

# VELCAN Energy

Press Release

3 May 2007, Paris

## **In the prospect of a double listing in 2008, Velcan Energy sets up in Dubai (United Arab Emirates)**

**Velcan Energy has announced that it has received the approval from the local authorities to open a subsidiary, Velcan Energy Holdings (Dubai) Limited, with an initial capital of 7 million USD.**

In view of the Indian hydroelectric potential and its portfolio of projects in development, Velcan Energy has decided to create a fully owned subsidiary, which will be the top holding for its investments in this sector.

Velcan Energy Holdings (Dubai) Ltd aims to set up 1,000MW of hydroelectric in India. All existing hydroelectric concessions in India will be transferred to this new subsidiary.

Velcan Energy Holdings (Dubai) Ltd is based within the free zone known as the "Dubai International Financial Center" (DIFC). It is one of the first French firms to have been authorized to set up in the DIFC.

Jean-Luc Rivoire, CEO of Velcan Energy says that, *"local authorities and the DIFC have appreciated that we base the holding company of all our Indian hydroelectric assets there.*

*Most of our future developments will be in the field of hydroelectric power. India is a democratic country with a hydroelectric potential of 100 000 MW yet to be exploited and it enjoys economic growth of 9 % per annum.*

*We believe that for investors interested in seeing significant shareholder value creation within 3 to 5 years hydroelectric power in India is currently one of the best opportunities. Once the dams have been completed, running costs are all but negligible. In dynamic electricity markets, dams benefit from a rise in the selling price, without a rise in the costs because these consist essentially of construction amortization. Hydroelectric power has always been one of the most competitive in the world, and doesn't require any subsidies. Investors in Gulf countries, always very sensitive to the future depletion of fossil fuels, are looking to invest current oil and gas income in long term activities with good, foreseeable returns.*

*Taking into account India's galloping development, this opportunity will no longer be there in a few years time because all hydroelectric concessions will already have been assigned; as it has been the case in Europe for decades.*

*The Indian population of Dubai is very important, notably amongst local fund management teams. The Indian power shortage problem is very well known in Dubai.*

*This is why Dubai is one of the best places in the world for us to finance future phases of our development. In order to make it easier for local investors, Velcan Energy would like to be listed both in Europe and Dubai in 2008".*

The directors of this new entity are Jean-Luc Rivoire (co-managing director of Velcan Energy SA) and Benoit Laborie (Head of Group legal affairs), who will be based in Dubai from May 2007.

A supervisory and project monitoring team will soon be set up locally. It will work directly with Velcan Energy India's various offices.

Dubai has the advantage of being ideally located between Europe and India. Emirates, the national airline will start a direct flight between Dubai and Sao Paulo in October 2007, which will be of great benefit to facilitate the support from the Brazilian hydroelectric team

Alexandre Franceschi, senior engineer with Velcan Energy in Brazil, is appointed Company Secretary. Amongst other things, he has recently been involved in the development and construction of 2 hydro power plants in Brazil of 360 MW. Alexandre Franceschi will be in charge of developing synergies within the group as Velcan Energy Holdings (Dubai) Ltd will leverage on the hydroelectric expertise of the Brazilian team, whose cumulated experience is over 20,000 MW.

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**Velcan Energy** is an independent renewable electricity producer, using biomass combustion technologies and hydroelectric power plants. Velcan Energy has two sources of revenue: sale of electricity and sale of carbon credits.

**Velcan Energy** operates in Brazil through its subsidiary Velcan Desenvolvimento Energético do Brasil Ltda and in India through its subsidiary Velcan Renewable Energy Pvt Ltd.

Velcan Energy is listed on the Paris Stock Market (Euronext, MLVEL) and is a member of the Paris carbon credit exchange, Powernext Carbon.

**Shareholders:**

Financière Saint Merri SA (reference shareholder Crédit Agricole)  
Private investment funds in France and UK

**Sites:**

France: Paris (Velcan Energy SA)  
India: Bangalore (Velcan Renewable Energy Pvt Ltd)  
Brazil: Sao Paulo (Velcan Desenvolvimento Energético do Brasil Ltda)

**Average payroll employees:** 120

## Contact details

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### Velcan Energy

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**Velcan Energy** is an independent green electricity producer.  
**Velcan Energy** is listed on the Euronext Paris stock market (code MLVEL).

## Disclaimer

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*This press release contains prospective information about the potential of the projects in progress and/or of the projects of which the development has begun during the financial closing ended the 31<sup>st</sup> December 2006. These information constitute objectives attached to projects and shall, in any case, not be construed as direct or indirect net income forecast of the concerned year. Reader's attention is also drawn on the fact that the performance of these objectives depends on future circumstances and that it could be affected and/or delayed by risks, known or unknown, uncertainties, and various factors of any nature, notably related to economic, commercial or regulatory conjuncture, which occurrence could be likely to have a negative impact on future activity and performances of the Group.*

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