

### Phoenix Solar AG publishes results for 1H2017

- *Substantial order intake in July: weighted global project pipeline reaches more than 500 MWp*
- *Revenue for the first half year at € 42.4 million, 20.5 percent lower vs. pre-year; second quarter more than doubled vs. 1Q2017*
- *Shipments increased slightly to 66 MWp vs. 63 MWp in 1H2016*
- *Gross margin stable at a healthy 10.4%; EBIT for the six months at €-7.0 million significantly lower than expected*
- *2017 guidance lowered: sales revenue now expected in a range of € 140 million and € 170 million and EBIT in a range of € -2.0 million and € 1.0 million*

Sulzemoos, August 10<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 first six months of fiscal 2017.

#### Performance in the first half year

In the first half year of fiscal 2017, Phoenix Solar AG generated consolidated revenues of € 42.4 million, a decrease of 20.5 per cent vs. the first six months of fiscal 2016 (H1/2016: € 53.3 million). Sales revenues more than doubled to € 28.5 million compared to the first quarter of 2017, when revenues of € 13.8 million were recorded. Shipments in the first half year reached 66 MWp, a slight increase vs. pre-year (H1/2016: 63 MWp). This reflects continued system price reductions in international markets but at the same time a clear sign of steadily increasing competitiveness of our technology. New project orders signed in July – in particular on our core market USA but also in

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Asia/Pacific – will lead to further revenue growth in the second half of 2017, always on the assumption that projects begin as scheduled.

In the first six months of 2017, Phoenix Solar generated revenues of €32.8 million in the US, our core market (H1/2016: €42.6 million), while the Middle East Region contributed revenues of €5.3 million (H1/2016: €7.1 million). Our Asia/Pacific Region grew by 16.7 percent to €3.9 million in revenues (H1/2016: €3.4 million), Europe (excluding our holding company) remained the smallest region with sales of €0.4 million (H1/2016: €0.3 million).

The total gross margin (revenues less cost of material) was stable at a healthy level above 10 percent (1H/2017: 10.4 percent, 1H/2016: 11.3 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. The number of employees increased to 132 people (as of June 30th, 2017 - excluding Executive Board members and temporary staff) vs. 114 at the end of the second quarter of 2016. Personnel expense increased to €7.1 million (1H/2016: €5.4 million).

Phoenix Solar AG's EBIT reached a level of €-7.0 million for 1H2017 (EBIT H1/2016: €-2.4 million) – leading to a revision of the guidance with EBIT for the full year expected to come in in a range between €-2.0 million and €1.0 million.

The consolidated net result for the period attributable to the shareholders stood at €-8.6 million (H1/2016: €-4.6 million). The loss per share thus increased from €0.62 (H1/2016) to the current level of €1.17/share.

Principally as a result of the consolidated loss for the 1H2017 period, as well as due to losses sustained in past years, the Group's equity dropped further to €-22.3 million (December 31, 2016: €-12.1 million). As of June

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30, 2017, the Group's equity ratio therefore stood at -55.5 % (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 € 4.6 million as of June 30, 2017, equivalent to a 9.0 percent equity ratio (December 31, 2016: € 5.7 million, equivalent to an 8.6 percent equity ratio).

### **Cash Flow**

For 1H2017, a € 4.4 million cash outflow from operating activities was recorded (H1/2016 cash inflow of € 6.1 million). Cash and cash equivalents decreased by € 6.2 million, from € 9.4 million (as of December 31, 2016) to € 3.2 million (as of June 30, 2017).

### **Performance in the second quarter**

The Phoenix Solar Group generated revenues of € 28.5 million over the period from April to June 2017, more than double the volume of the first quarter of 2017 (Q1/2017: € 13.8 million); this, however, represents a decrease compared with the second quarter of 2016 (Q2/2016: € 43.4 million).

### **Order backlog at the end of the first half-year**

The Group reported a free order backlog of € 31.4 million as of June 30, 2017 (June 30, 2016: € 135.6 million). The Group order book position - including revenues already realized - amounted to € 129.3 million as of June 30, 2017 (June 30, 2016: € 246.4 million). With ongoing initiatives to strengthen our global sales effectiveness, a number of large projects

entered the final negotiation stage during the second quarter, some of which were successfully closed shortly after the end of the quarter. The total volume of the weighted global project pipeline increased strongly to 444 MWp as of June 30, 2017, almost 90 percent more than a year ago at June 30, 2016 (235 MWp), in particular driven by our core market, the US. After the signing of two new contracts, the pipeline reached an unprecedented weighted volume of more than 500 MWp by the end of July.

### **Outlook**

After the end of the reporting period, in July, 2017, we signed a significant EPC contract for a large project in the US. In addition, we reported new orders in our Asia/Pacific region, including our first large ground-mounted solar PV power plant in Australia, spearheading our successful international expansion and market entry there. These orders as well as growth expected from a significantly increased global pipeline provide a sound basis for further revenue and earnings growth in the second half of the year and beyond.

This increase in the second half however will not be sufficient to reach the previous revenue and earnings forecasts. On August 9<sup>th</sup>, 2017, the Executive Board of Phoenix Solar AG lowered its 2017 forecast and now expects revenues in the range of € 140 to € 170 million (previously: € 160 to € 190 million, 2016: € 139.2 million) and an EBIT in a range between € -2.0 to € 1.0 million (previously: € 1.0 to € 3.0 million, 2016: € 0.6 million) for the full year 2017.

Tim P. Ryan, Chief Executive Officer of Phoenix Solar AG, stated: "The results of the first half year of 2017 are below our expectations. One must bear in mind however that in the project business volumes are always subject to delay, often based on permitting or other issues beyond our

control. It is of the utmost importance to emphasize that our weighted global pipeline increased markedly to 444 MWp by the end of June and achieved an unprecedented level of 500 MWp by July. We were able to sign significant new contracts just after the close of the quarter, in particular in our core market, the US, but also in Asia/Pacific. The effectiveness of our global sales team and process continues to strengthen and gives us confidence that we will achieve further growth in the coming quarters. We continue to invest in our sales function and to nurture our strengths in engineering and the global supply chain - key factors that differentiate us and steadily improve our ability to grow profitably in the highly competitive global solar photovoltaic markets. Our solid track record of delivering quality utility-scale and commercial rooftop solar photovoltaic power plants on-time and on-budget continues to drive demand for our services – a sound basis for sustainable, profitable growth in our global markets going forward."

### **Report on the first half of 2017**

The Phoenix Solar AG report on the first half of 2017 will be published today, August 10<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).

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