theolia

2012 half year results

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Agenda

- Strategy
- 2012 half year results

A complex economic and energy context

- Unprecedented financial crisis
- Expected growth in raw material prices
- Significant investment needs for conventional energies and supply infrastructures
- Conflict between budget constraints, energy choices and environmental challenges

Fundamental role of renewable energy,
and notably wind energy, in the energy mix

THEOLIA, a producer of wind energy

- Wind energy production cost close to the electricity market price today and will be lower than it in the future
- Our core business: Sales of electricity for own account
  - Secured activity, based on contracts over 15 to 20 years: predictable and recurring revenues and margins, over the long term
  - Strong profitability, model similar to infrastructures
  - Steady cash flows
  - Project financing without risk

Features of THEOLIA's business model: balance, flexibility, risk anticipation, long-term vision

- 3 business segments in the wind energy value chain

Sales of electricity for own account	Development, construction, sale	Operation for third parties
• Guaranteed and recurring revenue • Significant margins	• Sales to the investment vehicle • Expedient sales on the market	• Additional revenues • Operational expertise

- 4 operating countries (to date)

Germany	France	Morocco	Italy
• 147 MW (own account) • 497 MW (third parties)	• 92 MW (own account) • 103 MW (third parties)	• 50 MW (own account)	• 15 MW (own account)

Co-investment strategy as a key to balance the business model

First step in the co-investment strategy

⇒ THEOLIA Utilities Investment Company

- 2 major European partners: IWB and Badenova
- Additional financial means
- Reinforced access to project financing

Short/medium term	Balance between wind farms commissioned for own account and wind farms sold to the vehicle, of which THEOLIA holds a 40% interest Accelerator of development while guaranteeing additional revenues and margins
Long term	Possibility to sell the electricity produced after the end of the feed-in tariff contract directly to our utility partners

A restructured and maximized organization

- Organized as an integrated industrial Group
- Present over the entire wind energy value chain
- Industrial synergies between countries where we operate
- Pooling of human resources thanks to cross-management
- Constant trade-off regarding the allocation of our resources to projects with highest profitability

An ambitious but controlled development

- Current development
  - Construction for own account (10 MW in Italy)
  - Construction on behalf of THEOLIA Utilities Investment Company (15 MW in France), in the aim of reaching a total installed capacity of 150 to 200 MW
  - Construction on behalf of third parties (12.5 MW in France)
  - Start of the construction works for permits obtained
- "Extra-ordinary" development
  - 300 MW project in Morocco, of which the first 100 MW phase is ongoing
- Additional development depending on market opportunities

A sizeable portfolio of wind projects enabling to ensure commissionings for own account and for the investment vehicle

Backlog: 72 MW

As of June 30, 2012	Development	Permits applied	Permits obtained	Under construction
France	**132**	**160**	**18**	**6** [(1)]
Italy	**144**	**128**	**38** [(2)]	**10**
Germany	**15**	**4**	**-**	**-**
Morocco	**200**	**100**	**-**	**-**
Total projects	**492**	**392**	**56**	**16**

884 MW

Net capacities.
Excluding projects under prospecting (early phase) and projects currently under litigation.
(1) Indirect interest of THEOLIA in the Magremont project (40%*15 MW).
(2) Projects subject to litigation are not mentioned in this chart.

Outcomes

- Strong growth in revenue with comparable operational strategies: +31%
- Growth in all wind activities:
  - Sales of electricity for own account: +21%
  - Operation: +15%
  - Development, construction, sale: +205%
- Very strong improvement in consolidated EBITDA margin (27.7% => 44.4%)
- Operating income: +655%

The half-year performance once again demonstrates the relevance of the strategy implemented

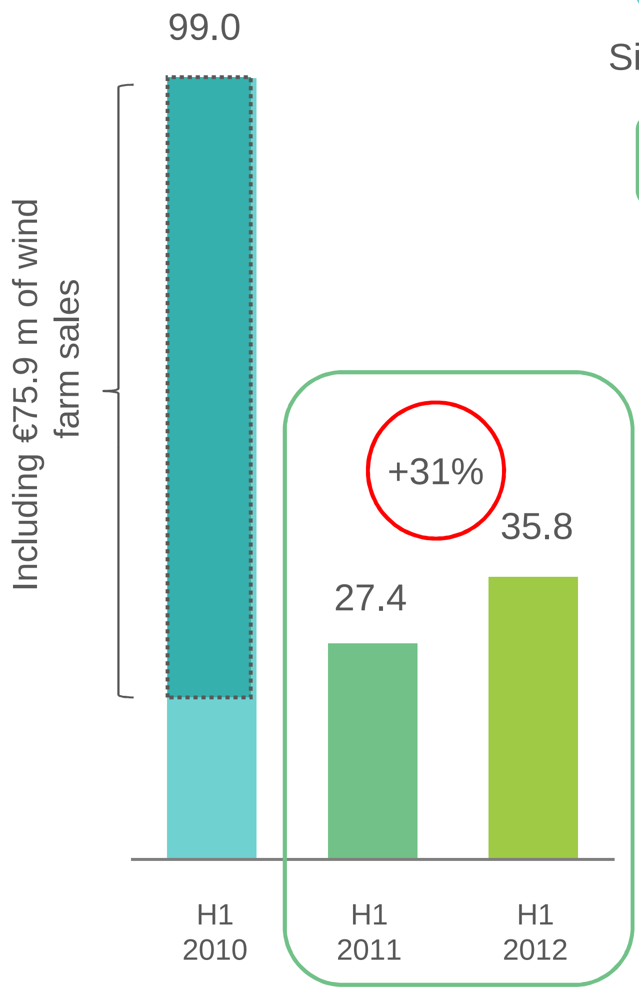
2012 half year results

Consolidated revenue

H1 2010: former business model

Since June 2010: focus on Sales of electricity for own account

H1 2011/H1 2012: comparable operational strategies



(in million euros)

Composition of revenue

(in million euros)	Wind activities			Non-wind activity	Consolidated total
	Sales of electricity for own account	Operation	Development, construction, sale		
H1 2012	**26.3**	**3.4**	**5.3**	**0.7**	**35.8**
H1 2011	**21.8**	**3.0**	**1.7**	**0.9**	**27.4**
Change	**+21%**	**+15%**	**+205%**	**-14%**	**+31%**

- Improvement in production conditions
- Positive scope effect with the commissioning of 18.4 MW during H2 2012
- Sale of 2 operating wind farms in Germany

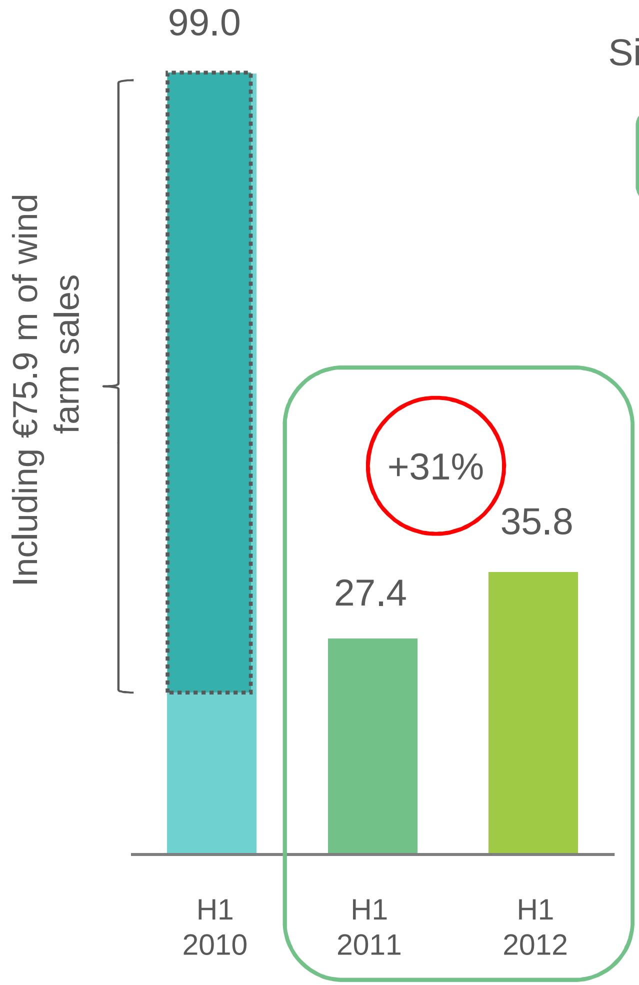
Growth of +21% in the Sales of electricity for own account activity, which represents almost 74% of consolidated revenue

Consolidated revenue and EBITDA

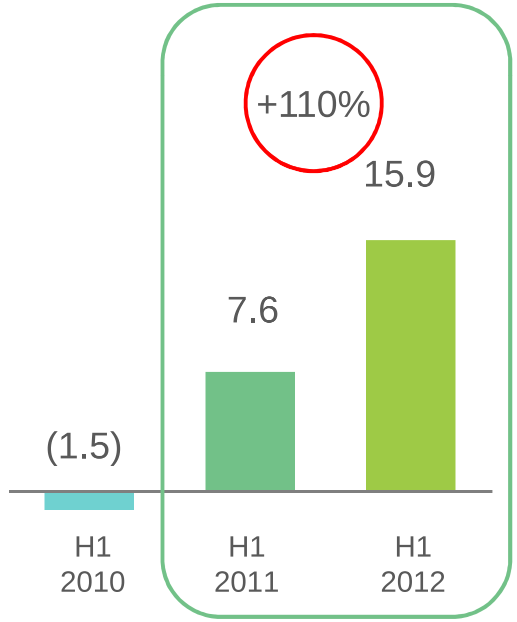
H1 2010: former business model

Since June 2010: focus on Sales of electricity for own account

H1 2011/H1 2012: comparable operational strategies



Consolidated revenue



(in million euros)

Consolidated EBITDA [(1)]

(1) EBITDA = current operating income + allocations to amortization and to non operational risk provisions.

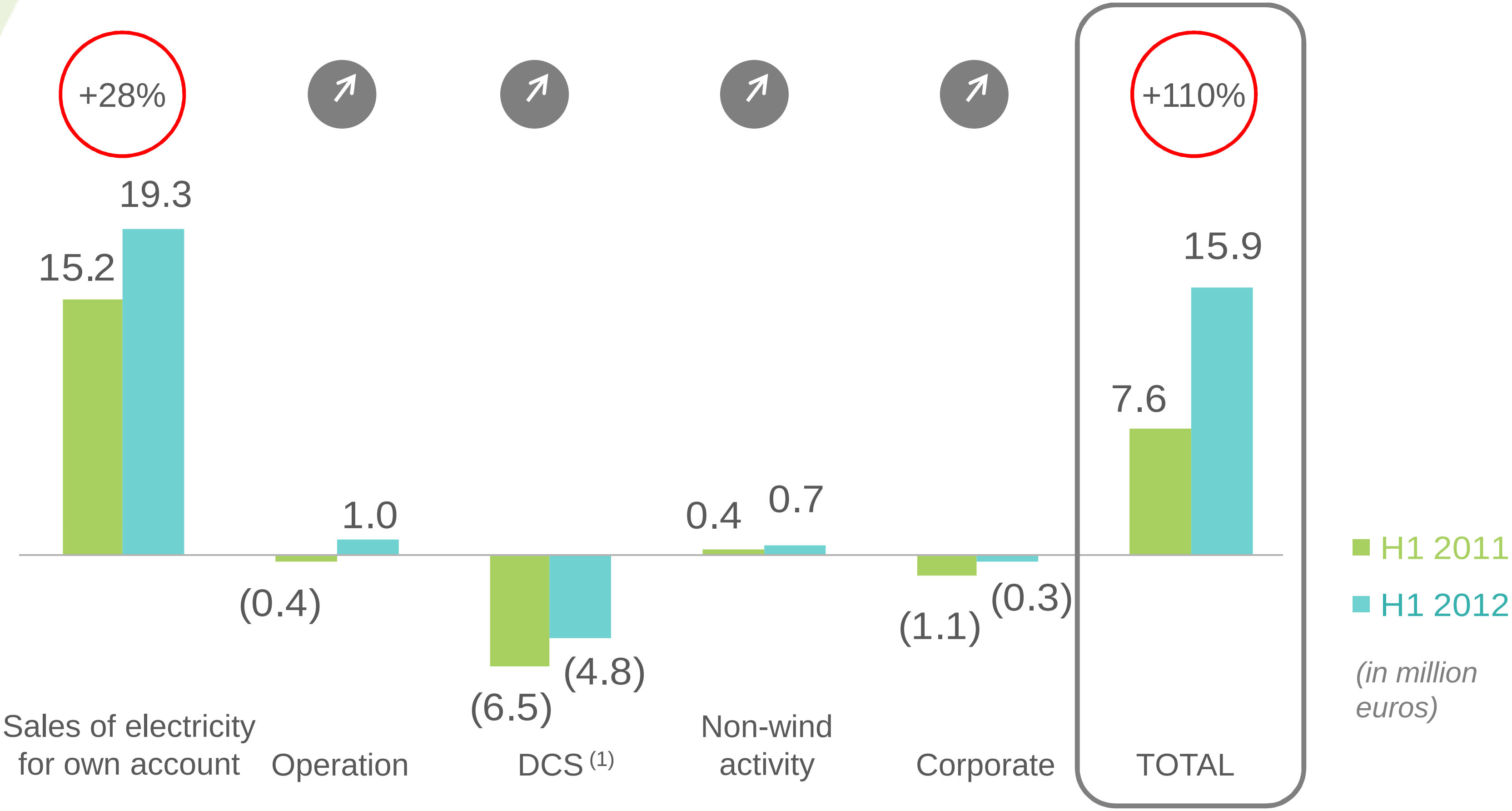
Strong growth in consolidated EBITDA margin

(in million euros)	H1 2010	H1 2011	H1 2012
Revenue	99.0	27.4	35.8
EBITDA	(1.5)	7.6	15.9
EBITDA / Revenue	-1.5%	27.7%	44.4%

Ongoing growth in THEOLIA's activities, while costs were constant

Operational profitability increased significantly

EBITDA breakdown by activity



- Consolidated EBITDA **multiplied by more than 2**
- Growth of the Group at reduced cost

(1) DCS = Development, construction, sale

Improvement in EBITDA margin for the Sales of electricity for own account activity

Sales of electricity for own account activity

(in million euros)	H1 2010	H2 2010	H1 2011	H2 2011	H1 2012
Revenue	18.6	18.9	21.8	25.3	26.3
EBITDA	12.0	12.8	15.2	18.4	19.3
EBITDA/Revenue	64.4%	67.4%	69.5%	72.6%	73.5%

The EBITDA margin for operating wind farms keeps improving every half year

From EBITDA to Operating income

(in million euros)	H1 2012	H1 2011
EBITDA	15.9	7.6
Allocations to amortization	(8.8)	(6.1)
Allocations to non-operational risk provisions	(0.2)	(0.1)
Other non-current income and expenses	(0.5)	(0.4)
Impairment	(0.8)	(0.2)
Operating income	**5.6**	**0.7**

Despite an increase in amortization,
Operating income is up by +655%

Financial income

(in million euros)	H1 2012	H1 2011
Interest expense related to the convertible bond	**(6.5)**	**(2.0)**
Interest expense related to project financing debt held by operating wind farms	**(4.6)**	**(4.5)**
Impact of the debt restructuring of some operating wind farms in France	**(2.0)**	**n/a**
Others	**(1.2)**	**(0.2)**
Financial income	**(14.2)**	**(6.7)**

- Interest expense related to the convertible bond regained its normal levels:
  - 2.2 million euros of accrued interest
  - 4.4 million euros of non-cash interest (IFRS)
  - H1 2011 results integrated an adjustment of the interest expense further to significant bond conversions during the period
- Optimization of the debt structure of the main operating wind farms in France. Partial repayment of principal and hedging instruments associated with some financing

  Impact of IFRS: non-recurring financial expense of 2 million euros

Consolidated income statement

(in million euros)	H1 2012	Of which non-current items	H1 2011	Of which non-current items	Change
Revenue	35.8		27.4		+31%
EBITDA	15.9		7.6		+110%
Current operating income	7.0		1.4		+414%
Operating income	5.6		0.7		+655%
Financial income	(14.2)	(2.0)	(6.7)	+4.1	
Net income from continuing operations	(9.5)		(5.6)		
Income net of tax from discontinued operations	(0.8)		(1.3)		
Net income of the consolidated Group	**(10.3)**		**(6.9)**		
Attributable to the Group	(9.9)		(6.6)		

Balance sheet

(in million euros)	06/30/2012	12/31/2011
Goodwill	**40.6**	**40.6**
Tangible and intangible assets	**367.1**	**376.1**
Inventories	**15.4**	**14.4**
Other assets	**67.1**	**85.6**
Assets classified as held for sale	**11.5**	**12.3**
- Financial debt	**(320.2)**	**(332.1)**
+ Cash and cash equivalents	**75.9**	**87.8**
+ Current financial assets	**5.2**	**0.5**
- Other liabilities	**(66.5)**	**(78.0)**
- Liabilities directly associated with assets classified as held for sale	**(11.5)**	**(12.3)**
NET ASSET SHAREHOLDERS' EQUITY	**184.7**	**195.0**
Of which shareholders' equity – Group share	**187.9**	**197.8**

Financial debt structure

(in million euros)	06/30/2012	12/31/2011
Project financing debt	**(200.1)**	**(214.8)**
Convertible bond	**(105.5)**	**(103.4)**
Other financial liabilities	**(14.6)**	**(13.9)**
of which financial instruments	*(10.8)*	*(10.0)*
TOTAL FINANCIAL DEBT	**(320.2)**	**(332.1)**
Cash and cash equivalents	**75.9**	**87.8**
Current financial assets	**5.2**	**0.5**
TOTAL CASH	**81.2**	**88.3**
NET FINANCIAL DEBT	**(239.1)**	**(243.8)**

-€14.7 m

-€11.9 m

-€7.1 m

Cash position

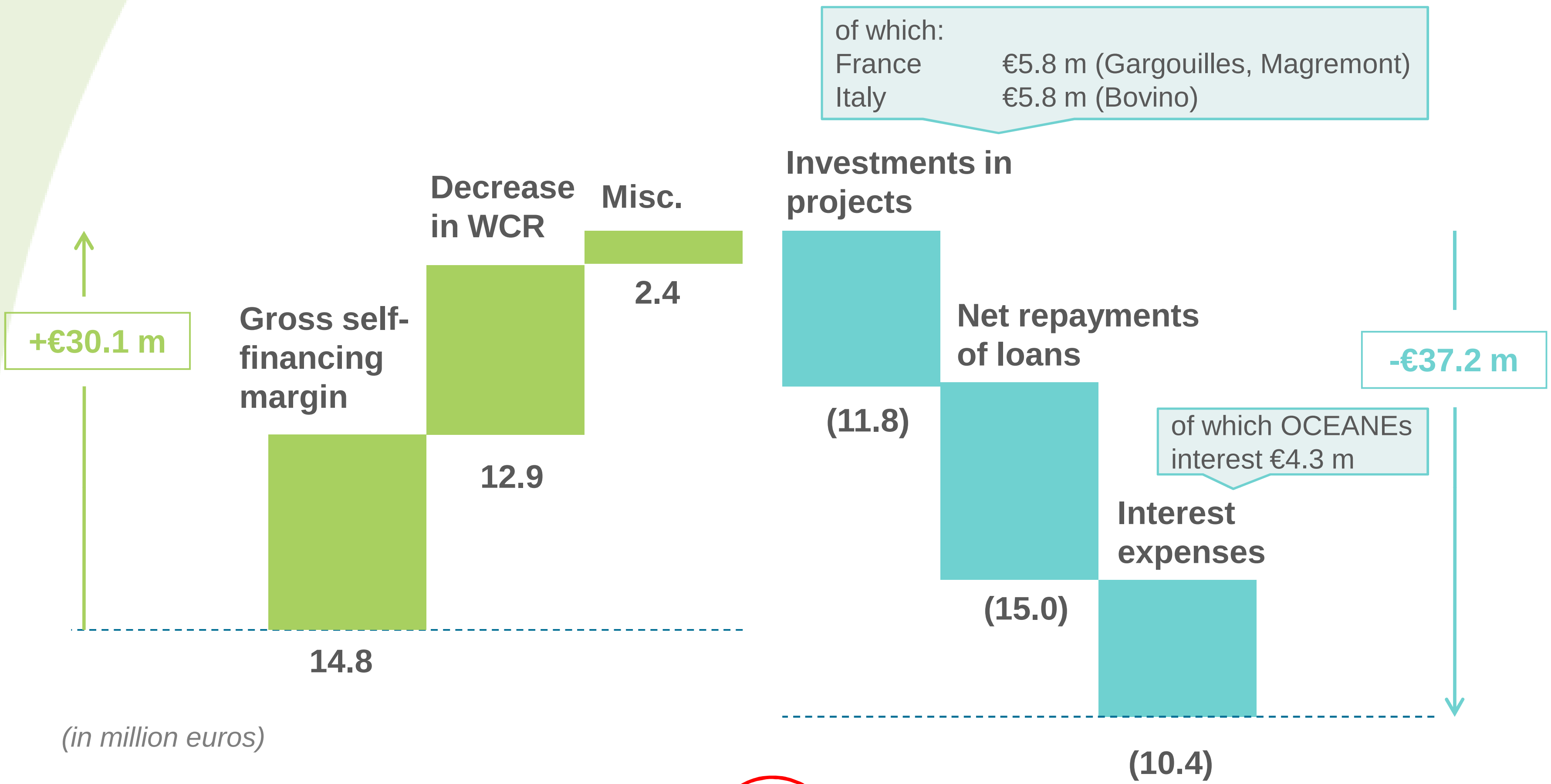
(in million euros)	06/30/2012	12/31/2011
Free cash	**32.4**	**48.1**
Cash reserved for special purpose vehicles (SPVs)	**22.6**	**19.7**
Pledged cash	**20.9**	**20.1**
Total cash and cash equivalents	**75.9**	**87.8**
Cash reclassified as "Current financial assets"	**5.0**	**n/a**
TOTAL CASH	**80.9**	**87.8**

Free cash: Cash that the Group can use at any time

Cash reserved for SPVs: Cash that the SPVs can use freely for their operational expenses but they are not able to upstream to the holdings

Pledged cash: Cash that the SPVs or holdings cannot use freely. Corresponds most often to sums pledged to banks

Cash flow



Total cash as of June 30, 2012 = €80.9 m (including €5 m of current financial assets)

A decrease of €7.1 m during the first half of the year (including continuing investment and early repayment of a portion of the project financing debt

Conclusion

- Growth dynamics confirmed thanks to a business model which creates value
- THEOLIA has become a performing industrial platform
- THEOLIA is ready to take part in the strong expected development of wind energy production

THEOLIA is turning into a green and growth driven stock

Disclaimer

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