

Phoenix Solar AG publishes results for 9M/2015

- *Strong revenue growth to EUR 82.2 million – approximately 400 percent growth versus previous year period*
- *In Q3 positive EBIT at EUR 1.1 million; significant improvement in earnings per share, positive cash flow*
- *Strong free order backlog at EUR 85.5 million*

Sulzemoos, November 5, 2015 / Phoenix Solar AG (ISIN DE000A0BVU93), a leading international photovoltaic system integrator listed in the Prime Standard of the Frankfurt Stock Exchange today publishes its financial report on the first nine months of fiscal 2015.

Performance in the first nine months

In the nine months of fiscal 2015, Phoenix Solar AG generated consolidated revenues of EUR 82.2 million, which is more than four times as much compared with the first nine months of fiscal 2014 (9M/2014: EUR 19.5 million) and over 100 percent more than in the full-year 2014. The growth of the business is largely attributable to an increase in revenues in the second and third quarters of fiscal 2015. The positive performance – driven above all by Phoenix Solar's subsidiary in the USA – is in line with the company's current forecast. Based on the current free order backlog revenues for the full year are anticipated to be achieved at the lower end of the EUR 140 million and EUR 160 million forecast range.

In the first nine months of the year, EUR 79.2 million of revenues were generated by the Power Plants Segment this segment (9M/2014: EUR 7.0 million). Following significantly weaker business trends, especially in France and Southeast Asia, EUR 3.0 million of revenues were attributable to the Components & Systems Segment (9M/2014: EUR 12.5 million).

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Gross profit stood at EUR 6.5 million during this period (9M/2014: EUR 5.1 million) representing a gross profit margin of 7.9 percent. The comparably higher gross profit margin in the first nine months of 2014 (9M/2014: 26.1 percent) was due to the fact that the previous year still included the high-margin European O&M business that exerted a disproportionate impact on profit and loss as a result of the weak trend in other business during 2014. Between January and September 2015, personnel expenses amounted to EUR 6.2 million, down 19.0 percent compared with the first nine months of 2014 (9M/2014: EUR 7.7 million). Other operating expenses were also down by some EUR 2.3 million, from EUR 8.0 million in the first nine months of 2014 to currently EUR 5.7 million. This corresponds to a 28.5 percent saving.

This resulted in earnings before interest and taxes (EBIT) of EUR -3.5 million in the first nine months of 2015, EUR 2.2 million, or 38.1 percent, better than in 2014 (9M/2014: EUR -5.7 million). Taking into account that during the first nine months of fiscal 2014 several special effects had led to higher other operating income (9M/2015: EUR 2.9 million; 9M/2014: EUR 6.0 million), the improvement would have been even better.

The consolidated net result for the period attributable to the shareholders stood at EUR -6.4 million (9M/2014: EUR -10.3 million), thereby improving by around 40 percent compared to the period from January to September 2014. The loss per share was reduced accordingly, from EUR 1.40 (9M/2014) to currently EUR 0.86.

Due to the resumed business growth and the improved consolidated net result for the period, cash flow from operating activities turned positive again for the first nine months of 2015, amounting to EUR 2.3 million (9M/2014: EUR -4.5 million).

As a result of the consolidated loss before non-controlling interests of EUR 6.8 million incurred in the period under review, and due to the past

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years' loss-making situation, equity declined to EUR -8.7 million (December 31, 2014: EUR -1.6 million). The consolidated equity ratio stands at -16.9 percent as of September 30, 2015 accordingly (December 31, 2014: -3.5 percent). As the Group does not comprise a legally independent company itself, this negative equity ratio generates no direct going concern risk for the Group.

Solely the equity transferred from Phoenix Solar Aktiengesellschaft (which prepares its accounts according to the German Commercial Code (HGB)), as the parent company of the Phoenix Solar Group, is of legal relevance. This amounted to EUR 7.5 million as of September 30, 2015, equivalent to a 15.0 percent equity ratio (December 31, 2014: EUR 11.0 million, equivalent to a 20.0 percent equity ratio).

Performance in the third quarter

The Phoenix Solar Group generated revenues of EUR 42.4 million over the period from July to September 2015 (Q3/2014: EUR 5.5 million), representing an increase of EUR 34.9 million, which is more than five times higher compared to the figure reported in the third quarter of 2014. This performance was based on a considerable improvement in sales: The second quarter of 2015 saw the delivery of modules with a total rated output of 33.2 MWp (Q3/2014: 5.8 MWp).

The Power Plants Segment generated EUR 42.3 million of revenue volume in the third quarter (Q3/2014: EUR 3.2 million). This represents growth of EUR 39.1 million, which is due to construction work having started on several power plant projects in the USA.

Following significantly weaker business trends, especially in France and Southeast Asia, the Components & Systems Segment realized EUR 0.1 million of revenues in the third quarter of 2015 (9M/2014: EUR 4.3 million) – a fall of almost 100 percent.

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In relation to total revenues in the quarter, the Components & Systems Segment thereby accounted for just 0.3 percent (Q3/2014: 57.8 percent), and the Power Plants Segment consequently for 99.7 percent (Q3/2014: 42.2 percent).

Setting aside the effect of the sale of the European O&M operations in the fourth quarter of 2014, the Group generated the first positive result again for six quarters in the third quarter of 2015. The EBIT result of EUR 1.1 million (Q3/2014: EUR -2.3 million) was significantly better than the result achieved in the previous year's equivalent quarter, due to the stronger business trend and the improvement in cost structures following the previous years' restructuring. The EBIT margin consequently amounted to 2.5 percent (Q3/2015: -31.1 percent).

Order book position at the end of the third quarter 2015

The Group reported a free order book position of EUR 85.5 million as of September 30, 2015 (September 30, 2014: EUR 41.0 million). The Group order book position - including revenues already realized - amounted to EUR 163.4 million as of September 30, 2015 (September 30, 2014: EUR 44.1 million).

Outlook

The Executive Board expects to generate a considerable revenue growth for the full year 2015 also with revenues coming in at the lower end of the EUR 140 million to EUR 160 million forecast range. Also maintained is the earnings forecast for the year as revised in September 2015, according to which the Group will achieve EBIT in a range between EUR -1 million and EUR +1 million.

Tim P. Ryan, Chief Executive Officer of Phoenix Solar AG, stated: "It is becoming ever more evident that we are indeed delivering on our promises. Strong growth due to excellent performance and reputation,

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positive cash flow, positive operating results for the quarter, almost breakeven on the bottom line: These are strong indications that Phoenix Solar is on track - and that we are making major progress in consolidating our turnaround. With a strong record of growth and delivering on our turnaround promise in 2015, we remain optimistic for the future."

Report on the first nine months of 2015

The report on the first nine months of 2015 will be published today, November 5, 2015, in electronic form 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, 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 is a specialist wholesaler on a smaller scale for turnkey power plants, solar modules and accessories. As prime contractor for high quality engineering, procurement and construction we lay special emphasis on on-time, on-budget delivery of utility scale solar power plants optimized to provide reliable long-term system output for owners and investors. With subsidiaries on three continents, the company has sold solar modules with an output of significantly more than one 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.