Press release

2012 FY results hit by Wind Turbine division

Return to operating profitability targeted by 2014

Ormes, 19 April 2013

€ m	2012*	2011
Turnover *Wind Turbine Division* *Water & Solar Division*	**117.9** *103.4* *14.5*	**67.7** *55.0* *12.7*
Other operating income	5.7	5.2
Purchases consumed	(96.6)	(38.9)
Personnel expenditure	(13.1)	(15.9)
Other operating expenditure	(12.3)	(18.7)
Taxes and duties	(1)	(1.3)
Depreciation, amortisation and provisions	(8.8)	(7.8)
Operating profit	**(8.2)**	**(9.6)**
Financial profit	(1)	(0.8)
Ordinary pre-tax profit	**(9.2)**	**(10.4)**
Extraordinary profit	0	(6.8)
Tax on profit	(0.3)	(1.6)
Minority interests	(0.2)	0
Net income, group share	**(9.7)**	**(18.9)**

** The consolidated accounts have been audited. The statutory auditor's reports are currently being drawn up.*

2012 results hit by the Wind Turbine division

Turnover came to €117.9m for 2012, of which €103.4m by the **Wind Turbine division** and €14.5m by the **Water & Solar division**.

The operating loss came to €8.2m, including a €10.1m operating loss in the Wind Turbine division (versus. an €11m loss in 2011) and an operating profit of €1.9m in the Water & Solar division (versus. a €1.4m profit in 2011).

This result is due mainly to a lack of business and the failure of the Ashegoda (Ethiopia) project to turn a profit, thus making it impossible to cover the group's structural costs.

Amidst a persistently challenging market, Vergnet in 2012 implemented a cost-cutting plan that resulted mainly in the closing of its 1 MW GEV HP blade production facility and in about 55 layoffs from the Wind Turbine division's permanent staff (hence, a reduction of 24%). This restructuring resulted in an exceptional charge of €0.9m.

Due to additional costs, the Group's net loss came to €9.7m.

Financial situation

In September 2012, Vergnet entered into an agreement with its core shareholders and financial and industrial partners with a view to setting up and maintaining €17.4m in financing in order to stay in business in an environment of weak demand and heightened competition.

As of 31 December 2012 and as a result of the financial agreements noted above, Vergnet had negative equity of €5.6m, financial debt consisting of €10.7m in convertible bond debt and €1.1m in bank loans and debt and €9.6m in active net cash.

The Company believes that, on the basis of its forecasts, these agreements will make it possible to fund activity, whose funding needs should peak in 2013.

2013 outlook: an order backlog to be consolidated

In **the Wind Turbine division**, a marketing plan has been implemented in response to weak demand seen in 2012, and could be completed in Japan, the US and Guadeloupe.

The energy buyback rate in French overseas departments and territories published recently should lead the way to a restarting of Vergnet's historical domestic market in the medium term.

2013 should see the reception of phases II and III of the Ashegoda project.

Delivery has been taken on the Mauritanian project by the client, and the Nigerian project is due to be delivered in 2013.

MP sales projected in 2013 are likely to be mainly of Proxwind, mainly in Italy, England and Ireland.

The new Management is also exploring ways to optimise development costs for future versions of its machines, as well as hybrid energy solutions (renewable/thermal energies).

In 2013 the **Solar & Water division** business will be driven by historical markets, as well as Vergnet Hydro's diversification strategy. The continued recovery in the Photalia solar business should help maintain overall revenue levels in the division in 2013.

In conclusion, 2013 should be another tough year, with a depressed European market and an African market made especially complicated by geopolitical factors. Even so, the Group aims to return to profitability on the operating level in 2014.

Meanwhile, Vergnet is reviewing all options for strengthening equity by the end of 2014.

Agenda:

- 22 May 2013: Annual General Meeting

About Vergnet SA

The VERGNET group specialises in renewable energies in difficult environments. It serves mainly as a benchmark industrial partner in its two business lines: the design and manufacturer of wind turbines for FARWIND® markets and water supply equipment in Africa. With unique and patented technologies, the Group has thus far installed almost 650 FARWIND® wind turbines and provides water to more than 50 million persons worldwide. The FARWIND® market includes more than 130 countries in which electricity is produced mainly from oil and where sparse infrastructure and logistics makes it impossible to install conventional wind turbines. The Group has nine locations worldwide (France, Caribbean, Pacific, Indian Ocean, Africa) and about 300 employees. VERGNET has been listed in continuous trading on the Alternext since 12 June 2007 (FR0004155240 – ALVER).

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