



PRESS RELEASE

Luxemburg, 8th September 2014

VELCAN'S H1 2014 REPORT:

STABLE EBITDA AND PROGRESS ON HYDRO POWER PROJECTS

| | | 30-Jun-14 | 30-Jun-13 |
|------------|---|-----------|-----------|
| | | 6 Months | 6 Months |
| Turnover | m | € 2.5 | € 2.3 |
| EBITDA | m | € 0.4 | € 0.6 |
| Net Result | m | € 1.2 | € (0.2) |

| | | 30-Jun-14 | 31-Dec-13 |
|---------------------------|---|-----------|-----------|
| Shareholders Equity | m | € 121.0 | € 117.4 |
| Cash and Cash equivalents | m | € 83.4 | € 84.0 |
| Book value per share | | € 20.2 | € 19.6 |

Unaudited

Velcan publishes its results for the first half 2014:

- Turnover amounted to EUR 2.5m in H1 2014, stable relative to H1 2013 when expressed in Euros. It came nearly exclusively from sales of electricity in Brazil (EUR 2.3m).
- EBITDA in H1 2014 remained positive at EUR 0.4m.
- Operating costs were down 23% when compared to H1 2013.
- Operating profit was therefore at breakeven in H1 2014 (EUR 51k).
- Net financial income for H1 2014 was EUR +1.4m vs. EUR a loss of EUR -0.4m in H1 2013.
- Net result, Group share, was therefore a profit of EUR 1.2m vs. a loss of EUR -0.2m in H1 2013.
- At 30th June 2014, Velcan's financial position remains strong thanks to a cash and cash equivalent position of EUR 83.4m.
- Net Book Value per outstanding share at 30th June 2014 Book Value per share stands at EUR 20.17, up 3% relative to 31st December 2013.

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

During the first half of 2014:

- On 28th May, the Group announced that it had completed its restructuring: Velcan Energy, the Group mother company, was subsumed by its subsidiary Velcan (formerly Velcan Energy Luxembourg) following the approval of the two companies' respective Shareholders meetings on 13th and 14th May 2014. On 2nd June 2014, shareholders of Velcan Energy were attributed one share of Velcan for each one of their Velcan Energy shares. Velcan shares started trading on Nyse Euronext on that same day. On 2nd June 2014, shares of Velcan Energy were also delisted. The ISIN code for Velcan remains unchanged (FR0010245803), as well as the ticker symbol, ALVEL.
- In India, the Group continued to develop the hydro electrical concessions obtained in 2007 in the State of Arunachal Pradesh. Velcan is confident that Environmental Clearances will be granted in the short term and that the Techno-Economic Clearances (TEC) will be granted in the medium-term for Tato-1 (186 MW) and Heo (240 MW). Progress on Pauk (145 MW) continues at a slower pace, commensurate with the Project's specific characteristics.
- In Laos, the group announced major advances, the result of four years of work, 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) with the Government of Laos and Electrical Construction and Installation, the Group's local partner for both projects. The PDA provides an exclusive framework to conclude the Power Purchasing Agreement (PPA) with Electricité du Laos (EDL). The PPA will be a crucial element in raising the necessary debt for starting construction of both projects.
- The Group continues to develop and secure its portfolio of Indonesian projects, in particular the Meurebo 2 (59MW) project, which is being developed through a consortium with PJB, an Indonesian State company.

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About Velcan Energy:

Velcan (ALVEL FP) develops and operates hydro power concessions in emerging markets. The Company's strategy is to become a market leader in up to 200 MW hydro power concessions. It is currently targeting India, Brazil, Laos and Indonesia for its next 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 a strategic position in South-East Asia and can export electricity to growing countries such as Thailand, Vietnam, Cambodia and China.
- Indonesia is one of the largest emerging economies in the world with stable economic growth rates and good conditions for hydro power.
- Indonesia is one of the most important Emerging companies in the world with good conditions for Hydroelectricity.
- Velcan is active in countries with large untapped hydroelectric potential; 84 GW in India, 180 GW in Brazil, 75 GW in Indonesia and 26 GW in Laos.

As of September 2014, Velcan:

- Has built and operates its first hydroelectric concession in Brazil (15 MW).
- Owns rights related to hydroelectric concessions projects amounting to 860 MW in India, Brazil Indonesia and Laos.
- Owns two pre-concessions in the Lao PDR for a total of 93 MW capacity.
- Is developing, jointly with a subsidiary of PLN and a local partner, a hydroelectric project of 59MW capacity in Indonesia.

Velcan Energy employs approximately 50 people in its offices (New Delhi, Singapore, Vientiane, Jakarta and São Paulo) and its concession sites.

Velcan is listed Euronext Paris - Alternext (ALVEL-FR0010245803). The Company 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. 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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