

Phoenix Solar AG presents its figures for the first nine months of 2014

- *Revenues of EUR 19.5 million (from continued operations: EUR 15.9 million), still below expectations*
- *Earnings before interest and taxes (EBIT) decline accordingly to EUR - 5.7 million (from continued operations: EUR - 6.8 million)*
- *Available order book exceeds EUR 40 million, positive outlook*
- *Negative Group equity; equity ratio of the parent company (AG) at 14.8 percent*

Sulzemoos, 6 November 2014 / Phoenix Solar AG (ISIN DE000A0BVU93), a leading international photovoltaic system integrator listed in Prime Standard of the Frankfurt Stock Exchange, is today releasing its financial report on the first nine months of the financial year 2014. Revenues declined to EUR 19.5 million (Q1-Q3/2013: EUR 116.0 million), thereby remaining below budget, similar to the first half-year. Earnings before interest and taxes (EBIT) came in at EUR - 5.7 million (Q1-Q3/2013: EUR - 1.6 million). Continued operations following the disposal of the European O&M business generated EUR 15.9 million (Q1-Q3/2013: EUR 112.0 million). EBIT from continued operations therefore amounted to EUR - 6.8 million (Q1-Q3/2013: EUR - 3.1 million).

In the light of Phoenix Solar AG's performance during the first nine months, the company now assumes that it will achieve revenues within a range of between EUR 45 million and EUR 55 million (2013: EUR 141.2 million). EBIT of EUR - 3 million to EUR - 4 million is anticipated (2013: EUR - 1.4 million).

Performance in the first nine months

In the first nine months of 2014, Phoenix Solar generated consolidated revenues of EUR 19.5 million (Q1-Q3/2013: EUR 116.0 million), reflecting a decline of 83.2 percent. This development largely results from

PRESS RELEASE

considerable delays in order intake planned from the USA. Over the same period, revenues from continued operations also dropped notably to EUR 15.9 million, down EUR 96.1 million, which is 85.8 percent. Revenues were distributed as follows: 1.1 percent from domestic business (Q1-Q3/2013: 12.2 percent) and 98.9 percent from international business (Q1-Q3/2013: 87.8 percent).

The Components & Systems segment delivered revenues of EUR 12.5 million in the first nine months of 2014 (Q1-Q3/2013: EUR 51.3 million), and continued operations under the Power Plants segment contributed EUR 3.4 million (Q1-Q3/2013: EUR 60.7 million) to consolidated revenues. Of the overall revenues achieved in the first nine months, 78.4 percent (Q1-Q3/2013: 45.8 percent) were attributable to the Components & Systems segment, with the Power Plants segment contributing a share of 21.6 percent (Q1-Q3/2013: 54.2 percent).

Group EBIT stood at EUR - 5.7 million (Q1-Q3/2013: EUR - 6.1 million). EBIT from continued operations amounted to EUR - 6.8 million (Q1-Q3/2013: EUR - 3.1 million). The EBIT margin (ratio of EBIT to revenues) of continued operations deteriorated to - 42.8 percent (Q1-Q3/2013: - 2.8 percent).

After tax, the consolidated result of continued operations for the first nine months of 2014 attributable to the shareholders of the parent company stood at EUR - 11.1 million (Q1-Q3/2013: EUR - 8.5 million). Calculated on the basis of an average number of 7,372,700 shares, basic earnings per share stood at EUR - 1.51 (Q1-Q3/2013: EUR - 1.15). From an overall standpoint, the consolidated result attributable to the shareholders of the parent company posted EUR - 1.40 (Q1-Q3/2013: EUR - 1.01).

Owing to the negative consolidated result of EUR 10.3 million for the period, Group equity was negative amounting to EUR - 2.0 million (31 December 2013: EUR 7.5 million). Accordingly, the equity ratio was also negative at - 4.0 percent (31 December 2013: 11.0 percent). As the

PRESS RELEASE

Group itself is not a legally independent entity, no risks for the company as a going concern results from the negative equity. Of sole legal relevance is the equity of Phoenix Solar Aktiengesellschaft as the parent company of the Phoenix Solar Group. As of 30 September 2014, this equity amounted to EUR 8.7 million, which corresponds to an equity ratio of 14.8 percent.

Another factor contributing to the Group's stability was the agreement signed at the start of November between Phoenix Solar and its financing banking syndicate under which the existing financing has been renewed until 30 September 2016. The financing volume, which amounts to around EUR 116 million in total, comprises a syndicated loan of almost EUR 93 million, along with other bilateral cash and guarantee lines.

Performance in the third quarter

The Phoenix Solar Group generated revenues of EUR 7.5 million in the third quarter of 2014 (Q3/2013: EUR 47.6 million), reflecting a year-on-year decline of EUR 40.1 million, equivalent to 84.3 percent. Revenues of EUR 6.1 million were achieved from continued operations in the third quarter of 2014 (Q3/2013: EUR 46.7 million), representing a downturn of EUR 40.6 million, or 86.8 percent, in comparison with the year-earlier figure. Of these revenues, only 0.7 percent (Q3/2013: 2.5 percent) was accounted for by domestic business and 99.3 percent (Q1/2013: 97.5 percent) by the international markets, served exclusively by our international subsidiaries.

EBIT stood at EUR - 2.3 million in the third quarter (Q3/2013: EUR 2.2 million). Continued operations delivered EBIT of EUR - 2.8 million (Q3/2013: EUR 2.3 million).

Order book position at the end of the first nine months

As of the reporting date on 30 September 2014, orders on hand totalled EUR 44.1 million (30 September 2013: EUR 69.1 million), which is a decline of EUR - 25.0 million, down 36.2 percent compared with the

PRESS RELEASE

previous year's figure. The Components & Systems segment reported a decrease in orders on hand to EUR 3.1 million (30 September 2013: EUR 3.5 million). Orders on hand in the Power Plants segment dropped to EUR 41.0 million (30 September 2013: EUR 65.6 million).

By contrast, the available order book developed gratifyingly well. As, among others, an order was placed for the construction of a PV plant in the USA with a nominal output of 32.1 MWp, orders on hand as of 30 September 2014, reduced by the amount of revenues realised, had climbed by 50.7 percent to EUR 41.0 million (30 September 2013: EUR 27.2 million).

Outlook

In view of the company's business performance in the first nine months of the current financial year, which was characterised above all by considerable delays in planned order intake in the USA, Phoenix Solar AG no longer assumes that the goals recently announced for the financial year 2014 can be achieved. The Executive Board has therefore decided to revise its baseline forecast for full-year 2014 downwards, and now assumes that revenues can be achieved within a range of EUR 45 million to EUR 55 million and operating earnings before interest and taxes (EBIT) of between minus EUR 3 million and minus EUR 4 million. Original expectations were for revenues of between EUR 70 million and EUR 100 million (2013: EUR 141.2 million) and EBIT of EUR 0 million to EUR 3 million (2013: EUR - 1.4 million).

This guidance includes a positive special item from the disposal of the European O&M business, effective as of 31 October 2014, as well as expenses for further restructuring measures arising from the discontinuation of the new business models in Germany.

In the coming financial year, orders received already indicate considerable revenue growth and a significant improvement in the result.

PRESS RELEASE

Now that the process of restructuring and realigning the company to focus on the international project business has been completed and financing renewed through to 30 September 2016 secured, Dr. Bernd Köhler, Chief Executive Officer, has announced his intention of not renewing his contract which is due to expire on 31 December 2014.

He commented as follows: "In the face of adversity, we have made a great deal of progress in 2014 as well. We are now receiving the first orders for 2015 which may reach the volume planned for 2014. The available order book again exceeded the EUR 40 million mark on 30 September. This is a basis which can be built on. Once again, we have seen that this development has been understood by our lending banks which are behind it. The fact that our (slightly modified) financing has been extended to 30 September 2016 is another indication that Phoenix Solar is on the threshold of a new phase."

Report on the first nine months of 2014

The Financial Report on the first nine months of 2014 is to be released today, 6 November 2014, in electronic form and can be downloaded from our website at www.phoenixsolar-group.com under the Investor Relations, Financial Reports heading.

About Phoenix Solar AG

Phoenix Solar AG, which 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 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.