

PRESS RELEASE

Luxemburg, 20th October 2016

VELCAN'S H1 2016 REPORT

Consolidated Financial Data

in Million Euros

	<u>30/6/2016</u>	<u>30/6/2015</u>	<u>Var %</u>
§ Turnover Half Year	1.7	2.	-14%
§ EBITDA Half Year	0.1	0.2	-79%
§ Net Result Half Year	-5.8	6.5	NA
	<u>30/6/2016</u>	<u>31/12/2015</u>	<u>Var %</u>
§ Cash & Financial assets	101	101	-1%
§ Market Capitalization	82	94	-13%
§ Cons. Equity	128	130	-2%
Issued shares less Treasury shares (in Thousands)			
§ Net outstanding shares	5984	5976	+0%
Book value per share (in Euros)			
	21.3	21.8	-2%

Velcan publishes its results for the first half 2016:

- Turnover amounted to EUR 1.7m in H1 2016, versus EUR 2.0m in H1 2015. It was down by 13.6% when expressed in Euros relative to H1 2015 due to the Brazilian Real (BRL) weak average rate. Turnover was up 7.7% when expressed in BRL.
- Operating result was negative (EUR -5.5m), impacted by impairment on Indonesian projects made as precautionary measure as the administrative uncertainties have risen in this country despite the projects in the portfolio remain fundamentally good projects from techno-economic, social and environmental point of views.
- Net financial income for H1 2016 was EUR -0.1m vs. a gain of EUR +7.2m in H1 2015.
- Net result, Group share, for the first half was therefore a loss of EUR 5.7m vs. a gain of EUR 6.5m in H1 2015.
- At 30th June 2016, Velcan's financial position remains strong thanks to a cash and financial assets position of EUR 100.7m, steady compared to December 2015.

- Shareholders equity amounts to EUR 127.7m at 30th June 2016 vs. EUR 130.5m at 31 December 2015.
- The number of Treasury shares is stable compared to 31st December 2015 (1,821,132). The net number of outstanding shares amounts to 5,984,310.
- Book value per outstanding share is EUR 21.33.

Velcan continues to make progress in the development of its portfolio of Hydro power concessions in India and is prospecting solar power projects. However, the Indonesian portfolio has been impaired as precautionary measures as the Group has not seen any improvement on the administrative process there.

During the first half of 2016:

- In Brazil, purchases (EUR -0.1m in H1 2016 vs EUR -0.9m in H1 2015) include to a great extent payments for the MRE (Energy Reallocation Mechanism). The regulatory environment having stabilized and the drought being over those payments are not material anymore. Further details on the ensured energy mechanism and the regulatory history can be found in the Annual Reports 2014 and 2015. The turnover expressed in local currency has grown by 7.7% due to a significant increase in inflation in Brazil during that period and a positive effect on Velcan's inflation-linked electricity sale Power Purchase Agreement (PPA). The EBITDA of the plant was EUR 1.35m during H1 2016 vs. EUR 0.8m in H1 2015 despite a negative average rate effect.
- In India, the Group continued to develop the hydroelectric concessions obtained in 2007 in the State of Arunachal Pradesh with a focus on concession agreement revision and land issues settlement now that the major authorization steps have been achieved with the grant of the Techno-Economic Clearances (TEC) for Tato-1 (186 MW) and Heo (240 MW) and the Environmental Clearances (EC) and the Forest Clearances (FC) for its three projects. Progress on Pauk (145 MW) TEC continues at a slower pace, commensurate with the Project's specific technical and administrative characteristics. The Group has continued pre-construction investigations recommended by Central Electricity Authority for Heo and Tato-1 tandem (426 MW). Furthermore, the negotiations for the update of the installed capacity (as per TEC) and the implementation timeframe of the concession are progressing with the local authorities. Then the next step for the projects will be the land acquisition and the negotiation of a PPA.
- In Indonesia, like many other developers, the Group continues to face difficulties in the procurement process and PPAs negotiation with PLN, the state owned national utility and sole authorised electricity buyer in the country. Given the regulatory and administrative uncertainties the Group is not able to clarify the prospects of the projects portfolio in this country.

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About Velcan:

Velcan (ALVEL FP) is a company from Luxemburg, developing and operating hydroelectric concessions in emerging countries such as India, Indonesia, and Brazil.

Velcan also operates administrative and financial offices in Singapore, Mauritius and Dubai.

The company was launched more than 10 years ago by its reference shareholder Luxembourg Hydro Power SA, owned by Velcan's management team and Crédit Agricole Capital Investissement & Finance.

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

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.

This announcement does not constitute a public offering ("offre au public") nor an invitation to the public or to any qualified investor in connection with any offering. This announcement is not an offer of securities in the United States of America or in any other jurisdiction/country.

