



*General Meeting of Bondholders  
October 29, 2014*

Energy for the environment



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# Agenda

- Presentation of the operation
- Consolidated revenue for the first nine months of 2014
- Questions & answers
- Resolutions submitted to the vote



# Main terms of the existing convertible bonds – Issue in 2007, first restructuring in 2010

<b>Number of convertible bonds outstanding</b>	▶	<ul style="list-style-type: none"><li>● 8,225,770</li></ul>
<b>Par value</b>	▶	<ul style="list-style-type: none"><li>● €19.03 per bond</li></ul>
<b>Coupon</b>	▶	<ul style="list-style-type: none"><li>● 2.70% of the bond par value</li><li>● 0.1% of the bond par value from January 1, 2015 to January 1, 2041</li></ul>
<b>Early redemption at the bondholders' option</b>	▶	<ul style="list-style-type: none"><li>● €15.29 per bond as at January 1, 2015, i.e. 125.8 million euros</li></ul>
<b>Conversion ratio</b>	▶	<ul style="list-style-type: none"><li>● 3.46 ordinary shares per convertible bond until the end of December 2014</li><li>● No more conversion option as of January 1, 2015</li></ul>
<b>Maturity</b>	▶	<ul style="list-style-type: none"><li>● January 1, 2041</li></ul>



# A required restructuring operation

1

- High probability to face the redemption of the convertible bonds on January 1, 2015 for a total amount of 125.8 million euros
- Free cash limited to 25.7 million euros as at June 30, 2014

2

- Failure of the tender offer launched by Macquarie in July 2013, at €1.70 per share combined with the redemption of the convertible bond
- Several refinancing solutions subsequently contemplated by the Company: capital increase, new debt, asset disposal or sale of the Company

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- A restructuring plan well-balanced between shareholders and bondholders:
  - Recapitalization of the Company by its shareholders enabling an immediate partial redemption of the convertible bond and a healthier balance sheet
  - Split of the remaining convertible bond debt in several instalments over the next 5 years
  - Adjustment of the bond conversion ratio to increase the probability for THEOLIA to reinforce its shareholders' equity by 2020



# A restructuring relying on 4 transactions

<b>Capital increase maintaining the preferential subscription right</b>	€60 m	<ul style="list-style-type: none"><li>● Maintenance of the preferential subscription right to enable the existing shareholders to participate to the restructuring operation and not be diluted</li><li>● Low execution risk due to the subscription commitments received from:<ul style="list-style-type: none"><li>● Boussard &amp; Gavaudan<sup>1</sup> in the approximate amount of 50 million euros</li><li>● Some members of the Concert<sup>2</sup> in the amount of 10 million euros</li></ul></li><li>● Minimum issue price set at €0.50 to limit the number of securities to issue</li></ul>
<b>Stock warrants</b>	€24 m	<ul style="list-style-type: none"><li>● 1 stock warrant attached to each share issued through the capital increase</li><li>● Ability to exercise 3 stock warrants to acquire 1 new share over the 18 months following the capital increase</li><li>● Opportunity to further strengthen the Company's shareholders' equity to carry on the redemption of the convertible bond and the Group's development</li></ul>
<b>Early partial redemption of the convertible bonds</b>	€60 m	<ul style="list-style-type: none"><li>● Early partial redemption of €7.266 per bond</li><li>● Residual amount of the convertible bond debt brought to 66 million euros</li></ul>
<b>Amendments of the convertible bond terms</b>	N/A	<ul style="list-style-type: none"><li>● Split of the redemption into 4 instalments between 2017 and 2041</li><li>● Increase in conversion probability and therefore reinforcement of the shareholders' equity</li><li>● Increase in coupon rate while reducing the yearly interest amount paid by the Company</li></ul>

(1) Under specific conditions.

(2) Pierre Salik, Michel Meeus and Brigitte Salik.



# Key features of the capital increase

Maintenance of the preferential subscription right and issue of shares associated with stock warrants

## Capital increase

- 1 preferential subscription right associated to each existing share, listed on Euronext Paris
- 1 preferential subscription right to acquire 1.84 new share<sup>1</sup>
- Number of shares issued: 119,547,052<sup>1</sup>
- Issue price of a share associated with stock warrants: €0.50
- Amount: €59,773,526<sup>1</sup>

## Stock warrants

- 1 stock warrant attached to each new share issued
- Number of stock warrants issued: 119,547,052<sup>1</sup>
- Exercise ratio: 1 new share for 3 stock warrants
- Exercise price: €0.60 per share, i.e. €0.20 per stock warrant<sup>1</sup>
- Expected proceeds from the exercise: €23,909,410<sup>1</sup>
- Maturity: 18 months, until June 4, 2016

## Listing

- Listing
  - Listing of the new shares on Euronext Paris as soon as they are issued
  - Listing of the stock warrants on Euronext Paris as soon as they are issued

(1) Based on an issue price of €0.50. Considering THEOLIA current share price, the issue price will reach the €0.50 floor price.



# Setting the issue price

- Issue price = higher price between 70% of the TERP and the fixed floor price of €0.50
  - TERP represents the theoretical share price taking into account the dilutive impact of the capital increase
  - Example for a share price of €0.70 (current market conditions) :
    - $\text{TERP} = (64.9 \text{ million shares} * \text{€}0.70 + \text{€}59.8 \text{ m}) / (64.9 \text{ million shares} + 119.5 \text{ million shares}) = \text{€}0.57$
  - Based on current market conditions, 70% of the TERP < €0.50, i.e. the floor price for the issue of shares associated with stock warrants
- ⇒ The issue price will be the floor price, i.e. €0.50

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# Change in the main terms of the convertible bond

## Summary

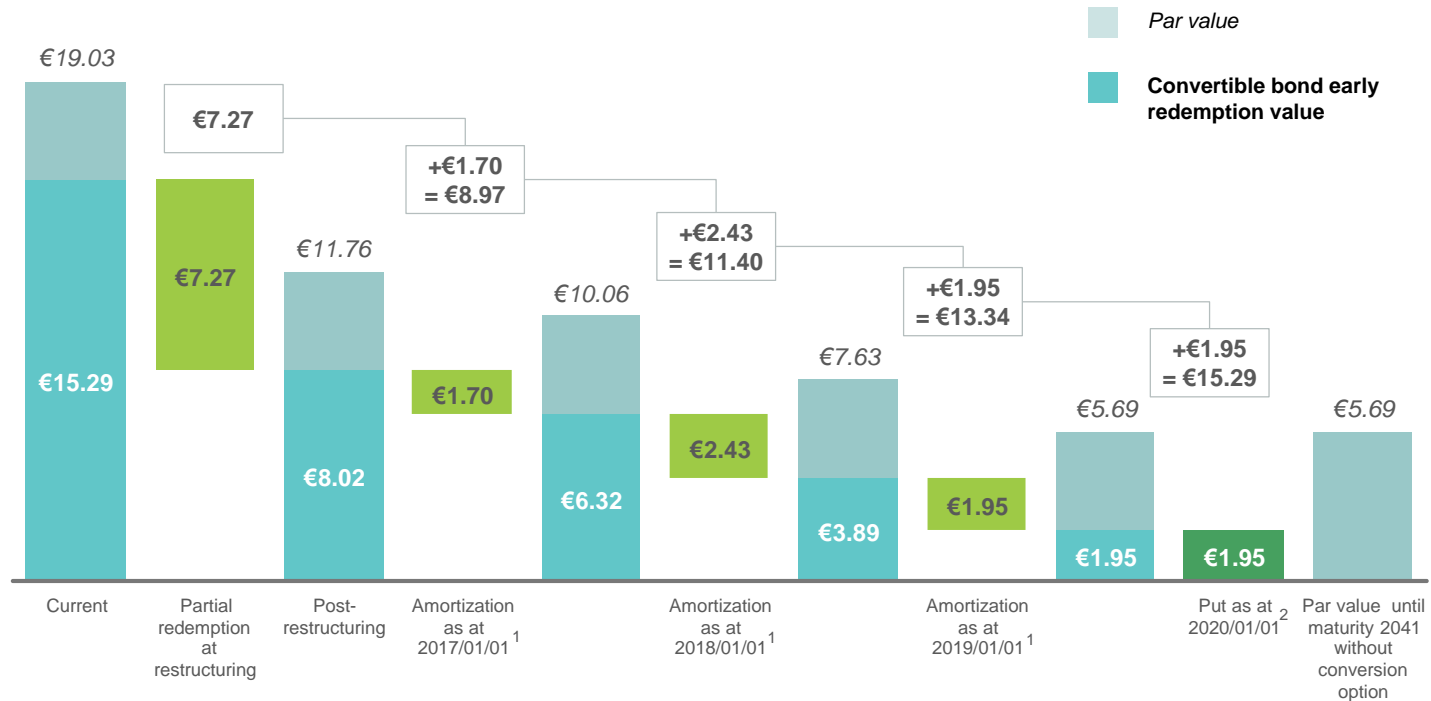
	Existing terms	New terms
Par value	€19.03	€11.764 then reduced by the amount of annual amortization
Bondholders' put	€15.29 on January 1, 2015	€1.946 on January 1, 2020 After redemption of €7.266 + €1.702 + €2.431 + €1.945 = €13.344 or a total of €15.29
Coupon	2.70% until the end of December 2014	From 3.922% to 1.967 % depending on periods, until the end of December 2019 Then 0.1% as of January 1, 2020
Conversion ratio	3.46 shares per convertible bond	9.22 shares until December 31, 2016 then reduced to take into account the annual amortization



# Change in the main terms of the convertible bond

## Amortization profile

### Par value of the convertible bond (€ per bond)



The restructuring operation presented enables to split the convertible bond redemption into several instalments, based on an early redemption value of **€15.29**

(1) Amortization to start in 2017.

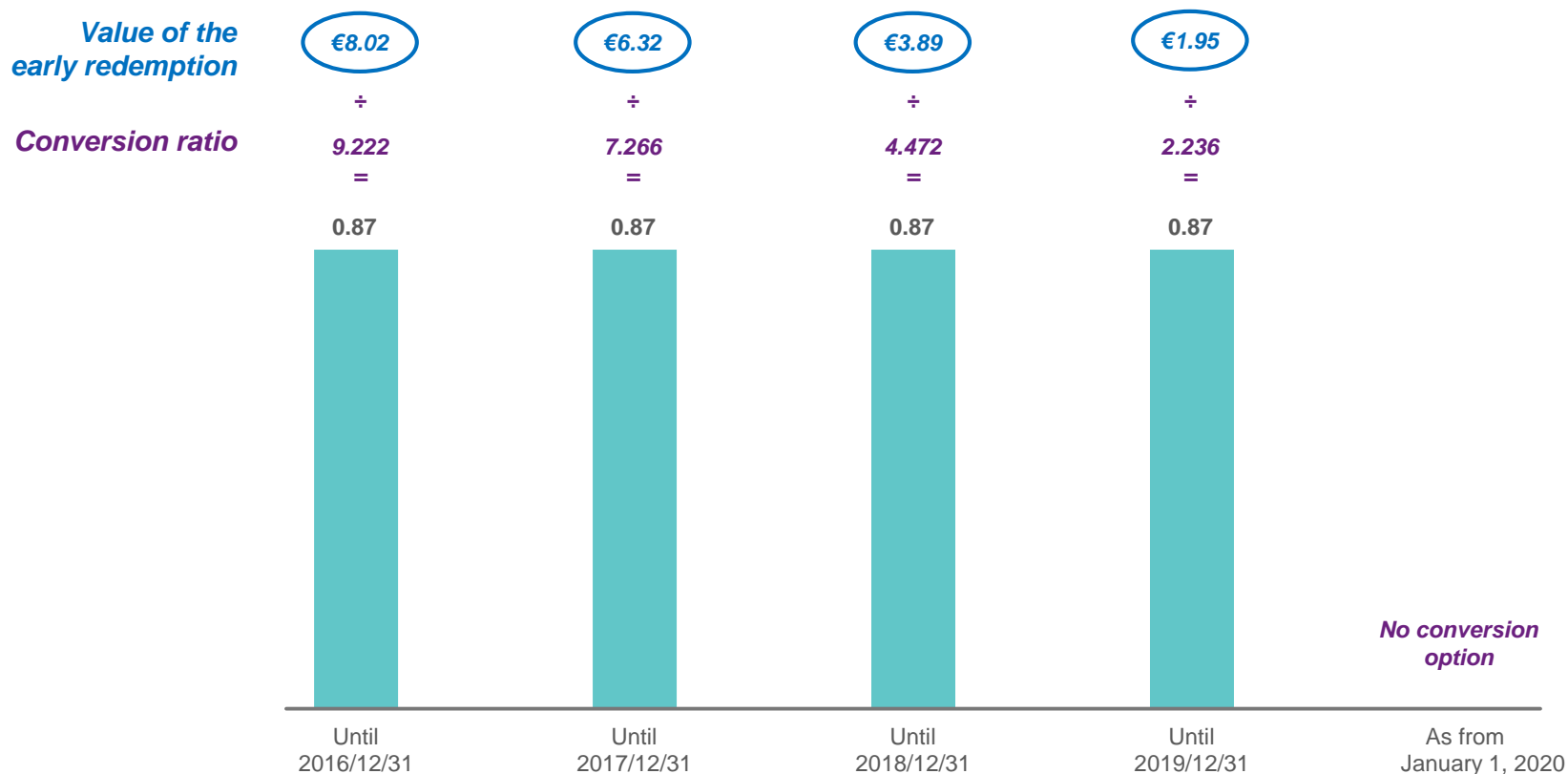
(2) Possibility of an early redemption at the bondholders' option.



# Change in the main terms of the convertible bond

## Change in the conversion ratio

Change in the conversion price depending on the conversion ratio and the bondholders' put value

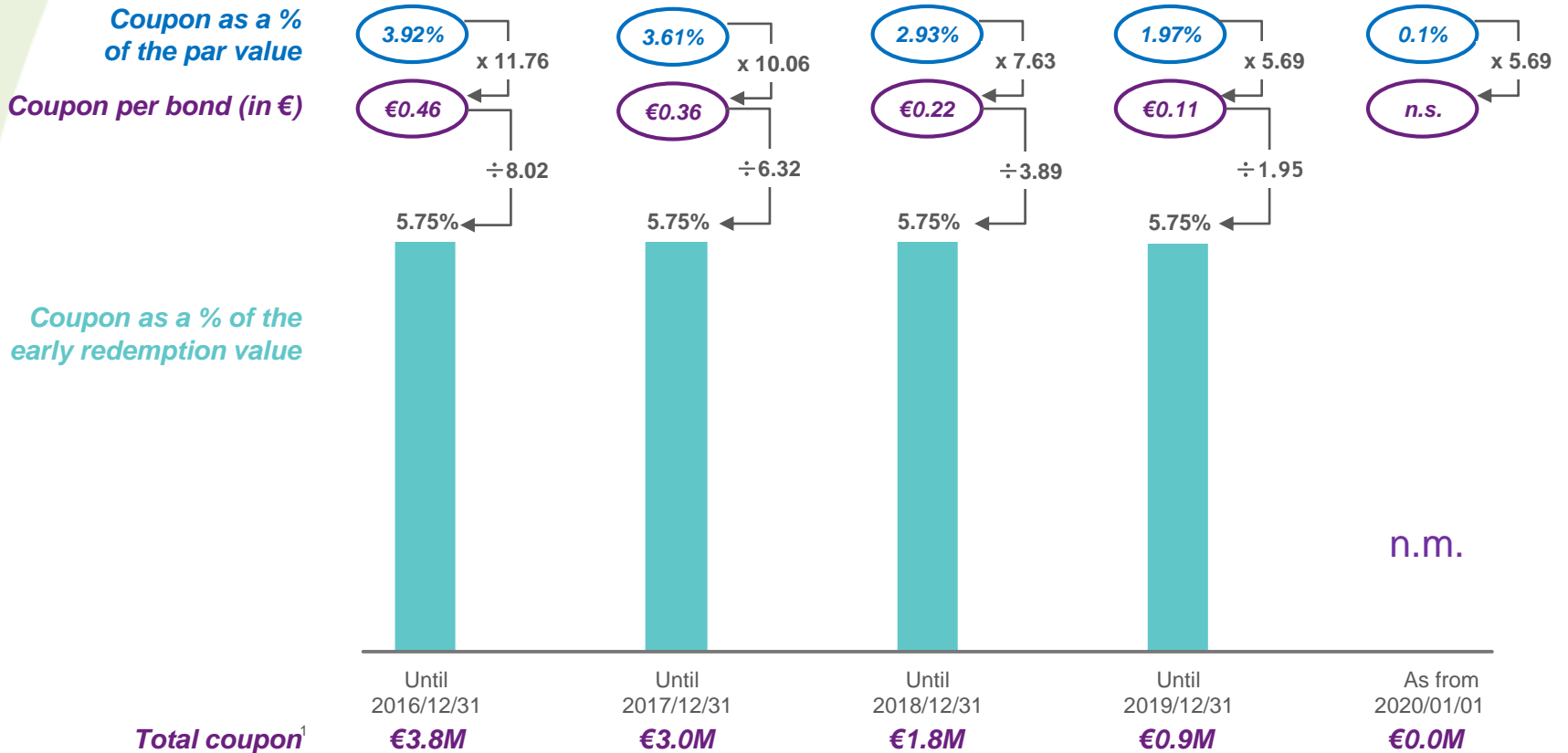




# Change in the main terms of the convertible bond

## Change in the coupon

### Change in the coupon based on the convertible bond early redemption value



Coupon offered representing 5.75% of the early redemption value over the period and not increasing the total cash financial cost for the Company

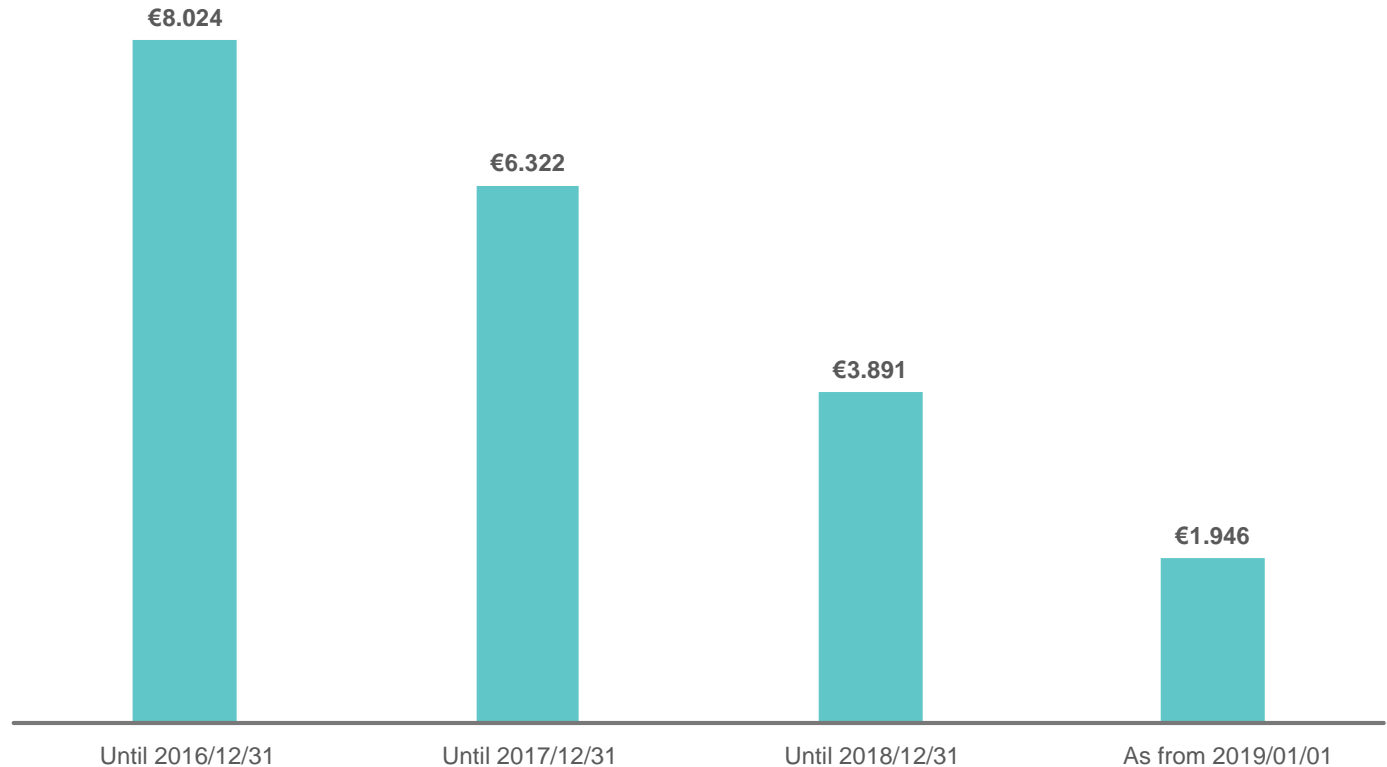
(1) Maximum assumption in the event of no bond conversion by 2020/01/01



# Change in control clause

## Early redemption value in the event of a change in control

*The change in control clause will apply if a transaction results in the control of the company (as defined in article L.233-3 of the French Commercial Code) being transferred to one or several individuals or legal entities (other than a legal entity in which shareholders holding the majority of voting rights before the operation would hold the majority of voting rights), acting solely or in concert and who did not control the company before the operation, including through merger, consolidation, grouping or other similar operations*



**Terms of the change in control clause do not increase the amount of debt supported by the Company but ensure the payment of the early redemption value to the bondholders**



# Other key terms of the convertible bond

## Limits on dividend payment

- Until 2018/01/01 included: dividend payment to shareholders is prohibited
- From 2018/01/02 to 2020/01/01 included: dividend payment is limited to 50% of the distributable income of the previous fiscal year

## Standard anti-dilution clauses

- Share allocation ratio adjustment clauses commonly seen in the issuance of similar securities:
  - Financial operations with listed preferential subscription right
  - Distribution of reserves in cash or in kind, or premiums
  - Share buyback above the current market price
  - Dividend payment
  - Launch of a public tender offer, that may trigger a change in control, or launched following the occurrence of a change in control

## Standard redemption clause at the Company's option

- 3 cash early redemption options at the par value :
  - If the conversion ratio x the average share price (20 days) > 100% of the par value
  - If less than 10 % of the bonds are outstanding
  - Buyback on or off market through public tender offers or public exchange offers



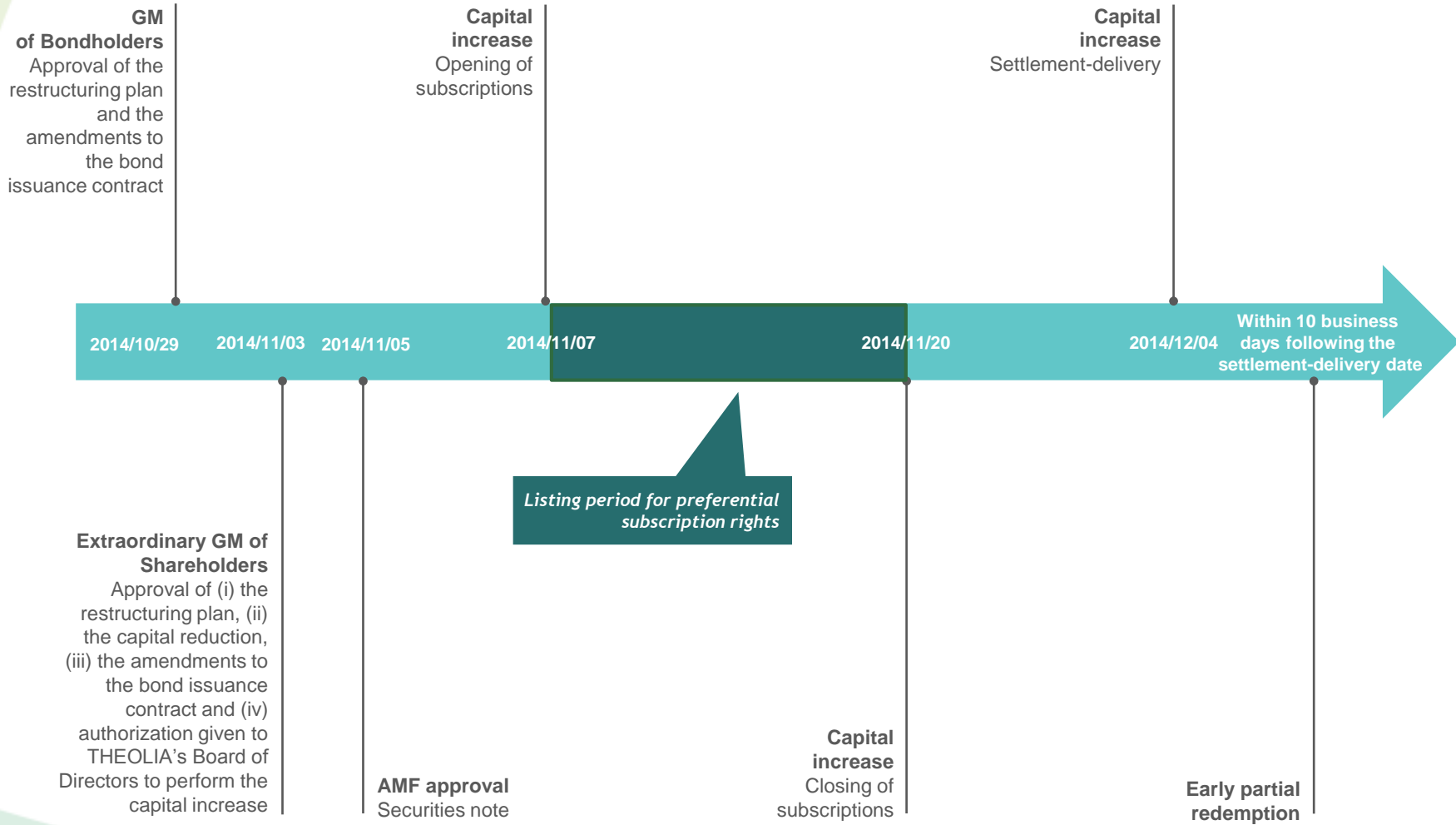
# Keys conditions to complete the restructuring

## Conditions for the implementation of the restructuring

- Approval of the transaction by the General Meeting of Bondholders and the Extraordinary General Meeting of Shareholders
- Commitment from some of the members of the Concert to subscribe to the capital increase in the amount of 10 million euros
- No operation on the Company's share capital (excluding identified dilutive instruments) prior to the completion of the capital increase
- Fady Khallouf remaining CEO
- No material adverse effect events



# Indicative timetable of the operation








# Potential dilution following the operation



- (1) Based on the exercise of stock warrants owned by the Concert and, as the case may be, by Boussard & Gavaudan.
- (2) Based on the current number of shares outstanding, excluding 1,144,350 free shares to be issued on 2014/12/10, and excluding treasury shares.

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- Consolidated revenue for the first nine months of 2014



# + 18% increase in the consolidated revenue for the first nine months of 2014

<i>(in million euros)</i>	Wind activities			Non-wind activity <sup>(1)</sup>	Consolidated total
	Sales of electricity for own account	Operation	Development, construction, sale		
<b>First nine months of 2014</b>	61.8	4.2	7.9	0.5	74.5
<b>First nine months of 2013 restated <sup>(2)</sup></b>	55.8	4.2	2.3	1.0	63.2
<b>Change</b>	<b>+ 11%</b>	<b>+ 1%</b>	<b>+ 252%</b>	<b>- 49%</b>	<b>+ 18%</b>

(1) Excluding Environment activities.

(2) Restated in compliance with the new IFRSs 10 and 11 enforceable as at January 1, 2014 retrospectively.


- Favorable wind conditions during Q1 2014
- Positive scope effect related to the integration of Breeze Two Energy over 8 months in 2013, compared to 9 months in 2014

- Sale of a 6 MW operating wind farm in Germany during Q3 2014

- Negative scope effect related to the sale of the solar park on May 30, 2014



- Questions & answers

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- Resolutions submitted to the vote during the General Meeting of Bondholders



# First resolution

**Approval of the restructuring plan**



# Second resolution

**Amendments to the Bond Issuance Contract, subject to the sole condition precedent of approval of these amendments, under the same terms, by the extraordinary general meeting of shareholders no later than December 12, 2014**



## Third resolution

**Amendments to the Bond Issuance Contract, subject in particular to the condition precedent that the capital increase described in the fifth resolution, which is subject to the extraordinary general meeting of shareholders called to approve the implementation of the restructuring plan, is settled/delivered no later than March 6, 2015**





# Fourth resolution

**Appointment of a new representative of the body of Bondholders to replace the resigning representative**



# Fifth resolution

**Powers of attorney to carry out formalities**