

## PRESS RELEASE

Luxembourg, 30<sup>th</sup> October 2018

### VELCAN HOLDINGS: HALF YEARLY RESULTS

<b>Consolidated Financial Data</b>			
<b>in Million Euros</b>			
	<u>30.06.2018</u>	<u>30.06.2017</u>	<u>Var %</u>
§ Turnover Half Year	1.2	1.5	-15%
§ EBITDA Half Year	-0.4	-0.1	-366%
§ Net Result Half Year	1.2	-4.6	NA
	<u>30.06.2018</u>	<u>31.12.2017</u>	<u>Var %</u>
§ Cash & Financial assets	99	101	-2%
§ Market Capitalization	58	66	-12%
§ Cons. Equity	119	123	-3%
<b>Issued shares less Treasury shares (in Thousands)</b>			
§ Net outstanding shares	5,908	6,226	-5%
<b>Book value per share (in Euros)</b>			
	20.2	19.7	+2%

#### **Brief comments on 2018 first half**

- During this first half of 2018 the Group continued to focus on the development of its main hydroelectric projects in India. The hydroelectric tandem of Heo-Tato-1HEP (426 MW) has reached an advanced stage and the team has continued to push all ongoing projects activities such as the land acquisition procedure, the forest clearance, the concession agreement amendment or the road infrastructures. Progresses were made mostly on the land acquisition and forest clearance side. Although very difficult to predict because depending on government approvals and regulations, this development phase is expected to last another few years before reaching construction stage. Meanwhile the Group continues to manage actively its treasury, navigating throughout more volatile and poorly performing financial markets this year. The complete H1 report available on the company's website details all activities.



- Velcan Holdings' turnover in the first half of 2018 (H1 2018) amounted to EUR 1.2m arising from sales of electricity by the Rodeio Bonito Hydro Power Plant (HPP) in Brazil. It was down by 15% when expressed in Euros but up by 2% when expressed in BRL relative to H1 2017.
- Consumed purchases in Brazil amounted to EUR -0.1m for H1 2018 compared to EUR -0.2m during H1 2017.
- Operating costs were up relative to H1 2017 (EUR -2.1m for H1 2018 compared to EUR -1.4m for H1 2017) due to lower accounting capitalization of payroll expenses (including employee share plans). Independently from accounting schemes, payroll payments were stable. Depreciation, Amortization & Provisions were stable (EUR -0.3m).
- As a consequence, the operating result was slightly lower (EUR -0.8m) compared to H1 2017 (EUR -0.5m). Other operating income amounted to EUR 0.5m and was mostly related to the sale of a hydro asset in Indonesia.
- Net financial income for H1 2018 was EUR 2.1m vs. EUR -4.9m in H1 2017 mainly due to the appreciation of the US dollar vs the Euro as most of the Group's financial investments and cash are invested in US dollar. The FX realized and unrealized gain was EUR 1.8m, while the financial gain excluding FX was EUR 0.3m against EUR 2.6m in H1 2017. As mentioned earlier and as detailed in the half-yearly report, the majority of the financial assets of the Group are USD Bonds. Like many asset classes, USD bonds have suffered from the rising USD base rates. Although the Group has managed to perform better than the market in general, it is likely that results will suffer for as long as the USD base rates will be rising. EUR 80 m equivalent of financial assets, cash and cash equivalent are allocated in USD as of June 30<sup>th</sup>, 2018. The evolution of the EUR-USD rate between June 30<sup>th</sup> and December 31<sup>st</sup>, 2018 will therefore impact the annual results.
- Net result, Group share, was therefore a gain of EUR 1.3m vs. a loss of EUR -4.6m in H1 2017.
- Group other comprehensive income amounts to EUR -2.0m, mostly due to the appreciation of the Euro compared to the Brazilian currency (14%) and the Indian Rupee (4%) and its impact on the Group conversion reserves where the assets held in foreign currency in Brazil (Rodeio Bonito) and India are translated into Euro. The Group total comprehensive income for H1 2018 amounts to EUR -0.8m.
- Shareholders equity amounts to EUR 119.3m as of 30<sup>th</sup> June 2018 vs. EUR 122.8m as of 31<sup>st</sup> December 2017, mostly due to a capital reduction.
- The Company has conducted a share buyback program between the 22<sup>nd</sup> February 2018 and the 27<sup>th</sup> June 2018 during which it has completed the purchase of 323,475 shares, at a weighted average price of EUR 9.38 and for a total amount of EUR 2,988,592 in accordance with the description of the share buyback program published on February 22<sup>nd</sup>, 2018 and the resolutions of the General Meetings of Shareholders held on June 28<sup>th</sup>, 2017 and July 28<sup>th</sup>, 2017. All of the 323,475 shares bought back were cancelled accordingly on 29<sup>th</sup> June 2018 through a capital decrease from EUR 6,605,442 to EUR 6,281,967.

- The number of 374,069 Treasury shares as of 30<sup>th</sup> June 2018 is stable compared to 31<sup>st</sup> December 2017. The net number of outstanding shares is 5,907,967.
- Book value per outstanding share is EUR 20.2, up 2% compared to 31<sup>st</sup> December 2017.

### **Significant events since 30<sup>th</sup> June 2018**

- Share buyback program,

The Company has launched on 13<sup>th</sup> September another buyback program, the purpose of which is to buy back shares of the Company from minority shareholders wishing to sell them at current market conditions, but not finding sufficient liquidity, in view of their cancellation, and towards an active management of the shareholders' funds.

Under this program, the Company may purchase a maximum of 254,128 shares, representing 4.05% of the share capital, at a maximum purchase price per share EUR 8.1, hence for a maximum total amount of EUR2,058,434.00 (excluding acquisition costs).

As of the date of this report, the Company has bought back 63,526 shares at an average price of EUR 7.67 under this program. The full details of such buyback program are available on the company's website.

- Extension of Heo HEP and Tato-1 HEP Techno-Economic Clearances

The Central Electricity Authority (CEA), Government of India, has extended the Techno-Economic Clearances (TEC) it had issued on 28<sup>th</sup> July 2015 to the Heo HEP (240 MW) and on 28<sup>th</sup> October 2015 to Tato-1 HEP (186 MW). The two TECs, initially granted for a 3 years validity period as per C.E.A regulations, are essential to the project development process as they freeze the projects' technical parameters, which in turn constitute the basis for other authorizations and procedures such as for example environmental studies and clearances, land acquisition, forest land use permits or grid connectivity studies.

After having re-assessed the progress and the situation of the projects, and after receiving a non-objection from the Government of Arunachal Pradesh, C.E.A has granted this first extension for a standard duration of 2 years, without altering the techno-economic parameters approved in 2015.

Given the ongoing discussions with the Government of Arunachal Pradesh about the execution of an amended concession agreement for the current power capacities of 240MW and 186MW, the TECs extensions have been granted subject to the condition of signing such amendment and settling related administrative fees. As of date, the negotiations regarding the terms of the amended concession agreement, notably the administrative fees, are still underway. The extension of the TECs and the expected amendment of the concession agreements are among some of the important steps for the development of the projects.

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**About Velcan:**

Velcan Holdings is a Luxemburg headquartered investment holding company founded in 2005, operating as an independent power producer in emerging countries and managing a global portfolio of financial assets.

The company owns and operates one 15MW hydro power plant in Brazil that it developed and built in 2009. The company is developing a major cascade of hydropower concessions located in India and totalling 571 MW.

Hydropower concessions provide long periods of cash generation but their development outcome is uncertain and many years are needed to bring these projects to maturity in emerging countries: it involves field studies in remote places, obtaining the necessary authorizations and permits, and land acquisition in political and regulatory environments that can be unstable or heavily hampering. Meanwhile Velcan Holdings actively manages its treasury, investing in listed and unlisted financial instruments.

Velcan Holdings' headquarters are in Luxemburg, with administrative and financial offices in Singapore and Mauritius. The team dedicated to the development of the Indian hydropower cascade is based in New Delhi and at the project site (Arunachal Pradesh). The team dedicated to the Rodeio Bonito plant is based in Sao Paulo and Chapeco (Santa Catarina State).

The company was launched more than 10 years ago by its reference shareholder Luxembourg Hydro Power SA, owned by Velcan Holdings' management team.

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

Velcan Holdings 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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