recognition, financial assets and liabilities must be measured at fair value (taking into consideration any transaction costs for assets and liabilities that are not measured at fair value through profit or loss).

For subsequent measurement, financial assets and liabilities (including derivatives) must also be measured at fair value. However, loans and receivables, held to maturity investments and financial liabilities at amortised cost must be measured at amortised cost using the effective interest method.

Financial assets are only impaired and impairment is recognised if there is objective evidence of impairment resulting from one or several events, e.g. default or delay in making payments for interest or repayment, that take place after initial recognition of the financial assets. A check must be conducted on each reporting date whether there is objective evidence of impairment. If such evidence exists, a detailed calculation of the impairment must be carried out to determine whether an impairment expense must be recorded.

Financial assets and liabilities that are designated as hedged items or hedge instruments are subject to measurement under the hedge accounting requirements 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.

Hedges against exchange rate risks of future cash flows that are highly probable to occur as per the budget or planning of individual customer specific projects that satisfy these conditions are measured at fair value (cash flow hedges). Any changes in the fair value of the effective part of the cash flow hedges are initially recorded in the cash flow hedge reserve and only reclassified to profit or loss when the hedged item is realised or does not come to pass; the ineffective part of the cash flow hedge is taken to profit or loss immediately. The ineffective part of cash flow hedges comprises income and expense arising from any changes in the fair value of the forward exchange transactions 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 overall.

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

Forward exchange transactions that do not satisfy the strict criteria of IAS 39 for the application of hedge accounting are classified as financial assets held for trading or financial liabilities held for trading. Gains or losses from these forward exchange transactions designated as fair value hedges are recognised within other operating income or other operating expenses, as the case may be, in the income statement for the period in which they arise.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made relating to an operating lease are recognised in the income statement under other operating expenses.

Leases in which the Group holds the material risks and rewards from ownership of the leased assets are classified as finance leases. Assets under a finance lease are capitalised under property, plant and equipment and depreciated. A lease liability of the same amount is recorded within non-current liabilities. The interest component of the lease payment is recorded within the interest result in the income statement and spread evenly over the term of the lease.

Foreign currency translation

The consolidated financial statements are presented in euros, which is Nordex SE's functional and reporting currency.

Foreign-currency transactions are translated into the functional currency using the relevant exchange rates prevailing on the date of the transaction. Gains and losses resulting from the transaction-date translation are taken to the income statement.

Assets and liabilities of all Group companies with a functional currency other than euro are translated to euro on each reporting date using the exchange rate on such date, while income and expenses in each of the income statements are translated to euro using the monthly average exchange rate. If the use of the monthly average exchange rate does not result in a reasonable approximation of the cumulative effects that

would have arisen had the exchange rate applicable on the dates of the individual transactions been applied, income and expenses are translated at the rates prevailing on the transaction dates. Any exchange differences are recorded as a separate item in other reserves in equity (foreign currency adjustment item).

The following table sets out the exchange rates against the euro of the Group's most important foreign currencies:

Exchange rate EUR 1.00 equals	Average exchange rate for the financial year		Year-end exchange rate as at 31.12.	
	2016	2015	2016	2015
BRL	3.8352	4.1945	3.4336	4.3198
GBP	0.8148	0.7195	0.8570	0.7357
INR	73.9759	70.8642	71.2002	71.7499
MXN	20.5444	18.2173	21.8500	18.9200
PKR	115.6767	112.8172	110.1103	114.2296
PLN	4.3687	4.2717	4.4170	4.2670
SEK	9.4498	9.1925	9.5760	9.1800
TRY	3.3169	3.1315	3.7280	3.1884
USD	1.1046	1.0728	1.0555	1.0895
UYU	33.2954	31.9489	30.6937	32.6264
ZAR	16.1816	16.0436	14.4509	17.0010

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 risks by means of ongoing operating and finance-oriented activities. The Treasury department is responsible for implementing the financial strategy and for ongoing risk management.

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 associated with the US dollar. Foreign currency risks arise from expected future transactions and from assets and liabilities recognised in the statement of financial position. 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.

Foreign currency risks are mostly avoided by concluding contracts with customers that match the currencies of the corresponding contracts with suppliers (natural hedge).

In order to hedge the remaining foreign currency risk, 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. Contracts for derivative financial instruments are taken out only with domestic and foreign banks whose ratings are permanently monitored. Nordex also mitigates risk by diversifying its trading partners. All transactions with derivative financial instruments are executed and monitored in accordance with the applicable provisions of the European Market Infrastructure Regulation (EMIR). Moreover, certain transactions require the prior approval of the Management Board, which is additionally kept regularly informed of the extent and value of the outstanding risk positions. As at 31 December 2016, most forward exchange transactions were denominated in US-dollar. The notional repayment amounts for outstanding forward exchange transactions stand at EUR 252,799 thousand

(2015: EUR 106,390 thousand), particularly due to the business volume in the United States; however, opposing currency flows cancel each other out.

Thanks to this, the Nordex Group's operating activities were not exposed to any material foreign currency risks as at the reporting date.

For the purpose of describing foreign currency risks, a currency sensitivity analysis is performed to determine the effects of hypothetical changes in relevant risk variables on the company's net profit (after income tax) and equity. The relevant risk variables comprise all non-functional currencies in which the Nordex Group transacts financial instruments.

In the event of 10% appreciation/depreciation in the respective foreign currency against the reporting currency, the measurement of the primary monetary financial instruments (cash and cash equivalents, trade receivables and payables, future receivables from construction contracts, liabilities to banks and prepayments received) would result in the following effects on post-tax profit:

	+10% EUR thousand	-10% EUR thousand
2016		
EUR/USD	2,339	-1,913
2015		
EUR/USD	1,284	-1,050

In the event of 10% appreciation/depreciation in the respective foreign currency against the reporting currency, the measurement of the forward exchange transactions entered into for hedging purpose but not included in hedge accounting would result in the following effects on post-tax profit:

	+10% EUR thousand	-10% EUR thousand
2016		
EUR/USD	-11,069	9,057

	+10% EUR thousand	-10% EUR thousand
2015		
EUR/USD	-1,593	1,330

In the event of 10% appreciation/depreciation in the respective foreign currency against the reporting currency, the measurement of the forward exchange transactions entered into for hedging purpose and included in hedge accounting would result in the following effects on the post-tax profit and hedge accounting reserve within equity:

	+10% EUR thousand	-10% EUR thousand
2016		
EUR/USD		
Net profit/loss after income tax	0	0
Hedge accounting reserve in equity	-1,424	5,813

	+10% EUR thousand	-10% EUR thousand
2015		
EUR/USD		
Net profit/loss after income tax	0	0
Hedge accounting reserve in equity	-2,472	2,023

Interest risk

Nordex SE has issued a Schuldschein loan that is also subject to variable interest. The resulting interest rate risk is largely hedged via interest caps. The market value of the interest caps is EUR 711 thousand at the reporting date. If the euro interest rate curve were to move by 1 percentage point, this would have the following effects on measurement:

EUR thousand	+1 pp	-1 pp
Market value interest cap	1,768	-464

A 1 percentage point increase of the 6M-Euribor would increase cumulative interest expense until maturity of the Schuldschein loans by EUR 10,937 thousand, while a decrease in 6M-Euribor would not reduce interest expense because of the contractually agreed interest floor.

The Group has no assets subject to variable interest rates entailing a material interest rate risk exposure.

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, a standardised approval procedure is carried out to address any credit risks before the order is accepted. 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 prepayments to be made when certain milestones are reached. In addition, receivables are monitored on an ongoing basis to avert all material credit risks. There is no pronounced clustering of credit risks within the Group. The maximum credit risk is limited to the carrying amount in question. Trade receivables and future receivables from construction contracts are additionally secured by means of guarantees, sureties and standby letters of credit of EUR 3,834,060 thousand (2015: EUR 4,810,110 thousand) or by means of retained ownership rights of EUR 269,617 thousand (2015: EUR 90,979 thousand).

Liquidity risk

The aim of the Group is to achieve a balance between incoming and outgoing payments. To this end, it tracks payments made and received in the light of the maturities of the financial investments and assets as well as expected payment flows from operating activities and permanently manages Group liquidity.

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

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.

Debt instruments

Schuldschein loan

On 6 April 2016, Nordex SE successfully placed a Schuldschein loan with a volume of EUR 550,000 thousand with national and international investors. Nordex used most of the proceeds for the takeover of Acciona Windpower, creating a medium and long term financing basis. Another portion was used to redeem the corporate bond of EUR 150,000 thousand due on 12 April 2016. The Schuldschein (promissory note) has terms of three, five, seven and ten years, each subject to fixed or variable interest. Depending on the tranche, the interest rate at the time of issue was between 1.5% and 3.0%.

Research and development loan

In addition, the Group has been granted a long-term research and development facility of up to EUR 100,000 thousand by the European Investment Bank. It intends to use this loan to finance the development of increasingly more efficient technical solutions to additionally extend its competitive lead. The loan has a term of eight years from the date on which it is drawn and is repaid in instalments. The borrower is Nordex Energy GmbH, with the main Nordex Group companies holding joint and several liability. Utilisation as at 31 December 2016 under the loan agreement amounted to EUR 90,625 thousand (2015: EUR 50,000 thousand).

Multi-currency guarantee facility

Furthermore, the Nordex Group has a syndicated multi-currency guarantee facility with a volume of EUR 950,000 thousand that was renewed on 15 December 2015 for another five years until 15 December 2020. In connection with the takeover of Acciona Windpower's guarantee portfolio, Nordex exercised an option to increase the facility by another EUR 260,000 thousand to EUR 1,210,000 thousand. As at 31 December 2016, EUR 734,227 thousand of the guarantee facility had been utilised (2015: EUR 486,809 thousand).

None of the financing instruments is collateralised and they are all subject to the same representations and undertakings.

The loan by the European Investment Bank and the syndicated multi-currency guarantee facility are further subject to uniform and agreed financial covenants such as equity ratio, leverage and interest coverage, compliance with which is confirmed in quarterly reports to the banks.

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

Capital risk management

The main aims of capital risk management are to ensure sustained growth in enterprise value and to safeguard the Group's liquidity and credit rating. Equity stood at EUR 940,011 thousand as at 31 December 2016 (2015: EUR 455,597 thousand). The Group monitors its capital by means of the working capital employed. Working capital is defined as the sum total of trade receivables,

GROUP SEGMENT REPORT

EUR thousand	Projects		Service	
	2016	2015	2016	2015
Sales	3,139,840	2,233,640	271,580	211,978
Changes in inventories and other own work capitalised	-2,333	-13,522	2,741	-494
Cost of materials	-2,468,062	-1,812,468	-107,703	-82,874
Other income and expenses	-538,661	-313,872	-128,827	-96,152
Earnings before interest and taxes	130,784	93,778	37,791	32,458
Other interest and similar income	0	0	0	0
Interest and similar expenses	0	0	0	0

future receivables from construction contracts and inventories less trade payables and prepayments received:

EUR thousand	REPORTING DATE	
	31.12.2016	31.12.2015
Trade receivables	160,193	93,508
Future receivables from construction contracts	539,234	181,958
Inventories	197,478	218,609
Trade payables	-377,323	-254,926
Prepayments received	-372,895	-268,402
	146,687	-29,253
Sales	3,582,867 ¹	2,430,105
Working capital ratio	4.1 %	-1.2 %

¹ Including sales of Acciona Windpower between January and March 2016

Group segment report

The Nordex Group is essentially a single-product company. The Group's activities cover the development, production, servicing and marketing of wind power systems. In order to support the marketing activities, it provides preliminary project development services, acquires rights and creates the infrastructure required to construct wind power systems at suitable locations. In line with business activities, the reportable segments are the Projects and Service segments. The prices of deliveries between the individual segments are determined on an arm's length basis. Segment reporting follows the internal reports submitted to the chief operating decision maker, the Management Board of Nordex SE, on the basis of the accounting principles applied to the consolidated financial statements. In the course of the acquisition of Acciona Windpower, the segments were changed from the regions Europe, Asia and America to the divisions Projects and Service. The changes have been applied retrospectively in accordance with IFRS 8.

	Not allocated		Consolidation		Group total	
	2016	2015	2016	2015	2016	2015
	0	0	-16,387	-15,513	3,395,033	2,430,105
	0	0	0	0	408	-14,016
	0	0	16,387	15,513	-2,559,378	-1,879,829
	0	0	0	0	-667,488	-410,024
	0	0	0	0	168,575	126,236
	7,404	2,360	0	0	7,404	2,360
	-34,676	-23,275	0	0	-34,676	-23,275

Non-current assets and sales break down by region as follows:

EUR thousand	Non-current assets ¹		Sales	
	31.12.2016	31.12.2015	2016	2015
Europe	472,306	256,557	2,338,124	1,963,046
North America	33,653	4,572	319,176	255,455
Latin America	56,046	737	433,595	29,855
Rest of world	38,681	478	304,138	181,749
	600,686	262,344	3,395,033	2,430,105

¹ Non-current assets include property, plant and equipment, capitalised R&D expense and other intangible assets.

Further information can be found in the Group management report.

Notes to the statement of financial position

(1) Cash and cash equivalents

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

Deposits which are immediately callable are subject to variable interest rates, while fixed-term deposits are invested over terms of between three and twelve months on a roll-over basis depending on the Group's cash requirements and are subject to fixed interest rates.

Cash and cash equivalents amount to EUR 649,464 thousand (2015: EUR 528,973 thousand), EUR 10,000 thousand of which pertains to fixed-term deposits (2015: EUR 180,304 thousand).

Pursuant to IAS 39, cash and cash equivalents are classified as loans and receivables, and pursuant to IFRS 7, as financial assets, measured at (amortised) historical cost. Given the short residual terms to maturity, amortised cost would equal the fair value as in the previous year.

(2) 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 within one year or less (or within the normal operating cycle of the business if longer), they are classified as current assets.

Future receivables from construction contracts refer to unfinished orders recognised in accordance with the percentage of completion method provided for in IAS 11. The item comprises the order costs incurred up to the reporting date and the prorated profit on orders realised in accordance with the cost-to-cost method (Nordex) or the milestone concept (Acciona Windpower). Prepayments received are deducted. 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.

Receivables break down as follows:

EUR thousand	REPORTING DATE 31.12.2016	31.12.2015
Trade receivables (gross)	166,433	95,338
Less impairment	-6,240	-1,830
Trade receivables (net)	160,193	93,508
Future receivables from construction contracts	539,234	181,958
	699,427	275,466

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

As at 31 December 2016, trade receivables had the following maturity structure:

EUR thousand	REPORTING DATE 31.12.2016	31.12.2015
Receivables neither overdue nor impaired	71,333	51,884
Receivables not impaired but overdue by		
less than 30 days	42,891	16,863
31–90 days	10,062	3,150
91–180 days	8,516	6,802
181–360 days	22,801	9,806
361 days and more	3,994	4,813
Total receivables overdue but not impaired	88,264	41,434
Receivables partially impaired	596	190
	160,193	93,508

The following impairment was recognised on trade receivables in the year under review and in the previous year:

EUR thousand	REPORTING PERIOD 2016	2015
Impairment as at 1 January	1,830	2,353
Utilisations	-431	-422
Reversals	-1,184	-926
Additions	6,025	825
Impairment as at 31 December	6,240	1,830

The impairments were determined based on an individual risk assessment.

Future receivables from construction contracts changed as follows:

EUR thousand	REPORTING DATE 31.12.2016	31.12.2015
Accrued contract costs and pro-rated realised order profits	2,865,615	2,341,077
Less prepayments received	-2,326,381	-2,159,119
	539,234	181,958

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

Retentions by customers are usually associated with punch lists not yet completed and largely refer to final payments outstanding for more than 60 days. Such retentions amount to EUR 17,702 thousand (2015: EUR 14,342 thousand).

No impairment was recognised in 2016 on future receivables from construction contracts in the scope of measuring long-term construction contracts (2015: EUR 14,515 thousand).

Pursuant to IAS 39, trade receivables and future receivables from construction contracts are classified as loans and receivables, and pursuant to IFRS 7, as financial assets measured at (amortised) cost. Amortised cost would equal the fair value, as in the previous year.

(3) Inventories

Generally, the average method is used to calculate historical cost. The production costs include full costs calculated on the basis of normal capacity utilisation.

Suitable adjustments are made to allow for any inventory risks in connection with reduced merchantability.

Inventories break down as follows:

EUR thousand	REPORTING DATE	
	31.12.2016	31.12.2015
Raw materials and supplies	141,261	159,397
Work in progress	27,594	49,861
Prepayments made	28,623	9,351
	197,478	218,609

Raw materials and supplies primarily comprise production and service material.

Work in progress relates to wind power systems components under construction as well as advance outlays for project development, rights and infrastructure of EUR 1,640 thousand (2015: EUR 872 thousand) not due for completion until after 2017.

The carrying amount of the inventories includes the following impairment adjustments:

EUR thousand	REPORTING PERIOD	
	2016	2015
Impairment as at 1 January	31,277	28,062
Utilisations	-3,485	-519
Reversals	-964	-1,054
Additions	27,160	4,788
Impairment as at 31 December	53,988	31,277

Utilisation of impairment is related specifically to reductions in aged inventories, while additions refer primarily to inventories with limited usability.

The carrying amount of the impaired inventories stands at EUR 9,031 thousand (2015: EUR 9,175 thousand).

(4) Income tax receivables and payables

Receivables from income tax of EUR 8,405 thousand (2015: EUR 4,837 thousand) mainly come from Acciona Windpower Brasil – Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda. while the income tax payable of EUR 31,526 thousand (2015: EUR 11,900 thousand) mainly comes from the companies included in the domestic tax group, Nordex SE and Nordex Energy GmbH as well as Nordex France S.A.S. and Acciona Windpower Mexico S. de R.L. de C.V.

(5) Other current financial assets

Other current financial assets break down as follows:

EUR thousand	REPORTING DATE	31.12.2015
	31.12.2016	
Receivables from non-consolidated affiliated companies, investments and associates	13,564	12,051
Insurance and compensation claims	11,291	19,559
Forward exchange transactions	6,630	3,514
Creditors with debit accounts	3,394	1,379
Deposits/collateral	2,665	1,913
Bonus claims against suppliers	293	268
Loans to non-consolidated affiliated companies and investments	156	259
Impairment	0	-2
Other	3,217	3,171
	41,210	42,112

Receivables from non-consolidated affiliated companies, investments and associates comprise the delivery of goods and services and particularly also finance for project companies. As in the previous year, they have residual terms to maturity of less than one year.

Pursuant to IAS 39, receivables recognised in other current financial assets are classified as loans and receivables, and pursuant to IFRS 7, as financial assets measured at (amortised) cost. Given the short residual terms to maturity, amortised cost amounting to EUR 34,580 thousand (2015: EUR 38,598 thousand) would equal the fair value as in the previous year.

Pursuant to IAS 39, the forward exchange transactions (fair value hedges) reported in other current financial assets are classified as financial assets held for trading, and pursuant to IFRS 7, as financial assets measured at fair value. The fair value amounts to EUR 928 thousand (2015: EUR 88 thousand). The forward rates and prices 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.

The forward exchange transactions reported in other current financial assets in the scope of hedge accounting (cash flow hedges) are not subject to the measurement categories as per IAS 39. Pursuant to IFRS 7, they are classified as effective hedges measured at fair value. The fair value amounts to EUR 5,702 thousand (2015: EUR 3,426 thousand).

(6) Other current non-financial assets

Other current non-financial assets break down as follows:

EUR thousand	REPORTING DATE	31.12.2015
	31.12.2016	
Tax refund claims	108,282	51,114
Prepaid expenses	11,046	11,526
Transportation equipment	2,343	3,364
Government grants	0	1,091
Claims against suppliers	0	158
Other	1,486	1,703
	123,157	68,956

The tax refund claims pertain primarily to input tax refund claims of Acciona Windpower Brasil – Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda. in the amount of EUR 28,835 thousand (2015: EUR 0), of Nordex Energy GmbH in

the amount of EUR 21,874 thousand (2015: EUR 17,329 thousand), of Acciona Windpower S.A. in the amount of EUR 13,252 thousand (2015: EUR 0), of Nordex Enerji A.S. in the amount of EUR 11,242 thousand (2015: EUR 13,806 thousand) and of NordexEnergy Uruguay S.A. in the amount of EUR 8,610 thousand (2015: EUR 3,556 thousand).

Prepaid expenses chiefly comprise costs pertaining to other periods for the multi-currency guarantee facility.

(7) Property, plant and equipment

Property, plant and equipment are recognised at historical cost and, where subject to wear and tear, written down on a scheduled basis. Historical cost includes costs directly attributable to acquisition or construction.

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

Depreciation is calculated on a straight-line basis over the expected useful life of the asset. For this purpose, the historical cost is written down to the residual carrying amount over the expected useful life 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 – 25 years	4 % – 33.33 %
Tools and equipment	2 – 18 years	5.56 % – 50 %

Property, plant and equipment breaks down as follows:

EUR thousand	REPORTING DATE	
	31.12.2016	31.12.2015
Land and buildings	93,582	52,260
Technical equipment and machinery	113,743	64,146
Other fixtures and fittings, tools and equipment	38,005	28,056
Prepayments made and assets under construction	21,039	1,152
	266,369	145,614

Two office buildings in Jhimpir/Pakistan in the amount of EUR 1,322 thousand (2015: EUR 0) attributable to the Nordex Group from finance leases are also disclosed under Land and buildings. The leases run until 1 October 2017 and 1 December 2017.

In 2014, Nordex also received a government grant to expand its facility in Rostock. The assets for which the grant is provided must be retained in the facility in question for a period of five years after the completion of the expansion project. In addition, an annual average of around 1,126 jobs must be maintained permanently during this period. The government grant of EUR 993 thousand (2015: EUR 2.692 thousand) received in 2016 was deducted from the historical cost.

Government grants for the acquisition of additional production assets at the Rostock site in the amount of EUR 865 thousand (2015: EUR 0) were likewise deducted from historical costs.

For a detailed overview of movements in property, plant and equipment we refer to the statement of changes in property, plant and equipment and intangible assets.

(8) 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 company on the date of acquisition.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. Once per year at year-end the Group tests whether goodwill is impaired at the level of the Projects and Service segments (impairment only approach). Concerning the change of segment reporting, please see the Group segment report.

The recoverable amount or the fair value less cost of sale for these two segments is calculated based on the budget for 2017 as well as four subsequent budget years derived from the company's medium-term forecasts. Income beyond the five-year period has been extrapolated based on a steady growth rate of 1.00% (2015: 1.00%). The fair value determined for both segments is assigned to Level 3 in the fair value hierarchy.

The discount rate before tax is 8.92% for the Projects segment and 9.55% for the Service segment (2015 for the Europe segment: 11.29%) and is calculated on the basis of the weighted average cost of capital (WACC). The discount rate is based on a risk-free interest rate of 0.66% (2015: 0.73%), a market risk premium of 6.5% (2015: 6.5%) and a beta factor of 1.39 (2015: 1.81). The beta factor and the ratio of the market value of equity capital to the market value of debt capital were determined using a segment-specific peer group.

Goodwill amounts to EUR 547,758 thousand (2015: EUR 9,960 thousand) with EUR 504,595 thousand in the Projects segment and EUR 43,163 thousand in the Service segment (2015: EUR 9,960 thousand in the Europe segment). EUR 537,798 thousand thereof results

from the purchase price allocation for Acciona Windpower. For further information on the purchase price allocation we refer to the section on the group of consolidated companies.

As in the previous year, no impairment losses were recorded in 2016 as the recoverable value of the Projects and Service segments was higher than the carrying amount of their assets plus the carrying amount of the goodwill of both segments.

An increase or decrease in the WACC by 0.5 percentage points as well as an increase or decrease by 0.5 percentage points of the growth discount would not lead to any impairment in either the Projects segment or the Service segment.

For a detailed overview of movements in goodwill we refer to the statement of changes in property, plant and equipment and intangible assets.

(9) Capitalised R & D expense

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. Borrowing costs that are directly attributable to the production of a qualifying asset are capitalised until all work required to ready the asset for its intended use has been largely completed; otherwise they are recognised as expense in the period, in which they accrue. A qualifying asset is one whose production takes more than one year. Furthermore, R&D expenses may only be capitalised if the company is in a position to and intends to complete and use the asset, and is able to prove how the asset will in future generate an economic benefit. The capitalised R&D expenses acquired in connection with the Acciona Windpower merger were measured at fair value.

Capitalised R&D expenses are written down on a straight line basis over the period in which the project is expected to generate sales, but no longer than five years. Furthermore, the Group reviews the recognised value of the capitalised R&D expenses once a year; an impairment is recognised for any R&D measures that are found to be technically outdated.

As at the reporting date, R&D expenses of EUR 219,701 thousand (2015: EUR 110,933 thousand) were capitalised. In the 2016 financial year, R&D expenses worth EUR 183,095 thousand (2015: EUR 30,949 thousand) were capitalised, EUR 149,327 thousand of which pertain to the first-time consolidation of Acciona Windpower. Other additions of EUR 33,768 thousand comprise in particular the further development of the current Generation Delta wind turbine types N117 and N131. The additions include borrowing costs of EUR 1,117 thousand (2015: EUR 1,952 thousand) at a borrowing rate of 2.16% (2015: 6.37%). The decline in the borrowing rate results from the repayment of the corporate bond and the Schuldschein loan received and the accompanying lower interest rate. Additional R&D expenses of EUR 43,867 thousand also arising in 2016 (2015: EUR 28,452 thousand) did not meet the criteria for capitalisation and were therefore recorded in profit and loss.

For a detailed overview of movements in capitalised R&D expenses we refer to the statement of changes in property, plant and equipment and intangible assets.

(10) Other intangible assets

Assets that have defined useful lives are reported at historical cost less cumulative amortisation.

Amortisation is calculated on a straight-line basis over the expected useful life of the assets, which are deemed to end no later than upon the expiry of the corresponding right. The following useful lives are assumed for this purpose:

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

Other intangible assets amount to EUR 114,615 thousand (2015: EUR 5,796 thousand) as at the reporting date.

For a detailed overview of movements in other intangible assets we refer to the statement of changes in property, plant and equipment and intangible assets.

(11) Financial assets

The financial assets include investments in affiliated non-consolidated companies and investments. Investments in affiliated non-consolidated companies refers to companies that are controlled by the Group but are insignificant. Investments refers to companies that are not controlled by the Group. They are valued at historical cost as there is no active market and it is therefore not possible to determine a reliable fair value.

Financial assets break down as follows:

EUR thousand	REPORTING DATE	31.12.2015
	31.12.2016	
Investments in affiliated non-consolidated companies	2,264	1,817
Investments	161	362
	2,425	2,179

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

EUR thousand	REPORTING DATE	31.12.2015
	31.12.2016	
Project companies	2,214	1,767
natcon7 GmbH, Hamburg	25	25
Nordex Windpark Verwaltung GmbH, Hamburg	25	25
	2,264	1,817

The project companies hold various rights in connection with internally developed wind power projects, in particular construction permits and power purchase agreements. Seventeen project companies were established in 2016 (2015: eight) and two project companies were sold (2015: four). Impairment adjustments amounted to EUR 14 thousand (2015: EUR 0).

The purpose of natcon7 GmbH is to develop, structure and market operations management, control and visualisation systems for decentralised energy production equipment including related services.

The purpose of Nordex Windpark Verwaltung GmbH is to acquire and manage investments in trading companies whose purpose is particularly to acquire, develop, install and operate wind farms and to assume personal liability and management responsibility for such entities.

Investments are held in the following entities:

EUR thousand	REPORTING DATE	31.12.2015
	31.12.2016	
K/S Whitewater Wind Power Invest I, Fredensborg/Denmark, Komplementarselskabet Whitewater Invest I ApS, Helsingør/Denmark	91	91
K/S Whitewater Wind Power Invest VII, Fredensborg/Denmark, Komplementarselskabet Whitewater Invest VII ApS, Helsingør/Denmark	37	37
K/S Whitewater Wind Power Invest VIII, Fredensborg/Denmark, Komplementarselskabet Whitewater Invest VIII ApS, Helsingør/Denmark	31	31
Éoliennes de la Vallée S.A.S., Amiens/France	1	1
Vent d'est S.à r.l., Paris/France	1	1
Vent Local S.A.S., Vienne/France ¹	0	201
	161	362

¹ Vent Local S.A.S. was sold in the year under review.

The purpose of K/S Whitewater Wind Power Invest I, Komplementarselskabet Whitewater Invest I ApS, K/S Whitewater Wind Power Invest VII, Komplementarselskabet Whitewater Invest VII ApS and K/S Whitewater Wind Power Invest VIII, Komplementarselskabet Whitewater Invest VIII ApS is to operate wind farms.

Éoliennes de la Vallée S.A.S. and Vent d'est S.à r.l. have no noteworthy business operations.

None of the shares are listed. There was no intention to sell as at 31 December 2016.

Further details on shareholdings can be found in the enclosed list of shareholdings as at 31 December 2016.

Pursuant to IAS 39, financial assets are classified as financial assets available for sale, and pursuant to IFRS 7, as financial assets measured at (amortised) cost. As in the previous year, the fair value cannot be determined reliably as there is no active market, therefore they are measured at cost.

(12) Investments in associates

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

Investments in associates break down as follows:

EUR thousand	REPORTING DATE	
	31.12.2016	31.12.2015
KNK Wind GmbH, Frankfurt am Main	3,243	3,325
C&C Wind Sp. z o.o., Natolin/Poland	2,682	3,432
GN Renewable Investments S.à r.l., Luxembourg/Luxembourg	764	1,732
Way Wind LLC, Nebraska/United States ¹	0	182
Beebe Renewable Energy 2, LLC, Delaware/United States ¹	0	28
	6,689	8,699

¹ Way Wind LLC and Beebe Renewable Energy 2, LLC were sold in the financial year under review.

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

C&C Wind Sp. z o.o. is responsible for installing and operating a wind farm in Poland.

GN Renewable Investments S.à r.l. is responsible for arranging the funding of project companies.

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

2016 EUR thousand	KNK Wind GmbH	C&C Wind Sp. z o.o.	GN Renewable Investments S.à r.l.
Current assets ¹	244	3,589	15,114
Non-current assets ¹	15,711	51,720	3
Current liabilities ¹	14,606	2,194	11,641
Non-current liabilities ¹	0	36,110	931
Revenue ¹	378	9,426	12,577
Profit/loss ¹	-531	-1,331	3,575
Shareholding	38.89 %	40.00 %	30.00 %

¹ Provisional financial statements as at 31 December 2016.

2015 EUR thousand	KNK Wind GmbH	C&C Wind Sp. z o.o.	GN Renewable Investments S.à r.l.
Current assets ¹	81	5,946	29,058
Non-current assets ¹	13,961	65,530	78
Current liabilities ¹	12,482	29,946	22,103
Non-current liabilities ¹	0	22,373	0
Revenue ¹	5	6,121	7,509
Profit/loss ¹	-1,096	92	6,437
Shareholding	38.89 %	40.00 %	30.00 %

¹ Provisional financial statements as at 31 December 2015

This financial information is reconciled with the carrying amounts of the investments as follows:

2016 EUR thousand	KNK Wind GmbH	C&C Wind Sp. z o.o.	GN Renewable Investments S.à r.l.
Net assets as at 1.1. ¹	1,560	19,157	7,033
Profit/loss ²	-531	-1,331	3,575
Other changes in net assets ²	320	-821	-8,063
Net assets as at 31.12. ²	1,349	17,005	2,545
Shareholding in %	38.89 %	40.00 %	30.00 %
Shareholding in EUR thousand	525	6,802	764
Goodwill	6,124	0	0
Elimination of intragroup transactions	0	-4,120	0
Impairment	-3,406	0	0
Carrying amount as at 31.12.	3,243	2,682	764

¹ Provisional financial statements as at 31.12.2015.

² Provisional financial statements as at 31.12.2016.

2015 EUR thousand	KNK Wind GmbH	C & C Wind Sp. z o.o.	GN Renewable Investments S.à r.l.
Net assets as at 1.1. ¹	2,656	19,613	599
Profit/loss ²	-1,096	92	6,437
Other changes in net assets ²	0	-548	-3
Net assets as at 31.12. ²	1,560	19,157	7,033
Shareholding in %	38.89 %	40.00 %	30.00 %
Shareholding in EUR thousand	607	7,663	2,110
Goodwill	6,124	0	0
Elimination of intragroup transactions	0	-4,231	-378
Impairment	-3,406	0	0
Carrying amount as at 31.12.	3,325	3,432	1,732

¹ Provisional financial statements as at 31.12.2014.

² Provisional financial statements as at 31.12.2015.

Other changes in net assets comprise equity transactions, differences between the provisional and audited annual financial statements and translation differences.

There are no contingent liabilities in connection with the investments in associates.

Further details on shareholdings can be found in the enclosed list of shareholdings as at 31 December 2016.

(13) Other non-current financial assets

Other non-current financial assets break down as follows:

EUR thousand	REPORTING DATE	
	31.12.2016	31.12.2015
Loans to non-consolidated affiliated companies and investments	2,481	2,426
Deposits	791	309
Loans	131	131
	3,403	2,866

Pursuant to IAS 39, receivables recognised in other non-current financial assets are classified as loans and receivables, and pursuant to IFRS 7, as financial assets measured at (amortised) cost; there are no forward exchange transactions. Given the fact that interest is imposed at market rate as in the previous year, amortised cost would equal the fair value.

(14) Other non-current non-financial assets

Other non-current non-financial assets amount to EUR 38 thousand (2015: EUR 28 thousand). They pertain to prepayments for leased vehicles.

(15) Deferred tax assets and tax liabilities

As the parent company, Nordex SE recognises deferred tax assets on unused tax losses. Deferred tax assets are calculated on the basis of medium-term forecasts for the German part of the Nordex Group. The forecast period for the probability of unused tax losses being utilised continues to be five years.

The non-domestic subsidiaries within the Nordex Group recognise deferred 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 tax assets are calculated on the basis of the medium-term forecasts for the subsidiary in question.

Deferred tax assets and liabilities are netted in cases in which there is an enforceable netting right and the deferred tax assets and liabilities 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.

As at 31 December 2016, a tax rate of 32.12% (2015: 32.12%) was applied for the purpose of calculating the domestic deferred tax. Deferred tax assets for domestic unused tax losses were calculated using a tax rate of 15.83% (2015: 15.83%) including the solidarity surcharge for corporate tax and 16.29% (2015: 16.29%) for trade tax.

The deferred tax assets and liabilities arising in connection with recognition and measurement differences in the following items of the statement of financial position and unused tax losses break down as follows:

EUR thousand	Deferred income tax assets		Deferred income tax liabilities	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Future receivables from construction contracts	0	0	87,479	50,462
Property, plant and equipment/intangible assets	5,265	3,078	104,473	36,322
Other assets	4,571	8,370	13,952	14,862
Provisions	39,870	5,329	1,341	1,527
Other liabilities	70,127	13,523	12,306	16,529
Unused tax losses	79,242	69,145	0	0
	199,075	99,445	219,551	119,702
Netting	-85,000	-64,345	-85,000	-64,345
	114,075	35,100	134,551	55,357

The Management Board currently estimates that the existing unused corporate tax losses of EUR 82,652 thousand (2015: EUR 125,322 thousand) and unused trade tax losses of EUR 75,872 thousand (2015: EUR 120,783 thousand) will be fully utilized. The relevant legislation does not stipulate any maximum period in which losses must be utilized in Germany.

The Nordex Group has the following unused tax losses for which no deferred income tax assets have been set aside.

EUR thousand	REPORTING DATE	
	31.12.2016	31.12.2015
Forfeitable in less than 1 year	17,280	10,706
Forfeitable within 2 to 5 years	51,929	40,785
Forfeitable within 6 to 9 years	6,919	8,014
Forfeitable in more than 9 years	0	6,374
Non-forfeitable	85,031	45,286
	161,159	111,165

Deferred tax assets of EUR 79,270 thousand (2015: EUR 31,467 thousand) have been recognised for subsidiaries which sustained losses in the previous year or the period under review as they are likely to be realised on the basis of future tax result planning.

No deferred tax liabilities were recognised on temporary differences of EUR 14,686 thousand (2015: EUR 11,887 thousand) in connection with shares in subsidiaries as these temporary differences are unlikely to reverse in the foreseeable future.

The deferred tax assets include non-current deferred tax assets before netting of EUR 55,024 thousand (2015: EUR 60,410 thousand). Of the deferred tax liabilities, an amount of EUR 105,323 thousand (2015: EUR 38,529 thousand) is attributable to the non-current portion of the deferred tax liabilities before netting.

The changes in deferred tax break down as follows:

EUR thousand	REPORTING PERIOD	
	2016	2015
Amount on 1.1.	-20,257	13,989
Assumed in the acquisition of Acciona Windpower	52,380	0
From the purchase price allocation of Acciona Windpower	-54,648	0
Recognised through profit or loss	3,441	-32,338
Recognised in other comprehensive income	-196	-2,274
Currency translation	-1,196	366
Amount on 31.12.	-20,476	-20,257

(16) Liabilities to banks

Liabilities to banks are measured at amortised cost less transaction costs using the effective interest method.

More detailed information on the liabilities to banks is provided in the section on debt instruments.

Maturity schedule including interest due in the future (without forward exchange transactions) EUR thousand	less than 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total
31.12.2016	7,354	16,775	606,182	56,323	686,634
31.12.2015	3,763	3,723	28,349	19,587	55,422

Pursuant to IAS 39, liabilities to banks are classified as financial liabilities at amortised cost, and pursuant to IFRS 7, as financial liabilities measured at amortised cost. The fair value would amount to EUR 648,690 thousand (2015: EUR 50,737 thousand), of which EUR 20,490 thousand (2015: EUR 7,415 thousand) would be classified as current.

(17) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. 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).

Trade payables amount to EUR 377,323 thousand (2015: EUR 254,926 thousand).

Maturity schedule EUR thousand	less than 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total
31.12.2016	372,505	4,818	0	0	377,323
31.12.2015	248,973	5,953	0	0	254,926

Pursuant to IAS 39, trade payables are classified as financial liabilities at amortised cost, and pursuant to IFRS 7, as financial liabilities measured at amortised cost. Given the short residual terms to maturity, amortised cost would equal the fair value as in the previous year.

(18) Other provisions

Provisions are recognised if the Group has a present legal or actual 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. Provisions are calculated on the basis of prudent estimates accounting for all discernible risks at the level of their probable occurrence. 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.

Movements in other provisions break down as follows:

EUR thousand	1.1.2016	Utilisations	Reversals	Additions	First-time consolidation	REPORTING DATE
						31.12.2016
Individual guarantees	64,099	-27,566	-1,070	50,501	58,630	144,594
Warranties, service, maintenance	19,137	-9,058	-44,590	29,055	51,606	46,150
Others	5,872	-875	-949	1,353	10,664	16,065
	89,108	-37,499	-46,609	80,909	120,900	206,809

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

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

Other provisions chiefly cover risks in connection with suppliers, project risks and the cost of preparing the annual financial statements and the costs of proceedings.

Other provisions comprise other non-current provisions of EUR 43,564 thousand (2015: EUR 22,617 thousand), which are expected to be utilised after the end of the 2017 financial year. The amount derived from discounting the non-current provisions of EUR -3,340 thousand (2015: EUR -714 thousand) is reported within the additions.

(19) Other current financial liabilities

Other current financial liabilities break down as follows:

EUR thousand	REPORTING DATE	31.12.2015
	31.12.2016	
Invoices outstanding	120,110	20,164
Forward exchange transactions	10,678	2,605
Liabilities to non-consolidated affiliated companies	4,069	2,756
Debtors with credit balances	1,939	6
Loans	707	0
Finance leasing	501	0
Corporate bond	0	156,681
Other	1,157	1,990
	139,161	184,202

The corporate bond amounting to EUR 150,000 thousand was repaid on 12 April 2016.

Maturity schedule including interest due in the future (without forward exchange transactions) EUR thousand	less than 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total
31.12.2016	126,796	1,687	0	0	128,483
31.12.2015	24,059	160,420	0	0	184,479

Pursuant to IAS 39, liabilities recognised under other current financial liabilities are classified as financial liabilities at amortised cost, and pursuant to IFRS 7, as financial liabilities measured at amortised cost. Given the short residual terms to maturity, amortised cost of EUR 128,483 thousand (2015: EUR 181,597 thousand) would equal the fair value (2015: based on the share price of the bond as at the reporting date of 101.25%, the fair value would amount to EUR 183,472 thousand).

Pursuant to IAS 39, the forward exchange transactions (fair value hedges) reported in other current financial liabilities are classified as financial liabilities held for trading, and pursuant to IFRS 7, as financial liabilities measured at fair value. The fair value amounts to EUR 2,695 thousand (2015: EUR 699 thousand). The forward rates and prices 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.

The forward exchange transactions reported in other current financial liabilities in the scope of hedge accounting (cash flow hedges) are not subject to the measurement categories as per IAS 39. Pursuant to IFRS 7, they are classified as effective hedges measured at fair value. The fair value amounts to EUR 7,983 thousand (2015: EUR 1,906 thousand).

(20) Other current non-financial liabilities

Other current non-financial liabilities break down as follows:

EUR thousand	REPORTING DATE	
	31.12.2016	31.12.2015
Prepayments received	372,895	268,402
Accruals	75,790	44,115
Prepaid expenses	33,881	23,785
Other tax payables	26,793	15,274
Liabilities for social security	2,826	1,104
Other	2,112	815
	514,297	353,495

Accruals primarily comprise liabilities in connection with staff of EUR 38,880 thousand (2015: EUR 19,853 thousand) and trailing project costs of EUR 24,144 thousand (2015: EUR 16,788 thousand).

Deferred income chiefly entails income received in advance under service contracts concluded with customers.

The tax payable mainly comprises value added tax of EUR 20,474 thousand (2015: EUR 14,048 thousand) and outstanding church and payroll tax of EUR 3,150 thousand (2015: EUR 2,657 thousand).

(21) 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. A defined benefit plan determines 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 salary. The benefits are based on individual commitments. The employees are not required to make any contribution of their own. The provisions on the statement of financial position for defined benefit plans correspond to the present value of the defined benefit obligation (DBO) as at the reporting date. The DBOs are calculated annually by independent actuarial experts using the projected unit credit method. The present value of the DBOs is calculated by discounting the expected future outflows of funds with the interest rate of investment-grade corporate bonds. The corporate bonds are denominated in the currencies in which the benefits are paid and with maturities matching those of the pension obligations. Actuarial gains and losses based on historical adjustments and changes to actuarial assumptions are recorded in equity in other comprehensive income in the period in which they arise. Pension provisions are not externally funded.

They are shown on the statement of financial position as follows:

EUR thousand	REPORTING PERIOD	
	2016	2015
Obligation as at 1 January	1,731	1,786
Current service cost	94	112
Interest expense	24	24
Retirement benefit payments	-46	-48
Actuarial losses/gains	63	-143
of which from changes in demographic assumptions	0	0
of which from changes in actuarial assumptions	98	-54
of which adjustments based on historical data	-35	-89
	1,866	1,731

The obligation as at 31 December equals the amount shown on the statement of financial position.

The following amounts were recognised in the income statement:

EUR thousand	REPORTING PERIOD	
	2016	2015
Current service cost	94	112
Interest expense	24	24
	118	136

Other comprehensive income breaks down as follows:

EUR thousand	REPORTING PERIOD	
	2016	2015
Actuarial losses/gains	63	-143
	63	-143

Annual retirement benefit payments of EUR 46 thousand (2015: EUR 46 thousand) are expected in future years.

The calculation is based on the following actuarial assumptions:

EUR thousand	REPORTING PERIOD	
	2016	2015
Calcutatory interest rate	1.60 %	2.28 %
Wage and salary trend	n/a	n/a
Pension trend	2.00 %	2.00 %

If the interest rate applied were 0.5 percentage points higher, the obligation would drop to EUR 1,793 thousand (2015: EUR 1,661 thousand). If the interest rate applied were 0.5 percentage points lower, the obligation would increase to EUR 1,947 thousand (2015: EUR 1,807 thousand).

The obligations have terms between 13 and 15 years. (2015: 13 years)

The statistical probability data set out in the Prof. Dr. Heubeck 2005 G mortality tables was used as the biometric basis for calculations.

Pensions and similar obligations are not subject to IAS 39. They are measured at fair value.

(22) Other non-current financial liabilities

Other non-current financial liabilities break down as follows:

EUR thousand	REPORTING DATE	
	31.12.2016	31.12.2015
Loans	3,143	0
Other	5	0
	3,148	0

Maturity schedule EUR thousand	less than 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total
31.12.2016	0	0	3,148	0	3,148
31.12.2015	0	0	0	0	0

Pursuant to IAS 39, liabilities recognised in other non-current financial liabilities are classified as financial liabilities at amortised cost, and pursuant to IFRS 7, as financial liabilities measured at amortised cost; there are no forward exchange transactions. Given the fact that interest is imposed at market rate as in the previous year, amortised cost would equal the fair value.

(23) Other non-current non-financial liabilities

Other non-current non-financial liabilities break down as follows:

EUR thousand	REPORTING DATE	31.12.2015
	31.12.2016	
Prepaid expenses	1,385	1,719
Accruals	812	1,771
	2,197	3,490

Deferred income pertains to income received in advance under service contracts concluded with customers.

Accruals relate to trailing project costs.

(24) Equity capital

The equity capital breaks down as follows:

EUR thousand	REPORTING DATE	31.12.2015
	31.12.2016	
Subscribed capital	96,982	80,882
Share premium	597,626	229,114
Other retained earnings	23,694	-10,961
Cash flow hedges	2,187	1,730
Foreign currency adjustment item	9,686	5,651
Consolidated net profit carried forward	209,836	149,181
Consolidated net profit	0	0
Share in equity attributable to parent company's shareholders	940,011	455,597
	940,011	455,597

Subscribed capital amounts to EUR 96,982,447 (2015: EUR 80,882,447) and is divided into 96,982,447 (2015: 80,882,447) fully paid-up no-par-value shares, each with a notional share in capital of EUR 1. On 5 April 2016, Nordex SE exercised its Authorised Capital as per the Articles of Incorporation and performed a EUR 16,100,000 capital increase by issuing 16.1 million new bearer shares under simultaneous exclusion of subscription rights. The new shares were issued to Acciona for the business combination with Acciona Windpower. The premium of EUR 369,012 thousand on the issue price of EUR 23.92 per share (market price as at the first-time consolidation) was allocated to the share premium item after deduction of the transaction costs associated with the capital increase. The share premium item stands at EUR 597,626 thousand (2015: EUR 229,114 thousand) and contains additional premiums from other capital increases amounting to EUR 112,404 thousand (2015: EUR 112,404 thousand).

The following table shows the changes in the cash flow hedge reserve:

EUR thousand	REPORTING DATE	31.12.2015
	31.12.2016	
Amount on 1.1.	1,730	-2,901
Reversals	-1,466	4,785
Additions	2,139	2,030
Deferred tax	-216	-2,184
Amount on 31.12.	2,187	1,730

In the year under review, the cumulative losses of EUR 3,580 thousand (2015: EUR 16,741 thousand) from the effective part of cash flow hedges for project business previously included within other comprehensive income as at the date on which the underlying transactions were realised were reclassified to other operating expenses. The cumulative gains from the effective part of cash flow hedges for procurement business recorded within other comprehensive income

were reclassified to cost of materials as at the date on which the underlying transactions were realised and stand at EUR 675 thousand (2015: EUR 3,455 thousand).

The ineffective part of the cash flow hedges directly recognised through profit and loss amounts to a profit of EUR 1 thousand (2015: loss of EUR 118 thousand).

Nordex SE's net profit for 2016 determined in accordance with the German Commercial Code totalling EUR 34,698,129.43 was recognised in full in other retained earnings. Of the net loss for the year of EUR 15,326,420.36 recorded by Nordex SE in 2015 in accordance with the German Commercial Code (HGB), an amount of EUR 3,201,014.98 was settled using withdrawals from retained earnings and an amount of EUR 12,125,405.38 was settled using withdrawals from the share premium.

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

As at 31 December 2016, the company had Authorised Capital I of EUR 19,376,489 (2015: EUR 16,100,000), equivalent to 19,376,489 shares (2015: 16,100,000) and Contingent Capital I of EUR 19,376,489 (2015: EUR 15,086,250), equivalent to 19,376,489 shares (2015: EUR 15,086,250), each with a notional share in capital of EUR 1.

In accordance with a resolution passed at the annual general meeting on 10 May 2016 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 9 May 2021. The Management Board is further authorised with the Supervisory Board's approval to exclude the shareholders' subscription rights. Pursuant to a resolution passed by the Management and the Supervisory Board on 31 March

2016, the previously existing Authorised Capital I of EUR 16,100,000 was fully exercised in order to finance part of the Acciona Windpower acquisition.

Contingent Capital I is used to grant conversion rights and/or to establish conversion obligations for the holders of the convertible bonds issued by the company on or before 9 May 2021 in accordance with the resolution passed by the shareholders at the annual general meeting held on 10 May 2016 and in accordance with the terms of the convertible bond in question and to grant option rights to holders of the option bonds issued by the company on or before 9 May 2021 in accordance with the resolution passed by the shareholders at the annual general meeting held on 10 May 2016 and in accordance with the terms of the option bond in question. To date, no conversion or option rights have been issued.

Based on a resolution passed at the annual general meeting held on 10 May 2016, Contingent Capital II in the amount of EUR 1,500,000 was cancelled. Contingent Capital II served solely to settle subscription rights under the stock options granted to members of the company's Management Board, to members of the management boards of Nordex Group companies and to executives and employees of the company and Nordex Group companies granted on or before 31 December 2012 in accordance with the authorisation granted by the shareholders at the annual general meeting on 27 May 2008. These subscription rights have since lapsed.

(25) Additional disclosures on financial instruments

The following table shows the financial assets and liabilities as well as their fair values and their allocation to the fair value hierarchy defined in IFRS 13 that should be applied when determining the fair value of a financial instrument:

2016				
EUR thousand	Level 1	Level 2	Level 3	Total
Financial assets				
Forward exchange transactions (financial assets held for trading, fair value hedges)		928		928
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)		5,702		5,702
Financial liabilities				
Liabilities to banks		648,690		648,690
Forward exchange transactions (financial liabilities held for trading, fair value hedges)		2,695		2,695
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)		7,983		7,983
2015				
EUR thousand	Level 1	Level 2	Level 3	Total
Financial assets				
Forward exchange transactions (financial assets held for trading, fair value hedges)		88		88
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)		3,426		3,426
Financial liabilities				
Liabilities to banks		50,737		50,737
Corporate bond	158,556			158,556
Forward exchange transactions (financial liabilities held for trading, fair value hedges)		699		699
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)		1,906		1,906

Assets and liabilities, the fair value of which 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.

Liabilities to banks as part of financial liabilities are allocated to Level 2. The same applies to forward exchange transactions.

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 between levels, neither in comparison with the previous year nor during the year under review.

Net gains and losses from financial instruments
break down by category as follows:

2016 EUR thousand	Interest	Other net gain/loss	Total
Loans and receivables	7,404	19,912	27,316
Financial liabilities at amortised cost	-34,676	-20,739	-55,415
Financial assets held for trading/Financial liabilities held for trading	0	-3,580	-3,580
	-27,272	-4,407	-31,679

2015 EUR thousand	Interest	Other net gain/loss	Total
Loans and receivables	2,360	10,289	12,649
Financial liabilities at amortised cost	-23,275	4,378	-18,897
Financial assets held for trading/Financial liabilities held for trading	0	-16,741	-16,741
	-20,915	-2,074	-22,989

The net gains and losses were otherwise mostly due to foreign currency translation effects.

The maturities of the derivative financial instruments are structured as follows:

2016 EUR thousand	less than 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total
Receivables from derivatives with gross settlement					
Cash inflow	54,581	47,933	0	0	102,514
Cash outflow	-51,208	-44,676	0	0	-95,884
	3,373	3,257	0	0	6,630
Liabilities from derivatives with gross settlement					
Cash inflow	170,068	98,396	0	0	268,464
Cash outflow	-178,295	-100,847	0	0	-279,142
	-8,227	2,451	0	0	-10,678

2015 EUR thousand	less than 3 months	3 to 12 months	3 to 12 months	more than 5 years	Total
Receivables from derivatives with gross settlement					
Cash inflow	30,518	25,707	0	0	56,225
Cash outflow	-29,103	-23,608	0	0	-52,711
	1,415	2,099	0	0	3,514
Liabilities from derivatives with gross settlement					
Cash inflow	34,898	15,268	0	0	50,166
Cash outflow	-37,060	-15,711	0	0	-52,771
	-2,162	-443	0	0	-2,605

Notes to the income statement

(26) Sales

Sales comprise income from the completion of construction contracts for customers, the sale of wind power systems and from service contracts.

In the case of production for customers, sales are recognised using the percentage of completion method if

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

Nordex records the percentage of completion on the basis of the ratio of actual to planned cost, whereas Acciona Windpower measures it on the basis of milestones.

Revenue from service contracts is recognised upon the service being provided.

Sales break down to the Projects and Service segments as follows:

EUR thousand	REPORTING PERIOD	
	2016	2015
Projects	3,139,840	2,233,640
Service	271,580	211,978
Intrasegment consolidation	-16,387	-15,513
	3,395,033	2,430,105

Sales in the Projects segment as determined by means of the percentage of completion method amount to EUR 2,327,196 thousand (2015: EUR 1,841,557 thousand).

(27) Changes in inventories and other own work capitalised

Own work capitalised is valued at EUR 35,668 thousand (2015: EUR 30,250 thousand) and, as in the previous year, relates to capitalised expenses for developing and enhancing new and existing wind turbines.

Changes in inventories stand at EUR -35,260 thousand (2015: EUR -44,266 thousand).

(28) Other operating income

Other operating income breaks down as follows:

EUR thousand	REPORTING PERIOD	
	2016	2015
Currency translation gains	24,753	15,492
Indemnity and damages paid	3,931	496
Reversal of impairment losses	1,184	926
Gains from the disposal of assets	338	157
Derecognition of liabilities	0	21
Others	5,495	4,352
	35,701	21,444

(29) Cost of materials

The cost of materials breaks down as follows:

EUR thousand	REPORTING PERIOD	
	2016	2015
Cost of raw materials and other supplies	1,972,058	1,455,215
Cost of services purchased	587,320	424,614
	2,559,378	1,879,829

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

(30) Staff costs

Staff costs break down as follows:

EUR thousand	REPORTING PERIOD	
	2016	2015
Wages and salaries	240,680	167,210
Social security and expenditure on retirement benefits and support	49,195	30,050
	289,875	197,260

Staff costs include expense of EUR 118 thousand (2015: EUR 112 thousand) for defined benefit plans and EUR 114 thousand (2015: EUR 117 thousand) for defined contribution plans.

The Group headcount was as follows:

EUR thousand	REPORTING PERIOD		
	2016	2015	Change
Reporting date			
Office staff	2,689	1,864	825
Technical staff	2,440	1,472	968
	5,129	3,336	1,793
Average			
Office staff	2,630	1,746	884
Technical staff	2,391	1,402	989
	5,021	3,148	1,873

(31) Depreciation / amortisation

Depreciation and amortisation breaks down as follows:

EUR thousand	REPORTING PERIOD	
	2016	2015
Depreciation of property, plant and equipment	48,368	28,553
Amortisation of capitalised R&D expenses	39,150	26,075
Amortisation of other intangible assets	29,448	1,511
	116,966	56,139

(32) Other operating expenses

Other operating expenses break down as follows:

EUR thousand	REPORTING PERIOD	
	2016	2015
Legal and consulting costs	41,692	13,341
Loss of income	31,378	18,571
Travel expenses	26,839	19,603
Rental and lease expenses	23,532	18,892
Maintenance	21,033	12,262
Currency translation losses	20,739	0
Other leased personnel services	18,717	13,601
External services	16,530	12,957
IT costs	16,299	11,618
Settlements	15,960	3,042
Security service, occupancy and building costs	6,042	3,917
Impairment of receivables	6,025	825
Training	5,416	4,769
Insurance	4,983	3,909
Advertising	4,356	4,260
Telecommunications	4,006	2,692
Forward exchange transactions	3,580	16,741
Other taxes	3,444	1,494
Losses from the disposal of assets	3,043	1,380
Bank fees	577	921
Others	22,157	13,274
	296,348	178,069

(33) Financial result

The financial result breaks down as follows:

EUR thousand	REPORTING PERIOD	
	2016	2015
Income from investments	525	1,043
Profit/loss from equity-accounting method	19	-1,216
Impairment of financial assets	-14	-7,087
Net profit/loss from investments	530	-7,260
Other interest and similar income	7,404	2,360
Interest and similar expenses	-34,676	-23,275
Interest result	-27,272	-20,915
	-26,742	-28,175

Income from investments comprises dividend payouts.

Net gains/losses from valuation using the equity method reflect the share of profit of associates.

Impairment of financial assets refers to adjustments to the value of shares in project companies.

Interest income and expense arises primarily from deposits with banks and from guarantee commissions and bank loans.

(34) Income tax

Income tax breaks down as follows:

EUR thousand	REPORTING PERIOD	
	2016	2015
Domestic income tax	-8,904	-768
Foreign income tax	-41,017	-12,684
Actual income tax expense	-49,921	-13,452
Deferred income tax	3,441	-32,337
Total income tax expense	-46,480	-45,789
of which actual income tax for other periods	-7,088	-765
of which deferred taxes for other periods	22,306	-8,242

Tax income from deferred taxes in the amount of EUR 3,441 thousand is attributable to changes in temporary balance sheet differences and to unused tax losses.

The expected income tax expense that results from applying the tax rate of 32.12% (2015: 32.12%) on the net profit/loss from ordinary activities of EUR 141,833 thousand (2015: EUR 98,061 thousand), differs from the total income tax expense as follows:

EUR thousand	REPORTING PERIOD	
	2016	2015
Expected income tax expense	-45,557	-31,497
Differences in non-domestic tax rates	-4,806	-95
Tax-free income	1,109	813
Tax effects from equity-accounted investments	-533	148
Changes in tax rates and tax legislation	-285	-262
Non-deductible expenses	-2,472	-1,344
Tax effects from previous years	16,100	-9,070
Effects of inclusion of unused tax losses arising in earlier years	5,655	-7,485
Changes from impairment/ effects of non-inclusion of unused tax losses	-10,688	4,538
Other tax effects	-5,003	-1,535
Total income tax expense	-46,480	-45,789

(35) Earnings per share

Basic

Basic earnings per share (EPS) are calculated by dividing profit or loss attributable to the shareholders by the average number of shares outstanding:

EUR thousand	REPORTING PERIOD	
	2016	2015
Consolidated net profit for the year	95,353	52,272
of which parent company shareholders	95,353	52,272
Weighted average number of shares	92,792,036	80,882,447
Basic earnings per share	1.03	0.65

Diluted

Diluted earnings per share are calculated, in contrast to basic earnings per share, by adding all conversion rights and options to the average number of ordinary shares outstanding. Diluted earnings per share also stand at EUR 1.03 (2015: EUR 0.65).

Other financial obligations and contingent liabilities

Contractual obligations of EUR 11,814 thousand (2015: EUR 445 thousand) apply as at the reporting date with respect to investments in property, plant and equipment for obligations which have not yet been settled.

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

Obligations under rental contracts and operating leases amount to EUR 58,228 thousand (2015: EUR 50.999 thousand) and have the following maturities:

EUR thousand	less than 1 year	1 to 5 years	more than 5 years	Total
31.12.2016	14,580	29,409	14,239	58,228
31.12.2015	10,619	22,672	17,708	50,999

Obligations under rental contracts and operating leases relate to real estate assets of EUR 49,968 thousand (2015: EUR 44,408 thousand) and equipment and machinery of EUR 8,260 thousand (2015: EUR 6,591 thousand).

The Nordex Group has contingent liabilities arising from pending litigation in connection with its operating business; as the probability of an outflow of resources as of the reporting date was not sufficiently determinable, no provisions have been set aside in this connection.

Related party disclosures

As at the reporting date, Acciona S.A. held a 29.9% share in Nordex SE. As such, Nordex SE is an associated company of Acciona S.A.

The balances and transactions with companies from the Acciona Group are set out in the following table:

EUR thousand	Balances outstanding Receivables (+)/liabilities (-)		Transaction amount Income (+)/expense (-) ¹	
	31.12.2016	31.12.2015	2016	2015
Acciona Energia S.A.	1,674/-4,286	-	938/-2,263	-
Acciona Energia Servicios Mexico S. de R.L. de C.V.	104/-12	-	256/0	-
Acciona Energy Global Poland Sp. z o.o.	42/-6	-	340/0	-
Acciona Energy USA Global LLC	195/-268	-	0/0	-
Acciona Facility Services S.A.	15/-320	-	7/-1,739	-
Acciona Forwarding do Brasil Logistica e Transporte Multimodal S.A.	0/-1,999	-	0/0	-
Acciona Forwarding S.A.	25/0	-	0/-438	-
Acciona Green Energy Developments S.L.	0/-255	-	0/-547	-
Acciona S.A.	0/-1,692	-	0/-1,182	-
Acciona Servicios Administrativos S.A. de C.V.	0/-39	-	0/-280	-
Ceolica Hispania S.L.	16/-302	-	15/-92	-
Consortio Eólico Chiripa S.A.	737/-352	-	0/0	-
Desarrollo de Energias Renovables de Navarra S.A.	155/0	-	369/0	-
Oakleaf Investment Holding 86 Pty. Ltd	572/0	-	0/0	-
San Roman Wind LLC	268/0	-	36,540/0	-
Sun Photo Voltaic Energy India Pvt. Ltd.	0/0	-	46,270/0	-
Valdivia Energia Eólica S.A.	374/0	-	504/0	-
Other	10/-563	-	133/-776	-

¹ Transactions refers to transactions between Acciona Windpower and companies within the Acciona Windpower Group in the period from April to December 2016.

During the year under review, three contracts to deliver and assemble wind power systems in Australia, Chile and Mexico amounting to EUR 301,211 thousand were won by Acciona Energia S.A.

In addition, the Nordex Group holds a 75% interest in natcon7 GmbH, which is therefore a non-consolidated affiliated company.

Since 2014, Jan Klatten, a member of Nordex SE's Supervisory Board, has held a 44.20% share of the Polish wind farm company C&C Wind Sp. z o.o. via momentum infra 1 GmbH, of which he is also managing director. The share was acquired by momentum infra 1 GmbH as the most successful bidder in a market-wide tender

process. The majority of the shares in momentum infra 1 GmbH are held by momentum-capital Verwaltungsgesellschaft mbH. The Nordex Group also holds 40.00% of the capital of C&C Wind Sp. z o.o. via Nordex Windpark Beteiligung GmbH. Accordingly, the former company is classed as an associated company. As in the previous year, there were no business transactions with Mr. Klatten or momentum infra 1 GmbH.

In addition, the shares in GN Renewable Investments S.à r.l. (30.00%) and KNK Wind GmbH (38.89%) are also classified as associated companies.

The balances and transactions with these companies are set out in the following table:

EUR thousand	Balances outstanding Receivables (+)/liabilities (-)		Transaction amount Income (+)/expense (-)	
	31.12.2016	31.12.2015	2016	2015
natcon7 GmbH	2,354/-3,626	0/-1,539	566/-9,315	1/-7,442
C&C Wind Sp. z o.o.	0/0	0/-2,294	1,200/-759	38,644/0
GN Renewable Investments S.à r.l.	3,032/0	6,622/0	691/0	129/0
KNK Wind GmbH	0/0	879/0	192/-274	189/0

The business relations with natcon7 GmbH refer to systems for decentralised energy production, while those with C&C Wind Sp. z o.o. and GN Renewable Investments S.à r.l. result from the project business, and business relations with KNK Wind GmbH relate mainly to a loan.

Further details on shareholdings can be found in the enclosed list of shareholdings as at 31 December 2016.

IAS 24.17 requires that key management personnel compensation in the company is disclosed; this includes remuneration of the members

of the Management Board and the Supervisory Board appointed during the year under review. This is shown in the following table:

	REPORTING PERIOD	
	2016	2015
Benefits due in the short term	3,542	2,304
Post-employment benefits	0	2
Other long-term benefits	0	0
Termination benefits	117	0
Share-based remuneration	3,888	380
	7,547	2,686

Consolidated cash flow statement

The consolidated cash flow statement analyses changes in the cash and cash equivalents in the course of the year as a result of cash inflows and outflows. The changes in the items of the statement of financial position used for determining changes in the consolidated cash flow statement cannot be directly derived from the statement of financial position 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. net profit is adjusted for non-cash income and expenses. The cash flow from operating activities in the amount of EUR 144,398 thousand (2015: EUR 167,987 thousand) results primarily from consolidated profit including depreciation/amortisation of EUR 212,333 thousand (2015: EUR 115,498 thousand) and, on the other hand, an increase in working capital of EUR 142,959 thousand (2015: EUR 10,854 thousand).

Net cash outflow from investing activities increased in the year under review to EUR 399,240 thousand (2015: net cash outflow of

EUR 73,387 thousand). In addition to the cash component of the purchase price for the acquisition of Acciona Windpower less cash and cash equivalents acquired under the transaction together amounting to EUR 305,833 thousand, investments of EUR 61,968 thousand (2015: EUR 39,690 thousand) were made in property, plant and equipment, mainly related to the construction of the Nordex Forum II and the rotor blade production in Rostock. Development projects of EUR 33,768 thousand (2015: EUR 30,949 thousand) were capitalised.

Cash flow from financing activities amounts to EUR 369,230 thousand (2015: EUR 50,000 thousand) and is primarily attributable to the Schuld-schein loan received as well as the utilisation of the research and development loan of the European Investment Bank, while at the same time the corporate bond is being repaid.

Events after the reporting date

On 1 February 2017, Nordex announced the acquisition of SSP Technology A/S, a company which develops and manufactures rotor blade moulds and holds numerous patents for production processes of these components. The acquisition transaction shall include the transfer of the approximately 70 employees, utility models and the 10,000m² production facilities in Kirkeby/Denmark. Nordex intends to use this transaction to further expand its leading technological position in the development of ever bigger and more efficient rotor blades. The deeper vertical integration in construction moulds and prototypes will enable Nordex to react more flexibly in the future to the fast paced market conditions. The acquisition has no major impact on the net assets, financial position and performance of the Nordex Group.

Any further events occurring after the reporting date caused by economic factors arising prior to 31 December 2016 are included in the consolidated financial statements as at 31 December 2016.

Corporate Governance Code declaration pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Management Board and the Supervisory Board issued the declaration of conformance for 2016 pursuant to Section 161 of the Stock Corporation Act on 29 November 2016 and made it available for examination by the shareholders on the Internet at www.nordex-online.com/de/investor-relations/corporate-governance.html.

Utilisation of relief provisions

Nordex Energy GmbH as well as Nordex Grundstücksverwaltung GmbH and Nordex Windpark Beteiligung GmbH are exempt from disclosure requirements in accordance with Section 325 of the German Commercial Code (HGB) due to the application of the provisions contained in Section 264 (3) of the German Commercial Code.

Nordex SE Management Board and Supervisory Board

Management Board

Lars Bondo Krogsgaard,
Hamburg / Germany

Chief Executive Officer (Chairman of the Management Board)

José Luis Blanco, Madrid / Spain

Chief Operating Officer (since 1 April 2016)

Patxi Landa, Pamplona / Spain

Chief Sales Officer (since 1 April 2016)

Christoph Burkhard, Hamburg / Germany

Chief Financial Officer (since 1 September 2016)

Bernard Schäferbarthold,
Hamburg / Germany

Chief Financial Officer (until 30 September 2016)

Supervisory Board

Dr. Wolfgang Ziebart,
Starnberg / Germany

Chairman of the Supervisory Board, chairman of the Management Committee and member of the Strategy and Engineering Committee

- Self-employed consultant
- Member of the supervisory board of ASML Holding N.V.
- Member of the board of directors der Autoliv Inc.

Juan Muro-Lara, Madrid / Spain

Deputy chairman of the Supervisory Board (since 10 May 2016), member of the Management Committee (since 10 May 2016) and member of the Audit Committee (since 10 May 2016)

- Head of Corporate Development & Investor Relations Officer of Acciona S.A.
- Chairman of the board of directors of Bestinver Pensiones EGFP S.A.
- Member of the board of directors of Bestinver Sociedad de Valores S.A.
- Member of the board of directors of Compañía Trasmediterranea S.A.

Jan Klatten, Munich

Deputy chairman of the Supervisory Board (until 10 May 2016), member of the Management Committee and member of the Strategy and Engineering Committee

- Managing shareholder of momentum Beteiligungsgesellschaft mbH
- Chairman of the supervisory board of asturia Automotive AG

Connie Hedegaard, Copenhagen / Denmark

Member of the Audit Committee (since 10 May 2016)

- Chairwoman of the board of the KR Foundation
- Chairwoman of the Danish green think tank CONCITO
- Chairwoman of the OECD Round Table on Sustainable Development
- Member of the board of the University of Århus

Rafael Mateo, Teruel / Spain

Member of the Strategy and Engineering Committee (since 10 May 2016)

- Chairman of the management board of Acciona Energía S.A.U.
- Chairman of the board of directors of Acciona Energía International S.A.

Martin Rey, Traunstein / Germany

Member of the Management Committee (until 10 May 2016) and chairman of the Audit Committee

- Attorney at law and managing shareholder of Maroban GmbH
- Managing shareholder of Babcock & Brown GmbH
- Member of the supervisory board of BayWa r.e. USA LLC

Dr. Heinz van Deelen, Munich

Member of the Strategy and Engineering Committee (until 10 May 2016)

- Chairman of the management board of Conslin AG

Frank Lutz, Munich

Member of the Audit Committee (until 10 May 2016)

- Member of the management board of Covestro AG and Covestro Deutschland AG

Annette Stieve, Wennigsen

Member of the Audit Committee (until 10 May 2016)

- Member of the management of Feurecia Automotive GmbH and chief financial officer North/East Europe of Faurecia
- Member of the regional advisory committee Middle of Commerzbank AG

The members of the Supervisory Board and the Management Board held the following shares in the company as at 31 December 2016:

Name	Position	Shares
Lars Bondo Krogsgaard	Management Board	10,323 held directly
Dr. Wolfgang Ziebart	Supervisory Board	10,000 held directly
		5,534,248 via interests in momentum-capital Vermögensverwaltungsgesellschaft mbH and Ventus Venture Fund GmbH & Co.
Jan Klatten	Supervisory Board	

Remuneration report

General information

The remuneration report describes the principles of the remuneration system for the members of the Management Board and the Supervisory Board as well as the individual amounts paid. The disclosures comply with the requirements of the German Commercial Code (HGB) and the principles of German Accounting Standard No. 17 (DRS 17), the recommendations set out in the German Corporate Governance Code (GCGC) and the International Financial Reporting Standards (IFRS).

Management Board

In accordance with the provisions of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code, the Supervisory Board decides on the structure of remuneration and the remuneration system for the Management Board as well as the remuneration amounts and performs regular reviews. In determining the remuneration, the Supervisory Board is guided by the size and complexity of Nordex SE, its economic and financial position and the amount and structure of the management 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.

Principles of the remuneration system

The remuneration paid to the Management Board comprises fixed (not performance-related) and variable performance-related components reflecting the company's business performance in a given year as well as its long-term business performance.

The fixed components comprise an annual salary paid out in monthly instalments and fringe benefits as usual in the market. These include the provision of a company car, which may also be used privately, insurance for private and company accidents covering invalidity and death.

The performance-related component, which is paid out as a bonus, depends on whether certain financial and non-financial targets are reached. The financial target is defined as earnings before tax (EBT) generated in the year under review. The Supervisory Board of Nordex SE defines the non-financial targets at the beginning of each year. The Supervisory Board assesses the achievement of targets after the financial year has closed. In the calculation of the bonuses, equal weighting is placed on the achievement of financial and non-financial targets. In addition, the Supervisory Board uses a factor between 0.8 and 1.2 to adjust the payment amount thus calculated on the basis of a comprehensive assessment of the company's performance and the individual performance of the respective Management Board member. The amount of the bonuses to be paid is always limited to a total of 200% of the target bonus amount as stipulated in the employment contract. In the event that targets are not met, the bonus amount can also fall short of the target amount or be cancelled completely.

The variable component with a long-term incentive component is calculated using a contractually agreed target for the performance share unit plan, which is converted into performance share units on the basis of the price of the Nordex shares on the date on which they are granted. In addition, the minimum and maximum

target achievement rate is defined on the basis of the gross return on the Nordex shares (in terms of total shareholder return) compared with the arithmetic mean of the performance indices DAX, MDAX and TecDAX. The final number of performance share units achieved is calculated after the end of the three-year performance period on the basis of the number of virtual Nordex shares and the actual target achievement rate. The final number of performance share units achieved for a plan tranche ranges between 50% and 200% of the initially calculated number of virtual Nordex shares. The final number of performance share units is multiplied by the price at which the Nordex shares are trading at the end of the performance period, thus yielding the gross amount to be paid out. This amount is capped at 300% of the contractually agreed target amount for the performance share unit plan. Each member of the Management Board has to invest 33% of the net payment amount in Nordex shares with a holding period of two years.

In the context of the merger between Nordex and Acciona Windpower, the Supervisory Board further adjusted the target remuneration of Mr. Krogsgaard and granted an integration bonus to all members of the Management Board with long-term appointments; these adjustments became effective on 1 April 2016. 70% of the target amount for the integration bonus is, as the performance-related long-term incentive component, defined on the basis of the gross return on the Nordex shares compared with the arithmetic mean of the performance indices DAX, MDAX and TecDAX. The remaining 30% of the target amount agreed for the integration bonus depend on the achievement of targets that are not based on the share price and on an assessment of the integration success performed by the Supervisory Board. The performance period for the integration bonus terminates at the end of 2018. Payouts are limited to a total of 200% of the agreed target amount

In the event of an early termination of the employment contract by the company without good cause, the company commits in the employment contracts entered into with members of the Management Board to a severance payment in the amount of the target compensation due for the remaining duration of the employment contract but a maximum value of two annual target remuneration amounts.

A potential change of control at the company is regulated by specific clauses in the employment contract of Mr Krogsgaard. A change of control is given if a shareholder buys the majority of voting rights in the company or the previous majority shareholder loses the majority of voting rights in the company in any other way and this produces significant disadvantages for Mr Krogsgaard. In the event of a change of control, Mr Krogsgaard is entitled to resign from his office for good cause and to terminate his contract of employment as member of the Management Board for good cause. Both rights are limited to a time period between two and six months after the voting rights notification on the change of control at the company has been received. In the event Mr Krogsgaard would resign from his office for good cause and terminate his contract

of employment as member of the Management Board for good cause, he is entitled to receive the compensation for the remaining term of his employment contract with a maximum time period of two years.

The employment relationship with Mr Schäferbarthold, which had originally been planned to end at 31 December 2016, was terminated by mutual consent on 31 October 2016. Both the performance-unrelated and the performance-related remuneration components have been reduced on a pro rata temporis basis. Because of the termination of employment, a severance payment in the amount of one sixth of the annual fixed remuneration and the annual target bonus, together EUR 116,917, has been agreed and paid out. Payments from the performance share unit plan are made at the end of each applicable performance period.

The remuneration payable to the members of the Management Board in 2016 in accordance with DRS 17 can be seen in the following table. Performance-related remuneration components with a long-term incentive effect are allocated to the individual years on a pro rata temporis basis:

EUR	Non performance-related component		Performance-related component (bonus)		Performance-related long-term incentive component		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Lars Bondo Krogsgaard	585,947	415,871	691,849	400,833	593,061	582,272	1,870,857	1,398,976
José Luis Blanco	313,740	–	321,881	–	195,566	–	831,187	–
Patxi Landa	197,680	–	182,093	–	121,462	–	501,235	–
Christoph Burkhard	319,283	–	66,667	–	86,481	–	472,431	–
Dr. Jürgen Zeschky	–	296,292	–	230,000	–	382,875	–	909,167
Bernard Schäferbarthold	413,077	357,144	295,830	332,083	259,020	381,450	967,927	1,070,677

In contrast to DRS 17, the remuneration granted pursuant to the German Corporate Governance Code (GCGC) in the year under review shows the fair value for the variable remuneration components at the time they were granted. In addition, the minimum and maximum achievable amounts for 2016 are listed. These figures are all presented in the following table:

Incentives granted according to GCGC EUR	Lars Bondo Krogsgaard			
	2016	2015	Min. 2016	Max. 2016
Fixed remuneration	570,000	400,833	570,000	570,000
Fringe benefits	15,947	15,038	15,947	15,947
Fixed remuneration	585,947	415,871	585,947	585,947
Bonus	397,500	200,417	0	795,000
Performance share units 2016 – 2018	366,241	–	0	1,192,500
Performance share units 2015 – 2017	–	200,244	–	–
Integration bonus 2016-2018	1,094,736	–	0	2,400,000
Multi-year variable remuneration	1,460,977	200,244	0	3,592,500
Total remuneration	2,444,424	816,532	585,947	4,973,447

Incentives granted according to GCGC EUR	Christoph Burkhard			
	2016	2015	Min. 2016	Max. 2016
Fixed remuneration	316,667	–	316,667	366,667
Fringe benefits	2,616	–	2,616	2,616
Fixed remuneration	319,283	–	319,283	319,283
Bonus	66,667	–	0	133,333
Performance share units 2016 – 2018	117,689	–	0	466,667
Performance share units 2015 – 2017	–	–	–	–
Integration bonus 2016 – 2018	666,671	–	0	1,400,000
Multi-year variable remuneration	784,360	–	0	1,866,667
Total remuneration	1,170,310	–	319,283	2,319,283

1 Payment pursuant to severance agreement.

José Luis Blanco

2016	2015	Min. 2016	Max. 2016
300,000	–	300,000	300,000
13,740	–	13,740	13,740
313,740	–	313,740	313,740
187,500	–	0	375,000
167,982	–	0	687,500
–	–	–	–
729,824	–	0	1,600,000
897,806	–	0	2,287,500
1,399,046	–	313,740	2,976,240

Patxi Landa

2016	2015	Min. 2016	Max. 2016
187,500	–	187,500	187,500
10,180	–	10,180	10,180
197,680	–	197,680	197,680
112,500	–	0	225,000
100,789	–	0	412,500
–	–	–	–
456,140	–	0	1,000,000
556,929	–	0	1,412,500
867,109	–	197,680	1,835,180

Dr. Jürgen Zeschky

2016	2015	Min. 2016	Max. 2016
–	286,667	–	–
–	9,625	–	–
–	296,292	–	–
–	230,000¹	–	–
–	–	–	–
–	–	–	–
–	–	–	–
–	–	–	–
–	–	–	–
–	526,292	–	–

Bernard Schäferbarthold

2016	2015	Min. 2016	Max. 2016
401,500	341,500	401,500	401,500
11,577	15,644	11,577	11,577
413,077	357,144	413,077	413,077
180,000	166,042	0	360,000
188,093	–	0	540,000
–	179,845	–	–
–	–	–	–
–	–	–	–
188,093	179,845	0	540,000
781,170	703,031	413,077	1,313,077

The fixed and single-year variable remuneration components shown in the following table prepared in accordance with GCGC are equivalent to the inflows shown for the year under review. The table also states the amount paid as multi-year variable remuneration in cases in which the agreed period expires in the year under review:

Additions according to GCGC EUR	Lars Bondo Krogsgaard		José Luis Blanco	
	2016	2015	2016	2015
Fixed remuneration	570,000	400,833	300,000	–
Fringe benefits	15,947	15,038	13,740	–
Fixed remuneration	585,947	415,871	313,740	–
Bonus	691,849	400,833	321,881	–
Performance share units 2014 – 2016	540,000	–	–	–
Performance share units 2013 – 2015	–	540,000	–	–
Stock options	–	–	–	–
Multi-year variable remuneration	540,000	540,000	–	–
Total remuneration	1,817,796	1,356,704	635,621	–

The company pays the premium for the D&O liability insurance (pecuniary loss liability insurance) for members of the Management Board where this exceeds the excess amount provided by law. The D&O liability insurance amount is determined by the Supervisory Board. The premium paid for the D&O liability insurance cannot be broken down by individual Management Board members as the sum insured covers all governing bodies and executives.

The company did not extend any loans to members of the Management Board nor has it assumed any sureties or guarantees on their behalf.

Supervisory Board

Under the Articles of Incorporation, all members of the Supervisory Board are entitled to fixed remuneration of EUR 30,000 (2015: EUR 30,000) in consideration of the performance of their duties for each full financial year in which they are members of the Supervisory Board plus reimbursement of all costs incurred in the performance of their duties.

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

Each member of the Supervisory Board who is a member of a committee established by the Supervisory Board receives additional fixed remuneration of EUR 3,000 (2015: EUR 3,000) for each full financial year in which he or she is a member of the committee.

Patxi Landa		Christoph Burkhard		Dr. Jürgen Zeschky		Bernard Schäferbarthold	
2016	2015	2016	2015	2016	2015	2016	2015
187,500	–	316,667	–	–	286,667	401,500	341,500
10,180	–	2,616	–	–	9,625	11,577	15,644
197,680	–	319,283	–	–	296,292	413,077	357,144
182,093	–	66,667	–	–	230,000	295,830	332,083
–	–	–	–	–	–	510,000	–
–	–	–	–	–	–	–	–
–	–	–	–	–	1,767,750	–	–
–	–	–	–	–	1,767,750	510,000	–
379,773	–	385,950	–	–	2,294,042	1,218,907	689,227

The chairman of a committee receives twice this amount.

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

Any value added tax incurred on the reimbursement of expenses and remuneration is likewise reimbursed in accordance with Article 18 (1) to (4) of the Articles of Incorporation. The company also pays the premiums for the D&O liability insurance of the members of the Supervisory Board.

The remuneration paid to the Supervisory Board breaks down as follows in accordance with DRS 17:

EUR	Non-performance-related component		Performance-related component (bonus)		Performance-related long-term incentive component		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Dr. Wolfgang Ziebart	69,000	69,000	0	0	0	0	69,000	69,000
Juan Muro-Lara	34,000	–	0	–	0	–	34,000	–
Jan Klatten	45,250	54,000	0	0	0	0	45,250	54,000
Connie Hedegaard	22,000	–	0	–	0	–	22,000	–
Rafael Mateo	22,000	–	0	–	0	–	22,000	–
Martin Rey	37,250	39,000	0	0	0	0	37,250	39,000
Dr. Heinz van Deelen	13,750	33,250	0	0	0	0	13,750	33,250
Frank Lutz	13,750	33,000	0	0	0	0	13,750	33,000
Annette Stieve	13,750	33,000	0	0	0	0	13,750	33,000
	270,750	261,250	0	0	0	0	270,750	261,250

No remuneration had been paid to the members of the Supervisory Board as at 31 December 2016.

Benefits for former members of the Management Board

Pension provisions of EUR 415 thousand (2015: EUR 388 thousand) had been set aside as at the reporting date to cover the vested pension rights of two former members of the Management Board.

Auditor's fee

The auditor's fee for the audit of the annual financial statements amounts to EUR 521 thousand (2015: EUR 459 thousand), while the fees for tax advisory services amount to EUR 219 thousand (2015: EUR 137 thousand) and to EUR 2,453 thousand (2015: EUR 381 thousand) for other services.

Nordex SE

Rostock, 17 March 2017



Lars Bondo Krogsgaard
Chairman of the
Management Board



José Luis Blanco
Member of the
Management Board



Patxi Landa
Member of the
Management Board



Christoph Burkhard
Member of the
Management Board

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR thousand	Historical costs						
	Initial amount 1.1.2016	Additions	First-time consolidation	Disposals	Re-classifications	Currency translation	Closing amount 31.12.2016
Property, plant and equipment							
Land and buildings	88,785	9,865	60,257	539	329	623	159,320
Technical equipment and machinery	123,095	13,683	147,937	9,665	944	5,002	280,996
Other fixtures and fittings, tools and equipment	66,560	17,924	8,209	1,626	24	583	91,674
Prepayments made and assets under construction	2,794	20,496	612	0	-1,295	60	22,667
Total	281,234	61,968	217,015	11,830	2	6,268	554,657
Intangible assets							
Goodwill	14,461	0	537,798	0	0	0	552,259
Capitalised R&D expense	179,522	33,768	149,327	5	0	0	362,612
Other intangible assets	23,994	6,695	140,320	809	-2	8,712	178,910
Total	217,977	40,463	827,445	814	-2	8,712	1,093,781

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Depreciation/amortisation								REPORTING DATE
Initial amount 1.1.2016	Additions	First-time consolidation	Disposals	Re-classifications	Currency translation	Closing amount 31.12.2016	Carrying amount 31.12.2016	
36,525	5,251	24,532	503	-3	-64	65,738	93,582	
58,949	32,463	76,309	1,293	0	825	167,253	113,743	
38,504	10,655	5,811	1,304	6	-3	53,669	38,005	
1,642	0	0	0	0	-14	1,628	21,039	
135,620	48,369	106,652	3,100	3	744	288,288	266,369	
4,501	0	0	0	0	0	4,501	547,758	
68,589	41,289	33,033	0	0	0	142,911	219,701	
18,198	27,308	18,290	34	-2	535	64,295	114,615	
91,288	68,597	51,323	34	-2	535	211,707	882,074	

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR thousand	Historical costs						Closing amount 31.12.2015
	Initial amount 1.1.2015	Additions	Disposals	Reclassifications	Currency translation		
Property, plant and equipment							
Land and buildings	75,485	5,789	223	6,853	881	88,785	
Technical equipment and machinery	110,568	18,765	12,452	6,320	-106	123,095	
Other fixtures and fittings, tools and equipment	58,036	14,665	6,770	0	629	66,560	
Prepayments made and assets under construction	15,508	471	0	-13,173	-12	2,794	
Total	259,597	39,690	19,445	0	1,392	281,234	
Intangible assets							
Goodwill	14,461	0	0	0	0	14,461	
Capitalised R&D expense	148,633	30,949	60	0	0	179,522	
Other intangible assets	20,200	4,461	910	0	243	23,994	
Total	183,294	35,410	970	0	243	217,977	

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	Depreciation/amortisation					REPORTING DATE
	Initial amount 1.1.2015	Additions	Disposals	Currency translation	Closing amount 31.12.2015	Carrying amount 31.12.2015
	33,007	2,861	185	842	36,525	52,260
	52,546	17,334	11,326	395	58,949	64,146
	36,229	8,358	6,604	521	38,504	28,056
	1,622	0	0	20	1,642	1,152
	123,404	28,553	18,115	1,778	135,620	145,614
	4,501	0	0	0	4,501	9,960
	42,515	26,075	1	0	68,589	110,933
	17,334	1,511	909	262	18,198	5,796
	64,350	27,586	910	262	91,288	126,689

LIST OF SHAREHOLDINGS

AS AT 31 DECEMBER 2016

	Currency	Shareholding in capital in %	Profit/loss 1.1. – 31.12.2016	Equity capital 1.1. – 31.12.2016	Share held via
Consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)					
Nordex SE, Rostock (Group parent) ^{1,3}	EUR	–	34,698,129.43	764,742,514.49	–
Acciona Blades S.A., Barasoain/Spain ⁴	EUR	100.00	–397,806.15	1,250,182.33	Acciona Windpower S.A.
Acciona Towers S.L., Barasoain/Spain ⁴	EUR	100.00	–98,080.04	235,462.78	Acciona Windpower S.A.
Acciona – Vjetroelektrane d.o.o., Split/Croatia	EUR	100.00	98,808.83	852,847.09	Acciona Windpower Internacional S.L.
Acciona Windpower Brasil – Comércio, Indústria, Exportação e Importação de Equipamentos para Geração de Energia Eólica Ltda., Sao Paulo/Brazil ⁴	EUR	99.00/1.00	20,073,181.89	47,703,864.04	Acciona Windpower Internacional S.L./Acciona Windpower S.A.
Acciona Windpower Chile S.A., Santiago/Chile ⁴	EUR	99.00/1.00	–386,921.22	1,732,418.91	Acciona Windpower Internacional S.L./Acciona Windpower S.A.
Acciona Windpower Deutschland GmbH, Frankfurt am Main ⁴	EUR	100.00	–8,362.79	43,225.86	Acciona Windpower Internacional S.L.
Acciona Windpower India Private Limited, Bangalore/India ⁴	EUR	99.99/0.01	–1,835,082.77	2,859,650.25	Acciona Windpower Internacional S.L./Acciona Windpower S.A.
Acciona Windpower Internacional S.L., Barasoain/Spain ⁴	EUR	100.00	12,295,137.79	68,351,055.66	Acciona Windpower S.A.
Acciona Windpower Mexico S. de R.L. de C.V., Mexico City/Mexico ⁴	EUR	99.97/0.03	3,359,878.73	16,471,917.51	Acciona Windpower Internacional S.L./Acciona Windpower S.A.
Acciona Windpower North America LLC, West Branch/United States ⁴	EUR	100.00	5,430,939.32	30,412,913.73	Acciona Windpower Internacional S.L.
Acciona Windpower Oceania Pty. Ltd., Melbourne/Australia ⁴	EUR	100.00	–102,514.40	–5,178,820.43	Acciona Windpower Internacional S.L.
Acciona Windpower Rüzgar Enerjisi Sistemleri Anonim Şirketi, Istanbul/Turkey ⁴	EUR	100.00	–1,105,407.90	355,848.88	Acciona Windpower Internacional S.L.
Acciona Windpower S.A., Barasoain/Spain ⁴	EUR	100.00	–1,478,913.68	72,391,661.73	Corporación Acciona Windpower S.L.
Acciona Windpower Southafrica (Pty.) Ltd., Cape Town/South Africa ⁴	EUR	100.00	1,711,853.40	5,777,706.73	Nordex Energy South Africa RF (Pty.) Ltd.

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	Currency	Shareholding in capital in %	Profit/loss 1.1. – 31.12.2016	Equity capital 1.1. – 31.12.2016	Share held via
Consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)					
Beebe Wind LLC, Delaware/United States ⁴	EUR	100.00	0.00	0.00	Nordex USA Management LLC
Corporación Acciona Windpower S.L., Barasoain/Spain ⁴	EUR	100.00	-2,090.47	97,572,506.38	Nordex SE
Eólicos R4E S.A. de C.V., Tegucigalpa/Honduras	EUR	100.00	-871,788.78	-5,528,158.96	Nordex USA Management LLC
Green Hills Wind LLC, Delaware/United States	EUR	100.00	0.00	0.00	Nordex USA Inc.
Industria Toledana de Energías Renovables S.L., Barasoain/Spain ⁴	EUR	100.00	-28,401.24	716,335.88	Acciona Windpower S.A.
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Beijing/PR China	EUR	100.00	-3,480,205.04	-8,275,321.93	Nordex Energy GmbH
Nordex (Chile) SpA, Santiago/Chile	EUR	100.00	-1,642,387.33	-3,041,929.10	Nordex Windpark Beteiligung GmbH
Nordex (Dongying) Wind Power Equipment Manufacturing Co. Ltd., Dongying/PR China	EUR	100.00	-1,089,614.48	-1,891,025.43	Nordex Energy GmbH
Nordex Education Trust, Cape Town/South Africa	EUR	100.00	124,216.72	-1,381,821.92	Nordex Energy South Africa RF (Pty.) Ltd.
NordexEnergy Uruguay S.A., Montevideo/Uruguay	EUR	100.00	-7,195,629.25	-18,300,794.87	Nordex Energy B.V.
Nordex Energy B.V., Rotterdam/Netherlands	EUR	100.00	-26,455,563.23	22,519,792.76	Nordex SE
Nordex Energy GmbH, Hamburg ¹	EUR	100.00	0.00	7,607,762.18	Nordex SE
Nordex Energy Ibérica S.A., Barcelona/Spain	EUR	100.00	-230,075.67	9,284,462.40	Nordex Energy B.V.
Nordex Energy Ireland Ltd., Dublin/Ireland	EUR	100.00	-1,406,699.42	-5,006,233.09	Nordex Energy B.V.
Nordex Energy Romania S.r.l., Bucharest/Romania ³	EUR	99.98/0.02	-1,326,212.40	-1,684,943.07	Nordex Energy B.V./ Nordex Energy GmbH
Nordex Energy South Africa RF (Pty.) Ltd., Johannesburg/ South Africa	EUR	80.00/20.00	6,626,798.97	12,145,187.24	Nordex Energy GmbH/ Nordex Education Trust
Nordex Enerji A.S., Istanbul/Turkey	EUR	17.15/82.31 / 0.18/0.18/ 0.18	13,234,185.30	28,561,121.70	Nordex Energy B.V./ Nordex SE/Nordex Energy GmbH/ Nordex Windpark Beteiligung GmbH/Nordex Grundstücks- verwaltung GmbH
Nordex Forum II GmbH & Co. KG, Hamburg	EUR	100.00	-277,370.70	-286,550.77	Nordex Energy GmbH

¹ Profit transfer agreement; net profit/loss and equity after transfer of profits or profit and loss pooling pursuant to national law

² Financial statements as at 31.12.2015

³ Provisional financial statements as at 31.12.2016

⁴ Financial statements from 1.4.2016 – 31.12.2016

⁵ Financial statements as at 31.12.2014

	Currency	Shareholding in capital in %	Profit/loss 1.1. – 31.12.2016	Equity capital 1.1. – 31.12.2016	Share held via
Consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)					
Nordex Forum II Verwaltungs GmbH, Hamburg	EUR	100.00	2,943.83	21,917.84	Nordex Energy GmbH
Nordex France S.A.S., Paris/France ³	EUR	100.00	14,270,309.24	27,487,759.03	Nordex Energy B.V.
Nordex Grundstücksverwaltung GmbH, Hamburg ¹	EUR	100.00	0.00	52,000.00	Nordex SE
Nordex Hellas Monoprosopi EPE, Athens/Greece	EUR	100.00	3,296,062.43	4,633,369.96	Nordex Energy GmbH
Nordex Italia S.r.l., Rome/Italy ³	EUR	100.00	73,011.41	25,663,626.28	Nordex Energy B.V.
Nordex Offshore GmbH, Hamburg	EUR	100.00	-294,633.63	-9,692,076.10	Nordex SE
Nordex Pakistan (Private) Ltd., Islamabad/Pakistan	EUR	100.00	-281,285.14	-6,134,178.55	Nordex Energy GmbH
Nordex Polska Sp. z o.o., Warsaw/Poland	EUR	99.00/1.00	1,299,603.00	10,313,279.00	Nordex Energy B.V./ Nordex Energy GmbH
Nordex Singapore Equipment Private Ltd., Singapore/Singapore	EUR	100.00	3,541,141.82	-6,900,936.77	Nordex Energy GmbH
Nordex Singapore Service Private Ltd., Singapore/Singapore	EUR	100.00	2,109.47	-2,351,973.47	Nordex Energy GmbH
Nordex Sverige AB, Uppsala/Sweden	EUR	100.00	-4,872,618.93	26,106.93	Nordex Energy B.V.
Nordex UK Ltd., Manchester/United Kingdom ³	EUR	100.00	5,300,522.91	5,415,070.22	Nordex Energy B.V.
Nordex USA Inc., Chicago/United States	EUR	100.00	14,250,169.07	30,555,683.25	Nordex Energy B.V.
Nordex USA Management LLC, Chicago/United States	EUR	100.00	-9,082.77	96,172.50	Nordex USA Inc.
Nordex Windpark Beteiligung GmbH, Hamburg ¹	EUR	100.00	0.00	74,825.12	Nordex SE
Nordex Windpower Peru S.A., Lima/Peru ⁴	EUR	99.99/0.01	-376,514.07	-381,718.68	Acciona Windpower Internacional S.L./Acciona Windpower S.A.
Nordex Windpower S.A. Buenos Aires/Argentina ⁴	EUR	97.00/3.00	0.00	5,956.00	Acciona Windpower Internacional S.L./Acciona Windpower S.A.
Nordex (Yinchuan) Wind Power Equipment Manufacturing Co. Ltd., Ningxia/PR China	EUR	100.00	-1,711,728.65	-6,643,817.78	Nordex Energy GmbH
NPV Dritte Windpark GmbH & Co. KG, Hamburg	EUR	100.00	-5,650.51	15,143.95	Nordex Grundstücksverwaltung GmbH
Parque Eólico Llay-Llay SpA, Santiago/Chile	EUR	100.00	-593,957.37	-2,574,278.73	Nordex (Chile) SpA
Shanghai Acciona Windpower Technical Service Co. Ltd., Shanghai/PR China ⁴	EUR	100.00	59,381.22	141,823.47	Acciona Windpower Internacional S.L.
Way Wind, LLC, Delaware/United States	EUR	100.00	0.00	0.00	Nordex USA Inc.

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	Currency	Shareholding in capital in %	Profit/loss 1.1. – 31.12.2016	Equity capital 1.1. – 31.12.2016	Share held via
Non-consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)					
Alfresco Renewable Energy Private Limited, Bangalore/India	EUR	99,99/0,01	0.00	4,080.48	Nordex Windpark Beteiligung GmbH/Acciona Windpower Internacional S.L.
Cololaca Wind Energy, S.A. de C.V., Tegucigalpa/Honduras	EUR	100.00	0.00	0.00	San Marcos Colon Holding, Inc.
Éoles Futur Eurowind France S.A.S., Paris/France ³	EUR	100.00	162,700.01	554,508.43	Nordex France S.A.S.
Farma Wiatrowa Liw Sp. z o.o., Warsaw/Poland ³	EUR	99.00/1.00	-11,100.00	-76,759.00	Nordex Windpark Beteiligung GmbH/Nordex Energy GmbH
Farma Wiatrowa NXD 1 Sp. z o.o., Warsaw/Poland	EUR	100.00	10,625.00	1,130.00	Nordex Windpark Beteiligung GmbH
Farma Wiatrowa NXD V Sp. z o.o., Warsaw/Poland	EUR	99.00/1.00	-49,117.00	-81,958.00	Nordex Windpark Beteiligung GmbH/Nordex Energy GmbH
Farma Wiatrowa Rozdrzew Sp. z o.o., Warsaw/Poland	EUR	99.00/1.00	-41,929.00	-239,202.00	Nordex Windpark Beteiligung GmbH/Nordex Energy GmbH
Farma Wiatrowa Wymysłów Sp. z o.o., Warsaw/Poland ³	EUR	99.00/1.00	-44,471.00	-90,233.86	Nordex Windpark Beteiligung GmbH/Nordex Energy GmbH
natcon7 GmbH, Hamburg	EUR	75.00	1,104,468.17	1,964,505.69	Nordex SE
Nordex Windpark Verwaltung GmbH, Hamburg	EUR	100.00	4,406.67	45,445.77	Nordex SE
Nouvions poste de raccordement, Paris/France ³	EUR	100.00	-440.93	4,559.07	Parc Éolien Nordex LXIV
Parc Éolien de Zondrange S.A.S., Paris/France ³	EUR	100.00	-3,999.96	-11,629.33	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex Belgique I (SPRC), Brussels/Belgium ²	EUR	99.00/1.00	-17,443.00	1,157.00	Nordex Windpark Beteiligung GmbH/Nordex Energy GmbH
Parc Éolien Nordex Belgique II (SPRC), Brussels/Belgium ²	EUR	99.00/1.00	-9,472.00	9,128.00	Nordex Windpark Beteiligung GmbH/Nordex Energy GmbH
Parc Éolien Nordex 71 S.A.S., Paris/France ³	EUR	100.00	-436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 72 S.A.S., Paris/France ³	EUR	100.00	-440.93	36,559.07	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 73 S.A.S., Paris/France ³	EUR	100.00	-440.93	36,559.07	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 74 S.A.S., Paris/France ³	EUR	100.00	-436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 75 S.A.S., Paris/France ³	EUR	100.00	-436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 76 S.A.S., Paris/France ³	EUR	100.00	-436.21	36,563.79	Nordex Windpark Beteiligung GmbH

1 Profit transfer agreement; net profit/loss and equity after transfer of profits or profit and loss pooling pursuant to national law

2 Financial statements as at 31.12.2015

3 Provisional financial statements as at 31.12.2016

4 Financial statements from 1.4.2016 – 31.12.2016

5 Financial statements as at 31.12.2014

	Currency	Shareholding in capital in %	Profit/loss 1.1. – 31.12.2016	Equity capital 1.1. – 31.12.2016	Share held via
Non-consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)					
Parc Éolien Nordex 77 S.A.S., Paris/France ³	EUR	100.00	-436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 78 S.A.S., Paris/France ³	EUR	100.00	-436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 79 S.A.S., Paris/France ³	EUR	100.00	-440.93	36,559.07	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 80 S.A.S., Paris/France ³	EUR	100.00	-436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 81 S.A.S., Paris/France ³	EUR	100.00	-436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 82 S.A.S., Paris/France ³	EUR	100.00	-436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex 83 S.A.S., Paris/France ³	EUR	100.00	-436.21	36,563.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex I S.A.S., Paris/France ³	EUR	100.00	-2,697.40	14,807.24	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex II S.A.S., Paris/France ³	EUR	34.92	-53,236.77	-45,730.25	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex III S.A.S., Paris/France ³	EUR	100.00	-9,226.03	-338.72	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex IV S.A.S., Paris/France ³	EUR	100.00	-2,361.39	17,140.83	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex V S.A.S., Paris/France ³	EUR	100.00	-5,619.74	13,659.55	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex VII S.A.S., Paris/France ³	EUR	100.00	-2,360.83	16,982.78	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex X S.A.S., Paris/France ³	EUR	100.00	-2,543.44	15,425.63	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XVIII S.A.S., Paris/France ³	EUR	100.00	-9,772.81	309.03	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XX S.A.S., Paris/France ³	EUR	100.00	22,585.19	11,975.07	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXI S.A.S., Paris/France ³	EUR	100.00	-72,682.19	-81,479.74	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXII S.A.S., Paris/France ³	EUR	100.00	-2,360.99	17,159.14	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXIV S.A.S., Paris/France ³	EUR	100.00	-2,360.79	17,433.56	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXV S.A.S., Paris/France ³	EUR	100.00	-2,156.79	17,535.22	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXVI S.A.S., Paris/France ³	EUR	100.00	-2,546.49	17,145.27	Nordex Windpark Beteiligung GmbH

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	Currency	Shareholding in capital in %	Profit/loss 1.1. – 31.12.2016	Equity capital 1.1. – 31.12.2016	Share held via
Non-consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)					
Parc Éolien Nordex XXVII S.A.S., Paris/France ³	EUR	100.00	-8,369.49	11,179.91	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXVIII S.A.S., Paris/France ³	EUR	100.00	-13,183.60	-4,732.78	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXIX S.A.S., Paris/France ³	EUR	100.00	-2,360.99	17,256.94	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXX S.A.S., Paris/France ³	EUR	100.00	-5,736.30	13,898.84	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXXI S.A.S., Paris/France ³	EUR	100.00	-2,360.95	16,925.63	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex XXXII S.A.S., Paris/France ³	EUR	100.00	-10,353.03	9,312.03	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LI S.A.S., Paris/France ³	EUR	100.00	-29,945.42	-18,240.10	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LII S.A.S., Paris/France ³	EUR	100.00	-17,180.32	-4,390.08	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LIII S.A.S., Paris/France ³	EUR	100.00	-24,219.27	-11,887.82	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LIV S.A.S., Paris/France ³	EUR	100.00	-14,262.01	-2,497.47	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LV S.A.S., Paris/France ³	EUR	100.00	-2,340.79	31,237.39	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LVI S.A.S., Paris/France ³	EUR	100.00	-9,524.74	24,035.44	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LVII S.A.S., Paris/France ³	EUR	100.00	-2,341.79	31,235.79	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LVIII S.A.S., Paris/France ³	EUR	100.00	-2,340.99	31,457.93	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LIX S.A.S., Paris/France ³	EUR	100.00	-2,552.31	31,246.61	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LX S.A.S., Paris/France ³	EUR	100.00	-2,340.79	31,458.13	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXI S.A.S., Paris/France ³	EUR	100.00	-2,340.79	31,458.13	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXII S.A.S., Paris/France ³	EUR	100.00	-3,642.60	33,357.40	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXIII S.A.S., Paris/France ³	EUR	100.00	-3,642.60	33,357.40	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXIV S.A.S., Paris/France ³	EUR	100.00	-26,135.15	10,864.85	Nordex Windpark Beteiligung GmbH

¹ Profit transfer agreement; net profit/loss and equity after transfer of profits or profit and loss pooling pursuant to national law

² Financial statements as at 31.12.2015

³ Provisional financial statements as at 31.12.2016

⁴ Financial statements from 1.4.2016 – 31.12.2016

⁵ Financial statements as at 31.12.2014

	Currency	Shareholding in capital in %	Profit/loss 1.1. – 31.12.2016	Equity capital 1.1. – 31.12.2016	Share held via
Non-consolidated affiliated companies (figures as per statutory financial statements or uniform Group accounting principles)					
Parc Éolien Nordex LXV S.A.S., Paris/France ³	EUR	100.00	-3,622.26	33,377.74	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXVI S.A.S., Paris/France ³	EUR	100.00	-3,439.08	33,560.92	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXVII S.A.S., Paris/France ³	EUR	100.00	-3,439.08	33,560.92	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXVIII S.A.S., Paris/France ³	EUR	100.00	-3,439.08	33,560.92	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXIX S.A.S., Paris/France ³	EUR	100.00	-440.93	36,559.07	Nordex Windpark Beteiligung GmbH
Parc Éolien Nordex LXX S.A.S. Paris/France ³	EUR	100.00	-440.93	36,559.07	Nordex Windpark Beteiligung GmbH
Parque Eólico Hacienda Quijote SpA, Santiago/Chile	EUR	100.00	0.00	0.00	Nordex (Chile) SpA
Qingdao Huawei Wind Power Co. Ltd., Qingdao/PR China ³	EUR	66.70	684,024.64	1,308,435.06	Nordex Energy GmbH
San Marcos Colon Holding, Inc., Chicago/United States	EUR	100.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
Sechste Windpark Support GmbH&Co. KG, Hamburg	EUR	100.00	-5,281.90	-35,027.55	Nordex Grundstücksverwaltung GmbH
Ventus Kwidzyn Sp. z o.o., Górki, Poland	EUR	50.00	25,925.00	565.00	Farma Wiatrowa NXD 1 Sp. z o.o.
Vientos de Chinchayote, S.A. de C.V., Tegucigalpa/Honduras	EUR	99.20/0.80	-	-	Nordex Windpark Beteiligung GmbH/Nordex Energy B.V
Vientos de la Baranquilla, S.A. de C.V., Tegucigalpa/Honduras	EUR	99.20/0.80	-	-	Nordex Windpark Beteiligung GmbH/Nordex Energy B.V
Vientos de la Cahuasca, S.A. de C.V., Tegucigalpa/Honduras	EUR	99.20/0.80	-	-	Nordex Windpark Beteiligung GmbH/Nordex Energy B.V
Vientos de la Quesera, S.A. de C.V., Tegucigalpa/Honduras	EUR	99.20/0.80	-	-	Nordex Windpark Beteiligung GmbH/Nordex Energy B.V
Vientos de la Roble, S.A. de C.V., Tegucigalpa/Honduras	EUR	99.20/0.80	-	-	Nordex Windpark Beteiligung GmbH/Nordex Energy B.V
Vientos de San Juan, S.A. de C.V., Tegucigalpa/Honduras	EUR	99.20/0.80	-	-	Nordex Windpark Beteiligung GmbH/Nordex Energy B.V
Vindkraftpark Aurvandil AB, Uppsala/Sweden ²	EUR	100.00	-2,608.08	5,135.55	Nordex Windpark Beteiligung GmbH
Vindkraftpark Brynhild AB, Uppsala, Sweden ²	EUR	100.00	-5,974.73	1,631.16	Nordex Sverige AB
Vindkraftpark Dieser AB, Uppsala/Sweden ²	EUR	100.00	-519.95	2,097.95	Nordex Windpark Beteiligung GmbH
Vindkraftpark Embla AB, Uppsala/Sweden ²	EUR	100.00	-519.95	2,097.95	Nordex Windpark Beteiligung GmbH
Vindkraftpark Freja AB, Uppsala/Sweden ²	EUR	100.00	-519.95	2,097.95	Nordex Windpark Beteiligung GmbH

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	Currency	Shareholding in capital in %	Profit/loss 1.1. – 31.12.2016	Equity capital 1.1. – 31.12.2016	Share held via
Associates (figures as per statutory financial statements or uniform Group accounting principles)					
C&C Wind Sp. z o.o., Natolin/Poland	EUR	40.00	-1,331,196.06	17,005,014.59	Nordex Windpark Beteiligung GmbH
GN Renewable Investments S.à r.l., Luxembourg/Luxembourg ³	EUR	30.00	3,574,924.13	2,544,737.81	Nordex Windpark Beteiligung GmbH
KNK Wind GmbH, Frankfurt am Main ³	EUR	38.89	-530,968.40	1,347,848.38	Nordex Offshore GmbH

	Currency	Shareholding in capital in %	Profit/loss 1.1. – 31.12.2016	Equity capital 1.1. – 31.12.2016	Share held via
Other shares (figures as per statutory financial statements or uniform Group accounting principles)					
Éoliennes de la Vallée S.A.S., Amiens/France ³	EUR	50.00	-2,205.00	-7,088.00	Nordex France S.A.S.
K/S Whitewater Wind Power Invest I, Fredensborg/Denmark, Komplementarselskabet Whitewater Invest I ApS, Helsingør/Denmark ⁵	EUR	33.33	20,559.56	-203,959.22	Nordex Energy GmbH
K/S Whitewater Wind Power Invest VII, Fredensborg/Denmark, Komplementarselskabet Whitewater Invest VII ApS, Helsingør/Denmark ⁵	EUR	11.11	-28,617.86	-229,959.88	Nordex Energy GmbH
K/S Whitewater Wind Power Invest VIII, Fredensborg/Denmark, Komplementarselskabet Whitewater Invest VIII ApS, Helsingør/Denmark ⁵	EUR	11.11	49,250.06	-210,839.66	Nordex Energy GmbH
Vent d'est S.à r.l., Paris/France ³	EUR	50.00	-796.01	-7,000.72	Nordex France S.A.S.

1 Profit transfer agreement; net profit/loss and equity after transfer of profits or profit and loss pooling pursuant to national law

2 Financial statements as at 31.12.2015

3 Provisional financial statements as at 31.12.2016

4 Financial statements from 1.4.2016 – 31.12.2016

5 Financial statements as at 31.12.2014

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, 17 March 2017



Lars Bondo Krogsgaard
Chairman of the
Management Board



José Luis Blanco
Member of the
Management Board



Patxi Landa
Member of the
Management Board



Christoph Burkhard
Member of the
Management Board

AUDITOR'S REPORT*

We have audited the consolidated financial statements prepared by the Nordex SE, comprising the statement of financial position, the income statement, the 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 January 1 to December 31, 2016. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence

supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

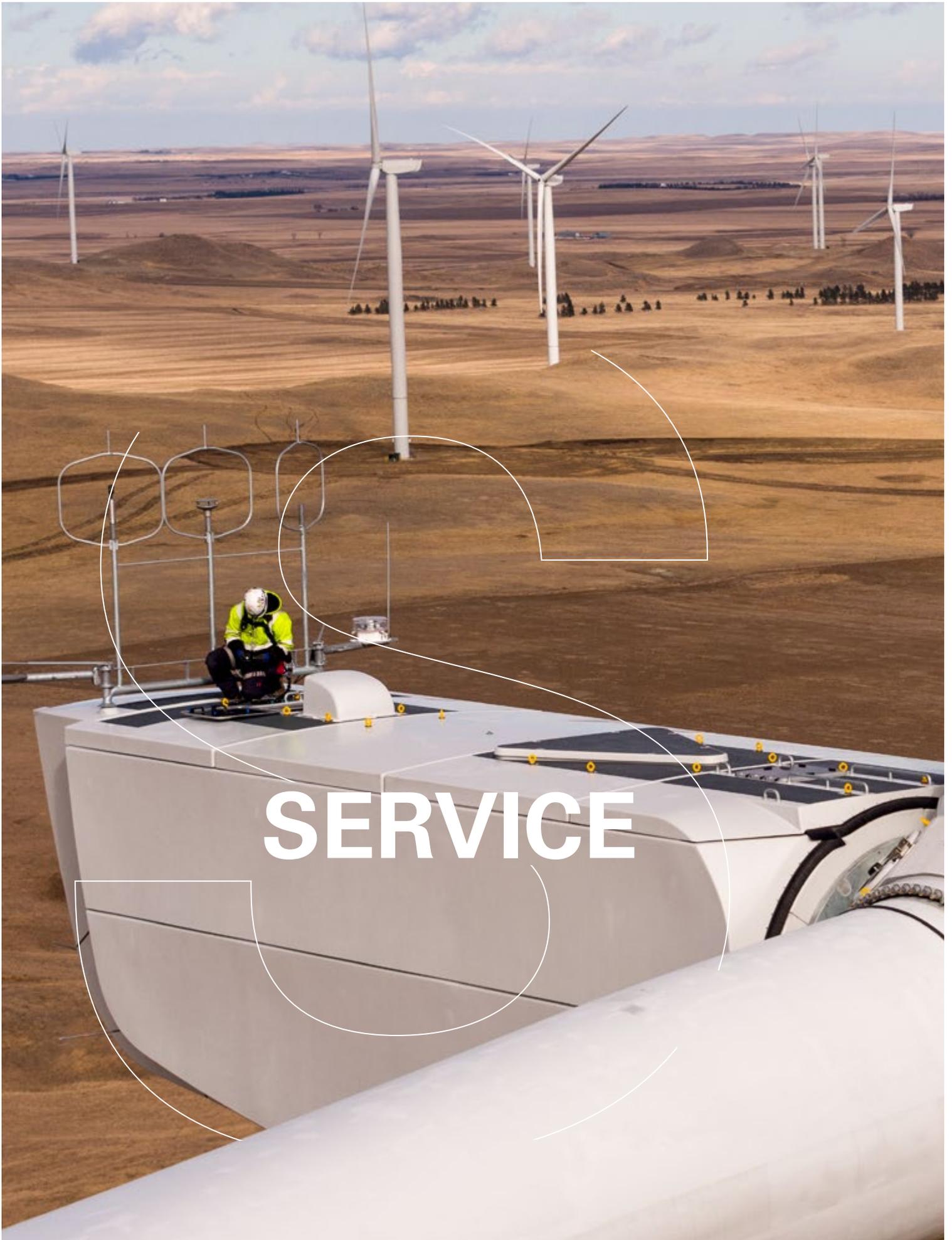
In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and complies with the legal requirements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, 17 March 2017

PricewaterhouseCoopers
 Aktiengesellschaft
 Wirtschaftsprüfungsgesellschaft

Claus Brandt	Dr. Thomas Ull
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

* Translation of the auditor's report issued in German on the consolidated financial statements prepared in German by the management of Nordex SE.



SERVICE

GLOSSARY

Accelerated book building

A method for placing securities in which investors are able to bid in a predefined price range within a certain period in the absence of any issuing prospectus.

Acoustic power

An acoustic measure of the volume of source of noise.

Anti-Icing System

Technology for reducing the accumulation of ice on the surface of rotor blades. The Anti-Icing System can increase turbine yields by up to 25% in the winter months of climatically cold regions.

Azimuth system

Adjustment system to position the nacelle in the horizontal plane to ensure that the rotor is always exactly facing the direction from which the wind is coming.

Baseload

Terms used in electricity trading to refer to the minimum volume of electrical power required by electricity consumers in a given market region in a defined period (hour, week, month, quarter, year).

Book-to-bill ratio

Ratio of order intake to sales (excluding services).

Built-to-print

Method of producing rotor blades. Vendors produce the blade types at their own facilities in accordance with Nordex's design instructions.

Cash flow

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

Certification

Wind power systems are certified according to certain guidelines. This ensures that they are constructed correctly and can be operated safely. In Germany, Germanische Lloyd (GL) and TÜV Nord are the main certifying agents.

Convertible bond

Interest-bearing security issued by a company generally with a nominal coupon which grants the bearer the right to exchange it for shares in the company within a certain period and subject to a predefined ratio.

Corporate compliance

The entirety of all measures (e.g. code of conduct, compliance team) aimed at ensuring that a company, its management and supervisory bodies and its employees act in accordance with all legal requirements.

COE (Cost of Energy)

COE is another term for „electricity generation costs“, see there.

Cost-of-materials ratio

A measure of cost efficiency, which expresses the cost of materials as a percentage of sales.

Covenants

The individually negotiated terms of a loan which, if breached, entitle the lender to terminate the loan under certain circumstances.

Design-to-cost / design-to-value

Basic principle of mechanical engineering which takes account of the cost factors for the producer and the return factors for investors.

D&O insurance

Short for “directors and officers liability insurance”. D&O insurance covers liability for financial loss and protects the members of the Supervisory Board and the Management Board from the consequences of manager liability.

EBIT

Earnings before interest and tax or operating earnings.

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 (CO₂ certificates), or representing a certain quantity of renewable energy (“green certificates”). Certificates are climate policy instruments combining government intervention with market-economy instruments.

Equity ratio

Proportion of equity in total assets. Considered to be the benchmark for determining the intrinsic value of a company’s assets in the balance sheet.

Free float

Refers to all the shares issued by a company, which are freely traded in the market and not held by strategic or financial investors on a long-term basis.

Full-load hours

The yield of a wind turbine depends on the wind speed. Wind turbines reach their maximum output at speeds of 13 to 15 m/s. The number of theoretical full-load hours per year characterises the quality of wind-farm sites. This varies from around 1,800 hours in Germany to approx. 2,900 hours in the UK.

Futures contract

Term used in electricity trading; a futures contract is a contract defining the volume, period and price of wholesale business.

Gearbox

The gearbox is located between the slow rotor shaft and the fast generator shaft. It causes the generator shaft to rotate up to one hundred times faster than the rotor shaft.

Generator

The generator of a wind turbine converts mechanical energy into electrical energy.

German Corporate Governance Code

In 2002, the German government’s Corporate Governance Commission drew up a code to regulate nationally and internationally recognised standards for fair and responsible corporate governance.

Grid parity

Grid parity is achieved if the cost of conventionally produced electricity equals that of electricity produced from renewable sources.

Gross profit

Gross profit is an indicator of cost efficiency and is defined as revenues net of the cost of sales.

Head mass

Refers to the weight of the nacelle and rotor of a wind power system.

IEC

International Electrotechnical Commission. Independent institution which sets the standards for electrical devices and equipment. The IEC has defined three wind classes: IEC I (average wind speeds of 10m/s), IEC II (average wind speeds of 8.5 m/s) and IEC III (average wind speeds of 7.5 m/s).

Kilowatt

Output is defined as energy per time unit and is measured in watts. One kilowatt (kW) equals 1,000 watts.

Leverage

The analysis of the share of a listed company by an investment bank, which is performed on a regular basis.

Margin contribution

Contract value less project-related cost of materials and personnel costs.

Megawatt

One megawatt (MW) equals 1,000 kilowatts.

New business

Order intake; all contingent conditions must be satisfied before Nordex can place a firm order on its books. These include purchase contracts signed by both sides, guaranteed finance commitments, building permits, 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 Engineering

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.

FINANCIAL SCHEDULE

March 30, 2017	Publication of Annual Report 2016
May 11, 2017	Interim statement Q1 2017
May 30, 2017	Annual General Meeting (Rostock)
August 3, 2017	Interim report H1 2017
November 14, 2017	Interim statement Q3 2017

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 **NORDEX**