



Losses reduced in 2013 and return to operating profitability targeted for 2014

Ormes, 28 March 2014

The Supervisory Board meeting on 28 March 2014 approved the 2014 full-year financial statements.

in € million	2013*	2012
Turnover	57.5	117.9
<i>Of which Wind Turbine Division</i>	<i>44.2</i>	<i>103.4</i>
<i>Of which Water & Solar Division</i>	<i>13.3</i>	<i>14.5</i>
Other operating income	3.7	5.7
Purchases consumed	(36.2)	(96.6)
Personnel expenditure	(12.0)	(13.1)
Other operating expenditure	(9.4)	(12.3)
Taxes and duties	(0.8)	(1)
Depreciation, amortisation and provisions	(5.4)	(8.8)
Operating profit	(2.6)	(8.2)
Financial profit	(1.4)	(1)
Ordinary pre-tax profit	(4.0)	(9.2)
Extraordinary profit	0.3	0
Tax on profit	(0.3)	(0.3)
Minority interests	(0.2)	(0.2)
Net income, group share	(4.2)	(9.7)

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

Commitments delivered: return to positive operating profit in the second half

For the 2013 financial year, Vergnet recorded consolidated turnover of €57.5m, including €44.2m for the Wind Turbine division (€20.5m alone for the Ashegoda project in Ethiopia) and €13.3m for the Water and Solar division.

Highlights from the wind turbine business (excluding the Ashegoda project) included:

- a first half-year that was affected by the weakness in the wind turbine order book in 2012;
- a second half-year that was lifted by a recovery in business with a three-fold increase in orders compared with 2012 (42 medium power wind turbines versus 13 in 2012).

Business activity for the Solar & Water division, which was at the bottom of the cycle in 2013, was hit by a lack of funding for new projects as a consequence of chronic political instability in Africa.

The group's gross margin is improving and returning to a satisfactory level.

As it continues to optimise its cost structure, the group reduced its personnel expenditure by 9% to €12m. Other operating expenditure was also down by 24% to €9.4m.

As a result, Vergnet's operating profit returned to positive territory in the second half, in line with its recovery plan, and full-year operating profit (-€2.6m) improved markedly compared to the previous year.

Given this information, the group's net income was negative at -€4.2m versus a loss of -€9.7m one year ago.

Capital restructuring

At 31 December 2013, Vergnet's equity was negative, at -€9.8m, and its financial debt was made up of €13.6m in convertible bonds and €4.1m in bank debt. The group's net cash position at 31 December 2013 was €5.2m.

The group is currently reviewing all options with its core shareholders and its financial partners with a view to strengthening its equity before end-2014.

Appointment of Henri-Luc Julienne to the Executive Board as Corporate Secretary

Henri-Luc Julienne, the former Corporate Secretary and Chief Executive of several entities at Bouygues Construction, joined the Executive Committee on 6 March 2014.

Return to operating profitability targeted for 2014

Backed by resurgent business activity, the group is now focusing its development strategy in four different areas:

- *Medium power wind turbines*: this business is focused on the targeted development of Proxwind, which is active on European markets, particularly Italy, the UK, Northern Ireland and Lithuania, and Farwind, whose improved turbine broadens its range of solutions to other profitable market segments including regions with very cold climates (e.g. Russia, etc.) and islands (Samoa and Fiji).
- *Turnkey renewable energy solutions*: the goal is to now offer comprehensive solutions for all renewable energies, including solar, wind and hybrid power. One such concrete example of this development was the signing on 28 February 2014 of a memorandum of understanding with the Nigerian state of Osun for the construction of a 12.8 MW solar power facility.

- *The launch of the Hybrid Wizard:* this system is capable of maximising, in real-time, the supply of renewable energy (solar or wind) that can be sent to a standard electricity grid while ensuring the highest safety standards. This new product provides insular or isolated networks with a more secure source of electricity at a lower cost.
- *Solar & Water:* overhaul of Vergnet's historical business by refocusing on hydraulic pumps (more than 100,000 pumps installed providing water to 50 million people worldwide) and solar power solutions (solar vaccine refrigerators, solar GSM/telecommunication kits, solar chlorinators, inverters for solar pumps).

The group is expecting business to weaken in the first half of 2014, which should be offset by a rebound in the second half. Against this backdrop, Vergnet is reiterating its target of returning its operating profit to positive territory.

Agenda:

22 May 2014: Annual General Meeting

About Vergnet SA

The Vergnet group specialises in generating renewable energy from wind, solar and hybrid sources. On the strength of its unique technologies, the group developed the Hybrid Wizard, a hybrid system that coordinates, in real time, the supply of renewable energies that can be sent to the electricity grid while ensuring the operational safety and security of insular or isolated networks. The group has already installed 900 wind turbines and supplies water to over 50 million people worldwide. The group is active in nearly 35 countries and has 221 employees in 11 offices. Vergnet has been listed on Alternext since 12 June 2007.

Contacts

Vergnet Group

Corporate Secretary
Henri-Luc Julienne
Tel: +33 2 38 52 59 92
hl.julienne@vergnet.fr

Actifin

Analyst and investor relations
Ghislaine Gasparetto
Tel: +33 1 56 88 11 11
ggasparetto@actifin.fr