

Phoenix Solar AG publishes results for 1H2016

- *Strong revenue growth to € 53.3 million, 34 percent growth vs. pre-year*
- *Operating breakeven in Q2, six months' EBIT at € -2.4 million, positive operating cash flow and improved gross margin*
- *Free order backlog more than € 180 million, weighted project pipeline at 235 MWp*
- *2016 sales revenue and EBIT guidance maintained*

Sulzemoos, August 4, 2016 / Phoenix Solar AG (ISIN DE000A0BVU93), a leading international photovoltaic system integrator listed on the official market (Prime Standard) of the Frankfurt Stock Exchange, today published its financial report for the first six months of fiscal 2016.

Performance in the first half year

In the first half year of fiscal 2016, Phoenix Solar AG generated consolidated revenues of € 53.3 million, an increase of 34.1 per cent vs. the first six months of fiscal 2015 (H1/2015: € 39.8 million). The positive performance – driven by Phoenix Solar's subsidiary in the USA as well as strong growth in the Middle East region – is in line with the company's current forecast.

In the first six months, the Power Plants segment contributed revenues of € 52.1 million (H1/2015: € 36.8 million) while the Components & Systems segment achieved revenues of € 1.2 million (H1/2015: € 2.9 million). The Power Plants segment thus accounted for 97.8 percent (H1/2015: 92.6 percent) of total revenue and the Components & Systems 2.2 percent (H1/2015: 7.4 percent).

Coming off of a low base post restructuring, Phoenix Solar has begun to invest in its global team to drive growth, resulting in an increase in the

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number of employees. As of June 30th, 2016, 114 people worked for Phoenix Solar (excluding Executive Board members, but including temporary staff; the headcount at June 30, 2015 was 87). Improved internal processes allowed Phoenix Solar to better allocate operating personnel expense to individual projects, thereby giving a more accurate picture of project-level profitability.

The total gross margin improved significantly to 8.3 percent (1H/2015: 7.0 percent), an indication of the progress made in improving overall operating efficiency and the focus on acquisition of profitable projects. Personnel expense decreased to € 3.8 million (1H/2015: € 4.7 million), a reflection of an accounting change noted above to allocate project-related personnel costs directly to projects.

Phoenix Solar AG's EBIT reached a level of € -2.4 million for 1H2016, an improvement of 47.3 percent versus the previous year's figure (EBIT H1/2015: € -4.6 million) and confirmation of the expected return to profitability for the full year 2016.

The consolidated net result for the period attributable to the shareholders stood at € -4.6 million (H1/2015: € -6.3 million). The loss per share was thus reduced from € 0.85 (H1/2015) to the current level € 0.62/share.

Principally as a result of the consolidated loss for the 1H2016 period of € -4.6 million, as well as due to losses sustained in past years, the Group's equity dropped to € -12.4 million (December 31, 2015: € -7.6 million). As of June 30, 2016, the Group's equity ratio therefore stood at -20.0 % (December 31, 2015: -14.1 percent).

As the Group does not constitute an independent legal entity, the negative equity ratio does not result in a "going concern" risk at the Group level. More important is the equity position of the parent company, Phoenix Solar AG, which adheres to the accounting standards of the

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German Commercial Code [HGB]). As of June 30, 2016, this stood at a positive and improved level of €9.9 million, equivalent to an equity ratio of 17.1 percent (December 31, 2015: €6.6 million, or 12.3 percent).

Cash Flow

For 1H2016, the €6.1 million cash inflow from operating activities represented a strong improvement when compared to the first half of 2015, in which period a cash outflow of €3.6 million was recorded. Together with a cash outflow of €1.5 million used for the reduction of financial liabilities, cash and cash equivalents increased by a strong €4.5 million, from €4.9 million (as of December 31, 2015) to €9.4 million (as of June 30, 2016).

Performance in the second quarter

The Phoenix Solar Group generated revenues of €43.4 million over the period from April to July 2016 (Q2/2015: €34.8 million), representing an increase of 24.6 percent. The second quarter of 2016 saw the delivery of modules with a total rated output of 54,5 MWp (Q2/2015: 33.9 MWp).

Order book position at the end of the first half-year

The Group reported a free order book position of €182.4 million as of June 30, 2016 (June 30, 2015: €102.7 million). The Group order book position - including revenues already realized - amounted to €293.3 million as of June 30, 2016 (June 30, 2015: €142.8 million).

Other

On April 26th, 2016, Phoenix Solar concluded an agreement with the Danish investment firm Obton A/S, specializing in photovoltaic power plant investments in Germany and France. This agreement to acquire all shares in the project company Bâtisolaire 3 SAS in France was subject to various conditions that were to be met by the end of July, 2016. The proceeds of the transaction will be used principally to repay debt.

Outlook

The Executive Board of Phoenix Solar AG maintains its 2016 forecast and therefore expects revenues in the range of € 180 to € 210 million (2015: € 119.4 million) and a positive EBIT of € 2.0 to € 4.0 million (2015: € -1.6 million) for the full year 2016.

Tim P. Ryan, Chief Executive Officer of Phoenix Solar AG, stated: "In the second quarter of 2016, our operating results showed steady improvement. We are working towards further accelerating our growth in the current and subsequent quarters. In the Middle East, we are now gaining momentum from our strong market position in Turkey and Jordan. In the USA and Asia/Pacific we also continue to expand our presence. Our global Supply Chain efforts and internal efficiencies are showing hard results in the form of improved margins. Based on our track record of delivering high-quality, commercial solar PV plants on-time and on-budget, we continue to enjoy healthy demand for our services - a sound basis for continued profitable growth in our core markets around the world."

Report on the first half of 2016

The Phoenix Solar AG report on the first half of 2016 will be published today, August 4th, 2016, in electronic form and can be downloaded from our website at www.phoenixsolar-group.com under the Investor Relations, Financial Reports heading.

About Phoenix Solar AG

Phoenix Solar AG, with headquarters in Sulzemoos / Munich, Germany, is an international photovoltaic systems integrator. The Group develops, plans, builds and operates large-scale photovoltaic plants. As an EPC contractor specializing in the design and execution of solar power plants, Phoenix Solar places special emphasis on the "on-time and on-budget" construction and delivery of solar power plants, optimized to deliver superior output. With subsidiaries on three continents, the company has designed and built some 800 MWp of turnkey systems since its founding. The shares of Phoenix Solar AG (ISIN DE000A0BVU93) are listed on the official market (Prime Standard) of the Frankfurt Stock Exchange. www.phoenixsolar-group.com.

