

The logo for Theolia, consisting of three overlapping circles in shades of teal, light green, and lime green, arranged in a triangular pattern.

theolia

2010 Annual results

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CEO
April 19, 2011



Disclaimer

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THEOLIA at a glance

- Founded in 1999, traded on the OTC (*marché libre*) in 2002, listed on Eurolist on July 31, 2006
- Independent Group, developer, builder and operator of wind farms
- Active over the entire wind value chain, from prospecting to operating
- Established in four main countries: France, Germany, Italy, Morocco
- Total installed capacity of 869 MW as of December 31, 2010
 - 283 MW for own account
 - 586 MW for third parties



Key highlights over the period

- Success of the financial restructuring
 - Renegotiation of the terms of the convertible bond
 - Early reimbursement date for bondholders extended from January 1, 2012 to January 1, 2015
 - Capital increase of 60.5 million euros
 - Early partial reimbursement of the convertible bond for 20.4 million euros
 - Impact on financial statements: reduction of the financial debt by 142.4 million euros and increase in the cash position by 16.1 million euros over the year
- Commissioning of the Group's first wind farm in Italy: the Giunchetto wind farm with a net capacity of 15 MW for the Group
- Reduction in the pace of disposals since the capital increase
 - 234 MW of wind farms and projects sold in 2009 versus 72 MW sold in 2010
- A trimmed Board of Directors with 6 members and a new CEO



Agenda

- 2010 consolidated annual financial statements
- Operational update
- Strategy update and outlook



➤ 2010 consolidated annual financial statements



Consolidated income statement

<i>(in million euros)</i>	12/31/2010	12/31/2009 restated ⁽²⁾
Revenue restated ⁽¹⁾	154.5	294.4
EBITDA ⁽³⁾	3.4	45.5
Current operating income	(19.7)	23.4
Operating income	(34.5)	26.0
Financial income	45.6	(30.8)
Net income from continued activities	6.5	(15.7)
Net income	5.0	(25.2)

- (1) Restatement of revenue generated from the sale of electricity from wind farms owned by third parties who have contracts offering no guaranteed margins.
- (2) Restated following the correction of an error (see Note 2.1 in the Notes to the 2010 consolidated financial statement)s.
- (3) EBITDA = current operating income + amortization + non operational risk provisions.



Composition of revenue

<i>(in million euros)</i>	Wind activities			Non-wind activity	Consolidated total ⁽²⁾
	Sale of electricity for own account	Development, construction, sale	Operation ⁽¹⁾		
2010	37.5	110.6	5.0	1.4	154.5
2009	51.9	236.5	4.3	1.7	294.4
Change	- 28%	- 53%	+16%	- 18%	- 48%

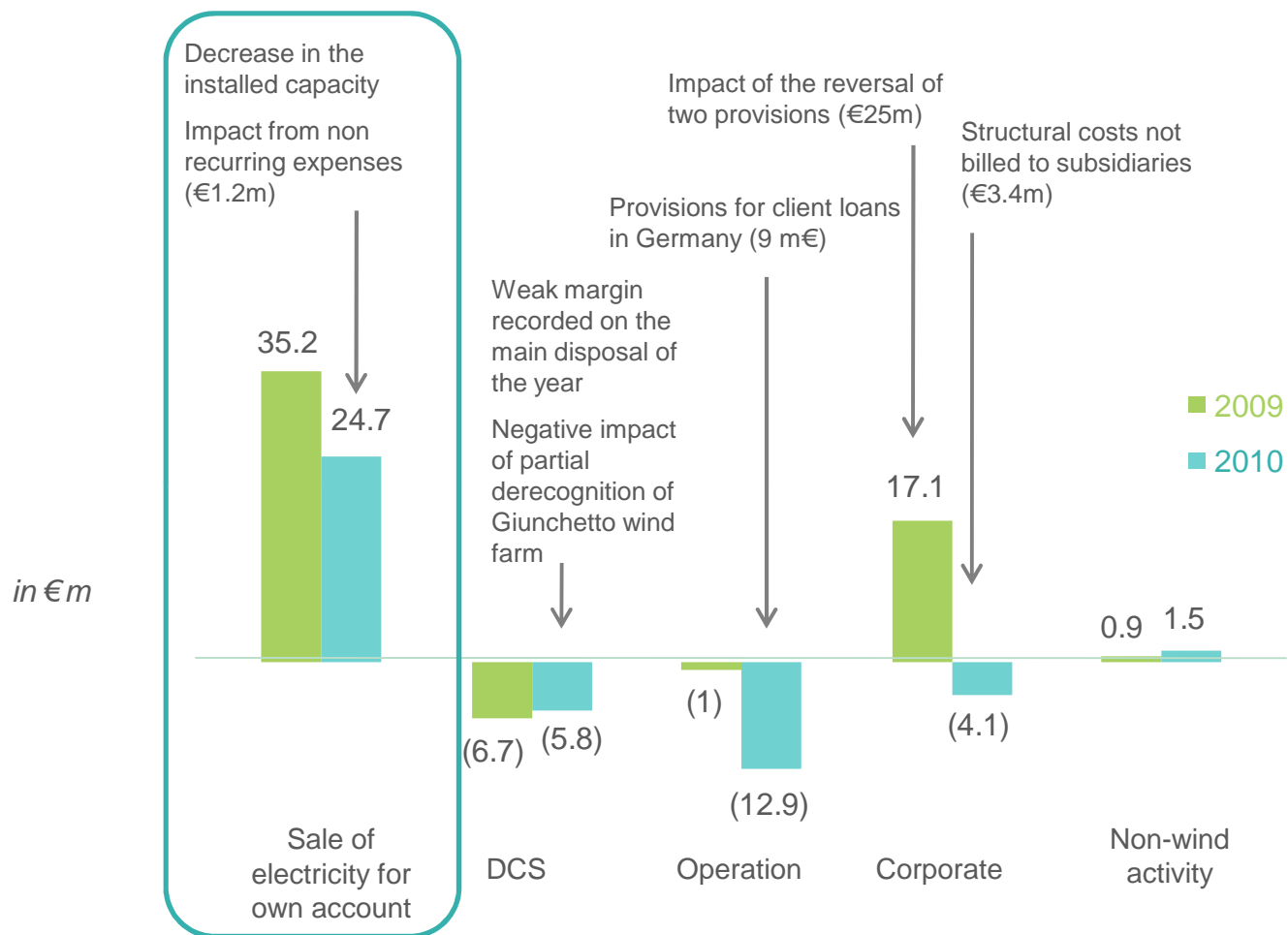
- Decrease by 28% in the **Sale of electricity for own account** activity mainly due to the reduction of the installed capacity for own account (went from 322 MW as of December 31, 2009 to 283 MW as of December 31, 2010)
- Decrease by 53% in the **Development, construction, sale** activity
 - Sale of 72 MW in 2010 versus 234 MW in 2009
 - Sale of wind turbine inventory in 2010: €4.3m
 - Construction for third parties in France in 2010: €3.6m
- Increase in volume of fees for the management of wind farms for third parties in the **Operation** activity following the increase in the installed capacity managed for third parties (went from 458 MW as of December 31, 2009 to 586 MW as of December 31, 2010)

(1) Restatement of revenue generated from the sale of electricity from wind farms owned by third parties who have contracts offering no guaranteed margins.

(2) The Corporate activity does not generate revenue and is thus not represented in this table.



EBITDA ⁽¹⁾ margin in the Sale of electricity for own account activity stabilized at 66%



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



Composition of financial income

<i>(in million euros)</i>	12/31/2010
Profit from derecognition of the convertible bond	80.7
Fees related to the restructuring of the convertible bond	(5.7)
Annual interest expense for the convertible bond	(13.9)
Interest expense related to operating wind farms	(8.1)
Other	(7.4)
Financial income	45.6



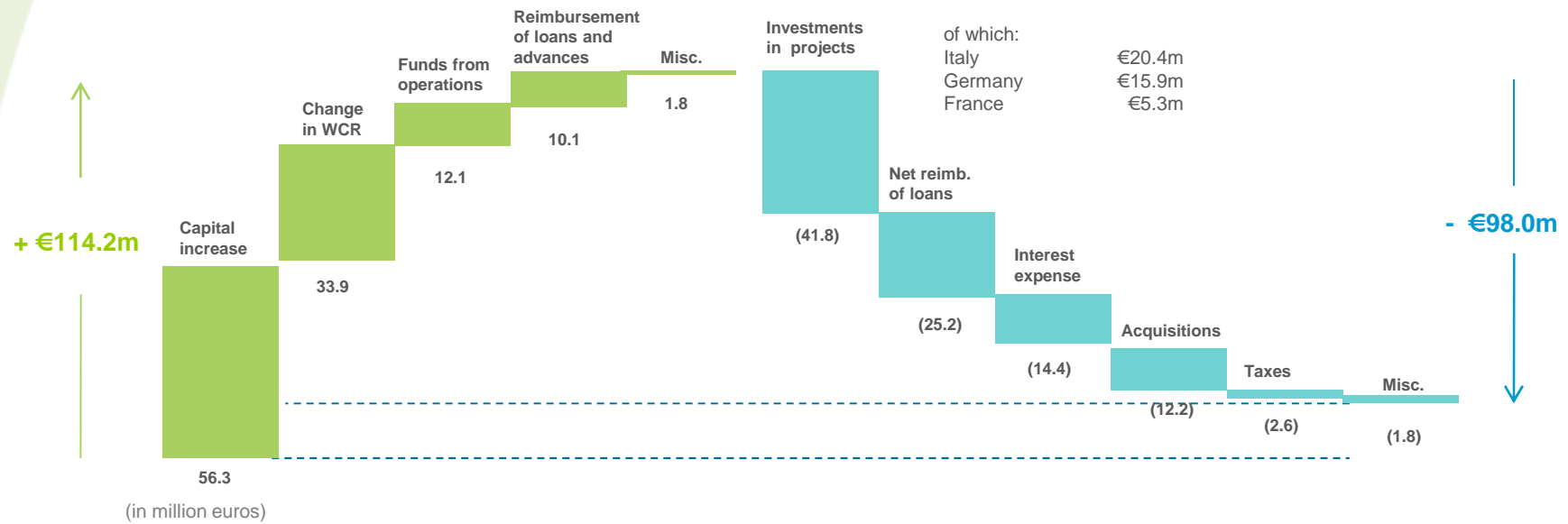
Debt structure

(in million euros)	December 31, 2010	December 31, 2009	
Financial debt	(222.1)	(267.2)	
<i>of which project financing, non-recourse or with limited recourse to parent company</i>	<i>(210.5)</i>	<i>(238.7)</i>	
<i>of which corporate lines of credit</i>	<i>(11.6)</i>	<i>(28.5)</i>	
Convertible bond ⁽¹⁾	(117.5)	(218.7)	
Other financial liabilities	(8.4)	(4.5)	
<i>of which financial instruments or derivatives (swaps)</i>	<i>(6.0)</i>	<i>(4.5)</i>	
TOTAL FINANCIAL DEBT	(348.1)	(490.5)	- €142.4m
Cash and cash equivalents	110.4	94.2	
Current financial assets	0.1	0.2	
TOTAL CASH	110.5	94.4	+ €16.1m
NET FINANCIAL DEBT	(237.6)	(396.1)	- €158.5m

(1) The stated amounts correspond to the debt component of the convertible bond.



2010 cash flow



Cash position as of December 31, 2010: + €110.4 million euros
An increase of + €16.2 million euros over the year



Financial structure

<i>(in million euros)</i>	12/31/2010	12/31/2009
Goodwill	71.1	79.5
Tangible and intangible assets	369.1	403.4
Other assets	141.0	158.1
- Financial debt	(348.1)	(490.5)
+ Cash and cash equivalents	110.5	94.4
- Other liabilities	(123.6)	(101.8)
SHAREHOLDERS' EQUITY	220.0	143.1



Bond conversions at the end of March 2011

- New conversion rate: 8.64 shares per OCEANE up to December 2013
- Conversions between July 20, 2010 and December 31, 2010
 - 1,102,070 OCEANEs converted
 - Creation of 9,521,016 new shares
 - Maximum amount to be reimbursed on January 1, 2015: €159.6m
- Conversions between January 1, 2011 and March 31, 2011
 - 279,875 OCEANEs converted
 - Creation of 2,418,120 new shares
 - Maximum amount to be reimbursed on January 1, 2015: €155.3 m€
- Number of OCEANEs outstanding as of March 31, 2011: 10,156,517



Operational update



Commissioning of Group's first wind farm in Italy

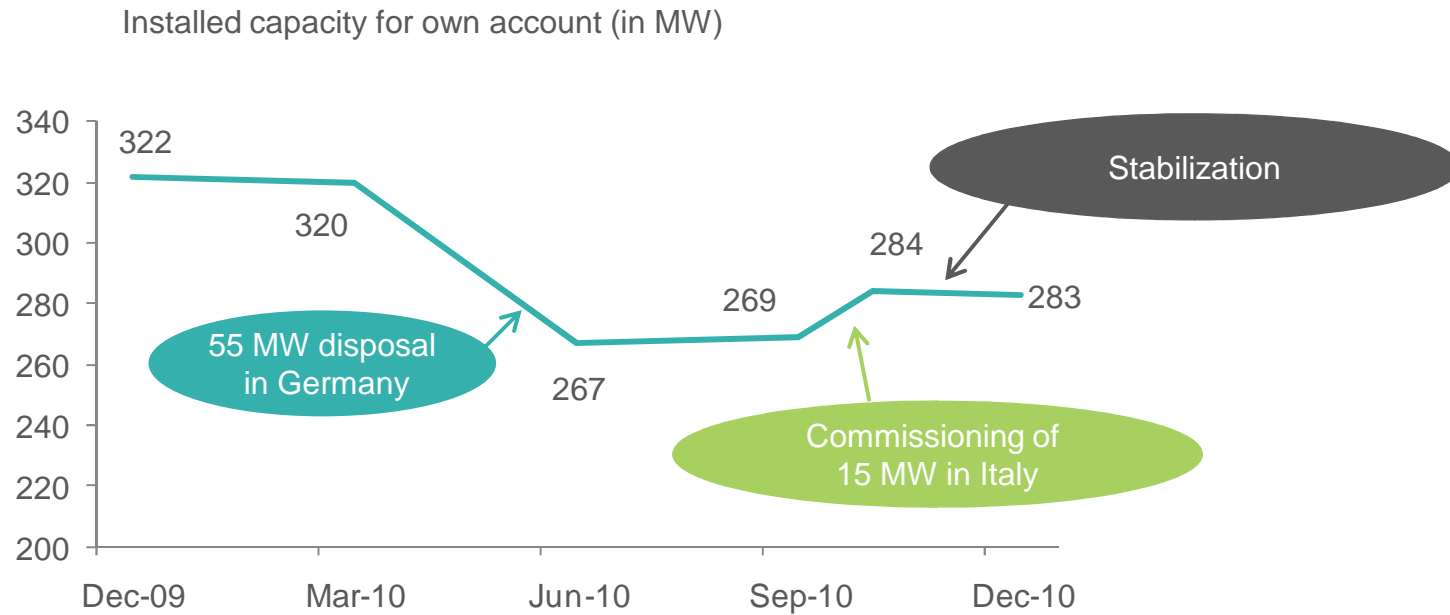
- Giunchetto wind farm, located in the Enna province in Sicily
- Net capacity for the Group (51%): 15 MW
- Project financing secured in January 2010
- Sale of 39% stake in this wind farm to Repower in April 2010
- Commissioning in October 2010



THEOLIA has become an electricity producer in 4 key countries: France, Germany, Morocco and Italy



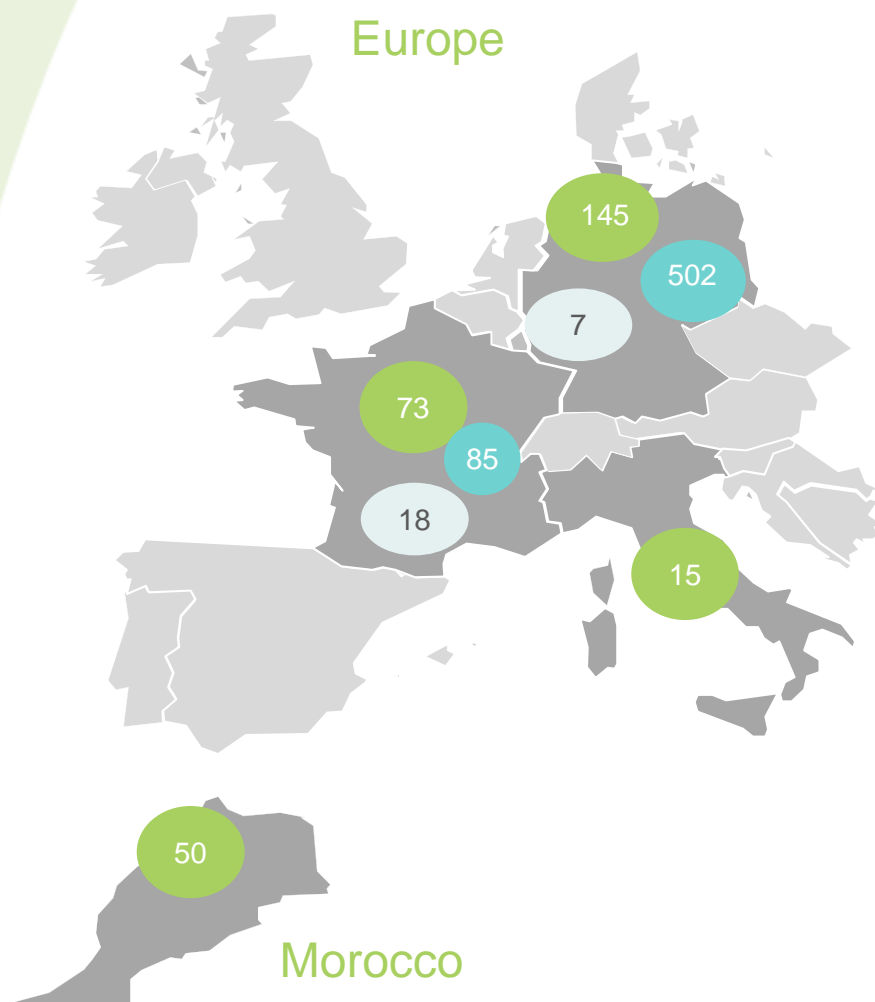
Reduction in the pace of disposals



Reversal of the trend in capacity for own account



Significant base of installed capacity



Installed capacity in operation

(in MW)	December 31, 2010	December 31, 2009
Own account	283	322
Third parties	586	458
Total	869	780

- Installed capacity for won account: 283 MW
- Installed capacity for third parties: 586 MW
- Capacity under construction: 25 MW

Figures as of December 31, 2010. Net capacity, excluding third party ownership.



A sizeable portfolio of projects

Backlog: 151 MW

<i>As of December 31, 2010</i>	Development	Permits applied	Permits obtained	Under construction
France	178	144	27	18
Italy	90	165	99	-
Germany	4	35	-	7
Total projects	272	344	126	25



Operational achievements in pipeline projects

2010

- Beginning of construction phase of Gargouilles wind farm (18.4 MW in France)
- Construction permit obtained for 12 MW in France
- Confirmation of validity of construction permit for the Giuggianello project (24 MW in Italy)

2011

- Implementation of project financing for the Gargouilles wind farm (18.4 MW in France)
- Staggered delivery of wind turbines on the Gargouilles site over the month of April
- Investment decision for the Magremont project (15 MW in France) – turbine ordering process underway



➤ Strategy update and outlook



Acceleration of pace of future commissionings

- Significant reduction of the pace of disposals during the second half of the year
 - To increase the portion of recurring revenue generated by the Sale of electricity for own account
 - To achieve the scale necessary to ensure profitability
- Continuation of investments at a sustained pace
 - Prudent and rigorous approach
 - 41.8 million euros invested in 2010 mainly in Italy, Germany and France
- Allocation of resources to projects with the highest added value
 - Concentration on the completion of projects that have obtained construction permits



Operational and organizational optimization

- Optimized cash management
- Investments undertaken in a prudent and rigorous approach
- Continuation of cost reduction applied to all the subsidiaries (development of intra-Group industrial synergies)
- Intended exit from partnership with local player in India
- Clean up of remaining non-wind stakes

Goal: to evolve towards a profitable business model



Co-investment strategy

- Project to establish an investment vehicle
- Investors' desire for a long term partnership
- Agreements currently under negotiation with top tier investors
- Goal: to bring additional financial means to allow for an even more rapid future growth

Clear indication of interest for our sector expertise



Conclusion: the Group's drivers for its future growth

- Experienced management supported by its main shareholders
- Improved and restructured balance sheet
- Expertise in wind energy
- A value driving strategy

Leadership + financial means + expertise + strategy = profitable industrial Group



Thank you for your attention

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From revenue to current operating income

<i>(in million euros)</i>	12/31/2010
Revenue	154.5
Provisions for client loans in Germany	(9)
EBITDA ⁽¹⁾	3.4
Impairment for operating wind farms in Germany	(12.9)
Impairment for operating wind farms in France	(0.6)
Impairment for an operating wind farm in Morocco	(3.4)
Provisions for future losses related to older guaranteed contracts (Operation activity in Germany)	(4.7)
Current operating income	(19.7)

- Recurring element
- Non-recurring element

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



From current operating income to operating income

<i>(in million euros)</i>	12/31/2010
Current operating income	(19.7)
Impairments IAS 36	(13.0)
<i>Goodwill impairment Germany (THEOLIA Naturenergien)</i>	<i>(11.0)</i>
<i>Goodwill impairment Italy (Giunchetto)</i>	<i>(0.6)</i>
<i>Impairment projects France</i>	<i>(1.8)</i>
<i>Asset impairments Germany</i>	<i>(0.7)</i>
<i>Miscellaneous reversals</i>	<i>1.1</i>
Transactional indemnity including social charges	(1.4)
Operating income	(34.5)

- Recurring element
- Non-recurring element



Detail of financial income

<i>(in million euros)</i>	12/31/2010	12/31/2009
Cost of net financial debt	(24.1)	(28.5)
Annual interest expense for convertible bond (TIE)	(13.9)	(13.2)
Annual interest expense related to loans of operating wind farms	(8.1)	(12)
<i>of which France</i>	(3.4)	(5.2)
Germany	(4.0)	(6.5)
Italy	(0.5)	-
Morocco	(0.2)	(0.3)
Other expenses	(2.1)	(3.3)
Other revenue and financial expenses	69.7	(2.3)
Deconsolidation profit from the convertible bond	80.7	-
Expenses related to the financial restructuring	(5.7)	-
Change in fair value of financial instruments- interest rate SWAPs	(2.5)	(0.9)
Impact from early partial reimbursement of the OCEANEs	(1.7)	-
Other revenue and net financial expenses	(1.1)	(1.4)
Financial income	45.6	(30.8)

- Recurring element
- Non-recurring element



Cash position

<i>(in millions euros)</i>	12/31/2010	12/31/2009
Pledged cash	23.6	24.9
Reserved cash for SPVs ⁽¹⁾	17.7	16.5
Available cash	69.2	52.8
Total net cash	110.4	94.2

Pledged cash

Cash that the SSPs or holdings cannot use freely. Corresponds most often to sums pledged to banks.

Reserved cash for SSPs

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

Available cash

Cash the Group can use at any time

(1) SPV: Special purpose vehicle.