



THEOLIA

CEO Update
November 17, 2008









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Agenda

The past

-  Sales & liquidity update
-  Achievements since end of September
-  Projects underway
-  Preliminary conclusions on Strategy
-  Year-end priorities
-  Appendix



Recent events prior to management change

- ✂ Disappointing first semester results
- ✂ Confusion around build & hold strategy announced in September
- ✂ No commissioning of wind farms in 2008
- ✂ TEO share price underperformance versus competitors

Despite its position in an attractive sector, the company experienced classic growing pains in the midst of current financial crisis



The company aggressively invested the proceeds of OCEANE up to end of June

OCEANE - convertible bond - proceeds (in €m)	233
Acquisition of CED	(42)
Acquisition of Ecolutions	(25)
Investment in Italy, of which Maestrale	(16)
Investment in wind farms - France	(12)
Working Capital Requirement for NATENCO	(47)
Development support for subsidiaries	(9)
Pledge in India	(10)
Holding costs	(11)
Financial expenses and incomes	2
TOTAL as of June 30, 2008*	63



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Realized gains in electricity sales validate autonomous growth potential of pipeline

- ⤴ Electricity sales from 'own account' parks up from EUR 13 to 40 million (more than tripled)
- ⤴ Electricity sales from third 'party owned' parks up from EUR 22 to 33 million (up by half)
- ⤴ Installed base 'own account' up from 238 to 350 MW (up by half)
- ⤴ All figures are YTD September compared to same period prior year



However, the free cash position has tightened

	Total cash	Free cash ⁽¹⁾
December 31, 2007	326	n/a
June 30, 2008	162	64
October 31, 2008	95⁽²⁾	14⁽²⁾
Estimated cash out Nov/Dec		15-20⁽²⁾
Projected free cash at year-end		10-40⁽²⁾

- Year-end position improving due to started restructuring
 - Sales of wind farms and non-core assets
- Further stabilization of free cash expected over Q1 2009
- Very limited turbine procurement commitments for 2009

(1) Cash available, neither pledged nor trapped in project support companies and subsidiaries

(2) Non audited figures



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Achievements since end of September



✂ Renewed management team

- New CEO
- Experienced and focused management team

✂ Improved corporate governance

- New Chairman and separation of roles of Chairman and CEO
- Remuneration of non-executive Directors changed to flat fee
- Greatly enhanced dialogue between CEO and Board of Directors

✂ Clarity on organizational roles

- Headquarters: strategy, financing, turbine procurement, pipeline management
- Subsidiaries: P&L responsible within strategic framework, project development, execution and operations

Achievements since end of September (2)

✦ Central cash management implemented

✦ Cost reduction at Headquarters

- Significant staff downsizing (top executive level down by six, overall down by nearly half)
- Review & reduction of sponsor and service contracts
- Combined savings estimated at more than €4 million (annualized)





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Projects underway



Financial review

- Liquidity position & cash generation
- Cost reduction potential



Governance review

- Board rules and procedures
- Composition of Board & Board Committees



Strategic review

- Scope of business
- Strategy and financing needs



Operational review

- Reporting & budgeting processes



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Preliminary conclusions on Strategy

- ✚ Wind is core, the rest is not
 - Divestments of non-core assets have been accelerated
- ✚ Focus on key geographic markets; choices to be confirmed
- ✚ Separate listing for Theolia Emerging Markets canceled
- ✚ Reversal of build & hold strategy
 - Efforts to sell wind farms in Germany resumed to generate cash
 - Potential for sales in other countries under evaluation
- ✚ Project implementation is priority for Subsidiaries

Given the potential large impact of one-offs and ongoing restructuring, the company is not in a position to confirm its earlier 2008 EBITDA guidance

Preliminary conclusions on Strategy (2)

✦ Align future growth with financial capacity

- Recognition of challenging financial environment over next 12 to 18 months
- Growth strategy driven by self-funding capacity
- Refocus pipeline on the most value-creative projects and emphasize greenfield development
- Earlier stated 2009-2011 targets (a growth path leading up to 2,000 MW installed capacity by 2011) cannot be maintained in the current financial environment

Transition: actions on-going to restore the basis for future growth

Future Mission: value creation through disciplined project development & execution



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Year-end priorities

- ✂ Complete the review of Strategy and harmonize the business model
- ✂ Detailed, bottom-up budget 2009; extended with high level view for 2010 and 2011
- ✂ Execute sales & divestments

Next communication planned for January

- *Outcome of strategy review*
- *Guidance for 2009*
- *Operational update*

Appendix



No significant impact from short term debt

	(in €m)
Short term debt (IFRS) as of December 31, 2007	91
Short term debt (IFRS) as of June 30, 2008	112
Projects, with financing in place, sold but awaiting payment	46
Anticipated capital reimbursement inside project companies	32
Working capital (Natenco) to be rolled into projects	25
THEOLIA SA loan backed up by letter of credit	5
Miscellaneous	4

- IFRS interpretation of short term debt includes:
 - loans with maturities < 12 months
 - loans with maturities > 12 months whereby reimbursements (total or partial) are expected to be paid <12 months
- Majority of short term debt is self financed by wind farm revenues





Experienced Executive Team

✂ Marc van't Noordende (CEO)



Joined Essent N.V. (the Netherlands) in 2000 as Division President, became a member of the Essent's Executive Board in 2002 and was COO from 2005 to 2008. Before that he was CEO & President of Protein Genetics (USA) from 1997 to 2000, following positions at Gemini Consulting in Paris and 12 years with Akzo Nobel. He has an MBA from Insead (France), a Law Degree from the University of Leiden (The Netherlands).

✂ Arne Lorenzen (COO)



International management positions with Cargill Europe for 9 years. Then worked for Accenture's energy sector strategy unit before becoming member of the Executive Board of Plambeck Neue Energien AG in 2002, leading international business development and sales of wind farms. Joined THEOLIA in January 2006. Studied political science at University of Aarhus (Denmark)

✂ Vincent Vautier (Treasurer)



CPA. Auditor at KPMG for 5 years. Partner in CPECF, a regional accounting group, for 12 years, responsible for external growth. Advisor of THEOLIA since 2001 as chartered accountant. Graduate from Institut Commercial Supérieur of Paris. Joined THEOLIA in October 2006.

✂ Jean-François Azam (CTO)



Began career as Project Engineer then Project Manager in COGEMA Group for 9 years. He joined Eole-Res in 2001 as COO. In 2004 he joined a subsidiary of Ginger Group as CEO before joining THEOLIA in May 2006. Graduate engineer from Ecole Polytechnique Fédérale (Switzerland).

✂ Thierry Gagnard (Controller)



More than 25 years of experience in industrial/high tech companies, including Lagardère, Nortel, Eaton Electrical with international experience in finance, audit, consulting and operational management. Joined THEOLIA in July 2008. Graduate from ESC Bordeaux, MBA degree (Lagardère CPA Program).