

Phoenix Solar AG announces Q1/2017 results

- *Group revenues increase by 40 percent versus pre-year period, EBIT below expectations, strong cash inflow*
- *Free order backlog increases to € 60.6 million*
- *Forecast for 2017 confirmed with revenue growth to €160-€190 million and positive EBIT of €1-€ 3 million*

Sulzemoos, May 11th, 2017 / Phoenix Solar AG (ISIN DE000A0BVU93), an international photovoltaic system integrator listed on the official market (Prime Standard) of the Frankfurt Stock Exchange, released its announcement today on results for the first quarter of the 2017 financial year.

In the first three months of 2017, the consolidated revenues of the Phoenix Solar Group increased by 40 percent to € 13.8 million (Q1/2016: €9.9 million). This trend was mainly driven by the US market, the company's core business which accounted for around 90 percent of the total turnover. Further revenue growth over the coming quarters is expected due to a growing project pipeline. The total volume of the weighted global project pipeline rose from 330 MWp to 350 MWp indicative of the company's growth trend. It has to be noted, however, that a number of projects are reaching completion and will drop out of the M5 phase ("under construction") of the pipeline. Shortlisted projects (weighting factors of between 30 and 70 percent) increased further to almost 90 MWp.

The Company's total gross margin (revenues less cost of materials as percentage of revenues) was at 10.2 percent for the quarter at a satisfactory level (Q1/2016: 13.2 percent). Other operating income of €0.4 million was lower than in previous quarters (Q1/2016: € 1.1 million), due to the sale of the Bâtisolaire project company last year, which no longer generates operating income. Post-restructuring, the Company's resources were at a very low level, thus the company increased its

personnel to drive new growth. This is reflected in an increase of personnel expense of some 37 percent to € 3.4 million (Q1/2016: € 2.5 million).

The resulting earnings before interest and taxes (EBIT) were therefore € -4.0 million for the quarter, down by € 1.5 million vs. the pre-year period (Q1/2016: € -2.5 million). The corresponding EBIT margin was below expectations at -28.7 percent (Q1/2016: -24.9 percent).

Finally, the consolidated net loss attributable to parent company shareholders amounted to € -5.1 million (Q1/2016: € -3.7 million). Calculated on an average number of 7,372,700 outstanding shares, EPS (earnings per share) stood at € -0.69 € (Q1/2016: € -0.50).

Order book position at the end of first quarter 2017

As of March 31st, 2017, Phoenix Solar showed a consolidated free order backlog (firm orders received but not yet invoiced) of € 60.6 million (March 31st, 2016: € 142.1 million, December 31st, 2016: € 55.8 million). Total orders on hand (including invoiced orders) increased to € 209.6 million as of March 31st, 2017 (March 31st, 2016: € 186.4 million). Current efforts to upgrade our global sales force and process are addressing this situation systematically and are expected to result in further strong growth for the full year 2017.

Cash Flow

€ 4.3 million cash inflow from operating activities was significantly improved as compared to the first quarter 2016 when a cash inflow of € 2.9 million occurred. This is attributed in particular to a reduction in current receivables of € 8.9 million to € 10.8 million (December 31st, 2016: € 19.7 million). Non-current financial liabilities were repaid in the amount of € 4.9 million, thereby also reducing net debt (bank borrowings less liquid assets) by € 3.0 million. Net debt now amounts to € 22.9 million (December 31st, 2016: € 25.9 million).

Cash and cash equivalents decreased by € 1.9 million, from € 9.4 million on December 31st, 2016 to € 7.5 million on March 31st, 2017.

Shareholders' Equity

Primarily as a result of the Q1/2017 consolidated net loss, consolidated Group equity has fallen further. It stood at € -18.6 million as of March 31, 2017 (December 31st, 2016: € -12.1 million). As total assets of € 38.6 million were lower than at December 31st, 2016 (€ 46.5 million), the consolidated equity ratio fell to -48.1 percent (December 31st, 2016: -26.0 percent). However, it is essential to note that the Group does not constitute a legally independent entity in itself. Ultimately, 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 € 3.9 million as of March 31st, 2017, equivalent to a 8.0 percent equity ratio (December 31st, 2016: € 5.7 million, equivalent to a 8.6 percent equity ratio). Over the coming months, the Executive Board will undertake suitable measures to strengthen the equity of the parent company.

Outlook

Given the uptick in new order intake and a steadily growing project pipeline, the Company confirms the full year 2017 forecast: the Group will generate between € 160 million and € 190 million of revenues in the 2017 financial year and a positive EBIT result between € 1 million and € 3 million.

Tim P. Ryan, Chief Executive Officer of Phoenix Solar AG, stated: "Our principal goal remains top line, profitable growth. We are investing in qualified sales personnel around the world and in improving our pipeline process to generate reliable revenue growth. We achieved a 40 percent revenue increase over the first quarter of last year. The overall project pipeline reflects this trend, having reached a new record weighted level of 350 MWp. The number of shortlisted projects and solid growth in early-phase opportunities indicate clearly that additions of our sales team and

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sales process improvements are working and will continue to bear fruit. In addition, we continued to invest in both people and processes in supply chain, estimating & bidding and engineering to remain competitive and differentiate our quality services. Finally, we see continued growth in our largest market, the US, and are very well positioned there, based on our pipeline, reputation and a strong record of on-time and on-budget delivery of quality solar power plants to our customers."

First Quarter 2017 Announcement

The announcement on the first three months of 2017 will be published today, May 11th, 2017, electronically and can be downloaded from the website, 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.