



2019 Annual results and perspectives

Ormes, March 31st, 2020

The Board of Directors met on March 25th, 2020 and approved the 2019 full-year financial statements.

In M€	2019	2018
Revenue	11,6	19,2
Other operating incomes	4,7	1,6
Consumed purchases	(1,6)	(6,9)
Personnel expenses	(8,5)	(7,5)
Other operating expenses	(5,5)	(5)
Taxes and duties	(0,2)	(0,3)
Depreciation, amortization and provision	(0,9)	(1)
Operating profit	(0,4)	0,1
Financial income	0,1	0,7
Ordinary pre-tax income	(0,3)	0,8
Extraordinary incomes	(0,1)	-
Income tax	0,6	(0,2)
Minority interests	-	-
Net income, group share	0,15	0,59

A strong resilience of VERGNET Group during this exercise

In 2019, VERGNET has demonstrated its striking resiliency, as the Group had to face an important drop in its turnover (11,6M€, equivalent to -39,7%) due to the postponing of the entry into force of its two largest contracts signed in 2019 (New-Caledonia and Antigua), for reasons beyond the group's control.

In this difficult context, the Group generated a slightly positive net result (+0.15M€) for the second year in a row.

Furthermore, the Group handled this situation without resorting to external financial contributions. These results demonstrate a true return to profitability, that has strongly reduced the company's operational break even, while the Group has engaged significant expenses in the context of three heavy litigations that were existing prior to the taking over of the Company.

The Group now shows a favorable balance sheet: more than 5 M€ capital and a financial debt close to zero. Cash has been solicited in 2019, but has remained positive despite the lower turnover; it was not necessary to apply for new external financial contributions in 2019. In the beginning of 2020, ARUM Industries has injected 200k€ to further strengthen the balance sheet.

The year 2019 has been marked in particular by various positive elements:

- Reopening by BPI Assurance Export of a credit warranty line of close to 1.5M€. The reconstruction of a bank pool for securities that is currently ongoing should therefore be facilitated.
- Maintaining of a high level of order intake, over 30M€, including in particular the contract for additional work signed in Chad.
- Signing by VERGNET Pacific of their first local contracts, marking the first successes of the Group's subsidiaries empowerment policy.
- Renewing of the partnership agreement with the Chinese Manufacturer of large-scale wind turbines SINOVEL, which completes the wind turbine range proposed by VERGNET
- Deployment of a free shares allocation plan to the entire staff, in order to associate them to the success of the Group, and to comfort their motivation with VERGNET

Favorable perspectives for the years to come

The consequences of COVID-19 pandemic obviously shed uncertainty on the 2020 exercise.

If the crisis does not last for too long, the Group should avoid being too greatly affected on its production activity, that is currently totally stopped in application of the lockdown measure. Except for its manufacturing activities, as well as the business development activities impacted by the lockdown, the Group is currently fully operational through teleworking.

However, one of the consequences associated with the pandemic lies in the risk of payment difficulties amongst some of VERGNET's clients that are dependent on the price of commodities for payments in currencies; as the price of the barrel has dropped by more than 50% in one month.

Except for this major uncertainty, the year 2020 looks promising for the VERGNET Group:

- Administrative procedures were completed by our client ENGIE in New-Caledonia, hence permitting the entry into force of the Prony 1 and 2 repowering contract (nacelle replacement), for 30 VERGNET wind turbines. The delays sustained during 2019 was thus a simple postponing in the execution. As a reminder, between 2000 and 2010, VERGNET has installed about 130 cyclone-proof wind turbines in New Caledonia, owned by the ENGIE Group.
- The Antigua and Barbuda contract was also delayed in 2019, as our client requested for numerous changes in the project. A negotiation will occur prior to the restarting of this project.
- The order intake will further grow through the signing of the contract for the construction of a hybrid power plant in Agadez (Niger) that VERGNET won in consortium with the Indian group STERLING & WILSON in January 2020, through a tender process against six French and international competitors.
- VERGNET is more and more invited to take part into projects involving their operation. This development axis is fully part of the current strategy.

Overall, the Group was targeting more than 30M € turnover before the COVID-19 crisis, with operating results above 2.5M€. This growing trend both on the turnover as well as on the result will be further demonstrated in 2021. Depending on the duration and the conditions of return to normal after the pandemic, the Group will review its forecasts. The Group may have to take benefit from the French economy sustaining rescue plan as its cash situation may requires it. It's might help the Group to cope with some default of payments from its clients.

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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 more than 900 wind turbines and 365 MW all energies combine. It is active in more than 40 countries and has 130 employees in 10 locations.

Vergnet has been listed on Euronext Growth in Paris since 12 June 2007

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