



THEOLIA

CEO Update
January 29, 2009



Disclaimer

- This presentation includes forward-looking statements. Such forward-looking statements are not guarantees of future performance. These statements are based on management's current expectations or beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including the risks described in the documents filed by THEOLIA with the Autorité des marchés financiers (the "AMF") and available on the AMF website (www.amf-france.org) and THEOLIA website (www.theolia.com), to which investors are invited to refer. THEOLIA does not undertake, nor does it have any obligation, to provide updates or to revise any forward-looking statements.
- Certain information contained in this presentation, which is not part of THEOLIA December 31, 2007 financial statements or THEOLIA June 30, 2008 financial statements, has not been subject to independent verification. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information or opinions contained herein.

Agenda

📖 Update on short term actions

📌 Update on strategy review

📌 Update on corporate governance actions

📌 Business model and financial restructuring

📌 Outlook

📌 Conclusions and next steps





Year-end priorities as formulated on November 17, 2008

- ✦ Complete the review of strategy and harmonize the business model
 - ➔ Strategy review terminated, work on business model started

- ✦ Detailed, bottom-up budget 2009; extended with high level view for 2010 and 2011
 - ➔ Completed

- ✦ Execute sales & divestments
 - ➔ Ongoing

Continued focus on cash management



(in €m)	Total cash	Free cash ⁽¹⁾
June 30, 2008	162	64
October 31, 2008	95 ⁽²⁾	14 ⁽²⁾
December 31, 2008	94 ⁽³⁾	14 ⁽³⁾

- Year-end balance at low end of forecasted range
- Free cash situation remains tight as proceeds from divestments have not yet arrived
- Position closely monitored by external auditors

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

(2) Non audited figures

(3) Preliminary non audited figures

Focus on internal cash generation

✦ Divestment of non-wind assets

✦ Sale of the entire holding in Thenergo

- Price €15 million
- Option to repurchase the shares within the next two years at a price ranging from 110% to 120% of the selling price
- Financial close planned for the coming weeks

✦ Divestment processes of other non-wind assets in various stages of execution

✦ Contract signed for the sale of a 56 MW wind farm in Germany for €81 million. Financing negotiations ongoing

✦ Sale of projects for total of over 200 MW in France, Germany and Spain



Continued focus on cost reduction



(in €m)	Annual savings identified
Restructuring at headquarters	5.2
Closure of operations	1.5
Cost reduction in subsidiaries	3.0
Total target for 2009	10

Compared to €4 million announced on November 17, 2008



Estimated debt positions as of December 31, 2008 ⁽¹⁾

(in €m)

Estimated total debt	586
Estimated total cash	94
Estimated net debt	492

(in €m)

Estimated total debt	586
Non-recourse project financing	343
Convertible bond	209
Loan backed by letter of credit	5
Working capital credit facilities	29
- Fixed maturities (2011/2012)	15
- Revolving facilities with guarantees	14



Agenda

✦ Update on short term actions

📖 Update on strategy review

✦ Update on corporate governance actions

✦ Business model and financial restructuring

✦ Outlook

✦ Conclusions and next steps

Confirmation of preliminary conclusions on strategy as communicated November 17, 2008



- ✦ Wind is core, the rest is not
 - ➔ Divestments of non-wind assets and participations in process
- ✦ Focus on key geographic markets; choices to be confirmed
 - ➔ See next page
- ✦ Separate listing for Theolia Emerging Markets canceled
 - ➔ As communicated (no news)
- ✦ Reversal of build & hold strategy
 - ➔ Sale of wind parks restarted
- ✦ Project implementation is priority for subsidiaries
 - ➔ Ongoing
- ✦ Align short term growth with financial capacity (develop budget 2009 that is self-funded)
 - ➔ Completed with risk in H1 due to lead times of divestments

Focus on key geographic markets



Key markets	Italy France	Objective is to grow installed base
	Germany	Review of relationship with partner
To be determined	Morocco	Renegotiating relationship with local partner
Future key markets	India Brazil	Significant growth potential. Final decision to keep or divest by end 2009
Non-key markets	Spain Greece Czech Republic Poland Croatia	Exit

Operational update as of December 31, 2008

- ✦ 360 MW owned by the Group (vs. 350 MW on June 30, 2008)
- ✦ 311 MW managed for third parties (unchanged since June 30, 2008)
- ✦ Pipeline of projects amounting to 2,580 MW (vs. 2,796 MW on June 30, 2008)

(In MW)	Prospecting	Development	Permits applied	Permits obtained	Under construction	Total pipeline		
Europe								
France	428	348	352	57	78	1,264	49%	
Italy	-	90	254	25	51 ⁽¹⁾	419	17%	
Germany	-	-	38	5	92	135	6%	
Rest of the World								
India ⁽²⁾	-	-	-	300	25	325	13%	
Brazil	240	23	70	105	-	438	17%	
Total pipeline	668	461	713	491	247	2,580		
	26%	18%	28%	19%	10%			
	1,842							

(1) Of which 21 MW owned 50/50 with partner

(2) Joint-venture 50/50; all figures on 100% basis



© THEOLIA



Agenda

✦ Update on short term actions

✦ Update on strategy review

📖 Update on corporate governance actions

✦ Business model and financial restructuring

✦ Outlook

✦ Conclusions and next steps

Corporate governance



- ✦ Resignations of 3 directors in December 2008: Ramzi Nassar, Andrew Marsden, Jacques Putzeys
- ✦ Recent resignation of Philippe Perret, former Executive Vice-President of THEOLIA
- ✦ Following the separation of roles of Chairman and CEO, decision to adopt a 2-tier governance structure
- ✦ Profile drafted for future Board composition
 - Independent directors, greater diversification
- ✦ AFEP/MEDEF recommendations for remuneration of executive officers accepted as guideline



Agenda

- ✦ Update on short term actions
- ✦ Update on strategy review
- ✦ Update on corporate governance actions

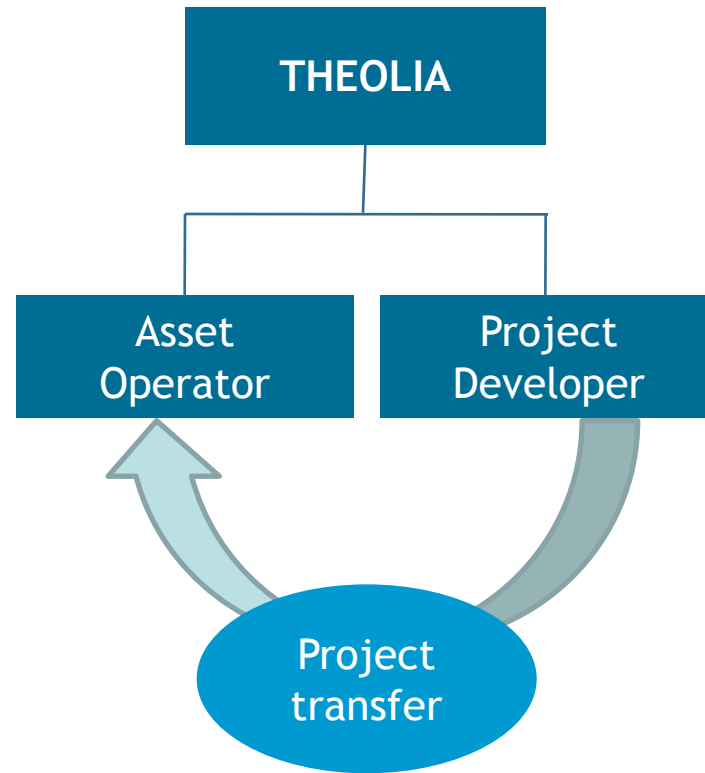
✦ Business model and financial restructuring

- ✦ Outlook
- ✦ Conclusions and next steps

THEOLIA's business model



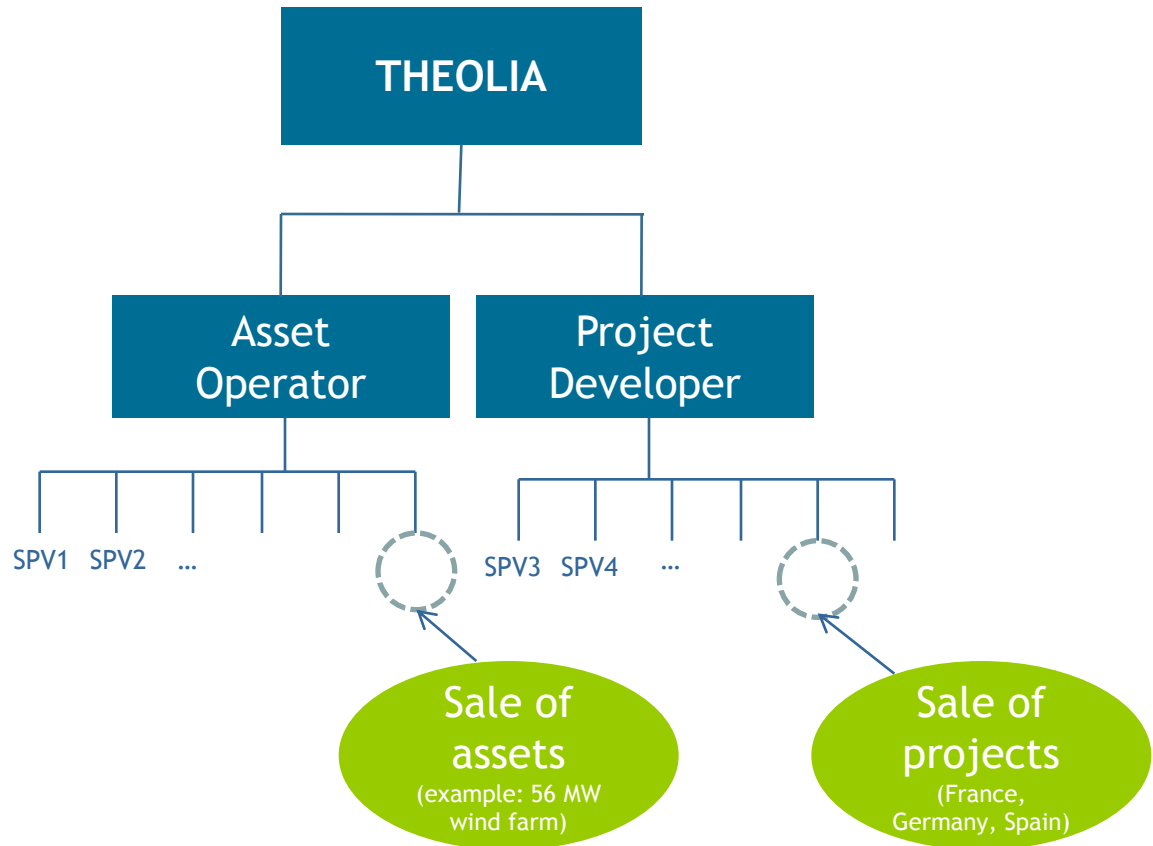
- low risk
- stable returns
- low capital cost



- higher risk
- higher returns
- high capital cost

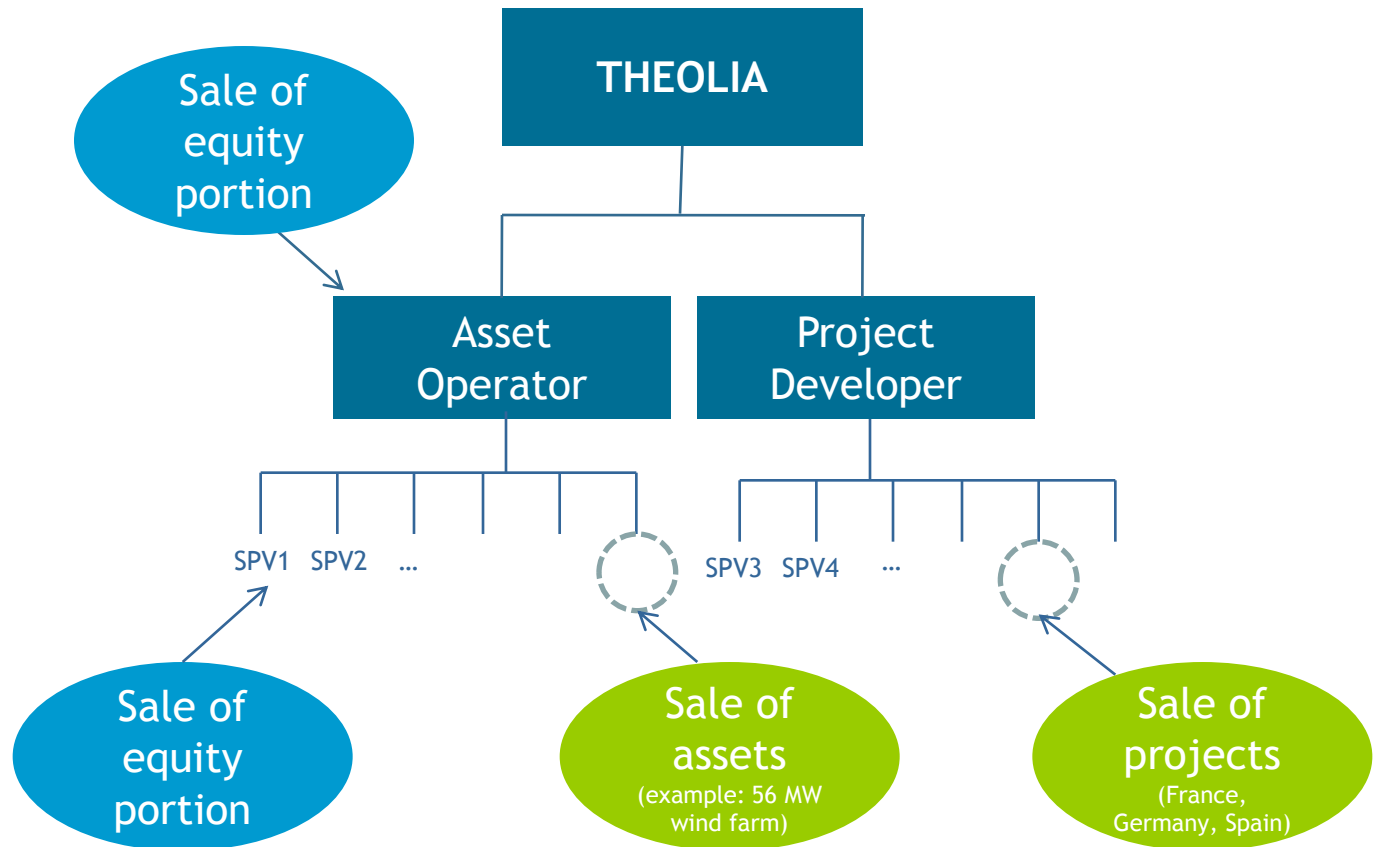
Distinctly different activities with different risk profiles

THEOLIA's initial response to cash needs

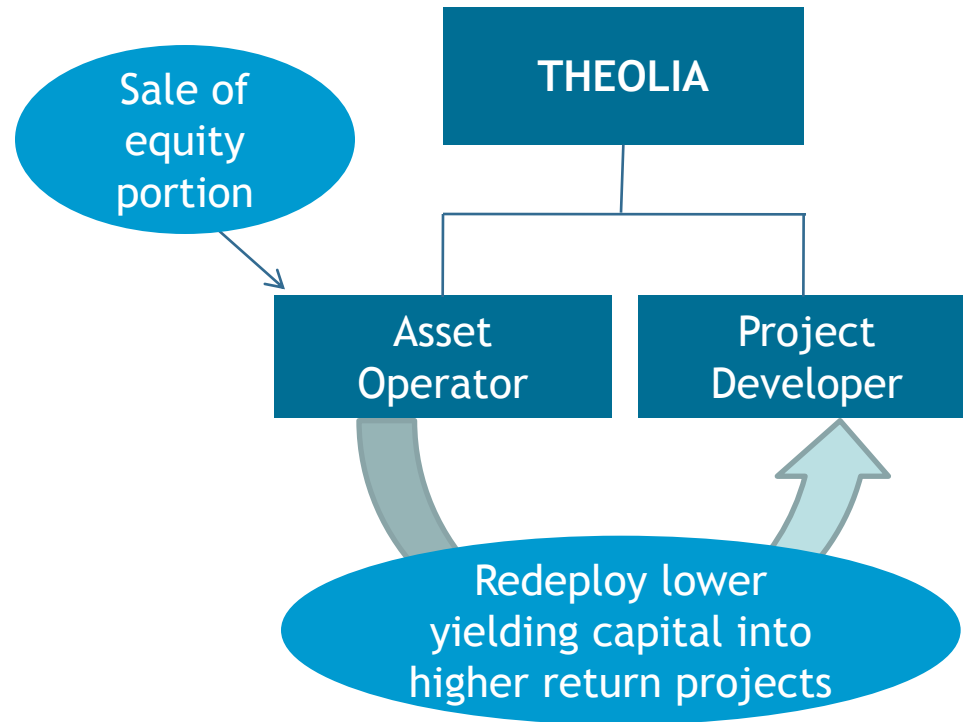


Relative ease of implementation, but not a long term solution

Currently exploring options to monetize portions of the equity value of assets ...



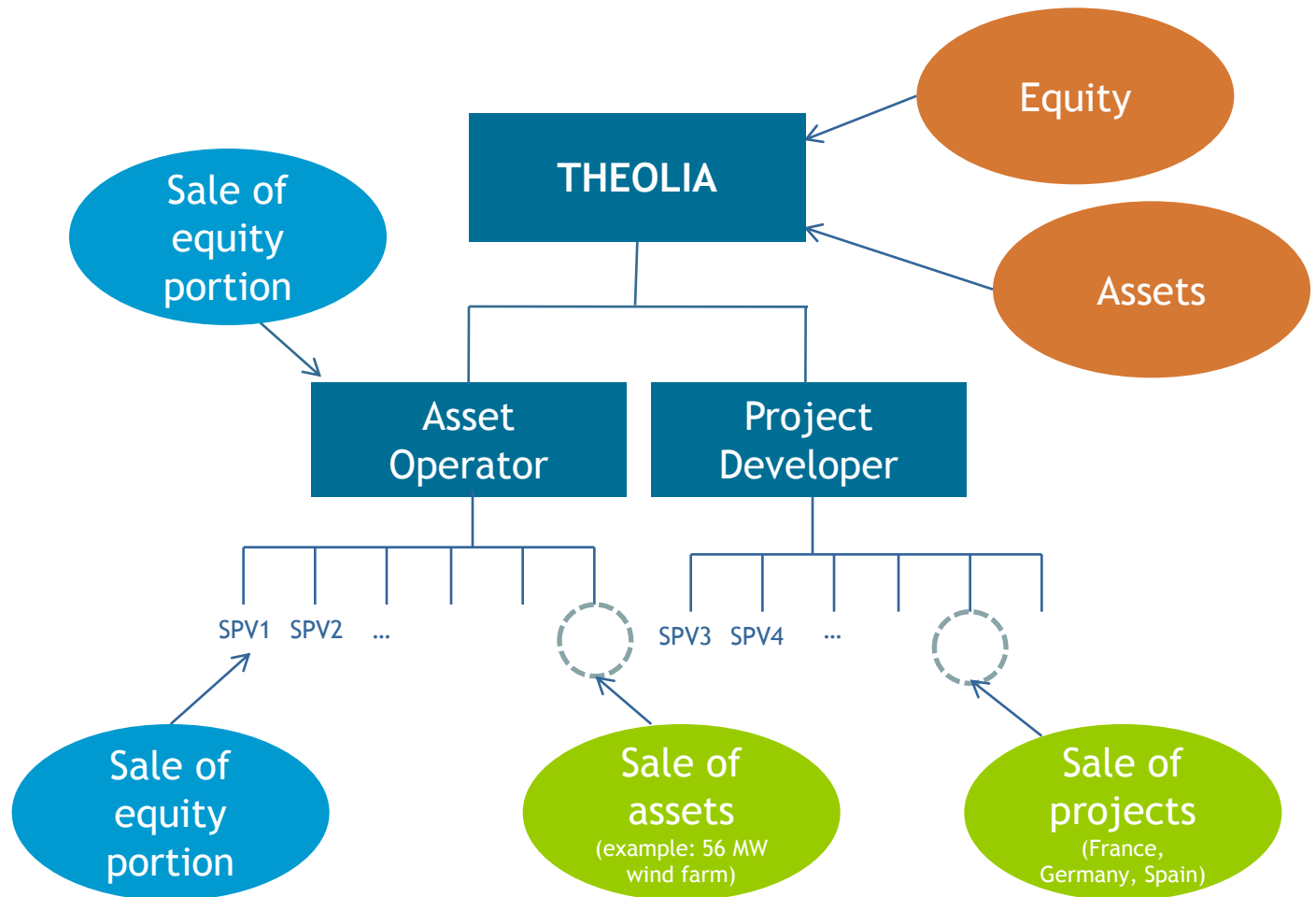
... which possibly is a non-dilutive source of capital



It is critical to ascertain the true returns on Project Development



In addition, exploring various options to restructure the capital ...



... with objective to grow the business beyond the 2009 base case



Agenda

- ✦ Update on short term actions
- ✦ Update on strategy review
- ✦ Update on corporate governance actions
- ✦ Business model and financial restructuring
- ✦ Outlook
- ✦ Conclusions and next steps



Outlook

- ✦ 2008 transition year with objective to start 2009 with clean slate
- ✦ Internal 2009 budget with clear operational targets, including sales of projects, wind and non-wind assets, produces a self-financing scenario for 2009
- ✦ Difficulty in managing the timing of disposals does not allow for disclosure of financial and operating targets at this stage
- ✦ 2009 financial guidance will be communicated with 2008 financial results on April 28, 2009



Agenda

- ✦ Update on short term actions
 - ✦ Update on strategy review
 - ✦ Update on corporate governance actions
 - ✦ Business model and financial restructuring
 - ✦ Outlook
- ✦ Conclusions and next steps



THEOLIA's strengths

- ✦ Independent, pure player in wind energy
- ✦ 671 MW in operation and high quality development pipeline
- ✦ Present in attractive continental European wind markets with supportive regulatory tariffs over the long term
- ✦ Over 90% of electricity sales benefit from fixed, long term feed-in tariffs
- ✦ Positioned in at least two growth markets
- ✦ Broad range of skills over entire wind energy value chain
- ✦ Growing market for renewable energy with high barriers to entry; wind confirmed as the key energy source for most European countries



Next steps

- ✦ Solidify cash position, continue sales of assets/projects and non-core activities
- ✦ Finalize the restructuring of the corporate governance policies
- ✦ Finalize the work on the business model
- ✦ Explore capital structure options to improve upon base case scenario
- ✦ Finalize review of partnerships in Germany and Morocco
- ✦ Determine future of growth markets Brazil and India