

Phoenix Solar AG presents its figures for the financial year

2013

- *Earnings before interest and taxes better than expected: only small operating loss posted*
- *Positive cash flow from operating activities*
- *Revenues of EUR 141.2 million nine percent short of year-earlier figure*
- *Positive impact from strategic realignment towards growth regions in the USA and Asia*

Sulzemoos 31 March 2014 / Phoenix Solar AG (ISIN DE000A0BVU93), an international photovoltaic system integrator listed in the Prime Standard of the Frankfurt Stock Exchange, is today issuing its Annual Report 2013, attested by the independent auditor and adopted by the Supervisory Board.

Overview of performance

In the financial year 2013, Phoenix Solar AG achieved consolidated revenues of EUR 141.2 million, which is nine percent lower in a year-on-year comparison. The sales of photovoltaic power plants and modules decreased by 3.1 percent to 126 MWp (2012: 130 MWp). The share in revenues generated by domestic business corresponded to 11.8 percent (2012: 29.9 percent), down from EUR 29.7 million to EUR 16.7 million, equates to a decline of 64.0 percent owing to the termination of the trading and project business in Germany. International markets accounted for 88.2 percent of sales revenues (2012: 70.1 percent). Nonetheless, earnings before interest and taxes (EBIT), which posted EUR - 1.4 million, increased significantly compared with the previous year (EBIT 2012: EUR - 31.8 million). This result also includes the cost of the last restructuring phase amounting to EUR 1.9 million. The consolidated net result for the period attributable to the shareholders stood at EUR - 10.7 million (2012: EUR - 37.3 million). The loss per share posted EUR 1.45 (2012: EUR 5.06).

Impact of strategic realignment

This positive development is due to far-reaching changes decided over the course of the financial year which were initiated and successfully implemented. In February 2013, Phoenix Solar AG completed the process of strategically realigning the Group's business towards the US and Asian growth regions. Over the course of the year, revenues were more than doubled in both sub-markets. Revenues achieved in the USA amounted to EUR 53.8 million (2012: EUR 23.2 million), while the company generated revenues of EUR 38.2 million (2012: EUR 16.2 million) in Asia. By contrast, business in Europe fell significantly short of the previous year and of expectations owing to the considerable deterioration in political framework conditions. Sales revenues in this region stood at EUR 33.2 million, which is only half the revenues of EUR 69.8 million generated in 2012.

The discontinuation of the trading and project business in its previous form operated from Germany was at the heart of the strategic alignment. Business activities retained included the operation and maintenance of power plants located in Ulm. In addition, Phoenix Solar AG commenced with the development of new business models independent of government subsidies which are meanwhile already in the test phase. Given these fundamental changes, we realized revenues in Germany of only EUR 16.7 million, down from EUR 46.4 million in the previous year.

The Components & Systems Segment reported a downturn in revenues of 21.8 percent to EUR 56.7 million (2012: EUR 72.5 million) and contributed 40.2 percent (2012: 46.6 percent) to consolidated revenues.

The Power Plant Segment delivered revenues of EUR 84.5 million (2012: EUR 83.0 million), which corresponds to an increase of 1.8 percent in a year-on-year comparison. This segment contributed 59.8 percent (2012: 53.4 percent) to total revenues.

Earnings before interest and taxes (EBIT) came in at EUR - 1.4 million (2012: EUR - 31.8 million). The EBIT margin (ratio of EBIT to revenues) stood at - 1.0 percent (2012: - 20.5 percent). After tax, the consolidated result posted EUR - 10.7 million (2012: EUR - 37.3 million), which corresponds to earnings per share of EUR - 1.45 (2012: - 5.06 percent). Tax expenses include impairment of a tax asset. Consolidated orders on hand amounted to EUR 65.0 million on 31 December 2012 (2012: EUR 74.9 million), reflecting a decline of 13.2 percent.

Phoenix Solar generated a cash inflow of EUR 2.3 million from operating activities (2012: cash outflow of EUR 9.2 million). Cash and cash equivalents had risen to EUR 10.0 million by 31 December 2013 (31 December 2012: EUR 8.9 million).

The equity ratio posted 11.0 percent as of 31 December 2013 (2012: 18.7 percent).

"After two years of writing high losses, we closed the year 2013 with an operating result close to breakeven and a positive cash flow from operations. This was even better than we originally anticipated", emphasised Dr. Bernd Köhler, Chief Executive Officer of Phoenix Solar AG. "What is more, this was accomplished although revenues were not even a quarter of the volume generated in 2010, which was our best year. Following radical restructuring in 2013, further progress hinges on both subsidiaries consolidating their sales successes in 2013 and continuing their expansion. If this succeeds, our return to the profit zone will be accomplished in line with our planning."

Outlook (baseline scenario)

In the financial year 2014, Phoenix Solar will be endeavouring to raise consolidated revenues by around ten percent, which would correspond to a corridor of between EUR 150 million and EUR 160 million (2013: EUR 141.2 million) based on sales anticipated in a range of 130 MWp to

140 MWp (2013: 126 MWp). Given the lean cost structure, and since no extraordinary expenses are anticipated for restructuring in 2014, the company assumes that it will be able to generate a positive operating result (EBIT) again in a range of EUR 2 to 5 million.

Annual Report

The Annual Report 2013 is to be issued today, 31 March 2014, in electronic form and can be downloaded from our website at www.phoenixsolar-group.com/en.html under the Investor Relations, Financial Reports heading.

Figures for the financial year 2013 at a glance

		FY 2013	FY 2012	Change
Sales volume	MWp	126	130	-3.1%
Consolidated revenues	€ million	141.2	155.4	-9.1%
Components & Systems Segment	€ million	56.7	72.4	-21.7%
Power Plants Segment	€ million	84.5	83.0	1.8%
International revenues	€ million	124.6	109.0	14.3%
Cash flow from operating activities	€ million	2.3	-9.2	n.a.
EBIT	€ million	-1.4	-31.8	95.6%
Consolidated result	€ million	-10.7	-37.3	71.3%
Earnings per share	€	-1.45	-5.06	71.3%



About Phoenix Solar AG

Phoenix Solar AG, headquartered 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 for turnkey power plants, solar modules and accessories. With subsidiaries on three continents, the company has sold solar modules with an output of significantly 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