



THEOLIA

Press release

Aix en Provence, April 28, 2009

THEOLIA records annual net loss of €244 million in 2008

In line with its announcement on March 26, 2009, THEOLIA confirms a net loss of €244.1 million for fiscal year 2008, compared to a loss of €48.6 million (restated for IFRS 5) in 2007.

The aggressive growth ambitions in the past, based on external growth and multiplication of subsidiaries, collided with the current global financial crisis, and led to impairments and asset depreciation of €105.6 million. Such depreciations and other one-offs negatively impacted 2008 to the order of €201.9 million.

The decision to not sell any wind farms in 2008 deprived the Group of significant sales revenue and corresponding margin, and did not allow for the absorption of significant fixed costs.

Financial review

INCOME STATEMENT

THEOLIA's consolidated financial statements were examined by the Audit Committee and the Board of Directors, then approved by the Board of Directors in its April 21, 2009 meeting, in the presence of the statutory auditors.

Consolidated financial statements (in € thousands)	31/12/2008	31/12/2007 Reported	31/12/2007 Restated IFRS 5
Sales	69,956	306,481	288,134
Current operating income	(67,299)	(3,250)	438
Operating income	(196,460)	(38,726)	(37,517)
Financial income	(39,083)	(7,941)	(6,989)
Share of income from associates	(3,842)	589	(85)
Taxes	11,936	(2,729)	(2,777)
Net after tax profit on discontinued activities or activities in the process of sale	(16,650)	N/A	(1,257)
Net profit	(244,098)	(48,807)	(48,625)

- (1) Following the application of IFRS standard 5 relating to activities in the process of sale, most of the Group's non-wind companies were taken out of the different line items of the consolidated income statement and grouped under a single line item "net after tax profit/loss from discontinued activities or activities in the process of sale." For purposes of comparison with the previous fiscal year, the 2007 income statement was restated for the effect of the entities in the environmental unit concerned (Seres Environnement, Ecoval 30, SAEE, SAPE, Némeau, Therbio, CS2M and Thenergo).

Consolidated sales amount to €70 million as of December 31, 2008, versus €288 million (restated for IFRS 5) as of December 31, 2007. This difference can be explained mainly by:

- ✓ A strong increase in wind-generated electricity sales for own account (+106% compared to 2007) and for third parties (+61% compared to 2007), offset by :
- ✓ No sales of wind farms in 2008; and
- ✓ The cancellation of two sales (a wind farm and a solar park), booked at the end of 2007, for a total amount of - €31.4 million, due to the buyers' inability to obtain financing in 2008.

On the other hand, 2007 benefitted from €218 million of sales of wind farms and €14.4 million from the sale of a solar park.

On September 3, 2008, the former Management had announced its wish to keep for its own account most, if not all, of the wind farms built, without demonstrating the corresponding financing plan. The severe financial crisis, greatly limiting access to financing on short notice, led the new Management of the Group to reactivate sales of wind farms which should resume in 2009.

Consolidated EBITDA records a loss of €37.8 million as of December 31, 2008.

To comply with the standards generally accepted by the financial community, the Group changed the calculation method for its EBITDA, in order to include the provisions on current assets as well as share based payments.

The EBITDA for 2007, restated for IFRS 5 and according to this new definition, would have reached €12.2 million.

(in € thousands)	Wind generated electricity sales	Sales of wind farms to third parties	Non-wind activity	Holding	Consolidated total
EBITDA 2008 (new definition)	39,707	(28,440)	(2,278)	(46,810)	(37,821)
EBITDA 2007 (restated for IFRS 5) (new definition)	17,193	11,949	(2,048)	(14,898)	12,195

The EBITDA from ‘Wind generated electricity sales’ increased significantly due to the full year impact of 630 MW of installed capacity as of December 31, 2007.

The EBITDA from ‘Sales of wind farms to third parties’ decreased sharply as a result of the complete absence of wind farm sales in 2008, the €2.7 million loss of margin resulting from the cancellation of a 2007 sale and the impact of one-offs to the order of €9 million.

The Holding EBITDA was strongly affected in 2008 by sizeable one-offs for a total of €30.6 million, including:

- ✓ The depreciation of the debt related to the sale of its Thenergo shares, for an amount of €15 million; the proceeds from the sale, due since mid-January 2009, have not yet been received. The Company decided to fully depreciate this debt;
- ✓ The provision for reservation fees for turbines of €10 million associated with a project that has been abandoned.

The consolidated operating income presents a loss of € 196.5 million as of December 31, 2008, versus a loss of €37.5 million (restated for IFRS 5) for the fiscal year 2007. This strong decrease is explained mainly by the booking of significant one-offs in 2008.

Specifically, the ambitious growth policy conducted by the former Management led to several acquisitions, some of which were realized in a very active global bull market. In compliance with IAS 36 standard, the impairment tests performed at the end of 2008 and based on the utility value calculated according to the discounted cash flow method resulted in the booking of significant depreciations of goodwill and assets as of December 31 amounted to €105.6 million.

Additionally, the sale of Thenergo shares at year-end triggered a book loss of €22.6 million.

The consolidated financial result went from - €7 million (restated for IFRS 5) as of December 31, 2007 to - €39.1 million in 2008. This loss includes €33.3 million of interest charges on loans, of which the first full year interest charge on OCEANE (convertible bond) for an amount of €13.5 million.

Consequently, **the consolidated net loss** totals €244.1 million as of December 31, 2008 against a loss of €48.6 million (restated for IFRS 5) in 2007.

The total amount of one-offs impacting the 2008 results is €201.9 million.

NET DEBT AND CASH POSITION

The net debt increased from €215.3 million as of December 31, 2007 to €498.1 million as of December 31, 2008 and breaks down as follows:

(in € thousands)	31/12/2008	31/12/2007 Restated
Financial debt	(376,686)	(346,261)
Convertible bond (1)	(204,223)	(195,953)
Other financial liabilities (2)	(8,338)	(377)
Current financial assets	296	1,127
Cash and cash equivalents	90,823	326,197
Net financial debt	(498,128)	(215,267)

(1) The stated amounts correspond to the debt component of the convertible bond. See note 2.17 of the notes to the 2008 consolidated financial statements.

(2) The other financial liabilities mainly correspond to the situation of the interest rate swaps as of December 31, 2008.

The financial debt is mainly comprised of non-recourse project financing and increased slightly. The increase in the net debt reflects the deterioration of the cash position which remains tight as of March 31, 2009. The proceeds of the recent asset sales have not yet been collected.

(in € thousands)	Total cash Group	Total cash Holding
December 31, 2007	326	172
December 31, 2008	91	14
<i>of which free cash⁽¹⁾</i>	<i>34</i>	<i>9</i>
March 31, 2009 ⁽²⁾	83	27
<i>of which free cash⁽¹⁾⁽²⁾</i>	<i>26</i>	<i>16</i>

(1) Cash available, neither trapped in project support companies nor pledged. Cash in subsidiaries is mainly dedicated to operating expenses and cannot be pulled at Holding level.

(2) Non audited figures.

Operational Review

As of December 31, 2008, the Group manages a total installed capacity of 671 megawatts (MW), of which 360 MW for own account and 311 MW for third parties in Germany, France and Morocco.

As of December 31, 2008, the pipeline of wind projects amounted to 2 580 MW, of which 247 MW under construction.

The project implementation is at the core of the Group's growth strategy. Progress is being made on project management and approval process, as well as in cash flow modeling for each wind farm/project.

The Group expects the commissioning of additional operational capacity in two new markets in 2009/2010: India and Italy.

Outlook

The Group continues its efforts to improve corporate governance. A full audit of corporate governance practices is ongoing. The Group aims to reinforce its Board of Directors and has initiated the recruitment for vacant Board positions.

In order to reinforce its cash position, the Group focuses on executing its divestment program of non wind activities and the sale of more than 200 MW of wind projects and assets. At the same time, cost reductions continue at the headquarters and its subsidiaries.

The next few months will focus on finalizing business model (several models are currently under review) and on attracting new outside capital, either at corporate or asset level.

In light of the uncertainty surrounding the planned divestments, the Group will not provide financial or operational guidance at this stage.

About THEOLIA

THEOLIA is a leading European producer of electricity from wind energy. THEOLIA is active in France, Germany, Italy, India, Brazil and Morocco. THEOLIA trades on the compartment B of Euronext Paris, regulated market of NYSE Euronext, under the symbol TEO. The stock is in the SBF 120 and CAC MID100 indices.

For more information

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THEOLIA is listed on the compartment B of Euronext Paris, code: TEO