



FY 2009 results:
A significant jump in international wind turbine sales

Outlook:
Solid growth in five key business drivers

Ormes, 15 April 2010

(million €)	2009*	2008
Total revenue	29.0	20.7
<i>Wind Turbine Division</i>	16.7	8.4
<i>Water & Solar Division</i>	12.3	12.3
Other operating income	4.2	13.2
Purchases consumed	(15.0)	(16.8)
Personnel expenses	(11.8)	(11.0)
Other operating expenses	(9.7)	(8.9)
Taxes and duties	(0.6)	(0.4)
Depreciation, amortisation, and provisions	(5.2)	(4.0)
Operating income	(9.0)	(7.2)
Financial income	(0.3)	0.2
Income before tax and non-recurring items	(9.3)	(7.0)
Income tax	(0.0)	1.2
Net income attributable to equity holders of the parent company	(9.4)	(5.9)

* Audited figures; the Statutory Auditors' report is currently being prepared.

2009 revenue and income in line with expectations

Vergnet generated €29 million of revenue in 2009, up 40% from the prior year and in line with stated management targets.

Most of the revenue growth came from the **Wind Turbine Division**, which won contracts for 275-kW GEV MPs in new countries including Taiwan, Japan, New Zealand, Chile, Nevis, and Mauritius. In 2009 Vergnet sold 64 GEV MPs in the Farwind market and 8 GEV MPs in the Proxwind market, and delivered a total of 21 GEV MPs (vs. 11 GEV MPs in 2008).

Civil engineering work and production of the first wind turbine elements began in Q4 2009 under Vergnet's contract to provide 120 1-MW GEV HPs to Ethiopia, but this contract contributed only a marginal amount to Vergnet's 2009 revenue growth.

Revenue at the **Water & Solar Division** remained relatively unchanged in 2009 after a particularly robust 2008.

The Company generated an operating loss of €9.0 million in 2009, as expected, compared with a loss of €7.2 million in 2008.

The operating loss at the **Wind Turbine Division** stood at €10.8 million in 2009, against a loss of €8.4 million in 2008, due largely to limited business activity. This loss includes the amortisation of GEV HP development costs and the recognition of €3.2 million of expenses that were formerly capitalised, a €1.2 million non-recurring expense for out-of-spec parts, and a €2.0 million positive effect from higher revenue.

Operating income at the **Water and Solar Division** rose to €1.7 million in 2009 from €1.2 million in 2008, including €0.5 million of non-recurring items.

The Company had €17.9 million of cash-on-hand at end-2009, thanks largely to a €30 million first instalment received on 12 October 2009 under the Ethiopia contract.

2010 Outlook: Rapid expansion and a gradual return to profitability

2010 should see sharp revenue growth fuelled by the two major contracts at the Wind Turbine Division—the Ethiopia contract and the Nigeria contract. (Vergnet won a contract in Nigeria in September 2009 to build 37 turnkey wind turbine installations.) The Company expects this revenue growth to be accompanied by a gradual return to profitability.

The **Wind Turbine Division's** order book (excluding options) expanded considerably in 2009; at year-end the order book consisted of **53 GEV MPs and 118 GEV HPs**, including 38 MPs and 20-29 HPs for 2010, 15 MPs and 45 HPs for 2011, and 48-52 HPs for 2012 (based on the timing of the Division's various contracts).

The order book does not include the contract won in late January 2010 with Algeria's Sonelgaz to supply a 10 GEV HP wind farm in 2011. However Sonelgaz may decide to delay or suspend this contract for internal reasons.

The **Water & Solar Division** should experience buoyant revenue expansion in 2010 with an encouraging start to the year thanks to major new contract wins.

2011-2014 Outlook: Sustainable growth on the back of five key drivers

Vergnet's medium-term business development will be based on the following five drivers, which are designed to diversify the Company's operations and leverage new opportunities.

1. A wider range of products and services at the **Water & Solar Division** in order to help boost sales in its traditional market (Africa) and expand into new markets (Asia and South America).
2. Numerous large-scale potential projects at the **Wind Turbine Division**, mainly in the **Farwind HP** market, which are currently in late-stage talks. The successful project in Ethiopia and the valuable experience Vergnet acquired will be significant advantages.
3. Continued expansion into new regions in the **Farwind MP** market following the penetration of six new countries in 2009. Vergnet's solid experience in international wind-diesel markets will enable the Company to incorporate more wind turbines into electricity grids.
4. New **medium-power wind turbine markets (Proxwind MP)** in Europe and more recently the US. The UK recently issued its electricity buy-back rates under its incentive programme, on the heels of Italy and Lithuania; other countries should follow. Vergnet is currently working with local partners on several projects in each of these regions.
5. The expected issue in H1 2010 of a call for tenders for a public procurement contract in the **French Overseas Departments**. Vergnet's long-standing presence in this market coupled with its unique technology and new power guarantee services ideally positions it to be the primary supplier for all wind farm developers that plan to submit a bid.

Next update
H1 2010 revenue on 29 July 2010 after market close

About Vergnet SA

VERGNET SA was founded in 1988 by its current CEO, Marc Vergnet, a leading figure in sustainable development.

Today, VERGNET is the leading manufacturer in its two business areas: designing and manufacturing wind turbines for the FARWIND® market, and water supply equipment for Africa.

Relying on its unique patented technologies, the Group has installed nearly 600 FARWIND® wind turbines to date, and supplies water to over 40 million people all over the world.

The Group is accelerating its growth with the development of a new generation of 1 MW wind turbines and an innovative range of water supply and treatment equipment.

The VERGNET Group has been listed on the Alternext market since 12 June 2007 (FR0004155240 – ALVER).

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