

Phoenix Solar AG

2nd Quarter Results


**- Conference Call -
11 August 2011**

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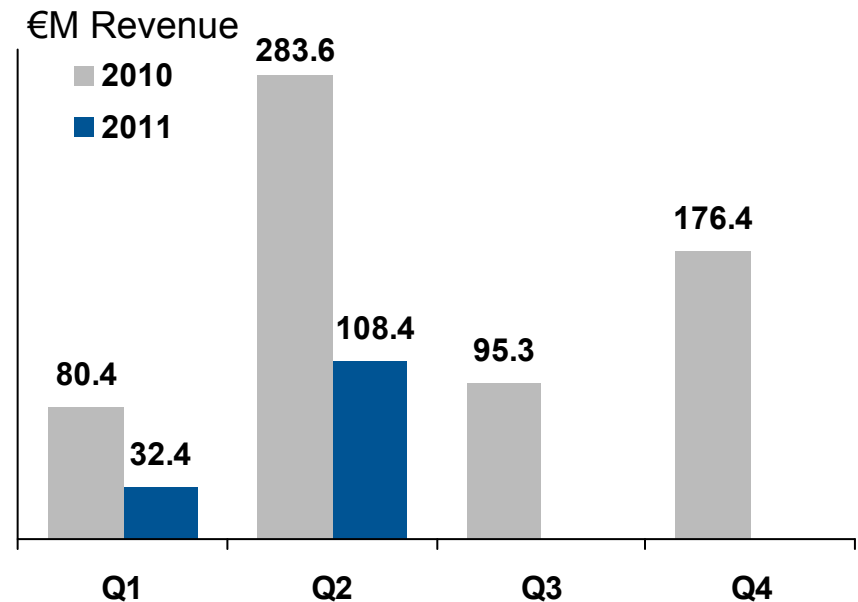
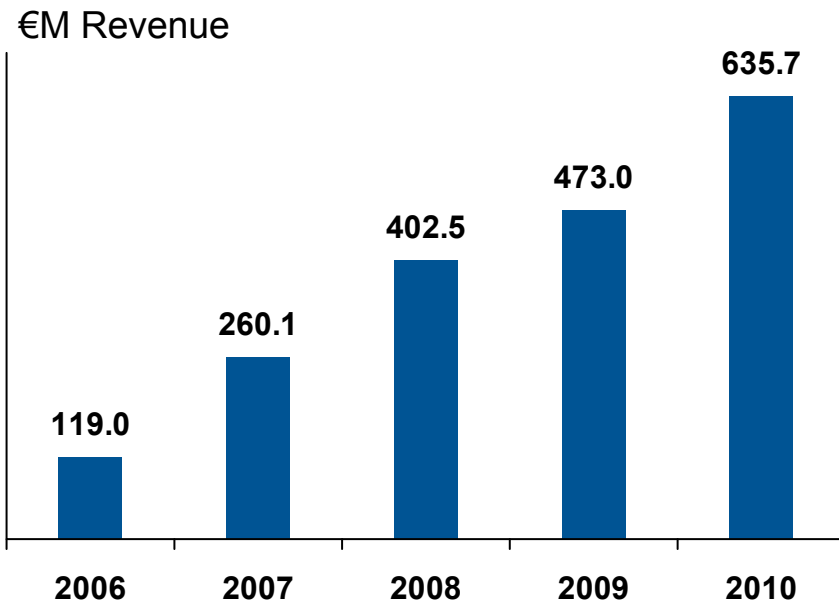
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- A small, semi-transparent icon of a calculator with a grid pattern, located to the left of the first list item.
- 1. Financial Parameters**
 2. Module Sales & Large-Scale Power Plant Business
 3. Outlook 2011 & 2012



Key Figures Q2 2011 : A quarter with weak revenue and EBIT but increasing share of international business

	Q2 2011	Q2 2010	Change
Revenues	108.4 €M	283.6 €M	-61.8%
of which Components & Systems	72.2 €M	160.6 €M	-55.0%
of which Power Plants	36.2 €M	123.0 €M	-70.6%
International Business	45.3 €M	37.3 €M	+21.4%
EBIT	-9.4 €M	22.3 €M	-31.7 €M
EBIT margin	-8.7%	7.9%	
Net Result	-8.2 €M	15.9 €M	-24.1 €M
EPS (end Q2)	-2.86 €	2.80 €	-5.66 €
Equity Ratio (end Q2)	46.1%	45.0%	
Order backlog (end Q2)	311 €M	282 €M	+10.3%

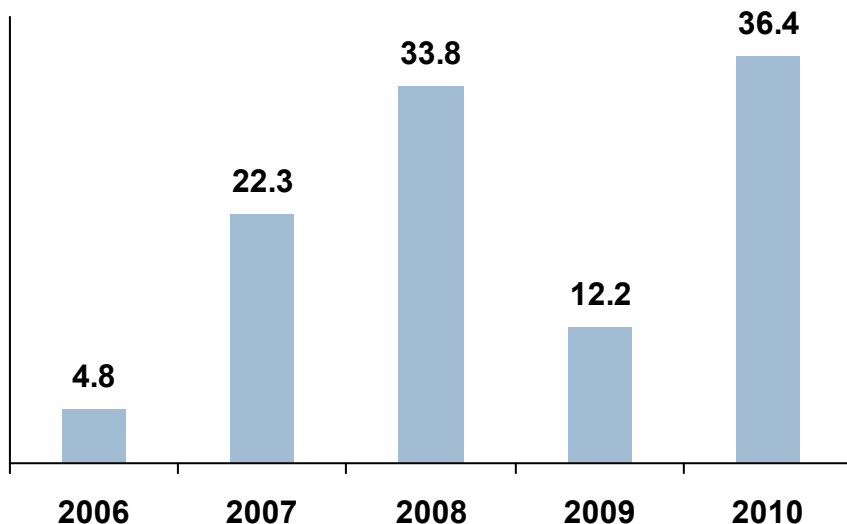
Group Revenues Q2: Ongoing discussions about feed-in tariffs in main markets lead to low demand



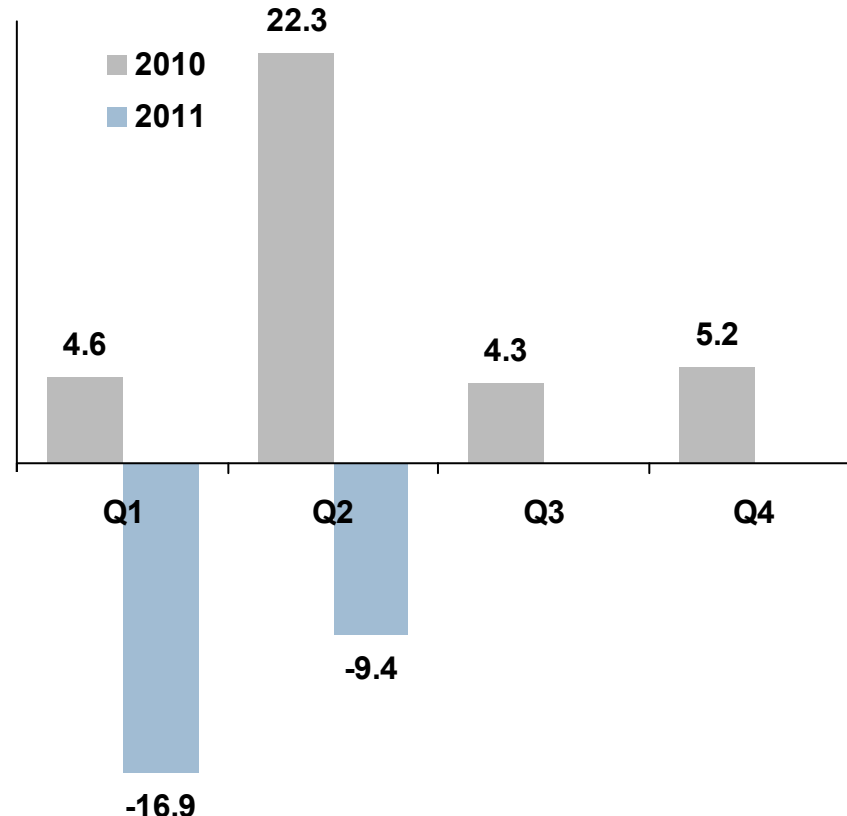
- Revenues down 61.8% to 108.4 €M (Q2 2010: 283.6 €M)
- Q2 2011 still suffering from low demand in main PV-markets e.g. Germany and Italy
- Due to specific market situation in Germany 2010, Q2 2011 is significantly below last year's record quarter both in terms of revenue and EBIT

Q2 2011: depreciation of inventories negatively impacts gross profit and EBIT

€M EBIT



€M EBIT



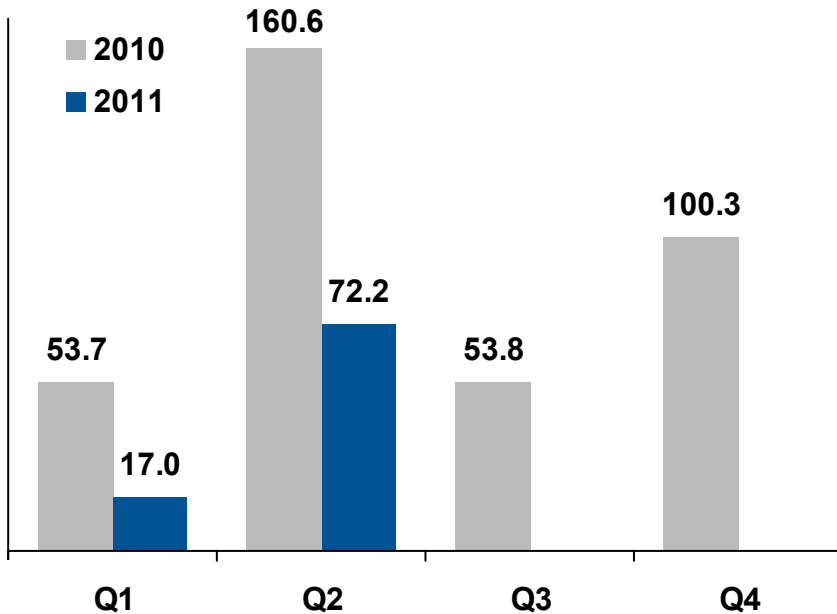
- Q2 EBIT -9.4 €M (Q2 2010: 22.3 €M)
- Q2 EPS closed at -1.11 € (Q2 2010: 2.38 €)
- EBIT influenced by depreciation of inventories (11.5 €M during H1 2011); on the other hand, Phoenix Solar received 4.3 €M stock compensation

EBIT-Margin					
	Total	Q1	Q2	Q3	Q4
2010	5.7%	5.8%	7.9%	4.5%	2.9%
2011	-18.7%	-52.2%	-8.7%		

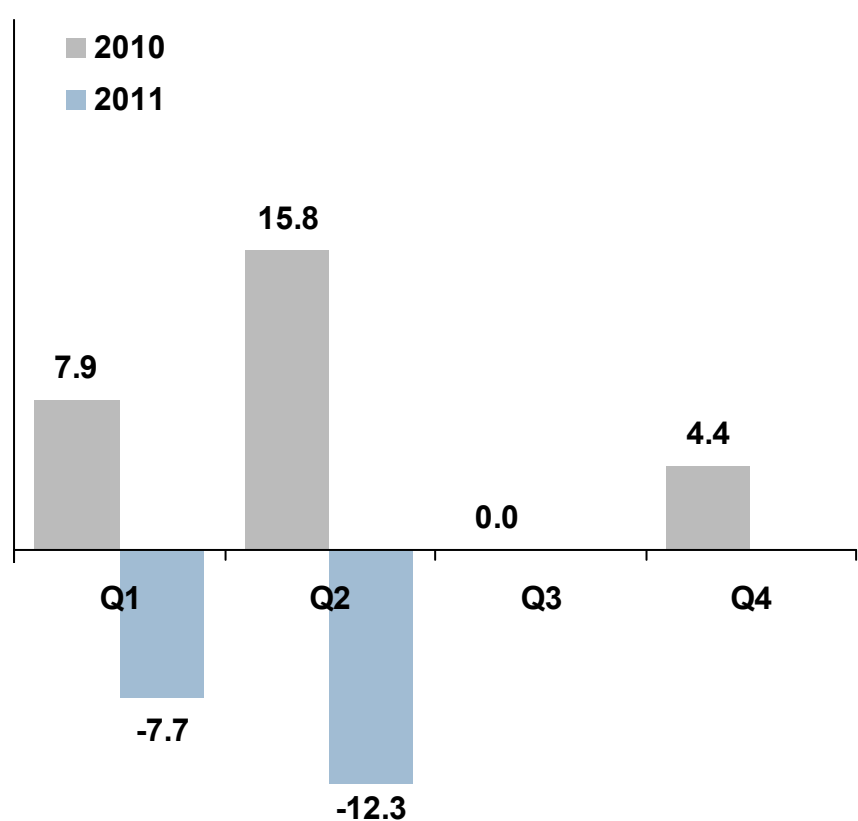
Components & Systems Segment

After a weak Q1, C&S revenue improved

€M Revenue



€M EBIT



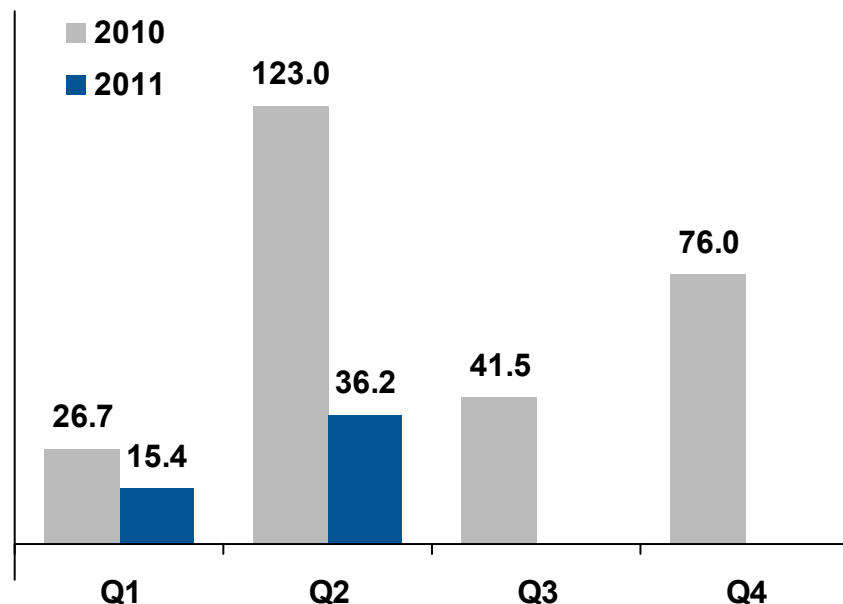
- Q2 Sales of C&S in Germany increased to 60.5 €M in comparison to Q1 2011 (7.7 €M)
- High depreciation of inventories influences gross margin and leads to negative EBIT

EBIT-Margin C&S					
	Total	Q1	Q2	Q3	Q4
2010	7.6%	14.8%	9.8%	0.0%	4.4%
2011	-22.4%	-45.3%	-17.0%		

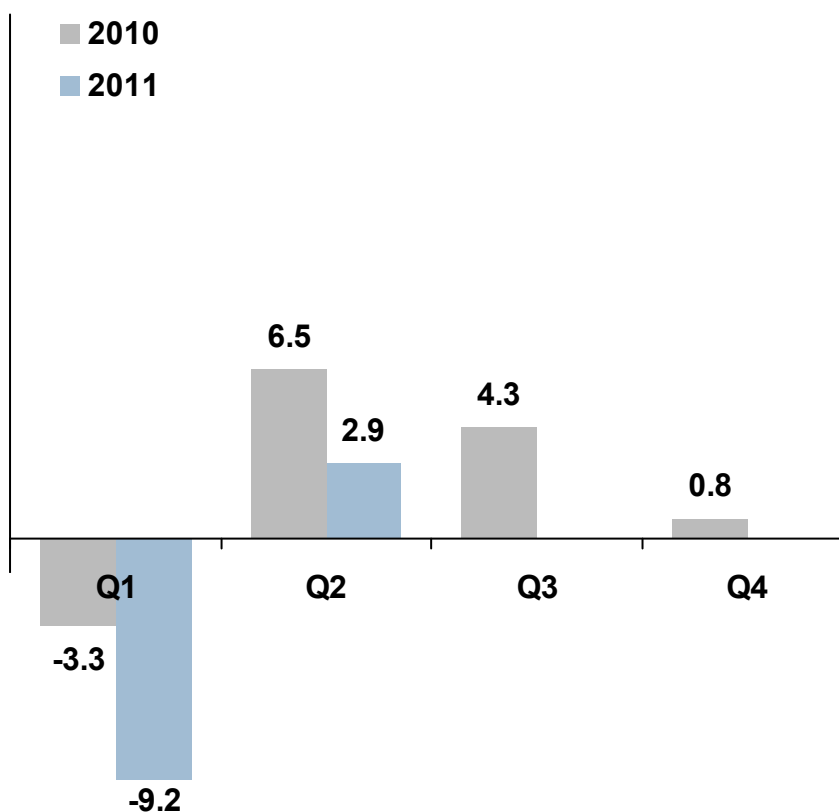
Power Plants Segment

International projects with improving margins

€M Revenue



€M EBIT

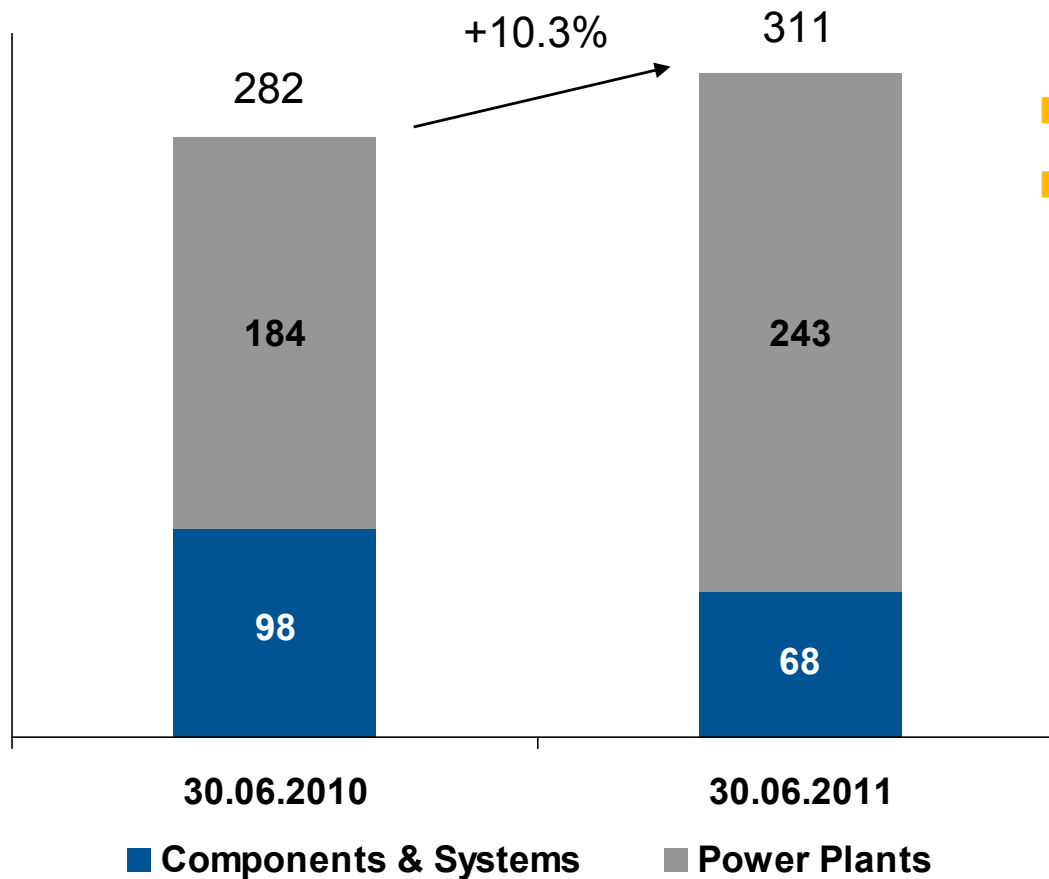


- Revenues down 70.6% to 36.2 €M (Q2 2010: 123.0 €M)
- International power plant projects with improving margins

EBIT-Margin Power Plants					
	Total	Q1	Q2	Q3	Q4
2010	3.1%	-12.5%	5.3%	10.3%	1.1%
2011	-12.2%	-59.7%	8.0%		

Order backlog dominated by international power plant projects

€M Order Backlog



- Free order backlog 167 €M
- End Q2 order backlog slightly improved vs. Q2 2010 (+29 €M)

Decrease of inventories with dominating impact on Balance Sheet

Total Assets & Liabilities (€M)	30/06/2011	31/12/2010	Δ Analysis
Δ Assets	264.4	313.3	
- Current assets	249.2	302.4	Intensified sales activities in both segments led to reduced inventories, of which 16.4 €M goods in transit
of which: Inventory	94.5	149.5	
of which: receivables from long-term construction contracts	77.6	82.2	Projects in Power Plant segment were completed by the end of June
of which: other non financial assets	4.6	18.0	Mainly influenced by refund of VAT from previous years (Spanish subsidiary)
of which: cash and cash equivalents	25.5	9.6	
Δ Liabilities and Shareholders' Equity	264.4	313.3	
- Shareholders' Equity	122.0	142.4	Equity ratio Q2 2011: 46.1% Equity ratio Q4 2010: 45.5% Decrease in Shareholders' Equity due to loss in 2011
- Current Liabilities	139.6	165.5	
of which: current financial liabilities	75.0	52.6	Availment of credit lines due to low business activities especially in Q1
of which: trade payables	34.2	84.5	Low procurement activities due to work-off of inventory

Working Capital (€M)	30/06/2011	31/12/2010
Δ current assets	249.2	302.4
Δ current liabilities (adjusted)	138.4	163.8
Working Capital	110.8	138.6
Revenue (rolling last four quarters)	412.5	635.7
Working Capital Ratio (Working Capital / Revenue)	26.9%	21.8%

- ➔ **Working Capital ratio negatively impacted by lower revenues compared to year-end 2010 figures, which benefitted from very strong revenues in Q2 2010**
- ➔ **Actions were taken to reduce inventories and capital commitments in projects but at the current low revenue levels, these measures are not yet sufficient to improve the working capital ratio**

Operating Cash Flow (€M)	30/06/2011	31/12/2010	
Operating Cash Flow	-5.3	-84.5	

➔ **Significant improvement of the operating cash flow situation due to liquidity release by reduction of inventories and capital commitments in the Power Plants segment**

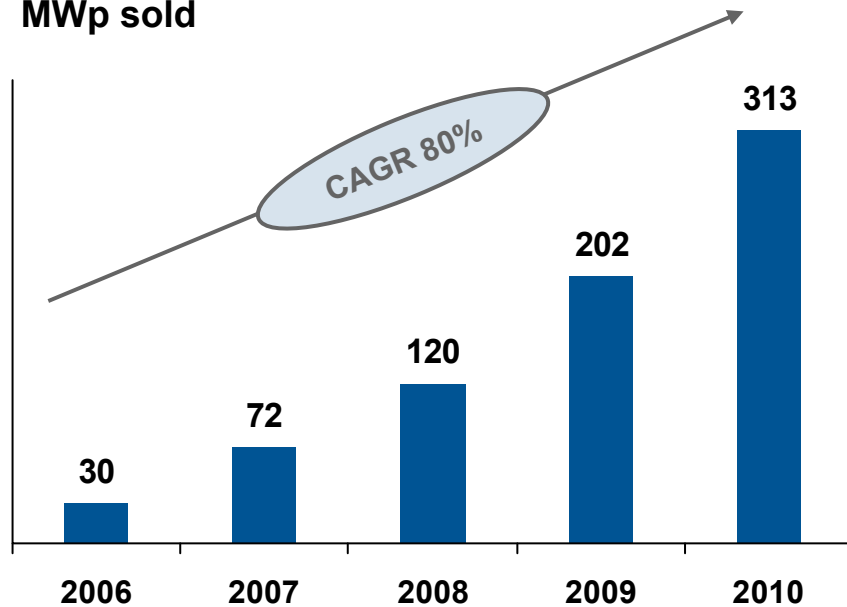
1. Financial Parameters
2. **Module Sales & Internationalisation**
3. Outlook 2011 & 2012



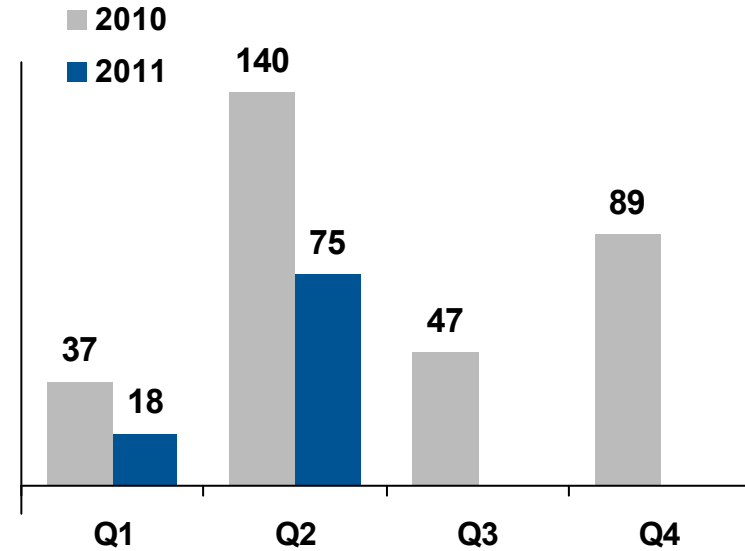
Phoenix Solar's cumulated module sales reach 850 MWp



MWp sold



MWp sold

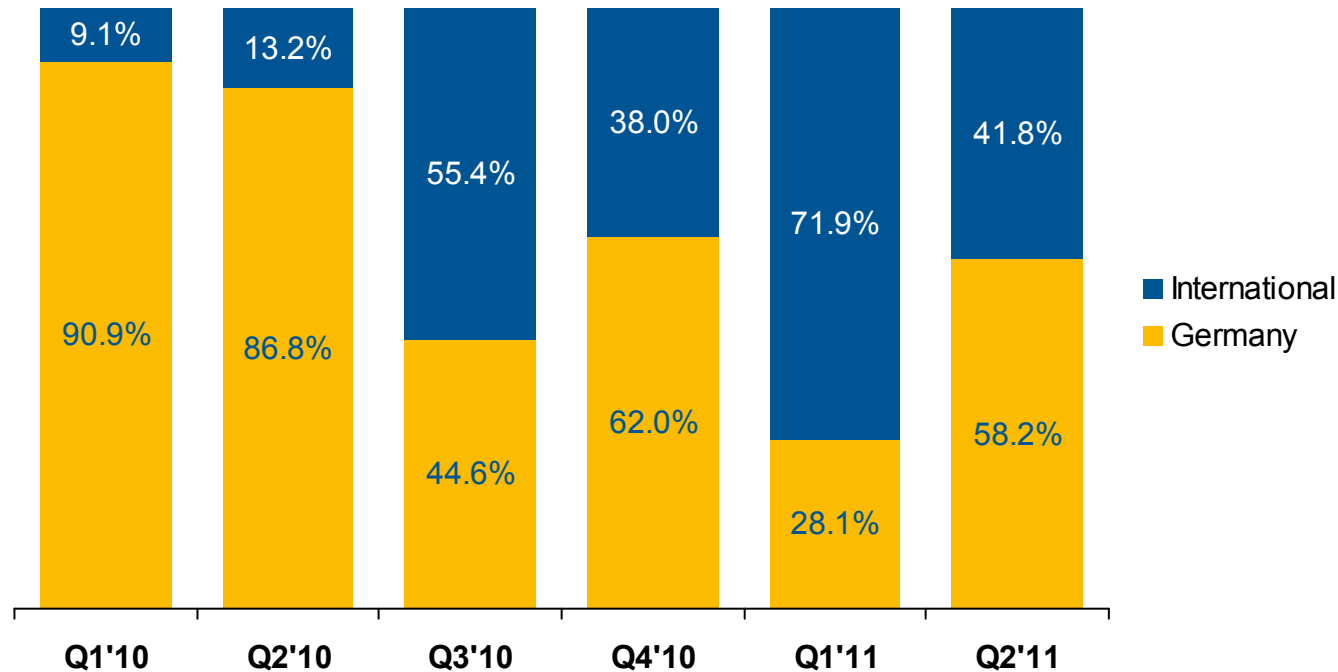


- H1 volumes down 47.5% to 93 MWp (H1 2010: 177 MWp) while revenue is down 61.3%
- Q2 sales mainly driven by modules in inventory – hardly any new products purchased
- Attractive pricing levels and significant inventory clearing enables the purchase of new module volumes from July onwards

Phoenix Solar proves ability to rapidly increase international sales



2010 & 2011 Quarterly National & International Sales Development of Phoenix Solar



- Q2 international sales increase to 45.3 €M, up 21.4% vs. Q2 2010 (37.3 €M)
- H1 international sales increase to 68.6 €M (up 53.5% vs. H1 2010) and reach 48.7% of total sales
- International sales of the Power Plants division soar to 92.2% in H1 vs. 10.9% H1 2010

- Phoenix Solar is currently finalizing 3 multi-MW projects in Italy, which are scheduled to be connected to the grid by 31 August
- Phoenix Solar is currently building 3 projects totaling 37.7 MWp in France (1.7 MWp in La Rouchouse, 12 MWp in Le Castellet, 24 MWp for Akuo Energy)

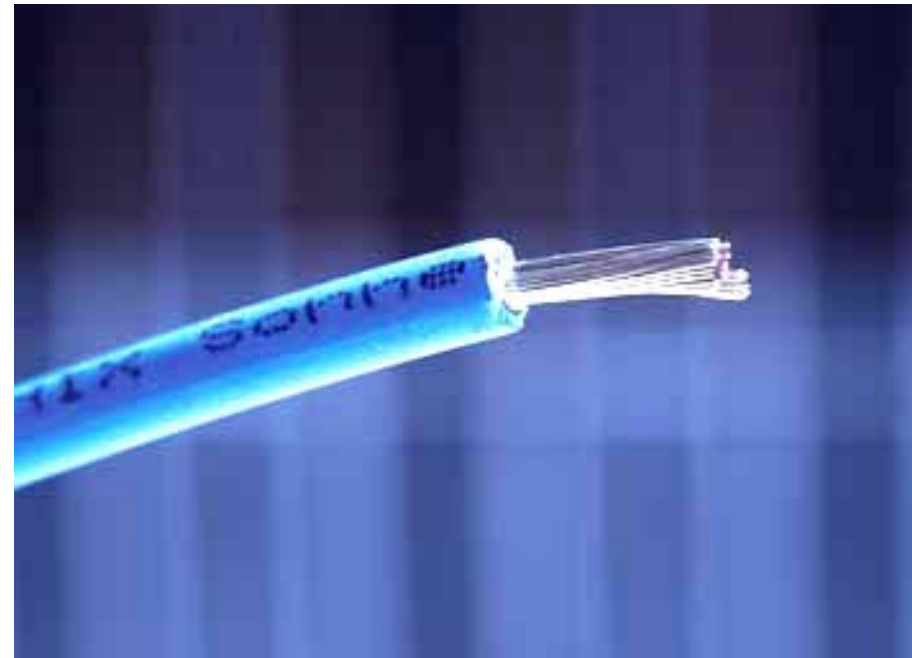
 **Contract volume in France alone well over 100 €M in 2011**

- Oman-based Phoenix Solar L.L.C. wins a contract to install a **3.5 MWp** system for Saudi Aramco, the world's largest oil producing company; this is the largest ground-mounted project in **Saudi-Arabia**
- Phoenix Solar Singapore signs contracts for two solar parks in **Thailand** totalling **16 megawatts**; grid-connection planned by the end of the year
- Phoenix Solar Singapore signs two contracts of **1 MWp each** in **India**; projects to be executed by year-end
- Phoenix Solar Singapore wins a **207 kWp** carport and test array project in the **Philippines**



**Total order backlog on 30 June 2011
for countries outside Europe: 43.5 €M**

1. Financial Parameters
2. Module Sales & Internationalisation
3. **Outlook 2011 & 2012**

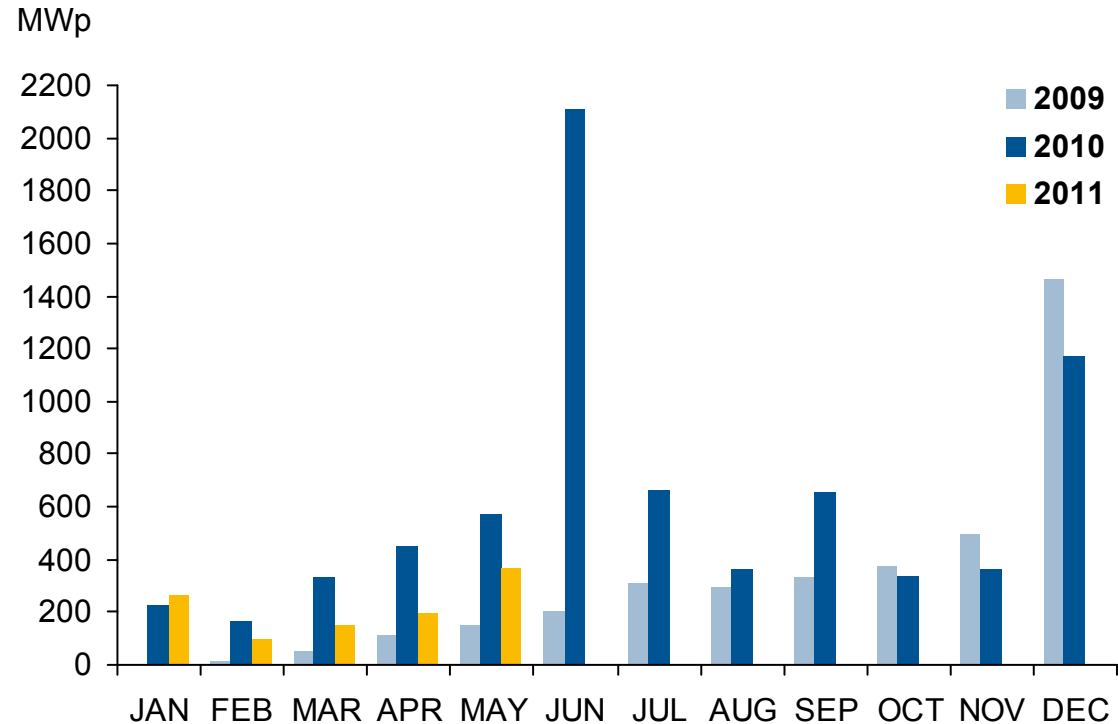


Market Development in Germany According to the German Federal Network Agency (BNetzA)

in MWp	2009	2010	2011
JAN	2.80	222.25	266.03
FEB	16.21	163.28	99.68
MAR	55.25	331.38	147.33
APR	115.13	454.05	198.95
MAY	150.10	573.18	370.74
JUN	205.83	2108.91	
JUL	307.42	663.06	
AUG	291.17	363.39	
SEP	326.91	654.37	
OCT	377.77	340.54	
NOV	496.80	359.94	
DEC	1,460.93	1173.94	
Total	3,806.32	7,408.28	1,082.73

- 38 %

- 20 %



- Jan. - May down 38% in y-o-y comparison
- Jan. - June expected to be down 50-60%

- The German market may reach 5-6 GWp and will be back-loaded, i.e. 2/3 to 3/4 of the market expected to materialize in H2, beginning in September and leading to a year-end rallye
- We expect Q4 2011 in Germany to be stronger than Q4 2010
- International order book on 30 June reaches 238.2 €M, nearly triple the previous year (81.1 €M), giving good visibility for H2 2011
- Further large-scale projects under negotiation in Germany, Greece, Eastern Europe and abroad, to be implemented by the end of 2011 (September is cut-off date for contract signature)

- European markets expected flattish in 2012 (stagnating or declining: Germany, Italy, France, Spain / growing: Greece, UK)
- Growth market USA expected to grow from 2 GWp in 2011 to 3+ GWp in 2012 and 5.5 GWp in 2013
- Growth market Asia (excluding Japan) expected to grow from 1.4 GWp in 2011 to 2.5 GWp in 2012 and 4.5-6 GWp in 2013
- Growth market Middle East expected to grow from 120 MWp in 2011 to 400 MWp in 2012 and 900 MWp in 2013



Global market volume expected to grow in 2012 and 2013

- Module and inverter price declines offer significant potential to do project business in Europe also in 2012
- Germany will remain a target market for large projects in 2012; Phoenix Solar volumes 2012 may significantly surpass 2011 volumes
- Market opportunities for large-projects in Italy, Greece, Portugal, Spain, and Eastern Europe
- Asian & US project business expected to further accelerate in 2012

 **Project pipeline 2012 „under construction“**

A close-up photograph of a yellow, oval-shaped button with a glossy finish. The button is positioned diagonally and has the text "Making energy together" printed on it in a blue, sans-serif font. Below the main text, there is a white curved graphic element, and below that, the words "Phoenix Solar" are printed in a smaller blue font. The background is a blurred, light-colored surface with other buttons visible.

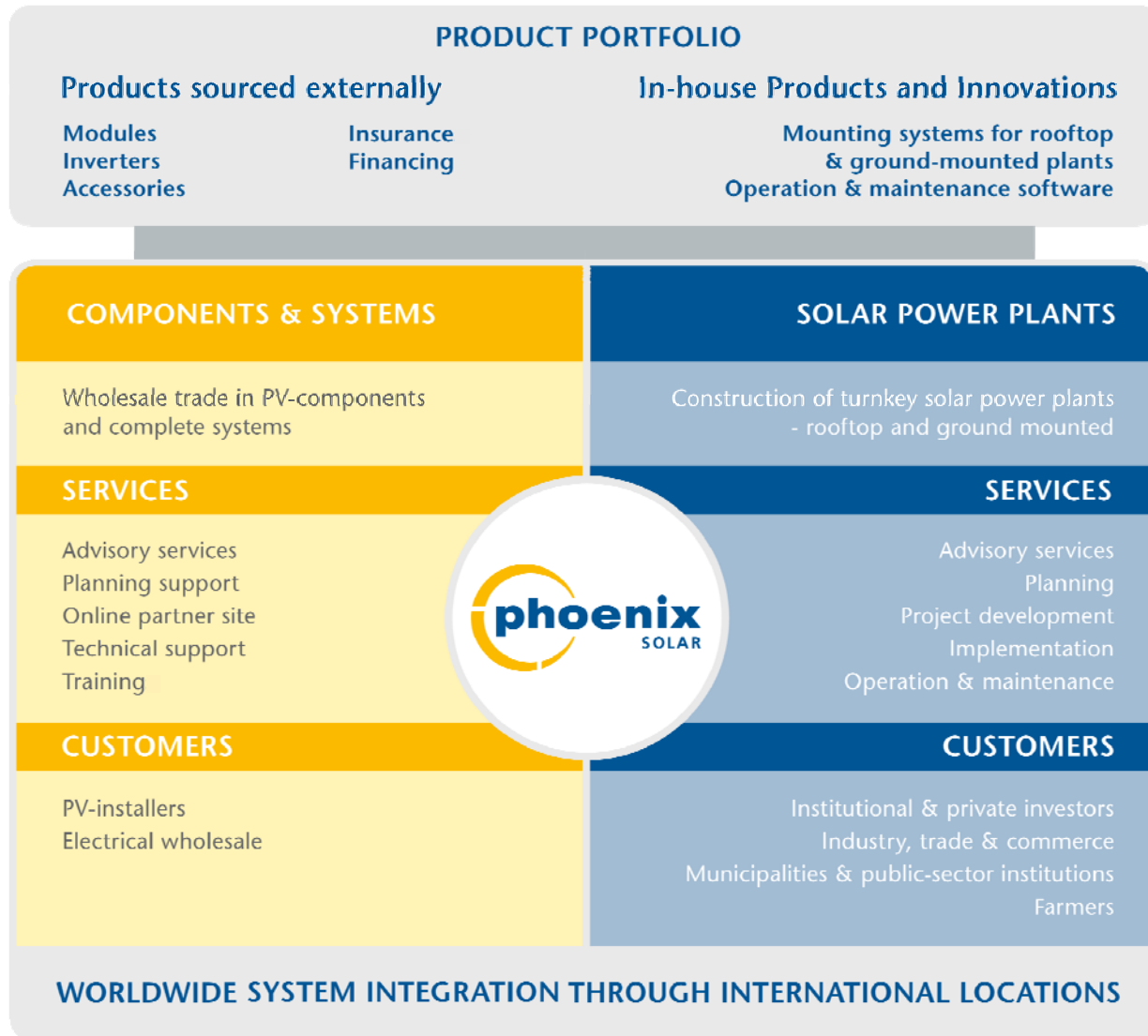
Making
energy
together

Thank you for your attention!

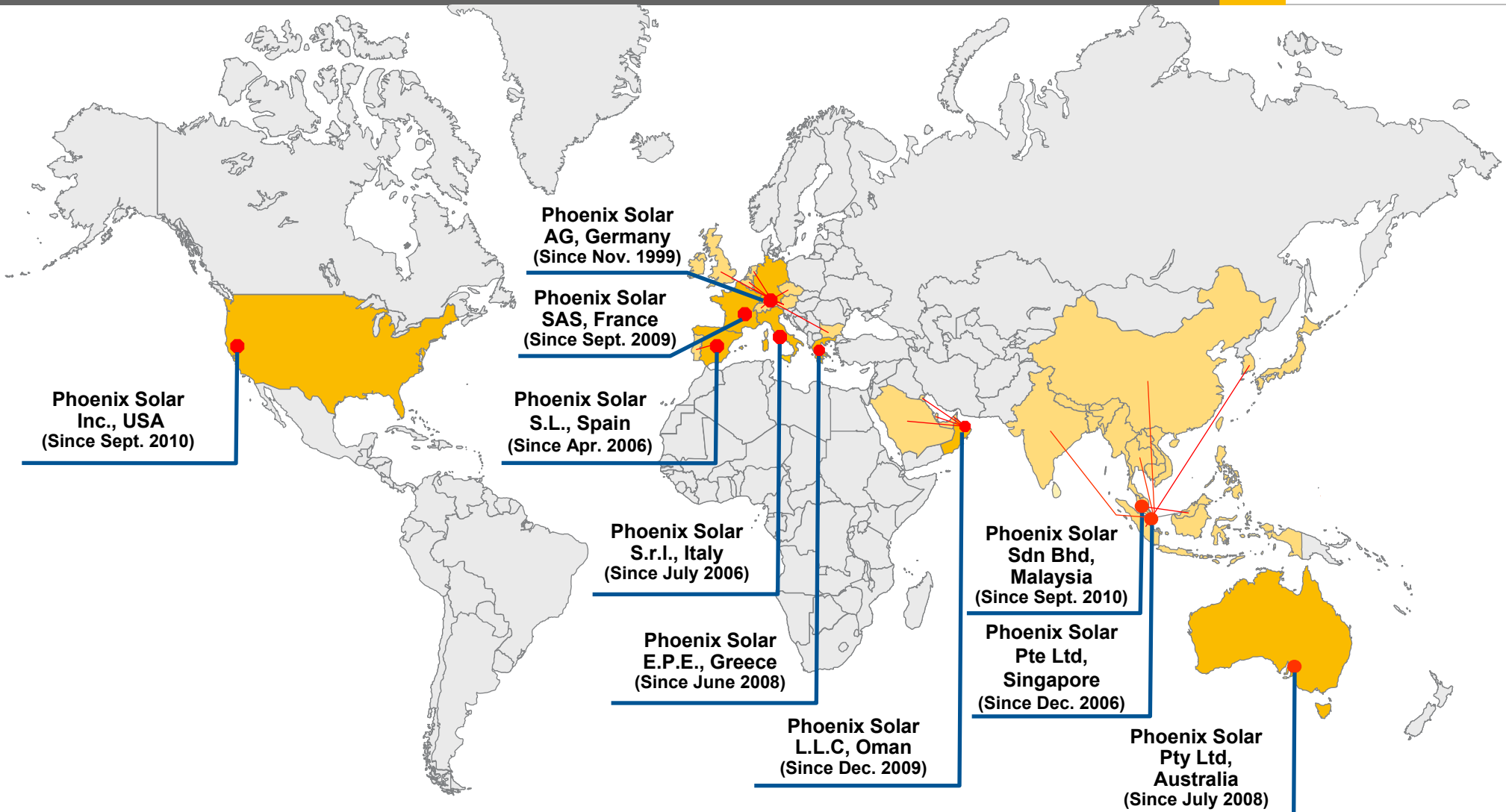
Phoenix Solar ...

- grew from 2 employees in 1999 to over 400 employees to date
- has more than 60% average yearly growth rate
- is continuously profitable since 2004
- is stock-listed since November 2004 and TecDAX-listed since March 2008
- pays dividends since 2007
- is first mover in PV thin-film technology, holding 13% world market share in 2009*
- sold or installed solar modules reach **850 Megawatts** since 1999, rising to more than **1 Gigawatt** by 2011

A graphic celebrating Phoenix Solar's 10th anniversary. It features a large yellow "10" at the top, with "1999" in blue below it, and "2009" in blue at the bottom, separated by a yellow swoosh.



Worldwide Company Locations in 10 Countries and 4 Continents



All 100% owned subsidiaries, except Phoenix Solar Singapore (75%), Phoenix Solar Malaysia (75%), and Phoenix Solar Oman (70%)

Focus on Photovoltaics

- **Exclusively** active in the field of **photovoltaics**, the market segment of renewable energies with the highest growth rate

Focus on PV System Technology

- Focus on core competence of high-yield, long-lasting and profitable **PV systems**
- System integrators are the **gateway to the end customer**

Advantages of Focused Business Model

- Purchase of PV modules and components with the best price-to-performance ratio **independent** of the manufacturer
- **High flexibility**, rapid response to market trends
- **Low financial risk** as limited investment is required

11 May 2011	Results 1st Quarter (conference call)
14 July 2011	Annual General Meeting
11 August 2011	Results 1st Half (conference call)
10 November 2011	Nine-Month Results (conference call)

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