

## Annual results 2009

- **Good overall economic performance despite a drop in earnings due to a series of unprogrammed production stops**
  - **EBITDA: €100.8m (41.2% of revenue)**
  - **Consolidated net income: €48.8m (20% of revenue)**
  - **Net income attributable to equity holders: €40.8m**
  - **Cash flow from operations: €123.9m**
  - **Proposed dividend: €0.70 per share**
- **Actively continuing actions to transform the company**
- **Ambitious medium-term plan**

On 15 March 2010, under the chairmanship of Mr Nordine Hachemi, the Board of Directors of Séchilienne-Sidec approved the company's consolidated financial statements for financial year 2009.

<b>Main consolidated results (€ million)</b>	<b>2009</b>	<b>2008</b>	<b>% Change</b>
Revenue	244.6	304.5	-19.7%
EBITDA <sup>1</sup>	100.8	121.7	-17.2%
<i>% of revenue</i>	41.2%	40.0%	
Operating income	77.6	95.9	-19.1%
<i>% of revenue</i>	31.7%	31.5%	
Consolidated net income	48.8	70.8	-31.1%
<i>% of revenue</i>	20.0%	23.3%	
Net income attributable to equity holders	40.8	61.0	-33.1%
<i>Per share (€)</i>	1.45	2.19	-33.8%
Cash flow from operations	123.9	116.8	+6.1%
Equity (at 31 December)	321.6	298.2	+7.8%

Commenting on the perspectives offered by 2009, Nordine Hachemi, Chairman and Managing Director of Séchilienne-Sidec, states: "2009 was a turning point for our company. The overall economic performance was good, despite the effects of sharp coal price cuts and unprogrammed stops. The company set a new record for amounts of financing closed in a

<sup>1</sup> EBITDA: operating income before amortisation and depreciation

particularly difficult period. Actions have kept on profoundly transforming the company in order to prepare it for the challenges of growth, through the recruitment of new talent to strengthen our managerial, financial and technical capacity, and by organising the company in a matrix structure to develop synergies and improve the whole group's ability to react.

Our target is to increase capacity installed and/or under construction by 120 to 180 MW by 2012, compared with an installed base of 600 MW at the end of 2009. This represents an increase of about 30% to 45% on capacity currently owned with a majority stake by the Company.

Further out, the company's growth strategy will take full advantage of its skills as a leading developer and its operating excellence.

The payment of a €0.70 per share dividend reflects the Company's desire to express its confidence in the future while at the same time preserving its financial balance.

## Financial figures

### 2009 revenue<sup>2</sup>

(€ million)	Full year		
	2009	2008	% change
<b>Business segment</b>			
Thermal	223.8	278.2	-19.6%
Photovoltaic	13.2	20.6	-35.5%
- Operation	7.8	2.2	+254.2%
- Others*	5.5	18.4	-70.3%
Wind	6.1	4.2	+44.7%
Holding company	1.5	1.5	-1.3%
<b>TOTAL</b>	<b>244.6</b>	<b>304.5</b>	<b>-19.7%</b>

(\*) Sale of panels and turn-key photovoltaic installations to third parties

Séchilienne-Sidec has reported consolidated revenues of €244.6 million, down 19.7% compared to 2008. Most of this decline is due to a steep fall in fuel costs throughout 2009, as well as to disruption to production resulting from technical incidents and social unrest during the year.

**Thermal:** the thermal segment represents 91.5% of total activity. It generated full-year revenues of €223.8 million, down 19.6% compared to 2008. Nearly two thirds of the decrease is due to the drop in coal costs, as the selling price of electricity is contractually indexed to coal prices. As a reminder, coal prices almost doubled in 2008 compared with 2007.

Technical incidents and social unrest at certain power plants severely disrupted production, especially during the second half, masking their firm overall operating performance. The Group responded to the technical incidents by drawing up a new programme of operational

<sup>2</sup> See 2009 revenue press release dated 10 February 2010

investments and preventive maintenance, strengthening its technical teams and launching a QHSE programme for all power plants.

Major efforts were made to improve the Group's labour relations, including in particular the appointment at the end of the year of a Director of Human Resources backed up by regional officers.

The employee profit-sharing system applied at the head office was extended to power plants in Guadeloupe and Réunion. With effect from 2010, the employees of these power plants will be rewarded on the basis of business performance under these profit-sharing schemes. Lastly, contract amendments to implement *bagasse* incentives are currently being prepared.

**Photovoltaic:** photovoltaic division operating revenues totalled €7.8 million, representing a significant increase versus 2008 thanks to an increase in the number of facilities in operation. In addition, sales of panels and turn-key photovoltaic installations to third parties contributed €5.5 million.

**Wind:** revenues grew by 44.7% on the previous year to €6.1 million. This increase was mainly due to the installation of 22 MW of new capacity in 2008.

#### **Other income statement items**

EBITDA amounted to €100.8 million or 41.2% of revenue, a shortfall of €20.9 million compared with 2008. Main contributors to this decrease were €8.5 million due to the effects of coal price cuts and €10.1 million due to the combined effects of unprogrammed stops and other exceptional items which had an impact on power stations during the year.

The photovoltaic division generated operating EBITDA of €4.9 million, a sharp increase on 2008 (+€3.4 million). This was mainly due to an increase in average operating capacity, as well as good equipment performance. The contribution to EBITDA from tax benefit was down slightly, falling €1.8 million, while the contribution from sales of panels and photovoltaic installations to third parties was down €3.1 million due to lower panel sales volume.

In wind power, EBITDA amounted to €4.9 million, up €1.5 million.

The remaining movement in EBITDA reflects substantial spending at all levels on structuring the company plus significant strengthening of managerial lines throughout the year which led to €2.1 million in additional expenses.

The total cost of debt plus other financial incomes and expenses amounted to a total of -€17.7 million, compared with a -€19.6 million in 2008. This €1.8 million improvement reflects lower interest rates.

The effective tax rate amounted to 22.7% in 2009, compared with 12.6% in 2008. The 2008 level was due to an exceptional €7.1 million tax benefit related to capital increases.

Consolidated net income amounted to €48.8 million or 20% of revenue. Net income attributable to equity holders of the company amounted to €40.8 million and represents €1.45 per share compared with €2.19 per share in 2008.

## **Cash flow**

Cash flow from operations amounted to €123.9 million in 2009, up €7.1 million compared to 2008. This increase was due to a significant improvement in working capital requirement and a decrease in the amount of tax paid due to benefits obtained in 2008, both of which offset a decrease in EBITDA.

Market conditions were tougher in 2009, but even so cash flow from investing activities remained at a high level during the year, totalling €75.6 million. This marks a €44.1 million decrease compared to 2008 and results from a more selective approach to investment projects together with the strict application to investment commitments of a requirement for finance to be obtained in advance.

Cash flow from financing activities amounted to –€15.4 million in 2009 compared with +€26.5 million in 2008. This –€41.9 million change was due in particular to the repayment in 2009 of a €20 million revolving corporate loan drawn down in 2008.

Overall, the net cash variation for the whole year amounted to +€32.9 million, while closing cash was €99.7 million. The Company also has €35 million in unused short-term credit lines.

## **Financial structure**

At 31 December 2009, equity amounted to €321.6 million, a 7.8% increase from 31 December 2008. Net debt amounts to €459.9 million, flat if compared with the end of 2008, and mainly consists of project finance debt for installations that are in operation or under construction.

## **Dividends**

The Board of Directors will propose a dividend of €0.70 per share to the next Annual General Meeting, scheduled for 18 May 2010.

## **Outlook**

The Group plans to increase its capacity installed and/or under construction by 120 to 180 MW by 2012, compared with an installed base of 600 MW at the end of 2009. This represents an increase of about 30% to 45% on capacity currently owned with a majority stake by the Company.

In the Thermal division, construction work in Guadeloupe on the 38 MW Caraïbes Energie power station continues in line with plan. First connection to the electricity network is scheduled for the end of December 2010, with contractual commissioning due in the first quarter of 2011. In Martinique, the Company has been granted operating permission for a planned 38 MW CCG2 bagasse/coal-fired power station. All papers required in administrative terms for the construction permit will be filed at the end of the first quarter of 2010.

In the Photovoltaic division, installation and/or start of construction is planned for an additional 80 to 130 MW. In the fourth quarter of 2009, the Company began the construction of a 7 MW plant at Pierrelatte (Drôme). Commissioning is scheduled for the second quarter

of 2010. Projects under development amount to 84.4 MW , of which 59 MW has already been granted with building permits.

Finally, for the Wind division, our ambition is to have 50 to 60 MW by 2012, which represents a 10 to 20 MW increase from the end of 2009. Building permits have already been obtained for 25 MW.

Beyond 2012, two other bagasse/coal-fired electricity and heat cogeneration power station projects are under investigation, 15 MW on Marie-Galante Island in Guadeloupe and 40 MW in Saint André in Reunion. Operating permits were awarded for these two installations in March 2009 and January 2010 respectively.

The Company has been operating for 30 years in the small and medium-sized thermal power station market, building up unique expertise in biomass. This market is now both large and fast-growing in many countries. The Company's growth strategy will take full advantage of its skills as a leading developer and its operational excellence. This strategy will continue to provide satisfactory returns in giving priority to a protective contractual framework.

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***Next financial release: first quarter 2010 revenue on 29 April 2010 after trading hours***

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***About Séchilienne-Sidec – ISIN: FR0000060402 – SECH - [www.sechilienne-sidec.com](http://www.sechilienne-sidec.com)***

*Founded 25 years ago, Séchilienne-Sidec is an independent energy producer specialised in electricity generation in medium size coal/biomass, photovoltaic, and wind power plants. Due to its technical expertise, its project management experience and the quality of its teams of engineers, the Group manages all stages of a power plant's life cycle: design, finance, construction and operation, all over the world and more specifically in complex environments.*

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## Consolidated income statement

(€ 000)	2009	2008
<b>Income from ordinary activities</b>	<b>244,557</b>	<b>304,479</b>
Cost of goods (including stock variation)	(80,807)	(124,299)
Logistics expense	(3,788)	(4,750)
Personnel expense	(20,492)	(18,249)
Other operating income (expense)	(51,287)	(54,453)
Depreciation	25,010	(20,952)
Amortisation of goodwill	-	(1,896)
Net provisions	(1,879)	(2,922)
Other income (expense) from operations	16,342	18,949
<b>Operating income</b>	<b>77,636</b>	<b>95,907</b>
Cost of debt	(19,152)	(22,142)
Other financial income (expense)	1,414	2,589
Share of net income of associates	2,457	4,148
<b>Income before tax</b>	<b>62,355</b>	<b>80,503</b>
Tax expense	(13,588)	(9,675)
<b>Net income for the period</b>	<b>48,767</b>	<b>70,828</b>
<i>Attributable to equity holders of Séchilienne</i>	<b>40,830</b>	<b>60,968</b>
<i>Minority interests</i>	7,937	9,860
Earnings per share (€)	1.45	2.19
Fully-diluted earnings per share (€)	1.45	2.19

## Consolidated cash flow statement

(€ 000)	2009	2008
<b>Net income for the period</b>	<b>48,767</b>	<b>70,828</b>
Adjustments		
Depreciation and provision expense	22,638	24,526
Movement in deferred tax	6,570	4,478
Net income of associates net of dividends received	(518)	(2,212)
Gain or loss on disposal	953	58
Other non-cash items	(1,233)	123
Capitalised financial income	(443)	(589)
Cost of debt	19,052	22,142
Current tax expense for the period	7,018	5,197
<b>Cash flow</b>	<b>102,804</b>	<b>124,551</b>
Change in working capital requirement	22,865	4,023
Tax paid	(1,741)	(11,792)
Other	-	-
<b>Net cash flow from operating activities</b>	<b>123,928</b>	<b>116,782</b>
Acquisition of tangible and intangible assets	(75,817)	(115,245)
Acquisition of financial assets	(2,213)	(2,071)
Disposal of tangible and intangible assets	1,752	463
Disposal and decrease in financial assets	1,056	740
Acquisition / disposal of subsidiaries minus cash acquired / paid	-	(3,616)
Repayment of affiliates' current accounts	(372)	57
<b>Net cash flow from investing activities</b>	<b>(75,594)</b>	<b>(119,672)</b>
Capital increase	-	-
Capital increase for minorities	-	868
Séchilienne-Sidec dividends paid	(20,604)	(33,655)
Dividends paid to minorities	(2,400)	(2,268)
New debt and loans	108,251	190,960
Cost of debt	(19,052)	(22,142)
Repayment of debt and loans	(83,321)	(107,275)
Miscellaneous	1,756	-
<b>Net cash flow from financing activities</b>	<b>(15,370)</b>	<b>26,488</b>
Exchange rate effect on cash	(64)	102
<b>Net movement in cash</b>	<b>32,900</b>	<b>23,700</b>
Opening net cash	66,811	43,111
<b>Closing net cash</b>	<b>99,711</b>	<b>66,811</b>
Movement in cash	32,900	23,700

## Consolidated balance sheet

<b>ASSETS</b>		
<i>(€ 000)</i>	<b>2009</b>	<b>2008</b>
Goodwill	950	950
Intangible assets	109,758	114,329
Tangible assets	683,249	618,184
Non-current financial assets	22,848	42,195
Investments in associates	24,661	24,972
Non-current derivative financial instruments	4,919	-
Deferred tax assets	2,633	2,387
<b>Total non-current assets</b>	<b>849,018</b>	<b>803,017</b>
Inventory and work in progress	38,774	25,233
Accounts receivable	20,551	31,692
Other current assets	20,254	30,228
Current derivative financial instruments	-	5,588
Current financial assets	20,922	51,135
Investments in securities	91,444	51,135
Bank accounts	11,408	19,209
<b>Total current assets</b>	<b>203,353</b>	<b>163,085</b>
<b>Total assets</b>	<b>1,052,371</b>	<b>966,102</b>
<b>LIABILITIES</b>		
<i>(€ 000)</i>	<b>2009</b>	<b>2008</b>
Share capital	1,095	1,071
Additional paid-up capital	14,817	1,794
Reserves	209,930	183,860
Translation reserves	(5,925)	(5,114)
Net income for the period	40,830	60,968
<b>Total group equity</b>	<b>260,747</b>	<b>242,579</b>
Minority interests	60,818	55,618
<b>Total equity</b>	<b>321,565</b>	<b>298,197</b>
Staff benefits	6,847	8,223
Contingency provisions	1,490	1,940
Deferred tax liabilities	45,212	39,100
Non-current debt	481,745	494,617
Non-current derivative financial instruments	12,309	-
<b>Total non-current liabilities</b>	<b>547,603</b>	<b>543,880</b>
Accounts payable	58,813	41,170
Tax	16,422	15,904
Current derivative financial instruments	-	10,462
Current debt	81,033	35,501
Other current liabilities	26,935	20,988
<b>Total current liabilities</b>	<b>183,203</b>	<b>124,025</b>
<b>Total liabilities</b>	<b>1,052,371</b>	<b>966,102</b>