



Ordinary and Extraordinary  
General Meeting  
June 17, 2011



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# THEOLIA at a glance



- Founded in 1999 and listed on the market since 2002
- Independent Group, developer, builder and operator of wind farms
- 178 employees in the wind business
- Active over the entire wind value chain, from prospecting to operating
- Established in four main countries: France, Germany, Italy and Morocco
- Positioned in emerging markets identified as growth markets: mainly Brazil
- Total installed capacity of 877 MW as of March 31, 2011
  - 291 MW for own account
  - 586 MW pour third parties



# Financial restructuring completed in 2010

- 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 the 2010 consolidated financial statements:
  - reduction in the financial debt by 142.4 million euros
  - increase in cash position by 16.1 million euros over the year
  - recording of a net financial profit of 75 million euros



# Commissioning of the 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 a 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



# Agenda

- Financial update
- Operational update
- Strategy update and outlook



➤ Financial update



# Composition of revenue

(in million euros)	Wind activities			Non-wind activity	Consolidated total <sup>(2)</sup>
	Sale of electricity for own account	Development, construction, sale	Operation <sup>(1)</sup>		
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 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 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.





# From revenue to operating income

<i>(in million euros)</i>	12/31/2010
Revenue	154.5
Provisions for client loans in Germany	(9)
EBITDA <sup>(1)</sup>	3.4
Depreciations for operating wind farms in Germany	(12.9)
Depreciations for operating wind farms in France	(0.6)
Depreciations for an operating wind farm in Morocco	(3.4)
Provisions for future losses related to old guaranteed contracts (Operation activity in Germany)	(4.7)
Impairments IAS 36	(13.0)
<i>of which goodwill impairment for THEOLIA Naturenergien</i>	<i>(11.0)</i>
Transactional indemnity including social charges	(1.4)
Operating income	(34.5)

- Recurring item
- Non-recurring item

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



# Composition of financial income

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



# Summary of consolidated income statement and impact of main non-recurring items

<i>(in million euros)</i>	12/31/2010	Impact of non-recurring items
<b>Restated revenue<sup>(1)</sup></b>	<b>154.5</b>	
<b>EBITDA <sup>(3)</sup></b>	<b>3.4</b>	<b>(9)</b>
<b>Current operating income</b>	<b>(19.7)</b>	<b>(4.7)</b>
<b>Operating income</b>	<b>(34.5)</b>	<b>(14.4)</b>
<b>Financial income</b>	<b>45.6</b>	<b>70.8</b>
<b>Net income from continued activities</b>	<b>6.5</b>	
<b>Net income</b>	<b>5.0</b>	

- (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) Restatement following the correction of an error (see Note 2.1 in the Notes to the 2010 consolidated financial statements).
- (3) EBITDA = current operating income + amortization + non operational risk provisions.



# Debt structure

(in million euros)	December 31, 2010	December 31, 2009
<b>Financial debt</b>	<b>(222.1)</b>	<b>(267.2)</b>
<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>
<b>Convertible bond <sup>(1)</sup></b>	<b>(117.5)</b>	<b>(218.7)</b>
<b>Other financial liabilities</b>	<b>(8.4)</b>	<b>(4.5)</b>
<i>of which financial instruments or derivatives (swaps)</i>	<i>(6.0)</i>	<i>(4.5)</i>
<b>TOTAL FINANCIAL DEBT</b>	<b>(348.1)</b>	<b>(490.5)</b>
<b>Cash and cash equivalents</b>	<b>110.4</b>	<b>94.2</b>
<b>Current financial assets</b>	<b>0.1</b>	<b>0.2</b>
<b>TOTAL CASH</b>	<b>110.5</b>	<b>94.4</b>
<b>NET FINANCIAL DEBT</b>	<b>(237.6)</b>	<b>(396.1)</b>

- €142.4 m

+ €16.1 m

- €158.5 m

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



# Bond conversions

- New conversion rate: 8.64 shares per OCEANE up to December 2013  
6.91 shares per OCEANE between January and December 2014
- 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 by January 1, 2015: €159.6m
- Conversions between January 1, 2011 and May 31, 2011
  - 382,035 OCEANEs converted
  - Creation of 3,345,189 new shares
  - Maximum amount to be reimbursed as of January 1, 2015: €153.7m
- Number of OCEANEs outstanding as of May 31, 2011: 10,054,357
- Conversions already requested during the month of June 2011
  - Nearly 1,600,000 OCEANEs
  - Subsequent creation of nearly 13,800,000 new shares
  - Maximum amount to be reimbursed as of January 1, 2015: €129.3m

- €16.9m

- €5.8m

- €24.4m

Total: €47.1m



# Conclusion

- 2010 consolidated financial statements still impacted by non-recurring items related to the Group's past
- But many improvements:
  - Financial debt reduced by nearly 30%
  - Strengthened cash position to assure commissioning of backlog
  - Shareholders' equity reinforced
  - Bond conversions that significantly reduce the maximum amount to be reimbursed as of January 1, 2015

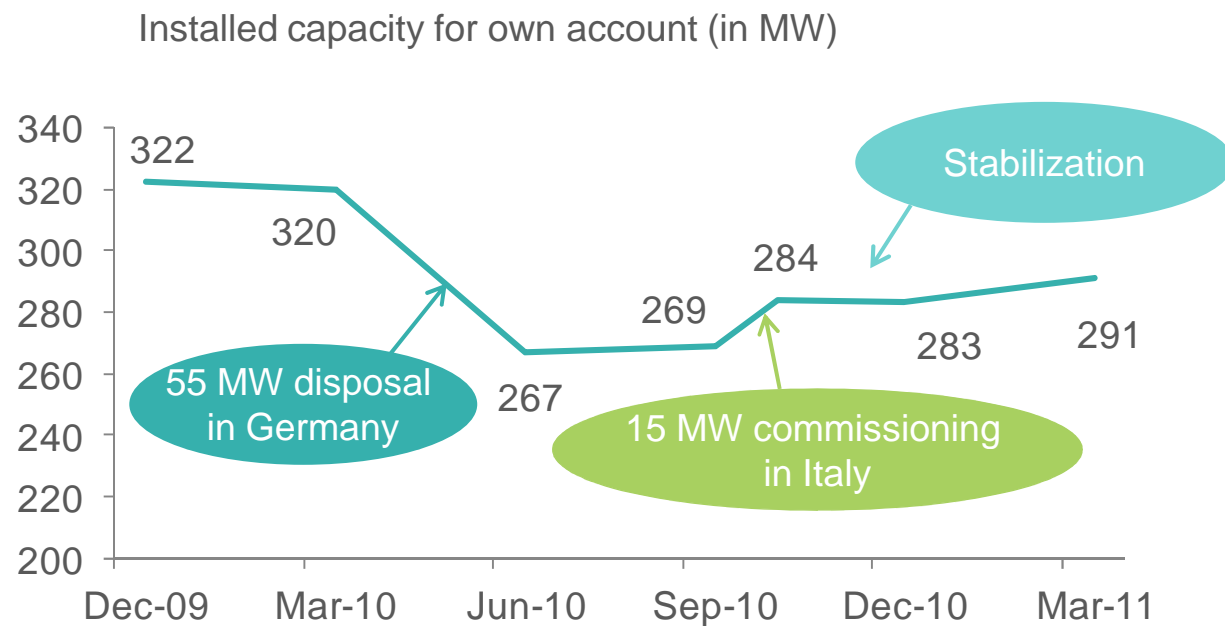
A greatly improved financial situation



Operational update



# Reduction in the pace of disposals

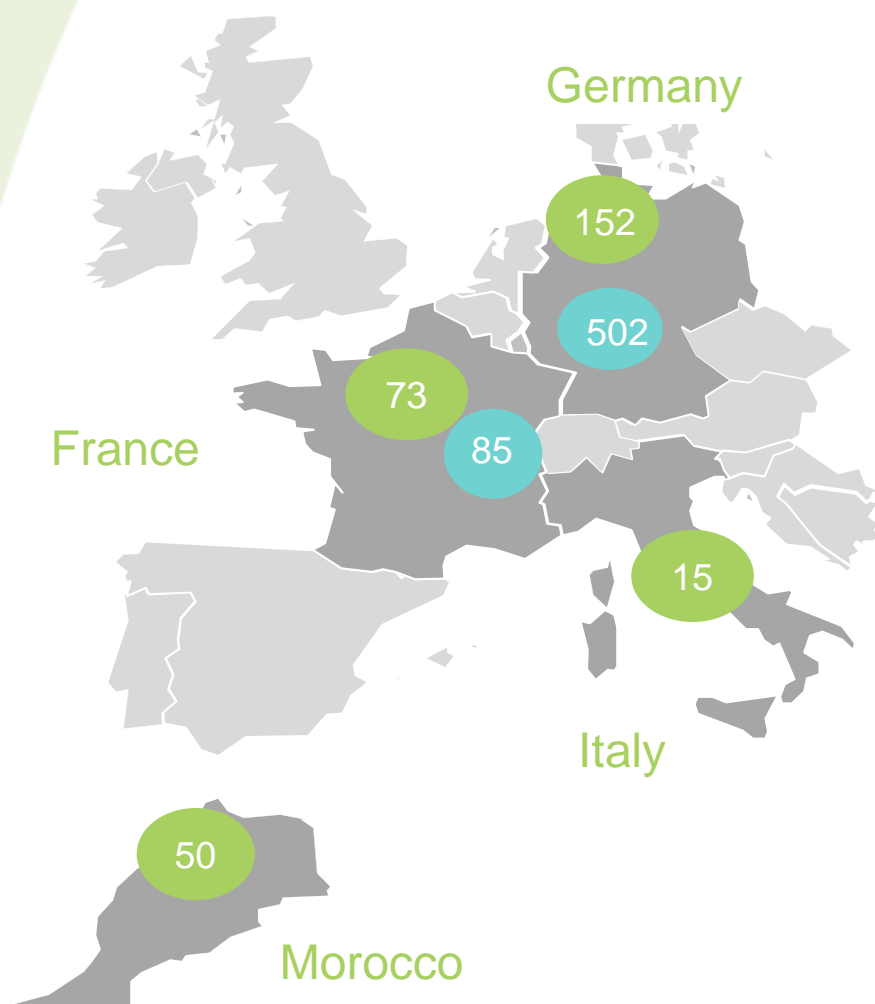


Reversal of the trend in capacity for own account





# Significant base of installed capacity



## Installed capacity in operation as of March 31, 2011

- Installed capacity for own account: 291 MW
- Installed capacity for third parties: 586 MW

Net capacity, excluding third party ownership.

877 MW in operation

Electricity producer in 4 countries



## A sizeable portfolio of projects

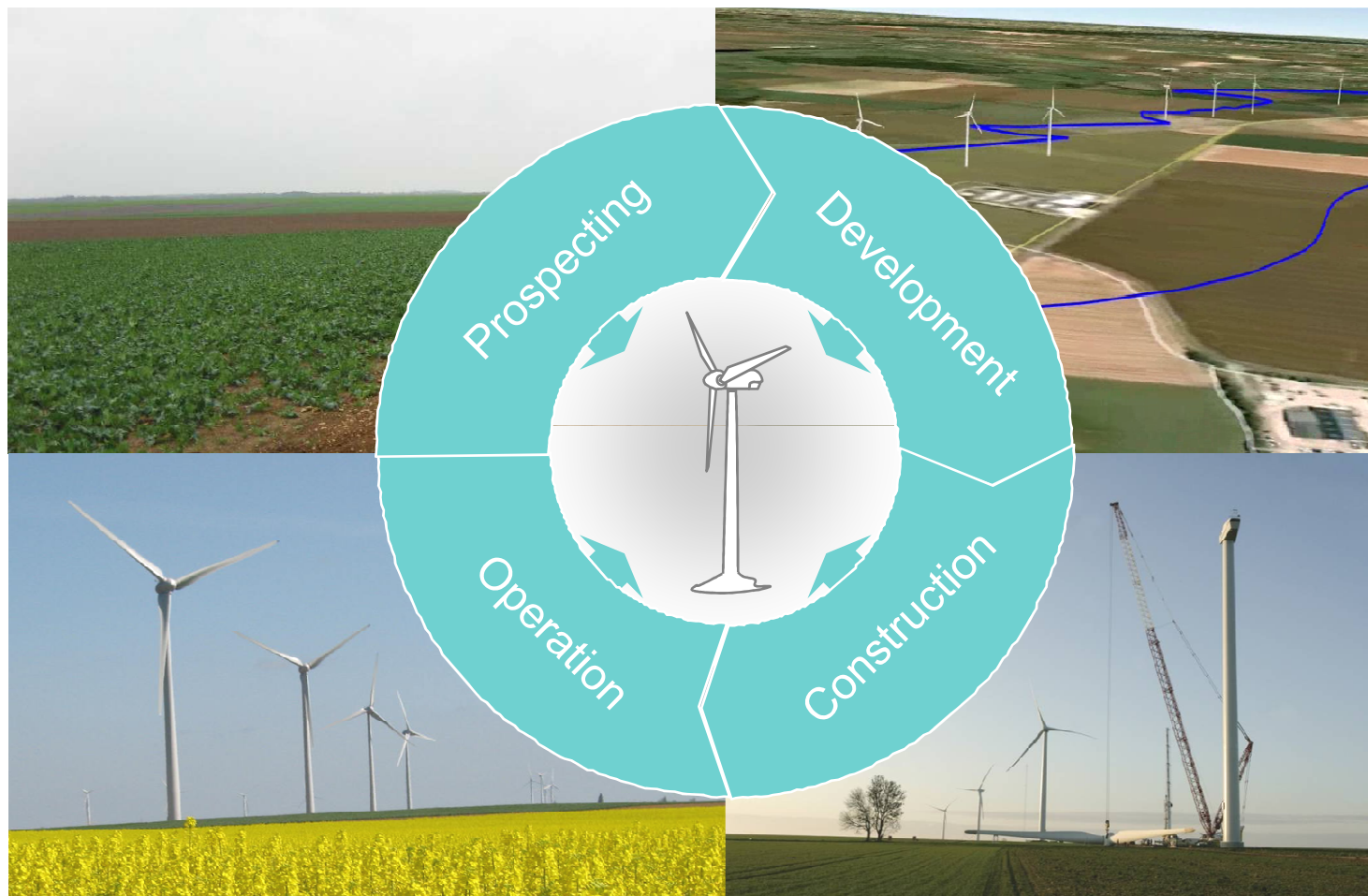
Backlog: 144 MW

<i>As of March 31, 2011</i>	Development	Permits applied	Permits obtained	Under construction
France	198	180	27	18
Italy	124	165	99	-
Germany	4	25	-	-
<b>Total projects</b>	<b>326</b>	<b>370</b>	<b>126</b>	<b>18</b>

On May 31, 2011, THEOLIA signed an agreement with the Moroccan *Office National de l'Electricité* for the joint development and completion of a 300 MW wind farm in Morocco. This project is not included in the pipeline above.



# An integrated industrial Group





# Latest operational achievements in pipeline projects

2010

- Beginning of the construction phase of the Gargouilles wind farm (18.4 MW for own account and 18.4 MW for third parties 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

- Project financing secured for the Gargouilles wind farm
- Arrival of turbines on the Gargouilles site
- Commissioning of the Gargouilles wind farm's first turbine at the end of May; commissioning of entire wind farm before October 2011
- Investment decision for the Magremont project (15 MW in France) – turbine ordering process underway



## Major recent operational achievement: development project for a 300 MW wind farm in Morocco

- Signature of an **agreement with the Moroccan *Office National de l'Electricité*** for the joint development and construction of a **300 MW wind farm in Morocco**
- The Moroccan *Office National de l'Electricité* will own 20% of the structure holding the future wind farm
- **100 MW to be installed on the existing Koudia al Baïda site currently operated by THEOLIA** (replacement of the existing turbines with higher capacity turbines: repowering)
- **200 additional MW to be installed on adjacent sites**
- Beginning of the construction of the first 100 MW expected for June 2012



# Conclusion

- Nearly exclusive focus on wind energy, a booming market
- Significant positions in selected countries
  - Political context favorable for the development of renewable energies (programmed exit from nuclear in Germany, referendum against nuclear in Italy, Integrated wind development program in Morocco)
  - Long term fixed feed-in tariffs
- Acknowledged operational expertise
- Initial footholds in growth countries, notably Brazil

Selective and balanced geographical coverage



Strategy update and outlook



## 3 strategic priorities, 1 overall objective

Consolidation of operational positions in the 4 main countries

Implementation of a co-investment strategy

Operational and functional optimization

Implementation of a profitable and value creating business model





# Consolidation of operational positions in the 4 main countries

- Significant reduction in the pace of disposals in France and Germany
- Re-launch of development
- Continuation of investments at a sustained pace
- Focus on completing projects that have obtained construction permits



Many recent operational achievements, in all countries



Acceleration of the pace of commissioning of future wind farms

Goal: to reach the size necessary to assure profitability



# Implementation of a co-investment strategy

Structure currently in completion phase:

- Diversity of investment partners over the long term
- Creation of an investment fund meeting the goals of THEOLIA and its partners
- Diversity of countries involved

Goal: to generate additional financial means to support growth



# Operational and functional optimization

- Selective investments meeting strict criteria for profitability
- Allocation of resources to projects with highest value added
- Continuation of cost reductions applied to all of the subsidiaries (development of industrial synergies within the Group)
- Planned exit from partnership with local player in India
- Cleaning up of last remaining non wind stakes for their disposal and/or closure

Goal: improve operational performance



Thank you for your attention