



PRESS RELEASE

Luxemburg, 28th April 2015

VELCAN: ANNUAL RESULTS 2014
GROWTH IN EBITDA, POSITIVE NET INCOME AND INCREASE IN SHAREHOLDER EQUITY AS
PROJECTS PROGRESS

	<u>2014</u>	<u>2013</u>	<u>Var %</u>
Revenues (EUR m)	4.5	4.6	-1%
EBITDA (EUR m)	1.9	1.2	+61%
Net Income (EUR m)	6.1	-4.1	NA
Shareholders' Equity (EUR m)	128	117	+9%
Cash and Financial assets	93	86	+7%
Concession Portfolio	896 MW	860 MW	+4%
Book Value per Share (EUR) (Net Outstanding Equity)	21.3	19.6	+8%
Shares Outstanding net of Treasury shares ('000)	5,995	5,985	+0%

Jean-Luc Rivoire and Antoine Decitre, co-CEOs of the Group declared: *"2014 has been an excellent year for Velcan. We have made significant progress in India, Laos and Indonesia.*

In India, after seven years of work, our portfolio (totaling 571 MW) has reached the stage where it should get the three most important clearances in the relative short term. The Environmental Clearances were obtained after the end of the Fiscal Year, in April 2015. We have experienced a sea change in the administrative momentum of these projects and this bodes well for the future. To the best of our knowledge we are still the only foreign investor to own 100 percent of such sizeable hydropower concessions in India.

In Laos, both projects reached their next administrative step, the Project Development Agreement.

In Indonesia, the latest market opened by the Group, advances have also been significant and are accelerating. Among our Indonesian projects, Meureubo 2 (59 MW) has progressed well. PLN, the National utility has expressed its support by taking a 25% stake in the Project. We are now preparing the electricity sale contract (PPA) negotiation.

The financial results of the Group have also been excellent. Our portfolio's positioning in US Dollar-denominated assets contributed positively to the returns of Velcan's financial investments. This trend has continued so far in 2015.

Generally speaking, after years of relentless work on these greenfield projects the Group is now approaching a new cycle of Project buildouts. We look forward to growing the Company by allocating resources to such tangible, high-return, long-duration assets."

Detailed comments

During Fiscal Year 2014, Velcan made further progress on its portfolio of hydroelectric power concessions in Brazil, India, Laos and Indonesia. The Group grew its portfolio of projects under development by 4% to 896MW, while it made significant strides with its existing projects.

The Group continued cutting its operating costs, with satisfactory results. The appreciation of the US Dollar during FY 2014 had a positive impact on the Group's financial statements as of 31st December 2014.

Turnover amounted to EUR 4.5m (against EUR 4.6m in 2013), of which EUR 4.4m from electricity sales and EUR 0.1m for sales of carbon credits.

Net Income amounted to EUR 6.1m in 2014 (vs. a loss of EUR 4.1m in 2013)

Operational Update

In Brazil, the Rodeio Bonito Hydropower plant (15 MW) operated without any significant technical problems. Payments for the Energy Reallocation Mechanism (MRE) increased and weighted on the EBITDA of the plant (down to EUR 2.7m against EUR 3.1m in 2013). The Brazilian Real weakened, with an average EUR/BRL rate down by 9% in 2014 compared to 2013. Turnover remained stable when expressed in Euros (EUR 4.4m) thanks to a 7% increase in realized prices. The further cut in operating costs (-19%) also mitigated the impact of MRE payments on EBITDA. Given the significant drought of the past years, the Ensured Energy will be decreased by 5% in 2015 and may be decreased by an additional 5% in the coming years. On the other hand, the Group's securing of its electricity sale contracts for the period 2013-2016 with an expected 5% price increase p.a. should more than compensate the decrease of the Ensured Energy income.

In India, the Group continued to develop its concessions in the State of Arunachal Pradesh. Major progress has been made towards the Environment Clearances and Forest Clearances for all three projects. Furthermore, in April 2015 (i.e. after the end of FY 2014 reporting period) Velcan obtained Environmental Clearances for all three Projects. Most of the technical aspects of both Heo (240 MW) and Tato-1 (186 MW) HEPs have been cleared by Central Electricity Authority. Velcan expects that the Techno-Economic Clearances (TEC) will be granted in the medium-term for Tato-1 and Heo. Progress on Pauk (145 MW) continues at a pace commensurate with the Project's specific technical characteristics. Negotiations for an extension of the concession will happen with the Government of Arunachal Pradesh in 2015. It is possible that these negotiations will lead the Government of Arunachal Pradesh to ask to become a 26% shareholder in the Projects.

In Indonesia, the Group continues to develop and secure its portfolio. The most advanced project, Meurebo 2 (59 MW) is being developed through a consortium with PT-PJB, an Indonesian State company wholly-owned by the national utility PT PLN. Velcan is leading the consortium with a share of 70%. In January 2015, (i.e. after the end of FY 2014 reporting period) this Project passed an administrative step with PT PLN: after an in-depth due diligence process, the dedicated SPV was declared the qualified applicant and exclusive bidder for the sale of electricity from the Meurebo 2 Project. The Group is working on various projects at different stages of development, among which Sukarame (7 MW), Redelong (18 MW) and Bilah (62 MW).

In Laos, the Group achieved major advances on both Nam Phouan (52 MW) and Nam Ang (41 MW) projects. The granting of the Environmental Clearance for Nam Ang HPP was followed, on 23rd May 2014 by the signing of the Project Development Agreements (PDA) for both projects with the Government of Laos and Electrical Construction and Installation, the Group's local partner. The PDA provides an exclusive framework to conclude the Power Purchasing Agreement (PPA) with Electricité du Laos (EDL). The PPA is a crucial element in raising the necessary debt for starting construction of both projects.

Financial Performance

Net Financial Income for the group amounted to EUR 6.3m in 2014 driven among others by the USD appreciation impact on the Group's cash position. This income compares to EUR - 3.5m in 2013. The appreciation of Emerging Market currencies in 2014 relative to the Euro also enhanced significantly the value of the Group's assets and therefore the conversion reserves as the Group's main investments have been done in local currency (+ EUR 3.6m).

Operating costs were down sharply from 2013 and 2012 (-39% in FY2014 following -31% in FY2013). The Group continued its cost-cutting policy in order to improve EBITDA to EUR 1.9m in 2014 versus EUR 1.2m in 2013 (+61% despite a decrease in 2014 Rodeio Bonito's EBITDA compared to 2013).

Depreciation and amortization of tangible and intangible assets of Rodeio Bonito plant amounted to EUR 1.1m.

In 2014, tangible assets declined by EUR 0.6m whereas intangible assets increased by EUR 4.8m.

Cash and financial assets increased from EUR 86m in 2013 to EUR 93m in 2014 (+7%).

Total assets increased by 8% during FY 2014 (+ EUR 9.5m).

With a consolidated equity of EUR 127.5m (+EUR 10.1m compared to 2013), the Group still has no debt as of 31st December 2014. Various provisions, payables and financial instrument liabilities amount to EUR 4m.

Thus, Velcan's Balance Sheet continues to be healthy and allows the Group to be ready for its next cycle of investments in the construction and acquisition of energy assets.

The number of shares outstanding (net of Treasury shares) amounts to 5,994,908

After the closing of its 9th financial year, the Group is pursuing the following objectives as a priority for FY 2015:

- Starting the construction of a second asset in Indonesia or Laos and
- Finalizing the development and realization of viability studies of other concessions rights already obtained in India, Indonesia and Laos.

The Board of Directors does not recommend that the Company pay a dividend for FY2014.

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SUMMARY FINANCIAL STATEMENTS

Balance Sheet

ASSETS (EUR '000)	2014	2013
NON-CURRENT ASSETS	42 604	36 932
Intangible Assets	22 146	17 320
Tangible Assets ¹	15 012	15 586
Non-Current Financial Assets	4 664	2 448
Other Non-Current Assets	782	1 579
CURRENT ASSETS	88 928	85 054
Current Financial Assets ²	46 652	38 035
Cash and Cash Equivalents	41 480	46 012
Other Current Assets	797	1 008
TOTAL ASSETS	131 532	121 986

LIABILITIES (EUR '000)	2014	2013
Equity (Group Share)	127 427	117 360
Minority interests	100	52
TOTAL EQUITY	127 527	117 412
NON-CURRENT LIABILITIES	2 951	2 553
CURRENT LIABILITIES	1 054	2 042
Bank Debt	-	-
TOTAL LIABILITIES	131 532	121 986

¹ Almost exclusively constituted of the Rodeio Bonito asset

² In compliance with IFRS, marketable securities of the Group (mostly listed bonds) have been reclassified from Cash and Cash Equivalents to Current Financial Assets for an amount of EUR 38m in FY 2013

Income Statement
(EUR '000)

	2014	2013
Revenues	4 734	4 596
Amortizations, depreciations and Provisions	(1 036)	(888)
Ordinary Operating Result	871	299
Operating Result	1 001	(804)
Net Financial Income (Loss)	6 265	(3 484)
Tax Income (Expense)	(1 202)	164
Income – Minority Share	4	(32)
Net Income – Group Share	6 060	(4 092)
EBITDA	1 907	1 187

About Velcan:

Velcan develops and operates hydro power concessions in emerging markets.

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.

Hydro power is attractive and can be an important contributor to the economic development of these countries:

- Chronic electricity shortages are an impediment to social and economic development. For instance, an estimated 308 million people do not have regular access to electricity in India.
- Under-capacity has led both the Indian and Brazilian national governments to liberalize their national electricity market to allow increased private and foreign competition.
- Laos has important hydropower potential and with a strategic position in South-East Asia exports electricity to growing countries such as Thailand, Vietnam, Cambodia and China. More recently, focus has been on accompanying domestic economic growth.
- Indonesia is one of the largest emerging economies in the world with stable economic growth rates and good conditions for hydro power.
- Velcan is active in countries with huge untapped hydroelectric potential; 84 GW in India, 180 GW in Brazil, 75 GW in Indonesia and 26 GW in Laos.

As of April 2015, Velcan:

- Has built and operates its first hydroelectric concession in Brazil (15 MW),
- owns rights related to hydroelectric concessions projects amounting to over 896 MW in India, Brazil, Indonesia and Laos,
- has 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 employs around 40 people in its offices (Luxemburg, New Delhi, Singapore, Vientiane, Jakarta and Saõ Paulo) and its concession sites.

Velcan is listed on the Paris Stock Market (Euronext Alternext/Ticker ALVEL/ISIN FR0010245803). Velcan Energy SA, the Group's former parent company, was incorporated in France on 8 April 2005. Its ninth financial year ended on 31 December 2014. On 28th May 2014, Velcan Group announced the finalization of a proposed merger, allowing for the implementation of an internal reorganization announced on 24th March 2014, i.e. the absorption of Velcan Energy SA by its 100% subsidiary, Velcan Luxembourg SA, incorporated on 9th March 2009, whose head office is located in 11, avenue Guillaume, L-1651 Luxembourg. In the same time, the name of the Company has been changed to Velcan SA on 2nd June 2014 and shareholders of Velcan Energy SA received on their accounts one share of Velcan SA for each share of Velcan Energy SA owned. Shares in Velcan SA were listed on Alternext Paris market of Nyse Euronext on the very same day, i.e. 2nd June 2014, while Shares in Velcan Energy SA were delisted.

Velcan never performed any Public Offer as understood under Directive 2003/71/CE of the European Parliament and Council. Velcan Group, now under the umbrella of Velcan SA, is releasing its ninth consolidated accounts for the financial year closing on 31st December 2014.

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.