



2014 half-year results

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August 26, 2014

Energy for the environment

Agenda

- Strategic review
- 2014 half-year results
- Conclusion and outlook



Solution to the OCEANE debt early repayment deadline (January 1, 2015)

- Signature of an agreement with our main bondholder on a restructuring plan for the OCEANES
- Project of completion of a €60 m capital increase with the issue of shares with warrants attached with preferential subscription right, fully guaranteed by this bondholder and by the Concert for its share
- Amendment of the terms of the OCEANES enabling to give THEOLIA back flexibility for the next 5 years

**€126 m
to repay
(€15.29 per OCEANE)
On January 1, 2015**

**€60 m capital increase enabling a
reduction of the par value
by €7.27 per OCEANE**

**OCEANE terms amended
(coupon, conversion price and
repayment characteristics)**



Plan to restructure the OCEANEs, which received the support of the main bondholder and the Concert

- Commitment of the Concert to vote in favor of the restructuring plan during the extraordinary general meeting of shareholders and to participate in the issue of shares with warrants attached in the amount of their share representing a total investment of €10 m
- Commitment of Boussard & Gavaudan, representing 33.35% of the outstanding OCEANEs, to vote in favor of the proposed amendments of the terms
- THEOLIA is willing to gather the support of other bondholders on the restructuring plan before the general meeting of bondholders



Presentation of the proposed restructuring

Further to the general meeting of bondholders, the general meeting of shareholders and the completion of the capital increase, THEOLIA will repay a part of its OCEANEs 2007 through a reduction of the par value and the terms of the Issuance Contract will be amended to take into account, among others, the new exchange ratio, the new coupon and the new repayment characteristics

Instrument	OCEANE 2007	OCEANE 2007 amended	+ Repayment of the par value in the amount of €59.8 m
Value per bond (€)	€19.03	€11.76	+ €7.266 + accrued interests
Profile of the Investor Put	€126 m, i.e. €15.29 per bond as at January 1, 2015	€66 m, i.e. €8.023 per bond per installment between January 1, 2017 and January 1, 2019 and put as at January 1, 2020	+ Not relevant



Key terms

Capital increase

- Amount: €60 m
- Shares with warrants attached: 1 warrant attached to each share issued
- Issue price: 30% discount under TERP, with a minimum price of €0.50 (whatever the reference stock price may be, and therefore the TERP)
- Maximum number of securities issued (based on the minimum price): 119.5 millions

Amended terms of the OCEANES

- Number of OCEANES: 8,225,770 (unchanged)
- Change in the OCEANE profile

Date	Par value (€)	Conversion ratio	Coupon	
Until 2016/12/31	11.764	9.222	3.922%	€1.702 amortization on 2017/01/01
From 2017/01/01 to 2017/12/31	10.062	7.266	3.613%	€2.431 amortization on 2018/01/01
From 2018/01/01 to 2018/12/31	7.630	4.472	2.932%	€1.945 amortization on 2019/01/01
From 2019/01/01 to 2019/12/31	5.685	2.236	1.967%	Investor put at €1.945 on 2020/01/01
As from 2020/01/01	5.685		0.100%	

- Interdiction to pay dividends during the first 3 years, beyond in the limit of a payout inferior to 50%

Stock warrant terms

- Exchange ratio: 3 stock warrants per 1 share
- Exercise price per 1 share: 120% of the issue price of the share with warrants attached
- Maturity: 18 months
- Stock warrants will be detachable from the shares with warrants attached and immediately admitted to trading after the issue



Indicative schedule

August 26, 2014	Announcement of the signature of a restructuring plan with some holders of OCEANEs 2007
Mid-September	<ul style="list-style-type: none">■ Convening of the general meeting of bondholders■ Convening of the extraordinary general meeting of shareholders
Early October	General meeting of holders of OCEANEs 2007
Early November	Extraordinary general meeting of shareholders
Mid-November	Period of subscription to the capital increase
Late November	Repayment of the par value and effective amendment of the terms of the OCEANEs 2007



A relevant strategy, based on 3 axes, to be carried on over the long term

1

STRENGTH: Sales of electricity for own account activity



1

Sales of electricity for own account activity

- A performing, mature and reliable onshore wind technology
- Downward trend of costs [\neq upward trend for the other energies]
- 15- to 20-year electricity buy-back contracts [protection against market volatility – risk reduction]
- Guaranteed feed-in tariffs
- Strong profitability over the long term [model comparable to infrastructures]
- Regular cash flows [recurring activity without major changes]
- Risk-free project financing [repayments guaranteed by the wind farm cash flows]

Secure and profitable activity
= 93% of the consolidated revenue for H1 2014



A relevant strategy, based on 3 axes, to be carried on over the long term

1

STRENGTH: Sales of electricity for own account activity

2

FLEXIBILITY: co-investment



2

Co-investing to make the business model more flexible

- Creation of an investment vehicle in 2011 with two players of the energy sector in Europe
- Already 2 wind farms in operation (33.4 MW)
- 1 wind farm under construction (21 MW – commissioning in 2015)
- Reduction of the equity allocated to projects
- Pursuing the development [reallocation of the margins to investments]
- Additional services [additional revenue and margins]

**Co-investment and disposals on occasion on the market
in order to stabilize the cash position**



A relevant strategy, based on 3 axes, to be carried on over the long term

1

STRENGTH: Sales of electricity for own account activity

2

FLEXIBILITY: co-investment

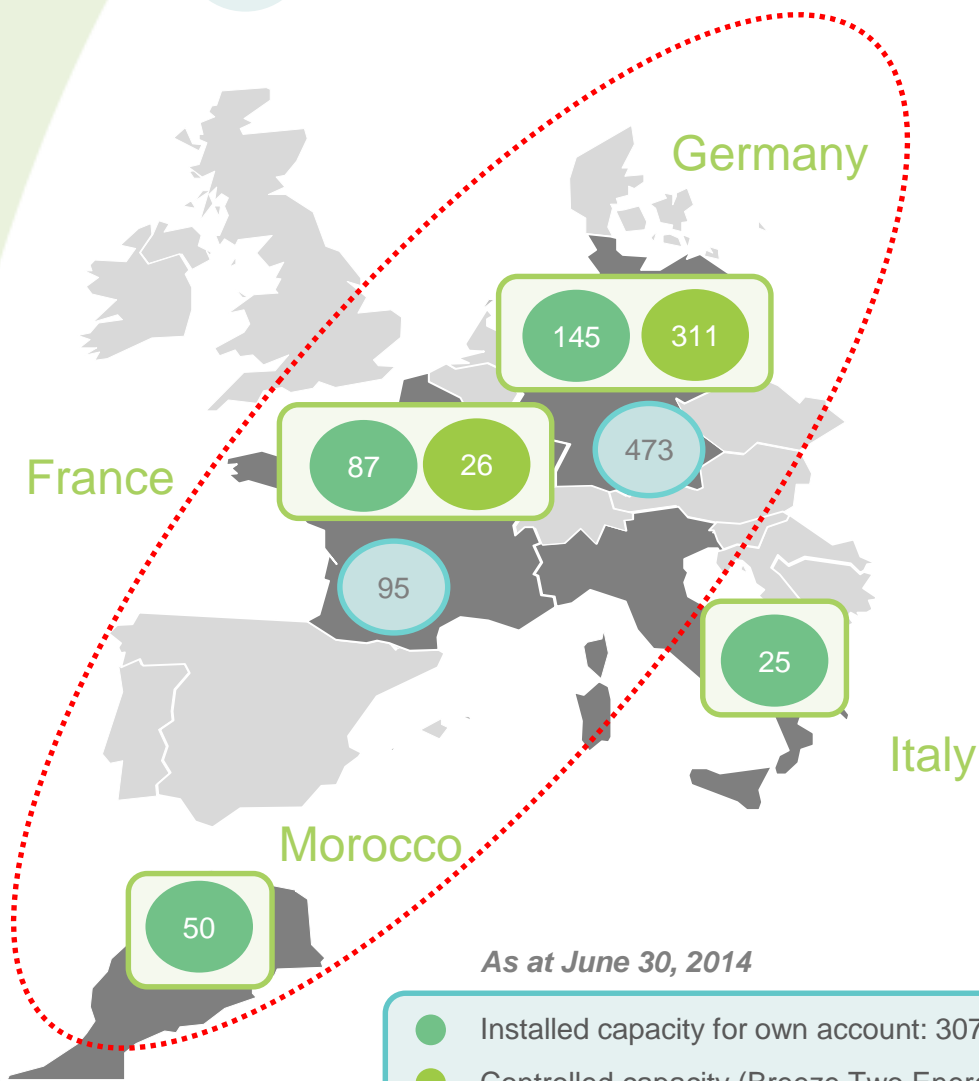
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DEVELOPMENT



3

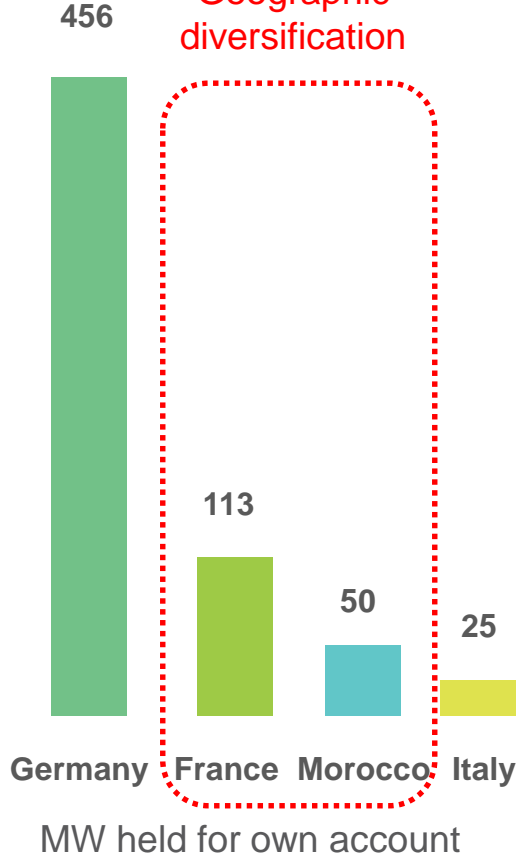
A strong asset base



- Installed capacity for own account: 307 MW
- Controlled capacity (Breeze Two Energy): 337 MW
- Installed capacity for third parties: 568 MW

644 MW

Main area for future development - Geographic diversification





3

A significant pipeline of projects

<i>As at July 31, 2014</i>	Development	Permits applied	Permits obtained	Under construction
France	110	66	64	21
Italy	-	-	38	-
Germany	-	-	4	-
Morocco	200	-	100	-
Total projects	310	66	206	21

227 MW which already obtained all authorizations



A relevant strategy, based on 3 axes, to be carried on over the long term

Integrated industrial Group

1

STRENGTH: Sales of electricity for own account activity

2

FLEXIBILITY: co-investment

3

DEVELOPMENT



A performing industrial platform

- Former financial holding transformed into an industrial platform
- Expertise over the entire value chain of the wind sector
- Cross-managing organization and pooling of expertise [integrated group]
- Industrial synergies between the countries where the Group is present [common policies and teams]
- Structural capacity to reduce costs [profitability improvement]

A structured organization to support future development



Conclusion

In a difficult financial context, the Group managed, in 4 years, to:

- Keep as many assets as possible [multi-country platform]
- Develop [organic growth – external growth]
- Prepare the ground for its future development [France – Morocco pipeline of projects]
- Define a strategy adapted to an independent player [from project promotion to clean energy production]
- Implement a flexible and balanced business model
- Reach a strong operating profitability
- Rationalize its organization

The Company has been able to transform. A solution to the early repayment of convertible bonds will enable to continue improving



➤ 2014 half-year results



Foreword

As from January 1, 2014, in compliance with the new IFRSs 10 and 11:

- Wind farms held by THEOLIA Utilities Investment Company are accounted using the global integration method
- THEOLIA Utilities Investment Company is accounted using the equity method
- Aerochetto (SPV for the Giunchetto wind farm) is accounted using the equity method

The 2013 comparative data were restated accordingly.

When necessary, the 2012, 2011 and 2010 data were also restated.

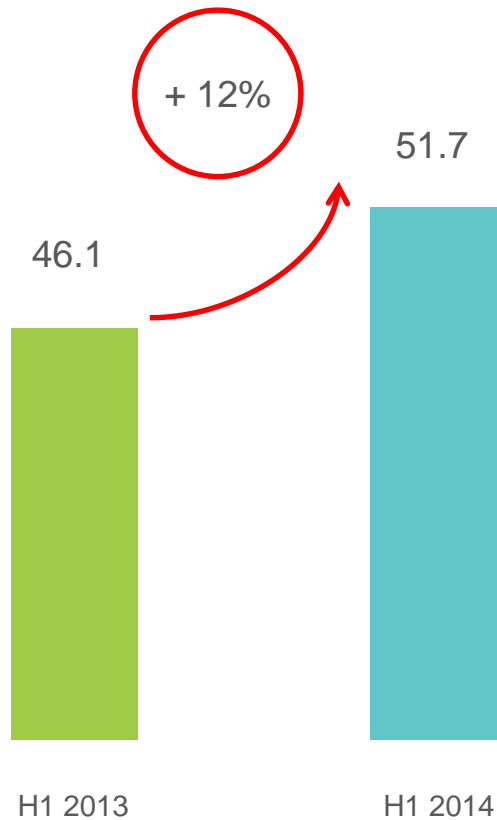


Events of the half year

- Progress of the Haute Borne project (21 MW in France)
 - Q1 2014: beginning of the works
 - April 2014: signature of the bank financing
 - Q2 2014: first draw-down on the financing
 - June 2014: sale to THEOLIA Utilities Investment Company
 - Commissioning planned for H2 2015
- Giunchetto was released of escrow
- Two disposals related to non-wind activities
 - Seres Environnement (IFRS 5)
 - Solar park (“Non-wind activity”)



Consolidated revenue



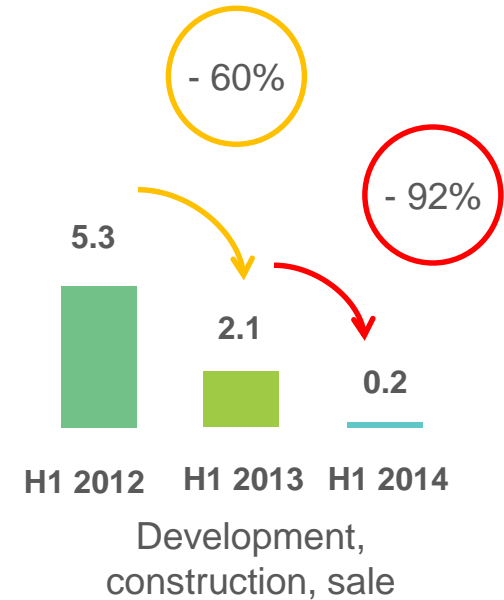
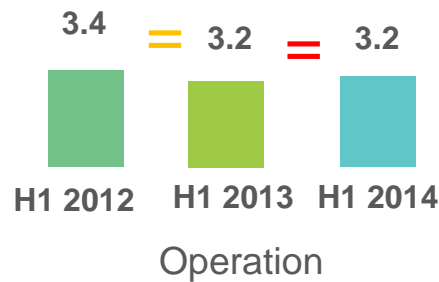
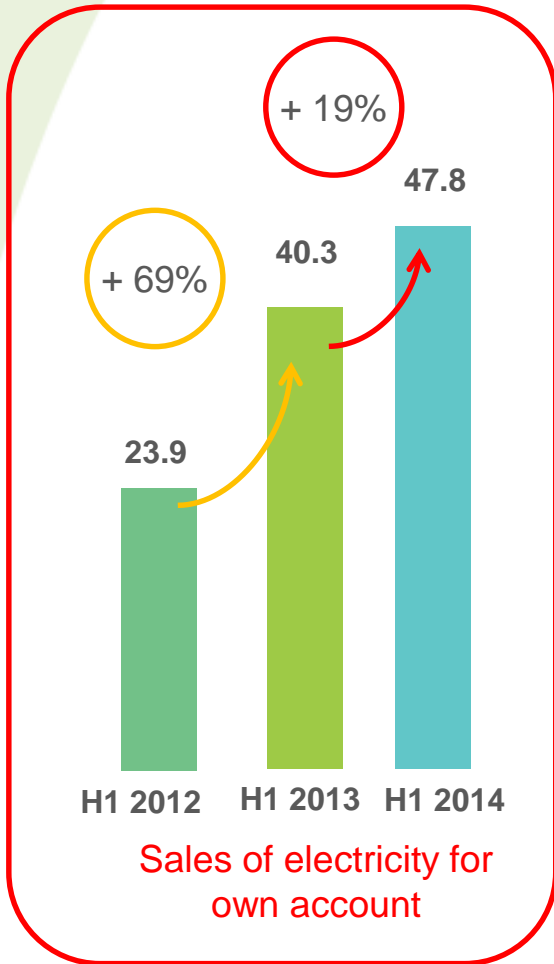
(in million euros)

- Favorable wind conditions in Q1 2014
- Positive scope effect:
Consolidation of Breeze Two Energy over 6 months in 2014, compared to 5 months in 2013
- Absence of sale of farms and projects to third parties



Revenue by activity (wind activities)

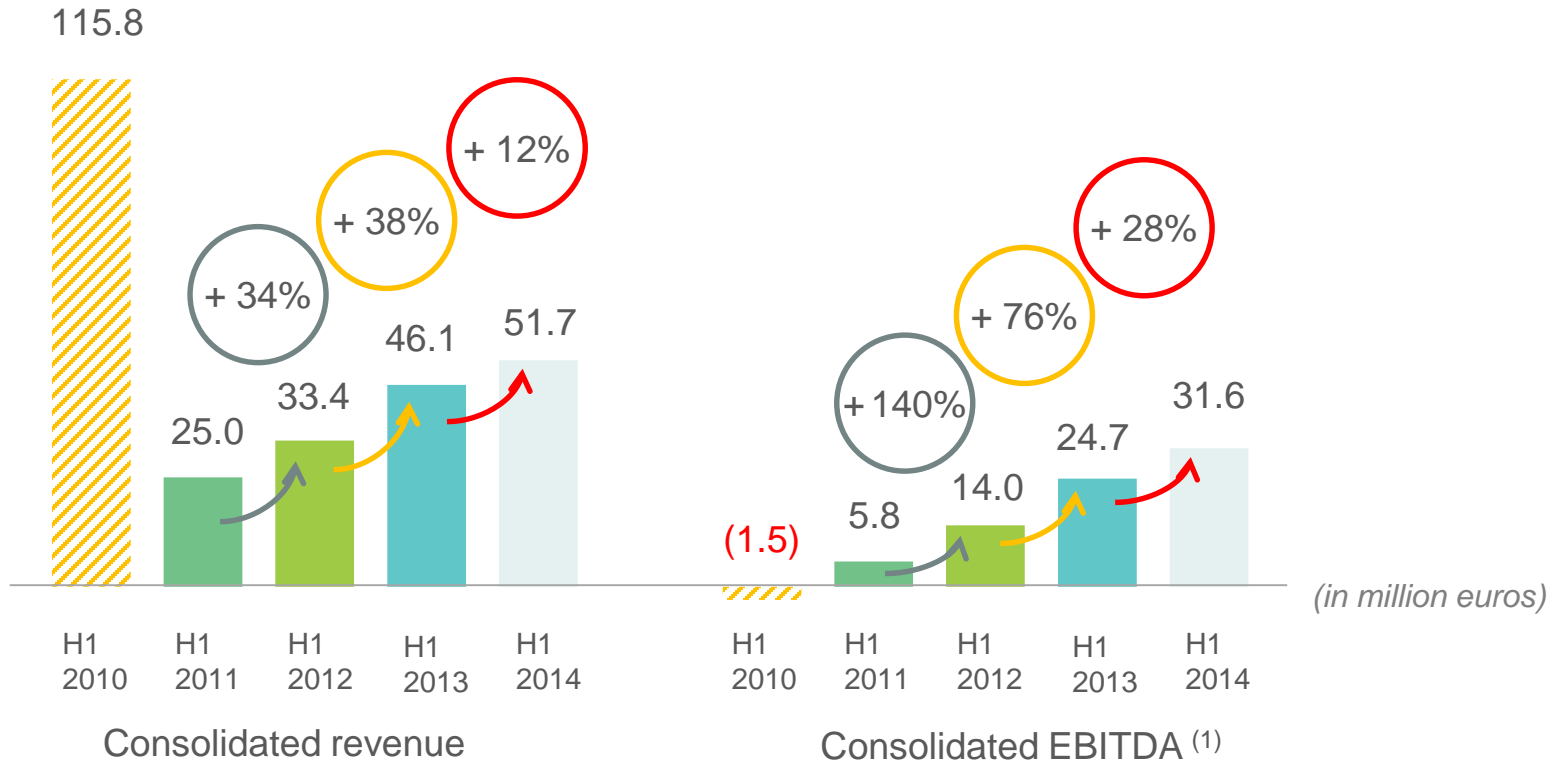
(in million euros)



Activity secured by long-term contracts (15 to 20 years)
Accounts for 93% of the consolidated revenue in H1 2014



Another strong increase in EBITDA

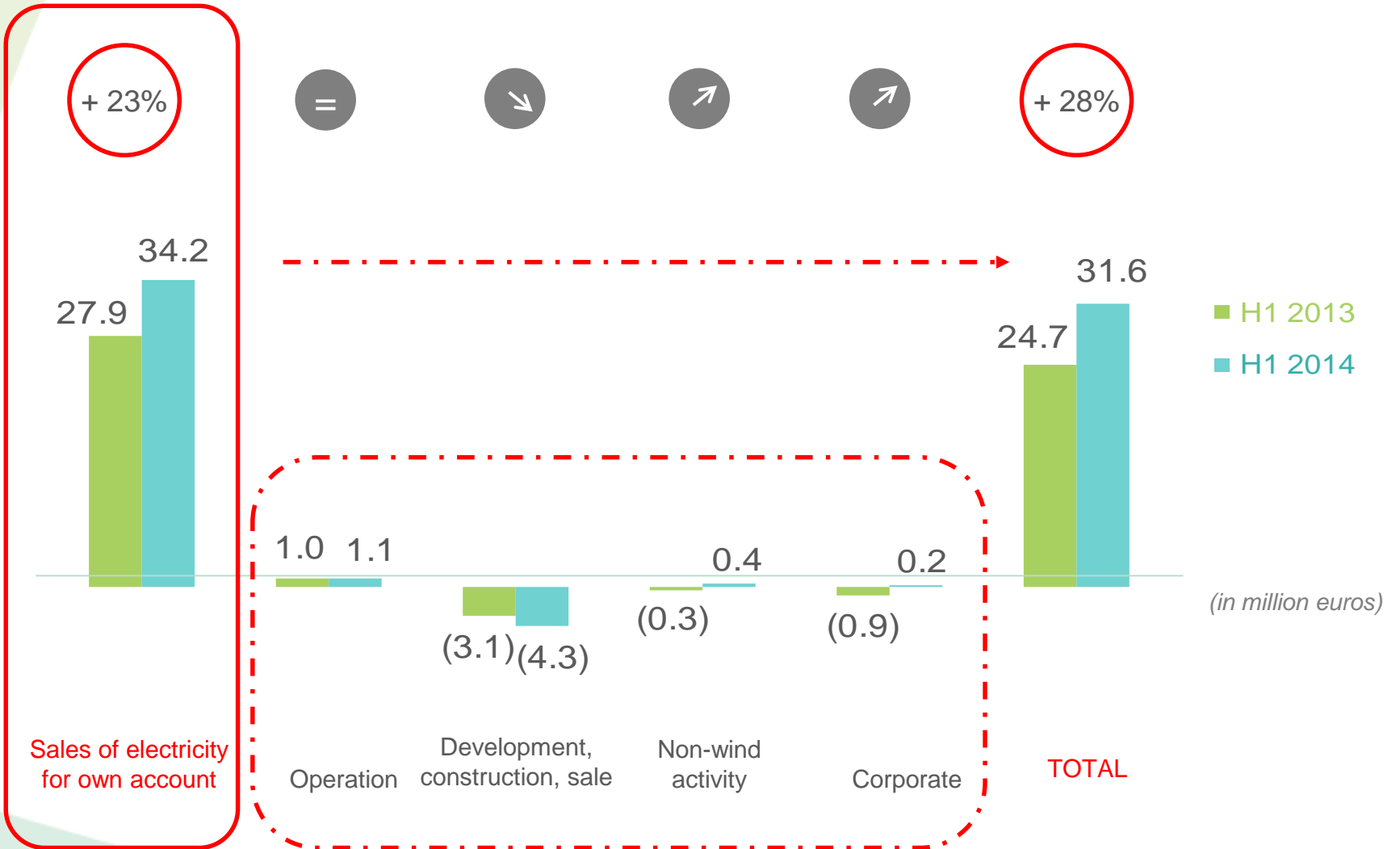


EBITDA / revenue margin	n/a	23%	42%	54%	61%
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(1) EBITDA = current operating income + amortization + non-operational risk provisions.



EBITDA by activity






From EBITDA to operating income

(in million euros)

	H1 2014	H1 2013
EBITDA	31.6	24.7
Amortization	(18.8)	(19.1)
Impairment	(4.0)	(0.7)
Other	(1.0)	(1.6)
Operating income	7.8	3.3

 **The operating income more than doubled between the periods**



Financial income

<i>(in million euros)</i>	H1 2014	H1 2013
Net interest cost related to the convertible bond	(7.5)	(6.9)
Net interest cost related to operating wind farm financing	(9.5)	(11.6)
Other	(0.1)	(2.2)
Financial income	(17.1)	(20.7)

Net interest cost related to the convertible bond

- €2.1 m of accrued interests
- €5.4 m of **additional non-cash** IFRS cost



Consolidated income statement

(in million euros)

	H1 2014	H1 2013	Change
Revenue	51.7	46.1	+ 12%
EBITDA	31.6	24.7	+ 28%
Current operating income	12.9	5.8	+ 122%
Operating income	7.8	3.3	+ 135%
Financial income	(17.1)	(20.7)	
Net income of the consolidated Group	(9.9)	(17.8)	
Of which main non-recurring items	(4.0)	(3.0)	
Of which additional IFRS bond cost	(5.4)	(4.8)	
Balance	(0.5)	(10.0)	

Very strong improvement of the operating profitability



Balance-sheet

<i>(in million euros)</i>	2014/06/30	2013/12/31
Goodwill	38.3	38.3
Tangible and intangible assets	522.0	544.9
Other assets	67.8	76.1
- Financial debt	(498.3)	(505.9)
+ Cash and cash equivalents	99.7	84.8
- Other liabilities	(139.8)	(137.0)
NET ASSETS	89.7	101.3
SHAREHOLDERS' EQUITY		



Financial debt structure

<i>(in million euros)</i>	2014/06/30	2013/12/31
Project financing ⁽¹⁾	(135.7)	(147.1)
Convertible bond	(122.3)	(119.0)
Bonds related to Breeze Two Energy ⁽¹⁾	(214.7)	(223.5)
Other financial liabilities of which:	(25.6)	(16.2)
<i>Derivative financial instruments (swap)</i>	(9.1)	(7.1)
<i>Other</i>	(16.6)	(9.0)
TOTAL FINANCIAL DEBT	(498.3)	(505.9)
Cash and cash equivalents	99.7	84.8
Other financial assets	15.1	11.6
TOTAL CASH	114.8	96.4
NET FINANCIAL DEBT	(383.5)	(409.5)

- €7.6 m

+ €18.4 m

⁽¹⁾ Debt without recourse on THEOLIA.

€26 m decrease of the net financial debt



Cash position

(in million euros)

	2014/06/30	2013/12/31	
Free cash	25.7	26.8	
Cash reserved for SPVs	35.1	26.6	
Pledged cash	39.0	31.5	
TOTAL CASH AND CASH EQUIVALENTS	99.7	84.8	+ €14.9 m

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

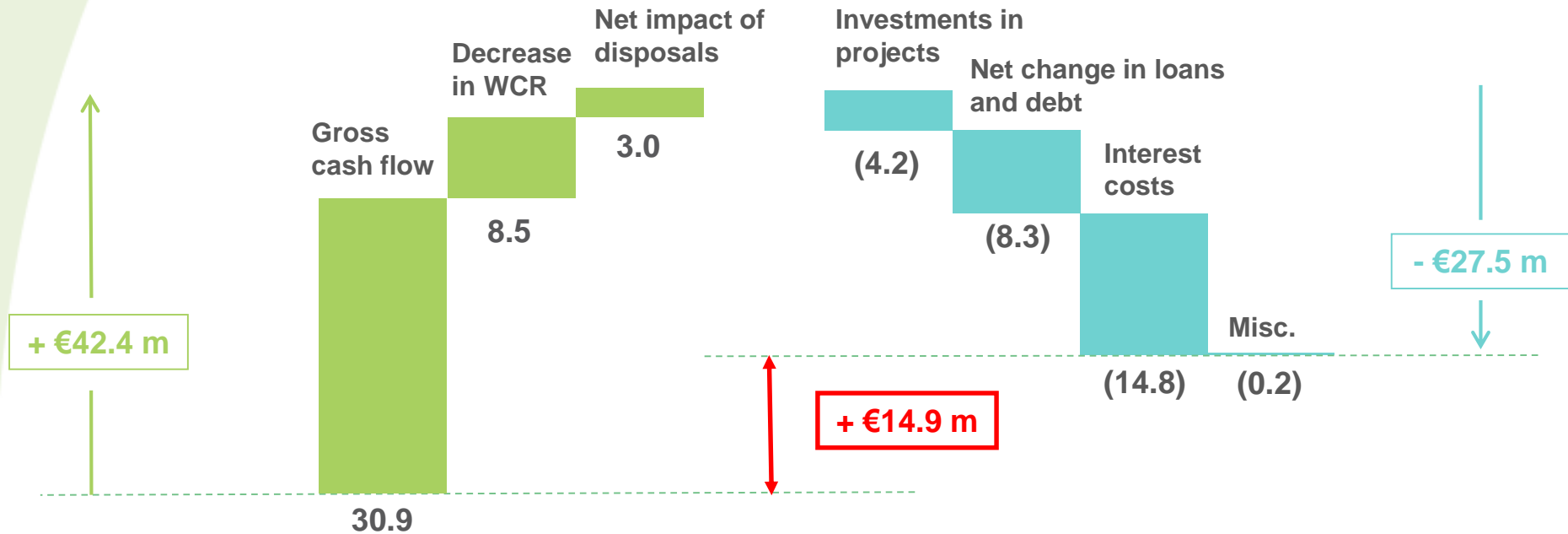
Cash reserved for SPVs: cash that SPVs can use freely for their operational expenses but which they are not able to upstream to holdings

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



Change in cash

(in million euros)



December 31, 2013: €84.8 m

June 30, 2014: €99.7 m

Increase in cash: + €14.9 m over the half year



Conclusion and outlook