Press Release

VERGNET GROUPE

2018 Annual Results and Outlook

Ormes, 11th March 2019

The Supervisory Board met on the 7th March 2019 and approved the 2018 full-year financial statements.

In M€	2018	2017
Revenue	19.2	19.2
Other operating income	1.6	2.9
Consumed purchases	(6.9)	(10)
Personnel expenses	(7.5)	(8.7)
Other operating expenses	(5.0)	(5.0)
Taxes and duties	(0.3)	(0.3)
Depreciation, amortization and provisions	(1.0)	(1.9)
Operating profit (loss)	**0.1**	**(3.8)**
Financial income (loss)	0.7	(0.2)
Ordinary pre-tax income (loss)	**0.8**	**(4.0)**
Extraordinary income	-	-
Income tax	(0.2)	(0.6)
Minority interests	-	-
Net income, group share	**0.6**	**(4.6)**

N.B. The 2018 financial statements are currently being audited.

A year that marks a new beginning for the Vergnet Group

Turn over for 2018 was €19.2m, the same as was recorded in 2017.

Business was supported by the Antigua & Barbuda and Tonga contracts which were signed at the beginning of 2018. In addition to this, the maintenance on the Ashegoda Wind Farm in Ethiopia resumed once again after its suspension in November 2017.

The net income of the company has recorded a sharp increase. From a loss of €4.6m in 2017, the Group's net income has become positive again in 2018, closing at €0.6m.

In addition to net income, the operating profit was also slightly positive.

The concerted positive efforts of the Group to return to profitability cannot be over-emphasized: signature of new profitable contracts, reduction of the Group's breakeven point via cost cutting measures, reorganization of the Group and improvement of its internal processes.

This result is even more remarkable in light of the significant costs the Company had to bare in 2018 associated with its exit from receivership and the litigation that required substantial resources, including lawyers and other experts.

In addition to this return to profitability, the Group now has a completely clean balance sheet. Its equity, heavily negative at the end of 2017 at -8.4 M €, is now positive at 2.9 M €.

Financial debt has been reduced from €7.3m at the end of 2017 to just €2.1m at the end of 2018. This debt consists only of short-term convertible bonds (24 months) issued by Vergnet SA in 2018 to cover its cash flow needs. They are gradually being converted into shares, as the stock market permits.

As at the end of 2018, the Group had active net cash of €4.7m as against €2.5m at the end of 2017. The Group has therefore demonstrated its ability to secure the necessary financing for its operations.

Finally, Vergnet’s shares were relisted on the stock market in June 2018.

A solid base for 2019

Having become profitable again, with a sound balance sheet and positive commercial prospects, the Group is now in a position to consolidate its development and deploy its strategy to make it a leader in the energy transition

2019 should witness a significant increase in the Group’s turnover and confirmation of the Group's profitability, as long as the Company records in the coming months the signing of at least one other important contract (Guadeloupe, Chad).

The Group's sound financial position should enable it access bank loans and guarantees necessary to cover the increased working capital requirements linked to its development.

Finally, in 2019, the Group will continue its reorganization to ensure that its structure is adapted to its strategic objectives.

Upcoming events

27 June 2019: Combined General Meeting of Shareholders

About Vergnet SA

Vergnet Group specialises in the production of renewable energies - wind, solar and hybrid. Leveraging its unique technologies, the Group has developed the Hybrid Wizard, a hybrid system that enables real time management of the portion of renewable energies injected onto the grid and at the same time guarantees safety and security of operations for insular or isolated grids.
The Group has installed over 900 wind turbines and completed over 45 MWp in solar energy projects. It operates in over 40 countries and employs 130 people in 10 locations.
Vergnet has been listed on Euronext Growth since 12th June 2007.

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