

Phoenix Solar focuses on international operations and new business models

Financing extended until end of March 2015 / Change in the position of CEO

Sulzemoos 11 February 2013 / Phoenix Solar AG (ISIN DE000A0BVU93), an internationally leading photovoltaic system integrator listed on the Prime Standard of the Frankfurt Stock Exchange, has decided to part company with a number of loss making operations due to the fact that the market environment raises severe doubts about their recovery in the near term.

Subsequently, Phoenix Solar will lay enhanced focus on the strongly growing regions of Asia and the USA where its regional subsidiaries have successfully established themselves in their respective markets. The North American and Asian operations have ramped up the capacities and competencies necessary to sustainably manage, develop and expand their businesses in an operationally independent manner. Our subsidiary in the US, established in 2010 grew its sales by a factor of almost eight in 2012 and subsequent to the planned initial losses during the start-up phase now reports a profit well above expectations. Our Singapore subsidiary - the cornerstone of our Asian business - reports a strong order backlog and plans to quadruple its sales as compared with 2012.

In Europe, the French and Greek subsidiaries are well positioned and profitable. Capacities in Spain and Italy on the other hand have been significantly reduced in view of the uncertainties in their local markets and their challenges in reaching earnings targets. The subsidiary based in Oman is to be closed.

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The components & systems and the power plant businesses in Germany will be divested. In addition to the components & systems and power plant activities of the aforementioned international subsidiaries, the profitable operations & maintenance unit located in Ulm, as well as the development of new business models for the project and distribution businesses, will remain an important focus of the company moving forward.

Financing for the Group will continue to be secured by Phoenix Solar AG. The lending banks have been consulted in detail about this shift in strategy towards a fast return to profitable growth. Today, the company signed contract amendments regarding the corresponding credit agreements. Accordingly, the total financing volume was slightly adjusted down to approximately EUR 126 million. The credit lifetime was extended ahead of schedule by another year from 31 March 2014 to 31 March 2015.

This shift in strategy will necessitate that extraordinary expenses - largely write-downs and provisions - be accounted for in the financial statements as of 31 December 2012. Prior to these extraordinary expenses of approximately EUR 8 million, the most recent revenue and earnings forecasts for the 2012 financial year would have been fully met. Including these expenses, however, preliminary figures show operating losses (negative EBIT) of around EUR 32 million (operating losses 2011: EUR 84.7 million; previously forecasted for 2012: EUR 25 million to EUR 19 million operating losses). In contrast to previous expectations for 2013, Phoenix Solar now expects its revenues to reach EUR 160 million to EUR 190 million, significantly less than the original forecast of EUR 280 million to EUR 310 million. The previous earnings forecast (EBIT less restructuring expenses), however, of around EUR 5 million losses and EUR 0 million is being maintained.

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Dr. Andreas Hänel, founding Director of Phoenix Solar AG, today announced his resignation from his position as member of the Board of Management ahead of time and effective 28 February 2013. Expressing its regret, the Supervisory Board accepted his resignation. The Board extended its gratitude to Dr. Hänel for his long-year and successful service as CEO, which in 2008 led Phoenix Solar AG to a TecDAX listing. Showing complete dedication, Dr. Hänel also managed the company throughout the recent difficult restructuring. He will continue to serve the company in a consulting capacity.

Also today, the Supervisory Board has appointed Dr. Bernd Köhler CEO effective 1 March 2013. Dr. Köhler will continue to also serve as CFO of the company. Dr. Murray Cameron remains member of the Board of Management and in charge of Operations (COO) as well as CEO & President of the US subsidiary.

„The discontinued operations made significant operating losses in 2012. This did not come unexpectedly. But the ongoing adverse market effects and the regulatory changes in disfavour of photovoltaics made it increasingly unlikely that the expected increase in shipments which was needed for a return to profitability would actually come to occur - in spite of numerous efforts by staff and management. Therefore, we had to react with the severe cuts we are now executing although this means to dismiss many qualified employees“, said Dr. Bernd Köhler.

Dr. Murray Cameron added: „Next to a reliable financing the ability to flexibly and quickly shift gears is one central requirement to maintain a significant position in the international photovoltaic markets. The clear focus on the successful regions is a good starting point for our return to profitable growth.“



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About Phoenix Solar AG

Phoenix Solar AG, which has its headquarters in Sulzemoos near Munich, is a leading international photovoltaic system integrator. The Group develops, plans, builds and operates large-scale photovoltaic plants and is a specialist wholesaler for turnkey power plants, solar modules and accessories. With subsidiaries on three continents, the company has sold solar modules with an output of more than one gigawatt 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