

# Phoenix Solar AG

**1st Quarter Results**

**- Conference Call -  
11 May 2011**

**Dr. Andreas Hänel (CEO)**

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- 1. Key Figures**
  2. Market Development
  3. Module Sales & Projects
  4. Financial Parameters
  5. Challenges & Opportunities



# Key Figures Q1 2011

## A quarter with weak revenue and EBIT

	Q1 2011	Q1 2010	Change
Revenues	<b>32.4 €m</b>	80.4 €m	-59.7%
of which Components & Systems	<b>17.0 €m</b>	53.7 €m	-68.3%
of which Power Plants	<b>15.4 €m</b>	26.7 €m	-42.3%
International Business	<b>23.3 €m</b>	7.3 €m	219.2%
EBIT	<b>-16.9 €m</b>	4.6 €m	-21.5 €m
EBIT margin	<b>-52.2%</b>	5.7%	
Net Result	<b>-12.9 €m</b>	2.8 €m	-15.7 €m
EPS	<b>-1.76 €</b>	0.42 €	-2.18 €
Equity Ratio (end Q1)	<b>41.2%</b>	40.7%	
Order backlog (end Q1)	<b>178 €m</b>	375 €m	-52.5%

1. Key Figures
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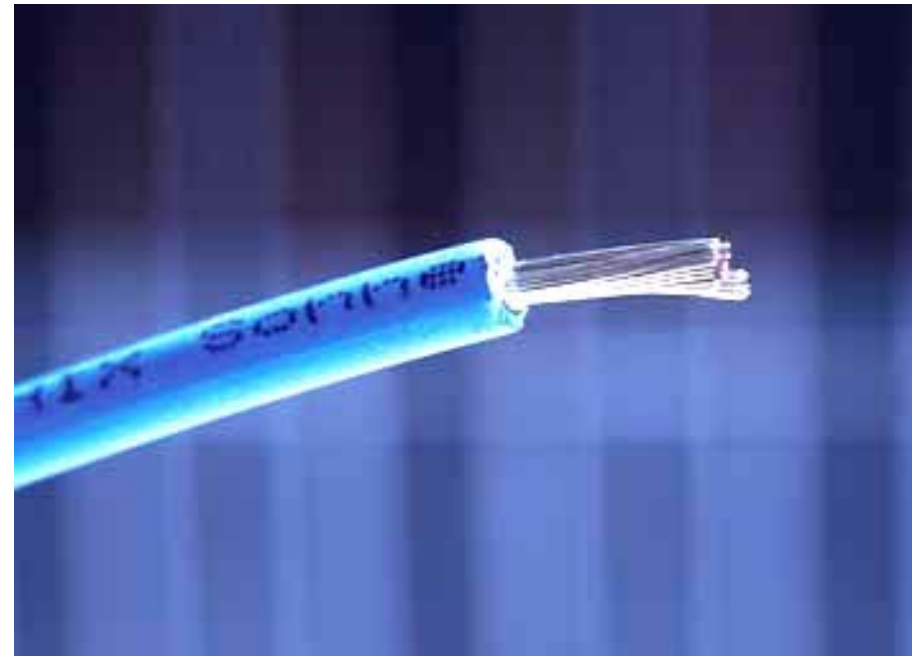


- Europe still accounts for more than 50% of PV sales worldwide
- Germany, Italy, France and Spain are the key European markets. UK is one of the future markets with high potential

## **European key markets threatened by partly unexpected feed-in tariff cuts**

- Feed-in tariff changes in Germany on the 1<sup>st</sup> of January 2011 not fully compensated by price declines leading to slow demand in Q1. Additional cuts will materialize in July 2011
- Moratorium in France from December 2010 to March 2011 for all projects above 3 kWp
- Italian market on hold due to lengthy discussions about changes to the FIT
- UK feed-in tariffs cuts announced
- Spain and Czech Republic with retroactive changes of FIT programs

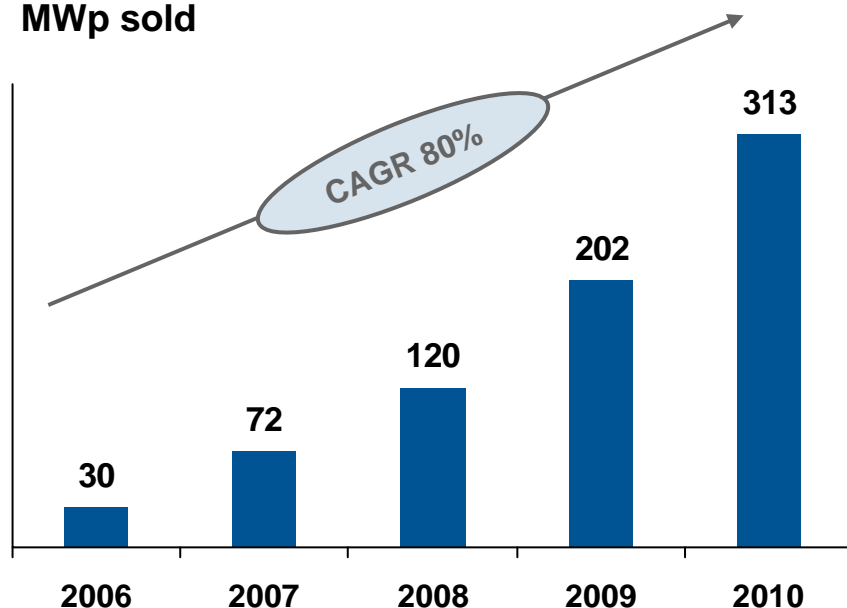
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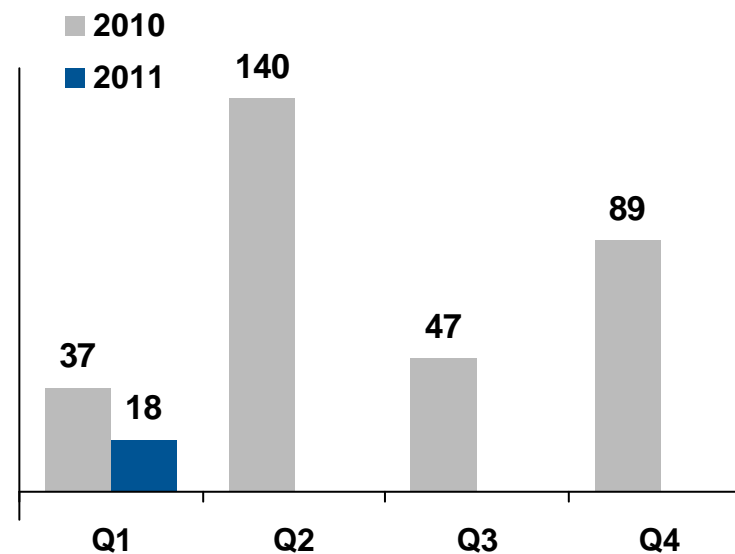
# Phoenix Solar's cumulated module sales surpass 750 MWp



MWp sold



MWp sold

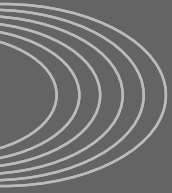


- Q1 volumes down 51% to 18 MWp (Q1 2010: 37 MWp) but 20% above Q1 2009 (15 MWp)
- Q1 2011 low demand from European markets due to continuing discussions concerning changes to feed-in tariffs in France, UK and Italy. Germany weak as feed-in tariff reductions not compensated by price declines

# All of Phoenix Solar's major projects Q1 2011 will be realized outside Germany



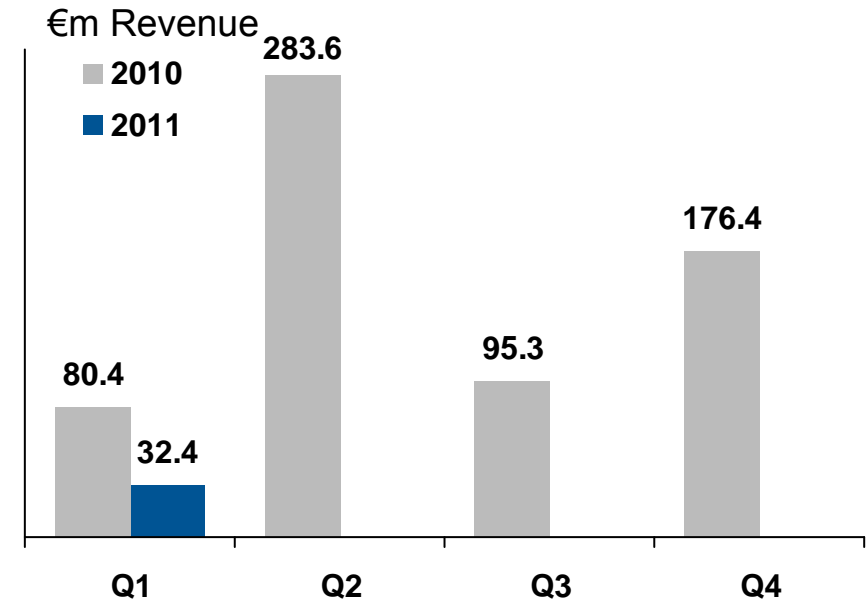
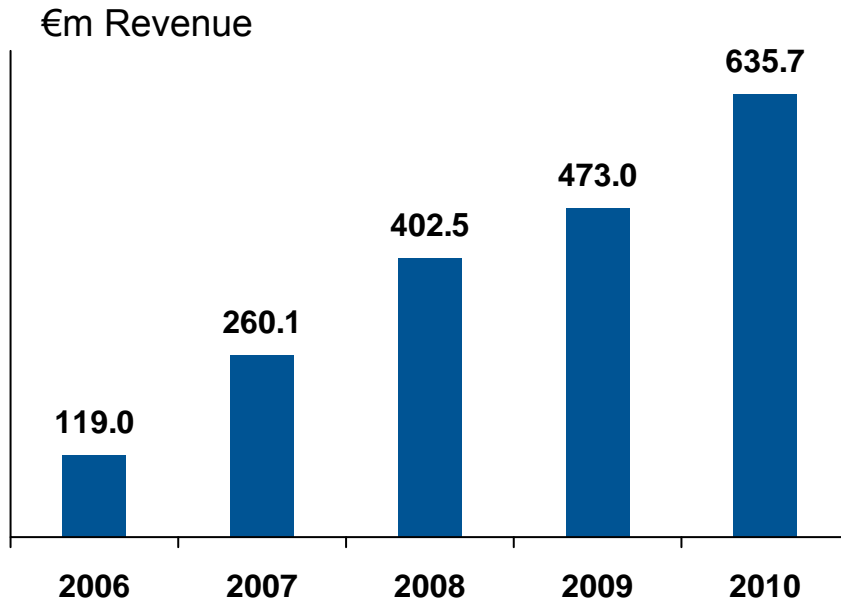
- Oman-based Phoenix Solar L.L.C. won a contract to install a 3.5 MWp for Saudi Aramco, the world's largest oil producing company. This is the largest ground-mounted project in Saudi-Arabia and is currently under construction
- Phoenix Solar builds 2.7 MW plant with Miasolé modules for E.ON Climate & Renewables in Italy
- Phoenix Solar has signed an agreement with LHI to install a 1.7 MWp solar park in La Rouchouse, Département Haute-Loire
- Contract for 12 MWp follow-up project Le Castellet in the Département Var signed in April 2011



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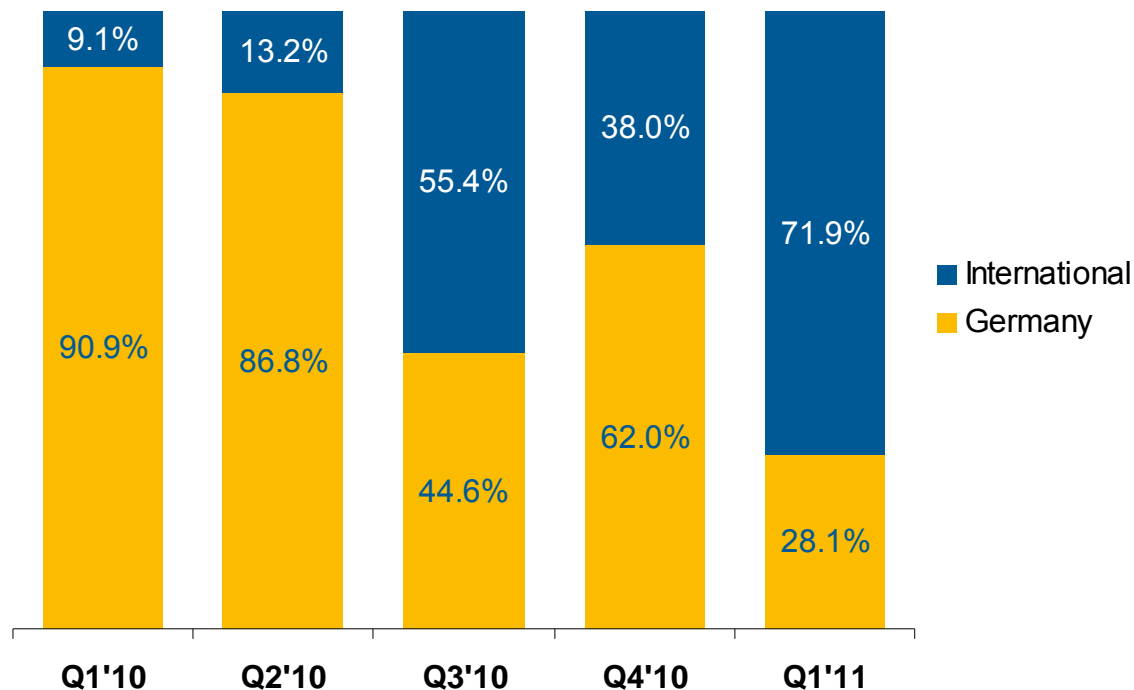
# Group Revenues Q1: Low demand due to feed-in tariff discussions all over Europe



- Revenues down 59.7% to 32.4 €m (Q1 2010: 80.4 €m)
- Q2 2011 slightly improving
- Due to specific market situation in Germany 2010, Q2 2011 will be significantly below last year's record quarter both in terms of revenue and EBIT

# Quarterly revenues highlight the effects of policy changes and the shift to international markets

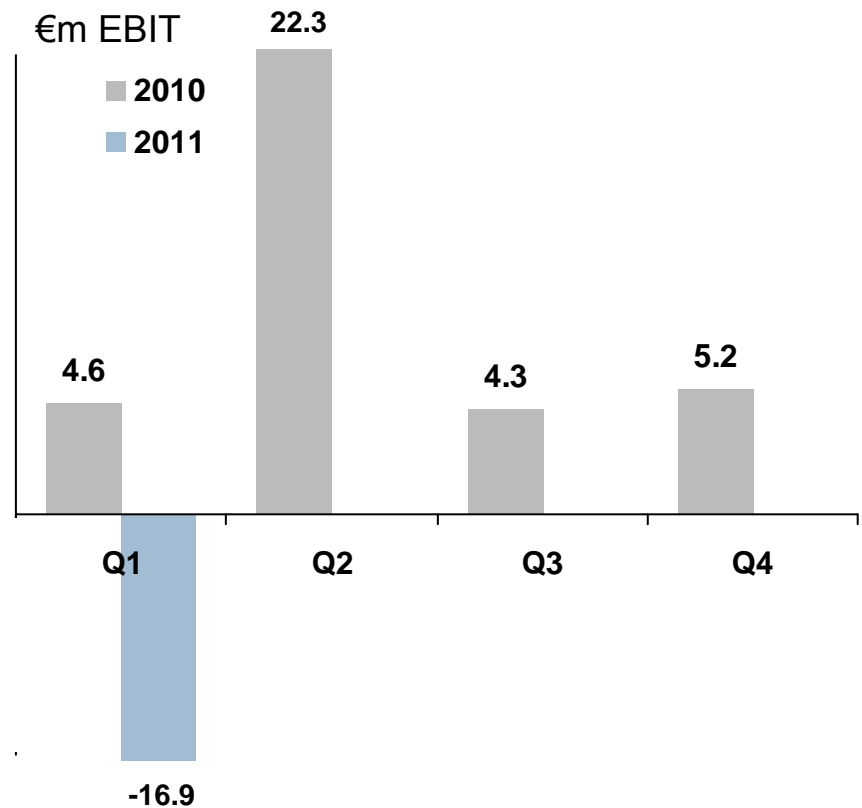
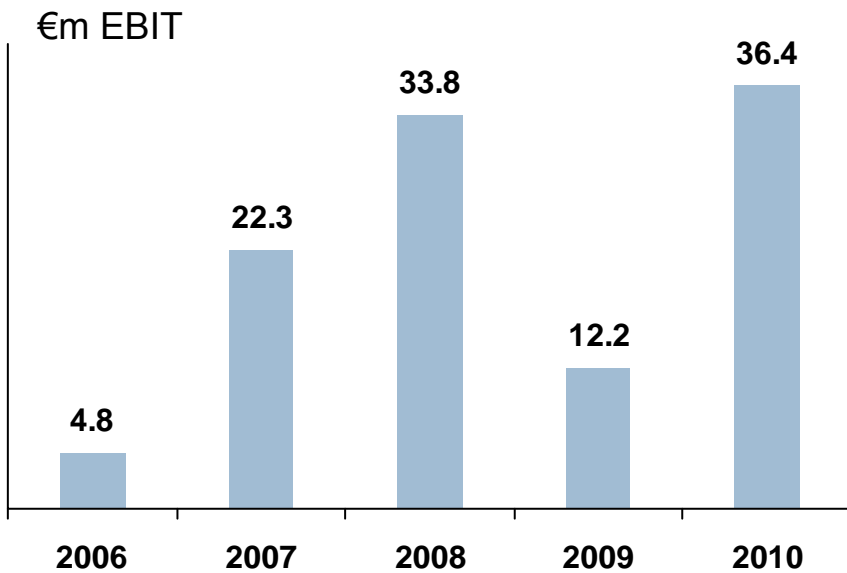
2010 & 2011 Quarterly National & International Sales  
Development of Phoenix Solar  
(% of quarterly total)



## Revenue outside Germany

- reaches 72% and thus highest quarterly percentage ever
- increases to 23.3 €m, up 219.2% vs. Q1 2010 (7.3 €m)

# Q1 2011: Group earnings reflect low demand and fixed costs



- Q1 EBIT -16.9 €m (Q1 2010: 4.6 €m)
- Q1 EPS closed at -1.76 € (Q1 2010: 0.42 €)
- EBIT loss caused by price declines, depreciation of inventories (6.1 €m), start-up costs USA (1.0 €m) and fixed cost block

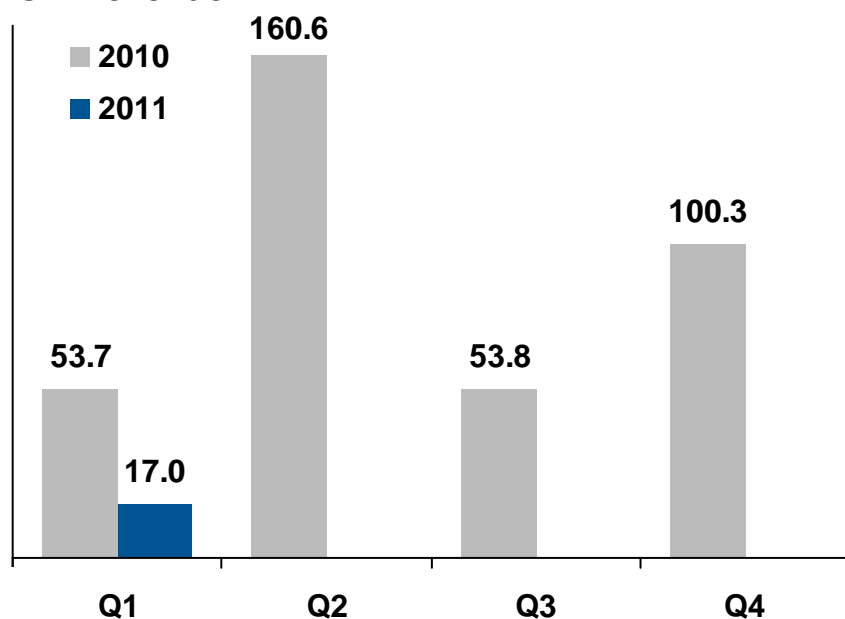
EBIT-Margin					
	Total	Q1	Q2	Q3	Q4
2010	5.7%	5.7%	7.9%	4.5%	2.9%
2011		-52.2%			

# Components & Systems Segment

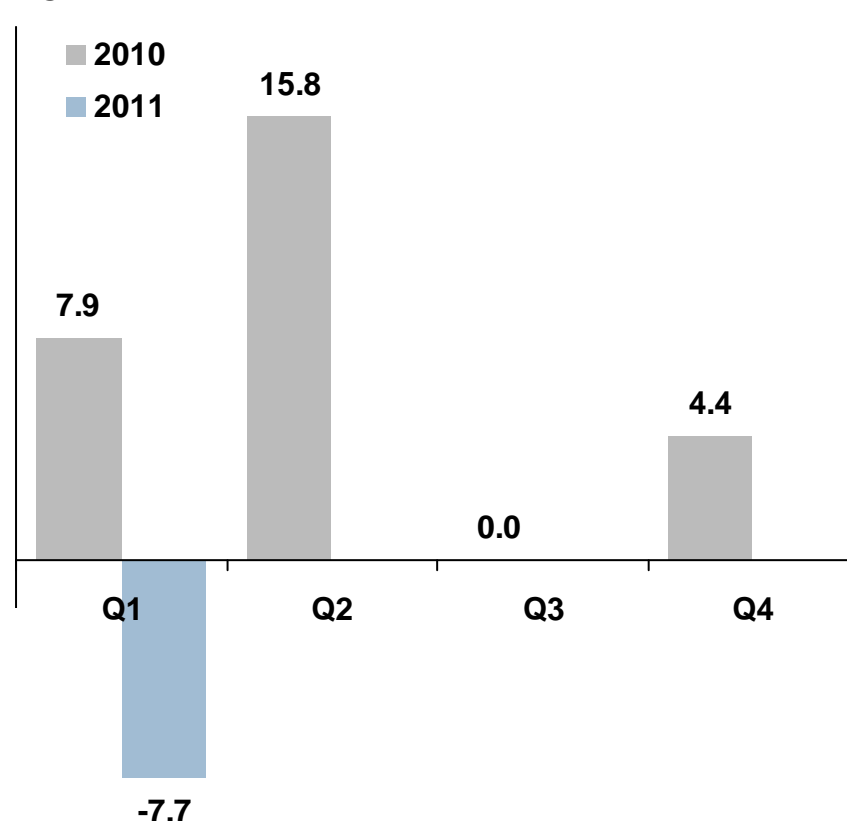
## C&S expected to improve in Q2 after a weak Q1



€m Revenue



€m EBIT

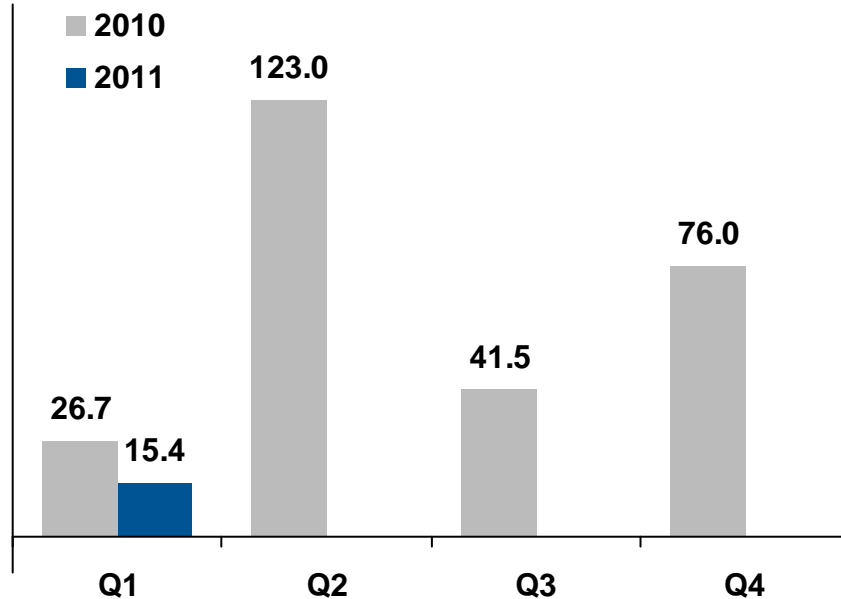


- Sales of C&S outside Germany increased by 57.6% to 9.3 €m
- High depreciation of inventories influences gross margin and lead to negative EBIT
- Decisions in Italy (FIT) and price decline in Germany offer opportunities for growing business in H2

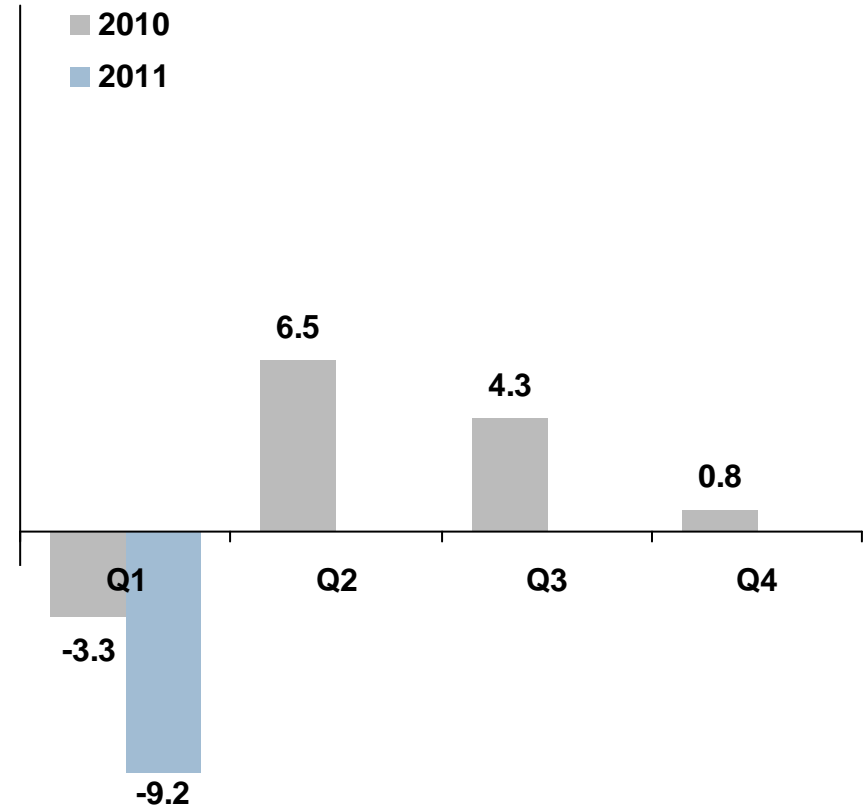
EBIT-Margin C&S

	Total	Q1	Q2	Q3	Q4
2010	7.6%	14.8%	9.8%	0.0%	4.4%
2011		-45.3%			

€m Revenue



€m EBIT



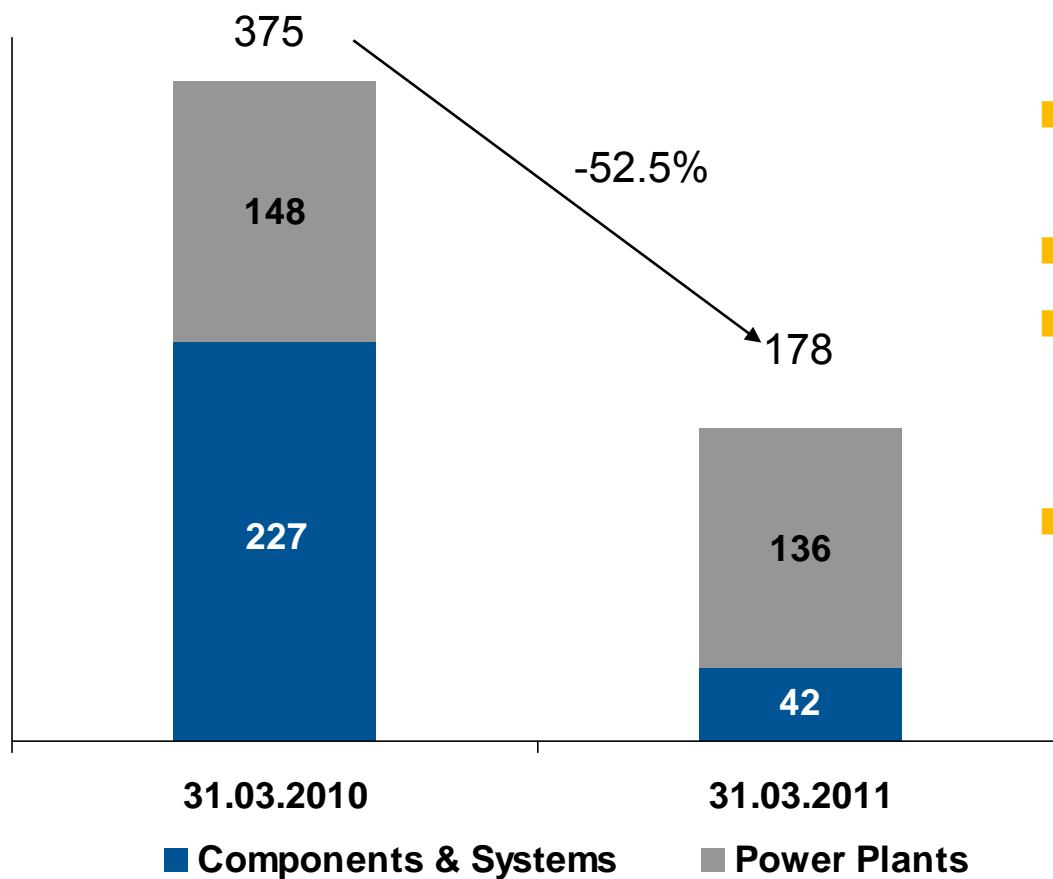
- Revenues down 42.3% to 15.4 €m (Q1 2010: 26.7 €m)
- EBIT impacted by negative gross margin due to falling selling prices and start-up costs from subsidiary USA
- Projects under final negotiation in Europe, USA and Asia

EBIT-Margin Power Plants

	Total	Q1	Q2	Q3	Q4
2010	3.1%	-12.5%	5.3%	10.3%	1.1%
2011		-59.7%			

# Order backlog reflects low business activities in Q1 but backlog improved vs. year-end 2010

€m Order Backlog



- Order back-log dominated by power plants
- Free order backlog 52 €m
- End Q1 order backlog slightly improved vs. year-end 2010 (+20 €m)
- Further improvement of order backlog situation after end of Q1

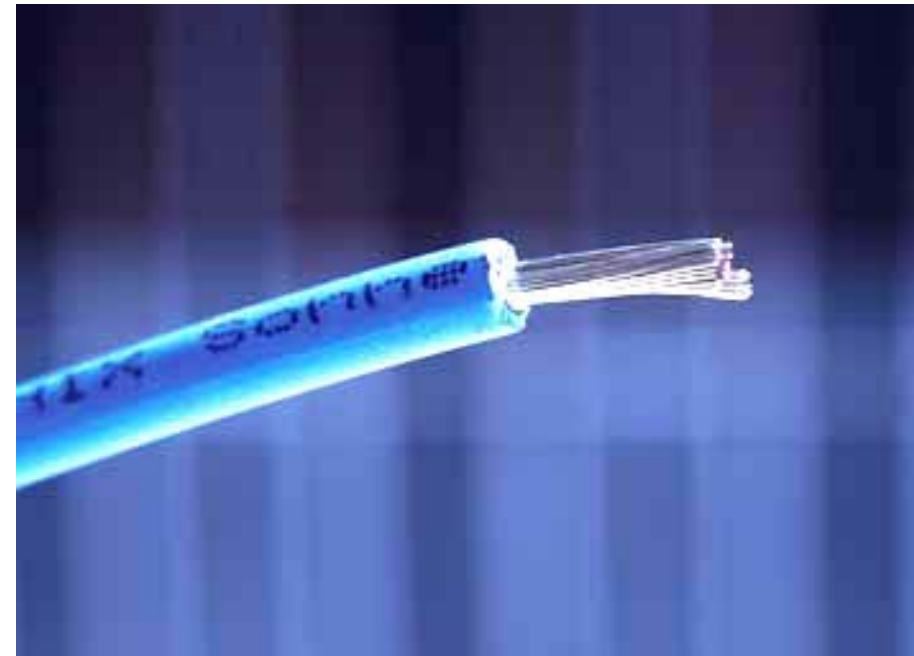
Working Capital (€m)	31/03/2011	31/12/2010
Δ current assets	302.3	302.4
Δ current liabilities (adjusted)	181.3	163.8
<b>Working Capital</b>	<b>121.0</b>	<b>138.6</b>
<b>Revenue (rolling last four quarters)</b>	<b>587.7</b>	<b>635.7</b>
<b>Working Capital Ratio (Working Capital / Revenue)</b>	<b>20.6%</b>	<b>21.8%</b>

➔ Reduction of accounts receivables leads to improved Working Capital

Operating Cash Flow (€m)	31/03/2011	31/12/2010
Operating Cash Flow	-54.5	-84.5

- ➔ Cash flow mainly influenced by the decrease of trade payables ( 34.6 €m), which outweighed the increase of inventories (24.8 €m) as well as by the decrease of receivables from long-term construction contracts (13.5 €m)

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- Probably stagnant world market 2011 on very high level (18-20 GWp)
- German market peaked 2010 at 7.4 GWp and may shrink in 2011 to 5-6 GWp and 2012 further decrease to 3-4 GWp
- Key markets in Europe (Germany, Italy, France, UK) face major changes in their FIT system with significant impact on expected market volumes
- Large-scale projects are generally being pushed back in Europe; roof-mounted installations likely to become the dominant PV application

... however, the PV market may also offer significant opportunities in 2011 and beyond

- World-wide boost for renewable energy including PV likely after meltdowns in Fukushima
- Although German regulation will not change in 2011, 2012 looks much more promising than at the beginning of 2011 (no hard cap expected, no significant changes to feed-in tariffs from 2012 onwards, revival of large-scale PV plants possible)
- Italian FIT seems to be positively influenced by Fukushima disaster
- Business opportunities increasing in non-European countries (USA, Asia, Middle East)
- Module & inverter price development in recent weeks indicate increasing profitability of large projects in Europe and abroad

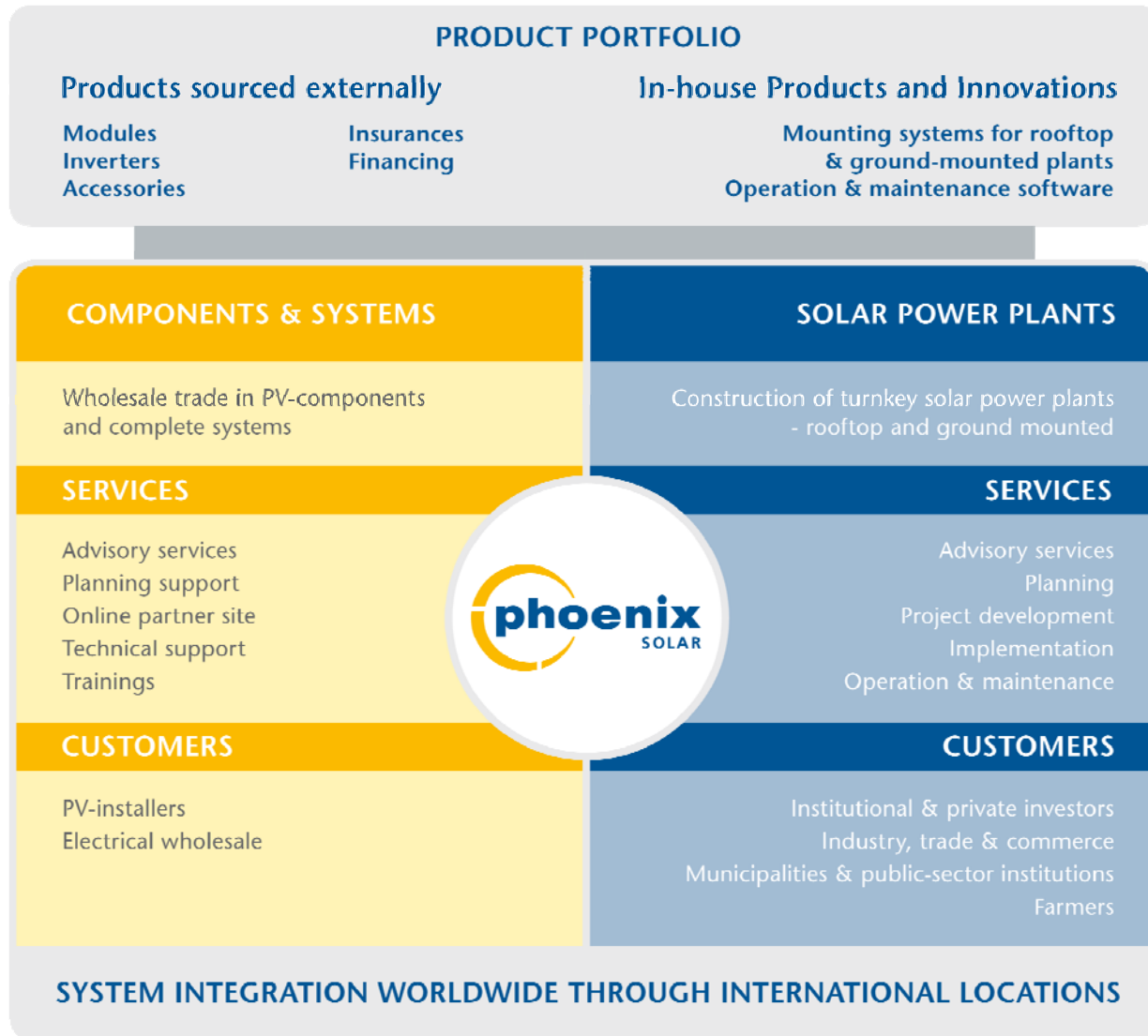
A close-up photograph of a yellow, oval-shaped button with a glossy finish. The button is the central focus, with the text "Making energy together" printed on it in a blue, sans-serif font. Below the main text, a white curved line separates it from the "Phoenix Solar" logo, which is also printed in blue. The button is resting on a reflective surface, and its reflection is visible below. In the background, several other similar buttons are blurred, creating a sense of depth. The overall lighting is soft and professional.

**Thank you for your attention!**

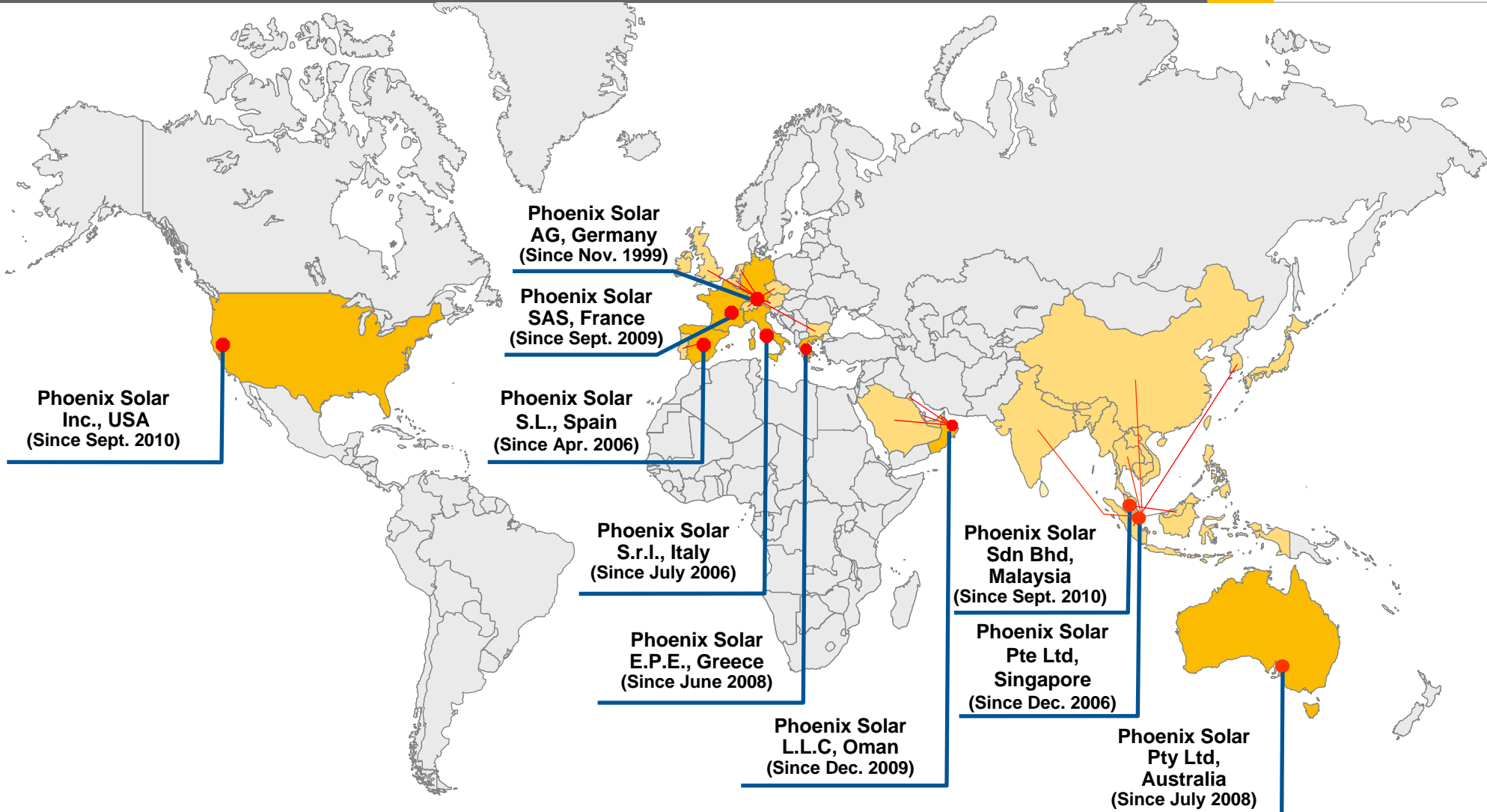
## Phoenix Solar ...

- 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 totaling over **750 Megawatts** in the last 10 years, rising to more than **1 Gigawatt** by 2011





# 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

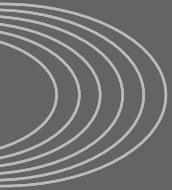
- **Exclusively** active in the field of **photovoltaics**, the market segment of renewable energies with the highest growth rate

## 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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