



# THEOLIA

## Presentation of the convertible bond (OCEANEs<sup>(1)</sup>) restructuring and debt reduction agreement

December 29, 2009

(1) The "Obligations Convertibles et/ou Echangeables en Actions Nouvelles ou Existantes" (collectively, the "OCEANEs") have been issued by THEOLIA pursuant to a prospectus dated October 23, 2007 approved by the French *Autorité des marchés financiers* (the "AMF") under visa no. 07-368 (the "Prospectus")

# 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](http://www.amf-france.org)) and THEOLIA website ([www.THEOLIA.com](http://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, 2008 financial statements nor THEOLIA June 30, 2009 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.

# THEOLIA has reached an agreement with holders of more than 65% of the OCEANEs to restructure and reduce its corporate debt



- ✚ Agreement marks crucial step in reinforcing and deleveraging THEOLIA's balance sheet
- ✚ Financial restructuring will enable company to unlock value in its pipeline development for the benefit of both bondholders and shareholders
- ✚ Highlights of the agreement:
  - ✚ Maturity of the OCEANEs extended to 2041
  - ✚ Put on January 1, 2012 postponed to January 1, 2015
  - ✚ Put price on January 1, 2015 reduced up to €127m (€11 per OCEANE) compared to €253m currently
  - ✚ Conversion price of the OCEANE reduced so as to increase probability of conversion
  - ✚ Debt restructuring and reduction conditional upon a successful capital increase by THEOLIA of up to €100m: first €40m of the proceeds retained by THEOLIA
  - ✚ If the capital increase raises €100m, bondholders could be entitled to 35% of the fully diluted equity compared to 22% today

# Agenda



## 📄 Highlights of the restructuring agreement of the OCEANES

- ⌄ Implementation of the restructuring agreement
- ⌄ THEOLIA 's basis for growth

# Current terms of the OCEANEs



✚ October 2007: issue of a €240m convertible bond

✚ 11,538,462 OCEANEs issued at €20.8

✚ Coupon: 2%

✚ Maturity: January 1, 2014 at €22.54

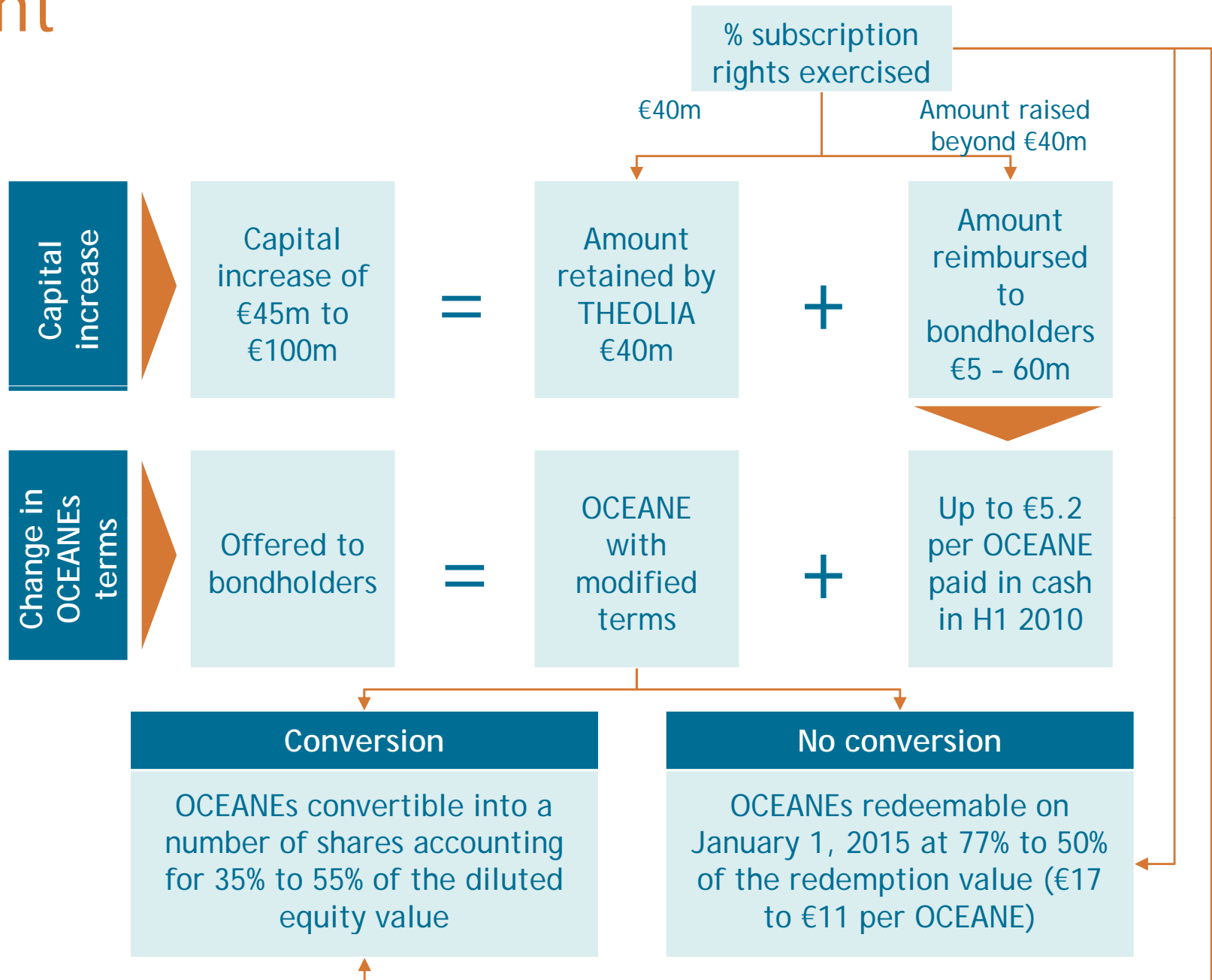
✚ Early redemption

✚ Triggered notably by change of control, default or delisting of THEOLIA

✚ At bondholder's request on January 1, 2012 at €21.94

✚ OCEANEs current market price of ~ €12 means high probability of early redemption in 2012

# Overview of the OCEANEs restructuring agreement



# First pillar of the restructuring agreement: A €100m capital increase reserved for its shareholders



## Rationale and structure

- ✦ Strong incentive for shareholders to subscribe
- ✦ Subscription price for new shares at €1
- ✦ OCEANE redemption price (Put) decreasing with amount subscribed

## Size

- ✦ Up to ~ €100m
- ✦ Flexibility for THEOLIA to reduce to €45m

## Use of proceeds

- ✦ First €40m to recapitalize THEOLIA and fund its pipeline development
- ✦ Next €60m (up to €5.2 per OCEANE) paid to bondholders at the end of the restructuring process (H1 2010)

# Second pillar of the restructuring agreement: New terms of the OCEANEs



## Maturity

✦ Extended from January 2014 to January 2041

## Bondholders' Put

✦ Put date postponed from January 1, 2012 to January 1, 2015  
✦ Price reduced to 77% to 50% of the current redemption price<sup>(1)</sup>

## Conversion ratio (# of shares per OCEANE)

✦ Ranging between 6.6 and 9.1<sup>(1)</sup> (vs 1 for 1 today), before December 31, 2013  
✦ Reduced by 20% from January 1, 2014 to December 31, 2014  
✦ No conversion allowed after December 31, 2014

## Coupon (% nominal value)

✦ Applied to new nominal (net of early cash repayment)  
✦ 2.7% (vs 2.0% today) until January 1, 2015  
✦ 0.1% thereafter

## Change of control / offer on the company

✦ Early redemption at 2015 put price  
✦ No change in conversion ratio in case of public offer



# Illustration of the restructuring terms assuming €100m capital increase fully subscribed



## Current situation

2012 put: €21.9

Conversion ratio:  
1 share per OCEANE

Coupon: 2.0%<sup>(1)</sup>

## Restructured OCEANE

### Cash in 2010

€5.2 per OCEANE

### OCEANE

2015 put: €11.0

Conversion ratio:  
6.6 shares per  
OCEANE<sup>(2)</sup>

Coupon: 2.7%<sup>(3)</sup>

(1) Applied to current nominal value of €20.8 per OCEANE

(2) Until December 31, 2013, or 5.3 from January 1, 2014 to December 31, 2014

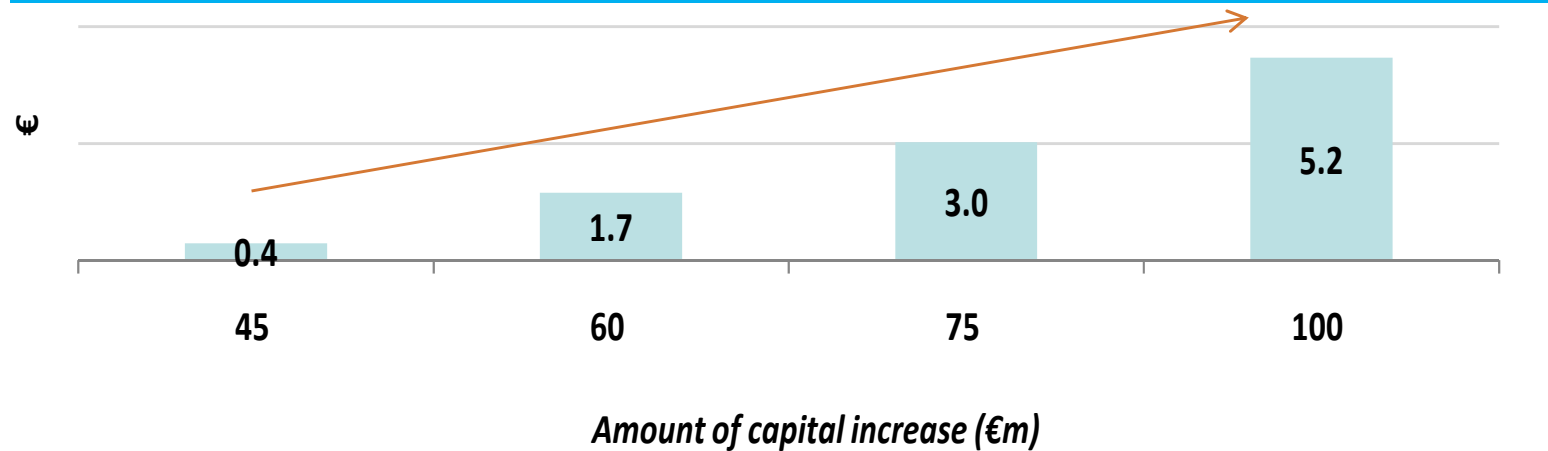
(3) Following the restructuring, applied to current nominal value less amount reimbursed to bondholders, ie up to €5.2 per OCEANE

# Impact of capital increase on key terms

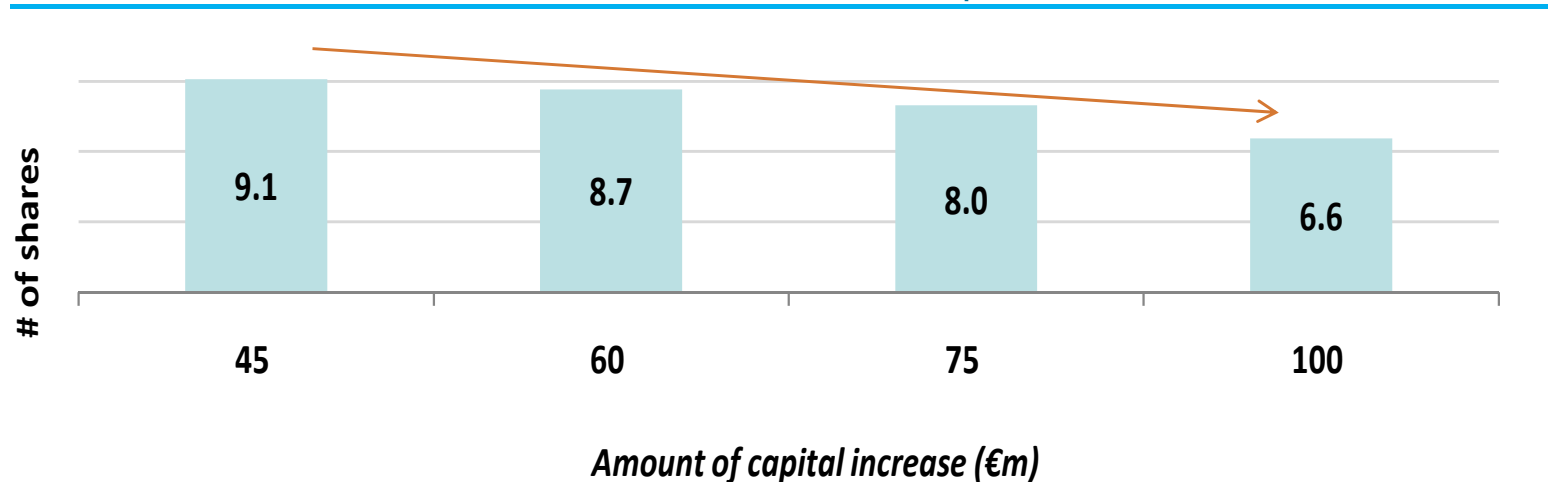
## Cash paid upfront to bondholders and conversion ratio



Principal early reimbursement in cash in 2010 (€ per OCEANE)



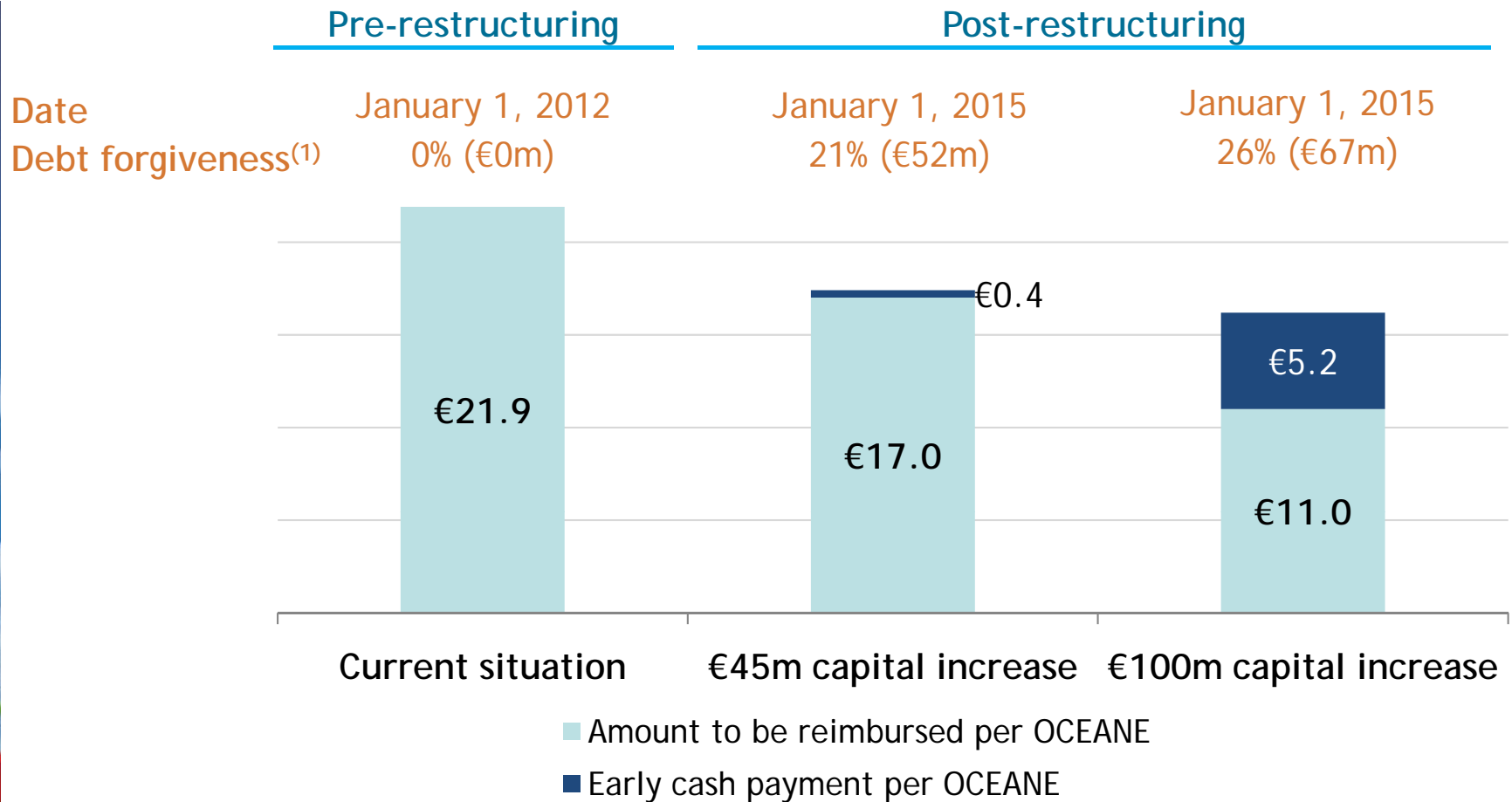
Conversion ratio<sup>(1)</sup> (# of shares per OCEANE)



(1) Until December 31, 2013

# Impact of capital increase on key terms (cont'd)

## Redemption price and implied debt forgiveness



Following the restructuring, THEOLIA will have postponed the put exercise date by 3 years and reduced the amount payable by €4.9 to €10.9 per OCEANE depending on the capital increase

(1) Defined as total amount payable in cash to bondholders (reimbursement in 2010 and redemption price via the put on January 1, 2015; excluding interest payments) divided by current redemption price (€21.9 per OCEANE)

# Illustrative impact on balance sheet



Before conversion

After full conversion

Current situation

€45m capital increase

€100m capital increase

Assets Liabilities

-  
Equity:  
€130m<sup>(1)</sup>  
  
OCEANEs:  
€253m  
(1/1/2012)

Assets Liabilities

Cash:  
+€40m  
  
Equity:  
€226m<sup>(1)</sup>  
  
OCEANEs:  
€196m  
(1/1/2015)

Assets Liabilities

Cash:  
+€40m  
  
Equity:  
€294m<sup>(1)</sup>  
  
OCEANEs:  
€127m  
(1/1/2015)

Assets Liabilities

Cash:  
+€40m  
  
Equity:  
€419m<sup>(2)</sup>  
  
OCEANEs:  
€0

Assets Liabilities

Cash:  
+€40m  
  
Equity:  
€419m<sup>(2)</sup>  
  
OCEANEs:  
€0

(1) As of June 30, 2009, excluding the equity component of the OCEANEs and minority interests. Before transaction costs. Non audited figures

(2) As of June 30, 2009, excluding minority interests. Before transaction costs. Non audited figures

# Illustrative accretive impact on net asset value per share assuming €100m capital increase fully subscribed



	Net asset value (€m)	# of shares	Net asset value (€ per share)	% accretion
Situation as of June 30, 2009 <sup>(1)</sup>	130	40	3.3	-
After capital increase <sup>(2)</sup>	230	140	1.6	-
After debt forgiveness <sup>(3)</sup>	294	140	2.1	+28%
After OCEANEs full conversion	419	216	1.9	+18%

- (1) As of 30 June 2009, excluding the equity component of the OCEANEs and the minority interests. Non audited figures  
 (2) Before transaction costs  
 (3) Assuming that the accounting of the debt reflects the debt forgiveness (related to the 2015 put) and cancels the impact of the partial repayment of the OCEANEs' par value. Excluding tax impact. Non audited figures

# Analysis of OCEANEs' implied conversion price



	Proceeds from capital increase (€m)	
	45	100
Issuance price of THEOLIA in the capital increase (€ per share)	1.0	1.0
January 1, 2015 redemption price (€ per OCEANE)	17.0	11.0
<i>% of current redemption price (€21.9)</i>	<i>77%</i>	<i>50%</i>
Number of shares issued per OCEANE in case of conversion	9.1	6.6
Share price triggering OCEANEs conversion <sup>(1)</sup> (€ per share)	1.9	1.7
<i>% premium vs issuance price of THEOLIA shares in the capital increase</i>	<i>88%</i>	<i>66%</i>
Net asset value post capital increase and full conversion of the OCEANEs <sup>(2)</sup> (€ per share)	2.2	1.9
<i>% conversion price</i>	<i>118%</i>	<i>117%</i>

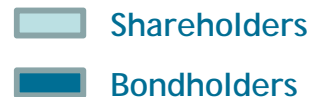
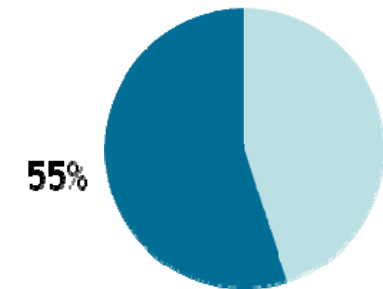
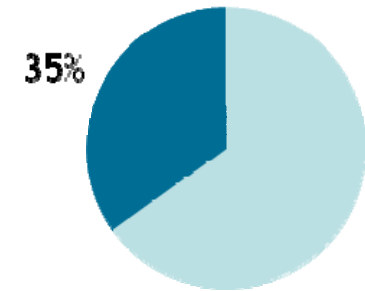
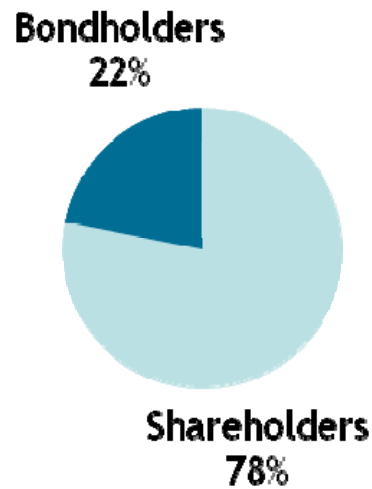
(1) Calculated as January 1, 2015 redemption price over number of shares per OCEANE at conversion

(2) As of 30 June 2009, excluding the equity component of the OCEANEs. Before transaction costs. Non audited figures

# THEOLIA shareholding structure (post capital increase and assuming full conversion of OCEANEs)



**THEOLIA**



# A mutually positive transaction for THEOLIA, shareholders and bondholders



## THEOLIA

- ✓ Potential reduction of net indebtedness related to OCEANE up to 66% before conversion
- ✓ Full conversion highly likely
- ✓ 3 year extension of the maturity of the remaining debt (January 1, 2015)
- ✓ THEOLIA's balance sheet reinforced
- ✓ Improved access to project financing

## Shareholders

- ✓ Increased net asset value per share due to debt forgiveness
- ✓ Attractive rights / warrants issue to avoid potential dilution
- ✓ Value creation through pipeline development

## Bondholders

- ✓ Up to €5.2 in cash per OCEANE immediately following capital increase (H1 2010)
- ✓ New financial structure of THEOLIA improves creditworthiness



# Agenda



⌄ Highlights of the restructuring agreement of the OCEANES

📖 Implementation of the restructuring agreement

⌄ THEOLIA 's basis for growth

# Key implementation steps



	Target timing	Deadline as per agreement with the bondholders
<b>1</b> Bondholders' meeting	Early February 2010	On or before March 15, 2010
<b>2</b> Extraordinary shareholders' meeting	Early March 2010	On or before May 31, 2010
<b>3</b> Capital increase	April / May 2010	On or before August 31, 2010

# Agenda



- ✦ Highlights of the restructuring agreement of the OCEANES
- ✦ Implementation of the restructuring agreement

📖 THEOLIA 's basis for growth

# Basis for growth



- ✓ Attractive growth sector
- ✓ Significant project pipeline
- ✓ Clear and suitable strategy to unlock value from pipeline
- ✓ Experienced, motivated management
- ✓ Reinforced balance sheet (post restructuring)

# Thank you for your attention



[www.theolia.com](http://www.theolia.com)

#### Address

**THEOLIA**

75, rue Denis Papin

BP 80199

13795 Aix-en-Provence Cedex 3

France

Tel: +33 (0)4 42 904 904



#### Investor Relations

Edward F. McDonnell

Tel: +33 (0)4 42 906 594

[eddie.mcdonnell@theolia.com](mailto:eddie.mcdonnell@theolia.com)

**THEOLIA**