



# THEOLIA

## CEO Update

January 19, 2010

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# Agenda



📖 Follow up on next steps communicated in September 2009

✂ THEOLIA's achievements in 2009

✂ Operational update

✂ Financial update

✂ Next steps

# Follow up on next steps communicated in September 2009



- ✦ Finalize plan to divest or close non-wind activities
  - See 2009 achievements, page 7
- ✦ Continue program to sell 200 MW of wind projects and assets
  - Completed, with 234 MW sold in 2009
- ✦ Determine future of THEOLIA's presence in Brazil and India
  - Business plan for THEOLIA Brazil approved
  - Ongoing negotiations with Indian JV partner
- ✦ Further improve corporate governance towards best-in-class
  - Formation of Management Team completed
  - Roll-out started for internal control, internal audit, risk management
- ✦ Wrap up evaluation of different capital structure options that will ensure continuity of operations beyond 2011
  - Financial restructuring announced December 29, 2009

# Agenda



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# 2009 key achievements



## ✦ Focus on improving operational efficiency

- Continued tight cash management at group level
- Cost reduction at Holding level (to be continued in 2010)
- Cost reduction at THEOLIA Morocco, THEOLIA Brazil (completed)
- Streamlined organization (Holding, THEOLIA France)
- Experience sharing between European affiliates started
- Introduction of centralized pipeline monitoring

# 2009 key achievements (continued)



**THEOLIA**

- ✦ Disposal plan on track
  - 234 MW of wind assets and projects sold in 2009
  - Progress in sale of non-wind activities (Thenergo, Biocarb, THEOLIA Canada, 2 peaking units and breathalyzer product line of Seres)
  - Non-wind activities yet to be sold
    - Seres: going through internal restructuring and cost reduction
    - Ecoval 30: negotiations to start shortly
    - Ecolutions: undergoing management change
- ✦ Agreement with the majority of bondholders on the restructuring of the OCEANE convertible bond
- ✦ Project financing closed for €51m for first Italian project

# Agenda



✦ Follow up on next steps communicated in September 2009

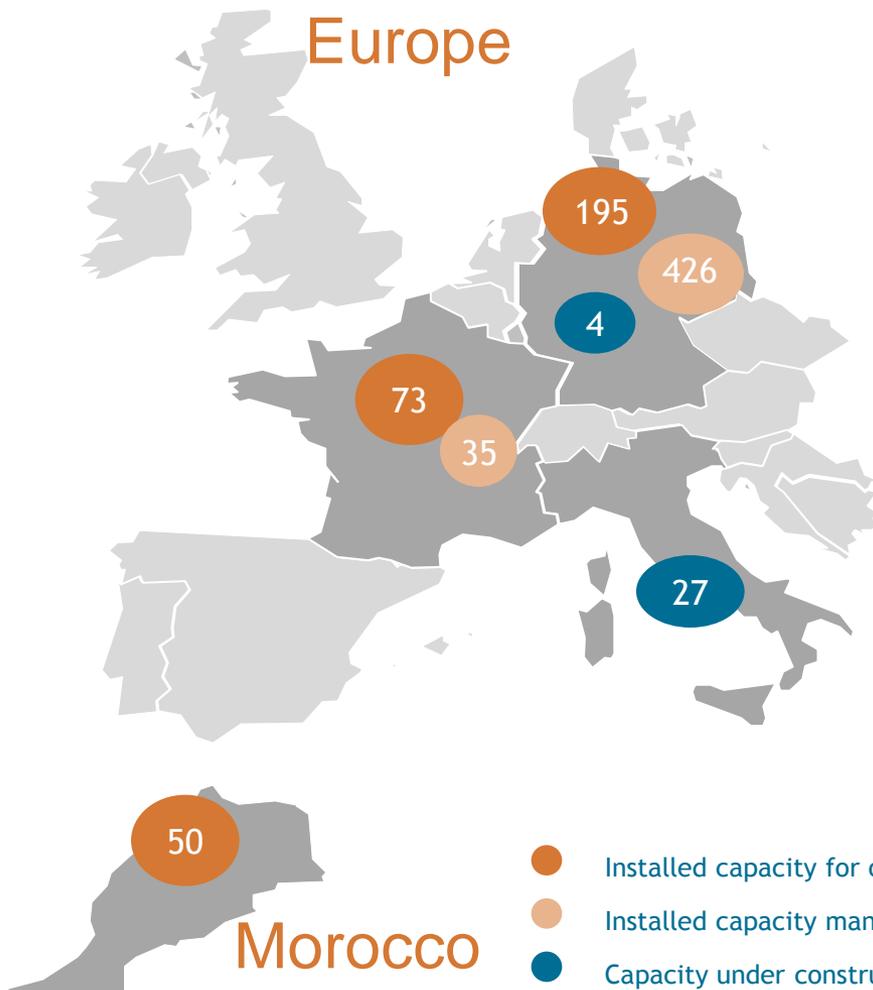
✦ THEOLIA's achievements in 2009

☑ Operational update

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✦ Next steps

# A significant base of installed capacity



(In MW)	In operation (installed capacity)		
	December 31, 2009	December 31, 2008	Change
Own account	319	360	- 11%
Third parties	461	311	+48%
<b>Total</b>	<b>780</b>	<b>671</b>	<b>+16%</b>

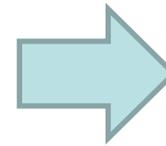
Figures as of December 31, 2009. Net capacity, ie excluding third party ownership

# Program to sell wind assets and projects in 2009 and going forward



## MW sold in 2009

- ✦ 146 MW in Germany, of which 137 MW of installed capacity
- ✦ 88 MW<sup>(1)</sup> in France, of which 7 MW of installed capacity
- ✦ Total proceeds of €231m



## 2010/2011

- ✦ Sales will be based on the Develop, Operate & Sell strategy
- ✦ Timing of asset sale flexible as function of market and pipeline development needs

# Pipeline management greatly improved



- ✦ Management focus at affiliate level now directed on pipeline development and growth
- ✦ Rigorous methodology applied for assessing and monitoring current pipeline
  - Pipeline no longer includes third party ownership, turn-key projects for account of third parties and projects in appeal
- ✦ Clear definitions to determine each stage of development per country (see Appendix, page 24)



Value creation from high quality and closely monitored project pipeline

# 3 month internal audit confirmed the validity of THEOLIA's pipeline



(In MW)	December 31, 2009	December 31, 2008	Main explanations
France	1,206	1,264	81 MW projects sold in 2009
Italy	448	419	
Germany	94	135	9 MW projects sold in 2009
<b>Core markets</b>	<b>1,748</b>	<b>1,818</b>	
India	165	325	Reporting now based on net ownership
Brazil	100	438	Implementation of stringent project phasing criteria
<b>Total</b>	<b>2,013</b>	<b>2,580</b>	
Deconsolidated	250		
In appeal	225		
Projects sold	90		
<b>Total</b>	<b>2,578</b>	<b>2,580</b>	Like-for-like comparison

# Strong pipeline will feed future growth in core markets



(In MW)	Prospecting	Development	Permits applied for	Permits obtained	Under construction	Total European pipeline	
France	841	270	62	33	-	1,206	69%
Italy	85	90	171	75	27	448	26%
Germany	48	9	27	6	4	94	5%
<b>Total European pipeline</b>	<b>974</b>	<b>369</b>	<b>260</b>	<b>114</b>	<b>31</b>	<b>1,748</b>	
	<b>55%</b>	<b>21%</b>	<b>15%</b>	<b>7%</b>	<b>2%</b>		

✈ Cumulative cash investment above pipeline amounted to €69m in 2009<sup>(1)</sup>

✈ Potential future growth markets

- India: 152 MW projects with permits obtained and 13 MW under construction
- Brazil: 100 MW projects in prospecting phase

# Anticipated development of mature projects



## Permits obtained

## Under construction

## Commissioning



Pergola: 25 MW

Bovino: 50 MW

Giunchetto: 27 MW

Targeted Q2 2010

Targeted Q3 2010

Targeted Q2 2010

Targeted Q1 2011

Targeted Q2 2011



Gargouilles: 18 MW

Magremont: 15 MW

Targeted 2010/2011

Targeted 2010/2011

Targeted 2011/2012

Targeted 2012



Target of 100 MW commissioned in 2010 (supported by procurement funnel of over 150 MW in various stages of negotiation)

# Priority for 2010 will be to further intensify pipeline development



## ✚ 3 major markets: France, Italy and Germany

- France: continue significant prospection efforts and permit applications in order to generate future growth
- Italy: accelerate prospection efforts; start construction of mature projects
- Germany: maintain trading strategy, with a target of 100 MW of permit acquired and capacity sold annually to a wider range of buyers

## ✚ Emerging markets

- Morocco: ongoing discussions with Office National de l'Electricité (ONE) on project development opportunities
- Brazil: strong prospects for contract development for third parties over short term and for own account over medium term
- India: negotiation with JV partner about the financing of the joint activities

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# Significantly improved financial situation



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(in million euros)	December 31, 2009 estimates <sup>(1)</sup> (unaudited)	December 31, 2008 (audited)	
Project financing	(246)	(337)	→ SPV level
Convertible bond (accounting value of debt)	(219)	(204)	→ Holding level
Revolving working capital lines <sup>(2)</sup>	(29)	(40)	→ Subsidiary level
<b>Total debt</b>	<b>(493)</b>	<b>(589)</b>	} Consolidated
<b>Total cash of which free cash</b>	<b>96</b> <b>58</b>	<b>91</b> <b>34</b>	

- ✦ Compared to 2008, significantly improved situation with lower debt and higher free cash positions
- ✦ Restructuring plan to further reduce debt and enhance free cash position at group level

(1) Figures pre-impact of the financial restructuring of the OCEANEs announced on December 29, 2009  
 (2) Including €5m of loans backed by letters of credit at year end 2008

# Shareholders will benefit from announced restructuring plan



- ✦ If the proposed restructuring is completed based on a capital increase of €100m, shareholders will
  - keep a 65% ownership of the company after full conversion of the OCEANES
  - enjoy a write-off<sup>(1)</sup> by bondholders of €67m
  - get €1.9 in net asset value per share (after full conversion and write-off<sup>(2)</sup>) for every €1 they subscribe in the capital increase
  - own a company increasingly capable of generating significant value out of its existing pipeline
  
- ✦ Over 65% of bondholders have already agreed the terms of the proposed restructuring, ahead of the bondholders' meeting
  - a 3 year delay in the 2012 early redemption possibility
  - a significant write-off<sup>(1)</sup> of up to €67m<sup>(3)</sup>
  - an early redemption of up to €60m<sup>(3)</sup>
  - an improved conversion ratio that potentially gives the bondholders from 35% to 55% of the company after full conversion of the OCEANES<sup>(3)</sup>

(1) As reflected by the amended put price

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

(3) Depending on the support provided by the shareholders through the capital increase

# On track to deliver the announced steps of restructuring plan



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Target timing

Deadline agreed with bondholders

1

Bondholders' meeting

┆ End February 2010

┆ Before March 15, 2010

2

Extraordinary shareholders' meeting

┆ Mid March 2010

┆ Before May 31, 2010

3

Capital increase

┆ May / June 2010

┆ Before August 31, 2010

# Actions taken in 2009 and the announced restructuring will restore financial flexibility



- ✦ As a result of successful execution of its disposal program, cost reductions and tight cash monitoring, THEOLIA has significantly improved its free cash position
- ✦ The proposed restructuring plan, if successful, will further enhance cash position and reduce debt
  - €40m new cash from capital increase to be retained by THEOLIA
  - Improved access to project financing as a result of stronger balance sheet



THEOLIA is in a much improved position to create value through pipeline development  
Strengthened balance sheet widens the range of strategic options available to THEOLIA

# Agenda



- ✦ Follow up on next steps communicated in September 2009
- ✦ THEOLIA's achievements in 2009
- ✦ Operational update
- ✦ Financial update

☐ Next steps

# Next steps



- ✦ Execute proposed restructuring plan in 2010
- ✦ Intensify pipeline development activities
- ✦ Continue to improve operational performance
- ✦ Address further development in future growth markets (Morocco, India)
- ✦ Continue the disposal of non-wind assets

# Thank you for your attention



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**Next communication planned**

**February 9, 2010: Full Year 2009 Revenue**

**March 30, 2010: Full Year 2009 Results**

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# Appendix - Rigorous pipeline methodology



	Prospecting Phase 1	Development Phase 2	Permit applied Phase 3	Permitted Phase 4	Construction Phase 5
<b>France</b>	<p>ZDE process initiated</p> <p>Analysis of public wind data</p> <p>Site pre-feasibility assessment performed</p> <p>Preliminary assessment of grid capacity</p>	<p>Promissory land agreements: min. 50% of site capacity secured</p> <p>EIA ongoing</p>	<p>ZDE process finalized</p> <p>Total site capacity secured</p> <p>EIA finalized</p> <p>Building permit requested</p>	<p>Building permit obtained and third-party claim period expired</p>	<p>Grid connection agreement signed</p> <p>TSA signed</p> <p>BoP signed</p>
<b>Germany</b>	<p>Promissory land agreements: 10%-30% of site capacity secured</p> <p>Internal wind yield assessment performed</p>	<p>Promissory land agreements: min. 50% of site capacity secured</p> <p>Validation of reference yield</p>	<p>Land agreements fully secured</p> <p>1st independent wind study finalized</p>	<p>Building permit obtained and third-party claim period expired</p> <p>Grid connection approval obtained</p>	<p>TSA signed</p> <p>Construction agreements signed</p>
<b>Italy</b>	<p>Wind measurement campaign initiated</p> <p>General grid connection conditions validated</p> <p>Site pre-feasibility assessment performed</p>	<p>Promissory land agreements: min. 20% of site capacity secured</p> <p>Environmental studies finalized</p>	<p>Promissory land agreements: min. 70% of site capacity secured</p> <p>1st committee meeting held</p> <p>Min. 12-month wind measurement campaign</p>	<p>Single Authorization obtained and third-party claim period expired</p> <p>Land agreements fully secured</p>	<p>Grid connection agreement signed</p> <p>TSA signed</p> <p>BoP signed</p>
<b>Brazil</b>	<p>Land lease agreements fully secured</p> <p>Development feasibility report established</p>	<p>Min. 12-month wind measurement campaign</p>	<p>Simplified environmental report (RAS) carried out</p> <p>Grid connection agreement signed</p>	<p>Permits and licenses obtained</p> <p>PPA signed</p>	<p>Installation license secured</p> <p>TSA signed</p> <p>BoP signed</p>

# Appendix - Pipeline as of December 31, 2008



## Gross pipeline of projects amounting to 2,580 MW, year-end 2008

(In MW)	Prospecting	Development	Permits applied for	Permits obtained	Under construction	Total pipeline	
<b>Europe</b>							
France	428	348	352	57	78	1,264	49%
Italy	-	90	254	25	51 <sup>(1)</sup>	419	16%
Germany	-	-	38	5	92	135	5%
<b>Rest of the World</b>							
India <sup>(2)</sup>	-	-	-	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) Including 21 MW owned 50/50 with partner

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

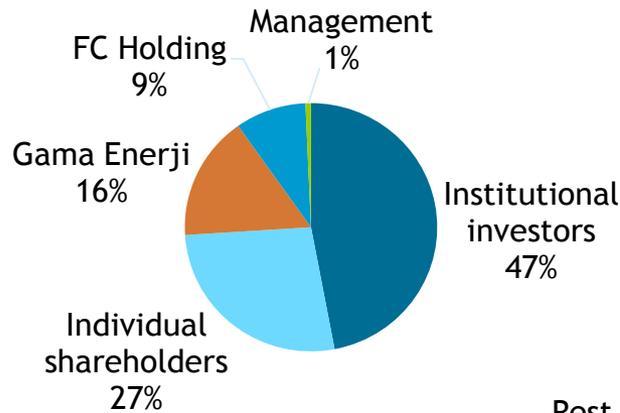
# Appendix - THEOLIA's share capital as of September 30, 2009

✦ A balanced and diversified capital structure



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**By type**



**By country**

