



## FY 2011 Results

### Negotiations in progress to secure business financing for 2012 and restructuring of the Group's financial model

Ormes, 26 April 2012

€ million	2011*	2010
<b>Revenue</b>	<b>67.7</b>	<b>82.4</b>
<i>Wind Turbine Division</i>	55.0	67.4
<i>Water &amp; Solar Division</i>	12.7	15.0
Other operating income	5.2	2.3
Purchases consumed	(38.9)	(50.4)
Personnel expenditure	(15.9)	(14.6)
Other operating expenditure	(18.6)	(19.5)
Taxes and duties	(1.3)	(0.8)
Depreciation, amortisation and provisions	(7.8)	(5.9)
<b>Operating profit</b>	<b>(9.6)</b>	<b>(6.6)</b>
Financial profit	(0.8)	0.0
<b>Ordinary pre-tax profit</b>	<b>(10.4)</b>	<b>(6.6)</b>
Extraordinary profit	(6.8)	(0.3)
Tax on profit	(1.6)	0.0
<b>Net profit (attributable to equity holders of the parent company)</b>	<b>(18.9)</b>	<b>(6.8)</b>

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

### Business: decreased order intake in 2011

Vergnet reported revenue of €67.7 million for FY 2011. **The Water & Solar Division** posted a temporary decline in business at €12.7 million (compared with €15.0 million in 2010), while the **Wind Turbine Division** achieved turnover of €55.0 million (compared with €67.4 million in 2010), reflecting the delayed launch of phases II and III of its Ashegoda project in Ethiopia and more difficult conditions in its Farwind markets.

Business in 2011 was generated by ongoing export contracts but the Group has seen its order intake decline across all of its markets (12 GEV MP units in FY 2011).

### Results: net loss of €-18.9 million

As anticipated, the Group reported an operating loss of €-9.6 million in 2011, comprising a loss of €-10.9 million for the Wind Turbine Division (compared with -8.4 million in 2010) and an operating profit of €1.3 million for the Water & Solar Division (compared with €1.8 million in 2010).

A combination of disappointing returns on the Ashegoda project in FY 2011, poorer market conditions and the impact of non-recurring items associated with the technical development of Wind Turbine division products meant that the Group was unable to cover its structural costs and development expenditure.

In view of this situation, Vergnet undertook a cost-cutting plan in Q4 2011, which involved closure of its GEV HP 1 MW turbine-blade production site and reduction of the permanent workforce in its Wind

## Press Release

Turbine division (around 40 out of 220 people). A provision for restructuring was recognised in the 2011 financial statements and these measures have now been effective since Q1 2012.

The extraordinary loss of €-6.8 million incorporates a restructuring provision of €-0.6 million and exceptional impairment of assets of €-6.0 million relating to the GEV HP 1 MW development programme and closure of the GEV HP 1 MW turbine-blade production site. This exceptional asset impairment is the consequence of the outcome of a request for proposals for wind turbine projects in the French overseas departments, published by the Government in February 2012. The outcome of the request for proposals brought to light a contradiction between two legislative provisions which effectively blocks the execution of projects for an indefinite period. Furthermore, the level of business that would be generated by that request for proposals, subject to resolution of the conflicting legislative provisions, is significantly lower than Group expectations.

Taking into consideration these factors and a tax charge of €1.6 million resulting from the restriction on realizing deferred tax assets at the same level as deferred tax liabilities of the same maturity, the net result attributable to equity holders of the parent company amounts to a loss of €-18.9 million.

## Financial position: impact of decreased business

At 31/12/11, Vergnet had €2.2 million shareholders' equity (compared with €11.0 million at 31/12/10), €7.7 million convertible bonds, €1.0 million financial debt and a net cash balance of €7.8 million (compared with €4.6 million at 31 December 2010). This financial position includes the €18 million contribution made in May 2011 by the FSI Strategic Investment Fund and the Nass&Wind Group, to Vergnet's equity.

## Outlook for 2012: negotiations in progress to secure business financing

The Company is currently negotiating with its principal financial and industrial partners to secure business financing for Q2 of FY 2012. In essence, these negotiations concern:

- extension of short-term loans amounting to €5 million and maturing at 30 September 2012;
- redefinition of financial conditions governing the execution of the Ashegoda project.

If these negotiations are not successful, there will be consequent uncertainty concerning the Group's capacity to continue its activities and, consequently, to settle its debts in the normal course of its business, the financial statements having been drawn up assuming the principle of continuing business operations.

In parallel to these discussions, the Group is studying all options which might enable it to retain the structure of its financial model in the current context of weak demand and strong competition.

Vergnet will inform its shareholders as soon as possible of the progress reached as a result of its investigations.

## 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 300 employees. The VERGNET Group has been listed on the Alternext market since 12 June 2007 (FR0004155240 – ALVER).

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