

### **Phoenix Solar AG publishes results as of September 30th, 2016**

- *Strong revenue growth, positive EBIT and net profit for the quarter*
- *EBIT for the nine months at -0.4 million Euro, further improvement in gross margin*
- *Proceeds from sale of Bâtisolaire 3 power plant utilized to repay liabilities; net debt reduced to 21 million Euro*
- *Free order book position of more than 130 million Euros, weighted project pipeline grows to 286 MWp*
- *Dip in Q4: delay of projects into 2017; further revenue and earnings growth envisaged for next year*

Sulzemoos, November 10th, 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 quarterly announcement as of September 30th, 2016.

#### **Performance in the third quarter**

The Phoenix Solar Group generated revenues of 55.0 million Euro over the period from July to September 2016 (Q3/2015: 42.4 million Euro), representing an increase of 29.7 percent. The third quarter of 2016 saw the delivery of systems with a total capacity of 54 MWp (Q3/2015: 33 MWp). The positive development is driven by all three major sales regions. The USA, Middle East and Asia-Pacific each generated their strongest quarterly sales revenues since concluding the repositioning of our corporate strategy toward the engineering, procurement and construction of photovoltaic power plants.

The gross margin reached 9.3 percent in the third quarter (Q3/2015: 8.8 percent), driven by a disciplined approach to pricing and our supply chain initiatives. Thanks to this margin improvement, and despite a slight

increase in personnel expenses, we boosted EBIT by 0.9 million Euro in the third quarter of the year to 2.0 million Euro, a level 86 percent higher than in Q3/2015; the EBIT margin reached 3.6 percent. A profit for the quarter was generated again as a result. The net income of 1.3 million Euro attributable to the shareholders is equivalent to earnings per share of EUR 0.17 Euro.

### **Performance in the first nine months**

In the first nine months of the 2016 financial year, Phoenix Solar generated consolidated revenues of 108.3 million Euro, an increase of 31.8 per cent vs. the first nine months of fiscal 2015 (9M/2015: 82.2 million Euro).

Coming off of a low base post restructuring, Phoenix Solar is now investing in its global team to drive further growth, in particular in sales, supply chain, estimating & bidding and engineering staff. As of September 30th, 2016, 126 individuals worked for Phoenix Solar (excluding Executive Board members, but including temporary staff). A total of 87 individuals were employed at September 30th, 2015. Improved internal tools allowed Phoenix Solar to better allocate operating personnel expense to individual projects, thereby giving a more accurate picture of project-level profitability.

The cumulative gross margin improved further to 8.8 percent (9M/2015: 7.9 percent), an indication of the progress made in particular by building an experienced global supply chain organization. Personnel expenses were reduced to 6.0 million Euro (9M/2015: 6.2 million Euro).

Phoenix Solar AG's consolidated EBIT reached a level of -0.4 million Euros for 9M/2016, reflecting an 88.6 percent year-on-year improvement (EBIT 9M/2015: -3.5 million Euro). The consolidated net result for the period attributable to the shareholders stood at -3.3 million Euro

(9M/2015: -6.4 million Euro). The loss per share was thus reduced from 0.85 (H1/2015 Euro) to the current level of 0.45 Euro/share.

### **Cash Flow**

For 9M/2016, the 6.3 million Euro cash inflow from operating activities represented a strong improvement when compared to the first nine months of 2015, in which period a cash inflow of 2.3 million Euro was recorded. The proceeds from selling the Bâtisolaire 3 power plant in France were utilized mainly to redeem financial liabilities. Cash and cash equivalents increased by 6.8 million Euro, from 4.9 million Euro (as of December 31st, 2015) to 11.6 million Euro (as of September 30th, 2016).

### **Balance Sheet as of September 30th, 2016**

On the balance sheet as of September 30th, 2016, the reduction in property, plant and equipment stands out. This mainly reflects the disposal of the Bâtisolaire 3 project company in France. Along with ongoing repayment, this reduction of debt is the primary driver for the 6.4 million Euro decrease in non-current financial liabilities. Net debt (bank borrowings less liquid assets) was subsequently reduced from 34.2 million Euro (December 31st, 2015) to 21.0 million Euro (September 30th, 2016), further evidence of the continuing strengthening of the Company's financials.

Principally as a result of the consolidated loss for the 9M/2016 period of -3.3 million Euro, as well as due to losses sustained in past years, the Group's equity amounted to -11.3 million Euro (December 31st, 2015: -7.6 million Euro). As of September 30th, 2016, the Group's equity ratio therefore stood at -18.2 percent (December 31st, 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 German Commercial Code [HGB]). This position amounted to 8.3 million Euro as of September 30th, 2016, equivalent to a 15.2 percent equity ratio (December 31st, 2015: 6.6 million Euro, corresponding to a 12.3 percent equity ratio).

### **Order book position at the end of the third quarter**

The Group reported a free order book position of 130.3 million Euro as of September 30th, 2016 (September 30th, 2015: 102.7 million Euro). As already announced, the free order book position as of September 30th, 2016 includes one order, however, for which the construction permit has long been outstanding. The Group order book position - including revenues already realized - amounted to 238.2 million Euro as of September 30th, 2016 (September 30th, 2015: 163.4 million Euro).

### **Outlook**

On November 8th, 2016, the Executive Board of Phoenix Solar AG revised its 2016 forecast. As two larger projects in the USA and Turkey were delayed, the revenues planned from those projects are now likely to be realized in the 2017 financial year rather than in Q4/2016. For the full year 2016 revenues are now expected in a range of between 135 to 150 million Euro (2015: 119.4 million Euro) and an EBIT of between 0.5 to 2.0 million Euro (2015: -1.6 million Euro).

For the 2017 financial year, the company now assumes further revenue growth and improved earnings. Updated guidance for 2017 will be announced at the latest in parallel with the results of the 2016 financial year.

Tim P. Ryan, Chief Executive Officer of Phoenix Solar AG, stated: " All three of our core regions - the US, Middle East and Asia Pacific - showed strong growth in sales. Our project gross margins have improved, thanks

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to a disciplined pricing approach and our continuous supply chain efforts, which are now bearing fruit. Costs are under control and being managed carefully. We continue to invest in building a strong and capable team of experienced solar professionals worldwide. All in all, we are making solid progress on our stated goal of sustainable, profitable growth. While disappointed by delays on two important projects in Q4/2016, these revenues will now be realized in 2017. The solar photovoltaic markets globally continue to grow rapidly and we in turn will continue to profit from that trend with our reputation for quality solar PV projects, on time and on budget."

### **Quarterly Announcement as of September 30th, 2016**

The Phoenix Solar AG quarterly announcement as of September 30th, 2016 will be published today, November 10th, 2016, in electronic form and can be downloaded from our website at [www.phoenixsolar-group.com](http://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](http://www.phoenixsolar-group.com).