Press Release

FY 2010 results on target

A boost to the financial structure with holdings by the FSI Strategic Investment Fund and the Nass&Wind Group in Vergnet equity

Ormes, 14 April 2011

(€ million)	2010*	2009
Revenue *Wind Turbine Division* *Water & Solar Division*	**82.4** *67.4* *15.0*	**29.0** *16.7* *12.3*
Other operating income	2.3	4.2
Purchases consumed	(50.4)	(15.0)
Personnel expenditure	(14.6)	(11.8)
Other operating expenditure	(19.5)	(9.7)
Taxes and duties	(0.8)	(0.6)
Depreciation, amortisation and provisions	(5.9)	(5.2)
Operating profit	**(6.6)**	**(9.0)**
Financial profit	0.0	(0.3)
Ordinary pre-tax profit	**(6.6)**	**(9.3)**
Extraordinary profit	(0.3)	(0.0)
Profit tax	0.0	(0.0)
Net profit attributable to equity holders of the parent company	**(6.8)**	**(9.4)**

** Audits have been performed on the consolidated accounts. The Auditors' Report is currently being drawn up.*

A change in dimension in 2010: €82.4 million in revenue

Vergnet completed FY 2010 with consolidated revenue of €82.4 million, as against €29.0 million in 2009, thus manifesting the Group's announced change in dimension. The increased business was mainly due to the Wind Turbine Division, 4/5 by the 1 MW Ashegoda GEV HP project, and 1/5 by a recovery in sales of the 275 kW GEV MP.

FY 2010 results on target

Operating income in 2010 was €-6.6 million, within the range announced, as against €-9.0 million in 2009. The Wind Turbine Division accounted for €-8.4 million (as against €-10.8 million in 2009).

The improvement in income was due to growth of sales of the GEV MP range, with 36 units delivered in 2010, as against 21 in 2009. The profitability on the Ashegoda project observed in 2010 was unable to cover all Group structure and development costs.

Operating income by the Water & Solar Division rose to €1.8 million, compared with €1.7 million in 2009. The net profit earned by Group equity holders was €-6.8 million, as against €-9.4 million in 2009.

At 31 December 2010 the Group held equity of €11 million and cash resources of €4.6 million.

Implementation of a partnership with Alstom for phases II and III of the Ethiopian contract

The modification to the air corridor produced by the international classification of Mekele airport in proximity to the ongoing construction of the Ashegoda site in Ethiopia has made substantial changes to the implementation zones originally planned for the turbines on phases II and III of the project. The operational constraints introduced by this kind of change, on the customer's contractual responsibility, and also the risk that the Vergnet class 3 turbines may not be suited to the project in the new mountain locations subject to stronger winds (they can be lowered in the event of cyclones, but have been designed for regular low-turbulence wind patterns), require that changes be made to the turbine supply consignment. Vergnet, the project manager for the entire process, drew up an agreement with Alstom Wind for the supply and installation of 54 class 2 ECO 74 turbines. The accounts at 31 December 2010 reflect this new configuration pending signature with the EEPCo contracting authority.

This solution contains advantages for each party, and would allow Vergnet to free up its internal industrial capacity for easier reallocation of resources in the direction of its key market: export cyclone and island zones, and also the market of overseas *départements* (DOM).

Ongoing Request for Proposals on the DOM overseas *départements* market

The first tranche of the government-launched RFP at the end of 2010 requires project dossiers to be submitted by 30 May 2011 at the latest.

To date Vergnet has been approached to provide 60 MW on the project. The government will make its choice of projects for the first tranche during the last quarter of 2011. GEV HP deliveries are due to commence in 2012.

The FSI Strategic Investment Fund and the Nass&Wind Group invest €18 million in the Vergnet Group

The Strategic Investment Fund (FSI) and the Nass&Wind Group are taking up holdings in the Vergnet Group to boost its financial structure, enable it to finance implementation of its orders, and give it the means to continue steady development, especially in overseas *départements*, one of the Group's major growth drivers. The €18 million investment package will be carried out as a reserved operation with elimination of preferential subscription rights, including a gross capital increase of €10.8 million and a €7.2 million issue of share-convertible bonds maturing at 31 December 2015. If the convertible bonds are fully converted, the respective holdings of the FSI Fund and Nass&Wind will be 27.3% and 10.5% of Vergnet's equity.

The FSI and Nass&Wind will be represented on the Vergnet Board, which will thus also benefit from the additional experience of a long-term financial investment entity and an industrial investor.

The FSI is a limited company (*société anonyme*) jointly owned by the *Caisse des Dépôts* investor group (51%) and the French State (49%). It is a prudent investment entity which acquires minority interests in French firms operating industrial projects leading to value creation and economic competitiveness.

Nass&Wind is an independent French group incorporated in 2001 with equity of €40 million. Its expert knowledge in the creation of electricity production facilities from renewable sources (sea wind, solar power and dendroenergy) from the design phase to an operating environment has made it one of France's leading developers of renewable energies. Nass&Wind Offshore, a subsidiary focusing on offshore wind farms, has been operating a project portfolio accounting for a total power output of more than 1,000 MW for the last three years.

Signature of a strategic partnership between Vergnet and Nass&Wind

The arrival of the Nass&Wind Group along with the FSI is also a component of a strategic Nass&Wind/Vergnet offshore wind partnership that will enable Vergnet to develop its knowhow. Vergnet will be involved in the WinFlo programme operated by Nass&Wind in association with major French industrial, scientific and academic players. This is an ambitious innovative project to design, industrialise and sell a multi-megawatt offshore wind farm facility for deep water coastal locations.

Outlook for 2011: revenue in excess of €120 million and a gradual return to profitability

Business growth in 2011 will still stem mostly from implementation of the Ethiopian project and major GEV HP projects (in Nigeria and Mauritania).

The **Wind Turbine Division's** order book at 31 December 2010 consisted of **48 GEV MPs and 92 GEV HPs** (or Alstom equivalent) to a sum of €175 million, of which 31 to 48 MPs and 45 to 55 HPs in 2011, and 0 to 17 MPs and 37 to 47 HPs in 2012.

The **Water & Solar Division** looks set to continue growth in 2011, boosted by a solid order book.

Next update

H1 2011 revenue: 28 July 2011 after market closure

About Vergnet SA

VERGNET SA was founded in 1988 by its current manager, Marc Vergnet, a long-time figure in sustainable development. VERGNET is currently the leading manufacturer in its two businesses: the design and production of wind turbines for the FARWIND® markets and water supply equipment in Africa. On the back of singular patented technologies, the Group has already installed close to 650 FARWIND® wind turbines, and supplies water to over 50 million people worldwide. The FARWIND® market covers over 130 countries in which electricity is mainly produced from oil and where the infrastructure and limited logistical resources mitigate against the installation of conventional wind turbines. The Group has 9 facilities worldwide (France, Caribbean, Pacific, Indian Ocean, Africa) and some 280 employees. The VERGNET Group has been listed on the Alternext market since 12 June 2007 (FR0004155240 – ALVER).

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