SECHILIENNE-SIDEC

2012 Annual results and Growth strategy 2013-2017

March 19, 2013

DISCLAIMER

The present document contains projections and descriptions of Séchilienne-Sidec's future strategy. objectives and prospects.

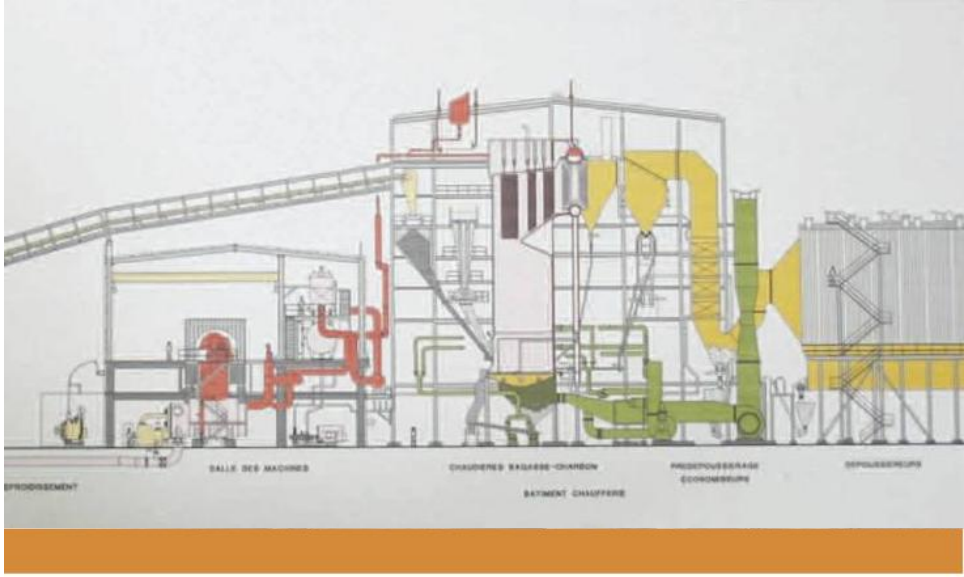
These projections and descriptions may be affected by known or unknown risks. uncertainty and other random factors that could ensure that Séchilienne-Sidec's future results. performance and achievements are significantly different from those envisaged or suggested in the present document.

Séchilienne-Sidec makes no commitment and extends no guarantee that it will fulfil or meet its future strategy, objectives and prospects.

Unless the law states otherwise, Séchilienne-Sidec makes no commitment to update or revise the projections and descriptions contained in the present document.

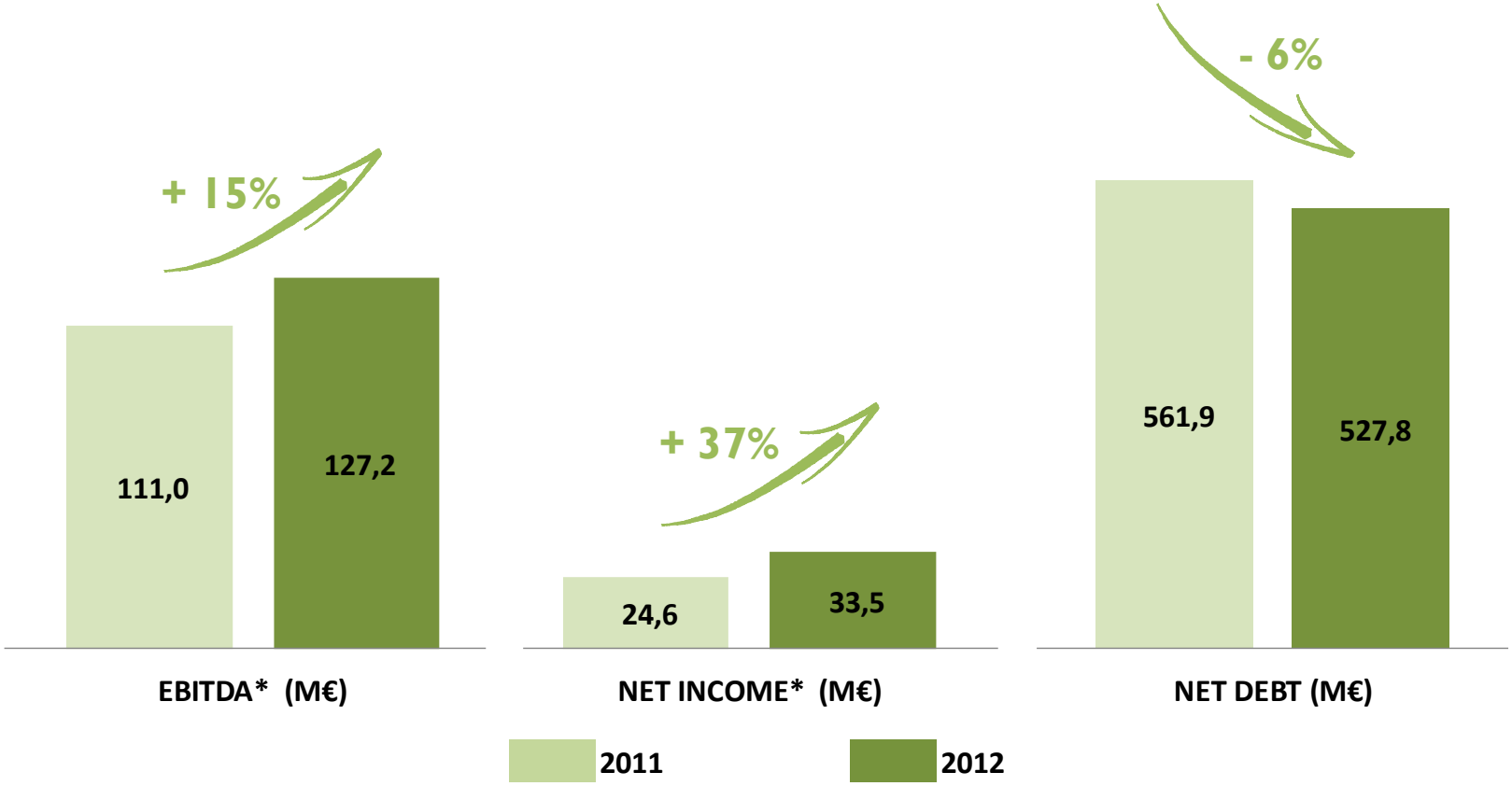
The present document does not constitute in any way a solicitation to sell, buy or subscribe to Séchilienne-Sidec shares

Séchilienne Sidec



ANNUAL RESULTS 2012

STRONG RESULTS

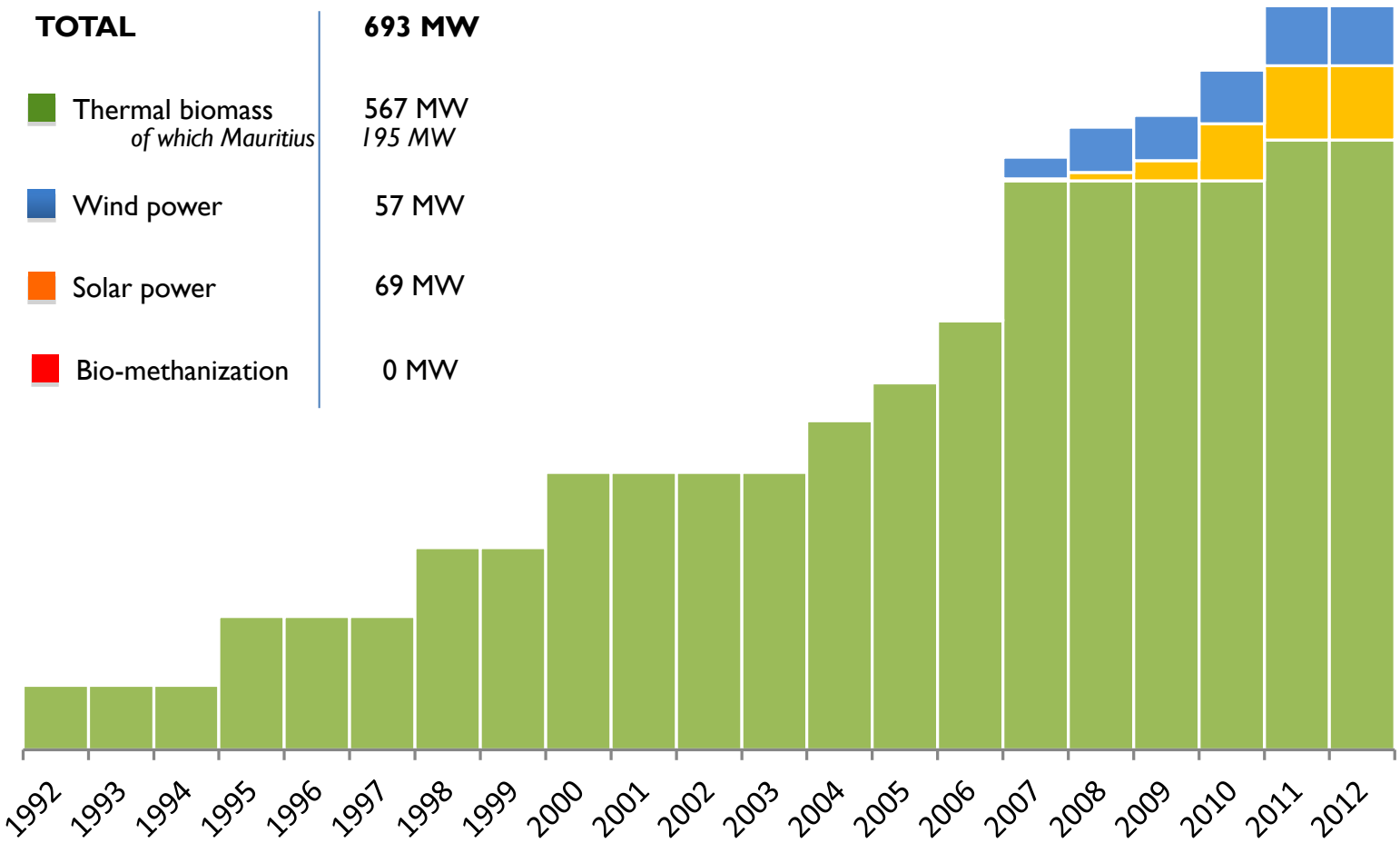


** Excluding tax incentives in French overseas territories*

Séchilienne Sidec

2012: INSTALLED CAPACITY REMAINS STABLE

TOTAL	**693 MW**
Thermal biomass	567 MW
of which Mauritius	*195 MW*
Wind power	57 MW
Solar power	69 MW
Bio-methanization	0 MW



Total installed capacity (in MW) at December 31, 2012

Séchilienne Sidec

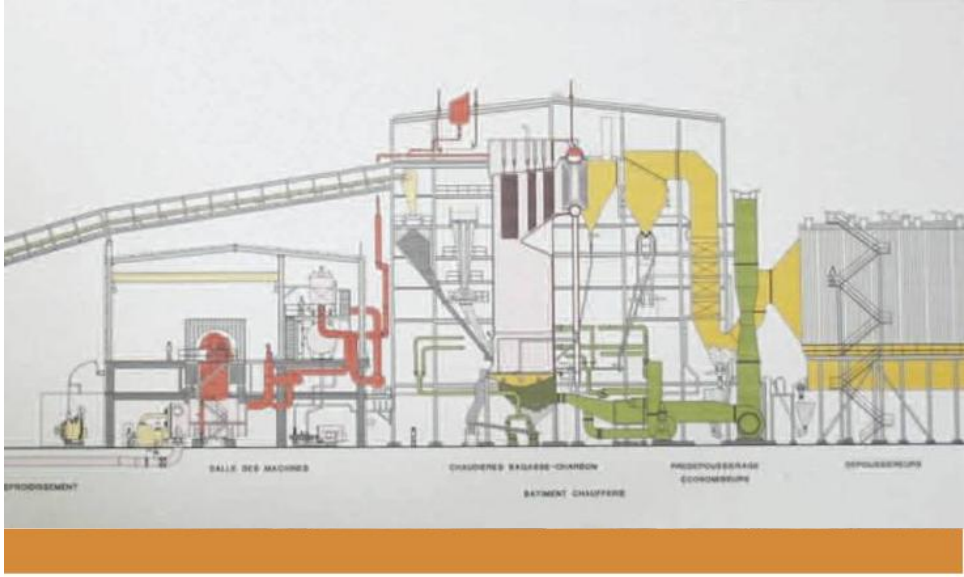
2012 : NEW GROWTH STRATEGY FOR BIOMASS PUT INTO ACTION

- Growth strategy was approved by shareholders in March 2012

- Key points:
  - Access to the bio-methanisation market via our acquisition of Methaneo
  - Progress in our Galion 2 bagasse biomass project
  - Wind-power business sold to EDF Energies Nouvelles
  - Brazil is our priority for international growth

- Solid balance sheet to fund the company's growth strategy

Séchilienne Sidec

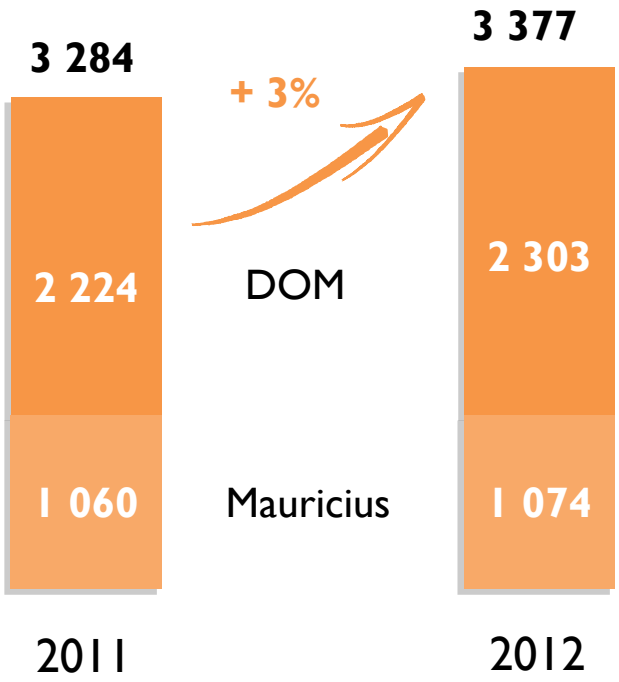


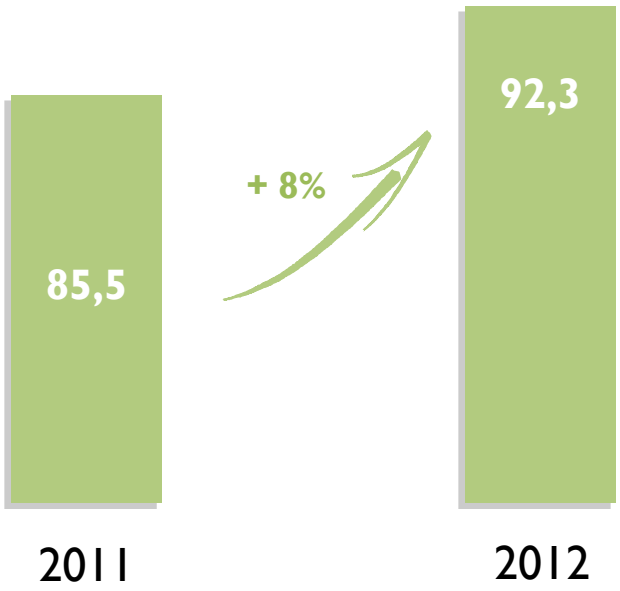
THERMAL BIOMASS IN 2012

Pascal Langeron

8% GROWTH IN EBITDA FROM GROUP'S THERMAL BIOMASS ACTIVITES IN OVERSEAS TERRITORIES

- 86% of group revenues and 73% of group EBITDA





Production (GWh)

EBITDA (M€)
(excluding tax incentives in French overseas territories)

STRONG ATTENTION TO LABOUR RELATIONS

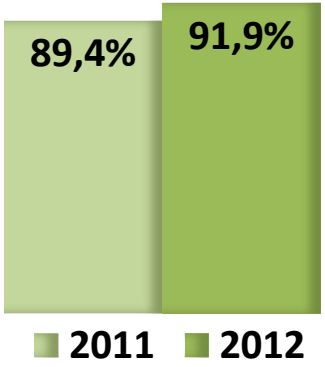
Strengthening of the group's human resources division and introduction of a forum for dialogue and negotiation with staff representatives:

- Gradual ironing out of disparities between plants
- Four-year wage agreement
- Four internal workers' charters agreed upon and implemented
- Profit-sharing arrangements for all employees
- Plan to allocate free shares to frontline employees if:
  - Availability rate is higher than 91,5% in 2012 – 2013
  - Share price reaches following milestones:18.5€ / 22.5€ / 26.5€

Séchilienne Sidec

VERY HIGH AVAILABILITY RATES IN 2012

- Availability rate of thermal power plants: 91.9%
- Very good technical performance
- Few labour disputes (3 days at one plant)



Availability rate base thermal

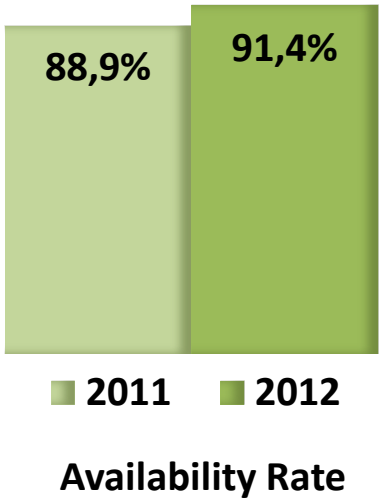
Comparison	Actual	Goal
Availability rate	**91.9%**	**90% - 92%**
Planned technical stoppages	5.7%	6% - 7%
Unplanned stoppages	2.4%	1% - 4%

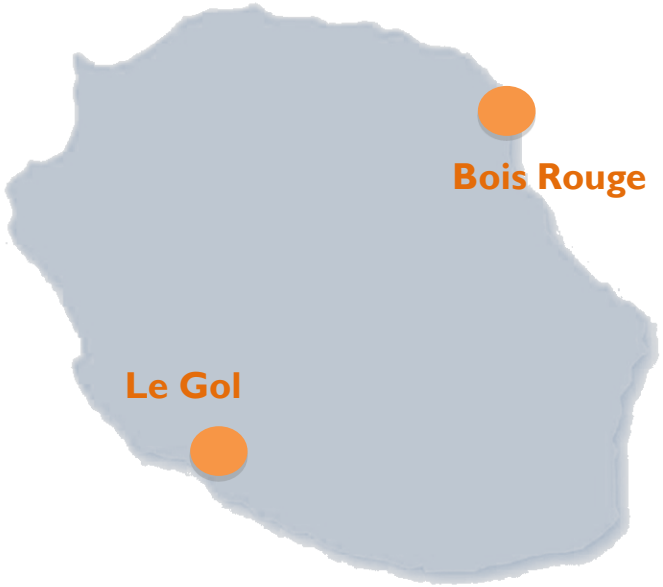
Séchilienne Sidec

REUNION RETURNS TO NORMAL AVAILABILITY RATE

BASE BAGASSE/COAL PRODUCTION

- Sugar cane harvest was not as good as in 2011 (1,801 KT in 2012 compared with 1,913 KT en 2011)
- Good availability rate: 91.4%
  - *CTBR: 90.4% vs 87.8% in 2011*
  - *CTG: 92.2% vs 89.9% in 2011*
- Accounts for 57% of electricity production on the island, ie. 1,613.4 GWh



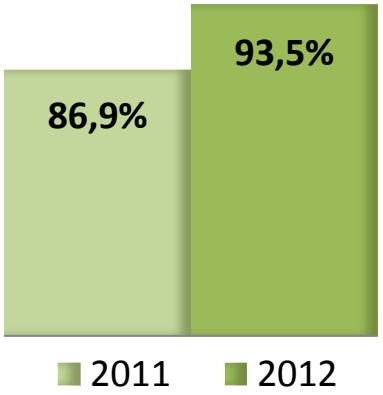


Séchilienne Sidec

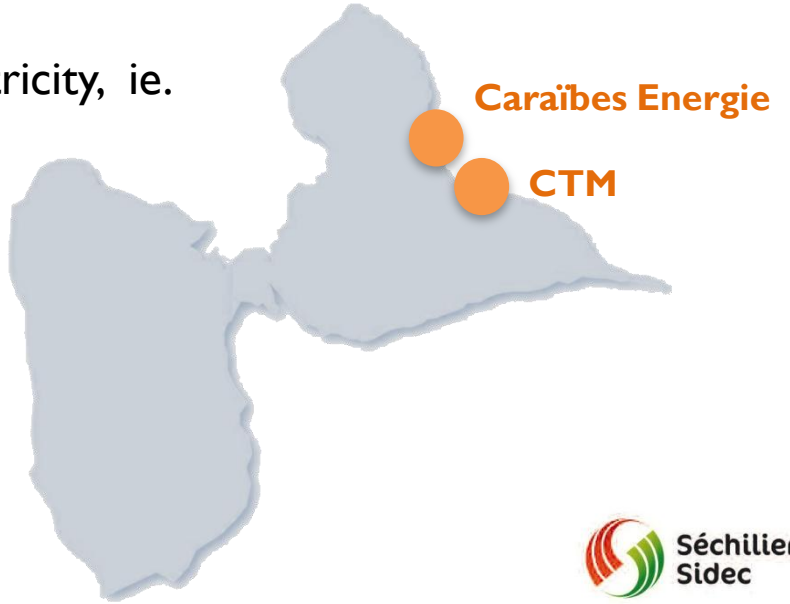
GUADELOUPE: EXCELLENT PERFORMANCES

BASE BAGASSE/COAL PRODUCTION

- Sugar cane harvest was not as good as in 2011 (505 KT versus 536 KT in 2011)
- First full year that Caraïbes-Energie was at full generating capacity. Exceptionally high availability rate of 96.2%
- High availability at CTM: 91.9%
- Produces 37% of the island's electricity, ie. 607.1 GWh



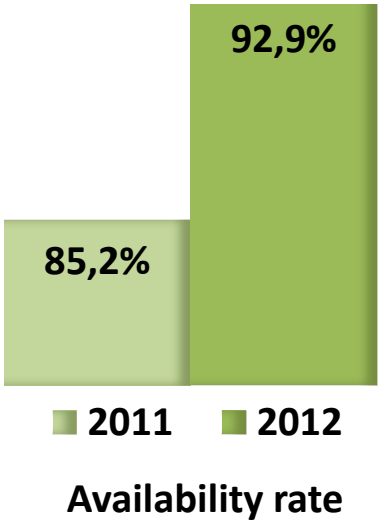
Availability rate

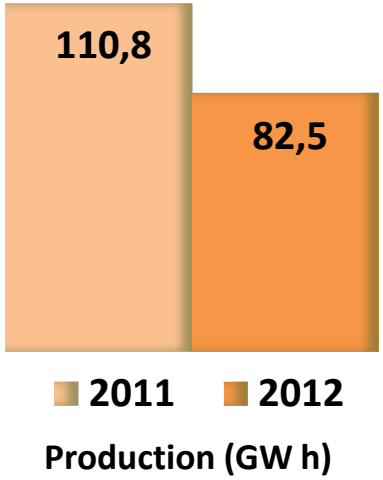


Séchilienne Sidec

MARTINIQUE: CALL-OUT RATE RETURNS TO BEING SATISFACTORY PEAK PRODUCTION

- EDF call-out rate :
  - 37.1% in 2011, an exceptionally high level
  - 25.3% in 2012, return to a satisfactory level
- Routine stoppage for important plant servicing
- Subtantial improvement in yields



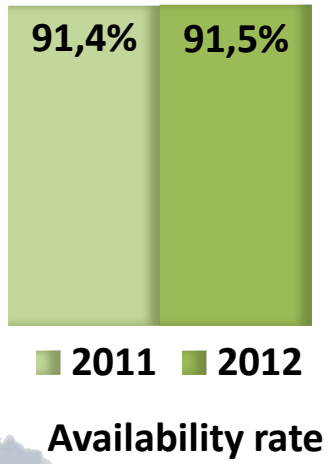


Séchilienne Sidec

MAURITIUS: STABLE

BASE BAGASSE/COAL PRODUCTION

- Séchilienne Sidec has a 25% stake in Mauritius project companies
- A good sugar-cane harvest: 2,080 KT in 2012 compared with 2,013 KT in 2011
- A good availability rate in spite of unplanned stoppages
- 43% of electricity generated on the island, equivalent to 1,074 GWh



Séchilienne Sidec

ACTIVE MANAGEMENT OF EDF CONTRACTS (1)

- A long-lasting contractual framework: Long-dated contracts (30-35 years)

  - Fixed commission covers fixed costs:
    - Wage bill and other fixed costs
    - Return on investment
    - Debt servicing

  - No drop in fixed commission in 2012 or 2013
  - Next reductions in fixed commissions:
    2014: CTM, EBITDA decreases by -5 M€
    2018: CTBR, EBITDA decreases by - 4 M€

  - Variable costs borne by the buyer:
    - Fuel, maintenance and other variable charges

Séchilienne Sidec

ACTIVE MANAGEMENT OF EDF CONTRACTS (2)

- A solid contractual framework, including contractual protection of long-term risks:
  - A *force majeure* clause
  - A safeguard clause (new circumstances and circumstances external to the company taken into account)

- Signing of an agreement concerning the CTM plant in early 2013:
  - Claim of the extra costs incurred (in particular the issues raised by the end of the one-third tax rebate linked to lease-purchase agreements on the island)
  - Upward revision in fees

2012: A VERY GOOD YEAR FOR THERMAL ENERGY

- High-quality facilities
- Highly-qualified and -motivated personnel
- A robust contractual framework

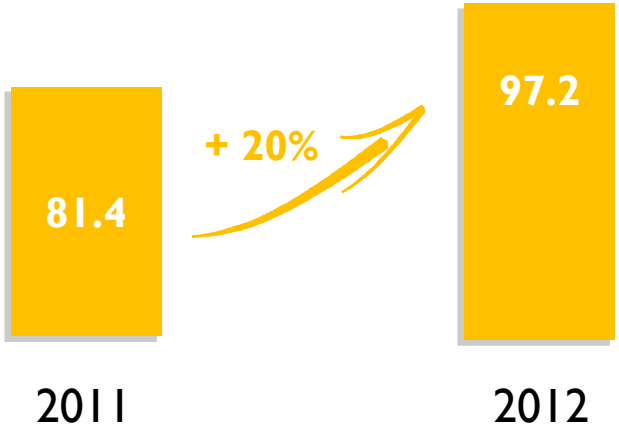
Séchilienne Sidec

SOLAR POWER

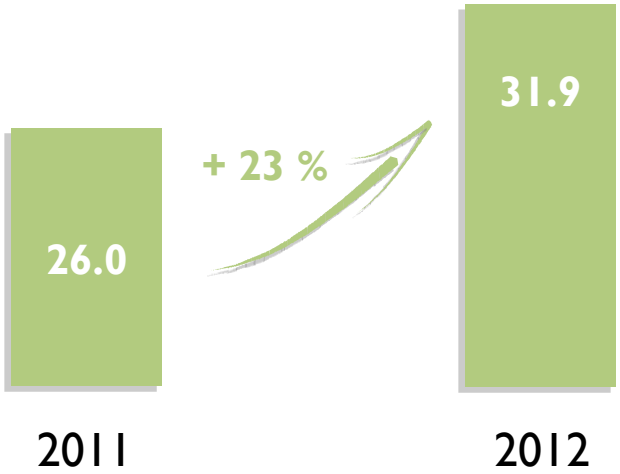
Frédéric Moyne

SOLAR POWER: STRONG GROWTH IN PRODUCTION

- First time that all the group's solar-power facilities (with a generating capacity of 69 MW) were operational for a full year
- 11% of group revenues, 25% of group EBITDA



Production (GWh)



EBITDA (M€)

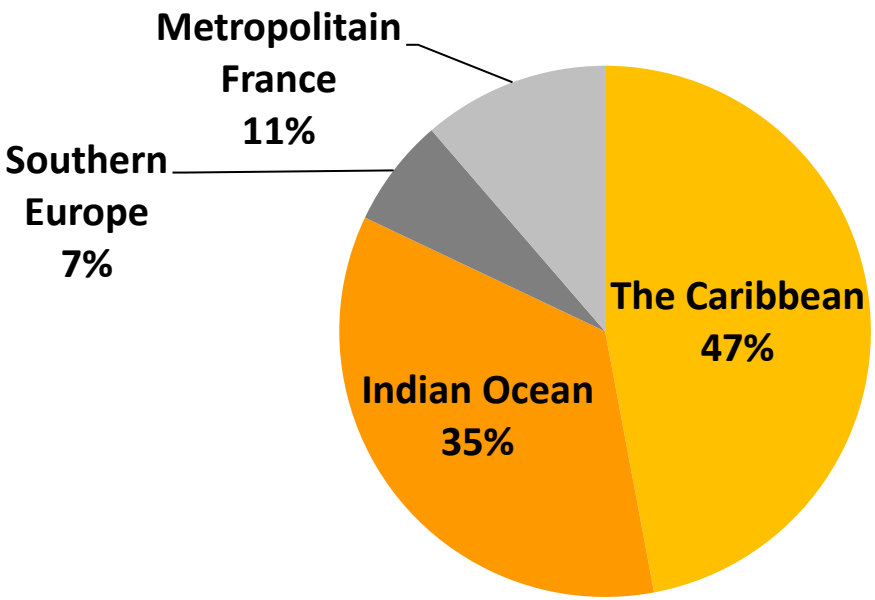
Excluding tax incentives in French overseas territories

Séchilienne Sidec

STRONG PERFORMING SOLAR POWER ASSETS

- Solar energy prices in French overseas territories = 434 € / MWh
  30 % higher than the average price for solar power on mainland France

- Equivalent Full Power Hours (EFPH) = 1405



Geographic distribution of production

Séchilienne Sidec

TWO NEW TENDERS WON IN 2012 FOR SOLAR POWER WITH STORAGE FACILITIES

- **CRE French Guiana project: 2 MW**
  - Stand-alone solar-energy plant with storage facility
  - Projected to become operational in 2014

- **The CRE Réunion project: 1MW**
  - Roof-top installation with storage facility
  - Projected to come on stream in 2014

Séchilienne Sidec

GROUP ENTERS HIGH-POTENTIAL BIO-METHANISATION MARKET

METHANEO ACQUIRED IN MAY 2012

METHANEO:

- A pioneer in bio-methanisation in France
- A major player in this market
- Group acquired 60% of Methaneo in May 2012
- 22 projects under way, with each plant set to generate from 500 KW to 2 MW of energy
- On average, Methaneo has a 40% stake in each project development company

Methaneo was successfully integrated into the Séchilienne Sidec group in 2012

Séchilienne Sidec

2012: A YEAR DEDICATED TO PROJECT DEVELOPMENT

- 2 projects under construction
  with one due to enter service in May 2013: TIPER
- 3 projects are at the funding stage
- 4 projects awaiting planning permission
- Negotiations are ongoing with farmers on a further13 projects

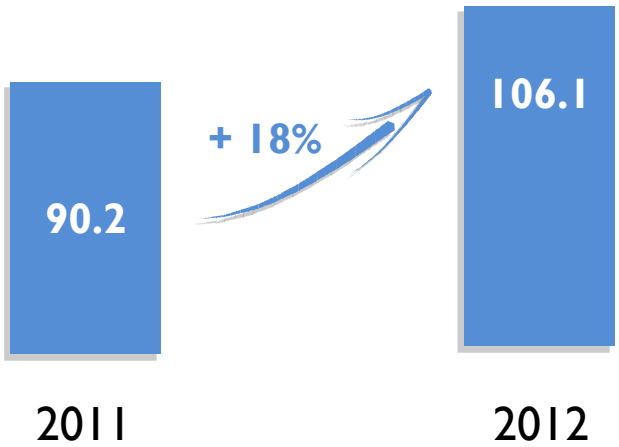
Total of 22 development projects

Séchilienne Sidec

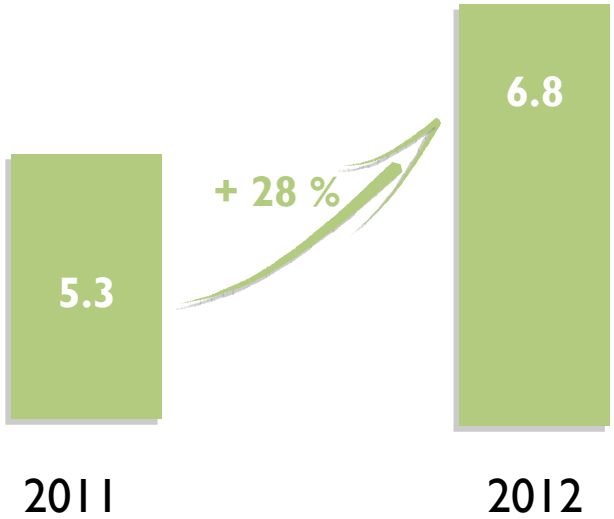
WIND POWER BUSINESS SOLD IN FEBRUARY 2013

WIND POWER: BETTER WEATHER CONDITIONS IN 2012

- 2% of group revenues, 5% of group EBITDA



Production (GWh)



EBITDA (M€)

Excluding tax incentives in French overseas territories

Séchilienne Sidec

FEBRUARY 2013: BUSINESS SOLD

- The group's wind-power business was sold to EDF Energies Nouvelles for **59 M€** + an extra emolument for projects under development

- The group's wind-power assets consisted of:
  - 6 wind-farms in France with a generating capacity of 56,5 MW
  - 5 projects under development with a capacity of 60 MW

- The transaction made sound financial sense in the context of the group's announcement in 2012 to sell non-strategic assets:
  - Capital gain of **5,6 M€** expected for 2013
  - **40 M€** reduction in project debt in February 2013

Séchilienne Sidec

2012: PRIORITY ON SOLAR POWER AND BIO-METHANISATION

After the sale of wind-power business as part of asset rotation policy, the priority is:

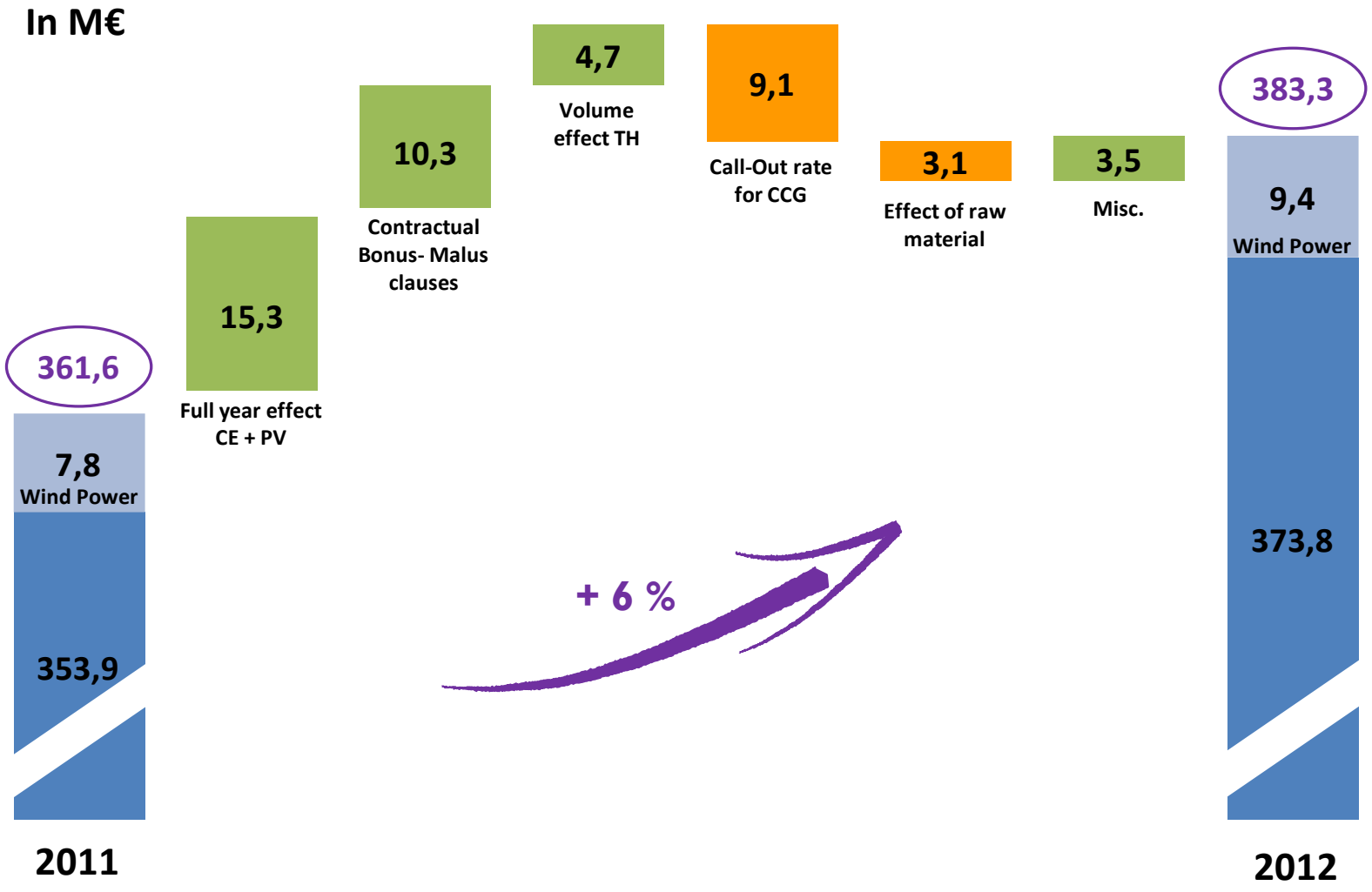
- Its powerful, highly profitable solar-power assets
- The development of the highly-promising bio-methanisation market

Séchilienne Sidec

2012 FINANCIAL RESULTS

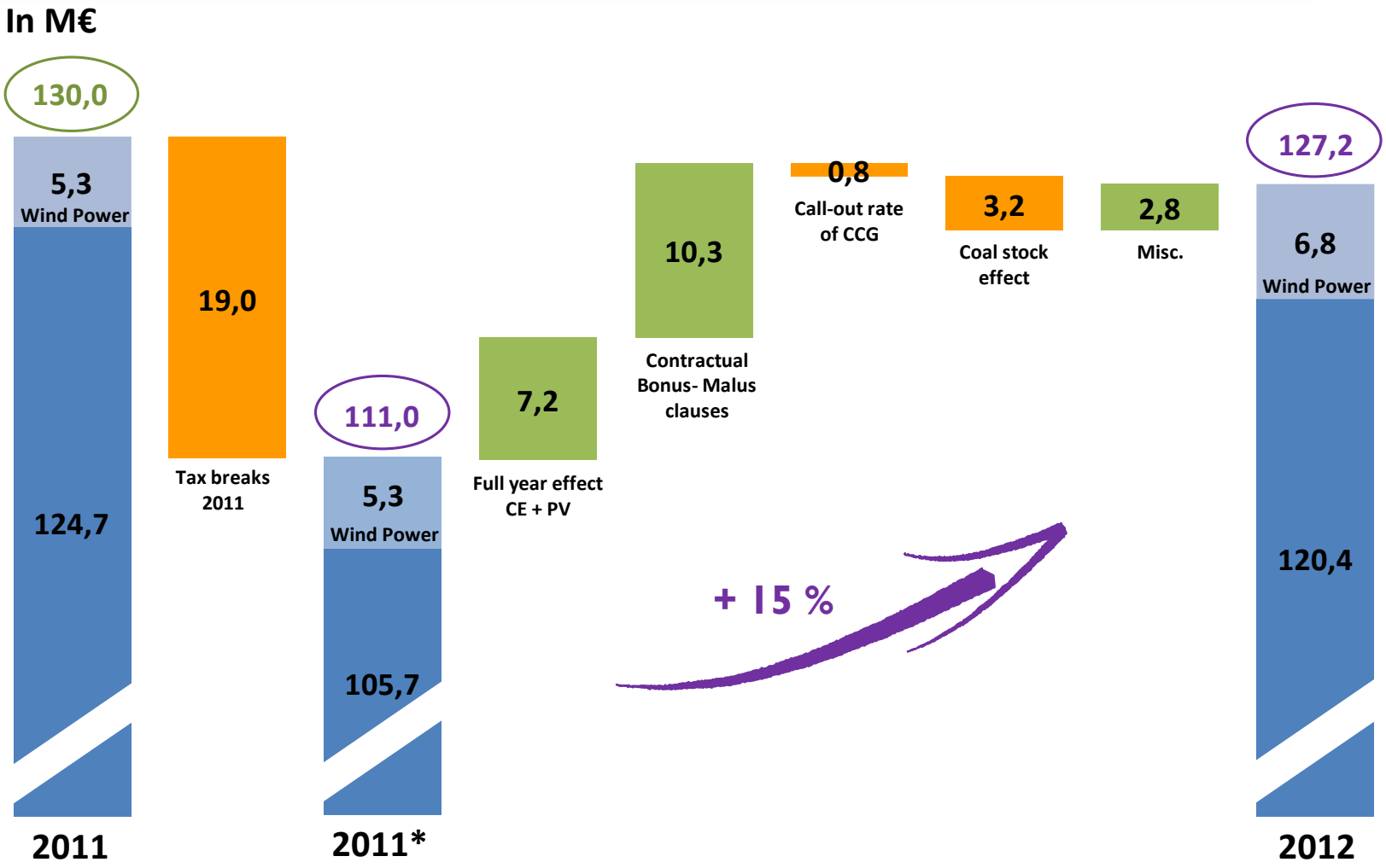
Julien Gauthier

SOLID 6% RISE IN GROUP REVENUES



Séchilienne Sidec

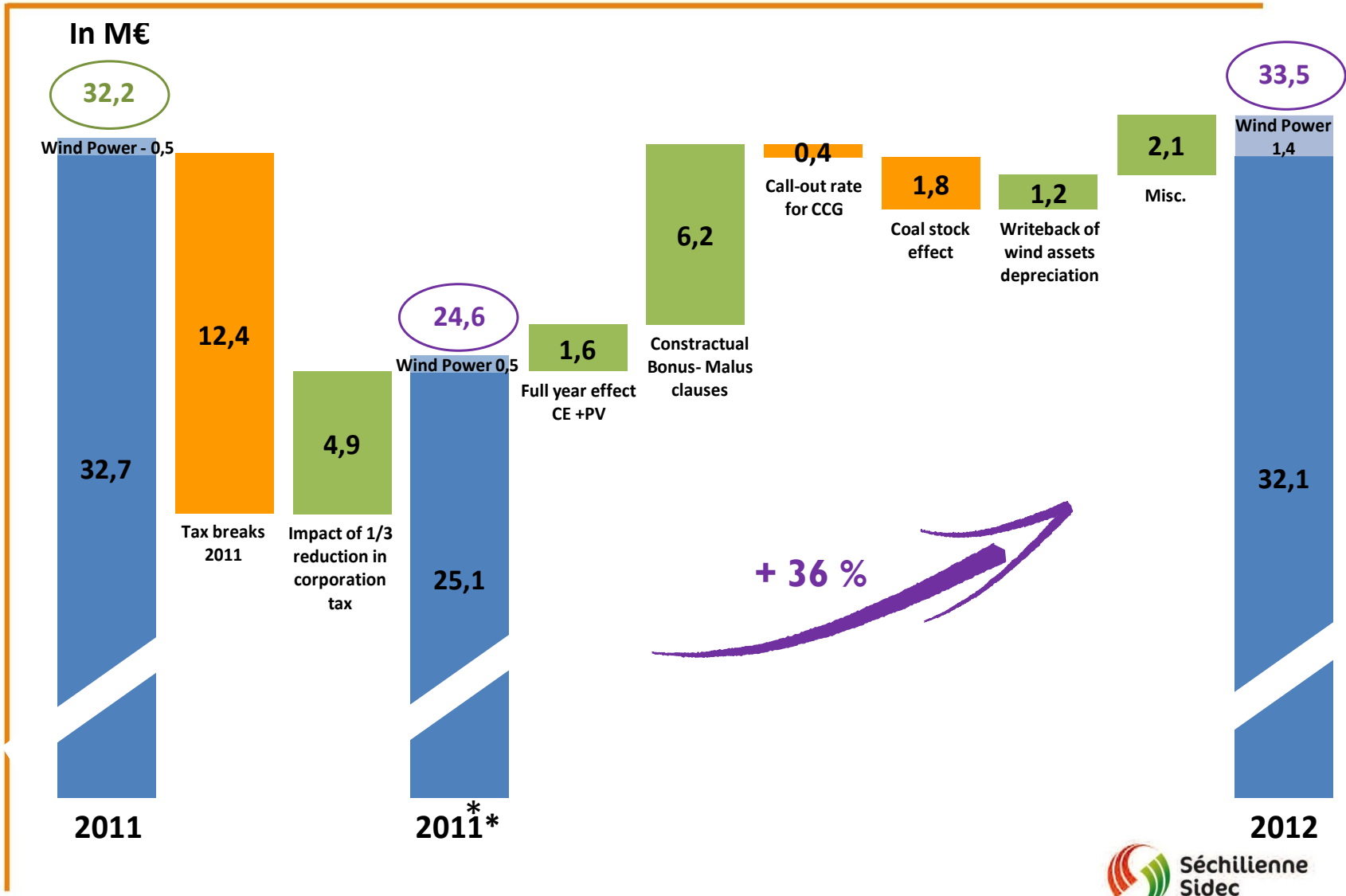
SUBSTANTIAL 15% RISE IN EBITDA*



*Excluding tax incentives in French overseas territories

Séchilienne Sidec

VERY STRONG 36% INCREASE IN NET INCOME (GROUP SHARE)*



*Excluding tax incentives in French overseas territories

PROFIT AND LOSS ACCOUNT

(In € million)	**2012**	**2011**	% change	**2012 excluding Wind Power**
Revenues	383,3	361,6	6%	373,8
EBITDA (excluding overseas tax incentives)	**127,2**	**111,0**	**15%**	**120,4**
Tax reductions	*0,0*	*19,0*	*-100%*	*0,0*
EBITDA	**127,2**	**130,0**	**-2%**	**120,4**
Depreciation and amortization	(40,5)	(43,4)	-7%	(37,9)
EBIT	86,7	86,6	0%	82,6
Financial charges	(29,3)	(25,7)	14%	(27,3)
Share of profits from associate companies	2,6	3,1	-16%	2,6
Taxes	(20,7)	(26,8)	-23%	(20,0)
Nominal tax rate	*36,0%*	*44,0%*		*36,1%*
Consolidated net income	39,3	37,3	6%	37,9
Net income (group share)	**33,5**	**32,2**	**4%**	**32,1**
Net income (group share), excluding overseas tax incentives	**33,5**	**24,6**	**36%**	**32,1**

Séchilienne Sidec

SUBSTANTIAL CASHFLOWS

(In € million)	2012	2011	2012 excluding Wind Power
Cash flow from operations	131,9	134,5	125,1
Change in working capital requirements	6,1	(31,5)	6,5
Taxes paid out	(17,7)	(20,6)	(17,8)
Net Cash Flow from operations	**120,3**	**82,3**	**113,9**
Maintenance CAPEX	(9,8)	(6,6)	(9,8)
Free Cash Flow	**110,5**	**75,7**	**104,1**
Deployment CAPEX	(17,2)	(77,4)	(17,9)
Net Cash Flow from investments	**(17,2)**	**(77,4)**	**(17,9)**
Dividends	(14,4)	(20,0)	(14,4)
Borrowing (new loeans versus repayments)	(38,2)	18,8	(34,0)
Cost of debt	(29,6)	(26,6)	(27,6)
Miscellaneous	(4,2)	(2,1)	(5,9)
Net Cash flows from financing activities	**(86,5)**	**(29,9)**	**(82,0)**
Net change in cash balance	**6,9**	**(31,5)**	**4,3**
Opening cash balance	74,9	106,5	74,9
Closing cash balance	**82,0**	**74,9**	**79,2**

Séchilienne Sidec

SOUND BALANCE SHEET TO FUND THE GROWTH

At December 31, 2012:

- A **34 M€** drop in group's net debt of **528 M€**
  - Average cost of debt : **4.5%**
  - **81%** at fixed rates or hedged
- Project debt of **539 M€** (563 M€ at end 2011)
  - Long average maturity of 10 years
- Corporate debt: **92 M€** (down from 96 M€ at end 2011)
- Positive group cash position of **82 M€** (75 M€ at end 2011), not including **21 M€** in security deposits
- Sale of wind-power business in February 2013 resulted in a **40 M€** reduction in project debt

Séchilienne Sidec

CONCLUSION

Jacques Pétry

DIVIDEND POLICY FOR 2013

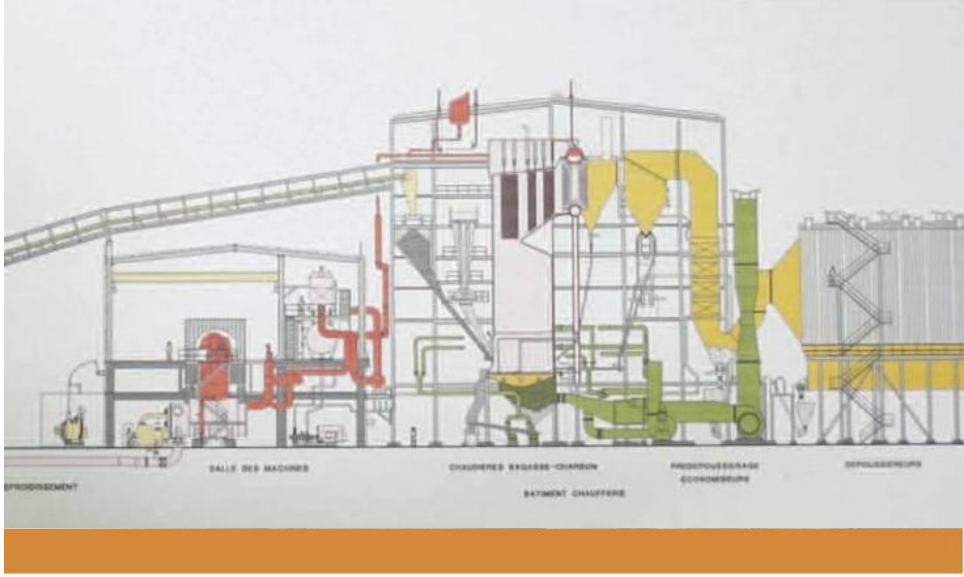
- Policy of paying dividend equivalent to 50% of group net income, excluding capital gains arising from any sales and financing needs for new projects
- The Board of Directors proposes a dividend of **0,59 € / per share** for the financial year ended December 31, 2012, a 3.5% increase from last year.
- Shareholders may choose how the dividend is paid: either 100% in cash or in the form of a 50-50 split between shares and cash

Séchilienne Sidec

YEARS OF 2012

- **Rolling out of the group strategy announced in 2012**
- **Strong improvement in financial performance**
- **Entrance into the bio-méthanisation market**
- **Sale of non-strategic assets**

Séchilienne Sidec



STRATEGIC VISION AND GROWTH 2013 - 2017

CONTENT

- Group strategy
- Our three markets :
  - French Overseas Territories
  - Mainland France
  - Brazil
- Conclusion

Séchilienne Sidec

GROUP STRATEGY

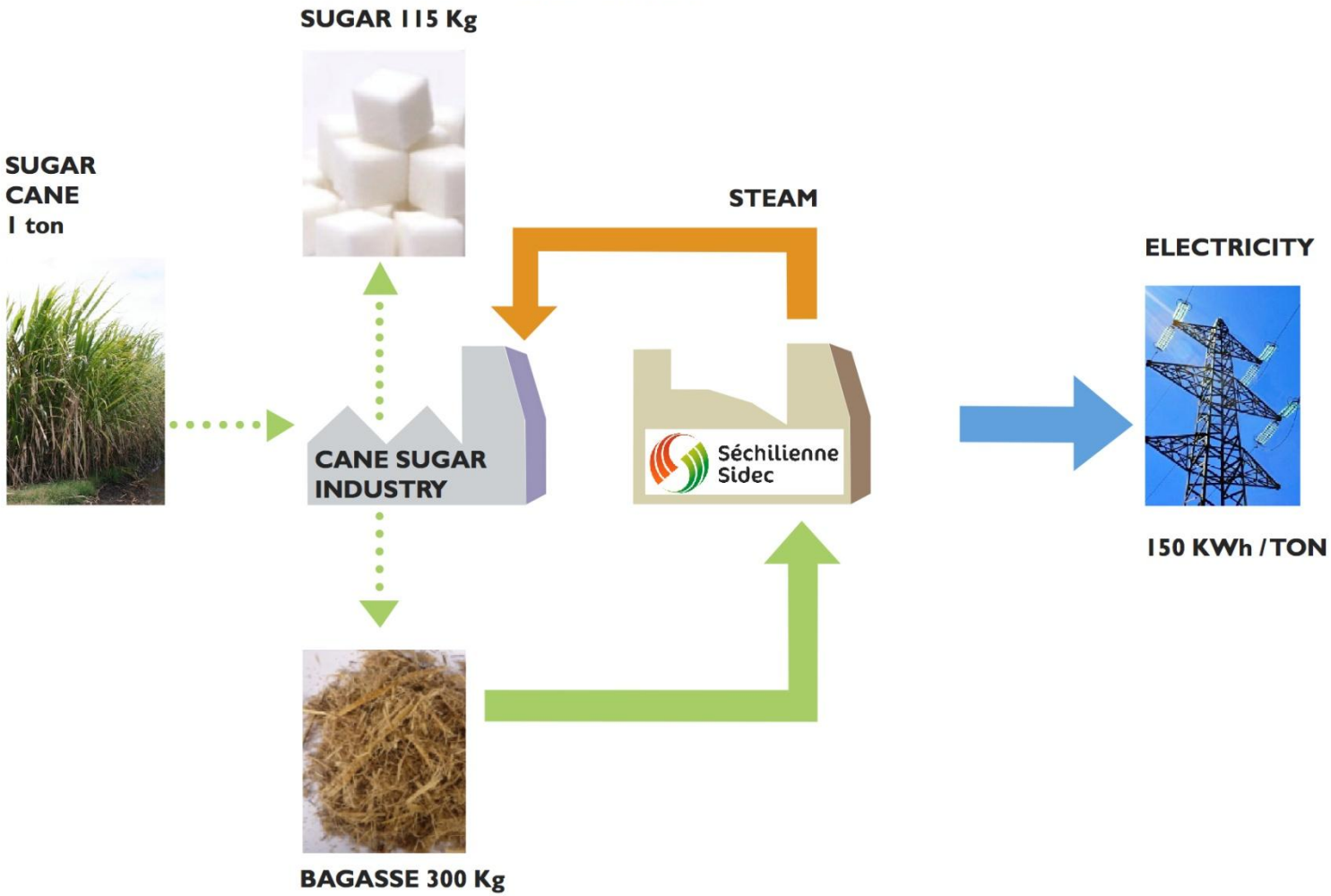
Jacques Pétry

OUR VISION

- Rapid changes are taking place in the energy sector
- Biomass without conflict of use and solar energy are natural resources with strong potential
- These resources provide an environmentally responsible and economically sound way to generate energy

Séchilienne Sidec

OUR LONG-STANDING PRODUCTION MODEL



Séchilienne
Sidec

OUR MISSION

- We generate energy by exploiting all forms of biomass through cogeneration
- We have developed a unique technical expertise centered around bagasse (a sugar by-product)
- In tandem with its biomass activities, we intend to continue to develop high-margin solar power projects

➔ **Our ambition:** to be recognised as a key partner for agri-business in the efficient exploitation of biomass without conflict of use.

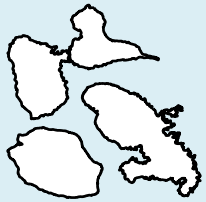
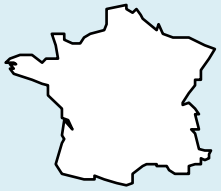
Séchilienne Sidec

OUR VALUES

- Expertise
- Long-term partnerships
- Firmly rooted in different regions
- Social involvement
- High environmental standards

Séchilienne Sidec

OUR MAIN ENERGY RESSOURCES/ BUSINESS LINES / TERRITORIES

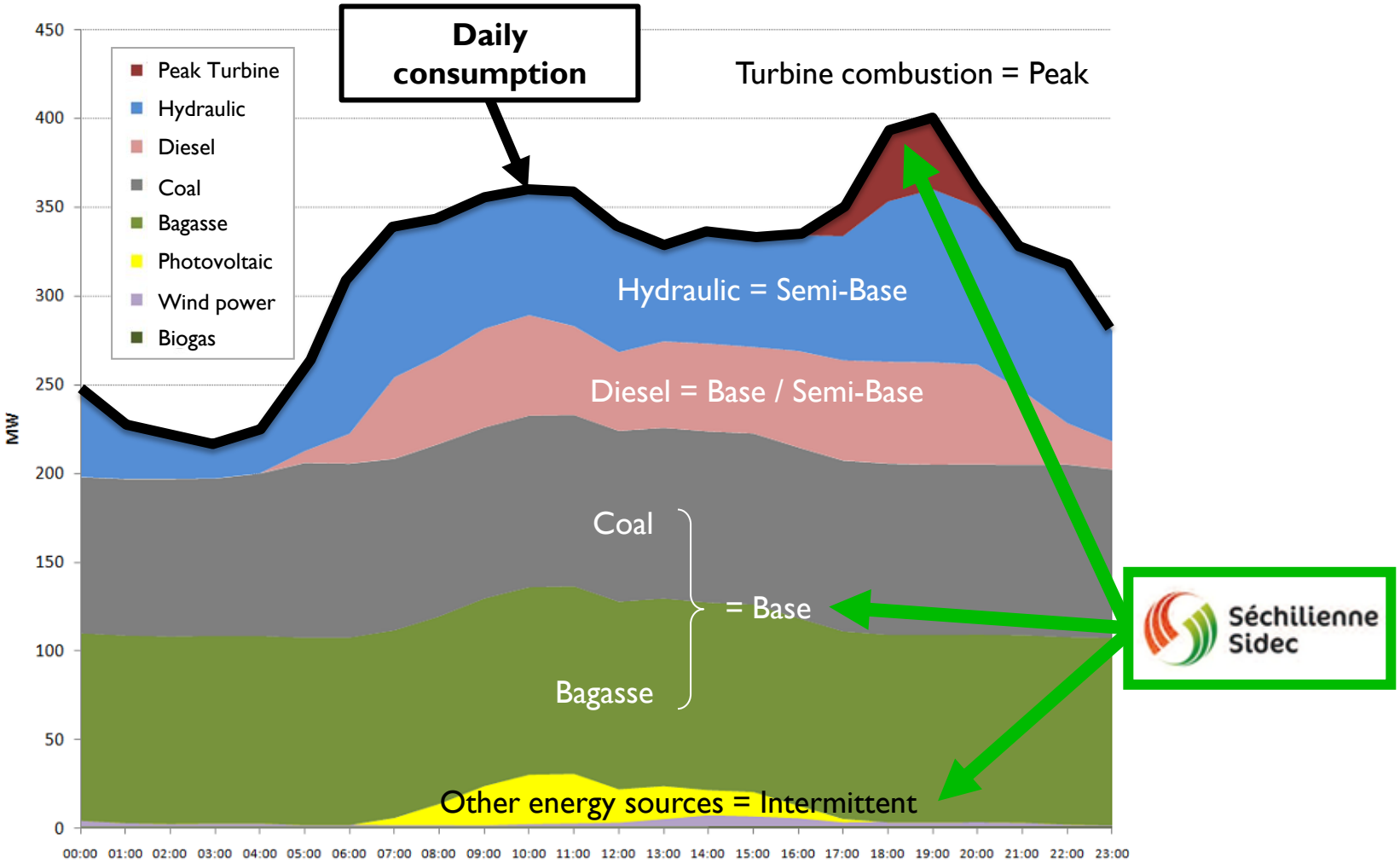
	Sugar cane	Wood	Waste from livestock and agri-business	Sun
Overseas territories					
Brazil					
Mainland France					
	Thermal biomass		Methanisation	Photovoltaic

Séchilienne Sidec

SECURE AND SOLID GROWTH OPPORTUNITIES IN FRENCH OVERSEAS TERRITORIES

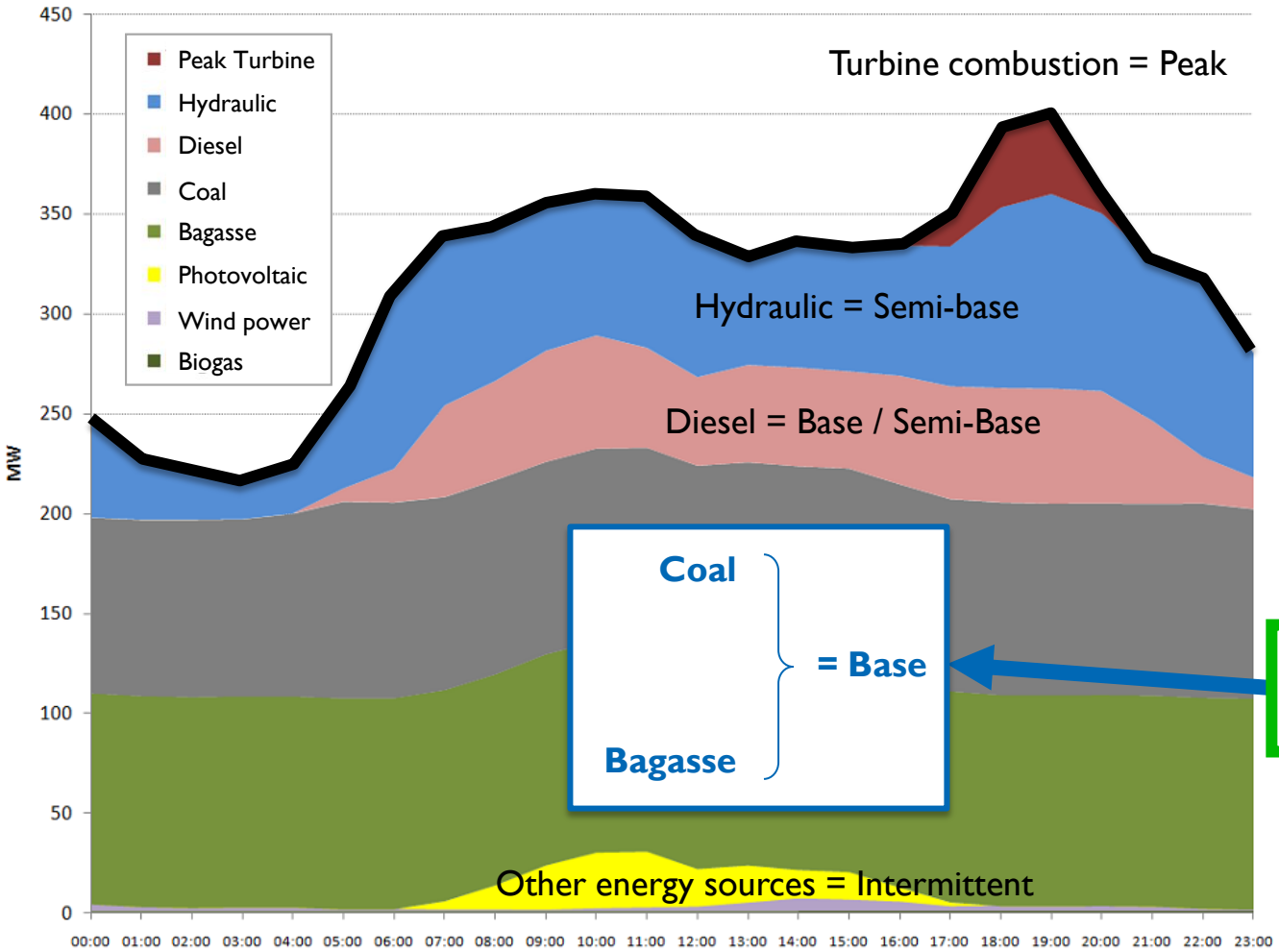
Pascal Langeron

A MAJOR PLAYER IN ELECTRICITY GENERATION IN OVERSEAS FRENCH TERRITORIES



Source: EDF SEI – Typical southern winter day in Réunion

AN IMPORTANT PLAYER IN BASE POWER GENERATION



Séchilienne Sidec

Séchilienne Sidec

CONSOLIDATING OUR LEADERSHIP IN BASE ENERGY PRODUCTION IN OVERSEAS TERRITORIES

- 100 MW in base load new capacity required between now and 2020[1], equivalent to 10% of current installed capacity
  - +40 MW in Martinique
  - +40 MW in Réunion
  - +20 MW in French Guiana
- French islands unfavourable to new market entrants
- Our ambition over the next 10 years:

  → **Martinique:** 38 MW bagasse/biomass in 2016 (CCG2 plant), equivalent to 40% of projected growth in the market

  → **Réunion/French Guiana:** scrutiny of long-term projects involving biomass

(1) According to EDF SEI –Forecast for demand and offer of electricity: updated in 2012

GALION 2 (CCG2) COGENERATION PLANT: AN INNOVATIVE APPROACH FOR BAGASSE / BIOMASS IMPORTS

1992 – The first bagasse/coal cogeneration plant CTBR in the world in Réunion

2015 – The innovative CCG2 bagasse/biomasse plant in Martinique

- Core thermal energy plant generates 38 MW
  - 30-year supply contracts
  - Investments of around 170 M€
- Project is in its final stages
  - Various authorisations (planning permission, operating license) expected for summer 2013
  - Construction expected to start in 2014
  - Due to be commissioned in late 2015

Séchilienne Sidec

CCG2: THE ECONOMIC AND POLITICAL BACKDROP IS FAVOURABLE FOR ENERGY FROM BIOMASS

- Current contract covers bagasse/coal cogeneration
- Political readiness in Martinique for a biomass-based solution to energy needs
- Energy 100% generated from biomass is more expensive than energy from coal but is competitive when compared with fuel oil

➔ **Discussions are underway with EDF to adjust contract pricing to biomass sourcing cost**

Séchilienne Sidec

CCG2: BIOMASS, AN ENERGY SOURCE TO REPLACE FOSSIL FUELS

- All locally available biomass is put to use (bagasse, green waste)
- Remaining biomass needs imported from places close by
  - North America
  - Brazil
- Coal only used as a back-up

➔ **Biomass: a rapidly growing global resource**

➔ **With the experience gained at the CCG2 plant, our aim is gradually to reduce the share of coal used in bagasse/coal cogeneration plants**

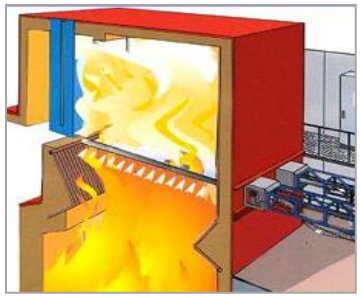
Séchilienne Sidec

REMUNERATED INVESTMENTS MADE TO ADAPT OUR FACILITIES TO NEW ENVIRONMENTAL NORMS

- Adapting existing facilities to new regulatory requirements:
  - Liquid discharges
    - Reduction in discharges
    - Re-use of treated water

Water treatment plant

  - Gaseous discharges
    - Significant reduction in SOx and NOx emission limit values (ELV)



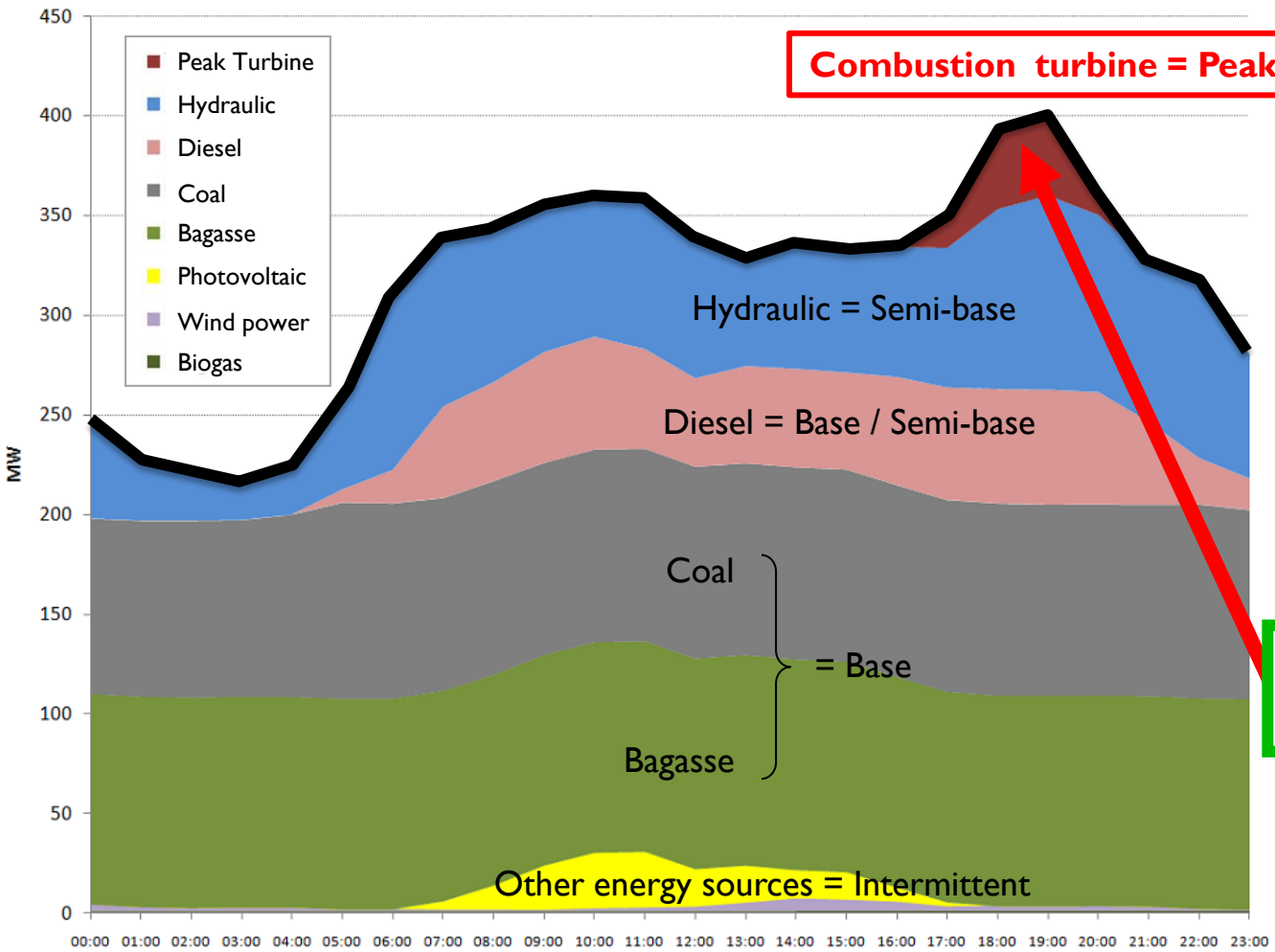
NOx reduction via system of eco-tubes (300 mg/Nm3)

- Protective contracts ensure that investments carry a pre-tax remuneration equivalent to 11% of the capital invested

➔ **Overall investment of 100 M€ over 10 years**

Séchilienne Sidec

A MAJOR PLAYER IN MEETING PEAK DEMAND



Séchilienne Sidec

Séchilienne Sidec

THE MARKET FOR PEAK POWER GENERATORS IS GROWING RAPIDLY, WITH SIGNIFICANT OPPORTUNITIES FOR SÉCHILIENNE-SIDEC

- 200 MW in peak capacity to be built on greenfield sites before 2020[1], equivalent to 50% of current installed capacity
  - Overhaul of existing capabilities
  - Shifting capacity as needs of the electricity grid dictate
  - 8 projects planned in Martinique, Guadeloupe, Reunion and French Guiana

- Market entrants face huge barriers
  - Experience and technical know-how (in construction and operation)
  - Complexity of the operating environment (climate, lack of interconnections, land issues)
  - Level of acceptance by regulators and broader society

- Our ambition over the next 10 years:

  → **To construct 2 peak turbines**

  → **To invest sums of the order of 100 M€**

(1) According to EDF SEI –Forecast for demand and offer of electricity: updated in 2012

Séchilienne Sidec

GALION 1 PEAK TURBINE (CCG): A UNIQUE AND MUCH-ADMIRED COMPETITIVE ADVANTAGE

- A 40 MW peak turbine in Martinique
  - Won CRE tender in 2005
  - Commissioned in 2007
- The only peak turbine not operated by EDF in French overseas territories
- Highly sophisticated technology
- High level of performance
  - Average availability of 90% over 6 years (in spite of 12.500 h overhaul)
  - Operational efficiency saluted by EDF

GE LM 6000 PC Sprint Turbine

Séchilienne Sidec

AN INNOVATOR IN REPLACING FOSSIL FUELS WITH BIOFUEL

- Share of fossil fuels in combustion turbines will drop in favour of:
  - Imported bioethanol **(in the short term)**
    - Mauritius (Reunion)
    - Brazil (Martinique)
  - biocarburant produced from micro-algae **(in the medium term)**
    - Exclusive agreement with Réunionnaise Bioalgostral and Nexa to develop micro-algae for bio-carburant usage
    - Innovative technology developed in partnership with Germany's IGV Biotech, the world leader in the cultivation of phototrophic micro-organisms

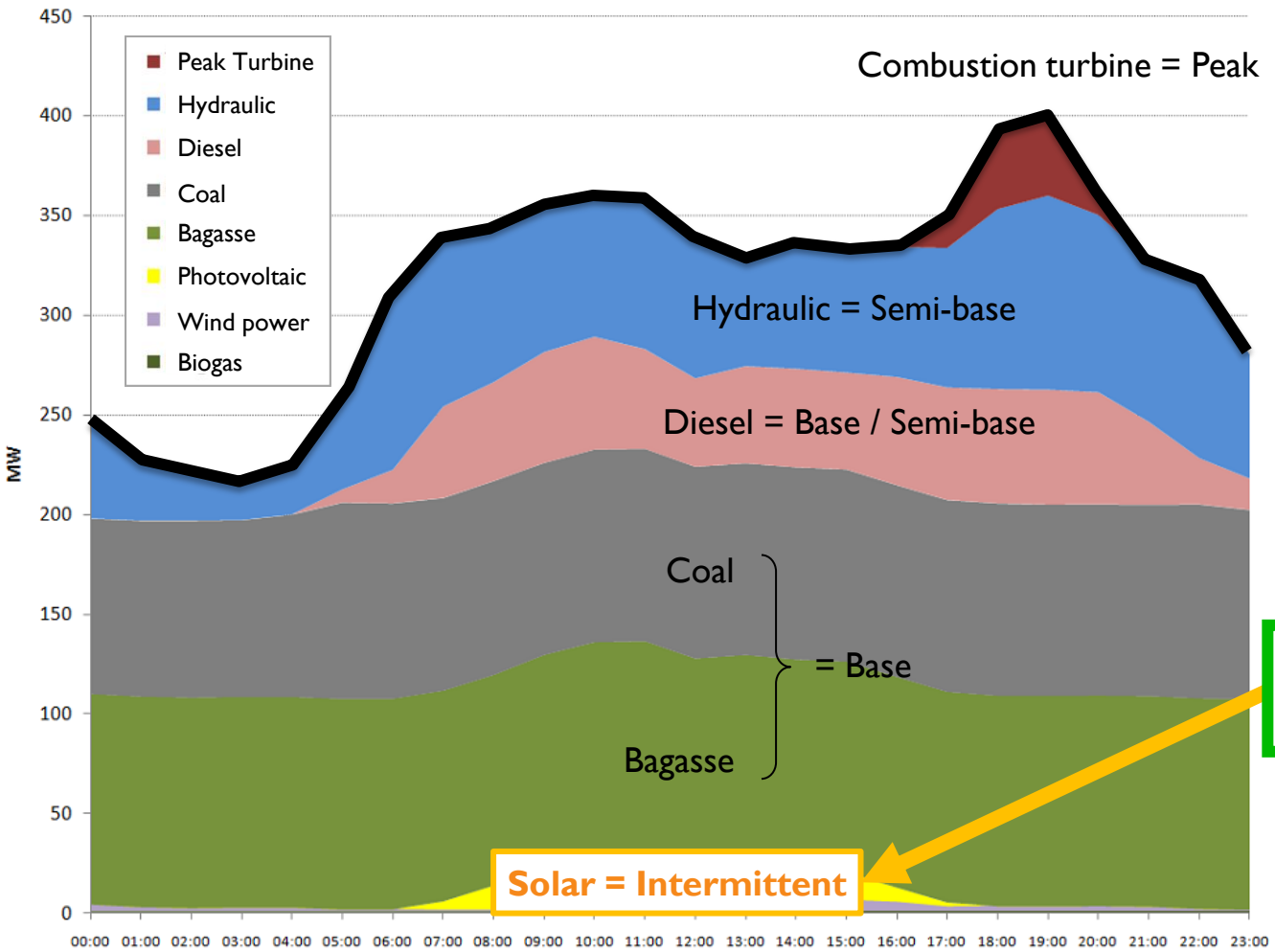
→ **Competitive advantage**

→ **Acceptability of projects**

→ **Reduction in carbon footprint**

Séchilienne Sidec

A MAJOR PLAYER IN SOLAR POWER



Séchilienne Sidec

Séchilienne Sidec

SOLAR POWER: AN OPPORTUNISTIC APPROACH RELAYED THROUGH THE ENRICHMENT OF OUR TECHNICAL KNOW-HOW

- Long-term contracts offering high margins thanks to high purchase prices
- Innovation and enrichment of our asset base through storage technology
- Consolidation of our market position in French overseas territories by availing of windows of opportunity (such as the next CRE tender for solar roof installations)

→ **Availing of chances to offer a high-margin addition to our biomass business**

→ **Investments of the order of 50 M€ over 10 years**

Séchilienne Sidec

FRENCH OVERSEAS TERRITORIES : ROBUST AND PROFITABLE GROWTH

- Leader in electricity generation in French overseas territories alongside EDF
- Overseas territories are a buoyant market

→ **About 400 M€ in investments to be allocated over 10 years**

Séchilienne Sidec

CREATION OF THE MARKET LEADER IN AGRICULTURAL BIO-METHANISATION IN MAINLAND FRANCE

Yann Mercier

Séchilienne Sidec

THE TIPER PROJECT: FIRST METHANEO INSTALLATION ENTERS SERVICE

- Situated in Thouars / Louzy in Deux-Sèvres
- Bio-methanisation of 80,000 tonnes of biomass
  - Animal manure, slurry, fermentable vegetable waste, as well as waste produced by abattoirs and other local agricultural sources
  - Long-term contracts built around the exchange of agricultural biomass for digestates
- Exploiting energy from cogeneration
  - 15-year long purchase agreements (17 400 MWh per annum)
  - Agreement to supply heating to a local manufacturer (7 400 MWh per annum)
- Additional revenue arising from Methaneo's special expertise in establishing local partner deals
  - Sale of digestate surpluses to farmers
  - Sale of waste treatment services to agri-businesses

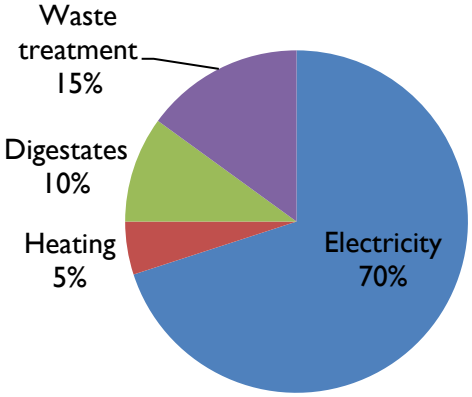
Séchilienne Sidec

TIPER PROJECT : INAUGURATION ON APRIL 26, 2013

TIPER PROJECT: BUSINESS AND KEY FINANCIALS

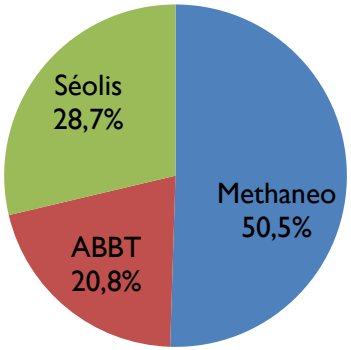
- CAPEX 15.5 M€
- REVENUES 4.2 M€
- EBITDA 1.7 M€

Breakdown of revenues



- Shareholding structure:
  - 49.5% held by local partners
    - Farming and agri-business grouping (ABBT)
    - Long-standing electricity provider (Séolis)
  - Consolidated 30.3% stake held by Séchilienne-Sidec

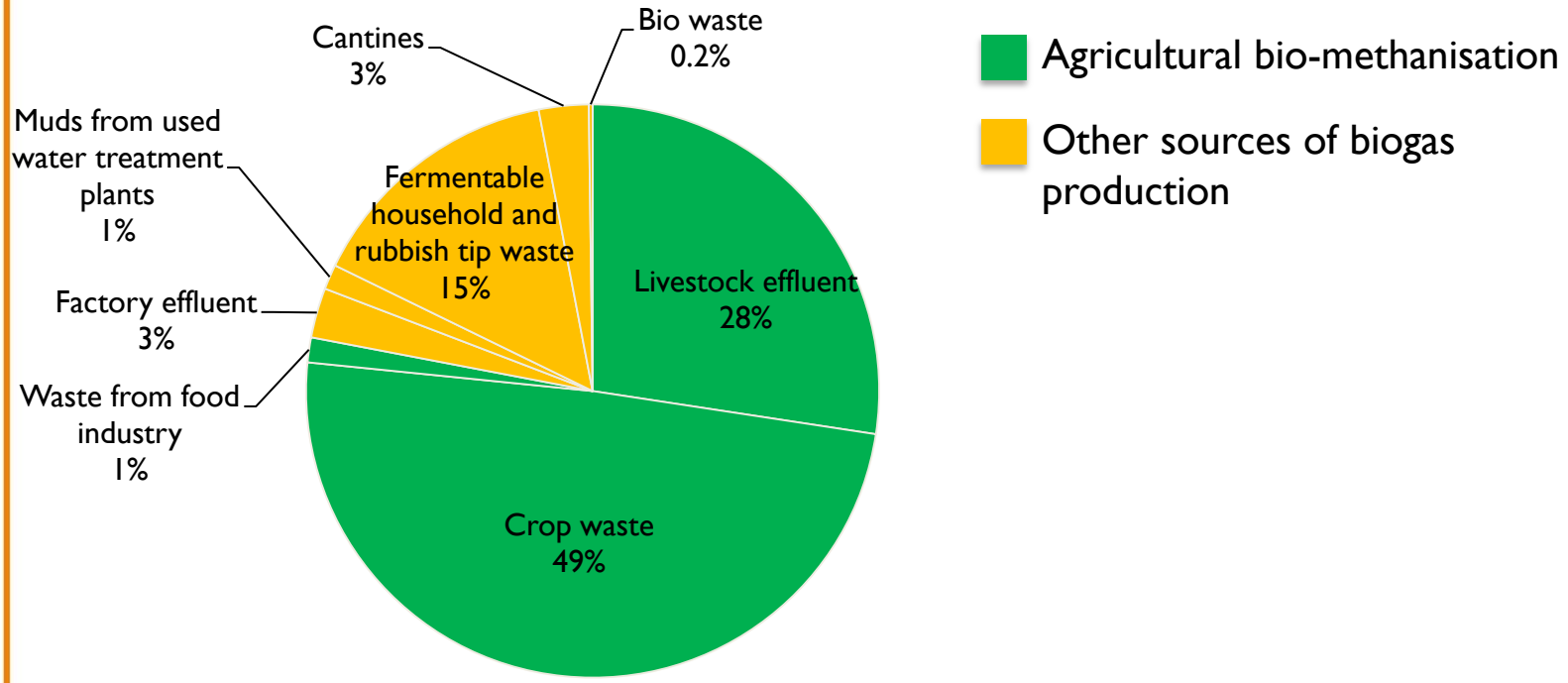
Shareholders



Séchilienne Sidec

AGRICULTURAL BIOMETHANISATION IS AN ESSENTIAL DRIVER OF GROWTH IN THE BIOGAS MARKET IN FRANCE

- Estimate of resources available for the biogas market



Sources: Agreste, ADEME, Solagro

➔ **Agricultural bio-methanisation is a key element in Séchilienne-Sidec's plans for biogas production in mainland France**

Séchilienne Sidec

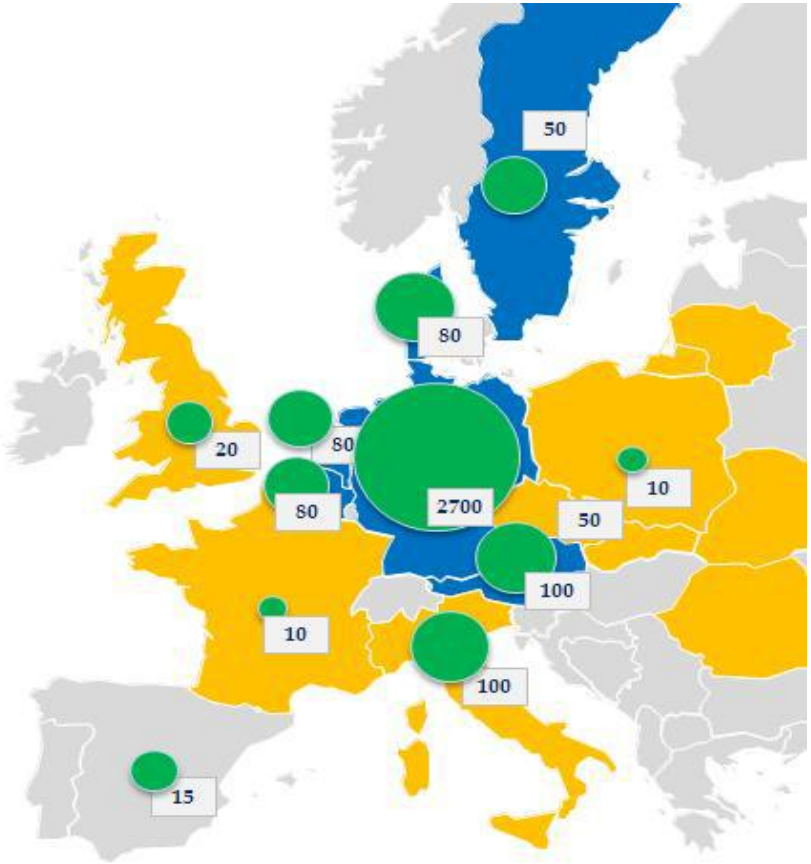
FRANCE IS THE LEADER AGRICULTURAL PRODUCER IN EUROPE, BU IT IS WELL BEHING GERMANY IN BIO-METHANISATION

- Less than 1% of installed capacity in Europe at end-2010
- Installed capacity of 20 MWe in 2012

Mature Markets

Emerging Markets

14 Capacity (MWe)



Source : Eurobserver 2010

Séchilienne Sidec

THE MARKET FOR AGRICULTURAL BIO-METHANISATION IS LOOKING VERY PROMISSING

- Regulatory framework is becoming steadily more favourable (2013 Biogas Plan)
  - Dual usage injection/cogeneration (decree of 28/02/2013)

- Strong growth prospects for the biogas market
  - The Grenelle environmental agreement has set a target of 625 MWe of installed capacity by 2020
  - ADEME forecasts that around 3 600 Mwe will be installed by 2030[1]

- A cautious working scenario for 2022
  - The Grenelle agreement's 625 Mwe target for biogas production by 2020
  - 80% of biogas will come from agricultural bio-methanisation

➔ **Our target: 500 MWe in basic agricultural bio-methanisation production by 2022**

(1) Séchilienne-Sidec estimate on the basis of 2030 ADEME forecast: 6 Mtep/ per annum of electrical, thermal and biomethane production

Séchilienne Sidec

OUR AMBITION IS TO BECOME THE LEADER IN COLLECTIVE BIO-METHANISATION WITHIN 10 YEARS

- Initial business plan up to 2017 is confirmed
  - 20 MWe of generating capacity to be installed, including:
    - 2 projects in 2013
    - 4 projects in 2014 (2 injecting bio-methane into the grid)
  - Investment of 120-140 M€, with aim to generate 40 M€ in revenues
  - On average, Methaneo has a 40-50% stake in project companies

- Our ambition over the next 10 years:

→ **40-50 Mwe of installed capacity**

→ **Investments of the order of 200-300 M€ over 10 years**

→ **Methaneo to have stakes of more than 50% in project companies**

Séchilienne Sidec

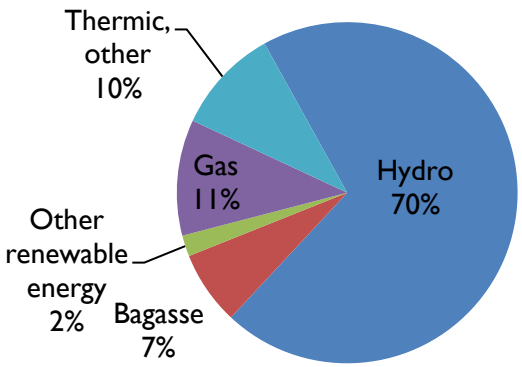
BRAZIL: THE GROUP'S INTERNATIONAL GROWTH PRIORITY

Frédéric Moyne

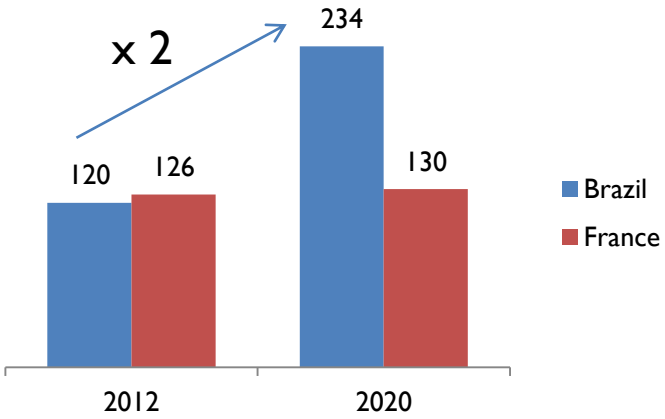
THE BRAZILIAN ELECTRICITY MARKET IS GROWING VERY FAST

- Country needs to build generating capacity equivalent to France's current capacity within 8 years
  - Installed capacity is the same as in France, but the Brazilian population is three-times larger
  - Capacity growing at an average rate of 9% per annum, compared with 0.4% in France

- Renewable energy accounts for a large share of Brazilian electricity, with bagasse representing 90% of energy biomass



Production mix in Brazil (2012)



Growth in installed capacity (TW)

Sources: ANEEL, EPE

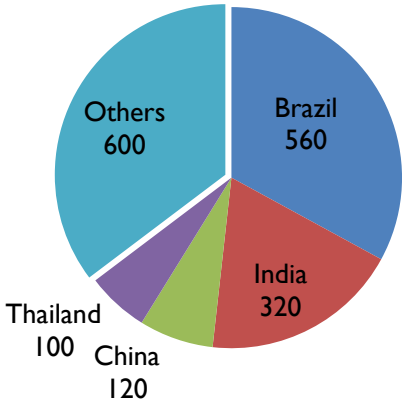
Séchilienne Sidec

SUGAR CANE : AN ESSENTIAL COMPONENT OF THE BRAZILIAN ECONOMY

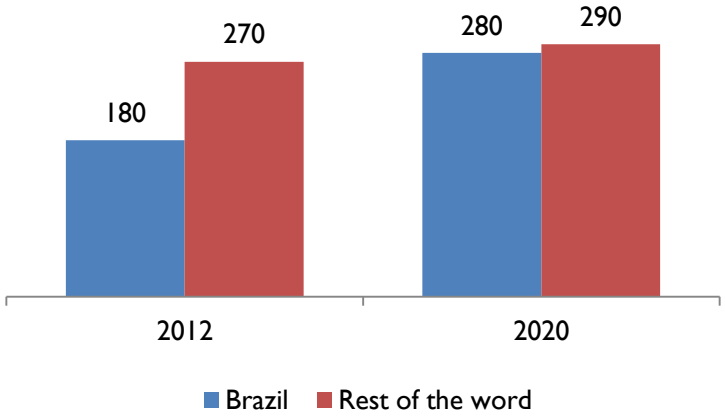
- The world's largest sugar cane producer, accounting for 30% of global production

- The sugar cane industry represents 1.7% of Brazilian GDP
  - 38Md$ in 2012 (Brazilian GDP = 2 200 Md$)
  - 1.2 million direct jobs

- Strong sustained growth
  - Average annual growth of 10% since 2001
  - Up to 9% annual growth expected over the coming five years



World sugar cane production in 2012 (Mt)

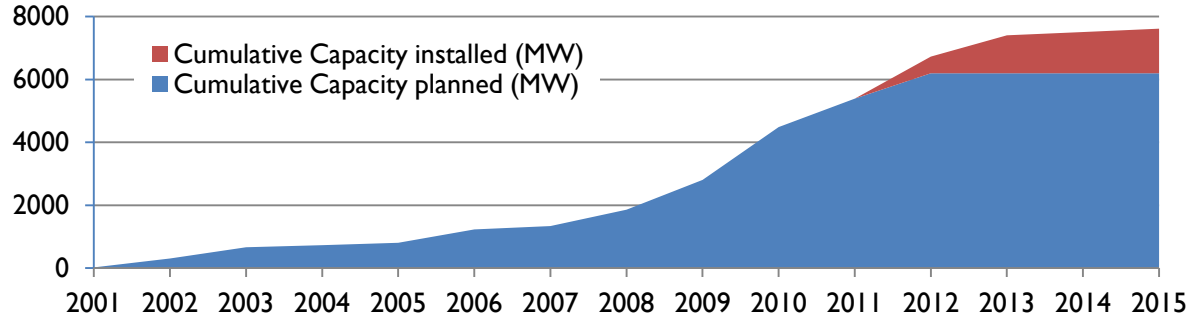


Growth in bagasse production (Mt)

Source : FAO, Unica, Séchilienne-Sidec analysis

THE BRAZILIAN SUGAR CANE MARKET IS CONSOLIDATING

- The sector is consolidating, with three main categories of market participant :
  - 4 main players: Raizen, Biosev, ETH, Guarani
  - 15-20 industrial groups (5-20 Mt cane per year)
  - Numerous small family-owned businesses
- Big oil firms (Petrobras, BP, Shell) are close to some sugar companies (bioethanol)
- Three characteristics are shared by all market participants:
  - Over-indebtedness
  - Upstream investment needs (plantations)
  - Bagasse cogeneration (~7000 MWe compared with ~300 Mwe in French overseas territories)

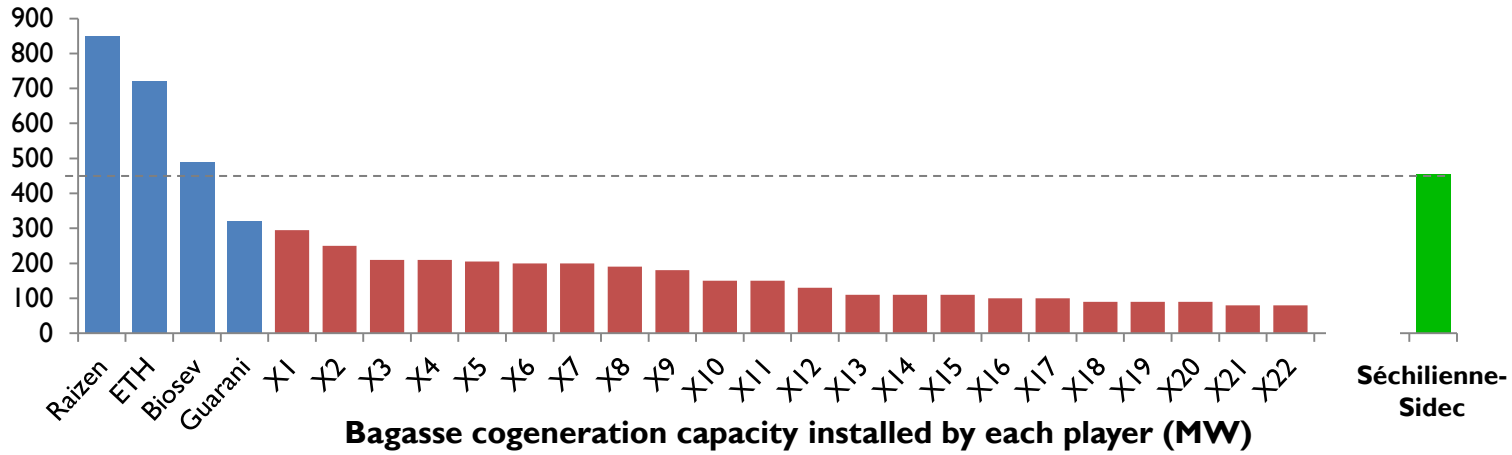


Growth in installed bagasse cogeneration capacity (MW)

Sources: ANEEL, Séchilienne-Sidec analysis

THE BASIS OF SÉCHILIENNE-SIDEC'S AMBITION TO BECOME A MAJOR PLAYER IN BRAZILIAN BAGASSE COGENERATION

- Séchilienne-Sidec is comparable in size to the main Brazilian players



- A proven capacity to optimise resource usage
  - Export ratio of around 110 kWh/tc of electricity produced in our French overseas plants, compared with an average of around 50 kWh/tc in Brazil

➔Strategy is to enter market by acquiring existing facilities

- Outsourcing of energy producion alongside sugar industry

➔Possible construction of new capacity in the medium to long term

Source : Séchilienne-Sidec

OTHER BIOMASS RESSOURCES TO DIVERSIFY OUR OFFER

- Plenty of other sources of biomass
  - 6 million hectares of planted forests (by comparison, 1 million hectares planted in the Landes region of south-west France)
  - By-products of the paper and agricultural sectors
  - Eucalyptus and elephant grass without conflict of use (particularly in terms of land use)

- An addition to Séchilienne-Sidec's service offer
  - Targeted diversification of biomass sources
  - Process improvement to increase the quantities available
  - Development of bi-combustible facilities (or conversion of existing mono-combustible facilities)
  - Possible development of methanisation facilities in the medium term

Source : ABRAF

Séchilienne Sidec

THE BRAZILIAN MARKET MEETS OUR CRITERIA FOR INTERNATIONAL EXPANSION (1)

Target criteria	Brazilian market
Large biomass resources and strong agri-business sector	- Largest sugar cane producer in the world - 6 million hectares of planted forest - Powerful paper and agri-business sectors
Priority given to sugar-cane producing countries	
Market complexity	Optimising the energy performance of electricity-generating facilities
Reliable local partners	- Reliable fellow shareholders - Creditworthy counterparties

Séchilienne Sidec

THE BRAZILIAN MARKET MEETS OUR CRITERIA FOR INTERNATIONAL EXPANSION (2)

Target criteria	Brazilian market
Long-term project financing in the local currency	Project funding over 10 years in reals (from Brazilian banks)
Environmentally friendly regulations	Tenders put out for the construction of new renewable energy facilities
Relatively high electricity prices	- High fees via long-standing PPAs - New tender offers expected to include higher prices - Sales prices are high on the unregulated market
Long-term contracts and regulatory transparency	20-year supply contracts

Séchilienne Sidec

STRATEGIC DECISION:
BRAZIL IS THE GROUP'S INTERNATIONAL PRIORITY

- 2013 – 2015, three years to succeed
  - Opening office in Brazil in 2013, staffed by an experienced team of five
  - Intense dialogue with different industry partners
  - Aim is to sign our first contract within 3 years

- Our ambition over 10 years: 200-400 M€ of investments
  - Strategy is to enter the market via acquisitions (« brownfield »)
  - Outsourcing of energy production and optimisation of energy performance of generating facilities

Séchilienne Sidec

CONCLUSION

Jacques Pétry

Séchilienne Sidec

2012: RELAUNCH OF THE GROUP'S GROWTH DYNAMIC

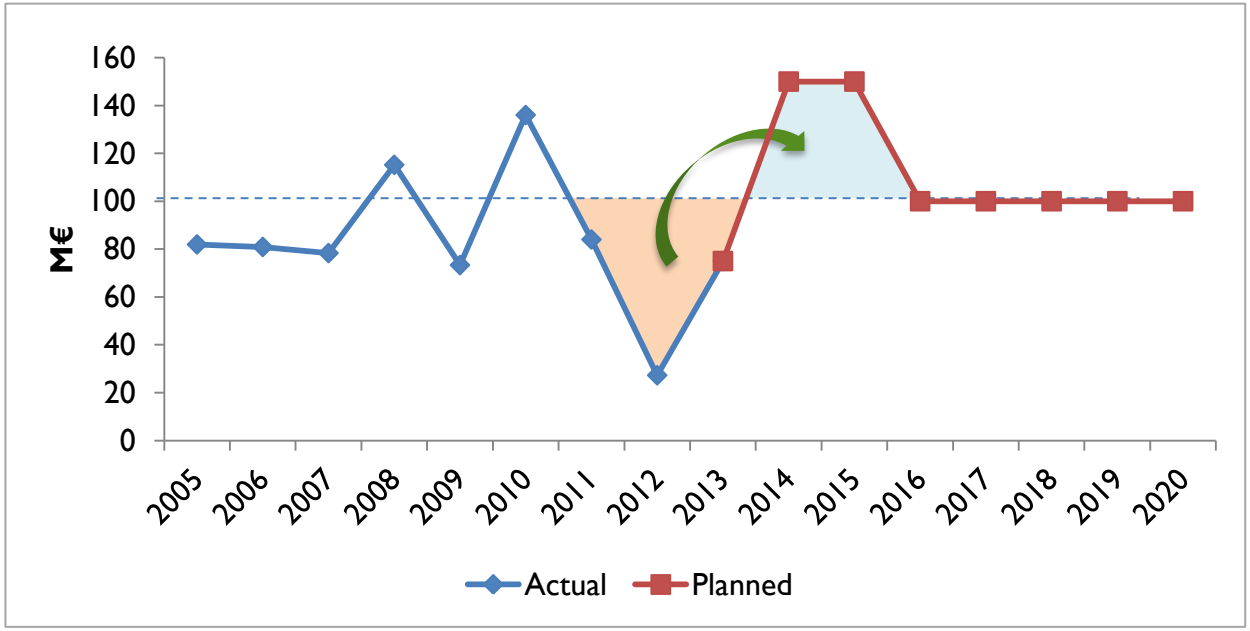
- Targeting markets with strong growth potential
- Group's know-how is a tremendous competitive advantage
- Credibility of our partners and clients
- Opportunities to explore other markets
  - New regions
  - New forms of biomass

→ **Growth prospects are bright**

Séchilienne Sidec

2013-2022: CATCHING UP ON CAPEX AND RETURNING TO 100 M€ OF SELF-FINANCED CAPEX SPENDING PER ANNUM

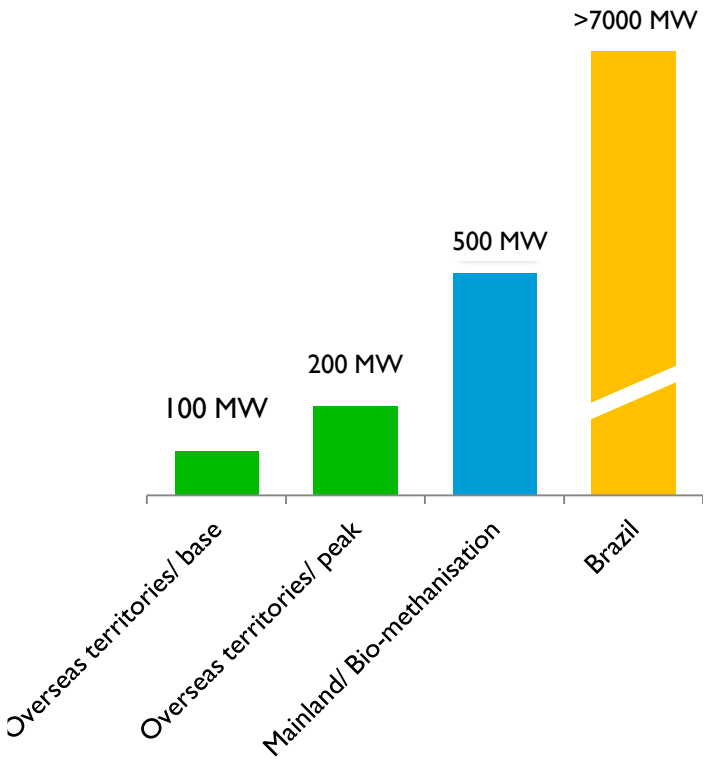
- 2013–2015: Making up for the dip in 2011–2012 with a goal to achieve growth-related CAPEX of > 300M€
- 2016–2022: Reversion to a cruising speed of 100 M€ in self-financed CAPEX per annum



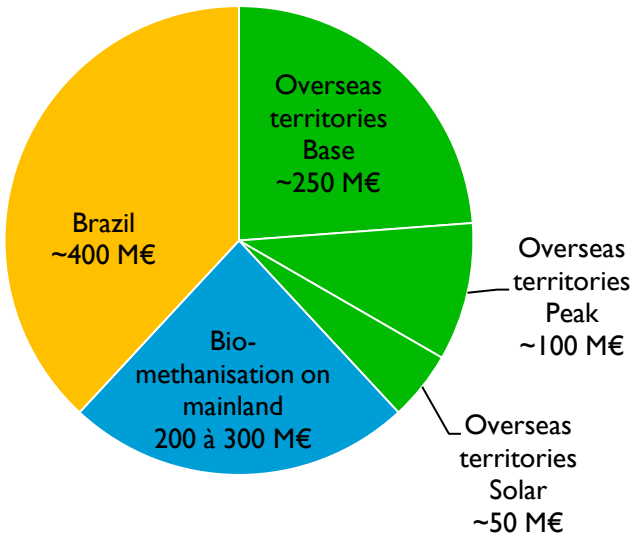
Séchilienne Sidec

STRONG GROWTH POTENTIAL

Potential over 10 years

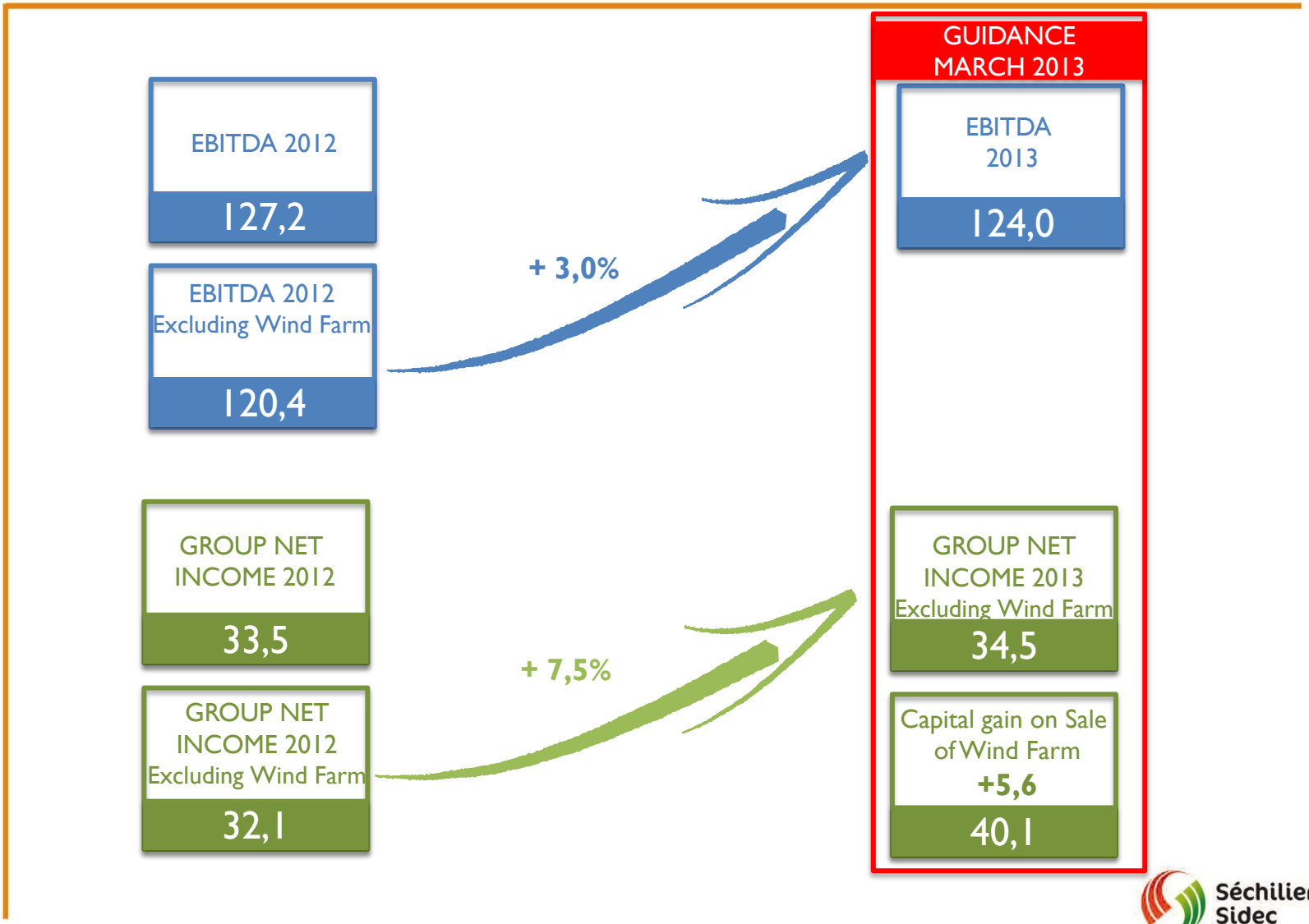


Ambition to invest 1 Md€ over 10 years



Séchilienne Sidec

GUIDANCE FOR 2013 : GROWTH TO CONTINUE



Séchilienne Sidec

GUIDANCE FOR2016 REVISED UPWARD

GUIDANCE MARCH 2013	GUIDANCE MARCH 2012
EBITDA 2016	EBITDA 2016 Former Guidance
160,0	166,5
	160,0*
	* Excluding Wind Farm
GROUP NET INCOME 2016	GROUP NET INCOME 2016 Former Guidance
40,0	37,0

Séchilienne Sidec

SECHILIENNE-SIDEC
=
THERMAL BIOMASS
+
BIO-METHANISATION
+
SOLAR POWER

A high-quality industrial base that generates large, recurrent cash flows
= **SOLIDITY**

Exploiting an energy source of the future, biomass
= **GROWTH**

A robust industrial and financial model
= **PROFITABILITY**