



H1 2014 results

Back to a break-even operating balance

Ormes, 31 October 2014

The Supervisory Board met on 30 October 2014 and approved the year's interim financial statements.

| In € thousands | H1 2014 | H1 2013 |
|---|---------------|---------------|
| Revenue | 22.00 | 34.47 |
| <i>Revenue from Energy (wind and solar)</i> | 17.04 | 30.65 |
| <i>Revenue from Hydro</i> | 4.96 | 3.82 |
| Other operating income | 3.95 | 4.01 |
| Purchases consumed | (12.30) | (24.31) |
| Personnel expenses | (6.48) | (6.29) |
| Other operating expenses | (3.47) | (4.75) |
| Taxes and duties | (0.35) | (0.43) |
| Depreciation, amortisation and provisions | (3.36) | (5.33) |
| Operating profit (loss) | 0.00 | (2.63) |
| Financial profit (loss) | (0.46) | (0.52) |
| Current income before tax | (0.46) | (3.15) |
| Extraordinary profit | 0.08 | 0.06 |
| Income taxes | (0.10) | (0.11) |
| Minority interest profit (loss) | (0.08) | (0.20) |
| Group net income | (0.56) | (3.40) |

Performance mainly driven by the Energy businesses (wind and solar)

Vergnet Group posted revenues of €22.0 million in the first half of 2014, a decline from the first half of 2013 but in line with expectations. Notably, the first half of 2013 integrated most of the delivery of the final phase of the Ashegoda project in Ethiopia : €17.6 million in H1 2013 versus €3.5 million in H1 2014.

Over the half-year period, the greater part (77%) of the Group's revenues have been generated by the Energy businesses (wind and solar), which are beginning a gradual recovery.

The gross margin for the half-year period remains satisfactory.

In line with its recovery plan, Vergnet posted a break-even operating balance after a loss of €2.6 million in the first half of 2013.

Personnel expenses remained almost stable at €6.5 million in the first half of 2014 compared to €6.3 million in the first half of 2013. The other operating expenses fell from €4.8 million to €3.5 million

After consideration of an almost stable financial result in relation to the first half of 2013, the net income was established at -€0.5 million versus -€34 million in the first half of 2013.

At 30 June 2014, Vergnet Group posted negative shareholders' equity of -€10.3 million, financial debt composed of €13.6 million in convertible bond issues and €2.3 million in bank loans and positive cash flow of €9.8 million.

At end-July 2014, the sale of Vergnet Hydro helped the Group rebuild its shareholders' equity and obtain the financial resources it needs for its future development.

Break-even operating balance to be maintained in the second half of 2014

With the successful repositioning of its business range around four pillars—wind, solar, hybrid solutions and solar applications—Vergnet has become a major player in renewable energy.

This strategy has produced a number of results in recent months.

The first Hybrid Wizard system (a hybrid wind system fully developed by Vergnet) implemented in the Pacific region (Samoa) was delivered as planned in late-summer 2014. Similar projects are expected to be confirmed soon.

The renewed partnership with PLT Energia for 20 installations will reinforce the company's order book for wind energy and consolidate Vergnet's position on the Italian market. According to this arrangement, Vergnet will also support PLT in its investments outside Italy, particularly in the United Kingdom.

In accordance with an agreement signed in February 2014 with Osun State in Nigeria, Vergnet has worked out the detail and technical specifications of a 12.3 MW solar project that should lead to the signing of a contract (currently being negotiated) by the end of the fourth quarter of 2014.

The Group's refocusing efforts are now completed and the success of this repositioning ensures that its operating balance will once again break even in the second half of 2014.

Upcoming events:

***Consolidated financial statements available online on the evening of 31 October 2014
2014 annual revenue on 31 March 2014 after market closure***

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 installed 900 wind turbines. It operates in nearly 35 countries and has 221 employees in 11 offices. Vergnet has been listed on Alternext since 12 June 2007 (FR0004155240 – ALVER).

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