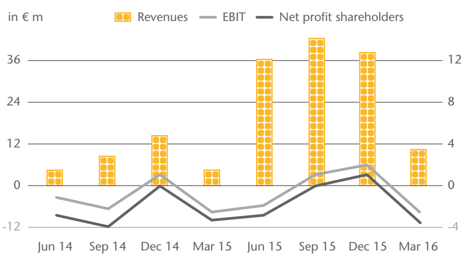
Q1 2016
ANNOUNCEMENT

STRONG CASH FLOW, EBIT SLIGHTLY IMPROVED

Business development from June 2014 until March 2016



As a result of the weaker gross profit margin (additionally burdened especially by one-off, subsequent project costs in the first quarter of 2016), EBIT in the first quarter of EUR 2.5 million stood almost at the level of Q1/2015 (EUR 2.6 million). At the same time, the Group generated positive cash flow of EUR 2.9 million (Q1/2015: EUR - 2.4 million).

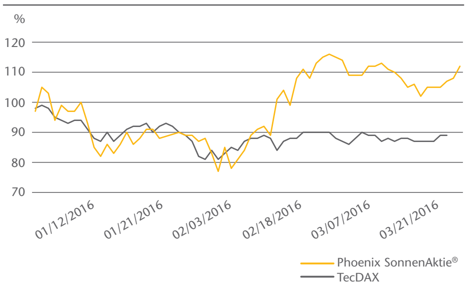
Further notes are presented on page 2.

GUIDANCE CONFIRMED

After the end of the first quarter 2016, the continued high level of market growth did not necessitate a revision of the 2016 forecast. We continue to anticipate revenue in a range between EUR 180 million and EUR 210 million for the 2016 finacial year, and EBIT between EUR 2 million and around EUR 4 million.

SHARE PERFORMANCE OF THE PHOENIX SONNENAKTIE®

Phoenix SonnenAktie® vs TecDAX (01/01/ – 03/31/2016)



KEY SHARE DATA

k€	Q1/2016	Q1/2015
Number of shares	7,372,700	7,372,700
Free Float (%)	94.6	100
EPS (€)	– 0.50	– 0.46
High (€)	5.00	2.23
Low(€)	3.33	1.63
Finish (€)	4.81	2.14
Amount/Day	≈ 47,800	≈ 15,800
Price target (€)	4.50 *	2.40 **
Advice	Hold	Buy

* Oddo Seydler Research vom 04/11/2016 ** Oddo Seydler Research vom 04/02/2015

DEAR SHAREHOLDERS!

In the first quarter of our 2016 financial year, we almost doubled our sales versus Q1 of 2015. Our target for the full year remains an increase in revenues of more than 50 percent, clearly we must continue to accelerate sales. What gives us confidence that we can achieve this?

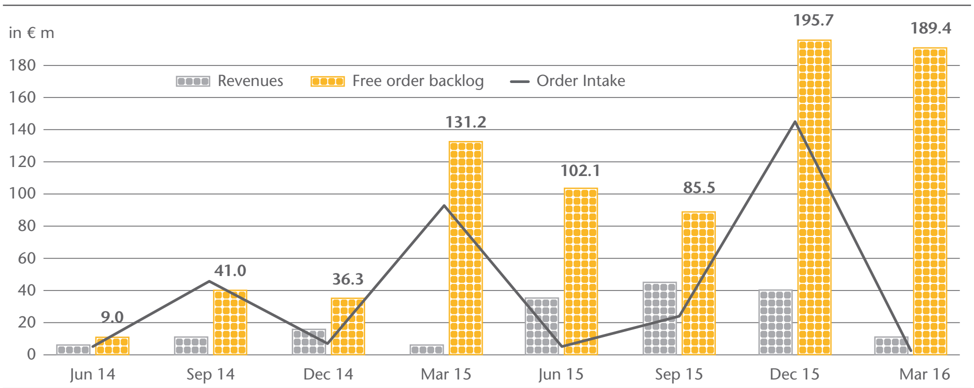
Revenue growth slowed in Q1 vs. the very intensive third and fourth quarters of last year. We all know that the project business is somewhat volatile. The Investment Tax Credit in our largest market, the US, was extended only in December of 2015. Up until that point, developers and project owners made a tremendous push to realize as much revenue as possible in 2015 and then again in 2016. With the ITC extension for another several years, some of this pressure has been taken off the market, and we are feeling the effects. The more strategic and calculated approach among customers – namely to spread projects and revenues more evenly over the next few years - will be of advantage for us, as our main competitive edge continues to be our ability to design and deliver high quality commercial solar PV plants on-time and on-budget. We are optimistic as well for the Middle East Region, which now has taken off after several years of uncertainty. We have a strong and developing pipeline in two core markets there, Turkey and Jordan. Asia Pacific remains central to our strategy. We have built a strong, competent team there, based in Singapore and established a new subsidiary in the Philippines last fall. Our commercial and industrial rooftop segment is already doing well in that market, with the commissioning of a first rooftop project for a renowned global automotive company and a second system under construction.

The global solar market continues to grow rapidly, demand for differentiated, experienced solar PV systems suppppliers such as ourselves remains robust. We look forward to the journey with you, our shareholders, and thank you for your continued support.

TIM P. RYAN
Chief Executive Officer

FREE ORDER BOOK POSITION REMAINS AT HIGH LEVEL

Order book trends between June 2014 and March 2016



The free order book position amounted to EUR 189.4 million as of March 31, 2016 – EUR 58.1 million, or 44.3 percent, higher than as of March 31, 2015 (Q1/2015: EUR 131.2 million). As of December 31, 2015, the free order book position stood at EUR 195.7 million. New orders worth EUR 2.0 million were signed during the course of the first quarter of 2016. The graphical presentation of the last eight quarters shows how constant growth in our project business, quarter in, quarter out, can hardly be expected – and how a significant new order intake fluctuation bandwidth needs to be taken into consideration instead. This effect will gradually become less significant as part of the planned corporate growth.

Our free order book position provides a good indicator of future revenue trends. Expressed in simple terms, it comprises the proportion of contractually issued orders where we have not yet invoiced the respective customers. Accordingly, this amount reduces constantly in line with the progress we make on project construction, and increases to reflect newly won orders. As already announced, the free order book position as of March 31, 2016 includes one order, however, for which the construction permit has long been outstanding.

Notes about the weighted project pipeline are presented on page 4.

CONDENSED CONSOLIDATED INCOME STATEMENT

Comparison of the last 8 quarters in k€	01/01/2016 –03/31/2016	10/01/2015 –12/31/2015	07/01/2015 –09/30/2015	04/01/2015 –06/30/2015	01/01/2015 –03/31/2015	10/01/2014 –12/31/2014	07/01/2014 –09/30/2014	04/01/2014 –06/30/2014
Revenues	9,927	37,205	42,442	34,814	4,947	14,244	7,470	5,494
Cost of materials	9,250	33,725	38,711	32,933	4,056	13,611	5,868	3,967
Gross profit	677	3,480	3,731	1,881	891	633	1,602	1,527
Other operating income	1,118	2,405	1,281	796	865	5,655	1,944	2,610
Personnel expenses	1,836	1,410	1,552	2,356	2,331	1,869	2,846	2,224
Depreciation and amortisation	331	337	347	328	354	426	387	384
Other operating expenses	2,099	2,204	2,070	1,978	1,666	2,946	2,672	2,642
Operating result	0	– 10	34	0	0	0	31	8
EBIT	– 2,471	1,924	1,077	– 1,985	– 2,595	1,047	– 2,328	– 1,105
Financial income	– 1,027	– 1,213	– 1,125	– 1,085	– 945	– 1,228	– 1,333	– 1,278
Income taxes	46	– 412	99	11	– 14	– 271	319	367
Consolidiated net income for the period	**– 3,545**	**1,123**	**– 147**	**– 3,081**	**– 3,526**	**90**	**– 3,980**	**– 2,750**
– of which due to majority shareholders	– 3,655	1,129	– 68	– 2,862	– 3,423	147	– 3,948	– 2,777
Overall performance	**– 4,196**	**1,208**	**136**	**– 4,091**	**– 2,878**	**325**	**– 3,443**	**– 2,554**
Earnings per share	**– 0.50**	**0.15**	**– 0.01**	**– 0.42**	**– 0.46**	**0.02**	**– 0.54**	**– 0.38**

EBIT: SLIGHT IMPROVEMENT OVER Q1/2015, HIGH CASH INFLOW

Revenue of EUR 9.9 million in the first quarter 2016 was around twice as high as in first quarter of 2015 (EUR 4.9 million). The gross profit margin reached 6.8 percent (Q1/2015: 18.0 percent). In the previous year's quarter, the utilization of a warranty provision and the reversal of contingencies reduced the cost of materials, thereby generating a higher level of gross profit. In the first quarter of 2016, by contrast, the cost of materials was burdened additionally by one-off, subsequent project costs. Other operating income of EUR 1.1 million was also only slightly ahead of the EUR 0.9 million in the first quarter of 2015.

The number of employees is no longer declining as in previous quarters – as of March 31, 2016, the Group employed a total of 94 individuals (March 31, 2015: 87; excluding Executive Board members, including temporary help staff). Cautious hiring since the end of 2015 with a view to future business growth is reflected in a resumption of growth in personnel expenses to EUR 1.8 million (Q1/2015: EUR 2.3 million; Q4/2015: EUR 1.4 million). Despite higher revenue, the result before interest and tax of EUR - 2.5 million is only slightly better than in Q1/2015, when the result amounted to EUR 2.6 million.

The quarterly result attributable to the shareholders amounted to EUR - 3.7 million (Q1/2015: EUR - 3.4 million), equivalent to a result per share of EUR -0.50 (Q1/2015: EUR - 0.46). Despite this negative result, especially a reduction in current receivables (of EUR 5.0 million) and an increase in financial liabilities (of EUR 2.0 million) fed through to a EUR 2.9 million cash inflow from operating activities (Q1/2015: EUR 2.4 million cash outflow). Together with EUR 2.3 million of cash flow from financing activities, cash and cash equivalents increased by EUR 5.1 million, from EUR 4.9 million to EUR 10.0 million.

Other current assets rose by EUR 1.8 million to EUR 14.8 million (December 31, 2015: EUR 13.0 million). This is particularly attributable to purchase prepayments for modules for projects in the USA. On the financing side, the financial liabilities from the syndicated loan, which was extended until September 30, 2018 on March 18, 2016, are reported as non-current, as already as of December 31, 2015. These amounted to EUR 41.5 million as of March 31, 2016 (December 31, 2015: EUR 39.1 million).

Consolidated equity has fallen further, by contrast, standing at EUR -11.3 million as of March 31, 2016 (December 31, 2015: EUR - 7.6 million). As total assets of EUR 54.1 million were only slightly higher than as of December 31, 2015 (EUR 53.4 million), the consolidated equity ratio fell to - 21.0 percent (December 31, 2015: - 14.1 percent). The Group does not constitute a legally independent entity in itself, however. Only the equity of Phoenix Solar AG as the parent company of the Phoenix Solar Group is of legal relevance. This equity position amounted to EUR 4.4 million as of December 31st, 2015, equivalent to a 8.8 percent equity ratio (December 31st, 2015: EUR 6.6 million, equivalent to a 12.3 percent equity ratio).

CONDENSED BALANCE SHEET

ASSETS k€	03/31/2016	12/31/2015
No-current assets		
Property, plant and equipment	12,843	13,702
Non-current other financial assets	3,498	3,555
Total non-current assets	**16,341**	**17,257**
Current assets		
Inventories	1,580	1,952
Receivables from long-term construction contracts	4,319	6,471
Trade receivables	7,085	9,917
Current other financial assets	14,818	12,972
Cash and cash equivalents	9,958	4,875
Total current assets	**37,760**	**36,187**
Total assets	**54,101**	**53,444**

LIABILITIES AND SHAREHOLDERS' EQUITY k€	12/31/2016	03/31/2015
Equity		
Subscribed capital	7,373	7,373
Capital reserve	64,582	64,582
Accumulated other equity	– 84,091	– 80,188
Share of majority shareholders in consolidated equity	– 12,136	– 8,234
Total equity	**– 11,343**	**– 7,553**
Non-current liabilities and provisions		
Non-current financial liabilities	41,459	39,059
Other non-current liabilities	670	664
Total non-current liabilities and provisions	**42,129**	**39,723**
Current liabilities and provisions		
Current financial liabilities	6	0
Liabilities from long-term construction contracts	12,097	8,631
Trade payables	7,530	9,496
Other current liabilities	3,682	3,147
Total current liabilities and provisions	**23,315**	**21,274**
Total liabilities and shareholders' equity	**54,101**	**53,444**

FROM OUR 2016 CHRONICLE

January: Our business in Turkey is developing: at the end of 2015, together with our partner Asunim, we won a further photovoltaic project amounting to 4.9 MWp. To process current orders and with a view to our planned further expansion, a team is established in Ankara that currently still employs external staff for planning and construction supervision.

March: A decisive step for our further development: on March 18, we concluded an agreement with our banks that extends our financing until September 30, 2018. The financing facility now comprises a volume totaling around EUR 101 million, and consists of a syndicated loan of EUR 85.4 million, as well as other bilateral cash and bill guarantee lines.

March: We passed ISO 9001:2015 and ISO 14001:2015 quality and environmental management system audits. The certificates were awarded in April.

April: Groundbreaking ceremony for Invenergy project in Nevada. The order for this 65 MWp nominal output photovoltaic power plant was signed in December 2015, and announced in February 2016.

April: Our Philippine subsidiary that was founded in September 2015 starts preliminary work on its second project. The focus is currently on commercial & industrial (C&I) rooftop systems in the lower single-digit MWp range – we regard the Philippines as an interesting growth market, and are evaluating opportunities to also win orders for ground-mounted systems there.

April: On April 26, 2016, Phoenix Solar concluded an agreement with Danish investment firm Obton. Accordingly, Obton is to acquire all shares in our Bâtisolaire 3 power plant. This agreement is still subject to various conditions that are expected to be met by the end of the second quarter of 2016. The proceeds are to be used mainly to repay debt.

Please note: We can only announce the acquisition of new orders when such announcements have been coordinated with our customers. For this reason, delays frequently occur between the booking of orders in our order book position and the dispatch of related press releases.

PHOTOVOLTAICS OUT IN THE LEAD

For the first time this year, photovoltaics will take the top position in the construction of new large-scale plants in the USA, according to estimates produced by the US Energy Information Administration (EIA). Photovoltaic capacity is set to grow by 9.5 GWp, followed by gas at 8 GWp and wind at 6.8 GWp, according to these official forecasts.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the period from 01/01/ bis 03/31/2016 in k€	01/01/2016 – 03/31/2016	01/01/2015 – 03/31/2015
Consoldiated income before income taxes	– 3,499	– 3,540
Depreciation and amortization	331	354
Other non-cash income (–) and expenses (+) (including result from associated companies)	482	553
Financial income	– 14	– 77
Financial costs	1,042	1,021
Sub-total	**– 1,658**	**– 1,689**
Increase/decrease in provisions (net of discounting effects and non-cash releases)	81	– 55
Increase/decrease in inventories	372	– 40
Increase/decrease in prepayments	– 2,050	– 1
Increase/decrease in receivables from long-term construction contracts	2,152	– 559
Increase/decrease in trade receivables (excluding non-cash transactions)	2,832	2,503
Increase/decrease in assets	213	– 702
Increase/decrease in liabilities	1,977	– 655
Funds generated by operating activities	**3,919**	**– 1,198**
Interest paid	– 941	– 979
Income taxes paid	– 83	– 181
Cash flow from operating activities	**2,895**	**– 2,358**
Purchase of intangible assets and equipment	– 117	– 29
Cash flow from investing activities	**– 117**	**– 29**
Payments in connection with financial liabilities	2,406	2,729
Commission for syndicated loan agreement	– 101	11
Interest income	0	77
Cash flow from financing activities	**2,305**	**2,817**
Changes in cash and cash equivalents	5,083	430
Net change in cash and cash equivalents	**5,083**	**430**
Cash and cash equivalents at the start of the period	4,875	3,114
Cash and cash equivalents at the end of the period	9,958	3,544

ERIC FLECKTEN

Eric Fleckten is General Manager of Phoenix Solar Pte Ltd., Singapore, and Vice President for our Asia-Pacific region. He was previously active as Director of Business Development Emerging Markets at SunEdison, and headed up United Conveyors' Dry Sorbent Injection (UCC DSI) joint venture business prior to this position. During his career he also spent eight years as an F-16 pilot for the US Air Force's Air National Guard. Eric studied civil engineering at Stanford University, and has been a registered Professional Engineer in the USA since 1998.

ISO CERTIFICATED

Phoenix Solar AG and other Group companies received ISO 9001:2015 (quality management) and ISO 14001:2015 (sustainability) certification. These expanded standards are based on the concept that success and profitability can only be secured over the long-term if various legitimate interest groups around the company are also taken into consideration. The corporate governance principles were expanded accordingly to include the stakeholder approach.

FINANCIAL CALENDAR

June 1, 2016
Annual General Meeting of Phoenix Solar AG

August 4, 2016
Half-year report as of June 30, 2016

November 10, 2016
Quarterly announcement as of September 30, 2016

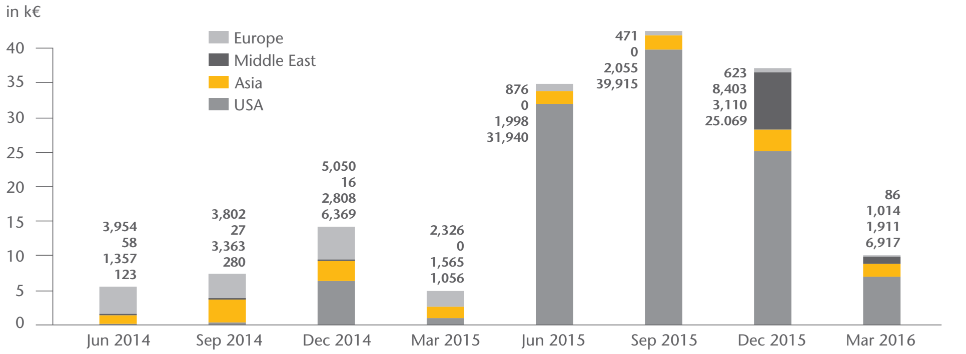
The respective latest version of the financial calendar is published on the website of Phoenix Solar AG at: http://www.phoenixsolar-group.com/en/investor-relations/financial-calendar.html

The quarterly announcement is also available in German. Both versions can be downloaded from the Internet.

Rounding differences may occur in the tables for arithmetic reasons.

USA REMAINS STRONGEST REGION

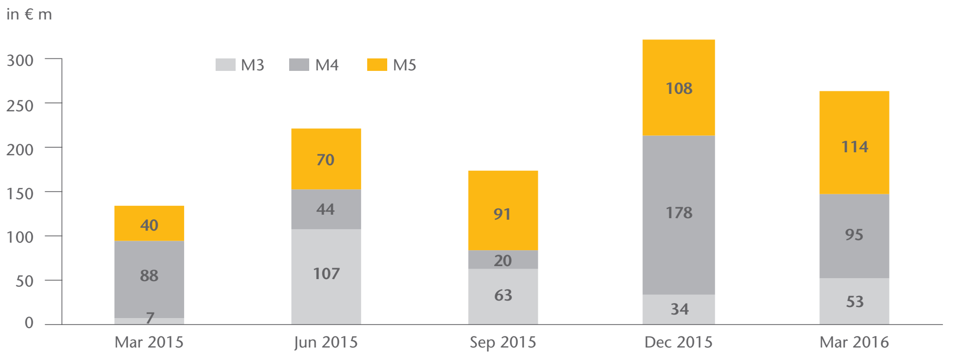
Regional business trends between June 2014 and March 2016



At almost EUR 7 million, the USA remained our strongest region in the first quarter of 2016 (Q1/2015: EUR 1.1 million), although the business lagged previous strong quarters following the completion of some large-scale projects. At the end of December 2015, US Congress extended investment tax credits for renewable energies for a further seven years. Although photovoltaics are already competitive without such support, this nevertheless comprises a helpful incentive, and will continue to lend additional momentum to our US business. In the short term, however, this good news appears to have temporarily diminished the high pressure from our customers' prior-year "accelerated purchasing" efforts. Even without the continued intensive sales activity, however, our pipeline suggests a significant acceleration in business by the second half of the year at the latest. Our Asia-Pacific activities have been dominated traditionally by commercial & industrial (C&I) rooftop systems, which by their nature are smaller than utility-scale, ground-mounted systems. We generated EUR 1.9 million of revenue in Asia-Pacific in the first quarter (Q1/2015: EUR 1.6 million). In particular, the Philippines subsidiary that we founded half a year ago has already successfully exploited the opportunities on offer. We also aim to gradually refocus our sales activities' towards ground-mounted systems. The Middle East generated EUR 1.0 million of revenue in the first quarter of 2016 (Q1/2015: EUR 0 million). In cooperation with our sales partners, we anticipate that this region will continue to report sound growth rates.

COMPLETION OF SEVERAL PROJECTS REDUCES PIPELINE – GROWTH IN THE OFFER PHASE

Weighted project and sales pipeline from March 2015 to March 2016



In our weighted project pipeline, we report all projects that are relevant to our sales and operations at the amount of the MWp that we are to construct. Between initial contact and our customers' commissioning of their completed plants, this method registers our activities' lifecycles and assigns success probabilities to them. Such probabilities reach 100 percent only in the M5 phase (project under construction). Obstacles can still occur at the M4 phase (contract signed). For this reason, management also reappraises existing contracts where required, such as when no construction approval has been issued. M3 includes cases where we have been shortlisted for business. The total volume of the weighted project pipeline (M3 – M5) decreased from 320 MWp to 262 MWp in the first quarter. After concluding several large-scale projects at the start of the quarter and subsequently commencing construction of further plants, primarily the scope of contractually secured projects that are still awaiting go-ahead dropped from 178 MWp to 95 MWp. Business transactions that have been initiated and that promise success probabilities of between 30 and 70 percent are in the advanced offer phase as of March 31, 2016. Growth to 53.5 MWp derives largely from our Middle East and Asia-Pacific regions.

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