



THEOLIA

2009 first half results

Paris, September 1, 2009

Disclaimer



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Agenda



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Key highlights

-  Consolidated half year financial results
-  Operational update
-  New strategy
-  Next steps

Key highlights (1 / 2)



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- ┆ Resumption of sales of wind farms in Germany
 - ┆ Sale of 35.5 MW in Q1 and 3 MW in Q2
- ┆ Progress in announced divestment program of over 200 MW of wind projects and assets
 - ┆ Sale of 32 MW of wind projects in France in **June**
 - ┆ Sale of 100.6 MW of wind projects and operational assets in Germany in **August**
- ┆ Progress in announced divestment program of non-wind assets
 - ┆ Cash-in from Thenergo sale received in **May**
 - ┆ Sale of Biocarb in **April**
 - ┆ Sale of THEOLIA Canada, THEOLIA Premières Nations and the two dispatchable power plants in **July**
- ┆ Continued focus on further cost reduction opportunities

➔ Improvement in free cash position at holding level

Key highlights (2/2)



- ✦ Full support of shareholders for new direction of the Company
 - ✦ As expressed at the Annual General Meeting of Shareholders in June
- ✦ Finalized new strategy and 5-year business plan
 - ✦ Approved by the Board of Directors
- ✦ First external recognition of governance improvements
 - ✦ ESN ⁽¹⁾ “today no more reproaches on the quality of the governance”

With short term cash under better control, focus shifting to medium term



- ✦ Project financing remains a short term challenge
- ✦ Company remains undercapitalized
- ✦ The possibility of bondholders requesting early redemption in 2012 represents a material challenge for the Company
- ✦ Need to remain very vigilant regarding short term cash position

Agenda



✦ Key highlights

📖 Consolidated half year financial results

✦ Operational update

✦ New strategy

✦ Next steps

Consolidated income statement



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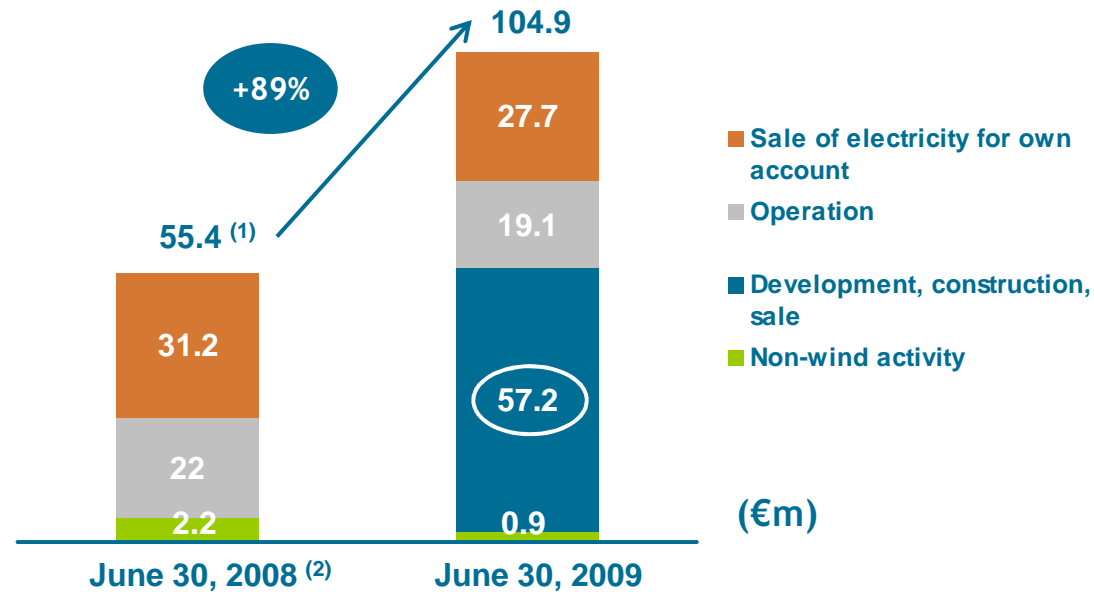
(in million euros)	H1 2009	H1 2008 ⁽²⁾	FY 2008
Revenue	104.9	55.4 ⁽³⁾	70
EBITDA ⁽¹⁾	25.4	9.2	(37.8)
Current operating income	10.5	(14.6)	(67.3)
Operating income	2	(14.6)	(196.4)
Financial result	(14.9)	(10.7)	(39.1)
Net income from continued activities	(11.2)	(23)	(227.4)
Discontinued activities	(2.9)	(3.2)	(16.7)
Net income	(14.1)	(26.2)	(244.1)

(1) EBITDA = current operating income + amortization + risk provisions.

(2) Restated for IFRS 5 application regarding non-current assets held for sale and discontinued activities.

(3) The figure of €56.4m, published on July 29, 2009, overstated revenue by €1m due to a consolidation error in the segment of 'Operation'.

Composition of revenue

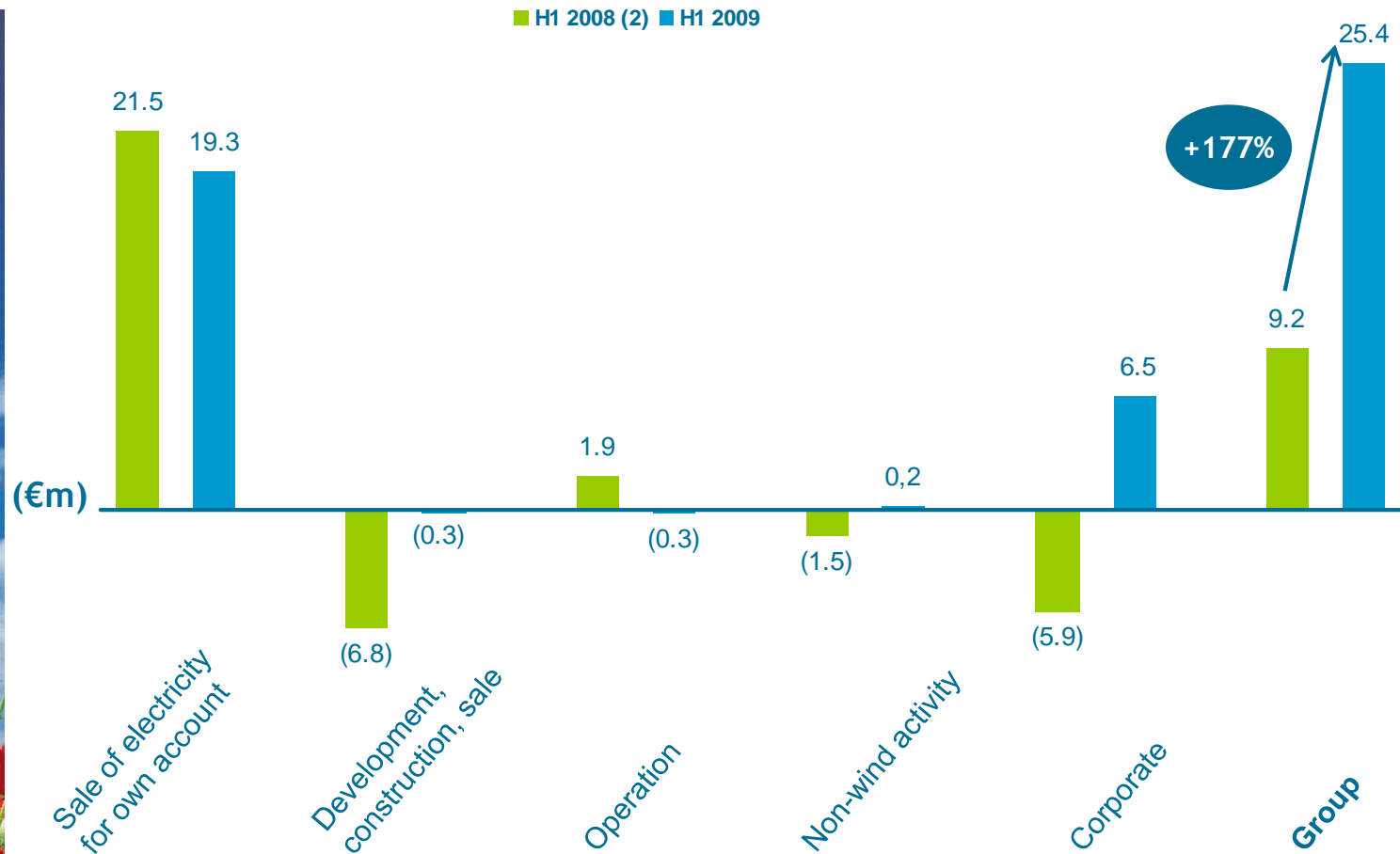


- ✦ Strong increase in revenue due to resumption of sales of operating wind farms to third parties in Germany (35.5 MW sold in Q1 2009 and 3 MW sold in Q2)
- ✦ Poor wind conditions in Q1 2009 in France and Germany led to a slight decrease in both the 'sale of electricity for own account' and 'operation' segments

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EBITDA⁽¹⁾ breakdown by business segment



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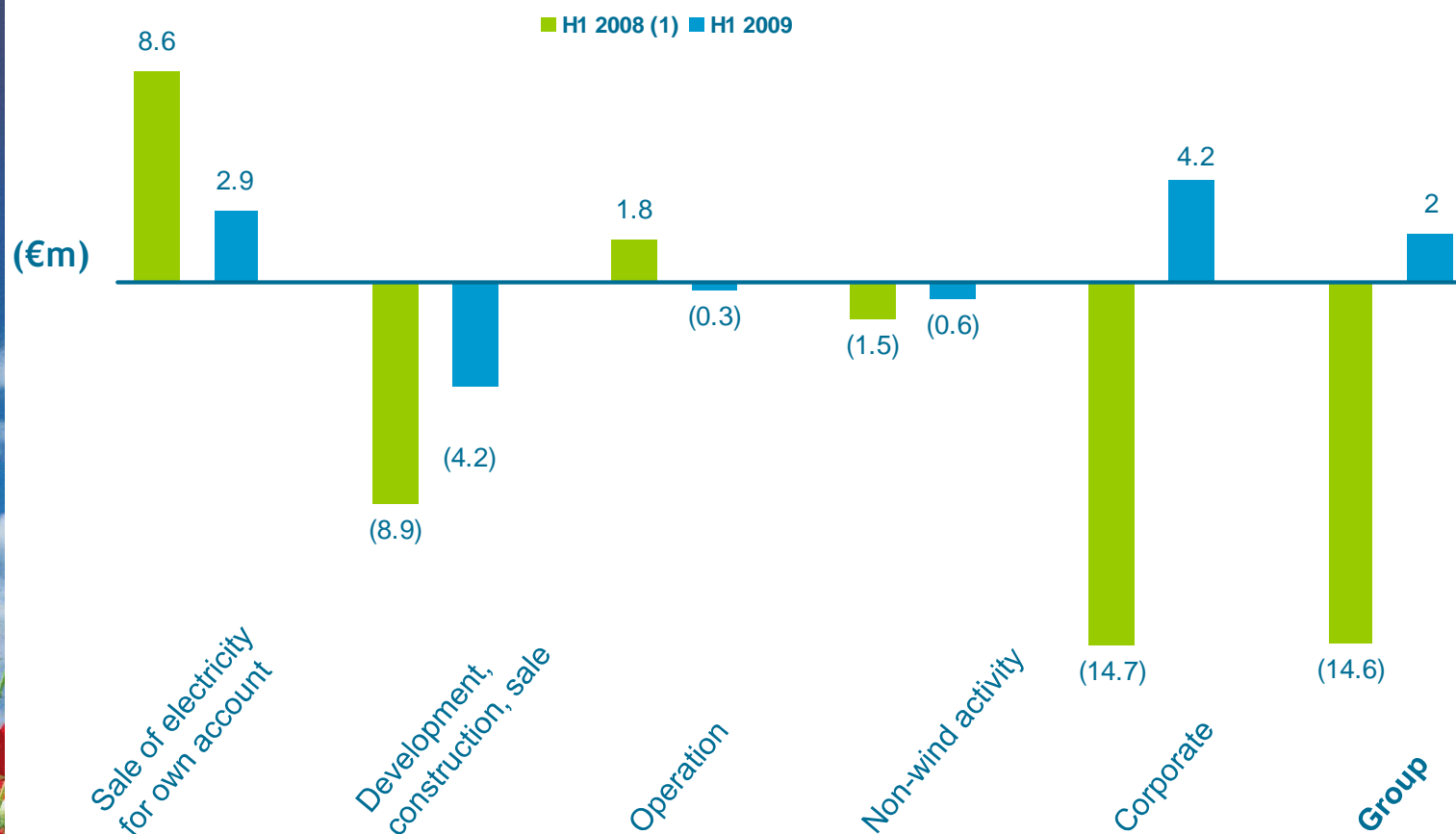
EBITDA analysis



- ✚ Poor wind conditions impacted the EBITDA of **Sale of electricity for own account** and **Operation** as most of the operating charges for these segments are fixed
- ✚ **Development, construction, sale**: the resumption of sales of wind farms in Germany nearly allowed a return to break-even
- ✚ **Corporate**: impacted by one-offs (mainly reversal of provision on Thenergo sale) even though operating charges are under tight control

- ✚ **Major one-offs impacting EBITDA (+ €10.4m)**
 - ✚ Reversal of provision on Thenergo sale + €15.0m
 - ✚ Impact of sale of 32 MW of projects in France - €1.8m
 - ✚ Provisions and charges for legal and advisory fees - €2.0m
 - ✚ Canada and Biocarb losses - €0.4m
 - ✚ Sponsoring - €0.4m

Operating income breakdown by business segment



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(1) Restated for IFRS 5 application regarding non-current assets held for sale and discontinued activities.

Operating income analysis



- ┆ Sale of electricity for own account: impacted by CED impairment (€4.3m) as a result of increased maintenance costs in Morocco
- ┆ Development, construction, sale: affected by an additional provision in Spain (€2m) and depreciation on some projects in France (€0.8m) following a risk assessment process
- ┆ Corporate: additional goodwill following the acquisition of TEM shares has been fully amortized (€1.7m)

- ┆ Major one-offs impacting operating income (- €10.3m)
 - ┆ Impairments on:
 - ┆ CED assets - €3.9m
 - ┆ CED goodwill - €0.4m
 - ┆ Spain assets - €2.0m
 - ┆ TEM goodwill - €1.7m
 - ┆ Various provisions - €2.3m

From EBITDA to operating income



(in million euros)

EBITDA	25.4
Impairments on goodwill and assets	(8)
Other one-offs	(2.3)
Amortization	(12.9)
Miscellaneous	(0.2)
Operating income	2

Morocco: €6m
Spain: €2m

Financial result



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(in million euros)

Net interest on loans	(14.4)
- OCEANE (convertible bond)	(6.7)
- Loans on operating wind farms	(5.9)
- Natenco loans	(1.4)
Value of the option to buy back Thenergo shares ⁽¹⁾	1
Interest rate swaps - France (mark to market)	(1.2)
Other	(0.3)
Financial result	(14.9)

(1) Since the sale of its stake in Thenergo, THEOLIA retains an option to repurchase these shares at the agreed price of 110% of the sale price until December 24, 2009 and 120% of this same price until December 24, 2010.

Financial structure



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(in million euros)	June 30, 2009	December 31, 2008
Goodwill	76.6	78.1
Tangible and intangible assets	427.6	435.8
Other assets	269.3	313.7
- Financial debt	569.5	589.2
+ Cash and cash equivalents	81.9	91.1
- Other liabilities	131.1	159.7
Net assets	154.9	169.8
Shareholder's equity	154.9	169.8

Debt structure

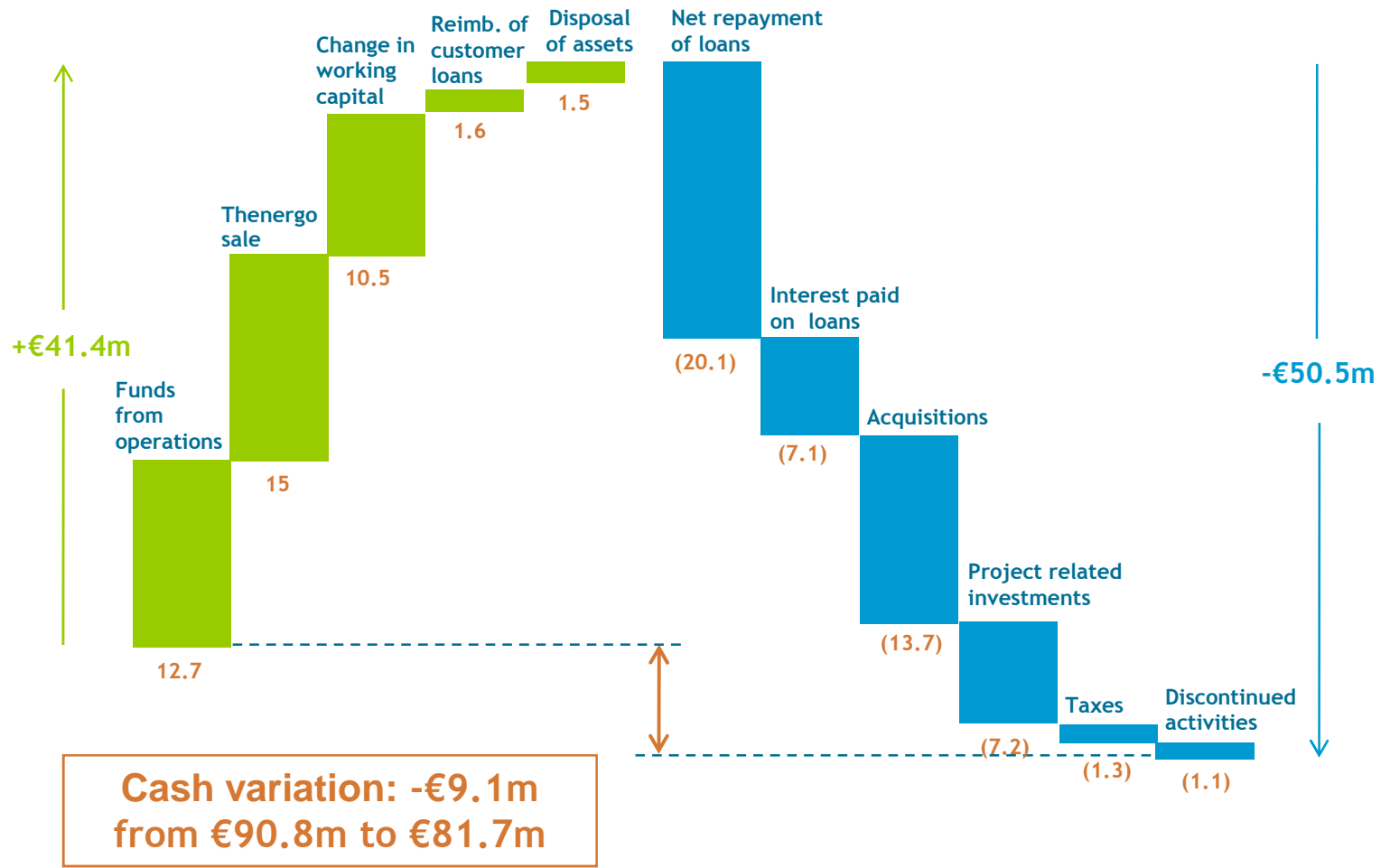


(in million euros)	June 30, 2009	December 31, 2008
Financial debt	(348.5)	(376.7)
Of which non-recourse project financing	(316)	(337.1)
Convertible bond ⁽¹⁾	(211.5)	(204.2)
Other financial liabilities	(9.4)	(8.3)
Total financial debt	(569.5)	(589.2)
Cash and cash equivalents	81.8	90.8
Current financial assets	0.1	0.3
Total cash	81.9	91.1
Net financial debt	(487.6)	(498.1)

(1) The stated amounts correspond to the debt component of the convertible bond.

Cash flow

(in million euros)



Free cash⁽¹⁾ position



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(in million euros)	Group	o/w Holding
Free cash as of December 31, 2008	34	9
Free cash as of June 30, 2009	36	28
Free cash as of August 24, 2009 ⁽²⁾	43	12

- ✦ Improvement notably due to the cash-ins from the sale of Thenergo and of wind projects in France and operating wind farms in Germany
- ✦ Going forward, stabilization of the free cash position as a consequence of asset sales/divestments on the one hand and continued investments in new projects on the other hand

(1) Cash available, neither trapped in project support companies nor pledged or dedicated to subsidiaries' operating expenses.

(2) Non audited figures.

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✦ Key highlights

✦ Consolidated half year financial results

📖 Operational update

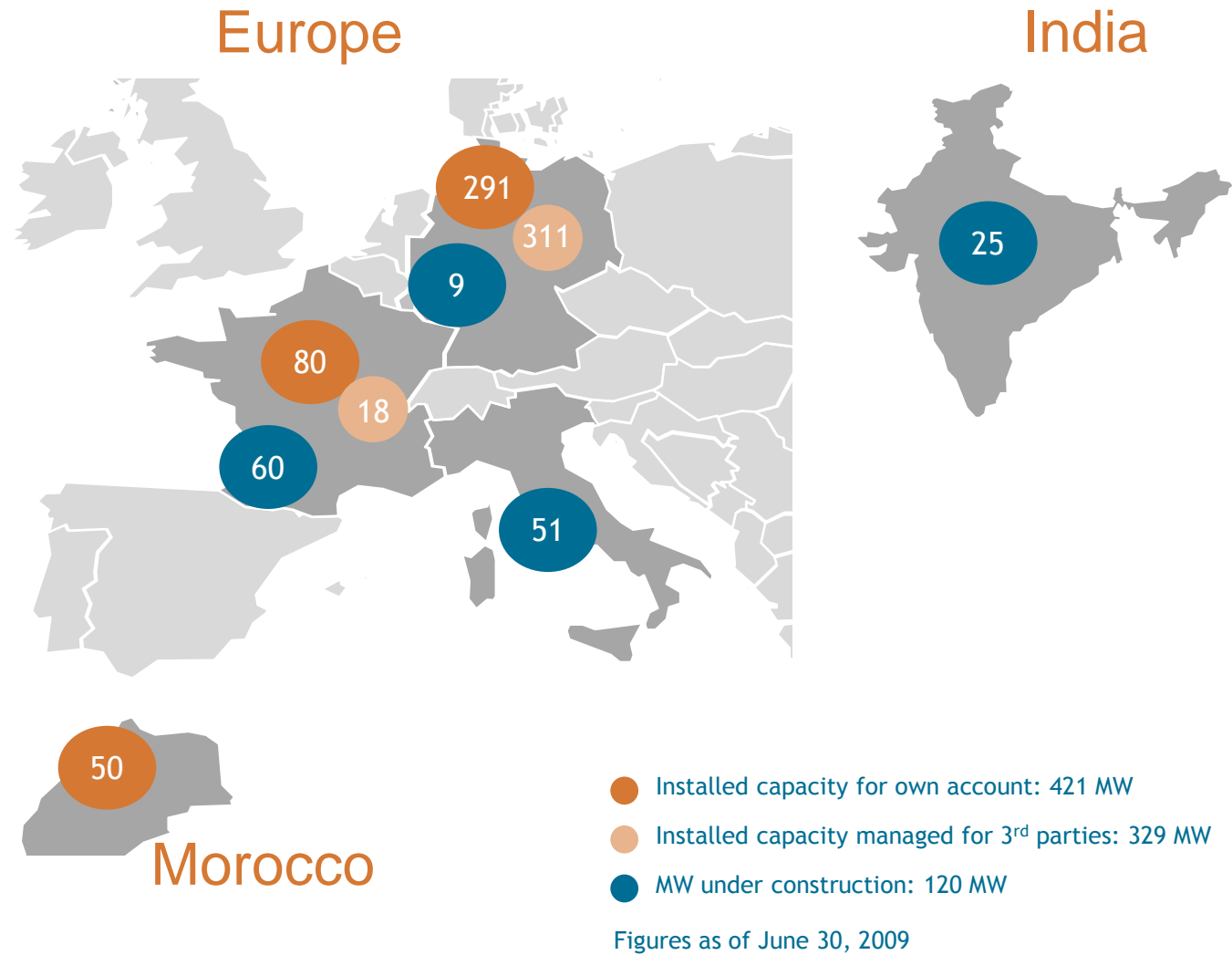
✦ New strategy

✦ Next steps

Significant installed capacity and mature projects



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Strong increase in installed capacity



(in MW)	June 30, 2009	December 31, 2008	Change
Own account	421	360	+16.9%
Third parties	329	311	+5.8%
Total	750	671	+11.8%

- Despite the difficult financial environment during the first six months of 2009:
 - THEOLIA commissioned 79 MW
 - THEOLIA continued to invest in developing projects in France, Italy, Germany and India

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✦ **New strategy**

✦ Next steps

New strategy



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- ✦ Strong global demand for wind energy in the coming years
=> expected high demand for THEOLIA's operating assets
- ✦ High visibility on expected cash flows and availability rate
=> attractive returns
- ✦ Low risk nature of operational wind assets appeals to a wide range of financial and industrial buyers



- ✦ New strategy: « Develop, Operate and Sell »
 - ✦ Develop, build and operate a wind farm for 2-4 years
 - ✦ Sell the farm
 - ✦ Reinvest the proceeds into new projects
 - ✦ Operate and maintain for the duration of the farm

Strategy suitable for an independent wind project developer in an environment of scarce equity and project financing

Unique position as independent wind project developer

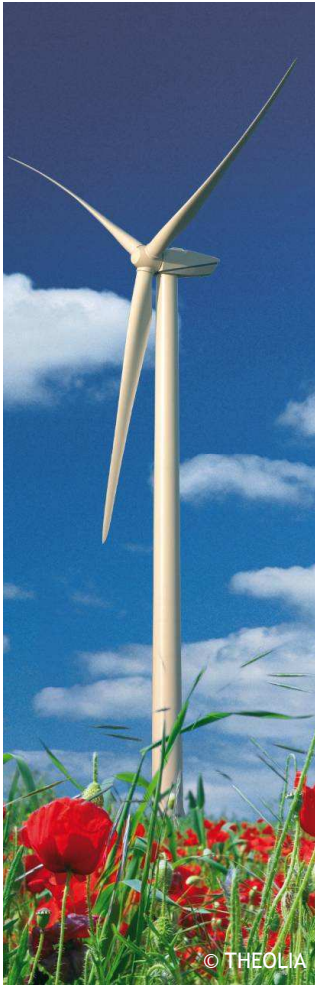


- ✦ **Opportune moment to emphasize position as project developer with a significant pipeline:**
 - ✦ Temporary weakness in oil prices
 - ✦ Expected rebound in project financing
 - ✦ General undervaluation of wind pipelines
 - ✦ Lower capex costs and shorter equipment delivery times

- ✦ Pipeline in three of the four largest and most dynamic European wind markets

- ✦ As independent non-utility company, no obligation to reach a specific amount of green energy but focus on return on equity

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- ✦ Consolidated half year financial results
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- ✦ New strategy

📖 Next steps

Next steps



- ✦ Finalize plan to divest or close non-wind activities
- ✦ Continue program to sell 200 MW of wind projects and assets
- ✦ Determine future of THEOLIA's presence in Brazil and India
- ✦ Further improve corporate governance towards best-in-class
- ✦ Wrap up evaluation of different capital structure options that will ensure continuity of operations beyond 2011