theolia

2012 Annual Results

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Agenda

- Strategy and operational review
- 2012 annual results

Parameters impacting the future price of electricity in Europe

- Increase in the price of carbon raw materials
- Increase in the price of nuclear electricity
- Cost of CO_2 emissions
- Investment in renewing current power generation plants and electricity distribution and transport network
- Renewable energy cost price

The underlying trend is a significant increase in the electricity market price

THEOLIA, producer of electricity from wind energy

- Onshore wind technology is highly performing, mature, reliable and available at a competitive price (≠ offshore, biomass, solar)
- Onshore wind energy generation cost is close to the current electricity market price and will be lower in the medium term
- Our core business: Sales of electricity for own account
  - Electricity buy-back contracts over 15 to 20 years at fixed tariffs [protection against market volatility]
  - Good and sustainable profitability [model similar to infrastructures]
  - Steady cash flows [activity without major fluctuations]
  - Project financing debt without risk

In 2012, this secure and profitable activity represented 73% of the Group's revenue with a 72% EBITDA margin

A flexible and balanced business model

- 3 business segments over 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 revenue • Operational expertise

- 4 operating countries (to date) – complementary wind resources

Germany	France	Morocco	Italy
20 years	15 years	20 years	15/20 years

THEOLIA Utilities Investment Company

First step in the co-investment strategy

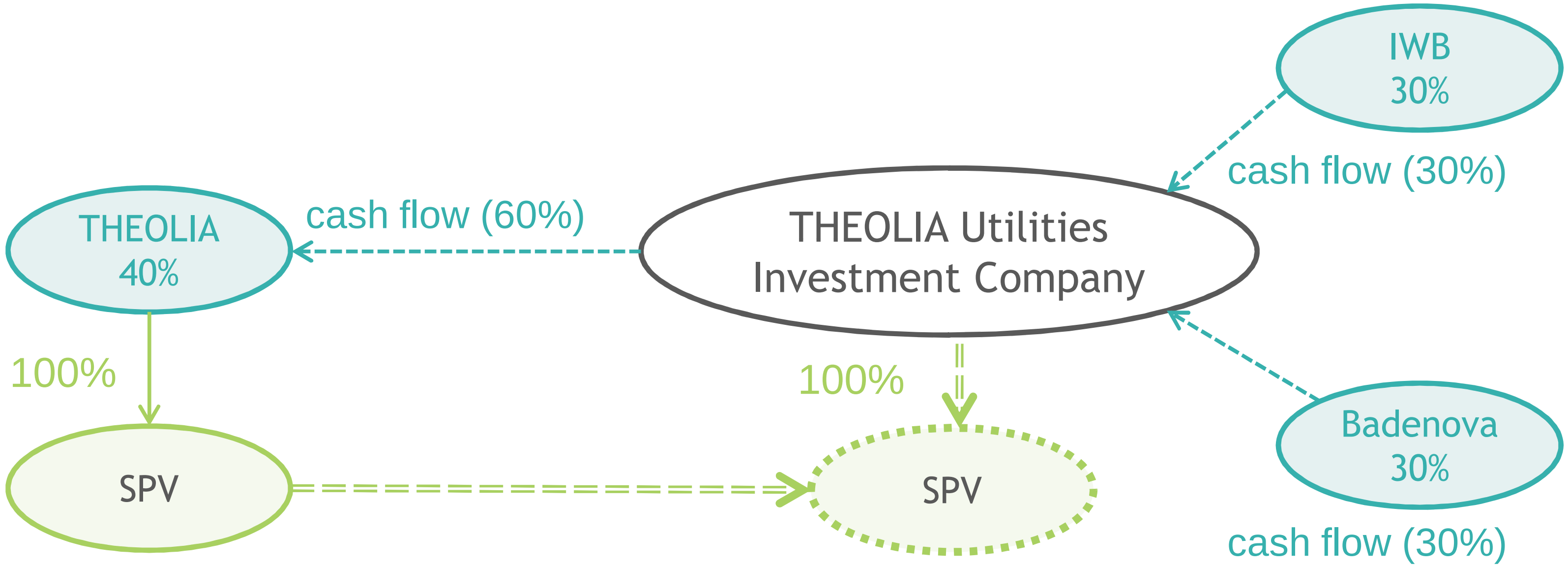
- Joint vehicle, of which THEOLIA holds a 40% interest
- 2 major European partners: IWB (30%) and Badenova (30%)
- Investments in onshore wind projects in Europe
- Preferred channel for the Group's sales of wind projects and farms

Already 33 MW in operation in France

Target to reach 150 to 200 MW in the following years

Modus operandi of the investment vehicle

In case of a wind project sale by THEOLIA to THEOLIA Utilities Investment Company



A co-investment strategy in order to…

- Balance the Group's cash and debt
    - Disposals only according to cash needs
    - Debt reduction in case of wind farm disposal
- Accelerate the commissioning pace
    - Joint financing of project equity
    - Minimum allocation of equity for THEOLIA
- Generate additional revenue and margins
    - Construction fees, then operation fees from TUIC
    - Fees for the management of the vehicle
- Finance growth at a reduced cost
    - Reinvesting margins from disposals in projects of the pipeline
- Anticipate the future
    - Possibility to sell the electricity produced directly to IWB and Badenova, after the end of feed-in tariff contracts

Strategy fitted to THEOLIA 's situation – Balanced business model

An optimized industrial organization

- Structured 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
- Continuous arbitration in order to allocate resources to projects with the highest profitability

Recent operational achievements (1/2)

- Commissioning of two wind farms
  - + 10 MW — Bovino (10 MW in Italy) commissioned in late December 2012
  - + 6 net MW — Magremont (15 MW in France) commissioned on behalf of TUIC in November 2012

- Progress in the Moroccan project
  - Very favorable wind conditions, but selective for the choice of turbines (Class I)
  - April 2012: launch of the call for tenders to choose the wind turbine supplier and the EPC contractor for the first 100 MW phase
  - November 2012: registration of 5 offers (Siemens, Alstom, Gamesa, Acciona, Vestas)
  - Next step: selection of the preferred bidder

Recent operational achievements (2/2)

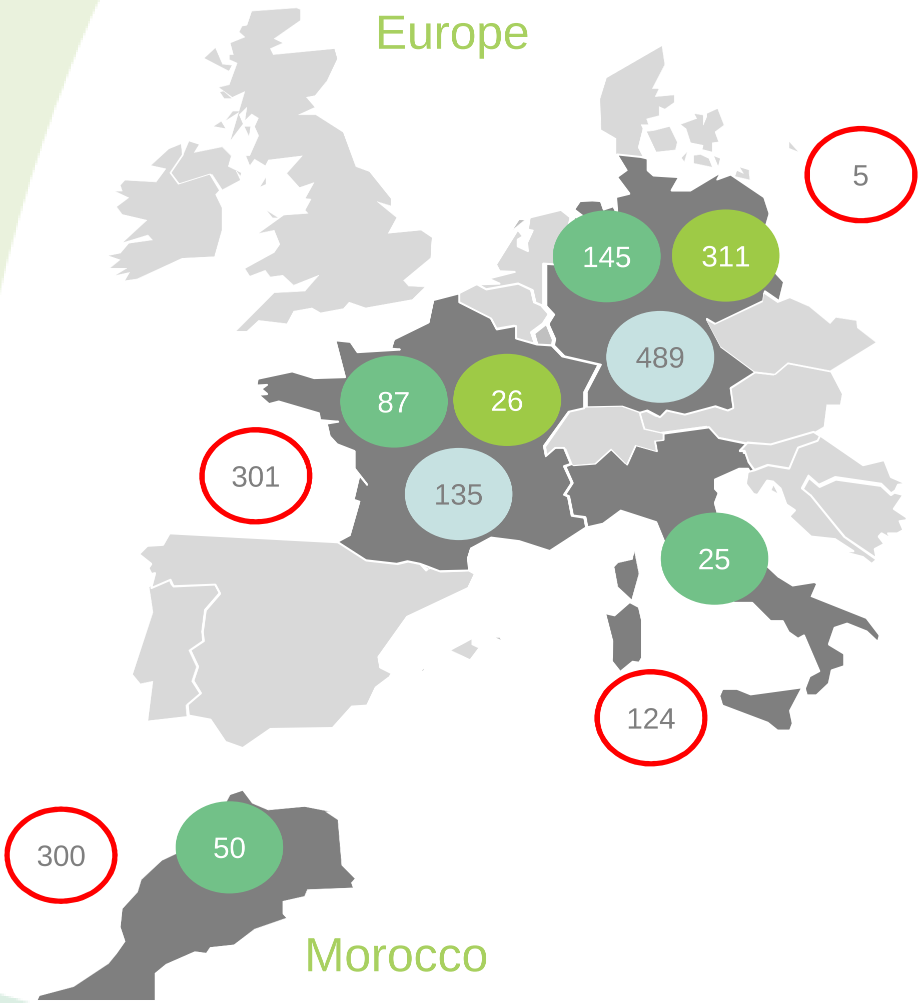
- Acquisition of the control of Breeze Two Energy
  - Significant asset management company in wind farms
  - 337 MW in operation (311 MW in Germany and 26 MW in France) commissioned between 2006 and 2008
  - Electricity buy-back contracts over 20 years in Germany and 15 years in France
  - 47 million euro revenue in 2011 (strictly Sales of electricity)

+ 337 MW

Installed capacity for own account is doubled

Significant operational synergies are expected

A significant installed capacity



At March 31, 2013

- Installed capacity for own account: 307 MW
- Installed capacity of Breeze Two Energy: 337 MW
- Installed capacity for third parties: 625 MW

644 MW

- Projects in the pipeline: 730 MW

A significant wind project portfolio

At March 31, 2013	Development	Permits applied	Permits obtained	Under construction
France	151	129	21	-
Italy	-	86	38	-
Germany	-	4	1	-
Morocco	200	-	100	-
Projects' total	351	219	160	-

730 MW

Net capacities. Excluding projects under prospection (initial phase) and projects currently in litigation.

Conclusion

Strengths:

- A significant and optimized asset base at December 31, 2012 (307 MW for own account benefiting from a 72% EBITDA margin)
- A secure activity over the long term (15 to 20 years)
- A rationalized organization, designed to ensure growth at contained costs (cross-management)
- A growth leverage: the investment vehicle (co-investment, better financing conditions)
- Development of a 300 MW project in Morocco

Operational outlook:

- Continuous organic growth (transforming the project portfolio)
- Integration and optimization of Breeze Two Energy

2012 annual results

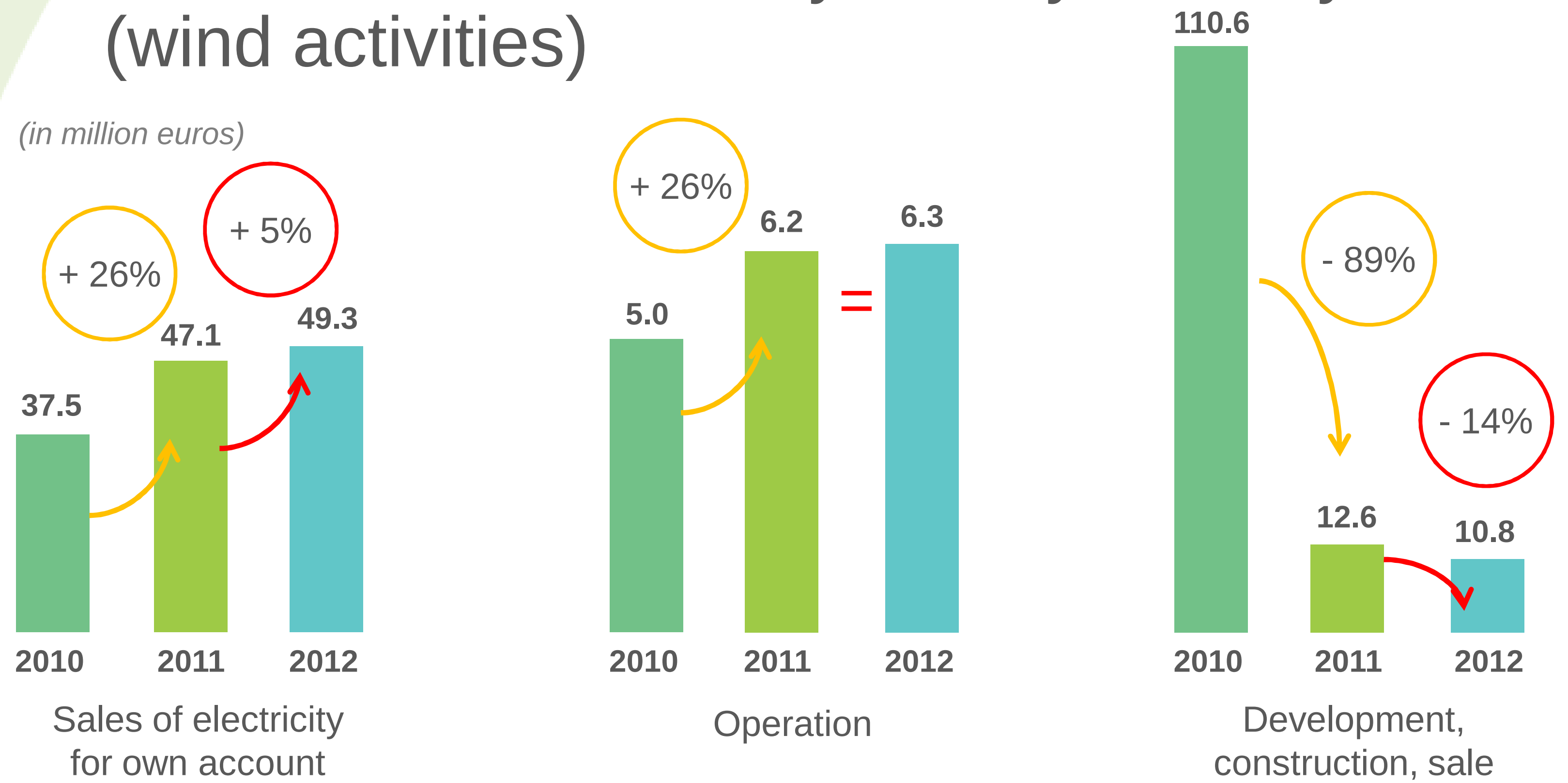
Revenue by activity

(in million euros)	Wind activities			Non-wind activity	Consolidated total
	Sales of electricity for own account	Operation	Development, construction, sale		
2012	49.3	6.3	10.8	1.4	67.7
2011	47.1	6.2	12.6	1.6	67.5
Change	+ 5%	-	- 14%	- 12%	-

- Similar revenue in 2011 and 2012
- The decrease in asset disposals (registered as revenue) is offset by the growth of the Sales of electricity for own account activity

5 % growth of the Sales of electricity for own account activity representing almost 73% of the consolidated revenue

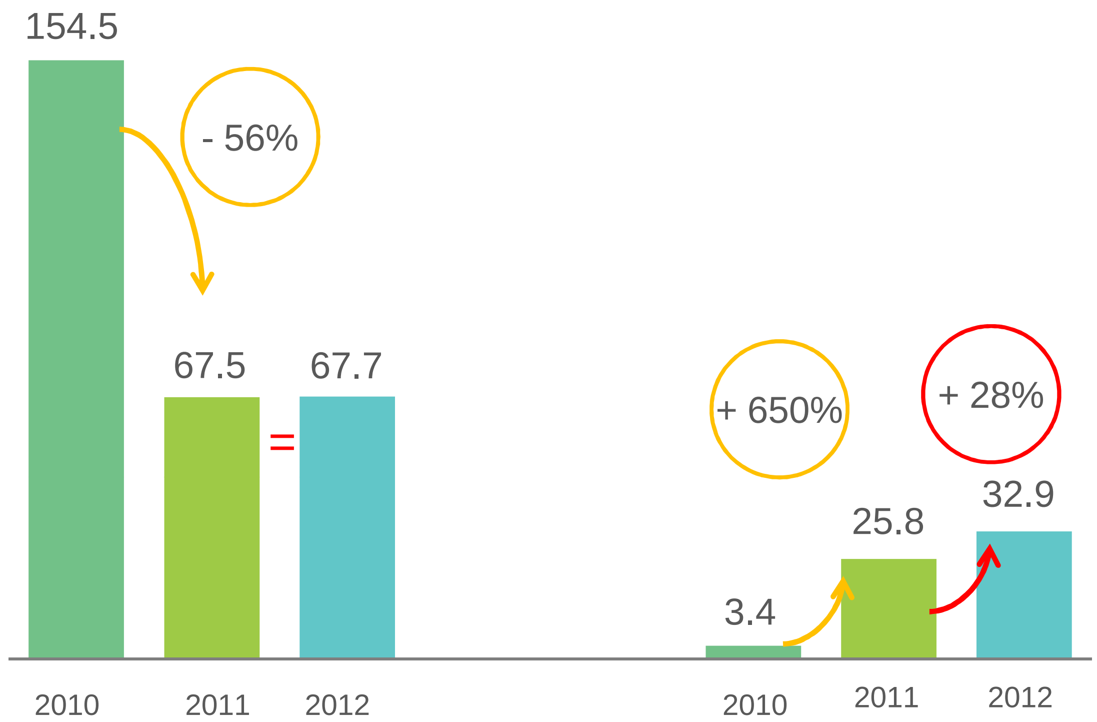
Evolution of revenue by activity over 3 years (wind activities)



Highlighting the strategy:

- **Focus on the Sales of electricity for own account activity (secure activity with the highest profitability)**
- **Stabilization of the Operation activity**
- **Reduction in the pace of disposals: asset disposals according to cash needs + TUIC is given priority on the sales (not registered as revenue)**

Another strong increase in EBITDA



(in million euros)

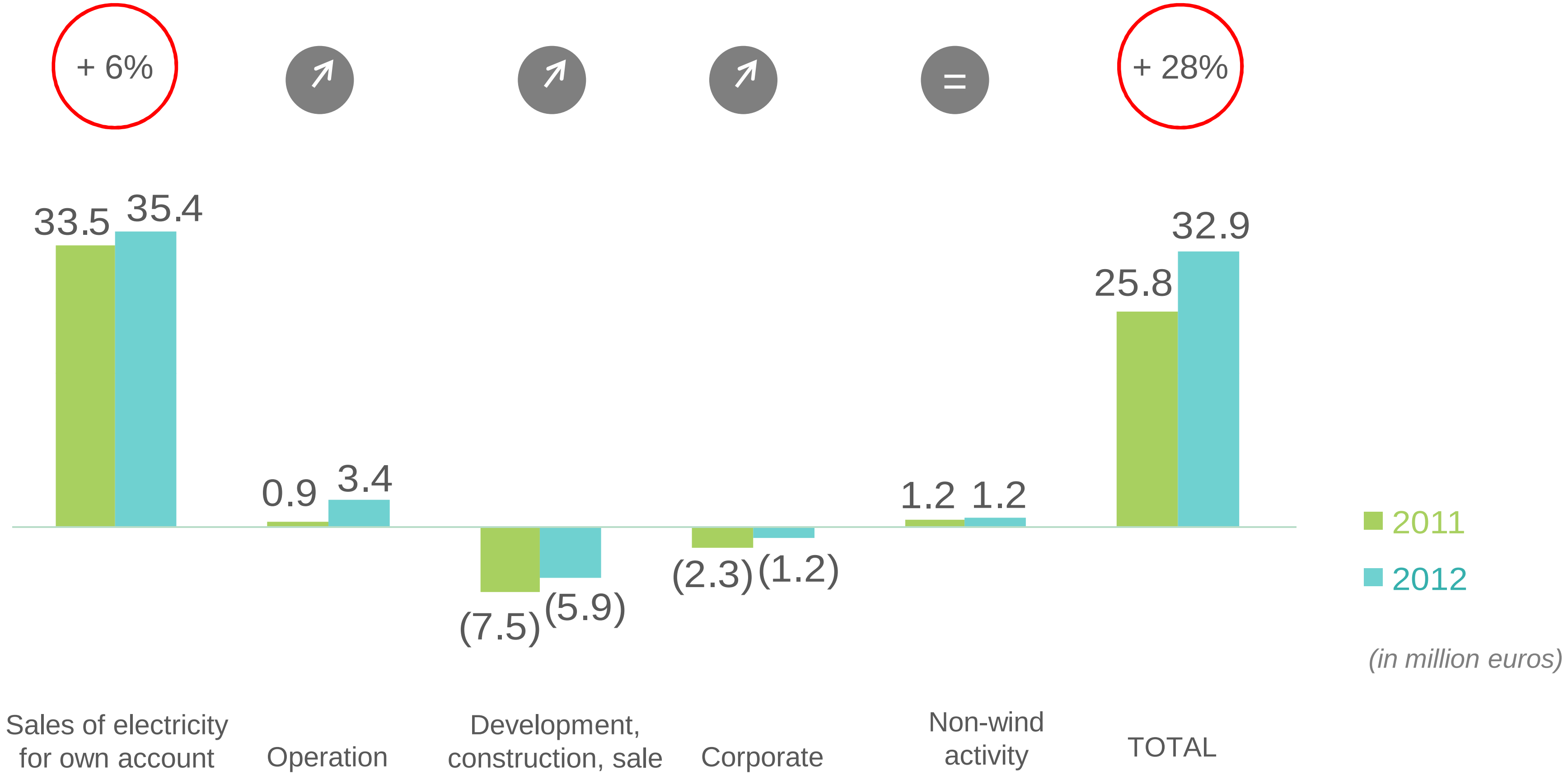
Consolidated revenue

Consolidated EBITDA [1]

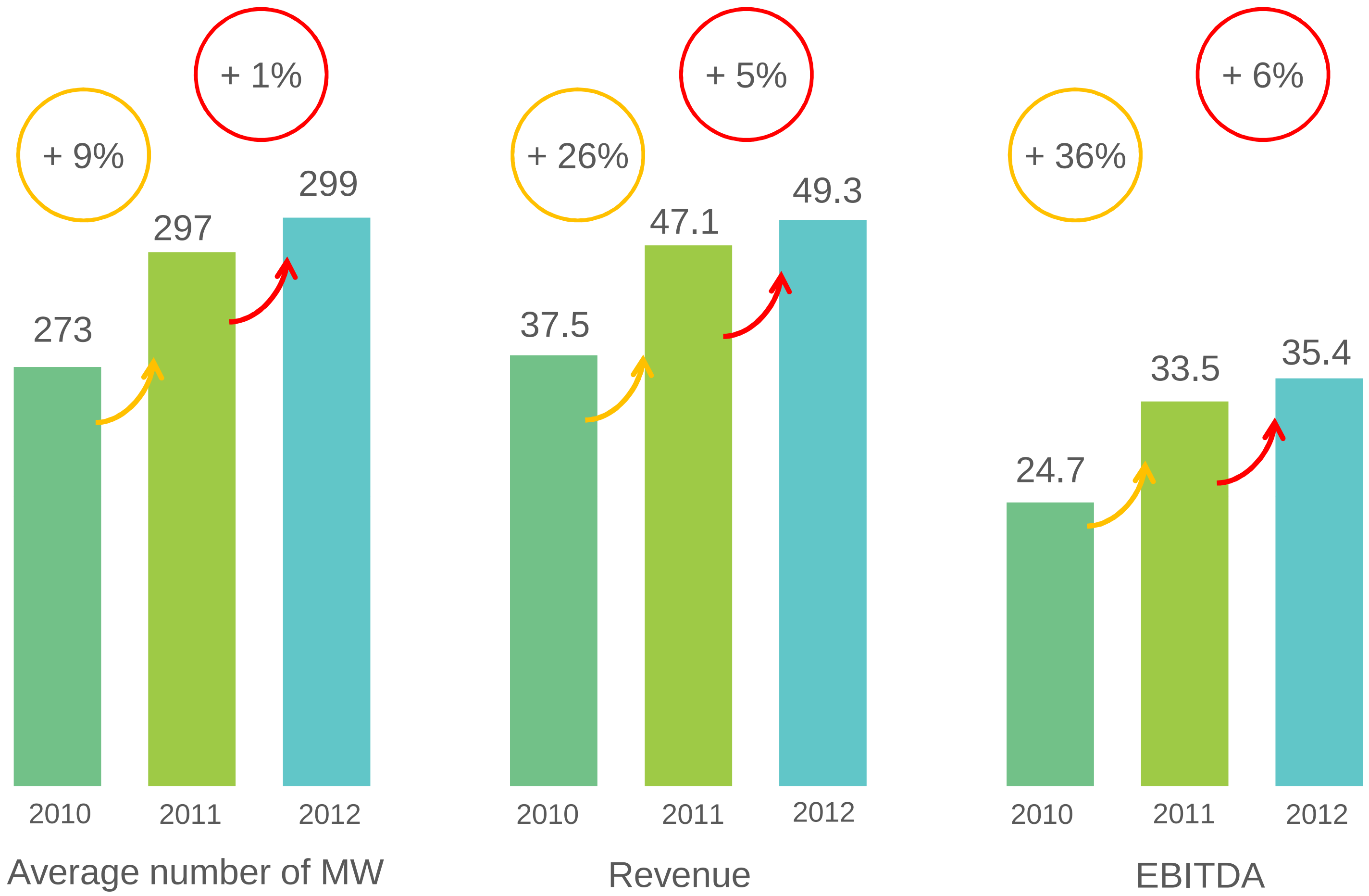
EBITDA / revenue	**2%**	**38%**	**49%**

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

EBITDA breakdown by activity



Sales of electricity for own account activity



EBITDA / revenue	**66%**	**71%**	**72%**

From EBITDA to Operating income

(in million euros)	2012	2011
EBITDA	32.9	25.8
Allocations to amortization	(16.0)	(13.5)
Allocations to non-operational risk provisions	1.9	(1.8)
Current operating income	18.8	10.4
Share in income of associates	3.6	(0.2)
Impairment	(23.3)	(28.3)
Other	0.4	(0.1)
Operating income	(0.5)	(18.2)

Strong improvement in operational performance

(in million euros)	2012	2011	Change
Revenue	67.7	67.5	+ 0.4%
EBITDA	32.9	25.8	+ 27.6%
Current operating income	18.8	10.4	+ 80.7%
Operating income	(0.5)	(18.2)	n/a

Financial income

(in million euros)	2012	2011
Current financial income	**(22.2)**	**(18.0)**
Interest cost related to the convertible bond	**(12.5)**	**(8.0)**
Net interest cost related to project financing debt held by operating wind farms	**(8.7)**	**(9.1)**
Other	**(1.0)**	**(0.9)**
Non-current financial income	**(9.8)**	**-**
Financial asset depreciation, of which:	**(7.8)**	**n/a**
Depreciation of Ecolutions shares	*(4.8)*	*n/a*
Depreciation of the shares of the SPV holding a project of which the building permit has been cancelled	*(1.3)*	*n/a*
Depreciation of the intercompany accounts with the SPV holding an Italian project that has been abandoned	*(1.7)*	*n/a*
Impact of debt restructuring of some operating wind farms in France	**(2.0)**	**n/a**
Financial income	**(32.0)**	**(18.0)**

- The 2012 interest cost related to the bond includes €4.3 m of accrued interest + €8.5 m of IFRS non-cash cost
- The 2011 interest cost related to the bond included an interest reversal of €4.2 m pursuant to bond conversions

Consolidated income statement

(in million euros)	2012	Of which main non-recurring items
Revenue	67.7	
EBITDA	32.9	2.6
Current operating income	18.8	1.4
Operating income	(0.5)	(23.3) 3.6
Financial income	(32.0)	(2.0) (7.8)
Net income of the consolidated Group	(34.2)	(25.5)
Net income excluding main non-recurring items	(8.8)	
Of which additional IFRS non-cash interest on the convertible bond	(8.5)	

Balance sheet

(in million euros)	2012/12/31	2011/12/31
Goodwill	39.5	40.6
Tangible and intangible assets	336.9	376.1
Inventories	14.9	14.4
Other assets	73.0	97.9
- Financial debt	(298.4)	(332.1)
+ Cash, cash equivalents and current financial assets	73.7	88.3
- Other liabilities	(74.1)	(90.3)
NET ASSET SHAREHOLDERS' EQUITY	**165.5**	**195.0**

Financial debt structure

(in million euros)	2012/12/31	2011/12/31
Project financing debt	**(172.6)**	**(214.8)**
Convertible bond	**(109.4)**	**(103.4)**
Other financial debt, of which:	**(16.4)**	**(13.9)**
Derivative financial instruments (swap)	*(11.2)*	*(10.0)*
Other	*(5.3)*	*(3.8)*
TOTAL FINANCIAL DEBT	**(298.5)**	**(332.1)**
Cash and cash equivalents	**69.2**	**87.8**
Current financial assets	**4.6**	**0.5**
TOTAL CASH	**73.7**	**88.3**
NET FINANCIAL DEBT	**(224.7)**	**(243.8)**

- €33.6 m

- €14.6 m

Cash position

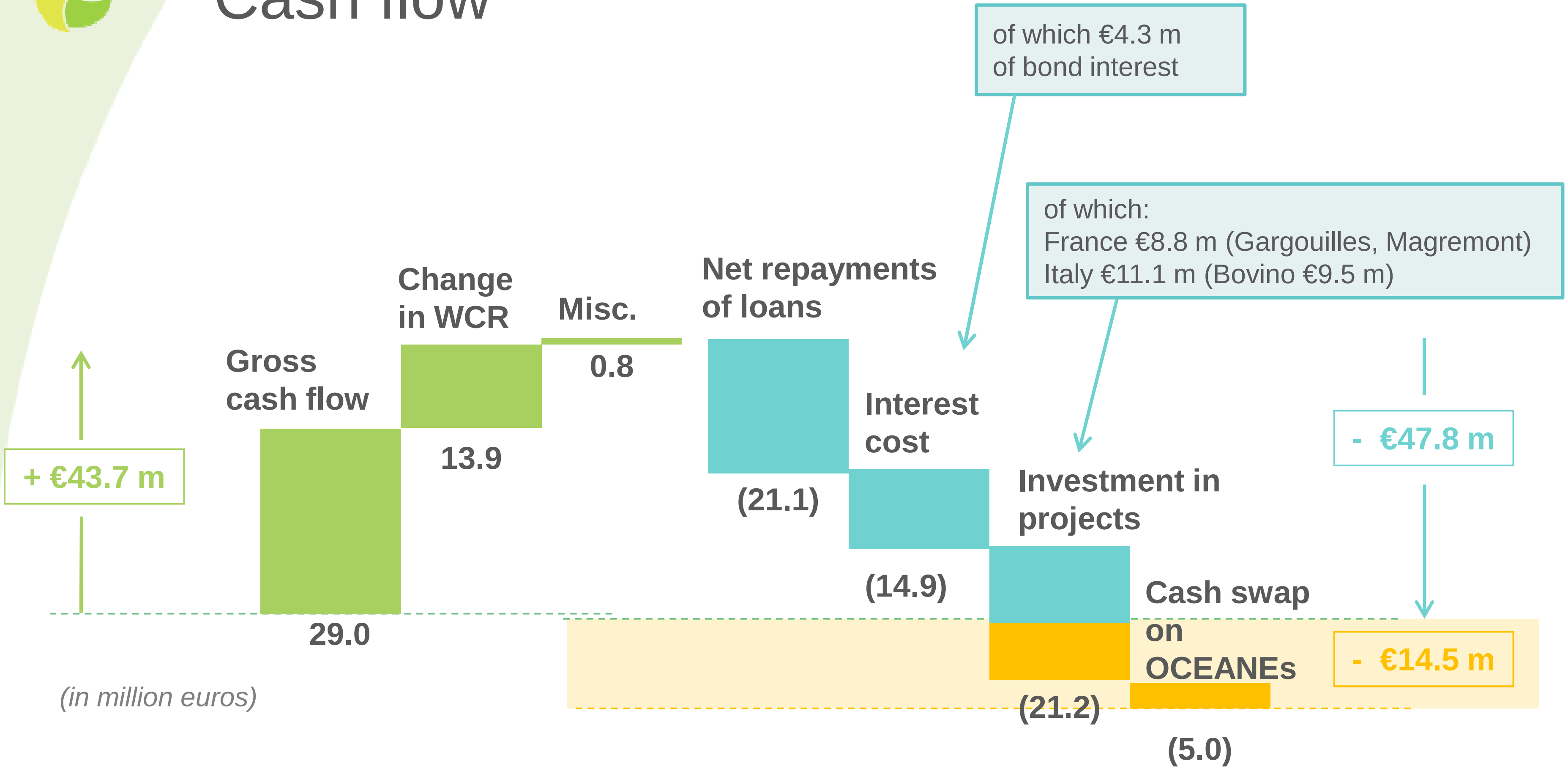
(in million euros)	2012/12/31	2011/12/31
Free cash	**28.0**	**48.1**
Cash reserved for special purpose vehicles (SPVs)	**21.5**	**19.7**
Pledged cash	**19.7**	**20.1**
Total cash and cash equivalents	**69.2**	**87.8**
Current financial assets	**4.6**	**0.5**
TOTAL CASH	**73.7**	**88.3**

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 which they are not able to upstream to the holdings

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

Cash flow



December 31, 2011: + €87.8 m December 31, 2012: + €69.2 m

€18.6 m decrease over the year including:

- A €5 m disbursement to guarantee the cash swap on OCEANEs
- Bovino (10 MW) financing through equity

Conclusion

Coming from a situation close to bankruptcy during the first half of 2010, THEOLIA was able to implement a business model which creates value:

- The Group reviewed its organization, internal processes and strategy
- The Group was able to innovate (TUIC, cash swap contract, get control of Breeze Two Energy)
- The Group is able to develop significantly (Morocco)

=> THEOLIA introduced a differentiated approach on the market and found solutions to its situation as an independent player

Avertissement

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