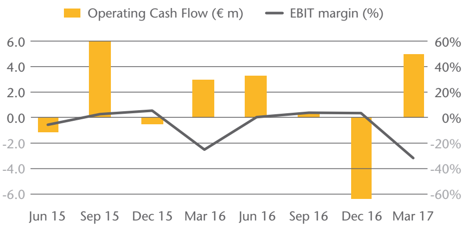
Q1 2017 ANNOUNCEMENT

DESPITE REVENUE GROWTH, GOOD CASH FLOW, UNSATISFACTORY RESULTS

EBIT margin and operating cash flow (Jun 2015 – Mar 2017)



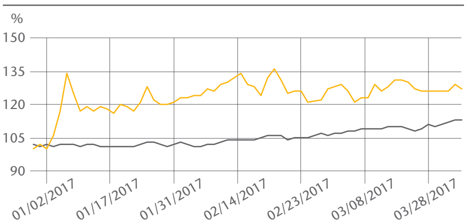
Unsatisfactory Q1 results trend despite revenue growth. Negative EBIT led to EUR 0.69 loss per share in Q1. Business continues to generate good cash flow in Q1, however. Further information on page 2.

GUIDANCE CONFIRMED

Given the uptick of new order intake and a project and sales pipeline that continues to fill (see page 4), the forecast is confirmed: we continue to assume that the Group will generate between EUR 160 million and EUR 190 million of revenues in the 2017 financial year and a positive operating result between EUR 1 million and EUR 3 million. We do not anticipate generating a significantly positive result after tax, however.

SHARE PERFORMANCE OF THE PHOENIX SONNENAKTIE®

Phoenix SonnenAktie® vs TecDAX (01/01/ – 03/31/2017)



Highest Price (02/21/2017): € 3.20 — Phoenix SonnenAktie®
Lowest Price (01/02/2017): € 2.85 — TecDAX

KEY SHARE DATA

k€	Q1/2017	Q1/2016
Number of shares	7,372,700	7,372,700
Free Float (%)	94.6	94.6
EPS (€)	– 0.69	– 0.50
High (€)	3.20	5.00
Low(€)	2.85	3.33
Close (€)	3.20	4.81
Volume/Day	≈ 15,000	≈ 47,800

DEAR SHAREHOLDERS,

five weeks ago I wrote in my letter to you: "I remain very confident that 2017 will become an even more successful year for our company and that we will fulfill the expectations of the markets, our customers and you, our valued shareholders." This has been and is true, although we have to admit that the figures for the first quarter are below our expectations. On the other hand, we also mentioned that the first three months of 2017 would give only a slight hint of what we are planning to achieve for the full year.

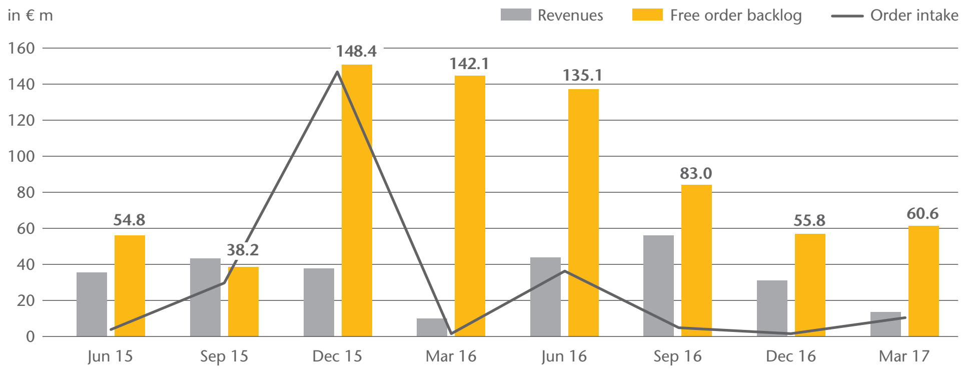
Our principal goal remains top line, profitable growth. We are investing in qualified sales personnel around the world and in improving our pipeline process to generate reliable revenue growth. We achieved a 40 percent revenue increase over the first quarter of last year. The overall project pipeline reflects this trend, having reached a new record weighted level of 350 MWp. The number of shortlisted projects and solid growth in early-phase opportunities indicate clearly that additions of our sales team and sales process improvements are working and will continue to bear fruit. In addition, we continued to invest in both people and processes in supply chain, estimating and bidding and engineering to remain competitive and differentiate our quality services. Increasingly we can count on recurring business with delighted customers. Finally, we see continued growth in our largest market, the US, and are very well positioned there, based on our pipeline, reputation and a strong record of on-time and on-budget delivery of quality solar power plants to our customers.

We are looking forward to sharing good news with you over the coming months.

TIM P. RYAN
Chief Executive Officer

FREE ORDER BOOK POSITION AND NEW ORDER INTAKE REPORT FURTHER SLIGHT IMPROVEMENT

Order book trends between June 2015 and March 2017



Especially orders from the Asia/Pacific and Middle East regions were reflected in Q1 2017 new order intake of EUR 16.3 million. All of the largest individual projects are attributable to continuing our partnership with satisfied customers: a master agreement was signed with IKEA Southeast Asia under which a new order for a commercial rooftop system has already been issued in Singapore – negotiations are currently underway about further projects. Robinsons Land Corporation has also ordered further rooftop systems for its large retail centers in the Philippines. In Turkey, Akfen Renewable Energy, the energy subsidiary of a major Turkish group, awarded us a further order for a large-scale ground-mounted system. Most of these orders will not lead to appreciable revenue until the second quarter 2017.

The free order book position has also increased again by around 10 percent compared with December 31, 2016, despite brisk construction activity in all regions.

The goal remains to elevate new order intake and the free order book position to a level that makes it easier to offset fluctuations, including across reporting dates.

Please see page 4 for more information about the pipeline.

CONDENSED CONSOLIDATED INCOME STATEMENT

in k€	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016	Q4/2015	Q3/2015	Q2/2015
Revenues	13,849	30,904	55,030	43,377	9,927	37,205	42,442	4,947
Cost of materials	12,431	25,386	49,023	38,653	8,613	33,725	38,711	4,056
Gross margin	**1,418**	**5,518**	**6,007**	**4,724**	**1,314**	**3,480**	**3,731**	**891**
Other operating income	421	1,222	1,424	734	1,118	2,405	1,281	865
Personnel expenses	3,384	2,831	3,139	2,906	2,473	1,410	1,552	2,331
Depreciation and amortisation	140	141	227	311	331	337	347	354
Other operating expenses	2,294	2,757	2,095	2,183	2,099	2,204	2,070	1,666
Result from associated companies	3	0	31	11	0	– 10	34	0
EBIT	**– 3,977**	**1,011**	**2,001**	**69**	**– 2,471**	**1,924**	**1,077**	**– 2,595**
Financial result	– 1,053	– 1,309	– 830	– 1,096	– 1,027	– 1,213	– 1,125	– 945
Income taxes	29	964	15	43	46	– 412	99	– 14
Consolidated net income for the period	**– 5,058**	**– 1,261**	**1,156**	**– 1,070**	**– 3,545**	**1,123**	**– 147**	**– 3,526**
– of which due to majority shareholders	– 5,057	– 1,275	1,254	– 926	– 3,655	1,129	– 68	– 3,423
Overall performance	**– 5,178**	**– 452**	**1,112**	**– 1,024**	**– 4,196**	**1,208**	**136**	**– 2,878**
Earnings per share	**– 0.69**	**– 0.17**	**0.17**	**– 0.13**	**– 0.50**	**0.15**	**– 0.01**	**– 0.46**

REVENUE GROWTH, REDUCED RESULTS

In the first quarter of 2017, the Group again generated higher revenues than between January and March 2016. This almost 40 percent growth shows that the previous year's organizational improvements are bearing their first fruit. Further revenue growth is nevertheless essential over the coming quarters and also to be expected due to the pipeline status (for more information see page 4).

The positive trend in gross profit remains stable. The gross profit margin is again at a satisfactory level.

Gross profit		
Q1/2017	Q1/2016	Q4/2016
10.2 %	13.2 %	17.9 %

Other operating income was lower than in previous quarters, which still included income from operating the Bâtisolaire project company that has meanwhile been sold. The fact that we have hired in the 2016 financial year in light of the forthcoming growth is reflected in the higher personnel expenses, which increased by almost 37 percent, less than the rate of revenue growth. Depreciation, amortization and impairment were EUR 0.2 million lower and other operating expenses were EUR 0.2 million higher than in the first quarter of 2016.

A result before interest and tax (EBIT) of EUR - 4.0 million was incurred during the quarter, down by around EUR 1.5 million compared with the first quarter of 2016. The EBIT margin reduced to - 28.7 percent. This operating profit weakness impacts all the way through to earnings per share, as the net financial result of EUR - 1.1 million was approximately of the level of the first quarter 2016, and the tax expense was also comparatively low. A loss of EUR 5.06 million was consequently attributable to the shareholders. The result per share stood at EUR - 0.69.

Net debt continues to decrease. The reduction in total assets is attributable to the temporarily lower level of operating activities, which is also reflected on the assets side in a lower level of receivables on long-term construction contracts. Non-current financial liabilities were repaid in an amount of EUR 4.9 million, thereby also reducing net debt (bank borrowings less liquid assets) by EUR 3.0 million. Net debt now amounts to EUR 22.9 million.

The loss incurred for the quarter continues to place pressure on consolidated equity. Also because of the lower level of total assets, the consolidated equity ratio stands at - 48.1 percent (December 31, 2016: - 26.0 percent). The Group is not a legally independent company, however. Solely the equity of 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 3.9 million as of March 31, 2016, equivalent to a 8.0 percent equity ratio (December 31, 2016: EUR 5.7 million, corresponding to a 8.6 percent equity ratio). Over the coming months, the Management Board will undertake suitable measures to strengthen the equity of the parent company.

CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS

k€	03/31/2017	12/31/2016
Non-current assets		
Property, plant and equipment	6,029	6,150
Non-current other financial assets	3,178	3,170
Total non-current assets	**9,207**	**9,320**
Current assets		
Inventories	1,513	1,441
Receivables from long-term construction contracts	3,664	12,403
Trade receivables	7,149	7,343
Current other financial assets	9,617	6,618
Cash and cash equivalents	7,451	9,392
Total current assets	**29,393**	**37,196**
Total assets	**38,600**	**46,516**

LIABILITIES AND SHAREHOLDERS' EQUITY

k€	03/31/2017	12/31/2016
Equity		
Subscribed capital	7,373	7,373
Capital reserve	64,582	64,582
Accumulated other equity	– 39,907	– 84,631
Share of majority shareholders in consolidated equity	– 17,953	– 12,676
Total equity	**– 18,569**	**– 12,112**
Non-current liabilities and provisions		
Non-current financial liabilities	30,359	35,285
Non-current provisions	892	858
Total non-current liabilities and provisions	**31,252**	**36,143**
Current liabilities and provisions		
Current financial liabilities	17	16
Liabilities from long-term construction contracts	6,978	289
Trade payables	11,149	17,793
Other financial liabilities	7,774	4,389
Total current liabilities and provisions	**25,918**	**22,486**
Total liabilities and shareholders' equity	**38,600**	**46,516**

FROM OUR 2017 CHRONICLE

January: Our subsidiary in the Philippines boasts two satisfied customers: Robinsons, one of the island state's largest real estate companies, has placed orders for further large-scale rooftop systems for two of its shopping malls.
February: IKEA Southeast Asia is also very impressed by the performance of our colleagues in Asia/Pacific. After successfully commissioning a 1 MWp rooftop system on an IKEA branch in Thailand, a master contract was signed to construct further solar rooftop systems. A first order is now being implemented in Tampines, Singapore.
March: Akfen Renewable Energy, the energy division of a major Turkish group, is intensifying its collaboration with us. After having already constructed the first official government licensed photovoltaic power plant in Turkey for this customer, we have now been awarded an order to construct an even larger plant of 11.2 MWp. Further joint projects are under discussion.
We have gained full control of our Asia/Pacific region by buying in the former managing directors' outstanding minority interests. Asia/Pacific has ranked as an important base for our international business since 2006, and we anticipate further growth there.

Please note: We can only announce the acquisition of new orders when such announcements have been coordinated with our customers. For this reason, delays frequently occur between the booking of orders in our order book position and the dispatch of related press releases.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

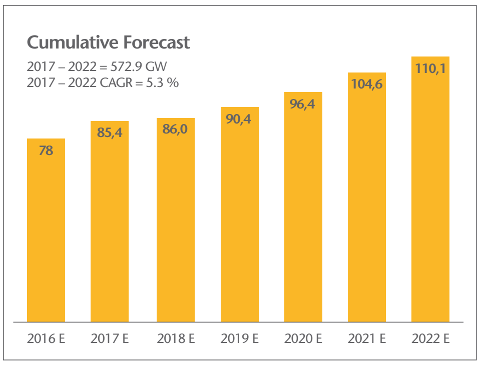
for the period from 01/01/ bis 03/31/2017 in k€	01/01/2017 – 03/31/2017	01/01/2016 – 03/31/2016
Consolidated income before income taxes	– 5,029	– 3,499
Depreciation and amortisation	123	331
Other non-cash income (–) and expenses (+) (including result from associated companies)	28	482
Financial income	– 60	– 14
Financial costs	1,112	1,042
Sub-total	**– 3,826**	**– 1,658**
Increase/decrease in provisions (net of discounting effects and non-cash releases)	35	81
Increase/decrease in inventories	– 72	372
Increase/decrease in prepayments	– 2,023	– 2,050
Increase/decrease in receivables from long-term construction contracts	8,741	2,152
Increase/decrease in trade receivables (excluding non-cash transactions)	193	2,832
Increase/decrease in assets	– 1,139	213
Increase/decrease in liabilities	3,472	1,977
Funds generated by operating activities	**5,381**	**3,920**
Interest paid	– 1,052	– 941
Income taxes paid	– 48	– 83
Cash flow from operating activities	**4,281**	**2,895**
Purchase of intangible assets and equipment	– 1,297	– 117
Purchase of non-controlling interests		
Cash flow from investing activities	**– 1,297**	**– 117**
Payments in connection with financial liabilities	– 4,925	2,406
Commission for syndicated loan agreement	0	– 101
Cash flow from financing activities	**– 4,925**	**2,305**
Changes in cash and cash equivalents	– 1,941	5,083
Net change in cash and cash equivalents	**– 1,941**	**5,083**
Cash and cash equivalents at the start of the period	9,392	4,875
Cash and cash equivalents at the end of the period	7,451	9,958
Increase/decrease in cash and cash equivalents	**– 1,941**	**5,083**

GLOBAL LEADING RES AWARDS


Phoenix Solar PV plant, Solentegre 9.1 MWp

Three of our projects received Global Leading RES Awards. The photovoltaic systems KAPSARC I and II received "First Mover" awards in 2012 and 2014 as the first ground-mounted utility-scale systems to be constructed in Saudi Arabia, as well as the Solentegre 9.1 MWp photovoltaic power plant, the first fully licensed and consequently currently largest plant in Turkey. The commercial and industrial rooftop system for the Munich Trade Fair ranked as one of the "Largest Projects" when it was commissioned, also receiving one of the coveted awards.

PV MARKET CONTINUES TO GROW



For 2017, GTM Research now expects further growth in photovoltaic capacity added worldwide to a level of 85 GWp. Its analysts initially anticipated a 7 percent reduction this year, although they have now upgraded this and expect further growth of 9.4 percent. The markets in the USA, China, Japan and India continue to be the main drivers. The market researchers assume further annual growth rates of 5.3 percent up to 2022. The global photovoltaic market would thereby then exceed demand of 110 Gigawatts.

SOLAR POWER SHOPPING

Robinsons Land Corporation has set itself far-reaching environmental targets, with the utilization of the solar electricity the company generates on a total of 44 RLC-operated retail centers representing an important instrument. We are constructing several large-scale rooftop systems for this leading real estate company in the Philippines, such as the one with nominal output of 1.1 MWp at a retail park in Tacloban in Visayas province. These are set up for own consumption and will cover most of the shopping malls' daytime electricity consumption.

Phoenix Solar PV plant, Kayseri Sarıoğlan 6.53 MWp

FINANCIAL CALENDAR

May, 29-30, 2017
Roadshow in Switzerland

May, 31 2017
Family Office Day, Vienna

June 20, 2017
Ordinary Annual General Meeting of Phoenix Solar AG

August 10, 2017
Half-year financial report as of June 30, 2017

November 9, 2017
Quarterly announcement as of September 30, 2017

November 27, 2017
Equity Capital Forum, Frankfurt/Main

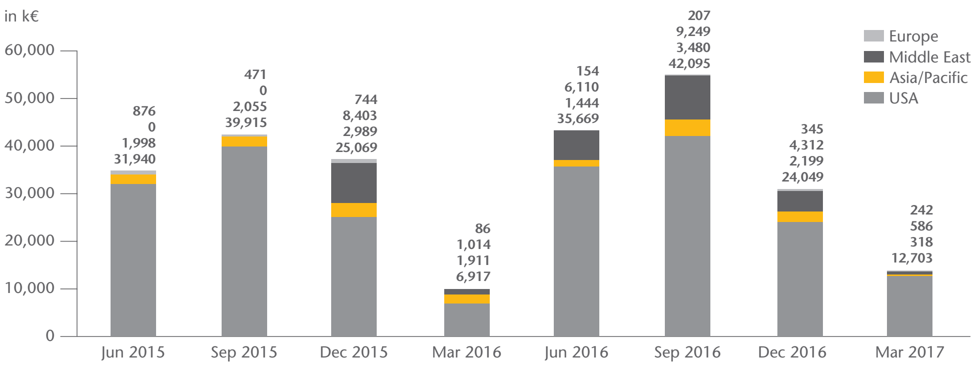
The respective latest version of the financial calendar is published on the website of Phoenix Solar AG at: www.phoenixsolar-group.com/en/investor-relations/financial-calendar.html

The quarterly announcement is also available in German. Both versions can be downloaded from the Internet.

Rounding differences can occur in the tables for arithmetic reasons.

USA REGION REPORTS STRONG Q1 REVENUE GROWTH

Regional business trends between June 2015 and March 2017



Group revenue growth of almost 40 percent compared with first quarter 2016 mostly derives from our USA region, which almost doubled its revenues. For this reason, the US proportion of consolidated revenues increased to more than 90 percent in the first quarter, while the other sales regions reported a subdued start to the new financial year. The pleasing new order intake from the Asia/Pacific and Middle East regions will only become evident in terms of revenue during the course of the current second quarter as several projects had been completed there at the same time.

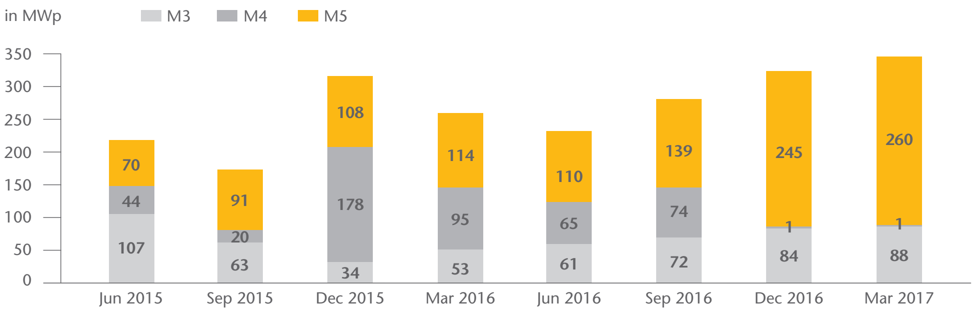
In the USA, several large-scale projects are currently in different, mostly advanced, construction stages. In the Asia/Pacific region, newly appointed Managing Director Mark Argar will further develop his predecessor's focus areas in sales, expanding business volumes in core markets and also exploiting opportunities to construct ground-mounted systems to a greater extent. We identify further potential here.

In the Middle East, we continue to focus on the individual markets of Turkey and Jordan. The company in Ankara that we newly formed at the end of 2016 is intensifying its contacts with major customers, which it expects to generate good sales prospects. We are monitoring the political situation there carefully, although we do not currently identify any significant negative obstacles to our activities.

Our European subsidiaries continued to account for a higher proportion of consolidated revenue. Here, the expectations of a pickup in business again are slowly being confirmed.

PROJECT PIPELINE FILLS FURTHER

Period-end weighted project and sales pipeline from June 2015 to March 2017



The total volume of the weighted project pipeline (M3 – M5) rose from 330 MWp to 350 MWp in the first quarter – thereby almost one third higher than a year ago.

Business transactions above 88 MWp that have been initiated and promise success rates between 30 and 70 percent are in the advanced offer phase (M3) as of March 31, 2017. Continuously expanding this base of very promising offers and achieving the highest possible success rate, in particular, remains an important sales goal. This trend is already evident in the course of the last quarters. The M4 phase (contract signed but construction work not yet started) again lies at around just one MWp. The aim is to regularly transfer projects as quickly as possible and with a high success rate from preliminary business arrangements (M3) to contractual arrangements (M4), and then to quickly also receive the final notice to proceed (M5).

In our weighted project pipeline, we report all projects relevant to our sales and operations at the value of the MWp we are to construct. Between initial contact and our customers' commissioning of their completed plants, this method registers our activities' lifecycles and assigns success probabilities to them. Such probabilities only reach 100 percent in the M5 phase (projects under construction including projects which will be removed when they are completed). Even in M4 (signed contract), projects can still be delayed or even not be realized at all. For this reason, the management also reappraises existing contracts where required, such as when no building approval has been issued

EDITORIALS

PUBLISHER
Phoenix Solar AG
Hirschbergstraße 4
85254 Sulzemoos
Germany

www.phoenixsolar-group.com

INVESTOR RELATIONS
Dr. Joachim Fleïng
Phone +49 (0)8135 938-315
Fax +49 (0)8135 938-429
Email j.fleing@phoenixsolar.de

DESIGN
„feel free!“ Weber & Kudla GbR
– Friedberg/Hessen