

Ad-hoc release

Pursuant to Section 15 of the German Securities Trading Act (WpHG)

Phoenix Solar AG presents its figures as per 31 March 2011

- **Business in the quarter slower than expected**
- **Politics, the weather and the price trend hamper demand**

Sulzemoos 11 May 2011 / Phoenix Solar AG (ISIN DE000A0BVU93), a leading photovoltaic system integrator listed on the TecDAX, is today presenting its figures for the first quarter of the current financial year. Factors influencing demand in the period under review were the winter weather in Europe and political plans to scale back the government promotion of photovoltaic power in a number of key European markets.

In Germany, another reduction of the feed-in tariffs by 13 percent on 1 January 2011 led to a great deal of reticence on the part of end customers as the cuts were not fully compensated by the decline in prices. In France, a moratorium on the approval of photovoltaic power plants with more than 3 kilowatts peak was established in December 2010 through to the start of March. Following the boom year of 2010, the Italian photovoltaic market was hindered by a protracted process of decision making by the Italian regulatory authority on future promotion which brought the market to a virtual standstill.

Consolidated revenues

As per 31 March 2011, the revenues of the Phoenix Solar Group came to EUR 32.4 million in comparison to EUR 80.4 million posted in the first quarter of 2010 which was influenced by "pull-in" buying effects. The Components & Systems segment generated sales revenues of EUR 17.0 million, which corresponds to 52.5 percent. The Power Plants segment contributed EUR 15.4 million, which is 47.5 percent, to total revenues. A proportion of 71.9 percent, or EUR 23.3 million, was generated in

Phoenix Solar AG
Hirschbergstraße 8
D-85254 Sulzemoos

Investor Relations
Anka Leiner
Tel. +49 (0)8135 938-315
Fax +49 (0)8135 938-399
a.leiner@phoenixsolar.de
www.phoenixsolar-group.com

markets outside Germany. The greatest contributions to these revenues came from the Components & Systems business in France and the power plants business in Italy and Greece. The volume of modules sold by the Group stood at 18 megawatts (MW) compared with 37 MW in the year-earlier quarter.

EBIT and the consolidated result

Earnings before interest and taxes (EBIT) amounted to EUR -16.9 million in the first quarter (Q1/2010: EUR 4.6 million). The result was burdened by inventory depreciation of EUR 6.1 million, start-up costs of around EUR 1.0 million for entry into the US market and an increase in fixed costs as against the previous year's quarter. The EBIT margin (ratio of EBIT to revenues) therefore came to -52.2 percent (Q1/2010: 5.7 percent).

Consolidated result after tax stood at EUR -12.9 million (Q1/2010: EUR 2.8 million). Earnings per share posted EUR -1.76 (Q1/2010: EUR 0.42). Against the backdrop of current developments in the market, the Executive Board has initiated a set of broad-based cost reduction measures throughout the whole Group.

Order book

As per 31 March 2011, the Group's order book came to EUR 178 million (31 March 2010: EUR 375 million), which is an increase of around EUR 20 million compared with year-end 2010. The reason for the high level of orders in a quarterly comparison lies in the "pull-in" buying effects prevailing in Germany at this time.

Orders of the Components & Systems segment came to EUR 42 million at the end of the first quarter 2011 (31 March 2010: EUR 227 million) and to EUR 136 million in the Power Plants segment (31 March 2010: EUR 148 million). During the reporting quarter, there was a sharp increase in non-domestic orders to EUR 95 million, up from EUR 54 million in the first quarter of 2010. Adjusted for power plant projects already under construction,

orders on hand stood at EUR 52 million on 31 March 2011.

Performance in the second quarter

The situation in the market improved initially only slightly in the second quarter. Demand in Germany and Italy was also very modest in April. The new conditions for promoting solar energy in Italy, which apply as from June 2011, were released at the start of May. Owing to the special situation in the German market in 2010, the current quarter will not be able to match the record year-earlier quarter in terms of both revenues and EBIT.

Global market to stagnate in 2011

Following surging growth in the global photovoltaic market in 2010, Phoenix Solar anticipates that there will be temporary stagnation at a high level (18 to 20 gigawatt) throughout 2011 as a whole. In the medium and long-term, however, the sector's outlook remains positive, and the Executive Board anticipates growth in the global market as early as 2012 onwards. Beginning in 2012, the whole photovoltaic sector expects a decidedly positive influence to emanate from the nuclear catastrophe in Fukushima in Japan. The Phoenix Solar Group will also benefit from this development.

Publication of the Quarterly Report

The Quarterly Report will be published today, 11 May 2011, in electronic form and can be downloaded from the company's website at www.phoenixsolar-group.com under the heading Investor Relations/Financial Reports.

This is an English translation of the German original. Only the German version is binding.

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Overview of the figures as per 31 March 2011

		Q1 2011	Q1 2010	Change
Sales volume	MWp	18	37	-51.4 %
Total revenues	€ m	32.4	80.4	-59.7 %
Components & Systems segment	€ m	17.0	53.7	-68.3 %
Power Plants segment	€ m	15.4	26.7	-42.3 %
International revenues	€ m	23.3	7.3	+219.2 %
EBIT	€ m	-16.9	4.6	-21.5 € m
Consolidated profit	€ m	-12.9	2.8	-15.7 € m
Earnings per share	€	-1.76	0.42	-2.18 €

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Contact

Phoenix Solar AG
Hirschbergstraße 8
D-85254 Sulzemoos

Investor Relations

Anka Leiner
Tel.: +49 (0)8135 938-315
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a.leiner@phoenixsolar.de
www.phoenixsolar-group.com