



H1 2010 Results

Ormes, 14 October 2010

(millions of euros)	H1 2010	H1 2009
Revenue	24.6	9.0
<i>Wind Turbine Division</i>	18.6	4.2
<i>Water & Solar Division</i>	6.0	4.8
Other operating income	0.7	3.7
Purchases consumed	(11.8)	(5.9)
Employee benefits expense	(6.8)	(5.7)
Other operating expenses	(7.0)	(3.6)
Taxes other than on income	(0.4)	(0.2)
Depreciation, amortisation and provisions	(2.9)	(2.4)
Operating income	(3.6)	(5.2)
Finance income (expense)	0.0	(0.2)
Income before tax and non-recurring items	(3.5)	(5.5)
Non-recurring items	(0.2)	(0.0)
Income tax	(0.1)	(0.0)
Net income attributable to owners of the company	(3.9)	(5.5)

Unaudited figures approved by the Board of Directors at its 13 October 2010 meeting.

H1 2010: sharp improvement in sales and results in line with expectations

Sales in H1 2010 were up sharply at €24.6 million, primarily driven by the performance of export contracts for medium and high power wind turbines (MP & HP).

The Group thus delivered 15 GEV MP wind turbines (compared to 4 in the first half of the prior year) while the Egyptian contract ramped up and will fully contribute to annual growth in H2.

Revenue at the Water & Solar Division was up 25% on the back of sustained sales over the half with a number of contracts signed and performed over the period, notably in Togo, Niger and Guinea Bissau.

In line with expectations, operating income is progressively recovering but remains -€3.6 million in the red, compared to -€5.2 million in H1 2009.

The €0.4 million operating income contribution by the Water & Solar Division was unchanged on H1 2009, as a result of R&D and commercial investments designed to expand the solar solutions range. For its part, operating income at the Wind Turbine Division amounted to -€4.0 million, in light of the still insufficient sales levels compared to the expenses incurred as a result of the development of the GEV HP and the company's expansion.

As at 30/06/10, the Group had a balanced financial structure. It had cash reserves of €7.4 million net of the investments over the half relating to the Egyptian project and the establishment of a second blade production line. In addition, in September, Vergnet arranged a €10 million 1-year credit facility, and is looking to strengthen its financial structure over the longer-term in order to finance its strong growth.

Outlook 2010-2012: a group growing in 5 niche markets

On the back of a unique range of wind turbines, increased production capacity, and a positioning in 5 niche markets, the Vergnet group is now perfectly poised to push forward with its development strategy.

The accelerated growth expected in the second half will mainly come from the continued performance of contracts signed by the Wind Turbine Division.

As at 30/09/2010, the order book (excluding options) at the **Wind Turbine Division** consisted of **67 GEV MP and 118 GEV HP**, which are currently scheduled to ship as follows: 36 to 38 MP and 23 to 29 HP for full-year 2010, 29 to 31 MP and 45 HP for FY 2011, and 44 to 50 HP for FY 2012 (as per the planning of the various projects).

As at 30/09/2010, the total order book stood at €230 million (including deliveries already made in 2010).

Vergnet moreover has good prospects in the **Proxwind MP market in Europe** (a medium power wind turbine market), confirmed by the signature in July of a new contract in Lithuania (for the supply of 9 GEV MP wind turbines), as well as an option for an additional order for 22 units.

Having established a footprint in Europe (Italy, Lithuania and the United Kingdom), in July Vergnet opened a **US subsidiary** and announced its **1st sale** in September, carried out in partnership with a leading developer in the mid-size market.

Furthermore, the expected publication of a government call for tender in the **French Overseas Departments market** has been confirmed and should happen in the coming days. As a long-standing player in the wind turbine market in the French Overseas Departments, and thanks to its innovative technology, Vergnet is well positioned to get back to profitable growth in its domestic market.

For its part, **the Water & Solar Division** should see further sustained overall growth and will continue to contribute, at its level, to the Group's performance.

Given this positive outlook, Vergnet has set itself a number of short and medium-term goals:

In 2010, the Group hopes to post revenue of €80 to €90 million, plus operating income of between -€5.5 million and -€4.5 million.

In 2011, the Group expects revenue to be over €120 million (€95 million of which is confirmed in the order book), while looking to get the bottom line back into the black.

In 2012, the Group's ramp up in each of its markets, notably with the reopening of the French Overseas Department market, enables it to target profitable growth on the back of revenue of over €150 million.

Next update

FY 2010 Revenue: 24 February 2011 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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