theolia

2011 annual results

Fady Khallouf
CEO

March 30, 2012

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Agenda

- 2011 annual results
- Strategy and outlook

2011 annual results

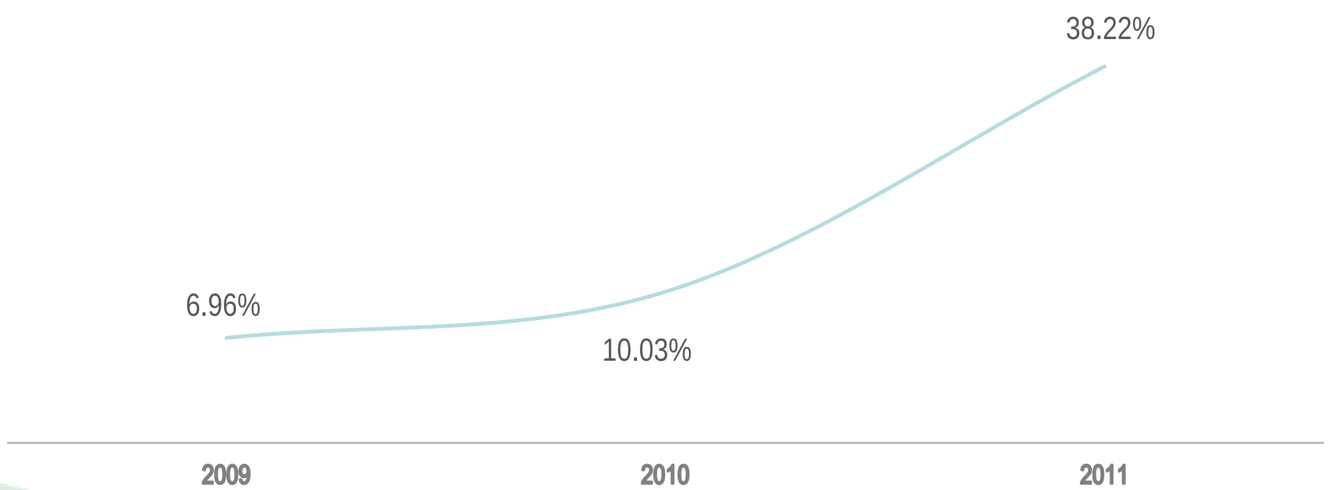
Consolidated income statement

(in millions of euros)	2011	of which main non-current items	2010	of which main non-current items	
Revenue	67.5		154.5		
EBITDA [1]	25.8		3.4	(9) + (3.1)	(27.8)
Current operating income	10.4		(19.7)	(4.7)	
Operating income	(18.2)	(26.4)	(34.7)	(11)	
Financial income	(18.0)		45.6	+ 75	
Net income from continued activities	(37.1)		6.5		
Net income of the consolidated Group	(39.2)	(26.4)	5.0	+ 47.2	
Net income of the consolidated Group excluding main non-current items	(12.8)		(42.2)		

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

Strong growth in EBITDA margin

(in millions of euros)	2009	2010	2011
Revenue	294.4	154.5	67.5
EBITDA	45.5	3.4	25.8
Exceptional items	(25.0)	+ 12.1	-
EBITDA (excl. exceptional items)	20.5	15.5	25.8
EBITDA / Revenue	6.96%	10.03%	38.22%



Composition of sales

(in millions of euros)	Wind activities			Non-wind activity	Consolidated total
	Sales of electricity for own account	Operating	Development, construction, sale		
2011	47.1	6.2	12.6	1.6	67.5
2010	37.5	5.0	110.6	1.4	154.5
Change	+ 26%	+ 26%	- 89%	+ 11%	- 56%

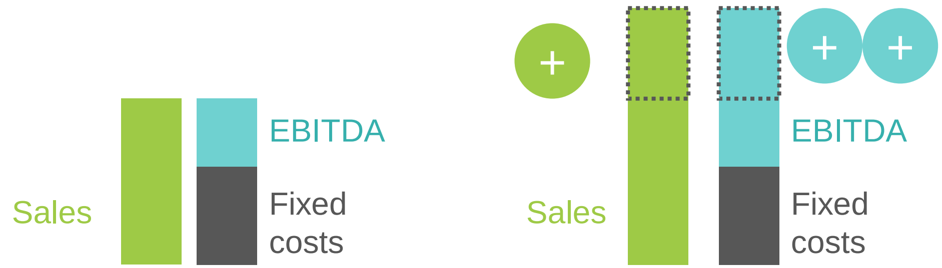
- Full year effect of 2010 commissioning (15 MW in Italy) + 2011 commissionings (18.4 MW in France, 8 MW in Germany)
- Full year operation of wind farms managed on behalf of third parties since 2010 + new wind farm managed on behalf of a third party since September 2011 (18.4 MW in France)

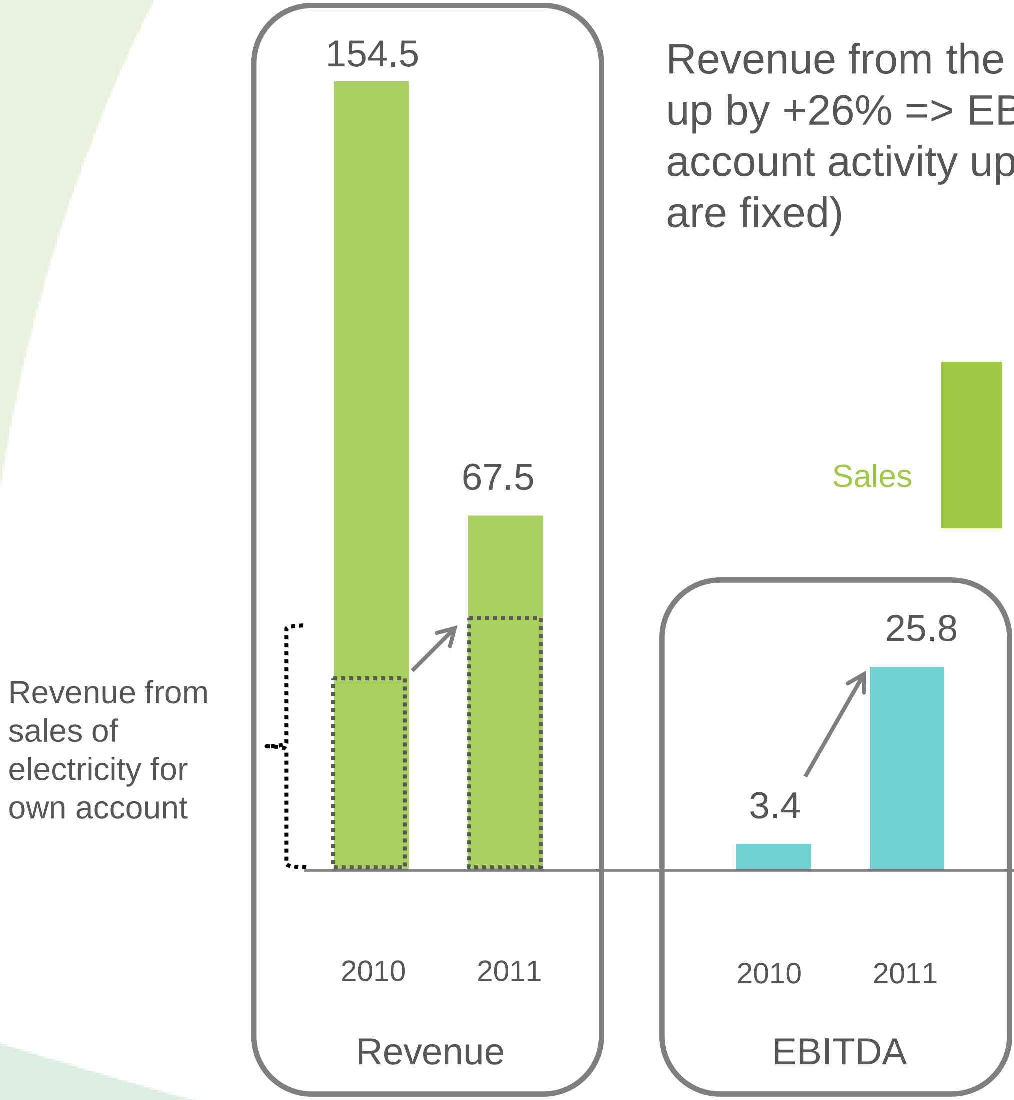
Dynamism in the pace of commissionings

- Reduction in the pace of disposals: sale of a 12 MW project and of a 4 MW wind farm in 2011, compared with 72 MW sold in 2010

Strong growth in EBITDA

Revenue from the Sales of electricity for own account activity up by +26% => EBITDA from the Sales of electricity for own account activity up by +36% (most of the operating expenses are fixed)

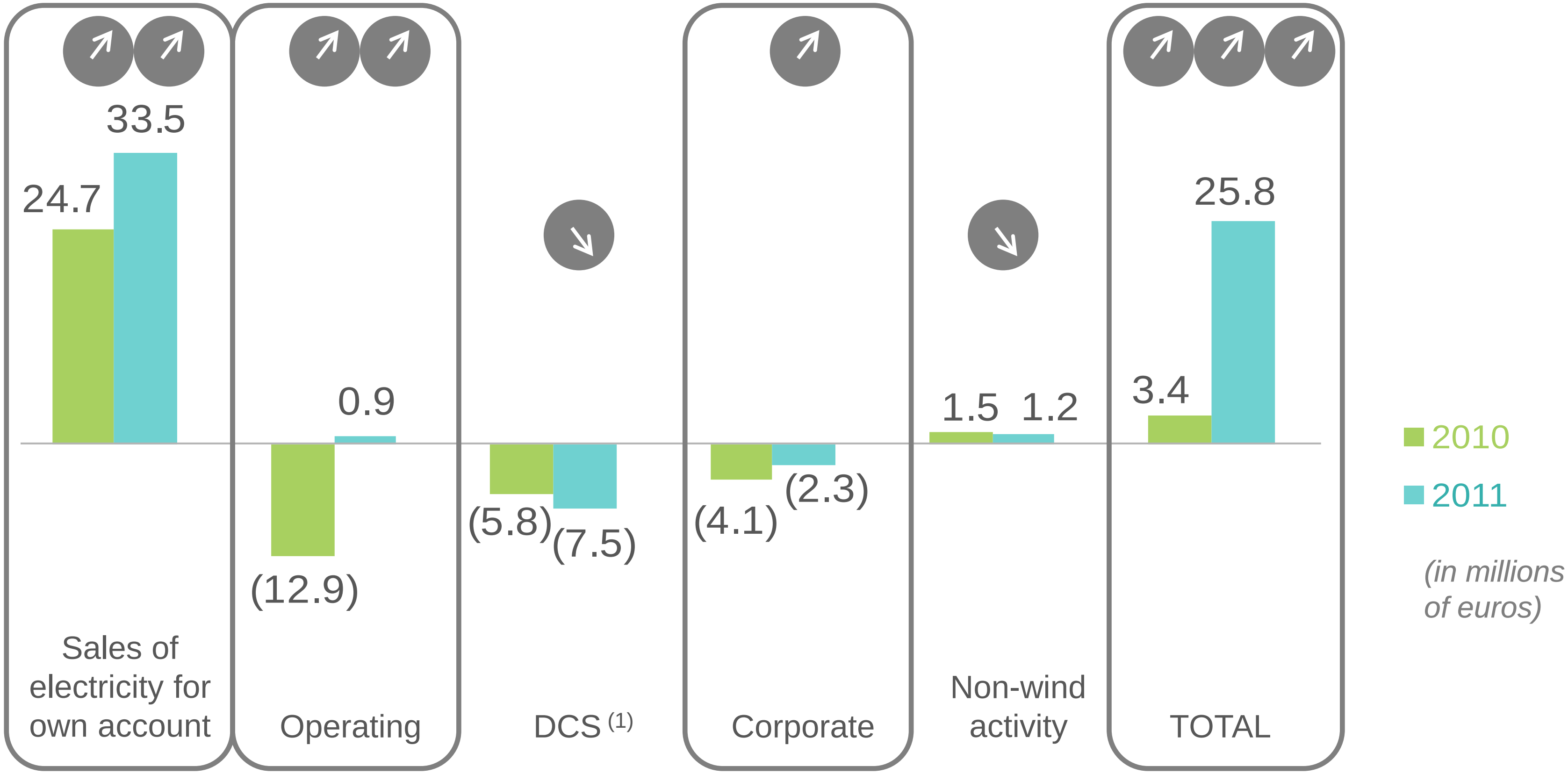




EBITDA growth rate is higher than the revenue growth rate
Margin is improved

(in millions of euros)

EBITDA breakdown by activity (1/2)



- Consolidated EBITDA **multiplied by 7.5**
- Growth of the Group at reduced costs

(1) DCS = Development, construction, sale.

EBITDA breakdown by activity (2/2)

- Strong increase in EBITDA from the **Sales of electricity for own account, Operating** and **Corporate** activities
    - Effect of recent wind farm commissionings for own account and on behalf of third parties
    - Breakeven in the **Operation** activity
    - Stringent management of all activities
- 5-point improvement in the EBITDA margin from the **Sales of electricity for own account** activity, from 66 % in 2010 to 71 % in 2011
- **Development, construction, sale** activity: structure costs not covered + impairment of projects (2 million euros), offset by provision reversals and debt write-off (1.4 million euros)

From EBITDA to Operating income

(in millions of euros)	2011	2010
EBITDA	25.8	3.4
Amortization	(13.5)	(17.1)
Non-operational risk provisions	(1.8)	(6.1)
Other non-current income and expenses	(0.1)	(1.8)
Share in income of associates	(0.2)	(0.2)
Impairment	(28.3)	(13.0)
Operating income	(18.2)	(34.7)

Composition of financial income

(in millions of euros)	2011	2010
Profit from the deconsolidation of the convertible bond (including expenses related to the financial restructuring)	n/a	74.9
Interest expense related to the convertible bond	(8.0)	(13.9)
Net interest expense related to project financing debt held by operating wind farms	(9.1)	(8.2)
Change in the fair value of interest rate risk hedging instruments	n/a	(2.5)
Other	(0.9)	(4.8)
Financial income	**(18.0)**	**45.6**

- Interest expense related to the convertible bond:
  - 4.3 million euros of payable interests
  - 3.7 million euros of non-cash interests (IFRS standard)
  - Strong decrease due to conversions over the year (1,996,986 OCEANEs converted – cf p16)
- Recent wind farm commissionings => increase in net interest expense related to project financing debt held by operating wind farms
- Since January 1, 2011, hedge accounting => change in the fair value of interest rate risk hedging instruments is accounted in shareholders' equity

Balance sheet

(in millions of euros)	12/31/2011	12/31/2010
Goodwill	**40.6**	**71.1**
Tangible and intangible assets	**376.1**	**369.1**
Inventories	**14.4**	**19.8**
Other assets	**98.4**	**121.3**
- Financial debt	**(332.1)**	**(348.1)**
+ Cash and cash equivalents	**87.8**	**110.4**
- Other liabilities	**(90.4)**	**(123.6)**
NET ASSET **SHAREHOLDERS' EQUITY**	**195.0**	**220.0**

Financial debt structure

(in millions of euros)	31/12/2011	31/12/2010
Bank loans	**(214.8)**	**(222.1)**
of which projet financing, non-recourse or with limited recourse to parent company	*(214.8)*	*(210.5)*
of which corporate credit lines	*-*	*(11.6)*
Convertible bond	**(103.4)**	**(117.5)**
Other financial debt	**(13.9)**	**(8.5)**
of which financial instruments	*(10.0)*	*(6.0)*
TOTAL FINACIAL DEBT	**(332.1)**	**(348.1)**
Cash and cash equivalents	**87.8**	**110.4**
Current financial assets	**0.5**	**0.1**
TOTAL CASH	**88.3**	**110.5**
NET FINANCIAL DEBT	**(243.8)**	**(237.6)**

-€16.0 m

-€22.2 m

Main changes in financial debt during 2011

- Increase in project financing debt related to the Gargouilles wind farm (18.4 MW in France)
- Full repayment of corporate credit lines in Germany (11.6 million euros)
- Decrease by 14.1 million euros in the convertible bond following the conversion of 1,996,986 bonds during the year (cf p16)
- Implementation of a new hedging instrument in France: 1.2 million euros at closing date

Bond conversions

- 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 as of January 1, 2015 : €159.6 m

-€16.9 m

- Conversions between January 1, 2011 and December 31, 2011
  - 1,996,986 OCEANEs converted
  - Creation of 17,253,958 new shares
  - Maximum amount to be reimbursed as of January 1, 2015: **€129,0 m**

-€30.6 m

- Number of OCEANEs outstanding as of December 31, 2011 : 8,439,406

Total : €47.5 m

Cash position

(in millions of euros)	12/31/2011	12/31/2010
Free cash	**48.1**	**69.2**
Cash reserved for SPVs (1)	**19.7**	**17.7**
Pledged cash	**20.1**	**23.6**
Total cash and cash equivalents	**87.8**	**110.4**

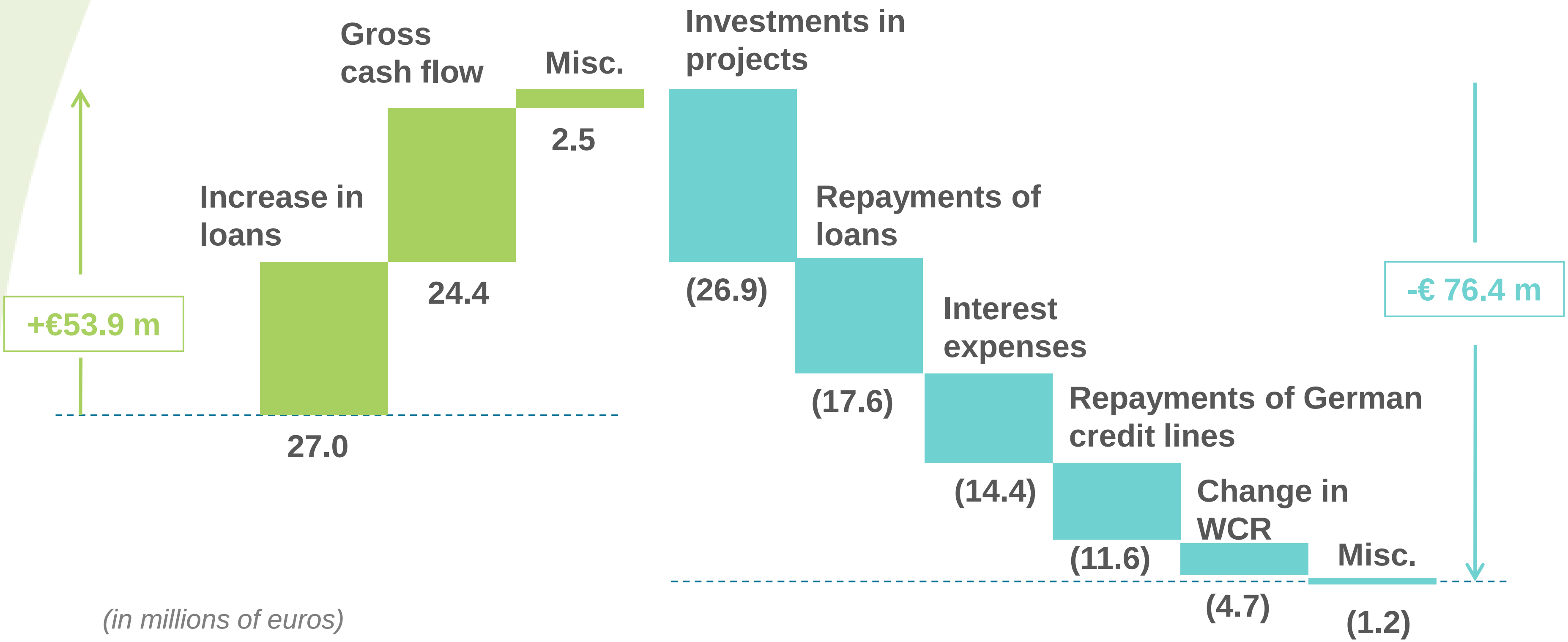
Free cash: Cash that the Group can use at any time

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

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

(1) SPV : special purpose vehicle.

Cash flow



(in millions of euros)

December 31, 2010 : +€110.4 m December 31, 2011 : +€87.8 m

A decrease of €22,5 m during the year

(including exceptional credit line repayments in Germany)

Strategy and outlook

Strategic priorities implemented in 2011

1. To transform the Group's business model
2. To define basis for future growth

From a financial holding to a performing industrial Group

Transformation of the business model

- Focus on Sales of electricity for own account
- Operational efficiency gains and pursuit of cost reduction

Basis for future growth

- An investment vehicle as growth catalyst
- A sizeable portfolio of wind projects
- Launch of a major project in Morocco

Improvement in the Group's basics

Strong increase in installed capacities for own account

One target: profitability

Focus on Sales of electricity for own account

- Keeping installed capacities for own account
  - To constitute a solid asset base
  - To avoid sharp fluctuation in revenue
  - To prevent the Group from potential market volatility
  - To ensure operational recurring and secured margin to cover development, financial and corporate costs = cash flow positive activity

    - GROWTH and YIELD

- Selling certain wind farms or projects
  - To focus on projects with the highest profitability
  - To maintain our cash position

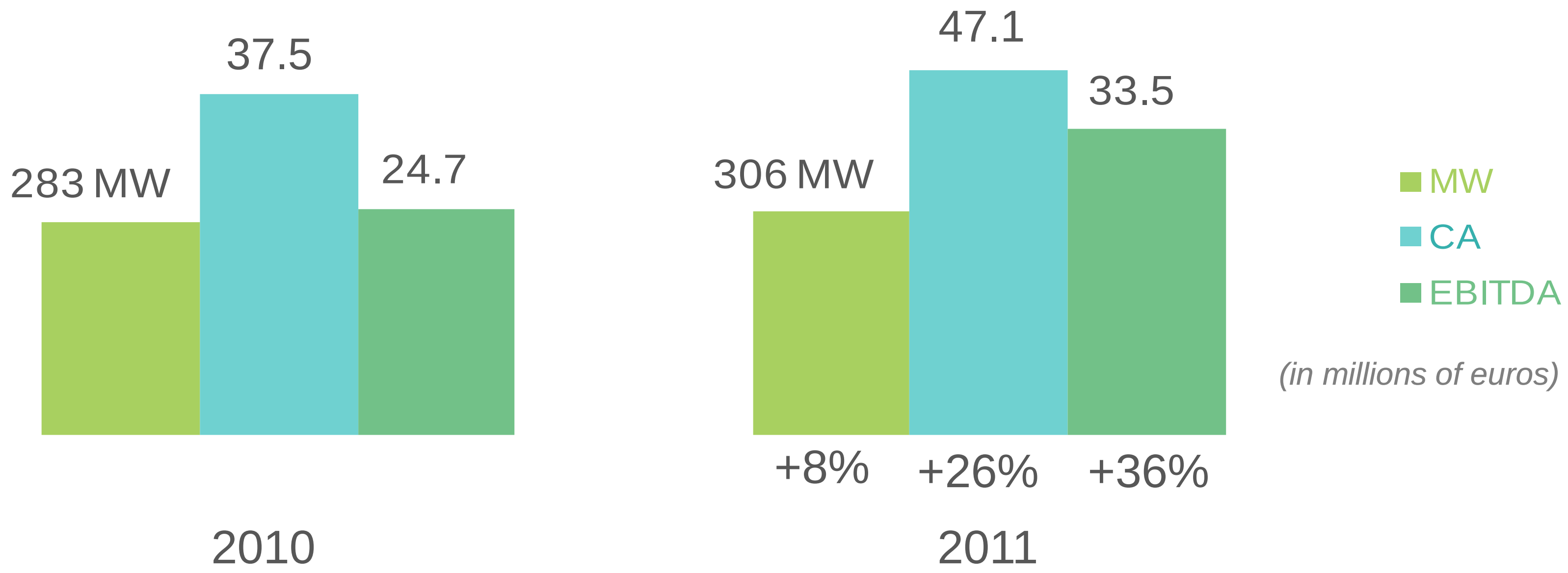
To improve profitability and create value

Operational efficiency gains and cost reduction

- New operational organization
    - Creation of transversal divisions: pooling of expertise across the Group – Simplified and more efficient structure
    - Group ready to grow at constant costs
- Reinforcement in engineering to increase the rate of transformation of projects into farms
- Improvement in operating wind farm efficiency (mainly maintenance)
    - Improvement in maintenance planning
    - Increase in availability rates
- Negotiations with turbine suppliers to obtain the most suitable turbines at the best price
- Negotiations with banks to obtain favorable financing conditions for the long term

Growth in operational margin is faster than growth in revenue

- Each MW commissioned for own account generates predictable and recurring revenue over the long term and highly contributes to improve operational profitability



The excellent performance of the Sales of electricity for own account activity confirms the strategy => target of profitability

From a financial holding to a performing industrial Group

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Improvement in the Group’s basics

Strong increase in installed capacities for own account

One target: profitability

Creation of an investment vehicle to reinforce growth

- Effective creation in August 2011
- Shareholders: THEOLIA (40%), IWB (30%) and Badenova (30%)
- Joint vehicle investing in onshore wind projects in France, Germany and Italy
- Objective: 100 m€ of equity invested + project financing =
  Total investment > 300 m€, representing a wind capacity of 150 to 200 MW
- Progressive equity injection as transactions occur
- First transaction in December 2011: THEOLIA sold its first wind project to the vehicle (15 MW in France, under construction and financed)

THEOLIA acts as the operating partner of the vehicle

- THEOLIA sells to the vehicle wind projects that it has previously developed
- THEOLIA then carries out the construction of the wind project on behalf of the vehicle
- THEOLIA carries out the operation of the wind farm on behalf of the vehicle
- THEOLIA manages the vehicle
- The wind farm is consolidated at 40%

- Impact of the sale recorded in the "Other operating income" item in income statement
- 60% of the fees included in the Development, construction, sale activity
- 60% of the fees included in the Operation activity
- 60% of the fees included in the Corporate activity
- Consolidation of 40% of the installed capacity and 40% of the electricity produced

A sizeable portfolio of wind projects to commission MW for own account and on behalf of the vehicle

Backlog: 121 MW

As of December 31, 2011	Development	Permits applied	Permits obtained	Under construction
France	173	186	18	6 [(1)]
Italy	144	132	87	10
Germany	15	4	-	-
Morocco	200	100	-	-
Total projects	532	422	105	16

954 MW

Net capacities.
Excluding projects in prospection (initial phase) and projects currently under appeal.
[(1)] Indirect ownership of THEOLIA in the Magremont project (40%*15 MW)

TUIC is a key element to balance the business plan

- 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

Launch of a 300 MW project in Morocco

- Agreement with the Moroccan *Office National de l'Electricité* for the joint development and construction of a 300 MW wind farm in Morocco
- 100 MW to be installed on the Koudia al Baïda site currently operated by THEOLIA (repowering of the existing 50 MW wind farm)
- 200 additional MW to be installed (extension)
- Conception and engineering works started in July 2011
- Tenders for construction works and turbine supply will be launched soon
- Beginning of construction of the first 100 MW expected for the end of 2012

The biggest project of the Group

From a financial holding to a performing industrial Group

Transformation of the business model

- Focus on Sales of electricity for own account
- Operational efficiency gains and pursuit of cost reduction

Basis for future growth

- An investment vehicle as growth catalyst
- A sizeable portfolio of wind projects
- Launch of a major project in Morocco

Improvement in the Group's basics

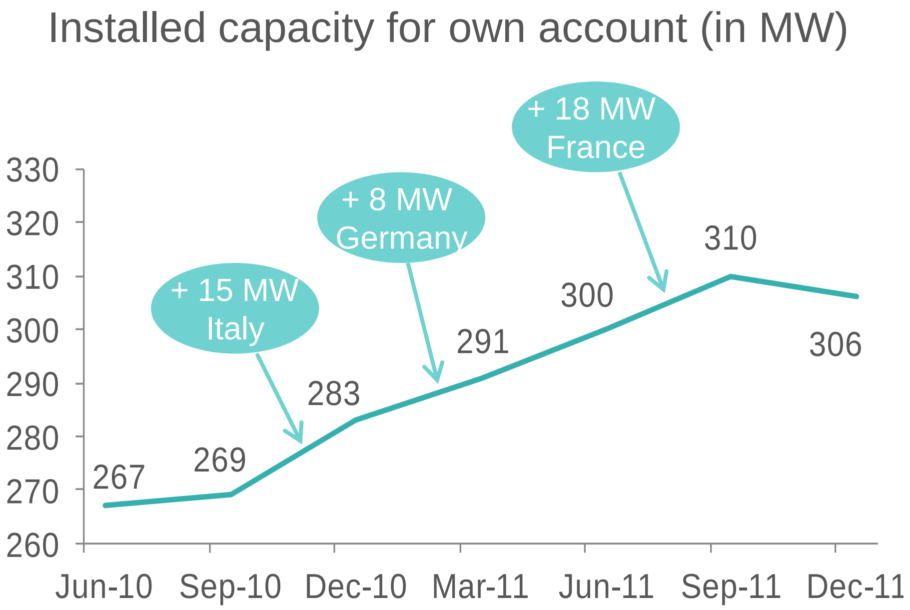
Strong increase in installed capacities for own account

One target: profitability

Improvement in the Group’s basics

- Very strong improvement in operational profitability
  - EBITDA multiplied by 7.5
  - 5-point improvement in the EBITDA margin of the Sales of electricty for own account activity
  - Current operating income of €10.4 m in 2011
- Continued reduction in financial debt
  - Conversion of around 2 millions of OCEANEs => a more than €14 m decrease in the convertible bond recorded in the balance sheet
  - Repayment of corporate credit lines in Germany (-€11.6 m)
  - Total decrease in financial debt by €16 m over the year
- Significant cash position: €87.8 m as of December 31, 2011

Strong increase in MW for own account



- July 2010: success of the financial restructuring
- H2 2010: + 16 MW net
- Year 2011: + 22 MW net

Outlook for medium term

- Consolidation of our operational positions
  - Strong dynamism in development
  - Investments in projects with the highest profitability
  - Maximization of wind projects transformed into wind farms
  - Significant cash position and co-investment in order to accelerate the pace of commissioning of wind farms
  - Target is to reach the required size to ensure profitability

- Joint development of a 300 MW wind project in Morocco with the ONE

- THEOLIA is a performing platform able to absorb additional activities at constant costs
  - Enlargement of our wind expertise to additional activities (wind farm repowering, operating wind farms on behalf of new third parties, …)
  - Development in new countries in case of synergy opportunities with our current installations (country, region)
  - Development in new renewable activities, the operational expertise of the Group being transposable
  - Taking into account the energy market evolution over the long term in our strategic choices

Thank you for your attention