Press release

Aix en Provence, March 30, 2012

THEOLIA's 2011 annual results show a strong improvement in operational performance

- Strong growth in Sales of electricity for own account activity and Operation activity
- Consolidated EBITDA multiplied by 7.5
- Current operating income of 10.4 million euros
- Decrease in financial debt by 16 million euros
- Cash position of 87.8 million euros

(in thousands of euros)	**12/31/2011**	**12/31/2010**
Revenue	67,480	154,542
EBITDA (1)	25,769	3,438
Current operating income	10,384	(19,678)
Operating income	(18,204)	(34,663)
Financial income	(18,001)	45,626
Net income of the consolidated Group	(39,233)	4,993

(1) *EBITDA = current operating income + net allocations to amortization + net allocations to non operational risk provisions.*

Fady Khallouf, Chief Executive Officer of THEOLIA, stated: « *2011 was the year of recovery for THEOLIA.*

The Group has been successful in transforming its business model by favoring the production of electricity for own account, which generates a recurring and secured margin. THEOLIA strictly controlled its costs thanks to an organization as an integrated industrial group. The operational performance has been significantly improved: the EBITDA grew by 650% and the current operating income is a profit of more than 10 million euros.

THEOLIA also prepared its future growth with two key structuring developments: the creation of an investment vehicle to boost growth in our historical countries and the launch of a major 300 MW wind project in Morocco.

However, the difficulties faced by the Italian economy let foresee a downward revision of the buyback tariffs of the electricity from renewable resources produced in the country. That is why THEOLIA registered significant depreciations on goodwill recorded in the balance sheet related to historical acquisitions. These depreciations have no cash impact.

Excluding this exceptional impact, THEOLIA disposes from now on of solid and controlled basics. More than ever renewable energies are a corner component of any energy policy. The Group is now ready to grow significantly. »

1 Key highlights of the year

Increase in installed capacities managed for own account and on behalf of third parties

During 2011, THEOLIA commissioned the Gargouilles wind farm in France for a capacity of 18.4 MW for own account as well as an 18.4 MW wind farm next to the Gargouilles one on behalf of a third party.

In the context of its trading activity of wind farms in Germany, the Group commissioned 3 wind farms during the first quarter of 2011, for a cumulative capacity of 8 MW for own account. At the end of December 2011, the Group sold a 4 MW operating wind farm.

In total, THEOLIA commissioned a net capacity of 22.4 MW for own account during 2011. Installed capacities for own account thus reached 306 MW as of December 31, 2011, compared to 283 MW as of December 31, 2010.

Capacities managed for third parties rose from 586 MW as of December 31, 2010 to 604 MW as of December 31, 2011.

Pursuing a dynamic development

To maintain a sustained pace in the commissioning of wind farms, THEOLIA started, during the second half of 2011, the construction of a 10 MW wind farm in Italy and a 15 MW wind farm in France. The latter has been sold, in December 2011, to the investment vehicle THEOLIA Utilities Investment Company. The commissioning of this wind farm will represent a 6 MW net additional capacity for THEOLIA.

During the second half of 2011, the Group also secured a new building permit to install a wind farm with an estimated capacity of 18 MW in France.

Finally, THEOLIA launched the development of a 300 MW wind project in Morocco, jointly with the Moroccan utility *Office National de l'Electricité*. Tenders for turbine supply and construction works will be launched soon.

Creation of the investment vehicle THEOLIA Utilities Investment Company

In order to accelerate its development, THEOLIA has created, in August 2011, an investment vehicle called THEOLIA Utilities Investment Company. Two major European utilities, IWB Industrielle Werke Basel ("IWB") in Switzerland and Badenova in Germany, entered into partnership with THEOLIA in this vehicle to jointly develop and operate onshore wind farms in France, Germany and Italy.

THEOLIA acts as the operating partner in the vehicle: it sells wind projects, that it has previously developed, to THEOLIA Utilities Investment Company, while pursuing the construction and operation of these wind farms on behalf of the vehicle. THEOLIA owning a 40% interest in the investment vehicle, the Group keeps indirectly for its own account 40% of the commissioned capacities.

This partnership allows THEOLIA to establish a balance between wind farms commissioned for its own account and wind farms sold to the investment vehicle, thus accelerating the pace of the commissioning of wind farms and the growth of the Group.

Significant bond conversions

Since new terms regarding OCEANEs (convertible bonds) became effective on July 20, 2010, a large number of bonds have been converted into shares.

Between July 20, 2010 and December 31, 2010, 1,102,070 OCEANEs have been converted, resulting in the creation of 9,521,016 new shares and reducing by 16.9 million euros the maximum amount to be reimbursed on January 1, 2015 in case of request.

During 2011, conversions have significantly accelerated: 1,996,986 OCEANEs have been converted, resulting in the creation of 17,253,958 new shares and reducing by 30.5 million euros the maximum amount to be reimbursed on January 1, 2015 in case of request.

As of December 31, 2011, 8,439,406 OCEANEs remain in circulation, which corresponds to a maximum reimbursement amount of 129 million euros on January 1, 2015 in the case of a reimbursement request from all bondholders.

2 2011 annual results

The Board of Directors approved on March 28, 2012 the 2011 consolidated financial statements. The audit procedures have been carried out. The approval certificate of the Statutory auditors is in the process of being issued.

The year 2011 highlights a very significant improvement in the operational performance:

- Increase in operating installed capacities for own account and for third party's account
- Strong growth in revenue from the Sales of electricity for own account activity and from the Operation activity
- Consolidated EBITDA multiplied by 7.5
- A 5-point improvement in the EBITDA margin of the Sales of electricity for own account activity
- Current operating income of 10.4 million euros, versus a loss of 19.7 million euros in 2010

However, the uncertainty related to the on-going revision of the tariffs of electricity buyback in Italy led the Group to review downwards the value of its historical acquisitions. The exceptional impairment, thus recorded, implied a negative non-cash impact on the income of 26.4 million euros.

The net income of the consolidated Group excluding exceptional impairment related to Italy would have been a loss of 12.8 million euros in 2011.

CONSOLIDATED INCOME STATEMENT

Revenue

Since the second half of 2010, the Group reduced the pace of its wind farm and project disposals in order to favor the Sales of electricity for own account activity which benefits from a predictable and recurrent revenue over the long term, as well as from a significant gross operational margin. Revenue presented for the two periods is thus not comparable for the Development, construction, sale activity.

The Group's consolidated revenue amounted to 67.5 million euros in 2011, derived from the strong increases recorded in the Sales of electricity for own account activity and Operation activity. Its breakdown by activity is as follows:

	Wind activities			**Non-wind activity**	**Consolidated total**
(in thousands of euros)	Sales of electricity for own account	Operation	Development, construction, sale		
2011	47,109	6,243	12,563	1,564	67,480
2010	37,537	4,962	110,640	1,403	154,542
Change	+26%	+26%	-89%	+11%	-56%

The **Sales of electricity for own account** activity, up by +26% compared to 2010, benefitted, for the first time, from a full year of operation of the Giunchetto wind farm, with a net capacity of 15 MW for the Group, that has been commissioned in October 2010 in Italy, as well as from the effect of the commissioning of wind farms carried out in 2011 in France and Germany.

The **Operation** activity, up by +26%, benefitted in 2011 from the full year operation of wind farms managed on behalf of third parties since 2010, as well as from the effect of the commissioning on behalf of a third party of a 18.4 MW wind farm in September 2011 in France.

The reduction in the pace of disposals implemented since the second half of 2010 ended in an automatic decrease in the **Development, construction, sale** activity. In 2011, THEOLIA sold a 12 MW wind project in France and a 4 MW operating wind farm in Germany, whereas the Group had sold 72 MW in 2010. Pursuing its target of growth, the Group establishes a strategic balance between MW kept for own account, MW sold to the investment vehicle (transactions not recognized as revenue) and MW sold to third parties.

The strong increases recorded in the **Sales of electricity for own account** activity and **Operation** activity reflect the dynamism in the pace of commissioning of wind farms carried out by the Group in 2010 and in 2011.

EBITDA

The Group's consolidated EBITDA amounted to 25.8 million euros in 2011, compared to 3.4 million euros in 2010, an increase of 650%. The two main catalysts of this strong growth are:

- the effect of commissioning of wind farms carried out by the Group in 2010 and 2011, which allowed to significantly improve the EBITDA of the Sales of electricity for own account activity ; and
- the cost reduction led in the other activities.

The breakdown of the consolidated EBITDA by activity is as follows:

	Wind activities			Non-wind activity	Corporate	Consolidated total
(in thousands of euros)	Sales of electricity for own account	Operation	Development, construction, sale			
2011	33 531	901	(7 494)	1 162	(2 331)	25 769
2010	24 745	(12 939)	(5 787)	1 501	(4 081)	3 438

EBITDA from the **Sales of electricity for own account** activity recorded a very strong growth over the year. It amounted to 33.5 million euros in 2011, compared to 24.7 million euros in 2010. As most of the operating expenses for this activity are fixed, the +26% increase in revenue implied a +36% improvement in EBITDA.

The EBITDA margin on the sales of electricity for own account thus rose from 66% in 2010 to 71% in 2011.

The improvement in EBITDA from the **Operation** activity registered in the first half of 2011 is confirmed in the second half. Over the year, the Operation activity recorded a positive EBITDA of 0.9 million euros, versus a loss of 12.9 million euros in 2010. It is reminded that in 2010, the operational performance of this activity had been penalized by the accounting of depreciations in old trade receivables in Germany for 9 million euros.

The increase in managed capacities for third parties over the last years allowed to reach breakeven in 2011.

EBITDA from the **Development, construction, sale** activity showed a loss of 6.5 million euros in the first half of 2011. During the second half of 2011, margins generated by the activities of development-construction for third parties and sales of wind farms and projects allowed to almost offset structure costs of the activity. In total, for 2011, EBITDA from the Development, construction, sale activity is a loss of 7.5 million euros.

As part of a complete review of its pipeline of projects, the Group decreased the value accounted in inventories of some of its projects by a net amount of 2 million euros. Theses depreciations have partially been offset by operating provision reversals (for a cumulative amount of 0.9 million euros) and by old debt write-off (for an amount of 0.5 million euros).

In 2011, the **Non-wind** activity registered an EBITDA of 1.2 million euros, compared to 1.5 million euros in 2010. In 2011, the operational performance of the solar park has been negatively impacted by the accounting of provisions for a net amount of 0.2 million euros.

EBITDA from the **Corporate** activity is negative by 2.3 million euros in 2011, compared to (4.1) million euros in 2010. In 2011, the Group pursued the reduction in the headquarters' structure costs, notably by decreasing external expenses and personnel costs. Expenses related to share-based payments have also significantly been reduced over the year, dropping from 1 million euros in 2010 to 0.2 million euros in 2011.

A strict cost control applied to each activity allowed the Group to grow at reduced costs over the 2011 year. The operational performance has thus been significantly improved: consolidated EBITDA has been multiplied by 7.5 between 2010 and 2011.

Current operating income

The consolidated current operating income is a profit of 10.4 million euros in 2011, whereas it was a loss of 19.7 million euros in 2010. This significant improvement is the combined result of a strong increase in consolidated EBITDA, a decrease in amortization related to operating wind farms and a drop in allocations to non-operational risk provisions.

Operating income

The Group's operating income was a loss of 18.2 million euros in 2011, compared to a loss of 34.7 million euros in 2010.

In 2011, the Group recorded impairment for a net amount of 28.3 million euros, spread in depreciation of goodwill for 21.6 million euros and net depreciation of assets for 6.7 million euros.

In particular in Italy, given the uncertainty related to the on-going revision of the tariffs of electricity buyback, impairment tests carried out led to the accounting of an impairment of 26.4 million euros related to historical acquisitions.

Financial income

The Group's financial income was a loss of 18 million euros in 2011, compared to a profit of 45.6 million euros in 2010. It is reminded that in 2010, the modification of the terms of the convertible bond led to the accounting of a net exceptional financial profit of 75 million euros.

(in thousands of euros)	**12/312011**	**12/31/2010**
Profit from the deconsolidation of the convertible bond (including expenses related to the financial restructuring)	n/a	74,947
Interest expense related to the convertible bond (effective interest rate)	(8,021)	(13,866)
Net interest expense related to project financing debt held by operating wind farms	(9,071)	(8,172)
Change in the fair value of interest rate risk hedging instruments	n/a	(2,466)
Other	(909)	(4,816)
Financial income	**(18,001)**	**45,626**

The net annual interest expense related to the convertible bond has decreased markedly, notably due to the reduction in the loan amount as a large number of bonds have been converted into shares during the year. In 2011, this expense included payable interests as of December 31, 2011 paid in January 2012 for 4.3 million euros, as well as non-cash additional interests related to the convertible nature of the loan.

The net interest expense related to project financing debt held by operating wind farms, as part of the Group's regular activities, increased as a result of the commissioning of new wind farms carried out during the period.

Finally, changes in the fair value of interest rate risk hedging instruments were, until December 31, 2010, recognized as financial expenses. Since January 1, 2011, the Group has chosen hedge accounting, as allowed under IFRS, and thus recognizes changes in the fair value of interest rate risk hedging instruments directly in shareholders' equity for the part deemed to correspond to the hedge.

Net income of the consolidated Group

In total, the net income of the consolidated Group for 2011 is a loss of 39.2 million euros, including a loss of 38.5 million euros of net income Group share.

In 2011, the Group has significantly improved its operational performance with very strong growths registered in EBITDA and current operating income. The income has nevertheless been penalized by impairment related to development projects and to the operating wind farm in Italy for 26.4 million euros.

FINANCIAL DEBT

Financial debt amounted to 332.1 million euros as of December 31, 2011, compared to 348.1 million euros as of December 31, 2010, representing a decrease of 16 million euros mainly due to the reduction in the convertible bond following bond conversions carried out over the period and the reimbursement of corporate credit lines in Germany.

Financial debt breaks down as follows:

(in thousands of euros)	**12/31/2011**	**12/31/2010**
Bank loans of which:	(214,824)	(222,123)
Project financing	*(214,824)*	*(210,497)*
Corporate credit lines in Germany	-	*(11,626)*
Convertible bond	(103,390)	(117,506)
Other financial liabilities of which:	(13,865)	(8,478)
Fair value of the financial instruments	*(10,026)*	*(5,956)*
Other	*(3,838)*	*(2,521)*
Financial debt	**(332,079)**	**(348,107)**

Project financing debt registered an increase of 4.3 million euros over the year, following the completion of wind farms during the period. It is reminded that project financing debt is non-recourse or with limited recourse to the parent company. Each special purpose vehicle holding the project assets directly takes out the financing with the bank and ensures reimbursement through the cash flows generated by the operation of the wind farm.

The corporate credit lines in Germany have been fully reimbursed during 2011, for an amount of 11.6 million euros.

The convertible bond decreased by 14.1 million euros to reach 103.4 million euros as of December 31, 2011, as in particular a large number of bonds have been converted into shares during the year.

CASH POSITION

The **Group's cash position** is high and amounts to 87.8 million euros as of December 31, 2011, after taking into account the reimbursement of credit lines for 11.6 million euros in Germany and investments in wind projects for an amount of 26.9 million euros.

The cash position breaks down as follows:

(in thousands of euros)	**12/31/2011**	**12/31/2010**
Free cash	48,073	69,184
Cash reserved for special purpose vehicles	19,707	17,661
Pledged cash	20,051	23,587
Cash and cash equivalents	**87,831**	**110,432**
Bank overdrafts	-	(72)
Net cash and cash equivalents	**87,831**	**110,360**

About THEOLIA

THEOLIA is an independent producer of wind energy, active over the entire wind value chain. The Group develops, builds and operates wind farms in four main countries: France, Germany, Italy and Morocco. In total, the Group operates 910 MW for its own account and for third parties.

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

Appendix

Income statement

(in thousands of euros)		12/31/2011	12/31/2010
Revenue		**67,480**	**154,542**
Changes in inventories of finished goods and work in progress		(11,017)	(101,405)
External expenses		(21,999)	(25,360)
Taxes		(1,277)	(1,090)
Employee benefit expenses		(9,938)	(11,690)
Amortization		(13,538)	(17,066)
Provisions		(899)	(16,534)
Other operating income and expenses		1,571	(1,075)
Current operating income		**10,384**	**(19,678)**
Other non-current income and expenses		(127)	(1,807)
Share in income of associates		(161)	(180)
Operating income (before impairment)		**10,096**	**(21,665)**
Impairment		(28,300)	(12,998)
OPERATING INCOME (after impairment)		**(18,204)**	**(34,663)**
Financial income		**(18,001)**	**45,626**
Corporate tax expenses		(877)	(4,490)
Net income from continuing operations		**(37,082)**	**6,473**
Profit (loss) from discontinued operations		(2,151)	(1,480)
NET INCOME of the consolidated Group		**(39,233)**	**4,993**
Attributable to the owners of the Company		(38,520)	5 857
Attributable to non-controlling interests		(714)	(865)
Earnings per share of the consolidated Group (in euro)		(0.44)	0.08
Diluted earnings per share of the consolidated Group (in euro)		(0.15)	0.08

Balance sheet

ASSETS (in thousands of euros)	12/31/2011	12/31/2010
Goodwill	40,591	71,138
Intangible assets	80,429	90,294
Tangible assets	295,704	278,790
Investments in associates	9,341	10,466
Non-current financial assets	12,418	11,016
Deferred tax assets	2,172	30,144
NON-CURRENT ASSETS	**440,655**	**491,848**
Inventories and works in progress	14,350	19,805
Trade and other receivables	35,912	30,833
Other current assets	19,809	19,827
Tax receivables	5,989	5,687
Current financial assets	487	106
Cash and cash equivalents	87,831	110,432
CURRENT ASSETS	**164,378**	**186,690**
Assets classified as held for sale	12,291	13,201
TOTAL ASSETS	**617,324**	**691,739**

EQUITIES AND LIABILITIES (in thousands of euros)	12/31/2011	12/31/2010
Share capital	127,591	110,293
Share premiums	305,193	304,947
Retained earnings	(196,458)	(198,829)
Net income of the consolidated Group, Group share	(38,520)	5,857
Shareholders' equity - Group share	**197,806**	**222,268**
Non-controlling interests	(2,822)	(2,261)
SHAREHOLDERS' EQUITY	**194,984**	**220,007**
Non-current financial liabilities	269,139	255,424
Provisions - non-current share	20,231	18,316
Retirement benefit obligation	150	129
Deferred tax liabilities	13,993	43,122
Other non-current liabilities	2,678	8,060
NON-CURRENT LIABILITIES	**306,191**	**325,051**
Current financial liabilities	62,940	92,683
Provisions - current share	363	597
Trade and other payables	35,586	35,299
Tax and social liabilities	6,587	7,313
Current corporate tax liabilities	1,660	1,062
CURRENT LIABILITIES	**107,136**	**136,954**
Liabilities directly associated with assets classified as held for sale	9,013	9,727
TOTAL EQUITIES AND LIABILITIES	**617,324**	**691,739**

Cash flow statement

(in thousands of euros)	12/31/2011	12/31/2010
NET INCOME of the consolidated Group	**(39,234)**	**4,993**
Profit (loss) from discontinued operations	2,151	1,480
Elimination of amortization, depreciation and provisions	43,298	36,815
Elimination of change in deferred taxes	897	4,523
Elimination of capital gains/losses from disposals	846	(510)
Elimination of the share in income of associates	161	180
Financial expenses	18,571	23,468
Other income and expenses with no effect on cash	(2,315)	(58,899)
Gross self-financing margin	**24,375**	**12,051**
Change in working capital requirements	(4,665)	33,879
Corporate tax paid	(1,122)	(2,575)
Cash flows related to discontinued activities	(1,819)	(1,804)
CASH FLOW FROM OPERATIONAL ACTIVITIES	**16,768**	**41,551**
Acquisitions of fixed assets	(26,915)	(38,225)
Disposals of fixed assets	2,347	1,666
Change in loans granted	(2,561)	10,092
Effect of change in scope of consolidation: subsidiary acquisitions net of cash acquired	179	(15,784)
CASH FLOW GENERATED BY INVESTMENT ACTIVITIES	**(26,950)**	**(42,250)**
Capital increase (decrease)	-	56,284
Increase in loans and other debt	41,299	45,460
Repayments of loans and other debt	(39,200)	(70,630)
Interests paid	(14,421)	(14,448)
Financing transactions with no effect on cash	-	69
CASH FLOW FROM FINANCING ACTIVITIES	**(12,322)**	**16,734**
Cash flows related to discontinued activities		
Effect of changes in exchange rates	(25)	146
CHANGE IN CASH AND CASH EQUIVALENTS	**(22,528)**	**16,180**
Net cash and cash equivalents – opening balance	110,360	94,180
Net cash and cash equivalents of discontinued activities – closing balance	-	-
Net cash and cash equivalents – closing balance*	87,831	110,360
CHANGE IN CASH AND CASH EQUIVALENTS	**(22,529)**	**16,180**
*Cash recorded in the balance sheet	87,831	110,432
Bank overdrafts	-	(72)
Net cash and cash equivalents – closing balance	***87,831***	***110,360***

Statement of changes in equity

(in thousands of euros)	Capital	Premiums	Currency translation adjustments	Change in fair value and others	Consolidated reserves and income	Shareholders' equity - Group share	Non-controlling interests	Total shareholders' equity
As of 12/31/2009	**39,895**	**307,547**	**221**	**-**	**(202,718)**	**144,943**	**(1,823)**	**143,120**
Expenses and income directly recorded under shareholders' equity			78		(69)	**10**		**10**
Net income of the consolidated Group, Group share					**5,857**	**5,857**	**(864)**	**4,993**
Comprehensive income	**-**	**-**	**78**		**5,88**	**5,867**	**(864)**	**5,003**
Capital increase	60,463					**60,463**		**60,463**
Expenses engaged for capital increase		(4,179)				**(4,179)**		**(4,179)**
Bond conversion	9,521	1,973			3,159	**14,653**		**14,653**
Share-based payments	414	(414)			1,026	**1,026**		**1,026**
Treasury shares					(129)	**(129)**		**(129)**
Transactions between shareholders					(485)	**(485)**	485	**-**
Other reclassifications		21			86	**109**	(59)	**50**
As of 12/31/2010	**110,293**	**304,948**	**299**	**-**	**(193,272)**	**222,268**	**(2,261)**	**220,007**
Expenses and income directly recorded under shareholders' equity			57	(3,572)		**(3,515)**		**(3,515)**
Net income of the consolidated Group, Group share					**(38,520)**	**(38,520)**	**(714)**	**(39,234)**
Comprehensive income	**-**	**-**	**57**	**(3,572)**	**(38,520)**	**(42,034)**	**(714)**	**(42,748)**
Capital increase						**-**		**-**
Expenses engaged for capital increase						**-**		**-**
Bond conversion	17,253	291			-	**17,544**		**17,544**
Share-based payments	45	(45)			174	**174**		**174**
Treasury shares					59	**59**		**59**
Transactions between shareholders					(143)	**(143)**	143	**-**
Other reclassifications			62		(122)	**(60)**	10	**(50)**
As of 12/31/2011	**127,591**	**305,194**	**419**	**(3 ,72)**	**(231,825)**	**197,806**	**(2,822)**	**194,984**