



THEOLIA

Press release

Aix en Provence, April 16, 2010

Press release

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Overall improvement in THEOLIA's 2009 results

THEOLIA's Board of Directors met on April 15, 2010 to approve the financial statements for the year ended December 31, 2009. The audit procedures have been completed and the statutory auditors' reports on the financial statements are in the process of being issued.

"The 2009 results have been influenced by several major factors", indicated Eric Peugeot, Chairman and CEO:

"Revenue up strongly at 329 million euros generating a positive operating result of 32 million euros and a net loss of 21 million euros in 2009 compared to a loss of 245 million in 2008.

In a continuing challenging environment, the Group has implemented measures with a view to considerably improve its financial results:

- The reactivation of sales of wind farms and projects;*
- The divestment of non-strategic activities (non-wind activities);*
- The improvement in productivity;*
- The withdrawal from certain geographic markets;*
- The announcement of a financial restructuring plan of its convertible bonds (OCEANES).*

These encouraging results reflect the determination of THEOLIA's Management and Board of Directors to take matters in hand and to develop THEOLIA's activities on a solid financial basis" continued Eric Peugeot.

The slideshow of the 2009 financial statements, presented at 8:30 today by Eric Peugeot, Chairman and CEO of THEOLIA and the Chief Officers, François Rivière (Finance) and Jean-François Azam (Operations), as well as the audio webcast are available in both French and English on the Company's website www.theolia.com live and with replay.

Financial update

INCOME STATEMENT

THEOLIA's consolidated accounts have been reviewed by the Audit Committee and then approved by the Board of Directors at their meeting on April 15, 2010 in the presence of the statutory auditors.

Consolidated accounts (in million euros)	12/31/2009	12/31/2008
Income statement	328.6	70.0
Current operating results	27.8	(68.4)
Operating income	32.2	(197.6)
Financial results	(30.8)	(39.1)
Share in income of associated companies	(13.5)	(3.8)
Net income of continued activities	(11.7)	(228.6)
Net income (before tax) of discontinued activities or activities being sold	(9.4)	(16.7)
Net income	(21.1)	(245.2)

Sharp increase in revenue

The consolidated Group revenue amounts to 329 million euros as of December 31, 2009 compared to 70 million as of December 31, 2008.

This sharp increase can be attributed mainly to:

- ✓ the reactivation of the sale of wind farms registered in the Development, construction, sale activity, in which the revenue amounts to 236 million euros. 234 megawatts (MW) of projects and wind farms have been sold in 2009 in Germany and France, exceeding the established target of 200 MW. In 2008, the Group had not sold any project or wind farm.
- ✓ the strong resistance of the Sale of electricity for own account activity that posted revenue of 52 million euros despite poor wind conditions during the first three quarters and sales of wind assets carried out in 2009. The installed capacity for own account amounts to 322 MW as of December 31, 2009 compared to 360 MW as of December 31, 2008, a decrease of 11%.
- ✓ The implementation of the new strategy beginning September 1, 2009 to sell wind farms, after 2 to 4 years of operation. The corresponding revenue amounts to 65 millions euros for the financial year.

EBITDA positive 50 million euros

The Group's consolidated EBITDA amounted to 50 million euros in 2009, contrasted to a decrease of 38 million euros in 2008, an overall increase of 87 million euros. This significant improvement is due to the reactivation of sales of wind farms.

(in million euros)	Sale of electricity for own account	Development. construction sale	Operation	Corporate	Non wind activities	Consolidated total
EBITDA 2009	35.2	(2.5)	(1)	17.1	0.8	49.6
EBITDA 2008	38.4	(28.4)	1.2	(46.8)	(2.2)	(37.8)

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

The 35 million euros EBITDA of the activity *Sale of electricity for own account*, represents 71% of the Group's total EBITDA. The 68% margin was primarily impacted by the decrease in revenue of this activity as a result of poor wind conditions.

The *Development, construction, sale* activity posts a negative EBITDA of 3 million euros in 2009, in contrast to an EBITDA of (28) million euros for the previous financial year, an overall increase of 26 million euros.

This increase is due to the reactivation of sales in 2009 that allowed the Group to absorb most of the structural costs in Germany. In 2008, the Group had decided to halt the *trading* activity of its German subsidiary, THEOLIA Naturenergien GmbH (formerly Natenco GmbH), and had therefore not sold any wind farms for the financial year. The margin generated being nil, the structural costs had not been absorbed.

The EBITDA of the *Operation* activity posts a loss of 1 million euros, in contrast to a profit of 1 million euros in 2008, a decrease of 2 million euros. The *Operation* activity has been penalized mainly by two elements:

- ✓ the unusual drop in production and thus revenue resulting from the poor wind conditions, did not allow the Group to realize its customary profit margin;
- ✓ the costs related to this activity increased because the volume of MW generated for the account of third parties equally progressed from 311 MW on December 31, 2008 to 458 MW on December 2009.

The *Corporate* EBITDA, mainly THEOLIA SA, headquarters of the Group, displays an increase of 17 million euros, contrasted with a loss of 47 million euros in 2008, mainly related to the reversal of the depreciations recorded in 2008, in the amount of 25 million euros that includes the debt due by the company HESTIUN (15 million euros) and the deposit for turbines (10 million euros).

Notable progress of the operating income

The Group's operating income posts a positive result amounting to 32 million euros as of December 31, 2009, versus a loss of 197 million euros as of December 31, 2008.

This strong increase can be explained mainly by the reversal of depreciations from 2008 which amount to 11 million euros in 2009, as well as the recording of important non-current charges of an amount of 129 million euros which had weighed heavily on the previous financial year's results.

The Group's ambitious growth strategy in the past led to important external growth transactions, some of which were completed in an active global bull market. In the economic context at the end of 2008, characterized by a market slowdown, fair value test of goodwill intangible assets led to the recording of significant depreciation as of December 31, 2008.

Positive evolution of the financial income

The financial income of the Group posted a net deficit of 31 million euros for the 2009 financial year in contrast to a net deficit of 39 million euros in 2008. This evolution can be explained by:

- ✓ a decrease in interest charges of 5 million euros following the sale of projects and wind farms carried out during the financial year which led to a reduction of the Group's debt;
- ✓ the decline in financial profit which was 6 million euros in 2008 in contrast to only 1 million euros in 2009 as a result of the reduction in the cash position generating financial profit;
- ✓ the change in interest rate swaps from (9) million euros in 2008 to (1) million euros in 2009.

Significant decrease in net loss

In total, the Group's net loss amounts to 21 million euros in 2009, in contrast to 245 million euros as of December 31, 2008.

The total of charges and non-recurring provisions having impacted the 2009 results amounts to 12 million euros.

The strong improvement of the Group's net income can be explained mainly by the impact of the fair value of goodwill and intangible assets, which led to the accounting of significant depreciation of (107) million euros in 2008 and reversal of 5 million euros in 2009. It should be noted that the net income performance of the continued activities considered as strategic in the context of the Group's reorganization and refocus on its wind business, which posts an income of (12) million euros in contrast to (229) million euros in 2009.

DEBT AND CASH POSITION

Reduction in the net debt by 102 million euros

The net debt changed from 498 million euros in December 31, 2008 to 396 million euros in 2009 and is broken down as follows:

<i>(in million euros)</i>	12/31/2009	12/31/2008
Financial debt	267.2	376.7
Convertible bond	218.7	204.2
Other financial liabilities	4.5	8.3
Current financial assets	(0.2)	(0.3)
Cash and cash equivalents	(94.2)	(90.8)
Net financial debt	396.1	498.1

Net financial debt is calculated as the sum of the current and non-current liabilities (including the position of interest rate swaps) less cash and cash equivalents. The financial debts, comprised mainly of project financing without recourse or with limited recourse to the parent company, have decreased but the cash position still remains tight.

<i>(in million euros)</i>	03/31/2010 ⁽¹⁾	12/31/2009	12/31/2008
Blocked cash (SSP)	21	25	46
Reserved cash (SSP)	15	16 ⁽³⁾	10
Available cash (holdings)	29	53 ⁽³⁾	34
Total net cash	65	94	91

⁽¹⁾ Figures as of 03/31/2010 non-audited

⁽²⁾ The difference between the figures communicated on January 19, 2010 can be essentially explained by the reclassification: (i) of an amount of 2.4 million euros, deposited with a notary in Germany, as "other debt", and (ii) to reserved cash of some of the cash held by the wind farms in operation in France included on January 19, 2010 in pledged cash (sum amounting to 8 million euros).

Operational update

As of December 31, 2009, the Group's total installed capacity amounted to 780 MW of which 322 MW for own account and 458 MW managed for third parties. During 2009, THEOLIA sold 144 MW of installed capacity (137 MW in Germany and 7 MW in France) of a total of 234 MW sold (146 MW in Germany and 88 MW in France). The revenue generated from these sales reached 231 million euros.

As of December 31, 2009, the pipeline of projects amounts to 2,013 MW of which 1,748 MW in Europe.

As of March 31, 2010, the Group manages a total capacity of 782 MW, of which 319 MW for own account and 463 MW for third parties, and its pipeline amounts to 1,925 MW of which 1,703 MW in Europe.

Financial perspectives

Following the approval of the financial restructuring plan by a very large majority at both the shareholders' general meeting and the bondholders' meeting, THEOLIA is now concentrating on the final step of the plan: its capital increase by a maximum amount of approximately 100 million euros in June or July 2010.

Subject to the successful completion of the capital increase for a minimum amount of 45 million euros before August 31, 2010, the Group believes that, based on its forecasts, it will be able to ensure its continuity of operations over 12 months. In the event of a failure of the capital increase, the financial restructuring necessary to continue its development would not be achieved. The Group would then not be in a position to dispose its assets and repay its debts within the normal scope of its activities.

Moreover, the Group no longer maintains the objective announced on January 19, 2010 of 100 MW of wind farms purchased and sold in its *trading* activity in Germany during the 2010 financial year.

Next Financial publication

THEOLIA will publish its revenue of the first quarter on May 6, 2010 before market opening.

About THEOLIA

THEOLIA is an independent international developer and operator of wind energy projects. THEOLIA is active primarily in France, Germany and Italy, and also in India, Brazil and Morocco. THEOLIA trades on the compartment B of Euronext Paris, regulated market of NYSE Euronext, under the symbol TEO. The THEOLIA stock is part of in the CAC Small 90 index.

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THEOLIA

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The capital increase referred to in the present announcement will require the establishment of a prospectus subject to the visa of the Autorité des Marchés Financiers (the "AMF").

This announcement is not an offer of securities for sale in the United States. No securities of THEOLIA have been or will be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or under the securities legislation of any state or other jurisdiction of the United States. Accordingly, the securities of THEOLIA may not be offered, sold taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States absent registration under, or an exemption from, the registration requirements of the Securities Act and in compliance with any relevant state securities laws. There will be no public offer of the securities of THEOLIA in the United States.

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Each forward-looking statement in this announcement speaks only as of its date. THEOLIA expressly disclaims any obligation or undertaking to publicly release any updates or revisions to any forward-looking statements contained herein to reflect any change in THEOLIA's expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based. Recipients of this announcement should conduct their own independent assessment of the matters described in this announcement.