

## PRESS RELEASE

Luxemburg, 3<sup>rd</sup> September 2015

### VELCAN'S H1 2015 REPORT: STRONG FINANCIAL RESULTS AS PROJECT PORTFOLIO MAKES GOOD PROGRESS

		30-Jun-15	30-Jun-14
		6 Months	6 Months
Turnover	m	€ 2.0	€ 2.5
EBITDA	m	€ 0.2	€ 0.4
Net Result	m	€ 6.5	€ 1.2

		30-Jun-15	31-Dec-14
Shareholders Equity	m	€ 135.8	€ 127.5
Financial Assets and Cash	m	€ 99.9	€ 92.8
Book value per share		€ 22.8	€ 21.3

*Unaudited*

Velcan publishes its results for the first half 2015:

- Turnover amounted to EUR 2.0m in H1 2015, versus 2.5m in H1 2014. It was down by 20% when expressed in Euros relative to H1 2014 due to a sharp depreciation of the Brazilian Real (BRL). Turnover was stable when expressed in BRL.
- EBITDA in H1 2015 remained positive at EUR 0.2m vs 0.4m in H1 2014.
- Operating costs were down by 21% in H1 2015 relative to H1 2014 thanks to strict ongoing cost control.
- Operating result was slightly negative (EUR -0.5m), impacted by the drought Brazil.
- Net financial income for H1 2015 was EUR +7.2m vs. a gain of EUR +1.4m in H1 2014.
- Net result, Group share, for the first half was therefore a profit of EUR 6.5m vs. a gain of EUR 1.2m in H1 2014.
- At 30<sup>th</sup> June 2015, Velcan's financial position remains strong thanks to a cash and financial assets position of EUR 99.9m.
- Shareholders equity amounts to EUR 135.8m at 30th June 2015 vs. EUR 127.5m at 31 December 2014.
- The number of Treasury shares is up slightly compared to 31st December 2014 (1,821,132 shares vs 1,796,034 as of December 2014). The net number of outstanding shares amounts to 5,970,810.

- Book value per outstanding share is thus EUR 22.75, up 7% compared to 31<sup>st</sup> December 2014.

Velcan continues to make progress in the development of its portfolio of Hydro power concessions in Emerging markets.

During the first half of 2015:

- On 8th April 2015, the Group announced that the Indian Ministry of Environment, Forests and Climate Change has approved the Environmental Clearance for the Heo (240MW), the Tato-I (186MW) and the Pauk (145MW) Hydro Electrical Projects, a cascade of three projects totalling 571 MW on the Yarjep River that Velcan has been developing since 2007.
- In Brazil, the operating result was impacted by compensation payments (EUR -0.9m). They include to a great extent payments for the MRE (Energy Reallocation Mechanism). These payments are a consequence of the long-running extreme drought that has affected the country since 2012. A number of Independent Power Producers (IPP) have contested the way regulatory authorities calculated the extra charges of the MRE. These IPPs have won a first interim judgement in June 2015 and therefore cannot be invoiced for these MRE extra charges. The Regulator has tried to invoice other participants (including Velcan Energy) for those extra charges. We have challenged this decision in court and have won an interim order. Further detail on the ensured energy mechanism can be found in the Annual Report 2014.
- In India, the Group continued to develop the hydro electrical concessions obtained in 2007 in the State of Arunachal Pradesh. Velcan is confident that the Techno-Economic Clearances (TEC) will be granted in the short-term for Tato-1 (186 MW). Progress on Pauk (145 MW) continues at a slower pace, commensurate with the Project's specific characteristics.
- The Group continues to make progress with its portfolio of Indonesian projects, in particular the Meureubo 2 (59MW) project, which is being developed through a consortium with PT. Pembangkitan Jawa Bali (PJB), an Indonesian State company.

Significant events occurred after the close of the period on 30<sup>th</sup> June 2015:

- On 31st July 2015, the Group announced that the Indian Central Electricity Authority has issued the Techno-Economic Clearance for Heo Hydro Electric Power Project (240 MW). Heo HEP Project is the largest and most advanced of the Group's Indian projects.
- On 31<sup>st</sup> August 2015 Velcan announced that Ian McAlister has joined the senior management of the Group as Technical Director.

Jean-Luc Rivoire and Antoine Decitre, co-CEOs of the Group declared: *“Velcan’s portfolio of hydropower projects is gradually transitioning from development to construction. During H1 2015, we have made tangible progress: in India with the granting of the TEC for Heo and in Indonesia where we have made further strides for Meureubo 2 and other projects. Rodeio Bonito continues to perform normally despite the ongoing drought and regulatory uncertainty. Finally, the management of Velcan’s cash position and financial investments allows the Group to confidently approach the next constructions.”*

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**About Velcan:**

Velcan develops and operates hydro power concessions in emerging markets with untapped potential. Hydro power can be an important contributor to the economic development of these countries. The Company's strategy is to become a market leader in hydro power concessions up to 200 MW. It is currently targeting India, Brazil, Laos and Indonesia for its investments.

As of July 2015, Velcan:

- Has built and operates its first hydroelectric concession in Brazil (15 MW),
- Owns rights related to hydroelectric concessions projects amounting to 896 MW in India, Brazil Indonesia and Laos,
- Owns two pre-concessions in the Lao PDR for a total of 93 MW,
- Develops actively, jointly with a subsidiary of PLN and a local partner, a 59 MW hydroelectric project in Indonesia.

Velcan has offices in Luxemburg, Singapore, New Delhi, Vientiane, Jakarta and Saõ Paulo and maintains personnel on its concession sites.

Velcan is listed on the Paris Stock Market (Euronext Alternext/Ticker ALVEL/ISIN FR0010245803).

Velcan never performed any Public Offer as understood under Directive 2003/71/CE of the European Parliament and Council.

*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. This information constitutes objectives attached to projects and shall 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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