

Phoenix Solar AG announces Q1/2016 results

- *Group revenues double versus pre-year period, EBIT slightly improved, strong cash inflow*
- *Free order backlog was at €189 million*
- *Forecast for 2016 confirmed*
- *Sale of a non-core asset initiated*

Sulzemoos, May 4th, 2016 / Phoenix Solar AG (ISIN DE000A0BVU93), an international photovoltaic system integrator listed on the Prime Standard of the Frankfurt Stock Exchange, released its announcement today on the first quarter of the 2016 financial year.

In the first three months of 2016, Phoenix Solar AG generated € 9.9 million of consolidated revenues, (Q1/2015: € 4.9 million). After concluding several large-scale projects at the start of the quarter newly acquired projects are just entering their ramp-up phase, with accelerated revenue growth to be realized beginning in the second quarter.

The Power Plants segment delivered revenues of € 8.8 million (Q1/2015: € 2.5 million). For the quarter, the Power Plants segment accounted for 88.9 percent (Q1/2015: 50.7 percent) of revenues and the Components & Systems segment contributed 11.1 percent (Q1/2015: 49.3 percent) having achieved revenues of € 1.1 million in the first quarter of 2016 (Q1/2015: € 2.4 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 an extraordinarily high level of gross profit. In the first quarter of 2016, by contrast, the cost of materials was burdened additionally by subsequent one-off project costs.

Group EBIT at € -2.5 million in the first quarter of 2016 was slightly improved as compared with the first three months of 2015 (Q1/2015: € -

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2.6 million). The EBIT margin (EBIT as a percentage of revenue) came in at -24.9 percent (Q1/2015: -52.5 percent).

Accordingly, the consolidated net loss attributable to parent company shareholders amounted to €-3.7 million (Q1/2015: €-3.4 million).

Calculated on an average number of 7,372,700 outstanding shares, EPS (earnings per share) stood at €-0.50 € (Q1/2015: -0,46 €).

Order book position at the end of first quarter 2015

As of March 31st, 2015 Phoenix Solar showed a consolidated free order backlog (firm orders received but not yet invoiced) of € 189.4 million (March 31st, 2015: € 131.2 million). 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. Nevertheless, a major part of the forecast Group revenue for the full 2016 year has thus already been contractually secured. Total orders on hand (including invoiced orders) increased significantly to € 258.4 million as of March 31st, 2016 (March 31st, 2015: € 142.3 million).

Cash Flow

€ 2.9 million cash inflow from operating activities was significantly improved as compared to the first quarter 2015 when a cash outflow of € 2.4 million occurred. This is attributed in particular to a reduction in current receivables of € 5.0 million to € 11.4 million (December 31st, 2015: € 16.4. million) and an increase in financial liabilities of € 2.0 million to € 23.3. million (December 31st, 2015: € 21.3 million). Together with € 2.3 million of cash flow from financing activities, cash and cash equivalents increased by € 5.1 million, from € 4.9 million to € 10.0 million.

Shareholders' Equity

Primarily as a result of the consolidated net loss consolidated equity has fallen further. It stood at € -11.3 million as of March 31, 2016 (December 31, 2015: € -7.6 million). As total assets of € 54.1 million were only slightly higher than as of December 31, 2015 (€ 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 €4.4 million as of December 31st, 2015, equivalent to a 8.8 percent equity ratio (December 31st, 2015: €6.6 million, equivalent to a 12.3 percent equity ratio).

Other

On April 26, 2016, Phoenix Solar concluded an agreement with Danish investment firm Obton Solenergi Ninna, specializing in photovoltaic power plant investments in Germany and France. Accordingly, Obton is to acquire all shares in the project company Bâtisolaire 3 SAS in France. This agreement is still subject to various conditions that are expected to be met by the end of the second quarter of 2016. As Phoenix Solar is not active as an independent power producer, the power plant is regarded as a non-core asset. The proceeds are to be used mainly to repay debt.

Outlook

Also against the backdrop of the continued high level of market growth the Executive Board confirms the 2016 forecast. We continue to anticipate revenue in a range between €180 million and €210 million for the 2016 financial year, and EBIT between €2 million and around €4 million.

Tim P. Ryan, Chief Executive Officer of Phoenix Solar AG, stated:

"Customers consistently appreciate Phoenix Solar's high integrity, high quality approach 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 continue to strengthen our base business and build professional capabilities in our three core markets, the US, Middle East and Asia/Pacific, while managing costs carefully at the same time. This makes us confident that we will reliably meet our revenue and earnings

forecasts for the 2016 financial year and continue on our path of sustainable and profitable growth."

First Quarter 2016 Announcement

The newly conceived, compact announcement on the first three months of 2016 will be published today, May 4th, 2016, electronically and can be downloaded from the our website, www.phoenixsolar-group.com, under the Investor Relations, Financial Reports heading.

About Phoenix Solar AG

Phoenix Solar AG, that has its headquarters in Sulzemoos near Munich, is an international photovoltaic system integrator. The Group develops, plans, builds and operates large-scale photovoltaic plants and on a smaller scale is a specialist wholesaler for turnkey power plants, solar modules and accessories. As an EPC contractor specializing in building solar power plants, Phoenix Solar lays special emphasis on on-budget and on-time construction and delivery of solar power plants optimized to deliver superior return. With subsidiaries on three continents, the company has sold solar modules with an output of significantly more than 1.3 gigawatt since its founding. The stocks of Phoenix Solar AG (ISIN DE000A0BVU93) are listed on the official market (Prime Standard) of the Frankfurt Stock Exchange. www.phoenixsolar-group.com.