



THEOLIA: revenue for the first quarter of 2013

1 Revenue for the first quarter of 2013

Since January 31, 2013, THEOLIA has been consolidating in its financial statements Breeze Two Energy, a German company which holds and operates wind farms for its own account for a total of 337 MW, of which 311 MW are located in Germany and 26 MW in France. THEOLIA's consolidated revenue detailed hereinafter therefore includes Breeze Two Energy over two months.

THEOLIA's consolidated revenue amounted to 23.1 million euros for the first quarter of 2013, including Breeze Two Energy as from January 31, 2013, up by + 16% compared to the first quarter of 2012.

<i>(in thousand euros)</i>	WIND ACTIVITIES			Non-wind activity ⁽³⁾	Consolidated total
	Sales of electricity for own account	Operation	Development, construction, sale		
THEOLIA excl. Breeze Two Energy	13,431	1,742	925	128	16,226
Breeze Two Energy	6,916 ⁽¹⁾	-	-	-	6,916
Total first quarter of 2013	20,347 ⁽²⁾	1,742	925	128	23,142
First quarter of 2012 as published	14,734	2,062	2,875	250	19,921
Change	+ 38%	- 16%	- 68%	- 49%	+ 16%

(1) For February and March 2013.

(2) Including Breeze Two Energy as from January 31, 2013.

(3) Excluding Environment activities.

The **revenue from the Sales of electricity for own account activity** reached 20.3 million euros for the first quarter of 2013, including Breeze Two Energy as from January 31, 2013, a + 38% increase compared to the first quarter of 2012. Excluding Breeze Two Energy, the revenue from this activity amounted to 13.4 million euros, a 9% decrease compared to the first quarter of 2012. In particular, Germany was penalized by significantly less favorable wind conditions during the first quarter of 2013 than during the first quarter of 2012.

As at March 31, 2013, the Group's installed capacities for own account reached 644 MW, including Breeze Two Energy, compared to 304 MW as at March 31, 2012.

The Sales of electricity for own account activity, which relies on 15- to 20-year electricity buy-back contracts, benefits from a recurring revenue and significant margins over the long term. This secure activity accounts for 88% of the consolidated revenue for the first quarter of 2013.

The **revenue from the Operation activity** amounted to 1.7 million euros for the first quarter of 2013, a 16% decrease compared to the first quarter of 2012. The Operation activity was also penalized by less favorable wind conditions during the first quarter of 2013 than during the first quarter of 2012 in Germany.

As at March 31, 2013, capacities operated for third parties reached 625 MW, compared to 599 MW as at March 31, 2012.

The **revenue from the Development, construction, sale activity** came to 0.9 million euros for the first quarter of 2013, in compliance with the Group's strategy to reduce the pace of disposals. Therefore, during the first quarter of 2013, THEOLIA only sold a project at an early stage of development located in Germany, whereas the Group had sold a 1.5 MW operating wind farm in Germany during the first quarter of 2012.

The **Non-wind activity** registered a revenue of 128 thousand euros for the first quarter of 2013, produced by the solar park in Germany.

2 Financial information on Breeze Two Energy

Breeze Two Energy registered a revenue of 6.9 million euros for February and March 2013.

In 2012, Breeze Two Energy's revenue amounted to 46 million euros and its EBITDA amounted to 31.6 million euros.

The amortization expense reached 27.3 million euros in 2012, according to local standards. It includes a decreasing balance amortization over 16 years for wind farms located in Germany and a straight-line amortization over 20 years for wind farms located in France.

Wind farms held and operated by Breeze Two Energy were financed through a bond issue, performed in 2006, breaking down into three categories:

- Class A bonds, with an initial par value of 300 million euros, benefiting from a 5.29% annual interest rate, maturing in 2026;
- Class B bonds, with an initial par value of 50 million euros, benefiting from a 6.11% annual interest rate, maturing in 2016; and
- Class C bonds, with an initial par value of 120 million euros, benefiting from a 12% annual interest rate, maturing in 2026.

Repayment of the bonds' principal and interests is subject to two annual installments, in May and November.

Since the issue, Breeze Two Energy did pay each and all of the principal and interest installments of the A bonds. However, Breeze Two Energy was not able to pay installments for the B and C bonds as planned in the primarily set schedule. Only a part of the B bond installments were paid for. The amount due for C bonds is increased by the unpaid interests in Breeze Two Energy's financial statements.

As at December 31, 2012, the debt in Breeze Two Energy's balance sheet included:

- the nominal amounts still due, i.e. respectively 226.2 million euros, 32.1 million euros and 120 million euros for the Class A, B and C bonds, for a total amount of 378.3 million euros;
- accrued interest between the November 2012 installment and December 31, 2012, i.e. a cumulative amount of 4.1 million euros for Class A, B and C bonds; as well as
- unpaid interests related to the Class C bonds, i.e. 84.5 million euros;
- i.e. a total amount of 466.9 million euros.

Breeze Two Energy's cash position amounted to 21.1 million euros as at December 31, 2012. Breeze Two Energy's net financial situation therefore amounted to 445.8 million euros as at December 31, 2012.

It is reminded that, considering a purchase price of 35.5 million euros for 70% of the Class C bonds and associated rights, Breeze Two Energy's enterprise value reached 309 million euros, representing the sum of amounts still due for Class A and B bonds, and the value of the Class C bond reflected in the transaction.

However, the entire debt of Breeze Two Energy will not impact THEOLIA's balance sheet. In particular, as THEOLIA is holding 70% of the Class C bonds, 70% of the nominal and 70% of the outstanding interests relating to the Class C bonds will be neutralized when consolidated. Moreover, as at December 31, 2013, the Company will assess the fair value of the assets and liabilities purchased.

Repayment of the Class A, B and C bonds and their interests depends exclusively on the cash flows generated by the operation of wind farms.

In order to finance this transaction, THEOLIA entered into a 34 million euro vendor loan, maturing in 2026.

Breeze Two Energy is facing difficulty paying the installments, due to the difference between the forecasted cash flow generation and the actual cash flows generated by the operation of wind farms. THEOLIA intends to improve the operational management of Breeze Two Energy's wind farms in order to increase the generated cash flows.

Next event

THEOLIA's annual general meeting of shareholders will be held on June 21, 2013 in Aix en Provence, France.

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 countries: Germany, France, Morocco and Italy. In total, the Group operates 1,269 MW for its own account and for third parties.

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THEOLIA

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