



## Press release

Aix-en-Provence, November 10, 2014

## THEOLIA launches a capital increase of approximately 60 million euros maintaining the preferential subscription right for the shareholders

- Last step of the implementation of THEOLIA's financial restructuring plan through the launch of a capital increase in the amount of 59,773,526 euros
- Ratio: 35 new shares associated with one (1) stock warrant each for 19 existing shares
- Unit subscription price: 0.50 euro per new share associated with stock warrants
- Subscription period: from November 12, 2014 included to November 25, 2014 included

THEOLIA S.A. (hereinafter "THEOLIA" or the "Company") enters the final phase of its financial restructuring by launching a capital increase of a gross amount of 59,773,526 euros, issue premium included, maintaining the preferential subscription right for the shareholders, in the aim of reinforcing its shareholders' equity and reducing its convertible bond debt.

The proceeds from the capital increase will be used in the amount of 59,768,444.82 euros to enable the early partial redemption of 7.266 euros per convertible bond outstanding. Besides, the settlement-delivery of the capital increase in the amount of 59,768,444.82 euros is a condition for the new terms of the convertible bond to come into effect (such as, in particular, the cancellation of the early redemption right at the option of the bondholders as at April 1, 2015, the implementation of a redemption of the remaining amount of the Company's bond debt, split into four installments (as at January 1, 2017, 2018, 2019 and 2041) and the addition of an early redemption right at the option of the bondholders as at January 1, 2020, at a price of 1.946 euro).

In compliance with the terms of the delegation of powers to which it is entitled according to the fifth resolution approved by THEOLIA's Extraordinary General Meeting of Shareholders of November 3, 2014, THEOLIA's Board of Directors notably decided, on November 7, 2014, to perform a capital increase maintaining the preferential subscription right for the shareholders through the issue of 119,547,052 new shares associated with stock warrants and to set the subscription price per share associated with stock warrants at 0.50 euro, i.e. the minimum subscription price set by said General Meeting, representing a par value of 0.10 euro and an issue premium of 0.40 euro, as well as to set the nominal amount of the capital increase at 11,954,705.20 euros and the gross proceeds from the capital increase at 59,773,526 euros (issue premium included).

Fady Khalouf, CEO of the Company, said:

*"The restructuring plan proposed was broadly approved by the Company's bondholders and shareholders, which shows their trust in the Group's outlook, considering the progress made during the last four years. THEOLIA successfully managed to transform into a green energy producer, organized into an industrial platform. Its operational profitability keeps improving, while its growing flexibility enables to speed up its development. Today, THEOLIA is about to launch a capital increase, the last step of its financial restructuring announced in late August 2014.*

*Further to the capital increase, THEOLIA will have improved its balance-sheet by reinforcing its shareholders' equity and will have reduced its debt with an early redemption of a portion of its convertible bond. This healthier financial position complements the successful operational transformation. It therefore enables THEOLIA to strengthen its recovery, to build its future with confidence and determination, while carrying on its development based on the strategy implemented since 2010, which proved to be relevant."*

### **Main terms of the capital increase**

The capital increase will be performed maintaining the preferential subscription right for the shareholders and will lead to the creation of 119,547,052 shares associated with stock warrants at 0.50 euro per share associated with stock warrants, representing a par value of 0.10 euro and an issue premium of 0.40 euro, i.e. gross proceeds (issue premium included) of 59,773,526 euros.

Each of THEOLIA's shareholders will receive one preferential subscription right per share recorded in its securities account at the end of the accounting day of November 11, 2014, 19 preferential subscription rights entitling their holders to subscribe to 35 shares associated with stock warrants.

The main characteristics of the 119,547,052 stock warrants attached to the new shares issued are as follows:

- three (3) stock warrants will entitle to subscribe to one (1) new ordinary share of the Company, it being specified that this exercise ratio might be adjusted in the event of operations that the Company might perform as from the issue date of the stock warrants in order to maintain the rights of stock warrant holders;
- stock warrants will be listed separately from the new shares issued in the scope of the capital increase as soon as they are issued and listed on the Euronext Paris regulated market;
- stock warrants may be exercised as from their issue date and until the end of a following period of eighteen (18) months, i.e. until June 9, 2016;
- in the event all stock warrants are exercised, the total number of new shares issued would be 39,849,017 shares;
- new shares to be created due to the exercise of stock warrants will be identical, in all respects, as soon as they are issued, to the existing shares of the Company and will carry all usual rights; and
- the theoretical value of the stock warrant is 0.04 euro based on the Black & Scholes model and the current market conditions, including in particular a 35% volatility according to the central assumption selected.

Based on the THEOLIA share closing price on November 6, 2014 on the Euronext Paris regulated market, i.e. 0.63 euro, the theoretical value of one (1) preferential subscription right is 0.08 euro and the theoretical ex-rights price of the share amounts to 0.55 euro.

The subscription price shows a 21% discount with respect to the THEOLIA share closing price on November 6, 2014 and an 8% discount with respect to the theoretical ex-rights price of the share.

Shareholders or transferees of preferential subscription rights may subscribe on a revocable basis to the number of shares associated with stock warrants of their choice, in addition to the number of shares associated with stock warrants resulting from the exercise of their preferential subscription rights on an irrevocable basis. The shares associated with stock warrants possibly not covered by subscriptions on an irrevocable basis will be distributed and allocated to the subscribers on a revocable basis. Subscription orders on a revocable basis will be satisfied within the limit of requests and on a pro rata basis of the number of existing shares which rights will have been used to subscribe on an irrevocable basis, without the possibility of allocating a portion of a new share.

The offer will be open to the public only in France and to qualified investors in the other countries, except South Africa, Australia, Canada, United States of America and Japan.

### **Proceeds from the capital increase**

The gross amount of the issue of shares associated with stock warrants is 59,773,526 euros.

Expenses related to the issue of shares associated with stock warrants will be paid with the balance of the proceeds from the capital increase and with the Company's free cash.

### **Commitments to subscribe to 100% of the issue**

Certain members of the concert of shareholders declared with the French Financial Markets Authority (*Autorité des marchés financiers*) on March 15, 2010 (refer to D&I 210C0244), namely Mr. Michel Meeus, Mr. Pierre Salik and Mrs. Brigitte Salik, holding 15.93% of THEOLIA's share capital, committed to subscribe to the capital increase on an irrevocable basis in the amount of all the preferential subscription rights attached to their shares and, on a revocable basis, in the amount of 954,082 shares, i.e. a subscription commitment to a total amount of 10,000,000 euros, representing 16.73% of the total issue.

Besides, the Boussard & Gavaudan Holding Limited and BG Master Fund PLC funds also committed, under specific conditions (notably if no event or circumstance occurs which would strongly affect the Company or its subsidiaries, or the absence of material inaccuracy in a declaration made by the Company), to subscribe, each to 50%, to all shares associated with stock warrants not subscribed at the end of the subscription period, except for those subject to the subscription commitment from Mr. Michel Meeus, Mr. Pierre Salik and Mrs. Brigitte Salik, i.e. in the maximum amount of 49,773,526 euros, representing 83.27% of the total issue.

If the subscription commitment from the Boussard & Gavaudan Holding Limited and BG Master Fund PLC funds was to be implemented fully (i.e. if no shareholder other than Mr. Michel Meeus, Mr. Pierre Salik and Mrs. Brigitte Salik, who committed to subscribe to the capital increase, was participating to the operation), the latter would hypothetically be holding collectively approximately 54% of the Company's share capital. In this respect, it is reminded that in compliance with Articles 234-9 2° and 234-10 of the General Regulations of the French Financial Markets Authority (*Autorité des marchés financiers - AMF*), the Boussard & Gavaudan Holding Limited and BG Master Fund PLC funds obtained from the AMF, on September 30, 2014 (refer to D&I 214C2046 dated October 2, 2014), an exemption to the obligation to file a takeover offer on all THEOLIA securities that they do not hold.

The aforementioned subscription commitments do not constitute a performance guarantee within the meaning of Article L. 225-145 of the French Commercial Code. Besides, it is specified that there is no commitment to keep the new shares and stock warrants subscribed in the scope of the issue of shares associated with stock warrants between the Company and (i) the shareholders who entered into subscription commitments, namely Mr. Michel Meeus, Mr. Pierre Salik and Mrs. Brigitte Salik or (ii) the Boussard & Gavaudan Holding Limited and BG Master Fund PLC funds.

### **Other subscription intentions**

THEOLIA's CEO, Mr. Fady Khalouf, holding 150,000 shares of the Company, informed THEOLIA of his intention to subscribe to the capital increase for all his preferential subscription rights on an irrevocable basis.

### **Indicative timetable**

The subscription period for shares associated with stock warrants will begin on November 12, 2014 and will finish on November 25, 2014 at the end of the trading session. During this period, the preferential subscription rights will be tradable and listed on the Euronext Paris regulated market under ISIN code FR0012285864.

Preferential subscription rights will be listed separately on November 12, 2014 and traded on the Euronext Paris regulated market up to the end of the subscription period, i.e. until November 25, 2014 (included).

As a consequence, THEOLIA shares will be traded ex-rights as from November 12, 2014.

New shares and stock warrants will be subject to a request for admission to trading on the Euronext Paris regulated market.

The settlement-delivery and admission to trading on the Euronext Paris regulated market of the new shares and stock warrants are planned to occur on December 9, 2014.

New shares will carry all usual rights, will be identical, in all respects, to the existing ordinary THEOLIA shares and will be traded on the same listing line (ISIN code FR0011284991).

Stock warrants will be traded under ISIN code FR0012285922.

### **Possible dilution of a shareholder not subscribing to the capital increase**

A shareholder holding 1% of the Company's share capital and not subscribing to the operation would see its stake reduced to 0.35% of the Company's share capital immediately after the performance of the capital increase (without taking into account the possible dilution related to the conversion of convertible bonds, the exercise of stock warrants and related to the other instruments granting access to the share capital), and to 0.22% of the share capital after taking into account the possible dilution related to the conversion of convertible bonds, the exercise of stock warrants and related to the other instruments granting access to the share capital.

### **Publication of the prospectus**

A prospectus written in French, comprising (i) THEOLIA's Registration Document filed with the French Financial Markets Authority (*Autorité des marchés financiers - AMF*) on April 23, 2014 under number D.14-0393, (ii) its update filed with the AMF on November 7, 2014 under number D.14-0393-A01, and (iii) a securities note (including the summary of the prospectus), which obtained the AMF visa number 14-591 dated November 7, 2014, is available, free of charge, at the Company's registered office, 75 rue Denis Papin - BP 80199 - 13795 Aix-en-Provence Cedex 3, France, on the Company's website ([www.theolia.com](http://www.theolia.com)), as well as on the AMF website ([www.amf-france.org](http://www.amf-france.org)).

### **Risk factors**

THEOLIA draws the attention of the public on risk factors presented in section 4.4 of the Company's 2013 Registration Document, section 5 of its update and section 2 of the securities note.

### **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 1,200 MW for its own account and for third parties.

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THEOLIA

French Société anonyme (public limited company with Board of Directors) with a share capital of €6,489,697.20

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

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*The offer is open to the public in France exclusively.*

*With respect to each Member State of the European Economic Area ("EEA") which has implemented the Prospectus Directive other than France (the "Member State"), no action has been undertaken or will be undertaken to make an offer to the public of shares associated with stock warrants or preferential subscription rights requiring a publication of a prospectus in any Member State. As a result, shares associated with stock warrants or preferential subscription rights may only be offered in Member States:*

- to legal entities which are qualified investors, as defined by the Prospectus Directive;
- to less than 100 or, if the Member State has implemented the relevant provision of the Amending Prospectus Directive, 150 natural or legal persons (other than qualified investors as defined in the Amending Prospectus Directive) in each Member State; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive.

*For the purposes of this paragraph, (i) the expression an "**offer to the public of shares associated with stock warrants or preferential subscription rights**" in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase, or subscribe for any securities, such as this definition was, as the case may be, modified in the relevant Member State, (ii) the expression "**Prospectus Directive**" means Directive 2003/71/EC of November 4, 2003, to the extent implemented in the Member State, as amended, including by the Amending Prospectus Directive, and includes any relevant implementing measure in each Member State and (iii) the expression "**Amending Prospectus Directive**" means Directive 2010/73/EU of November 24, 2010.*

*This selling restriction applies in addition to any other selling restrictions which may be applicable in the Member States who have implemented the Prospectus Directive.*

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