



H1 2015 results

Ormes, 29 October 2015

The Supervisory Board met on 23 October 2015 and approved the Group's financial statements for H1.

In € million	H1 2015	H1 2014
Revenue	12.5	22.0
<i>o/w Energy business (wind and solar)</i>	12.5	17.0
<i>o/w Water business</i>	-	5.0
Other operating income	3.2	3.9
Consumed purchases	(8.3)	(11.3)
Employee expenses	(4.9)	(6.5)
Other operating expenses	(3.6)	(4.6)
Taxes	(0.2)	(0.3)
Depreciation, amortisation and provisions	(1.4)	(3.2)
Operating profit (loss)	(2.70)	0
Financial income (loss)	(0.1)	(0.4)
Current income (loss) before tax	(2.80)	(0.50)
Extraordinary income	0.02	0.08
Income tax	(0.07)	(0.1)
Share of minority interests	-	(0.07)
Group net income	(2.85)	(0.61)

Results impacted by postponements

As a reminder, H1 2014 included the revenue of the Water business (€5 million), which was sold in August 2014, and the end of the contribution from the Ashegoda project in Ethiopia (€3.5 million).

These items aside, business activity saw a slight decline over H1 due to postponed start dates on a number of contracts to H2 (the Kiffa hybrid solar plant in Mauritania and the Amdjarass wind power plant in Chad), amounting to nearly €6.5 million.

Recent regulatory decisions to cut subsidised electricity feed-in tariffs in Italy and the United Kingdom accelerated the decline of the Proxwind market in late 2015—originally anticipated for mid-2016—leading to a loss of business of nearly €4 million over 2015.

Business activity in H1 was thus insufficient to reach operating break-even, even though employee expenses were down to €4.9 million in H1 2015 compared to €6.5 million in H1 2014.

Given these developments, the half-year period posted an operating loss of €2.7 million, resulting in a negative net income of -€2.8 million compared to -€0.6 million in 2014.

On 30 June 2015, Vergnet SA posted negative equity of €2.2 million, financial debt composed of €6.5 million in convertible bonds and €0.7 million in bank debt and a net cash position of €4.3 million in view of a deferred payment of €3 million in the third quarter.

2015 outlook: balanced operating result targeted

For the 2015 financial year, Vergnet Group confirms the outlook of business growth in H2 over H1 with a balanced operating result target for the full year.

The gradual restructuring of the Group, with the development of new projects in large wind turbines and the marketing of turnkey hybrid (solar and wind) energy solutions should enable a gradual and sustainable return to growth.

Signing of a final contract with Osun state (Nigeria)

Following an agreement signed in February 2014 with the government of Osun state (Federal Republic of Nigeria), the final contract for the construction of a 12.3 MW solar plant was signed on 16 October of this year by the Governor. This decisive step opens the door to the financial structuring and contractual arrangements for energy distribution agreements. Vergnet's role on this project is that of a global operator. The on-site project launch is planned for the first half of 2016. This project will bring in revenues of approximately €35 million over a period of 16 months.

Upcoming events:

Consolidated financial statements available from the company's website from 30 October 2015 (<http://www.vergnet.com/investors>)

2015 revenues: 31 March 2016 after market close

About Vergnet SA

The Vergnet Group specialises in generating renewable energy from wind, solar and hybrid sources. On the strength of these unique technologies, the group developed the Hybrid Wizard, a hybrid system that coordinates, in real time, the percentage 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 installed 900 wind turbines.

It operates in nearly 35 countries and has 185 employees in eight offices.

Vergnet has been listed on Alternext since 12 June 2007.

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