

### **Phoenix Solar AG publishes results for the first nine months of 2017**

- *Group revenue (January through September 2017) at € 63.5 million, EBIT: € -9.3 million*
- *Both the weighted global project pipeline at 608 MWp and the free order backlog at € 225.3 million are at record levels – sound basis for new growth in 2018*
- *Tenure of Group CEO Tim P. Ryan extended*
- *2017 full year guidance lowered: sales revenue now expected in the range of € 90 million to € 110 million and EBIT in the range of € -10.0 million and € -8.0 million*

Sulzemoos, November 9<sup>th</sup>, 2017 / 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 financial report for the third quarter and the first nine months of fiscal 2017.

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

In the first nine months of fiscal 2017, Phoenix Solar AG generated consolidated revenues of € 63.5 million, a decrease of 41.4 per cent vs. the first nine months of fiscal 2016 (9 months/2016: € 108.3 million). Sales revenues in the third quarter of € 21.1 million came in 61.6 percent lower than in the third quarter of 2016, when revenues of € 55.0 million were recorded. Shipments in the first half year reached 103.4 MWp, a 11.6 percent decrease vs. pre-year (9 months/2016: 117.0 MWp). New project orders signed in the third quarter – in particular on our core market USA but also in Asia/Pacific – lead to the expectation of a marked revenue increase in 2018.

Phoenix Solar AG, Hirschbergstraße 4, 85254 Sulzemoos, Germany  
Investor Relations contact: Dr. Joachim Fleing, tel. +49 (0)8135 938-315, fax +49 (0)8135 938-429  
j.fleing@phoenixsolar.de, www.phoenixsolar-group.com

## PRESS RELEASE

In the first nine months of 2017, Phoenix Solar generated revenues of €45.6 million in the US, our core market (9 months/2016: €84.7 million), while the Middle East Region contributed revenues of €11.9 million (9 months/2016: €16.4 million). Our Asia/Pacific Region yielded revenues of €5.5 million (9 months/2016: €6.8 million), Europe (excluding our holding company) remained the smallest region with sales of €0.5 million (9 months/2016: €0.4 million).

The total gross margin (revenues less cost of material) was stable at a healthy level of 9.6 percent (9 months/2016: 8.8 percent). With an eye on the future, Phoenix Solar has continued to invest in its global team, in particular in sales, supply chain and engineering to further strengthen our competitiveness and drive sustainable growth. In the third quarter, however, there were some minor adjustments. The number of employees stood at 128 people (as of September 30th, 2017 - excluding Executive Board members and temporary staff) vs. 126 at the end of the third quarter of 2016. Personnel expense increased to €9.7 million (9 months/2016: €8.5 million).

Phoenix Solar AG's EBIT reached a level of €-9.3 million for the 9 months of 2017 (EBIT 9 months/2016: €-0.4 million) – leading to a revision of the guidance with EBIT for the full year expected to come in in a range between €-10.0 million and €-8.0 million.

The consolidated net result for the period attributable to the shareholders stood at €-12.4 million (9 months/2016: €-3.3 million). The loss per share thus increased from €0.45 (9 months/2016) to the current level of €1.68/share.

Principally as a result of the consolidated loss for the first nine months of fiscal 2017, as well as due to losses sustained in past years, the Group's equity dropped further to €-26.1 million (December 31, 2016: €-12.1

## PRESS RELEASE

million). As of September 30, 2017, the Group's equity ratio therefore stood at -73.2 percent (December 31, 2016: -26.0 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. Only the equity as presented in the derived German Commercial Code (HGB) financial statements of Phoenix Solar Aktiengesellschaft, as the parent company of the Phoenix Solar Group, is legally relevant. This amounted to € 4.0 million as of September 30, 2017, equivalent to a 7.9 percent equity ratio (December 31, 2016: € 5.7 million, equivalent to an 8.6 percent equity ratio).

### **Cash Flow**

For the first nine months of 2017, a € 10.3 million cash outflow from operating activities was recorded (9 months/2016: cash inflow of € 6.3 million). Cash and cash equivalents decreased by € 7.2 million, from € 9.4 million (as of December 31, 2016) to € 2.2 million (as of September 30, 2017). Delays in new order intake and in the issuing of notices to proceed by our customers have led to challenges in the liquidity management.

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

The Phoenix Solar Group generated revenues of € 21.1 million over the period from July to September 2017 (Q3/2016: € 55.0 million, Q2/2017: € 28.5 million). The gross profit margin of 8.0 percent in the third quarter was weaker than previously due to cost overruns in two projects (Q3/2016: 10.9 percent). Earnings before interest and tax came in at € -2.3 million (Q3/2016: € 2.0 million). The resulting net loss per share was at € 0.51 (Q3/2016: net profit per share of € 0.17).

### **Order backlog at the end of the first nine months**

The Group reported a record free order backlog of € 225.3 million as of September 30, 2017 (September 30, 2016: € 83.5 million) an increase of 169.9 percent. The Group order book position - including revenues already realized - amounted to € 334.8 million as of September 30, 2017 (September 30, 2016: € 193.3 million). The total volume of the weighted global project pipeline increased strongly to 608 MWp as of September 30, 2017 (June 30, 2017: 444 MWp, September 30, 2016: 285.9 MWp).

### **Outlook**

In the course of the third quarter 2017, we signed several significant EPC contracts for large projects in the US and in our Asia/Pacific region, including our first large ground-mounted solar PV power plant in Australia. Several additional projects are currently in the final phase of contract negotiations.

These projects as well as the issuing of the respective notices to proceed had originally been expected to come in earlier in the financial year. On October 24<sup>th</sup>, 2017, the Executive Board of Phoenix Solar AG, therefore, lowered its 2017 forecast and now expects revenues in the range of € 90 to € 110 million (2016: € 139.2 million) and an EBIT in a range between € -10.0 to € -8.0 million for the full year 2017.

Signed projects – where construction is due to start shortly – has resulted in a significantly increased weighted global project pipeline. This will provide a sound basis for renewed revenue and earnings growth in 2018.

In view of the Group's improving prospects going forward, the Supervisory Board of Phoenix Solar AG has extended the tenure of Group CEO Tim P. Ryan by another year.

## PRESS RELEASE

Tim P. Ryan, Chief Executive Officer of Phoenix Solar AG, emphasized: "The inherent risks of the project business necessitated a revision of the 2017 guidance. In our case, these factors include the 201 Trade Case in the US market where the threat of punitive trade tariffs created broad uncertainty among investors and developers, causing many to push projects into 2018 or later. Furthermore, delays on project construction starts for orders already booked have led to risks which cannot be underestimated. Bearing this in mind, we are taking measures to provide more stability in our forecasts going forward. It has indeed taken some time to rejuvenate the commercial side of our business but we are starting to see real results from these investments. The weighted global project pipeline is now over 600 MWp. Our free order book now stands at some €225 million, an all-time high for Phoenix Solar. Now the immediate task at hand is to monetize that potential as soon as possible by converting it into profitable sales volumes.

### **Quarterly Announcement as of September 30, 2017**

The quarterly announcement as of September 30, 2017, will be published today, November 9<sup>th</sup>, 2017, 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).

Phoenix Solar AG, Hirschbergstraße 4, 85254 Sulzemoos, Germany  
Investor Relations contact: Dr. Joachim Fleing, tel. +49 (0)8135 938-315, fax +49 (0)8135 938-429  
[j.fleing@phoenixsolar.de](mailto:j.fleing@phoenixsolar.de), [www.phoenixsolar-group.com](http://www.phoenixsolar-group.com)